



# **First Quarter 2018 Sales and Highlights**

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## First Quarter 2018 Sales and Highlights

Xavier Girre

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

I will walk you through our first quarter sales, starting with the main highlights over the period. I will close my presentation with our financial outlook.

As usual I will leave as much time as possible for the Q&A session. This call is expected to end at 18.45 Paris time.

### Strategic highlights

Let me start with the key strategic highlights on slide 3. Over the last few months, we have continued to accelerate the development of our renewable activities. We did so in several ways.

First the launch on 27<sup>th</sup> March of the Electricity Storage Plan, which is a natural complement to our Solar Plan presented in December. Under this plan, EDF aims at building 10GW of storage capacity by 2035, out of which 6GW will be "grid-scale" capacity. For example, we target the launch of three battery projects within the coming 12 months. First in line is the 49MW West Burton battery storage project for National Grid in the UK, which is set to launch before summer.

Second: in Brazil, EDF Énergies Nouvelles was awarded beginning of April a wind power project of 114MW in the State of Bahia.

Third, on 30<sup>th</sup> April 2018, the Group inaugurated 200MW of solar capacity in Dubai together with its partners Masdar and the Dubai Electricity & Water Authority. This plant is the first unit of the 800MW Dewa III facility and will be followed by two 300MW units to be commissioned in 2019 and 2020.

Lastly, we announced on 3<sup>rd</sup> May the acquisition of a 450MW offshore wind project in Scotland with a 15-year Contract for Difference in place.

As regards the Client Solutions and Energy Services: they are clearly another business activity that saw significant developments.

First, Edison completed on 22<sup>nd</sup> February the acquisition of Gas Natural Vendita Italia, thereby increasing by 50% its customer base in Italy to 1.5 million.

Second, Dalkia completed on 30<sup>th</sup> March the acquisition of a 25% minority share in Tiru. This company, specialised in waste recycling and waste-to-energy, is now 100% owned by Dalkia.

Last but not least, on new nuclear projects the Taishan project reached a decisive step with the authorisation and the start of fuel loading operations in the first reactor.

In India, an Industrial Way Forward Agreement was signed by 10<sup>th</sup> March with NPCIL and the Indian authorities for the implementation of 6 EPR reactors at the Jaitapur site. Under this agreement, EDF will act as supplier of the EPR technology only.

As you know, we also announced on 10<sup>th</sup> April some quality deviations in the weldings of the main secondary system of Flamanville 3. We will be able to update you when ongoing additional tests are completed and reviewed by the ASN.

*Now moving to Slide 4 with financial and operating highlights of this first quarter of 2018*

### **Operational & financial highlights**

Nuclear generation in France came to 112.9TWh over the first 3 months of 2018 : Improved availability of the fleet helped grow the output by 4.4TWh. In the UK, an outage at Sizewell B that extended until beginning of February contributed to a 0.9TWh drop in the fleet nuclear output.

Total Group renewable output was up 4.9TWh to 20.6TWh. This was driven first by Hydro generation in France, with an increase in output of 3.8TWh, reaching 14.6TWh over the first 3months of the year, thanks to much more favourable hydro conditions than in 2017, which has been, as you know, a very dry year. The growth of Group renewable output was also fuelled by wind and solar at EDF Énergies Nouvelles and in Belgium as well as by hydro in Italy.

Overall, Group sales for the first quarter of 2018 came to €20.4 billion, up 3% in organic terms, supported by growth in sales across all segments.

Let us move to the next slide with a detailed year-on-year evolution.

### **Group sales**

Before commenting on the numbers per se, let me highlight that with the application of IFRS 15 as of 1<sup>st</sup> January 2018, certain items are no longer recognised as revenues. Regarding gas and electricity delivery, the delivery component of energy supply contracts was previously included in sales revenue by all Group entities that supply electricity or gas, under a so-called "principal" position. Under IFRS 15, the review of the regulatory framework and applicable contracts led to modify this qualification for France and Belgium and moved to an "agent" position. This new qualification reduces at the same time revenue and purchases of delivery (included in fuel and energy purchases) by the same amount. This impacts sales revenue of mainly two segments: France - Generation and supply, and the Other International segment for delivery of electricity and gas supplied by EDF Luminus.

In addition, IFRS 15 also impacts energy purchases and sales on the markets as part of optimisation activities. Optimisation transactions are now accounted for on a net basis in Italy and Belgium, providing a more relevant reflection of their economic substance, as was already the case in France and the UK. In all cases, revenue reduction following the application of IFRS 15 will be offset by a decrease in fuel and energy purchases with no impact on EBITDA.

We also improved our segment reporting. EDF Énergies Nouvelles and Dalkia will be reported as standalone segments in our financial statements. Both entities were part of the Other activities segment until now. In addition, we will be disclosing Group-wide financial KPIs for Renewables, on the one hand, and for Energy Services on the other hand. These KPIs will include sales at quarterly financial update, as well as EBITDA and net investments for half-year and full-year results. Finally, Framatome is consolidated in our financial statements since 31<sup>st</sup> December 2017, and is presented as a standalone reporting segment.

As I already said, Group sales came to €20.4 billion, 3% organic growth compared to the €19.7 billion restated sales for Q1 2017. All segments contribute to this trend, especially regulated activities in France as well as EDF Trading in Other Activities.

### **France upstream/downstream balance**

Let me walk you through each segment in more details, starting with Generation and Supply in France.

Sales in the segment were close to €8 billion, roughly flat compared to the first quarter of 2017. Before looking at the bridge of the sales numbers, let me comment on the upstream/downstream electricity balance. The chart shows on the right-hand side that overall, sales volumes increased by 10TWh compared to Q1 2017. Volume supplied under ARENH were up 3TWh while demand from end-customers fell 3TWh, mainly due to the erosion of market shares in B2C.

So the overall 10TWh increase in sales volumes is reflected in net market sales. On the left-hand side of the chart, you can see that these additional wholesale market sales were mostly sourced from higher nuclear and hydro output.

The important thing to understand is that this increase in output did not translate into higher sales revenues. The reason is that, in euro terms, the Group was a net buyer in wholesale markets during the first quarter of 2018. In Q1 2017, the net financial position between purchases and sales was even wider. So the increase in French nuclear and hydro output and the improvement in price conditions allowed for a reduction in net financial purchases but did not contribute to increased sales, despite a net positive balance on wholesale markets in TWh.

### **France – Generation and Supply activities**

Moving now to the sales bridge, up just 0.2% at €8 billion.

The main positive driver for our reported sales in the segment came from weather conditions. The first quarter was colder on average than last year, triggering 2.1TWh of additional demand and a €94 million increase in sales year-on-year.

The impact of tariffs is slightly negative for the Generation and Supply segment as the energy component of regulated sales tariffs was down on average. The overall tariffs increased in August 2017 and February 2018, but this was mainly driven by the TURPE component. We will see that in a minute with sales in the Regulated activities segment.

Market share erosion and reduction in demand, excluding weather effects, carried a negative impact on sales volumes to end-customers. But this was more than offset by positive price effects linked to the evolution of our customer portfolio mix.

### **France nuclear output**

Over the first three months of 2018, cumulative nuclear output in France was up 4.4TWh at 112.9TWh.

This reflects the improved availability of the fleet overall. You may remember that Q1 2017 had been negatively impacted by outages linked to the last additional controls on steam generators to address the carbon segregation issue, as well as by extended outages at Gravelines 5 and Bugey 5 in particular.

Accordingly, the Group confirms its assumption of a 2018 French nuclear output above 395TWh.

### **France hydro output**

French hydro output grew sharply to 14.6TWh, up 3.8TWh versus Q1 2017. As you can see on the right-hand side, generation was supported by significantly improved hydro conditions in January compared to 2017 which was very dry. In addition, hydro reservoir capacity was highly dispatched at the beginning of the year. This helped meet strong demand and prepare reservoirs in the context of a significant snow cover, the melting of which is expected to support output until the summer season.

April did actually benefit from very good hydro conditions, keeping cumulative output on the strong trend experienced since the beginning of the year.

### **France – Regulated activities**

Sales in French regulated activities grew 6.7% in organic terms to €5.2 billion.

Three main positive drivers. First, cold weather that boosted distributed volumes by 2.9TWh. Second driver was the August 2017 tariff increase; and lastly, favourable evolutions of the customer portfolio mix in the context of the introduction of new TURPE 5 tariff categories as well as a pick-up in the number of new grid connections.

As you know, the TURPE 5 was cancelled in March by the *Conseil d'Etat* and the regulator is expected to take a new TURPE deliberation to be effective on 1<sup>st</sup> August 2018. However, this decision is not retroactive and the numbers I just presented will not be affected by the new TURPE.

### **EDF Énergies Nouvelles**

Moving to EDF Énergies Nouvelles where sales were up 14.7% organically to €379m.

This was mainly driven by the commissioning of additional capacity in 2017. Together with the contribution from the Future portfolio, these led to a 25% increase in output.

Overall net installed capacity grew nearly 25% to 7.9GW and gross capacity under construction stands at the strong level of 1.7GW.

As I said earlier, we are disclosing Group-wide sales numbers for our entire Renewable business for the first time. In this first quarter sales from renewables activities across the Group came to €1.3 billion, up 9.6% versus Q1 2017. This was first driven by the significant increase in French hydro output. In addition, wind capacity benefited in Europe from favourable weather conditions.

### **Dalkia**

Dalkia's sales were up 4% organically to €1.2 billion. Sales were mostly supported by higher gas prices and, to some extent, newly won contracts in 2017.

Overall sales by Energy Services activities across the Group were up 11.8%. This reflects in particular the investment efforts that resulted in several acquisitions in 2017, most notably Imtech in the UK & Ireland.

### **Framatome**

Framatome sales reached €721 million over this first quarter and recorded several positive developments.

On operations, first, the ASN approved resumption of manufacturing activities at Le Creusot, a key result of the Quality Action Plan that has been implemented.

On M&A, Framatome successfully completed the acquisition of Schneider Electric's instrumentation and control activities in North America. This operation will enrich Framatome's line of products and support globally the Instrumentation and Control business line.

On the commercial front, Vattenfall selected Framatome to deliver fuel assembly reloads to its Swedish reactors starting 2021.

### **United Kingdom**

Looking now at the UK, where EDF Energy sales came to €2.6 billion, up 1.9% in organic terms.

Higher electricity tariffs and strong weather-driven gas demand carried a positive impact on EDF Energy's customer business, whereas the B2C division experienced a 2% decrease in the residential customer base in the context of continued heightened competition.

Nuclear generation in Q1 was penalised by both lower realised prices and lower output as Sizewell B's outage extended into 2018 and refuelling operations volumes increased.

This lower Q1 output is part of a generally changing context in the UK for 2018. In early March, EDF Energy was penalised by gas supply disruptions linked to weather conditions. Last week we announced an extended outage at Hunterston B which is expected to carry a 3TWh impact on 2018 UK nuclear output.

**Italy**

In Italy, sales were up 3.5% to €2.3 billion.

Sales in electricity activities reflect higher B2B sales volumes partly offset by lower sales prices, mainly on wholesale power markets.

Sales in hydrocarbon activities were supported by higher Brent prices and growing residential gas demand driven by the weather.

**Other International**

Sales in the Other International segment came to €666 million. Taking into account the disposal of EDF Polska in November 2017, this corresponds to a slight organic growth of 0.9%.

This trend was mainly supported by Belgium, with the favourable weather effect on gas demand and the growth in wind capacity following the commissioning of the Kallo and Dessel plants.

The price review under EDF Norte Fluminense's PPA in Brazil also carried a slightly positive impact.

As a side note, the extended outages at Doel 3 and Tihange 3 has no impact on sale revenues as volumes of electricity sold to end-customers during this first quarter were unchanged.

**Other Activities**

Sales from the Other Activities segment, which now excludes EDF EN and Dalkia, were up 16.9%, reaching close to €751 million. This was mainly driven by EDF Trading as the cold Q1 weather in Europe and North America carried a favourable impact on volatility and prices.

**2018 targets confirmed**

Moving to our financial guidance, we confirm the objectives set for 2018.

We aim to reach €0.8bn in Opex reduction compared to the 2015 level.

2018 EBITDA is expected to range between €14.6 billion and €15.3 billion.

Cash flow excluding the net impact of Linky, new developments and the asset disposal plan, is expected to be slightly positive or close to balanced.

Total investments excluding acquisitions and the disposal plan are expected to come below €15 billion.

Net debt to EBITDA will stand at or below 2.7x. As we have said in the past, this is clearly a maximum and not what we aim for. We also confirm that we are on track to completing the €10 billion disposal plan by the end of the year, two years ahead of schedule.

Finally, we are expecting a net income pay-out ratio of 50% for fiscal year 2018 excluding non-recurring items and interests paid on hybrid debt.

## Summary

Before we move to the Q&A session, let me summarise the salient points of this first quarter financial information.

First, we started to apply IFRS 15 and we improved our segment reporting.

Second, hydro generation in France stands at a strong level but this will only be reflected in EBITDA.

Third, we are facing a few challenges with nuclear generation in the UK and enhanced competition in French and nuclear downstream activities.

Fourth, we carry on with the implementation of the CAP 2030 strategy with new significant developments in Renewables as well as Customer Solutions & Services.

## Q&A

**Sam Arie (UBS):** Good evening in Paris. Thank you for the presentation. I have got two questions. The first is if you could update us on the latest developments with nuclear policy and regulation in France. There was some speculation in the press last year that the French nuclear fleet might move one day to a regulated model. I wondered if you could update us, if there is anything new on this discussion that we should be following.

Secondly on Renewables: from your presentation today, it looks like you have a lot of very good opportunities in front of you. The question is obviously how to finance them? On this point, do you think that some of the dedicated assets portfolio could be used to support your investment plans for Renewables? I know there are other changes you are looking for, but from the financing side, is this an area where we might see some change? Do you think that that could increase your capacity to invest in Renewables especially in France?

Those are my two questions, thank you.

**Xavier Girre:** Thank you for your questions. As regards the French nuclear generation, we have constantly highlighted the fact that we consider it necessary to have a specific regulation for future new nuclear in order to enable and to incentivise investors to invest in these assets in the very long-term, and to give them the necessary visibility on the returns. However, for the time being there is nothing specific to update on that matter.

As regards the Renewables, you are right, we have plenty of opportunities, so we go on with the model we have set some years ago. In particular, we are very strict in the returns we shoot for. As you know, we also organise some disposals of some assets, what we call the DSSAs, in order to select the best opportunities and to keep the value when we have developed some assets and when we are in a position to resell them. We are going on along these lines, and there is no change in our model in Renewables and the way we finance it. What is evolving positively is the fact that we are accelerating our development but along the same principles.

**Sam Arie:** Can I ask you a quick follow-up on that? Because I think, when we spoke recently on your Solar Plan, the level of investment that you talked about was a couple of €100 million a year. Yet the financial portfolio that you have set against the nuclear liabilities is pushing



€30 billion now. I wondered if there is a different scale of investment that would be possible, if you had some flexibility on how those assets could be invested?

**Xavier Girre:** As you know, we have already accelerated the investments we are doing. The net investments in the Renewables were in the range of €500 million per year three years ago. Last year, it was higher than €700 million, so we are clearly on this ramp-up trend. As regards the dedicated assets, as you know, we have some listed and some non-listed assets. We have in these non-listed assets some assets that we have transferred from the Group to the dedicated assets, with the example of RTE. As we have said, we are considering also the possibility to transfer some non-controlled assets to these dedicated assets. It is not yet done. We are currently working on it, as we have already said when we presented our full-year results in February. This would be a good way of increasing the amount we manage in the dedicated assets. We will of course update you when this will be done.

**Ahmed Farman (Jefferies):** Good afternoon everyone. Two questions from my side.

I wanted to start with your nuclear output guidance. If I look at your target for 395TWh, that implies a 4% year-on-year improvement to last year. Whereas the data you show here is about 2% cumulative year-to-date increase in the nuclear output. Should we take it, while you still are expecting to reach 395TWh that perhaps the headroom that you may have in your guidance for unplanned outages may have come down since you last updated us?

My second question is on Edison in Italy: you have a €700 million or so guidance. Can you tell us a little bit about the oil and gas prices assumed behind that guidance and the sensitivity of a 10% move in oil and gas price to that EBITDA? Also, perhaps a bit of colour around the hedging profile, so we can understand how that division may benefit from the higher commodity prices we have seen recently. Thank you.

**Xavier Girre:** Thank you for these questions but, I am sorry, I will disappoint you. As regards our nuclear output guidance, we have confirmed our “higher than 395TWh” target. We have said that there is some headroom but of course we do not disclose it. As regards the Edison guidance we neither give additional details on this guidance, which is part of our global guidance for the Group.

**Ahmed Farman:** Could you maybe comment on typically how the hedging for that oil and gas portfolio works?

**Xavier Girre:** For the oil and gas we have not given the precise information. As regards the electricity hedging, as we have already said, we more or less start the hedging process two years ahead. We try to be almost fully hedged before entering a year in operation.

**Vincent Ayrat (JP Morgan):** Good afternoon. I have a couple of questions here.

The first one is on the news that came out at the weekend. A speaker for the State Council did talk about ending the electricity tariffs. This is pretty much that helps with the specific differentiation the State Council did one year ago when he highlighted that electricity was a first-necessity product. The first question is, why this change? And if this disappears, will also the ARENH disappear, if the government is thinking about a mechanism to bring a floor for

sustainability and security of supply reasons? I understand that tariffs are now higher and closer to the ARENH, so the period of pressure and fear regarding EDF may have receded. But here, we are talking about potentially reopening fully to deregulating their generation. So, that is question one.

Question two is regarding the TURPE 5. The State Council did cancel the TURPE 5 distribution tariff. And the regulator now has to come back with a new tariff before the summer. So, do you have any colour on the expected timing of the tariff regulation and any quantification regarding the potential positive impact actually for EDF?

And the third question is regarding the Minister of Energy, Nicolas Hulot, who said in an interview with Le Figaro that EDF must ask itself if it should review its organisation. That came probably as an answer to Mr Levy, who said at the time that the government did not ask EDF to look at a potential split of EDF. Now, I think Hulot made it clear that EDF does not need to be asked and it must ask itself this question. So, have you started looking to work on such a scenario? Have you had exchanges with the government on the matter? Any colour would be appreciated. Thank you.

**Xavier Girre:** Thank you very much, Vincent. As regards to your different questions, first as regards to regulated tariff. You are right. The rapporteur has recommended to the *Conseil d'État* to cancel the regulated tariff last Friday. So, of course, we have taken note of this recommendation made by the rapporteur. And the *Conseil d'État* shall take a decision in the coming weeks.

Of course, it is important to note that the rapporteur confirmed that the regulated tariff for electricity was of economic interest which was exactly what we highlighted. But she found that the measure itself, regulated tariff, is not proportionate to that purpose and therefore not compliant with the European law.

Of course now, what is ahead is a decision to be taken by the *Conseil d'État*. Then if the *Conseil d'État* cancels this tariff, there will be a decision to be taken by the state and most probably also some timeframe associated to the phase out of the regulated tariff.

As regards to your second question concerning TURPE 5, the decision that has been taken by the *Conseil d'État* on 9<sup>th</sup> March is not retroactive. And as you know, the regulator is not compelled to address the tariff for the remuneration that Enedis should have been entitled to during TURPE 4 and TURPE 5.

In addition, the decision leaves some room for manoeuvre to the regulator in the adjustment for year 2018 to 2021. So, that is why it is quite difficult to give a precise impact for the future tariff. What we can say is that the impact might be small positive but clearly, it is too early to articulate a number.

As regards to your third question, I do not have any comment to add to the ones you have just made.

**Vincent Ayrat:** Thank you. Just to come back on the "might be a small positive" with regard to TURPE 5. Is a magnitude of 4% of EPS something reasonable to expect? Thank you.

**Xavier Girre:** I do not have anything more to add to what I have just said.

**Peter Bisztyga (Bank of America):** Good afternoon. Two questions from me.

Firstly, just to follow up on this French regulated tariffs issue. If the *Conseil d'État* decides to phase out the regulated blue tariff or if government decides to phase it out over time, is there something we can read across from the phase out of yellow and green tariffs? So, have you ever disclosed what the impact on EBITDA of those tariff handling was? Is that something that we could read across to the end of blue tariff? So, that is my first question.

And my second question is just to understand a little bit better your funding model for the €8 billion 10GW Energy Storage Plan. Is that something you plan to do on balance sheet or with partners? So, some more colour on that would be helpful. Thank you.

**Xavier Girre:** Thank you for these questions. First with regards to the regulated tariffs. Clearly, it is much too early to say anything more than what we have just shared. It is important to wait for the decision to be taken by the *Conseil d'État*. Then of course, we will be in a position to update you as much as necessary.

Secondly, as with regards the Energy Storage programme, we have presented it as a 10GW target which is worth €8 billion investment. We do not intend to invest that 100% of course. We intend to finance that with partners and also with project financing. So, we do consider that this may represent more or less €1 billion equity injection in the period of this Energy Storage programme, no more than that.

**Peter Bisztyga:** If I could just sort of follow up. Could you disclose what the EBITDA impact in 2017 was from the end of the yellow and green tariffs?

**Xavier Girre:** No, we have not given the detail. We have explained on a regular basis that it was very significant because we had to renegotiate with all our customers. As you know, this had two impacts as regards the end of the yellow and green tariffs. First, we lost 25% of the customers that were concerned by these tariffs and we renewed contracts with 75% of them. Secondly, the price that we negotiated was lower.

Clearly, there is no read across between these yellow and green tariffs and the regulated blue tariff. So it is very important to wait for the decision to be taken and we will have more.

**Carolina Dores (Morgan Stanley):** Hello, good afternoon. Thanks for taking my questions. I have two.

The first one is: if I am not mistaken in a hearing for the National Assembly, Mr Levy said that EDF will probably go beyond the €10 billion disposal programme, which makes sense given that you are almost well into 2018. We also had some press reports on EDF looking to sell a stake on its UK nuclear plants. I was wondering if this is the first round of big disposals as part of a new plan.

And my second question is: your comment on Framatome seemed more positive in terms of revenues. If you could give us an idea, has the trajectory of the EBITDA improved over the past months? So, we should think around the €300 million level for Framatome.

**Xavier Girre:** Thank you for these questions. As regards the disposal programme, as you know very well, we do not comment what we might dispose of before having done it. So, I will not give additional detail about that, but I confirm that we are really in a good position to

finalise this €10 billion disposal programme before the end of this year. So, with a two-year shortened period. We have some ideas and of course we will go on with our performance programme in the years to come.

Secondly, as with regards to Framatome, I will not give any view on the EBITDA. You have in mind the figure that we gave, which is in our budget: a €300 million contribution of Framatome to the Group's EBITDA. For the time being, there is no reason for changing anything in this target.

**Olivier Van Doosselaere (Exane BNP Paribas):** Good afternoon. Thank you very much for taking my questions.

I just have two questions remaining. The first one is on ARENH. We understand there is a consultation phase going on, on the ARENH mechanism at the moment. Could you help us understand what is being discussed in terms of scope? Are we just talking about the timing at which alternative suppliers could go for ARENH volumes? Or is there also any discussion happening on the price or the actual volume gap of ARENH?

The second question is on Flamanville and Fessenheim. I understand you will update us later on the situation of the welding issue at Flamanville 3. But is the timing of commissioning of Flamanville 3 still directly connected with Fessenheim? Or should there be any delay on Flamanville commissioning, would that not affect the decommissioning of Fessenheim, which at this moment is scheduled for the end of this year or early next? Thank you.

**Xavier Girre:** Thank you for these questions. As regards the ARENH, the consultation has been launched by DGEC. The key point is about the technical modalities of the ARENH process. In particular, the question of the schedule: the schedule is very poor because the ARENH has to be decided at the very end of the year in November just before the start of the year of operations which creates a very significant uncertainty. What is currently analysed is the consequences of the possibility to organise these tenders earlier in the year, maybe in different tenders in order to give a better visibility to all the different players. Of course, this would be, in our mind, a positive change in the ARENH technicalities.

As regards Flamanville and Fessenheim, the principle that has been set - and for the time being, there is no change about that - is that Fessenheim has to be stopped when the fuel will be charged within Flamanville 3. So, this is for the time being how it is organised.

**Olivier Van Doosselaere:** Okay, that is very clear. Thank you very much.

**Emmanuel Turpin (Société Générale):** Good afternoon everybody. Actually, a follow up on your answer on Flamanville. I would like to take the reverse angle. If indeed the Flamanville commissioning was to be delayed by a few weeks by a few months, a bit more, would you be able from a regulatory standpoint, from the ASN authorisation standpoint, from an industrial standpoint, to carry on running Fessenheim until Flamanville gear up? Basically, could we really have an unchanged or close to unchanged output in our model even if there is some delay in Flamanville? That would be my first question.

My second question will be on another ongoing big topic for EDF. Is there any update on the timeline on discussions on hydro concessions, discussions between the French government and the European authorities? Thank you very much.

**Xavier Girre:** Thank you. As regards Flamanville, the principle that has been set is that we have to make the revocation request [of Fessenheim plant's operating permit] within the six months before the commissioning of Flamanville in order to organise the stop of Fessenheim at the date of the loading of Flamanville. So, this is how it is set today. This has been set last year. For the time being, there is no change. Then, we will of course update as with regards to Flamanville after the control to be currently organised on the welding. And we will see as with regards to Fessenheim. As a matter of principle, today, there is no change as with regards to the link between the date of the fuel loading within Flamanville and the date of the stop of the operations of Fessenheim.

Secondly, as with regards to the hydro concession, for the time being, there is nothing new on this matter.

So, if there is no additional question, I thank each of you for your time, for your question.

I wish you a very nice day. Bye-bye.