

EDF ACQUIRES E2M AND STRENGTHEN ITS POSITION IN THE FIELD OF DECENTRALISED ENERGY MANAGEMENT IN EUROPE

Acquisition of a major player on the German local flexibility and energy aggregation market

Via its affiliate EDF Pulse Croissance, the EDF group has acquired 100% of the capital of German company energy2market (e2m).

Founded in 2009, e2m aggregates local flexibility and renewable energy production and is one of Germany's top players in this market. With 85 employees, e2m boasts impressive technical and operational know-how offering a broad range of services in short-term flexibility management, the commercialisation of renewable energy production and the commercialisation of its own platform VPP (virtual power plant) on a SaaS (VPP software as a service) basis. E2m has 2,000 clients, mainly in Germany, and manages and operates 4,500 connected, decentralised energy production and flexibility sites (wind farms, solar farms, biomass etc.), representing a total installed power of 3GW.

This transaction is still subject to approval by the European competition authorities. The acquisition of e2m is due to be finalised by the end the third quarter of 2019.

EDF LEM (Local Energy Management), an organisation to help establish a position on fast-growing markets

In keeping with its CAP 2030 strategy, the EDF group is speeding up its development of renewable energy and storage in France and around the world. This development relies in particular on developing and optimising this so-called local and decentralised energy. It is EDF Local Energy Management (LEM), the EDF group's new business line, that is overseeing the development of subsidiaries working in the field of developing energy and local flexibility: Agregio, EDF Store & Forecast, Dreev, EDF-Energy PowerShift, and e2m, once its acquisition has been finalised.

With this acquisition, EDF becomes a major player in the direct marketing and local flexibility markets in Germany. The Group will also benefit from the experience and technical capabilities of a key player in the well advanced German market. The know-how that e2m boasts will complement that of Agregio, the aggregator set up in 2017 and an EDF subsidiary, which is developing a portfolio of decentralised assets in France representing 1.5GW of installed power, as well as that of EDF-Energy, via its Powershift project, a flexibility aggregator in the United Kingdom.

EDF Local Energy Management also oversees the activities carried out by:

- EDF Store & Forecast, which offers software solutions to optimise the energy use of local electricity systems by predicting and storing energy;
- Dreev, which is developing a Vehicle to Grid solution for electric vehicles to establish significant storage and flexibility resources to help encourage the incorporation of intermittent renewable energy sources.

Lastly, the acquisition of e2m demonstrates the EDF group's desire to consolidate its presence in Europe in innovative areas that encourage the energy transition. On a European level, the capacity of the local

flexibility and energy aggregation market is estimated to be 200GW (75GW of which is in Germany) and it is expected to double by 2030. The change in the energy mix means that the local flexibility and production aggregation business needs to be developed, helping in particular to secure their sources of income in the long term. In Germany, among other things, the EDF group has developed research activities relating to local low-carbon solutions, energy planning and the “smart city” in cooperation with the Franco-German research institute EIFER (European Institute for Energy Research).

Marc Benayoun, Senior Executive of the EDF Group, who oversees EDF Local Energy Management, said: *“With its CAP 2030 strategy, the EDF group is pulling together to double its renewable energy production over the next 10 years. Its local integration is a major challenge. The creation of a new department, EDF Local Energy Management, dedicated to the issues relating to flexibility and decentralised energy solutions, demonstrates the value the Group places on local energy resources and their development, for the benefit of our customers and the areas in which we work.”*

Félix Reynaud, director of EDF Local Energy Management, said: *“e2m’s position in the German energy market and its unique expertise will contribute an enormous amount to our growth strategy for the local energy market. I am thrilled with the arrival of e2m and its teams in the Group, as they will help consolidate our know-how and speed up the process of positioning the EDF Group as a European leader in these growing markets.”*

Responding to the challenges of a decentralised, multifaceted energy transition

The energy transition, which the EDF Group has embraced with its CAP 2030 strategy, is bringing together many different stakeholders and technologies. Its decentralised, multifaceted nature means that we need to explore lots of different options at the same time to determine which will be the major solutions of tomorrow, in order to start developing them today.

The Group’s investment fund and start-up incubator, EDF Pulse Croissance, therefore has the goal of creating these new opportunities for growth and new business lines thanks to two levers:

- In terms of organic growth, it supports and develops subsidiaries brought about thanks to an “intrapreneurial” project, several of which relate to managing decentralised energy (Agregio, EDF Store & Forecast, PowerShift, Dreev).
- In terms of external growth, it acquires stakes in start-ups outside the Group, as is the case with the acquisition of **e2m**.

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A key player in energy transition, the EDF Group is an integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services. A global leader in low-carbon energies, the Group has developed a diversified generation mix based on nuclear power, hydropower, new renewable energies and thermal energy. The Group is involved in supplying energy and services to approximately 39.8 million customers⁽¹⁾, including 29.7 million in France. The Group generated consolidated sales of €69 billion in 2018. EDF is listed on the Paris Stock Exchange.

⁽¹⁾ Customer numbers for the close of year 2018 are provided per delivery point. One customer may have two delivery points: one for electricity and another for gas.

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