PRESS
RELEASE

AREVA

Paris, August 30, 2007

First half 2007 financial results

- **Sales revenue: €5.373 billion, up by 6.7%[(1)]**
- **Operating income: €207 million, i.e. 3.9% operating margin, up 1.6 point compared with H1 2006**
- **Consolidated net income: €295 million, i.e. €8.31 per share in H1 2007 against €6.92 per share in H1 2006, a 20% increase**
- **More than €33 billion in backlog, a 31% increase since year-end 2006**

The Supervisory Board of the AREVA group met today under the chairmanship of Frédéric Lemoine to examine the financial statements for the first half of 2007 submitted by the Executive Board.

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Anne Lauvergeon, CEO and Chairman of the Executive Board, offered the following comments:

"All Group performance indicators were up the first half of 2007. Growth was robust and profitability strengthened significantly in terms of both operating income and net income.

Consolidated sales revenue rose 6.7% for the first half of 2007 alone, after growth of more than 7% in 2006. This positive trend will continue: our backlog grew by 31% in the first half to more than €33 billion, compared with €26 billion six months ago and €21 billion at year-end 2005. AREVA's integrated business model is winning points all over the world.

In China, for example, our negotiations with CGNPC for the sale of two EPRs and the corresponding long term procurement of the fuel front-end cycle, reached a turning point this summer.

We strengthened or improved operating profitability, with operating margin gaining more than 1.5 point in the first half of the year. In particular, business is up sharply in the Transmission & Distribution division, which had operating margin of 8.7% in the first half of the year. Olkiluoto 3 construction is now moving forward at a brisk pace. The critical path is tight, considering the project's "first-of-a-kind" nature and the technical documentation approval process specific to it, although performance conditions are improving significantly. The provision set up for this project was supplemented to take into account the resulting costs and contingencies. Our position is that, ultimately, a reasonable overall balance on the split of cost overruns can be expected to be found with TVO.

This adjustment slowed the operating income growth expected in the first half, but does not affect our objectives for the year: our goal is to achieve operating margin of 5% for 2007 as a whole."

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(1) up 6.4% like-for-like

It should be noted that the Group's sales revenue and results may vary significantly from one half-year to the next. Consequently, half-year over half-year comparisons do not always provide a reliable indication of full-year performance.

I- Overall performance and highlights

Millions of euros	H1 2007	H1 2006	Change 07/06
Sales revenue	5 373	5 036	+ 6.7%
Operating income *% of sales*	207 *3.9%*	115 *2.3%*	+ 80% *+1.6 pt*
Consolidated net income	295	245	+20%
Free operating cash flow	-513	-40	

	6/30/07	12/31/06	Change
Backlog	33 553	25 627	+ 31%
Net debt reported **Net debt excluding put option held by minority interests**	1 565 448	865 -251	

- Following its successful takeover bid in June 2007, the Group acquired UraMin in early August. This major acquisition adds 90,000 metric tons of uranium to AREVA's resources[2], bringing the total to more than 570,000 metric tons.

- The Group entered into important strategic agreements:
  - On July 10, 2007, AREVA and Mitsubishi Heavy Industries, Ltd. (MHI) signed a draft agreement that paves the way for the creation on September 3 of the joint venture that will develop and market their new medium power nuclear reactor around the world.
  - On July 20, 2007, Constellation and EDF announced the creation of a joint venture to finance at least four EPRs in the United States. This agreement between EDF and AREVA's partner in UniStar will facilitate the deployment of US EPRs in the future.
  - In the first half of the year, Ameren UE chose the EPR, handing UniStar yet another commercial success in the United States.
  - On August 7, 2007, the National Council for Energy Policy of Brazil (CNPE) authorized Eletrobras Termonuclear SA to restart construction of the Angra 3 nuclear power plant with AREVA.
  - On May 24, 2007, following AREVA's decision not to outbid Suzlon again for the takeover of REpower, the two groups entered into a cooperative agreement under which AREVA will maintain its shareholding in REpower and continue to support the company, will become Suzlon's preferred supplier for electricity transmission and distribution equipment and systems, and will have a guaranteed share price in the event that it decides to withdraw from REpower.
  - In June, AREVA entered into an agreement in Russia to form a 50/50 joint venture with Rusal, the world's leading producer of aluminum. Under this agreement, AREVA becomes the exclusive supplier of transmission and distribution equipment to Rusal.

[2] Total measured, indicated or inferred reserves and resources

- The Group also sealed an agreement in June with Sunten Electric Co. of China to form a 50/50 joint venture, which is expected to become the market leader in China for dry-type transformers.

- On the industrial side, the Group launched the “Comurhex II” capital program, representing just over €600 million. Under this program, the Group’s uranium conversion capacity will be replaced and increased. In addition, the Melox MOX fabrication plant received a license from the French authorities to increase annual fuel production capacity from 145 metric tons to 195 metric tons.

- In the marketing and sales arena, the Group signed several major contracts and agreements in the first half of 2007.

  - In the **Front End**, the enrichment services contract entered into with KHNP of South Korea illustrates the confidence customers place in AREVA for their long-term supply.

  - In *Fuel,* the Group signed a contract with EDF valued at more than €1.4 billion for the 2008-2012 period.

  - In **Reactors**, the Group won contracts to retrofit the Oskarshamn and Ringhals reactors in Sweden and booked the order for the nuclear steam supply system for the Flamanville EPR.

  - In the **Back End**, Sogin awarded a contract for the treatment of used fuel from Italy.

- The backlog and sales revenue are discussed in the press release of July 26, 2007, available at www.areva.com.

Operating income rises

The Group posted operating income of €207 million in the first half of 2007, compared with operating income of €115 million in the first half of 2006, i.e. an increase of 80%.

- The **Front End** division continued to benefit from the gradual increase in uranium sales prices under its long-term contracts, but the *Fuel* business was penalized by the timing of deliveries in the first half of 2007. Operating income for the division was therefore stable, at €223 million, compared with €221 million in the first half of 2006.

- The **Reactors and Services** division improved its performance, particularly in the services and equipment businesses. At the OL3 construction site in Finland, milestones were met under the schedule established with the customer in late 2006. The project is now moving forward at a brisk pace. The critical path is tight, considering the project’s “first-of-a-kind” nature and the technical documentation approval process specific to it, although performance conditions are improving significantly. The provision set up for this project was supplemented to take into account the resulting costs and contingencies. This provision takes into account the insurance policy that the Group bought at the end of 2006 to cover the risk of losses to completion under EPR export sales contracts, beyond a certain deductible and within the limits of coverage. Overall, the division had an operating loss of €230 million, compared with a loss of €266 million in the first half of 2006.

- In the **Back End** division, operating margin returned to a more customary level in the first half of 2007 after the exceptionally high levels of 2005 and 2006, at 11.3% of sales revenue, i.e. €97 million.

- The **Transmission & Distribution** division posted a sharp increase in operating income, which rose from €72 million in the first half of 2006 to €175 million in the first half of 2007, for an operating margin rate of 8.7%.

Consolidated net income up by 20%

The Group posted consolidated net income for the first half of 2007 of €295 million, for €8.31 per share, a 20% increase in comparison to first half 2006 consolidated net income of €245 million.

- The increase is attributable to €92 million in operating income growth and to increased net financial income, to €118 million, compared with €32 million in the first half of 2006.
- Net financial income in particular posted gains on sales of shares from the portfolio earmarked for nuclear facility dismantling that resulted from portfolio restructuring when the June 2006 "Waste Act" was implemented in France.
- Conversely, the share in net income of associates was sharply down from the first half of 2006, at €34 million compared with €104 million, due to the sharp drop in income from STMicroelectronics.

Strong growth in operating Capex impacts operating cash flow

Free operating cash flow before tax is a negative €513 million for the first half of 2007, compared with a negative €40 million for the first half of 2006, as follows:

- EBITDA was €451 million, compared with €534 million in the first half of 2006. The OL3 contract impacted EBITDA; this was partially offset by strong growth in the **Transmission & Distribution** division, where EBITDA rose to €156 million from €107 million in the first half of 2006.
- The change in operating working capital requirement resulted in the use of €459 million in cash. This change is primarily due to the use of advances in the **Back End** division, the reconstitution of inventories in the **Front End** division and, to a lesser extent, strong business growth in the **Transmission & Distribution** division.
- Capital spending programs continued, rising to €501 million[3] in the first half of 2007 from €333 million in the first half of 2006. This trend illustrates the ramp-up of **Front End** projects (uranium mines and construction of the Georges Besse II plant) and EPR certification in the first countries in which this reactor will be built (most notably Finland, the United States and the United Kingdom). It is also the result of capacity growth in the **Transmission & Distribution** division, driven by strong business growth.

Net debt

The Group had net debt of €448 million as of June 30, 2007, excluding the put option held by Siemens[4], compared with net cash of €251 million at year-end 2006.

The net debt reported includes Siemens' put option. Net debt thus amounts to €1.565 billion as of June 30, 2007, compared with €865 million as of December 31, 2006.
These amounts should be compared with equity, which stood at €7.286 billion[5] as of June 30, 2007.

[3] Operating CAPEX net of disposals
[4] For its 34% interest in AREVA NP (formerly Framatome ANP), whose value remains unchanged at €1.117 billion
[5] Including minority interests

II- Outlook

The Group confirms its objectives for 2007 as a whole:

- Strong sales revenue growth,
- A sharp increase in operating income,
- Continuation of the capital spending program.

A conference call will take place on August, 31st at 9:00 am (Paris time).

- To reach the conference, dial the following numbers:

French: **+33 (0)1 70 99 43 04**
English: **+44 (0)20 7806 1968**

- To access to the webcast, click on the links below:

French: **http://www.finance.areva.com/20070831/resultats_1er_semestre_2007**
English: **http://www.finance.areva.com/20070831/2007_first_half_results**

Upcoming events and publications

- August 31, 2007 – 9:00 CET: Conference call – First half 2007 results
- October 25, 2007 – 5:45 pm: Press release – Third quarter 2007 financial information
- January 31, 2008 – 5:45 pm: Press release – 2007 sales revenue

About us

With manufacturing facilities in 41 countries and a sales network in more than 100, AREVA offers customers reliable technological solutions for CO_2-free power generation and electricity transmission and distribution. We are the world leader in nuclear power and the only company to cover all industrial activities in this field. Our 61,000 employees are committed to continuous improvement on a daily basis, making sustainable development the focal point of the group's industrial strategy. AREVA's businesses help meet the 21st century's greatest challenges: making energy available to all, protecting the planet, and acting responsibly towards future generations.

www.areva.com

Appendix 1: Income statement

In millions of euros	H1 2007	H1 2006	2006
Sales revenue	**5 373**	**5 036**	**10 863**
Other income from operations	12	7	55
Cost of sales	(4 301)	(4 088)	(8 698)
Gross margin	**1 084**	**955**	**2 220**
Research and development expenses	(197)	(161)	(355)
Sales and marketing expenses	(252)	(244)	(493)
General and administrative expenses	(424)	(375)	(778)
Restructuring and early retirement costs	(17)	(43)	(131)
Other operating income and expenses	14	(17)	(56)
Operating income	**207**	**115**	**407**
Income from cash and cash equivalents	20	31	50
Gross borrowing costs	(32)	(35)	(78)
Net borrowing costs	**(12)**	**(4)**	**(29)**
Other financial income	130	36	126
Net financial income	**118**	**32**	**97**
Income tax	(53)	(36)	(51)
Net income of consolidated businesses	**273**	**110**	**453**
Share in net income of associates	34	104	220
Net income from continuing operations	**306**	**214**	**672**
Net income from discontinued operations	0	2	0
Net income for the period	**306**	**216**	**672**
Less minority interests	12	(29)	(24)
Net income attributable to equity holders of the parent	**295**	**245**	**649**
Average number of shares outstanding	35 442 701	35 442 701	35 442 701
Basic earnings per share	**8.31**	**6.88**	**18.31**
Adjusted earnings per share	8.31	6.92	18.31

Appendix 2 – Consolidated Cash Flow Statement

In millions of euros	H1 2007	H1 2006	2006
Cash flow from operations before interest and taxes	466	564	1 231
Net interest received and income tax paid	(66)	(26)	(90)
Cash flow from operations after interest and tax	**400**	**538**	**1 141**
Change in working capital requirement	(454)	(214)	(344)
Net cash from operating activities	**(54)**	**324**	**797**
Net cash used in investing activities	**(379)**	**(256)**	**(953)**
Net cash used in financing activities	**(200)**	**(444)**	**(364)**
Decrease (increase) in marketable securities maturing in more than 3	179	(85)	(1)
Impact of foreign exchange movements	5	4	2
Net cash flow from discontinued operations	0	0	0
Increase (decrease) in net cash	**(450)**	**(457)**	**(518)**
Cash at the beginning of the period	901	1 419	1 419
Cash at the end of the period	**451**	**962**	**901**

Appendix 3 – Simplified Balance Sheet[6]

In millions of euros	6/30/07	12/31/06
ASSETS		
Goodwill	2 602	2 515
Property, plant and equipment and intangible assets	5 265	4 988
Assets earmarked for end-of-life-cycle operations	5 205	5 077
Investments in associates	1 474	1 521
Other non-current financial assets	2 685	2 376
LIABILITIES AND EQUITY		
Equity	7 288	7 016
Provisions for end-of-life-cycle operations	4 680	4 585
Other provisions (including net deferred tax liabilities)	3 401	3 274
Net working capital requirement	298	736
Put option held by Siemens	1 117	1 117
Net debt (excluding Siemens' put)	448	(251)
Simplified balance sheet total	**17 232**	**16 478**
Net debt (including Siemens' put)	**(1 565)**	**(865)**
Net debt (excluding Siemens' put)	**(448)**	**251**

[6] Working capital assets and liabilities are reported on a net basis in the simplified balance sheet. Deferred tax assets are also offset against deferred tax liabilities. Assets and liabilities are not offset in the detailed balance sheet.

Appendix 4 – Definitions

Backlog: The backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options. Orders in hedged foreign currencies are valued at the rate hedged. Non-hedged orders are valued at the rate in effect on the last day of the period. The backlog reported for long-term contracts recorded under the percentage of completion method and partially performed as of the reporting date is equal to the difference between (a) the projected sales revenue from the contract at completion and (b) the sales revenue already booked for this particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the Group to determine the projected revenue at completion.

Cash flow from end-of-life-cycle operations: This indicator encompasses all of the cash flows linked to end-of-life-cycle operations and to assets earmarked to cover those operations. It is equal to the sum of the following items:

- income from the portfolio of earmarked assets,
- cash from the sale of earmarked assets,
- minus acquisitions of earmarked assets,
- minus cash spent during the year on end-of-life-cycle operations,
- full and final payments received for facility dismantling,
- less full and final payments paid for facility dismantling.

Earnings before interest, taxes, depreciation and amortization (EBITDA): EBITDA is equal to operating income plus net amortization, depreciation and operating provisions (except for provisions for impairment of working capital items). EBITDA is adjusted to exclude the cost of end-of-life-cycle operations for nuclear facilities (dismantling, retrieval and packaging of waste) met during the year, as well as the full and final payments made or to be made to third parties for facility dismantling. It should be noted that the cash flows linked to end-of-life-cycle operations are presented separately.

Free operating cash flow: It represents the cash flow generated by operating activities. This indicator is before income tax. It is equal to the sum of the following items:

- EBITDA, excluding end-of-life-cycle operations;
- plus losses or minus gains on sales of tangible and intangible assets included in operating income;
- plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the year (excluding reclassifications, currency translation adjustments and changes in consolidation scope);
- minus acquisitions of tangible and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of tangible and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- plus customer prepayments on non-current assets received during the year;
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates).

Net debt: This heading includes short- and long-term borrowings, which include interest-bearing advances received from customers and put options by minority shareholders, less cash balances, non-trade current accounts, marketable securities and other current financial assets. Shares classified as “available-for-sale securities” are now excluded from the net debt or (cash) position.