
Publication of the decree and orders relating to the additional allocation of 20 TWh of ARENH volumes for 2022: update of the impact on the 2022 EBITDA outlook

The Government published on 12 March 2022 in the Official Journal the Decree and Orders dated 11 March 2022 relating to the additional allocation of 20 TWh of ARENH volumes for 2022.

The Decree provides that eligible suppliers, in order to benefit from the additional ARENH volumes over the period from 1 April to 31 December 2022 at the price of €46.2/MWh, will have to sell EDF the same volume that will be transferred to them by EDF under this additional allocation, at a price equal to the average of the wholesale forward prices recorded between 2 and 23 December 2021, for electricity delivery in mainland France in 2022, i.e. €257/MWh. The CRE will distribute the additional ARENH volumes between the suppliers, in the same way as the one that was followed for the delivery period started on 1 January 2022.

This decision sets the purchase price for EDF of the additional ARENH volumes of 20 TWh which will have to be made available to suppliers in 2022. The impact of the regulatory measures announced on 13 January 2022^{1,3} on the Group's EBITDA for 2022 was estimated, for illustrative purposes, at approximately -€8.4 billion based on market prices on 31 December 2021. Based on the terms defined in the Decree, and on the information available to the Group at this stage, the estimate of the impact on the Group's EBITDA for 2022 is reassessed at approximately -€10.2 billion².

In addition, on 7 February 2022, the Group updated its French nuclear output estimate for 2022 to 295 – 315 TWh. The impact of the decrease in output compared to 2021 on the Group's EBITDA was estimated, at the annual results³ and for illustrative purposes, at approximately -€11 billion based on the 2022 forward prices on 31 December 2021. Still for illustrative purposes, based on the information available to the Group at this stage and the 2022 forward prices on 11 March 2022, the estimate of the impact of the decrease in output on the Group's EBITDA for 2022 is reassessed at approximately -€16 billion.

EDF maintains its objectives at the end of 2023 of net financial debt / EBITDA of around 3 times and adjusted net debt / adjusted EBITDA⁴ of 4.5 to 5 times⁵.

The scale and variety of the risks the Group is facing, particularly in an extremely volatile market context, and the analyses and works the Group has to perform on the French nuclear fleet in relation to the stress corrosion phenomenon recently identified, are likely to impact the Group's capability to achieve these objectives. Moreover, in the current situation, the impacts of the Ukrainian conflict and associated geopolitical tensions on all-kind risks are difficult to quantify.

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¹ Refer to the PR "Announcements by the government on ARENH"

² Impact related to the regulatory measures announced on 13 January 2022. This amount includes an estimate of the impact of the tariff deferral on the 2022 cashflow estimated around -€0.9m

³ Refer to the PR "Annual results 2021"

⁴ At constant S&P methodology

⁵ Based on scope and exchange rates at 01/01/2022. At stable regulatory environment (ARENH ceiling at 100TWh), with the assumption of 31 December 2021 forward prices for 2023, and considering an assumption of French nuclear output for 2022 and 2023 as announced in the press releases of 7 and 11 February 2022

About EDF

As a major player in the energy transition, the EDF Group is an integrated energy company active in all businesses: generation, transmission, distribution, energy trading, energy sales and energy services. EDF Group is a world leader in low-carbon energy, having developed a diverse production mix based mainly on nuclear and renewable energy (including hydropower). It is also investing in new technologies to support energy transition. EDF's raison d'être is to build a net zero energy future with electricity and innovative solutions and services, to help save the planet and drive well-being and economic development. The Group is involved in supplying energy and services to approximately 38.5 million customers ⁽¹⁾, of whom 29.3 million in France ⁽²⁾. It generated consolidated sales of €84.5 billion. EDF is listed on the Paris Stock Exchange.

(1) Since 2018, customers are counted per delivery site. A customer can have two delivery points: one for electricity and another for gas.

(2) Including ÉS (Électricité de Strasbourg) and SEI.

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