

Paris, October 23, 2008

## Revenue and data for the first nine months of 2008

**9-month revenue for 2008 up sharply to €9.103B, for a +12.9% increase (+13.9% like-for-like<sup>1</sup>)**

The group cleared revenue of 9.1 billion euros over the first nine months of 2008, up 12.9% (+13.9% LFL<sup>1</sup>) compared with the same period in 2007. Revenue outside France was up 12.7% to 6.5 billion euros or 71% of total revenue.

- Growth was recorded in all of the group's businesses, driven most notably by operations in **Reactors and Services** (+21.0% in reported data and +24.7% LFL<sup>1</sup>) and in **Transmission & Distribution** (+14.3% in reported data and +13.3% LFL<sup>1</sup>).

Compared with the first nine months of 2007, foreign exchange had a negative impact of 225 million euros, primarily due to changes in the U.S. dollar in relation to the euro. The consolidation scope had an impact of +152 million euros, corresponding mainly to acquisitions made in the Transmission & Distribution division and in renewable energies.

- Revenue for the third quarter of 2008 was up 9.0% (+9.7% LFL<sup>1</sup>) from that of third quarter 2007, to 2.9 billion euros. Foreign exchange had a negative impact of 70 million euros, partially offset by the consolidation scope impact of +54 million euros. In particular, revenue from **Reactors and Services** operations was up 10.6% (+13.1% LFL<sup>1</sup>), while that of **Transmission & Distribution** operations was up 17.0% (+16.0% LFL<sup>1</sup>).

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<i>(in millions of euros)</i>	9 months 2008	9 months 2007	Change	Change LFL <sup>1</sup>
Front End	2 202	2 015	9.3%	11.7%
Reactors and Services	2 194	1 813	21.0%	24.7%
Back End	1 252	1 216	2.9%	3.2%
<b>Sub-total Nuclear Operations</b>	<b>5 648</b>	<b>5 045</b>	<b>12.0%</b>	<b>14.2%</b>
<b>Transmission &amp; Distribution</b>	<b>3 454</b>	<b>3 021</b>	<b>14.3%</b>	<b>13.3%</b>
<b>Total</b>	<b>9 103</b>	<b>8 066</b>	<b>12.9%</b>	<b>13.9%</b>
including France	2 644	2 336	13.2%	-
including International	6 459	5 730	12.7%	-

<sup>1</sup>LFL: at constant exchange rates and consolidation scope

## I – Comments on revenue growth by division

### Front End division: 11.7% organic growth over nine months

Revenue for the **Front End** division rose 9.3% over the first nine months of 2008 (11.7% LFL<sup>1</sup>) to 2.202 billion euros. Foreign exchange had a negative impact of 78 million euros.

Items of note were as follows:

- ▶ In *Mining* and *Enrichment*, the buoyant export sales seen in the first half softened in the third quarter.
- ▶ In *Fuel*, third quarter sales continued to benefit from the trend observed in the first half of the year, with strong business in France and Germany.

### Reactors and Services Division: strong contribution from major contracts

Revenue from the **Reactors and Services** division was up 21.0% (+24.7% LFL<sup>1</sup>) to 2.194 billion euros. Foreign exchange had a negative impact of 51 million euros.

Of particular note:

- ▶ In *Plants*, the major projects of Flamanville 3, Olkiluoto 3 and Taishan (the latter contract had not yet been signed in the third quarter of 2007) and the start of detailed design for the U.S. EPR made substantial contributions to growth. Engineering and instrumentation and control systems business continued to be strong.
- ▶ In *Nuclear Services*, after a particularly high level of business in the first half characterized by several steam generator replacements and a unit outage campaign in the United States that began earlier than in 2007, business returned in the third quarter of 2008 to the levels of the third quarter of 2007.
- ▶ Business was sharply up for *AREVA TA*, due in particular to the third quarter contribution of the contract pertaining to the French Barracuda nuclear-powered submarine.

### Back End division: return to normal business levels after a very strong first half 2008

Revenue for the **Back End** division came to 1.252 billion euros over the first three quarters of 2008 (1.216 billion euros over the first nine months of 2007), for an increase of 2.9% (+3.2% LFL<sup>1</sup>), after 8.7% growth in the first half.

The year-on-year increase is due in particular to:

- ▶ The return to normal production and delivery levels at La Hague and Marcoule during the third quarter, after an exceptionally brisk first half; and
- ▶ Continuing strong business in *Logistics*, despite a slowdown in the third quarter.

### Transmission & Distribution division: continuing brisk business for new orders and strong revenue growth

New orders for the first nine months of the year rose to 4.534 billion euros, a 19.2% increase. The backlog stood at 6.013 billion euros at the end of September.

As of the end of September 2008, revenue for the **Transmission & Distribution** division was up 14.3% (+13.3% LFL<sup>1</sup>), for a total of 3.454 billion euros, after climbing sharply in the third quarter (+17.0% in reported data and +16.0% LFL<sup>1</sup>). Over the nine-month period, foreign exchange had a negative impact of 94 million euros, but this was more than offset by the consolidation of Passoni & Villa, Nokian Capacitors and VEI Distribution, which contributed a combined total of 121 million euros in revenue.

- ▶ The sharp upturn in third quarter sales is attributable both to the deployment of lean manufacturing in the *Products* business unit and to progress in the *Systems* business unit's various projects.
- ▶ Geographically, revenue growth was driven mainly by Asia (+29%), particularly India, followed by the Near East and the Middle East (+17%), and Europe (+19%), particularly Germany.

<sup>1</sup> Like for like, i.e. at constant exchange rates and consolidation scope

## II – Detailed information on the group's performance

In the third quarter of 2008, the key factors influencing the group's financial position were:

- The conjunctural downturn in uranium spot prices, which prompted the group to curtail its trading operations drastically.
- The return to normal activity levels year-on-year in the *Nuclear Services* and *Recycling* business units, for which the timing of deliveries was particularly favorable in the first half.
- Progress on OL3 construction in Finland, which made significant headway in the third quarter, with more than 20,000 m<sup>3</sup> of concrete poured compared with 110,000 m<sup>3</sup> poured since June 2005. In addition, confronted with the extension of the construction schedule since the beginning of the project, the AREVA-Siemens consortium was able to persuade TVO to adopt measures to accelerate and improve the program; those measures are largely under the latter's control. In this regard, and based on ongoing discussions with TVO, the AREVA-Siemens consortium plans to update the schedule by the end of the year.
- On-time performance of the group's work tasks for the FA3 project at Flamanville, France, in accordance with EDF's schedule.
- Progress on the engineering and production of forgings needed to supply two nuclear islands to the Chinese utility CGNPC, in accordance with the customer's schedule.

The economic and financial crisis has a limited impact on the group:

- The group has not been affected by the solvency and liquidity crisis of the banking system.
- In the **Nuclear** business, the group does not expect its growth to be significantly penalized by the current economic crisis due to the geographic diversity of its installed base and the soundness of the fundamentals underlying the nuclear revival.
- In the **Transmission & Distribution** business, the segment most exposed to the economic slowdown would appear to be Industry, which represents about 20% of its revenue.

For 2008, the group confirms its outlook of strong backlog and revenue growth. However, limited growth in operating income is expected.

## III – Significant third quarter 2008 operations and events

► In the area of strategy:

- AREVA and the Jordan Atomic Energy Commission signed a memorandum of agreement in the mining sector that will translate into the creation of a joint company that will explore for uranium resources in Jordan.
- The International Atomic Energy Agency (IAEA) validated the safety options selected for ATMEA 1, the reactor developed by AREVA and MHI, in a report aimed at verifying the relevance and exhaustiveness of those options prior to the start of the certification process, to begin in 2009.
- The UK's Nuclear Decommissioning Authority designated Nuclear Management Partners – consisting of AREVA, URS Washington Division and AMEC – as a “preferred bidder” to manage the company that will operate the Sellafield site in the United Kingdom.
- AREVA and Duke Energy announced the creation of a joint company called ADAGE, which will develop a fleet of standardized biomass power plants in the United States. AREVA will design and build each unit, while Duke will operate the plants.
- In the Transmission & Distribution sector, AREVA and Shanghai Electric, one of China's largest manufacturers of mechanical and electrical equipment, announced that they have extended their agreement by confirming the construction of two new transformer plants that will enable the AREVA T&D division to triple its power transformer manufacturing capacity in China.
- In India, AREVA and GE Consumer & Industrial announced an alliance to supply turnkey electrical solutions to the power generation, mining, metallurgy and handling sectors.

October 23, 2008 – Financial information for the first nine months of 2008

- ▶ On the commercial side, AREVA signed several large contracts in the third quarter of 2008. Some of the more significant ones are:
- Several contracts in the **Front End** with U.S. and Asian utilities for a combined total of close to 750 million euros, including a 140-million euro contract in *Fuel* with the Taiwanese utility Taipower.
  - Contracts totaling close to 180 million euros in the **Back End**, in particular with the CEA and the U.S. Department of Energy.
  - In the **Transmission & Distribution** division, a 60-million euro contract with Bahrain Aluminium BSC (ALBA) to replace transformer banks and rectifiers.

#### Upcoming events and publications

- ▶ January 29, 2009 – 5:45 pm (Paris time): Press release – 2008 sales revenue
- ▶ February 25, 2009 – 5:45 pm (Paris time): Press release – 2008 results

## About us

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*With manufacturing facilities in 43 countries and a sales network in more than 100, AREVA offers customers reliable technological solutions for CO<sub>2</sub>-free power generation and electricity transmission and distribution. We are the world leader in nuclear power and the only one to operate in every area of this sector. Our 72,000 employees are committed to continuous improvement on a daily basis, making sustainable development the focal point of the group's industrial strategy. AREVA's businesses help meet the 21<sup>st</sup> century's greatest challenges: making energy available to all, protecting the planet, and acting responsibly towards future generations.*

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October 23, 2008 – Financial information for the first nine months of 2008

### Consolidated revenue

In millions of euros	2008	2007	Change 2008 / 2007 (in %)	Change 2008 / 2007 in % like-for- like
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#### 1<sup>st</sup> quarter

Front End	679	653	3.9%	7.4%
Reactors and Services	665	513	29.7%	36.8%
Back End	403	354	13.8%	14.1%
<b>Sub-total Nuclear</b>	<b>1 747</b>	<b>1 519</b>	<b>14.9%</b>	<b>18.8%</b>
Transmission & Distribution	1 022	950	7.5%	7.8%
Corporate and other	0	0	-	-
<b>Total</b>	<b>2 769</b>	<b>2 470</b>	<b>12.1%</b>	<b>14.5%</b>

#### 2<sup>nd</sup> quarter

Front End	809	689	17.4%	19.8%
Reactors and Services	801	641	24.8%	27.0%
Back End	527	502	5.0%	5.5%
<b>Sub-total Nuclear</b>	<b>2 137</b>	<b>1 833</b>	<b>16.6%</b>	<b>18.4%</b>
Transmission & Distribution	1 263	1 071	17.8%	15.6%
Corporate and other	1	0	-	-
<b>Total</b>	<b>3 400</b>	<b>2 903</b>	<b>17.1%</b>	<b>17.3%</b>

#### 1<sup>st</sup> half

Front End	1 488	1 342	10.9%	13.8%
Reactors and Services	1 466	1 154	27.0%	31.3%
Back End	930	856	8.7%	9.1%
<b>Sub-total Nuclear</b>	<b>3 883</b>	<b>3 352</b>	<b>15.9%</b>	<b>18.6%</b>
Transmission & Distribution	2 284	2 021	13.0%	12.0%
Corporate and other	1	0	-	-
<b>Total</b>	<b>6 168</b>	<b>5 373</b>	<b>14.8%</b>	<b>16.0%</b>

#### 3<sup>rd</sup> quarter

Front End	714	673	6.1%	7.6%
Reactors and Services	729	659	10.6%	13.1%
Back End	322	361	-10.7%	-10.7%
<b>Sub-total Nuclear</b>	<b>1 765</b>	<b>1 693</b>	<b>4.3%</b>	<b>5.8%</b>
Transmission & Distribution	1 169	1 000	17.0%	16.0%
Corporate and other	1	0	-	-
<b>Total</b>	<b>2 935</b>	<b>2 692</b>	<b>9.0%</b>	<b>9.7%</b>

#### 9 months

Front End	2 202	2 015	9.3%	11.7%
Reactors and Services	2 194	1 813	21.0%	24.7%
Back End	1 252	1 216	2.9%	3.2%
<b>Sub-total Nuclear</b>	<b>5 648</b>	<b>5 045</b>	<b>12.0%</b>	<b>14.2%</b>
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Corporate and other	1	0	-	-
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As a reminder, the group points out that:

- Revenue can vary significantly from one quarter to the next in the nuclear businesses, and quarterly operations should therefore not be taken as a reliable basis for annual projections.
- The foreign exchange impact mentioned in this release comes from the translation of subsidiary accounts into the group's unit of account and from revenue earned in a currency other than the reporting currency and primarily reflects the US dollar in relation to the euro. AREVA also points out that its foreign exchange hedging policy for commercial operations aims to shield profitability from fluctuations in exchange rates in relation to the euro.