

## PRESS RELEASE

Paris, August 30, 2016

### **AREVA formally initiates the process for transferring nuclear fuel cycle activities to NewCo.**

- **Adoption of the draft partial transfer agreement providing for a remuneration of the contribution calculated on the basis of an actual value of transferred assets and liabilities in the order of 1.4 billion euros;**
- **Convening of the Extraordinary General Meeting of AREVA SA on November 3, 2016, to approve the draft partial transfer agreement;**
- **Convening of Meetings of Bondholders on September 19, 2016, to approve the proposed partial transfer of assets from AREVA SA to NewCo and the simultaneous transfer of the bond debt<sup>1</sup> to NewCo:**
  - Granting by AREVA SA of a temporary guarantee until completion of the NewCo capital increase, in the form of an irrevocable joint and several guarantee for the bondholder debt to be transferred to NewCo
  - Preliminary B+ credit rating attributed to NewCo by S&P with possible raise by several notches on completion of the capital increase
- **Confirmation of the projected capital increase for an overall amount of 5 billion euros<sup>2</sup> divided into 2 billion euros in AREVA SA and 3 billion euros in NewCo, in line with the financing requirements of the two companies;**
- **Update of NewCo's mid-term financial outlook to take account of Front End market conditions.**

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## **1- Adoption of the draft partial transfer agreement**

In line with the announcements made during the presentation of its 2016-2020 roadmap on June 15, 2016, AREVA SA announces that it has settled, on August 29, 2016, on a draft partial transfer agreement governed by the regime for demergers, with one of its subsidiaries, the New AREVA Holding company ("NewCo"), which provides for the transfer by AREVA SA to NewCo of all assets and liabilities related to its nuclear fuel cycle activities (including Mining, Front End and Back End activities) as well as all bondholder debt<sup>1</sup>.

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<sup>1</sup> With the exception of the 2016 bond issue which will be repaid by AREVA SA at maturity

<sup>2</sup> Subject to approval by the European Commission under the rules on state aid

The remuneration of the contribution will be determined on the basis of an actual value of the assets and liabilities transferred in the order of 1.4 billion euros, valuing NewCo post-transfer at an amount in the order of 2 billion euros, taking tax consolidation into account.

The valuation work conducted corresponds to an overall net worth of the activity transferred and of the beneficiary company in the order of 6.5 billion euros (excluding cash and financial liabilities).

The Board of Directors has adopted this valuation for the calculation of the remuneration of the contribution envisaged in the draft partial transfer agreement that it has approved. As the transaction is taking place between companies under common control, the assets and liabilities transferred have been valued at their book value in accordance with accounting regulations. The contribution auditors appointed for the operation will issue a report on the value and the modalities of the transfer, which shall be made available to the shareholders of the company in accordance with legal and regulatory provisions.

The partial asset transfer will be submitted to approval by the Extraordinary General shareholders' Meeting, to be convened on November 3, 2016. It remains subject to the realization of certain conditions related to the agreement of co-contractors, customary for this type of transactions.

## 2- Convening of bondholders<sup>1</sup> General Meetings

As a result of the validation of the draft partial transfer agreement, the Board of Directors of AREVA SA has decided to convene for September 19, 2016 General Meetings of holders of the bonds issued by AREVA SA maturing between 2017 and 2024, these being intended for transfer to NewCo at the same time as the nuclear fuel cycle activities.

The 2016 bond issue will mature before the completion of the planned partial asset transfer.

The agenda of the General Meetings of bondholders concerns:

1. The **approval of the draft partial transfer of assets** granted by AREVA to the benefit of NewCo of all assets and liabilities related to nuclear fuel cycle activities;
2. The acceptance of the benefit of a **temporary irrevocable guarantee** in the form of a joint and several guarantee to be granted by AREVA SA **to the bondholders** for the bond issue in question, **up until completion of the capital increase in NewCo** in an amount of 3 billion euros;
3. The authorization to amend the terms of the contractual obligations to include a **commitment by NewCo to publish half-yearly IFRS consolidated financial statements** as of the half-year ending June 30, 2017.

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A **consent fee** amounting to **0.25% of the nominal value** of each bond shall be paid to all bondholders **subject to the consent and acceptance of the transfer** by:

1. All of the General Meetings of bondholders;
2. The Extraordinary General Meeting of shareholders of AREVA SA.

### 3- Pursuit of implementation of the strategic roadmap

In line with the liquidity needs of both companies and the financial obligations they will face, a capital increase in AREVA SA and in NewCo is envisaged, representing an overall envelope of 5 billion euros<sup>1</sup> which would be allocated as follows:

- A capital increase of 2 billion euros at AREVA SA level, for subscription by the French state.

The modalities of the capital increase in AREVA SA and its consequences, in accordance with stock exchange regulations, shall be established at a later stage and shall be subject to a specific communication at that time.

- A capital increase of 3 billion euros at NewCo level, for subscription by the French state and by third party investors.

Discussions with third party investors have progressed in recent weeks and several expressions of interest have been made.

Subject to validation of these operations by the European Commission, and to their implementation, **the French State would hold at least 2/3 of the capital of NewCo**, either directly or through AREVA SA, alongside third-party investors. AREVA SA would meanwhile become a minority shareholder of NewCo.

### 4- Following these operations, two companies with strengthened balance sheets and in a position to meet their obligations

Following the operations set out above and subject to their effective completion, the two companies AREVA SA and NewCo, and their subsidiaries, would be in a position to meet their respective obligations:

- AREVA SA, whose cash position has benefited from the disposal of Canberra on July 1, will receive - in addition to the 2 billion euros' capital increase intended for it - the proceeds from the sale of the activities of "NEW NP", a subsidiary to which the activities of AREVA NP would be transferred, with the exception of certain contracts (one of them being OL3). It will manage the stake held to date in ADWEN, close out the residual renewables projects, assume the repayment of bank debt maturities (bilateral, RCF and bridge loan if applicable) in 2017 and 2018, and assume, via AREVA NP, the completion of the OL3 project with the necessary resources, in accordance with the terms of the contract.

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- NewCo, enjoying a capital increase of 3 billion euros and focused on more profitable activities, will be able to deploy its strategy while bearing bond maturities and before seeking to finance its business on the markets in the medium term.

It should be noted that, given the uranium and SWU market trends, the group has updated the mid-term financial outlook for NewCo. The profitability level target for 2020 is now:

- Between 22% and 25% for the EBITDA / revenue margin;
- Over 8% for the operating income / revenue margin.

Activity by activity, on average, for the overall period 2017 / 2020:

- Mining should maintain its stable EBITDA / revenue margin at a level of around 40% for a stable volume of business compared to 2015;
- Front End EBITDA / revenue margin, penalized by the price pressures on Enrichment, should be in the range of 20% to 25% with, as specified in June, a lower level during the industrial transition between Comurhex I - Comurhex II;
- The EBITDA / revenue margin targeted for the Back End remains unchanged at over 15%.

On this basis, Standard & Poor's, mandated to conduct a preliminary credit rating for NewCo, has issued a provisional B+, in line with the rating of AREVA SA.

The agency has also specified that NewCo's rating, constrained, for the time being, by that of AREVA SA because of the level of the capital holding uniting the two companies, could be improved by several notches following the completion of the capital increases.

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### **Details and modalities for convening bondholders' general meetings:**

#### **Documents relating to the General Meetings of bondholders**

The notice convening the General Meetings of bondholders to be published on September 2, 2016 in the BALO bulletin, *Les Petites Affiches*, *Les Echos*, the *Financial Times* and via *Euroclear France*, contains the agenda and the principal provisions regarding attendance and voting.

This notice will also be available for consultation on the website of the Company ([www.aveva.com](http://www.aveva.com) / Finance section). English translations will be available.

The other documents and information relating to these General Meetings will be communicated, posted online or made available at the registered office of the Company and the offices of the centralizing agent BNP Paribas Securities Services - Les Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin, France - in accordance with the legal and statutory conditions.



## Place and date of the General Meetings of bondholders

Each of the General Meetings is convened at Allen & Overy LLP – 52, avenue Hoche – 75008 Paris - France, on September 19, 2016 on first notice at the time indicated in the table below.

Isin Code	Description	Time (CET)
FR0011791391	Bonds issued March 20, 2014, due March 20, 2023 at the rate of 3.125% for a total amount of 750 million euros	9:00am
FR0011560986	Bonds issued September 4, 2013, due September 4, 2020 at the rate of 3.25% for a total amount of 500 million euros	9:30am
FR0011227339	Bonds issued April 4, 2012, due March 21, 2022 indexed to the CNO-TEC10 for a total amount of 200 million euros	10:00am
FR0011125442	Bonds issued in two tranches on October 5, 2011 and March 14, 2012, due October 5, 2017 at the rate of 4.625% for a total amount of 900 million euros	10:30am
FR0010941690	Bonds issued September 22, 2010, due March 22, 2021 at the rate of 3.5% for a total amount of 750 million euros	11:00am
FR0010817452	Bonds issued November 6, 2009, due November 6, 2019 at the rate of 4.375% for a total amount of 750 million euros	11:30am
FR0010804500	Bonds issued September 23, 2009, due September 23, 2024 at the rate of 4.875% for a total amount of 1 billion euros	12:00pm

### Provisional calendar of upcoming events and publications

- **Market Update:**

Posting of commented presentation reporting on the progress of the structuring projects underway **on August 30 after the close of market.**

- **Partial transfer of assets**

The partial transfer agreement entered into between AREVA SA and New AREVA Holding will be filed with the Clerk's office of the Paris Commercial Court and will be published in the official bulletin of civil and commercial announcements (BODACC) and in the legal announcement bulletin (BALO), in accordance with applicable laws and regulations. It will also be posted on AREVA's website on **August 30.**

The notice of the Extraordinary General Assembly of AREVA SA convened to approve the partial transfer operation shall be published in the course of September.

The reports of the shares auditors will be made public within the legal timeframe and in accordance with laws and regulations.

- **Consultation of bondholders**

The Consent Solicitation Memorandum that contains the modalities of the consultation of bondholders and a detailed provisional calendar will be made available at the registered office of the Company and at the offices of the centralizing agent **on August 30.**

The notices convening the General Meetings of bondholders shall be published on September 2, 2016, in the BALO bulletin, *Les Petites Affiches*, *Les Echos*, the *Financial Times* and via *Euroclear France*. They shall contain the agenda and the principal provisions regarding attendance and voting. These notices will also be posted on AREVA's website on **September 2, 2016.**