

# **“Edison, a 25% partner for further expansion in Italy”**

## **Benayoun: we hope to triple the clientele, partly through acquisitions**

### **Important steps already taken with F2i. Ready to return to the stock exchange**

**Milan, 24 April 2016** - Former Boston Consulting executive, seven years at Edf and Edison CEO since December, 49 year-old Marc Benayoun has a tricky task ahead of him: to re-launch Italy's third biggest energy company (in which the French giant has a 99.5% stake) at a difficult moment, with petroleum and gas prices and consumption struggling. The French manager's plan for the next four years rests on several pillars: the retail market, innovation, acquisitions, and attracting capital. Meanwhile he followed last Sunday's No Triv referendum with a degree of concern. “A Yes vote would have had a negative impact on our business. But more importantly it would have made investment in the entire sector impossible. I do not think this would have been good for Italy.”

**Edison is third in Italy behind Eni and Enel, but the general impression is that it has no precise strategic direction. It was supposed to be Edf's gas operations arm. Is that still the intention? And how far is the shareholder able to support you?**

“Let me answer with three points. First: Edison is in robust financial health, and that was my first positive surprise. The margins are not what they were 4 or 5 years ago but are still around 600 million a year. The debt ratio is one, which is quite impressive if you consider the difficulties the sector is going through. Not to mention the effects of the one billion received from the renegotiation of the gas contract with Eni.”

**But what is the strategy?**

“For Edf the gas platform question is still a vital one. The group sells 25-28 billion cubic meters, of which 16 in Italy. So outside Italy Edf still has a lot of work to do. The group's strategy through to 2030 is to focus on low CO2 emissions energy: a transition process which in Italy must include gas. And finally, the third point: we intend to grow the commercial side of the business and increase energy sales to retail clients in view of the end of regulation. We have an opportunity to take part in the consolidation of the Italian market and develop our “dual fuel” offering, combining electricity, gas and innovative services. We can see a space, in that we have 1.3 million customers and a market share of 3%.”

**What is the target?**

“To triple our customers in 4 years. Focus on innovation, low CO2 emissions energy, but also on organic growth and, if the opportunity arises, extraordinary operations.”

**Of course the Eni gas & power division and its 7 million customers immediately springs to mind. Are negotiations underway?**

“The process has not yet begun. Eni has not taken any decisions on the matter because it wants to improve the operating performance of its activities. If a sale is announced we will be ready to make an interesting offer.”

**And in the meantime?**

“Obviously we cannot simply stand around and wait. Other opportunities might present themselves given that there are few players in the energy market with the critical mass to continue to be competitive on the retail market.”

**Like E.On and Engie?**

“Let's say that not all of them will be around in Italy in the next 3 years. In the end there will be a dozen of us at most.”

**Suppose you manage to achieve your customer target. Will Edf play its part in supporting this expansion?**

“Put it like this: we are looking for an Italian partner. We could self finance the growth ourselves but given that we are not ruling out extraordinary operations, we are open to offers. We have talks ongoing which might involve around a quarter of the capital.”

**With F2i?**

“We have already taken major steps forward with F2i in renewable energies. The solution is a good one, but we could also attract other financial investors with a long-term vision. It is not necessary for Edf to keep 99.5% of Edison.”

**Might Edf actually drop below 50%? And are you thinking of returning to the stock exchange?**

“I believe Edf will continue to hold over 50%, even with a listing of ordinary shares on the stock exchange. It is a sequential process: if there is an extraordinary transaction in 2016 or in the first half of 2017, it will not happen without the entry of a capital partner. And if the environment is favourable, or other investment opportunities arise, we might think about listing towards 2018-19.”

**Concerning disposals, do you want to reduce your positions in hydrocarbons exploration and production?**

“That's right, but only outside Italy and the Mediterranean area.”

**Including Egypt and Norway?**

“In Egypt the sale of a stake in the Abu Qir oilfield is blocked because the Egyptian currency is non-convertible. As regards Norway we are waiting to see the direction of the oil price.”

**And then there are the pipelines. You are committed with Gazprom and Depa to Poseidon. But what makes you so sure that the EU will not put up obstacles as it did with South Stream?**

“We are confident here because we intend to diversify both the routes and the suppliers. Our view is that Gazprom is not the only gas supplier in the project, and in the medium term we are focusing on the Eastern Mediterranean.”

**You have been at the helm of Edison for several months. How do you find working in Italy?**

“I am happy to be here and my impression is that Italy is beginning to move forward, thanks to the work of the government. There is a drive for renewal which I do not see in other European countries.”

**Stefano Agnoli**

“Corriere della Sera” 24 April 2016