Quarterly Report

AT MARCH 31, 2019

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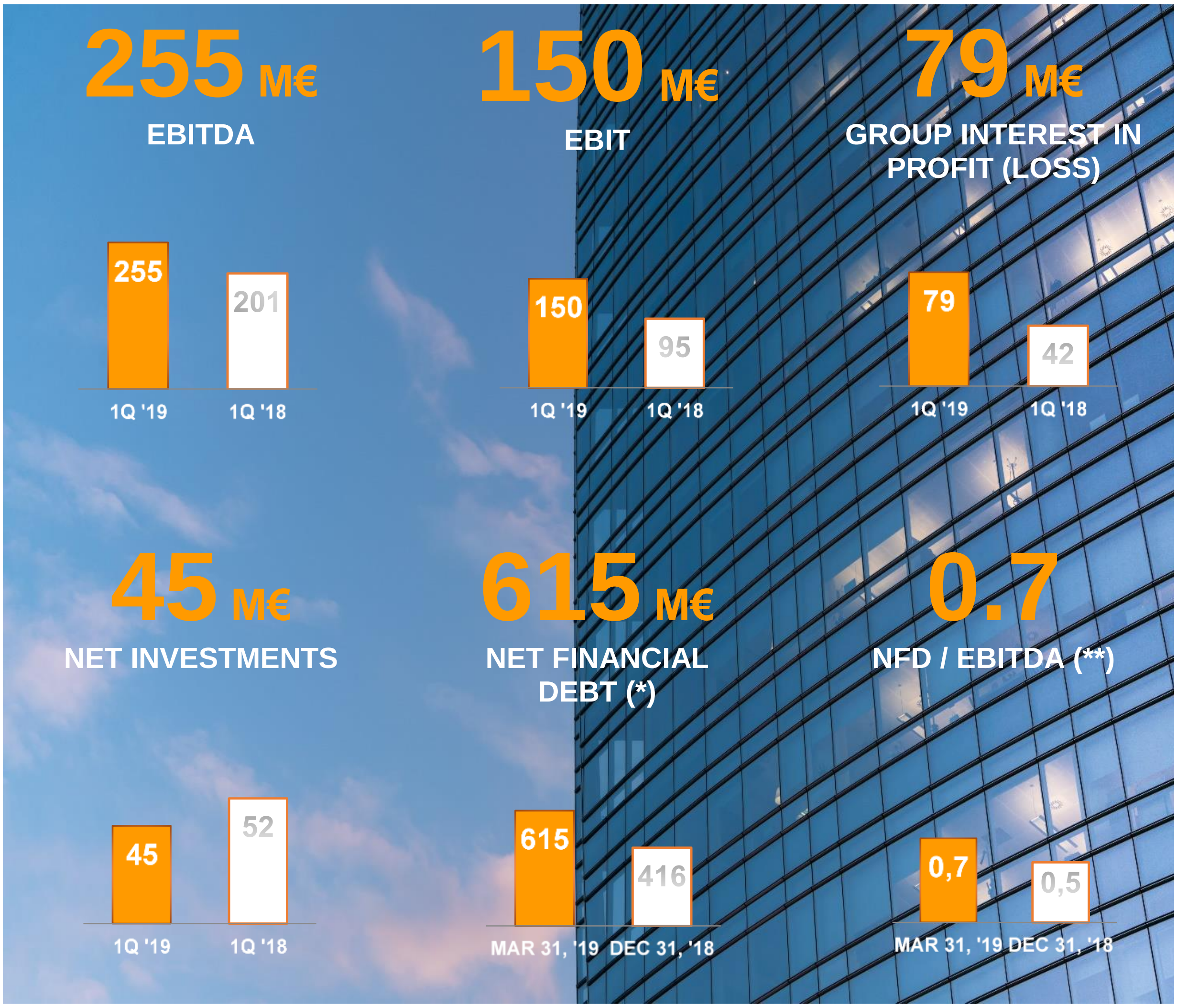
QUARTERLY REPORT AT MARCH 31, 2019

The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version

HIGHLIGHTS



(*) At January 1, 2019 the application of the new accounting standard IFRS 16 "Leases" determined an increase of financial debt for 165 million euros.

(**) **NFD** Net Financial Debt.
The ratio at March 31, 2019 was calculated using a normalized EBITDA based on the last twelve months.

Highlights 1st quarter 2019 (in millions of euros)	Electric Power Operations	Hydrocarbons Operations	Corporate	Eliminations
EBITDA	118	157	(20)	-
EBIT	57	120	(27)	-
Gross Investments	20	33	-	-

Rating	**Standard & Poor's**		**Moody's**	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Medium/long-term rating	BBB-	BBB-		
Medium/long-term outlook	Stable	Stable	Stable	Stable
Short-term rating	A-3	A-3		
Rating			Baa3	Baa3

INTRODUCTION

The preparation criteria of quarterly information

Starting from 2017, the Company provides the market with voluntary quarterly consolidated information, more concise and focused on its business performance. This report therefore includes a comment on the reference economic context, on the performances of the Group and the main operating sectors and provides the presentation formats with economic and financial data comparable with those of the Annual and Semiannual Reports.
For quantitative data, the equivalent figures of the previous reference period are also given.

It should be noted that, starting with the 2018 Consolidated Financial Statements, based on the numerous projects that the International Accounting Standards Board (IASB) is developing on the topic "**Effective Communication**", Edison opted for the introduction of a new presentation method that will make the financial statements information more relevant and effective, considering information materiality and stakeholders' expectations. This determined, among other things, that primary statements have been revised and supplemented and comparative data presented in this report have been appropriately restated.

Newly applied standards

The accounting principles, the valuation criteria and consolidation criteria applied in preparing this information are consistent with those adopted for the preparation of the 2018 Consolidated Financial Statements, with the exception of the new international accounting standard **IFRS 16 "Leases", applicable from January 1, 2019**, which replaced IAS 17 and amended the method of accounting for operating leases for lessees. Based on this new standard, a lease is defined as a contract for which the lessee is entitled to control the use of an identified asset, for a determined period, in exchange for a consideration.
The rules of IFRS 16 have been applied prospectively upon transition, starting from January 1, 2019, adopting some practical expedients allowed, for which the contracts lasting less than 12 months and some contracts of negligible value were excluded from the transition.
The application of the new principle to the identified contracts determined:
• **in the balance sheet**: the initial recognition (i) of an asset, which represents the right of use pursuant to IFRS 16, then depreciated over the shortest of the technical and financial useful life and the residual term of the contract and (ii) of a financial liability (165 million euros) equal to the present value of future minimum compulsory lease payments that the lessee will have to pay starting from January 1, 2019 and that will be reduced over time as the lease fees are paid;
• **in the income statement**: an improvement of the EBITDA determined by the derecognition of the lease fees and the booking of (i) the depreciation of the right of use and (ii) the financial expenses on the liability recorded.
It should be noted, however, that the adaptation to this new standard might take into account of any changes that will be assessed in the light of further clarification from IASB and in the light of the industry practice.

Furthermore, the following table shows the effects, on Sales revenues and Commodity and logistic costs of first quarter 2018, of the application of the "combination of contracts" rule - according to the accounting standard **IFRS 15 "Revenue from contracts with customers"** - to some contracts, recognized starting from second quarter 2018.

IFRS 15 impacts - Combination of contracts (in millions of euros)	**1st quarter 2018 with new exposure**	**IFRS 15 - Combination of contracts**	**1st quarter 2018 restated**
Electric Power Operations	1,161	(212)	949
Hydrocarbons Operations	1,657	-	1,657
Corporate	14	-	14
Eliminations	(201)	-	(201)
Total Sales revenues	**2,631**	**(212)**	**2,419**
Electric Power Operations	(941)	212	(729)
Hydrocarbons Operations	(1,459)	-	(1,459)
Corporate	(1)	-	(1)
Eliminations	189	-	189
Total Commodity and logistic costs	**(2,212)**	**212**	**(2,000)**

For further information please refer to the disclosure provided in 2018 Consolidated Financial Statements.

The Board of Directors, met on May 3, 2019, authorized the publication of Edison's Group Quarterly Report at March 31, 2019, which was not audited.
Unless otherwise stated, all amounts in these accompanying notes are in millions of euros.

Changes in the Scope of Consolidation compared with December 31, 2018 – Acquisition and Disposal of Assets

The main changes occurred in the period are related to:

- the merger by incorporation of Edison Energie Spa (formerly Gas Natural Vendita Italia Spa (GNVI)) into Edison Energia Spa, with effect towards third parties from January 1, 2019, which had no effect on balance sheet or income statement for the Group;
- the disposal, in January, of Compagnia Energetica Bellunese Spa (CEB), a company operating in the sector of biomass and which was formerly consolidated line-by-line.

KEY EVENTS

Edison and Ansaldo reach an agreement for the new combined cycle of the power plant in Marghera Levante

On March 5, 2019, Edison and Ansaldo Energia signed a contract for a new, latest-generation combined gas cycle that will use the most advanced Italian technology and make the thermoelectric power plant of Marghera Levante (VE) the most efficient in Europe. The agreement is part of Edison's plan to support the Country's energy transition with investments of 2 billion euros in Italy over the three-year period 2019-2021.

The overall investment amounts to over 300 million euros, which will also be used to create the power island, made up mainly of the GT36 high-efficiency gas turbine developed by the Genoese company. The new turbine will supply the Marghera combined cycle, which will have total electricity generation capacity of 780 MW and an energy performance of 63%, the highest output currently available from technologies. This will translate to a 40% reduction of specific CO_2 emissions compared to the average of the current Italian thermoelectric plants and a reduction of more than 70% in emissions of nitrogen oxides (NO_X).

The refurbishment works on the power plant will last for 3 years and employ around 600 people, in addition to the associated industries. Once completed, the Marghera Levante plant will employ 31 people, making it possible to confirm the current employment level of the plant.

The new combined cycle of Marghera Levante will contribute to the Country's energy transition, ensuring the security and flexibility of production required to balance the intermittent nature of renewable sources.

In April, Edison obtained the Sole Authorisation which enable the launch of the project.

Disputed municipal property taxes (ICI and IMU) on offshore hydrocarbons production platforms

In the period an agreement has been reached with the Municipality of Scicli to the conclusion of the dispute related to VEGA A platform, located in the Channel of Sicily. The agreed amounts were covered by existing provision.

Non-Energy activities - legal disputes

Ausimont - Bussi sul Tirino – Administrative proceedings of remediation of so-called "Solvay External Areas", areas "2A" and "2B"

We remind that in 2018 the Province of Pescara communicated to the companies Solvay Specialty Polymers Italy Spa and Edison Spa the initiation of a proceeding for the identification of the responsible for the contamination of the so-called "Solvay External Areas" in Bussi sul Tirino (dumping areas "2A" and "2B" and neighbouring) and, subsequently, always in 2018, it communicated to Edison an order for the removal of all waste abandoned over time in the aforementioned areas. Edison disputed the order, which is deemed unlawful, before the Regional Administrative Court; however the judge rejected the claims. The Company has already filed an appeal before the Council of State against the Regional Administrative Court's ruling.

Ausimont - Bussi sul Tirino – Civil proceeding

On April 8, 2019, the Ministry for the Environment notified Edison of a claim for compensation for alleged "environmental disaster" linked to the Bussi site.

EXTERNAL CONTEXT

Economic Framework

In the first quarter of 2019, the global economy continued to be affected by the various critical factors that emerged in 2018, which acted as an obstacle to more sustained growth: the exacerbation of trade tensions between the United States and China, the increases in interest rates applied last year by the FED with a view to normalising monetary policy, the growing uncertainties regarding Brexit and the financial crises in various emerging Countries.

In particular, the new US import tariff barriers, while mainly affecting Chinese products, have generated significant uncertainty among all operators and have in fact been one of the main factors in the slowdown in world trade in 2018 and early 2019. The rise in US interest rates and the strengthening of the dollar triggered a deep financial crisis in Argentina and Turkey and affected, albeit only partially, Russia and Brazil. On the European front, Brexit and the forthcoming elections for the renewal of the European Parliament are leading to uncertain prospects, with contrasting scenarios ranging from substantial continuity to a complete break-up.

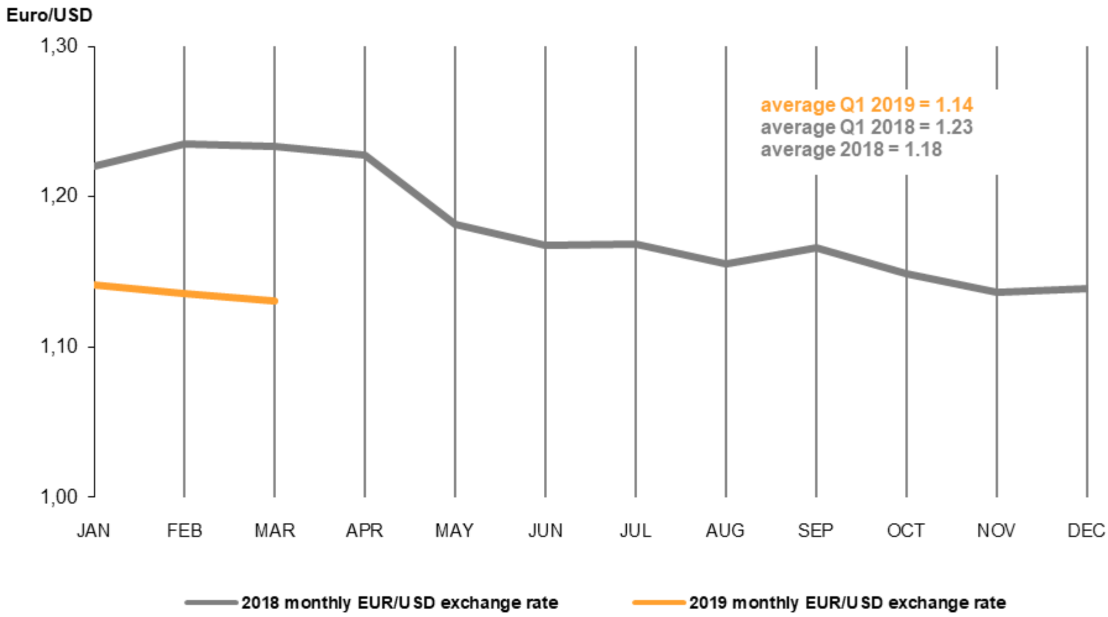
In the United States, the first quarter of the year saw a slowdown in the rate of growth, due to the closure of some administrative activities (the so-called shutdown) and adverse weather conditions that penalised private consumption and investments. The greater uncertainty of the macroeconomic scenario led, at the beginning of the year, to a change in the direction of the FED’s monetary policy, in the sense of a more accommodating stance in the phase of adjustment of interest rates, to counter the deceleration of the growth rate of the country.

As for the emerging countries, China and India continue to show signs of slowing down. Brazil, after having closed a modest 2018, in the first quarter of the year saw the consolidation of signs of improvement. Russia, after a better than expected 2018, appeared to struggle with a weakening of its economy in the first part of the year. The Mediterranean area (Algeria, Egypt, Israel, Morocco, Syria, Tunisia and Turkey) as a whole has also slowed down.

In Europe, the ECB, like the FED, has adopted a more cautious stance in the process of normalising monetary policy as a result of the more pronounced slowdown in the pace of growth than expected. In March, the Governing Council therefore agreed on new measures to stimulate the economy, today weakened by increasingly slacker international demand and by the criticalities in some Eurozone countries. Germany was, in fact, heavily affected by the difficulties faced by the automotive sector, which grappled with the new environmental regulations, and was able to avoid entering a recessionary phase thanks to the strong performance of final domestic demand and foreign demand. France suffered on the domestic front from the effects of the so-called “yellow vests” protests, with household consumption and business investments stagnating. Spain, on the other hand, appears to be the most dynamic economy among the countries of the Eurozone, thanks to the contribution of the foreign component.

The Italian economy, which shares the slowdown phase with the other main European countries, is the one that is suffering the most, mainly due to the weakness of domestic demand, while foreign demand is showing greater resilience: the approval of the Budget Law, after a lengthy and difficult phase of negotiations with the European Commission, has in fact eased tensions on sovereign debt; furthermore, the general perception of a more relaxed climate on the tariff war front has allowed share prices to make a solid recovery from the lows of the beginning of the year.

In the first quarter of 2019, the EUR/USD exchange rate stood at an average value of 1.14 dollar per euro, down by 7.6% over the same period in 2018. A look at the economic situation shows that the weakening of the euro in the first few months of 2019 was more contained, with a negative change of 0.5% compared to the fourth quarter of 2018.

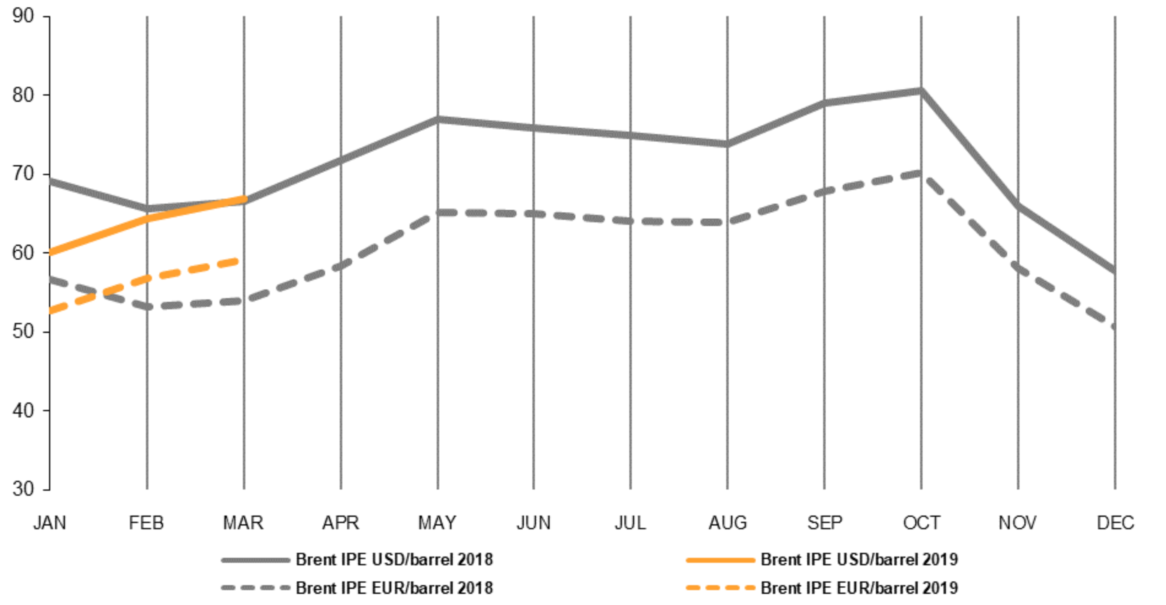


With regards to the oil markets, the average crude oil price for the first quarter of 2019 came in at 63.9 USD/barrel, 4.9% lower than the average recorded for the first quarter 2018 and down 6.2% on the average of the fourth quarter 2018. In the first three months of 2019, due to the depreciation of the single currency, the price in euros was 3% higher than in the same period of 2018, averaging 56.3 EUR/barrel. The weakening of the euro led to a smaller decline in economic terms than the decrease in dollar prices (-5.7%). The contraction of Brent began in the last few months of 2018, driven by fears linked to the evolution of demand as a result of international trade tensions and the increase in US production.
Since the beginning of the year, prices have resumed the upward trend, as a result of the new output cuts decided by OPEC and its allies at the December 2018 meeting and in force since January 2019, as well as the US sanctions on Iran. The overall level of compliance by OPEC members remained at high levels, close to 90%, during the quarter. The critical geopolitical contexts of Venezuela and Libya, combined with Saudi Arabia's growing commitment to containing the supply of crude oil, have offered further support to quotations.

The table and graph below respectively give the average values per quarter and the monthly trend of this year and the previous year:

2018 full year		**1st quarter 2019**	1st quarter 2018	% change
71.5	Oil price in USD/barrel (1)	63.9	67.1	*(4.9%)*
1.18	USD/EUR exchange rate	1.14	1.23	*(7.6%)*
60.6	Oil price in EUR/barrel	56.3	54.6	*3.0%*

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2018 full year	(TWh)	**1st quarter 2019**	1st quarter 2018	% change
280.2	Net production:	70.6	68.3	*3.3%*
185.0	*- Thermoelectric*	49.4	48.5	*2.0%*
49.3	*- Hydroelectric*	7.5	8.5	*(12.0%)*
22.9	*- Photovoltaic*	5.1	3.8	*35.6%*
17.3	*- Wind power*	7.1	6.1	*16.2%*
5.7	*- Geothermal*	1.4	1.4	*(1.0%)*
43.9	Net imports	10.4	13.5	*(23.0%)*
(2.2)	Pumping consumption	(0.7)	(0.7)	*7.0%*
321.9	**Total demand**	**80.3**	**81.1**	***(1.0%)***

Source: processing of preliminary 2019 and 2018 Terna data, gross of grid losses.

The gross demand for electricity in Italy in the first quarter of 2019 came to 80.3 TWh (TWh = billions of kWh), down by 1% on the same period of the previous year. On a seasonally adjusted basis (i.e. eliminating the impact of changes in the number of business days), there was a negative change of 0.8%.

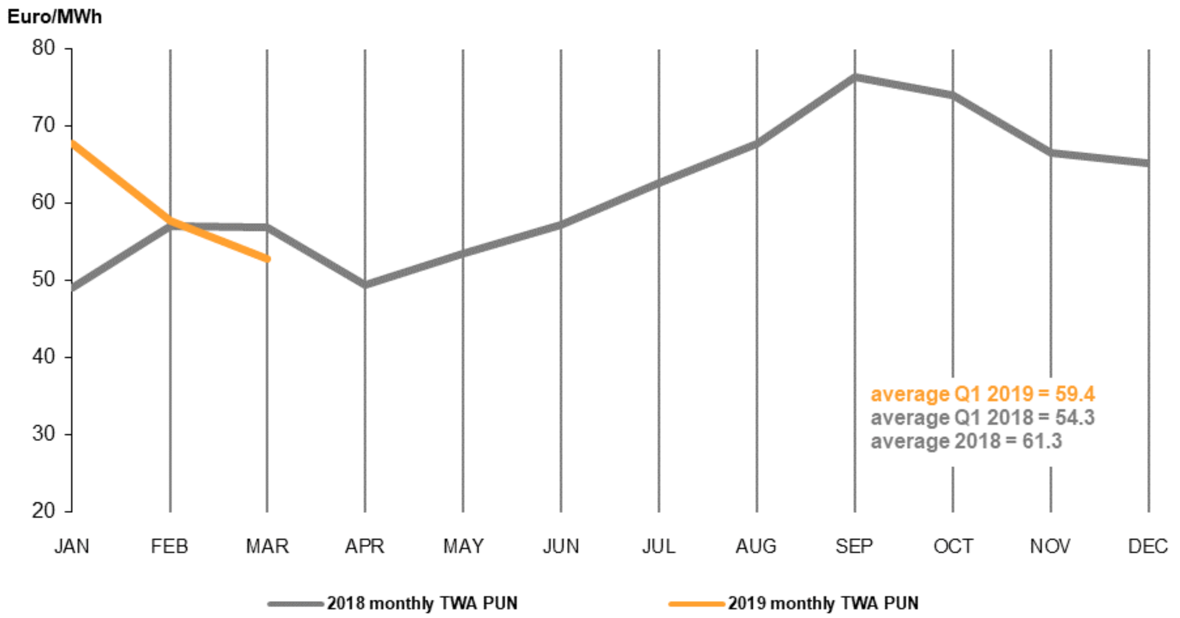
The decrease in demand (-0.8 TWh) contributed to a reduction in net imports of about 3 TWh (-23% compared with 2018), mainly attributable to the month of January, while domestic production, which covered 87.1% of demand (compared with 83.5% in 2018), increased its contribution by 2.3 TWh (+3.3% compared with 2018).

In the first quarter of 2019, thermoelectric production, up 2% (+0.9 TWh), offset the 1 TWh decrease reported by hydroelectric generation (-12% compared with 2018), due mainly to the low availability of water resources.

Photovoltaic and wind power production increased by 1.3 TWh (+35.6%) and 1 TWh (+16.2%), respectively, compared with the first quarter of 2018.

Insofar as the price scenario at March 31, 2019 is concerned, the time-weighted average (TWA) for the Single National Price (abbreviated as PUN in Italian), came in at 59.4 Euro/MWh, up 9.4% compared to the same period of the previous year (54.3 Euro/MWh).
In January, prices rose (+38% compared to January 2018, +4% compared to December 2018) as a result of colder temperatures and a reduction in imports, caused by some restrictions on interconnection capacity at the northern border. Subsequently, in February and March, the prices of the PUN fell as a result of the contraction in demand, impacted by temperatures above the seasonal average and the weakening of the economic situation. The increased availability of energy from renewable sources and the drop in gas prices further contributed to the downward trend.
With regard to zonal prices, compared to the first quarter of 2018, there has been an average upward movement of about 10% in all areas. In the group of hours F1, F2 and F3, we note an increase across all hourly bands of around 9.5% compared to the first quarter of 2018.

The chart that follows shows the monthly trend compared with the previous year:



Foreign prices, as in the Italian market, showed positive trends. France reported a 7.8% increase compared with the first quarter of 2018, with prices rising to 47.2 Euro/MWh, while the German electric power market showed a more pronounced change (+15.2%), with prices rising to an average of 40.9 Euro/MWh.

Demand for Natural Gas in Italy and Market Environment

2018 full year	(billions of m^3)	**1st quarter 2019**	1st quarter 2018	% change
28.8	Services and residential customers	13.5	14.5	*(6.9%)*
17.8	Industrial users	4.9	4.9	*(1.2%)*
23.4	Thermoelectric power plants	6.7	6.1	*10.2%*
2.1	System usage and leaks	0.4	0.4	*(2.3%)*
72.1	**Total demand**	**25.5**	**26.0**	***(1.7%)***

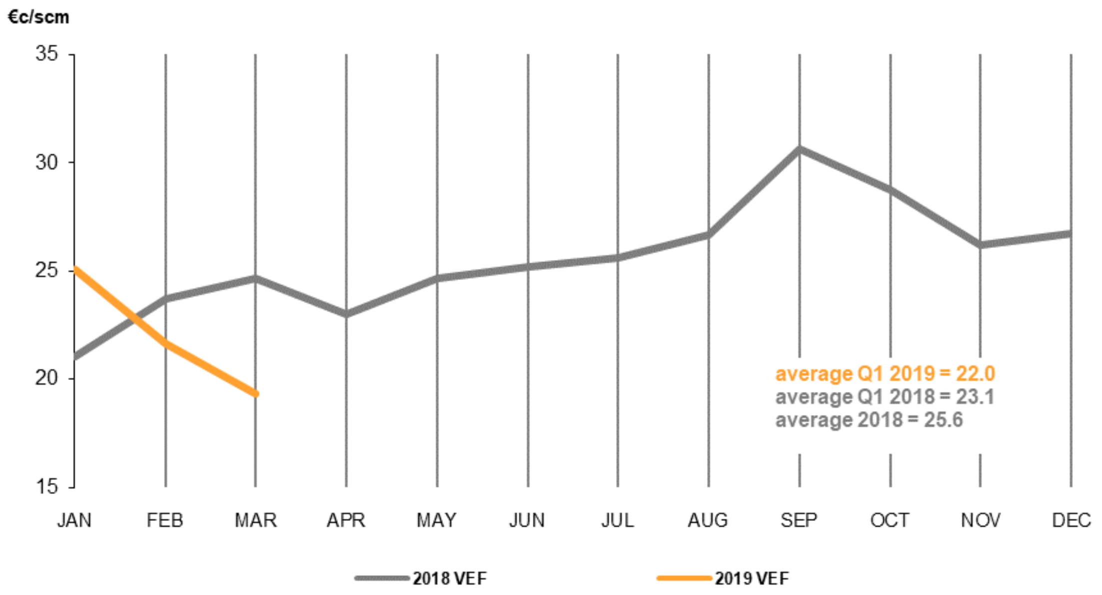
Source: preliminary data 2019 and 2018 Snam Rete Gas, Ministry of Economic Development and Edison estimates.

During the first quarter of 2019, the demand for natural gas in Italy fell by 1.7% on the same period of the previous year, coming in at 25.5 billion cubic meters (-0.5 billion cubic meters).
This trend is mainly attributable to the reduction in the sector of services and residential customers (-1 billion cubic meters; -6.9% compared with the first quarter of 2018), due to milder temperatures, particularly in February and March.
The thermoelectric sector showed an increase (+0.6 billion cubic meters; +10.2% compared to the first quarter of 2018), while the industrial sector recorded a decrease in consumption (-1.2%).

In terms of the sources of procurement, the first quarter 2019 recorded, as compared with the first quarter 2018:

- a decline in national production (-0.1 billion cubic meters; -8%);
- an increase in gas imports (+0.3 billion cubic meters; +2%);
- a reduction in volumes disbursed from storage (-0.7 billion cubic meters; -9%).

The spot gas price in Italy (represented in the graph below, which uses the Virtual Exchange Facility - VEF as a benchmark), fell by 4.8% on the same period of 2018, coming in at 22.0 €c/scm.
Monthly gas prices declined during the quarter as a result of a sharp increase in LNG imports, which was helped by an increase in global supply from the main exporting countries and a weakening of prices in the Asian market. With regard to the changes compared to the previous year, January saw an increase of 19% while in February and March prices fell by 9% and 21%, respectively.
The Northern European gas markets recorded negative changes when compared to the same period in 2018, more marked than those observed on the Italian market: the TTF, the main point of reference for gas in Europe, closed at 19.5 €c/scm, down almost 13% over 2018.
The VEF-TTF spread recorded an average of 2.5 €c/scm, up by 1.7 €c/scm on the first quarter of 2018. This increase is due to the fact that while in March 2018 an exceptional cold snap in Northern Europe caused the spread to be reversed, this year the most marked drop in the TTF, sustained by the high level of stockpile filling, led to an increase in the differential above logistics and transport costs, reflected in an increase in import flows from Passo Gries.



Legislative and Regulatory Framework

Below are the key points of the main developments concerning the legislative and regulatory framework relative to the first quarter of 2019, for the various businesses of the Group.

Electric Power

Environment

Sistri: Law no. 12 of February 11, 2019 converting Decree Law no. 135/2018 on "Urgent provisions on support and simplification for businesses and the Public Administration", confirming the abolition of Sistri and containing provisions on waste traceability, introduces into the regulatory framework a first step of the new traceability system, establishing the national electronic Register for the traceability of waste, managed directly by the Ministry of the Environment. Therefore, Edison must comply with the new legislation regarding the traceability of waste from January 1, 2019.

Hydrocarbons

Environment

National Guidelines for the Mining Disposal of offshore Hydrocarbon Platforms: the Decree of the Ministry of Economic Development of February 15, 2019, approving the "National Guidelines for the Mining Disposal of offshore Hydrocarbon Platforms and Related Infrastructures," in order to ensure the quality and completeness of the assessment of the related environmental impacts, pursuant to art. 25, paragraph 6 of Legislative Decree no. 104 of June 16, 2017, was published in the Official Journal no. 57 on March 8, 2019. The measure was necessary in view of the environmental, social and economic impacts of the activities related to the mining disposal of infrastructures and hydrocarbon production wells, as well as the need to identify a suitable procedure for the assessment of the impacts themselves and the subsequent choice between the different options available for the possible reuse of infrastructures.

Tariffs and market

Distribution Tariffs: by means of Resolution 98/2019/R/gas approved by the Regulatory Authority for Energy, Networks and the Environment (hereinafter the Authority) on March 19, 2019, the definitive 2018 specific reference tariff components were published for the distribution and metering services. With regard to the provisional tariffs, determined by Resolution 177/2018/R/gas of March 29, 2018, the definitive 2018 tariffs showed insignificant changes.

Gas Transport Tariffs: on March 28, 2019, consistent with the timelines set forth in EU Regulation 460/2017 (TAR Code), the Authority approved Resolution 114/2019/R/gas defining the tariff criteria for the fifth regulatory period 2020-2023 (5PRT), definitively closing the lengthy consultation process. The next step is to approve and publish, indicatively by May 2019, the new tariffs for the 5PRT.

Infrastructures

Premiums and penalties for recoveries of safety of the natural gas distribution service: by means of Resolution 75/2019/R/gas of March 5, 2019, the Authority completed the process of determining the premiums and penalties for safety recoveries for 2015. For Infrastrutture Distribuzione Gas Spa, a company of the Edison Group that operates distribution service, the Resolution established, for 2015, total premiums of 250,000 euros, of which 200,000 euros already received in 2018 as an advance payment, and the remainder received in April 2019 by the "Cassa per i servizi energetici e ambientali" (CSEA).

Gas storage auctions for the 2019-2020 thermal year: as a result of Ministerial Decree of February 15, 2019, which regulates storage capacity for thermal year 2019-2020, the Authority published Resolution 67/2019/R/gas, setting out provisions for the organisation of the procedures for the conferral of said capacity (auctions), also confirming the criteria to be applied in calculating the reserve price, defined by means of Resolution 121/2018/R/gas (which provide for the exclusion from the reserve price of fees to cover the cost of transport capacity at the interconnection points with storage). The formula applied to calculate the reserve price, as usual, was delivered by the Authority in confidential form only to storage companies.

By means of Resolution 67/2019/R/gas, the Authority also carried out a reorganisation and harmonisation of the provisions in force concerning access to the storage service and, to this end, ordered the publication of the Integrated Regulation Text on Guarantees of Free Access to the Natural Gas Storage Service (RAST).

Finally, the Resolution provided that the storage service tariff fees are updated and differentiated according to the calendar year in which the part of the thermal year of storage falls, considering the reference revenues of the calendar year and the capacities of the thermal year of storage and, when available, the reference revenues definitively approved by the Authority pursuant to art. 15 of the Regulation of the Tariffs for the natural Gas Storage service (RTSG).

PRESENTATION FORMATS

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	1st quarter 2019	1st quarter 2018 (*)
Sales revenues (*)	2,511	2,419
Other revenues and income	26	23
Total net revenues	**2,537**	**2,442**
Commodity and logistic costs (-) (*)	(2,010)	(2,000)
Other costs and services used (-)	(152)	(137)
Labor costs (-)	(86)	(81)
Receivables (writedowns) / reversals	(17)	(7)
Other costs (-)	(17)	(16)
EBITDA	**255**	**201**
Net change in fair value of derivatives (commodity and exchange rate risk)	10	2
Depreciation and amortization (-)	(112)	(104)
(Writedowns) and reversals	-	(2)
Other income (expense) non Energy activities	(3)	(2)
EBIT	**150**	**95**
Net financial income (expense) on debt	(1)	(1)
Other net financial income (expense)	(7)	(13)
Net financial income (expense) on assigned trade receivables without recourse	(6)	(2)
Income from (Expense on) equity investments	1	1
Profit (Loss) before taxes	**137**	**80**
Income taxes	(49)	(34)
Profit (Loss) from continuing operations	**88**	**46**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**88**	**46**
Broken down as follows:		
Minority interest in profit (loss)	9	4
Group interest in profit (loss)	**79**	**42**

(*) "Sales revenues" and "Commodity and logistic costs" related to 2018 were restated following the application of the "combination of contracts" rule in accordance with IFRS 15 with no EBITDA impact.

The new accounting standard IFRS 16 "Leases" has been applied from January 1, 2019 prospectively without restatement of comparative data.

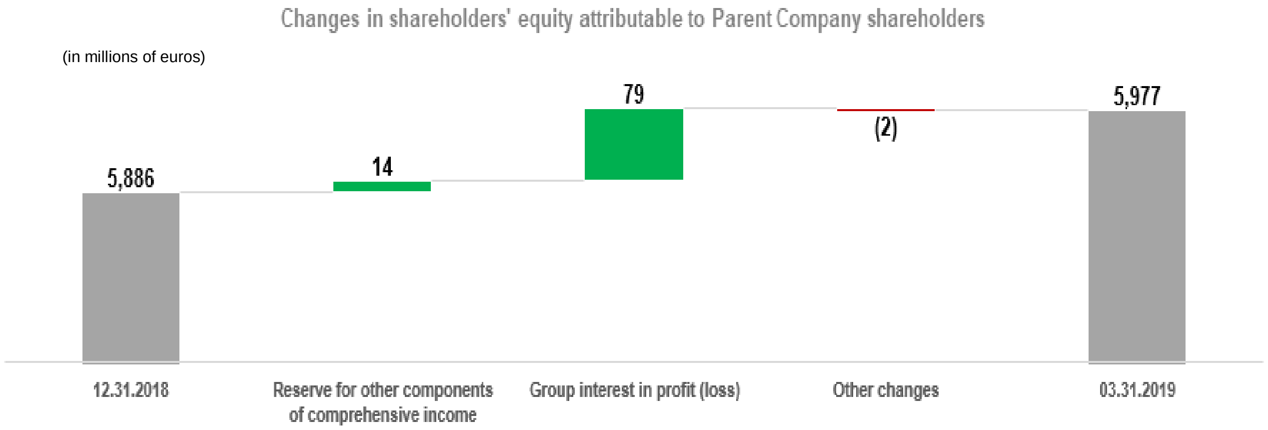
CONSOLIDATED BALANCE SHEET

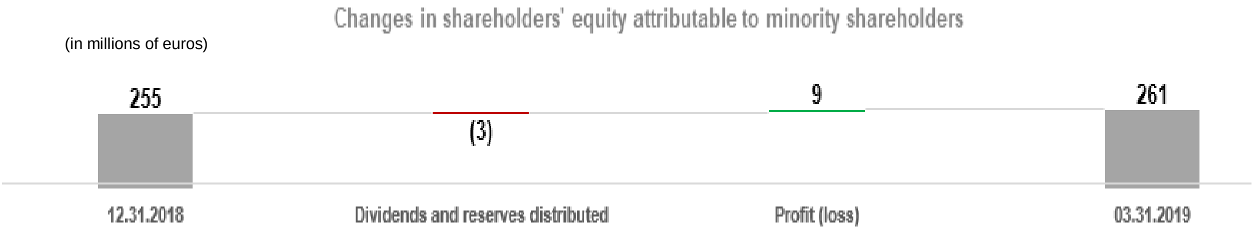
(in millions of euros)	**03.31.2019**	12.31.2018
ASSETS		
Property, plant and equipment	3,768	3,647
Intangible assets	605	617
Goodwill	2,403	2,403
Investments in companies valued by the equity method	73	71
Other non-current financial assets	68	69
Deferred-tax assets	457	461
Non-current tax receivables	34	34
Other non-current assets	123	121
Fair value	143	170
Assets for financial leasing	3	3
Total non-current assets	**7,677**	**7,596**
Inventories	137	223
Trade receivables	1,823	1,654
Current tax receivables	24	43
Other current assets	367	387
Fair value	480	530
Current financial assets	4	3
Cash and cash equivalents	116	149
Total current assets	**2,951**	**2,989**
Total assets	**10,628**	**10,585**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	441	389
Reserve for other components of comprehensive income	80	66
Group interest in profit (loss)	79	54
Total shareholders' equity attributable to Parent Company shareholders	**5,977**	**5,886**
Shareholders' equity attributable to minority shareholders	261	255
Total shareholders' equity	**6,238**	**6,141**
Provisions for employee benefits	39	40
Provisions for decommissioning and remediation of industrial sites	728	716
Provisions for risks and charges	237	211
Provisions for income tax liabilities	29	29
Provisions for risks and charges for non Energy activities	253	250
Deferred-tax liabilities	126	120
Other non-current liabilities	-	1
Fair value	148	168
Non-current financial debt	486	353
Total non-current liabilities	**2,046**	**1,888**
Trade payables	1,394	1,580
Current tax payables	71	65
Other current liabilities	243	222
Fair value	384	471
Current financial debt	252	218
Total current liabilities	**2,344**	**2,556**
Total liabilities and shareholders' equity	**10,628**	**10,585**

The new accounting standard IFRS 16 "Leases" has been applied from January 1, 2019 prospectively without restatement of comparative data.

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
Balance at December 31, 2018	5,377	389	66	54	5,886	255	6,141
IFRS 16 - first adoption	-	-	-	-	-	-	-
Balance at January 1, 2019	5,377	389	66	54	5,886	255	6,141
Appropriation of the previous year's profit (loss)	-	54	-	(54)	-	-	-
Dividends and reserves distributed	-	-	-	-	-	(3)	(3)
Other changes	-	(2)	-	-	(2)	-	(2)
Total comprehensive profit (loss)	-	-	14	79	93	9	102
of which:							
- Change in comprehensive income	-	-	14	-	14	-	14
- Profit (loss) at March 31, 2019	-	-	-	79	79	9	88
Balance at March 31, 2019	5,377	441	80	79	5,977	261	6,238





ECONOMIC & FINANCIAL RESULTS AT MARCH 31, 2019

Sales Revenues and EBITDA of the Group and by Business Segment

2018 full year	(in millions of euros)	**1st quarter 2019**	1st quarter 2018 (*)	Change	% change
	Electric Power Operations				
3,768	Sales revenues	1,068	949	119	*12.5%*
328	EBITDA	118	93	25	*26.9%*
	Hydrocarbons Operations				
6,098	Sales revenues	1,696	1,657	39	*2.4%*
570	EBITDA	157	133	24	*18.0%*
	Corporate (1)				
69	Sales revenues	14	14	-	-
(105)	EBITDA	(20)	(25)	5	*20%*
	Eliminations				
(776)	Sales revenues	(267)	(201)	(66)	*(32.8%)*
	Edison Group				
9,159	**Sales revenues**	**2,511**	**2,419**	**92**	***3.8%***
793	**EBITDA**	**255**	**201**	**54**	***26.9%***
8.7%	**as a % of sales revenues**	***10.2%***	***8.3%***	**-**	**-**

(1) Includes those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied with a specific business, and certain holding companies and real estate companies.
(*) "Sales revenues" and "Commodity and logistic costs" related to 2018 were restated following the application of the "combination of contracts" rule in accordance with IFRS 15 with no EBITDA impact.

During the first quarter of 2019, Group sales revenues stood at 2,511 million euros, up 3.8% on the first quarter of 2018. EBITDA totalled 255 million euros (201 million euros in the first quarter of 2018), or 54 million euros more than in the same period last year, thanks to an increase in the profitability of thermoelectric, hydroelectric and wind power plants. Hydrocarbons operations EBITDA also reported an increase on the first quarter of last year, which had been impacted by particularly unfavourable climatic events.
See the sections of this Report that follow for a more detailed analysis of the performance of the individual business segments.

Electric Power Operations

Sources

2018 full year	(GWh) (1)	**1st quarter 2019**	1st quarter 2018 (*)	% change
18,798	**Edison's production:**	**5,242**	**4,734**	***10.7%***
14,763	*- Thermoelectric power plants*	4,335	3,932	*10.3%*
3,080	*- Hydroelectric power plants*	439	466	*(5.7%)*
955	*- Wind power and other renewables*	468	336	*39.2%*
24,020	**Other purchases (wholesalers, IPEX, etc.)(2)**	**4,949**	**6,138**	***(19.4%)***
42,818	**Total sources**	**10,191**	**10,872**	**(6.3%)**

(1) 1 GWh is equal to 1 million kWh, referred to physical volumes.
(2) Before line losses.
(*) "Other purchases" related to 2018 were restated following the application of the "combination of contracts" rule in accordance with IFRS 15.

Uses

2018 full year	(GWh) (1)	**1st quarter 2019**	1st quarter 2018 (*)	% change
13,694	End customers (2)	3,745	3,373	*11.0%*
29,124	Other sales (wholesalers, IPEX, etc.)	6,446	7,499	*(14.0%)*
42,818	**Total uses**	**10,191**	**10,872**	**(6.3%)**

(1) 1 GWh is equal to 1 million kWh.
(2) Before line losses.
(*) "Other sales" related to 2018 were restated following the application of the "combination of contracts" rule in accordance with IFRS 15.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales to the end-user market (business and retail) and wholesale market, and buying and selling activities, aimed at implementing adequate segregation and risk hedging policies for the above-mentioned portfolios and at maximising their profitability through their optimisation.
Under the scope of this model, Edison production in Italy comes in at 5,242 GWh, up 10.7% on the first quarter of 2018; more specifically, thermoelectric production increases by 10.3%, reflecting the national trend for gas-powered plants.
As regards production from renewable sources, in the first quarter of 2019 hydroelectric production decreased by 5.7%, due to a reduction in the availability of water resources during the period, more than offset by wind power production and other renewables, which increased by 39.2%, thanks mainly to the windier conditions of the period and the commissioning of new wind farms.
Sales to customers were up 11% mainly thanks to the higher volumes sold to the Business segment.
Other purchases and sales of the first quarter of 2019 are down on the values of the same period of 2018 by 19.4% and 14% respectively; it should be recalled, however, that these items include not only purchases and sales on the wholesale market but also purchases and sales on IPEX, albeit characterised by smaller unitary margins connected with the balancing of portfolios.

Income Statement Data

2018 full year	(in millions of euros)	**1st quarter 2019**	1st quarter 2018 (*)	% change
3,768	Sales revenues	1,068	949	*12.5%*
328	EBITDA	118	93	*26.9%*

(*) "Sales revenues" and "Commodity and logistic costs" related to 2018 were restated following the application of the "combination of contracts" rule in accordance with IFRS 15 with no EBITDA impact.

Sales revenues for the first quarter of 2019 came in at 1,068 million euros, up 12.5% on the first quarter of 2018, despite the presence of a drop in volumes, thanks to an increase in average sale prices driven by the reference scenario.
The quarter's EBITDA, which comes in at 118 million euros (93 million euros during the same period of 2018), records an increase of 25 million euros mainly thanks to the contribution of the wind sector and higher margins in thermoelectric and hydroelectric generation.
The economic data of the electric power operations include the results of the Energy & Environmental Services Market Division, which recorded the following in the first quarter of 2019:

- sales revenues of 141 million euros, up 29% compared with the same period in 2018 (109 million euros) thanks to the contribution of Zephyro (for about 28 million euros), acquired in July 2018;
- EBITDA totalled 30 million euros, or 25% more than in the first quarter of 2018 (24 million euros), thanks mainly to the contribution of Zephyro, which earned a margin of about 9 million euros.

Hydrocarbons Operations

Sources of Natural Gas

2018 full year	(millions of m^3 of natural gas)	**1st quarter 2019**	1st quarter 2018	% change
354	Production (1)	84	97	*(13.1%)*
14,566	Imports (Pipeline + LNG)	3,443	3,792	*(9.2%)*
5,811	Other purchases	1,638	1,860	*(12.0%)*
(17)	Change in stored gas inventory (2)	317	230	*37.5%*
20,714	**Total sources**	**5,482**	**5,979**	***(8.3%)***
1,909	**Production outside Italy (3)**	**453**	**455**	***(0.4%)***

(1) Net of self-consumption and at Standard Calorific Power. It includes the production from the Izabela concession in Croatia imported into Italy.
(2) Includes pipeline leaks. A negative change reflects additions to the stored gas inventory.
(3) Counting volumes withheld as production tax.

Uses of Natural Gas

2018 full year	(millions of m^3 of natural gas)	**1st quarter 2019**	1st quarter 2018	% change
2,804	Residential use	1,312	1,290	*1.6%*
4,518	Industrial use	1,367	1,241	*10.2%*
6,501	Thermoelectric fuel use	1,814	1,840	*(1.4%)*
6,890	Other sales	989	1,608	*(38.5%)*
20,714	**Total uses**	**5,482**	**5,979**	***(8.3%)***
1,909	**Sales of production outside Italy (1)**	**453**	**455**	***(0.4%)***

(1) Counting volumes withheld as production tax.

The gas production of the period, adding Italy and abroad together, came to 537 million cubic meters, down 2.6% on the first quarter of last year. While production sold in Italy decreased by 13.1%, due mainly to the natural decline in field production curves and the absence of imports from Croatia, foreign production was substantially in line with that of the first quarter of 2018, due to higher production in Algeria and the United Kingdom, which offset a decrease in production in Egypt and Croatia.
Gas imports and Other purchases both fell, down by 9.2% and 12%, respectively.
The quantities sold, equal to 5,482 million cubic meters, were down 8.3% on the first quarter of 2018.
Despite a mild first quarter of 2019, sales to residential users were up slightly thanks to the contribution of the activities of former GNVI, which were consolidated from the end of February 2018, while sales to industrial users were up 10.2%, thanks to the acquisition of new customers.

Sales for thermoelectric use remained essentially unchanged with respect to the first quarter of the previous year; finally, other sales decreased by 38.5%.

Crude Oil Production

2018 full year	(thousands of barrels)	**1st quarter 2019**	1st quarter 2018	% change
1,664	Production in Italy	415	401	*3.5%*
2,349	Production outside Italy[1]	558	622	*(10.3%)*
4,013	**Total production**	**973**	**1,023**	***(4.9%)***

(1) Counting volumes withheld as production tax.

Production of crude oil in the quarter fell by 4.9% due to the offsetting of higher Italian production (+14 thousand barrels) and a reduction in foreign production (-64 thousand barrels), particularly in the Scott and Telford fields in the United Kingdom, mainly due to the natural decline in concessions.

Income Statement Data

2018 full year	(in millions of euros)	**1st quarter 2019**	1st quarter 2018	% change
6,098	Sales revenues	1,696	1,657	*2.4%*
570	EBITDA	157	133	*18.0%*
203	*- amount from gas activities*	80	60	*33.3%*
367	*- amount from Exploration & Production*	77	73	*5.5%*

Sales revenues came in at 1,696 million euros, substantially in line with the first quarter of 2018.
The quarter's EBITDA came to 157 million euros, up 24 million euros on the same period of 2018. This change is mainly attributable to the activity of purchase and sale of gas, which in the first quarter of 2018 was impacted by particularly adverse climatic events.

Corporate

Income Statement Data

2018 full year	(in millions of euros)	**1st quarter 2019**	1st quarter 2018	% change
69	Sales revenues	14	14	-
(105)	EBITDA	(20)	(25)	*20%*

Corporate activities include those operations of Edison Spa, the Group's Parent Company, that engage in central and transversal activities, i.e., activities that are not directly tied to a specific business, and certain holding companies and real estate companies.
Sales revenues for the first quarter of 2019 were unchanged compared to the same period of 2018, while EBITDA increased by 5 million euros, partly due to the application of IFRS 16 "Leases" as from January 1, 2019, and partly due to a different phasing of operating costs.

Other components of the Group's Income Statement

2018 full year	(in millions of euros)	1st quarter 2019	1st quarter 2018	% change
793	**EBITDA**	**255**	**201**	***26.9%***
(7)	Net change in fair value of derivatives (commodity and exchange rate risk)	10	2	*n.m.*
(464)	Depreciation and amortization	(112)	(104)	*7.7%*
(100)	(Writedowns) and reversals	-	(2)	*n.m.*
(23)	Other income (expense) non Energy activities	(3)	(2)	*(50.0%)*
199	**EBIT**	**150**	**95**	***57.9%***
(5)	Net financial income (expense) on debt	(1)	(1)	-
(3)	Other net financial income (expense)	(7)	(13)	*(46.2%)*
(11)	Net financial income (expense) on assigned trade receivables without recourse	(6)	(2)	*n.m.*
4	Income from (Expense on) equity investments	1	1	-
(117)	Income taxes	(49)	(34)	*(44.1%)*
67	**Profit (Loss) from continuing operations**	**88**	**46**	***91.3%***
54	**Group interest in profit (loss)**	**79**	**42**	***88.1%***

The Group's interest in profit (loss) is positive by 79 million euros (positive by 42 million euros in the first quarter 2018).

In addition to the industrial margin dynamics discussed above, the main factors affecting the result for the period were:

- a net positive change in the fair value of derivatives amounting to 10 million euros (positive by 2 million euros in the first quarter of 2018);
- depreciation, amortization and writedowns for 112 million euros in increase compared with the first quarter 2018 (106 million euros) mainly due to amortization of assets under operating leases according to the new accounting standard IFRS 16 (5 million euros);
- the financial items (it should be noted that expenses on assigned trade receivables without recourse include costs related to transactions to assign trade receivables of the Retail segment, started in July 2018) and the Income Taxes which include regional taxes (IRAP) and foreign taxes.

Here below the details of the main Other Components of the Group's Income Statement.

Net change in fair value of derivatives (commodity and exchange rate risk)

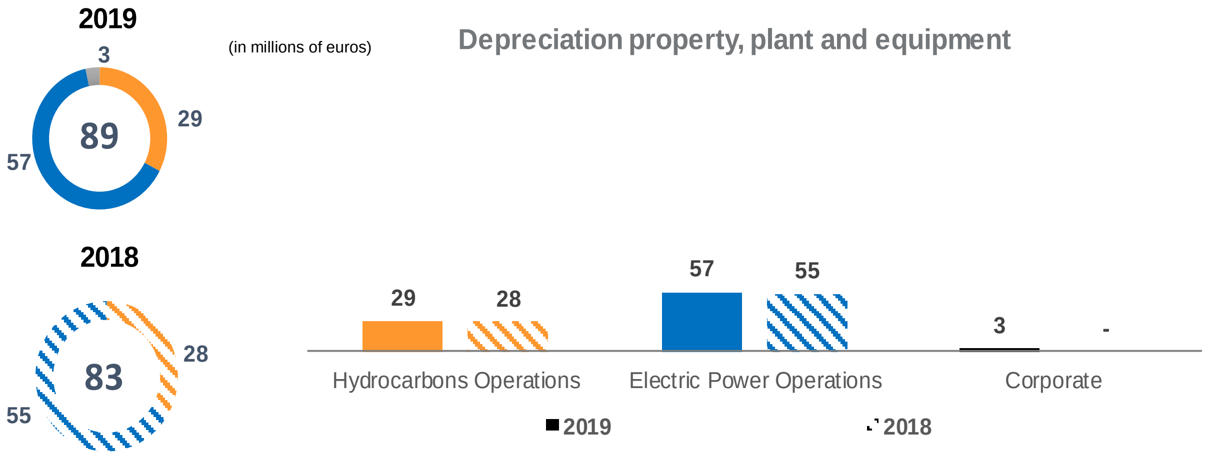
(in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
1st quarter 2019				
Hedges of price risk on energy products	3	232	-	**235**
Hedges of foreign exchange risk on commodities	-	18	1	**19**
Change in fair value in physical contracts (FVH)	-	(244)	-	**(244)**
Total 2019	**3**	**6**	**1**	**10**
1st quarter 2018				
Hedges of price risk on energy products	(1)	17	5	**21**
Hedges of foreign exchange risk on commodities	1	12	(8)	**5**
Change in fair value in physical contracts (FVH)	-	(24)	-	**(24)**
Total 2018	**-**	**5**	**(3)**	**2**

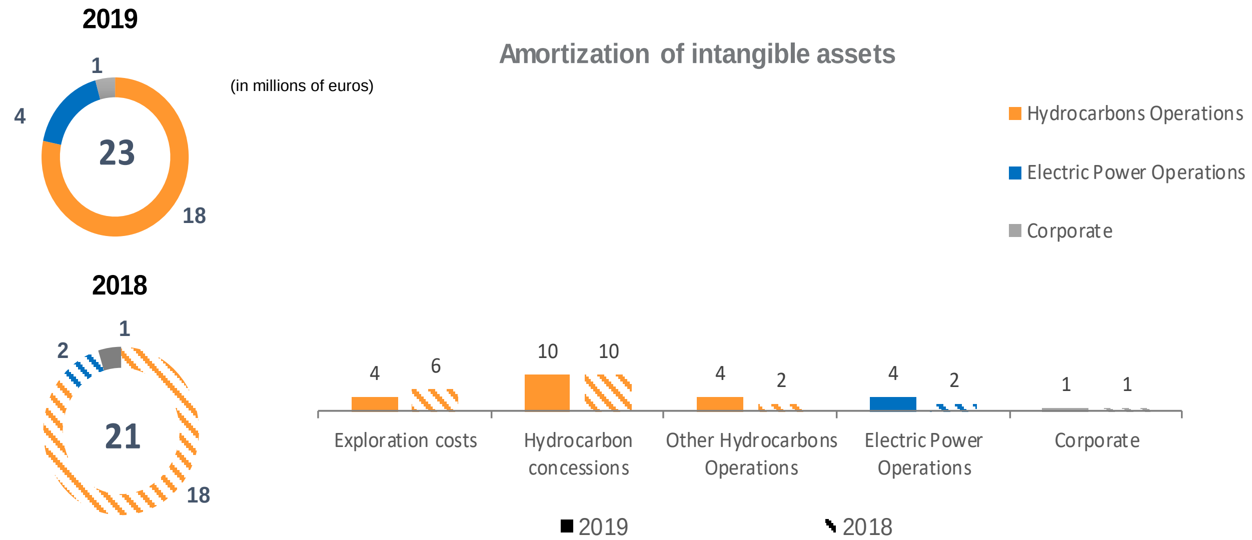
(*) It refers to the ineffective portion.

We remind that the Group extensively applies hedge accounting and that new principle IFRS 9, which entered into force starting from January 1, 2018, changed these amendments, also modifying the rules of the accounting hedge relationships approaching the logics of recognition to those of risk management. The application of these new rules extended the application of hedge accounting consequently reducing the volatility effects.

Depreciation, Amortization and Writedowns

The following charts show the details of depreciation and amortization by class of asset and business segment. The increase, compared to the first quarter 2018, essentially reflects the application of the new accounting standard IFRS 16 “Leases”. It should be noted that writedowns for first quarter 2018 (2 million euros) resulted from a trigger on a specific asset of Hydrocarbons Operations.





Other net financial income (expense)

(in millions of euros)	1st quarter 2019	1st quarter 2018	Change
Financial expenses on provisions (*)	(7)	(7)	-
Net foreign exchange translation gains (losses) (**)	2	(4)	6
Other	(2)	(2)	-
Other net financial income (expense)	**(7)**	**(13)**	**6**

(*) Mainly related to provision for decommissioning and remediation of industrial sites.

(**) Including net results of the transactions with EDF Sa to hedge exchange rate risk.

Net Financial Debt and Cash Flows

At March 31, 2019, net financial debt totalled 615 million euros (416 million euros at December 31, 2018).

As previously commented, the new accounting standard IFRS 16 “Leases”, applied prospectively, determined at January 1, 2019, date of first application, an increase in net financial debt of about 165 million euros. This amount at March 31, 2019 is about 160 million euros.

The table below provides a breakdown of the net financial debt:

(in millions of euros)	03.31.2019	12.31.2018	Change
Non-current financial debt	486	353	133
- Due to banks	275	275	-
- Due to EDF Group companies	60	60	-
- Debt for leasing (*)	142	9	133
- Due to other lenders	9	9	-
Assets for financial leasing	(3)	(3)	-
Non-current net financial debt	**483**	**350**	**133**
Current financial debt	252	218	34
- Due to banks	113	120	(7)
- Due to EDF Group companies	34	16	18
- Debt for leasing (*)	26	2	24
- Due to other lenders	79	80	(1)
Current financial assets	(4)	(3)	(1)
Cash and cash equivalents	(116)	(149)	33
Current net financial debt	**132**	**66**	**66**
Net financial debt	**615**	**416**	**199**
of which:			
Gross financial debt	**738**	**571**	**167**
Cash and cash equivalents and financial assets	**(123)**	**(155)**	**32**

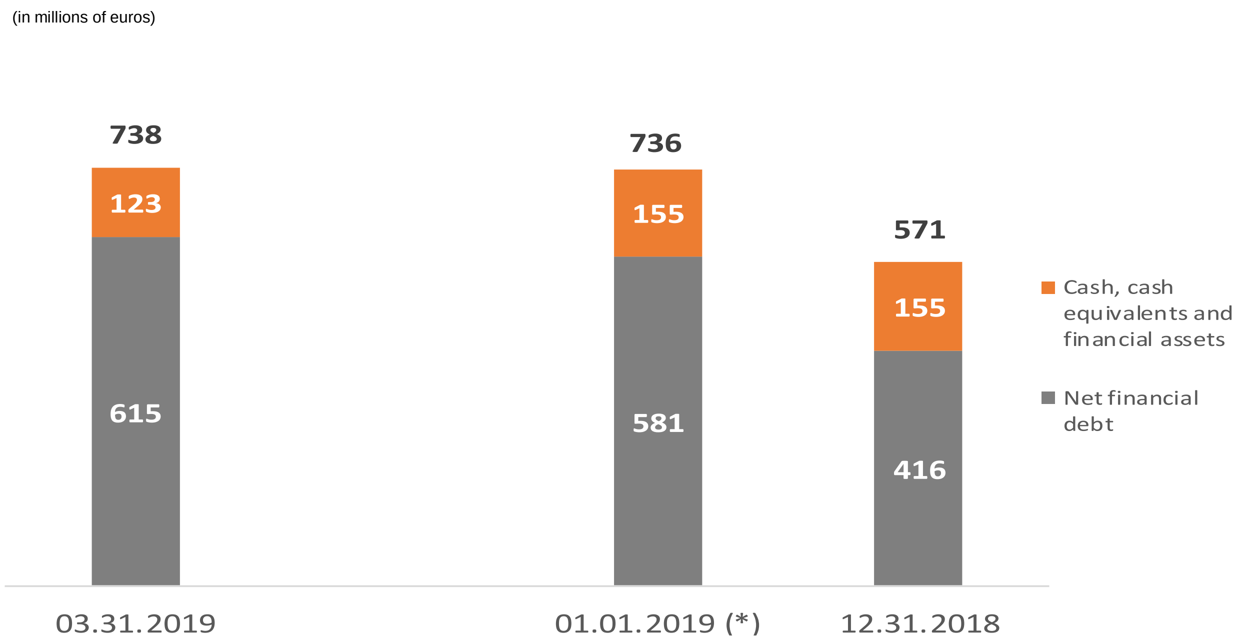
(*) At January 1, 2019 the application of the new accounting standard IFRS 16 determined an increase of debt for 165 million euros.

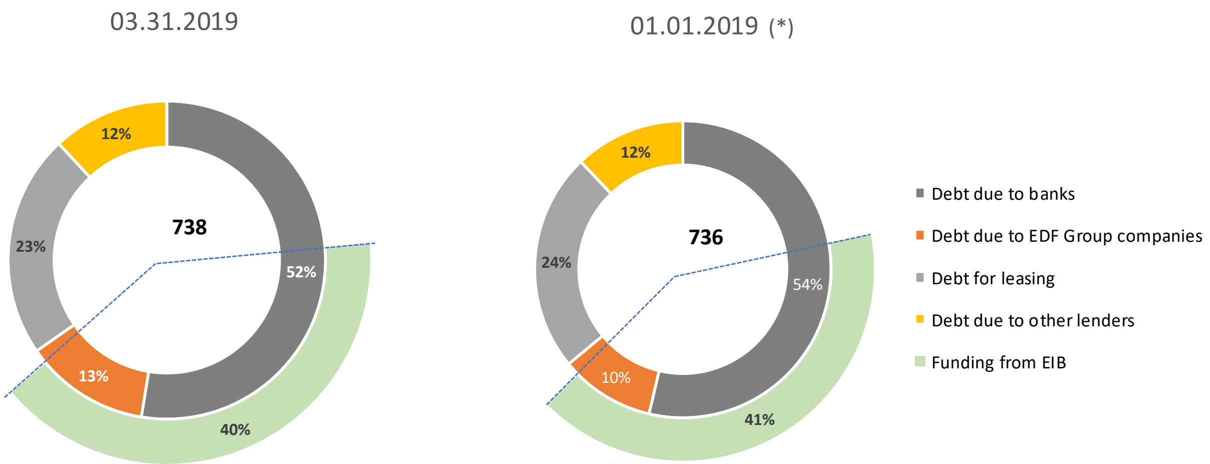
With reference to **current net financial debt** please note that at March 31, 2019 the current account of Edison Spa dedicated to the cash-pooling agreement with EDF Sa has a debit balance of 21 million euros (included in Debts due to EDF Group companies); at December 31, 2018 it was a credit balance of 28 million euros (included in Cash and cash equivalents).

At March 31, 2019, as well as at December 31, 2018, the revolving credit line signed by Edison Spa with EDF Sa in 2017 was fully available for 600 million euros. This credit line expired and on April 9, 2019 it was replaced by a new two-year term revolving credit line with a nominal value of 600 million euros, granted by EDF Sa to Edison in line to ordinary market conditions.

In the month of March 2019 the Club Deal revolving credit line granted by a pool of banks to Edison Spa in 2017 for a nominal amount of 300 million euros expired and was not renewed. This credit line was fully available at December 31, 2018.

Gross financial debt and breakdown by financial source



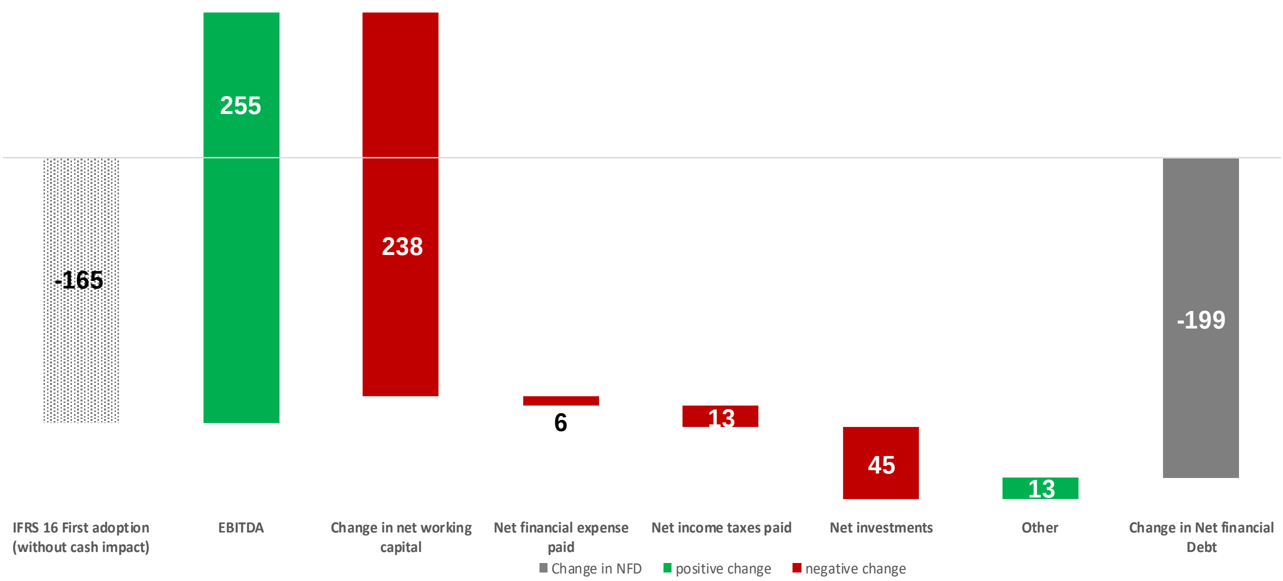


(*) Data at January 1, 2019 reflect for about 165 million euros the impact of first time adoption of the new accounting standard IFRS 16 'Leases'.

The funding sources of which Edison made use during the period were unchanged compared to December 31, 2018. These are primarily represented by long-term loans for the development of specific projects in the wind sector, in gas storage, Exploration & Production and, to a residual extent, in thermoelectric generation, granted by the EIB, directly or through EDF Sa.

Below the analysis of changes in net financial debt is provided, mainly due to the non-monetary effect deriving from the first application of IFRS 16:

(in millions of euros)



The main cash flows of the period derive from EBITDA, previously commented, the cash absorption of operating working capital, partly due to the seasonality of volumes sold, and net investments, which include capital expenditures and exploration (-53 million euros) and the effects related to disposals, partially offset by an increase in non-current financial assets (+8 million euros).

More specifically, capital expenditures and exploration include:

- Exploration & Production investments of 26 million euros, mainly outside Italy: Norway (16 million euros), mainly for the Dvalin (formerly Zidane) and Nova (formerly Skarfjell) concession activities, the United Kingdom (4 million euros) for the development of the Scott and Telford concessions and Algeria (2 million euros) for the development of the Reggane concession; investments in exploration of approximately 4 million euros, mainly for exploration activities outside of Italy;
- investments in the sector of electric power generation from renewable sources of 7 million euros, relating to activities for the construction of the new wind farms (greenfield and full rebuilding) of Castiglione Messer Marino, Mazara del Vallo, Troia and Schiavi d'Abruzzo.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

Fair Value recorded in Balance Sheet

(in millions of euros)	03.31.2019			12.31.2018		
Broken down as follows:	Receivables	Payables	Net	Receivables	Payables	Net
- Financial assets (liabilities)	-	-	-	-	-	-
- Non-current assets (liabilities)	143	(148)	(5)	170	(168)	2
- Current assets (liabilities)	480	(384)	96	530	(471)	59
Fair Value recognized as assets or liabilities (a)	**623**	**(532)**	**91**	**700**	**(639)**	**61**
of which of (a) related to:						
- interest rate risk management	-	-	-	-	-	-
- exchange rate risk management	86	(19)	67	55	(17)	38
- commodity risk management	415	(285)	130	366	(481)	(115)
- trading portfolios (physical and financial)	-	-	-	1	(1)	-
- Fair value on physical contracts	122	(228)	(106)	278	(140)	138

The table below provides a breakdown of the changes that occurred in the Cash Flow Hedge reserve for the accounting treatment of derivatives. The change refers to the provisional recognition in equity of the effective portion of derivatives executed to hedge price and foreign exchange risks on energy commodities. The amounts recognized directly in equity are reflected in the income statement in line with the effects of the hedged item.

Cash Flow Hedge reserve

(in millions of euros)	Gross reserve	Taxes	Net reserve
Reserve at December 31, 2018	**57**	**(15)**	**42**
Changes in the period	11	(4)	7
Reserve at March 31, 2019	**68**	**(19)**	**49**

OUTLOOK

Edison confirms that its 2019 EBITDA estimates, excluding potential new M&A transactions, will be within a range of 720 and 780 million euros.

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2019

No significant events occurred after March 31, 2019.

Milan, May 3, 2019
The Board of Directors
By Marc Benayoun
Chief Executive Officer

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CERTIFICATION PURSUANT TO ARTICLE 154-BIS, SECTION 2, OF LEGISLATIVE DECREE NO. 58/1998

Didier Calvez and Roberto Buccelli, in their capacity as “Dirigenti preposti alla redazione dei documenti contabili societari” of Edison Spa, declare that the accounting information contained in this Quarterly Report at March 31, 2019 is consistent with the data in documents, accounting records and other records.

Milan, May 3, 2019

“Dirigenti Preposti alla redazione dei documenti contabili societari”
Didier Calvez
Roberto Buccelli