PRESS RELEASE

EDISON CLOSES FIRST HALF WITH REVENUES OF 5 BILLION EUROS AND EBITDA SHOWING STRONG GROWTH AT 426 MILLION EUROS

Net loss of 140 million euros (-67 million euros in first half of 2016) due to the volatility related to hedging. Debt further improved to 780 million euros from 1,062 million euros as at December 31, 2016.

Milan, July 26, 2017 - The Edison Board of Directors, met today, examining the Semiannual Report at June 30, 2017, which recorded a significant increase in EBITDA thanks to the good performance booked by all business areas. The increase in demand and prices of gas and electricity, coupled with the contribution made by the new energy and environmental services area, which as from April 2016 includes the results of Fenice, made for a great improvement in the company's industrial performance during the half-year. Edison estimates EBITDA for 2017 to increase to around 700 million euros, taking into account the performance of the first half and seasonal effects.

The Board of Directors approved the merger by incorporation into Edison Spa of Edison Trading Spa, the subsidiary operating in energy management, optimizing the Group's power plants portfolio on wholesale energy markets. The transaction responds to a need for corporate simplification thanks to the integration in Edison Spa of all the activities of the electric power operations: from the purchase of gas for production, to the generation and sale of electricity on energy wholesale markets.

EDISON GROUP HIGHLIGHTS

millions of euros	**6 months - 2017**	**6 months - 2016**
Sales revenues	**4,968**	**5,468**
EBITDA	**426**	**340**
EBIT	**19**	**21**
Group interest in net loss	**(140)**	**(67)**

Edison Spa

Foro Buonaparte, 31
20121 Milan
Tel. +39 02 6222.7331
Fax +39 02 6222.7379
ufficiostampa@edison.it

www.edison.it

Group performance at June 30, 2017

During the first half of 2017, demand and prices of gas and electricity significantly increased compared with the same period of last year. This was a consequence of two different phenomena: on the one hand, the difference in temperatures from the seasonal average in January and June and on the other, the lesser availability of electricity from abroad recorded at the beginning of the year. Both these phenomena resulted in the increase in prices.

In particular, in the first half of the year, **Italian electricity demand increased by 1.4% to 154.6 TWh** from 152.4 TWh in the same period of 2016. The increase in consumption derived also from climate factors, together with the decline in net imports (-18% to 18.4 TWh), supported the increase in thermoelectric production (+11% to 94.5 TWh), which balanced out the downturn to the hydroelectric sector due to the less water available in the period (-14% to 18.5 TWh). **The Single National Price (PUN) grew 38% to 51.2 euros per MWh** from 37 euros per MWh in the first half of 2016, as a result of the significant increase in thermoelectric generation and the related rise of gas costs.

The trend in demand for electricity has had a significant impact on gas consumption and prices. **Gas demand jumped 9.7% to 39.2 billion cubic meters in the first half of the year compared to the same period of 2016** driven by higher thermoelectric power consumption (+21% to 12.3 cubic meters). Consumption for industrial use (+6% to 9.1 billion cubic meters) and residential use (+4% to 16.8 billion cubic meters) also grew as a result of more rigid temperatures in January. This increase in demand resulted in an increase in spot gas prices in Italy coming in at 20.4 cents per cubic meter, up 32% on the same period of last year.

Also positive was the **oil price trend that in the first half of the year stood at an average value of 52.8 USD/barrel compared to 41 USD/barrel in the same period of 2016**, albeit with a downward trend over the six months. Oil price was impacted by opposite phenomena. The increase was supported by the agreements reached between the OPEC countries and other 10 producing countries on production ceilings, which reduced the availability of raw material on the market and the unplanned interruption of some extraction fields. The greater US production, the disappointing start of the driving season and the definition of measures below market expectations at the May meeting between OPEC countries balanced the upwards trend.

In this context, Edison closed the first half of the year with **sales revenues of 4,968 million euros, compared to 5,468 million euros in the same period of 2016**. This decline is mainly connected with the lesser proceeds[1] from derivative hedging contracts in relation to price dynamics that resulted in an impact particularly on the **hydrocarbons operations**. Revenues in this business sector came in at 2,821 million euros, recording a decline of 9.3% on the same period of 2016 despite the increase in sales. Revenues from the **electric power operations** decreased slightly by 4% to 2,544 million euros in the half-year compared to the same period of 2016 due to a decrease in volumes sold as a result of a different portfolio optimization, that more than compensated the increase in average sales prices and the contribution of Fenice[2] for 184 million euros (94 million euros in the first half of the previous year).

[1] The reduction in revenues on derivative contracts corresponded to a similar reduction in the relative cost item.
[2] Fenice has been consolidated since April 1, 2016.

EBITDA grew by 25.3% reaching 426 million euros from 340 million euros in the first half of 2016 thanks to the good performance of all business areas. In particular, **the Adjusted EBITDA[3] of the hydrocarbons operations increased significantly to 347 million euros** (+33.5% from 260 million euros recorded in the first half last year), thanks to the recovery of the oil scenario, which has resulted in greater profitability of the exploration and production of hydrocarbons. Growth was also recorded in the gas purchases and sales activities that contributes to the Adjusted EBITDA of the business segment for about two-thirds. The **Adjusted EBITDA[3] of the electric power operations recorded a progression of 7.4% to 131 million euros** (122 million euros in the first half of 2016, which included a positive non-recurring item linked to the transaction with SEL for the plants on the Cellina river), mainly benefiting from the increased margins recorded in thermoelectric generation and the contribution of Fenice.

EBIT was positive for 19 million euros (21 million euros in first half of the previous year). The result was affected by the change in the fair value of the hedging activities of commodities and foreign exchange[4], which was negative for 161 million euros (- 77 million euros in the first half of 2016). This change is mainly linked to the realization of hedging derivatives that, as a result of economic hedging strategies to protect margins and of the significant commodities prices fluctuations, determined in past years, starting from 2014, a positive Fair Value that is necessarily reversed in the profit and loss accounts of the following years.

The before taxes result was negative for 57 million euros (-36 million euros in the first half of 2016), as a result of the aforementioned dynamics and despite the improvement in the cost of debt that had recorded non-recurring charges the previous year. The result has been affected by the disposal transactions communicated so far that have had a negative impact of 48 million euros in the first half of the year (Adriatic LNG, ITG and Istituto Europeo di Oncologia).

Edison closed the first half of the year with a loss of 140 million euros (-67 million euros in the same period of 2016) as a result of the aforementioned dynamics.

As at June 30, 2017, net financial debt amounted to 780 million euros, a further improvement compared with the 1,062 million euros recorded at the end of 2016, thanks to the positive industrial activity and the improvement of the working capital. Debt falling due within the next 18 months includes the bonds issued in 2010 and maturing in November 2017, for a total nominal amount of 600 million euros. Edison is already considering the terms and conditions for refinancing this expiring date.

Outlook

Edison upgrades its EBITDA guidance for 2017 to about 700 million euros.

[3] The Adjusted EBITDA is calculated by reclassifying gains/losses on commodities and currency hedges associated with natural gas import contracts in Hydrocarbons Operations and Electric Power Operations, considering only the portion of such gains and losses that refer to the latter. Gross operating profit is adjusted to give readers a fairer understanding of results of operations. The Adjusted EBITDA includes central staff and technical services.

[4] Measuring the difference in Fair Value of financial instruments calculated as difference between the expected Fair Value at closing of each financial report and that at closing of the previous year. Realized result is included in EBITDA

Results of the Group's parent company

The parent company Edison Spa closed the first half of 2017 with a negative net result of 145 million euros (net loss of 20 million euros in the first half of 2016). The result was affected by the negative effect of the disposal of the stakes in Adriatic LNG and ITG and the net change in the fair value of the hedging activities of commodities and foreign exchange (-161 million euros), which is expected to be negative at year end.

Merger by incorporation into Edison of Edison Trading

The Board of Directors approved the merger by incorporation into Edison Spa of Edison Trading Spa (100% owned). The transaction responds to a need for corporate simplification thanks to the integration in Edison Spa of all the activities of the electric power operations: from the purchase of gas for production, to the generation and sale of electricity on energy wholesale markets. The documentation relating to the transaction, as required by current legislation, will be made available to shareholders and the public at the places and under applicable regulatory terms.

Main events of first half of 2017

March 1, 2017 - Edison entered into the urban biomass district heating sector, acquiring 51% of Comat Energia, the Comat Group company operating in 50 mountain communities across Piedmont. The transaction is part of Edison's strategy to develop the energy and environmental services sector as it pursues a market leadership position in Italy in this segment too, offering integrated services covering all sectors, from industry to the tertiary sector and public administration. Comat Energia operates in the woody biomass district heating sector through around 100 thermal (heat production) plants. Through simple, tried and tested technologies that allow the municipalities to access heating forms that are both environmentally and economically sustainable.

March 2, 2017 - Edison has strengthened the offer of innovative services for customers by purchasing 51% of Assistenza Casa, the Italian company of the international HomeServe Group, which retained the remaining 49% of the capital. In thus doing, Edison confirmed its capacity to innovate, flanking competitive offers of electricity and gas with a complete range of maintenance, installation and assistance services for household plants and smart homes. Assistenza Casa, established in 2010, numbers more than 50 employees, boasting a network of around 1,400 artisans across Italy and approximately 300 thousand customers.

March 2, 2017 - Edison sold its 51% stake in Gever, the company heading the thermoelectric power plant used by the Burgo paper mill, to Burgo, which already held 49%.

In **April 2017,** to cover the financial requirements and the necessary cash flow, Edison was granted two revolving credit facilities maturing in two years. The first, with EDF Sa and for 600 million euros, actually renews an identical one that has reached maturity, the second, with the sole back-up function, has been subscribed by a small number of banks and amounts to 300 million euros.

June 2, 2017 - Gazprom, DEPA and Edison signed a cooperation agreement at the International Forum in Saint Petersburg. The agreement provides for joint efforts to open a southern route for Russian gas supplies from Russia to Europe with a track that will cross Turkey and Greece to arrive in Italy. The three companies will coordinate the development and implementation of TurkStream and Poseidon gas line projects, from the Turkish and Greek borders to Italy, in full compliance with the legislative framework of reference. In addition, the agreement formalizes the methods to expand collaboration in Russian gas supplies.

June 28, 2017 – Edison has inaugurated its hydroelectric plant in Pizzighettone (CR), on the Adda River, confirming its view that developing renewables is key to the company's growth. The plant, a mini run-of-river hydroelectric installation with a capacity of 4.3 MW, blends perfectly into the landscape of South Adda Park thanks to its underground structure and a special passage that allows fish to swim upstream. The plant is able to produce an average of 18 million KWh per year. The sustainable energy generated from water is capable of meeting the needs of 6,000 households, preventing the release of approximately 8,000 tons of carbon dioxide into the atmosphere.

Significant events occurring after June 30, 2017

July 17, 2017 - Edison signed a binding agreement for the purchase from Cryn Finance of the majority of Frendy Energy S.p.A., a company with shares traded on AIM Italia - Alternative Capital Market - involving 15 mini hydro plants (of which 3 in an advanced phase of construction) mainly located on irrigation channels in Piedmont and Lombardy for an annual total production of about 20 GWh (equivalent to the consumption of about 6,000 households). Under the terms of the agreement, Edison will acquire 45.039% of the capital of Frendy Energy Spa from Cryn Finance and a minority shareholder at an estimated price of 0.340 euros (susceptible to possible reduction) per Frendy share. Closing is subject to Edison achieving, in a single context, a total of at least 50.01% of the voting rights in Frendy. As a result, Edison will make a compulsory takeover bid for all Frendy shares.

Documentation

Please note that the Semiannual Report as at June 30, 2017 of the Edison Group, approved today by the Board of Directors of Edison Spa, will be made available to the public on July 31, 2017 at the company's office, on the website of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (http://www.edison.it/it/bilanci-e-documenti-correlati) and on the electronic storage site "eMarket STORAGE" (www.emarketstorage.com).

Edison External Affairs
http://www.edison.it/en/contacts-2

Elena Distaso
Head of Media Relations
02 6222 8522

Lucia Caltagirone
02 6222 8283

Lorenzo Matucci
02 6222 7806

Edison Investor Relations:
Valeria Minazzi
Head of Investor Relations
02 6222 7889 – valeria.minazzi@edison.it; investor.relations@edison.it

The "Dirigenti preposti alla redazione dei documeni contabili societari" of Edison Spa, Didier Calvez and Roberto Buccelli, attest that – pursuant to article 154-bis, section 2 of the Consolidated finance act (Italian Legislative decree no. 58/1998) – the accounting disclosures in this release are consistent with records, ledgers and accounting entries. The Semiannual Report at June 30, 2017 was subject to a limited audit.

This press release and, in particular, the section entitled "Outlook", contain forward-looking statements. Such statements are based on the Group's current forecasts and projections in relation to future events and are, by their very nature, subject to intrinsic risk and uncertainty. Actual results could differ materially from the forecasts referenced in these statements due to many different factors, including the continued volatility and deterioration of capital and financial markets, fluctuations in the prices of raw materials, changes in macroeconomic conditions and in economic growth and other changes in business conditions, changes in legislation, including regulations, and in the institutional context (both in Italy and abroad) and many other factors, most of which are beyond the Group's control.

The Group's income statement, showing the other components of the comprehensive income statement, balance sheet, cash flow statement and the statement of changes in consolidated shareholders' equity are annexed to this press release. Material information pursuant to Consob resolution no. 11971 of May 14, 1999, as amended.

Consolidated Income Statement

(in millions of euros)	1st half 2017	1st half 2016
Sales revenues	4,968	5,468
Other revenues and income	65	96
Total net revenues	**5,033**	**5,564**
Raw materials and services used (-)	(4,450)	(5,089)
Labor costs (-)	(157)	(135)
EBITDA	**426**	**340**
Net change in fair value of commodity derivatives	(161)	(77)
Depreciation, amortization and writedowns (-)	(240)	(241)
Other income (expense), net	(6)	(1)
EBIT	**19**	**21**
Net financial income (expense)	(33)	(60)
Income from (Expense on) equity investments	(43)	3
Profit (Loss) before taxes	**(57)**	**(36)**
Income taxes	(77)	(20)
Profit (Loss) from continuing operations	**(134)**	**(56)**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**(134)**	**(56)**
Broken down as follows:		
Minority interest in profit (loss)	6	11
Group interest in profit (loss)	**(140)**	**(67)**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0.0272)	(0.0132)
Basic earnings per savings share	0.0250	0.0250
Diluted earnings (loss) per common share	(0.0272)	(0.0132)
Diluted earnings per savings share	0.0250	0.0250

Other Components of the Comprehensive Income Statement

(in millions of euros)	1st half 2017	1st half 2016
Profit (Loss)	**(134)**	**(56)**
Other components of comprehensive income:		
A) Change in the Cash Flow Hedge reserve	**12**	**287**
- Gains (Losses) arising during the period	17	424
- Income taxes	(5)	(137)
B) Change in reserve for available-for-sale investments	**-**	**-**
- Gains (Losses) not realized	-	-
- Income taxes	-	-
C) Differences on the translation of assets in foreign currencies	**(10)**	**11**
- Gains (Losses) not realized	(14)	10
- Income taxes	4	1
D) Pro rata interest in other components of comprehensive income of investee companies	-	-
E) Actuarial gains (losses) (*)	**(1)**	**(2)**
- Actuarial gains (losses)	(1)	(2)
- Income taxes	-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)	**1**	**296**
Total comprehensive profit (loss)	**(133)**	**240**
Broken down as follows:		
Minority interest in comprehensive profit (loss)	6	11
Group interest in comprehensive profit (loss)	**(139)**	**229**

(*) Items not reclassifiable in Income Statement.

Consolidated Balance Sheet

(in millions of euros)	06.30.2017	12.31.2016 (*)
ASSETS		
Property, plant and equipment	3,799	3,937
Investment property	5	5
Goodwill	2,343	2,357
Hydrocarbon concessions	374	396
Other intangible assets	134	128
Investments in associates	103	104
Available-for-sale investments	1	158
Other financial assets	82	94
Deferred-tax assets	484	498
Other assets	258	310
Total non-current assets	**7,583**	**7,987**
Inventories	227	180
Trade receivables (*)	1,259	1,877
Current-tax assets	8	8
Other receivables (*)	983	1,390
Current financial assets	27	22
Cash and cash equivalents	286	206
Total current assets	**2,790**	**3,683**
Assets held for sale	**220**	**-**
Total assets	**10,593**	**11,670**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	600	988
Reserve for other components of comprehensive income	(20)	(21)
Group interest in profit (loss)	(140)	(389)
Total shareholders' equity attributable to Parent Company shareholders	**5,817**	**5,955**
Shareholders' equity attributable to minority shareholders	287	310
Total shareholders' equity	**6,104**	**6,265**
Provision for employee severance indemnities and provisions for pensions	43	44
Provision for deferred taxes	52	52
Provisions for risks and charges	1,197	1,142
Bonds	-	-
Long-term financial debt and other financial liabilities	203	215
Other liabilities	44	74
Total non-current liabilities	**1,539**	**1,527**
Bonds	620	615
Short-term financial debt	270	460
Trade payables (*)	1,304	1,695
Current taxes payable	9	7
Other liabilities (*)	741	1,101
Total current liabilities	**2,944**	**3,878**
Liabilities held for sale	**6**	**-**
Total liabilities and shareholders' equity	**10,593**	**11,670**

(*) Since January 1, 2017, for a better representation of the operating w orking capital, the receivables and payable ow ed to/by partners and associates in hydrocarbon exploration projects are respectively included in trade receivables and trade payables, instead of in other receivables and other liabilities. For the purposes of consistent comparison the amounts at December 31, 2016, receivables for 47 million euros and payables for 88 million of euros, w ere reclassified in coherence w ith the 2017 data.

Cash Flow Statement

(in millions of euros)	1st half 2017	1st half 2016
Profit (Loss) before taxes	**(57)**	**(36)**
Depreciation, amortization and writedowns	240	241
Writedowns of activities held for sale	55	-
Net additions to provisions for risks	6	(37)
Interest in the result of companies valued by the equity method (-)	(2)	2
Dividends received from companies valued by the equity method	-	7
(Gains) Losses on the sale of non-current assets	1	(32)
Change in the provision for employee severance indemnities and provisions for pensions	-	(2)
Change in fair value recorded in EBIT	161	77
Change in operating working capital	170	495
Change in non-operating working capital	(76)	(27)
Change in other operating assets and liabilities	14	19
Net financial (income) expense	33	60
Net financial income (expense) paid	(12)	(44)
Net income taxes paid	(43)	(221)
A. Cash flow from continuing operations	**490**	**502**
Additions to intangibles and property, plant and equipment (-)	(195)	(187)
Additions to non-current financial assets (-)	-	-
Net price paid on business combinations	(9)	(4)
Cash and cash equivalents from contribution in kind	-	52
Proceeds from the sale of intangibles and property, plant and equipment	11	-
Proceeds from the sale of non-current financial assets	11	2
Repayment of capital contribution by non-current financial assets	2	2
Change in other current financial assets	(5)	(7)
B. Cash used in investing activities from continuing operations	**(185)**	**(142)**
Receipt of new medium-term and long-term loans	-	101
Redemption of medium-term and long-term loans (-)	(162)	(582)
Other net change in financial debt	(35)	72
Capital and reserves contributions (+)	1	-
Dividends and reserves paid to controlling companies or minority shareholders (-)	(29)	(32)
C. Cash used in financing activities from continuing operations	**(225)**	**(441)**
D. Net currency translation differences	**-**	**-**
E. Net cash flow for the period from continuing operations (A+B+C+D)	**80**	**(81)**
F. Net cash flow for the period from discontinued operations	**-**	**-**
G. Net cash flow for the period (continuing and discontinued operations) (E+F)	**80**	**(81)**
H. Cash and cash equivalents at the beginning of the year from continuing operations	**206**	**279**
I. Cash and cash equivalents at the beginning of the year from discontinued operations	**-**	**-**
L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)	**286**	**198**
M. Cash and cash equivalents at the end of the period from discontinued operations	**-**	**-**
N. Reclassification to Assets held for sale	**-**	**-**
O. Cash and cash equivalents at the end of the period from continuing operations (L-M+N)	**286**	**198**

(in millions of euros)	Share capital	Reserves and retained earnings (loss carry-forward)	Reserve for other components of comprehensive income					Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders	Total shareholders' Equity
			Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other components of comprehensive income of investee companies	Actuarial gains (losses)				
Balance at December 31, 2015	**5,292**	**1,790**	**(677)**	**-**	**15**	**-**	**(1)**	**(980)**	**5,439**	**437**	**5,876**
Appropriation of the previous year's profit (loss)	-	(980)	-	-	-	-	-	980	-	-	-
Dividends and reserves distributed	-	-	-	-	-	-	-	-	-	(35)	(35)
Increase of share capital and reserves	85	162	-	-	-	-	-	-	247	-	247
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-	(66)	(66)
Other changes	-	7	-	-	-	-	-	-	7	1	8
Total comprehensive profit (loss)	-	-	287	-	11	-	(2)	(67)	229	11	240
of which:											
- Change in comprehensive income	-	-	287	-	11	-	(2)	-	296	-	296
- Profit (Loss) from 01.01.2016 to 06.30.2016	-	-	-	-	-	-	-	(67)	(67)	11	(56)
Balance at June 30, 2016	**5,377**	**979**	**(390)**	**-**	**26**	**-**	**(3)**	**(67)**	**5,922**	**348**	**6,270**
Dividends and reserves distributed	-		-	-	-	-	-	-	-	(42)	(42)
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-	(1)	(1)
Other changes	-	9	-	-	-	-	-	-	9	(1)	8
Total comprehensive profit (loss)	-	-	333	-	13	-	-	(322)	24	6	30
of which:									-		
- Change in comprehensive income	-	-	333	-	13	-	-	-	346	-	346
- Profit (Loss) from 07.01.2016 to 12.31.2016	-	-	-	-	-	-	-	(322)	(322)	6	(316)
Balance at December 31, 2016	**5,377**	**988**	**(57)**	**-**	**39**	**-**	**(3)**	**(389)**	**5,955**	**310**	**6,265**
Appropriation of the previous year's profit (loss)	-	(389)	-	-	-	-	-	389	-	-	-
Dividends and reserves distributed	-	-	-	-	-	-	-	-	-	(29)	(29)
Increase of share capital and reserves	-	-	-	-	-	-	-	-	-	1	1
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	1	-	-	-	-	-	-	1	(1)	-
Total comprehensive profit (loss)	-	-	12	-	(10)	-	(1)	(140)	(139)	6	(133)
of which:											
- Change in comprehensive income	-	-	12	-	(10)	-	(1)	-	1	-	1
- Profit (Loss) from 01.01.2017 to 06.30.2017	-	-	-	-	-	-	-	(140)	(140)	6	(134)
Balance at June 30, 2017	**5,377**	**600**	**(45)**	**-**	**29**	**-**	**(4)**	**(140)**	**5,817**	**287**	**6,104**