

Rating object	Rating information	
<p>Long-Term Local Currency Senior Unsecured Issues</p> <p>Type of issues: Long-term local currency senior unsecured issues Home Market: Euronext Paris Issuer: Électricité de France S.A. Guarantor: --</p>	<p>Corporate Issuer Rating: A- / stable</p> <p>LT LC Senior Unsecured Issues: A-</p> <p>Rating Date: 4 October 2018 Monitoring until: withdrawal of the rating Publication Date: 11 October 2018 Rating methodology: CRA „Corporate Issue Ratings“ Rating history: www.creditreform-rating.de</p>	<p>Type: Initial rating Unsolicited</p> <p>Other: n.r.</p>

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Transaction summary

Object of this rating are the long-term (“LT”) local currency (“LC”) senior unsecured issues (“Notes”) issued by Électricité de France S.A. (“EDF”). The Notes have been issued within the framework of a Euro Medium Term Note Programme (“EMTN Programme”), of which the latest base prospectus dated 15 September 2017. The Notes are unsecured and are issued in series from time to time with different interest payments and maturities. The issues’ proceeds are used to finance general corporate purposes of the issuer, unless otherwise specified in the final terms of each Note.

The rating of A- represents a high level of credit quality with a low investment risk.

In accordance with CRA methods, this unsolicited corporate issue rating is derived from Électricité de France S.A.’s unsolicited corporate issuer rating, which was first prepared on 9 December 2016 (initial rating), monitored and updated on 24 April 2017. Information about the current unsolicited corporate issuer rating of Électricité de France S.A. and its rating report are available on the website of Creditreform Rating AG.

Issue rating details

Issuer

Électricité de France S.A. (EDF) is a leading electricity company, based in France. The group integrates the businesses of power generation, distribution, transmission, supply and trading as well as energy services. The company can count an average of 35.1 million customers worldwide (of which 26.5 million in France) served by 152,033 employees on 31 December 2017. EDF is the first power grid operator in Europe with 100,000 km very high and high voltage lines, 50 border lines and 1.3 million km of low and medium voltage lines, as well as the first nuclear operator in the world with 73 reactors worldwide. The group focuses on R&D and on new energy sources as well as renewables. EDF generated 580.8TWh in 2017, of which 77% by means of nuclear plants. The company announced in 2017 the Solar Plan, aiming at installing 30GW of solar power in France between 2020 and 2035. This will allow the company to reinforce its integration into the renewable industry. In addition, EDF acquired 75.5% of the capital New NP, which has since become Framatome, for EUR 1.9 bn in order to design and build nuclear islands for power plants in partnership with AREVA.

As the French government holds 83.7% of EDF’s shares, we consider the company as government-related. Any change in the expected extraordinary support of the French government or any change related to the sovereign rating of the French Republic (CRA Rating as of 28.05.2018: AA / stable) could have an impact on EDF’s unsolicited corporate issuer rating.

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With revenues amounting to EUR 69.6 billion in 2017, EDF experienced a revenue decrease of 2.2% compared to 2016 (EUR 71.2 billion) due to lower electricity production. EBITDA adj. amounted to EUR 14.2 billion (previous year: EUR 15.4 billion) and EBIT to EUR 5.6 billion (2016: EUR 7.5 billion). Nevertheless, the company could increase its net profit up to EUR 3.2 billion (previous year: EUR 2.9 billion) thanks to a better financial result (lower interest expenses, provisions and higher gains on financial asset sales).

As of 31 December 2017, the total financial debt amounted to EUR 62.5 bn (previous year: EUR 72.6 bn), mostly comprised of bond issues within the framework of its EMTN Program of EUR 45 bn. The liquidity is adequate with cash and cash equivalents of EUR 3.7 bn, covering 52% of short-term financial commitments and confirmed credit lines, unused as of 31 December 2017 of EUR 11.9 bn. The net debt / EBITDA adj. ratio is high at 15.6x, but net financial debt / EBITDA non-adj. is 2.4x. The company invested EUR 16.0 bn in 2017.

The following table shows some key financials of EDF for the last 2 years.

Table 1: Financials of EDF | Source: EDF annual report 2017, standardized by CRA

Financial ratios ~ extract Basis: consolidated annual statement per 31.12 (IFRS)	CRA standardized figures	
	2016	2017
Revenues	EUR 71,203 million	EUR 69,632 million
EBITDA adj.	EUR 15,449 million	EUR 14,174 million
EBIT	EUR 7,483 million	EUR 5,637 million
EAT	EUR 2,851 million	EUR 3,173 million
Total assets adj.	EUR 277,125 million	EUR 274,820 million
Equity ratio adj.	14.1 %	16.4 %
Capital lock-up period	66.8 days	73.4 days
Short-term capital lock-up	63.5 %	52.1 %
Return on investment	2.6 %	2.5 %
Net debt / EBITDA adj.	14.7x	15.6x
Ratio of interest expenses to debt	2.2 %	2.1 %

We expect a stable development of the company in 2018 as EDF increased its revenues as of 30 June 2018 by 5.6% in comparison with the first half-year 2017 and lowered its net financial debt by EUR 1.7 bn to EUR 31.3 bn, reaching a net financial debt / EBITDA ratio of 2.1x.

Regarding the general structural risks, business risks and financial risks as well as the outlook of the issuer, we refer to the report on the unsolicited corporate issuer rating of Électricité de France S.A. as of 9 December 2016 and updated on 24 April 2017 (currently A- / stable) and the information published by the Group since then. The specifics of the company are described in detail in the rating report, which can be found on the website of CRA. As mentioned above, the rating is monitored on an ongoing basis.

Rating object

The rating objects of this issue rating are exclusively the in euro denominated long-term senior unsecured issues, issued by Électricité de France S.A. and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The Notes have been issued within the framework of the EMTN Programme, of which the latest base prospectus dated 15 September 2017. The current EMTN Programme amounts to maximum EUR 45 bn. The Notes issued under the EMTN Programme benefit from a negative pledge provision and cross-default mechanism.

Rating result

We assign a rating of A- to the long-term local currency senior unsecured debt securities issued by Électricité de France S.A. The decision is derived from the unsolicited corporate issuer rating and its outlook.

The following tables gives overviews of the ratings attributed by CRA as well as of the current EMTN Programme.

Table 2: Summary of CRA ratings | Source: CRA

Rating objects	Detail information	
	Date	Rating
Électricité de France S.A.	24.04.2017	A- / stable
Long-term LC senior unsecured issues of Électricité de France S.A.	04.10.2018	A-
Sovereign Rating French Republic	28.05.2018	AA / stable
Other	--	n.r.

Table 3: Overview of 2017 EMTN Programme | Source: Électricité de France S.A. prospectus dated 15 September 2017

Overview 2018 EMTN Programme			
Programme Volume	EUR 45,000,000,000	Maturity	Depending on the respective Notes
Issuer	Électricité de France S.A.	Coupon	Depending on the respective Notes
Arranger	BNP Paribas	Currency	Depending on the respective Notes
Credit Enhancement	--	ISIN	Depending on the respective Notes

At the time of the rating, the following EUR-Notes are rated by Creditreform Rating AG:

Table 4: Unsolicited ratings of EDF's long-term LC senior unsecured issues | Source: EDF

ISIN	EUR	Issue date	Maturity	Unsolicited rating
XS0367001228	1,200,000,000	23.05.2008	29.05.2020	A-
XS0409749206	2,000,000,000	16.01.2009	25.01.2021	A-
FR0011637586	1,400,000,000	27.11.2013	27.04.2021	A-
FR0011182641	2,000,000,000	11.01.2012	18.01.2022	A-
XS0158194562	10,000,000	15.11.2002	15.11.2022	A-
FR0011318658	2,000,000,000	10.09.2012	10.03.2023	A-
FR0010800540	2,500,000,000	11.09.2009	11.09.2024	A-
FR0010961540	750,000,000	12.11.2010	12.11.2025	A-
FR0013213295	1,750,000,000	13.10.2016	13.10.2026	A-
FR0011225143	1,000,000,000	27.03.2012	25.03.2027	A-
FR0010891317	1,500,000,000	27.04.2010	26.04.2030	A-
XS0162990229	850,000,000	21.02.2003	21.02.2033	A-

FR0013213303	750,000,000	13.10.2016	13.10.2036	A-
FR0010961581	750,000,000	12.11.2010	12.11.2040	A-

All future LT LC senior unsecured Notes that will be issued by Électricité de France S.A. under the current EMTN Programme, denominated in euro and included in the list of ECB-eligible marketable assets, will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN Programme. Notes issued under the Programme in another currency than euro or other types of debt instruments (commercial papers, hybrid bonds, century bonds, etc.) have not been rated by CRA so far. The current ratings and information can be seen on the website of Creditreform Rating AG.

Best-case scenario

Best-case scenario:	A
Worst-case scenario:	BBB

In our best-case scenario for one year, we assume a rating of A. As the rating of the debt securities is linked to the rating of the issuer, we refer to the rating update on the unsolicited corporate issuer rating of Électricité de France S.A. as of 24 April 2017 (A- / stable).

Worst-case scenario

Note:

The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

In our worst-case scenario for one year, we assume a rating of BBB. As the rating of the debt securities is linked to the rating of the issuer, we refer to the rating update on the unsolicited corporate issuer rating of Électricité de France S.A. as of 24 April 2017 (A- / stable).

Appendix

Rating history

Table 5: Corporate issuer Électricité de France S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period until	Result
Initial rating	09.12.2016	16.12.2016	Withdrawal of the rating	A- / stable
Monitoring	24.04.2017	25.04.2017	Withdrawal of the rating	A- / stable

Table 6: LT LC senior unsecured issues issued by Électricité de France S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period until	Result
Initial rating	04.10.2018	11.10.2018	Withdrawal of the rating	A-

Regulatory and legal disclosures

The present rating is an unsolicited rating. Creditreform Rating AG was not commissioned by the issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The quantitative analysis is primarily based on the last annual report of the issuer, the base prospectuses and on press releases of the company. The information and documents meet the requirements and are in accordance with the published Creditreform Rating AG's rating methodology.

The rating was conducted on the basis of Creditreform Rating's "Corporate Issue Ratings" methodology. A complete description of Creditreform Rating's rating methodologies is published on the following internet page: www.creditreform-rating.de.

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodology. A complete description of Creditreform Rating's

rating methodologies and Creditreform's basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Marie Watelet (m.watelet@creditreform-rating.de) and Rudger van Mook (r.vanmook@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

The rating was presented to the rating committee on 4 October 2018. The company examined the rating report prior to publication and was given at least one full working day to appeal the rating committee's decision and to provide additional information. The rating decision was not amended following this examination.

The rating will be monitored until CRA removes the rating and sets it to non-rated (n.r.).

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Please note:

This report exists in an English version only. This is the only binding version.

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To prepare this credit rating, CRA has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the CRA website. Furthermore, CRA considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

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In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the 'Basic Data' card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within 'Basic Data' information card.

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