

PRESS RELEASE

Edison signs binding agreement for the acquisition from Cryn Finance of the majority of Frendy Energy

Milan, July 17, 2017 - Edison and Cryn Finance announces that they have today signed a binding agreement for the acquisition by Edison of the majority of Frendy Energy S.p.A. (Frendy) capital¹, a company whose shares are traded on the AIM Italia – Mercato Alternativo del Capitale – which owns 15 mini hydroelectric power plants (of which 3 are at an advanced stage of construction) mainly situated on irrigation channels in Piedmont and Lombardy generating a total of approximately 20 GWh per year (equal to the consumption of approximately 6,000 families). With this agreement, Edison confirms its development plan in the renewables sector and in hydroelectric energy, in particular, with a strategy that leverages both on organic growth and through external lines. Under the terms of the agreement, Edison will acquire from Cryn Finance and from minority shareholder 45.039% of the capital of Frendy Energy S.p.A. (the **Interest**).

*“Today we are furthering the Edison development plan in renewable sources - declares **Marc Benayoun, Chief Executive Officer of Edison** -. In June, we inaugurated a new hydroelectric plant in Pizzighettone on the River Adda. Today with this agreement we are preparing to increase our production capacity with a further 15 hydroelectric plants and confirm Edison’s role as the leading operator in this sector for almost 120 years. The acquisition of Frendy Energy complements Edison’s future development plans for hydroelectric generation”.*

*“Frendy Energy was the first company to be listed on reformed Aim - said **Rinaldo Denti, Chairman of Cryn Finance and Frendy Energy** -. This agreement, with one of the leading players in the sector, represents for our Country, the evidence that Aim allows small entrepreneurs to pursue initiatives and to develop technologies that can integrate well into the industrial portfolio of large operators”.*

The binding agreement provides that Edison will acquire the Interest at an **estimated price** of 0.340 euros per Frendy share calculated, *inter alia*, based on the estimated Frendy group’s consolidated net financial position at June 30, 2017 equal to -1,250,000.00 euro (**Estimated NFP**). This price may be **subject to adjustment, but only downwards**, if the actual NFP of the Frendy group at June 30, 2017 (**Actual NFP**) is lower overall (understood in terms of lower cash and/or higher debt) than the Estimated NFP. In such event, the price per Frendy share will be proportionally adjusted downwards. On the other hand, if the Actual NFP is equal to or greater than (understood in terms of higher cash and/or lower debt) the Estimated NFP, the price per Frendy share will remain unchanged.

The closing of the transaction, and therefore the transfer of the Interest, should take place in October 2017 following determination of the **actual price**, established, *inter alia*, based on the Actual NFP (**Final Price**). To allow for the necessary verifications to this end, on the basis of the consolidated balance sheet as at

¹ Frendy Energy share capita is equal to 59,317,247 shares
Edison Spa



June 30 of the Frendy Group and leveraging also on an advisor's support, the Frendy Board of Directors will be asked to anticipate the approval of this document to September 12, 2017 at the latest.

The Closing is subject to Edison achieving an overall portion, in a single context, of not less than 50.01% of Frendy's voting rights also by acquiring Frendy shares from third parties at the same Final Price (the **Additional Acquisitions**), as well as fulfillment of a series of standard conditions precedent for this type of transaction. The agreements relative to the Additional Acquisitions are to be stipulated by August 1, 2017. Edison will fully consolidate Frendy Energy as from the closing date.

Following acquisition of the Interest and the Additional Acquisitions, Edison will make a compulsory takeover bid for all the Frendy shares, within the periods and according to the procedure laid down by law, for an amount per share equal to the Final Price.

Frendy Energy is active in the development, construction and management of mini-hydro power plants and in the marketing of the electricity generated. The Frendy Group owns 15 small hydroelectric power plants, three of them currently at an advanced stage of construction. Frendy operates in Piedmont and Lombardy and, in particular, in the provinces of Novara and Pavia which are characterized by a high concentration of regulated irrigation channels.

With the acquisition of Frendy, Edison will acquire control over a company with high technical competence, a large network of partners and specific know-how in the mini hydroelectric sector on irrigation channels.

Edison is an historical operator in the hydroelectric sector which, on last June 28, inaugurated a new mini hydroelectric power plant on the River Adda, in Pizzighettone. The construction of the first plant dates back to 1898 when the founder of Edison, Giuseppe Colombo, foresaw the scope of hydroelectric power and oversaw the construction of the Bertini plant on the banks of the Adda. Over the course of 20 years, a further two plants were constructed on the same river which represented Italian excellence in the sector and which are still operational and fully functional today: Esterle (1913) and Semenza (1920). Today, Edison's hydroelectric plants have an overall capacity of approximately 1,100 MW: 1,080 MW is generated by 35 large plants and 70 MW by 37 mini hydroelectric plants. In 2016, Edison's total hydroelectric generation amounted to 2.5 TWh.

Edison's commitment to renewables also extends to wind energy, a sector in which the Company operates through Alerion with 259 MW of installed capacity and E2i Energie Speciali, with an installed capacity of 600 MW that generated 1.1 TWh in 2016. In the next few months, E2i Energie Speciali will be engaged in the development of a further 165 MW of wind energy as a result of the latest tender held by Gestore dei Servizi Energetici (GSE) 15 MW of photovoltaic and biomass plants complete the Company's sustainable generation plants.

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Edison is one of the main energy operators in Italy and Europe operating in the supply, generation and sale of electricity, in energy and environmental services through its subsidiary Fenice as well and in E&P. With a history of more than 130 years, Edison has contributed to the electrification and development of the country. Today it operates in 10 countries of the world in Europe, Africa, the Middle East and South America, employing 5,000 persons. In the electricity sector, Edison can count of plants generating a total of 7 GW.



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