EDF
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Chaired by Thomas Piquemal

Thomas Piquemal

Good afternoon everybody and welcome to this EDF conference call. I am Thomas Piquemal, Group CFO, and I am very pleased to host this conference call today. Together with me are Philippe Crouzat, EDF EN CFO, as well as the EDF IR Team. We will walk you through the short presentation that you have hopefully been able to download from our website and then as usual we will take your questions. In this respect I have read with great care your previews and I am well aware that you expect comments on French politics. I am afraid this goes beyond my mandate and my responsibilities as Group CFO. My job is about finance and figures. I hope that you will not be too disappointed and that most of you, if not all, will stay on the line.

I will first review the first quarter Group sales and developments before analysing with Philippe in the second step the performance of our renewable business. Let me first start with our first quarter 2012 highlights on slide 3 and with our business environment and specifically with unusual weather conditions. Temperatures were indeed colder than average in February and milder in January and March. This is quite unusual in France. On top of that water availability remained low throughout the quarter and only improved in the second half of April. It is important to bear in mind these unusual weather conditions to fully understand this first quarter, especially in terms of margin development in France. Nuclear output in France in the first quarter was slightly down, mainly because of the extended decennial visits of two nuclear plants. In the UK the drop in output was more significant due to two unplanned outages, but I can confirm that we are on track to deliver our full year target and I will give you more details on the bridge to our full year targets later on in the presentation.

Those were the two main highlights in terms of operating performance. But during this first quarter we also pursued successfully our development strategy with two significant achievements during the quarter on Edison and in renewable energies. The final agreement on Edison's reorganisation was reached last week. Consob did confirm the MTO price at €0.89 per share and the additional cost related to this new agreement will be very limited for EDF compared to the previous one. The costs will range between zero and a maximum of €25 million, depending on the outcome of the mandatory tender offer. Obviously it does not change the economics of the financial characteristics of the transaction, which is highly strategic for EDF. We think that now we will be able to close this acquisition, enabling EDF to get to 80% in Edison by the end of May. By the way, the last condition which relates to the European Commission antitrust approval is now met. I received ten minutes ago the clearance from the European Commission and I am happy to confirm that now there are no more condition precedent to this closing.

Another positive development during the past quarter was EDF EN's two successes. First we won with our partners DONG and Alstom three calls for tenders in offshore wind projects in France. Second, EDF EN has been selected as the preferred bidder for the Taza wind project in Morocco. These two successes are testimony to the growth potential of our renewable business as well as to the successful industrial and managerial integration of this activity within the EDF Group. Of course Philippe will give you more colour on this topic later on.

Let's now review the figures starting with the Group sales on slide 4. Group sales amounted to €20.8 billion during this first quarter 2012, up 6.3% on a reported basis, stripping out currency and scope changes. Group sales grew a robust 6.5% on an organic basis. Sales outside France gained 8.7%, while they gained 5.1% in France.

As you can see on the table on the following slide, slide 5, EDF Group recorded organic growth in all business segments, apart from the UK where sales were down by 1.3%. In France ErDF recorded a strong increase in sales of 7.8% on the back of the cold snap. In the following three reporting segments: Italy, "other international" and "other business", the Group reported double digit organic growth. This fuelled the overall robust sales growth outside France and more generally Group-wide.

Slide 6 displays the main factors underlying the 5.1% organic growth in France. Gas revenues grew €106 million on the back of rising prices and volumes, but this has little relevance in our analysis given the small size of the business today. I will not comment further this point. Focusing on power, it is clear that beyond tariffs and prices the main growth driver during this first quarter 2012 was volumes on the back of the cold snap in February. This is obviously true in the regulated business. For the unregulated business, however, higher volumes actually translated into margin pressures, given the cost of hedging.

Here the key factor is the upstream/downstream balance as shown on the following slide, slide 7. You can see on the right column of this slide and in the upper box that volumes sold under ARENH are up 16 TWh as the mechanism was implemented on 1st July 2011. As shown in the lower box, end customer demand grew 2 TWh, in particular in relation to the cold weather in February, which had an impact in excess of 1 TWh and the leap year, which had a similar effect. All in all, the downstream component was up 16 TWh during this first quarter of 2012. On the other hand as displayed on the left column on the chart, the slight decline in nuclear output was offset by the moderate rise in hydro output. This means that despite poor hydro conditions, we have used our water stock efficiently and limit the purchases in the market in order to deal with the cold snap and thus rising power prices. In addition and as mentioned earlier, the two 2011 decennial visits which were extended into the first month of 2012 had a negative impact on nuclear output during this first quarter 2012.

However, the picture is not as bleak as it seems as shown on the following two slides. First, as you can see on slide 8, after a drop in nuclear output in January due to the two extended decennial visits, there was only 0.8 TWh of difference in output as of the end of March and only 0.5 TWh as of the end of April. Year to date, nuclear output is actually in line with our planning and our objectives for 2012. In this respect you will probably remember that 2011 was a very peculiar year with nine decennial visits and most of these planned outages took place in the second half of the year of 2011. This led to imbalanced distribution of outputs between the first half of 2011 with 218.4 TWh and the second half of 2011 with 202.7 TWh. We expect this year the output between the first half and the second half to be much more balanced, therefore it gives us confidence in reaching our full year output objective, which is to say within a 420-425 TWh range nuclear output in France.

Turning to hydro output on slide 9, there are also some positive and improving elements worth mentioning. On the positive side, let me underline that February 2012's strong output merely highlights the ability of the fleet and of our teams to meet the cold snap thanks to an efficient management last year in an environment with temperatures lower than historical averages. Overall, hydro conditions remained subdued in the quarter but improved, as you can see, significantly during the second half of April thanks to higher rainfall and good snow levels in March. In summary, the underlying performance of the unregulated business in France has been more subdued than it appears during this quarter, but there are signs of progressive improvement.

In the UK there is a closer relationship between the top line and the bottom line. As shown on slide 10, sales are marginally down by 1.3% on an organic basis to €2.6 billion. Lower nuclear output is offset by a positive evolution of wholesale prices. This can be seen on the following slide, slide 11, which displays the upstream/downstream balance of EDF Energy Power business. On the right hand side of the chart you can see the 2 TWh drop in B2B volumes as well as a sharp decline in structural sales, minus 3TWh in relation with the phasing out of British Energy legacy contracts. In this respect you will remember that we booked a mark to market provision on those contracts when we acquired British Energy and that we are writing back this provision as volumes are delivered to customers. As a result, lower volumes therefore mean lower provisions write back and profits as I mentioned to you during our 2011 results. In total the downstream business shrunk by 5TWh. This decline is primarily resulting in lower net purchases on the wholesale market with a fall of 4TWh that we can see on the left hand bar. As mentioned earlier, nuclear output came down by 1TWh due to the unplanned outages at Sizewell B and to the unplanned and extended outages at Dungeness, which were stopped during the full quarter and of which one came back on the grid end of March 2012. As for the French nuclear output, we maintain our views for this year of an improvement of nuclear output in the UK compared to 2011.

Let's now move to Italy on slide 12 with a specific focus on Edison. Sales grew by 11.8% at Edison over the quarter, and by 20.2% excluding the scope effect on the quarter on the disposal of the Taranto power station, which was completed in October last year. Sales rose in the power and the gas segments. However, in the power segment price increases were fuelled by higher commodity prices and it was partly offset by lower volumes. In the gas business sales growth was underpinned by higher prices due to the higher fuel costs. However, as for previous quarters, one ought to remember that this healthy top line growth does not have a positive impact on margins as price increases in gas and in power are insufficient to cover rising sourcing costs.

Next slide, number 13, shows sales in our other international reporting segments. As you can see, first quarter sales are up 10.8% on an organic basis, mainly fuelled by higher selling prices as a result of higher fuel costs with little or no impact on margins as a consequence. Belgium and Poland are good showcases in this respect. Belgium recorded a 17.5% gain in the quarter. This stems from the strong development of gas optimisation activities thanks to favourable market conditions. It had nearly no impact on margins in the quarter. By the same token sales in Poland grew 4%, underpinned by rising power prices as a result of pass-through mechanisms in coal and biomass.

Let's move now to our last segment, other business, which is presented on slide 14. Sales grew a healthy 12.7% on an organic basis thanks to EDF Trading and EDF Energies Nouvelles. Speaking about EDF Trading, let me remind you that we record trading margins as sales for this company. In other words, sales are a good proxy for results in this business. You can see that EDF Trading posted a healthy 43.4% gain in margin. Power and Gas trading was particularly strong in Europe during this first quarter 2012. EDF EN sales declined by €1 million on a reported basis. This includes the impact of the disposals of interest in Tenesol and Supra. Organic growth stood at 9.5%, boosted by a surge in power output thanks to the windmills commissioned in the US at the end of 2011, wind conditions in line with historical average as well as good overall solar conditions.

This concludes our review of the sales performance for the Group and for the different business segments for the first quarter of 2012. As I said, Group sales growth has been solid during this quarter with a 6.5% increase on an organic basis. Looking forward towards the rest of the semester, as you certainly have understood, this solid top line growth will not translate in comparable progress at the EBITDA level, all the more since the first half of 2011 was a tough comparison. First comparison, because of planned outages in our nuclear fleet in France, where we expect, by the way, minus 8TWh during this first half of 2012 compared to the first half of 2011. That will be offset in terms of margin due to higher hydro output that we expect during the first half plus 5TWh compared to the first half of 2011. However, compared to last year, this first half will be negatively affected by the unusual weather conditions in France of around minus €200 million. That's why all in all we should deliver an EBITDA of around €8.5 billion during this first half, so slightly down compared to the first half of 2011; and you can apply the same number on the net income for the first half.

However, second half is a totally different story, as during the second half of 2012 we will benefit from the reversal of trends in nuclear outputs due to the fact that we will have lower planned outages both in France where we expect a rise in the nuclear outputs of about 10TWh compared to last year and in the UK and also in hydro in France where during the second half of this year we expect a hydro output up by 3TWh compared to last year. We also expect growth coming from EDF EN and EDF Trading. This is why I can reiterate our 2012 full year guidance with confidence.

As shown on the last slide of the presentation, slide 15, this means in particular that EBITDA organic growth will be within a 4-6% range. Net income growth excluding non-recurring items and before the impact of the Edison PPA will be within a 5-10% range. It's worth also mentioning that including the successful renegotiation of Edison's gas contracts, we will actually come above the high end of this range as far as the net income is concerned for 2012, so above a 10% rise in net income excluding non-recurring items before Edison PPA if we are able to renegotiate Edison gas contracts by the end of the year. Net debt to EBITDA ratio will be below 2.5 times and as already said the dividend will be at least stable compared to 2011. All of this, of course as I said, especially as far as net income is concerned and EBITDA, it excludes the impact of accounting Edison's PPA on opening balance sheet.

This concludes the first part of our presentation today on Group sales and developments. Before answering your questions, Philippe Crouzat and I would like to share with you some remarks on the performance of our renewable business starting with slide 17.

It is our opinion that EDF Group is uniquely positioned to deploy a successful strategy in the renewable business combining EDF Energies Nouvelles corporate structure and EDF Group strengths. EDF EN corporate culture is that of developer. What does it mean? It means an entrepreneurial mindset, a combination of speed of execution, rigour and ability to seize business opportunities, including with the appropriate partners. It also means a skill to build commercial winning offers, making a real difference in competitive situations. It is obviously therefore critical to maintain and cultivate this strong culture and spirit. At the same time, the addition of EDF Group can add significant value in many respects, first and foremost in R&D and in engineering of new larger and increasingly complex projects and technologies. The backing of power for an experienced utility such as EDF Group is an exceptional positive factor, especially in competitive situations. This combination of skills, resources and expertise is yielding business successes as evidenced by the offshore tender process where EDF EN won three out of four projects and the Moroccan offer where EDF EN has been selected the preferred bidder. It is also yielding earnings growth, as shown on the chart, with an EBITDA compound average growth of 36% between 2007 and 2012. You can see that for this year we expect an EBITDA number above €640 million compared to €540 million at Group consolidation level last year.

Lastly, I would like to add that these business successes and strong growth in results are delivered while respecting Group investment criteria, as Philippe will explain now.

Philippe Crouzat

Good afternoon everybody. Happy to be here today to present you the most recent successes of EDF EN, but first as Thomas was saying, let me give you an update about EDF EN investment criteria by moving to slide 18.

Some of you might remember this slide we just presented in 2009 when EDF EN was listed. It summarises the level of IRR post tax, calculated over 20 years that we target for an investment, this target being broken down geographically and by sale mechanism. Looking more closely at the figures, you will notice that the lowest target to the IRR is at least 9% in the Eurozone, which for the time being excludes Southern Europe, increasing to 11% for USA and Canada. Moving to regions like Mexico, North Africa and Middle East, the target is even higher and of course in situations where we are exposed to market prices, the target has been set at a minimum of 12%. If you were to compare with the 2009 slide, you would notice that the IRR target are either the same or more stringent. In other words, EDF EN investment criteria have not changed since EDF's takeover.

Let's now move to slide 19 and review more closely the greatest recent success recorded by EDF EN teams. As you know, in 2011 the French government put out to tender up to 3000MW offshore wind in five locations. EDF EN put in place and took the lead of a consortium comprising Alstom, DONG, who is the most experienced group in offshore wind, and two companies, Nass & Wind and WPD, which have been developing some of the sites for a long time. As you certainly know, the regulator, CRE, in charge of finalising the answers to the tender declared us frontrunner for the four sites where we bid. And the government finally declared our consortium the winner of three of the four sites, the fourth one being granted to Iberdrola jointly with Areva and the fifth one declared unsuccessful.

I'm very happy to be given the opportunity of explaining why we were successful. Indeed each project was scored against three criteria: the industrial plan counting for up to 40 points per project; the technical and environmental studies for up to 20 points; and the remaining 40 points for the electricity price. Given the electricity price we have offered, it is clear that we have got a zero score for this criteria, which means that we have not gained any advantage from that despite what you might have read or heard here and there. Of course, our capex assumptions include a significantly higher contingency for Offshore Wind, which gives us a good level of comfort to absorb weather downtimes and some last minute unexpected expenses. Even if the details of the score have not been disclosed by the regulator and the government, it's clear that our industrial plan and our environmental studies have set us apart.

Let me give you some examples. First, our industrial plan was by far the most extended with the creation of up to 7,000-8,000 jobs. Second, by using a 6MW direct drive turbine instead of a 5MW with gearbox, which means less turbines to be installed, better availability and reduced operation and maintenance cost, we have gained 3 more points than the others. Third, the presence of DONG in the consortium jointly with EDF engineering capability and R&D expertise have very likely given us 6 points, the highest possible score for experience. Last but not least the quality and thoroughness of the wind studies, the geotechnical survey, which we alone undertook, and the extended consultations with the local stakeholders have for sure significantly contributed to forge a victory. The teams have really done a tremendous job and this outstanding success is mainly due to the professionalism and commitment of all consortium members.

We are going to dedicate the next 18 months to carry out the additional studies, which have been requested and aim to confirm the terms of our bids by October 2013. Taking into consideration the lead time to finalise all the permitting process, we do not expect a significant expense before 2015 and seen from today the first commissioning could occur in 2017.

Let's now move to Morocco on slide 20. The Moroccan government has set a 4000MW plan of renewable energy, broken down 50/50 between wind and solar by 2020. EDF EN decided in 2010 to participate in the first wind tender, which is a 150MW wind project and has been very recently declared preferred bidder. The recipe for this victory comprises several ingredients. First, we have chosen the 3MW Alstom turbine, but with different blade sizes. This allows us on the one hand to concentrate on the two windiest crests of the site and maximise the capacity factor at 40%, which is very high; and on the other hand to reduce a number of foundations and consequently the civil works capex. Second, we have been leveraging on the strong historical presence and experience of Alstom in Morocco, which has been very helpful in designing an offer with the best possible local content. Third, Mitsui has joined us, taking a 50% stake in the project and paying a premium, which reduces our capex. Last but not least, we have negotiated and signed with Moroccan and Japanese banks, supported by the Japanese Credit Export Agency, a non-recourse project financing, partly in local currency, partly in Euros. The term of financing is 20 years door to door and will leverage above 70%, which contributes to reducing our equity injection and consequently our risk-taking. We are in the process of finalising the PPA with the Moroccan Energy Agency as well as the documentation of the financing. We plan to start the construction of the wind farm within six months for a commission in mid-2014. Of course, we intend to participate in the 850MW stage 2 of the tender, which consists of four wind farms that can be seen on the right hand side of the slide.

To conclude this brief presentation, I would like to stress that the outcome of those two tenders prove once more the quality of EDF EN development teams, their reactivity and creativity and variability to organise and lead partnerships with the best in class. EDF EN investment criteria have not changed and the historical business model, which has proven successful, is still at work and will of course be used for the future developments with us also benefiting from EDF's strengths. Thank you for your attention and I will now hand you over to Thomas.

Thomas Piquemal

Thank you very much, Philippe, for those comments on the EDF EN and thank you to all of you on the line for your attention. This ends our introductory remarks and we are now ready with all the team to answer your questions on this first quarter performance and developments.

Questions and Answers

Participant

The first internet question is coming from Credit Suisse. Michel Debs is coming back on the EBITDA guidance and is asking: can you please go through again the EBITDA bridge 2012 versus 2011.

I commented on two aspects of this guidance, first of all the full year and then the first half. As far as the full year is concerned, we gave a guidance, which I am confirming today of an organic growth of the EBITDA in 2012 within a range of 4% to 6%. If you apply that to our EBITDA number of 2011, which was €14.8 billion, you end up with a range of 15.4 and 15.7. These are pure mathematics. Organic growth means excluding the impact of the full acquisition of Edison. To this number we then have to add our expectations in terms of incremental EBITDA due to the acquisition of 80% of Edison and we expect this scope effect to be around €400 million. That is to say that the range of EBITDA including the successful acquisition of Edison would be between €15.8-16.2 billion range. As far as the first half is concerned, I mentioned earlier in my introductory remarks that we expect an EBITDA number for this first half 2012 of around €8.5bn. This is down by €100 million compared to the first half of 2011 due to several effects. First of all, as I said earlier, we expect nuclear output to be lower compared to last year first half minus 8 TWh, but plus 5 TWh in hydro. Overall those two effects are neutral on margin. As you know, hydro output is more valuable than nuclear base load, so zero effect during this first half of 2012 compared to the first half of 2011, but we have a negative climate effect during this first half of 2012 compared to the first half of 2011 of minus €200m and then we have growth in other business segments at EDF EN, as Philippe explained and also in our trading business. That's why we expect for this first half an EBITDA absolute number of around €8.5bn, but as I said, second half, which will be much higher in 2012 than the second half of 2011, first of all we will have a higher nuclear output, as I said earlier, around 10TWh, we will have a higher hydro output plus 3TWh for total output forecast of 35TWh in 2012. Then we will have growth elsewhere, for example in the UK. As I said earlier, we expect nuclear output to be higher in 2012 than in 2011, and then we will have also the scope effect on Edison, €0.4bn, so all in all that's why we expect an EBITDA for the full year, as I explained earlier, between a range of €15.8-16.2 billion. I hope I was clear.

Another question from the web, this time on the net income guidance; you said during the full year results that you confirm 2011-2015 trajectory of 5-10% average annual growth in net income, excluding non-recurring items; is it before the impact of the Edison acquisition, what is it in absolute figures and what is the impact on the PPA?

It's too early to comment on the PPA of Edison as the work is ongoing. I cannot confirm that by the way we will have a first cut on it by first half, end of June this year. It might happen towards the end of the year, so it's really too early to say. If I exclude this possible effect, here again, if I apply the math and the 5-10% growth on the 2011 net income of €3.5bn, I obtain a €3.7-3.9 billion net income range, again, a recurring net income for 2012 and this includes Edison, but I can today say that if we renegotiate the gas contract as anticipated and as we expect it to happen after the closing of the acquisition of the Delmi stake in TdE, we will be above the high end of this range. That is to say around €4 billion in net income for 2012. Here again, a comment on the first half net income; I said earlier that the same slight reduction in EBITDA should apply to net income. We did last year during the first half €2.6bn; it means around €2.5bn for the first half 2012, but here again I don't have to walk you through again the reasons why we are confident in reaching our target for the full year of 2012.

Just before taking a question on Edison deal, we have a question from CreditSights, Andrew Moulder is asking a question on the US. Exelon has expressed an interest in UK nuclear. Considering you already have a JV with Exelon in the US after its merger with Constellation, would you consider setting up a JV with it for UK nuclear, especially given the reported doubt that Centrica has expressed over the nuclear business?

I am not here to comment press information on Exelon's willingness. I can only mention that we are happy to have Exelon as a partner in the US and I look forward to discussing, by the way, with our new partners how we are going to operate together our CENG joint venture. As far as the UK is concerned, we have a lot of things to do this year to be in a position to make a final investment decision by the end of the year and we pursue the project as anticipated and as explained last February.

Next question comes from Varenne Capital, Marco Somani is asking what is the maximum cash-out for both operations in Italy for EDF?

You will find in the appendices to our slide pack the financial impact of the Edison acquisition, so net, you will see I think it's on page 25, if the numbers are right, it was the end of the presentation, you will see that it hasn't changed compared to what we announced in February, except for one number, which is the impact on net income, which is slightly positive of around €0.1 billion during this year. It is due, as I said, to the fact that we now expect the gas renegotiation to happen faster than the closing of the transaction. You have on this slide the answer to the question you've just raised, what is the net impact in terms of net debt on EDF, €2.2 billion due to the fact that we are taking over some debt within Edison. We are fully consolidating Edison. This is net effect of what we take over at the level of the holding company minus what we sell at Edipower and if all the minority shareholders tender their shares, then this could go up to 3.1bn as the amended tender offer on Edison will yield to a cash-out of maximum €900 million, that is to say between zero if nobody tenders and €900 million. That's why we have to stick to a range of €2.2 - 3.1bn. This has not changed compared to what I explained in February this year.

Second question for Marco, are there still risks that the operation fails, any substantive condition remaining?

The answer is no. The last condition precedent was the EU anti-trust clearance and I was happy to announce at the beginning of this call that I just received it, half an hour ago or one hour ago, so there are no more condition precedent to our acquisition, the EDF acquisition, the Delmi stake in TdE and of the sale of Edipower by Edison, therefore we expect now the closing of this acquisition and the sale of Edipower to happen before the end of the month of May. This is for the acquisition of the Delmi stake in TdE and of the sale of Edipower. Then we will file the mandatory tender offer during the month of June and we expect this mandatory tender offer to be finalised by the end of the month of July. To make it very simple, by the end of the month of May we will be at 80% in Edison with obviously full control and as I said, no more condition precedent. Then end of July, depending on shareholders tendering their shares or not, we will be at 80% if nobody tenders or 100% if everybody tenders.

Still on Edison, from CreditSights, Andrew Moulder is asking when do you expect to present a fully integrated strategy with Edison as part of the EDF Group? With the offer for the minorities of Edison, will you seek to merge Edison with EDF?

I understand the question, but on Edison we are used to crossing the hurdles one by one, so now we will close the first acquisition, then we will launch the tender offer, then we will clarify our integration plan and our mid-term plan. As you know, our views are that Edison will become the gas platform of EDF and therefore we will explain how and what it means after the outcome of the tender offer. I think that everyone can appreciate that whether we are at 80% at Edison, it's listed, or we are 100% in Edison, it's not listed, makes a difference. Therefore we will have to wait after the tender offer.

Question from Vincent de Blic, JP Morgan, he is asking could you give more colour on the gas renegotiation within Edison?

The gas renegotiation has a significant impact on our 2012 EBITDA performance. We expect, and those numbers were explained by Edison, €600 million of incremental EBITDA if we are able and successful in renegotiating or getting positive arbitration on gas contracts. I cannot further comment on those aspects except by saying that as indicated earlier that we now expect this outcome to be completed after the full control of Edison, so starting in June, but in any event by the end of the year. This is in our assumption, but again I'd like to stress the fact that this is a strong assumption in our numbers for 2012, €600 million of incremental EBITDA included in the EBITDA range that I gave related to the positive outcome of gas renegotiations.

Still on Edison before moving to renewables, one question from Barclays, Emmanuel Owusu is asking do you intend to guarantee Edison debt?

End of May we will own 80% of Edison, so EDF will own between 80% and 100% of Edison. Therefore Edison will be treated as all other fully controlled entities of the Group and therefore Edison will be integrated in our financing strategy and obviously it is much too early for me to comment. By the way I am not used to pre-announcing the financing strategy of the debt of the EDF Group. I would like to come back one second on the gas renegotiations. Again, for obvious reasons you can understand that I cannot give you any detailed information where we are, what we expect, if we feel confident or not. I'm here just to highlight the fact that it is significant €600 million are included in our €15.8-16.2 billion range. However, the comfort I can give at this stage is that if we manage to get at least 50% of this, I'm quite confident that we will be at least towards the low end of the range in terms of EBITDA for this year.

Next question, last one for Edison, can you confirm that €400 million EBITDA impact from Edison is for six months only. That's from Vincent de Blic.

Yes, it's for six months only, because, if I make simple calculation, multiplying by two the Edison EBITDA during the first quarter, so for the first half it's €300 million. Edison gave a target of between 1.1 and €1.2bn for the year, so if I take the low end, €800m for the second half, so as we will be able to consolidate 100%, it ads €400 million of scope effect.

But again, I understand the question, what is the difference if we close it by the end of May instead of by the end of June, it's one month of an EBITDA number that does not include the gas renegotiations, as I said, because we expect that during the second half, so the effect of an additional month of Edison performance doesn't change by significant amounts what I've just said.

The question for Philippe regarding offshore in France, the 6MW turbine you plan to use for French offshore wind farms is a new technology. When will a prototype be tested?

The prototype is currently being tested onshore and will start being tested offshore within maximum a couple of years from now. What I would like to stress when you compare, because there are a lot of things which have been written about Areva turbine and Alstom turbine, so thank you for giving me the opportunity to elaborate a little bit on that. First of all, if my information is correct, I understand that you have only five turbines of Areva which are in operation and they have been in operation for the last three years and I understand as well that because these are turbines with gearboxes, Areva has had a lot of problems to deal with them. I understand that now it's fixed. You don't have that many turbines which are in operation for the Areva turbine, that's the first remark. Second remark I would like to do is that today and tomorrow, as I said, the first offshore wind farm is not expected to be COD before 2017, which is five years from now, so which means that we have at least or Alstom has at least five to eight years to finalise the testing of the new turbine, which is by far sufficient. And today two more remarks. The first one is that 6MW turbine is the standard and will be more and more the standard. You have even some players like Siemens who start working and considering 7MW turbines, that's the first remark I would like to do and the second one is that very clearly the gearbox is not the right technology when you go offshore, very complicated, a lot of problems to fix and then as you can easily imagine operation and maintenance in an offshore is fairly complicated, much more tricky than onshore, so direct drive is clearly the solution for the offshore.

Now moving on to hydro, a question of Michel Debs of Credit Suisse; is there any news about the tender for hydro concessions? Realistically, when is the earliest possible date?

We don't have any news compared to what was released by the French government and we are gearing up to be ready and to fight aggressively to gain new concessions.

That's the end of the internet questions. Operator, could you move to the phone questions?

Martin Young - Nomura

Just looking at the guidance for the medium term through to 2015, just wondered ballpark what type of assumptions you're taking in respect of the evolution of prices in France, because quite clearly that's going to be key to where you come out on EBITDA in the medium term. On that note, getting back to the 2012 guidance, again interested in what assumptions you're using for the evolution of tariffs in France for your 2012 guidance.

Unfortunately, Martin, I think you know that in EDF we have a rule, which is not ever commenting on the tariffs and so I will not make any comments on our tariffs rise expectations, neither for 2012 nor for our guidance. Our 2015 guidance is clearly the objectives that we set ourselves both in terms of profitability growth, in terms of dividend policy and in terms of balance sheet strength and that's how we see our future and the objectives that we set ourselves, but I will not give any further details on how, what if and what assumptions we took, especially when it comes to tariffs, sorry.

Are you prepared to say that the 2015 tariff assumption is consistent with what's set out in the NOME Law?

If you are asking if our target is consistent with the legislative environment in France, my answer is yes.

Per Lekander - UBS

A couple of questions. First, going back on the Edison gas contract, the €600 million, I'm assuming that you manage retroactively renegotiate for the full year, so that's a 12 month figure, the €600 million; I just wanted to confirm this. Second, I understand you don't comment on tariff, but can you comment on tariff process? More specifically historically we were used to having tariffs position around 15th August and then last year they moved to 1st July. Do you think this 1st July is still there and what will this tariff decision encompass? It will clearly encompass the tariffs, but will it also deal with ARENH? That's my second question. Then third, on capex, because you didn't mention anything in the guidance on capex, does this €15 billion still stand, has it been impacted by any way by the nuclear stress tests and assuming that it will be impacted by this, can you give some highlights, will you stick to this number and then pull back on something or what's your current thinking?

Yes, €600 million is for the full year impact, 12 months impact. No, I will not comment further on the tariffs level assumptions of processes. Then on the €15 billion in 2015, it's a maximum amount and I have already confirmed that we would meet this target of maximum of €15 billion, meaning that it should be lower, including what we understand that the post Fukushima incremental capex work will be. And by the way, we expect to be in a position to clarify both the amount, the timing and what we are going to do following the discussions that we are currently having with the French Safety Authority somewhere in July, probably during the first half results, so €15 billion is the maximum. I confirm this number after the stress tests consequences were released by the ASN earlier in January and we'll give more colour on that probably end of July.

Benjamin Leyre – Exane BNP Paribas

Two questions please. First one on Exeltium, can you please update us on where you stand on the refinancing of the second tranche and related to this do you still expect the debt at the end of 2012 to be at or below €38 billion, which I remember was your previous indication? My second question is can you update us on where you stand on ErDF renewal provision and what kind of renewal provision you expect to have to pass for the full year 2012.

On the net debt Exeltium is just one of three key moving pieces that I like to mention and depending of course on whether we are able to do Exeltium by the end of the year or not, you can assume that it has significant impact on where our net debt will be. You could take the amount of the Exeltium 1 payment which was €1.7 billion as a point of reference, so this is one significant moving part, but I'd like to mention two other ones. The second one is Edison tender offer, whether or not minority shareholders tender their shares, we could have a cash out of maximum of between zero and €900 million and the third key very important moving part is the CSPE. I've already mentioned that the CSPE deficit on our books would be higher end of 2012 compared to 2011, so we'll be higher than €4 billion and this is one of my top priorities which is to try and improve the situation from EDF's standpoint, as this deficit today is not yielding any interest, as we are not totally compensated for the cost of this commitment and is weighing a lot on our financing ratio. Those are the three key moving parts in where our debt is going to be by the end of the year. As far as the capex number is concerned, I mentioned a number of around €12.5 billion during the full year results last February and I'm not changing anything on that, but again the three key elements on our debt, where our debt is going to be by the end of the year are the one I mentioned, Exeltium, Edison tender offer and CSPE. Having said that, our commitment is to have net debt to EBITDA ratio of below 2.5 times and we will stick to it. On ErDF, we are doing additional work on ErDF accounting policies, the provisions for renewal and there are a lot of accounting subjects that we are looking at currently and I think that I tried to give you as detailed numbers as I could give you in terms of guidance, but I'd like not to give you the full details of our accounting, but please be aware that we are still working on some of the accounting policies at the ErDF and I will be able to give a better update on that, I hope, end of July.

Emmanuel Turpin – Morgan Stanley

A couple of details please. First of all, coming back on H1, you mentioned you expected a weather impact to be a negative €200 million. I believe in your press release you mention €100 million negative impact on the cold snap in February; could you just reconcile for us the extra €100 million. Still on the weather, ERDF benefited from the cold weather, could you maybe tell us or quantify how much of the €200 million increase in revenues at ERDF is explained by the cold weather? And as a final point, in one of your slides you *mentioned the declining volumes supplied to Eurodif, I think a decline of a bit more than 4TWh in '12 and a bit less than 2TWh in '13, can you confirm that actually this is a positive trend for your EBITDA as you will likely increase the average revenue sold for this power being made available. Could you possibly give us an indication of how much in terms of € per M/h of increased revenues and therefore EBITDA you could get from these volumes? Thank you very much.*

The €100 million is the cold snap during the month of February and the unusual very low temperature there, but as I tried to explain in my first comments on the weather conditions during this first quarter, weather conditions were also unusual early January and end of March, because they were mild and for example, early January, we were not able to sell all our nuclear output, because the weather was pretty hot compared to what we usually have, so all in all the cold snap in February and hot temperatures in January and March compared to the weather conditions we had during the first quarter of 2011 are minus €200m, but you are right in considering that ERDF is making a profit out of it, but on the other side as we have to source the price much higher despite the fact that our optimisation's department was able to hedge very efficiently, and as I tried to demonstrate was able to use our water resource extremely efficiently during this quarter. Despite that, overall for the Group it's minus €200m on the EBITDA level. At the net income level it's less than that, because ErDF is making a profit when there is a cold effect, but marginal impact on net income. As far as Eurodif is concerned, yes, we can sell the extra output and here you have to make your assumption in terms of average price, I do not want to comment on the EBITDA impact.

Benjamin Leyre – Exane BNP Paribas

A couple of follow up questions please. First on Egypt in E&P, you indicated that during the full year 2011 you had some delays in some payments for your activities there for Edison. Is it still the case? And second question on nuclear in France, I wonder if you could update us with your discussions with the ASN regarding the timing of implementation of the safety programme.

Yes, on Egypt we had some deterioration in our working capital due to delays of payment and this is still the case. We are currently working on it. On nuclear, contacts with safety authorities, we are currently of course discussing detail of the timing of the additional works that were announced. We announced some principles last year and ASN confirmed the principles early in 2012. We are now working on the detailed scheduling and we hope to be able to give you better clarity on that by the end of the month of July during the first half results. However, the numbers in absolute terms are known. I explained earlier that the post Fukushima was around €10 billion of which half was included in the capex that we intended to perform by 2025, so this hasn't changed, but we will be able to give you better detailed views on that by the end of the month of July once everything is really finalised with the safety authority.

Closing Comments

Thank you very much for your attention and questions during this conference call. Before closing, let me remind you that we will be holding our AGM on 24th May and we will disclose our first half 2012 results right at the end of the month of July on 31st July 2012. Thank you again.