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FS GROUP, 2022-2031 INDUSTRIAL PLAN: 190 BILLION FOR SUSTAINABLE DEVELOPMENT OF INFRASTRUCTURE AND MOBILITY AT THE SERVICE OF THE COUNTRY

- **Presented today in Rome by Chairwoman Nicoletta Giadrossi and CEO Luigi Ferraris**
- **Redefinition of the governance and new organisational set-up of the subsidiaries aggregated into four business hubs: “Infrastructure”, “Passengers”, “Logistics”, “Urban”**
- **Enabling factors of the plan: innovation, digitisation and connectivity, development of people**
- **Strategic initiatives to increase the degree of energy autonomy and sole control over international activities**
- **Around 40,000 hires expected over the course of the plan**
- **Kick-off of the “Un tempo nuovo” institutional campaign, marking the beginning of a new era, complex and full of promise**

Rome, 16 May 2022

A long-term strategic and industrial vision supported by an investment plan of more than **190 billion** euros over the next ten years. The **2022-2031 Industrial Plan** of the Ferrovie dello Stato Italiane Group, which also envisages a profound redefinition of governance and a new organisational structure, was presented today in Rome by the Chairwoman of FS Italiane, Nicoletta Giadrossi, and the CEO, Luigi Ferraris.

The ten-year plan aims to ensure that infrastructure works are **completed on schedule**; prioritise multimodal collective transport over private transport; double rail freight compared to 2019; make rail and road infrastructure more sustainable, accessible, effectively integrated and resilient, expanding the network to reduce the gap between the country’s north and south; increase the Group's level of **energy autonomy** through renewable sources and contribute to the ecological transition in this area as well.

In order to fully exploit the potential of all Group companies and make a decisive contribution to the sustainable development of the country which is already experiencing extraordinary events such as the pandemic and international conflicts, the need emerged

to redefine the governance and revise the organisational structure into **four business hubs**, each with clear strategic objectives: “Infrastructure”, “Passengers”, “Logistics”, and “Urban”.

The new organisation aims to strengthen the synergies of all the companies operating in the Group and to increase their efficiency, also in terms of planning and design. The international landscape and the geopolitical tensions behind rising inflation, the effects of the pandemic and those of climate change on infrastructure, all combined with an awareness of the role that transport, logistics and infrastructure can play in the sustainable development of the country, have also contributed to shaping the new corporate reorganisation.

The enabling factors of the 2022-2031 Industrial Plan, which are key to its implementation, are innovation, digitisation, connectivity and development of the Group's people.

Particular attention is paid to the **ecological transition**, with activities to improve efficiency and reduce consumption combined with new initiatives to leverage assets by installing plants to produce electricity from renewable sources, to ensure that at least 40% of the Group's needs are covered.

In the international arena, the FS Group wants to ensure sole control over the business, aiming to generate further value in the countries where it is already present: France, Spain, Germany, Greece, the Netherlands and the UK. Outside Europe, Ferrovie dello Stato also plans to export integrated know-how through partnerships.

FS Group revenues in 2031 are expected to grow to around €22.5 billion and EBITDA to €3.9 billion, with an average annual growth rate (CAGR) over the plan period of 6.9% and 8.2%, respectively.

"The goal of the 2022-2031 Industrial Plan is to accelerate investments and provide more certainty that works will be completed on schedule thanks to a long-term vision. We are working to make our infrastructure more modern, interconnected and resilient, and our mobility services tailored to the different needs of our customers. We intend to promote a multimodal, collective transport that is more sustainable even in urban areas, double the share of freight transport by rail, and contribute to the ecological transition not only by making the use of rail – the most environmentally friendly means of transport par excellence – more attractive, but also by self-producing at least 40% of our substantial energy needs from renewable sources. The Plan envisages the recruitment of 40,000 people over ten years and sees people as its main enabler, along with innovation, digital transformation and connectivity. Un tempo Nuovo” a new promising era is beginning for us all, and I am certain that our people, today as yesterday, will know how to turn this plan into reality, proving themselves equal to the challenges that await us”, explained Luigi Ferraris, CEO of the Ferrovie dello Stato Italiane Group.

2022-2031 Industrial Plan

Context of reference

The FS Italiane Group is at the heart of the country's mobility system and plays a key role in its revitalisation and development with a view to integrating different infrastructures and modes of transport under the banner of sustainability. With more than 82,000 employees, over 10,000 trains every day, 1 billion train and bus passengers per year and 45 million tonnes of freight per year, Ferrovie dello Stato Italiane is the leader in passenger and freight transport by rail.

The railway network operated by Rete Ferroviaria Italiana extends 16,800 km, of which around 700 km are dedicated to high-speed services. The Group also operates a road network of about 32,000 kilometres.

The current landscape and unremitting international trends demand disruption and the definition of a 10-year strategy to view new works in their entire cycle: from design to realisation. The ten-year horizon will enable the Group to meet the major challenges that await it, starting with a new and different demand for passenger mobility characterised by a return to pre-Covid levels of leisure and tourism travel by 2025, and by an efficient logistics chain to support the modal shift towards rail.

Furthermore, the Group's activities will have to deal with inflation, the development and recruiting of specific professional skills, increasingly extreme weather events that underscore the importance of the issue of environmental sustainability and the maintenance and resilience of infrastructure, and the evolution of integration between technologies and physical infrastructure.

The new organisational set-up: the four business hubs

Redefining the governance and reviewing the organisation of the FS Group are prerequisites for achieving the challenging goals that Ferrovie dello Stato has set for itself. The new organisational structure will boost the potential of the various group companies and their cross-synergies. The four new business hubs will all share the same mission and objectives. They will play a crucial role in developing an increasingly integrated and sustainable infrastructure and mobility system for the benefit of the country. The revision of the regulatory framework in a manner more consistent with the Group's objectives is crucial for success. The business hubs and their primary missions are as follows:

- **Infrastructure Hub:** ensure the execution of investments; maximise industrial synergies; define and specialise the roles of the various infrastructures.
- **Passengers Hub:** develop a strategy increasingly focused on the different needs of customers; modal integration solutions; promote collective transport over individual transport; encourage modal shift policies and solutions from road to rail.
- **Logistics hub:** consolidate the Group's role as a system operator capable of boosting conventional and intermodal rail transport, with end-to-end management of European relevance also through specially established partnerships.

- **Urban Hub:** exploit the urban regeneration potential of the Group's real estate assets; establish partnerships for increasingly efficient asset management; ensure unified supervision and play a leading role in “Sustainable Urban Mobility Plans”.

The holding company will perform the function of policy-making, coordination, strategic and financial control over the sector's parent companies, which will perform the function of policy-making, coordination and operational control over the companies belonging to the hub.

Infrastructure Hub

Transport infrastructure is the backbone for the country's economic and social development, influencing its productivity, facilitating trade with other areas and markets, improving economic inclusion and social cohesion. The Infrastructure business hub will be instrumental in realising accessible, integrated and interconnected road and railworks during the stages of planning, design, technology development and maintenance.

The hub will include integrated and resilient physical infrastructure, together with engineering services to accelerate investment. The companies included in the cluster will be Rete Ferroviaria Italiana, Anas, Italferr and Ferrovie del Sud-Est. The sector leader will be RFI.

The inclusion of RFI and Anas in the same hub aims to maximise industrial synergies, ensuring full integration of rail and road infrastructure. Together the two companies manage around 50,000 kilometres of arterial roads and railway lines, almost 4,000 tunnels and over 40,000 bridges, underpasses and viaducts. There are a number of different strategic priorities: to realise infrastructure investments within certain timeframes; to improve the country's transport infrastructure by effectively integrating the rail and road networks with other infrastructure and urban centres; to ensure the safety and resilience of the infrastructure in an increasingly challenging context; to accelerate the ecological transition of the Group and the country; to seize the opportunities offered by new technologies for innovative maintenance and services.

The hub's investments are ambitious, and realising them requires a ten-year vision, a certainty of investment readiness and an independent cost-benefit analysis. RFI forecasts a total of around €110 billion in investments in extraordinary maintenance, technology, regional networks, port/freight terminal connections, routes of national interest (High Speed/High Capacity), safety and upgrades, tourist lines, metropolitan cities and airport connections. The completion of the projects in the pipeline will be decisive for increasing service punctuality, with an extensive introduction of the most modern distancing systems (ERTMS). The works will result in reduced travel times on the main routes. A few examples: Turin-Genoa (from 1h 40' to about 1h); Milan-Genoa (from 1h 30' to about 1h); Milan-Trieste (from 4h 20' to 3h 50'); Naples-Bari (from 3h 35' to 2h); Palermo-Catania (from 3h to 2h); Sassari-Cagliari (from 3h to 2h 30'). The construction of the

Florence railway underpass will also contribute to a reduction in travel time on the Turin-Salerno high-speed backbone and to a total separation of high-speed and regional flows in the Florence node, with an improvement in punctuality and increased frequency.

As far as Anas is concerned, investments of around €50 billion are planned between network development, extraordinary maintenance and other initiatives required to complete the plan. The inclusion of the company in the “Infrastructure” hub will also drive the acceleration of the digitisation and connectivity of roads, transforming them into Smart Roads. To maximise industrial synergies Italferr's contribution to the design and supervision of the works will also be decisive.

In order for Anas to become an integral part of the group with RFI and Italferr a number of regulatory and legislative issues need to be addressed, such as for example the streamlining of the system of rules and procedures and the definition of a “programme contract” with a lifetime commitment to invest in the works.

Passengers Hub

The Passengers hub was created with the aim of uniting the FS Italiane Group companies involved in passenger transport by rail and road in order to promote integrated mobility solutions, increase the share of collective and shared transport and propose an offer that is increasingly customised and attentive to the needs of individual passengers according to the principles of environmental, social and governance sustainability. In detail, the hub will invest around €15 billion by 2031.

The Passengers hub will focus on the creation of a multimodal business whose advantage is exploiting the merits of the various means of transport in order to create an integrated, economical, reliable and sustainable system. The range of services will be increasingly customised and attentive to the needs of individual passengers according to the principles of environmental, social and governance sustainability. The hub will invest around €15 billion by 2031.

The sector leader will be Trenitalia. Other members of the cluster include Busitalia (a company that offers bus connections for local and suburban public transport in Italy, and also operates in the Netherlands with its subsidiary Qbuzz), Ferrovie del Sud Est and its rail and road network in Salento, and Trenitalia Tper (a 70% subsidiary of Trenitalia), which manages regional rail transport in Emilia-Romagna with the newest fleet in Italy.

The Passengers hub will also support the development of tourism in the country, offering frequent, widespread connections for those who choose green transport for their leisure and tourism travel. This includes solutions increasingly dedicated to tourists and greater integration between different modes of transport by connecting the country's three gateways: railway stations, airports and sea ports. These will be complemented by an increase in slow tourism on historic trains travelling on lines that are still in operation or

no longer used for commercial traffic, allowing passengers to explore Italy's cultural, scenic and culinary delights on trains that have played a key role in Italy's rich history.

Intermodality between the FS Italiane Group's means of transport is the core business of the hub and the synergy between Trenitalia, Busitalia and Ferrovie del Sud Est will make it possible to offer intermodal rail/road services – already a best practice in some cases – that are critical for the development of collective transport and consequently of cities and urban areas. Passengers will therefore be able to construct an itinerary with multiple means of transport while also enjoying genuine integration for the digital part and dedicated loyalty programmes.

The creation of the Passengers cluster will ensure a competitive advantage when participating in public tenders for local and suburban public transport as the hub will be able to offer widespread connections adapted to the needs of the local region through a single provider.

Moreover, it will be possible for Trenitalia to specialise the different types of connections, guarantee modal integration and improve the quality of services, including the first and last mile. For Busitalia, on the other hand, the hub will act as a driving force for the company's growth through public tenders and the activation of low-cost rail services. The whole system will be centred on the customer, to whom modal integration solutions will be offered, including MaaS (Mobility-as-a-Service), a service that, thanks to a (digital) platform, will enable users to plan, book and pay for several types of mobility services, offering them tailor-made solutions based on individual needs.

The hub will be structured as follows:

- **Market sector**, without public subsidies, with the extension of the first and last mile by bus for areas not directly served by Trenitalia's Freccie, or shuttle services to reach users and territories with better timetable integration.
- **Regulated sector**, i.e. defined by service contracts with the state, regions or municipalities with better coordination for public tenders for road and rail services, an offering aimed at meeting the needs of the user base to increase the share of passengers and a rationalisation of the product range.
- **Development of tourism** with a better integration of leisure travel services and the development of itineraries with historical trains.

Logistics Hub

Doubling the share of freight traffic by rail compared to 2019, improving existing terminals and creating new ones is the goal that the FS Italiane Group intends to pursue with the creation of the Logistics business hub. By working with a systemic perspective on the entire supply chain, with major investments that also include the digitisation of the freight transport chain, Ferrovie dello Stato aims to make the sector more competitive and achieve the goals set by the UN 2030 Agenda: increase the share of rail freight from the current 11% – the majority still travelling by road – to the 30% demanded by Europe.

A share that needs to increase rapidly and that today is below the European average (19-20%), well beneath the figure for Switzerland and Austria (around 35%) and the United States (46%).

The sector lead will be Mercitalia Logistics. Seven national and international operating companies are included in the cluster, including Mercitalia Rail, the largest rail freight company in Italy and one of the largest in Europe, Tx Logistik and Mercitalia Intermodal, the largest combined road/rail transport operator in Italy and the third largest in Europe.

In order to double the share of freight handled in 2019 and reach the target of 2031, a series of system-wide measures totalling almost €2.5 billion in investments are planned. The construction of new, technologically advanced and environmentally friendly intermodal rail freight terminals can increase freight volumes, even for intermodal transport. Important here are the new lines that the FS Group is currently working on, such as the Terzo Valico dei Giovi, the southern end of the Rhine-Alps corridor that could turn the Genoa node into the main hub along the trade route from the Far East to Europe, shortening sea transport time by about five days compared to northern sea ports such as Rotterdam and Antwerp. Then there is the renewal of the locomotive and covered wagon fleet, with the replacement of 3,400 vehicles and the entry of more than 3,600 new generation, environmentally friendly electric and hybrid models.

The creation of the cluster will underpin the evolution of the positioning on the supply chain from a specialised role on selected segments to a system operator, including through partnerships, greater commercial synergy and a new customer approach. In order to make the logistics chain more efficient, and to support the modal shift to rail, a revision of regulations is desirable, starting with the rationalisation of the forms of subsidies according to an intermodal logic, which can contribute to a rebalancing in favour of the green transition. Today, for example, tolls for rail freight transport account for between 13% and 23% of total production costs, whereas for road haulage tolls account for less than 7%. Furthermore, rail transport bears the costs of operating the infrastructure by paying tolls along the entire route and for stops longer than 60 minutes, while road transport can rely on an extensive road network and free parking areas. Necessary measures therefore include the reduction of regulatory and toll differences between road and rail transport in order to create the conditions and prerequisites for fairer competition and to promote development in the sector that takes into account factors such as environmental sustainability, safety, and the external costs of transport.

Urban Hub

The repurposing of assets that are no longer functional for rail services, and the increased attractiveness of stations with a view to the sustainable regeneration of cities are the targets to be pursued by the Urban hub. In fact, growing urbanisation will make large cities the focus of the sustainability game in the future, considering that they are already responsible for 40% of global electricity use and 70% of greenhouse gas emissions.

The sector lead will be Sistemi Urbani. The cluster includes the companies Metropark, RFI and Anas for the real estate part, and Gs Immobiliare. The hub's main strategic priority will be to manage and regenerate the Group's real estate assets, with a €1.5 billion investment concentrated in around 24 million square metres of land in areas bordering roads and railways, which could be used in a green perspective to produce clean energy, plant trees, and create green corridors and cycling paths.

Moreover, the transformation of stations into service centres and effective interchanges between trains and other means of transport will strengthen the strategic role of railway stations within an integrated, sustainable and modern mobility system. A strategic lever to give stations a new face, especially in small towns losing inhabitants, will be digital connections that are essential to creating the conditions for people to want to return.

The hub's objectives also include the integrated management of the Group's car parks, which will increase from 84 to 250, thus managing 20,000 more parking spaces, thousands of electric charging columns and new spaces for sharing, and the development of centres of excellence to offer turn-key services to medium-sized cities – those with between 100,000 and 400,000 inhabitants – to design, build, finance and manage infrastructure for sustainable urban mobility. With a view to teamwork and to offer an increasingly comprehensive service, the Urban cluster will also work on agreements with other state-owned companies.

Enabling factors: people

The full, enthusiastic involvement of the more than 82,000 people working in the FS Group, their motivation and development, and the search for and attraction of new talent constitute enabling factors not only for the 2022-2031 Industrial Plan, but also for the concrete achievement of the objectives and opportunities offered by the NRRP National Recovery and Resilience Plan.

The development of human capital in Ferrovie dello Stato is both central and decisive, with continuous training being considered key. Approximately 40,000 hires are foreseen over the course of the plan. Strategic drivers will be: rewarding talent, supporting inclusiveness, ensuring safety in all areas of work, fostering professional development and identifying and preparing the leadership of the future.

In order to fill the need for professional figures in the engineering and construction sector and to stem the potential risk of resource shortages, the Group is working among other things to update its recruiting and resource management policies, as well as to strengthen its partnerships with universities.

Enabling factors: innovation and digitisation

Macro-trends in technology, innovation and digital such as automation, next-generation automatic computing and artificial intelligence are revolutionising society and the economy.

The FS Group aims to identify innovation, digitisation and connectivity as enablers of the Industrial Plan to make users more connected and seize the opportunities offered by more pervasive innovation, including by availing itself of external expertise.

Ferrovie dello Stato's strategic objectives in this regard are to support the Group's digital transformation, ensure the completion of digital projects and preside over key digital platforms with a strong focus on data culture to support decision-making.

The Group has developed a series of strategic initiatives that it will pursue through six digital platforms:

- **Resilience platform** for monitoring road and rail infrastructure.
- **Passenger smart mobility platform** (e.g. timetable harmonisation, trip planning, ticketing, parking management).
- **Integrated logistics platform**
- **Smart schedule platform** to reconcile maintenance needs and service levels.
- **Group payment platform**
- **Gigabitrail** to connect the railway infrastructure.

Energy and ecological transition

The objectives listed above are coupled with a focus on the ecological transition, with a plan to improve efficiency and reduce consumption and a series of initiatives aimed at self-production from renewable energy sources. In fact the Group's operations require a high annual energy consumption, totalling around 2% of the national demand.

For this reason, Ferrovie dello Stato aims to leverage or repurpose part of its assets by installing plants for the production of electricity from renewable sources in order to guarantee coverage of at least 40% of the Group's needs.

This is an activity to be carried out from a prosumer perspective, to increase internal efficiency and contribute to the national pursuit of ecological transition objectives, including with a plan that will reduce CO₂ emissions by about 7.5 million tonnes per year thanks to business initiatives and the modal shift to rail. That shift will allow for a reduction of about 2.8 million tonnes per year for passenger transport, while for freight transport the reduction will be about 2.9 million tonnes per year.

The following initiatives are planned:

- Sole Group oversight
- Monitoring and development of new business opportunities
- Strengthening of existing agreements with industry players and scouting of new partnerships for development of know-how
- Coordination and control of Group energy production/consumption
- Coordination and development of innovative solutions

International presence of the Group

In the 2022-2031 Strategic Plan, the international initiatives of the FS Italiane Group are increasingly central as it intends to position itself as a “multidomestic company” in Europe, which is now becoming a domestic market thanks to increasing liberalisation and the push towards collective and shared transport. The development of an international strategy for all Group companies is expected to result in an increase in revenue from €1.8 billion (in 2019) to around €5 billion in 2031.

As far as transport services are concerned, the FS Italiane Group, in particular Trenitalia and Busitalia, are already present in several European countries. In France, where high-speed services between Milan and Paris via Turin and Lyon have been offered since December 2021 and have also been expanded with connections between Paris and Lyon. In Great Britain with Trenitalia c2c, a subsidiary of Trenitalia UK, which has strengthened its presence with the awarding of the concession to manage one of the most important rail routes, London-Glasgow, to which will be added services on the new high-speed line (known as High Speed 2) that will connect London with Birmingham and Manchester. In Germany and the Czech Republic with Netinera. In Greece where faster connections between Athens and Thessaloniki have been launched and passenger and intermodal services developed. In Spain, where the *Frecciarossa* 1000 will travel between the country's major cities by the end of 2022, and in the Netherlands, thanks to Qbuzz, a local public transport operator that is developing important solutions to promote more sustainable transport with its own fleet of hydrogen-powered buses.

Un Tempo Nuovo

We recently kicked off the “Un tempo Nuovo” institutional campaign that accompanies the 2022-2031 Industrial Plan of the Ferrovie dello Stato Italiane Group. The tagline (A New Time) underscores the importance of the historical moment we are living in, in a world that needs to react and pursue a number of different paths and needs all at the same time, to confidently look towards the opportunities that the future holds. A new vision of life and a conquest of lightness that can only happen with solid tools, quality and value. The campaign will run on major national TV stations, online publications and social channels. In the press and poster campaign, the focus is on people, the strategic enabler of the Industrial Plan.

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