



SHAREHOLDERS' NEWSLETTER

#23 / March 2016

DEAR MADAM, DEAR SIR, DEAR SHAREHOLDER,



In this letter we lay out the highlights of our 2015 results and our outlook for 2016. Despite a challenging market environment in 2015 EDF still managed to hit or exceed all of its financial targets.

2015 was also the year of COP 21, the global climate change conference organized and hosted by France, where EDF was able to showcase its qualities, first because we are Europe's biggest generator of renewable energy and second because France is a leading example of how to minimize fossil fuels in electricity production. It is thanks to this energy mix that EDF can generate power in France with a carbon footprint of just 15g of CO₂/kWh against a European average of 325g. This places us at the cutting edge of the energy transition and the fight against global warming.

**// EDF IS EUROPE'S BIGGEST
GENERATOR OF RENEWABLE
ENERGY. //**

We are living through a period of great change with unexpected disruptions to our main markets, particularly the wholesale electricity market in France and Western Europe, where we make most of our profit and where prices have plunged 30% in the last twelve months. The decline in prices, which has affected everyone in the energy industry, has persuaded us that now is the time to push forward with transformation of the company. A transformation that fits perfectly with the EDF's strategic priorities as set out in the CAP 2030 plan, putting innovation at the core of change.

**// THE EDF GROUP'S
TRANSFORMATION
IS NOW UNDER WAY,
ACCELERATING
INNOVATION TO DRIVE
THE ENERGY TRANSITION. //**

So EDF now has a clear roadmap and can confirm our target of a positive cash flow after paying dividends by 2018¹. To reach this target, the Group has put significant efforts into streamlining its resources and bringing down costs. This has notably meant keeping an even closer watch on net investment, funding new developments from asset disposals and bearing down on operating expenses. It is this rigorous approach to management that will ultimately deliver success in EDF's strategic project.

I thank you for your confidence.

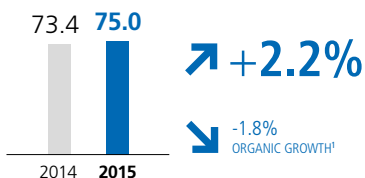
Jean-Bernard Lévy,
Chairman and CEO of EDF

1. Excluding Linky and new developments net of asset sales.

KEY FIGURES

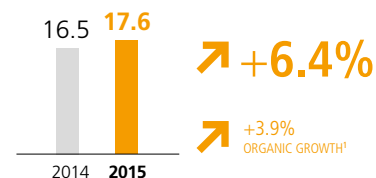
SALES

in billions of euros



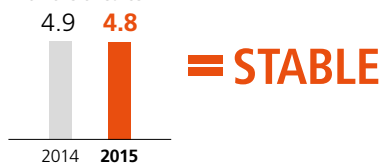
EBITDA

in billions of euros, excluding 2012 tariff catch-up²

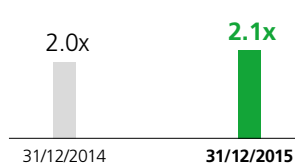


NET INCOME EXCLUDING NON-RECURRING ITEMS

in billions of euros

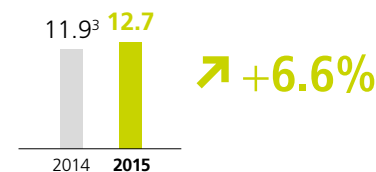


NET FINANCIAL DEBT/EBITDA RATIO



NET INVESTMENT

in billions of euros



OPERATIONAL PERFORMANCE BEAT TARGETS DESPITE A DIFFICULT MARKET ENVIRONMENT, SUSTAINED BY STRONG NUCLEAR GENERATION IN FRANCE AND THE UK

The Group reached its financial targets, which had been upgraded, for 2015. EBITDA was €17.6 billion, a same-scope rise of 3.9%, stripping out the 2012 tariff catch-up². EBITDA growth was driven by a strong operating performance and an ongoing drive to control operating expense.

Nuclear generation totaled 416.8 TWh in France, beating its target of 410-415 TWh. In the UK it was 60.6 TWh, a 10-year high. The Group continues to develop renewable energies with EDF Énergies Nouvelles installing 1 GW of net new capacity, mostly in France, the USA and Canada. In 2015, the Group intensified its campaign to reduce costs. Operating expenses came down by 1.4%, the first fall in 5 years.

Net income group share was €1.2 billion, down by 67.9% on 2014. This trend reflects impairments related to thermal generation

assets, mostly in the UK, Italy, Poland and Belgium and Edison's exploration and production activities. Negative factors also include the impact of the European Commission's ruling on electricity networks ("Réseau d'Alimentation Générale" or "RAG") and the Ministerial order setting the cost of the Cigéo project at €25 billion⁴. After restating for non-recurring items, net income was €4.8 billion, stable compared to 2014.

A dividend of €1.10 per share will be proposed to the Combined Shareholders' Meeting of 12 May 2016, equivalent to a 56% pay-out of net income excluding non-recurring items⁵ after deducting the additional Cigéo cost. Also submitted for approval by the Shareholders' Meeting is the proposal to take the outstanding balance of the 2015 dividend in new shares, i.e. €0.53 per share.

EDF is adapting to new and testing market conditions. It is responding to the falling price of electricity and increased competition in the sector by the Group's transformation and innovation in taking forward the energy transition, by continuously improving operational efficiency, careful selection of investments and reviewing options for a new regulation in France.

Financial targets for 2016:

- EBITDA⁶: €16.3 – 16.8 billion
- Net financial debt/EBITDA: between 2x and 2.5x
- Pay-out of net income excluding non-recurring items⁵: 55% to 65%

2018 ambition confirmed: positive cash flow after dividends⁷

1. Organic growth at constant scope and exchange rates. 2. Impact of the regularisation of regulated sales tariffs for the period 23 July 2012 to 31 July 2013 following the French Council of State's decision of 11 April 2014. 3. 2014 data restated for strategic transactions, transferred to net investments. 4. Under the 2011 economic conditions. 5. Adjusted for interest payments on hybrid issues booked in equity. 6. At constant scope and exchange rate. 7. Cash flow after dividends, excluding Linky and new developments net of disposals.

EDF ADAPTS TO THE NEW MARKET CONDITIONS

How is the Group reacting to the falling market price and rise in competition?

The end of regulated (yellow and green) tariffs for businesses had been anticipated. EDF has been preparing for this for a long time, developing new offers, training its teams and adapting its IT systems. The results are there for all to see. We were able to retain a healthy percentage market share.

The steep drop in the market price of electricity over recent months is a new challenge, which is impacting everyone in the industry. To cope with this, EDF can count on its strong operational performance and the drive for efficiency which was already under way and which we plan to intensify in the years to come.

What are the factors that will allow the Group to achieve its 2018 ambitions?

The biggest single factor is the control of our investment trajectory: we are targeting a maximum investment spend of €10.5 billion in 2018. This has to be supported by a tight grip on operating cost, where we achieved the first fall in five years in 2015. Looking ahead, we should be able to cut 2018 costs by €1 billion compared to their 2014 level. Working capital requirement is another priority. We have already reduced this by €700 million in 2015 and are targeting €1.8 billion in total. It is also our responsibility to propose regulatory changes designed to promote better visibility on the investments we need to extend the operating life of the French generation fleet.

How can tight control on net investment be compatible with EDF's development in a context of energy transition?

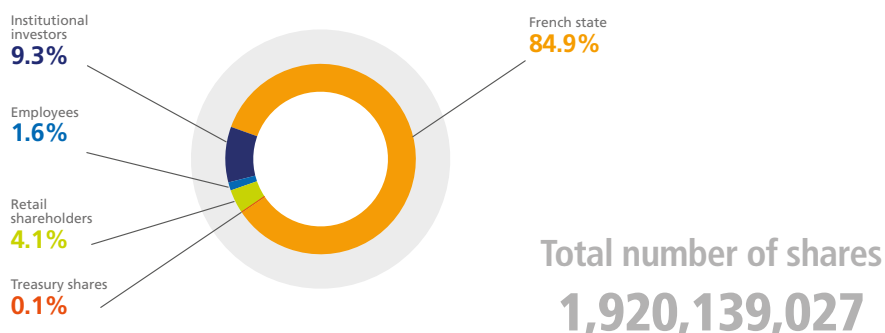
First and foremost by following through on the capital reallocation principle established in 2014, which means financing the Group's new developments by disposals. Secondly, by innovative financing solutions, such as the investment funds supporting the energy transition that we are going to launch with Amundi.

ROAD MAP TO POSITIVE CASH FLOW¹ IN 2018

- Reducing Opex: - €700 million compared to 2015
- Controlling net investment trajectory: target €10.5 billion
- Financing new development by asset disposals
- Improving working capital requirement: target - €1.8 billion

SHARE OWNERSHIP

At 31 December 2015, EDF's shareholder structure was as follows:



1. Cash flow after dividends, excluding Linky and new developments net of disposals.

COMBINED SHAREHOLDERS' MEETING THURSDAY MAY 12, 2016

A Combined Shareholders' Meeting will be held on Thursday May 12, 2016*, especially to approve the 2015 financial statements. Find all the information at: www.edf.fr/agm

*Subject to the Board of Directors decision.



Consider signing up for e-convening. For issuer-managed registered shares, sign up at Planetshares: planetshares.bnpparibas.com. For bank-managed registered shares, talk to your account manager.

CAP 2030 EDF, HIGH-PERFORMANCE AND RESPONSIBLE ELECTRICITY COMPANY, CHAMPION OF LOW CARBON GROWTH

EDF Group is a company committed to the energy and digital transitions. In this environment, Jean-Bernard Levy launched a corporate strategy dubbed "CAP 2030". The project sets a trajectory for the Group over the next 15 years and is based around three targets that will help meet EDF's ambition.

Supporting individual customers and territories in their energy transition by offering new energy solutions that are competitive and decentralized alongside new personalized services that reflect the digital revolution, linked to the change in energy use and generation means.

Producing low-carbon energy through nuclear and renewables. Change the energy mix by accelerating development of renewable energies, helping to combat global warming and becoming the market leader in large-scale low-carbon generation.

Developing low carbon solutions internationally, by becoming a benchmark player in fast-growth countries while simultaneously reinforcing the Group's positions in France and key European countries, contributing to energy security and strengthening economic competitiveness.

The successful completion of "CAP 2030" requires a program to transform the way the Group works and the commitment of all our employees.

MORE DIGITAL IN SHAREHOLDER RELATIONS

In 2016, the paper version of the shareholders' letter will only be published once.



All of our communications will be accessible via the website and all our other documents will be sent out **by e-mail only** for those shareholders that have provided us with their email address. To stay in touch, go digital and **send us your e-mail**.

CONTACT US

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The Shareholders' Club celebrates **10 YEARS**

Throughout 2016 we celebrate our first decade with pop-up events.

Visit the Club's website:
www.clubactionnaires.edf.com

CALENDAR OF EVENTS

- **10 May** - First quarter sales 2016
- **12 May** - **Combined Shareholders' Meeting***
- **29 July** - Half-year results 2016

RETAIL SHAREHOLDERS' MEETINGS 2016

- **29 March** - Rennes
- **22 September** - Metz
- **04 October** - Lyon
- **06 October** - Bordeaux
- **08 December** - Lille
- **12 December** - Biarritz

INFORMATION

www.edf.fr/finance-en

Actionnaires EDF

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