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2 Avenue Gambetta - CS 60055
92066 Paris la Défense Cedex
France

Deloitte & Associés

6, Place de la Pyramide
92908 Paris-La Défense Cedex
France

Electricité de France S.A.

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018
Electricité de France S.A.
22-30, avenue de Wagram - 75008 Paris

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Siège social : 22-30, avenue de Wagram - 75008 Paris

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Électricité de France S.A. (« EDF », the « Company » or the « Group ») for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described herein in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de Déontologie*) for statutory auditors.

Observation

Without qualifying our conclusion, we draw your attention to the notes 1.2.1, 1.3.7, 1.3.16 and 2 of the consolidated financial statements, which disclose the effects of the application of IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments”, new standards adopted in the European Union and applicable for financial years beginning on or after 1 January 2018.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of provisions related to nuclear generation in France – back-end of the nuclear cycle, plant decommissioning and last cores – and dedicated assets
Notes 1.3.2.2, 1.3.16.2, 1.3.21.1, 29.1 and 45 to the consolidated financial statements

Key Audit Matter	Responses
As at December 31, 2018, the provisions recorded to cover obligations relating to nuclear power plants for which EDF is the operator in France total €39,806 million,	We have analysed the measures for recognising provisions related to nuclear generation in France and gained an understanding of the industrial scenarios for

including €21,295 million with respect to the back-end of the nuclear cycle (management of spent fuel and radioactive waste) and €18,511 million with respect to the decommissioning of nuclear power plants and last cores.

The valuation of these provisions is described in Notes 1.3.2.2, 1.3.21.1 and 29.1. It requires defining technical and financial assumptions and using complex calculation models and falls within the scope of the regulatory context described in Note 29.1.

They are updated and the assumptions taken into consideration in the models are reviewed at least once a year. These assumptions reflect management's best estimate at the reporting date of the impacts of the applicable regulation, the implementation of decommissioning and storage processes or changes in the main financial parameters.

Furthermore, the Company is required to allocate so-called "dedicated" assets to secure financing of certain categories of nuclear provisions in France. The realisable value of these assets should allow the Company's commitments relating to the decommissioning of nuclear power plants and long-term storage of radioactive waste in France to be covered (Notes 1.3.16.2 and 45). The realisable value of these dedicated assets, for an amount of €27,689 million (or a net carrying amount of €26,232 million) as of December 31, 2018, was determined based on the fair value of diversified equity and bonds investments, and the equity value of a non-listed assets portfolio managed by the division EDF Invest.

We considered the valuation of nuclear provisions and dedicated assets to be a key audit matter due to:

- the sensitivity of the assumptions on which the valuation of these provisions is based, notably in terms of cost, decommissioning nuclear power plants and the solutions adopted in terms of management of spent fuel and radioactive waste. We have assessed the compliance of the provisions with regard to applicable accounting, legal and regulatory measures.

We have verified the calculation models used by the Company and assessed the sensitivity of the valuations to the assumptions adopted in terms of cost, forecast cash outflows and financial parameters (discount and inflation rates).

Our work also consisted in verifying the type of costs used to determine provisions, assessing the consistency of industrial scenarios adopted by the Company and verifying the reconciliation of forecast costs and forecast cash outflows with these scenarios as well as the available studies and quotes.

We have also assessed the reasonableness of:

- margins for uncertainties and risks included in the provisions, to take into account the degree of control over decommissioning techniques and the management of spent fuel and radioactive waste.
- the series and mutualisation effects adopted in the quotes for decommissioning nuclear power plants in operation, for which the nominal cost represents €20,755 million to economic conditions at the end of the period, for a provision of €12,480 million in discounted value (Notes 29.1.3 and 29.1.5.2).

Concerning the inflation and discount rates adopted by management, we have verified their compliance with applicable accounting standards and regulatory measures, notably the ministerial order of March 21, 2007, as amended. We have reconciled the data used

inflation and long-term discount rates, as well as the depreciation periods of nuclear power plants in operation, and forecast cash outflows; the modification of these parameters can lead to a material revision in the provisioned amounts; - the negative impacts on the financial position of the Company (cash earmarked to increase the amount of dedicated assets) in the event of an increase in nuclear provisions in France, a change in the realisable values of dedicated assets or changes in the coverage rate of nuclear provisions for dedicated assets, it being specified that the valuation of provisions covers and includes uncertainties related to the fact that certain scenarios and technical solutions have never been implemented.	for this purpose with market data and available historical information. Concerning the securing of financing for certain of these provisions through dedicated assets, we have verified, by sampling, the portfolio movements and reconciled the realisable value of the dedicated assets in the portfolio at the reporting date with the available certificate of depository statements, and available external data and valuations. We have also assessed the accounting treatment and their valuation, in particular, the compliance with the accounting standard of the impairment criteria described in Note 1.3.16.2. Finally, we have verified the appropriateness of the disclosures given for the provisions related to nuclear generation in France and the dedicated assets in the notes to the consolidated financial statements, notably regarding the sensitivity of the valuation of provisions to changes in macro-economic assumptions (Note 29.1.5.2).

Valuation of goodwill, intangible assets with indefinite useful live, property, plants and equipments, and investments in associates and joint ventures
Notes 1.3.2.4, 1.3.15, 13 and 23 to the consolidated financial statements

Key Audit Matter	Responses
As at December 31, 2018, the goodwill, intangible assets with indefinite useful live and investments in associates and joint ventures represent 45% of the Group's equity. They are mainly related to non-regulated activities in which the EDF Group operates. Notes 1.3.2.4, 1.3.15 and 13 describe the methodologies adopted and applied to determine if indicators exist showing that an asset may be subject to an impairment loss. These notes also describe the methods for	As part of our work, we analysed the existence of indicators of impairment losses at the CGU level. We have also gained an understanding of the process for formulating estimates and assumptions made by management as part of impairment testing and we have also assessed the appropriateness of the valuation model. We have verified, for the CGU tested, that the discounted future cash flow projections correspond to those generated by the assets included in these CGU and that they were

performing impairment tests. The tests and the determination of recoverable amounts are carried out annually at the cash-generating unit (CGU) level for those holding intangible assets with indefinite lives or goodwill. The recoverable amount corresponds, for the majority of these CGU, to the value in use determined based on the discounted value of future cash flows. We considered the valuation of non-regulated assets in France, the United Kingdom and in Italy, and associates in the United States, to be a key audit matter, due to the sensitivity of valuations to macro-economic, industry and financial assumptions to determine recoverable amounts and the estimates and judgments that they require from management. In particular, an unfavorable and volatile market with low electricity market prices and persistent electricity generation over-capacity, added to a stagnation of the demand for energy in the main markets where EDF operates, significantly decreases the recoverable amount of certain goodwill, intangible assets, property, plant and equipment or investments in associates and joint ventures allocated to non-regulated activities and may lead to significant impairment losses.	consistent with (i) the budget data, medium-term plans (MTP) and, beyond, with the Group's long-term assumptions, (ii) past performances, (iii), market outlook and (iv) the expected operating life of the assets. We have assessed, by conducting interviews with management, the different underlying assumptions (economic growth, price of raw material and CO_2, electricity demands, production capacities and interconnections and changes in energetic mix) on which the medium and long-term price assumptions are based, by substantiating them with external studies carried out by international organisms or experts in energy. We have verified the determination methods and the consistency of the discount rate assumptions, based on the weighted average cost of capital (WACC) by geographic area and by activity and, in particular, analysed, with the assistance of our internal experts, the consistency of risk-free rates and the risk premiums adopted by management with the underlying market assumptions. If necessary, we have assessed the highly probable aspect of the disposals decided by the Group and the items considered to evaluate the recoverable amount. Finally, we have assessed if Notes 1.3.15, 13 and 23 of the consolidated financial statements provide appropriate disclosure in particular in terms of assumptions adopted to perform impairment tests and sensitivity analyses.

Specific Verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report, being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent insurance services provide.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Electricité de France S.A. by the General meeting of June 6, 2005 for KPMG Audit and by decision of the Board of Directors of April 25, 2002 for Deloitte & Associés.

As at December 31, 2018, KPMG Audit was in the 14th year of total uninterrupted engagement and Deloitte & Associés was in the 17th year of total uninterrupted engagement, which for both 14 years since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, February 14, 2018

The Statutory Auditors

KPMG S.A.		Deloitte & Associés	
Jay Nirsimloo	Michel Piette	Damien Leurent	Christophe Partrier