**Q4 2012 Areva CI Earnings Presentation - Final**

12,398 mots
28 février 2013
CQ FD Disclosure
FNDW
Anglais


Presentation

LUC OURSEL, CEO, AREVA CI: All right, good afternoon. I will start with the highlights of this year, then Pierre Aubouin will present the financial results and my colleagues from the Board and myself will talk about some of the initiatives that were achieved in the framework of our strategic action plan, Action 2016. We will talk about the financial outlooks and then we will have enough time at the end of this presentation for a Q&A session, and of course we will answer any of your questions.

So 2012 was the first year of deployment of our strategic action plan called Action 2016 with significant results to be highlighted. The performance of the Group has improved, all the objectives that had been set in terms of EBITDA and free operating cash flow, which had been raised again in mid-2012, have been exceeded. And that is partly thanks to a cost reduction plan that is well underway.

So thanks to mobilization of all our teams in France and aboard that we have really improved the performance of the Group thanks to these indicators also. And this was also thanks to a confirmed growth of our activities in the nuclear and renewable businesses and you will see that our backlog is reflecting the trust of our customers.

The CapEx investment plan is also online. We have been selective and focused on the most important investments for the future of the Group. And finally, in order to better control our debt level we had started a disposal --- an asset disposals program for 2012-2013, targeting EUR1.2 billion worth of disposal for these two years, which was achieved at the end of 2012. So we are on track for this first year of the strategic action plan, and we consider that we are building a solid base, which will be a stepping stone for our recovery.

And as shown by these indicators for which there are some guidances you will see that our backlog was renewed in spite of the impact of the Fukushima Daiichi accident in 2012, EUR470 million worth of orders that were cancelled. You will also see that that our sales revenue has gone up by 5.3%. There will be more detailed presentation about it later on.

Now the EBITDA, restated has really improved, really highlighting the better performance of the Group and we have deducted all the Siemens fallout in 2012 and also the capital gains from the disposals of 2012, so you see we've moved from EUR421 million to more -- EUR1 billion in 2012.

And even though it remains negative -- and I will come back to that later on, because this will be the objectives for 2013. You see that the priority that we gave to cash generation translated into a very clear improvement. Our free operating cash flow also restated also to consider the Siemens impact, so we've have gone from minus EUR1,360 million to minus EUR854 million.

Now, before starting with more detailed presentation of Areva, I would like to talk about some highlights in our markets and industries. The World Energy Outlook Report of 2012 has confirmed a strong and stable outlook for our business segments, that is nuclear and renewable.

Confirmation of the French nuclear policy by the French Nuclear Policy Council meeting in the September. The French Nuclear Safety Authority further through the SSA, the Supplementary Safety Assessment or stressors that were performed after Fukushima nuclear operator proposals, submitted to the French Nuclear Safety Authority in terms of nuclear power plant improvement a very important report published in 2012 on the cost of the nuclear industry will certainly contribute as to the basis for future activities, particularly when it comes to reprocessing and dismantling.

The result of the first call for tender for offshore wind which was issued by the French government with one offshore wind [filled] for Areva for which there was a strong competition. The electricity market reform in the U.K. to support the production of low-carbon power, a major reform in the U.K. which will certainly be --- could be a source of inspiration at the European level, and also in the U.K. after five years of work, the EPR reactor has been certified by the U.K. Safety Authority by -- for all component, including INC. So EPR is the only third generation reactor approved and certified in the U.K.

In Japan, the restart of the two first nuclear reactors Ohi 3 and 4 after the shutdown of [all] reactor further to the Fukushima accident and the election of the liberal party to the government that has expressed its support to nuclear energy and that has expressed the need to restart the operations of NTPs in Japan.

Green light for the start of new reactor projects in China with priority given to the most recent third-generation technology. And finally in the United states, new constructions are planned and also important programs as to the power plant life cycle extension projects, because as you know 75% of the plants in the U.S. have had their life cycle extended to 60 years. 15% of these nuclear power plants have already exceeded 40 years of operations.

As was announced, we have set as an objective for Areva that we should become a leading player in nuclear safety and we have developed therefore a proactive approach with all the utilities operating nuclear power plants in order to help them respond and comply towards the new nuclear safety requirements that have emerged after the Fukushima accident.

So it was about engineering studies to assess the safety margins and was also about offering equipment to improve the safety of reactors and it was also about helping them to be prepared for potential crisis management. And as an example, we could sell equipment to the Japanese power plant. We were selected to design the future crisis management center which will be coming to the various U.S. utilities.

So it's a proactive type of approach, very dynamic from the sales viewpoint with 35 safety solutions that have been suggested. That's already 85 projects in 16 countries for 42 customers operating a total of 225 reactors that is roughly 50% of the world's nuclear fleet, and that's more than EUR170 million in Safety Alliance orders since the offering was launched.

We are also confirming our commitment in terms of corporate social responsibility with interesting results as to the 10 commitments we've made over the last 10 years, a 100% offset of direct greenhouse gas emissions. The first industrial site with ISO 50001 certification by AFNOR. A 100% of our nuclear facilities are certified ISO 14001.

And after Nigeria, Canada we've extended the EITI to Kazakhstan. We commit on a volunteer basis to straight all the financial flows that we have with the governments and the countries where we do develop mining activities.

A declaration of sustainable development for suppliers, the renewal of the diversity label, and also Areva has become a member of the ICMM, the International Council on Mining and Metals; it is reflecting the intention of [major] mining companies to share actions and problems on a series of issues these industries have to deal with.

In terms of corporate, social and environmental responsibility we've also renewed our commitment with the Areva Foundation that is 105 projects in 14 countries, 40 projects in education, health and culture targeting specifically the under privileged people. For the 2012-2017 period we're going to commit EUR7.5 million as an extension to the investment already made in such programs in the past.

Now, when it comes to the Group's performance today, renewal of our backlog for this year, you see that it was mainly on the rise for the mining sector and stable or decline or a slight decline for other business lines.

At the end of September we had met a historical backlog for Areva. Once again, in spite of all the EUR472 million worth of cancellation of orders further to Fukushima, after the fact that we had given up a series of projects on biomass in Brazil and even though in 2012 we did not have any EPR in our backline [gas].

I think it's important to mention it. This EUR45 million is an insurance for visibility and stability for the Group. There's been a significant increase in order intake because from 2011 to 2012, we've gone from EUR10.1 billion to EUR10.9 billion, that is plus 8% for the Group, and 10.4% for nuclear operations.

Now, this growth is also thanks to the renewed partnership with EDF, with constructive working relation based on trust that has -- that have helped to maintain a series of commitments for the future. And that's also the result of very dynamic sales activity, aimed at targeting all nuclear utilities and present the whole range of our catalog. So this is also a higher level by 10% thanks to the recurring business.

Now, in terms of sales revenue, you see that it has gone up by 5.3%, that's 2.4% for nuclear operations and for renewables operations have doubled. So, if we exclude Front End, it's on the rise for all business groups. For the Front End once again, let me repeat, it's a transition period because of the Georges Besse I EURODIF shutdown plant which was a heavy energy consumer and a gradual starting of Georges Besse II.

And this decrease does reflect this major transition period between the two enrichment plants. And the sales revenue for 2012 stands at EUR9.342 billion.

And I'll give the floor to Pierre who will give more detail about it.

PIERRE AUBOUIN, CFO, AREVA CI: Thank you. Good afternoon to all of you.

As you can read on this slide EBTIDA has risen much faster than our sales revenue in 2012. This is really reflecting the economic recovery of our Group. Restated for 2011 for the penalty that we had from Siemens, of EUR650 million and for the capital gains, further to assets disposal in 2012. We're turning from EUR421 million restated and EUR1,007 million in 2012.

All the business groups have contributed except for mining. Mining was manufactured by the mechanical effect of the deconsolidation as from September of La Mancha which was disposed off in August last year.

And for reactor and services a sharp increase, EUR500 million approximately, which does partly include the insurance payment regarding the OL3 project. So all in all, a significant increase allowing, even though the nuclear sales revenue was slightly lower than what we expected. But we have exceeded our objective of EBITDA which was stated after it was revised in July, and which was at EUR950 million at the time.

Now, regarding the free operating cash flow, it has also improved significantly in 2011 restated the Siemens impact that put out from Areva NP and for 2012 the capital gains after the disposal of some -- by some subsidiaries. So it's -- has moved from EUR1 billion in 2011 to EUR854 million.

All the groups -- all the business groups are showing an improvement except for the Front End and the Renewable. So on this indicator, we have exceeded by EUR400 million, the cash flow objective, which was set after the July revised figures which was EUR1.25 billion.

Now, I suggest, now we talk about the five business groups that are composing our Group. And I'll first -- give the floor to Olivier who will be talking about his business group.

OLIVIER WANTZ, SENIOR EVP, MINING BG, AREVA CI: Thank you, Pierre. For 2012 and regarding the mining business, it was a very good year with a backlog, since we have in 2012 [EUR3.8 million] additional orders, leading to historical amount of EUR12.030 billion at the end of 2012.

As shown these orders are, thanks to the long-term contracts signed with EDF for which a press release was issued, with more than 30,000 tons to be provided up until 2035, reflecting the confidence that EDF has in our supply activities and the trust that they have in the need to have long-term contracts, and therefore, anticipating a potential increase of the uranium price.

But also, there were other contracts such as the ones that we've signed with our Chinese partners, and Korea as well as American companies. Contribution to the consolidated revenues stands at EUR1.360 billion. Really on the rise with an increase in the average sales pricing, in spite of market price contacts, which was not really buoyant because there was a loss of [40%] since the beginning of 2011. In spite of all the restructuring our sales contract has helped us to really improve our revenue, thanks to the increase in the average price.

The restated EBITDA stands at EUR425 million. And with a change due to de-consolidation, the La Mancha impact and if we consider non-restated figures it would stand at EUR643 million. So it's quite substantial with a free operating cash flow after restating at EUR190 million.

Here again, rather well controlled with plus EUR369 million versus 2011, so it's a very good year for the mining activities at Areva.

Next let's go on to the performance of the Front End business group. You see the positive signal we're giving out here, because contracts were entered into with power utilities in many countries in the course of 2012 and in particular will flag off the fact that orders were picked up on the side of our Japanese utility clients.

Now, the revenue figure you see is going down, EUR2.049 billion. That growth is -- was anticipated already with the combination of a reduction of the levels of deliveries for enrichment and fuel for export, mainly to clients who are in Japan and Germany. And also the fact that 2012 is the last year of transition in switching, that is from the EURODIF plant to the Georges Besse II enrichment plant.

So 2012, therefore, hasn't yet availed as 2013 will of the new sales and new deliveries of SWUs to our clients, especially EDF.

So chemicals also you see an upswing in the business there. Operating income of the Front End business group back in the positive, EUR145 million, but it's nonetheless affected by impairments of assets that we've done for fixed assets under the EREF project and ETC, so EUR143 million as you see in total here.

However, the EBITDA, EUR294 million has turned around nicely. It's come up and it's thanks to the performance plans we instituted, so as to improve our operating cost base for all of the business group's activities.

Now, you've got capital expenditure going up. This is programmed. This is the peak of capital expenditure we reached in 2012 with the ramping up substantially of the deployment of the GB II plant. And also the Front End BG has invested substantially in the construction of a new uranium conversion plant which is Comurhex II. And we are expecting the restart of a new trend for capital expenditure that will be seen in 2013.

So there is a favorable variance in terms of the working capital requirements. So, the operating cash flow goes down mainly because of the trend in terms of our capital expenditures, our investments. Now, when it comes to the reactors and services business group, commercial activity, sales activity remained intense in the installed base with recurring business in this business group, quite dynamic, quite buoyant, and as you heard earlier, there is a Safety Alliance order of course, with our utility clients for existing power plants that fed into the process.

In 2011, the business group had recorded substantial orders with EDF to replace steam generators and the INC in 1300 megawatt plants. These contracts are being fulfilled, being executed now, were in 2012 that is, the revenue figure exceeding EUR3.4 billion growing, thanks to the sustained business done in services to install bases and equipment and nuclear measurements.

Now operating income is affected by the provisions for completion losses for the finished project, OL3 in particular, and also because of the revamping of power plants in Europe.

However, the other activities have improved their profitability status. The EBITDA is positive, EUR98 million worth as you see here, up strongly compared to the previous year, it availed of the level of business that was sustained and the performance improvement in the recurring businesses and also the insurance payment of EUR300 million that was in cash in respect of the OL3 project. All told, the operating cash flow going up near equilibrium here.

For the Back End business group, the backlog going down slightly EUR6 billion worth, we entered into a transitional agreement for 2013 with EDF pending the signature of multi-annual contracts for the period between 2013 and 2017 to take over from the previous period that is; now our plants in Melox and La Hague have been operating well.

We have also developed projects in the U.K., in Japan and the US, driving our revenue figure at EUR1.7 billion and improving the intrinsic performance of the business group to which we should add the programs to achieve operational efficiencies right across the business group.

Capital expenditure standing at fairly contained level and free operating cash flow growing availing of the three components the EBITDA, the working capital requirement and the capital expenditure.

For the next business group, which is Renewable Energies, the backlog going down given the lack of new substantial big orders, construction of new capacities and so on and we took out of the backlog about EUR500 million worth that corresponded to a postponement of prospects for the construction of certain biomass related plants in Brazil for which there were framework agreements entered into with local clients.

If we look at the revenue figure after doubling in 2011, in 2012 once again it almost doubled and now is at EUR572 million. The operating income, for its part is negative, impacted by difficulties encountered in the fulfillment of the first construction projects for concentrated solar plants. So, we had to restructure the solar business in the US and also reposition this business in terms of deployment strategy.

Then you see the profitability turning around in offshore wind farms and bio energies that enabled us to achieve an EBITDA that is positive for the first year in those two businesses showing their maturity now. So the bulk of the negative EBITDA in the Group is in the solar business as I said a minute ago, for the reasons I mentioned.

Now, capital expenditure pursuing, in wind farms and solar power, and going up slightly compared with the previous year.

Operating cash flow going down in the absence of new substantial customer advance payments, and we used in 2012, customer prepayments received in 2011, of course.

You know that we focus our financial prospects on the indicators which are operating cash flow and EBITDA booked. Just to facilitate your reading of our financial results, I would like to talk next about the significant items that have an impact on the operating income in the financial year. We won't go into the details of 2011 for which you will recall in the items that would unless you had the payment from Siemens and that was positive and then the substantial write downs, impairments that were done, that was the negative side; for

2012, you have total of items that are [many wind shops] at EUR562 million, whether you add them up, EUR218 million in capital gains from asset disposals, and then on the minus side, you have EUR1.073 billion, EUR413 million in impairment that I mentioned in my comments on previous activities and then EUR400 million of provisions for the OL3 contract.

Now, the bottom part of our P&L, you have the published results that's become positive once again, after being negative the previous year, EUR118 million. The net financial income is negative to the tune of EUR324 million but improved quite a bit compared with the previous year, the share in the net income of associates that has gone down quite a lot compared with the previous year because of the disposal of our stake in Eramet.

The income tax line, that's the net income given the pretax income that is negative. Net income attributable to minority interests, that's very marginal, and all told net income attributable to equity owners of the parent company, negative to the tune of EUR99 million which should be compared with the previous year that you see just to the left of it.

So, to zoom into the actual financial earnings, as I said earlier, this has improved quite substantially, availing of the disposal of our stake in Sofradir and also the capital gains made on our portfolio of earmarked assets for the end of cycle operations. Also, we have on the obligations for the end of cycle period.

As you heard a few weeks ago, there have been changes made to the discounting rate and the long term inflation rates used for the end of lifecycle operations and then the debt cost will be affected by the marginal increase in the debt but also the slightly lower income from our securities investments.

The free cash flow is next. Here you see free operating cash flow on the next slide. We could look at this step by step perhaps. You see the positive contributions, the EBITDA a bit more than EUR1 billion; then you have the working capital requirement -- operating working capital requirement change plus EUR307 million offsetting the -- it is showing the fruit of the initiatives taken in this area and also you have the EUR1.3 billion worth of capital expenditure to be compared with the total for the fiscal year, which was more than EUR2 billion. So, we fueled our investments to quite a large extent, 59% as you see here compared with 34% in 2011. So, self funding has become important. We are able to plough back monies and self finance much more than we were in 2011. We are back on track in that respect.

Regarding the net financial debt, you see the disposal of assets, operational assets, La Mancha and Millennium for example, whereas operations that were of financial nature like stakes in Eramet and Sofradir, all told we have disposals that brought in more than EUR243 million in terms of debt, we were able to contain our debt level throughout the year.

Also, given the total increase of the net debt EUR400 million that can be explained by the items that are below the operating cash flow, that is dividends paid out to minority interests and some of our subsidiaries and the income tax paid out and also the financial income paid out.

I now hand over to Luc to talk about the deployment of our Action 2016 plan. Mr. Oursel.

LUC OURSEL: Thank you, what I would like to do along with my colleagues is focus on a few very concrete examples next of the deployment of our Action 2016 plan, which are the root causes of the results we have achieved, that we have been talking about from the financial perspective.

So, it is an overarching plan that is supposed to reflect safety, security and transparency of course, and there are four main pillars. There is commercial priority given to value creation, the approach is development and growth, selectivity in capital spending, of course, prepare our future to keep a lid on debt through proper debt management and improve our performance and we will show you the different examples of the enforcement of all of that.

Now, I just wanted to focus on the words "growth" and "development." As was indicated at the start of our presentation, we have up by 10% -- 10.4%, to be quite exact, the order intake in the nuclear business. And that's a year after Fukushima, so I think this testifies to our ability in our Group to be present with -- as many nuclear power plants as possible in the world. Out of the 440 reactors up and running in the world we've more than 300 that have a business relationship with us. So, it's the advantage of having a broadly based catalog of course, and as was recalled, it enabled us to have a record order intake.

Now, we mentioned what we were doing with EDF, well, we've contracts with the Koreans, KHNP, developing their nuclear power plants down there. We also have signed an integrated contract for (inaudible) with the Emirates to prepare the start up of their reactors, and also we have the growth of CNNC as a client, Chinese client in the northern part of China. And we have quite a footprint that is broadly based with all of those clients. So all told we are talking about a lot of developments under this plan too. So we have great visibility now on our nuclear businesses. And we have seen a steadying up of our visibility so to speak.

 

Business group by business group, it breaks down to what you see on the screen, you have the revenue figures, sales revenues in the backlog in numbers of years. The order cycle is shorter for Reactors and Services Back End and Renewable Energies as well.

So, number of years in the backlog, quite a lot. And if you look at the right hand side here, you will see the forecast revenues for 2013 will already be covered by orders in the books to the tune of about 90% for Mining, 80% for Front End, 75% for Reactors and Services, 80% for Back End and 75% for Renewable Energies. From that point of view, therefore, it's quite comfortable in terms of going forward into 2013.

Now, let's do some stock taking on the different reactor projects. Going on, at the moment, here you have a map showing you all of our activities in the sphere of new builds. That's projects underway, like in Finland Fennovoima, in France, Chinese projects that Philippe will talk about in a while. We have activities to do certification also, EPR. Certification underway for our built-in reactors, but also ones that have been completed favorably in the U.K, continuing in the U.S. and the licensing that is -- and also negotiations underway, or to come for future projects in the U.K, in China, in India and calls for tender that are going to come out in Saudi Arabia and Poland and South Africa. We also note that ATMEA is present here in the map, because ATMEA is already a part of calls for tender or pre-calls for tender in Georgia, Vietnam, Argentina and Turkey.

So I think that this goes to show very well the general buoyancy of new builds as a market and our position that we have now adopted. We have the resources to make sure that the EPR, thanks to our good experience on the different work sites, thanks to the licensing and certification underway, that it will take its rightful place in the new build market, the EPR.

So, we remain confident about our objectives regarding order intake for -- between now and 2016. So, you will recall also that we decided under this plan to focus on the most important CapEx for the future. So here you have the most heavy duty piece of investment representing 60% or nearly 60% of our total CapEx in the Group, focused on three -- on four sites. Four sites, Imouraren in Niger, the purpose there is to have the first extraction of ore in 2015; Cigar Lake, which is a mine with very rich content -- being developed on a partnership basis with chemical, and we hope to productionize in 2013, at the end of this year. And Georges Besse II, the new enrichment plant, we already have a third of the total capacity functioning, that's 2.5 million SWUs; and then the Comurhex II, the new conversion plant and 60% of the renovation phase has already been completed.

So, I'd like to focus on the fact that the transition from GB1 to GB2 has a very important economic impact on the improvement of our performance representing about a quarter, but given our objectives for 2015 and by investing in Comurhex II, we are the first to modernize our industrial tooling and means of production so as to secure supply for our clients.

And then a couple of words on the execution of the asset disposal plan. There are different transactions that have been conducted in 2012, that feature on the slide here Metravib, Sofradir, ERAMET, Lesedi, Millennium and La Mancha. We now in **Canberra**, for example, in the case of **Canberra** we're finalizing, and hopefully it should be totally completed by the end of March with **Astorg** who is the purchaser. So we're ahead of where we thought we would be at, and we hope to go even beyond where we thought we would be in the future.

And at this point I'll give the phone back to Pierre.

PIERRE AUBOUIN: Thank you Luc, thank you. Now, regarding the debt level and the assets and liabilities of our Group, I'm eager to mention that at the end of 2012 we had a net cash available that is really the cash for the Group minus the financial debt at less than a year, EUR1.6 billion. That is an improvement versus the end of 2011. We have also successfully issued bonds in 2012 for EUR600 million. This has allowed us to add new financial element with due dates beyond our strategic plan.

So there is no major refinancing of our debt before 2016. And it's an average duration of seven years for debt. And we've renewed bilaterals, credit lines that are with a deadline of 2015 as well as it's syndicated credit that we finalized in January 2013 with a term in 2018. And finally Standard and Poor's has confirmed our rating BBB minus confirmed with a stable outlook in September 2012 after they were informed of our half year result.

Now I'll give the floor to Philippe, who's going to tell us more about the performance improvement plan in 2012.

PHILIPPE KNOCHE, COO, AREVA CI: Thank you, Pierre. Good evening. Well, indeed the results that we have shown are -- underpinned by Group transformation plan based on long-term performance improvement in five areas. Safety and security, since you cannot have a sustainable nuclear activity without nuclear safety and security and absolute transparency, that's the first pillar.

And also along with Olivier I'll talk about these pillars. The second one being operations and customers, that is doing it right and delivering high quality the first time. The third pillar is competitiveness. It includes our cost reduction efforts, but also all these actions that are aimed at a changing our pricing. Fourth pillar is technology and innovation. And fifth pillar is people, that is, our main asset when it comes to our customer relations.

Now safety and security was not as good as 2011, which was the best year of the past decade, and 2012 remains the second best, but we had one INES level 2 incident in our [Roman] plant, and a decrease in the number of level 1 accident. And we've done some thorough work in terms of prevention. So low level signals are not so many anymore. So we are not reporting any significant security related accident.

On the right hand side you see the frequency rates shown on a bar chart that is loss of time accident. The best are at '06, the industry closer to '10 in the construction building sector. And the safety culture at Areva has improved. We're still working on human factors and behaviors. Because with a frequency rate between 1 and 2, this is no longer the technical equipment that will help to reduce the number of accidents, but it's truly the behavior of each worker and subcontractor worker, because of course we're making sure that our subcontractors have been made aware of this very important need.

This average rate is also showing some patchy data shown on the next slide because there are many plants and industrial sites that haven't had any injury in 2012 or even for more years. That's in Lynchburg, Dessel, or in Lingen and Karlstein for bioenergies but also in the mechanics whether for reactors or in the fuel cycle.

These are very important data. The zero accident that we are aiming at for the majority of our industrial site is our objective by 2015 has already been achieved in some of our industrial sites and today we are making an additional effort so that the other sites will reach this level. And also we make sure that when we work in the premises of our customers, our frequency rate is just as low as the one we have within the Group.

As to operations to serve our customers, uranium production was really high and has a well supported mining business group activity with 9,762 tons versus 9,148 in 2011 with a refocusing of our mining portfolio which was presented in the second half of the year, particularly when it comes to Africa.

For the Front End, we have talked about the transition between Georges Besse I and Georges Besse II. From the financial standpoint, 2012 was the peak of investment and from the technical standpoint it was --- the 2013 will be the main wave of starting the running of equipment and operations, so there is always a one year gap between both, and then it's going to decline over the coming years and the financial flows will be that much lower in the coming years.

When it comes to the Back End, I would like to mention that we have a record MOX production, that is a mixture between uranium and plutonium in the Melox plant and Marcoule plant. For Renewables, Pierre Aubouin had underscored the fact their EBITDA was positive for offshore wind farms, so our production has tripled in Bremerhaven production site. We've gone to 51 turbines versus 17 in 2011.

With all these changes in our factories and manufacturing sites on top of cost reduction and performance improvement, we are also working on our new adjustment. We've set up a new operational regional division outside France. After the U.S. and Germany, we now have the Asia-Pacific region with an office based in Beijing.

And at the general management, our teams will go to La Defense in order to reduce the cost and also to better integrate the management teams with the operational site's management. In terms of Reactor and Services, we have talked about the licenses and certification granted to ATMEA and EPR. There are other aspects related to the improvement of the quality of our service for our customers, particularly as a leader in supply and qualification of technical spare parts with a high added value.

In Renewables, we have opened in Le Havre, the incipient to premises of the future French wind farm program and we have been selected by Iberdrola for a wind farm in Germany. Of course, there is a time gap in Renewables between the selection and the financial closing. This is why it was not mentioned in our backlog.

Now, if I may, I would like to zoom in on the EPR projects that are ongoing. Olkiluoto, of course, still has an important financial impact on our Group, but I would like to mention a major technical progress, because in 2016 for OL3, we have achieved the primary cooling system and its component.

We have also started with the water supply. We have opened the water supply system for the cooling system. You see that the cranes have left the site and the picture of the instrumentation and control system, a detailed architecture was submitted for final approval. STUK has made a more positive statement recently about the architecture.

 

And regarding Flamanville in France, we had a more limited supply, because we only provide the primary cooling systems and the boiler. And the INC, most of the primary system equipment and components have been delivered over the recent month and beyond our scope the civil engineering work has been completed by -- up to 93% but it is directly managed by EDF. It's not within the scope of Areva's contract.

Now, we are going to start all the assembly of the electro-mechanic components and also the first INC cabinets that will help us to start the testing phase of what is in the scope of this contract. For Taishan, for the two EPRs, our contract is somewhere between the Olkiluoto and Flamanville because we provide engineering studies and all the nuclear island component, and there is a consortium, we are not directly involved in the construction, even though after the supply and the assembly of the primary cooling system Taishan 1 which is just being completed will be delivering our equipment.

We will be achieving the equipment delivery in 2013 and then we are going to switch to the technical assistance to the client for the installation of delivered component and assistance for the starting of the plant, Taishan is a very important plant. These are third and fourth EPR, that we have constructed and this is also part of our operating or constructing experience and these are lessons that we can drove for the future.

When we make a direct comparison between Taishan and OL3, and that is the first line up there. More than 50% of the project direct team leaders, were in-charge of the plants, were in-charge of following up the suppliers, have already been present in Flamanville and Olkiluoto.

For engineering, we have reduced between the first and the fourth EPR by 60% number of engineering hours that were needed to complete all of the work on the nuclear cooling system.

And for the manufacturing heavy component for the primary cooling system, by 40% there was a reduction of further construction; it all depends on the civil engineering design plan that are given by us. This duration has been reduced by 50%. So all-in-all today schedule can have a gain of 40% compared with Olkiluoto, so that's a very important operating experience that we are leveraging on today in spite of delay between Olkiluoto and Taishan which was limited to a few years.

Now, in total, compared with standard EPR, not Olkiluoto, based on this operating experience there has been a 15% gain on the standard cost of a nuclear island, that's part of an initiative which is followed by all technical areas and we are working on EDF on this plan and this has helped to us make these gains that are rather promising for the future of EPR.

And now I will leave it up Olivier to talk about competitiveness.

OLIVIER WANTZ: Thank you, Philippe. When it comes to competitiveness, you will remember that our objective was EUR1 billion savings in annual operating cost by 2015 measured versus the base line in 2011 and as you see on this slide, we consider that 80% of the objective has been secured for 2014 with 45% of the 2015 objectives achieved through actions.

It has been implemented at the end of 2012. And now in as accumulated figures have helped to save close to EUR300 million at the end of 2012 and that's EUR450 million already secured plus 35% of the 2015 objectives already secured, so that's a total of EUR800 million by 2015. We are of course contemplating, exceeding these objectives, that is, saving more than EUR1 billion. So we need, first of all, to achieve the initial objective, which is the -- an important pillar in this effort in terms of competitiveness.

And we also consider that some additional efforts may be difficult to achieve. So we are quite confident in those figures that will help us to achieve these objectives by 2015 and all this is reflected in very tangible examples. I won't go into all the details of course, but there are many examples.

Regarding the mining, BG for instance, we've made efforts in terms of productivity that is how fast we can recover the uranium in IFR activities or the costs of supply chain or logistics through an optimization of natural uranium shipping and making economies of scales, but that's also true for the Front End in the framework of the presentation of our performance plant at the end of 2011.

We had already mentioned that the transition from EURODIF to GB2 would help to make significant savings in terms of electric costs and that is indeed the case. We have already seen that, and we've also optimized some platform industrial sites such as the diesel plant, the closing of which has started to bear fruit, with a transfer of production to other sites that is the production that was necessary. So we have a smaller platform for that.

For Reactors and Services, here again, significant savings have been made in our team, reorganization, management has been improved and also we've made gains in terms of procurement for this particular business group.

For the Back End, reduction of waste and optimization of waste management in Melox and La Hague. That was really significant in terms of savings and we've also reduced the maintenance cost through an optimization of our maintenance strategy. And for Renewables it's really important to note the restructuring of operations, biomass in Brazil as well the adapting of our strategy regarding solar power.

Now, we haven't excluded from these efforts to rationalize, of course, the support functions. They have not been excluded, they are part of it too, and we've driven down the cost of the support functions in 2012, you will see the figure, by about EUR100 million, we've brought it down. And we started off in 2011. The cost reductions, you see you've got margin, administrative services, sales and general expenses and so on.

And we've gone down by about a couple of percentage points compared with 2011, and our objective for 2015, our target is to have expenditure for the support function, and that would be 10% only of our total revenues. And as you see here on this slide, we've managed to achieve results via operational efficiency, shared services that was set up and also we've simplified and streamlined our processes of the legal organization of the Group so as to bring down these costs as well.

And I will give the floor now to Philippe, who will talk about the R&D, research and development.

PHILIPPE KNOCHE: Thank you, Olivier. I would like to say that another win which we've improved our performance is by bolstering our technological leadership. We have many experts working for us, we've filed patents of course, we've a global network of 900 experts in all. And 124 new inventions are now patented by us. We have 140 engineers that work specifically on reactors of the future.

So, very much concentrated in Lyon, by the way, and a partnership in all of these topics as a tight cooperation with the CEA and also certain parts of academia in France, but you've got the U.K, you've got Poland and the United States. In those different countries, we've got university partners.

A few examples perhaps of our technology results in 2012, our achievements. In the summer time when we reported our half yearly results, we talked about our partnership with Roche. So, as to operate together to fight against cancer and we're further developing our efforts. We're launching a joint laboratory, a small lab at this stage. That will be done before the end of this year.

And we also developed technologies that we can use widely for mapping, so as to identify contamination, target contamination and remediate contaminated earth, contaminated land. Now, specifically for MOX this is a topic that we are global leaders on of course. We inaugurated a dedicated center in Marcoule in the south of France in our Melox plant. And there is a technical center that has been inaugurated also in Lynchburg, good technical centers in France and Germany, and now we've inaugurated Lynchburg in the United States as a technical center so as to work locally, closely with clients on a co-financing basis.

And also we signed -- this is the last example in nuclear, we signed in a consortium an agreement to develop a SMR a small modular regulator or reactor, SMR. This is an agreement with EDF the CEA and DCNS.

Now in Renewables, we've started operations at the Myrte energy storage platform, we have made the acquisition of the torrefaction technology. This is to make a product that would have heating value that would be similar to brown coal lignite, but its bio-coal we're talking about of course. And also we've seen the inauguration of the R&D platform for concentrated solar power in Normandy in France.

We've been utilizing our knowledge in terms of crystallization and vitrified materials, so as to perfect therefore in our laboratory in Normandy, what we can do on the concentrated solar power for the technology we're developing.

So human resources is of course important too, are important too, (inaudible), and I would like to focus on that just now. We have of course closely managed our staff numbers, restructuring was mentioned of course in Germany, in Belgium, in Brazil, in the United States. And we had a hiring freeze in the support functions around the Group. So workforce at the yearend stands as you see here, we have a total drop in the workforce in the Group, especially in the corporate functions.

In the Mining BG, it's mainly because of the deconsolidation of the Mancha activities as far as the work force is tending to go up in conjunction with the ramping up of production that you heard about earlier.

When it comes to human resources we have a very important plan to develop our Group's talents, our talent pool, we want to consolidate the expertise and competencies we have, and we've maintained at the same level the training budget. No change there. 1.5 million hours of training per annum, that's about the equivalent of a week per employee in the Group. Also we absolutely wish to continue with our transfer of skills program. And we'll have 1,600 work study trainees in France that's 5% of the French workforce by the way. These are people who will be on work placement programs and 15% to 20% of them will be recruited into the Group later on. And for the others we hope to find the best dynamic ways so as to make sure that the training they got within our Company will be of avail to our subcontractors and certain SMEs. This is an initiative we organized in Burgundy in 2013.

Now we've had more than 1,000 employees hired in open end contracts in France in 2012, engineers, technicians or junior engineers and operatives and in order to properly manage our workforce we got to facilitate, foster and amplify professional and geographical mobility, so that 60% of jobs vacant should be filled via internal mobility. This requires us to flank and support the management people and engage in training too, of course. And we want to continue promoting diversity as well. Our stated objective is 25% of women in the management committees, which has already been achieved by the way, this objective for the Executive Management Board at Group level.

So in order to support this transformation of the Company, we think it's absolutely key to incentivize our people to help them to engage with the Company. And we've launched an employee share ownership initiative encompassing 86% of the total workforce, people in France, Germany and the United States. The idea is that we will make available to them the treasury stock we hold, 1.2% of the share capital available. And this employee share ownership plan will be rolled out in the first half of this year. We hope, of course, it will reflect a strong commitment from all of our people.

And by the way of conclusion, I just like to talk about the financial outlook and recall the summary financial performance for 2012. You see in the left hand column, the main items of guidance that we committed to initially. In the middle, you have the fact that we revisited our objectives at the end of the first half and then the actual figures. You see the growth in revenues, as Pierre mentioned, slightly under our forecast for nuclear and renewables, but we've overshot our objectives and revisited our objectives for the EBITDA and the free operating cash flow, before tax.

That's a good illustration of the great attention that Areva pays now to cash management with the strategic objectives that we have recalled, that we should be able to fuel our own development, financially speaking. So our financial outlook, we think we can confirm now for the coming few years, the outlook we'd announced in December of last year. That is in 2013, we hope to have growth in our revenues for nuclear between 3% and 6%.

Steadying of, of the sales revenue for new builds will be building up a new backlog, utilizing the references we'll have from our initial achievements there. Also the EBITDA should be greater than EUR1.1 billion and the objective we think that's ambitious but strategic will be breakeven for free operating cash flow before tax.

And the prospects for 2015-2016 remain unchanged compared with the previous disclosures we made. I think at this point, my colleagues and myself will be happy to take any questions you may have.

Questions and Answers

UNIDENTIFIED COMPANY REPRESENTATIVE: Hostesses will give you microphones for your questions, I would just like to ask you to introduce yourselves kindly before you ask your question if you don't mind. So the first question please.

PHILIPPE OURPATIAN, ANALYST, NATIXIS: Hello, I'm from Natixis. I have a few questions. My first question has to do with strategy for Mr. Oursel and some other questions that are more of an accounting nature for Mr. Aubouin.

Firstly, on strategy. At the moment, we have a stream of news it's not very positive for the Group coming in. I mean, we saw what happened in the Czech Republic with CEZ and the dispute concerning the nature of the call for tender and the decision to exclude you. Then we also recently saw [Voima]. Strangely, well, it was a modification, let's say, of their prospects to build a large size reactor and they wanted to move into talks with Toshiba. But they kept you on (inaudible) equivalent. Could you shed light on those facts first, please, and give us your reading of those situations.

And my second point has to do with -- well, this challenge, even though you demonstrated in your slides, that what your objective is for orders and the backlog for 2016, but are we not going to move into a phasing now that will be the end of the objective for 2016 versus what you had in mind a few months ago, that's my first question?

Second question has to do with provisions for restructuring in Renewable Energies. You mentioned that bio energies in Brazil and in the United States, solar energy we mentioned there. But have you got the amounts for -- Mr. Aubouin, maybe you could give me the amounts there, the money, sums? Also the provision of EUR400 million for OL3.

This is a lead lag, this is the loss on completion, but could we have justification of that, please. It has to do with the phasing and your relations with your clients which is [TVO]. And I'd like to be shared on that, please.

 

Also the negative balance, you targeted the non-recurring positive and negative operations on one slide that you showed us. Could you give us a balance of [1176], what's the balance? Because there's lots of completion, there are plus and minuses, I'd like to have the total balance please.

And lastly, could we expect in 2013 to have other one-shot items, which would substantially -- be of substantial importance, I mean, positive or negative. In the positive we might have captured gains, but anything to flag off that's important there, given the state of advancement of certain cases you're working on. Would there be provisions or impairments to be done?

And the last point, what's the normative tax rate, because that's changing, swinging around quite a lot at the moment. I know this keeps on coming up, but I really would like to find that out too please? Thank you.

LUC OURSEL: Well, the question you mentioned is strategic, this is Luc Oursel, I'd like to try and answer that one. The success of the Areva Group and the success of this plan will hinge on our ability to make the most of our installed base. All the reactors that were up and running, whose service life is gradually being extended and our ability to adopt positions that would be profitable in -- except for risk conditions -- on the new build markets.

Now, the new build markets as I said, I remain convinced myself, that this market of new builds will develop in the future because if we look at the different estimates I think there will be growth in the installed capacity of nuclear, about 50% globally by 2030 or 2035.

Now, having said that, well there's competition out there too. Lots of vigorous competition by our Russian friends and by our friends in Japan too. And this competition is deployed on a case-by-case basis in many and varied configurations. So we haven't really, wouldn't lay claim to clinching all the deals, taking all the orders so there will always be episodes, whereby we won't win all the deals of course. But I hope I've convinced you through what I said that there is room to maintain that objective of 10 EPRs by 2016.

Now, on the phasing. Perhaps, we -- well, we haven't got in mind any particular phasing for the order intake of 10 EPRs by 2016. Of course, these decision making processes are subjective to a lots of competition and they're lengthy processes too. And also they're processes for decision making that will be more and more gradual. We know, they might commit for to an engineering phase to start off with and then a construction phase later on, might be staggered over time. But that might suit us too if it would in lock in the safe and secure nature of such projects.

But in the Czech case you mentioned, we were disqualified fairly quickly in conditions that we didn't think were satisfactory and understandable. That's why we appealed that decision, different -- we used different means of recourse available in the Czech Republic, so as to show that this process we thought -- we didn't think it was functioning on a normal basis on the -- an optimum basis let's say.

Now, otherwise, the other question you mentioned was Fennovoima, [FVO not TVO] of course. That project that you mentioned in the last few months was particularly affected by the withdrawal of a Finnish shareholder and then more recently, more fundamentally, there was a withdrawal of the German utility that was an important investor, big investor. They were going to invest 34% of the equity and especially the nuclear operator. So the contours of that project have become more blurred.

And also more recently, we -- well, there was this announcement made in several trusts Fennovoima wanted to continue on the preferential basis with Toshiba. They're very aggressive like all the Japanese competitors these days. Maybe they're afraid of being marginalized on the market.

So we indicate that there could be possibilities for making improved proposals for the EPR. And then you have medium sized reactors where we would like to be part of the process with the ATMEA reactor. So, and the Finnish project was important for us is to keep in touch with the client and see exactly in what direction he wants to go and at what pace, given the political authorizations granted to him.

Well to answer your different financial questions is Mr. Aubouin.

PIERRE AUBOUIN: Firstly on Renewable Energies. The operating income, there are two important items to be borne in mind there in the operating income on the negative side. Both of them are focused in the solar power business as I said.

Firstly, we have the impairment of goodwill in respect of the acquisition that was behind that activity, just (inaudible), a bit less than EUR100 million. And provisions for losses on completion for certain projects currently being executed, about EUR40 million worth there. That explains the bulk of the negative operating income in the business group over and above what you find in the EBITDA.

And there for the rest of it, as I said, the offshore wind farms and biomass activities are at breakeven positive operating income that is and EBITDA.

 

PHILIPPE OURPATIAN: What about the provision for OL3?

PIERRE AUBOUIN: The OL3 provision Philippe yes -- well in 2012 we didn't manage despite our efforts to change the paradigm of the relationship we have with TVO as a client. So the provision is in that context and especially for coming phases, which will be a continued difficult relationship, there are things that concern the end of the electro-mechanical assembly in a minor way, and also there would be testing and the setting of the I&C systems.

That's a delicate part of the critical path but the costs monthly wouldn't be really very high but basically to answer your question, we now have to complete the electro-mechanical assembly phases, and the civil engineering work has been completed since last year, but the end of the assembly will mean that our workforce on the spot will be going down this year.

On your other questions, on the balance of the amount of EUR1.073 billion in one shot items or particular items I mentioned earlier, apart from the provision for impairment and the OL3 provision, there is mainly in the provision for modernization or revamping, I mean the project to revamp certain nuclear power plants in Europe and about EUR40 million worth for solar power projects that I mentioned too. That's the bulk of that bunch.

Now, the non-recurring items for 2013, no I wouldn't say there's anything really built into our guidance anyway and nothing to flag up there. We want to continue our improvement efforts and continue executing our different projects. Regarding the entries without any cash impact, some of the assets we partially impaired over the years will remain sensitive ones, as mechanical when it comes to impairment tests, but there is nothing new to be reported there on that.

Regarding the actual effective taxation rate, I know you attach importance to that. The only thing we can say is that structurally we're in a situation which is slightly favorable compared with the parent company's taxation rate for the parent company, but given the geographical mix, the only country where we have a taxation rate that is structurally higher to the parent company is in the US. Otherwise, the other countries are slightly lower.

Unidentified Company Representative Microphone over there perhaps, for the next question.

UNIDENTIFIED PARTICIPANT: Yes, good evening, I'm from the [Sevia] Strategy Consultancy. I would like to ask about your enrichment activities. Could you tell us a little bit please about your position concerning probable -- possible movements concerning the Urenco equity? And then what's the reverse position, is that something you're going to have a look at? Do you think you could or should take action on that and how, if so, if you're able to talk about that is?

LUC OURSEL: Yes, indeed, this is Mr. Oursel. We persistently hear rumors these days about possible changes in the equity base of Urenco but up to now none of those rumors have been confirmed. There is no doubt that Urenco is a fine company. Urenco is in the area of enrichment, of course, so it would be a competitor of ours, but also it's a partner because we share with Urenco the very sensitive technology concerning the production of centrifuges. So for all those reasons, if there were moves to take place, of course, we would have to have a look at what was happening and analyze what was happening and look at the political components therein and be governed by events.

Currently, the strategy of the Group remains once again strategy to reestablish our major financial equilibrium so as to fuel our own development financially in the future, and in the strategic plan presented, there wasn't any major strategic acquisition or operation that was slated.

UNIDENTIFIED COMPANY REPRESENTATIVE: Any other question?

UNIDENTIFIED PARTICIPANT: I'm from Canal Plus TV channel. What are the immediate consequences of the Mali situation on Imouraren mine and I'd like to know if you will meet your objective for 2015?

UNIDENTIFIED COMPANY REPRESENTATIVE: Now, since the terrible situation where hostages were taken more than two years ago, along with the Niger authority and the French government, we've taken the necessary steps to enhance security for our facilities in Niger. It is essential, both for the country and for the Group. And currently, we still operate the mine, the existing mine, and the development of the Imouraren project for which schedule has already been presented.

PHILIPPE OURPATIAN: Philippe Ourpatian from Natixis again. Carrying on Niger, what about the current negotiation with the government as to the remuneration from uranium extraction? We have seen some papers in the press recently, could you take us -- talk about the situation?

UNIDENTIFIED COMPANY REPRESENTATIVE: Well, indeed quite many articles that I won't confirm, but just to tell you, just like in all the other countries where we do operate mines, we do negotiate to see what will be role of the governments, the corporate tax, and the project, and the way they will be managed. Today, we have signed a -- we are preparing the arrangement to enforce a contract which was signed with the government of Niger recently.

UNIDENTIFIED PARTICIPANT: (Inaudible). I had a question about mining. Considering the current uranium spot prices, do you anticipate any negative impact on the average selling price of uranium this year?

UNIDENTIFIED COMPANY REPRESENTATIVE: No, we do not anticipate any negative impact for the average sale price, because of the terms of the contracts that have been signed and the good negotiation of this contract, we have considered that the average price will be roughly the same as in 2012, with a slight improvement, slightly higher.

LUDWIG DUPLE, ANALYST, L'USINE NOUVELLE: [Ludwig Duple] from L'Usine Nouvelle magazine. What about the agreement regarding this new reactor with China, between you, EDF, and the Chinese operator?

UNIDENTIFIED COMPANY REPRESENTATIVE: You are referring, I assume, to the agreement which was signed between EDF, Areva, and CGNPC in October last year, approved by the government. It's not about developing and designing a new 1000 megawatt reactor. It's about working together on the specifications of what could be a 1000 megawatt reactor and to try and see if these specifications could converge between the three companies, do we have the same vision of what should be such a reactor like. And I think that negotiations would be completed by the end of this first half year but in our mind it will not translate into an actual project unless specific conditions are met.

It has to be a third-generation reactor to start with, with higher safety requirements. It would be a reactor that will be built by the Chinese in China, that will be specifically for the Chinese market and as far as we are concerned, we consider that there's a need for the highest technical convergence just like for the ATMEA reactor, which was already been presented and proposed in several countries. It's not about designing a new reactor. It's about finding converging ways for specifications, and the coming month will tell us if the specifications, that is in the very early stages of such a project. There is room for such convergence, technological convergence in the specifications.

LUDWIG DUPLE: In line with the previous questions, in an interview with Journal du Dimanche in December you said that you are committed that the expert appointed for this agreement would have access to the agreement at the end of January. Trade unions have said that they haven't had any access to this document.

UNIDENTIFIED COMPANY REPRESENTATIVE: Well, the fact that on such an important topic, the European Works Council has asked the -- for the support of an expert is quite usual. That's the way we work in the European Works Council. And quite often experts, third party experts may intervene sometimes upon our request and that of the workers representative to work on such matters.

And this statement is not true. We have agreed on the ways and the arrangements through which the expert will have access to this agreement. I did say that in the framework of this procedure, the expert will have access to this agreement.

And the terms and the arrangements have just been completed. It's in progress, so it's not about saying that it has not been complied with as far as the Works Council is concerned.

UNIDENTIFIED PARTICIPANT: (Inaudible) I had two different questions. The first one is regarding financial matters. When we see your statement in 2012, there is clearly an improvement compared with 2011. There is only one business group for which the restated EBITDA covers the actual CapEx. But what are your expectations for 2013? Do you think that another business group will meet the subjective which is quite promising?

Then regarding the standard cost of EPR has been reduced by 15% versus Taishan and Olkiluoto 3. So there are two questions about this. Does it really make sense to compare two different environment where the requirements and costs in China maybe completely different from the ones observed in Finland?

And second question, by how much should this standard cost saving be reduced to be even more competitive versus your fiercer competitors?

UNIDENTIFIED COMPANY REPRESENTATIVE: For the first question, unless I'm mistaken, the business group -- mining business group and that of the Back End have a positive operating income after CapEx. As to the Front End for the reasons I explained earlier it is heavily negative because of the important investment phase we've started, the CapEx phase. And that's a peak in 2012 as I said. And there will be an improvement this year.

Now, for Reactors and Services, we are confident as to the capacity of this business group to generate a positive cash flow. As we end up with the loss on completion to be accounted for regarding the Finnish project and for Renewables it's mainly about orders, intakes and down payments that we are expecting which will help to meet free operating cash flow objective in the mid-term.

But we are very confident as to this capacity, because by definition we cannot meet positive free operating cash flow if we don't have any positive business groups to offset those that will still be slightly in a negative position.

For the second question there is a correction to be made. Apparently, I wasn't clear enough. The 15% considers the standard costs of the offers we've made in the bids over the last three years. And in spite of a cost evolution due to Fukushima between the EPR cost estimates three years ago and the bids we're making today after Fukushima. Thanks to our actions, we've been able to reduce the cost by 15%. Of course, the comparison between OL3 and Taishan doesn't hold for these reasons.

But as to the requirements I disagree with you. But it's true that the contract is not the same, the supply chain is not the same and the Group's operating experience is not the same. So the 15% is not really relevant here. It really -- it covers the standard costs of the bids. And also you have to consider the specificity of the site where the plant is constructed. That's why we call them standard costs.

As to the cost differences, of course, this is a sales and marketing issue that I will not disclose here. We shouldn't be ashamed of our cost when compared with the competition. And in the [OECD] over last years, there hasn't been any specific decisions to invest in nuclear power plant.

The next one will be in the UK. And today, the EPR, not only the generation -- it's the only reactor, new nuclear reactor certified in the UK. All the other competitors have just given up. So, there is some competitiveness in terms of cost. And there are also many aspects related to the funding of such a project. Financing is very important and does have an impact on the final cost and the price of electricity because the utilities have to negotiate with the regulatory bodies. And we also discussed therefore with the French authorities and the experts arrangements to make us more competitive. Because indeed, our Japanese, Russian and US competitors also benefit from much more attractive expert funding.

The EPR competitiveness is based on a series of criteria that have to be considered. There is a CapEx or the cost of capital, but that's also the safety, the certainty provided back on structure based on past experience. It's also the fact that the reactor was given green light by various nuclear safety authority which means that such a reactor will require less modifications.

And then the operating costs of EPR is much more interesting versus others and that of the competition because it's been designed to optimize maintenance and to reduce nuclear fuel consumption and waste production. And there are two other aspects to this competitiveness.

First of all, increasingly do we observe that customers are interested in one constructing company but they also want to enjoy the support of an operator for the starting up and the training. Therefore, the importance of this cooperation with EDF to tackle the Saudi and Polish markets. And for such heavy investment for nuclear industry with the completion terms that you know it's true that the financing conditions are to be taken into account as far as competitiveness is concerned.

And as an industrialist, I'm of course obsessed with cost reduction and improvement of competitiveness. But, we shouldn't be ashamed of the price of the EPR because we are very often consulted to take part in the calls for tender that are in progress at the moment or that will be issued in the coming month worldwide.

Well, if there are no more questions, we'll close the conference here today. Thank you for your attention and you're invited for a drink in the room next to this auditorium and you'll have (technical difficulty).

EDITOR: Statements in English on this transcript were spoken by an interpreter present on the live call. The interpreter was provided by the Company sponsoring this Event.

Document FNDW000020130315e92s0054g

**Sommaire de la recherche**

| | |
|---|---|
| Text | canberra and astorg |
| Date | Au cours des 3 derniers mois |
| Source | Toutes les sources |
| Auteur | Tous les auteurs |
| Société | Toutes les sociétés |
| Sujet | Tous les sujets |
| Secteur économique | Tous les secteurs économiques |
| Région | Toutes les régions |
| Langue | Toutes les langues |