Presentation of 9M 2014
Sales and Highlights

Content

Sales and Highlights of the first nine months of 2014

Thomas Piquemal
Group Senior Executive Vice President - Finance

Good afternoon, everyone, and thank you for attending this call. I am Thomas Piquemal, EDF Group's CFO and I am very pleased to welcome you this afternoon.

I will walk you through our nine-month 2014 sales starting with the main highlights of the period. I will also say a few words about the partnership we announced last week with Amundi, which is I believe an innovative way to finance the energy transition. Finally, I will update you on our financial objectives. As usual, I will leave as much time as possible for the Q&A session.

As you know we always take the opportunity to have operationals answering your questions and given the update we have made on our U.K. nuclear production this morning I've asked Stuart Crooks, EDF Energy's Managing Director of Generation, to be on the call with us. Thank you, Stuart. He will give us an update on the status of our U.K. nuclear fleet during the presentation. And, of course, he will be available to answer any question you may have during the Q&A session.

So let me start with slide number four. Unsurprisingly, weather continues to be a key driver of EDF's sales. Not only weather conditions were highly favorable in 2013, but 2014 has so far compared poorly versus seasonal norms. As a result, nine month sales are down 1.3 percent in organic terms at Group level.

The relatively cool summer carried a negative effect on French electricity sales during the third quarter with a 20.5 TWh drop in demand from end customers year-to-date. A good operating performance in France helped partly offset the weather effect.

At the end of September 2014, nuclear output was up 2.5 % compared to last year driven by the effect of our program to better control durations of planned outages.

French sales are up 0.5 % on an organic basis supported by the 2012 tariff catch-up which had positive contribution to organic changes of 3.1 % in France.

This last quarter saw significant developments in three areas of priority for the EDF Group. The Hinkley Point C received state aid approval from the European Commission on October 8th. This is a significant milestone for the project. That being said, as you know, there are still a number of steps to complete before the final investment decision. This includes successful negotiations with our industrial and financial partners, finalization of the debt guarantee agreements and of the Contract for Difference.

In France, the government released mid-October a new tariff setting methodology based on the so-called cost stacking approach. The first implementation of the methodology led to a 2.3 % increase on average for regulated sales tariff as of November 1st.

Lastly on ARENH, the government announced on Tuesday that the decree providing the ARENH formula is currently being reviewed by the European Commission. Once finalized and published, the decree will be used by CRE as the basis of the reevaluation of the ARENH price. This reevaluation is scheduled for July 1, 2015 according to Tuesday's announcement.

Moving on to slide number five and EDF Group sales. Over these first nine months, sales came out at EUR52.3 billion, a 0.4 % overall increase from the restated sales figures over the same period in 2013. As you can expect, our sales benefited first from the favorable evolution of the Sterling to Euro exchange rate with a positive impact of nearly EUR400 million.

These numbers also account for the full consolidation of Dalkia's French activities from the closing of our transaction on July 25, 2014 and it represents an additional EUR512 million of sales. This means that in organic terms Groups sales over these first nine months are actually down by 1.3 percent. This evolution reflects the challenging weather conditions I highlighted earlier with a negative impact on sales across all our segments. This was partially offset by the tariff catch-up following the retrospective adjustment of 2012 regulated sales tariffs. This catch-up published on July 31, 2014 in the Official Journal amounts to EUR921 million in EDF Group's nine month sales and represents 1.7 % increase in sales.

You will recall that on the day of our first half results, I mentioned EUR850 million as an estimate which has been refined since then taking into account the most accurate level of consumption by customers between 23 July 2012 and 31 July 2013. The EBITDA impact of such catch-up is of course lower and is in the range of EUR750 million to EUR800 million and this catch-up will be paid in 2015 and beginning of 2016.

Focusing now on sales by segment and starting with France on slide number six. The nine month 2014 sales came out at EUR29.1 billion with 0.5 % organic growth against the same period in 2013. The 2012 tariff catch-up amounts to EUR908 million for France, the remaining (EUR13 million) are recorded under Electricité de Strasbourg sales in the other activity segment. In other words, the catch up alone represents a positive change of 3.1 % in French revenues accounted for as organic growth.

Following the challenging conditions of the first half, weather carried further unfavorable impacts for France during Q3 with cooler than normal summer temperatures.

Over the first nine months of 2014, the weather effect represents a EUR1.6 billion drop in revenues with electricity demand from our end customers down 20.5 TWh and gas demand down 2.3 TWh. The effect of the tariff increase of August 2013, as well as, increased nuclear output partly offset the weather effect; I will come back to nuclear generation in a minute.

On slide number seven, you will find the customary upstream/downstream analysis for France. This analysis illustrates the reduction in volume sold to end customers which is totally linked to the weather effect and which is offset to a large extent by increased volumes sold on the wholesale market.

On the generation side, on the left side, thermal output experienced a significant drop of 7.1 TWh whereas nuclear output is up by 7.5 TWh.

This leads me to slide number eight, the French nuclear fleet continued to display good operating performance over the third quarter. Nuclear output over nine months is up 2.5 % against the same period in 2013.

Our plan to control the duration of plant outages is bearing fruit with extensions of the duration of those outages reduced by half and I really would like to underline the quality of this achievement by our teams during this first nine months. To date, we've completed, as we speak, 37 outages out of 47 and in this context our 2014 target range for nuclear output is confirmed between 410 and to 415 TWh and we are confident that we can reach the upper end of that range.

Moving to the next slide, the hydro output over nine months is down 10.4 % to 30.2 TWh. Considering the exceptional hydro conditions experienced in 2013, this is a robust performance lifted by good hydro conditions during this third quarter. I also would like to highlight the fact that hydro stocks at the end of October are above historical average offering favorable prospects at the beginning of the winter season.

Looking now at the U.K. on slide number 10, sales in this segment reached EUR7.3 billion lifted by the favorable Forex effect. In organic terms, sales are down 0.8 %.

EDF Energy's B2C segment continues to perform well with a 2.8 % increase in customer product accounts compared to the end of Q3 2013. This helped offset part of the negative effect on gas sales of the mild weather experienced during H1.

Nuclear output dropped 0.5 TWh compared to the first nine months of 2013 as reactors at Heysham 1 and Hartlepool were stopped for boiler spine inspections.

And I would like now to hand over to Stuart, who will give you a status update on this boiler spine issue. Thank you, Stuart.

Stuart Crooks
Managing Director of Generation, EDF Energy

OK, thank you, Thomas. Thanks for allowing me to join the call, so first just a reminder of the Heysham/Hartlepool design. Heysham/Hartlepool is two power stations with four reactors. They are of the same design but they are unique in our fleet. So this impact only affects these four units.

Each reactor on Hartlepool/ Heysham has eight boilers and each of those boilers has a boiler spine. The purpose of the spine is to support the weight of the boiler and the purpose of the boiler is to convert the heat from the reactor to steam for steam turbines.

So that's the design. The plants were commissioned in 1983 and each of the units has got a rated unit output of 1,200 megawatts.

So what have we found? In the summer of 2013 we identified through a routine test of our boiler spines, as part of our ongoing maintenance and routine inspection an abnormal result. We considered that result and decided following agreement with our external regulator, ONR, to remove that boiler from service and return that unit to service at the end of 2013 on three quadrant operation whilst we prepared for a detailed inspection program that would require in-vessel reactor entry. So that's manned human entry into the reactor to carry out detailed inspection.

So the inspections commenced in July 2014 with man access and during that inspection, we identified a defect within the spine that challenged our understanding and the operation of the plant. Following due consideration internally within EDF, we decided that we would remove the three sister plants from operation whilst we conducted inspections of those boiler spines to confirm that they are defect free.

At the moment, in terms of the situation as of today, those inspections have now been completed, of the remaining 31 boilers and boiler spines, and we have not identified any further defects on these spines. We have completed a return to service safety case, which is in the form of claims, arguments and evidence that we have submitted to our internal processes and to our external regulators for consideration.

That safety case is currently undergoing the final checks and approvals and we expect that to be completed soon. The first units to return to service will be Hartlepool unit reactor 2, Heysham unit reactor 2. They will come online around the same time, around the middle of November and then quickly followed by Hartlepool unit 1.

The unit one at Heysham 1 will take longer. We've continued with inspections and we expect to return that unit to service at the end of the calendar year but again it will be on three quadrant operation.

One of the requirements of the safety case is that we return these units at reduced thermal power. The reason for that is that the root cause of the failure of the boiler spine that has the defect has been identified and the mechanism that caused failure is temperature related. So what we need to do for return to service to assure ourselves of safety is return the plants to service at reduced power, so in effect turning off any degradation mechanisms and that's what we will do initially this year in 2014.

So, in summary, we expect the first units back following approval by our external regulator over the coming days on the first three units at reduced load. Then we'll move into 2015 and our plan would be to address the temperature issue by implementing modifications on further analysis that will allow us to return these units to full load in due course. We will address the defect on Heysham unit 1 to identify a solution and return that unit to full load in due course also.

So with that, I will conclude my update and as usual take questions from anyone later if necessary.

Thomas Piquemal

All right, thank you, Stuart. **Let's now move to Italy on slide 11** where sales dropped organically by 2.4 % to EUR9.2 billion. Edison's electricity activity was lifted by high sales volumes both to end customers and on wholesale markets. This was partially mitigated by the effect of lower market prices.

The weather carried a negative effect on gas sales with a reduced demand from both residential customers and gas fired power plants. The positive outcome in August of the arbitration on Edison's Russian long term gas contract is worth highlighting although of course this had no impact on sales.

As we are on Italy, it is worth highlighting the closing of the transaction between Edison, EDF Energies Nouvelles and F2i, which was just announced. The deal creates an entity owning 600 megawatts in renewable assets provided by Edison and EDF Energies Nouvelles with our partner, F2i, taking a 70 % stake. This allows us to monetize some of our renewable assets with a positive impact on our net financial debt while we retain energy management and O&M of the assets and full consolidation of the entity by Edison.

Moving now to the other international segment on slide 12, total sales of the segment came out just under EUR4 billion down 11 % in organic terms mostly due to the mild weather that drove a reduction in heating demand across Europe. In Belgium, sales dropped by 15.1 % as gas volumes sold were down and electricity activities experienced lower demand and continuing pricing pressure.

Sales in Poland were negatively impacted by both a drop in heat volume sales and lower prices in wholesale power. Sales in Brazil grew under the cumulative effect of higher wholesale prices and larger volumes sold on those markets.

Finally, for the other activities segment nine month sales amounted to EUR2.7 billion. This includes, as I said earlier, a perimeter effect of EUR512 million from the consolidation of Dalkia sales starting July 25th. In organic terms, sales dropped slightly by 0.8 %. EDF Energies Nouvelles delivered a 5.4 % growth in output but suffered from negative price effects due to change in mix of assets sold.

EDF trading : its U.S. activities performed well while European trading activities continue to face challenging conditions. Electricité de Strasbourg was negatively affected by weather conditions both on electricity and gas sales.

As I said in my introduction, I also would like to take this opportunity to present to you **the agreement in principle that we announced last week with Amundi**. And which is, I think, a new innovative financing project following the first issuance of green bonds that we did in 2013. This partnership with Amundi is a new way of financing energy transition projects and I will rapidly walk you through this **summary presentation on slide number 15**.

This partnership includes the creation of a jointly held entity, 50/50 asset management company that will be dedicated to the financing of projects identified, sourced and built by EDF. The asset management company will of course be subject to regulatory approval by the relevant authorities and will be controlled by Amundi. But the economic agreement provides for a 50/50 sharing between Amundi and EDF. Amundi will of course provide its skills, in structuration and in fund raising, our goal being to jointly raise EUR1.5 billion of new funds to finance projects created by EDF. Those projects will be found in mainly three thematic funds.

First of all, in customary renewable energy with wind and solar assets in particular those identified by EDF Energies Nouvelles. We also believe that there is a significant potential in France, in small hydro – small hydro power plants below 12 MW of output that will require investments, investments that will be financed off balance sheet by the fund. Lastly now with a full integration of Dalkia, we are able to develop new service offerings in terms of energy efficiency and we believe that by setting up a fund dedicated to financing of industrial and tertiary energy efficiency projects, we will accelerate the growth of Dalkia in this field. All of that's being financed through this fund and offering a good investment opportunity to the fund investors.

As I said this is another way of financing the energy transition and a new innovative tool created by EDF with the partnership that we have with Amundi. And I wanted, again, to spend some time on this today; the timing is presented on the next slide. It will take us some months of course to finalize this agreement, create the asset management company, obtain the different approvals and raise the funds. But I can tell you that all the teams from Dalkia, from EDF Energies Nouvelles are fully committed on identifying, sourcing and building new projects that will be financed by this fund.

Lastly, let me update you on our financial objectives, the final slide. I can confirm today all our targets for 2014, of course, I've already said those targets do not include the effect, the positive effect, of the 2012 regulated tariff adjustments.

We expect for 2014 an EBITDA growth, excluding Edison, of at least 3 % and we will deliver it. Edison EBITDA, before effect of gas contract renegotiations, of more than EUR600 million given the gas renegotiation that we have obtained, we now can expect around EUR700 million without taking into account the last gas contract that is still up for arbitration or renegotiation.

I confirm our debt to EBITDA ratio range of 2 to 2.5 times and I confirm that we will be close to the lower end of the range. And lastly, the payout ratio of 55 % to 65 % of the recurring net income net of the hybrid costs.

Lastly, I will conclude by saying that at the start of 2014 we set an ambition of generating by 2018, in 2018, positive cash flow after dividends excluding Linky. We are currently working to update the medium term plan to reflect regulatory and economic developments and to enable the group to deliver on this ambition.

So this concludes my presentation and we are of course now ready to take your questions, both directly online or through the Internet questions. Thank you.

Questions and Answers

Michel Debs (Credit Suisse), *via internet*

Talking about the partnerships with Amundi - how would this be consolidated, and will it start with capacity under management being zero or would EDF give existing megawatts to the joint venture?

Thomas Piquemal

So the funds will finance equity in new projects and the projects will not be consolidated on the balance sheet. So, it's a very significant financial means dedicated to the energy transition. Not consolidated on our balance sheet.

EDF will provide the projects, will source the projects, build the projects, sell them to the funds. So we'll of course make a profit through what I've just described. And the projects will offer a regular yield to the investors in the fund. As I explained earlier it will not be consolidated.

Do we expect to contribute existing capacity to the funds or not? This is not decided yet as I explained earlier. We still have one year ahead of us to set up and to raise the funds. We do not rule it out, at least to start and to source the first projects even though the purpose of this fund is to do more projects not to replace the existing arrangements and business model that we have developed, for example, with EDF EN, which is to build and sell some of the projects.

So the general idea is to do more and to accelerate the growth not to replace existing business models.

Nathalie Casali (JP Morgan), *via internet*

What are the ways to adjust CapEx in order to reach the free cash flow positive target in 2018?

Thomas Piquemal

As I said, I am currently working on, you know, conducting all the business reviews with an extended mid-term plan this year from 2015 to 2018 with a view to presenting to the Board of course, by the end of the year, the different routes that can be followed to meet this objective. CapEx is one. I've already announced earlier a working capital project to optimize our working capital.

So there are of course different ideas, different projects that we have already launched. And all of this of course will have to be confirmed; will have to be decided by the new EDF Board.

Societe Generale (Vincent Ayral), *via internet*
Question about the decision on life extension and whether the Board can take the decision, when and specifically linked to the energy transition law?

Thomas Piquemal

I don't have to make any comments or to announce what the Board will decide or will not decide, of course, I will leave it to further communication. We have an important meeting, middle of the month of February, for full year results and I don't have any comment to make on what decisions the new Board could make or not

Cosma Panzacchi (Bernstein), *via internet*

In terms of the cost cutting effort, are you looking at doing another Spark program and what would be the main areas of focus in terms of geographies and value chain when we look at the cost cutting?

Thomas Piquemal

Well, first of all, in answering on cost cutting, I would like to underline the fact that as written in the CRE report, as demonstrated by our first half results, we've delivered strong performance on the monitoring of our cost base by showing flat numbers and we reduced OpEx numbers compared to previous projections and compared to numbers that CRE had retained before.

So, yes, cost control is an area of focus of the Group. Now as you might know we launched the project one year ago, which is to really improve our cost management system, industrial cost control system. And this is what – from that project, I expect a lot of optimization of our cost base. It will of course take some time, but this is one of the areas on which we focus to deliver the positive free cash flow in 2018 post-dividend.

Michel Debs (Credit Suisse), *via internet*

What is the impact on UK nuclear production now that the stations run at lower temperatures and what are the works to be done in terms of engineering?

Stuart Crooks

The lower temperatures will mean the plants will run between 75% and 80% power as opposed to full load. So, in terms of the output from the plants, the reducing of the megawatt is down 80% to around 530 megawatts generated. So that's the impact going forward.

In terms of the technical modifications, we need to insulate the area around the weld. We have a design solution for that, but we need to test and production engineer that ready for fitting. To fit it, we'll require outages and we plan to do that in pre-planned refueling and statutory outages going forward in 2015 and '16.

Martin Young (RBC)

Yes, good afternoon to everybody. Three questions, if I may. The first one's for Stuart. Could you just give us an indication of the revised output targets for the U.K. nuclear fleet in 2015 and 2016? I seem to think that they were 60 TWh before but maybe slightly less now.

Secondly, then on the issue of tarification, Thomas said that you'd expect to make up the shortfall by the – sometime in 2016. Certainly, with the type of tariff rises that have been mentioned so far, I'm struggling to see how that shortfall can be made up so quickly. So, just some comments around that.

And then finally, given your comments about having to pull the levers of CapEx and working capital, does that mean that you are disappointed in the outcome around the potential evolution of tariffs for the next few years? Thank you.

Carine de Boissezon (Head of Investors & Markets, EDF)

Maybe just before Stuart takes the answer, Martin, we never set an objective of 60 terawatt hour for the U.K. nuclear production. What we said back in end of 2010, if you remember, is that we wanted to do more than 55 TWh in the long run.

Of course, we had an amazing output over the last two years. With, as you say, around 60 TWh but this is not an objective as such that we've set for the U.K. nuclear production. But I will let maybe Stuart comment about 2014. At that stage, we don't give guidance for 2015 and '16. We will of course give you some more precise answers in February next year.

Stuart Crooks

What I would say for 2014, we would expect the full-year output to be circa 57 terawatt hours, and for 2015, we would expect to exceed that in our plans for next year.

Thomas Piquemal

So for your second question, Martin, I never said that we would recoup the shortfall by 2016. If I understood correctly what you said, but I never said that. I just commented on the fact we had a tariff catch-up this year for the 2012 tariff rise that we would cash-in – this catch-up – in 2015 and 2016. So we record the EBITDA net of provisions for administrative costs in 2014. This is in our numbers that we've just announced. But we will cash it in next year and beginning of 2016.

Martin Young

But to cash it in do you not have to actually have it reflected in the tariff? Because otherwise how to you get the money off the people?

Thomas Piquemal

Yes, we will bill, of course, to our customers this catch-up. So that's also why it will take some time. This is certain. It is why we will record it this year. The decision is made and confirmed, but we will take the time to bill it to all our customers, it is why – it is the reason why it would take some time to cash it in.

Martin Young

OK

Thomas Piquemal

Then are we disappointed, so do we adjust CapEx and working capital because we are disappointed, no, we adjust CapEx and working capital to manage our CapEx and to optimize our working capital. I believe that what is positive in the recent announcements is the fact that one month ago; we didn't have such a clarity. We now have better clarity on the tariff formula. We have better clarity on the ARENH timetable and those of course are key information that we need to plug into our models to review our 2018 objectives and mid-term plan. So I think that what is positive is the increased clarity that we have on those two important topics.

Martin Young

OK, thank you.

Benjamin Leyre (Exane)

Yes, thank you, thank you very much for taking my question. First one will be on the ARENH delay, I wonder if you actually think that maybe the government is thinking about reviewing the whole formula again or if you think that the explanation that it is all due to the delay to get the approval by the European Commission is any valid.

Second question on the customers tariffs decree that was released last week, do you think there's any chance that a decree could be successfully challenged in court because at the moment it does not reflect the cost of non-nuclear power generation. And I wonder what missing revenues this gap between wholesale price and your cost of non-nuclear will be per year.

And third point on the your 2018 guidance, I wonder if you could – maybe that's related, but I wonder if you could provide a few examples of what assumptions have been revised since early 2014 that lead you to review the way you will reach your 2018 guidance? Thank you.

Thomas Piquemal

So, on ARENH, the ARENH formula and mechanism was sent to the EU for a comprehensive review. So, I'm not aware of any potential changes to what was sent through the EU

You mentioned, Benjamin, the decree that was released on the tariffs and you give me the opportunity to highlight the fact that in the Article Number 3, there was a sentence that was added to the last version of the decree the one that was signed and released, which mentioned the fact that the costs of EDF have to be covered. And I really would like to insist on this sentence that was not in the previous drafts of the decree and which is I think one key element of course of comfort on the fact that our costs to produce the power have to be covered.

Can it be challenged in court? I don't know you can ask other people than us. You know that we – in the history of EDF, we have not challenged tariff decisions or decrees in court.

What has changed since February 2014 in our assumptions? Well first of all, we need of course to adapt to market conditions. We need to adapt to what was announced. We need to adapt to market evolutions. So, please do not ask me what has changed in our assumptions. As I said I am preparing all of that so that the Board can decide and, you know, when we announce it, I will be a position to give you a lot of details on our assumptions so that you can understand what underlies our views for 2018. But I hope that you will also appreciate the fact that there is a new Board at EDF, a new CEO and that of course I need to present all of that to the new governance of the Group.

Emmanuel Turpin (Morgan Stanley)

Hey, everybody, three questions please. First of all, coming from – coming again on the plan to potentially amend the depreciation policy for existing nuclear assets in France, it's a Board decision and I appreciate that as you mentioned there is a change at the Board level. In your mind, and in your view, is the Board still willing or will they still be willing to proceed or to recommend such a change in depreciation? And in the event that a decision is not taken, can you please come back on the explanation you gave at the H1 stage about potential implications for your earnings this year on maybe dividends?

Question number two, I'm going to come back on a question you had tonight a couple of times on the free cash flow equation for 2018 and I'm going to try my luck on another angle. Leaving aside the – your review of the plan and *[inaudible]* essentially the components of your *[inaudible]* in terms of tariffs, etcetera. Can you still share with us how much maybe of the short fall versus initial free cash flow 2018 you are having to try and recoup new measures?

Last, looking at the decree that was just published on tariffs, it's not totally clear in my mind when I compare it to the new energy law as well whether up to what extent the cost of delivering the new volumes of energy savings certificates will be covered as a pass through in the tariffs or not? Thank you very much.

Thomas Piquemal

OK, Emmanuel, I'll try to answer it because you were fading away some time. So on the accounting life extension, of course, I cannot answer if the Board is willing to proceed or not. I will remind to you the link between the accounting methodology and the CapEx program. The fact that we are moving towards a question that we will have to answer on new decennial visits during this period of time - fourth decennial visit on the 900 megawatt. Do we do it or not? What's the accounting treatment of such a cost that we might incur ? And therefore the question is always on the table.

Does our accounting policy properly reflect our industrial strategy? Of course, it will be up to the Board to express their views on that topic.

On the net earnings for the year, I would like to be very clear and if you'll allow me to come back on the market consensus as we do usually during our meetings. On the net income which is your question, I said during the first half results that we would do around EUR4 billion – I was comfortable with around EUR4 billion including six-month effect of life extension.

Today, given the cost control that we delivered during the first half and what I can see, given our performance during on the nuclear front and despite what we experienced in the U.K., I feel comfortable – and excluding the effect of the tariff catch-up – I feel comfortable with this number excluding any potential effect of life extensions. On top of that number, you need to add the net effect of the tariff catch-up, which is EUR500 million net of tax. That's why I think it's clear for you on where we are compared to market consensus.

At EBITDA level, as I'm commenting on that, we gave a guidance of at least 3 % EBITDA growth excluding Edison, excluding tariff catch-up. So, if I take the 2013 number, I put 3 % growth, it's EUR15.6 billion. I add the Edison performance of, as I said earlier, so far EUR700 million. I add the tariff catch-up, so I end up with EUR17.1 billion at EBITDA level which is slightly above the markets consensus of EUR16.9 billion.

So, I think I'm clear on where we believe we can be and, of course, all of this is dependent on the level of nuclear output by the end of the year, on the temperatures and so on. But not linked, if I come back to your question, to our ability or not to secure decision on the life extension.

On the free cash flow in 2018, no I will not give you any further details, information, trends, objectives to make up for because as I said the first people I will present it to are, of course, the new Board and the new CEO.

Andrew Moulder (CreditSights), *via internet***:**

On the Amundi agreement, I wanted to check whether there would be any equity accounted by EDF? And what happens when EDF sells, the newly developed renewable project to the joint venture? Do we get a cash dividend from the fund or do you include your share of the fund as income?

Thomas Piquemal

We might – as Amundi by the way we will do exactly as they do – be a small investor to launch the fund raising, but as any other investors in the fund. So it will be a small equity investment. Nothing of course comparable to, you know, a project of EDF or a significant CapEx committed to the fund. Small equity investment.

We will share on a 50/50 basis all the economics with Amundi. And as an industrial company we will sell the project to the firm. We might, for example in renewables, keep a minority stake in the project we sell for some alignment of interest and also to keep the operational and maintenance activities as we did already by the way in some of our projects throughout the world.

So nothing new there and we will create margin by selling the project to the fund that will be fully reflected in our accounting and our accounts. And take some remuneration from the equity that we still have in the project, so there will be different sources of margins for EDF by selling the projects, by being a small investor in the fund and by keeping sometimes some minority equity stake in the projects to align interests.

Cosma Panzacchi (Bernstein)*, via internet*

Hydro concession: what is the status there given the new law?

Thomas Piquemal

Too early to say. We have discussions going on on this subject. And there is no further information that I can give on this topic.

Michel Debs (Credit Suisse), *via internet*

About Alpiq, is this core asset to EDF? Alpiq talks about synergies with EDF but are there any from your perspective?

Thomas Piquemal

Well, of course, I think we already answered that. Only minority stakes in integrated energy companies is not part of our strategy. As I said all the strategy of EDF, the mid-term prospects will have to be defined, decided, confirmed and announced by the new Board. So I will not make any further comment on that.

As far as the synergies are concerned, I would be extremely happy to get more information on what it is about because we made proposals. We had extensive discussions to extract industrial synergies from this partnership and those discussions have not proved very successful as we can tell over the last year. So, I'm not sure that we can – I can quote any synergies that we could develop in a short while today.

Societe Generale (Vincent Ayral), *via internet*

The lower volumes in France in Q3 impact sales of course but how do they really impact EBITDA? Could it be a positive or a negative?

Thomas Piquemal

You might have seen that we sold – in volumes – demand from our customers was lower because of weather effect, but we sold increased volume on the market. So, yes, the impact on the margin is lower given where the market prices are, and by the way as we can see on the chart of the French sales evolution that the increased nuclear output contributed a modest increase in revenues but overall the impact is positive.

Sofia Savvantidou (Citi), *via internet*
Can we have an update on the CSPE and the timeframe to fully recover the deficit?

Thomas Piquemal

Nothing has changed there. We have a letter signed by the French government that provides for a detailed schedule of repayment of the receivable that is now – that was allocated to the dedicated asset fund and to my knowledge nothing has changed there.

Societe Generale (Vincent Ayral), *via internet*

About Edison, what are the other ongoing contract price reviews? Is it optimistic to assume the same performance as 2013?

Thomas Piquemal

So we still have one contract under arbitration or renegotiation which is the ENI contract for Libya. Having said that, I cannot say if we are going to get an answer by the end of the year or not. As you know, we are used to taking the time to negotiate what is in the best interest of the Group. So without any timing pressure.

That's why I told you before , you know, in walking you through the numbers that we can build up from our guidance EUR700 million number for Edison without giving effect to this last contract that is under arbitration. Having said that, here again if we do let's assume EUR700 million this year on Edison, it's also because we are still losing money on this commercial activity in Italy and that we will still have to renegotiate all the contracts.

So, I confirm the EUR1 billion normative profitability Edison that we have already disclosed, but we still have these timing effects of arbitration and renegotiation.

Harry Wyburd (BofA-Merrill Lynch)

Hi, good evening, I've got three questions please. Firstly, could you comment on the recent articles in Les Echos which sort of hinted at a potential spin out of RTE and could this be a potential way of realizing extra value from RTE which of course 50 % in is your dedicated assets at book value?

Then second question, could you just comment on the current regulatory system or situations at ERDF? What do you think the potential is for a sort of an alignment of ERDF regulation with its European peers over the short term?

And then finally, can I just get your views on this potential Austrian legal challenge to the CfD approval for Hinkley Point?

Thomas Piquemal

OK, so RTE as you said 50 % of – we own 100 % of RTE, 50 % of the capital is in the dedicated assets fund, 50 % on the general balance sheet of the Group. Nothing is new on that topic as far as we are concerned. We've always said that we would support the strategy of RTE or European strategy of RTE and any industrial project that they could present to us. It's up to them to make proposals to EDF and of course that those proposals will have if they are made to be analyzed and decided by the EDF Board.

Would it create value for EDF if it were to happen – which is clearly not what I am announcing today – from a theoretical standpoint, yes, it would create value because RTE is today valued on an accounting basis and, personally, I believe that it's worth much more. And that we have a capital gain that is implied in this value both in our dedicated asset fund and on the EDF balance sheet.

On ERDF, we made progress. It's a difficult topic. We made progress as there is an article in the energy transition law that provides for a review and the consistency in the regulation with what exists as well in Europe. It's a starting point; the law is still to be voted again by the Senate, by the French Parliament, the decrees have to be released. And then once all of this is completed, CRE has to decide on whether or not and how they can review the formula.

So, you know, my only message today is that yes, it's positive, we made a significant progress, but whether it will be improved in the short term or somewhere next year, I cannot commit on the word short term.

On the Austrian appeal we took note of this risk, if it were to happen, it would create – it would create a procedure that could take a long time. So, we will have to decide on how to manage such issue if it were to be confirmed.

Again, we are working on HPC with a view to making a final investment decision around the end of 2014 or during the first quarter. And it will be of course part of the review of the project. But as I said in my introduction, we still have significant steps ahead of us on the different contracts that we still have to negotiate, finalize and the Board will have to make a decision bearing everything, having a full picture of all the different topics on this significant and very positive project for the Group.

Carine de Boissezon

Sorry, we have many, many questions related to the same stories about free cash flow and tariffs, but I think Thomas answered for all of you, but of course the IR team is here for you as a follow up.

So, thank you very much everyone. And well, I'm sure we will be hearing from you guys on the phone very soon. Bye-bye.

Thomas Piquemal

Thank you very much, bye-bye.

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