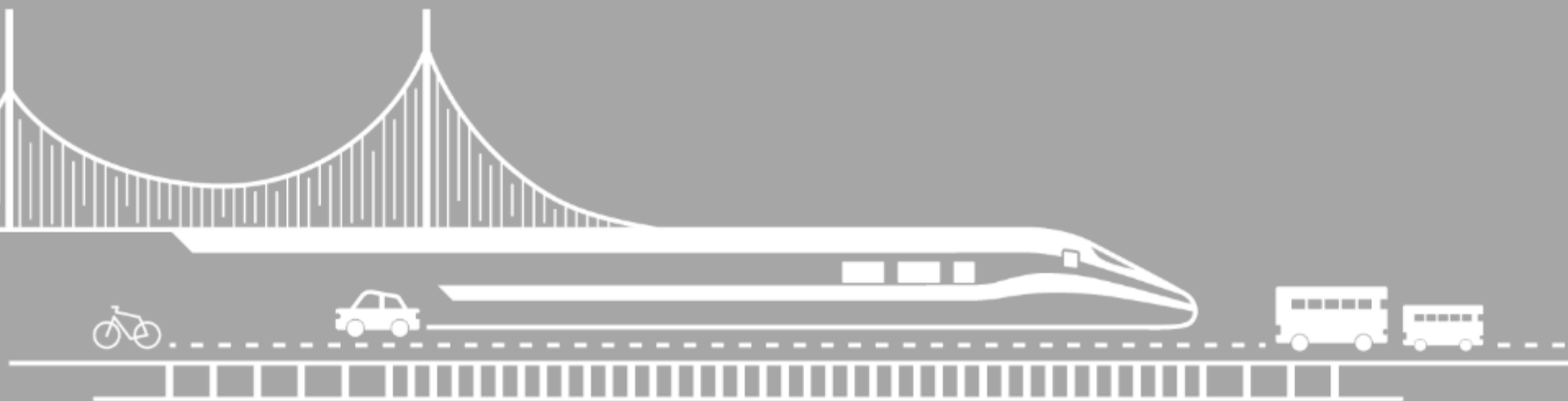


FS Italiane Group

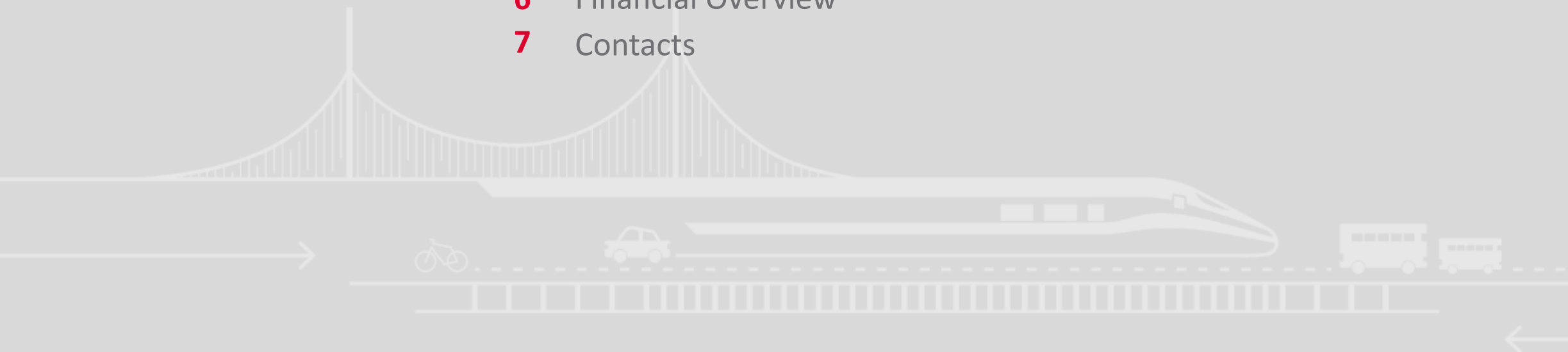
Investor Presentation

March 2022



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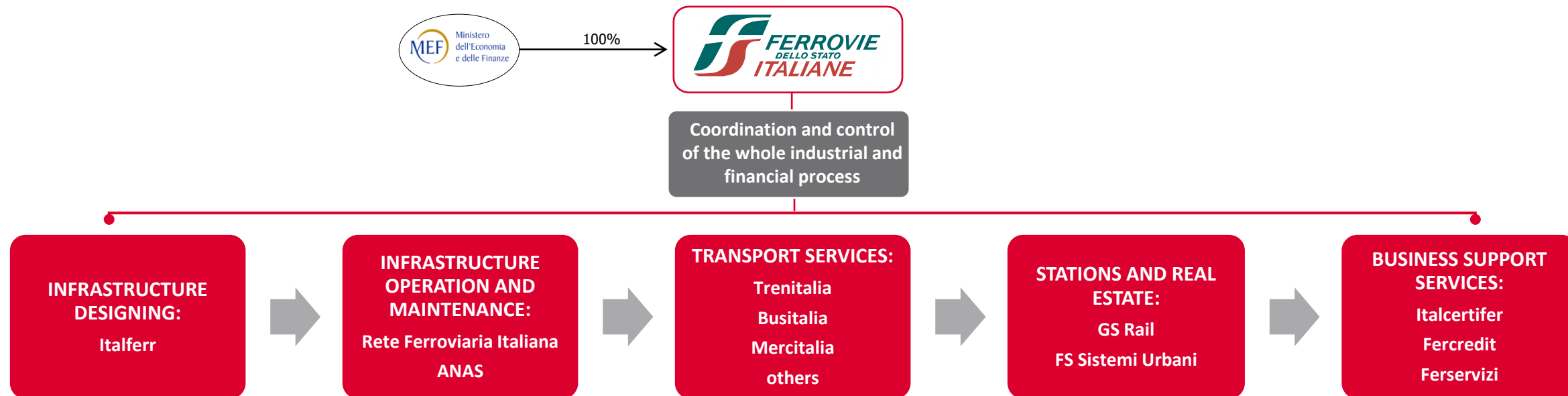
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Ferrovie dello Stato Italiane Group Overview

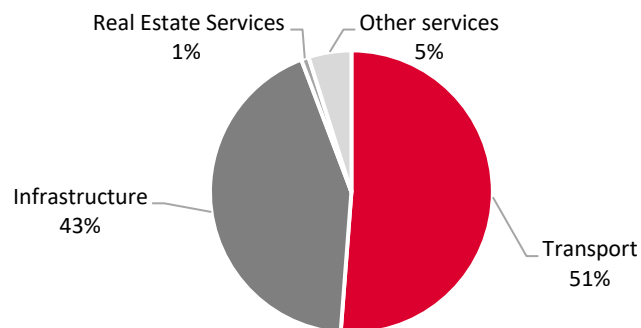


FS Group in a snapshot

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.



Group Revenue by segment (2020) **



Consolidated Highlights (€mn)

	2020	2019
Revenue	10,837	12,435
EBITDA	1,633	2,609
EBITDA Margin	15.1%	21%
EBIT	-278	829
EBIT Margin	-2.6%	6.7%
Net Income	-562	584
Net Invested Capital	50,316	49,977
Equity	41,423	42,318
Net Financial Debt	8,893	7,659

Source: FS 2019-2020 Annual Report
 **Net of (1,382)m of cons.adj.

Benchmarking with European rail players



(€b)	2019	2020
Revenue	12.4	10.8
EBITDA margin %	21%	15.1%
EBIT margin %	6.7%	-2.6%

Issuer Rating	
S&P	BBB
Fitch	BBB



(€b)	2019	2020
Revenue	44.4	40.2
EBITDA margin %	12.2%	2.5%
EBIT margin %	4.1%	-11.9%

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



(€b)	2019	2020
Revenue	35.1	30
EBITDA margin %	16.1%	6.5%
EBIT margin %	5.1%	-10%

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

Rating Overview

S&P Global
Ratings

RATING		
Issuer Rating	BBB	Outlook POSITIVE
Stand Alone Credit Profile	bbb+	

**Rating confirmed on
24th November 2021**

COMMENTS

FS' ratings mainly reflect :

- the agency's forecast of a **strong investment-led recovery in 2021 and 2022**
- **FS' key role** in the government's allocation of resources from the **NextGenerationEU Recovery Plan**
- **FS stronger stand-alone credit quality than the sovereign** with an "Intermediate" financial risk profile.

On 24th November 2021, S&P upgraded FS's outlook from negative to positive:

- The positive outlook mirrors the positive outlook on Italy
- S&P's expectation is that FS will maintain an **adequate level of liquidity on an ongoing basis**, based on **State support and sound relationships with banks**.

FitchRatings

Issuer Rating	BBB	Outlook STABLE
Stand Alone Credit Profile	bbb	

**Rating upgraded on
23rd December 2021**

On 23rd December 2021, Fitch upgraded FS Long-Term Issuer Default Rating to BBB from BBB- reflecting previous upgrade of Italian Republic.

The uplift of the SCP to 'bbb' reflects **the improvement of the counterparty risk** represented by Italy, as the Italian public sector represents the largest single contributor to FS's income, which caps FS's unconstrained SCP of 'bbb+'.

FS' ratings 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**.
- solid position in the domestic market with a supportive regulatory regime for public service contracts, also in relation to the role FS will play in the implementation of the PNRR.
- **moderate debt level** in the coming years, **compared to the EBITDA available for its service**.

Fitch believes that **FS remains on top of Italy's largest investors**, mostly through its subsidiaries RFI and ANAS, both involved in the implementation of the PNRR.

Operations and Industry Overview

Infrastructure



RFI: Railway Infrastructure Manager

Key figures			
€mn	2019	2020	
Revenues	2,799	2,492	
Track access charges	1,182	762	
CdP-Service	1,022	1,291	
Other services	319	265	
Real estate services	113	105	
Other income	163	69	
EBITDA	481	333	
EBITDA margin %	17%	13%	
EBIT	350	71	
EBIT margin %	12%	3%	
Net Income	302	38	

NETWORK HIGHLIGHTS 2020

16,782 km Lines

12,065 km Electified Lines

23,048 km Traditional tracks

1,467 km High Speed tracks



INVESTMENTS 2020 € 4,917 million,
including €549m for suppliers contractual advances
Almost 100% funded by the Programme Agreement 2017-2021

98% Traditional network

2% High Speed network

51% Maintenance and Safety

49% Network Development

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

INVESTMENTS 2020 € 2,015 million,
including €465m for suppliers contractual advances

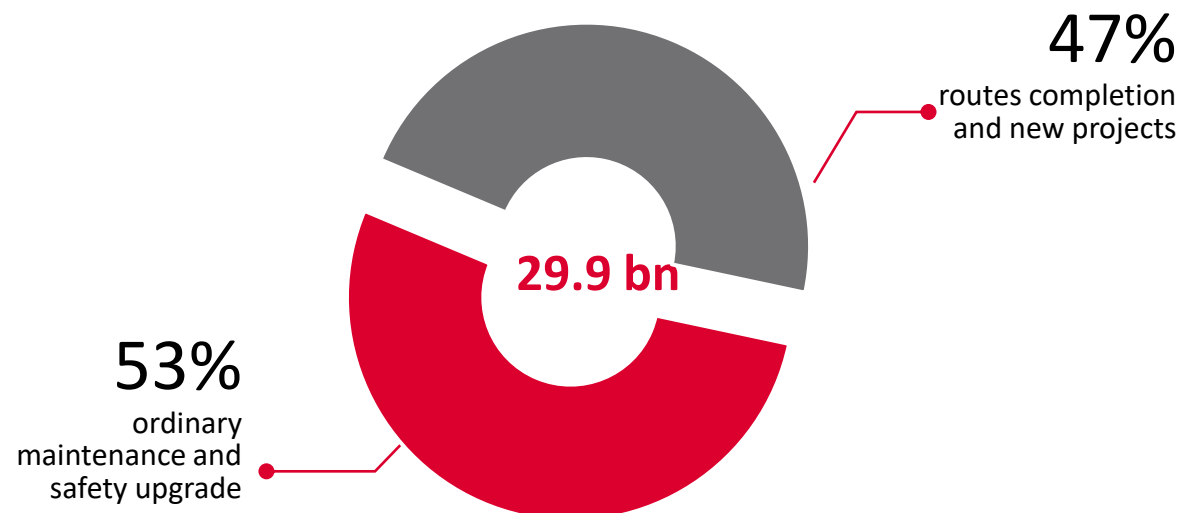
Fully funded by the Programme Agreement



Financial highlights

€mn	2019	2020
Revenues	2,163	2,343
EBITDA	128	167

Programme Agreement 2016-2020 signed with the MIT



Operations and Industry Overview

Transport



Trenitalia: rail passenger transport in Italy and abroad

Key highlights

- Everyday manages about 9,000 trains and each year transports c. 600 million passengers
- Trenitalia is also abroad with **c2c** (since 2017) and the **West Coast Partnership** (since 2019) in **UK**, **Thello** in **France**, **Trainose** in **Greece** and **Netinera Group** active in **Germany** (previously directly owned by FS). Also, in May 2020, Trenitalia won the tender for operating the **high-speed services in Spain** for the next 10 years.

Two business segment



Medium Long distance revenues (€mn)

	2019	2020	Change
■ High Speed services			
■ International and regulated domestic services (PSC with the State)	2,580	1,474	-43%

Regional revenues (€mn)

	2019	2020	Change
■ Commuter passenger services			
■ PSC Regional services	2,923	2,392	-18%

Financial highlights

€mn	2019	2020
Revenues	5,531	3,905
EBITDA	1,626	826
EBIT	524	-208
Net Income	385	-423
EBITDA Margin	29%	21%
EBIT Margin	9.4%	-5.3%

INVESTMENTS 2020 € 1,417 million*

58% new rolling stocks

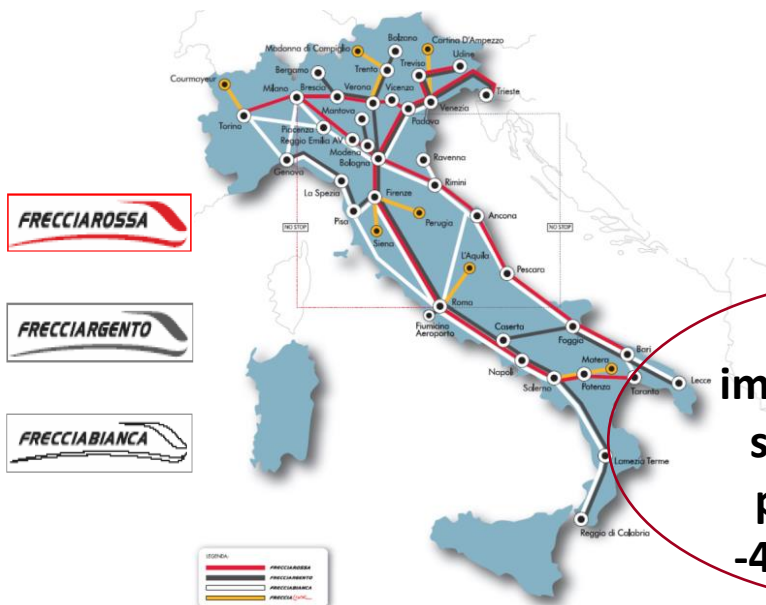
24% rolling stocks maintenance*

12% IT, technologies and plants

6% revamping rolling stocks

Focus: High Speed Transport

Frecce network



Group's most impacted business segment by the pandemic with **-43% in revenues**

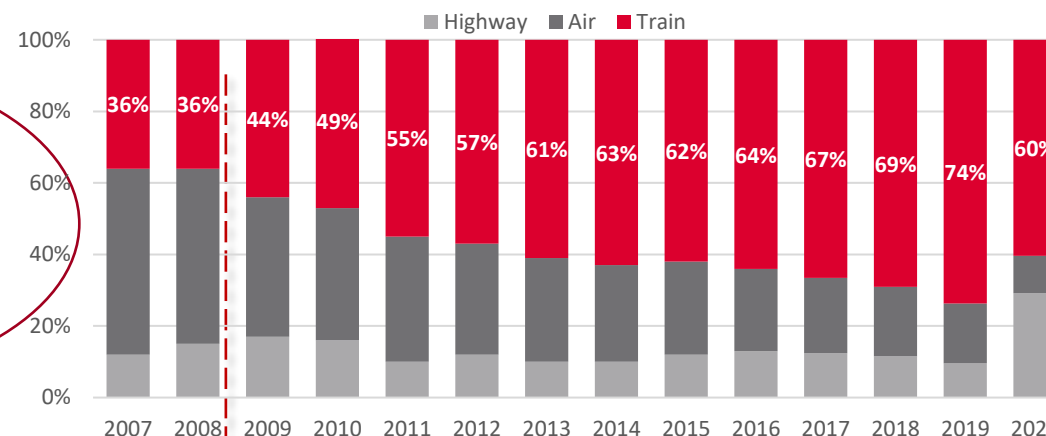
The **ETR 1000**, named "**Frecciarossa 1000**" is the new high-speed train of Trenitalia, comfortable, safe and environmentally friendly, designed to meet the most advanced techniques.

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 two **green bond** issued by FS in November 2017 and July 2019

- 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

Eligible Green Project



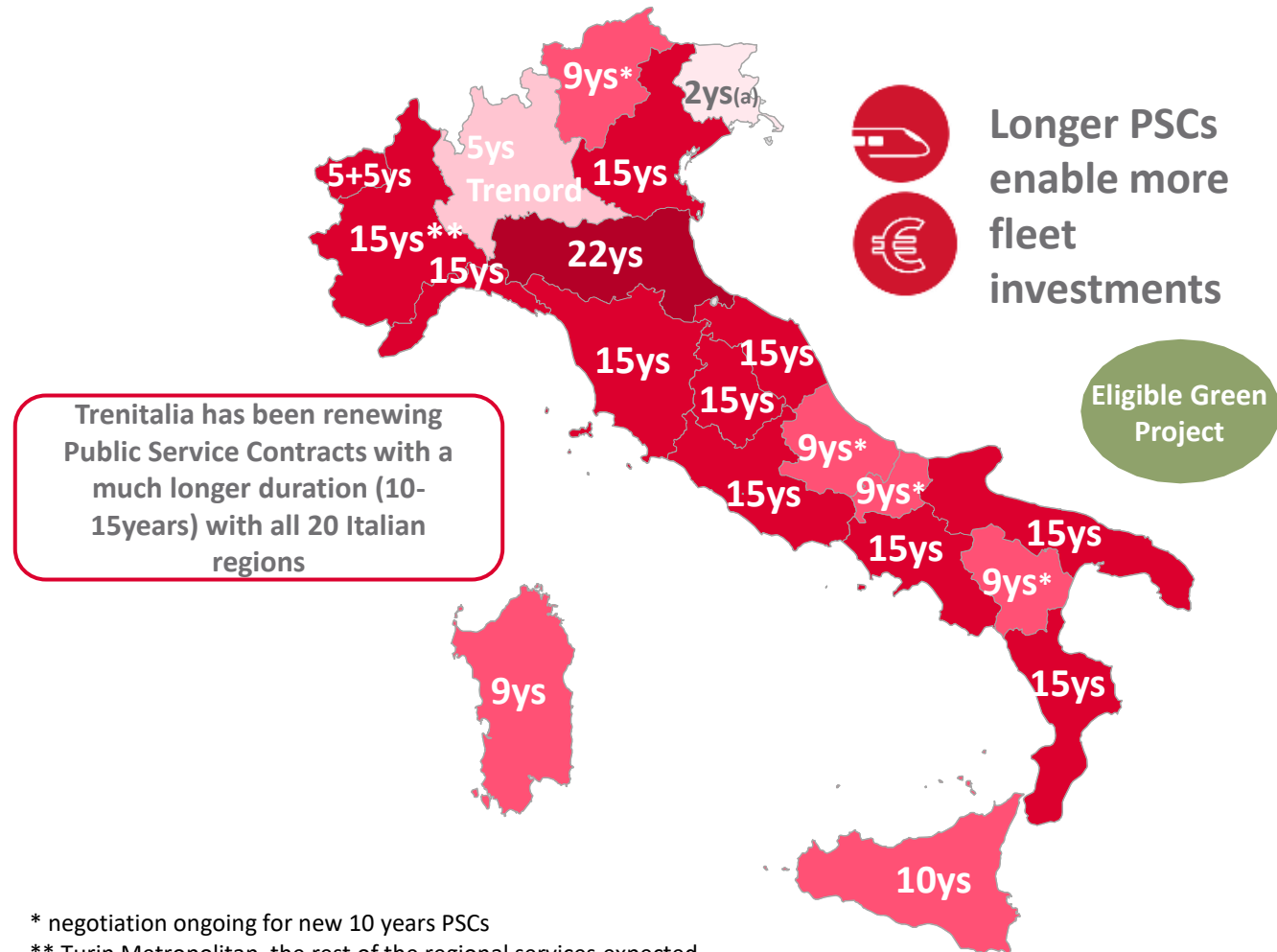
Focus: Regional Transport

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 2020 revenues related to regional passenger services equal to € 2,4mn (-18% vs. 2019)
- Fees from regions stable also in 2020



Trenitalia regional services portfolio as of today



* negotiation ongoing for new 10 years PSCs

** Turin Metropolitan, the rest of the regional services expected to be directly assigned

(a) negotiation ongoing for a new 10 years PSC

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 (regionally and locally in Padova after winning the public tender), 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	2019	2020
Revenues	691	650
EBITDA	65.8	79.1
EBITDA Margin	9.5%	12.2%

One of Italy's top players (a)



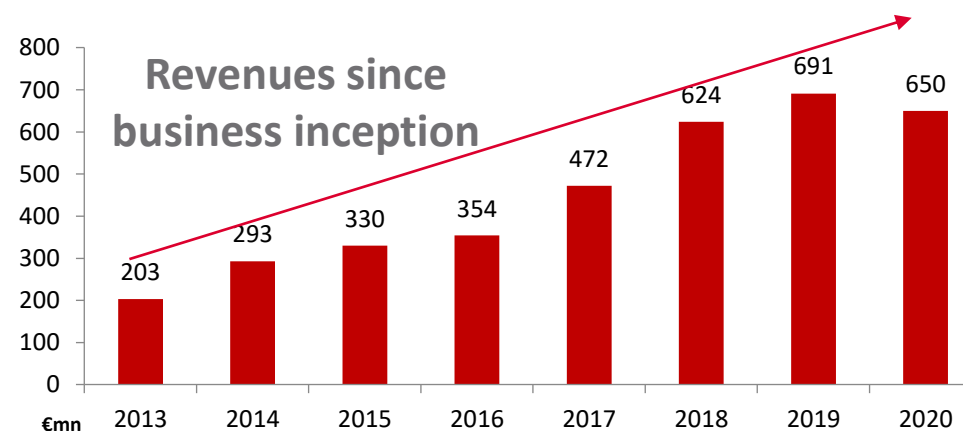
Production
108 mn Bus-Km



Passengers
220 mn/year

Investments in Bus fleet renewal ongoing towards green fuel (electric, hybrid etc.)

FLEET INVESTMENTS 2020 € 152 million



Mercitalia: freight and logistics 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



Financial highlights		
€mn	2019	2020
Revenues	1,060	970
EBITDA	94	89
EBITDA Margin	8.8%	9.2%

Investments 2020: 77 million mainly for fleet upgrading

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



Focus on PNRR



PNRR: role of FS Group and financial resources

PNRR consists of six Missions. Each Mission consists of several Components

Mission 3 - “Infrastructures for Sustainable Mobility” amounts to around **EUR 31,5 bn.**

Mission 3 – Component 1 “Investments on Rail Network” amounts to **EUR 27,97 bn** invested both on railways and on roads.

Upgrades on National Rail Infrastructure will pertain both HS network and conventional rail network with infrastructural and technological investments (i.e. ERTMS).

RFI acts as implementing body/subject of Mission 3 – Component 1

Others operating Group’s companies could be beneficiaries of the PNRR as implementing body/subjects.

ANAS acts as implementing body of **Mission 5** and in the project «Safe Roads» together with all others roads’ concessionaires.

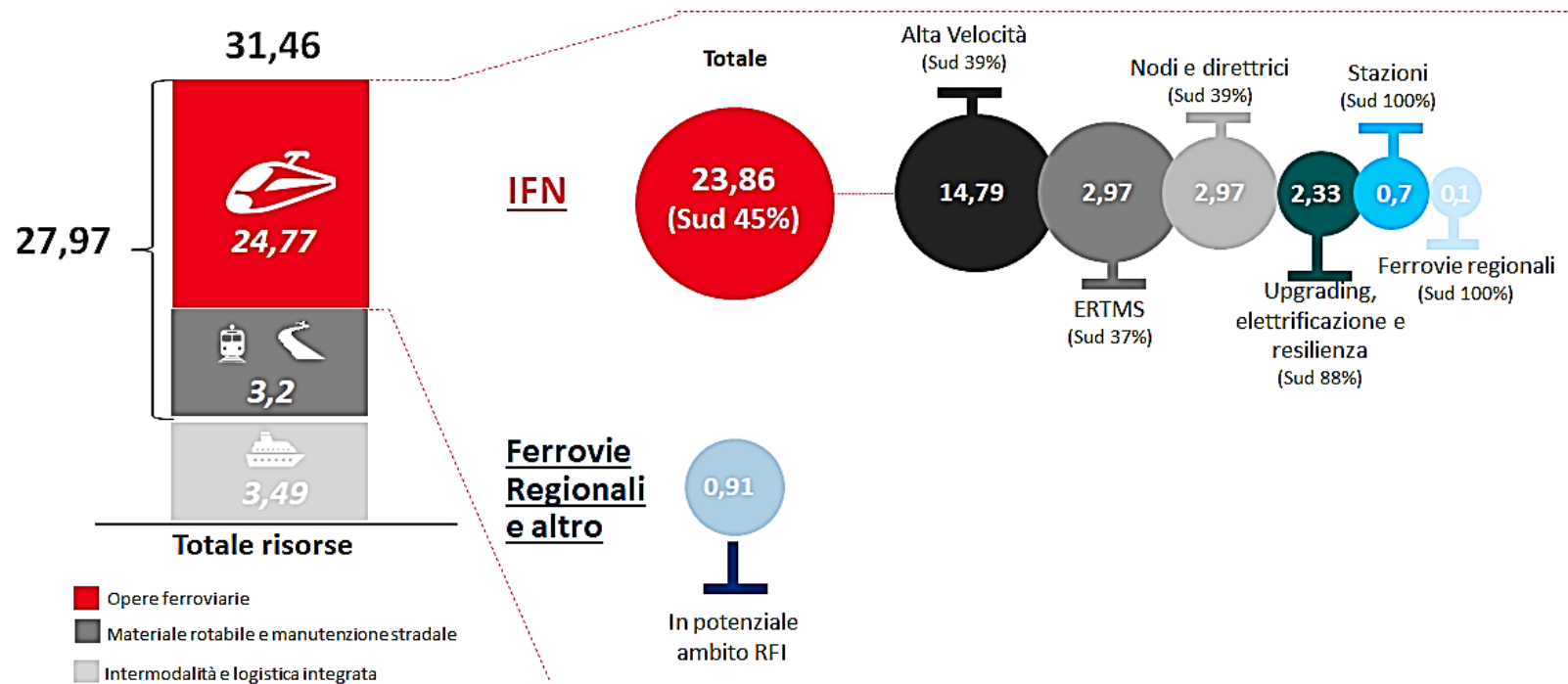
 M3. INFRASTRUTTURE PER UNA MOBILITÀ SOSTENIBILE	PNRR (a)	React EU (b)	Fondo complementare (c)	Totale (d)=(a)+(b)+(c)
M3C1 - RETE FERROVIARIA AD ALTA VELOCITÀ/CAPACITÀ E STRADE SICURE	24,77	0,00	3,20	27,97
M3C2 - INTERMODALITÀ E LOGISTICA INTEGRATA	0,63	0,00	2,86	3,49
Totale Missione 3	25,40	0,00	6,06	31,46

PNRR: projects under scope

Investments belonging to Mission 3 Component 1 - “Investments on Rail Network” consist of **improvement of the HS/HC network for a more rapid rail network for both passengers and freight, completion of the railway corridors TEN-T, completion of the pass routes, enhancement of nodes, railroads and regional networks.**

Special attention will be put on South regions’ railways, with electrification upgrades and other investments aimed to increase productivity and reduce North-South gap.

All investments are fully funded through European and State funds (Recovery and Resilience Facility plus Fondo Complementare DL 59/2021).



Corporate Sustainability



A business model which fully integrates sustainability

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

FS Group vision is to create an offer of integrated, sustainable and safety mobility and logistics services, using transport infrastructures in synergy with other operators and creating value in Italy and abroad

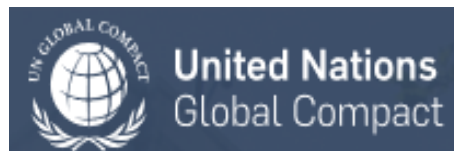


SUSTAINABILITY RATING	
	A- (Leadership band)
	Robust
	ESG Risk assessment: Low Risk
	C- (Prime Status)

FS Group Sustainability Commitment

Our agenda for a sustainable mobility

The Group is committed to six of the **SDGs UN Global Compact** subscribed in 2017 in particular, which constitute the base for the long-term targets:



FS GROUP LONG TERM GOALS 2030-2050

Objective	Target	Contribution on the SDGs
Sustainable mobility Increase the percentage of passengers and freight transported using alternative, collective mobility solutions	Passengers: 5% modal shift from privately- owned cars to shared public mobility and soft modes of transport by 2030 (15% by 2050), compared to 2015. Freight: 50% of transport by road and 50% of transport by rail by 2050 (for distances over 300 km).	
Energy and emissions Achieve a carbon-neutral energy mix	Carbon-neutral by 2050 (including traction)	
Safety Become Europe's best-in-class	Zero fatalities involving passengers on FS Group vehicles (trains, buses and other mobility systems), people interfering with the railway ecosystem, FS Italiane Group personnel and employees of contracting companies, by 2050. 50% fewer fatalities on roads operated by Anas by 2030, compared to 2015	

Sustainable Finance



Sustainable finance endorsing a sustainable strategy



Increased awareness of the importance to strive for a more sustainable business,

FS financial decisions essential and strategic to allocate the new debt sources to the most



effective investments complying with the ESG principles

Green Bond Framework

- Since our first green bond issuance in 2017 Ferrovie corporate finance started up a new path on the tracks of the **corporate sustainability**, with the finance decisions becoming one of the strongest drivers in this respect
- Since its inception, the **Green Bond Framework** has been earmarked to the **financing of investments for the renewal of rail passengers transport fleet** both in the High Speed and Regional sector and then expanded also to the freight business in 2019

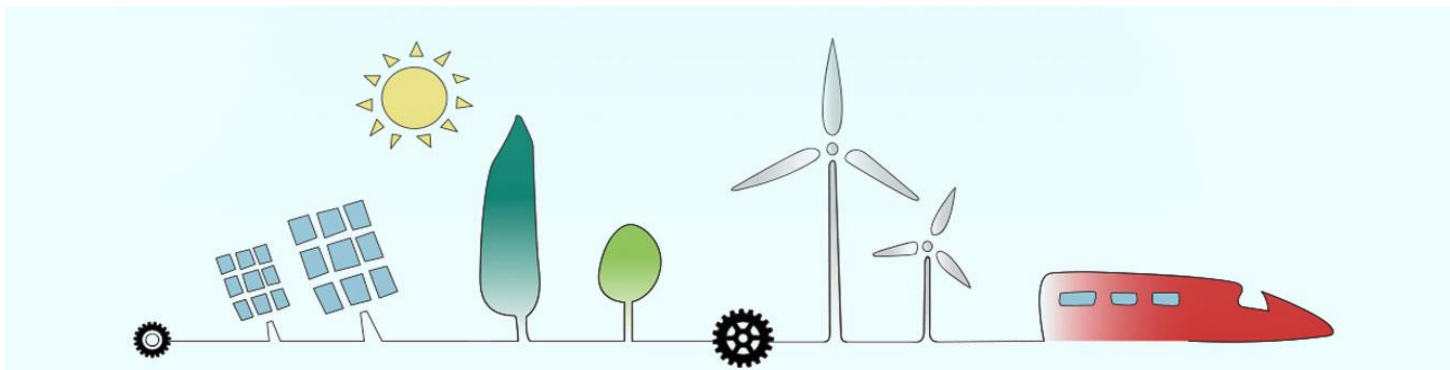
New Sustainable Finance

- For 2020 FS expanded the concept of the sustainable finance to other capital markets tools
- To fund other «green» investments than the Eligible Green Projects of the Green Bond Framework, which will remain addressed to green bond funding

FS Green Bond Framework established in 2017

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.



ELIGIBLE GREEN PROJECTS

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 passengers transport rolling stock renewal

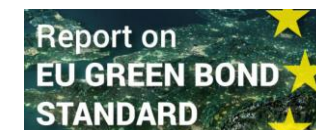
NEW ELECTRIC TRAINS FOR REGIONAL PASSENGER TRANSPORT

NEW ELECTRIC HIGH SPEED TRAINS “ETR 1000”

- Investments in freight transport rolling stock renewal*

NEW ELECTRIC LOCOMOTIVES FOR FREIGHT TRANSPORT

NEW WAGONS FOR FREIGHT TRANSPORT



FS may decide to include additional Project Categories for future issuances

Look-back period of 3 years

Green Bond Framework – SDGs Mapping

- The FS Green Bond Framework addresses 3 of 17 **UN Sustainable Development Goals**.
- The mapping has been inspired by the **ICMA high-level mapping to SDGs*** and existing practices of issuers of Green Bonds in the transportation sector.



SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all



SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport




SDG 12.2: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

External Reviews

Best practice

- Sustainalytics provided a **Second Party Opinion** on the Green Bond Framework and a **Pre-issuance verification** on the Climate Bonds Initiatives standard.
- FS obtained the **Climate Bonds certification** on its second green bond. CBI **confirmed certification for potential 2021 green bonds**.
- KPMG provided a **Third Party Opinion** on the Green Bond Report 
- On December 2021 Sustainalytics has also assessed the **alignment** of FS Italiane **Green Bond Framework** to the **EU Taxonomy**.



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

“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.”

EU Taxonomy

“The activities align with the Do Not Significant Harm (DNSH) criteria defined for the activities above-mentioned. Sustainalytics is also of the opinion that the activity and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy’s Minimum Safeguards.”

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.

4 Green Bonds for a total 2.65 billion euro issued so far

Allocation and environmental impact

ELECTRIC NEW REGIONAL TRAINS POP & ROCK



€1,315 million



150 trains



ELECTRIC NEW HIGH-SPEED TRAIN ETR1000



€1,217 million*



60 trains



ELECTRIC NEW FREIGHT LOCOMOTIVES and WAGONS



€118 million



40 loco
140 wagons



Total 33,600 tCO2 saved** in 2018 and 2019 (~-20% CO2 emissions) thanks to the first 2 green bond. Data related to Green Bond issued in 2021 coming in the relevant Green Bond Reports in 2022.

*Including €
350 million
latest green
bond issued
on 16th
December
2021

FS Green Bond Framework vs EU Taxonomy

A challenging approach

Ferrovie GBF Eligible Green Projects

Project Category	Eligible Green Projects	Alignment with the high level environmental objectives
Clean Transportation <ul style="list-style-type: none"> Investments in public passengers transport rolling stock renewal 	<ul style="list-style-type: none"> New Electric Multiple Unit trains "Pop" and "Rock" for regional passenger transport which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the local public transport, among other improvements related to air quality and comfort for passengers New electric High speed Trains "ETR 1000", which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the long distance transport market, among other improvements related to air quality and comfort for passengers 	<ul style="list-style-type: none"> Climate change mitigation Pollution prevention and control Energy Efficiency
Clean Transportation <ul style="list-style-type: none"> Investments in freight transport rolling stock renewal⁵ 	<ul style="list-style-type: none"> New electric traction locomotives, which ensure energy efficiency improvements, carbon emissions reduction and modal shift to rail in the freight transportation New wagons for coils transportation which ensure energy efficiency improvements, carbon emissions reduction, modal shift to rail in the freight transportation, accident prevention solutions for coil fastening 	<ul style="list-style-type: none"> Climate change mitigation Pollution prevention and control Energy Efficiency

Electric trains **PLUS** energy efficiency improvement vs oldest fleet

All electric trains are eligible without improvement thresholds

EU Taxonomy Criteria for rail transport

6.1 Passenger rail transport (interurban)

Sector classification and activity	
Macro-Sector	H - Transport and storage
NACE Level	4
Code	H49.1.0
Description	Passenger Rail Transport (Interurban)
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction by: <ul style="list-style-type: none"> - Increasing the number of low- and zero emission fleets, and improving fleet efficiency - Improving efficiency of the overall transport/mobility system
Criteria	<ul style="list-style-type: none"> Zero direct emissions trains are eligible. Other trains are eligible if direct emissions (TTC) are below 50g CO₂e emissions per passenger kilometre (gCO₂e/pkm) until 2025 (non-eligible thereafter)

6.2 Freight rail transport

Sector classification and activity	
Macro-Sector	H - Transport and storage
NACE Level	4
Code	H49.2.0
Description	Freight Rail Transport
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction by: <ul style="list-style-type: none"> - Increasing the number of low- and zero emission fleets, and improving fleet efficiency - Improving efficiency of the overall transport/mobility system
Threshold	<ul style="list-style-type: none"> Zero direct emissions trains (e.g. electric, hydrogen) are eligible. Other trains are eligible if direct emissions per tonne km (gCO₂e/tkm) are 50% lower than average reference CO₂ emissions of HDVs as defined for the Heavy Duty CO₂ Regulation, to be reviewed in 2025. Rail that is dedicated to the transport of fossil fuels or fossil fuels blended with alternative fuels is not eligible even if meeting the criteria above.

Sustainable finance

transactions in 2020-2021

Sustainability-Linked
RCF

Green Bond

Green Loan

EU Taxonomy aligned
private placement

«Climate action» EIB
financing



- Euro 2.5 billion Sustainable Revolving Credit Facility signed on 25 June 2021
- Margin and Commitment Fee linked to Group's sustainability KPIs
- Euro 1 billion of green bond issued on 25 March 2021 to finance new regional and high speed trains of Trenitalia
- Euro 350 million of green bond issued on 16 December 2021 and underwritten by EIB in order to finance new high speed trains of Trenitalia to be deployed in Spain and Italy
- Euro 300 million bank loan signed in May 2020, with an ESG Tranche financing Trenitalia new Frecciargento electric trains, totally aligned with the EU Taxonomy standards
- Structured to **seize** the opportunities created by the ECB's measures
- The ESG Tranche guarantees a lower pricing in respect to the total cost of financing
- Euro 890 million of Trenitalia rolling stocks for public service financed in 2020 and 2021 via Eurofima are **aligned with the EU Taxonomy** standards
- Up to Euro 450 million EIB "climate action" financing approved for the new Hybrid regional trains in July 2020
- Euro 150 million already **subscribed** by the EIB via a EMTN private placement



Sustainability Linked Revolving Credit Facility

Euro 2.5 billion 3 years committed facility

- First sustainability linked transaction for FS
- Margin and Commitment Fee linked to 4 KPIs on Group's effort on Environmental, Social and Governance targets
- Underwritten by a pool of 6 primary banks
- The new Euro 2.5 billion size will meet Group funding needs in the near future, also considering its leading role in implementing the Italian **PNRR**.

***KPI 1 – IMPROVING ESG
RATING***

***KPI 2 – REDUCING
GENDER GAP IN
MANAGEMENT
POSITIONS***

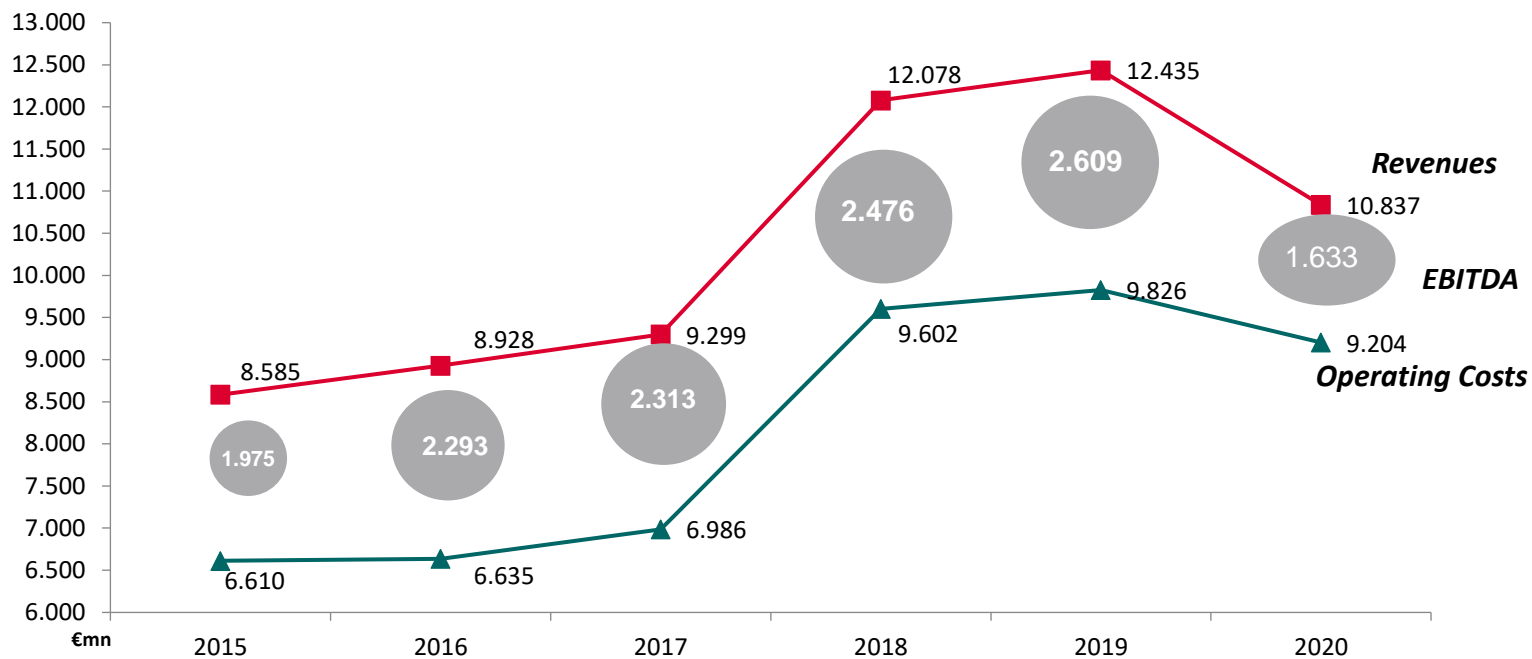
***KPI 3 – EASY STATIONS
(facilitate accessibility
and mobility)***

***KPI 4 – INTEGRATED
MOBILITY (facilitate
modal-shift to rail)***

Financial Overview



Robust historical financial performance

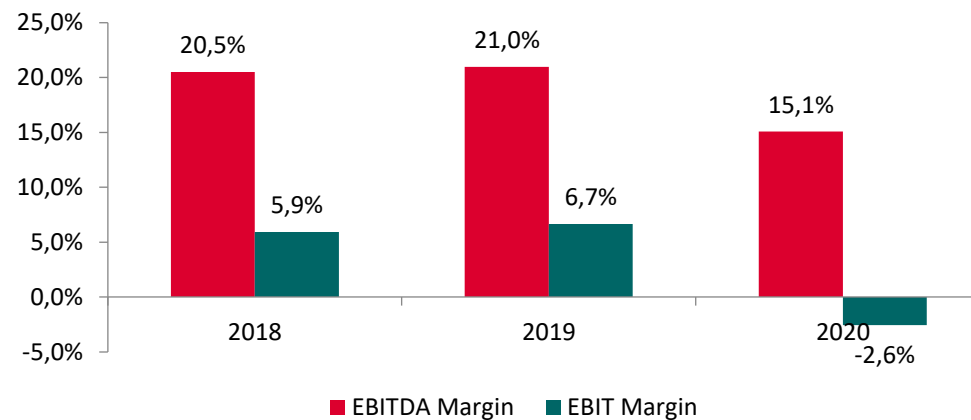
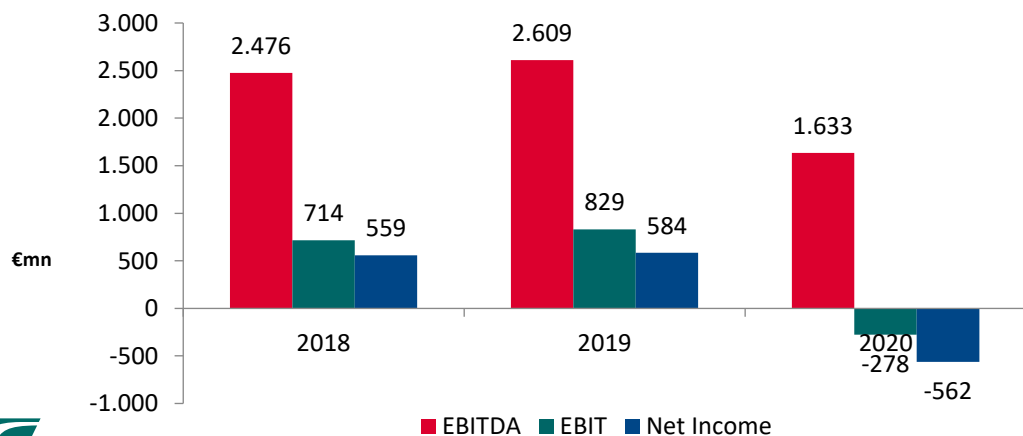


➤ Historically increase in revenues and margins generated a solid background to face the unexpected COVID crisis

- Significant costs containment in 2020 due to extraordinary action taken in response to the pandemic
- 2020 EBITDA decrease reflects reduction in revenues due to the pandemic outbreak
- Still double digit EBITDA Margin in 2020



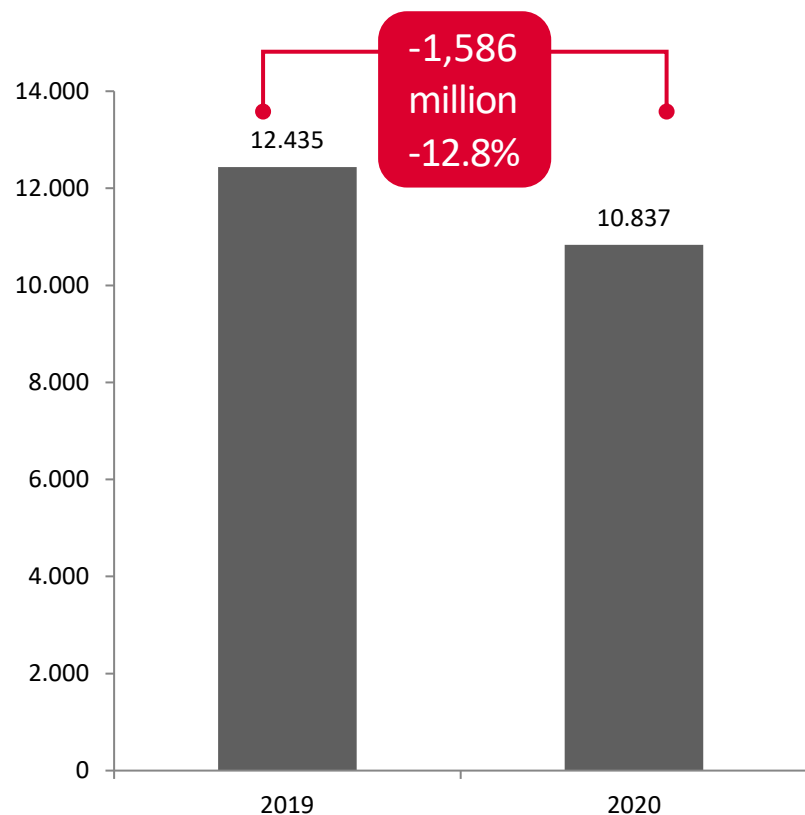
Consistent profitability and margins



2020 Group Revenues

Limited downturn despite COVID-19 impact thanks to government support

Consolidated Revenues (€mn)



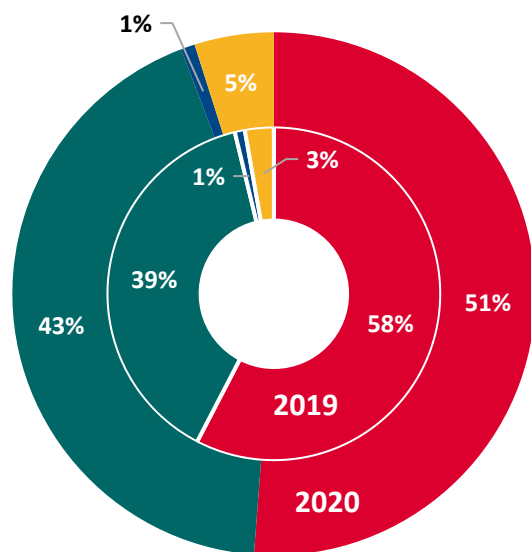
Key impacts and changes in 2020 vs. 2019

- Fees for long-haul railway transport regulated services stable
 - Fees for regional railway transport regulated services stable
 - Revenues from infrastructure Programme Contracts – both RFI and ANAS – stable
 - COVID related government grants of +€1,040 million
-
- Traffic revenue from long-haul railway passenger transport decreased by €1,372 million → 64% drop in demand and 50% loss of saleable seats\km
 - Traffic revenue from domestic short-haul railway passenger transport decreased by €511 million
 - Traffic infrastructure revenues down by €357 million mainly related to motorway and railroad traffic toll

Group revenues breakdown

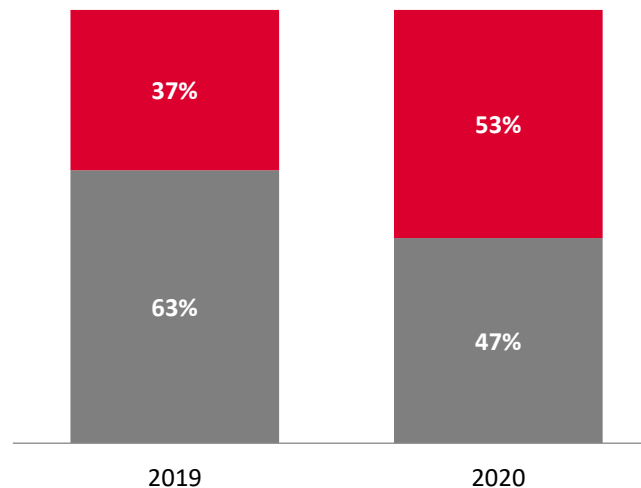
- **Passenger sector** most impacted from the COVID-19 pandemic effect
- Share of **public sector vs. market revenues** increased due to lower traffic volumes and stability in fees from public service contracts

GROUP REVENUE BY SEGMENT



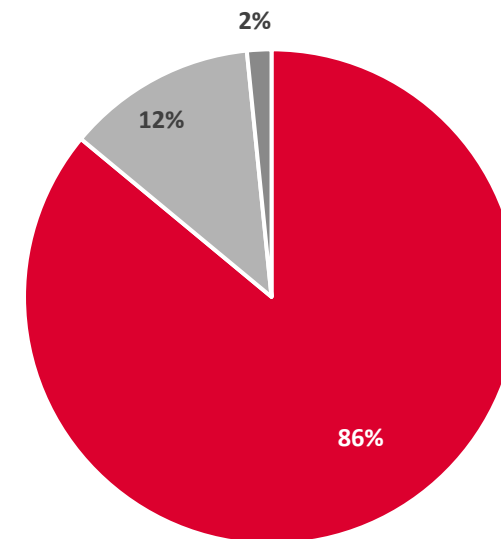
■ Transport ■ Infrastructure ■ Real Estate Services ■ Other services

TRANSPORT REVENUES: MARKET VS. PSC



■ Market revenues ■ Public service contract fees

GROUP REVENUES GEOGRAPHIC DISTRIBUTION



■ Italy ■ Europe ■ Non EU

COVID-19 Government support

Extraordinary measures for the FS Group

- Strong commitment from the Italian Government in supporting the national **railway** and **public transportation system**
- FS Group **vital role for Italian GDP** as well as the essential social service for the country
- Government has partially **compensate FS Group through grants**

MAIN COVID-19 SUPPORTING MEASURES FOR FS GROUP

INFRASTRUCTURE	<p>€ 270 million for <u>RFI</u> in 2020 plus € 150 million in 2021-2034 to set-off decrease in revenues from TAC. 2021-2034 € 150 million receivables sold to Unicredit Factoring as sales agreements without recourse.</p> <p>€ 151 million for <u>ANAS</u> in 2021-2034, recognized in 2020 financial statement as NPV, to set-off decrease in revenues for maintenance.</p>
TRANSPORT MARKET – PASSENGERS AND FREIGHT	<ul style="list-style-type: none"> • Overall € 1.190 million for railway operators for market services in 2020-2034 to set-off decrease in traffic revenues. • € 364,1 million already approved for Trenitalia by the EU Commission, recognized in 2020 financial statement and sold to Unicredit Factoring as sales agreements without recourse. • Additional support for about € 500 million approved by the EU Commission in order to set-off Trenitalia's revenues decrease
TRANSPORT PUBLIC SERVICE - PASSENGERS	<ul style="list-style-type: none"> • Overall maximum amount of €1,000 million in 2020-2021 for local public transport companies, to set-off decrease in traffic revenues for public service contract. • € 193 million for Group's companies recipients recognized for 2020 under this measure. • € 103 million by foreign governments (Germany and Greece) recognized for 2020.

**Overall Euro
1,040 million
recognized in
2020 for the
whole Group**

Covid-19 Gov. support: receivables' sales agreements without recourse

The receivables, assigned to Unicredit Factoring, are the contributions due to RFI and Trenitalia, as provided for by the 2021 Budget Law and the Relaunch Decree.

Assignment of receivables due to Trenitalia

- Nominal value: € 315.366.666,62
- Present value: € 296.484.794,27
- Discount rate: 0.893% (BTPEq + 15 bps)
- Technical form of the assignment:
support receivables' sale agreement
without recourse
- Accounting derecognition: yes.

Assignment of receivables due to RFI

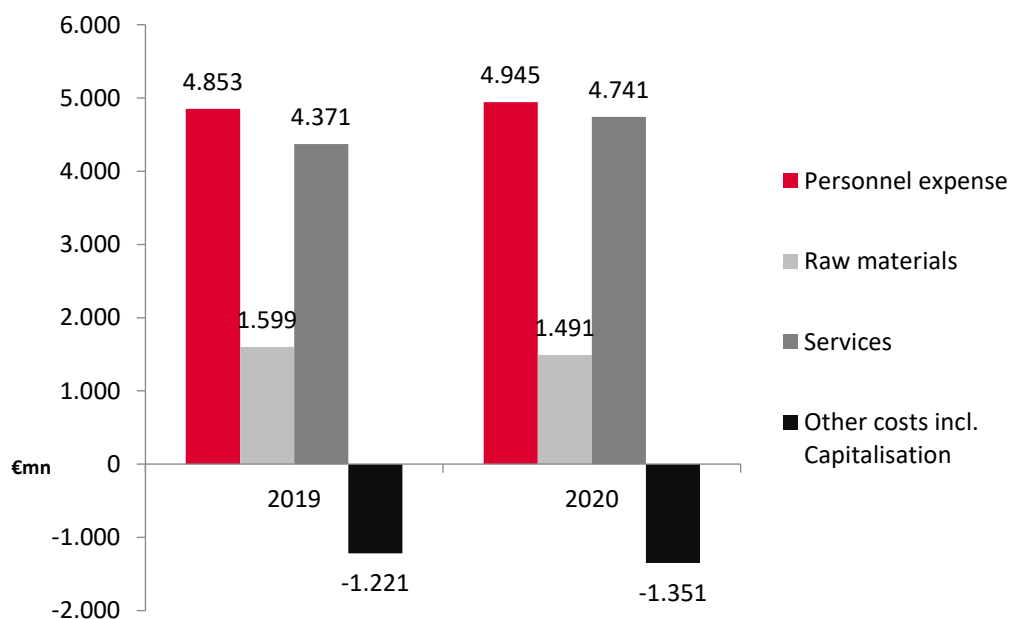
- Nominal value: € 130.000.000,00
- Present value: € 122.220.463,18
- Discount rate: 0.893% (BTPEq + 15 bps)
- Technical form of the assignment:
support receivables' sale agreement
without recourse
- Accounting derecognition: yes.

Focus on operating costs

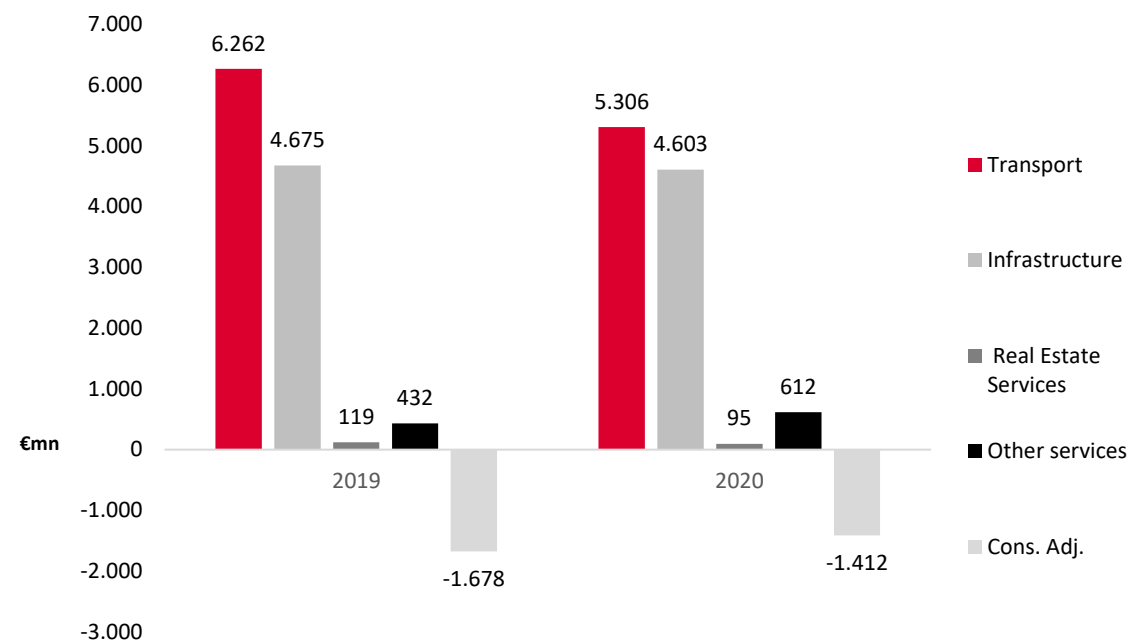
Significant costs containment to face the COVID impact

- In 2020 **operating costs** amounted to €9,204 million (-6.3% vs 2019)
 - Overall decrease of €610 million due to extraordinary actions (savings of €652 million) taken by management in response to the pandemic
 - Main action on personnel expense (-€345 million) as a result of pension eligibility, income assistance fund for extraordinary solidarity benefits, use of holidays accrued in previous years

Breakdown of operating costs



Total operating costs by division

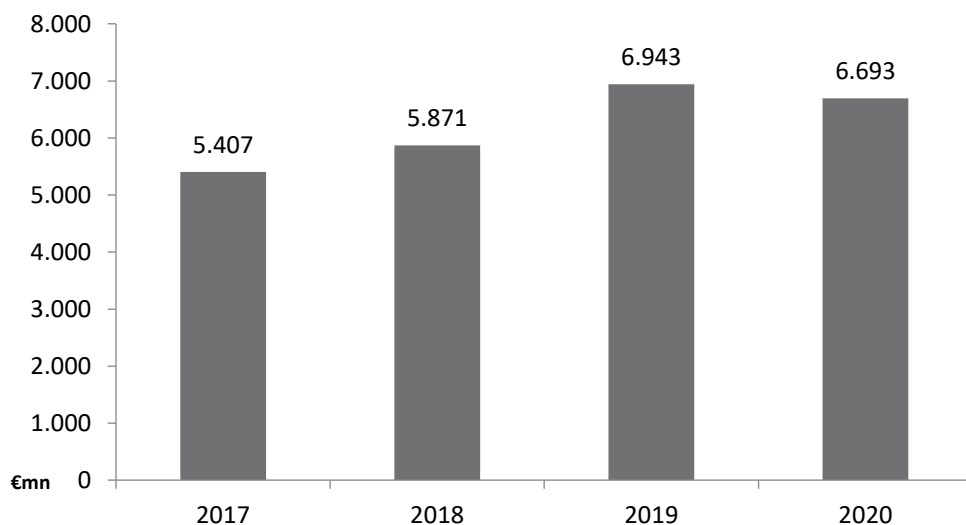


FS Group's CAPEX profile

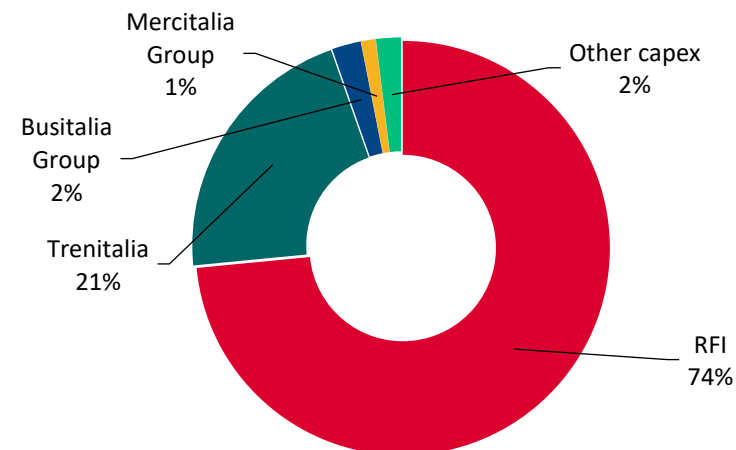
Leading investor in development of transport, infrastructure and logistics

- Despite the context, in 2020 FS's capital expenditure exceeded €6.5 billion in line with 2019 (€ 6,693 million) excluding ANAS, of which **€4,352 million through government grants** mainly earmarked to rail infrastructure.
- The **majority of capex** went to maintenance and development of the **rail infrastructure network** carried on by **RFI**, with a focus on Traditional network (~ €4.2bn). 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 21% (€1,417 million).

FS Capex in 2017 - 2020



2020 capex breakdown



Capex excludes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12 ANAS investments in 2020 accounted for € 2,015 million

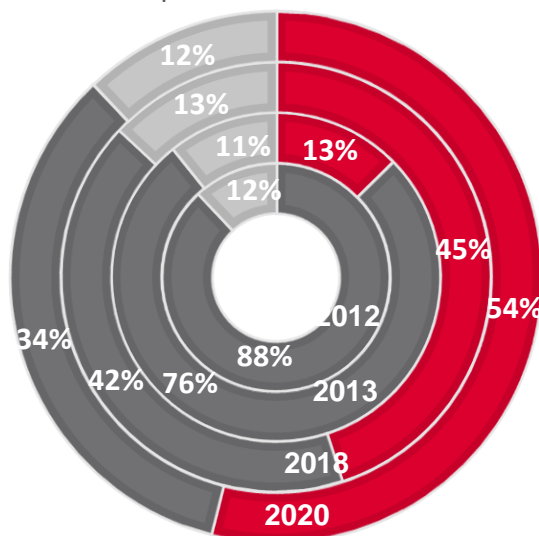
FS' debt profile

Funding diversification

- Total gross financial debt (long term + short term) amounts to **€ 11,565mn** at **YE 2020** vs. €11,306mn at **YE 2019**. **The bulk of FS Group's debt is held by FS Holding** (€ 9,086mn, 78% of total).
- Part of FS' debt is funded directly through **guaranteed State transfers**. **This debt is earmarked to infrastructure investments**.
- **Net Financial Debt** amounts to **€ 8,893mn** at **YE 2020** increasing by 1,234 million on YE 2019, mainly due to new debt raised for capex; decrease in cash pooling balance (from 2020 payments by the MEF to RFI in accordance with the Programme Contract are made on a dedicated account) and decrease in financial asset from MEF due to collections of the year.

Breakdown Financial sources 2012 - 2020 (a)

■ EMTN Bonds ■ Supranational Entities ■ Bank Loans



EMTN bonds in CSPP since July 2016 as well as in the Pandemic Emergency Purchase Programme PEPP

Strong Liquidity Position

Eur 2.5 bn Sustainability-Linked Committed RCF signed 25 June 2021 with 6 primary banks

Access to Capital Markets

Eur 7 bn EMTN Programme

EIB

Cdp

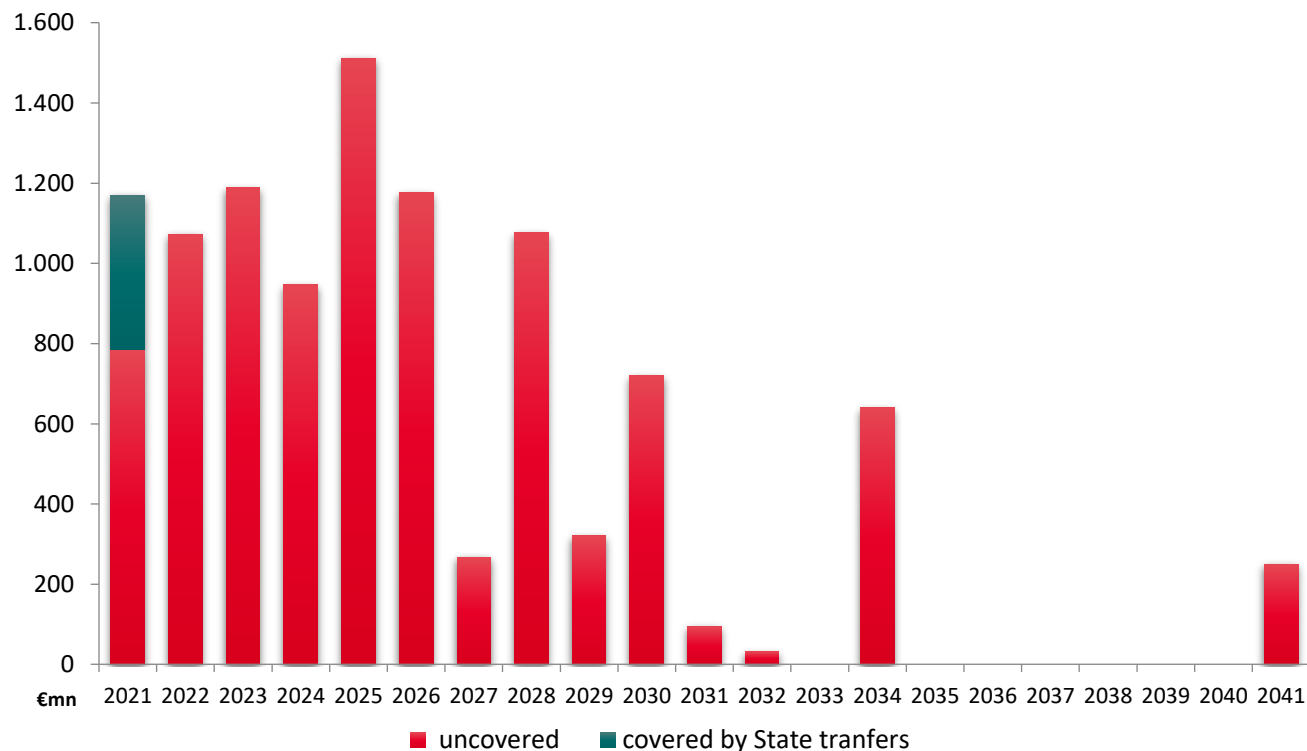
Eurofima

Balanced debt maturity profile

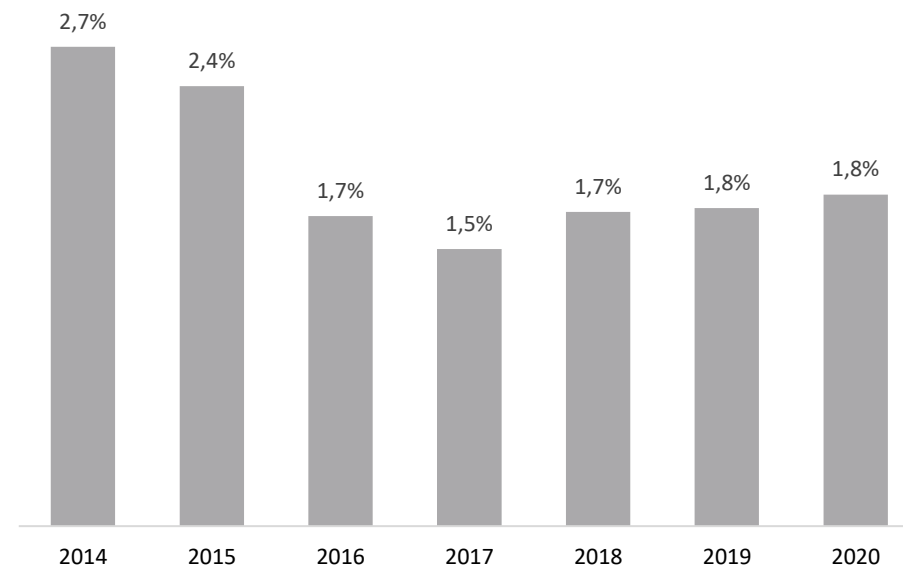
Effective management of financial expense

- The Group has a **balanced debt maturity profile** extending over the next 15-20 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.

Group long term debt maturity profile as of 30 June 2021*



Interest expense on Group's financial liabilities **



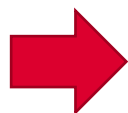
Eur 9 billion EMTN Programme

Proved access to the bond market



18 bonds for Euro 6.91 billion issued so far
Euro 5.56 billion outstanding

Series	Type of placement	Issue date	Amount (Euro mio)	Maturity
3	Private	01/2016	300	12/2025
4	Private	07/2016	350	07/2022
5	Private	07/2016	50	07/2031
6	Public	06/2017	1000	06/2025
7	Public	12/2017	600	12/2023
8	Private	12/2017	100	12/2025
9	Private	03/2018	200	03/2030
10	Public	07/2019	700	07/2026
11	Private	08/2019	100	08/2029
12	Private	12/2019	140	12/2029
13	Private	12/2019	190	06/2024
14	Private	07/2020	150	07/2032
15	Private	12/2020	250	12/2030
16	Private	12/2020	80	12/2023
17	Public	03/2021	1000	03/2028
18	Private	12/2021	350	12/2038



Among them, the 4 *corporate bond* fully underwritten by the EIB as private placement, one of them financed through the Juncker Plan funds of the EFSI



Allocation

75% Trenitalia	18% RFI	6% Polo Mercitalia	1% Qbuzz
<ul style="list-style-type: none"> For investments in High Speed and Regional trains 	<ul style="list-style-type: none"> For the completion of the High Speed infrastructure 	<ul style="list-style-type: none"> For investments in freight loco and wagons 	<ul style="list-style-type: none"> For investments in electric trains and buses for public transport

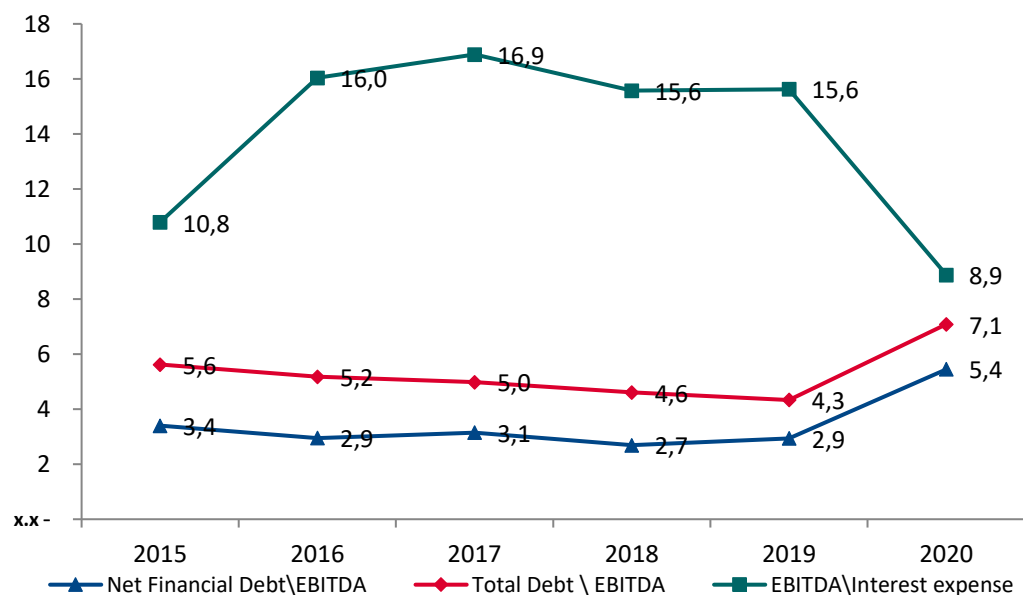
FS offers room for new issue at medium-long term tenors and is eager to develop its «green curve»

Debt service capacity

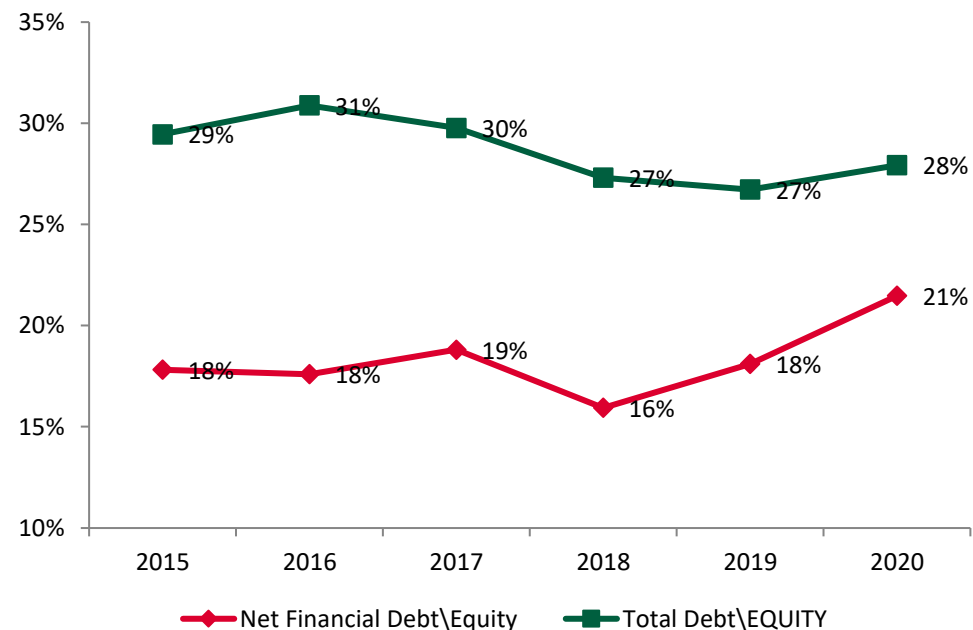
Effective funding management and still solid equity position

- Given improvement in profitability and conservative debt management, **Net Financial Debt / EBITDA** has keeping stable around **to 3x** in last years and in 2020 raised to 5.4x only due to COVID impact on EBITDA.
- 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 years and still over 8x in 2020 despite the crisis context.
- FS Italiane maintains a **strong and stable capitalisation** even after COVID impact.

Leverage evolution



Capitalisation



FY 2020 Consolidated Financial Statements

Income Statement			
€mn	2019	2020	Change %
REVENUE	12,435	10,837	(12.8)
Revenue from sales and services	11,957	10,482	(12.3)
Other income	478	355	(25.7)
OPERATING COSTS	(9,826)	(9,204)	(6.3)
EBITDA	2,609	1,633	(37.4)
Amortisation, depreciation, provisions and impairment losses	(1,780)	(1,911)	7.3
EBIT	829	(278)	(133.5)
Net financial expense	(176)	(283)	60.8
PRE-TAX PROFIT	653	(561)	5.8
Income taxes	(60)	(1)	(98.3)
PROFIT FROM CONTINUING OPERATIONS	593	(562)	(194.7)
Loss from assets held for sale, net of taxes	(9)	0	(100)
PROFIT FOR THE YEAR	584	(562)	(196.2)

Reclassified Statement of Financial Position			
€mn	2019	2020	Change
Net operating Working Capital	(262)	107	369
Other Net Assets	2,928	2,505	(423)
Working Capital	2,666	2,612	(54)
Net non-current assets	51,132	51,698	566
Other provisions	(4,303)	(3,994)	309
Net assets held for sale	482	0	(100)
NET INVESTED CAPITAL	49,977	50,316	339
Net current financial debt	677	1,106	429
Net non-current financial debt	6,982	7,787	805
Net financial debt	7,659	8,893	1,234
Equity	42,318	41,423	(895)
COVERAGE	49,977	50,316	339

HY 2021 Consolidated Financial Statements



Income Statement			
€mn	First half 2021	First half 2020	Change %
Total Revenues	5,222	4,746	10%
Operating Costs	(4,846)	(4,228)	-15%
<i>Of which:</i>			
Employee costs	(2,386)	(2,316)	
Raw materials	(563)	(470)	
Service costs	(2,412)	(1,890)	
Other net operating costs	515	448	
EBITDA	376	518	-27%
EBIT	(409)	(343)	-19%
Profit before Tax	(438)	(428)	-2%
Income taxes		9	-100%
Group Profit	(438)	(419)	-5%

Reclassified Statement of Financial Position			
€mn	30-06-2021	31-12-2020	Change
Net operating Working Capital	721	107	614
Other Net Assets	2,998	2,505	493
Working Capital	3,719	2,612	1,107
Net non-current assets	51,837	51,698	139
Other provisions	(3,949)	(3,994)	45
Net assets held for sale	29		29
NET INVESTED CAPITAL	51,636	50,316	1,320
Net current financial debt	1,659	1,106	553
Net non-current financial debt	8,984	7,787	1,197
Net financial debt	10,643	8,893	1,750
Equity	40,993	41,423	(430)
COVERAGE	51,636	50,316	1,320

Statements of Cash Flows		
€mn	First half 2021	First half 2020
Profit for the year	(438)	(419)
Net cash flows generated by operating activities	(661)	309
Net cash flows used in investing activities	(887)	(882)
Net cash flows generated by financing activities	1,738	205
Total cash flows	190	(368)
Opening cash and cash equivalents	1,258	1,534
Closing cash and cash equivalents	1,448	1,166

Contacts:

Stefano Pierini – Chief Finance & Investor Relations Officer

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

Riccardo Moscucci – Debt Capital Market

Tel. +39 06 44103618

Mail: r.moscucci@fsitaliane.it

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<https://www.fsitaliane.it/content/fsitaliane/en/investor-relations/debt-and-credit-rating.html>

