



Comunicato stampa

MOODY'S AGGIORNA IL RATING A Baa3 CON OUTLOOK STABLE

Milano, 14 ottobre 2010 – Edison rende noto che l'agenzia di rating Moody's ha rivisto, alla fine della propria review annuale, il merito di credito a lungo termine di Edison da Baa2, Negative Outlook, a Baa3, Stable Outlook.

La revisione riflette, secondo Moody's, l'impatto che la persistente debolezza dello scenario dell'elettricità e del gas in Italia ha sul profilo finanziario di Edison, che non è previsto rientrare nel medio periodo nei parametri stabiliti per il mantenimento del rating Baa2.

L'outlook *stable* riflette il fatto che la società rientra agevolmente nei parametri coerenti con il nuovo livello di rating.

Edison ha già avviato una serie di azioni volte a mantenere una flessibilità finanziaria coerente con il merito di credito precedentemente riconosciuto da Moody's, anche in presenza di una eventuale continuazione dell'attuale debole scenario del mercato elettrico e del gas

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

Moody's downgrades Edison S.p.A to Baa3; stable outlook

London, 14 October 2010 -- Moody's Investors Service has today downgraded the long-term senior unsecured ratings of Edison S.p.A (Edison) to Baa3 from Baa2. The outlook has been changed to stable from negative.

RATINGS RATIONALE

The rating downgrade reflects Moody's expectation that, given the continuing weak outlook for the power and gas industry in Italy, the company's financial profile is unlikely to recover in the intermediate term to the parameters for the Baa2 rating category previously indicated, including retained cash flow (RCF)/net debt of 20% or above.

The change to a negative outlook on the Baa2 rating in July 2009 flagged the deterioration in the macroeconomic environment in Italy as a result of lower demand in gas and electricity, coinciding with greater volumes of gas being imported into Italy, adding significant pressure to margins. There has been limited recovery in 2010 and, in Italy's rather oversupplied market, Edison's largely gas-fired generation portfolio, has suffered from low load factors and squeezed margins, in common with other gas-fired producers. Moody's notes that the impact on margins has been partially mitigated by the company's hedging and portfolio optimisation strategy and increased sales to end users rather than the pool. In the gas business, Edison's profitability is expected to be significantly negatively impacted by current differentials in long term take-or-pay contracts (linked to oil prices) vis-a-vis lower spot gas prices, although Moody's expects that Edison, as other industry players, will enter into negotiations with suppliers to try to improve contract terms.

At the time of assigning the negative outlook, Moody's pointed out that the expected decline in profitability had occurred when Edison's financial profile had been burdened by the acquisition of the Abu Qir concession in January 2009 for USD1.4 billion, which also entails a possible USD1 billion or more of investments over the life of the project to further develop the field. Edison's original intention had been to dispose of a stake in Abu Qir in order to reduce leverage and share risk. Such a disposal has yet to materialise and is unlikely to take place in the near term.

We therefore expect that in 2010, as in 2009, retained cash flow/net debt is unlikely to reach the guidelines for the Baa2 rating category of at least RCF/net debt of 20% and that economic conditions could well remain difficult in 2011 and possibly beyond, hampering any speedy recovery in financial metrics.

We note that in 2010 the company could benefit from a one-off monetisation of the CIP-6 contracts and some related disposals, which should benefit debt reduction, but not recurring cash flows (Funds From Operations). We also expect that the company will continue to take measures, such as cutting uncommitted capex, in order to ease the pressure on its financial profile. It may also consider further risk sharing opportunities, potentially with shareholders, although no such opportunities have been determined and hence cannot be factored with any certainty into our assumptions of financial recovery.

Moody's assigns a stable outlook to the current rating. In order to maintain a Baa3 rating, the company should ensure it maintains recurring RCF/net debt at least in the mid-teens and FFO/interest cover above 4x. Guidance for the rating category could shift upwards as the company's exposure to more volatile gas and exploration and production activities increases.

The stable outlook reflects Moody's view that the company is comfortably positioned at the current rating level. However, should the company engage in further large investments or acquisitions, or the market environment experience further significant deterioration such that financial metrics fall sustainably below the guidance for the current Baa3 category, then negative pressure could develop on the rating.

The rating could move up if the company can demonstrate that it can, on a consistent basis, generate RCF/net debt in excess of 20%. This guidance is likely to shift upwards in line with its increasing exposure to exploration and production activities.

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.

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 2009, Edison had revenues of EUR9.4 billion.

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

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