



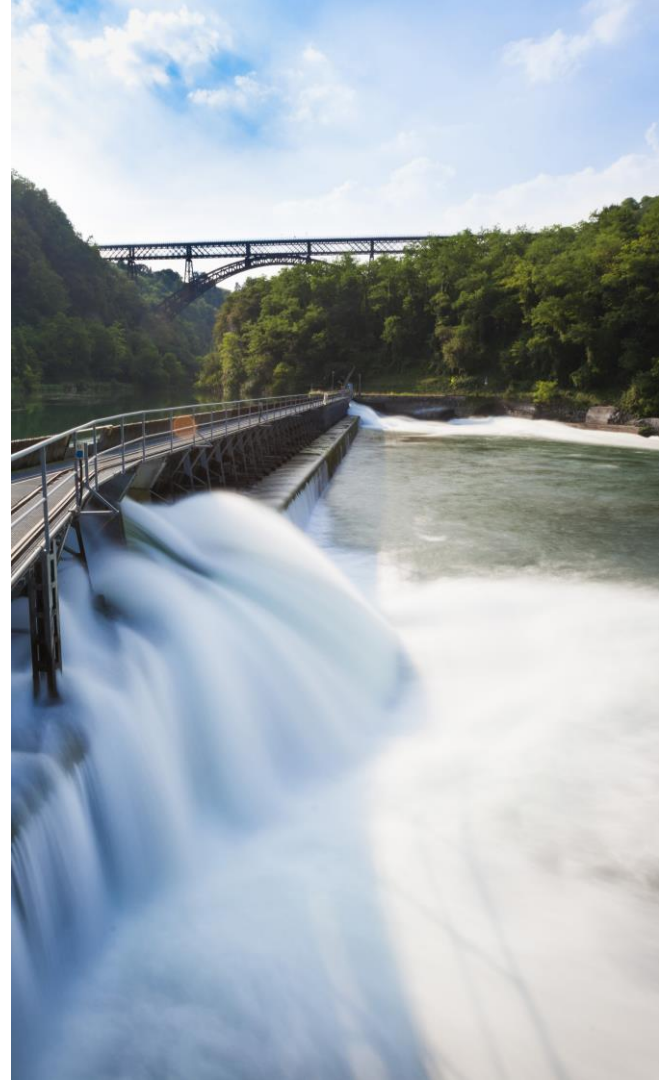
# FULL YEAR 2018 RESULTS

Milan, February 2019

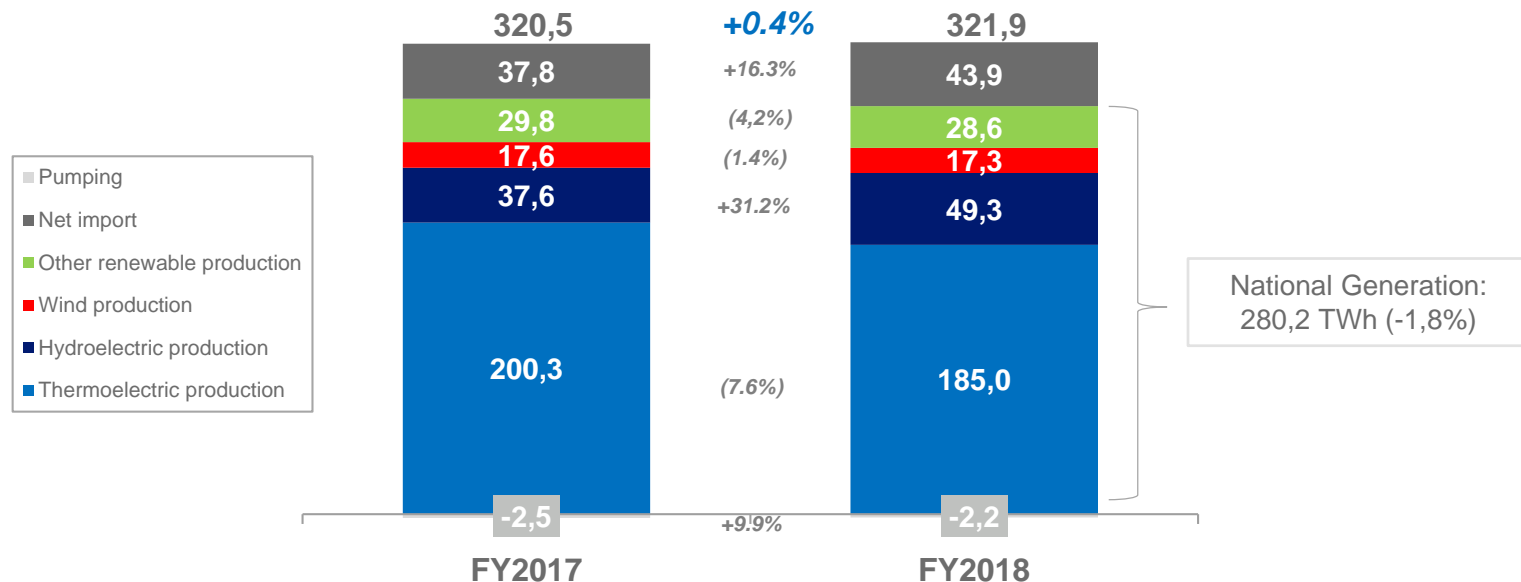


Full Year 2018 results | Feb. 17, 2019

# BUSINESS ENVIRONMENT

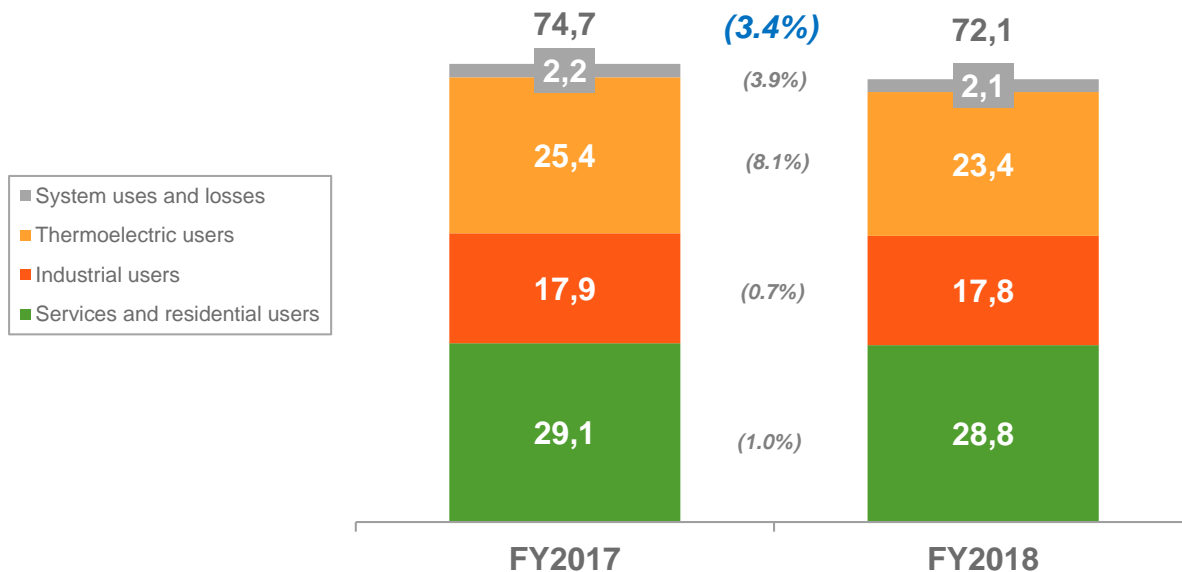


# ELECTRIC POWER AVAILABILITY MIX IN ITALY



Electricity consumption was stable. Lower thermoelectric, wind and other renewable generation, was partially balanced by a 31% increase in hydroelectric generation (2017 was a dry year) and higher net imports

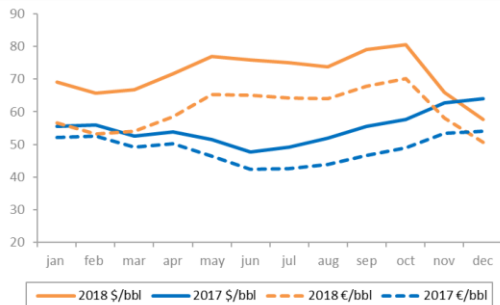
# GAS DEMAND IN ITALY



Gas demand decreased mainly as a result of lower thermoelectric uses and residential consumption, due to warmer weather in 4Q2018

# MARKET REFERENCE SCENARIO

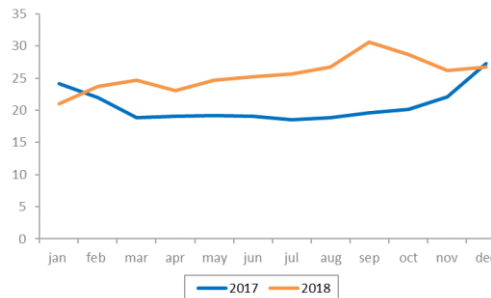
## BRENT



Avg FY2018: 71.5 \$/bbl  
60.6 €/bbl  
Avg FY2017: 54.8 \$/bbl  
48.6 €/bbl

## PSV

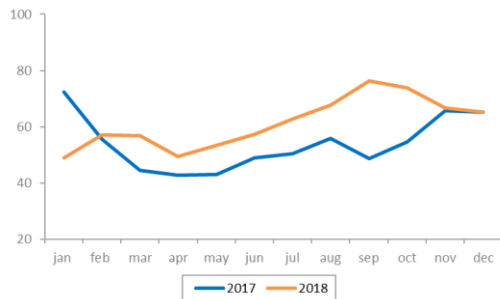
(€/scm)



Avg FY2018: 25.6  
Avg FY2017: 20.7

## PUN TWA

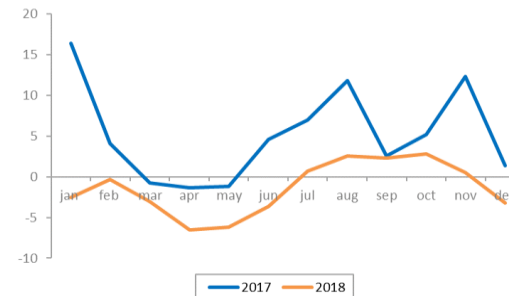
(€/MWh)



Avg FY2018: 61.3  
Avg FY2017: 53.9

## CSS<sup>1</sup>

(€/MWh)



Avg FY2018: -1.4  
Avg FY2017: 5.2

# FULL YEAR 2018 RESULTS

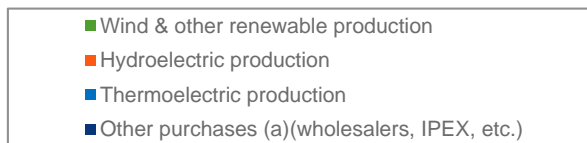
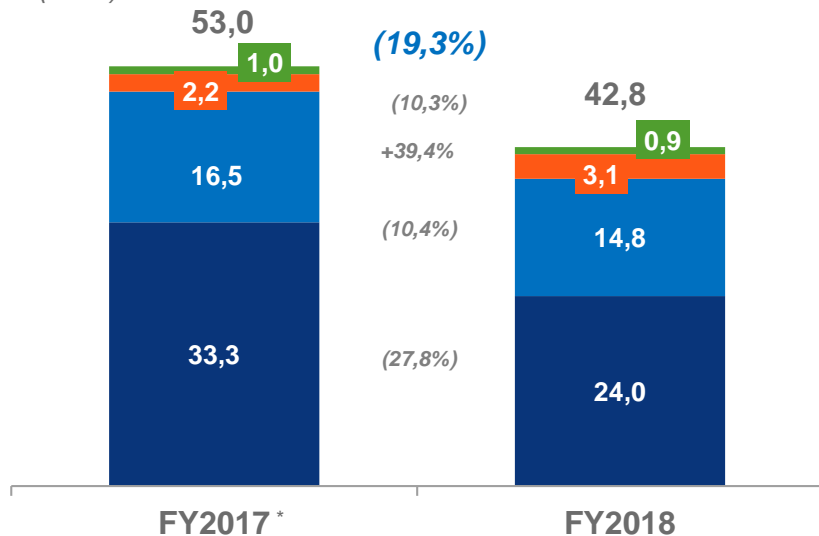
- Edison electric power and hydrocarbons sources and uses
- Consolidated financial highlights and capital expenditures
- Operating performance
- Net financial debt and cash flow



# EDISON ELECTRIC POWER VOLUMES IN ITALY

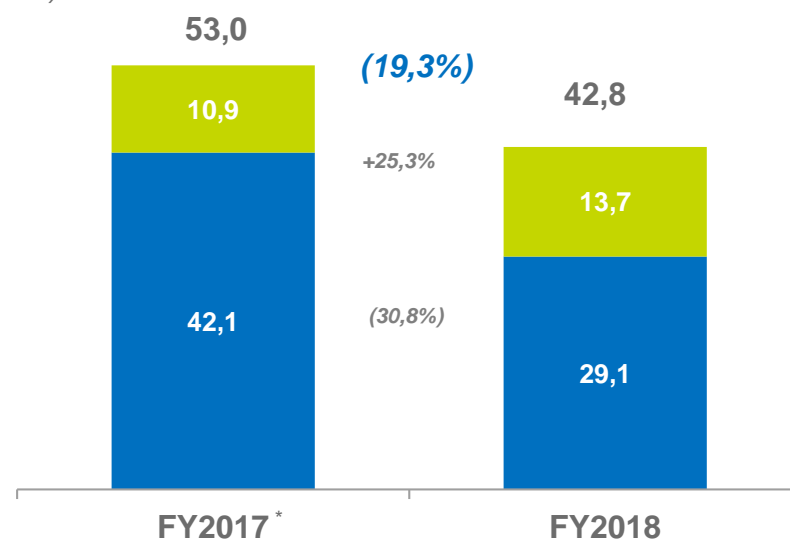
## SOURCES

(TWh)



## USES

(TWh)

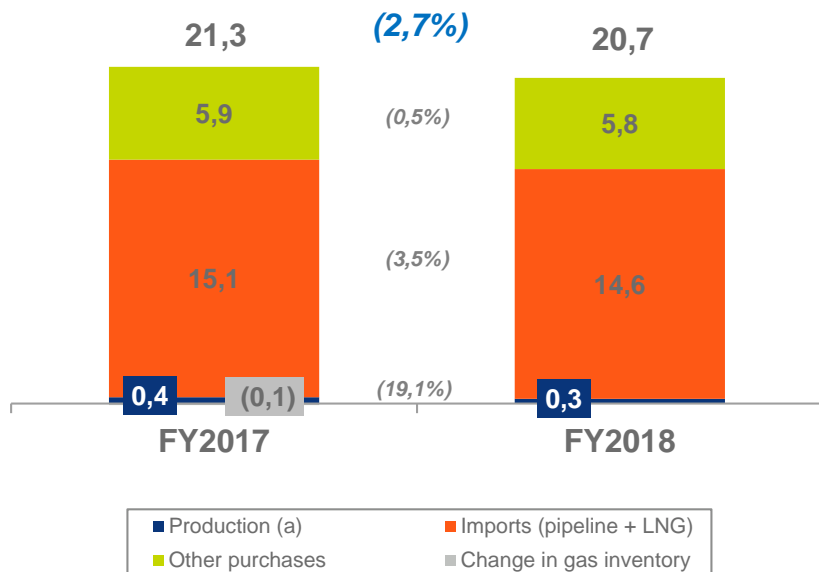


# EDISON HYDROCARBONS VOLUMES

## GAS PORTFOLIO IN ITALY

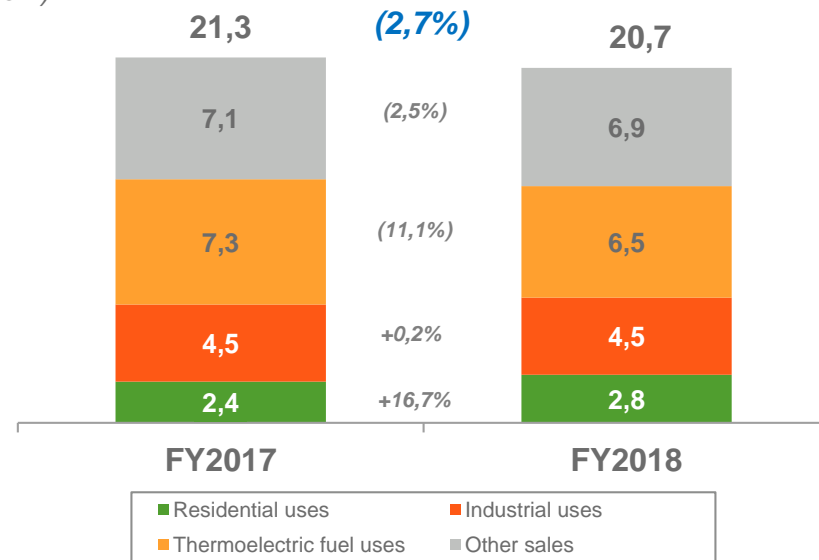
### SOURCES

(bcm)



### USES

(bcm)



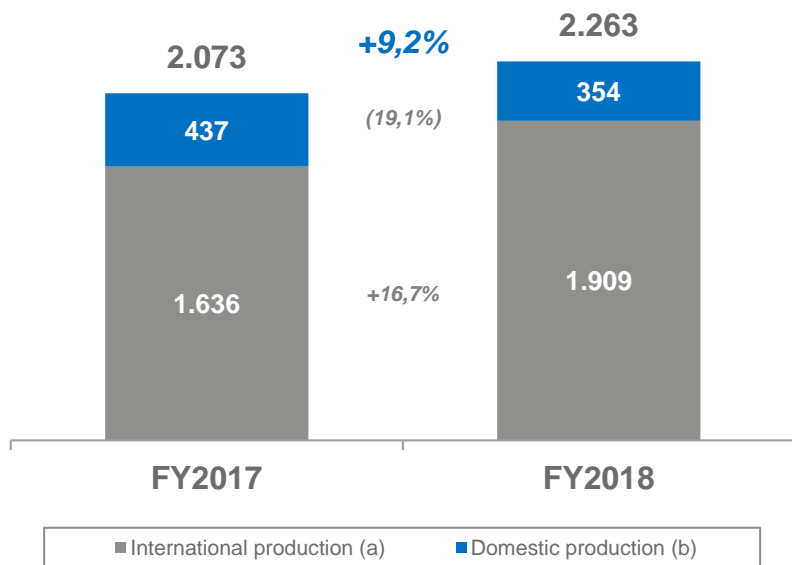


# EDISON HYDROCARBONS VOLUMES

## E&P OPERATIONS

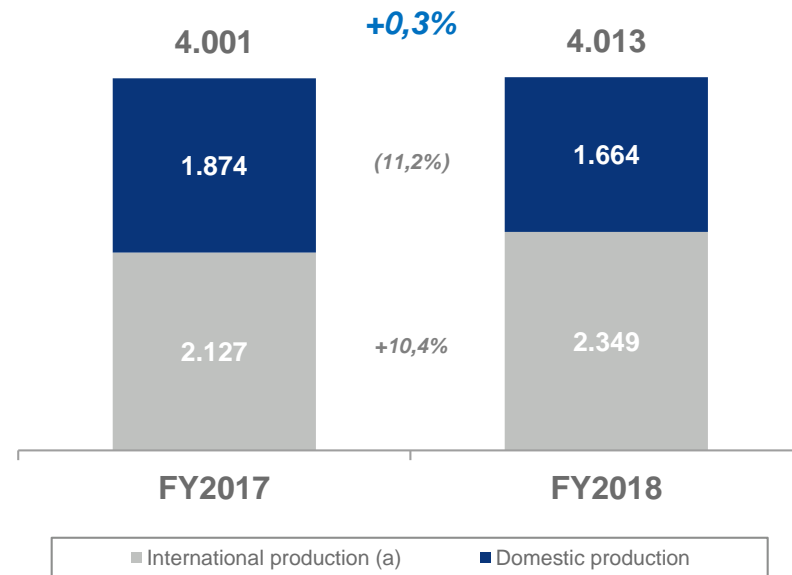
### GAS PRODUCTION

(mcm)



### OIL PRODUCTION

(kbbbl)



# GROUP CONSOLIDATED HIGHLIGHTS

(€ mln)

	FY2017 <sup>a</sup>	FY2018 <sup>a-b</sup>	Δ
Sales revenues	8.783	9.159	4,3%
EBITDA	803	793	(1,2%)
EBIT	42	199	nm
Profit (loss) before taxes	(41)	184	nm
Group net income (loss)	(176)	54	nm

Net capex & net financial investments <sup>c</sup>	496 <sup>e</sup>	830
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	FY2017 <sup>a</sup>	FY2018 <sup>a-b</sup>
Net invested capital	6.319	6.557
Net financial debt	116	416
Total shareholders' equity	6.203	6.141
<i>of which Group's net interest</i>	5.915	5.886
Debt/Equity ratio	0,02	0,07
Debt/EBITDA	0,14	0,52

## Net capex & financial investments<sup>c)</sup>



a) Since January 1, 2018 IFRS 15 "Revenue from contracts with customers" and IFRS9 (relating to financial instruments) entered into force. In order to improve comparability over time, Edison has decided to adopt IFRS15 retrospectively by restating 2017 financial statement. As a result of the adoption of this standard, sales revenues decreased with no impact on EBITDA. The impact of the first adoption of IFRS9 were recorded in equity without restatement of 2017 results.

b) FY2018 figures include the acquisition of GNV1 in March 2018, Attiva in May and Zephyro in July

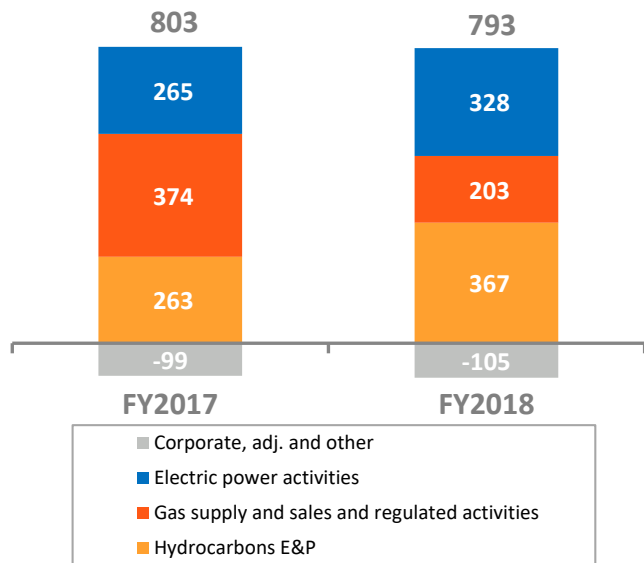
c) Including additions/reductions to non-current financial assets as well as price paid on business combinations, and net of proceeds from the sale of intangibles and property, plant and equipment

d) Including the acquisition of Gas Natural Vendita Italia, Zephyro and Attiva, as well as of the Shah Deniz long term gas import contract

e) The amount does not include the €489mln cash in from non recurring disposals related to the sale of the 100% stake in Infrastrutture Trasporto Gas (ITG), the 7.3% equity investment in Terminale GNL Adriatico (Adriatic LNG) and the sale of Foro Buonaparte properties in Milano

# OPERATING PERFORMANCE BREAKDOWN

	Electric Power			Hydrocarbons			Corporate and other			Total Edison Group		
(€ mln)	FY2017	FY2018	Δ	FY2017	FY2018	Δ	FY2017	FY2018	Δ	FY2017	FY2018	Δ
Sales revenues <sup>a</sup>	3.970	3.768	(5,1%)	5.592	6.098	9,0%	(779)	(707)	9,2%	8.783	9.159	4,3%
EBITDA <sup>b</sup>	265	328	23,8%	637	570	(10,5%)	(99)	(105)	(6,1%)	803	793	(1,2%)



EBITDA decreased due to the combined effect of:

- higher margins in thermoelectric generation and an increased contribution from the hydroelectric operations
- positive contribution of E&P activities, mainly as a result of the increasing Brent price and the recovery of exploration costs in Algeria for previous years (37 m€)
- the expected fall in margins of the gas supply and sales activities which have been penalized by the unfavorable market scenario
- perimeter effect due to the sale of Infrastrutture Trasporto Gas

# FROM CONSOLIDATED EBITDA TO NET RESULT

(€ mln)	FY2017 <sup>a)</sup>	FY2018 <sup>a-b)</sup>	Δ
<b>EBITDA</b>	<b>803</b>	<b>793</b>	<b>(10)</b>
Depreciation, amortization and writedowns	(655)	(564)	91
<i>of which: writedowns</i>	<i>(169)</i>	<i>(100)</i>	<i>69</i>
<i>of which: exploration costs</i>	<i>(80)</i>	<i>(29)</i>	<i>51</i>
Net change in fair value of commodity derivatives	(221)	(7)	214
Other income (expense), net	115 <sup>c)</sup>	(23)	(138)
<b>EBIT</b>	<b>42</b>	<b>199</b>	<b>157</b>
Net financial income (expense)	(52)	(19)	33
Income from (Expense on) equity investments	(31) <sup>d)</sup>	4	35
<b>Profit (loss) before taxes</b>	<b>(41)</b>	<b>184</b>	<b>225</b>
Income taxes	(122)	(117)	5
<b>Profit (loss) from continuing operations</b>	<b>(163)</b>	<b>67</b>	<b>230</b>
Profit (loss) from discontinued operations	0	0	0
<b>Profit (loss)</b>	<b>(163)</b>	<b>67</b>	<b>230</b>
<i>of which:</i>			
Minority interest in profit (loss)	13	13	0
<b>Group interest in profit (loss)</b>	<b>(176)</b>	<b>54</b>	<b>230</b>

In 2018 Edison recorded a net profit thanks to:

- the positive operating performance;
- the smaller impact of the volatility related to commodities and currency hedges;
- Lower writedowns related to the downward revision of the reference price scenario in the medium and long-term and the lower exploration costs
- halved financial expense due to a different mix of financial resources

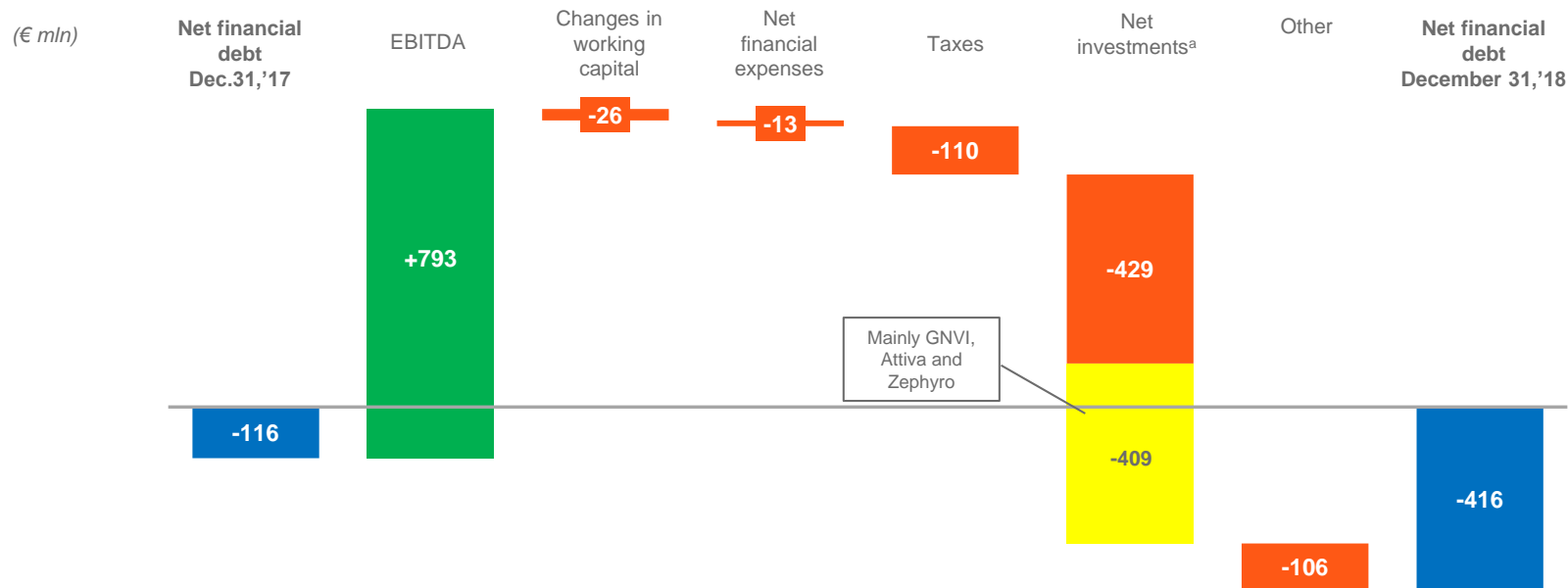
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b) FY2018 figures include the acquisition of GNV1 since March, Attiva in May and Zephyro in July.

c) Mainly related to the capital gain connected to the sale of Foro Buonaparte properties, rented on a long term basis.

d) Mainly related to the negative economic effect of the sale of Infrastrutture Trasporto Gas and the 7.3% stake in Terminale GNL Adriatico (55 m€).

# NET FINANCIAL DEBT AND CASH FLOW



The good operating performance of the period balanced the cash outflow of M&A transactions

# STATEMENT

As required by Article 154-bis, Section 2, of the Uniform Finance Law (Legislative Decree No 58/1998), Didier Calvez and Roberto Buccelli, in their capacity as “Dirigenti preposti alla redazione dei documenti contabili societari” of Edison S.p.A., attest that the accounting information contained in this presentation is consistent with the data in the Company’s documents, books of accounts and other accounting records.