

6th December 2016

## Utilities

### EDF

Price EUR9.81

ASN could allow EDF to restart some reactors pending results of extra tests

Fair Value EUR14.6 (+49%)

BUY

Bloomberg	EDF FP
Reuters	EDF.PA
12-month High / Low (EUR)	13.7 / 9.2
Market Cap (EURm)	20,693
Avg. 6m daily volume (000)	1 816

#### ANALYSIS

- The French nuclear safety regulator ASN announced yesterday that it has examined the information transmitted by EDF regarding the **high carbon concentration** found on several of the group's reactors. Although EDF has to carry out some extra tests, **ASN accepted EDF's assumptions about reactor safety and could allow the company to restart seven reactors pending results of these extra tests.**
- According to data from RTE, **seven reactors** (Civaux 2, Dampierre 3, Gravelines 2, Bugey 4, Tricastin 1, 3 and 4) **are expected to restart on December 31<sup>st</sup>**. **Four other reactors** (Civaux 1, Gravelines 4, Fessenheim 1 and Tricastin 2) **are still expected to be tested and to restart on January 2017.**
- This is **positive for EDF** despite the negative expected impact on French power prices. As a reminder, **we adopted conservative assumptions regarding the company's output for both 2016** (at 380TWh) **and 2017** (at 390TWh) as we stand at the low-end of the guidance provided by the company (378-385TWh for 2016 and 390-400TWh for 2017).

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.0%	-16.5%	-17.6%	-27.7%
Utilities	-5.2%	-12.1%	-10.8%	-15.0%
DJ Stoxx 600	2.4%	-3.2%	-1.4%	-7.2%

  

	2015	2016e	2017e	2018e
P/E	4.3x	9.0x	8.2x	7.2x
Div yield (%)	11.2%	8.5%	9.1%	10.2%

#### VALUATION

- **Buy, FV @ EUR14.6**
- At current share price, the stock trades at **5.2x** its 2016e EV/EBITDA multiple

#### NEXT CATALYSTS

- **February 14<sup>th</sup>**: FY16 results

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BUY ratings 72%

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