

PRESS RELEASE

EDISON SIGNS BINDING AGREEMENT WITH GAS NATURAL FENOSA FOR THE ACQUISITION OF GAS NATURAL VENDITA ITALIA AND OF THE SHAH DENIZ II GAS CONTRACT

Edison, through this transaction, increases by 50% its customer base. It enlarges its gas supply portfolio guaranteeing gas at a competitive price to all its customers and the security of the Italian energy system in the long term.

Milan (Italy), 13th October, 2017 – Edison and Gas Natural Fenosa have signed today a binding agreement for the acquisition by Edison of Gas Natural Vendita Italia and of the Shah Deniz II gas contract. Edison, through this transaction, increases by 50% its customer base reaching a critical mass that will produce significant synergies among all of its business units.

*“This transaction is a major step forward supporting Edison’s development strategy to grow the retail business and the local market, which are key drivers of EDF’s CAP 2030 strategy.” Says **Jean-Bernard Lévy, Chief Executive Officer and Chairman of EDF and President of Edison.***

*“Today we set a milestone in Edison’s strategic development in Italy.” Says **Marc Benayoun, Chief Executive Officer of Edison** – “This transaction is a breakthrough opportunity for our company: on the one hand, we grow our role in the Italian retail market, which is one of the pillars of our development plan. On the other hand, through the acquisition of Shah Deniz II contract, we enlarge our gas supply portfolio guaranteeing gas at a competitive price to all our customers and the security of the Italian energy system in the long term”.*

Edison will acquire 100% of Gas Natural Vendita Italia (GNVI), the company owned by Gas Natural Fenosa, that commercializes natural gas and electricity across Italy. The purchase price is 192.8 Million Euros corresponding to an Enterprise Value of 263 Million Euros after debt repayment and provisions.

In 2016, GNVI had approximately 420,000 residential and 14,000 SME customers, for a total gas volume sold of c.3 TWh. Most of its clients are located in Central-Southern Italy. In addition, GNVI also commercializes electricity to approximately 50,000 retail and SMEs customers. This transaction strengthens Edison’s position in the South of Italy, namely in Puglia, Calabria and Sicilia regions. Moreover, Gas Natural customers are mostly regulated clients with a low churn rate to switch and a good payment record. Finally, Gas Natural Vendita Italia has around 70 contracts in the wholesale market, and in 2016 it sold around 6 TWh to industrial customers and resellers.

GNVI also operates in the sector of domestic gas boiler maintenance through Servigas. It has approximately 90,000 contracts which generate a profitable service business which synergizes with Edison’s activities in the

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same sector through Assistenza Casa¹. Finally, Gas Natural Vendita Italia operates in compressed natural gas offered to the transport sector.

The acquisition of Gas Natural Vendita Italia is subject to the European Competition clearance. Edison will fully control and consolidate Gas Natural Vendita Italia as from the closing date, which is expected to occur between December 2017 and March 2018.

As part of the agreement and subject to the closing of Gas Natural Vendita Italia's acquisition, Edison will also acquire a 11 TWh long term gas supply contract from the Shah Deniz II field. This contract perfectly fits with Edison's gas portfolio leveraging its offering of gas at a competitive price to its customers and guaranteeing the security of supply of the Italian energy system in the long term. The gas import from Shah Deniz II is expected to start at the end of 2020 following the completion of the Trans Adriatic Pipeline (TAP). In particular, the total consideration payable is 30 Million Euros for the gas supply contract, of which a down payment of 10 Million Euros and an earn-out of 20 Million Euros, payable starting from 2021 subject to the first delivery of gas to Italy through the TAP pipeline.

Edison

Edison is a leading player in Italy and Europe in the procurement, production and sale of electricity, in the provision of energy and environmental services thanks also to its subsidiary Fenice and in the E&P sector. Founded over 130 years ago, Edison has contributed to the electrification and development of Italy. It now operates in Italy, Europe and in the Mediterranean Basin, employing 5,000 people. In the power generation sector, Edison has plants with total capacity of 6.5 GW.

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GNF

Gas Natural Fenosa is a multinational leader in the energy sector, a pioneer in the integration of gas and electricity. Present in more than 30 countries, the company offers services to almost 22 million customers in five continents, and manages a total installed capacity of 15.5 GW with a diversified mix of electricity generation technologies.

Public disclosure requirements under CONSOB Resolution no. 11971 of 14 May 1999, as amended.

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¹ On March 2, 2017, Edison announced the purchase of 51% of Assistenza Casa, the Italian subsidiary of the international group HomeServe (for further information on Assistenza casa: <http://www.assistenzacasa.com/>)