



**orano**

**1st half 2022 results**

**Credit Update**

September 20, 2022

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# 1

**Orano's business card**



**orano**

Giving nuclear energy its full value

# Orano in short

**16 500**

Employees

In  
**14**  
countries

## Our Purpose

To develop know-how in the transformation and control of nuclear materials for the climate, for a healthy and resource efficient world, now and tomorrow.

Backlog  
**€26.4bn**

Top  
**3**  
Worldwide  
in our key activities

### MINING

- **Exploration:** search for new deposits
- **Mining projects:** development and construction of mines
- **Operation:** extraction of natural uranium, then chemical concentration into  $U_3O_8$
- **Rehabilitation of sites** after their operation
- **#3 player** with ~10% market share

### FRONT END

- **Conversion of uranium** concentrate ( $U_3O_8$ ) to uranium hexafluoride ( $UF_6$ )
- **Enrichment of  $UF_6$  by centrifugation**
- **# 2 player** with ~20% market share

### BACK END

- **Recycling** : recovering the recycle material (uranium & plutonium) in used fuel and reuses them in new fuels (MOX) to power nuclear reactors ; packaging final waste in standardized containers in a safe and stable manner
- **Nuclear Packages & Services** : packaging design and manufacturing, transportation of nuclear materials and waste
- **Dismantling & Services** : expertise in dismantling of reactor and fuel cycle plants and maintenance & site logistics services
- **#1 the only scaled solution** for used nuclear fuel recycling currently in operation

# Orano is a unique specialist of uranium cycle, with a diversified footprint










## Key Figures<sup>1</sup>

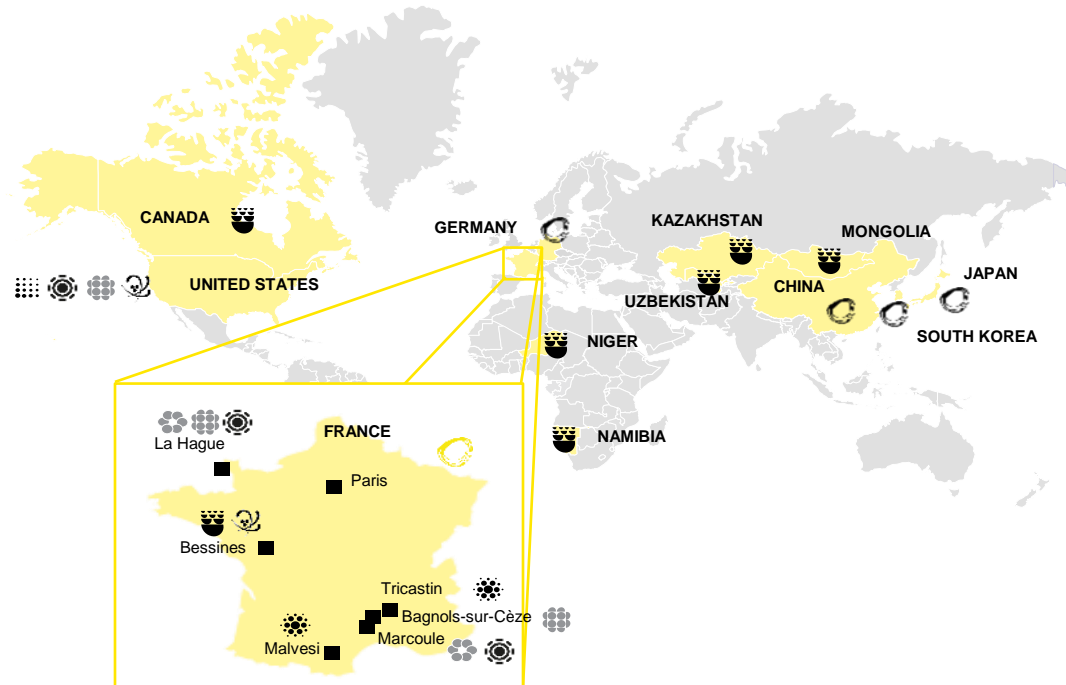
€4,726m  
revenues

€1,398m  
EBITDA  
29.6% of Rev.

€210m  
Net cash flow  
from company  
operations

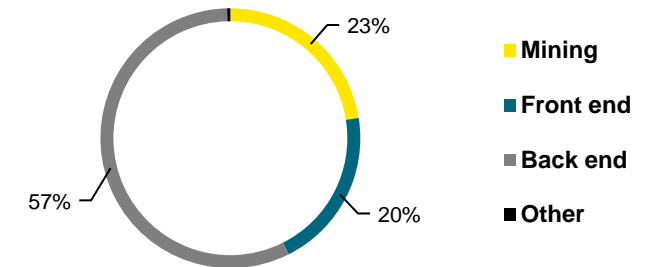
## Worldwide Geographical Footprint

-  Head Office
-  Mining
-  Conversion and Enrichment
-  Decommissioning & Services
-  Recycling
-  Nuclear Packages & Services
-  Projects
-  Nuclear Medicine
-  Representative Offices

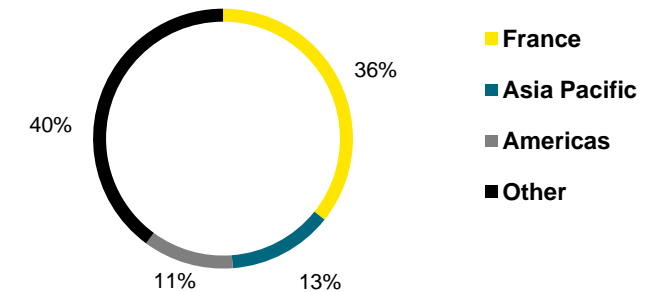


## Revenue Breakdown<sup>1</sup>

### By Segment

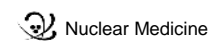


### By Geography



Source: Company

<sup>1</sup> Based on FY2021 figures.




with Orano Med, ambitions to develop a new generation of **targeted radiotherapies against cancer** using the properties of <sup>212</sup>Pb, a rare alpha-emitting radioisotope

# Orano's ESG commitments and performance are recognized by rating agencies




Focuses and commitments	Objectives for 2030 (vs. 2019)	Markers in 2025
<b>OUR VALUES</b> Aim for the highest standards	Aim for the highest standards in terms of nuclear safety, environment, health and occupational safety	0 INES level 2 event Accident frequency rate (Orano employees) less than 1
	Make information and dialogue more accessible to our stakeholders and more explicit regarding sensitive perceptions	80% of our stakeholders satisfied with the "transparency" and "dialogue" topics
<b>COMMUNITIES</b> Be engaged and responsible locally in our environment	Strengthen local roots, particularly in the area of skills development and employment	80% of local residents have a positive view of Orano's activity in their area
	Build a second life for sites	100% of site planning includes management of long-term liabilities
	Eco-design all our major projects	50% eco-designed major projects
<b>CLIMATE</b> Contribute to carbon neutrality	Reduce the "equivalent" carbon footprint of our business in line with the Paris Agreement	-40% tCO2e scopes 1 and 2 vs. 2015 (SNBC* reference year)
	Innovate to reduce the footprint of our customers and increase the acceptability of nuclear and nuclear materials	Laboratory validation of a solution for decommissioning hulls
<b>COMPETENCIES</b> Mobilize proud and committed employees who embody our purpose	Offer professional and personal development within an attractive work environment	75% engagement rate for employees
	Be a benchmark, inclusive employer, promoting diversity	1,000 group managers involved in mentoring/tutoring
	Develop our innovation ecosystem	Revenue from innovative business models, products and services
<b>CUSTOMER GROWTH</b> Innovate to preserve resources and protect health	Broaden our recycling offer	Group revenue close to 4.5 billion euros
	Develop anti-cancer treatments using nuclear medicine	
	Become a player in the medical, industrial and research isotopes markets	
<b>CASH</b> Operate efficiently by reducing our footprint	Improve the efficiency of the extended enterprise by 25%	10% improvement in the use of raw materials (water, energy, etc.) vs. 2019
	Reduce our production of non-recycled waste by 25%	-10% non-recycled waste produced (vs. 2019)


**Indexes**




**100 - 0**  
(0 = low risk)



**CCC - AAA**



**0-100**



**F-A**

**Rating 2020 or 2021**

28.6 / 100

AA

63 / 100

B-



# 2

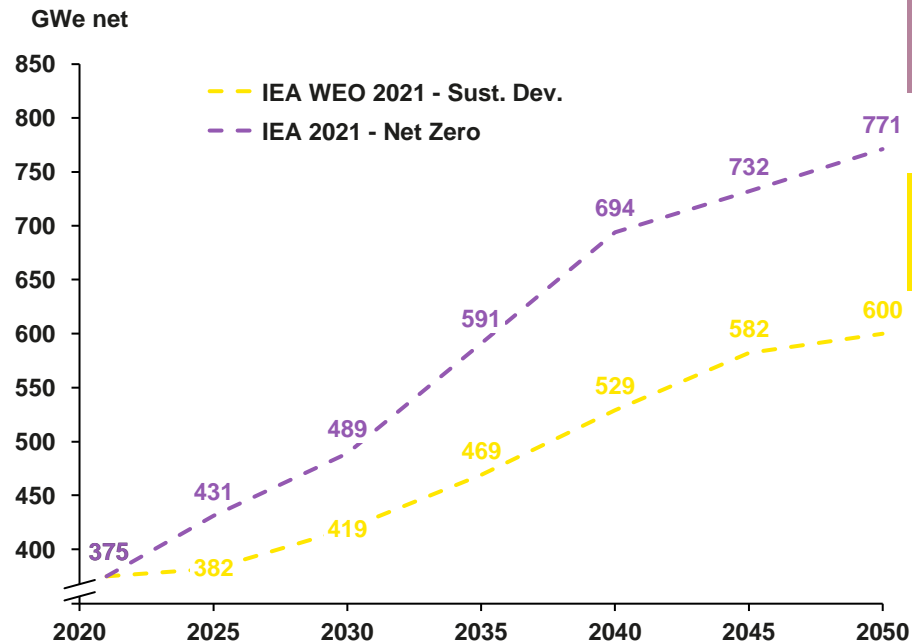
## Market trend



# A more favorable environment for nuclear energy and Orano's development

## Global nuclear capacity is set to grow, driven by electricity needs...

Net global nuclear capacity in net gigawatts (GWe)



IEA Net Zero Emissions Scenario (2021), to fully decarbonize energy by 2050

IEA WEO Sustainable Development Scenario (2021) to limit global warming to +2°C



A clear support from the French State



A validation of the benefits of nuclear to fight against the global warming



An energy retained in the European taxonomy

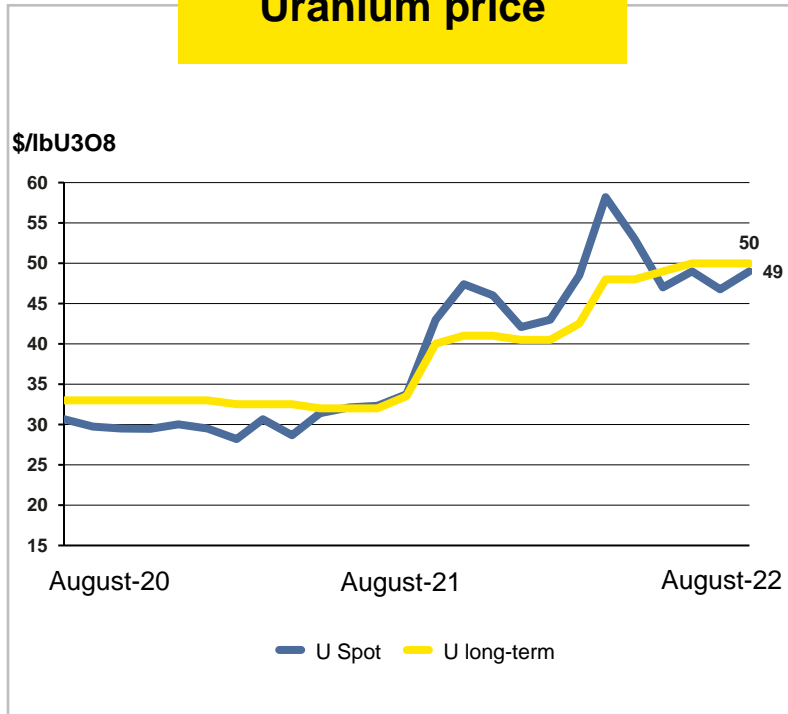


An energetic crisis reinforcing the needs for energy sovereignty in the EU

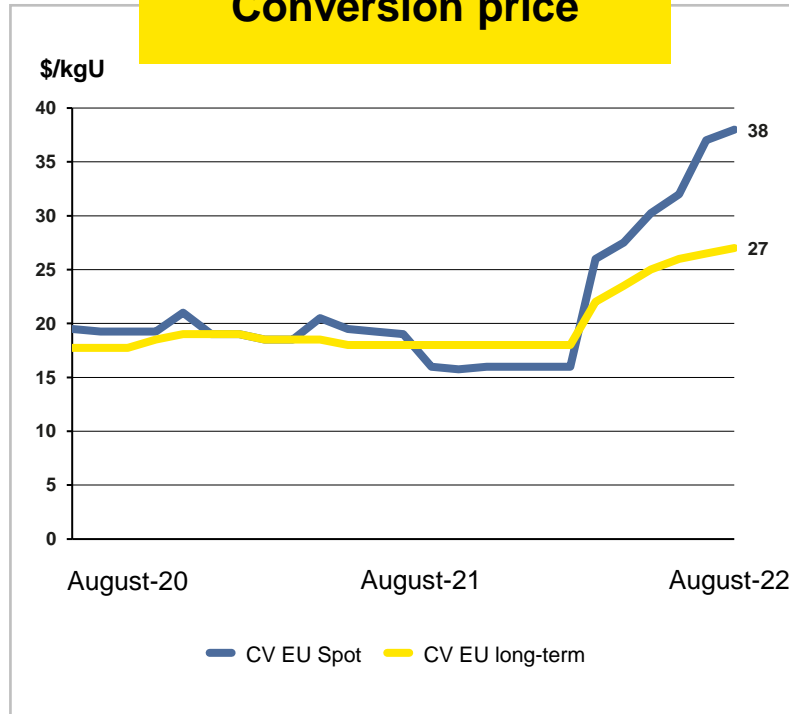


# Price trends in our markets

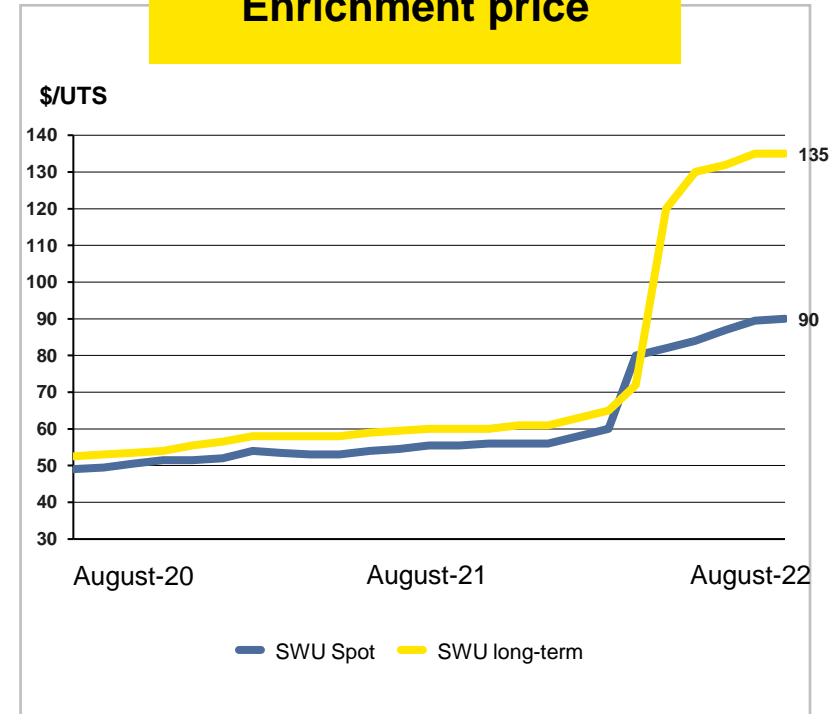
## Uranium price



## Conversion price



## Enrichment price

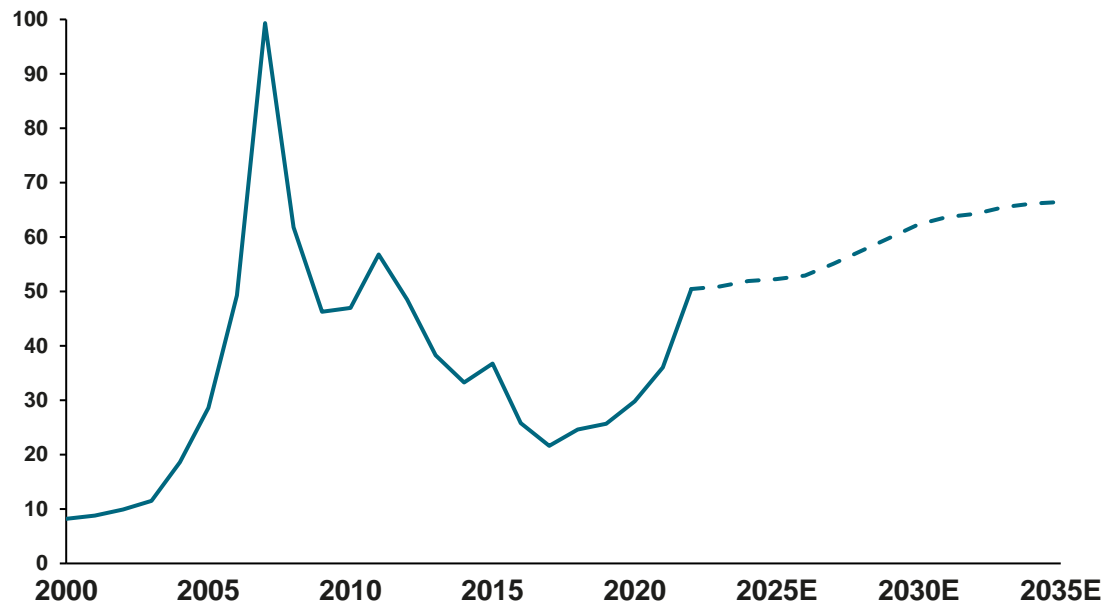


Source: UxC

# Uranium Market

## Evolution of Uranium Spot Price

US\$/lb U<sub>3</sub>O<sub>8</sub>

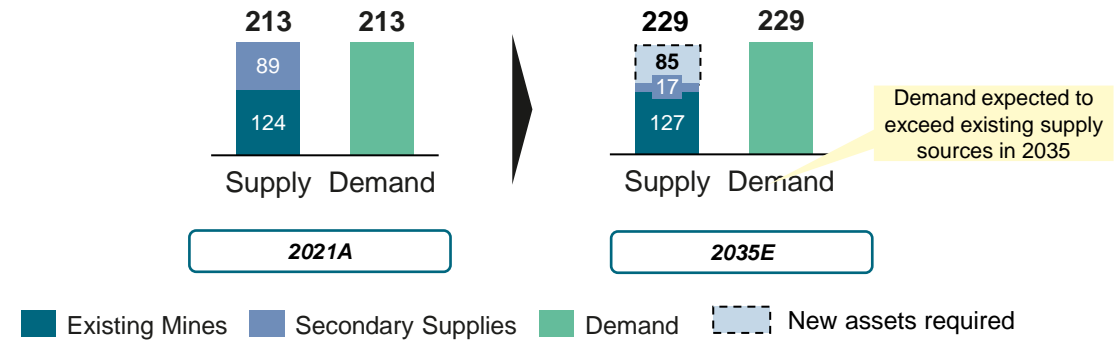


— Historical Uranium price - - Projections

Source: UxC Uranium Market Outlook Q2 2022

## Projected Uranium Supply and Demand

Million lbs U<sub>3</sub>O<sub>8</sub>



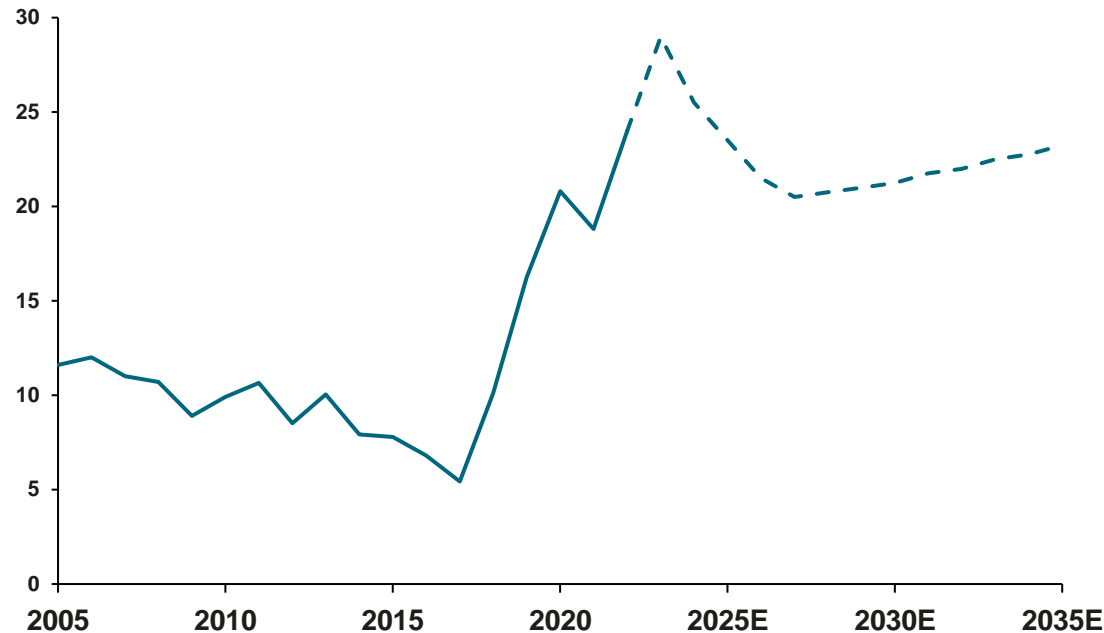
## Key Considerations

- The year 2021 was marked by the rise in market prices beyond \$40/lb driven by major purchase program at the initiative of some hedge funds interested by the renewed interest for building new reactors in connection with the positive perception of nuclear in the future energy mix. For instance, SPROTT has purchased more than 20 million pounds U<sub>3</sub>O<sub>8</sub>, which makes it the biggest single buyer in the spot market in 2021
- The trend continued during the 1<sup>st</sup> half of 2022 like for other commodities in connection with the war in Ukraine. Market prices seem stabilized around \$50/lb (LT) since June with customers factoring the necessity to diversify their sources excluding Russia

# Conversion

## Evolution of Conversion Prices

EU Annual Mid Price – US\$ / kgU as UF6

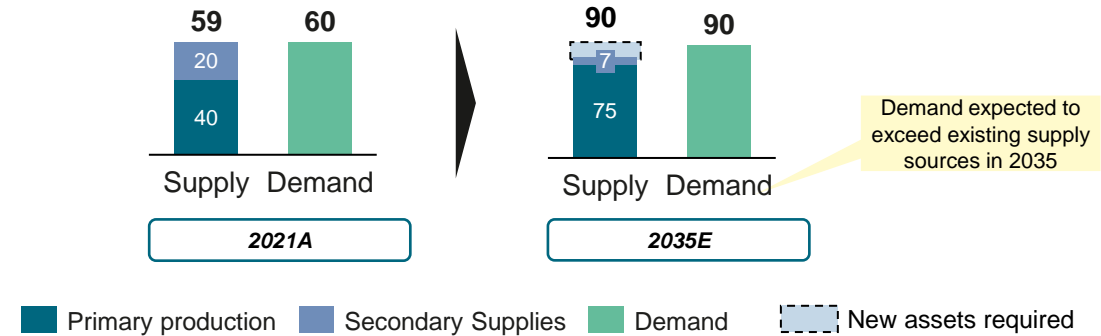


— Historical Conversion Prices - - Projections

Source: UxC Uranium Market Outlook Q2 2022

## Projected Conversion Supply and Demand

Conversion Supply and Demand (million kgU as UF6)



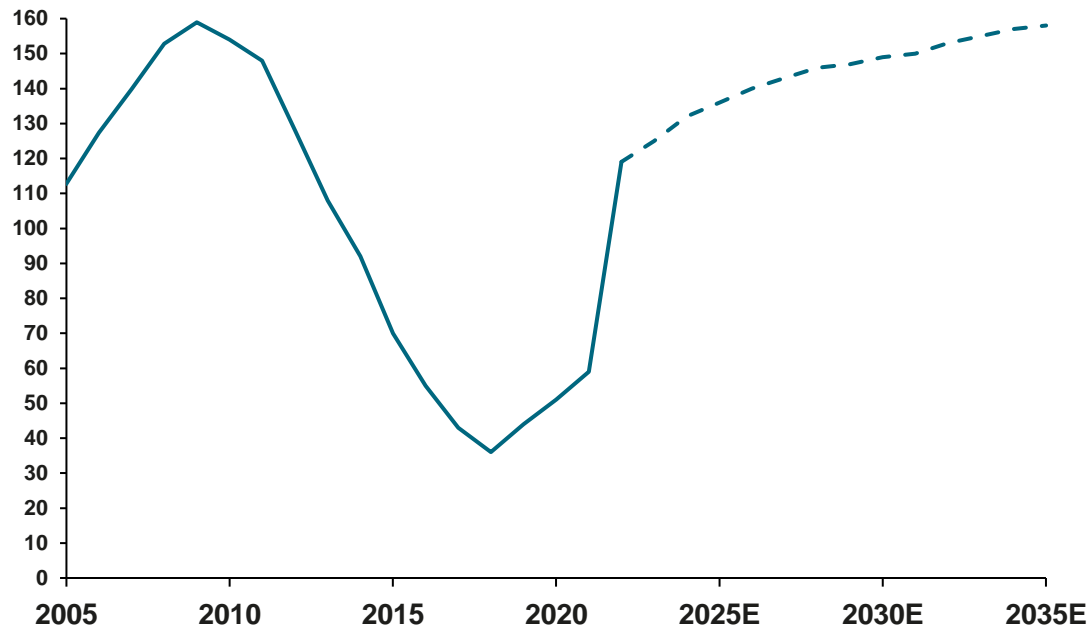
## Key Considerations

- The capacity is in place to cover the market demand, with :
  - In February 2021, Honeywell (Converdyn) announced to move forward with a restart of its Metropolis plant by April 2023
  - Since May 2021, Orano's Philippe Coste plant was producing regularly at the production rate of ~1,000 tons UF6 per month
  - In addition, the geopolitical current crisis has weakened the supply-demand balance on the markets leading to a LT market price around \$27/Kg end of August i.e. a price increase of +50% since the beginning of 2022 reaching among the highest historical levels

# Enrichment

## Evolution of Enrichment Prices

Annual Price Midpoints – US\$ / SWU

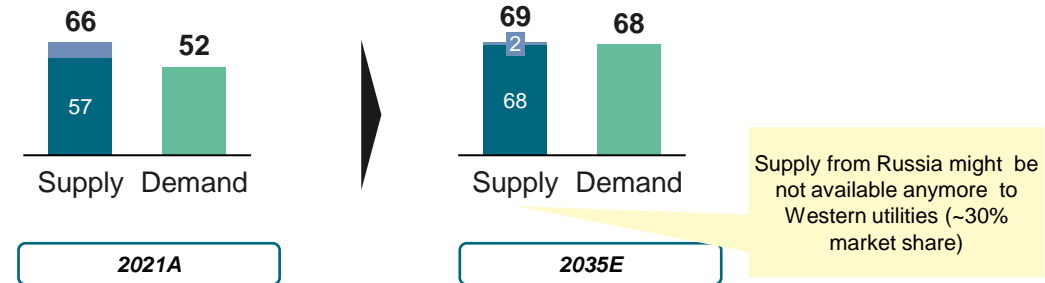


— Historical Enrichment Prices - - Projections

Source: UxC Uranium Market Outlook Q2 2022

## Projected Enrichment Supply and Demand

Enrichment Supply and Base Demand at transactional tails (million SWU)



## Key Considerations

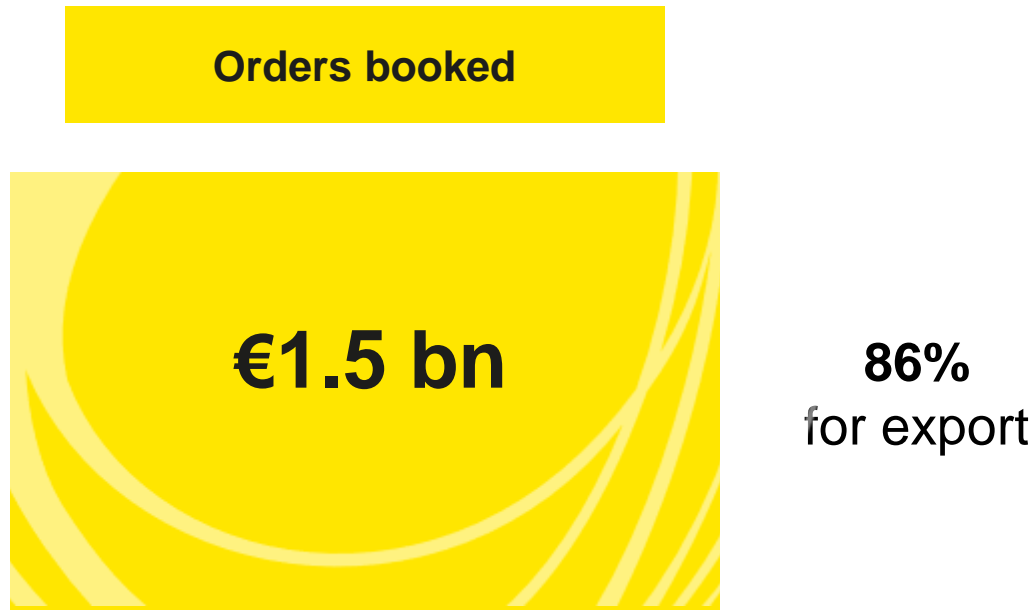
- Since the beginning of 2022 in connection with the war in Ukraine, the LT market prices have been multiplied by more than x2. The price increase is supported by the need for many customers, in particular US and European utilities to redirect their supplies from Russian to Western enrichers. A situation that supports higher prices with future contracts reallocation opportunities on the market.
- In addition, customers are still anticipating the mid-term need for the renewal of certain capacities.

# 3

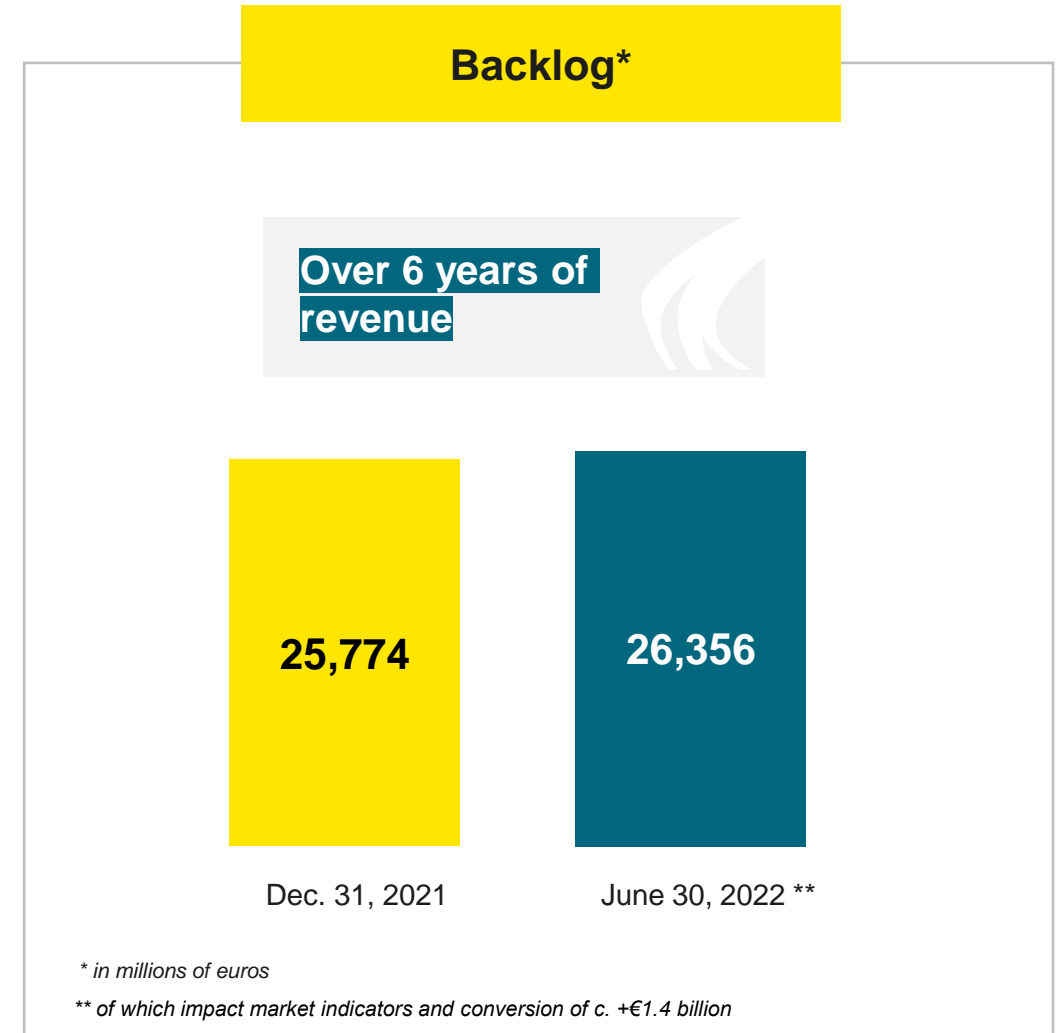
## H1 financial results 2022



# Sustained commercial activity over the 1<sup>st</sup> half



- Orders mainly signed with international customers with **distribution** between the **Back End sector** and **Mining - Front End sectors** of respectively **60%** and **40%**.
- Note for Back End, a **contract signed for the transport, processing and recycling of used fuel from the Fugen reactor in Japan.**





# Good operational performance

## Net income impacted by financial markets

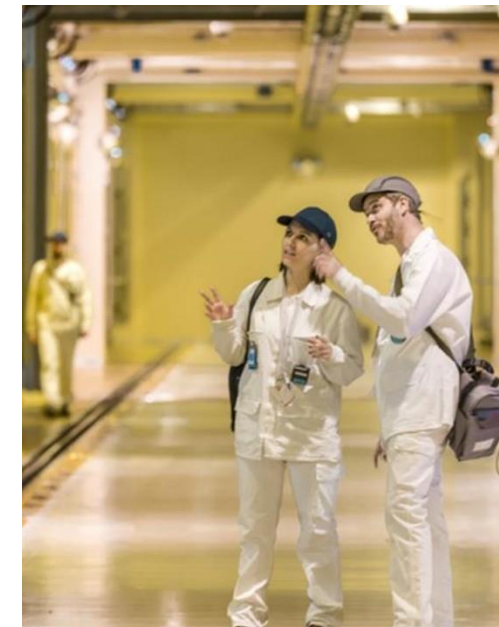


\*Performance indicator, reflecting Orano's industrial performance independently of the impact of the financial markets and regulatory changes related to end-of-lifecycle commitments.



# Operating results end of June 2022

In millions of euros	H1 2021	H1 2022	Change
Revenue	1 883	2 142	+258
Operating income	198	315	+118
EBITDA	415	596	+181
% of sales	22.0%	27.8%	+5.8 pts
Change in operating WCR	359	64	-295
Net CAPEX	(247)	(357)	-110
Operating cash flow	526	303	-224



- **Revenue:** With a +13.7% increase compared to the 1<sup>st</sup> half of 2021, the revenue over the period is in line with the backlog expected by the group. It also benefits from the increase prices on the uranium and Front End markets as well as a favorable conversion effect between the dollar and the euro.
- **Operating income & EBITDA:** Both indicators are reflecting the favorable dynamics in Mining and Front End and the good performance of the activities despite the increase of certain costs of materials (in particular for the Mining and Front End sectors).
- **Variation in WCR:** The decrease of -€295 million compared to the first half-year 2021 is mainly due to (i) a less favorable delivery schedule in Front End between the two periods, (ii) an increase in value of inventories in Mining and Front End, (iii) the receipt of significant pre-financing on export contracts in the Back End sector within the Nuclear Packaging and Services businesses in the first half of 2021, and (iv) more favorable cut-off effects of VAT and Research Tax Credit in the first half of 2021.
- **Capex:** The increase comes mainly from (i) the acquisition of Idemitsu Canada Resources's shares in the JV Cigar Lake in Canada (Orano's stake going from 37.1% at the end of 2021 a 40.5% at the end of June 2022) and the preparation of the development of South Tortkuduk in Kazakhstan in the Mine.

# Condensed balance sheet

In billions of euros	Dec. 31, 2021	Change	June 30, 2022
a - Goodwill	1.3	+0.1	1.4
b - Non-current assets	10.2	-0.4	9.8
c - End-of-lifecycle assets	8.6	-1.1	7.5
d - Deferred tax assets	0.1	-	0.1
e - Operating WCR assets	2.8	+0.1	2.9
f - Other assets	0.7	-	0.7
g - Cash	1.2	-0.1	1.1
<b>Total assets</b>	<b>25.0</b>	<b>-1.6</b>	<b>23.4</b>
h - Equity	1.9	-0.2	1.6
i - Employee benefits	0.5	-0.1	0.4
j - Provisions for end-of-lifecycle operations	9.3	-1.1	8.2
k - Other provisions	2.9	-0.3	2.6
l - Financial debt	3.4	-0.3	3.1
m - Operational WCR liabilities	6.5	+0.4	6.9
n - Other liabilities	0.5	+0.1	0.6
<b>Total liabilities</b>	<b>25.0</b>	<b>-1.6</b>	<b>23.4</b>
<b>Net debt</b>	<b>(1.9)</b>	<b>-0.1</b>	<b>(1.8)</b>

# End-of-lifecycle commitments: *Regulated scope*

In millions of euros

**ASSETS** in market value

**Coverage ratio:**

**LIABILITIES**

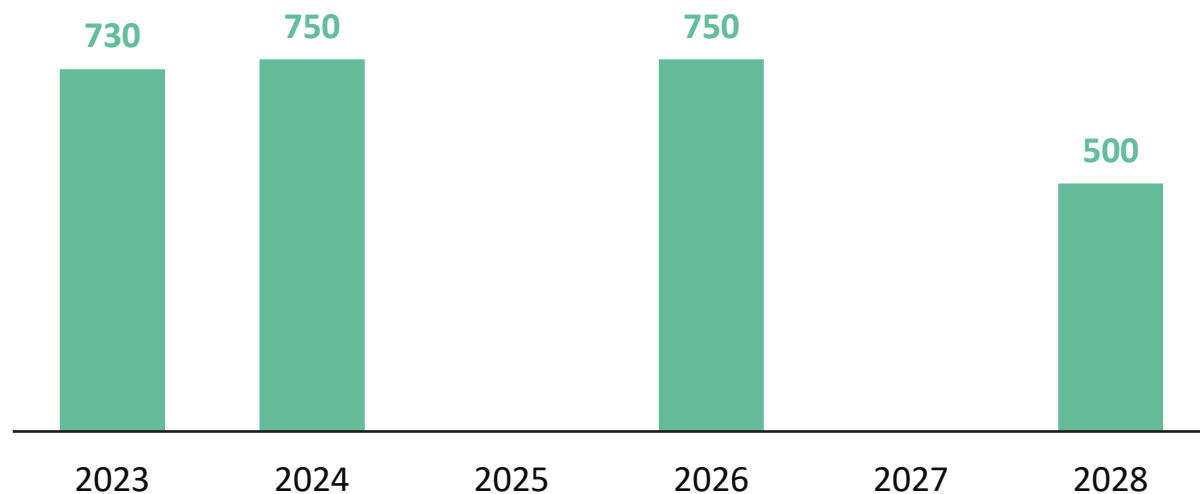


# Debt structure and liquidity as of June 30, 2022

## Gross financial debt €3.2 bn

Of which bond debt: €2.7 bn

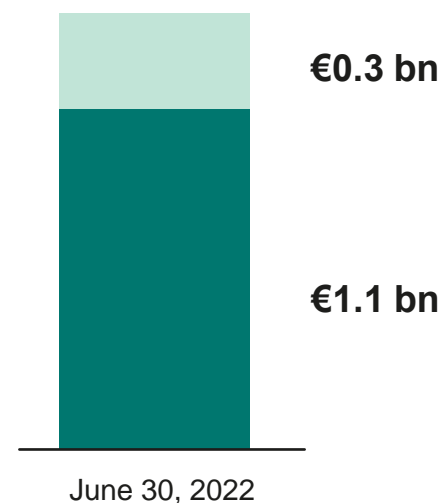
In millions of euros



Other borrowings: €0.5 bn

## Liquidity position at June 30, 2022

€1.4 bn



Liquidity enhanced by an undrawn RCF:

- 880 million euros, 10 banking partners
- Maturity up to **May 2027**
- **No drawdowns** made

Financial assets cash management

Cash assets

# 4

## Outlook 2022





# 2022 outlook strengthened



Revenue  
around **€4.2 bn**



EBITDA margin rate  
between  
**23% and 26%**



**Positive**  
net cash flow

5

Q & A

# 6

# Appendices

# Mining – Key figures H1 2022



In millions of euros	H1 2021	H1 2022	Change
<b>Revenue</b>	<b>662</b>	<b>746</b>	<b>+84</b>
<b>Operating income</b>	<b>183</b>	<b>186</b>	<b>+3</b>
<b>EBITDA</b>	<b>252</b>	<b>282</b>	<b>+30</b>
<i>% of sales</i>	38.0%	37.8%	-0.2 pts
Change in operating WCR	75	63	-12
Net CAPEX	(54)	(146)	-92
<b>Operating cash flow</b>	<b>272</b>	<b>198</b>	<b>-74</b>

- Increase in **revenue** related to: (i) positive price/exchange rate effects over the period driven by the increase in uranium prices and an appreciation of the dollar against the euro, reduced by (ii) a less favorable sales volume compared to the first half-year 2021
- Stability of **operating income** and increase of the **EBITDA** with: (i) the increase in revenue, (ii) the absence of Covid impacts in 2022 (four months of production shutdowns in Canada in the first half-year 2021) which partly offset (iii) an increase in the cost of materials, and (iv) a less favorable production mix over the period
- Decrease in **operating cash flow** mainly due to an increase in investments over the period with in particular: (i) a larger stake in the Cigar Lake JV in Canada (from 37.1% to 40.5%), and (ii) the preparation of the development of South Tortkuduk in Kazakhstan

# Front End – Key figures H1 2022

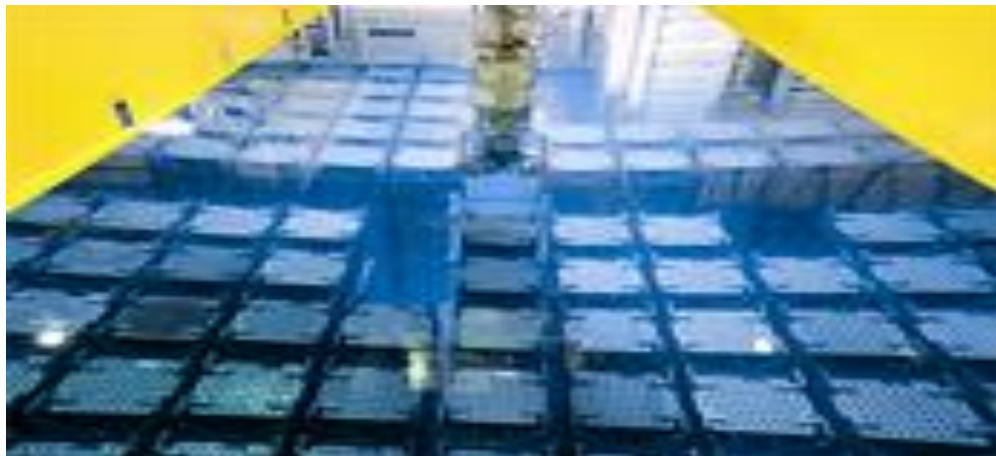


In millions of euros	H1 2021	H1 2022	Change
<b>Revenue</b>	<b>436</b>	<b>527</b>	<b>+91</b>
<i>Operating income before end-of-cycle activity</i>	69	170	+101
<b>Operating income</b>	<b>69</b>	<b>164</b>	<b>+95</b>
<b>EBITDA</b>	<b>135</b>	<b>221</b>	<b>+86</b>
<i>% of sales</i>	30.9%	41.9%	+11 pts
Change in operating WCR	150	0	-150
Net CAPEX	(41)	(32)	+9
<b>Operating cash flow</b>	<b>244</b>	<b>189</b>	<b>-55</b>

- Increase in **revenue** benefiting from a more contributory flow of the backlog between the semesters to which is added an increase in market prices and a favorable currency effect.
- Increase in **operating income and EBITDA** in line with the increase in revenue and one-off income recorded in H1 2022, partly offset by higher production costs due to the inflation of the price of reagents over the period.

- Contribution of **the change in operating WCR** between the two periods less favorable due to the chronic collection of deliveries, occasionally increasing trade receivables and an increase in the volume of purchases stored.
- Decrease in operating **cash flow** given a lower contribution from changes in operating WCR

# Back End – Key figures H1 2022



In millions of euros	H1 2021	H1 2022	Change
<b>Revenue</b>	<b>778</b>	<b>858</b>	<b>+80</b>
<i>Operating income before end-of-cycle activity</i>	<i>(44)</i>	<i>(18)</i>	<i>+26</i>
<b>Operating income</b>	<b>(49)</b>	<b>(22)</b>	<b>+27</b>
<b>EBITDA</b>	<b>20</b>	<b>93</b>	<b>+73</b>
<i>% of sales</i>	<i>2.6%</i>	<i>10.9%</i>	<i>+8.3 pts</i>
Change in operating WCR	170	55	-115
Net CAPEX	(147)	(174)	-27
<b>Operating cash flow</b>	<b>43</b>	<b>(26)</b>	<b>-69</b>

- Growth in **revenue** in connection with (i) a scope effect following the acquisition in 2021 by Nuclear Packages & Services (NPS), of the nuclear activities of Daher and STSI from the Geodis Group, (ii) a more favorable contract mix for NPS, and (iii) a positive price effect in respect of the removal of certain contingencies in Recycling.
- Improvement of **operating income** reflecting the same effects, mainly reduced by expenses in Recycling related to the recovery plan for the Melox plant.
- Increase in **EBITDA**, as in operating income, to which is added a reimbursement of expenses for employee benefits for the period (following the outsourcing of these liabilities in 2021).
- Decrease in **Operating cash flow** mainly due to (i) an unfavorable impact of the change in operating working capital between the two periods following the consumption of advances received on contracts in Recycling and the receipt in H1 2021 of a significant advance on export contract for NPS, and (ii) the increase in recycling investments for the relaunch of the production plan for the Melox plant and the renewal program for the La Hague plant.



# Corporate\* - Key figures H1 2022



In millions of euros	H1 2021	H1 2022	Change
<b>Revenue</b>	<b>8</b>	<b>10</b>	<b>+2</b>
<i>Operating income before end-of-cycle activity</i>	(5)	(12)	-7
<b>Operating income</b>	<b>(5)</b>	<b>(12)</b>	<b>-7</b>
<b>EBITDA</b>	<b>8</b>	<b>0</b>	<b>-8</b>
Change in operating WCR	(35)	(54)	-19
Net CAPEX	(5)	(5)	0
<b>Operating cash flow</b>	<b>(32)</b>	<b>(60)</b>	<b>-28</b>

- **Operating income and EBITDA** down mainly due to the increase in Orano Med's development costs in accordance with its business plan.
- Evolution of the **Change in working capital requirement**, negative between the two periods due to a more favorable cut-off for the first half-year 2021 in connection with a VAT credit and a refund of receivables for the Research Tax Credit.

- **Operating cash flow** less significant over the period, in line with the changes in EBITDA and WCR.

\*"Corporate and other operations" includes Orano Med

## Important information

This document and the information it contains do not constitute an offer to sell or buy or a solicitation to sell or buy Orano's debt securities in the United States or in any other country.

This document contains forward-looking statements relative to Orano's financial position, results, operations, strategy and outlook. These statements may include indications, forecasts and estimates as well as the assumptions on which they are based, and statements related to projects, objectives and expectations concerning future operations, products and services or future performance. These forward-looking statements may generally be identified by the use of the future, the conditional or forward-looking terms such as "expect", "anticipate", "believe", "plan", "could", "predict", or "estimate", as well as other similar terms. Although Orano's management believes that these forward-looking statements are based on reasonable assumptions, bearers of Orano shares are hereby advised that these forward-looking statements are subject to numerous risks and uncertainties that are difficult to foresee and generally beyond Orano's control, which may mean that the expected results and developments differ significantly from those expressed, induced or forecast in the forward-looking statements and information.

These risks include those developed or identified in Orano's public documents, including those listed in Orano's Annual Activity Report for 2021 (available online on Orano's website at [www.orano.group](http://www.orano.group)). The attention of bearers of Orano shares is drawn to the fact that the realization of all or part of these risks is likely to have a significant unfavorable impact on Orano. Thus, these forward-looking statements do not constitute guarantees as to Orano's future performance. These forward-looking statements can be assessed only as of the date of this document. Orano makes no commitment to update the forward-looking statements and information, except as required by applicable laws and regulations.



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**Giving nuclear energy its full value**