Annual results for 2019

February 28, 2020

Philippe Knoche, Chief Executive Officer
David Claverie, Chief Financial Officer

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2019: Revenue growth and solid performance

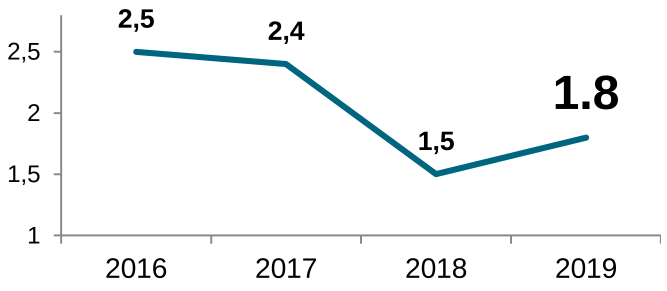
- **Revenue up** as per the backlog schedule, especially Mining and Front End
- **Solid performance** with an EBITDA margin of 23.7% boosted by the momentum of the performance plan
- **Net cash flow from company operations** of €219 million, in line with our objective
- **Net income attributable to owners of the parent** of €408 million reflecting good operating momentum plus a higher return on assets earmarked for the dismantling funds
- **Adjusted net income*** of €(145) million, hampered by non-recurring items
- **Improved outlook for 2020** with EBITDA expected between 23% and 26% and continued growth in revenue

** Indicator published in 2018 to reflect Orano's industrial performance independently of the impact of the financial markets and regulatory changes related to end-of-lifecycle commitments.*

Our fundamentals: Safety and Security

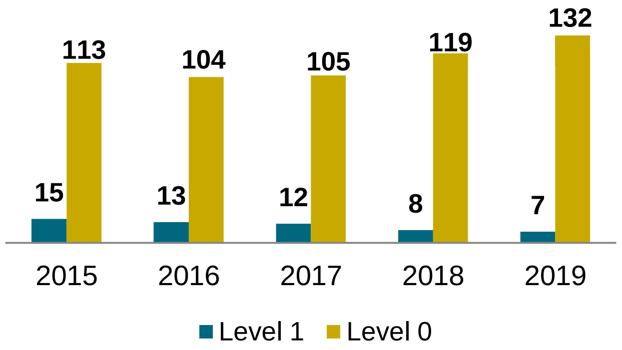
Occupational safety

Frequency of workplace accidents with time lost



Nuclear safety

Number of INES 1 and 0 events



Agenda

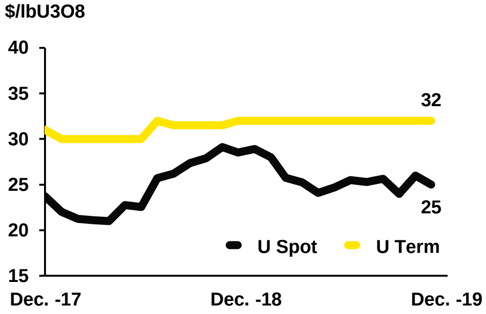
1. Key messages
2. Financial results
3. Outlook
4. Q&A

1

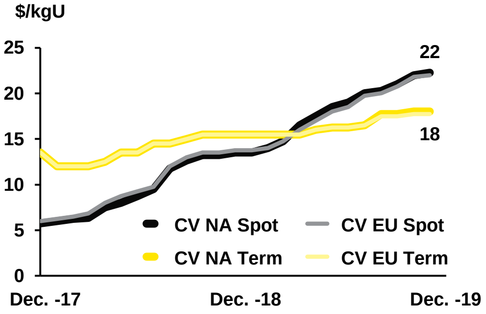
Key messages

Changes in our markets

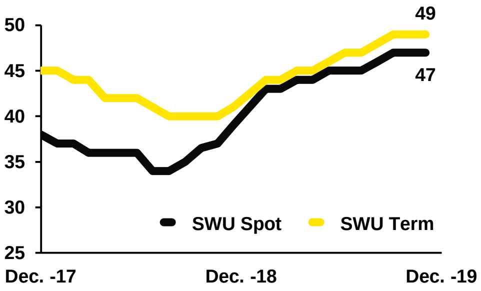
Uranium price



Conversion price



Enrichment price



Source: UxC

Mining

Lower spot prices for uranium in the first half of 2019 and slight rebound late in the year. A situation fueled by uncertainties about tariffs in the United States, now cleared up and without impact so far on LT price forecasts.

Conversion & Enrichment

Higher conversion spot price due to tensions about production capacity. Turnaround in enrichment prices begun in 2018 with the spot price reaching US$47 by the end of December.

Commercial momentum in 2019 in a listless market

Sales contracts

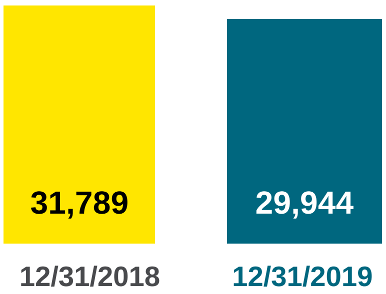
- Contracts won with EDF for **comprehensive worksite assistance (CWA) at three power plants**
- Contracts for **spent fuel studies treatment** and supply of **equipment for depleted uranium defluorination**
- Contracts won to **supply storage casks in the United States**
- Contracts to **supply of uranium concentrates** for Asian customers

Services implemented

Enhanced cooperation with our Asian partners

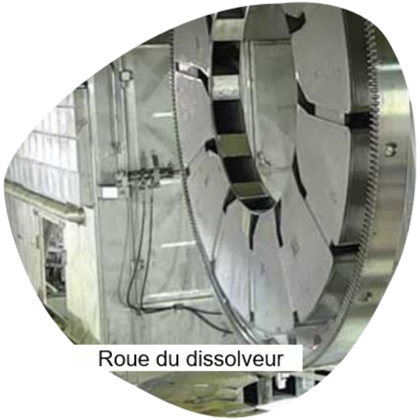
Backlog

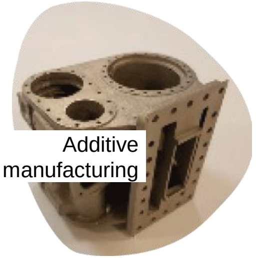
€1.9 billion of order intake in 2019



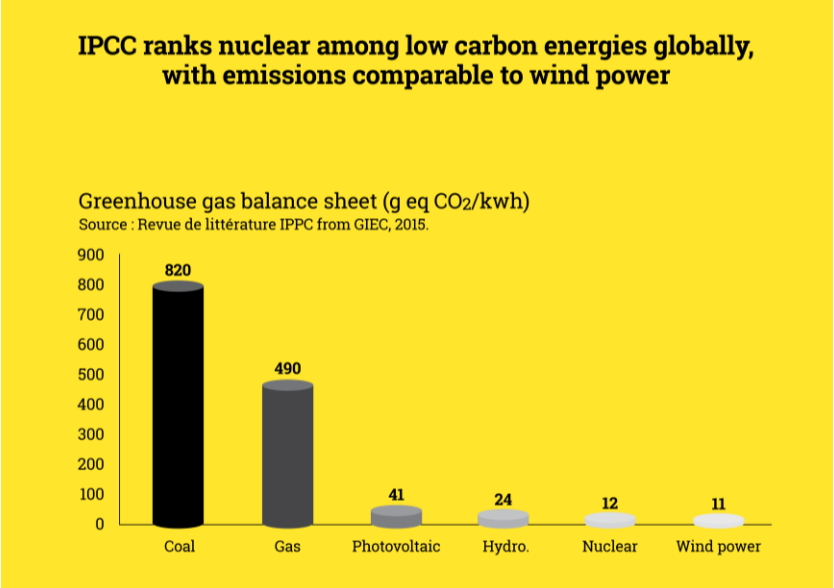
Innovation, driving performance

Industrial innovation to improve the productivity of our plants, the competitiveness of our services and the safety of our operators.





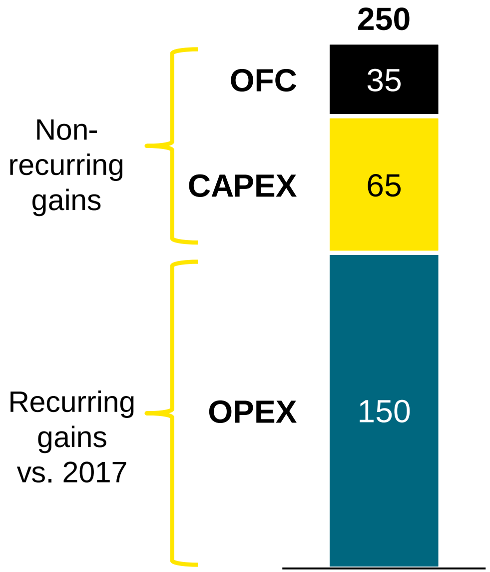
A climate emergency that requires answers



After having reduced its greenhouse gas emissions by 75% and its commitements in other areas, Orano chose to put its CSR initiatives into perspective in 2019. Our teams will continue to focus on the topic in 2020.

Value 2020: Continued implementation of the cost-savings plan

Reminder of the target in 2020:
Savings of €250 million
on a full-year basis (*)



Savings achieved in 2019

Key actions taken:

- Continuing adaptation of organizations and working methods
- Use of digital tools to enhance performance
- Reduction of structure costs
- Optimization of purchasing and services

€100 million
of savings achieved in OPEX (including €20 million in 2019)

€34 million
of savings achieved in CAPEX (including €12 million in 2019)

€96 million
of savings in End-of-lifecycle operations in 2019

(*) Previous plan implemented between 2015 and 2017 generated €500 million of savings

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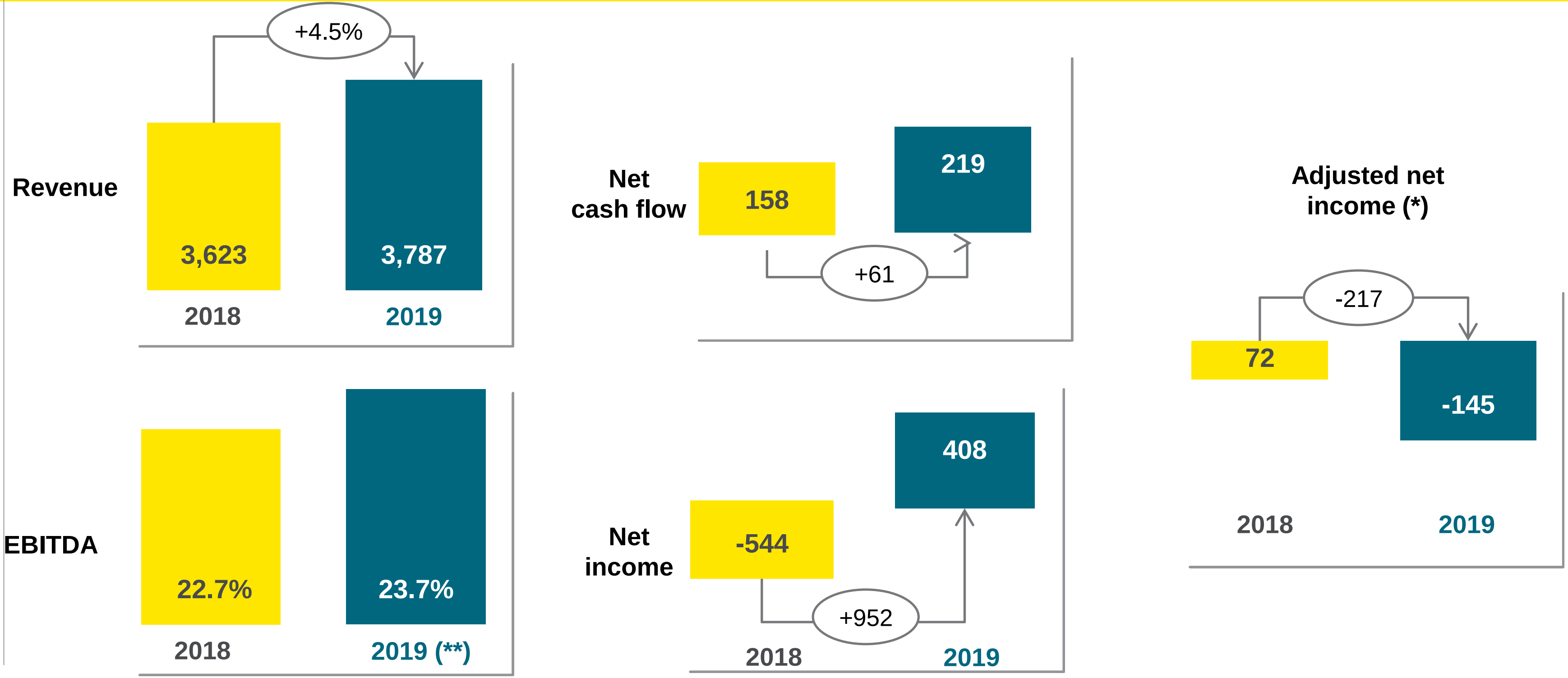
Key figures as of December 31, 2019

in millions of euros



(*) Performance indicator introduced at the end of December 2018 to reflect Orano's industrial performance independently of the impact of the financial markets and regulatory changes related to of end-of-lifecycle commitments.
(**) IFRS 16 impact on EBITDA of 0.5 pt.

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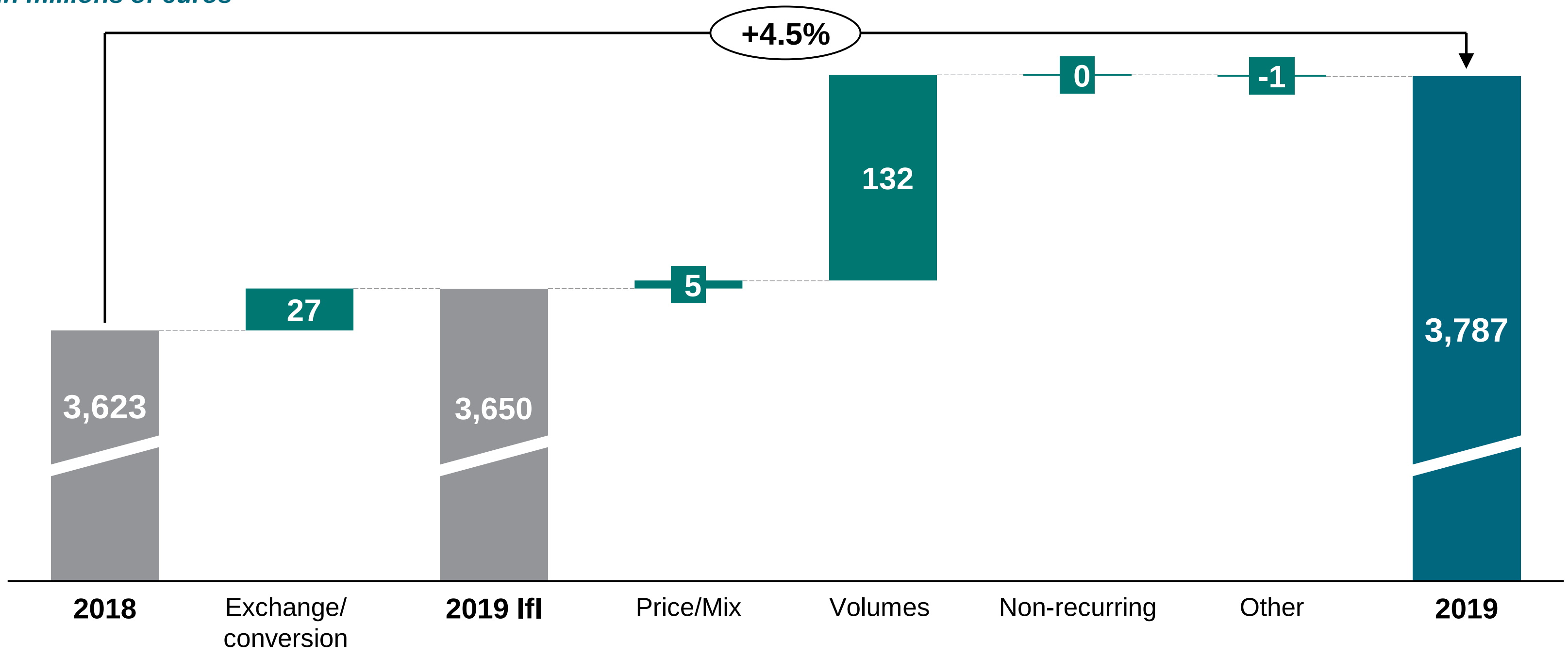
Financial results

a. Statement of income

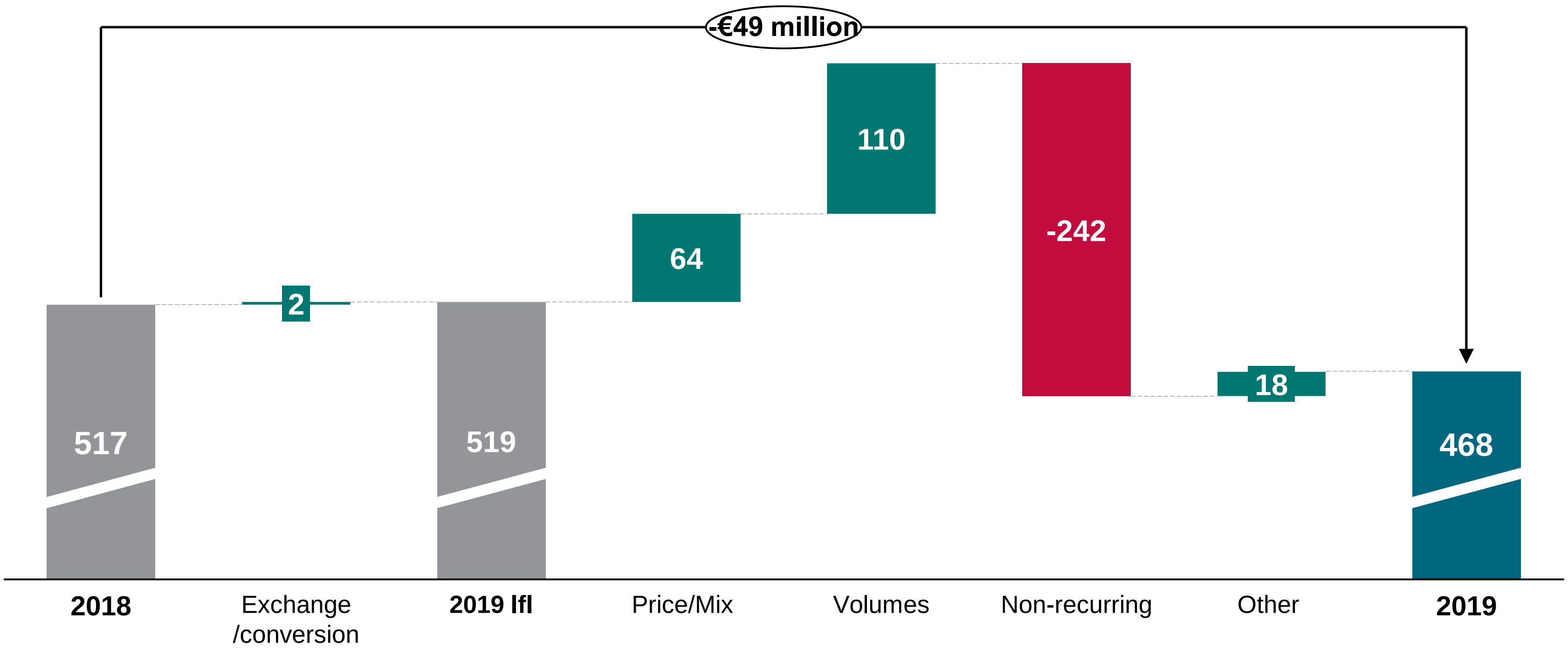
Significant increase in revenue driven by volumes

In millions of euros



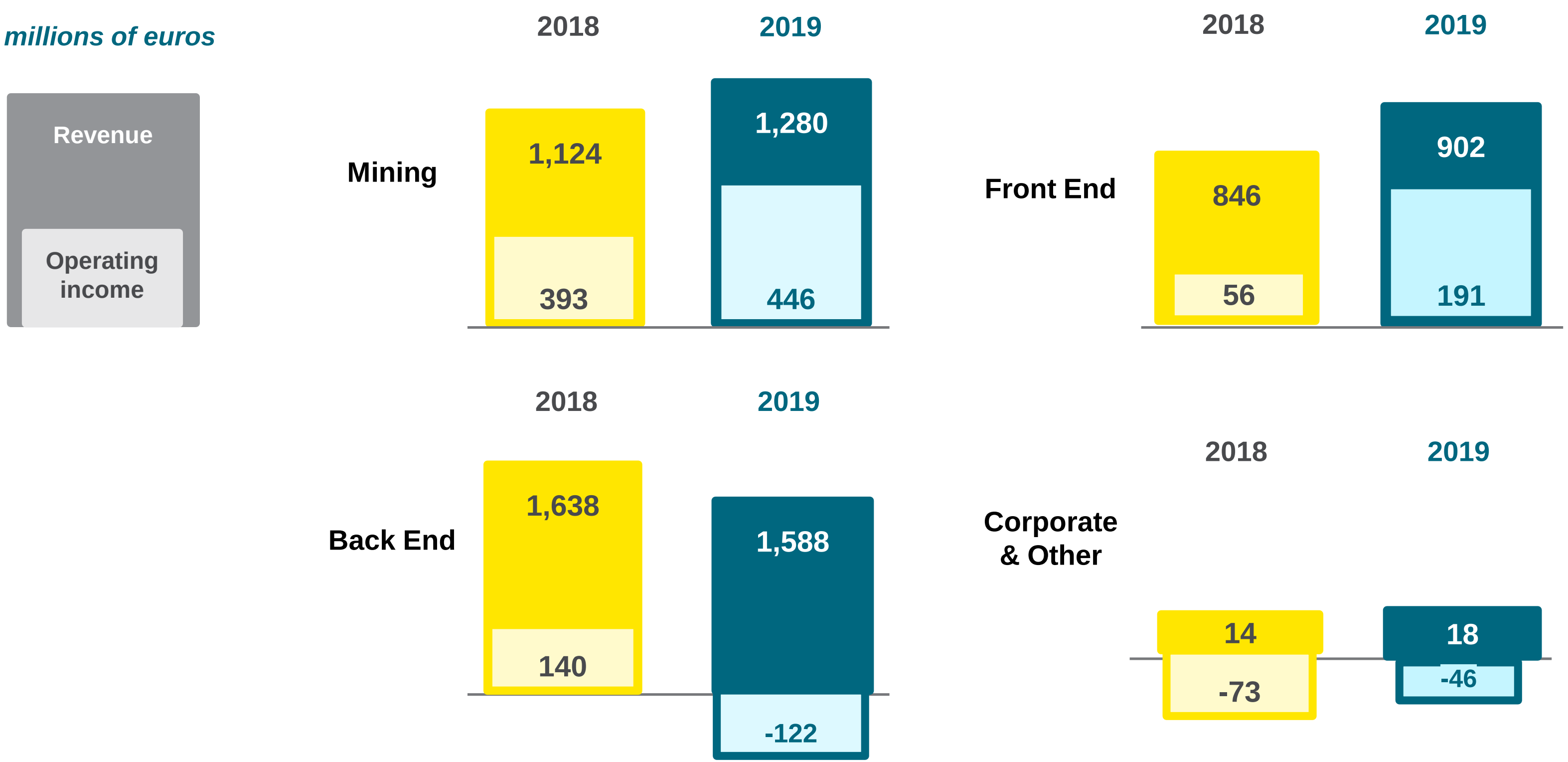
Improvement in net operating income masked by a non-recurring item in 2018

In millions of euros



Change in revenue and operating income by business

In millions of euros



Adjusted net income (*)

In millions of euros	2018	2019	Change
Operating income	**517**	**468**	**(49)**
Share in net income of joint ventures and associates	(10)	(19)	(9)
Adjusted net financial income	(362)	(514)	(152)
Adjusted taxes	(70)	(36)	+34
Net income attributable to minority interests	(2)	(44)	(42)
Adjusted net income attributable to owners of the parent	**72**	**(145)**	**(217)**

(*) Performance indicator introduced at the end of 2018 to reflect Orano's industrial performance independently of the impact of the financial markets and regulatory changes related to end-of-lifecycle commitments.

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Transition from adjusted net income to reported net income

In millions of euros	2018	2019	Change
Adjusted net income attributable to owners of the parent	**72**	**(145)**	***(217)***
Undiscounting of end-of-lifecycle liabilities	*(298)*	*(299)*	*(1)*
Impact of changed rate on end-of-lifecycle operations	*(79)*	*(8)*	*+71*
Return on earmarked assets	*(239)*	*860*	*+1,099*
Total adjustments in net financial income	***(616)***	***553***	***+1,169***
Effect of tax adjustments	0	(0)	0
Reported net income attributable to owners of the parent	**(544)**	**408**	***+952***

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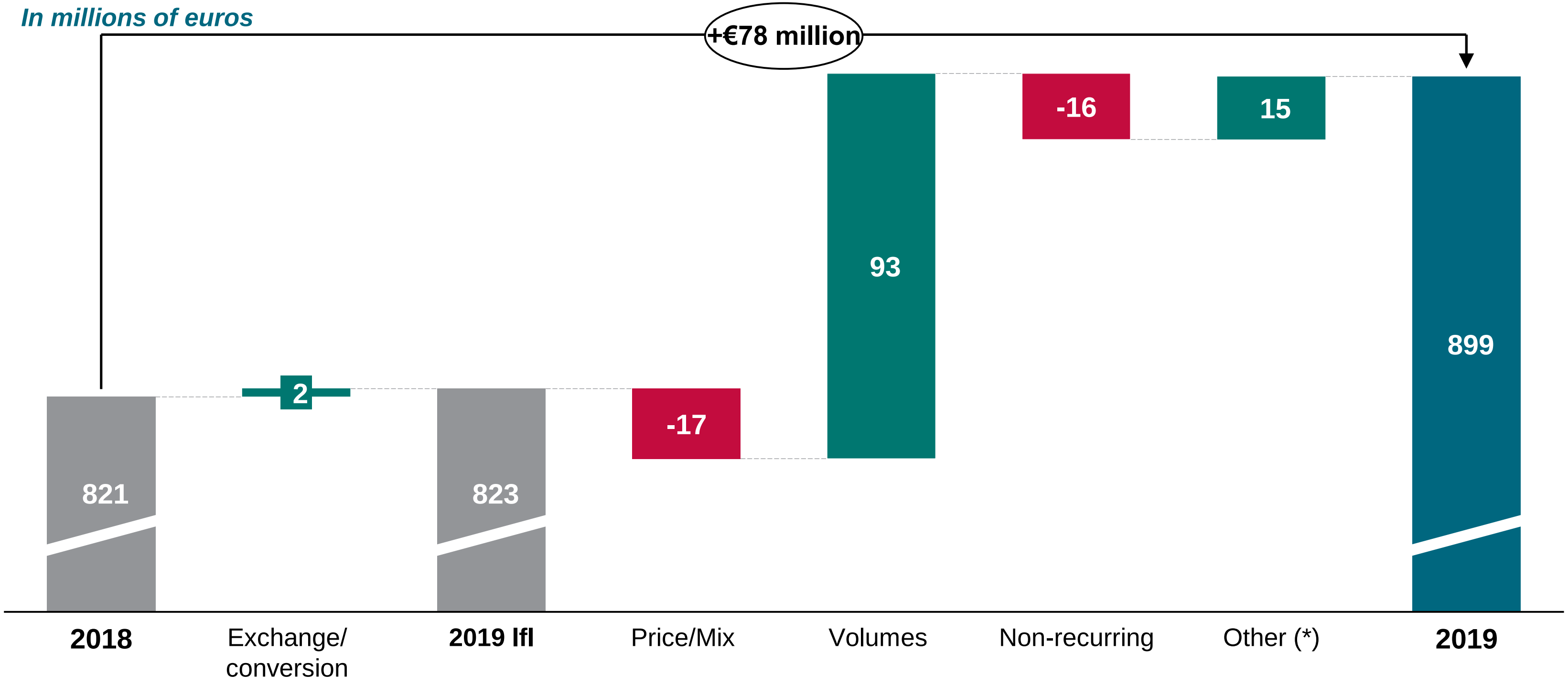
Financial results

b. Cash flow

Increase in EBITDA due to higher volume of business

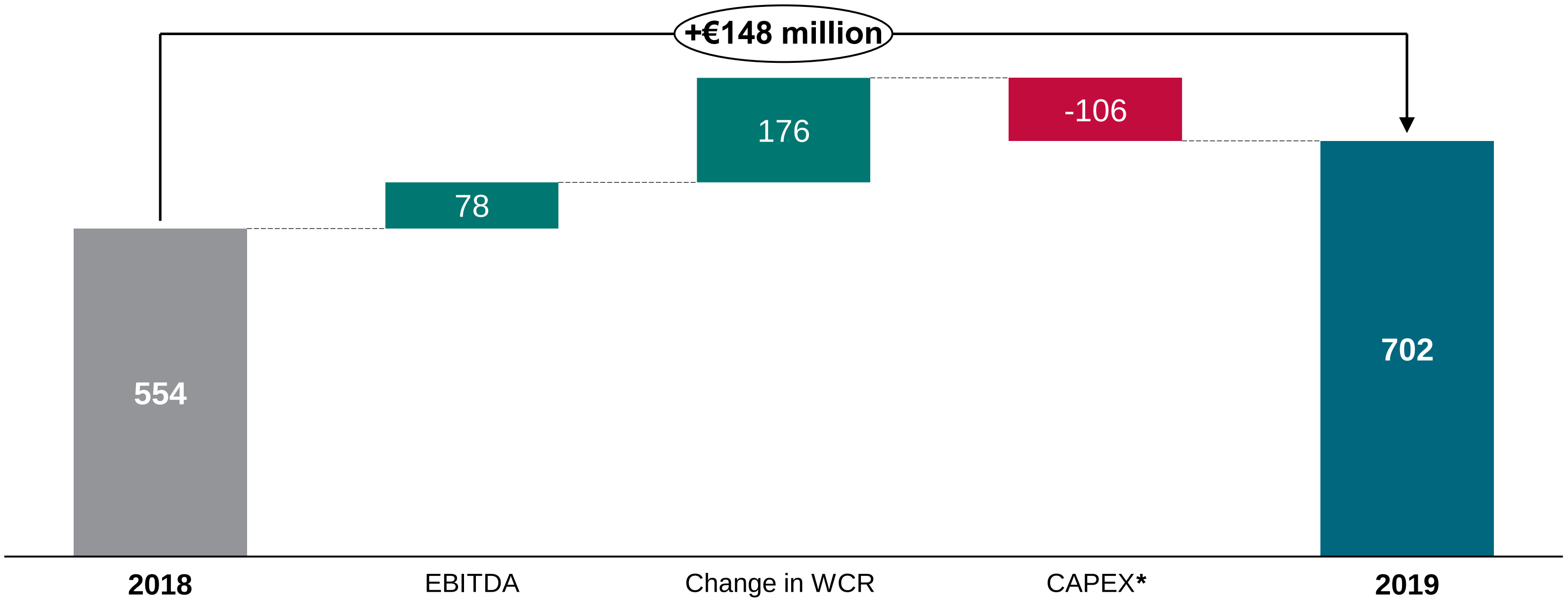
In millions of euros



(*) Including lower restructuring expenses along with the favorable impact of IFRS 16.

Increase in operating cash flow

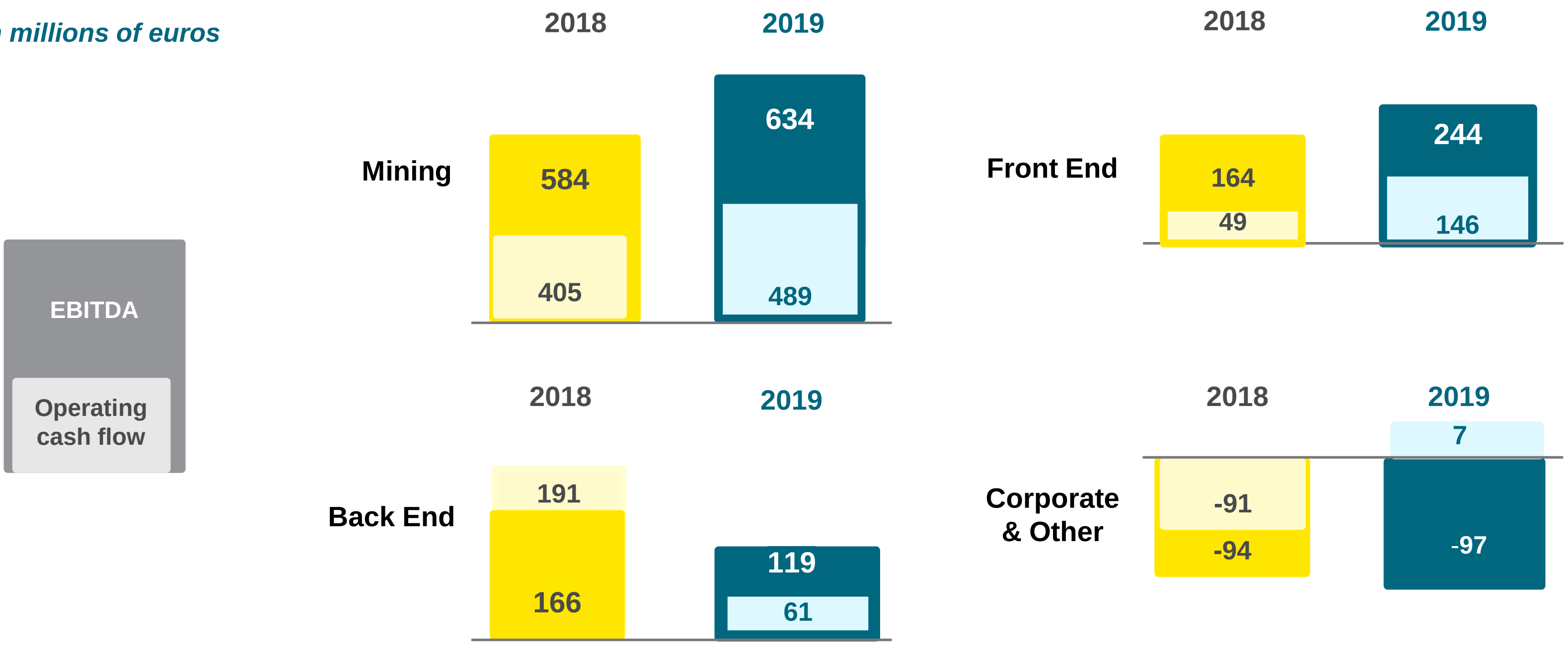
In millions of euros



(*) Including net expense of €3 million on disposal of assets.

Change in EBITDA and operating cash flow by business

In millions of euros



Net cash flow from company operations

In millions of euros	2018	2019	Change
Operating cash flow	**554**	**702**	**+148**
End-of-lifecycle cash flow	(12)	(144)	(132)
Income tax	3	(110)	(113)
Cost of borrowed capital	(248)	(212)	+36
Other items (*)	(140)	(17)	+123
Non-operating cash flow	**(397)**	**(483)**	**(86)**
Net cash flow from company operations	**158**	**219**	**+61**

(*) Including balances of transactions with minority shareholders.

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Financial results at December 31, 2019

c. Balance sheet

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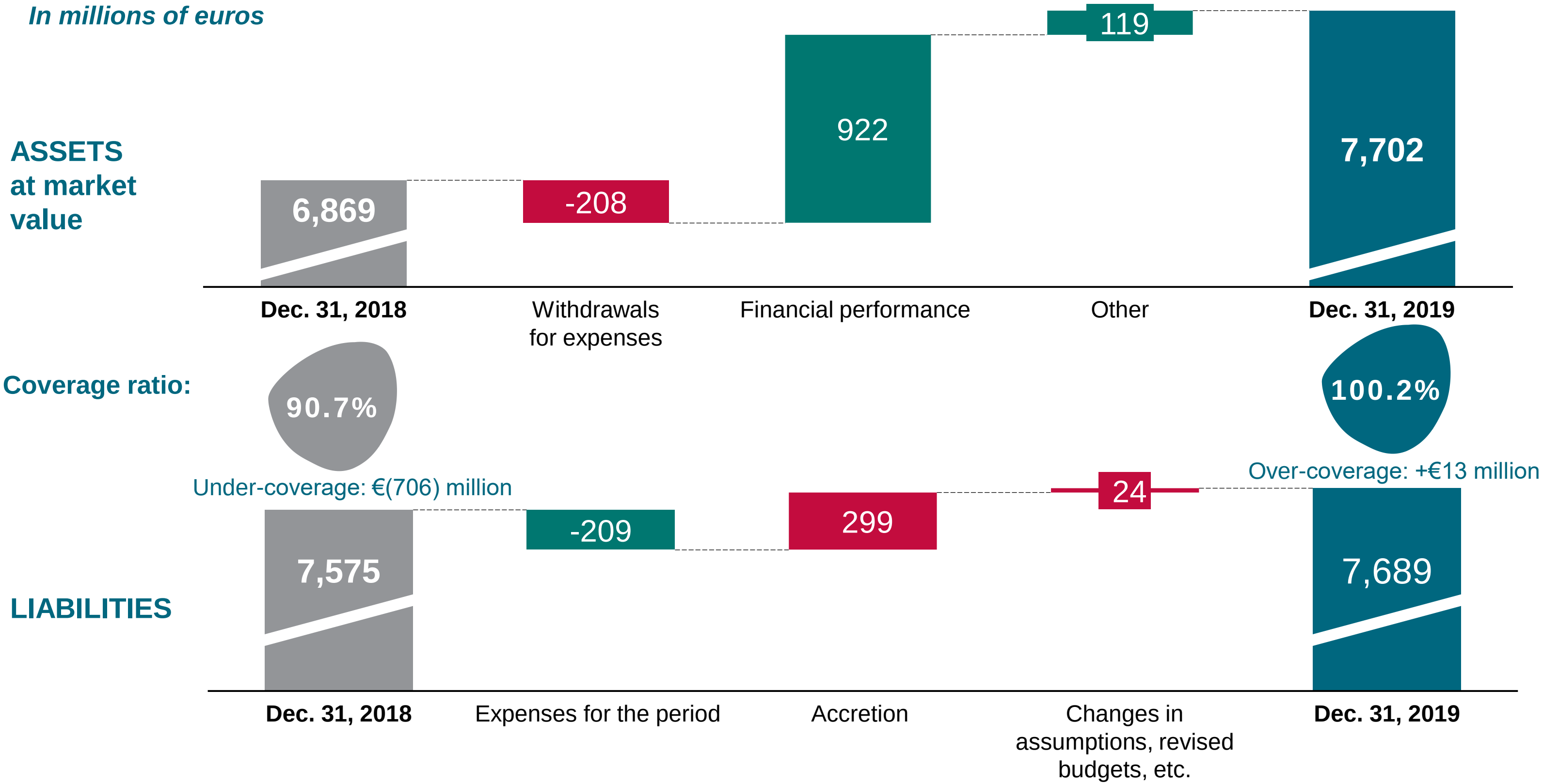
Condensed balance sheet

	In billions of euros	Dec. 31, 2018	Change	Dec. 31, 2019 (*)
(a)	Goodwill	1.2	+0.1	1.3
(b)	Non-current assets	9.4	+0.2	9.6
(c)	End-of-lifecycle assets	6.8	+0.8	7.6
(d)	Deferred tax assets	0.1	+0.0	0.1
(e)	Operating WCR assets	2.7	+0.0	2.7
(f)	Other assets	0.3	+0.5	0.8
(g)	Net cash	2.0	-0.5	1.5
	Total assets	**22.5**	**+1.1**	**23.6**
(h)	Equity and minority interests	0.7	+0.6	1.3
(i)	Employee benefits	1.1	+0.0	1.1
(j)	Provisions for end-of-lifecycle operations	7.9	+0.1	8.0
(k)	Other provisions	2.2	+0.1	2.3
(l)	Borrowings	4.4	-0.2	4.2
(m)	Operating WCR liabilities	4.6	+0.5	5.1
(n)	Other liabilities	1.6	+0.1	1.6
	Total liabilities	**22.5**	**+1.1**	**23.6**
	Net debt	**(2.3)**	**- 0.1**	**(2.2)**

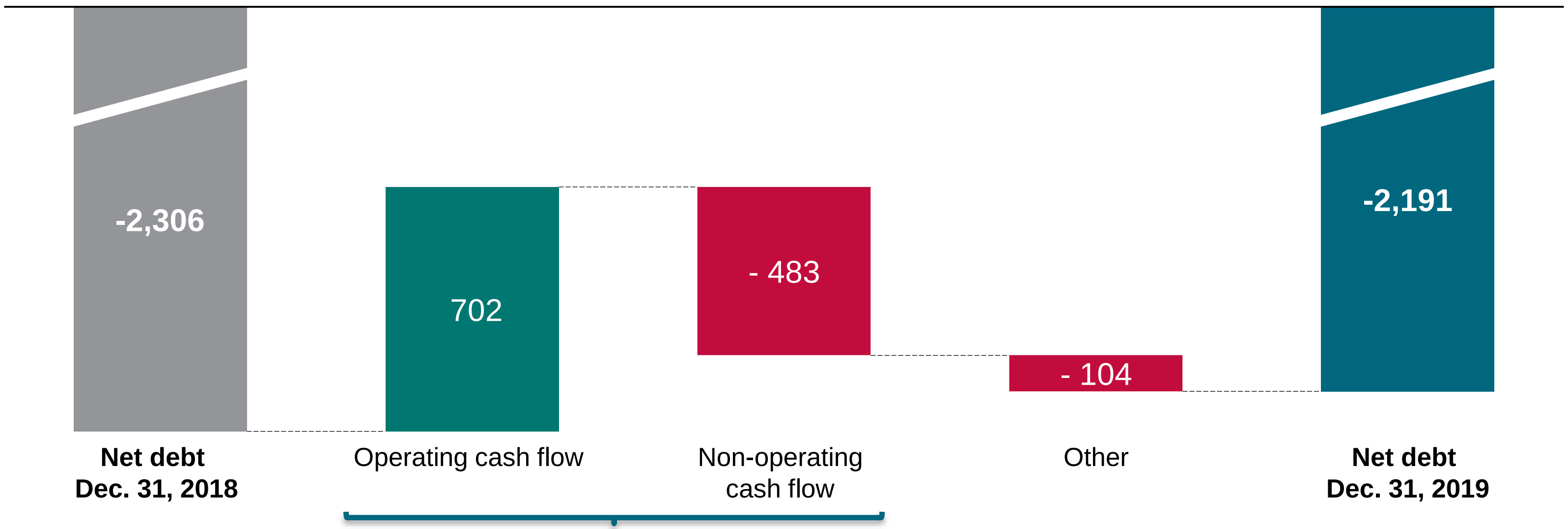
(*) Application of IFRS 16 from January 1, 2019.

End-of-lifecycle commitments
Regulated scope



Change in group debt

In millions of euros

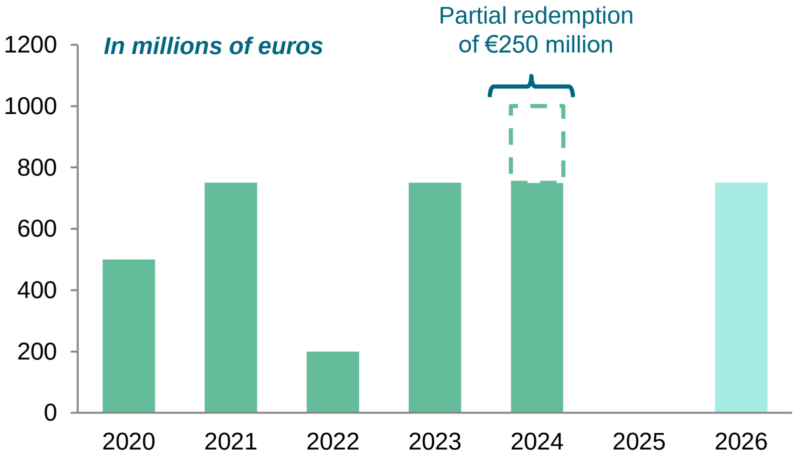


+€219 million
Net cash flow from company operations

Structure of debt and liquidity as of December 31, 2019

Borrowings: €4.2 billion

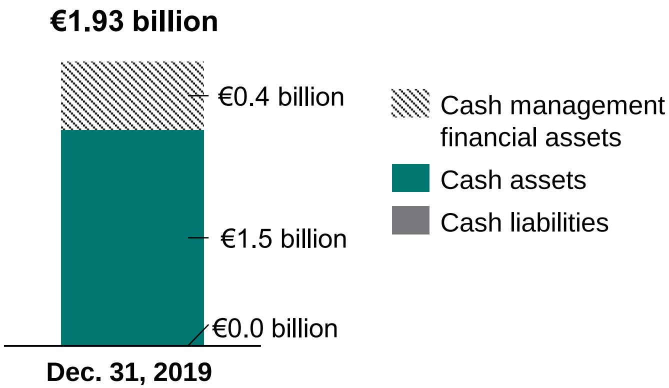
- **of which bonds: €3.8 billion**



  - First Orano bond issue in April 2019 of €750 million for 7 years (maturing 2026)
  - €250 million partial redemption of the 2024 issue

- **other items of financial debt: €0.3 billion**

Cash management financial assets at December 31, 2019



- **Liquidity increased by an undrawn RCF (Revolving Credit Facility):**
  - **€940 million**, 11 partner banks
  - This RCF matures in **July 2022**
  - **No draw-down** to date of this new syndicated line of credit

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Outlook

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Improved 2020 financial outlook

Confirmation of a positive sustainable positive Net Cash-flow

Continued growth in revenue

EBITDA margin between 23% and 26%

(*) This outlook does not include the proposed used fuel reprocessing and recycling plant in China, which is currently under negotiation.

Q&A

Appendices

1. Statement of income as of December 31, 2019
2. Balance sheet
3. Key figures by business
4. Definition of key indicators used by Orano
5. Impact of IFRS 16 and change in the presentation of end-of-lifecycle operations
6. Sensitivity

Statement of income as of December 31, 2019
Appendix 1

In millions of euros	2018 (**)	2019 (*)
Revenue	**3,626**	**3,787**
Cost of sales	(3,007)	(2,991)
Gross margin	**617**	**796**
Research and development expenses	(97)	(101)
Marketing and sales expenses	(38)	(39)
General expenses	(103)	(112)
Other operating income	344	107
Other operating expenses	(206)	(183)
Operating income	**517**	**468**
Share in net income of joint ventures and associates	(10)	(19)
Operating income after share in net income of joint ventures and associates	**506**	**449**
Income from cash and cash equivalents	24	24
Gross borrowing costs	(176)	(222)
Net borrowing costs	**(152)**	**(198)**
Other financial income	191	865
Other financial expenses	(1,017)	(627)
Other financial income and expenses	**(826)**	**238**
Net financial income	**(978)**	**40**
Income tax	(70)	(36)
Net income from continuing operations	**(542)**	**452**
Net income from operations sold or held for sale	0	0
Net income for the period	**(542)**	**452**
Net income attributable to owners of the parent	**(544)**	**408**
Net income attributable to minority interests	**2**	**44**

(*) Application of IFRS 16 from January 1, 2019.

(**) The comparative figures as of December 31, 2018 have been restated to take into account the change in the presentation of end-of-lifecycle operations.

Balance sheet – assets
Appendix 2

ASSETS (in millions of euros)	Dec. 31, 2018	Dec. 30, 2019 (*)
Non-current assets	**17,681**	**18,762**
Goodwill on consolidated companies	1,229	1,247
Intangible assets	1,278	1,247
Property, plant and equipment	8,120	8,380
Right of use – leases	0	77
End-of-lifecycle assets (third party share)	139	121
Financial assets earmarked for end-of-lifecycle operations	6,693	7,471
Investments in joint ventures and associates	1	4
Other non-current assets	118	106
Deferred tax assets	104	109
Current assets	**4,859**	**4,820**
Inventories and in-process	1,301	1,511
Trade accounts receivable and related accounts	625	617
Contract assets	97	95
Other operating receivables	657	518
Other non-operating receivables	48	45
Current tax assets	37	93
Other current financial assets	66	448
Cash and cash equivalents	2,027	1,492
Total assets	**22,540**	**23,582**

(*) Application of IFRS 16 from January 1, 2019.

Balance sheet – liabilities
Appendix 2

LIABILITIES (in millions of euros)	Dec. 31, 2018	Dec. 31, 2019 (*)
Equity and minority interests	**723**	**1,249**
Capital	132	132
Consolidated premiums and reserves	1,007	1,370
Actuarial gains and losses on employee benefits	(138)	(195)
Deferred unrealized gains and losses on financial instruments	(10)	(7)
Currency translation reserves	(64)	(18)
Equity attributable to owners of the parent	**927**	**1,282**
Minority interests	(204)	(34)
Non-current liabilities	**12,799**	**12,974**
Employee benefits	1,088	1,111
Provisions for end-of-lifecycle operations	7,881	8,010
Non-current provisions	279	316
Share in negative net equity of joint ventures and associates	45	69
Long-term lease liabilities	0	62
Long-term borrowings	3,494	3,407
Deferred tax liabilities	13	0
Current liabilities	**9,017**	**9,359**
Current provisions	1,933	2,003
Short-term borrowings	922	746
Short-term lease liabilities	0	20
Trade accounts payable and related accounts	652	842
Contract liabilities	4,514	4,781
Other operating liabilities	972	940
Other non-operating liabilities	7	6
Current tax liabilities	19	20
Total liabilities and equity	**22,540**	**23,582**

(*) Application of IFRS 16 from January 1, 2019.

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Key figures by business – Mining
Appendix 3

In millions of euros	2018	2019	Change
Revenue	1,124	1,280	+156
Operating income	393	446	+53
EBITDA	584	634	+50
% of sales	*52.0%*	*49.6%*	*-2.4 pts*
Change in operating WCR	(119)	(71)	+48
Net CAPEX	(57)	(71)	(14)
Operating cash flow	405	489	+84

- Increase in revenue substantially in line with the backlog schedule
- Increase in EBITDA with higher sales volumes and supported by the performance plan
- Improved change in WCR after replenishment of inventory in 2018
- Consolidation of operating cash flow due to improved EBITDA, inventory reductions, and keeping capital expenditures to a minimum

Key figures by business – Front End
Appendix 3

In millions of euros	2018	2019	Change
Revenue	846	902	+56
Operating income	56	191	+135
Of which reversal on health and accident/disability insurance	*55*	*0*	*(55)*
EBITDA	164	244	+80
% of sales	*19.4%*	*27.1%*	*+7.7 pts*
Change in operating WCR	12	41	+29
Net CAPEX	(128)	(139)	(11)
Operating cash flow	49	146	+97

- Increased revenue due to the backlog schedule and higher market prices (Conversion and Enrichment)
- Improved OI due to (i) upward move of conversion prices and improved outlook for the enrichment market based on the year's sales and changes in provisions for onerous contracts previously booked, and (ii) ramp-up of production in the Philippe Coste facility
- EBITDA up due to OI (corrected for provision reversals), partly reduced by higher energy costs
- Good operating cash flow under the combined effect of higher EBITDA and improved change in operating WCR from continued inventory reduction as the conversion plant increased production

Key figures by business – Back End
Appendix 3

In millions of euros	2018	2019	Change
Revenue	1,638	1,588	(50)
Operating income	140	(122)	(262)
Of which reversal on health and accident/disability insurance	*186*	*0*	*(186)*
EBITDA	166	119	(47)
% of sales	*10.1%*	*7.5%*	*-2.6 pts*
Change in operating WCR	287	263	(24)
Net CAPEX	(262)	(319)	(57)
Operating cash flow	191	61	(130)

- Revenue down largely because of lower Logistics volume in the USA
- Poorer operating income due to (i) one-time provision reversal after renegotiating the health and pensions agreement and the contribution to the income of a large export contract in Recycling in 2018, and (ii) operational issues in Logistics in the United States. Those impacts were partly attenuated by higher volume for Recycling at the La Hague plant.
- Disregarding changes in provisions, the decline in EBITDA was essentially attributable to problems in the Logistics business in the United States.
- Beside the EBITDA and change in WCR effects, operating cash flow was penalized by the comparison year of 2018, which included the contribution of a large export contract.

Key figures by business – Corporate*
Appendix 3

In millions of euros	2018	2019	Change
Revenue	14	18	+4
Operating income	(73)	(46)	+27
EBITDA	(94)	(97)	(3)
Change in operating WCR	5	130	+125
Net CAPEX	(3)	(25)	(22)
Operating cash flow	(91)	7	+98

- Increased operating income due to reversal of a provision no longer needed
- Improvement in the change in WCR related to the repayment in 2019 of research tax credits for periods prior to 2019
- Higher operating cash flow for the period due to improved change in WCR

(*) "Corporate and other operations" includes Orano Med.

Definition of key indicators used by Orano (1/5)
Appendix 4

On a comparable basis/lfl:

At constant scope of consolidation and exchange rates.

Net cash flow from company operations:

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;
- tax on financial income;
- lease liabilities cash flow;
- 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 and non-current financial assets, with the exception of bank deposits held for margin calls on derivative instruments or collateral backed by structured financing and cash management financial assets.

Net cash flow from company operations thus corresponds to changes in net debt (i) with the exception of transactions with Orano SA shareholders, accrued interest not yet due for the financial year and currency translation adjustments, and (ii) including accrued interest not yet due for the financial year N-1.

Definition of key indicators used by Orano (2/5)
Appendix 4

Operating working capital requirement (Operating WCR):

Operating WCR represents all of the current assets and liabilities related directly to operations. It includes the following items:

- inventories and work-in-process;
- trade accounts receivable and related accounts;
- advances paid;
- contract assets;
- other accounts receivable, accrued income and prepaid expenses;
- hedging derivatives and hedged items relating to commercial transactions;
- less: trade accounts payable and related accounts, contract liabilities, other operating debts, expenses payable.

Note: Operating WCR does not include non-operating receivables and payables such as income tax liabilities, amounts receivable on the sale of non-current assets, and liabilities in respect of the purchase of non-current assets.

Backlog:

The backlog is determined on the basis of firm orders, excluding unconfirmed options, using the contractually set prices for the fixed component of the backlog and, for the variable component, the market prices based on the forecast price curve prepared and updated by Orano. 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. With respect to contracts for which revenue is recognized in advance, the amount included in the backlog corresponds to the difference between the revenue of the contract at completion and the revenue already recognized for the contract, it therefore includes financial components, indexation hypothesis and contract price revision assumptions taken into account by the group to value the revenue at completion.

Definition of key indicators used by Orano (3/5)
Appendix 4

Operating cash flow (OCF):

Operating cash flow (OCF) represents the amount of cash flow generated by operating activities before income tax. It is equal to the sum of the following items:

- EBITDA;
- plus losses or minus gains on disposals of property, plant and equipment 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 period (excluding reclassifications, currency translation adjustments and changes in consolidation scope);
- minus acquisitions of property, plant and equipment and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of property, plant and equipment and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- plus prepayments received from customers during the period on non-current assets;
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates), net of the cash acquired.

Definition of key indicators used by Orano (4/5)
Appendix 4

Net debt:

Net debt is defined as the sum of all short and long-term borrowings, less cash and cash equivalents, financial instruments recorded on the assets side of the balance sheet including borrowings, bank deposits constituted for margin calls on derivative instruments and collateral backed by structured financing and cash management financial assets. IFRS 16 has little effect on the Group's financial statements, and the lease liability is not in net debt.

Earnings before interest, taxes, depreciation and amortization (EBITDA):

EBITDA is equal to operating income after depreciation, depletion, amortization and provisions, net of reversals. EBITDA is restated to exclude the cost of end-of-lifecycle operations performed in nuclear facilities during the year (facility dismantling, waste retrieval and packaging). It should be noted that the cash flows linked to end-of-lifecycle operations are presented separately.

Cash flows from end-of-lifecycle operations:

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

- revenue from the portfolio of earmarked assets, cash from disposals of earmarked assets;
- full and final payments received for facility dismantling;
- minus acquisitions of earmarked assets;
- minus cash spent during the year on end-of-lifecycle operations;
- minus full and final payments paid for facility dismantling.

Definition of key indicators used by Orano (5/5)
Appendix 4

Adjusted net income attributable to owners of the parent:

This indicator is used to reflect Orano's industrial performance independently of the impact of financial markets and regulatory changes in respect of end-of-lifecycle commitments. It comprises net income attributable to owners of the parent, adjusted for the following items:

- return on earmarked assets;
- impact of changes in discount and inflation rates;
- undiscounting of end-of-lifecycle liabilities (regulated scope);
- significant impacts of regulatory changes on cost estimates for end-of-lifecycle commitments (adjustment impacting operating income);
- related tax effects.

Impact of IFRS 16 and change in the presentation of end-of-lifecycle operations
Appendix 5

IFRS 16 impact

The impact on the Group of IFRS 16 “Lease contracts”, whose application is compulsory as of January 1, 2019, is not significant. Orano decided to use the modified retrospective transition method. As a result, the 2018 comparative data has not been restated for IFRS 16 effects.

Note that lease liabilities are not included in Orano’s definition of net debt.

Change in the presentation of end-of-lifecycle operations

In addition, comparative data as of December 31, 2018 was restated to take into account the change in the presentation of end-of-lifecycle operations in order to reflect the performance of plant dismantling activities separately from commercial activities.

Sensitivity
Appendix 6

Update of the sensitivity of Orano's net cash flow generation to market indicators.

As part of the update of its trajectories, the group has updated its sensitivities in relation to the net cash flow from company operations generation, which are presented below:

In millions of euros over the periods affected	**Period 2020 – 2022**	**Period 2023 – 2028**	
Change over time of USD/euro parity: +/- 10 cents	**+39** **-65**	**+220** **-212**	Sensitivity cushioned by exchange rate hedging in place
Change in the price of a pound of uranium: +/- 5 USD / lb	**+112** **-101**	**+469** **-470**	Sensitivity cushioned by the backlog
Change in unit price of enrichment services: +/- 5 USD/lb	**+/-7**	**+/-42**	Sensitivity cushioned by the backlog

These sensitivities were assessed independently from one another.

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