

Quarterly Financial Information at 30 September 2017

Sales down slightly Growth in renewable generation Disposal plan execution confirmed

Key figures

Group sales	€49.7bn
	-3.2% org. ¹
	-1.3% org. excl. tariff adjustment ²

Electricity Output

Nuclear France: 283.3TWh	-1.3%
Nuclear United Kingdom: 48.7TWh	+0.7%
Hydropower France: 28.6TWh	-16.4%

At least €10 bn disposal plan between 2015 and 2020

✓ 80% of the target already reached

- Sale of all of EDF Polska's assets to PGE
- Sale of real estate assets to Tikehau Capital
- Disposal of some Edison gas assets

Institutional environment

• Key decisions at national and european levels

- New energy mix trajectory³ expected by mid-2018 as part of the multi-annual energy programme (PPE); 2025 deadline extended.
- Government action plan to accelerate the development of renewable energies (during the first quarter of 2018).
- Agreement on the reform of the European carbon market (EU ETS).

Highlights

• New developments in renewable energies, in particular in solar and growing economies

- Notably in Brazil (350MW of wind and solar), Egypt (100MW_{ac}), India (87MW_c of solar and 164MW of wind) and in offshore (innovative project off the coast of Blyth in the United Kingdom)

• Customers solutions : development and innovation

- New green energy supply offers. Extension of the Soweer offer with the supply of green energy and the remote control of electric heating
- Expected expansion of Edison's customer portfolio⁴ (~+50%, ~500,000 customers)
- Creation of EDF Nouveaux Business

2017 targets⁵

- | | |
|---|----------------|
| - Nuclear output: | 383 - 387TWh |
| - EBITDA ⁶ : | €13.4 - 14.0bn |
| - Net financial debt/EBITDA ^{6,7} : | ~ 2.5x |
| - Payout ratio of Net income excl. non-recurring items ⁸ : | 55% to 65% |

2018 targets⁹

- | | |
|---|---------------------------|
| - Operating expenses ¹⁰ : | -€0.8 bn compared to 2015 |
| - EBITDA ⁶ : | €14.6 - 15.3 bn |
| - Net investments ¹¹ : | ~€11bn |
| - Cash flow ^{6,12} : | ~ 0 |
| - Net financial debt/EBITDA ^{6,7} : | ≤ 2.7x |
| - Asset disposals nearly complete at end 2018: | ~€10bn |
| - Payout ratio of Net income excl. non-recurring items ⁸ : | 50% |

Targets beyond 2018 confirmed¹³

- | | |
|---|-----------------------------------|
| - 2019 operating expenses ¹⁰ : | Reduction ≥ €1bn compared to 2015 |
| - Asset disposals in 2015-2020: | at least €10bn |
| - Payout ratio of Net income excluding non-recurring items ⁸ : | 45% to 50% |

¹ Organic change at comparable scope and exchange rate; including -1.9% impact related to the regularization of regulated sales tariffs for the period starting from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

² Adjustment of the regulated sales tariffs for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

³ Meeting of the Council of Ministers of the French Republic on 7 November 2017

⁴ See press release of 13 October 2017. Subject to European Competition clearance

⁵ Please refer to the press release "2017 targets update" of 27 October 2017

⁶ At 2016 exchange rate

⁷ At an assumed discount rate on nuclear provisions of 4.1% for 2017 and 3.9% for 2018

⁸ Adjusted for interest payments on hybrid bonds booked in equity

⁹ Please refer to the press release "2018 targets update" of 13 November 2017

¹⁰ Sum of personnel expenses and other external expenses. At constant scope and exchange rates. At constant pension discount rates. Excluding changes in operating expenses for the service activities

¹¹ Net investments excluding Linky, new developments and asset disposals. Linky is a project handled by Enedis, a subsidiary fully independent from EDF as defined by the French Energy Code

¹² 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; the 2018 cash flow target aims for a slightly positive result or close to balance

¹³ Please refer to the press release of 28 July 2017

Change in EDF group sales

<i>In millions of euros</i>	9M 2016¹⁴	9M 2017	%	% organic	% organic Excluding 2014 tariff adjustment
France - Generation and supply activities	26,303	25,364	-3.6	-3.6	+0.2
France - Regulated activities	11,269	11,334	+0.6	+0.6	+0.9
United Kingdom	6,841	6,189	-9.5	-2.3	-2.3
Italy	8,066	7,215	-10.6	-10.5	-10.5
Other activities	5,155	5,298	+2.8	+0.9	+0.9
Other international	3,811	3,607	-5.4	-0.8	-0.8
<i>Inter-segment eliminations</i>	<i>(9,479)</i>	<i>(9,287)</i>	<i>-2.0</i>	<i>-2.0</i>	<i>-2.0</i>
Total Group	51,966	49,720	-4.3	-3.2	-1.3

The Group's sales during the first nine months of 2017 came out at to €49.7 billion, down 3.2% organically compared to the first nine months of 2016. Restated for the impact of the 2014 tariff adjustment¹⁵ of €-1,030 million, sales were down slightly (-1.3% in organic terms).

In France, sales in Generation and supply activities were down 3.6% in organic terms, in connexion with the 2014 tariff adjustment in 2016, without equivalent in 2017. Restated for this factor, sales were up 0.2% organically.

Sales in Regulated activities were up 0.6% organically, driven by the positive impact of changes in distribution tariffs. Restated for the impact of the 2014 tariff adjustment¹⁵, sales were up 0.9% in organic terms.

In the United Kingdom, the organic decline of 2.3% in sales mainly reflects lower nuclear realised prices.

In Italy, sales were down 10.5% organically, reflecting mostly unfavourable impact from gas hedging derivatives, which had no impact on the margin.

Sales in Other activities were up 0.9% organically, driven mainly by higher sales from Dalkia, particularly as a result of favourable price trends.

Sales in the Other international segment were down slightly (-0.8% in organic terms), mainly due to the negative impact of the review of EDF Norte Fluminense's power purchase agreement in Brazil which took place at the end of 2016. On the other hand, sales were up in Belgium.

¹⁴ As of 2016, breakdown of sales across the segment, before inter-segment sales eliminations

¹⁵ Adjustment of the regulated sales tariffs for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

Change in Group sales by segment

France – Generation and supply activities

<i>In millions of euros</i>	9M 2016	9M 2017	% organic	% organic Excluding 2014 tariff adjustment
France - Generation and supply activities	26,303	25,364	-3.6	+0.2

Sales during the first nine months of 2017 in the France - Generation and supply segment amounted to €25.4 billion, down 3.6% organically compared to the first nine months of 2016. Restated for the impact of the 2014 tariff adjustment¹⁶ in 2016 for a total of €-988 million, sales were up 0.2% in organic terms.

Unfavourable weather, mainly at the beginning of 2017, and the loss of one business day compared to 2016, penalised sales for an estimated total of €236 million.

The tariff change on 1 August 2016 and on 1 August 2017 contributed to a decrease in sales estimated at €205 million¹⁷. Increased competition also led to a drop in sales of €560 million.

ARENH subscriptions (61.4TWh) contributed to a growth in sales of €2,578 million. Net sales in the wholesale market decreased by an estimated €2,413 million¹⁸ due to the volumes transferred to the ARENH on the one hand and to lower output on the other hand.

The implementation of the capacity mechanism¹⁹ had a favourable impact of €457 million over the first nine months of 2017.

Finally, sales were up by €428 million due to other factors, in particular the increase in sales of renewable electricity volumes subject to purchase obligations (+€262 million).

Nuclear output at the end of September stood at 283.3TWh, down 1.3% (3.8TWh) compared to the same period in 2016, due to a higher volume of reactor outages.

The first nine months of 2017 were marked in particular by the fact that the Bugey 5 and Paluel 2 reactors were offline, as were the Gravelines 5 and Fessenheim 2 reactors in connection with the manufacturing files of the Creusot Forge plant. In addition, the unplanned outages at Flamanville 1 and Cattenom 1 also had an impact on nuclear power output.

Following the temporary shutdown of the generation units at the Tricastin plant²⁰, EDF revised its nuclear output target for 2017 to 383 - 387TWh.

Hydropower output²¹ amounted to 28.6TWh²², down 16.4% (-5.6TWh) compared to the first nine months of 2016 due to much lower than normal hydro conditions since the beginning of the year, the lowest since 2011.

As a result, greater demand was placed on thermal power plants. Their output, up 4.4TWh compared to the first nine months of 2016, reached 11.1TWh.

¹⁶ Regularisation of the regulated sales tariffs for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016

¹⁷ Excluding impacts of the capacity mechanism implementation

¹⁸ Excluding additional required energy purchases on markets

¹⁹ Implementation of the capacity mechanism on 1 January 2017, impacting tariffs, wholesale purchases/sales and market price offers

²⁰ Please refer to press releases of 28 September 2017 "Temporary shutdown of the 4 reactors of the Tricastin nuclear power plant" and 27 October 2017 "2017 targets update"

²¹ Hydropower output excluding island activities before deduction of pumped volumes

²² Output after deduction of pumped volumes: 29.3TWh over 9M 2016 and 23.5TWh over 9M 2017

France – Regulated activities

<i>In millions of euros</i>	9M 2016	9M 2017	% organic	% organic Excluding 2014 tariff adjustment
France - Regulated activities	11,269	11,334	+0.6	+0.9

Sales during the first nine months of 2017 in the France - Regulated activities segment amounted to €11.3 billion, up 0.6% organically compared to the first nine months of 2016. Restated for the impact of the 2014 tariff adjustment²³ for an amount of €42 million, sales were up 0.9% in organic terms.

Sales benefited from the positive change in the distribution tariffs for an estimated €127 million. On the other hand, the effects of the weather and the 2016 leap year contributed to a slight decrease in sales, estimated at €35 million.

Distributed volumes were down slightly, in connection with improvements in energy efficiency.

United Kingdom

<i>In millions of euros</i>	9M 2016	9M 2017	% organic
United Kingdom	6,841	6,189	-2.3

In the United Kingdom, sales of €6.2 billion were down 2.3% in organic terms compared to the first nine months of 2016.

Sales were affected in particular by a fall in realised nuclear prices.

Nuclear output amounted to 48.7TWh, +0.7TWh compared to the first nine months of 2016, confirming the good operational performance of the nuclear fleet thanks to favourable scheduling of the refuelling operations during the first half of 2017 and good availability of the nuclear fleet.

The volumes sold were down due to a decline in demand for gas and electricity, attributable to improvements in energy efficiency and milder weather.

In a highly competitive environment, EDF Energy kept the number of customer accounts stable compared to the first nine months of 2016.

²³ Regularisation of the regulated sales tariffs for the period from 1 August 2014 to 31 July 2015 following the French State Council's decision of 15 June 2016 for island activities and the ES subsidiary

Italy

<i>In millions of euros</i>	9M 2016	9M 2017	% organic
Italy	8,066	7,215	-10.5

In Italy, sales amounted to €7.2 billion, down 10.5% in organic terms compared to the first nine months of 2016.

In Hydrocarbon activities, sales contracted due to the unfavourable impact from gas hedging derivatives and changes in gas prices. This sharp decline had no impact on the margin.

Sales of gas volumes also decreased despite an increase in consumption by industrial clients and in generation from thermal power stations.

In Electricity activities, sales were also penalised by lower volumes sold, partially offset by a favourable price effect.

Other activities

<i>In millions of euros</i>	9M 2016	9M 2017	% organic
Other activities	5,155	5,298	+0.9

Sales in the Other activities segment amounted to €5.3bn, up 0.9% in organic terms compared to the first nine months of 2016.

Sales for **EDF Énergies Nouvelles** were down 1.4% in organic terms compared to the first nine months of 2016. Generation output volumes continued to grow (+3%) compared to the first nine months of 2016, mainly in wind power (+5%). Net installed capacity increased by 0.9GW compared to the end of September 2016, including the impact of the Futuren acquisition (0.3GW). Gross capacity under construction reached 2.4GW at the end of September 2017 compared to 1.8GW at end 2016. This downturn in sales is mainly attributable to the decrease in Operation and Maintenance activities.

Sales from **Dalkia** grew 7.4%, mainly due to favourable changes in service contract indexations, the positive effect of higher fuel prices and good commercial development. Dalkia notably signed and renewed a number of contracts, such as the energy management of the St Louis hospital facilities in Paris, the global performance management of buildings in the Hérault department (South of France) over a period of eight years (geothermal, energy consulting services), and the partnership with Toyota to meet its target of 'zero CO₂ by 2015'. Moreover, Imtech subsidiary acquired in July 2017 is now fully part of the Group.

EDF Trading's sales were down organically by 24.7%, due to low market volatility and mild weather in the first half of the year, together with an unfavourable price trend, particularly in the United States. EDF Energy Services in the United States performed well throughout 2017 and above 2016.

Gas activities benefited from the commercial start-up of the Dunkerque LNG terminal.

Other International

<i>In millions of euros</i>	9M 2016	9M 2017	% organic
Other International	3,811 ²⁴	3,607	-0.8

Sales in the Other international segment amounted to €3.6 billion, down 0.8% in organic terms compared to the first nine months of 2016.

In **Belgium** sales were up 4.4% organically. This increase reflects in particular the positive commercial development of service activities. Installed wind capacity reached 330MW, up 12 % compared to end-2016. Unfavourable price and volume effects on the electricity and gas activities were partially offset by an increase in electricity volumes in the business customers segment.

In **Brazil**, sales were down 16.7% organically, mainly affected by the negative impact of the review of EDF Norte Fluminense's power purchase agreement, which took place at the end of 2016.

²⁴ Including EDF Démász sales in 2016, with no equivalent in 2017 considering the sale of the subsidiary on 31 January 2017

Main highlights²⁵ since the press release of 28 July 2017

Major highlights

- EDF finalized the disposal of EDF Polska's assets to PGE (see press release of 14 November 2017)
- 2018 targets update (see press release of 13 November 2017).
- EDF supports Dubai Electricity and Water Authority (DEWA) in hydroelectric power plant project in the United Arab Emirates (see press release of 9 November 2017).
- The Board of Directors decided to distribute an interim dividend distribution of €0.15 per share for fiscal year 2017 (see press release of 7 November 2017).
- Disposal of a portfolio of around 200 office real estate and business assets to Tikehau Capital (see press release of 31 October 2017).
- 2017 targets update (see press release of 27 October 2017).
- EDF is preparing for the next stage of system performance testing at the Flamanville EPR, with a view to the fuel loading and the reactor start-up at the end of the 4th quarter of 2018 (see press release of 9 October 2017).
- Temporary shutdown of the four generation units of the Tricastin power plant (see press release of 28 September 2017).

New investments, partnerships and investment projects

Development of renewable sources, EDF Énergies Nouvelles²⁶

- On 8 November 2017, EDF Énergies Nouvelles commissioned 350MW in wind and solar energy capacity in Brazil.
- On 6 November 2017, the EDF group commissioned solar (87MW_c) and wind (164MW) plants in India through its subsidiary EDF Énergies Nouvelles.
- On 26 October 2017, the EDF group entered the Egyptian renewable energies market through its subsidiary EDF Énergies Nouvelles with a partnership project with the ELSEWEDY ELECTRIC Group to design, build and operate two solar power plants (100MW_{AC}).
- On 5 October 2017, EDF Énergies Nouvelles announced that the installation of five turbines (the most powerful installed at sea) off the coast Blyth was completed, marking the last stage of the development of a prototype wind farm for future fleets.
- On 15 September 2017, EDF Énergies Nouvelles signed a Virtual Power Purchase Agreement with Kimberly-Clark Corporation for a new wind farm under construction in the United-States (120MW).
- On August 10, 2017, EDF Énergies Nouvelles joined forces with Canadian Solar for a 92.5MW_c photovoltaic project in Brazil.

Edison

- Edison signed a binding agreement²⁷ with Gas Natural Fenosa for the acquisition of Gas Natural Vendita Italia and the Shah Deniz II gas contract (see press release of 13 October 2017).
- Edison announced the sell of ITG (Infrastruttura Trasporto Gas) and 7.3% interest in Adriatic LNG to Snam (see press release of 13 October 2017).

EDF Luminus

- EDF Luminus continued its development in energy efficiency services by acquiring a majority stake in Insaver (see EDF Luminus press release of 18 October 2017).

²⁵ The complete list of press releases is available on the website: www.edf.fr

²⁶ The complete list of EDF Énergies Nouvelles press releases is available at: www.edf-energies-nouvelles.com

²⁷ Subject to European Competition clearance

Other events

- The EDF group created EDF Nouveaux Business. This company's mission is to provide new offers and innovative and competitive services to customers (see press release of 19 September 2017).
- EDF unveiled a new range of green energy offers (see press release of 19 September 2017).
- The EDF group launched Agregio, an aggregator serving electricity producers and companies (see press release of 19 September 2017).



EDF group, a leader in the European energy market, is an integrated energy company active in all areas of the business: generation, transmission, distribution, energy supply and trading. Leader in low-carbon energy in the world, the Group has developed a diversified generation mix based on nuclear power, hydropower, new renewable energies and thermal power. The Group is involved in supplying energy and services to approximately 37.1 million customers accounts, 26.2 million of which are in France. The Group generated consolidated sales of €71 billion in 2016. EDF is listed on the Paris Stock Exchange.

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