Edison Spa

Press Office
Foro Buonaparte, 31
20121 Milan - Italy

Phone +39 02 6222.7331
Fax. +39 02 6222.7379
ufficiostampa@edison.it

Press Release

EDISON CLOSES 2013 FINANCIAL STATEMENTS WITH REVENUES OF 12.3 BILLION EURO (+2.7% COMPARED WITH 2012), EBITDA OF 1,009 MILLION EURO (-8.5% COMPARED WITH 2012). NET PROFIT GROWS BY 18.5% TO 96 MILLION EURO.

Dividend of 0.05 euros on each savings share, 0.011 on each ordinary share.

The reference scenario remains negative, particularly in the natural gas sector.

Milan, February 13, 2014 – Edison's Board of Directors has met to review the annual financial statements at December 31, 2013. Despite a negative scenario that further decreased the total demand of electric power and gas and increased competitive pressure, Edison recorded an overall positive performance, especially in the electric power sector, which balanced in part the decrease in the hydrocarbons sector's performance, which is still subject to the outcome of the price review process for the gas procurement contracts

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	**2013**	**2012**[1]	**Δ %**
Sales revenues	**12,335**	**12,014**	*2.7%*
EBITDA	**1,009**	**1,103**	*(8.5%)*
EBIT	**344**	**229**	*50.2*
Profit (Loss) before taxes	**228**	**77**	*n.m.*
Group interest in net profit (loss)	**96**	**81**	*18.5%*

[1] The reported data were prepared in accordance with IFRS 5, treating Edipower and the negative contribution to EBITDA from the tolling contract to supply natural gas to Edipower as a discontinued operation.

Operating Performance of the Group at December 31, 2013

2013 saw a continuation of the trend of negative growth that has affected the Italian economy since 2008 and is reflected in the drop of electric power and gas national consumption.

During 2013, **Italian demand for electric power decreased by 3.4% compared with 2012**. This contraction exclusively affected the thermoelectric production due both to the structural growth of renewable-source capacity and the abundance of water resources during the period. As a consequence of this scenario, the thermal park is under reorganization. A contraction occurred also for **natural gas consumption in Italy, which in 2013 fell by 6.4% compared with the previous year**.

The combination of weak demand coupled with a continuous increase in installed capacity and gas availability put further pressure on sales prices of electric power and gas.

In this context Edison Group closed 2013 with **sales revenues at 12.335 billion euro (+2.7% from 12.014 billion euro in 2012),** thanks to the positive contribution of the electric Power Business (+5.1% to 7,319 million euro) which benefited from the increase in volumes sold. The positive results recorded in the electric power sector offset the reduction of hydrocarbons operations (-10.6% to 5,872 million euro) which suffered from the worsening of the overall economic situation.

EBITDA totaled 1,009 million euro from 1,103 in 2012, down by 8.5%. The decrease is mainly due to the contraction in hydrocarbons sector, whose margins have worsened following further reduction of gas prices. The sector is still impacted by the renegotiations of long-term gas procurement contracts. This drop has been partially balanced by the increase in profitability of the Power Business, which reported higher results than in 2012.

In particular, the Power Electric Sector reported particularly positive results, thanks to **very good hydro conditions and the optimization of portfolio management,** which **together lifted the Power Electric Adjusted EBITDA[2] by 21% to 706 million euro**.

In the Hydrocarbon Sector, 2012 EBITDA benefited from the conclusion of the arbitration with Qatar and Libya for the review of long-term gas procurement contracts. In 2013 the positive conclusion of the arbitration on price review for the Algerian gas procurement contract (April 2013) and the agreements for the Qatari

[2] Adjusted EBITDA reflect the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas from the Hydrocarbons Operations to the Electric Power Operations for the portion of gains or losses attributable to them in order to provide an operational presentation of the Group's industrial results. Adjusted EBITDA doesn't include the cost of staff's and technicians' central services.

and Algerian gas procurement contracts (July 2013), which haven't totally balanced the ongoing reduction in gas sales prices causing a **decrease of Hydrocarbons Operations Adjusted EBITDA[3] by 34.3% to 414 million euro**. To address this situation Edison is already working on the second phase of renegotiation of long-term gas procurement contracts from Russia and Libya, whose margins have worsened after the first round. The contribution of Edison's production activities remains positive, despite the drop in volumes due to the depletion in wells' oil production – especially in Italy-, and the decrease in prices linked to the trend of Brent prices and the euro-dollar exchange rate.

EBIT came at 344 million euro from 229 million euro in 2012. This increase, despite the reduction in EBITDA, is due to lower amortization and depreciation related to impairments tests (99 million euro in 2013 compared with 230 million euro in 2012).

Profit Before Taxes surged to 228 million euro, up from 77 million euros in the previous year, following the above mentioned increase of EBIT and lower non-recurring expenses which had a negative impact of 37 million euro on 2012 results.

The Group interest in profit grew by 18,5% to 96 million euro, up from 81 million euro in 2012, which benefited from an one-off effect related to the disposal of Edipower. 2012 results registered a positive effect of 50 million euro from Discontinued Operations, which referred to the re-definition of the price for the sale of the stake held in Edipower (80 million euro) partially offset by the negative margin for the tolling management of Edipower.

At December 31, 2013, the Group's net financial debt reached 2,549 million euro, down by 64 million euros from 2,613 million euros at December 31, 2012. The financial position benefited from the strengthening of Edison financial profile (1.9 billion euro of financing negotiated in the year), the application of payment agreements with Egypt and the actions taken, in Italy and abroad, to reduce the working capital despite the ongoing recessive scenario.
With reference to debt maturing in the next 18 months, the fixed rate bond issued in 2009 with a nominal value of 700 million euro will expire on July 22, 2014. The fixed rate bond issued in 2010 with a nominal value of 500 million euro will expire on March 17, 2015.

Business Outlook

Edison confirms its recurring capability to generate a 1 billion euro EBITDA, which may vary according to the timing of long-term procurement gas contracts' price review renegotiations. Edison is still engaged in the second wave of price review renegotiations on long-term gas supply contracts, the finalization of which is

---

3 Adjusted EBITDA reflect the reclassification of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas from the Hydrocarbons Operations to the Electric Power Operations for the portion of gains or losses attributable to them in order to provide an operational presentation of the Group's industrial results. Adjusted EBITDA doesn't include the cost of staff's and technicians' central services.

expected in 2014/2015. Excluding the positive effects of the above mentioned renegotiations, 2014 EBITDA is expected to exceed 600 Million euro.

Report on Corporate Governance and Compensation Report
The Board of Directors approved the 2013 Report on Corporate Governance and on the Company's Ownership Structure, which is an integral part of the financial statement documents, and the annual Compensation Report as well.

Notice of Shareholders' Meeting
The Board of Directors resolved to convene an Ordinary Shareholders' Meeting for March 28, 2014, on first call and for March 29, 2014 on second call. The Agenda for the ordinary session includes: approval of the 2013 Annual Financial Statements, resolutions concerning the appropriation of the net profit, the appointment of the Board of Statutory Auditors and the approval of the annual Compensation Report's "first section".

Notice of the Special Meeting of Savings Shareholders
The Board of Directors resolved to convene the Special Meeting of Savings Shareholders for April 2, 2014 (on the first calling), April 3, 2014 (on the second calling) and April 4, 2014 (on the third calling), to elect their Common Representative.

Dividend for Shareholders
Edison Spa, the Group's Parent Company ended 2013 with a profit of 78 million euro (56 million euro in 2012). The savings shares will receive a dividend distribution of 0.05 euro per share. The ordinary shares will receive a dividend distribution of 0.011 euro per share. The Savings Shares dividend will be paid as from April 17, 2014, being April 14, 2014 the ex-dividend date and April 16, 2014 the record date. The Ordinary Shares will be paid as form April 17, 2014.

2013 Key events

January 16, 2013 – Edison, through its subsidiary Edison International Spa, has been awarded 2 new licenses for hydrocarbons exploration and production in the Norway Sea, following the licensing round. The work program envisages a drill-or-drop decision after 2 and 3 years. Edison holds a 30% stake in the two joint-ventures awarded.

April 12, 2013 – Edison Spa executed on 9th April 2013 and drew on the following 11th April, two intercompany loans to refinance the maturing 1,500 million euros syndicated stand-by credit line. The first loan amounts to 800 million euros and has a 7 years maturity, the second one amounts to 600 million euros and has a 2 years maturity.

April 30, 2013 – Edison successfully concluded the arbitration with Sonatrach for the review or the price of the Algerian long-term gas contract. The Court of Arbitration has evaluated the price review requested by Edison formally and substantially valid. The arbitration with Sonatrach started in August 2011 within the first round of renegotiation process of Edison's long term procurement gas contracts.

June 16, 2013 - Edison, through its subsidiary Edison International Spa, has been awarded 4 new licenses for hydrocarbons exploration and production in the Norway continental shelf. Three licenses provide for a period of three years for studies and seismic, after which the consortium will take a drill-or-drop decision, while for the last license, the PL713 block (Edison has a 20% stake in the consortium) is envisaged an exploratory well.

July 12, 2013 – Edison Spa entered on July 10, 2013 into a 500 million euro short term loan agreement that expires in January 2015. The loan, granted by a pool of primary Italian and international banks, is arranged as a Club Deal without any syndication, is an unsecured Revolving Credit Facility. The rate of interest is indexed to Euribor, increased by a spread in line with the best market conditions.

July 30, 2013 – As part of the second round of renegotiation, launched during the second half of 2012 and related to the period 2012-2015, Edison successfully finalized the agreement with RasGas for the Qatari gas and with Sonatrach for the Algerian gas procurement contract.

October 4, 2013 – Edison, through its subsidiary Edison Energia, has been awarded the tender for the supply of electricity for 2014 to public administrations issued by CONSIP, the Economy and Finance Ministry's company that operates at exclusive interest of the State in the framework of the strategic guidelines and tasks assigned to it. Starting from January 1, 2014 Edison Energia continues to supply electricity to Ministries, Regions, Provinces, Municipalities, schools and barracks of Piedmont, Valle d'Aosta, Lombardy, Liguria, Trentino Alto Adige, Emilia Romagna, Veneto, Friuli Venezia Giulia, Tuscany, Umbria, Marche, Puglia, Molise and Sardinia Regions, for a total volume of electricity equal to 3,300 million kilowatt hours annually. The term of the agreement is 12 months for a supply that exceeds 500 million euro.

November 11, 2013 – To celebrate 130 years of activity, Edison launched the award Edison Start. 300,000 euros is the reward for the most innovative projects in the fields of energy (innovative solutions and technologies to save energy sources and to consume better and less), social inclusion (projects and initiatives, which activate business opportunities that have an impact in terms of social development, participation and cooperation) and smart communities (projects that have aimed at improve the quality of life of single persons and communities as well).

December 10, 2013 – The rating agency Standard & Poor's (S&P) has raised Edison's long-term corporate credit rating to 'BBB+' from 'BBB' with stable outlook. Edison's 'A-2' short-term issuer credit rating has been affirmed by S&P. The rating upgrade follows S&P's revision of corporate ratings criteria and its group rating methodology. The upgrade mainly reflects S&P's assessment of Edison as "strategically important" to its parent company EDF. The stable outlook reflects S&P's opinion that Edison's stand-alone credit profile will strengthen in the coming two years mainly on the recovery in profitability of its gas supply activity and on Edison's core credit metrics improvement.

Pertinent Documents

The documents listed below will be available to the public, within the deadline listed for each document, at the Company's head office and on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.it):

- The explanatory report concerning the election of the Board of Statutory Auditors by February 26, 2014;
- The 2013 Annual Financial Report, the Corporate Governance Report, the reports of the Independent Auditors and the Statutory Auditors by March 6, 2014;
- The Compensation Report by March 6, 2014.

The 2013 Sustainability Report will be available to the public on Company's head websites (www.edison.it) by the date of the Shareholders' Meeting.

***

Edison's External Relations Department

Andrea Prandi
External Relations Director
T 02 6222 7331

Stefano Amoroso
Head of Media Relations
T 02 6222 7276

Elena Distaso
T 02 6222 8522

Florian Ciornei
T +39 02 6222 8124

Lucia Caltagirone
T +39 02 6222 8283

Investor Relations Edison
02 62228415
investor.relations@edison.it

Edison news in real time on www.edison.it and twitter.com/EdisonNews

*As required by Article 154-*bis*, Section 2, of the Uniform Finance Code (Legislative Decree No. 58/1998), Didier Calvez and Roberto Buccelli, in their capacity as "Dirigenti Preposti alla redazione dei documenti contabili societari" of Edison S.p.A., attest that the accounting information contained in this press release is consistent with the data in the Company's documents, books of accounts and* *other accounting records. The 2013 financial statements were the subject of a statutory independent audit; the Report on Operations and the Corporate Governance Report were reviewed by the Independent Auditors.*

This press release and, specifically, the section entitled "Outlook" contain forward-looking statements. These statements are based on the Group's current projections and expectations with regard to future events, which, by their very nature, are subject to an intrinsic component of risk and uncertainty. Actual results could be materially different from those contained in the abovementioned statements due to a number of factors, including continued volatility and a deterioration of the capital and financial markets, fluctuations in raw material prices, changes in macroeconomic conditions and economic growth rates and other changes in business conditions, changes in the statutory and regulatory framework and institutional scenario (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

The Group's income statement, showing the other components of the comprehensive income statement, balance sheet, cash flow statement and the statement of changes in consolidated shareholders' equity are annexed to this press release.

Public disclosure required by Consob Resolution No. 11971 of May 14, 1999, as amended.

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

	2013	2012(*)
Sales revenues	12.335	12.014
Other revenues and income	715	830
Total net revenues	**13.050**	**12.844**
Raw materials and services used (-)	(11.815)	(11.523)
Labor costs (-)	(226)	(218)
EBITDA	**1.009**	**1.103**
Net change in fair value of commodity derivatives	(9)	(6)
Depreciation, amortization and writedowns (-)	(656)	(868)
EBIT	**344**	**229**
Net financial income (expense)	(115)	(121)
Income from (Expense on) equity investments	3	6
Other income (expense), net	(4)	(37)
Profit (Loss) before taxes	**228**	**77**
Income taxes	(130)	(41)
Profit (Loss) from continuing operations	**98**	**36**
Profit (Loss) from discontinued operations	-	50
Profit (Loss)	**98**	**86**
Broken down as follows:		
Minority interest in profit (loss)	2	5
Group interest in profit (loss)	**96**	**81**
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	0,0175	0,0147
Basic earnings per savings share	0,0475	0,0447
Diluted earnings (loss) per common share	0,0175	0,0147
Diluted earnings per savings share	0,0475	0,0447

(*) 2012 amounts reflect the application of IAS 19 revised.

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT
(in millions of euros)

	2013	2012 (*)
Profit (Loss)	**98**	**86**
Other components of comprehensive income:		
A) Change in the Cash Flow Hedge reserve	**16**	**(8)**
- Gains (Losses) arising during the year	31	(16)
- Income taxes	(15)	8
B) Change in reserve for available-for-sale investments	**(4)**	**4**
- Gains (Losses) arising during the year not realized	(4)	4
- Income taxes	-	-
C) Differences on the translation of assets in foreign currencies	**(12)**	**(6)**
- Gains (Losses) arising during the year not realized	(17)	(6)
- Income taxes	5	-
D) Pro rata interest in other components of comprehensive income of investee companies	**-**	**-**
E) Actuarial gains (losses) (*) (**)	**(1)**	**-**
- Actuarial gains (losses)	(1)	-
- Income taxes	-	-
Total other components of comprehensive income net of taxes (A+B+C+D+E)	**(1)**	**(10)**
Total comprehensive profit (loss)	**97**	**76**
Broken down as follows:		
Minority interest in comprehensive profit (loss)	2	5
Group interest in comprehensive profit (loss)	**95**	**71**

(*) 2012 amounts reflect the application of IAS 19 revised.

(**) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET
(in millions of euros)

	12.31.2013	12.31.2012 (*)
ASSETS		
Property, plant and equipment	4.548	4.786
Investment property	6	9
Goodwill	3.231	3.231
Hydrocarbon concessions	860	948
Other intangible assets	115	105
Investments in associates	51	51
Available-for-sale investments	183	194
Other financial assets	74	75
Deferred-tax assets	245	145
Other assets	189	108
Total non-current assets	**9.502**	**9.652**
Inventories	489	390
Trade receivables	3.176	3.391
Current-tax assets	26	25
Other receivables	664	562
Current financial assets	75	99
Cash and cash equivalents	506	753
Total current assets	**4.936**	**5.220**
Assets held for sale	**-**	**1**
Eliminations of assets from and to discontinued operations	**-**	**-**
Total assets	**14.438**	**14.873**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5.292	5.292
Reserves and retained earnings (loss carryforward)	1.750	1.693
Reserve for other components of comprehensive income	(12)	(11)
Group interest in profit (loss)	96	81
Total shareholders' equity attributable to Parent Company shareholders	**7.126**	**7.055**
Shareholders' equity attributable to minority shareholders	126	132
Total shareholders' equity	**7.252**	**7.187**
Provision for employee severance indemnities and provisions for pensions	36	35
Provision for deferred taxes	90	79
Provisions for risks and charges	903	863
Bonds	1.098	1.796
Long-term financial debt and other financial liabilities	1.035	174
Other liabilities	7	31
Total non-current liabilities	**3.169**	**2.978**
Bonds	772	104
Short-term financial debt	282	1.461
Trade payables	2.240	2.440
Current taxes payable	43	11
Other liabilities	680	692
Total current liabilities	**4.017**	**4.708**
Liabilities held for sale	**-**	**-**
Eliminations of liabilities from and to discontinued operations	**-**	**-**
Total liabilities and shareholders' equity	**14.438**	**14.873**

(*) 2012 amounts reflect the application of IAS 19 revised.

CASH FLOW STATEMENT

(in millions of euros)		2013	2012 (*)
	Profit (Loss) before taxes	**228**	**77**
	Depreciation, amortization and writedowns	656	868
	Net additions to provisions for risks	(45)	14
	Interest in the result of companies valued by the equity method (-)	-	(2)
	Dividends received from companies valued by the equity method	1	1
	(Gains) Losses on the sale of non-current assets	(21)	1
	Change in the provision for employee severance indemnities and provisions for pensions	(2)	(1)
	Change in fair value recorded in EBIT	(2)	13
	Change in operating working capital	(84)	(294)
	Change in other operating assets and liabilities	(113)	45
	Financial income (expense)	116	115
	Net financial expense paid	(100)	(93)
	Income taxes paid	(221)	(190)
A.	**Cash flow from continuing operations**	**413**	**554**
	Additions to intangibles and property, plant and equipment (-)	(271)	(459)
	Additions to non-current financial assets (-)	(4)	-
	Net price paid on business combinations (**)	(56)	(2)
	Proceeds from the sale of intangibles and property, plant and equipment	8	6
	Proceeds from the sale of non-current financial assets	-	684
	Repayment of capital contribution by non-current financial assets	7	8
	Change in other current financial assets	24	529
B.	**Cash used in investing activities from continuing operations**	**(292)**	**766**
	Receipt of new medium-term and long-term loans	1.853	603
	Redemption of medium-term and long-term loans (-)	(2.153)	(1.323)
	Change in short-term net financial debt	(48)	(110)
	Distribution of shareholders' equity and reserves (-)	-	(14)
	Dividends paid to controlling companies or minority shareholders (-)	(20)	(14)
C.	**Cash used in financing activities from continuing operations**	**(368)**	**(858)**
D.	**Net currency translation differences**	**-**	**-**
E.	**Net cash flow for the year from continuing operations (A+B+C+D)**	**(247)**	**462**
F.	**Net cash flow for the year from discontinued operations**	**-**	**(35)**
G.	**Net cash flow for the year (continuing and discontinued operations) (E+F)**	**(247)**	**427**
H.	**Cash and cash equivalents at the beginning of the year from continuing operations**	**753**	**291**
I.	**Cash and cash equivalents at the beginning of the year from discontinued operations**	**-**	**35**
L.	**Cash and cash equivalents at the end of the year (continuing and discontinued operations) (G+H+I)**	**506**	**753**
M.	**Cash and cash equivalents at the end of the year from discontinued operations**	**-**	**-**
N.	**Cash and cash equivalents at the end of the year from continuing operations (L-M)**	**506**	**753**

(*) 2012 amounts reflect the application of IAS 19 revised.

(**) The amount includes the price of acquisition (81 million euros) net of Cash and cash equivalents acquired (25 million euros).

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
			Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other com-ponents of comprehen-sive income of investee companies	Actuarial gains (losses) (*)				
Balance at December 31, 2011	**5.292**	**2.568**	**(8)**	**-**	**7**	**-**	**-**	**(871)**	**6.988**	**158**	**7.146**
Appropriation of the previous year's profit (loss)	-	(871)	-	-	-	-	-	871	**-**	-	**-**
Dividends and reserves distributed	-	-	-	-	-	-	-	-	**-**	(30)	**(30)**
Other changes	-	(4)	-	-	-	-	-	-	**(4)**	**(1)**	**(5)**
Total comprehensive profit (loss)	-	-	(8)	4	(6)	-	-	81	**71**	5	**76**
of which:											
- Change in comprehensive income for the year	-	-	(8)	4	(6)	-	-	-	**(10)**	-	**(10)**
- Profit (Loss) for 2012	-	-	-	-	-	-	-	81	**81**	5	**86**
Balance at December 31, 2012	**5.292**	**1.693**	**(16)**	**4**	**1**	**-**	**-**	**81**	**7.055**	**132**	**7.187**
Appropriation of the previous year's profit (loss)	-	81	-	-	-	-	-	(81)	**-**	-	**-**
Dividends and reserves distributed	-	(17)	-	-	-	-	-	-	**(17)**	(7)	**(24)**
Other changes	-	(7)	-	-	-	-	-	-	**(7)**	(1)	**(8)**
Total comprehensive profit (loss)	-	-	16	(4)	(12)	-	(1)	96	**95**	2	**97**
of which:											
- Change in comprehensive income for the year	-	-	16	(4)	(12)	-	(1)	-	**(1)**	-	**(1)**
- Profit (Loss) for 2013	-	-	-	-	-	-	-	96	**96**	2	**98**
Balance at December 31, 2013	**5.292**	**1.750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7.126**	**126**	**7.252**

(*) The amounts reflect the application of IAS 19 revised.