

PRESS RELEASE

EDISON CLOSES THE 9 MONTHS WITH REVENUES AT 7.2 BILLION EUROS AND EBITDA SHOWING STRONG GROWTH AT 647 MILLION EUROS.

Edison raises the EBITDA forecast for 2017 to approximately 750 million euros.

Net result of -110 million euros (-107 million euros in the 9 months of 2016) affected by the volatility connected with hedging. Debt improves further at 622 million euros from the 1,062 million euros as at December 31, 2016.

Milan, October 26, 2017 – Edison's Board of Directors, meeting today, examined the Quarterly Report at September 30, 2017 and raised EBITDA forecasts for the whole 2017 to approximately 750 million euros, in light of the excellent performance recorded during the first nine months of the year. During the period, all business areas, in particular thermoelectric generation and E&P, recorded a significant increase in margins, benefiting from the increase in demand and prices of electricity, gas and oil. The achievement of this result was also partly due to the change in scope of consolidation of the business dedicated to energy and environmental services, which includes the results of Fenice¹ and the additional cost saving measures implemented by the Group. The 110 million euros loss (-107 million euros in the same period last year) is affected by the temporary effect of the volatility of commodities and currency hedges.

EDISON GROUP HIGHLIGHTS

<i>in millions of euros</i>	9 months 2017	9 months 2016
Sales revenues	7,215	7,974
EBITDA	647	489
EBIT	84	(10)
Group interest in net loss	(110)	(107)

¹ Fenice has been consolidated since April 1, 2016.
Edison Spa

Operating performance of the Group at September 30, 2017

During the first nine months of 2017, a significant recovery in both demand and prices of electricity, gas and oil was seen, as compared with the same period of last year. The reduced availability of electricity from abroad and the difference in seasonal average temperatures - at the start of the year and during the summer – that affected consumptions, determined an increase in prices.

More specifically, **during the first 9 months of the year, the Italian electricity demand rose by 1.8% compared to the same period of last year, coming in at 239.6 TWh**. The greater demand, coupled with the decline in net imports (to 28.2 TWh, -10.6% compared to the first nine months of last year) was mainly satisfied by thermoelectric generation (+7.7% to 144.9 TWh) and partly by renewable wind and solar sources (+3.3% to 37.4 TWh). Hydroelectric production went instead down (to 30.8 TWh, -11.7% compared to the first nine months of 2016), suffering the poor water availability in the period. In terms of prices, **during the first nine months of the year, the Single National Price (abbreviated as PUN in Italian) rose by 34% to 51.3 euros per MWh** from the 38.3 euros per MWh of the same period in 2016, as a consequence of the greater demand for electricity and higher production costs.

During the first 9 months of the year, gas consumption rose by 8.2% to 51.9 billion cubic meters as compared with the same period of 2016, thereby recording an increase (+3.9 billion cubic meters), which was entirely covered by the greater gas imports (+4.1 billion cubic meters on the same period of 2016). The demand was driven above all by the thermoelectric (+13.9% to 18.5 billion cubic meters of gas) and industrial (+7.9% to 13.2 billion cubic meters of gas) sectors. On the price side, the **spot gas in Italy came in at 19.9 cents per cubic meter, showing a rise of 29.3%** compared to the same period of last year.

The trend of oil prices was also positive, **recording in the first nine months of the year an average value of 52.6 dollars per barrel** as compared with the 43 dollars per barrel in the same period of 2016. This increase was due to expectations for an extension of the agreements reached by the OPEC countries and another 10 producer countries on the production limits and to expectations for a rise in demand.

In this context, Edison closed the first nine months of the year with **sales revenues of 7,215 million euros**, as compared with 7,974 million euros in the same period of 2016. This decline was mainly caused by the reduction in income² from derivative contracts covering gas, which mainly affected **Hydrocarbons operations**. Revenues in this business sector came in at 3,935 million euros, recording a decline of 9.8% on the same period of 2016. Revenues from **Electric Power operations** in the first nine months of the year went also down to 3,861 million euros (-5% on the 4,063 million euros of the same period of 2016), due to the lesser volumes sold and despite the positive contribution made by Fenice.

² To the reduction in income from derivative contracts corresponds a similar reduction in the relative cost item. These contracts are developed to manage the risk of a fluctuation in the cost of natural gas and relative sale price.

The EBITDA recorded strong growth, coming in at 647 million euros, up 32.3% on the 489 million euros of the first nine months of 2016 thanks to the good performance of all business areas and the additional cost saving measures implemented by the Group. More specifically, the **Adjusted EBITDA³ of Electric Power operations has increased considerably, rising to 232 million euros** (+27.5% on the 182 million euros of the first nine months of 2016), mainly benefiting from the greater margins recorded in thermoelectric generation and the contribution made by Fenice, which this year contributes to EBITDA for the entire period. These positive components more than offset the lesser contribution made to margins by hydroelectric production and the absence of the non-recurring positive item recorded in 2016 in connection with the exchange of Edison's equity investments in Hydros and SelEdison with that of Alperia in Cellina Energy.

The **Adjusted EBITDA³ of the Hydrocarbons operations has also recorded strong growth, coming in at 480 million euros** (+30.8% on the 367 million euros of the first nine months of 2016), thanks to the recovery of the pricing scenario, which has resulted in greater profitability both for the exploration and production of hydrocarbons and for the gas purchase and sale activities.

EBIT increased to 84 million euros, as compared with the negative result for 10 million euros in the first nine months of the last year, thanks to the excellent operating performance. The result was affected by the change in fair value of commodities and exchange rates derivatives⁴, which was negative for 196 million euros (-133 million euros in the same period of 2016). This change was mainly linked to the realization of hedging derivatives that, as a result of economic hedging strategies to protect margins and of the significant commodities prices fluctuations, determined in past years, starting from 2014, a positive Fair Value that is necessarily reversed in the profit and loss accounts of the following years, with a negligible economic effect in the total period.

The cost of debt, which last year recorded non-recurring expenses, improved while the disposals reported in recent months had a net negative impact of 48 million euros on the first nine months of the year (Terminale GNL Adriatico, Infrastrutture Trasporto Gas and the European Oncology Institute). Tax expense was 94 million euros (21 million euros in the nine months of 2016), affected by the impact of foreign taxes and the negative effect of the above mentioned disposals.

Edison Group closed the first nine months of the year with a net loss of 110 million euros (-107 million euros in the same period of 2016) which was mainly affected by the temporary effect of the volatility of commodities and currency hedges.

³ Adjusted EBITDA reflect the effect of the reclassification from the Hydrocarbons Operations to the Electric Power Operations of the portion of the results of commodity and foreign exchange hedges executed in connection with contracts to import natural gas attributable to the Electric Power Operations. This reclassification is been made to provide a consistent operational presentation of industrial results. Adjusted EBITDA include central staff and technical services.

⁴ This measures the difference in fair value of the financial instruments calculated as the difference between the prospective fair value at the closure of each financial statements and that at the closure of the financial statements of the previous year. The result realized on derivatives is recorded in EBITDA.

Net financial debt as at September 30, 2017 was 622 million euros, showing further improvement on the 1,062 million euros recorded at end 2016, as a result of the positive management of industrial operations and the improvement of working capital. Debt falling due within the next 18 months includes the bonds issued in 2010 and maturing in November 2017, for a total nominal amount of 600 million euros. Edison will repay the bonds utilizing cash in hand and available credit lines.

Outlook

Edison raises the EBITDA forecast for 2017 to approximately 750 million euros.

Main events of the first 9 months of 2017

March 1, 2017 - Edison entered the urban biomass district heating sector, acquiring 51% of Comat Energia, the Comat Group company operating in the woody biomass heating and district heating sector through more than 100 thermal plants in more than 50 mountain communities across Piedmont. The transaction is part of Edison's strategy to develop the energy and environmental services sector with the target to become a market leader in Italy in this business too, offering integrated services to all segments, from industry to the tertiary sector and public administration.

March 2, 2017 - Edison strengthened the offer of innovative services for customers by purchasing 51% of Assistenza Casa, the Italian company of the international HomeServe Group, which retained the remaining 49% of the capital. With Assistenza Casa, Edison confirmed its capacity to innovate, flanking competitive offers of electricity and gas with a complete range of maintenance, installation and assistance services for household plants and smart homes. Assistenza Casa, established in 2010, numbers more than 50 employees, boasting a network of around 1,400 artisans across Italy and approximately 300 thousand customers.

March 2, 2017 - Edison sold its 51% stake in Gever, the company owning the thermoelectric plant supplying the Burgo paper-mill, to Burgo, which already held 49%.

April 2017 - Edison was granted two revolving credit facilities maturing in two years, to cover its financial needs and ensure the necessary financial flexibility. The first facility, with EDF Sa and for 600 million euros, effectively renews another identical one that had reached maturity; the second, which serves purely as a back-up, was subscribed by a small number of banks and amounts to 300 million euros.

June 2, 2017 - Gazprom, DEPA and Edison stipulated a cooperation agreement at the International Forum of St Petersburg. The agreement envisages joint efforts with a view to opening up a southern route for the supply of Russian gas from Russia to Europe, which will cross through Turkey and Greece before reaching Italy. The three companies will coordinate the development and implementation of the projects for the gas pipe TurkStream and Poseidon from the Turkish and Greek border to Italy, in complete compliance with the reference legislative framework. Moreover, the agreement formalises the methods to expand the collaboration in Russian gas supplies.

June 28, 2017 - Edison inaugurated a new hydroelectric plant in Pizzighettone (CR), on the Adda River, confirming its view that the development of renewables is key to the company's growth. The plant, a 4.3 MW mini hydro run-of-river plant, is fully integrated into the territory of the Adda South Park. The plant can produce an average of 18 million KWh per year.

July 17, 26 and 27, 2017 - Edison signed a series of binding agreements for the purchase of a 50.078% stake in Frendy Energy S.p.A. (Frendy), a company with shares traded on the AIM- Alternative Investments Market - of Italy, which owns 15 mini-hydro plants (of which 3 at an advanced stage of construction), mainly situated on the irrigation channels of Piedmont and Lombardy for a total annual production of approximately 20 GWh, at 0.340 euros per share.

July 25, 2017 - Edison signed an agreement with Snam S.p.A. for the sale to the latter of its 100% stake in Infrastrutture Trasporto Gas (ITG), the company that owns the Cavarzere Minerbio methane pipe, and the 7.3% stake in the capital of the company Terminale GNL Adriatico Srl (Adriatic LNG), which owns the regasification plant of Rovigo, retaining use of 80% of the terminal's capacity. The transaction, which is worth 225 million euros, is part of the company's non-strategic asset disposal program and will finance Edison's investment plan to achieve market leadership in renewable energies and expand its retail customer base. Edison has a long-term contract with RasGas for the supply of 6.4 billion cubic meters of natural gas per year to be regasified by the Rovigo terminal. Should Adriatic LNG stipulate new contracts for use of the terminal's capacity, Edison will be entitled to receive an additional earn-out. The shares were transferred to Snam on October 13 2017.

July 27, 2017 - Edison signed a preliminary contract with IDEa Fimit sgr, the asset management company specialised in real estate funds, controlled by the de Agostini Group, for the sale and lease of the Milan offices of Foro Bonaparte. With this agreement, Edison has undertaken to sell ownership of the properties and at the same time stipulated a 12-year rental agreement for them, with the possibility of renewing the rent at the same conditions for further 6 years. The contract also gives Edison the right to buy back the Milan buildings of Foro Bonaparte 31 and 35. The transaction is worth 272 million euros and closing is expected by end November 2017.

September 20, 2017 – The Edison Board of Directors approved, in place of the Shareholders' Meeting, the plan for the merger by incorporation by Edison SpA of Edison Trading SpA, a company with sole shareholder and which is subject to the management and coordination of Edison. In consideration of the two months deadline for the opposition of creditors, the deed should be registered by the end of the year.

Significant events after September 30, 2017

October 13, 2017 - Edison and Gas Natural Fenosa signed a binding agreement for Edison's purchase of Gas Natural Vendita Italia (GNVI) and a contract for gas procurement from Shah Deniz II. Through this transaction, Edison increases its customer base by 50%, reaching a critical mass that will enable the development of important synergies between the company's business units. Edison will purchase 100% of GNVI, a company operating in the sale of natural gas and electricity in Italy, with 484,000 clients located above all in Central and Southern Italy. GNVI also operates in the maintenance of domestic gas heaters, through Servigas, and in the compressed natural gas sector for transport. The purchase price is 192.8 million euros, which makes for an enterprise value of 263 million euros, considering the repayment of debt and the provision. The acquisition of GNVI is subject to European Antitrust authorisation. Edison will have full control and will fully consolidate GNVI from the closing date, expected to fall between December 2017 and March 2018.

According to the agreement and subject to the closing of the acquisition of GNVI, Edison will also take over the 11 TWh long-term supply contract for gas from the Shah Deniz field. The import of gas from Shah Deniz II is expected to start end 2020 following the development of the Trans Adriatic Pipeline (TAP) gas pipe. More specifically, the price agreed for the total supply of the gas contract comes to 30 million euros, of which 10 million euros are a down payment and 20 million euros are an earn-out that will be paid as from 2021, with the first delivery of gas to Italy through the TAP gas pipe.

October 17, 2017 - Edison purchased the controlling share in Frendy, taking over a 50.078% interest at a price of 0.34 euros per share (unchanged on the initial estimate) with a total outlay of approximately 10 million euros. Consequently, Edison launched the procedure for the mandatory public tender offer and on October 20, 2017 it submitted to CONSOB the offering document relative to the mandatory public tender offer promoted in accordance with Articles 102 and 106, paragraph 1 of the Consolidated Banking Act and concerning 49.922% of the share capital of Frendy at the same price of 0,34 euro per share.

Documentation

Please note that the Quarterly Report at September 30, 2017 of the Edison Group, approved today by the Board of Directors of Edison Spa, is available to the public as from today, at the company's office, on the website of Edison Spa (<http://www.edison.it/it/bilanci-e-documenti-correlati>) and on the electronic storage site "eMarket STORAGE" (www.emarketstorage.com).

Public disclosure obligations pursuant to Consob Resolution No. 11971 of 14.5.1999, as amended.

Edison Press Office

<http://www.edison.it/it/contatti-2>; <http://www.edison.it/it/media>

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The "Dirigenti preposti alla redazione dei documenti contabili societari" of Edison Spa's, Didier Calvez and Roberto Buccelli, attest that – pursuant to article 154-bis, section 2 of the Consolidated finance act (Italian Legislative decree no. 58/1998) – the accounting disclosures in this release are consistent with records, ledgers and accounting entries. The Quarterly Report at September 30, 2017 is not audited. This press release and, in particular, the section entitled "Outlook", contain forward-looking statements. Such statements are based on the Group's current forecasts and projections in relation to future events and are, by their very nature, subject to intrinsic risk and uncertainty. Actual results could differ materially from the forecasts referenced in these statements due to many different factors, including the continued volatility and deterioration of capital and financial markets, fluctuations in the prices of raw materials, changes in macroeconomic conditions and in economic growth and other changes in business conditions, changes in legislation, including regulations, and in the institutional context (both in Italy and abroad) and many other factors, most of which are beyond the Group's control.

Abridged consolidated economic-equity statements are attached.

Material information pursuant to Consob resolution no. 11971 of May 14, 1999, as amended.

PRESENTATION FORMATS

Consolidated Income Statement

(in millions of euros)	9 months 2017	9 months 2016
Sales revenues	7,215	7,974
Other revenues and income	97	151
Total net revenues	7,312	8,125
Raw materials and services used (-)	(6,437)	(7,426)
Labor costs (-)	(228)	(210)
EBITDA	647	489
Net change in fair value of commodity derivatives	(196)	(133)
Depreciation, amortization and write-downs (-)	(361)	(360)
Other income (expense), net	(6)	(6)
EBIT	84	(10)
Net financial income (expense)	(46)	(69)
Income from (Expense on) equity investments	(44)	7
Profit (Loss) before taxes	(6)	(72)
Income taxes	(94)	(21)
Profit (Loss) from continuing operations	(100)	(93)
Profit (Loss) from discontinued operations	-	-
Profit (Loss)	(100)	(93)
Broken down as follows:		
Minority interest in profit (loss)	10	14
Group interest in profit (loss)	(110)	(107)
Earnings (Loss) per share (in euros)		
Basic earnings (loss) per common share	(0.0217)	(0.0212)
Basic earnings per savings share	0.0375	0.0375
Diluted earnings (loss) per common share	(0.0217)	(0.0212)
Diluted earnings per savings share	0.0375	0.0375

Consolidated Balance Sheet

	09.30.2017	12.31.2016 (*)
<u>(in millions of euros)</u>		
ASSETS		
Property, plant and equipment	3,675	3,937
Investment property	5	5
Goodwill	2,343	2,357
Hydrocarbon concessions	362	396
Other intangible assets	145	128
Investments in associates	97	104
Available-for-sale investments	1	158
Other financial assets	80	94
Deferred-tax assets	459	498
Other assets	303	310
Total non-current assets	7,470	7,987
Inventories	290	180
Trade receivables (*)	1,319	1,877
Current-tax assets	8	8
Other receivables (*)	854	1,390
Current financial assets	27	22
Cash and cash equivalents	412	206
Total current assets	2,910	3,683
Assets held for sale	349	-
Total assets	10,729	11,670
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,377	5,377
Reserves and retained earnings (loss carryforward)	612	988
Reserve for other components of comprehensive income	40	(21)
Group interest in profit (loss)	(110)	(389)
Total shareholders' equity attributable to Parent Company shareholders	5,919	5,955
Shareholders' equity attributable to minority shareholders	291	310
Total shareholders' equity	6,210	6,265
Provision for employee severance indemnities and provisions for pensions	42	44
Provision for deferred taxes	43	52
Provisions for risks and charges	1,233	1,142
Bonds	-	-
Long-term financial debt and other financial liabilities	203	215
Other liabilities	45	74
Total non-current liabilities	1,566	1,527
Bonds	623	615
Short-term financial debt	240	460
Trade payables (*)	1,344	1,695
Current taxes payable	12	7
Other liabilities (*)	710	1,101
Total current liabilities	2,929	3,878
Liabilities held for sale	24	-
Total liabilities and shareholders' equity	10,729	11,670

(*) Since January 1, 2017, for a better representation of the operating working capital, the receivables and payable owed to/by partners and associates in hydrocarbon exploration projects are respectively included in trade receivables and trade payables, instead of in other receivables and other liabilities.

For the purposes of consistent comparison the amounts at December 31, 2016, receivables for 47 million euros and payables for 88 million of euros, were reclassified in coherence with the 2017 data.

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
Balance at December 31, 2016	5,377	988	(21)	(389)	5,955	310	6,265
Appropriation of the previous year's profit (loss)	-	(389)	-	389	-	-	-
Dividends and reserves distributed	-	-	-	-	-	(29)	(29)
Increase of share capital and reserves	-	-	-	-	-	1	1
Change in scope of consolidation	-	-	-	-	-	-	-
Other changes	-	13	-	-	13	(1)	12
Total comprehensive profit (loss)	-	-	61	(110)	(49)	10	(39)
of which:							
- Change in comprehensive income	-	-	61	-	61	-	61
- Profit (loss) at September 30, 2017	-	-	-	(110)	(110)	10	(100)
Balance at September 30, 2017	5,377	612	40	(110)	5,919	291	6,210