

Press release

Paris, 13 March 2017

ANNUAL RESULTS 2016 Revised 2016 targets exceeded

782,000 customer sites acquired in France
66.5% revenue growth to **€1,692.4 million**
 Current operating income **multiplied by 2.6 to €86.8 million**

Proposed dividend raised by 25% to **€0.25 per share**

<i>€ millions</i>	31/12/2016	31/12/2015	Change
Revenue from ordinary activities	1,692.4	1,016.5	+66.5%
Gross margin	233.8	148.5	+57.4%
Current operating income	86.8	34.0	x 2,6
Net income	123.6	27.2	x 4,5
Earnings per share (in euro)	3.01	0.67	

Today's Board of Directors meeting approved the 2016 consolidated accounts. The audit procedures on the consolidated accounts have been completed and the audit report for the certification of the financial statements is being issued.

Record business growth in France, excellent commercial performance

2016 annual revenue is up by 66.5% to €1,692 million. This very strong increase is in particular attributable to the ongoing commercial growth with, in France, a 31.6% increase in gross acquisitions to 782,000 over the year compared with 594,000 a year earlier.

The increase in volume of electricity (13.9 TWh delivered, up 84%) and gas (5.4 TWh, up 42%) sold is in particular supported by corporate and public authority customers acquired by the Group (89,000 net sites) following the end of regulated tariffs for both electricity and gas for this customer category on 31 December 2015.

In 2016, the Group's customer portfolio rose 29.7% (472,000 net new sites acquired compared with 303,000 in 2015), which breaks down as follows at 31 December 2016:

<i>in thousands</i>	at end 2016	at end 2015	Change
Residential	1,705	1,337	+27.5%
Non residential	358	254	+40.9%
Total	2,063	1,591	+29.7%

<i>in thousands</i>	at end 2016	at end 2015	change
Electricity	1,607	1,248	+28.8%
Gas	456	343	+32.9%
Total	2,063	1,591	+29.7%

Strong improvement in net profitability

In a context of sustained customer site acquisitions and increased volumes of energy delivered, the Group successfully optimised its terms of supply and has adapted to the volatility in wholesale prices, especially for electricity. Combined with a positive €14.2 million impact from tariff catch-up following the publication of retroactive decrees in October 2016 (*), the gross margin is up by a sharp 57.4% to €233.8 million. This performance includes a negative €31.6 million impact of a provision taken for the loss-making contract concerning gas transit capacities between the Netherlands, Belgium and France.

For the first time over a full year, the gross margin also includes the contribution of the Bayet gas-fired combined-cycle power plant for around €9 million.

Control of operating expenses, which once again grow slower than revenue, bring the current operating income to €86.8 million (x 2.6). To note the positive impact, around €10 million for the past, of retroactive application of the CoRDis decision implementing assumption by GrDF of unpaid amounts for distribution costs relative to the gas supply business.

Net income also achieves record level at €123.6 million (multiplied by 4.5). It outpaces the current operating income thanks to improvement of fundamentals combined with:

- a rise in wholesale prices at the end of 2016 resulting in a positive change in fair value of energy derivatives operational in nature for €21.4 million compared with an expense of €(11.6) million in 2015;
- tax income of €29.5 million partly linked to the application of tax-loss carry forwards relative to the improvements of earnings outlooks.

(*) Cancellation of the 28/07/2014 decree concerning the period of August 2014 to October 2014 (non-compliance with the principle of legal certainty for the "blue" tariffs) and the 30/10/14 decree concerning the period of November 2014 to July 2015 (failure to take into account the necessary tariff catch-up for residential "blue" tariffs and "green" tariffs).

Shareholders' equity boosted, solid cash position

At 31 December 2016, the Group Shareholders' equity is €217.5 million compared with a negative €(29.3) million at 31 December 2015. This €246.8 million increase is attributable, on the one hand, to the sharp improvement in net profitability, and on the other, to the positive €123.6 million change in the fair value of hedging instruments. Restated for the effect generated by the rise in wholesale prices and physical deliveries in 2016 of energy volumes purchased before 1 January 2016, shareholders' equity comes to €203.9 million (up €123.2 million compared with 31 December 2015).

The cash generation, along with the improved profitability, brings net financial debt to €(43.6) million.

€ M	31/12/2016	31/12/2015
Gross financial debt	196,170	183,093
Margin calls received in cash	132,362	850
Margin calls paid in cash	(3,230)	(60,568)
Gross cash	(368,867)	(35,230)
Net financial debt (*)	(43,565)	88,145

(*) Given the volatility of wholesale prices and the margin call levels that may result, the Group presents its net financial debt including all the financial effect of these margin calls.

The financial debt is mainly composed of bond debt (€183 million) maturing between 2019 and 2023; the last private placement in this format having raised €68 million in November 2016 to finance both the acquisition of customer sites and the purchase the of Marcinelle gas-fired power plant at the end of December for an enterprise value of around €36.5 million.

In addition to its available cash, the Group can also rely on significant liquidities of around €206 million through its unused credit facilities.

Continued growth in 2017 with once again increased targets

After a record 2016, 2017 will again be a year of growth in terms of activity and profitability. Buoyed by investment in communication and marketing, growth will in particular be driven by faster customer site acquisitions, again in a context of controlled operating expenses.

The Group targets for 2017:

- a portfolio of 2.5 million customer sites;
- revenue of €2,000 million at seasonal average temperatures; and
- current operating income of €100 million at seasonal average temperatures.

The Group is confident on its ability to sustain profitable growth, over the long term. In this respect, the Group states that its target is to serve over 4 million customer sites, all segments, energies and countries combined, by 2020.

Additionally, Direct Energie confirms its ambitions for external growth opportunities, in France and the rest of Europe, in particular to strengthen its upstream and downstream market positions. This expansion strategy reflects the Group's commitment to diversifying the growth drivers demonstrated by the previous acquisitions.

Proposed dividend per share of €0.25

The Board of Directors has decided to propose to the next General Shareholders' Meeting a dividend per share raised to €0.25 (an increase of 25%) with respect to the fiscal year 2016 and a coupon detachment set at 2 June 2017.

For Xavier Caïtucoli, CEO of the Group: “the 2016 results confirm the growth and profitability dynamic. They provide a solid foundation to further accelerate Direct Energie’s development, and put in place new growth relays”.

Next publication:

Revenue for 1st quarter 2017 on 10 May 2017 after the markets close

ISIN code: FR0004191674/Ticker symbol: DIREN/Euronext Paris, Compartment A

Publications: The Group's annual activity report, the annual accounts and the support used for the analyst meeting, are available on its internet site: www.direct-energie.com.

About Direct Energie

Third-largest French electricity and gas provider, the Direct Energie Group supplies, in France and Belgium (under the Poweo brand), more than 2.1 million residential and non-residential sites. As an integrated energy actor, Direct Energie produces power, supplies gas and electricity, and sells energy services to its customers. Direct Energie's success has been underpinned for more than 14 years by its technical expertise, excellent customer relationships and innovation capacity.

In 2016, the Group generated consolidated revenues of €1,692.4 million and delivered 19.8 TWh of energy.

For more information, visit our website: www.direct-energie.com

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Profit & loss account

<i>In thousands of euros</i>	31/12/2016	31/12/2015
Revenues excluding Energy Management Margin	1,676,957	1,016,870
Energy Management Margin	15,472	(335)
Revenue from ordinary activities	1,692,429	1,016,535
Cost of sales	(1,458,660)	(868,083)
Gross margin	233,769	148,452
Personnel expenses	(34,583)	(26,391)
Other operating income and expenses	(83,242)	(65,588)
Depreciation and amortisation	(29,186)	(22,507)
Current operating income	86,758	33,965
Changes in fair value of Energy financial derivative instruments operational in nature	21,394	(11,636)
Disposals of non-current assets	(2,453)	(5,929)
Impairment of non-current assets	(112)	(550)
Income and expenses related to changes in scope of consolidation	(628)	(120)
Operating income	104,959	15,731
Cost of net debt	(10,819)	(3,743)
Other financial income and expenses	(389)	65
Financial income/(loss)	(11,208)	(3,678)
Corporate income tax	29,454	17,010
Share of net income from companies accounted for by the equity method	352	(62)
Net income from continuing operations	123,557	29,001
Net income from discontinued operations	-	(1,754)
Net income	123,557	27,247
of which Net income, Group share	123,557	27,247
of which Net income, minority interests	-	-
Earnings per share (in euros)	3.01	0.67
Diluted earnings per share (in euros)	2.85	0.64
Earnings per share from continuing operations (in euros)	3.01	0.71
Diluted earnings per share from continuing operations (in euros)	2.85	0.68
Earnings per share from discontinued operations (in euros)	-	(0.04)
Diluted earnings per share from discontinued operations (in euros)	-	(0.04)

Balance sheet assets

<i>In thousands of euros</i>	31/12/2016	31/12/2015
Intangible assets	50,170	40,949
Property, plant and equipment	76,217	47,661
Investments in associates	1,434	902
Non-current derivative financial instruments	19,334	8,494
Other non-current financial assets	1,342	1,458
Other non-current assets	8,210	5,279
Deferred tax assets	66,467	40,780
Non-current assets	223,173	145,522
Inventory	38,458	36,245
Trade receivables	413,279	220,596
Current derivative financial instruments	137,084	35,843
Other current financial assets	18,364	70,688
Other current assets	30,263	69,500
Cash and cash equivalents	368,867	35,230
Current assets	1,006,314	468,102
TOTAL ASSETS	1,229,487	613,624

Balance sheet liabilities

<i>In thousands of euros</i>	31/12/2016	31/12/2015
Share capital and share premiums	15,307	9,003
Retained earnings and net income/(loss)	188,769	71,717
Treasury shares	(207)	(88)
Other comprehensive income/(loss)	13,630	(109,981)
Shareholders' Equity - Group share	217,499	(29,350)
Non-controlling interests	-	-
TOTAL SHAREHOLDERS' EQUITY	217,499	(29,350)
Non-current provisions	37,658	5,051
Non-current derivative financial instruments	17,311	81,354
Other non-current financial liabilities	182,843	114,829
Other non-current liabilities	4,759	2,164
Deferred tax liabilities	13,065	21,130
Non-current liabilities	255,637	224,528
Current provisions	14,169	6,776
Trade payables	242,602	187,818
Current derivative financial instruments	103,925	83,851
Other current financial liabilities	145,689	69,113
Other current liabilities	249,966	70,887
Current liabilities	756,351	418,446
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,229,487	613,624

Statement of changes in equity

<i>In thousands of euros</i>	Share capital	Share premiums	Retained earnings and profit or loss	Treasury shares	Other comprehensive income		Total Shareholders' equity
					Changes in fair value*	Other	
Shareholders' equity at 31/12/2015	4,079	4,923	71,717	(88)	(109,981)	0	(29,350)
Net income	-	-	123,557	-	-	-	123,557
Other comprehensive income	-	-	-	-	123,611	-	123,611
Comprehensive income	-	-	123,557	-	123,611	-	247,168
Capital increase	-	-	-	-	-	-	-
Options exercised	71	6,234	-	-	-	-	6,304
Options	-	-	1,738	-	-	-	1,738
Treasury shares purchases/sales	-	-	-	(119)	-	-	(119)
Dividends paid	-	-	(8,242)	-	-	-	(8,242)
Shareholders' equity at 31/12/2016	4,150	11,157	188,769	(207)	13,630	0	217,499

Cash flow statement

In thousands of euros

	31/12/2016	31/12/2015
Consolidated net income	123,557	27,247
Tax expenses/income	(29,454)	(17,010)
Financial income/(loss)	11,208	3,678
Income before taxes and financial expenses	105,311	13,915
Depreciation and amortisation	29,186	22,507
Impairment	112	550
Provisions	31,926	6,212
Effect of changes in consolidation scope and other gains and losses on disposals	0	234
Expenses related to share-based payments	1,738	1,351
Change in fair value of financial instruments	(25,280)	8,658
Other financial items with no cash impact	2,138	7,465
Share of income from associates	(352)	62
Items with no cash impact	39,468	47,040
Income tax paid	(10,636)	-
Change in working capital requirement	84,873	(79,755)
Net cash flow from operating activities	219,016	(18,800)
Acquisition of fixed assets	(33,770)	(25,749)
Disposals of fixed assets	-	3
Change in deposits and guarantees	184,812	(55,511)
Acquisition of shares in companies not fully consolidated	(10)	-
Acquisition of available-for-sale securities	0	(26)
Acquisition of subsidiary and merger, net of cash acquired	(35,453)	(43,934)
Loss of control of subsidiaries net of cash and cash equivalents sold	-	3,672
Change in financial assets	-	27,871
Net change in loans originated by the company	2,154	3,803
Net cash flows from investment activities	117,733	(89,872)
Sums received from shareholders during capital increases	6,304	-
Treasury shares	(119)	13
Proceeds from borrowings	185,541	120,876
Repayment of borrowings	(177,117)	(840)
Interest paid	(11,173)	(5,220)
Interest received	901	647
Dividends paid	(8,242)	(6,119)
Net cash flows from financing activities	(3,904)	109,357
Net change in cash and cash equivalents	332,844	685
Cash and cash equivalents at beginning of year	31,993	31,308
Cash and cash equivalents at end of year	364,837	31,993