



ANNUAL RESULTS 2016





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ANNUAL RESULTS 2016

Jean-Bernard Lévy
Chairman and Chief Executive Officer



2016 KEY FIGURES

In €m	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales	75,006	71,203	-5.1	-3.2
EBITDA	17,601	16,414	-6.7	-4.8
Net income excluding non-recurring items	4,822	4,085	-15.3	
Net income – Group share	1,187	2,851	x 2.4	

	31/12/2015	31/12/2016
Net financial debt In €bn	37.4	37.4
Net financial debt/EBITDA ratio	2.1	2.3

(1) Organic change at constant scope and exchange rates

REVISED 2016 TARGETS DELIVERED

TARGETS		ACTUAL
France nuclear output: 378 – 385TWh	➤	384TWh
EBITDA ⁽¹⁾ : €16.0bn – €16.3bn	➤	€16.4bn
Net financial debt/EBITDA < 2.5x	➤	2.3x
Payout of Net income excluding non-recurring items ⁽²⁾ : 55% to 65%	➤	Total dividend to be paid: €2.1bn 60% payout

(1) Including EBITDA impact relating to the adjustment in regulated tariffs for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

(2) Adjusted for the remuneration of hybrid bonds accounted for in equity

OPERATING PERFORMANCE

NUCLEAR GENERATION

- ⇒ France: output at 384.0TWh
 - Impact of the programme of additional controls, in particular on steam generators
 - Unplanned outage rate at historical low
 - Good management of planned outages
- ⇒ United Kingdom: output at 65.1TWh, record high since 2003

RENEWABLES

- ⇒ Commissioning by EDF EN of 1.2GW of wind and solar capacity
- ⇒ 1.8GW of EDF EN projects under construction

CUSTOMERS

- ⇒ France: nearly 90% market shares in B2C and ~65% in B2B
- ⇒ Europe: strong performance in B2C markets in UK, Italy and Belgium

ENERGY SERVICES

- ⇒ Significant expansion of heating network activities
- ⇒ Strong increase of renewable energy sources in the fuel mix

PERFORMANCE PLAN IN LINE WITH ANNOUNCED TRAJECTORY

OPEX

⇒ Reduction in OPEX⁽¹⁾: -€0.3bn vs. 2015

CAPEX

⇒ Net investments⁽²⁾: €11.8bn, -€0.6bn vs. 2015

Working Capital Requirement

⇒ Positive impact from optimisation plans: €0.7bn

Disposal Plan

⇒ ~€6.7bn⁽³⁾ of disposals signed or closed

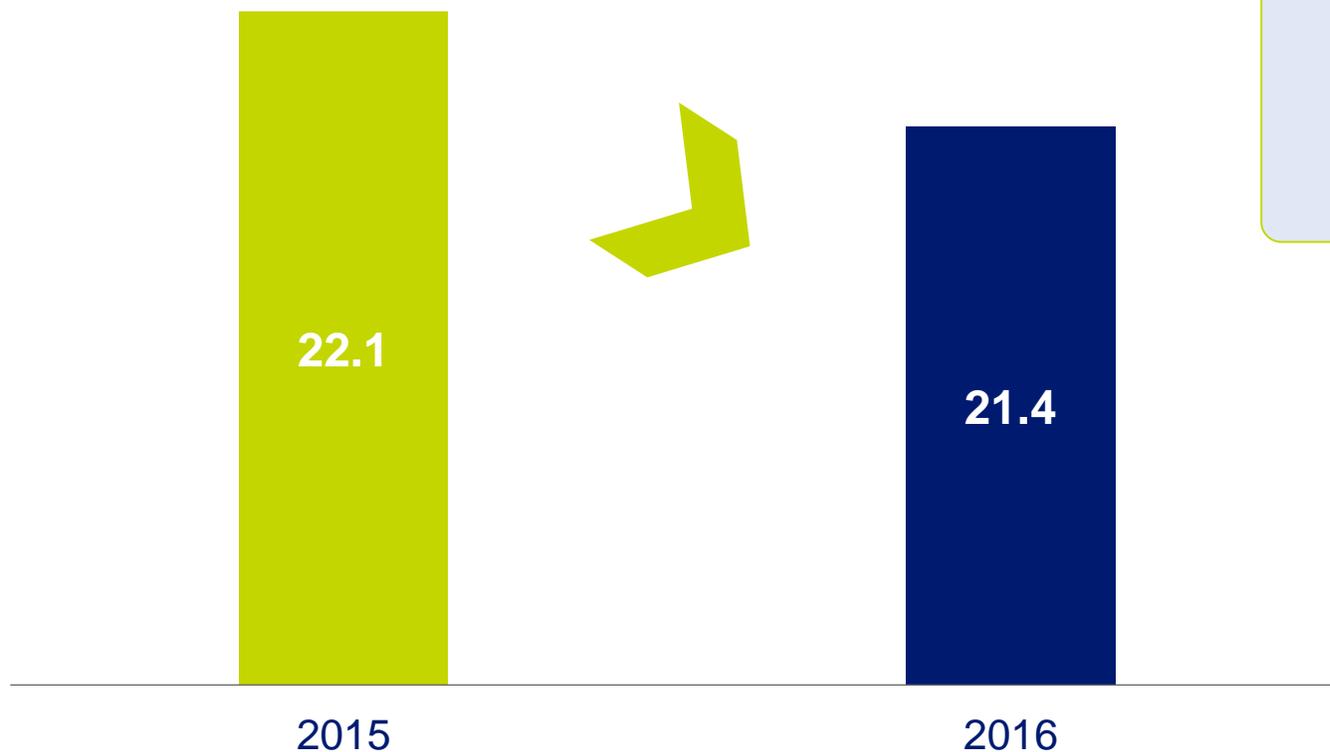
(1) Sum of personnel expenses and other external expenses. At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

(2) Net investments excluding Linky, new developments and asset disposals. Linky is a project led by Enedis, independant subsidiary of EDF under the provisions of the French energy code

(3) Impact on net financial debt

CONTINUED OPEX REDUCTIONS

In €bn



TARGETS

Reduction in OPEX⁽¹⁾:

- €0.7bn in 2018 vs. 2015
- ≥ €1bn in 2019 vs. 2015

Reduction in OPEX: ~€0.3bn⁽²⁾ from 2015 to 2016

(1) At constant scope, exchange and hypothesis of discount rates. Excluding change in operating expenses of service activities

(2) At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

NET INVESTMENTS UNDER CONTROL

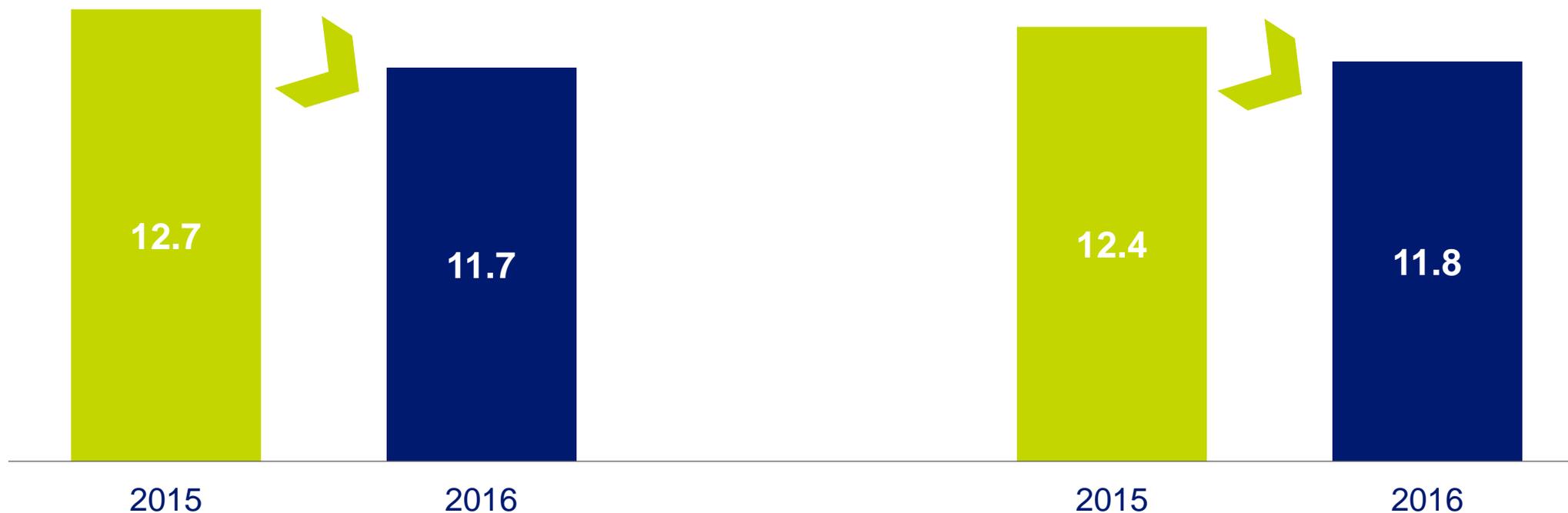
 **TARGET**

~€10.5bn⁽¹⁾ in 2018

In €bn

TOTAL INVESTMENTS, NET OF DISPOSALS

NET INVESTMENTS EXCLUDING LINKY⁽²⁾, NEW DEVELOPMENTS AND DISPOSALS



(1) Net investments excluding Linky, new developments and assets disposals

(2) Linky is a project led by Enedis, independant subsidiary of EDF under the provisions of the French energy code

RAPID PROGRESS OF DISPOSAL PLAN

TARGET

At least €10bn of asset disposals between 2015 and 2020

- ⇒ Sale⁽¹⁾ of a 49.9% stake of RTE signed on 14 December 2016 with Caisse des Dépôts and CNP Assurances. Finalisation expected in H1 2017
- ⇒ Finalisation on 29 September 2016 of the sale to CGN of a 33.5% stake of NNB Holding Company (HPC) Limited, which owns 100% of NNB Generation Company HPC Limited, the company holding the HPC nuclear site license and responsible for construction and operation of new nuclear reactors
- ⇒ Sale of EDF Trading's coal and freight activities signed with JERA Trading on 21 December 2016. Finalisation expected in H1 2017
- ⇒ Finalisation on 31 January 2017 of the disposal of the whole of EDF stake in EDF DÉMASZ to ENKSZ, a national public service company
- ⇒ Finalisation of the disposal of a portfolio of c.130 real estate and business assets to Tikehau IM

Disposals signed or finalised since 1 January 2015: ~€6.7bn⁽²⁾

(1) Subject to approval from the relevant merger control authorities

(2) Impact on net financial debt



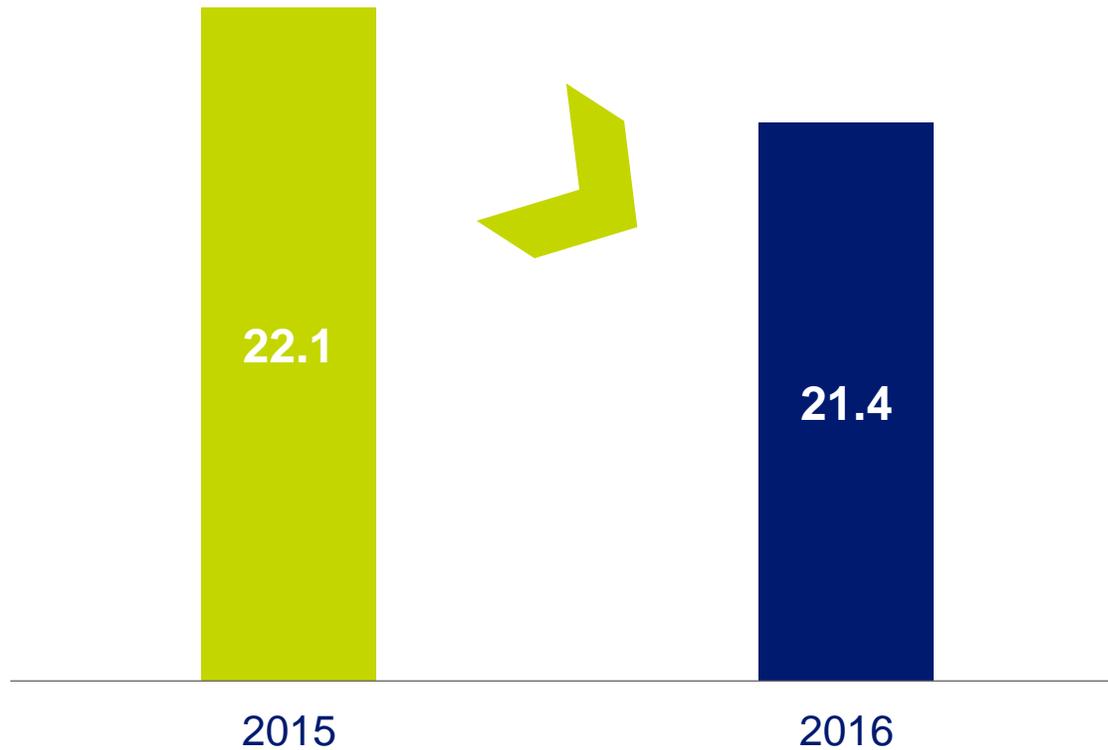
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Xavier Girre
Group Senior Executive VP - Finance



OPEX CUT

In €bn



- Reductions delivered in particular in France, UK and Italy
- Cost-base adjustment in support and commercial functions, cost optimisation in the French thermal generation fleet, impact of performance plans

Reduction in OPEX: ~€0.3bn⁽¹⁾ from 2015 to 2016

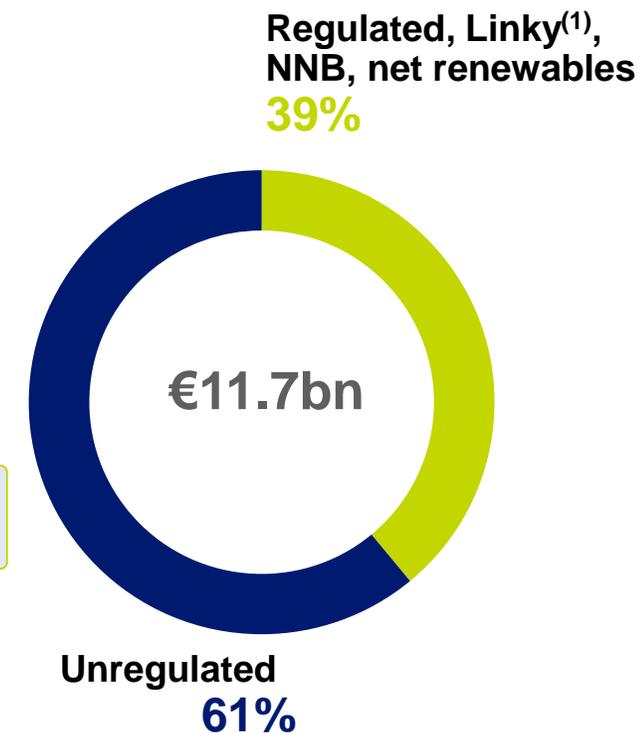
(1) At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

NET INVESTMENTS UNDER CONTROL

<i>In €m</i>	2015	2016	Δ	Δ%
France – Generation and supply activities	5,660	5,692	32	+0.6
France – Regulated activities	3,367	3,301	(66)	-2.0
United Kingdom	1,111	806	(305)	-27.5
Italy	585	458	(127)	-21.7
Other international	922	607	(315)	-34.2
Other activities	773	952	179	+23.2
Net investments excluding Linky, new developments and asset disposals	12,418	11,816	(602)	-4.8
Linky ⁽¹⁾	119	318	199	+167.2
New developments ⁽²⁾	916	668	(248)	-27.1
Asset disposals	(781)	(1,139)	(358)	+45.8
NET INVESTMENTS	12,672	11,663	(1,009)	-8.0

2018 TARGET
~€10.5bn

Net investments



- (1) Linky is a project led by Enedis, independant subsidiary of EDF under the provisions of the French energy code
 (2) New developments: in particular UK NNB, EPR New Models and offshore wind

PROGRESS OF WCR⁽¹⁾ OPTIMISATION PLANS

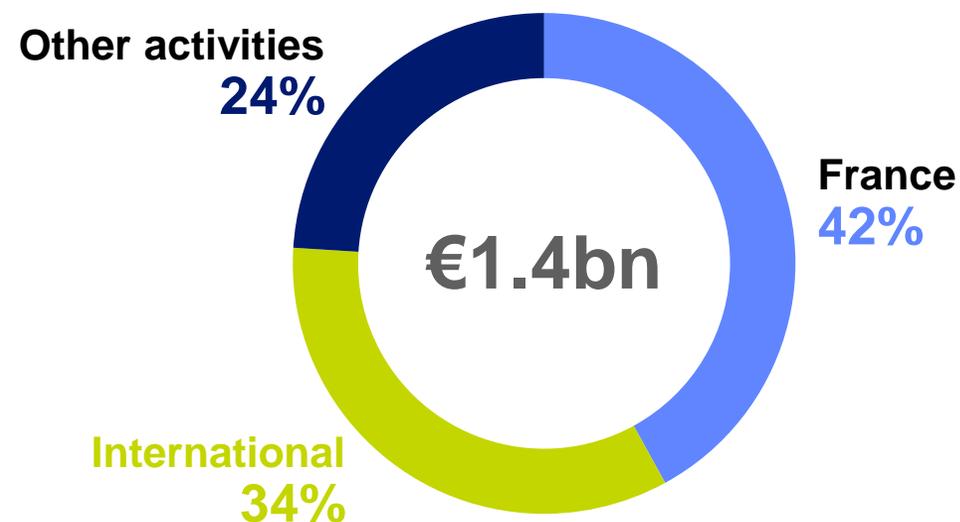
TARGET

€1.8bn contribution over
2015-2018

GAINS ACHIEVED IN 2016

- RECEIVABLES: ~€270m
 - Optimisation of the billing and collection processes
- INVENTORIES: ~€400m
 - Streamlining of coal inventories and spare parts management
 - Optimisation of certificates inventories (energy saving certificates and emissions allowances)

CONTRIBUTION OF ALL GROUP ENTITIES (2015 & 2016)



€1.4bn achieved since plans kick off

(1) Working Capital Requirement

2016 KEY FIGURES

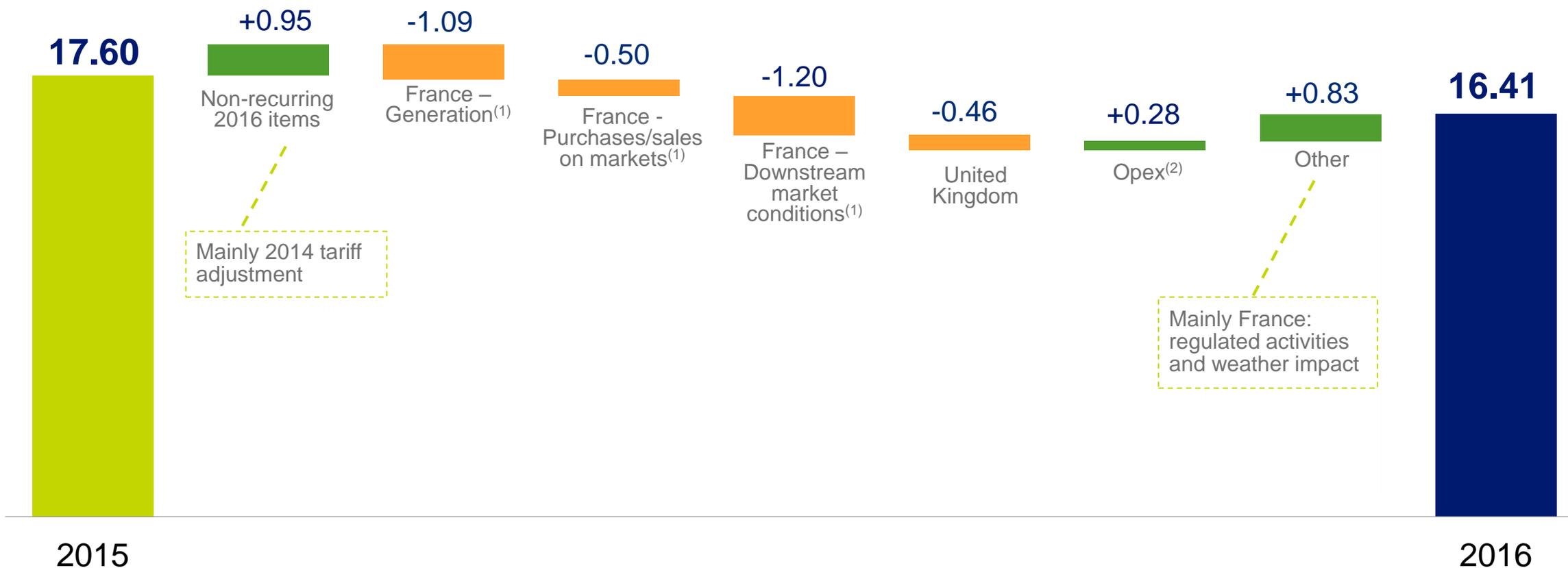
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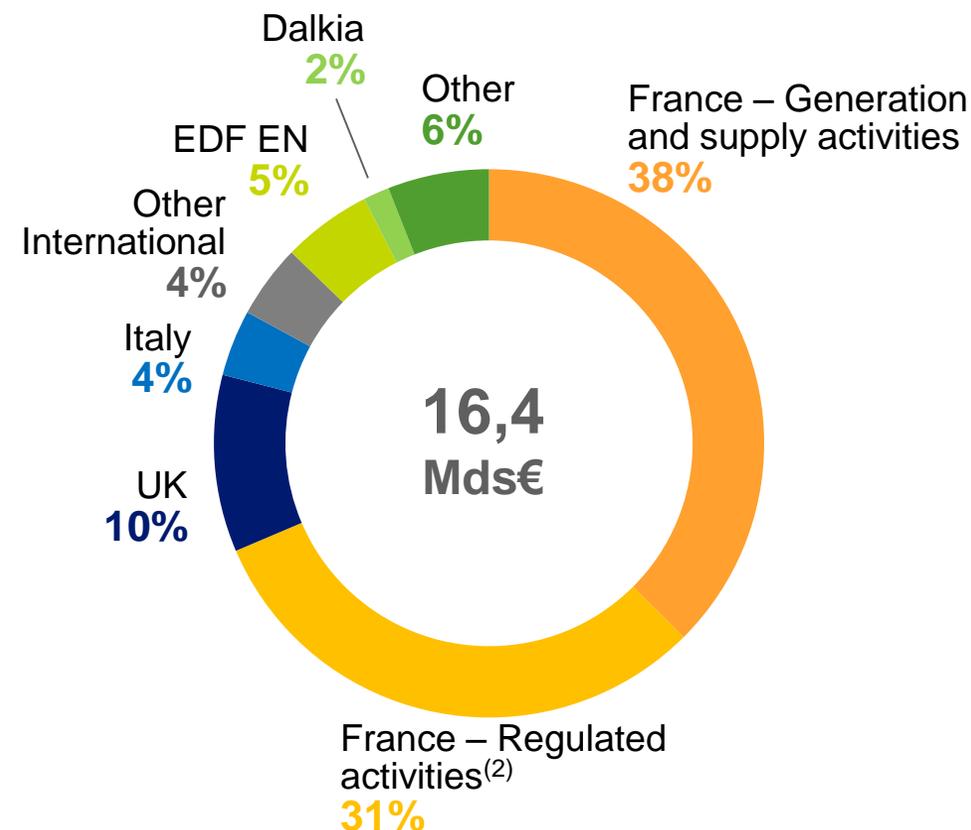
GROUP EBITDA

In €bn



EBITDA: PERFORMANCE PLAN PARTLY MITIGATING THE REDUCTION IN NUCLEAR OUTPUT AND THE CHALLENGING MARKET CONDITIONS

<i>In €m</i>	2015	2016	Δ org. ⁽¹⁾	Δ % org. ⁽¹⁾
France – Generation and supply activities	6,936	6,156	(780)	-11.2
France – Regulated activities ⁽²⁾	4,719	5,102	383	+8.1
United Kingdom	2,242	1,713	(276)	-12.3
Italy	1,345	641	(681)	-50.6
Other international	609	711	129	+21.2
Other activities ⁽³⁾	1,750	2,091	385	+22.0
Total Groupe	17,601	16,414	(840)	-4.8



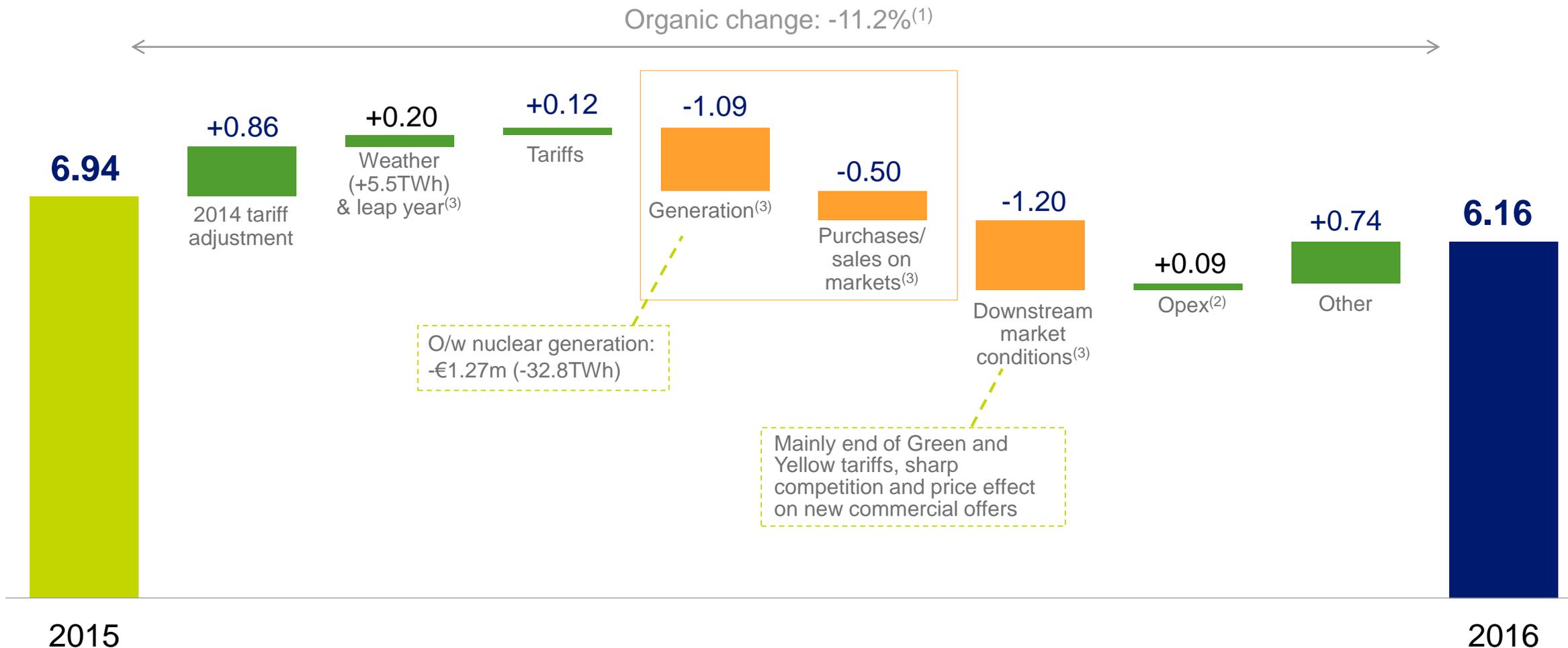
(1) Organic change at constant scope and exchange rates

(2) Regulated activities: Enedis, Électricité de Strasbourg and islands' activities

(3) Other activities including EDF EN, Dalkia and EDF Trading

EBITDA FRANCE – GENERATION AND SUPPLY ACTIVITIES

In €bn



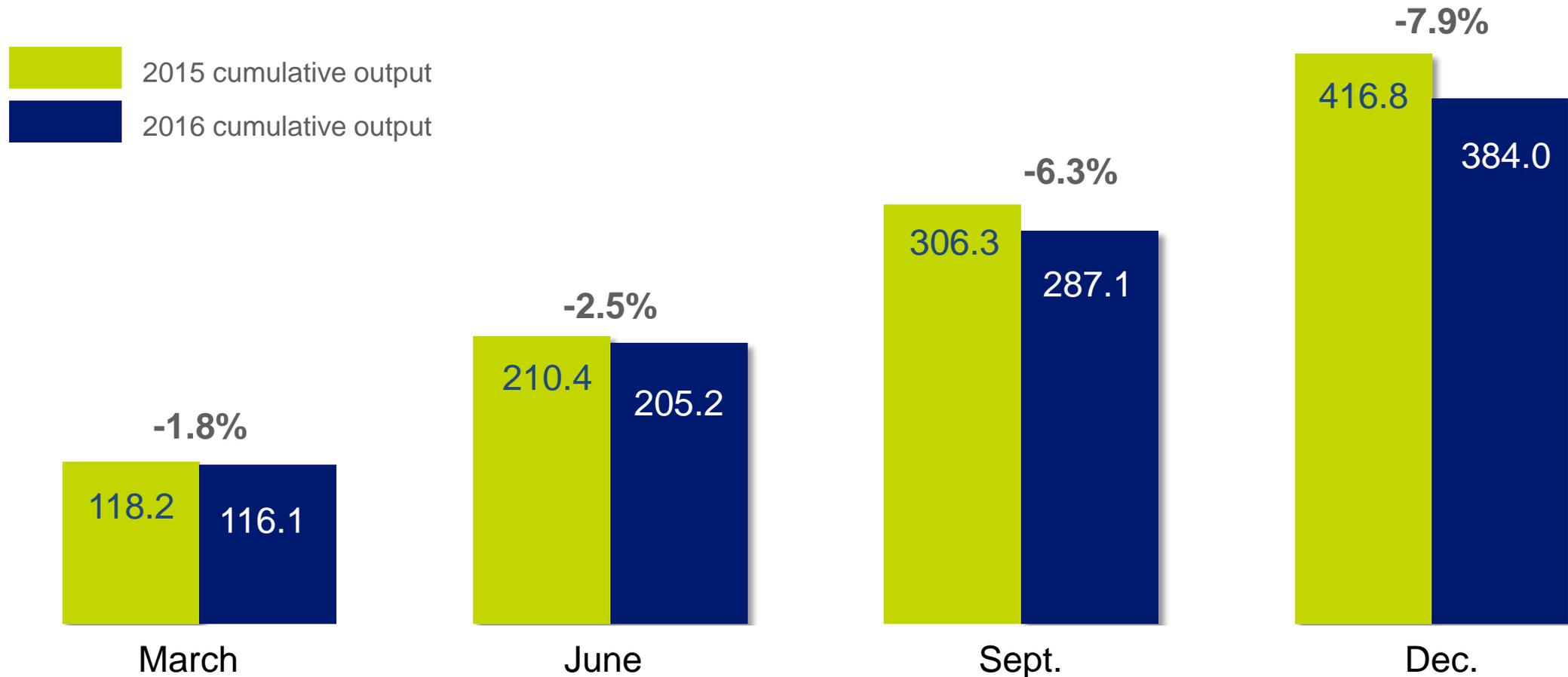
(1) Organic change at constant scope and exchange rates

(2) At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

(3) Estimated figures

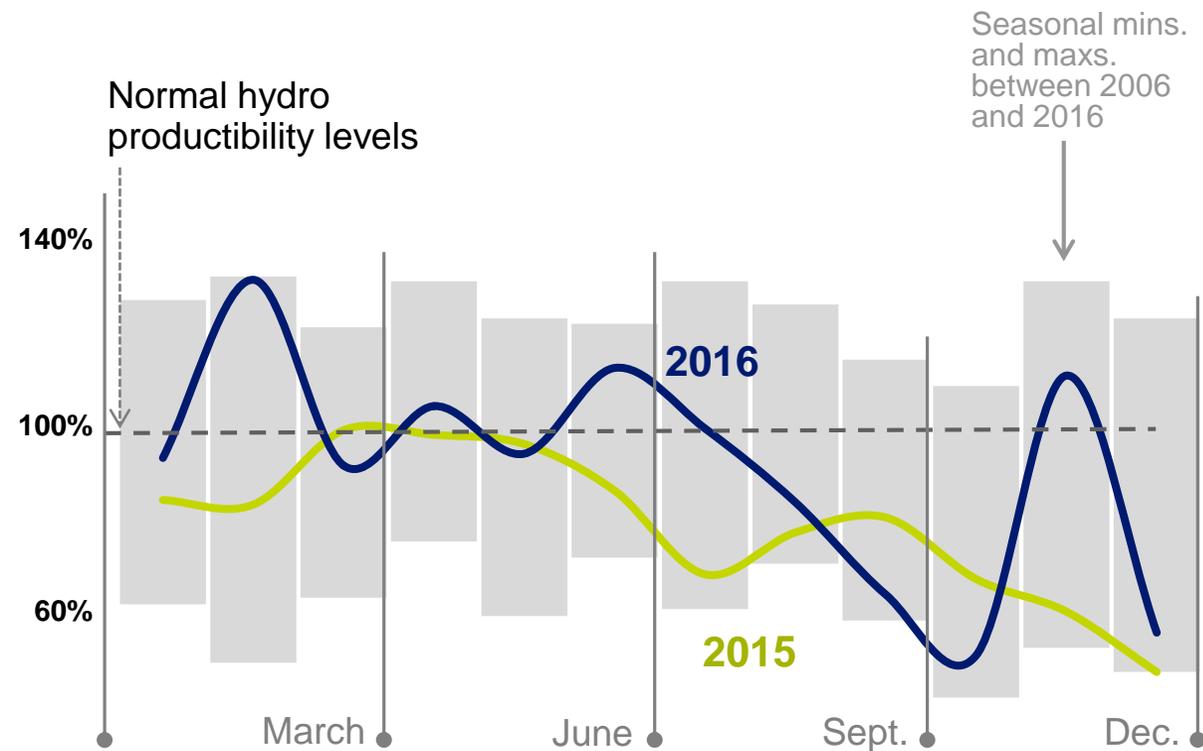
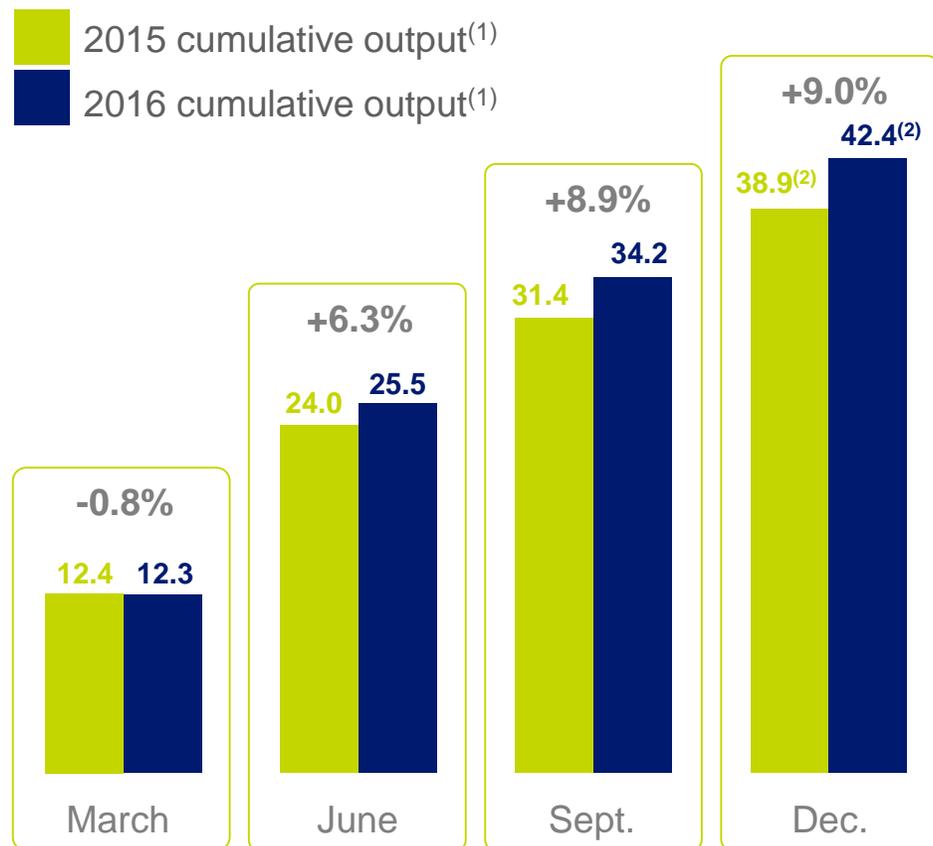
FRANCE NUCLEAR OUTPUT: SIGNIFICANT IMPACT OF THE OUTAGES FOR ADDITIONNAL CONTROLS

In TWh



FRANCE HYDRO OUTPUT: BETTER HYDRO CONDITIONS COMPARED TO 2015

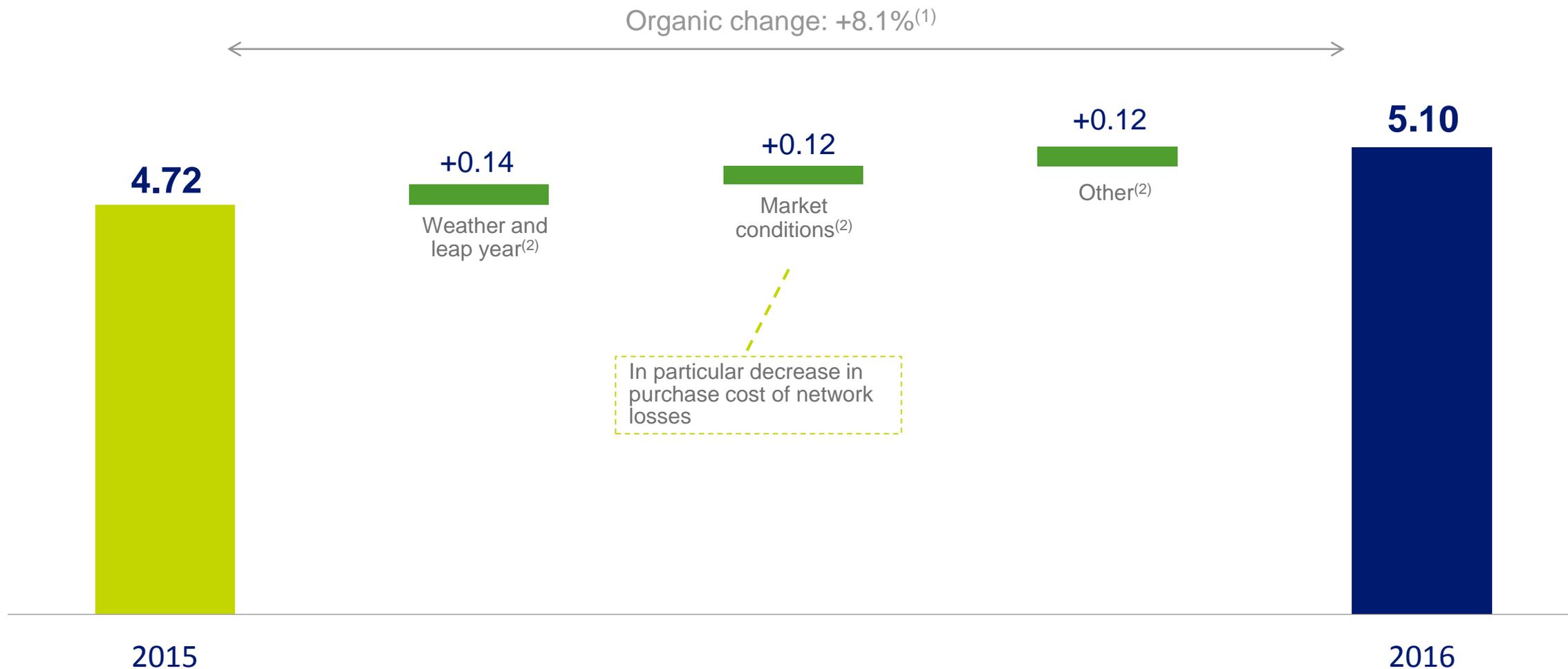
In TWh



(1) Hydropower excluding French islands electrical activities, before deduction of pumped volumes
 (2) Output after deduction of pumped volumes: 32.1TWh in 2015 and 35.8TWh in 2016

EBITDA FRANCE – REGULATED ACTIVITIES

In €bn



- (1) Organic change at constant scope and exchange rates
- (2) Estimated figures

EDF ÉNERGIES NOUVELLES: SUCCESS OF THE DEVELOPMENT MODEL BASED ON ASSETS ROTATION, CONTINUED GROWTH IN RENEWABLE POWER OUTPUT

<i>In €m</i>	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales⁽²⁾	1,116	1,169	+4.8	+0.3
EBITDA	818	861	+5.3	+6.1

- ⇒ Positive impact of net installed capacity in 2015 (1GW): 9% increase in output to 11.3TWh, mainly from wind and in North America
- ⇒ Particularly strong DSSA⁽³⁾ activity, especially in the United States and in Europe (France, Portugal, Greece)
- ⇒ Significant portfolio of projects under construction (1.8GW), of which ~50% in new geographical locations (India, China, Brazil, Chile)

(1) Organic change at constant scope and exchange rates

(2) As of 2016, breakdown of sales across the segments, before inter-segment eliminations. The 2015 figures have been restated in this regard

(3) Development and Sale of Structured Assets

UNITED KINGDOM: VERY GOOD NUCLEAR PERFORMANCE AND OPEX CONTROL, PARTLY OFFSETTING DIFFICULT MARKET CONDITIONS

<i>In €m</i>	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales⁽²⁾	11,622	9,267	-20.3	-9.0
Opex	2,492	2,024	-18.8	-3.6 ⁽³⁾
EBITDA	2,242	1,713	-23.6	-12.3

- ⇒ Higher nuclear output at 65.1TWh (+4.5TWh vs. 2015) due to excellent operating performance of the entire fleet
- ⇒ Negative impact of lower realised prices
- ⇒ Stable average number of product accounts of residential customers
- ⇒ Decrease in Opex: -3.6%⁽³⁾

(1) Organic change at constant scope and exchange rates

(2) As of 2016, breakdown of sales across the segments, before inter-segment eliminations. The 2015 figures have been restated in this regard

(3) At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

ITALY: OPEX CONTROL ALLEVIATING IMPACTS OF CHALLENGING MARKET CONDITIONS AND OF THE POSITIVE GAS ARBITRAGE IN 2015

<i>In €m</i>	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales⁽²⁾	11,694	11,125	-4.9	-4.5
Opex	939	896	-4.6	-4.7 ⁽³⁾
EBITDA	1,345	641	-52.3	-50.6

Electricity activity

- Decrease in power sales prices
- Less favourable hydro conditions compared to 2015

Hydrocarbons activity

- Positive impact in 2015 of the arbitrage on the Libyan gas contract, with no equivalent in 2016
- Improved supply conditions, in particular following the Libyan contract renegotiation
- E&P business hit by decrease in Brent and gas prices

Ongoing decrease in Opex confirmed: -4.7%⁽³⁾

(1) Organic change at constant scope and exchange rates

(2) As of 2016, breakdown of sales across the segments, before inter-segment eliminations. The 2015 figures have been restated in this regard

(3) At 2016 scope and exchange rates. At constant pensions discount rate. Excluding change in operating expenses of service activities

DALKIA AND EDF TRADING: COMMERCIAL DEVELOPMENT AND FAVOURABLE MARKET POSITIONS

DALKIA

<i>In €m</i>	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales⁽²⁾	3,289	3,600	+9.5	+2.1
EBITDA	217	252	+16.1	+8.3

EDF TRADING

<i>In €m</i>	2015	2016	Δ%	Δ% Org. ⁽¹⁾
Sales⁽²⁾	662	1,008	+52.3	+58.2
EBITDA	495	729	+47.3	+56.8

- ≡ Favourable weather conditions
- ≡ Negative impact of gas price decrease
- ≡ Strong commercial dynamic in France in the network, industrial and service activities
- ≡ Successful implementation of performance plans

- ≡ High volatility on European power and gas markets, in particular during H2 2016
- ≡ Good performance in the LNG trading business

(1) Organic change at constant scope and exchange rates

(2) As of 2016, breakdown of sales across the segments, before inter-segment eliminations. The 2015 figures have been restated in this regard

EBIT LIFTED BY EXTENSION OF DEPRECIATION PERIOD OF NUCLEAR PLANTS⁽¹⁾ AND BY LOWER IMPAIRMENTS

<i>In €m</i>	2015	2016	Δ%
EBITDA	17,601	16,414	-6.7
IAS 39 volatility	175	(262)	na
Amortisation/depreciation expenses ⁽¹⁾ and provisions for renewal	(9,111)	(8,007)	-12.1
Impairments and other operating income and expenses	(4,385)	(631)	-85.6
EBIT	4,280	7,514	+75.6

(1) Extension to 50 years of the accounting depreciation period of the PWR 900MW series excluding Fessenheim (please refer to the press release published by EDF on 29 July 2016)

NON-RECURRING ITEMS NET OF TAX

<i>In €m</i>	2015	2016
Impairments	(3,195)	(1,001)
<i>o/w thermal assets and Edison E&P</i>	(2,179)	(315)
<i>o/w CENG</i>	(271)	(462)
Cigéo storage provision ⁽¹⁾	(509)	-
European Commission decision on RAG ⁽²⁾	(354)	-
Other, including IAS 39 volatility	423	(233)
Total non-recurring items net of tax	(3,635)	(1,234)

(1) Please refer to EDF press release published on 15 January 2016

(2) Please refer to press releases published by EDF and the European Commission on 22 July 2015

CHANGE IN NET INCOME

<i>In €m</i>	2015	2016	Δ %
EBIT	4,280	7,514	+75.6%
Financial result	(2,588)	(3,333)	+28.8%
<i>o/w impact of discount unwinding</i>	(2,812)	(3,417)	+21.5%
Income tax	(483)	(1,388)	+187.4%
Share of net income from associates	192	218	+13.5%
Deducting net income from minority interests	(214)	(160)	-25.2%
Net income – Group share	1,187	2,851	+140.2%
Excluding non-recurring items	3,635	1,234	-66.1%
Net income excluding non-recurring items	4,822	4,085	-15.3%

CHANGE IN CASH FLOW (1/2)

<i>In €m</i>	2015	2016
EBITDA	17,601	16,414
Non cash items and change in accrued trading income	(1,610)	(1,703)
Net financial expenses disbursed	(1,252)	(1,137)
Income tax paid	(1,508)	(838)
Other items o/w dividends received from associates and joint-ventures	271	323
Operating cash flow	13,502	13,059
Δ WCR	132	(1,935)
<i>o/w impact of tariff adjustments⁽¹⁾, VAT included</i>	775	(697)
Net investments	(12,672)	(11,663)
<i>o/w Linky⁽²⁾, new developments⁽³⁾ and asset disposals</i>	(254)	153
Cash flow after net investments	962	(539)

(1) Tariff adjustment of 2012 (impacting 2015 and 2016) and of 2014 (impacting 2016)

(2) Linky is a project led by Enedis, independant subsidiary of EDF under the provisions of the French energy code

(3) New developments: in particular UK NNB, EPR New Models and offshore wind

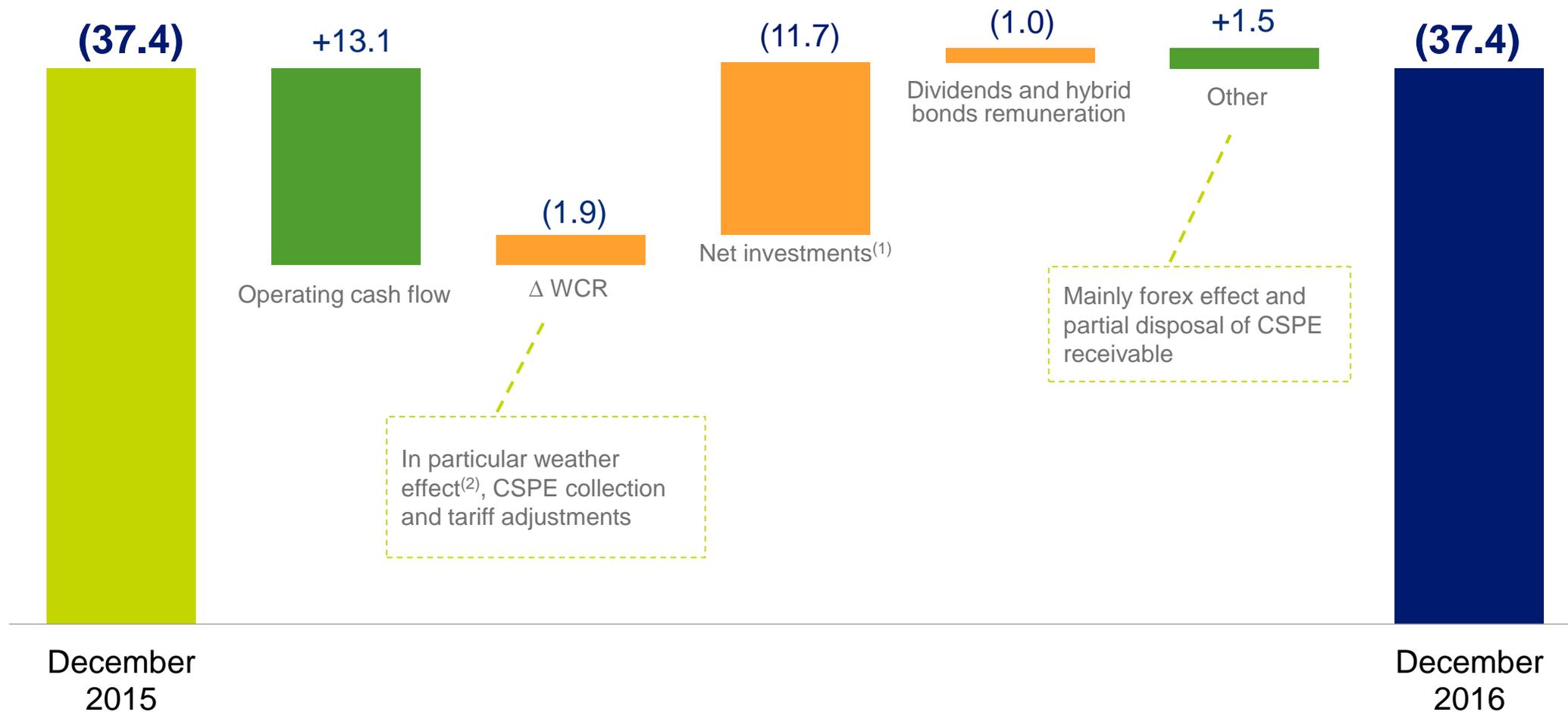
CHANGE IN CASH FLOW (2/2)

<i>In €m</i>	2015	2016
Cash flow after net investments	962	(539)
European Commission decision on RAG ⁽¹⁾	(906)	-
Dedicated assets	217	10
Cash flow before dividends	273	(529)
Dividends paid in cash	(1,746)	(454)
Interest payments on hybrid issues	(591)	(582)
Group cash flow	(2,064)	(1,565)

(1) Please refer to press releases published by EDF and the European Commission on 22 July 2015

STABLE NET FINANCIAL DEBT

In €bn



(1) Net investments including Linky, new developments and asset disposals. Linky is a project led by Enedis, independant subsidiary of EDF under the provisions of the French energy code

(2) With no significant impact on Group cash flow



ANNUAL RESULTS 2016

Jean-Bernard Lévy
Chairman and Chief Executive Officer



FRANCE NUCLEAR GENERATION: 2017 OUTLOOK

- ⇒ Ongoing outages at Bugey 5, Fessenheim 2, Gravelines 5 (3rd ten-year visit), Paluel 2 (3rd ten-year visit)
- ⇒ Volume of planned outages for maintenance taking into account continued work under the “Grand carénage” industrial programme

2017 nuclear output target: 390-400TWh

2017 AND 2018 GROUP EBITDA TARGETS

2016
€16.4bn

2017
€13.7bn – €14.3bn

2018
≥ €15.2bn⁽¹⁾



- ⇒ Performance plan
- ⇒ Capacity markets
- ⇒ Gradual improvement of nuclear generation in France



- ⇒ 2016 non-recurring positive impacts
- ⇒ Wholesale purchases to balance unavailability of the fleet and ARENH demand
- ⇒ Market conditions which remain challenging



- ⇒ Performance plan
- ⇒ Higher nuclear generation
- ⇒ Improved market conditions in France and United Kingdom
- ⇒ Development of service activities
- ⇒ Growth in renewable business

(1) At 2016 exchange rate and assumption for 2018 power prices in France on volumes not hedged as of 31.12.2016: ≥ €36/MWh

2017

≡ **NUCLEAR OUTPUT**

390–400 TWh

≡ **EBITDA⁽¹⁾**

€13.7bn – €14.3bn

≡ **NET FINANCIAL DEBT/EBITDA⁽²⁾**

≤ 2,5x

≡ **PAYOUT RATIO OF NET INCOME EXCLUDING
NON-RECURRING ITEMS⁽³⁾**

55% to 65%

(1) At 2016 exchange rate

(2) At 2016 exchange rate and at an assumed discount rate on nuclear provisions of 4.1% in 2017

(3) Adjusted for the remuneration of hybrid bonds accounted for in equity

2018 TARGETS

2018

≡ **OPEX⁽¹⁾**

-€0.7bn vs. 2015

≡ **NET INVESTMENTS** excluding Linky, new developments and asset disposals

~€10.5bn

≡ **EBITDA⁽²⁾**

≥ €15.2bn

≡ **CASH FLOW⁽²⁾⁽³⁾**

≥ 0

≡ **NET FINANCIAL DEBT/EBITDA⁽²⁾⁽³⁾**

≤ 2,5x

≡ **PAYOUT RATIO OF NET INCOME EXCLUDING NON-RECURRING ITEMS⁽⁴⁾**

50%

(1) At constant scope, exchange and hypothesis of pensions discount rates. Excluding change in operating expenses of service activities

(2) At 2016 exchange rate and assumption for 2018 power prices in France on volumes not hedged as of 31.12.2016: ≥ €36/MWh

(3) At 2016 exchange rate. Cash flow excluding Linky, new developments and asset disposals, with an assumed discount rate on nuclear provisions of 4.1% in 2017 and 3.9% in 2018, excluding interim dividend for fiscal year 2018, which will be decided in H2 2018

(4) Adjusted for the remuneration of hybrid bonds accounted for in equity

≡ **OPEX REDUCTION⁽¹⁾ IN 2019 VS. 2015**

At least €1bn

≡ **ASSET DISPOSALS OVER 2015-2020**

At least €10bn

≡ **PAYOUT RATIO OF NET INCOME EXCLUDING NON-RECURRING ITEMS⁽²⁾**

45% to 50%

(1) At constant scope, exchange and hypothesis of pensions discount rates. Excluding change in operating expenses of service activities

(2) Adjusted for the remuneration of hybrid bonds accounted for in equity



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