

Paris, November 4, 2004

## Third quarter 2004 sales revenues

- **Sales growth of 31.6% over the first nine months of 2004. +1.4% like-for-like<sup>1</sup>**
- **Energy**
  - **Nuclear Power: - 2.5% like-for-like<sup>1</sup> over the first nine months due to delivery timing differences in the Front End**
  - **T&D: +6.9% like-for-like over the first nine months**
- **Connectors**
  - **8.0% growth like-for-like<sup>1</sup> over the nine months combined**

in millions of euros	9/30/2004 (cumulative 9 months)	9/30/2003 (cumulative 9 months)	% change	like-for-like <sup>1</sup>
Front End	1 712	1 975	-13.3%	-12.0%
Reactors & Services	1 431	1 436	-0.4%	+2.9%
Back End	1 325	1 389	-4.6%	+6.4%
Transmission & Distribution	2 274	-	-	+6.9%
<b>Subtotal Energy</b>	<b>6 742</b>	<b>4 800</b>	<b>+40.5%</b>	<b>+0.5%</b>
Connectors	966	1 005	-3.9%	+8.0%
Corporate	20	67	-70.7%	+1.4%
<b>Total</b>	<b>7 727</b>	<b>5 872</b>	<b>+31.6%</b>	<b>+1.4%</b>

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AREVA group sales at end-September 2004 were €7,727M, compared with €5,872 M for the same period in 2003, an increase of +31.6%.

Consolidated sales were up 37.8% in the third quarter of 2004 compared with the same quarter in 2003, and 1.4% like-for-like.

This sharp rise in sales is due primarily to the acquisition of the Transmission & Distribution division, which was integrated into the group's accounts at the beginning of January 2004. At comparable consolidation scope and exchange rates (like-for-like), the group recorded growth of 1.4% over the first nine months of 2004.

- ▶ Nuclear power had a -2.5% drop in sales like-for-like compared with the same period in 2003, when business was particularly brisk. AREVA wishes to note that the level of business in nuclear power is unevenly distributed throughout the year. Consequently, comparing changes from one period to the next is not the best way to deduce future growth.

<sup>1</sup> at constant consolidation scope and exchange rates. The €/€ exchange rate had a negative impact of €169 million groupwide.

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- ▶ The transmission and distribution operations integrated into the group's accounts in early January 2004 were up 6.9% like-for-like over the first nine months of 2004. Orders were up 5.4% compared with the first nine months of 2003, and up 6.6% at constant exchange rates.
- ▶ In connectors, sales grew by 8.0% like-for-like across all business lines over the first nine months of 2004.

### **Front End**

Sales in the **Front End** settled at €1,712M for the first nine months of 2004, down 13.3% from €1,975M for the same period in 2003 (-12.0% like-for-like).

Q1 2004 sales, down 15.8% like-for-like, suffered in comparison to a particularly favorable Q1 2003. This trend was reversed during the third quarter.

In *Mining*, sales were down 8.2% like-for-like. Excluding brokerage activities, uranium slightly decreased in volume over the period. A positive price impact was recorded, although still much lower than the increase in spot uranium prices. On the other hand, the quantities of uranium marketed by the brokerage business were lower than in the first nine months of 2003.

In *Enrichment*, sales fell 8.1% like-for-like. Enrichment services sales had reached record levels in 2003, particularly in Asia and North America.

In *Fuel*, which represents close to 50% of the division's sales for the period, sales were down 16.7% like-for-like due to an unfavorable product mix and lower volumes. This drop reflects differences in the timing of deliveries from 2003 to 2004. Fuel sales are expected to catch up somewhat in the fourth quarter.

Sales for the Front End division fell by 2.9% during Q3 2004 compared with Q3 2003, and by 2.3% like-for-like.

For the entire year, Front End sales are expected to be slightly down like-for-like compared with 2003.

### **Reactors and Services division**

Sales for the **Reactors & Services** division over the first nine months of 2004 were stable, at €1,431M (-0.4%), compared with €1,436M for the same period in 2003. Sales for the division increased by 2.9% like-for like.

Sales were essentially unchanged in the *Reactors* business. The new Olkiluoto 3 project in Finland offset the drop in billings related to bonuses of the construction projects of Angra II in Brazil, Civaux in France and Ling Ao in China.

Services suffered in comparison to 2003 (-6.8% like-for-like), when one-time items had been recorded, particularly in Brazil. The revenue gap was partially offset in the first nine months of 2004 by strong business in heavy component replacement and in the French inspections market. Business continues to be brisk in the United States, and stable in terms of sales.

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Sales continued to increase in the *Equipment* business, at +23.6% like-for-like. Growth remained tied to demand from the U.S. market, for which the group's French plants are manufacturing heavy equipment and drive mechanisms for the Callaway, Arkansas, Prairie Island, Salem, DC Cook, Turkey Point and Saint Lucie power plants.

Sales grew sharply in all Reactors & Services businesses, and particularly naval propulsion, through *Technicatome* (+9.9% like-for-like), and *Nuclear Measurements* (+15.3% like-for-like).

Over the third quarter of 2004, sales for the Reactors & Services division rose by 5.9% compared with Q3 2003, and by 6.8% like-for-like.

For the entire year, AREVA expects Reactors & Services sales to be up compared with 2003.

### **Back End division**

The **Back End** division had sales of €1,325M over the first nine months of 2004, down 4.6% compared with €1,389M for the same period in 2003. This variation is mainly due to the 2003 harmonization of the percentage-of-completion method for recognizing sales in the *Recycling* business. Like-for-like, the division posted 6.4% growth.

In the *Reprocessing and Recycling* businesses, up +10.9% like-for-like over the first nine months of the year, volumes of fuel treated at the La Hague plant rose sharply as the plants were able to accelerate production schedules. For the entire year, AREVA expects treated volumes to remain stable compared with 2003. MOX fuel production was up by more than 4% for the period.

In *Logistics*, where sales were down 6.1% like-for-like over the first nine months of the year, the third quarter was marked by the transatlantic shipment of U.S. defense plutonium. The plutonium will be used to make four MOX test assemblies in early 2005 for the "MOX for peace" program. Sales generated by these U.S. contracts only partially offset the scheduled drop in German used fuel transport.

Over the third quarter 2004, sales for the Back End division fell by 20.0% compared with Q3 2003, and by 13.9% like-for-like.

For the entire year, the group expects a slight decrease in sales in the Back End division.

### **Transmission and Distribution division (T&D)**

The **Transmission & Distribution** division posted sales of €2,274M over the first nine months of 2004, an increase of 6.9% like-for-like compared with 2003. Excluding *Automation* operations, which were stable, sales were up in all businesses.

A total of €2,516M in orders were secured over the first nine months of the year, up 5.4% year-on-year (+6.6% like-for-like).

The *Products* business, which represents 40% of the T&D division's sales, recorded growth of 7.0% like-for-like compared with the first nine months of 2003. Growth came from the Asia-Pacific area, which accounted for 40% of the business unit's sales at end-September 2004, compared with 30% for the same period in 2003. Sales were led by high voltage transmission products, where growth offset the downturn experienced in the medium voltage secondary distribution market.

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In *Systems*, sales grew by 10.2% like-for-like. As in *Products*, the growth is the net result of a drop in the medium voltage distribution segment, mainly reflecting deteriorating conditions on the European market, offset by an increase in high voltage transmission systems. Sales in the Middle East represented more than one fourth of all business, compared with 15% for the first nine months of 2003.

*Automation* sales were stable (+0.0% like-for-like), while *Services* grew by 5.9% like-for-like compared with the first nine months of 2003.

Over the third quarter of 2004, sales in the Transmission & Distribution division rose by 3.1% compared with Q3 2003, and by 5.9% like-for-like.

Taking into account significant orders booked since the beginning of the year, AREVA expects T&D division sales to grow over the full year.

### **Connectors division**

The **Connectors** division posted sales of €966M over the first nine months of 2004, down 3.9% compared with €1,005M in 2003. Like-for-like<sup>2</sup>, sales were up 8.0%.

Connectors division sales fell by 0.7% in Q3 2004 compared with Q3 2003, but rose by 6.8% like-for-like.

The *Communication, Data, Consumer* business posted 6.8% growth like-for-like over the first three quarters of 2004 (-6.2% in reported data). This overall growth hides regional disparities, with sales down 3% in Europe and up 17% in North America. Sales of consumer products were up 6%, whereas information technology sales were lackluster. The telecommunications infrastructure market slowed down considerably during the third quarter. Sales rose by 2.7% like-for-like in Q3 2004 compared with Q3 2003. Orders were down in all three regions of the globe compared with 2003, with the book-to-bill ratio falling below 1.00 in the third quarter to settle at 0.95.

The *Automotive* business recorded growth of 6.1% like-for-like (+2.3% in reported data). Sales were up in all three major regions, especially in Europe, where Q3 2004 sales rose by 8.4% compared with Q3 2003.

The *Electrical Power Interconnect* business recovered in relation to 2003, when business was sharply down. Sales rose 6.2% like-for-like compared with the first three quarters of 2003. A noticeable recovery in the United States drove this growth. Sales rose by 7.6% in Q3 2004 compared with Q3 2003.

With the smart card market moving forward full throttle, sales for *Microconnections* were up 41.6% at end-September 2004 (both like-for-like and reported data) compared with the first nine months of 2003.

Although weakness is anticipated for the rest of the year in the data and telecom markets, AREVA anticipates organic sales growth in the connectors division for the full year.

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<sup>2</sup> i.e recasting exchange rates variations, and the disposal of activities such as Military Aerospace Industry (MAI) in 2003

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### **Outlook**

For 2004, the group anticipates like-for-like growth in sales in its two main businesses of Energy and Connectors.

#### **Calendar of events and publications**

- ▶ February 8, 2005 – 5:45 p.m.: Press release – Annual sales figures for 2004
- ▶ March 9, 2005 – 5:45 p.m.: Press release – Annual results for 2004
- ▶ March 10, 2005: Meeting to present annual results for 2004

### **More about**

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With manufacturing facilities in over 40 countries and a sales network in over 100, AREVA offers customers technological solutions for nuclear power generation and electricity transmission and distribution.

The group also provides interconnect systems to the telecommunications, computer and automotive markets.

These businesses engage AREVA's 70,000 employees in the 21<sup>st</sup> century's greatest challenges: making energy and communication resources available to all, protecting the planet, and acting responsibly towards future generations.

For more information: [www.aveva.com](http://www.aveva.com)

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### Attachment 1 Consolidated sales by quarter – reported data

in millions of euros	2004	2003	Change
<b>1<sup>st</sup> quarter</b>			
Front End	586	698	-16.1%
Reactors & Services	383	471	-18.7%
Back End	385	388	-0.7%
Transmission & Distribution	735	-	n.s
<b>Subtotal Energy</b>	<b>2 089</b>	<b>1 557</b>	<b>+34.2%</b>
Connectors	317	354	-10.6%
Corporate and other	4	19	-79.0%
<b>Total</b>	<b>2 410</b>	<b>1 930</b>	<b>+24.9%</b>
<b>2<sup>nd</sup> quarter</b>			
Front End	593	727	-18.4%
Reactors & Services	576	519	+11.0%
Back End	619	599	+3.3%
Transmission & Distribution	798	-	n.s
<b>Subtotal Energy</b>	<b>2 586</b>	<b>1 846</b>	<b>+40.1%</b>
Connectors	336	335	+0.3%
Corporate and other	6	27	-75.9%
<b>Total</b>	<b>2 929</b>	<b>2 208</b>	<b>+32.7%</b>
<b>3<sup>rd</sup> quarter</b>			
Front End	533	549	-2.9%
Reactors & Services	472	445	+5.9%
Back End	321	401	-20.0%
Transmission & Distribution	741	-	-
<b>Subtotal Energy</b>	<b>2 066</b>	<b>1 396</b>	<b>+48.0%</b>
Connectors	313	315	-0.7%
Corporate and other	10	23	-58.7%
<b>Total</b>	<b>2 389</b>	<b>1 734</b>	<b>+37.8%</b>
<b>Cumulative sales at 9/30/2004</b>			
Front End	1 712	1 975	-13.3%
Reactors & Services	1 431	1 436	-0.4%
Back End	1 325	1 389	-4.6%
Transmission & Distribution	2 274	-	-
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