

EDF Revised its Nuclear Output Projection. Government Postponed Portion of the 2022 Tariff Increase — Limited Impact on the Rating Currently But JCR Will Materialize the Measures Taken by EDF

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Electricité de France S.A. (EDF)'s announcement of the revision of its nuclear output projection for 2022 and French government's decision to postpone a portion of the EDF's 2022 tariff increase.

- (1) Electricité de France S.A. (EDF) has revised its nuclear output projection from 330-360TWh to 300-330TWh for 2022, as the result of the extension of the outage period for five of its French nuclear reactors on January 13. On the same day, French government announced to postpone a portion of the 2022 tariff increase and allocate additional 20TWh to ARENH in 2022 with aiming to limit the rise of electricity tariffs.
- (2) Regarding the financial impact, EDF is currently analyzing the revision of nuclear output projection, but other measures such as postponement of the tariff increase by the government will push down 2022 EBITDA by around EUR 8 billion based on the recent market prices. The impact of the government measures alone is significant on its earnings, as it is equivalent to about half of EDF's EBITDA forecast of EUR 17.7 billion for the full year 2021. In response, EDF will disclose appropriate measures to strengthen its financial structure and earnings before the announcement of its annual results scheduled on February 18.
- (3) The rating of EDF incorporates its solid business base in France and its commitment to contain its net debt, and strong government support, and JCR believes that the impact on the rating will be limited if it is a temporary deterioration in the EDF's financial structure. JCR will closely examine the measures to strengthen the financial structure and earnings, as well as government support, and reflect them in the rating.

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<Reference>

Issuer: Electricité de France S.A.

Foreign Currency Long-term Issuer Rating: AA Outlook: Stable

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