

Quarterly Financial Information

- **Sales in the first quarter of 2014 of €21.2 billion, down 4.2% in organic terms¹ due to adverse weather effects:**
 - On sales of electricity in France in 2014, particularly when compared to the first quarter of 2013
 - On sales of gas and heat in the rest of Europe
 - On the volume of European trading activities
- **France:**
 - Hydropower generation up 2.6% from a high comparable in the first quarter of 2013
 - Nuclear output at 114.9 TWh versus 115.9 TWh in the first quarter of 2013
- **Conclusion of agreements in line with the Group's strategic objectives**
 - Dalkia: Agreement signed on 25 March 2014²
 - CENG: Agreement concluded on 1 April 2014, including a special dividend of \$400 million paid to the Group
- **2014 objectives and 2014-2018 vision confirmed**

EDF's sales growth

<i>In € million</i>	Q1 2013 restated ³	Q1 2014	%	% forex	% scope	% organic
France	12,880	12,181	-5.4	0.0	0.0	-5.4
United Kingdom	2,731	2,922	7.0	3.6	-0.3	3.7
Italy	3,465	3,574	3.1	0.0	0.5	2.7
Other International	2,043	1,703	-16.6	-1.8	0.0	-14.9
Other Operations	953	825	-13.4	-0.2	-1.9	-11.3
International and Other Operations	9,192	9,024	-1.8	0.6	-0.1	-2.4
Group total	22,072	21,205	-3.9	0.3	0.0	-4.2

¹ Constant scope and forex

² Subject to the approval of the relevant competition authorities

³ Data for 2013 are restated for impact of IFRS 10 and 11

The Group's sales in the first quarter of 2014 were €21.2 billion, down 3.9% from the first quarter of 2013. At constant scope and exchange rates, sales were down 4.2% due to mild weather conditions, which impacted sales of electricity in France, gas sales abroad and trading activities in Europe. UK sales were nonetheless sustained by B2B sales due to higher realised wholesale market prices. In Italy, sales growth was driven by an increase in electricity volumes sold.

The first quarter of 2014 also saw the strengthening of the Group's financial structure with the second phase of its multi-annual hybrid funding programme (nearly €4 billion equivalent) as well as the issue of two 100-year bonds in dollars and sterling aimed at significantly lengthening average debt maturity.

2014 outlook and 2014-2018 vision

EDF Group has confirmed its financial objectives for 2014:

- **Group EBITDA excluding Edison:** organic growth of at least 3%
- **Edison EBITDA:** recurring EBITDA target of €1 billion and at least €600 million in 2014 before effects of gas contract renegotiations
- **Net financial debt / EBITDA:** between 2x and 2.5x
- **Pay-out ratio of net income excluding non-recurring items post-hybrid⁴:** 55% to 65%

The Group has reaffirmed its goal of achieving positive cash flow after dividends, excluding Linky, in 2018.

Signing of agreements in line with strategic objectives

In France, following completion of the employee representatives consultation process and the approval of the boards of directors of both groups, EDF and Veolia Environnement finalised, in late March, their discussions initiated in October 2013 for the acquisition by EDF of all of the Dalkia group's activities in France, while Dalkia International's activities will be taken over by Veolia Environnement. This transaction will enable EDF to reinforce its presence in the energy services industry, particularly for the provision of services to local authorities through Citelum, a subsidiary of Dalkia France and a key player in the public lighting and urban electrical equipment sector. Completion of the transaction remains subject to the approval of the relevant competition authorities.

In the United States, following approval by the Nuclear Regulatory Commission (NRC), on 1 April 2014 EDF finalised the transaction set out in the agreement signed with Exelon on 29 July 2013 regarding CENG. As stipulated in the agreement, EDF received payment of a special dividend of \$400 million (approx. €300 million) financed by Exelon. This transaction will help the company reduce its net financial debt. EDF was also granted an option to sell its holding in CENG to Exelon at market value, exercisable between January 2016 and June 2022.

In China, on 18 April 2014 EDF and its partner China Datang Corporation, a power generation company, signed an agreement whereby EDF will acquire 49% of Datang International Fuzhou Power Generation Company Ltd. This joint venture will construct and operate an ultra-supercritical coal-fired power plant consisting of two 1,000 MW units. Construction recently began on site in Fuzhou, Jiangxi province, in southeast China. With commissioning scheduled for 2016, Fuzhou will be the first ultra-supercritical coal-fired power plant operated by EDF. This agreement will allow EDF to be extensively involved in the plant's industrial construction and operation processes.

⁴ Net income excluding non-recurring items adjusted for interest payments on hybrid bonds booked as equity

EDF's sales growth in the first quarter

France: adverse weather effects on sales

<i>In € million</i>	Q1 2013	Q1 2014	Δ	% organic
Total France	12,880	12,181	-699	-5.4

In **France**, sales in the first quarter of 2014 were €12.2 billion, down 5.4% in organic terms from the first quarter of 2013. This decrease is largely due to the adverse effects of mild weather during the period, +3.3°C compared with the first quarter of 2013 including the warmest January for 25 years. The negative weather effect for €1,094 million resulted in a drop of 14 TWh in volumes sold to end customers, compared with an exceptionally favourable performance in 2013. Sales were nonetheless buoyed by a positive price effect of €293 million from the rise in regulated tariffs as well as sales growth on wholesale markets, in which the Group is a net seller in the first quarter.

On the back of good hydro conditions, among other factors, hydropower output came out to 12 TWh, up 2.6% compared with the first quarter of 2013, a period during which performance was already excellent. The Group's reserves are, in general, at their historic averages, although levels differ from region to region.

Fossil-fired plants saw less demand due to unseasonably warm temperatures, their output falling by 4 TWh in the first quarter of 2014 to 2.2 TWh. Nuclear output saw a decline of 1 TWh (-0.9%) to 114.9 TWh.

The Group has reiterated its full-year nuclear output target of between 410 and 415 TWh, which takes into account a volume of planned outages equal to that of 2013 and the continued implementation of the action plan begun in 2013 aimed at managing the outage durations the effects of which have been in line with targets since the start of the year.

**United Kingdom: increase in sales
reflecting higher realised wholesale market prices**

<i>In € million</i>	Q1 2013	Q1 2014	Δ	% organic
Total UK	2,731	2,922	191	3.7

In the **United Kingdom**, sales grew 3.7% in organic terms, to €2.9 billion. Sales in this segment benefited from a €99 million favourable exchange rate effect due to the depreciation of the euro against the pound sterling.

Sales growth resulted from an increase in electricity sales on the B2B market due to higher realised wholesale market prices.

The positive impact on sales from the 5.5% growth in the B2C gas and electricity product accounts only partially offset the decline in gas sales in the first quarter of 2014, which occurred due to mild weather conditions in the UK, with temperatures 3.7°C higher than in the first quarter of 2013.

Nuclear output saw a small decline of 0.8 TWh due to more refuelling outages at some plants and higher level of unplanned outages compared to the historically low level seen in the first quarter of 2013. This trend is in line with the Group's ambition to replicate the 2013's operating performance in the UK.

Italy: sales growth driven by electricity volumes

<i>In € million</i>	Q1 2013 restated*	Q1 2014	Δ	% organic
Total Italy	3,465	3,574	109	2.7

The Italian sector is comprised mainly of EDF Fenice and Edison.

* Data adjusted for impact of IFRS 10 and 11

In **Italy**, sales stood at €3.6 billion, up 2.7% in organic terms from the first quarter of 2013.

Sales were up in the electricity activities as a result of strong growth in volumes sold on wholesale markets and to final customers as well as the optimisation of the generation fleet (ancillary services). These positive effects helped to offset the decline in power prices.

Sales in hydrocarbon activities were hit by strong negative weather effect, which impacted volumes sold to residential customers and on wholesale markets.

Other International: adverse weather conditions

<i>In € million</i>	Q1 2013 restated*	Q1 2014	Δ	% organic
Total Other International	2,043	1,703	-340	-14.9

**Data adjusted for impact of IFRS 10 and 11*

Sales in the **Other International** segment came out to €1.7 billion, down 14.9% in organic terms.

In Belgium, sales were down 19.3% in organic terms as a result of lower gas volumes sold due to mild weather in the first quarter. This decline was also due to a decrease in electricity consumption and strong price competition.

In Poland, sales were also affected by weather conditions, which led a decline in heat volumes sold. Sales were also hit by lower wholesale market prices in electricity and lower green certificates volumes.

**Other Activities: higher generation for EDF Energies Nouvelles
and lower sales in most other activities due to weather conditions**

<i>In € million</i>	Q1 2013 restated*	Q1 2014	Δ	% organic
Total Other Activities	953	825	-128	-11.3

* Data adjusted for impact of IFRS 10 and 11

Sales in the **Other Activities** segment were €825 million, down 11.3% in organic terms.

Sales by EDF Energies Nouvelles were up 0.5% in organic terms, notably driven by increased output in the first quarter of 2014 (+364 GWh compared to the first quarter of 2013), benefiting from the full-year effect of plants commissioned in 2013.

EDF Trading's gross margin fell by 13.9% in organic terms, as the rise in trading margins in the United States driven by colder weather in the first quarter of 2014 compared to the same period the year prior was offset by lower European power trading volumes due to mild weather.

Électricité de Strasbourg saw its sales drop by 13.6% in organic terms to €247 million as a result of the decline in gas and power volumes sold due to adverse weather conditions.

With respect to other operations in the segment, the 2013 and 2014 sales figure no longer includes Dalkia's contribution due to the application of IFRS 10 and 11.

Highlights subsequent to the 13 February 2014 press release

Launch of CRE public hearings on regulatory framework of Linky smart meters

On 30 April 2014, the CRE launched a public hearing on the regulatory framework applying to the Linky smart meter system after proposals were submitted by ERDF regarding the general principles of the project's tariff structure. Due to the high level of investment over 2014-2021 (approx. €5 billion) and the fact that the tariff mechanism will be spread over the duration of the project, the CRE is planning to accept ERDF's request that the tariff framework be set for a long period covering the duration of the project. ERDF intends to roll out some 35 million meters from end-2015, covering some 90% of households before year-end 2021. The proposed tariff model results in a pre-tax nominal compensation of 7.25%. The regulator intends to set up a regulatory framework that provides incentive to: 1) comply with deployment deadlines, 2) control unit investment costs and 3) provide quality service. Stakeholders will address their contribution to the proposed regulatory framework by 30 May 2014.

EDF inaugurates the Teesside offshore wind farm and West Burton gas-fired combined cycle power plant in the UK

On 16 April 2014, the West Burton Combined Cycle Gas Turbine Power Station and the Teesside Offshore Wind Farm were both officially opened by UK Energy Minister Michael Fallon MP and the Chairman and CEO of EDF Group, Henri Proglio. The Teesside offshore wind farm, near Redcar, consists of 27 turbines with a total installed capacity of 62 MW, enough to power 40,000 homes.

The power station at West Burton in Nottinghamshire is EDF Group's largest single capital investment project in the UK so far and has a capacity of 1,300 MW, enough electricity to supply 1.5 million homes.

Partial annulment by the *Conseil d'État* of the 20 July 2012 decree due to inadequate blue and yellow tariff bands

On 11 April 2014, the French Council of State (*Conseil d'État*) partially annulled the decree of 20 July 2012 for not having high enough "blue" and "yellow" tariff bands.

The *Conseil d'État* started by reaffirming that, pursuant to applicable regulations, the relevant ministers are required "at the date at which they make their decision, for each tariff, first, to cover operators' total average costs incurred to provide electricity at this tariff, as evaluated at this date, second, to take into account an estimation of the change in these costs over the future tariff period, depending on the information available to them at said date, and third, to adjust the tariff if there is a significant difference between the tariff and the costs, due to an over-evaluation or an under-evaluation of the tariff, during at least the completed tariff period". The *Conseil d'État* then stated that the "blue" and "yellow" tariffs bands, which had been raised by only 2% by the decree of 20 July 2012, were substantially less than the level at which they should have been set to cover the costs incurred in 2011 and to compensate for provisional cost increases for 2012. In accordance with this cancellation, the *Conseil d'État* ordered the relevant ministers to draft a new decree within two months, retroactively increasing the "blue" and "yellow" tariff bands over the period from 23 July 2012 and 31 July 2013.

Submission of RTE's proposed rules on the capacity mechanism

On Wednesday, 9 April 2014, RTE submitted a proposal for new rules on the organisation of the electricity market in France for approval by the Ministry for the Environment, Sustainable Development and Energy and for

consultation with the CRE (French Energy Regulatory Commission). These rules, developed after a consultation process conducted by RTE, define and structure the capacity mechanism. Starting in the winter of 2016-2017, this new measure should contribute to the security of France's power supply.

Acquisition of Petrobras' remaining 10% stake in the Norte Fluminense fossil-fired power plant in Brazil

On 11 April 2014, EDF Group finalised the acquisition of the 10% stake owned by Petróleo Brasileiro S.A. (Petrobras) in the Norte Fluminense S.A. (NTF) fossil-fired power plant via its EDF International subsidiary, raising its ownership of the company to 100%. The transaction was approved by the Brazilian anti-trust authorities and by ANEEL, Brazil's energy regulation agency.

EDF Energies Nouvelles launches its first solar operations in India

On 13 March 2014, EDF Energies Nouvelles announced the commissioning of its first solar power plant (30 MWp)⁵ in India, located in Madhya Pradesh state, as well as the development of five additional solar power projects in Rajasthan with a combined capacity of 120 MWp⁶, awarded via an RFP launched by the Indian government. The developments on India's photovoltaic market are led by ACME Solar Energy Private Limited, in which EDF Energies Nouvelles owns a 25% stake.

⁵ 30 MWc in France corresponds to 25 MW in India

⁶ Equivalent to 100 MW in India



EDF Group, one of the leaders in the European energy market, is an integrated energy company active in all areas of the business: generation, transmission, distribution, energy supply and trading. The Group is the leading electricity producer in Europe. In France, it has mainly nuclear and hydropower generation facilities where 95.9% of the electricity output is CO₂-free. EDF's transmission and distribution subsidiaries in France operate 1,285,000 km of low and medium voltage overhead and underground electricity lines and around 100,000 km of high and very high voltage networks. The Group is involved in supplying energy and services to approximately 28.5 million customers in France. The Group generated consolidated sales of €75.6 billion in 2013, of which 46.8% outside of France. EDF is listed on the Paris Stock Exchange and is a member of the CAC 40 index.

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