



# SHAREHOLDERS' NEWSLETTER

#20 / September 2014

## NEWS

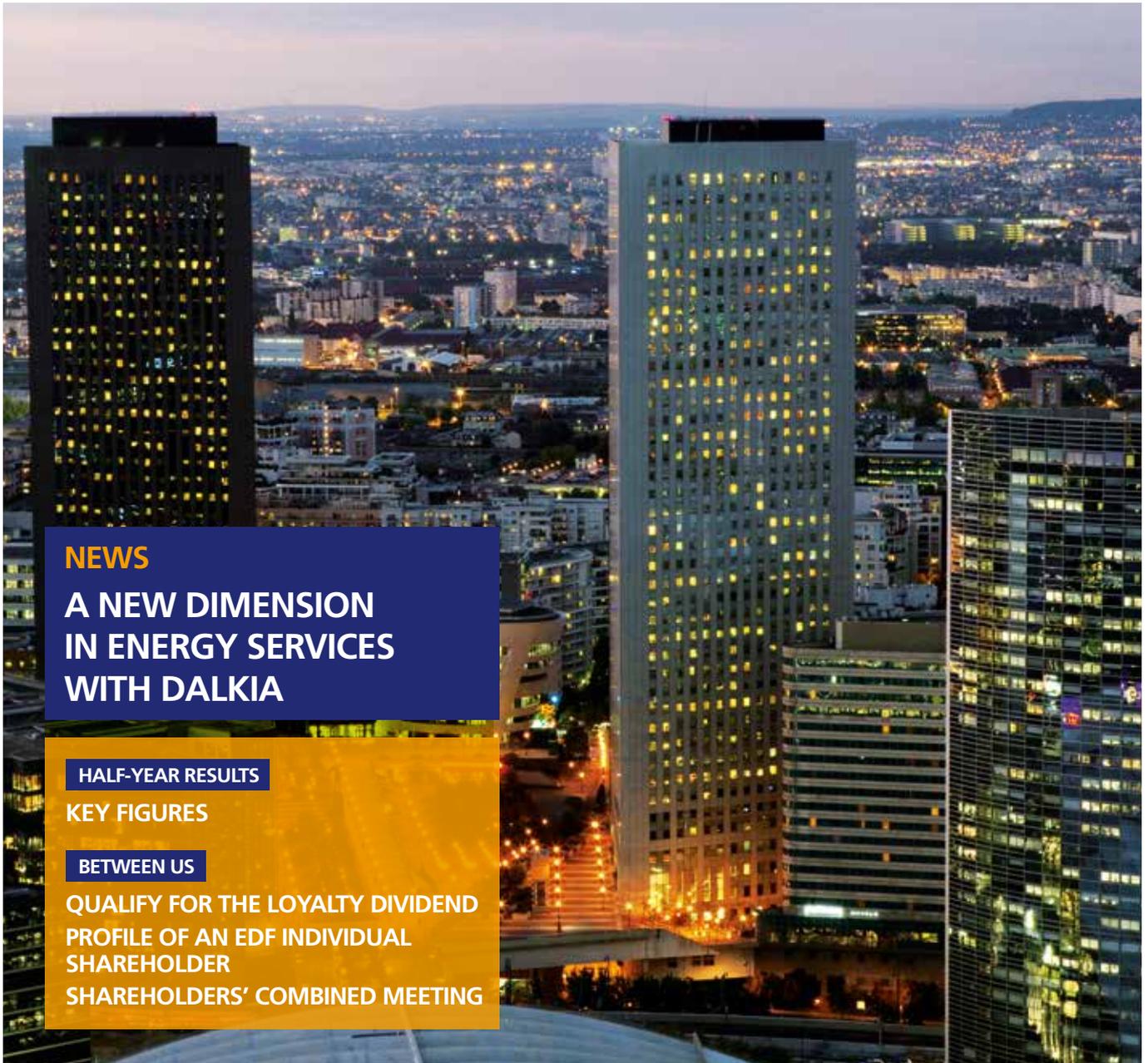
**A NEW DIMENSION  
IN ENERGY SERVICES  
WITH DALKIA**

## HALF-YEAR RESULTS

**KEY FIGURES**

## BETWEEN US

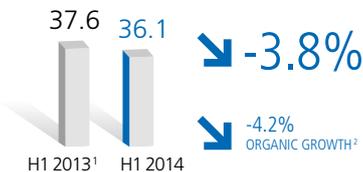
**QUALIFY FOR THE LOYALTY DIVIDEND  
PROFILE OF AN EDF INDIVIDUAL  
SHAREHOLDER  
SHAREHOLDERS' COMBINED MEETING**



## KEY FIGURES

### SALES

in billions of euros



### EBITDA

in billions of euros



### GROUP NET INCOME

in billions of euros



### NET INVESTMENTS<sup>3</sup>

in billions of euros



### NET FINANCIAL DEBT/EBITDA



## 2014 half-year results

### STRONG OPERATIONAL PERFORMANCE + CAREFUL COST MANAGEMENT = HIGHER EARNINGS

EDF Group continued to deliver robust results in the first half of 2014. Despite the 4.2% drop in sales (at constant scope and constant exchange rates) to €36.1 billion linked to a milder winter, EBITDA increased 2.8% in organic terms to €9.6 billion. Excluding Edison, EBITDA increased 5.3% in organic terms to €9.2 billion.

This performance is partly due to the increase in output from the Group's nuclear power stations in France and the United Kingdom over the first six months of the year, and to the commissioning of new island electricity production units. It is also due to the Group's ongoing efforts to reduce operating costs which fell 0.8%. The good practices introduced as part of the cost savings programmes in 2011 and 2013 continued to bear fruit over the period.

Group net income amounted to €3.1 billion, up 8.3% primarily on the back of a 19.2% improvement in financial income.

### ONGOING INVESTMENT

EDF Group's net investments amounted to €5.6 billion in the first half of 2014, including €4.4 billion in France. Net of the sales from *EDF Énergies Nouvelles'* Development and Sale of Structured Assets (DSSA) activities, investments were stable on the same period in 2013. For 2014, EDF continues to target net investments of between €13 billion and €13.5 billion.

### ROBUST FINANCIAL STRUCTURE

EDF's net financial debt stood at €30.6 billion on 30 June 2014, down from €33.4 billion at the end of 2013. The ratio of net financial debt to EBITDA came in at 1.9x, which is below the 2-2.5x range targeted by the Group. After redemption of the retail bond issued in 2009 which matured on 17 July 2014, the maturity of the Group's total debt was extended to 13.2 years and the average coupon was reduced to 3.46%. Operating cash flow for the first half of 2014 amounted to €7.1 billion, which covered net investments and the increase in the Group's working capital requirement.

With the new issue in January 2014, the hybrid programme<sup>5</sup> reached a total of €10.1 billion, which is close to the amount of capital used by the Group's industrial projects that have long lead times and do not yet contribute to EBITDA.

#### Outlook

### 2014 FINANCIAL TARGETS CONFIRMED

Bolstered by its strong industrial and financial performance and tighter controls over operating expenses during the first six months of the year, EDF has confirmed its Group financial targets for 2014 and improved the Edison target. The targets do not factor in the positive impact for the Group of the adjustment of regulated tariffs for 2012 as per the amending order published in the Official Journal on 31 July.

<sup>1</sup> Restated data: in the consolidated financial statements for the first half of 2014, data for the first half of 2013 has been restated for the retroactive impact of IAS 10 and 11. <sup>2</sup> At comparable scope and exchange rates.

<sup>3</sup> Excluding Linky and strategic operations. <sup>4</sup> The ratio at 30 June 2014 is calculated based on the total EBITDA for the second half of 2013 and the first half of 2014, with numerator and denominator based on comparable scope.

<sup>5</sup> In accordance with IAS 32 "Financial Instruments - Presentation", hybrid issues between January 2013 and January 2014 are reported under equity.

## STRATEGIC AGREEMENTS AND PARTNERSHIPS

- On 25 July, EDF and Veolia Environnement announced the finalisation of the agreement on their joint subsidiary Dalkia following the approval of the competition authorities (see pages 4 and 5).
- In July, EDF signed a memorandum of understanding with the Exeltium consortium of electro-intensive industrial companies to adjust its supply contract in order to allow those companies concerned to restore their competitiveness amidst the sharp drop in market prices and without compromising the contract economic balance.
- In China, EDF and its partner, the China Datang Corporation, signed an agreement in April for the acquisition by EDF of a 49% stake in the Datang International Fuzhou Power Generation Company. The joint-venture has begun construction on an ultra-supercritical coal-fired power plant in South East China.
- In Brazil, EDF finalised the acquisition in April of the 10% stake held by Petróleo Brasileiro S.A in the thermal power plant of Norte Fluminense S.A. The Group now owns 100% of the company.



Norte Fluminense thermal power plant

## REGULATION

- The ruling of the *Commission de régulation de l'énergie* (CRE) on the tariff regulatory framework for the Linky project was published in the Official Journal on 30 July. Given the level of investment at stake – close to €5 billion – the project will be subject to specific tariff conditions which will secure its financing. Regulatory incentives will also encourage the project to reach its cost targets, meet deadlines and generate expected performance.
- On 9 September, French Minister for Ecology, Sustainable Development and Energy, Mrs. Ségolène Royal, addressed a special commission of the French National Assembly charged with examining a draft law linked to energy transition.

The audience marks the start of the parliamentary work linked to the draft law on energy transition for green growth. The decision to use an accelerated procedure which limits the review of the text to a single reading in each chamber (National Assembly and Senate) means that the text may be adopted sooner than initially expected.

## COMMISSIONING

- Group subsidiary *EDF Énergies Nouvelles* has continued to expand its operations in France and overseas. Since the month of June, it has commissioned new wind farms (3 in the Languedoc-Roussillon region in France, 1 in Texas and 1 in Canada) and 2 solar plants in Massachusetts.
- In the United Kingdom, the Teesside offshore wind farm and West Burton combined cycle gas turbine power station have been officially opened. The Teesside plant will generate enough electricity to supply 40,000 homes, and the West Burton B which is the Group's largest investment in the UK will produce enough to supply 1.5 million homes.

As part of its commitment to fight climate change, EDF has taken a major step forward in managing its carbon footprint and announced that it intends to halve its CO<sub>2</sub> emissions in France by 2016. This amounts to a total reduction of 12 million tons of CO<sub>2</sub> between 1990 and 2016.

## SPORTS PARTNERSHIP

At the start of June, EDF and the French Football Federation (FFF) announced the signing of a 4-year partnership.

For EDF, this partnership is a way of reinforcing its local presence and proximity with its customers in France.



Teesside offshore wind farm

# A NEW DIMENSION IN ENERGY SERVICES WITH DALKIA



Marcel Saupin stadium in Nantes

With the integration of Dalkia, EDF now ranks amongst the world's leading energy services providers. Under the terms of the agreement finalised with Veolia Environnement on 25 July 2014, all Dalkia Group's activities in France have been taken over by EDF, whilst its international activities now belong to Veolia Environnement. Present at every level of the energy chain, Dalkia enables its customers to optimise the technical, economic and environmental performance of their equipment. For 2014, Dalkia reported revenues of €3.8 billion<sup>1</sup> for a headcount of over 15,500 employees<sup>1</sup>.

## A SOLID POSITION IN ENERGY SERVICES, PARTICULARLY IN ITALY

EDF has long been associated with energy efficiency, primarily through EDF Fenice and Tiru.

EDF Fenice, the Group's Italian subsidiary specialising in energy services for industry and energy efficiency solutions, reported revenues of €425 million in 2013. With close to 80 production sites across Europe, it maintains an installed capacity of 470 MW.

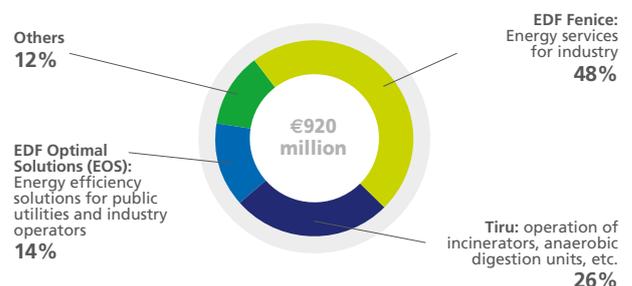
Its portfolio of around fifty clients include car makers Ferrari, Fiat and Avtovaz-Lada, and leading food groups, Danone and Barilla.

At the Ferrari factory in Maranello, EDF Fenice has installed a trigeneration plant which allows the car maker to manage its own electricity production and heating and cooling systems. This technological innovation which is so emblematic of EDF Fenice's industrial expertise has also been rolled out in Russia, Poland and in Spain.

EDF Fenice is also partner to Europe's largest lighting equipment suppliers (Philips, Osram, etc.). In June 2014, around one hundred manufacturers from a variety of different sectors of activity across

<sup>1</sup>Including Citelum.

## BREAKDOWN IN 2013 SALES FOR ENERGY SERVICES



Europe took part in a campus to raise awareness for energy efficiency on their premises: offices, workshops, car parks and common areas. Today, lighting accounts for more than 10% of energy costs for industrial companies.

Tiru, which has been part of EDF since 1946, designs, builds and operates waste-to-energy units (incineration, anaerobic digestion, etc.). With a presence in France, the United Kingdom and Canada,

the company treats 3.3 million tons per year of waste produced by more than 11 million inhabitants. The combustion of this waste creates a renewable energy that can then be used to provide heating for 293,000 inhabitants and electricity for 615,000 inhabitants. As a process, heat recovery has a very bright future in that it produces green energy, reduces greenhouse gas emissions and means substantial savings in natural resources.

## RENEWED AMBITIONS IN ENERGY SERVICES

As energy efficiency becomes an increasing priority for industry operators and public utilities around the world, the energy services market in Europe offers excellent potential, with business consultants Bain & Company estimating its future annual growth at between 5 and 10%.

EDF has big ambitions for energy services in France and overseas. The Group is present across the entire value chain, from engineering consulting to the operation and maintenance of technical units to the monitoring and control of equipment. The integration of Dalkia will strengthen and enrich our offer for businesses and public utilities which is currently handled by 3 subsidiaries (EDF Fenice, Tiru and EOS). In 2013, EDF reported sales of €920 million for energy services.

Drawing upon Dalkia's expertise and achievements, EDF's goal is to deploy its heating and cooling systems and develop its energy savings services, concentrating first on the countries in which it already has a strong presence: the United Kingdom, Italy, Belgium and Poland.



EDF has also acquired urban and peri-urban public lighting and traffic management specialist, Citelum. Present in 22 countries, Citelum provides the street lighting for cities such as Venice, Prague and Copenhagen.

## EDF STRONGER IN ENERGY SERVICES IN FRANCE

### Providing cooling and heating services

Dalkia currently manages 315 heating and cooling networks and 350 energy production units with a capacity of 35,000 MW. Heating and cooling is primarily produced from the combustion of domestic waste in incineration plants, but also from geothermal systems and wood-fired boilers.

And that's not all. In Dunkerque, the power generated by the Arcelor-Mittal steel plant to produce steel is recovered and heats 6,000 social and private residences, schools, council buildings, etc. In the La Défense business district outside Paris, Dalkia's six-kilometre heating and cooling network provides the heating and air-conditioning for one million square meters of offices and residences.

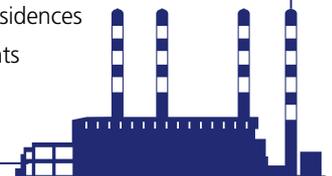
### Improving energy efficiency and managing energy performance

As well as managing their heating and cooling systems, Dalkia works to improve the energy efficiency of industrial sites, communal buildings, healthcare establishments and collective housing. It offers technical solutions to reduce energy consumption and costs, but also to preserve and protect the environment.

Managing energy performance can also take the form of commitments to cap or lower energy consumption. In January 2010, the town of Montluçon signed the first energy performance contract of its kind, cutting the heating bill for its municipal buildings by close to 20%. Another energy performance customer is social housing management company, Dynacité, in Lyon which manages a park of 13,500 apartments and was also able to reduce its energy bills thanks to the Dalkia control centre.

### DALKIA IN 2013

- 87,000 energy facilities under management
- 320 biomass units
- 25 geothermal units
- 315 heating and cooling networks
- 2.1 millions social housing residences
- 2,000 healthcare establishments
- 2,300 industrial plants
- 21.9 million m<sup>2</sup> managed



# LOYALTY DIVIDEND: HOW DO I QUALIFY?

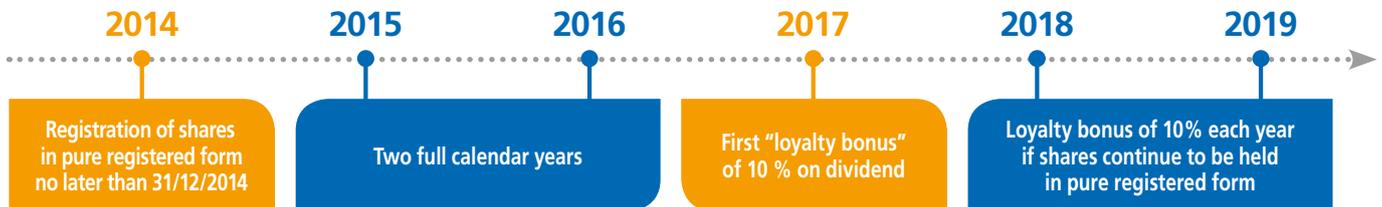
To qualify for the 10% loyalty bonus on dividends\*, your shares must have been held in **pure or administered** registered form for an uninterrupted period of at least two calendar years.

EDF shares held in pure registered form before 31 December 2014 will benefit from a bonus dividend in 2017 for the financial year ended 31 December 2016 provided they are continuously owned until the ex-date.

Please note that the time required to transfer your shares to registered shares may vary and can take several weeks. EDF will reimburse any fees for the conversion of your shares to pure registered form up to a maximum of 50 euros.

**TO FIND OUT MORE**

For more information, visit [etreactionnaire.edf.com](http://etreactionnaire.edf.com)



\*Limited to 0.5% of capital per shareholder.

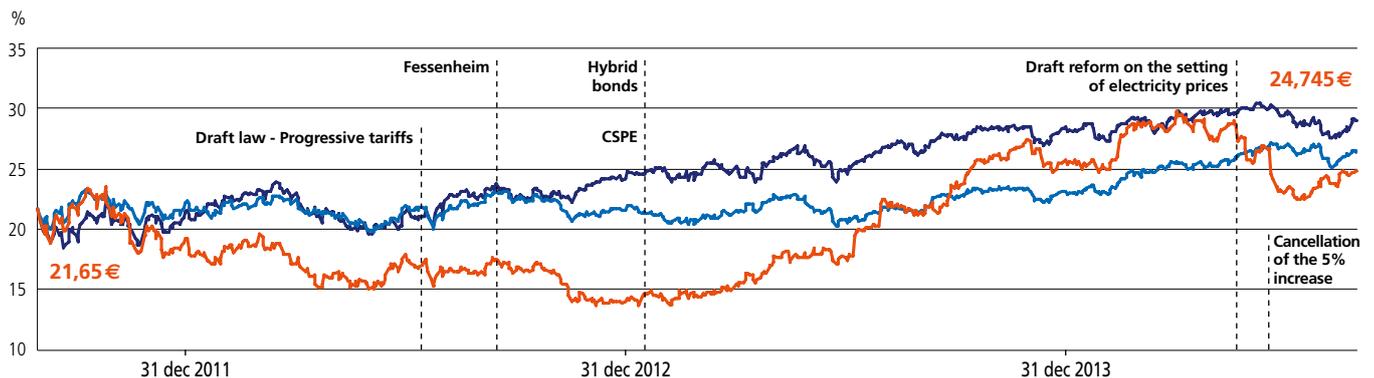
## EDF SHARE PRICE

1 September 2011 - 29 August 2014



**TO FIND OUT MORE**

Follow EDF's share price at <http://actionnaires.edf.com>



**July 2012:** announcement of a bill to reform tariffs in France based on the principle of a progressive scale for energy prices ("bonus-malus" system).

**September 2012:** the French President announces that the Fessenheim (Haut-Rhin) nuclear facility, the oldest in the French nuclear fleet, will close by 2016.

**January 2013:** agreement reached for the French state to pay back the CSPE (Contribution au Service Public de l'Électricité) receivable.

**January 2013:** hybrid bond issue totalling €6.2 billion denominated in EUR, USD and GBP under highly-favourable market conditions. Biggest hybrid corporate bond issued in three currencies.

**21 May 2014:** announcement of a bill to reform the method used to calculate regulated electricity tariffs.

**18 June 2014:** announcement of the cancellation of the 5% increase in tariffs scheduled to take effect from 1 August 2014.

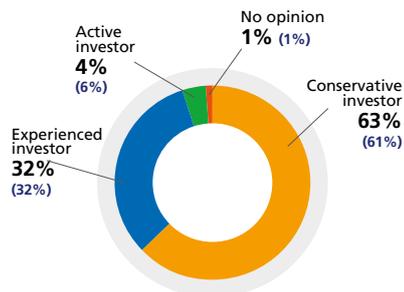
# EDF INDIVIDUAL SHAREHOLDERS, WHO ARE THEY?\*

## Profile of a typical FRENCH INDIVIDUAL SHAREHOLDER



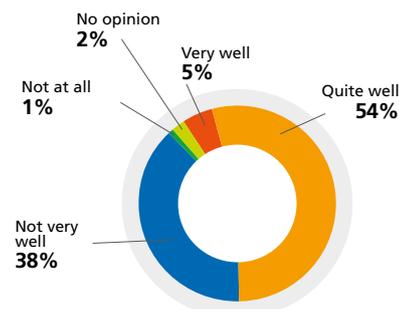
- 72% are men
- 65% are over 50 years old
- 1/4 live in the Paris region
- 49% are currently employed

## What kind of investor are you?



■ EDF individual shareholder  
■ French individual shareholder

## How well do you think you know EDF?



## HOW DO EDF INDIVIDUAL SHAREHOLDERS COMPARE WITH OTHER INDIVIDUAL SHAREHOLDERS?

Like most individual shareholders (61%), you consider yourselves to be conservative investors (63%) who are prepared to bet on the company's performance to achieve the best returns on your investments over the long term (93%). Prudent and responsible, you are loyal shareholders.

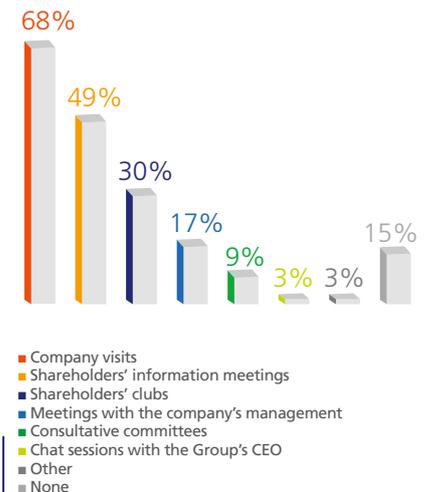
EDF's nationality, its activities as a company and the fact that you are a customer were important factors in your decision to invest unlike your average individual shareholder in France who places more value on a company's financials or stock market performance when deciding to invest.

Although EDF's financial reporting and what the media has to say about the company are most important, you also pay attention to other sources of information (publicity for EDF products and services, stock market forums).

Your interest in EDF goes far beyond its stock market price alone. You are also interested in the company's strategy and its financial results, in visiting its different sites and in attending its shareholders' meetings.

Proof, if there was ever any need, of the "affectio societatis" partnership between EDF and you.

## What types of initiative interest you most as a shareholder?



## COMMUNICATION COUNTS

90% of EDF shareholders say they are happy with the way the Group communicates with its investors, compared with 64% of all private shareholders who are satisfied with their companies' communications. Over one third of you feel that the company makes more efforts than other CAC 40 companies.

Other than the Annual General Meeting, the Shareholders' Newsletter published twice a year and the special letters on certain news items sent by e-mail are communication and information tools

with which you are familiar and which you appreciate. More and more of you are also "going digital".

Send your e-mail address to [actionnaires@edf.fr](mailto:actionnaires@edf.fr), to receive the interactive version of the Shareholders' Newsletter and other special letters in electronic format.

Transparency and proximity are the cornerstones of EDF's communications, which makes these results an even strongest encouragement.

Breakdown in capital at 31/12/2013 (as a %): French government: 84.5% - Institutional investors: 10.8% - Individual shareholders including employees: 4.7%.

\* Survey carried out by Havas Paris/CSA in April 2014.



# JOIN US AT THE SALON ACTIONARIA

Join us at the Salon Actionaria investor fair on **21 and 22 November 2014** at the Palais des Congrès in Paris! Listed companies, financial advisors and more, the Actionaria fair is an opportunity to meet and talk with different market specialists and to take part in seminars and conferences.

**Come and visit the stand:  
We look forward to seeing you!**

## RENEWAL OF THE CONSULTATIVE COMMITTEE

A consultative body and think tank, the Shareholders' Consultative Committee is the link between EDF and you, which helps the Group understand your needs and expectations and constantly improve the communication tools and resources designed to keep you informed.

The Committee meets 2 to 4 times a year at the EDF head office or one of the Group sites.

For more information on the election of the Consultative Committee:

- Visit <http://actionnaires.edf.com>  
"Espace actionnaires"  
> "Comité consultatif"
- Call **0 800 00 0800**

## CALENDAR OF EVENTS

### SEPTEMBER 2014

29 - Lille - Shareholders' Meeting

### OCTOBER 2014

09 - Dijon - Shareholders' Meeting

### NOVEMBER 2014

06 - Q3 2014 sales released  
21-22 - Paris - Salon Actionaria fair  
**Annual General Meeting**

### DECEMBER 2014

02 - Pau - Shareholders' Meeting

### FEBRUARY 2015

12 - 2014 annual results released

## YOUR CONTACTS

- Call  
**0 800 00 0800**  
*(calls are free from a landline)*  
Or from abroad  
**+33 1 40 42 48 00**
- Send an e-mail to  
[actionnaires@edf.fr](mailto:actionnaires@edf.fr)
- Visit our website  
[shareholders-and-investors.edf.com](http://shareholders-and-investors.edf.com)



EDF  
Shareholder Relations  
22-30, avenue de Wagram  
75382 Paris Cedex 08  
SA share capital €930,004, 234  
552081317 RCS Paris

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