



**(Translation from the Italian original which remains the definitive version)**

# **FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.P.A. 2018 INTERIM REPORT HIGHLIGHTS**

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## Group highlights

millions of Euros

<b>Main results and financial data</b>	<b>First half 2018</b>	<b>First half 2017</b>	<b>Change</b>	<b>%</b>
Revenue	5,845	4,554	1,291	28.3
Operating costs	(4,653)	(3,515)	(1,138)	(32.4)
Gross operating profit	1,192	1,039	153	14.7
Operating profit	412	339	73	21.5
Profit for the period	347	273	74	27.1
Investments of the period	1,851	1,849	2	0.1
Total cash flows	(176)	(1,242)	1,066	85.8
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>Change</b>	<b>%</b>
Net invested capital (NIC)	48,334	45,954	2,380	5.2
Equity (E)	41,739	38,681	3,058	7.9
Net financial debt (NFD)	6,595	7,273	(678)	(9.3)
NFD/E	0.16	0.19		

<b>Main performance indicators</b>	<b>First half 2018</b>	<b>First half 2017</b>
GROSS OPERATING PROFIT/REVENUE	20.4%	22.8%
ROS (OPERATING PROFIT/REVENUE)	7.0%	7.4%
PERSONNEL EXPENSE/REVENUE	(41.2)%	(44.9)%

# The group's financial position and performance

## Introduction

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For the purposes of describing its financial position and performance, the group prepared reclassified financial statements (presented on the next pages) in addition to those required by the IFRS adopted by FS Italiane Group (described in the subsequent notes). The reclassified financial statements comprise performance indicators, which management deems useful in monitoring the group's performance and in presenting the financial results of the business.

In addition and to enable a better understanding of the comments on the group's performance and changes compared to the previous period, the main non-recurring transactions that significantly affected its performance are described below:

- since 18 January 2018 (date of the share transfer and acquisition of control after receipt of approval from the Italian Antitrust Authority (AGCM), Anas S.p.A. and its subsidiaries have been included in the group's consolidation scope; therefore, the effects of this acquisition on profit or loss can be seen in the reporting period, unlike the corresponding period of 2017. Specifically, the transfer involved subscription of the €2.86 billion capital increase by the Ministry of the Economy and Finance (MEF). Anas group's inclusion in the consolidation scope took place after (i) an analysis of the transfer value using the group's accounting policies; and (ii) completion of Anas' transition to the IFRS, which formally took place with approval of its 2017 financial statements by the board of directors on 25 June 2018 and its shareholder FS S.p.A. on 10 September 2018;
- on 14 September 2017 (official closing of the transaction), TrainOSE SA (wholly owned by Ferrovie dello Stato Italiane S.p.A.) joined FS Italiane Group, affecting the group's profit or loss for just the last quarter of 2017 while it made a contribution to the group's railway transport business for the whole six months of 2018.

The inclusion of Trenitalia c2c Ltd (from February 2017), Busitalia Simet S.p.A. (road transport, from 7 April 2017) and Qbuzz BV and Utrecht Mobility Services BV (31 August 2017 for both) in the consolidation scope had a marginal effect on the changes.

The effect of the non-recurring transactions on the group's key income statement figures in the reporting period compared to the corresponding period of the previous year is shown below:

millions of Euros

	<b>First half 2018</b>	<b>Change compared to the first half 2017</b>	<b>of which: effects of acquisitions and contributions*</b>	<b>of which: effects of ANAS group</b>
<b>REVENUE</b>	<b>5,845</b>	<b>1,291</b>	<b>1,241</b>	<b>1,058</b>
<b>OPERATING COSTS</b>	<b>(4,653)</b>	<b>(1,138)</b>	<b>(1,118)</b>	<b>(938)</b>
<b>GROSS OPERATING PROFIT</b>	<b>1,192</b>	<b>153</b>	<b>123</b>	<b>120</b>
<b>OPERATING PROFIT</b>	<b>412</b>	<b>73</b>	<b>20</b>	<b>25</b>
<b>PROFIT FOR THE PERIOD</b>	<b>347</b>	<b>74</b>	<b>32</b>	<b>38</b>

\* As already described, this normalisation basically excludes the contribution to profit or loss of Trenitalia c2c Ltd and Busitalia Simet S.p.A. for the first six months of 2017; the contribution of Trenitalia c2c Ltd, Busitalia Simet S.p.A., Qbuzz BV, Utrecht Mobility Services BV, TrainOSE SA, Anas S.p.A. and its subsidiaries for the first half of 2018.

## Reclassified income statement

millions of Euros

	First half 2018	First half 2017	Change	%
<b>REVENUE</b>	<b>5,845</b>	<b>4,554</b>	<b>1,291</b>	<b>28.3</b>
Revenue from sales and services	5,468	4,244	1,224	28.8
Other income	377	310	67	21.6
<b>OPERATING COSTS</b>	<b>(4,653)</b>	<b>(3,515)</b>	<b>(1,138)</b>	<b>(32.4)</b>
<b>GROSS OPERATING PROFIT</b>	<b>1,192</b>	<b>1,039</b>	<b>153</b>	<b>14.7</b>
Amortisation, depreciation, provisions and impairment losses	(780)	(700)	(80)	(11.4)
<b>OPERATING PROFIT</b>	<b>412</b>	<b>339</b>	<b>73</b>	<b>21.5</b>
Net financial expense	(44)	(48)	4	8.3
<b>PRE-TAX PROFIT</b>	<b>368</b>	<b>291</b>	<b>77</b>	<b>26.5</b>
Income taxes	(21)	(18)	(3)	(16.7)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>347</b>	<b>273</b>	<b>74</b>	<b>27.1</b>
Profit (loss) from assets held for sale, net of taxes				
<b>PROFIT FOR THE PERIOD</b>	<b>347</b>	<b>273</b>	<b>74</b>	<b>27.1</b>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	335	268	67	25.0
PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	12	5	7	140.0

The profit for the period reflects the effects of the non-recurring transactions (summarised above) carried out in 2017. Net of these transactions, which obviously affected the group's performance in the reporting period, it performed well nonetheless. On a like-for-like basis, revenue increased by another 1.1%, compared to a less than proportionate increase in costs (+0.6%), thanks partly to the group's saving policies designed to generate additional value. EBITDA grew 2.9% on a like-for-like basis, boosted by an evolving macroeconomic and social situation that acknowledges the importance of the mobility system and its place as one of the key contributors to a country's well-being.

More specifically and concerning the non-recurring transactions, the income statement includes the full effect of the acquisitions carried out in the second half of 2017 (revenue up €1,241 million) which led to the inclusion of major players like Qbuzz BV and Utrecht Mobility Services BV (active in the local road transport sector in the Netherlands), TrainOSE SA (active in the railway transport sector in Greece) and Busitalia Simet S.p.A. (active in the Italian road long haul transport sector) in the group. In addition, Anas Group joined FS Italiane Group making a significant direct contribution to all the latter group's key income statement captions: €1,058 million to revenue, €120 million to EBITDA and €38 million to the profit for the period.

As a result, the group made a **profit** for the period of €347 million compared to €273 million for the corresponding period of 2017 (+27.1%). All the key performance indicators were positive and better than the previous period.

Specifically, the **gross operating profit** increased by €153 million, reflecting the group's satisfactory business performance, while the **operating profit** was up €73 million (+21.5%).

**Revenue** increased by €1,291 million (+28.3%) due to the higher revenue from transport services (+€227 million), revenue from infrastructure services (+€993 million), other service revenue (+€4 million) and other income (+€67 million).

A breakdown of **revenue from transport services** (+€227 million) shows higher revenue from the long haul passenger transport service, both for its market component and its universal service (+€7 million) and the regional passenger transport service (+€124 million; national: +€45 million and international: +€79 million). The latter improvement is due to: (i) for the national market, the tough anti-evasion policies rolled out on a blanket basis by Trenitalia S.p.A., together with renewal of the service contracts with the Veneto, Liguria, Sicily, Puglia and Lazio regions, for which the rise in revenue is tied to the large-scale investment plans for rolling stock and passenger service quality; and (ii) for the international market, the above-mentioned change in the consolidation scope (Trenitalia c2c Ltd +€24 million and TrainOSE SA +€48 million).

Revenue from road passenger transport also improved at +€104 million; this increase was almost entirely driven by the larger consolidation scope following the new acquisitions by Busitalia Group. Conversely, revenue from cargo and logistics services contracted slightly due, inter alia, to the closure of important routes and the far-reaching international strikes during the period (-€8 million).

**Revenue from infrastructure services** increased by €993 million, mostly due to the inclusion of Anas Group in the consolidation scope.

**Other service revenue** (+€4 million), which was substantially in line with the corresponding period of 2017, would have decreased without Anas Group's contribution (+€16 million), due mainly to the drop in engineering service contracts (-€6 million) and the capitalisation of contract work in progress (-€3 million).

The above-mentioned non-recurring transactions made a decisive contribution of €56 million to **other income** (total increase of €67 million). The other part of the increase is due to the positive lease market leading to greater lease income for the period (+€6 million).

**Operating costs** came to €4,653 million for the period, up 32.4% on the first six months of 2017 due to:

- an increase in net personnel expense (+€363 million) which, less the already planned salary adjustment provided for by the main sector national employment contract, is nearly entirely due to the change in the consolidation scope (+€311 million);
- an increase in other costs, net (+€775 million), mostly due to the newly consolidated companies (+€807 million). The new caption "Costs for new works and non-routine maintenance of the roads and motorways" entirely relates to Anas Group (€512 million). Net of the non-recurring transactions, the items that contributed the most were the costs for maintenance, cleaning and other outsourced services, which were more than offset by the higher costs capitalised.

**Gross operating profit** increased by €153 million, or 14.7%, to €1,192 million as a result of the variations in revenue and operating costs described above.

The **operating profit** amounts to €412 million compared to €339 million for the corresponding period of 2017 (+€73 million), after higher amortisation and depreciation expense of €84 million and smaller impairment losses of €4 million.

**Net financial expense** of €44 million decreased slightly on the first six months of the previous year (€4 million), due to the higher financial income (€25 million) and the group's share of profits of equity-accounted investees (€7 million), partly offset by the rise in financial expense (€28 million).

**Income taxes** amount to €21 million, up by €3 million.



## Reclassified statement of financial position

	millions of Euros		
	30.06.2018	31.12.2017	Change
<b>ASSETS</b>			
Net operating working capital	867	402	465
Other assets, net	1,179	1,173	6
<b>Working capital</b>	<b>2,046</b>	<b>1,575</b>	<b>471</b>
Net non-current assets	51,161	47,279	3,882
Other provisions	(4,873)	(2,902)	(1,971)
Net assets held for sale		2	(2)
<b>NET INVESTED CAPITAL</b>	<b>48,334</b>	<b>45,954</b>	<b>2,380</b>
<b>COVERAGE</b>			
Net current financial position	(1,019)	(65)	(954)
Net non-current financial debt	7,614	7,338	276
<b>Net financial debt</b>	<b>6,595</b>	<b>7,273</b>	<b>(678)</b>
<b>Equity</b>	<b>41,739</b>	<b>38,681</b>	<b>3,058</b>
<b>COVERAGE</b>	<b>48,334</b>	<b>45,954</b>	<b>2,380</b>

**Net invested capital** of €48,334 million increased by €2,380 million during the period due to the combined effect of an increase in **working capital** (€471 million) and **net non-current assets** (€3,882 million) offset by a decrease in **other provisions** (€1,971 million). The group's **net financial debt** decreased by €678 million.

The oft-mentioned non-recurring transaction involving Anas Group had a significant effect on the above captions as it contributed net invested capital of roughly €2,371 million and a net financial position of €529 million at 30 June 2018.

**Net operating working capital** amounts to €867 million, up by €465 million as a result of:

- greater receivables arising from the service contracts with the regions (+€38 million) and smaller receivables from the service contract with the MEF (-€309 million). The decrease in the latter is substantially due to the reduction in Trenitalia S.p.A.'s receivable as a result of the trend in payments for the new 2017-2026 medium and long term haul service contract, only agreed at the end of November 2017 and paid at the start of 2018, for the invoiced amounts;
- greater trade receivables (+€469 million), affected by the Anas S.p.A. transaction (€441 million), modification of the special rate regime for the railway system's electrical energy costs in accordance with Law no. 167/2017, the higher invoices from other railway companies for tolls and energy and completion of the work to finalise the Palermo railway connector;
- greater inventories (+€351 million), mainly due to the increase in raw materials, consumables and supplies (+€223 million) following the increase in the purchase of materials for infrastructure and the rise in production by the Officine Nazionali Armamento e Apparecchiature Elettriche (national armaments and electrical device workshops) in Pontassieve, Bologna and Bari. The increase in inventories is also due to the progress made on contract work in progress with third parties (+€124 million) mainly as a result of the changed consolidation scope;
- smaller trade payables (-€84 million), due to settlements with suppliers during the six months.

**Other assets, net** increased by €6 million, mostly as a result of the combination of the following factors:

- larger receivables from the MEF, the Ministry of Infrastructure and Transport ("MIT") and other government authorities (€1,353 million) due to the accruals-based recognition of new grants, net of collections, the change in advances allocated to ongoing projects and the change in the consolidation scope due to the entry of Anas S.p.A.;
- smaller other receivables (-€186 million), as a result of the smaller exposure with Cassa Conguaglio Settore Energetico (the energy sector payment and collection agency) for grants pursuant to Law no. 167/2017;
- the decrease in net VAT assets (-€573 million), due to VAT reimbursements for 2016 and 2017;
- an increase in deferred tax assets (+€257 million), chiefly related to the Anas S.p.A. transaction, offset by the rise in deferred tax liabilities (-€232 million)
- higher other liabilities (-€855 million), mostly referred to the Anas group operators for social security and pension contributions.

**Net non-current assets** increased by €3,882 million, mainly as a result of the net decrease in operating assets (investments +€1,851 million; grants related to assets -€1,162 million and amortisation, depreciation and disposals -€831 million). This decrease was offset by the change in the consolidation scope, which increased net non-current assets by €3,515 million and equity investments by €495 million. The latter mostly refer to the investments in Concessioni Autostradali Venete S.p.A. (CAV S.p.A.), Società Italiana per il Traforo del Monte Bianco (SITMB S.p.A.) and Autostrada Asti-Cuneo S.p.A. and the investees' profit or loss for the period.

**Other provisions** increased by €1,971 million, attributable nearly entirely to the larger provision for risks due to changes in the consolidation scope (+€1,773 million) and, in particular, the set-up of the provision for road works risks.

**Net financial debt** of €6,595 million improved by €678 million on 31 December 2017, mainly due to the following:

- the decrease in the amounts due from the MEF (+€254 million) following the combined effect of the net reduction due to the collections of the period and the disbursement of the grants related to the 2006 and the 2007 Finance Act;
- the net increase in loans and borrowings from other financial backers (+€171 million) due to the combined effect of the increase in loans granted to Anas S.p.A. and repayments of the loans from Cassa Depositi e Prestiti for the railway infrastructure (traditional and high speed network), new factoring transactions and Netinera Deutschland group loans and borrowings for new rolling stock leases during the period. To provide complete information, it is noted that the repayment of the loans with Cassa Depositi e Prestiti is guaranteed by the government grants to be received for the 2007-2021 period;
- the increase in other financial liabilities (+€87 million), related to the factoring business;
- the increase in bonds (+€224 million) mainly as a result of the issue of a new €200 million instalment on 21 March 2018 as part of the Euro Medium Term Notes (EMTN) Programme;
- the decrease in bank loans and borrowings (-€477 million), principally due to the decrease in current funding and the repayment of loans taken out to purchase new rolling stock;
- the net decrease in other financial assets and the cash pooling current account (+€951 million) as a result of the acquisitions made during the period, payment of dividends to the MEF (€150 million) and the group companies' funding requirements;

- the increase in the value of the concession financial assets net of advances received (-€1,888 million), mostly related to Anas S.p.A. for its work performed on infrastructure under concession (mostly roads), to be reimbursed by the competent ministries and bodies as per the IFRS for assets provided by the grantor.

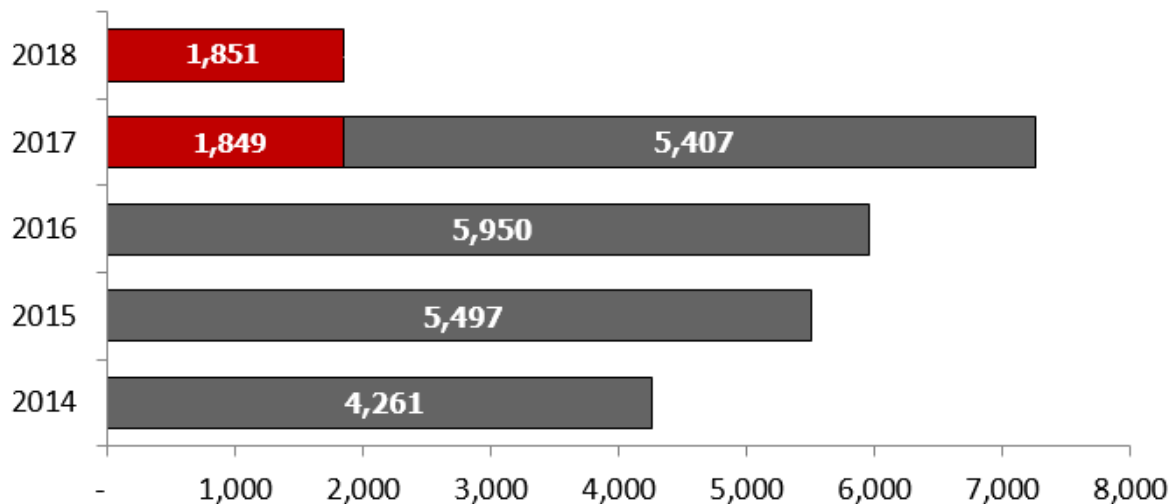
**Equity** rose from €38,681 million to €41,739 million, up by €3,058 million mainly as a result of the following:

- the increase in the profit for the year (+€347 million);
- the increase in the share capital attributable to the owners of the parent (€2,864 million) and non-controlling interests (€15 million) after the MEF's contribution of its entire investment in Anas S.p.A.;
- the decrease due to the above-mentioned changes in the consolidation scope (-€1 million);
- the dividends paid in 2017 amounting to €157 million (€150 million of which was paid to the MEF and €7 million to non-controlling interests);
- the increase in the fair value reserve for derivatives and the actuarial reserve (total of €8 million);
- the fair value losses on derivatives (-€25 million).

Application of the new standard IFRS 9 - Financial instruments on 1 January 2018 led to the restatement of opening equity (net decrease of -€37 million).

## Investments

FS Italiane Group's total expenditure for investments in the period came to €1,851 million (€689 million of which self-financed and €1,162 million through government grants).



Projects were carried out during the six months which led to technical investments of €2,498 million, up 36% on the corresponding period of 2017.

A breakdown of these investments of €2,498 million is as follows:

- approximately 79% refers to the Infrastructure operating segment, with RFI S.p.A. investing €1,348 million, including €1,318 million for the traditional/HC network and €30 million for the Turin-Milan-Naples network, and Anas investing €582 million;
- roughly 20% refers to the Transport operating segment for projects covering the transport of passengers by road and rail, both in Italy and abroad, with Trenitalia S.p.A. investing €395 million, the Mercitalia hub approximately €55 million, Netinere Deutschland roughly €6 million and the Busitalia group companies €37 million;
- around 1% in other services, mostly invested by the parent and Ferservizi S.p.A..

## Segment reporting

FS Italiane Group operates in Italy and abroad in the construction and management of infrastructure, works and services for the transport of passengers and cargo by rail, road and motorway and public road transport. In accordance with its bylaws and organisational model, the group's operations are mainly, although not exclusively, carried out through investees.

The group is organised into four operating segments: Transport, Infrastructure, Real Estate Services and Other Services. Each company has its own corporate characteristics and independently manages operations to achieve its respective business targets while reporting to the parent.

The FS Italiane Group companies operating in the transport of passengers and/or cargo by rail, road or sea are part of the Transport segment. More specifically, rail operations mainly fall under Trenitalia S.p.A., which provides services for passenger transport in Italy and abroad, managing both regional and national routes, including the pre-eminent high speed service. This segment also includes the German group, Netinera Deutschland, which carries out transport activities by rail and road on the local and urban transport market in Germany through approximately 40 investees; TrainOSE SA, which operates in Greece, connecting Athens and Thessaloniki; Trenitalia c2c Ltd, a UK passenger transport company; and FSE S.r.l., which holds the concession for road and rail services in Puglia, Italy.

The group companies that principally operate in cargo transport are those in the Mercitalia hub, with domestic and international operations, and the TX Logistik group (mainly active in Germany, Austria, Switzerland and Denmark).

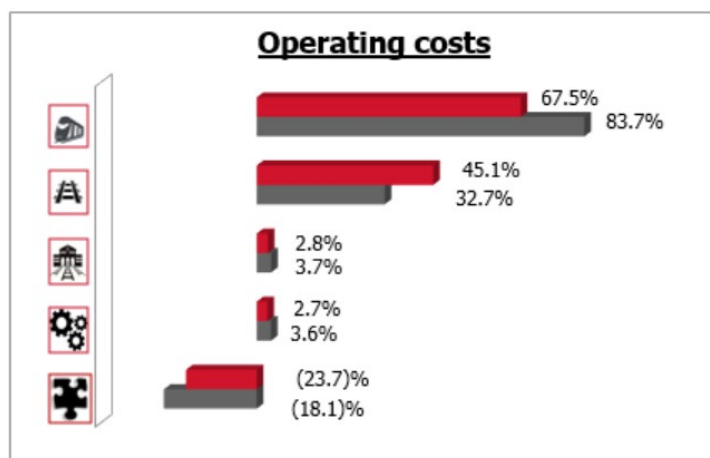
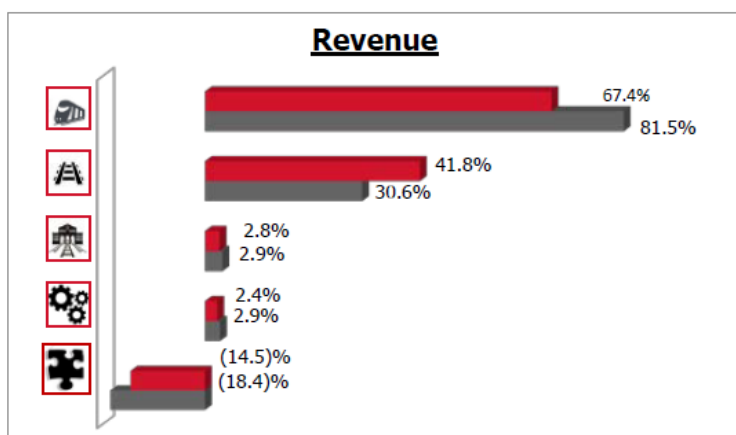
The Transport segment also includes road urban and medium/long haul passenger transport, offered by the group consisting of Busitalia-Sita Nord S.r.l. and its investees. As mentioned earlier, FSE S.r.l. also provides these services.

The group's main Infrastructure segment companies are Rete Ferroviaria Italiana S.p.A. (RFI S.p.A.), whose mission is to serve as the national railway network operator, and Anas S.p.A., which operates national-interest road and motorway networks. As network operator, RFI S.p.A. maintains, uses and develops the network and related safety systems, in addition to managing research and development in the field of railway transport and ensuring connections to Italy's largest islands by sea. To a lesser extent, given its smaller size, Italferr S.p.A., the group's engineering company, also contributes to the results of this segment. The other group companies active in the Infrastructure segment, which provide solely infrastructure services or related services, are: FSE S.r.l., Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero S.p.A. (TFB) and Tunnel Euralpin Lyon Turin (TELT). These companies' main activity is the construction of tunnels between Italy and Austria and Italy and France.

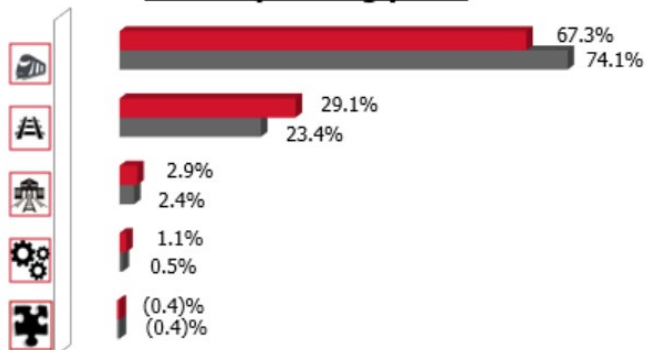
The Real Estate Services segment chiefly consists of the companies that manage the main railway stations (Grandi Stazioni Rail S.p.A. and Centostazioni S.p.A.). In addition, this segment also includes FS Sistemi Urbani S.r.l. which handles management, sales and development services for real estate assets that are not used in the group's operations. The parent also contributes to this segment, exclusively with respect to its real estate management operations, which include providing the group companies with strategic guidelines on real estate and asset allocation (e.g., mergers, demergers, contributions to SPVs, etc.) and handling the sale of properties and land held for trading in real estate holdings. Lastly, this segment also includes Metropark S.p.A., specialised in the study, design, construction and management of car parks and the management of depots for all types of transport vehicles.

Ferrovie dello Stato Italiane S.p.A. operates in the Other Services segment in its role as the group's holding company and for all the activities not included in the real estate management described above. It steers and coordinates the operating companies' business policies and strategies. The other companies that operate in this segment are: Ferservizi S.p.A., which manages the activities not directly related to railway operations as outsourcer for the group's main companies; Fercredit S.p.A., which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit business for the group's employees, and Italcertifer S.p.A., which carries out certification, validation and testing activities on transport and infrastructure systems.

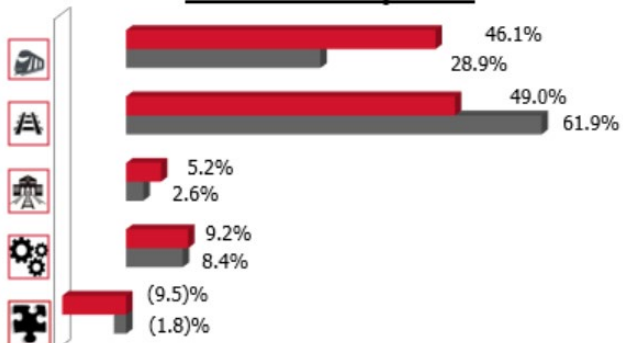
FS Italiane Group's performance is analysed below with reference to each of the operating segments that make up its business. The charts below summarise the first half of 2018 and 2017 performance with indication of the percentages of revenue and operating costs, gross operating profit, profit for the period and net invested capital attributable to each segment at 30 June 2018 and 31 December 2017.



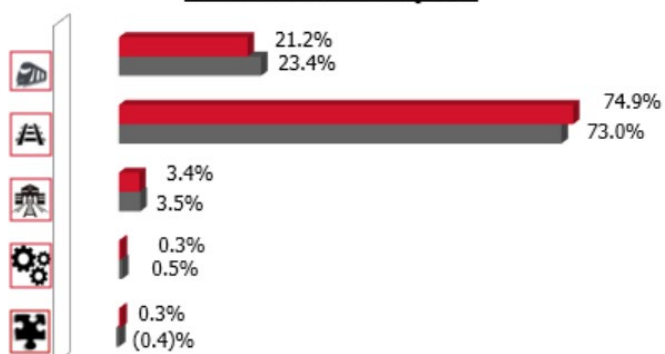
### Gross operating profit



### Profit for the period



### Net invested capital



-  Transport
-  Infrastructure
-  Real Estate Services
-  Other services
-  Adjustments and eliminations

 2018     2017

## Transport

	millions of Euros			
	First half 2018	First half 2017	Change	%
Revenue from sales and services	3,793	3,569	224	6.3
Other income	148	143	5	3.5
<b>Revenue</b>	<b>3,941</b>	<b>3,712</b>	<b>229</b>	<b>6.2</b>
<b>Operating costs</b>	<b>(3,139)</b>	<b>(2,942)</b>	<b>(197)</b>	<b>(6.7)</b>
<b>Gross operating profit</b>	<b>802</b>	<b>770</b>	<b>32</b>	<b>4.2</b>
<b>Operating profit</b>	<b>198</b>	<b>144</b>	<b>54</b>	<b>37.5</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>160</b>	<b>79</b>	<b>81</b>	<b>102.5</b>

	30.06.2018	31.12.2017	Change
<b>Net invested capital</b>	<b>10,253</b>	<b>10,767</b>	<b>(514)</b>

The Transport segment shows a **profit for the period** of €160 million.

Its **revenue** of €3,941 million increased significantly (+€229 million) compared to the corresponding period of 2017, nearly entirely due to the rise in transport services (€231 million) for both the internal part of the group's business and the contribution by the companies that entered the consolidation scope in 2017 for the entire period. Specifically:

- the excellent performance of domestic short haul services drove growth in this segment by €45 million, mostly due to the higher fees provided for in the service contracts against customer requirements for greater service quality (including new, large investments) and the lack of the negative events that affected the first half of 2017 after the termination of contracts that expired in the previous year;
- greater revenue of €186 million contributed by the already-mentioned newly consolidated companies.

The Transport segment's **gross operating profit** came to €802 million, up €32 million on the corresponding period of 2017, nearly entirely due to the regional transport service.

Its **operating profit** amounts to €198 million, up €54 million on the first six months of 2017. The improvement in the gross operating profit was accompanied by smaller amortisation and depreciation expense recognised by Trenitalia S.p.A. as the net effect of new investments and fully depreciated assets.

**Net financial expense** of €49 million increased by €4 million compared to the corresponding period of the previous year.



The segment's **income taxes** are a net positive €11 million, which is a considerable improvement on the corresponding period of 2017 (+€32 million), mostly due to the deferred taxes recognised by Trenitalia S.p.A. after the adjustment to deferred tax assets on carryforward tax losses.

### **Loans and borrowings - Transport segment**

#### **Loan for trains - Mercitalia Rail S.r.l.**

On 10 April 2018, Ferrovie dello Stato Italiane S.p.A. granted its subsidiary, Mercitalia Rail S.r.l., an intragroup loan to finance the purchase of 40 new electric trains. The maximum amount of the loan is €114.4 million and it will be disbursed in several instalments. The loan was approved as part of the resolution of FS Italiane S.p.A.'s board of directors on 26 October 2017 for the granting of two intragroup loans to the subsidiaries Mercitalia Rail S.r.l. and TX Logistik AG. It fits into the investment plan to update the cargo fleet and make the fleet of rolling stock more modern and reliable, reducing its impact on costs and increasing the percentage of rolling stock owned by the companies. The first instalment of approximately €27 million was disbursed on 17 May 2018.

## Infrastructure

millions of Euros

	First half 2018	First half 2017	Change	%
Revenue from sales and services	2,224	1,223	1,001	81.8
Other income	220	169	51	30.2
<b>Revenue</b>	<b>2,444</b>	<b>1,392</b>	<b>1,052</b>	<b>75.6</b>
<b>Operating costs</b>	<b>(2,097)</b>	<b>(1,149)</b>	<b>(948)</b>	<b>(82.5)</b>
<b>Gross operating profit</b>	<b>347</b>	<b>243</b>	<b>104</b>	<b>42.8</b>
<b>Operating profit</b>	<b>188</b>	<b>189</b>	<b>(1)</b>	<b>(0.5)</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>170</b>	<b>169</b>	<b>1</b>	<b>0.6</b>
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>Change</b>	
<b>Net invested capital</b>	<b>36,193</b>	<b>33,537</b>	<b>2,656</b>	

The national railway infrastructure manager, Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (as infrastructure operator) and the other group companies that are active in the infrastructure/engineering sectors operate in the Infrastructure segment. Following completion of the contribution in January 2018, the Anas group companies also form part of this segment.

The Infrastructure segment shows a **profit** for the period of €170 million, which is substantially in line with the corresponding period of 2017 (+€1 million).

**Revenue** amounts to €2,444 million, a significant increase on the first six months of 2017 (+€1,052 million), nearly entirely due to the inclusion of Anas Group's infrastructure business in the consolidation scope (€1,058 million).

The segment's **gross operating profit** increased by €104 million to €347 million, again significantly affected by the inclusion of Anas Group in the consolidation scope.

Its **operating profit** for the period amounts to €188 million reflecting the higher amortisation and depreciation expense, due to the inclusion of Anas Group in the consolidation scope, which reduced the improvement in the gross operating profit.

**Net financial expense** of €7 million decreased by €10 million compared to the first six months of 2017 when it amounted to €17 million.

## Real Estate Services

	millions of Euros			
	First half 2018	First half 2017	Change	%
Revenue from sales and services	3	3		
Other income	163	151	12	7.9
<b>Revenue</b>	<b>166</b>	<b>154</b>	<b>12</b>	<b>7.8</b>
<b>Operating costs</b>	<b>(131)</b>	<b>(129)</b>	<b>(2)</b>	<b>(1.6)</b>
<b>Gross operating profit</b>	<b>35</b>	<b>25</b>	<b>10</b>	<b>40.0</b>
<b>Operating profit</b>	<b>25</b>	<b>13</b>	<b>12</b>	<b>92.3</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>18</b>	<b>7</b>	<b>11</b>	<b>157.1</b>
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>Change</b>	
<b>Net invested capital</b>	<b>1,622</b>	<b>1,622</b>		

The Real Estate Services segment shows a **profit for the period** of €18 million, up €11 million on the corresponding period of 2017. The increase is mainly due to the higher net gains on sales by FS Sistemi Urbani S.r.l. and Ferrovie dello Stato Italiane S.p.A..

## Other Services

	millions of Euros			
	First half 2018	First half 2017	Change	%
Revenue from sales and services				
Other income	140	133	7	5.3
<b>Revenue</b>	<b>140</b>	<b>133</b>	<b>7</b>	<b>5.3</b>
<b>Operating costs</b>	<b>(127)</b>	<b>(128)</b>	<b>1</b>	<b>0.8</b>
<b>Gross operating profit</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>160.0</b>
<b>Operating profit (loss)</b>	<b>5</b>	<b>(2)</b>	<b>7</b>	<b>(350.0)</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>32</b>	<b>23</b>	<b>9</b>	<b>39.1</b>

	30.06.2018	31.12.2017	Change
<b>Net invested capital</b>	<b>141</b>	<b>231</b>	<b>(90)</b>

This segment made a **profit for the period** of €32 million, up €9 million on the corresponding period of 2017.

**Revenue** of €140 million increased by €7 million, mostly due to Ferservizi S.p.A. as it received more requests from customers for its services.

The **gross operating profit** amounts to €13 million (+€8 million on the first six months of 2017), again mainly attributable to the higher revenue earned by Ferservizi S.p.A..

The segment's **operating profit** is €5 million, which is €7 million higher than the loss for the corresponding period of 2017. The improvement in the gross operating profit was slightly countered by the higher amortisation and depreciation expense (-€1 million) recognised by the parent.

**Net financial income** amounts to €12 million, down €2 million on the same caption for the first six months of 2017.

**Income taxes** show a net positive balance of €15 million, up €4 million on the corresponding period of 2017. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent as part of its typical activities.

## **Loans and borrowings – Other Services segment**

### **Bond placement - EMTN series 9**

On 21 March 2018, the parent placed variable rate bonds of €200 million with a 12-year maturity as part of the EMTN Programme listed on the Irish Stock Exchange in a private placement. The issue (Fitch and S&P's ratings of BBB) completes the covering of the group's funding requirements for 2017 as approved by the parent's board of directors on 21 April 2017. The proceeds will be used to fund the investment in HS/HC infrastructure by RFI S.p.A. provided by the parent in the form of an intragroup loan with the same characteristics and same commitment and constraint terms as the bond issue.

### **Facilities Agreement**

On 13 July 2018, Ferrovie dello Stato Italiane S.p.A. signed a new revolving and committed facility agreement for a revolving facility that the banks are irrevocably committed to giving for €2 billion over three years. The parent thus successfully increased its available liquidity compared to the previous credit facility of a maximum of €1.5 billion, which expired on 22 May 2018. The new facility will be provided by a syndicate of 11 major Italian and international banks, selected from the 19 bidders that participated in the call for tenders made by the parent in April 2018 on a syndication basis. The credit facility expires on 13 July 2021 and can be used for the group's normal activities. It will mainly be used to grant intragroup loans to the subsidiaries RFI S.p.A. and Trenitalia S.p.A.. The banking syndicate comprises BNP Paribas, Cassa Depositi e Prestiti, Credit Agricole Corporate and Investment Bank, ING Bank, Intesa Sanpaolo and UniCredit (as underwriters, mandated lead arrangers and bookrunners), Banco Bilbao Vizcaya Argentaria, Bayerische Landesbank, Commerzbank Aktiengesellschaft and HSBC France (co-lead managers) and Banco BPM (participant). Intesa Sanpaolo is also the agent bank.

# Ferrovie dello Stato Italiane S.p.A.'s financial position and performance

## Reclassified income statement

millions of Euros

	First half 2018	First half 2017	Change	%
<b>Revenue</b>	<b>91</b>	<b>92</b>	<b>(1)</b>	<b>(1.1)</b>
- Revenue from sales and services	76	77	(1)	(1.3)
- Other revenue	15	15		
<b>Operating costs</b>	<b>(83)</b>	<b>(93)</b>	<b>10</b>	<b>(12.0)</b>
<b>GROSS OPERATING PROFIT (LOSS)</b>	<b>8</b>	<b>(1)</b>	<b>9</b>	<b>112.5</b>
Amortisation and depreciation	(10)	(11)	1	(10.0)
Reversals of impairment losses		(1)	1	NA
<b>OPERATING LOSS</b>	<b>(2)</b>	<b>(13)</b>	<b>11</b>	<b>(550.0)</b>
Net financial income	150	157	(7)	(4.7)
<b>PRE-TAX PROFIT</b>	<b>148</b>	<b>144</b>	<b>4</b>	<b>2.7</b>
Income taxes	58	38	20	34.5
<b>PROFIT FOR THE PERIOD</b>	<b>206</b>	<b>182</b>	<b>24</b>	<b>11.7</b>

The parent recorded a profit for the period of €206 million, up €24 million on the corresponding period of 2017 attributable to the various income statement areas as follows: operations +€9 million, net financial income -€7 million and income taxes +€20 million.

The €9 million increase in the **gross operating profit** is mostly a result of the reduction in operating costs (-€10 million) due to the smaller real estate sales and the absence of impairment losses on investment property compared to the corresponding period of 2017.

**Net financial income** worsened (-€7 million) mainly due to the combined effect of:

- the €8 million reduction in dividends distributed by the group companies, mostly as a result of the smaller dividends paid out by Centostazioni S.p.A. (-€8 million) and Italferr S.p.A. (-€4 million) offset by the higher dividends given by Netinera Deutschland GmbH (+€4 million);
- higher interest expense due to Metro 5 S.p.A. (+€0.9 million) on the receivables transferred as part of the acquisition of 36.7% of Metro 5 S.p.A. from Astaldi and the net proceeds from the EMTN Programme (+€1.6 million) countered by the net decrease in the back up facility (-€1.6 million).

**Income taxes** improved by €20 million on the corresponding period of the previous year mainly as a consequence of the recognition of the income from the tax consolidation scheme (+€18 million), recognised on the tax losses transferred to the group over the years and used during the period, as their subsequent remuneration is not deemed probable.

## Reclassified statement of financial position

	30.06.2018	31.12.2017	Change
millions of Euros			
<b>ASSETS</b>			
Net operating working capital	466	444	22
Other assets, net	186	151	35
<b>Working capital</b>	<b>652</b>	<b>595</b>	<b>57</b>
Non-current assets	555	553	2
Equity investments	38,137	35,273	2,864
<b>Net non-current assets</b>	<b>38,692</b>	<b>35,826</b>	<b>2,866</b>
Post-employment benefits	(9)	(9)	
Other provisions	(447)	(485)	38
<b>Post-employment benefits and other provisions</b>	<b>(456)</b>	<b>(494)</b>	<b>38</b>
<b>NET INVESTED CAPITAL</b>	<b>38,888</b>	<b>35,927</b>	<b>2,961</b>
<b>COVERAGE</b>			
Net current financial debt	(721)	(837)	116
Net non-current financial debt	(168)	(104)	(64)
<b>Net financial debt</b>	<b>(889)</b>	<b>(941)</b>	<b>52</b>
<b>Equity</b>	<b>39,777</b>	<b>36,868</b>	<b>2,909</b>
<b>COVERAGE</b>	<b>38,888</b>	<b>35,927</b>	<b>2,961</b>

**Net invested capital** of €38,888 million rose by €2,961 million during the period, reflecting the increase in net non-current assets (+€2,866 million).

**Net non-current assets** increased by €2,866 million to €38,692 million, chiefly as a result of the acquisition of the investment in Anas S.p.A., which led to a concurrent increase in **equity** of €2,961 million.

**Net financial debt** decreased by €52 million, reflecting the reduction in net liquidity from €941 million at 31 December 2017 to €889 million at 30 June 2018. This decrease is mainly due to the smaller cash and cash equivalents available after the payment of dividends to the MEF (€150 million) offset by the increase in short-term credit facilities (€17 million) and the intragroup current account (€61 million) as well as the collection of dividends from subsidiaries during the six months (€18 million).

Finally, **equity** increased by €2.9 billion as a result of the capital increase during the period (already commented on) for the contribution of the investment in Anas S.p.A. (+€2.9 billion), the outflow due to dividend distributions (-€0.15 billion) and the profit for the period (+€0.2 billion).

## Condensed interim consolidated financial statements



## Statement of financial position

millions of Euros

	30.06.2018	31.12.2017*
<b>Assets</b>		
Property, plant and equipment	44,744	44,449
Investment property	1,286	1,398
Intangible assets	4,195	988
Deferred tax assets	415	158
Equity-accounted investments	545	373
Non-current concession financial assets	2,240	
Non-current financial assets (including derivatives)	2,478	1,863
Non-current trade receivables	8	9
Other non-current assets	2,498	1,307
<b>Total non-current assets</b>	<b>58,409</b>	<b>50,545</b>
Construction contracts	181	57
Inventories	2,329	2,102
Current trade receivables	2,690	2,491
Current concession financial assets	879	17
Current financial assets (including derivatives)	687	620
Cash and cash equivalents	1,658	1,834
Tax assets	128	113
Other current assets	7,116	5,231
<b>Total current assets</b>	<b>15,668</b>	<b>12,465</b>
<b>Assets held for sale and disposal groups</b>		<b>3</b>
<b>Total assets</b>	<b>74,077</b>	<b>63,013</b>
<b>Equity and liabilities</b>		
Share capital	39,204	36,340
Reserves	53	42
Valuation reserves	(472)	(467)
Retained earnings	2,109	1,923
Profit for the period	335	542
<b>Equity attributable to the owners of the parent</b>	<b>41,230</b>	<b>38,380</b>
Profit attributable to non-controlling interests	12	10
Share capital and reserves attributable to non-controlling interests	426	240
<b>Total equity attributable to non-controlling interests</b>	<b>438</b>	<b>250</b>
<b>Equity</b>	<b>41,668</b>	<b>38,630</b>
<b>Liabilities</b>		
Non-current loans and borrowings	9,366	9,125
Post-employment benefits and other employee benefits	1,605	1,633
Provisions for risks and charges	2,718	944
Deferred tax liabilities	507	275
Contract advances	1,178	
Non-current financial liabilities (including derivatives)	1,461	44
Non-current trade payables	80	96
Other non-current liabilities	141	160
<b>Total non-current liabilities</b>	<b>17,057</b>	<b>12,277</b>
Current loans and borrowings and current portion of non-current loans and borrowings	2,048	2,389
Current portion of provisions for risks and charges	44	50
Current trade payables	4,722	4,252
Tax liabilities	21	18
Contract advances	53	
Current financial liabilities (including derivatives)	113	33
Other current liabilities	8,353	5,363
<b>Total current liabilities</b>	<b>15,353</b>	<b>12,105</b>
<b>Total liabilities</b>	<b>32,409</b>	<b>24,383</b>
<b>Total equity and liabilities</b>	<b>74,077</b>	<b>63,013</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Income statement

millions of Euros

	First half 2018	First half 2017*
<b>Revenue</b>		
Revenue from sales and services	5,468	4,244
Other income	377	310
<b>Total revenue</b>	<b>5,845</b>	<b>4,554</b>
<b>Operating costs</b>		
Personnel expense	(2,410)	(2,047)
Raw materials, consumables, supplies and goods	(578)	(553)
Services	(2,019)	(1,243)
Use of third-party assets	(129)	(106)
Other operating costs	(97)	(84)
Internal work capitalised	580	518
<b>Total operating costs</b>	<b>(4,653)</b>	<b>(3,515)</b>
<b>Amortisation and depreciation</b>	<b>(776)</b>	<b>(692)</b>
<b>Net reversals of impairment losses</b>	<b>(4)</b>	<b>(8)</b>
<b>Provisions</b>		
<b>Operating profit</b>	<b>412</b>	<b>339</b>
<b>Financial income and expense</b>		
Financial income	55	30
Financial expense	(113)	(85)
<b>Net financial expense</b>	<b>(58)</b>	<b>(55)</b>
Share of profits of equity-accounted investees	14	7
<b>Pre-tax profit</b>	<b>368</b>	<b>291</b>
Income taxes	(21)	(18)
Post-tax profit (loss) from discontinued operations		
<b>Profit for the period (attributable to the owners of the parent and non-controlling interests)</b>	<b>347</b>	<b>273</b>
<i>Profit for the period attributable to the owners of the parent</i>	335	268
<i>Profit for the period attributable to non-controlling interests</i>	12	5

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Statement of comprehensive income

millions of Euros

	First half 2018	First half 2017*
<b>Profit for the period (attributable to the owners of the parent and non-controlling interests)</b>	<b>347</b>	<b>273</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss, net of the tax effect:</b>		
Net actuarial losses	(12)	(3)
attributable to the owners of the parent	(12)	(3)
attributable to non-controlling interests		
Items reclassified to profit or loss	8	10
<b>Items that will or may be reclassified to profit or loss, net of the tax effect:</b>		
Cash flow hedges - effective portion of changes in fair value	12	21
attributable to the owners of the parent	12	21
attributable to non-controlling interests		
Net exchange rate gains (losses)		
<b>Total other comprehensive income, net of the tax effect</b>	<b>8</b>	<b>28</b>
<b>Comprehensive income (attributable to the owners of the parent and non-controlling interests)</b>	<b>356</b>	<b>301</b>
<i>Comprehensive income attributable to:</i>		
Owners of the parent	343	296
Non-controlling interests	12	5

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Statement of changes in equity

millions of Euros

Equity															
	Reserves										Retained earnings	Profit for the period/year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
	Reserves					Valuation reserves									
	Share capital	Legal reserve	Extraordinary reserve	Other reserves	Translation reserve	Hedging reserve	Actuarial reserve	Fair value reserve	Total reserves						
<b>Balance at 1 January 2017</b>	<b>36,340</b>	<b>7</b>			<b>3</b>	<b>(162)</b>	<b>(350)</b>		<b>(502)</b>	<b>1,559</b>	<b>758</b>	<b>38,155</b>	<b>257</b>	<b>38,412</b>	
Capital increase														4	
Dividend distribution														4	
Allocation of profit for the previous year		32	50						82	376	(458)			(307)	
Change in consolidation scope										(57)		(57)	(9)	(66)	
Other changes															
Comprehensive income						31	(3)		28		268	296	5	301	
of which:															
Profit for the period											268	268	5	273	
Gains/(losses) recognised directly in equity						31	(3)		28			28		28	
<b>Balance at 30 June 2017</b>	<b>36,340</b>	<b>39</b>	<b>50</b>		<b>3</b>	<b>(131)</b>	<b>(353)</b>		<b>(392)</b>	<b>1,878</b>	<b>268</b>	<b>38,094</b>	<b>250</b>	<b>38,344</b>	
<b>Balance at 31 December 2017 (published)</b>	<b>36,340</b>	<b>39</b>			<b>3</b>	<b>(105)</b>	<b>(362)</b>		<b>(425)</b>	<b>1,923</b>	<b>542</b>	<b>38,380</b>	<b>250</b>	<b>38,630</b>	
<b>Effects of IFRS 9 FTA</b>										<b>(37)</b>		<b>(37)</b>		<b>(37)</b>	
<b>Balance at 1 January 2018 <sup>(1)</sup></b>	<b>36,340</b>	<b>39</b>			<b>3</b>	<b>(105)</b>	<b>(362)</b>		<b>(425)</b>	<b>1,886</b>	<b>542</b>	<b>38,343</b>	<b>250</b>	<b>38,593</b>	
Capital increase	2,864 <sup>(2)</sup>											2,864	15	2,879	
Dividend distribution											(150)	(150)	(7)	(157)	
Allocation of profit for the previous year		11							11	381	(392)				
Change in consolidation scope									(12)	(1)		(170)	169	(1)	
Other changes													(1)	(1)	
Comprehensive income						20	(12)		8		335	343	12	355	
of which:															
Profit for the period											335	335	12	347	
Gains/(losses) recognised directly in equity						20	(12)		8			8		8	
<b>Balance at 30 June 2018</b>	<b>39,204</b>	<b>50</b>			<b>3</b>	<b>(97)</b>	<b>(375)</b>		<b>(418)</b>	<b>2,109</b>	<b>335</b>	<b>41,230</b>	<b>438</b>	<b>41,668</b>	

(1) The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

(2) Contribution value of the Anas S.p.A. shares

## Statement of cash flows

millions of Euros

	First half 2018	First half 2017*
<b>Profit for the period</b>	<b>347</b>	<b>273</b>
Amortisation and depreciation	776	692
Share of profits of equity-accounted investees	(14)	(7)
Accruals to provisions and impairment losses	52	53
Profits on sales	(39)	(36)
Change in inventories	(219)	(129)
Change in trade receivables	202	(188)
Change in trade payables	(808)	(641)
Change in current and deferred taxes	(8)	2
Change in other liabilities	2,256	1,045
Change in other assets	(1,342)	(1,438)
Utilisation of the provisions for risks and charges	(103)	(46)
Payment of employee benefits	(83)	(52)
Change in financial assets/liabilities for concession services	(104)	
<b>Net cash flows generated by (used in) operating activities</b>	<b>913</b>	<b>(472)</b>
Increases in property, plant and equipment	(1,722)	(1,863)
Increases in investment property	(3)	(3)
Increases in intangible assets	(152)	(54)
Increases in equity investments	(141)	(196)
<b>Investments, before grants</b>	<b>(2,018)</b>	<b>(2,116)</b>
Grants for property, plant and equipment	1,161	1,184
Grants for investment property		
Grants for intangible assets	1	2
Grants for equity investments	125	77
<b>Grants</b>	<b>1,287</b>	<b>1,263</b>
Decreases in property, plant and equipment	65	38
Decreases in investment property		
Decreases in intangible assets	29	1
Decreases in equity investments and profit-sharing arrangements	11	4
<b>Decreases</b>	<b>105</b>	<b>43</b>
<b>Net cash flows used in investing activities</b>	<b>(626)</b>	<b>(810)</b>
Finance lease payments	(7)	
Disbursement and repayment of non-current loans	(70)	473
Disbursement of current loans	1,088	1,293
Repayment of current loans	(1,989)	(1,845)
Disbursement and repayment of current loans	(901)	(552)
Grants related to assets	253	244
Change in financial assets	17	(23)
Change in financial liabilities	12	(73)
Dividends	(157)	(4)
Change in the consolidation scope	390	(26)
<b>Net cash flows generated by (used in) financing activities</b>	<b>(463)</b>	<b>40</b>
<b>Total cash flows</b>	<b>(176)</b>	<b>(1,242)</b>
<b>Opening cash and cash equivalents</b>	<b>1,834</b>	<b>2,337</b>
<b>Closing cash and cash equivalents</b>	<b>1,658</b>	<b>1,095</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

Condensed interim separate financial statements of Ferrovie dello  
Stato Italiane S.p.A.

## Statement of financial position

Euros

	30.06.2018	31.12.2017*
<b>Assets</b>		
Property, plant and equipment	47,719,969	46,282,439
Investment property	460,053,321	470,311,514
Intangible assets	47,011,138	35,856,757
Deferred tax assets	179,738,088	180,180,053
Equity investments	38,137,279,100	35,273,538,100
Non-current financial assets (including derivatives)	6,770,788,969	6,593,786,366
Non-current trade receivables	5,615,815	5,310,908
Other non-current assets	25,190,465	169,304,672
<b>Total non-current assets</b>	<b>45,673,396,865</b>	<b>42,774,570,809</b>
Inventories	413,346,179	408,021,445
Current trade receivables	144,179,796	141,488,206
Current financial assets (including derivatives)	1,716,663,046	2,363,461,243
Cash and cash equivalents	218,816,229	412,805,816
Tax assets	82,373,418	82,933,518
Other current assets	922,026,674	1,253,256,788
<b>Total current assets</b>	<b>3,497,405,342</b>	<b>4,661,967,017</b>
<b>Total assets</b>	<b>49,170,802,207</b>	<b>47,436,537,826</b>
Share capital	39,204,173,802	36,340,432,802
Reserves	50,353,142	38,807,634
Valuation reserves	298,214	256,442
Retained earnings	318,236,747	256,834,398
Profit for the period	206,002,126	230,910,168
<b>Total equity</b>	<b>39,779,064,031</b>	<b>36,867,241,444</b>
<b>Liabilities</b>		
Non-current loans and borrowings	6,601,329,154	6,490,148,566
Post-employment benefits and other employee benefits	8,834,457	9,123,252
Provisions for risks and charges	153,042,663	153,999,878
Deferred tax liabilities	294,285,152	331,073,192
Non-current financial liabilities (including derivatives)		
Other non-current liabilities	193,460,553	257,085,846
<b>Total non-current liabilities</b>	<b>7,250,951,979</b>	<b>7,241,430,734</b>
Current loans and borrowings and current portion of non-current loans and borrowings	939,657,230	1,609,669,422
Current trade payables	99,250,435	112,642,012
Current financial liabilities (including derivatives)	274,553,699	329,421,663
Other current liabilities	827,324,833	1,276,132,551
<b>Total current liabilities</b>	<b>2,140,786,197</b>	<b>3,327,865,648</b>
<b>Total liabilities</b>	<b>9,391,738,176</b>	<b>10,569,296,382</b>
<b>Total equity and liabilities</b>	<b>49,170,802,207</b>	<b>47,436,537,826</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Income statement

	Euros	
	First half 2018	First half 2017*
Revenue from sales and services	76,341,781	76,620,193
Other income	14,721,755	15,507,477
<b>Total revenue</b>	<b>91,063,536</b>	<b>92,127,670</b>
Personnel expense	(28,914,926)	(27,876,579)
Raw materials, consumables, supplies and goods	(3,403,106)	(12,589,270)
Services	(38,467,736)	(36,420,288)
Use of third-party assets	(2,450,601)	(1,684,532)
Other operating costs	(10,792,462)	(14,713,180)
Internal work capitalised	137,624	41,685
<b>Total operating costs</b>	<b>(83,891,207)</b>	<b>(93,242,164)</b>
Amortisation and depreciation	(10,066,291)	(10,777,631)
Impairment losses (reversals of impairment losses)	485,854	(1,154,595)
<b>Operating loss</b>	<b>(2,408,108)</b>	<b>(13,046,720)</b>
Gains on equity investments	141,543,879	149,574,753
Other financial income	82,811,157	82,618,173
Losses on equity investments	(26,536)	(175,112)
Other financial expense	(74,045,574)	(75,191,251)
<b>Net financial income</b>	<b>150,282,926</b>	<b>156,826,563</b>
<b>Pre-tax profit</b>	<b>147,874,818</b>	<b>143,779,843</b>
Income taxes	58,127,308	38,356,982
<b>Profit from continuing operations</b>	<b>206,002,126</b>	<b>182,136,825</b>
<b>Profit for the period</b>	<b>206,002,126</b>	<b>182,136,825</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.



## Statement of comprehensive income

Euros

	First half 2018	First half 2017*
<b>Profit for the period</b>	<b>206,002,126</b>	<b>182,136,825</b>
<b>Items that will not be reclassified to profit or loss:</b>		
Net actuarial gains	57,830	142,424
Tax effect on actuarial gains (losses)	(16,058)	(36,799)
<b>Other comprehensive income, net of the tax effect</b>	<b>41,772</b>	<b>105,625</b>
<b>Comprehensive income</b>	<b>206,043,898</b>	<b>182,242,450</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Statement of changes in equity

Euros

Equity									
	Reserves					Total reserves	Retained earnings	Profit for the period/year	Total equity
	Other reserves			Valuation reserves					
	Share capital	Legal reserve	Extraordinary reserve	Other reserves	Actuarial reserve				
<b>Balance at 1 January 2017</b>	<b>36,340,432,802</b>	<b>6,868,981</b>			<b>251,083</b>	<b>7,120,064</b>		<b>638,773,063</b>	<b>36,986,325,929</b>
Share capital decrease									
Dividend distribution							(300,000,013)		(300,000,013)
Allocation of profit for the previous year		31,938,653	50,000,000			81,938,653	556,834,410	(638,773,063)	
Other changes									
Comprehensive income of which:									
Profit for the period								182,136,825	182,136,825
Gains/(losses) recognised directly in equity					105,625	105,625			105,625
<b>Balance at 30 June 2017</b>	<b>36,340,432,802</b>	<b>38,807,634</b>	<b>50,000,000</b>		<b>356,708</b>	<b>89,164,342</b>	<b>256,834,398</b>	<b>182,136,825</b>	<b>36,868,568,367</b>
<b>Balance at 31 December 2017 (published)</b>	<b>36,340,432,802</b>	<b>38,807,634</b>			<b>256,442</b>	<b>39,064,076</b>	<b>256,834,398</b>	<b>230,910,168</b>	<b>36,867,241,444</b>
<b>Effects of IFRS 9 FTA</b>							<b>(7,962,311)</b>		<b>(7,962,311)</b>
<b>Balance at 1 January 2018*</b>	<b>36,340,432,802</b>	<b>38,807,634</b>			<b>256,442</b>	<b>39,064,076</b>	<b>248,872,087</b>	<b>230,910,168</b>	<b>36,859,279,133</b>
Capital increase	2,863,741,000								2,863,741,000
Dividend distribution								(150,000,000)	(150,000,000)
Allocation of profit for the previous year		11,545,508				11,545,508	69,364,660	(80,910,168)	(7,962,311)
Other changes									
Comprehensive income of which:									
Profit for the period								206,002,126	206,002,126
Net gains recognised directly in equity					41,772	41,772			41,772
<b>Balance at 30 June 2018</b>	<b>39,204,173,802</b>	<b>50,353,142</b>			<b>298,214</b>	<b>50,651,356</b>	<b>318,236,747</b>	<b>206,002,126</b>	<b>39,779,064,031</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## STATEMENT OF CASH FLOWS

Euros

	First half 2018	First half 2017*
<b>Profit for the period</b>	<b>206,002,126</b>	<b>182,136,825</b>
Income taxes	(58,127,308)	(38,356,982)
Net financial expense	(8,813,627)	(7,489,885)
Amortisation and depreciation	10,066,291	10,777,631
Accruals to provisions and impairment losses	2,701,626	371,355
Impairment losses	26,536	112
Employee benefits	41,710	48,648
<b>Accruals to provisions and impairment losses</b>	<b>2,769,872</b>	<b>420,115</b>
Losses on sales	6,808	
Change in inventories	2,357,010	10,571,419
Change in trade receivables	(3,196,426)	(15,713,613)
Change in trade payables	(13,391,577)	1,039,696
Change in other assets	474,897,576	(356,979,629)
Change in other liabilities	(512,233,244)	190,043,990
Utilisation of the provisions for risks and charges	(3,858,608)	(6,604,126)
Payment of employee benefits	(272,675)	(543,290)
Financial income collected/financial expense paid		
Change in tax assets/liabilities	22,325,274	16,884,425
<b>Net cash flows generated by (used in) operating activities</b>	<b>118,531,492</b>	<b>(13,813,424)</b>
Increases in property, plant and equipment	(1,253,077)	(337,812)
Increases in investment property	(2,240,077)	(2,441,346)
Increases in intangible assets	(16,602,066)	(3,875,966)
Increases in equity investments	(26,536)	(110,734,586)
<b>Investments, before grants</b>	<b>(20,121,756)</b>	<b>(117,389,710)</b>
Grants for property, plant and equipment		
Grants for intangible assets		
Grants for equity investments		14,695,434
<b>Grants</b>		<b>14,695,434</b>
Decreases in property, plant and equipment	13,470	4,176
Decreases in investment property		
Decreases in intangible assets		
Decreases in equity investments		
<b>Decreases</b>	<b>13,470</b>	<b>4,176</b>
<b>Net cash flows used in investing activities</b>	<b>(20,108,286)</b>	<b>(102,690,100)</b>
Disbursement and repayment of non-current loans	145,629,183	928,597,086
Disbursement and repayment of current loans	(704,460,787)	(493,389,470)
Change in financial assets	469,162,505	(771,242,335)
Change in financial liabilities	(483,570)	(406,862)
Dividends	(150,000,000)	
Net financial income that does not generate cash flows	8,813,627	7,489,885
<b>Net cash flows used in financing activities</b>	<b>(231,339,042)</b>	<b>(328,951,696)</b>
<b>Total cash flows</b>	<b>(132,915,836)</b>	<b>(445,455,220)</b>
Opening cash and cash equivalents	514,092,266	1,154,724,118
Closing cash and cash equivalents	381,176,430	709,268,898
of which intragroup current account	162,360,201	256,846,728

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

## Reporting by operating segment

The financial highlights of the group's operating segments for the first six months of 2018 and 2017 and its net invested capital at 30 June 2018 and 31 December 2017 are shown below:

	millions of Euros					
First half 2018	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane Group
Revenue from third parties	3,804	1,808	77	10	6	5,705
Inter-segment revenue	137	636	89	130	(852)	140
<b>Revenue</b>	<b>3,941</b>	<b>2,444</b>	<b>166</b>	<b>140</b>	<b>(846)</b>	<b>5,845</b>
Personnel expense	(1,317)	(1,023)	(14)	(71)	15	(2,410)
Other costs, net	(1,822)	(1,074)	(117)	(56)	826	(2,243)
<b>Operating costs</b>	<b>(3,139)</b>	<b>(2,097)</b>	<b>(131)</b>	<b>(127)</b>	<b>841</b>	<b>(4,653)</b>
<b>Gross operating profit</b>	<b>802</b>	<b>347</b>	<b>35</b>	<b>13</b>	<b>(5)</b>	<b>1,192</b>
Amortisation and depreciation	(603)	(156)	(10)	(8)	1	(776)
Impairment losses and accruals to provisions	(1)	(3)				(4)
<b>Operating profit</b>	<b>198</b>	<b>188</b>	<b>25</b>	<b>5</b>	<b>(4)</b>	<b>412</b>
Net financial income (expense)	(49)	(7)	(1)	12	1	(44)
Income taxes	11	(11)	(6)	15	(30)	(21)
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>160</b>	<b>170</b>	<b>18</b>	<b>32</b>	<b>(33)</b>	<b>347</b>

	millions of Euros					
30.06.2018	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane Group
<b>Net invested capital</b>	<b>10,253</b>	<b>36,193</b>	<b>1,622</b>	<b>141</b>	<b>125</b>	<b>48,334</b>

millions of Euros

First half 2017	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane Group
Revenue from third parties	3,574	754	75	10	(1)	4,412
Inter-segment revenue	138	638	79	123	(837)	141
<b>Revenue</b>	<b>3,712</b>	<b>1,392</b>	<b>154</b>	<b>133</b>	<b>(838)</b>	<b>4,553</b>
Personnel expense	(1,206)	(767)	(14)	(72)	12	(2,047)
Other costs, net	(1,736)	(382)	(115)	(56)	822	(1,467)
<b>Operating costs</b>	<b>(2,942)</b>	<b>(1,149)</b>	<b>(129)</b>	<b>(128)</b>	<b>834</b>	<b>(3,514)</b>
<b>Gross operating profit</b>	<b>770</b>	<b>243</b>	<b>25</b>	<b>5</b>	<b>(4)</b>	<b>1,039</b>
Amortisation and depreciation	(624)	(50)	(10)	(7)	(1)	(692)
Impairment losses and accruals to provisions	(1)	(4)	(2)			(8)
<b>Operating profit (loss)</b>	<b>144</b>	<b>189</b>	<b>13</b>	<b>(2)</b>	<b>(5)</b>	<b>339</b>
Net financial income (expense)	(45)	(17)	(1)	14		(49)
Income taxes	(21)	(3)	(5)	11		(18)
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>79</b>	<b>169</b>	<b>7</b>	<b>23</b>	<b>(5)</b>	<b>273</b>

\*The group applied IFRS 9 and IFRS 15 for the first time on 1 January 2018. It did not restate the comparative figures given the transition method elections made.

millions of Euros

31.12.2017	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane Group
<b>Net invested capital</b>	<b>10,767</b>	<b>33,537</b>	<b>1,622</b>	<b>231</b>	<b>(203)</b>	<b>45,954</b>

The manager in charge of financial reporting, Roberto Mannozi, states, pursuant to article 154-bis.2 of the Consolidated income tax act, that the accounting figures set out in this document are consistent with the documents, books and accounting records.