Edison Spa

Ufficio Stampa
Foro Buonaparte, 31
20121 Milano

Tel. +39 02 6222.7331
Fax. +39 02 6222.7379
ufficiostampa@edison.it

Press Release

EDISON: IMPROVED OPERATIONAL PERFORMANCE EXCLUDING THE EFFECT OF LAST YEAR GAS CONTRACTS RENEGOTIATIONS. EBITDA AT 423 MILLION EUROS, NET PROFIT AT 116 MILLION EUROS AND NET DEBT DOWN TO 2,264 MILLION EUROS.

Milan, July 31, 2014 – Edison's Board of Directors reviewed yesterday the Semiannual Report at June 30, 2014, which shows improved results compared with those in the same period last year, excluding the nonrecurring impact of the renegotiation of gas contracts recognized in the first half of 2013.

Good hydro conditions, plants portfolio optimization and a solid performance by the hydrocarbon exploration and production activities enable the Group to report better results for the first half of the year compared with the same period of 2013, net of the retroactive nonrecurring effect linked to the price review agreements signed last year for the Algerian and Qatari gas supply contracts. In a scenario of strong competitive pressure on natural gas supply and sales activities, Edison is engaged in a second cycle of price reviews for long-term gas supply contracts from Libya and Russia, with the aim of reestablishing a reasonable level of profitability for its multi-year contracts portfolio.

HIGHLIGHTS OF THE EDISON GROUP

in millions of euros	**6 months 2014**	**6 months 2013**[1]	**Δ %**
Sales revenues	**6,092**	**6,160**	*(1.1)*
EBITDA	**423**	**655**[2]	*(35.4)*[2]
EBIT	**333**	**351**	*(5.1)*
Profit (Loss) before taxes	**249**	**286**	*(12.9)*
Group interest in net profit (loss)	**116**	**152**	*(23.7)*

[1] Further to the adoption of the IFRS 11 accounting principle, joint ventures, previously consolidated by the proportional method, were valued by the equity method. The data for 2013 were restated accordingly, in order to provide a comparison between homogeneous data.

[2] 346 million euros (+22% compared to same period in 2013) net of nonrecurring impact of the renegotiations of gas contracts recognized in the first half of 2013.

Operating Performance of the Group at June 30, 2014

In the first six months of the year, **Italian demand for electric power decreased to 152.9 TWh, 3% less than in the same period in 2013,** with the reduction in thermoelectric production accounting for the entire shortfall, due to the structural growth of renewable-capacity, a significant availability of water resources during the period and an increase in net imports.

Consumption of natural gas was also down sharply in Italy in the first half of 2014, falling to 32.6 billion cubic meters, down by 14.4% compared with the same period last year. The unusually mild weather, which negatively hit residential customers gas consumption, and the reduction of power demand , which lowered gas consumption for thermoelectric uses, represent the main reasons of this decrease.

In this context, Edison ended the first half of the year with **relatively stable sales revenues of 6,092 million euros** (-1.1% compared with 6,160 million euros in the same period in 2013). A **positive contribution by the electric power operations** (+13% to 4,011 million euros), which benefited from an increase in sales volumes, almost balanced the impact of a **reduction by hydrocarbons operations** (-20% to 2,424 million euros) caused by a decline in average sales prices and in sold volumes.

EBITDA totaled 423 million euros compared with 655 million euros reported in the first half of 2013, which included the one-off impact, attributable to previous years, following the agreements on long-term gas supply contracts from Algeria and Qatar signed last year. Net of this effect, **adjusted EBITDA[3] increased by 22% to 423 million euros**.

More specifically, the **adjusted EBITDA[3] of the electric power operations improved to 364 million euros,** up from 353 million euros in the same period last year, thanks to the optimization of the power generation portfolio and favorable hydro conditions during the period. The **adjusted EBITDA[3] of hydrocarbons operations decreased to 118 million euros,** down from 350 million euros at June end 2013. This last amount included the one-off impact, attributable to previous years, following the agreements on long-term gas supply contracts from Algeria and Qatar signed last year. Net of this effect, **hydrocarbons operations** benefited from E&P’s stable and significant contribution and a partial recovery in the performance of the natural gas supply and sales activities, which, however, continued to be characterized by strong pressure on sales margins. To address this situation, Edison is currently engaged in a second cycle renegotiations for the gas supply contracts from Libya and Russia.

EBIT contracted to 333 million euros compared with 351 million euros in the first half of last year. This decrease reflects the above mentioned contraction in profitability, mitigated by the effect of lower writedowns and by a net positive change in the fair value of commodity hedges (+157 million euros). This effect will be partially reabsorbed later in the year when the underlying commodities will be purchased.

The **profit before taxes amounted to 249 million euros** (286 million euros in the same period in 2013), also due to transaction-related foreign exchange losses.

Edison ended the first half of 2014 with a **net profit 116 million euros** (152 million euros in the first six months of 2013) due to the performance dynamics commented above.

Net financial debt reached 2,264 million euros at June 30, 2014, down from 2,451 million euros at the end of 2013. The cash flow from operations and a positive change in working

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

capital, mainly resulting from the recovery during the reporting period of a portion of advances paid in previous years under the long-term contract with Libya, more than offset the impact of operational outlays, including increased investments in the exploration and production area.

As far as **debt maturing** over the next 18 months is concerned, following the reimbursement on July 22, 2014 of the fixed-rate bond issued in 2009 for a total face value of 700 million euros, the next relevant deadline will be on March 17, 2015, when the fixed-rate bond issued in 2010 for a total face value of 500 million euros are mature.

Guidance

The Company reaffirms its ability to generate EBITDA of 1 billion euros on a regular basis, the exact amount of which may vary depending on the timing of the price reviews of the long-term contracts for the natural gas supply. The Company is currently engaged in the second phase of the price review processes, which it expects to complete in 2014/2015. In 2014, net of any effect of the abovementioned renegotiations and considering first-half performance, EBITDA are expected to significantly exceed 600 million euros.

Convening of Shareholders' Meeting

The Board of Directors resolved to convene a Shareholders' Meeting for September 23, 2014 on the first calling and September 24, 2014 on the second calling. The following item is on the Meeting's Agenda: "Recognition in the financial statements, pursuant to Article 1, Section 147, of the law of December 27, 2013 and amending and related provisions, of a tax encumbrance on a portion of the reserves for a total of 236,673,228.01 million euros."

Key Events in the First Half of 2014

January 2014 – Edison, through its Edison International Spa subsidiary, was awarded three new hydrocarbon exploration licenses in Norway. All three license, held by Edison in consortia with other oil companies, allow a two-year period for 3D seismic mapping, at the end of which the partners will have to decide whether to proceed with drilling or relinquish the licenses, under the "drill or drop" provision.

February 12, 2014 – Edison, through its Edison International Spa subsidiary, was awarded two new hydrocarbon exploration licenses in Egypt. The first block, with Edison as operator at 50% in a joint venture with Petroceltic, is located in an offshore area bordering Israel's territorial waters. The second block, with Edison at 25% and Petroceltic as operator at 75%, calls for the drilling of two onshore exploratory wells in the Nile Delta.

March 30, 2014 – The first phase of Edison Start, an award for the most innovative entrepreneurial ideas launched by Edison for its 130th anniversary, came to a conclusion with 841 projects entered into the contest. The contestants are competing for 300,000 euros in prize money and tutoring support to help concretely implement the three best projects in the fields of energy (innovative solutions and technologies to conserve energy and consume better and less), social development (projects and initiatives that are economically sustainable and have a social impact in terms of inclusion, involvement and cooperation) and smart communities (projects to improve the quality of home life and the host community).

April 2014 – Edison acquires a 30% interest in the "RaK" onshore exploratory permit in the Arab emirate of Ras Al Khaimah, one of the areas with the richest hydrocarbon deposits in the world, from DNO Al Khalej, a Norwegian company that holds the remaining 70%. The work program calls for the acquisition of a 3D seismic profile to determine the area's potential and, if confirmed, a subsequent phase involving the drilling of at least one exploratory well.

Pertinent Documents

The Semiannual Report at June 30, 2014 of the Edison Group, as approved by the Board of Directors of Edison Spa, will be available to the public on July 31, 2014 at the Company's head office. This document may be consulted on the websites of Borsa Italiana Spa (www.borsaitaliana.it) and Edison Spa (www.edison.it) and on the authorized storage system "1Info" (www.1info.it).

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Edison's External Relations Department

Andrea Prandi
External Relations Director
02 6222 7331

Elena Distaso
Head of Media Relations
02 6222 8522

Lucia Caltagirone
02 6222 8283

Florian Ciornei
02 6222 8124

Investor Relations Edison:
02 62228415 - investor.relations@edison.it

*As required by Article 154-*bis*, Section 2, of the Uniform Finance Code (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 press release is consistent with the data in the Company's documents, books of accounts and other accounting records. The Semiannual Report at June 30, 2014 was audited.*

This press release and, specifically, the section entitled "Business Outlook" contains forward-looking statements. These statements are based on the Group's current projections and expectations with regard to future events, which, by their very nature, are subject to an intrinsic component of risk and uncertainty. Actual results could be materially different from those contained in the abovementioned statements due to a number of factors, including continued volatility and a deterioration of the capital and financial markets, fluctuations in raw material prices, changes in macroeconomic conditions and economic growth rates and other changes in business conditions, changes in the statutory and regulatory framework and institutional scenario (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

The Group's income statement, showing the other components of the comprehensive income statement, balance sheet, cash flow statement and the statement of changes in consolidated shareholders' equity are annexed to this press release.

Public disclosure required by Consob Resolution No. 11971 of May 14, 1999, as amended.

CONSOLIDATED INCOME STATEMENT
(in millions of euros)

2013 full year (*)		1st half 2014	1st half 2013 (*)
12.150	Sales revenues	6.092	6.160
709	Other revenues and income	276	467
12.859	**Total net revenues**	**6.368**	**6.627**
(11.666)	Raw materials and services used (-)	(5.834)	(5.863)
(223)	Labor costs (-)	(111)	(109)
970	**EBITDA**	**423**	**655**
(9)	Net change in fair value of commodity derivatives	157	(18)
(636)	Depreciation, amortization and writedowns (-)	(247)	(286)
325	**EBIT**	**333**	**351**
(112)	Net financial income (expense)	(82)	(39)
8	Income from (Expense on) equity investments	7	1
(4)	Other income (expense), net	(9)	(27)
217	**Profit (Loss) before taxes**	**249**	**286**
(119)	Income taxes	(125)	(141)
98	**Profit (Loss) from continuing operations**	**124**	**145**
-	Profit (Loss) from discontinued operations	-	-
98	**Profit (Loss)**	**124**	**145**
	Broken down as follows:		
2	Minority interest in profit (loss)	8	(7)
96	**Group interest in profit (loss)**	**116**	**152**
	Earnings (Loss) per share (in euros)		
0,0175	Basic earnings (loss) per common share	0,0213	0,0281
0,0475	Basic earnings per savings share	0,0513	0,0581
0,0175	Diluted earnings (loss) per common share	0,0213	0,0281
0,0475	Diluted earnings per savings share	0,0513	0,0581

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT
(in millions of euros)

2013 full year (*)		1st half 2014	1st half 2013 (*)
98	**Profit (Loss)**	**124**	**145**
	Other components of comprehensive income:		
16	**A) Change in the Cash Flow Hedge reserve**	**124**	**(13)**
31	- Gains (Losses) arising during the period	177	(22)
(15)	- Income taxes	(53)	9
(4)	**B) Change in reserve for available-for-sale investments**	**-**	**(4)**
(4)	- Gains (Losses) arising during the period not realized	-	(4)
-	- Income taxes	-	-
(12)	**C) Differences on the translation of assets in foreign currencies**	**8**	**-**
(17)	- Gains (Losses) arising during the period not realized	10	-
5	- Income taxes	(2)	-
-	**D) Pro rata interest in other components of comprehensive income of investee companies**	**-**	**-**
(1)	**E) Actuarial Gains (Losses) (**)**	**-**	**(2)**
(1)	- Actuarial Gains (Losses)	-	(2)
-	- Income taxes	-	-
(1)	**Total other components of comprehensive income net of taxes (A+B+C+D+E)**	**132**	**(19)**
97	**Total comprehensive profit (loss)**	**256**	**126**
	Broken down as follows:		
2	Minority interest in comprehensive profit (loss)	8	(7)
95	**Group interest in comprehensive profit (loss)**	**248**	**133**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

(**) Items not reclassificable in Income Statement.

CONSOLIDATED BALANCE SHEET

(in millions of euros)

01.01.2013 (*)		06.30.2014	12.31.2013 (*)
	ASSETS		
4.571	Property, plant and equipment	4.251	4.344
9	Investment property	6	6
3.231	Goodwill	3.231	3.231
948	Hydrocarbon concessions	821	860
103	Other intangible assets	120	114
150	Investments in associates	144	144
194	Available-for-sale investments	180	183
12	Other financial assets	100	106
136	Deferred-tax assets	233	236
108	Other assets	176	189
9.462	**Total non-current assets**	**9.262**	**9.413**
386	Inventories	493	486
3.293	Trade receivables	3.078	3.098
25	Current-tax assets	22	24
543	Other receivables	1.025	653
180	Current financial assets	87	77
735	Cash and cash equivalents	648	492
5.162	**Total current assets**	**5.353**	**4.830**
1	**Assets held for sale**	**-**	**-**
-	**Eliminations of assets from and to discontinued operations**	**-**	**-**
14.625	**Total assets**	**14.615**	**14.243**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
5.292	Share capital	5.292	5.292
1.693	Reserves and retained earnings (loss carryforward)	1.787	1.750
(11)	Reserve for other components of comprehensive income	120	(12)
81	Group interest in profit (loss)	116	96
7.055	**Total shareholders' equity attributable to Parent Company shareholders**	**7.315**	**7.126**
119	Shareholders' equity attributable to minority shareholders	115	113
7.174	**Total shareholders' equity**	**7.430**	**7.239**
35	Provision for employee severance indemnities and provisions for pensions	35	35
53	Provision for deferred taxes	113	64
853	Provisions for risks and charges	912	901
1.796	Bonds	598	1.098
151	Long-term financial debt and other financial liabilities	1.010	972
29	Other liabilities	6	5
2.917	**Total non-current liabilities**	**2.674**	**3.075**
104	Bonds	1.291	772
1.379	Short-term financial debt	187	268
2.354	Trade payables	2.314	2.177
10	Current taxes payable	12	42
687	Other liabilities	707	670
4.534	**Total current liabilities**	**4.511**	**3.929**
-	**Liabilities held for sale**	**-**	**-**
-	**Eliminations of liabilities from and to discontinued operations**	**-**	**-**
14.625	**Total liabilities and shareholders' equity**	**14.615**	**14.243**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

CASH FLOW STATEMENT

2013 full year (*)	(in millions of euros)	1st half 2014	1st half 2013 (*)
217	**Profit (Loss) before taxes**	**249**	**286**
636	Depreciation, amortization and writedowns	247	286
(44)	Net additions to provisions for risks	(4)	8
(5)	Interest in the result of companies valued by the equity method (-)	(3)	1
5	Dividends received from companies valued by the equity method	3	3
(21)	(Gains) Losses on the sale of non-current assets	(5)	1
(2)	Change in the provision for employee severance indemnities and provisions for pensions	-	(2)
(2)	Change in fair value recorded in EBIT	(185)	4
(82)	Change in operating working capital	150	(295)
(119)	Change in other operating assets and liabilities	26	(334)
113	Financial (income) expense	73	50
(95)	Net financial expense paid	(66)	(53)
(220)	Income taxes paid	(124)	(66)
381	**A. Cash flow from continuing operations**	**361**	**(111)**
(263)	Additions to intangibles and property, plant and equipment (-)	(142)	(105)
(4)	Additions to non-current financial assets (-)	-	-
(56)	Net price paid on business combinations (-)	-	-
8	Proceeds from the sale of intangibles and property, plant and equipment	31	-
-	Proceeds from the sale of non-current financial assets	-	-
7	Repayment of capital contribution by non-current financial assets	3	2
24	Change in other current financial assets	(10)	2
(284)	**B. Cash used in investing activities from continuing operations**	**(118)**	**(101)**
1.796	Receipt of new medium-term and long-term loans	-	1.547
(2.079)	Redemption of medium-term and long-term loans (-)	(13)	(1.517)
(37)	Change in short-term net financial debt	(11)	(29)
-	Distribution of shareholders' equity and reserves (-)	-	-
(20)	Dividends paid to controlling companies or minority shareholders (-)	(63)	(20)
(340)	**C. Cash used in financing activities from continuing operations**	**(87)**	**(19)**
-	**D. Net currency translation differences**	**-**	**-**
(243)	**E. Net cash flow for the period from continuing operations (A+B+C+D)**	**156**	**(231)**
-	**F. Net cash flow for the period from discontinued operations**	**-**	**-**
(243)	**G. Net cash flow for the period (continuing and discontinued operations) (E+F)**	**156**	**(231)**
735	**H. Cash and cash equivalents at the beginning of the year from continuing operations**	**492**	**735**
-	**I. Cash and cash equivalents at the beginning of the year from discontinued operations**	**-**	**-**
492	**L. Cash and cash equivalents at the end of the period (continuing and discontinued operations) (G+H+I)**	**648**	**504**
-	**M. Cash and cash equivalents at the end of the period from discontinued operations**	**-**	**-**
492	**N. Cash and cash equivalents at the end of the period from continuing operations (L-M)**	**648**	**504**

(*) 2013 amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".

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: Cash Flow Hedge reserve	Reserve for available-for-sale investments	Differences on the translation of assets in foreign currencies	Interest in other com-ponents of comprehen-sive income of investee companies	Actuarial gains (losses)	Group interest in profit (loss)	Total shareholders' equity attributable to Parent Company shareholders	Shareholders' equity attributable to minority shareholders (*)	Total shareholders' Equity (*)
Balance at January 1, 2013	**5.292**	**1.693**	**(16)**	**4**	**1**	**-**	**-**	**81**	**7.055**	**119**	**7.174**
Appropriation of the previous year's profit (loss)	-	81	-	-	-	-	-	(81)	**-**	-	**-**
Dividends and reserves distributed	-	(17)	-	-	-	-	-	-	**(17)**	(7)	**(24)**
Other changes	**-**	(5)	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**1**	**(4)**
Total comprehensive profit (loss)	-	-	(13)	(4)	-	-	(2)	152	**133**	(7)	**126**
of which:											
- Change in comprehensive income for the period	-	-	(13)	(4)	-	-	(2)	-	**(19)**	-	**(19)**
- Profit (Loss) at 06.30.2013	-	-	-	-	-	-	-	152	**152**	(7)	**145**
Balance at June 30, 2013	**5.292**	**1.752**	**(29)**	**-**	**1**	**-**	**(2)**	**152**	**7.166**	**106**	**7.272**
Other changes	**-**	(2)	**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**(2)**	**(4)**
Total comprehensive profit (loss)	-	-	29	-	(12)	-	1	(56)	**(38)**	9	**(29)**
of which:											
- Change in comprehensive income for the period	-	-	29	-	(12)	-	1	-	**18**	-	**18**
- Profit (Loss) from 07.01.2013 to 12.31.2013	-	-	-	-	-	-	-	(56)	**(56)**	9	**(47)**
Balance at December 31, 2013	**5.292**	**1.750**	**-**	**-**	**(11)**	**-**	**(1)**	**96**	**7.126**	**113**	**7.239**
Appropriation of the previous year's profit (loss)	-	96	-	-	-	-	-	(96)	**-**	-	**-**
Dividends and reserves distributed	-	(63)	-	-	-	-	-	-	**(63)**	(7)	**(70)**
Other changes	-	4	-	-	-	-	-	-	**4**	1	**5**
Total comprehensive profit (loss)	-	-	124	-	8	-	-	116	**248**	8	**256**
of which:											
- Change in comprehensive income for the period	-	-	124	-	8	-	-	-	**132**	-	**132**
- Profit (Loss) at 06.30.2014	-	-	-	-	-		-	116	**116**	8	**124**
Balance at June 30, 2014	**5.292**	**1.787**	**124**	**-**	**(3)**	**-**	**(1)**	**116**	**7.315**	**115**	**7.430**

(*) The amounts have been restated as a result of the adoption of IFRS 11 "Joint Arrangements".