FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms EDF at 'BBB+'; Outlook Stable

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Fitch Ratings - Barcelona - 21 Jul 2026: Fitch Ratings has affirmed Electricité de France's (EDF) Long-Term (LT) Issuer Default Rating (IDR) and senior unsecured rating at 'BBB+'. The Outlook on the IDR is Stable. The LT IDR benefits from a two-notch uplift from the Standalone Credit Profile (SCP) of 'bbb-', in line with our Government Related Entities (GRE) Criteria assessment.

The affirmation reflects EDF's improving nuclear output and adequate leverage headroom over the next three years, despite lower power price assumptions at about EUR55/MWh. We expect rising investment needs from the group's EPR2 programme to result in deeply negative free cash flow (FCF) and limited leverage headroom towards the end of the decade.

Our rating case includes initial investments related to the EPR2 programme in France as approved by EDF's board and higher maintenance investment related to the third stage of the group's Grand Carenage programme. Under our rating case, funds from operations (FFO) net leverage will rise to average 3.4x over 2026-2028.

KEY RATING DRIVERS

Solid Operational Performance: Nuclear generation in France increased above 370TWh in 2025 from about 360TWh in 2024. In 1H26, French nuclear generation increased 4% from 2025 despite some outages due to the ongoing heatwave. We believe this positive trend is supported by the group's efforts to improve reactor availability and a fairly light outage schedule until 2028. EDF's guidance for 2026-2027 remains unchanged at 350-370TWh while the group remains publicly committed to achieving 400TWh over the long term.

Lower Energy Prices: French average spot energy prices remained about EUR60/MWh in 2025 (similar to 2024) and decreased towards EUR20-30/MWh between April and May in 2026, before rising sharply since June on increasing demand and lower supply linked to the heatwave. Stabilising one-year futures at about EUR50-60/MWh have led us to assume average spot prices of about EUR55/MWh in our forecasts, compared with EUR60/MWh previously. EDF can adjust its nuclear output to some extent throughout the day to optimise its captured price, which partly mitigates low prices. We also reflect this upside in our forecasts, while maintaining conservative assumptions.

New Nuclear in France: Our rating case includes EUR2.7 billion investments in 2026 related to the EPR2 programme, as approved by EDF's board and we expect investments to increase steadily during 2027 and 2028, after the final investment decision expected at end-2026. In December 2025, EDF revised the cost estimate of the six EPR2 reactors to EUR72.8 billion (2020 prices). Its target commissioning date for the first reactor in Penly is 2038, with the remaining reactors being commissioned at a 12-18 month interval. The French energy plan for 2026-2035 reaffirmed the role of nuclear generation in the French energy system.

Subsidised Loan Treatment: France's proposed new nuclear support framework includes a non-recourse, subsidised loan covering 60% of EDF's estimated construction costs; a two-way contract-for-difference over 40 years and a risk-sharing mechanism to provide protection against risks outside EDF's control. The proposed subsidised loan will be under a special purpose vehicle, fully owned by EDF.

European Commission State Aid Evaluation: The European Commission (EC) has formally opened an investigation into the adequacy and appropriateness of the state aid measures proposed by the French government to support the development on the new six EPR2 nuclear reactors. The EC has found the project necessary based on its preliminary assessment. While no firm conclusion can be drawn until the final EC decision, we view the EC's constructive approach as supportive of the rating.

Leverage Headroom: We exclude the subsidised loan from EDF's financial debt, while including the debt issued directly by EDF to fund the EPR2 project. This results in rising FFO net leverage towards 3.9x in 2028 and on average 3.4x over 2026-2028, still comfortably placed for the 'bbb-' SCP. Management maintains its target of net financial debt/EBITDA (based on EDF's definition) of 2.5x or below by 2027. The medium-term leverage trend will mainly depend on operational cash generation, since capex is rigid, in our view. EDF may also use some levers to contain leverage in the medium term.

GRE Assessment: We assess decision-making and oversight as 'Very Strong', precedents of support as 'Strong', and preservation of government policy role as 'Strong', due to EDF's expected pivotal role in France's new nuclear development. This results in a support score of 25 points under our GRE criteria, which implies 'Strong Expectations' of support. The score, together with the five-notch difference between the French sovereign rating and EDF's SCP, results in a bottom-up plus two approach.

PEER ANALYSIS

We estimate regulated and contracted EBITDA at about 30% of EDF's total, under normal business conditions, which is well below those of peers Engie S.A. (BBB+/Stable), Enel S.p.A. (BBB+/Stable) and Iberdrola, S.A. (BBB+/Stable).

EDF's weaker business profile, also due to higher operational risk in its investment plan and asset base, and deeply negative FCF expected across its business plan drive its lower debt capacity versus peers'. The FFO net leverage threshold between 'BBB+' and 'BBB' is 4.9x for Enel and Engie (nuclear-adjusted), and 5.1x for Iberdrola, while EDF has a negative threshold of 4.7x for its 'bbb-' SCP.

FITCH’S KEY RATING-CASE ASSUMPTIONS

- Conservative assumptions on French nuclear output averaging 350TWh and hydro output about 40TWh over 2026-2028

- Average baseload energy prices about EUR55/MWh between 2026 and 2028

- French regulated activities EBITDA at EUR7.7 billion in 2026

- UK nuclear output averaging 31TWh over 2026-2028

- Cash tax rate averaging 26% over 2026-2028

- No regulatory allocations to dedicated assets for 2026-2027

- Average annual capex of EUR27 billion between 2026 and 2028

- Annual dividends of EUR1 billion for 2026-2028

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using its Corporate Rating Tool (CRT) to produce the SCP:

Business and financial profile factors (assessment, relative importance): management ('bbb', Lower), sector characteristics ('bbb', Moderate), market and competitive positioning ('bbb', Moderate), diversification and asset quality ('bbb-', Higher), company operational characteristics ('bbb', Moderate), profitability ('bb', Higher), financial structure ('a-', Moderate), and financial flexibility ('a-', Moderate).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

Assessments of the quantitative financial subfactors also include bespoke calculations.

The governance assessment of 'good' has no impact.

The operating environment assessment of 'a+' has no impact.

The SCP is 'bbb-'.

To derive the Long-Term IDR:

Application of Fitch's GRE Rating Criteria results in a bottom-up plus two approach.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Downgrade of the French sovereign rating, assuming no changes to the GRE assessment

- Weaker links with the state, as a result of lower-than-expected state support in the development of new nuclear output or an adverse change in the country's energy policy

- Long-term reduction of available generation capacity from the existing fleet in France and weaker assessment of EDF's asset base, or FFO net leverage above 4.7x on a sustained basis, could be negative for the SCP

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Stronger links with the state

- A clear investment plan covering France's new nuclear investment, including measures to mitigate the associated impact on the credit profile, which would result in an FFO net leverage below 4.0x over the long term, may be positive for the SCP but not for the IDR, assuming no changes to the GRE assessment

LIQUIDITY AND DEBT STRUCTURE

At end-2025, EDF had cash and cash equivalents and liquid assets of EUR29 billion and committed undrawn facilities of EUR15.6 billion, of which EUR13.3 billion matured beyond one year. This is sufficient to cover scheduled debt maturities and expected negative Fitch-defined FCF for 2026 and 2027, without resorting to additional debt.

ISSUER PROFILE

EDF is a leading electricity company and low-carbon energy producer. It is well-established in Europe, especially in France, the UK, Italy and Belgium, as well as North and South America. It covers all businesses spanning the electricity value chain, including energy-trading activities.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

EDF's ratings are linked to the French sovereign ratings.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate.VS screener did not indicate an elevated risk for EDF.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
Electricite de France (EDF)	LT IDR	BBB+ Rating Outlook Stable	Affirmed	BBB+ Rating Outlook Stable
	ST IDR	F2	Affirmed	F2
senior unsecured	LT	BBB+	Affirmed	BBB+
subordinated	LT	BBB-	Affirmed	BBB-

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Manuel Meneses Pereira, CFA
Associate Director
Primary Rating Analyst
+34 93 492 9511
manuel.menesespereira@fitchratings.com
Fitch Ratings Ireland Spanish Branch, Sucursal en España
Av. Diagonal 601 Planta 4 Barcelona 08028

Pilar Auguets
Senior Director
Secondary Rating Analyst
+34 93 467 8747
pilar.auguets@fitchratings.com

Antonio Totaro
Managing Director
Committee Chairperson
+39 02 9475 8280
antonio.totaro@fitchratings.com

MEDIA CONTACTS

Pilar Perez
Barcelona

+34 93 323 8414
pilar.perez@fitchratings.com

Tahmina Pinnington-Mannan
London
+44 20 3530 1128
tahmina.pinnington-mannan@thefitchgroup.com

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 02 Aug 2024) (including rating assumption sensitivity)

Corporate Hybrids Treatment and Notching Criteria (pub. 08 Apr 2025)

Parent and Subsidiary Linkage Rating Criteria (pub. 27 Jun 2025)

Government-Related Entities Rating Criteria (pub. 18 Jul 2025)

Corporate Rating Criteria (pub. 09 Jan 2026) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 09 Jan 2026)

Country-Specific Treatment of Recovery Ratings Criteria (pub. 20 Feb 2026)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Electricite de France (EDF)	EU Issued, UK Endorsed

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