

FS ITALIANE: ANAS JOINS THE GROUP

Approved today FS Italiane share capital increase as a result of the contribution of the Anas equity investment held by the Ministry of the Economy and Finance.

With a transport network of roughly a total of 44,000 kilometres, FS Group has become the leading integrated European hub of railway and roadway infrastructure both in terms of served inhabitants and business plan based investment has been created

- **with Anas, the FS Italiane Group has become an industrial operator with:**
 - **EUR 108 billion in investments over the next ten years**
 - **EUR 8 billion in investments during 2018**
 - **EUR 11.2 billion in turnover in 2018**
 - **EUR 50 billion in invested capital**
 - **81,000 employees**

Concomitantly a new Board of Directors has been nominated, chaired in continuity by Gioia Ghezzi as President and Renato Mazzoncini.

Rome, December 29th 2017

Today, the Shareholders' Meeting of Ferrovie dello Stato Italiane approved the share capital increase of 2.86 billions euro as a result of the contribution of the Anas equity investment held by the Ministry of the Economy and Finance.

As a result of the entrance of Anas alongside Rete Ferroviaria Italiana, the FS Italiane Group is now the leading integrated hub of railways and roads in Europe in terms of served inhabitants and investments, EUR 108 billion over the next ten years.

In the FS Italiane Group, in addition to RFI, Anas will also be joining Italferr, the subsidiary operating on a national and international scale in design and engineering, and the other companies including Trenitalia, Mercitalia and Busitalia, railway (passengers and freight) and road transport companies.

The Shareholders' Meeting of Ferrovie dello Stato Italiane appointed the new Board of Directors of FS Italiane. The BoD is chaired, in continuity, by Gioia Ghezzi President. Confirmed Renato Mazzoncini, Federico Lovadina, Simonetta Giordani and Vanda Ternau. Joining the Board as new Directors: Francesca Moraci coming from Anas BoD and Giovanni Azzone, former Rector and President of the Politecnico University of Milan.

THE NEW STRUCTURE OF FS ITALIANE GROUP

In its new configuration, the FS Italiane Group oversees a railway and road infrastructure network of roughly 44,000 kilometres. The 2.3 billion vehicles that travel 64.5 billion km per year on the roads and motorways managed by Anas are thus added to the traffic managed by the Group: around 750 million passengers per year on the railways (of which 150 abroad), 290 million on the road (130 abroad) and 50 million tonnes of freight.

As a result of the contribution of Anas and 81,000 employees, the FS Italiane Group is now capable of reaching a turnover of EUR 11.2 billion in 2018 and investment of EUR 8 billion, with invested capital of around EUR 50 billion.

This is a fundamental step for Ferrovie dello Stato Italiane in the process of implementing its 2017-2026 Business Plan. Infrastructural integration, as well as the integration of various means of transport, is one of its five pillars.

For Anas, joining the FS Italiane Group is an additional step in its transformation process, launched in the past few years. Thus, Anas will be able to take decisive steps toward reaching a size on the market that is indispensable for it to gradually leave the perimeter of the Public Administration.

The contribution of Anas to FS Italiane, will make the integrated design and creation of roads and railway possible, gradually reducing all cost overruns and generating savings due to the coordinated development of works. Moreover, it will enable the sharing of know-how and technologies, also for the development of innovative projects such as building of smart roads in Italy and abroad.

The new industrial structure will provide benefits and improvements in the areas of maintenance, quality and safety standards of the road network.

In particular, for maintenance oversight and monitoring of the road network, the operators of Anas and RFI can collaborate together. Synergies that will result in a significant decrease in down time and time to return to service for the road network,

Actions that can be immediately implemented on around 10,000 km of the Anas network, with the railway network running closely alongside.

Operational integrations will also be possible for predictive diagnostics. Rete Ferroviaria Italiana and Anas will share the systems (laser scanners, drones) for monitoring the structural safety of bridges and tunnels and monitoring hydrogeological instability. The sharing of methodologies and operating procedures will result in an increase in operating safety.

INTEGRATION OF RAILWAYS AND ROADS

The synergy between the railway network and road network will provide a concrete solution for the country's need for new infrastructure, as well as guaranteeing coordinated management of works and a single counterparty for local entities to deal with.

The coordination between Rete Ferroviaria Italiana and Anas will also result in a more effective and efficient connection of logistics hubs: ports, airports, railway stations and intermodal transfer points. All of this with lower consumption of the territory, a reduction of CO₂ emissions and diverse management of freight logistics. The integration will

specifically start with the planning of investments and works, defining the needs of railway and road structures based on a single design.

It has been estimated that the integrated management of the infrastructure alone will generate operational savings of no less than EUR 400 million over ten years. This will be possible due to direct costs (for example, coordination of maintenance works and management of hydrogeological and seismic risks) and indirect costs optimization, reducing operating costs and creating synergies in infrastructure maintenance policies.

By joining the Group, Anas will be able to continue its process of promoting its human resources and speed up the hiring process, due to the gradual attenuation of the limits set out in the regulations on the Public Administration.

INVESTMENTS IN ITALY

The integrated infrastructure hub will have positive impacts also on the quantitative and qualitative management of tenders. In 2018, RFI and Italferr expect to confirm the 2017 trend, which saw the value of published calls for tenders will rise from EUR 3.5 billion in 2016 to EUR 7.5 billion. Likewise, in 2018 Anas will rise to EUR 3 billion from EUR 2 billion in 2017. This will support a significant increase in new construction sites and, as a result, favourable impacts on the construction industry and the country's entire economy.

The new Program Agreement between Anas and the State, which is clearer and more efficient, will increase the Company investment capacity. Anas will also double the volume of scheduled maintenance works, such as paving, new security barriers, LED lighting systems and restoration of viaducts.

Shorter times for the creation of works may also be expected, due to operational and management coordination of the new integrated hub, a fundamental condition for adequate infrastructural development of the country.

A SINGLE PARTY FOR INFRASTRUCTURE ABROAD

The benefits of integration will also be immediately perceived on international markets. Through FS Italiane, Italy's national economic system will be able to propose itself outside of Italy as an entity capable of overseeing the entire range of works and services linked to mobility infrastructure.

The FS Italiane 2017-2026 Business Plan forecasts an increase in total revenues from international operations (from 13% to 23%), rising from EUR 1 billion to EUR 4.2 billion in 2026. Priority areas for international expansion are the Middle East, India and South-east Asia, the Americas and Africa.

In the last few years, Anas has also grown in the international market, with contracts of EUR 150 million, EUR 70 of which from the recent acquisition of the M4 motorway concession in Russia, and its revenues could increase by around EUR 90 million in the short term.

CUTTING-EDGE TECHNOLOGIES

Knowledge transfer and the sharing of best practices will favour innovation. It will be possible to install on the road network the technologies already used by Rete Ferroviaria Italiana to manage railway circulation, developing smart roads, which Anas is already working on. Smart roads that can be travelled by electrical articulate trucks and driverless cars, with benefits in terms of safety and for the environment.

The use of technologies to develop smart roads will make Italy one of the countries driving this innovation, giving life to infrastructure like Swedish e-highways, which can host electrified vehicles, thanks to reporting, communication and safety systems. The dialogue between the road and vehicles will also result in quality control over the roads and the technical verification on viaducts and bridges.

-----STATEMENTS-----

The Minister of Infrastructure and Transport, **Graziano Delrio**, stated, *“Today we see the birth of a large industrial Group that can significantly contribute to Italy’s growth, modernising and increasing the efficiency of its transport systems. This is a fundamental step that has been taken, which the government, along with FS Italiane Group and the Anas Group, has pursued with great commitment and determination, with the goal of providing a strong boost to infrastructural development in Italy”*.

The CEO of FS Italiane, **Renato Mazzoncini**, pointed out, *“The contribution of Anas to FS Italiane is an opportunity for the national economic system. A hub has been created that will be capable of designing, building and effectively managing the expansion and integrated development of national railways and road infrastructures due to technological synergies, economies of scale and fast operations. This is a fundamental step for Ferrovie dello Stato Italiane in the process of implementing its 2017-2026 Business Plan which foresee FS as main promoter of integrated mobility. The mission of FS Italiane is changing: we operate not only as national railways company but as European mobility corporate.*

“As a result of integration with the Ferrovie dello Stato Italiane Group,” the Chairman of Anas, **Gianni Vittorio Armani**, stated, *“Anas has completed the transformation plan under way for two years. Now it can decisively aim for the objective of financial autonomy and an exit from the perimeter of the Public Administration, which we have already begun working on through the new Program Agreement, increasing its industrial efficiency, investment capacity (from EUR 1.5 billion to EUR 3 billion per year) and degree of technological innovation”*.