



# FIRST HALF 2016 RESULTS

Milan – July, 2016

# AGENDA

- **Business Environment**
- **First half 2016 results:**
  - Electric power and hydrocarbons sources and uses
  - Consolidated financial highlights and capital expenditures
  - Operating performance
  - Net financial position and cash flow

# MARKET REFERENCE SCENARIO

FY2015		IQ2016	IQ2015	Δ	2Q2016	2Q2015	Δ	IH2016	IH2015	Δ
<b>53,7</b>	ICE Brent swap (\$/bbl)	<b>35,1</b>	55,2	(36%)	<b>47,0</b>	63,6	(26%)	<b>41,0</b>	59,4	(31%)
<b>1,11</b>	Exchange rate (€/€)	<b>1,10</b>	1,13	(2%)	<b>1,13</b>	1,10	2%	<b>1,12</b>	1,12	(0%)
<b>48,4</b>	ICE Brent swap (€/bbl)	<b>31,9</b>	49,1	(35%)	<b>41,6</b>	57,5	(28%)	<b>36,7</b>	53,3	(31%)
<b>321,6</b>	Gas Release 2 (€/000 scm) a)	<b>232,2</b>	397,2	(42%)	<b>193,2</b>	337,5	(43%)	<b>212,7</b>	367,4	(42%)
<b>232,9</b>	PSV (€/000 scm)	<b>152,7</b>	254,7	(40%)	<b>155,8</b>	238,2	(35%)	<b>154,2</b>	246,5	(37%)
<b>209,5</b>	TTF (€/000 scm)	<b>135,9</b>	225,1	(40%)	<b>139,2</b>	222,5	(37%)	<b>137,6</b>	223,8	(39%)
<b>52,3</b>	PUN TWA (€/MWh)	<b>39,6</b>	51,9	(24%)	<b>34,5</b>	47,9	(28%)	<b>37,0</b>	49,9	(26%)
<b>58,7</b>	PUN Peak (€/MWh)	<b>45,4</b>	59,1	(23%)	<b>36,3</b>	50,3	(28%)	<b>40,9</b>	54,7	(25%)
<b>48,7</b>	PUN Off Peak (€/MWh)	<b>36,4</b>	47,9	(24%)	<b>33,5</b>	46,6	(28%)	<b>34,9</b>	47,2	(26%)
<b>3,9</b>	Spark Spread TWA (€/MWh)	<b>5,0</b>	0,0	n.m.	<b>0,8</b>	-1,1	n.m.	<b>2,9</b>	-0,6	n.m.
<b>10,3</b>	Spark Spread Peak (€/MWh)	<b>10,9</b>	7,3	50%	<b>2,6</b>	1,2	n.m.	<b>6,7</b>	4,2	58%
<b>0,4</b>	Spark Spread Off Peak (€/MWh)	<b>1,8</b>	-4,0	n.m.	<b>-0,2</b>	-2,4	90%	<b>0,8</b>	-3,2	n.m.
<b>7,7</b>	CO2 (€/ton)	<b>5,6</b>	7,0	(20%)	<b>5,8</b>	7,3	(22%)	<b>5,7</b>	7,2	(21%)

Source: Edison

a) At PSV of Snam Rete Gas

# ELECTRIC POWER AVAILABILITY MIX AND GAS DEMAND IN ITALY

## Electricity supply mix<sub>a)</sub>

FY2015	(TWh)	IQ2016	IQ2015	Δ	2Q2016	2Q2015	Δ	IH2016	IH2015	Δ
180,9	Thermoelectric production	46,2	45,1	2,5%	37,6	38,8	(2,8%)	83,8	83,8	0,0%
44,7	Hydroelectric production	7,9	9,6	(17,6%)	13,6	14,0	(2,9%)	21,5	23,6	(8,9%)
45,1	Other renewable production	11,2	11,1	1,1%	13,2	13,6	(3,7%)	24,4	24,7	(1,6%)
<b>270,7</b>	<b>Net production</b>	<b>65,3</b>	<b>65,8</b>	<b>(0,7%)</b>	<b>64,4</b>	<b>66,4</b>	<b>(3,0%)</b>	<b>129,7</b>	<b>132,2</b>	<b>(1,9%)</b>
46,4	Net import	12,9	13,4	(4,2%)	9,6	9,4	2,0%	22,6	22,9	(1,7%)
(1,9)	Pumping	(0,6)	(0,5)	34,7%	(0,6)	(0,5)	28,3%	(1,2)	(0,9)	31,4%
<b>315,2</b>	<b>Total sources</b>	<b>77,6</b>	<b>78,8</b>	<b>(1,5%)</b>	<b>73,4</b>	<b>75,3</b>	<b>(2,6%)</b>	<b>151,0</b>	<b>154,2</b>	<b>(2,0%)</b>

Gross of losses

Source: Terna data and Edison estimates

## Gas demand

FY2015	(bcm)	IQ2016	IQ2015	Δ	2Q2016	2Q2015	Δ	IH2016	IH2015	Δ
28,4	Services & residential uses	13,0	13,7	(4,9%)	3,1	3,2	(2,9%)	16,1	16,9	(4,5%)
16,0	Industrial uses	4,5	4,4	0,0%	4,1	3,9	5,8%	8,6	8,3	2,7%
20,7	Thermoelectric uses	5,7	5,1	11,7%	4,5	4,1	9,3%	10,2	9,2	10,7%
1,8	Auto consumption and losses	0,4	0,4	0,5%	0,4	0,4	4,7%	0,8	0,8	2,7%
<b>66,9</b>	<b>Total demand</b>	<b>23,6</b>	<b>23,6</b>	<b>(0,3%)</b>	<b>12,1</b>	<b>11,6</b>	<b>4,6%</b>	<b>35,7</b>	<b>35,2</b>	<b>1,3%</b>

Source: Ministry of Economic Development, SRG and Edison estimates

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# ELECTRIC POWER SOURCES AND USES IN ITALY (TWh)

FY2015	SOURCES	IH2016	IH2015	Δ%
<b>18,5</b>	<b>Edison production:</b>	<b>9,1</b>	<b>9,0</b>	<b>1,2%</b>
14,1	- thermoelectric	7,3	6,7	8,1%
3,4	- hydroelectric	1,2	1,7	(28,4%)
1,0	- wind and other renewables	0,6	0,6	4,7%
<b>70,9</b>	<b>Other purchases (a)(wholesalers, IPEX, etc.)</b>	<b>36,1</b>	<b>35,1</b>	<b>2,9%</b>
<b>89,4</b>	<b>Total sources</b>	<b>45,2</b>	<b>44,1</b>	<b>2,6%</b>

FY2015	USES	IH2016	IH2015	Δ%
<b>17,1</b>	<b>End customers (b)</b>	<b>5,9</b>	<b>9,1</b>	<b>(34,7%)</b>
<b>72,3</b>	<b>Other sales (c) (wholesalers, IPEX, etc.)</b>	<b>39,3</b>	<b>35,0</b>	<b>12,3%</b>
<b>89,4</b>	<b>Total uses</b>	<b>45,2</b>	<b>44,1</b>	<b>2,6%</b>

a) Gross of losses , excluding trading portfolio.

b) Gross of losses.

c) Excluding trading portfolio

# HYDROCARBONS VOLUMES

## Gas portfolio in Italy (bcm)

FY2015	SOURCES	IH2016	IH2015	Δ%
0,5	Productions (a)	0,2	0,3	(4,7%)
12,7	Imports (pipeline + LNG)	7,3	6,2	18,0%
4,2	Other purchases	2,9	1,2	<i>nm</i>
0,2	Change in stored gas inventory	0,1	0,3	(78,2%)
<b>17,6</b>	<b>Total sources in Italy</b>	<b>10,5</b>	<b>8,0</b>	<b>31,0%</b>

FY2015	USES	IH2016	IH2015	Δ%
2,6	Residential uses	1,5	1,6	(5,4%)
3,4	Industrial uses	2,0	1,6	19,7%
5,7	Thermoelectric fuel uses	3,0	2,4	26,5%
5,9	Other sales	4,0	2,4	67,8%
<b>17,6</b>	<b>Total uses in Italy</b>	<b>10,5</b>	<b>8,0</b>	<b>31,0%</b>

## E&P operations

FY2015	GAS PRODUCTION (mcm)	IH2016	IH2015	Δ%
485	Domestic production (a)	241	253	(4,7%)
1.508	International production (b)	758	780	(2,8%)
<b>1.993</b>	<b>Total gas production</b>	<b>999</b>	<b>1.033</b>	<b>(3,3%)</b>

FY2015	OIL PRODUCTION (Kbbl)	IH2016	IH2015	Δ%
2.546	Domestic production	1.125	1.320	(14,8%)
1.808	International production (b)	1.100	805	36,6%
<b>4.354</b>	<b>Total oil production</b>	<b>2.225</b>	<b>2.125</b>	<b>4,7%</b>

a) Including production from Izabela concession in Croatia imported in Italy

b) International production includes volumes withheld as production tax

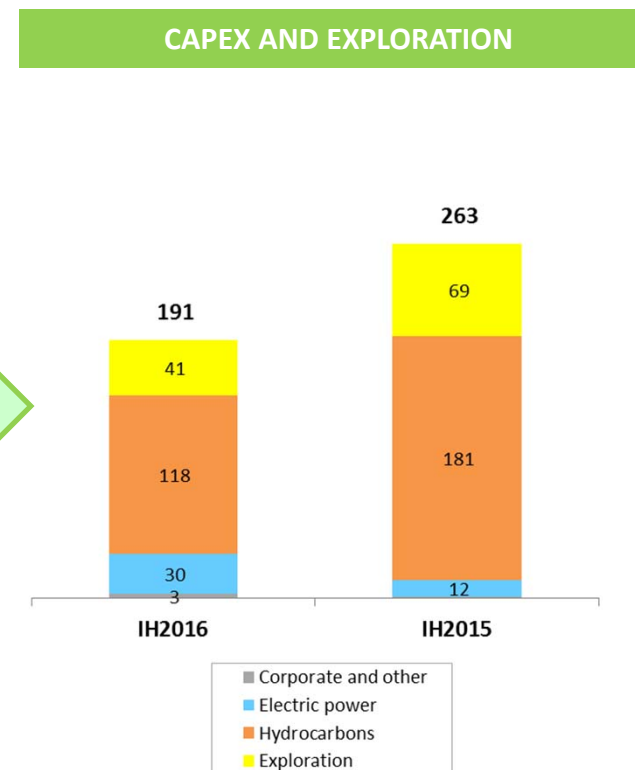
# EDISON GROUP – CONSOLIDATED HIGHLIGHTS

(€ mln)

FY2015		1H2016 <sup>1</sup>	1H2015	Δ
11.313	Sales revenues	5.468	5.619	(2,7%)
1.261	EBITDA	340	204	66,7%
(795)	EBIT	21	(155)	nm
(862)	Profit (loss) before taxes	(36)	(152)	76,3%
(980)	Group net income (loss)	(67)	(207)	67,6%
541	Investments	191	263	

Dec 31, 2015		June 30, 2016 <sup>1</sup>	June 30, 2015
7.023	Net invested capital	7.337	8.754
1.147	Net financial debt	1.067	1.679
5.876	Total shareholders' equity	6.270	7.075
5.439	of which Group's net interest	5.922	6.618
0,20	Debt/Equity ratio	0,17	0,24
3.066	Employees (nr.)	5.047	3.086



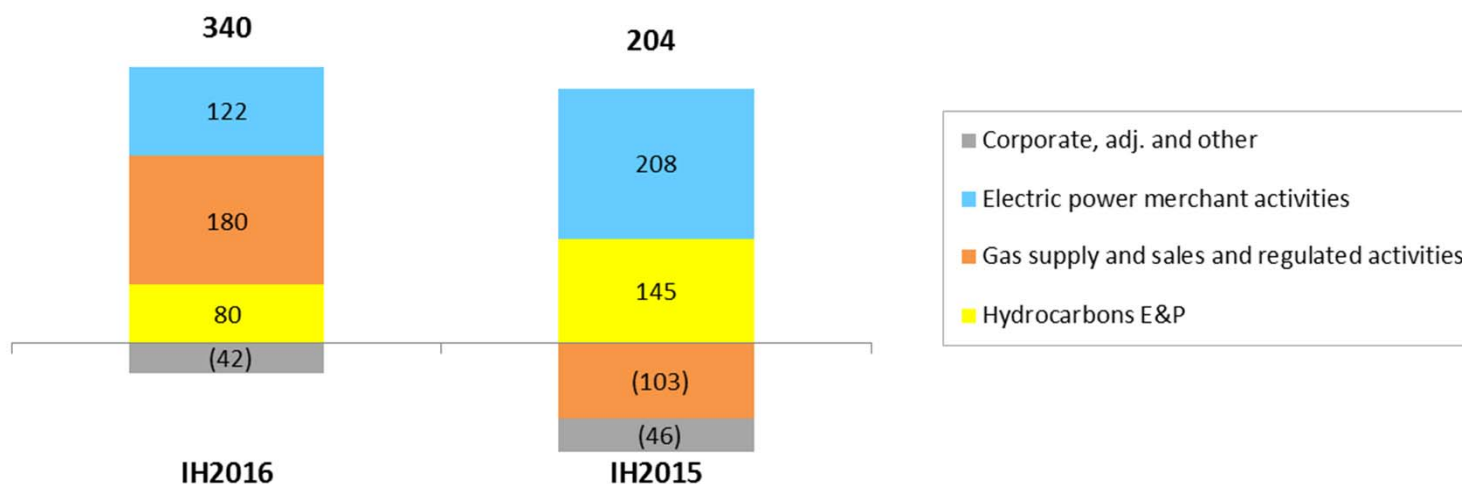
1 - IH2016 figures include the full consolidation of Fenice Spa from April 1, the swap of Edison participations in Hydros and Sel Edison with 100% of Cellina Energy, fully consolidated from June 1, and the acquisition of Idreg Piemonte assets on May 25.



# OPERATING PERFORMANCE BREAKDOWN

€ mln	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	IH2016	IH2015	Δ	IH2016	IH2015	Δ	IH2016	IH2015	Δ	IH2016	IH2015	Δ
Sales revenues	2.650	3.284	(19,3%)	3.111	2.717	14,5%	(293)	(382)	23,3%	5.468	5.619	(2,7%)
EBITDA adjusted (*)	122	208	(41,3%)	260	42	nm	(42)	(46)	8,7%	340	204	66,7%

## ADJUSTED EBITDA\* BREAKDOWN (€ mln)



(\*) 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 being made to provide a consistent operational presentation of industrial results. Adjusted EBITDA include central staff and technical services.

# EDISON GROUP – FROM EBITDA TO NET RESULT

FY2015	(€ mln)	IH2016	IH2015	△
<b>1.261</b>	<b>EBITDA</b>	<b>340</b>	<b>204</b>	<b>136</b>
(2.194)	Depreciation, amortization and writedowns	(241)	(300)	59 a)
161	Net change in fair value of commodity derivatives	(77)	(48)	(29)
(23)	Other income (expense), net	(1)	(11)	10
<b>(795)</b>	<b>EBIT</b>	<b>21</b>	<b>(155)</b>	<b>176</b>
(29)	Net financial income (expense)	(60)	6 b)	(66)
(38)	Income from (Expense on) equity investments	3	(3)	6
<b>(862)</b>	<b>Profit (loss) before taxes</b>	<b>(36)</b>	<b>(152)</b>	<b>116</b>
(97)	Income taxes	(20)	(40) c)	20
<b>(959)</b>	<b>Profit (loss)</b>	<b>(56)</b>	<b>(192)</b>	<b>136</b>
	<i>of which:</i>			
21	Minority interest in profit (loss)	11	15	(4)
<b>(980)</b>	<b>Group interest in profit (loss)</b>	<b>(67)</b>	<b>(207)</b>	<b>140</b>

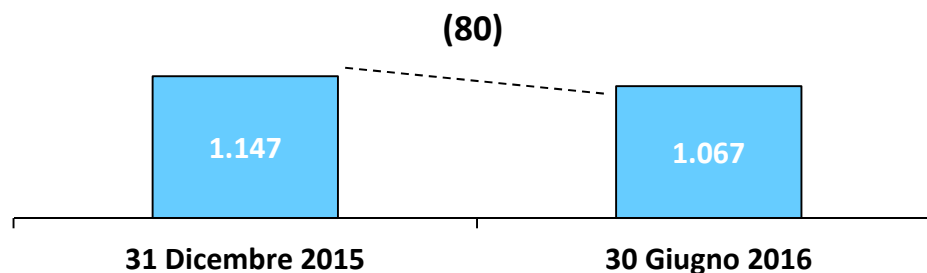
a) Lower D&A resulting from the writedowns recognized in 2015 and lower exploration costs.

b) Including exceptionally positive foreign exchange effects in IH2015.

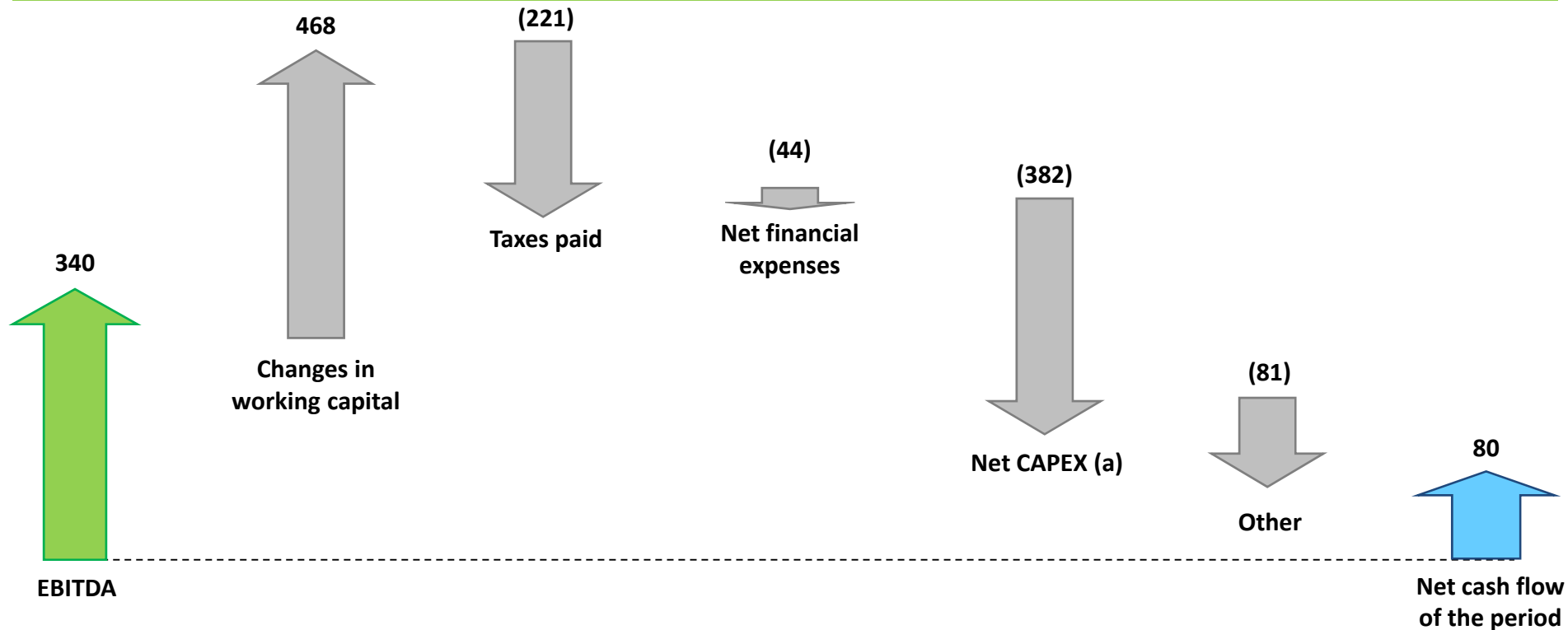
c) Including a €68mln one off negative effect due to the ruling of incostitutionality of the Robin Hood Tax.

# NET FINANCIAL POSITION AND CASH FLOW

## INDEBITAMENTO FINANZIARIO NETTO (€ mln)



## FIRST HALF 2016 CASH FLOW (€ mln)



a) Including the effect of: the consolidation of Fenice (-€159mln), the deconsolidation of Hydros' cash (-€34mln), the swap of the participations in Hydros and Sel Edison with Cellina Energy (+€32mln), the acquisition of Idreg assets (-€36mln) and capex (-€187mln), mainly in E&P



**STATEMENT:**

As required by Article 154-bis, Section 2, of the Uniform Finance Law (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 presentation is consistent with the data in the Company’s documents, books of accounts and other accounting records.