

FS ITALIANE BOARD OF DIRECTORS APPROVES 2021 FINANCIAL STATEMENTS: BACK TO NET PROFIT AT 193 MILLION EURO, ALL MARGINS UP, TECHNICAL INVESTMENTS UP 40% ON 2020 (12.5 BILLION EURO)

- operating revenues of 12.2 billion Euro, about +1.3 billion Euro (+12.2%) compared to 2020
- EBITDA at 1.9 billion Euro (+15.6%, or 255 million Euro, compared to 2020); EBIT at 193 million Euro (-278 million Euro in 2020, up 471 million Euro)
- net profit at 193 million Euro, +755 million Euro compared to 2020
- technical investments at 12.5 billion Euro (+40% on 2020), of which 98% in Italy and more than 10 billion Euro in rail and road infrastructures. Advances to suppliers of 2.6 billion Euro (compared to around 1 billion in 2020) supporting Country's production chains
- net financial position at 8.9 billion Euro, in line with 2020
- infrastructure tenders worth approximately 26 billion Euro awarded
- Over 25 billion Euro assigned to the FS Group subsidiaries from the National Recovery and Resilience Plan and the Complementary Fund, under the Next Generation EU programme
- Group's Sustainability: FS has been rated "Advanced" in Moody's ESG Solutions rating, "B" in the Carbon Disclosure Project rating on climate issues and "A-" on the scoring related to supplier involvement on these issues

Rome, 30 March 2022

Ferrovie dello Stato Italiane Board of Directors today approved today the company's annual financial report, including the consolidated the Group's financial statements as of 31 December 2021.

Luigi Ferraris, FS Group CEO, said: "The positive results achieved in 2021 by the Group are a solid basis for the relaunch of all FS operations, albeit in a context still



affected by the tail of the pandemic and by the tragic war in Ukraine. Within this framework, FS Group will play a relevant role in pursuing the objectives of the PNRR (National Resilience and Recovery Plan), providing the country with efficient and integrated infrastructure, mobility and logistics systems, as well as making Italian cities more sustainable. The Group is also willing to play a leading role in the ongoing energy transition process, as an important national self-producer from renewable energy sources. This is a challenge that all of us women and men of the FS Group will face with commitment and determination, aware of the centrality of our activities to the benefit of the Country.”

Economic and financial results

The FS Group recorded a **positive Net result for the year**, amounting to **193 million Euro**, after the strong effects on the 2020 results (-562 million Euro) due to the COVID-19 pandemic. The pandemic continued to affect in 2021, albeit to a lesser extent, the entire production system, with consequences particularly on the mobility of people and freight.

€ Mln	2021	2020	Variation	%
Operating revenues	12.154	10.837	1.317	12%
EBITDA	1.888	1.633	255	16%
EBIT	193	(278)	471	169%
Net Results	193	(562)	755	134%
Technical investments (€ bln)	12,5	8,9	3,6	40%

Margins for the years are positive and are increasing:

- the Group’s **operating revenue** increased to **12.2 billion Euro** compared to the 2020 financial year, with an overall increase of 1.3 billion Euro (+12.2%), essentially due to the partial recovery of rail and road traffic after last year’s closures;
- the increase in revenues was accompanied by a growth in **Gross Operating Margin (EBITDA)** of 255 million Euro to **1.9 billion Euro** compared to 1.6 billion Euro in the previous year (+15.6%);
- **EBIT** amounted to a positive value of **193 million Euro** (with the EBIT Margin consequently going from -2.6% to +1.6%).

More specifically, **revenues from transport services**, increased at **5.8 billion Euro** by 730 million Euro compared to 2020, both domestically and internationally. Specifically, all transport businesses show a positive trend, mainly due to the renewed mobility of people and freight, albeit limited and uneven in time and space. Revenues from Long Haul and Short Haul rail passenger services are up (a total of approximately 695 million



Euro), as well as revenues from road and maritime passenger transport (+2 million Euro) and rail freight (+33 million Euro).

The overall increase in transport revenues, particularly when compared to the trend of the previous period, is a direct consequence of the progressive easing of the restrictions carried out by the Italian Government, in line with the decisions in other European countries, to contain the COVID-19 pandemic. In terms of long-distance market demand, Trenitalia reports a 20.7% recovery in volumes and a 5% increase in saleable seat-kilometres, considering the continued use of the “chequered” seat criterion. Regional trains report a 25.8% increase in passenger-kilometres, with a 15.0% increase in production in terms of train-kilometres compared to 2020.

Furthermore, due to the economic effects related to COVID-19, operating revenues for 2021 also include compensations provided at national and international level by the various laws and decrees for **958 million Euro**. This amount is lower (-9.1%) than that entered in 2020 (1,054 million Euro), which consequently mitigated the negative effects on the Group due to the pandemic.

Operating costs for the year amounted to **10.3 billion Euro**, an increase of 1.1 billion Euro (+11.5%) compared to the previous year. Both personnel costs (+332 million Euro) and other operating costs (+730 million Euro) increased, as a result of the recovery of business activities and, in part, because of the inflation that, starting in the second half of 2021, will translate into higher commodity prices, especially electricity.

In terms of **investments**, the FS Italiane Group continued in 2021 in its central role of supporting the national industrial system, despite the strong, objective complexities caused by the COVID-19 emergency. The Group reached in 2021 the all-time highest **expenditure on technical investments (12.5 billion Euro)**. This made a significant contribution, with a 40% growth compared to 2020, to the strengthening of the country (98% investments in Italy and over 10 billion Euro in rail and road infrastructures), particularly aimed to the development and renewal of the transport, infrastructure and logistics sectors. The Group has also ensured full financial support for the construction and procurement sector, through the release of advances to suppliers of approximately 2.6 billion Euro (compared to 1 billion Euro in 2020).

The decisive role of the FS Group in the **Next Generation EU (NGEU) Programme**, launched at the end of May 2020, is significant. Around **25.2 billion Euro** of the funds under the PNRR and the Complementary Fund have been assigned to Group subsidiaries, particularly to Rete Ferroviaria Italiana (RFI), of the 235 billion Euro (including React EU, PNRR and the Complementary Fund) allocated to Italy. RFI plays a crucial role in the success of the Plan, especially with regard to Mission 3 (interventions on the National Railway Infrastructure, interventions on the Regional Railways, for the monitoring and digital surveillance of infrastructures, and for Railway Connections), with 23.86 billion Euro, or 11% of the entire PNRR for Italy, already allocated.

The FS Italiane Group also retains a high degree of capital and financial strength, with shareholders' equity amounting to approximately **41.6 billion Euro at the end of 2021**. The **Net Financial Position (NFP)**, which is approximately **8.9 billion Euro**, remains in line with that at 31 December 2020, with an NFP/equity ratio of approximately 0.2.



The external credit ratings continue to give full recognition to the Group's capital and financial reliability (with Standard & Poor's confirming its "BBB" rating at the end of November 2021 and raising FS's outlook from "negative" to "positive", and with Fitch upgrading it from "BBB-" to "BBB" last December with a "stable" outlook).

Approximately 85% of the economic value that the Group generated through its activities (revenues from sales and services and financial income) was distributed to its stakeholders. This represents a share of 10.4 billion Euro including operating costs, employee wage and benefits, payments to lenders and the Public Administration. The economic impact that the Ferrovie dello Stato Italiane Group has generated through its activities and investments is equal to 1.6% of the national Added Value, while employment is equal to more than 290 thousand units, including both direct and indirect and secondary employment.

Environmental, social and governance sustainability

In terms of **environmental sustainability**, FS Italiane confirms an improved **emissions trend**, even against a generalised increase in energy consumption (**2.06 million tonnes of CO₂ equivalent**, compared to 2.8 million tonnes in 2020). This positive variation is due to the renewal of the railway fleet with more energy-efficient vehicles and the improvement of the electricity generation mix. The commitment to the **recovery of special waste** is also significant, **exceeding 90%**.

In 2021, the Group made a further commitment to **climate change risk mitigation**, by defining a structured programme aimed at improving service performance and reliability, reducing emerging climate-induced costs and enhancing traffic safety.

Sustainable finance instruments play a significant role in this framework. Two **green bonds** were placed in 2021: the first, in March, amounting to **1 billion Euro**, to finance Trenitalia's new ETR 1000 high-speed trains and new regional trains Pop & Rock; the second one, in December, of **350 million Euro**, with the European Investment Bank (EIB) as sole investor, to support the purchase of modern high-speed trains by Trenitalia for the Italian and Spanish lines. This last bond issued by Ferrovie dello Stato Italiane SpA is the first green bond to be subscribed by the EIB as part of its Green Bond Purchase Programme. Furthermore, in December, Sustainalytics confirmed the full alignment to the European Taxonomy of Sustainable Activities of "eligible green projects" identified by FS in its Green Bond Framework.

A new larger Revolving Credit Facility (RCF), being an irrevocable credit line, was subscribed in 2021. This RCF is Sustainability-Linked, amounts to 2.5 billion Euro and has a tenor of three years, with adjustments mechanisms of the margin and the commitment fee upon the achievement of targets relating to four Key Performance Indicators that represent the Group's commitment to multiple sustainability issues.

The FS Group has continued to support its suppliers in integrating and consolidating environmental and social elements in the procurement phase. Since 2017, **more than 600** suppliers have been involved, including through the use of EcoVadis, one of the most internationally accredited platforms for assessing the sustainability performance of the supply chain.



2021 also marked the start of application of **EU Regulation 2020/852** (the so-called EU Taxonomy) on eco-sustainable activities. More specifically, during the year, all Group companies were engaged in analysing and mapping their activities to define the portion of their revenues, costs and investments that are “eligible” under the European Taxonomy criteria. At the end of the analyses, which will continue in 2022 with the identification of activities “aligned” to the criteria defined by the Regulation, it was found that: **76.1% of the Group’s operating revenues** were “eligible”, as were **66.7% of costs** and almost all **investments, with more than 99% capex eligibility**.

FS has also been rated “Advanced” in Moody’s ESG Solutions rating, “B” in the Carbon Disclosure Project rating on climate issues and “A-” on the scoring related to supplier involvement on these issues

The Group’s **workforce** increased from 81,409 to **81,906 people**, with a turnover of 8,680 employees joining and 8,183 leaving, mainly due to generational turnover.

The **Financial Reports** section of the **fsitaliane.it** website contains a summary document detailing the main results achieved during the period by the Ferrovie dello Stato Italiane Group.

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

The document also contains summaries of financial information that should not be considered as a substitute for the Ferrovie dello Stato Italiane SpA and FS Group financial statements, or forward-looking statements that do not constitute a guarantee of future events and results.