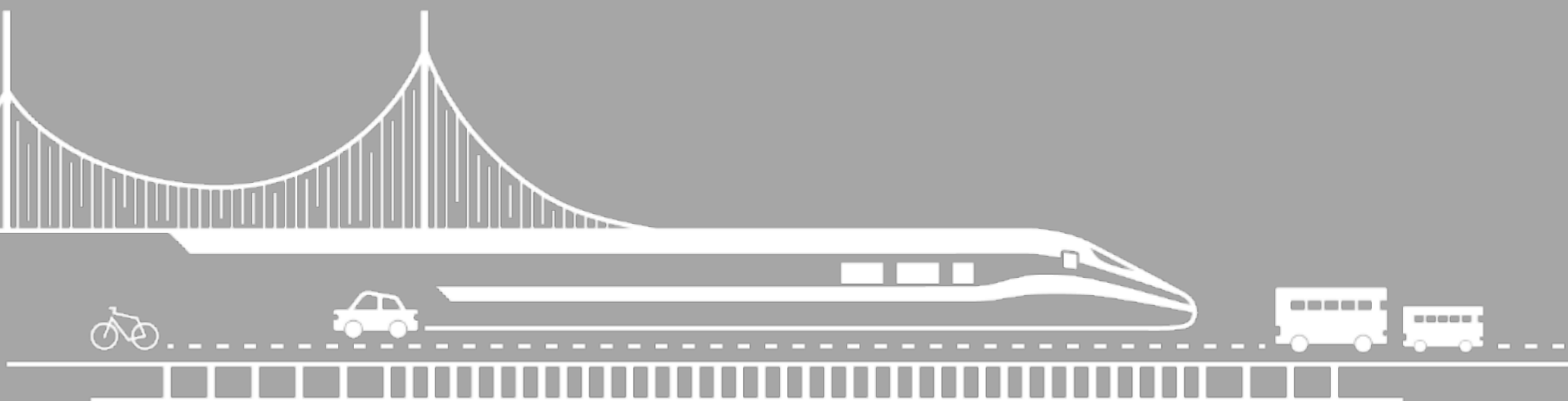


# FS Italiane Group

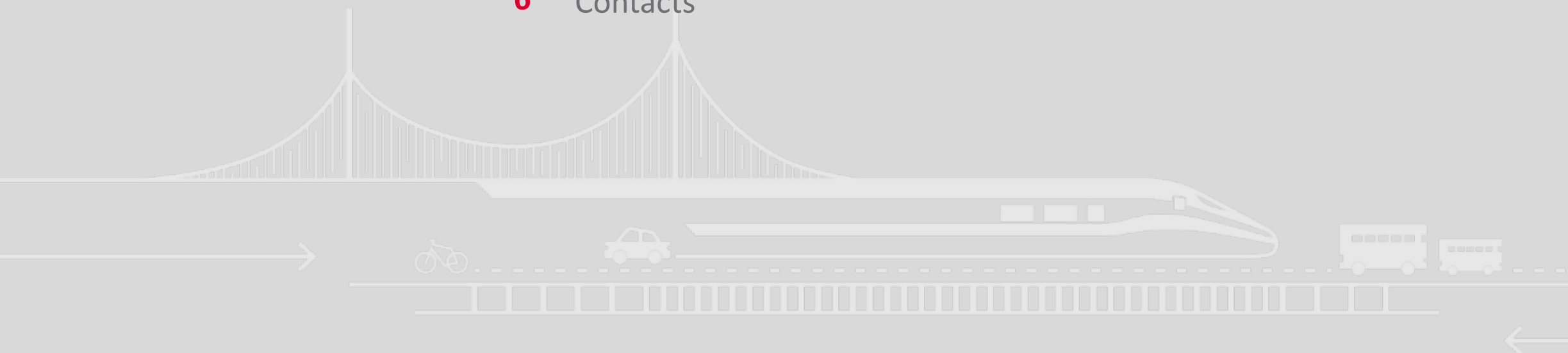
## Investor Presentation

September 2021



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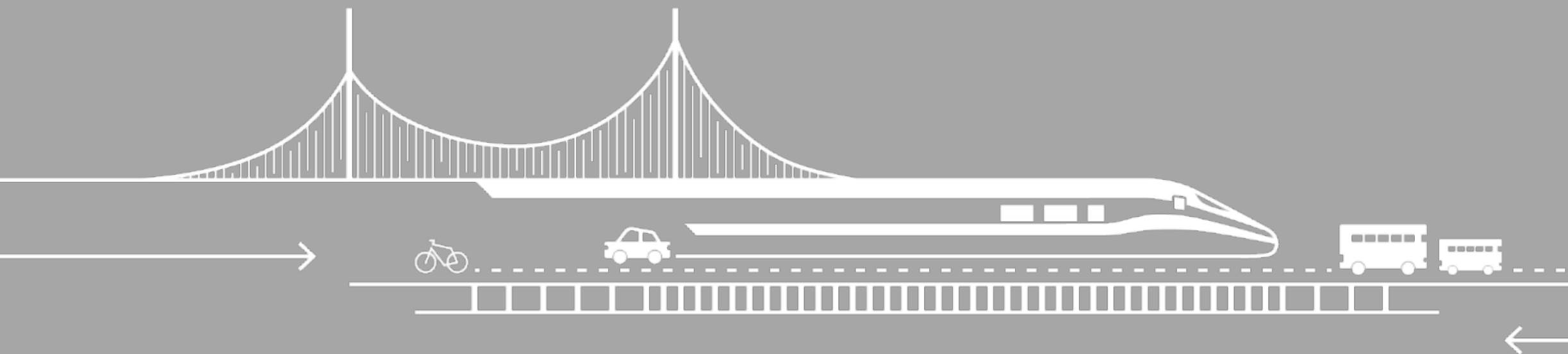
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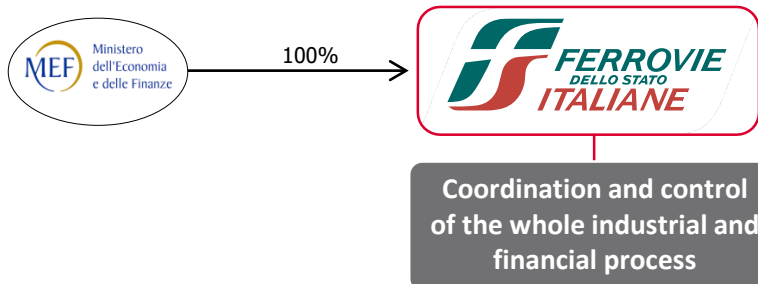
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# Ferrovie dello Stato Italiane Group Overview

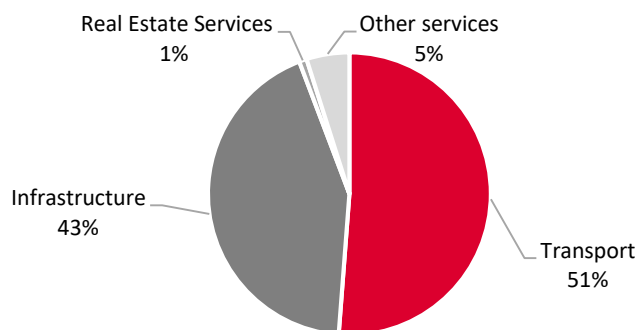


# FS Group in a snapshot

**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.



**Group Revenue by segment (2020) \*\***



	Consolidated Highlights (€mn)	
	2020	2019
Revenue	10,837	12,435
EBITDA	1,633	2,609
EBITDA Margin	15.1%	21%
EBIT	-278	829
EBIT Margin	-2.6%	6.7%
Net Income	-562	584
Net Invested Capital	50,316	49,977
Equity	41,423	42,318
Net Financial Debt	8,893	7,659

Source: FS 2019-2020 Annual Report  
 \*\*Net of (1,382)m of cons.adj.

# Benchmarking with European rail players



(€b)	2016	2017	2018	2019	2020
Revenue	8.9	9.3	12.1	12.4	10.8
EBITDA margin %	25.7%	25%	20.5%	21%	15.1%
EBIT margin %	10%	7.7%	5.9%	6.7%	-2.6%

Issuer Rating	
S&P	BBB
Fitch	BBB-



(€b)	2016	2017	2018	2019	2020
Revenue	43.3	45.6	44	44.4	40.2
EBITDA margin %	10.3%	9.9%	10%	12.2%	2.5%
EBIT margin %	3.4%	3.7%	4.7%	4.1%	-11.9%

Issuer Rating	
S&P	AA
Moody's	Aa1



(€b)	2016	2017	2018	2019	2020
Revenue	32.3	33.5	33.3	35.1	30
EBITDA margin %	12.8%	13.7%	12%	16.1%	6.5%
EBIT margin %	6.6%	7.9%	6.7%	5.1%	-10%

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

# Rating Overview

**S&P Global**  
Ratings

RATING		
Issuer Rating	<b>BBB</b>	Outlook <b>NEGATIVE</b>
Stand Alone Credit Profile	<b>bbb+</b>	

**Rating confirmed on  
18<sup>th</sup> February 2021**

## COMMENTS

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:** FFO/Debt commensurate with a 'bbb+' SACP and adequate liquidity position

On 18<sup>th</sup> February 2021, S&P assessed the FS profile also in light of the **COVID-19 crisis impact**

- The rating affirmation is based on the analysis by the agency of the **financial strength, which has allowed FS to deal with the lockdown period** leveraging on a higher standing than its European peers.
- S&P's expectation is that **FS will preserve solid financial metrics, supported by both internal actions on operating and investment cost containment as well as by the extraordinary measures approved by the Government, as well as the forecast of a solid liquidity position.**

**FitchRatings**

Issuer Rating	<b>BBB-</b>	Outlook <b>STABLE</b>
Stand Alone Credit Profile	<b>bbb-</b>	

**Rating confirmed on  
7<sup>th</sup> December 2020**

FS' rating reflects the:

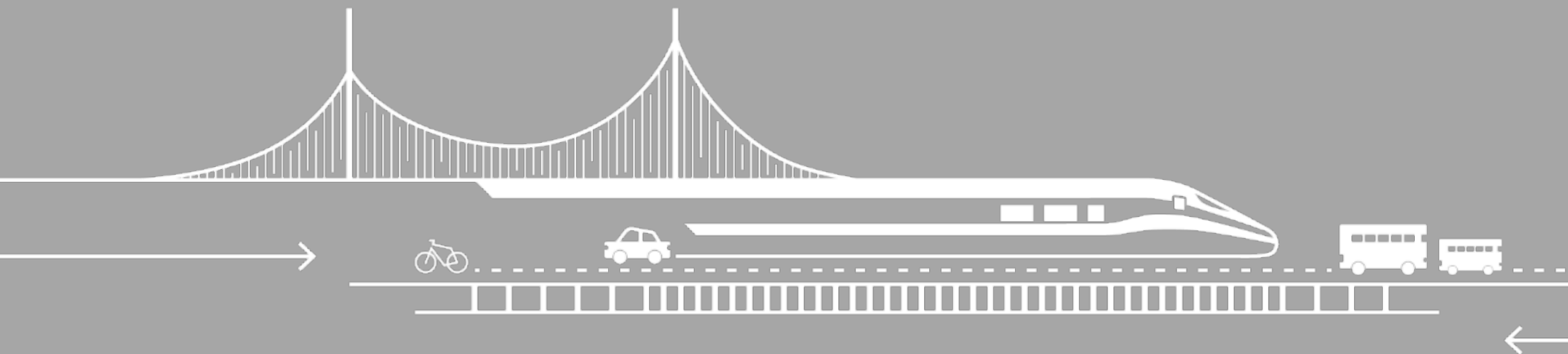
- **Full ownership and high integration** with the Italian government and its **key role for railway transport and mobility in Italy as well as the national infrastructural development**
- **Revenue Defensibility:** «...FS's solid position in its historical market, Italy.....supportive regulatory regime for public service contracts (PSC), with regional authorities compensating for transport services provided through a stable history of operating grants and taking the bulk of the traffic risk themselves»
- **Financial profile:** «...Fitch expects FS to maintain strong operating cash flow generation capacity»

On 7<sup>th</sup> December 2020, Fitch assessed the FS profile also in light of the **COVID-19 crisis impact :**

- Fitch assessed that FS Group preserves a **moderate debt level, compared to the EBITDA available for its service.**

# Operations and Industry Overview

Infrastructure





# RFI: Railway Infrastructure Manager

Key figures			
€mn	2019	2020	
<b>Revenues</b>	<b>2,799</b>	<b>2,492</b>	
Track access charges	1,182	762	
CdP-Service	1,022	1,291	
Other services	319	265	
Real estate services	113	105	
Other income	163	69	
<b>EBITDA</b>	<b>481</b>	<b>333</b>	
EBITDA margin %	17%	13%	
<b>EBIT</b>	<b>350</b>	<b>71</b>	
EBIT margin %	12%	3%	
<b>Net Income</b>	<b>302</b>	<b>38</b>	

## NETWORK HIGHLIGHTS 2020

**16,782 km Lines**

**12,065 km Electified Lines**

**23,048 km Traditional tracks**

**1,467 km High Speed tracks**



**INVESTMENTS 2020 € 4,917 million,**  
**including €549m for suppliers contractual advances**  
**Almost 100% funded by the Programme Agreement 2017-2021**

**98% Traditional network**

**2% High Speed network**

**51% Maintenance and Safety**

**49% Network Development**

# 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 2020 € 2,015 million,**  
including €465m for suppliers contractual advances

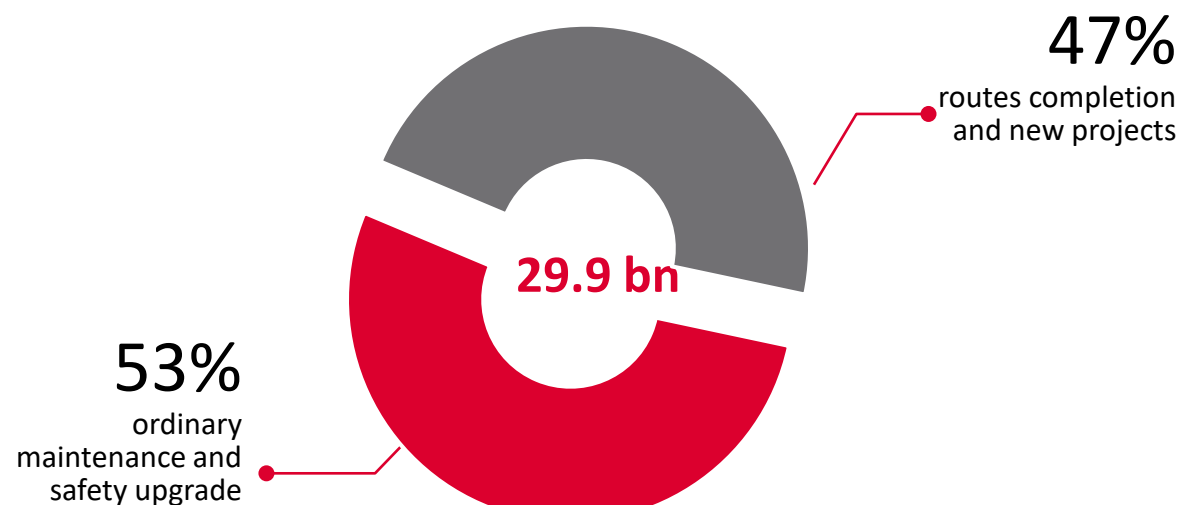
Fully funded by the Programme Agreement



## Financial highlights

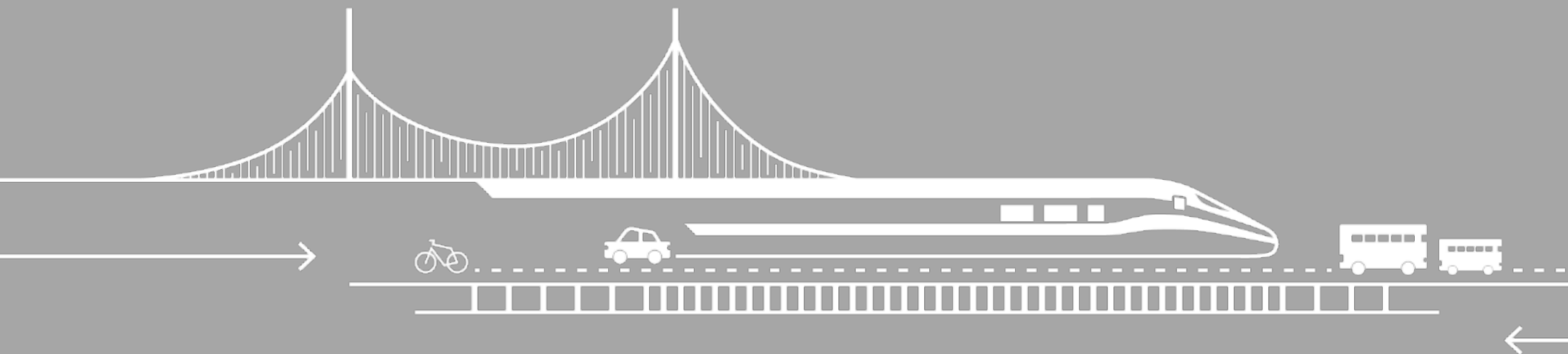
€mn	2019	2020
Revenues	2,163	2,343
EBITDA	128	167

## Programme Agreement 2016-2020 signed with the MIT



# Operations and Industry Overview

Transport



# Trenitalia: rail passenger transport in Italy and abroad

## Key highlights

- Everyday manages about 9,000 trains and each year transports c. 600 million passengers
- Trenitalia is also abroad with **c2c** (since 2017) and the **West Coast Partnership** (since 2019) in **UK**, **Thello** in **France**, **Trainose** in **Greece** and **Netinera Group** active in **Germany** (previously directly owned by FS). Also, in May 2020, Trenitalia won the tender for operating the **high-speed services in Spain** for the next 10 years.

## Two business segment



Financial highlights		
€mn	2019	2020
Revenues	5,531	3,905
EBITDA	1,626	826
EBIT	524	-208
Net Income	385	-423
EBITDA Margin	29%	21%
EBIT Margin	9.4%	-5.3%

**INVESTMENTS 2020 € 1,417 million\***

**58%** new rolling stocks

**24%** rolling stocks maintenance\*

**12%** IT, technologies and plants

**6%** revamping rolling stocks

## Medium Long distance revenues (€mn)

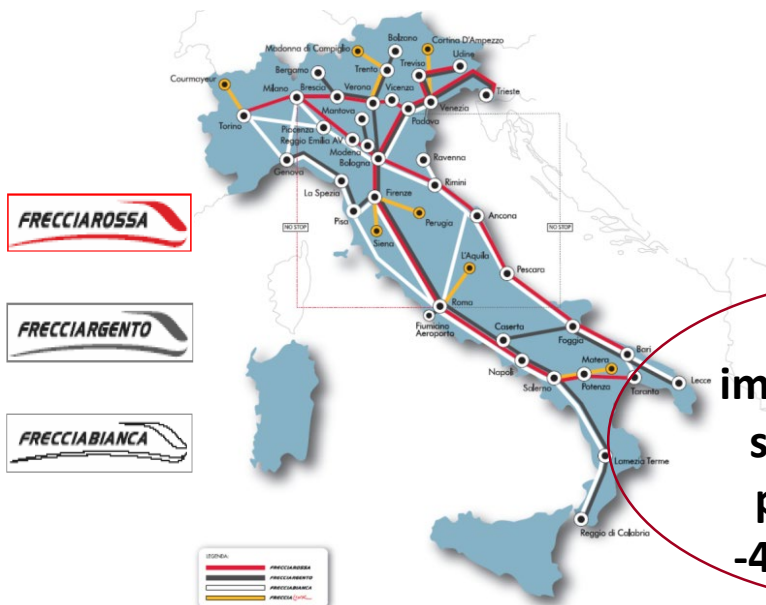
	2019	2020	Change
■ <b>High Speed</b> services			
■ International and regulated domestic services (PSC with the State)	2,580	1,474	-43%

## Regional revenues (€mn)

	2019	2020	Change
■ Commuter passenger services			
■ <b>PSC Regional</b> services	2,923	2,392	-18%

# Focus: High Speed Transport

## Frecce network



Group's most impacted business segment by the pandemic with **-43% in revenues**

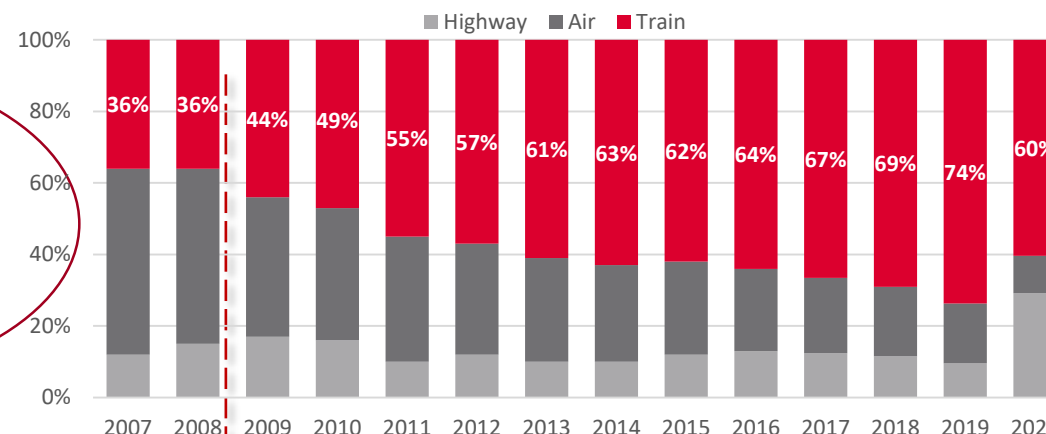
The **ETR 1000**, named "**Frecciarossa 1000**" is the new high-speed train of Trenitalia, comfortable, safe and environmentally friendly, designed to meet the most advanced techniques.

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 two **green bond** issued by FS in November 2017 and July 2019

- 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

## Milan – Rome route modal share



Launch of the 'Frecce' network

Eligible Green Project



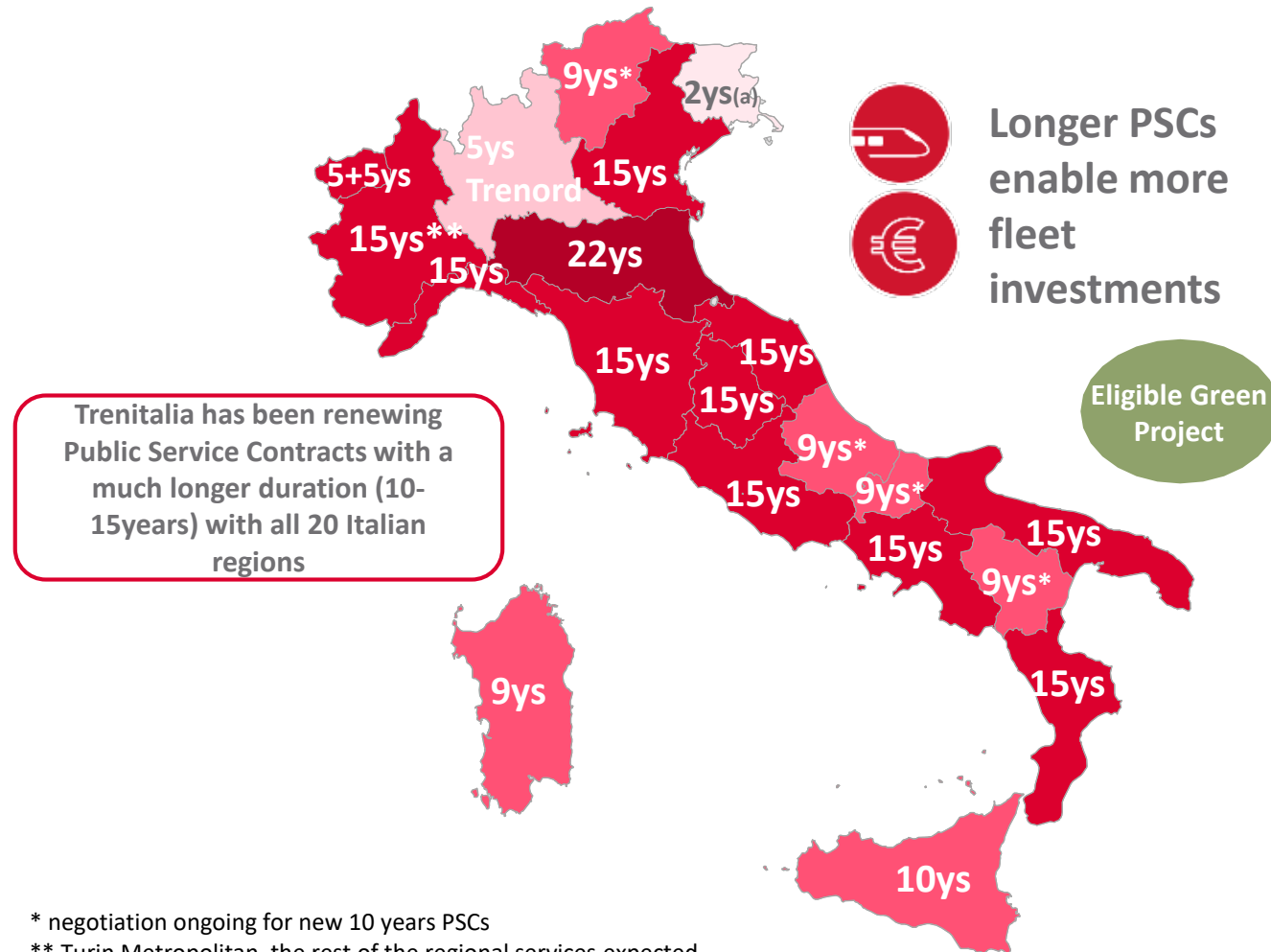
# Focus: Regional Transport

## 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 2020 revenues related to regional passenger services equal to € 2,4mn (-18% vs. 2019)
- Fees from regions stable also in 2020



## Trenitalia regional services portfolio as of today



# 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 (regionally and locally in Padova after winning the public tender), 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

€mn	2019	2020
Revenues	691	650
EBITDA	65.8	79.1
EBITDA Margin	9.5%	12.2%

### One of Italy's top players (a)



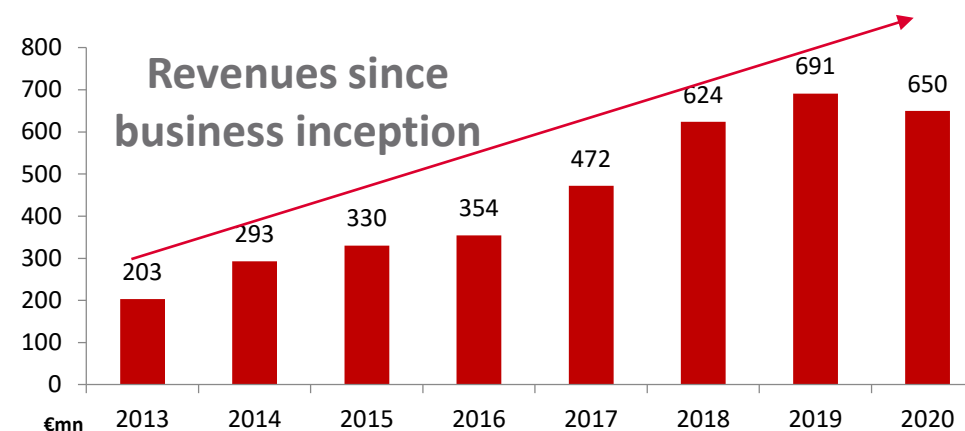
**Production**  
108 mn Bus-Km



**Passengers**  
220 mn/year

**Investments in Bus fleet renewal ongoing towards green fuel (electric, hybrid etc.)**

### FLEET INVESTMENTS 2020 € 152 million





# Mercitalia: freight and logistics 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



Financial highlights		
€mn	2019	2020
Revenues	1,060	970
EBITDA	94	89
EBITDA Margin	8.8%	9.2%

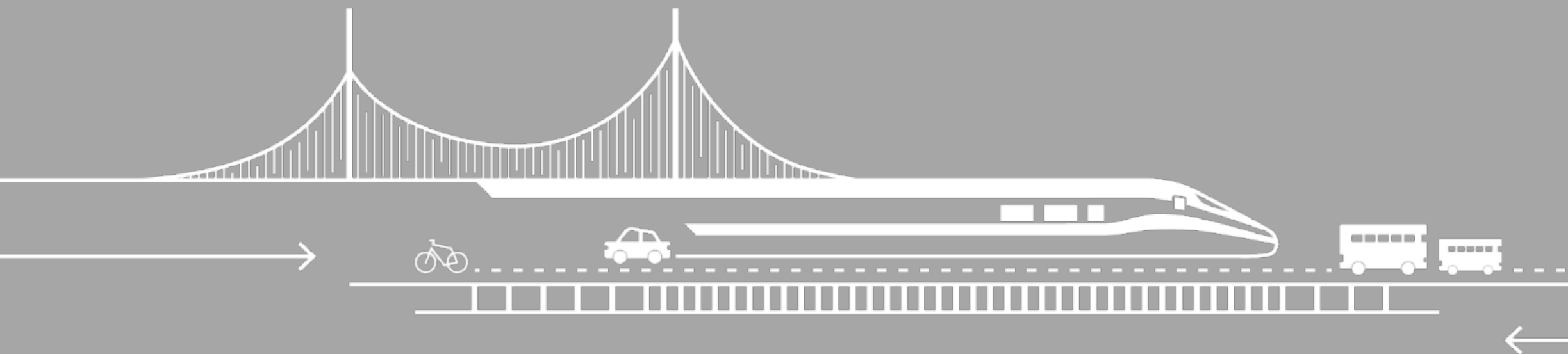
**Investments 2020: 77 million** mainly for fleet upgrading

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





# Corporate Sustainability



# A business model which fully integrates sustainability

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

FS Group vision is to create an offer of integrated, sustainable and safety mobility and logistics services, using transport infrastructures in synergy with other operators and creating value in Italy and abroad

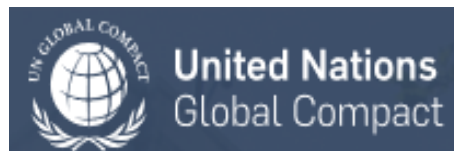


SUSTAINABILITY RATING	
	A- (Leadership band)
	Robust
	ESG Risk assessment: Low Risk
	C- (Prime Status)

# FS Group Sustainability Commitment

## Our agenda for a sustainable mobility

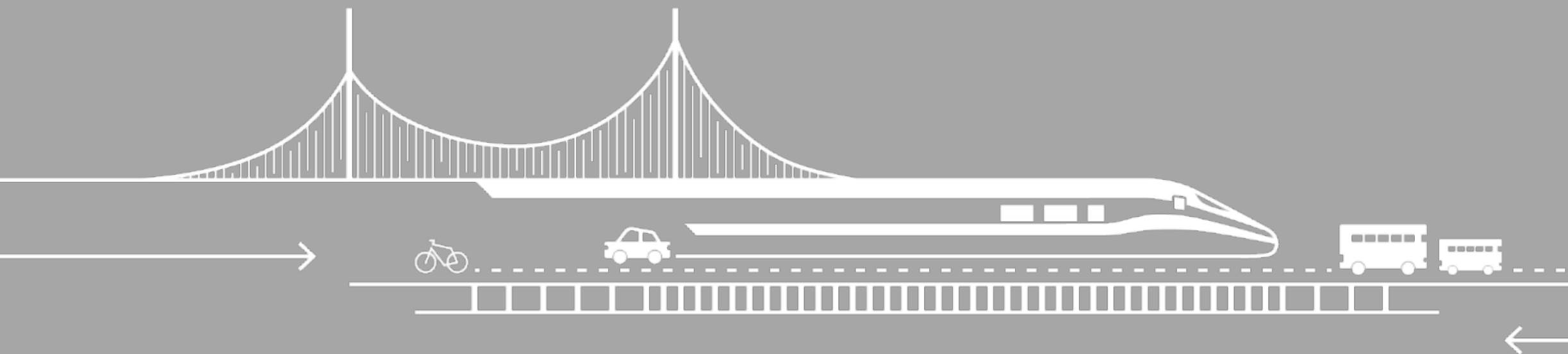
The Group is committed to six of the **SDGs UN Global Compact** subscribed in 2017 in particular, which constitute the base for the long-term targets:



## FS GROUP LONG TERM GOALS 2030-2050

Objective	Target	Contribution on the SDGs
<b>Sustainable mobility</b> Increase the percentage of passengers and freight transported using alternative, collective mobility solutions	Passengers: 5% modal shift from privately- owned cars to shared public mobility and soft modes of transport by 2030 (15% by 2050), compared to 2015. Freight: 50% of transport by road and 50% of transport by rail by 2050 (for distances over 300 km).	
<b>Energy and emissions</b> Achieve a carbon-neutral energy mix	Carbon-neutral by 2050 (including traction)	
<b>Safety</b> Become Europe's best-in-class	Zero fatalities involving passengers on FS Group vehicles (trains, buses and other mobility systems), people interfering with the railway ecosystem, FS Italiane Group personnel and employees of contracting companies, by 2050. 50% fewer fatalities on roads operated by Anas by 2030, compared to 2015	

# Sustainable Finance



# Sustainable finance endorsing a sustainable strategy



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

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



## Green Bond Framework

- Since our first green bond issuance in 2017 Ferrovie corporate finance started up a new path on the tracks of the **corporate sustainability**, with the finance decisions becoming one of the strongest drivers in this respect
- Since its inception, the **Green Bond Framework** has been earmarked to the **financing of investments for the renewal of rail passengers transport fleet** both in the High Speed and Regional sector and then expanded also to the freight business in 2019

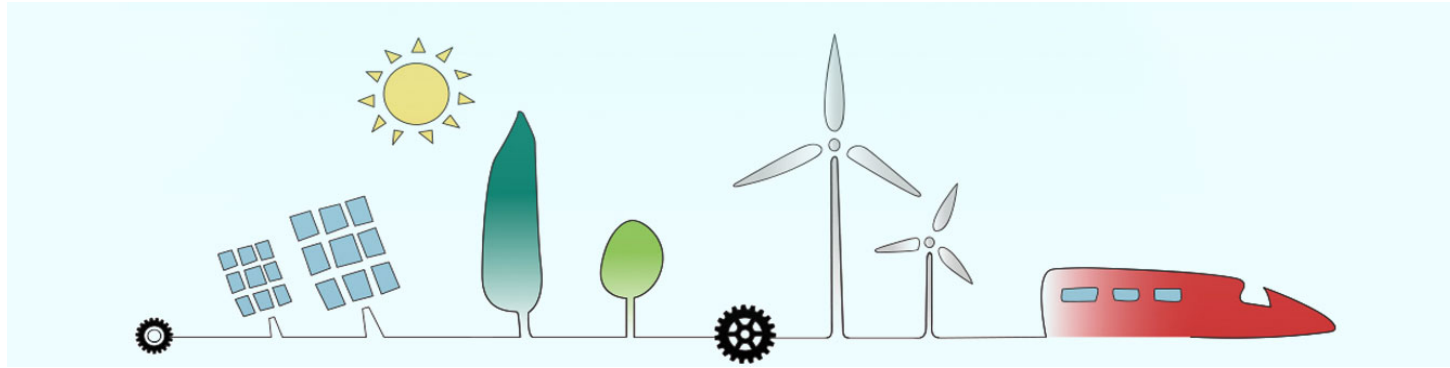
## New Sustainable Finance

- For 2020 FS expanded the concept of the sustainable finance to other capital markets tools
- To fund other «green» investments than the Eligible Green Projects of the Green Bond Framework, which will remain addressed to green bond funding

# FS Green Bond Framework established in 2017

## 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.



### ELIGIBLE GREEN PROJECTS

*To ensure energy efficiency improvements, carbons emission 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*

- Investments in passengers transport rolling stock renewal

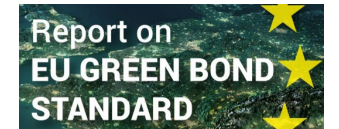
NEW ELECTRIC TRAINS FOR REGIONAL PASSENGER TRANSPORT

NEW ELECTRIC HIGH SPEED TRAINS “ETR 1000”

- Investments in freight transport rolling stock renewal\*

NEW ELECTRIC LOCOMOTIVES FOR FREIGHT TRANSPORT

NEW WAGONS FOR FREIGHT TRANSPORT



FS may decide to include additional Project Categories for future issuances

Look-back period of 3 years

# Green Bond Framework – SDGs Mapping

- The FS Green Bond Framework addresses 3 of 17 **UN Sustainable Development Goals**.
- The mapping has been inspired by the **ICMA high-level mapping to SDGs\*** and existing practices of issuers of Green Bonds in the transportation sector.



**SDG 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all



**SDG 11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport




**SDG 12.2:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

**SDG 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

# External Reviews

## Best practice

- Sustainalytics provided a **Second Party Opinion** on the Green Bond Framework and a **Pre-issuance verification** on the Climate Bonds Initiatives standard
- FS obtained the **Climate Bonds certification** on its second green bond. CBI **confirmed certification for potential 2021 green bonds**
- KPMG provided a **Third Party Opinion** on the 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.”*

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”*

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.**”*

*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.***



# 3 Green Bonds for a total 2.3 billion euro issued so far

allocation and environmental impact

ELECTRIC NEW REGIONAL  
TRAINS POP & ROCK



€1,315 million\*



150 trains



ELECTRIC NEW HIGH-SPEED  
TRAIN ETR1000



€867 million\*



26 trains



ELECTRIC NEW FREIGHT LOCOMOTIVES  
and WAGONS



€118 million



40 loco  
140 wagons



Total 33,600 tCO<sub>2</sub> saved\* in 2018 and 2019 (~-20% CO<sub>2</sub> emissions) thanks to the first 2 green bond

\*Including  
€ 1 billion  
latest green  
bond  
issued on  
25<sup>th</sup> March  
2021

# FS Green Bond Framework vs EU Taxonomy

## A challenging approach

### Ferrovie GBF Eligible Green Projects

Project Category	Eligible Green Projects	Alignment with the high level environmental objectives
Clean Transportation <ul style="list-style-type: none"> <li>Investments in public passengers transport rolling stock renewal</li> </ul>	<ul style="list-style-type: none"> <li>New Electric Multiple Unit trains "Pop" and "Rock" for regional passenger transport which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the local public transport, among other improvements related to air quality and comfort for passengers</li> <li>New electric High speed Trains "ETR 1000", which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the long distance transport market, among other improvements related to air quality and comfort for passengers</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Pollution prevention and control</li> <li>Energy Efficiency</li> </ul>
Clean Transportation <ul style="list-style-type: none"> <li>Investments in freight transport rolling stock renewal<sup>5</sup></li> </ul>	<ul style="list-style-type: none"> <li>New electric traction locomotives, which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the freight transportation</li> <li>New wagons for coils transportation which ensure energy efficiency improvements, carbon emissions reduction, modal shift to rail in the freight transportation, accident prevention solutions for coil fastening</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Pollution prevention and control</li> <li>Energy Efficiency</li> </ul>

Electric trains **PLUS** energy efficiency improvement vs oldest fleet

All electric trains are eligible without improvement thresholds

### EU Taxonomy Criteria for rail transport

#### 6.1 Passenger rail transport (interurban)

Sector classification and activity	
Macro-Sector	H - Transport and storage
NACE Level	4
Code	H49.1.0
Description	Passenger Rail Transport (Interurban)
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction by: <ul style="list-style-type: none"> <li>- Increasing the number of low- and zero emission fleets, and improving fleet efficiency</li> <li>- Improving efficiency of the overall transport/mobility system</li> </ul>
Criteria	<ul style="list-style-type: none"> <li>Zero direct emissions trains are eligible.</li> <li>Other trains are eligible if direct emissions (TEU) are below 50g CO<sub>2</sub>e emissions per passenger kilometre (gCO<sub>2</sub>e/pkm) until 2025 (non-eligible thereafter)</li> </ul>

#### 6.2 Freight rail transport

Sector classification and activity	
Macro-Sector	H - Transport and storage
NACE Level	4
Code	H49.2.0
Description	Freight Rail Transport
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction by: <ul style="list-style-type: none"> <li>- Increasing the number of low- and zero emission fleets, and improving fleet efficiency</li> <li>- Improving efficiency of the overall transport/mobility system</li> </ul>
Threshold	<ul style="list-style-type: none"> <li>Zero direct emissions trains (e.g. electric, hydrogen) are eligible.</li> <li>Other trains are eligible if direct emissions per tonne-km (gCO<sub>2</sub>e/tkm) are 50% lower than average reference CO<sub>2</sub> emissions of HDVs as defined for the Heavy Duty CO<sub>2</sub> Regulation, to be reviewed in 2025.</li> <li>Rail that is dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels is not eligible even if meeting the criteria above.</li> </ul>

# Sustainable finance

## transactions in 2020-2021

Sustainability-Linked  
RCF

- Euro 2.5 billion Sustainable Revolving Credit Facility signed on 25 June 2021
- Margin and Commitment Fee linked to Group's sustainability KPIs

Green Bond

- Euro 1 billion of green bond issued on 25 March 2021 to finance new regional and high speed train of Trenitalia

Green Loan

- Euro 300 million bank loan signed in May 2020, with an ESG Tranche financing Trenitalia new Frecciargento electric trains, totally aligned with the EU Taxonomy standards
- Structured to **seize** the opportunities created by the ECB's measures
- The ESG Tranche guarantees a lower pricing in respect to the total cost of financing

EU Taxonomy aligned  
private placement

- Euro 890 million of Trenitalia rolling stocks for public service financed in 2020 and 2021 via Eurofima are **aligned with the EU Taxonomy** standards

«Climate action» EIB  
financing

- Up to Euro 450 million EIB “climate action” financing approved for the new Hybrid regional trains in July 2020
- Euro 150 million already subscribed by the EIB via a EMTN private placement

# Sustainability Linked Revolving Credit Facility

Euro 2.5 billion 3 years committed facility

- First sustainability linked transaction for FS
- Margin and Commitment Fee linked to 4 KPIs on Group's effort on Environmental, Social and Governance targets
- Underwritten by a pool of 6 primary banks
- The new Euro 2.5 billion size will meet Group funding needs in the near future, also considering its leading role in implementing the Italian **PNRR**.

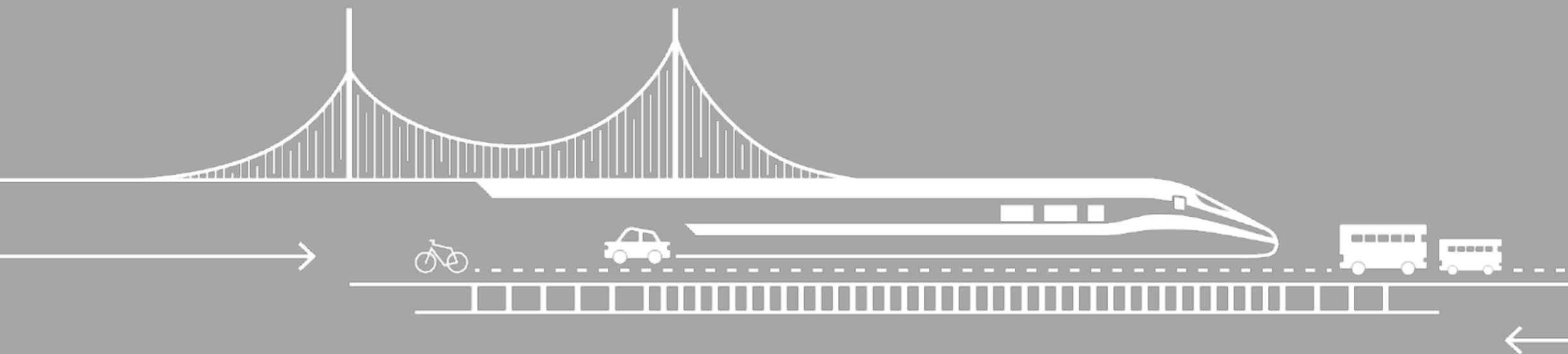
***KPI 1 – IMPROVING ESG  
RATING***

***KPI 2 – REDUCING  
GENDER GAP IN  
MANAGEMENT  
POSITIONS***

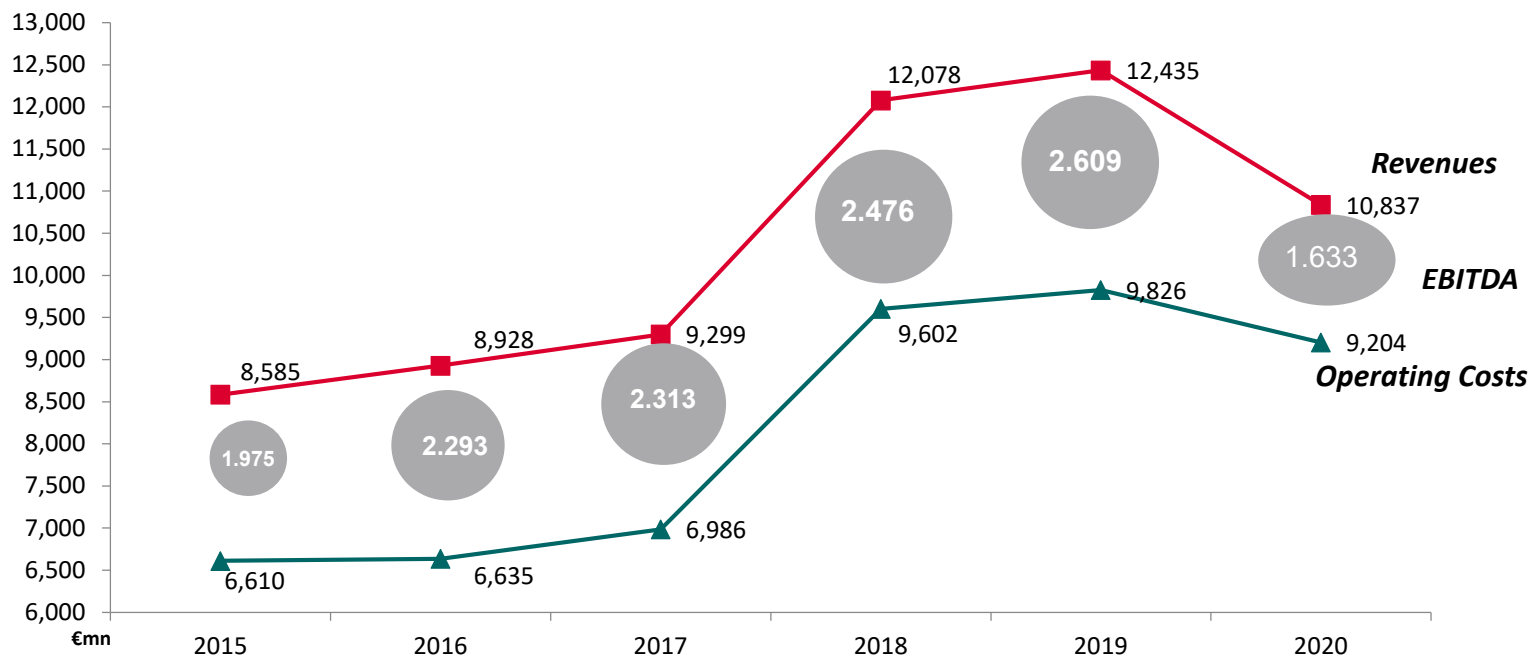
***KPI 3 – EASY STATIONS  
(facilitate accessibility  
and mobility)***

***KPI 4 – INTEGRATED  
MOBILITY (facilitate  
modal-shift to rail)***

# Financial Overview



# Robust historical financial performance

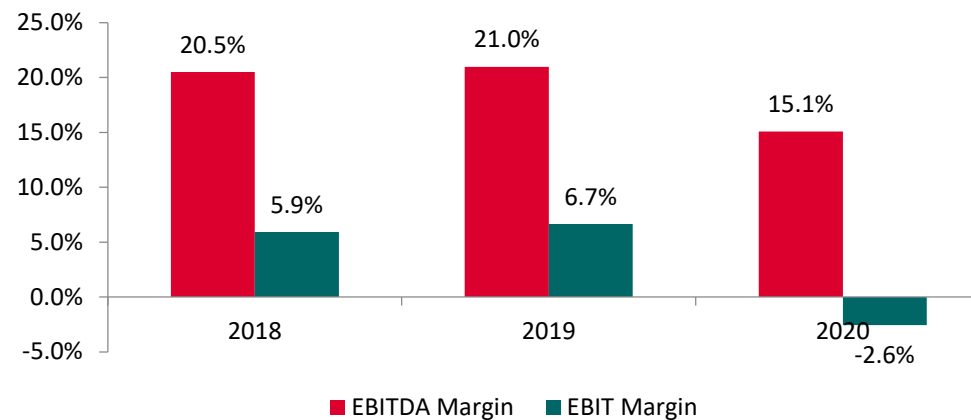
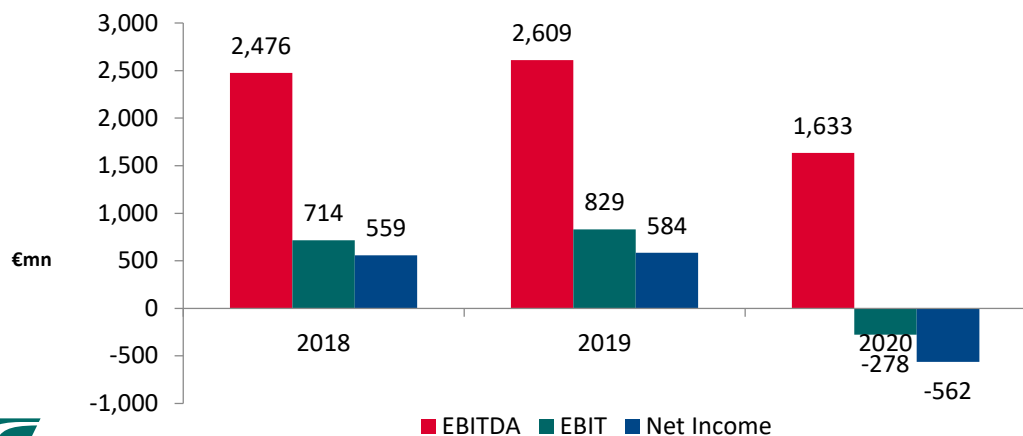


➤ Historically increase in revenues and margins generated a solid background to face the unexpected COVID crisis

- Significant costs containment in 2020 due to extraordinary action taken in response to the pandemic
- 2020 EBITDA decrease reflects reduction in revenues due to the pandemic outbreak
- Still double digit EBITDA Margin in 2020



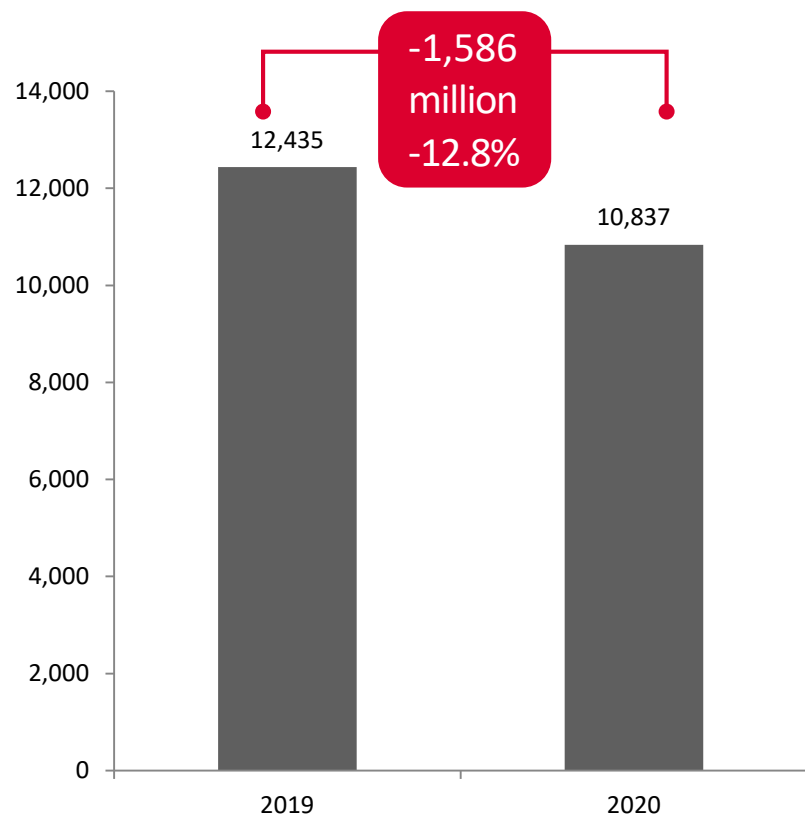
## Consistent profitability and margins



# 2020 Group Revenues

Limited downturn despite COVID-19 impact thanks to government support

## Consolidated Revenues (€mn)



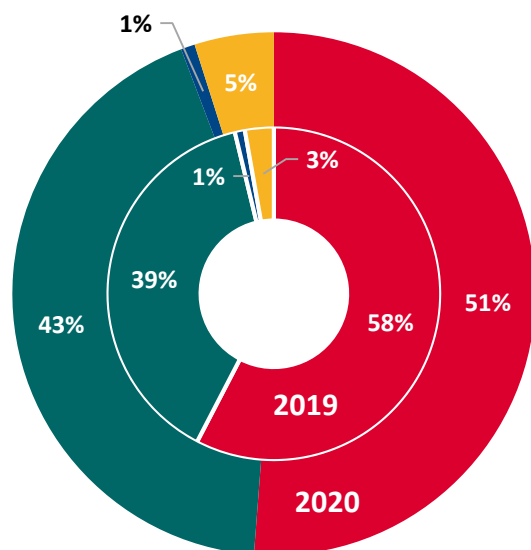
## Key impacts and changes in 2020 vs. 2019

- Fees for long-haul railway transport regulated services stable
  - Fees for regional railway transport regulated services stable
  - Revenues from infrastructure Programme Contracts – both RFI and ANAS – stable
  - COVID related government grants of +€1,040 million
- 
- Traffic revenue from long-haul railway passenger transport decreased by €1,372 million → 64% drop in demand and 50% loss of saleable seats\km
  - Traffic revenue from domestic short-haul railway passenger transport decreased by €511 million
  - Traffic infrastructure revenues down by €357 million mainly related to motorway and railroad traffic toll

# Group revenues breakdown

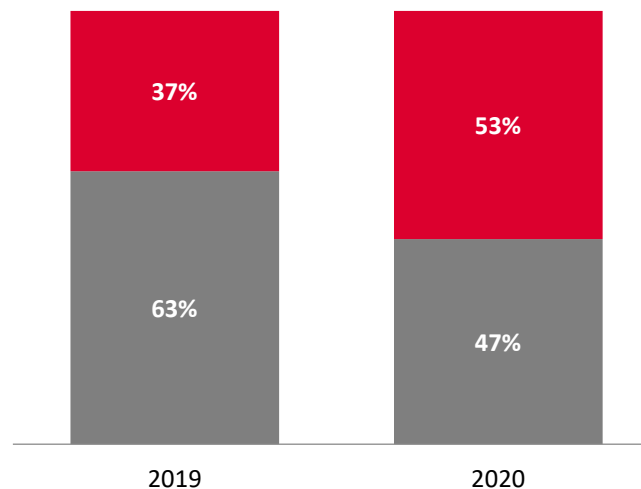
- **Passenger sector** most impacted from the COVID-19 pandemic effect
- Share of **public sector vs. market revenues** increased due to lower traffic volumes and stability in fees from public service contracts

GROUP REVENUE BY SEGMENT



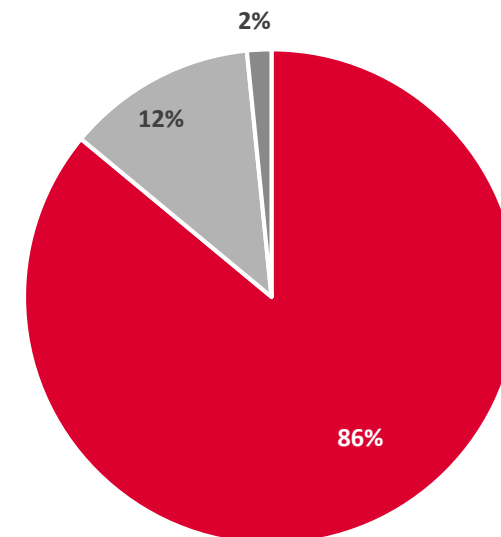
■ Transport ■ Infrastructure ■ Real Estate Services ■ Other services

TRANSPORT REVENUES: MARKET VS. PSC



■ Market revenues ■ Public service contract fees

GROUP REVENUES GEOGRAPHIC DISTRIBUTION



■ Italy ■ Europe ■ Non EU



# COVID-19 Government support

## Extraordinary measures for the FS Group

- Strong commitment from the Italian Government in supporting the national **railway** and **public transportation system**
- FS Group **vital role for Italian GDP** as well as the essential social service for the country
- Government has partially **compensate FS Group through grants**

MAIN COVID-19 SUPPORTING MEASURES FOR FS GROUP	
INFRASTRUCTURE	€ 270 million for <u>RFI</u> in 2020 plus € 150 million in 2021-2034 to set-off decrease in revenues from TAC
	€ 151 million for <u>ANAS</u> in 2021-2034, recognized in 2020 financial statement as NPV, to set-off decrease in revenues for maintenance.
TRANSPORT MARKET – PASSENGERS AND FREGHT	<ul style="list-style-type: none"> <li>• Overall € 1.190 million for railway operators for market services in 2020-2034 to set-off decrease in traffic revenues</li> <li>• Euro 365 million already approved for <b>Trenitalia</b> by the EU Commission and recognized in 2020 financial statement</li> </ul>
TRANSPORT PUBLIC SERVICE - PASSENGERS	<ul style="list-style-type: none"> <li>• Overall maximum amount of €1,000 million in 2020-2021 for local public transport companies, to set-off decrease in traffic revenues for public service contract.</li> <li>• € 193 million for Group's companies recipients recognized for 2020 under this measure.</li> <li>• € 103 million by foreign governments (Germany and Greece) recognized for 2020.</li> </ul>

**Overall Euro 1,040 million recognized in 2020 for the whole Group**

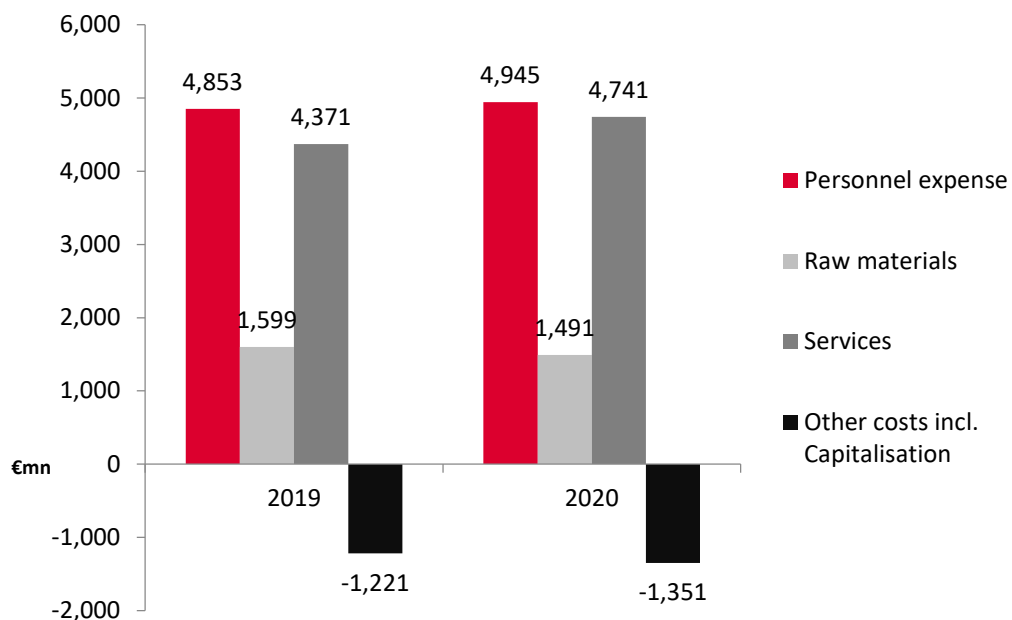
- Euro 365 million already approved by the European Commission for the passenger services (period 8 March-30 June 2020).
- Overall measure assessment by the EU is on-going.

# Focus on operating costs

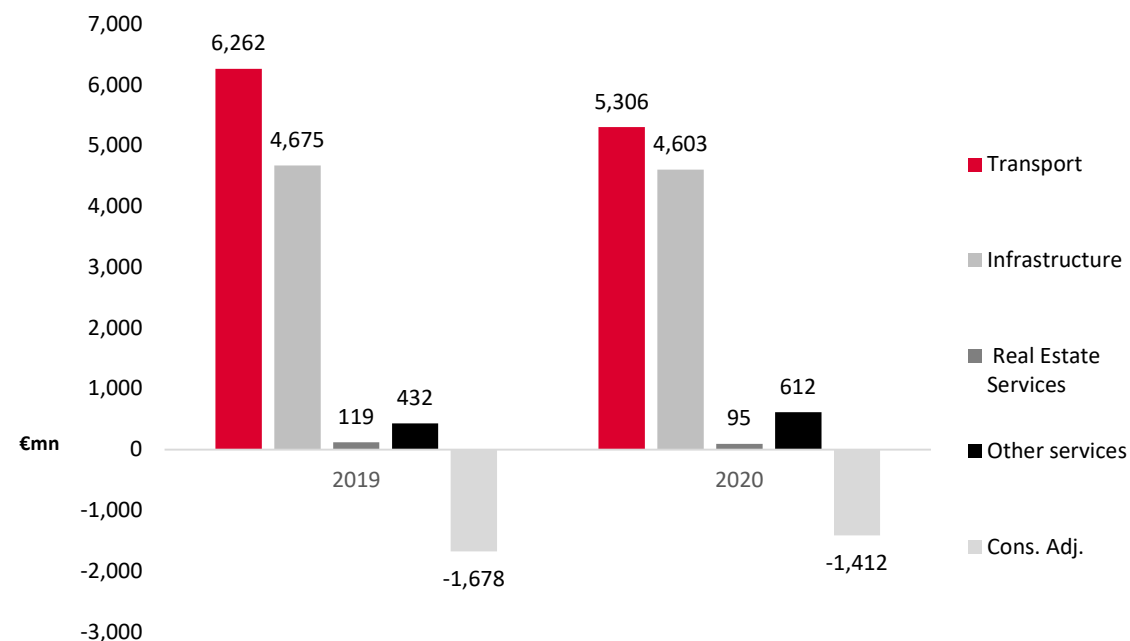
## Significant costs containment to face the COVID impact

- In 2020 **operating costs** amounted to €9,204 million (-6.3% vs 2019)
  - Overall decrease of €610 million due to extraordinary actions (savings of €652 million) taken by management in response to the pandemic
  - Main action on personnel expense (-€345 million) as a result of pension eligibility, income assistance fund for extraordinary solidarity benefits, use of holidays accrued in previous years

Breakdown of operating costs



Total operating costs by division

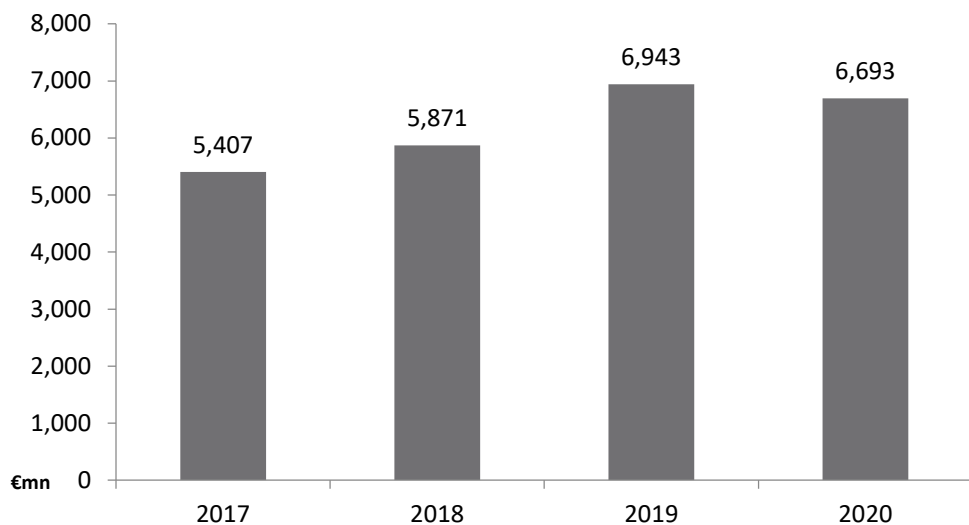


# FS Group's CAPEX profile

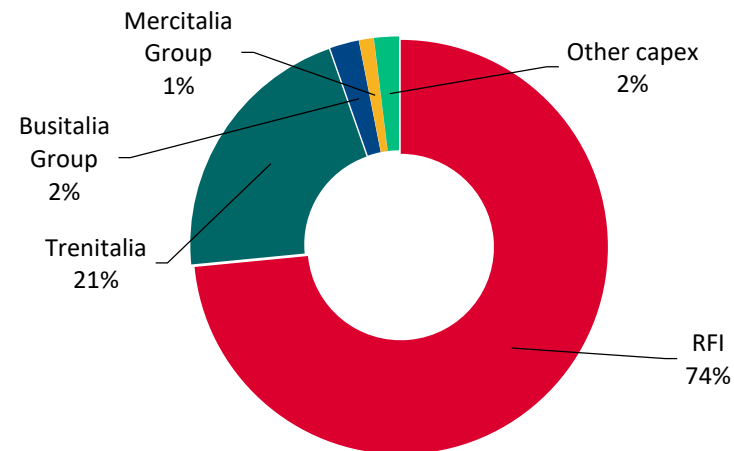
## Leading investor in development of transport, infrastructure and logistics

- Despite the context, in 2020 FS's capital expenditure exceeded €6.5 billion in line with 2019 (€ 6,693 million) excluding ANAS, of which **€4,352 million 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 (~ €4.2bn). 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 21% (€1,417 million).

FS Capex in 2017 - 2020



2020 capex breakdown



Capex excludes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12 ANAS investments in 2020 accounted for € 2,015 million

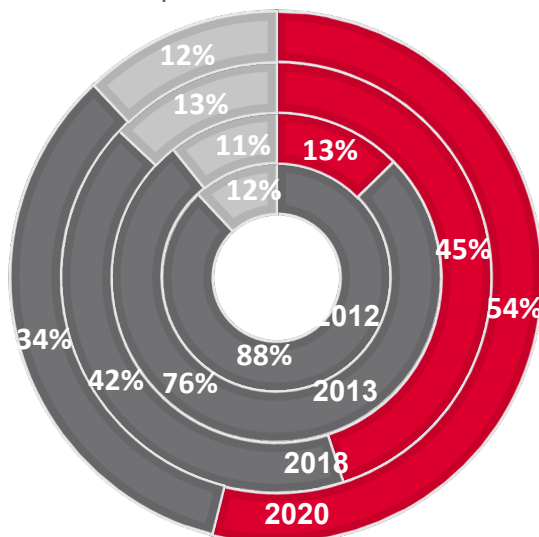
# FS' debt profile

## Funding diversification

- Total gross financial debt (long term + short term) amounts to **€ 11,565mn** at **YE 2020** vs. €11,306mn at **YE 2019**. **The bulk of FS Group's debt is held by FS Holding (€ 9,086mn, 78% of total).**
- Part of FS' debt is funded directly through **guaranteed State transfers**. **This debt is earmarked to infrastructure investments.**
- **Net Financial Debt** amounts to **€ 8,893mn** at **YE 2020** increasing by 1,234 million on YE 2019, mainly due to new debt raised for capex; decrease in cash pooling balance (from 2020 payments by the MEF to RFI in accordance with the Programme Contract are made on a dedicated account) and decrease in financial asset from MEF due to collections of the year.

### Breakdown Financial sources 2012 - 2020 (a)

■ EMTN Bonds ■ Supranational Entities ■ Bank Loans



EMTN bonds in  
CSPP since July  
2016 as well as  
in the  
Pandemic  
Emergency  
Purchase  
Programme  
PEPP

### Strong Liquidity Position

Eur 2.5 bn Sustainability-Linked  
Committed RCF signed 25 June 2021  
with 6 primary banks

### Access to Capital Markets

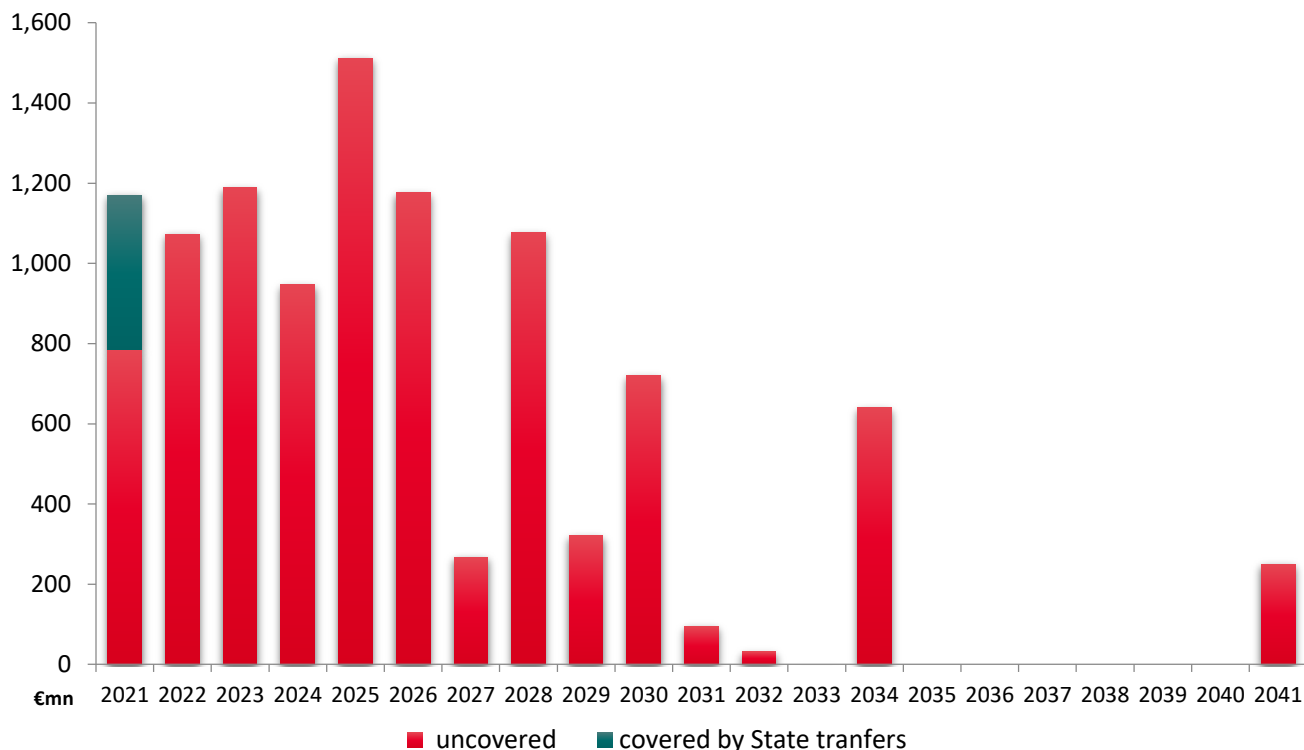
Eur 7 bn EMTN Programme  
EIB  
Cdp  
Eurofima

# Balanced debt maturity profile

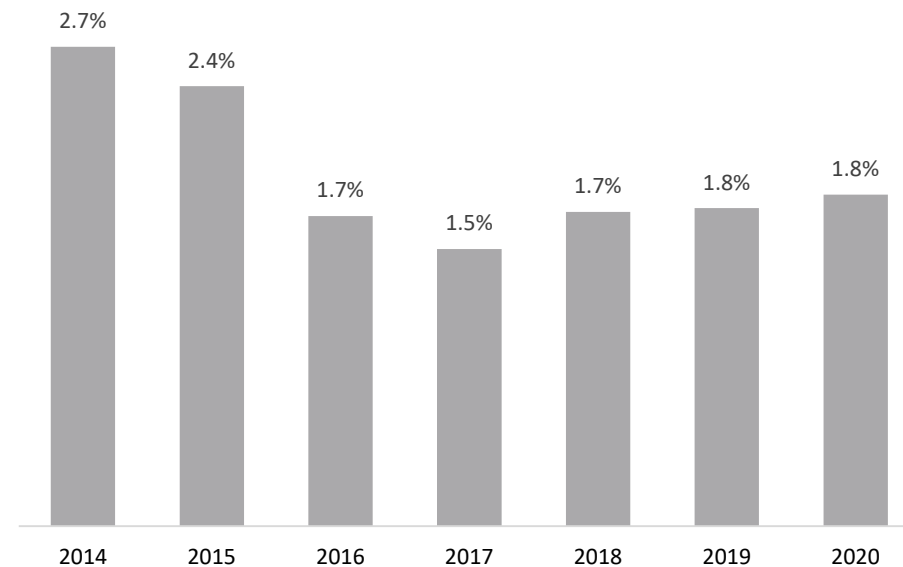
## Effective management of financial expense

- The Group has a **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 as of 30 June 2021\*



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



# Eur 7 billion EMTN Programme

Proved access to the bond market



17 bonds for Euro 6.56 billion issued so far  
Euro 5.81 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
10*	07/2019	700	07/2026
11°	08/2019	100	08/2029
12°	12/2019	140	12/2029
13°	12/2019	190	06/2024
14°	07/2020	150	07/2032
15°	12/2020	250	12/2030
16°	12/2020	80	12/2023
17*	03/2021	1000	03/2028

\* 6 benchmark size public issuances

° 11 private placement



Among them, the 3 corporate bond fully underwritten by the EIB, one of them financed through the Juncker Plan funds of the EFSI

Allocation			
62% Trenitalia	31% RFI	5% Polo Mercitalia	1% Qbuzz
• For investments in High Speed and Regional trains	• For the completion of the High Speed infrastructure	• For investments in freight loco and wagons	• For investments in electric trains and buses for public transport

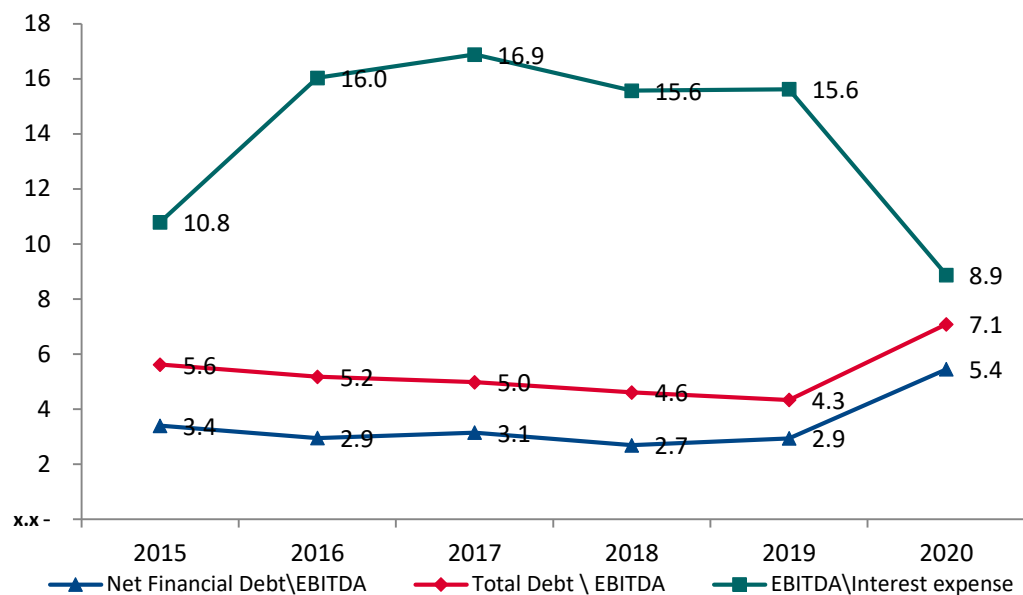
FS offers room for new issue at medium-long term tenors and is eager to develop its «green curve»

# Debt service capacity

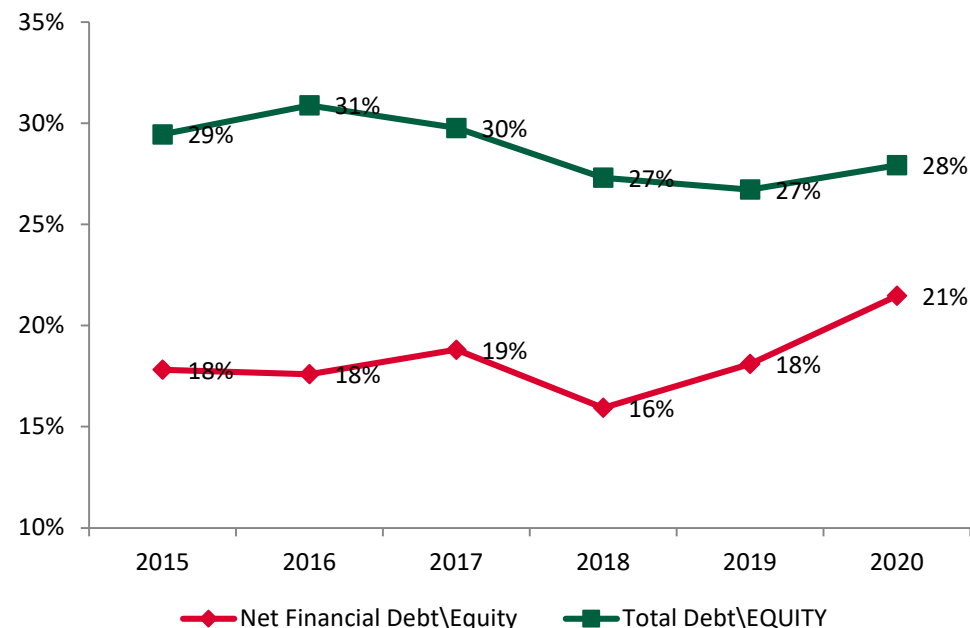
## Effective funding management and still solid equity position

- Given improvement in profitability and conservative debt management, **Net Financial Debt / EBITDA** has keeping stable around **to 3x** in last years and in 2020 raised to 5.4x only due to COVID impact on EBITDA.
- 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 still over 8x in 2020 despite the crisis context.
- FS Italiane maintains a **strong and stable capitalisation** even after COVID impact.

Leverage evolution



Capitalisation



# FY 2020 Consolidated Financial Statements

Income Statement			
€mn	2019	2020	Change %
<b>REVENUE</b>	<b>12,435</b>	<b>10,837</b>	<b>(12.8)</b>
Revenue from sales and services	11,957	10,482	(12.3)
Other income	478	355	(25.7)
<b>OPERATING COSTS</b>	<b>(9,826)</b>	<b>(9,204)</b>	<b>(6.3)</b>
<b>EBITDA</b>	<b>2,609</b>	<b>1,633</b>	<b>(37.4)</b>
Amortisation, depreciation, provisions and impairment losses	(1,780)	(1,911)	7.3
<b>EBIT</b>	<b>829</b>	<b>(278)</b>	<b>(133.5)</b>
Net financial expense	(176)	(283)	60.8
<b>PRE-TAX PROFIT</b>	<b>653</b>	<b>(561)</b>	<b>5.8</b>
Income taxes	(60)	(1)	(98.3)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>593</b>	<b>(562)</b>	<b>(194.7)</b>
Loss from assets held for sale, net of taxes	(9)	0	(100)
<b>PROFIT FOR THE YEAR</b>	<b>584</b>	<b>(562)</b>	<b>(196.2)</b>

Reclassified Statement of Financial Position			
€mn	2019	2020	Change
Net operating Working Capital	(262)	107	369
Other Net Assets	2,928	2,505	(423)
<b>Working Capital</b>	<b>2,666</b>	<b>2,612</b>	<b>(54)</b>
Net non-current assets	51,132	51,698	566
Other provisions	(4,303)	(3,994)	309
Net assets held for sale	482	0	(100)
<b>NET INVESTED CAPITAL</b>	<b>49,977</b>	<b>50,316</b>	<b>339</b>
Net current financial debt	677	1,106	429
Net non-current financial debt	6,982	7,787	805
<b>Net financial debt</b>	<b>7,659</b>	<b>8,893</b>	<b>1,234</b>
<b>Equity</b>	<b>42,318</b>	<b>41,423</b>	<b>(895)</b>
<b>COVERAGE</b>	<b>49,977</b>	<b>50,316</b>	<b>339</b>



# EU initiatives

## Rail sector will benefit from the latest EU initiatives

Extract of the Next Generation EU press release 27 May 2020

**"The European Green Deal as the EU's recovery strategy:**

- A massive **renovation wave** of our buildings and infrastructure and a more **circular economy**, bringing local jobs;
- Rolling out **renewable energy** projects, especially wind, solar and kick-starting a **clean hydrogen economy** in Europe;
- **Cleaner transport and logistics**, including the installation of one million charging points for electric vehicles and a **boost for rail travel** and clean mobility in our cities and regions;
- Strengthening the **Just Transition Fund** to support re-skilling, helping businesses create new economic opportunities."

Public investment has a vital role to play in a balanced and sustainable recovery. The bulk of the funding from Next Generation EU (more than 80%) will therefore be used to support public investment and key structural reforms in the Member States, concentrated where the crisis impact and resilience needs are greatest.

The Commission is also proposing to strengthen **InvestEU**, Europe's flagship investment programme, to mobilise investment across the Union in areas such as sustainable infrastructure and digitisation. As part of this, the Commission proposes to create a new **Strategic Investment Facility** to invest in key value chains crucial for Europe's future resilience and strategic autonomy in the context of the green and digital transitions.



European Commission **Vice-President Frans Timmermans** said: *"When it comes to public investment to relaunch the transport sector, **committing to clean and more sustainable mobility will be key**. We have also seen how for instance the public transport sector is suffering across the EU. **We absolutely need a vibrant and strong public transport sector to fulfil our Green Deal Goals**. The Connecting Europe Facility, InvestEU and other funds can for instance support the financing of 1 million electric vehicle-charging points, clean fleet renewals, sustainable transport infrastructure, **especially also looking at the modalities of rail and electric mobility**."*



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<https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>

<https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/debt-and-credit-rating.html>

