CONTENTS

1. Ferrovie dello Stato Italiane Group Overview
2. Operations and Industry Overview
3. Corporate Sustainability
4. Sustainable Finance – Green Bond Programme
5. Financial Overview
6. Contacts
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FS Group in a snapshot

Ferrovie dello Stato Italiane SpA (“FS” or the “Issuer”) – 100% Italian State owned – is the holding company of the Italian railway group (FS Group). As one of the largest industrial groups in the country, it manages rail and road networks and transport services by rail and bus both passenger and freight, contributing to develop integrated mobility and logistics in Italy and abroad.

INFRASTRUCTURE DESIGNING: Italferr

INFRASTRUCTURE OPERATION AND MAINTENANCE: Rete Ferroviaria Italiana ANAS

TRANSPORT SERVICES: Trenitalia Busitalia Mercitalia others

STATIONS AND REAL ESTATE: GS Rail Centostazioni Rail FS Sistemi Urbani

BUSINESS SUPPORT SERVICES: Italcertifer Fercredit Ferservizi

**Net of (1,645)m of cons.adj.

Group Revenue by segment (2018)**

- Transport 58%
- Infrastructure 39%
- Real Estate Services 1%
- Other services 2%

<table>
<thead>
<tr>
<th>2018 Consolidated Highlights (€mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>EBITDA Margin</td>
</tr>
<tr>
<td>EBIT</td>
</tr>
<tr>
<td>EBIT Margin</td>
</tr>
<tr>
<td>Net Income</td>
</tr>
<tr>
<td>Net Invested Capital</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Net Financial Debt</td>
</tr>
</tbody>
</table>

Source: FS 2018 Annual Report

**Net of (1,645)m of cons.adj.
Benchmarking with European rail players

<table>
<thead>
<tr>
<th>(£b)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Issuer Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8.9</td>
<td>9.3</td>
<td>12.1</td>
<td>Fitch BBB</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>25.7%</td>
<td>25%</td>
<td>20.5%</td>
<td>S&amp;P BBB</td>
</tr>
<tr>
<td>EBIT margin %</td>
<td>10%</td>
<td>7.7%</td>
<td>5.9%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(£b)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Issuer Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>43.3</td>
<td>45.6</td>
<td>47.1</td>
<td>Fitch AA</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>10.3%</td>
<td>9.9%</td>
<td>9.5%</td>
<td>S&amp;P AA-</td>
</tr>
<tr>
<td>EBIT margin %</td>
<td>3.4%</td>
<td>3.7%</td>
<td>3.8%</td>
<td>Moody’s Aa1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(£b)*</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Issuer Rating*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>32.3</td>
<td>33.5</td>
<td>33.3</td>
<td>Fitch A+</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>12.8%</td>
<td>13.7%</td>
<td>12%</td>
<td>S&amp;P AA-</td>
</tr>
<tr>
<td>EBIT margin %</td>
<td>6.6%</td>
<td>7.9%</td>
<td>6.7%</td>
<td>Moody’s Aa3</td>
</tr>
</tbody>
</table>

* Results of SNCF Group; Rating of SNCF Mobilités
Source: FS, DB, SNCF Annual Reports and rating agencies’ websites
**Rating Overview**

<table>
<thead>
<tr>
<th>S&amp;P Global Ratings</th>
<th>Fitch Ratings</th>
</tr>
</thead>
</table>

**RATING**

<table>
<thead>
<tr>
<th>Corporate Rating</th>
<th>BBB</th>
<th>Outlook NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand Alone Credit Profile</td>
<td>bbb</td>
<td></td>
</tr>
</tbody>
</table>

**FS’ rating reflects the:**

- “**very important**” role for the Italian government as holding group of the country’s national railway and the “**integral**” link with its sole owner (Italian Govt)
- “**Strong**” business risk profile: «...dominant market position in the Italian transport segment and network concessionaire...the vertical integration combines infrastructure manager and transportation services and gives earnings operating stability»
- “**Intermediate**” financial risk profile: «FS’s financial metrics remain solid with FFO/debt at ~ 20% in 2016»

On November 5th 2018 S&P released a bulletin affirming is premature to assess the impact of the potential acquisition of Alitalia...and that the strong link with the Italian government provides protection against potential impact

In June 2019 FS has been included in the ESG Industry Report Cards for its engagement on the ESG topics among a selection of companies active in the transport sector

**Outlook revised on October 29th 2018 after same change on Italy**

<table>
<thead>
<tr>
<th>Corporate Rating</th>
<th>BBB</th>
<th>Outlook NEGATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand Alone Rating</td>
<td>BBB</td>
<td></td>
</tr>
</tbody>
</table>

FS’ rating reflects the:

- **Full ownership** and **high integration** with the Italian government and its **key role for railway transport and mobility in Italy as well as the national infrastructural development**
- **Revenue Defensibility**: «...a dominant market share in passenger transportation services in Italy and growing operations in UK, Greece and Netherlands»
- **Financial profile**: «...Fitch expects FS to maintain strong operating cash flow generation capacity»

On November 7th 2018 Fitch issued a press release where affirmed that FS Italiane’s offer for the potential acquisition of Alitalia, does not immediately affect the rating of FS

Source: S&P and Fitch reports. Please refer to the rating agencies’ websites for further information.
Key Operating Data

Long-haul transport - market services - “Frecce”

Long-haul transport – Public Service Contract

Regional transport

Road transport*

Network Infrastructure

44,000 km

Railway network

16,781 km

1,467 km HS tracks

Road network

26,000 km of roads and
1,300 km of highways

Cargo transport

Tons Km total - million

Tons Km abroad - million

Passengers - km million

Trains\Bus - km thousand

(* ) passengers-km of road transport do not include Qbuzz traffic volume

Source: FS 2018 Annual Report
Trenitalia: rail passenger transport in Italy and abroad

Key highlights

- Trenitalia is one of the leading railway operators in Europe
- Everyday manages about 9,000 trains and each year transports c. 600 million passengers
- Trenitalia is also abroad with c2c in UK, Thello in France, Trainose in Greece and since 1st June 2019 it has the control of Netinera Group active in Germany (previously directly owned by FS)
- Organized in two business segments:
  - medium/long distance passengers
  - regional passengers

Financial highlights

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>5,318</td>
<td>5,368</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,585</td>
<td>1,483</td>
</tr>
<tr>
<td>EBIT</td>
<td>399</td>
<td>389</td>
</tr>
<tr>
<td>Net Income</td>
<td>276</td>
<td>257</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>29%</td>
<td>27.6%</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>7.5%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

INVESTMENTS 2018 € 798 million

- 16% revamping rolling stocks
- 18% new rolling stocks
- 20% IT, technologies and plants
- 46% rolling stocks maintenance

Source: Company information, Trenitalia 2018 Annual Report
Focus: High Speed Transport

- The Medium\Long Haul Passenger Division ensures the national and international passenger transportation, including High Speed services.
- The Italian **High Speed network** connects the main metropolitan areas of the country and it has been the key element for the *modal shift* from plane to rail in Italy.

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The **ETR 1000**, named *"Frecciarossa 1000"*, is the new high-speed train of Trenitalia, comfortable, safe and environmentally friendly, designed to meet the most advanced techniques. Able to travel on all European high-speed networks.

The fleet counts **50 ETR 1000** with the last delivered in January 2018. Part of fleet was funded via the **first green bond issued by FS** in November 2017.

---

**Milan – Rome route modal share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Highway</th>
<th>Air</th>
<th>Train</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>36%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>44%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>49%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>55%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>57%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>61%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>63%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>62%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>69%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Source: Company information
Focus: Regional Transport

Overview

• Offers urban, regional and interregional mobility
• Business with local administrations is regulated by different Public Service Contracts (‘PSCs’)
• PSCs are subject to specific regulation in terms of eligible costs and adequate capital investments returns
• In 2018 revenues related to regional passenger services equal €2,835mn (+2.4% vs. 2017)
• In Emilia Romagna region, Trenitalia won in joint venture with TPER (the local public transport company) the tender for the transport operation for 22 years

Trenitalia regional services portfolio as of today

Trenitalia has been renewing Public Service Contracts with a much longer duration (15years) with all 20 Italian regions

* negotiation ongoing for new 15 years PSCs from 2019
(a) Extension from 8ys to 15ys approved by the Authority, signing expected in July
(b) negotiation ongoing for a new 10 years PSC
Focus: Regional Transport

Service Enhancement

- The regional fleet will be upgraded in 2019-2023 by 216 new medium capacity (“Pop”) and 250 high-capacity (“Rock”) highly energy efficient trains and 128 other trains.
- Part of the first 86 Rock and Pop was funded via the first green bond issued by FS in November 2017.
- First deliveries in Emilia Romagna region in 2019.

These regional trains daily let commuters, students, tourists and workers travel throughout the country.

We are investing for the regional transport turnaround.

Regional transport investments 2018 € 330 million

47% new rolling stocks

Overall Customer satisfaction reached 84% (% satisfied clients)

Source: Company information; Trenitalia 2018 Annual Report
Regional transport - the turnaround is now

- **14 June 2019**: inaugural trip of Rock and Pop trains on Piacenza – Bologna and Rimini - Bologna routes in Emilia Romagna
- We aim at becoming a **European benchmark** in the Regional transport as we already are in the High Speed
- Trenitalia will have the **youngest fleet in Europe**
Busitalia: road passenger transport in Italy and abroad
For an integrated mobility

Key highlights

- Busitalia provides local bus transport, both urban and suburban, in Veneto, Tuscany, Umbria and Campania
- In August 2017 Busitalia acquired Qbuzz, the Dutch company which operates public bus transport services in the Netherlands
- In 2018 Qbuzz won public transport 8ys concessions in DNG and Groningen-Drenthe areas
- Busitalia also operates the replacement of rail services by bus including Freccialink

Financial highlights

<table>
<thead>
<tr>
<th>€mn</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>472</td>
<td>624</td>
</tr>
<tr>
<td>EBITDA</td>
<td>43.1</td>
<td>55.3</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>9.1%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

One of the country’s top players

Production
110 mn Bus-Km

Passengers
200 mn/year

FLEET INVESTMENTS 2018 € 152 million

Source: Company information; Busitalia Annual Reports
Mercitalia: freight and logistic services

Integrated governance for the freight services

The new Mercitalia Hub, with Mercitalia Logistics as sub-holding has been created with the aim of restructuring the cargo business and rationalize the freight operators active in the Group to improve quality and efficiency of cargo services provided

- Increase and strengthen the presence in the intermodal transport segments
- Develop operating synergies to increase competitiveness and market share

**Investments 2018: 119 million** mainly for fleet upgrading

- New electric locomotives and wagons together with technology upgrades will enhanced the Group cargo fleet

**MERCITALIA HUB REVENUES**

- **2017**: € 1,042 mn
- **2018**: € 1,018 mn

Eligible Green Project
Operations and Industry Overview
Infrastructure
### Key figures

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>2,538</td>
<td>2,790</td>
</tr>
<tr>
<td>Track access charges</td>
<td>1,103</td>
<td>1,175</td>
</tr>
<tr>
<td>CdP-Service</td>
<td>976</td>
<td>1,004</td>
</tr>
<tr>
<td>ancillary traffic services</td>
<td>96</td>
<td>222</td>
</tr>
<tr>
<td>Real estate services</td>
<td>107</td>
<td>111</td>
</tr>
<tr>
<td>Other income</td>
<td>256</td>
<td>278</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>480</td>
<td>449</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>18.8%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>293</td>
<td>312</td>
</tr>
<tr>
<td>EBIT margin %</td>
<td>11.5%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>262</td>
<td>274</td>
</tr>
</tbody>
</table>

### TOTAL PRODUCTION 2018

- 364 million train-km +3%

### NETWORK HIGHLIGHTS 2018

- 16,781 km network length
- 23,035 km Traditional tracks
- 1,467 km HS tracks

### INVESTMENTS 2018 € 4,769 million (+8%)

- Funded by the Contratto di Programma 2017-2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional network</td>
<td>97%</td>
</tr>
<tr>
<td>High Speed network</td>
<td>3%</td>
</tr>
<tr>
<td>Maintenance and Safety</td>
<td>51%</td>
</tr>
<tr>
<td>Network Development</td>
<td>49%</td>
</tr>
</tbody>
</table>

~ +80% in 6 years
ANAS: road infrastructure

- ANAS is part of FS Group since January 2018, following the equity transfer from the MEF.
- With ANAS, alongside RFI, FS group is now Europe’s largest integrated rail and road hub in terms of both number of people serviced and investments.

Designing, construction and maintenance of national roads

Concessionaire of 29,000 km of roads

~ 1,300 km of highways

INVESTMENTS 2018 € 1,391 million
Fully funded by the Contratto di Programma

Financial highlights

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,176</td>
<td>2,046</td>
</tr>
<tr>
<td>EBITDA</td>
<td>175</td>
<td>157</td>
</tr>
</tbody>
</table>

Contratto di Programma 2016-2020 signed with the MIT

- 36% routes completion
- 44% extraordinary maintenance and safety upgrade
- 17% new projects
- 2% road access reactivation post-earthquake
- 1% other investments
Corporate Sustainability
FS Sustainability approach

Our sustainability approach permeates the full organizational structure ensuring integration of environmental, social and economical aspects within strategic business decisions.
Sustainability as driver of the Group’s business model

- **Envision protocol**: The first rating system for design and construction of sustainable infrastructure, reducing negative externalities
- The new High Speed line Napoli-Bari is the first European infra project to receive the certification
- **Life Cycle Assessment**: For a long term vision on the useful life of the infrastructure, assessing its environmental footprint
- **Renewal of the passengers fleet**: with high energy efficiency trains both high-speed and regional and low carbon emissions buses
- **Renewal of the cargo fleet**: with high energy efficiency electric locomotives
- **RESPONSIBLE PROCUREMENT**
  - We integrate environmental and social issues in the procurement of goods, services and works
  - Suppliers CSR assessment: we encourage our suppliers to improve their environmental performance
- **CUSTOMERS**
  - We pay close attention to delivered and perceived service quality
  - We promote an integrated door-to-door system through the creation of intermodal hubs, vehicle sharing agreements, bus-rail connections, etc...

**INFRASTRUCTURE**

**TRANSPORT**
Development of a sustainable mobility

FS GROUP 2023 TARGETS

- 90 million passengers/year on our trains
- 400 thousand cars/year on the roads
- 600 million Kg CO₂/year

FS GROUP LONG TERM GOALS

1. sustainable mobility
   - passenger - 5% modal shift from private car to public and shared mobility, within 2030 (baseline 2015)
   - freight – 50% freight rail transport and 50% freight transport services by road, within 2050

2. safety – best in class in Europe and “zero fatalities” within 2050

3. energy and emissions - carbon neutrality within 2050
Sustainable Finance

Green Bond Programme
Green Bond Framework update

Use of Proceeds

• FS strongly believes that rail and public transport are critical for sustainable development and global efforts to combat climate change, by facilitating the modal shift away from cars and trucks into less carbon intensive modes of transport.

• FS updated its Green Bond Framework which is in accordance with the 2018 ICMA Green Bond Principles and which aims at financing projects with a positive impact in terms of environmental and social sustainability. The GBF obtained a Second Party Opinion from Sustainalytics and is aligned with EU taxonomy.

<table>
<thead>
<tr>
<th>ELIGIBLE GREEN PROJECTS - EGB</th>
</tr>
</thead>
<tbody>
<tr>
<td>To ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail both for the local and long distance public transport and for freight transport, among other improvements related to air quality and comfort for passengers and safety for freight forwarding</td>
</tr>
</tbody>
</table>

• Investments in public passengers transport rolling stock renewal
  
  NEW ELECTRIC MULTIPLE UNIT (EMU) TRAINS FOR REGIONAL PASSENGER TRANSPORT
  NEW HIGH SPEED TRAINS “ETR 1000”

• Investments in freight transport rolling stock renewal*
  
  NEW ELECTRIC LOCOMOTIVES FOR FREIGHT TRANSPORT
  NEW WAGONS FOR FREIGHT TRANSPORT

New Eligible Green Projects

FS may decide to include additional Project Categories for future issuances

Look-back period of 3 years

* aligned with criterion 5 of Transport criteria - Low Carbon Land Transport and the Climate Bonds Standard. In 2018 MIR transported 0,0001% of the ONU Codes 1972 (natural gas) as fossil fuel, on the total tons of transported goods
Green Bond Framework
Process for Selection - Evaluation & Management of Proceeds - Reporting

Process for Selection and Evaluation

- FS’s internal Green Bond Working Committee reviews eligible projects and monitors FS’s Green Bond Framework.
- Committee consists of members of FS’s Finance, Sustainability teams and FS’s subsidiaries involved and is chaired by FS’s Head of Finance.

Management of Proceeds

- FS’s Treasury will allocate, via intercompany loan, the Green Bond proceeds from the Treasury to the approved projects recorded in the Green Bond Register.
- Whilst any bond proceeds remain unallocated, they will be invested in accordance with FS’s liquidity management policies and guidelines in money market products.

Reporting

- On an annual basis, at least until full allocation, FS will provide:
  - Allocation reporting: detailing the bond proceeds allocation by category of Eligible Green Projects
  - Performance reporting: for each category of Eligible Green Projects FS will report on relevant impact metrics
- Relevant metrics could include:

<table>
<thead>
<tr>
<th>PROJECT CATEGORY</th>
<th>INDICATIVE KEY PERFORMANCE INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in public passengers transport rolling</td>
<td>• Energy savings (GWh saved)</td>
</tr>
<tr>
<td>stock renewal</td>
<td>• Total GHG emissions avoided (tCO2 eq)</td>
</tr>
<tr>
<td>Freight Rail Transport Locomotive and wagons Renewal</td>
<td>• Estimated energy savings (GWh saved)</td>
</tr>
<tr>
<td></td>
<td>• Estimated Total GHG emissions avoided (gCO2 tr/km)</td>
</tr>
</tbody>
</table>

- FS’s annual Green Bond reporting will be made available on its website and in the Sustainability Report.
- After full allocation, reporting will only be issued in the event of any material changes.
External Reviews

- **Sustainalytics** provided a **Second Party Opinion** on this Green Bond Framework and a **Pre-issuance verification** on the Climate Bonds standard
- FS obtained the **Climate Bonds certification** on the next green bond issuance
- **KPMG** provided a **Third Party Opinion** on the first Green Bond Report

**Ferrovie Green Bond Framework**

“Ferrovie’s Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP 2018.”

**Impact of Use of Proceeds**

“Given the declared (estimated) energy improvements of the new electric trains compared to previous models, as well as recyclability of the trains, **Sustainalytics is of the opinion that the eligible category contributes to increased sustainability and energy efficiency of Ferrovie’s operations and the transport system in Italy.”

**Ferrovie’s sustainability strategy**

“Ferrovie has demonstrated a commitment to integrate sustainable practices into its business strategy and operations, as aligned with its strategic vision”

Sustainalytics believes that the eligible category is aligned with Ferrovie’s overall sustainability strategy and efforts, and will also contribute to the advancement of UN SDGs, specifically 9, 11, and 12.

Based on the above, **Sustainalytics is confident that Ferrovie is well-positioned to issue green bonds, and that Ferrovie Green Bond Framework is robust, transparent and in alignment with the Green Bond Principles 2018.**
FS Italiane Climate Bonds Initiative Certification

First Italian issuer to obtain the CBI Certification

• FS Italiane obtained the Climate Bonds Initiative Certification for its next green bond issuance

• The Eligible Green Projects selected for the FS green bond align with the **Low Carbon Land Transport criteria** as outlined by the Climate Bonds Standard*:

  - **Criterion 3**: Emissions threshold for public passenger transport - All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail, trams, trolleybuses and cable cars. Buses with no direct emissions (electric and hydrogen) also pass
  
  - **Criterion 4**: Emissions threshold for dedicated freight railway lines - All infrastructure, infrastructure upgrades and rolling stock for electrified freight rail lines pass this criterion
  
  - Additionally, as per CBI’s requirements for dedicated freight railway lines, Ferrovie has confirmed that no more than 50% on the share of fossil fuel freight t-km will be transported by the line

*Climate Bonds Standard Version 2.1 and Low Carbon Land Transport Version 1.0
Eur 600 million 7-years inaugural Green Bond issued in 2017

The first European green bond of an incumbent railway operator, financing both high speed and regional trains.

Demand exceeded 1.3 billion of Euro from 115 investors, of which around 50% sustainable investors.

The lowest coupon ever obtained by FS in a public bond.

REGIONAL TRAINS POP & ROCK

- €50 million financed by the bond
  Eq. 3 Pop and 4 Rock

-20%* 1,142 tCO2 saved VS previous Model ETR500

HIGH-SPEED TRAIN ETR 1000

- €550 million financed by the bond
  Eq. 17 ETR 1000

-20.5%* 12,349 tCO2 Saved VS Comparable trains

39 new investors compared to previous public issues, mainly “green”

The ETR1000 emissions are estimated in comparison with the ETR500; regio trains data are evaluated in comparison with comparable trains, operating in the market.
FS is ready for the second benchmark Green Bond

- A new FS Green Bond to carry on the Group’s sustainability path for a clean transport including also the freight sector
- FS is willing to develop its «green curve»

First European corporate green bond financing freight rolling stocks
For the first time, since the EMTN establishment, FS Holding will finance the cargo sector via bond
Focus EGP - New High Speed Trains “ETR 1000”

- The **ETR 1000**, named “**Frecciarossa 1000**” is the new electric high-speed train of Trenitalia, comfortable, safe and environmentally friendly, designed to meet the most advanced technology (ERTMS/ECTS traction control system)

- Extremely accurate **aerodynamic design** to minimize motion resistance

- High **efficiency of traction system**

- **Recyclability** rate over 94%

- First HS train provided with **Environmental Product Declaration** (EPD)

- **Access to "White Certificate"** mechanism (national incentives scheme for high energy efficiency investments) obtained on December 1st, 2015


The ETR1000 emissions are estimated in comparison with the ETR500; regio trains data are evaluated in comparison with comparable trains, operating in the market.
Focus EGP - New Regional Trains “Pop” & “Rock”

- New electric highly energy efficient trains both medium capacity ("Pop") and high-capacity ("Rock")
- Innovative technologies for energy efficiency (engines with natural ventilation, use of light alloys, LED lighting, CO₂ sensors for optimal climatization, smart parking mode, etc)
- Recyclability rate between 92% and 96%
- More bikes racks, with charging points for electric bikes
- Access to "White Certificate" mechanism (national incentives scheme for high energy efficiency investments) obtained on February 15th, 2017
- First deliveries in Emilia Romagna region in March 2019

*See Green Bond Report 2018: [https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_GreenBond_Report_Third%20_Party_Opinion_EMTN_Series_7.pdf](https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_GreenBond_Report_Third%20_Party_Opinion_EMTN_Series_7.pdf) The ETR1000 emissions are estimated in comparison with the ETRS00; regio trains data are evaluated in comparison with comparable trains, operating in the market.
Focus EGP – New electric Locomotives and Wagons for freight transport

- **New electric locomotives “E494”** the latest model of the TRAXX family single-system locomotive, designed to **minimize energy consumption** and assures a significant efficiency improvement compared to the previous models

- **“Parking Mode”** and **“Eco-mode”** enable a very low energy consumption during the standstill and the use of the locomotive in the case of partial load reducing the vibration and noise level

- **Electrodynamic braking system** regenerates the energy to the overhead line, **magnetic components** with very high energy efficiency and **optimized cooling control** improve energy efficiency

- Oil free compressor and the new fire-fighting system reduce environmental impact

- **New wagons for coils transportation** are equipped with electronic monitoring devices for accident prevention solutions for coil fastening

- Lighter by 1400 kg and **energy consumption reduction by 2%**

- Noise reduction with respect to existing wagons

- Wagons are equipped with electronic devices that allow to store data for “on condition maintenance” and to use each component for its entire useful life for a lower environmental impact

Aligned with criterion 5 of Transport criteria - Low Carbon Land Transport and the Climate Bonds Standard. In 2018 MIR transported 0,0001% of the ONU Codes 1972 (natural gas) as fossil fuel, on the total tons of transported goods
Financial Overview
Robust financial performance continues to improve

Consistent profitability and margins

Solid increase in revenue over the period. In 2018 from both the industrial performance and new acquisitions

...focus on expenses containment despite employees growth and new acquisitions
Group revenues breakdown

- In 2018 Revenues reached the record amount of €12,078 million (+30% vs 2017), mainly as a result of the consolidation into the Group of ANAS and the lasting positive performance of the transport segment (+4%) both rail and road services.

**DELTA REVENUES CONTRIBUTION**

Revenues from non-recurring transactions
- ANAS
- Trainose
- Qbuzz

Revenues from ordinary business
- Mainly Transport Services

**GROUP REVENUE BY SEGMENT**

- 58% Transport
- 39% Infrastructure
- 2% other services
- 1% real estate

**TRANSPORT REVENUES: MARKET VS. PSCS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Revenues</th>
<th>Public Service Contract Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>2018</td>
<td>62%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: FS 2018 Annual Report
Focus on operating costs

- In 2018 **operating costs** amounted to €9,602 million versus €6,980 million of 2017
  - The overall increase is almost entirely due to the expansion of the consolidation scope, mainly related to the ANAS figures
  - Greater capitalisations due to the increase in investments
  - **Costs related to the Infrastructure services** increase more than other divisions, given the consolidation of ANAS into the FS Group

### Breakdown of operating costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expense</td>
<td>4.178</td>
<td>4.853</td>
</tr>
<tr>
<td>Raw materials</td>
<td>2.663</td>
<td>1.599</td>
</tr>
<tr>
<td>Services</td>
<td>1.136</td>
<td>1.599</td>
</tr>
<tr>
<td>Other costs incl. Capitalisation</td>
<td>-1.221</td>
<td>-1.991</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7.126</td>
<td>8.040</td>
</tr>
</tbody>
</table>

Source: FS 2018 Annual Report

### Total operating costs by division

<table>
<thead>
<tr>
<th>Division</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>5.888</td>
<td>6.269</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>2.132</td>
<td>3.557</td>
</tr>
<tr>
<td>Real Estate Services</td>
<td>-275</td>
<td>125</td>
</tr>
<tr>
<td>Other services</td>
<td>-66</td>
<td>285</td>
</tr>
<tr>
<td>Cons. Adj.</td>
<td>-1.574</td>
<td>-1.634</td>
</tr>
</tbody>
</table>

Source: FS 2018 Annual Report
FS Group’s CAPEX profile

Leading investor in development of transport, infrastructure and logistics

- For the third consecutive year, FS’s capital expenditure exceeded €5 billion (€ 5,871 million in 2018, excluding ANAS, of which €4,727 million through government grants mainly earmarked to rail infrastructure).
- The majority of capex is related to the maintenance and development of the rail infrastructure network carried on by RFI, with a focus on Traditional network (~ €4.6bn). 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 accounted for 14% - €798million.

FS Capex in 2016 - 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (€mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5,950</td>
</tr>
<tr>
<td>2017</td>
<td>5,407</td>
</tr>
<tr>
<td>2018</td>
<td>5,871</td>
</tr>
</tbody>
</table>

2018 capex breakdown

- RFI - Traditional network: 79%
- RFI - High Speed network: 2%
- Trenitalia: 14%
- Busitalia Group: 2%
- Mercitalia Group: 2%
- Other capex: 1%

Capex excludes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12

ANAS investments in 2018 accounted for € 1,391 million
FS’ debt profile

Funding diversification

• Total gross financial debt (long term + short term) amounts to €11,404mn* at YE 2018 vs. €11,514mn at YE 2017. The bulk of FS Group’s debt is held by FS Holding (€7,452mn, 65% of total).

• Part of FS’ debt is funded directly through guaranteed State transfers (€2.12 billion out of the total debt of €11.4 billion at YE 2018). This debt is earmarked to infrastructure investments.

• Net Financial Debt amounts to €6,655mn at YE 2018 decreasing by 618 million on YE 2017, mainly due to an increase in cash following ANAS consolidation and to a decrease in the stock debt as a result of repayments and new debt evolution in the year.

![Breakdown Financial sources 2012 - 2018 (a)](image)

(a) These percentages are calculated on the long term debt held by FS/RF/TI which amounts to around 9.5 billion
(b) In PSCC from July 2015 to July 2016
Source: FS 2018 Annual Report

Strong Liquidity Position

Eur 2 bn Committed RCF
with 11 primary banks

Funding strategy

On 16 April 2019, the FS Board of Directors approved new m\ term
debt up to **1.75 billion of Euro** – both bonds and
loans - to finance the
2019 Group’s
investments

Access to Capital Markets

Eur 7 bn EMTN Programme

EIB
CDP
Eurofima

![Diagram showing funding sources and breakdown](image)
The Group has a **balanced debt maturity profile** extending over the next 12 years, with the majority of maturities falling due over the next 7 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. In the last 5 years average interest expense decreased from 3% to around 1.5%.

---

1. **Effective management of financial expense**
2. **Balanced debt maturity profile**

---

* Maturity profile calculated on the long term debt, included the current portion of the long term debt, held by FS (RFI) which amounts to around 9.5 billion.

** The financial expense is net of government grants, therefore the ratio is calculated on the debt not funded through guaranteed government grants.

Source: FS 2018 Annual Report
Eur 7 billion EMTN Programme

Proved access to the bond market

9 bonds for Euro 3.95 billion outstanding

Series | Issue date | Amount (Euro mio) | Maturity
--- | --- | --- | ---
1* | 07/2013 | 750 | 07/2020
2* | 12/2013 | 600 | 12/2021
3* | 01/2016 | 300 | 12/2025
4* | 07/2016 | 350 | 07/2022
5* | 07/2016 | 50 | 07/2031
6* | 06/2017 | 1000 | 06/2025
7* | 12/2017 | 600 | 12/2023
8* | 12/2017 | 100 | 12/2025
9* | 03/2018 | 200 | 03/2030

* 4 benchmark size public issuances

* 5 private placement

Among them, the two first corporate bond fully underwritten by the EIB, one of them financed through the Juncker Plan funds of the EFSI

70% Trenitalia

- For the purchase of HS and regional trains

30% RFI

- For the completion of the HS infrastructure

FS offers room for new issue at medium-long term tenors and is eager to develop its «green curve»
Debt service capacity

• Given improvement in profitability and conservative debt management, Net Financial Debt / EBITDA has decreased to 2.7x in 2018 from 4.2 in 2012.

• 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 five years.

• FS Italiane maintains a strong and stable capitalisation.
## FY 2018 Consolidated Financial Statements

### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>€mn</th>
<th>2017</th>
<th>2018</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td>9,293</td>
<td>12,078</td>
<td>30,0</td>
</tr>
<tr>
<td>Revenue from sales and services</td>
<td>8,993</td>
<td>11,566</td>
<td>28,6</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>300</td>
<td>512</td>
<td>70,7</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING COSTS</strong></td>
<td>(6,980)</td>
<td>(9,602)</td>
<td>37,6</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>2,313</td>
<td>2,476</td>
<td>7</td>
</tr>
<tr>
<td>Amortisation, depreciation, provisions and impairment losses</td>
<td>(1,595)</td>
<td>(1,762)</td>
<td>10,5</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td>718</td>
<td>714</td>
<td>(0,6)</td>
</tr>
<tr>
<td>Net financial expense</td>
<td>(100)</td>
<td>(97)</td>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td><strong>PRE-TAX PROFIT</strong></td>
<td></td>
<td>618</td>
<td>617</td>
<td>(9,4)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(64)</td>
<td>(58)</td>
<td>(0,9)</td>
<td></td>
</tr>
<tr>
<td><strong>PROFIT FROM CONTINUING OPERATIONS</strong></td>
<td>554</td>
<td>559</td>
<td>9,4</td>
<td></td>
</tr>
<tr>
<td>Loss from assets held for sale, net of taxes</td>
<td>(2)</td>
<td>(2)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td><strong>PROFIT FOR THE YEAR</strong></td>
<td>552</td>
<td>559</td>
<td>1,3</td>
<td></td>
</tr>
</tbody>
</table>

### Reclassified Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>€mn</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating Working Capital</td>
<td>402</td>
<td>(324)</td>
<td>(726)</td>
<td></td>
</tr>
<tr>
<td>Other Net Assets</td>
<td>1,173</td>
<td>2,378</td>
<td>1,204</td>
<td></td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>1,575</td>
<td>2,054</td>
<td>479</td>
<td></td>
</tr>
<tr>
<td>Net non-current assets</td>
<td>47,799</td>
<td>50,986</td>
<td>3,706</td>
<td></td>
</tr>
<tr>
<td>Other provisions</td>
<td>(2,902)</td>
<td>(4,622)</td>
<td>(1,720)</td>
<td></td>
</tr>
<tr>
<td>Net assets held for sale</td>
<td>2</td>
<td>(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET INVESTED CAPITAL</strong></td>
<td>45,954</td>
<td>48,418</td>
<td>2,464</td>
<td></td>
</tr>
<tr>
<td>Net current financial debt</td>
<td>(65)</td>
<td>(555)</td>
<td>(490)</td>
<td></td>
</tr>
<tr>
<td>Net non-current financial debt</td>
<td>7,338</td>
<td>7,210</td>
<td>(128)</td>
<td></td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>7,273</td>
<td>6,655</td>
<td>(618)</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>38,681</td>
<td>41,763</td>
<td>3,082</td>
<td></td>
</tr>
<tr>
<td><strong>COVERAGE</strong></td>
<td>45,954</td>
<td>48,418</td>
<td>2,464</td>
<td></td>
</tr>
</tbody>
</table>
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