

FS Italiane Group

Investor Presentation



May 2023

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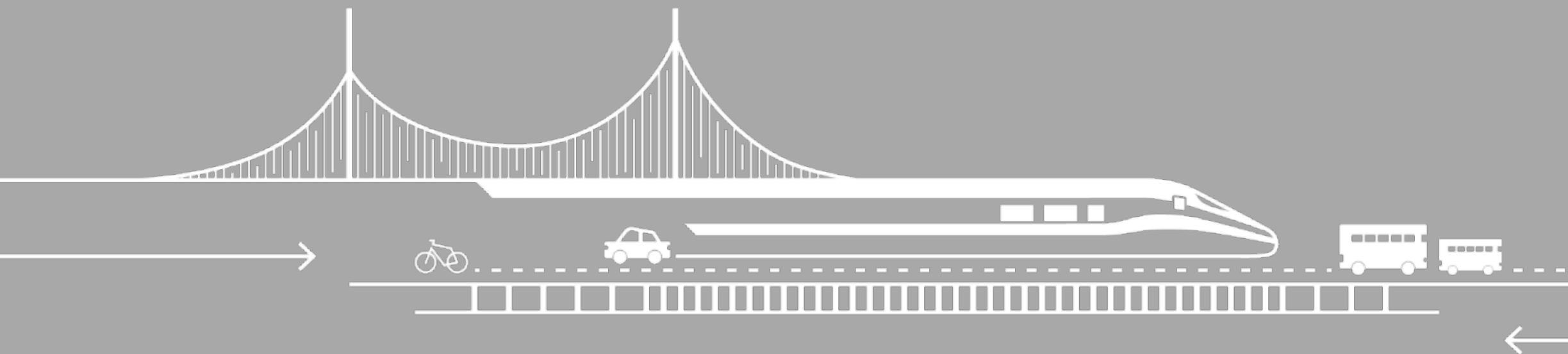
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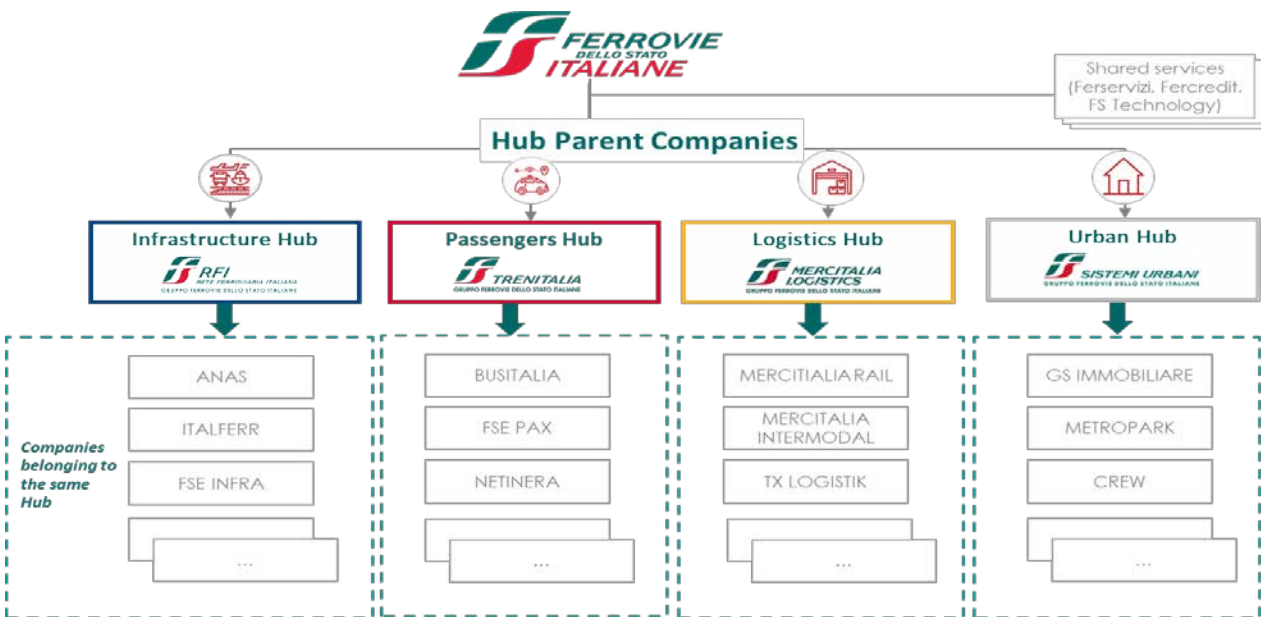
Ferrovie dello Stato Italiane Group Business & Financial Overview



FS Group in a snapshot

Ferrovie dello Stato Italiane (“FS” or the “Issuer”) – 100% Italian Ministry of Economy and Finance – is one of the largest industrial Group in the Country.

New Mission for the Holding company includes policy making, coordination, strategic and financial control over the Hub’s Parent Companies.

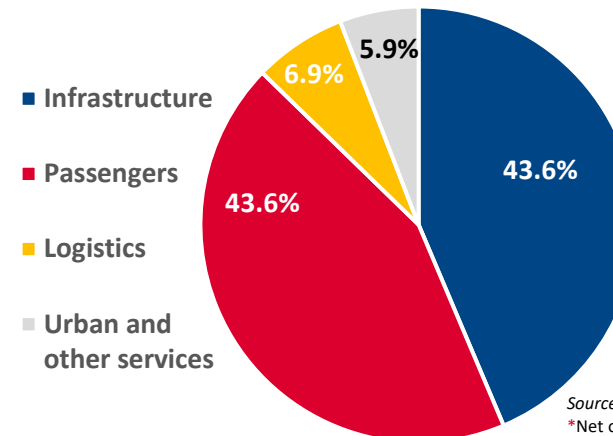


Consolidated highlights (€/mn)				
	2022	2021	Δ	%
Revenues	13,664 ↑	12,242	1,422	11.6%
EBITDA	2,212 ↑	1,888	324	17.1%
EBITDA Margin	16.2%	15.4%	0.8%	5.2%
EBIT	262 ↑	193	69	35.9%
EBIT Margin	1.9%	1.6%	0.3%	18.8%
Net Income	202 ↑	193	9	4.4%
Net Invested Capital	49,707	50,422	(715)	(1.4%)
Equity	41,854	41,551	303	0.7%
Net Financial Debt	7,854 ↓	8,871	(1,017)	(11.5%)

Currently, the Holding company – thanks to its solid creditworthiness - finances its subsidiaries (mainly RFI, Trenitalia and Mercitalia Rail (MIR)) also through ESG finance instruments .

Currently the entire railway business is financed through sustainable finance solutions, given the full alignment of its capex with EU Taxonomy criteria and their sustainability characteristics.

Group Revenue by Hub (2022)*



Source: FS 2022 Annual Report Highlights
*Net of (2,090) mn of consolidated adjusted

Benchmarking with European rail players



(€bn)	2019	2020	2021	2022
Revenues	12.4	10.8	12.2	13.7
EBITDA margin %	21%	15.1%	15.4%	16.2%
EBIT margin %	6.7%	-2.6%	1.6%	1.9%

Issuer Rating	
S&P	BBB
Fitch	BBB



(€bn)	2019	2020	2021	2022
Revenues	44.4	40.2	47.1	56.3
EBITDA margin %	12.2%	2.5%	4.9%	9.3%
EBIT margin %	4.1%	-11.9%	-3.3%	2.2%

Issuer Rating	
S&P	AA-
Moody's	Aa1
Fitch	AA+



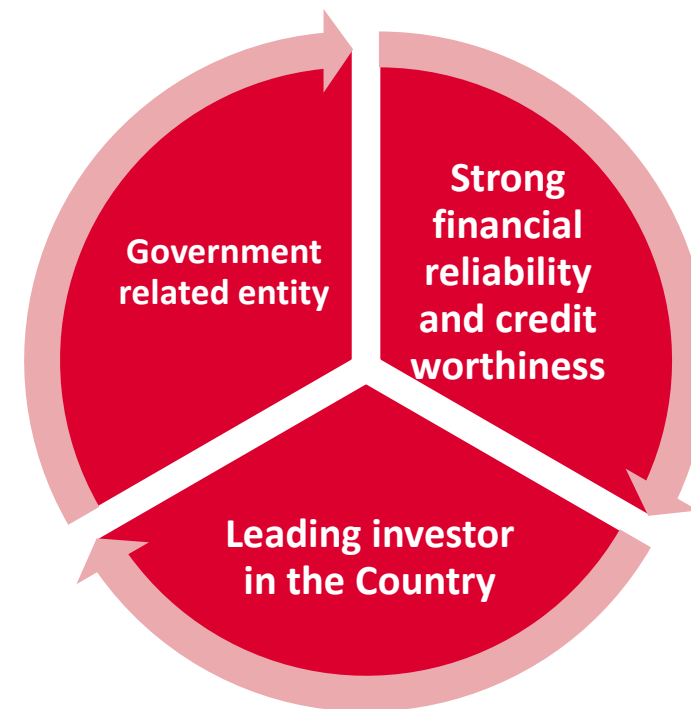
(€bn)	2019	2020	2021	2022
Revenues	35.1	30	34.8	41.4
EBITDA margin %	16.1%	6.5%	12.5%	16%
EBIT margin %	5.1%	-10%	5.2%	6%

Issuer Rating	
S&P	AA-
Moody's	Aa3
Fitch	AA-

Rating Overview

Rating Agency	Issuer Rating	Stand Alone Credit Profile	Outlook	Date of last update
S&P Global Ratings	BBB	bbb+	Stable	2 nd August 2022
FitchRatings	BBB	bbb	Stable	11 th November 2022

Key rating drivers



New Industrial Plan

The Four Hubs and main figures*

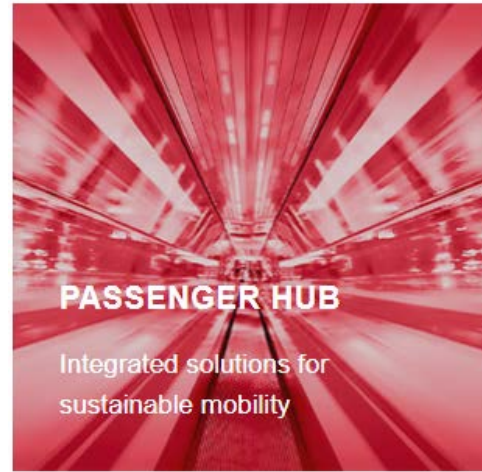


INFRASTRUCTURE HUB

The backbone of economic and social development throughout the territory

To realize accessible, integrated, resilient and interconnected road and rail works.

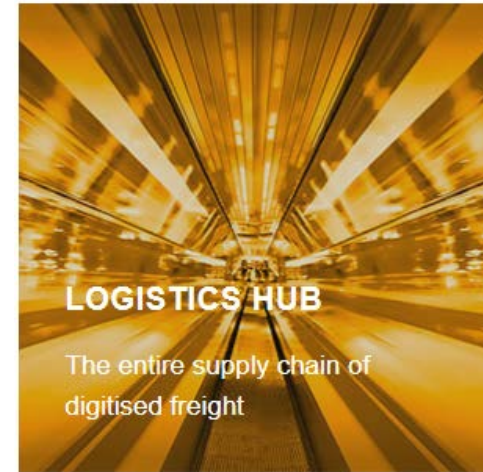
Foreseen about € 181 bn in investments made by RFI and ANAS, with their leading role in the implementation of the Italian Recovery and Resilience Plan.



PASSENGER HUB

Integrated solutions for sustainable mobility

Creation of a multimodal business proposition, the advantage of which shall be to exploit the merits of the various modes, to achieve integrated, economical, reliable and sustainable transport.
By 2031, the Hub will invest around € 18 bn.



LOGISTICS HUB

The entire supply chain of digitised freight

Main targets: doubling the share of freight traffic by rail compared to 2019 and developing its positioning in the logistics chain.

Almost € 3 bn in investments in new rolling stock, multimodal terminals, freight villages and logistics platforms.



URBAN HUB

The sustainable regeneration of cities

Enhancement of assets no longer functional to the railway service, from the perspective of the sustainable regeneration of cities.

The assets' value under management equal to € 1.5 bn.

Main figures

- € 206 bn of capex
- 2 GW expected capacity of the new installations from renewable sources
- No limits for safety purposes

RFI: the railway infrastructure manager

Key figures		
€mn	2021	2022
Revenues	3,057	3,233 ↑
<i>Track access charges</i>	961	1,060 ↑
<i>CdP-Service</i>	1,371	1,294
<i>Other services</i>	449	606
<i>Real estate services</i>	111	115
<i>Other income</i>	165	158
EBITDA	452	521 ↑
<i>EBITDA margin %</i>	14.8%	16.1%
EBIT	273	312
<i>EBIT margin %</i>	8.9%	9.6%
Net Income	275	263 ≈

High Speed and Traditional Network



NETWORK HIGHLIGHTS 2022

16,829 km Lines

23,093 km Traditional tracks

12,184 km Electified Lines

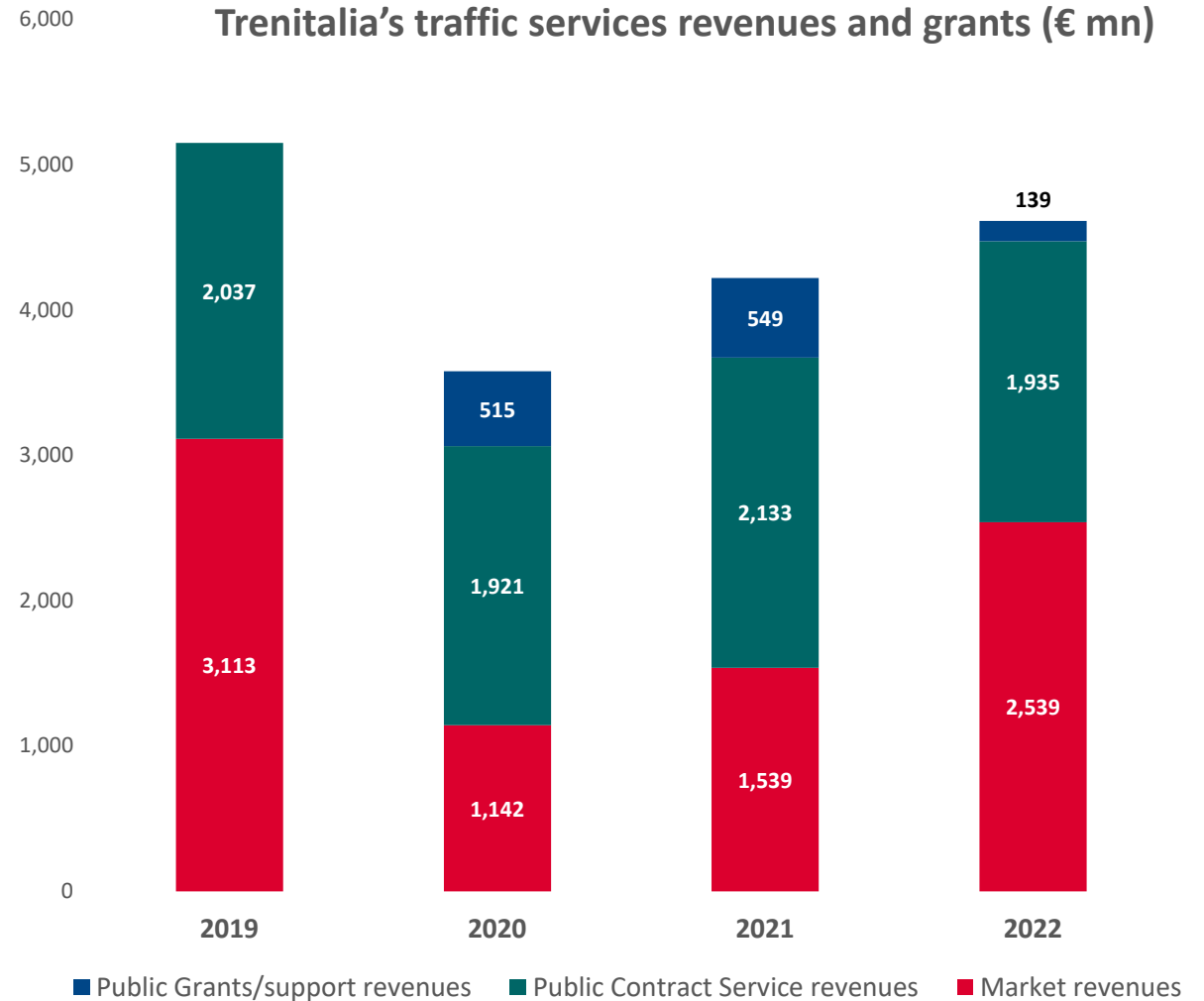
1,467 km High Speed tracks

Trenitalia: the rail passenger transport operator

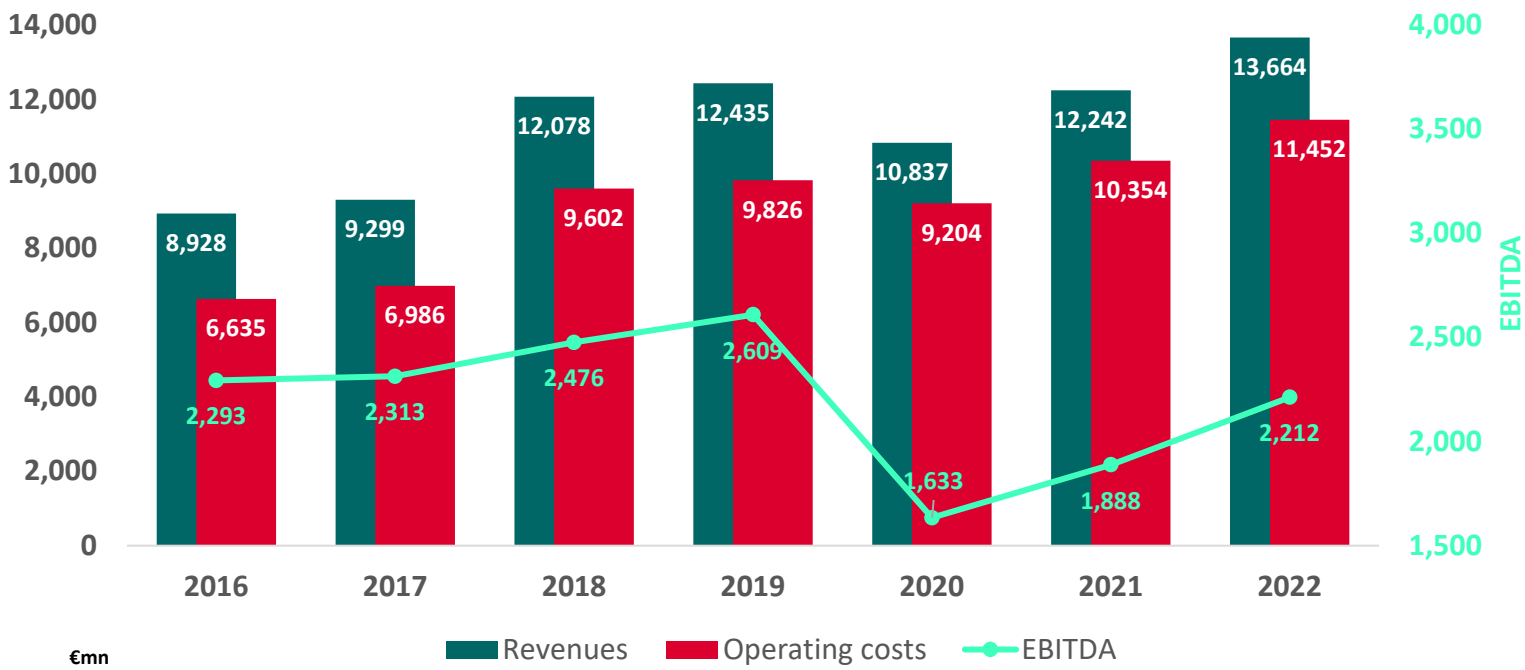
Financial highlights		
€mn	2021	2022
Revenues	4,552	5,095
EBITDA	1,054	1,233
EBIT	67	182
Net Income	2	82
EBITDA Margin	23.1%	24.2%
EBIT Margin	1.5%	3.6%



Trenitalia's traffic services revenues and grants (€ mn)



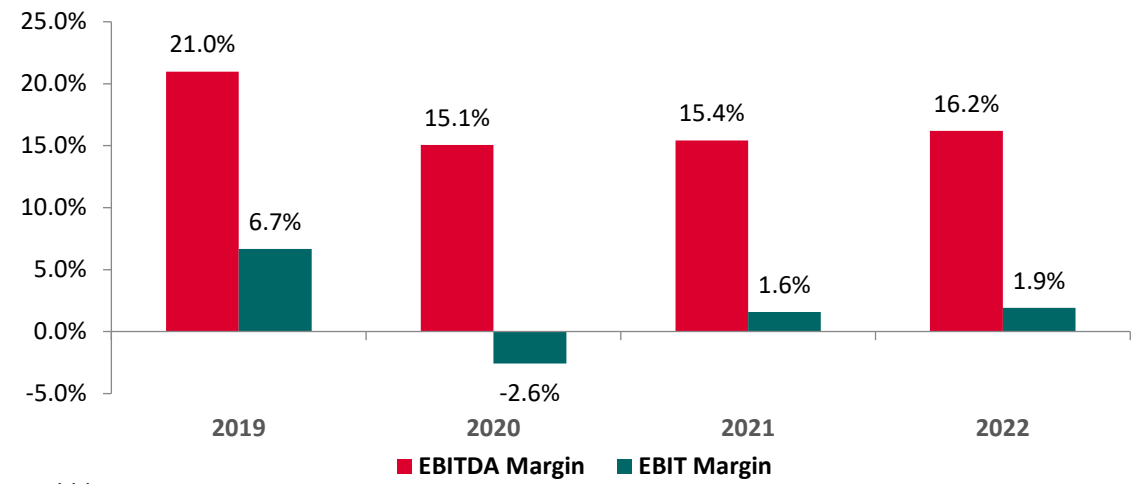
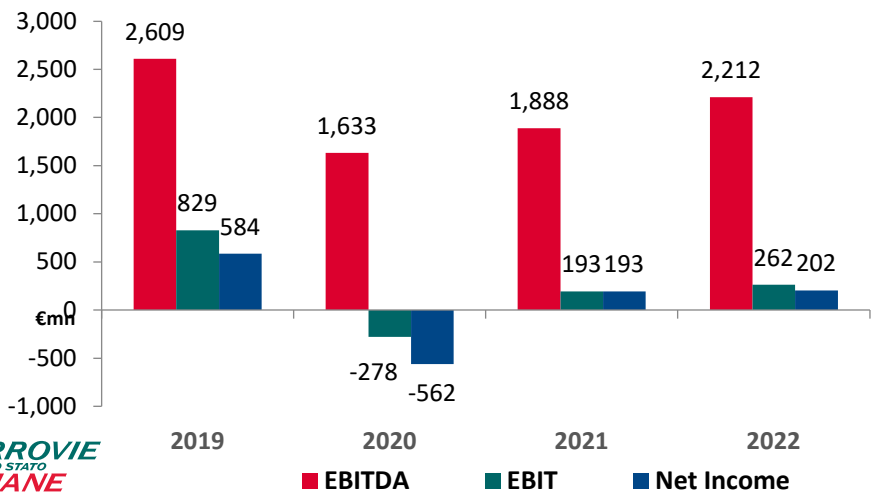
Robust historical financial performance



FS's performances show solid recovery after the pandemic:

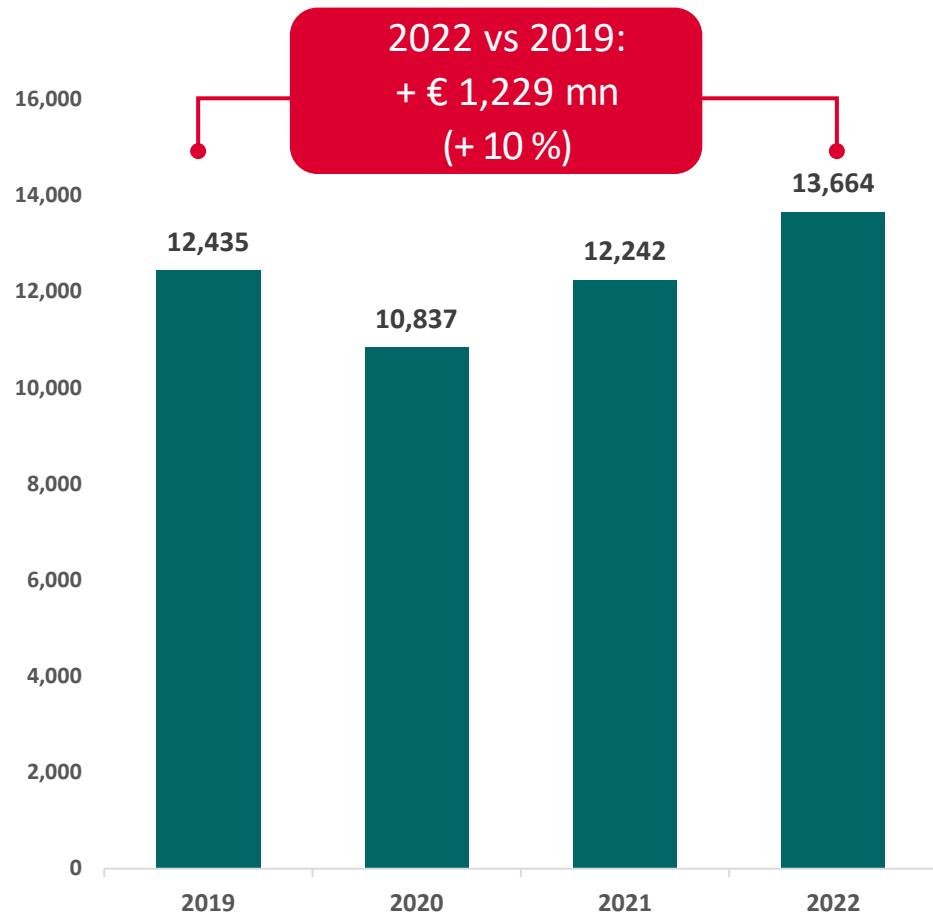
- The increase in costs in 2022 is lower than the increase in revenues, so **EBITDA increases** compared to 2021. As a result, the **EBITDA margin** also **increased**.
- Also **EBIT margin** increased in respect of **2021**, due to the **increase of EBIT** by more than one third.

Consistent profitability and margins



Consolidated Revenues and business recovery after the pandemic

Consolidated Revenues (€mn)

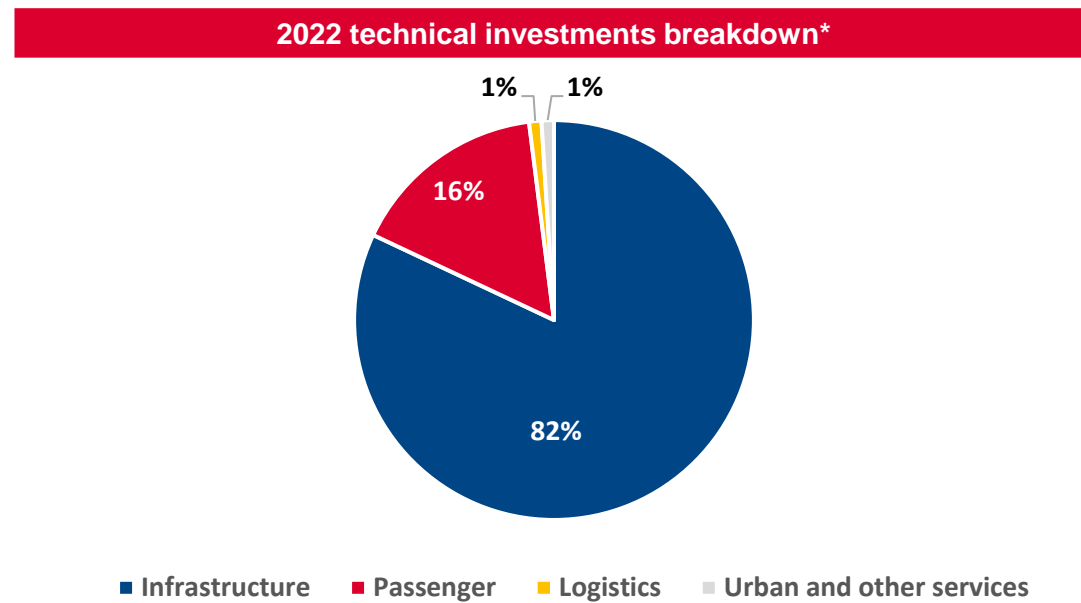
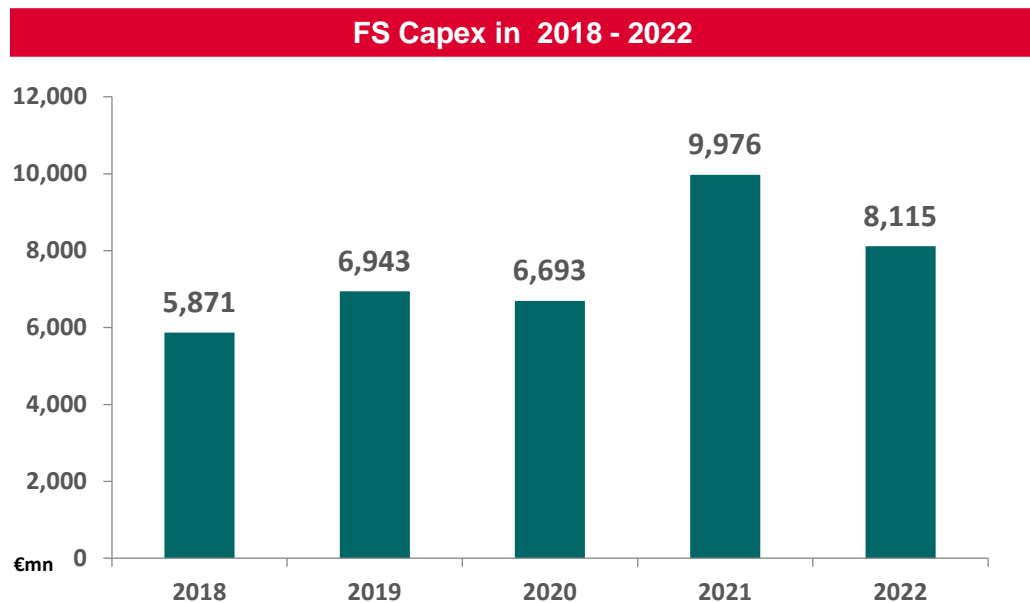


2022 vs. 2021

- **Passenger Hub's operating revenue** in 2022 increased compared to the same period of 2021 by **€ 668 mn (+11%)**, largely attributable to the traffic revenue component.
- In 2022 **traffic infrastructure revenues up by € 549 mn** mainly related to motorway and railroad traffic toll.
- **Rail freight revenues** recorded a positive change of **€ 45 mn**, mainly driven by the Group's foreign companies (+ € 31 mn).
- **Urban Hub's revenues doubled compared to 2021**, substantially due to the sale of the Milan Porta Romana area.

FS Group's CAPEX profile

- In 2022 FS's capital expenditure amounted to € 8,115 mn (- 19% vs. 2021), of which €5,951 mn funded through government grants mainly earmarked to rail infrastructure.
- The majority of capex went to maintenance and development of the rail infrastructure network carried on by RFI, with a focus on Traditional network. Rail infrastructure capex is almost totally funded by the Government as per the "Contratto di Programma" between Ministry of Infrastructure and Transport and RFI.
- Trenitalia capital expenditures are in line with 2021.



* In addition to the consolidated investments described above, technical investments includes the investments recognised in accordance with IFRIC 12, mostly attributable to Anas S.p.A. and FSE S.p.A. (approximately €2.7 billion), while the remainder is comprised of the investments of unconsolidated special-purpose entities (e.g., TLF, BBT, etc.).

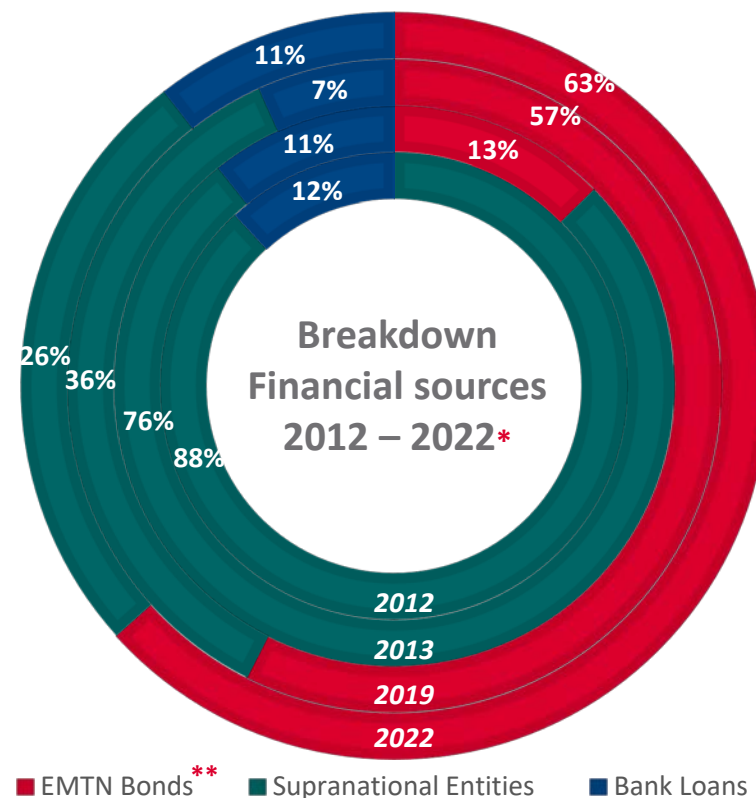
FS' debt profile

Funding diversification

From 27 April 2023, EMTN Programme increased up to € 12 bn.

Total gross financial debt (long term + short term) amounts to € 11,757 mn (excluding leasing ex IFRS16) at YE 2022 vs. € 11,674 mn at YE 2021. **The bulk of FS Group's debt is held by FS Holding (€ 10 bn, around 85% of total).**

Net Financial Debt amounts to € 7,854 mn at YE 2022, improving by approximately € 1 bn compared to the previous year (€ 8,871 mn at YE 2021).



*These percentages are calculated on the long term debt held by FS\RFI\TI
 ** Including private placement with EIB.

Balanced debt maturity profile

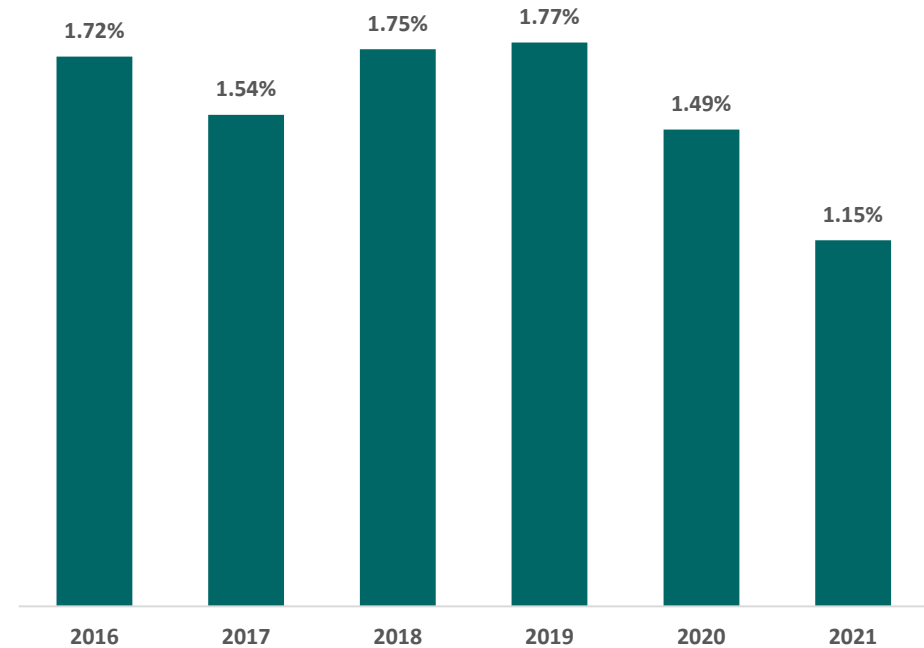
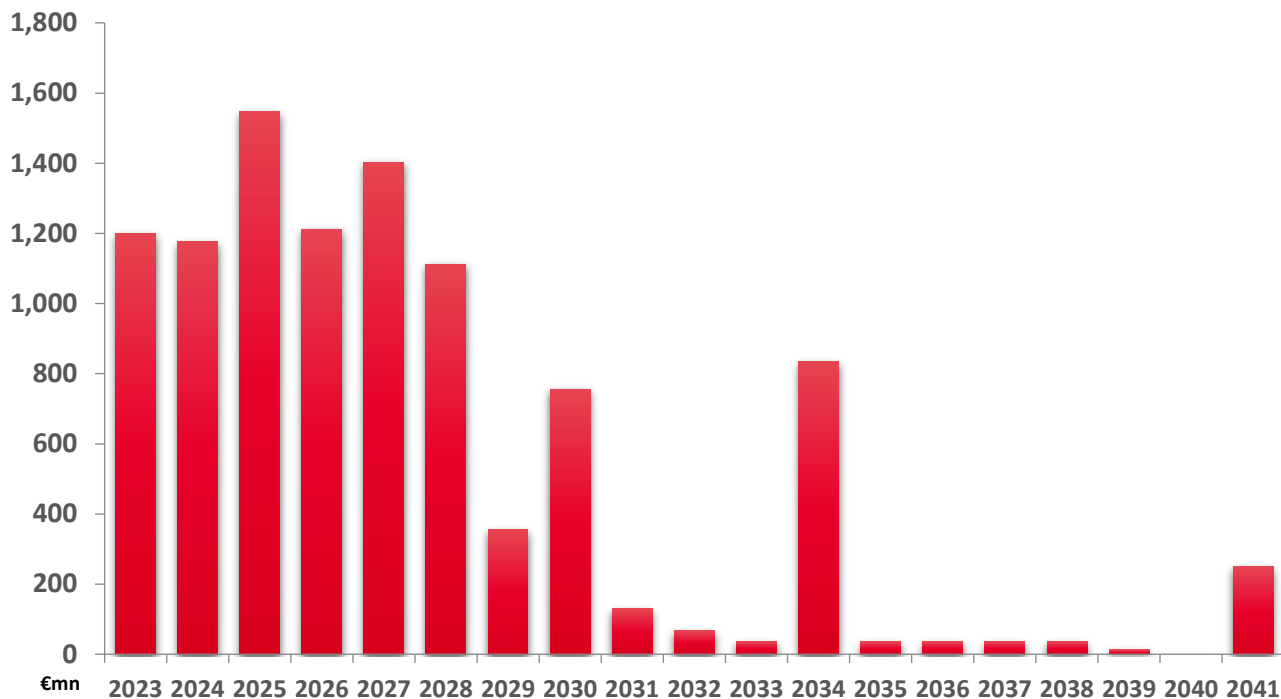
Effective management of financial expense

Balanced debt maturity profile extending over the next 15-20 years

Historically low borrowing costs and an **effective management of financial costs**, including interest rate risk management policies, has resulted in a containment of interest expense on debt, generating value for the Group.

Group long term debt maturity profile *

Interest expense on Group's financial liabilities ** ***



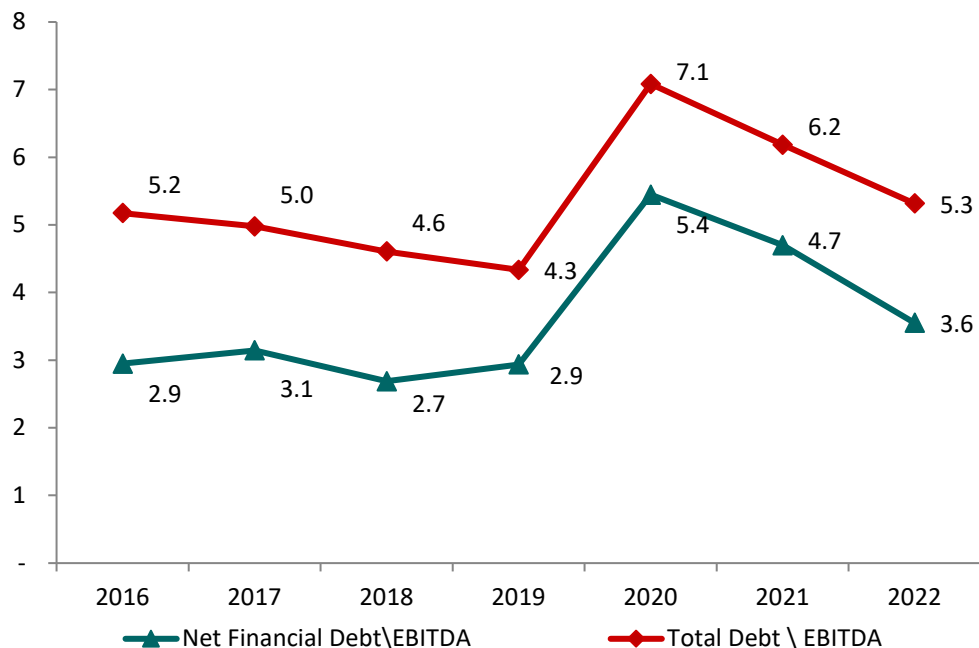
* Maturity profile calculated on the long term debt, included the current portion of the long term debt, held by FSIRFINTI as of December 2022
 ** The financial expense is net of government grants, therefore the ratio is calculated on the debt not funded through guaranteed government grants
 *** The value of interest expense as of 31 December 2022 will soon be available

Debt service capacity

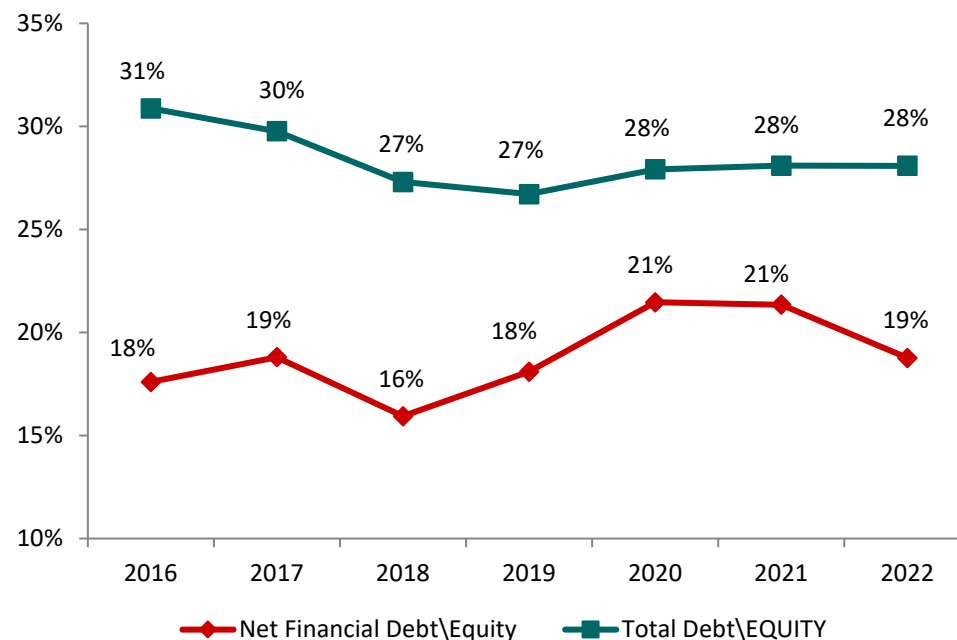
Effective funding management and still solid equity position

- **Net Financial Debt / EBITDA** has keeping stable around to 3x, while **Total Debt / EBITDA** has keeping stable around to 5x in last years before pandemic; after the increase caused by Covid in 2020, these ratios are gradually returning to pre-pandemic values.
- Historically low borrowing costs and effective management of financial costs, including interest rate risk management policies, resulted in **EBITDA interest cover improved substantially** in the last years and back to pre-pandemic levels by 2021 (14,8x).
- FS Italiane maintains a **strong and stable capitalisation** even after COVID impact.

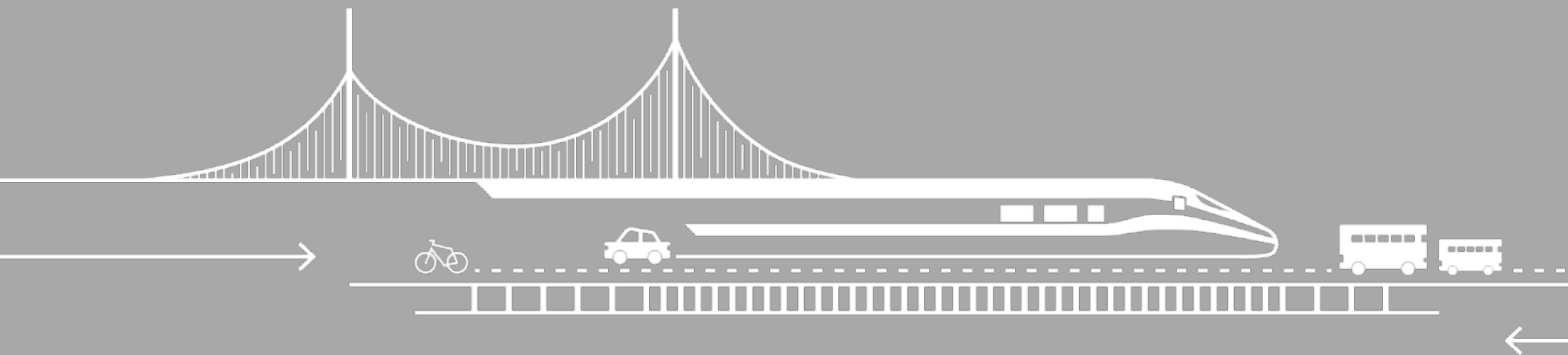
Leverage evolution



Capitalisation



Corporate Sustainability and Sustainable Finance



Sustainable finance endorsing a sustainable strategy 1/2

Increased awareness of the importance to strive for a more sustainable business.

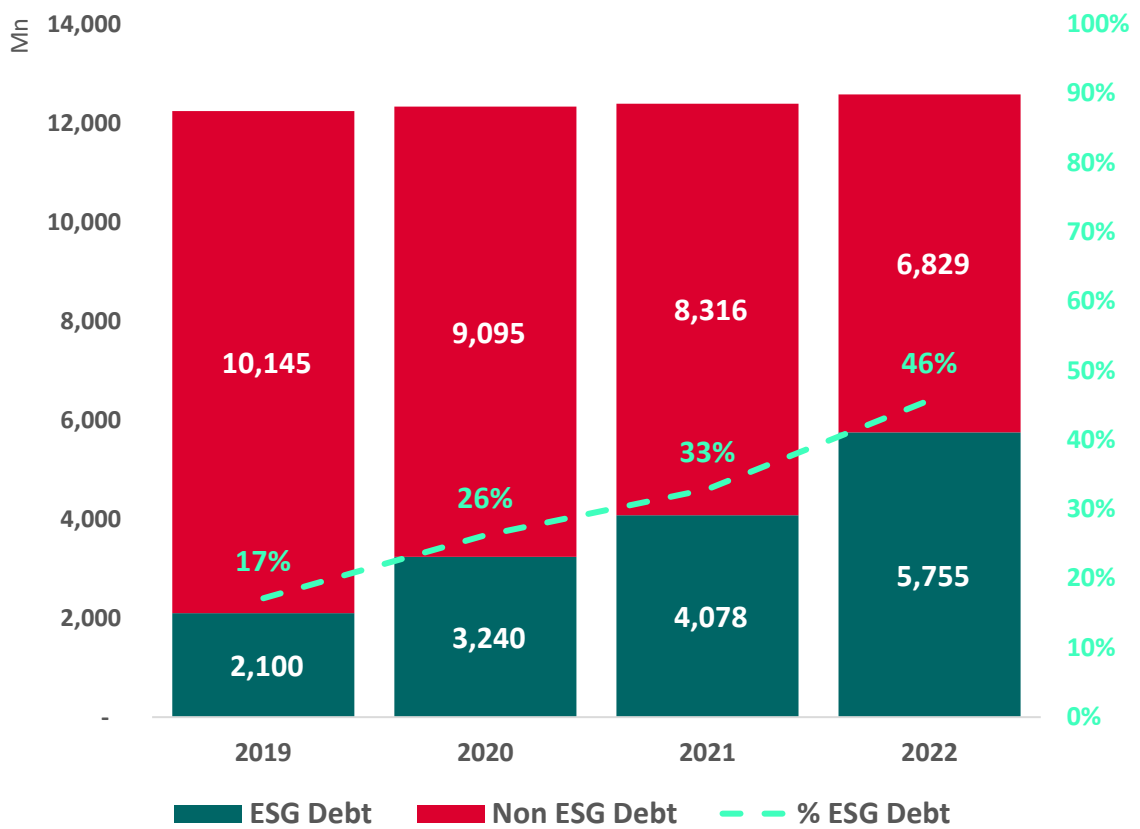


FS financial decisions become essential and strategic to allocate the new debt sources to the most effective investments complying with the ESG principles.

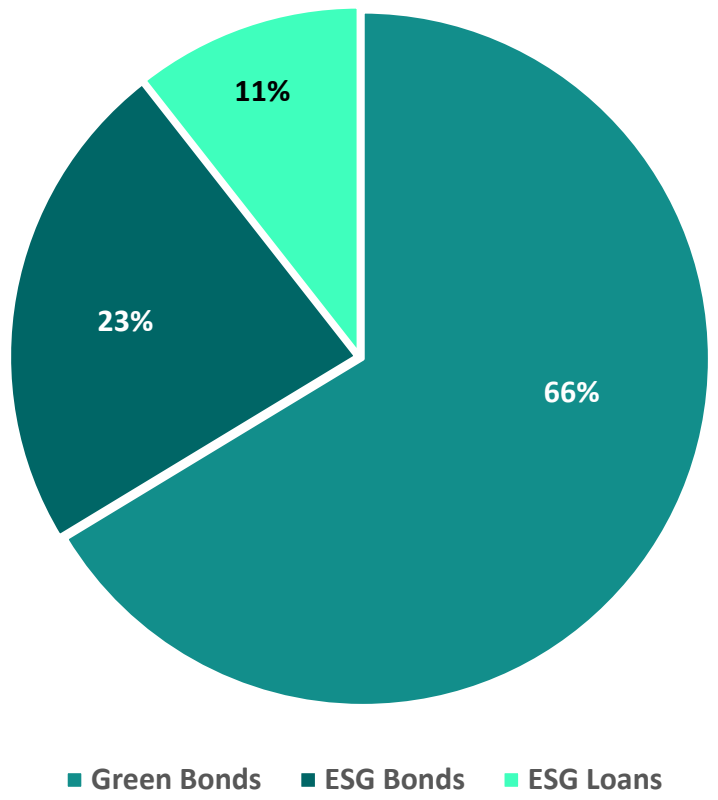


Sustainable finance endorsing a sustainable strategy 2/2

Gross Debt: ESG vs. non ESG



Closing of ESG bonds and loans: € 5.8bn as of 31/12/2022



- ESG bonds refer to private placement transactions with EIB and Eurofima (non EMTN) and bilateral loans which underlying financed assets are compliant with EU Taxonomy criteria.
- Figures includes € 430 mn of outstanding Revolving Credit Facility.

A business model which fully integrates sustainability

FS sustainability approach permeates the full organisational structure ensuring integration of environmental, social and economical aspects within strategic business decisions

FS Group vision is to become the company that enables a system of resilient infrastructure, sustainable mobility and integrated logistics

Key ESG highlights 2022



PEOPLE
9,317 recruitments

COMMUNITIES
172,497 sq.m. total surface area under free loan for social uses

EMISSIONS
4,8 million tCO₂e avoided emissions₁

WATER
-2,3% consumption of water resources

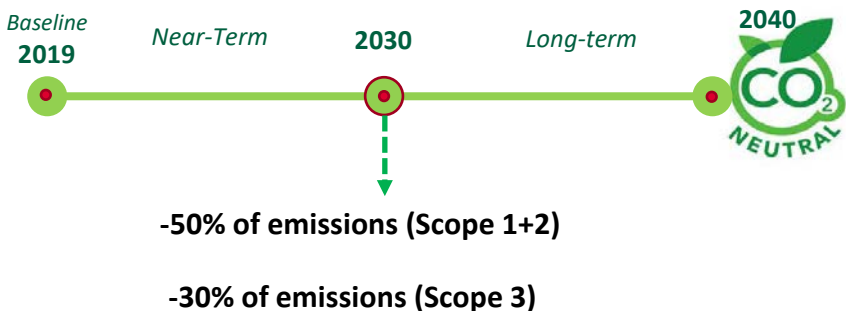
WASTE
Over 95% of special waste sent for recovery

SUSTAINABLE PROCUREMENT
Over 90% of bids of tenders include environmental and social criteria

Sustainability performances

Climate change A-	Advanced	Average	ESG low risk	7 th place out of 90

Roadmap to achieve Net 0



Contribution to SDGs



1) The calculation of avoided emissions is based on a comparative assessment of emissions from public transport by rail and road, compared with the corresponding emissions that would have occurred with private car use, and between emissions from freight transport by rail, compared to the corresponding emissions that would have occurred with heavy commercial vehicle use. Sources: EIB Project Carbon Footprint Methodologies

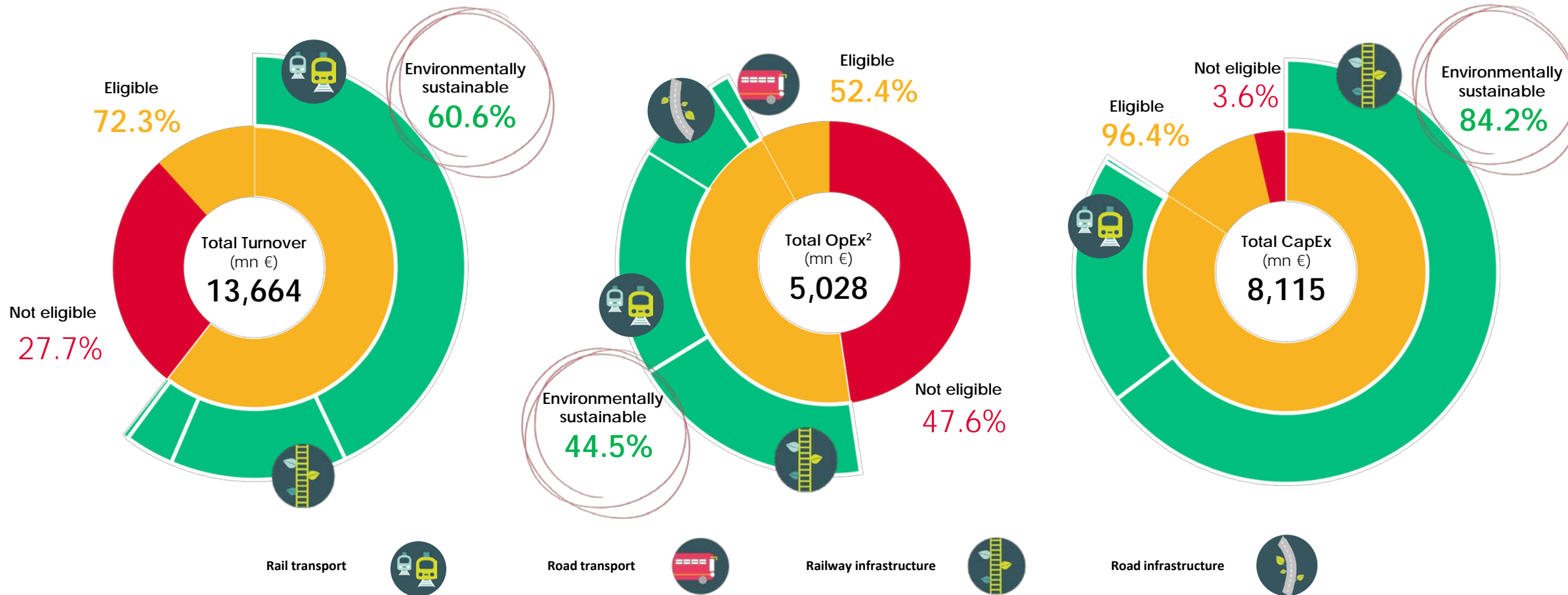
Reporting on the European Taxonomy

Turnover, Capex and Opex

In accordance with **EU Regulation 852/2020 (EU Taxonomy)** below is summarized the performance of the Group with regard to the **shares of 2022 Turnover, Opex, and Capex¹ aligned to the two objectives of climate change mitigation and adaptation.**

KPMG - as FS' external auditor – has supported FS Group in this analysis.

- ✓ A total of **60.6%** of consolidated **turnover** is Taxonomy aligned
- ✓ A total of **44.5%** of consolidated **operating expenses** is Taxonomy aligned
- ✓ A total of **84.2%** of consolidated **capital expenditure** is Taxonomy aligned



¹Results refer to the share of turnover, operating expenses, and capital expenditures not related to intercompany activities.

² Total Opex as identified by the Delegated Regulations paragraphs 1.1.3.1. - 1.1.3.2

FS Green Bond Framework updated in 2022



First Green Bond Framework established in 2017. In 2022 FS has enlarged the list of Eligible Green Projects.



All the EGP are aligned with the EU Taxonomy categories

- Potential KPIs:
- Energy efficiency
 - Reducing CO₂ emissions
 - Modal shift vs railway

← **Eligible Green Projects**

↗ Look-back period: 2 years (vs. 3 years of the previous update)

↘ Look-forward period: 2 years

Trenitalia electric passenger trains and maintenance of the electric rolling stock.



MIR electric locos and freight wagons and related maintenance



RFI electric HS infrastructure and maintenance of the railway lines.



Key figures of the Green Bond Framework



SPO

EU Taxonomy Assessment: Sustainalytics has assessed the Ferrovie dello Stato Italiane Green Bond Framework for alignment with the EU Taxonomy and is of the opinion that eligibility criteria in this category – which relate to passenger interurban rail transport and freight rail transport – map to three activities in the EU Taxonomy and are aligned with the applicable Technical Screening Criteria (TSC). The activities comply with the Do Not Significant Harm (DNSH) criteria defined for the aforementioned activities. Sustainalytics is also of the opinion that the activity and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

Compliance with ICMA Principles.



Description of the Projects under a Taxonomy perspective.



SPO ([link](#)) provider confirming EU Taxonomy alignment.



Eligible Green Projects covering the whole railway value chain.

UN SDGs 3 and 17 alignment.



KPMG as Third-Party Opinion Provider of the **Green Bond Reports**, available on [IR website](#).



Climate bond Initiative award.



This latest update was highly appreciated by investors, for the quality and transparency of the information and references to the EU Taxonomy.

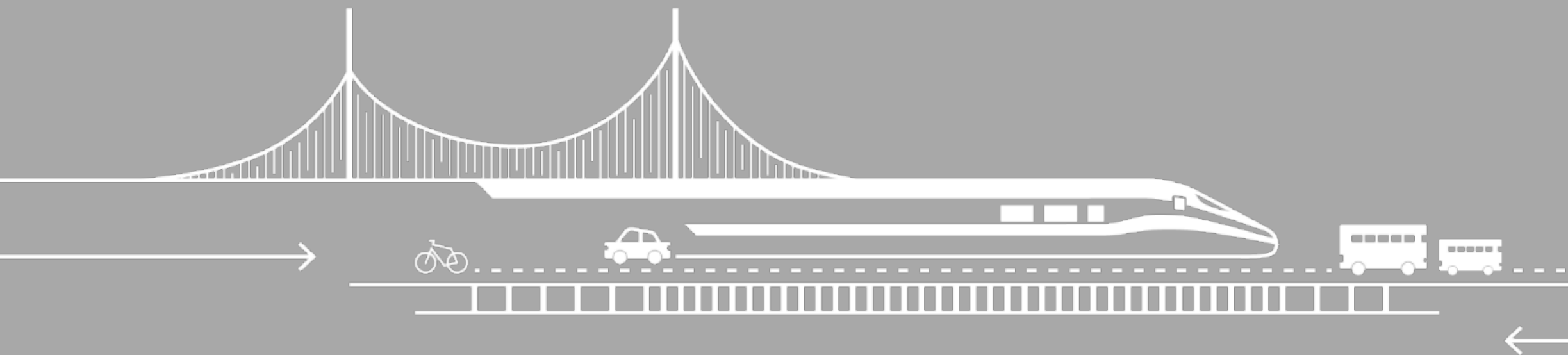


FS is among the best players in terms of sustainability. Indeed their core business is clean transportation and have concrete and challenging goals like net zero by 2040.

Amundi

We're aligning our investments to the EU Taxonomy for the issuers election in our portfolios and hence FS green bonds would remain eligible for us given its alignment as well.

Focus on Recovery and Resilience National Plan (PNRR)



PNRR: role of FS Group and financial resources

PNRR consists of six Missions. Each Mission consists of several Components

Mission 3 - “Infrastructures for Sustainable Mobility” amounts to around € 31.5 bn.

Mission 3 – Component 1 “Investments on Rail Network” amounts to € 27.97 bn invested both on railways and on roads.

Upgrades on National Rail Infrastructure will pertain both HS network and conventional rail network with infrastructural and technological investments (i.e. ERTMS).

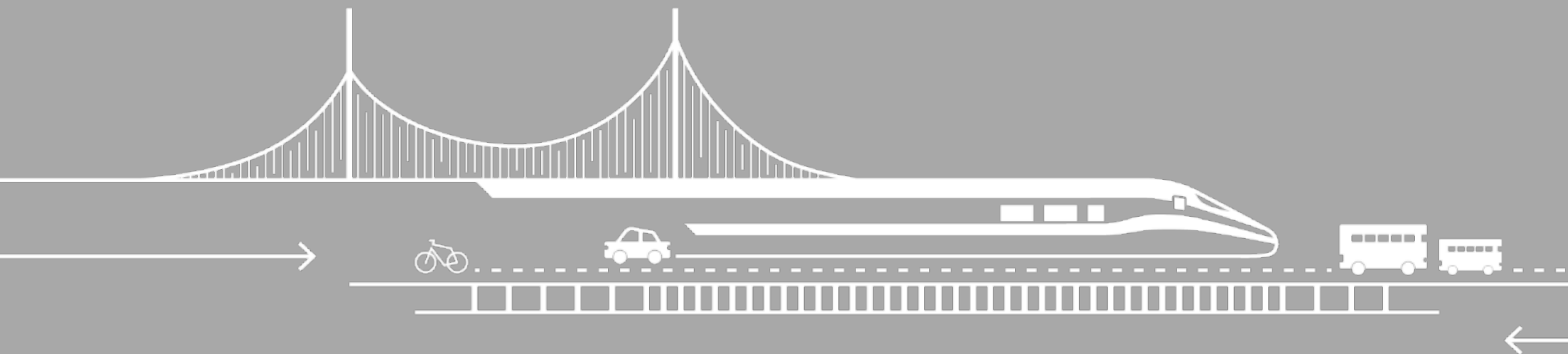
RFI acts as implementing body/subject of Mission 3 – Component 1

Others operating Group’s companies could be beneficiaries of the PNRR as implementing body/subjects.

ANAS acts as implementing body of Mission 5 and in the project «Safe Roads» together with all others roads’ concessionaires.

 M3. INFRASTRUTTURE PER UNA MOBILITÀ SOSTENIBILE	PNRR (a)	React EU (b)	Fondo complementare (c)	Totale (d)=(a)+(b)+(c)
M3C1 - RETE FERROVIARIA AD ALTA VELOCITÀ/CAPACITÀ E STRADE SICURE	24,77	0,00	3,20	27,97
M3C2 - INTERMODALITÀ E LOGISTICA INTEGRATA	0,63	0,00	2,86	3,49
Totale Missione 3	25,40	0,00	6,06	31,46

Appendix



FY 2022 Consolidated Financial Statements

Income Statement			
€mn	2022	2021	Change %
REVENUE	13,664	12,242	12
Revenue from sales and services	13,169	11,835	11
Other income	495	407	22
OPERATING COSTS	(11,452)	(10,354)	(11)
EBITDA	2,212	1,888	17
Amortisation, depreciation, provisions and impairment losses	(1,950)	(1,695)	(15)
EBIT	262	193	36
Net financial expense	(50)	14	>200
PRE-TAX PROFIT	212	207	3
Income taxes	(10)	(14)	30
PROFIT FROM CONTINUING OPERATIONS	202	193	5
Loss from assets held for sale, net of taxes	0	0	0
PROFIT FOR THE YEAR	202	193	5

Reclassified Statement of Financial Position			
€mn	2022	2021	Change
Net operating Working Capital	(1,019)	(125)	(894)
Other Net Assets	1,424	2,331	(907)
Working Capital	405	2,206	(1,801)
Net non-current assets	52,876	52,251	625
Other provisions	(3,574)	(4,051)	477
Net assets held for sale	0	16	(16)
NET INVESTED CAPITAL	49,707	50,422	(715)
Net current financial debt	(1,873)	(366)	(1,507)
Net non-current financial debt	9,727	9,237	490
Net financial debt	7,854	8,871	(1,017)
Equity	41,853	41,551	302
COVERAGE	49,707	50,422	(715)

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