



# **EDF**

# **Half-year results 2020**

30 July 2020

## HALF-YEAR RESULTS 2020

**Jean-Bernard Lévy**

*Chairman and Chief Executive Officer*

Good morning ladies and gentlemen. Thank you for attending this first half 2020 financial results conference.

In a few moments, Xavier and myself will be walking you through these results and of course taking questions, but I would like to start with a general overview of the past six months and of course some outlook for EDF.

Obviously, the first half of the year was deeply affected by the COVID-19 crisis. During this period, EDF was a bright example of what was referred to as a “second-line essential service”, just behind healthcare personnel. More than ever, we rose to the challenge of fulfilling our essential mandate in terms of power generation, supply of energy services and maintaining close ties with all our customers. We are inspired by the values of public service and solidarity.

The EDF workforce stepped up to the plate, we exhibited total commitment and exemplary professionalism, for which I truly commend all our employees. We fulfilled our duties, complying with public health measures to ensure that also our personnel would enjoy safe working conditions, whether they worked remotely or on-site.

Another of our responsibilities was to look further ahead and prepare for the post-lockdown phase in spite of all the uncertainties that may be slowing the pace of the economic recovery even now. At the peak of the crisis, we managed to adapt our maintenance schedules and maximise the availability of our generation facilities for the coming winter. As soon as lockdown was lifted, we gradually stepped up the pace of our activities, once again demonstrating EDF Group’s remarkable ability to adapt. We established appropriate health protocols in agreement with our social partners; they were immediately assimilated by the workforce. This gives us a much clearer look-ahead towards the future.

It is hardly surprising that the effects of the public-health crisis and more specifically its most acute phase, from March to June, would be reflected in our financial statements. However, let me state clearly that we consider these effects to be under control, which is an evidence of EDF’s enormous resilience.

### H1 2020 KEY FIGURES

Let me now turn to the key figures. EBITDA for the first half of 2020 stands at 8.2 billion euros, which is a limited organic drop of 1.6% when compared with the first half of 2019. Excluding the COVID effect, it shows a 10% increase, demonstrating the strength of our underlying growth.

At the end of June 2020, net income excluding non-recurring items stood at 1.3 billion euros, slightly down by 135 million euros when compared with the first half of 2019.

Net financial debt stands at 42 billion euros on the 30th of June. This is a 900 million-euro increase, Xavier will give more detail later on.

### **COVID-19 HEALTH CRISIS IMPACTS**

The public health crisis affected the Group's EBITDA by around 1 billion euros during the first semester. This impact was essentially felt by three business sectors:

- First by our customers and service sector to the tune of 436 million euros due to the drop in power consumption, an increase in the amount of bad debt and a slowdown in projects and services supporting our customers.
- Secondly by France's nuclear sector to the tune of 253 million euros due to a reduced nuclear availability, impacting both in output levels and expected capacity revenues.
- Finally, the impact was on the distribution sector to the tune of 212 million euros due to lower distributed volumes and less grid-connection works. We should, however, note that in due course this impact will be offset by the mechanism of the tariff adjustment.

### **ACTION PLAN IMPLEMENTED TO MITIGATE COVID-19 CRISIS IMPACTS**

Action plan: confronted with this shock, we have decided to implement a cost-cutting plan and a disposal plan. This will enable us to continue rolling out our strategy, CAP 2030, while keeping our debt levels under control.

This action plan firstly entails reducing operating expenses by 500 million euros in constant euros when we will compare year 2022 with year 2019. It also entails stabilising our net investments at approximately 15 billion euros a year on average over the period of 2020, 2021 and 2022.

The action plan also relies on the continued disposal of non-strategic assets, for which we have a new target of approximately 3 billion euros of assets to be sold from the beginning of 2020 to the end of 2022. All this will ultimately enable us to maintain the net financial debt to EBITDA ratio at approximately three times at the end of each year in 2020, in 2021 and in 2022.

These additional efforts are a follow-on from the performance plan and the disposal plan that we undertook in 2015. As you are well aware, both plans were completed to the letter and even ahead of the initial schedule. We have thus proven our ability to reconcile financial discipline with the growth of our business and the implementation of our long-term strategy. Today, I am very confident that once more we will be able to achieve this additional effort.

In the longer term, though, EDF's financial equation still depends on regulatory reforms to the existing ARENH mechanism. I have so many times mentioned the asymmetrical and unfair nature of ARENH. Discussions on the creation of an appropriate and more balanced new regulatory framework are still actively underway between the French State and the European Commission. If these discussions result in a successful conclusion, then the necessary conditions will be in place to start restructuring the Group's activities in a way that will enable us to boost our investment capacities much quicker towards a successful energy transition.

### **HIGHLIGHTS AND DEPLOYMENT OF CAP 2030 (1/3)**

A few highlights in the deployment of CAP 2030. In spite of the pandemic, an unprecedented circumstance, we have continued to deploy CAP 2030 and achieve significant advances.

To begin with, I would like to highlight the strong development of our renewables sector.

We are consolidating our positions, for instance in the Middle East which is one of our top-priority regions. I am really pleased that we have been awarded, in a consortium, the Al Dhafra project, which is no less than 2 Gigawatts for a solar plant in Abu Dhabi. It will be the world's largest single project solar plant, and the first one on such a scale to deploy bifacial module technology, that means that both sides of the photovoltaic modules do capture light in order to yield higher generation. We see

this as an acknowledgement of our expertise. Another illustration is the successful completed construction of the 800 Megawatt DEWA 3 solar project that we have now achieved through a very successful partnership with DEWA from Dubai and Masdar from Abu Dhabi.

We are also building very substantial wind farm projects in many countries, in France and China. Let me just illustrate the construction of the Fécamp offshore wind farm in France, for which construction just began.

In China we completed the process of acquiring an interest in two offshore wind farms with a capacity of 500 Megawatts. One of them is already running, the other one is still under construction.

In the area of storage, we are continuing to expand our business in the United States, one of our key markets, as an implementation of a storage plan which was released three years ago. For instance, we just signed a power purchase agreement for a 200-Megawatt solar project combined with 100 Megawatts of storage capacity in the vicinity of Las Vegas, Nevada.

I must not look over hydro. Hydro will remain, for many years, the first of the renewable energy sources for the planet and for us. In this regard I would like to highlight that we have this year excellent water conditions, excellent rain and snow conditions, in France. At the end of July the amount of water that we have in our dams in France is very close to the record level over the past thirty years and this is of course good safety for us, for H2 2020.

### **HIGHLIGHTS AND DEPLOYMENT OF CAP 2030 (2/3)**

Let me return with you to China and talk about the other cornerstone of our low-carbon generation capacity which is obviously nuclear.

First of all I would like to highlight the excellent operational performance of our two Taishan EPR units built together with our partner, CGN. In 2019, the Taishan 1 reactor, in its first full year of operations, Taishan 1 generated more electrical power than any other nuclear reactor in the world. The output was approximately 12 terawatt hours. Taishan 1, commissioned a year and a half ago, has now completed its first full operating cycle, which demonstrates the quality and robustness of EPR technology. Right now Taishan 1 has started its first statutory maintenance outage.

As regards the Hinkley Point C construction project in the UK, we have completed work on the common raft of reactor number 2 on time. In spite of the measures we deliberately took to adapt working conditions in light of the pandemic and the regulation regarding distances, this work was completed in full accordance with the initial schedule. One of the main contributors to this success is the rationalisation of work resulting from the construction of two EPR units on the same site. This achievement is also due to the lessons learned from other EDF projects in the rest of the world.

As you are all aware, Hinkley Point C is the benchmark for the planned construction of two EPR units at Sizewell. Our teams recently applied for a Development Consent Order with the British authorities. This DCO was accepted on the 24th of June. It is a key step in the development of this project before we consider the final investment decision.

In France, the scaling-up of maintenance work since the lifting of the lockdown has led us to revise upwards our previous nuclear output estimate. The estimate now lies in the range of 315-325 terawatt hours for 2020.

As we already mentioned when we presented the Q1 results, the public health crisis resulted in a slowdown of nuclear construction and maintenance work in France and the UK. We are currently assessing all the effects of this slowdown.

As regards the international business, the second cornerstone of our strategy, I would like to highlight our progress in the hydroelectric sector.

In Malawi, EDF and our partner SN Power, we have just been pre-qualified as exclusive developers of the country's very first hydroelectric dam. We are currently working on a technical and sales proposal that should be submitted in the course of September. With the support of the World Bank, this infrastructure alone will, in due course, account for close to 80% of Malawi's currently installed capacity. A game changer.

I have already spoken to you about a project involving the construction of the first pump storage facility in the Persian Gulf and more specifically in the Hatta mountains of the United Arab Emirates. Within the scope of this project, EDF will be providing assistance for engineering and project management. Indeed construction just started.

You are well aware that EDF is a renowned supplier of hydro-engineering services. We just won two contracts of this kind: one is in Tasmania, the other one is in Kirgizia.

### **HIGHLIGHTS AND DEPLOYMENT OF CAP 2030 (3/3)**

Let me now come to the third cornerstone of our CAP 2030 strategy: customers and services.

During the first half of the year, our B2C market share in France held up well. When we look at the loss of customers to our competitors, it dropped by more than 30% compared with similar numbers in the first half of 2019. For us, this reflects the recognised quality of our offerings and the efforts of our 3000 customer advisers, all based in France, who have stood alongside our customers since the very beginning of the crisis.

Our market offerings continue to attract new customers – 720,000 customers have already adopted them against 500,000 six months ago. Almost a 50% growth in six months.

We also remain the leading alternative gas supplier and we have more than 1.6 million residential customers in France.

On the B2B market, we supported the post-lockdown return to business with an ad-hoc solution called *Pack redémarrage*, a restart package for businesses that have been closed, which was launched in record time.

At the same time we see the electric mobility sector expanding quickly. We just launched a large-scale experiment of Vehicle to Grid, V2G technologies in the region of Occitania. We expect to roll-out bi-directional charging stations developed by our subsidiary DREEV as early as the fall of 2020.

We opened the first Izivia charging stations for electric vehicles in the metropolitan area of Lyon where we won the contract a year and a half ago. We have also taken over the operations of MObiVE, which is a very large network of more than 1,500 charging terminals for all the province of Nouvelle-Aquitaine.

### **EDF ADOPTS ITS "RAISON D'ETRE**

Let me tell you that the first half of 2020 was also an important time for all EDF stakeholders because we adopted our *raison d'être*. Our sustainable development commitments towards environmental, social and corporate governance, particularly regarding the protection of climate and biodiversity, are now enshrined since we adopted our *raison d'être*, which is now written into our by-laws and which

states that we build a net-zero energy future with electricity and innovative solutions and services, to help save the planet and drive wellbeing and economic development.

More than ever, we are determined to use all our skillsets in order to decarbonise the economies of the countries where we operate. Seeking carbon neutrality means responding to a dual priority. First, we need to fight against global warming. Secondly we need to reconcile with sustainable and inclusive growth.

We share this conviction with more than 150 businesses who, like us, have rallied around the initiative launched by the United Nations alongside Science-Based Target and the WeMeanBusiness coalition that we have already joined. We want to encourage global decision-makers to include climate protection goals in all their post-COVID recovery efforts or plans.

Because we want the post recovery efforts to take into account biodiversity, we have also signed up to two new commitments – one is with act4nature France and one is for act4nature International.

The crisis obviously is not over. Because we have uncertainties lying in front of us, we are not to be prevented from planning ahead and from acting for our common cause: that of a better tomorrow. All recovery plans, European, French, state that we will not, we cannot return to yesterday's economy. While tomorrow's economy and society still has to be invented, at EDF we are all convinced that low carbon electricity will be one of its main driving forces. Isn't that a huge growth opportunity for EDF.

I will now hand over to Xavier Girre and then a bit later we will take your questions. Thank you.

**Xavier Girre***Group Senior Executive VP - Finance*

Thank you, Jean-Bernard. Good morning, everybody. I will now present you our H1 2020 financial results in more detail.

**GROUP EBITDA BY SEGMENT**

Before detailing the figures, let me remind you that Edison's E&P activities are accounted as discontinued activities under IFRS 5, excepted the Algerian and Norwegian assets which are no longer in the scope of the transaction.

As already mentioned by Jean-Bernard, the EBITDA decreased by 1.6% organically. The main reason for this decrease is linked to the impact of the COVID-19 crisis, which is estimated at 1 billion euros. Excluding this impact, the EBITDA would have amounted to 9.2 billion euros, which shows a solid underlying growth of approximately 10% compared to last year.

France - Generation and Supply activities were down by 76 million euros, the COVID-19 effect and a decrease in nuclear output offsetting the increase in electricity prices. France-Regulated Activities suffered from lower distributed volumes, while the UK showed a strong increase thanks to higher nuclear prices and the reinstatement of capacity market revenues.

The Other activities segment is impacted by a provision for onerous contract due to the outlook for gas prices in Europe.

**FRANCE NUCLEAR OUTPUT**

Nuclear output came to 174 terawatt hours, a decrease of 29.7 terawatt hours compared to 2019.

The impact of the COVID-19 effect has been estimated at approximately 13 terawatt hours, a consequence of two main elements: first, the extensive modulation to adapt to the drop in power consumption in France, and second, the extension of outages because of the sanitary measures on site.

Beyond COVID-19 impact, other elements also contributed to this drop in nuclear output for approximately 17 terawatt hours. First, the extended outages of Flamanville 1 and 2, and Paluel 2, which have been offline during the whole semester, and second, the closure of Fessenheim 1 in February, and a few other elements.

**FRANCE HYDRO OUTPUT**

France's hydro output raised to 26 terawatt hours from 20 terawatt hours in 2019 and increased by 29%. As you can see on the right-hand side of the chart, hydro conditions were slightly above normal for the first half of 2020, in sharp contrast with the below average situation in H1 2019.

As mentioned by Jean-Bernard, it is worth noting that the level of the "lake France" is currently close to record highs if we compared with the last 30-year average.

**FRANCE – GENERATION AND SUPPLY ACTIVITIES EBITDA**

EBITDA of France - Generation and Supply activities was down by 1.9% to 3.9 billion euros. Adjusted for the COVID-19 effect, the increase would have been of 10% thanks to strong positive price effects.

The negative impact of COVID-19 has been estimated at -482 million euros. It is linked to a decrease in electricity consumption in France, to a loss of circa 13 terawatt hours of nuclear output as detailed before, and to an increase in bad debt. Lower nuclear availability also led to book a risk of potential penalties on the capacity mechanism for 137 million euros. By convention, the estimated COVID-19 impact does not include any price effect.

As detailed earlier, nuclear output was also down because of other factors not related to the COVID, while hydro output was up by 5.6 terawatt hours. The overall energy volume effect represents a decrease by 494 million euros.

Favourable energy price effects contributed positively for 709 million euros. It reflects the two successive increases in the regulated tariffs on the 1st of June 2019 and the 1st of February 2020, including the catch-up calculated over two years. This was somehow counterbalanced by market sales at lower spot prices.

Downstream to final customers was up by 302 million euros thanks to better market conditions for energy saving certificates and to the increase in the price of capacity. Customer losses represented -6.3 terawatt hours.

Operating expenses decreased by 84 million euros.

#### **FRANCE – REGULATED ACTIVITIES EBITDA**

EBITDA for the France - Regulated activities segment stood at 2.5 billion euros, an organic decrease of 4.6%.

The COVID-19 impact has been estimated at -212 million euros. This is mainly linked to lower distributed volumes and a slowdown in the installation of new grid connections. It will nevertheless be compensated in the next years through the regulatory catch-up mechanism.

Changes in indexed adjustment to the TURPE 5 distribution and transmission tariffs contributed to a positive price effect of 223 million euros.

The mild weather for the first half of 2020 had a negative impact estimated at 152 million euros.

#### **RENEWABLE ENERGIES**

EDF renewables registered a strong organic growth of 14%.

The COVID-19 effect is not significant.

Output reached 7.9 terawatt hours, an organic increase by 7.4%. Thanks to the commissioning of new assets at the end of 2019 and to good meteorological conditions.

Let me highlight that EDF renewables is accelerating its developments with a level of projects under construction at a record high of 5.9 gigawatts.

If we look at Renewables activities across the Group, overall EBITDA decreased by 2% organically. This reflects the convention we use to value hydro output in this Group level KPI with a reference to spot prices whereas hydrological conditions were much better and EDF renewables performance also growing.

Total net investments in renewables amounted to 783 million euros – a strong increase compared to 2019. This reflects the acceleration of our development in renewables as well as less subsidies booked in H1 2020 compared to H1 2019.



## ENERGY SERVICES

Let's now look at Energy Services. Dalkias's EBITDA was down by 15%.

It was impacted by the COVID-19 effect by 39 million euros, as less energy and services were sold during this period. Also most construction works had to be postponed as customer sites were closed during the lockdown.

Heating networks and energy services' activities have proven resilient during the crisis. Moreover Dalkia helped ensure continuity of key essential services such as hospitals, industries or data-centres.

At Group level, the organic decrease by 20% was mainly linked to the impact of the COVID-19 crisis.

Net investments were up, following the acquisition, in February, of Pod Point, a leading player in the field of electric mobility in the UK. Dalkia's investments were otherwise down given the postponement of construction works.

## FRAMATOME

Framatome's EBITDA including the margin realised, with other EDF Group entities established to 211 million euros, corresponding to organic growth of 1%.

Its contribution to Group EBITDA increased by 28% organically to 98 million euros.

The impact of the crisis has been estimated at -37 million euros. It has mainly affected the "Installed base" business, but also the "Fuel" and the "Projects and component manufacturing" businesses as some industrial facilities had to shut down.

The margin of the "Fuel" business increased significantly thanks to a better mix of production of products as well as unfavourable calendar effect in H1 2019.

Framatome's EBITDA also benefitted from continued overhead cost-cutting.

The company acquired the nuclear services of BWX Technology in the United States. No cash was disbursed, as it was exchanged against a land owned by Framatome.

## UNITED KINGDOM

The EBITDA of the United Kingdom rose significantly from 128 million euros in H1 2019 to 438 million euros in H1 2020, despite the negative impact of the COVID-19 estimated at -128 million euros, mainly linked to a decrease in B2B consumption.

Generation benefitted from higher realised prices for nuclear power, and the reinstatement of the capacity market, which had been suspended for the first part of 2019. Nuclear power output totalled 22.7 terawatt hours in a context of extended unavailability of Hunterston B and Dungeness B. It is a decrease by 1.8 terawatt hours compared to 2019 due to the schedule of maintenance operations.

On the customer side, the residential portfolio remains stable. The growth market for residential customers increased thanks to a better customer mix.

Pivot Power, for storage, and Pod Point, for electric mobility, integrations are on track. The first two battery storage projects of Pivot Power are under construction, while the performance of Pod Point is ahead of plan despite the crisis.

## ITALY

The EBITDA of Edison was nearly stable in organic terms at 380 million euros.

The COVID-19 crisis had an impact estimated at -47 million euros, mainly because of lower gas and electricity volumes, in particular in B2B, and the slowdown of service activities.

In the power business, volumes sold went down because of lesser availability of CCGT power plants.

Gas business was up thanks to better optimisation of long-term gas supply contracts.

As for new power projects, the construction of the CCGT project of Presenzano has been launched and the modernisation of the CCGT of Marghera is progressing.

## OTHER INTERNATIONAL

Looking now at Other International segment.

EBITDA was up organically by 32% to 208 million euros.

EBITDA in Belgium showed an organic growth of 34% despite an impact of the COVID-19 estimated at -29 million euros. Indeed, the sanitary crisis impacted the consumption in Belgium, led to sell energy on the market at lower prices, decreased the activity in energy services, and increased the risk of customer bad debt.

Wind generation was up by 47% thanks to the increase in installed capacity and to much better wind conditions.

Nuclear power generation was also up in Belgium and benefitted from favourable realized prices.

In Brazil, EBITDA was up by 3% in organic terms thanks to the annual adjustment to the Power Purchasing Agreement in November 2019. The drop in nominal terms of the EBITDA is directly linked to the weakening of the Brazilian Real against the Euro.

## OTHER ACTIVITIES

Lastly, the Other activities segment contributed for 135 million euros to the Group EBITDA, a strong decrease compared to last year.

This is mainly attributable to provisions for long-term LNG procurement contracts, that became onerous in view of the downward perspectives of medium and long-term spreads between the US and the European markets.

EDF Trading delivered, again, a great semester after an exceptional year in 2019. Increased credit and counterparty risks in the context of the COVID-19 crisis had a negative impact estimated at 31 million euros.

## GROUP EBITDA – SYNTHESIS

Before moving to EBIT, let me wrap up these different elements and show you the main building blocks of our H1 2020 performance.

The main two negative drivers were the impact of the COVID-19 on the Group and of lower production in France, mainly due to extended outages.

The main positive drivers were the favourable evolution of energy and other prices such as capacity in France, and of realised prices for nuclear power in the UK.

Another block is linked to the negative evolution of spreads in gas between the USA and Europe.

And last, continued opex cuts.

### **GROUP EBIT**

Let's now move to the other lines of the P&L.

The EBIT of the Group came at 1.6 billion euros, a decrease by 2.1 billion euros versus last year.

Volatility and commodities had a year-on-year unfavourable impact of 673 million euros. This element is recording the net changes in fair value on energy and commodity derivatives excluding trading activities, on contracts which do not qualify as hedge accounting, in particular in relation with Edison's gas positions.

The net depreciation and amortisation increased by 0.5 billion euros. This is essentially explained by the growth in the asset base, namely within the French nuclear fleet, and to a lesser degree by accelerated depreciation of the French coal-fired fleet from 1st June 2019.

Impairment losses have been recorded in 2020 on the nuclear fleet of EDF Energy for 0.6 billion euros.

Other operating expenses include 146 million euros for the repairs of the penetration welds at the Flamanville 3 EPR.

### **CHANGE IN FINANCIAL RESULT**

The financial result for H1 2020 corresponds to a financial expense of 2.3 billion euros, a decrease of 2.2 billion euros from 2019. This change is mainly explained by:

An improved cost of gross financial debt of 0.1 billion euros, thanks to better financing conditions.

A positive change for 0.6 billion euros in the discount effect due to no reduction in H1 2020 in the real discount rate used for nuclear provisions in France compared to a 10 bps decrease in H1 2019. At the end of June 2020, the real discount rate for nuclear provisions was 2.3%, incorporating an assumed inflation rate of 1.3%.

A 2.9 billion euro decrease in other financial income and expenses, of which -2.6 billion euros due to the fair value adjustment of financial assets held in the dedicated assets portfolio in application of IFRS 9 standard. This reflects the depressed performance of equity and bond markets in 2020, in sharp contrast with 2019.

This is why, excluding non-recurring items, financial result improved by 0.6 billion euros.

### **NET INCOME**

Net income, Group share, came to -0.7 billion euros versus a positive 2.5 billion euros in 2019 – a negative variation of 3.2 billion euros.

As detailed previously, the EBIT and financial result represented a combined decrease of 4.2 billion euros compared to 2019.

The variance of the income taxes generated a positive 1.1 billion euros to establish at +42 million euros. This is a direct consequence of the deterioration of the result before taxes of -4.2 billion euros, slightly offset by the increase in the income tax rate in the United Kingdom.

The Group's share in the net income of associates decreased by 0.3 billion euros, a consequence of a decrease of the net income of RTE with less transported volumes, of CENG also with a negative fair value adjustment of financial assets, and of a lower income from the dedicated assets.

The Group's net income excluding non-recurring items proved resilient as it stood at a positive 1.3 billion euros, down by only 135 million euros compared to 2019.

### **NON-RECURRING ITEMS NET OF TAX**

Just a quick word on the post-tax effects of non-recurring items.

They stood at a negative -2 billion euros versus a positive 1.1 billion in 2019.

Impairment losses have been recorded for a total amount of 0.7 billion euros versus 0.5 billion euros in 2019. The main element here was the 0.4 billion euros depreciation net of taxes of nuclear plants in the UK, and of the Edison E&P activities that are currently held for sale and treated as a discontinued activity for 0.1 billion euros.

Net changes in fair value of instruments and other items including commodities volatility, are accounted for in non-recurring income and represented a loss of -1.2 billion euros post-tax.

As said earlier, this reflects the poor performance of equity and bond markets in 2020, in sharp contrast with 2019. The overall performance of our portfolio of dedicated assets was of -2.3% for H1 2020, versus +8.9% for H1 2019. The coverage ratio established at a resilient 101.9% at the end of June 2020.

### **CHANGE IN CASH FLOW**

Looking now at the cash flow.

Operating cash flow stood at 0.6 billion euros, down 1.9 billion euros from 2019.

The working capital requirement contributed negatively for 1.4 billion euros. One of the main impacts for 0.9 billion euros is linked to the CSPE, the compensation for public energy service charges, as the generation of renewables has increased more than anticipated in H1 2020 and that spot prices have decreased considerably due to the sanitary crisis, increasing the amount to be temporarily supported by EDF.

The net investments, including disposals, HPC and Linky, increased slightly to 5.9 billion euros. This reflects the acceleration of investments in renewables as well as the acquisition of Pod Point.

Group cash flow established at -1.9 billion euros, a negative variance of -2.9 billion euros versus H1 2019. In addition to the variance of the operating cash flow, we highlight that there were no disposals in 2020 versus a disposal of Alpiq shares in H1 2019 for 0.4 billion euros, second the income tax paid stood at circa 400 million euros, a 0.6 billion euros negative variation versus H1 2019, and third Linky and HPC investments remained at the same level as last year.

### **NET DEBT**

Let's now review the evolution of the net financial debt.

This chart is summarizing the evolution of the debt by 0.9 billion euros.

The box “others” for +1.1 billion euros includes a foreign exchange adjustment for 0.5 billion euros, and the variation of the fair value of financial instruments, mainly derivatives used to hedge interest rate risks, for 0.8 billion euros.

The net debt came, as a consequence, to 42 billion euros at the end of June 2020.

This ends my presentation. Let me now hand back over to Jean-Bernard Lévy who will present the Group’s new financial targets for 2020 and our ambitions for the 20-22 period.

**Jean-Bernard Lévy**  
*Chairman and Chief Executive Officer*

### **2020 GUIDANCE AND MEDIUM-TERM OUTLOOK**

Thank you very much, Xavier. As many if not all other companies, like us, we cancelled our financial targets back during the pandemic, and the purpose now is to present the new financial targets that we have set for this year and for the medium-term.

We are aiming for a 2020 EBITDA in the range of 15.2 to 15.7 billion euros, obviously this includes the consequences of the crisis that we have already recorded or the consequences that we expect for the second semester, in particular with respect to the level of nuclear output for the full 12 months of 2020. So EBITDA between 15.2 and 15.7 billion euros.

In the medium term, we are targeting a reduction in operating expenses of 500 million in constant euros in 2022 when compared with 2019. We are implementing a disposal plan of approximately 3 billion euros over the period of 2020 to 2022, and we aim at reaching a sustained net financial debt to EBITDA ratio of approximately three times at the end of each year over the period of 2020 to 2022.

A final word about our dividend policy. The board has decided not to pay an interim dividend in 2020. The board has also decided that we are keeping a payout ratio unchanged at between 45 and 50% of the net recurring income, with the French State still being committed to opt for a scrip dividend for fiscal year 2020 and for fiscal year 2021.

This ends our presentation, we are now ready to take your questions.

## QUESTIONS AND ANSWERS

**Rob Pulleyn, Morgan Stanley:** Hi, good morning gentlemen. Out of many questions I will stick to three if that's OK. Firstly, it would be really helpful on the reform subject if you could outline the next steps that we should be expecting and if possible when we could hear news on those and whether the start of 2022 for conclusion is still feasible, that would be super helpful.

Secondly, may we have some further details on the disposal plan, namely how much is incremental to the existing plan guided 2019-2020 in terms of how much had already been executed and how much is new.

Then finally if I may just revisit a question I asked at Q1 when I asked your perspectives on the need for fresh equity, and for the avoidance of doubt, does the disposal plan now negate the need for additional equity in the foreseeable future? Thank you very much.

**Jean-Bernard Lévy, EDF:** Thank you for your questions. Maybe I will take them in the same order. I mean we will not have news in the very short term because this is August coming up and in August there are no real discussions going on between the European Commission and the French state, but I can tell you that this reform, of which you know the basic elements, by the way, the French government published a consultation, a new framework to hear from stakeholders what their views would be about a reform of ARENH, and these conversations have been going on. We are not part of these conversations although of course we are supporting the parties when they ask questions from us in order to fill the arguments, to give them some data. It is indeed very difficult to say how much it will take. It is indeed also very difficult to guess whether there will be a positive achievement in these conversations or not but we are of course strongly hoping that we will find a way to reform the ARENH and probably something that will look similarly to what the French government consulted on earlier in the year.

Your second question in terms of disposals, we have very clearly stated that the new disposal plan will encompass what we will sell in 2020, 21 and 22, so it does not include what we sold before 01/01/2020 and indeed we had committed, about five years ago, to a ten billion euros disposal plan that we have achieved and were slightly above the initial number by less than 10% but I don't remember the exact figure. Anyway we sort of closed that initial plan of ten billion, we are now reigniting, restarting a new plan with a three billion euro target and of course, as we did earlier, we are not going to name any of the assets which could be disposed of, there is I think no better way to succeed than to keep our movements in a closed circle in order to achieve better value for money, but then when there is something significant that is indeed sold, we of course give a lot of details about what we have achieved.

And now your third question about the disposal plan and additional equity. This is a question about the strength of the balance sheet and of course the strength of the balance sheet has to be looked at for us as we watch today, we anticipate tomorrow what will be the P&L contribution to the balance sheet and there are many items going in and out of that contribution. We are very, very focused usually on our day-to-day operations, producing energy and selling it and at the same time we have a very large balance sheet, as you know, if I remember well the balance sheet is above 300 billion euros in total and that balance sheet reflects a number of things from the past or for the future such as some of what we have to provide for, for our long-term commitments, some of them for instance for pensions, others for nuclear waste and so on and so forth. So looking at the balance sheet and looking at whether the equity or EDF is appropriate is something that is very complicated. Yes indeed we see the P&L contribution, but we also are prone to various variations of provisions, of interest rates, that will have a direct effect on the balance sheet numbers. So right now we consider that the dividend

policy that has been decided by the board where the French state made a statement about a script dividend for each part for the next few years is something that gives us a lot of comfort that we have what it takes to meet our operational requirements.

**Vincent Ayrat, JP Morgan:** Yes, good morning. I'll start with a first question related to Hercule again. I understand that obviously you cannot say and you will not see, like all of us, whether this project gets finalised or not, although it would be interesting to have an update on whether it is still alive. We saw the head of CRE, Mr. Carencu, at the Parliament that his teams were about to meet the European Commission on the 16th of July and the articles are that the discussion was about the cost of nuclear. Could you confirm if there is any additional information which has been made public that we could have missed that would be very interesting in this respect?

Second thing, [inaudible 00:51:40] and the government reshuffle. We have a new Minister of Energy. Have you had initial contacts with the government and especially on the same topic of Hercule?

And third point, it's a very numbers question, I'm very sorry about that, but I noticed that the D&A increased by 500 million year-on-year for H1. Usually we have an order of magnitude of about 600 per year increase, so this is a fairly high increase, it would just be interesting to hear a bit about this. Thank you.

**Jean-Bernard Lévy, EDF:** Thank you very much, I will let my colleagues give you an explanation of why the DNA number is such for the first half. Maybe I will answer your second question first and this will lead to the first one.

Yes indeed, we had some local elections at the end of June (which by the way had been postponed – they should have been at the end of March but because of the COVID situation these elections were finalised for electing mayors at the end of June), and there was indeed a government reshuffle at this stage while of course I know I have met the people in charge of various EDF matters at a government level, the members of the cabinet, I am not aware that there is any change at all in the government policy regarding EDF or regarding regulation in no aspect. I believe this change of some of the people and indeed in some areas some of the organisation of the government is not having any effect on what we are implementing regarding the first point, which is the major reform, the reform of ARENH and the possibility for us as a consequence of ARENH that maybe we will implement a new organisation of our assets which we have worked on under the codename Hercules, Hércule in French. I am not aware that there is any change in the government policy and indeed you were mentioning that there were some meetings between the French economic regulator for energy and people in the European Commission after the government reshuffle, and while I am not the person who can make any comment on meetings to which EDF does not belong, if your information is right this does show that the discussions on the reform have been going on in July after the reshuffle of the government, so the outcome of the reform is a big question mark for us. I am totally unable to give you any comment regarding whether it will be successful or not, and obviously EDF is not in the driving seat of these discussions but of course we are strongly hoping for a positive outcome.

**Xavier Girre, EDF:** Regarding the D&A, there are two points during this first half, as I highlighted. The first one is linked to the French nuclear fleet and the growth in the assets base in the French nuclear fleet, which contributes for 241 million euros, and the second one is the accelerated depreciation of the French coal-fired fleet, which started 1st June 2019, so when you compare the first half of 2020 with the first half of 2019 you have a difference which represents 103 million euros.



**Olivier Van Doosselaere, Exane:** Yes, good morning and thank you for taking all of our questions. I have three if I may. First one is again coming back to the reform discussions. As you mentioned, you would hope to get a positive response, but I guess at this stage the Commission might say yes or they might say that after this preliminary discussion they feel a need to put in place a more in-depth investigation and a formal investigation as they mentioned, which I guess could take about a year. Can you help us understand what would happen if they choose that second path? Can you still work in the meantime on preparing Hercule or is everything a bit up in the air depending on what the final outcome is?

Then the second question also is related to that: should the implementation of this reform actually happen after the next presidential election, do you have any fear today in terms of the wider political support for this election beyond the En Marche! party?

My last question is coming back to the balance sheet. You now target three times net debt to EBITDA over the next three years. I think in the past you were at some point more at 2.5 times, so do you think being at 3 times is now the new sustainable leverage that you can keep and maybe because your rating has dropped, or do you think that beyond the medium term you will actually have to come back down again? Thank you.

**Jean-Bernard Lévy, EDF:** Once again I will maybe respond to your two first comments, I'm not sure they are really questions, and Xavier will do his best to explain what the three times leverage company is when compared to a 2.5 or 2.7 leverage company.

On the first point I think Olivier your question is very much related to ifs and whens. We are, as I said, watching and supporting two parties in negotiating a new regulation frame for new market design, for nuclear generation sales on the French scene, on the French market. You are referring to legal decisions that can be made by the European Commission, I heard the words "formal investigation", which I guess relates to a totally different set of discussions. I don't think there is today the kind of spirit that leads to formal investigations. There are discussions with France requesting a change in what has been agreed ten years ago, which still should be operating until the end of 2025, which is the ARENH, and we see day after day how inappropriate ARENH is for many aspects, including of course it doesn't benefit really the customers, the clients. We hope these reform discussions will be positive. There will certainly be, after a potential agreement has been made, a consultation phase because many stakeholders will need to be listened to, based on the in-principle agreement that maybe the EU Commission and the French government will have reached, and then we will see what happens and related to your second question, while this is of course being controlled and mastered fully by the current government, as you very rightly say, we will have presidential elections and we are not aware at this stage that what we are discussing is a matter of political discussion at a national level. Anticipating any effect of national elections on quite a technical matter which is a new framework for regulation of the nuclear generation in France is, I think, going a bit too far at this stage and I'm sure you will understand that it's really too early to anticipate what would be the effect of changes or not on the political scene in France on something which is, right now, a work in progress and being handled outside the day-to-day political discussions from various parties in France.

**Xavier Girre, EDF:** As regards your third question, Olivier, of course the COVID crisis has increased the tension of the Group as we have described. Our goal is clearly to maintain our net financial debt as previously expected in our long-term plan, but we will suffer from less EBITDA than expected due to less nuclear generation as we also explained with the impact of the COVID and also heavy maintenance programme over these years, 2020, 2021, 2022, and this is why we have set this new goal, the net financial debt to EBITDA, three times. What's key of course is to implement successfully our action plan, as we already did during the last years. And as you know also, we always focus on our Group's

financial condition and balance sheet, which remains a priority. This is why we have set this new goal, which we consider sustainable for the years to come.

**Emmanuel Turpin, Société Générale:** Good morning, everybody. Three questions, please. Coming back to the guidance for EBITDA in the full year, it looks like taking the meet point of your EBITDA range we would be looking at an acceleration of the declining EBITDA year on year in the second half, I calculate a roughly 13% decline. Despite the worst of the COVID crisis being behind us, hopefully, would you mind helping us or share with us some of your assumptions for 2H as embedded in your guidance, especially maybe using slide number 5 which is a great slide about the COVID impact in H1. So what are you assuming COVID-related or crisis-related in 2H?

The second question would actually stick to this slide number 5. We know your guidance for nuclear production for next year so we can take care of the blue box. If we assume that electricity consumption somewhat normalises in 2021, should most of this 1 billion, except the blue box, kind of disappear?

Last question: for your 500 million cost-cutting over three years, would you mind sharing with us the timing of implementation? So how much you expect to reach in each of the three years? And for the dilution, three billion of disposals, how much should we take out of our assumptions for EBITDA maybe over the course of this disposal programme, sorry for dilution related to disposals? Thank you very much.

**Xavier Girre, EDF:** Thank you, Emmanuel. As regards the guidance, clearly our 2020 EBITDA will depend on the nuclear generation during H2. Here, as you understand, we have taken into consideration our latest hypotheses, which is a range between 315 and 325 terawatt hours. Having already generated 174 terawatt hours during the first half, on this basis this should lead to a decrease of the negative impact on the nuclear generation in H2 compared to H2 last year in comparison with what we present today, H1 vs. H1, minus 253. During H2 we should have, on the basis of this nuclear generation hypothesis, an increase in the negative impact for H2. On the other hand, as regards customers and services impact, clearly the impact is very significant during the first half of the year. It should be less significant during the second part of the year. During the last few weeks, we have noticed that the business is coming back quite well. It's the mix of these two elements that has led to this guidance, 15.2 to 15.7. Very clearly, the key variable will be linked to the French nuclear generation during the second half of the year and of course the prices also impact to be considered. As regards the disposal plan, as Jean-Bernard already said we will not give any detail today. Clearly we have our own assumptions that we have taken into consideration in the ambitions that we have set as regards our financial ratios for the period 2020-2022.

**Sam Arie, UBS:** Hi, that's Sam Arie, UBS. Look, I wanted to ask some questions to follow up on the discussion with the EU on the new nuclear regime. If I may, my starting point is that there was a consultation earlier in the year which talked about the fair return for nuclear and a price corridor I think of +/- 6 euros potentially, but did not say anything about what the fair return would be or the level of prices that that corridor would be around. My question number one would be, I think CRE has written a paper for the government which has been submitted to the EU but which we haven't seen, so I just wonder, I assume you've seen it, if you can tell us if that paper does include a concrete proposal for the absolute price level for the nukes or a specific allowed return in a regulated model?

Secondly, does it propose a new framework to replace ARENH from 2025 when I think it's expected to come to an end, or would it replace ARENH sooner than 2025 under the latest proposal paper?

Secondly, this is a broader question, I know you can't speak for the EU, but could you just spend a minute to share with us your understanding of what are the issues the EU is balancing here as they think about their response to these French proposals? My sense is that the EU would like to see the French nuclear fleet on a more stable, regulated regime and that this has implications for energy security across the European region, but I wonder do you share that perception of their priorities and what else do you think they might be thinking about that would affect their decision on this? I suppose a very relevant question, do you think it makes a difference to them in any way, for example from a state aid perspective, whether the EDF Group has private shareholders or not? In other words does the EDF parent listing need to be de-listed somehow in order for the EU to approve the kind of proposals that have been put forward. Sorry, very broad questions but would love to hear any comment you can share on those. Thank you.

**Jean-Bernard Lévy, EDF:** Yes, thank you very much for your questions. I am sorry I'm going to be something of a disappointment for you because you're not asking the right person. Your question is about some discussions between two parties of which EDF itself is not a participant. It is close to an exercise of guessing so I'm really unable to answer precisely the questions you have raised. We have been requested already some time ago to feed the government, that includes the CRE with some numbers regarding our costs and so obviously we had been told about the fact that the government had requested some advice from the CRE regarding what should be a fair examination of our costs and what should be a fair return on those investments that we are making, but of course this is a discussion that is happening in closed circles and as you may expect as being very much a party or involved in what could be the outcome of such discussions between the French state, the EU Commission, the independent regulator, you would not expect us to have any part in the way that these parameters, these KPIs are being looked at and being discussed, so I am afraid that there's not much I can say about it. The only thing I can say is that we are indeed pressing the government. As you have seen we have been downgraded once more and you can see our debt level is growing, you can see we have to implement new divestitures, a new saving plan. You see the tension that has been created on EDF's balance sheet over the years by the ARENH, so we would like the implementation of the new system, once it's agreed and if it's agreed, to be sooner rather than later.

Regarding the second part of your comment which is how do we think the EU is looking at it, this is even more second guessing which is are we in the EU's shoes and what would be the way to look at it considering the importance of the French nuclear generation for electricity availability in central Europe, also for the lowering of the costs for the European economy and looking at the various concepts that you are mentioning, I heard you use the word "state aid" and yes indeed maybe the state aid concept is something that is also being taken into consideration. While your question is very interesting and we could have a theoretical discussion about what the market design is aimed at, what is the right trade-off between competition, customer interests, long-term investment, friendly market design and how new technology interferes with existing assets, this is certainly not a matter or a topic that I think this conference is really framed to organise.

**Sam Arie, UBS:** OK, well thank you for sharing some thoughts anyway. On the last point about the shareholder structure of EDF, do you see any link between that and the potential EU decision or are they entirely separate?

**Jean-Bernard Lévy, EDF:** Our advisers tell us that when they look at the EU's former statements, the EU has never made a difference in the way they look at market operators, they have never made a difference on the ownership. In other words, they look at the market operators with the market design, the market framework, the market shares and so on and so forth. I understand that whether a

company is fully listed, not listed, publicly owned, state owned and so on... I'm told by our advisers that in the past, ownership is not something that the Commission takes into consideration.

**Sam Arie, UBS:** OK, well that's a very helpful comment so thank you for your answers.

**Jean-Bernard Lévy, EDF:** [...] what our advisers are saying, you know, I'm not speaking on behalf of the Commission please.

**Sam Arie, UBS:** Of course, entirely understood and thank you for sharing what you can.

**Ahmed Farman, Jefferies:** Yes, hi, it is Ahmed from Jefferies. Just a couple of questions from my side, mainly on the guidance and balance sheet. I think during the presentation you highlighted the strong favourable position in the French hydro, so I just wanted to ask if you could share with us what the volume that you see over the second half and I guess what is deemed in your guidance on French hydro output, if you could share that with us that would be helpful.

Likewise I think you also pointed out the weakness in the UK nuclear volumes, so I just wanted to see if you could give us your expectations of where you see that volume coming out for the full year.

Then I guess finally could you just help us understand what is the impact of a rating downgrade is for the Group in terms of ability to refinance debt, cost of debt, any impact on collateral and trading requirements. It just would be helpful to have your thoughts on what you see as the impact. Thank you.

**Xavier Girre, EDF:** Thank you for your question. As regards our guidance concerning the French hydro generation, we consider in our guidance what we call a "normal" second half of the year. As you have noticed, the first half of the year is much better than a normal first half.

As regards your question about UK nuclear volume, what you have in mind, we do not give specific hypotheses or targets for UK nuclear volume. What you have to keep in mind is two-fold. First, the impact of COVID in the UK appears less material than in France because the fleet is not as large and therefore the domino effect that we observe in France in connection with the restructuring of the maintenance schedule is less pronounced. The second point you have to take into consideration is the fact that there are some risks today in particular as regards the Hunterston B reactor, as regards also the Dungeness reactor, we have, on different occasions, highlighted these two cases. Today, the expected return is during Q3 but there are some risks about these dates. As regards Hinkley Point B, the two reactors have been halted in March and May and are expected back to the grid end of November and mid-December. Today, they have reached the same number of hours of operation as the ones at Hunterston B and are therefore in the same situation regarding the safety cases, regarding graphite issues that we have already highlighted on different occasions. So there are some risks as regards the UK nuclear volume trends for the months and years to come.

As regards the rating downgrade, as you know we have been downgraded by S&P to BBB+ a few weeks ago. The immediate impact is quite limited on our debt costs. Obviously this requires us as we always do to be very reactive, very opportunistic, and in order to optimise our balance sheet on any occasion. And with this current rating there is no significant requirement for additional guarantees or collaterals in our activities, including trading. If we were downgraded once more, we may have to give some guarantees to our trading activities, but that's not the case today.

**Ahmed Farman, Jefferies:** OK that's very good. And if I could just quickly follow up on that, the three times net debt to EBITDA, do you see that as consistent with your current BBB+ rating?

**Xavier Girre, EDF:** Yes, definitely. This is consistent and this has been seen as such by S&P in this decision.

**Jean-Bernard Lévy, EDF:** This is the core of our financial strategy. Maybe one last question?

**Louis Boujard, ODDO BHF:** Yes, hi, good morning everyone and thank you for taking my question. I have three in fact. Obviously I'm not going to come back on the regulations as I think that most of the questions have been asked on this topic. But I wanted to have your view regarding what was in your press release and the range that you give for the guidance on nuclear output in 2021 and 2022. I would have expected that we could maybe narrow a little bit that range which is currently 330 to 360 terawatt hours, but in the meantime I can see that eventually there would be some risk because of the increasing willingness of the ASN regarding more capex on the VD4 that you mentioned in your press release. Is it something that is related? Are you waiting for any answer from the ASN regarding the VD4 eventually more capex planned in order to adjust your guidance for 2021 and 2022 on the nuclear output or are they two separate stories at this stage?

My second question is regarding the very nice 2 Gigawatt project that you earned few days ago. It is completely impressive in terms of size and regarding the solar development and potential for EDF. The price as well is very impressive. Do you think that we could see some clusters to be developed with further investments to be made in this kind of countries in the future and do you think that you could have a role to play in order to develop this kind of cluster of solar developments going forward?

My last question is more regarding our assumptions for the second half of the year. And more specifically regarding the gas activities related to the other activities. We see a sharp fall into the gas activities. I understand, and correct me if I'm wrong, that most of this fall that has been regarding the 1H should not be in the second half, it means that most of the loss we are seeing in the 1H is going to remain but is not going to deepen in the second half, so maybe some improvement to be expected since most of it has already been recognised in the first half? Thank you very much.

**Jean-Bernard Lévy, EDF:** OK, thank you. I will take your three questions. First, as you say are these two separate stories, the response is yes, they are two separate stories. The first one is we have to understand how we will be able to get a sufficient number of units back into the fleet, back for operations on the fleet especially at the very important time of the end of the fall and through the winter. We have maybe four months where we really have to optimise the available capacity and at this stage, while we have been doing over May-June-July slightly above what we had expected, this has enabled us to improve our outlook for 2020, so that is why we raised our projections from 300 to 320 +/- 5. But for 2021 and 2022, on top of the way that we have under control all the resources we need and all the planning we need to offset the long-term effects, the long-term domino effects of the COVID interruptions of all the works and so on, we also have to take into account the very high load we have in some of the long outages that we have to work on and especially the increase in the number of, what we call VD4, forty year extensive maintenance programmes, and we have a number of them in 2021 and in 2022 and this adds to the uncertainty that has been created by the COVID long tail effect. We are keeping our 330 - 360 outlook for 2021 and 2022, it is quite likely that over time we will probably reduce the width of that range, but not today. Not today, we still have too many uncertainties.

Separately, and this is the second "story" to use your own words, we have now gone a long way into the Grand carénage, the Grand carénage operationally started in 2014. We set a first 12-year period for Grand carénage – 2014 to 2025, so this is 12 full years. We have been regularly reporting on this. Now that we have almost gone through the first seven years of this 12 years program, and are more

than halfway in that, we have succeeded in the first VD4 and that we are now working on two other VD4s and more to come, we have done quite a number of changes in steam generators for the 1300 range, we have done a lot of the post-Fukushima things. We want to sort of put a light on where we are. How do we look at what we have done? How satisfied are we with what we have done and I think we have done very well. What is the outlook for the next few years and aren't we really looking at something that will go beyond 2025 and of course yes, in 2025 or 2026, 2027, 2028 we will still have a lot of costs for the maintenance of the fleet. We will have to get prepared for VD5 for the first units. We will have to look at some of the lessons learned from all we will have done, so this is time for a larger review of our operations, our control over the project and this is what is mentioned in the report that right now Grand carénage is under internal review, which would have happened even if there was no COVID and so on but which of course it so happens it is at the same time as we have to manage the consequences of COVID so that's why you are asking whether there are two separate stories or just one and it is indeed two separate stories.

The second question is how come we can do such huge and very positive developments in Abu Dhabi. Well you do know of course in Abu Dhabi there are very sunny and inhabited lands which are of course very good targets for huge solar farms. Indeed, this tender offer which we won, together with a partner from China, we are 50:50 with this Chinese partner, and of course in the project company there will be a majority owned by Abu Dhabi state-controlled company. This project is roughly over a land of 20km<sup>2</sup>, so it is roughly like 4km by 5km, so such empty spots are not easy to find in our countries. That is why we are very happy that we can demonstrate the value, the competitiveness of our solutions that we are also developing in more populated areas. I would say, and I don't exactly know what you mean by cluster, but that first of course land planification and management is in the hands of the Abu Dhabi government. We understand that they intend indeed to go beyond such projects but by itself a 20km<sup>2</sup> project is already probably a cluster by itself.

Your third question, I'm not really sure if this was what you meant with our gas situation, the situation in our gas business is made of current operations, which are doing well, and I don't think we have any highlights to report in our current gas operations, but we also have to take into account some long-term gas contracts that we have signed already, some of them a few years ago, which are linked to the need for us to get, from some suppliers, the gas we need for our own usage because of course we do not produce gas by ourselves so from time to time we have to take into account one of the accounting decisions due to the way these contracts are structured. Among market conditions can include the price of gas by itself but also the spread between various parts of the world or the cost of liquefaction or regassification, so these are complex matters. We do not expect, in H2, at this stage, anything but current operations. We are not flagging any specific events for H2.

I think that ends our conference for today. Thank you all for attending and I wish you a good day and a good summer period. All the best to all of you and we will talk to you later. Thank you.