

AREVA group |
Results, first half 2004

Wednesday, September 29, 2004

- ▶ **Key data**
- ▶ **Performance by division**
- ▶ **Detailed financial data**
- ▶ **T&D integration plan, 2004-2006**

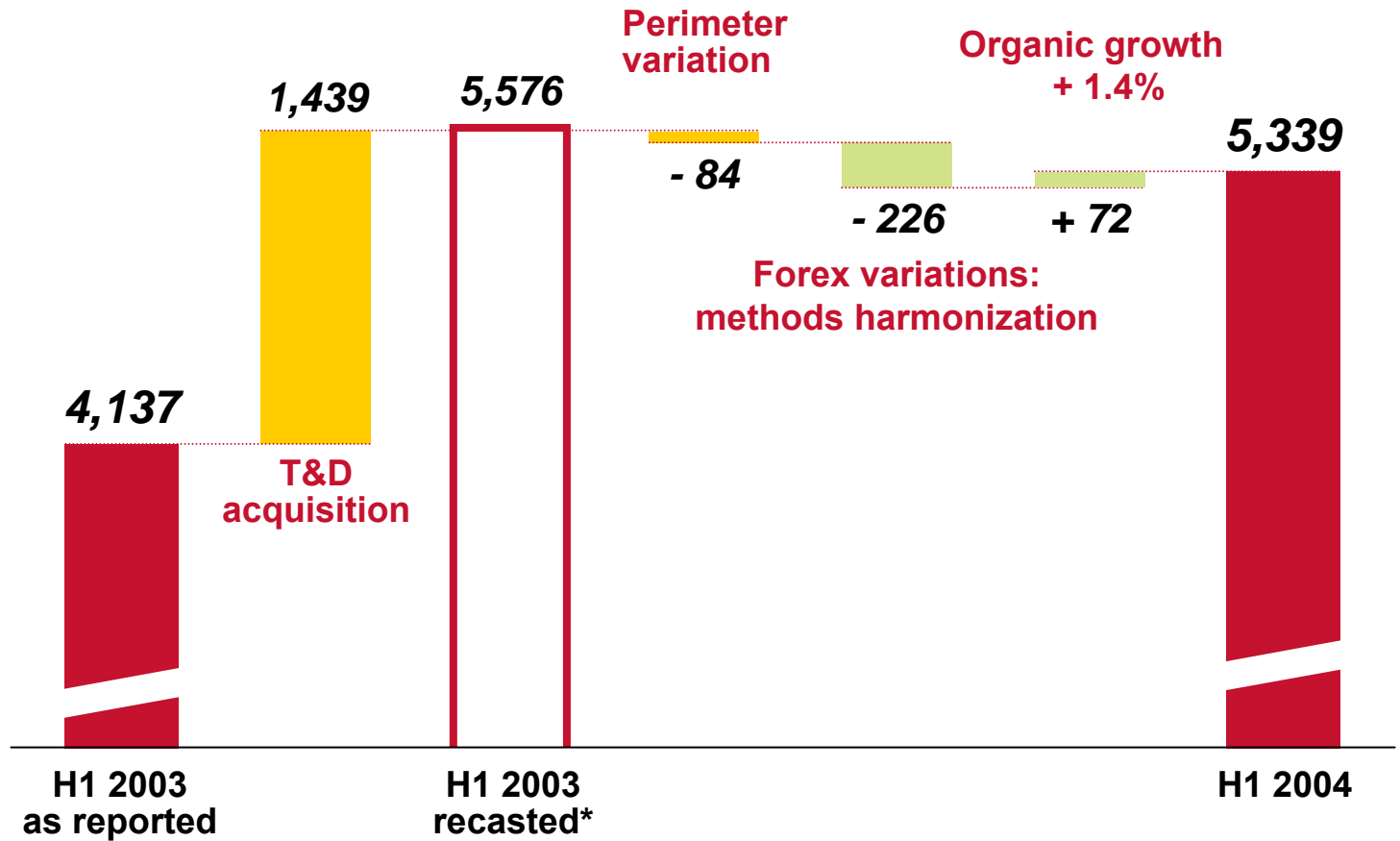
<i>In millions of euros</i>	H1 2003	H1 2003 r*	H1 2004	Δ 04/03pf
Sales revenue	4,137	5,576	5,339	- 4.3%
Operating Income	161	186	327	+ 75.8%
<i>Incl. restructuring expenses</i>	90	151	27	
Financial income	6	(22)	104	-
Consolidated Net Income	55	34	243	-
Operating cash flow	809	n.a	706	-
Net cash position**	1,236	432	894	+ €462 m
	(12.31.03)	(12.31.03)	(06.30.04)	

* recasted, unaudited historical data (see attachment 1)

** Cash per books + Marketable securities - Debt

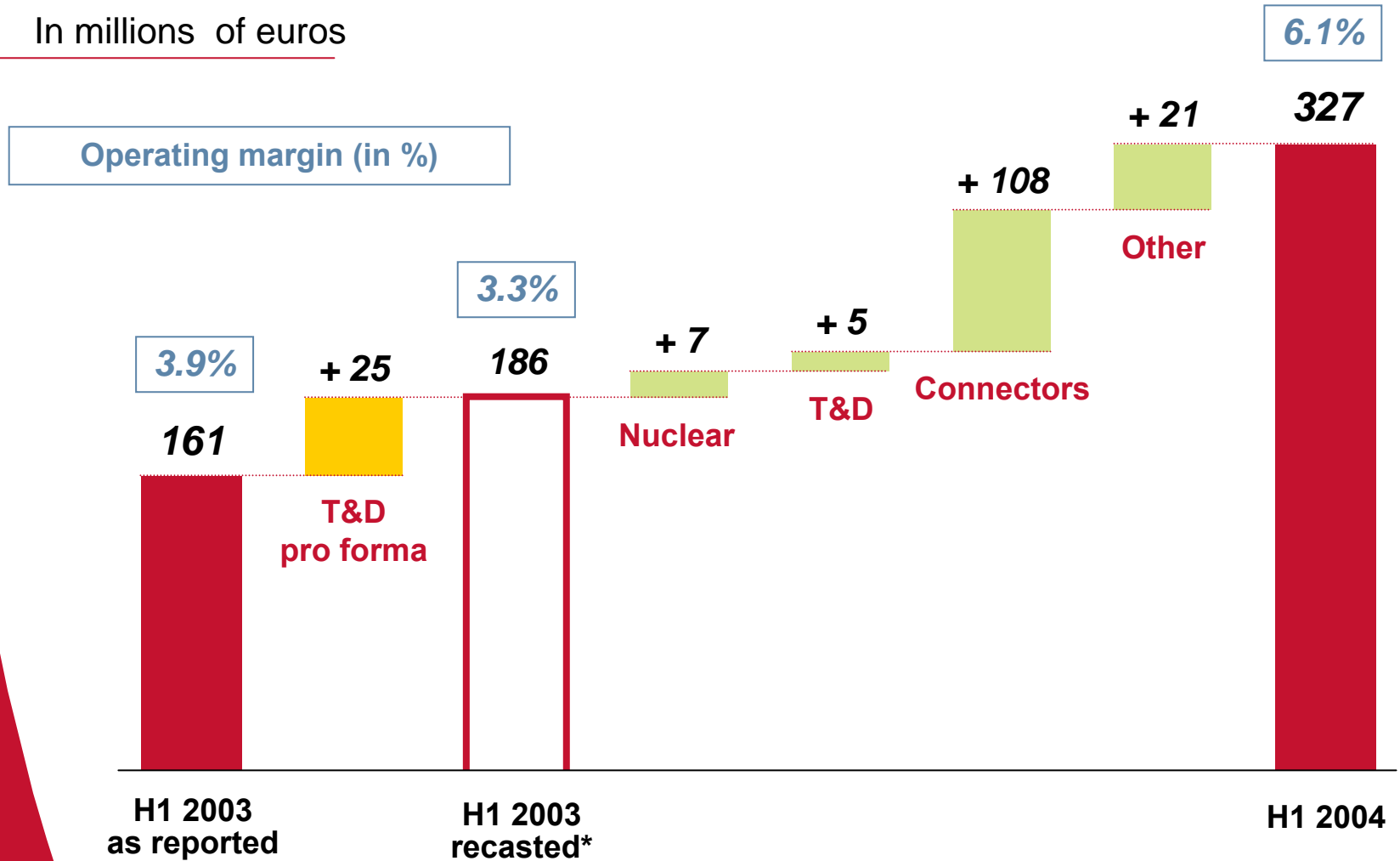
n.a. not available

In millions of euros



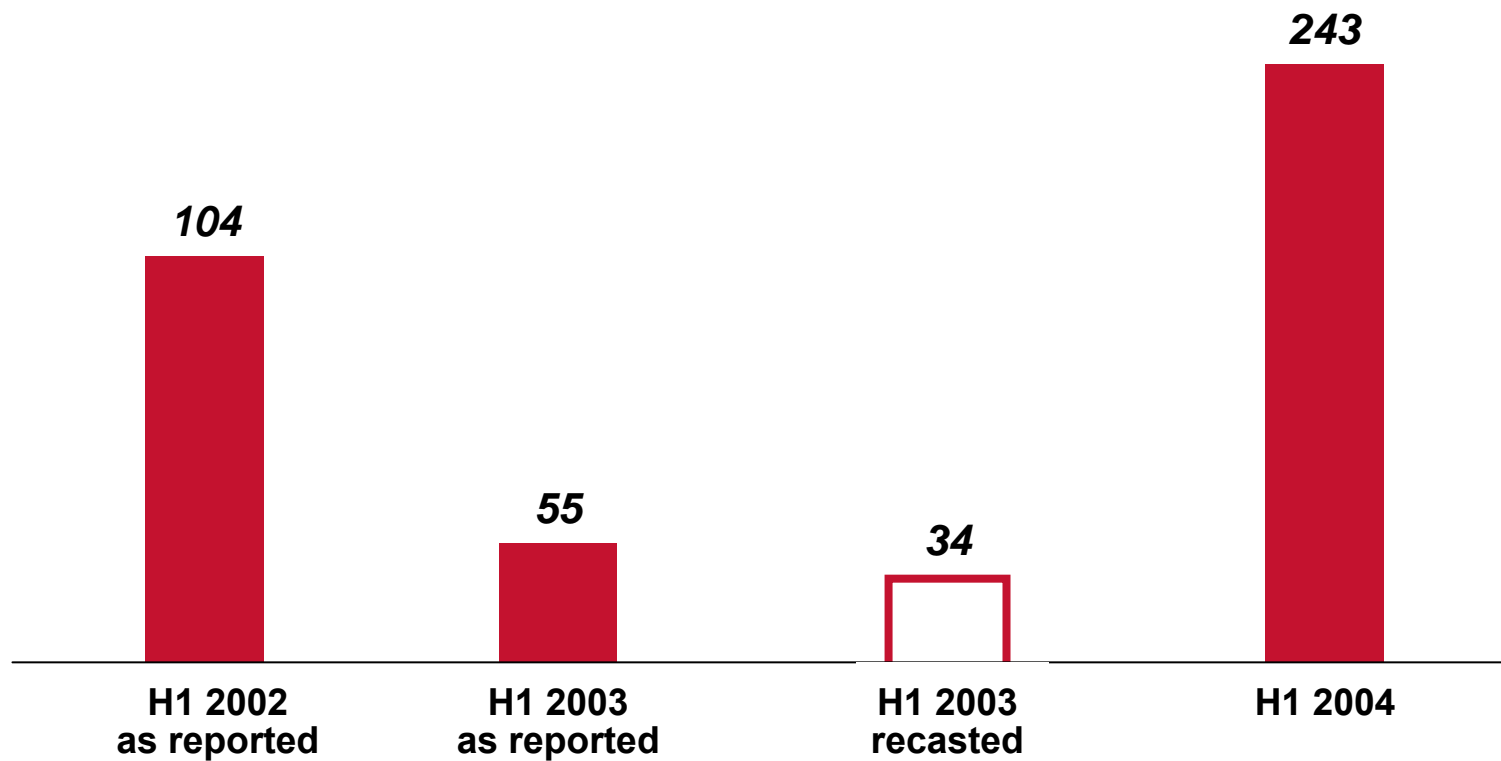
* Pro forma, unaudited historical data (see attachment 1)

In millions of euros



* Pro forma, unaudited historical data (see attachment 1)

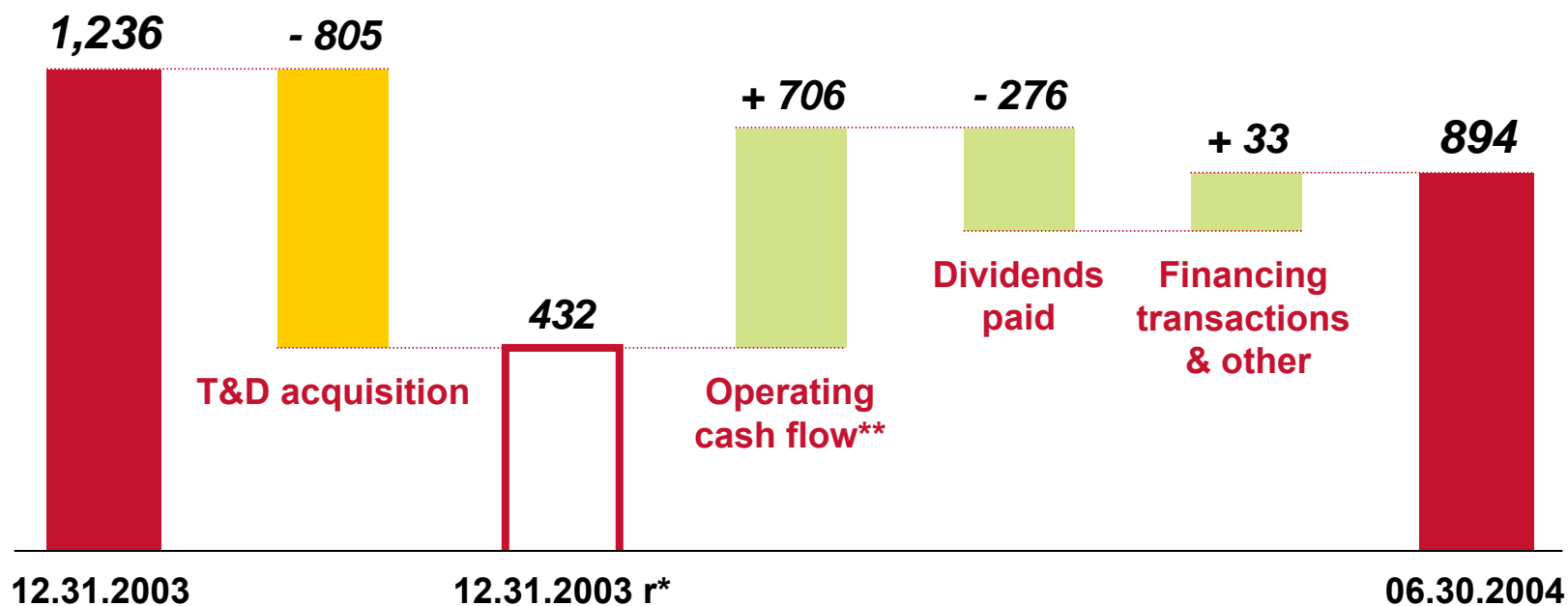
In millions of euros



* Pro forma, unaudited historical data (see attachment 1)

> Results, first half 2004 – September 29, 2004

In millions of euros



* Recasted, unaudited historical data (see attachment 1)

** EBITDA + change in operating working capital requirement – operating CAPEX

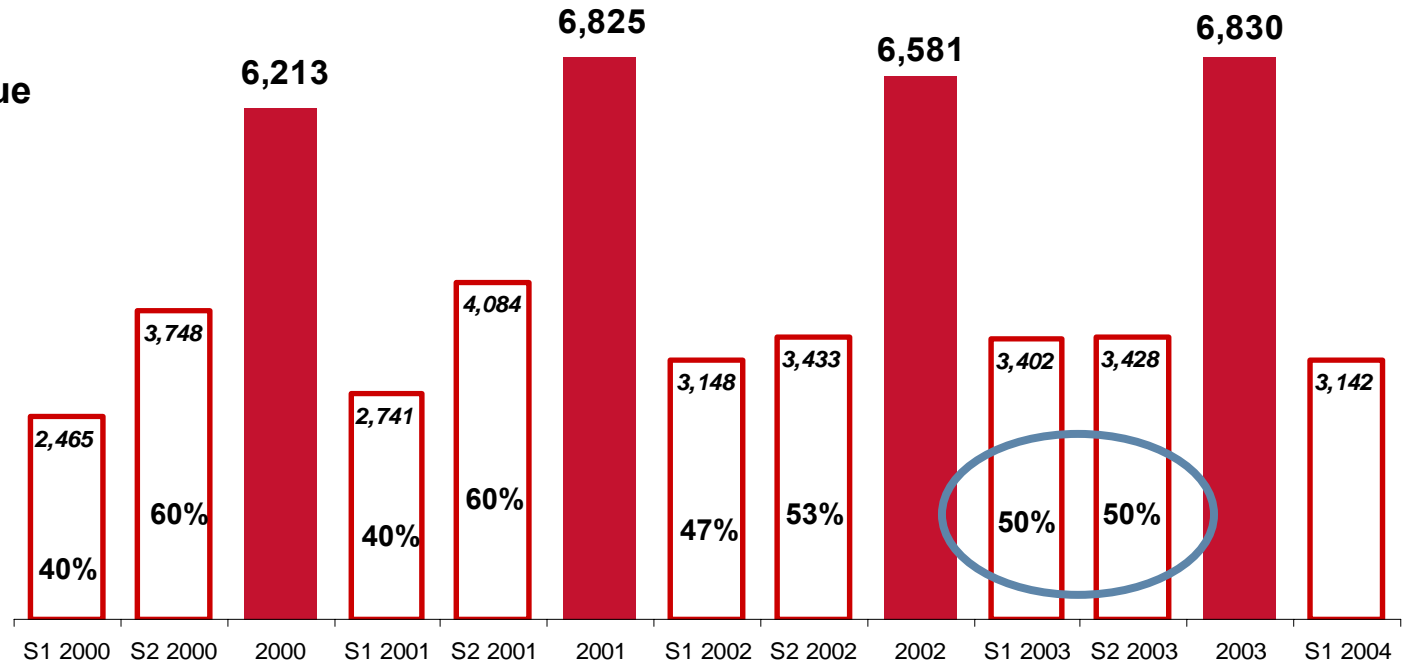
Operating performance

Anne Lauvergeon

Nuclear sales revenue and operating income must be analyzed on full-year basis

In millions of euros

► Sales revenue



Op. income	134	207	341	178	239	417	306	313	619	168	355	523	281
% of sales rev.	5.4%	5.5%	5.5%	6.5%	5.9%	6.1%	9.8%	9.1%	9.4%	4.9%	10.4%	7.7%	8.9%

- Cycles: H1 is generally softer than H2 (except in 2003)
- Operating margins vary from half year to half year

Front End division – 2004 delivery schedules differ from 2003

In millions of euros	H1 2003	H1 2004	Δ	Δ L.f.L*
Front End sales revenue	1,425	1,179	- 17.3%	- 15.8%
- Mines	233	183	- 21.7%	- 20.7%
- Conversion / Enrichment	458	395	- 13.6%	- 11.2%
- Fuel	734	601	- 18.1%	- 17.0%

** Like-for-like in terms of consolidated group and exchange rates*

- ▶ **H1 2003 sales revenue was atypical. Normal cycles returned in H1 2004 (H1 < H2) in the mining, enrichment and fuel business lines**
- ▶ **Uranium spot price continues to rise: \$20 / lb (+ 38% compared with 12.31.03)**
- ▶ **KATCO (Kazakhstan) has been launched: first production anticipated by year-end 2005 / early 2006**

Front end division – Cash flow was high in 2003

In millions of euros	H1 2003	H1 2004	Δ
EBITDA	248	241	- 2.8%
% of sales revenue	17.4%	20.4%	+ 3.0 pts
Operating Income	168	157	- 6.5%
% of sales revenue	11.8%	13.3%	+ 1.5 pts
- including restructuring expenses	8	11	
Operating cash flow	381	109	- 272

▶ Operating income

- ◆ Exceptionally strong deliveries in H1 2003 (mines, enrichment)
- ◆ Favorable price impact in natural uranium business
- ◆ Fuel: products mix has positive effect on operating margin

▶ Operating cash flow: exceptionally high in 2003

- ◆ Significant inventory reduction in H1 2003 (Mc Arthur mine shut down)
- ◆ Higher mine and fuel CAPEX in H1 2004
- ◆ Lower customer prepayments than in H1 2003

Reactors & Services division – H1 2004 was essentially stable

In millions of euros	H1 2003	H1 2004	Δ	Δ L.f.L*
Sales revenue	990	959	- 3.1%	+ 1.0%

* Like-for-like in terms of consolidated group and exchange rates

- ▶ **Production started on the Finland EPR contract. However, its contribution to sales revenue is still limited.**
- ▶ **Equipment business: U.S. operations remain strong**
- ▶ **Services: U.S. number of outages was low during the first half of 2004**

Reactors & Services division – Operating income decreases

In millions of euros	H1 2003	H1 2004	Δ
EBITDA	70	53	- 24.2%
Operating Income	57	16	- 71.9%
% of sales revenue	5.8%	1.7%	
- incl. restructuring expenses	3	6	
Operating cash flow	134	113	- 21

- ▶ **Several bonuses were booked in H1 2003 on reactors delivered before 2002 (Angra2, Ling Ao, Civaux)**
- ▶ **Services: renewed difficulties on a service contract in the Ukraine**
- ▶ **Operating cash flow**
 - ◆ **EBITDA decreases**
 - ◆ **Working capital requirement was reduced once again**

Treatment: high production level in H1 2004

In millions of euros	H1 2003	H1 2004	Δ	Δ L.f.L*
Sales revenue	987	1,004	+ 1.7%	+ 15.1%
- incl. Treatment-Recycling	791	803	+ 1.5%	+ 18.0%

* Like-for-like in terms of consolidated group and exchange rates

- ▶ **Strong production at La Hague in H1 2004**
- ▶ **Stable recycling volume like-for-like (methods impact)**
- ▶ **New contracts: EDF (2001-2007), European utilities (€450 M over the period 2006-2015)**

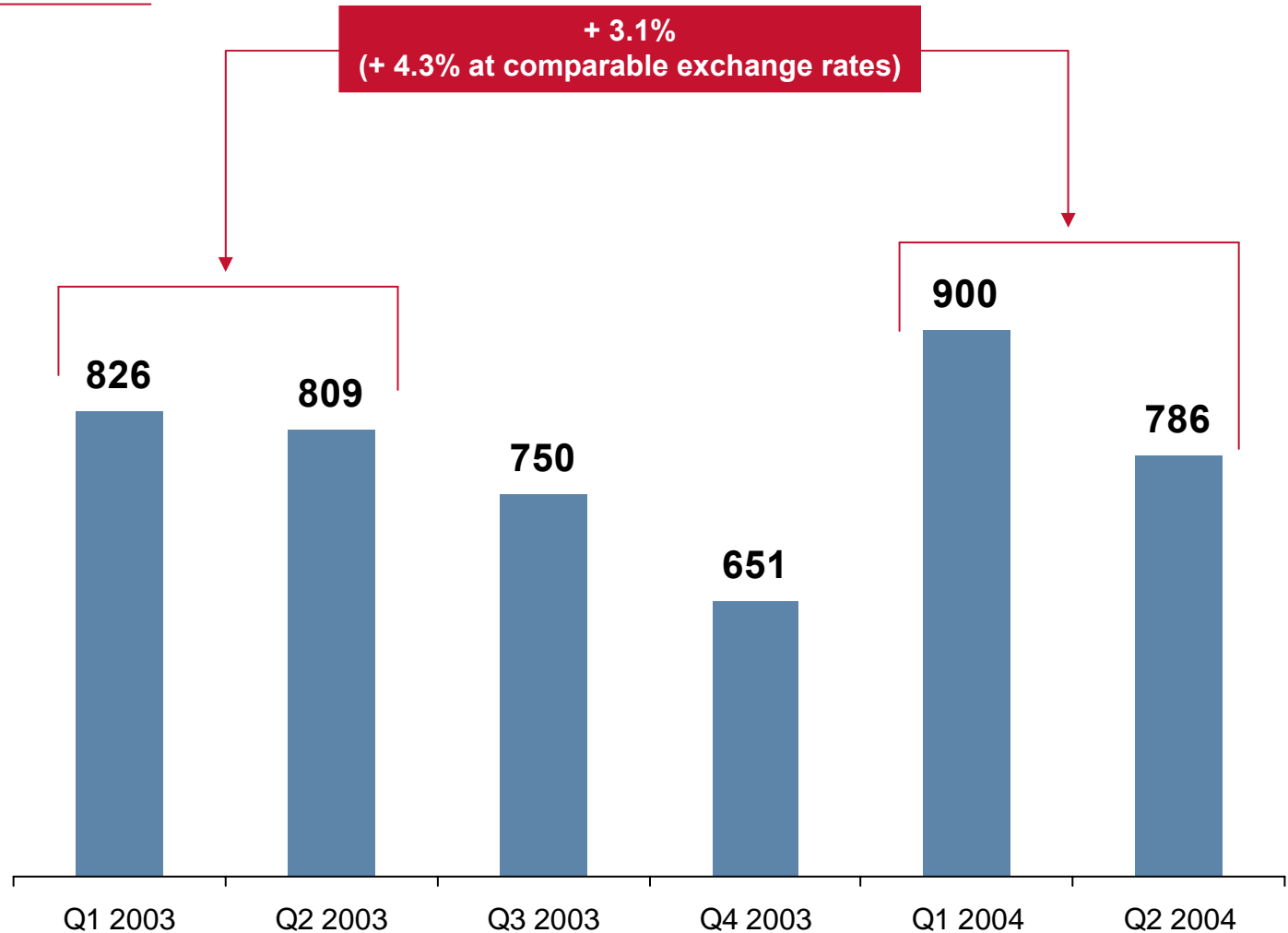
Customer prepayments boost cash flow

in millions of euros	H1 2003	H1 2004	Δ
EBITDA	263	225	- 14.4%
Operating Income	49	108	+ 120.4%
% of sales revenue	5.0%	10.7%	
- incl. restructuring expenses	4	6	
Operating cash flow	350	588	+ 238

- ▶ Operating income buoyed by increased fuel volume processed in H1
- ▶ Operating cash flow exceptionally high
 - ◆ Change in working capital requirement: €396 M contribution from customer prepayments (new contracts signed with European utilities)

T&D division – Backlog rebounds in H1 2004

In millions of euros



T&D division: operating income weakens due to reduced profitability of contracts in backlog at the beginning of 2004

In millions of euros	H1 2003 r*	H1 2004	Δ L.f.L**
Sales revenue	1,439	1,533	+ 7.4%
Op. Income bef. restructuring	85	30	- 64.7%
% of sales revenue	5,9 %	2.0 %	- 3.9 pts
Operating income	25	30***	n.s***
Operating cash flow	n.a	- 45	n.a

* Recasted, unaudited historical data (see attachment 1)

** Like-for-like in terms of consolidated group and exchange rates

*** H1 2004 restructuring provisions (€23 M) are charged directly against goodwill

- ▶ **Sales revenue: + 7.4% like-for-like**
 - ◆ Sales recover in H2 2004 (+ 21.2 %) compared with H1 2004 (- 4,4%)
 - ◆ High voltage product line rebounds sharply
 - ◆ Systems business line boosted by projects in the Middle East and North Africa
- ▶ **Operating income down sharply before restructuring expenses**
 - ◆ Recapture of provisions in H1 2003 (€30 M)
 - ◆ Gross margin deteriorates on contracts in backlog at the beginning of 2004
- ▶ **Operating cash flow impacted by restructuring disbursements (i.e €45 M)**

Connectors division – Organic growth

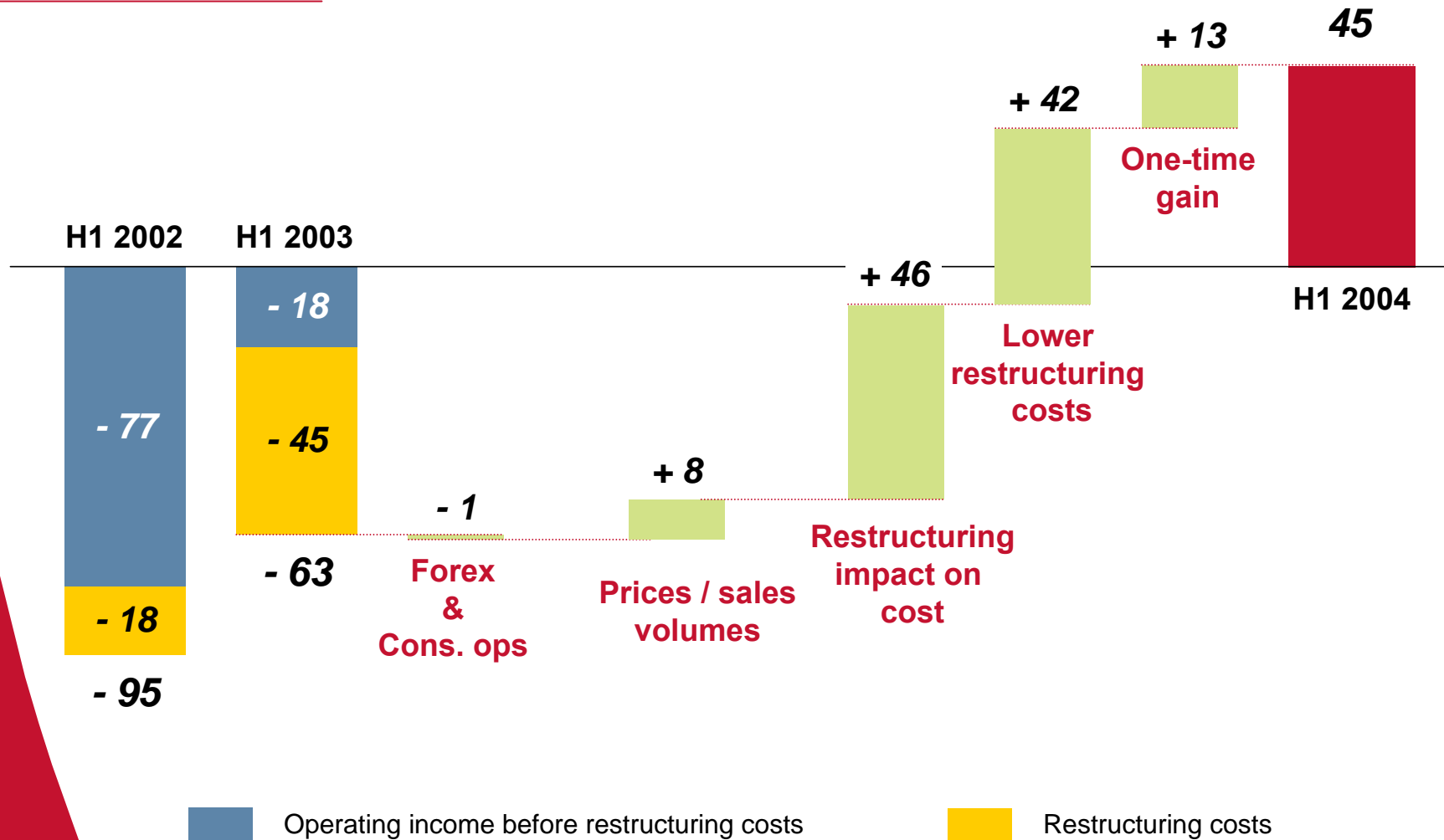
In millions of euros	H1 2003	H1 2004	Δ	Δ L.f.L*
Sales revenue	689	653	- 5.3%	+ 8.6%
EBITDA	- 9	60	+ 69	
Operating income	- 63	45	+ 108	
% of sales revenue	- 9.1%	7.0%	+ 16.1 pts	
- incl. restructuring	45	3	- 41	
Operating cash flow	- 43	22	+ 65	
- incl. restructuring disbursements	48	35	- 13	

* Like-for-like in terms of consolidated group and exchange rates

- ▶ **Sales revenue: + 8.6% like-for-like**
 - ◆ The Telecom and Data markets recovered in H1 2004. On the automobile connectors market, the division's growth was consistent with market trends
 - ◆ Book-to-bill ratio weakened to about 1 over the last few months
- ▶ **For the first time since H1 2001, the division recorded a positive operating income and a positive cash flow for a six month period**
 - ◆ Improved cost structure
 - ◆ Higher production volumes
 - ◆ One-time gain: intellectual property litigation successfully concluded
 - ◆ Ongoing cost-reduction efforts continue

Connectors division – Operating income is back in the black

In millions of euros



Financial performance

Gérald Arbola

Consolidated Income Statement (1/2)

In millions of euros	H1 2003	H1 2003 r*	H1 2004
Sales revenue	4,137	5,576	5,339
<i>Nuclear operations</i>	3,402	3,402	3,142
<i>T&D</i>	-	1,438	1,533
Sub-total Energy	3,402	4,840	4,675
<i>Connectors</i>	690	690	653
<i>Other activities</i>	46	46	10
Operating Income	161	186	327
<i>Nuclear operations</i>	274	274	281
<i>T&D</i>	-	25	30
Sub-total Energy	274	299	312
<i>Connectors</i>	- 62	- 62	45
<i>Other activities</i>	- 51	- 51	- 29

* Recasted, unaudited historical data (see attachment 1)

Consolidated Income Statement (2/2)

In millions of euros	H1 2003	H1 2003 r*	H1 2004	Δ H1 04 / H1 03 pf
Sales revenue	4,137	5,576	5,339	- 4.2%
Operating income	161	186	327	+ 75.8%
Financial income	6	(22)	104	n.s
Exceptional income	81	85	2	n.s
Share in net income of equity affiliates	18	18	44	+ 144%
Income tax	(107)	(115)	(107)	n.s
Goodwill amortization	(55)	(69)	(76)	+ 10,1%
Minority interests	(48)	(50)	(51)	+ 2%
Consolidated net income	55	34	243	n.s

* Recasted, unaudited historical data (see attachment 1)
n.s : not meaningful

In millions of euros	H1 2003	H1 2004
Decommissioning	- 47	51
<i>Financial Income from earmarked portfolio</i>	<i>(31)</i>	<i>68</i>
<i>Inflation impact on decommissioning provisions</i>	<i>(16)</i>	<i>(17)</i>
Income from investments	45	28
Interest expense	(36)	(15)
Foreign exchange income	2	0
Gain on disposal of securities	1	37
Dividends received	28	23
Net depreciation on securities	19	6
Interest (expense) on contracts	(6)	(26)
Total financial income	6	104

	EBITDA		Δ Working capital req.		Op. cash flow before Capex		Operating cash flow	
	H1 03	H1 04	H1 03	H1 04	H1 03	H1 04	H1 03	H1 04
Nuclear	581	519	462	430	+ 1,043	+ 950	+ 864	+ 810
T&D	n.a	0	n.a	- 24	n.a	- 24	n.a	- 45
<i>S/t Energy</i>	581	519	462	406	+ 1,043	+ 927	+ 864	764
Connectors	- 9	59	- 11	- 6	- 20	+ 53	- 43	+ 22
Other	- 13	- 26	20	- 48	+ 7	- 74	- 12	- 80
Total AREVA	558	553	471	353	1,029	906	+ 809	+ 706

In millions of euros	H1 2003	H1 2004	Δ
EBITDA	558	553	- 5
<i>% of sales revenue</i>	<i>13.5%</i>	<i>10.4%</i>	<i>- 3.1 pts</i>
Change in working capital requirement	471	353	- 118
Gain or loss on operating disposal	6	4	-2
Net operating Capex	- 226	- 204	+ 22
Free operating cash-flow	809	706	- 103
<i>T&D acquisition</i>	-	- 805	- 805
Dividends paid out	- 295	- 276	+ 19
Other (tax, non-op working cap req., etc)	+13	+ 33	+ 20
Change in net debt	526	- 342	- 868
Cash position	1,236 (12.31.03)	895	-

Balance sheets including T&D as of 12.31.03

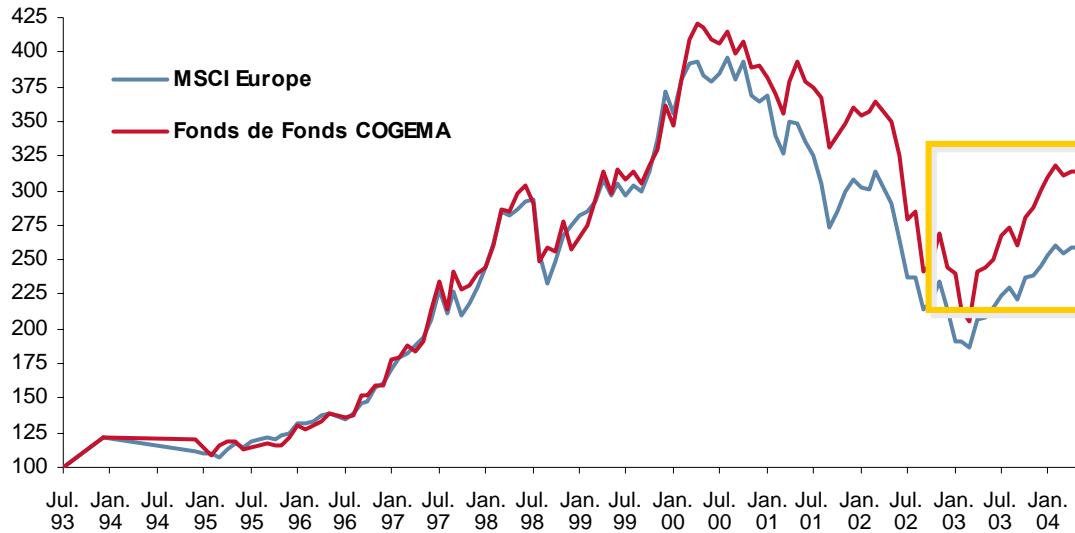
In millions of euros

ASSETS	31.12.03	31.12.03pf*	30.06.04	SH. EQUITY AND LIABILITIES	31.12.03	31.12.03pf*	30.06.04
Fixed assets	19,094	20,020	19 813	Shareholders' equity	4,113	4,113	4,162
<i>Goodwill</i>	1,265	1,694	1,641	Subordinated debt	215	215	0
<i>Tangible + intangible assets</i>	3,929	4,396	4,417	Minority interests	959	976	979
<i>Decommissioning assets</i>	9,109	9,109	9,086	Provision for decommissioning	12,316	12,316	12,368
<i>Earmarked financial assets</i>	2,234	2,234	2,284	Other provisions	1,676	2,150	2,077
<i>Equity in affiliates</i>	1,492	1,493	1,486				
<i>Other financial assets</i>	1,065	1,094	899				
Working capital req.	(1,051)	(681)	(1,121)				
Net cash position	1,236	431	894				
Total	19,279	19,770	19,586	Total	19,279	19,770	19,586

* Pro forma, unaudited historical data (see attachment 1)

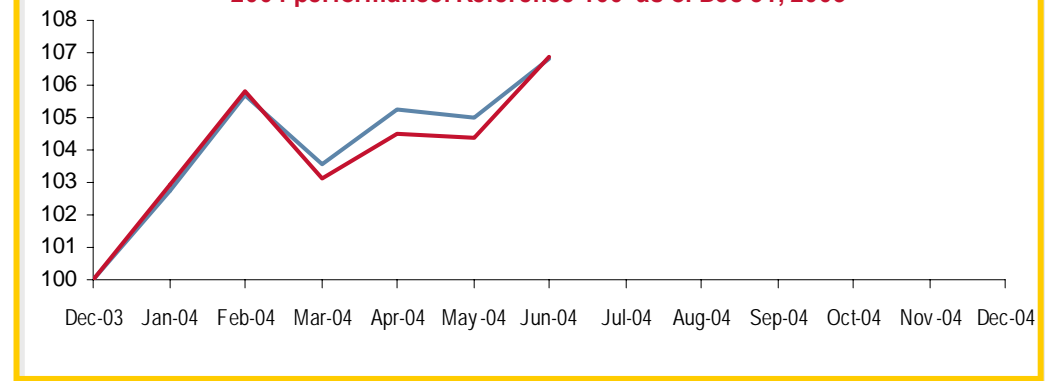
The group's dedicated fund gained 6.9% in H1 2004

Performance reference: 100 at inception (07/23/93)



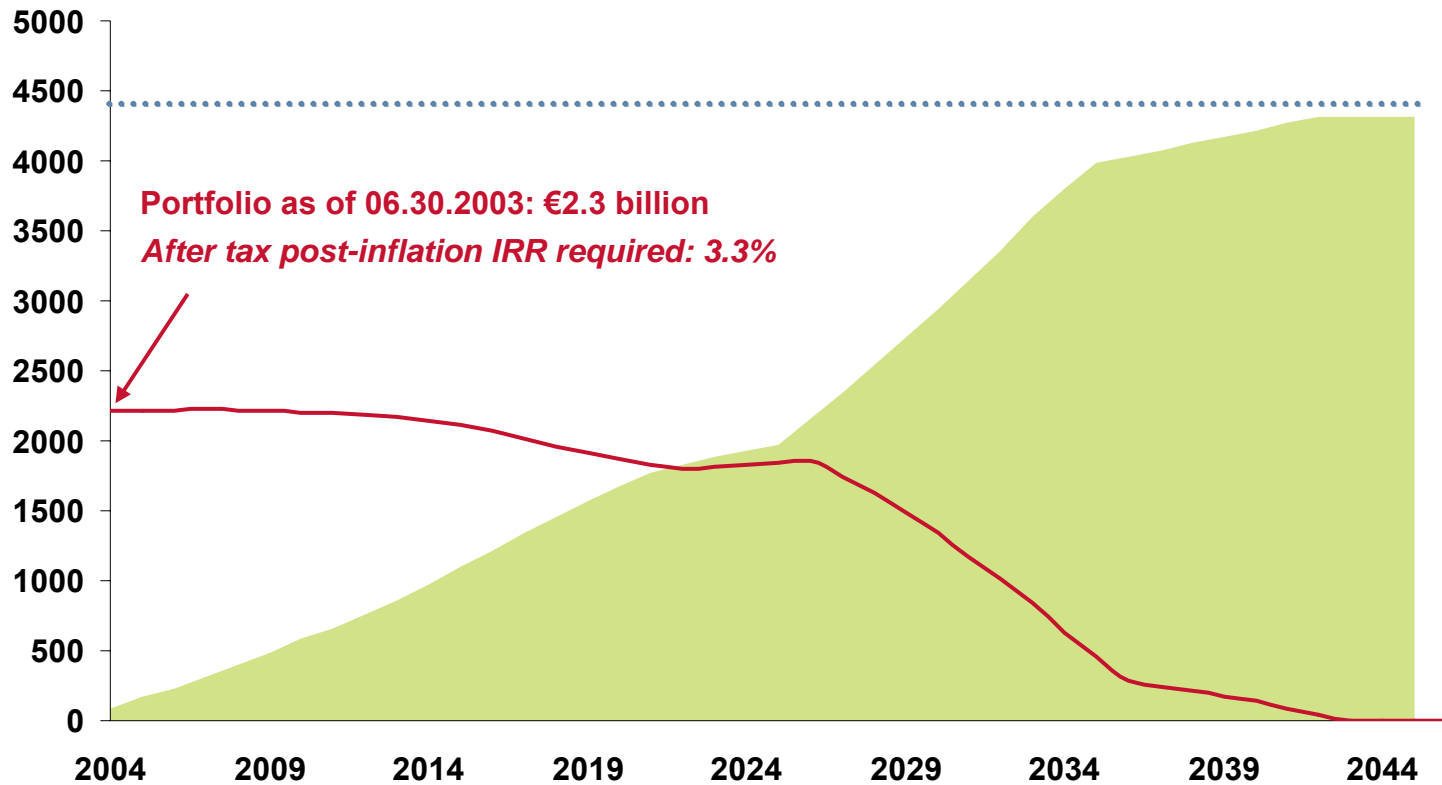
- ▶ **12-month performance**
 - ◆ Earmarked portfolio: + 28.6%
 - ◆ MSCI Europe: + 21.6%
- ▶ **H1 2004 performance**
 - ◆ Earmarked portfolio: + 6.9%
 - ◆ MSCI : + 6,8%

2004 performance. Reference 100 as of Dec 31, 2003



Financial assets earmarked to fund decommissioning expenses

In millions of euros



The average after-tax, post-inflation IRR required to cover decommissioning obligations was 3.3% as of June 30, 2004

▶ La Hague

- ◆ **Principle: AREVA to assume full liability in exchange for a one-time payment releasing the other parties**
- ◆ **Agreements on budgets, each party's share, discount rates**
- ◆ **Discussions under way between AREVA/COGEMA and EDF on a commercial agreement regarding post-2008 services**

▶ Marcoule

- ◆ **Principle: CEA to assume full liability in exchange for one-time payments by, respectively, AREVA and EDF**
- ◆ **Agreements on budgets and each party's share**
- ◆ **AREVA / COGEMA designated as industrial contractor for dismantling operations**

T&D Integration |

Anne Lauvergeon

- ▶ **New management team has been designated (CEO, CFO)**
- ▶ **Strategic evaluation performed during the first half of 2004**
- ▶ **Managers' evaluations and operating sites' review were performed during the first half of 2004**
- ▶ **As a result:**

① A new organization

② Performance improvement plan

***T&D must quickly become a net contributor
to the AREVA group***

A new organization supported by 4 business units



	Transmission - Very High Voltage	Ss-Transmission High Voltage	Primary Distribution	Secondary Distribution	End users
Products b.u.	Power Transformers Instrument transformers Generator Switches GIS equipment Disconnecting Switches	GIS Equipment	Distribution transformers GIS equipment Disconnecting Switches	Distribution transformers	Electric panels
Automation b.u.	Products Systems Support	Products Systems Support	Products Systems Support	Products Systems Support	Products Systems Support
Systems b.u.	HV substation	Power electronics	Energy distribution Distributed energy		
Services b.u.	Services	Services	Services	Services	Services

Redeployment plan: activating profitability levers

▶ Operating improvements

- ▶ **Centralized purchasing to achieve substantial economies**
- ▶ **Continuous product portfolio evaluation**
- ▶ **Industrial cost improvement policy**

▶ Business repositioning

- ▶ **Development focused on growth areas (China, India, Russia, ...)**
- ▶ **Targeting profitable and core market segments in all business lines**

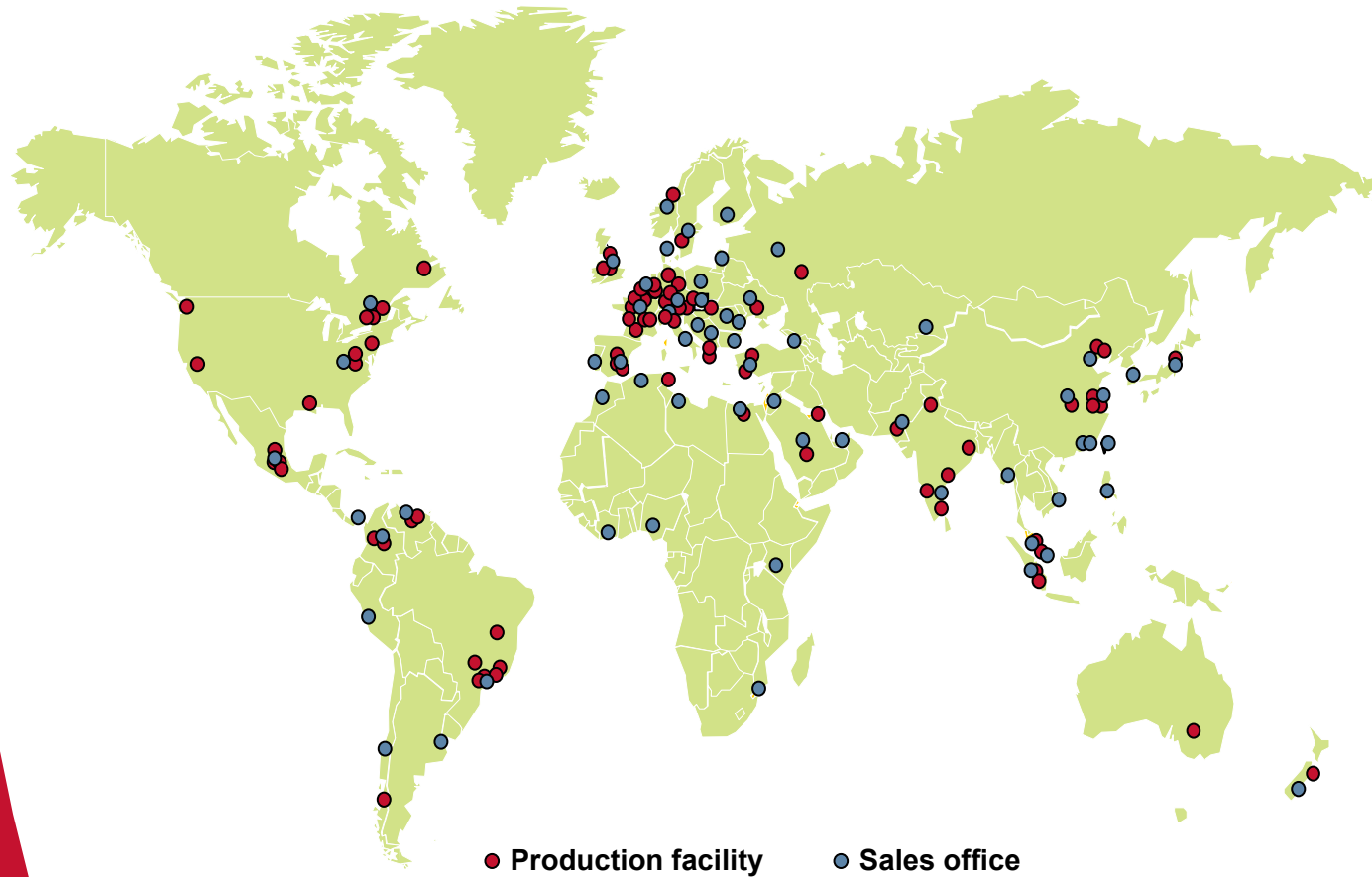
▶ Selective growth

- ▶ **Focusing on organic growth**
- ▶ **Niche acquisitions: specific markets, key technologies**

Operating in 100 countries

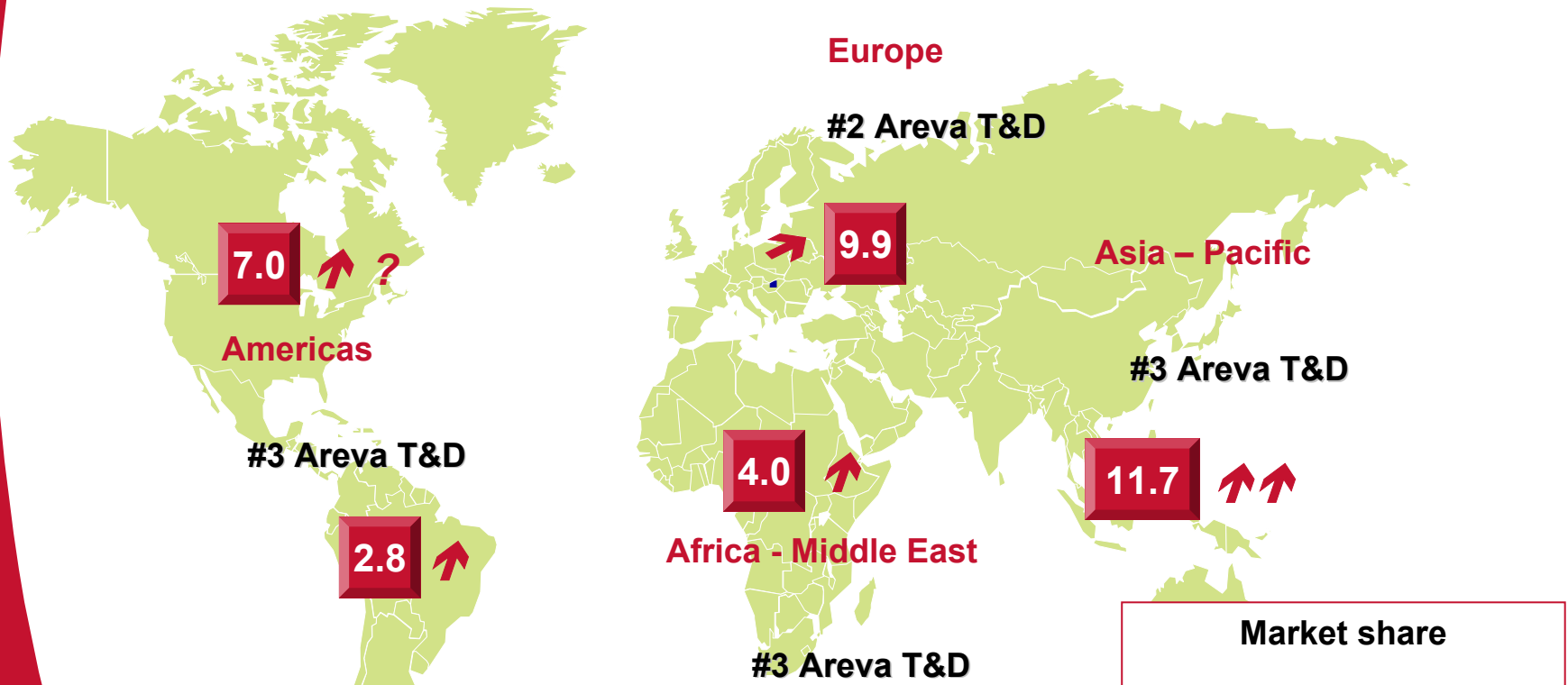
Employees by region

France	22%
Asia	20%
Europe (other countries)	16%
Americas	13%
Germany	12%
Pacific	8%
U.K.	8%
Africa	
Middle East	1%

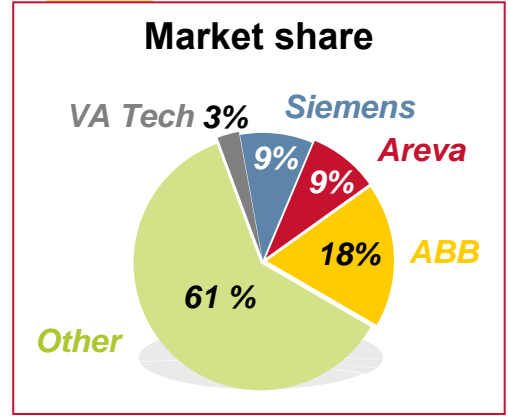


T&D operates 60 production facilities worldwide

AREVA among the top three players in all regions



Local market size (€ B)



2003 data
Sources: ABB, Siemens, Areva

> Results, first half 2004 – September 29, 2004

▶ **2004 Group objectives: on track**

- ◆ **Sales up on a like-for-like basis**
- ◆ **Continued growth in operating income and ROACE**
- ◆ **Maintaining a strong balance sheet**
- ◆ **T&D: operating income should decrease before restructuring**
- ◆ **Connectors: confirming the division's recovery, with a positive operating income and a positive operating cash flow**

Exhibits |

▶ Assumptions used to prepare AREVA’s 2003 recasted financial data

- ◆ Recasted integration of T&D operations into the AREVA group (excluding T&D operations in India and Pakistan)
- ◆ Acquisition/operations accounted for retroactively to January 1, 2003 (*)
 - The “Purchase Accounting” method used in H1 2004 was transposed to 2003 (impact on asset revaluations and goodwill amortization)
 - Restructuring expenses incurred in 2003, representing €60 M as of June 30, 2003, were not reversed
 - The recasted financial income was adjusted down to reflect income obtained on the cash that would have been disbursed if the T&D purchase price had been paid in 2003
 - T&D acquisition goodwill was depreciated pro forma, over a 20 year period

- This information is available in a specific note included in the Notes to the half year financial statements.
- The same principles were applied in the financial statements as as of December 31, 2003.

2003 consolidated recasted Income Statement

In millions of euros	2003	2003 recasted*
Sales revenue	8,255	11,132
Operating income	342	328
<i>% of sales revenue</i>	<i>4.1%</i>	<i>2.9%</i>
Financial income	334	277
Exceptional income	135	138
Income from equity affiliates	20	20
Income tax	(184)	(188)
Goodwill amortization	(174)	(202)
Minority interests	(84)	(85)
Consolidated net income	389	288

* Unaudited recasted income statement based on Purchase accounting methods. Excludes T&D India and Pakistan.

► 1st half 2004

in million of euros (except number of employees)	Front End	Reactors & Services	Back-End	T&D	Connectors	Holding & Others	Total
Income Statement items							
Gross Slaes	1,225	1,032	1,109	1,533	653	(213)	5,339
Inter-company sales	(46)	(73)	(104)	-		223	-
Contribution to net sales	1,179	960	1,004	1,533	653	10	5,339
Operating Income	157	16	108	30	45	(29)	327
% of sales revenue	13.3%	1.7%	10.8%	2.0%	6.9%		6.1%
Cash Flow Items							
EBITDA	241	53	225	0	59	(26)	553
% of sales revenue	20.4%	5.5%	22.4%	n.s	9.0%	n.s	10.4%
Net operating capex	(79)	(27)	(37)	(22)	(33)	(6)	(204)
Gain / (Loss) on disposal of tangible or intangible assets	-	-	3	-	1	-	4
Variation of Op Working Capital	(53)	87	396	(24)	(6)	(47)	353
Free operating cash Flow	109	113	588	(45)	21	(80)	706
Others							
Fixed Assets	2,035	517	10,790	940	729	4,802	19,813
Workin Capital requirement	664	9	(2,213)	401	226	(110)	(1,123)
Employees	10,419	13,189	10,594	21,328	12,524	2,097	70,151

► 1st half 2003

in millions of euros (except number of employees)	Front End	Reactors & Services	Back End	Nuclear	Connectors	Holding, other operations, and eliminations	Total AREVA group
Income statement items							
Gross sales	1,437	1,065	1,085	3,587	689	(140)	4,136
Inter-company sales	(12)	(75)	(98)	(185)		185	0
Contribution to consol. sales	1,425	990	987	3 402	689	45	4,136
Operating income	168	57	49	274	(62)	(51)	161
% of sales revenue	11.7%	5.7%	4.9%	8.0%			3.9%
Cash flow items							
EBITDA	248	70	263	581	(9)	(14)	558
As % of sales contributed	17.4%	7%	26.6%	17%			13.5%
Net Capex	(51)	(25)	(104)	(180)	(26)	(19)	(226)
Gain (loss) on disposals of tangible and intangible assets	(1)	1,5	1	1.5	2.8	0.8	5.1
Change in operating working capital requirement	185.3	87.4	189.6	462.3	(11.3)	20.2	471.3
Operating cash flow	381.1	133.8	349.5	864.4	(43.2)	(12.1)	809.1
Other							
Fixed assets	2,098	525	11,921	14,544	822	4,447	19,813
Working capital requirement	(48)	45	628	625	280	(2,497)	(1,592)
Number of employees	9,851	13,151	10,893	33,895	12,383	2,397	48,675

► 1st half 2003 (after allocation of corporate expenses)

in million of euros	Front End	Reactors & Services	Back End	Nuclear	Connectors	Holding, other operations, and eliminations	Total AREVA
Income statement items							
Gross sales revenue	1,437	1,065	1,085	3,587	689	(140)	4,136
Inter-company sales	(12)	(75)	(98)	(185)	-	185	-
Contrib. to consol. sales	1,425	990	987	3,402	689	45	4,136
Operating income	154	40	56	250	(62)	(27)	161
% of sales	10.8%	4.0%	5.2%	7.3%	- 9%	-	3.9%