



FY 2003 Preliminary Results

February 12th, 2004

Agenda

■ Strategic update

■ Business environment and operating performance

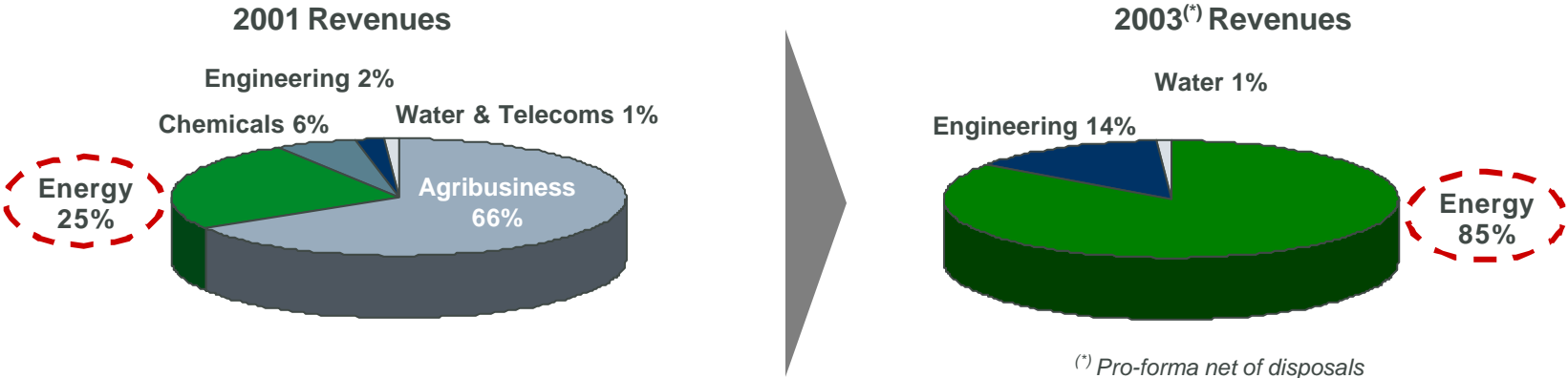
■ 2003 Preliminary results

- Core Business financial highlights
- Electric power and hydrocarbons results
- Group financial highlights
- Debt evolution

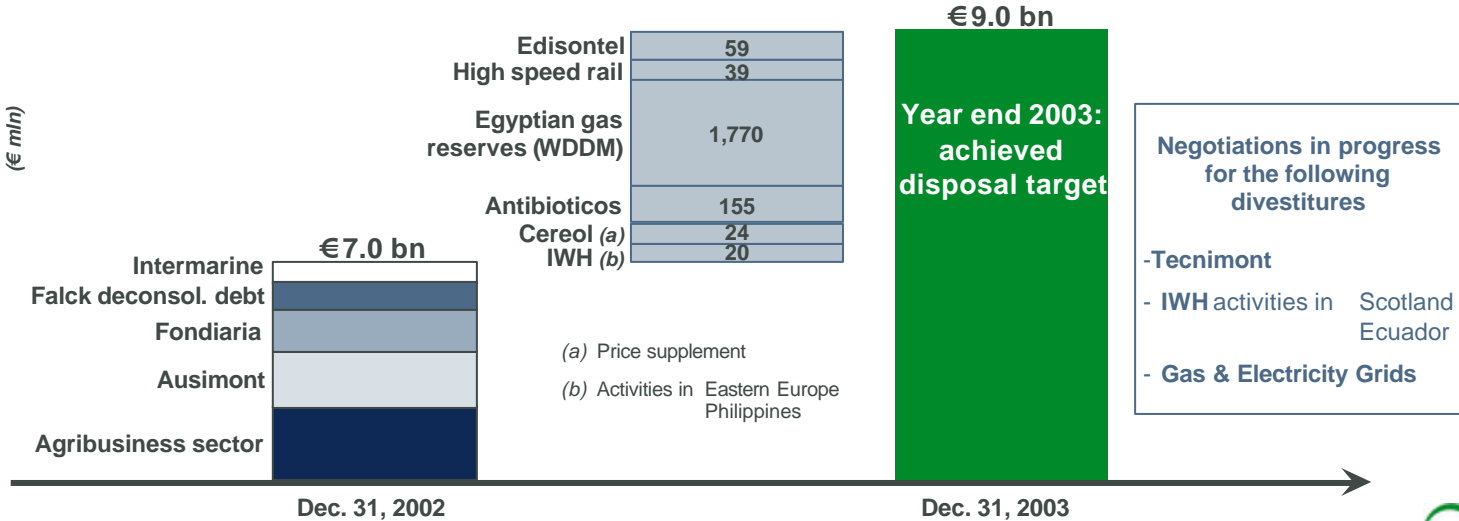
■ Q&A

Edison strategy - two years restructuring program completed

REFOCUS ON CORE BUSINESS

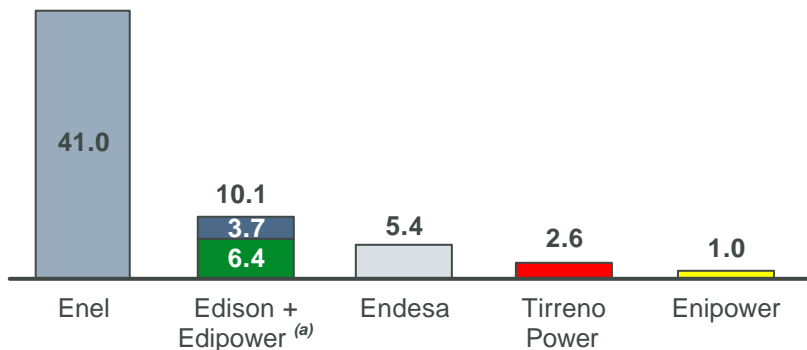


NON CORE ASSETS DIVESTITURE PROGRAM COMPLETED



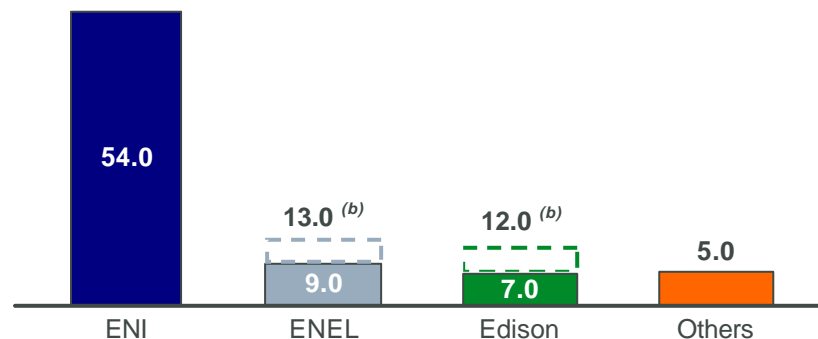
Edison today - the competitive position

2003 Electricity Installed Capacity - Gw



(a) Pro-quota EDISON through tolling agreement

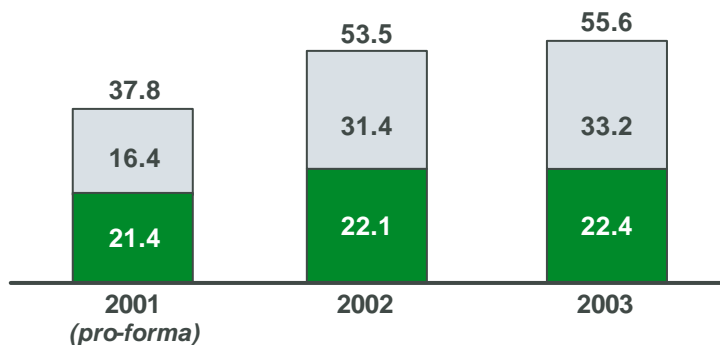
2003E Gas Supply (production and import) – bcm



(b) Includes domestic purchases from ENI directly supplied to power plants

Electric Power sales (TWh)

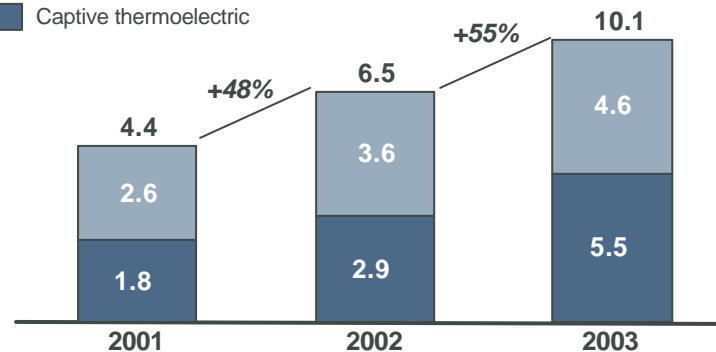
Sales to free market and other users
 CIP6 sales



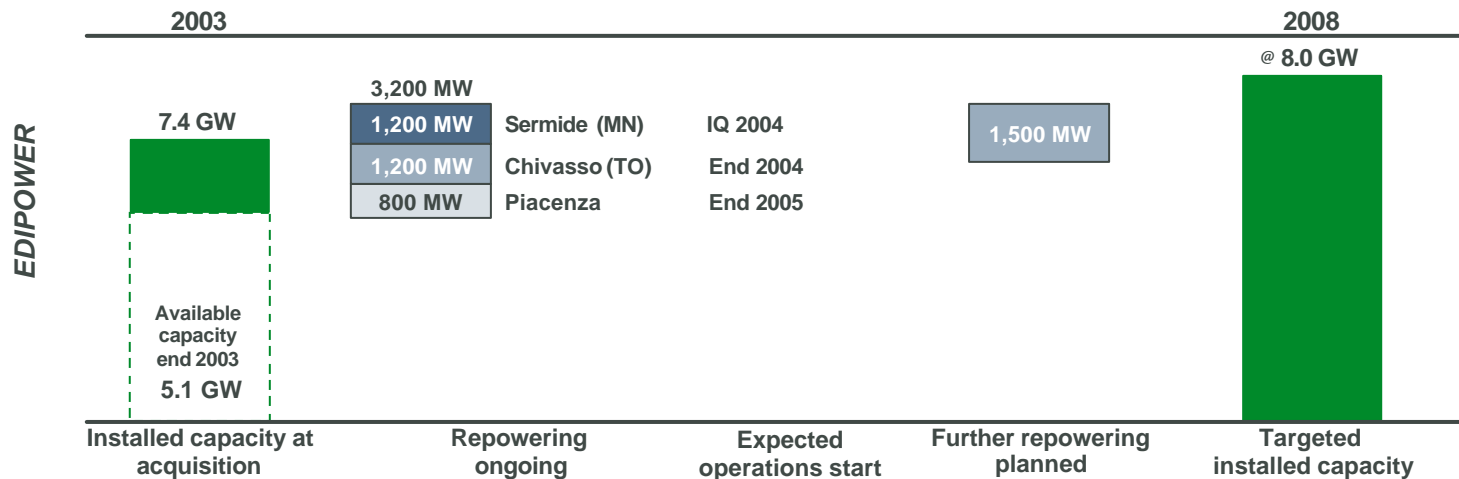
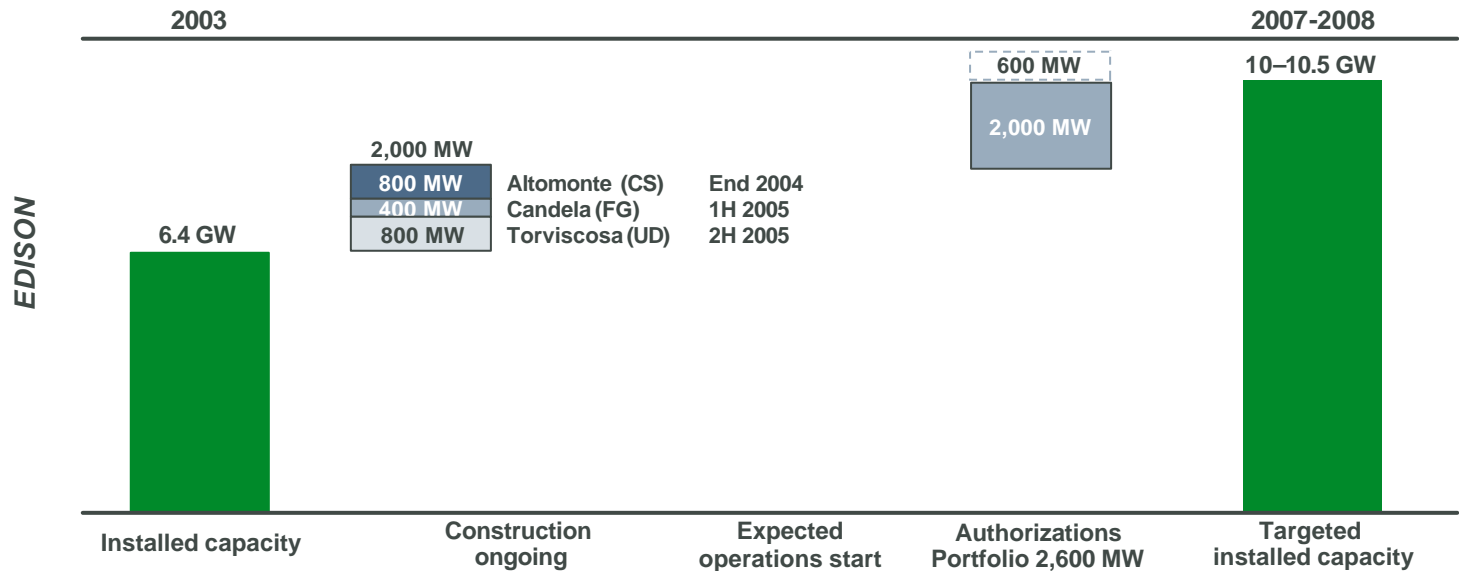
Including 50% of Edipower sales starting from 2002

Natural Gas sales (bn c.m.)

Commercial + industrial + foreign sales (0.3-0.4 bn c.m.)
 Captive thermoelectric



Edison growth strategy – progress in investment program



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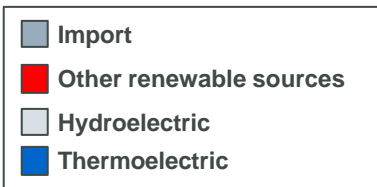
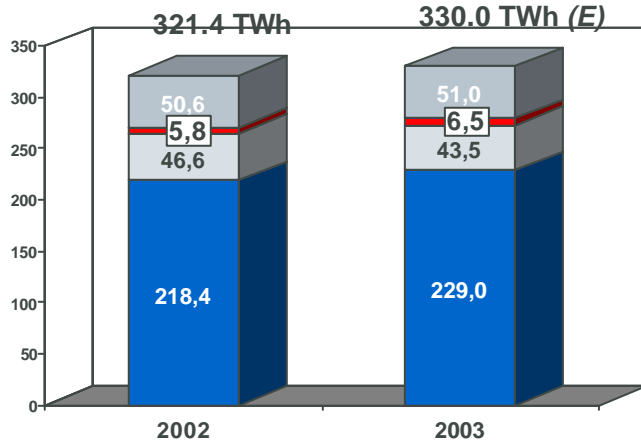
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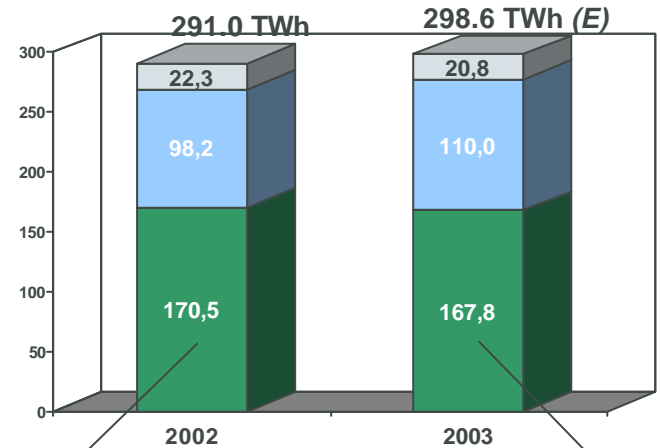
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Italian electricity market: supply and demand balance

Net power supply mix (TWh)



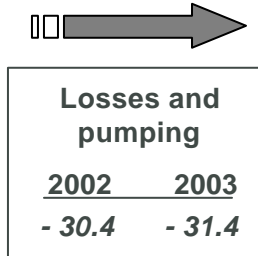
Power demand mix (TWh)



of which 30 TWh potentially eligible clients

of which 53 TWh potentially eligible clients (a)

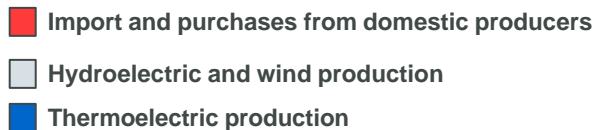
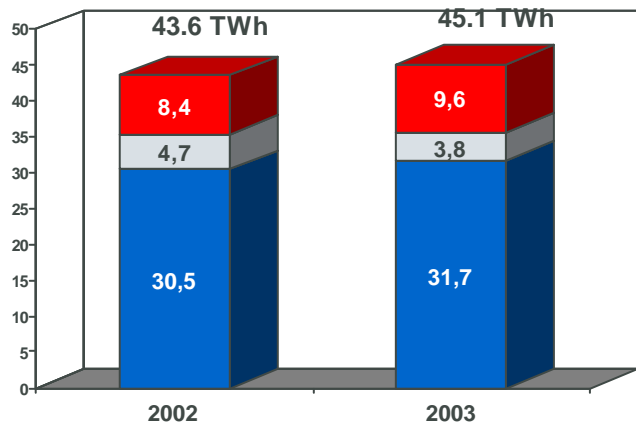
(a) includes 33.5 TWh of small clients liberalized since April 29, 2003



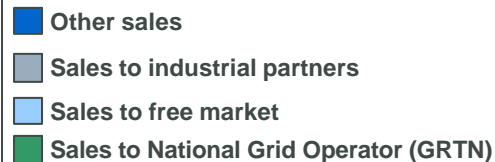
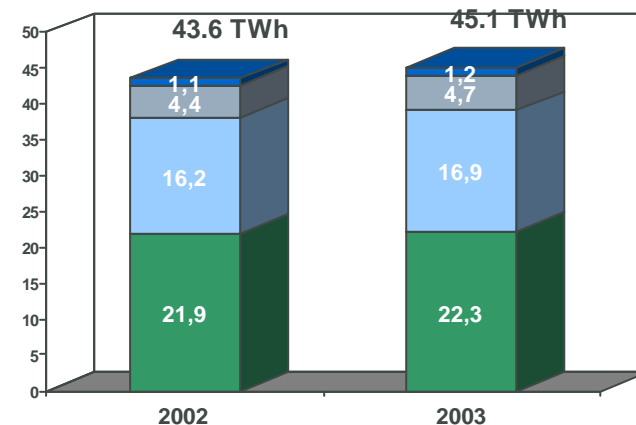
In 2003 power demand increased by 2.6% (2.9% gross of losses)

Edison electric power operating performance

Net power availability mix (TWh)



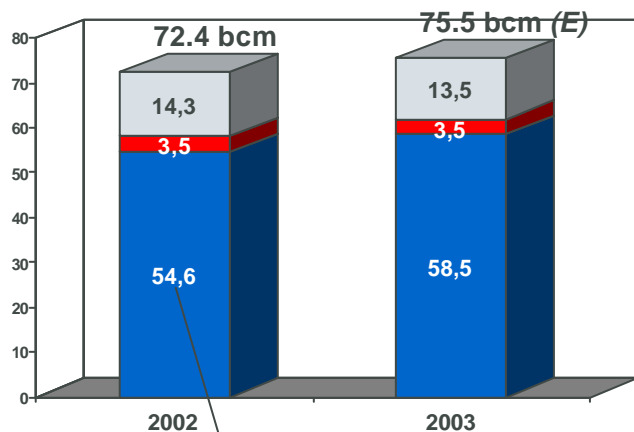
Power sales mix (TWh)



Edison group share on domestic production	13% 17%	(14% in 2002) Edison stand alone (17% in 2002) including Edison interest in Edipower production equal to 10.5 TWh in 2003
Edison free market share	15% 10%	(17% in 2002) on actually liberalized market (13% in 2002) on potentially eligible market

Italian gas market: supply and demand balance

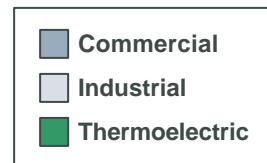
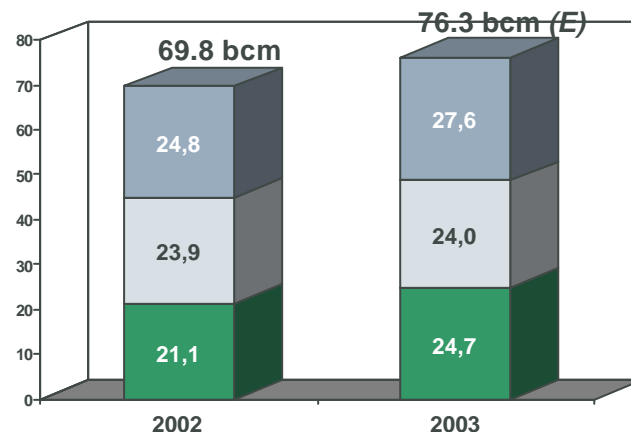
Gas sources mix (bcm)



Algeria	20.5
Russia	18.5
Netherlands	8.1
Norway	5.0
Nigeria	2.5



Gas sales mix (bcm)



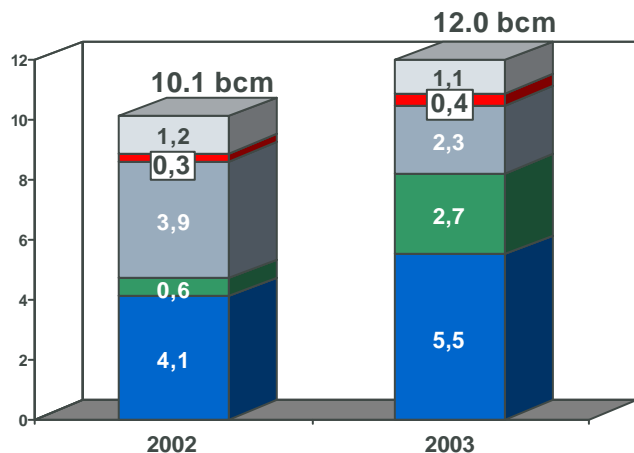
Change in stock net of losses

2002	2003
+ 2.6	- 0.8

In 2003 gas sales increased by 9.3%

Edison gas operating performance

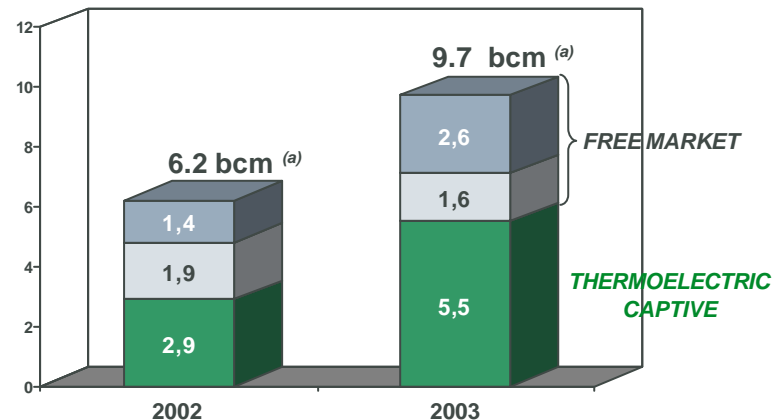
Gas supply mix



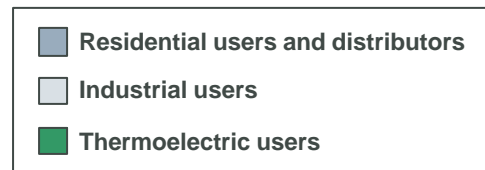
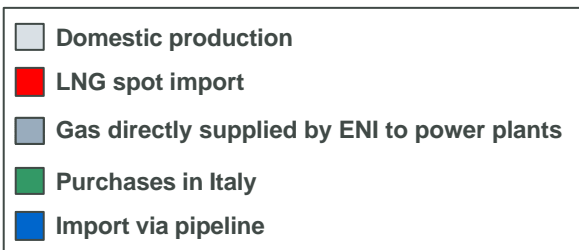
Gas from ENI to power plants

2002	2003
3.9 bcm	2.3 bcm

Gas sales mix



(a) excludes foreign sales (0.3-0.4 bn c.m.)



Edison share of total Italian gas sales from 9% in 2002 to 13% in 2003

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Core business 2003 financial highlights

<i>(€ mln)</i>	2003	2002	D	
Net revenues	5,132	4,418	714	Increase of 16% in revenues (which includes an increase of 10% in electricity and 47% in gas) primarily due to higher sales volumes (+54% in gas and 3.3% in electricity) and an improved pricing structure for both sectors
EBITDA	1,056	1,002	54	Increase in EBITDA of 5.4% and in EBIT of 39.5% due to an improvement in operating performance, a significant reduction in exploration costs and in other operating and non recurring expenses
<i>% on revenues</i>	20.6	22.7		
EBIT	405	291	114	Net financial expenses halved through the completion of the program of divestitures and the successful execution of the capital increase
<i>% on revenues</i>	7.9	6.6		
Net financial expenses	(245)	(502)	(257)	
Ordinary result before taxes and minorities	160	(211)	371	370 million euros earned year on year from ordinary operations before taxation and minority interests

Electric power – key financial data

(€ mln)	2003	2002	D %
Net revenues	3,884	3,523	+ 10.2
EBITDA	821	812	+ 1.1
<i>% on sales</i>	<i>21.1</i>	<i>23.0</i>	

- Thermoelectric net available output higher by around 4%; hydroelectric and wind net available production lower by around 20%.
- Total sales volumes higher by around 1,450 GWh (+3.3%): sales volumes to GRTN in line, sales volumes to deregulated market up 5%. Increase in average unit sales price in 2003 by 8.6% of which around 5% is due to the trend in reference fuel prices.
- Slight decrease in margin on revenues due to the the inflationary impact of reference fuel prices on revenues and production costs and the decrease in power generation of hydroelectric plants, due to the limited amount of precipitation in the last four months of the year.

Hydrocarbons – key financial data

(€ mln)	2003	2002	D %
Net revenues	2,091	1,424	+ 46.8
EBITDA	335	304	+10.2
<i>% on sales</i>	<i>16.0</i>	<i>21.3</i>	

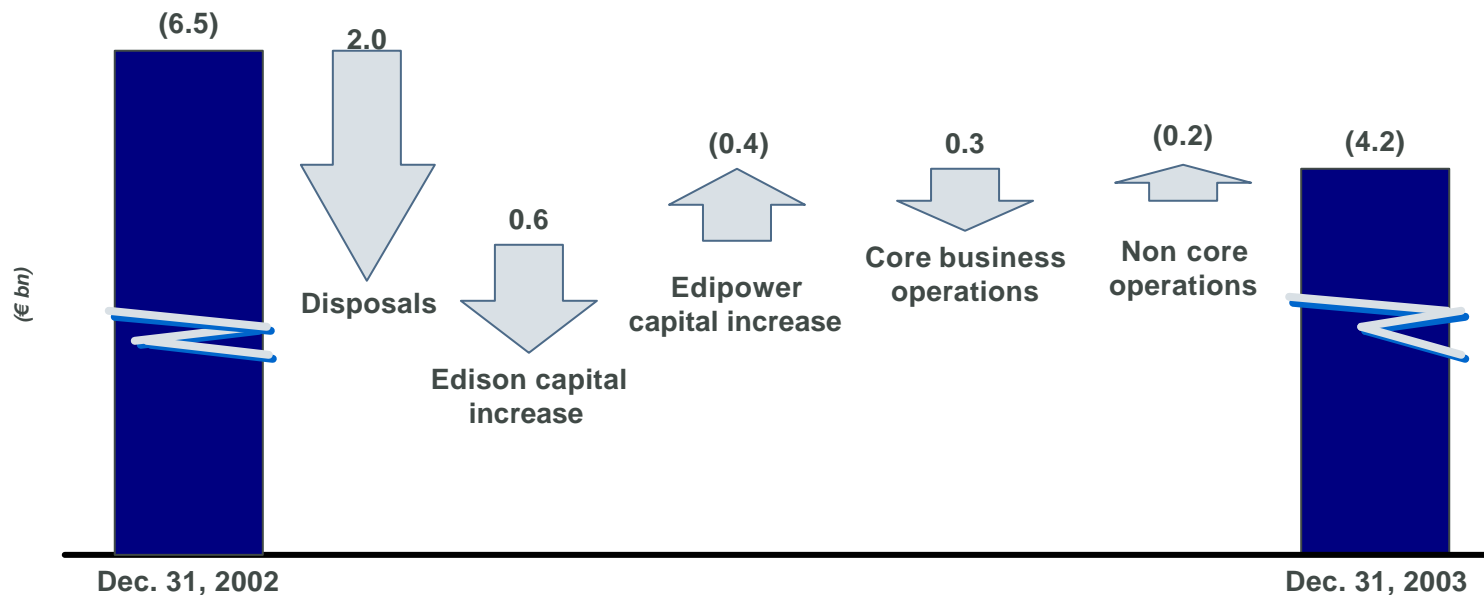
- Sales volumes to the free market posted an increase of 25% with a significant refocus on more profitable commercial sector. Sales to residential users and distributors rose from 1.4 billion c.m. to more than 2.6 billion c.m. (+84%) mainly through the contribution of alliances with municipal utilities.
- Sales volumes to thermoelectric captive market almost doubled due to the increasing supply of gas to Edipower.
- Net revenues and EBITDA increases were due to higher volumes and the favourable trend of energy fuel market. EBITDA benefited also from the more favourable sales mix to the free market.
- Margins on revenues were affected by the increased portion of import/reselling operations vis à vis Edison own production

Edison group consolidated 2003 financial highlights

<i>(€ mln)</i>		Core business	Non core	Edison Group
Net revenues		5,132	1,146	6,278
EBITDA		1,056	16	1,072
<i>% on revenues</i>		20.6	1.4	17.1
EBIT		405	(23)	382
<i>% on revenues</i>		7.9	(2.0)	6.1
Net financial expenses		(245)	-	(245)
Ordinary result before taxes and minorities	2003	160	(23)	137
	2002	(211)	146	(65)

Edison financial profile

Consolidated debt evolution in 2003



<i>Credit ratios</i>	Consolidated		Core Business	
	2002	2003	2002	2003
Debt / Equity ratio	1.24	0.68	1.25	0.71
Net debt / EBITDA	4.02	3.88	6.21	4.07
EBITDA / Net financial charges	2.50	4.38	2.00	4.31

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Disclaimer

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