**PRESS RELEASE**
16 February 2018

# 2017 annual results
# 2017 financial targets achieved. 2018 targets confirmed
# Performance plan in advance

## 2017 key figures

| | |
|---|---|
| **EBITDA** | €13.7bn |
| | *-14.8% organic*[1] |
| -10.0% excluding regulated tariff adjustment[2] in France | |
| **Net income excluding non-recurring items**[3] | €2.8bn *-31.0%* |
| **Net income – Group share** | €3.2bn *+11.3%* |
| **Net financial debt**[6] | €33.0bn |
| **Net financial debt/EBITDA** | 2.4x |
| **Proposed dividend for 2017**: | €0.46/share |
| | i.e. a payout ratio of 60% |

**Electricity Output**

| | | |
|---|---|---|
| Nuclear France: | 379.1TWh | *-1.3%* |
| Nuclear United Kingdom: | 63.9TWh | *-1.8%* |
| Hydropower France: | 37.1TWh | *-12.5%* |
| EDF Énergies Nouvelles: | 12.6TWh | *+10.9%* |

**Performance plan**

Operating expenses[7] -€0.7bn compared to 2015
initial target reached one year early

WCR optimisation plan €1.9bn compared to 2015
target exceeded one year early

Assets disposal plan realised (2015-2017) ~€8.1bn[8]
more than 80% of target reached at the half-way mark

## Highlights

- **Strengthening of the balance sheet and deployment of the performance plan**
  - Capital increase and 2015-2017 dividends in shares: ~€9bn;
  - Asset disposals of €6.2bn over 2017 fiscal year: 80% of the 2015-2020 target reached at the half-way mark (i.e. €8.1bn);
  - Reduction of Opex[7] and optimisation of the WCR: targets reached one year early.
- **Acceleration in wind and solar energy**
  - Growth in net installed capacity (+23%, i.e. +1.6GW)[4] to 8.8GW, and in generated electricity (+13% to 13.8TWh)[5];
  - EDF EN's portfolio of projects under construction: 1.9GW gross;
  - EDF EN's pipeline: 22.5GW (+22%);
  - Acquisition of Futuren (onshore wind power) and OWS (maintenance in offshore wind power);
  - EDF's Solar Plan in France: 30GW over the period 2020-2035.
- **Strategic priorities confirmed**
  - Signing of the acquisition of Gas Natural Vendita Italia in Italy (expected closing date at the end of February 2018) and acquisition of Imtech in the United Kingdom;
  - Commercial offensive: new offers "Vert Electrique" and rapid adjustment of commercial costs in a context of heightened competition in France.
- **Strengthening of the French nuclear industry**
  - Acquisition of Framatome - refocused as a designer & supplier of nuclear steam supply systems;
  - Resumption of the manufacturing of forged components at the Creusot site approved by the ASN;
  - Creation of Edvance: bringing together of EDF and Framatome's engineering teams in order to improve efficiency and increase competitiveness;
  - Progress on track on the Flamanville 3 project.
- **First political and regulatory changes**
  - Implementation of the capacity market in France in 2017 and authorisation received by the European Commission in Italy and in Belgium in 2018;
  - Simplification announced of the regulatory framework for the development of renewable energies in France;
  - Reform of the European Union's $CO_2$ emissions trading (scheme ETS);
  - In France, postponement of the 2025 target on reducing the share of nuclear power ahead of the PPE (multi-year energy plan).

**2018 targets confirmed**

| | |
|---|---|
| Operating expenses[7]: | -€0.8bn compared to 2015 |
| EBITDA[9]: | €14.6 - 15.3bn |
| Cash flow[9,10] excluding Linky[11], new developments and 2015-20 assets disposal plan: | ~0 |
| Assets disposal plan since 2015 | ~€10bn[12] |
| Net investments excluding Linky[11], new developments and 2015-20 assets disposal plan: | ~€11bn |
| Total net investments excluding acquisitions and 2015-20 assets disposal plan | ≤ €15bn |
| Net financial debt/EBITDA[9]: | ≤ 2.7x |
| Target payout ratio of net income excluding non-recurring items[13]: | 50% |

EDF's Board of Directors meeting on 15 February 2018, under the chairmanship of Jean-Bernard Lévy, approved the consolidated financial statements at 31 December 2017.

Jean-Bernard Lévy, EDF's Chairman and CEO, stated: *"In line with our forecasts, the 2017 results demonstrate EDF's solidity, once again profitable, in a difficult market context. Continuing the deployment of its CAP 2030 strategy and the successful execution of its performance plan, the Group strengthened its balance sheet and reduced its financial debt by €4.4bn in 2017. We are beginning an unprecedented acceleration in renewable energies with the launch of EDF's Solar Plan, at the same time that we are strengthening our commercial initiatives. Supported by our staff dedicated to working in the service of the energy transition and by a newly reorganized nuclear industry, EDF now enjoys a solid basis to achieve the rebound expected in 2018."*

### Change in EDF group's results

| (in millions of Euros) | 2016 | 2017 | Change (%) | Organic change (%)[1] | Organic change (%) *Excluding tariff adjustment[2] in France* |
|---|---|---|---|---|---|
| Sales | 71,203 | 69,632 | -2.2 | -1.0 | +0.4 |
| EBITDA | 16,414 | 13,742 | -16.3 | -14.8 | -10.0 |
| EBIT | 7,514 | 5,637 | -25.0 | | |
| Net income – Group share | 2,851 | 3,173 | +11.3 | | |
| Net income excluding non-recurring items[3] | 4,085 | 2,820 | -31.0 | | |

### Change in EDF group's EBITDA

| (in millions of Euros) | 2016 | 2017 | Organic change (%)[1] | Organic change (%) *Excluding tariff adjustment[2] in France* |
|---|---|---|---|---|
| France – Generation and supply activities | 6,156 | 4,876 | -20.8 | -7.9 |
| France – Regulated activities | 5,102 | 4,898 | -4.0 | -3.8 |
| United Kingdom | 1,713 | 1,035 | -33.3 | |
| Italy | 641 | 910 | +42.1 | |
| Other activities | 2,091 | 1,566 | -24.7 | |
| *of which EDF Énergies Nouvelles* | *861* | *751* | *-14.8* | |
| *of which Dalkia* | *252* | *259* | *-1.6* | |
| *of which EDF Trading Group* | *729* | *358* | *-46.8* | |
| Other international | 711 | 457 | -17.9 | |
| **Total Group** | **16,414** | **13,742** | **-14.8** | **-10.0** |

**Footnotes to the first and second pages**

1 Organic change at comparable scope and exchange rate

2 Excluding the impact related to the positive effect in 2016 of the regulated sales tariff adjustment for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

3 Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the consolidated income statement. It corresponds to the Group net income excluding non-recurring items and net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax

4 Capacity representing the share owned by the Group

5 Generation by entities accounted for using the full consolidation method

6 Net financial debt is not defined in the accounting standards and is not directly visible in the Group's consolidated balance sheet. It comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or securities with initial maturity of over three months that are readily convertible into cash and are managed according to a liquidity-oriented policy

7 Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of the service activities

8 Impact on net financial debt

9 At comparable exchange rates and "normal" weather conditions, on the basis of a nuclear output in France assumption of >395TWh. At constant pension discount rates

10 Excluding eventual interim dividend for the 2018 fiscal year

11 Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code

12 Disposals signed or realised

13 Adjusted for the remuneration of hybrid bonds accounted for in equity

The results of the 2017 fiscal year are in line with expectations, despite the decline in nuclear and hydropower output in France and the unfavourable price conditions in almost all geographic areas where the Group is active. Actions undertaken to optimize operations and accelerate cost reductions have helped generate an EBITDA of €13.7 billion, in line with the initial targets.

EBITDA for the France - Generation and supply activities segment amounted to €4,876 million. Restated for the impact of the tariff adjustment[14], which took place in 2016, EBITDA was down 7.9% in organic terms. This change is mainly due to the decline in nuclear and hydropower output, to the impact of the purchases of the volumes required to cover the ARENH subscriptions in a tense market environment, and, to a lesser extent, to the unfavourable conditions in the downstream market.

EBITDA for France - Regulated activities[15] amounted to €4,898 million. Restated for the impact of the tariff adjustment[14] which took place in 2016, EBITDA was down 3.8% in organic terms. This change is attributable to the downward trend in volumes delivered by Enedis, the impact of storms and hurricanes and the positive factors in 2016 that had no equivalent in 2017.

In the United Kingdom, EBITDA was down 33.3% in organic terms to €1,035 million, mainly due to the significant impact of lower realised nuclear prices.

In Italy, EBITDA recorded an organic increase of 42.1% to €910 million due in particular to favourable trends in electricity sale prices and to the optimisation of the gas-fired generation fleet. The performance of the exploration-production activities for hydrocarbons, in a context of higher Brent oil and gas prices and higher output after a new platform came online, also contributed to this positive development in EBITDA.

EDF Énergies Nouvelles' performance benefitted from an 11% increase in renewable power output in connection with an increase of 1.6GW in net installed capacities to 7.8 GW. EBITDA stood at €751 million, down 14.8 % in organic terms, due to asset rotation than in 2016. EBITDA of generation rose by 8.5% organically to €741 million.

EBITDA for the Other international segment stood at €457 million, an organic decrease of 17.9%, attributable essentially to the drop in electricity prices and to lower power generation in Belgium. The unfavourable revision from the index of the price of the Power Purchase Agreement in Brazil also contributed to the decrease.

## Operating performance

In France, nuclear output stood at 379.1TWh, a decrease of -1.3% (4.9TWh) compared to 2016.

In 2017, nuclear generation was affected by technical unavailabilities (in particular the extended unplanned outages at Flamanville 1 and Cattenom 1) and by the extension of outages to conduct maintenance work on several reactors. The provisional shutdown of the four Tricastin reactors, as requested by the ASN, also led to a drop in output of 6TWh over the final quarter.

Hydropower output stood at 37.1TWh[16], down by 5.3TWh from 2016 due to particularly unfavourable hydrological conditions, 2017 being the driest year since 2011.

Dispatch of thermal generation facilities increased in relation with lower nuclear and hydro output. Their output, up 4.1TWh compared to 2016, reached 16.1TWh.

In the United Kingdom, nuclear output stood at 63.9TWh, confirming the good operating performance by the fleet. The slight decrease of 1.2TWh compared to the record high level in 2016, was due in particular to a low level of planned outages in 2016 and to the extended outage at Sizewell B at the end of 2017.

EDF Énergies Nouvelles output reached 12.6TWh, an increase of 11% over 2016.

In France, heightened competition led to a drop in market share of residential customers to 85.5%, representing a net loss of around one million customers. Market share in the business customers segment held up more robustly,

[14] Favourable effect in 2016 of the regulated sales tariff adjustment for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

[15] Regulated activities: Enedis, Électricité de Strasbourg and island activities. Enedis is an independent EDF subsidiary as defined in the French Energy Code.

[16] After deduction of pumped volumes, hydropower production stood at 30.0TWh for 2017 (35.8TWh for 2016)

and now stands at 64.6%, thanks in particular to the winning back of previous customers. The EDF group has put into place a response plan with the launching of new offers (in particular the “Vert électrique”) and the rapid adjustment of commercial costs. In Europe, the Group is resisting well in the residential customers segment, in particular in the United Kingdom, Belgium and Italy, where the acquisition currently in progress of GNVI will provide a growth driver starting in 2018.

Dalkia’s sales growth (+6.1% in organic change) was notably driven by the development of activities in heating and cooling networks, new contracts in the industry and abroad, and the acquisition of Imtech in the United Kingdom. Moreover, the share of renewable and recovery energies in the energy mix represents 37%, i.e. +8% compared to 2016. Citelum signed numerous agreements in 2017, notably with the city of Dijon, Mexico City and the city of Albuquerque. Fenice renewed its agreement with Fiat for five years, renewable one time.

## Net income

The financial result was up by €1,097 million compared to 2016, thanks in particular to an increase in capital gains on the sales of dedicated assets and to lower unwinding costs attributable primarily to a decrease in the discount rate on nuclear provisions in France at 31 December 2017 compared to the preceding financial year-end (-0.1% in the real rate), which was less marked than the decrease recorded at 31 December 2016 (-0.2%).

Net income excluding non-recurring items stood at €2,820 million in 2017, down by 31.0% from 2016. This includes the drop in EBITDA, which was partially offset by the improvement of the financial result and by the drop in corporate income tax.

The Group’s share of net income totalled €3,173 million in 2017, up €322 million compared to 2016 (+11.3%), thanks in particular to the positive effect of the capital gain recorded for the sale of 49.9% of CTE[17].

## Performance plan in advance

2017 was marked by the significant progress made in the deployment of the performance plan announced in April 2016. Firstly, operating expenses[18] were reduced by €431 million in 2017 compared to 2016, i.e. a cumulative reduction of approximately €706 million between 2015 and 2017. All segments contributed to this achievement, with, in particular, a decrease in 2017 of 5.2% in operating expenses in the France - Generation and supply activities segment, notably thanks to a decrease in costs for support functions and to the adjustment of the costs of the commercial functions. Italy recorded a drop of 4.1%, and Belgium 3.0%.

Optimisation plans had a positive impact of €431 million on the working capital requirement in 2017, representing a cumulated optimisation of €1.9 billion over the period 2015-2017, which allowed the target to be exceeded one year early.

The disposal plan was carried out with success, with €8.1 billion in disposals over the 2015-2017 period, i.e. more than 80% of the 2020 target has been reached at the half-way point.

[17] Capital gain before taxes; CTE, the entity holding 100% of RTE shares

[18] Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of the service activities

## Proposed dividend for 2017: €0.46/share, i.e. a payout ratio of 60% with an option of payment in new shares

At its 15 February 2018 meeting, EDF's Board of Directors decided to propose the payment of a €0.46 per share dividend for the 2017 fiscal year at the General shareholder's meeting of 15 May 2018. This would correspond to a payout ratio of 60% of net income excluding non-recurring items[19].

When subtracting the interim dividend of €0.15 per share paid out in December 2017, the balance of the dividend to be paid out on the 2017 financial year comes to €0.31 per share for shares receiving the ordinary dividend.

Subject to approval at the Shareholders' Meeting, in accordance with Article L. 232-18 of the French Commercial Code and Article 25 of the Company's articles of association, EDF's Board of Directors decided on 15 February 2018 to offer each shareholder the option of being paid in new EDF stocks on the remaining dividend to be paid for the year exercice ending at 31 December 2017. In case the option is exercised, the new shares will be issued at a price equal to 90% of the average of opening prices of the EDF share on the Euronext Paris regulated market over the twenty trading days preceding the day of the Shareholders' Meeting, reduced by the amount of the balance of the dividend to be paid for the 2017 financial year, rounded up to the nearest euro cent.

On 15 February 2018, EDF's Board of Directors set the terms of payment of the balance of the dividend for the 2017 financial year which will be submitted for approval during the General meeting of shareholders to be held on 15 May 2018:

- ordinary and loyalty dividend ex-date on 25 May 2018;
- exercise period for payment in new shares from 25 May to 11 June 2018 inclusive;
- payment date of the balance of the dividend and settlement/delivery of the shares on 19 June 2018.

## Cash flow and Net financial debt

Total net investments including acquisitions but excluding the disposal plan reached €16 billion. Taking into account the significant asset disposals in 2017 (€6,193 million in 2017 compared to €1,139 in 2016), the total net investments and acquisitions amounted to €9,810 million in 2017, compared to €11,663 million in 2016. Moreover, total net investments excluding Linky[20], new developments[21] and the disposal plan amounted to €11,968 million, up slightly by 1.3% compared to 2016, in line with the acceleration of investments in renewable energies.

Cash flow after net investments stood at €1,853 million, a significant improvement of €2,392 million, despite the drop in EBITDA, thanks mainly to the assets disposals in 2017 and to the inflow of most of the tariff adjustment, which took place in 2016[22]. Group cash flow[23] amounted to -€209 million, up €1,356 million despite the allocation of dedicated assets of €1,095 million requested by a ministerial letter of 10 February 2017.

| | **31/12/2016** | **31/12/2017** |
|---|---|---|
| Net financial debt[24] *(in billions of Euros)* | 37.4 | 33.0 |
| Net financial debt/EBITDA: | 2.3x | 2.4x |

[19] Adjusted for the remuneration of hybrid bonds accounted for in equity
[20] Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code
[21] New developments: in particular the UK NNB projects, offshore wind power and the acquisition of Framatome
[22] Favourable effect in 2016 of the regulated sales tariff adjustment for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016
[23] Cash flow after dividends without taking into consideration the capital increase
[24] Net financial debt is not defined by accounting standards and is not directly visible in the Group's consolidated income statement. It comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or securities with initial maturity of over three months that are readily convertible into cash and are managed according to a liquidity-oriented policy

The Group's net financial debt reached €33.0 billion at the end of 2017. It was €37.4 billion at 31 December 2016. This improvement is mainly attributable to the capital increase of €4 billion and to asset disposals carried out in 2017. The ratio of net financial debt/EBITDA stood at 2.4x at 31 December 2017.

## Outlook

The Group is continuing the deployment of its strategic plan and confirms its 2018 targets[25]:

- **Operating expenses**[26]: €800 million reduction compared to 2015
- **EBITDA**[27]: between €14.6 and €15.3 billion
- **Cash flow**[27,28] excluding Linky[29], new developments and 2015-20 assets disposal plan: slightly positive or close to balance
- **Assets disposal plan**: around €10 billion over 2015-2018[30]
- **Net investments** excluding Linky[29], new developments and 2015-20 assets disposal plan: around €11 billion
- **Total net investments** excluding acquisitions and 2015-20 assets disposal plan: around €15 billion
- **Net financial debt/EBITDA**[27]: less than or equal to 2.7x
- **Target payout ratio, based on net income excluding non-recurring items**[31]: 50%

In 2019, in a context marked by an expected decline in nuclear generation in France compared to 2018, the measures to reduce operating expenses[26] will be increased, with the target being revised upwards to €1.1 billion compared to 2015.

The 2019 target payout ratio of the net income excluding non-recurring items[31] is confirmed at 45%-50%.

[25] See EDF press release dated 13 November 2017

[26] Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of the service activities

[27] At comparable exchange rates and "normal" weather conditions, on the basis of a nuclear output in France assumption of >395TWh. At constant pension discount rates

[28] Excluding eventual interim dividend for the 2018 fiscal year

[29] Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code

[30] Disposals signed or realised

[31] Adjusted for the remuneration of hybrid bonds accounted for in equity

## Main Group results by segment

## France – Generation and supply activities

| (in millions of Euros) | 2016 | 2017 | Organic change (%)[32] | Organic change (%) *Excluding tariff adjustment*[33] |
|---|---|---|---|---|
| **Sales** | **35,191** | **35,606** | **+1.2** | **+4.1** |
| **EBITDA** | **6,156** | **4,876** | **-20.8** | **-7.9** |

Sales in France - Generation and supply activities amounted to €35,606 million. Restated for the impact of the tariff adjustment[33] which took place in 2016, sales were up 4.1% in organic terms. EBITDA stood at €4,876 million. Restated for the impact of the tariff adjustment[33] which amounted to €859 million, EBITDA was down -7.9% in organic terms.

The lower level of nuclear power and hydropower output compared to 2016 had an unfavourable impact estimated at -€504 million.

EBITDA also declined by around €311 million in 2017 due to the net effect of operations on the wholesale markets, particularly for additional purchases while prices were high, required to cover 2017 ARENH subscriptions. These purchases were also to make up for lower nuclear power output due to additional controls in connection with the carbon segregation issue, in particular during the first half of the year. This effect was partly counterbalanced in the second half-year of 2017 as purchases had been made at particularly high prices in the final quarter of 2016 due to lower nuclear plant availability.

Heightened competition, reflected in a net loss of around one million residential customers, and negative price effects on new offers also had an estimated net effect of -€341 million on EBITDA.

Tariff changes, excluding remuneration of capacity in the tariff "stacking" calculation, led to an estimated decrease of -€363 million[34] compared to 2016.

The introduction of the capacity mechanism had a favourable +€580 million estimated impact on EBITDA for 2017. The capacity price is included in regulated tariffs and market-price offers, and excess capacities are sold off on the wholesale markets.

The weather, which was generally milder than in 2016 with a particularly cold spell early in 2017, and the "leap year effect" of 2016 had a negative effect estimated at -€186 million in 2017.

Under the EDF group's performance plan, operating expenses[35] were brought down by an estimated €494 million (-5.2%) through actions to improve operating performance and control of payroll costs. These measures are being applied across all entities, notably through cost-cutting in support functions and adjustment of the costs of commercial activities.

[32] Organic change at comparable scope and exchange rate

[33] Excluding the impact related to the positive effect in 2016 of the regulated sales tariff adjustment for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

[34] Tariffs excluding the incorporation of the cost of capacity obligation in the tariff "stacking" – tariff changes of -0.5% and -1.5% at 1 August 2016 respectively on the "blue" residential and non-residential tariffs, and +1.7 % at 1 August 2017 on both segments

[35] Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rate. At constant pension discount rates. Excluding change in operating expenses of the service activities

## France – Regulated activities[36]

| *(in millions of Euros)* | 2016 | 2017 | Organic change (%)[37] | Organic change (%) *Excluding tariff adjustment[38]* |
|---|---|---|---|---|
| **Sales** | **15,728** | **15,896** | **+1.1** | **+1.3** |
| **EBITDA** | **5,102** | **4,898** | **-4.0** | **-3.8** |

Sales for the France - Regulated activities segment amounted to €15,896 million. Restated for the impact of the tariff adjustment[38] for Électricité de Strasbourg which took place in 2016, it was up 1.3% in organic terms.

EBITDA stood at €4,898 million. Without the impact of regulated sales tariff adjustment, EBITDA registered an organic decline of -3.8%, including the unfavourable €42 million[39] effect of a decline in volumes delivered by Enedis[40]. Demand was down 0.4TWh (i.e. -0.2%). As a reminder, the impacts related to the drop in demand are eligible for the tariff rectification mechanism (CRCP).

2017 was also marked by exceptionally fierce storms in mainland France, with an estimated negative impact of -€60 million corresponding to the operating expenses incurred for work and power cut indemnities. The hurricanes on St Martin and St Barthélémy generated costs estimated at -€23 million.

All these unfavourable factors were only partially offset by tariff increases for Enedis associated with the introduction of the TURPE 5 tariff from 1 August 2017 (raising delivery tariffs on the distribution network by +2.71%) amounting to an estimated +€102 million.

The residual decrease of €168 million in EBITDA is essentially caused by the existence of favourable developments in 2016 that had no equivalent in 2017, principally concerning the island activities.

[36] Regulated activities include Enedis, ÉS and island activities

[37] Organic change at comparable scope and exchange rate

[38] Excluding the impact related to the positive effect in 2016 of the regulated sales tariff adjustment for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

[39] Including the impacts of weather changes and the "leap year effect"

[40] Enedis is an independent EDF subsidiary as defined in French Energy Code

## United Kingdom

| (in millions of Euros) | 2016 | 2017 | Organic change (%) |
|---|---|---|---|
| **Sales** | **9,267** | **8,688** | **-0.8** |
| **EBITDA** | **1,713** | **1,035** | **-33.3** |

The United Kingdom's contribution to Group sales amounted to €8,688 million in 2017, down 0.8% in organic terms compared to 2016. EBITDA stood at €1,035 million, down by 33.3% in organic terms from 2016.

EBITDA was penalised by the effect of the downturn in realised prices for nuclear power (-12%). Nuclear generation output amounted to 63.9TWh confirming the good operating performance by the fleet, after an exceptional 2016.

The number of residential customer accounts declined only slightly compared to end 2016, indicating resilience in a highly competitive market. Moreover, consumption was lower in connection with rising energy efficiency.

In addition, the *Infrastructure and Projects Authority* (IPA) guarantee, granted under the framework of the HPC project, was formally cancelled on 5 February 2018 on EDF's request.

## Italy

| (in millions of Euros) | 2016 | 2017 | Organic change (%) |
|---|---|---|---|
| **Sales** | **11,125** | **9,940** | **-10.6** |
| **EBITDA** | **641** | **910** | **+42.1** |

Sales in Italy amounted to €9,940 million, down 10.6% organically from 2016, due on one hand to the drop in Electricity activities caused by lower volumes sold, and on the other by the "derivatives" component of hedges, the latter not significantly affecting the margin. EBITDA recorded an organic increase of 42.1% to €910 million.

EBITDA for the **electricity activities** showed organic growth of €26 million or +10.0% from 2016. It benefited from favourable trends in sale prices and optimisation of the gas-fired plants' generation capacities.

EBITDA for the **hydrocarbon activities** registered organic growth of €96 million or +19.7% compared to 2016. It benefited from favourable movements in Brent oil and gas prices, and higher output after a new platform came online in Egypt. Maintenance costs for the exploration-production activity were also optimised.

EBITDA also benefited from the positive effect of the sale of the Milan headquarters for around €100 million[41].

[41] In line with the Group's practice

## Other activities

| *(in millions of Euros)* | 2016 | 2017 | Organic change (%) |
|---|---|---|---|
| **Sales** | **7,734** | **7,813** | **-1.0** |
| *of which EDF Énergies Nouvelles* | *1,169* | *1,280* | *+3.6* |
| *of which Dalkia* | *3,600* | *4,051* | *+6.1* |
| **EBITDA** | **2,091** | **1,566** | **-24.7** |
| *of which EDF Énergies Nouvelles* | *861* | *751* | *-14.8* |
| *of which Dalkia* | *252* | *259* | *-1.6* |

Sales in **Other activities** amounted to €7,813 million, down 1.0% in organic terms compared to 2016. EBITDA recorded an organic decrease of 24.7% to €1,566 million.

**EDF Énergies Nouvelles'** contribution to consolidated EBITDA totalled €751 million, corresponding to an organic decrease of €127 million (-14.8%) from 2016, due to lower sales of assets than in 2016 which registered a high level of such operations. However, production (including Futuren) showed strong growth of close to +11% (+1.2TWh) and contributed €741 million to 2017 EBITDA. Sales of assets covered the structure and development costs. Against this background, the net installed capacity was up by +1.6GW to 7.8GW at 31 December 2017. The portfolio of projects under construction by EDF Énergies Nouvelles totalled 1.9GW, a significant share of 0.9GW concerning solar power projects.

**Dalkia's** EBITDA was €259 million, corresponding to an organic decrease of €4 million (-1.6%). Conclusions and renewals of a large number of commercial contracts, favourable trends in the indexes for revising service prices, and the positive effect of rising energy prices all made positive contributions to EBITDA. However, financial performance is penalised by a one-off operating issue on a contract led by a subsidiary.

EBITDA at **EDF Trading** amounted to €358 million in 2017, an organic decline of 46.8% after an exceptional 2016, characterized by a sharp rise in electricity prices and volatility in Europe at the end of the year, as well as the difficult market conditions in North America. A reorganisation is currently underway in that region. As part of a new strategic partnership, the EDF Group and JERA joined their coal negotiation and trading activities in April 2017 in a joint venture in which EDF Trading holds a 33% stake.

## Other international

| *(in millions of Euros)* | 2016 | 2017 | Organic change (%) |
|---|---|---|---|
| **Sales** | **5,286** | **4,822** | **+0.5** |
| *of which Belgium* | *3,203* | *3,375* | *+4.7* |
| *of which Brazil* | *488* | *453* | *-14.3* |
| **EBITDA** | **711**[42] | **457**[43] | **-17.9** |
| *of which Belgium* | *205* | *145* | *-30.2* |
| *of which Brazil* | *190* | *150* | *-28.4* |

Sales in Other international amounted to €4,822 million, up 0.5% in organic terms over 2016. EBITDA recorded an organic decrease of 17.9% to €457 million.

In **Belgium**, EBITDA was down organically by 30.2% to €145 million mainly as a result of the downturn in electricity prices and lower nuclear power generation due in particular to the maintenance programme and unplanned outages at Doel 3. Wind power continued to grow as installed capacities were increased, reaching 376MW at 31 December 2017 (+25% compared with 31 December 2016).

**Brazil's** EBITDA was negatively affected by the annual revision of the Power Purchase Agreement (PPA) price with Norte Fluminense, after an exceptional year in 2016. This was partly offset by optimisation actions on the markets as spot prices were high while unplanned unavailability was at its lowest point, and also by a steady decrease in operating expenses.

2017 also saw the sale of **EDF Polska's** assets, on 13 November 2017[44].

[42] 2016 EBITDA, including the activities of EDF Demasz in Hungary, sold on 31 January 2017
[43] 2017 EBITDA, including the activities of EDF Polska in Poland, sold on 13 November 2017
[44] See the EDF press release of 14 November 2017

## Significant events[45] since the 2017 third quarter press release

### Major events

- The EDF group launched the Solar Power Plan to develop 30GW of solar capacity in France by 2035 (see press release of 11 December 2017).
- EDF confirmed its 2017 EBITDA target (see press release of 15 December 2017).
- Nuclear industry:
  - Framatome announced it was continuing to ramp up production at its Le Creusot site. (see press release of 25 January 2018).
  - Framatome announced that it will acquire Schneider Electric's nuclear instrumentation and control business (see press release of 18 January 2018).
  - EDF completed the cold functional test phase for the Flamanville EPR (see press release of 8 January 2018).
  - New NP, a subsidiary of AREVA NP, became Framatome, a company whose capital is owned by the EDF group (75.5%), Mitsubishi Heavy Industries (MHI 19.5%) and Assystem (5%), (see press release of 4 January 2018 available on the website http://www.framatome.com).
  - On 31 December 2017, EDF completed the acquisition of a 75.5% stake in Framatome (formerly New NP) (see press release of 2 January 2018).
- Edison sold its Milan headquarters (see Edison press release of 21 November 2017 available on the website www.edison.it).

### New investments, partnerships and investment projects

#### Development of renewable energies, EDF Énergies Nouvelles[46]

- On 14 February 2018, EDF Énergies Nouvelles and ACC Announced China Joint Venture (Distributed solar energy).
- On 31 January 2018, EDF Énergies Nouvelles commissioned a 200MW wind farm in the United States.
- On 15 January 2018, EDF Énergies Nouvelles commissioned a new 115MWp solar power plant in Chile.
- On 11 January 2018, EDF Énergies Nouvelles commissioned a 224MW wind farm in Canada.
- On 8 January 2018, EDF Énergies Nouvelles announced that Photowatt[47] has embarked on a new project of industrial development and innovation.
- On 14 December 2017, EDF Renewable Energy, a North American subsidiary of EDF Énergies Nouvelles, and Kimberly-Clark announced the commercial operation of the Rock Falls wind farm in the United States.
- On 30 November 2017, EDF Renewable Energy, a North American subsidiary of EDF Énergies Nouvelles, signed an agreement with Google to supply 200MW of wind energy in the United States.

#### Development of energy services

- On 9 January 2017, EDF strengthened its position in China with two new energy service contracts.

[45] The complete list of press releases is available on the website: www.edf.fr
[46] A full list of EDF Énergies Nouvelles' press releases is available from the website www.edf-energies-nouvelles.com
[47] Photowatt is a subsidiary of EDF Énergies Nouvelles established in France. It is a European company specialized in the manufacture of photovoltaic cells and modules

## Sustainable development

- On 15 January 2018, the EDF group launched “Vert Électrique Auto”, using an roaming solution offered by Sodetrel, a subsidiary of EDF.
- On 11 December 2017, the EDF group announced that it will convert its entire fleet to electric vehicles by 2030.
- On 11 December 2017, industrial issuers of €26 billion of “green bonds” announced their commitment to further developing one of the most dynamic segments of sustainable finance today, the green bond market.

## Other significant events

- On 6 February 2018, the EDF group won its first nuclear waste treatment contract with SOGIN[48].
- On 19 January 2018, riding the wave of success in Côte d'Ivoire, EDF and OGE embarked on the off-grid market in Ghana.

[48] SOGIN (Societe Gestione Impianti Nucleari) is Italy’s public entity tasked with the dismantling of nuclear facilities and the management of radioactive waste in Italy

# APPENDICES :

## Consolidated income statement

| *(in millions of Euros)* | **2017** | 2016 |
|---|---|---|
| Sales | 69,632 | 71,203 |
| Fuel and energy purchases | (37,641) | (36,050) |
| Other external expenses | (8,739) | (8,902) |
| Personnel expenses | (12,456) | (12,543) |
| Taxes other than income taxes | (3,541) | (3,656) |
| Other operating income and expenses | 6,487 | 6,362 |
| **Operating profit before depreciation and amortisation** | **13,742** | **16,414** |
| Net changes in fair value on Energy and Commodity derivatives, excluding *trading* activities | (355) | (262) |
| Net depreciation and amortisation | (8,537) | (7,966) |
| Net increases in provisions for renewal of property, plant and equipment operated under concessions | (58) | (41) |
| (Impairment)/reversals | (518) | (639) |
| Other income and expenses | 1,363 | 8 |
| **Operating profit** | **5,637** | **7,514** |
| Cost of gross financial indebtedness | (1,778) | (1,827) |
| Discount effect | (2,959) | (3,417) |
| Other financial income and expenses | 2,501 | 1,911 |
| **Financial result** | **(2,236)** | **(3,333)** |
| **Income before taxes of consolidated companies** | **3,401** | **4,181** |
| Income taxes | (147) | (1,388) |
| Share in net income of associates and joint ventures | 35 | 218 |
| **GROUP NET INCOME** | **3,289** | **3,011** |
| **EDF net income** | **3,173** | **2,851** |
| **Net income attributable to non-controlling interests** | **116** | **160** |
| **Earnings per share *(EDF share)* in Euros:** | | |
| Earnings per share | **0.98** | **1.15** |
| Diluted earnings per share | **0.98** | **1.15** |

# Consolidated balance sheet

| ASSETS *(in millions of Euros)* | **31/12/2017** | 31/12/16 |
|---|---|---|
| Goodwill | 10,036 | 8,923 |
| Other intangible assets | 8,896 | 7,450 |
| Property, plant and equipment operated under French public electricity distribution concessions | 54,739 | 53,064 |
| Property, plant and equipment operated under concessions for other activities | 7,607 | 7,616 |
| Property, plant and equipment used in generation and other tangible assets owned by the Group | 75,622 | 70,573 |
| Investments in associates and joint ventures | 7,249 | 8,645 |
| Non-current financial assets | 36,787 | 35,129 |
| Other non-current receivables | 2,168 | 2,268 |
| Deferred tax assets | 1,220 | 1,641 |
| **Non-current assets** | **204,324** | **195,309** |
| Inventories | 14,138 | 14,101 |
| Trade receivables | 23,411 | 23,296 |
| Current financial assets | 24,953 | 29,986 |
| Current tax assets | 673 | 183 |
| Other current receivables | 9,561 | 10,652 |
| Cash and cash equivalents | 3,692 | 2,893 |
| **Current assets** | **76,428** | **81,111** |
| Assets classified as held for sale | - | 5,220 |
| **TOTAL ASSETS** | **280,752** | **281,640** |

| **EQUITY AND LIABILITIES** *(in millions of Euros)* | **31/12/2017** | 31/12/16 |
|---|---|---|
| Capital | 1,464 | 1,055 |
| EDF net income and consolidated reserves | 39,893 | 33,383 |
| **Equity *(EDF share)*** | ***41,357*** | **34,438** |
| Equity (non-controlling interests) | 7,341 | 6,924 |
| **Total equity** | **48,698** | **41,362** |
| Provisions related to nuclear generation - back-end of the nuclear cycle, plant decommissioning and last cores | 46,410 | 44,843 |
| Other provisions for decommissioning | 1,977 | 1,506 |
| Provisions for employee benefits | 20,630 | 21,234 |
| Other provisions | 2,356 | 2,155 |
| ***Non-current provisions*** | ***71,373*** | ***69,738*** |
| Special French public electricity distribution concession liabilities | 46,323 | 45,692 |
| Non-current financial liabilities | 51,365 | 54,276 |
| Other non-current liabilities | 4,864 | 4,810 |
| Deferred tax liabilities | 2,362 | 2,272 |
| **Non-current liabilities** | **176,287** | **176,788** |
| Current provisions | 5,484 | 5,228 |
| Trade payables | 13,994 | 13,031 |
| Current financial liabilities | 11,142 | 18,289 |
| Current tax liabilities | 187 | 419 |
| Other current liabilities | 24,960 | 24,414 |
| **Current liabilities** | **55,767** | **61,381** |
| Liabilities related to assets classified as held for sale | - | 2,109 |
| **TOTAL EQUITY AND LIABILITIES** | **280,752** | **281,640** |

# Consolidated cash flow statement

| *(in millions of Euros)* | **2017** | 2016 |
|---|---|---|
| **Operating activities:** | | |
| **Income before taxes of consolidated companies** | **3,401** | **4,181** |
| Impairment/(reversals) | 518 | 639 |
| Accumulated depreciation and amortisation, provisions and changes in fair value | 9,980 | 9,814 |
| Financial income and expenses | 764 | 948 |
| Dividends received from associates and joint ventures | 243 | 330 |
| Capital gains/losses | (2,739) | (877) |
| Change in working capital | 1,476 | (1,935) |
| ***Net cash flow from operations*** | ***13,643*** | ***13,100*** |
| Net financial expenses disbursed | (1,209) | (1,137) |
| Income taxes paid | (771) | (838) |
| **Net cash flow from operating activities** | **11,663** | **11,125** |
| **Investing activities:** | | |
| Acquisitions of equity investments, net of cash acquired | (2,463) | (127) |
| Disposals of equity investments, net of cash transferred | 2,472 | 372 |
| Investments in intangible assets and property, plant and equipment | (14,747) | (14,397) |
| Net proceeds from sale of intangible assets and property, plant and equipment | 1,140 | 508 |
| Changes in financial assets | 1,885 | (2,913) |
| **Net cash flow used in investing activities** | **(11,713)** | **(16,557)** |
| **Financing activities:** | | |
| EDF Capital increase | 4,005 | - |
| Transactions with non-controlling interests | 481 | 1,368 |
| Dividends paid by parent company | (109) | (165) |
| Dividends paid to non-controlling interests | (183) | (289) |
| Purchases/sales of treasury shares | (6) | (2) |
| ***Cash flows with shareholders*** | ***4,188*** | ***912*** |
| Issuance of borrowings | 2,901 | 9,424 |
| Repayment of borrowings | (6,304) | (6,176) |
| Payments to bearers of perpetual subordinated bonds | (565) | (582) |
| Funding contributions received for assets operated under concessions | 144 | 143 |
| Investment subsidies | 348 | 417 |
| ***Other cash flows from financing activities*** | ***(3,476)*** | ***3,226*** |
| **Net cash flow from financing activities** | **712** | **4,138** |
| **Net increase/(decrease) in cash and cash equivalents** | **662** | **(1,294)** |
| **CASH AND CASH EQUIVALENTS - OPENING BALANCE** | **2,893** | **4,182** |
| Net increase/(decrease) in cash and cash equivalents | 662 | (1,294) |
| Effect of currency fluctuations | (13) | 102 |
| Financial income on cash and cash equivalents | 21 | 20 |
| Effect of reclassifications | 129 | (117) |
| **CASH AND CASH EQUIVALENTS - CLOSING BALANCE** | **3,692** | **2,893** |

A key player in energy transition, the EDF Group is an integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services. A global leader in low-carbon energies, the Group has developed a diversified generation mix based on nuclear power, hydropower, new renewable energies and thermal energy. The Group is involved in supplying energy and services to approximately 35.1 million custumers accounts, 26.5 million of which are in France. The Group generated consolidated sales of €70 billion in 2017. EDF is listed on the Paris Stock Exchange.

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