



PRESS RELEASE

EDISON ANNOUNCES THE SIGNING OF THE AGREEMENT TO SELL EDISON EXPLORATION AND PRODUCTION TO ENERGIAN OIL AND GAS

Edison announces the signing of the agreement with Energean Oil and Gas to sell the 100% of Edison Exploration and Production (E&P) and its subsidiaries in the hydrocarbons exploration and production business. The signing follows the approval of the transaction by the Edison Board of Directors on July 3, 2019.

Milan (Italy), July 4, 2019 – Edison announces the signing of a sale and purchase agreement with Energean Oil and Gas to sell the 100% of Edison Exploration and Production (E&P) and its subsidiaries in the hydrocarbons exploration and production business (oil and natural gas). The Edison Board of Directors approved the transaction on July 3, 2019.

The price of the transaction is based on an enterprise value of USD 750 million, with an additional consideration of USD 100 million contingent on the commissioning of Cassiopea development gas project in Italy. Additionally, Edison will be entitled to royalties associated with further potential developments in Egypt that would bring the aggregate value close to USD 1 billion. The transaction includes also the transferring to the buyer of all Edison future decommissioning obligations.

Edison Exploration and Production manages all of Edison's activities, mining titles and corporate shareholdings in the hydrocarbons business in Italy and abroad. In particular, Edison E&P owns a portfolio of approximately 90 licences in 9 countries in the Mediterranean and Northern Europe, corresponding to approximately 49,000 barrels per day of net entitlement production as December 31, 2018.

Following the transaction, considering the first half 2019 developments, in particular in terms of regulations as well as Brent and gas market trends, and the contractual terms currently being finalized, a 400-500 million euros writedown at Group level is expected. Edison's Board of Directors has reserved the right to perform suitable analyses to evaluate the possible capital surplus with respect to the guarantee requirements it is called upon to meet, considering that the transaction means exiting from a highly volatile and capital-intensive segment, with a higher risk profile than Edison's other strategic businesses. This is with a view to possibly reducing the ordinary capital to an extent of covering prior losses as well as those that will be recorded in the 2019 financial statements.

Energean Oil and Gas has committed to guaranteeing a future of development for the E&P business area and its employees, being the ideal operator to unleash all the potential of the business.

The workforce employed by Edison Exploration and Production amounts to 282 people as June 30, 2019. Edison Exploration and Production counts also to the staff of the Egyptian Operating Company Abu Qir Petroleum (AQP). With regard to the acquired personnel, Energean Oil and Gas is committed to ensuring certain protections, taking into account the specific regulatory conditions governing the employment rules and the existing market practices in the various countries.



The closing of the transaction with Energean Oil and Gas is expected to take place by the end of 2019 and it is subject to customary conditions precedent for transactions of this kind, among which the Italian Economic Development Ministry approval.

The financial resources deriving from this transaction will support Edison's strategic development plan, which envisages very significant investments in Italy in the 2019-2021 three-year period intended mainly for sustainable production from renewable sources and gas, as well as the strengthening of the Company's activities in retail market and energy efficiency services.

Edison has a target to produce by 2030 40% of its energy from green sources and an emissions target of 0.26 kilogrammes of CO₂ per kilowatt hour produced. In this way Edison contributes effectively to the energy transition providing Italy with a balanced production mix, able to guarantee the security and flexibility of the country's energy system.

Edison, with 91 hydroelectric power stations (of which 53 mini-hydroelectric), 45 wind farms and 65 photovoltaic power plants, has an installed capacity in Italy of 1,900 megawatts in renewable sources, with more than 4,000 gigawatt hours of electricity generated in 2018 (21% of the Company's total electricity production, of which 3,000 gigawatt hours from hydroelectric power plants and 1,000 gigawatt hours from wind farms).

Edison

Edison is a leading Italian and European operator in the supply, production and sale of electricity, in energy and environmental services and in Exploration and Production. Founded 135 years ago, Edison has contributed to the electrification and development of Italy. It now operates in Italy, Europe and the Mediterranean basin, employing 5,000 people. Edison's electric power plants have a total capacity of 6.4 GW.

About Energean Oil and Gas

Energean Oil and Gas is a London Premium Listed FTSE 250 and Tel Aviv Listed E&P company with operations offshore Israel, Greece and the Adriatic. Energean Oil and Gas has 347 mmbob of reserves and 58 mmbob of resources across its portfolio. In March 2018 the Company took Final Investment Decision on its flagship Karish-Tanin gas development project, where it intends to use the only FPSO in the Eastern Mediterranean to produce first gas in 2021. Energean Oil and Gas has already signed firm contracts for 4.2 bcma, and has a further contingent contract of 0.4 bcma of gas sales into the Israeli domestic market. Future gas sales agreements will focus on both the growing Israeli domestic market and key export markets in the region. In Greece, the Company is pursuing an ongoing investment and development program to increase production from its Prinos and Prinos North oil fields and to develop the Epsilon oil field, located in the Gulf of Kavala, Northern Greece. Energean Oil and Gas has five exploration licences offshore Israel, and a 25 year exploitation licence for the Katakolo offshore block in Western Greece and additional exploration potential in its other licences in Western Greece and Montenegro.

Public disclosure requirements under CONSOB Resolution no. 11971 of May 14, 1999, as amended.

Edison Press Office

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