PRESS RELEASE

EDISON CLOSES THE FIRST 9 MONTHS WITH REVENUES OF 6.5 BILLION EUROS, EBITDA AT 620 MILLION EUROS AND PROFIT OF 87 MILLION EUROS.

Edison revised upwards its guidance for 2018 EBITDA which will exceed 740 million euros. Net debt at 310 million euros from the 116 million euros as at December 31, 2017 following the acquisition of Gas Natural Vendita Italia, Attiva, and Zephyro.

Milan, October 26, 2018 – The Edison Board of Directors met yesterday to examine the Quarterly Report at September 30, 2018, which closed with a net profit of 87 million euros, compared to the loss of 110 million euros in the same period of 2017[1], as a result of the good performance of the electric power and the E&P activities as well as of the limited impact of the volatility related to commodities and currency hedges.

Considering the scenario and the results of the period, Edison further improved its guidance for 2018 EBITDA which will exceed 740 million euros.

At September 30, 2018, net financial debt was 310 million euros, compared with 116 million euros recorded at the end of 2017, including the acquisitions of Gas Natural Vendita Italia, Attiva, and Zephyro, which had an impact of 368 million euros including debt. Through these transactions, Edison confirmed its downstream growth strategy by consolidating its positioning as the third largest operator in the Italian retail market and by strengthening its activities in energy efficiency services for industrial businesses, the service sector and public administration.

EDISON GROUP HIGHLIGHTS

in millions of euros	**9 months - 2018[1]**	**9 months - 2017[1]**
Sales revenues	**6,521**	**6,353**
EBITDA	**620**	**647**
EBIT	**235**	**84**

[1] On January 1, 2018, two new international accounting standards entered into force: IFRS 15, which applies to “revenue from contracts with customers”, and IFRS 9, relating to financial instruments. In order to improve comparability over time, Edison has decided to apply IFRS 15 retrospectively, by restating 2017 financial statements. As a result of the adoption of this standard, sales revenues decreased, without any impact on EBITDA. The effects resulting from the first adoption of IFRS 9 were instead recorded in equity without restatement of 2017 data.

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Group interest in net Profit/Loss	**87**	**(110)**

Operating performance of the Group at September 30, 2018

The first nine months of 2018 were characterised by a slowdown of the Italian economy growth, together with a slight increase in demand for electricity and a reduction in gas consumption. Price dynamics showed a different trend increasing significantly due to the oil scenario and tensions in Northern European gas markets.

More specifically, **during the first 9 months of the year, Italian electricity demand rose by 0.6% over the same period of last year, to 242.2 TWh**. This higher consumption was covered by an increased hydroelectric production - which benefited from the significant amount of rain recorded in the winter and spring months (+24% to 38.4 TWh) - and from the increase in net imports (+20% to 33.9 TWh). The other sources of generation were down, especially the thermoelectric production which decreased by 7.4% to 135.3 TWh compared to the first nine months of 2017. The **Single National Price (PUN)**, which **rose by 15% to 58.9 euros per MWh,** was impacted by increasing fossil fuel production costs, although mitigated by the lower recourse to thermoelectric generation.

This trend is confirmed by **gas consumption, which in the first nine months of the year declined by 1.1% to 51.4 billion cubic meters** compared with the same period of 2017. This performance was caused by lower thermoelectric generation, which resulted in lower demand for gas (-8% to 16.9 billion cubic meters), while demand for residential use rose (+5% to 19.6 billion cubic meters) and demand for industrial use remained stable. Prices were up, with the **spot gas price in Italy reaching an average value of 25 cents per cubic meter in the first nine months of the year**, marking a 26% increase compared with the same period of 2017. The causes of this upward trend lie in the lower volumes of gas at the beginning of the year due to the reduced availability of certain infrastructures in Northern Europe, combined with the increasing trend observed in the oil market.

During the first nine months of the year, **oil prices had an average value of 72.7 dollars per barrel, 38% higher than the same period in 2017.**

In this context, Edison closed the first nine months of the year with an **increase in sales revenues of 2.6% to 6,521 million euros**, from 6,353 million euros in the same period of 2017[2], benefiting from the improved reference scenario. In particular, revenues from **hydrocarbons operations** increased by 8.7% to 4,279 million euros, compared to the first nine months of 2017, due to the increase in prices. During the first nine months revenues from **electric power operations** were down 8.6% to 2,742 million euros, compared with the same period of 2017, mainly due to the lesser volumes sold in the wholesale market, partly offset by the increase in volumes sold to final customers.

EBITDA came to 620 million euros, slightly declining from 647 million euros in the first nine months of 2017. The result was affected by trends in **hydrocarbons EBITDA[3] falling to 444 million euros** from 480

[2] Please recall that, in order to improve comparability over time, Edison has decided to retrospectively adopt the new IFRS 15, which entered into force on January 1, 2018 and applies to "revenue from contracts with customers", restating 2017 financial statements. As a result of the adoption of IFRS 15, sales revenues declined, without any impact on EBITDA.

[3]The values for the first nine months of 2017 refer to adjusted EBITDA, calculated by reclassifying from hydrocarbons operations to electric power operations the portion of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas attributable

million euros in the first nine months of 2017. This change was caused primarily by the expected decline in margins from gas supply and sales activities, which were affected by a less favourable market scenario, as well as by the sale of Infrastrutture Trasporto Gas, in October of last year. E&P activities made a significantly positive contribution to profitability, benefiting from the improvement in the reference scenario and the recovery of exploration costs in Algeria for previous years. **EBITDA[3] of electric power operations rose by 9.1% to 253 million euros** (232 million euros in the first nine months of 2017) thanks to the greater contribution of the hydroelectric operations and the increased profitability of thermoelectric generation.

EBIT rose significantly to 235 million euros from 84 million euros in the first nine months of last year, mainly as a result of the change in fair value related to commodities and currency hedges, which in the first nine months of last year was negative for 196 million euros and is positive for 6 million euros this year. This result includes depreciation, amortisation and write-downs totalling 376 million euros, slightly higher than the 361 million euros recorded in the first nine months of 2017, partly related to the above-mentioned recovery of exploration costs for prior years in Algeria.

The **profit before taxes was positive for 218 million euros** (loss of 6 million euros in the first nine months of 2017), as a result of the performance described above as well as halved financial expense, thanks to the improvement in the cost of debt and the absence of exchange losses. Please recall that last year the profit before taxes for the first nine months included the 55 million euros write-down of equity investments, which were later sold, in the companies Infrastrutture Trasporto Gas and Terminale GNL Adriatico.

Edison Group closed the first nine months of the year with a net profit of 87 million euros compared with a loss of 110 million euros in the same period of 2017, as a result of the trends described above.

At September 30, 2018, net financial debt rose to 310 million euros from 116 million euros recorded at the end of 2017 following the acquisitions of Gas Natural Vendita Italia, Attiva, and Zephyro, which had an impact of 368 million euros including debt. The good operating performance allowed to limit the increase in debt linked to M&A transactions during the period.

Outlook

Edison further revised upward its guidance for 2018 EBITDA, which will exceed 740 million euros.

Main events of the first nine months of 2018

February 21, 2018 – Edison signed a venture capital partnership with Idinvest Partners, one of the leading pan-European private equity companies, by which Edison invests in the Smart City investment fund managed by Idinvest. The latter is focused on start-ups operating in the Smart Energy, Smart Building & Industry, New Mobility and Enabling Technologies sectors in Europe, North America, Israel and Asia. The partnership also provides the opportunity to co-invest in start-ups of particular interest for Edison, thus improving the maximum potential of the fund. At the same time, Idinvest has undertaken to promote the Italian ecosystem of innovation, investing in one or more innovative Italian businesses and start-ups that fall within its investment scope, through its venture capital business.

to the electric power operations. In the first nine months of 2018, there were no hedges to be reclassified between the two business segments. EBITDA includes central staff and technical services.

February 22, 2018 – Edison acquired Gas Natural Vendita Italia (GNVI), increasing its customer base by 50%. GNVI's gas customer portfolio is located primarily in Southern Italy and consists of around 420,000 residential customers (the majority of whom are in the protected category) and 15,000 small and medium enterprises, equivalent to a total volume of gas sold of 3.3 TWh. GNVI also sells electricity to around 53,000 retail customers and small and medium enterprises. In addition, GNVI also works in the gas boiler maintenance sector through Servigas, currently serving in excess of 90,000 residential customers. With this transaction, Edison strengthened its position as a key national energy operator in the retail sector, reaching a volume of customers that allows it to play a leading role in market consolidation. The price paid to acquire the company was 195.3 million euros. In April, Gas Natural Fenosa transferred the gas procurement agreement relating to the Azerbaijan Shah Deniz II field to Edison.

April 27, 2018 – Edison and Soleil Srl entered into a binding agreement for Edison's acquisition of Attiva, a company operating in the market of natural gas sales to end consumers in Puglia. This transaction, which was closed in May, involves a portfolio of roughly 30,000 customers located in all municipalities in the province of Lecce and in several municipalities in the provinces of Bari, Brindisi and Taranto, and strengthens Edison's presence in Puglia in line with the company's retail market development plan. Founded in 2003, Attiva provides around 20 million cubic meters of natural gas per year to households in Puglia, the majority in the residential market and coming from the so called "Regime di Maggior Tutela", with a high rate of retention and an average churn rate below the national average.

May 28, 2018 – Through its subsidiary Fenice Spa, Edison signed a binding agreement with Prima Holding s.r.l. to acquire 71.3% of ordinary share capital of Zephyro Spa (corresponding to 70.66% of total share capital, represented by ordinary shares and performing shares), whose ordinary shares have been traded on the AIM Italia (Alternative Investments Market) organised and managed by Borsa Italiana Spa since December 2015. Zephyro is a leading Italian operator in the energy efficiency sector and in the provision of integrated energy management solutions. It is also active in managing and maintaining plants and in providing the associated services for complex energivorous structures, designed to limit consumption and polluting emissions as well as to achieve cost savings. Zephyro, which in 2017 had a production value of 69 million euros and an EBITDA of 15.9 million euros, has more than 200 employees throughout the country, especially in Lombardy, Veneto and Lazio. In particular, Zephyro currently serves more than 30 hospitals and has been awarded new CONSIP lots for the provision of energy services to hospitals.

June 19, **2018 –** The Standard & Poor's rating agency brought the company's credit rating back to investment grade level. In particular, S&P raised Edison's long-term rating from "BB+" to "BBB-" and the short-term rating from "B" to "A-3". The outlook is stable. S&P justified this increase in the long-term rating based on Edison's robust operating performance and the strengthening of its financial structure in 2017. The international agency also positively evaluated the company's strategic attention paid to renewable energies and the downstream segment, or sales to customers and energy efficiency services. The stable outlook reflects S&P's expectation that Edison is capable of generating stable operating cash flows by benefiting from gas procurement contracts more aligned with the market, an efficient electricity generation portfolio and an increasing contribution of renewables. According to Standard & Poor's, Edison has the financial flexibility to support its strategic development through acquisitions as well as through organic growth.

July 2, 2018 – Fenice Spa, in execution of the binding agreement entered into on May 28, 2018, acquired the majority investment in Zephyro Spa at a price of 10.25 euros per share, with a total disbursement of 71.8 million euros.

On the same date, in fulfilment of the obligation envisaged in Article 9 of the Zephyro Articles of Association, Fenice announced the promotion of the public tender offer (PTO) at the same price of 10.25 euros per share on the remaining ordinary shares (including those resulting from the possible exercise of Zephyro warrants). During the subscription period for the PTO, which began on August 22 and ended on October 15, 2018, including the re-opening period, a total of 3,289,715 shares were contributed. As a result of the PTO, taking into account the shares already held and those acquired on the AIM Italia market, Fenice owns 99.930% of the share capital represented by Zephyro ordinary shares and 99.050% of total capital, with an additional disbursement of 33.8 million euros. Consequently, as the conditions for delisting had been met, Borsa Italiana withdrew Zephyro's ordinary shares and warrants from trading on the AIM market, effective October 23, 2018.

Documentation

Please note that the Quarterly Report at September 30, 2018 of the Edison Group, approved yesterday by the Board of Directors of Edison Spa, will be available to the public from October, 29 2018 at the company's office, on the Edison Spa website (http://www.edison.it/it/bilanci-e-documenti-correlati), and on the authorised electronic storage site "eMarket STORAGE" (www.emarketstorage.com).

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

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The "Dirigenti preposti alla redazione dei documenti contabili societari" of Edison Spa, Didier Calvez and Roberto Buccelli, certify that – pursuant to article 154-bis, paragraph 2 of the TUF (Italian Legislative decree no. 58/1998) – the accounting disclosures in this release are consistent with records, ledgers and accounting entries. The Quarterly Report at September 30, 2018 is not audited.

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.

Abridged consolidated economic-equity statements are attached. Material information pursuant to Consob resolution no. 11971 of May 14, 1999, as amended.

PRESENTATION FORMATS

Consolidated Income Statement

(in millions of euros)	**9 months 2018**	9 months 2017 (*)
Sales revenues (*)	6,521	6,353
Other revenues and income	120	97
Total net revenues	**6,641**	**6,450**
Raw materials and services used (-) (*)	(5,777)	(5,575)
Labor costs (-)	(244)	(228)
EBITDA	**620**	**647**
Net change in fair value of commodity derivatives	6	(196)
Depreciation, amortization and writedowns (-)	(376)	(361)
Other income (expense), net	(15)	(6)
EBIT	**235**	**84**
Net financial income (expense)	(22)	(46)
Income from (Expense on) equity investments	5	(44)
Profit (Loss) before taxes	**218**	**(6)**
Income taxes	(120)	(94)
Profit (Loss) from continuing operations	**98**	**(100)**
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	**98**	**(100)**
Broken down as follows:		
Minority interest in profit (loss)	11	10
Group interest in profit (loss)	**87**	**(110)**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	0.0156	(0.0217)
Basic earnings per savings share	0.0456	0.0375
Diluted earnings (loss) per common share	0.0156	(0.0217)
Diluted earnings per savings share	0.0456	0.0375

(*) "Sales revenues" and "Raw materials and services used " related to reporting period 2017 were restated following IFRS 15 adoption with no EBITDA impact.
The first adoption impacts related to IFRS 9 were recorded in equity without restatement of 2017 data.

Consolidated Balance Sheet

(in millions of euros)	**09.30.2018**	12.31.2017
ASSETS		
Property, plant and equipment	3,631	3,657
Investment property	5	5
Goodwill	2,445	2,313
Hydrocarbon concessions	289	322
Other intangible assets	289	154
Investments in associates	66	67
Available-for-sale investments (*)	-	1
Investments at fair value through profit and loss (*)	1	-
Other financial assets	68	80
Deferred-tax assets	470	467
Other assets	516	302
Total non-current assets	**7,780**	**7,368**
Inventories	250	182
Trade receivables	1,459	1,656
Current-tax assets	12	8
Other receivables	1,354	840
Current financial assets (*)	4	6
Cash and cash equivalents	266	260
Total current assets	**3,345**	**2,952**
Total assets	**11,125**	**10,320**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	377	601
Reserve for other components of comprehensive income	163	113
Group interest in profit (loss)	87	(176)
Total shareholders' equity attributable to Parent Company shareholders	**6,004**	**5,915**
Shareholders' equity attributable to minority shareholders	270	288
Total shareholders' equity	**6,274**	**6,203**
Provision for employee severance indemnities and provisions for pensions	42	42
Provision for deferred taxes	133	76
Provisions for risks and charges	1,316	1,249
Long-term financial debt and other financial liabilities	306	221
Other liabilities	235	65
Total non-current liabilities	**2,032**	**1,653**
Bonds	4	4
Short-term financial debt	270	157
Trade payables	1,443	1,696
Current taxes payable	15	19
Other liabilities	1,087	588
Total current liabilities	**2,819**	**2,464**
Total liabilities and shareholders' equity	**11,125**	**10,320**

(*) Since January 1, 2018, following the application of the new accounting principle IFRS 9 the "Available-for-sale investments" and the "Equity investments held for trading" (included for about 3 million of euros in "Current financial assets" at December 31, 2017) were reclassified in "Investments at fair value through profit and loss".
The first adoption impacts related to IFRS 9 were recorded in equity without restatement of 2017 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, 2017	**5,377**	**601**	**113**	**(176)**	**5,915**	**288**	**6,203**
IFRS 9 - first adoption	-	(29)	-	-	**(29)**	-	**(29)**
Balance at January 01, 2018	**5,377**	**572**	**113**	**(176)**	**5,886**	**288**	**6,174**
Appropriation of the previous year's profit (loss)	-	(176)	-	176	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	**-**	(29)	**(29)**
Change in scope of consolidation	-	(15)	-	-	**(15)**	1	**(14)**
Other changes	-	(4)	-	-	**(4)**	(1)	**(5)**
Total comprehensive profit (loss)	-	-	50	87	**137**	11	**148**
of which:							
- Change in comprehensive income	-	-	50	-	**50**	-	**50**
- Profit (loss) at September 30, 2018	-	-	-	87	**87**	11	**98**
Balance at September 30, 2018	**5,377**	**377**	**163**	**87**	**6,004**	**270**	**6,274**