PRESS RELEASE

EDISON CLOSED THE FIRST NINE MONTHS WITH REVENUES OF 6 BILLION EUROS AND EBITDA OF 456 MILLION EUROS (+35%) THANKS TO THE GOOD PERFORMANCE OF ELECTRIC POWER GENERATION, PARTICULARLY RENEWABLE, AND GAS[1]

Net profit from Continuing Operations, i.e. excluding E&P discontinued operations, grew significantly to 134 million euros (+45.7% from 92 million euros in the same period of 2018). Following the agreement for the disposal of the E&P activities, the net result was -386 million euros.

Net financial debt came to 779 million euros, up from 416 million euros at December 31, 2018, as a result of acquisitions of renewable assets and the adoption of the new accounting standard IFRS 16.

Milan, October 30, 2019 - Edison's Board of Directors, which met yesterday, reviewed the Quarterly Report at September 30, 2019 ending with a **significant increase in EBITDA (+35.3% to 456 million euros** compared with 337 million euros in 2018), thanks to the contribution of the electric power generation, in particular renewables, and natural gas sectors.

In light of the agreement for the disposal of the E&P activities, the results of the Exploration & Production business were considered as Discontinued Operations (divestment businesses) and therefore did not contribute to sales revenues and EBITDA[1].

The good operating performance led to a **positive net profit from Continuing Operations of 134 million euros (+45.7%** compared with 92 million euros in the same period of 2018). The Group's net loss of -386 million euros is the result of write-downs related to the agreement to sell the E&P business.

Net financial debt at September 30, 2019 amounted to 779 million euros, up from 416 million euros at December 31, 2018, as a result of the application from January 2019 of the new accounting standard IFRS16[2] and, above all, of the acquisition that brought 293 MW of renewable capacity within the scope of the company. With this investment, Edison becomes the second largest operator in the wind power sector in Italy and lays the foundations for the development of photovoltaic generation.

[1] These amounts exclude the contribution of E&P activities, which are classified as discontinued operations pursuant to international accounting standard IFRS5. The values for 2018 were consequently restated to allow a consistent comparison (E&P EBITDA of 283 million euros in the first 9 months of 2018).

[2] Edison has applied the new international accounting standard IFRS 16 “Leases” prospectively from January 1, 2019, i.e. without restatement of the comparative data.

EDISON GROUP HIGHLIGHTS

in millions of euros	**9 months - 2019**	**9 months - 2018[3]**
Sales revenues	**6,092**	**6,205**
EBITDA	**456**	**337**
EBIT	**202**	**134**
Profit (Loss) from continuing operations	**134**	**92**
Group interest in Profit (Loss)	**(386)**	**87**

Operating performance of the Group at September 30, 2019

In the first nine months of 2019, **Italian electricity demand remained essentially stable at 241.9 TWh,** compared with 242.3 TWh in the same period of 2018. Demand was met by increased thermoelectric (+4.7% to 141.5 TWh) and renewable (+9.1% to 39.4 TWh) output, which balanced the decrease of imports (-17.7% to 27.9 TWh) and hydroelectric generation (-10.5% to 34.8 TWh), due to a reduction in the availability of water resources during the first months of the year. In a context of unchanged demand, the Single National Price (abbreviated as PUN) averaged 53.8 euros per MWh, or 8.7% less than in the same period in 2018, as a result of lower thermoelectric production costs, due to the fall in the gas prices, and less critical issues on the European market.

The opposite trend was observed in **gas consumption, which grew by 5% to 53.9 billion cubic meters** compared with the first nine months of 2018. Demand was sustained by the **significant increase in thermoelectric production** mentioned above, which increased demand to **19.6 billion cubic meters of gas (+15.2%**). Demand for industrial use (-0.7% to 13.2 billion cubic meters) and residential use (-0.3% to 19.5 billion cubic meters of gas) fell slightly. On the price side, during the first nine months of the year, spot gas averaged 17.5 cents per cubic meter, down 30% compared with the same period last year. The decreases are due to the winter that did not record particularly cold temperatures and, above all, to the massive arrival of LNG in Europe, favoured by the expansion of global supply by the main exporting countries and the weakening of the Asian market.

In this context, Edison closed the first nine months of the year with **sales revenues of 6,092 million euros**, compared with 6,205 million euros in the same period of 2018. Revenues of the Electric Power Operations increased by 12.2% to 3,077 million euros from 2,742 million euros, thanks to higher average sales prices. The Energy and Environmental Services Division, which in the first nine months of 2019 recorded an increase in sales revenues of 20.1% to 365 million euros, mainly thanks to the expansion of activities in the public

[3] These amounts exclude the contribution of E&P activities, which are classified as *discontinued operations* pursuant to international accounting standard IFRS 5. The values for 2018 were consequently restated to allow a consistent comparison (E&P EBITDA of 283 million euros in the first nine months of 2018).

administration segment, also made a positive contribution to the results of the Electric Power Operations. In the first nine months of the year, revenues from gas supply and sales activities decreased to 3,665 million euros, compared with 3,957 million euros in the same period last year (-7.4%), mainly due to the price scenario.

EBITDA recorded a strong increase of 35.3% to 456 million euros, up from 337 million euros in the first nine months of 2018. Specifically, EBITDA of the **Electric Power Operations** increased by 20.6% to 305 million euros, compared with 253 million euros in the same period in 2018, thanks to the **acquisition of EDF EN Italia** (consolidated as of July 1, 2019), which, together with the **production of new wind farms,** increased production by 53%. The solid margins earned by thermoelectric and hydroelectric generation also contributed to this result. EBITDA of the **Natural Gas Operations,** which includes the result of regulated activities, increased by 40% to 225 million euros from 161 million euros in the same period of 2018, which were affected by adverse weather events that had a negative impact on the gas supply and sales business. Additionally, the 2019 margin benefitted from the exploitation of the flexibility of gas import contracts through pipeline.

EBIT rose significantly to 202 million euros (+50.7%) from 134 million euros, as a result of the trends described above. The result was impacted by higher amortisation (235 million euros compared with 192 million euros in the first nine months of 2018) from investments in renewable energy generation and in energy efficiency, as well as the application since January 2019 of the new accounting standard IFRS16[4], the net change in *fair value* (negative for 3 million euros in the period) and other expenses related to non-Energy activities for 16 million euros.

The profit before taxes rose to 182 million euros from 137 million euros in the first nine months of 2018. The result was impacted by net financial expenses of 23 million euros.

Edison closed the first nine months of the year with a **net loss of 386 million euros**, compared to a net profit of 87 million euros in the same period of 2018. This result was affected by the net loss of 511 million euros incurred by the E&P activities being divested *(discontinued operations*), which were adversely impacted, among other things, by the negative effects of the changes that occurred in 2019, particularly at regulatory level and in terms of the performance of the Brent and gas market scenario, as well as by a portion of *goodwill*[5]. The **net profit from Continuing Operations,** represented by the gas and electric power business on which Edison focuses**, totalled 134 million euros, or 45.7% more** than the 92 million euros earned in the same period in 2018.

At September 30, 2019, net financial debt was 779 million euros, up from 416 million euros at December 31, 2018, due to the adoption, as of January 1, 2019, of accounting standard IFRS16[6] and to the effect of the acquisition of EDF EN Italia, through which Edison is implementing its plan for the development of renewable energy sources.

[4] Edison has decided to apply the new international accounting standard IFRS 16 “Leases” prospectively from January 1, 2019, i.e. without restatement of the comparative data.
[5] This is the portion of the indistinct *goodwill* of the Hydrocarbons Operations attributed to the E&P activities, pursuant to accounting standard IAS 36, paragraph 86.
[6] The introduction of accounting standard IFRS 16 resulted in an increase in debt, at January 1, 2019, of 165 million euros (including the contribution of the E&P activities being divested).

Outlook

Edison confirmes its EBITDA estimates for the full year 2019 in the range of 550 and 600 million euros.

Main events of the first nine months of 2019

March 5, 2019 – Edison and Ansaldo Energia signed a contract for a new, latest-generation combined gas cycle that will make the thermoelectric power plant of Marghera Levante (VE) the most efficient in Europe. The total 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 Genoa-based company. The new turbine will supply the Marghera combined cycle, which will have total electricity generation capacity of 780 MW and an energy output of 63%, the highest output currently available from these technologies. The new power plant will enable a 40% reduction of specific low carbon emissions compared to the average of the current Italian thermoelectric park and a reduction of emissions of nitrogen oxides (NOX) by more than 70%. The works 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 levels of the plant.

April 17, 2019 – Edison Energia and EnviTec Biogas signed an agreement for the development of the biomethane and bioLNG supply chain to make the transport sector sustainable. Under the agreement, the two companies undertake to promote on the Italian market an integrated supply chain solution for the production of biomethane and bioLNG, which are renewable energy sources derived from raw materials (organic substances of a vegetable or animal nature) whose combustion does not entail an increase in the balance of CO2 emissions into the atmosphere. The agreement will facilitate the construction of biomethane and bioLNG production plants by entrepreneurs - mainly (but not exclusively) from the agricultural sector who will be able to use the waste from their processing - with guarantees of returns on investments. On the one hand, Envitec guarantees the construction of the custom-made plant and its production performance, and on the other hand, Edison Energia offers itself as a buyer. Edison Energia is also prepared to invest directly or in partnerships in the construction of refilling stations for liquid (LNG) and compressed natural gas through which it can distribute the fuel produced in this way.

May 13, 2019 – Edison Exploration & Production (share of 40%) and Eni (operator with 60% of the shares) commenced activities to develop gas reserves in the G.C1.AG concession, located in the Ibleo offshore area. The field will produce around 1.5 billion cubic metres of natural gas per year, contributing towards meeting domestic demand, with a total investment of roughly 700 million euros, and will use a significant share of local resources, leveraging the skills developed in the sector. Production is expected to begin in the fourth quarter of 2021.

May 16, 2019 – Edison strengthens its presence in district heating from renewable sources in Piedmont and acquires the companies A.En.B. and its wholly-owned subsidiary A.En.W, which produce and distribute thermal energy to the Municipality of Busca, in the province of Cuneo. The Group also acquired Vernante Nuova Energia, a company which owns a power station that generates and distributes heat produced from renewable sources through a district heating network serving Borgo San Giuseppe, in the province of Cuneo.

June 19, 2019 – Edison's Board of Directors appoints Nicola Monti as Chief Executive Officer and Marc Benayoun as Chairman.

Edison's Board of Directors also approves a complex industrial transaction, the first phase of which involves Edison acquiring 265 MW of wind power capacity (including 50% of the capacity held by the Greentech equity investment for which the right of co-sale was subsequently exercised) and 77 MW of photovoltaic power from EDF Renouvelables SA ("EDFR"). The transaction was closed on July 17, 2019, following EDFR's acceptance on June 28, 2019 of Edison's contractual proposal. Both companies are subsidiaries of EDF and, therefore, are related parties.
Due to this transaction, Edison becomes the second wind operator in Italy, laying the foundations for significant development in the photovoltaic segment in collaboration with EDF. Through this transaction, Edison continues with the process of consolidating its position in the renewable segment through both organic development as well as external growth.
The consideration paid for the acquisition of EDF EN Italia is 172.3 million euros, without prejudice to the necessary contractual adjustments. The operation as a whole will enable Edison to consolidate roughly 70 million euros in additional EBITDA per year against an increase in the net financial position (NFP) of around 431 million euros, without jeopardising its financial strength or limiting the possibility of taking advantage of any new investment opportunities.

July 4, 2019 – Edison announces the signing of the agreement with Energean Oil and Gas for the sale of 100% of Edison Exploration and Production (E&P) and its equity investments in the hydrocarbon exploration and production sector (oil and natural gas), approved by the Board of Directors on July 3, 2019.
The price of the transaction was determined on the basis of an enterprise value of 750 million dollars, and additional consideration of 100 million dollars is expected when production begins at the Cassiopea gas field in Italy. Edison will also be entitled to royalties associated with additional potential development in Egypt, which will bring the aggregate value close to 1 billion dollars. The transaction also includes the transfer of future decommissioning obligations to the buyer (a provision of about 600 million euros).
The total number of personnel involved in the transaction amounted to 282 as at June 30, 2019. Edison Exploration & Production also avails itself of the staff of the Egyptian operating company Abu Qir Petroleum (AQP). Energean Oil and Gas is committed to ensuring particular special protection conditions for the acquired personnel, taking into account the specific regulatory conditions governing the employment relationship and the market practices existing in the various countries.
The closing of the transaction with Energean Oil and Gas is expected to take place by the end of 2019 and is subject to the required approvals for this type of transaction, including that of the Ministry of Economic Development.

July 18, 2019 - Edison acquires from the Home Serve Group a 49% interest in Assistenza Casa that it did not own yet, thereby reaching the entire share capital. Through this transaction, Edison completes the process that began in 2017 with the acquisition of a 51% interest in a company that provides support services to domestic facilities, condominiums and small businesses, strengthening its presence in the retail segment.

September 19, 2019 - Moody's raises Edison's outlook to positive from stable and confirms its Baa3 rating. The improvement in the outlook to a positive level, explains Moody's, reflects the expectation of a strengthening of Edison's business profile in light of the sale of the E&P business, which is expected to be completed by the end of 2019, and the acquisition of the renewable energy facilities of EDF EN Italia.

Main events occurred after September 30, 2019

October 16, 2019 - Edison, through IGI-POSEIDON, a joint venture with DEPA SA, a Greek company, signs agreements to begin construction of the IGB, a Greece-Bulgaria interconnection gas pipeline. The IGB project, which is developed by ICGB AD - a joint venture between IGI Poseidon SA and Bulgarian Energy Holding (BEH) - is part, with the Poseidon and Eastmed projects, of an infrastructure system promoted by IGI Poseidon that contributes to the expansion of the Southern Gas Corridor and the diversification of routes and sources of gas towards Europe in support of the objectives of energy security, competitiveness and sustainability of the European Union. On this occasion, agreements were also signed with the European Investment Bank (EIB) for 110 million euros, which, with European contributions of 84 million euros and the capital injections of shareholders, ensure the financial resources for the implementation of the project.

Documentation

Please note that the Quarterly Report at September 30, 2019 of the Edison Group, approved yesterday by the Board of Directors of Edison Spa, will be available to the public by October 31, 2019 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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http://www.edison.it/it/contatti-2; http://www.edison.it/it/media

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Abridged consolidated economic-equity statements are attached.

Material information pursuant to Consob resolution No. 11971 of May 14, 1999, as amended.

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**9 months 2019**	9 months 2018 (*)
Sales revenues	6,092	6,205
Other revenues and income	74	63
Total net revenues	**6,166**	**6,268**
Commodity and logistic costs (-)	(5,024)	(5,273)
Other costs and services used (-)	(394)	(379)
Labor costs (-)	(222)	(209)
Receivables (writedowns) / reversals	(11)	(8)
Other costs (-)	(59)	(62)
EBITDA	**456**	**337**
Net change in fair value of derivatives (commodity and exchange rate risk)	(3)	6
Depreciation and amortization (-)	(235)	(192)
(Writedowns) and reversals	-	(2)
Other income (expense) non Energy activities	(16)	(15)
EBIT	**202**	**134**
Net financial income (expense) on debt	(8)	(4)
Other net financial income (expense)	(2)	9
Net financial income (expense) on assigned trade receivables without recourse	(13)	(7)
Income from (Expense on) equity investments	3	5
Profit (Loss) before taxes	**182**	**137**
Income taxes	(48)	(45)
Profit (Loss) from continuing operations	**134**	**92**
Profit (Loss) from discontinued operations	(511)	6
Profit (Loss)	**(377)**	**98**
Broken down as follows:		
Minority interest in profit (loss)	9	11
Group interest in profit (loss)	**(386)**	**87**

(*) The amounts of 9 months 2018 were restated pursuant to IFRS 5.

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)	09.30.2019	12.31.2018 (*)
ASSETS		
Property, plant and equipment	3,236	3,647
Intangible assets	308	617
Goodwill	2,242	2,403
Investments in companies valued by the equity method	84	71
Other non-current financial assets	69	69
Deferred-tax assets	170	461
Non-current tax receivables	35	34
Other non-current assets	216	121
Fair Value	111	170
Assets for financial leasing	2	3
Total non-current assets	**6,473**	**7,596**
Inventories	150	223
Trade receivables	994	1,654
Current tax receivables	34	43
Other current assets	323	387
Fair Value	430	530
Current financial assets	335	3
Cash and cash equivalents	294	149
Total current assets	**2,560**	**2,989**
Assets held for sale	**1,341**	**-**
Total assets	**10,374**	**10,585**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	434	389
Reserve for other components of comprehensive income	50	66
Group interest in profit (loss)	(386)	54
Total shareholders' equity attributable to Parent Company shareholders	**5,475**	**5,886**
Shareholders' equity attributable to minority shareholders	202	255
Total shareholders' equity	**5,677**	**6,141**
Provisions for employee benefits	36	40
Provisions for decommissioning and remediation of industrial sites	142	716
Provisions for risks and charges	309	211
Provisions for income tax liabilities	-	29
Provisions for risks and charges for non Energy activities	257	250
Deferred-tax liabilities	102	120
Other non-current liabilities	9	1
Fair value	103	168
Non-current financial debt	670	353
Total non-current liabilities	**1,628**	**1,888**
Trade payables	1,120	1,580
Current tax payables	64	65
Other current liabilities	181	222
Fair value	410	471
Current financial debt	524	218
Total current liabilities	**2,299**	**2,556**
Liabilities held for sale	**770**	**-**
Total liabilities and shareholders' equity	**10,374**	**10,585**

(*) In applying the accounting standard IFRS 5 balance sheet data as at December 31, 2018 were not restated.
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	-	-	-	-	**-**	(32)	**(32)**
Changes in the scope of consolidation	-	(6)	-	-	**(6)**	(29)	**(35)**
Other changes	-	(3)	-	-	**(3)**	(1)	**(4)**
Total comprehensive profit (loss)	-	-	(16)	(386)	**(402)**	9	**(393)**
of which:							
- Change in comprehensive income	-	-	(16)	-	**(16)**	-	**(16)**
- Profit (loss) at September 30, 2019	-	-	-	(386)	**(386)**	9	**(377)**
Balance at September 30, 2019	**5,377**	**434**	**50**	**(386)**	**5,475**	**202**	**5,677**