EDF First-Half 2024 Results Press Conference

Friday, 26th July 2024

Welcome to this press conference for the EDF results for the half. Before we give the floor to our Executive Director and our CEO, I would like to remind you of the rules for this call. Questions are to be sent in writing, and we will take them at the end of the call. The floor is to Luc.

Luc Rémont, Chairman and CEO, EDF

Good morning. We are very happy to be here with you for these result announcements. Unfortunately, we had to do it remotely. Given the ongoing Olympic Games, it made sense to meet digitally. Xavier and I will be presenting the results and the operating performance and some forecasts and outlook for the group that will be important as we go into the second half of the year. I would like to start with some strategic and operational concerns before I give the floor to Xavier for the financials.

Building the electricity system of tomorrow

Over the last months, we have worked a lot on our strategies, on our priorities for the coming year, and this has led us to define our company projects, which we are calling Ambition 2035. This project has one goal, which is to work on four major pillars, which to our mind are the future of the electrical system. This is our mission, our calling to build the energy infrastructure of tomorrow. This means that we need to work on four major things:

First of all, the clients. They are many in number, we have tens of millions of clients in all the countries where we work. All our clients have their own strategies, their own needs for lower carbon, and our aim is to support them as they aim to draw down their carbon emissions and to help them understand that electrical energy is the most competitive and sustainable for the future. That means that we need to support them well beyond just providing them with energy – with all the skills, business lines and knowhow that we have for them.

Secondly, production of low-carbon electricity generation is something for which we are a world leader, and we are continuing to strengthen our position with some specificities for EDF as a group. We are a big low-carbon producer, but we are also one of the few that produces energy 24/7 with a carbon emission rate that is extremely low. The aim is to continue to strengthen our ability to generate low-carbon energy through successful projects and through setting up new means of production, so that we can always be available to meet demand in the future.

The future of our electrical system will require allowing for new modes of production and new consumption patterns versus the past, so we need to adapt the grid and work with the network managers that are part of the group so that they can meet their own goals as they seek to be resilient, as they seek to manage energy that has become much more unstable and as they seek to meet demand that is more and more requiring a flexibility. Flexibility is our third pillar.

If we want to meet the needs of our customer base and manage the intermittent production of the electricity production systems, we need to be flexible in a way that affects the entire group: sales, production, storage and the various other capacities that we have and will be developing.

These are the pillars that will structure the Group in the coming years and you will be seeing in the coming semesters that we will be coming back to this, including in the way we present our progress in operational matters.

Investing in skills for tomorrow

Jumping right in with some of the things that were highlights of the first half for EDF, we will start off with probably one of the most important things for our future success, talent – talent that we already have in the Group and talent that we are able to draw into the Group. We have been focusing significantly on the importance of getting new people into our businesses, so young people who believe in a low-carbon future, who believe in our energy. We have set a target of 20,000 new hires in France, 10,000 of which will be new employees within EDF, but also 4,500 work-study trainees and 5,000 interns. It is not just about the people who we hire. We are a company that is at the head of an entire industry in nuclear production, electricity grid operation. 400,000 jobs in France rely on that sector. We believe that it is EDF's role to get as many work-study trainees and interns as possible in EDF so that many of them join us, of course, afterwards but, for those who do not join us, they can then work within the industry as a whole.

We are continuing to be ahead of our needs, looking for skills, with some very visible success stories, such as the *Forindustrie* event. This was an awareness-raising campaign getting 52,000 young people involved this year – a fantastic success. We also have very operational, real, concrete partnerships with 200 schools, so technical high schools and middle schools, and specialised diploma programmes, with 9,000 students being trained in grid and nuclear operations. All of this has been recognised. We are in the second place of the universal ranking of companies preferred for engineering executives, and we are not doing this for the awards but because we are fully aware that this will be necessary and important for our future successes.

We continue to work as part of our CSR policy in the same directions as I just mentioned. The mission of our foundation has just been renewed, and they have decided to focus on professional career development, with a couple of examples that I will not get into here one by one, but in all cases these are partnerships with grassroots organisations working to get young people into jobs, if they may be out of a school or not, but getting them into a professional career with a particular skillset.

Once again, all of this has been recognised, and we are very proud to have been recognised as part of the 2024 Social Benchmark. This is the World Benchmark Alliance that had us in second place in the utility sector worldwide - a great source of pride for us, even though we intend to get number one.

That is what I wanted to share with you for this first part, which we believe is the most strategic, because this is our future talent that is at stake for our businesses that need to get new people and young blood.

Success of commercial offers

Coming back to some more operational concerns right now, as you probably know, last autumn we launched a new commercial policy. This aims to allow all our customers who so desire to have long-term visibility on their electricity. This commercial policy has been highly successful. To date, we have signed with all sorts of companies more than 2,200 contracts. This is for energy supply over four to five years, and these contracts allow access to power at prices that reflect the prices that are about only 50% of what they were this time last year. That policy is bearing fruit, with more and more companies deciding to work with us or with our competitors, who also have access to our production, to stabilise the conditions at which they can purchase power in the long term so that they can decide how they want to electrify their operations and plan their own business.

We have also signed several letters of intent. These are basically pseudo-finalised contracts with industrial players. These are industrial partnership contracts, for those of you who know these well. These are the nuclear production allocation contracts for 10TWh per year with those 2,200 contracts that I just mentioned for 13TWh for 2028. Now, we are looking at medium-term contracts for significant volumes of power, and EDF intends to continue to move forward on these medium-term contracts and to continue to develop complementary offerings and extra capacity for the weeks and months ahead to continue to meet the needs for our clients.

From a commercial standpoint, we have continued to increase our customer portfolio in G4 countries, with about 37,000 residential customers who joined us. We now have a portfolio of 29.7 million at end June 2024, and our average basket continues to increase with a number of contracts at 1.3 per customer.

We want to work on all aspects of our customer relations, not just giving them power, so self-consumption is up in France and we are continuing to round out our offering of self-consumption options, with a 73% increase in photovoltaic installations for B2B clients on rooftops and carpark canopies for the first half of 2024 versus the same period in 2023, so that is 57MW by EDF ENR in the first half. All of this shows the dynamism of the self-consumption movement and the number of clients indeed who wish to have a full, rounded approach to their energy needs, even by becoming their own producers.

We are continuing to work with all customers who want to work with us on decarbonising businesses and usages. We have a lot of successes. Several of them are highly visible, such as Dalkia. Dalkia is working hard for many industrial customers. Dalkia has in fact set up the first high-temperature heat pump for industrial clients. This is the WEPA Greenfield paper plant, which has enabled them to reduce their emissions by 1,000 tonnes of CO2 per year. We also have the Chambéry heat network, which enables the city of Chambéry in France to now have 94% of its consumption being renewable and recovered. We are very proud of that.

On some things that maybe are a little bit less positive in the short term at least, which go to show general market trend, we have seen a significant fall-off of new heat pumps installed in individual customers by our subsidiaries who work in that, such as IZI by EDF, IZI Confort and EDF ENR. This reflects a number of factors, but in large part instability in the regulatory

framework. We need to get back to more stability so that our customers can make the reasonable choice, which is to switch to electric.

However, we are still seeing strong increase in vehicle charging stations, which are being deployed or operated with 12% growth in 2024 versus the first half of 2023. There we go for the commercial side of the business.

Continued progress in operation performance & lowest ever carbon intensity

Moving on to production, we have seen a significant increase in electrical production, which is matching our own characteristics: it is always available, from 232TWh in the first half of 2023 to 259TWh in the first half of 2024. 94% of our production is decarbonised for this half, versus 92% in H1 2023. This is due to a significant increase of nuclear production – 19TWh – and a significant increase in hydroelectric production. In both cases, there is good availability of our means of production, and the conditions for hydroelectric production are better in 2024 than they were in H1 2023.

All of this has enabled us to achieve significant improvement in our carbon intensity, which is if you look at world benchmarks one of the best in the world. And it is continuing to improve quickly, because we have gone from 40 gCO2/kWh produced to 29 gCO2/kWh produced for the scope of the group. If you look at just mainland France, I think that we are pretty proud to be able to say that we are now at 3 gCO2/kWh for energy that is available 24/7, year-round. Furthermore, we brought down by 19% the CO2 emissions scope one to 7.9 million tonnes of CO2.

MSCI assessed EDF as being able to bring down 1.3 degrees and we are moving down the same avenue.

Increase in the nuclear output in France

Let me take up the increase in the nuclear generation. We went up by 19TWh during the first half. We confirmed generation estimates of 315 to 345TWh for 2024, 335 to 365TWh for 2025 and 335 to 365TWh in 2026, and we will keep on working to deliver those very ambitious goals.

We have signed green bank loans dedicated to financing the extension of the life of the nuclear fleet for €5.8 billion, and Xavier and his teams have issued with success a multi-tranche green bond emission of €3 billion. It also shows that the financial sector believes in the ability of nuclear power to provide solutions to the need for abundant, permanent, low-carbon energy to meet the needs of our economic requirements.

Strong mobilization of the teams to ensure the success of nuclear projects

We keep on working on all our projects, beginning with our nuclear projects. You know that we are at the very last stage in the completion of Flamanville 3. We keep on working every day so that divergence is about to happen, so connection to the network should take place after a few weeks. And I will not go into what imminent means in greater detail, as this is the hourly work of our teams.

With Hinkley Point C, our teams and our partners are working to go full steam ahead in integrating the mechanical components of the first reactor, and we are completing the preparations for the second reactor. We made a full review with the project with the Board yesterday and we were onsite with most of the Executive Committee members a couple of weeks ago. This is going ahead. We want to move on to industrial construction, and we still have a lot of work to achieve.

Sizewell C got the nuclear site authorisation from the British agency. Framatome has signed a contract with Sizewell C on nuclear heat production systems, control system and fuel supply. We will discuss with the new government appointed the elections in July to complete the financing side of this in the coming months.

EPR 2 is at a new, important stage. In 2023, external experts completed a review of the project. A number of recommendations were hammered out which we followed and we decided to wait until July this year to assess the maturity of the design of EPR2 for this group to review it again. It allowed us to decide that the design was mature, so we can go into detailed design, which is a very important stage. To reach this phase, we had to mobilise all our engineer teams and our partners as well. At the same time, we did get all the environmental necessary authorisations to set up the two reactors at Penly.

As regards Nuward, over the last few weeks we announced our decision to manage this project to limit technological risks that were implied. We decided to go for a more simple design. Currently, the market requires speed and competitiveness, and so we need a design to be among the winners. In the coming months we will review the Nuward design to change it into a more simplified version, with fewer technological breakthroughs.

Finally, we have finalised the acquisition of Arabelle Solutions, which is now part of the Group and is fully operational at this stage, and we can work with them, work with Framatome within the Group division Industry & Services, which will be beneficial both for internal clients as well as external clients.

Renewables: commissioning of numerous power plants

Let us talk about renewables. This first half was very active with numerous commissioning. An increase in installed capacity through new commissioning of 1GW, so we are now standing at 24.8GW at the end of June 2024. New commissions include the offshore farm in Fécamp for 500MW in France, the Serra Do Seridó wind farm in Brazil for 480MW, and in July CEME 1, the biggest solar farm in Chile, inaugurated in July with 480MW.

I would remind you that our development model, particularly internationally, is based on financial partnerships in which we play a development role. These projects, which have been commissioned, as well as the new projects under construction, with 2GW of new projects under construction compared with H1 2023, demonstrate the dynamism of this developer model in which EDF deploys its know-how with financial partners in different regions of the world.

Our portfolio of wind and solar projects continues to grow, by 13% compared with the end of 2023, to 111 GW. We are working on these various projects. Let me mention a few of them. We have Al Ajban, a solar farm in the Emirates, the second biggest solar farm after Al Dhafra,

which we connected last year; and then the Oman Hydrom project, both wind and solar, with 4.5GW and also battery storage and green hydrogen electrolyser storage with 2.5GW. This is a very complex project and all of our skills can be displayed and all of our businesses can be involved, including our electricity business.

Finally, we initiated the building of a floating offshore farm in Sicily with 975MW, through Edison acquisition of 50% of Wind Energy Pozzallo.

Now the hydro dam Nachtigal project in Cameroon for a total of 420MW commissioned its first-generation group.

Mobilising networks for energy transition

Let us look at networks. There are lots of developments. Enedis is facing connection demand which is very strong. During the first half, 2.5GW of new capacity was set up and connected to the distribution network, as opposed to 2GW that were connected during the first half of 2023. That amounts to 121,000 producers. That gives you some idea of the industrial intensity for Enedis in just one half. 121,000 producers: can you imagine that? They were all connected to the network, and they currently contribute to the generation.

There is additional 33% connections of renewable energy: we went from 90,000 to 120,000, comparing H1 last year and H1 this year.

As regards the quality of networks, Enedis has an average cut time of 31.6 minutes, as opposed to 30.8 minutes during H1 2023, excluding exceptional events. There were a number of events explaining that.

Enedis keeps on increasing its investments due to connection rise. but the whole network activities are increasing. +9% investments for regulated businesses, so Enedis and EDF SEI and Électricité de Strasbourg.

Now, one of the major features of this first half was the signing of the new concession contract with Paris by Enedis.

Finally, EDF has gone through a very major step in terms of the connection between Sardinia, Corsica and Tuscany, and this will keep up the improvement of electric resilience in Corsica.

Strong drive for flexibility solutions

Flexibility solutions is the fourth pillar of our 2035 ambition strategy. There is a lot of flexibility involved. We are looking at the generation resources, storage and uses flexibility as regards generation.

We keep on working on the qualification and project development of thermal decarbonised resources, so we are taking about pilots, such as the Corsican Ricanto project that got the approval to move to liquid biomass. You know that there are some islands where we have 100% renewable energy, like in La Réunion. We want to do the same for Guyana with the Larivot station. So the approval of Ricanto project is a very major step ahead for Corsica.

We are also testing sustainable bioliquid systems (HVO) for combustion turbine-type power plants, to improve high-demand systems by decarbonising them.

The storage market in France is very limited, but we are very present in other geographies. For instance, we move forward battery projects and we use our knowhow to connect them to our networks. We have, for instance, two projects under construction, one in the US and one in the UK, for 225MW and 215MW respectively.

As regards use, we have seen a significant increase in the charging stations that can be managed by the Group, which means more flexibility between supply and demand. We currently have 27,000 vs 20,000 stations. Our activities allow increasing aggregation and load-shedding through contract for individuals with +68% for B2B client flexibility offers.

This is but a summary. A lot of things remain to be achieved in terms of flexibility. In the coming semesters we will detail out those subjects that are one of the crucial future aspects of our system and our strategy.

"Giving Paris 2024 the energy to shine"

Today, the opening ceremony of the Games will take place, and I would like to tell you that we are all speed ahead on the Games. We mobilised the whole company. We are very proud to bring our contribution to the Games, and this is the very first time that a major sports event takes place with a direction connection to the electric network. Whether it be a big game or the Games, generally up until now it was always carried out on the basis of using diesel engines on the site. Generally, the organisers would not take the chance for the supply to be interrupted, even just for a few seconds, if they score a goal, for instance. Because of this, the organisers were not willing to take the chance. The International Olympic Committee decided to work with us and eventually decided to manage the whole of the Games in Paris with a connection to our network. That is a huge improvement and a huge achievement in two ways. First, our subsidiary Enedis carried out all the connections to secure the resilience of connection to the network throughout our operations, but also because we are committed to provide electricity which is certified 100% renewable to all of the Games, although this is a major feat, a grand world premiere. This is entirely renewable certified.

We also worked on all of the facilities to integrate our knowhow – for instance, floating solar stations on the Seine, charging stations and temporary electric stations. Some of those facilities were built for the Games, but they will remain. For instance, in the Belvédères area, we have 15 self-consumption roofs, and Dalkia used all of its knowhow with EDF ENR and also used its management skills for the Aquatic Centre.

That is only a small number of our achievements. Please watch very carefully the opening ceremony tonight, because you might discover more of our achievements. This is what I had to say regarding the Games. We are very happy and proud.

1st half-year and 2nd half-year

Finally, let me give you a few figures, before handing over to Xavier. We had excellent operational performance. I would like to thank all of the EDF teams, because I know you were constantly working on this and you managed to solve the operational problems that we had during the last few years. During this first-half, the prices have significantly decreased. This will keep up during the second half as we will see later.

The second half will be lower than what we have today, but you can see these figures: €18.7 billion EBITDA in the first half, vis-à-vis €16.1 billion last year, and the debt has been stabilised vs last year.

Let me give the floor to Xavier, who will give you more concrete facts on financials.

Xavier Girre, Senior Executive Vice President Performance, Impact, Investments & Finance, EDF

Thank you Luc, and good morning, everyone. Let me give you some important notes to help you understand our financials for this first half of 2024.

Just quickly on some of the numbers that Luc did not give, we have revenue sales, which is down 20% to €60.2 billion, which is directly related to the drop-off in energy prices, and the NFD over EBITDA ratio is good – even better than at the end of 2023, at 1.28x vs 1.36x.

Excellent Operating Performance Drives EBITDA

If we look at the changes in EBITDA year-on-year, one of the first things – and I know that Luc underlined that and was correct to do so – is the excellent operating performance. We sought here to underline the solid production for nuclear and hydro. Together, they contribute €2.8 billion to the increase in EBITDA over this semester.

Now, a drop in market prices and other similar effects are starting to have an impact on our EBITDA. You can see two orange bars here. The first one – the largest – is the drop in market prices, estimated at a negative €8.1 billion. The second orange bar that you can see on the right is less significant, but it is still noteworthy. That €1.2 billion – a little bit more than €1 billion – is related to a drop in volatility and prices on EBITDA for EDF Trading. This is about €885 million less than in the first half of last year.

There are two green bars that show the effect of the prices on our purchasing. There are two things here. First, our net purchases on markets in France were plus €7.8 billion, and that is because in the first half of 2023 production was still significantly suffering from the corrosion issues that we had, so we were having to buy at high prices. That is no longer the case in 2024. The final green bar, at €1.3 billion, is the lower cost of network losses purchases for Enedis, at market price, with a favourable impact because of decrease market prices.

Nuclear generation in France expected in the top end of the range

Moving on to nuclear power generation now, as you just heard, nuclear production is significantly up for this half, at 19TWh, so once again we are confident in confirming our range, expecting to be in the higher end of that range, between 315 and 345TWh.

EBIT

EBIT is up – €9.6 billion. That is in large part due to EBITDA. However, on the impairments and other operating income and expenses line, you can see €4 billion negative. I would like to explain the three things that are behind that figure. First, there are provisions for €3.2 billion after the restatement of our scenario for storage of waste in France and the review of the cost of this scenario. Secondly, there is depreciation of what had previously been booked on the balance sheet as an asset for Nuward. Following changes in that moving towards a technological brick approach, there is a depreciation there. Finally, there is a provision of about €400 million for environmental risks from Edison following an agreement with ENI. That is the result of some long negotiations with ENI.

Financial result

Let us look at financial result. It is balanced. However, there are three major things in this. First, the cost of debt is minus €2 billion, up €0.2 billion given the increase in interest prices. However, we have been able to mitigate that through active management of our debt, in part paying back short-term debt and reissuing medium- and long-term debt at better rates. Overall, the maturity of the debt is longer, from 11 years to 12.1 years year-on-year.

Secondly, we have those discount expenses at €1.3 billion. About €500 million went to the nuclear provisions discount rate that went from 2.5% at the end of December 2023 to 2.6% at the end of June 2024.

Other financial income and expenses were €3.3 billion positive, up €1 billion, in large part driven by the good performance of our Dedicated Assets portfolio, and particularly our Shares portfolio, with a performance of 13.1% for this half versus 11.6% during the first half of last year.

Net income

On net income, the group share is now at €7 billion, up €1.2 billion. Beyond the different elements that I already explained, there is the tax on profit of €2.5 billion is up €1.1 billion. This is related to the increase in our profit before tax. Once restated for non-recurring items, we are at €8.4 billion, up €2.1 billion for net income.

Stable Net Financial Debt

Overall, net financial debt for this half is stable at €54.2 billion, just slightly down versus the end-2023. This is in large part thanks to positive cash flow at €1.9 billion. Within that cash flow, we have EBITDA cash, but also WCR changes, which are quite low with the impact of the drop of costs for outstanding liabilities for clients but also our CSPE mechanism coming in to offset that on the other side, so basically WCR remains stable.

Significant increase in net investment

Investment is €11.1 billion, up €2 billion versus the first half of last year. This is driven by an increase in development investment, at €6.9 billion this year, and the purchasing of GE Steam Power for about €1 billion.

Projection of 2024 EBITDA

Overall, I wanted to present you the same graph as I presented last February, to share with you the fact that, given the business environment, we know we have strong operational performance. Prices are high but are down. That has already started, and quickly so. EBITDA of the Group will be down in H2 2024 versus H2 last year and will also be down vs H1 2024.

This is explained by two things. First, there is a very positive effect, which is our increase in operational performance within the Group, as part of our Ambition 2035 programme and also our significant increasing nuclear output in France, but we have also seen some negative developments due to market prices that will have an impact that we have estimated at between €8 million and €11 million over the full year.

Thank you very much. I would now like to give the floor back to Luc Rémont.

Luc Rémont, Chairman and CEO, EDF

Abundant electricity and market price

Thank you, Xavier. I would like to finish with a few points of perspective. As Xavier has just said, we are in a context in which supply has increased very significantly.

Demand is at a historically low level. So, we can export a lot more – we are happy to see a net export balance for France. Not just EDF, but the whole country exported 42.9TWh in the first half of 2024. Let me remind you that this is the order of magnitude of a dozen nuclear units over the course of a year. This is production that can be ordered at times when neighbouring countries also need our production.

The second element is the change of forward electricity prices. Here is the evolution of EEX market prices over a one-year period for the years 2028 and 2029. We are talking about a halving of market prices by 2028. It is this trend in market prices over the medium term that provides the basis for a commercial policy designed to give all our customers stable and competitive long-term prospects for access to their electricity, and to make reasoned choices about electrification, by supplying our customers, and our competitors through the markets, with this electricity.

These are the circumstances, or at least the framework in which we find ourselves for the short and medium term: for the moment, demand is low and supply has risen sharply, with a consequent easing of prices in the medium term.

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Let us remind ourselves that an EV is less costly by a factor of four in comparison with a traditional engine. So we tended to forget the fundamentals of electricity, which is a competitive resource to decarbonise, on top of efficiency, so we should keep that in mind. We are going to work on all of these, supporting our customers and providing them with solutions to meet the requirements. Of course, as business, we are going to provide a lot of decarbonised electricity at a low price over the long term, and we want to have an electric system to meet requirements by modernising the network and providing flexibility solutions.

EDF supports its customers in the electrification of their uses today & tomorrow

We are going to continue working to make electrification a success, because this is our mission. We believe that electrification will enable competitive decarbonisation for our country, and it is EDF's vocation to make this possible. We are going to work on all the levers available to us to achieve this objective - this is the objective of Ambitions 2035 - by working on our commercial policy through the pursuit of medium and long-term supply contracts, and industrial partnerships for professionals, targeting various horizons and instruments that we will continue to diversify. We will continue to work with all professionals and private individuals on new uses for electricity. Let me remind you that an electric vehicle costs four times less per 100 km than a combustion vehicle, and that heating with a heat pump saves 40% compared with a combustion boiler.

These elements have been somewhat forgotten in recent times. I think we need to return to the fundamentals of electricity as a competitive means of decarbonising, combined with energy efficiency as an element that we must never lose sight of.

We will continue to work on all these levers, working alongside our customers and providing them with solutions to help them move in this direction.

We are going to continue our industrial work to ensure that we can provide a massive supply of decarbonised electricity in the short, medium and long term, and also have an electricity system that can meet this demand by modernising the network and providing flexibility solutions. All of this leads us to an investment plan that remains in the region of €25 billion a year, in other words an ambitious investment plan. We need to work hard to make it as efficient as possible.

These are the points on which I would like to conclude by saying that we still have a lot of work to do on the perimeter of EDF and all its partners to make us as efficient as possible so that we can continue to invest the amounts I have just mentioned in a lower price environment. And to do that, we need to be even more efficient in both our operations and our investments. Our ambition is to work on transforming the Group's economic performance to generate the self-financing capacity that is essential to the success of electricity in the medium term, but also to work on the four investment pillars of Ambitions 2035 so that, ultimately, we have a resilient electricity system that meets demand and does not have too much of something or too little of something else.

In this context, we will be entering a phase in the autumn in which public policy discussions will take place once again, and there are elements that are key from the EDF Group's point of view, such as the stability and clarity of incentives for the electrification of uses. This concerns the price of carbon or more specific measures linked to the use of electricity, taking into

account the impact of different types of investment on the electricity system and in a short-term phase where demand is low and supply abundant, there are types of investment in the electricity system that are more or less useful or more or less expensive and this discussion must take place.

Finally, the financing of the EPR2 programme is one of the key elements of the autumn, for EDF, for its own work, and for its exchanges with the public authorities. All this must be part of a tax system that is consistent with the objective of competitive decarbonisation.

These are the elements that seem to me to be key in the autumn for the public policy meetings that are expected.

Guidance Figures

Finally, I would like to say a few words about two guidance figures. This will not come as a surprise. You know that, with Xavier, we have set up a balance sheet discipline that should be the hallmark of our investments and the outside limitations, so we will still be very strict. We do not want to go beyond 2.5x in terms of net financial debt and EBITDA, and the adjusted economic debt and adjusted EBITDA should not go beyond 4x.

We would like to be way below this guidance because this is how we want to manage the Group in a short-term and these are even long-term figures. So, we keep them as they are.

That is what we wanted to share with you this morning, and we can now answer your questions.

Q&A

(Montaigne) : First question, on market prices. You mentioned that those are coming up. How do you explain the impact on the agreement with the government on the regulation of prices in the French market? Should it change? Does it still apply on regulation? There are no laws. Are you still opposed to CFD?

Luc Rémont: When you are talking about market prices, this reflects the balance between supply and demand, as I mentioned earlier on the curve. In the coming years, the market prices reflect an anticipation of a lot of supply in terms of the demand, so prices will be weaker. Throughout Europe and in France, electricity prices are based on market prices. We are committed to the agreement with the government last year. We want to naturally stabilise those prices over the long term. This is still our commercial policy. This is not about regulations. Now, we have this agreement last year with the government. This is supplemented by a financial balance between EDF and the government. So, should market prices go above a given limitation, a given line, we would pay back some of the revenues. You know that the government is our sole stockholder, allowing them to limit the effect of price drift directly from consumers.

These are the terms of the agreement we reached last year. It is not intended to be fundamentally changed, and the easing of prices that we are seeing demonstrates that the medium-term trade approach that we advocated is working, and we intend to make it work on a larger scale.

(Les Échos): Still on prices, what is the impact of those weak prices on your long-term financial perspectives and the way that you can finance your investments?

Luc Rémont : Those weak prices mean that we will have lower revenues. It is as simple as that. So, we have to work on the whole of our economics, our capabilities, in order to improve operational efficacy, improve costs and improve the efficacy of our investments, so that in spite of weak prices we can keep up the investment programme that we are committed to for the objective of electrification of the country. Now, that is no stroll in the garden, but we are going to keep on working on this to keep up our self-investment capability. Having said this, clearly in the whole of the electricity area for the last 20 years in Europe, or indeed throughout the world, all heavy generation investments were carried out under price financing or price guarantees to offset fluctuations in prices. This applies to EDF as well. So, for major investments in France, and EPR2 in particular, we need a financing agreement with the state, with the government, so we are going to work on this in the coming months hand-in-hand with the government.

(Les Échos) : The outgoing government was considering a new tax based on installed capacity, which could be bad for EDF. What do think your exposure to such a tax will be?

Luc Rémont : Kind of by definition, we do not really know ahead of time what has not even been decided by the government yet. We have seen some ideas floating around related to electrical production. However, it is difficult to imagine a tax on electricity capacity having a positive impact on reducing carbon emissions, and it is also difficult to imagine how a tax on electrical production would have a good impact on electricity prices and on investment, because when you tax something you drive prices up and you reduce investment, and when

you tax something that is commendable and low carbon, then you end up going against your own green policy.

(Montel) : I have a question on commercial offerings. Alternative operators say that they are not able to offer similar offers to EDF's four- to five-year contracts at current prices. They say that it is too aggressive. Is this a competition issue? Is EDF expecting to put liquidity on the market in four to five years? What about agreements with the European government?

Luc Rémont : I would like to first of all say that that is not true. We like to see competitors offering medium-term contracts because that is good for our customers. It means that they have a range of choices, and I think that is something that is very good. I think it is good for the market and for our customers. We are committed to supplying power to our customers with necessary liquidity and that our offerings be liquid enough, and we of course refer to the financial market authorities, no matter what some people might claim.

(L'Usine Nouvelle) : Have you set targets for 2025 for the four major pillars for Ambition 2035? What about all the storage, EV, hydrogen and solar projects from the last years?

Luc Rémont : EDF loves KPIs, so we have set KPIs on a number of things, but we have tried to keep KPIs low in number. There is a little bit of inflation in KPIs over time, though. So, for the time being we have not made them public now, but we could do that when they are more mature in the autumn. For each pillar, we have hard targets that all organisations in the group are currently working to achieve. These are not set by technology or business line or organisation, but indeed group-wide, and that is quite an innovation, because we are getting closer to working as a single team, and that means that over time we will be able to measure our group impact, for example, on our achievements with our customers to help them reduce their carbon emissions and to convert them to reducing their carbon emissions through electrification. That will probably be coming at some point in autumn, with some more detailed explanations on those KPIs, which are currently maturing within the organisation.

(Les Échos): You spoke about a full audit on HPC. What about finding an investor to replace your Chinese investor?

Luc Rémont : Yes, we did a full audit for HPC, with in-depth work with all of our teams. That effectively led us to continue the operational work on the site. It is one of the largest in Europe, with industrial civil engineering integration issues, and the audit that we carried out enabled us to remain one step ahead of the issues that we are going to need to handle two, three or four years ahead of time. That is what the audit was for, and it enables the team that is heading up the project to always be ahead of potential issues. The aim is to industrialise things. That is our approach to HPC.

As to finding an investor, we are working on that. We have several contacts. We are working on it, but it is no emergency. We want an investor, as is the case for all of our other assets. We would want to find an additional investor that can provide good conditions, and we already have one with CGN.

(La Tribune) : Related to Nuward, will the pivot have an impact on the launch of a new unit planned in 2035? And what about the depreciation related to that change?

Luc Rémont : For the launch, I think it is still a bit too early to answer that question. The answer is probably yes, but the change might not be significant.

Xavier Girre: And €230 million is the provision, so the entirety of what we had booked on the Group asset.

(Le Figaro): Could we get more information on the timeline related to the Czech project? What other export opportunities are there?

(Benjamin Mallet, Reuters): And still again, how might the current political instability delay the launch of six EPR2s?

Luc Rémont: We are still working with the same timeframe for EPR2. For the coming steps for EPR2, in the coming months we will need to move onto detailed design to prepare for construction, to optimise our construction timeline, shortening construction delays to increase productivity and therefore to increase chances of success of the project, and the need to work on financing of the project alongside the French state. All these things, with an updated cost understanding, mean that by the turn of the year we should have the necessary conditions to launch the programme. It is not finalised, but we are working with the European Commission, seeking approval of the financing plan for the project before a final investment decision, probably at end 2025 or early 2026.

That is where we are at for EPR2. That means that in September we are going to need to have operational discussions that will be effective with the state. A lot of work has already been done with the various administrations that are involved, but that still needs to be further confirmed by the state in the autumn.

You have seen the decision handed down by the Czech authorities. Our offer is still valid. Our bid is a bid from the only industrial player that would be able to develop, build and operate these third-generation nuclear power plants in Europe, fully controlling the industrial and safety rules, knowing how difficult this could be – this gets held against us a lot, but we know how to do it – and having an under-control approach to design that we would own, and industrial risk and commercial risk that we also control. Our bid is still there, and we are available to the Czech authorities and to all other European authorities that remain motivated by the idea of getting back into nuclear, so that together we can build up a European nuclear sector.

(Montel): Following up on the Czech Republic, should you improve your bid and make them more aggressive? Are you still planning to build two EPRs per year from 2030 onwards, one in France and one in Europe? And is there a risk that KHNP might take over the European market?

Luc Rémont : Our aim is still to build two per year from 2030. I think that that is the target we need to set if we want to keep the industry up with other trends, and relaunching the European industry means that that goal is within reach. We have competitors, which means that we need to consistently strive to be better. It is a good thing to have competition. But once again, at this stage we are the only ones who can design, build and run these types of installations at a European scale, and we are continuing to work with all of our partners. Our pipe of projects with HPC, Sizewell C, EPR2 and all of our potential projects that we are discussing continue to bear fruit.

(Intervenant): On the nuclear power allocation contracts, apart from Arcelor and GravitHy, who has signed up? Can EDF meet its investment wall with a megawatt-hour at €30, 60 divided by 2?

Luc Rémont : The other signatories have not wanted to have their name published, but there are still many ongoing negotiations with industrial players. Some of them have already signed, some of them are still negotiating, and we are continuing to carry out these negotiations with anyone who wants to have access to these allocation contracts for industry in the medium term. I believe that this is how we can work with these industrial partnerships to achieve stability for industry players that want to set up in France and want to benefit from this unique opportunity, which is abundant renewable, sustainable energy, and I think that their desire to do so is commendable. It is a real competitive and attractive edge for our country.

(L'Usine Nouvelle): Can you tell us exactly what that €3.3 billion provision is for spent fuel storage?

Xavier Girre: These are storage conditions for spent fuel in the Hague site. This is MOX storage especially. During H1, a plan was presented to the ASN by Orano and EDF. The industrial scenario is still being discussed and might include building a single pool or others, but that is one of the first things that is being looked at and was audited by ASN, and then also some decisions made based on that single-basin approach that led us to that €3.2 billion provision. As I said a minute ago, work is ongoing, seeking to define the exact industrial scenario. To date, it is our best guess for the cost of the solution.

(Bloomberg) : What concrete measures is EDF intending to implement to make its investing operations more effective ? For the electrical systems, you mentioned CAPEX going to be less high priority because of drops in price. What are they?

Luc Rémont : To make our investments more efficient, some of them are quite efficient the way it is. Now, where they should become more efficient, it is new nuclear facility This is basically in terms of industrial manufacturing speed. We are looking at our methods. We are looking at our processes, at our partners and at the whole industry. The whole nuclear electricity industry should have a fresh look at its methods, specially building sites, and this includes institutional partners. We want to be safe, secure, on time in terms of success, so all that work is under way. We are learning as we go, we have taken lessons from Olkiluoto, Flamanville, HPC and even the 1st and 2nd reactor of HPC. We want to move directly to a stage as far as possible from the Penly construction site. We are going to build more quickly all the six EPR units, building times between the beginning and the end in 70 months. We are still far from that goal, but when you look at all the building site stages, clearly the capability to repeat the same gestures and the same procedures will bring us to more efficiency, and we can be realistic when we set up those times. Our Chinese partners are currently ahead of us, in another environment, but we should be there, 70 months, on our programmes.

This criterion alone is probably enough to answer 90% of the question. There are plenty of others, but this one will be the focus of all the Group's attention, as well as that of the entire nuclear industry, which is working hard to achieve this performance.

(Sharon Wajsbrot, Les Échos) : You mentioned the necessary work on the scope. Should you divest some assets?

Luc Rémont: Did I say anything about the scope of activities? I believe that the EDF scope is set by our strategy 2035 ambition with the four pillars I mentioned. We do not want to only increase the number of installed GW. We do want is to be the best electric utility to serve our clients, with the most decarbonised, durable and competitive electricity. That is our first goal. So, we need the generation base to be decarbonised and commendable. Because clients want electricity when they need it, so we need a mix between what is biddable and what is renewable, what is not biddable.

So, we need a balance between commendable energy and renewable energy that is not commendable. We want to build that portfolio adapted to our clients. We want is to have the best and optimal impact in terms of decarbonisation, and that impact is determined by our knowhow. We are a reference company throughout the world in this industry, so overseas we want to become a developer that uses its knowhow, its technology, its implementation skills and maintenance skills with financial partners. And that is how, using this model, we want to develop EDF. We want to have a bigger impact. We want a developed gross gigawatt and whatever we can connect to the network throughout the world, rather than what we have within our current scope. This is how we measure our impact, so this is how we aim to keep up developing.

(La Tribune): Regarding the new nuclear in France, when will you do the feasibility study on the new facilities?

Luc Rémont: Site studies are very heavy to carry out. They take at least two years. You have to analyse the sites and they have to be documented in order for you to make a proper decision, so we need at least two years to analyse the whole of the cycle components as far as those eight reactors are concerned. At this stage, what we want first and foremost is to launch the first six in order for them to be successful. They need a good design, a sensible construction and proper financing.

(Le Monde): How can you move less hours with less demand in order to adapt them to the new set-up with increasing renewable in the electricity generation, as the regulator (CRE) is planning?

Luc Rémont: Anything that means more flexibility is useful for the system, its users, our people. What we currently see growing is that we have solar generation from spring to autumn at times of the day when they make up a higher percentage of electricity generation. It is increasingly difficult to remove that activity from the network because our neighbours produce electricity at the same time. This solar generation comes on stream at the same time and it brings down spot prices. We have to look at the total cost of what we buy. When you add generation which is subsided in terms of purchase auctions at times when you cannot remove it from the network and the connection of that generation is paid two or three times, we pay it through a purchase auctions, we pay it through a higher cost of connections and we pay it a third time because we have to pay for de-optimising the system. Maybe we should think twice about this type of connection and forget it.

Now, this electricity exists, so we should use it through commercial contracts aside from regulated tariff, and also regulated tariff that promote consumption at times when there is not much consumption now. So, we are in favour to work on it with the Energy Regulation Commission who will decide *in fine*.

(La Tribune): In 2022, you talked about hydrogen, with a goal of 3GW in 2030. Do you still keep that goal of three gigawatts of hydrogen capability in 2030?

Luc Rémont: Hydrogen is a potential use of electricity, so we are interested. It is a new-born market that is a technology. Those technologies are new-born and hydrogen uses also have to be developed.

We do not want to speak of gigawatts. We wish to be everywhere, when there are projects that are directed to final hydrogen users. Our electricity is decarbonised, it is biddable and moves industrial processes that generate hydrogen need that kind of electricity – decarbonised in base generation, and then they take it to hydrolysis processes and chemical processes. So, we are involved in a lot of projects, but we want to learn and to know early what the right technologies and the application markets are where you can scale up.

A lot of literature has been published about hydrogen. They talk about gigawatts, millions of tonnes, for instance to produce gas from hydrogen. When you do your computing yourself, you can see that those figures are not to be trusted. We first look at technologies, access to applications to be as early as possible on those that can be scaled up. As I said, this is an electricity application, so we are interested, and it is part of our strategy.

(Reuters): Because of the schedule you mentioned for the EPR2, the first building stage should take place in 2027? Really?

Luc Rémont: No reason to change that date. You see, there are a lot of issues to be solved until then. I do not have a firm commitment on the first building stage. What we need is components to carry out the final investment decision. That is the key to the schedule.

Thank you all. Have a good summer holiday. Do not forget to watch the opening ceremony tonight.

[END OF TRANSCRIPT]