



# FNM Group Investor Presentation

April 4<sup>th</sup> 2023



- ❑ FNM is as an **integrated sustainable mobility operator guided by environmental, social and governance sustainability principles**. The Group operates in rail and road LPT, electric car sharing and motorway segments
- ❑ **Positive FY22 results**, in line with guidance, thanks to **mobility demand recovery**
- ❑ **Manageable inflation pressure** thanks to business model **resilience**
- ❑ **ESG rating of 7.4 received by Morningstar Sustainalytics**. FNM ranks among the **top 50 entities** rated by Sustainalytics worldwide
- ❑ 2021-25 **CAPEX €850mln**, of which **over one third in green activities included in the European Taxonomy**, contributing to the achievement of **10 SDGs** envisaged by the 2030 Agenda
- ❑ **Solid capital structure** consistent with **investment grade** rating, mostly fixed rate debt thanks to €650mln bond issued in October 2021
- ❑ **Dividend pay-out strategy** consistent with Strategic Plan and leverage target subject to approval of shareholders' meeting

**The FNM Group**

**FY22 Economic & Financial Results**

**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

**Appendix**

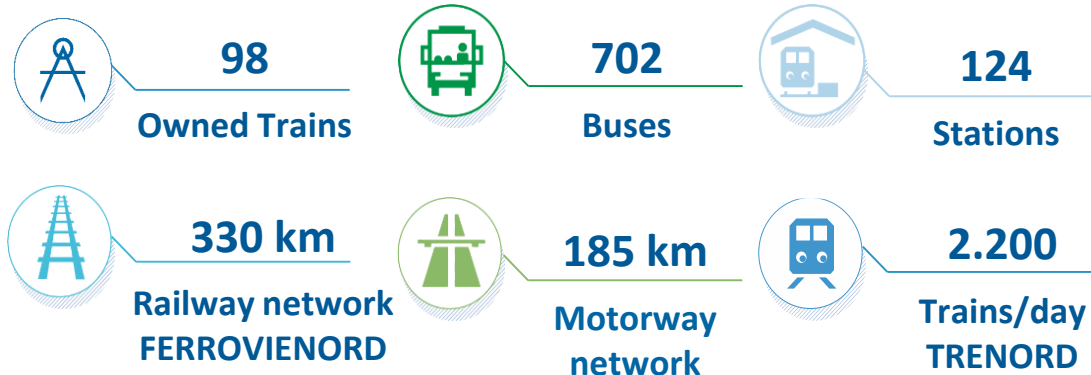
### THE GROUP AT A GLANCE

- Established in 1877<sup>1</sup>, FNM is the leading **integrated sustainable mobility Group in Lombardy**
- It is the first organization in Italy to **combine Railway Infrastructure Management, Road Transport and Motorways**
- The aim of the Group is to propose an innovative model to manage mobility supply and demand, designed to support optimization of flows as well as environmental and economical sustainability
- The Group's activities are divided into **four main segments:**



- FNM S.p.A. is a public company, listed on the Italian Stock Exchange since 1926
- It is one of Italy's **leading non-state investors in the sector**
- The reference shareholder is Regione Lombardia, which holds a 57.6% stake

### KEY FIGURES<sup>3</sup>

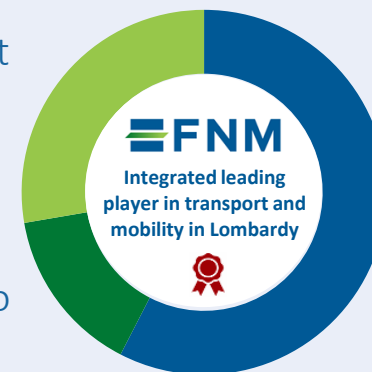


### SHAREHOLDER'S STRUCTURE

Free float  
**27.69%**

Regione Lombardia  
**57.57%**

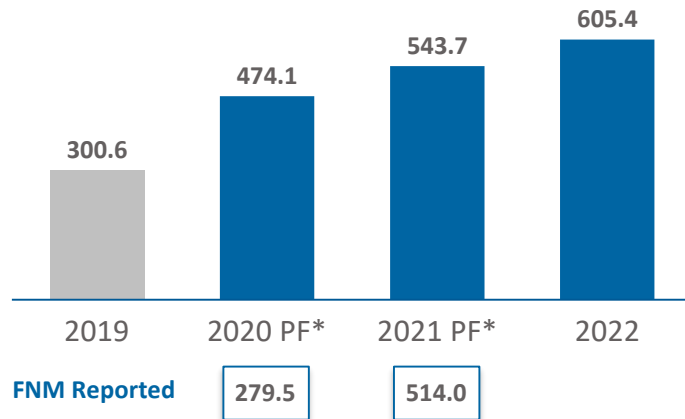
Ferrovie dello Stato  
**14.74%**



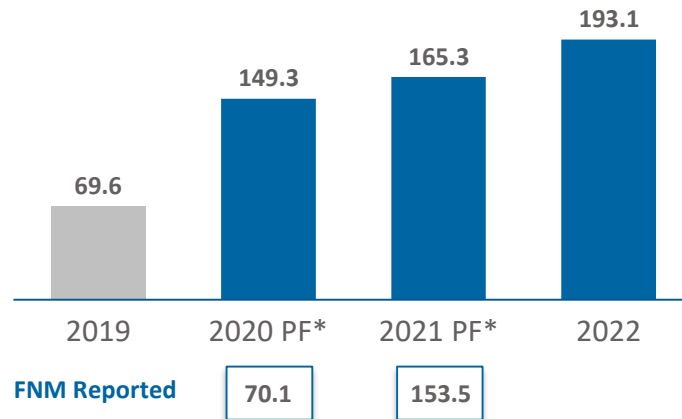
1 – FNM S.p.A. was incorporated on 12 December 1877 under the original name of Società Anonima delle Ferrovie Nord Milano-Saronno e Milano-Erba

2 – Data at 31 December 2022

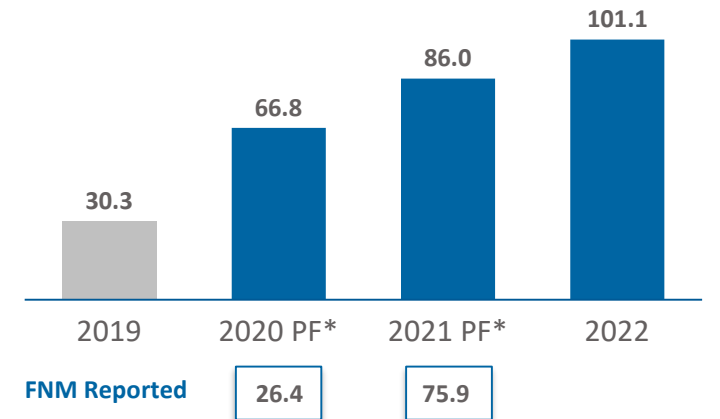
## REVENUES



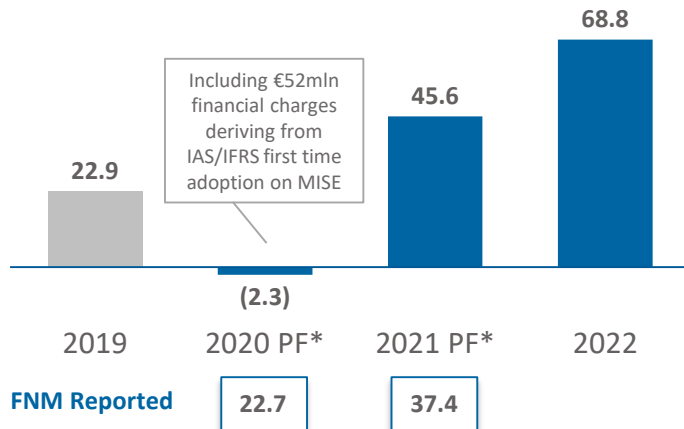
## ADJ. EBITDA



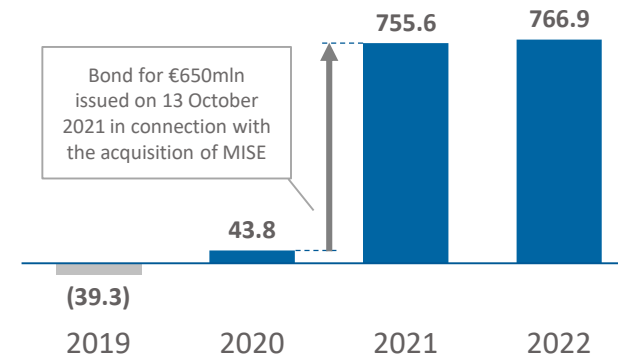
## EBIT



## ADJ. NET RESULT



## ADJ. NFP

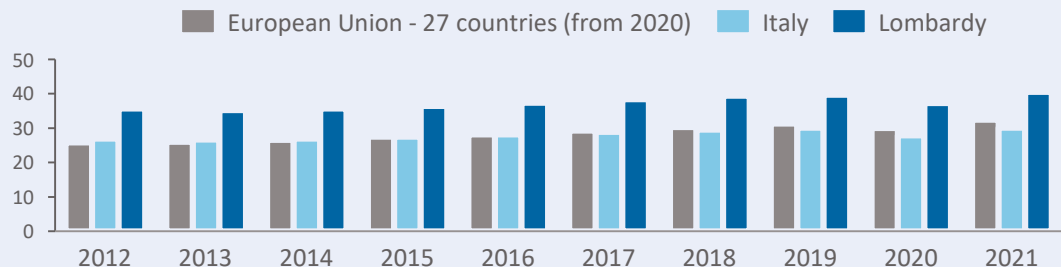


\* MISE is fully consolidated in the FNM Group's financial statements starting on 26 February 2021. The values for 2021 consider the consolidation of MISE from 1 January 2021, 2020 was similarly restated as if MISE's consolidation had occurred on 1 January 2020.

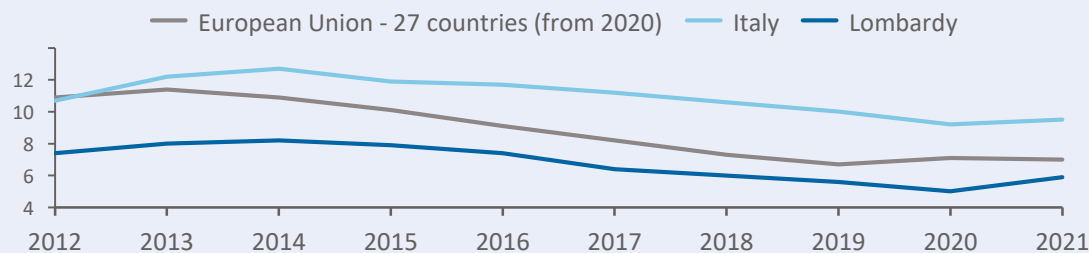
## THE LOMBARDY REGION AT A GLANCE

- The Lombardy Region is one of the richest regions in the European Union (EU) with a GDP per capita among the highest in the continent, about 35% higher than the national average and 25% higher than the EU average in 2021. In 2021 the regional unemployment rate was 5.9%, far below the Italian and European average (9.5% and 7.0% respectively)
- Lombardy's production system is still one of the most developed in Europe with more than 800,000 companies and one of the highest rates of entrepreneurship

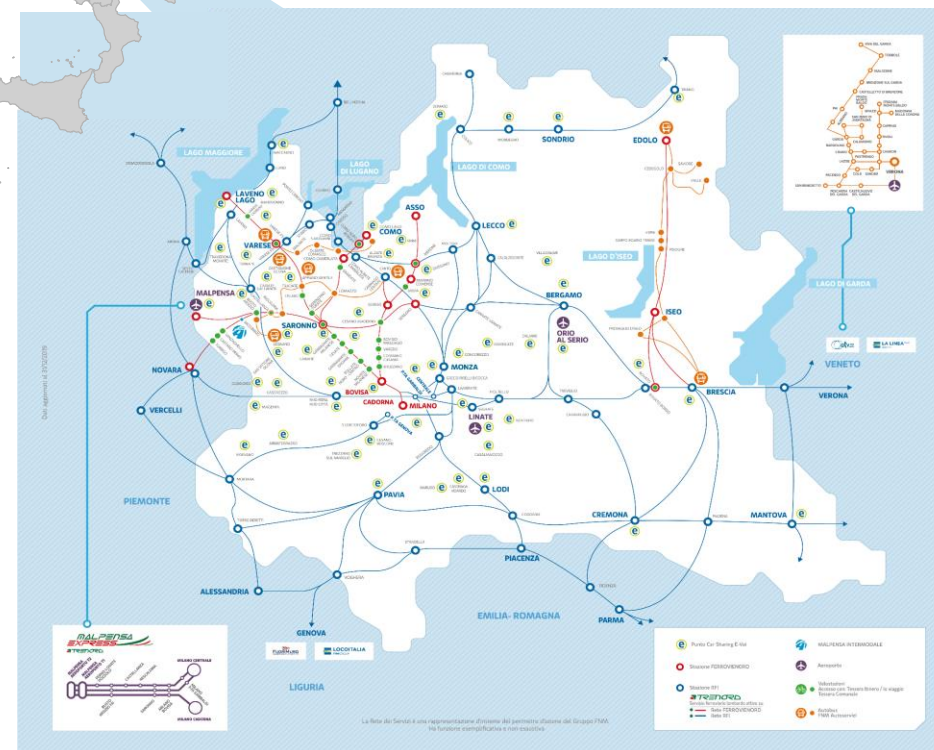
GDP<sup>1</sup> per capita (€/000)



Unemployment Rate<sup>2</sup> (%)



FNM Group presence in Lombardy



Source: Eurostat

1 – Gross domestic product (GDP) at current market prices by NUTS 2 regions by Eurostat, last update 16/02/2023

2 – Unemployment rates NUTS 2 regions from 15 to 74 years by Eurostat, last update 16/02/2023

## Companies fully consolidated

## Companies valued at equity



### Ro.S.Co & Services

- Leasing of rolling stock in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo)
- Provision of corporate services to subsidiaries and management of the real estate assets of the Group
- Development of complementary digital platforms according to MaaC paradigm



100%



100%



100%



50%



40%

1



33%

1



40%

2



60%



58%



### Railway Infrastructure

- Management of railway infrastructure in Lombardy on the basis of the concession expiring on 31<sup>st</sup> October 2060
- Intermodal terminal management and real estate development in freight logistic sector



100%



100%



100%

2



100%

2



### Road Passenger Mobility

- LPT road transport in three provinces in Lombardy (Varese, Brescia and Como) through FNM Autoservizi; as well as in Veneto (Verona, Venezia and Legnago and throughout the relative province) through ATV and La Linea
- Bus rentals and train replacement services for Trenord through Martini and FNM Autoservizi
- Electric car-sharing service (E-Vai)



100%



50%



50.3%



51%

4



100%

4



100%

### Omnibus Partecipazioni

50%

3



### Motorways

- Management of motorway infrastructure on the basis of a concession expiring in 2028



100%



100%



36.7%



22.5%

1. Companies managing complementary digital platforms, allowing the implementation of *Mobility as a Community* (MaaC) paradigm. Sportit is active under the brads Snowit and Bikeit.

2. Companies operating in the freight mobility and logistics sector, at present included respectively in the Railway Infrastructure and Ro.S.Co. & Services segments. Malpensa Distripark is in a start-up phase.

3. Company operating in Road Passenger Mobility but considered in the Ro.S.Co. & Services segment for the purposes of preparing the financial statements.

4. Companies classified as "Discontinued operations" according to IFRS 5 after the FNM BoD resolved on 20<sup>th</sup> July 2022 to sell the shares in La Linea S.p.A. and Martini Bus S.r.l.

**The FNM Group**

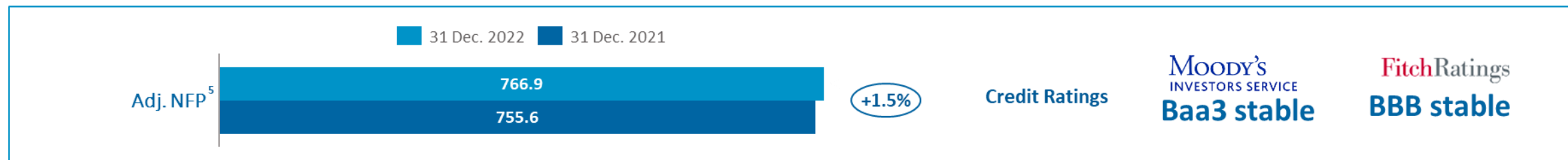
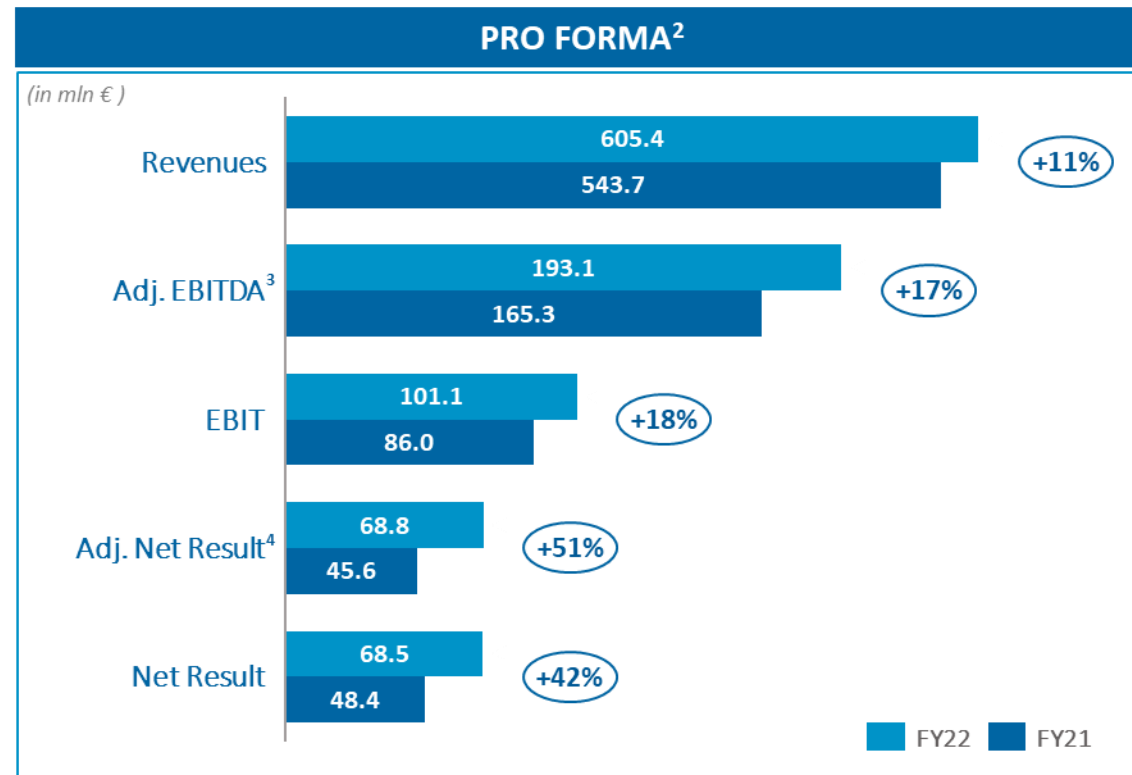
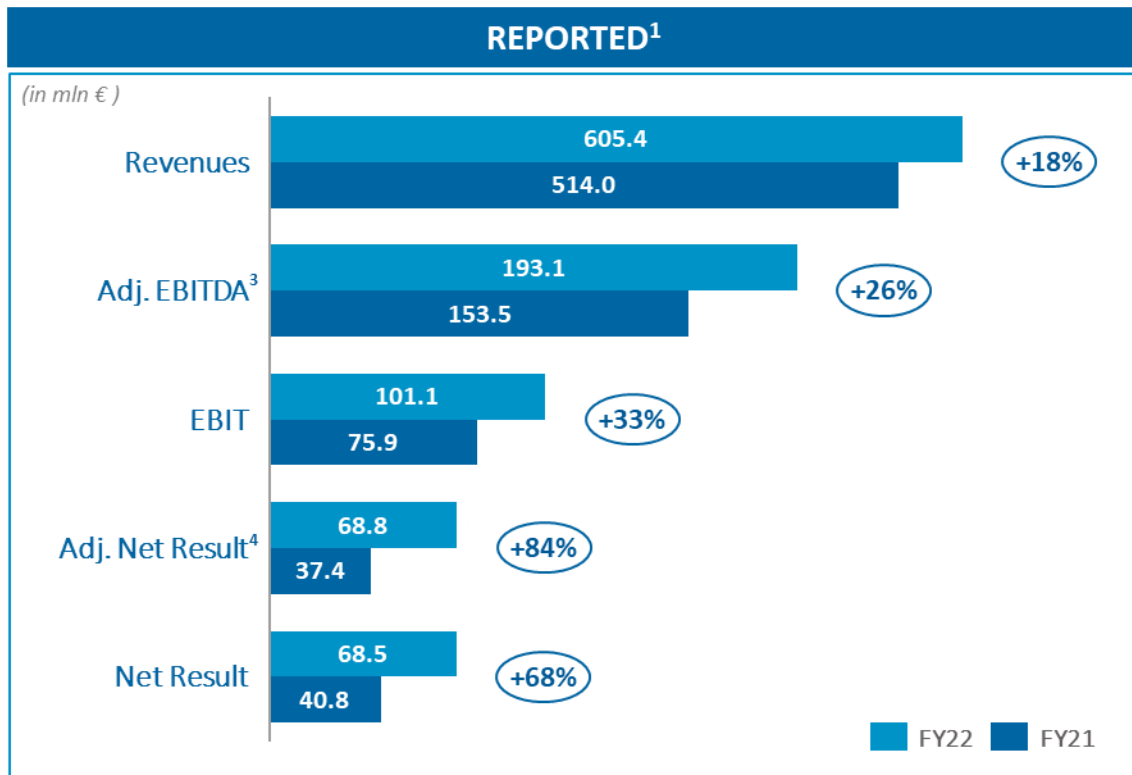
**FY22 Economic & Financial Results**

**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

**Appendix**



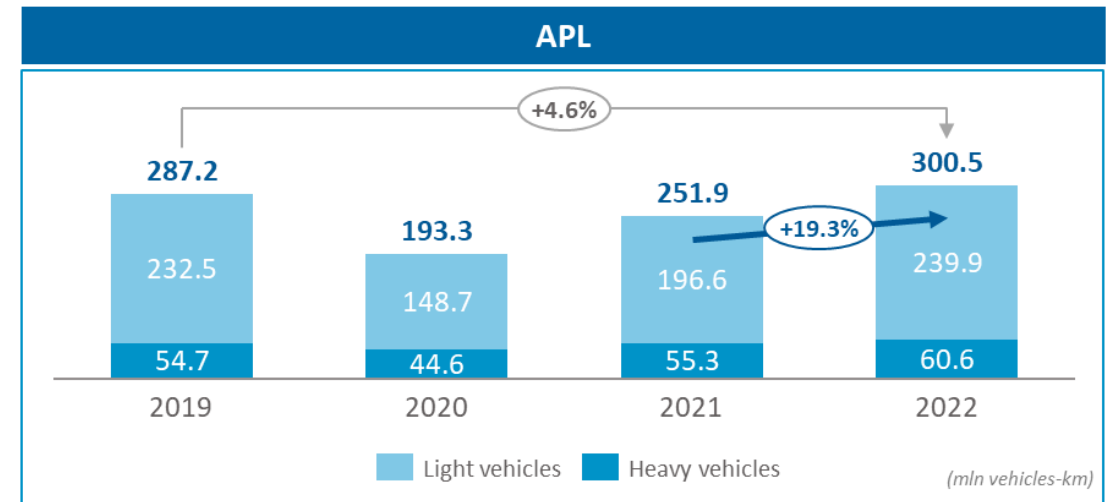
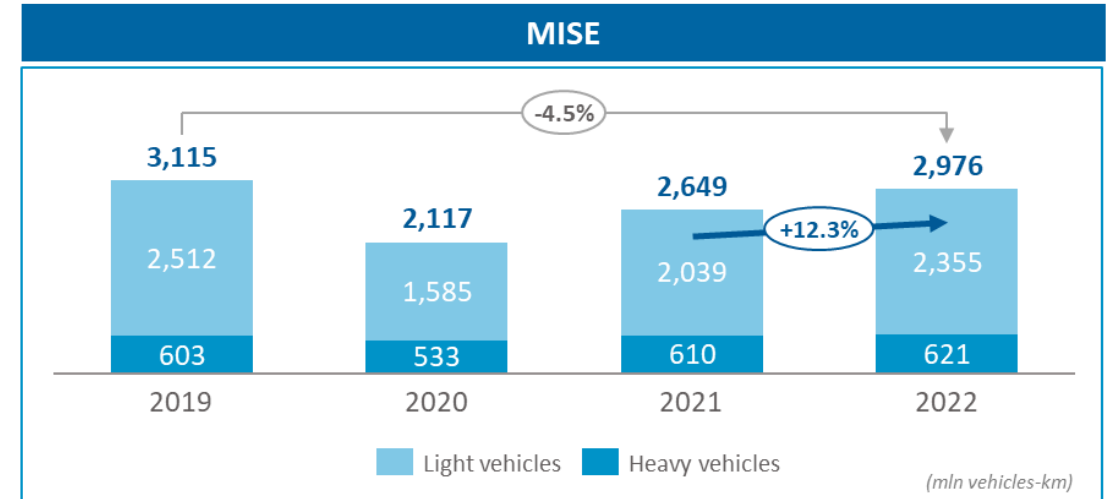
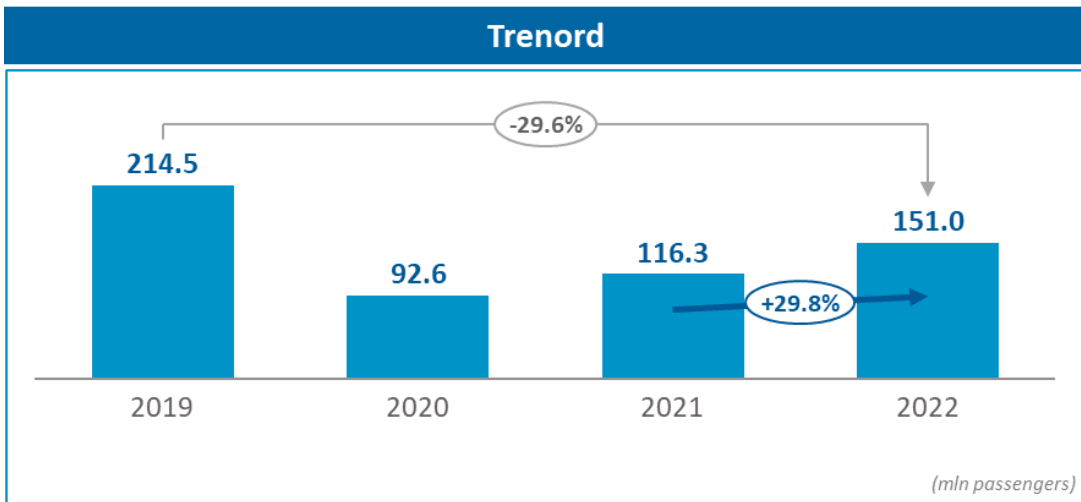
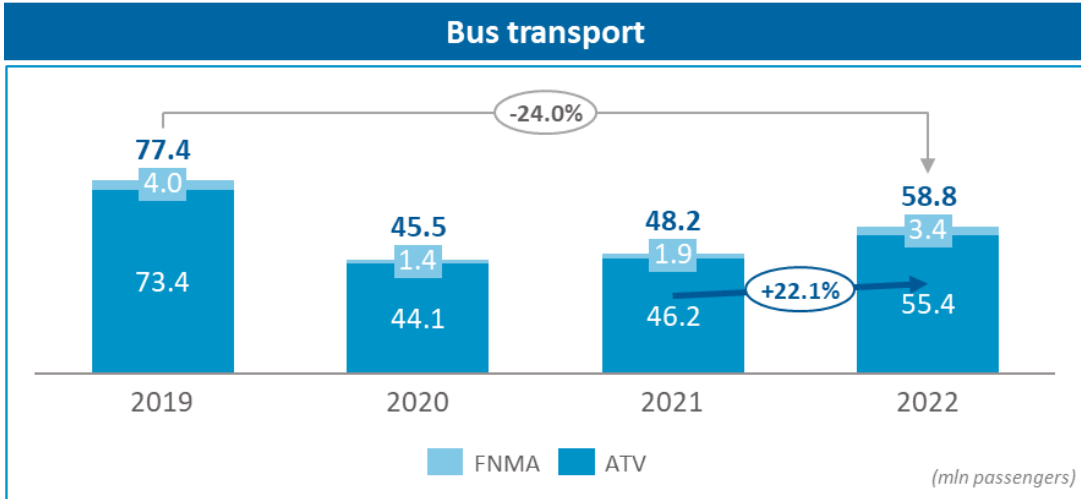


1 – For the purposes of P&L, in 2021 MISE is consolidated since February 26<sup>th</sup>. 2 – For the purposes of P&L, in 2021 MISE is consolidated starting from January 1<sup>st</sup>. 3 – Adjusted EBITDA: excluding extraordinary gains and losses

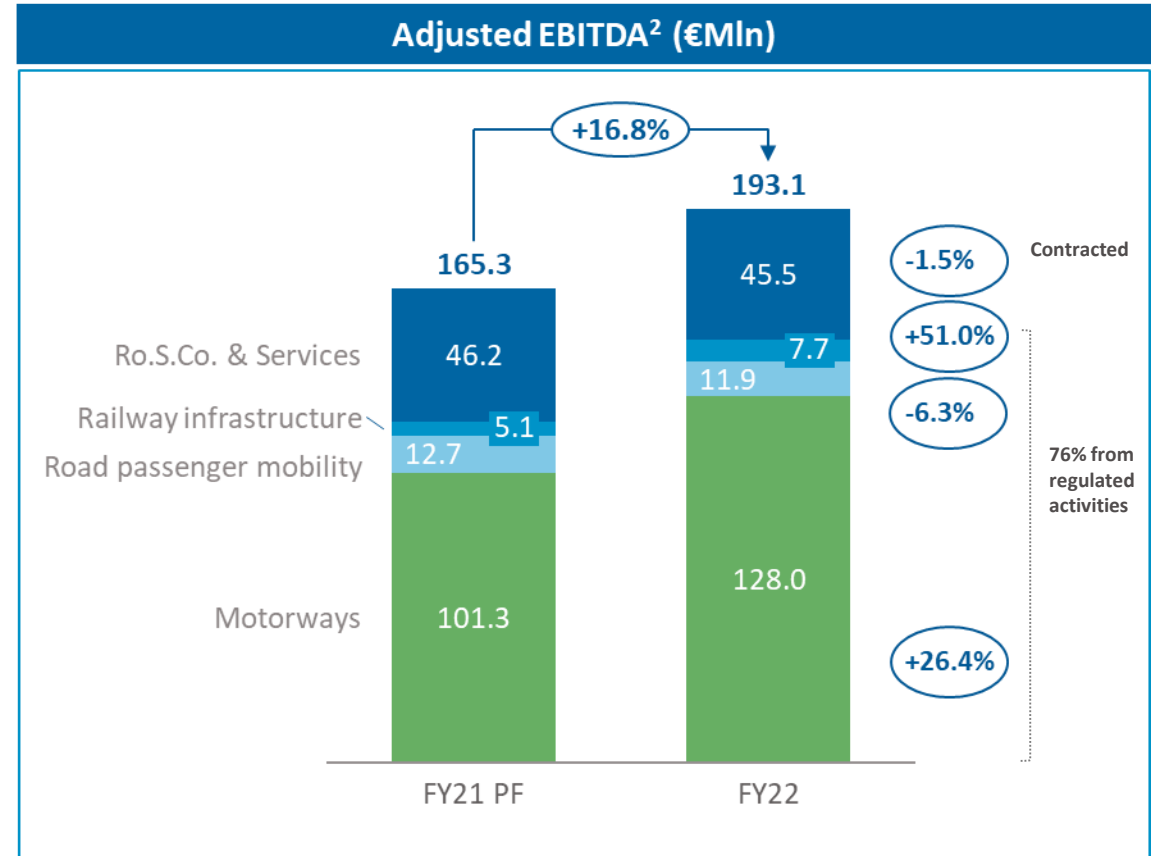
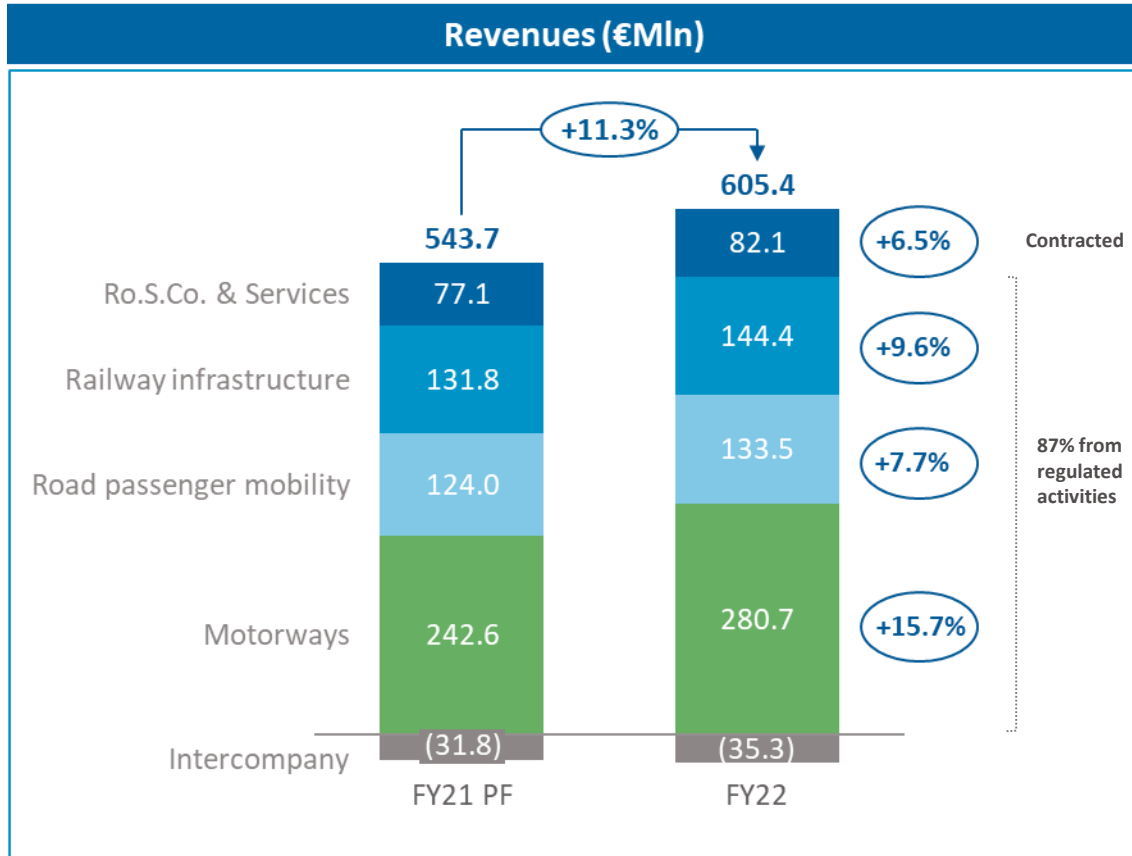
4 – Adjusted Net Result: Net Profit (Loss) before recognition of the result of companies consolidated using the equity method

5 – Adjusted Net Financial Position: NFP calculated excluding cash and payables related to financial investments made in accordance with Regione Lombardia's "2017-2032 Rolling Stock purchase programme", with the aim of sterilizing the timing effects of contributions collection and payments made to suppliers, recognized in accordance with IFRIC 12

Rebound of demand across all segments but still below pre-pandemic levels, heavy vehicle traffic volumes above 2019 levels



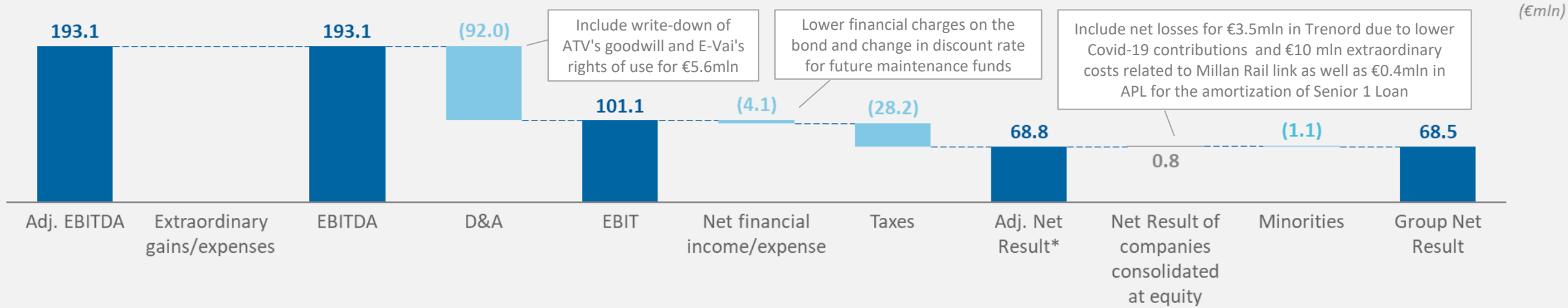
EBITDA growth underpinned by mobility demand rebound, despite the increase in energy costs and inflation



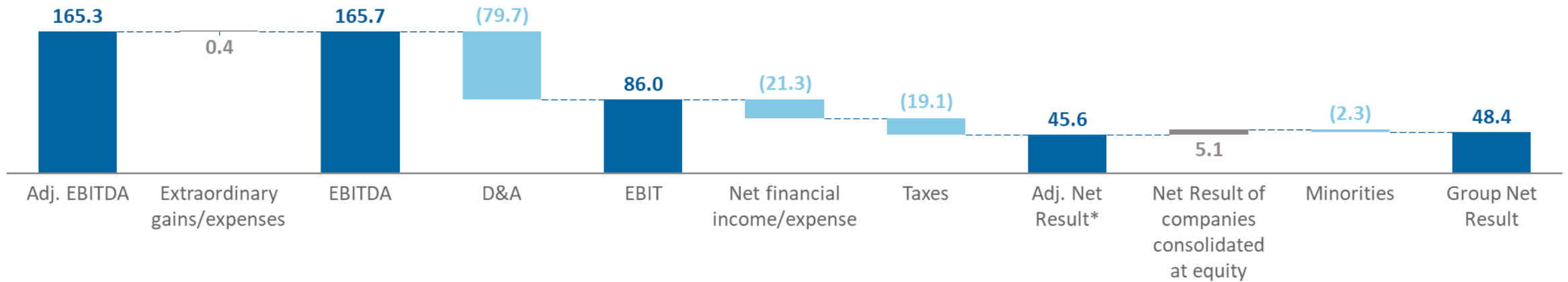
1 - In 2021 MISE is consolidated starting from January 1<sup>st</sup>  
2 - Adjusted EBITDA: excluding extraordinary gains and losses

Positive consolidated net result thanks to improvement in operating income

FY 2022



FY 2021

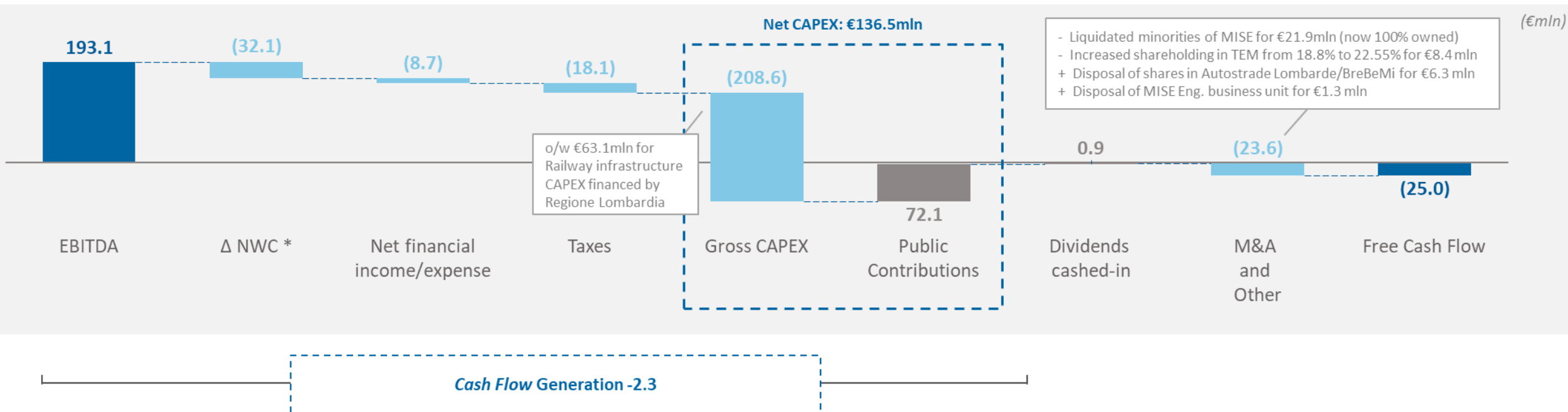


\* Adjusted Net Result: Net Result before profit (loss) of companies consolidated at equity

Higher investments vs 2021

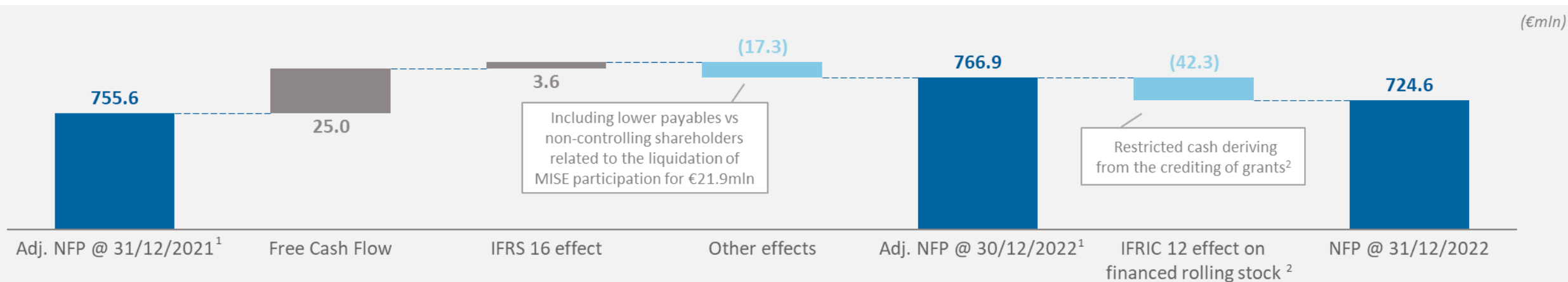
€ mln	FY21 PF	FY22	Δ€
Ro.S.Co. & Services	28.9	51.9	23.0
Railway infrastructure	3.9	8.0	4.1
Road passenger mobility	5.5	26.7	21.2
Motorways	60.8	58.9	(1.9)
<b>Gross CAPEX financed by FNM Group</b>	<b>99.1</b>	<b>145.5</b>	<b>46.4</b>
Railway infrastructure CAPEX financed by RL	57.9	63.1	5.2
<b>Total CAPEX gross of public contributions</b>	<b>157.0</b>	<b>208.6</b>	<b>51.6</b>
Public contributions - Railway infrastructure	37.1	58.8	21.7
Public contributions - Motorways	10.2	13.3	3.1
<b>Total CAPEX net of public contributions</b>	<b>109.7</b>	<b>136.5</b>	<b>26.8</b>

Cash flow from operations totally offset by investments paid and M&A activity



\* Include: (i) negative ΔCCN from operations for €25.5mln, (ii) positive ΔCCN from investments with own funds for €4.3mln and (iii) negative ΔCCN from investments in railway infrastructure for €10.9mln

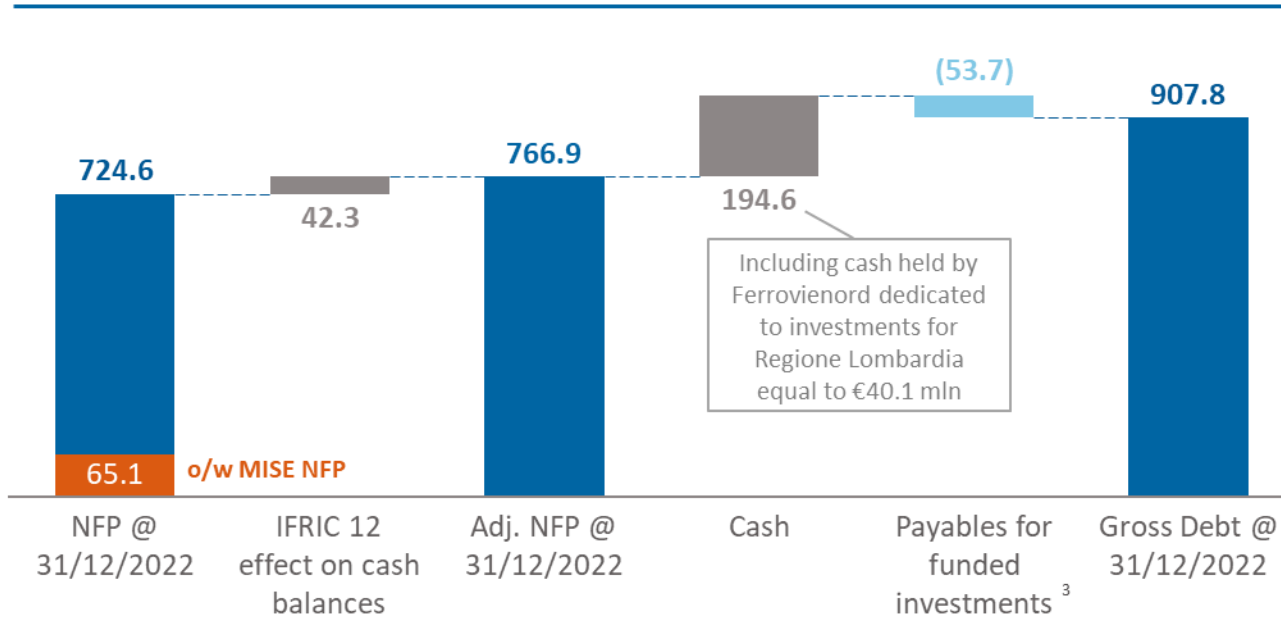
NFP in line with expectations and within rating agencies requirements



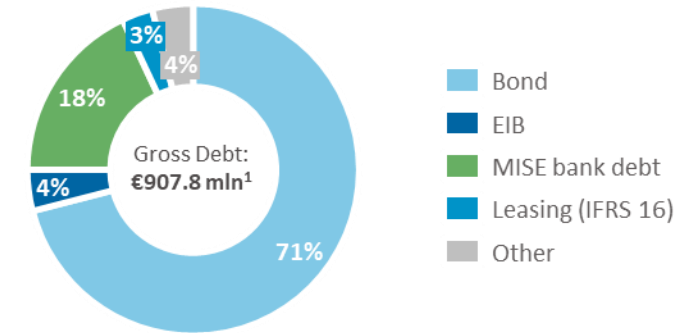
1 - Adjusted Net Financial Position restated excluding only cash and payables related to financial investments made in accordance with Regione Lombardia's "2017-2032 Rolling Stock purchase programme", with the aim of sterilizing the timing of the collection of grants and the relative payments made to suppliers, accounted for in accordance with the requirements of IFRIC 12

2 - Following the termination of the of the financing with CDP, the pledge was cancelled on 19<sup>th</sup> January 2023 and the cash remains available for the acquisition of rolling stock financed by Regione Lombardia

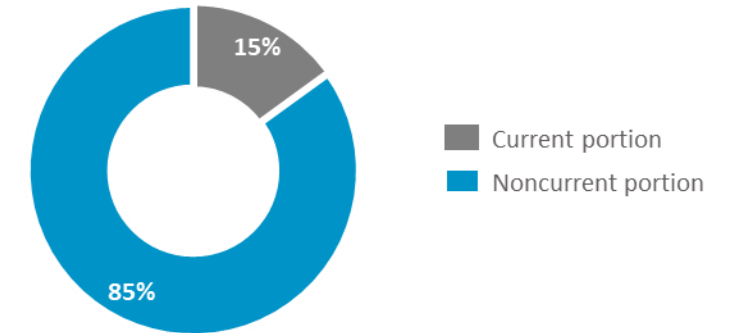
## Gross debt (€mln)



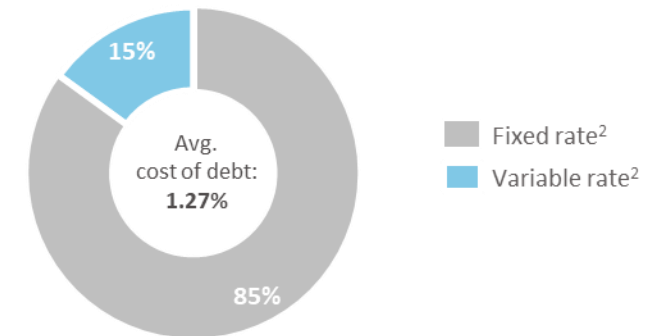
## Gross debt structure by instrument



## Gross debt maturity



## Interest rate composition



**LIQUIDITY HEADROOM: available uncommitted credit lines of €123 million**

## Long term credit ratings

	MOODY'S INVESTORS SERVICE	FitchRatings
Rating	Baa3	BBB
Outlook	Stable	Stable

1- Excluding debt for funded investments for €53.7 million

2 – Only on bank debt and bond

3 – Include (a) excess of grants paid to FNM but not yet paid to suppliers, and (b) portion of grants relative to advances on investments pending cash pay notice of use



Guidance confirms improving operating results despite negative one-offs and macroeconomic scenario

<b>Financial Targets FY23 vs FY22</b>	<b>Revenues</b>	<b>+1% - 5% YoY</b> +2% - 7% excluding La Linea/Martini Bus and €1.8 mln contribution to E-Vai
	<b>Adj. EBITDA</b>	<b>+1% - 5% YoY</b> +2% - 7% excluding La Linea/Martini Bus and €1.8 mln contribution to E-Vai
	<b>Adj. EBITDA Margin</b>	<b>In line with 2022</b>
	<b>Adj. NFP</b>	<b>€700-750 mln, within rating agencies requirements</b> <b>Gross CAPEX with FNM funds -10% / -20% YoY</b>
	<b>Adj. NFP / EBITDA</b>	<b>3.5x – 4.0x</b>

Confirmed dividend policy consistent with a robust capital structure and in line with investment grade rating

<b>DPS</b>	<b>€0.023 per share</b>
<b>Total Cash Out</b>	<b>€10.0 million</b>
<b>Dividend Yield (15/03/2022)</b>	<b>5,1%</b>
<b>Payable as follows:</b>	<b>€7.6mln from 2022 net profit and €2.4mln from reserves of profits carried forward</b>













**The FNM Group**

**FY22 Economic & Financial Results**

**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

**Appendix**

Pillars	Strategic Guidelines	Segment	SUSTAINABLE DEVELOPMENT GOALS
 <p>Mobility</p>	<ul style="list-style-type: none"> <li>Consolidate the central role of LPT on rail</li> <li>Strengthen the positioning in LPT on road</li> <li>Develop integrated multimodal and last mile mobility</li> <li>Position the Group as Mobility Partner for communities, companies, events, large projects</li> <li>Confirm presence in the freight transport sector</li> </ul>		
 <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>Manage and develop the rail infrastructure, stations and rail-road interchange nodes</li> <li>Consolidate motorway infrastructure business</li> <li>Develop logistic terminals</li> </ul>		
 <p>Fleet</p>	<ul style="list-style-type: none"> <li>Consolidate FNM's role as an Asset Company (Ro.S.Co .) in the passenger and freight rail transport market</li> <li>Develop lower environmental impact fleets for rail and road transport</li> <li>Electrification of the fleets/hydrogen</li> </ul>		
 <p>People and Community</p>	<ul style="list-style-type: none"> <li>Develop supply and demand management platforms consistent with the MaaS (Mobility as a Service) and MaaC (Mobility as a Community)<sup>1</sup></li> <li>Develop FNM's payment services through FNMPay S.p.A., a start up company launched in 2020</li> </ul>		

1 – MaaS is an emerging type of service that, through a joint digital channel enables users to plan, book and pay for multiple types of mobility services. MaaC is a possible evolution of MaaS with the objective to improve accessibility to services and related transports for a specific group having the same interests (Community)

Enablers	Strategic Guidelines	Segment	SUSTAINABLE DEVELOPMENT GOALS
<p>Innovation and data management</p>	<ul style="list-style-type: none"> <li>Data-based approach as a driver to support the growth and innovation of the services offered</li> <li>New digital strategy for company's processes</li> <li>Continuous innovation to keep the Group up with the technological state of the art</li> </ul>		
<p>Energy efficiency and emissions reduction</p>	<ul style="list-style-type: none"> <li>Introduction of hydrogen as an energy vector</li> <li>Investments in innovative energy projects and reduction in consumption and emissions</li> <li>Urban regeneration projects to improve environmental performance and the use of scarce land resources</li> <li>Promote the utilization of sustainable mobility among employees</li> </ul>		
<p>Governance, ethics and sustainability</p>	<ul style="list-style-type: none"> <li>Spread a corporate culture of ethics, legality, sustainability and efficiency</li> <li>Tax risk management and definition of the Tax Control Framework</li> <li>Develop projects and initiatives in collaboration with external partners, in particular with third sector entities</li> <li>Continue with the implementation of the MBO system related to the achievement of the sustainability targets</li> </ul>		
<p>Attraction, enhancement and well being of employees</p>	<ul style="list-style-type: none"> <li>Support the development of employee's skills and efficiency</li> <li>Support the continuous improvement of the health and safety management system</li> <li>Ensure the continuous development of welfare initiatives and flexible working in line with expectations</li> </ul>		

	Targets	Metrics	2021	2022	Target 2025
Mobility	Entry in the motorway business	Vehicles-km driven on the motorway/year	2.6 bln vkm	3.0 bln vkm	3.1 bln vkm
	Strengthening of road LPT	Passengers transported by bus services/year	48.2 mln pax	59.0 mln pax	80 mln pax
	Central role of rail LPT	Passengers transported by Trenord/year	116.3 mln pax	151 mln pax	>180 mln pax
	Integrated mobility and last mile	Car sharing rentals (hours/year)	93,499	286,428	250,000
Infrastructure	Rail infrastructure, nodes and stations	Managed investments on rail infrastructure and for stations refurbishment	€58 mln	€121 mln (cum 21-22)	~€700 mln (cum 21-25) <sup>1</sup>
	Rail infrastructure, nodes and stations	Areas interested by urban regeneration (FILI project)	0	220,000 m <sup>2</sup>	2 mln m <sup>2</sup>
Fleets	Central role of RoSCo in the rail sector	New trains in operation	3	7 (cum 21-22)	22 <sup>2</sup> (cum 21-25)
	Bus fleets	% of the bus fleet fuelled by gas, hydrogen, electricity or Euro 6 diesel fuel and higher o/w electrified (including hydrogen)	39% 0%	50% 3%	58% 13%
People/Community	Mobility partner (MaaC <sup>3</sup> )	Communities/projects/entities served with B2B and B2C criteria; communities cross fertilization	6	8	>15 (cum 21-25)

1 – estimates, including optimization assumptions

2 – plus 4 additional trains being supplied and related to previous orders

3 - Mobility as a Service (MaaS) and Mobility as a Community (MaaC)

	Targets	Metrics	2021	2022	Target 2025
<b>Innovation and data management</b>	Continuous innovation	Resources for technological/digital R&D projects	€4.1 mln	€5.1 mln (cum 21-22)	€ 11 mln (cum 21-25)
<b>Energy efficiency and emissions reduction</b>	Emissions and consumption reduction	CO2 emissions Scope 1 and 2 / revenues	70.4 ton Co2 eq/€	68.4 ton Co2 eq/€	48 ton Co2 eq/€
	Emissions and consumption reduction	Energy from green sources utilized for corporate consumption and services along the infrastructure managed by the Group	51.0%	47.0%	100%
<b>Governance, ethics and sustainability culture</b>	MBO definition	% of directors with sustainability linked MBOs	67.0%	100.0%	51%
	Corporate culture	Whistleblowing tool	Finalization stages	Designed and finalized web-based tool, with activation scheduled for first quarter 2023	By IH22
	Tax risk control and Tax control framework	Activation and maintenance of a control and transparency tool for tax risk management	Project ongoing	Prepared the Tax Strategy and the Tax Compliance Model. In the process of defining the roles and responsibilities for voluntary adherence to the "Cooperative compliance" institution	By 2022
<b>Attraction, valorisation and wellbeing of employees</b>	Competencies development	Business continuity plan introduction	Project ongoing	Regulations for crisis communication management drafted. Dedicated information and training sessions are being planned	By 2025

	Total (€mln)	% Aligned activities	% Eligible activities	% Non eligible activities
Revenues	597.5	0%	90.9%	9.1%
OPEX	637.5	0%	88.0%	12.0%
CAPEX	92.2	0%	95.0%	5.0%

- In order to ensure maximum compliance with Regulation 852/2020, as the most prudent course of action, the Group has decided to indicate that 0% of its economic activities are environmentally sustainable for the purposes of the Taxonomy Regulation



**The FNM Group**

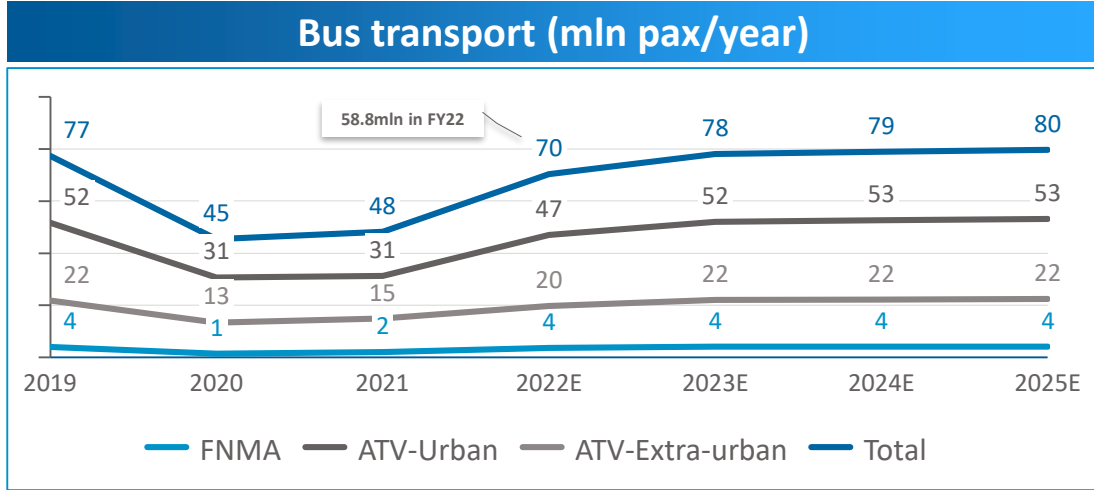
**FY22 Economic & Financial Results**

**Strategic Plan Guidelines**

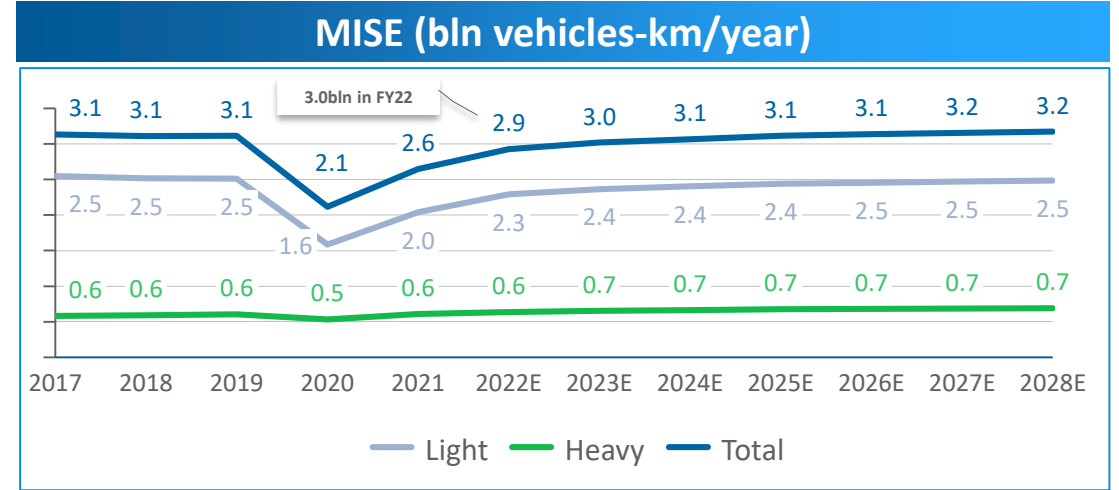
**Economic & Financial Targets 2021 – 2025**

**Appendix**

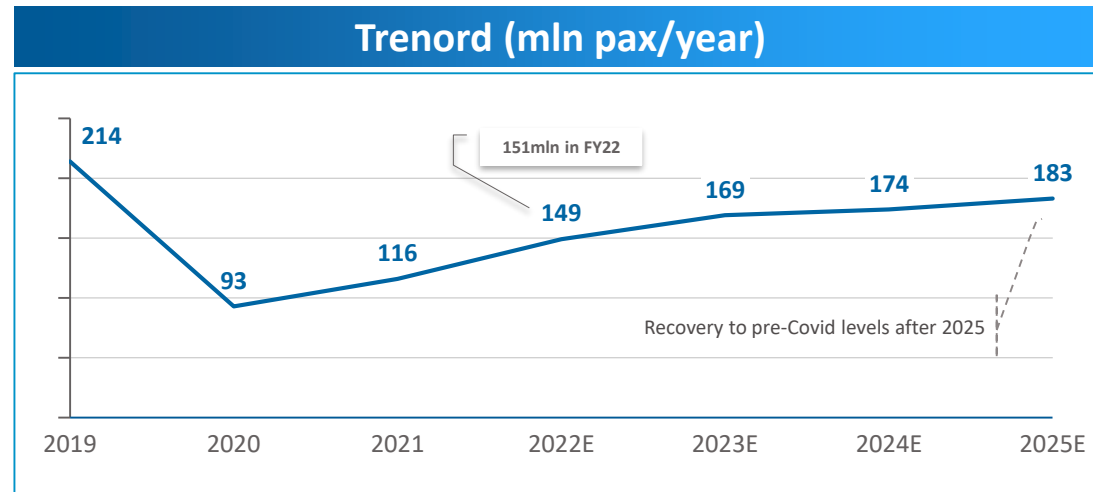
Compared to strategic plan assumptions, MISE is well on track, bus transport is showing a slower recovery and Trenord is overperforming



2020-25  
CAGR  
**+12%**



2020-25  
CAGR  
**+8%**  
**+9%**  
**+5%**



2020-25  
CAGR  
**+8%**

	2021-2025 Strategic Plan <sup>1</sup>		
<b>Revenues</b>	<b>€481mln</b> 2020 PF	<b>≈ €680mln</b> TARGET 2025	<b>+7%</b> CAGR '20-25
<b>Adj. EBITDA</b>	<b>€151mln</b> 2020 PF	<b>≈ €250mln</b> TARGET 2025	<b>+11%</b> CAGR '20-25
<b>Adj. Net Result<sup>2</sup></b>	<b>€35mln</b> 2020 PF	<b>≈ €50mln</b> TARGET 2025	<b>+7%</b> CAGR '20-25
<b>Adj. NFP<sup>3</sup></b>	<b>€740-780mln</b> TARGET 2025		
<b>Adj. NFP / EBITDA</b>	<b>3.0x</b> TARGET 2025		
<b>Proposed dividend distribution (DPS)</b>	<b>2.3 €c</b> 2021	<b>4.1 €c</b> TARGET 2025	<b>+16%<sup>4</sup></b> CAGR '21-25

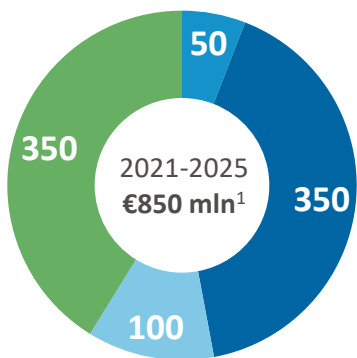
1 - 2020 Proforma data as provided with 2021-2025 Strategic Plan issue, actual FY2020 data may slightly differ due to IFRS adjustments

2 - Adj. Net Result: represents the net result for the period before the result of the companies valued with the equity method

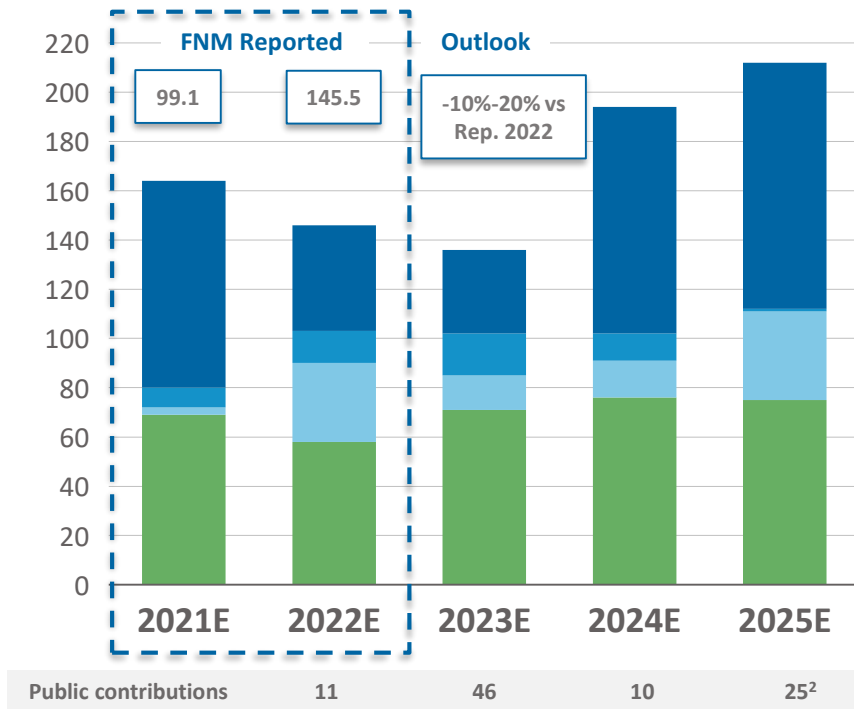
3 - Adj. NFP: NFP excluding the impacts of the timing of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognized in accordance with IFRIC 12 (assumed equal to €50mln per year in 2021-25). 4 - calculated based on 2021 proposed DPS

Mainly for motorway infrastructure and rolling stock; bus fleet renewal and development of the freight logistics infrastructure

**Gross CAPEX financed by FNM Group**



Of which over one third in green activities included in the European Taxonomy



Lower capex than expected in 2021-2023 mainly due to delays in revamping of existing rolling stock fleet and in motorway infrastructure upgrades. Lower investments in freight logistics infrastructure.

- Ro.S.Co. & Services**
  - Investments in new rolling stock with low environmental impact (electric and hydrogen fuelled trains)
  - Revamping of existing fleet and locomotives
  - Capitalization of cyclical maintenance
- Railway infrastructure**
  - Mainly real estate development of freight terminals and logistic infrastructure
- Road passenger mobility**
  - Renewal of the bus fleets with more efficient, electrified vehicles (including hydrogen)
- Motorways**
  - Completion of the Rho-Monza section and other upgrading

CAPEX for the development of Fili Project and for the construction of hydrogen production plants are not included

1 – Gross of contributions and excluding M&A (approx cum €30mln in the period)

2 – including PNRR contributions for electricity fuelled and hydrogen bus fleet

**The FNM Group**

**FY22 Economic & Financial Results**

**Strategic Plan Guidelines**

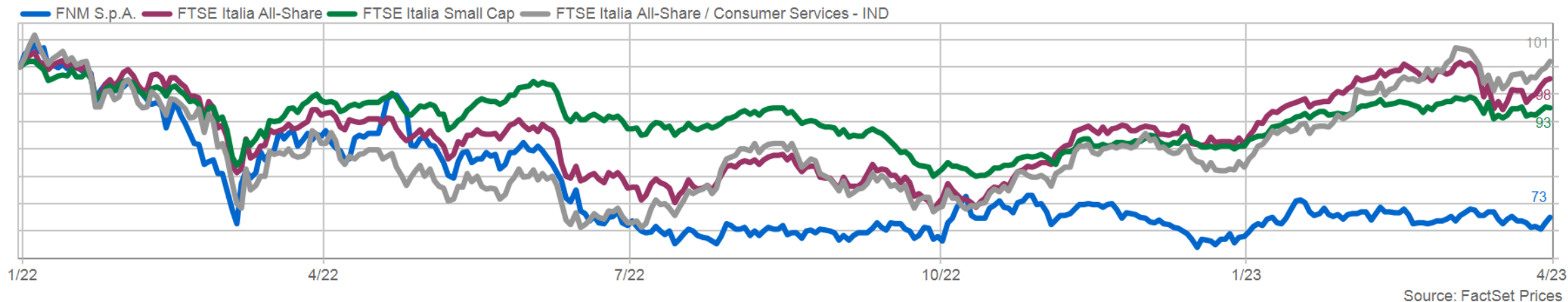
**Economic & Financial Targets 2021 – 2025**

**Appendix**

Share price @ 31-mar-23: €0,45

**FNM S.p.A. vs. Major Indexes**  
Indexed Price Performance

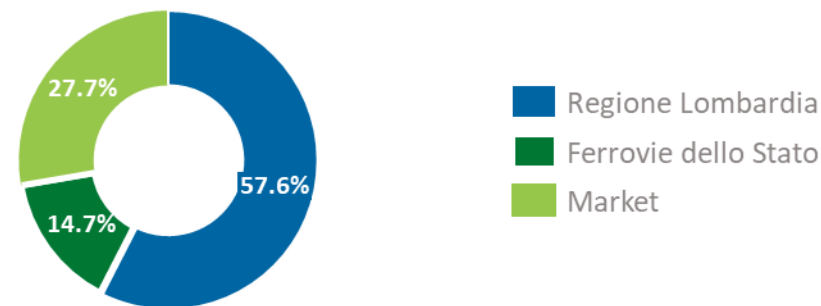
Price (Indexed to 100)

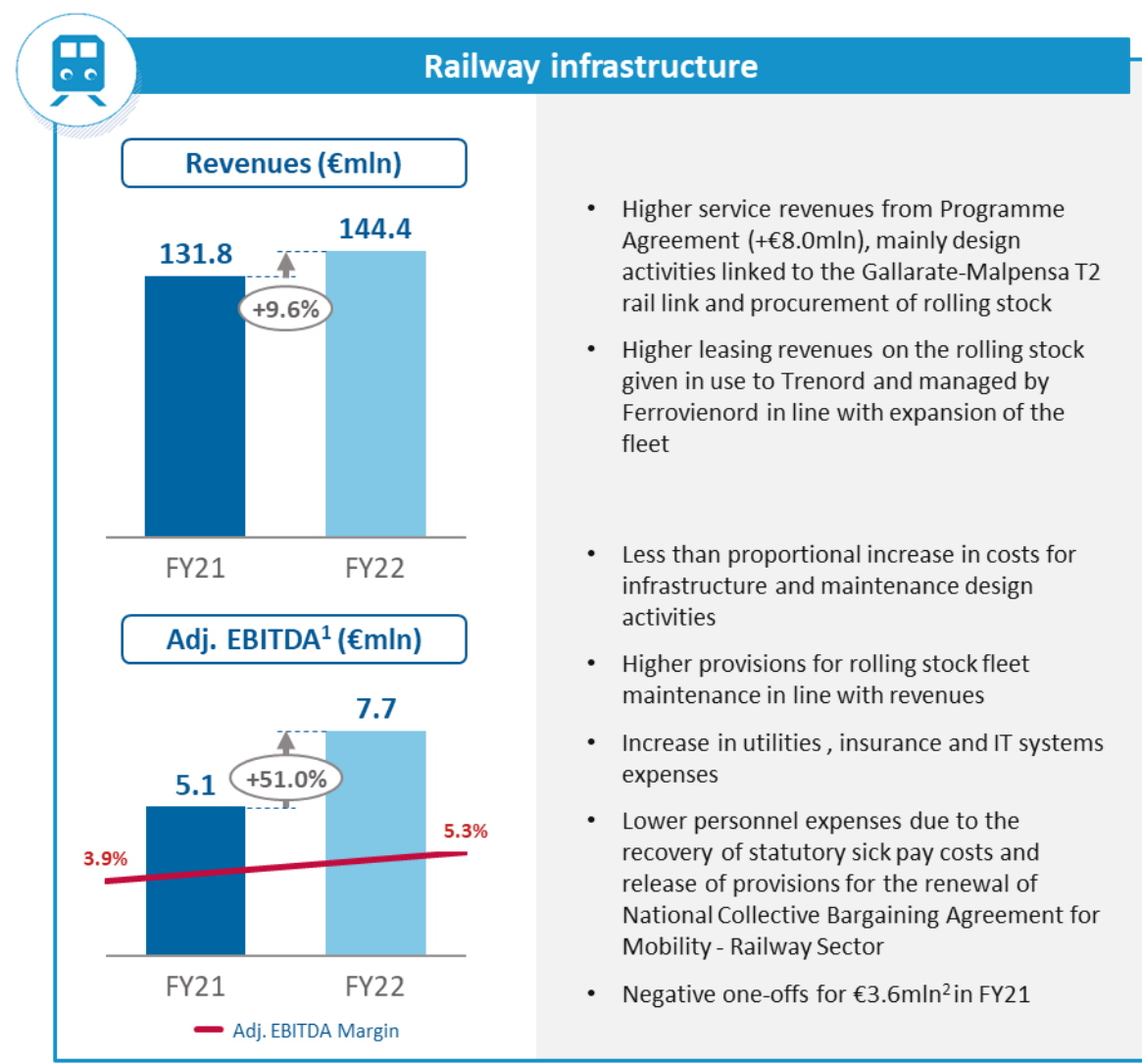
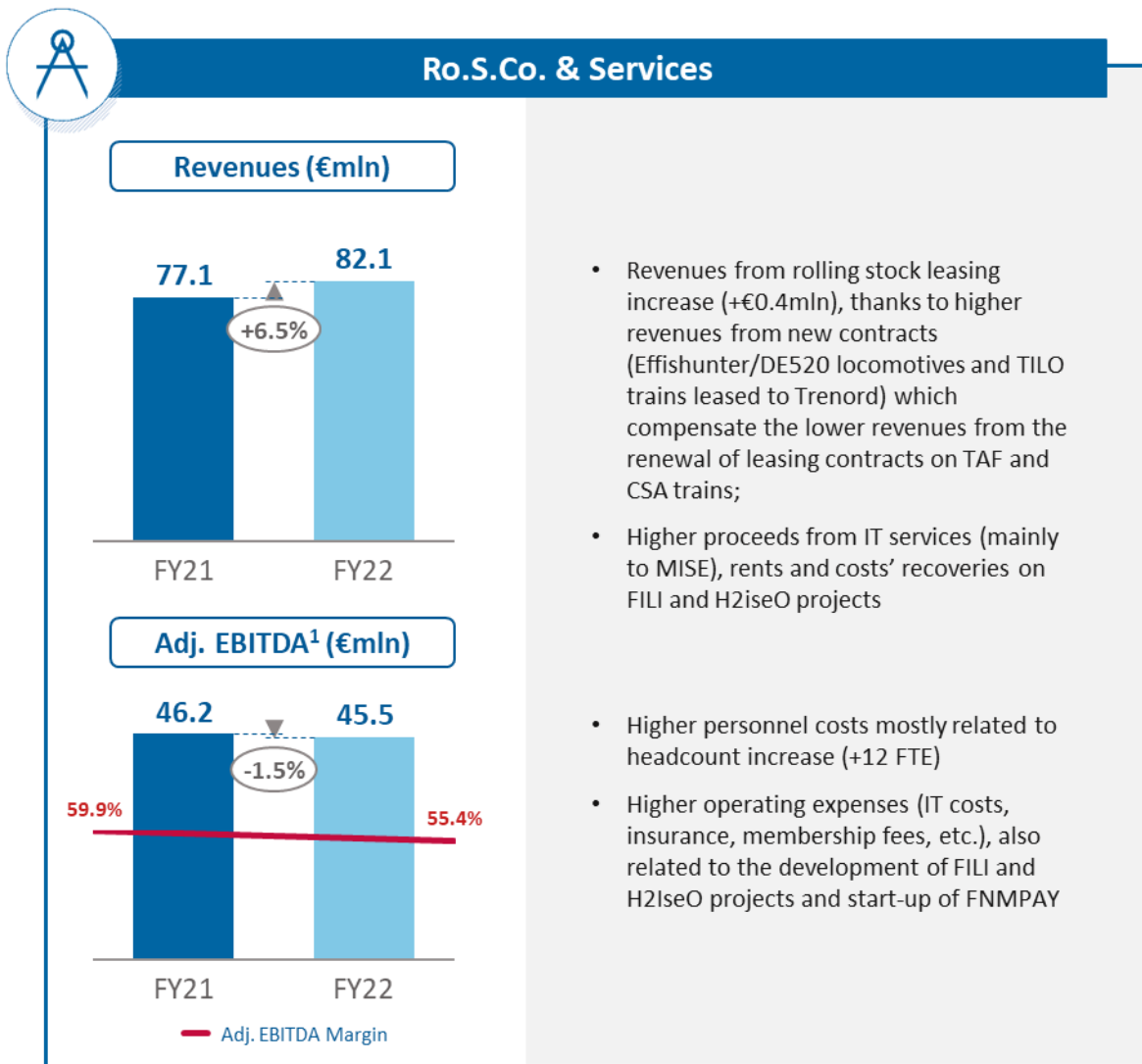


**Share capital profile**

Market capitalization @ 31-mar-23:	€193,7 mln
N. of shares	434.9 mln
Average traded volumes (last 30 days)	218.193 orders
Share price change	4,9% YTD

**Shareholders' structure**





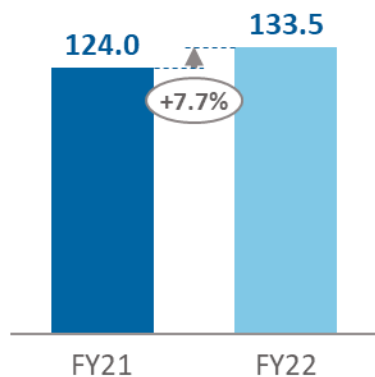
1 - Adjusted EBITDA: excluding extraordinary gains and losses

2 - Contributions from Regione Lombardia for €1.2 mln covering the remodulation of railway LPT production linked to the Covid-19 emergency, and bad debt write-off on financed investments for €4.8 mln

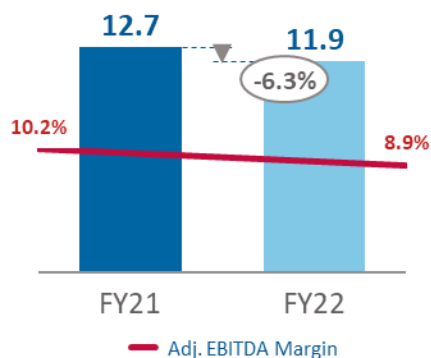


## Road passenger mobility

### Revenues (€mln)



### Adj. EBITDA<sup>1</sup> (€mln)

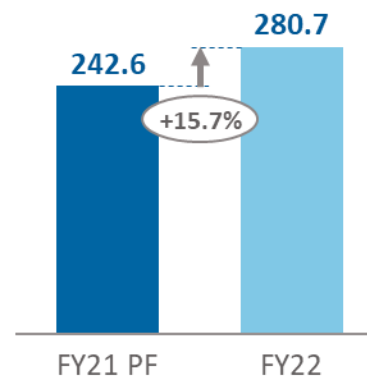


- Higher revenues from transportation services (+€8.0mln): more passengers transported and train replacements
- Higher proceeds from public contracts and grants (+€5.7mln), mainly thanks to higher €/km recognized by Regione Veneto and contributions to cover energy price increases, partially compensated by lower Covid-19 Government compensations
- Government compensations decrease YOY (€8.2mln vs €13.5mln in FY21) o/w contributions for lost revenues (€4.0mln vs €7.2mln) and compensation for additional services (€4.2mln vs €6.3mln)
- Higher costs outpace growth in revenue mainly due to: energy costs (combined effect of higher bus-km and fuel costs), personnel expenses and costs related to car sharing activities

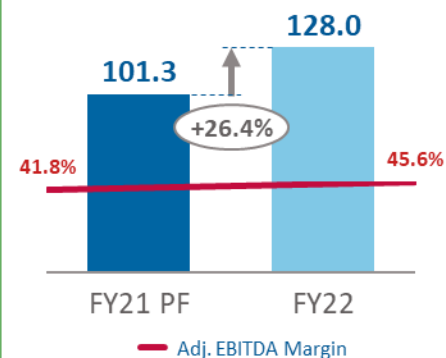


## Motorways

### Revenues (€mln)



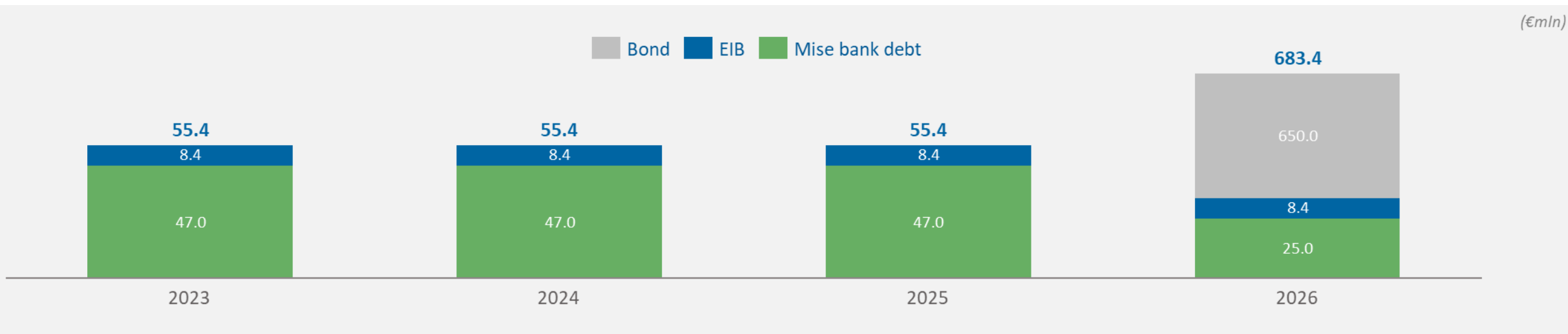
### Adj. EBITDA<sup>1</sup> (€mln)



- Higher tolling revenues (+€28.9mln) due to the combined effect of traffic recovery and tariffs increase (+2.62% from January 1<sup>st</sup> 2022)
- Higher revenues from service areas concessions thanks to traffic increase and renewal of sub-concession contracts (17 service areas moved to royalty-based revenue model)
- Cost recoveries from ASPI for extraordinary works carried out at the Agrate and Terrazano tollgates
- Higher operating costs: concession fees, collection fees, electricity consumption and service fees
- Higher maintenance costs partially compensated by releases from the renewal and risks' funds
- Higher labour costs mainly related to redundancy incentives charges and renewal of National Collective Bargaining Agreement



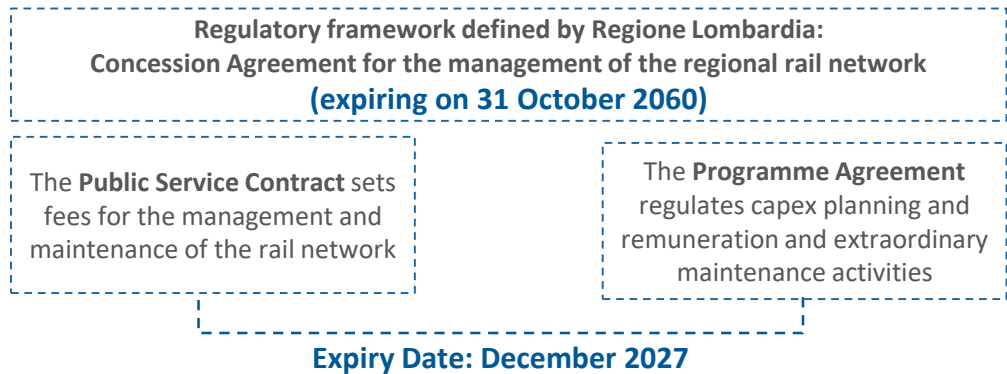
Debt average life 3.5 years, in line with total assets structure



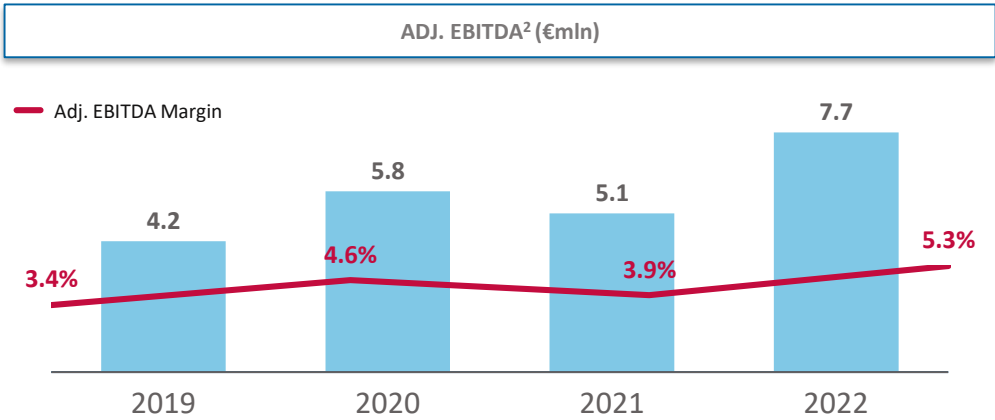
# Business segments description

## Segment Overview

- **Ferrovienord S.p.A. (FN)** is a key infrastructural operator in the mobility sector in Lombardy, in charge of the management, maintenance and modernization of 330 km of railway network and 115 stations serving passengers<sup>1</sup> in the provinces of Milano, Varese, Como, Novara, Monza and Brescia, enabling the circulation of 780 trains/day, corresponding to 9.6mln trains-km and 230.000 passengers/day
- FN's managed network sustain the highest traffic density in Italy (~30.000 trains-km/network km), with up to 1 train every 1.5 minutes from/to Milano Cadorna during peak hours
- The segment includes freight logistics activities operated by **Malpensa Intermodale** and **Malpensa Distripark** (still in start up phase), respectively involved in the management of the Sacconago Terminal and in the real estate development of the areas adjacent to the Terminal
- **Contractual framework at Regional Level:**



## Financial results



1 – With the aim of favouring intermodal mobility to LPT passengers, the stations are connected to 92 bus stops, 5 ferry navigation lanes and are equipped with 24 car sharing stations, 76 car parking areas (corresponding to 3,600 parking spaces) and 26 bike parking areas (corresponding to 2,101 parking spaces)

2 – Adjusted EBITDA: excluding extraordinary gains and losses

## Programme Overview

- Regione Lombardia has launched an **investment program to purchase 222 new trains by 2025 for a total of €1.7bln**. The program is broken down as follows:
  - Investment Plan 2017-2024** worth €1,389mln for the purchase of 161 new trains for rail service to which an additional 15 trains have been added, thanks to the optimization of the procurement process. The plan thus includes 176 new trains, divided into three types: 105 high-capacity "Caravaggio/Rock," 41 medium-capacity "Donizetti/Pop" and 30 "Colleoni". Tenders were announced in late 2017 and awarded in 2018. 86 trains have been delivered according to current schedule at 31 December 2022;
  - Purchase of an additional 46 trains for €351mln (a.k.a. the **"Marshall Plan"**): additional 26 Caravaggio trains and 20 Donizetti trains, to enhance service on the Milan/Sondrio/Tirano and Milan/Aeroporti routes ahead of the 2026 Winter Olympics. Entry into service will be around 2024-2025.



**30** Regional trains diesel "Colleoni" - **Stadler**

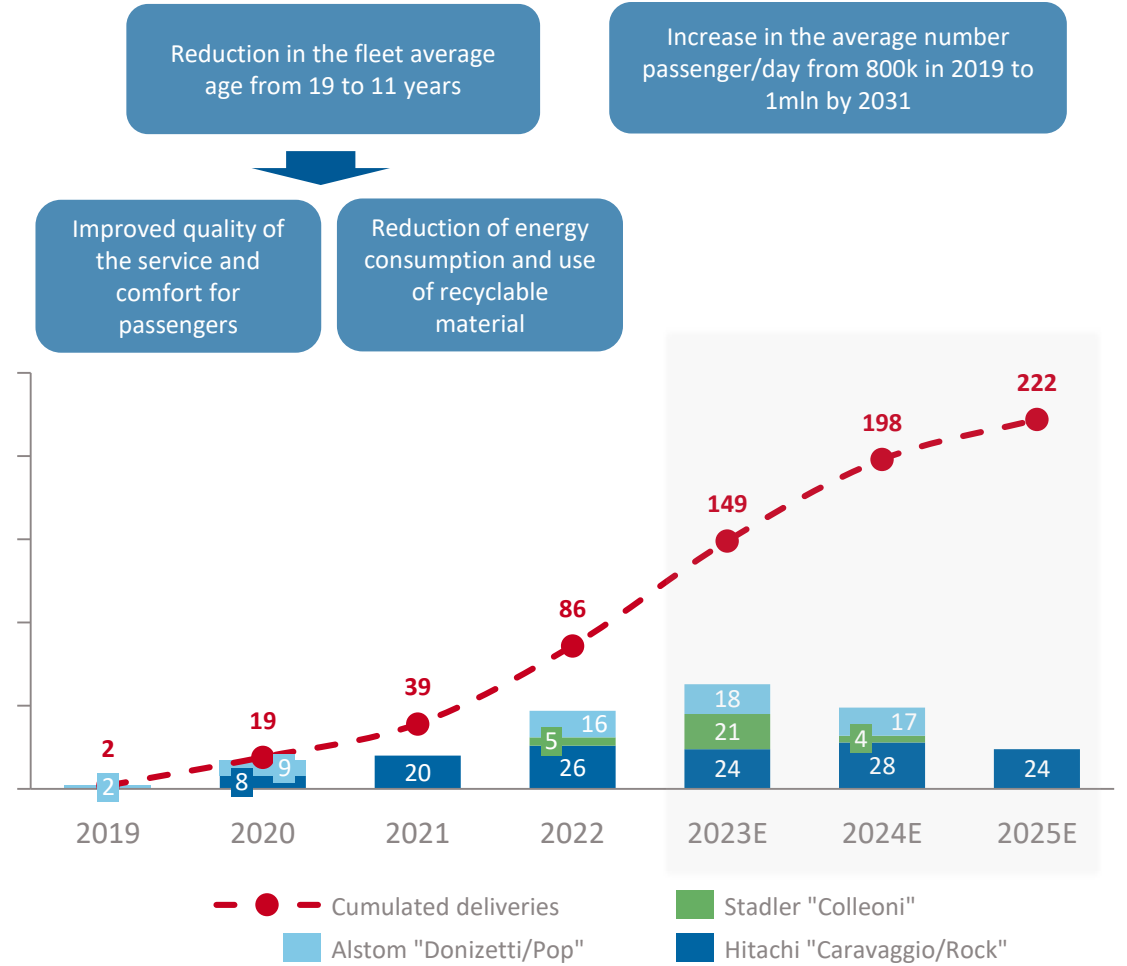


**61** Medium capacity regional trains "Donizetti/Pop" - **Alstom**



**131** High-capacity suburban trains "Caravaggio/Rock" - **Hitachi**

## Fleet evolution<sup>2</sup>



<sup>1</sup> – On behalf of Regione Lombardia Ferrovienord is engaged in purchasing, managing, maintaining and storing new rolling stock, to be allocated to railway companies holding a service contract with the Region, with a commitment to complete the supplies by 2025 (see slide 67 for additional details)

<sup>2</sup> – Delivery programme updated at 31 January 2023

## The Sacconago Terminal

- The business is still in a development phase, through two of its subsidiaries:



**Malpensa Intermodale** – company established at the end 2018, involved in the development and management of the freight terminal in Sacconago, close Malpensa airport.



**Malpensa Distripark** – company established in 2019, involved in the real estate development of the terminal areas owned by the Group

**Area**

- Total 48.000 sqm, of which:
- 74% intermodal area
  - 26% offices, maintenance and access area

**Development**

200.000 sqm of area potentially available for further development of the services and logistic activities

**Handling**

900+ containers/week

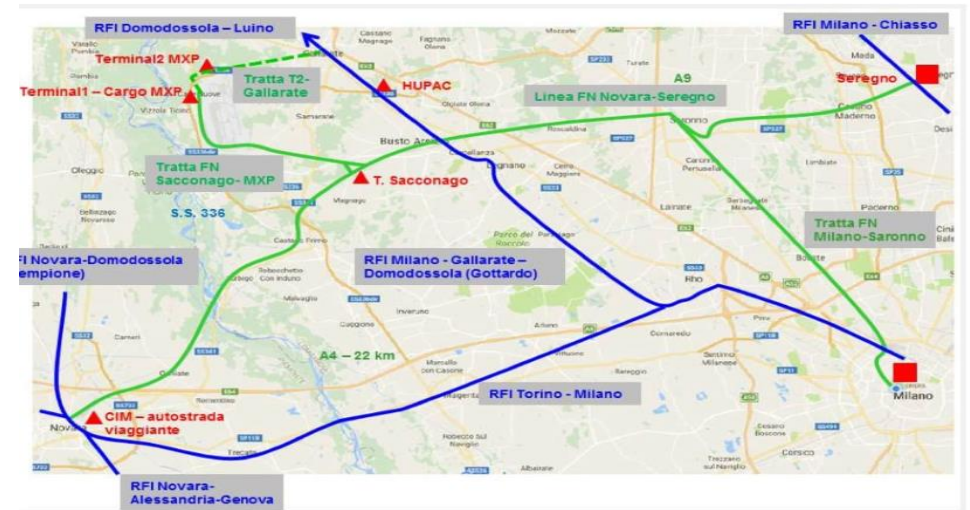
**Main interconnections**

Rhine-Alps (Sempione and Gottardo)

**Management**

Freight trains (#2 operating tracks of 600m; #1 arrival and departure track of 695m; #2 electrified pick-up and delivery tracks of 625m; an entirely electrified shunt line with a length of 650m)

**Railways**



**Highway**

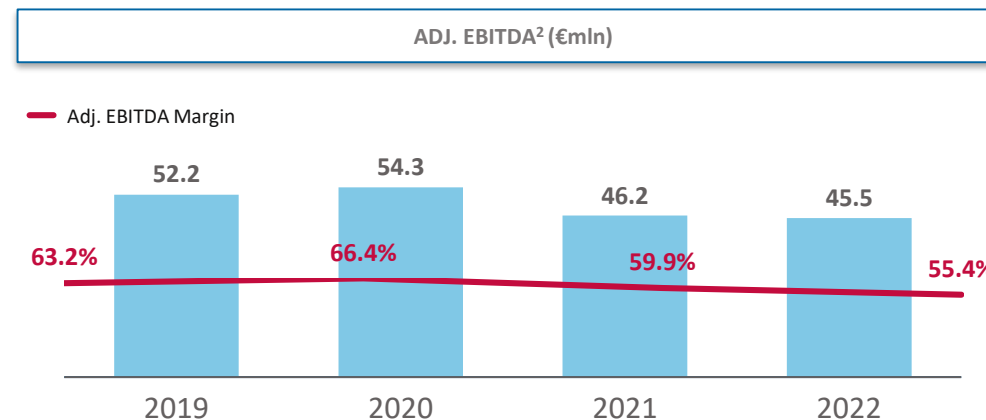
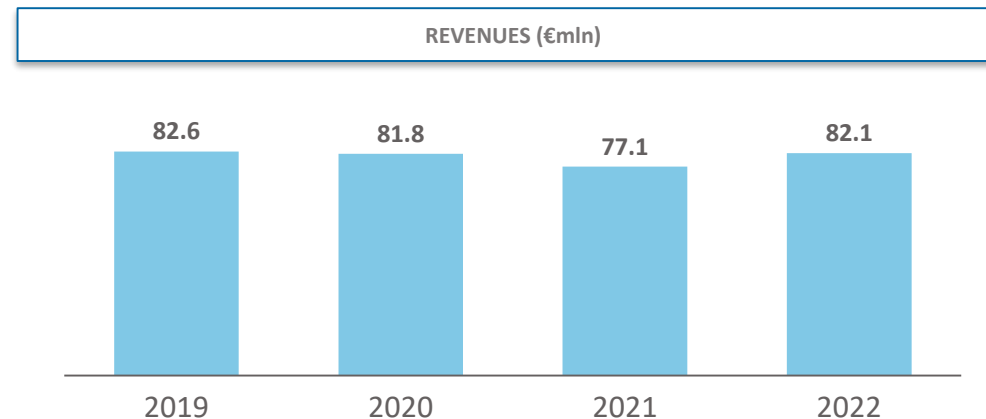


## Segment Overview

- Managed by the parent company FNM Spa, **RoSCo (Rolling Stock Company) & Services** business unit operates in:
  - Purchasing and leasing of rolling stock to its investees operating in the local public transport and freight transport sectors, primarily Trenord and DB Cargo Italia (DBCI);
  - Providing administrative and ICT services to its subsidiaries
  - Managing real estate assets of the FNM Group, including the Fili project
  - Promoting the H2iseO project, which aims to develop a Hydrogen Valley in Valcamonica starting from the use of hydrogen in local public transport
  - Developing complementary digital platforms according to MaaC paradigm both through internal development and equity shareholdings in start-ups

Rolling Stock	Lessee	Nr.	NAV @31/12/2022
TAF	Trenord	25	9,3
TSR	Trenord	19	151,4
CSA	Trenord	8	25,3
CORADIA	Trenord	10	54,6
TILO	Trenord	9	87,5
<b>Train sets</b>		<b>71</b>	<b>328,1</b>
E 483	DBCI	8	12,2
DE 520	DBCI (10) Trenord (4)	14	2,8
E 474	DBCI	1	1,8
EFFISHUNTER 1000	Trenord	4	7,3
<b>Locomotives</b>		<b>27</b>	<b>24,1</b>
<b>Total trains</b>		<b>98<sup>2</sup></b>	<b>352,2</b>

## Financial results



1 – And additional 4 E 494 Traxx F140 DC3 locomotives in sub leasing for a total net value €4.0mIn

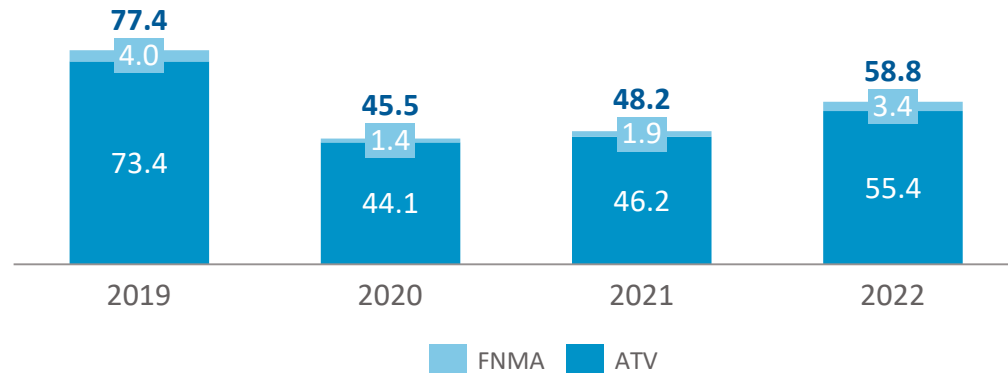
2 – Adjusted EBITDA: excluding extraordinary gains and losses

## Segment Overview<sup>1</sup>

- FNM operates in the road passenger mobility mainly through:
  - **FNM Autoservizi (FNMA)** active in the extra-urban local public transport in the Lombardy Region and, in particular in the provinces of Varese, Brescia and Como. The fleet consists of 158 buses (of which 83% new generation<sup>2</sup>) with an average age of 10.3 years
  - **ATV** provides urban public transport in the municipalities of Verona and Legnago and extra-urban transport throughout the province of Verona. The fleet consists of 544 buses (of which 54% new generation<sup>2</sup>) with an average age of 13.8 years

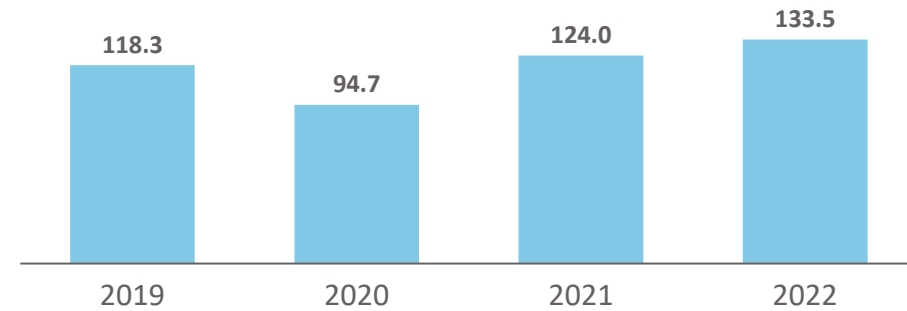


### Traffic Evolution (mln pax):

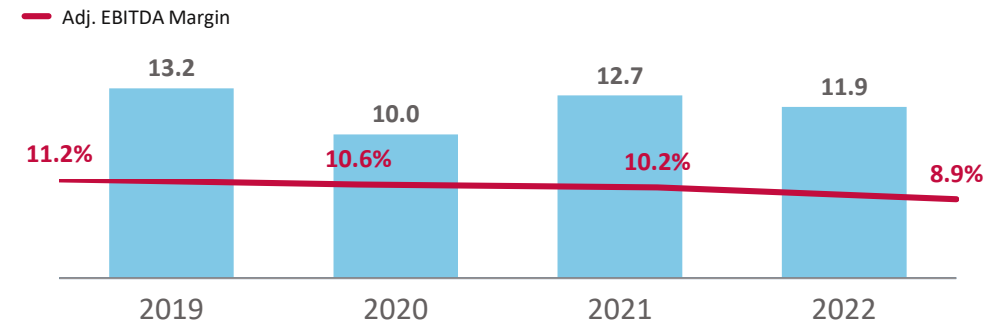


## Financial results

### REVENUES (€mln)



### ADJ. EBITDA<sup>3</sup> (€mln)



<sup>1</sup> – FNM signed on 31 March 2023 the sale of the stake held in La Linea and its controlled company Martini Bus. The sale results in the deconsolidation of the two subsidiaries from FNM's accounts from 16 January 2023. It is recalled that as of 31 December 2022, the investments in La Linea and Martini Bus were reclassified, in accordance with IFRS 5, to "assets held for sale".

<sup>2</sup> – Euro5, Euro6, EEV engines

<sup>3</sup> – Adjusted EBITDA: excluding extraordinary gains and losses



## Business Overview

- First electric car-sharing service with regional distribution and integrated with the railway network:



### E-VAI REGIONAL ELECTRIC

Regional electric car sharing to drive between airports, stations and cities



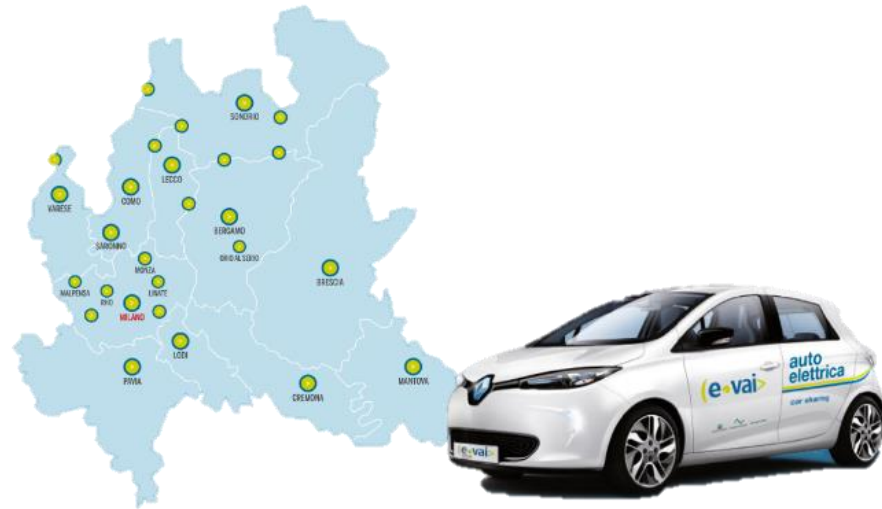
### E-VAI PUBLIC

Shared use between Public administration (during working hours) and citizens (during remaining hours and weekends)



### E-VAI CORPORATE

Integrated use between companies and employees during working hours and for private use



**110,513 subscribers** (+30% YoY)



**3 airports in Lombardy**



**392 vehicles** (+44% YoY)  
*(o/w 374 fully electric)*



**106 municipalities**



**286,427 rental hours** (+206% YoY)



**46 stations**



**CO<sub>2</sub> 947 tons saved in 2022**

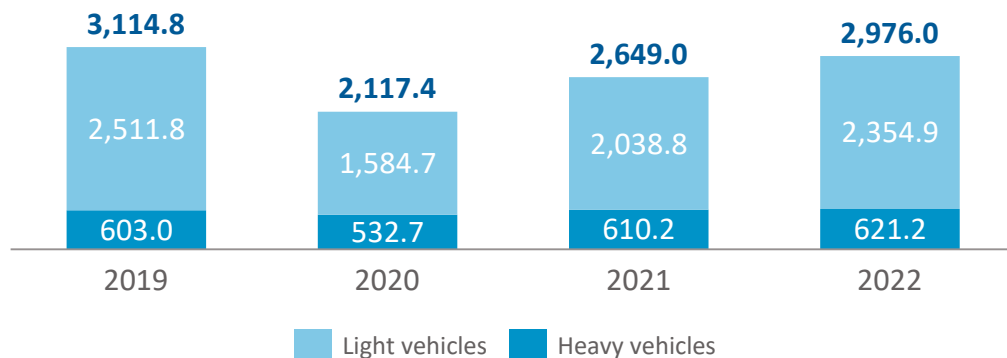
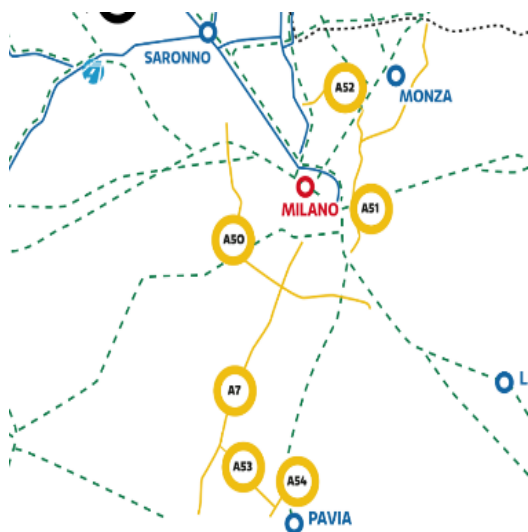


**307 E-vai Point all over Lombardy** (+66% YoY)  
*(o/w 127 charging stations)*

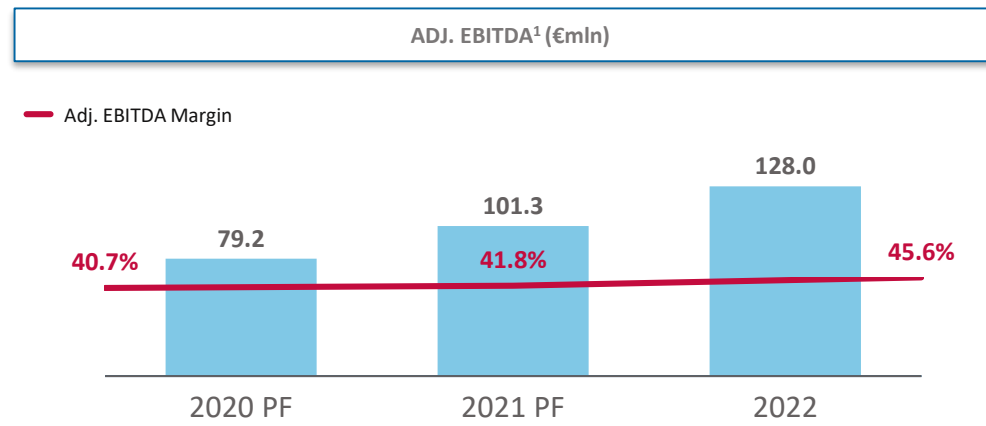
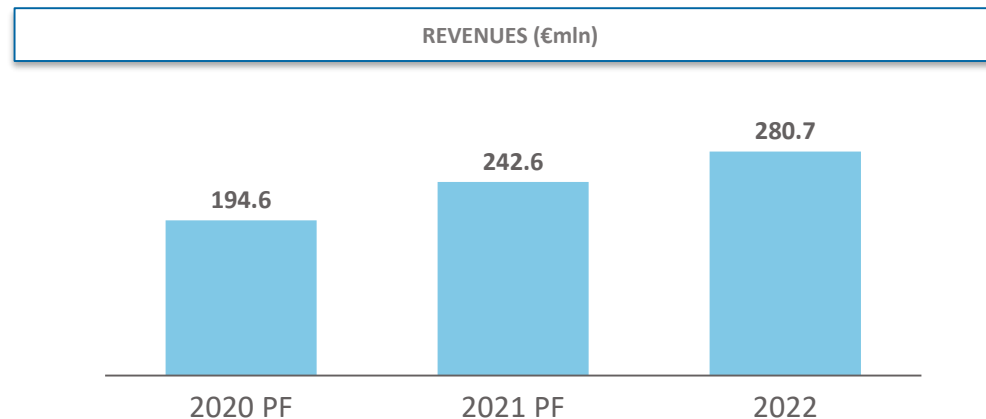


### Segment Overview

- On 26 February 2021 FNM acquired from Regione Lombardia an 82.4% stake in **Milano Serravalle Milano Tangenziali S.p.A. (MISE)**. FNM now owns 100% of MISE
- Established in 1951 in Assago, MISE is the concessionaire until 2028 of the A7 motorway from Milano to Serravalle Scrivia and of the three Milanese ring roads A50, A51, A52 (West, East, North), Pavia ring road (A54) and of Pavia-Beregardo junction (A53), for a total of about 185 km (o/w 124 km three lanes), in one of the wealthiest areas in Europe
- Traffic Evolution (mln v-km):**



### Financial results<sup>2</sup>

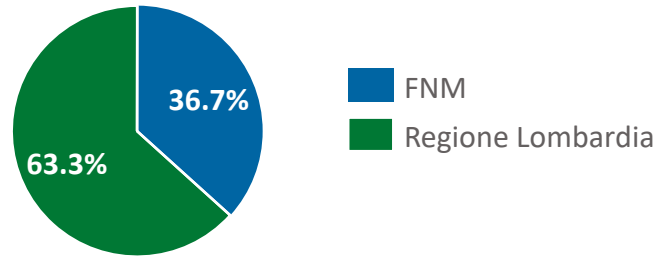


1 - Adjusted EBITDA: excluding extraordinary gains and losses

2 - MISE is fully consolidated in the FNM Group's financial statements starting on 26 February 2021. The values for 2021 consider the consolidation of MISE from 1 January 2021, 2020 was similarly restated as if MISE's consolidation had occurred on 1 January 2020.

## Segment Overview

- MISE holds a 36.7% stake<sup>1</sup> in **Autostrada Pedemontana Lombarda S.p.A. (APL)**. Following the €350mIn capital increase fully subscribed by Regione Lombardia on 26 February 2021 and the liquidation of other minority shareholders on 12 May 2022, Regione Lombardia controls the remaining 63.3%. APL is accounted for using the equity method in the consolidated financial statements of the FNM Group

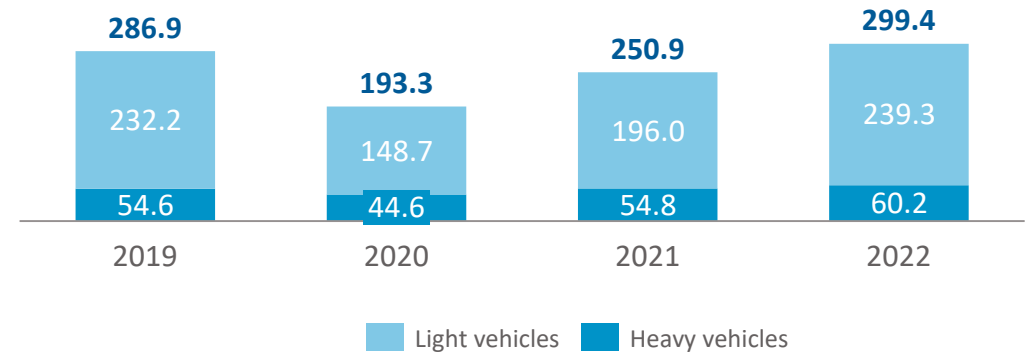


- APL is the concessionaire of the motorway connecting Dalmine (Bergamo) to Como, Varese and the Swiss border (Gaggiolo) for a total of about 200 km (including interchanges and related works), of which 85 km have been in operation since 2015 (section A and B1, A59 and A60), under a concession of 30 years starting from the completion of the project (section B2, C and D are to be built)
- The contract for the assignment of the executive design, coordination and execution of the works related to section B2 and C was signed with Webuild Italia S.p.A. on 5 December 2022.
- The final design of the short section D "short" was started on 12 October 2021 and is expected to be completed by 30 June 2023
- To finance the construction of segments B2 and C, in August 2021, APL was granted a €1.7bn financing (Senior Loan 1) by a pool of banks, EIB and CDP, with the support of Regione Lombardia. APL will also benefit from a €0.8bn tax credit and €0.9bn shareholders loan granted by Regione Lombardia

## Highlights<sup>1</sup>

€ mln	2020	2021	2022
Revenues	31.9	39.9	47.2
EBITDA	9.5	17.6	22.3
EBITDA margin %	29.8%	44.0%	47.4%
EBIT	5.0	11.4	16.1
EBIT margin %	15.6%	28.6%	34.1%
Net Result	(4.7)	(2.0)	(5.9)

### Traffic Evolution (mln v-km):



Higher Net Loss YoY mainly due to higher financial charges linked to the amortization of the accessory fees to the Senior Loan 1

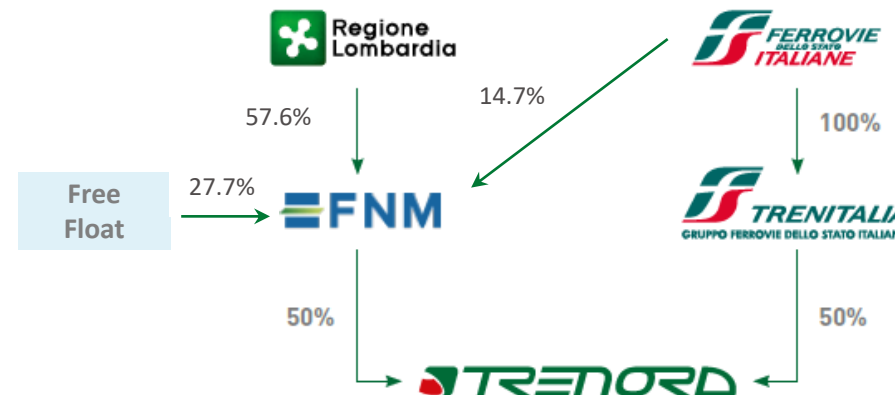
## Business Overview

- Incorporated in 2011, Trenord is one of the most important operators of **suburban and regional local public rail transport** in Europe, both in terms of size and in terms of service capillarity: 460 stations, 2.000 kilometers of rail network, 77% of Lombardy's municipalities within a 5-km radius serving 92% of citizens. Trenord also operates passenger services on the Milan rail link (**Passante Milanese**) as well as the connections with **Canton of Ticino** (CH), through TILO (50% owned jointly with the Swiss Federal Railways) and operates the **Malpensa Express** airport connection to the Malpensa International Airport;
- The activity is regulated through a **Public Service Contract (PSC)** with Regione Lombardia (relative to 2015-2020 period and extended to July 2023). The renewal for the 10 years period starting from August 2023 is under negotiation;
- Trenord operates more than 400 trains leased from FNM Group, Trenitalia and Regione Lombardia with a production for LPT services of 38.8mln trains-km in 2022

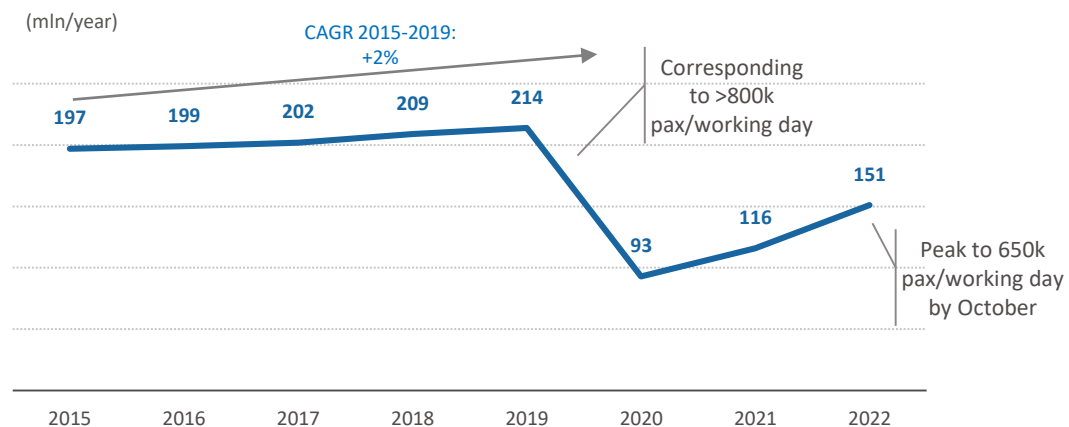
### Financial results (€mln – post IFRS16 application)

€ mln	2019	2020	2021	2022
<b>Revenues</b>	<b>831.7</b>	<b>703.0</b>	<b>760.1</b>	<b>831.9</b>
<i>of which: Covid-19 contributions</i>		80.4	98.3	33.8
<b>EBITDA</b>	<b>202.1</b>	<b>153.2</b>	<b>145.8</b>	<b>159.8</b>
<i>EBITDA margin %</i>	24.3%	21.8%	19.2%	19.2%
<b>EBIT</b>	<b>10.0</b>	<b>(33.0)</b>	<b>(26.0)</b>	<b>(15.1)</b>
<i>EBIT margin %</i>	1.2%	n.m.	n.m.	n.m.
<b>Net Result</b>	<b>3.7</b>	<b>(7.0)</b>	<b>0.1</b>	<b>(9.5)</b> <sup>1</sup>

## Shareholders' Structure



### Traffic evolution (mln pax)



1 – The net result is affected by (i) still pending contributions to compensate for lower revenues due to the effects of the pandemic – already quantified for the remainder of the year 2021 alone in more than €30mln and (ii) from the unrecovered damages resulting from the interruption that occurred in the summer on part of the Passante Milanese, with an estimated damage of at least €10mln.

# Details on Strategic Plan Guidelines

Upgrade and development of the Ferroviennord key hubs to redefine FNM's relationship with the territory

**1. Busto Arsizio:  
New neighbourhood UR.BA.MI.**

Urban regeneration to connect the north and the south of the city through a new urban center with large green areas equipped for collective activities

**2. Saronno:  
Urban redesign**

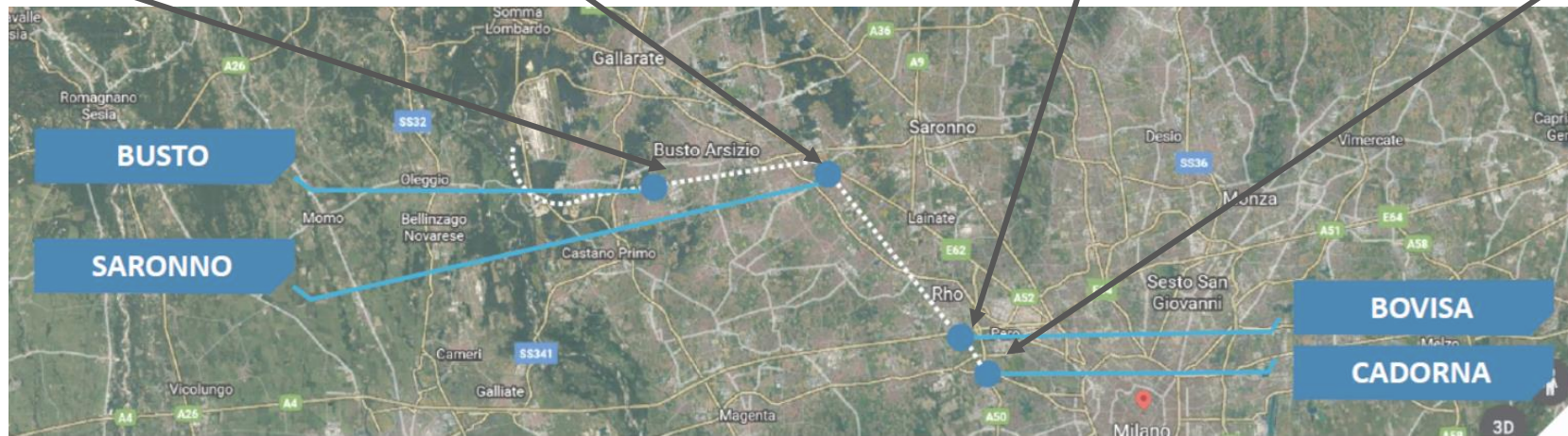
Reorganisation of the **technological/maintenance hub**, regeneration of the area of the station, new location of the museum area

**3. Milano Bovisa:  
Rail city**

Construction of the **new FNM Group headquarters** and **urban regeneration** of the area, in partnership with the Municipality of Milan, in the context of the project **Reinventing Cities**

**4. Milano Cadorna:  
O2F Oxygen Factory**

Creation of a «synthetic forest» (72,000 m<sup>2</sup>) from Milan Cadorna to Domodossola station with green and pedestrian areas, new **urban functions**; **new biotechnologies** able to **absorb CO2 and release oxygen**



**Spreaded projects**

**A.  
800.000 trees**

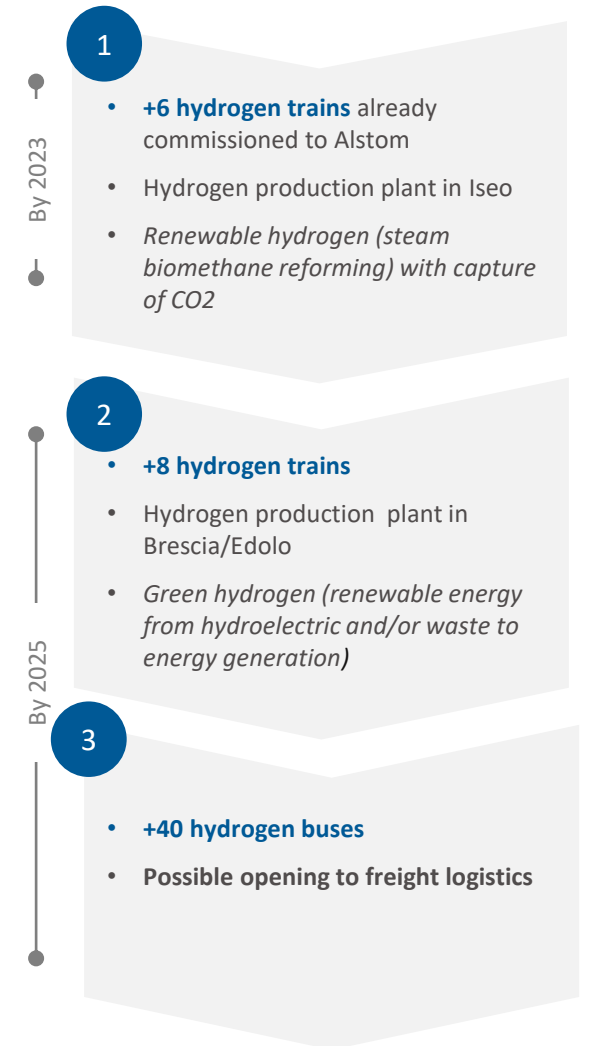
Reforestation efforts or realisation of **trees and shrub-like zones** in uncultivated areas, **nature-based interventions in stations** aimed at improving the passengers comfort and environmental resilience **along the entire network**.

**B.  
Super cycle track**

Construction of a 54km long super cycle track **from Milano Cadorna to Malpensa**

## Italian industrial hydrogen-based value chain for a sustainable mobility system in the UNESCO world heritage site of Val Camonica

- Iconic project jointly implemented by **FNM and Trenord**
- Developed along the non-electrified railway line **Brescia – Iseo – Edolo** in the Val Camonica area, a major industrial pre-Alpine valley in eastern Lombardy and a gateway for the **2026 Milano-Cortina Winter Olympics**
- **Highly innovative project**, with three main objectives:
  - **Development of a hydrogen economic and industrial chain**, with applications starting from the mobility sector
  - **Development of a local hydrogen production chain**, thereby starting the energy transition of the local area
  - **Complete decarbonisation** of a significant part of local public transportation
- FNM entered into **partnerships** (MOU) with major energy players (A2A, Snam, Enel Green Power, ENI and SAPIO) to support the implementation of the project along the different steps of the hydrogen industrial chain
- In July 2021 FNM, A2A and SNAM have jointly been awarded a €4mIn grant from the **European Innovation Fund Small Scale** programme for the construction of an hydrogen production plant in the context of the H2iseO project
- **Total expected CAPEX ~300 mln euros<sup>1</sup>**, of which 165 mln euros for the purchase of rolling stock, financed for 80.1 mln euros with funds made available by Regione Lombardia to FERROVIENORD through the Programme Agreement and for 82.6 mln euros with funds provided by FNM for the purchase of rolling stock. The remaining financial resources to be contributed will be determined once the decree for the allocation of the resources envisaged by the NRRP is issued. The 2021-2025 Strategic Plan includes the assumption of **total expected CAPEX to be financed by FNM equal to ~100 mln euros<sup>2</sup>**, net of contributions from NRRP, Regione Lombardia and European Union funds.
- **Operations expected to start in first half of 2024**



1 – mainly for the supply of a fleet of 14 hydrogen trains and 40 hydrogen buses and including the construction of hydrogen production and distribution facilities, along with the upgrade of the railway infrastructure and the related areas;

2 – current working assumption.

# History and Regulatory background



FNM is the main integrated transport and mobility Group in Lombardy

**1877**

Incorporation of **Società Anonima Ferrovie Milano-Saronno e Milano-Erba** for railway construction and management in Lombardy

**1879**

Launch of railway operation with the activation of the Milan-Saronno lines

**1883**

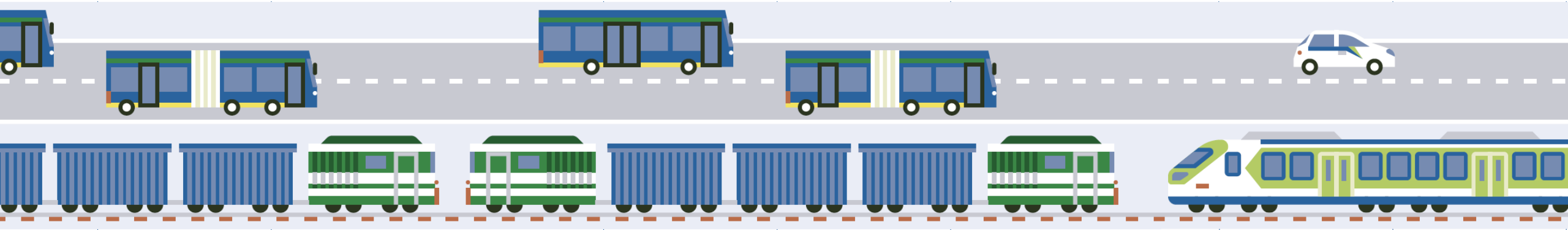
Incorporation of Società Anonima delle Ferrovie Nord Milano

**1926**

**Ferrovie Nord Milano** is listed on the Milan Stock Exchange (Borsa Italiana)  
2° railway in Italy

**1974**

Path towards **nationalisation of infrastructure and railway companies**  
**Regione Lombardia** becomes the main shareholder of FNM



**1985**

Incorporation of **FNM Esercizio S.p.A.** and of **FNM Autoservizi S.p.A.**

**1993**

Acquisition of management of the **Brescia-Iseo-Edolo** railway line in Valcamonica

**1997**

The first section of the **Passante Ferroviario di Milano**, (Milan suburban railway link), between the stations of Certosa – Bovisio Nord and Milano Porta Venezia

**1999**

Activation of the **Malpensa Express** airport connection between the Milano Cadorna Station and Malpensa airport

**2000**

Formation of **FNM Ingegneria S.r.l.** (now **NORD\_ING**)

**2003**

**Nord Energia S.p.A. JV** between FNM and AET for the development of the merchant line between Mendrisio and Cagno



FNM is the main integrated transport and mobility Group in Lombardy

**2004**

Set up of **FNM Esercizio** for railway network management and **FNM Trasporti** for passenger transport (which become respectively **FERROVIENORD** and **LeNORD** in 2006)

Establishment of two different companies consistently with the **principle of separation between network manager and service operator**

**2008**

The **FNM stock is admitted to Expandi** segment of Borsa Italiana

**2009**

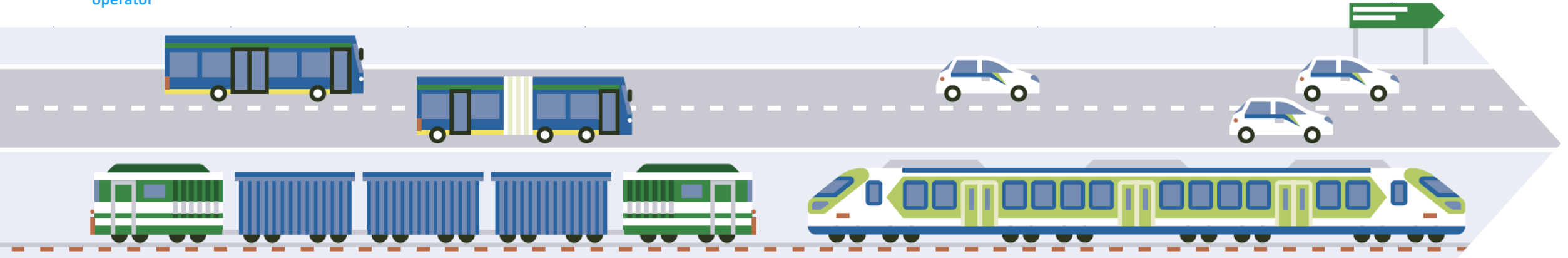
Establishment, with Trenitalia, of the equally owned company **Trenitalia-LeNORD**, (since 2011 **Trenord**), to manage the LPT railway in Lombardy

**2010**

Incorporation of **E-Vai** and launch of **car sharing** service

**2011**

In May, Trenitalia-LeNORD becomes **Trenord S.r.l.**



**2015**

NordCargo becomes **DB Schenker Rail Italia S.r.l.** with FNM holding a 40% stake

**2017**

Acquisition of **ATV S.r.l.** (50%)

**2018**

Acquisition of **La Linea S.p.A.** (51%)

Establishment of **Malpensa Intermodale**

**2019**

Establishment of **Malpensa Distripark**

**Business model development around intermodal transport and MaaC/MaaS concepts**

**2020**

Incorporation of **FNMPAY S.p.A.** and acquisition of **BusForFun.com S.r.l.** (40%<sup>1</sup>)

**2021**

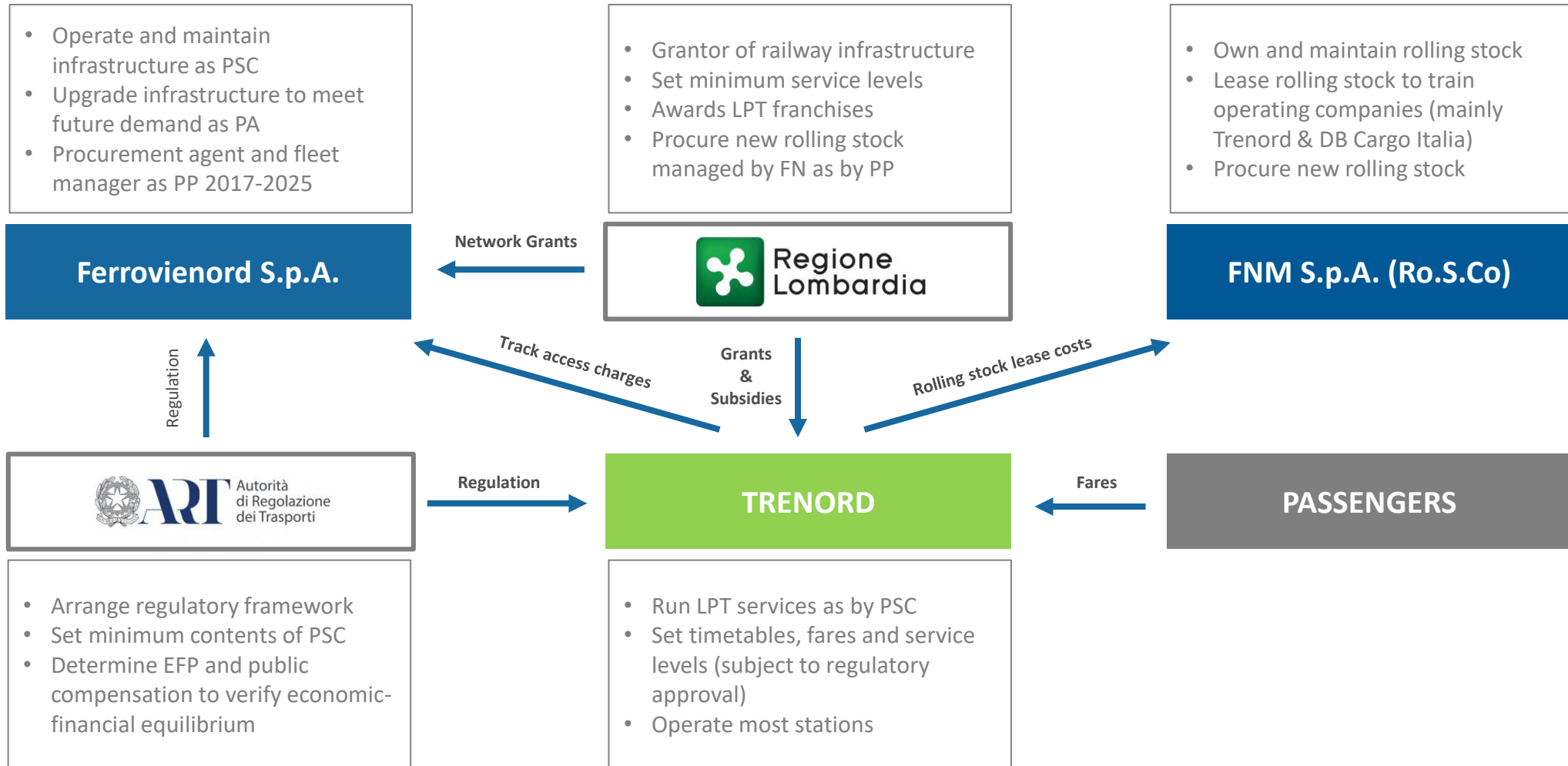
Acquisition of control of **Milano Serravalle – Milano Tangenziali S.p.A.** (MiSe) and **Milano Serravalle Engineering** (100%<sup>2</sup>)

Acquisition of 33.3% stake in **Sportit**

1 – Acquired stake of 24.7%, subsequently increased to 40% in December 2021, following the subscription of a share capital increase by FNM S.p.A.

2 – Acquisition of a 13,6% stake from ASTM on July 29<sup>th</sup> 2020 and of 82,4% stake from Regione Lombardia on February 26<sup>th</sup> 2021; since then MISE is fully consolidated into FNM accounts. FNM stake in MISE share capital raised to 100% following liquidation of minority shareholders in 2022.

	Concession	Programme Agreement ("PA")	Public Service Contract ("PSC")	Purchase Programme ("PP")
<b>Content</b>	<p>Under the Concession Agreement, Ferrovienord is granted the right to:</p> <ul style="list-style-type: none"> <li>• use, manage and operate specific parts of the regional railway network (including the relevant appurtenances, plants and equipment)</li> <li>• manage the acquisition of the fleet – on a non-exclusive basis - required for the regional train services on behalf of Regione Lombardia, which provide the relevant instructions and funds for the purchase.</li> </ul> <p>FNM group subsidiary NORD_ING is in charge for the network maintenance and development works.</p>	<p>The PA defines the activities to be carried out for i) the railway infrastructure renovation / development and ii) the extraordinary and ordinary maintenance. The Agreement also defines the funding needs, primarily based on a medium term investment plan.</p> <p>The financial coverage of the activities in question derives for the most part from EU, State and Regional resources, provided by RL through the reimbursement of all costs incurred, consistently with WIP status, and a flat-rate reimbursement of the so-called "technical expenses" and "general expenses" calculated on a percentage basis of the value of the works completed.</p> <p>At 31 December 2022, the total financial resources allocated to the Programme Agreement were equal to €1,553mln.</p>	<p>The PSC governs the specific conditions and terms, including financial ones, to carry out the management and ordinary maintenance of the railway infrastructure, as well as of the activities concerning the purchase and management of the rolling stock (see "Purchase Programme") made available to Trenord on behalf of RL, in line with the principles and obligations established in the Concession.</p> <p>The PSC regulates the contribution due to FN by RL for the services provided, aimed at offsetting the cost items that the law does not intend to be covered by the fees paid by the railway operator for the use of the infrastructure or by other commercial revenues.</p> <p>The PSC expiring on 31 December 2022 has been renewed for the period 1 January 2023 - 31 December 2027 under the conditions described in paragraph 9.2 of the 2022 Annual Report.</p>	<p>Regione Lombardia (RL) has authorized FN to purchase, manage, maintain and store new rolling stock on behalf of the Region, to be allocated to railway companies holding a service contract with the Region, with a commitment to complete the supplies by 2025.</p> <p>The program envisages the purchase of 222 trains for a total amount of €1,740mln, fully covered by the Regional budget. In consideration of the additional resources allocated by RL, FN requested the voluntary cancellation of the €650mln loan originally granted by the EIB to manage the funding gap between expected deliveries and Regional contributions, still completely unused.</p> <p>The services are provided against payment of a fee set at 1% of the amount of the train supply contracts as remuneration of the charges for general contract management expenses.</p>
<b>Approval law</b>	Regional Law N. x/4823 of 15/02/2016	Regional Law N.x/5476 of 25/07/2016 and N. xi/5589 of 23/11/2021	Regional Law N. XI/7543 of 15/12/2022	Regional Law N. X/6932 of 24/07/2017; XI/1619 of 15/05/2019; XI/3531 of 05/08/2020; XI/6841 of 02/08/2022
<b>Expiry date</b>	31/10/2060	31/12/2027	31/12/2027	-
<b>Termination clauses</b>	<p>Regione Lombardia may request the early termination in the event of serious and persistent violations of the obligation deriving from the concession.</p> <p>The concessionaire is in any case required to guarantee continuity of the service for 36 months with recognition of the expenses incurred.</p> <p>At expiration date, Ferrovienord will have to give back to Regione Lombardia all the assets and the rolling stocks purchased with Regione Lombardia grants.</p>		The Agreement is subject to the validity of the Concession. In case the latter may be revoked, the Public Service Contract will be resolved	-



## ECONOMIC-FINANCIAL PLAN Starting from the Production Plan



**+ Efficient operating costs**  
(personnel, maintenance, etc.)

**+ Investment remuneration**  
(facilities, IT, rolling stock, quality, etc.)

**- Traffic revenues**  
(sales of tickets and passes)



**= Service contract compensations** (Regione Lombardia contributions)

The Service Contract is a contract that regulates the relationship between **Regione Lombardia and the Train Operating Company**, defining obligations, penalties, mitigation and service implementation.

It must be arranged in the context of the regulatory framework laid down by **ART** with Deliberation n. 154/2019, based on the European Regulation 1370/2007.

ART sets out:

- The minimum rights of the railway transportation service users
- The minimum quality condition of the service to be guaranteed in the context of the Service Contract
- That the Service Contract has to plan and set targets for the progressive efficiency improvement of the management of regional railway transport services (Objectives Achievement Plan).
- the minimum contents of the Service Contract and establishes the drafting of an Economic-Financial Plan (EFP) to determine public compensation and verify the economic-financial equilibrium. **The compensation ensures the economic-financial equilibrium, taking into consideration traffic revenues, efficient costs and investments planned for achieving the objectives.**
- **ART WACC as of date of EFP approval** (3.02% real pre-tax and 7.45% nominal pre-tax for the period 12 March 2023 - 11 March 2024)

The EFP is regularly verified by the parties.

Responsibilities are identified within a **risk matrix** whereby:

- Variations determined by the inefficiency of the company, or failure to meet the objectives, are the responsibility of the railway company.
- Variations deriving from external or regulatory factors (e.g. legislative and tariff changes) shall be born by Regione Lombardia, which must ensure the economic equilibrium of the contract

## EU and Italian regulatory framework

- **European Regulation N. 1370/2007** sets the rules for international and national passenger rail and road transportation.
- **Decree-law No. 422/1997** regulates road transportation at national level, transferring all the competencies at regional authorities.
- At present, **regional authorities** still have the option of awarding Local Public Transport service contract agreements directly, although direct awards must be based on principles of cost-effectiveness, efficiency, impartiality, and transparency, etc. The maximum duration of each contract is 10 years. **Tenders will become mandatory from 2023**, but regional authorities will still have the option of awarding contracts directly for efficiency / quality purposes.
- **Nominal pre-tax WACC of 7.26%**: remuneration for road transportation set by the Transportation Regulation Authority (**Art Deliberation 49/2023**)

### Lombardy

- **Regional Law 6/2012** established three different systems for assigning TPL concessions: (i) direct management; (ii) direct award of public contracts, (iii) competitive tendering offer.
- At the moment, most of the existing contracts with TPL providers have expired and providers are currently operating thanks to a **contract extension**<sup>1</sup>.
- Regional Law nr. 8 art.30 of 25 May 2021 approved the modification of art. 60 of law nr. 6 of 2012 **postponing by 2 years, after the conclusion of the state of emergency (set at 31March 2022), the deadline for implementation of tenders** for the renewal of concessions / service contracts

### Veneto

- **Regional Law 25/1998** is applied.
- Each province is a catchment area.
- Currently contracts in same catchment areas have expired, Verona included<sup>2</sup>.
- The local authorities of each catchment area **are issuing tender procedures in order to assign the concessions**.
- Resolution of the President of the Province of Verona nr. 24 of 25 February 2021 **suspended new tenders up to 12 months after the conclusion of the state of emergency (set at 31March 2022)**.

1 – for FNMA the Service Contracts for the Como area as well as the concessions for Varese and Brescia area will expire on 31 December 2023

2 – For ATV the three Service Contracts for Verona, Legnago and Verona province extended to 31 December 2023

### Key Players

- Ministry of Infrastructures and Transportation (**MIT**) – ex ANAS – is the Grantor of the Concession<sup>1</sup>;
- Ministry of Economy and Finance (**MEF**) reviews and approves the Economic Financial Plan (**EFP**) and the yearly tariff increases requests together with the MIT through the publication of an interministerial decree;
- Transport Regulation Authority (**ART**) is the independent regulatory authority;
- Interministerial Committee for Economic Planning and Sustainable Developments (**CIPESS**) approves the Final Design (“Progetto Definitivo”) and provides opinions on EFP updates, including the Concession Addendum (“Atto Aggiuntivo”) to the Single Concession Agreement (“Convenzione Unica”) of motorway concessionaires.

### Deed of Concession

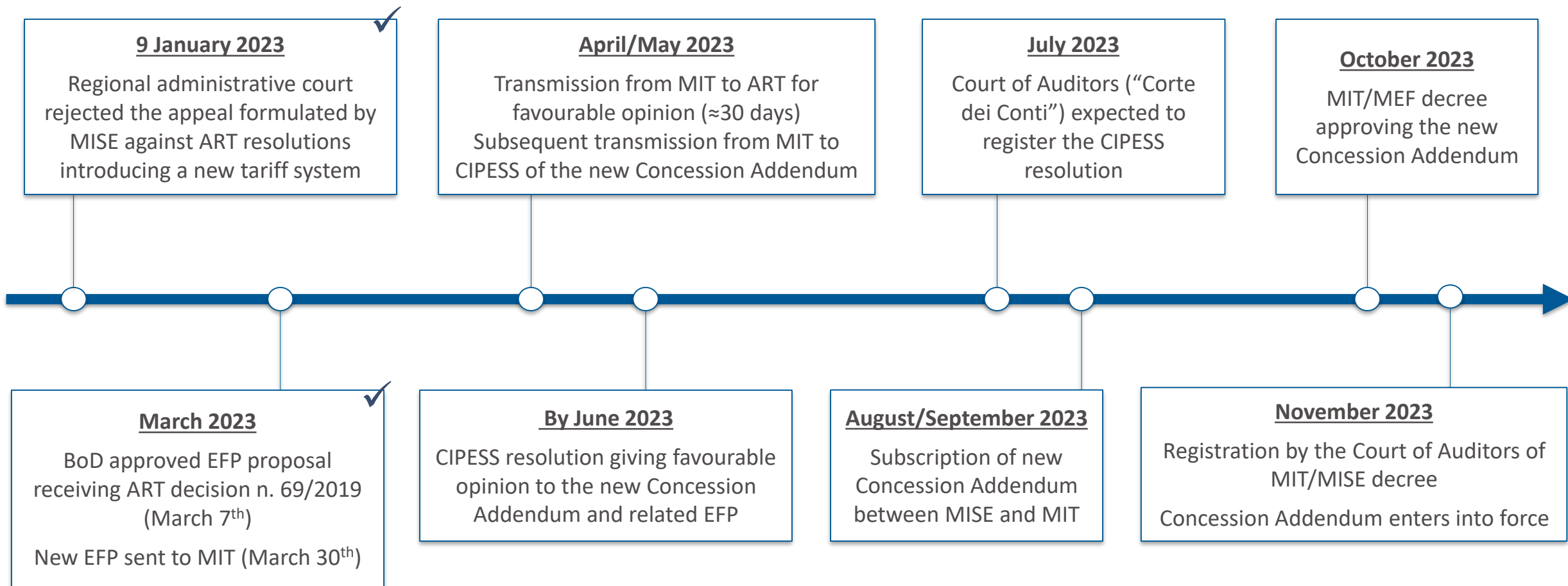
- The **Deed of Concession** was signed on 7 November 2007 between MISE as Concessionaire and ANAS S.p.A. as Grantor, replaced in 2012 by the MIT. On 10 March 2017, the **Concession Addendum n.1** (“Atto Aggiuntivo”) relating to the second regulatory period 2013-2017 became effective . The Concession Agreement expiration date is set on **31 October 2028**;
- The scope of the Concession is the design, construction and management of the A7 Serravalle-Milan Motorway connecting Genova to Milan, the West (A50), East (A51) and North (A52) Milan Ring Roads. The company also manages the Bereguardo-Pavia (A53) and the West Pavia (A54) Ring Roads;
- Implementation of the contents of ART 69/2019 resolution on tariff matters.
- On expiration date, the concessionaire has to continue ordinary business administration until transfer of the operation management to another concessionaire. The grantor has to start a new tender procedure to select the new concessionaire well in advance of the Concession Agreement termination in order to avoid discontinuity in the management of the assets;
- Concession Agreement sets that, if the hand over to the new concessionaire is not completed within 24 months from the Concession Agreement expiration date, the Grantor will hand over the Concession.

<sup>1</sup> – In case of motorways of regional interest, the grantor role is exercised by a mixed company with public and private participation (Concessioni Autostradali Lombarde S.p.A. or CAL)

**EFP 2020-2024  
main financial  
elements (ex. ART  
decision n.69/2019)**

- MISE's new regulatory framework will be composed of the **Concession Addendum n.2** to the 2007 Single Concession Agreement and the **2020-2024 EFP** that will set new CAPEX, maintenance and efficiency standards;
- Tariff setting mechanism based on 3 building blocks: (i) a “**management tariff**” allowing the recovery of efficient operating costs and ordinary maintenance, evaluated with reference to the base year costs for each regulatory period and a price-cap yearly dynamic; (ii) a “**construction tariff**” allowing the recovery of capital costs related to assets reversible upon expiration of the Concession; (iii) an “**additional charge**” aimed at recovering specific other charges (including the recovery of lost revenues and additional costs related to the Covid-19 pandemic) not subject to the price-cap dynamics;
- The new model envisages a RAB-based tariff regime which distinguishes between existing/authorized investments (**RAB ante**) and new investments (**RAB post**) remunerated at a fixed IRR and WACC respectively;
- **Inflation, traffic, WACC and other relevant parameters are reset at the beginning of each 5-year regulatory period;**
- **Financial adjustments** (“Poste Figurative”) may be applied in order to smooth tariff increases with a neutral effect from a financial standpoint → included into the RAB and remunerated at a blended regulated rate;
- **Recovery of additional costs due to current increases of construction costs** → price increases to be included in the RAB and recovered through amortization.

Expected timeline according to regulatory framework





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