Press release

JNFL and MHI become shareholders of Orano

2017 net cash flow[1] objective achieved despite lower revenues

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- **Completion of Orano's second capital increase, reserved for JNFL and MHI**

The Orano Board of Directors, which met yesterday, noted the completion of the capital increase reserved for Japan Nuclear Fuel Limited (JNFL) and Mitsubishi Heavy Industries, Ltd. (MHI) for a total of €500 million.

Pursuant to the initial agreements signed with JNFL and MHI in March 2017, the funds corresponding to their total investment in Orano had been placed in trust on July 26, at the same time as the completion of the capital increase reserved for French State[2]. These funds were released and used for the subscription of JNFL and MHI to Orano's second capital increase.

This transaction follows the completion on December 31, 2017 of the sale of the majority control of Framatome (formerly New NP) by AREVA SA to EDF as well as the fulfillment of the regulatory closing conditions related to the addition of an equity stake in Orano of both Japanese investors.

Orano's capital is now held by the French State (45.2%), the CEA (4.8%)[3], AREVA SA (40%), JNFL (5%) and MHI (5%).

This transaction is the last major step in the restructuring of the French nuclear industry, undertaken in 2015, and marks the end of the constitution phase of the Orano group. With a strengthened financial structure and sound strategic partnerships, Orano now has the means to grow and reach its goal of being a leading player in the production and recycling of nuclear materials, in waste management and dismantling.

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[1] Net cash flow from company operations, as defined in Appendix 2.
[2] Cf. AREVA press release of July 27, 2017.
[3] On September 22, 2017, the French State transferred to the CEA 5.4% of Orano's capital, pursuant to the ministerial order of August 16, 2017.

- **Appointment of a new independent director**

After completion of Orano's second capital increase, the Orano General Meeting, also held on February 26, 2018, appointed Patrick Pelata as independent director.

- **2017 orders and revenue[4]**

Order intakes totaled €3.1 billion over the 12 months of the year 2017. Aside from the orders related to uranium supply, services, conversion and enrichment in connection with the Hinkley Point C (HPC) project, these order intakes concern mainly contracts signed with Asian and American customers.

Orano had €30.8 billion in **backlog** at December 31, 2017, down compared with December 31, 2016 (€33.6 billion) due to the foreign exchange impact and to order intakes of €3.1 billion considering €3.9 billion of revenue. The backlog still represents nearly eight years of revenue.

Orano's **revenue** amounted to €3,926 million for the 12 months of the year 2017, down compared to 2016 (€4,401 million, or -10.8%; -7.0% on a comparable basis and excluding the impact of change in corporate costs). This decline is in line with market conditions and the company's expectations regarding the pace of its backlog schedule.

- **Mining** revenue stood at €1,294 million, down 10.8% compared with last year (-10.3% on a comparable basis). The adverse effect of indicators on sales for the period indexed to the SPOT price as well as the expected downturn in volumes sold (-4.3%) explain this change. Foreign exchange had a negative impact of €9 million over the period.

- **Front End** revenue totaled €893 million, a decrease of 13.9% year on year (-12.8% on a comparable basis). This downturn, which was expected due to the structure of the backlog schedule, is mainly explained by a drop in the volumes of SWU (enrichment) and of U_3O_8/UF_6 sold compared with 2016. Foreign exchange had a negative impact of €18 million over the period, while changes in consolidation scope had a positive impact of €4 million.

- **Back End** revenue amounted to €1,684 million, a slight decrease compared with 2016 (-2.6%; -1.4% on a comparable basis). This change is due to:
  - production problems at la Hague and Melox sites in the recycling operations;
  - partly offset by a steady volume of business in logistics, particularly in the United States.

  Foreign exchange had a negative impact of €5 million over the period, and changes in consolidation scope had a negative impact of €15 million.

- Revenue from "**Corporate and other operations**" was €55 million in 2017, compared with €184 million in 2016. This decline is attributable to changes in the rebilling of corporate costs conditions in connection with the restructuring of the group.

[4] All figures for the 12 months of the year 2017 published in this press release are estimated, un-audited financial data. The final 2017 results will be published on March 29, 2018.

- **Revenue for the financial year from September 1, 2017 to December 31, 2017 (4 months)**

As a reminder, in order to set up Orano's own tax consolidation scope starting on September 1, 2017, the closing date of the financial year was changed temporarily, with an early closing of the financial year starting on January 1, 2017 at August 31, 2017 (period lasting for eight months). The return to a closing date on December 31 was carried out in the financial year starting on September 1, 2017 (period lasting for four months).

Thus Orano's revenue stood at €1,585 million over the period from September 1, 2017 to December 31, 2017[5]. This revenue is not comparable to the revenue for the previous year (€2,339 million) for a period of eight months (financial year from January 1, 2017 to August 31, 2017)[6].

- **Confirmation of net cash flow from company operations for 2017**

Orano confirms it has achieved its net cash flow from company operations commitment for the year 2017, between -€1.5 and -€1 billion. According to the latest estimates available, Orano's net cash flow from operations, which includes for 2017 an addition to the funds earmarked for end-of-life cycle operations for €0.8 billion, should amount to between -€1.1 billion and -€1 billion i.e. the upper range announced, due to the group reaching its objectives in terms of performance.

As announced in its December 21, 2017 press release, Orano is setting an objective to generate positive net cash flow from company operations starting in the 2018 financial year. This objective for 2018 should be confirmed in connection with the publication of Orano’s 2017 results.

- **Publication of 2017 results**

The publication of Orano's 2017 annual results and outlook for 2018 will take place on **March 29, 2018** (7:45 CET). Orano’s financial performance over the 12 months of the year 2017 should follow the same trend as that seen in the results published for the period ended August 31, 2017. In particular, the consolidated net income over the 12 months will include impairments on mining assets and the Comurhex II industrial plant, in line with the unfavourable euro-dollar exchange rate and market prices over the period.

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[5] All figures for the 12 months of the year 2017 published in this press release are estimated, un-audited financial data. The consolidated financial statements of the 4-month financial year will be approved by the Board of Directors on March 28, 2018.

[6] These figures have been audited for the consolidated financial statements of the 8-month financial year ended August 31, 2017, and will be submitted for approval to the General Meeting that will take place on May 2018.

Appendix 1 – Consolidated revenue

In millions of euros	**2017**	**2016**	**Change**	**% change**	**% change on a comp basis**
Mining	1,294	1,451	(157)	*-10.8%*	*-10.3%*
Front End	893	1,037	(145)	*-13.9%*	*-12.8%*
Back End	1,684	1,728	(44)	*-2.6%*	*-1.4%*
Other operations*	26	0	+26	*n.a.*	*+66.2%*
Sub-total	**3,897**	**4,217**	**(321)**	***-7.6%***	***-7.0%***
Corporate	29	184	(155)	*-84.3%*	*-84.3%*
Total	**3,926**	**4,401**	**(476)**	***-10.8%***	***-10.3%***

In millions of euros	**2017 4 months**	**2017 8 months**	**Change 4M 2017/ 8M 2017**	**% change**	**% change on a comp basis**
Mining	507	787	(280)	*-35.6%*	
Front End	492	401	+91	*+22.7%*	
Back End	567	1,115	(548)	*-49.1%*	
Corporate and other operations*	19	36	(17)	*-47.2%*	
Total	**1,585**	**2,339**	**(754)**	***-32.2%***	

* Includes in particular Orano Projets and Orano Med operations.

Appendix 2 – Definitions

On a comparable basis: at constant exchange rates and consolidation scope.

Backlog: the backlog is valued based on firm orders, excluding unconfirmed options, and valued under the economic conditions at the end of the period considered. Orders in hedged foreign currencies are valued at the rate of the hedge. Un-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 recognized 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.

Net cash flow from company operations: the net cash flow from company operations is equal to the sum of the following items:

- operating cash flow;
- cash flow from end-of-lifecycle operations;
- change in non-operating receivables and liabilities;
- financial income;
- income tax;
- dividends paid to minority shareholders of consolidated subsidiaries;
- net cash flow from operations sold, discontinued and held for sale, and cash flow from the sale of those operations;
- acquisitions and disposals of current financial assets not classified as cash or cash equivalents;
- financing of joint ventures and associates through shareholder advances, long-term loans and capital increases.

Thus, net cash flow from company operations corresponds to the change in net debt (i) except for transactions with Orano shareholders, interest accrued but not yet due in the financial year and currency translation adjustments and (ii) including interest accrued but not yet due for the financial year N-1.

Foreign exchange impact: the foreign exchange impact mentioned in this document comes from the translation of subsidiary accounts into the group's unit of account. This impact is primarily due to changes in the US dollar in relation to the Euro. Orano also notes that its foreign exchange hedging policy for commercial transactions aims to shield profitability from fluctuations in exchange rates in relation to the Euro.

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