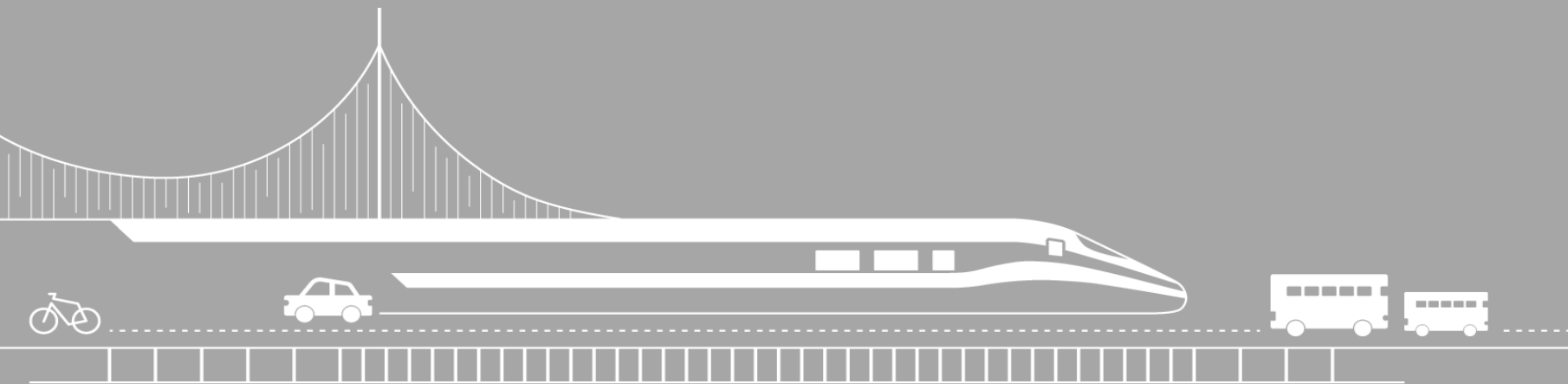


# Annual Financial Report 2017

Rome, 27 March 2018



## KEY FIGURES

**OPERATING INCOME** €9.3 billion

**EBITDA** €2.3 billion

**EBIT** €718 million

**NET PROFITS** €552 million

**DIRECT ECONOMIC VALUE DISTRIBUTED** €7.2 billion

**FS Italiane INVESTMENTS** €5.6 billion

(Leading industrial group for domestic investments)

**FS COMMITMENTS FOR SUSTAINABILITY**

## KEY FIGURES

OPERATING INCOME +9%

EBITDA +14%

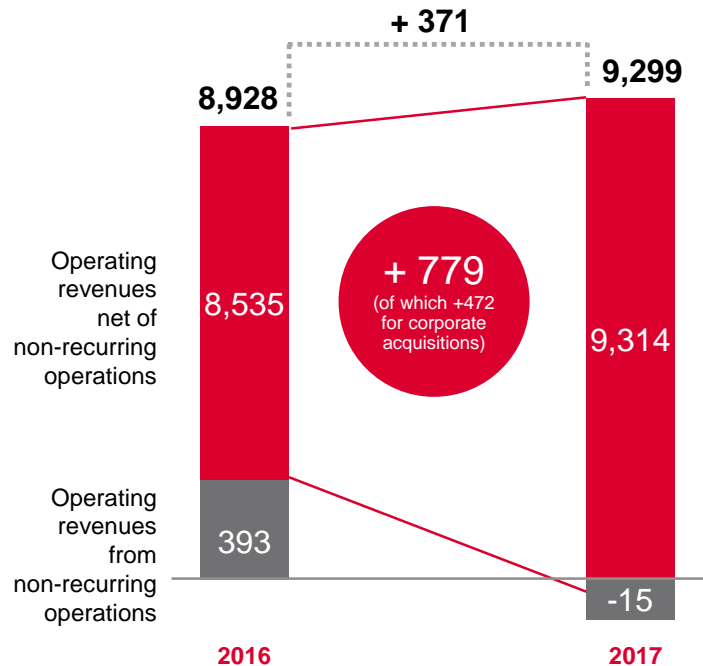
EBIT +13%

NET PROFITS +10%

COMPARISON WITH 2016  
NET OF EXTRAORDINARY OPERATIONS

# OPERATING INCOME 9.3 BILLION

(+9% EXCLUDING NON-RECURRING ITEMS)



	Total 2016	Total 2017
Income excluding non-recurring operations	8,535	9,314
Income from non-recurring operations	393	-15
<b>Operating income</b>	<b>8,928</b>	<b>9,299</b>

### 2016 non-recurring operations

Capital gains and change of scope by Grandi Stazioni Retail operation

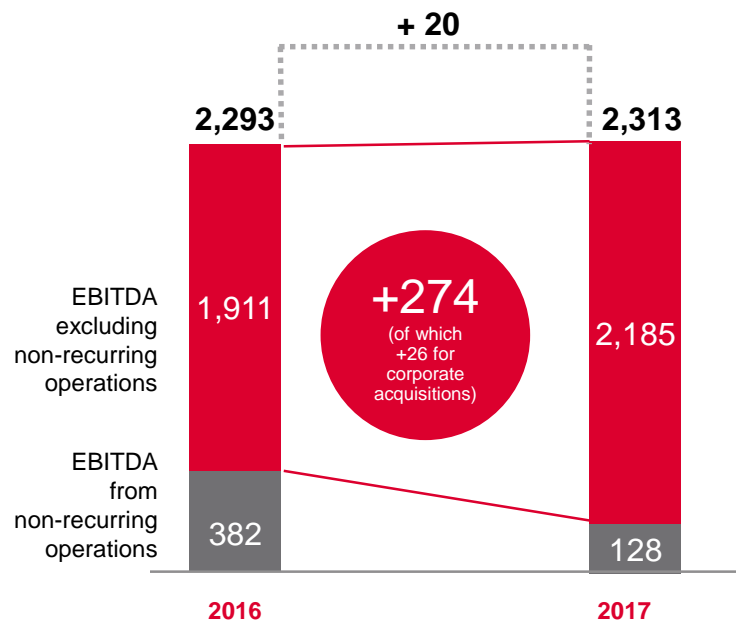
### 2017 non-recurring operations

Windfall profits, for the years 2015-2016, determined by the application of the new price regime set in 2017 by Law no. 167 regarding the regulation of the electric power drive electricity pricing system

Values in thousands of Euro

# EBITDA 2.3 BILLION

(+14% EXCLUDING NON-RECURRING ITEMS)



	Total 2016	Total 2017
EBITDA excluding of non-recurring operations	1,911	2,185
EBITDA from non-recurring operations	382	128
<b>EBITDA</b>	<b>2,293</b>	<b>2,313</b>

### 2016 non-recurring operations

Capital gains and change in scope by Grandi Stazioni Retail operation

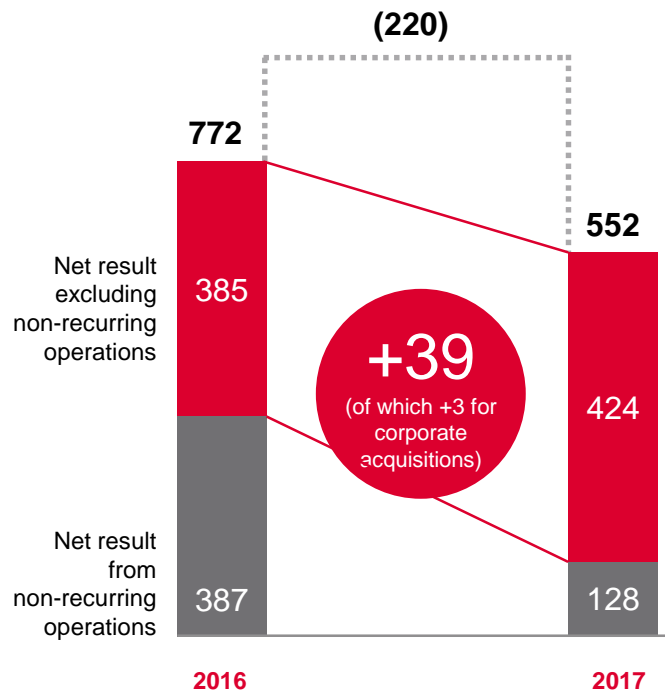
### 2017 non-recurring operations

Windfall profits, for the years 2015-2016, determined by the application of the new price regime set in 2017 by Law no. 167 regarding the regulation of the electric power drive electricity pricing system

Values in thousands of Euro

# OPERATING INCOME 552 BILLION

(+10% EXCLUDING NON-RECURRING ITEMS)



	Total 2016	Total 2017
Net result excluding non-recurring operations	385	424
Net result from non-recurring operations	387	128
<b>NET RESULT</b>	<b>772</b>	<b>552</b>

### 2016 non-recurring operations

Capital gains and change in scope by Grandi Stazioni Retail operation

### 2017 non-recurring operations

Windfall profits, for the years 2015-2016, determined by the application of the new price regime set in 2017 by Law no. 167 regarding the regulation of the electric power drive electricity pricing system

Values in thousands of Euro

# EQUITY GENERATION AND DISTRIBUTION

	2017		2016	
<b>Direct economic value generated</b>	<b>9,375</b>	<b>100%</b>	<b>9,004</b>	<b>100%</b>
Income from sales and services	8,632		7,908	
Other income	743		1,096	
<b>Direct economic value distributed</b>	<b>7,208</b>	<b>77%</b>	<b>6,837</b>	<b>76%</b>
Operating costs for goods and services	2,760		2,623	
Employees wage and benefits	4,178		3,951	
Financial expenses	176		170	
Payments to public entities	94		93	
<b>Retained economic value</b>	<b>2,167</b>	<b>23%</b>	<b>2,167</b>	<b>24%</b>

# INVESTMENTS

FS Italiane investments **€5,625 million**

**99%** in ITALY

**20%** in TRANSPORT

**79%** in INFRASTRUCTURES

**100 thousand** indirectly created jobs\*

\* Estimate calculated according to ISTAT guidelines



# INVESTMENTS

**FS Italiane investments €5,625 million**

**of which €1,134 million in TRANSPORT**

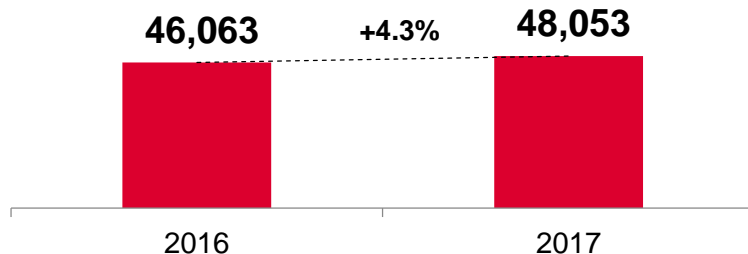
6.4 billion euro set in the 2017-2026 Industrial plan for investments in regional transport (including 450 new electric trains: 300 *Rock* and 150 *Pop*)

**40% REGIONAL services**

**39% Market services (*Frecce* and others)**

**21% *InterCity* and other services**

Passengers km transported (millions)



# INVESTMENTS

**FS Italiane investments €5,625 million**

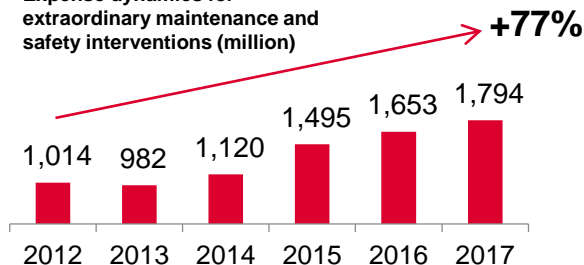
**of which €4,451 million in INFRASTRUCTURES**

**95% TRADITIONAL NETWORK**

**5% HS/HC NETWORK (TO-MI-NA)**

**40% MAINTENANCE AND SAFETY**

Expense dynamics for extraordinary maintenance and safety interventions (million)



- Over **8 billion in investments** in extraordinary maintenance and safety interventions since 2012

# PERSONNEL RECRUITMENT

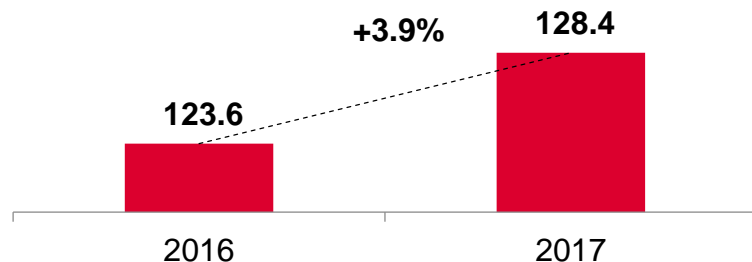
**8,405** recruited to the FS Group in 2017

**4,379** HIRING FROM THE MARKETPLACE

of which 78% in ITALY (approximately 3,400)

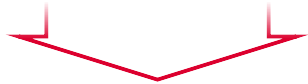
**3,789** CORPORATE ACQUISITIONS

Average operating income per employee (€ thousands)



# SUSTAINABILITY: GLOBAL COMPACT NETWORK

Will to **transform the Group into a mobility business of the future** able to work according to principles of sustainability, maintaining the highest ethic and integrity levels.



## Joined the *Global Compact network in 2017*

### GLOBAL COMPACT PRINCIPLES



<p><b>1 RESPECT</b> and support internationally recognized human rights in your area of influence</p>	<p><b>2 ENSURE</b> that your company does not participate in any way in the violation of human rights</p>	<p><b>3 SUPPORT</b> freedom of association and recognize to open collective bargaining</p>	<p><b>4 ELIMINATE</b> all forms of forced or compulsory labour</p>	<p><b>5 ERRADICATE</b> all forms of child labour in your productive chain</p>
<p><b>6 STIMULATE</b> all practices that eliminate any form of discrimination at the workplace</p>	<p><b>7 ASSUME</b> a responsible, preventive and proactive posture towards environmental challenges</p>	<p><b>8 DEVELOP</b> initiatives and practices to promote and divulge socioenvironmental responsibility</p>	<p><b>9 PROMOTE</b> the development and dissemination of environmentally responsible technologies</p>	<p><b>10 FIGHT</b> corruption in all of its forms, including extortion and bribery</p>



Participation in the **creation of a global, inclusive and sustainable economy**, through the integration of **Global Compact principles** in the Group's strategy and daily activities.

# SUPPLY CHAIN SUSTAINABLE MANAGEMENT

The project launched by Rete Ferroviaria Italiana (RFI), and currently being extended to other Group companies, includes the use of the Ecovadis platform for supplier evaluation based on criteria concerning the environment, work practices and human rights, fair business practices and sustainable purchasing.



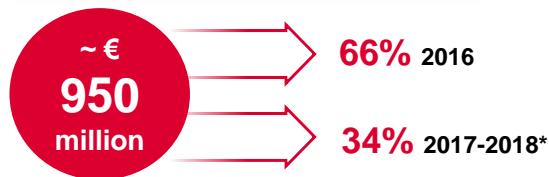
# SUSTAINABILITY: GREEN BOND ISSUANCE

- **November 30, 2017: first *Green Bond* issued** on the market by a rail transport operator to finance new trains for both regional and high speed transport
- Par value 600 million Euro and 6-year maturity
- Income from the issue used to finance *eligible* Trenitalia projects (total pool 950 million Euro, from 2016 to 2018) with positive impacts in terms of environmental sustainability and fleet renewal for public transport:

- **new “Electric Multiple Unit (EMU)” trains for regional passenger transport**
- **new “ETR 1000” high speed trains for High Speed passenger transport**



Both projects ensure improvements in energy efficiency, reduced greenhouse effect gas and modal shift towards to train use (in addition to improving air quality and passenger comfort)

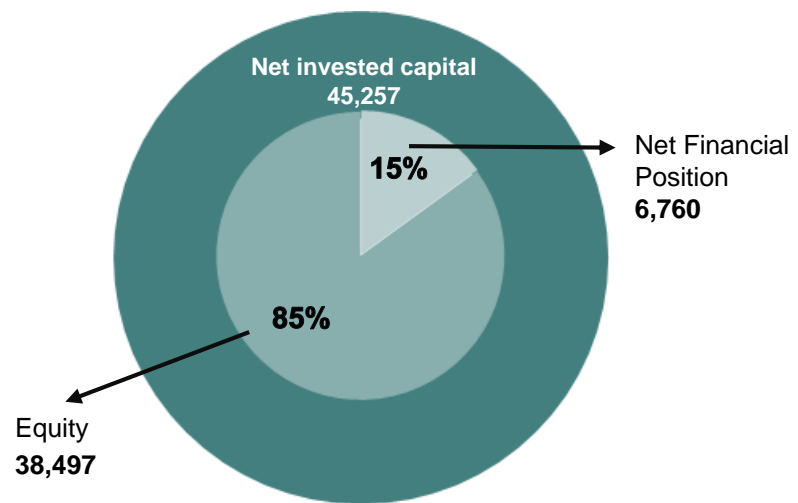


Total *eligible* investments for financing through Green Bond 2016-2018 three-year period

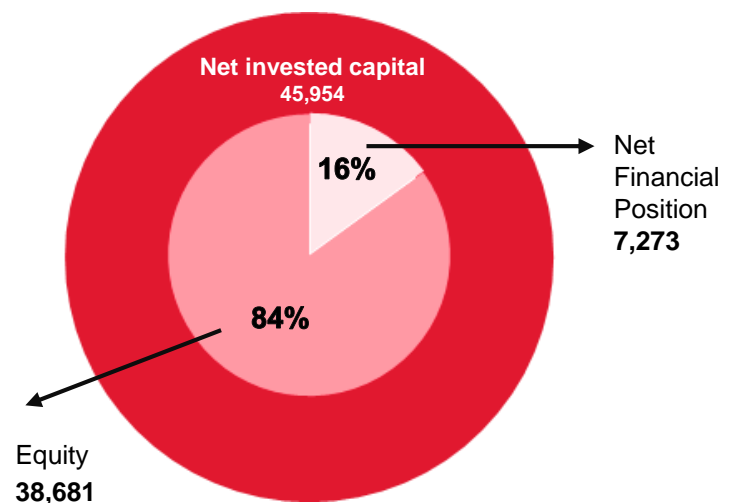
\* 2018 = Trenitalia payment forecasts

# STATEMENT OF ASSETS AND LIABILITIES AND NET FINANCIAL POSITION

31 December 2016



31 December 2017



# MAIN COMPANIES HELD BY FS ITALIANE GROUP

## OPERATING INCOME AND NET RESULTS

OPERATING INCOME	2017	2016	CHANGE	CHANGE
TRENITALIA	5,318	5,079	239	4.7%
ITALFERR	178	172	6	3.5%
RFI	2,538	2,575	(37)	(1.4%)
BUSITALIA GROUP	472	354	118	33.3%
MERCITALIA GROUP	1,042	953	89	9.3%

NET RESULTS	2017	2016	CHANGE	CHANGE
TRENITALIA	276	117	159	135.9%
ITALFERR	4	8	(4)	(50.0%)
RFI	262	181	81	44.8%
BUSITALIA GROUP	9	6	3	50.0%
MERCITALIA GROUP	(38)	(77)	39	+50.6%



# PROFITABILITY BENCHMARKS IN EUROPE



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues - M€	6,703	7,680	7,816	7,821	7,985	8,264	8,228	8,329	8,390	8,585	8,928	9,299
Ebitda Margin - %	-9.7%	6.0%	13.2%	17.4%	21.0%	21.6%	23.3%	24.4%	25.2%	23.0%	25.7%	24.9%



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues - M€	32,912	34,528	36,498	33,199	37,530	41,041	42,739	41,960	42,552	43,175	43,391	45,647
Ebitda Margin - %	16.5%	16.5%	14.6%	15.2%	12.6%	12.5%	13.7%	11.9%	11.8%	10.0%	10.3%	9.9%

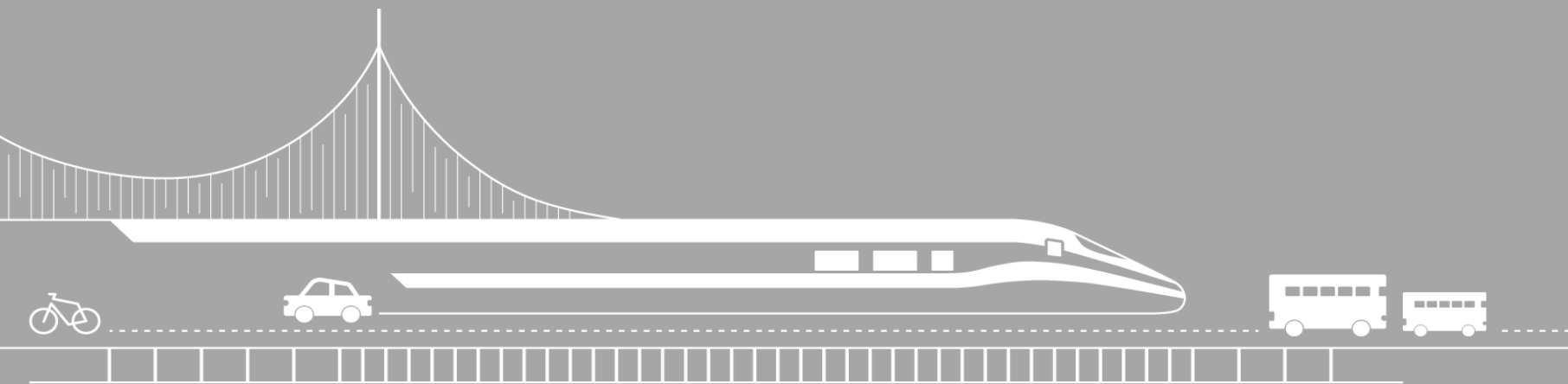


	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues - M€	21,965	23,691	25,184	24,882	30,466	32,645	33,820	32,232	29,898	31,393	32,273	33,515
Ebitda Margin - %	13.4%	11.7%	10.3%	6.8%	7.1%	9.3%	8.5%	8.7%	15.5%	14.1%	12.8%	13.7%

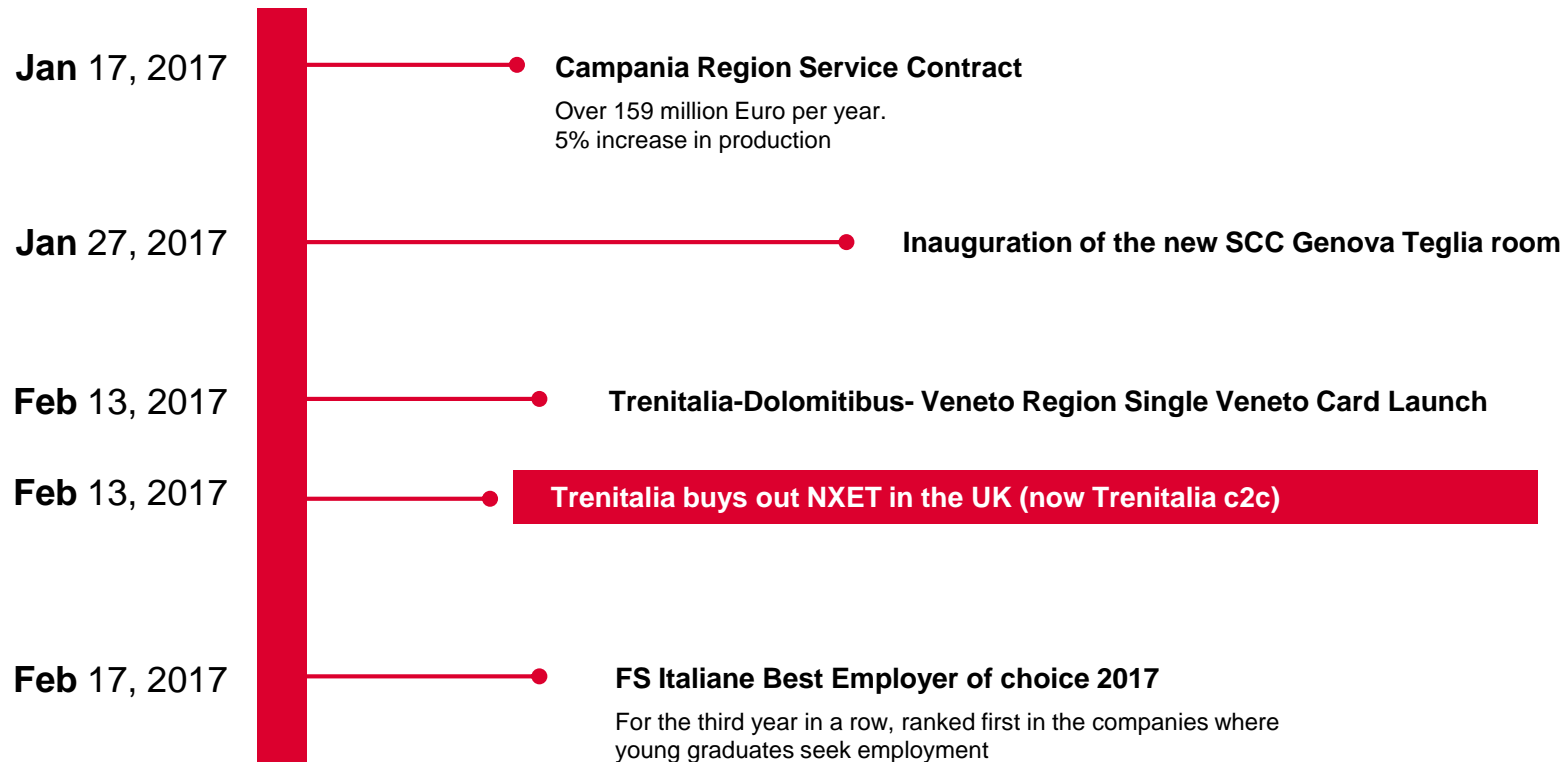
(\*) As of 2014, consolidated SNCF KPI included SNCF Réseau infrastructure provider KPI (merger between BU SNCF «Infra» and former GI RFF)

Sources: FSI calculations on FSL, DB and SNCF group Annual Report.

# EVENTS 2017



# EVENTS 2017



Feb 20, 2017

New Mercitalia Hub

Apr 21, 2017

**Bod loan approved for 2.1 billion €**

Investment coverage  
for regional transport and medium and long  
haul and for the HS/HC infrastructure.

**Approval of the EMTN program extension up to 7 billion €**

Apr 26, 2017

**Busitalia *FAST***  
**FS Italiane Ground enters the long haul  
road connection market**

May 19, 2017

**Women In Motion project launch**

promotion of women's careers in the Group's technical areas

June 9, 2017

Closing M5 Milan

**June 11, 2017**

**Napoli Afragola open to the public**

**June 17, 2017**

**New *Frecciarossa* service for Cilento**

**June 22, 2017**

**Milan railway station agreement signed**

**June 28, 2017**

**Cervaro - Bovino line opened  
Napoli - Bari HS/HC line**

**Jul 4, 2017**

**Molise Region Service Contract**

**Jul 24, 2017**

**Catania Ognina – Catania Centrale line doubled**

**Jul 26, 2017**

**Sardinia Region Service Contract**

