Third Quarter 2017

Tuesday, 14th November 2017

Sales and Highlights

Xavier Girre

Group Senior Executive Vice-President - Finance

Good afternoon everyone. I am pleased to welcome you to this conference call.

I will walk you through our 9-month 2017 sales, starting with the main highlights over the period. And I will dedicate the second part of my presentation to the financial outlook that we updated yesterday.

This will be followed by a status update on the French nuclear reactors by Dominique Minière, EDF's Group Senior Executive Vice-President for Nuclear and Thermal Generation.

We will then open the Q&A session, a session during which Philippe Sasseigne, who heads our French nuclear fleet, will join Dominique to answer specific questions you may have on our generation fleet.

This call is expected to end at 19.00, Paris time.

Group sales by segment

Let me start with a first look at the overall sales numbers by segment. Over these first nine months, sales came out at €49.7 billion. You may remember that 2016 sales recorded a €1 billion positive impact linked to the 2014 tariff catch-up. Once adjusted for this impact, as well as for scope and forex effects, the underlying change in sales is a 1.3% drop over the same period in 2016.

You can see on this slide that Italy registered the most significant drop in sales, a drop that has actually no impact on margins.

Institutional Environment: key decisions at national and European level

Turning to slide four, we will have a closer look at these sales numbers in a minute, but before that, let us review some of the key highlights since our previous communication end of July, starting with recent decisions pertaining to the French and European policy frameworks.

The French government disclosed, on 7th November, some aspects of its vision for the development of the electricity sector in France. Based on scenarios presented by RTE, the government reckons that reaching 50% of nuclear power in the generation mix by 2025 raises significant challenges. The draft multi-year energy plan, the so-called PPE, is expected to present mid-2018 a new timeline for the evolution of the share of nuclear power. In addition, alongside the preparation of the PPE beginning of 2018, the government has indicated it is preparing a plan to speed up development of renewable energy sources in the French electricity system.

At European level, the long process to revise the EU carbon market directive reached a concluding milestone on 9th November. The European Parliament, the Council and the Commission found an agreement that will help withdraw excess allowances at an accelerated

pace starting 2019. This will contribute to strengthen to some extent the EU carbon pricing signal.

Further development of renewable energies

Looking now at the latest developments in renewables on slide 5: emerging countries took centre stage over the last few months, especially in solar.

In Brazil, we commissioned 350MW as part of the Pirapora solar PV project through a partnership with Canadian Solar, in which we hold an 80% stake. We also commissioned the 66MW Ventos de Bahia wind project.

In solar, again, we entered onto the Egyptian market with the signing of a partnership project with Elsewedy Electric Group for the design, building and operation of two plants totalling 100MW of capacity.

In India, we commissioned 87MW of solar and 164MW of wind capacity, bringing our total installed renewable capacity above 370MW.

We also announced the completion of a new offshore wind farm at Blyth, in the UK. This ground-breaking offshore wind project brings significant innovations. The first one is the installation of 8.3MW MHI Vestas turbines, the most powerful to be used on an offshore wind farm to date. The second innovation is the installation at the site of gravitybased foundations using the new "float and submerge" process: t is the first time this method has been used for offshore wind turbines. Lastly, this is also the first time that a 66KV high-voltage cable has been used for an offshore wind farm. An outstanding project overall which was developed and built within a very short period of time.

Last but not least, EDF EN increased its stake in Futuren to 87.5% as a result of the simplified public tender offer that took place end of July.

These developments illustrate the ongoing acceleration of capital allocation to the Group's renewable activities and are significant steps towards the ambitions set under our CAP 2030 strategy.

Customer Solutions: development and innovation

Slide 6 shows a selection of the main developments in the field of customer solutions.

Competition is indeed becoming increasingly intense in European energy supply activities. EDF responds with innovative solutions and targeted investments.

First, EDF launched in France a new range of electricity supply solutions for residential customers called "*Vert Électrique*", i.e. "Electric Green". The goal is to offer renewably-sourced electricity combined with solutions adapted to new patterns in electricity use. These plans provide green electricity with high-quality customer service staff based exclusively in France. In addition, innovative services and tariff options are available to customers already equipped with a Linky smart meter.

In the context of these green electricity supply solutions, our dedicated subsidiary, Sowee, also launched the extension of its connected home solutions to electric heating, which allows in particular for a room-by-room control of temperature.

Second, we announced significant developments on the customer front in Italy, with binding agreements signed by Edison for the acquisition of energy supplier Gas Natural Vendita Italia. When finalised, this transaction will increase Edison's customer base by 50%. We expect this transaction to generate significant synergies in the coming years, given the potential scale effects.

Last, in September, the Group created "EDF Nouveaux Business". The purpose of this subsidiary is to develop new solutions along with innovative, competitive services, in areas such as smart home, decentralised energy systems or smart cities. EDF New Business is both a specialised investment arm and a business incubator working closely with EDF's R&D department.

Agregio, the first start-up developed under the EDF New Business' umbrella, was launched on the same date. Agregio acts as an aggregator of renewable generation and load-shifting capacities, and offers customised solutions to optimise and monetise these capacities.

Here too, I want to highlight that these developments illustrate our commitment to CAP 2030 and the strong priority given to customer solutions.

Disposal plan on track

I will end the review of these highlights for the period with a status update on our disposal plan.

Over the last three months, we have finalised a number of transactions signed earlier this year.

First, the sale of our stake in EDF Polska to PGE that was closed yesterday with a €1 billion positive impact on net financial debt. This is a key milestone in our disposal plan that was reached after a long process.

The second transaction: the sale of around 200 real estate assets to Tikehau Capital. This operation is an important step to reduce our commercial real estate portfolio.

Third, the disposal of some of Edison's gas assets, namely the 100% stake in ITG, owner of the Cavarzere Minerbio gas pipeline, and the 7.3% equity investment in Adriatic LNG, the company that owns the regasification terminal in Rovigo.

As a whole, we have now achieved around €8 billion in closed disposals. This represents roughly 80% of our €10 billion target over the 2015–2020 period, which means that we are well advanced and ahead of schedule.

Group sales

Let me now move on to the sales numbers.

Slide 8 illustrates the trend presented on the first slide. The 2014 tariff adjustment is the most important factor, explaining the 3.2% organic drop in Group sales. Excluding this

one-off element, the organic change in sales is a limited –1.3%, which is largely linked to Italy. The €848 million decline in Italian sales has no impact on margins, as I already said.

Let me move on to the review by segment in order to analyse the main drivers behind these sales numbers.

France – Generation & supply activities

Starting with French generation and supply activities on slide 9.

Sales amounted to €25.4 billion, up 0.2% versus the same period last year when excluding the impact of the tariff catch-up. Weather and the 2016 leap year drove a negative change of €236 million compared to the first nine months of 2016.

Cumulative changes in regulated sales tariffs in August 2016 and August 2017 had a negative effect of €205 million, excluding the impact of capacity certificates.

Downstream sales experienced a €560 million drop, mainly due to a reduction in sales volumes to end-customers that you will see on the next slide.

The effect of ARENH subscriptions on sales over the first nine months of 2017 was twofold. They carried a €2,578 million positive impact corresponding to the sale of 61.4TWh at the ARENH price, which had no equivalent during the same period last year. Conversely, volume supplied under ARENH mechanically reduced the net volume sold on the wholesale markets. This negative impact, together with the reduction in market sales linked to the lower generation output, amounted to negative €2,413 million.

One last point on sales in this segment, with regard to the impact of the capacity mechanism: pass-through of the capacity price to end-customers and sales on capacity auctions of capacity certificates carried a positive impact, overall, of €457 million.

Upstream/downstream balance

On slide 10, the upstream/downstream balance shows, on the right-hand side, a shift in volumes from market to ARENH sales.

The 8TWh reduction in demand from end-customers reflects the market share erosion, as well as the reduction in demand mostly linked to the 2016 leap year.

On the generation side, the increased thermal output partly offset reduced hydro and nuclear generation.

Nuclear output

Let us have a closer look at nuclear output.

Nuclear generation was down 3.8TWh, at 283.3TWh for the first nine months of 2017.

This lower French nuclear output reflects the long-term outages of Bugey 5 and Paluel 2, as well as the extended outages at Gravelines 5 and Fessenheim 2, linked to Le Creusot manufacturing quality issues. Unplanned outages at Flamanville 1 and Cattenom 1 also penalised the output.

As you know, EDF revised its 2017 nuclear output guidance following the temporary shutdown of Tricastin reactor and the other elements I just mentioned. The cumulative impacts of these elements has interrupted the progressive catch-up of 2017 nuclear output with 2016. This led to a revised guidance of 383–387TWh. Indeed, we should be close to last year's output.

In order to meet this target, we are fully focused on restarting plants currently on outage according to the latest schedule.

As I said at the start of the call, Dominique Minière will provide you with a status update on the French fleet in a few minutes.

Hydro output

Moving to French hydro generation on the next slide, the hydro output over nine months is down 5.6TWh, to 28.6TWh. This reflects the very challenging hydro conditions that we continue to experience, with the driest first nine months in France since 2011.

You can see on the chart on the right-hand side that record low hydro levels were also observed in October.

France - Regulated activities

Sales in French regulated activities came to €11.3 billion, up 0.9% when excluding the 2014 tariff catch-up impact.

This positive trend was mainly driven by the changes in distribution tariffs in August 2016 and 2017.

I will come back on Enedis later on, when we discuss the 2018 outlook, in particular with respect to volume trends.

United Kingdom

Looking now at the UK on slide 14: sales in the segment came to €6.2 billion, down 2.3% in organic terms, which excludes a significant forex effect.

This change was mainly driven by the impact of lower wholesale power prices on realised prices of nuclear generation.

This effect was partly compensated by the continued good operating performance of the British nuclear fleet. UK nuclear output came at 48.7TWh, which is 0.7TWh above the level of the first nine months of 2016.

In B2C supply activities, the average number of product accounts stayed stable, despite very intense competition. Consumption was driven down slightly by weather and increasing electricity savings efforts.

Italy

Let us now move to Italy on slide 15, where sales are down 10.5% in organic terms to €7.2 billion.

The main driver is the unfavourable effect on sales of hedging derivatives of Edison's long-term gas supply contracts in the context of the new pricing formulas that were agreed recently, but this has no material impact on margins.

Sales in hydrocarbon activities were supported by rising thermal generation and industrial gas consumption. Not enough, however, to offset the drop in wholesale volumes sold.

Sales in electricity activities are down slightly, with falling sales volumes partly offset by higher sales prices, mainly on wholesale power markets.

EDF Énergies Nouvelles

Turning now to EDF Énergies Nouvelles on slide 16, 9-month sales came at €898 million, slightly down by 1.4% in organic terms.

The drop in sales is mainly explained by slightly lower O&M activity over this period, in contrast with EDF EN's overall growth trend.

Generation output continued to grow, 3% up compared to the first nine months of 2016. This was driven by good wind output and the increase in capacity: over the 12-month period leading up to September 2017, net capacity increased by 0.9GW.

EDF EN displays a strong pipeline of gross capacity under construction at 2.4GW.

Dalkia

Dalkia's sales grew 7.4% in organic terms.

This evolution reflects a good commercial performance, with a number of contracts newly signed and renewed. Support also came from indexation of services contracts and pass-through of higher fuel prices.

In addition, we are very pleased to have Imtech now fully part of the EDF group, following the closing of the acquisition last July.

Other activities

To conclude on this segment on slide 18, trading margin at EDF Trading is down 24.7%, due to the impact of low price conditions in North American markets, combined with lower liquidity and unfavourable price conditions in Europe. In the US, EDF Energy Services continued to perform well and year-to-date sales stood above 2016.

The start of commercial operations at the Dunkerque LNG terminal was a significant milestone. This concludes the well-managed construction and commissioning phases of this asset which now offers strong commercial development prospects.

Other international

Finally, the Other International segment on slide 19.

Total sales of the segment came at €3.6 billion, down 0.8% in organic terms.

Belgian sales were up 4.4% under the positive effects of continued development of wind capacity and service activities. Prices dropped both in gas and electricity. This was partly offset by higher electricity sales volumes to B2B customers.

Brazil sales were down €60 million to €344 million under the negative impact of the annual price review under Norte Fluminense's PPA.

Lastly, bear in mind that the 2016 sales numbers included the activity of EDF Démász in Hungary, a subsidiary sold end of January 2017.

2017 & 2018 Target Updates

This leads to the final part of this presentation, focusing on our targets.

With regards to 2017, as you know, we revised our nuclear output and EBITDA guidance on 27th October. These targets require avoiding any additional delay in reactors restart, as well as severe cold or mild weather events that would call for incremental purchases on the market or lower sales.

Let me now come back on the revision of our 2018 guidance and address salient points in the questions and comments we received yesterday, ahead of our Q&A session.

It is worth stressing out first that the overall EBITDA trend remains unchanged: 2017 was a trough year and 2018 will be significantly higher. Also, keep in mind that those elements that are expected to penalise 2018 EBITDA are essentially one-offs or timing differences, and lead to a revised guidance with a mid-point less than €400 million below the previous target.

2018 EBITDA will face two main adverse events.

First, electricity consumption tends to slow down in 2017 and 2018; this affects Enedis in particular. Therefore, we had to revise our 2018 forecast for distribution volumes from a moderate growth to a 0.3% drop. Since the shift has already started, the change is actually applied from a lower starting point, as 2017 volumes are now expected to be lower than what was expected until recently.

Moreover, there are also negative price impacts due to an increase in the transport tariff and tariff structure effects. These impacts are only partially offset by the increase in 2018 of the distribution tariff related to the compensation of 2017 lower volumes, through the catch-up mechanism called CRCP.

The net cumulated effects of those factors amount to around -€300 million for 2018, in comparison with our previous forecast.

Let me remind here that this negative impact in 2018 will be recouped in the following years of the tariff period. This is provided for under the so-called CRCP, a balancing mechanism designed to mitigate under- or over-recoveries versus the authorised revenue trajectory defined in the distribution tariff. So this will be neutral over the tariff period.

The second negative driver is the expected drop in availability of the French nuclear fleet at the beginning of 2018. Many of you have been closely monitoring recently the restart dates

on the reactors on planned outage. You have seen that several outages have been extended, sometimes for a significant period of time. When taking stock of the reasons behind those extended outages, it seems appropriate to consider that, on the whole, future planned outages could face extensions and that average availability may be reduced over the first part of the year. Dominique Minière will come back on that in a minute and if necessary during the Q&A.

While the overall impact on output may be relatively small, this will take place at a period when power has most value, which will be more impactful for EBITDA.

Let me be clear that this does not, however, put into question our previous indication about the increase in our nuclear output in 2018 versus 2017, bearing in mind that we gave this indication when 2017 output guidance was set at 390–400TWh. We will articulate a specific number for output target in February next year as usual.

In the face of those adverse events, we have decided to intensify our Opex cut efforts by a further €100 million in 2018. This additional effort is mainly driven by two action lines that will be initiated in France. First, an additional effort on procurement to reduce the amount of purchases, mainly for general goods and services; and second, optimising our workforce mobility within the Group.

Overall, this leads to the new 2018 EBITDA range of €14.6–15.3 billion. Nuclear output will of course be a key driver with respect to this range. Let me also remind you that ARENH is an important risk factor: indeed, we have to be in a position to meet the ARENH demand, which means that we cannot benefit from higher prices on such volumes, and that we are at risk if ARENH demand is below or above our central scenario.

Let me also address one of the questions frequently asked yesterday regarding the bridge between the recent increase in power prices and our EBITDA target revision.

Prices have indeed appreciated throughout 2017, but the impact is limited on our 2018 EBITDA since a large portion of our position had been covered before this rebound. This is fully consistent with what we have always explained regarding our hedging policy. The average price we have captured for 2018 since 1st January this year is slightly higher, but much closer to the €36/MWh reference than the current level of 2018 forwards, insofar as the power price increase happened only since September. If prices remain at current levels, their positive impact could be more pronounced in 2019.

Net investments excluding Linky, new developments and disposals are expected to stand at close to €11 billion against €10.5 billion previously. Let me very clear that this is not a slippage. It is important to stress that part of the €500 million revision is due to a strategic will to increase our investments in renewable energy. This acceleration is consistent with the

Group's strategic priorities and shows that the Group remains strongly focused on these priorities.

Regarding other elements explaining the €500 million increase, this is mainly related to maintenance operations on the nuclear fleet which simply have to be done. This does not mean that the total budget for the Grand Carénage is revised. It is confirmed at €45 billion over the 2014-2025 period. Obviously, we remain committed to control the level of Capex but this can only be done gradually.

Let me remind you that the level was €12.4 billion in 2015.

In that context we have also decided to accelerate the delivery pace of our disposal plan. We now aim to nearly complete the €10 billion plan by the end of 2018.

Our revised net financial debt to EBITDA ratio for 2018 was set at 2.7 times. This should not be read as an indication of a revision in the total costs of projects included in our so-called new development Capex. This includes, obviously, some headroom.

Beyond 2018 targets

The last slide on our guidance beyond 2018: we are confirming all our targets here.

Let me conclude and remind you of a few key messages from this third quarter in the context of the implementation of our strategic priorities.

- Our 9-month sales were down slightly to €49.7 billion.
- The increase in renewable output, as well as the 2018 acceleration in renewable investments, are consistent with the ambitions set under the CAP 2030 strategy.
- Third, the implementation of CAP 2030 is also reflected in developments in customer solutions, with new commercial offers in France and an acquisition in Italy.
- Fourth, the completion of our disposal plan is well advanced and ahead of schedule.
- And last, the adjustments made to our 2018 objectives are mainly related to one-off effects and timing differences.

Let me now hand the floor to Dominique Minière.

Nuclear Fleet Status Update

Dominique Minière

Group Senior Executive Vice-President, Nuclear and Thermal

Good afternoon ladies and gentlemen. I will just give you a brief about the situation of our nuclear fleet today.

Today, out of the 58 reactors of the French nuclear fleet, we have 39 reactors in production, 14 in planned outages, 1 in unplanned outage for technical issues, and of course the four Tricastin reactors, which have been shut down temporarily at the request of the French nuclear safety authority. Today, 15 reactors among these 19 reactors which are today offline, are scheduled to restart operations by early December.

With regards to Tricastin site, the works undertaken to reinforce the dyke located North of the plant have been completed since the end of October. We are waiting for the authorisation from the ASN to restart before the end of November. We will delay the shutdown of reactor number 1 until the end of December in order to carry out a maintenance operation.

As said by Xavier Girre, the first nine months of the year were marked by long outages of the four reactors that were permanently offline during last winter. Two of them, Bugey unit 5 and Gravelines unit 5 were restarted but only during this summer. Paluel unit 2 is still offline because our main supplier has been very late all year in replacing the steam generators, including Cruas 1; a delay on Cruas 1 which has carried over onto Paluel unit 2.

On Fessenheim unit 2, despite the submission of a complete file last year, many addings had to be provided to our nuclear safety authority. A decision on the file will not be made by the ASN before early 2018. These two reactors, Fessenheim 2 and Paluel 2, which, at the beginning of the year, we hoped to bring online in late 2017, will not be online in early 2018, contrary to initial expectations at the beginning of the year. Our shutdown campaign, moreover, was made more complicated this year by the lack of real break last winter for our teams due to the many prolonged or additional shutdowns, related to the carbon segregation issue beginning of this year. However, I would like to underline that the inspection of the manufacturing files of the components manufactured at the Creusot plant, which is now half-completed, did not reveal any new problem.

The six reactors concerned to date by the decision issued in August of this year by ASN received approval to restart.

So, in a global sum-up, in January/February 2018, during the peak consumption period, no more than four or five reactors should be offline, compared to nine, at an average, reactors which were offline last year.

Q&A

Aymeric Ducrocq, Head of Investor Relations: We will now move on to Q&A and we are ready to take some questions.

Vincent Ayral (JP Morgan): Good evening, thank you for the presentation, sir. The guidance downgrade seems to be mostly one-offs. I would like to get some clarity on a couple of points regarding these. One is the price assumption for the 2018 guidance. When we looked at the press release, we could see that the old guidance was based on €36/MWh for the unhedged volumes on 31st December 2016. What exactly is assumed for the new guidance? You say that the volume that had been hedged since then are slightly above €36/MWh. What assumption are you making on the remaining volumes to be sold? That would be question number one.

Question number two would be related to the potential costs of these winter outages. As you flagged, these would happen at times where power prices are quite high, so being short power can be expensive. What have you assumed in your guidance regarding this?

Finally, after I will leave the floor to other people, the CRCP on Enedis, so: low volume 2017 will be clawed back in 2018. When we look at the regulation, there should be CRCP elements every year starting from 2018. So what element of CRCP are you assuming, which would be basically a positive for our 2019 numbers? Thank you.

Xavier Girre: Thank you for these questions.

First, as regards the price for 2018: as I explained, we have hedged the volumes, which were not at the beginning of this year, at a price which is slightly higher than €36/MWh. And we are still open only for a limited volume, in order to be in a position to mitigate the ARENH risk.

Second, as with regards to the potential costs linked to the winter outages, I have explained that we have considered that the potential outages that Dominique referred to at the beginning of next year could have an impact, in comparison with our previous guidance, in the range of €200 million.

Third, as with regards to the CRCP, you are right. This will have a positive impact in 2018. This is integrated in our new guidance. And for the time being, it is too early to tell about 2019.

Vincent Ayral: Thank you.

Sam Arie (UBS): Hi, good afternoon. Thank you. I had a couple of questions on the guidance, the new guidance issued yesterday as well. The first one is just referencing your comment about still targeting nuclear output exceeding the 390–400TWh that you originally guided for this year. Can you just clarify: is that your assumption of the mid-point of the new guidance, i.e. the mid-point of 14.6 to 15.3 and you would be above that level on the nuclear production?

Secondly, I think you did put some useful numbers around the one-off effects from Enedis and also the UK capacity market effect that was in your note yesterday. In millions of euros of

EBITDA, can you help us size the impact of the effect you are expecting from nuclear availability in the beginning of next year?

Lastly, just coming back to the variation that you mentioned or the risks around variation in ARENH demand: could you also help us understand how material that could be, given the changes in the ARENH framework? And again, in sort of millions of euros, what could be the size of the risk there? Thank you.

Xavier Girre: Thank you for these questions. As with regards the nuclear output, usually our outputs are roughly speaking centred – the range is organised around the centre. This gives you maybe the best assumption you can have in mind as regards the previous target we had for 2017, and the fact that we confirm today that our goal for 2018 is to be higher than this previous 2017 target.

As regards the Enedis one-off on the volumes, as I said, we assessed it, roughly speaking, in the range of €300 million. As regards the nuclear outages, I also already said that we assessed them in the range of, roughly speaking, €200 million, in comparison with our previous forecast.

As regards the ARENH, it is a significant risk factor of course. It is always difficult to assess the impact that could appear because it will depend on the volumes which are requested and also on the prices. That is why we maintain that this ARENH and the current organisation of the ARENH is clearly a negative option against EDF.

Sam Arie: That is very helpful. I think we understand the mechanism. Are you able to go any further in giving a view on what scale of risk you see from that negative option?

Xavier Girre: As I just said, it is difficult to assess because it depends on the volumes, it depends on the prices. As far as we are concerned, tonight, we are not in a position to give you additional detail about this potential risk.

Sam Arie: Okay, fair enough. Well, thank you for your other answers.

Ahmed Farman (Jefferies): Hi, everyone. I have this first question: I just want to go back to the bridge on the guidance. If I look at the bottom end of the previous guidance to the new guidance, excluding the Opex savings, the delta is €700 million. I got the €300 million on Enedis, €200 million from additional outages. I am missing the €200 million. Could you just remind me of what that is?

I just want to talk a little bit about the capacity payment because that was also mentioned – the capacity payment in France. I think you mentioned a €9 figure there. Could you just tell us little bit about how do you see the capacity payments in France over the coming years? What is your outlook for that? Thank you.

Xavier Girre: Thank you. As regards the bridge between the guidances, we have explained that the bridge is mostly €500 million. Of course, in a guidance, there are also some risk factors that are taken into consideration as regards the bottom end of the guidance. This explains the third part that you referred to.

As regards the capacity payment, you know that it is something very significant. You have seen the contribution of the capacity payment on our 9-month figures for 2017. We have

taken, as a hypothesis for next year, the price that appeared during the last capacity payment auction, meaning €9.31.

Ahmed Farman: Okay, thank you. Can I just very quickly follow up there? The risk factor that explained the remaining €200 million variance, are these sort of the take up of ARENH volume or the risk of the additional outages? Can you maybe just qualitatively remind us of those factors?

Xavier Girre: Of course, there are different factors. You referred to some of them. Of course, as you know, in a guidance, there are always risks and upsides because we always consider a range. The nuclear generation will be a key driver within this guidance. As regards the ARENH, we have considered the central scenario. And this can happen or it can also diverge from this central scenario. Of course, you understand that in a guidance, there are always different upwards and downwards risks or upsides that are taken into consideration to build the range. You have here the two key points, the volume on Enedis and the nuclear generation at the beginning of next year.

Ahmed Farman: Okay, thank you.

Emmanuel Turpin (Société Générale): Hello. Good evening, everybody. First question, coming back on ARENH volumes, it is very clear that you do not wish to share with us the exact numbers that you are budgeting for next year. Now, I would like to share with you my thinking and get your reaction to that. Forward prices for next year are below €42/MWh. The booking or reservation period is going to close at the end of November. If we assume that there is no sharp move into higher forwards, there is very limited interest for alternative suppliers to actually book ARENH volumes for next year. So, I would logically assume that one should budget relatively low ARENH volumes. I would like to check my logic with you; that is my first question.

Secondly, looking at the regulatory documents ofCRE for Enedis, the regulator is assuming a slight increase in distribution volumes each year, to 2020. RTE is giving us a general prognosis of, at best, stable, maybe lower volumes, without being too precise year by year. If we assume that essentially the core assumptions are overshooting every year, then we are running into almost a structural shortfall in Enedis' EBITDA year after year. Is that the way we should be thinking in our model?

I understand that you should be compensated with a little bit of delay, and that should be eventually neutral. Is that the way we should essentially model the years to 2020? As we are potentially looking into a structural issue in – would you be able to maybe structure some securitisation against that future compensation? That is my two questions.

My last one is just: could you quantify for us the impact on the reimbursement of the tax on dividends, and maybe what will the exceptional tax amount to for you this year? Thank you very much.

Xavier Girre: Thank you for these questions. Once more, as regards the ARENH, your hypothesis may be the right one. But there are different hypotheses that could occur. I think we cannot comment more about these different hypotheses. Yours is an interesting one, of course a possible one, and there are some others.

As regards the Enedis, for the time being, we are not saying this is a structural shortfall. We are considering that in 2017 and 2018, there is a limited erosion of the volumes in the range of -0.3%. This is our hypothesis for 2018. This will be compensated year after year with this balancing mechanism.

We have, of course, read and analysed the hypothesis taken by RTE. For the time being, our assumption is based on 2018 only.

As regards the tax reimbursement, as far as we are concerned, the impact is in the range of €250 million, which is the potential reimbursement after the cancelation of the 3% tax on the dividends.

Carolina Dores (Morgan Stanley): Hi, hello, good afternoon. I have two questions. My first question is: you mentioned that your main supplier has been late. How are you preparing yourself to avoid that similar problems would not occur through the Grand Carénage?

Second, if I understood you correctly, your increasing cost-cutting target is for 2018 only. It does not change your target for 2019, so you are just bringing the cost cutting forward. Do you have any room or any plans to increase the cost cutting from 2019 and beyond, more? Thank you.

Xavier Girre: Thank you for your questions. I propose that Dominique answers the first one and I will take the second one.

Dominique Minière: About the first one: our main supplier is of course reinforcing its competencies, generally speaking. Concerning more specifically the steam generator replacement activities, a big job has to be done inside our main supplier and his partners who are operating such kind of replacement. For the time being, we have decided now to postpone one of our steam generator replacement which was scheduled next year to another year. We will do some preventive maintenance operation to be able to delay this steam generator replacement, but we prefer to delay the steam generator replacement waiting for the increase of competency of our main supplier on this activity next year. We will have the next steam generator replacement now in 2019 and not in 2018.

Xavier Girre: As regards your question about the Opex cut programme, we have communicated for 2018 and we are very reactive. We will accelerate our Opex cut in 2018. But we have not communicated for 2019.

Ajay Patel (Goldman Sachs): Hi, evening. I just wanted to ask one question about electricity distributions. You have this €300 million shortfall for 2018. In terms of the future recovery of that €300 million, is there any sort of cap nature in the way that that money is returned? Could it take one, two, three, four years to come back? If there is a mechanism that we could understand, could you give us a little bit more clarity around that?

The second question: in the presentation you talked about a new trajectory on electricity generation for nuclear power to be presented in mid-2018. Clearly, you implicitly have life extensions for your 900-MW reactors. I am just wondering: what happens if there was a trajectory change that was dissimilar to what your base case is? What happens next? Just

trying to get an idea of what your reaction would be to a proposal by the French government next year.

Xavier Girre: Thank you for your questions. As regards the electricity distribution volumes trend, so this is compensated in what we call the CRCP, which is a balancing mechanism; which means that, as you know, within the electricity distribution mechanism you have a regulated tariff, which is called a "TURPE" for a four-year period, starting 1st August of the first year. For example, we are currently in the "TURPE number 5" that has started on 1st August this year with the tariff increase of 2.71% (which considers the full year). For 2017, we have got 2.71%, which reflects the remuneration of the assets and Capex of the distributor. Then, for each year, it is adjusted on the basis of the inflation, plus some elements that are taken into consideration in this so-called CRCP. It means that when the volume is lower, for example – let us take into consideration 2017 lower volume – this lower volume will be compensated in the new rate starting from 1st August 2018. We will be compensated in 2018, on the basis of five months, for the 2017 erosion of the volumes. The same thing for the erosion that we expect now for 2018, meaning that the -0.3% we have indicated as being our hypothesis for the volumes in 2018 will be compensated from 1st August 2019.

This is exactly how it works. That is why also during the first period, it is only a partial compensation because you have this time effect. On the global period of this tariff, TURPE 5, everything will be compensated. That is why we have indicated that this will be neutral on the global tariff period.

Martin Brough (Deutsche Bank): Hi, thanks. I just wanted to ask on the timing of power prices feeding through into 2019: are you leaving more of your output structurally open now, as the wholesale price gets closer to the ARENH, as you say, to mitigate the risk of that in future years?

Secondly, could you just give us a bit of an insight into the timing of movement in wholesale prices, and when that starts to feed through into non-regulated business tariffs? What kind of time lag are you seeing for yourselves or for your competitors, in terms of forward curves moving versus volumes being sold to business customers? Thanks.

Xavier Girre: I will answer your first question. As regards the 2019 ARENH risk, for the time being there is no expectation of change of the ARENH mechanism. If there is no change in this mechanism, in particular in the schedule of the ARENH options, we will each year face the same risk, which means that at the end of the previous year, we have this uncertainty about the volume that will be required within ARENH and about the price that we will have to face if we have to purchase electricity to serve this ARENH demand. That is why we really considered that this ARENH is a biased mechanism which creates this risk for EDF.

With regard to your second question, maybe could you please repeat it?

Martin Brough: Yeah, so obviously you sell some volumes into the wholesale market. You sell some volumes on the regulated blue tariff to households. For the business customers, could you give us some idea of what the typical time lag is between power prices moving up in the wholesale markets, and then you and other competitive retailers adjusting the prices

that you are offering to business customers? How long is the lag between a wholesale price move and when you actually start seeing revenues go up for your business customer volumes?

Xavier Girre: Roughly speaking, the time lag is more or less two years.

Martin Brough: Is that the same for your competitors, who are buying on the wholesale market and also making offers to business customers? Does it take them quite a long time to adjust the pricing environment?

Xavier Girre: We do not know.

Martin Brough: Okay.

Olly Jeffery (RBC): Hi there. I just had a question on the 2017 EBITDA guidance and the update you gave on expected output for the French nuclear fleet. On the call, you mentioned that you are now expecting nuclear output for 2017 to be similar to last year, which was 384TWh, which would be at the lower end of the 383-387TWh you guided for. Then you said that you remain focused on achieving a 2017 EBITDA of above €13.7 billion, which is around about the mid-point of the guidance. I was just wondering, given that the output figure is at the low end of the range: are you still able to focus on reaching 2017 EBITDA above €13.7 billion? Thank you.

Xavier Girre: As we have said, today our expectation with regards to the nuclear output is close to last year's nuclear output. As regards the EBITDA, we have confirmed our guidance. Today, we have to have in mind the fact that this range is between €13.4-14 billion. Due to the fact that the nuclear output is in the lower range of the guidance, it could be also the same thing for the EBITDA.

This depends also very significantly on the weather during the last part of the year, because the weather is a key driver of the demand. This is why I explained that if the weather is very mild, the generation could be lower. If we were to face a very severe cold winter, we will have also to purchase some electricity on the market. During the last part of the year, the weather conditions are also significant to be taken into consideration, in order to analyse the future nuclear generation and EBITDA of the Group for 2017.

Aymeric Ducrocq: Thank you. One last question that we have received before closing this Q&A session. It is actually two questions from **Mr La Scalia, BlackRock**. Number one, does your leverage guidance for 2017 and 2018 include disposals? Number two, at your guided leverage of 2.5x for 2017 and based on the middle of the range of EBITDA at €13.7 billion, the implied net debt would be at €34.3 billion versus €39.4 billion when applying the new 2.7x multiple to the lower end of the 2018 range. Can you explain the variance, the €5 billion variance, on top of your new cash flow guidance, which is slightly positive or close to balance?

Xavier Girre: Thank you for these questions. Yes, our leverage guidance includes some disposals. As I said, we have today reached roughly speaking 80% of our €10 billion target and we expect this €10 billion disposal programme to be almost fully achieved at the end of 2018.

Secondly, as I said also, we have considered some headroom in our leverage that we have given for 2018. This has also to be considered when assessing our future debt. There is some headroom in this 2.7x leverage indicated for 2018 and we definitely want to be lower than that.

Aymeric Ducrocq: Thank you.

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