Presentation of 2014 Half-Year Results

Content

Highlights of the first six months of 2014

Henri PROGLIO
Chairman of the Board and Chief Executive Officer

Hello everyone, and welcome. I am very pleased to welcome you to this presentation of our half-year results for the first six months of 2014, which you may have reviewed already this morning. These results are the outcome of our commitment to our roadmap: five years of hard work and dedication, now beginning to bear fruit.

Despite a complex environment and economic conditions which can only be described as lacklustre, we remain committed to the same convictions as before—namely, that industrial investment and employment are indispensable to healthy and profitable growth.

The first slide is about the Group's operating performance. During the presentation of the full-year results, I mentioned that 2013 nuclear output was hampered, as you recall, by longer-than-anticipated maintenance outages, and that we needed to put in place measures to prevent this from reoccurring in 2014. This has been achieved. Thank you, Hervé [Machenaud].

As you can see, we kept our word. We halved the duration of planned outage extensions compared to the first six months of 2013. We also significantly improved the situation in the United Kingdom. Vincent [de Rivaz] can testify to this. This has enabled us to be in line with our ambition in this first half-year period.

Nuclear output in France is up 1.6 TWh, in line with our production target range of 410 to 415 TWh, as we have already indicated. UK nuclear production also performed very well, up 2 TWh from the first six months of 2013.

On the renewable energy front, hydropower output is robust at 21.8 TWh, taking into account the base effect. Because of the exceptional weather conditions seen in the first half of 2013, we reached record production levels that allowed us to offset delays in nuclear output last year. In any event, these results demonstrate the merits of a diversified production mix.

Finally, EDF Énergies Nouvelles also performed well. With the commissioning of the latest plants, output rose by nearly 10% from the first six months of 2013, and we have reached 5,000 MW of net installed capacity.

These positive results are due in large part to the reliability of our industrial facilities, in which we have regularly invested while honouring our commitments, whatever the circumstances. An investment strategy can be neither short-term nor opportunistic, especially in an industry such as ours. This has been our roadmap over the past five years.

In the first six months of the year, over €5.6 billion were once again invested by the Group. Of this sum, 28% was allocated to the networks and 25% went to development. Nearly 80% of this total—€4.4 billion—was invested in France. This is what preparing for the future with a long-term vision looks like. And it was achieved in an environment and industry that can be—and are—complex, as you know.

We are responsible for producing a product which is indispensable for everyone, while at the same time taking into account its impact on the environment, competitiveness and availability in the interest of society. This is the public-service mission entrusted to us.

The next slide, which deals with EDF as a responsible company, presents our measures and initiatives. You can see these summarised with the three highlights in the table.

First of all—and this deals with a global priority which the various international summits have so far failed to adequately resolve—I would like to talk about CO_2 emissions. Changes in countries' energy policies, the drop in the price of coal and the absurdly low cost of emissions allowances do not bode well for the reduction of CO_2 emissions. Is this the legacy we want to leave for future generations?

France can pride itself in having EDF, the world's largest producer of electricity and the European leader in "carbon-free" energy, accounting for 96% of production in France and 85% of production in all the regions in which we operate. Our contribution to controlling CO_2 emissions in Europe is easy to see. EDF emits one-tenth of the CO_2 of the European average; in fact, EDF's contribution lowers this average from 450 to 350 g per kWh produced.

We have striven daily to uphold our commitment of halving our CO_2 emissions from 1990 levels by 2016. Recently we have taken a major step toward achieving this objective through three series of measures.

The first of these takes place at a very preliminary stage. We are fortunate to have a diversified business mix across all of the production channels. As a result, our industrial decision-making always takes into account the carbon factor, both in terms of operations and long-term investments. This is a reflection of our responsible approach as an industrial player, which is in line with our corporate values.

Additionally, and with the same dedication, we undertake the necessary measures to improve the performance of our existing plants. In particular, we need to focus our efforts on thermal energy, the biggest CO_2 emitter by nature. The modernisation of our thermal plants has been made a priority; starting in 2016, all under-performing plants will be either closed or replaced by combined-cycle gas turbines and combustion turbines, which offer much better output and environmental performance. This will allow us to cut CO_2 emissions by one third. We also benefit from the positive contribution made by our nuclear fleet, a non-emitter of CO_2; to continue to perform its role safely, as you know, we are making all of the necessary investments in maintenance as part of our major renovation and modernisation programme for the next 10 years.

Finally, we need to continue our development in renewable energy. Beyond hydropower, where we are the European leader, we are making significant investments in other renewable means of energy production. Excluding hydropower, we are the fifth-largest European company in renewables and the leading European company in the development of photovoltaic facilities.

The enviable position afforded to France by EDF should enable us to play an important role at the 2015 Paris climate conference, to contribute to the success of that major global summit on climate change.

The second aspect of our mission, which is no less important, is to contribute to the competitiveness of French industrial companies. Everyone knows that energy is one of the biggest cost items for industrial groups, particularly for those we classify as "power-intensive", for which energy accounts for up to 30% or even 40% of expenses. Lowering this cost and ensuring comprehensive cost control is key to these companies' competitiveness, which must nonetheless be achieved without losing sight of our own growth and competitiveness needs.

To this end, on 21 July we signed an agreement to amend the electricity supply contract concluded in 2010 with Exeltium, a consortium of 27 electricity-intensive industrial groups from sectors including steel, aluminium, chemicals and paper. This industrial and commercial partnership between EDF and Exeltium is based on a pooling of performance-related risk by the two stakeholders. It gives these large consumers access to an electricity price that is competitive in the long term, helping them withstand the fluctuations of the energy markets.

To put it in simpler terms, it smoothens prices while allowing EDF to share part of its production costs over time. Thus, this agreement offers Exeltium companies a long-term vision of their electricity costs, which is especially important given that most of them are major players in their respective sectors and on the international markets. In the context of global competition, this is a major asset that can help industrial companies deal with the issue of employment and long-term sustainability on our shores.

The contract that we recently signed is far from insignificant; the 27 companies represented by Exeltium employ 60,000 people in France, of whom 28,000 are directly employed across about 100 sites in 18 French regions.

With Europe and France in a strained economic situation, everyone is expected to make an effort, and EDF can set an example by keeping its costs under control. This is our task as an industrial company. Subsequent to the launching of the Spark programme in 2013, which was a leading contributor to the year's positive performance, good practices were adopted and we were once again able to reduce operating costs, which fell by 1.8% from the first six months of 2014. All the while, we continued to upgrade skills through recruitment. I would also like to remind you that we are still anticipating 6,000 new recruits for 2014.

Finally, the third highlight of the half-year period—also in line with today's major challenges and an important aspect of our mission—is the management of energy costs. A duty of ours has been to become an essential player in energy services. This has now been achieved with the finalisation of the agreements concerning Dalkia, signed on 25 July, which created a global energy services leader.

These are the major ways in which EDF has contributed to the big challenges facing society. But these efforts have not prevented us from managing and improving our own fundamentals.

I will therefore turn to the key figures for the six-month period.

In a persistently challenging European economic context—including in France—we have been able to stay the course and conduct efficient management in order to avoid unwelcome surprises. The reliability of our industrial facilities, in which we have been able to make investments, has enabled further advances on the operational front. All of this has been achieved with improved profitability: with a 4.2% decline in sales due to lower consumption as a result of a mild winter, our EBITDA excluding Edison increased by 5.3% in organic terms, driven mainly by France and the United Kingdom.

I would also like to remind you that Edison also saw an improvement, excluding the effects of the gas renegotiations, as Thomas will cover in greater detail.

The Group share of net income, up 8.3%, is also part of this improvement trend. Here can we see the contribution from operating performance to the renewed improvement in the Group's profitability.

At the same time, our financial structure has been further reinforced, the debt ratio falling under 2x. The €2.8 billion decline in financial debt is a good sign because it is our ambition to continue to develop and invest. Thomas will talk more about the Group's financing and particularly about the hybrid issuances involved. The Group's sound health is well demonstrated by the improvement of performance on the operational, economic and financial fronts.

To conclude, my natural optimism leads me to say that for EDF, the future is wide open as long as our development meets two criteria: first of all, respect for our shareholders, and secondly, the accomplishment of our public service mission. These are the two major pillars of our strategy, which we pursue in full awareness of our place in a world that is in perpetual flux—as you are aware—which demands a great deal of flexibility to the constraints we must deal with.

This can only be done if we have a stable framework that gives us the visibility we need. But our responsibility is first and foremost to be industrial players and service operators, and to be able to adapt to changes in external constraints. Once again, we have proven our ability to do this.

I will stop there. Thomas will take over and present the performance for the first half-year, discuss the year's trends and join me in a question-and-answer session.

Thomas, you have the floor.

First Half 2014 Results

Thomas PIQUEMAL

Group Senior Executive Vice President, Finance

Hello ladies and gentlemen. I will now explain all of our results for the first half of 2014. I'll also take this opportunity to confirm all of our targets for the current year, targets which are naturally based on this first half's good performance.

First Half 2014 - Key Figures

You know the key figures—Chairman Henri Proglio has just shared his comments on them with you. Sales came at €36.125 billion. It is down 4.2% at constant scope and exchange rates compared to the first half of the previous fiscal year, due primarily to the weather: a harsh winter in 2013, and then a milder one in 2014. EBITDA came at €9.608 billion. Restated for Edison's performance, which is subject to the gas contract renegotiation calendar, this EBITDA is up 5.3% in organic terms. This number is higher than we expected. As you know, we have a target for the year that is minimum 3% growth, at constant scope and exchange rates, excluding Edison. With 5.3% over this first half-year, we are ahead of our targets.

The Group share of net income comes to €3.117 billion. It is up 8.3% from the previous year, which was marked by a number of non-recurring depreciations. Restated for these depreciations, you see it is still up 2.8% to €3.153 billion, compared to €3.068 billion the previous year. At €30.6 billion, debt is 1.9x EBITDA. As Chairman Henri Proglio said just a moment ago, we are below the low end of the range for the debt ratio that we set at between 2 and 2.5x, which testifies to the improvement in the Group's financial structure during the half-year, thanks to the bond issuances done at the start of the year.

I) Main components of performance

Growth in EBITDA—2.8% at constant scope and exchange rates—was driven by France (+€383 million) and the United Kingdom (+€96 million). You can see that Italy is down €204 million, but that is due only to the gas contract renegotiation schedule, because last year, over the first half of 2013, we posted a historic catch-up on these contracts amounting to around €300 million. So you can see that, restated for these €300 million, Italy is up €100 million and contributing to the Group's performance, while the other segments are neutralizing each other, with performance practically stable at -€14 million.

Naturally, the key event in these results is the control of our cost trajectory. That is the result of actions begun several years ago, because since 2011, anticipating the strategy we wished to put in place, which consisted of either taking control of all of our strategic operations or selling them off, we launched a plan that would allow the Group to develop synergies among its various business lines, be it on purchasing or in the deployment of shared centres.

It was the STG programme—you're familiar with it—we launched in 2011. In 2013, it was the Spark programme, which we overachieved: with a €1 billion target, we realised €1.3 billion. All of these practices naturally became sustainable in our ongoing operations, which is why we have a good control of our Opex, which were practically stable over this first half of the year, while the hiring efforts continued.

Now, we have started two new initiatives. The first one is for improving the tools and systems for operational cost control. This is a project that was launched last year and is going to spread out over a few years. As well as the improved management of working capital requirements—you will shortly see that we can already record some improvements over this half-year even though, naturally, these improvements will carry over to the coming months.

That is one of the reasons our performance has improved: +2.8% growth in EBITDA to €9.608 billion, which results in growth in the operating income (EBIT) of 4%. This was made possible—as you can see in the middle of the page—while depreciation & amortisation expenses rose sharply, by +9.2%, to €3.839 billion.

The 9.2% rise in D&A and provisions for renewal this half-year: this number is almost exclusively due to the rise in depreciation in France. In France alone, this depreciation expense is up 18.8%. This number reflects both the Group's efforts at investing in its production facilities and the fact that these investments are amortised over a short period, because—as you know—the maximum lifespan for the nuclear power plants on which we amortise is 40 years. Another reason for this increase is the sustained efforts to invest at ERDF, and in the United Kingdom, with the commissioning of the West Burton B plant having a total impact on this first half-year.

An overall 4% increase in operating performance and an 8.3% increase in the Group share of net income: this was made possible by the decline in financial expenses, which were down 19.2% over this half-year compared to the first half of 2013, and now stand at €1.287 billion.

There are three main components to our financial expenses.

The cost of debt is 3.5%: this is the average coupon on our debt over this first half-year. Moreover, as we speak, it is just under 3.5%, because we repaid the debt we had to retail investors: €3.3 billion in retail bond issued five years ago. This cost is falling steadily as we issue new bonds, and that is one of the main financial expenses for the half-year period.

The other factor is the discount effect of our nuclear provisions. The rate has remained the same. Therefore, this expense is also the same. However, the reason for the improvement in this financial result and the lower expenses is the good performance by the dedicated asset portfolio, because we realised a number of capital gains, benefiting from the dynamic management of this portfolio, as well as the markets' good performance over this first half of 2014.

The tax burden is up 4.8%, due, of course, to the Group's higher income. Conversely, the contribution of consolidated companies is down 46.5% for two reasons. The first is that on this line, we record 100% of the net income of RTE, which has been accounted for using the equity method for several years now. And RTE is naturally subject to weather impacts: milder weather, less electricity transported, less contribution by RTE to the Group's net income. And on this line, we also entered impairments on minor minority interests that we hold in the Group.

All together, the Group share of net income is up 8.3%, because we had a number of negative non-recurring items last year for -€191 million, and this year those are being offset by certain positive effects. That is why the net income from ordinary operations, restated for these non-recurring items, is up 2.8%.

II) Results from France

As I said in my introduction, the good operating performance is tied to France and the United Kingdom. In France, there was +5.9% organic growth, despite an unfavourable weather effect.

The weather effect was -€369 million in EBITDA for this half-year. The main impact was at ERDF—because there too, there was less electricity distributed, with an impact of about -€300 million on the margin. But of course, this weather effect was offset by the price adjustment in the summer of 2013, but also by good cost control, because the change in Opex was +€125 million, meaning that operating expenses fell by €125 million in France over this half-year compared to the first half of the previous year. That is one of the reasons our performance has been good.

In the "Others" segment, it is also growth of income in island activities. We are investing a great deal in this area, and that has naturally resulted in a rise in our operating performance.

That's why, overall, growth in the France segment was 5.9% over this half-year.

This half-year is marked by a difference in consumption from the previous half-year. You can see it, -19 TWh in demand, which is furthermore close to the weather effect, because we had consumption that was up about 14 TWh because of the harsher weather in the first half of 2013. Over this half-year it was nearly 5 TWh less than seasonal norms. This explains the -19 TWh in demand from our clients, as you can see on the right.

On the left, where you see our generation means, nuclear is up 2 TWh. This is because of the good performance by our generation facilities. This performance was concentrated in the second part of this half-year, i.e. the second quarter. You see that we are at +0.8% in nuclear output compared to the first half of 2013, with a variation that is basically equivalent to the previous half-year.

This increase in nuclear generation was made possible by improved control of our planned outages. As you know, this was one of our biggest challenges, as we also announced last February, because last year we had a number of overruns in our planned outages.

Our target was to cut those overruns in half. At end-July, we completed half of our planned outages for the year, and I can tell you that we are meeting our target of cutting planned outage overruns in half. What's more, that's the reason I can now confirm our nuclear output target, within the range of 410 to 415 TWh for the year, which is also in line with the target I announced in February.

In hydro, it's the opposite, with a 13.5% decline in hydro production, solely due to weather and water conditions. You see that from this viewpoint we started the year off right. The curve shows this on the right side of this page, because water conditions were better than seasonal norms and better than 2013.

It is over the second quarter that these conditions took a turn for the worse compared to 2013. But at end-June, we had a normal fill level. That is why we are counting on normal hydropower production for 2014.

III) <u>Results from the United Kingdom</u>

The UK is another reason for the growth in the Group's overall EBITDA, with €1.174 billion. Restated for favourable currency effects over this half-year, growth was 9.3% at EDF Energy in the UK.

This 9.3% growth is due to an improvement in nuclear generation, with an additional 2 TWh because of a planned outage schedule that was more favourable during the start to this year than to the previous year; but we must also note that EDF Energy's commercial position in supply in the UK improved, with new clients over the half-year, which offset the unfavourable weather effect in the UK as well.

This performance can also be explained by good Opex control.

We have no significant comments on the upstream/downstream electricity balance, except that once again, in the left-hand section, we can see the 2 TWh increase in nuclear output which I just spoke about.

IV) Italy: good operating performance, not including calendar effects of 2013 gas renegotiations

In Italy, gross EBITDA numbers showed a 30% decline: €654 million in the first half of 2013, compared to €456 million in the first half of 2014. But if you recall that in those €654 there were about €300 million in catchup from the losses we had on the natural gas supply contracts—historic losses—so +€300 from these renegotiations we recorded in 2013, you will see that in fact it is not -30% but rather +30% for Edison's operating performance over this period in the first half of 2014.

This growth in income was obtained thanks to good performance in the electricity segment. In this sense, 2013 was already quite positive. This continued in 2014 in terms of electricity production, in terms of monetising the flexibility of ancillary services; but it is in the natural gas segment that our results improved the most, due to the impacts of the renegotiation that we did in 2013 and the improvement in the underlying margins on the contracts, as well as the supply terms on those contracts, which we renegotiated in 2013.

There, too, the renegotiations are not completely finished, because we still have two contracts in renegotiation or arbitrage, which makes Edison's overall performance for the year dependent on this renegotiation calendar. It should be understood that we are not applying any pressure to obtain any results within a short time frame. What is important to us, naturally, are the terms of supply, as we've already demonstrated in the past.

V) Other International: unfavourable impact of economic and weather conditions

The "Other International" segment no longer includes the consolidation of our US activities at CENG because, after completely renegotiating our agreements with Exelon last year, we have deconsolidated our 49% stake in CENG's existing nuclear power plants in the United States. Overall, an unfavourable impact except for Brazil, which saw its income increase over this first half-year.

The bulk of our activities is now activities in Central Europe. No miracle there—this performance is down: down in Belgium due to weather, lower margins and generation difficulties, as well as in Central Europe and Poland, where falling prices and lower consumption have caused us to post a fairly significant -17.8% downturn in our results on this segment.

VI) Other Activities: good operating performance by EDF Energies Nouvelles

This change in EBITDA is offset by growth in the Other Activities segment: 6.8% growth at constant scope and exchange rates, driven exclusively by the growth of EDF Energies Nouvelles.

You see that EBITDA is up 25.4% thanks to a 10% generation increase from the first half of 2013, but also thanks to an asset disposal schedule, because as you know, we dispose of assets and record the margin on that as EBITDA—that is one of EDF Energies Nouvelles' activities; a more favourable schedule over the half-year than in the first half of 2013, with virtually all disposal programmes posted to this first half-year.

Overall, then, EBITDA growth is 6.8%, with an EDF Trading performance that is just about stable compared to the previous year.

VII) Positive change in cash flow after net investments

These good operating results improve cash flow, as you can see on this page, because it is positive by €624 million, compared to -€1.353 billion in the first half of 2013. This is cash flow after net investments, cash flow that is significantly improved thanks to good operating performance, but thanks also to smaller cash consumption in WCR. This is the third-to-last line, Δ WCR, at -€2.727 billion in the first half of 2013 and -€829 million in the first half of 2014.

This difference is due primarily to weather effects, because with sales volumes down, we have fewer client receivables—this explains the roughly €1.5 billion in change in WCR. It's is also because we collected the income from gas renegotiations at Edison, which we had as receivables at the end of the first half of 2013.

Finally, this is due to the fact that we improved working capital requirements at EDF Trading and are starting to see the effects from that, although obviously it's too soon to quantify this and too soon to say that this improvement is due solely to that. But these are also the initial effects of the growing awareness since the year began that we must improve management of our working capital requirements. The programme has been launched and is already beginning to bear fruit.

The other reason that our cash flow after net investments is improving significantly is that our net investments were down over this first half-year compared to the first half of 2013: €5.615 billion vs. €6.332 billion in the first half of 2013. In fact, this decline is due solely to the schedule of disposals at EDF Energies Nouvelles, because except for this change, our investments are stable, and I will, of course, itemise them for you in a moment.

This cash flow is improving after net investments. Conversely, as you can see at the bottom, after dividends it's down from the first half of 2013. But I think the reason can clearly be found in what happened in this first half of 2013.

The first reason is that last year we withdrew €2.367 billion, practically €2.4 billion, in dedicated assets from the portfolio, further to the agreement we reached with the Government on the CSPE. Remember, we had allocated the CSPE receivable to the dedicated asset portfolio and we withdrew €2.4 billion because we were quite oversubscribed. That's what had improved cash flow in the first half of 2013.

Regarding the dividend we had paid our shareholders after the general meeting of the first half of 2013: given that a portion of that dividend was paid in EDF shares, the payment schedule had us make that payment in July 2013. And so the first half of 2013 did not support the payment of a dividend. You also see "dividends paid in cash," third line before the end, practically nil the previous year and -€1.361 billion over the first half of 2014.

So the first half of 2014 is fairly normal, while in the first half of 2013 we had these two effects that were rather exceptional.

Overall, cash flow after dividends was negative by €877 million. Remember, we are investing a great deal in our future development. And it is that development that explains why our cash flow is negative after dividends for this first half-year despite the very marked improvement—as I showed you just now—in working capital requirements.

VIII) Net investments impacted by EDF Energies Nouvelles activity

Net investments are down because of the strong disposal activity at EDF Energies Nouvelles.

On the remainder of the segments, overall it's stable, and in France there are two effects cancelling each other out: first, a rise in investments in the generation plants in France, reflecting continued efforts in the maintenance and renewal of large components; this increase in generation plants in France is offset by a drop at ERDF, but a drop that will be made up for over the second half of 2014.

So, overall, €5.615 billion in investments in the Group, one-quarter of which is earmarked for development.

IX) Change in net financial debt

This change in cash flow and investments and the issue of hybrid debt—the Chairman said it just now, €4 billion in hybrid debt issued at the new year—are the reasons for the decline in net debt to €30.6 billion at year's end.

We have €10 billion worth of hybrid debt overall in two multi-tranche transactions in January 2013 and January 2014. So, all together: €10 billion in hybrid debt financing the €12 billion in assets under construction recorded in our balance sheet and that are not yet generating any income or any contribution to the Group's operating performance.

X) 2014 Targets, 2018 Vision

Based on all of these results, I can confirm the commitments we made in February 2014. **I'd like to make it very clear, right away, that these commitments did not include, nor do they now include, the tariff catch up—the new ministerial order was just published a few hours ago[1]—related to the price adjustment of 2012, which should give us additional revenue of €850 million.** This figure is not included in the targets I set out for you and which I'm confirming today.

You're familiar with these targets; they are:

- EBITDA growth excluding Edison of at least 3%: confirmed;
- a net debt/EBITDA ratio within the range of 2-2.5x; we're below for the first half-year, and I'm confirming that we'll be close to the low end of that range;
- the payout ratio of net income excluding non-recurring items has not changed: 55-65% of net recurring income, net of the cost of the hybrid as I explained to you in February.

At Edison, we are enhancing our visibility over this second part of the year, and we now expect an EBITDA above €600 million, excluding the effect of gas contract renegotiations. As I said before, at Edison, we are ahead of our budget for this first half-year.

Finally, I'll close by confirming our 2018 vision as announced in February. This is our framework. We will deliver positive cash flow after dividends in 2018. This is the Group's commitment and I'm confirming it to you right now.

Ladies and gentlemen, thanks for your attention. I'm going to hand the floor back to Chairman Henri Proglio to take your questions. Thank you.

[1] Ministerial order dated 28 July 2014 relative to regulated electricity tariffs for the period between 23 July 2012 and 31 July 2013, published in the Official Journal on 31 July

Questions and Answers

Henri PROGLIO

Thank you, Thomas. It's your turn to speak.

From the floor

Mr. Chairman, four questions. First, about tariffs. The Minister of Energy was saying "no increase", and then the Government said "in autumn there will be a 5% increase", and then later it said "no increase" again. I would like to know your assumption for rates and how it will affect your profits in the second half of 2014 and in 2015.

Then I have a second question about Hinkley Point. The next (EU) Commission is being formed. I don't know if you have anything new to report, but when do you expect news about whether or not Hinkley Point is getting the green light?

Lastly, for your successor—whether that's yourself or someone else—is there a succession plan that has been discussed with the Government or within the company? I know that often the Government's appointments are made at the last minute and are unforeseeable, but this is a very large company and I'm wondering if there has been a discussion with the Government on your successor.

Thank you.

Henri PROGLIO

These are three very different matters.

On tariff increase, our tradition is to not comment upon tariff decisions that are the Government's by definition, so I won't comment on those. I will try to illuminate your thinking a bit. Thomas pointed out just now that we did not take the 2012 rate adjustment into account in our forecasts for 2014. That's the first issue. The €850 million were not incorporated into our forecasts, or into our guidance as presented to you.

The second matter was about rate changes in 2014, which will by definition affect the second half of the year and then 2015. I will decline to comment on that decision. The discussions took place last year and resulted in a 5% rise in tariffs over 2013 and 2014. That came out of a discussion between us and the Government. This year's decisions have led us in new directions. For fundamental reasons, these will not diverge for long, but the short-term changes involved may do so. Obviously I leave that up to the public authority to control, which is quite normal.

So that's what can be said. I won't attempt to make any assumptions or predictions—not officially, at least—but economic growth is about where we had thought it would be. Our responsibility, as I just tried to say, is to manage a large-scale industrial system—an essential public utility—over time. This involves both continuity and quality of service on one hand, and on the other, the economic efficiency that people rightly expect from any business, serving not just clients (and therefore doing its job as a public utility), but also its shareholders. Here we have demonstrated that we are able to meet these needs. Nothing's ever perfect; we have made a lot of progress. The results are extremely solid; they don't include any extraordinary events. Quite simply, the fundamentals are sound. And we will adapt. I don't think we can expect any major upheavals in future rate changes in the medium term. Afterward, there may be some short-term jolts. That's what I can say.

The second matter, Hinkley Point. Again, it's hard to speculate. We are being kept in the loop day by day on the discussions being held in Brussels, of course. This is a discussion that is taking place between the British Government and the European

Commission. Again, it's important to not get confused. We have spoken to and negotiated with the British Government at its request, not about Hinkley Point specifically, but about Britain's new nuclear policy, meaning as an overarching project. Hinkley Point is only the first of three stages that bind us to the Government in this matter. That contract was negotiated, and every part of the Group was involved with it, starting obviously with EDF Energy and EDF's Senior Management. That contract is locked in. Some talks are still underway with regard to financial guarantees, but the core of the contract is locked in place: its period, its guarantees, and of course the price, as well as the components of the contract. Now the contract has to pass the next stage, authorisation from Brussels. We are doing our part to help provide clarification.

If I were to make predictions—which is always tricky, because everyone goes out of their way to contradict them—the likeliest outcome is that a decision will be made by the Commission before the end of its term, because this is a major issue for the UK, for the succeeding British governments that moved it forward: First the Labour government, and then the Conservative government that followed. So this is a British project in every sense. Why would Brussels go against a project that the UK has made a critical part of its plan to achieve energy independence and manage its own energy supply? This project was assigned mostly to EDF, as you know. I'll leave it at that.

Will the discussion end before this Commission is replaced by the incoming Commission? We can hope so. Under what conditions? Will Europe decide that some changes need to be made, or ask the UK to make them? It's possible; I don't know. In any event, for us, the issue is a bit different. Our contract with the British Government and with the UK is a contract whose main components, again, are known. If changes were to occur, they could only occur in accordance with the major outlines of the contract.

The third matter is about me. Sorry, I'll be brief. I have a passion for this company and the job that I've been entrusted with. I believe the company's earnings reports show that it is healthy. The last five years have not been a waste; they have strengthened the Group's performance, stability and trajectory. I hope to continue to follow its growth, and bear responsibility for it. Obviously, it is up to the shareholder to decide, and that's true of every company in the world. The shareholder will decide. That's all I can say.

Benjamin Leyre, *Exane*

I have three questions. First, on the issue of nuclear dedicated assets, I was wondering if it was possible to learn what gains, if any, were realised at the end of the first half of the year as well as their market value if you were to sell everything today. What would the difference be? What residual upside does the book gain hold for the coming quarters if the market were to not change?

The second question is on the Exeltium contract and the adjustments to it. It seems to reflect a price of electricity closer to the market price. I was wondering if this was explicitly referencing the price on the French or German market. What indexing structure has been chosen?

Third question: I was curious to hear your view on the probability of restart of the two nuclear power plants in Belgium that you own a share of.

Henri PROGLIO

I will let Thomas answer those three questions.

Thomas PIQUEMAL

The value of the dedicated assets is €22.3 billion as of 30 June 2014, which covers 105% of their liabilities. Because you asked me about this procedure, I will take the opportunity to reiterate that these dedicated assets, because they cover 105% of their liabilities, are profitable. These profits are only reflected in our profit and loss statement when we realise the gains.

Conversely, the liabilities that they cover, the €21 billion, have a cost associated with them, which is the accretion cost linked to the discount effect—4.8%—and that cost is posted half-year after half-year, as a financial expense. This shows that in our profit and loss statement, there is a discrepancy between the cost, which is recognised at a regular pace, and the gains which are only recognised when realised. When gains exist but are unrealised, they aren't recognised; they're recorded as shareholders' equity, as you know.

It happens that this half-year the two of them mostly balance out, which means that we almost realised as much in gains as the cost of our liability. After that, the amount of the unrealised gains shows up in capital, but I will refrain from calling it a source of capital gains. All of this depends of course on changes in the markets, and all of it depends on the trade-offs we want to make. That is a matter of active management, not of calculating profit or loss objectives. That's why we generally don't set very ambitious goals in this segment.

Your question was about the figure that you should use for your models of our financial income in the second part of the year. In that regard, I am being very cautious.

With regard to Exeltium, I have no comment on the type of indexing that was adopted. This is a business contract negotiated in EDF's best interest, and it's not my place to make any particular comments on the sales conditions that were granted beyond of course what the Chairman mentioned not long ago about the key characteristics of the contract, as they were presented to you.

For the Belgian power plants, it's not my place to comment on the tests conducted by the operator. We're awaiting the results. No start has been planned for now, to our knowledge. It's not up to me to comment any further on what is going on at those facilities.

Matthieu Pechberty, *JDD*

I have several questions to ask about nuclear and other matters. I would like to know the progress of the discussions about the closing of the Fessenheim plant, given that this is not included in Mrs Royal's energy transition law.

Along the same lines, I would like to know the progress of the discussions with the ASN [nuclear safety agency] on extending the lifespan of the reactors from 40 to 50 years.

The third question is on the "energy cheque" that is part of Mrs Royal's law, which came out a year or a year-and-a-half ago and was put aside. I would like to know in particular what you thought of its financing. Depending on the discussions in Parliament, it would be financed via the CSPE. So that would affect you.

Finally, a short question. A new head of the APE [state-ownership agency] was named last yesterday, Mr Turrini, who worked in a group that you, Mr Proglio, are very familiar with, and who oversaw many sell-offs in the group where he worked. I would like to know if one of his prerogatives might conceivably be to reduce the State's ownership stake in EDF, and if you would find that desirable.

Henri PROGLIO

I'll try to answer. For Fessenheim, the matter is not a recent one. Nothing new has happened in the past few months on the subject of Fessenheim. Nothing new. Discussions with public authorities have been ongoing, as you know, for two years now. Again, no event has taken place that would change the picture of the company's recent history.

We are business people; our job is to manage an industrial asset as I have mentioned, to manage a public service, a public utility. Our responsibility relates to the ensuring the efficiency of that industrial asset, being industrially responsible for it and maintaining relations with our shareholders and clients. Additionally, discussions may of course take place with the government, whose control over energy policy is absolute. Again, we manage a utility, an industry; by definition, we have contact with public agencies, as needed. Each party is responsible for setting its own policy. That's how the matter should be understood and maintained.

There's nothing new about Fessenheim as of right now. The discussions about the nuclear fleet are the ones you know about. There is nothing mysterious in them.

With regard to the lifespan of our reactors and plants, the question has been asked, and it is natural for the question to be asked. Again, we are not in discussions with the ASN. It isn't the ASN's job to set the lifespan of this or that reactor; its job is to handle nuclear safety and be watchful with respect to it. The matter can be summarized in very simple terms as follows. We are by definition responsible for nuclear safety, and for the safety of our facilities whether or not they are nuclear. In nuclear power, we are obviously responsible for safety, under the watchful control of the Nuclear Safety Authority (ASN), which is constantly in effect. And so every 10 years, the ASN must decide whether to approve a 10-year extension of the lifespan of each reactor. This is done on a reactor-by-reactor basis. That's the matter as it is.

We now have an accounting practice related to the predicted lifespan of our reactors, which involves amortising the nuclear reactors over 40 years. And in the course of properly managing our industrial fleet, we plan to make very substantial investments to modernise and extend the lifespan of those facilities. So it is quite naturally the Board of Directors that we look to in order to set the accounting policy, because that's what you're referring to. There will need to be coordination with the Government's policy with regard to both energy policy and consistent behaviour from the Group. We will make substantial investments only in a way that is sensible given the lifespan of those investments. In other words, my answer is that the issue has not yet been fully settled, but there will obviously be consistency between the investments made by the Group and the depreciation policy, because the lifespan policy is linked to it.

Thomas PIQUEMAL

On that topic, let me add something that is strictly accounting and financing related. As you noted, in our depreciation over this first half of the year—which is one of the main reasons why they're up as much as they are—we did not change the depreciation period of the plants. They are, of course, over 40 years. I just want to state as a technical matter that if we were to make a different decision in our books as published in February 2015, the effect on the balance sheet would obviously be for the whole year, but would only relate to six months for the depreciation. I'm saying this to give clarity to our analyst friends working on refining their models.

Henri PROGLIO

That's about the financial statements for the second half of the 2014 fiscal year.

Thomas PIQUEMAL

Right. Meaning that the annual impact is €450 million net if we went from 40 to 50 years. Over six months, it's half that.

Henri PROGLIO

Regarding potential analyses of projects that relate to the energy transition law and the accompanying procedures, you mentioned the "energy cheque", and I will decline to comment on measures that may be presented in Parliament, which are being discussed and which we will adapt to. If that measure were to pass, we would move accordingly. We handle the CSPE but are not responsible for it. We have opinions to give on this change because it affects the full electricity tariff, but this adjustment is the responsibility of the State, which defines its components.

As for the new head of the APE, I did not know him in my previous life, so to speak. I respect the decision that was made, and I wish him fair winds and following seas, as they say in the navy. Now, I have no opinion in the matter, as I don't know him personally. He has recognised financial experience. Like you, I read the news. This doesn't prejudice the directions that will be taken by the public agencies and the shareholder on the ownership stake in the company. I think that it's really the State as a shareholder that will decide how much of a stake it should have in EDF, and my comments will be brief. If the State decides to dispose of some of its stake, it will do so. We will go along with that decision. And if it doesn't, we will likewise go along with that one. Beyond that, the components are purely a technical matter. Would the stock price be doing better if the floating portion of the capital was higher? You can see that this is a technical consideration, not a political one.

Thomas PIQUEMAL

A question from the Internet, on the non-monetary components of our EBITDA. I didn't comment on them before, because it's so daunting and technical, but I can refer you to the page that details the change in cash flow after net investments—that's the first slide about cash flow. I do understand that the question is being asked because the non-monetary components of our EBITDA were -€31 million in 2013 and -€1.48 billion in the first half of 2014.

The reason for this is what happened in the first half of 2013, which was an unusual half-year from this perspective, because we had to buy CO_2 allowances for the first time. What's more, we benefited from a much higher conversion of trading margin into cash than what had normally been done. This is why the -€1 billion figure for the first half of 2014 is quite reasonable. About half of it is effects on that backlog margin in trading operations, and the rest is from provisions on those CO_2 allowances, because we are now in a normalised phase, after 2013, during which we had to buy those allowances for the first time.

That's what I'm able to say about the non-monetary components of the EBITDA.

Henri PROGLIO

Are there any more questions?

Tara PATEL, *Bloomberg*

I was wondering if you could talk about your exposure in Russia, and if you've taken steps in light of the current geopolitical situation.

Henri PROGLIO

For the time being, our exposure in Russia is quite limited as you've seen with the major countries where we operate. As you know, we have a holding in Southstream, which is a gas pipeline managed by the Russians. Our contract is quite secure and consequently doesn't involve much risk in any way. This is the majority of our exposure there. Of the €280 million exposed in Russia, €150 million of it is through Southstream. With regard to current discussions, they are commercial in nature and deal with gas purchases. Negotiations are underway with Gazprom as part of the natural flow that ties Edison to its major suppliers. We're definitely not stakeholders in the current developments. No recent events have required that we change course in the least in terms of these issues.

Thomas PIQUEMAL

Here are two internet questions about the second half-year and about the EBITDA consensus.

The first concerns our net investment objective, which I've confirmed is €13.5 billion over the year despite the virtual stability in the first half-year. How can this rise be explained compared to a little less than 12 billion in 2013? As I mentioned previously, this rise can be explained by the fact that in the second half-year, we budgeted for higher investment, particularly at ERDF. In addition, taking into account disposals, the net investments of EDF Energies Nouvelles in the first half-year are negative by about €70 million. In the second half-year we're going to invest approximately €650 million in renewable energy. Furthermore, the CEO has just mentioned we have higher investments in Southstream, in Central Europe (particularly in Poland), as well as in the Island activities. This is why we're expecting an overall rise in our net investments of between €1 billion and €1.5 billion as compared to the previous period.

With respect to the EBITDA consensus and on net income: "Are you still comfortable with the consensus?" The answer is yes, and I'll tell you why. In terms of EBITDA, the consensus as published on our website is €16.5 billion. According to our analysis, this includes approximately €900 million for Edison. A short while ago, I said our objective is based on growth excluding Edison. As you know, for Edison, performance depends on the gas renegotiation schedule. Excluding Edison, in other words without the €900 million from Edison, I'm comfortable with the consensus as published on our website, which also happens to be in line with what I said in February.

With regard to net income, it is €4 billion on our website. I would like to return to what I said earlier: this €4 billion includes the effect of a change in the depreciation period for the nuclear fleet from 40 to 50 years. This effect over the full year is €450 million. I said earlier that if we changed the method, the effect would now be on half of this €450 million figure. Despite this, I'm comfortable with a consensus of €4 billion, which assumes a change in the depreciation period, although I am not pre-judging that this decision will be made between now and the end of the year.

Anne FEITZ, *Les Echos*

I would like to know, based on the objectives you've presented, to what extent the rate increase (scheduled for 1 August) was included, and what is the impact of cancelling this rise on your books. I'm not sure I understood.

The second question was on the energy transition, for which an objective is going to have to be set in terms of the percentage of nuclear in the energy mix and capping nuclear capacity in France. Have you started working out scenarios with the government for closing down nuclear plants because we've understood this would require negotiations between the Government and the operator?

And the third question is about Dalkia. Now you have a 100% stake in the company. I believe that you have great ambition for energy services. I wonder if you could tell us about these ambitions and the investment resources you intend to allocate. Is there a budget for this?

Henri PROGLIO

You've asked me if I can come back to what I said earlier about rates. We don't comment about tariff changes because they are outside our purview.

Anne FEITZ

Has there been an impact on your books and on your objectives?

Henri PROGLIO

The answer is "no, but...". By definition, there's an impact on our books, but there's no impact on our objectives, which we'll continue to pursue, regardless. By definition there's going to be an impact on our outlook. Tariff changes have an impact on the Group's performance, excluding the one-off effect of the (2012) adjustment, which, as I've said earlier, is not included in our figures. Based on 2014's performance, there is no negative uncertainty.

As I've told you, I'm convinced tariff changes should fall more or less in line with a normal trajectory. Afterwards, there are going to be adjustments. Will this be on 15 October, or at some other time? The next logical step would be to discuss things with the public authorities. We have a first milestone set for October. We'll see what comes out then. Afterwards, there will be other changes. Obviously, this is going to have an impact on the financial year. If we had taken a 5% increase as in the previous decree for the 2014 financial year, this would have come out to €500 million over six months, and this will be something between something and something else.

€500 million is the six-month effect of a 5% increase.

Anne FEITZ

Effect on sales?

Thomas PIQUEMAL

Pre-tax effect on EBITDA from August to December.

Henri PROGLIO

Or you would have to explain to us why a tariff increase would translate into an increase in sales and not in EBITDA and in EBIT. If this is simply the tariff; it's not too sophisticated.

With regard to discussion on the energy mix and the law, once again, we've already had in-depth discussions with the ministry and with the minister. It's normal. After all, we're the leading French operator, whether we like it or not. And we plan to stay number one! The legal provisions are both important to us and we're well aware of them, and we've been discussing them. What has this led to...? Are we preparing to...? We still have the time to adapt and make changes in light of the 2025 horizon.

In any case, the Government's position, which we are not challenging and which was completely in line with our own vision, was 50% from nuclear in the French electricity mix. First, this presupposes that we know how the country's energy needs are going to evolve from now until 2025, taking into account the parameters that are going to define this evolution, in particular sociological ones—i.e. demographic trends. We often forget that in 2030 we'll will have about seven million more inhabitants in France than we have currently; they will probably need energy, especially electricity. Secondly, this will depend on energy savings. We'll be a major player in the evolution of France's energy consumption, but not only in electricity. Thirdly, this is going to depend on changes in consumption patterns. And, as you know, the change in electricity consumption per inhabitant is more significant than in other energies. This is because all new devices use electricity and because updating and upgrading housing and companies requires electricity as well. Mobility too requires ever more electricity, and in the energy mix per inhabitant or per company, the share of electricity will increase in the energy consumption pie chart.

These are all key parameters because you speak as though France were set in stone, as if it were a country that in 2012 or in 1940 had a set configuration, population, industry and consumption. No, France is changing. In our outlook, we take into consideration the country's evolution, its demography and sociological and economic changes, among others. And we're not too worried about the 50%. I've said this 100 times before, and I'll say it again. If we bear in mind that 50% of electric energy will still be nuclear from now until 2025, and it's probably going to stay that way, we're obviously going to pay close attention to the evolution of French nuclear power generation. Nothing lasts forever, not even nuclear power plants. So our planning takes into account that some nuclear power plants will have to be shut down and dismantled. Provisions have been made specifically for that purpose. As you've observed, €21 billion is not small change, and this is the amount of cash that has been capitalised. This means that we do intend to shut down and dismantle certain nuclear power plants. A new generation of nuclear power plant will replace some of the old ones so France can produce 50% of its electricity from nuclear energy. It is one of our main jobs: to anticipate the evolution of our nuclear production facilities. The answer is yes.

Dalkia meets one of the Group's needs as it is the leading energy services provider in Europe. For a long time, until 2006, EDF was subject to the so-called speciality principle, regulations which had penalised us because they prevented us from being present on the energy services market. This was a regulation. In my "previous life", I met with the Chairman of EDF in 2000 to offer cooperation. The first reason for this meeting was to anticipate the environment-energy convergence. The second was to cover this need. He greeted me with great enthusiasm and together we set up this partnership via Dalkia's convergence platform that it was building at the time. Our goal was to prevent EDF from falling behind in energy services, and to add this platform to its service offer and thus be more in line with the market.

Evidently, in 2014, things are even more clear-cut than in 2000. François Roussely and I celebrated the event at a short ceremony I organised here to welcome the representatives and managers of the 14,000 Dalkia employees joining EDF. I thought it was worth commemorating together that this project was 14 years in the making, and its two main players made it happen. We have big plans for Dalkia. We'll be a major player in energy services, energy optimisation and energy savings. Dalkia has particularities, specificities and expertise in the areas specific to certain target customers such as local and regional governments; in other words, in networks and energy systems. In this domain, Dalkia is by far the leading player in France and Europe. Secondly, in commercial and residential—i.e. housing, building complexes and big retail stores, etc.—and lastly in business customers. Dalkia's activity makes a lot of sense within the framework of a major energy provider such as EDF.

So yes, we have big plans for Dalkia, in France and internationally, and we make no secret of this. I've said this before, and I'll say it again. The enthusiasm that guides our teams and Dalkia's teams is quite amazing. Dalkia will have the resources to grow with the same sense of rigour as EDF. In other words, Dalkia has the same ambitious vision for its performance that must drive any company, and ours in particular. Incidentally, we've taken in €650 million, which is due to the deal with Veolia. It's a one-off event. We won't be collecting €650 million every year from this, unless we can increase the contract intelligently, but we haven't made any plans to do so in the near future.

Cécile LE COZ, *Investir*

To go back to the depreciation period for nuclear power plants, you seem quite confident that this period will be extended by the end of this year or the beginning of next year. What makes you so confident or believe this is possible?

Henri PROGLIO

What gives me confidence is my conviction on the one hand and the condition of the plants on the other. I'm not a dreamer. When I say that I have confidence in the Group's outlook, we give tangible proof every half-year period, year in, year out. In any event, EDF's performance has never been as good since the company was created. It's obvious that over the past five years, our performance has much improved. We've eliminated many risks. I'd say pretty much the same. I'm confident because it's logical and natural that this company should invest based on the lifespan of its production facilities. So I'm confident about the consistency of our behaviour. We'll always need to have discussions with the public authorities.

The State is multifaceted. There's the State as shareholder: it has the same interests and makes the same demands as our other shareholders. The French State can also be a regulator and a policymaker. These are three different configurations of the State. When the *Commission de régulation de l'énergie* (CRE), which is also the French State in a way, or the Council of State, also the French State, contradict the government, this is also the French state. As you can see, it's not so simple. You'll never hear me say that the French State is a monolithic bloc that speaks in one voice. No. In many regards the French State shares our beliefs and our preoccupations about policy, and this is natural. The government manages the State for a set period of time. The government is first and foremost political; it establishes policy, so it has its positions. Is there inconsistency between a government's positions and the State's expectations—i.e. those of the nation? In principle, they converge quite naturally. This convergence is not immediate in real time, but there is convergence.

In any case, if you are asking me whether I'm confident, yes I'm confident. And if you are asking me whether we'll take uninformed action; in other words, invest regardless of the decisions made, the answer is no. You can take my word on that. There will be consistency between the Group's investment policy and the lifespan of its facilities, and by definition I'm confident because I believe what we're doing makes good sense from an industrial standpoint.

Benjamin LEYRE

Three questions. With respect to RTE and the allocation of 50% of RTE's to dedicated assets, do you think this situation is likely to continue? This was a topic of discussion during the first half-year.

Second question: Many electricity generation businesses are being sold off by certain German players, particularly in Italy and Spain. Could these assets be of interest to you?

Third question: Are you still expecting a change in the distribution regulatory framework? Thank you.

Thomas PIQUEMAL

As to RTE, remember that we have a 50% stake in the dedicated assets and a 50% stake outside of dedicated assets. We own 100% of this company consolidated using the equity method. We're delighted every day that we allocated 50% of RTE to dedicated assets. RTE is an outstanding infrastructure beyond being a strong industrial performer. It's also a consistently strong financial performer, even though, as I've mentioned, RTE is subject to weather-related risks. Of the dedicated assets, it's one of the key infrastructure assets.

Now, would we change our stake in the company? This will naturally depend on RTE's industrial plan and also on what the public authorities decide to do. As far as we're concerned, our main goal will naturally be to help see through this potential strategic and industrial plan, while defending the Group's financial interests. Is this going to continue? I can't tell you. I simply gave you some background on our discussions, and can't make an announcement or put forward a schedule for this issue.

With regard to our competitors' selling stakes, I usually say we keep close watch on everything in our business sectors. Does this mean we're buying everything? The answer is obviously no. In addition, as you've noted, we haven't made any strategic purchases in recent years. On the contrary, we've rationalised our portfolio. We've taken control; we've acquired holdings which allowed us to take control, whether it be in Dalkia, Edison or even in EDF Energies Nouvelles. You've seen the results of consolidating all these businesses in the Group's current performance. So yes, our eyes are peeled. My responsibility is to keep an eye on everything that happens in our business sector, coordinating obviously with our operational managers. Does this mean we're going to do anything? No, nothing happens automatically.

Finally, with respect to distribution, the change in model has been provided for under the law on energy transition. You know this was one of our key priorities: to offer a more stable regulatory framework for ERDF when ERDF must continue to invest. We were delighted to see an article on this topic in the bill on energy transition.

From the floor

Can you give us an update on the EPR construction sites and tell us whether it would be possible for you to get involved in the site in Finland to help Areva finish it?

Henri PROGLIO

There's nothing new to report today about the Flamanville construction site, though we can confirm our goal is to have this plant connected to the grid in 2016. The construction site is under control. Everything is in order. There's nothing new or surprising to report.

The Finnish construction site is complicated. You understand the complexity of the situation. Areva turned to us, as you know, because I believe this was mentioned in the press; the Finns too asked us to intervene. We were asked by both parties to facilitate finishing this project. To me this acknowledges EDF's expertise, on the one hand, and the trust that other companies have in our ability to meet our commitments and to keep to our schedule in Flamanville, on the other. That Taishan is also progressing nicely bears witness to this. And this is natural.

Now, the difficulty is quite particular to the Finnish construction site. I won't go back into this in any detail. You know there's a dispute between the client and our partners, which makes things a little complicated. I don't want our company to intervene in a system where the dispute is not at the very least clearly framed. Basically, we didn't help either party to the dispute; both parties are going to have to agree about the job it wants EDF to do. I say this quite naturally and logically. It's TVO's and Areva's responsibility to figure out together the job that EDF would do, which in all likelihood will be helping out with project management or providing management assistance. But once again, only TVO and Areva can decide this. We can only provide expertise under these conditions.

Thomas PIQUEMAL

Let's take three questions from the Internet. The first is from Vincent Ayral from Société Générale. He asks if we can maintain the €1.25 per share dividend level.

For this, we committed to a payout ratio of 55% to 65% of net recurring income, less the cost of the hybrid issues. I'll let everyone do the maths based on the consensus. I'd simply like to add that, quite naturally, when it will come to the Board's estimate of the dividend level, it's the position within the 55% to 65% range that will matter. This is going to depend on the visibility and on our outlook on a certain number of issues, and you are aware of the potential impacts on the Group's income.

Patrick Hummel from UBS has the second quick Internet question. What are the underlying assumptions for the 2018 guidance for positive free cash-flow after dividends?

As I said before, this is a framework. It's a commitment we've made based in part on our cost control, as we saw in the first half-year, on controlling our investment trajectory based on the major issues that the Chairman outlined previously, and with respect to controlling our working capital needs. And we have high hopes this can be done. This framework is also based on a capital allocation that will allow us to free up capital that is currently tied up in a number of our non-strategic assets. For example, I'm referring to the 49% minority stake we hold in a group of nuclear power plants in the United States. This is surplus capital that could be reallocated for Group development. These are the main assumptions of this framework which should produce a positive cash flow balance after dividends in 2018.

Finally, one last question on the deal announced by Edison this morning. Nguyen Vu from Sanford Bernstein asked a question about the agreement Edison signed this morning with F2i.

This is an innovative agreement on forming a financial partnership for a portfolio of wind turbine assets in Italy. I remind you that we have a very significant position in this sector in Italy with EDF Energies Nouvelles and Edison. Through this deal, we're going to reduce our exposure as well as the capital employed on this segment in Italy, with a debt reduction of approximately €300 million, while managing all these wind farms from an industrial standpoint. Controlling does not simply mean taking care of maintenance or operations, but also leveraging our capacity to optimise these assets on the Italian electricity market. This is why it's an innovative structure that should be applauded.

This is what could be answered quickly to these last Internet questions.

Henri PROGLIO

Ladies and Gentlemen, first I want to thank you for coming. Once again, I'd like to express our confidence and enthusiasm in the outlook for this company. We've tried to share these with you today. I'd be inclined to say that the first half-year has strengthened our confidence and optimism in the Group's future performance and the path that it's taking. Secondly, I wish you a great holiday, because I suspect some of you are going to make good use of the summer and take a little time off. See you at the next update on the company's future trends. Thank you very much.

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