



# FNM Group Investor Presentation

June 2023



**The FNM Group**

**Key strategic initiatives**

**1Q23 Economic & Financial Results**

**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

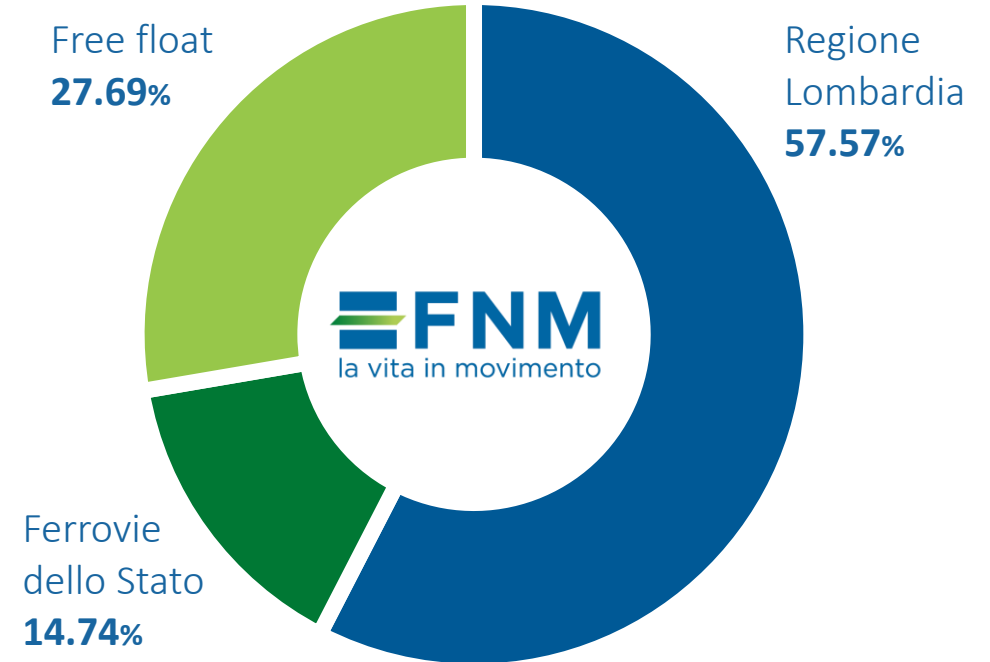
**Appendix**

- Established in 1877, 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

### Shareholders' structure

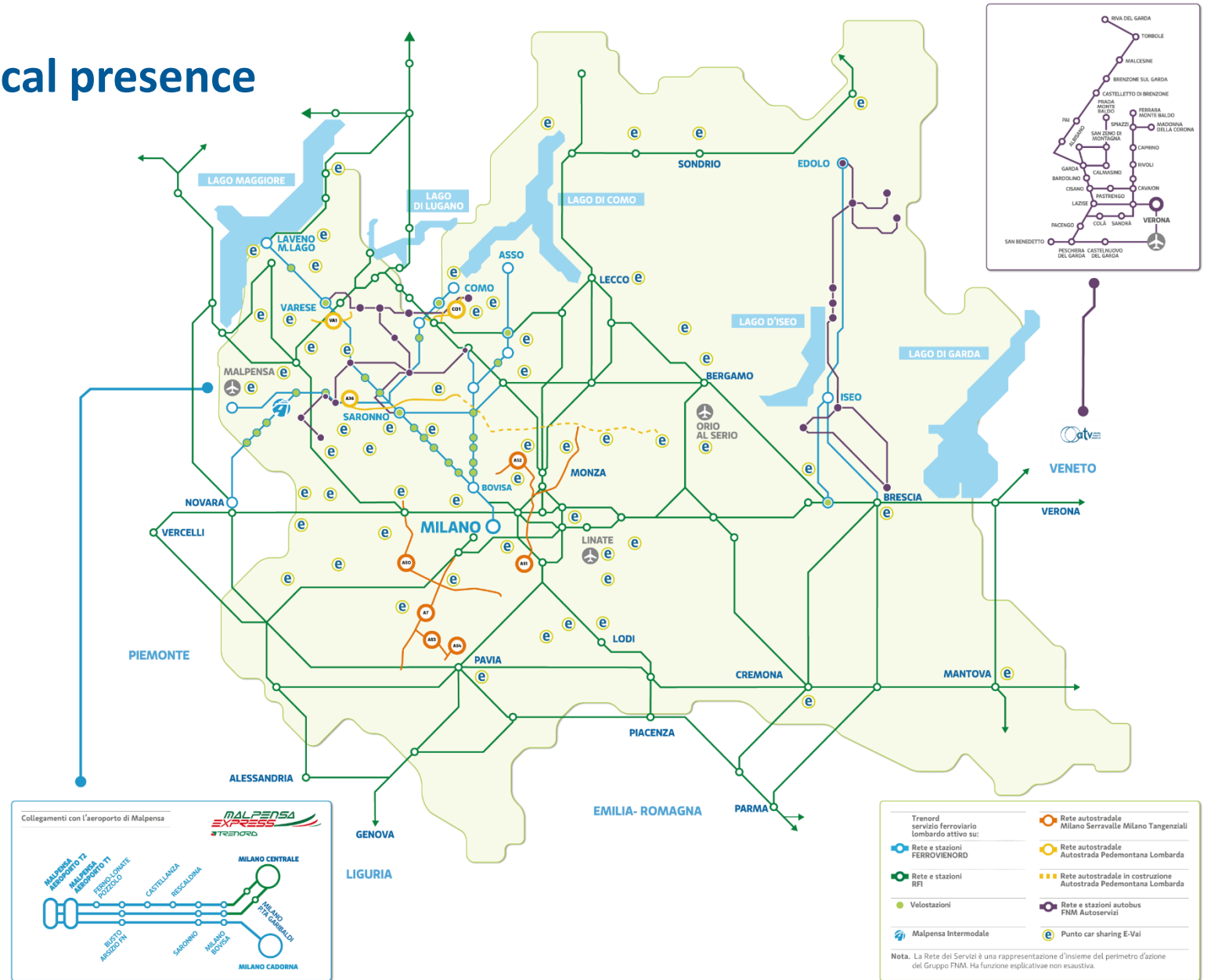


## Presence in Italy's most prosperous region

- GDP per capita among the highest in the EU, about 35% higher than the Italian average and 25% higher than the EU average<sup>1</sup>
- Regional unemployment rate at 5.9%, far below the Italian and European average (9.5% and 7.0% respectively)<sup>1</sup>
- One of the most developed production systems in Europe with more than 800K companies and one of the highest rates of entrepreneurship

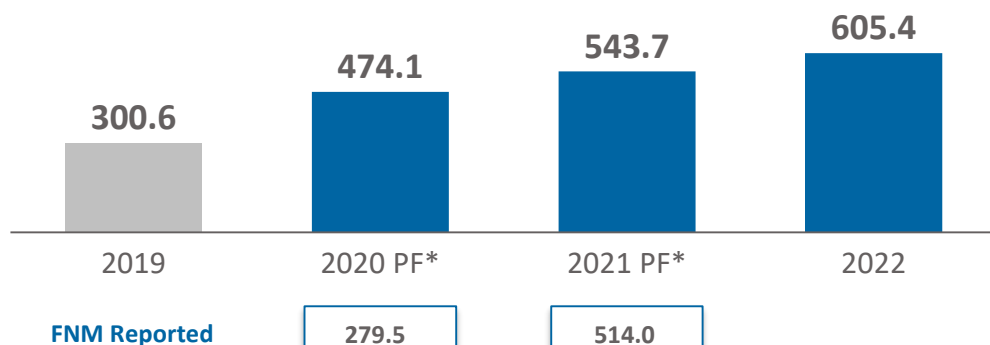
Integrated multimodal mobility player:

- 1 Interconnected with major national and international hubs
- 2 Centered around the densely populated area of Milan
- 3 Diversified revenues, income profile and regulatory risk

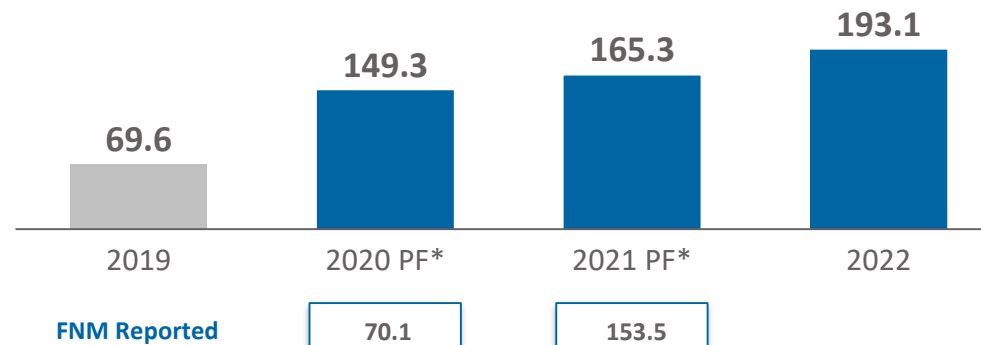


1 –Source: Eurostat. Gross domestic product (GDP) at current market prices by NUTS 2 regions by Eurostat, last update 16/02/2023 Unemployment rates NUTS 2 regions from 15 to 74 years by Eurostat, last update 16/02/2023

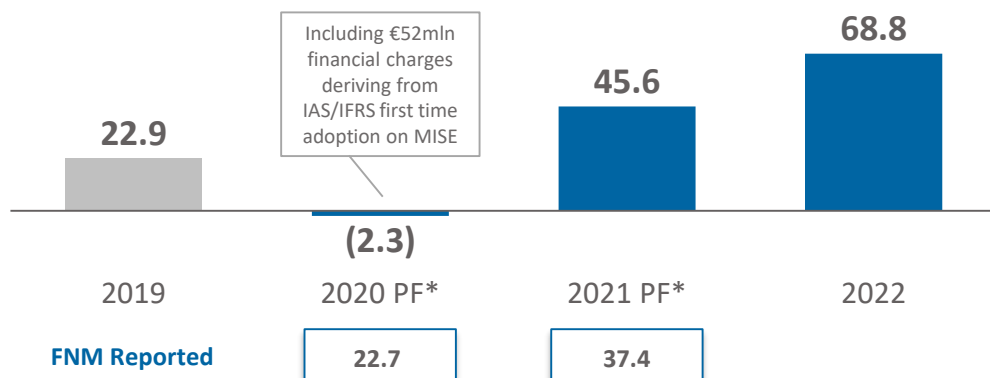
## Revenues



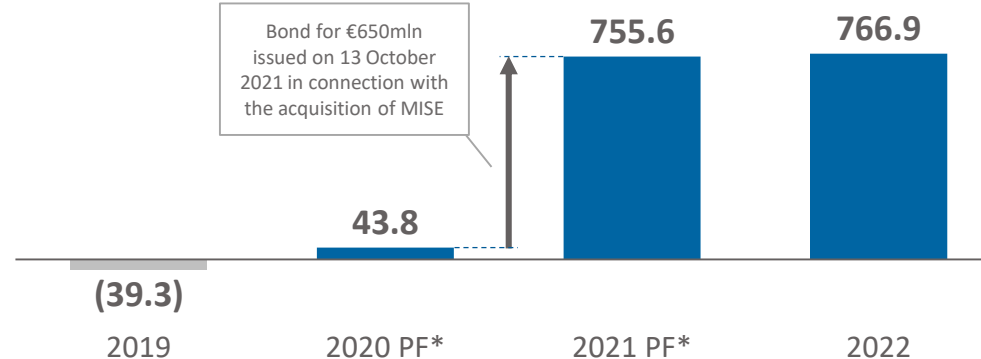
## Adjusted EBITDA















## Adjusted Net Result



## Adjusted 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.

 <h2>Ro.S.Co &amp; Services</h2>	<p>Leasing of rolling stock in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo Italia)</p> <p>Corporate services to subsidiaries and management of the real estate assets of the Group</p> <p>Development of complementary digital platforms according to MaaC paradigm</p>	 <p><b>98</b> <i>Owned trains</i></p> 
 <h2>Railway Infrastructure</h2>	<p>Management of railway infrastructure in Lombardy on the basis of the concession expiring on 31 October 2060</p> <p>Intermodal terminal management and real estate development in freight logistic sector</p>	 <p><b>330 Km</b> <i>Railway Network</i></p> 
 <h2>Road Passenger Mobility</h2>	<p>LPT road transport in Lombardy (Province of Varese, Brescia and Como) and Veneto (Province of Verona)</p> <p>Train replacement services for Trenord</p> <p>Electric car-sharing service</p>	 <p><b>702</b> <i>Buses into service</i></p> 
 <h2>Motorways</h2>	<p>Management of motorway infrastructure through a concession expiring in 2028</p> <ul style="list-style-type: none"> <li>Highway from Milan to Serravalle Scrivia (A7 86Km)</li> <li>Milan West, East and North ring roads (A50 33Km, A51 29Km, A52 19Km)</li> <li>Pavia West ring road (A54 9Km) and Bereguardo-Pavia motorway link (A53 8Km)</li> </ul>	 <p><b>185 Km</b> <i>Motorway Network</i></p> 

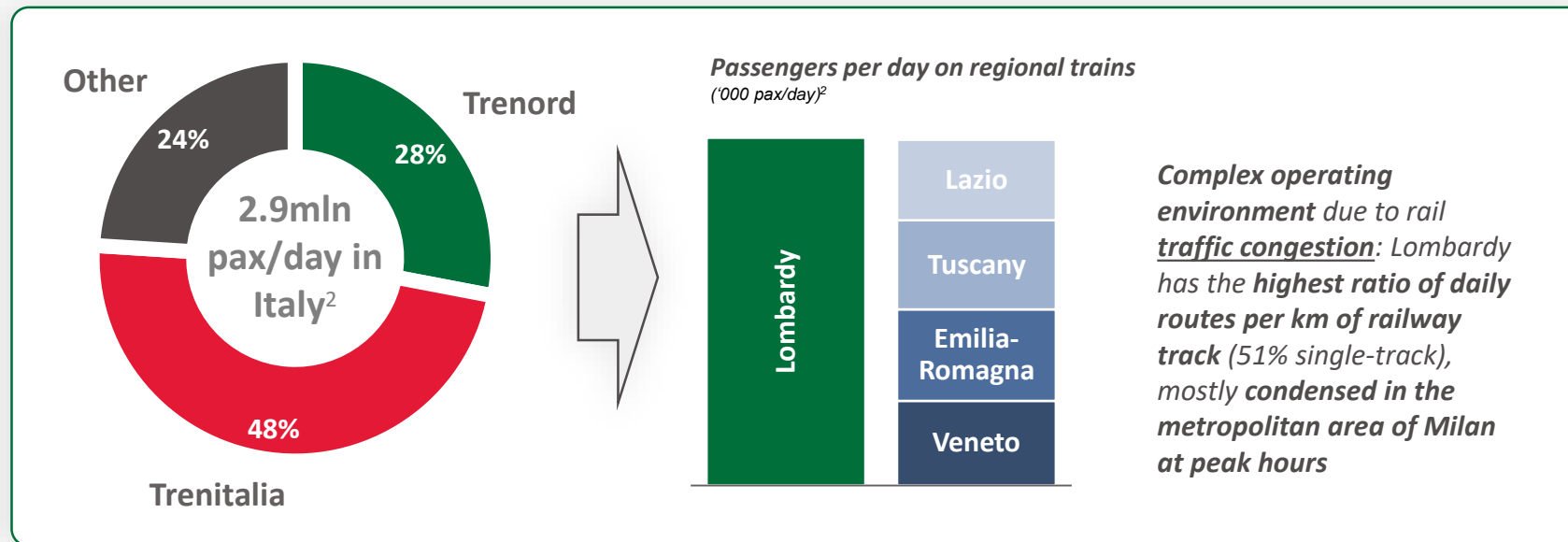
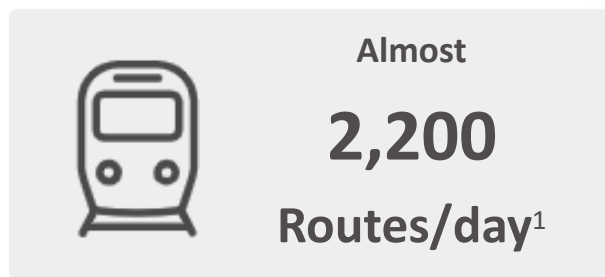


1 – includes the indirect participation in TILO SA (50% controlled by Trenord and 50% by Swiss Federal Railways SBB) equal to 48.4% of the capital of the highway concessionaire Tangenziale Esterna S.p.A.

2 – FNM owns 22.55% of Tangenziali Esterne di Milano S.p.A. which holds a single shareholding equal to 48.4% of the capital of the highway concessionaire Tangenziale Esterna S.p.A.

3 – FNM owns 50% of Omnibus Partecipazioni S.r.l. with Arriva Italia, holding company which in turn owns about 49% of ASF Autolinee. The remaining 51% is held by S.P.T. Holding S.p.A. whose shareholders are local public entities

## Among the most important LPT railway players in Europe excluding the National train operators



### The NEW 2023-2033 Public Service Contract with Regione Lombardia

- Public Service Contract (PSC) for public rail transport with Regione Lombardia covering the period 2015-2020 (extended until July 2023) → **published draft of new PSC covering the period August 2023-July 2033, pending approval by ART (~60days)<sup>3</sup>**
- **New regulatory regime set by ART model<sup>4</sup>**: net cost methodology with a price-cap yearly dynamic, allowing the recovery of efficient operating costs and “reasonable profit”
- Incorporates **updated estimates about the cost of raw materials and energy products** (traction electricity/fuels)
- Allocation of responsibilities (**Risk Matrix**): variations deriving from external or regulatory factors (e.g. inflation, energy costs, legislative and tariff changes) shall be born by Regione Lombardia, which must ensure the economic equilibrium of the contract (updated annually)
- The largest contract ever signed by Regione Lombardia: **committed €5.4bln of public contributions** funded by both Regional and National budget

1 – Nov 2022 figures

2 – Legambinete, Rapporto Pendolaria 2022 (Pre-Covid figures: data refer to 2019)

3 – Resolution n° XII/300 of 15 May 2023

4 – Resolution n° 154/2019, based on the European Regulation 1370/2007



**The FNM Group**

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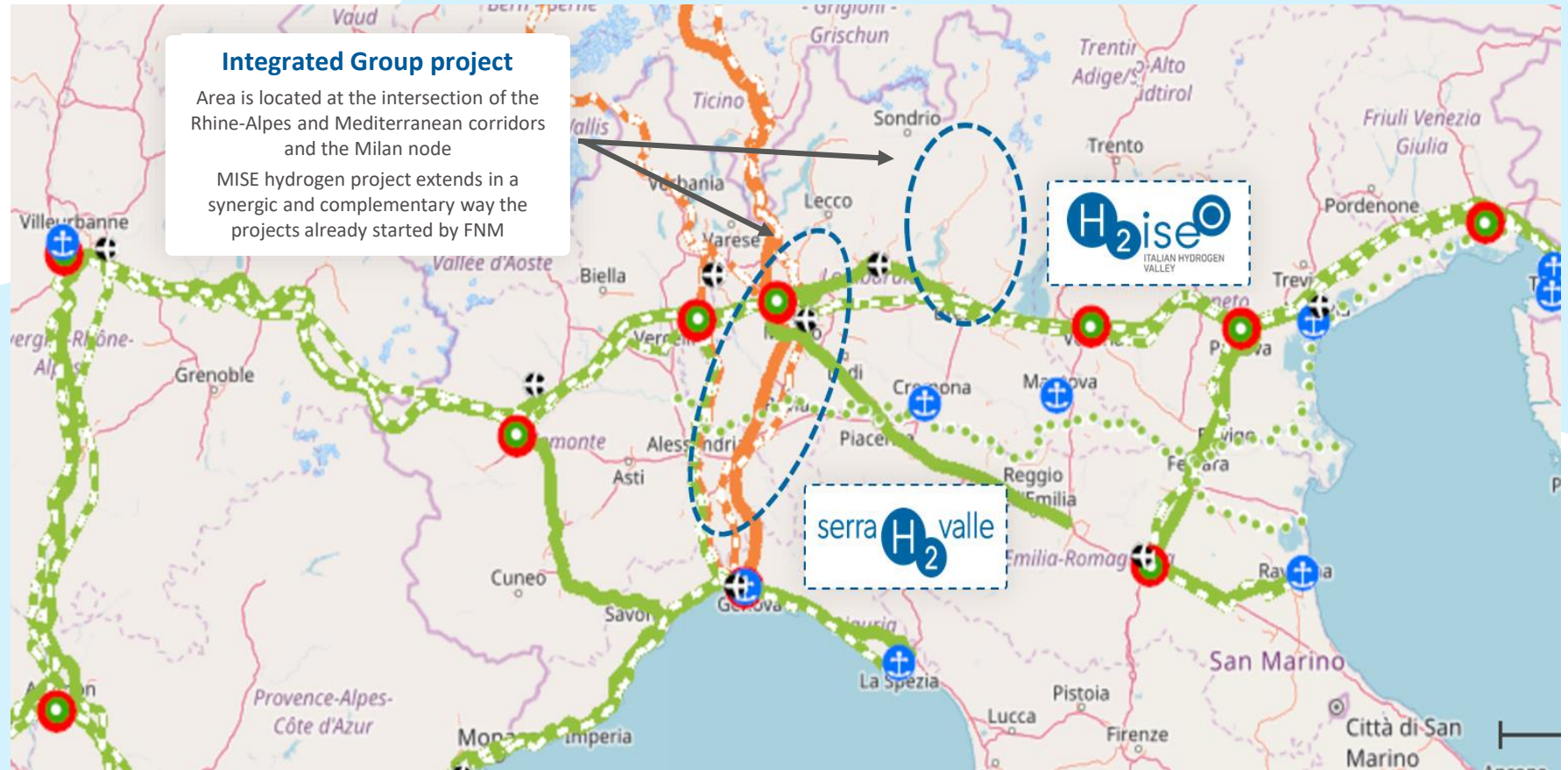
**Appendix**

# Introducing hydrogen into a path of energy transition is a strategic development area for the FNM Group

## Execution Phase



## Development Phase



A sustainable mobility system in Val Camonica along the Brescia-Iseo-Edolo non-electrified railway line, gateway to the Milano-Cortina 2026 Winter Olympic Games

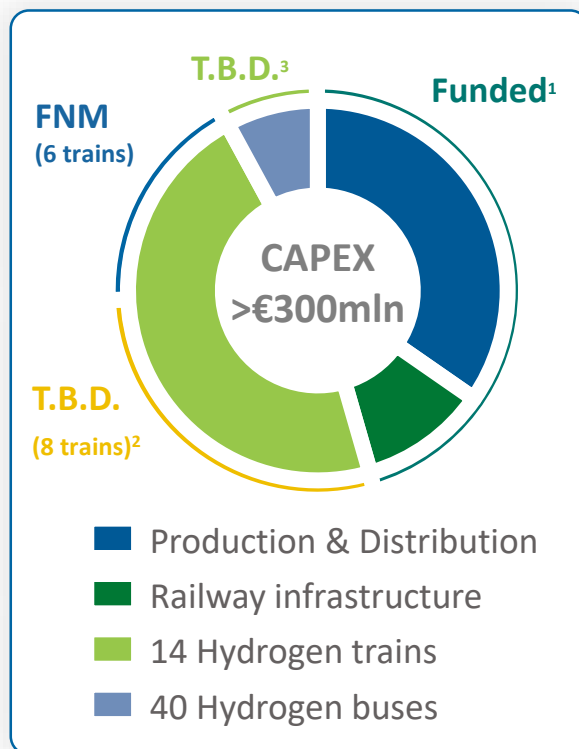
By 2024

**1** **+6 hydrogen trains** already commissioned to Alstom  
Hydrogen production plant in Iseo  
*Renewable hydrogen (steam biomethane reforming with capture of CO2)*

By 2025

**2** **+8 hydrogen trains**  
Hydrogen production plant in Brescia and Edolo  
*Renewable hydrogen (electrolysis with electricity from renewable energy)*

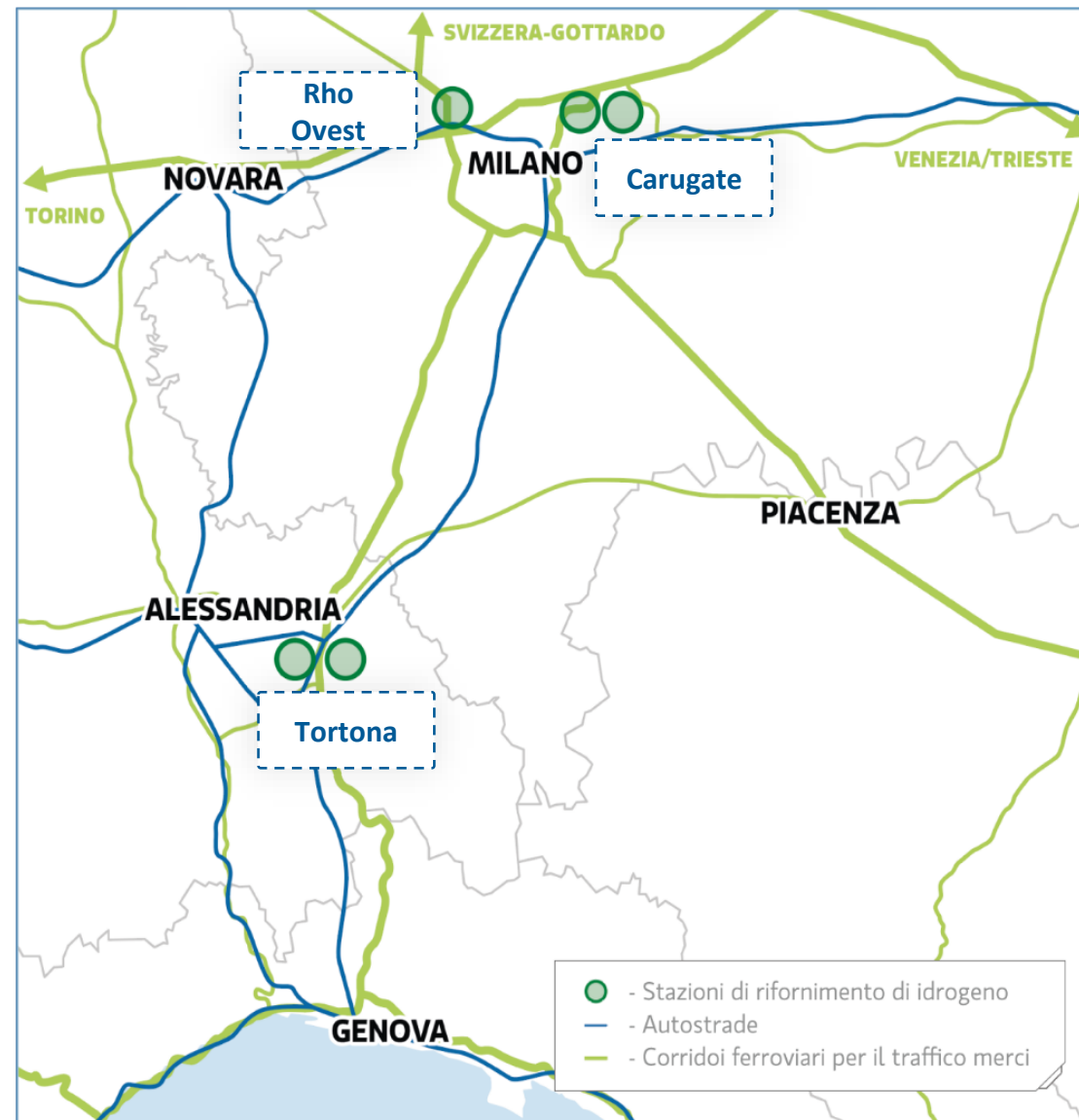
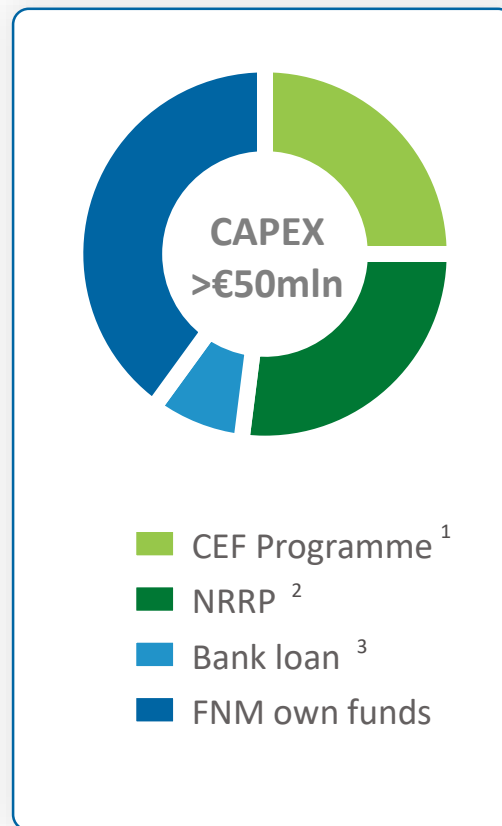
**3** **+40 hydrogen buses**  
Possible opening to freight logistics



1 – €80.1mln financed through the Programme Agreement (DGR XI/7329 of 14/11/2022) and €97.2mln with resources envisaged by the NRRP (MIT Decree n° 144 of 31/03/2023), funds made available by Regione Lombardia to FERROVIENORD 2 – Willingness of FNM to finance the 8 additional hydrogen trains, additional NRRP resources could be made available for train financing 3 – Source of financing to be defined

Realize 5 Hydrogen Refueling Stations (HRS) along the A7 Milan-Genoa highway and A50-A51 ring roads, built in areas under concession to MISE (3 sites decommissioned Service Areas, 2 sites former Toll Booths)

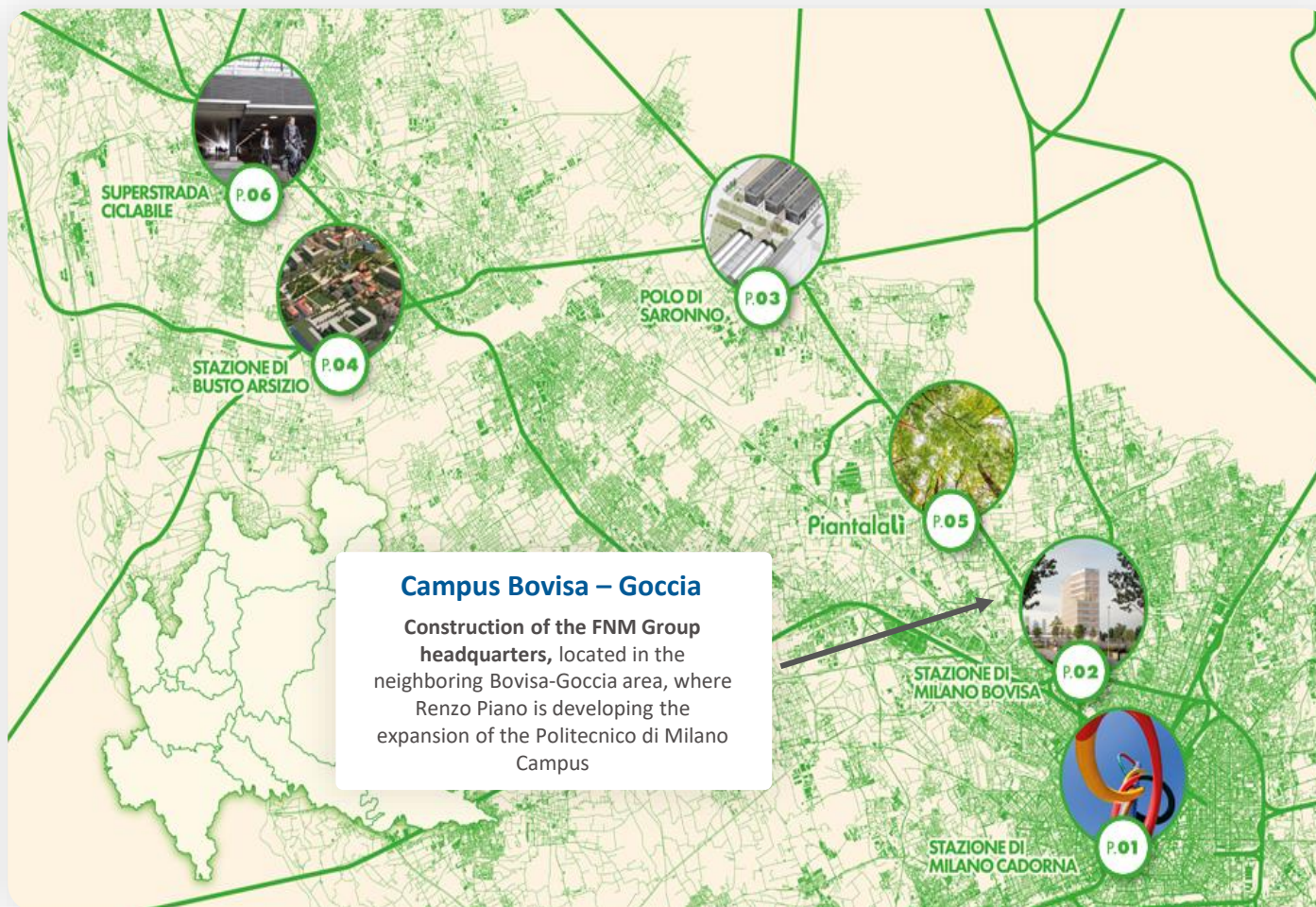
- Organic and systemic project for the area served by MISE:
  - i. urban distribution serving the entire metropolitan area of Milan;
  - ii. flows related to Port of Genoa/Milan Logistics Region/Po Valley;
  - iii. part of the Genoa-Switzerland/Austria/Germany freight corridor (development of the Port of Genoa as a European gateway)
- Optionality to build more
- The deadline for the completion of the work is 2025, within the NRRP timeframe



1 – EU action grant of €13.7mln through participation Connecting Europe Facility in the call “CEF Transport 2021 for Alternative Fuels Infrastructure Facility”

2 – HRS of Carugate East, Carugate West and Tortona West are financed by NRRP funds equal to €15.0mln (Art. 15 of Directorial Decree no. 113 of 10 November 2022)

3 – Bank loan of €4.7mln, a condition of the grant associated with the CEF program is co-financing by a financial intermediary



- P.01 MILANO CADORNA RAIL STATION  
O<sub>2</sub>F OXYGEN FACTORY**  
Construction of a railway tracks' cover of about 60,000 sqm, including 30,000 sqm of green areas with the presence of Oxygen Factory, a synthetic forestable to absorb CO<sub>2</sub> aimed at improving the air quality
- P.02 MILANO BOVISA RAIL STATION  
RAIL CITY**  
Infrastructural development and urban regeneration of the "Bovisa Interchange Node" promoted by Team Mo.Le.Co.La. in partnership with the Municipality of Milan, in the context of the project Reinventing Cities
- P.03 SARONNO HUB  
URBAN REDESIGN**  
Reorganisation of the technological/maintenance hub, regeneration of the station area, new location of the museum area
- P.04 BUSTO ARSIZIO RAIL STATION  
NEW NEIGHBOUTHOOD 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
- P.05 FERROVIENORD RAILWAY NETWORK  
PIANTALALI**  
An intervention of planting and reforestation of 800,000 trees in Lombardy municipalities crossed by the railway network of FERROVIENORD. The first phase covers an area of about 41,000 acres crossing 24 municipalities in two provinces of Lombardy.
- P.06 FROM MILANO CADORNA TO MALPENSA  
SUPER CYCLE TRACK**  
The cycle superhighway runs for 72.7 km between Milano Cadorna and Malpensa Airport without interruption.

## A new approach to mobility proposition built around existing services but tailored to the needs of specific communities

### Mobility as a Service

- Comprehensive mobility concept involving the **integration of multiple public and private transportation services accessible through a single digital intermediary platform**, which combines various functionalities and ensures different travel alternatives
- Empower travelers by allowing them to **choose the most suitable, convenient, and sustainable transportation combination**, including among different operators, so as to improve the efficiency of the journey
- Developing a **One Stop Shop mobility solution provider**



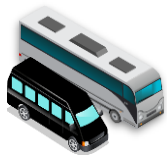
### Mobility as a Community

- **MaaC is a possible evolution of MaaS**
- Both MaaS and MaaS offer travellers mobility solutions based on their mobility needs
- MaaC improves accessibility to services and related transportation according to the **Community approach** (specific groups having the same interests)
- MaaC delivers for each Community an integrated transport framework based on existing services mixed with customized services

# The innovative transportation solution that simplifies the mobility of communities

FlexyMob is the first online platforms to custom-build mobility services to reach and visit a location (stadiums, fairs, business event ...)

## Business description



### SERVICES

Aggregate mobility solutions into a single customized platform



### LARGE EVENTS

- B2C services
- B2B services for accredited users with dedicated login area



### CORPORATE.

Mobility solutions for home-to-work travel

## Main Events 2022/2023

### EUROBASKET

Bus, Parking, Car Sharing, Train/Metro, Taxi Team bus, Shuttle hotel



### MILANO MARATHON

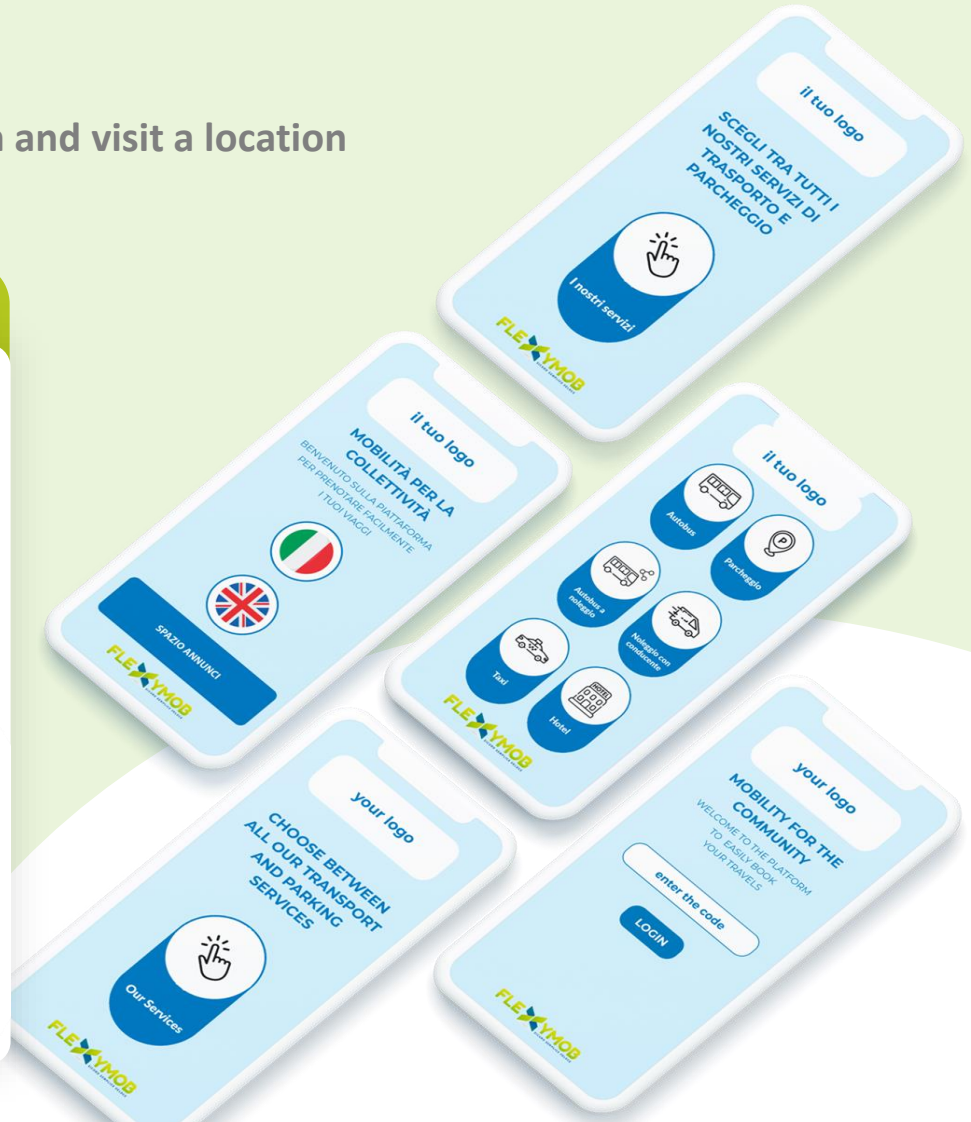
Bus, Parking, Car Sharing, Train, Charter, Taxi

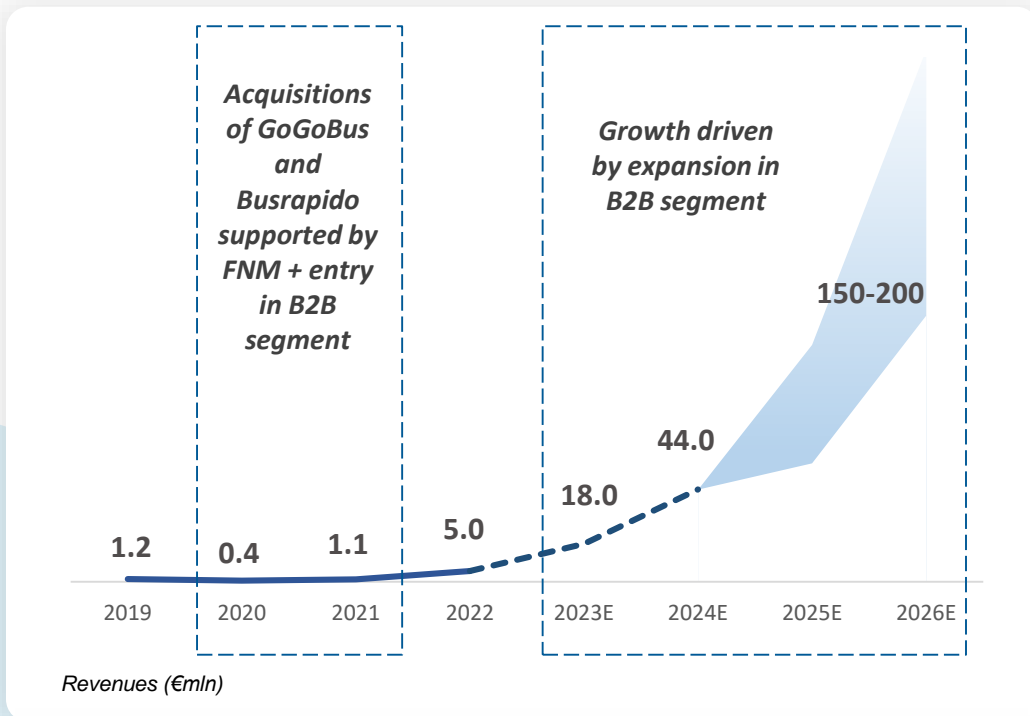
### CORTINA SKI WORLD CUP

Traffic information, Parking, Skipass, Hotel, Charter



### CORTINA AUDI FIS SKI WORLD CUP





**BUSFORFUN**

The best online reputation in the target market

★★★★★

out of +1000 verified reviews

## Business description

- BusForFun is the **first mobility company that organizes and manages transportation** during events with a **community model** based on **experiences, data and sustainability**
- **FNM becomes the industrial partner for one of the most promising Italian startups in the mobility field** working alongside it in developing innovative solutions capable of responding to new mobility needs, both to people and to companies

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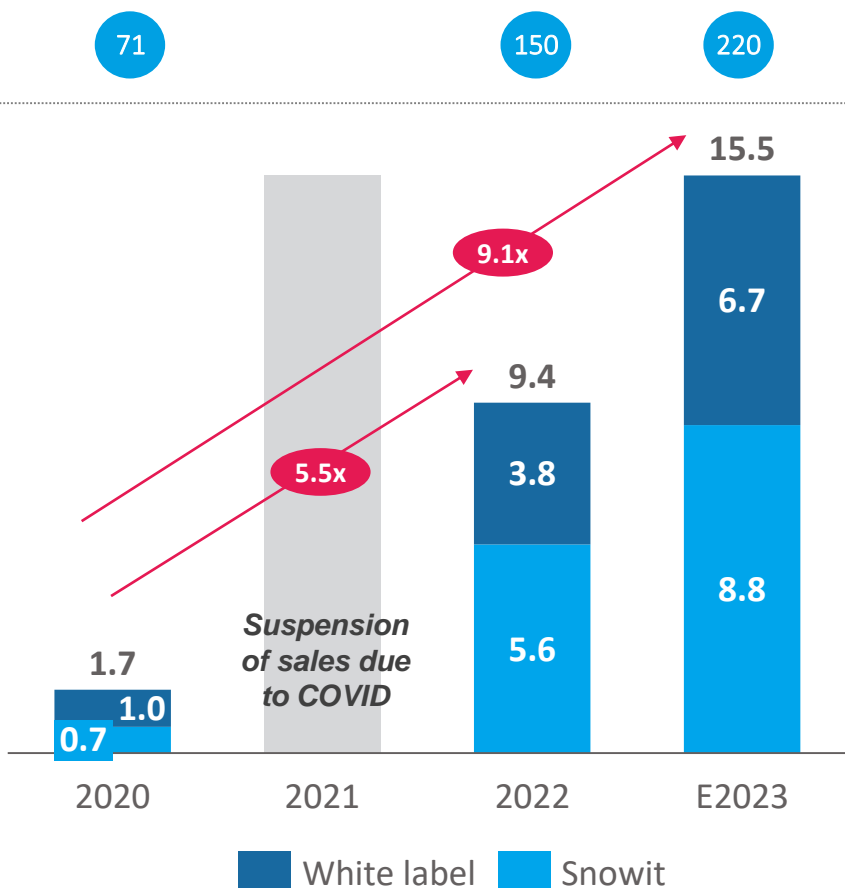
- ### 1 B2C SERVICES

  - BusForFun – Event & Leisure
  - WeTheFun
- ### 2 B2B SERVICES

  - MaaC | **FlexyMob**
  - Mass Events
  - BusForFun – Business
  - BusRapido



Number of Snowit users (k)



Sales – Gross Merchandise Value (€m)<sup>1</sup>

## Business description



**220,000**  
Registered users



**500+**  
Partners

- Technology is designed to be able to **integrate any service related to mobility for leisure**: create and manage **marketplaces dedicated to specific communities**, including white label serving third-party partners



platform dedicated to **winter sports tourism**



platform dedicated to the world of **cycling tourism**

- Sportit #67** among the 1,000 companies with the **highest revenue growth in Europe in 2023** and #3 overall in the "Leisure" segment for the Financial Times

**The FNM Group**

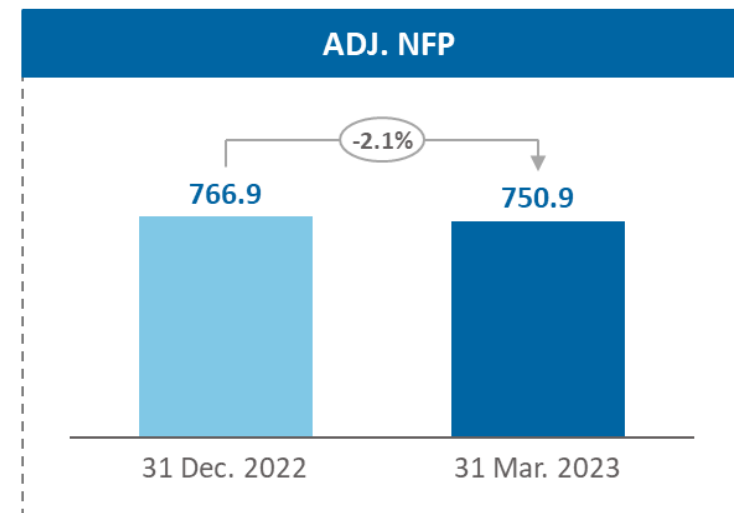
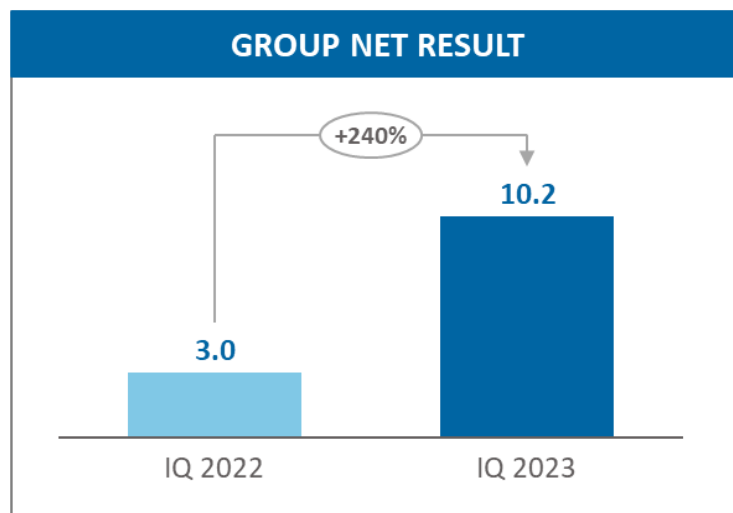
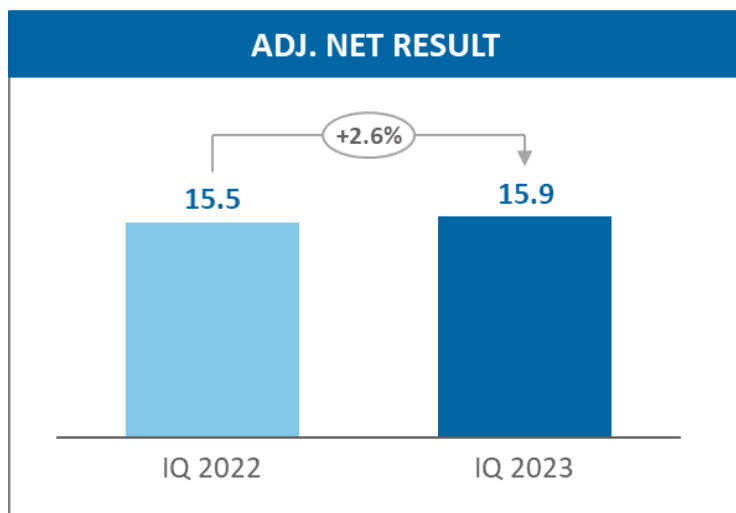
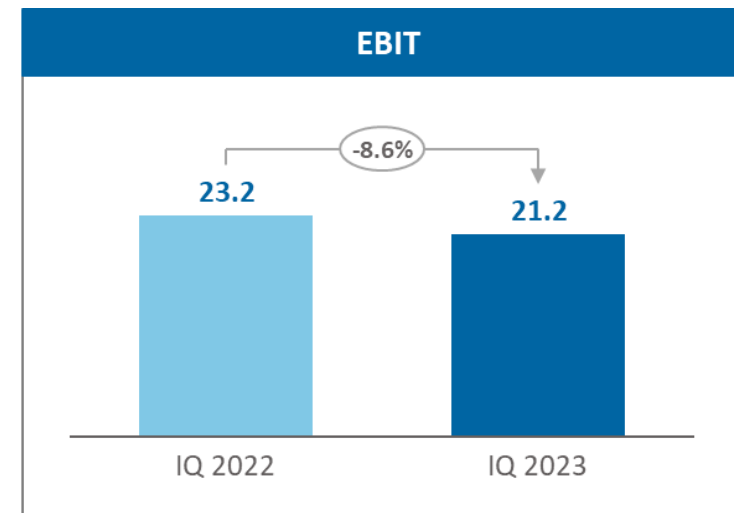
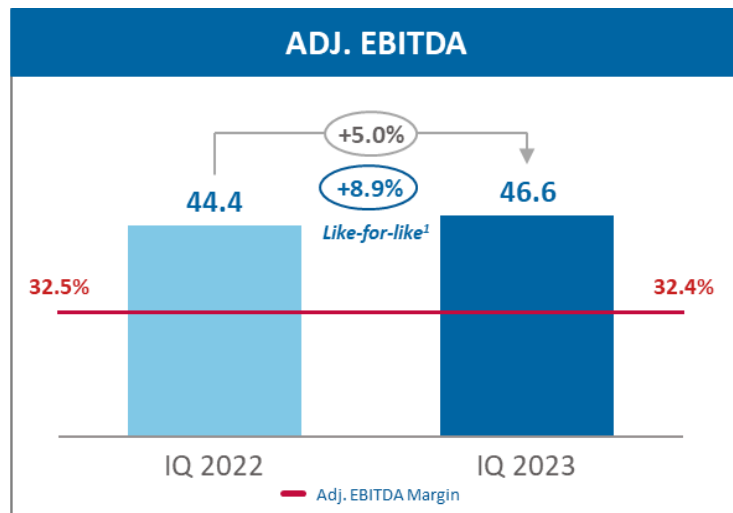
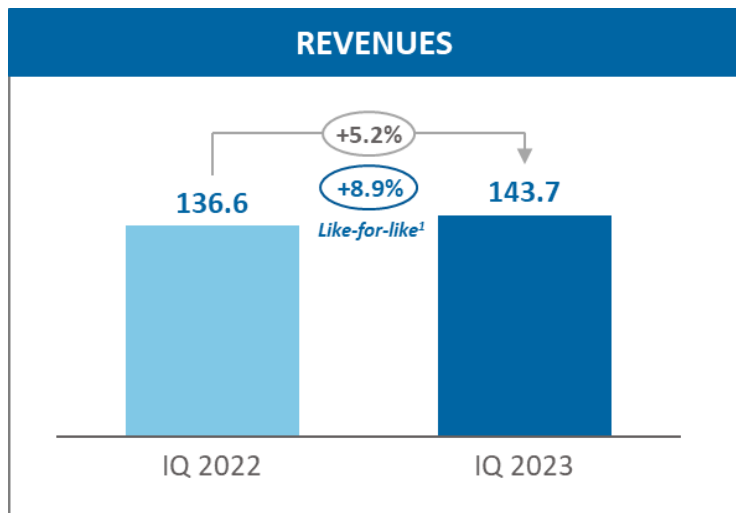
**Key strategic initiatives**

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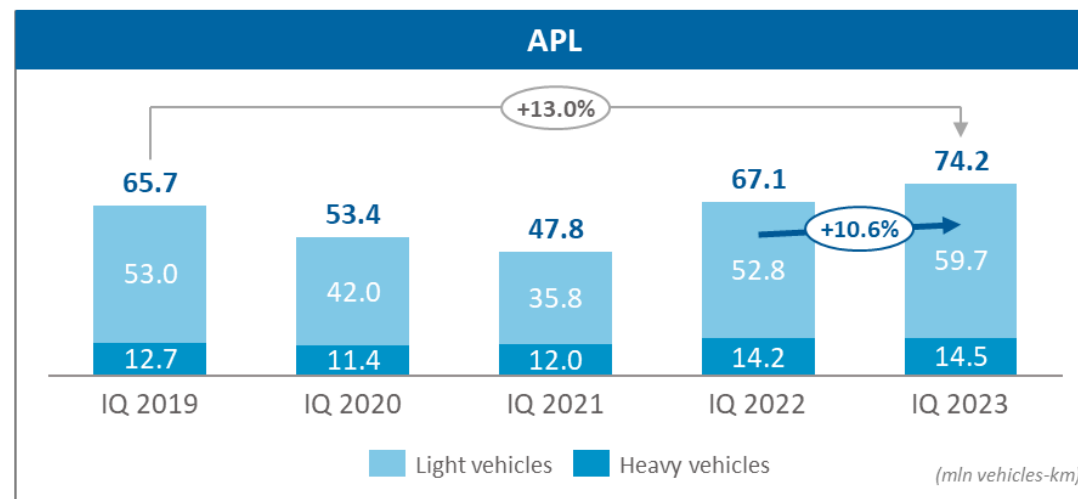
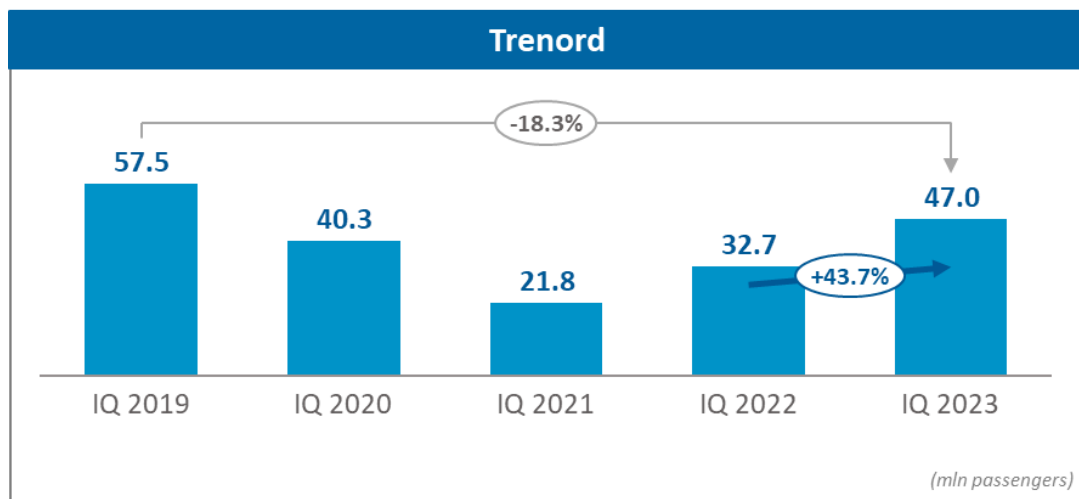
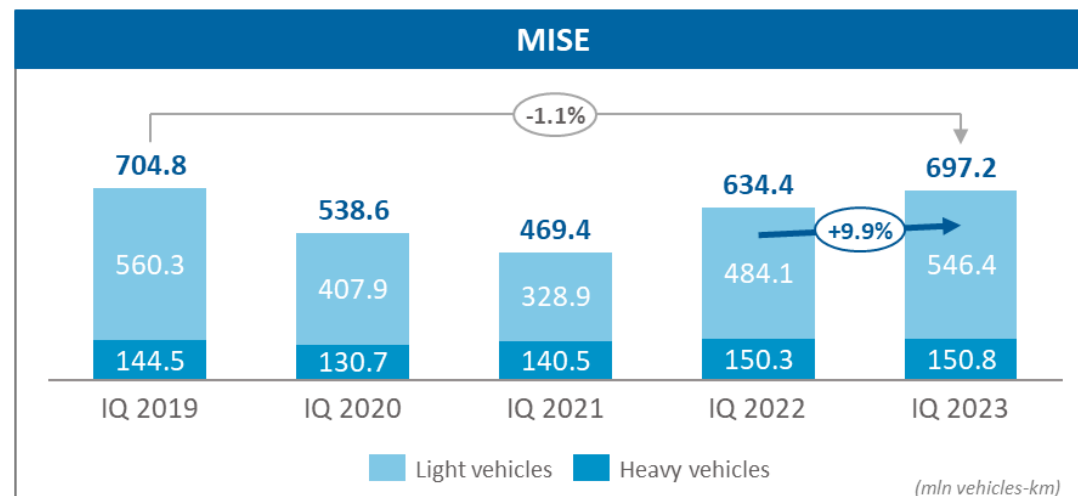
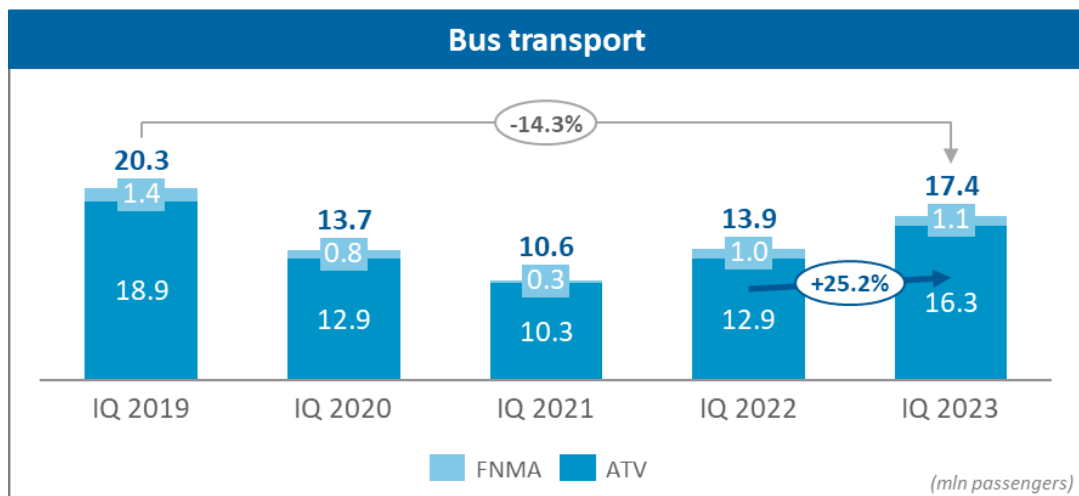
**Appendix**



1 – Excluding the effects of the sale of La Linea/Martini Bus and car sharing public contribution in IQ2022 (see slide 25 for details)

# Mobility demand in the period

Recovery of demand across all segments: Motorways in line with 2019, but LPT still below pre-pandemic levels



## Revenues and Adj. EBITDA by segment

EBITDA growth underpinned by traffic recovery and new TILO trains, despite negative effect of the sale of La Linea/Martini and the loss of public contribution on car sharing

REPORTED				
REVENUES (€ mln)	IQ 2022	IQ 2023	Δ€	Δ%
Ro.S.Co. & Services	18.8	20.8	2.0	+10.6%
Railway infrastructure	33.2	37.1	3.9	+11.7%
Road passenger mobility	33.5	25.7	(7.8)	-23.3%
Motorways	60.6	66.9	6.3	+10.4%
Intercompany	(9.5)	(6.8)	2.7	n.m.
<b>Total</b>	<b>136.6</b>	<b>143.7</b>	<b>7.1</b>	<b>+5.2%</b>
Adj. EBITDA (€ mln)	IQ 2022	IQ 2023	Δ€	Δ%
Ro.S.Co. & Services	11.0	12.1	1.1	+10.0%
Railway infrastructure	2.6	0.9	(1.7)	-65.4%
Road passenger mobility	0.7	1.3	0.6	+85.7%
Motorways	30.1	32.3	2.2	+7.3%
<b>Total</b>	<b>44.4</b>	<b>46.6</b>	<b>2.2</b>	<b>+5.0%</b>

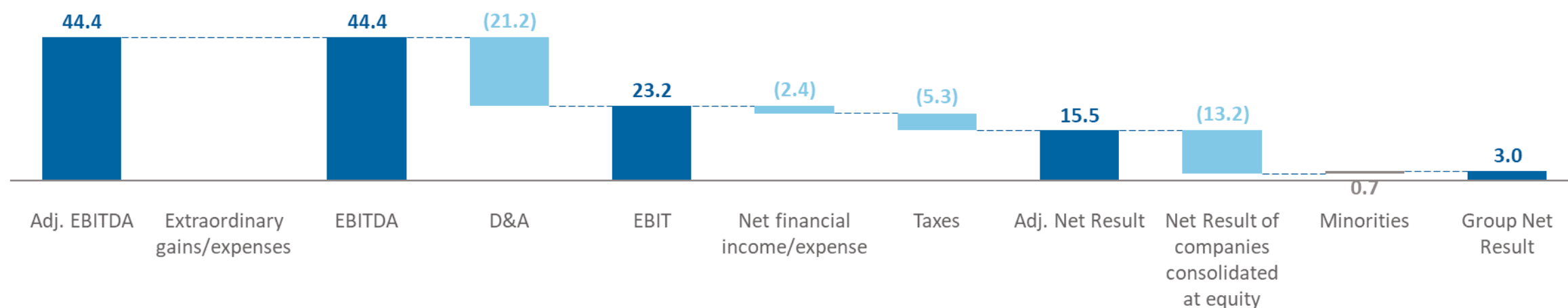
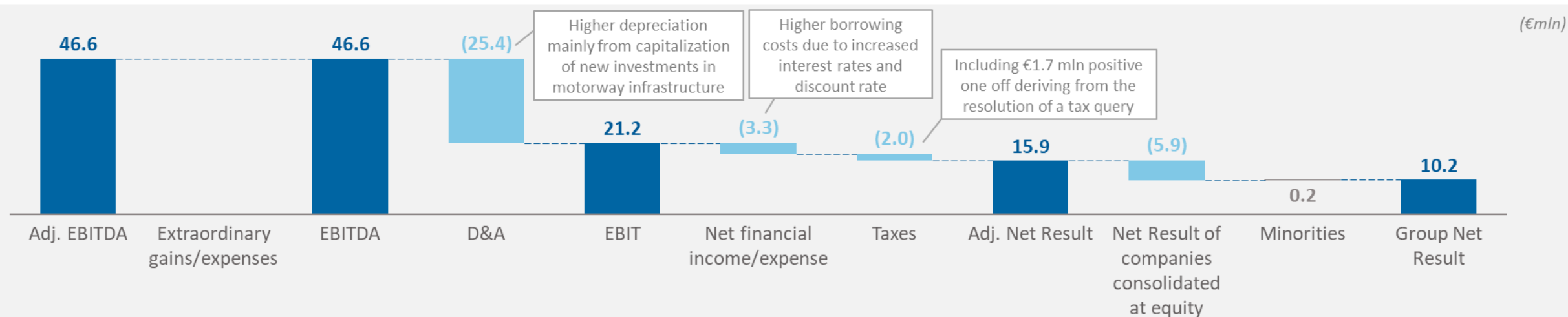
LIKE-FOR-LIKE <sup>1</sup>				
REVENUES (€ mln)	IQ 2022	IQ 2023	Δ€	Δ%
Ro.S.Co. & Services	18.8	20.8	2.0	+10.6%
Railway infrastructure	33.2	37.1	3.9	+11.7%
Road passenger mobility	24.5	25.0	0.5	+2.0%
Motorways	60.6	66.9	6.3	+10.4%
Intercompany	(5.6)	(6.6)	(1.0)	n.m.
<b>Total</b>	<b>131.5</b>	<b>143.2</b>	<b>11.7</b>	<b>+8.9%</b>
Adj. EBITDA (€ mln)	IQ 2022	IQ 2023	Δ€	Δ%
Ro.S.Co. & Services	11.0	12.1	1.1	+10.0%
Railway infrastructure	2.6	0.9	(1.7)	-65.4%
Road passenger mobility	(1.2)	1.0	2.2	n.m.
Motorways	30.1	32.3	2.2	+7.3%
<b>Total</b>	<b>42.5</b>	<b>46.3</b>	<b>3.8</b>	<b>+8.9%</b>

1 – Excluding the effects of the sale of La Linea/Martini Bus and car sharing public contribution in IQ2022

## From Adj. EBITDA to Net Result

Positive consolidated net result thanks to positive operating income performance and improved result of companies consolidated at equity

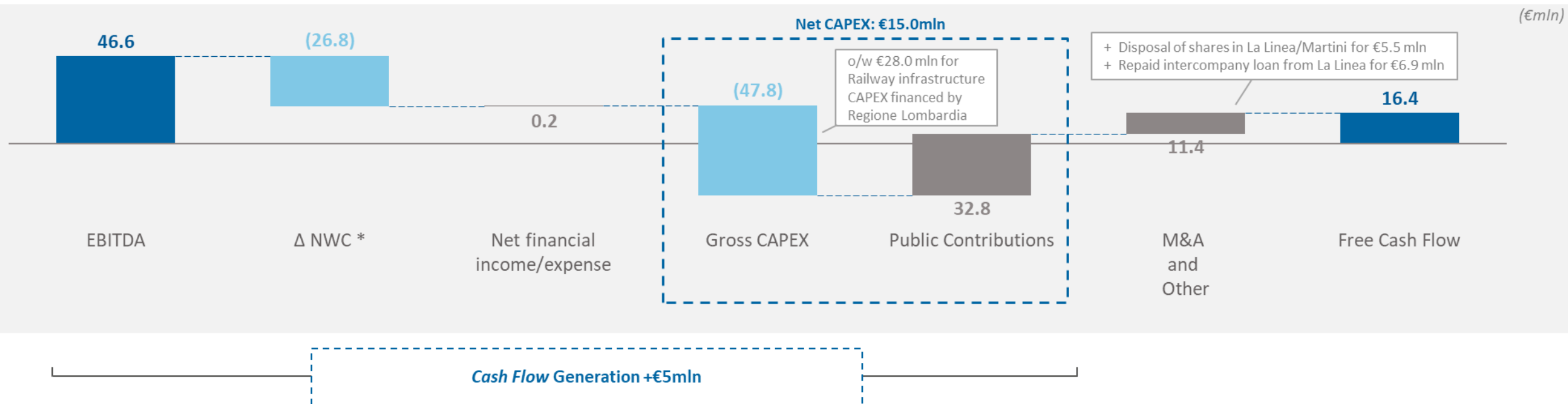
IQ 2023



Higher investments vs IQ2022

€ mln	IQ 2022	IQ 2023	Δ€
Ro.S.Co. & Services	1.0	3.3	2.3
Railway infrastructure	0.7	0.7	0.0
Road passenger mobility	3.5	6.3	2.8
Motorways	10.2	9.5	(0.7)
<b>Gross CAPEX financed by FNM Group</b>	<b>15.4</b>	<b>19.8</b>	<b>4.4</b>
Railway infrastructure CAPEX financed by RL	8.7	28.0	19.3
<b>Total CAPEX gross of public contributions</b>	<b>24.1</b>	<b>47.8</b>	<b>23.7</b>
Public contributions - Road passenger mobility	-	2.3	2.3
Public contributions - Railway infrastructure	1.4	21.6	20.2
Public contributions - Motorways	-	8.9	8.9
<b>Total CAPEX net of public contributions</b>	<b>22.7</b>	<b>15.0</b>	<b>(7.7)</b>

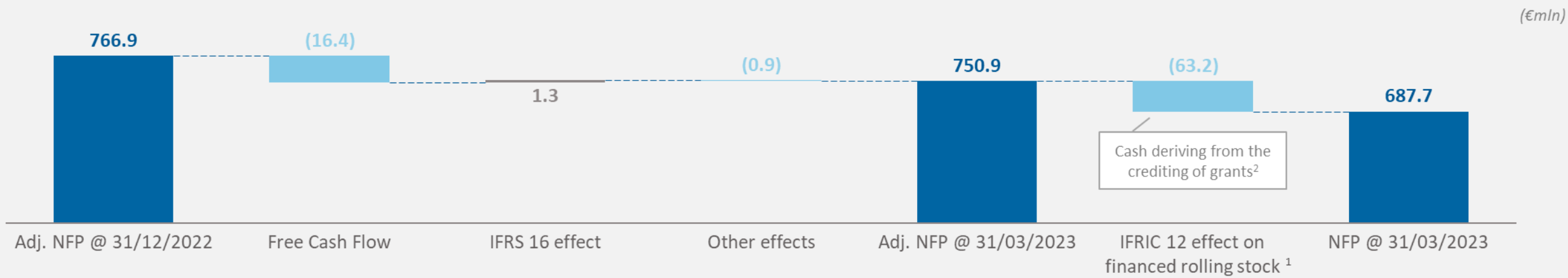
Positive cash flow generation and sale of La Linea/Martini drive free cash flow of the period



\* Include: (i) negative ΔCCN from operations for €19.1m, (ii) negative ΔCCN from investments with own funds for €13.1m and (iii) positive ΔCCN from investments in railway infrastructure for €5.4m



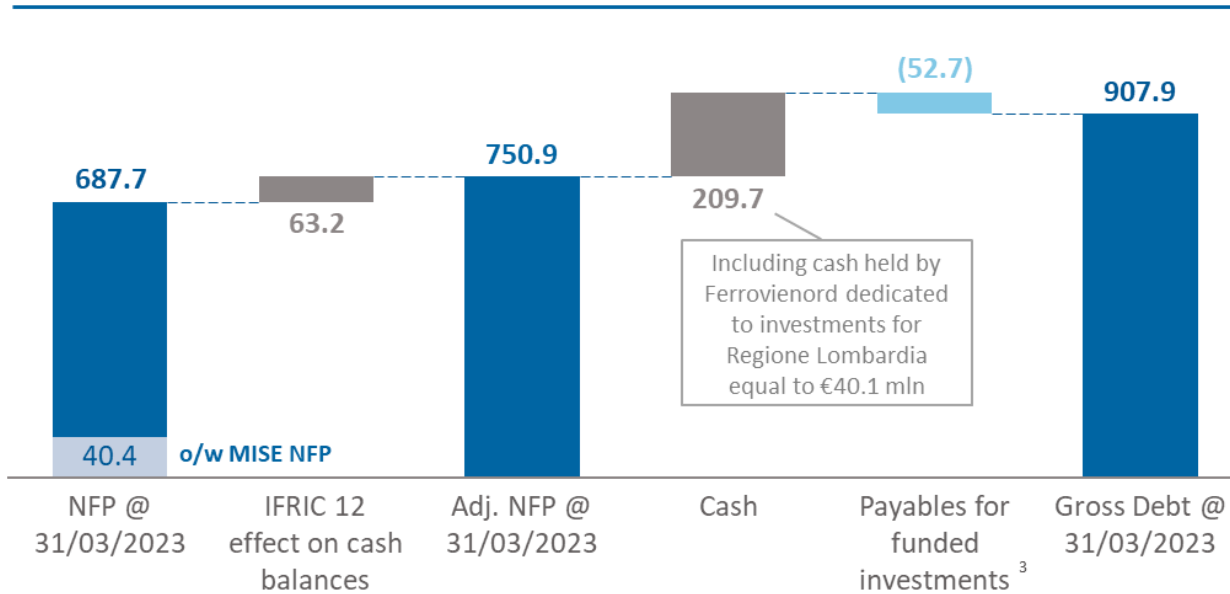
NFP in line with expectations and within rating agencies requirements



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

# Gross debt composition at 31st March 2023

Gross debt (€mln)

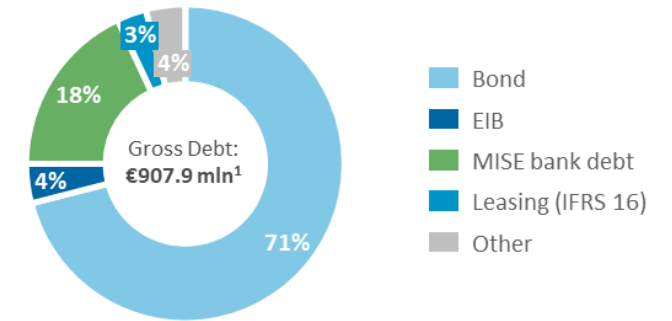


**LIQUIDITY HEADROOM: available uncommitted credit lines of €100 million**

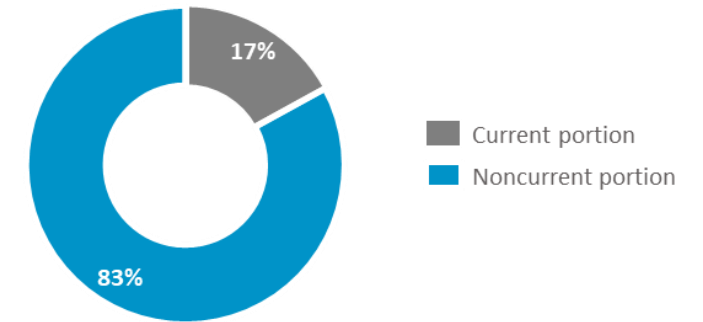
## Long term credit ratings

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

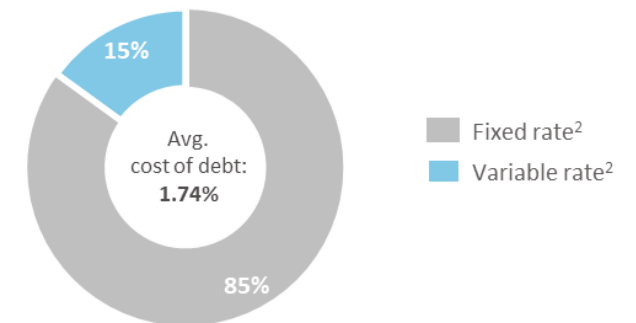
## Gross debt structure by instrument



## Gross debt maturity



## Interest rate composition



1 – Excluding debt for funded investments for €52.7 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. Exclude payable for funded investments on Rolling Stock Purchase Programme 2017-2032 for €0.4mln which are included in “IFRIC 12 effect on cash balances”

**The FNM Group**

**Key strategic initiatives**

**1Q23 Economic & Financial Results**

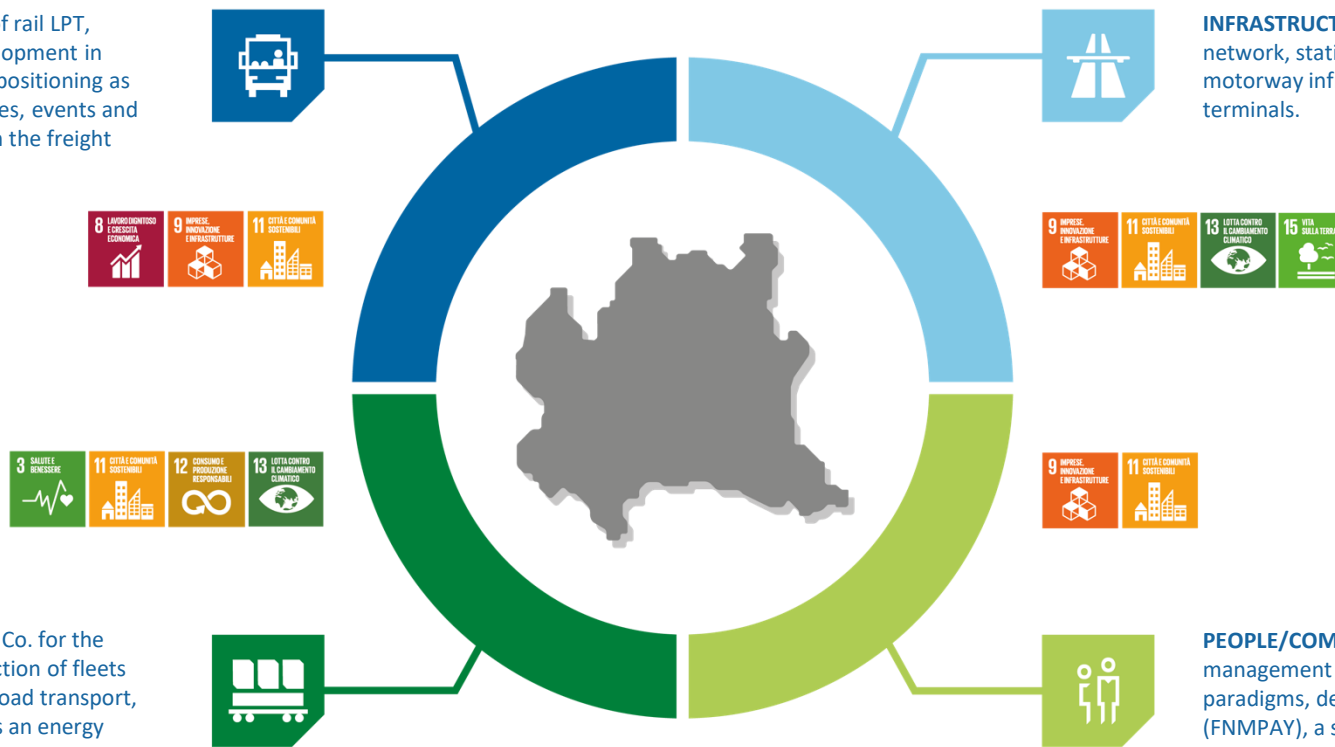
**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

**Appendix**

**MOBILITY** – Confirmation of the central role of rail LPT, strengthening of positioning in road LPT, development in integrated multimodal and last mile mobility, positioning as the Mobility Partner of communities, businesses, events and major projects, confirmation of its presence in the freight transport sector.

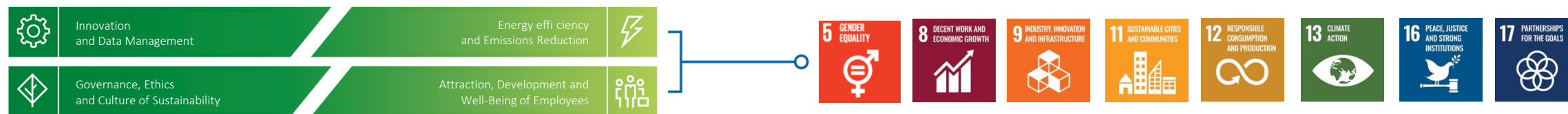
**INFRASTRUCTURE** - Management and development of the rail network, stations and interchange hubs, consolidation in the motorway infrastructure business, development of logistics terminals.



























































**FLEETS** - Confirmation of the centrality of Ro.S.Co. for the passenger and freight railway market, introduction of fleets with lower environmental impact for rail and road transport, electrification of fleets (including hydrogen as an energy carrier).

**PEOPLE/COMMUNITIES** - Development of supply and demand management platforms consistent with MaaS/MaaC paradigms, development of FNM's payment institution (FNMPAY), a start-up launched in 2020.

## THE 4 ENABLING ELEMENTS



Pillars	Strategic Guidelines	Segment	SUSTAINABLE DEVELOPMENT GOALS
 <b>Mobility</b>	<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>	   	  
 <b>Infrastructure</b>	<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>	 	   
 <b>Fleet</b>	<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>	  	   
 <b>People and Community</b>	<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>	   	 

Enablers	Strategic Guidelines	Segment	SUSTAINABLE DEVELOPMENT GOALS
Innovation and data management	<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>	   	 
Energy efficiency and emissions reduction	<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>	   	  
Governance, ethics and sustainability	<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>	   	   
Attraction, enhancement and well being of employees	<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>	   	

Pillars	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	14	>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)

Enablers	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 <sup>1</sup>	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

1 – Whistleblowing tool active since 2 March, 2023



## EU taxonomy eligible activities at 31 December 2022

	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**

**Key strategic initiatives**

**1Q23 Economic & Financial Results**

**Strategic Plan Guidelines**

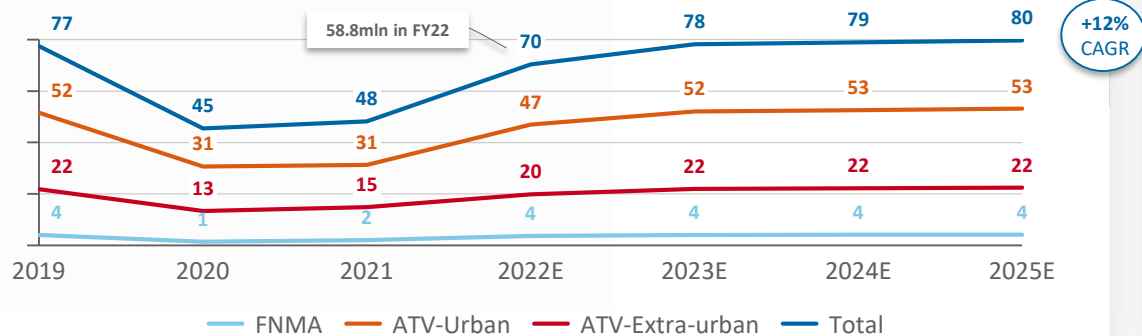
**Economic & Financial Targets 2021 – 2025**

**Appendix**

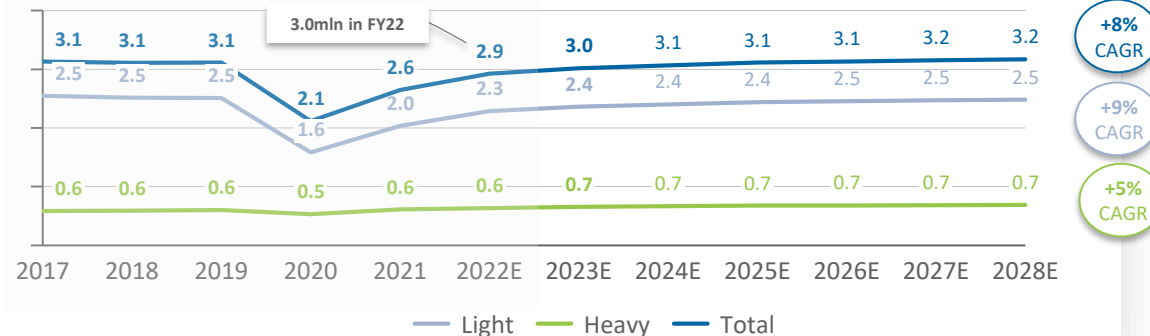
# Strategic plan assumptions: mobility demand evolution

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

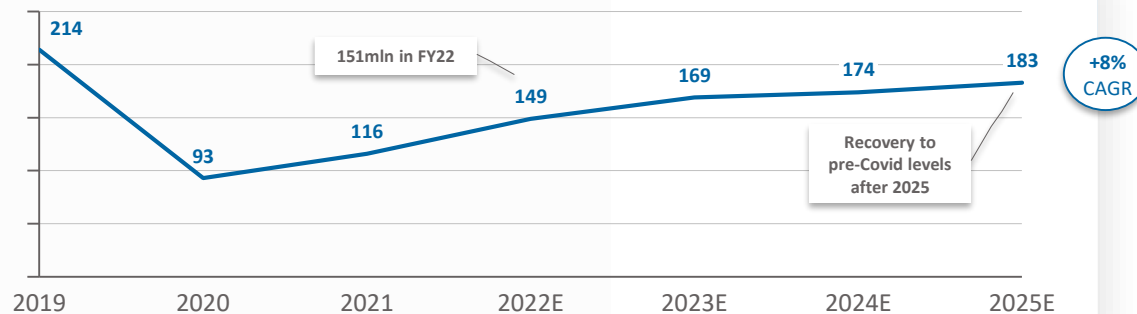
### Bus transport (mln pax/year)



### MISE (bln vehicles-km/year)



### Trenord (mln pax/year)



## 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

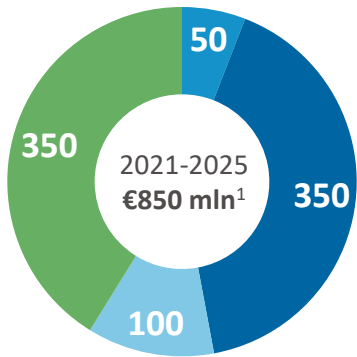
1 - 2020 Proforma data as provided with 2021-2025 Strategic Plan issue, actual FY2020 data may slightly differ due to IFRS adjustments

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

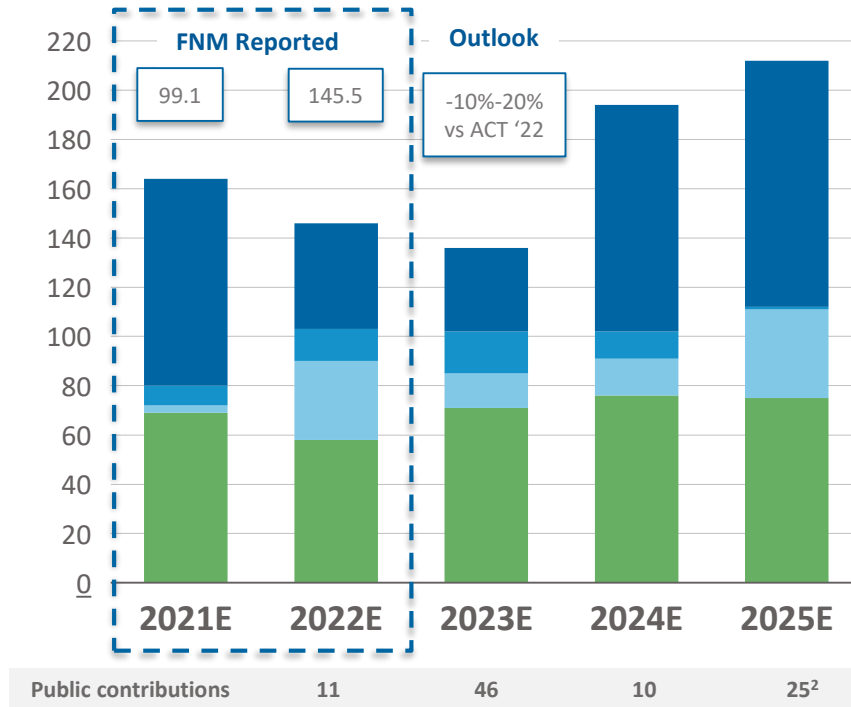
3 - Adj. NFP: NFP excluding the impacts of the timing of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognized in accordance with IFRIC 12 (assumed equal to €50mln per year in 2021-25). 4 -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

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**Strategic Plan Guidelines**

**Economic & Financial Targets 2021 – 2025**

**Appendix**

## Companies fully consolidated

## Companies valued at equity<sup>1</sup>



### Ro.S.Co & Services

- ❑ Leasing of rolling stock in the local public transport (LPT) and freight logistics sector (mainly to Trenord and DB Cargo Italia)
- ❑ 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%



33%



40%



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%



100%



### Road Passenger Mobility

- ❑ LPT road transport in Lombardy (Varese, Brescia and Como) and Veneto (Verona, Legnago and throughout the relative Province)
- ❑ Train replacement services for Trenord
- ❑ Electric car-sharing service



100%



50%



50.3%



100%

### Omnibus Partecipazioni<sup>4</sup>

50%



### Motorways

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



100%



100%



36.7%

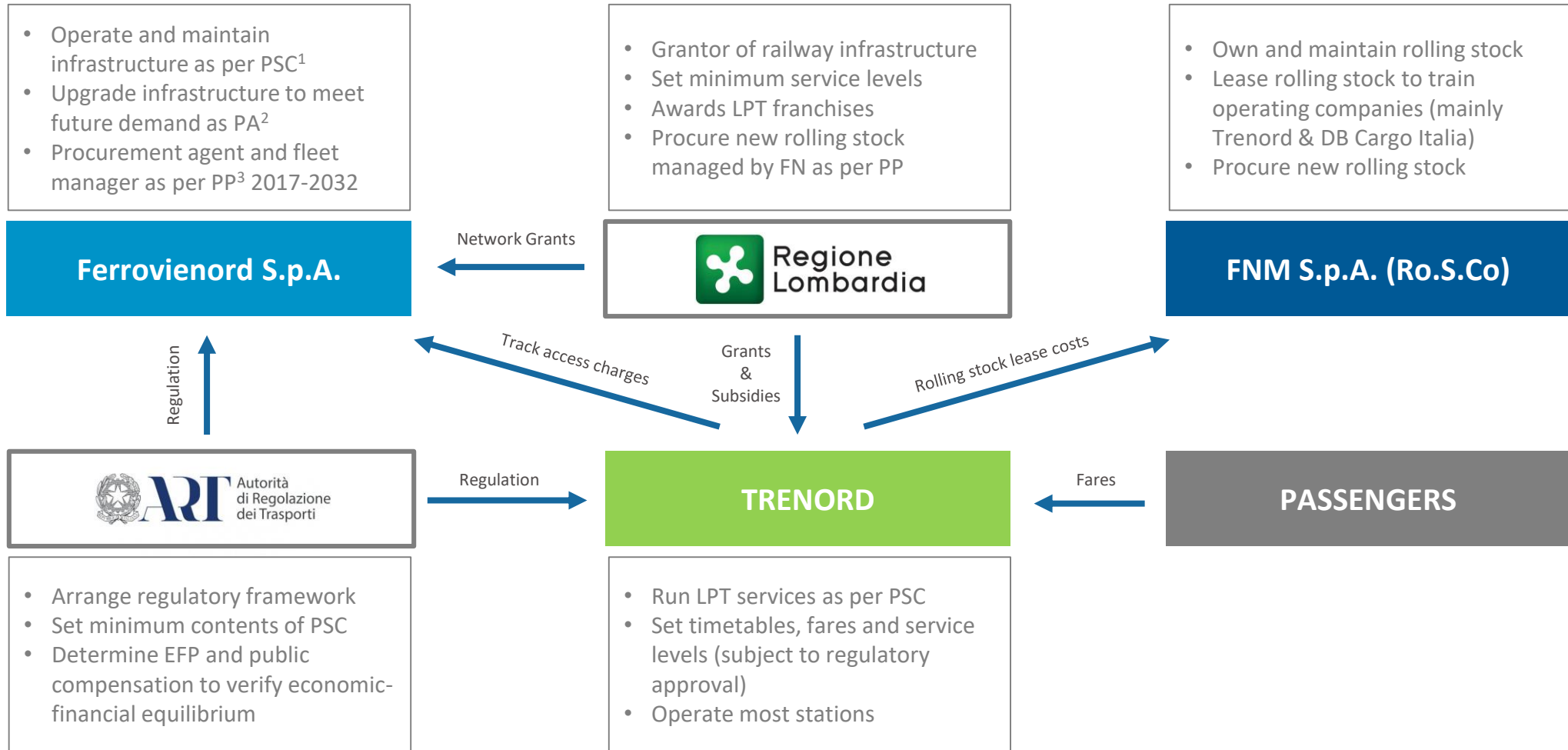
### Tangenziali Esterne di Milano

22.5%



1 – Include also Nord Energia, currently under liquidation included in Ro.S.Co. & Services segment 2– Companies managing complementary digital platforms, allowing the implementation of Mobility as a Community (MaaC) paradigm. Sportit is active under the brands Snowit and Bikeit. 3 – 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. 4 – Company operating in Road Passenger Mobility but considered in the Ro.S.Co. & Services segment for the purposes of preparing the financial statements.

# Regional railway service in Lombardy at a glance







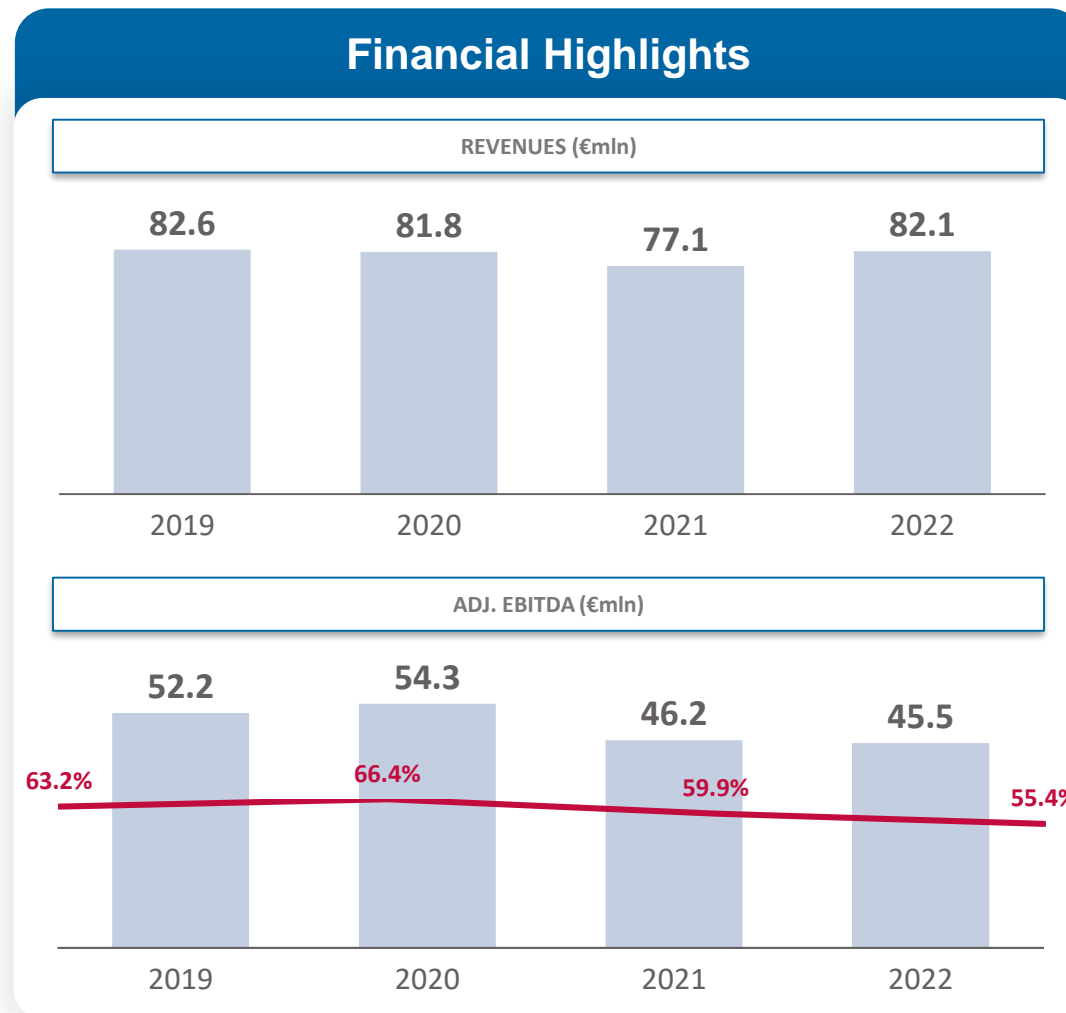
# Ro.S.Co. & Services



**ROLLING STOCK COMPANY & CORPORATE SERVICES**

- **Purchasing and leasing of rolling stock** to its investees, 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**, for the development of 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>1</sup></b>	<b>352.2</b>

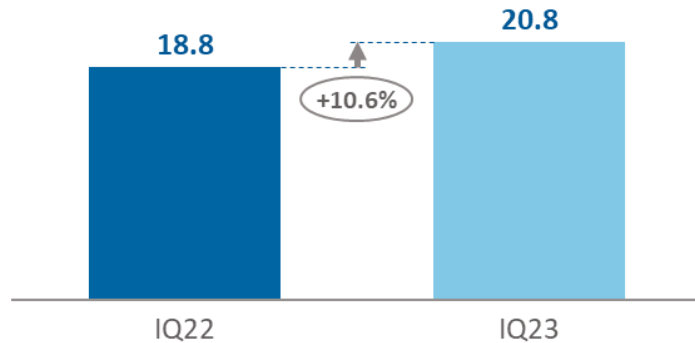


1 – And additional 4 E 494 Traxx F140 DC3 locomotives in sub leasing for a total net value €4.0mln

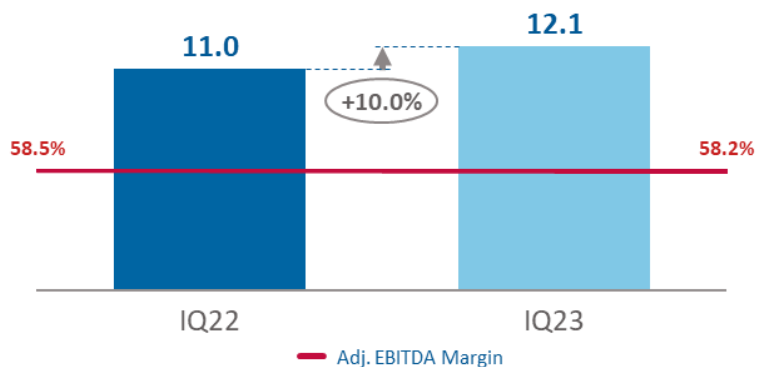


## Ro.S.Co. & Services

### Revenues (€mln)



### Adj. EBITDA (€mln)



- Revenues from rolling stock leasing increase (+€1.1 mln), thanks to higher revenues from new TILO trains leased to Trenord, entered into service during 2022
- Higher proceeds from IT services (mainly to MISE), rents and costs' recoveries mainly attributable to insurance reimbursements
- Higher personnel costs mostly related to headcount increase (+11 FTE)
- Higher operating expenses (IT costs, service fees and marketing, also related to the development of FILI and H2IseO projects). Lower start-up costs of FNMPAY mainly due to a reduction in financial intermediation costs



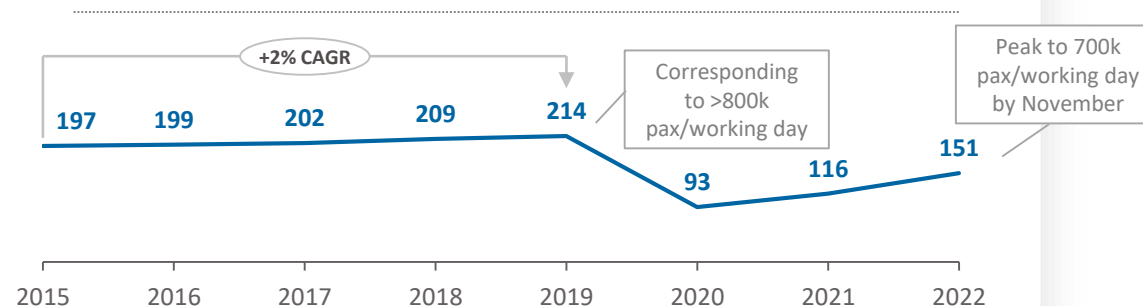
## LOCAL RAIL PUBLIC TRANSPORT IN LOMBARDY

- 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 in the late stage of the approval process** (see slide 9)
- Trenord operates more than 400 trains leased from FNM Group, Trenitalia and Regione Lombardia with a production for LPT services of 38.8mIn trains-km in 2022

## Highlights

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

## Traffic Performance



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 €30mIn 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 €10mIn.



# Railway Infrastructure



## INFRASTRUCTURE AND TRAFFIC MANAGEMENT

Key infrastructural operator in Lombardy, under a PSC 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**



## NETWORK DEVELOPMENT AND PROCUREMENT AGENT

Infrastructure renovation and development activities under a “**Programme Agreement**” which regulates capex planning, remuneration and extraordinary maintenance activities (see details on slide 48)

**Procurement agent of rolling stock on behalf of Regione Lombardia** (see details on slide 48/49)

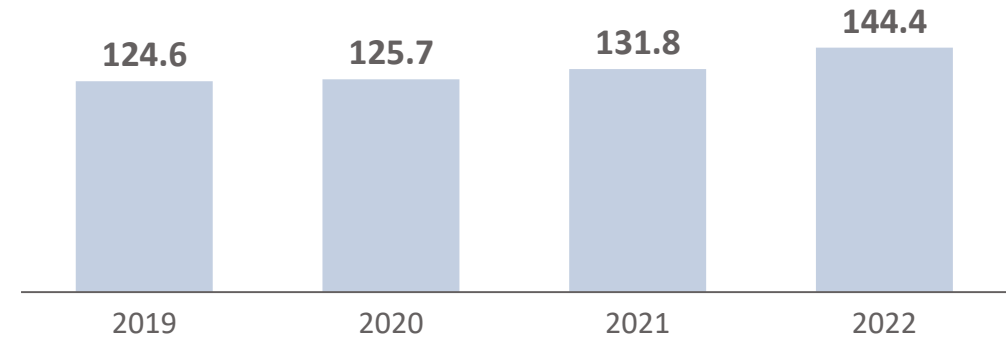


## FREIGHT LOGISTICS AND TERMINAL MANAGEMENT

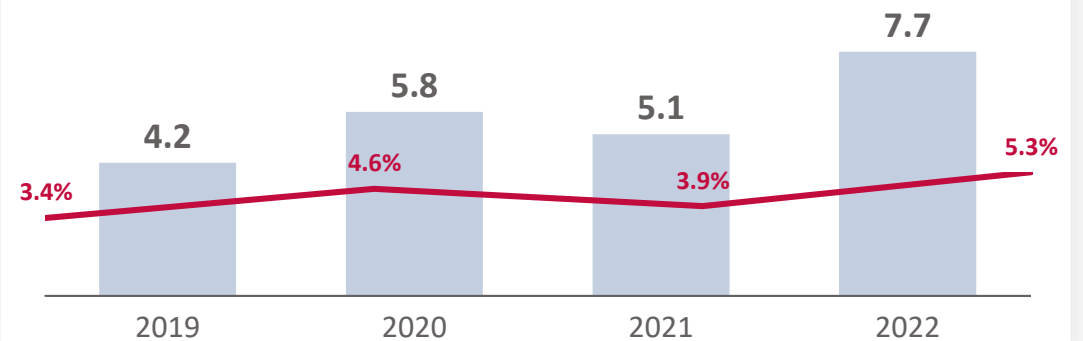
The segment includes freight logistics activities operated by **Malpensa Intermodale** and **Malpensa Distripark** (still in start up phase), respectively involved in the management of the Sacconago Terminal and in the real estate development of the areas adjacent to the Terminal

## Financial Highlights

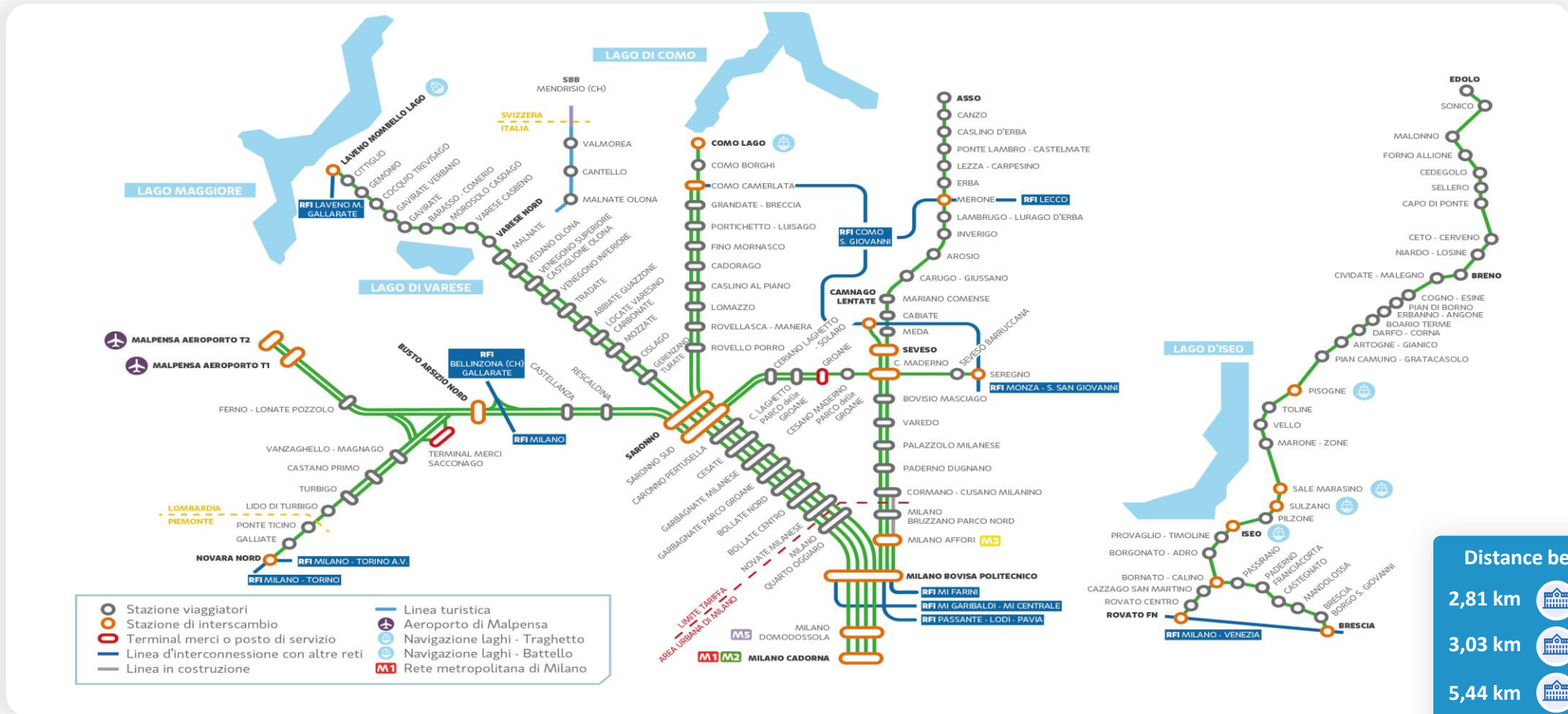
REVENUES (€mln)



ADJ. EBITDA (€mln)



<sup>1</sup> – 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)



**Distance between stations:**

- 2,81 km FERROVIENORD
- 3,03 km FER
- 5,44 km RFI LOMBARDIA
- 7,03 km RFI ITALIA

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

## Concession

Ferrovienord is granted the right to: (i) use, **manage and operate specific parts of the regional railway network**; (ii) 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.

NORD\_ING is in charge for the network maintenance and development works.

Regione Lombardia may request the **early termination** in the event of serious and persistent violations of the obligation deriving from the concession.

The concessionaire is in any case required to guarantee continuity of the service for 36 months with recognition of the expenses incurred.

**At expiration date, Ferrovienord will have to give back to Regione Lombardia all the assets and the rolling stocks purchased with Regione Lombardia grants.**

**Approval law:** R.L. n° X/4823 of 15 February 2016

**Expiry date:** 31 October 2060

## Programme Agreement

The **Programme Agreement ("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.

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.

**At 31 December 2022, the total financial resources allocated to the PA were equal to €1,553mn.**

**Approval law:** R.L. n° X/5476 of 25 July 2016 and n° XI/5589 of 23 November 2021

**Expiry date:** 31 December 2027

## Service Contract

The **Public Service Contract ("PSC")** governs the specific conditions and terms, 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.

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.

**Renewed for the period 1 January 2023 - 31 December 2027** (conditions described in paragraph 9.2 of the 2022 Annual Report).

The Agreement is subject to the validity of the Concession. In case the latter may be revoked, the PSC will be resolved

**Approval law:** R.L. n° XI/7543 of 15 December 2022

**Expiry date:** 31 December 2027

## Purchase Programme

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.

The program envisages the **purchase of 214 trains for a total amount of €1,740mn, fully covered by the Regional budget**. In consideration of the additional resources allocated by RL, FN requested the voluntary cancellation of the €650mn loan originally granted by the EIB to manage the funding gap between expected deliveries and Regional contributions, still completely unused.

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.**

**Approval law:** R.L. n° X/6932 of 24 July 2017; n° XI/1619 of 15 May 2019; n° XI/3531 of 5 August 2020; n° XI/6841 of 2 August 2022; DGR n° XI/7767 of 28 December 2022 and n° XII/219 of 3 May 2023





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



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



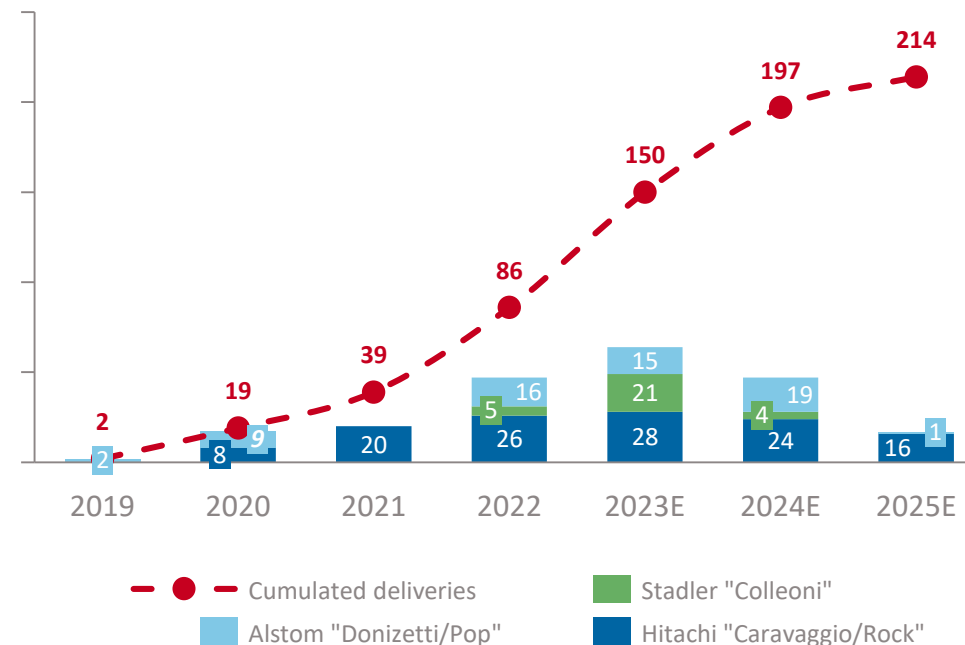
**30** Regional trains diesel "Colleoni" - Stadler

Regione Lombardia has launched an **investment program to purchase 214 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 153 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 168 new trains, divided into three types: 97 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.

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

- Increase in the average number pax/day from 800k in 2019 to 1mln by 2031
- Reduction in the fleet average age from 19 to 11 years → Improved quality of the service and comfort for passengers + Reduction of energy consumption and use of recyclable material



<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 48 for additional details). <sup>2</sup> – Delivery programme updated at 15 June 2023. Pursuant to the combined provisions of DGR n° XI/7767 of 12/28/2022 and n° XII/219 of 05/03/2023, Regione Lombardia authorized Ferrovienord to: (a) reduce by 8 units the total number of Caravaggio trains to meet the increase in supply costs, (b) acquire 8 airport trains reducing to 8 trains those to be acquired on the subsequent sixth application contract to be signed.



**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



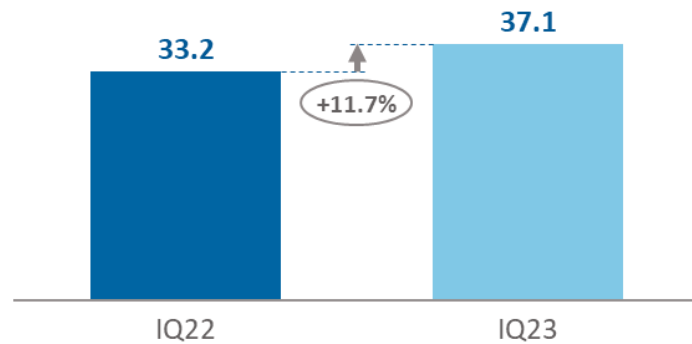
Highway



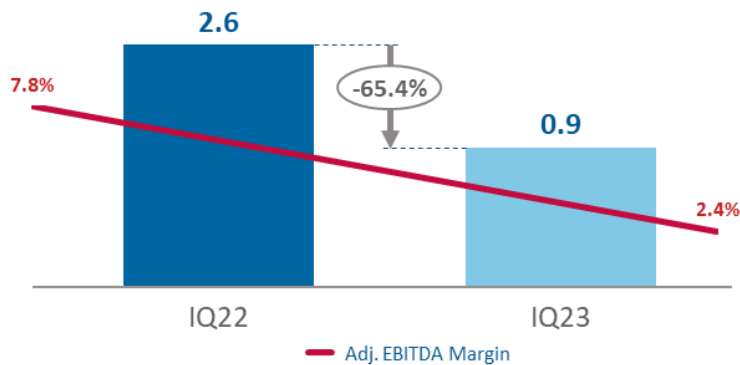


## Railway infrastructure

### Revenues (€mln)



### Adj. EBITDA (€mln)



- Higher revenues from public contracts and grants as a result of:
  - higher track access charges due to rising energy prices,
  - higher revenues from service and design activities linked to the progress of work orders on the infrastructure,
  - lower fees from Public Service Contract (new PSC structure from January 2023) and Purchase Agreement due to lower deliveries of rolling stock
- Higher leasing revenues on the rolling stock given in use to Trenord and managed by Ferrovienord in line with expansion of the fleet
- More than proportional increase in costs for infrastructure maintenance and design activities, also due to advance payments on operating machines and signaling equipment
- Higher provisions for rolling stock fleet maintenance and energy traction expenses in line with revenues
- Higher operating costs: personnel costs due to headcount increase (+18 FTE) and utilities due to new supply contract with higher prices



# Road Passenger Mobility



## ROAD LPT AND TRAIN REPLACEMENTS

**FNM Autoservizi (FNMA)** performs extra-urban public road transport services in Lombardy, in particular in the provinces of Varese, Brescia and Como. FNMA also operates, train replacement services on behalf of Trenord. The fleet consists of **158 buses** (of which 83% new generation<sup>1</sup>) with an average age of 10.3 years

**ATV** provides urban public transport in the Municipalities of Verona and Legnago and extra-urban services throughout the Province of Verona. The fleet consists of **544 buses** (of which 54% new generation<sup>1</sup>) with an average age of 13.8 years

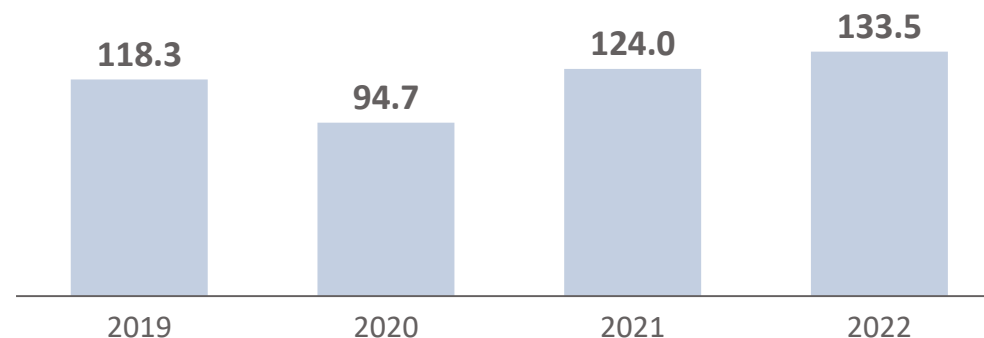


## ELECTRIC CAR SHARING

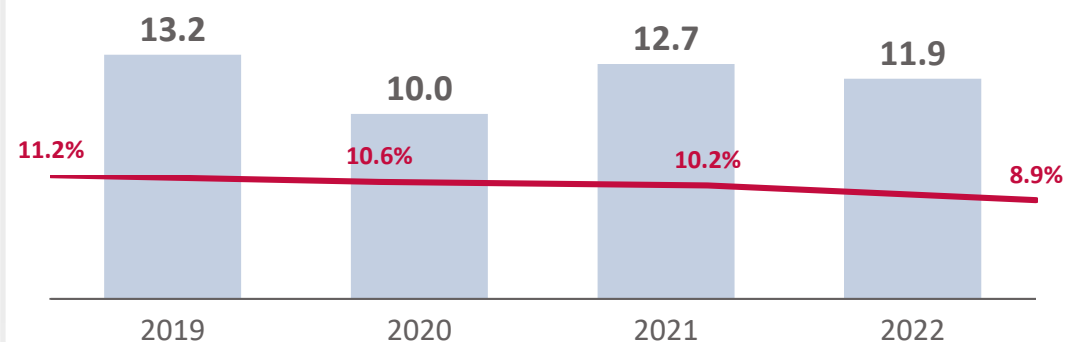
**E-Vai** manages the first region-wide electric car-sharing service integrated with rail transport. The fleet consists of **392 cars** suitable for the transport of 4/5 people, featuring latest-generation vehicles with a low environmental impact, almost all of which are electric. Thanks to the **307 E-Vai Points**, the cars can be found in strategic places (3 airports, 46 rail stations) in 106 municipalities in Lombardy. E-Vai offers services not only for citizens, but also for private and public companies, as a tool for improvement and reduction of the costs of corporate mobility

## Financial Highlights

REVENUES (€mln)

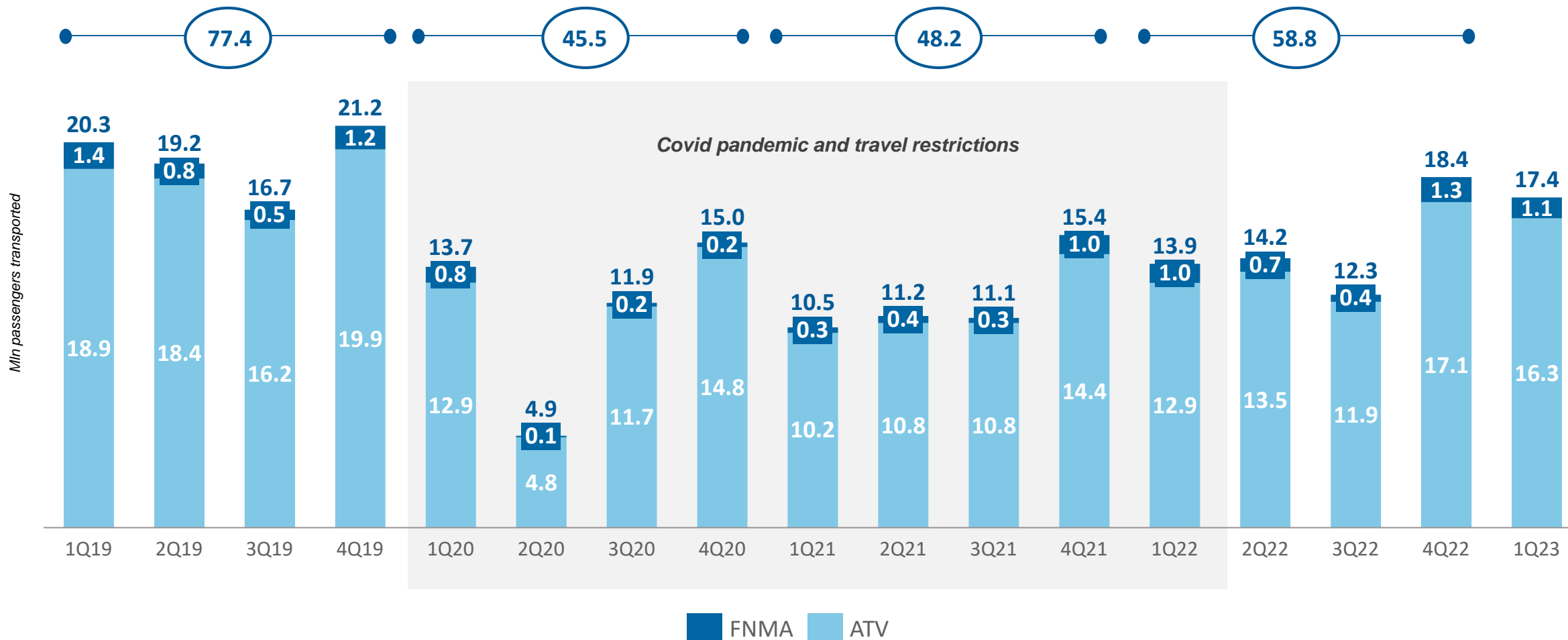


ADJ. EBITDA (€mln)



1 – Euro5, Euro6, EEV engines

# Road passenger mobility - Traffic evolution



## EU and Italian regulatory framework

- **EU Regulation n° 1370/2007** (amended by EU Regulation n° 2016/2338) sets the rules national and international operation of public passenger transport services by rail and road, including award of public service contracts (PSC) and “reasonable profit” principle;
- **Decree-law n° 422/1997, n° 50/2017 (Art. 27 - 48)** regulate LPT transportation at national level, transferring all the competencies at regional authorities: established “*Bacini di mobilità*” based on socio-economic characteristics of the territory;
- New tender procedures to be finalized by the relevant authorities for the awarding of the services, as required under Regulation n° 1370/2007;
- Draft and structure of new PSC subject to Transportation Regulation Authority (ART): Deliberation n° 48/2017, n° 120/2018 and n° 154/2019. Remuneration for road transportation set by the ART currently at a nominal pre-tax **WACC of 7.26%** (Deliberation n° 49/2023)

### Lombardy

- **Regional Law 6/2012**
- **Identified six catchment areas** (“*Bacini di mobilità*”): Bergamo; Brescia; Como, Lecco e Varese; Cremona e Mantova; Città metropolitana di Milano, Monza e Brianza, Lodi e Pavia; Sondrio
- **Remuneration of public service obligations of outstanding contracts**: different provisions about public contributions depending on catchment area + tariffs updated annually based on inflation (Regional Regulation n° 4 of 10 June 2014)

### Veneto

- **Regional Law 25/1998**
- **Each Province is a catchment area** (“*Bacini di mobilità*”)
- **Remuneration of public service obligations of outstanding contracts**: public contribution linked to the level of minimum services provided (€/km per effective production) + tariffs based on increasing kilometer classes (no provision for automatic update linked to inflation)

## Road passenger mobility - Contractual framework

Entity	Awarding Body	Contractual structure	Remuneration system	Contractual expiration	LPT network extension
FNMA (Varese)	LPT Agency of Como - Lecco - Varese	Concession	Net Cost + regulated Tariff	31/12/2023	222.9 Km
FNMA (Brescia)	LPT Agency of Brescia	Concession	Net Cost + regulated Tariff	31/12/2023	330.6 Km
FNMA (Como, ATI with ASF)	LPT Agency of Como - Lecco - Varese	PSC	Net Cost + regulated Tariff	31/12/2023	196.4 Km
ATV (Bacino di Verona)	Province of Verona	PSC	Net Cost + regulated Tariff	31/12/2023	3,828 Km
ATV (Verona)	Municipality of Verona	PSC	Net Cost + regulated Tariff	31/12/2023	417 Km
ATV (Legnano)	Municipality of Legnago (VR)	PSC	Net Cost + regulated Tariff	31/12/2023	32 Km

**Heterogeneous contractual framework with services awarded before current EU regulation**  
(see 2022 Annual Report for details)

**At the moment, the existing contracts have expired and providers are currently operating thanks to contract extensions<sup>1</sup>**

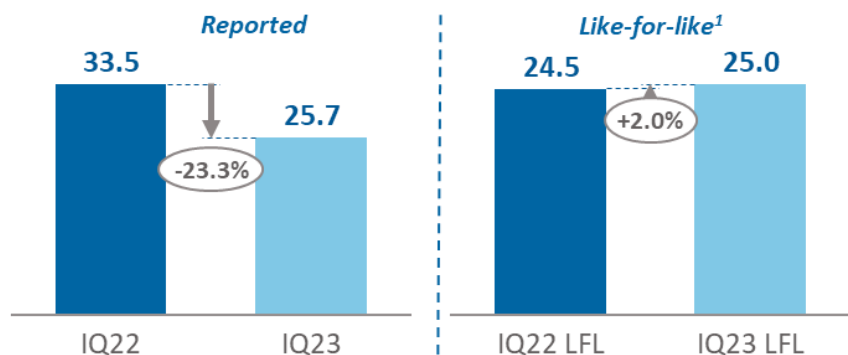
1 – LOMBARDY: Regional Law n° 8 (art.30) of 25 May 2021 approved the modification of art. 60 of law n° 6 of 2012 postponing by 2 years, after the conclusion of the state of emergency (set at 31 March 2022), the deadline for implementation of tenders for the renewal of concessions / service contracts. VENETO: Resolution of the President of the Province of Verona n° 24 of 25 February 2021 suspended new tenders up to 12 months after the conclusion of the state of emergency (set at 31 March 2022). On 3 March 2023, the Province of Verona formulated the direction to revoke the tender procedure.



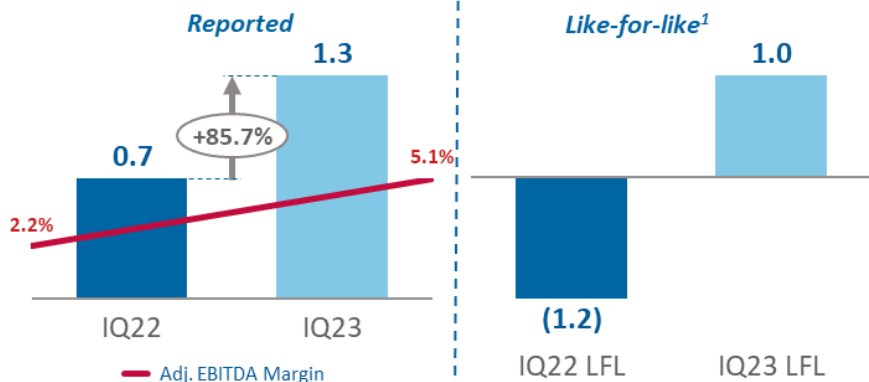


## Road passenger mobility

### Revenues (€mln)



### Adj. EBITDA (€mln)



**Performance mainly linked to the deconsolidation of La Linea/Martini from January 16th 2023 and the loss of car sharing contribution in IQ2023**

Net of those effects, the main performance drivers are:

- Revenues:
  - higher transport services revenues thanks to higher passengers transported and train replacement services
  - lower revenues from public contracts and grants due to lower compensations for additional services (none vs €2.9mln in IQ2022), partially compensated by higher €/km recognized by Regione Veneto and contributions to cover energy price increases
  - No Government compensations for lost revenues booked in IQ23 and IQ22
- EBITDA improvement as a result of better marginality

1 – Excluding the effects of the sale of La Linea/Martini Bus and car sharing public contribution in IQ2022



# Motorways



**MOTORWAY INFRASTRUCTURE MANAGEMENT**

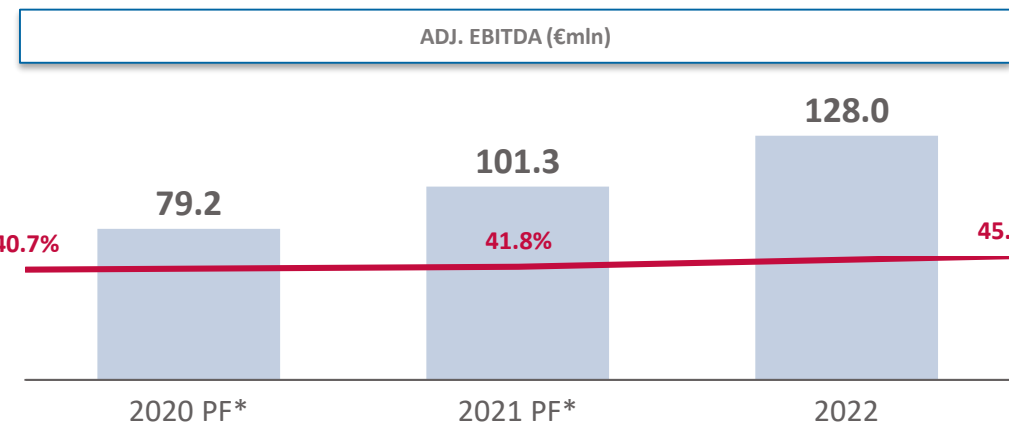
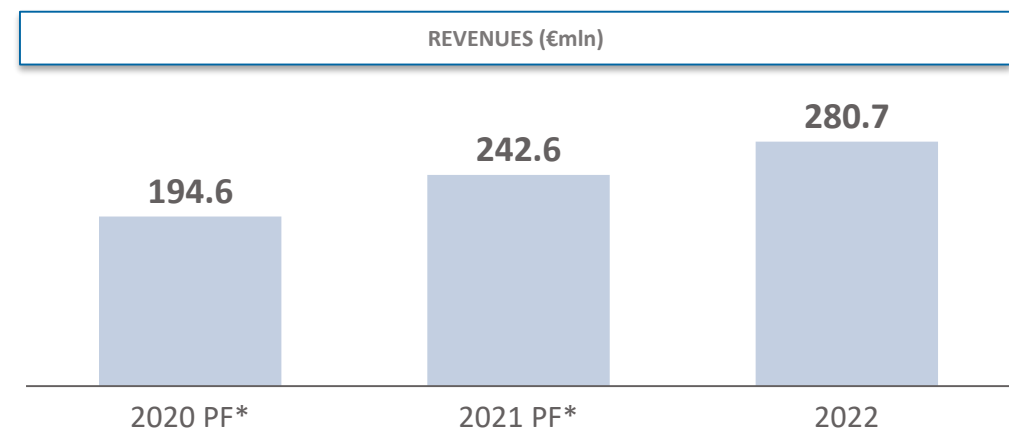
- On 26 February 2021 FNM acquired from Regione Lombardia an 82.4% stake in Milano Serravalle Milano Tangenziali S.p.A. (MISE). From July 2022, FNM owns 100% of MISE,
- Established in 1951 in Assago, MISE is the concessionaire until 2028 of the A7 motorway from Milano to Serravalle Scrivia and of the 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
- Activities also include managing the 19 service areas sub-concessions (new contracts in place from 2021 provides a variable fee calculated on the sales of fuel/food as well as a maintenance fee in favor of MISE)



**DESIGN AND ENGINEERING**

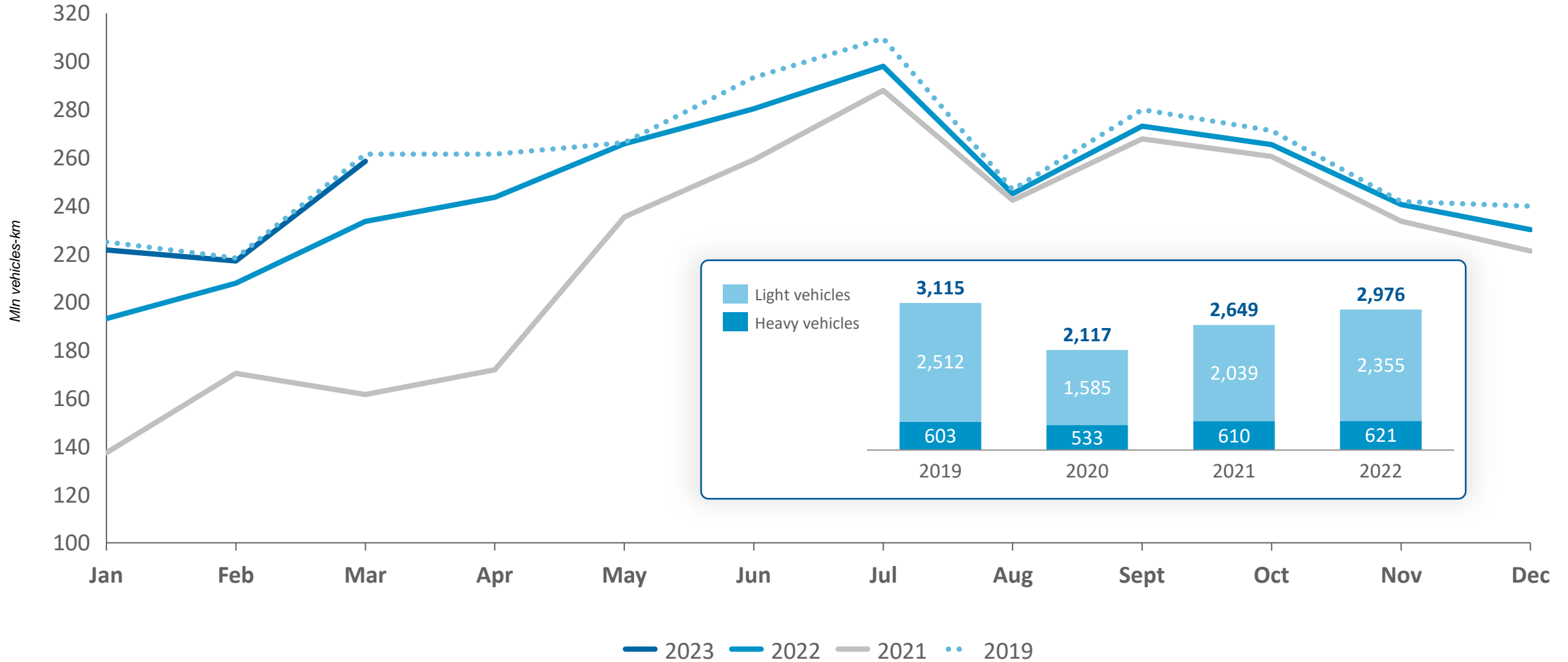
- MISE provides design activities as well as technical and administrative support for the infrastructure investments on the highway network through Milano Serravalle Engineering ("MISE Engineering"), in which it holds 100% of the share capital.

**Financial Highlights**



\* 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.

# Motorways - Traffic evolution



## 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)

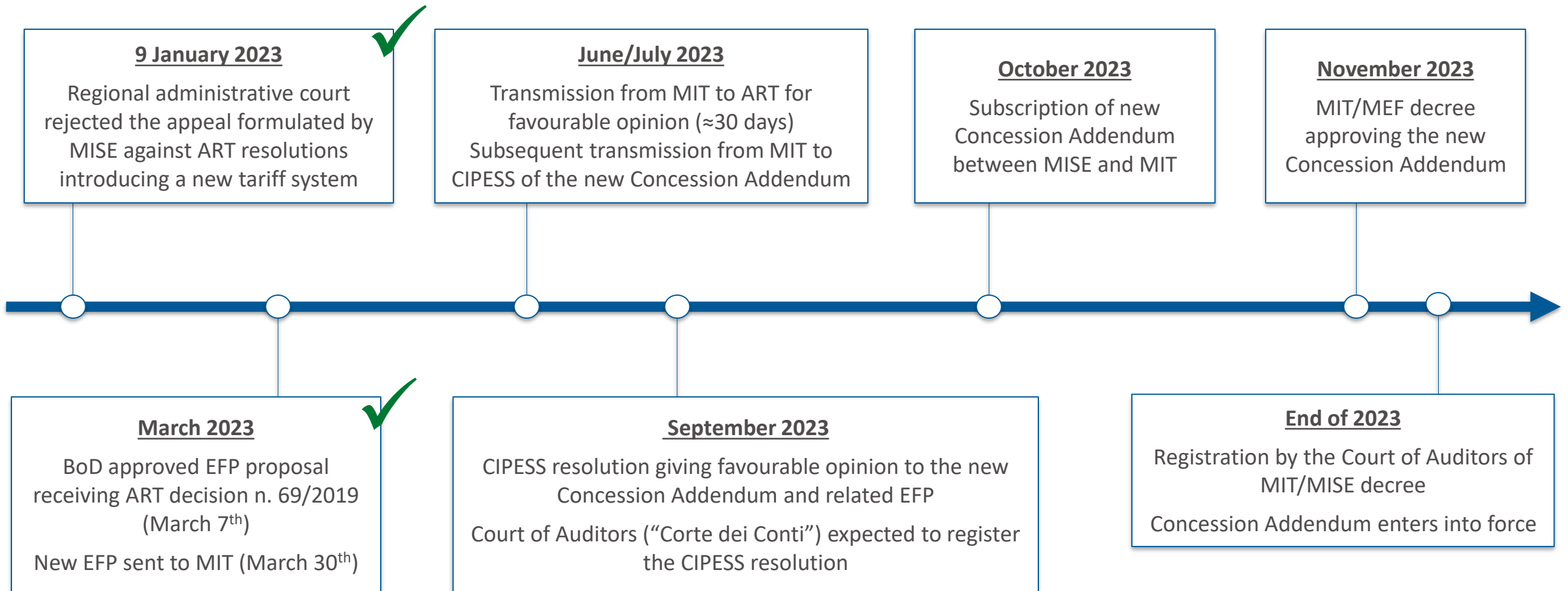
- MISE’s new regulatory framework will be composed of the **Concession Addendum n.2** to the 2007 Single Concession Agreement and the **2020-2024 EFP** that will set new CAPEX, maintenance and efficiency standards;
- Tariff setting mechanism based on 3 building blocks: (i) a “**management tariff**” allowing 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 updated 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 increases of construction costs on future investments** → price increases to be included in the RAB and recovered through amortization.

#### Current estimate of capitalization of the “inflationary effect” and “Covid effect” (≈ €490mln)

- The new remuneration criteria provides a strong safeguard on returns blending historical rate of returns on existing assets with a WACC approach on new investments → principle of **using a weighted average rate between IRR and WACC for discounting the balance of figurative items in order to ensure financial equilibrium<sup>1</sup>**
- Remuneration of existing assets and already agreed upon investments equal to the **implied IRR** (so-called “*safeguard mechanism*”)
- Remuneration of new investments is equal to the WACC as determined by ART → **for the first regulatory period the WACC is equal to 7.09% (nominal pre-tax), to be updated every 5 years according to market conditions**

1 – Resolution ART 29/2020 – Inquiry “*Conclusione del procedimento avviato con delibera n. 176/2019 del 19 dicembre 2019*”

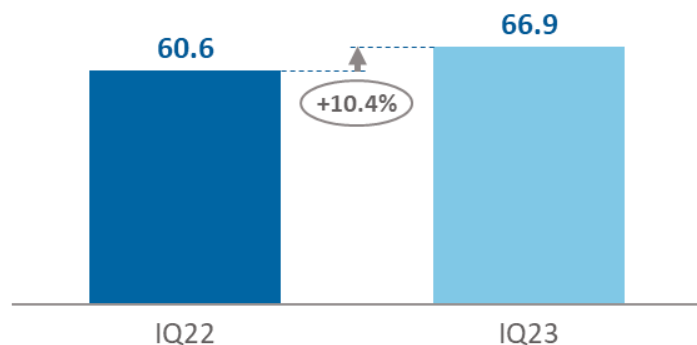
Timeline paced by several regulatory steps: expected final approval of EFP and Addendum to Concession by end of 2023



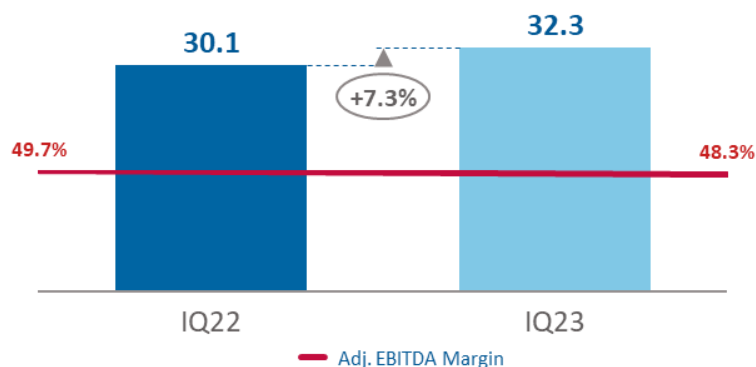


## Motorways

Revenues (€mln)



Adj. EBITDA (€mln)



- Higher tolling revenues (+€5.1 mln) due to the combined effect of traffic recovery and network extension from 1 March 2023
- Higher revenues from service areas concessions thanks to traffic increase and renewal of sub-concession contracts (+90% vs IQ22)
- Cost recoveries of services areas' maintenance costs thanks to new contracts in place
- Higher maintenance costs mainly on Po Bridge and Zerbolò gate, partially offset by releases from the renewal fund
- Higher operating costs: concession fees, collection fees and service fees
- Higher labour costs mainly related renewal of National Collective Bargaining Agreement, partially compensated by headcount decrease (-31 FTE)





## MOTORWAY INFRASTRUCTURE CONSTRUCTION AND MANAGEMENT

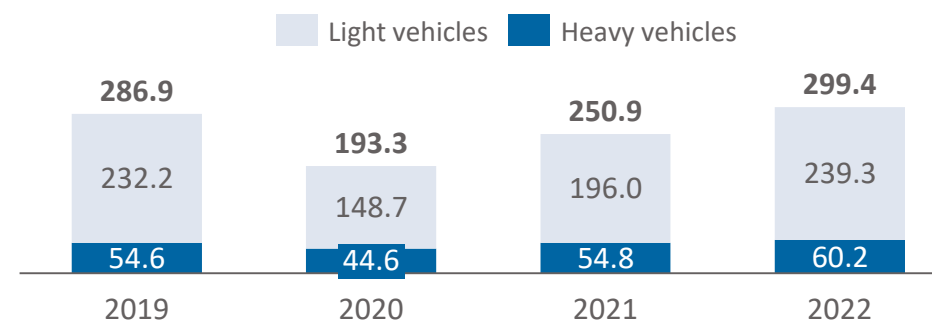
- **FNM holds through MISE a 36.7% stake in APL** (Regione Lombardia controls the remaining 63.3%), accounted for using the **equity method**, a **shareholder loan of nominal €150mln (€47.8mln NBV at 31 December 2022)** remunerated at Euribor3M+357bps, subordinated to other bank loans due by June 2034
- APL is the concessionaire of the motorway connecting Dalmine (Bergamo) to Como, Varese and the Swiss border (Gaggiolo) for a total of about 200km (including interchanges and related works), of which **85km 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 **€1.7bln financing (Senior Loan 1)** by a pool of banks, EIB and CDP, with the support of Regione Lombardia. APL will also benefit from a **€0.8bln tax credit and €0.9bln shareholders loan granted by Regione Lombardia**

## Highlights

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

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

## Traffic Performance



# History of the FNM Group

## 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**

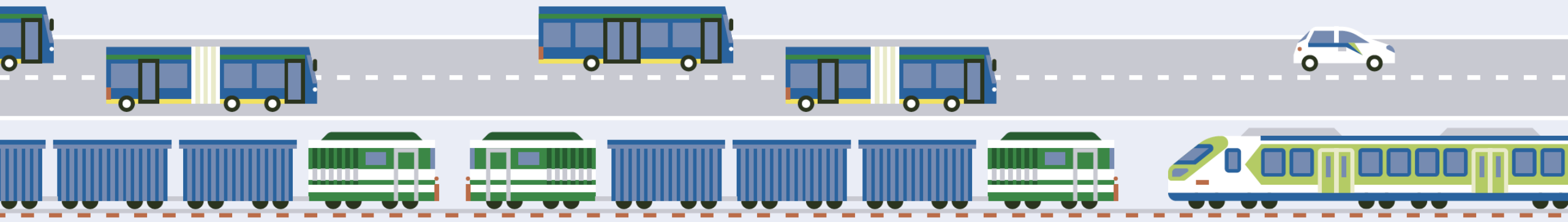
Incorporation of Società Anonima delle Ferrovie Nord Milano

**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 – Bovisano 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**

**2009**

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

**2010**

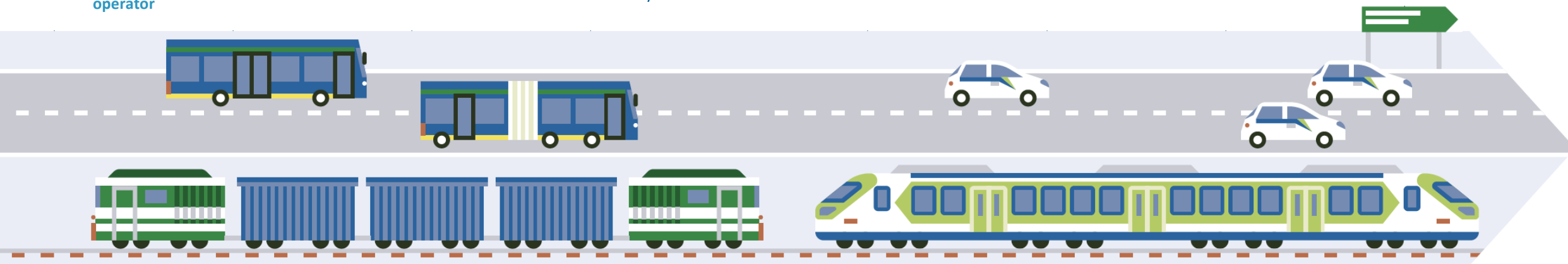
Incorporation of **E-Vai** and launch of **car sharing** service

**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 MaaS/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**

**2023**

Sale of the participation held in **La Linea S.p.A.** and its controlled company **Martini Bus S.r.l.**

- **Adjusted EBITDA:** it is represented by EBITDA (earnings for the year before income taxes, of the other financial income and expenses, of depreciation, amortization and impairments of fixed assets), excluding non-ordinary expenses and income, such as: (i) income and expenses deriving from restructuring, reorganization and business combination; (ii) clearly identified income/expenses not directly referred to the ordinary performance of the business; (iii) in addition to any income/expenses deriving from significant non-ordinary events and transactions as defined by Consob communication DEM6064293 of 28/07/2006.
- **Adjusted EBITDA Margin:** the percentage of Adjusted EBITDA over total revenues.
- **Adjusted Net Result:** Net Profit (Loss) before recognition of the result of companies consolidated using the equity method
- **Adjusted NFP:** it is represented by the Net Financial Position (NFP) including cash and cash equivalents and all financial liabilities, restated excluding only cash and current payables related to financial investments made in accordance with Regione Lombardia's "Rolling Stock purchase programme 2017-2032", with the aim of sterilizing the timing effects of contributions collection and payments made to suppliers, recognized in accordance with IFRIC 12.
- **Rolling Stock Purchase Programme 2017-2032:** 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. The rolling stock supply programme is covered with funds allocated by Regione Lombardia, including charges to be corresponded to Ferrovienord for the anticipation and general management costs of the order set to 1% of the train supply contract amounts (see FNM 2022 Annual Report for further details).

# Contacts

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