



## Comunicato stampa

### **EDISON: MOODY'S CONFERMA IL RATING Baa3 E RIVEDE OUTLOOK DA STABILE A NEGATIVO**

Milano, 17 giugno 2011 – Edison rende noto che l'agenzia di rating Moody's ha confermato oggi il merito di credito a lungo termine di Edison a Baa3 e rivisto l'outlook da *stabile* a *negativo*.

La revisione riflette, secondo l'agenzia di rating, l'indebolimento del profilo di rischio del gruppo, causato dalla perdurante fase di debolezza del mercato energetico, e i rischi connessi all'eventuale mancata rinegoziazione dei contratti di fornitura del gas a lungo termine.

Edison è fiduciosa circa la positiva conclusione entro il 2011 della rinegoziazione di almeno un contratto per l'acquisto di gas a lungo termine. L'obiettivo della società continua a essere quello di ottenere sia una ragionevole redditività dei contratti gas sia i riconoscimenti una tantum relativi agli esercizi precedenti.

Si riporta di seguito il testo integrale del comunicato stampa diramato da Moody's:

#### ***Moody's changes outlook on Edison SpA's Baa3 to negative from stable (Italy)***

*London, 17 June 2011 -- Moody's Investors Service has today changed the outlook on Edison's Baa3 senior unsecured ratings to negative from stable. The outlook change was prompted by (i) a significant weakening of the company's financial profile as reflected in Q1 2011 results (ii) increased business risks and (iii) failure, as yet, by the current shareholders to instigate a revised shareholder and business model to address the challenges that Edison faces.*

#### **RATINGS RATIONALE**

*The change in outlook reflects Moody's expectation that, given the continuing weak outlook for the power and gas industry in Italy, and the current negative differentials between the company's long term take-or-pay contracts (linked to oil prices) vis-a-vis spot gas prices, the company's profitability is likely to continue to be severely impacted in 2011. The company's revised target of EBITDA of EUR900 million for 2011 is significantly lower than the reported EBITDA of EUR1.37 billion for 2010 (which included EUR173 million of one-off items). EBITDA of EUR183 million in Q1 2011 could also imply that the 2011 EBITDA target may not be achieved unless the company is successful in renegotiating at least one further contract with its gas suppliers. Overall, negotiations are likely to be protracted and there is no guarantee of success, although Moody's notes that a*

*renegotiation of the Norwegian contract has been successfully achieved in early 2011, albeit it is relatively small and short-dated.*

*In addition, Edison's cash flow in 2011 is likely to be negatively impacted by adverse working capital mainly relating to advance payments on take-or-pay contracts which will not generate cash flows until future years -- assuming greater sales in the future. As such, the company's financial profile in 2011 is likely to deteriorate beyond that anticipated in the rating downgrade to Baa3 from Baa2 in October 2010.*

*Political unrest in North Africa has also added greater uncertainty to Edison's business profile, in particular, its large exposure to Egypt via its oil and gasfield in Abu Qir. A near-term sale of a stake in Abu Qir appears very unlikely.*

*The company is currently owned 50% directly and indirectly by Electricite de France (Aa3/Prime 1/ stable outlook) and 15.6% by A2A (A3/ negative outlook). In March 2011, the company's shareholders were not in a position to conclude an agreement on terms for a satisfactory redefinition of a strategic business and governance model for the company and hence amended the shareholders' agreement by extending to 15 September 2011 the deadline for a possible non-renewal of the agreement.*

*Given the increase in financial and business riskiness, Moody's believes that Edison's credit profile potentially exhibits non-investment grade characteristics on a stand-alone basis. Nonetheless, Moody's maintains a Baa3 rating on the assumption that the shareholders are likely to reach an agreement whereby EDF will assume greater control of Edison and hence integrate it further into its business model. This should have the benefit of (i) a closer relationship with a more strongly rated parent justifying some rating uplift (ii) the likelihood that a large, controlling shareholder will be able to effect certain rationalisations and synergies not currently available to the company in its current structure.*

*Moody's also factors into its analysis the recent approval of a EUR700 million loan (maturing at the end of 2012) which will be used to refinance the bond of EUR500 million due in July 2011. The outstanding RCF should be sufficient to cover other maturing debt as well as that of Edison's share in Edipower's debt of EUR553 million due in December 2011. Liquidity is expected to remain tight until there is greater clarity as to the future structure of the company.*

*Should a satisfactory shareholders' agreement not be reached over the next few months leading to a recovery in the company's financial and liquidity prospects or absent some other offsetting and positive credit events, further negative pressure is likely to develop on this rating.*

*There is limited likelihood of a ratings upgrade in the short term, unless there is a significant and positive restructuring of the company.*

*The principal methodology used in rating Edison SpA is the Global Unregulated Utilities and Power Companies rating methodology published in August 2009. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.*

*Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.*

*Edison S.p.A. is Italy's second largest utility. With some 12GW of installed capacity, it has around a 17% market share in electricity. In the natural gas area, Edison is Italy's second largest operator with activities in every aspect of the business: from exploration to production, importation, distribution and sales. In 2010, Edison had revenues of EUR11.04 billion.*

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*Obblighi informativi verso il pubblico previsti dalla delibera Consob n. 11971 del 14.5.1999 e successive modifiche*

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