PRESS RELEASE

Paris, September 28, 2004

Results - First half 2004

- Sale revenue: up 29%, reflecting integration of the T&D division
- Operating Income increases to €327 million, representing 6.1% of sales
  - Nuclear: operating income is up
  - T & D: lower operating income before restructuring expenses
  - Connectors: operating income back in the black
- Consolidated net income: €243 million
- Operating cash flow[2]: exceptionally high during this half year
- Balance sheet remains strong: net cash position = €894 million as of June 30, 2004 after T&D purchase price payment

Press office
Charles Hufnagel
Patrick Germain
Tel: 01 44 83 71 17
Fax: 01 44 83 25 52
www.areva.com

Investor relations
Vincent Benoit
Tel: 01 44 83 71 79
vincent.benoit@areva.com
Frédéric Potelle
Tel: 01 44 83 72 49
frederic.potelle@areva.com

AREVA's Supervisory Board, chaired by Mr. Philippe Pontet, has reviewed the financial statements for the first half of 2004, submitted by the Executive Board on September 15, 2004.

In millions of euros	H1 2003	*H1 2003 recasted[1]*	H1 2004	Change 04/03 (%)	*Change 04 vs. 03 recasted (%)*
Sales revenue	**4 137**	***5 576***	**5 339**	**+29.0%**	***-4.2%***
Operating income	**161**	***186***	**327**	**+103%**	***+75,8%***
Net financial income	**6**	***(22)***	**104**	**-**	**-**
Consolidated net income	**55**	***34***	**243**	**-**	**-**
Cash Flow from operations[2]	**809**	*n.a*	**706**	-	-
Net cash position[3]	**1 236** (12.31.03)	**432** (12.31.03R)	**894** (06.30.04)	n.c	*n.c*

1 Recasted, unaudited financial data integrating the Transmission & Distribution division acquired on January 9, 2004
2 EBITDA + changes in operating working capital requirement – net operating CAPEX - net income on sales of operating assets
3 Cash position at book value + marketable securities – debt

I. Overall performance

Sale revenue is up both on a reported basis (+29%) and like-for-like (+1.4%).

Consolidated sales reached €5,339 million in H1 2004, up 29% compared with H1 2003. Our August 5, 2004 press release provides a detailed explanation of the group's sales (please consult our site www.areva.com).

- In **Nuclear** operations, H1 2004 sales represented €3,142 million, down 2.5% on a like-for-like basis (consolidated group + exchange rates) and down 7.6% on a reported basis. Business had been exceptionally strong during the first half of 2003. It should be noted that nuclear operations are not evenly spread over the year. Accordingly, half-year over half-year comparisons are not a relevant indicator.
- **Transmission & Distribution** operations became part of the group on January 9, 2004. This division reported €1,533 million in H1 2004 sales, up 7.4% on a like-for-like basis (up 6.6% on a reported basis). Orders received were up 3.1% over H1 2003 (+4.3% on a like-for-like exchange rates basis.)
- **Connectors** division sales were up 8.6% on a like-for-like basis. Sales grew on all market segments. (On a reported basis, total sales were down 5.3%)

Growth in Operating income

AREVA's H1 2004 operating income reached €327 million compared with €161 million in H1 2003. This 103% increase reflects, first and foremost, the Connectors division's regained operating profitability. On a like-for-like basis[4], AREVA's H1 2003 operating income would have reached €186 million, i.e a 75.8% increase.

- **Nuclear** operations contributed €281 million to the group's operating income in H1 2004, up 2.6% compared with €274 million in H1 2003. AREVA's operating margin[5] from nuclear activities represented 8.9% in H1 2004 compared with 8.1% in H1 2003.
- **Transmission & Distribution** operations contributed €30 million to AREVA's consolidated operating income. The division's H1 2004 operating income before restructuring expenses was down sharply compared with H1 2003.
- The **Connectors** division was back in the black for the first time since H1 2001. The division's H1 2004 operating income reached €45 million compared with a loss of €62 million in H1 2003.

Net income up

AREVA's consolidated net income for the first half of 2004 rose sharply to €243 million compared with €55 million in H1 2003. On a like-for-like consolidated group basis[4], the group's pro forma net income represented €34 million in H1 2003.

Financial income reached €104 million in H1 2004 compared with €6 million in H1 2003. The group's financial income includes a €37 million gain on a sale of TOTAL shares, and a €39 million provision recapture on the dismantling portfolio financial assets.

Exceptional items reached €2 million compared with €81 million in H1 2003, which included a gain on the sale of the Connectors division's "*Military Aerospace Industry*" operations (April 2003).

[4] Integrating 2003 T&D operations on recasted basis.
[5] Operating margin = Operating income / Sales revenue

An exceptionally high first half-year cash flow in H1 2004 and H1 2003

The group's EBITDA[6] represented €553 million in H1 2004 compared with €558 million in H1 2003. Changes in operating working capital contributed €353 million. This very high contribution reflects substantial customer prepayments. Net operating CAPEX was stable at €204 million compared with €226 million in H1 2003.

Business lines generated €706 million in operating cash flow[7] compared with €809 million in H1 2003. Such a high level of cash flow, although comparable to H1 2003, is exceptional for a six-month period.

- Operating cash flow from **Nuclear** activities represented €810 million compared with €864 million in H1 2003. This decrease compared with H1 2003 is a reflection of significant uranium inventory reductions implemented in H1 2003, contributing to a lower working capital requirement during that period. H1 2004 cash flow remains high, however, reflecting substantial customer prepayments received by the Back End division. The level of cash flow generated in H1 2004, as well as during H1 2003, is atypical and is not a good indication of annual cash flow levels.
- The **Transmission & Distribution** division cash burn represented €45 million in H1 2004, including cash spent on restructuring expenses covered by provisions made in 2003.
- The **Connectors** division produced €22 million in operating cash flow compared to €43 million used during H1 2003.

Dividends paid in H1 2004 for 2003 represented €276 million. Other transactions impacting cash flow contributed a positive €33 million.

In total, excluding acquisition of the Transmission & Distribution division, the group produced €463 million in cash flow during H1 2004 compared with €526 million during H1 2003.

€805 million[8] were disbursed in January 2004 to acquire the **Transmission & Distribution** division.

AREVA's balance sheet remains strong

Taking into account all of the above, AREVA recorded a €342 million decline in net cash position during H1 2004. Thus, the group's net cash position[9] represented €894 million as of June 30, 2004 compared with €1,236 million as of December 31, 2003.

Initial goodwill in the amount of €429 million was recorded in connection with the T&D acquisition. This amount might be adjusted as of year-end 2004, considering that the parties have not yet agreed on a final purchase price. A simplified recasted balance sheet as of December 31, 2003 is presented as attachment 2.

The group's nuclear facilities' decommissioning provision represented €12,368 as of June 30, 2004 compared with €12,316 million as of December 31, 2003. This change reflects, for the most part, inflation recorded over the period. The share of the provision corresponding to

---

[6] EBITDA is defined as operating income before depreciation, depletion, amortization and provisions (including recaptures)

[7] EBITDA + changes in operating working capital requirement – net operating CAPEX - net income on sales of operating assets

[8] This figure represents the difference between the provisional acquisition price and the T&D division's cash position, at book value, as of the date of acquisition.

[9] Cash position at book value + marketable securities – debt

expenses to be borne by the group increased from €4,325 million as of December 31, 2003 to €4,328 as of June 30, 2004.

The portfolio of financial assets earmarked to finance decommissioning expenses reached €2,320 million (after tax) as of June 30, 2004. The portfolio recorded a 6.9% performance over the first six months of the year. Based on a prudent decommissioning schedule, the portfolio must achieve a 3.3% average annual return, after tax and inflation, in order to cover projected decommissioning expenses.

II. Outlook

AREVA maintains its objectives for 2004:

- Sales revenue is expected to rise on a like-for-like consolidated group and exchange rate basis.
- The group's operating income and ROACE[10] should increase again on a like-for-like consolidated group basis.
- The Connectors division is expected to confirm its recovery with clearly positive net income and operating cash flow.
- AREVA will maintain a strong balance sheet.

III. Performance by division

Front End division: the market returns to traditional delivery cycles

In millions of euros	H1 2003	H1 2004	Change
Sales revenue	1 425	1 179	-17.3%
Operating income	168	157	-6.5%
% of sales	*11.8%*	*13.3%*	+1.5 pts
Operating cash flow	381	109	- €272M

Front End division sales revenue represented €1,179 million in H1 2004 compared with €1,425 million in H1 2003, a 17.3% decrease on a reported basis (-15.8% on a like-for-like consolidated group and exchange rates basis). Operating income represented €157 million compared with €168 million in H1 2003. The division's performance reflects:

- The market’s return to traditional delivery cycles, particularly for uranium concentrates and enrichment services: the first half of the year is usually weaker than the second half. This had not been the case in 2003.
- A positive products mix in fuel fabrication, with a favorable effect on margins.

The division's operating cash flow decreased from €381million in H1 2003 to €109 million in H1 2004. Uranium inventories were depleted last year following an incident at the Mc Arthur mine (Canada). The reduction in operating cash flow reflects also a reduction in customer prepayments and increased mining and fuel fabrication capital expenditures.

[10] ROACE: Return on average capital employed

Reactors and Services division: Operating income decreases

In millions of euros	H1 2003	H1 2004	Change
Sales revenue	990	959	-3.1%
Operating income	57	16	-71.9%
% of sales	*5.8%*	*1.7%*	*-4.1 pts*
Operating cash flow	134	113	- €21M

Reactors and Services sales revenue was down 3.1% (+1% like-for-like) to €959 million compared with €990 million in H1 2003. The division's operating income represented €16 million compared with €57 million in H1 2003.

- The 2003 *Reactors* business benefited from significant performance bonuses related to recently delivered reactors: Angra 2 in Brazil, Ling Ao in China and Civaux in France.
- The *Equipment* business unit remained strong thanks in particular to deliveries associated with renovation services performed on U.S. reactors.
- The division's operating income was negatively impacted by weakness in the *Services* business. However, numerous scheduled outage services are planned for the second half of the year. New difficulties surfaced in the Ukrainian service contract. This contract had already required provisions in H2 2003.

Operating cash flow erosion has been held in check thanks to prepayments received from customers and a good control on working capital requirements. H1 2004 operating cash flow is thus only slightly down from the level achieved in H1 2003.

Back End division: significant production in H1 2004

In millions of euros	H1 2003	H1 2004	Change
Sales revenue	987	1 004	+1.7%
Operating income	49	108	+120.5%
% of sales	*5.0%*	*10.8%*	*+5.8 pts*
Operating cash flow	350	588	€238M

Back End sales revenue reached €1,004 million in H1 2004, up 1.7% compared with H1 2003 on a reported basis and up 15.1% like-for-like. The division's operating income reached €108 million compared with €49 million in H1 2003.

- This performance reflects a strong volume output in the *Processing* business during the first half of the year. However, total volume processed is expected to remain stable in 2004.
- It should be noted that the *Recycling* business line improved its results. An harmonization in accounting method, implemented to standardize revenue recognition based on the percentage of completion, had negatively impacted the business line's income in 2003.
- The La Hague facility programs to train future operators for Japan's Rokkasho Mura facilities were completed during this reporting period.

Operating cash flow rose to €588 million compared with €350 million in H1 2003. This exceptionally high cash flow is the result of substantial customer prepayments received in H1 2004 connected to long-term contracts signed with European customers.

Transmission & Distribution division: the market reacts favorably but operating income decreases

In millions of euros	**H1 2003**	**H1 2004**	**Change**
Sales revenue	1 439	1 533	+6.6%
Operating income before restructuring exp.	85	30	-64.7%
% of sales	*5.9%*	*2.0%*	*-3.9 pts*
Operating income	25	30	n.s
% of sales	*1.7%*	*2,0%*	n.s
Operating cash flow	n.a.	-45	n.a.

Transmission & Distribution sales revenue reached €1,533 million, up 6.6% on a reported basis compared with €1,439 million in H1 2003 (sales revenue was up 7.4% like-for-like). New orders were up 3.1% (up 4.3% like-for-like). Operating income before restructuring expenses decreased to €30 million in H1 2004 compared with €85 million in H1 2003. Consistent with French accounting principles, 2004 restructuring expenses will be charged directly to goodwill and will not be reported on the income statement. These expenses represented €23 million in H1 2004. The division's H1 2004 operating income before restructuring expenses reflects:

- No provision recapture. €30 million were recaptured in H1 2003.
- A deterioration of the division's gross margin on the major contracts in backlog at the beginning of 2004.

A negative operating cash flow, €-45 million, was recorded in H1 2004, mainly impacted by restructuring expenses.

Connectors division: positive operating income and positive operating cash flow

In millions of euros	**H1 2003**	**H1 2004**	**Change**
Sales revenue	689	653	-5.3%
Operating income	-63	+45	€108M
% of sales	*-9.1%*	*+6.9%*	*+16 pts*
Operating cash flow	-43	22	€65M

Connectors division sales revenue represented €653 million in H1 2004, down 5.3% compared with €689 million in H1 2003. Sale revenue was up 8.6% on a like-for-like consolidated group and exchange rate basis. The division's operating income, positive for the first time since H1 2001, reached €45 million (margin: 6.9%) compared with a €63 million loss in H1 2003. This performance reflects:

- Increased operating income, connected to increased volumes over the period (+ €32 million) and a positive impact from restructuring programs (+ €46 million)
- Lower restructuring expenses (- €42 million)
- A non-recurring event i.e. the favorable resolution of an intellectual property conflict (+ €13 million)

Operating cash flow was positive as well, reaching €22 million compared with - €43 million in H1 2003. The H1 2004 figure includes €35 million in restructuring disbursing.

The regained growth trend observed during the fourth quarter of 2003 was confirmed at the beginning of 2004. However, the various markets seem to have stabilized at the end of the second quarter of 2004, with a *book-to-bill* ratio around 1.

Upcoming events and financial calendar

- September 29, 2004 - 10:30 am CET: Conference call – First half 2004 results: presentation (broadcast live on ***www.areva.com***)
- November 4, 2004 – 5:45 pm: Press release – Third quarter 2004 sales revenue data
- February 8, 2005 – 5:45 pm: Press release – 2004 sales revenue data
- March 10, 2005 – 5:45 pm: Press release – 2004 results
- March 11, 2005: Presentation Meeting - 2004 results

More about

AREVA is a worldwide expert in the energy field, with a strong industrial presence in over 40 countries. The group provides its customers with technological solutions for nuclear energy production and electricity distribution. AREVA also offers interconnect systems, principally in the telecommunications, computer and automotive markets. The 70,000 AREVA employees are thus committed to the major challenges of the 21st century: access to energy for everyone, preservation of the planet and responsibility toward future generations.

→ For more information, go to www.areva.com

- **Press office**
  Charles Hufnagel - Patrick Germain
  Tel: 01 44 83 71 17 - Fax: 01 44 83 25 52
  press@areva.com

- **Investor relations**
  Vincent Benoit - Tel: 01 44 83 71 79 - vincent.benoit@areva.com
  Frédéric Potelle - Tel: 01 44 83 72 49 - frederic.potelle@areva.com

Attachment 1: Consolidated income statement

In millions of euros	**H1 2004**	**H1 2003 recasted**	**H1 2003 as reported**
SALES	5 339	5 576	4 137
Cost of sales	(3 988)	(4 204)	(3 150)
GROSS MARGIN	**1 351**	1 372	**987**
Research & development expenses	(184)	(192)	(141)
Sales & marketing expenses	(294)	(316)	(169)
General & administrative expenses	(399)	(387)	(278)
Other operating income & expenses	(148)	(291)	(237)
OPERATING INCOME (*)	**327**	186	**161**
Financial income	104	(22)	6
CONSOLIDATED COMPANIES' EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	**431**	**164**	**167**
Exceptional items	2	85	81
Income tax	(107)	(115)	(107)
CONSOLIDATED COMPANIES' NET INCOME	**326**	**134**	**141**
Share in net income of equity affiliates	44	18	18
NET INCOME BEFORE GOODWILL AMORTIZATION AND MINORITY INTERESTS	**370**	**152**	**159**
Goodwill amortization	(76)	(69)	(55)
NET INCOME BEFORE MINORITY INTERESTS	**294**	**83**	**103**
Minority interests in subsidiaries' earnings	(51)	(50)	(48)
CONSOLIDATED NET INCOME	**243**	**34**	**55**
Average number of shares	35 442 701	35 442 701	35 442 701
Earnings per share	6.86	0.959	1.56
Earnings per diluted share	6.86	0.959	1.56
* Current operating income			

Assumptions used to prepare AREVA's 2003 pro forma financial statements are as follows:

- Retroactive integration of T&D division operations in the AREVA group as of January 1, 2003 (excluding T&D operations in India and Pakistan)
- The "Purchase Accounting" method used in H1 2004 was transposed to 2003 (impact on asset revaluations and goodwill amortization). Also, restructuring expenses incurred in 2003, representing €60 million as of June 30, 2003, were not reversed in the pro forma financial data.
- The pro forma financial income was adjusted down to reflect income obtained on the amount that would have been spent to acquire the T&D division (based on the provisional acquisition price).
- Goodwill was depreciated over a 20 year period.

Finally, the T&D acquisition led to a €936 million increase in off-balance-sheet commitments and guarantees given by the AREVA group.

Attachment 2: simplified balance sheet

ASSETS *(in millions of euros)*	June 30, 2004	December 31, 2003 recasted	December 31, 2003 as reported
Fixed assets			
Net goodwill	1 641	1 694	1 265
Net intangible assets	658	596	482
Decommissioning assets	9 086	9 109	9 109
Net tangible assets	3 759	3 800	3 447
Equity in net assets of affiliates	1 486	1 493	1 492
Long term notes and investments	3 183	3 328	3 299
Total fixed assets	**19 813**	**20 020**	**19 094**
Working capital assets			
Inventories and in-process	2 293	2 153	1 619
Trade accounts receivable and similar	3 208	3 137	2 234
Other receivables	1 597	1 494	1 208
Cash and cash equivalents	1 842	1 208	2 036
Total working capital assets	**8 940**	**7 992**	**7 097**
Total assets	**28 753**	**28 012**	**26 191**

Liabilities and Shareholders' equity *(in million of euros)*	June 30, 2004	December 31, 2003 recasted	December 31, 2003 as reported
Share capital	1 347	1 347	1 347
Consolidated premiums and reserves	2 578	2 414	2 414
Currency translation reserve	(6)	(37)	(37)
Consolidated net income	243	389	389
Total equity	**4 162**	**4 113**	**4 113**
Perpetual subordinated bonds		215	215
Minority interests in equity of cons. affiliates	979	976	959
Pension and retirement obligations	850	787	609
Provisions for risk and liabilities	13 593	13 679	13 383
Debt	948	777	800
Prepayments	4 431	3 940	3 615
Trade accounts payable	1 403	1 389	1 009
Other operating liabilities	2 387	2 135	1 488
Total liabilities and Shareholders' equity	**28 753**	**28 012**	**26 191**

Attachment 3a: Consolidated cash flow statement

In millions of euros	H1 2004	H1 2003	2003
Cash flow from operating activities			
Consolidated net income	**243**	**55**	**389**
Minority interests in subsidiaries' earnings	51	48	84
Net income before minority interests	294	103	473
Share in loss (gain) in net income of equity affiliates, net of dividends	(17)	12	9
Net depreciation of fixed assets	292	470	721
Net goodwill amortization	76		176
Net provision for risk and liabilities	(91)	(17)	(65)
Loss (gain) on disposals of fixed assets and marketable securities	(35)	(63)	(494)
Other non-cash items	3	(10)	19
Cash flow from operations	**521**	**495**	**839**
Changes in working capital requirement*	423	453	379
Cash from operating activities	**944**	**947**	**1 218**
Cash flow from investing activities			
Investment in tangible and intangible assets	(218)	(180)	(365)
Investment in long-term notes and investments, impact from changes in consolidated group	(844)	(117)	(277)
Change in customer prepayments invested in fixed assets**	-	(30)	-
Disposals of tangible and intangible assets	15	25	29
Disposals of long-term notes and investments	61	201	284
Cash flow from (used for) investing activities	**(987)**	**(101)**	**(329)**
Cash flow from (used for) financing activities			
Capital contributions received	-	-	-
Dividends paid	(278)	(295)	(297)
Increase (decrease) in debt*	19	(108)	(1 670)
Cash from (used for) financing activities	**(259)**	**(403)**	**(1 967)**
Decrease (increase) in marketable securities	24	80	621
Foreign exchange adjustments	(2)	3	(12)
Cash items reclassification			**(176)**
Total increase (decrease) in net cash	**(280)**	**526**	**(645)**
Beginning cash position	1 355	2 045	2 045
Less bank credit balances	(71)	(116)	(116)
Cash at the beginning of the period	**1 284**	**1 929**	**1 929**
Ending cash position	1 157	2 626	1 367
Reclassification of non-trade current accounts***			(12)
Less bank credit balances	(152)	(170)	(71)
Cash at the end of the period	**1 005**	**2 456**	**1 284**

* Interest-bearing customer advances and prepayments are considered as “debt” since December 31, 2003.
** The deployment of customer advances on fixed assets, recorded as “increase in fixed assets” as of June 30, 2003, are recorded in “change in working capital requirement” since December 30, 2003.
*** Non-trade current accounts are included in the cash position since December 31, 2003.

Attachment 3b: Simplified cash flow statement

En millions d'euros	H1 2003	H1 2004	Change H104/H103
EBITDA *% sales revenue*	**558** *13.5%*	**553** *10.4%*	**-5** *-3.1 pts*
Net income on sales of operating assets	6	4	-2
Change in operating WCR	471	353	-118
Net investments in operating assets	-226	-204	+22
Operating cash-flow	**809**	**706**	**-103**
Cash-out related to T&D acquisition	-	-805[11]	-805
Dividends paid	-295	-276	+19
Other cash items (taxes, non op. WCR, etc.)	+13	+33	+20
Net cash change	**526**	**-342**	**-868**
Net cash at the end of the period	**1 236** (31.12.2003)	**894** (30.06.2004)	**-342**

[11] i.e €930 million, minus €125 million of T&D net cash position at book value, as of the date of acquisition

27-29, rue Le Peletier - 75433 Paris cedex 09 - France - Tél. : 01 44 83 71 00 - Fax : 01 44 83 25 00