Edison Spa

Press Office
Foro Buonaparte, 31
20121 Milan

Tel. +39 02 6222.7331
Fax. +39 02 6222.7379
ufficiostampa@edison.it

Press Release

EDISON ENDS THE FIRST HALF WITH REVENUES OF 5.6 BILLION EUROS, EBITDA OF 204 MILLION EUROS. NET FINANCIAL DEBT OF 1.7 BILLION EUROS. THE GUIDANCE FOR 2015 IS CONFIRMED.

Milan, July 30, 2015 – Edison's Board of Directors, meeting yesterday, reviewed the Semiannual Report at June 30, 2015 and confirmed the EBITDA targets of at least 1 billion euros for the full year including the arbitration for the gas supply from Libya. The target will be achieved also thanks to the benefit of programs implemented by the company to reduce operating costs, despite the energy market continues to be characterized by sharply lower oil prices and weak electric power demand.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	**6 months 2015**	**6 months 2014**
Sales revenues[1]	**5,619**	**6,111**
EBITDA	**204**	**423**
EBIT[1]	**(155)**	**324**
Group interest in net profit (loss)	**(207)**	**116**

Operating Performance of the Group at June 30, 2015

In the first half of 2015, demand for electric power held relatively steady compared with the same period last year, while consumption of natural gas staged a significant rebound, even though Brent prices followed a downward trend.

More specifically, Italian demand for electric power totaled 153.2 TWh (-0.3% compared with 153.7 TWh in the same period in 2014), with a sharp reduction in hydroelectric production, due to a lower availability of water resources during the period, compared with the exceptional levels recorded in the first half of 2014. The reduction was offset by a gain in thermoelectric production (+4%), an increase in the output from renewable-sources (+9%) and higher net imports (+3%).

[1] The data for 2014 were restated due to some reclassifications, which, however, did not have a material effect.

Consumption of natural gas increased by 7.9% to 35.2 billion cubic meters in the first half of 2015 (32.7 billion cubic meters in the same period last year), thanks to a pickup in demand for gas from residential customers—due to lower average temperatures during the winter months compared with those experienced in the first half of 2014—and from thermoelectric power plants, which ramped up production to compensate for the significant reduction in hydroelectric output. On the procurement side, there was a significant increase in the volumes drawn from the stored gas inventory during the first six months of the year.

In this scenario, Edison ended the first half of the year with **sales revenues of 5,619 million euros,** down from 6,111 million euros in the same period in 2014, due to a reduction in average sales prices, driven by the benchmark scenario. The effect of this decline was particularly pronounced for the **electric power operations,** which reported lower revenues of 3,284 million euros in the first half of 2015 (3,869 million euros in the same period of 2014), while the **hydrocarbons operations** were able to more than offset the effect of lower sales prices with an increase in sales volumes, contributing 2,717 million euros to total revenues (+5.1% compared with 2,585 million euros in the first half of 2014).

EBITDA decreased to 204 million euros, compared with 423 million euros in the first half of 2014, when the volume of available water resources reached an all-time high, boosting the margins of the electric power operations. More in detail, the **adjusted EBITDA[2] of the electric power operations declined to 208 million euros** (364 million euros in the first half of 2014) due to a contraction of sales margins, caused by a reduction in sales prices, and a lower availability of water resources compared with the exceptional levels recorded in the first half of last year. Renewable energy sources provided a positive contribution, thanks also to changes in perimeter. The **adjusted EBITDA[2] of the hydrocarbons operations decreased to 42 million euros** (118 million euros first half of 2014), due mainly to the slump in oil prices. The negative trend in Brent prices adversely affected E&P activities both in Italy and abroad, where, however, the upward revision of the sales price of natural gas obtained in Egypt is beginning to have a positive effect. The gas supply and sales activities continue to be characterized by strong competitive pressure on sales margins. To address this situation, Edison is engaged in completing a second round of price renegotiations for its gas procurement contracts, in the belief that it is essential to restore to a reasonable level of profitability its portfolio of procurement contracts.

EBIT were negative by 155 million euros (+324 million euros in the first half of last year). This result reflects the impact of the reduction in margins mentioned above, an increase in depreciation, amortization chiefly related to exploration costs, mainly in Norway, the negative effect of the fair value measurement of commodity hedging positions, which was particularly positive in the first half of 2014 (-48 million euros compared with +157 million euros in the first six months of 2014).

The **result before taxes was negative by 152 million euros** (+249 million euros in the first half of 2014), due to the effects of the dynamics described above, offset in part by net financial income of 6 million euros (-82 million euros in the first half

[2] Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas attributable to the Electric Power Operations. This reclassification is being made to provide a consistent operational presentation of industrial results. Adjusted EBITDA include central staff and technical services.

of 2014), mainly consisting of foreign exchange gains, lower debt level and lower borrowing costs.

Edison ended the first half of 2015 with a **Group interest in net loss of 207 million euros** (+116 million euros in the first six months of 2014). The loss also reflects the effects of the ruling of unconstitutionality of the Robin Hood Tax, which had a negative nonrecurring impact of 68 million euros, mitigated in part by the reduction in the tax rate produced by the abovementioned ruling starting in 2015.

Net financial debt at June 30, 2015 improved, decreasing to 1,679 million euros, from 1,766 million euros at the end of 2014.This reduction is chiefly the result of lower operating working capital in a context of growing investments, especially in the E&P area.
It is also worth mentioning that the euro 500-million bond issued in 2010 was reimbursed at maturity in March 2015 by means of internally available liquidity.

Outlook
Edison confirms EBITDA guidance of at least 1 billion euros for 2015, taking into account the impact of the arbitration regarding the gas supply contract from Libya expected in the second half of the year, the effects of the decline in oil prices and the benefit of programs implemented by the Company to reduce operating costs.

Key Events in the First Half of 2015

January 13 – Edison signs a put&call option to acquire from Apache Beryl I (a subsidiary of Apache Corporation) its interests in the Scott and Telford oil fields (10.5% and 15.7%, respectively) located in the P185 15/22 concession in the British North Sea.

April 15 – The Ministry of the Environment and the Protection of the Territory and the Sea, in concert with the Ministry of Cultural Assets and Activities and Tourism, greenlights Edison's project to optimize the recovery of hydrocarbons from the Rospo Mare offshore field by means of four new wells and an upgrade of the equipment currently installed on the Rospo Mare B platform. The Rospo Mare offshore field, which is in production since 1982 and includes three oil platforms (Rospo Mare A-B-C) and a storage vessel, is located in the Adriatic Sea opposite the coast of the Abruzzo and Molise regions, about 20 km east of the town of Vasto. The field is managed by Edison, as operator at 62%, in a joint venture with Eni at 38%.

April 16 – The Ministry of the Environment and the Protection of the Territory and the Sea, in concert with the Ministry of Cultural Assets and Activities and Tourism, greenlights Edison's Vega B project to fully realize the value of the Vega oil field, which Edison manages since 1987 as operator at 60%, in a joint venture with Eni at 40%. This project, which in accordance with the concession's original development plan will include the construction of a satellite platform with four wells (VegaB) connected with the existing oil platform, will generate important benefits for the local community in term of investments, jobs and ancillary economic activity.

April 30 – Edison closes the transaction mentioned above acquiring from Apache Beryl I its interests in the Scott and Telford oil fields (10.5% and 15.7%, respectively), thereby increasing its reserves by 8.7 million barrels of oil equivalent (85% oil and 15% gas). Thanks to this transaction, Edison's total production in the

United Kingdom will increase to about 6,500 barrels of oil equivalent a day, bringing Edison's total production to 53,000 barrels of oil equivalent a day.

June 16 – Edison inaugurates a new Hydrocarbon Laboratory at its Research, Innovation and Development Center in Trofarello (Turin), an Italian center of excellence for the development of innovative solutions in the areas of energy efficiency and environmental safety for the growth of the Group's businesses. The Hydrocarbon Laboratory is comprised of the Geochemistry, Geomechanics and Petrophysics sections, all equipped with cutting-edge tools for the development of special sponges capable of cleaning the sea and increasingly effective algorithms to study gas and oil bearing rock formations and for acquisition of 3D images.

Significant Events Occurring Since June 30, 2015

July 23 – Edison and QALAA Energy sign a joint development agreement for the construction an 180 MW power plant (gas fired, combined-cycle facility) that will produce electric power for Egyptian customers using gas produced from the Abu Qir concession in the Nile Delta. The agreement calls for Edison and QALAA Energy to complete the plant's development and permit phase within the next six months, with the facility expected to go on stream in 2017. The construction time is extremely short thanks to the fact that the power plant will be located within the industrial compound of the Abu Qir gas treatment facility and the use of some important thermoelectric components provided by Edison.

July 24 – Edison and the Egyptian General Petroleum Corporation (EGPC), Egypt's national oil company, finalize an agreement to revise the gas supply price. Under the agreement, a new indexing formula aligns the sales price of gas with market conditions, taking into account the decrease in the value of Brent crude and the sustainability of new investment in Egypt. Edison's entire oil and gas production in Egypt is sold to EGPC to meet internal demand.

Pertinent Documents

Edison announces that the Semiannual Report at June 30, 2015 of the Edison Group, approved yesterday by the Board of Directors of Edison Spa, will be available to the public on July, 30 at the Company's head office, on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.it/it/relazioni-infra-annuali), and through the authorized storage mechanism "NIS-Storage" (www.emarketstorage.com).

***

Edison's External Relations Department

Andrea Prandi
External Relations Director
02 6222 7331

Elena Distaso
Head of Media Relations
02 6222 8522

Lucia Caltagirone
02 6222 8283

Investor Relations Edison:
02 62228415 - investor.relations@edison.it

*As required by Article 154-*bis, *Section 2, of the Uniform Finance Code (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 press release is consistent with the data in the Company's documents, books of accounts and other accounting records. The Semiannual Report at June 30, 2015 was subject to a limited audit.*

This press release and, specifically, the section entitled "Business Outlook" contains forward-looking statements. These statements are based on the Group's current projections and expectations with regard to future events, which, by their very nature, are subject to an intrinsic component of risk and uncertainty. Actual results could be materially different from those contained in the abovementioned statements due to a number of factors, including continued volatility and a deterioration of the capital and financial markets, fluctuations in raw material prices, changes in macroeconomic conditions and economic growth rates and other changes in business conditions, the outcome of the arbitration proceedings for the gas procurement contracts, changes in the statutory and regulatory framework and institutional scenario (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.

Public disclosure required by Consob Resolution No. 11971 of May 14, 1999, as amended.

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

	1st half 2015	1st half 2014 (*)
Sales revenues	5.619	6.111
Other revenues and income	70	96
Total net revenues	**5.689**	**6.207**
Raw materials and services used (-)	(5.372)	(5.673)
Labor costs (-)	(113)	(111)
EBITDA	**204**	**423**
Net change in fair value of commodity derivatives	(48)	157
Depreciation, amortization and writedowns (-)	(300)	(247)
Other income (expense), net	(11)	(9)
EBIT	**(155)**	**324**
Net financial income (expense)	6	(82)
Income from (Expense on) equity investments	(3)	7
Profit (Loss) before taxes	**(152)**	**249**
Income taxes	(40)	(125)
Profit (Loss) from continuing operations	**(192)**	**124**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**(192)**	**124**
Broken down as follows:		
Minority interest in profit (loss)	15	8
Group interest in profit (loss)	**(207)**	**116**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0,0406)	0,0213
Basic earnings per savings share	0,0250	0,0513
Diluted earnings (loss) per common share	(0,0406)	0,0213
Diluted earnings per savings share	0,0250	0,0513

(*) The amounts have been restated as a result of the new exposure of derivatives and nonrecurring expense.

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT
(in millions of euros)

	1st half 2015	1st half 2014
Profit (Loss)	**(192)**	**124**
Other components of comprehensive income:		
A) Change in the Cash Flow Hedge reserve	**189**	**124**
- Gains (Losses) arising during the period	276	177
- Income taxes	(87)	(53)
B) Change in reserve for available-for-sale investments	**1**	**-**
- Gains (Losses) not realized	1	-
- Income taxes	-	-
C) Differences on the translation of assets in foreign currencies	**15**	**8**
- Gains (Losses) not realized	20	10
- Income taxes	(5)	(2)
D) Pro rata interest in other components of comprehensive income of investee companies	**-**	**-**
E) Actuarial gains (losses) (**)	**1**	**-**
- Actuarial gains (losses)	1	-
- Income taxes	-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)	**206**	**132**
Total comprehensive profit (loss)	**14**	**256**
Broken down as follows:		
Minority interest in comprehensive profit (loss)	15	8
Group interest in comprehensive profit (loss)	**(1)**	**248**

(**) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET
(in millions of euros)

06.30.2014 (*)		06.30.2015	12.31.2014
	ASSETS		
4.251	Property, plant and equipment	4.455	4.348
6	Investment property	6	6
3.231	Goodwill	3.070	3.070
821	Hydrocarbon concessions	748	739
120	Other intangible assets	120	118
144	Investments in associates	145	149
180	Available-for-sale investments	173	174
100	Other financial assets	74	47
233	Deferred-tax assets	398	501
176	Other assets	299	171
9.262	**Total non-current assets**	**9.488**	**9.323**
493	Inventories	293	479
2.523	Trade receivables	2.032	2.848
22	Current-tax assets	52	45
1.580	Other receivables	1.491	1.634
87	Current financial assets	130	132
648	Cash and cash equivalents	221	473
5.353	**Total current assets**	**4.219**	**5.611**
-	**Assets held for sale**	**-**	**-**
-	**Eliminations of assets from and to discontinued operations**	**-**	**-**
14.615	**Total assets**	**13.707**	**14.934**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.787	Reserves and retained earnings (loss carryforward)	1.778	1.746
120	Reserve for other components of comprehensive income	(245)	(451)
116	Group interest in profit (loss)	(207)	40
7.315	**Total shareholders' equity attributable to Parent Company shareholders**	**6.618**	**6.627**
115	Shareholders' equity attributable to minority shareholders	457	510
7.430	**Total shareholders' equity**	**7.075**	**7.137**
35	Provision for employee severance indemnities and provisions for pensions	36	37
113	Provision for deferred taxes	45	45
912	Provisions for risks and charges	1.097	923
598	Bonds	599	598
1.010	Long-term financial debt and other financial liabilities	977	990
6	Other liabilities	2	2
2.674	**Total non-current liabilities**	**2.756**	**2.595**
1.291	Bonds	45	553
187	Short-term financial debt	409	230
1.864	Trade payables	1.756	2.321
12	Current taxes payable	17	20
1.157	Other liabilities	1.649	2.078
4.511	**Total current liabilities**	**3.876**	**5.202**
-	**Liabilities held for sale**	**-**	**-**
-	**Eliminations of liabilities from and to discontinued operations**	**-**	**-**
14.615	**Total liabilities and shareholders' equity**	**13.707**	**14.934**

(*) The amounts have been restated as a result of the new exposure of fair value on physical contracs included in trading portfolios.

CASH FLOW STATEMENT

(in millions of euros)	**1st half 2015**	1st half 2014 (*)
Profit (Loss) before taxes	**(152)**	**249**
Depreciation, amortization and writedowns	300	247
Net additions to provisions for risks	(9)	(4)
Interest in the result of companies valued by the equity method (-)	5	(3)
Dividends received from companies valued by the equity method	3	3
(Gains) Losses on the sale of non-current assets	1	(5)
Change in the provision for employee severance indemnities and provisions for pensions	(1)	-
Change in fair value recorded in EBIT	52	(185)
Change in operating working capital	469	219
Change in non-operating working capital	(140)	(69)
Change in other operating assets and liabilities	(68)	28
Net financial (income) expense	(6)	82
Net financial expense paid	(7)	(77)
Net income taxes paid	(45)	(124)
A. Cash flow from continuing operations	**402**	**361**
Additions to intangibles and property, plant and equipment (-)	(257)	(142)
Additions to non-current financial assets (-)	(6)	-
Net price paid on business combinations	-	-
Proceeds from the sale of intangibles and property, plant and equipment	-	31
Proceeds from the sale of non-current financial assets	-	-
Repayment of capital contribution by non-current financial assets	2	3
Change in other current financial assets	2	(10)
B. Cash used in investing activities from continuing operations	**(259)**	**(118)**
Receipt of new medium-term and long-term loans	250	-
Redemption of medium-term and long-term loans (-)	(761)	(13)
Other net change in financial debt	170	(11)
Distribution of shareholders' equity and reserves (-)	-	-
Dividends paid to controlling companies or minority shareholders (-)	(54)	(63)
C. Cash used in financing activities from continuing operations	**(395)**	**(87)**
D. Net currency translation differences	**-**	**-**
E. Net cash flow for the period from continuing operations (A+B+C+D)	**(252)**	**156**
F. Net cash flow for the period from discontinued operations	**-**	**-**
G. Net cash flow for the period (continuing and discontinued operations) (E+F)	**(252)**	**156**
H. Cash and cash equivalents at the beginning of the year from continuing operations	**473**	**492**
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)	**221**	**648**
M. Cash and cash equivalents at the end of the period from discontinued operations	**-**	**-**
N. Cash and cash equivalents at the end of the period from continuing operations (L-M)	**221**	**648**

(*) The amounts have been restated as a result of the new exposure.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(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 com-ponents of comprehen-sive income of investee companies	Actuarial gains (losses)				
Balance at December 31, 2013	**5.292**	**1.750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7.126**	**113**	**7.239**
Appropriation of the previous year's profit (loss)	-	96	-	-	-	-	-	(96)	**-**	-	**-**
Dividends and reserves distributed	-	(63)	-	-	-	-	-	-	**(63)**	(7)	**(70)**
Other changes	**-**	4	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**1**	**5**
Total comprehensive profit (loss)	-	-	124	-	8	-	-	116	**248**	8	**256**
of which:											
- Change in comprehensive income	-	-	124	-	8	-	-	-	**132**	-	**132**
- Profit (Loss) from 01.01.2014 to 06.30.2014	-	-	-	-	-	-	-	116	**116**	8	**124**
Balance at June 30, 2014	**5.292**	**1.787**	**124**	**-**	**(3)**	**-**	**(1)**	**116**	**7.315**	**115**	**7.430**
Reserve for sale shares without loss of control	**-**	(35)	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**389**	**354**
Other changes	**-**	(6)	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**(1)**	**(7)**
Total comprehensive profit (loss)	-	-	(582)	-	14	-	(3)	(76)	**(647)**	7	**(640)**
of which:											
- Change in comprehensive income	-	-	(582)	-	14	-	(3)	-	**(571)**	-	**(571)**
- Profit (Loss) from 07.01.2014 to 12.31.2014	-	-	-	-	-	-	-	(76)	**(76)**	7	**(69)**
Balance at December 31, 2014	**5.292**	**1.746**	**(458)**	**-**	**11**	**-**	**(4)**	**40**	**6.627**	**510**	**7.137**
Appropriation of the previous year's profit (loss)	-	40	-	-	-	-	-	(40)	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(66)	**(66)**
Other changes	-	(8)	-	-	-	-	-	-	**(8)**	(2)	**(10)**
Total comprehensive profit (loss)	-	-	189	1	15	-	1	(207)	**(1)**	15	**14**
of which:											
- Change in comprehensive income	-	-	189	1	15	-	1	-	**206**	-	**206**
- Profit (Loss) from 01.01.2015 to 06.30.2015	-	-	-	-	-	-	-	(207)	**(207)**	15	**(192)**
Balance at June 30, 2015	**5.292**	**1.778**	**(269)**	**1**	**26**	**-**	**(3)**	**(207)**	**6.618**	**457**	**7.075**

(*) The balance at December 31, 2013 has been restated as a result of the adoption of IFRS 11 "Joint Arrangements".