



# **NINE MONTHS 2011 RESULTS**

**Milan – October 28th, 2011**

# AGENDA

- **Business environment**
  
- **Nine Months 2011 results:**
  - Electric power and hydrocarbons sources and uses
  - Consolidated financial highlights
  - Operating performance
  - Capital expenditures
  - Net financial debt and cash flow

# MARKET REFERENCE SCENARIO 1/2

FY2010		IH2011	IH2010	Δ	3Q2011	3Q2010	Δ	9m 2011	9m 2010	Δ
80,3	ICE Brent swap (\$/bbl)	111,1	78,4	42%	<b>112,1</b>	77,0	46%	<b>111,5</b>	77,9	43%
1,33	Exchange rate (€/€)	1,40	1,33	6%	<b>1,41</b>	1,29	9%	<b>1,41</b>	1,32	7%
60,5	ICE Brent swap (€/bbl)	79,2	59,0	34%	<b>79,4</b>	59,6	33%	<b>79,3</b>	59,2	34%
295,4	Gas Release 2 (€/000 scm)*	319,8	285,9	12%	<b>373,8</b>	309,6	21%	<b>337,8</b>	293,8	15%
270,0	Gas CCI (€/000 scm)**	298,7	255,5	17%	<b>333,0</b>	285,9	16%	<b>310,2</b>	265,6	17%
64,1	PUN TWA (€/MWh)	67,4	61,6	9%	<b>75,2</b>	69,1	9%	<b>70,0</b>	64,1	9%
77,2	PUN F1 (€/MWh)	76,8	74,9	3%	<b>84,4</b>	83,4	1%	<b>79,3</b>	77,7	2%
58,0	PUN F2-F3 (€/MWh)	62,9	55,6	13%	<b>70,8</b>	62,1	14%	<b>65,6</b>	57,8	13%
9,9	Spark Spread TWA (€/MWh)	12,2	7,0	75%	<b>12,9</b>	12,6	2%	<b>12,4</b>	8,9	40%
23,0	Spark Spread F1 (€/MWh)	21,7	20,2	7%	<b>22,1</b>	26,9	(18%)	<b>21,8</b>	22,5	(3%)
3,8	Spark Spread F2-F3 (€/MWh)	7,8	1,0	n.s.	<b>8,5</b>	5,6	52%	<b>8,0</b>	2,5	n.s.
14,5	CO2 (€/ton)	15,9	14,1	12%	<b>12,3</b>	14,8	(17%)	<b>14,7</b>	14,3	2%

\* At PSV of Snam Rete Gas

\*\* At the border, D. 134/06 AEEG updated according to D. 192/08, D.40/09 and D. 64/09.

Source: Edison

# ELECTRIC POWER AVAILABILITY MIX AND GAS DEMAND IN ITALY

## Electricity supply mix <sup>a)</sup> (TWh)

	IH2011	IH2010	Δ	3Q2011	3Q2010	Δ	9m 2011	9m 2010	Δ
Thermoelectric production	108,8	106,6	2,1%	56,1	56,9	(1,4%)	165,0	163,5	0,9%
Hydroelectric production	25,0	28,0	(10,7%)	12,8	13,1	(2,3%)	37,8	41,1	(8,0%)
Other renewable production	10,0	7,9	27,8%	7,2	3,5	n.s.	17,2	11,4	52,0%
<b>Net production</b>	<b>143,8</b>	<b>142,4</b>	<b>1,0%</b>	<b>76,1</b>	<b>73,5</b>	<b>3,6%</b>	<b>220,0</b>	<b>216,0</b>	<b>1,9%</b>
Net import	22,7	23,0	(1,0%)	9,5	10,8	(11,9%)	32,2	33,7	(4,5%)
Pumping	(1,2)	(2,6)	(55,4%)	(0,6)	(0,8)	(24,8%)	(1,7)	(3,4)	(48,4%)
<b>Total sources</b>	<b>165,4</b>	<b>162,8</b>	<b>1,6%</b>	<b>85,0</b>	<b>83,5</b>	<b>1,8%</b>	<b>250,5</b>	<b>246,3</b>	<b>1,7% <sup>b)</sup></b>

a) Gross of losses, net of auxiliary services

b) +1.8% on a seasonally adjusted basis

Source: Terna, Edison estimates

## Gas demand (bcm)

	IH2011	IH2010	Δ	3Q2011	3Q2010	Δ	9m 2011	9m 2010	Δ
Services & residential users	18,2	20,0	(8,9%)	2,1	2,1	n.s.	20,3	22,1	(8,3%)
Industrial users	9,1	8,9	2,4%	4,0	3,8	5,2%	13,1	12,7	3,2%
Thermoelectric users	14,0	14,4	(2,7%)	7,1	7,7	(7,1%)	21,1	22,1	(4,3%)
Auto consumption and losses	0,7	0,7	(4,9%)	0,4	0,4	n.s.	1,0	1,0	n.s.
<b>Total demand</b>	<b>42,0</b>	<b>44,0</b>	<b>(4,5%)</b>	<b>13,6</b>	<b>14,0</b>	<b>(3,0%)</b>	<b>55,5</b>	<b>57,9</b>	<b>(4,2%)</b>

Source: Ministry of Economic Development, Snam Rete Gas, Edison estimates

# AGENDA

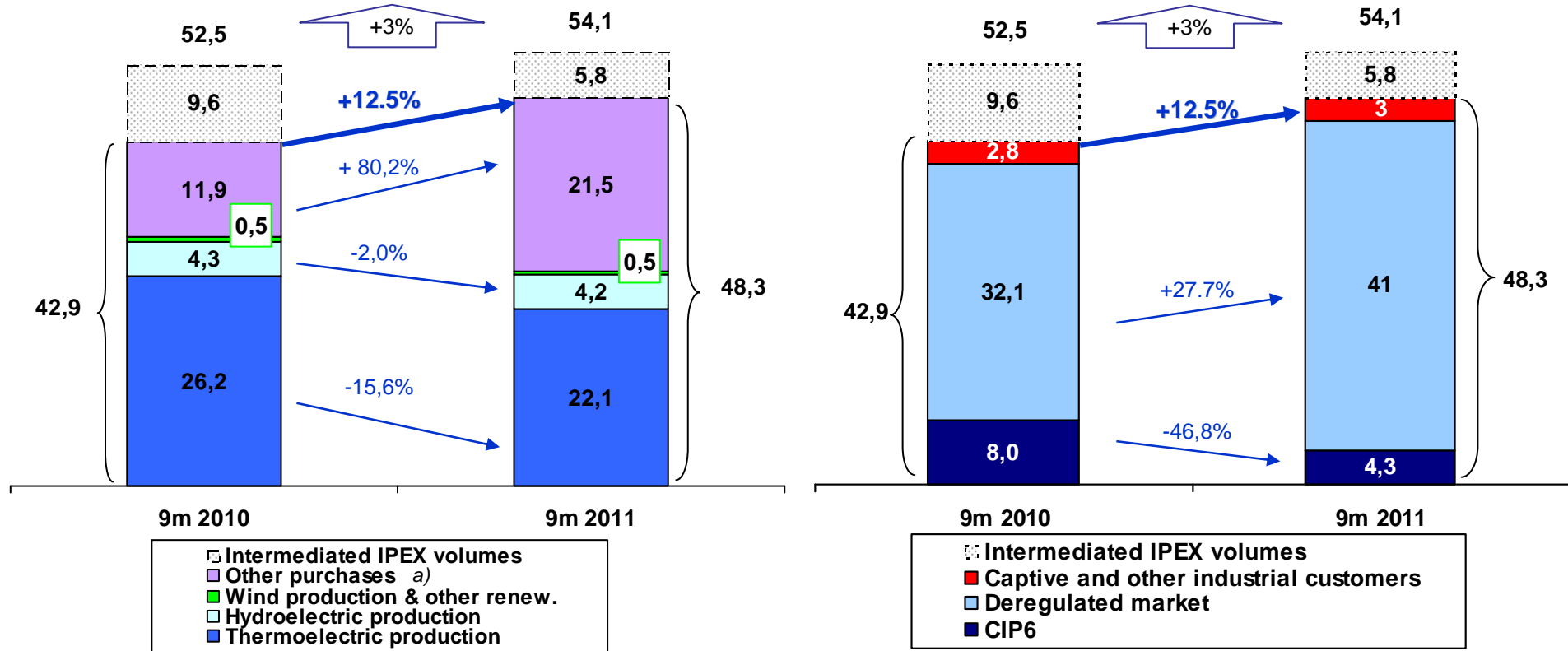
- **Business environment**
  
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# EDISON ELECTRIC POWER OPERATIONS — TOTAL SOURCES & USES

## ITALY

### SOURCES (TWh)

### USES (TWh)



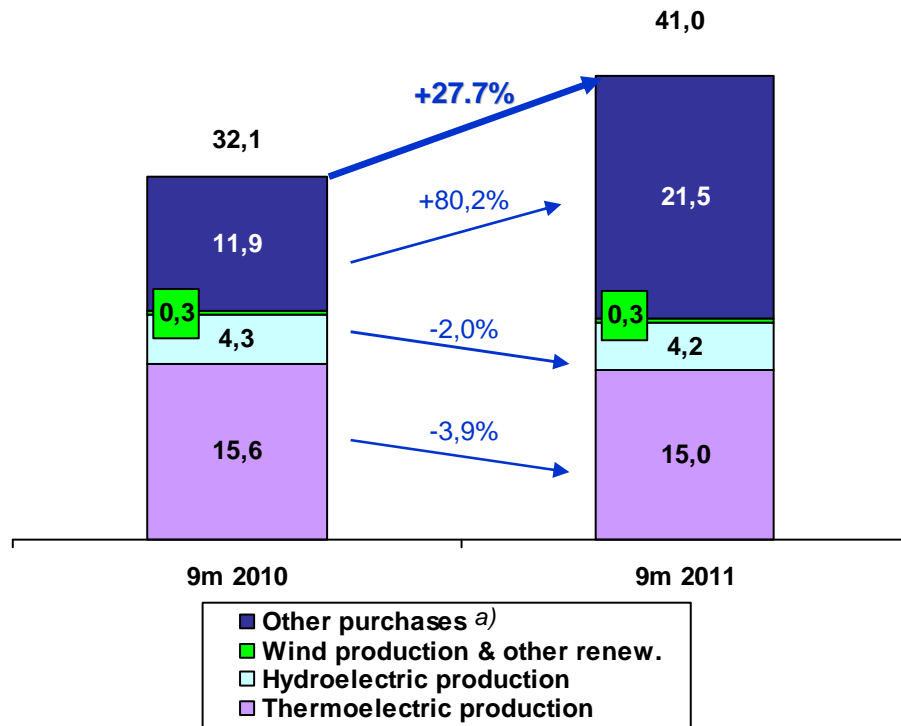
a) Gross of losses and excluding trading portfolio.

## GREECE

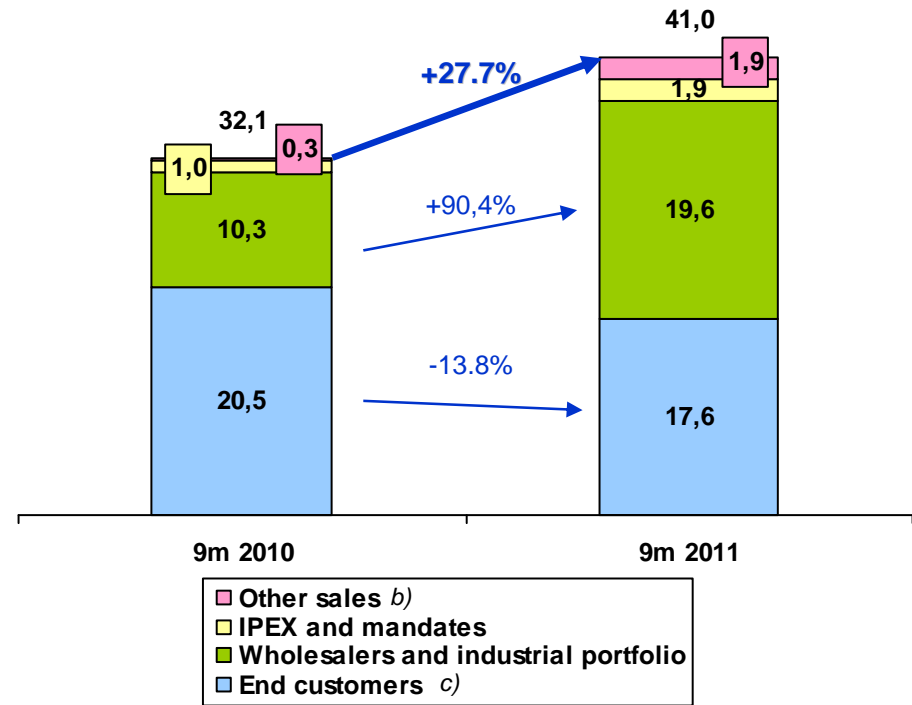
(TWh)	9m2010	9m2011	Δ
Production and sales	0,6	1,6	161%

# EDISON ELECTRIC POWER OPERATIONS — FREE MARKET IN ITALY

## SOURCES (TWh)



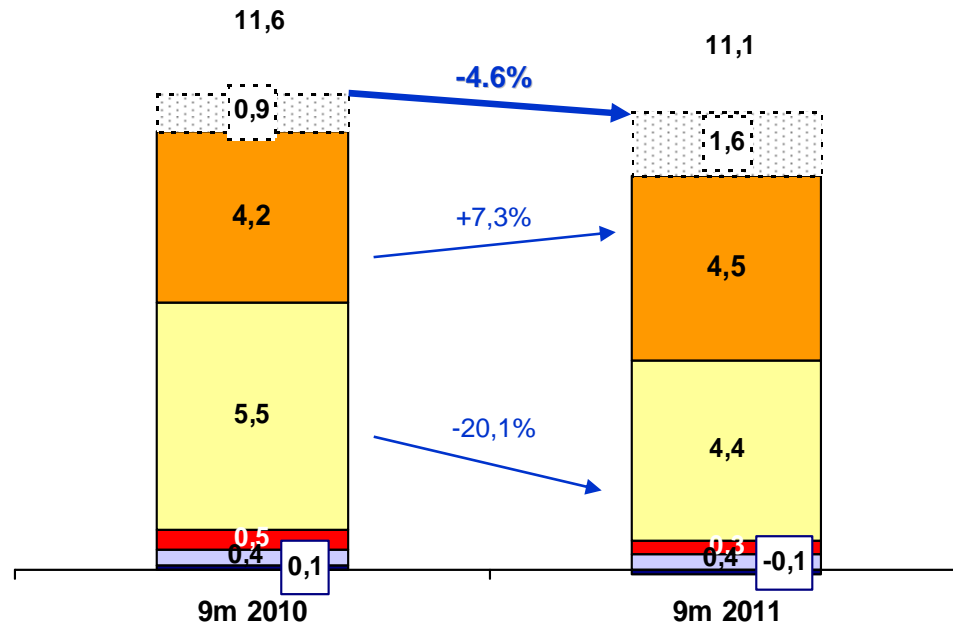
## USES (TWh)



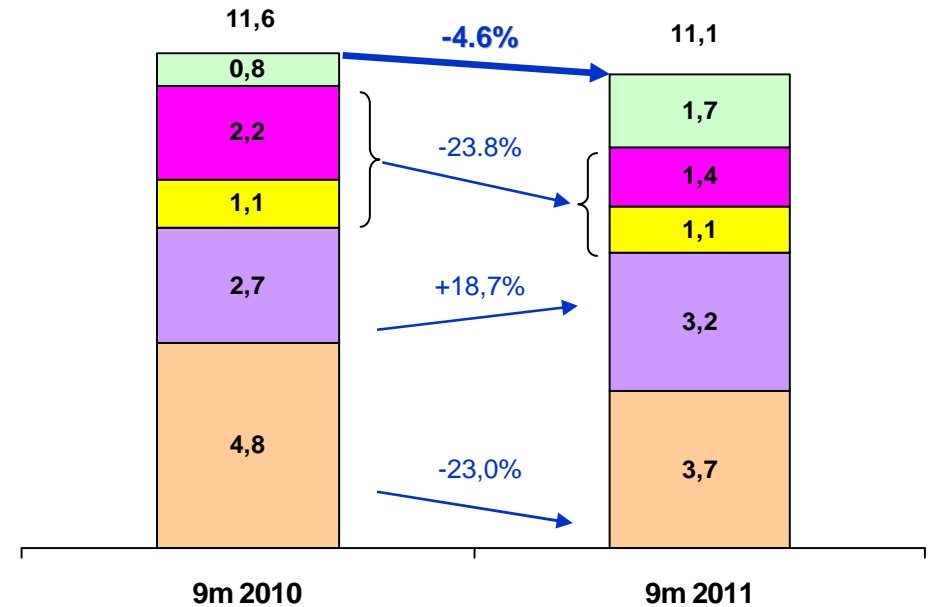
- a) Gross of losses, excluding trading portfolio and intermediated IPEX volumes
- b) Excluding trading portfolio and intermediated IPEX volumes
- c) Gross of losses

# EDISON GAS PORTFOLIO IN ITALY — SOURCES AND USES

## SOURCES (bcm)



## USES (bcm)

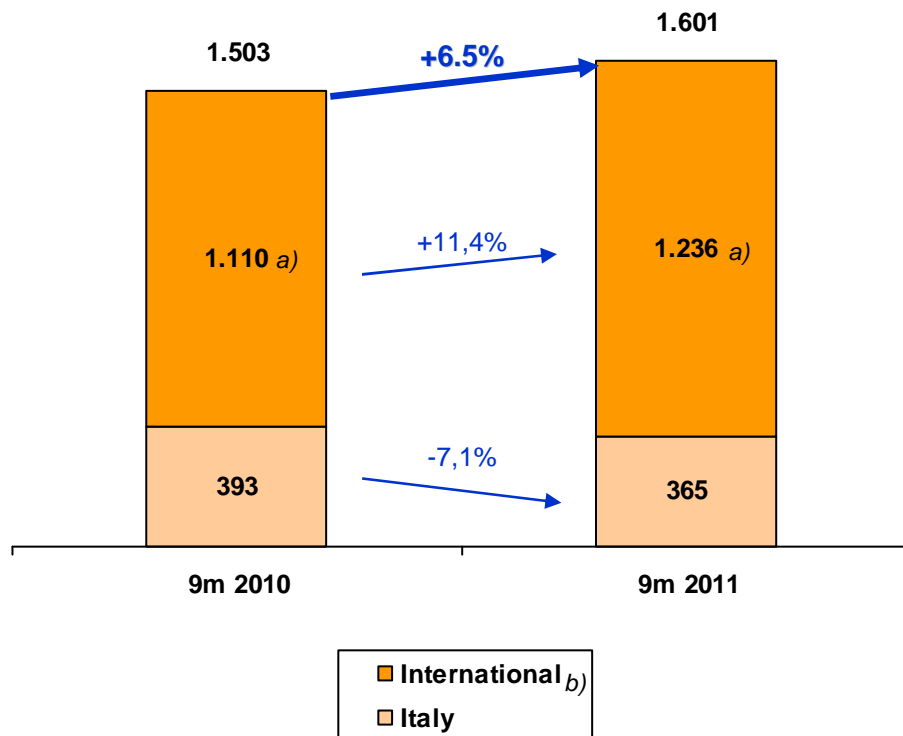


- ▨ Swaps and thermo pass through
- Import via LNG
- Import via pipe
- Domestic purchases
- Domestic production
- Changes in stock and losses

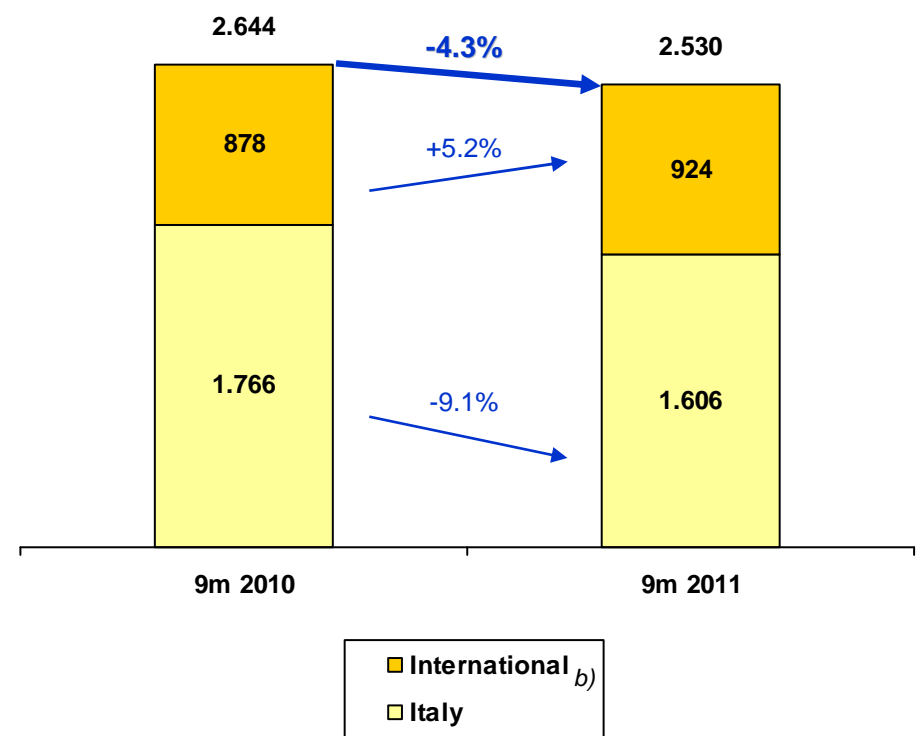
- Other sales
- Residential use
- Industrial use
- Thermoelectric uses (Third Parties)
- Thermoelectric uses (Edison)

# EDISON GROUP E&P OPERATIONS

## GAS PRODUCTION (mcm)



## OIL PRODUCTION (Kbbl)



a) Of which Abu Qir 726 in 9m2010 and 837 in 9m2011

b) International productions include volumes withheld as production tax

# EDISON GROUP — CONSOLIDATED HIGHLIGHTS

(€ mln)

FY2010		9m 2011	9m 2010	Δ
10.446	Sales revenues	8.591	7.593	13,1%
1.369	EBITDA	717	930	(22,9%)
273	EBIT	149	368	(59,5%)
172	Profit (loss) before taxes	4	309	n.s.
21	Group net income (loss)	(93)	179	n.s.

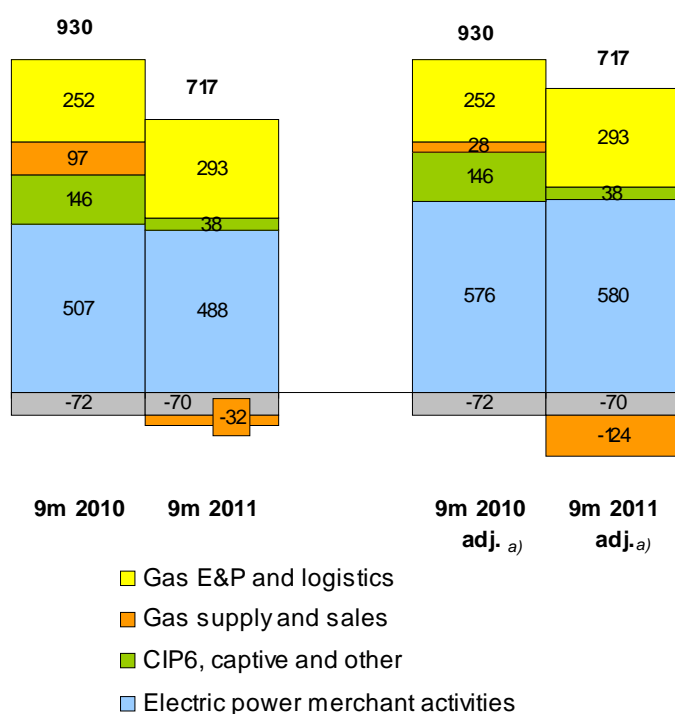
557	Total capex	406	426	(4,7%)
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31.12.2010		30.09.2011	30.09.2010
11.845	Net invested capital	12.119	12.179
3.708	Net financial debt	4.104	3.995
8.137	Stockholders' equity	8.015	8.184
7.939	<i>of which Group's net interest</i>	7.845	8.003
0,46	Debt/Equity ratio	0,51	0,49
3.939	Employees (nr.)	3.907	3.936

# OPERATING PERFORMANCE BREAKDOWN IN THE FIRST NINE MONTHS

(€ mln)	Electric Power			Hydrocarbons			Corporate, adj. and other			Total Edison Group		
	9m 2011	9m 2010	Δ	9m 2011	9m 2010	Δ	9m 2011	9m 2010	Δ	9m 2011	9m 2010	Δ
Sales revenues	5.996	5.297	13,2%	3.756	3.689	1,8%	(1.161)	(1.393)	(16,7%)	8.591	7.593	13,1%
EBITDA	526	653	(19,4%)	261	349	(25,2%)	(70)	(72)	(2,8%)	717	930	(22,9%)
EBITDA adjusted <sup>a)</sup>	618	722	(14,4%)	169	280	(39,6%)	(70)	(72)	(2,8%)	717	930	(22,9%)

## EBITDA breakdown (€ mln)



## Explanation of EBITDA adjusted variation

Δ	One-off and CIP6 expirations	Main drivers
+41	▲ +8 Export bonus Abu Qir	▲ Price effect on Italian oil sales ▲ Higher contribution of foreign activities, mainly oil price and volumes Abu Qir
(152)	▲ Russian contract renegotiation – one off related to past years volumes	▼ Negative impact of the adverse gas market conditions in Italy ▲ Lower cost of gas on the Norwegian and Russian gas contracts
(108)	▼ (95) Contracts & incentives expiration	
+4		▼ Lower margins sales to final customers and wholesalers ▲ Higher ancillary services and unbalances ▲ Higher contribution from thermoelectric generation in Greece ▲ Higher contribution from renewable sources
+2		
<b>(213)</b>		

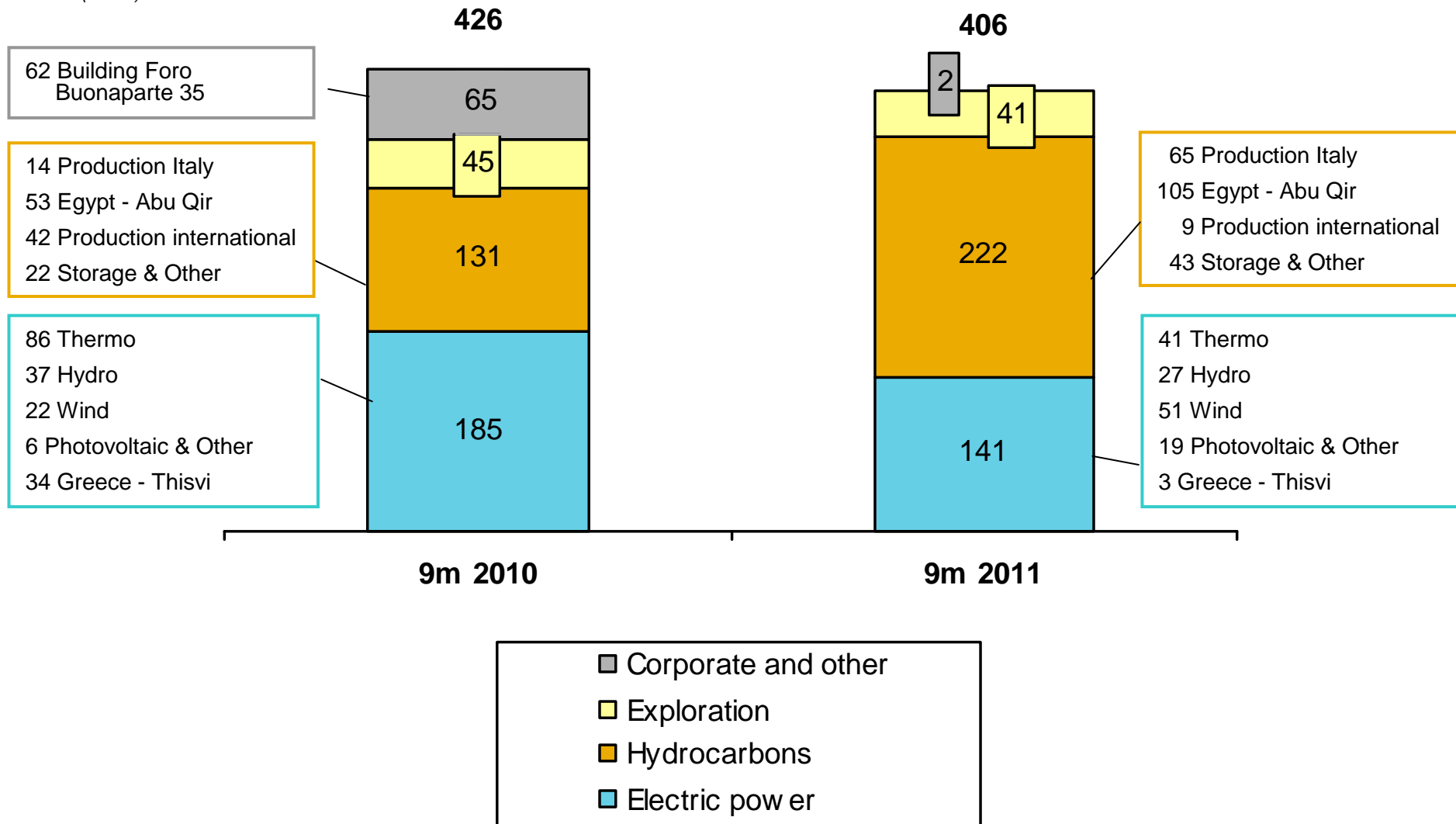
# EDISON GROUP — FROM EBITDA TO NET INCOME

FY2010	(€ mln)	9m 2011	9m 2010	Δ
<b>1.369</b>	<b>EBITDA</b>	<b>717</b>	<b>930</b>	<b>(213)</b>
(1.096)	Depreciation, amortization and writedowns	(568) a)	(562)	(6)
<b>273</b>	<b>EBIT</b>	<b>149</b>	<b>368</b>	<b>(219)</b>
(147)	Interest and fees on bonds and to banks	(104)	(113)	9
3	Forex transaction gains (losses) and other financial income (expenses)	(30)	20	(50) b)
43	Income (expense) on equity investments & other	(11)	34 c)	(45)
<b>172</b>	<b>Profit (loss) before taxes</b>	<b>4</b>	<b>309</b>	<b>(305)</b>
(83)	Income taxes	(79) d)	(119)	40
<b>89</b>	<b>Profit (loss) from continuing operations</b>	<b>(75)</b>	<b>190</b>	<b>(265)</b>
(40)	Profit (loss) from discontinuing operations	(14) e)	-	(14)
<b>49</b>	<b>Net income (loss)</b>	<b>(89)</b>	<b>190</b>	<b>(279)</b>
(28)	Minority (income) loss	(4)	(11)	7
<b>21</b>	<b>Group interest in net income (loss)</b>	<b>(93)</b>	<b>179</b>	<b>(272)</b>

- a) Including €63 mln of 2011 assets write downs, due to changes in production profile of some thermoelectric plants and to the increased risk profile of plants located in Greece, substantially offset by lower exploration costs compared with 2010, by the impact of the expiration of CIP6 contracts and by lower amortizations on 2010 write off.
- b) Mainly due to the negative net effect of foreign exchange translation gains/losses.
- c) Mainly represented by the reversals of provisions set aside in previous years and the settlement of litigations .
- d) The tax burden is negatively affected by regional taxes (IRAP), non deductible costs and 2011 Robin Hood Tax (€ 23 mln).
- e) Includes € 7 mln net write down related to the disposal of Taranto power plants finalized on October 10, 2011.

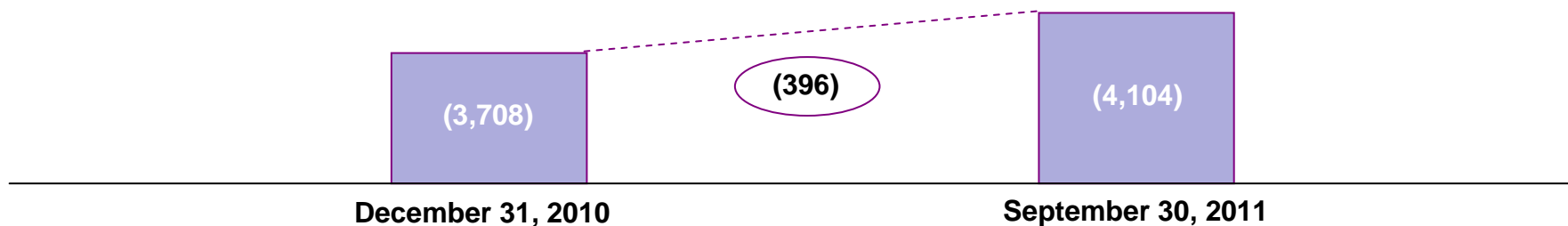
# CAPITAL EXPENDITURES AND EXPLORATION

(€ mln)

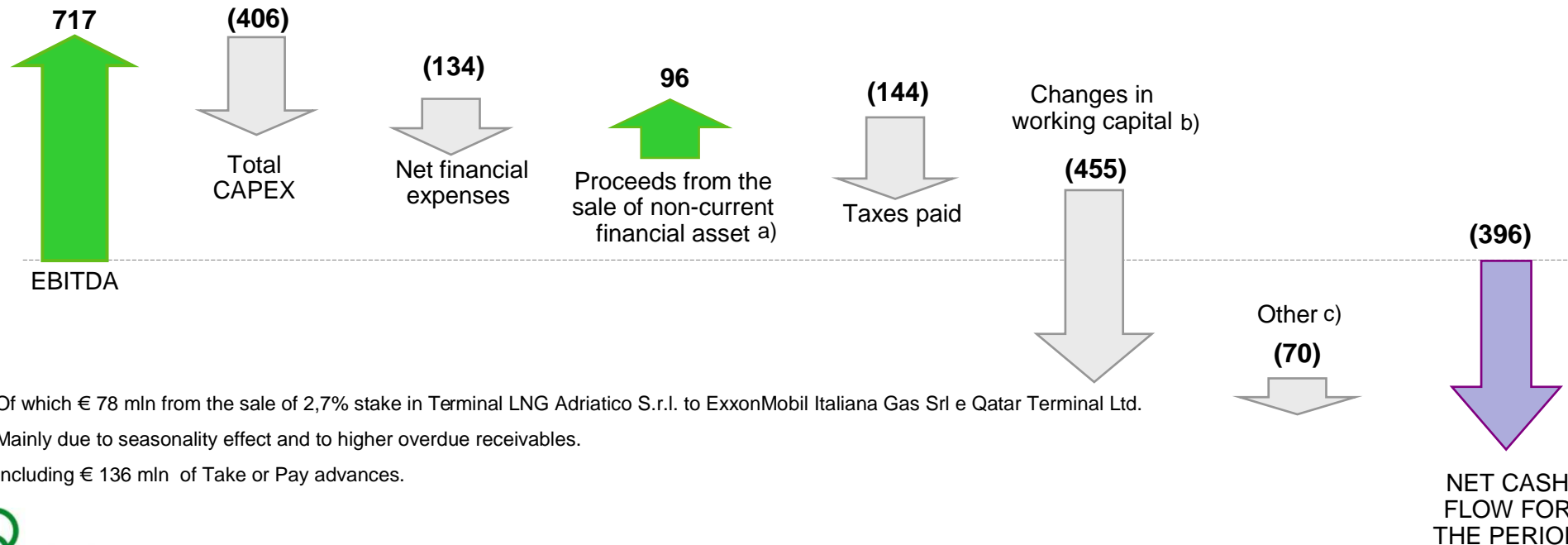


# NET FINANCIAL DEBT AND CASH FLOW

## Net Financial Debt (€ mln)



## Cash Flow (€ mln)



a) Of which € 78 mln from the sale of 2,7% stake in Terminal LNG Adriatico S.r.l. to ExxonMobil Italiana Gas Srl e Qatar Terminal Ltd.

b) Mainly due to seasonality effect and to higher overdue receivables.

c) Including € 136 mln of Take or Pay advances.

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## STATEMENT

As required by Article 154-bis, Section 2, of the Uniform Finance Law (Legislative Decree No 58/1998), Massimiliano Masi, in his capacity as "Dirigente preposto alla redazione dei documenti contabili societari" of Edison S.p.A., attests that the accounting information contained in this presentation is consistent with the data in the Company's documents, accounting records and other records.