PRESS RELEASE

# NewCo[1]: Results for the period ended August 31, 2017 for the purpose of implementing tax consolidation

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## Context of publication of the NewCo financial statements for the period from January 1 to August 31, 2017, in line with the launch of tax consolidation on September 1, 2017

The NewCo capital increase reserved for the French State in the amount of 2.5 billion euros was completed on July 26, 2017. This operation resulted in AREVA SA's holding in NewCo's capital being reduced from 100% to 44.4% and, accordingly, led to the removal of the NewCo sub-group from the scope of the consolidated tax group initially created around AREVA SA.

Consequently, and in order to establish the scope of the French tax consolidation group around NewCo from September 1, 2017, NewCo's Combined Shareholders' Meeting of July 27, 2017 resolved to temporarily modify the closing date of the fiscal year by setting an early closing of August 31, 2017 for the fiscal year opened January 1, 2017 (period lasting eight months), with a return to the closing date of 31 December as of the fiscal period starting September 1, 2017 (period lasting four months).

In this context, NewCo has prepared the statutory and consolidated financial statements for the year opened January 1, 2017 and ended August 31, 2017. These financial statements were approved by NewCo's Board of Directors, meeting today, chaired by Philippe Varin.

At the closing on December 31, 2017, NewCo will draw up statutory and consolidated financial statements for the period from September 1, 2017 to December 31, 2017. Consolidated financial statements as of December 31, 2017 covering the full year 2017, i.e. a period of 12 months, will also be prepared on a voluntary basis.

All the financial statements prepared by NewCo in respect of 2017 will be approved at a single General Meeting to be held in May 2018. A request to extend the deadline for the Annual Ordinary General Meeting called to approve NewCo's financial statements for the period ended August 31, 2017, will be made to the President of the Nanterre Commercial Court.

[1] Temporary name of the entity which combines all of the operations of AREVA related to the nuclear fuel cycle, whose legal name is New AREVA Holding.

## Key NewCo figures

The data presented below cover the 2017 fiscal year running from January 1, 2017 to August 31, 2017, i.e. a fiscal year with an exceptional duration of eight months. These data are not comparable with data from the previous fiscal year, which had a duration of 12 months.

| *In millions of euros* | **8 months 2017** | **2016** |
|---|---|---|
| **Backlog**[1] | 30,345 | 33,573 |
| **Revenue** | 2,339 | 4,401 |
| **Operating income*** | (281) | 415 |
| **Net income attributable to owners of the parent*** | (260) | (239) |
| | | |
| **EBITDA*** | 602 | 1,338 |
| **Operating cash flow** | 10 | 514 |
| **Net cash flow from company operations** | (372) | (915) |
| | **08.31.2017** | **12.31.2016** |
| **Net debt (-) / net cash (+)** | (2,332) | (4,389) |

* Excluding the allocation in 2016 of corporate costs which continued to be borne by AREVA SA by virtue of existing agreements.

## Net income attributable to owners of the parent

NewCo's net income at August 31, 2017 was chiefly impacted, compared with net income at June 30, 2017, by the following three notable items:

- Impairment of mining assets in the amount of 317 million euros, of which 285 million euros in respect of the Imouraren mine in Niger. This amount includes additional impairment compared with the closing at June 30, 2017, in the amount of 210 million euros, of which 178 million euros in respect of the Imouraren mine in Niger. It is related to both the adverse change in the euro-dollar exchange rate and the unfavorable movement in market price anticipations, as illustrated by the UxC Q3 curve published in early September 2017, which led the group to update its own internal price curve forecast earlier than expected.[2]
- Impairment of the Comurhex II plant, which has amounted to 164 million euros since January 1, 2017. This amount includes additional impairment of 46 million euros compared with that recognized at June 30, 2017, in line with the unfavorable change in the euro/dollar exchange rate over the period and, to a lesser extent, conversion market prices.
- As part of the implementation of NewCo's new tax consolidation scope, 113 million euros of deferred tax assets were recorded in respect of temporary differences to offset pre-existing deferred tax liabilities. This resulted in a tax expense for the period in the amount of 49 million euros. As before, and as a precautionary measure, no deferred tax assets were recognized in respect of tax loss carryforwards of entities scheduled to form part of NewCo's tax consolidation scope.

[1] The backlog at August 31, 2017 does not include orders related to the Hinkley Point C project (HPC). These will be included in the backlog once all of the conditions mentioned in the AREVA press release dated July 27, 2017 have been fulfilled.

[2] It should be noted that these adverse fluctuations in the euro-dollar exchange rate and market price anticipations compared with the assumptions retained for the purpose of the contribution of AREVA SA's fuel cycle activities to New AREVA Holding, which occurred at the end of 2016, resulted, in the statutory financial statements of New AREVA Holding at August 31, 2017, in a provision on AREVA Mines securities for 763 million euros.

With the exception of these three notable items, NewCo's financial performance to the end of August was in line with that presented upon publication of the half-year financial statements to June 30, 2017.

Furthermore, concerning the back end production difficulties mentioned in the Press Release published on July 27, 2017 upon approval of the accounts to June 30, 2017:

- The Hague site has now returned to production levels in line with expectations, but without entirely eliminating the production shortfall accumulated since the start of the year;
- The improvement plan is continuing at the Melox site, with the aim of enabling a return to standard production levels.

### Cash position and net borrowings

- At August 31, 2017, NewCo consolidated net cash position was 3.5 billion euros, which benefited from the 2.5 billion euro capital increase reserved for the French State carried out on July 26, 2017.
- Furthermore, NewCo's short-term borrowings amounted to 1.1 billion euros, chiefly consisting of the 0.8 billion euro bond issue maturing on October 5, 2017, a current account debt towards AREVA SA in the amount of 0.1 billion euros and accrued interest of 0.1 billion euros.
- The group’s net financial debt totaled 2.3 billion euros at August 31, 2017, compared with 4.4 billion euros at December 31, 2016. This 2.1 billion euro fall in net debt corresponds mainly to the proceeds of the capital increase carried out on July 26, partially consumed by net cash flow from company operations, in the amount of -0.4 billion euros.

## Highlights since publication of the half-year financial statements

- The NewCo Board of Directors, which decided to implement the capital increase reserved for the French State in the amount of 2.5 billion euros on July 12, recorded its effective completion on July 26, 2017, concomitantly with the placement in trust of funds corresponding to the total amount of the investment made by JNFL and MHI in NewCo, i.e. 0.5 billion euros.

  Upon the disposal of New NP's majority holding to EDF, expected in late 2017 and subject to the fulfillment of certain conditions (in particular, certain standard conditions relating to the acquisition by JNFL and MHI of a stake in the capital), the funds placed in trust will be used to subscribe a second NewCo capital increase reserved for JNFL and MHI, for a total amount of 0.5 billion euros. This second capital increase is expected to take place in early 2018, given the time required for its completion. At the end of this operation, JNFL and MHI will each hold 5% of NewCo's capital, alongside the French State and the CEA (50% + 1 share) and AREVA SA (40%).
- In July 2017, NewCo signed a contract with Japan's NFI (Nuclear Fuel Industries) for the fabrication of 32 MOX fuel assemblies for the Takahama 3 and 4 reactors operated by Kansaï Electric, in Japan.
- At the end of September, TRIHOM, a subsidiary of NewCo dedicated to training in nuclear environments, inaugurated its new training center at Equeurdreville-Hainneville, in Normandy (France). With 1,100 m² of space dedicated to training, the center is the largest in France thanks to its wide range of training workshops, and one of the biggest of its kind in Europe.

- Within the scope of the dismantling of the Philippsburg 2 and Neckarwestheim II nuclear power plants, EnBW selected the AREVA Decommissioning and Services GmbH-EWN consortium to dismantle the reactor pressure vessel internals and segment and package them, along with other reactor core waste.
- New AREVA, through its subsidiary AREVA Projects, signed a contract with the CEA, won in partnership with Wood, for the project management of radioactive waste recovery (approximately 50 tonnes) and packaging operations at the Marcoule site in France.

## NewCo's financial outlook remains unchanged

- **Liquidity for the year in progress**

The group confirms net cash is expected to amount to between 1.5 billion euros and 2 billion euros at the end of 2017. The net cash position anticipated at December 31, 2017 includes the reimbursement of bond debt maturing in 2017, which took place on October 5, in the amount of 0.8 billion euros, and the increase in funds earmarked for end-of-lifecycle operations in the amount of 0.8 billion euros.

As previously indicated, the proceeds of 0.5 billion euros from the capital increase subscribed by JNFL and MHI during the sale of New NP, planned for the end of the year, are not expected to be received until the beginning of 2018 in view of the time required to convert the funds placed in the trust account.

- **For 2020**

The target for NewCo's profitability in 2020 remains unchanged and is in the range of:

- 22% to 25% for the EBITDA margin;
- more than 8% for the operating margin.

This outlook could be reviewed following (i) revision of the Multi-Year Energy Program (Programmation Plurianuelle de l'Energie - PPE) expected by the end of 2018, and (ii) application of the new standard, IFRS 15, relating to recognition of revenue.

## Update of the sensitivity of NewCo's net cash flow generation to market indicators

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

| *In millions of euros for each period* | **Period 2018 - 2020** | **Period 2021 - 2026** | |
|---|---|---|---|
| Change in US dollar / euro parity: +/- 10 cents | **+/- 100** | **+/- 330** | Sensitivity cushioned by exchange rate hedging in place |
| Change in the price of one pound of uranium: +/- 5 USD / lb | **+/- 40** | **+/- 170** | Sensitivity cushioned by the backlog |
| Change in the price of one unit of enrichment services: +/- 5 USD / SWU | **n.s.** | **+/- 50** | Sensitivity cushioned by the backlog |

These sensitivities were assessed independently from one another.

## Provisional publications schedule

Given the context of simultaneous publication of the consolidated financial statements for the period from September 1, 2017 to December 31, 2017 (four months) and of the consolidated financial statements for the period from January 1, 2017 to December 31, 2017 (twelve months), the next results for NewCo will be published on **March 29**, **2018**.

## Note:

**Status of the annual financial statements for the period from January 1 to August 31, 2017 in respect of the audit:**

Audit procedures on the consolidated financial statements have been completed and the certification report for these financial statements is being prepared.

**Important information**

This document and the information it contains do not constitute an offer to sell or buy or a solicitation of a sale or purchase of New AREVA Holding shares in any jurisdiction whatsoever.

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This document contains forward-looking statements relative to the financial position, results, operations, strategy and outlook of New AREVA Holding. These statements include 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 are generally identified by the words “expect to”, “anticipate”, “believe”, “plan”, “could”, “foresee” or “estimate”, and by other similar terms. Although New AREVA Holding’s management believes that these forward-looking statements are reasonable, New AREVA Holding’s debt holders are hereby advised that these forward-looking statements are subject to numerous risks and uncertainties which are difficult to foresee and generally beyond New AREVA Holding’s control, which may mean that the expected results and developments differ significantly from those expressed, resulting from or forecast in the forward-looking statements and information. These risks including those developed or identified in public documents of New AREVA Holding, including those listed in the Annual Activity Report for 2016 of New AREVA Holding (viewable online on the New AREVA Holding website at www.new.areva.com). The attention of bearers of New AREVA Holding debt instruments is drawn to the fact that the realization of all or part of these risks is likely to have a significant unfavorable impact on New AREVA Holding. Thus, these forward-looking statements do not constitute guarantees as to New AREVA Holding’s future performance. These forward-looking statements can be assessed only as of the date of this document. New AREVA Holding makes no commitment to update the forward-looking statements and information, except as required by applicable laws and regulations.

## Appendix 1 – Statement of Income

| *In millions of euros* | 8 months 2017 | 2016* | Chg. 8M 2017 / 12M 2016 |
|---|---|---|---|
| **Revenue** | **2,339** | **4,401** | ***-€2,062 M*** |
| Other income from operations | 1 | 3 | *-€2 M* |
| Cost of sales | (1,936) | (3,434) | *+€1,498 M* |
| **Gross margin** | **403** | **971** | ***-€568 M*** |
| Research and development expenses | (51) | (90) | *+€39 M* |
| Marketing and sales expenses | (33) | (37) | *+€4 M* |
| General and administrative expenses | (82) | (59) | *-€23 M* |
| Other operating income and expenses | (519) | (371) | *-€148 M* |
| **Operating income** | **(281)** | **415** | ***-€696 M*** |
| Share in net income of joint ventures and associates | 9 | 10 | *-€1 M* |
| **Operating income after share in net income of joint ventures and associates** | **(272)** | **425** | ***-€697 M*** |
| Income from cash and cash equivalents | (152) | (228) | *+€76 M* |
| Gross borrowing costs | 10 | 9 | *+€1 M* |
| **Net borrowing costs** | **(142)** | **(219)** | ***+€77 M*** |
| Other financial income and expenses | 84 | (293) | *+€377 M* |
| **Net financial income** | **(58)** | **(512)** | ***+€454 M*** |
| Income tax | (49) | (332) | *+€283 M* |
| **Net income after tax from continuing operations** | **(378)** | **(419)** | ***+€41 M*** |
| Net income after tax from operations sold, discontinued or held for sale | (2) | 70 | *-€72 M* |
| **Net income for the period** | **(380)** | **(349)** | ***-€31 M*** |
| Including net income attributable to minority interests | (120) | (110) | *-€10 M* |
| **Net income attributable to owners of the parent** | **(260)** | **(239)** | ***-€21 M*** |
| **Comprehensive income** | **(409)** | **(344)** | ***-€65 M*** |

* Pursuant to IAS 8, the financial statements for fiscal year 2016 have been corrected for the error in the provisions for employee benefits compared to data published the previous year.

## Appendix 2 – Statement of Consolidated Cash Flows

| *In millions of euros* | **8 months 2017** | **2016*** | **Chg. 8M 2017/12M 2016** |
|---|---|---|---|
| **Cash flow from operations before interest and taxes** | **493** | **1,214** | ***-€721 M*** |
| Net interest and taxes paid | (309) | (308) | *-€1 M* |
| **Cash flow from operations after interest and tax** | **184** | **907** | ***-€723 M*** |
| Change in working capital requirement | (79) | (139) | *+€60 M* |
| **Net cash flow from operating activities** | **105** | **767** | ***-€662 M*** |
| **Net cash flow from investing activities** | **(391)** | **(514)** | ***+€123 M*** |
| **Net cash flow from financing activities** | **2,366** | **(1,542)** | ***+€3,908 M*** |
| Decrease (increase) in securities recognized at fair value through profit and loss | 0 | 0 | *+€0 M* |
| Impact of foreign exchange movements | (14) | 86 | *-€100 M* |
| Net cash from operations sold, discontinued or held for sale | 2 | 61 | *-€59 M* |
| **Increase (decrease) in net cash** | **2,067** | **(1,141)** | ***+€3,208 M*** |
| Net cash at the beginning of the period | 1,382 | 2,523 | *- €1,141 M* |
| **Cash at the end of the period** | **3,450** | **1,382** | ***+€2,068 M*** |
| Short-term bank facilities and non-trade current accounts (credit balances) | 54 | 53 | *+€1 M* |
| Less: net cash from operations held for sale | 0 | (1) | *+€1 M* |
| **Cash and cash equivalents** | **3,504** | **1,434** | ***+ €2,070 M*** |
| Short-term borrowings | 1,102 | 1,022 | *+€80 M* |
| **Available net cash** | **2,402** | **412** | ***+€1,990 M*** |

* Pursuant to IAS 8, the financial statements for fiscal year 2016 have been corrected for the error in the provisions for employee benefits compared to data published the previous year.

## Appendix 3 – Condensed Balance Sheet

| In millions of euros | 08/31/2017 | 12/31/2016* |
|---|---|---|
| Net goodwill | 1,204 | 1,303 |
| Property, plant and equipment (PP&E) and intangible assets | 8,474 | 9,155 |
| End-of-lifecycle assets | 6,376 | 6,216 |
| Operating working capital requirement – assets | 3,112 | 2,763 |
| Net cash | 3,504 | 1,434 |
| Deferred tax assets | 157 | 178 |
| Other assets | 371 | 366 |
| **Total assets** | **23,198** | **21,414** |
| Equity and minority interests | 950 | (1,016) |
| Employee benefits | 1,358 | 1,402 |
| Provisions for end-of-lifecycle operations | 7,480 | 7,341 |
| Other current and non-current provisions | 1,962 | 1,987 |
| Operating working capital requirement – liabilities | 5,287 | 5,352 |
| Borrowings | 5,906 | 5,873 |
| Deferred tax liabilities | 21 | 113 |
| Other liabilities | 234 | 363 |
| **Total liabilities** | **23,198** | **21,414** |

* Pursuant to IAS 8, the financial statements for fiscal year 2016 have been corrected for the error in the provisions for employee benefits compared to data published the previous year.

## Appendix 4 – Key NewCo figures

| *In millions of euros* | **8 months 2017** | **2016** | ***Chg. 8M 2017/12M 2016*** |
|---|---|---|---|
| **Backlog** | **30,345** | **33,573** | **(3,228)** |
| of which: | | | |
| Mining | 8,403 | 9,623 | (1,220) |
| Front End | 9,963 | 10,997 | (1,034) |
| Back End | 11,960 | 12,821 | (861) |
| Corporate and other operations* | 19 | 132 | (113) |
| **Revenue** | **2,339** | **4,401** | **(2,062)** |
| of which: | | | |
| Mining | 787 | 1,451 | (664) |
| Front End | 401 | 1,037 | (636) |
| Back End | 1,115 | 1,728 | (613) |
| Corporate and other operations* | 36 | 184 | (148) |
| **Operating income**** | **(281)** | **405** | **(686)** |
| of which: | | | |
| Mining | (46) | 183 | (229) |
| Front End | (92) | 158 | (250) |
| Back End | 38 | 67 | (29) |
| Corporate and other operations* | (182) | (3) | (179) |
| **EBITDA** | **602** | **1,338** | **(736)** |
| of which: | | | |
| Mining | 406 | 747 | (341) |
| Front End | 157 | 354 | (197) |
| Back End | 164 | 300 | (136) |
| Corporate and other operations* | (126) | (64) | (62) |
| **Operating cash flow** | **10** | **514** | **(504)** |
| of which: | | | |
| Mining | 267 | 510 | (243) |
| Front End | (86) | (109) | 23 |
| Back End | 66 | 208 | (142) |
| Corporate and other operations* | (236) | (95) | (141) |

* Includes the Corporate, AREVA Med and AREVA Projects operations.
** Excluding the allocation in 2016 of corporate costs which continued to be borne by AREVA SA by virtue of existing agreements.

## Appendix 5 – Definitions

**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;
- other accounts receivable, accrued income and prepaid expenses;
- minus: trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income.

**Backlog**: The backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options. 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. 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;
- tax on financial income;
- 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 in cash or cash equivalents;
- financing of joint ventures and associates through shareholder advances, long-term loans and capital increases.

Net cash flow from company operations thus corresponds to the change in net debt, except for transactions with New AREVA Holding shareholders, accrued interest not yet due for the period and currency translation adjustments.

**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.

**Net debt**: net debt is defined as the sum of current and non-current borrowings, minus cash, cash equivalents and bank deposits constituted for margin calls for derivatives (“collateral”)**.**

**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.