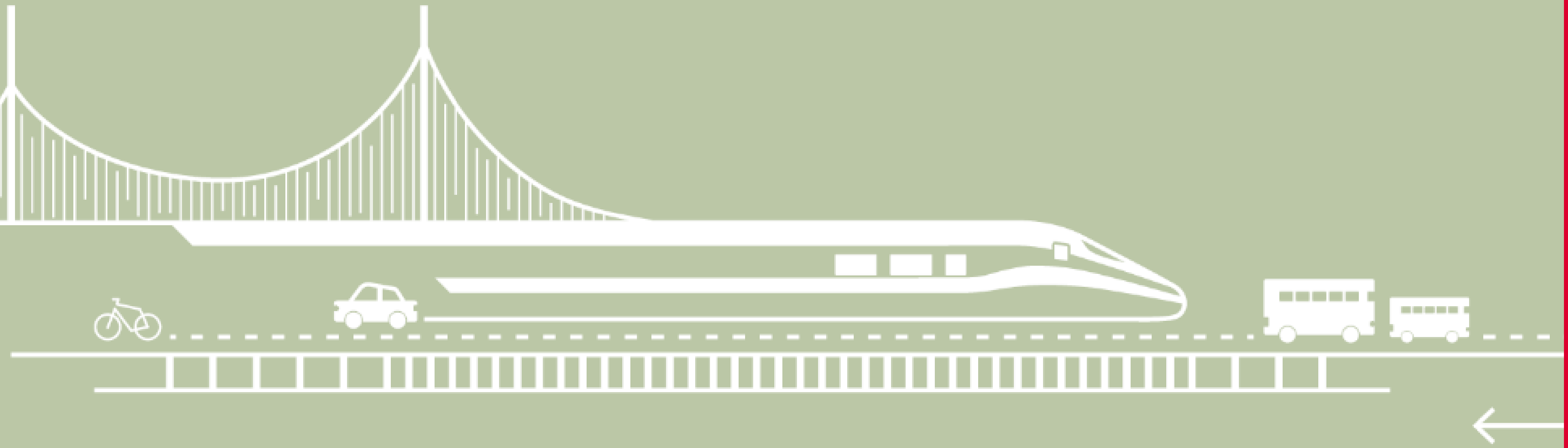
FS Italiane Green Bond programme update

Investor Presentation



June 2019

CONTENTS

Disclaimer

IMPORTANT NOTICE – STRICTLY CONFIDENTIAL

By accessing this investor presentation, you agree to be bound by the following limitations.

This presentation has been prepared by Ferrovie dello Stato Italiane S.p.A, is the sole responsibility of Ferrovie dello Stato Italiane S.p.A.. The information set out herein may be subject to updating, revision, verification and amendment and such information may change materially. Ferrovie dello Stato Italiane S.p.A. is under no obligation to update or keep current the information contained in this presentation or in the presentation to which it relates and any opinions expressed in them is subject to change without notice. None of Ferrovie dello Stato Italiane S.p.A. or any of its respective affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this presentation or its contents, or otherwise arising in connection with this presentation.

This presentation is being communicated in the United Kingdom only to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and to persons to whom it may otherwise be lawful to communicate it to (all such persons being referred to as relevant persons). This presentation is only directed at relevant persons and any investment or investment activity to which the presentation relates is only available to relevant persons or will be engaged in only with relevant persons. Solicitations resulting from this presentation will only be responded to if the person concerned is a relevant person. Other persons should not rely or act upon this presentation or any of its contents.

The information in this presentation is confidential and this presentation is being made available to selected recipients only and solely for the information of such recipients. This presentation may not be reproduced, redistributed or passed on to any other persons, in whole or in part. This presentation is for information purposes only and does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of Ferrovie dello Stato Italiane S.p.A. nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation does not constitute a recommendation regarding the securities of Ferrovie dello Stato Italiane S.p.A.

This presentation and the information contained herein are not an offer of securities for sale in the United States and are not for publication or distribution to persons in the United States (within the meaning of Regulation S under the United States Securities Act of 1933, as amended.

This presentation is for distribution in Italy only to "qualified investors" (investitori qualificati), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998, as amended and restated from time to time (the Financial Services Act), and as defined in Article 34-ter, paragraph 1(b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended and restated from time to time (the CONSOB Regulation), or in other circumstances provided under Article 100 of the Financial Services Act and Article 34-ter, CONSOB Regulation, where exemptions from the requirement to publish a prospectus pursuant to Article 94 of the Financial Services Act are provided.

This presentation may contain projections and forward-looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Ferrovie dello Stato Italiane S.p.A.'s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any such forward-looking statements will be based on numerous assumptions regarding Ferrovie dello Stato Italiane S.p.A.'s present and future business strategies and the environment in which Ferrovie dello Stato Italiane S.p.A. will operate in the future. Furthermore, any forward-looking statements will be based upon assumptions of future events which may not prove to be accurate. Any such forward-looking statements in this presentation will speak only as at the date of this presentation and Ferrovie dello Stato Italiane S.p.A. assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

Ferrovie dello Stato Italiane
Group Overview

FS Group in a snapshot

Ferrovie dello Stato Italiane SpA (“**FS**” or the “**Issuer**”) – **100% Italian State owned** – is the holding company of the Italian railway group (FS Group). As **one of the largest industrial groups in the country**, it manages rail and road networks and transport services by rail and bus both passenger and freight, contributing to develop integrated mobility and logistics in Italy and abroad.

MEF Ministero dell'Economia e delle Finanze → 100% → FERROVIE DELLO STATO ITALIANE

Coordination and control of the whole industrial process

INFRASTRUCTURE DESIGNING:
- Italferr

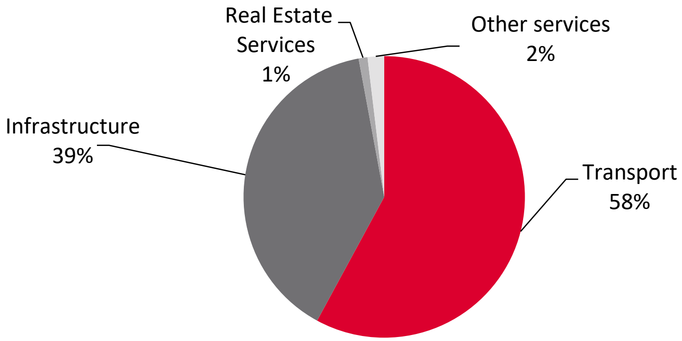
INFRASTRUCTURE OPERATION AND MAINTENANCE:
- Rete Ferroviaria Italiana
- ANAS

TRANSPORT SERVICES:
- Trenitalia
- Busitalia
- Mercitalia
- others

STATIONS AND REAL ESTATE:
- GS Rail
- Centostazioni Rail
- FS Sistemi Urbani

BUSINESS SUPPORT SERVICES:
- Italcertifer
- Fercredit
- Ferservizi

Group Revenue by segment (2018) **



2018 Consolidated Highlights (€mn)	
Revenue	**12,078****
EBITDA	**2,476**
EBITDA Margin	***20.5%***
EBIT	**714**
EBIT Margin	***5.9%***
Net Income	**559**
Net Invested Capital	48,418
Equity	41,763
Net Financial Debt	6,655

Source: FS 2018 Annual Report
**Net of (1,645)m of cons.adj.

Benchmarking with European rail players

(€b)	2016	2017	2018
Revenue	8.9	9.3	12.1
EBITDA margin %	*25.7%*	*25%*	*20.5%*
EBIT margin %	*10%*	*7.7%*	*5.9%*

	Issuer Rating
Fitch	BBB
S&P	BBB

(€b)	2016	2017	2018
Revenue	43.3	45.6	47.1
EBITDA margin %	*10.3%*	*9.9%*	*9.5%*
EBIT margin %	*3.4%*	*3.7%*	*3.8%*

	Issuer Rating
Fitch	AA
S&P	AA-
Moody's	Aa1

(€b)*	2016	2017	2018
Revenue	32.3	33.5	33.3
EBITDA margin %	*12.8%*	13.7%	12%
EBIT margin %	6.6%	7.9%	6.7%

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

** Results of SNCF Group; Rating of SNCF Mobilites*

Source: FS, DB, SNCF Annual Reports and rating agencies' websites

Rating Overview

S&P Global Ratings

RATING		
Corporate Rating	BBB	Outlook NEGATIVE
Stand Alone Credit Profile	bbb	

Outlook revised on October 29th 2018 after same change on Italy

COMMENTS

FS' rating reflects the:

- ***"very important" role** for the Italian government as holding group of the country's national railway and the "**integral" link** with its sole owner (Italian Govt)*
- ***"Strong" business risk profile:** «…dominant market position in the Italian transport segment and network concessionaire…the vertical integration combines infrastructure manager and transportation services and gives earnings operating stability»*
- ***"Intermediate" financial risk profile:** «FS's financial metrics remain solid with FFO/debt at ~ 20% in 2016»*

On November 5th 2018 S&P released a bulletin affirming is premature to assess the impact of the potential acquisition of Alitalia…and that the strong link with the Italian government provides protection against potential impact

In June 2019 FS has been included in the ESG Industry Report Cards for its engagement on the ESG topics among a selection of companies active in the transport sector

Fitch Ratings

Corporate Rating	BBB	Outlook NEGATIVE
Stand Alone Rating	BBB	

Outlook revised on October 5th 2018 after same change on Italy

FS' rating reflects the:

- ***Full ownership** and **high integration** with the Italian government and its **key role for railway transport and mobility in Italy** as well as **the national infrastructural development***
- ***Revenue Defensibility:** «…a dominant market share in passenger transportation services in Italy and growing operations in UK, Greece and Netherlands»*
- ***Financial profile:** «…Fitch expects FS to maintain strong operating cash flow generation capacity»*

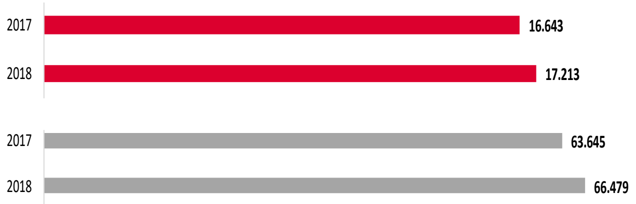
On November 7th 2018 Fitch issued a press release where affirmed that FS Italiane's offer for the potential acquisition of Alitalia, does not immediately affect the rating of FS

FERROVIE DELLO STATO ITALIANE

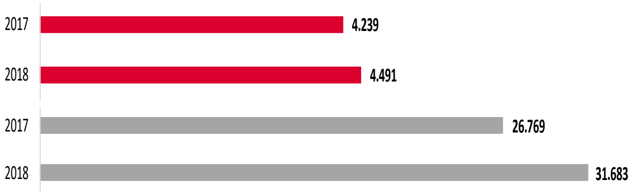
Source: S&P and Fitch reports. Please refer to the rating agencies' websites for further information.

Key Operating Data

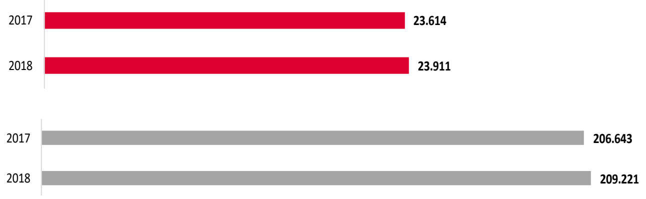
Long-haul transport - market services - “Frecce”



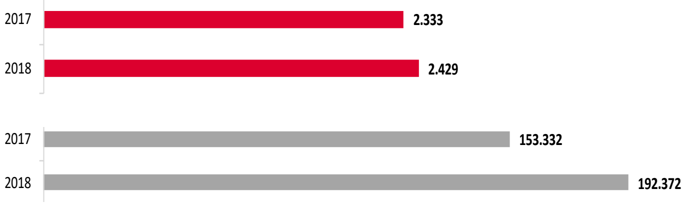
Long-haul transport – Public Service Contract



Regional transport



Road transport*



Network Infrastructure

44,000 km

Railway network

16,781 km

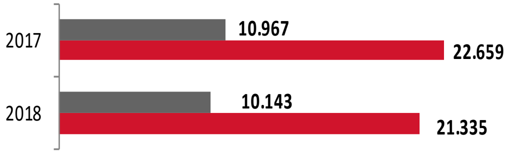
1,467 km HS tracks

Road network

26.000 km of roads and

1,300 km of highways

Cargo transport



Tons Km total - million
Tons Km abroad - million

Passengers - km million
Trains\Bus - km thousand

(*) passengers-km of road transport do not include Qbuzz traffic volume
Source: FS 2018 Annual Report

Operations and Industry Overview

Transport

Trenitalia: rail passenger transport in Italy and abroad

Key highlights

- Trenitalia is one of the leading railway operators in Europe
- Everyday manages about 9,000 trains and each year transports c. 600 million passengers
- Trenitalia is also abroad with **c2c** in UK, **Thello** in France, **Trainose** in Greece and since 1st June 2019 it has the control of **Netinera Group** active in Germany (previously directly owned by FS)
- Organized in **two business segments**:
  - **medium/long distance passengers**
  - **regional passengers**

Medium Long distance	revenues (€mn)		
	2017	2018	Change
▪ High Speed services ▪ International and regulated domestic services	2,506	2,498	-0.3%

Regional	revenues (€mn)		
	2017	2018	Change
▪ Commuter passenger services ▪ Regional/Inter-regional services	2,769	2,835	+2.4%

Financial highlights

€mn	2017	2018
Revenues	**5,318**	**5,368**
EBITDA	**1,585**	**1,483**
EBIT	**399**	**389**
Net Income	**276**	**257**
EBITDA Margin	*29%*	*27.6%*
EBIT Margin	*7.5%*	*7.2%*

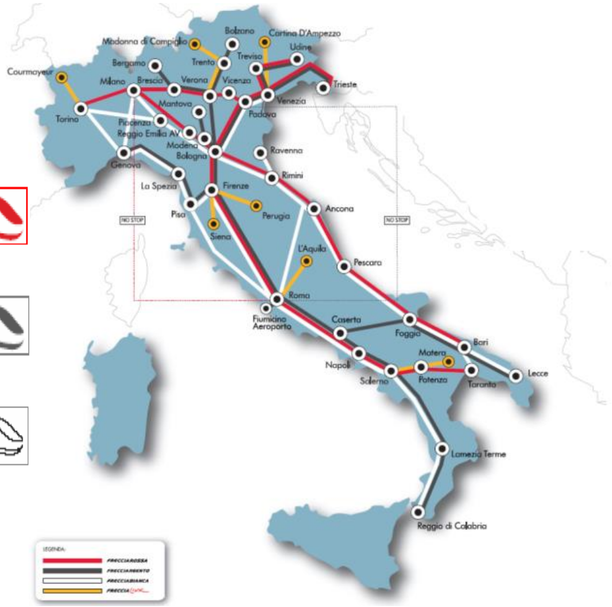
INVESTMENTS 2018 € 798 million

- **16%** revamping rolling stocks
- **18%** new rolling stocks
- **20%** IT, technologies and plants
- **46%** rolling stocks maintenance

Source: Company information, Trenitalia 2018 Annual Report

Focus: High Speed Transport

Frecce network



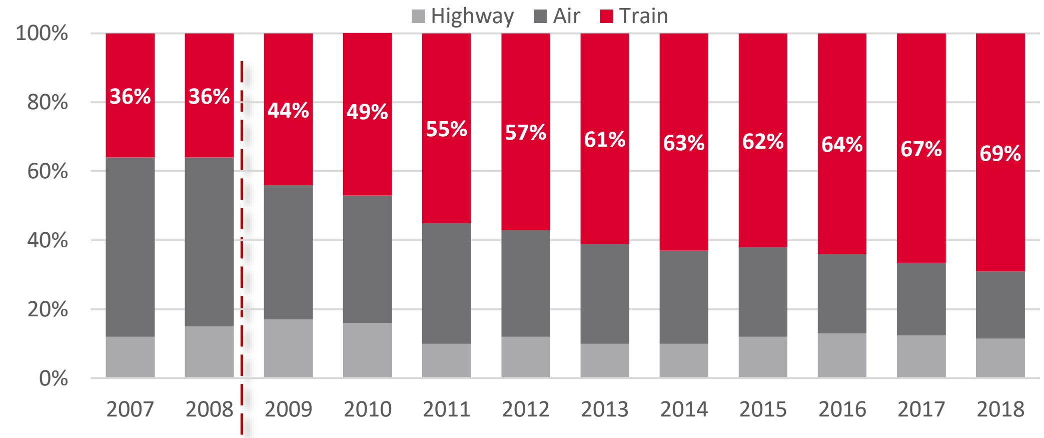
FRECCIAROSSA

FRECCIARGENTO

FRECCIABIANCA

- The Medium\Long Haul Passenger Division ensures the national and international passenger transportation, including High Speed services
- The Italian **High Speed network** connects the main metropolitan areas of the country and it has been the key element for the **modal shift** from plane to rail in Italy

Milan – Rome route modal share



Launch of the 'Frecce' network

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

The fleet counts 50 ETR 1000 with the last delivered in January 2018
Part of fleet was funded via the **first *green bond* issued by FS** in November 2017

Eligible Green Project

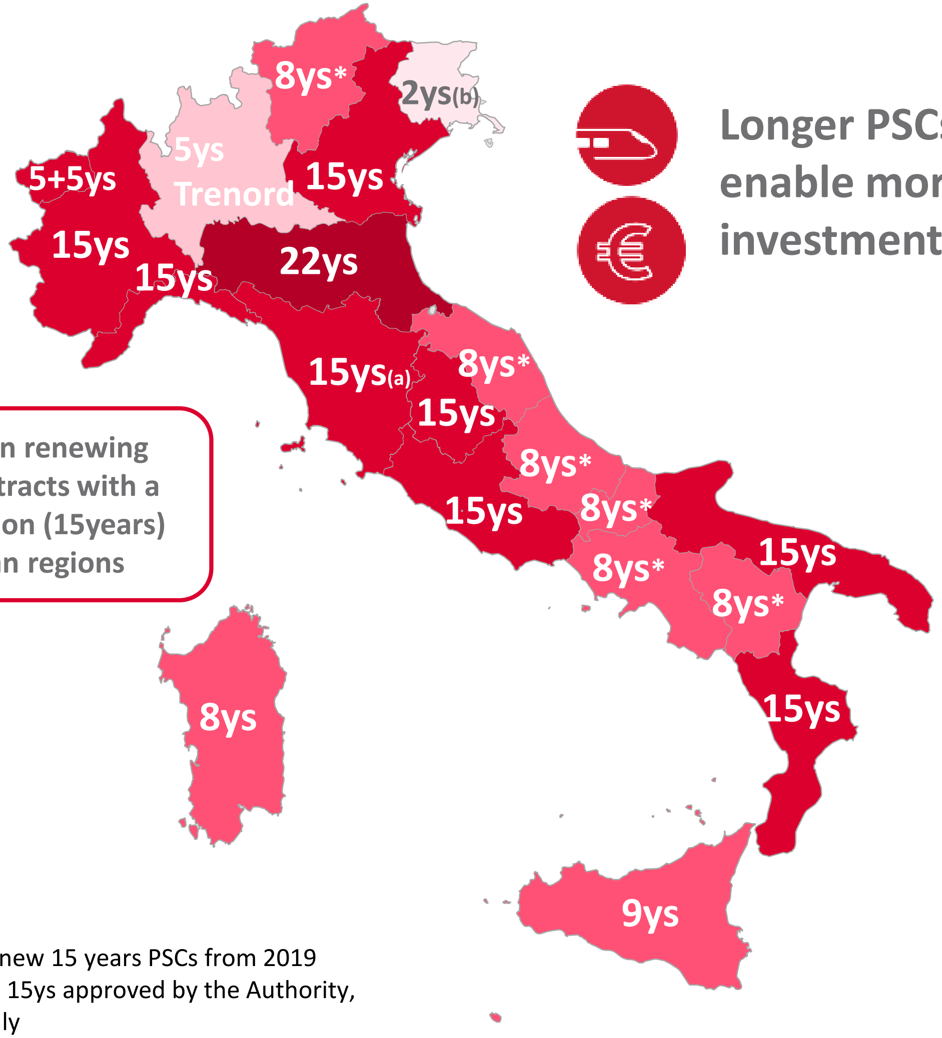
Source: Company information

Focus: Regional Transport

Overview

- Offers **urban**, **regional** and **interregional** mobility
- Business with local administrations is regulated by different **Public Service Contracts** (‘PSCs’)
- PSCs are subject to specific regulation in terms of eligible costs and adequate capital investments returns
- In 2018 revenues related to regional passenger services equal **€ 2,835mn (+2.4% vs. 2017)**
- In **Emilia Romagna** region, Trenitalia won in joint venture with TPER (the local public transport company) the tender for the transport operation for **22 years**

Trenitalia regional services portfolio as of today



Longer PSCs enable more investments

Trenitalia has been renewing Public Service Contracts with a much longer duration (15years) with all 20 Italian regions

* negotiation ongoing for new 15 years PSCs from 2019

(a) Extension from 8ys to 15ys approved by the Authority, signing expected in July

(b) negotiation ongoing for a new 10 years PSC

Focus: Regional Transport

Service Enhancement

- **The regional fleet** will be upgraded in **2019-2023** by **216 new medium capacity** (“*Pop*”) and **250 high-capacity** (“*Rock*”) **highly energy efficient trains** and 128 other trains
- Part of the first 86 *Rock* and *Pop* was funded via the **first *green bond* issued by FS** in November 2017
- First deliveries in **Emilia Romagna** region in 2019

Eligible Green Project

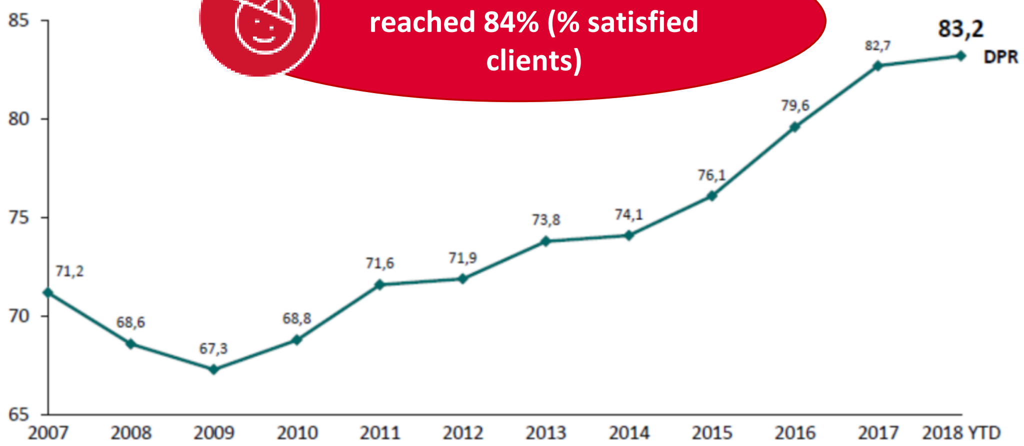
These regional trains daily let commuters, students, tourists and workers travel throughout the country

We are investing for the regional transport turnaround

Regional transport investments 2018 € 330 million

47% new rolling stocks

Overall Customer satisfaction reached 84% (% satisfied clients)



Source: Company information; Trenitalia 2018 Annual Report

Regional transport - the turnaround is now

- **<u>14 June 2019</u>: inaugural trip of Rock and Pop trains on Piacenza – Bologna and Rimini - Bologna routes in Emilia Romagna**
- We aim at becoming a **European benchmark** in the Regional transport as we already are in the High Speed
- Trenitalia will have the **youngest fleet in Europe**


FERROVIE

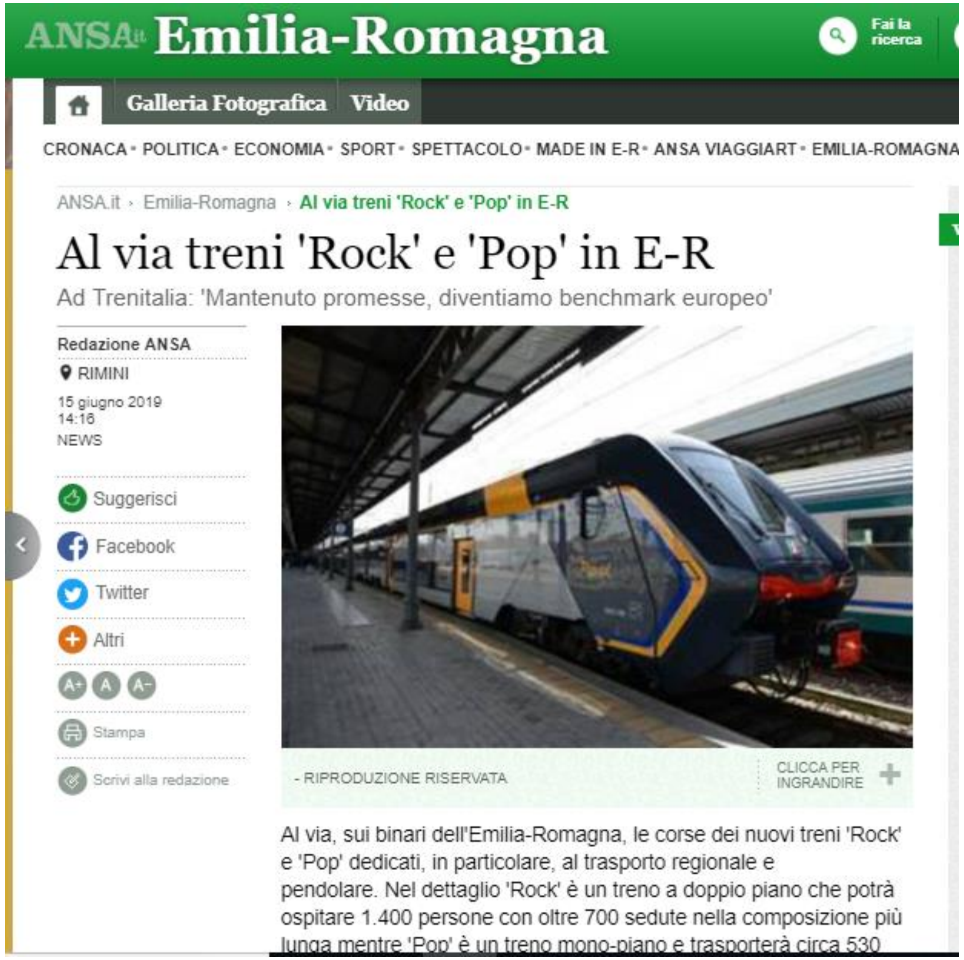
Treni regionali, il primo Rock sui binari dell'Emilia Romagna

—di Marco Morino | 14 giugno 2019

Il nuovo Rock

Il rinnovamento dei treni regionali lanciato dalle Ferrovie dello Stato inizia a dare i suoi frutti. Il primo treno Rock è appena entrato in servizio sui binari dell'Emilia Romagna. La linea Piacenza-Bologna ha tenuto a battesimo il nuovo treno, che ha effettuato le fermate a Parma, Reggio

Eligible Green Project


ANSA.it Emilia-Romagna

Fai la ricerca

Galleria Fotografica Video

CRONACA · POLITICA · ECONOMIA · SPORT · SPETTACOLO · MADE IN E-R · ANSA VIAGGIART · EMILIA-ROMAGNA

ANSA.it › Emilia-Romagna › Al via treni 'Rock' e 'Pop' in E-R

Al via treni 'Rock' e 'Pop' in E-R

Ad Trenitalia: 'Mantenuto promesse, diventiamo benchmark europeo'

Redazione ANSA

RIMINI

15 giugno 2019
14:16

NEWS

Suggerisci

Facebook

Twitter

Altri

Stampa

Scrivi alla redazione

- RIPRODUZIONE RISERVATA

CLICCA PER INGRANDIRE

Al via, sui binari dell'Emilia-Romagna, le corse dei nuovi treni 'Rock' e 'Pop' dedicati, in particolare, al trasporto regionale e pendolare. Nel dettaglio 'Rock' è un treno a doppio piano che potrà ospitare 1.400 persone con oltre 700 sedute nella composizione più lunga mentre 'Pop' è un treno mono-piano e trasporterà circa 530

Source: *Company information; Trenitalia 2017 Annual Report*

Busitalia: road passenger transport in Italy and abroad

For an integrated mobility

Key highlights

- Busitalia provides **local bus transport**, both urban and suburban, in **Veneto, Tuscany, Umbria** and **Campania**
- In August 2017 Busitalia acquired **Qbuzz**, the Dutch company which operates public bus transport services in the **Netherlands**
- In **2018 Qbuzz** won public transport 8ys concessions in DNG and Groningen-Drenthe areas
- Busitalia also operates the replacement of rail services by bus including **Freccialink**

Financial highlights

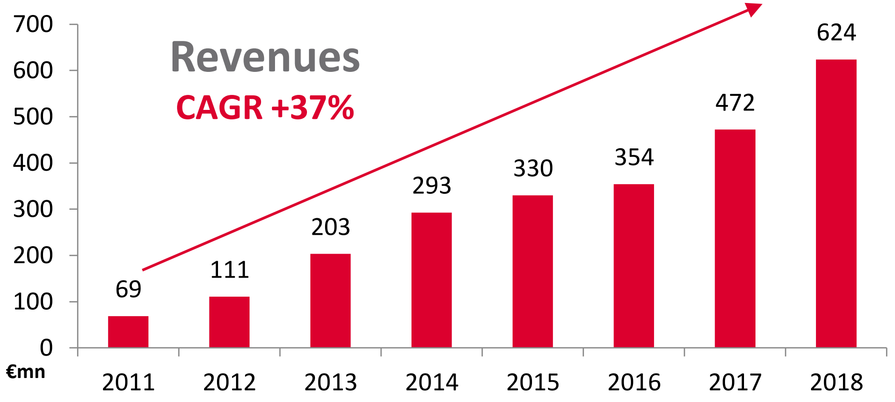
€mn	2017	2018
Revenues	472	624
EBITDA	43.1	55.3
EBITDA Margin	*9.1%*	*8.8%*

One of the country's top players

Production
110 mn Bus-Km

Passengers
200 mn/year

FLEET INVESTMENTS 2018 € 152 million



Source: *Company information; Busitalia Annual Reports*

Mercitalia: freight and logistic services

Integrated governance for the freight services

The new **Mercitalia Hub**, with **Mercitalia Logistics** as **sub-holding** has been created with the aim of restructuring the cargo business and rationalize the freight operators active in the Group to improve quality and efficiency of cargo services provided

- Increase and strengthen the presence in the intermodal transport segments
- Develop operating synergies to increase competitiveness and market share

MERCITALIA LOGISTICS

- MERCITALIA RAIL
- MERCITALIA SHUNTING & TERMINAL
- MERCITALIA INTERMODAL
- TXLOGISTIK

MERCITALIA HUB REVENUES

2017	2018
€ 1,042 mn	€ 1,018 mn

Investments 2018: 119 million mainly for fleet upgrading

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

Eligible Green Project

FERROVIE DELLO STATO ITALIANE

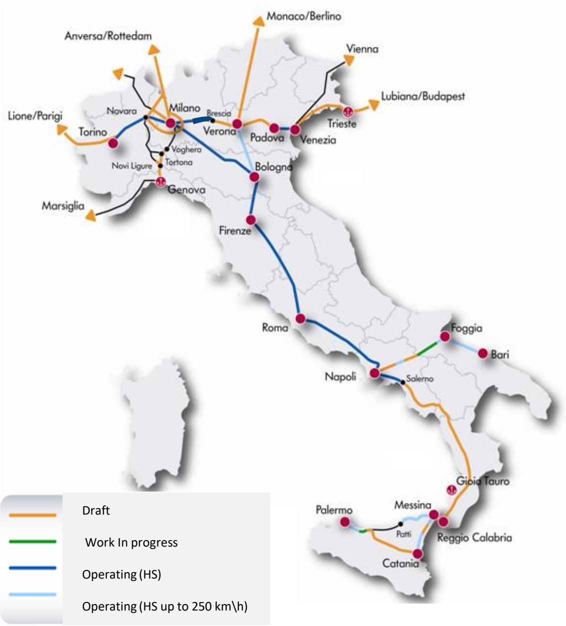
Operations and Industry Overview

Infrastructure

RFI: Railway Infrastructure Manager

Key figures		
€mn	**2017**	**2018**
Revenues	**2,538**	**2,790**
Track access charges	*1,103*	*1,175*
CdP-Service	*976*	1,004
ancillary traffic services	*96*	*222*
Real estate services	107	111
Other income	*256*	*278*
EBITDA	**480**	**449**
EBITDA margin %	18.8%	16%
EBIT	**293**	**312**
EBIT margin %	*11.5%*	*11%*
Net Income	**262**	**274**

High Speed Network



Traditional network

TOTAL PRODUCTION 2018

364 million train-km +3%

NETWORK HIGHLIGHTS 2018

16,781 km network lenght

23,035 km Traditional tracks

1,467 km HS tracks

INVESTMENTS 2018 € 4,769 million (+8%)

Funded by the Contratto di Programma 2017-2021

97% Traditional network

3% High Speed network

51% Maintenance and Safety

~ +80% in 6 years

49% Network Development

Source: Company information; FS 2018 Annual report; RFI 2018 Annual report and RFI Website

ANAS: road infrastructure

- ANAS is part of FS Group since January 2018, following the equity transfer from the MEF.
- With ANAS, alongside RFI, FS group is now Europe's largest integrated rail and road hub in terms of both number of people serviced and investments

Designing, construction and maintenance of national roads

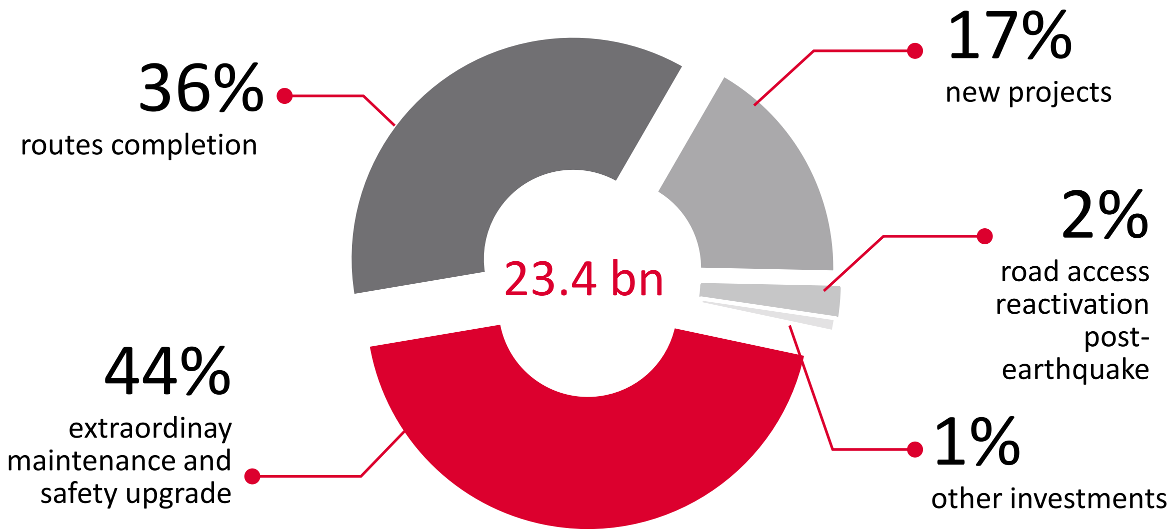
Concessionaire of 29,000 km of roads

~ 1,300 km of highways

Financial highlights		
€mn	**2017**	**2018**
Revenues	2,176	2,046
EBITDA	175	157

INVESTMENTS 2018 € 1,391 million
Fully funded by the Contratto di Programma

Contratto di Programma 2016-2020 signed with the MIT



Corporate Sustainability

FS Sustainability approach

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

BE A BUSINESS THAT WILL CREATE AN OFFER OF **INTEGRATED AND SUSTAINABLE** MOBILITY AND LOGISTICS SERVICES, IN COMPLIANCE WITH SAFETY, USING TRANSPORT INFRASTRUCTURES IN SYNERGY WITH OTHER OPERATORS AND **CREATING VALUE** IN ITALY AND ABROAD

ECONOMIC COMMITMENT	**SOCIAL** COMMITMENT	**ENVIRONMENTAL** COMMITMENT
Be a leader in the mobility sector by promoting the quality and efficiency of transport and infrastructure services	**Be at the forefront of an integrated mobility project** that, through a virtuous business model, encourages fair business practices and active engagement	**Be pioneers** in the development and implementation of large-scale integrated mobility solutions that help regenerate **natural capital**

United Nations Global Compact

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

13 CLIMATE ACTION

FERROVIE DELLO STATO ITALIANE

Sustainability as driver of the Group's business model

INFRASTRUCTURE

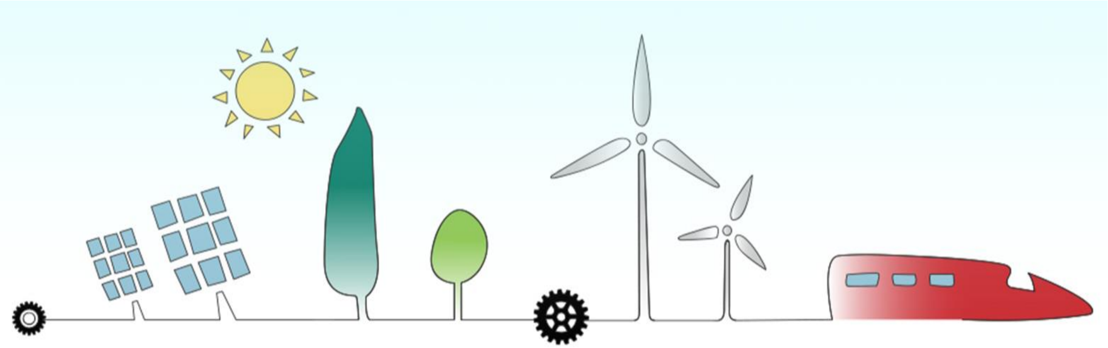
- **Envision protocol**: The first rating system for design and construction of **sustainable infrastructure**, reducing negative externalities
- The new High Speed line **Napoli-Bari** is the first European infra project to receive the certification

ENVISION

- **Life Cycle Assessment**
  For a long term vision on the useful life of the **infrastructure**, assessing its environmental footprint

TRANSPORT

- **Renewal** of the **passengers fleet** with **high energy efficiency trains** both high-speed and regional and **low carbon emissions buses**
- **Renewal** of the **cargo fleet** with **high energy efficiency electric locomotives**



CUSTOMERS

- We pay close attention to delivered and perceived **service quality**
- We promote an **integrated door-to-door system** through the creation of intermodal hubs, vehicle sharing agreements, bus-rail connections, etc...

RESPONSIBLE PROCUREMENT

- We **integrate environmental and social issues in the procurement** of goods, services and works
- **Suppliers CSR assessment**: we encourage our suppliers to improve their environmental performance

Development of a sustainable mobility

FS GROUP 2023 TARGETS

+ 90 million
passengers/year on our trains

- 400 thousand
cars/year on the roads

- 600 million
Kg CO_2/year

FS GROUP LONG TERM GOALS

1. **sustainable mobility**
   - passenger - 5% modal shift from private car to public and shared mobility, within 2030 (baseline 2015)
   - freight – 50% freight rail transport and 50% freight transport services by road, within 2050
2. **safety** – best in class in Europe and “zero fatalities” within 2050
3. **energy and emissions** - carbon neutrality within 2050

FERROVIE DELLO STATO ITALIANE

Sustainable Finance

Green Bond Programme

Green Bond Framework update

Use of Proceeds

- FS strongly believes that **rail and public transport are critical for sustainable development** and global efforts to combat climate change, by facilitating the modal shift away from cars and trucks into less carbon intensive modes of transport.
- FS **updated its Green Bond Framework** which is in accordance with the 2018 ICMA **Green Bond Principles** and which aims at **financing projects with a positive impact in terms of environmental and social sustainability**. The GBF obtained a **Second Party Opinion** from Sustainalytics and is aligned with **EU taxonomy**.

The Green Bond Principles

SUSTAINALYTICS

Use of Proceeds

ELIGIBLE GREEN PROJECTS - EGB

To ensure energy efficiency improvements, carbons emission reduction and modal shift to rail both for the local and long distance public transport and for freight transport, among other improvements related to air quality and comfort for passengers and safety for freight forwarding

- **Investments in public passengers transport rolling stock renewal**

NEW ELECTRIC MULTIPLE UNIT (EMU) TRAINS FOR REGIONAL PASSENGER TRANSPORT

NEW HIGH SPEED TRAINS "ETR 1000"

- **Investments in freight transport rolling stock renewal***

NEW ELECTRIC LOCOMOTIVES FOR FREIGHT TRANSPORT

NEW WAGONS FOR FREIGHT TRANSPORT

New Eligible Green Projects

FS may decide **to include additional Project Categories for future issuances**

Look-back period of 3 years

FERROVIE DELLO STATO ITALIANE

* aligned with criterion 5 of Transport criteria - Low Carbon Land Transport and the Climate Bonds Standard. In 2018 MIR transported 0,0001% of the ONU Codes 1972 (natural gas) as fossil fuel, on the total tons of transported goods

Green Bond Framework

Process for Selection - Evaluation & Management of Proceeds - Reporting

Process for Selection and Evaluation

- FS's internal **Green Bond Working Committee** reviews eligible projects and monitors FS's Green Bond Framework.
- Committee consists of members of FS's Finance, Sustainability teams and FS's subsidiaries involved and is chaired by FS's Head of Finance.

Management of Proceeds

- FS's Treasury will allocate, via **intercompany loan**, the Green Bond proceeds from the Treasury to the approved projects recorded in the **Green Bond Register**.
- Whilst any bond proceeds remain unallocated, they will be invested in accordance with FS's liquidity management policies and guidelines in money market products.

Reporting

- On an annual basis, at least until full allocation, FS will provide:
  - Allocation reporting: detailing the bond proceeds allocation by category of Eligible Green Projects
  - Performance reporting: for each category of Eligible Green Projects FS will report on relevant impact metrics
- Relevant metrics could include:

PROJECT CATHEGORY	INDICATIVE KEY PERFORMANCE INDICATORS
Investments in public passengers transport rolling stock renewal	• Energy savings (GWh saved) • Total GHG emissions avoided (tCO2 eq)
Freight Rail Transport Locomotive and wagons Renewal	• Estimated energy savings (GWh saved) • Estimated Total GHG emissions avoided (gCO2 tr/km)

- FS's annual Green Bond reporting will be made available on its website and in the Sustainability Report.
- After full allocation, reporting will only be issued in the event of any material changes.

External Reviews

- **Sustainalytics** provided a **Second Party Opinion** on this Green Bond Framework and a **Pre-issuance verification** on the Climate Bonds standard
- FS obtained the **Climate Bonds certification** on the next green bond issuance
- **KPMG** provided a **Third Party Opinion** on the first Green Bond Report

Climate Bonds Initiative

KPMG

SUSTAINALYTICS

Ferrovie Green Bond Framework

*"Ferrovie's Green Bond **Framework is credible and impactful,** and **aligns with the four core components of the GBP 2018."***

Ferrovie 's sustainability strategy

"Ferrovie has demonstrated a commitment to integrate sustainable practices into its business strategy and operations, as aligned with its strategic vision"

Impact of Use of Proceeds

*"Given the declared (estimated) energy improvements of the new electric trains compared to previous models, as well as recyclability of the trains, **Sustainalytics is of the opinion that the eligible category contributes to increased sustainability and energy efficiency of Ferrovie's operations** and the transport system in Italy."*

Sustainalytics believes that the eligible category is aligned with Ferrovie's overall sustainability strategy and efforts, and will also contribute to the advancement of UN SDGs, specifically 9, 11, and 12.
*Based on the above, **Sustainalytics is confident that Ferrovie is well-positioned to issue green bonds, and that Ferrovie Green Bond Framework is robust, transparent and in alignment with the Green Bond Principles 2018.***

FS Italiane Climate Bonds Initiative Certification

First Italian issuer to obtain the CBI Certification

- FS Italiane obtained the Climate Bonds Initiative Certification for its next green bond issuance
- The Eligible Green Projects selected for the FS green bond align with the **Low Carbon Land Transport criteria** as outlined by the Climate Bonds Standard*:
  - ➢ Criterion 3: Emissions threshold for public passenger transport - All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail, trams, trolleybuses and cable cars. Buses with no direct emissions (electric and hydrogen) also pass
  - ➢ Criterion 4: Emissions threshold for dedicated freight railway lines - All infrastructure, infrastructure upgrades and rolling stock for electrified freight rail lines pass this criterion
  - ➢ Additionally, as per CBI's requirements for dedicated freight railway lines, Ferrovie has confirmed that no more than 50% on the share of fossil fuel freight t-km will be transported by the line

Climate Bond Certified

First Italian issuer to obtain the CBI Certification

FERROVIE DELLO STATO ITALIANE

**Climate Bonds Standard Version 2.1 and Low Carbon Land Transport Version 1.0*
https://www.climatebonds.net/files/files/Climate%20Bonds%20Standard%20v2_1%20-%20January_2017.pdf
https://www.climatebonds.net/files/files/Low%20Carbon%20Transport%20Background%20Paper%20Feb%202017.pdf

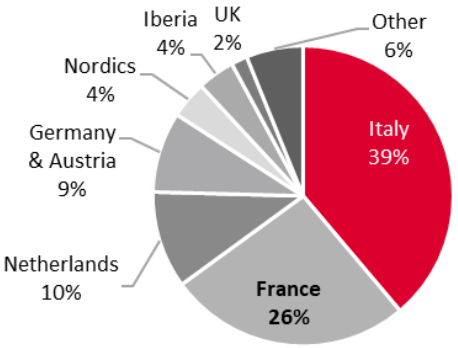
Eur 600 million 7-years inaugural *Green Bond* issued in 2017

The first European green bond of an incumbent railway operator, financing both high speed and regional trains.

Demand exceeded 1.3 billion of Euro from 115 investors, of which around **50% *sustainable investors***.

The **lowest coupon ever obtained by FS in a public bond**

By Geography
% of allocation



Eligible green projects financed

REGIONAL TRAINS POP & ROCK

€50 million financed by the bond

Eq. 3 Pop and 4 Rock

-20%*
1,142 tCO2 saved VS previous Model ETR500

HIGH-SPEED TRAIN ETR 1000

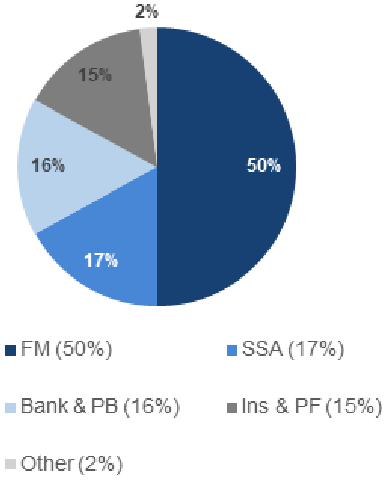
€550 million financed by the bond

Eq. 17 ETR 1000

-20.5%*
12,349 tCO2 Saved VS Comparable trains

39 new investors compared to previous public issues, mainly "green"

By Investor Type
% of allocation



**See Green Bond Report 2018: https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_GreenBond_Report_Third%20_Party_Opinion_EMTN_Series_7.pdf*
The ETR1000 emissions are estimated in comparison with the ETR500; regio trains data are evaluated in comparison with comparable trains, operating in the market.

FS is ready for the second benchmark Green Bond

Climate Bond Certified

- A new FS Green Bond to carry on the Group’s sustainability path for a **clean transport** including also the **freight** sector
- FS is willing to develop its «***green curve***»

PROJECTS FINANCED

NEW REGIONAL TRAINS

Pop and Rock

Will account for the majority

NEW HIGH SPEED TRAINS “ETR 1000”

NEW ELECTRIC LOCOMOTIVES FOR FREIGHT TRANSPORT

NEW WAGONS FOR FREIGHT TRANSPORT

First European corporate green bond financing freight rolling stocks

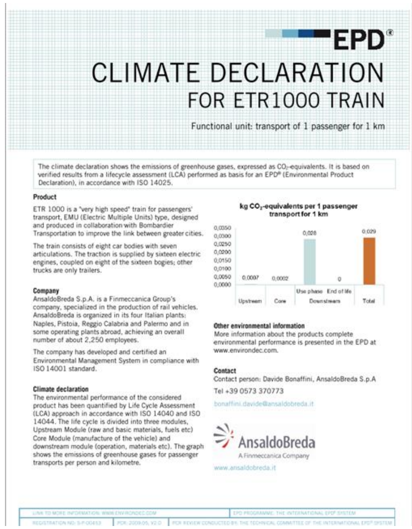
For the first time, since the EMTN establishment, FS Holding will finance the cargo sector *via* bond

FERROVIE DELLO STATO ITALIANE

Focus EGP - New High Speed Trains “ETR 1000”

- The **ETR 1000**, named “**Frecciarossa 1000**” is the new electric high-speed train of Trenitalia, comfortable, safe and environmentally friendly, designed to meet the most advanced technology (ERTMS/ECTS traction control system)
- Extremely accurate **aerodynamic design** to minimize motion resistance
- High **efficiency of traction system**
- **Recyclability** rate over **94%**
- First HS train provided with **Environmental Product Declaration** (EPD)
- **Access to "White Certificate"** mechanism (national incentives scheme for high energy efficiency investments) obtained on December 1st, 2015

-20.5%*
12,349 tCO_2 Saved VS previous model ETR500



EPD®

CLIMATE DECLARATION
FOR ETR1000 TRAIN

Functional unit: transport of 1 passenger for 1 km

The climate declaration shows the emissions of greenhouse gases, expressed as CO_2-equivalents. It is based on verified results from a lifecycle assessment (LCA) performed as basis for an EPD® (Environmental Product Declaration), in accordance with ISO 14025.

Product
ETR 1000 is a "very high speed" train for passengers' transport, EMU (Electric Multiple Units) type, designed and produced in collaboration with Bombardier Transportation to improve the link between greater cities.

The train consists of eight car bodies with seven articulations. The traction is supplied by sixteen electric engines, coupled on eight of the sixteen bogies; other trucks are only trailers.

kg CO_2-equivalents per 1 passenger transport for 1 km

Upstream	Core	Downstream: Use phase	Downstream: End of life	Total
0,0007	0,0002	0,028	0	0,029

Company
AnsaldoBreda S.p.A. is a Finmeccanica Group's company, specialized in the production of rail vehicles. AnsaldoBreda is organized in its four Italian plants: Naples, Pistoia, Reggio Calabria and Palermo and in some operating plants abroad, achieving an overall number of about 2,250 employees.

The company has developed and certified an Environmental Management System in compliance with ISO 14001 standard.

Climate declaration
The environmental performance of the considered product has been quantified by Life Cycle Assessment (LCA) approach in accordance with ISO 14040 and ISO 14044. The life cycle is divided into three modules, Upstream Module (raw and basic materials, fuels etc) Core Module (manufacture of the vehicle) and downstream module (operation, materials etc). The graph shows the emissions of greenhouse gases for passenger transports per person and kilometre.

Other environmental information
More information about the products complete environmental performance is presented in the EPD at www.environdec.com.

Contact
Contact person: Davide Bonaffini, AnsaldoBreda S.p.A
Tel +39 0573 370773
bonaffini.davide@ansaldobreda.it

AnsaldoBreda
A Finmeccanica Company
www.ansaldobreda.it

See Green Bond Report 2018: https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_GreenBond_Report_Third%20_Party_Opinion_EMTN_Series_7.pdf
The ETR1000 emissions are estimated in comparison with the ETR500; regio trains data are evaluated in comparison with comparable trains, operating in the market.

Focus EGP - New Regional Trains “Pop” & “Rock”

- **New electric highly energy efficient trains both medium capacity** (“*Pop*”) and **high-capacity** (“*Rock*”)
- **Innovative technologies for energy efficiency** (engines with natural ventilation, use of light alloys, LED lighting, CO_2 sensors for optimal climatization, smart parking mode, etc)
- **Recyclability** rate between **92%** and **96%**
- More **bikes racks**, with charging points for electric bikes
- **Access to "White Certificate"** mechanism (national incentives scheme for high energy efficiency investments) obtained on February 15th, 2017
- **First deliveries in Emilia Romagna region in March 2019**

-20%*
1,142 tCO2 saved VS comparable trains

**See Green Bond Report 2018:* https://www.fsitaliane.it/content/dam/fsitaliane/Documents/investor-relations/FS_Italiane_GreenBond_Report_Third%20_Party_Opinion_EMTN_Series_7.pdf
The ETR1000 emissions are estimated in comparison with the ETR500; regio trains data are evaluated in comparison with comparable trains, operating in the market.

Focus EGP – New electric Locomotives and Wagons for freight transport

- **New electric locomotives "E494"** the latest model of the TRAXX family single-system locomotive, designed to **minimize energy consumption** and assures a significant efficiency improvement compared to the previous models
- "**Parking Mode**" and "**Eco-mode**" enable a very low energy consumption during the standstill and the use of the locomotive in the case of partial load reducing the vibration and noise level
- **Electrodynamic braking system** regenerates the energy to the overhead line, **magnetic components** with very high energy efficiency and **optimized cooling control** improve energy efficiency
- Oil free compressor and the new fire-fighting system reduce environmental impact

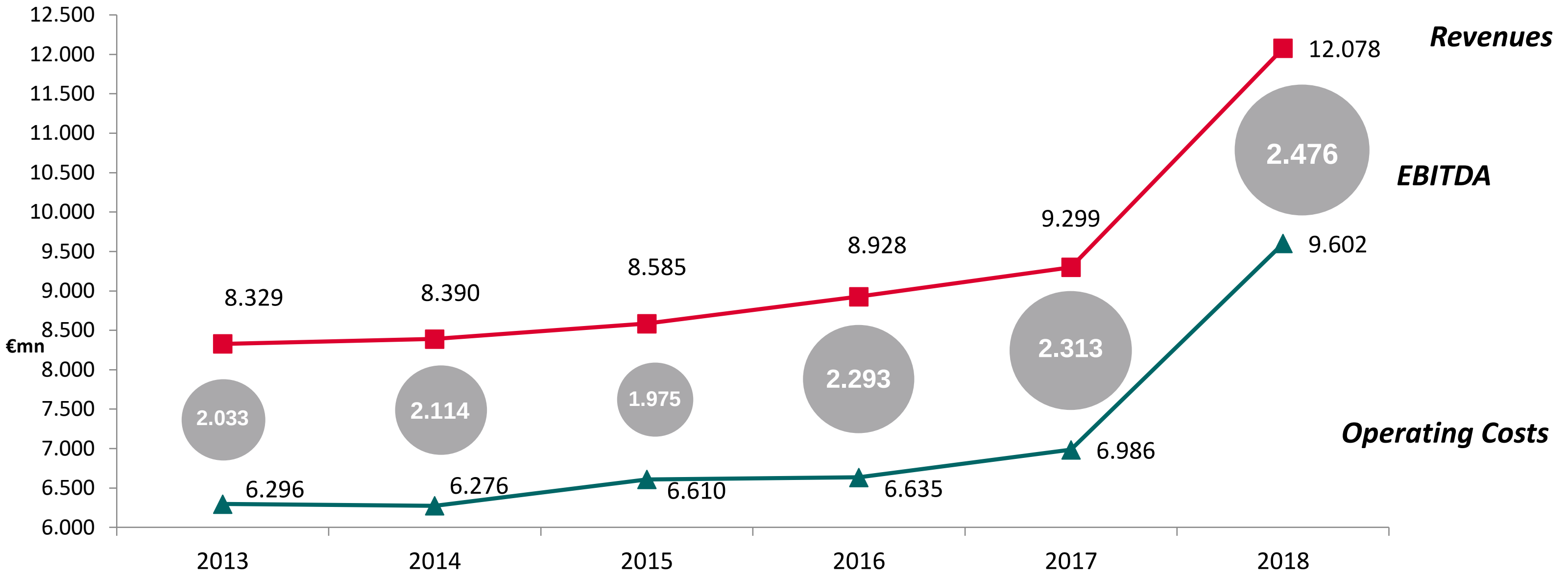
- **New wagons for coils transportation** are equipped with electronic monitoring devices for accident prevention solutions for coil fastening
- Lighter by 1400 kg and **energy consumption reduction by 2%**
- Noise reduction with respect to existing wagons
- Wagons are equipped with electronic devices that allow to store data for "on condition maintenance" and to use each component for its entire useful life for a lower environmental impact

FERROVIE DELLO STATO ITALIANE

Aligned with criterion 5 of Transport criteria - Low Carbon Land Transport and the Climate Bonds Standard. In 2018 MIR transported 0,0001% of the ONU Codes 1972 (natural gas) as fossil fuel, on the total tons of transported goods

Financial Overview

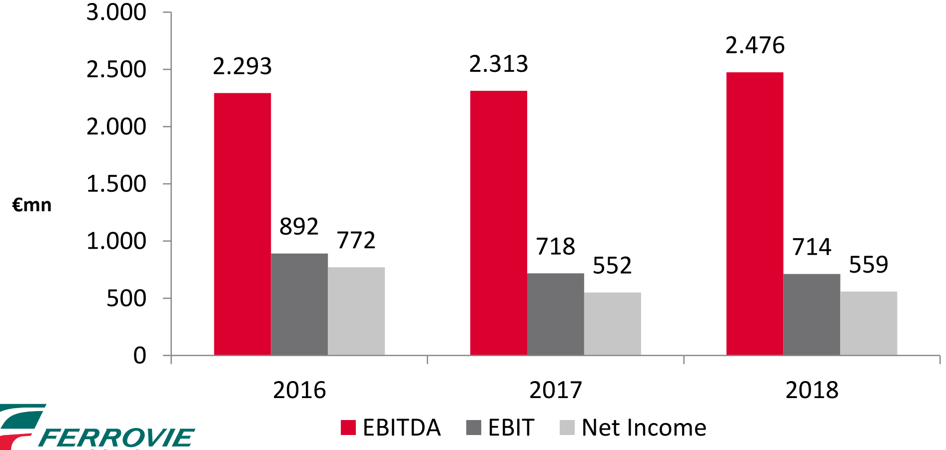
Robust financial performance continues to improve

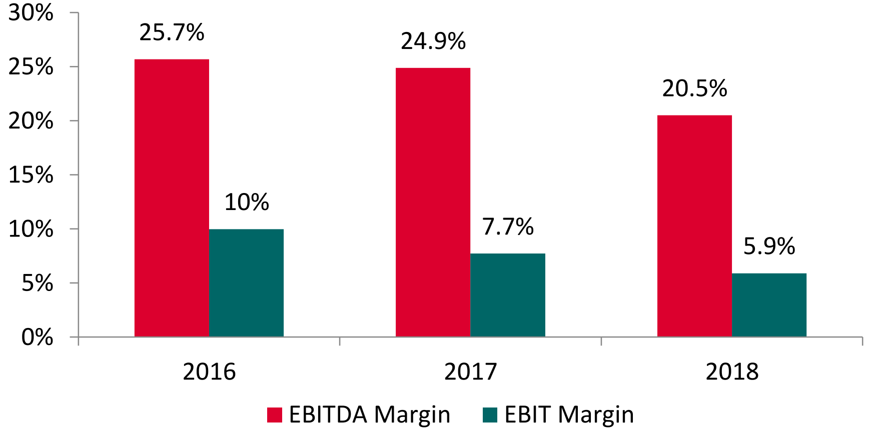


Solid increase in revenue over the period.
In 2018 from both the industrial performance and new acquisitions

…focus on expenses containment despite employees growth and new acquisitions

Consistent profitability and margins





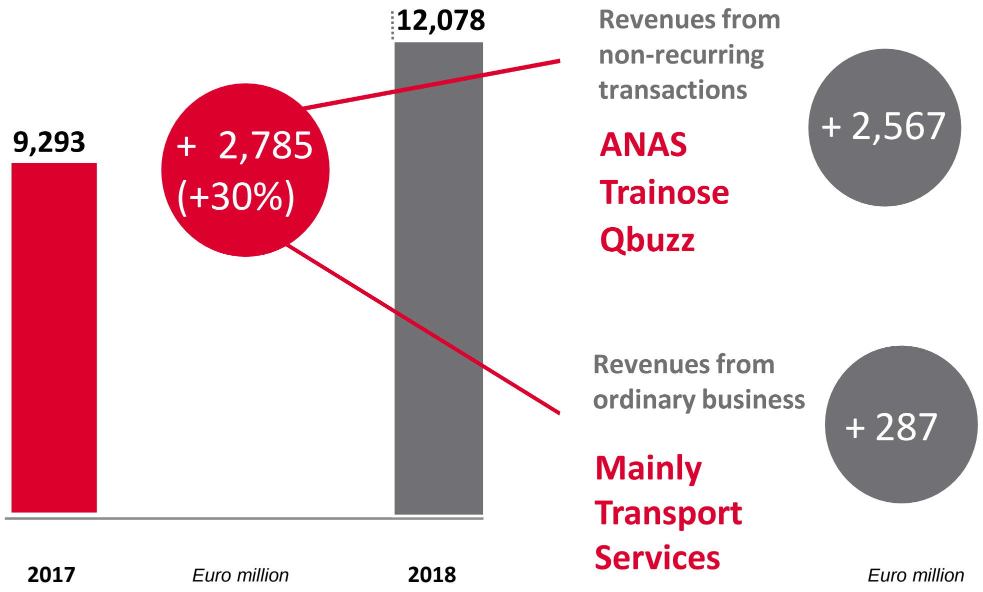
FERROVIE DELLO STATO ITALIANE

Source: FS 2018 Annual Report

Group revenues breakdown

- In 2018 Revenues **reached the record amount of €12,078 million** (**+30% vs 2017**), mainly as a result of the consolidation into the Group of **ANAS** and the lasting positive performance of the **transport segment** (**+4%**) both rail and road services.

DELTA REVENUES CONTRIBUTION



GROUP REVENUE BY SEGMENT

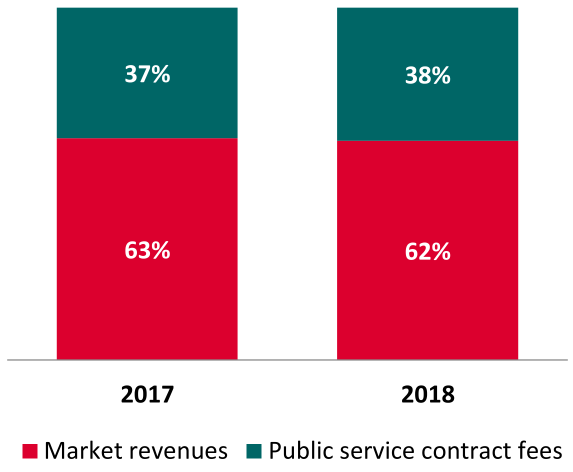
58% Transport

39% Infrastructure

2% other services

1% real estate

TRANSPORT REVENUES: MARKET VS. PSCS

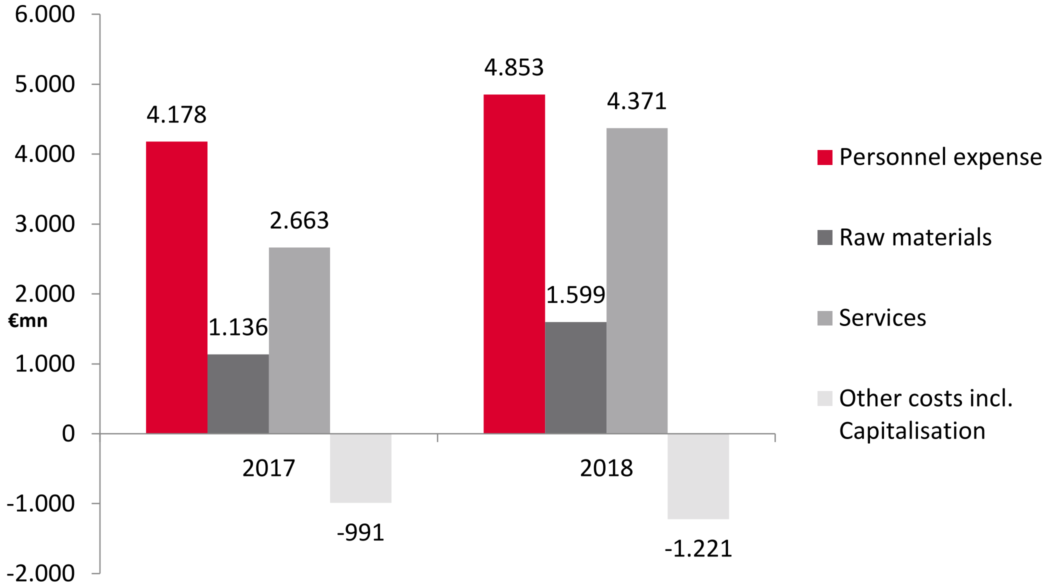


Source: FS 2018 Annual Report

Focus on operating costs

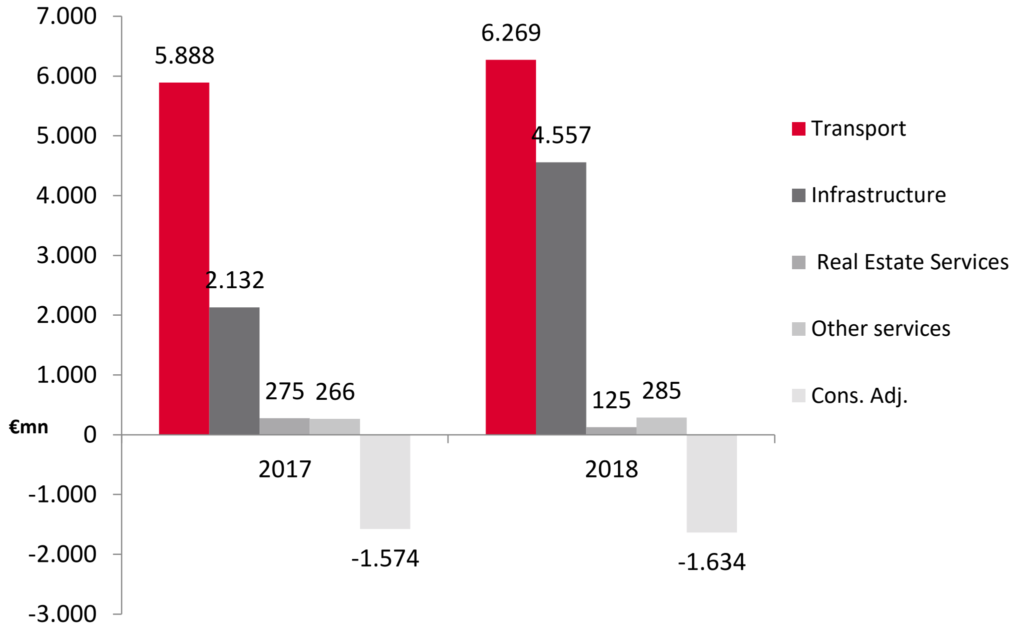
- In 2018 **operating costs** amounted to €9,602 million versus €6,980 million of 2017
  - The overall increase is almost entirely **due to the expansion of the consolidation scope**, mainly related to the ANAS figures
  - Greater capitalisations due to the increase in investments
  - **Costs related to the Infrastructure services** increase more than other divisions, given the consolidation of ANAS into the FS Group

Breakdown of operating costs



Source: FS 2018 Annual Report

Total operating costs by division

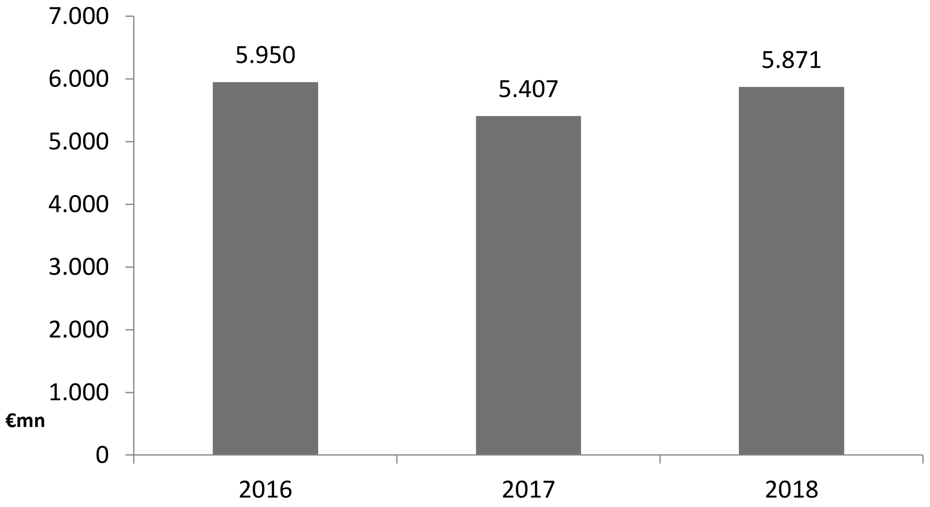


FS Group’s CAPEX profile

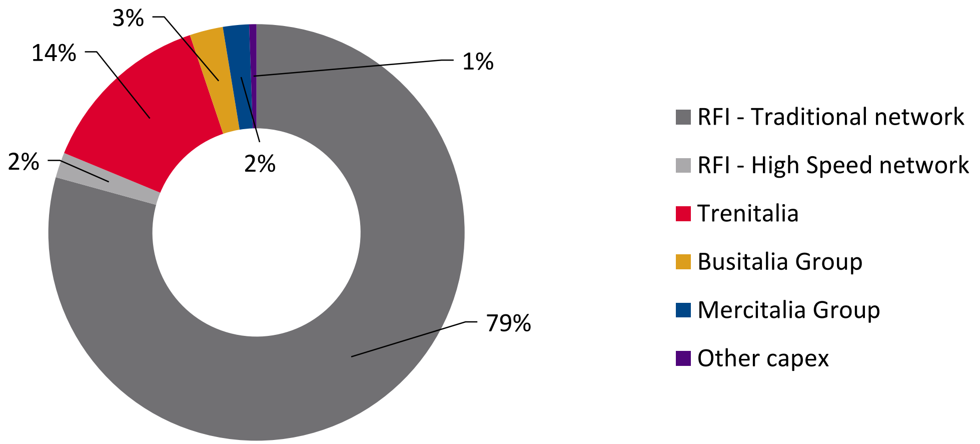
Leading investor in development of transport, infrastructure and logistics

- **For the third consecutive year, FS’s capital expenditure exceeded €5 billion** (€ 5,871 million in 2018, excluding ANAS, of which **€4,727 million through government grants** mainly earmarked to rail infrastructure).
- The **majority of capex** is related to the maintenance and development of the **rail infrastructure network** carried on by **RFI,** with a focus on Traditional network (~ €4.6bn). Rail infrastructure capex is almost totally funded by the Government as per the “Contratto di Programma” between Ministry of Infrastructure and Transport and RFI.
- **Trenitalia** accounted for 14% - €798million.

FS Capex in 2016 - 2018



2018 capex breakdown



Capex excludes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12

ANAS investments in 2018 accounted for € 1,391 million

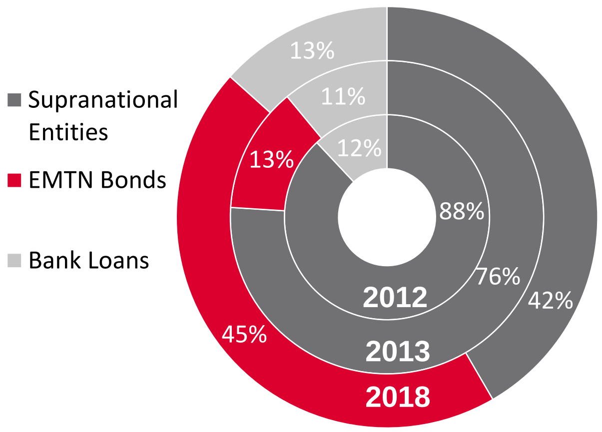
Source: FS 2018 Annual Report

FS' debt profile

Funding diversification

- Total gross financial debt (long term + short term) amounts to **€ 11,404mn*** at YE 2018 vs. €11,514mn at YE 2017. **The bulk of FS Group's debt is held by FS Holding** (€ 7,452mn, 65% of total).
- Part of FS' debt is funded directly through **guaranteed State transfers** (€ 2.12 billion out of the total debt of € 11.4 billion at YE 2018). **This debt is earmarked to infrastructure investments.**
- **Net Financial Debt** amounts to **€ 6,655mn** at YE 2018 decreasing by 618 million on YE 2017, mainly due to an increase in cash following ANAS consolidation and to a decrease in the stock debt as a result of repayments and new debt evolution in the year.

Breakdown Financial sources 2012 - 2018 (a)



EMTN bonds in CSPP since July 2016 (b)

Strong Liquidity Position

Eur 2 bn Committed RCF with 11 primary banks

Access to Capital Markets

Eur 7 bn EMTN Programme

EIB

CDP

Eurofima

Funding strategy

On 16 April 2019, the FS Board of Directors approved new m\l term debt up to **1.75 billion of Euro** – both **bonds** and **loans** - to finance the 2019 Group's investments

FERROVIE DELLO STATO ITALIANE

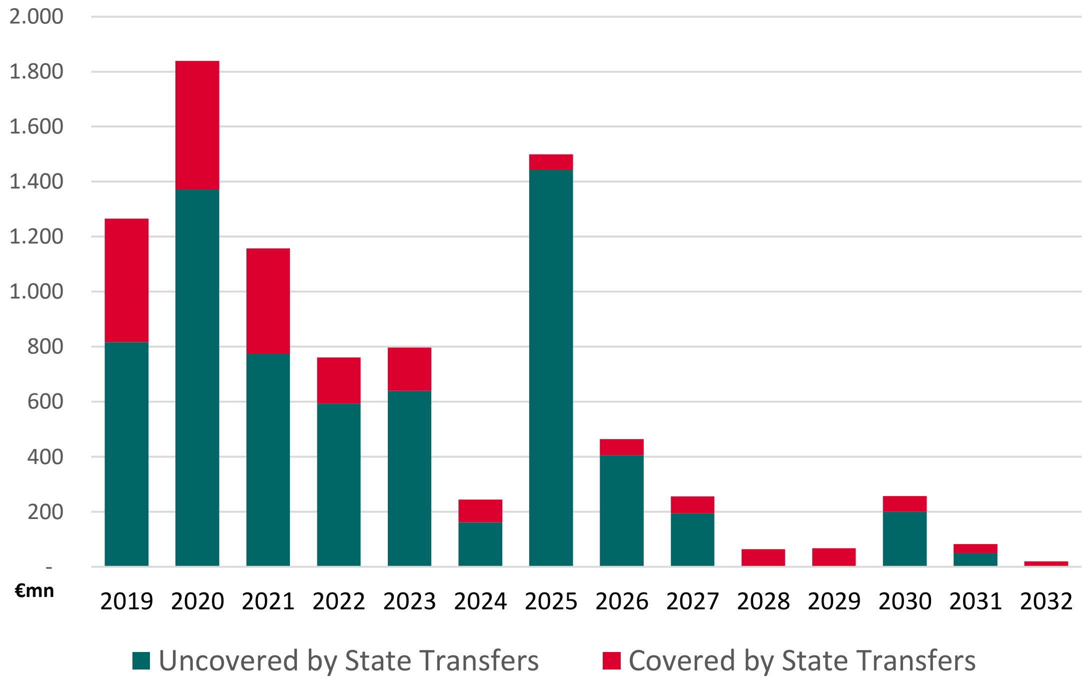
(a) These percentages are calculated on the long term debt held by FS\RFI\TI which amounts to around 9.5 billion
(b) In PSCC from July 2015 to July 2016
Source: FS 2018 Annual Report

Balanced debt maturity profile

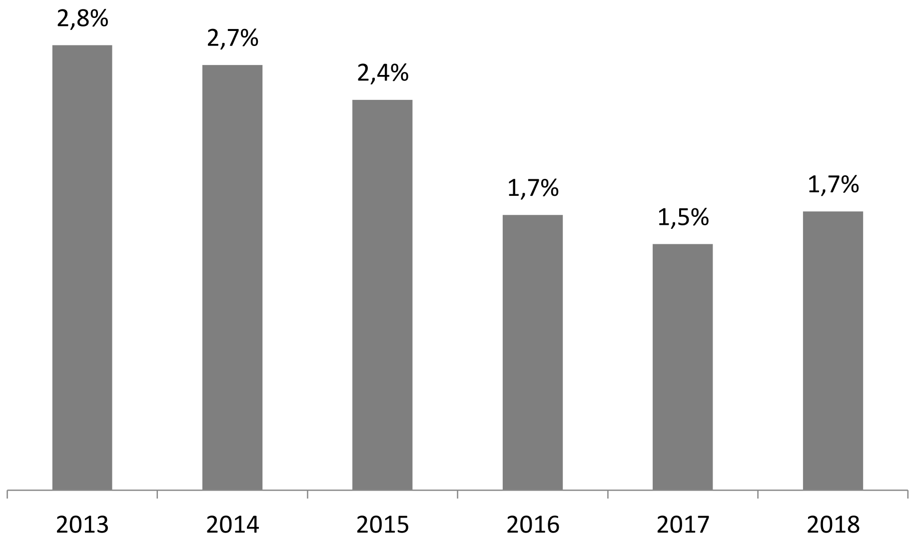
Effective management of financial expense

- The Group has a **balanced debt maturity profile** extending over the next 12 years, with the majority of maturities falling due over the next 7 years
- Historically low borrowing costs and an **effective management of financial costs**, including interest rate risk management policies, has resulted in a containment of interest expense on debt generating value for the Group. In the last 5 years average interest expense decreased from 3% to around 1.5%

Group long term debt maturity profile as of 31 Dec. 2018*



Interest expense on financial liabilities **



** Maturity profile calculated on the long term debt, included the current portion of the long term debt, held by FS\RFI\TI which amounts to around 9.5 billion*
*** The financial expense is net of government grants, therefore the ratio is calculated on the debt not funded through guaranteed government grants*
Source: FS 2018 Annual Report

FERROVIE DELLO STATO ITALIANE

Eur 7 billion EMTN Programme

Proved access to the bond market

9 bonds for Euro 3.95 billion outstanding

Series	Issue date	Amount (Euro mio)	Maturity
1*	07/2013	750	07/2020
2*	12/2013	600	12/2021
3°	01/2016	300	12/2025
4°	07/2016	350	07/2022
5°	07/2016	50	07/2031
6*	06/2017	1000	06/2025
7*	12/2017	600	12/2023
8°	12/2017	100	12/2025
9°	03/2018	200	03/2030

From 2016, FS bond issues within the ECB programme CSPP

*** 4 benchmark size public issuances**

70% Trenitalia	30% RFI
• For the purchase of HS and regional trains	• For the completion of the HS infrastructure

° 5 private placement

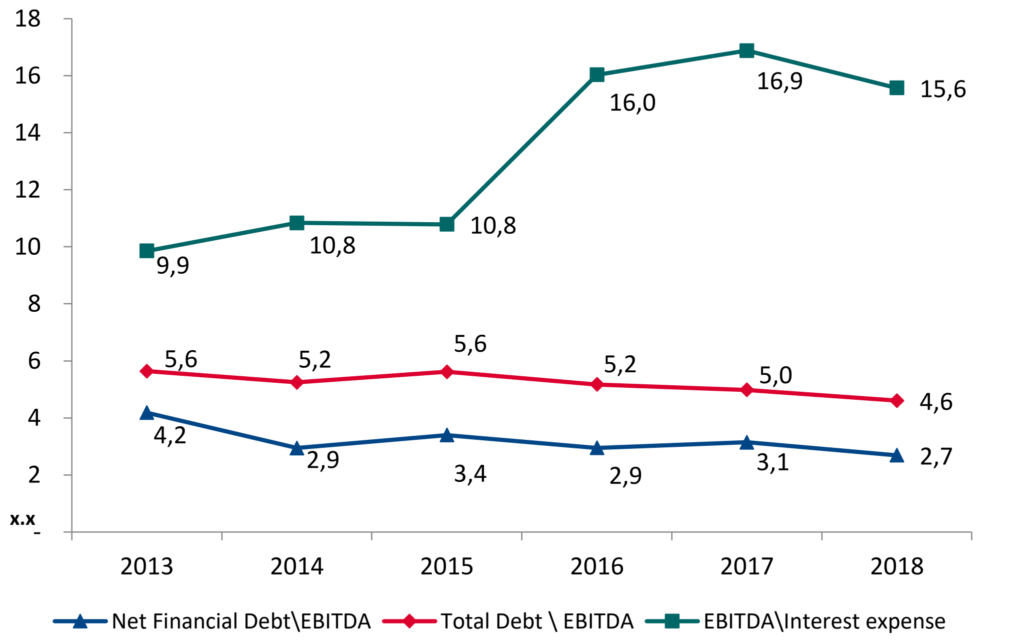
Among them, the two first *corporate bond* fully underwritten by the EIB, one of them financed through the *Juncker Plan funds of the EFSI*

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

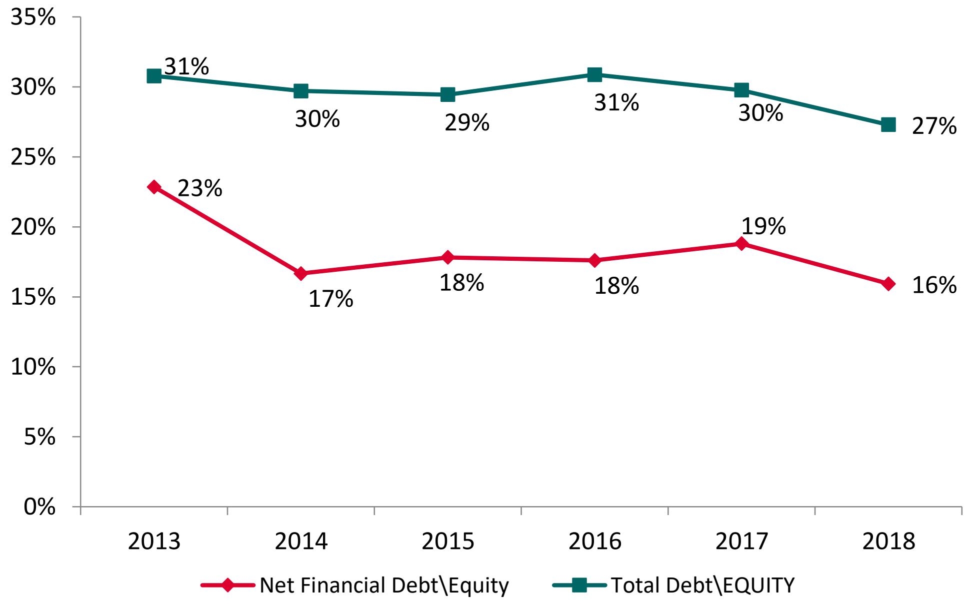
Debt service capacity

- Given improvement in profitability and conservative debt management, **Net Financial Debt / EBITDA has decreased to 2.7x** in 2018 from 4.2 in 2012.
- Historically low borrowing costs and effective management of financial costs, including interest rate risk management policies, resulted in **EBITDA interest cover improved substantially** in the last five years.
- FS Italiane maintains a strong and stable capitalisation.

Leverage evolution



Capitalisation



Source: FS Annual Reports

FERROVIE DELLO STATO ITALIANE

FY 2018 Consolidated Financial Statements

Income Statement			
€mn	2017	2018	Change %
REVENUE	**9,293**	**12,078**	**30,0**
Revenue from sales and services	8,993	11,566	28,6
Other income	300	512	70,7
OPERATING COSTS	**(6,980)**	**(9,602)**	**37,6**
EBITDA	**2,313**	**2,476**	**7**
Amortisation, depreciation, provisions and impairment losses	(1,595)	(1,762)	10,5
EBIT	**718**	**714**	**(0,6)**
Net financial expense	(100)	(97)	(3)
PRE-TAX PROFIT	**618**	**617**	(9,4)
Income taxes	(64)	(58)	**(0,9)**
PROFIT FROM CONTINUING OPERATIONS	**554**	**559**	9,4
Loss from assets held for sale, net of taxes	(2)		
PROFIT FOR THE YEAR	**552**	**559**	**1,3**

Reclassified Statement of Financial Position			
€mn	2017	2018	Change
Net operating Working Capital	402	(324)	(726)
Other Net Assets	1,173	2,378	1,204
Working Capital	**1,575**	**2,054**	**479**
Net non-current assets	47,279	50,986	3,706
Other provisions	(2,902)	(4,622)	(1,720)
Net assets held for sale	2		(2)
NET INVESTED CAPITAL	**45,954**	**48,418**	**2,464**
Net current financial debt	(65)	(555)	(490)
Net non-current financial debt	7,338	7,210	(128)
Net financial debt	**7,273**	**6,655**	**(618)**
Equity	**38,681**	**41,763**	**3,082**
COVERAGE	**45,954**	**48,418**	**2,464**

Contacts:

Stefano Pierini – Head of Finance, Investor Relations and Real Estate

Tel.+39 06 44102348

Mail: s.pierini@fsitaliane.it

Vittoria Iezzi – Head of Debt Capital Market

Tel. +39 06 44106655

Mail: v.iezzi@fsitaliane.it

Lorenza Di Cintio – Debt Capital Market

Tel. +39 06 44103772

Mail: l.dicintio@fsitaliane.it

Cuono Altobelli – Debt Capital Market

Mail: c.altobelli@fsitaliane.it

http://www.fsitaliane.it/fsi-en/Investor-Relations

https://www.fsitaliane.it/content/fsitaliane/it/investor-relations/debito-e-credit-rating.html