

FS ITALIANE PRESENTED TODAY THE 2014–2017 INDUSTRIAL PLAN TO THE  
FINANCIAL COMMUNITY AND TO THE MEDIA

**FS ITALIANE 2014–2017 INDUSTRIAL PLAN:  
EURO 8.5 BILLION BY SELF-FINANCING, STRONG FOCUS ON  
LOCAL TRANSPORT SERVICES**

- Overall investments of Euro 24 billion for infrastructure and new rolling stock purchase
- Euro 3 billion for Local Public Transport services: 200 new trains and 235 fully revamped trains
- Focus on integrated rail/road services and services targeted at the Regions level
- Strong drive to freight transport activities in line with the European strategy: new specialised *business units* for the European Corridors
- Strengthening of Italian rail network as part of the TEN-T Corridors defined by the EU, with particular focus on Southern Italy
- Growth in foreign markets mainly related to transport and engineering services
- Goals: revenues' average annual growth of 3.5%, profit annual growth of 4.6%
- After six consecutive years of positive results, revenues are expected to reach Euros 9.5 billion in 2017

Milan – March 25th, 2014

**Mauro Moretti, FS Italiane CEO**, today presented the company's targets and strategies of the 2014-2017 Industrial Plan to the financial community.

Revenues will increase up to Euro **9.5 billion over the next four years (Euro 8.2 billion in 2012)**. One of the key targets is a **revenues' average annual growth equal to 3.5% per year**, mainly driven by the rail and bus **transport services' proceeds** which are expected to exceed Euro **7 billion in 2017**. The **EBITDA is continuously improving, aiming**



**to reach an annual growth rate of 6.9%**, is expected to reach Euro 2.5 billion (Euro1.9 billion in 2012), **leading to an EBITDA margin increase of more than 3% in comparison with the last years.** It is worth to notice that FS Italiane EBITDA margin is already a benchmark in the EU rail sector. Throughout the next four years **the EBIT margin is expected to increase by 9.6% annually and profit growth rate is forecast at 4.6% annually.**

**The overall forecasted investments amount to 24 bio Euro, whereof over Euro 8.5 billion by self-financing/debt.** Of this amount, **Euro 6.4 billion will be applied for the purchase of new rolling stock and the development of the relevant technology as regards the transport services** to improve the *customer experience*. **Euro 1.7 billion will be used for the High Speed network.**

About Euro 15 billion relate to the “Contratto di Programma” between the Government and the RFI. They concern a) the maintenance of safety standards throughout the entire network, b) the strengthening of the conventional network, with significant work on the metropolitan hubs resulting in advantages for local transport services and on TEN-T Corridors (*Trans-European Networks - Transport*) defined by the European Union, with particular focus on Southern Italy (Naples, Bari, Salerno, Salerno - Reggio Calabria, Sicily). State transfers are subject to Government decisions in the coming years, financial resources available and the priority that will be given to the upgrade of rail infrastructure in the Country. Indeed, the RFI is the technical implementing entity of the Italian Government policies concerning this subject.

The investment plan will be implemented with **a total debt increase over the next four years of only Euro 0.3 billion.**

The 2014-2017 Industrial Plan is highly focused on a) the Local Public Transport initiatives - aimed at a more effective rail/road services integration, b) the infrastructure developments and traffic management systems, c) new supply models, capable to provide more efficient services complying with demand, to be offered to the Regions.

With regards to rail transport, investment in new trains will be self-financed. The projects will be implemented in accordance with the Public Service Contracts currently in place and in line with their duration.

The Plan is characterised by a deep review of *business* models - with a further specialization in the market and “universal” services - and of the freight segment *governance* where specialised in national and European Corridors *business units* will be set up. This approach will enable the Company to provide better quality products and services, resulting in direct customer benefits and to improve investment profitability.



Furthermore, FS plans to robustly develop its transport activities abroad, mostly through its German subsidiaries Netinera and TX Logistic and its engineer and certification companies Italferr and Italcertifer.

There will be a new *governance* for the management of the Group's real estate assets, whose valuation, together with other portfolio transactions, will provide resources to finance the expected growth of the core business.

Rete Ferroviaria Italiana will have a new organisational structure that will comply with the latest EU regulations and will emphasise its role as “Gestore Unico” (sole Infrastructure Manager) of the national rail network, relative to the management of other services offered by the company.

Strategies and goals that can be considered ambitious but also achievable, have been contextualised in a macro-economic scenario which is showing the first signals of a weak recovery. Despite persisting difficulties this scenario offers new opportunities both for the Country (the 2015 Expo in Milan, for instance) and for the Company, such as the introduction of the new “*Frecciarossa 1000*” trains on domestic lines.

The 2014-2017 Industrial Plan aims to strengthening the *performance* of the past five years (through rebalancing, reorganisation and re-industrialisation of all corporate processes), maximising the potential of all operating companies by expanding, specialising and enhancing the businesses and therefore establishing the required conditions for the shareholder to decide whether to offer part of the FS Italiane Group shares in the market.

In a few weeks the FS Italiane Board of Directors is going to approve the sixth consecutive positive financial results, with increased revenues and profits, of a Group that closed the 2006 financial year with a net loss of Euros 2.115 billion.