

2013 results

Strong profitability growth

€32.7 million operating cash flow

€5.7 million net income (group share)

10% turnover increase and strong profitability growth expected in 2014

<i>in millions of euros</i>	2013	2012
<i>Turnover excluding Energy Management</i>	760.2	590.4
<i>Energy Management contribution</i>	3.1	0.4
Turnover	763.3	590.7
Gross margin	112.5	102.6
Current operating income	11.8	(5.0)
Net income (group share)	5.7	4.7

2012 figures include entities within Direct Energie's scope, together with the contribution of Poweo and its subsidiaries as of 1 July 2012. A pro forma and unaudited financial information document is available on the Group's web site since the release of 2012 financial statements

Solid turnover growth in 2013

In 2013, turnover amounted €763.3 million, up 29.2% year-on-year (+28.8% excluding Energy Management) notably due to the merger impact with Poweo, whose turnover is consolidated since 1 July 2012. Turnover increased by 6.5% compared with pro forma 2012 figures.

This vigorous growth is driven by the revival of the commercial growth policy since the second half of 2013, with the launch of innovative offers and a wide-reaching multimedia campaign. Direct Energie has over performed its growth target in terms of customer sites reaching a 7% rise over the year thanks to the addition of more than 150,000 new sites in the second half of 2013. This momentum was seen in all business segments, including multi-site customers, for which the group recorded new listings among companies and local authorities. High value-added service revenues continued to develop.



Improvement in economic conditions

The more balanced regulatory and pricing framework allowed Direct Energie to couple this growth in business volumes with a sharp margin improvement, and to record another profitable year, confirming the successful nature of its business model.

In the electricity market, the group was able to rely on a fix ARENH price (Accès régulé à l'électricité nucléaire historique, implemented in the context of the NOME law) of €42 per MWh. The ARENH allowed to secure around 75% of supply needs, thereby reducing the group's exposure to risk of variations in wholesale market prices.

In the gas market, supply costs evolved in line with the group's expectations. Besides, the ability to adapt its sourcing strategy also allowed to take advantage of the downward trend in market prices, which was concomitant with the Council of State's decisions to raise regulated tariffs.

Strong growth in profitability and results

The implementation of the rationalization plan following the merger with Poweo generated €14 million in savings over the year, in line with the announced timetable. The constant efforts to monitor structural charges, combined with the end of the absorption of the distribution part of unpaid bills on the electricity segment and the reduction in the amortisation charge on customer acquisition costs contributed to the steep increase in current operating income, which reached €11.8 million.

Operating income reached €7 million, hit by the disposal of a non-current asset relating to the gas power plant project located in Hambach in the Moselle region.

The cost of financial debt fell sharply thanks to ongoing deleveraging and improved financing conditions that have been negotiated. Direct Energie reported net income, group share, of €5.7 million, up 22.3% from 2012.

Cash flow generation and reduction in financial debt

Direct Energie generated an operating cash flow of €32.7 million in 2013. The group was able to complete its €15 million investment plan (cost of customer acquisitions and strengthening of IT systems) while lowering its financial debt. At 31 December 2013, the group's net cash position reached €28.3 million (increase of €18.4 million).



Outlook

In 2014, Direct Energie intends to step up its customer acquisition efforts, with a target raised to 340,000 new customer sites. The 6.5% growth rate in 2013 (turnover excluding Energy Management vs 2012 proforma turnover) is also set to be outperformed with a 10% target. In the medium term, the scheduled ending of regulated tariffs on the business segment (in gas and electricity) in 2015 and 2016 is a genuine source of growth from 2014 onwards.

This business growth will also generate an improvement in profitability boosted by :

- the upward trend in regulated tariffs, whose 5% increase starting 1 august 2014 has already been confirmed,
- the full implementation of the synergies that will generate €20 million,
- the constant focus on structural costs control.

Direct Energie is therefore aiming to double the current operating income in 2014.

Direct Energie will continue its customer acquisition strategy in a French market with strong potential and new competitive opportunities. Starting 2015, the group aims at a double digit growth rate of its turnover (excluding Energy Management), and 2 million customer sites by 2018.

For diversification purposes, the group also aims to expand in Europe, with a project in Belgium currently under study. Other geographical opportunities could also be considered in the medium term.

At the same time, Direct Energie confirms its ambition to become an integrated group and is continuing its gas power plant project at Landivisiau in partnership with Siemens. Thanks to its alliance with Axpo, it is also particularly well placed to benefit from the renewal of hydroelectric concessions with a tender process expected to be launched in 2014.

Xavier CAITUCOLI, Chief Executive Officer of Direct Energie, comments: "after a successful year in 2013 during which we finalised the Poweo merger, the Direct Energie group is now entering a new phase. The gradual implementation of a balanced and favourable regulatory framework combined with substantial commercial opportunities in a still predominated by incumbent monopolies market allow the Direct Energie group to foresee improvement in profitability and acceleration in its growth over future years".

Important note

The audit procedures on consolidated financial statements have been completed. The certification report is in the process of being issued.

Publications

The group has posted on its website (www.direct-energie.com) the management, statutory and consolidated financial statements that will be submitted for approval at the next AGM.

**About Direct Energie**

Born from the merger of Poweo and Direct Energie, Direct Energie is France's third-largest electricity and gas provider, serving more than 1.1 million customers sites (863,000 electricity customers and 237,000 gas customers in both the residential and business segments). Direct Energie has also developed its offer for companies and local authorities, with more than 100,000 delivery points.

As an integrated energy group in France, Direct Energie produces and supplies electricity, supplies gas, and offers energy services to its customers.

In 2013, the group generated turnover in excess of €760 million and delivered 8.8TWh of energy.

Direct Energie's success has been underpinned for more than the past decade by its technical expertise, excellent customer relationships and capacity for innovation.

Direct Energie is listed on the Alternext compartment of Euronext Paris Stock Exchange (ALDIR / FR0004191674).

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

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