

Quarterly Report

AT SEPTEMBER 30, 2019



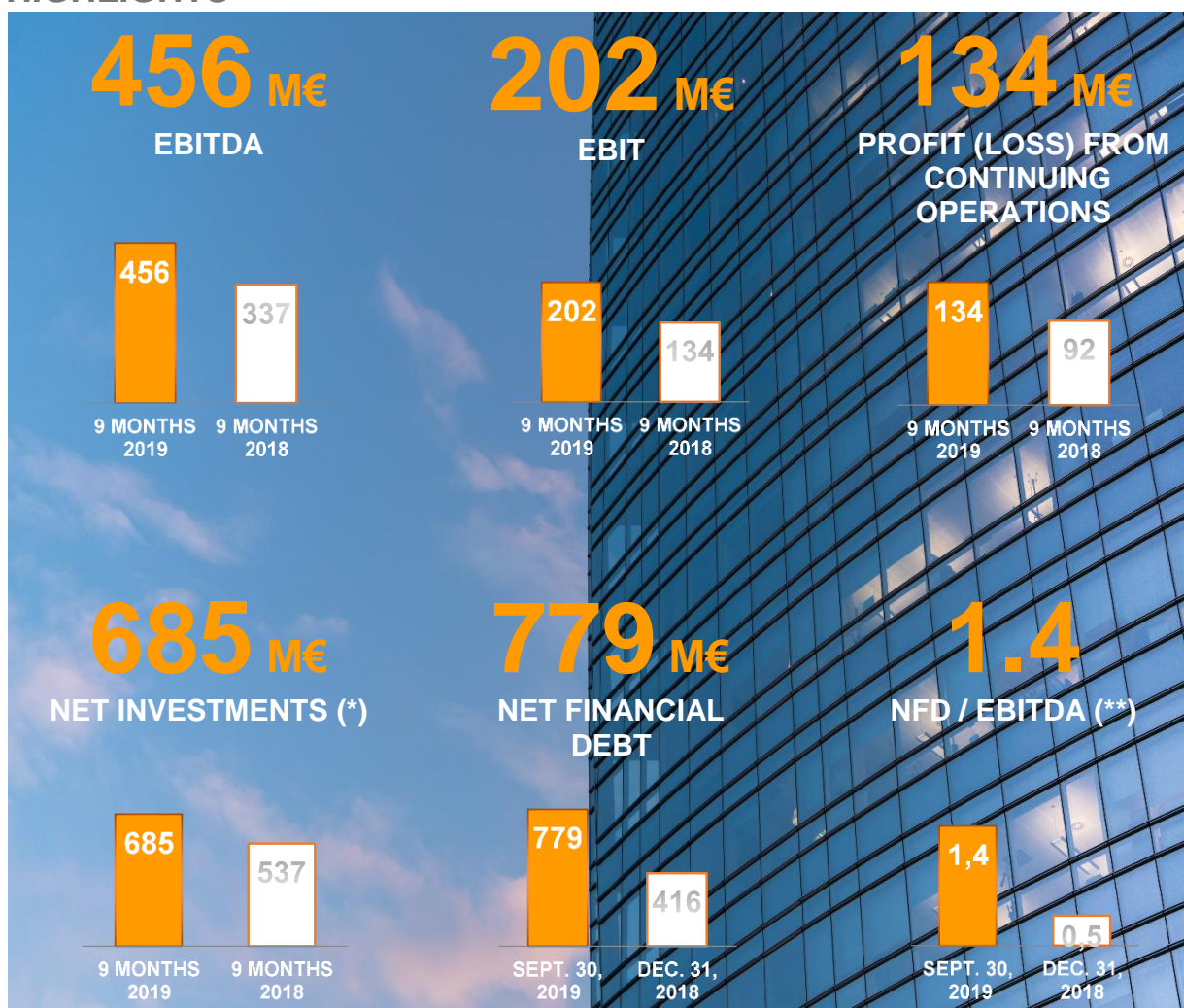
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The document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

HIGHLIGHTS



(*) Include strategic acquisitions.

(**) NFD Net Financial Debt

The ratio at September 30, 2019 was calculated using a normalized EBITDA based on the last twelve months.

Highlights 9 months 2019 (in millions of euros)	Electric Power Operations	Hydrocarbons Operations	Corporate	Eliminations	Edison Group
EBITDA	305	225	(74)	-	456
EBIT	106	196	(102)	2	202
Gross Investments	124	10	4	-	138

Rating	Standard & Poor's		Moody's	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Medium/long-term rating	BBB-	BBB-		
Medium/long-term outlook	Stable	Stable	Positive	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, to which reference should be made, 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, eliminating the distinction between operating and financial leases.

The rules of IFRS 16 were applied in transition on a prospective basis, starting from January 1, 2019, adopting some simplifications (so-called practical expedients) allowed, for which the contracts lasting less than twelve months and some contracts of negligible value were excluded from the evaluation. Based on this new standard, a lease is defined as a contract for which, in exchange for a consideration, the lessee is entitled to control the use of an identified asset, for a determined period of time. The application of the new principle to the identified contracts has determined:

- in the balance sheet: the initial recognition (i) of a financial liability equal to the present value of future minimum compulsory lease payments that the lessees will have to pay starting from January 1, 2019 and will be reduced over time as the lease fees are paid; (ii) of an asset, which represent the right of use, of an amount equal to the financial liability increased for some installments paid in advance and already recognized in the 2018 Balance Sheet. The right of use will be subject to systematic amortization over the shortest of the technical-financial useful life of the asset and the residual term of the contract;
- in the income statement: an improvement of the EBITDA for the derecognition of the lease fees and the booking of (i) the amortization of the right of use and (ii) the financial expenses on the liability recorded.

In transition the exemption of booking deferred tax liabilities has been applied according to IAS 12 “Income tax”; this approach will take into account, if necessary, subsequent amendments of a regulatory nature.

Based on identified contracts, first application of IFRS 16 determined a financial debt of 165 million euros at January 1, 2019, including the contribution of E&P business held for sale. EBITDA of first 9 months of 2019, instead, recorded an improvement of 11 million euros.

The Board of Directors, meeting on October 29, 2019, authorized the publication of Edison’s Group Quarterly Report at September 30, 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 in the Group's scope of consolidation involved:

- the merger by incorporation of Edison Energie Spa (formerly Gas Natural Vendita Italia Spa (GNVI)) into Edison Energia Spa with effect for third parties from January 1, 2019, which had no effects on Group's financial statements;
- the sale, in January, of Compagnia Energetica Bellunese Spa (CEB), that operates in biomass activities, already consolidated on a line-by-line basis;
- the acquisition, in April, by Fenice Qualità per l'Ambiente Spa of the 100% of the share capital of the companies Azienda Energetica Buschese Srl and Vernante Nuova Energia Srl, that operate in district heating activities;
- the completion, in July, of the acquisition by Edison of 100% of the company EDF EN Italia Spa and its subsidiaries operating in wind and photovoltaic sector (hereafter EDF EN Italia), formerly held by EDF Renouvelables Sa (EDF Group), which are consolidated on a line-by-line basis;
- the acquisition, on August 1, of the remaining 49% of the share capital of Assistenza Casa from HomeServe group; Edison, in 2017, acquired the 51% and so reaches the ownership of the whole share capital strengthening its position in the retail segment.

Application of accounting standard IFRS 5 to E&P business

It is worth mentioning that on July 4, 2019, Edison announced the signing of an agreement with Energean Oil & Gas Plc to sell the 100% of Edison Exploration & Production Spa and its subsidiaries in the hydrocarbons exploration and production business operating in Italy and abroad (hereafter E&P business). The signing follows the approval of the transaction by Edison Board of Directors on July 3, 2019.

The price of the transaction was based on an Enterprise Value of USD 750 million, with a forecasted additional consideration of USD 100 million contingent on the commissioning of Cassiopea development gas project in Italy. Moreover, Edison will have rights to royalties associated to further potential developments in Egypt. The deal includes also the transfer to the buyer of the future decommissioning obligations.

The closing of the transaction is expected to take place by the end of 2019 and it is subject to customary conditions precedent for transactions of this kind, among which the Italian Economic Development Ministry approval. In the present Quarterly report the E&P business, which consisted of some Cash Generating Units, considering relevance and its specificity, was consequently treated as discontinued operations in accordance with IFRS 5; therefore:

- in the income statement for the first 9 months of 2019 and, for comparative purposes, for the first 9 months of 2018, the revenues and income and costs and expenses, starting from January 1st, as well as the adjustment of the carrying amount to fair value less cost to sell, of the assets that constitute discontinued operations were reclassified under the item **Profit (Loss) from discontinued operations** (-511 million euros in the first 9 months of 2019, +6 million euros in the first 9 months of 2018); specifically, the determination of the adjustment of the E&P business' book value reflects, other than the expected sale price, an evaluation of some indemnities, defined in the contract, and the allocation, in compliance with the accounting standard IAS 36 par. 86, of a part of the indistinct goodwill of Hydrocarbons Operations;
- in the balance sheet the assets and liabilities attributable to the E&P business have been reclassified to **Assets and Liabilities held for sale**; balance sheet balances as at December 31, 2018 have not been restated.

It should also be noted that the existing relationships between continuing and discontinued operations were treated as relationships between independent parties and that the income statement and balance sheet items referring to discontinued operations also include the effect of the consolidation adjustments on these relationships.

In this document, therefore, all the economic and flow data referring to the first 9 months of 2018 have been restated to allow a homogeneous comparison with those of the first 9 months of 2019; the balance sheet figures as at December 31, 2018 are those published in the 2018 Consolidated Financial Statements.

Acquisition of EDF EN Italia

On July 17, 2019, Edison finalized the acquisition of EDF EN Italia, from EDF Renouvelables, which currently owns 216 MW of wind and 77 MW photovoltaic power capacity. Thanks to this operation, Edison reach the second place as Italian wind power operator and sets the basis for a remarkable development in the photovoltaic business in collaboration with EDF Renouvelables.

The acquisition was closed at the price of 172 million euros plus an additional adjustment of 10.5 million euros following the disposal of the equity investment in Greentech Monte Grighine, occurred in July 2019, for which the Tag-Along right was exercised. Besides the price paid, the operation had a further net impact on the net financial debt of 338 million euros.

EDF EN Italia contributes to Edison Group's income statement starting from July 1, 2019, with a positive impact on EBITDA for about 13 million euros.

KEY EVENTS

Moody's raises Edison's outlook to positive from stable and confirms its Baa3 rating

On September 19, 2019 Moody's raises Edison's outlook to positive from stable, confirming the Baa3 rating.

The improvement in the outlook to a positive level reflects Moody's 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.

EXTERNAL CONTEXT

Economic Framework

The global economic slowdown continued during the first nine months of 2019, as shown by the GDP performance of the main industrialised and emerging countries. Compared to the past, the deceleration has involved the industrial sector, and manufacturing in particular: for the first time since 2009, in fact, global trade has fallen.

Growth continues to be heavily penalised by the uncertainty linked to the trade tensions between the United States and China, which have seen a tightening of the duties that the two countries have imposed on each other's imports, which they have then partially reduced or postponed pending the next bilateral meetings.

The main central banks continued to adopt monetary policy instruments to support the economy: the ECB announced a package of measures to counter the continuing weakness of the European economy, while the FED implemented interest rate cuts to counter the deceleration of the country's growth rate.

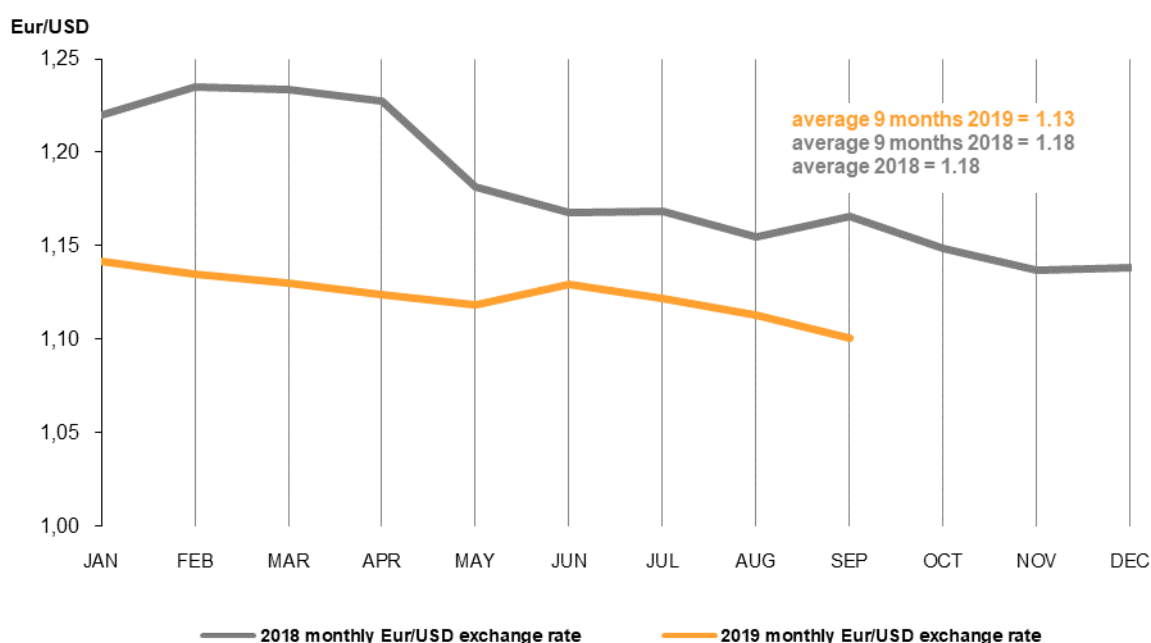
In the United States, the deceleration in real GDP reflected the stagnation of non-residential investment and the decline in residential investment, as well as in exports. The American index for manufacturing production, affected by American companies' fear of a recession due to the high economic instability, in September reported the biggest decrease in the last ten years. These declines were partially offset by accelerations in private consumption expenditure and federal government expenditure.

China has already broadened its budgetary policy with concessions for families and businesses, and removed some of the constraints on foreign investment, promoting the depreciation of the exchange rate. The devaluation of the yuan led to a weakening of the currencies of other major emerging markets, contributing to the slowdown in world trade.

On the European front, too, there are still elements of instability, such as the risk of a Hard Brexit and the process of transformation under way in the German automotive industry.

As far as the Italian economy is concerned, which shares the slowdown phase with the other main European countries, the strategy announced by the new government of a coordinated policy with European partners, together with the reduction in international rates, has contributed to a reduction in the burden on public debt.

In the first nine months of 2019, the euro depreciated by 6.0% against the US dollar compared with the same period in 2018, with the average EUR/USD exchange rate sitting at 1.12, against a backdrop of a global economic slowdown. Considering the monthly changes, the exchange rate has shown a decreasing trend since the beginning of the year with the exception of June, when expectations of cuts in interest rates by the FED led to a weakening of the US currency. The appreciation of the dollar was supported by the greater resilience of the US economy to global geopolitical tensions and weak macroeconomic data in the euro area. As a result, at its last meeting in September, the ECB announced a new stimulus plan, including a cut in the deposit rate and a resumption of quantitative easing from November 2019, for an undefined period: the Frankfurt institution stated that rates would remain at or below their present value on the basis of inflation developments, to help them move towards the 2% target.



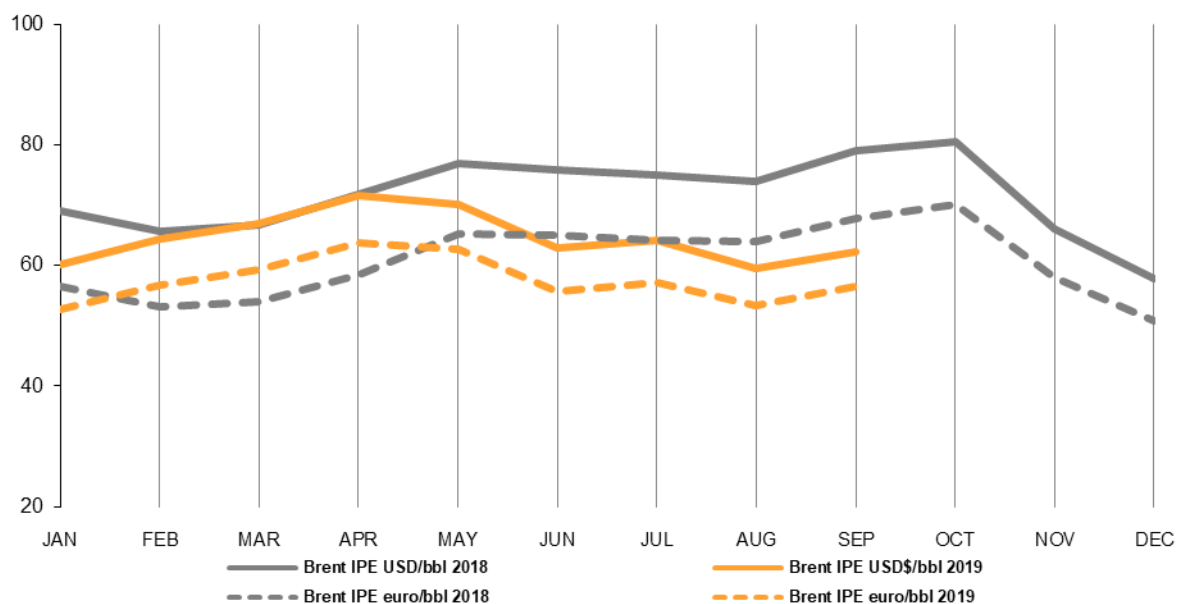
With regards to oil markets, the average crude oil price for the first nine months of 2019 was 64.7 USD/barrel, 11.0% lower than the average recorded for the same period of 2018. In the first four months of the year, the price of Brent showed an upward trend, supported by the renewed commitment of OPEC and its allies to reduce production, before falling to 62.0 USD/barrel in the third quarter, down 18.4% compared to the same period last year and 9.2% compared to the second quarter of 2019.

The price of crude oil in euro stood at an average of 57.6 EUR/barrel, down 5.4% over the first nine months of 2018. The main factors that put pressure on prices during the year were the above-mentioned trade tensions, the abundance of stocks and robust production on the American market, in a context of signs of a slow-down in global economic growth and, consequently, demand for petroleum products. These changing aspects have further strengthened the high volatility that characterizes the price of crude oil. In September there was an increase in prices, supported by attacks on some Saudi infrastructure, which made most of the production capacity unavailable.

The table and chart that follow respectively show the average values for the quarter and the monthly trends for this year and the previous year:

2018 full year		9 months 2019	9 months 2018	% change	Q3 2019	Q3 2018	% change
71.5	Oil price in USD/barrel ⁽¹⁾	64.7	72.7	(11.0%)	62.0	76.0	(18.4%)
1.18	USD/EUR exchange rate	1.1	1.2	(5.9%)	1.1	1.2	(4.3%)
60.6	Oil price in EUR/barrel	57.6	60.9	(5.4%)	55.7	65.3	(14.7%)

(1) Brent IPE



The Italian Energy Market

Demand for Electric Power in Italy and Market Environment

2018 full year	TWh	9 months 2019	9 months 2018	% change	Q3 2019	Q3 2018	% change
279.8	Net production:	215.7	210.2	2.6%	76.5	73.6	3.9%
184.3	- Thermolectric	141.5	135.2	4.7%	50.3	48.9	2.8%
49.9	- Hydroelectric	34.8	38.9	(10.5%)	13.5	12.5	8.1%
22.3	- Photovoltaic	20.7	19.0	8.8%	8.1	7.8	3.8%
17.6	- Wind power	14.4	12.7	12.6%	3.1	2.9	6.8%
5.8	- Geothermal	4.3	4.3	(0.5%)	1.4	1.4	1.0%
43.9	Net imports	27.9	33.9	(17.7%)	8.5	10.1	(15.6%)
(2.3)	Pumping consumption	(1.7)	(1.8)	5.1%	(0.4)	(0.4)	16.0%
321.4	Total demand	241.9	242.3	(0.2%)	84.6	83.3	1.5%

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

In the third quarter of 2019, the gross demand for electric power in Italy totalled 84.6 TWh, showing an increase of 1.3 TWh (+1.5%) compared to the corresponding period of the previous year. The increase is mainly due to higher than average temperatures recorded in August and September.

Net domestic production showed an overall increase (+2.9 TWh) in comparison with the third quarter of 2018 which, excluding pumping, covered about 90% of demand, 2% higher than the corresponding quarter of 2018, while net imports satisfied the remaining 10%.

At generation level, the thermolectric sector increased by about 1,4 TWh (+2.8%), partially offsetting imports from abroad, which decreased by 1.6 TWh compared with the same period last year.

On the other hand, the contribution of renewable production was positive for all sources, with hydroelectric production increasing by 1.0 TWh compared with the same quarter of 2018 (+8,1%), while photovoltaic and wind production both increased by about 0.3 TWh (+3.8%) and 0.2 (+6,8%), respectively.

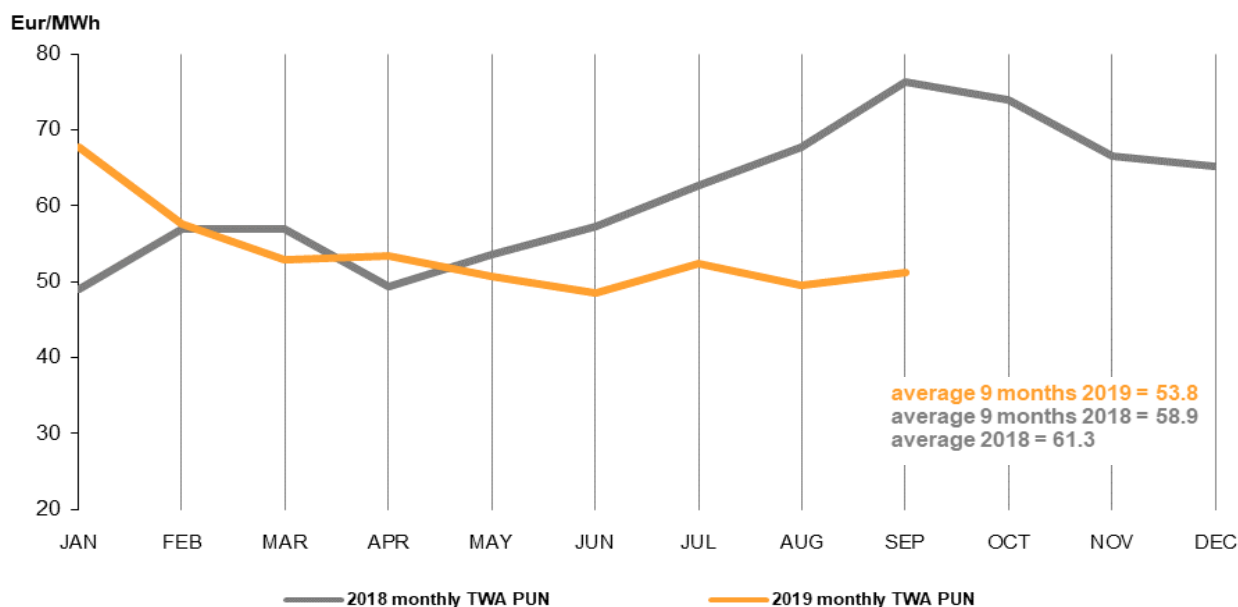
Overall, in the first nine months of 2019, gross total demand for electric power was 241.9 TWh, a decrease of 0.4 TWh (-0.2%) compared to the corresponding period of the previous year.

With reference to the price scenario as at September 30, 2019, the 2019 average listing of the time weighted average (TWA) of the single national price (abbreviated as "PUN" in Italian), came in at 53.8 euro/MWh, a decrease of nearly 9% against the figure related to the same period of the previous year (58.9 euro/MWh). The average for the third quarter of 2019 was 51.0 euro/MWh, essentially stable with respect to the previous quarter and down 25.9% over the same period of 2018.

The main reason for this reduction was a decrease in gas prices. Moreover, compared with the previous year, the summer months were characterised by less extreme weather conditions and less critical conditions on the European market, resulting in a limited change in prices in the last quarter.

An analysis of the monthly evolution of the PUN shows that the most significant deviations occurred in January and September (+38.1% and -32.9%, respectively, compared with the same month of the previous year): in January there was a significant reduction in imports from neighbouring countries due to restrictions on interconnection capacity at the northern border. Since May, the year-on-year decline in prices has been progressively accentuated, in line with the fall in gas prices and against a backdrop of demand that is virtually unchanged compared with last year.

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



In the first nine months of 2019, area prices also recorded downward movements, with a decrease of around 9% in all areas, while Sicily recorded a smaller decrease of 4.6%. Hourly time periods F1, F2 and F3 showed a decrease in all bands, in line with what was recorded by the PUN (-8.9%, -8.2% and -9.0% over the first nine months of 2018).

The downward trend was also recorded in prices in foreign countries: in particular, in the first nine months of 2019 in France, prices fell by 14.8% compared with the same period last year, to 39.2 euro/MWh, while in Germany they were down 8.9%, with prices averaging 38.0 euro/MWh.

Demand for Natural Gas in Italy and Market Environment

2018 full year		9 months 2019	9 months 2018	% change	Q3 2019	Q3 2018	% change
	<i>in billions of cubic meter</i>						
28.8	Services and residential customers	19.5	19.6	(0.3%)	2.0	1.9	5.5%
17.8	Industrial use	13.2	13.3	(0.7%)	3.9	4.0	(1.2%)
23.4	Thermoelectric fuel use	19.6	17.0	15.2%	7.2	6.4	12.5%
2.1	Consumptions and system losses	1.6	1.5	7.2%	0.6	0.6	6.8%
72.1	Total demand	53.9	51.4	4.9%	13.7	12.9	6.9%

Source: 2018 pre-actual data and 2019 preliminary data from Snam Rete Gas and the Ministry of Economic Development and Edison estimates.

In the third quarter of 2019, natural gas consumption in Italy recorded growth compared to the values of the previous year, coming in at roughly 13.7 billion cubic meters, up overall by around 0.8 billion cubic meters.

This trend is mainly attributable to the increase in thermoelectric usage, which grew by approximately 0.8 billion cubic meters (+12.5%), in contrast to the industrial sector, which posted a slight decline of about 0.1 billion cubic meters (-1.2%). Consumption of natural gas by residential users was in line with the corresponding quarter of 2018.

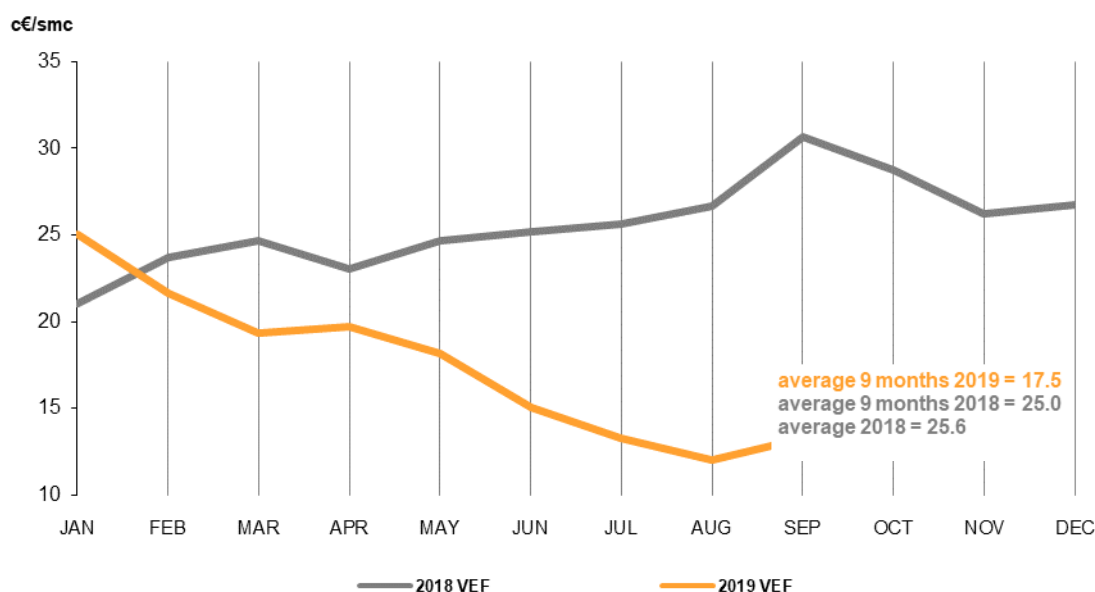
In terms of natural gas supply sources, the following trends were observed in the third quarter of 2019:

- a decline in national production (-12% vs 2018);
- gas imports up (+6% vs 2018), thanks to the significant increase in LNG spot volumes confirming a growing phenomenon in recent years: LNG covered 21% of total imports compared to 12% in the third quarter of 2018;
- volumes injected for storage in line with the previous year.

In the first nine months of the year, demand for natural gas totalled 53.9 billion cubic meters, or 2.5 billion cubic meters more (+4.9%) than in 2018, due mainly to the contribution of the thermoelectric sector (+15.2%), essentially linked to cyclical factors, such as, for example, the lower hydraulicity recorded in the first months of the year

The spot gas price in Italy in the first nine months of 2019 fell by 30.1% on the same period of 2018, coming in at 17.5 c€/scm. Prices showed a decreasing trend during the year, reaching an average value of 12.9 c€/scm in the third quarter, a decrease of 53.5% over the same period of the previous year.

The VEF-TTF spread, extremely volatile over the period, recorded an average of 2.8 c€/scm in the first nine months, up significantly (+1.3 c€/scm) on the first nine months of 2018. In the third quarter, the price differential stood at 2.0 c€/scm, down by 1.8 c€/scm compared to the previous quarter.



Legislative and Regulatory Framework

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

Electric Power Operations

The Environment

PNIEC Italy: the “Recommendation on the proposed integrated national plan for energy and climate in Italy 2021-2030” of June 18, 2019 was published in the EU Official Journal no. C 297 of September 3, 2019, also for Italy, which will have until December 31, 2019 to approve the final PNIEC. The European Commission recommends the adoption of detailed policies and measures to achieve the target of 30% RES by 2030, a stronger focus on the heating sector, better clarity of the regulatory plan related to the own consumption of energy and renewables, an update of existing energy efficiency support schemes, a strengthening of energy efficiency measures in buildings and the drawing up of a list of actions undertaken and planned plans for the phasing-out of energy subsidies.

DM FER1: the Economic Development Ministerial Decree of July 4, 2019, so-called DM FER1, was published in the Official Journal no. 186 of August 9, 2019, and came into force on August 10, 2019. The measure provides for the updating of the regulations governing incentives for electric renewables for the years 2019-2021 with reference to the following types of plants: on-shore wind power, photovoltaic solar power, hydroelectric power, and residual gas from the purification processes.

DM FER1 should allow the construction of plants with a total power of about 8 GW, with an increase in production from renewable sources estimated at about 12 billion kWh and activate investments of about 10 billion euros, contributing to the achievement of the European targets for 2030 defined in the PNIEC.

After the decree was issued, the GSE published the “Operating Regulations for registration in the Registers and Auctions of the Ministerial Decree of July 4, 2019”; plants or aggregates of plants with a capacity of less than 1 MW may be registered in the registers, while those with a capacity of 1 MW or more may participate in the auctions, even in aggregate form. By January 28, 2020, the GSE will publish the rankings of the auctions and registers.

Wholesale Market

Capacity mechanism (Capacity Market): On September 3, 2019, the Authority published the economic parameters of the auction procedures of the capacity market for the 2022 and 2023 delivery years (resolution 363/2019/R/EEL). Following this publication, Terna has, in turn, published the auction calendar (to be held on November 6 and 28, 2019) and the final version of the technical operating provisions that also include the demand curves for the delivery years considered. The Authority has defined the maximum value of the recognisable premium for existing capacity at 33,000 €/MW/year, increasing it with respect to the value indicated in DCO 592/2017, i.e. 20,000 €/MW/year while the recognisable premium for new capacity is set at 75,000 €/MW/year. It has been confirmed that the leading technology, the variable cost of which is used as a reference for the calculation of the strike price, is the open-cycle gas turbine fuelled by natural gas. Edison will participate in the two auction sessions scheduled for November.

Revision of the dispatching regulations (TIDE): The discussion on the organic review of the market for energy dispatching services (MSD) has been developed by ARERA since 2015 and is currently being finalised with a consultation document (DCO 322/2019/R/EEL) containing the overall guidelines for the Integrated Electricity Dispatching Act (TIDE). The Authority’s action is primarily aimed at coordinating the MI (Intra-Day Market) and the MSD (Dispatching Services Market), in view of the implementation of the intra-day market with continuous trading, the revision of price regulation with the introduction of negative prices on the MGP (Mercato del Giorno Prima - day-ahead market) and the MI and a partial revision of the regulation of imbalances, the opening of the MSD to new operators and new forms of aggregation and the revision of ancillary services. Edison is currently analysing the detailed proposals contained in the document.

Hydrocarbons Operations

The Environment

Energy Efficiency Certificates (EEC): by means of determination 04/2019 of July 10, 2019, the Authority established the value of the tariff contribution for the year 2018, equal to 248.89 euro/EEC, to be paid to distribution companies that fulfil the obligations related to the acquisition of Energy Efficiency Certificates (EEC). The impact this determination has on distribution companies is negative as the value set by the Authority is below the average prices sustained for the purchase of Energy Efficiency Certificates in the reference period.

In August, Infrastrutture Distribuzione Gas filed, in line with its appeal against Resolution No. 487/208/R/efr and the Ministerial Decree of May 10, 2018, an extraordinary appeal to the President of the Republic against Resolution No. 209/2019/R/efr of May 28, 2019, by which the Authority had marginally amended the rules for determining the tariff contribution and the rules for the issue by the GSE of certificates not deriving from energy efficiency measures defined in October 2018 by Resolution No. 487/2018/R/efr. The dates of the hearings have not yet been set for both appeals.

Infrastructures

Storage - Tariffs 2019: by Resolution No. 297/19/R/gas of July 9, 2019, the Authority definitively approved the reference revenues for 2019 proposed by Edison Stocaggio Spa and, pursuant to Resolution No. 66/2016/R/gas, approved the adjustment of the costs recognised in previous years to Edison Stocaggio for an amount of about 14 million euros, determined based on the re-proportioning coefficient submitted by the Company; lastly, the Authority provided that Edison Stocaggio, if authorised to operate the San Potito and Cotignola fields at excess pressure by December 31, 2019, may submit a specific request to revise the re-proportioning coefficient, with a view to revising the above-mentioned adjustment.

LNG Sardinia - Evaluation of the ten-year plans for the development of the natural gas transmission networks: by Resolution No. 335/2019/R/gas of July 30, 2019, the Authority intervened on the ten-year plans for the development of the natural gas transmission networks for the years 2017 and 2018 and provided for the extension of the deadlines for the submission of the Plans for the year 2019. In particular, it postponed its assessment of the "Dorsale Sardegna" project, proposed in the SNAM and SGI plans, following the re-submission of the cost-benefit analysis according to the new criteria adopted last year, and jointly ordered the launch of an independent study, to be carried out by ARERA's Infrastructure Department with the support of REF-e, aimed at assessing the options available in relation to the infrastructural upgrading of the Region's energy system. The Authority has also asked SNAM to clarify in the 2019 and 2020 Plans whether the GALSI project should be definitively excluded from the investments provided for in the Plan, or whether it should be included, together with the development of the necessary interconnections and works functional to its operation, so as to be able to proceed with its evaluation. For Edison, these issues are relevant in relation to projects connected to port systems and LNG coastal deposits.

PRESENTATION FORMATS

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.

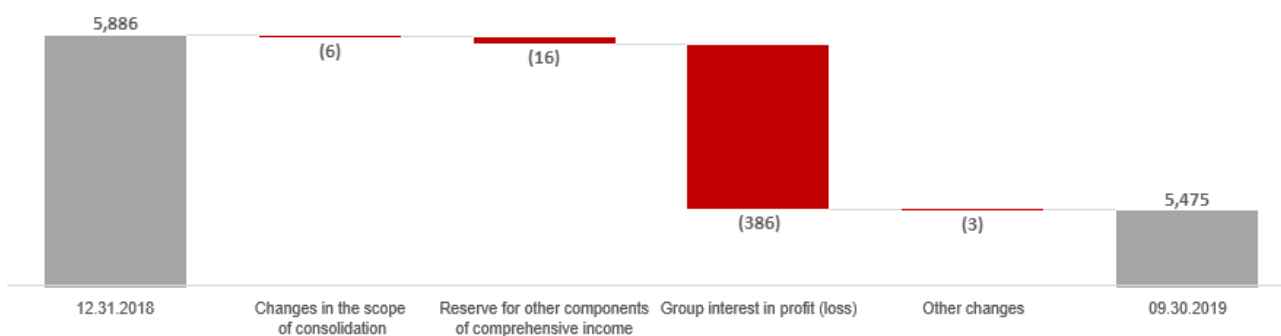
The new accounting standard IFRS 16 "Leases" has been applied from January 1, 2019 prospectively without restatement of comparative data.

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

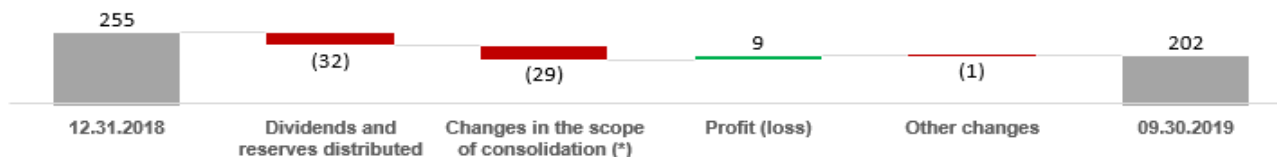
(in millions of euros)

Changes in shareholders' equity attributable to Parent Company shareholders



(in millions of euros)

Changes in shareholders' equity attributable to minority shareholders



(*) Mainly referred to the company Edison Partecipazioni Energie Rinnovabili Srl now owned 100%.

ECONOMIC AND FINANCIAL RESULTS AS AT SEPTEMBER 30, 2019

Sales Revenues and EBITDA of the Group and by Business Segment

Full year 2018(*) (in million euros)		9 months 2019	9 months 2018 (*)	% change	3Q 2019	3Q 2018(*)	% change
Electric Power Operations							
3,768	Sales revenues	3,077	2,742	12.2%	1,006	919	9.5%
328	EBITDA	305	253	20.6%	72	71	1.4%
Hydrocarbons Operations							
5,657	Sales revenues	3,665	3,957	(7.4%)	979	1,260	(22.3%)
203	EBITDA	225	161	39.8%	79	51	54.9%
Corporate Activities ⁽¹⁾							
69	Sales revenues	40	45	(11.1%)	13	16	(18.8%)
(105)	EBITDA	(74)	(77)	3.9%	(23)	(23)	0.0%
Eliminations							
(766)	Sales revenues	(690)	(539)	(28.0%)	(213)	(202)	(5.4%)
Edison Group							
8,728	Sales revenues	6,092	6,205	(1.8%)	1,785	1,993	(10.4%)
426	EBITDA	456	337	35.3%	128	99	29.3%
4.9%	as a % of sales revenues	7.5%	5.4%		7.2%	5.0%	

(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.

(*) The figures for 2018 have been restated pursuant to IFRS 5.

Revenues for the first nine months of 2019 amount to 6,092 million euros, a slightly decreasing trend compared to last year, mainly due to the performance of the Hydrocarbons Operations.

EBITDA totalled 456 million euros, or 35.3% more than in the previous year, thanks to the contribution of both Electric Power Operations and Hydrocarbons Operations.

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⁾	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
18,798	Edison's production:	15,484	13,638	13.5%	5,112	4,842	5.6%
14,763	- Thermoelectric power plants	12,140	10,604	14.5%	4,011	4,018	(0.2%)
3,080	- Hydroelectric power plants	2,307	2,356	(2.1%)	807	675	19.5%
955	- Wind power and other renewables	1,037	678	52.9%	294	149	97.6%
24,020	Other purchases (wholesalers, IPEX, etc.) ⁽²⁾	15,312	17,804	(14.0%)	5,186	5,525	(6.1%)
42,818	Total sources	30,795	31,442	(2.1%)	10,298	10,367	(0.7%)

(1) 1 GWh is equal to 1 million kWh, referred to physical volumes.

(2) Before line losses.

Uses

2018 full year	(GWh) ⁽¹⁾	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
13,694	Customers ⁽²⁾	11,255	10,237	9.9%	3,859	3,536	9.1%
29,124	Other sales (wholesalers, IPEX, etc.)	19,540	21,205	(7.9%)	6,439	6,831	(5.7%)
42,818	Total uses	30,795	31,442	(2.1%)	10,298	10,367	(0.7%)

(1) 1 GWh is equal to 1 million kWh.

(2) Before line losses.

The Group operates in accordance with a business model that calls for the separation of power generation activities (thermoelectric and renewables), sales on 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.

In relation to said model, Edison production in Italy came to 15,484 GWh, an increase of 13.5% compared to the previous year; the positive trend is due mainly, in addition to the performance of the thermoelectric sector, to the production of wind farms and other renewables, which increased by 52.9% thanks to the commissioning of new wind farms and the acquisition of EDF EN Italia in July 2019.

At September 30, 2019, hydroelectric production was down 2.1% due to a reduction in the availability of water resources in the first months of the year, with a reversal of the trend in the third quarter, when production increased by 19.5%.

Sales to customers were up 9.9% mainly thanks to the higher volumes sold to the business segment.

Other purchases and sales of the first nine months of 2019 are down on the values of the same period of 2018 by 14% and 7.9% 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 million euros)	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
3,768	Sales revenues	3,077	2,742	12.2%	1,006	919	9.5%
328	EBITDA	305	253	20.6%	72	71	1.4%

Sales revenues for the first nine months of 2019 came in at 3,077 million euros, up 12.2% compared to the previous year.

EBITDA totalled 305 million euros (253 million euros in the same period of 2018), marking an increase of 20.6%, due mainly to the positive performance of the hydroelectric sector, higher margins from thermoelectric generation and the wind power sector, also thanks to the contribution of EDF EN Italia.

The income statement data of the Electric Power Operations include the results of the Energy & Environmental Services Market Division which in the first nine months of 2019 showed sales revenues reaching 365 million euros, a 20.1% increase compared to last year, due to the contribution of Zephyro, acquired in July 2018. EBITDA amounts to 50 million euros (52 million euros in 2018), showing a slight decrease mainly attributable to out of period profits recorded in 2018.

Hydrocarbons Operations

Sources of Natural Gas

2018 full year	(millions of m ³ of natural gas)	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
11	Production ⁽¹⁾	7	8	(16.1%)	2	3	(15.1%)
343	Production from discontinued operations	256	270	(5.1%)	83	85	(2.4%)
14,566	Imports (Pipeline + LNG)	10,642	10,776	(1.2%)	3,696	3,764	(1.8%)
5,811	Other purchases	3,854	4,210	(8.5%)	1,014	1,084	(6.5%)
(17)	Change in stored gas inventory ⁽²⁾	(47)	(220)	78.8%	(192)	(210)	9.0%
20,714	Total sources	14,713	15,045	(2.2%)	4,603	4,725	(2.6%)
1,909	Production outside Italy from discontinued operations⁽³⁾	1,334	1,413	(5.6%)	443	500	(11.5%)

(1) Net of self-consumption and at Standard Calorific Power.

(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)	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
2,804	Residential use	1,924	1,722	11.7%	190	185	2.3%
4,518	Industrial use	3,602	3,247	11.0%	1,111	993	11.9%
6,501	Thermoelectric fuel use	5,028	4,798	4.8%	1,689	1,776	(4.9%)
6,890	Other sales	4,158	5,278	(21.2%)	1,612	1,771	(8.9%)
20,714	Total uses	14,713	15,045	(2.2%)	4,603	4,725	(2.6%)
1,909	Sales of production outside Italy from discontinued operations ⁽¹⁾	1,334	1,413	(5.6%)	443	500	(11.5%)

(1) Counting volumes withheld as production tax.

In the first nine months of 2019, imports were down slightly compared with the previous year (-1.2%); the reduction in purchases on the Italian market was only marginally offset by the increase recorded on the foreign market, resulting in a reduction in total other purchases of 8.5%.

The trend of changes in stock shows that, compared to last year, there were lower additions, particularly in storage in Italy.

As far as the quantities sold are concerned, in the first nine months of the year there was a significant decrease in other sales (-21.2%).

In the first nine months of the year, sales for thermoelectric use showed a positive trend, due mainly to thermo-captive sales, but decreased by 4.9% in the quarter.

Production from discontinued operations

In the first nine months of the year, production of natural gas by the discontinued operations totalled 1,597 million cubic meters, or 5.6% less than in the first half of last year (1,692 million cubic meters), due to a reduction in production both in Italy and abroad, with the exception of production in the United Kingdom and Algeria.

Production of crude oil attributable to the discontinued operations decreased by about 12%, both in Italy and abroad.

Income Statement Data

2018 full year (*)	(in millions of euros)	9 months 2019	9 months 2018 (*)	% change	3Q 2019	3Q 2018 (*)	% change
5,657	Sales revenues	3,665	3,957	(7.4%)	979	1,260	(22.3%)
203	EBITDA	225	161	39.8%	79	51	54.9%

(*) The figures for 2018 have been restated pursuant to IFRS 5.

Sales revenues of the first nine months of 2019 amounted to 3,665 million euros, down 7.4% compared to last year.

EBITDA for the period, which also includes the contribution of regulated activities, came to 225 million euros, up 64 million euros on the same period of 2018. This change is mainly due to new flexibility on some gas import contracts through pipeline and to an adverse weather event that took place in the first months of 2018, which pushed down margins of the previous year.

Corporate

Income Statement Data

2018 full year	(in millions of euros)	9 months 2019	9 months 2018	% change	3Q 2019	3Q 2018	% change
69	Sales revenues	40	45	(11.1%)	13	16	(18.8%)
(105)	EBITDA	(74)	(77)	3.9%	(23)	(23)	0%

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 of the first nine months of 2019 were down 11% compared with the same period in 2018, while EBITDA improved slightly by 3 million euros, including the positive effect of applying new accounting standard IFRS 16 "Leases" as of January 1, 2019.

Other components of the Group's Income Statement

2018 full year	(in millions of euros)	9 months 2019	9 months 2018	% change
426	EBITDA	456	337	35.3%
(7)	Net change in fair value of derivatives (commodity and exchange rate risk)	(3)	6	<i>n.m.</i>
(267)	Depreciation and amortization	(235)	(192)	22.4%
(3)	(Writedowns) and reversals	-	(2)	<i>n.m.</i>
(23)	Other income (expense) non Energy activities	(16)	(15)	6.7%
126	EBIT	202	134	50.7%
(5)	Net financial income (expense) on debt	(8)	(4)	100.0%
8	Other net financial income (expense) (*)	(2)	9	<i>n.m.</i>
(11)	Net financial income (expense) on assigned trade receivables without recourse	(13)	(7)	85.7%
4	Income from (Expense on) equity investments	3	5	(40.0%)
(29)	Income taxes	(48)	(45)	6.7%
93	Profit (Loss) from continuing operations	134	92	45.7%
(26)	Profit (Loss) from discontinued operations	(511)	6	<i>n.m.</i>
54	Group interest in profit (loss)	(386)	87	<i>n.m.</i>

(*) Including financial income (expense) versus E&P business.

The **Profit (Loss) from continuing operations** is positive by 134 million euros (positive by 92 million euros in the first 9 months of 2018).

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

- a net negative change in the fair value of derivatives amounting to 3 million euros (positive by 6 million euros in the first 9 months of 2018);
- depreciation and amortization for 235 million euros in increase compared with the same period of 2018 (192 million euros) mainly due to amortization of assets under operating leases according to the new accounting standard IFRS 16 (12 million euros) and to acquisitions and investments of the period;
- the financial items (it should be noted that the increase in expenses on assigned trade receivables without recourse is linked to costs on transactions to assign trade receivables of the Retail segment, started in July 2018) and the income taxes.

The **Profit (Loss) from discontinued operations**, negative by 511 million euros (positive by 6 million euros in the first 9 months of 2018), includes for 535 million euros the writedown occurred to adjust the book value of the E&P business to the expected sale value.

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)

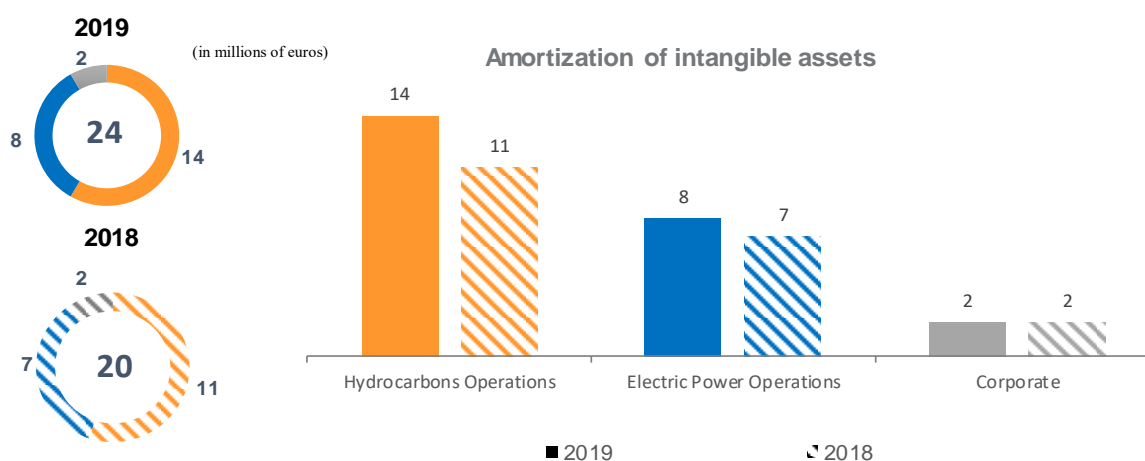
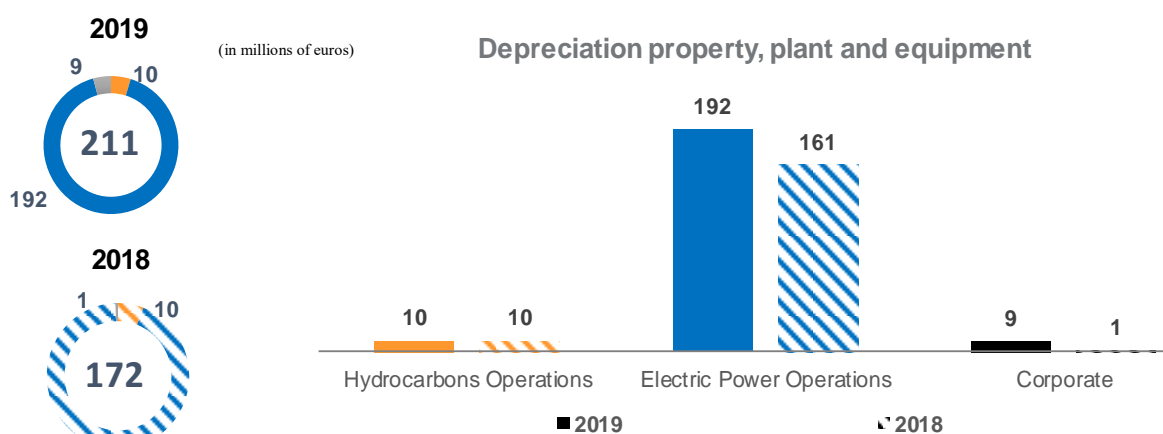
(in millions of euros)	Definable as hedges (CFH) (*)	Definable as hedges (FVH)	Not definable as hedges	Total net change in fair value
2019				
Hedges of price risk on energy products	1	186	(2)	185
Hedges of foreign exchange risk on commodities	-	41	5	46
Change in fair value in physical contracts (FVH)	-	(234)	-	(234)
9 months 2019	1	(7)	3	(3)
2018				
Hedges of price risk on energy products	(4)	(24)	2	(26)
Hedges of foreign exchange risk on commodities	1	46	(6)	41
Change in fair value in physical contracts (FVH)	-	(9)	-	(9)
9 months 2018	(3)	13	(4)	6

(*) It refers to the ineffective portion.

The strong positive increase of the net change in fair value of commodity derivatives classified as FVH is a consequence of the sharp reduction registered by European (TTF) and Italian (PSV) gas prices.

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 nine months 2018, essentially reflects the application of the new accounting standard IFRS 16 "Leases" and the acquisitions of the period. It should be noted that writedowns in 2018 (2 million euros) resulted from a trigger on a specific asset of Hydrocarbons Operations.



Other net financial income (expense)

(in millions of euros)	9 months 2019	9 months 2018	Change
Financial expenses on provisions	(7)	(7)	-
Net foreign exchange translation gains (losses) (*)	5	4	1
Other (**)	-	12	(12)
Other net financial income (expense)	(2)	9	(11)

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

(**) Including financial income (expense) versus E&P business.

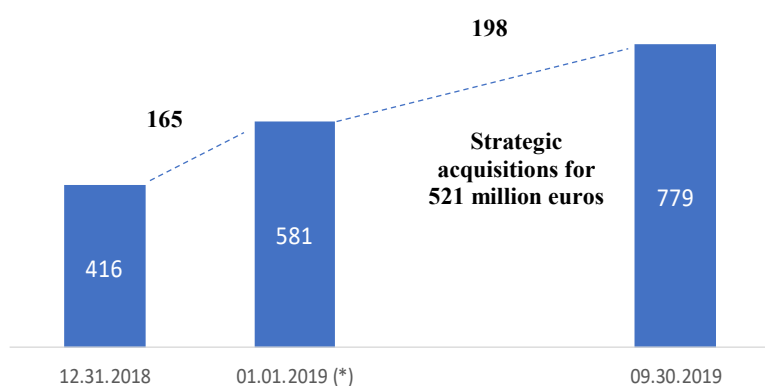
Net Financial Debt and Cash Flows

At September 30, 2019, net financial debt totalled 779 million euros (416 million euros at December 31, 2018), increasing mainly following the acquisition of EDF EN Italia, which took place during the third quarter 2019 and which also determined an increase in financial expenses on debt.

Moreover, 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 (including the contribution of E&P business held for sale).

Change in net financial debt

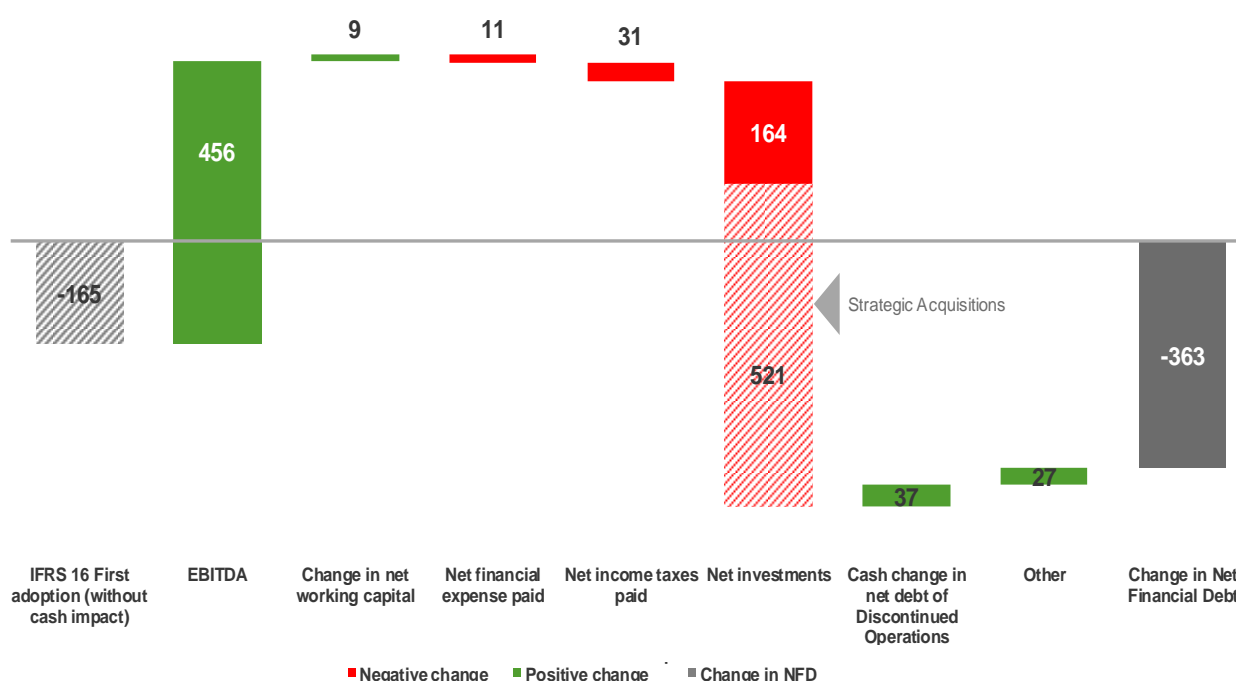
(in millions of euros)



The increase in net financial debt from December 31, 2018 amounts to 363 million euros.

(*) 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".

Below a summary of the main facts that had an impact on net financial debt is provided, mainly related to the non-monetary effect deriving from the first application of IFRS 16 and to strategic acquisitions:



The main cash flows derive from EBITDA, previously commented, and net investments which include:

- the acquisition of EDF EN Italia (521 million euros);
- capital expenditures (138 million euros), mainly related to the construction of new wind farms greenfield and full reconstructions (25 million euros), the construction of a new combined cycle gas turbine in the thermoelectric plant of Marghera Levante (42 million euros) and the environmental and energy services (42 million euros);
- other business combinations (32 million euros) and disposals (positive impact for 9 million euros);
- investments in non-current financial asset (6 million euros).

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

(in millions of euros)	09.30.2019 (*)	12.31.2018	Change
Non-current financial debt	670	353	317
- Due to banks	324	275	49
- Due to EDF Group companies	92	60	32
- Debt for leasing	251	9	242
- Due to other lenders	3	9	(6)
Assets for financial leasing	(2)	(3)	1
Non-current net financial debt	668	350	318
Current financial debt	549	218	331
- Due to banks	120	120	-
- Due to EDF Group companies (**)	138	16	122
- Debt for leasing	31	2	29
- Debt for valuation of cash flow hedge derivatives	25	-	25
- Due to other lenders (°)	235	80	155
Current financial assets (°°)	(335)	(3)	(332)
Cash and cash equivalents	(294)	(149)	(145)
Current net financial debt	(80)	66	(146)
Net financial debt Assets held for sale	191	-	191
Net financial debt	779	416	363
of which:			
Gross financial debt	1,111	571	540
Cash and cash equivalents and financial assets	(332)	(155)	(177)

(*) At January 1, 2019 the adoption of the new accounting standard IFRS 16 determined an increase of debt for about 165 million euros (including the contribution of E&P business held for sale).

(**) Include shareholders' loans of the company EDF EN Italia for 105 million euros.

(°) Include financial debt versus Assets held for sale for 145 million euros.

(°°) Include financial receivables versus Assets held for sale for 327 million euros.

The increase in **non-current net financial debt** mainly reflects the adoption, starting from January 1, 2019, of the new accounting standard IFRS 16 and the effect of consolidation of debt due to banks and debt for leasing of EDF EN Italia, starting from July 1, 2019.

Excluding financial assets and liabilities versus Assets held for sale, **current net financial debt** mainly changes as a result of the shareholders loan granted by EDF Renouvelables in favour of EDF EN Italia for 105 million euros.

Cash and cash equivalents include 162 million euros (28 million euros at December 31, 2018) of available funds held in the current accounts with EDF Sa.

On September 30, 2019, the revolving credit line with 2 years maturity for a nominal amount of 600 million euros, subscribed with EDF Sa on April 9, 2019 (at the expiration date of a similar credit line) was fully available.

The following available resources also help covering the financial needs for investments over the coming months:

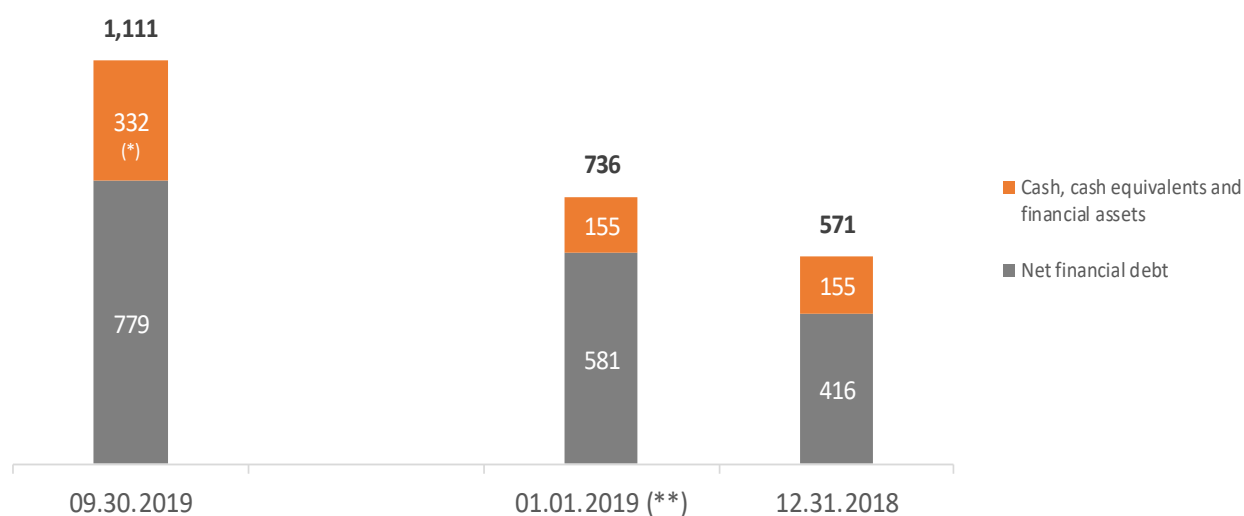
- 50 million euros of a Club Deal loan granted in 2018 to E2i by a pool of banks and Cassa Depositi e Prestiti (total nominal value of 100 million euros, of which 50 million euros were used as at September 30, 2019);

- 40 million euros of the loan granted by EIB (European Investment Bank) to Edison in 2017 and for the benefit of E2i, usable in tranches with expirations up to 15 years, for the construction of specific wind power plants (total nominal value of 150 million euros, of which 110 million euros were used as at September 30, 2019).

In March 2019 the revolving credit line Club Deal subscribed by Edison Spa in 2017 with a pool of banks for a nominal value of 300 million euros expired and was not renewed.

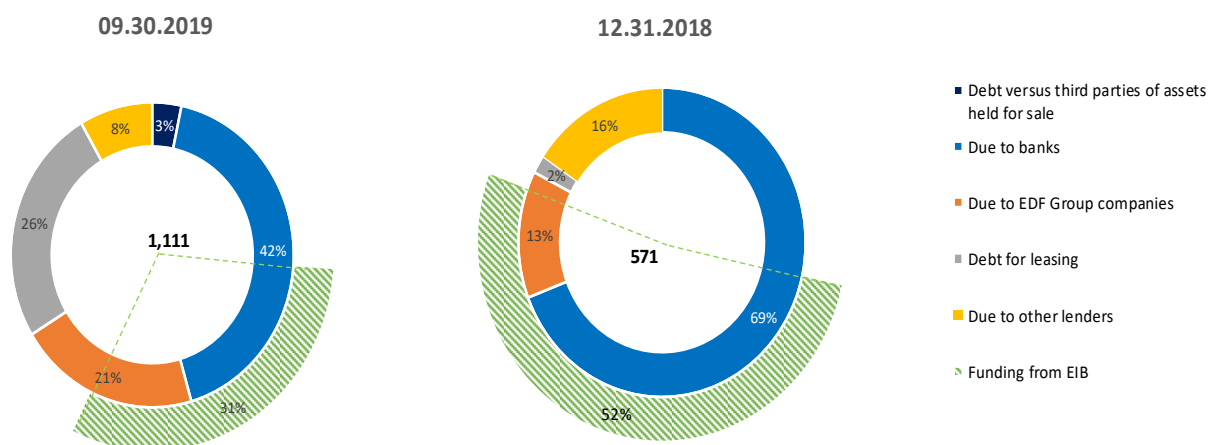
Gross financial debt and breakdown by financial source

(in millions of euros)



(*) Amounts related to Assets held for sale are included.

(**) Data at January 1, 2019 reflect the impact of first time adoption of the new accounting standard IFRS 16 'Leases' for about 165 million euros (including the contribution of E&P business held for sale).



During the first nine months of 2019, debt for leasing increased due to the application of the new accounting standard IFRS 16 and the acquisition of EDF EN Italia. The consolidation of the new activities starting from July 1, 2019, also determined an increase in bank debt and debt due to EDF Group companies (the latter mainly as a result of the 105 million euros shareholders loan granted by EDF Renouvelables).

Funding from EIB are substantially stable and are mainly 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. Such financings are granted by the EIB, directly or through EDF Sa. It should be noted that the EIB loan granted through EDF Sa will cease with the finalization of the sale of E&P business.

Fair value recorded in Balance Sheet and Cash Flow Hedge Reserve

Fair Value recorded in Balance Sheet

(in millions of euros) Broken down as follows:	09.30.2019			12.31.2018		
	Receivables	Payables	Net	Receivables	Payables	Net
- Financial assets (liabilities)	-	(25)	(25)	-	-	-
- Non-current assets (liabilities)	111	(103)	8	170	(168)	2
- Current assets (liabilities)	430	(385)	45	530	(471)	59
Fair Value recognized as assets or liabilities (a)	541	(513)	28	700	(639)	61
of which of (a) related to:						
- Interest Rate Risk Management	-	(25)	(25)	-	-	-
- Exchange Rate Risk Management	109	(16)	93	55	(17)	38
- Commodity Risk Management	320	(264)	56	366	(481)	(115)
- Trading Portfolios (physical and financial)	-	-	-	1	(1)	-
- Fair value on physical contracts	112	(208)	(96)	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 and interest rate risk. 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)	Group gross reserve	Deferred taxes	Group net reserve
Reserve at December 31, 2018	57	(15)	42
Changes in the period	(31)	7	(24)
Reserve at 09.30.2019	26	(8)	18

OUTLOOK

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

SIGNIFICANT EVENTS OCCURRING AFTER SEPTEMBER 30, 2019

On October 16, 2019 Edison, through IGI-POSEIDON, a joint venture with DEPA SA, a Greek company, signs agreements to begin construction of the IGB, an interconnection gas pipeline between Greece and Bulgaria. 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 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.

Milan, October 29, 2019
The Board of Directors
By Nicola Monti
Chief Executive Officer

**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 September 30, 2019 is consistent with the data in documents, accounting records and other records.

Milan, October 29, 2019

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