

**FS ITALIANE: ANNUAL FINANCIAL REPORT 2020
TECHNICAL INVESTEMENTS €9 BILLION, NEW TENDERS
FOR €21 BILLION**

- **Economic value distributed: €9.6 billion, 88% of the economic value generated (+7 points compared to 2019)**
- **2.4% contribution to Italy's GDP and equivalent employment impact of 260,000 jobs**
- **The FS Group confirms its position as the leading industrial group in terms of technical investments in Italy, amounting to around €9 billion in 2020 (+5% on 2019), 98% of which will be in Italy and over €7 billion in rail and highway infrastructure, supporting the Italian productions chain, through advances to suppliers of around €1 billion (compared to €381 million in 2019)**
- **Operating revenues of €10.8 billion, down approximately €1.6 billion (-12.8%) vs. 2019, but compared to approximately €1.7 billion negative impact due to COVID-19**
- **EBITDA at €1.6 billion (-37.4% vs 2019, or €2.6 billion), as a result of the negative impact from COVID-19 of more than €1 billion**
- **EBIT: -€278 million, compared to +€829 million in 2019 (-133.5%), considering the negative impact from COVID-19 of around €1 billion**
- **Despite the negative effects of COVID-19 of about €1 billion and thanks to the optimization of industrial processes, the loss was contained in -€562 million**
- **The FS Group maintains a high level of financial strength with equity at €41.4 billion**
- **The FS Group confirms its commitment to sustainable development**
 - the trend of reducing greenhouse gas emissions continues
 - FS reached the leadership range, with the score "A-", of the sustainability rating issued by the Carbon Disclosure Project
 - €990 million in 2020 in new ESG financing along with cumulative €2.3 billion of Green Bonds issued to finance the purchase of energy-efficient vehicles with high recycling rates
 - Recovered over 95% of special waste
 - nearly 600 suppliers assessed for their environmental and social performance
 - commitment to the SDGs with a focus on health and well-being, lasting, inclusive and sustainable economic growth,



employment, infrastructure resilience, promotion of innovation, sustainability of production and consumption models

Rome, 31 March 2021

The Ferrovie dello Stato Italiane Board of Directors approved today the company's annual financial report, including the consolidated the Group's financial statements of the Group as of 31 December 2020.

The performance for the year, as mentioned in the highlights, **was significantly affected by the negative effects of the COVID-19 virus ("Coronavirus")**, which spread nationally and internationally from the beginning of the year and had an impact on the entire production system, with particular consequences on the mobility of people and goods. **Without the impact of COVID, all the margins for the year would have been largely positive, in line with recent years.** In fact:

- the Group's **operating revenue** fell to **€10.8 billion** compared to FY 2019, with an overall decrease of €1.6 billion (-12.8%), **essentially due to the Coronavirus**;
- The **EBITDA**, following the reduction in revenue, decreased of €976 million, which, while remaining positive, amounted to €1.6 billion compared to €2.6 billion in the previous year (-37.4%), but **with COVID effects of around €1 billion** (with the EBITDA margin consequently decreasing from 21% to 15%);
- As a result, **EBIT** decreased from a positive €829 million in 2019 to a negative €278 million in 2020 (-133.5%), **considering a negative Coronavirus impact of -€999 million**. **Net profit** for the period fell as well to -€562 million (-€1,146 million compared to 2019; -196.2%), **because of €986 million of negative COVID impact**.

Revenues from transport services (€5 billion) decreased by €2.5 billion compared to 2019 (of which **€2.3 billion was due to the COVID effect**). Specifically, all the transport businesses are in negative territory due to the effects of the pandemic: revenues from Long Haul and Short Haul rail passenger services fell (a total of approximately €2.4 billion), as well as road passenger transport revenues (-€101 million) and rail freight revenues (-€75 million).

This overall decrease in transport revenues during the year was clearly a direct consequence of the health emergency and the restrictions imposed on the mobility sector, particularly in the lockdown phase, with demand down 67.9% over the year for Trenitalia's long-haul market and a reduction of 61% in saleable seats*km for regional transport. The reduction in traffic due to the COVID emergency resulted in a significant drop in passenger-km (-55.3%) with a production decrease in terms of train-km of -14.9% compared to 2019.



Operating costs for the year amounted to **€9.2 billion**, down €610 million (6.2%) on the previous year, **largely due to the robust cost-saving actions promptly implemented by Group management during the lockdown period and subsequent months.**

Moreover, the economic effects related to COVID described above **include the Italian government compensation, partly disbursed during the year, by the Decree-Law no. 34/2020 (the so-called "Relaunch" decree) and the Decree-Law no. 104/2020 (the so-called "August" decree) for a total amount of €953 million**, which therefore mitigated the negative effects due to the pandemic for the FS Italiane Group. However, it was not possible to include all the contributions for the Long Haul passenger business **because the quota for the second half of 2020, as well as the one for the entire year of the freight business (for a total of €406 million), are still subject to EU approval.**

Despite the significant challenges caused by the COVID emergency in 2020 to all industrial production chains in the country, **the FS Italiane Group has continued to play its central role in supporting the national industrial system.** In fact, **technical investments** amounting to **€9 billion** (98% of which will be in Italy and over €7 billion in rail and highway infrastructure) during the year made a significant contribution; with **5% growth compared to 2019**, to strengthening the country particularly to the development and renewal of the transport, infrastructure and logistics sectors. In this context, the Group also ensured **full financial support for the construction and procurement sector, through advances to suppliers of around €1 billion** (compared to €0.4 billion in 2019).

FS Italiane has chosen, and confirmed in 2020, **environmental, social and economic sustainability as the guiding principle** for defining strategic and operational choices and for ensuring sustainable business growth in the medium and long term. The **economic value distributed** by the FS Italiane Group in 2020 (mainly the sum of operating costs and employee wages and benefits), amounts to **€9.6 billion, equal to 88% of the economic value generated (+7 points compared to 2019, 81%).** Moreover, the activities and investments of the FS Italian Group **contribute directly and indirectly to the growth of the Italian economy by 2.4 percentage points of GDP, generating an equivalent employment impact of 260,000 jobs.**

For environmental sustainability, **FS Italiane - which will be carbon neutral by 2050 - confirms the improvement in the emissions trend**, taking into account the reduction in production due to the pandemic. **The FS Italiane Group has also reached the Leadership range, with the "A-" score** of the rating issued by the Carbon Disclosure Project, one of the main organizations in the sector.

In 2020, the FS Group further committed itself with the establishment of the **"Program Team for adaptation initiatives in the face of the risks deriving from climate change"**, an inter-company working group that aims to quantify the exposure to the risks



deriving from climate change in the long term and a plan of adaptation intervention projects in line with the European Green Deal.

In this context, ESG financing for the Group's sustainable investments plays a significant role. Particularly, in 2020 new ESG financing has been accomplished for €990 million in counterpart of supranational institutions and banks along with green bond issued to date for a total of €2.3 billion, underwritten by institutional investors. **The commitment to the recovery of special waste is also significant. The recovery rate is confirmed at over 95% in 2020. Finally, more than 100,000 tons of CO₂ were saved** thanks to the purchase of green energy for the electricity consumption of the **road network managed by the Group.**

The FS Group is aware of how much the improvement of the economic, environmental and social performance is connected to its suppliers, therefore FS is willing to consolidate environmental and social requirements in the procurement process. Almost 600 suppliers were involved in 2020, with EcoVadis, one of the most accredited international platforms.

Sustainability is also achieved in the **social** sphere through the network of "Sale Blu" (established to improve the mobility of people with disabilities), with 332 stations involved in the project in 2020. **An increasingly extensive network, which guarantees widespread accessibility to travel and attention to the needs of people with disabilities.** The "Sala Blu nazionale" was also established in 2020 to support the "Sale Blu" network for the **supervision and improvement of services dedicated to people with disabilities** and with reduced mobility.

FS is also involved in social sustainability through free concession of locations (418 stations in 2020) for **social and cultural projects** across Italy and **the enhancement of local communities.** Overall, 177,779 m² of space is being used for **social purposes.** Finally, about **465 km of unused railway lines** have been converted into tourist lines, cycle lanes and greenways.

The Group's number of employees decreased from 83,764 to **81,409**, mainly due to changes in the scope of operations.

Despite the severe effects of Coronavirus, the FS Italiane Group maintains a high level of **financial strength**, with equity exceeding €41.4 billion at the end of 2020. At **€8.9 billion**, the **Net Financial Position (NFP)** increased by just over €1.2 billion compared to 31 December 2019, with the NFP/equity ratio at 0.2. The ratings confirmed for FS SpA by Standard&Poor's (BBB) and Fitch (BBB-) fully recognise the Group's capital and financial solidity.

Finally, we would like to highlight that COVID-19 unquestionably represents a disruption that is unprecedented at domestic, European and world level, with a significant impact on the transport sector, which will therefore undergo a structural change in its value system



and journey habits. In this context, the history of the FS Group is a solid base on which to produce leverage to gain new direction in its future development, so that it can respond resiliently to the change, and contribute to a collective mobility system that is increasingly safe and sustainable and which creates financial, social and environmental value.

The **financial reports** section of the **fsitaliane.it** website contains a summary document with the details of the main results achieved during the period by the Ferrovie dello Stato Italiane Group.

The manager in charge of drawing up the company's accounting documents, Roberto MannoZZi, declares pursuant to paragraph 2 of article 154-bis of the Testo Unico della Finanza (Consolidated Law on Finance) that the accounting information included in this press release correspond to the corporate documents, accounting books and records.