

Bloomberg	EDF FP
Reuters	EDF.PA
12-month High / Low (EUR)	16.8 / 9.2
Market Cap (EURm)	21,323
Ev (BG Estimates) (EURm)	84,417
Avg. 6m daily volume (000)	1 766
3y EPS CAGR	-25.3%

EDF announced yesterday evening that it has revised downwards both its 2016 nuclear output (from 380-390TWh to 378-385TWh) and its 2016 EBITDA guidance (from EUR16.3-16.6bn to EUR16.0-16.3bn) as a consequence of further delays in restarting five nuclear reactors. This is the third nuclear output cut in about three months. We put our FV under review pending a necessary update on both the company's nuclear output and the integration into our model of the recent increase in French forward power prices.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.6%	-11.6%	-14.2%	-25.5%
Utilities	-4.9%	-7.0%	-6.8%	-10.3%
DJ Stoxx 600	-3.4%	-1.2%	-1.2%	-9.4%

## ANALYSIS

- EDF announced yesterday evening that it had revised downwards its 2016 nuclear output following the announcement earlier yesterday that the restart of five nuclear reactors (Bugey 4, Gravelines 2 and Tricastin 1, 3, and 4) would be delayed until the end of December (vs. end of November and mid-December initially). **The group therefore expects nuclear output to be between 378TWh and 385TWh vs. 380-390TWh initially.** As a reminder, back in September, nuclear output was already revised downwards from 395-400TWh to 380-390TWh on the back of additional safety control needed. No new information has been released regarding 2017 nuclear output which is still expected between 390TWh and 400TWh.
- As a consequence, **the company also revised down its 2016 EBITDA guidance from EUR16.3-16.6bn initially to EUR16.0-16.3bn.** Similarly, in September, the group already reduced its EBITDA guidance from EUR16.3-16.8bn to EUR16.3-16.6bn.
- As a reminder, in our model, **we stand at EUR16.0bn for 2016e EBITDA and at 390TWh for nuclear output.**
- This news is clearly negative** as nuclear output forecasts have been revised down three times in about three months and a half.
- We put our FV under review** pending a necessary update on both the company's nuclear output - for 2016 and beyond - and the integration into our model of the recent increase in French forward power prices.

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	75,006	75,527	76,716	77,948
% change		0.7%	1.6%	1.6%
EBITDA	17,601	15,977	15,502	16,349
EBIT	4,280	6,947	6,021	6,299
% change		62.3%	-13.3%	4.6%
Net income	4,231	2,312	1,704	1,903
% change		-45.4%	-26.3%	11.7%

	2015	2016e	2017e	2018e
Operating margin	5.7	9.2	7.8	8.1
Net margin	5.6	3.1	2.2	2.4
ROE	10.5	5.8	4.4	4.9
ROCE	2.0	2.8	2.5	2.6
Gearing	167.6	179.6	190.6	191.0

(EUR)	2015	2016e	2017e	2018e
EPS	2.27	1.15	0.85	0.95
% change	-	-49.4%	-26.3%	11.7%
P/E	4.4x	8.8x	11.9x	10.7x
FCF yield (%)	NM	NM	NM	12.3%
Dividends (EUR)	1.10	0.87	0.69	0.75
Div yield (%)	10.9%	8.6%	6.8%	7.4%
EV/Sales	1.1x	1.1x	1.1x	1.1x
EV/EBITDA	4.6x	5.3x	5.6x	5.3x
EV/EBIT	18.9x	12.2x	14.5x	13.9x

## VALUATION

- At the current share price, the stock trades at **5.3x** its 2016e EV/EBITDA multiple
- Buy, **FV under review**

## NEXT CATALYSTS

- 8th November:** Q3 revenues

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