



# **AREVA**

## **Credit investors update**

September 2009



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## Agenda

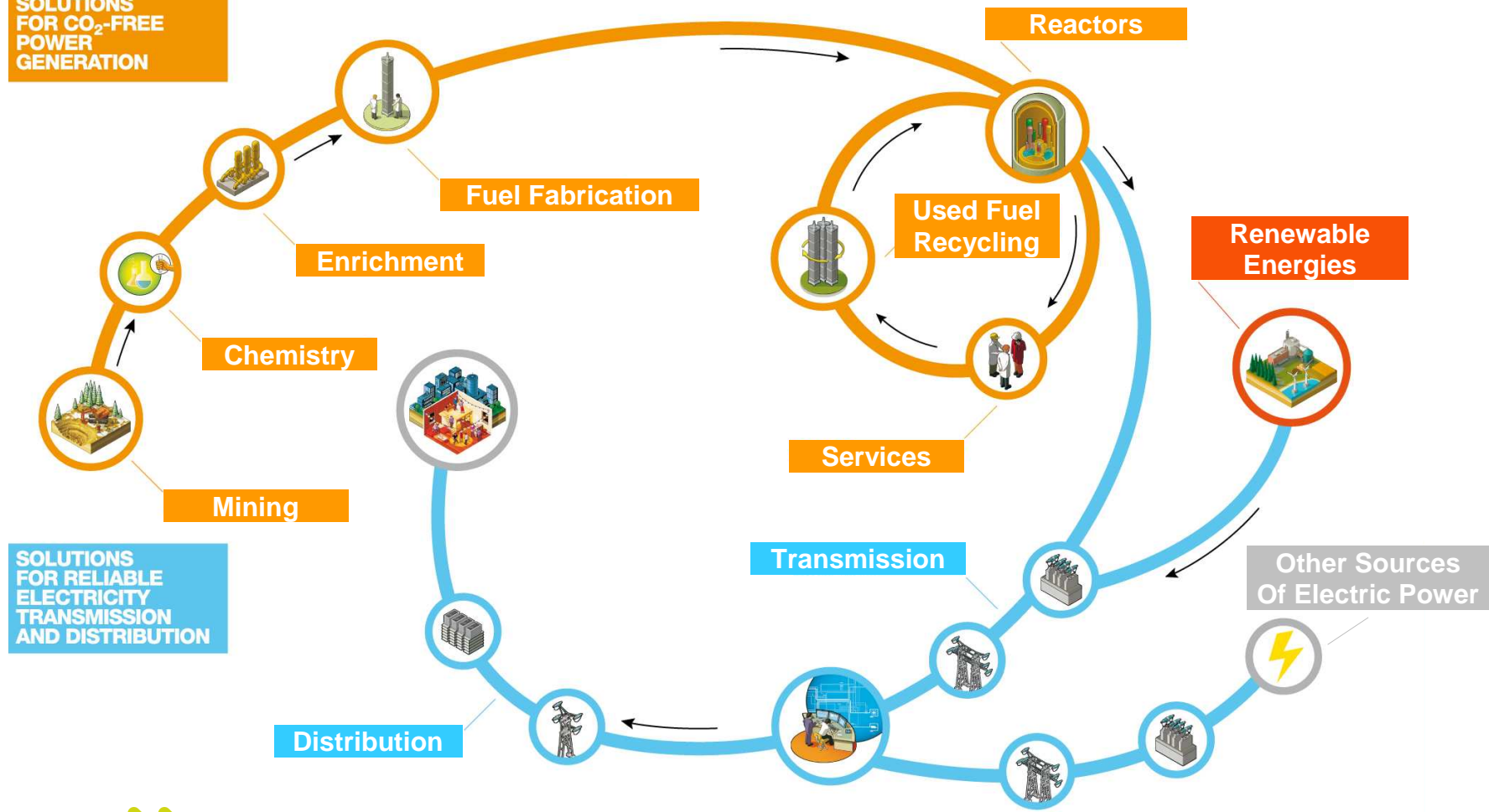


- 1. Introduction to AREVA**
- 2. Markets and strategy**
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# AREVA provides solutions for CO<sub>2</sub>-free electricity generation, transmission and distribution to major utilities



**SOLUTIONS FOR CO<sub>2</sub>-FREE POWER GENERATION**



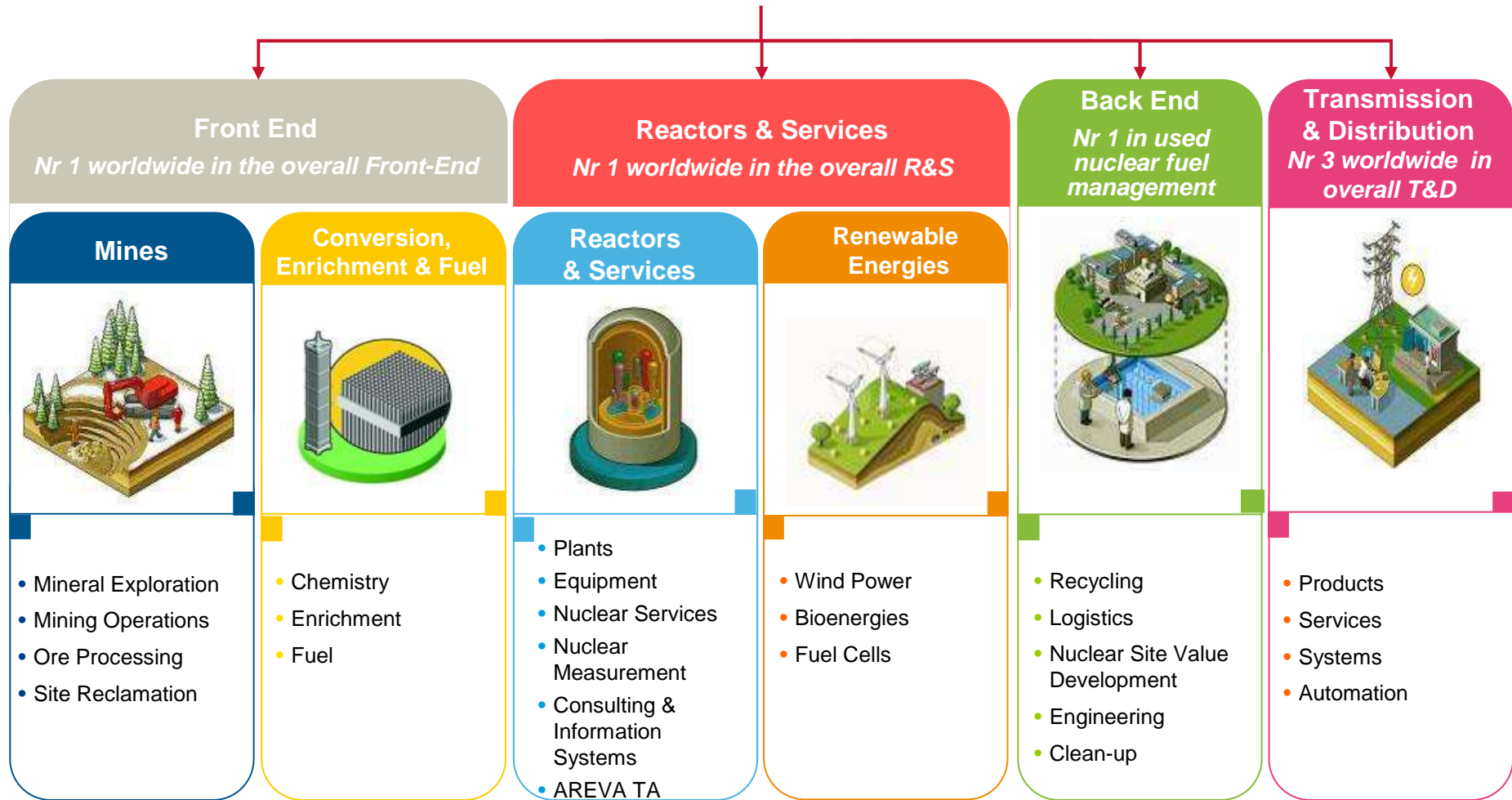
Nuclear and renewable energies

Transmission & Distribution

**>> #1 in Nuclear and #3 in T&D worldwide**



# Group structure



» **€13,160M Sales** (2008)  
» **€1,181M EBITDA** (2008)

» **75,400 people**

» **100 countries**



# AREVA is the only fully integrated player on the Nuclear value chain ...



**AREVA:  
€8Bn Nuclear  
Sales in 2008**

		2008 Market	CAMECO	URENCO	USEC	AREVA	Toshiba	NDA / BnG	MHI	AEP <sup>3</sup>	GE / Hitachi	Others
Front End	Mining / Natural Uranium	62,000 t	15-20%		5-10%	20-25%	●			20-25%	○	25-30%
	Conversion/ Chemistry	57,800 t	20-25%		5-10%	25-30%	↑			25-30%	○	20-25%
	Enrichment	50 MSWUs <sup>1</sup>	○	20-25%	25-30%	20-25%	↑			20-25%	●	5-10%
	Natural Uranium fuel (UO <sub>2</sub> )	7,000 t	●			30-35%	20-25%		na	10-15%	15-20%	10-15%
Reactors & Services		€15Bn				20-25%	15-20%		na	5-10%	10-15%	35-40%
Back End	Recycling	Treatment				70-75%	↓	10-15%	na	10-15%	○	JNFL
		33,170 t <sup>2</sup>										
		Recycling				60-65% <sup>(4)</sup>	●	1-5%	na		○	25-30% JNFL
		2,470 t <sup>2</sup>										

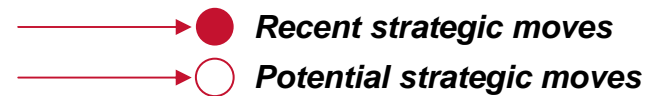
<sup>1</sup> Separative Work Units

<sup>2</sup> Cumulated, worldwide – AREVA Estimate

\* Figures unidentified or not disclosed

<sup>3</sup> AtomEnergProm (Russia)

<sup>4</sup> MOX Fuel activitie



## ... with leading positions in renewable technologies



### Credibility

- ▶ Leadership position in the off-shore wind technology
- ▶ On-going consolidation in the biomass sector
- ▶ Technical assets for energy storage solutions and CO<sub>2</sub>-free hydrogen mass production

### Technical and industrial synergies with nuclear

- ▶ Technical expertise and R&D required for the renewable energy technologies close to AREVA know-how expertise
- ▶ Manufacturing, EPC, and project management experiences close to those of nuclear
- ▶ Industrial footprint in place and that could be leveraged

### Commercial network

*“One-stop shop for CO<sub>2</sub> free energy generation”*

- ▶ AREVA has the opportunity to cover the evolving needs of its customers with a CO<sub>2</sub>-free offer matching the reality of both the permitting time requirement and the financial capacity of each customer
- ▶ This strategy has been successfully implemented in the US (Adage JV with Duke)
- ▶ For countries not ready yet for nuclear power generation, a renewable energy offer constitutes a point of entry for AREVA for future deals in nuclear



**AREVA detains all the assets to become a world leader of CO<sub>2</sub>-free energy generation (nuclear + renewable)**

## T&D business perspectives



- ▶ AREVA T&D commands leading positions on key products (like disconnectors, Gas Insulated Switchgears, or Instrument Transformers) and key markets (like in India)
- ▶ Despite challenging short-term market conditions, long-term perspectives remain highly attractive
  - ◆ Products replacement & networks upgrade in Europe and in the USA
  - ◆ Massive investment needs in Asia and India in both transmission & distribution products and systems
  - ◆ Rising energy efficiency/ savings requirements worldwide
- ▶ In the current open call for bids, AREVA will pay special attention to the price offered, and also to the industrial and labor projects of the bidders



**Depending on the interest generated, the decision to dispose of T&D or not and the choice of a potential buyer will be taken before the end of the year**



# AREVA is at the forefront of technology in CO2-free generation ...



## Front End

- ▶ **Ultracentrifugation**  
AREVA has the most efficient ultracentrifugation technology



## Plants

- ▶ **EPR**  
the first Generation III+ reactor under construction (4 units)
- ▶ A range of reactors to meet customer needs



PWR  
1,600+ MWe



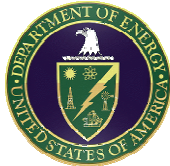
PWR  
1,100+MWe



BWR  
1,250+MWe

## Back End

- ▶ **Unchallenged leadership**





## Renewable Energy

- ▶ Only true “designed for offshore” wind turbine

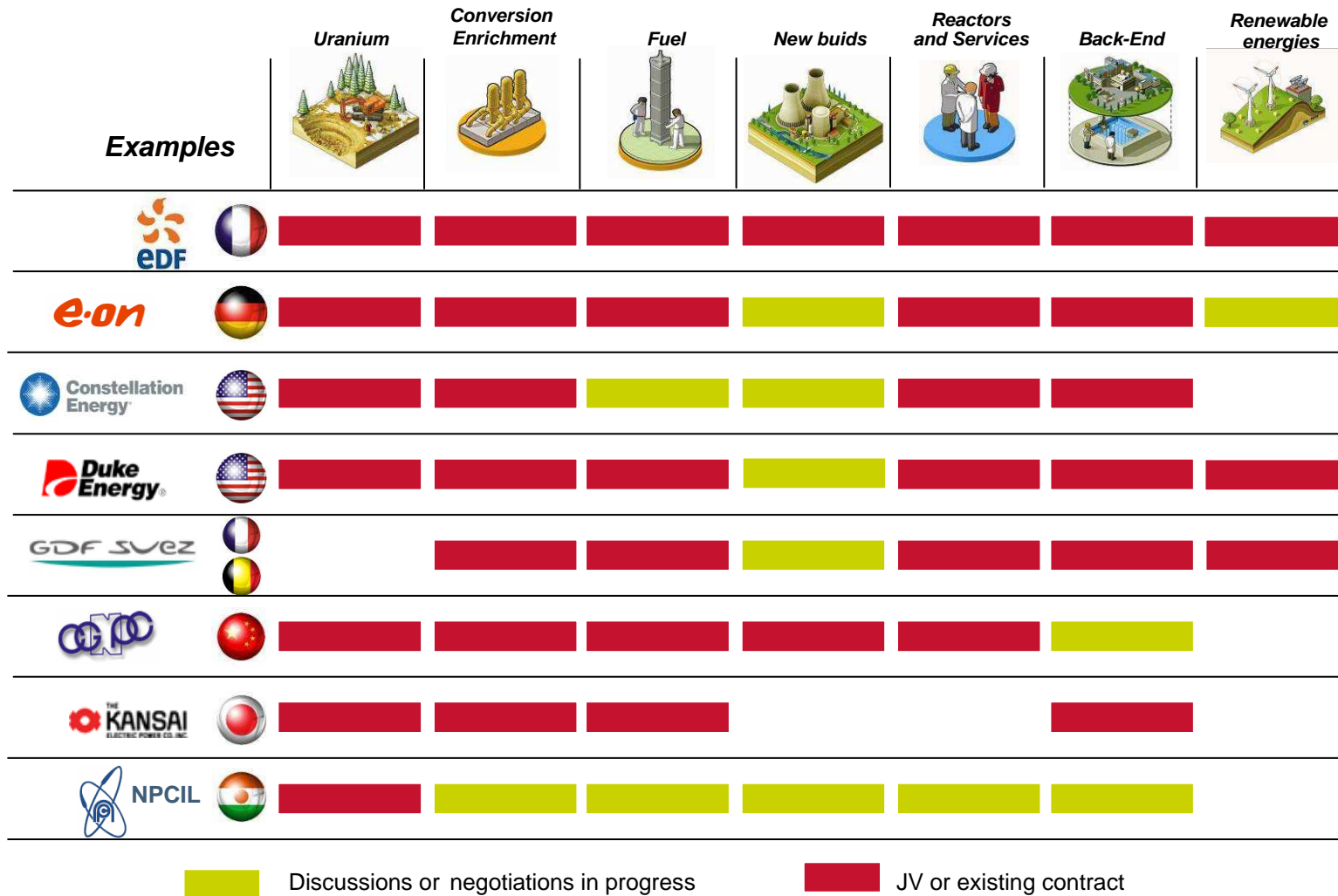


# ... and benefits from a strong and successful culture of partnerships \*...



<p>Consolidation in the fuel cycle</p>		<p>Since 2004, long-lasting partnerships to develop mines in Canada</p> <p>Equity stakes in Georges Besse II (GBII) new enrichment plant</p>
<p>Strengthening of industrial and engineering capacities</p>		<p>Heavy component manufacturing site in the US</p> <p>JV in engineering</p>
<p>Reactor development</p>		<p>1250+ MWe boiling water reactor </p> <p>1100+ MWe pressurized water reactor </p>
<p>Renewables</p>		<p>Partnership in biomass in India</p> <p>Development of the biomass market in the United States</p>

# ... with full integration in the value chain which is a key advantage for AREVA



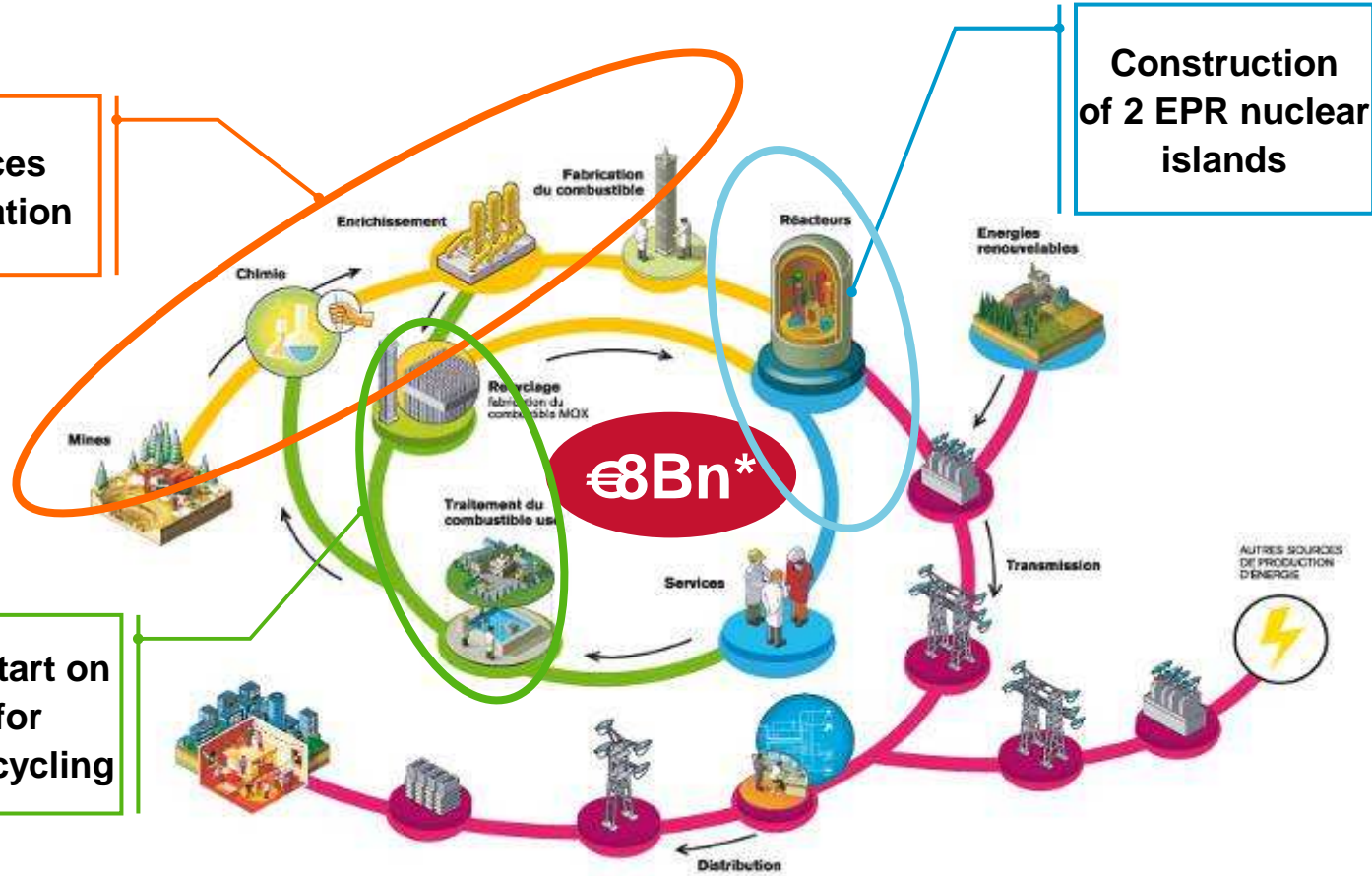


# The € 8 billion\* deal with CGNPC (China): a practical example of the success of AREVA's integrated model

Material and Services for 15 years of operation

Construction of 2 EPR nuclear islands

Discussions to start on cooperation for treatment and recycling



\* Including 1bn€ local part

## Agenda



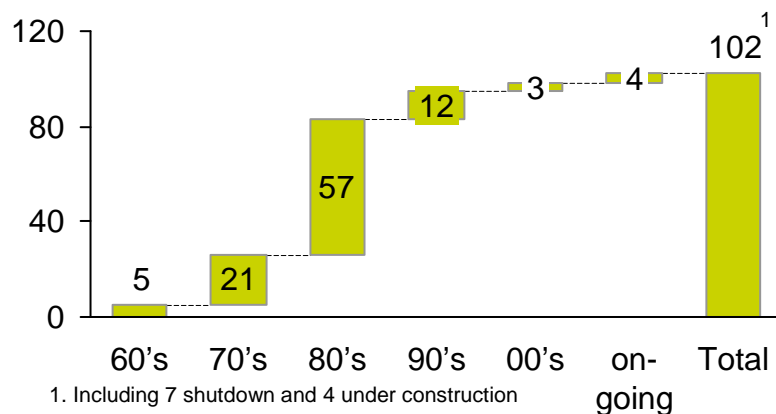
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# AREVA benefits from a long experience and resilient business model



## AREVA has never stopped building reactors since the 1960's

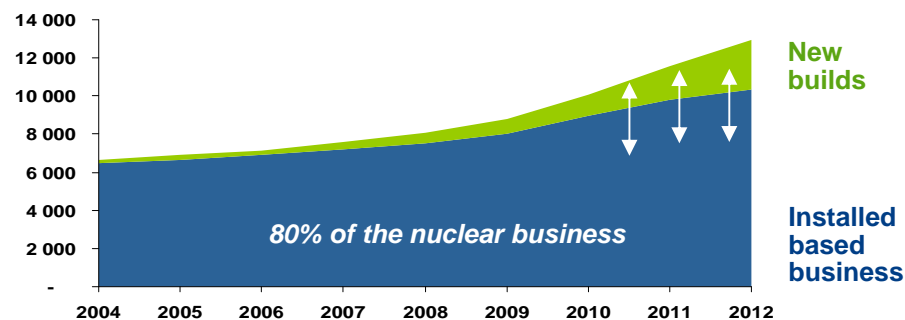
Reactors built by AREVA or its predecessor companies by commissioning date



- ▶ AREVA has never stopped building reactors
- ▶ AREVA has built 91 of the 439 currently active reactors
- ▶ AREVA has active units in France, Germany, several other European countries, South Africa, China, Latin America
- ▶ AREVA has demonstrated its ability to manage massive construction programs

## Installed base business model ensuring strong cash-flow generation

Installed base revenue vs. new builds (millions of €)



Source: AREVA strategic plan

- ▶ No reactor will be shut down because of the economic crisis
- ▶ 80% of the nuclear business is recurrent
- ▶ Strong visibility (backlog)
- ▶ Capex supported by the sale of the new facilities' future production (example: 90% of GBII production through 2020 is already in backlog)

# AREVA captures growth through its low carbon strategy aligned with world energy challenges

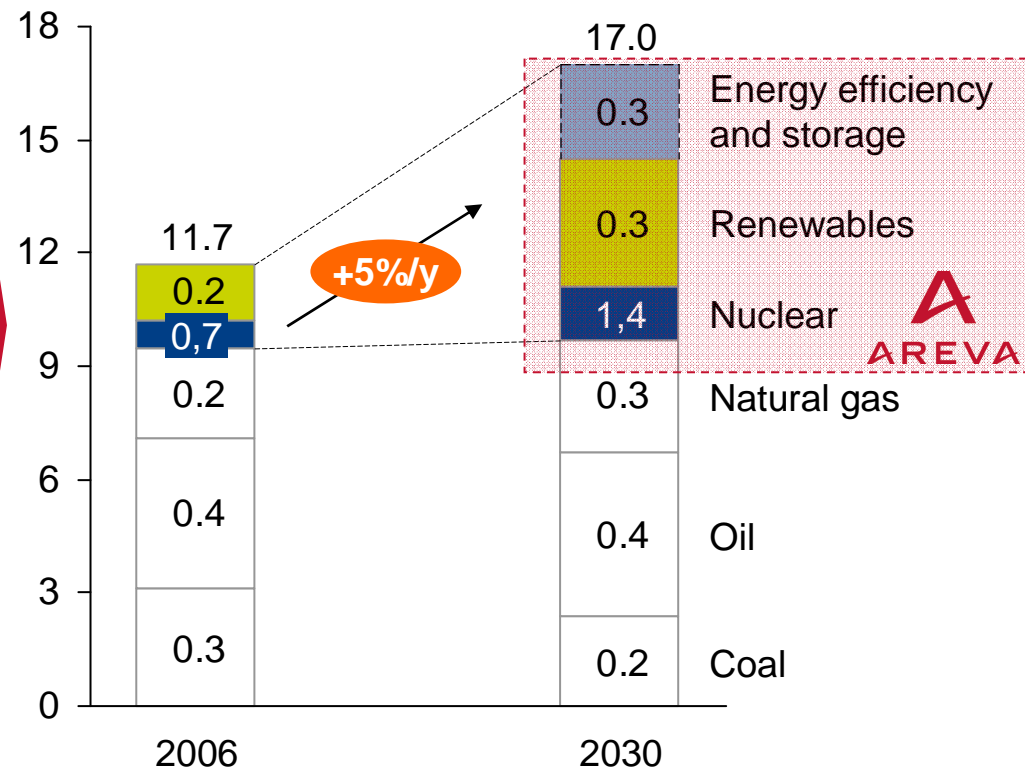


## World energy sector challenges

- ▶ **Energy demand will increase 50 % by 2030**
  - ◆ Population will increase by 2 billion people
  - ◆ Human Development will increase energy intensity
- ▶ **Peak oil and gas is a reality and substitution is necessity**
  - ◆ Total Oil and Gas production will start to decrease in 15 years
  - ◆ Electricity demand will grow by a factor of 2 by 2030
- ▶ **Carbon emissions must be cut by half to stabilize climate change**

## Global energy mix evolution

Billions of metric tons of oil equivalent / year

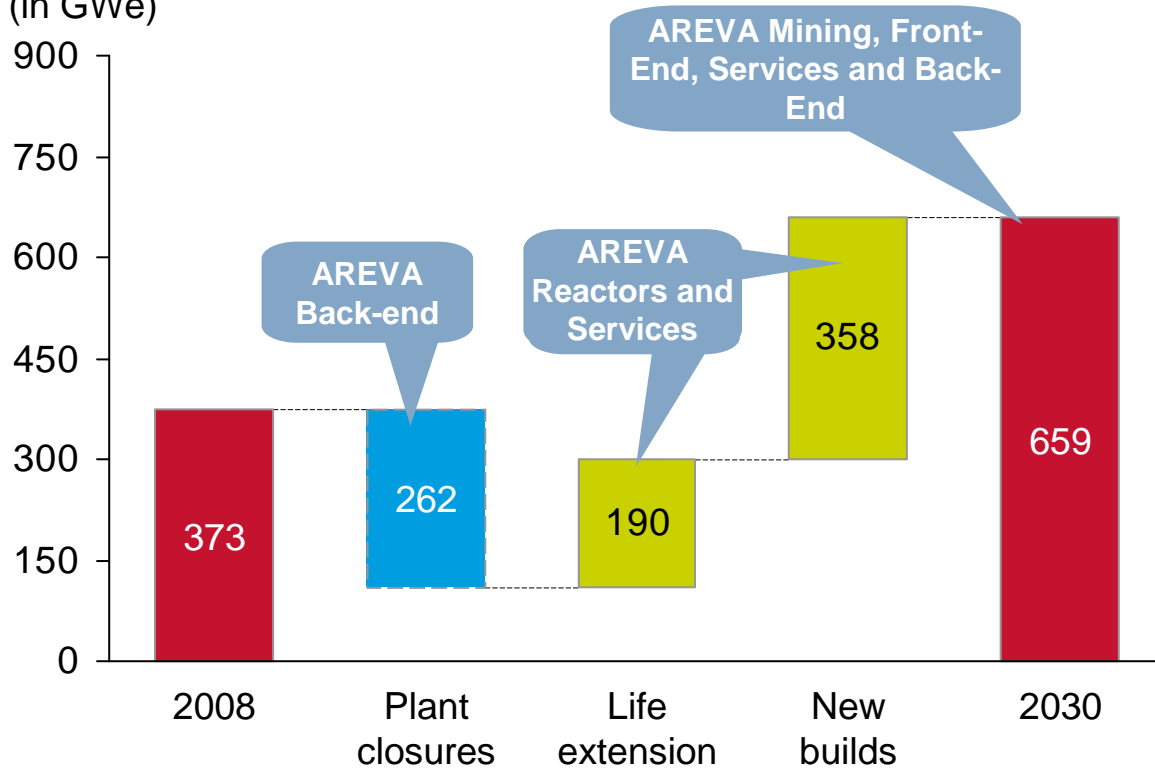


Source: World Energy Outlook 2008 stabilization 450 ppm" scenario, AREVA

# Nuclear revival is there



AREVA's market scenario for installed capacity (in GWe)



## Forecasts published by international organizations

- 824: WEO<sup>1</sup>- 2008- 450 ppm Policy Scenario
- 748: IAEA - 2008 – High Estimate
- 731: WNA<sup>2</sup> - 2007- High Estimate
- 684: WEO- 2008- 550 ppm Policy Scenario

## AREVA target

(AREVA target 2007: 636)

- 529: WNA - 2007 - Reference
- 498: DOE<sup>3</sup> EIA<sup>4</sup> - 2008 Reference Case
- 473: IAEA - 2008 – Low Estimate
- 433: WEO - 2008 – Reference Scenario



**AREVA targets 1/3 of accessible new build market and the leadership in life extension and power uprates (market worth tens of billions of EUR)**

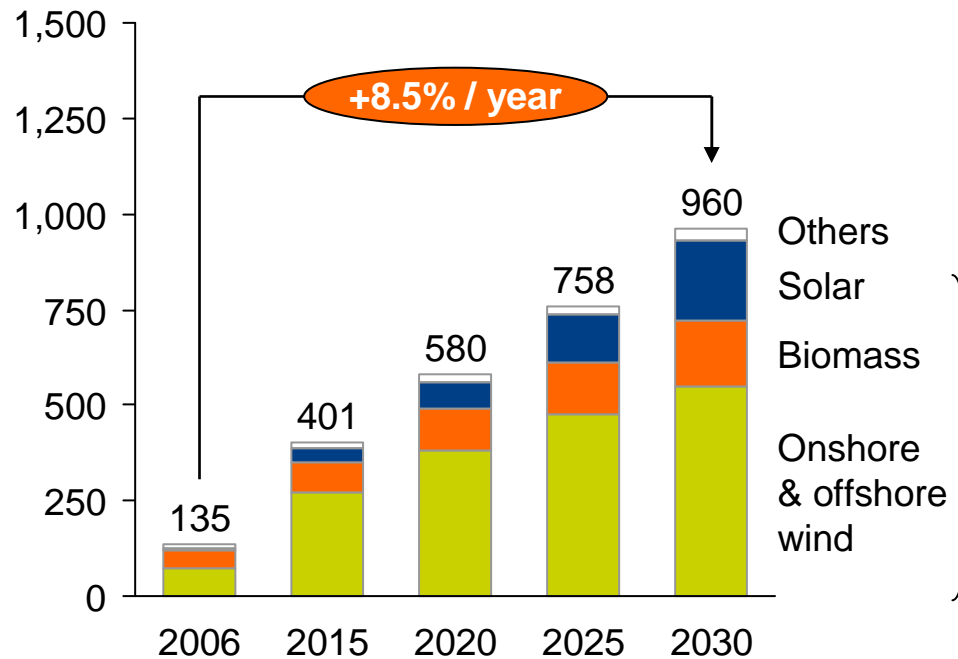
1. World Energy Outlook 2. World Nuclear Association 3. US Department of Energy 4. Energy Information Administration



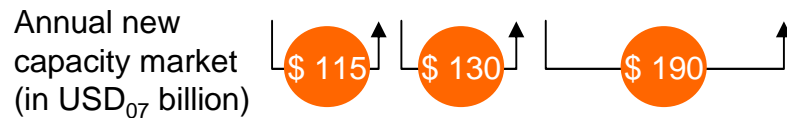
# +8.5% annual growth expected for non-hydro renewable energy market through 2030



Capacity installed for non-hydro renewable energies (GW)



- ▶ Increasing share of non-hydro renewables from 3% to 13% of total electricity mix
- ▶ A market of ~160 bn\$/year of new capacity
- ▶ Strong growth expected in Off-shore wind (~8% py), Biomass (~6% py) and Concentrated Solar Power (~14% py)

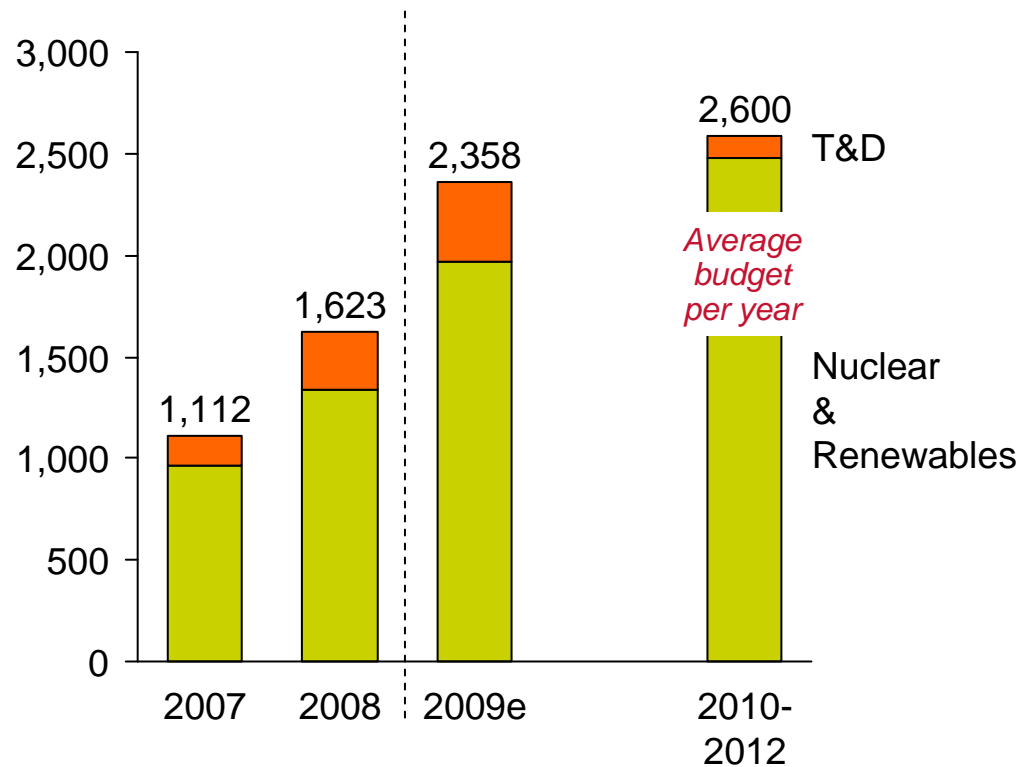


Source : WEO 2008 – Reference case



## Nuclear revival require to invest now

AREVA annual investment  
(in million €)



### Selling our reactors

- ◆ EPR reactor licensing in the UK, US
- ◆ Assembly capacity for heavy components
- ◆ Developing ATMEA (JV with MHI)
- ◆ ...

### Adjusting our enrichment capacity

- ◆ Migration to centrifuge enrichment
- ◆ Meeting US demand: GBIII project

### Securing access to uranium

- ◆ Developing mining portfolio (Canada, Africa, Kazakhstan)
- ◆ ...

### Safety and renovation of our facilities

- ◆ Chemistry (Pierrelatte, Malvési...)
- ◆ La Hague
- ◆ ...

## **A dedicated financial strategy to maintain a strong credit profile**



- ▶ **Focus on core activities with selective disposals**
- ▶ **Recurrent cash flow generation over time**
- ▶ **Ongoing cost reduction program (€600M by year-end 09)**
- ▶ **On going Working capital optimization (€300M expected in 2009)**
- ▶ **Ensure access to long-term capital markets by maintaining a strong credit rating**
- ▶ **Strengthening of the capital structure through capital increase up to 15%**
- ▶ **Pay-out ratio limited to 25% of the group's share of net income during 3 years starting in 2010**

## Agenda

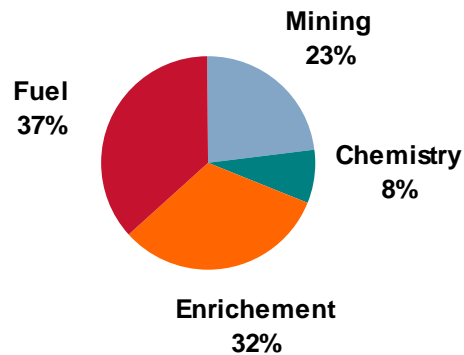


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## Front-End division - AREVA invests to maintain leadership in Mines and Enrichment



### Sales – 2008 split

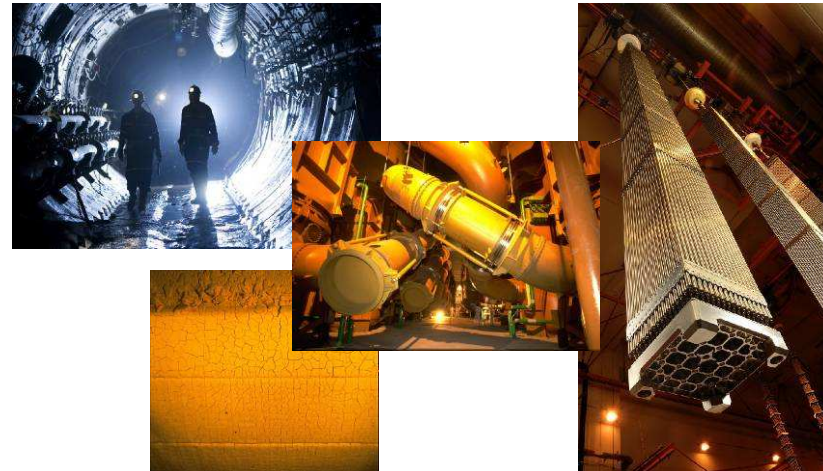


### Key financials

In millions of euros	2007	2008	Change
Order book	21,085	26,897	27.60%
Sales revenues	3,140	3,363	7.10%
Operating income	496	453	-8.7%
% Sales	15.8%	13.5%	-2.3 pts
Op. FCF before tax	-1,672	-609	+€1,063M

### Nr 1 worldwide in the overall Front-End

- ▶ **Mining:** explores, extracts and processes uranium ore, from which nuclear fuel is made. The BU then reclaims mining sites once production is finished
- ▶ **Chemistry:** converts natural uranium (U<sub>3</sub>O<sub>8</sub>) into uranium hexafluoride (UF<sub>6</sub>) required for enrichment
- ▶ **Enrichment:** Increasing the proportion of U<sub>235</sub> found in natural uranium from 0.7% to 3%-5% in order to manufacture fuel for nuclear reactors
- ▶ **Fuel:** designs, manufactures and sells nuclear fuel assemblies for pressurized water reactors (PWR), boiling water reactors (BWR) and research reactors



# Front-End division - A uniquely diversified mining portfolio

## ▶ Canada

- ◆ Development (Shea Creek, Kiggavik etc.)
- ◆ Exploration since 1964
- ◆ Cigar Lake production to start after 2012 (+2,600 tU)



## ▶ Kazakhstan

- ◆ Mining & global fuel agreement signed
- ◆ Katco production ramp-up / license for 4,000 tU obtained
- ◆ Exploration



## ▶ Mongolia

- ◆ Sainshand
- ◆ Exploration

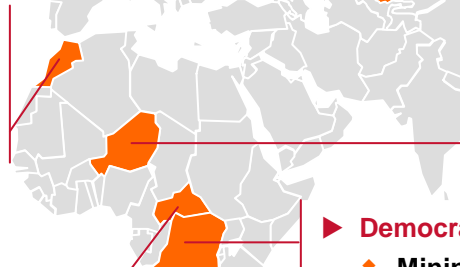
## ▶ Morocco

- ◆ Agreement signed with Office Chérifien des Phosphates



## ▶ Niger

- ◆ Somair & Cominak mines
- ◆ Imouraren mining license obtained - Start up 2013-14 (+ 5,000 tU)



## ▶ Democratic Republic of Congo

- ◆ Mining partnership



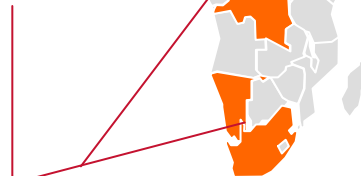
## ▶ Australia

- ◆ Exploration since 1969

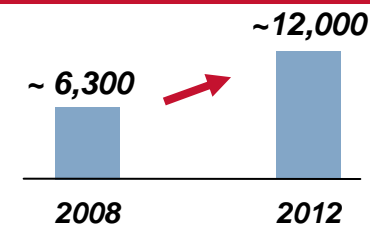


## ▶ AREVA Resources Southern Africa

- ◆ Namibia - Trekkopje: mining permit obtained / 1<sup>st</sup> production expected in 2010  
+3,000 tU production expected
- ◆ Central African Republic -Bakouma: government agreement obtained  
+2,000 tU production expected
- ◆ South Africa – Ryst Kuil
- ◆ Exploration



Production  
(metric tons of U)



# Front-End division - A leader in enrichment with new capacity developments



## Georges Besse II

- ▶ An investment...
- ▶ ... essential to the global balance of the enrichment market
  - ◆ At least 7.5 MSWU (by 2016 vs. planned 2018)
- ▶ ... based on the best existing available technology (ETC – TC12)
- ▶ ... with a modular capacity to meet the market requirements
- ▶ First production in 2009



▶▶ **GBII:**  
**90% of capacity already sold until 2020**

## Eagle Rock Enrichment Facility (EREF)

- ▶ First production in 2014
- ▶ A capacity of around 3 MSWU (by 2018) with the same ETC centrifuge technology used in GBII
- ▶ A proven centrifuge technology, already licensed by the NRC
- ▶ NRC accepted the Eagle Rock license application on March 24th

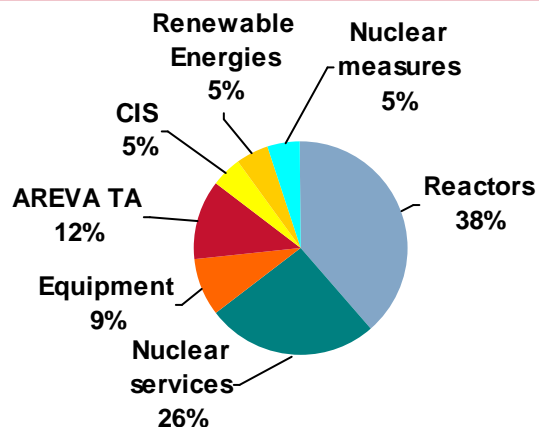


▶▶ **EREF:**  
**50% of capacity already sold beyond 2020**

# Reactors & Services division - Still mostly recurring, but new build is there



## Sales – 2008 split



## Nr 1 worldwide in the overall Reactors & Services

- ▶ **Plants:** design, construction and commissioning of nuclear islands, and monitoring, replacement, upgrades and renovation of installed base
- ▶ **Equipment:** manufacture of key components for nuclear power plants
- ▶ **Nuclear services:** reactor optimization services
- ▶ **Nuclear measurement:** design and construction of systems and devices designed to measure radioactivity
- ▶ **Consulting and Information Systems:** IT services
- ▶ **AREVA TA:** design, production and maintenance of nuclear reactors for the propulsion of submarines and aircraft carriers
- ▶ **Renewable Energies:** design and construction of systems using either wind power, biomass or hydrogen energy

## Key financials

In millions of euros	2007	2008	Change
<b>Order book</b>	<b>7,640</b>	<b>7,850</b>	<b>+2.7%</b>
<b>Sales revenues</b>	<b>2,717</b>	<b>3,037</b>	<b>+11.8%</b>
<b>Operating income*</b>	<b>(179)</b>	<b>(687)</b>	<b>-€508M</b>
<b>% Sales</b>	<b>(6.6%)</b>	<b>(22.6%)</b>	<b>-16 pts</b>
<b>Op. FCF before tax</b>	<b>(528)</b>	<b>(591)</b>	<b>-€63M</b>

\* Including the € 749M OL3 Provision in 2008 and € 292M in 2007





# EPR is a proven reactor with an outstanding safety level



## Safety first and foremost

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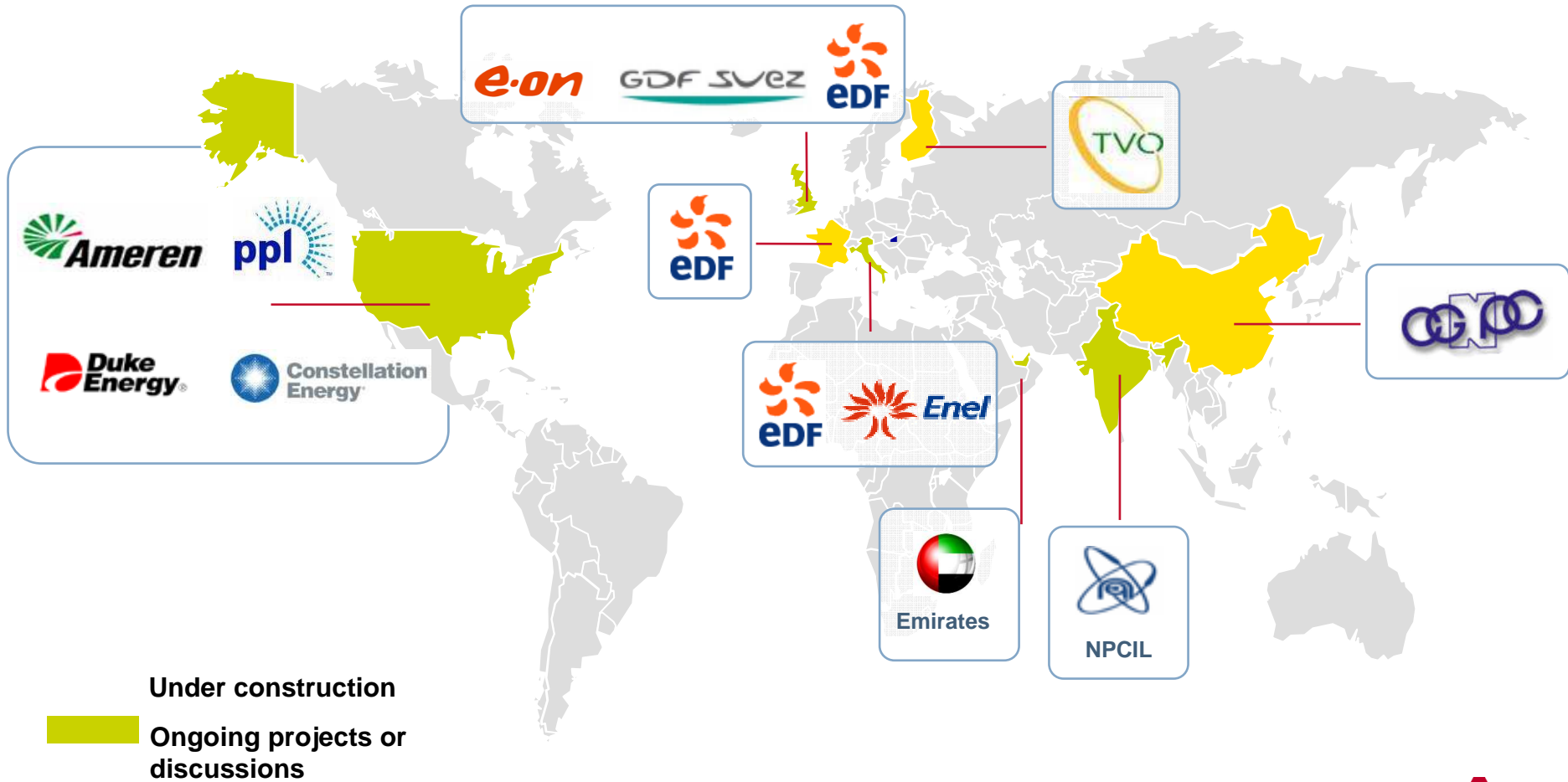
- ▶ **Designed to achieve outstanding safety:** the EPR design benefited from the scrutiny of both the German, French and Finnish safety authorities
- ▶ **Best-in-class airplane crash protection**
- ▶ **Severe accident prevention:** quadruple redundancy, optimal combination of active and passive safety systems
- ▶ **Severe accident mitigation:** advanced core catcher & radionucleides filtration

## Performance with certainty

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- ▶ **Project certainty:** integrated supply chain, licensed in 2 countries and already under construction in 3
- ▶ **Evolutionary design based on the best of French (N4) and German (Konvoi) technologies**
- ▶ **High output:** 1600 MWe+
- ▶ **High availability during 60-years service life:** 92%+
- ▶ **Enhanced fuel utilization**

# Reactors & Services division - EPR projects all over the world



# Reactors & Services division - Update on Olkiluoto 3 (OL3)



## A Stage of completion unmatched in the world for Generation III+ plant....

- ▶ Construction site progress :
  - ◆ More than 90% of orders and procurement placed
  - ◆ Engineering more than 80% complete
  - ◆ Civil works on main buildings 73% complete
  - ◆ **Reactor dome placed on Sept 6, 2009**
- ▶ Final steps to come
  - ◆ Piping
  - ◆ Testing
  - ◆ Commissioning

## ... but a slower than planned progress due to client's (TVO) conduct

- ▶ TVO's inappropriate behavior with regards to contract management generates uncertainties on the final cost of the project and the commissioning
- ▶ AREVA has sent proposals to TVO in order to get back to the methods of execution that are in line with usual practices for major projects
- ▶ AREVA will only commence the final phases of the construction when TVO has agreed upon the proposals that have been made or issued contract amendments that provide for the requested modifications
- ▶ AREVA has recorded an additional provision of 550 million euro, bringing the estimated result at completion to (2.3) billion euro\*
- ▶ Claims amounting to 1 billion euro have already been sent to TVO by the AREVA-SIEMENS consortium

\* this amount does not include TVO's claim because the AREVA-SIEMENS consortium deems that the allegations presented in this claim are without foundation and without value with respect to the contract and to Finnish law

# Reactors & Services division - Update on Flamanville and Taishan



## Flamanville (France) : supply of Nuclear Steam Supply System

- ▶ On the AREVA perimeter
  - ◆ 70% of orders placed
  - ◆ Engineering 65% complete
- ▶ Civil work progress (excluding AREVA scope)



## Taishan (China) : supply of 2 nuclear islands

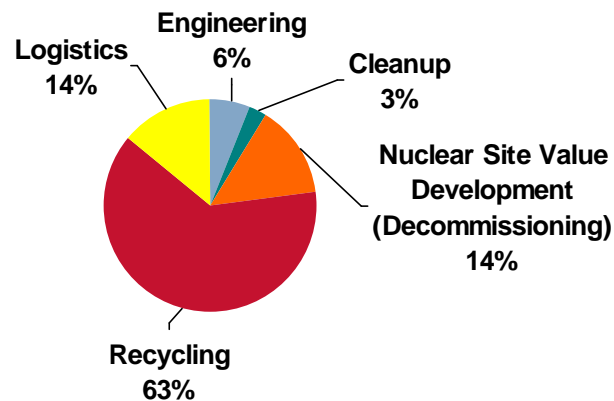
- ▶ 70% of orders placed by AREVA and 30% by our partner within the consortium
- ▶ Engineering close to 30% complete
- ▶ As planned start of engineering in China with our partner CGNPC
- ▶ Significant civil work progress by the customer
- ▶ Preparation of the “first concrete” milestone



# Back-End division - An unchallenged leadership



## Sales – 2008 split



## Key financials

<i>In millions of euros</i>	2007	2008	Change
<b>Order book</b>	<b>6,202</b>	<b>7,784</b>	<b>+25.5%</b>
<b>Sales revenues</b>	<b>1,738</b>	<b>1,692</b>	<b>-2.7%</b>
<b>Operating income</b>	<b>203</b>	<b>261</b>	<b>+28.6%</b>
<b>% Sales</b>	<b>11.7%</b>	<b>15.4%</b>	<b>+3.7 pts</b>
<b>Op. FCF before tax</b>	<b>172</b>	<b>422</b>	<b>+€250M</b>

## Nr 1 in used nuclear fuel management and recycling

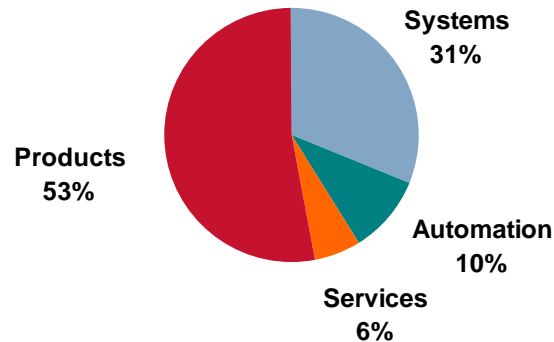
- ▶ **Recycling:** the separation of used fuels into recyclable materials and final waste.
- ▶ **Logistics:** designs and manufactures design of casks, transport and storage of nuclear materials. Also provides nuclear material (from natural uranium up to MOX fuel) logistics services
- ▶ **Cleanup:** maintenance of installations, radiation protection, decontamination and dismantling of decommissioned installations
- ▶ **Engineering:** engineering services contributing to the design and construction of installations for global nuclear operators
- ▶ **Nuclear site value development:** engineering & monitoring support for clean-up of equipment and facilities and the dismantling of nuclear sites



# T&D division - Long term outlooks positive in spite of crisis



Sales – 2008 split



Nr 3 in the overall Transmission & Distribution

- ▶ Designs and manufactures a complete range of high and medium voltage equipment, systems and services on a global basis
  - ◆ To transmit and distribute electricity from the power plant to the end-user
  - ◆ To optimize power grids
- ▶ Installs complete systems and supplies services for every market segment: transmission, distribution and power-intensive industries

## Key financials

In millions of euros	2007	2008	Change
<b>Order book</b>	<b>4,906</b>	<b>5,715</b>	<b>+16.5%</b>
<b>Sales revenues</b>	<b>4,327</b>	<b>5,065</b>	<b>+17.0%</b>
<b>Operating income</b>	<b>397</b>	<b>560</b>	<b>+41.1%</b>
<b>% Sales</b>	<b>9.2%</b>	<b>11.1%</b>	<b>+1.9 pts</b>
<b>Op. FCF before tax</b>	<b>233</b>	<b>-20</b>	<b>-€253M</b>



## Agenda

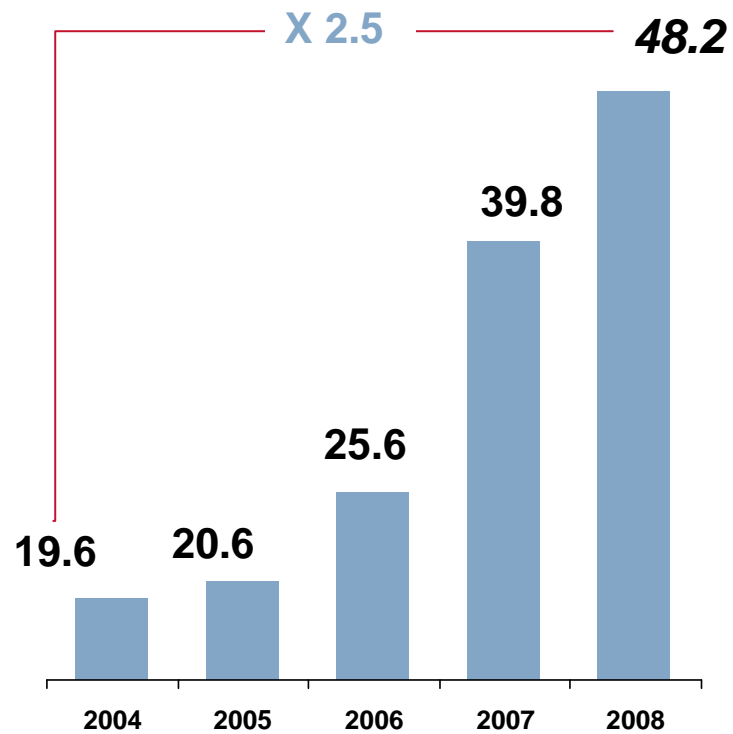


- 1. Introduction to AREVA**
- 2. Markets and strategy**
- 3. Business overview**
- 4. Financial overview**
- 5. Conclusion**

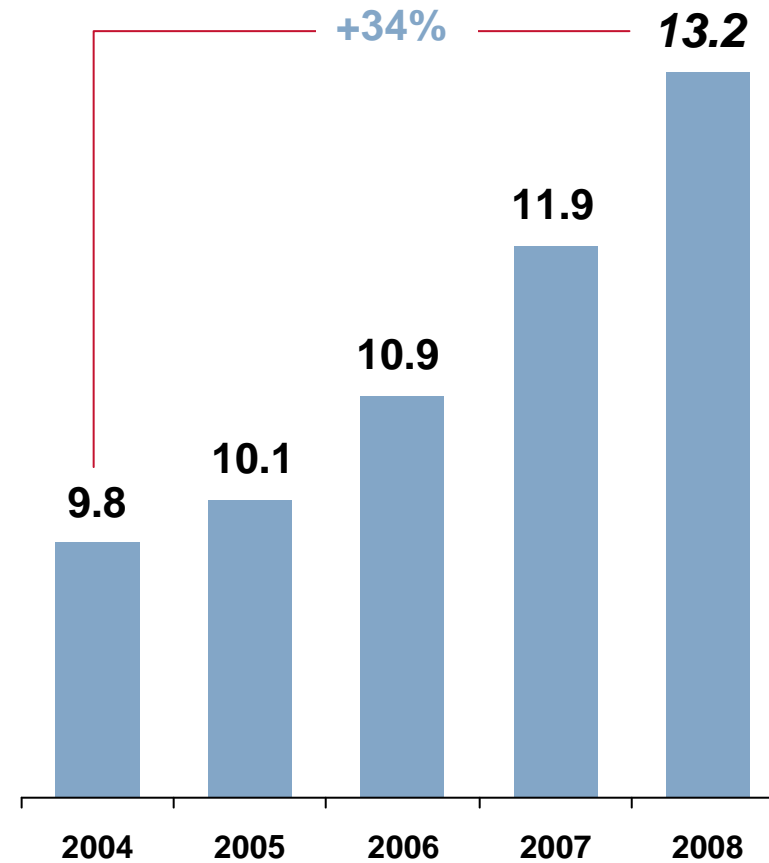
## Sustained growth



Backlog (€Bn)\*



Revenue (€Bn)\*



\* excluding FCI – Connectors division

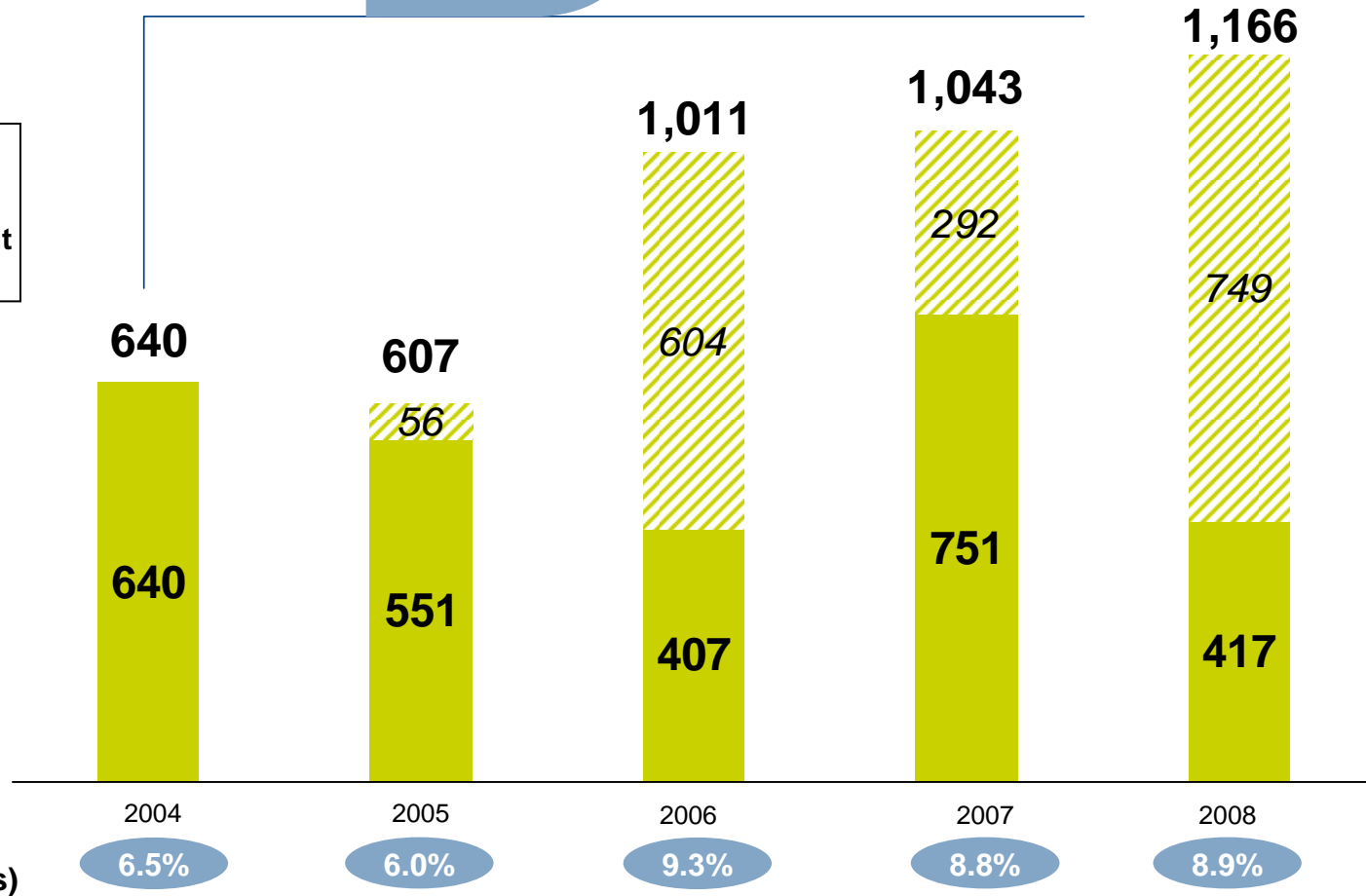
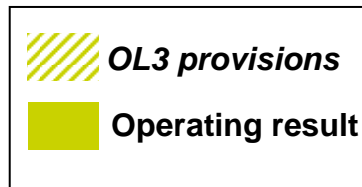


# Growth of operating performance before OL3 provisions

Operating income before OL3 provisions (M€)



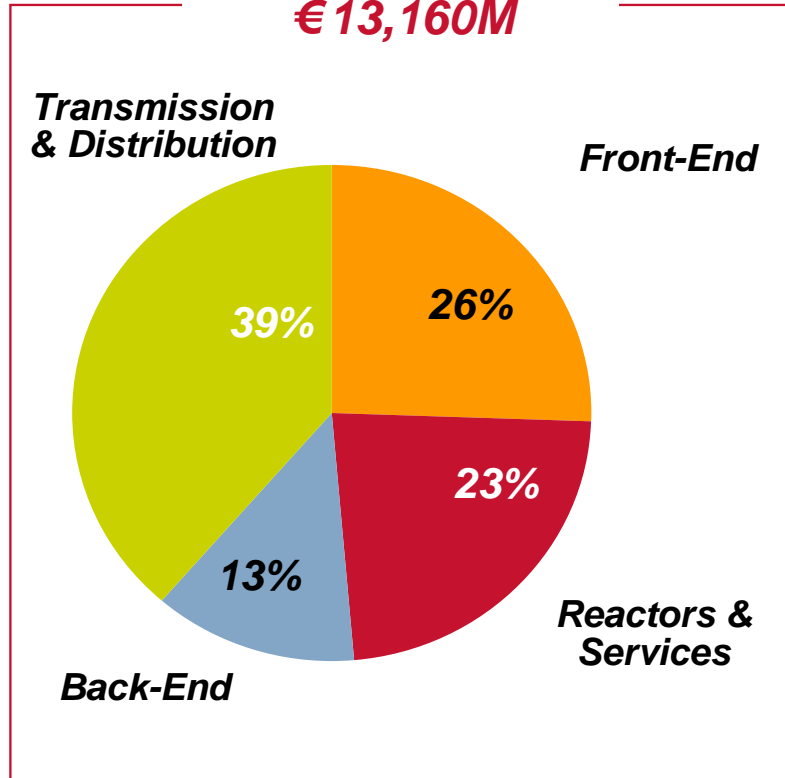
+82 %



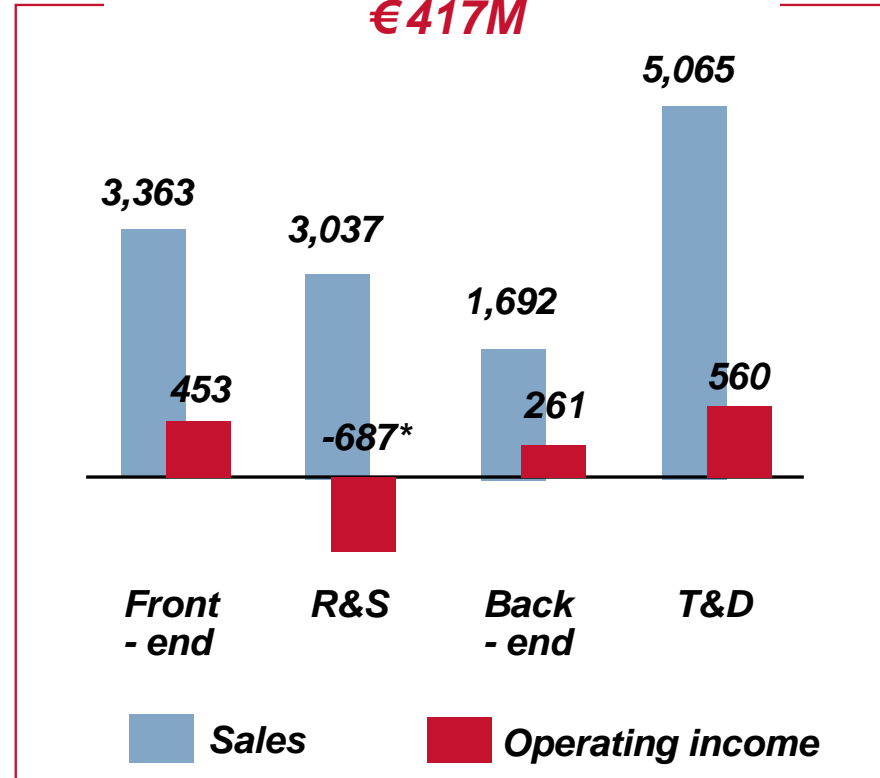


## 2008 key data by division

**Sales by division**  
€13,160M



**Operating income by division**  
€417M

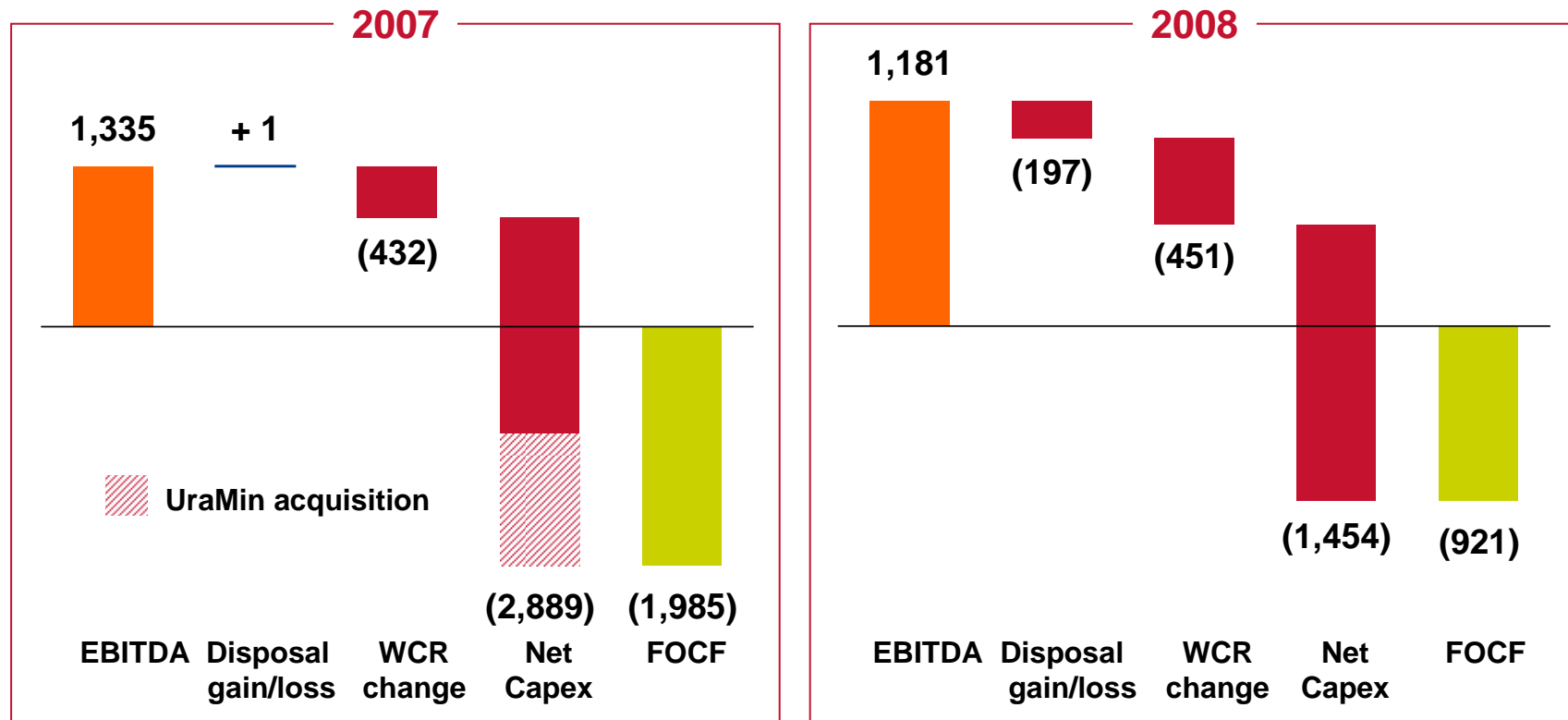


\* Including the €749M OL3 Provision



## Free Operating cash flow before tax

In millions of euros



Free operating cash flow reflects the growth strategy and the related investment effort of the group

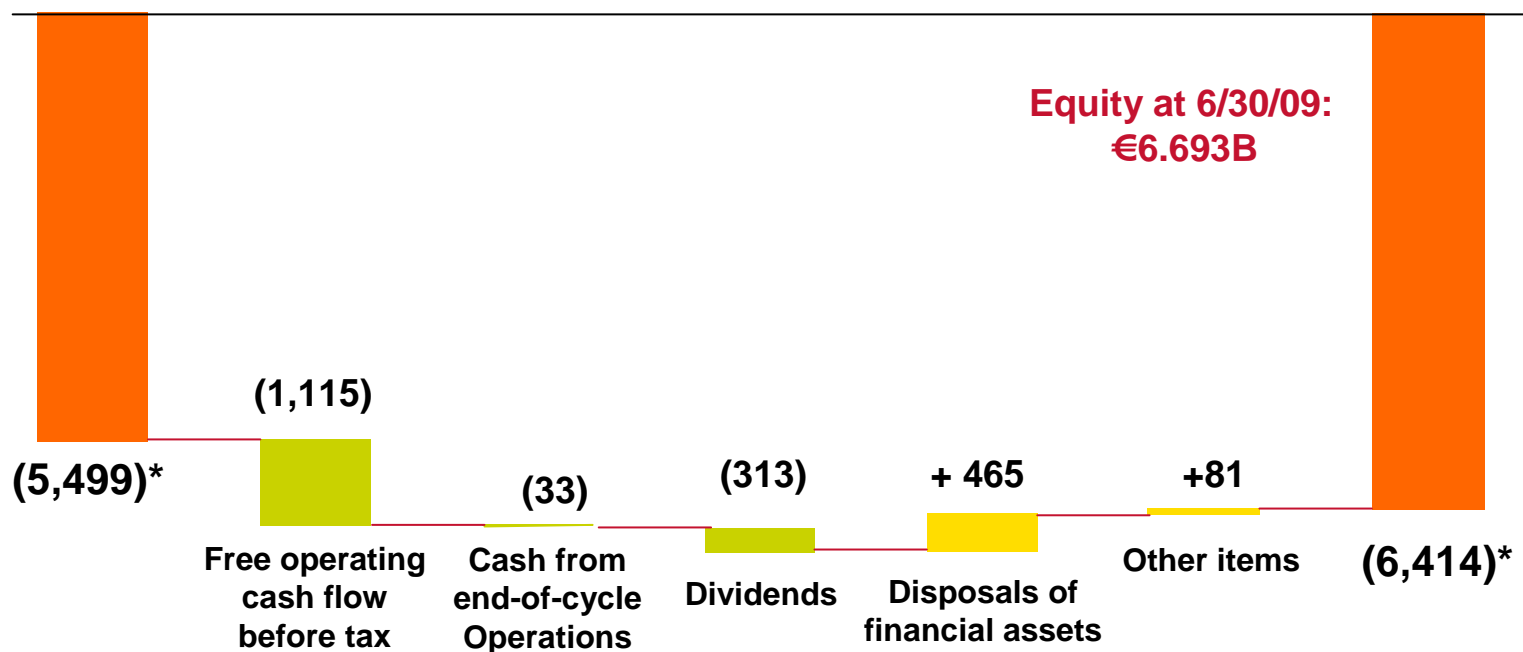
||| In millions of euros

## Net debt



12/31/2008

6/30/2009



- ▶ On January 27, 2009, Siemens announced its decision to exercise its put option on its 34% shareholding in AREVA NP
- ▶ Negotiations to define terms for Siemens' withdrawal from AREVA NP continue. Parties have agreed to take a bit more time to try and reach an amicable agreement
- ▶ Siemens' put included in net debt at its 31/12/2007 value, ie: €2,049M

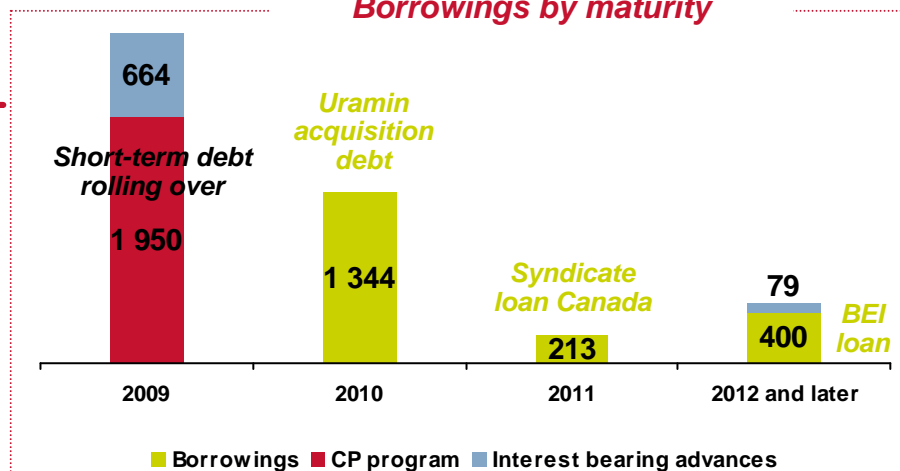
# Debt structure at June 30, 2009



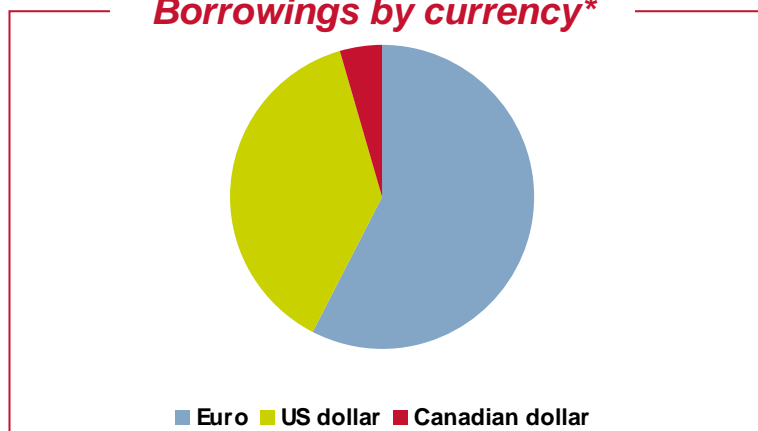
## Debt structure

Net debt (M€)	31.12.08	30.06.09
<b>Main Borrowings</b>	<b>-3,451</b>	<b>-3,907</b>
<b>Interest bearing advances</b>	<b>-727</b>	<b>-743</b>
Short term facilities, overdraft, miscellaneous	-413	-533
Cash and cash equivalent, other financial assets	1163	834
Put option of minority shareholders	-2,068	-2,065
	<b>-5,496</b>	<b>-6,414</b>

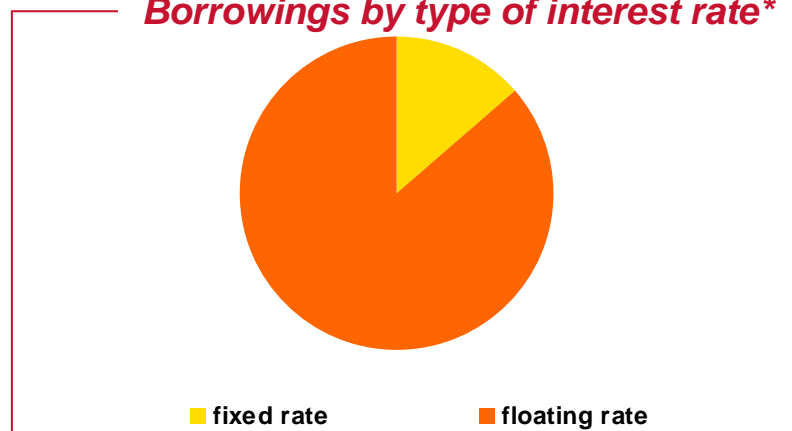
## Borrowings by maturity



## Borrowings by currency\*



## Borrowings by type of interest rate\*



\* after currency swaps , excl local borrowings

## A conservative financial strategy



- ▶ **Single A credit rating to ensure access to long-term markets**
  - ◆ 'A' long-term rating (Outlook Stable) assigned on July 10, 2009
  - ◆ 'A-1' short term rating affirmed
- ▶ **Solid liquidity supported by cash and available backstop commitments from banks**
  - ◆ €600 million of cash at June 31, 2009
  - ◆ €2.0 billion syndicated facility maturing in 2014 with no financial covenant
  - ◆ €1.4 billion bilateral committed lines
- ▶ **Financial flexibility and access to the capital markets**
  - ◆ €2.0 billion French CP programme (Billet de trésorerie)
  - ◆ €5.0 billion EMTN programme set up with a view to issue public debt when market conditions are favourable
  - ◆ Future funding will primarily be done through the parent company to avoid structural subordination
- ▶ **Tight control over market and counterparty risks**
  - ◆ Centralised risk management and funding functions
  - ◆ Defined limits and procedures

## The Supervisory Board has defined steps to finance growth while preserving AREVA's credit profile

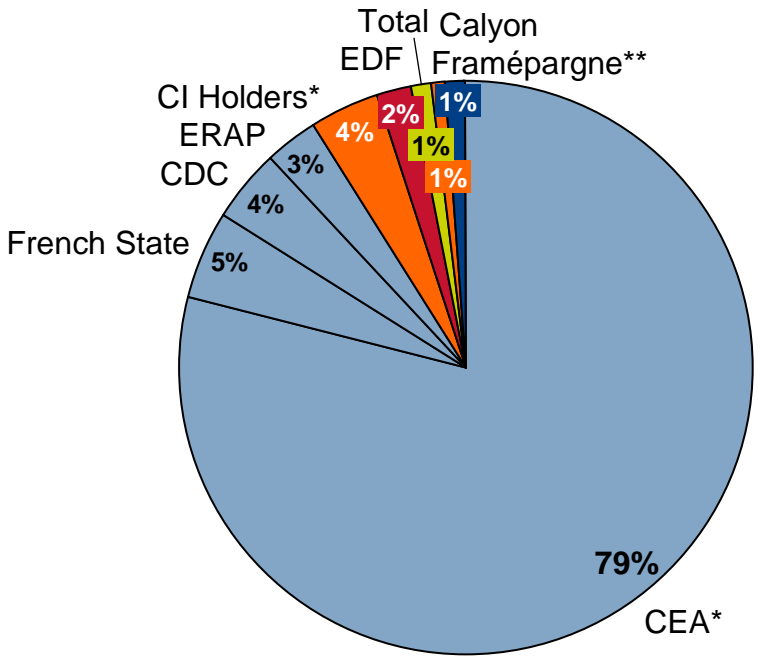


- ▶ **AREVA to open up its capital to strategic and industrial partners through a capital increase**
  - ◆ Selected strategic investors will be globally offered up to 15% of AREVA's capital aiming at developing long term industrial and commercial cooperation projects
  - ◆ AREVA's capital increase will also be concurrently offered to its existing shareholders (Total, EDF, non voting share holders)
- ▶ **In addition, AREVA is engaged in an ongoing project to assess a potential sale of its T&D business**
  - ◆ AREVA will pay special attention to the price offered and also the industrial and labor projects
  - ◆ Decision to dispose of T&D or not will be taken before the end of the year
- ▶ **AREVA is also considering disposing of its stakes in ERAMET and ST Microelectronics.** In any case, these stakes will remain in the public sector because of their strategic nature
- ▶ Shareholders have shown their support by agreeing to **a new dividend payout rate of 25% of the group's share of net income as of 2010 and for a period of three years**, given the scale of the AREVA program. For the year ended 2009, the global dividend amount should reach €250M



# AREVA's strong ownership structure ...

AREVA's current shareholding structure and French state engagement



**Total French State: 92%**

Note: Shareholding structure as as at 31/12/2008  
 \* CEA owns all of the voting rights certificates  
 \*\* Employees' shareholding in AREVA

**CEA**  
79%

- ▶ French Atomic Energy Research Organization, public body established in 1945
- ▶ Active in three main fields : Energy, information and health technologies, defense and national security
- ▶ By law, CEA must retain the majority of AREVA's capital
- ▶ €3.4bn annual spending (2007)

**CDC**  
4%

- ▶ French financial organization created in 1816, part of the Government institutions under the control of the Parliament
- ▶ Invests in long-term projects to serve France's public interests and economic development; supports public policies, companies and local authorities
- ▶ AAA/Aaa with a consolidated balance sheet of €221bn

**ERAP**  
3%

- ▶ Created in 1965, ERAP is a state-owned company investing in strategic companies in the energy, pharmacy and telecommunication sectors
- ▶ Provides industrial and strategic expertise to the government
- ▶ No public funding, resources come from subsidiaries' dividends (AREVA, France Telecom)

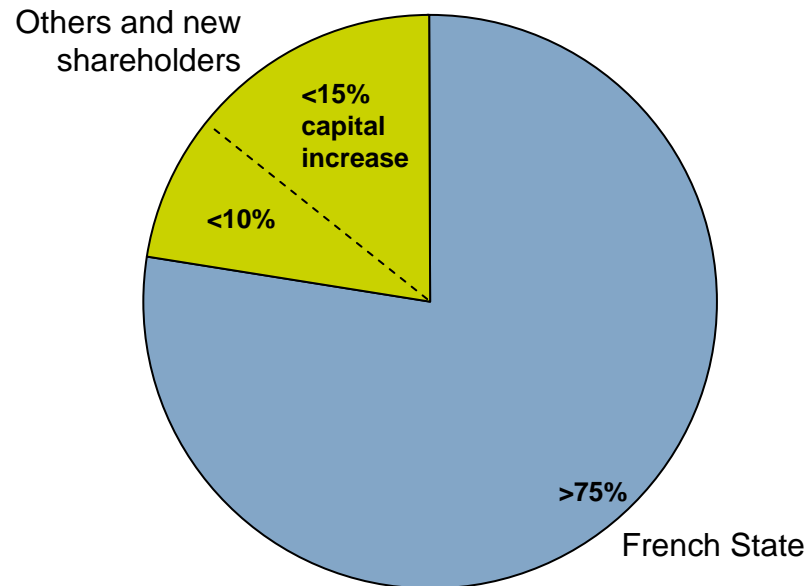




## ... will be maintained post capital increase



*AREVA's contemplated shareholding structure after the capital increase*



**Total French State: >75%**

- ▶ **New partners will have a significant share of AREVA's contemplated shareholding structure...**
- ▶ **...while the French State will retain a large majority stake and will keep on playing its role of controlling shareholder to support the success of AREVA's growth strategy**
- ▶ **New shareholders will further benefit from this strategy with the settlement of fruitful cooperation in areas to be defined and explored with each partner**



**As required by law\*, the French State through CEA will continue to own at least the majority of AREVA's capital going forward**

\* Please refer to the establishing decree – Section 5.1.3 of AREVA's 2008 Reference document

## Agenda



- 1. Introduction to AREVA**
- 2. Markets and strategy**
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# Conclusion



<b>NUCLEAR POWER: THE GROWING ENERGY MARKET</b>	<ul style="list-style-type: none"><li>▶ Anticipated worldwide demand for electricity assumed to double by 2030<sup>(1)</sup></li><li>▶ The “nuclear revival” will lead to a major new build program</li><li>▶ The “nuclear revival” will benefit all of the group’s nuclear operations (Front End and Back End)</li></ul>
<b>LEADERSHIP IN RENEWABLES</b>	<ul style="list-style-type: none"><li>▶ Strong growth continues to be expected on most renewable energy segments in short to mid-term</li><li>▶ Acceleration of development and investment</li><li>▶ Strong synergies between Nuclear and Renewable activities</li></ul>
<b>A WORLD LEADER: UNIQUE AND RESILIENT BUSINESS MODEL</b>	<ul style="list-style-type: none"><li>▶ A unique business model to provide the world’s leading utilities with solutions for CO<sub>2</sub>-free electricity solutions</li><li>▶ Unique advantage to compete on all markets with first Generation III+ reactors in the world</li><li>▶ The only fully integrated player on the nuclear value chain (Front-End, Reactors &amp; Services and Back-End) and renewables</li><li>▶ A balanced international development: Europe, North America and Asia</li><li>▶ 80% of the nuclear business is recurring</li></ul>
<b>STRONG FINANCIAL PROFILE</b>	<ul style="list-style-type: none"><li>▶ Strong diversified backlog with high anticipated revenue growth</li><li>▶ ‘A’ credit rating with stable outlook</li><li>▶ Supportive ownership structure</li></ul>






(1) Source: IEA - World Energy Outlook 2008



## Appendix 1

### H1 09 vs. H1 08: different basis of comparison for Nuclear operations



	H1 08	H1 09
<b>Front End</b>	 <b>Exceptional export sales (Asia)</b>	
<b>Reactors and Services</b>	 <b>Very favorable seasonal effect</b>	 <b>Later start of unit outage campaigns</b>
<b>Back End</b>	 <b>Strong concentration of annual production in H1</b>	 <b>Unfavorable production distribution (H2 catch-up)</b>



**H1 2008: more than 80% of operating income from nuclear operations\* for 2008**

\* Income from nuclear operations excluding OL3

## Appendix 2

### Key data as of June 30, 2009

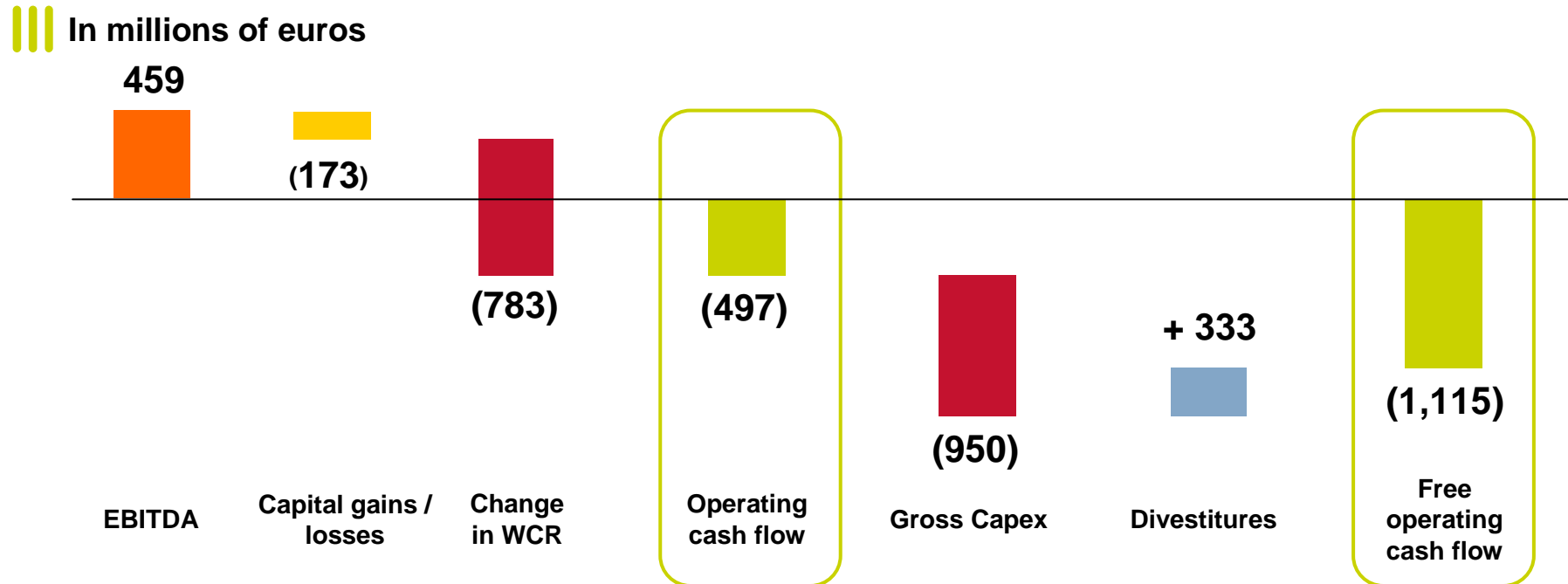


<i>In millions of euros</i>	<b>H1 2008</b>	<b>H1 2009</b>	Δ 09/08
<b>Backlog</b>	<b>38,123</b>	<b>48,876</b>	+ 28.2%
<b>Revenue</b>	<b>6,168</b>	<b>6,522</b>	+ 5.7%
<b>Operating income before OL3</b>	<b>860</b>	<b>566</b>	- 34.2%
<i>% of revenue</i>	<i>13.9%</i>	<i>8.7%</i>	<i>- 5.2 pts</i>
<b>Additional provision for OL3</b>	<b>(321)</b>	<b>(550)</b>	
<b>Operating income</b>	<b>539</b>	<b>16</b>	(523)
<i>% of revenue</i>	<i>8.7%</i>	<i>0.2%</i>	<i>- 8.5 pts</i>
<b>Net income attributable to equity holders of the parent</b>	<b>760</b>	<b>161</b>	(599)
<i>Earnings per share</i>	<i>€21.45</i>	<i>€4.55</i>	<i>€(16.9)</i>
<b>Free operating cash flow*</b>	<b>(521)</b>	<b>(1,115)</b>	(594)
	<b>12/31/08</b>	<b>6/30/09</b>	
<b>Net debt (**)</b>	<b>5,499</b>	<b>6,414</b>	+ 16.6%

\* EBITDA +/- change in Operating WCR – Capex net of disposals

\*\* Siemens' put option at its 2007 value, i.e. €2.049B

## Appendix 3 Free operating cash flow before tax



- ▶ **EBITDA:** like operating income, EBITDA is penalized by an unfavorable seasonal effect
- ▶ **WCR:** constitution of SWU inventories tied to the transition from GBI to GBII and use of customer advances in nuclear operations; extension of payment terms and unfavorable payment schedules in T&D division
- ▶ **Capex:** program deployment in Mining, Enrichment and Equipment

## Appendix 4 Income Statement



<i>In millions of euros</i>	<b>June 30, 2009*</b>	<b>June 30, 2008*</b>	<b>December 31, 2008*</b>
<b>Revenue</b>	<b>6,522</b>	<b>6,168</b>	<b>13,160</b>
<b>Other income from operations</b>	<b>41</b>	<b>18</b>	<b>32</b>
<b>Cost of sales</b>	<b>(5,674)</b>	<b>(4,905)</b>	<b>(10,906)</b>
<b>Gross margin</b>	<b>889</b>	<b>1,281</b>	<b>2,286</b>
Research and development expenses	(249)	(205)	(453)
Marketing and sales expenses	(320)	(287)	(607)
General and administrative expenses	(487)	(468)	(980)
Other operating income and expenses	183	219	171
<b>Operating income</b>	<b>16</b>	<b>539</b>	<b>417</b>
Income from cash and cash equivalents	5	13	38
Gross borrowing costs	(63)	(89)	(148)
<b>Net borrowing costs</b>	<b>(59)</b>	<b>(76)</b>	<b>(111)</b>
<b>Other financial income and expenses</b>	<b>271</b>	<b>289</b>	<b>81</b>
<b>Net financial income</b>	<b>212</b>	<b>213</b>	<b>(29)</b>
<b>Income tax</b>	<b>(58)</b>	<b>(74)</b>	<b>(46)</b>
<b>Net income of consolidated businesses</b>	<b>171</b>	<b>678</b>	<b>343</b>
<b>Share in net income of equity associates</b>	<b>(163)</b>	<b>121</b>	<b>156</b>
<b>Net income from continuing operations</b>	<b>7</b>	<b>799</b>	<b>498</b>
<b>Net income from discontinued operations</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Net income for the period</i>	<i>7</i>	<i>799</i>	<i>498</i>
<i>of which minority interests</i>	<i>(154)</i>	<i>38</i>	<i>(91)</i>
<b>Net income attributable to equity holders of the parent</b>	<b>161</b>	<b>760</b>	<b>589</b>

\* The discount/premium is classified in Other financial expenses as from 12/31/2008. It was classified in gross borrowing costs in H1 2008



## Appendix 5 Balance Sheet (1/2)



<b>ASSETS</b> <i>(in millions of euros)</i>	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Non-current assets</b>	<b>22,557</b>	<b>22,841</b>
Goodwill on consolidated companies	5,016	4,803
Intangible assets	3,317	3,089
Property, plant and equipment	5,294	4,913
End-of-life-cycle assets (third party share)	277	270
Assets earmarked to finance end-of-life-cycle operations	4,986	4,954
Equity associates	1,571	1,757
Other non-current financial assets	1,174	2,152
Pension fund assets	2	1
Deferred tax assets	921	900
<b>Current assets</b>	<b>12,534</b>	<b>11,804</b>
Inventories and work-in-process	3,820	3,403
Trade accounts receivable and related accounts	4,857	4,486
Other operating receivables	2,747	2,434
Current tax assets	95	164
Other non-operating receivables	181	154
Cash and cash equivalents	622	1,050
Other current financial assets	212	113
Assets of operations held for sale	-	-
<b>Total assets</b>	<b>35,091</b>	<b>34,644</b>

## Appendix 5 Balance Sheet (2/2)



<b>Liabilities and Equity</b> <i>(in millions of euros)</i>	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>Equity and minority interests</b>	<b>6,693</b>	<b>7,292</b>
Share capital	1,347	1,347
Consolidated premiums and reserves	4,734	4,455
Deferred unrealized gains (losses) on financial instruments	(129)	287
Currency translation reserves	(190)	(131)
Net income attributable to equity holders of the parent	161	589
Minority interests	769	745
<b>Non-current liabilities</b>	<b>12,025</b>	<b>11,795</b>
Employee benefits	1,283	1,268
Provisions for end-of-life-cycle operations	5,696	5,674
Other non-current provisions	121	123
Long-term borrowings	4,218	3,969
Deferred tax liabilities	707	760
<b>Current liabilities</b>	<b>16,374</b>	<b>15,558</b>
Current provisions	2,251	2,081
Short-term borrowings	3,031	2,693
Advances and prepayments received	4,975	4,752
Trade accounts payable and related accounts	2,939	2,991
Other operating liabilities	3,042	2,884
Current tax liabilities	57	104
Other non-operating liabilities	80	53
Liabilities of operations held for sale	-	-
<b>Total liabilities and equity</b>	<b>35,091</b>	<b>34,644</b>

## Appendix 6 Cash flow and net debt



<i>In millions of euros</i>	H1 08	H1 09
<b>Operating EBITDA</b>	863	459
<i>% of revenue</i>	14.0%	7.0%
<b>Net gain on disposals of non-current operating assets</b>	(190)	(173)
<b>Change in operating WCR</b>	(739)	(783)
<b>Net operating Capex</b>	(455)	(618)
<b>Free operating cash flow before tax</b>	(521)	(1,115)
<b>End-of-life-cycle obligations</b>	(20)	(33)
<b>Dividends paid</b>	(319)	(313)
<b>Other (net financial investments, income tax, non-operating WCR, etc.)</b>	428	546
<b>Increase (decrease) in net cash</b>	(432)	(915)
<b>Net debt (6/30)</b>	<b>4,459</b>	<b>6,414</b>

## Appendix 7

### Key data by division (1/2)



**H1 09**

*In millions of euros  
(excluding employees)*

	Front End	Reactors and Services	Back End	T&D	Corporate	Group total	
<b>Results</b>	Contribution to revenue	1,556	1,506	843	2,614	2	6,522
	Operating income	348	(608)	150	186	(61)	16
	% of revenue	22.4%	- 40.3%	17.8%	7.1%	-	0.2%
<b>Cash position</b>	EBITDA (excluding end-of-life- cycle costs)	438	(333)	198	211	(55)	459
	% of contribution to revenue	28.1%	- 22.1%	23.5%	8.1%	-	7.0%
	Net Capex	(235)	(163)	(50)	(149)	(20)	(618)
	Change in operating WCR	(212)	(97)	(88)	(370)	(17)	(783)
	Free operating cash flow	(179)	(595)	60	(310)	(92)	(1,115)
<b>Other</b>	Employees	14,950	20,287	10,993	30,816	884	77,929

## Appendix 7

### Key data by division (2/2)



### H1 08

*In million of euros  
(excluding employees)*

	Front End	Reactors and Services	Back End	T&D	Corporate	Group total	
<b>Results</b>	Contribution to revenue	1,488	1,466	930	2,284	1	6,168
	Operating income	400	(258)	175	253	(32)	539
	% of revenue	26.9%	- 17.6%	18.8%	11.1%	-	8.7%
<b>Cash position</b>	EBITDA (excluding end-of-life-cycle costs)	533	(98)	205	255	(31)	863
	% of contribution to revenue	35.8%	- 6.7%	22.0%	11.2%	-	14.0%
	Net Capex	(125)	(178)	(44)	(99)	(9)	(455)
	Change in operating WCR	(264)	(130)	(87)	(198)	(59)	(739)
	Free operating cash flow	(46)	(407)	73	(45)	(96)	(521)
<b>Other</b>	Employees	13,618	18,490	10,773	27,431	715	71,026