EDF Press Conference
Full Year 2023 Results

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Introduction

2023 Annual Results

Luc Rémont

Chairman & CEO, EDF

Introduction

Hello, everyone, attending in-person or remotely. It's a pleasure to be here to present the EDF Group's annual performance in 2023. We have members of the Executive Board with us today.

The video speaks for itself. Clearly, 2023 has been a different kind of year in terms of the Group's history. It was true of 2022 as well. And I would like to review the highlights of our year before I hand over to Xavier Girre, who will present the financial results.

2023, operational recovery, supporting customers and preparation for the future

Here's the first aspect. We started 2023 in a major operational crisis because of stress corrosion phenomenon. And our top priority for 2023 was to restore operations to ensure operational recovery. We can safely say at this juncture that thanks to the mobilisation of all our teams and the entire industrial sector working with us, we've achieved our target nuclear output, but other types of energy as well, but the nuclear output was most affected by this operational crisis. There's been a major recovery throughout the year with an increase in output of 41.4TWh, increasing from 279 to 320.4TWh, which is in the upper hand of our output range. So an operational recovery, which is the first major factor I wanted to discuss today.

Clearly, 2023 has also been marked by the energy crisis, which began in 2022, but which peaked some time in 2023. As a result, we had to support our customers in this extremely difficult situation for them, obviously we monitored each customer categories and we did our best to support them through this phase by implementing the two government schemes designed to protect customers in this particularly difficult circumstance. But I'll get back to that in a minute.

Of course, we needed to lay the groundwork for the future. And for that, we need to look to the future and lay the course for our commercial future. We have a new commercial policy that was formulated in H2, and we are starting to deploy that. We struck an agreement with the government in November, and also long-haul work on industrialising performance on all of our activities, particularly nuclear. We prepare a new organisation. And we are still laying the groundwork for that.

So new steps. Obviously, we've had to formulate the broad strokes of a corporate project, but I'll get back to that in a minute.

Supporting customers to reduce their carbon footprint

Let me start by the first pillar. No company can exist or develop without it. We need to support our customers. And our goal has always been to support all our customers and help them reduce their carbon footprint. That is our corporate purpose. It is our “raison d’être” at EDF.

And we need to work on every solution we can provide to customers. First of all, we make available to them low-carbon competitive, short, medium and long-term electricity supply. That is the goal of our commercial policy we worked on some time in 2023 and that we are rolling out at a large scale. So this comes in the form of different types of contracts.

- On the wholesale markets, we can auction volumes of electricity over four, five years.
- We also have medium-term contracts over three, four, five years. So we provide electricity with stable prices over time.
- And as we develop a number of long-term industrial partnerships, which are based on our historic nuclear facilities.

So these are the key pillars of our commercial policy, which are currently being rolled out. Now there are two main characteristics. Firstly, since we announced that commercial policy and since striking this deal with the government, prices have eased significantly. Our goal, €70/MWh from November, is now a reality in terms of the prices we provide for wholesale markets. And at the end of the day, this represents future electricity prices for 2025, 2026, 2027, 2028 and 2029. So for the rest of the decade, clients will have price visibility. And this is in line with the announcements we had made. This means that the future electricity prices will be both competitive and stable for our customers. And our goal is to roll out this sales policy as quickly as possible and make sure that our customers can stabilise the conditions under which they have access to low carbon electricity in the next few years.

Secondly, we need to make sure that all our customers have access to technology, expertise and services so they can bring more electricity in the way they do business. So we have increased our portfolio of customers by 1.5%, bringing it to 40.9 million at the end of 2023. And the number of charging stations rolled out or managed has increased by 21% between 2022 and 2023. So this shows how we are electrifying uses.

Now we have ambitious decarbonising goals in terms of the millions of tonnes avoided for customers by 2030. So 30 million tonnes, that's the target. So we are on track. We have increased that to 12.4 million tonnes of CO_2 emissions avoided by the customers in 2023, thanks to our integrated decarbonization energy efficiency solutions. Also in December, we signed a partnership agreement with La Poste, the postal services group. We will work on the entire real estate fleet together with the EDF Group and its subsidiaries. We are all working together on a very ambitious decarbonising objective. So 35% CO_2 emissions reduction for their real estate fleet. And of course, we want to duplicate such strategic partnership agreements with all customers who want to do that. Another example, we increased by 30%, the number of heat pumps installed in 2023 relative to the year before. Again, this is thanks to the efforts made by the entire Group. We are addressing customers that are being targeted by different subsidiaries, Izi Confort, Izi EDF, Dalkia and EDF ENR. Lastly, we have increased by 60% photovoltaic roof-top installations, both for parking lots in the residential sector. So this means 740MWp installed by EDF ENR by the end of 2023. So much for our trajectory working together with customers. These are the things we're doing to help our customers decarbonise.

Producing more low-carbon electricity

The second fundamental aspect, we want to provide all our customers more low-carbon electricity. And to that end, of course, we work tirelessly all year-round to improve our performance, so we can lay the groundwork for the future when it comes to output. So these are the 2023 figures. Let us see where we stand in terms of generating low-carbon power. And where do we stand relative to other energy players. Now the trademark of our Group is the size of our production facility. So we're talking 430TWh and 93% of that is low carbon. A unique feature of our operations is that this electricity is largely broadly controllable, and this makes us the number one low carbon electricity producer. And the additional feature is that this electricity is available on-demand, is controllable 24/7.

Now our carbon intensity is 37gCO_2/KWh, down 26% relative to 2022. And this is one of the lowest carbon intensities in the world and the lowest carbon intensity when we take into account that it is controllable. This means six times lower than the European average, which is 251 gCO_2/KWh and over 10 times lower than the global average. So that's the Group situation to-date. And of course, it is our strategy to continue to consolidate to the role that we are playing and also outperformance in terms of producing controllable low-carbon electricity as part of a portfolio that brings together intermittent renewables and other types of energy which can be monitored.

So we also aim to reduce CO_2 emissions in line with the announcements made during the COP 28 environmental talks. In 2022, we stood at 50 gCO_2/kWh produced. Now we stand at 37 grams. Our goal is 30 grams in 2030 and 22 grams in 2035. Obviously, this is a very powerful objective that brings together the entire Group and all our teams. And thanks to those targets, we received the confirmation from Moody's that we are in line with the global warming scenario of 1.5 degrees. And of course, it's a major source of pride and motivation for all of us.

Now low-carbon electricity output is our focus. We also want to achieve our operational recovery. It is part of our strategic objectives. So from 279 up to 360TWh. So we want to switch to 315 to 345, that's the target range for 2024, 335 to 365 for 2025 and the same in 2026. Needless to say, our goal is to do as best we can for all of those ranges in those periods.

In the beginning of January, we had 46 reactors available, so we are talking of 50GW available. You may remember that at the beginning of 2023, we had barely made 45GW available. This means with 50GW available, we were able for example to export 20GW outside of France the 3rd of January. And that is an absolute record when it comes to France's exports all periods combined.

So those are our targets of improving the output. And of course, we will continue to work on all of our production facilities. When it comes to nuclear, to date stress corrosion phenomenon, 15 reactors have been repaired out of the 16 deemed to be the most sensitive, and the remaining one will be addressed in the next few weeks as part of the 10-year inspection process.

We have also completed an inspection programme when it comes to wells repaired during the construction work. And of course, we will continue to work on the different components of our nuclear fleet's performance. The goal is to increase output safely.

Also, and I mentioned this because this is the very first time this has happened. We have successfully issued the first green bond for an amount of €1 billion dedicated to the financing of the existing nuclear fleet. So it is nice to see that investors are also interested in funding nuclear energy because it is a key component of decarbonisation.

Now regarding production issues, whether now or in the future, we have a lot of projects underway. I will say a few words right away.

The Flamanville 3 reactor, I'm sure you want news of that. That is something we are working on every single day. This is painstaking work. We work hand-in-hand with our industrial partner and also with the ASN Nuclear Safety Authority. We can confirm our objective when it comes to fuel loading. We're planning to do this before the end of the quarter, and we will connect the reactor this summer. We carried out testing over the past quarter. All of those tests were successful.

When it comes to EPR2, we have procedures for requesting authorisations. The process is underway, and we are doing a very complete work. We are planning to exhaust the work in 2024 to optimise all of the parameters of that programme so that later down the line, we can initiate the implementation phase.

When it comes to EPR1200, I would like to remind you that EDF has been pre-selected as part of a tendering process for building one to four reactors in the Czech Republic. And of course, this is a major source of satisfaction. We are all hands on deck. As part of our nuclear energy's rebirth in Europe, the fact that we were pre-selected by the Czech Republic during a tendering process for that project is an opportunity for us to work with the Czech Republic and probably with other EU member states in the near future so we can improve industrial capacity, and that will serve the rest of the EU over the next few years.

Now Hinkley Point C, more news on that front. As you saw in the video, first key milestone, the dome on top of the reactor building. This is important news. It's been installed on the Unit 1 reactor building. Also, this meant that, as we are moving into the electromechanical workspace for reactor one and for reactor two, we carried out specific assessment of the implementation programme that we are anticipating based on everything that is available so far. So the target we set when it comes to project management is to complete it by 2029. That is how we have decided to organise the project. That is our management objective. Of course, we have a number of assumptions, financial assumptions. So we have a base scenario for 2030, and we have a potentially less favourable scenario, under which the project may be completed by 2031. So we have revised the project cost between €31 billion and €34 billion linked to the cost of the of civil engineering and the electromechanical phase will last longer. And for the unfavourable scenario, we are talking an additional €1 billion. And this means an impairment loss this year of €12.9 billion.

Also, I'd like to add that since the beginning of 2023, construction has been financed by the shareholders, so EDF and CGN solely on a voluntary basis. The financing is currently being provided by EDF.

Another thing I would like to add is not on the slide. The fact that we have set the schedule, and we have a cost estimate and EDF is providing the financing. It does not mean that the project is making a loss. It is still a profitable project for EDF. Needless to say, financing is particularly important during this phase that we are moving into the electromechanical integration phase. But of course, it's an important project, both for EDF and for the British authorities. It's also a profitable project for the Group. As I said before, we are all hands on deck throughout the Group. And also our industry partners teams as well are all hands on deck to make sure that the project will be successful.

Let us continue with wind, solar and hydropower, renewable energies. Output was up by 14% versus 2022 for solar. So we're talking 28.1TWh. We have +13% net installed capacity versus 2022, increasing from 13.4 to 15.1GW net. And we have realised major commissioning work, Al Dhafra, which is one of the most powerful solar power facilities in the world, 2.1GW in the

United Arab Emirates, the size of the Paris city. And phase one of Serra do Seridó, the phase 1 of the largest wind farm in South America with 480 megawatts in Brazil. So these are two examples of major plants commissioned in 2023.

In hydropower, output was up 19.4% in France relative to 2022, so 38.7TWh, thanks to better hydro conditions with the availability of our hydropower fleet, which has always been excellent. And lastly, we have a completed impoundment of the Nachtigal dam in Cameroon, so 420 megawatts.

Now when it comes to solar/wind projects, we are seeing a 15% increase relative to the end of 2022, reaching 98GW of the portfolio of such projects. You have seen the breakdown between the projects that have been secured, those that are still under development and those that we are prospecting. We have gained new contracts, including Codling, a new offshore wind farm in Ireland, 1.3GW, and Al Henakiyah, the solar power plant in Saudi Arabia, 1.1GW.

Lastly, needless to say, we are also working via Dalkia, our subsidiary and via our production work in French islands, SEI, in particular to the decarbonation of the thermal generation. And we have a very visible example with a liquid biomass plant in Port Est on Réunion Island and, the launch of the works of those of Larivot power plant in Guyana.

Expanding the networks to address the challenges of the energy transition

Now networks development thereof. This is the third key pillar of our strategy. To face the energy transition, we need networks that will be available and resilient to face more intermittence. We need more connections to the grid. And so the stakes are very high for the networks.

So Enedis is seeing a huge increase in connection to the grid, more than 4GW of renewable capacities connected to the distribution network versus 2GW in 2019. This gives you an idea of the acceleration. Plus 120% of renewable energy facilities connected, up from 90,000 in 2022 to more than 200,000 in 2023. And plus 80% in terms of connections to charging stations for electric vehicles. This gives you an idea of the network dynamics of Enedis

We are proud to report that Enedis is the first largest mission-driven company in the sector and has been recognised as such. We are also proud that Enedis with the support of other EDF teams, achieved outstanding performance in the face of the Ciaràn storm, which affected Brittany and Normandy, which impact was three times worse than the 1999 storm, and 95% of customers had their electricity back five days after the storm. Last time, it took over three weeks.

Lastly, investments. For Enedis and our other subsidiaries with network activities, excluding Enedis. So we are talking of an increase in investments of 11% versus 2022. So they now come to €4.9 billion in 2023 for Enedis, EDF SEI (overseas territories), and Électricité de Strasbourg.

And lastly, we have cleared the threshold of one million digital meters installed outside Mainland France at the end of 2023.

Developing flexibility solutions to meet electricity system requirements

I would like to complete this review of our operational activities by discussing flexibility solutions. As you well know, our electric system, our electric grid is under more and more pressure because there are lots of sources of instability when intermittent production facilities are connected, but also usage on demand. And again, there is a lot of volatility there. So we need a power grid that can best meet that situation. We are working across the Group to provide flexibility solutions, so we can better adjust to those new circumstances. And we have a lot of solutions, including storage, smart charging. And I will give you more examples in a minute.

Let us start with storage, whether in France or abroad, we have more and more projects that enable us to contribute to balancing out the electric grid, the Hatta pumped-storage hydropower plant in the United Arab Emirates, for example, for which we are the project owner's assistant under an engineering contract. Completion rate is 83%. This will allow the UAE to store water to balance out electricity to the tune of 250 megawatt.

We have a portfolio of secured projects totalling 1.7GW at the end of 2023, of which a development of 0.8GW in new projects, which have been secured and entered our portfolio in 2023.

Now we need flexibility on the demand side as well. We have an increase of 33% in smart charging stations in operation so we can shift charging when energy is more available, and therefore, cheaper.

And we are working with our subsidiary, DREEV, to develop smart charging solutions, to optimise charging costs and CO_2 emissions. DREEV is currently working with the RATP transport company in Paris area to reduce CO_2 emissions for electric buses.

We have also launched an offer called Izi Smart Charge for smart charging of EVs based on network constraints.

These are the four main pillars of the EDF Group's strategy on which we have made progress in 2023, and we intend to continue to do so in 2024 and beyond.

Societal Indicators

Now I would like to review some indicators. When it comes to the life in our Group, there are two very important aspects. Accidents at work, that is number two, and gender equality. On the gender equality front, we are getting better at 31.7% of women in management committees. But our goal is to grow even better. We want to increase female representation, 33% by 2026. And for 2030, our target range will be 36% to 40%. I talked about it with the Executive Board, and they agree, we want to set an even more ambitious target in 2030 and do it sooner.

When it comes to occupational accidents, we are a major industry group. We have lots of projects. It is important for us to work safely. It is a key priority for the Group. And we will continue to work hard to make sure that our own employees can work safely on location. But all our contractors and partners who come in and work with us will have the same safe working conditions and will observe the same safety disciplines.

We want to drop lost-time injury rate. It measures the number of accidents or incidents that lead to lost time per million hours. It was 1.7 in 2023. We wanted to bring it further down. We want to make sure that all our operations take place as safely as possible.

Financial Results - 2023

Now financials. I will say a few words, and then Xavier can give you the roll down. These are the main characteristics. EBITDA, €39.9 billion versus negative EBITDA in 2022. Of course, this is thanks to the major operational recovery of the Group in a sustained price environment. This means we've been able to deleverage. And our net financial debt has been brought down to €54.4 billion versus €64.5 billion at the end of 2022. What does this mean? Well, during 2022, our debt increased by €20 billion. Now we are bringing it down by €10 billion. So we have gone halfway back to what 2022 led us to do. And the Group share of net profit is €10 billion.

Handing over now to Xavier, and he will give you the details.

Financial Results

Xavier Girre

CFO, EDF

2023 Financial Results: Partial reduction in debt

Thank you, Luc. Good morning to you all. So let us now run through the initial key financials for the Group.

Sales, €139.7 billion. EBITDA reaches €39.9 billion, thanks to the strong increase of nuclear power output in France, overall, good operational performance, and sustained price levels. EBIT stands at €13.2 billion. It was at -€19.4 billion in 2022. Recurring net income comes in at €18.5 billion, following the same trend as EBITDA. And net income Group share, €10 billion. Cash flow reaches €9.3 billion, reducing net financial debt to €54.4 billion at the end of 2023, a drop of just over €10 billion versus the end of 2022. Let me remind you that net financial debt stood at €43 billion at the end of 2021. So 2023 marks a gradual operational recovery and partial deleveraging of the Group.

EBITDA – Improved performance and high prices

Diving deeper now into the analysis of the main impacts leading to a sharp increase in EBITDA. The starting point on the left is EBITDA in 2022, -€5 billion. First of all, an initial effect. The first three blocks, items summarised in a word is the fact that in 2023 production was up, notably nuclear power output in France grew by 41.4TWh, reaching 320.4TWh on the year above, the middle of the range that we set ourselves between 300 and 330TWh. More output in 2023.

Second factor was the negative impact in 2022 of additional ARENH volumes that were not renewed in 2023. So second distinguishing factor, less ARENH to be served in 2023 versus 2022.

The third factor for 7.3 is the decrease in net cost of purchase and resale of power on the market, decreased nuclear output in 2022 led to very significant buybacks at very high prices. And the uptick in output, decline in market prices led to a reduction in cost in 2023. Third factor summarise less volume bought back at lower prices because spot prices were down.

Once we have compared 2022 and 2023, the second aspect of the comparison focuses on sale prices. In 2023, they were higher than in 2022 with, first of all, a share that was covered directly by customers, as you can see, up by €12.1 billion increase and the portion of the bill borne by customers, €12.1 billion.

The tariff shield introduced in France for 2023 covered an equivalent amount. It increased by €12.5 billion, going from €1.5 billion in 2022 to c.€14 billion in 2023, given this increase of

€12.5 billion. We see the very favourable effect of this tariff shield on energy bills at an exceptional context of prices in 2023.

Outside France, downstream price increases accounted for an increase in EBITDA, €2.7 billion.

Final factor, a decrease of €3.2 billion for EDF Trading that once again delivers excellent performance over €3 billion EBITDA in 2023, lower than 2022 which was an historic year for EDF Trading in a context of very high price and volatility.

Recovery in France nuclear output engaged

Nuclear output, as we saw, grew throughout the year in France. So in total, it is up by 41.4TWh, reflecting availability of the plants, thanks to strong mobilisation of teams and the progress of the work on stress corrosion repairs.

EBIT

Turning to EBIT and to detail the income statement. EBIT reaches €13.2 billion, up €32.6 billion. Impairments incorporate €11.2 billion on Hinkley Point C after the update in January of the timeline and the completion cost of the project as well as €1.7 billion on the goodwill of EDF Energy.

Net Income

Net income Group share stands at €10 billion vs -€17.9 billion in 2022, over and above the points previously mentioned. I would like to say a few words on financial result and tax. Firstly, financial result is broadly stable at -€3.3 billion. And this for two main reasons. Firstly, the cost of gross financial debt stands at €3.8 billion, up €2.1 billion, primarily linked to the sharp rise in interest rates. The average coupon went from 2.63% at the end of 2022 to 4.11% end of 2023, a part linked to short-term debt at floating rate.

I want to remind you that we successfully completed in 2023 a very significant issuance programme of €8 billion on various markets, US dollar, Canadian dollar, euro, sterling, yen, Swiss franc. We also issued, as Luc said, the first green bond dedicated to funding the existing nuclear plants, and these issues as well as a reduction in short-term debt allowed us to extend the maturity of financial debt, 11 years at the end of 2023 versus 9.4 years end of 2022. It was one of our targets for this year. We also issued a hybrid bond for $1.5 billion. These issues were recognised by the international financing review in the corporate issuer category.

Second factor, analysing this financial income is a good performance of dedicated assets contributing positively to the €2.7 billion. Performance reached 10.2% in 2023 as against -8.5% in 2022 against the backdrop of improved financial markets. The coverage ratio of nuclear provisions by dedicated assets amounts to 108.5% at the end of 2023.

Second point that I wanted to mention concerns tax. That is an expense of €2.5 billion in 2023 as against income of €3.9 billion in 2022 because of the positive tax situation of the Group. Once restated for non-recurring items, the fair value variations of dedicated assets and impairments of HPC, so €6.9 million impact on net income Group share post tax with minorities, recurring net income stands at €18.5 billion. It stood at -€12.7 billion a year ago.

Partial reduction in debt

A few words now on net financial debt and the partial deleveraging this year. EBITDA cash stands at €43.9 billion, benefiting beyond from EBITDA of the unwinding, as expected, of trading

2022 positions in 2023 for €5.3 billion. Working capital increases by €7.8 billion with two main components shown here: €5.1 billion for optimising trading linked to margin calls repaid, as positions were unwound in 2023; and €3.9 billion on CSPE linked to the receivable on the 2023 tariff shield.

Net investment stand at €19.1 billion, up as expected by €2.7 billion, owing notably to the HPC project, significant maintenance of nuclear plants, development of grids, as mentioned.

Dispersed financial costs, increased rate rise is €2.5 billion and we have to add €0.4 billion of Dedicated Assets.

Tax dispersed stands at €3.7 billion.

Conversion of OCEANE convertible bonds contribute to strengthening shareholders' equity by €2.4 billion.

All in all, net financial debt stands at €54.4 billion in 2023, down €10.1 billion versus the end of 2022, but still up about €10 billion at the end of 2021, where it stood at €43 billion.

Rapid decline on market prices

So a few words now on price changes during this exceptional period that we have experienced over the past two, three years. This chart shows you price changes over the past years. You see and the oldest here would recognise the very low-price period. In 2016, 2017, they were below €30 per MWh and then a lengthy period through 2021 with prices around €50 per MWh.

These are the forwards on N+1. And then next to quite outstanding years with a very sharp rise and prices reached an exceptional price of over 1,000MWh in August 2022, and then had asymmetric drop to come down to around €70 today. That is the price that we see in the forwards for next year. It is the sharp increase with the lag over time that, of course, account for the very significant price effects seen as of 2022, more specifically in 2023. The drop seen in 2023 will impact the years 2024 and 2025.

Projection of 2024 EBITDA

Without giving any guidance in respect of 2024 and our EBITDA, Luc Rémont will give in a moment the Group guidance. We would like to give you some indications regarding how our EBITDA is going to trend in 2024, which will be down in 2024 versus 2023 with two factors.

Firstly, as we have seen the price effect, which is linked to the energy part that will shrink markedly this year. This decrease will be attenuated by lower retail purchase prices on the market because gradual improvement in nuclear output and the tension on supply and demand and repurchases at lower price. The production level, early 2023, led to buy volumes on the market at prices that remained high.

The second impact shown here is the improved in nuclear output expected, between 315 and 345TWh, not including Flamanville 3.

Then other impacts will, of course, complete the EBITDA in 2024. We can cite here a positive impact on Enedis, whose EBITDA was impacted by the purchase cost of the grid losses, that is going to be attenuated in 2024 with declining market prices. And EDF Trading's margin should continue to normalise in 2024 consistent with normalisation of energy markets after two exceptional years.

Back now to Luc. Thank you.

Outlook

Luc Rémont

Chairman & CEO, EDF

Context for the coming years

Thank you very much, Xavier. I would like to wrap up this presentation by discussing the Group's prospects for 2024 and beyond. It is clear by now that 2023 marks a recovery. And thanks to that recovery, we can now lay the groundwork for the future and continue to serve our customers and prepare a low-carbon electricity future in all the countries where we operate.

However, we cannot afford to sit on our laurels. We cannot afford to be self-complacent. There is going to be major investment requirements. The price environment remains challenging. So let us not lose our focus.

These are the main priorities. Firstly, we operate in an environment where prices are expected to drop. That is something that we wished for. That is something customers want as well. And it is happening. We have a long-term approach to our sales policy. We are trying to fast track the rollout of our sales policy. In the meantime, we are aware that in 2024, we still have customers suffering from high prices, particularly those of them who signed contracts at the height of the crisis in 2022 and which are still significantly affected.

I am thinking of a number of SMEs in the hospitality and restaurant sectors. So this is something that we keep a close eye on. We will continue to support our customers throughout those challenges. Even though in the mid-term, prices do not expect to be much lower. But I know the Bruno Le Maire, the Economy Minister, and also the Energy Minister, (Roland Lescure), are paying close attention to this as well. So we are working hand in hand with the government so we can continue to serve our customers and help them navigate those stormy waters.

We are operating on a case-by-case basis for the companies that signed contracts at high prices in 2022. We are looking at whether it is possible to provide solutions so we can smooth out prices over time, taking into account the fact that prices are now lower, maybe using longer-term contracts so that prices can drop. So we are providing customised support to our customers. And again, we are always keeping our eyes on the ball.

Now when it comes to prices dropping, this is part of the environment in which we will be operating in the coming years. At a time when we need to continue and increase our investments so we can meet the demand for electricity and meet our decarbonising objectives.

With electrification, this means higher electricity demand, we will offset the drop in prices and the increase in demand by increasing nuclear output. This is part and parcel of our strategy over the next few years.

Lastly, investments kept to €19.1 billion in 2023 and will continue to rise in line with our Group's business models. The Group will not invest 100% in all its rollout models. Of course, we are investing in an exclusive approach into our network rather not as an owner, but as a concession company. We are financing investments and there are other case scenarios, renewables, for example, our hydropower when we operate internationally, we are just one of the joint investors. Usually, we have a minority stake. Sometimes we simply provide the engineering. Also on nuclear, we invest in France. We are investing in HPC in the UK. But for other projects, we are an industry player. So it is by developing all these different business models that we are planning to optimise our financial strategy, so we can be compatible with sustainable levels of investments and sustainable levels of profitability for EDF.

But for that, we need to continue to target operational excellence. We have made a lot of progress on that front in 2023, and we intend to stay on track. We will target operational excellence across all our activities.

2026 Targets

In the mid-term, what will our balance look like by 2026? The Group is committed to a sustainable balance sheet for our long-term activities. Our debt net to EBITDA should stay lower than 2.5x by 2026, and our adjusted economic debt to adjusted EBITDA should remain under 4x by 2026. These are the same ratios that we announced at the height of the crisis a year ago.

And needless to say, the ratios are much better now. But bearing in mind the investment requirements, which are a trademark of our sector and a trademark of EDF as a leading low-carbon energy company, we will continue to invest while maintaining a sustainable balance sheet structure, hence, the ratios.

2024 outlook

This is my conclusion, and these are our targets for 2024. Already discussed our goals when it comes to our sales and customer policy. I will not get back to that. Low-carbon output, our objective is to increase nuclear output, bring it up to the 315-to-345TWh range.

Flamanville 3, by the summer, I talked about that already. HPC, we will continue to ramp up and move into the electromechanical integration phase on a large scale by 2024. When it comes to the EPR2 programme, this year, we seek to optimise design costing and financing. This will keep us busy in the better part of the year.

When it comes to renewables, we will commission the Fécamp offshore park in France, so 500MW. Also we will start production on the Nachtigal dam in Cameroon.

Let us not forget that 2024 is an Olympic year, and EDF is a partner of the 2024 Paris Olympics. We are extremely proud of that to be partners with the Olympics and Paralympics. So we undertake to help the Olympics achieve their decarbonisation and electrification targets to achieve more responsible behaviour and better energy efficiency.

Now thank you very much. We are on hand if you have any questions.

Q&A

Juliette Raynal for *La Tribune***:** Hi. Thanks for the presentation. You mentioned the recovery of nuclear output in '23. Could we perhaps put it back into the context of previous years aside from 2020 to see the trend? And I have to say that I didn't quite understand the explanations given on the various factors that led to a marked improvement in EBITDA. Notably, the portion on the tariff shield, if you could maybe just run through that a bit. From what I understand, there are factors that weigh far more heavily that increased production on EBITDA, if we could have more explanation on that.

And two final points. Could we have the split of your customer portfolio? You mentioned 40.9 billion at the end of '23. And then an update on the timeline regarding your short-listing in the Czech Republic, when are the next steps expected? Thank you.

Luc Rémont: Thank you. So let's answer those points immediately, lest I forget them. On nuclear output, well, when the fleet was in its infancy, actually with the best it did with an additional two plants, it exceeded 400TWh. In more recent years, we are already starting the major overhaul, the output level, 360TWh in 2021, 335 in 2020.

I have to go back to previous years to find the output levels that are more significant. So our goal is, of course, to work to up the output level. Our ambition is to reach 400TWh. We have to complete many major *Grand Carénage* outages and work on improved output with improved power on certain reactors. We must move gradually also succeed, at the same time, the major *Grand Carénage* outages that concern, of course, all the reactors.

On EBITDA, I am going to hand over to Xavier to give him a second chance to dive deeper.

Xavier Girre: I am going to show you two slides, the same slide as previously. I will run the slides and explain. So in the second to show you the effect of the tariff shield on the regulated prices. So what does it show? It simply shows several points. The first two bricks are a reversal of what happened in 2022: we produced in 2022 41.4TWh less of nuclear output in France. That is the first brick. We produced more in 2023, that generates additional EBITDA.

Second brick is that in 2022, an allocation of 20TWh additional ARENH was decided. We suffered €8.2 billion unfavourable. Half is the impact on the regulated prices, the other on the market offering.

Third brick here is that, in 2022, since we had less supply, we produced 279TWh in 2022. Less supply, more demand to serve. We had to serve 20TWh additional ARENH. As I said last year, we had a double shock, both supply and demand. It is a hit when you got one. When it is two, it is very painful. We had to massively buy back electricity on the markets at very high prices. Spot prices were ruinously high.

In 2023, as we produced more with less ARENH. We bought back less, and we bought back at lower prices. The spot prices were cheaper. So this explains €7.3 billion increase. It is the third green brick on the slide.

And then there is the price impact for customers. And there are two bricks here. On the one hand, what was directly covered by paid by customers, plus €12.1 billion. That's the impact on the energy bills, the regulated tariff or the market offers. And as you know, in 2023, the government introduced in France a tariff shield that is covered by the CSPE scheme, then that represented €12.5 billion increase in 2023 versus '22. It was 1.4 tariff shield in '22. It was €13.9 billion in 2023. So it's a €12.5 billion difference. This brick is directly covered by the customers.

The last brick here is covered by the state budget, the taxpayer, not paid directly by customers in 2023. But the two bricks, to answer your question specifically is income for EDF. EDF was paid by the customers, and it was paid by the tariff shield. And that's what accounts for the increased EBITDA.

And then I can show you a second slide, if you like, on the regulated sale price, if it's necessary. But it's clear.

Luc Rémont: On the customer base, what would you like to know about the customers? On France, we have a customer base for professionals broadly stable and for individuals, , a lot of residentials, who came back to EDF in part because their energy supplier stopped supplying them. That's part of the explanation. I don't have all the numbers clearly to mind. But I think we probably recovered one million customers during the course of '23.

Juliette Raynal (*La Tribune*): There was just a point on the Czech Republic.

Luc Rémont: Czech Republic announced a few weeks ago that we were short-listed for the competitive phase on the project of one to four reactors. And so we have now begun discussions with the Czech government department to determine the conditions of this new competitive stage that will lead to more work on the additional reactors, of course, and determine precisely what they need so that we can meet their expectance. A few months would require that.

Speaker: Hello. **Elsa Bembaron (*Le Figaro*)** on the Hinkley Point on the asset impairment. Without Hinkley Point, you'd have had net income of €22 billion. Is that wrong and its 16? I didn't quite know when you mentioned 6.9, whereas the impairment is 12, that's another number I haven't understood.

Luc Rémont: The impact on net income Group share is not the same, but Xavier will reveal.

Elsa Bembaron (*Le Figaro*): And the state shareholder, have you paid any dividends to your shareholders?

Arabelle, maybe a word on that?

And do you already have customers who've signed any of the CAPN contracts?

Luc Rémont: So I will let Xavier go back to the explanation on Hinkley Point. On the dividend, our shareholders indicated that it was not asking for the pay out of a dividend in 2023, given priority to Group deleveraging, which makes a lot of sense with the coming investment plan of the Group and fully aligned in our discussions with the state, a shareholder.

On Arabelle, we're continuing to try to reach the necessary agreements so we can finalize the deal and satisfactory to operate the Arabelle activities within EDF. We're ready to do that. Of course, we need the necessary administrative green lights necessary to do it in good conditions. It's a work in progress. I can't give you a specific timetable.

So long-term contracts at this stage, we haven't signed any firm a final contract. We signed letters of intent, LOIs, already pretty detailed, but that need a lot of work to reach the LOI. And we have many discussions in parallel with other clients. So that's progressing. And they take effect from 2026, so the final agreements don't necessarily happen as a matter of urgency. The LOIs are the most important. And we already have a few signed and which one's public: Arcelor Mittal.

Xavier Girre: And on HPC to answer your question. So you have an impairment booked on the assets and capitalised interest, €11.1 billion and depreciation booked on the goodwill of EDF Energy, which is largely linked to updating the timeline for Hinkley Point, that is 1.7. And then next, you need to factor in the tax effect and that of the minorities. Hence, the impact on net income Group shares that I indicated earlier.

Aurélie Barbaux for *L'Usine Nouvelle:* I have three questions. The first one is on Hinkley Point C. You said the projects are profitable. In 2019, profitability should have been 9%. It dropped to 7.8%, 7.6% in 2019. So how profitable is that project today? And what about the costing in 2023 or 2024 euros when it comes to the cost of the project? So 2015, euros aren't really practical. We'd love to hear more about the costing.

Second question, the impact for EDF when it comes to its negotiations with customers regarding postponing the vote on the energy sovereignty law following the agreements with the government in the fall.

And question three has nothing to do with the rest. Why not choose a sovereign cloud for exchanging data with customers? Why did you go with Amazon?

Luc Rémont: I will let Xavier address your question regarding HPC. I am not sure we can actually answer your questions because we keep using the 2015 euros so we can compare apples with apples and not apples with oranges.

All right, the postponement of the vote on the legislation has no impact on our ability to roll out our sales policy. Our policy is designed on the basis of the existing legal framework, whether in France or in the rest of the EU. So we expect those frameworks to roll out long-term contracts.

We do not wait for the law in the legislation. The law will introduce a number of provisions to ensure a stable framework for all players to operate in. But all of our sales forces are working hard and we also make electricity available to our competitors over the medium term so they can provide electricity over the next four to five years, the same way that we're doing under similar circumstances, the goal being for all customers to be able to reach out to either us or the competition, so they can so they can have access to stable electricity over the medium term.

Regarding sovereign clouds. Well, let's bring things back into perspective. We did not entrust all of our data with Amazon. We did not decide to work on a major platform with Amazon. No, it's just a test. We're testing a number of applications the same way any corporate would. Now confidentiality of our data or sensitive data regarding our nuclear facilities are not on the cloud. They are safely protected. So we rolled out a test with Amazon. They're a major cloud expert, but they also happen to be experts in logistics to help us optimise management of our spare parts. Management of our spare parts is part and parcel of operational efficiency and nuclear fleet management. And of course, we are paying close attention to cyber security and data confidentiality. When a sovereign cloud will be operational, there will be other applications as well.

Xavier Girre: Regarding HPC and profitability thereof, it has to be lower than WACC, weighted average cost of capital, otherwise, it would not be an impairment. HPC will generate positive cash flow once it starts operating because of the contract for differences characteristics over 35 years.

Now let me address your other question regarding the cost to completion of HPC in current denominations. So the estimate is £31 billion to £34 billion. That is the estimate between 41.6 and 46.5 in current terms. So that is the base scenario that we have described. And we indicated that, should there be a more unfavourable scenario with a one-year lag, this could mean additional cost of £1 billion 2015, so £1.4 billion in current terms.

Aurélie Barbaux (L'Usine Nouvelle): So you're no longer communicating a profitability percentage for HPC, as you used to?

Xavier Girre: No. No, we don't.

Benjamin Mallet (Reuters): Hello. Now getting back to the post ARENH mechanism, at some point, considering the fact that market prices are falling, do you think it is likely that the government could set up a bottom level for prices? And also regarding Sizewell, are you still looking for private sector partners? Or do you just still prefer to request stronger support from the British government?

Luc Rémont: Thank you for your questions. No, we are not planning to set up any minimum level for electricity prices, but we need to look at demand. We also need to look at how we can finance investments. That is a question we need to look at.

And the first question mark we need to address right now, because in this environment, prices are falling slightly under our target, which was €70 per megawatt hour. Well, we know that this price range is sustainable.

But for that price range, economically speaking, are things sustainable over the long term in terms of financing all the decarbonising objectives? And what will be the price of CO_2 in the medium term?

Public policy is the first factor we need to look at when it comes to changes in CO_2 prices. If CO_2 prices continue to drop the way they're doing now, very quickly, we'll find ourselves in a situation where not just our strategy, but everyone's decarbonising strategy will require investments, particularly in electricity. And this could actually jeopardise things for everyone, not just us.

Regarding Sizewell, we're working together with the British government. We are looking for investors, so we can lay the groundwork for FID, final investment decision.

Matthieu Pechberty (BFM): Hello. I'd also like to pick up on HPC. And what as much as your discussions with the UK government guaranteed loans, notably capital injection by the UK government and the project CFD revision, that would be possible even of a slippage in the project. A specific update on current discussions with the British government, like what's happening on HPC? What can you tell us about the cost of EPR2s? You said that this year is going to be the subject of your work. But notably on the first two of Penly and how you take the regular offers by Patrick Pouyanné for long-term contracts. He's increasingly offensive. What can you say to him?

Luc Rémont: thank you Matthew. On HPC, I am not going to say anymore. You have to understand that we are in a relationship based on trust with the UK government working actively with them for several years. EDF is very much attached to that. It's the precondition for the success of a long-term programme: HPC, Sizewell and others going forward. And French and UK authorities are fully attached to that. In a situation today, we have to mount the financing of Sizewell. And at the same time, a bigger portion of the funding of HPC rest on us as long as our co-shareholder decides not to continue to contribute to the funding.

We have talks with the British government covering both. And our goal is to find a solution that meets the best interest of the parties involved in continuing the UK nuclear programme. I cannot really say much more regarding the technical solutions at this stage.

Matthieu Pechberty (BFM): Do you just consider that today, as many people say, it is only the States that can finance these projects and therefore by definition you can't find private investors?

Luc Rémont: Now what I can tell you, there isn't a single investment electricity that's done without the States, and that's been the case for 20 years. So it's not just nuclear power. You don't have a single investment for a significant production capacity, not talking about the solar panels that you can install on your roof, but significant production, none in Europe without public intervention. Why? Because you need to give additional time horizon for the infrastructure that's being built to finance it.

So nuclear power is no exception to that rule. It's just that nuclear power gives rise to building of infrastructure that are heavier to build than others, but also last far longer and are controllable. So, of course, we need scheme with the public authorities of countries that embark on nuclear. And that applies to the whole electricity sector.

Matthieu Pechberty (BFM): EPR2 versus HPC, and the offers or proposals of Patrick Pouyanné.

Luc Rémont: EPR2, we're in the definition phase. Hence, we have, four million engineer hours this year on EPR2. We're not going to give you the racing result before the race. The work is done this year and possibly next year on optimising a programme whose main challenge is to build it immediately at industrial scale. So we're getting the feedback from Taishan, Olkiluoto, Flamanville 3, HPC, everything we've worked on these projects to incorporate it in the design, in the full manufacturing chain that contributes to these projects, and in the construction rationale that we'll have for EPR2 and the finance to be set up. Those four factors, we have a major work program this year. And at the end of the year, we'll explain where we're at on the whole programme with bringing out at an industrial pace as of the first at Penly.

I've already said several times Total was most welcome in the electricity sector. So I understand the quote by Patrick Pouyanné, that he wants to buy power from us to help to fund the reactors. Of course, that will progress over time. We must start by making a success of a mid-term market for our customers in the electricity sector in France, and that's where we plan to work with our peers by supplying the power four, five years that altogether, we can make sure the market is more stable for our customer. That is the first priority. And then over time, we'll have time to develop more things together.

Sarah White (Financial Times): Hello. I've got questions on the UK projects. Would you be capable of delivering this project alone if the British government refused to provide additional support on Hinkley Point C? On Sizewell, what is possibility to up your stake above the 20% that you mentioned?

A final question on the Arabelle turbines. Is this a scenario where you don't obtain the authorisation because the US administration is toughening on Russia. Is that still a possibility for that transaction?

Luc Rémont: On regards to all our position on British. By definition, we are carrying forward this Hinkley Point project, and we are going to deliver it successfully. We are in a partnership with the UK authority. It is in the interest of the British authorities that we be a solid partner to deliver the project in the best conditions. So I am confident that we will find a pathway with the UK authorities, both on Hinkley Point.

And on Sizewell, we do not have the intention of exceeding 20%. We will remain below 20%. We do not want to be a shareholder who'd consolidate the project, and that is a firm commitment by the Group. Of course, we want to see the success of project working closely with the UK authorities. So that the funding and the delivery of the project is a success, strictly replicating the Hinkley Point C model. And we're in the phase with the UK government, where we're looking for investors who could enter the project at their side and at our side to complete the delivery of the project.

Well, Arabelle. The future is not written. So if we do not have an authorisation, we can get back to that in due course. But there again, I'm confident in our ability to discuss to reach a reasonable solution.

Caroline Pailliez (*Montel*): What about five-year contracts and auctions? One-third of the auctions have been completed. That doesn't sound very substantial. What about the volumes sold so far? Is the reserve price too high? Will you need to lower it? And also regarding EPR 1 in Flamanville, I know that the President of the ASN Safety Authority said he was waiting for additional information, particularly compliance certificates for a number of equipment and feedback. Or will you provide the information in time for the authorisation to proceed?

Luc Rémont: Regarding the auctions, we are making the electricity available in the form of auctions, and we do this pretty much every day. But it all depends on demand. We have a reserve price, of course, because we cannot afford to sell at a loss. And that reserve price is established in conditions where we can challenge the situation of vis-à-vis control authorities, if necessary. But demand would need to increase. And when it does, we can provide more volumes.

One thing is sure so far when long-term prices drop at the rate at which they have been dropping for the past two months, demand is not huge because people prefer to supply their needs over the short term. But is not well-advised, because if, for whatever reason, prices kick back up, those people who did not make the effort of securing their electricity supply over the medium term, will again find themselves in a cycle where prices will go up. So we need volumes that are available to stabilise prices in the zone where those customers operate to ensure long-term stability on the wholesale market so that anyone can supply their electricity needs in good conditions and then to do stable, responsible trading with end customers. That's what we propose. But of course, it takes two to tango. And we need to talk to responsible buyers. And we need buyers across the table from us. So we're willing to do more.

Caroline Pailliez (Montel): A volume for the letters of intention?

Luc Rémont: a little bit more than 1TWh.

Flamanville 3, we talked to ASN every day. Can you imagine. I mean, reactors such as Flamanville, all the little things we need to check, of course, that our compliance verification is underway for a number of parts. And this means daily conversations with ASN authority, and these conversations will continue until the reactor fuel loading decision is made.

Nathalie Alonso (AFP): Hello. Dividends, you said your single shareholder did not claim its dividends. Could you tell us what the amount is, please? Also, capital injection by the government. Are you still rolling that out, or is that back on the table? And also what about an estimate of the cost of the strike between the end of 2022 and the retirement pension reform?

Luc Rémont: Well, if the shareholder did not request dividends, it is because there are none. So there's no amount to give. Xavier, would you like to take the rest?

Xavier Girre: There are no plans for capital injection, not at all. Now regarding dividends, things will be different than in previous years. I think that is what you are driving at for a number of years. The government received its dividends in shares. They exercised their option to receive dividends. And this time, there is no dividends, and that is why there is no amount.

Luc Rémont: With regard to the strike, no, I do not have any specific figures. I know that output was reduced in Q1, you see this, looking at the figures month-on-month, but that is all I can tell you.

Pierre-Franck Thome Jassaud : A couple more questions online, please? Nicola Rauline from Les Echos. What about EBITDA forecast? What is the target in terms of net profit over EBITDA? And when do you expect your new sales policy to have an impact on your profitability?

Luc Rémont: Net financial debt over EBITDA, we are under 2.5x by 2026. That is the target, taking into account the increase in output, the price environment, which is lower, and changes in investments, our investments are rising. So these are the three factors that determine changes in that ratio, net financial debt over EBITDA for the period.

Xavier Girre: But I would like to emphasise the fact that for a number of years, we had not provided a medium-term guidance. And this year, we are in a position to do so. And it is with great determination that we wish to provide a medium-term guidance, and this is very much in line with our previous announcements in July 2023 and also very much in line with our ratings.

Luc Rémont: On your second question, I do not think we can say that commercial policy as such has an impact on profitability. It impacts our business profile. It impacts our business profile because it smoothes our revenues over time rather than overly expose it to short-term trends. It's a mutual interest between the interest of the customers and that of EDF since the beginning of the ARENH, we're in business profile that leads us to be fully exposed short term both for customers and EDF.

Unfortunately, for eight or nine years at the beginning of the ARENH, something that weighed heavily on EDF's finances from the year the prices skyrocketed, it penalised customers. New commercial policy leads us to a environment in which we have a revenue profile on our side and a price profile on the product that is smoothed over the long term, and it's far more stable and predictable.

In our business profile, we require long-term CapEx to have this. Predictability is key. It does not change our profitability but could change it for one year and that counts.

Pierre-Franck Thome Jassaud: Another question online from Le Monde newspaper picks up on earlier questions. But just to follow up on a question about the net income of €10 billion to gradual rise in nuclear output or the price effect.

Second question, in 2022, the average sum for the cost of six EPRs is 51.7. How come the numbers higher according to a recent statement by EDF? What will be the new order of magnitude?

Luc Rémont: We are not going to repeat the explanation of the cascading EBITDA a third time, except if you love it because you love the first and the second. the explanation is pretty crystal clear. It does show that rising output allowed us to produce more, and therefore, sell more but also to buy less. Those two factors are the most critical in rising Group EBITDA. Of course, there is a price effect, but it was clearly explained by Xavier as being just one of the components of increased Group profitability.

On EPR2, you have to see where we're at in this project. In the definition phase, where there is a lot of design work and by definition, a first estimate that was done, which is the famous 51.7. That was back in 2021.

We are in a phase where we go from the estimate to a detailed piece of work. It is not just estimating the dry cost of the programme, but what we are going to deliver. We are going to deliver, of course, takes into account the re-estimate number of dry costs, but also detailed work with contracts, with all our industrial partners of executional design work on the construction and the electromechanical integration and the funding plan. It's all these bricks that you must assemble to arrive at the full funding of the project. So we need the full year to work on that, and just to simply re-give an estimate today would make no sense whatsoever.

We need to do the substantive work, and that is what all the EDF teams with the industrial pathway doing committed with this work. Well, of course, will beyond the initial estimate that was done.

Élise Wu (*Montel*): Hello. You mentioned expected drop in prices. You're talking about the forward contracts of what order do you expect that drop? And could that complicate the situation? The signing of the contracts four, five years at signal but you've signed 1TWh of these contracts. How many do you need to sign to get it to be a success in light other revision clause?

Luc Rémont: There is no target in the revision clause just so we agreed with the government to retake stock after six months to see how our commercial policy was trending and electricity price changes. Since our agreement in November, electric have already reached the target. We mentioned €70/per MWh there. So we're really on the phase of emerging the crises.

I am not neglecting the specific situations affecting number of SMEs today, working with all our sales force and with the government, but the price landing is happening not just in at five years' time. Next year, prices are in the €70 per megawatt hour. What counts is how we can stabilise that horizon. So that all our customers, all those who wish it can have access to energy supply condition to stabilise this type of price range for the long term.

And that's where our mid-term contract proposals come into play, to stabilise this type of prices, customers who so wish can do that. Those who want shorter terms, by definition, can do that, too. But our sales forces are offering this and each and everywhere. There are customers who are now signing such contracts. And we are, of course, calling all customers to put questions to us and to our peers that matter so that they can have the best supply conditions for the time required. The mid-term time horizon, what we are aiming to stabilise their supplies over the long term.

Thank you all for your interest shown in EDF and for the wonderful world of electricity.

[END OF TRANSCRIPT]