



LIFE IN MOTION

FNM 2021-2025 Strategic Plan

September 17, 2021



FNM Group | Highlights

- 2021-2025 Plan **consistent with the strategic guidelines** approved by FNM BoD on 20 November 2020, configuring FNM as an **integrated sustainable mobility operator guided by environmental, social and governance sustainability principles** and including the effects of the **acquisition of MISE**, which had a transformational effect on the Group
- Definition of the main ESG KPIs and targets, among which **35% CO2 Emissions reduction** and **100% use of renewable energy for electric rail traction by 2025**
- 2021-25 **CAPEX 850 mln euros**, 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
- **Confirmation of the 2021 guidance and economic and financial performance improvement** on all business segments in the following years
- Refinancing of the EUR 620 mln bridge loan and financing of the investment plan tapping into the **financial markets**; recourse to **sustainable finance** to fund the capex plan
- **Solid capital structure** consistent with **investment grade** rating
- Dividend policy: **DPS 2.3€c on 2021 earnings**, increasing over the plan period by a **16% CAGR¹**, consistent with leverage target

1 – calculated based on 2021 expected DPS

The FNM Group

The strategic plan guidelines

The strategic plan assumptions

2021-25 economic and financial projections

2021 guidance and strategic plan targets

Appendix

FNM Group | Group Overview

Group at a Glance

- Established in 1877¹, FNM S.p.A. ("FNM" or the "Group") is the leading **integrated sustainable mobility** Group in Lombardy
- It is the first organization in Italy to combine railway infrastructure management with road transport and motorway infrastructure management
- 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:
 - Ro.S.Co. and Service
 - Management of the railway infrastructure
 - Road passenger mobility
 - Management of the motorway infrastructure
- 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 majority shareholder is **Regione Lombardia**, which holds a **57.6% stake**
- 2,230 employees in 2020²

Ratings

MOODY'S
INVESTORS SERVICE

Baa3 with **stable outlook**

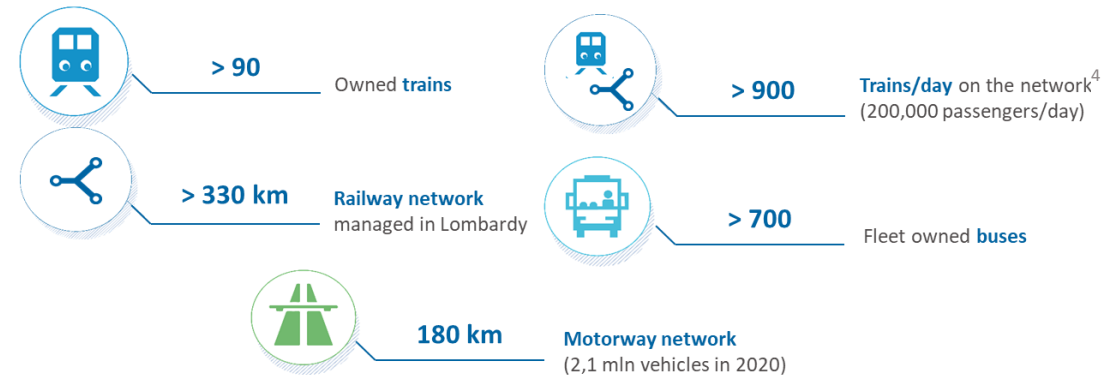
FitchRatings

BBB- with **stable outlook**

Shareholders' Structure



Key Figures³



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

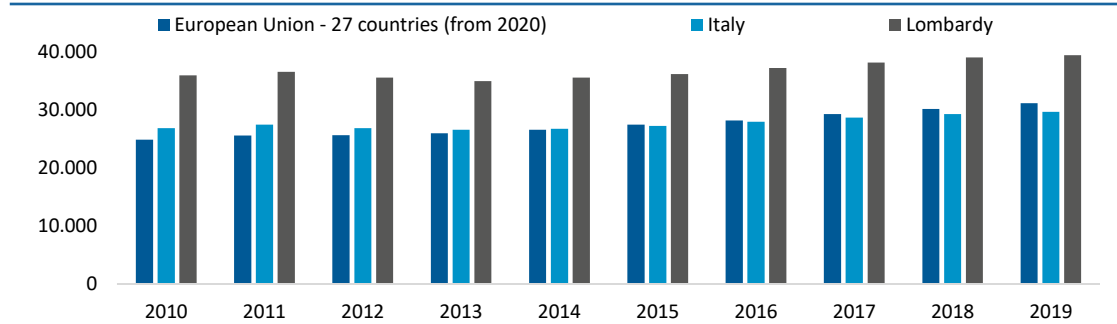
2 – Average of the year 3 – Data on December 31, 2020 4 – On Ferrovienord railway network

FNM Group | Lombardy Region and FNM Presence

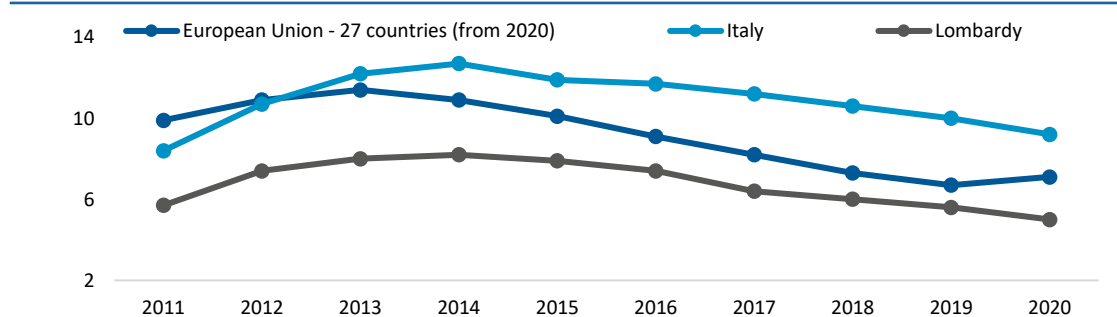
Lombardy Region at a Glance

- 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 **32% higher than the national average** and **26% higher than the EU average** in 2019. In 2020 the **regional unemployment rate was 5%** far below the Italian and European average (9.2% and 7.1% 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

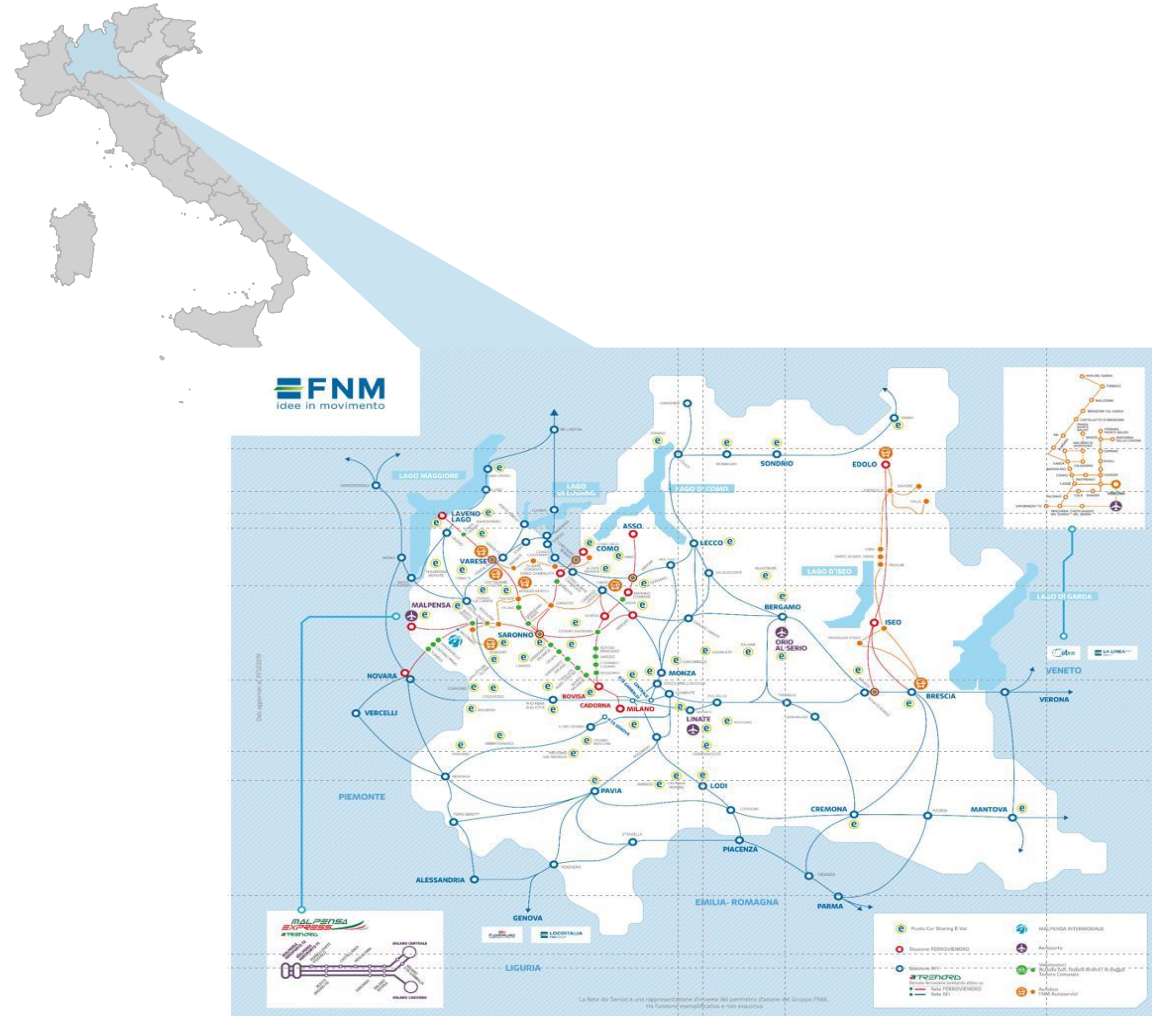
GDP¹ per capita (euros)



Unemployment Rate² (%)



FNM Group Presence



Source: Eurostat

1 – Gross domestic product (GDP) at current market prices by NUTS 2 regions by Eurostat, last update 19/05/2021

2 – Unemployment rates NUTS 2 regions from 15 to 74 years by Eurostat, last update 02/06/2021

FNM Group | Core business segment overview



Ro.S.Co. & Service

- **Leasing of rolling stock** in the local public transport (LPT) and freight logistics sector (mainly Trenord and DB Cargo) with a **fleet of >90 trains owned by the Group**.
- Provision of corporate services to subsidiaries and management of the real estate assets of the Group



Railway infrastructure management

- **Management of the railway infrastructure** in Lombardy (**330 km of network and 124 stations** in the provinces of Milan, Varese, Como, Novara, Monza/Brianza and Brescia), on the basis of the concession from Regione Lombardia expiring on **31 October 2060**
- Activities related to the management of the **intermodal terminal of Sacconago (VA)** and to real estate development in **freight logistic sector**



Road passenger mobility

- Management of **Road LPT⁴**:
 - in the provinces of Varese, Brescia and Como (FNM Autoservizi) for 630 km of network
 - in Veneto and in the Municipality of Verona and its province (ATV, La Linea)
 - in the business of bus rental with private drivers (Martini)
- **Electric car-sharing** service (E-Vai)



Motorway infrastructure management

Management of the motorway infrastructure through **Milano Serravalle Milano Tangenziale (MISe)**, on the basis of a concession expiring in 2028



Fully consolidated companies

Companies consolidated at equity



1 - Companies operating the freight logistics sector, in start up, currently included in the Railway Infrastructure Management and in the RoS.Co & Service segments.

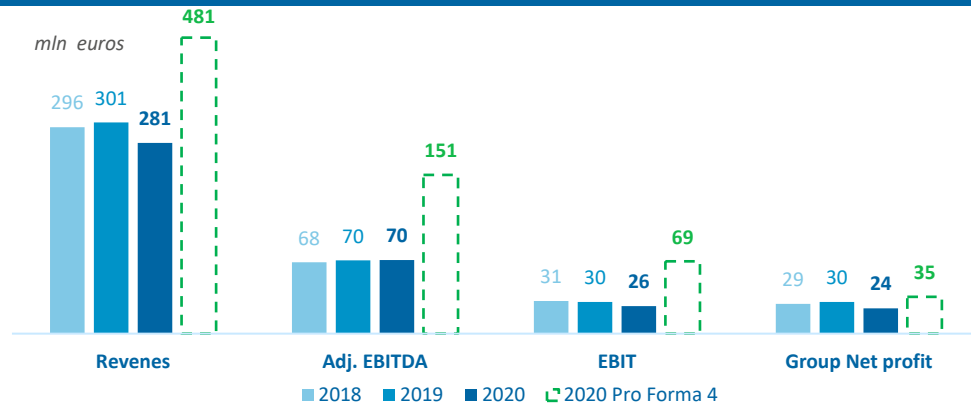
2 - Companies operating in the road transport segment but considered in the Ro.S.Co segment for the purposes of financial reporting

3 - Since February 26, 2021 FNM Spa holds a 96% stake in MISE (13.6% in 2020) and fully consolidates the company in its accounts.

4 - LPT: Local public transport

FNM Group | Economic and financial highlights

Profit & Loss



Economic KPIs

mln euros	FY 2018	FY2019	FY2020 ⁵	FY 2020 PF
Adj EBITDA margin	22,9%	23,2%	24,9%	31,3%
Adj EBIT margin	10,5%	10,1%	9,4%	14,3%
ROI	6,8%	8,7%	5,1%	n.a.

Dividend policy

	FY 2017	FY 2018	FY2019	FY2020
DPS ⁴	0,020	0,023	no dividend	no dividend
Payout ratio (on FNM Spa Net result)	40%	40%	no dividend	no dividend
Total cash out (mln euros)	8,698	9,785	no dividend	no dividend
Dividend Yield	3,2%	4,4%	no dividend	no dividend

Balance Sheet

mln euros	FY 2018	FY2019	FY2020 ⁵
Total fixed assets	453,4	479,2	575,2 ²⁾
Net working capital ¹⁾	4,3	(132,3)	(57,9)
Equity	435,2	454,3	477,1
Adjusted Net Financial Position (-Cash)	7,6	(39,9)	43,7
Net Financial Position (-Cash) ¹⁾	22,5	(107,5)	40,2
Investments financed with owned funds	34,2	40,4	68,2

Financial KPIs⁵

	FY 2018	FY2019	FY2020 ⁵
NFP / EBITDA	0,33	n.m.	0,57
NFP / Equity	0,05	n.m.	0,08
Net Fixed Assets / Net Invested Capital	0,99	1,38	1,11

HR KPIs⁵

	FY 2018	FY2019	FY2020 ⁵
Average headcount	2.271	2.268	2.230

Note: 2018 data IFRS 16 compliant, consistent with 2019 and 2020

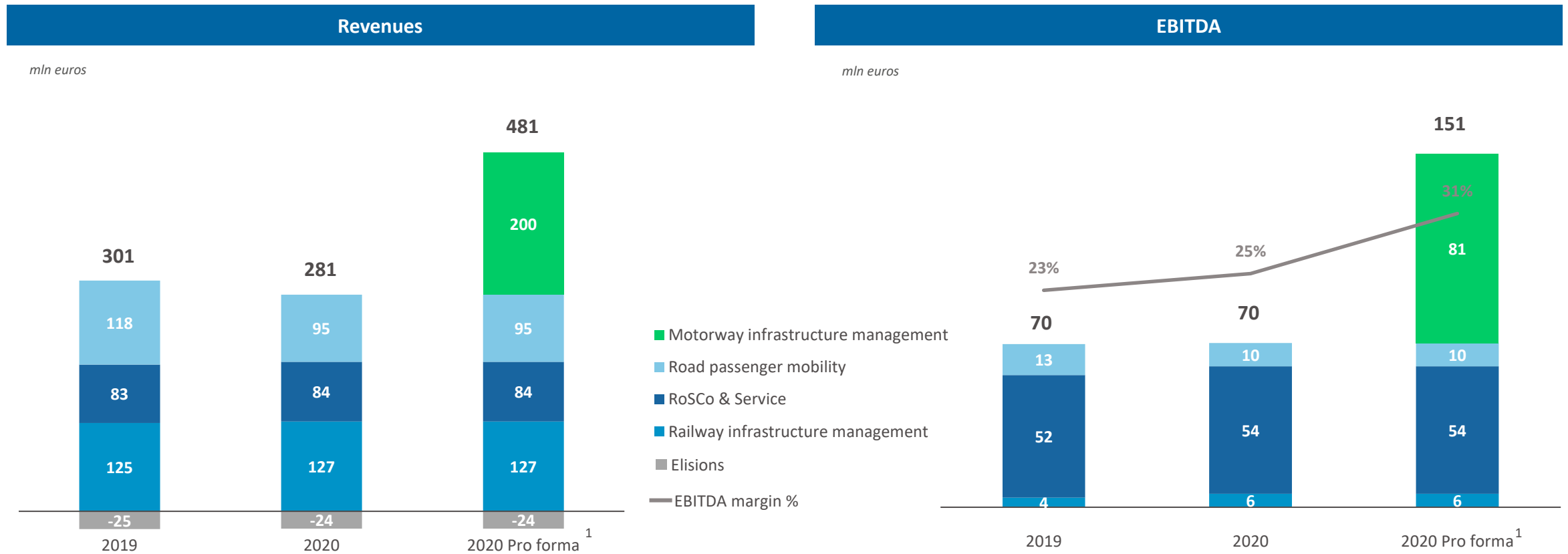
1 – Value impacted by the timing related to advances received on investments by Regione Lombardia, related to the renewal of the trains fleet.

2 – Value increase yoy due to the acquisition of a 13.6% stake in MISE

3 - Dividend attributable to the profit of the year 4 – Pro forma data including MISE consolidation starting from 1 January, 2020, available only for P&L 5 -reported data

FNM Group | Revenues and EBITDA composition by segment

The acquisition of MISE determined an improvement in margins and risk diversification



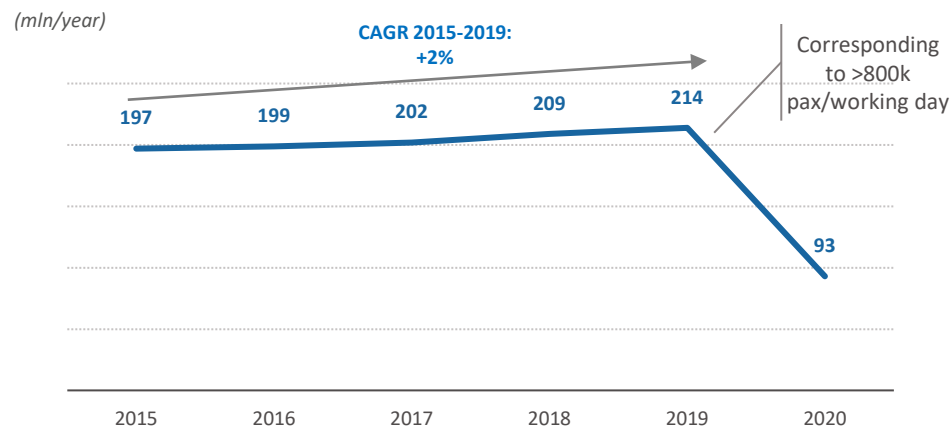
¹ - Pro forma data including MISE consolidation starting from 1 January, 2020, available only for P&L

FNM Group | Trenord, the Strategic JV in Local Railway Transport

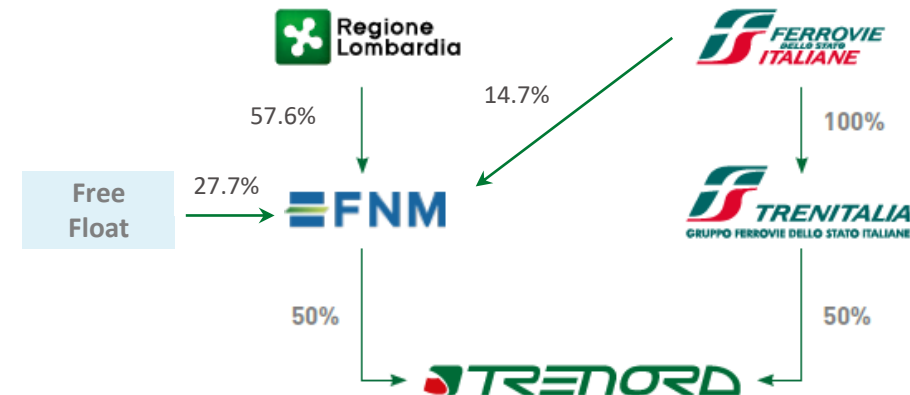
Business Overview

- Established in 2011, **Trenord** is the key train operator in Lombardy managing about 25% of the total local railways transport in Italy, including public passenger transport by rail in suburban and regional areas, airport passenger transport by rail, and the Lombardy-Canton Ticino cross-border service, covering a total network length of ~2000 km. The company also manages international railway services on the Brennero and Tarvisio rail lines
- Trenord activity is regulated through the Service Contract Agreement («SCA») with Regione Lombardia (relative to 2015-2020 period, extended for the whole 2021 and 2022). The SCA will be renewed for the 10 year period starting from 2023¹, negotiations are ongoing.
- In carrying out its activities Trenord operates more that 400 rolling stock leased from FNM Group, Trenitalia and Regione Lombardia
- Production of 35.6 trains-km² in 2020 (42.7 trains-km in 2019, -17%)
- 4,300 employees in 2020

Passengers transported



Shareholders



Key Financials

€ mln	Dec-2019	Dec-2020
Revenues	832	703
EBITDA	202	153
EBITDA Margin	24%	22%
EBIT	10	(33)
Net Income	4	(7)
Net Debt (Cash)	152	167
Net Debt / EBITDA (x)	0,75	1,09

1 – current assumption for the long-term renewal

2 – Only LPT

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FNM Group | An integrated strategic vision to run the business sustainably

Ensuring the positioning of FNM as a Group guided by ESG principles in the definition of its business processes and investment portfolio

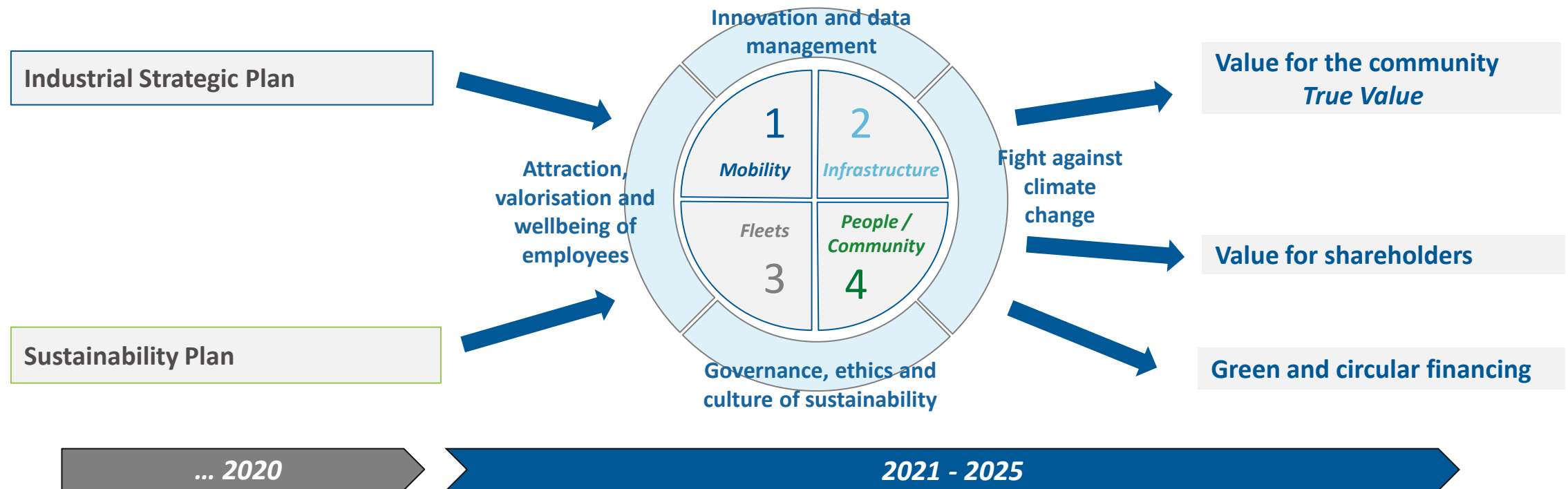
Vision

Improving the lives of people, cities and businesses by developing connections and responding to mobility needs

Mission

Development of an integrated platform of mobility services, built to meet criteria of environmental and economic sustainability, which rationalises and connects (physically and digitally) urban nodes, destinations and transport networks, to create social value and promote the productivity of the territory

INTEGRATED STRATEGIC PLAN



FNM Group | Mobility pillar

Main player offering sustainable integrated transport services, operating as mobility partner of the communities served, to enable the shift towards collective mobility and other forms of sustainable mobility

Guidelines

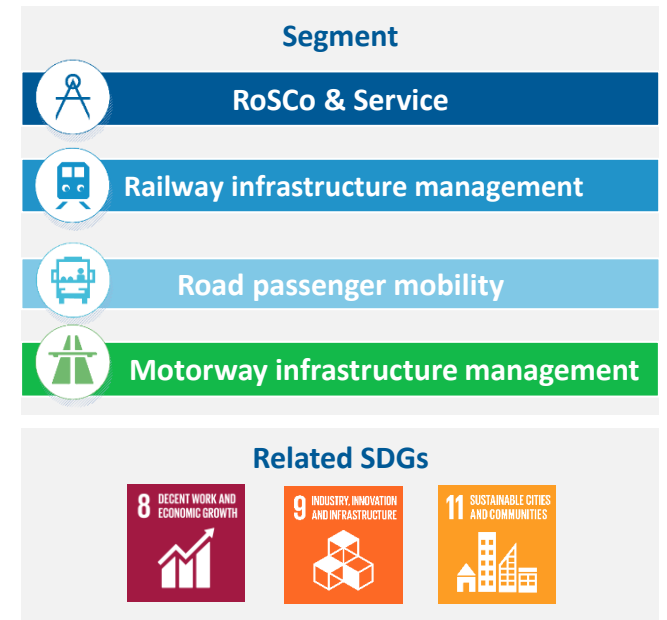
Consolidate the central role of LPT on rail

Strengthen the positioning in LPT on road

Develop integrated multimodal and last mile mobility

Position the Group as Mobility Partner for communities, companies, events, large projects

Confirm presence in the freight transport sector



Target: development of demand served compatible with pre-pandemic levels

Targets	Metrics	Actual 2019	Actual 2020	Target 2025
Entry in the motorway business ¹	Vehicles-km driven on the motorway/year	3.1 bln vkm	2.1 bln vkm	3.1 bln vkm
Strengthening of road LPT ¹	Passengers transported by bus services/year	77.8 mln pax	45.5 mln pax	80 mln pax
Central role of rail LPT ²	Passengers transported by Trenord/year	214 mln pax	93 mln pax	>180 mln pax
Integrated mobility and last mile	Car sharing rentals (hours/year)	70,000	62,000	250,000

1 – Significant KPIs for the purposes of True Value model, representing an important part of positive and negative impacts

2 – Trenord not included in the scope for True Value calculation

FNM Group | Infrastructure pillar

Integrated and synergic management of complementary infrastructure: railways, motorways and freight terminals. Development of new services while promoting security and resilience to extreme natural events, mitigating environmental impacts.

Guidelines

Manage and develop the rail infrastructure, stations and rail-road interchange nodes

Consolidate motorway infrastructure business

Develop logistic terminals

Segment



Railway infrastructure management



Motorway infrastructure management

Related SDGs



Target: investments to improve infrastructure and nodes quality as well as urban and environmental regeneration

Targets	Metrics	Actual 2019	Actual 2020	Target 2025
Rail infrastructure, nodes and stations	Managed investments on rail infrastructure and for stations refurbishment	39 mln euros	35 mln euros	~700 mln euros (cum 21-25) ¹
Rail infrastructure, nodes and stations	Areas interested by urban regeneration (FILI project)	0	0	2 mln m ²

¹ – estimates, including optimization assumptions

FNM Group | Fleets pillar

Mobility services offer characterized by modern, efficient, safe, comfortable and sustainable fleets

Guidelines

Consolidate FNM's role as an Asset Company (Ro.S.Co.) in the passenger and freight rail transport market

Develop lower environmental impact fleets for rail and road transport

Electrification of the fleets/hydrogen



Target: renewal of the rolling stock fleet and electrification of the of buses fleet

Targets	Metrics	Actual 2019	Actual 2020	Target 2025
Central role of RoSCo in the rail sector	New trains in operation	0	6	22* (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)	36%	37%	58%
		0%	0%	13%

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

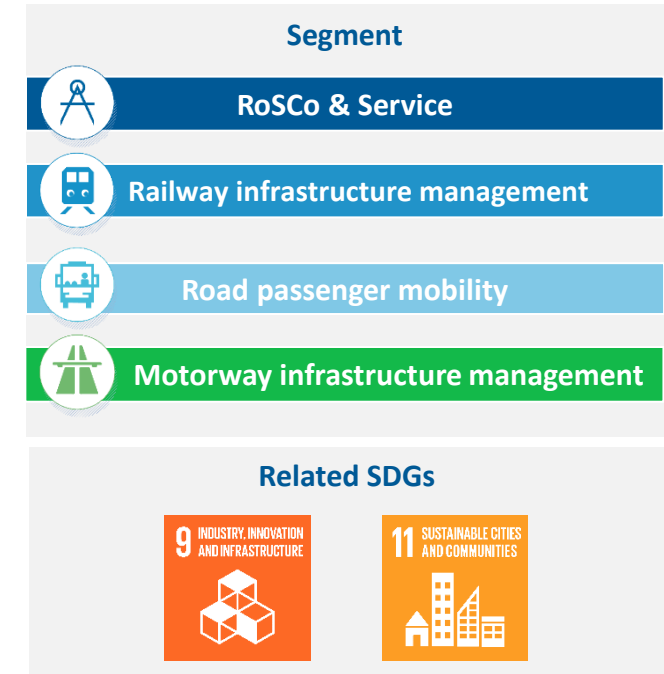
FNM Group | People/community pillar

MaaS and MaaC¹ models at the centre of the new digital mobility, built around current and future people’s needs

Guidelines

Develop supply and demand management platforms consistent with the MaaS /MaaC paradigms

Develop FNM’s payment services through FNMPay S.p.A., a start-up company launched in 2020



Target: growth of MaaC models to generate value for people and territories

Targets	Metrics	Actual 2019	Actual 2020	Target 2025
Mobility partner (MaaC)	Communities/projects/entities served with B2B and B2C criteria; communities cross fertilization	n.a.	n.a.	>15 (cum 21-25)

1 – Mobility as a Service (MaaS) and Mobility as a Community (MaaC)

FNM Group | The enablers

Innovation and data management

- ✓ New digital approach for strategic planning and management with the aim of increasing service quality and revenues
- ✓ New digital strategy for company's processes
- ✓ Continuous innovation to keep the Group up with the technological state of the art

Energy efficiency and emissions reduction

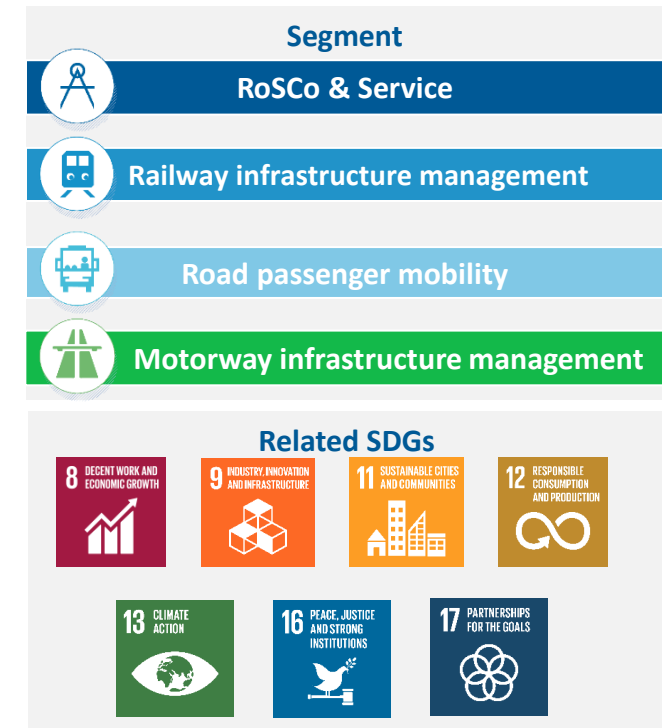
- ✓ Introduction of hydrogen as a energy vector
- ✓ Investments in innovative energy projects
- ✓ Reduction in consumption and emissions
- ✓ Promote the utilisation of sustainable mobility among employees

Governance, ethics and sustainability culture

- ✓ Spread a corporate culture of ethics, legality, sustainability and efficiency
- ✓ Tax risk management and definition of the Tax Control Framework
- ✓ Develop projects and initiatives in collaboration with external partners, in particular with third sector entities.
- ✓ Continue with the implementation of the MBO system related to the achievement of the sustainability targets

Attraction, enhancement and well-being of employees

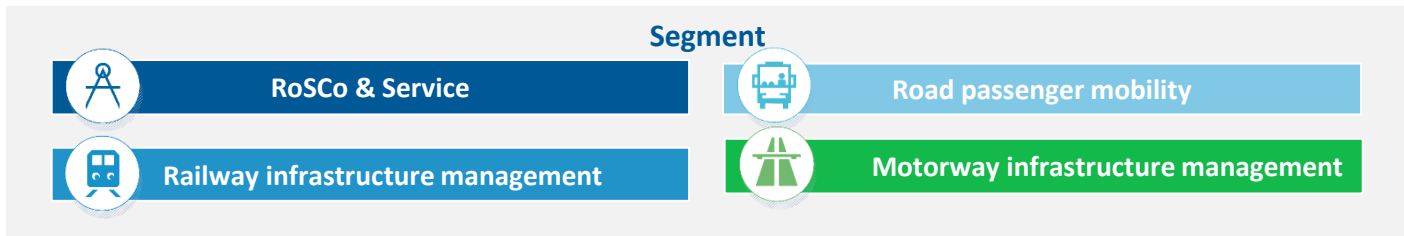
- ✓ Support the development of employee's skills and efficiency
- ✓ Support the continuous improvement of the health and safety management system
- ✓ Ensure the continuous development of welfare initiatives and flexible working in line with expectations



FNM Group | The enablers (2/2)

Targets

Targets	Metrics	Actual 219	Actual 2020	Target 2025
Continuous innovation	Resources for technological/digital R&D projects	€1.5 mln	€1.5 mln	€ 11 mln (cum 21-25)
Emissions and consumption reduction	CO2 emissions Scope 1 and 2 / revenues	151 ton Co2 eq/€	74 ton Co2 eq/€	48 ton Co2 eq/€ -35%
Emissions and consumption reduction	Energy from green sources utilized (corporate consumption and electric rail traction) for the services along the infrastructure managed by the Group	0,70%	14,80%	100%
MBO definition	% of directors with sustainability linked MBOs	21%	20%	51%
Corporate culture	Whistleblowing tool	Model under definition	in the finalization stages	By 2021
Tax risk control and Tax control framework	Activation and maintenance of a control and transparency tool for tax risk management	Model under definition	Tax Control Framework project start	By 2022
Competencies development	Business continuity plan introduction	Planning phase	Planning phase (Business Continuity Management plan started)	By 2025



FNM Group | Fili project: regeneration of the Milan-Malpensa axis

Upgrade and development of the Ferrovienord 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 m2) 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.

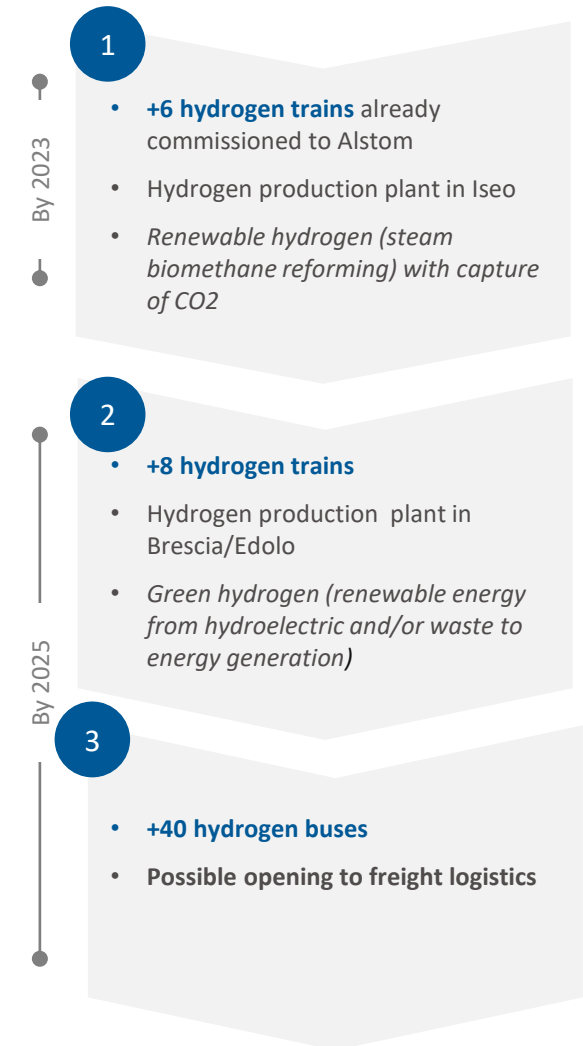
B.
Super cycle track

Construction of a 73 km long super cycle track from Milan to Malpensa

FNM Group | H2iseO: Hydrogen Valley project

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 4 mln euros 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 euros¹**, including the supply of a fleet of 14 hydrogen trains and 40 hydrogen buses, the construction of hydrogen production and distribution facilities and the upgrade of railway infrastructure and related areas, of which **total expected CAPEX to be financed by FNM ~100 mln euros²**, net of contributions from PNRR, Regione Lombardia and European Union funds.



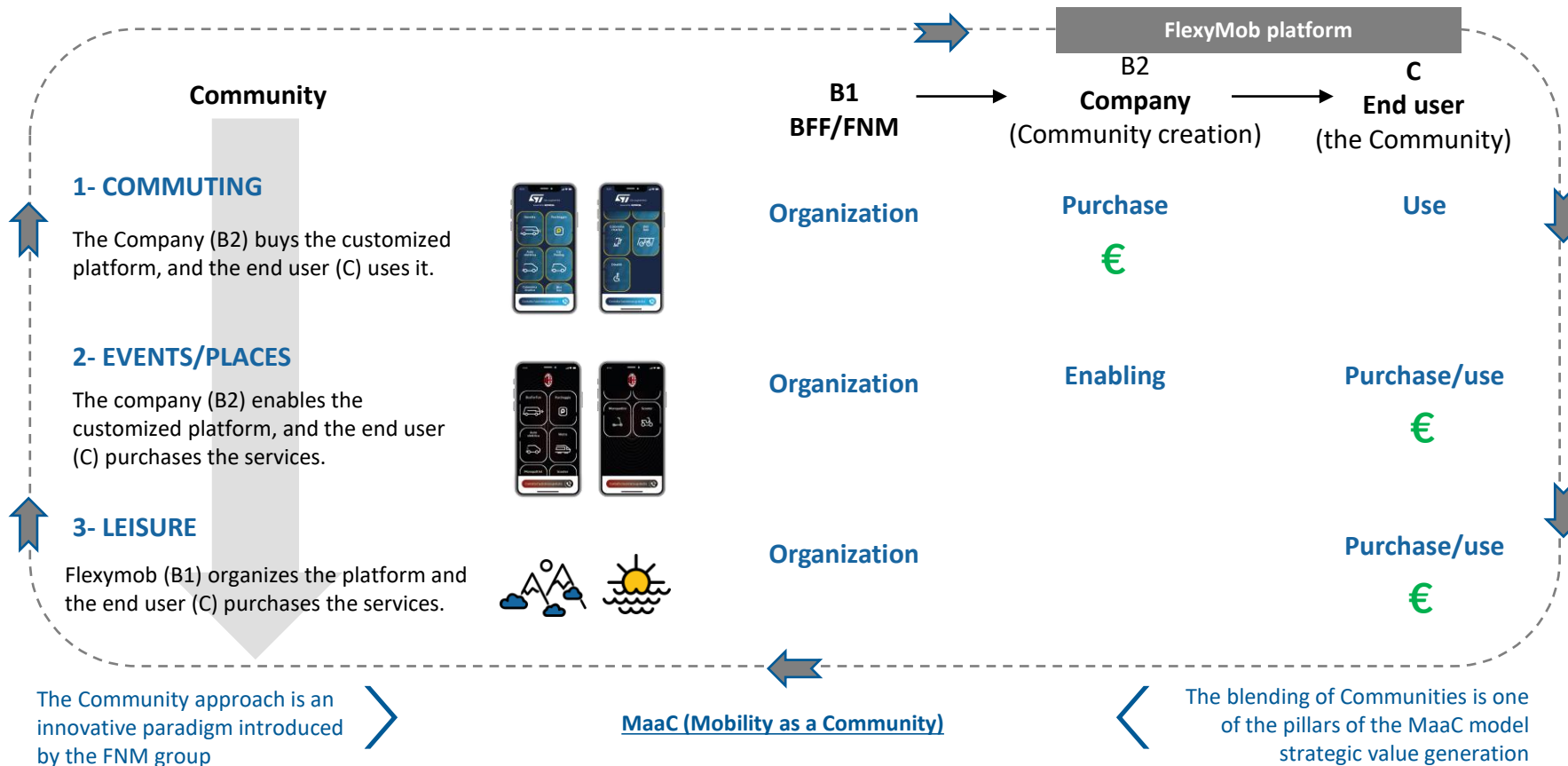
1 – mainly for hydrogen trains and buses;

2 – current working assumption.

FNM Group | FlexyMob MaaC platform

A single integrated digital platform promoting synergies among Communities

The business model:



Mobility-as-a-Service (MaaS)

MaaS an emerging type of service that, through a joint digital channel enables users to plan, book, and pay for multiple types of mobility services. The concept describes a shift away from personally-owned modes of transportation and towards mobility provided as a service. This is enabled by combining transportation services from public and private transportation providers through a unified gateway that creates and manages the trip, which users can pay for with a single account. Users can pay per trip or a monthly fee for a limited distance. The key concept behind MaaS is to offer travellers mobility solutions based on their travel needs.

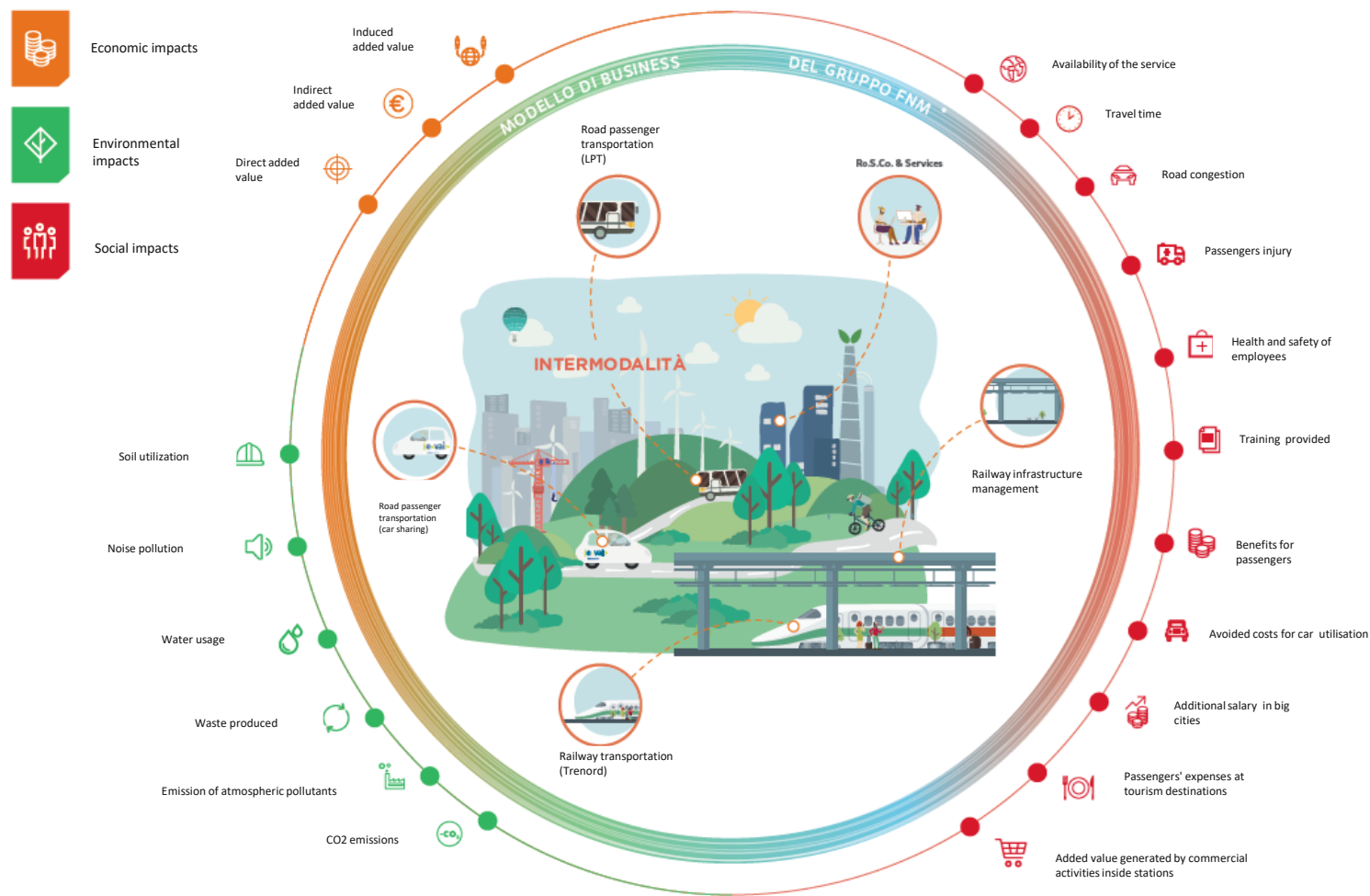
Our vision for MaaC (Mobility-as-a-Community)

MaaC is a possible evolution of MaaS, with the objective to improve accessibility to services and related transport for specific groups having the same interests (Communities). More in detail, MaaC aims to develop for each Community an integrated transport framework based on existing services mixed with customised services for the specific Community. The framework can be accessed through a cross-Community platform customised for each Community. MaaC products might be part of company welfare or be vertically integrated with non-transport products (events, leisure, etc.). A single person can be part of more than one Community and Communities can and should cross-fertilise among themselves.

FNM Group | True Value model as a tool to measure external impacts and generated value

Logical scheme of the True Value¹ model of the FNM Group

THE IMPACTS OF FNM GROUP CONSIDERED IN THE TRUE VALUE MODEL

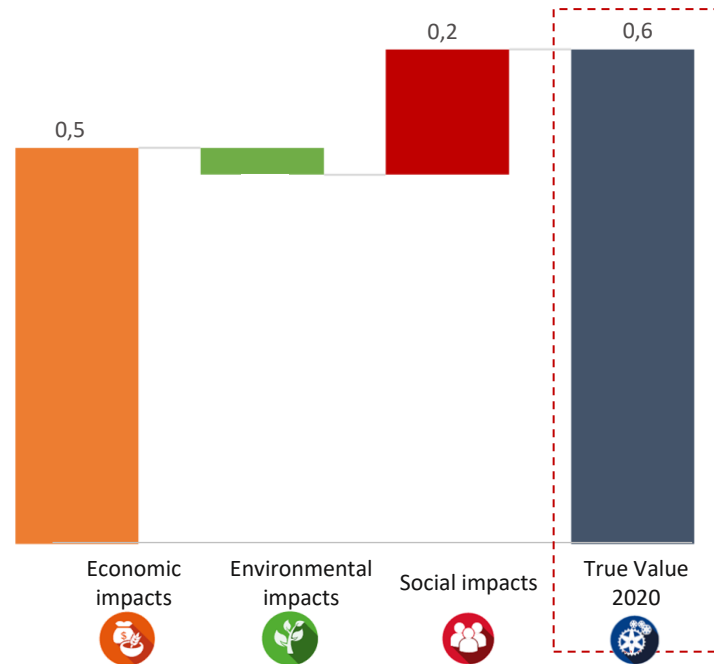


FNM Group | True Value projection at 2025

The Motorway infrastructure management segment contributes to doubling FNM True Value from 0,6 bln euros to 1,3 bln euros

(bln euros)

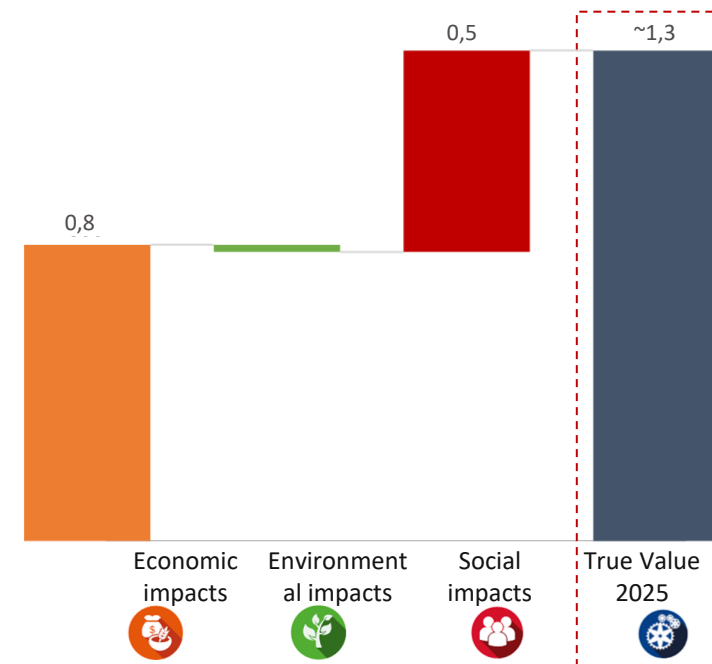
True Value FNM Group 2020



Breakdown of True Value according to business segment:



True Value FNM Group 2025¹



Breakdown of True Value according to business segment:



- In 2025, on a like for like basis with respect to 2020 (historical group structure excluding Trenord), FNM will be able to generate an overall impact equal to ~0.7 bln euros (+11% vs 2020)
- Considering the expansion of the Group with the acquisition of Milano Serravalle- Milano Tangenziali, in 2025 FNM will be able to generate an overall value of ~1.3 bln euros (+107% with respect to 2025 True Value referring only to the historical group structure)

1 - For the KPIs for which no 2025 targets are available, this model considered the Strategic Plan targets. It assumed 2020 values . In particular, the model hypothesised constant purchases from local suppliers (which generate impact on the induced and indirect added value); for this reason, the 2025 True Value estimate may vary significantly as the value of total purchases in 2025 varies.

The FNM Group

The strategic plan guidelines

The strategic plan assumptions

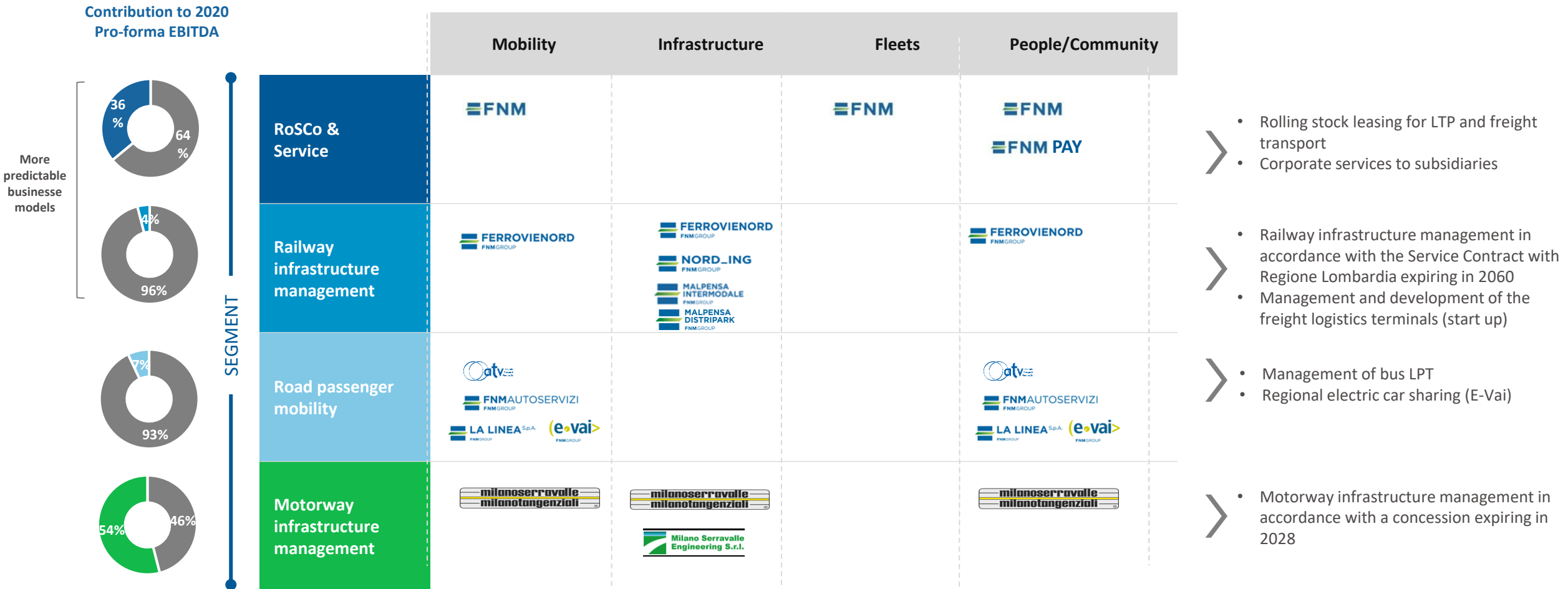
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Appendix

FNM Group | Integration of the four strategic pillars in the business segments

How the cross influence of pillars contributes to the economic and financial performance of each segment



FNM Group | Business plan assumptions (1/2)



RoSCo & Service

- **New investments in rolling stock** material and redefinition of existing **rolling stock lease contracts with Trenord** (new calculation model linked to rolling stock residual life)
- Development of digital tools for the management of flows and for the offer of MaaS services leveraging on integrated and sustainable mobility ¹
- Development of Digital Payment tools to complete and strengthen MaaS/MaaS tools¹
- **Trenord: extension of the current Service Contract between Trenord and Regione Lombardia to 31 December 2022 ; renewal of the Service Contract for the 10-year period from 2023²**, according to the principles defined by the current regulations



Railway infrastructure management

Railway infrastructure management:

- **Re-awarding of the Service Contract to Ferrovienord** for the railway infrastructure management **from 2023**

Freight logistics management:

- Sacconago Terminal fully operational starting **from 2023**
- Real estate investments in the area adjacent to the current Malpensa intermodal terminal with the construction of a logistic platform and investments for the **development and management of other independent terminals**



Road passenger mobility

- **Continuation** of the management of the current services in the areas of Verona, Varese, Como and Brescia
- Possible takeover of new bus LPT concessions following tender awards in Lombardy and Veneto expected **after 2025** (therefore it is not included in the plan)
- Consolidation of **E-VAI** regional car sharing model
- Development of the **FlexyMob project**, with mobility services dedicated to companies ¹



Motorway infrastructure management

- Management of the A7 (Milano-Serravalle) motorway and of the Milan bypasses **until 2028** (end of concession)
- Completion of the Rho-Monza section of Milano Tangenziale Nord

1 – in the strategic plan valorised in terms of investment but, conservatively, not in terms of revenues and costs.

2 – negotiations are ongoing; current assumption for the long-term renewal

FNM Group | Business plan assumptions (2/2)

Companies consolidated at equity

- Trenord: from 2023 economic and financial **plan elaborated by Trenord**, as the economic and financial plan for the 10-year period starting from 2023 is still under negotiation
- APL: economic and financial plan elaborated by the company (APL) including the **1.7 bln euros Senior1 financing** for the construction of B2 and C tranches signed on 31 August 2021 with a pool of banks.
- NordEnergia: July 2022 **end of the concession**, no renewal expected

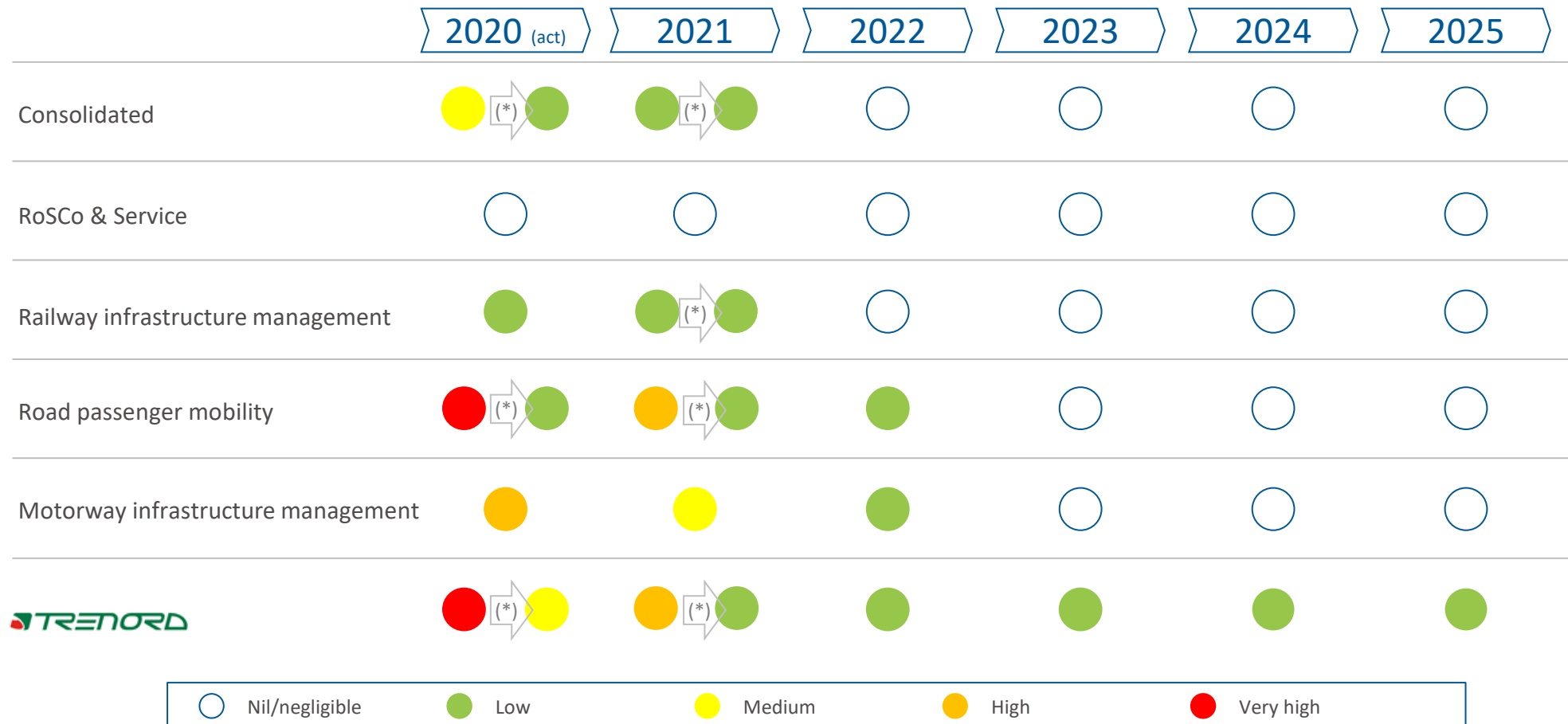
Corporate

- Inflation rate: 1% per year
- Cost of personnel: headcounts **substantially in line** over the period (2020 Pro Forma-2025 CAGR <1%), slight increase of unit cost (2020 Pro Forma-2025 CAGR +2%)
- EUR 620 mln **Bridge Loan refinanced in 2H2021** through a **bond issue** (EMTN programme)
- **Investment plan financed through cash flow generation** and for the residual part with recourse to green **bonds issues**
- **PNRR** (National recovery and resilience plan) contributions **available mainly for fleets renewal by FNM and Regione Lombardia**
- **Dividends**: EUR 10 mln on 2021 profits, increasing progressively to EUR 18 mln on 2025 profits

FNM Group | Covid pandemic impact on EBITDA

Significant impact on Motorway infrastructure, Road passenger mobility and Trenord, mitigated by compensation measures

Limited impact on consolidated accounts



• Effect of the compensation measure defined by the Government

FNM Group | Impact of the National Recovery and Resilience Plan (PNRR)

In the framework of energy transition, ~EUR 100 mln for fleets renewal

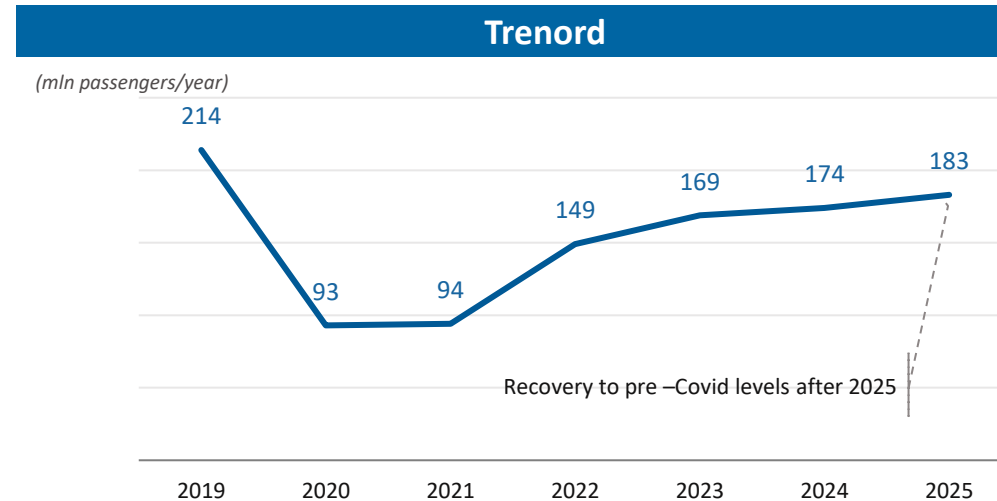
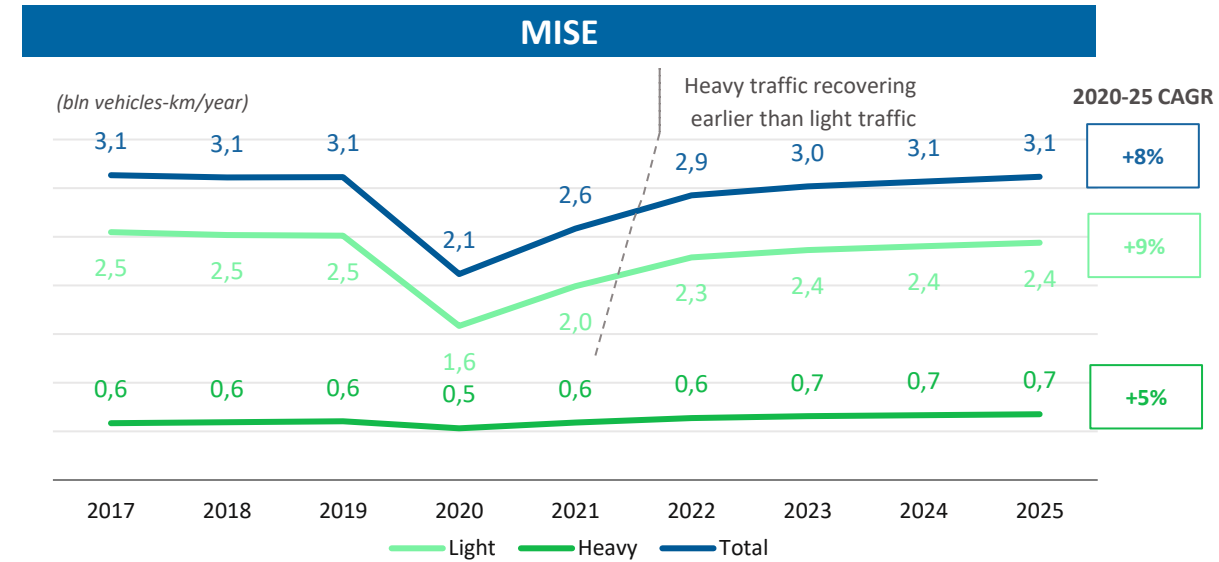
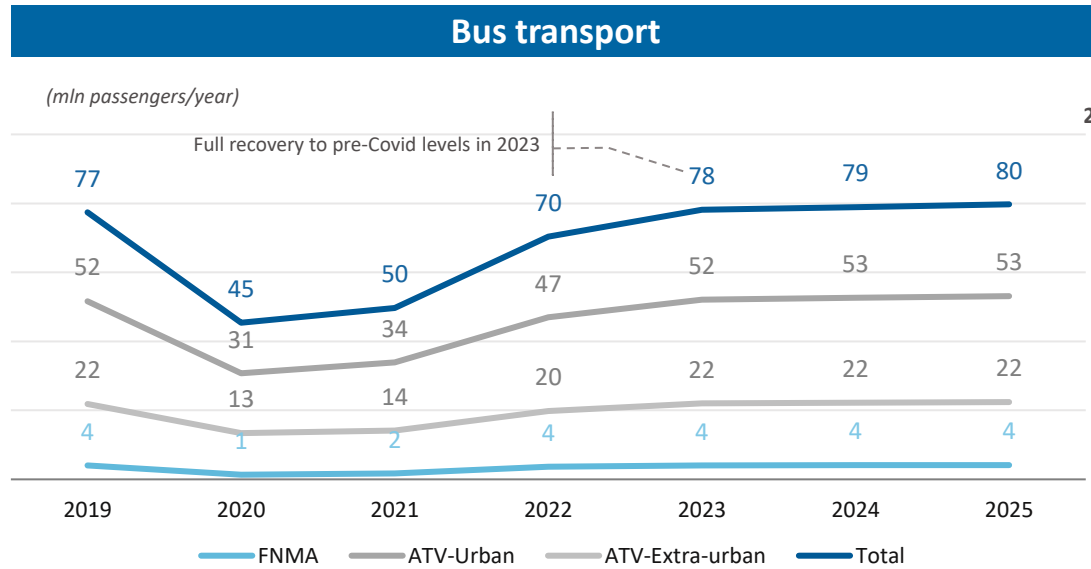
PNRR measure	Investment and budget (mln €)	FNM target (qualitative and mln €)
1 Digitalisation, innovation, competitiveness and culture	<ul style="list-style-type: none"> 4.0 Transition (evolution of industry 4.0) 	<ul style="list-style-type: none"> Tax credit on capital assets investments, research and innovation, training on digitalisation <p>Tbd</p>
2 Green revolution and energy transition	<ul style="list-style-type: none"> Experimentation of hydrogen for road transportation 	<ul style="list-style-type: none"> Hydrogen production facilities for the motorway network and logistic terminals <p>15-25</p>
	<ul style="list-style-type: none"> Experimentation of hydrogen for railway transportation 	<ul style="list-style-type: none"> Infrastructure for hydrogen use in rail transport
	<ul style="list-style-type: none"> Bus fleet renewal, green trains 	<ul style="list-style-type: none"> Electrification (including hydrogen use) for the bus fleets in Verona and Lombardia
3 Infrastructure for sustainable mobility	<ul style="list-style-type: none"> Digitalisation of the logistic chain 	<ul style="list-style-type: none"> Fixing of main critical issues at the national level with digital technologies <p>Tbd</p>

Up to 100¹

1 – available to fund the purchase of new trains by Regione Lombardia and of new buses by FNM

FNM Group | Mobility demand evolution

Full recovery by 2023 for bus transport and MISE, slower recovery for Trenord





The FNM Group

The strategic plan guidelines

The strategic plan assumptions

2021-25 economic and financial projections

2021 guidance and strategic plan targets

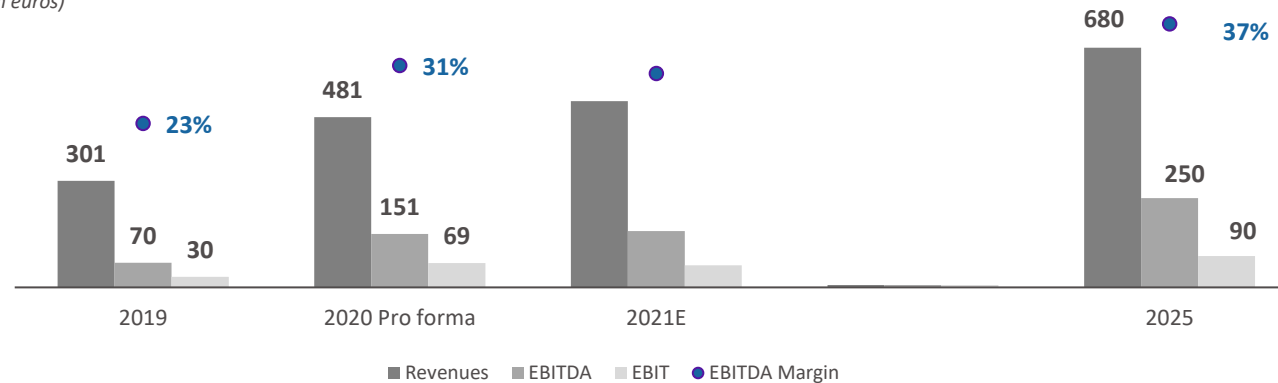
Appendix

FNM Group | Main economic highlights of the plan

Significant EBITDA increase driven by Motorway infrastructure management; important contribution from RoSCo activities confirmed

Revenues, EBITDA, EBIT and EBITDA Margin

(mln euros)



2021 guidance confirmed¹

Revenues
increase (high/mid single digit)

EBITDA
increase (high/mid single digit)

EBITDA margin
In line with 2020

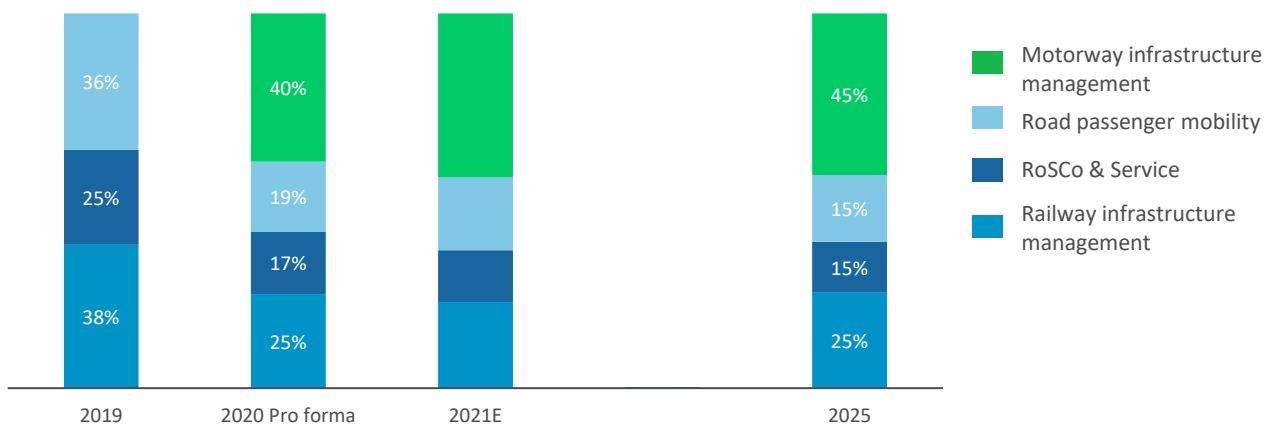
2020PF-25 CAGR

Revenues +7%

EBITDA +11%

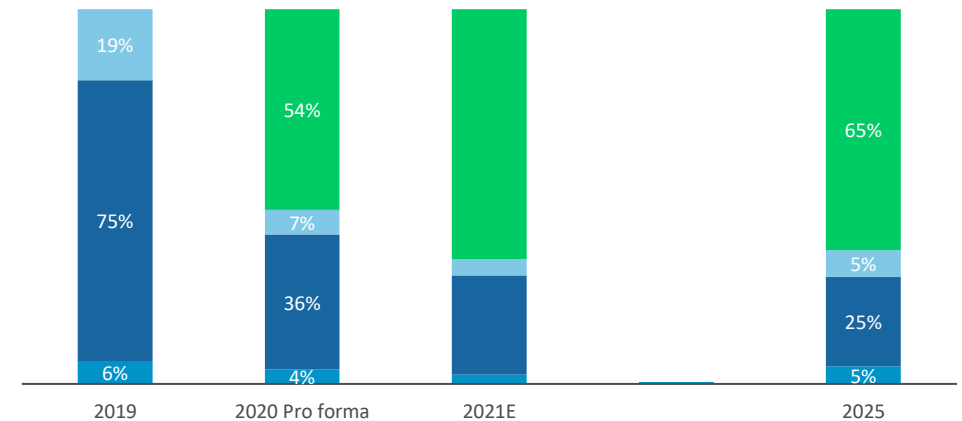
Revenues composition²

MISE acquisition



EBITDA composition

MISE acquisition



NOTE: 2021 economic data are on a Pro Forma basis, including MISE consolidated starting from 1 January 2021; as such they are fully comparable with 2020 Pro Forma economic results

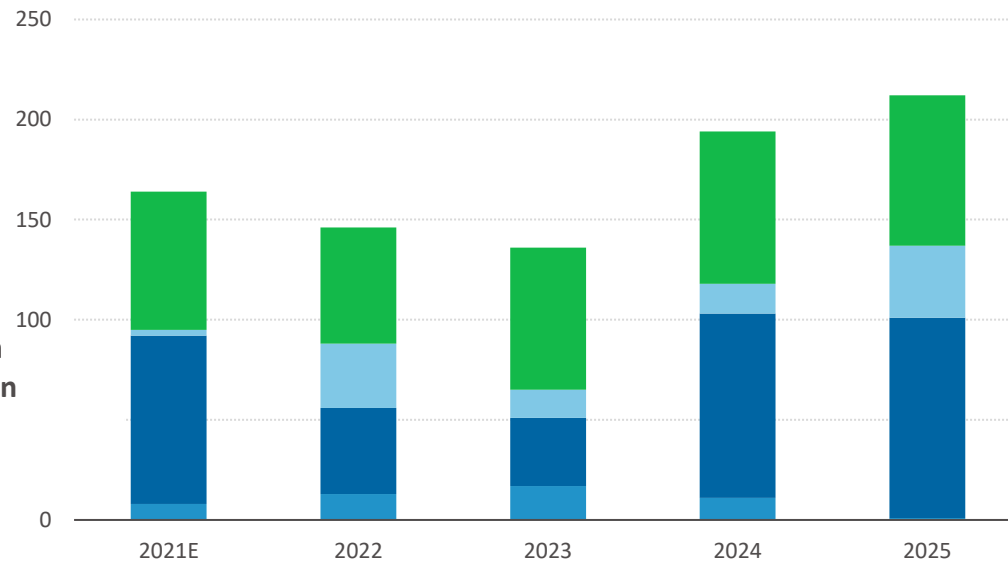
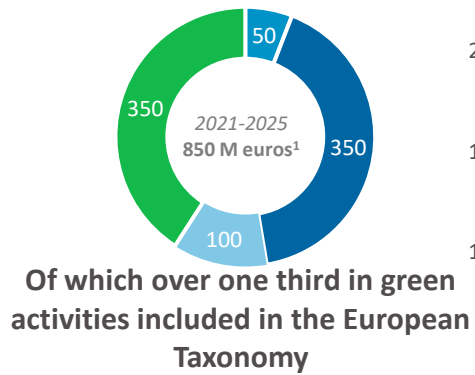
1 – on a like-for-like basis, considering MISE consolidation starting from 1 January 2020

2 – on revenues gross of elisions

FNM Group | Investments

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

Total investments by cash outflow



Contributions on investments	2021E	2022	2023	2024	2025
	11	46	10	4	25 ²

■ Railway infrastructure management ■ RoSCo & Service ■ Road passenger mobility ■ Motorway infrastructure management

RoSCo & Service:

- 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 management:

- Mainly real estate development of in freight terminals and logistic infrastructure

Road passenger mobility:

- Renewal of the bus fleets with more efficient, electrified vehicles (including hydrogen)

Motorway infrastructure management:

- Completion of the Rho-Monza section and other upgrading

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

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

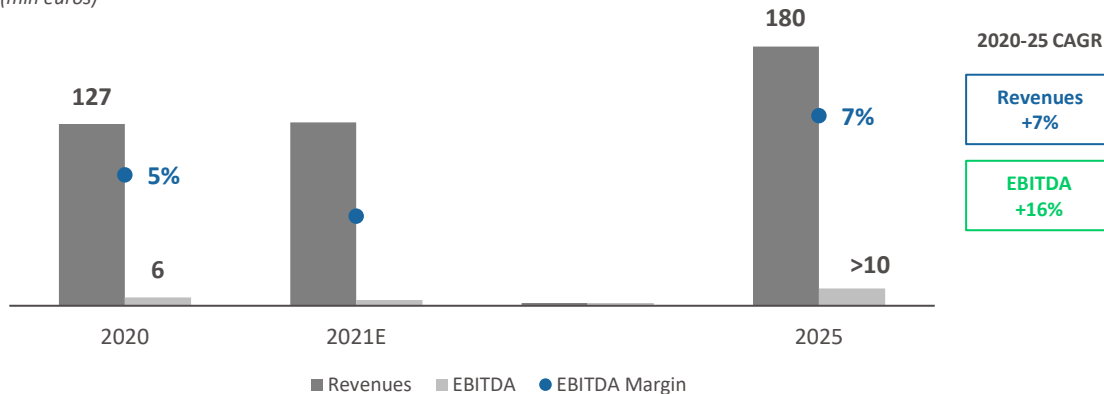
2 – including PNRR contributions for electricity fuelled and hydrogen bus fleet

FNM Group | Railway infrastructure management

EBITDA influenced by the volume of financed infrastructural investments managed on behalf of Regione Lombardia and the development of freight logistics business. CAPEX is driven by the development of the freight logistics infrastructure

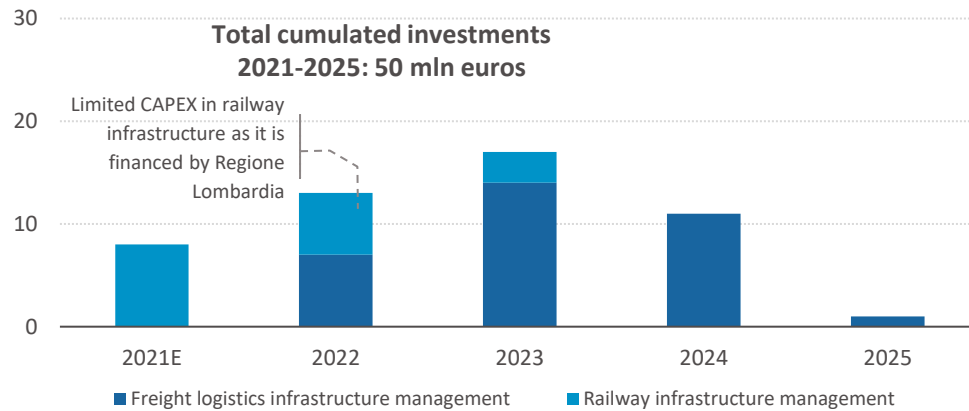
Economic performance¹

(mln euros)



CAPEX (cash outflow per year)

(mln euros)



Main assumptions

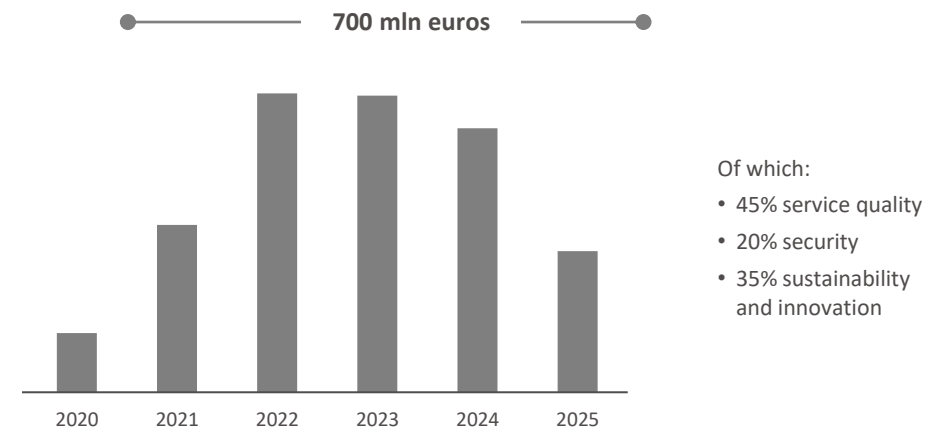
Railway infrastructure management:

- Renewal of the Service Contract between Regione Lombardia and Ferrovienord from 2023, confirming the consideration defined for 2022
- Continuation of the activities regulated under the Programme Agreement (management of infrastructural works and of supplies of rolling stock financed by Regione Lombardia)

Freight logistics management:

- Full utilization of Sacconago freight terminal and development of a new freight logistics hub in the adjacent area of Sacconago terminal, up to speed by 2023
- Acquisition of new terminals in Milan area/Lombardy (exp. 20-25 mln euros)

Railway infrastructure investments financed by Regione Lombardia²

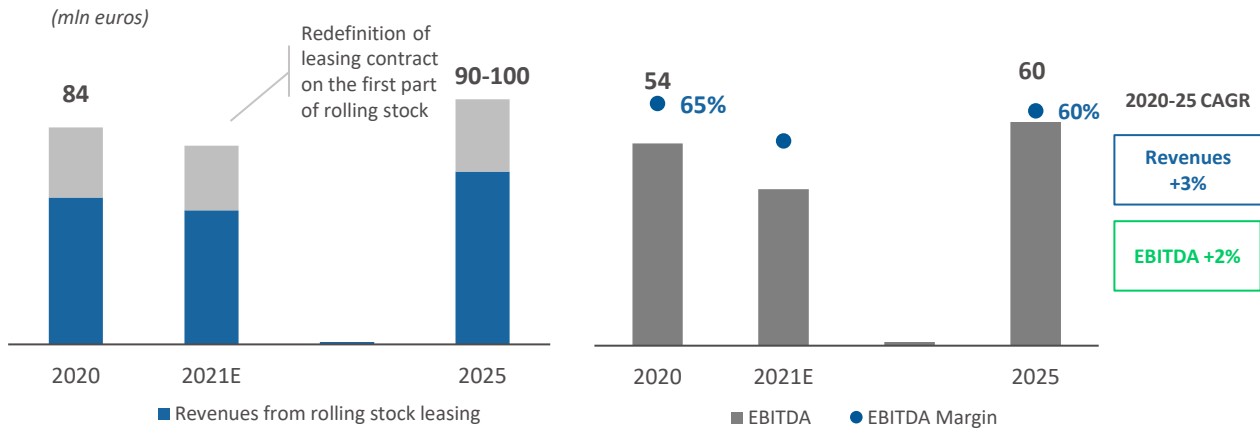


1 – Revenues are gross of intercompany elisions
2 – estimates, including optimization assumptions

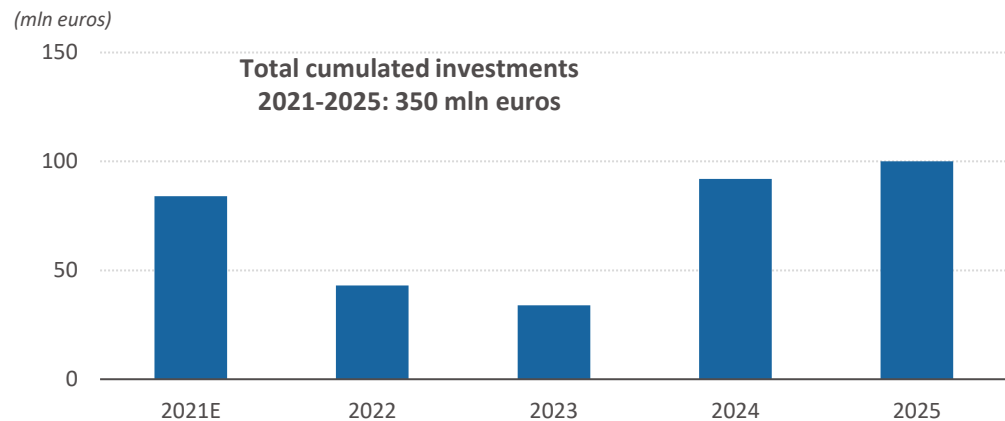
FNM Group | RoSCo & Service

Investments in rolling stock underpin revenues and EBITDA growth

Economic performance¹



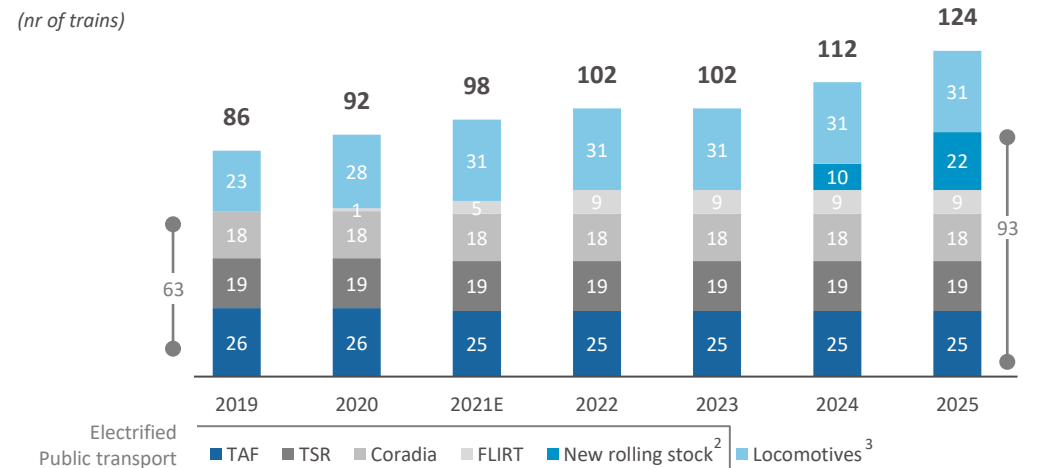
CAPEX (cash outflow per year)



Main assumptions

- Redefinition of the rolling stock leasing contracts with Trenord (calculation model linked to the residual useful life and new cyclical maintenance model)
- CAPEX plan mainly related to rolling stock to be leased to Trenord:
 - 2020-22 operations start of 9 FLITR trains
 - 2024-25 operations start of 15 high capacity trains (4 bodies)
 - 2024-25 operations start of 7 hydrogen trains
- 2021-22 revamping of TAF fleet
- 2021 revamping of freight transport locomotives DE521 (exp end of life 2025-26)
- Payment services (FNM PAY) activity start in 2022

RoSCo rolling stock fleet evolution: LPT trains fully electric/hydrogen fuelled



1 – Revenues are gross of intercompany elisions

2 – Mainly high capacity and hydrogen trains

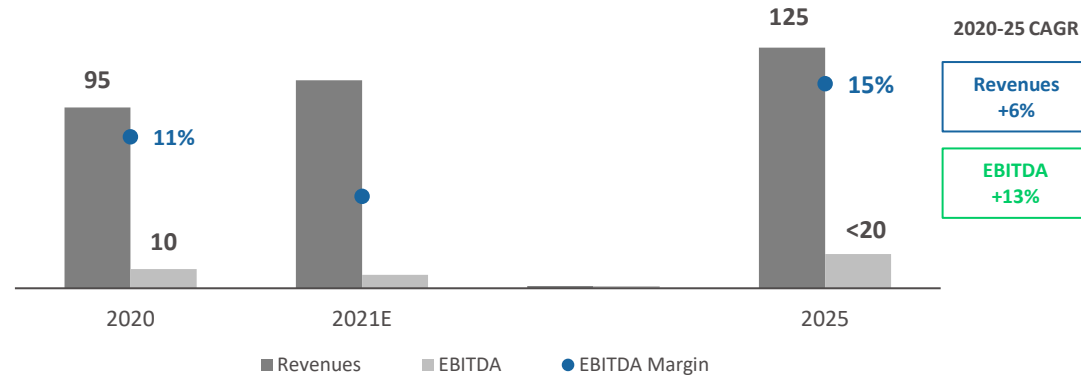
3 - Including locomotives redeemed from leasing in 2019 and E494 locomotives leased from Railpool and sub-leased up to 2025. 14 locomotives are diesel fuelled

FNM Group | Road passenger mobility

Increase in revenues and EBITDA mainly thanks to transport demand recovery

Economic performance¹

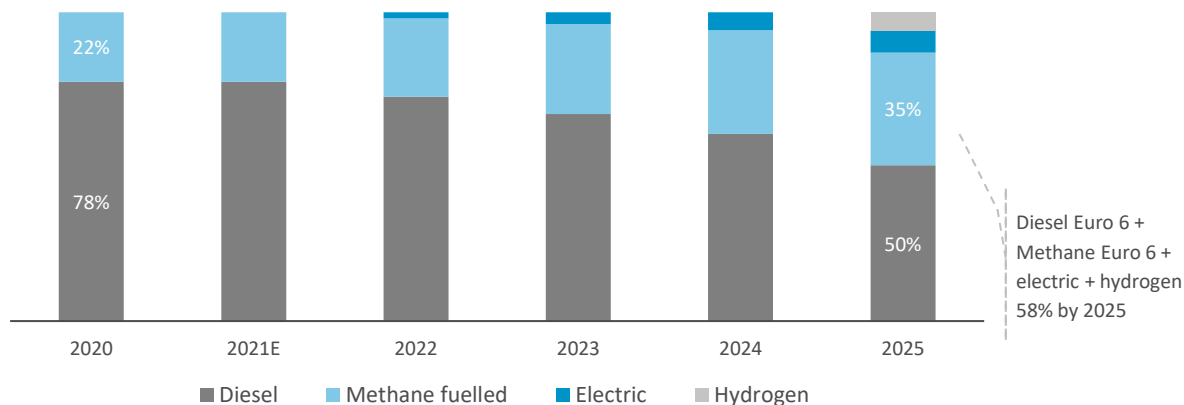
(mln euros)



Main assumptions

- Passenger transport demand recovery to pre Covid levels from 2023
- Current regulation in place is confirmed: tender procedures for new concessions award suspended up to 1 year (2 years in Lombardy) since the end of the Covid-19 emergency state³. Possible takeover of the concessions following tender award after 2025
- Bus LPT activities are expected to continue according to the contractual rules currently in force for Lombardy and Veneto areas
- Tariff increase in the Verona catchment area starting from 2022
- Electric car sharing (E-Vai): business growth (from 188 cars in average in 2020 to >700 cars in 2025), with focus of Public and Corporate business segments
- CAPEX⁴ mainly related to the renewal of the fleet with low emission/electric buses and 40 hydrogen fuelled buses in 2025

Fleet composition by fuel²



CAPEX (cash outflow per year)



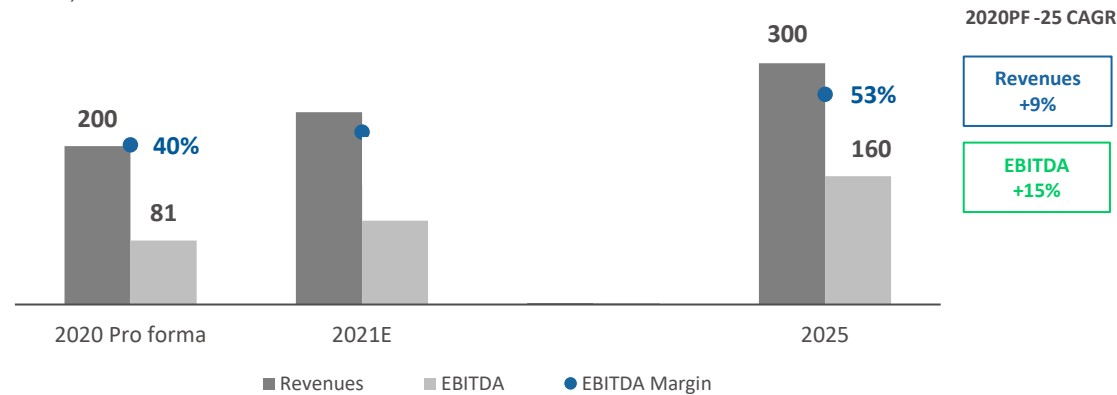
1 – Revenues are gross of intercompany elisions; 2 – excluding La Linea and Martini, which are not material; 3 – 31 December 2021; 4 - No CAPEX for E-Vai fleet as cars are leased

FNM Group | Motorway infrastructure management

Increase in revenues linked to traffic recovery and tariff rise assumptions

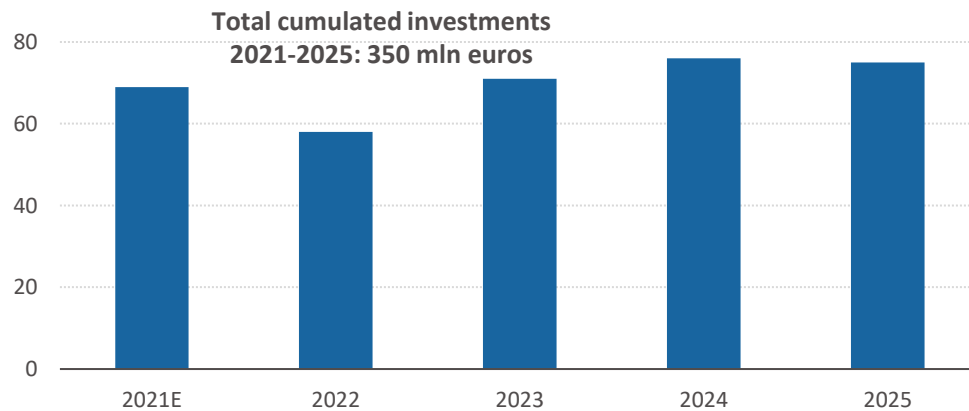
Economic performance¹

(mln euros)



CAPEX (cash outflow per year)

(mln euros)

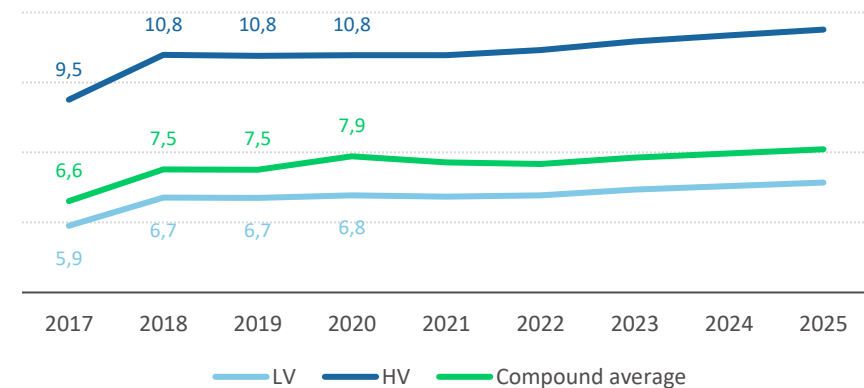


Main assumptions²

- Traffic recovery to pre Covid levels by 2023, with heavy vehicles recovering to pre-pandemic levels by 2022, and light vehicles at a lower pace
- 1.5% annual tariff increase from 2022
- CAPEX is related to the completion of the Rho-Monza section and other local upgrading
- ART WACC on new investments 7.09%; 2021 RAB ~380 mln euros
- Concession expiry in 2028
- Government compensation measures for lost revenues from Covid-19 pandemic are not yet defined and are not included in the Plan

Weighted average tariff evolution assumptions

(euro cents/veic-km)



1 – Revenues are gross of intercompany elisions

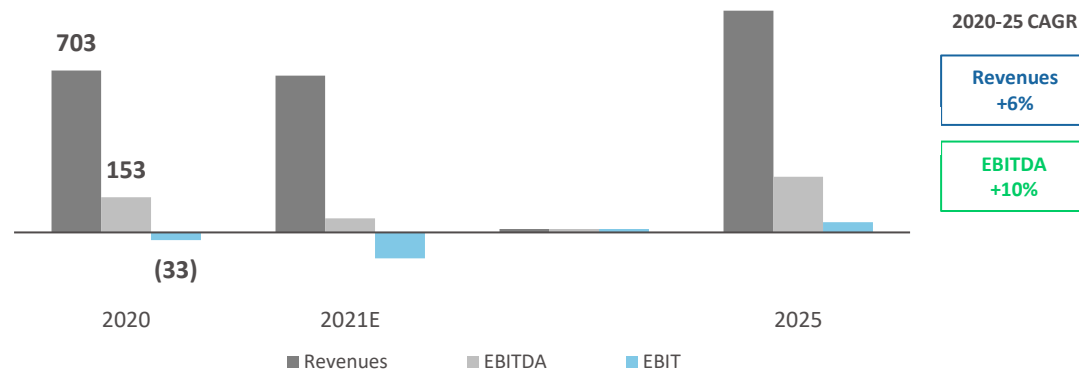
2 – Plan assumptions based on management case, more conservative than those included in the new PEF sent to ART for approval

FNM Group | Trenord

Revenues and margins increase driven by the new Service Contract calculation model adopted, taking into consideration the recovery of passengers transported

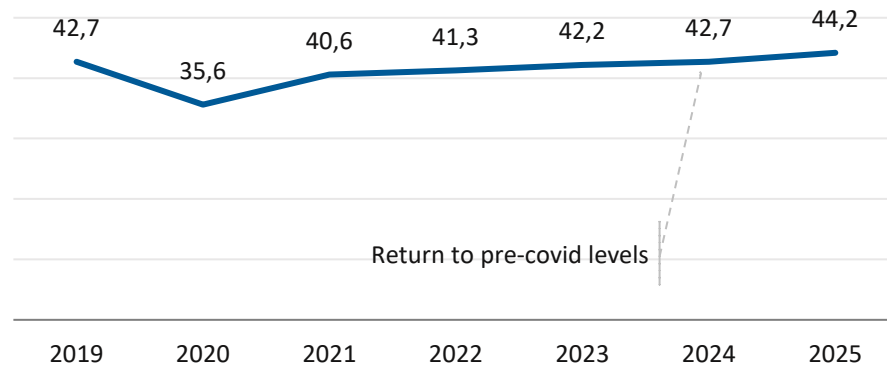
Economic performance¹

(mln euros)



Production¹

(mln trains-km/year)



Renewal of the Service Contract with Regione Lombardia

- In July 2021, with a specific Regional Law, Regione Lombardia extended the current Service Contract to December 31, 2022.
- New Service Contract² assumptions:
 - From 2023 for 10 years
 - in line with ART Deliberation nr. 154/2019
 - recognition of the same financial resources as in the current Service Contract
 - verification of the economic and financial balance upon expiry of the Contract
 - ART WACC 4.97%

Assumptions

- Passenger transport demand in recovery; 1 mln passengers/day³ target set at 2031 (vs 820 in 2019)
- 2025 production +24% than in 2020 and above pre Covid levels (+4% vs 2019)
- Revenue projections include the assumption of resources to cover lost revenues due to Covid-19 made available by the Government also in 2021-2022 (proportionally in line with those recorded in 2020)

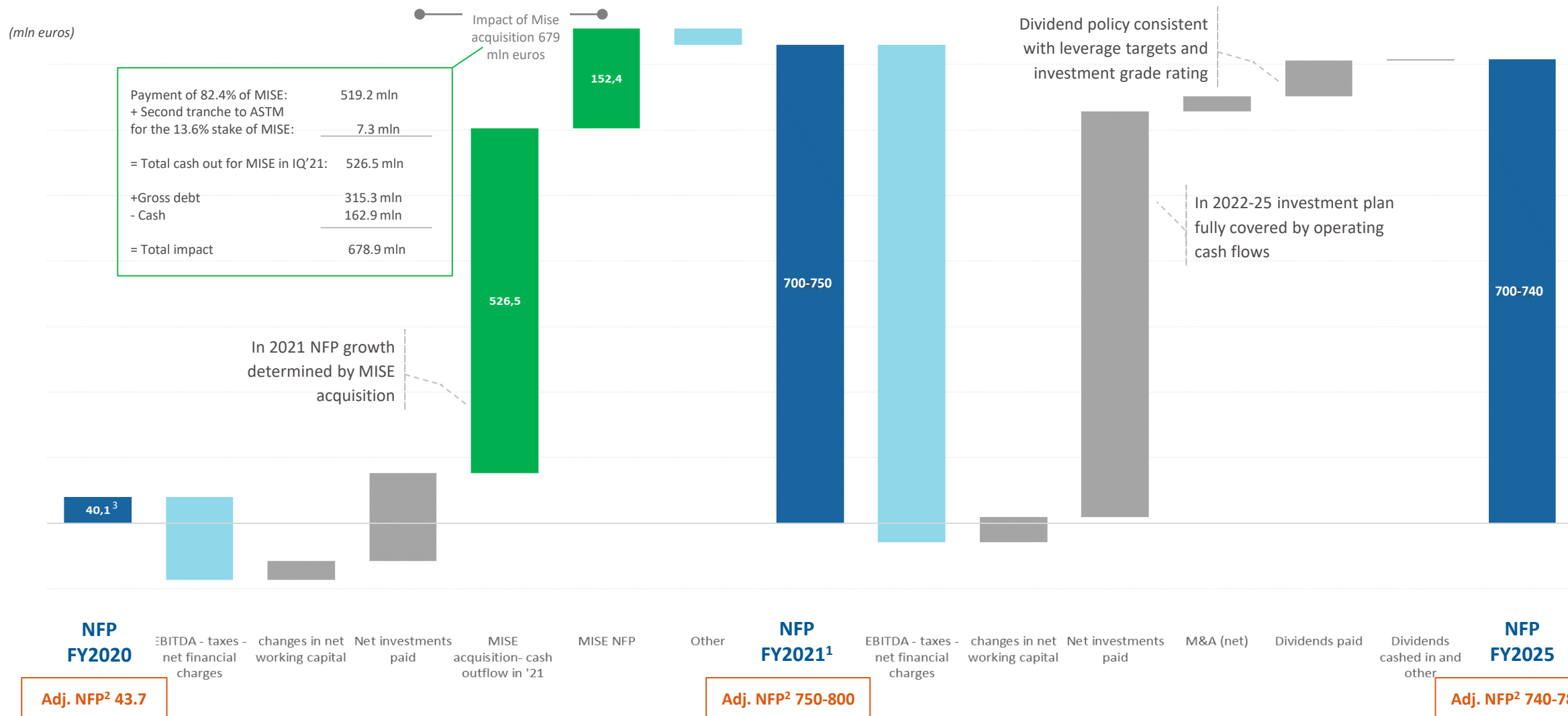
1 – Trenord assumptions (not approved by the BoD)

2 – under negotiation

3 – working day in Winter

FNM Group | Cash flow projections

NFP expected to remain substantially stable over the plan horizon



1 – at 30 June 2021: NFP 720 mln euros and Ad. NFP 777 mln euros

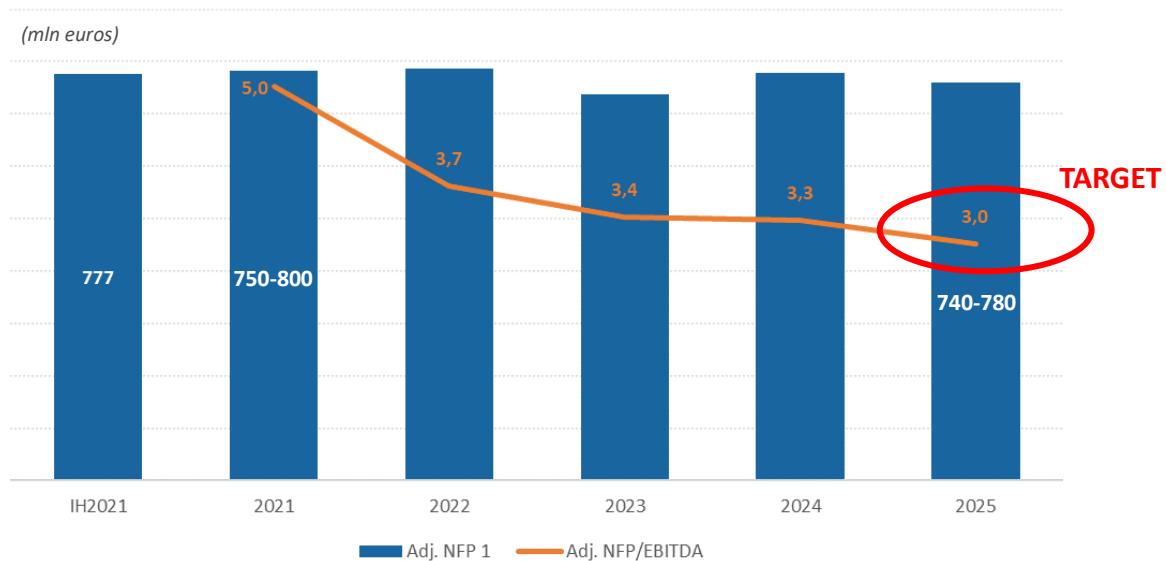
2 – Adj. NFP= NFP excluding the impacts of the timing of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognized in accordance with IFRIC 12 (assumed equal to 50 mln euros per year in 2021-25).

3 – not restated, in line with FY2020 reported results

FNM Group | Debt evolution and leverage

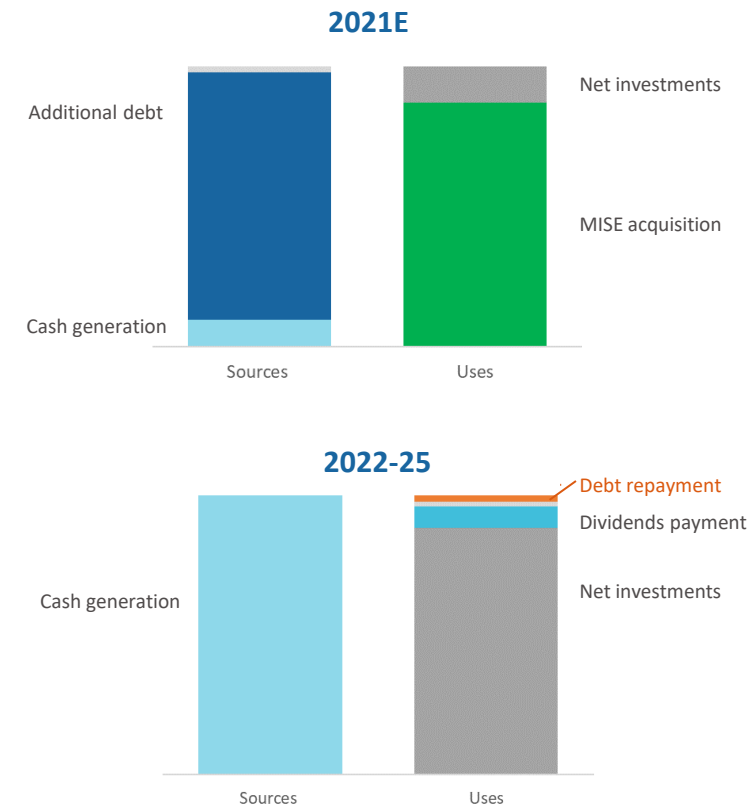
Robust capital structure, consistent with investment grade rating

Net debt evolution



- FNM capital structure will strengthen over the Plan horizon
- NFP will remain substantially stable, thanks to cash generation supporting the investment plan
- NFP/EBITDA ratio expected to reach 3x in 2025 thanks to improving economic and financial performance
- From 2025 NFP will start decreasing

Sources and uses



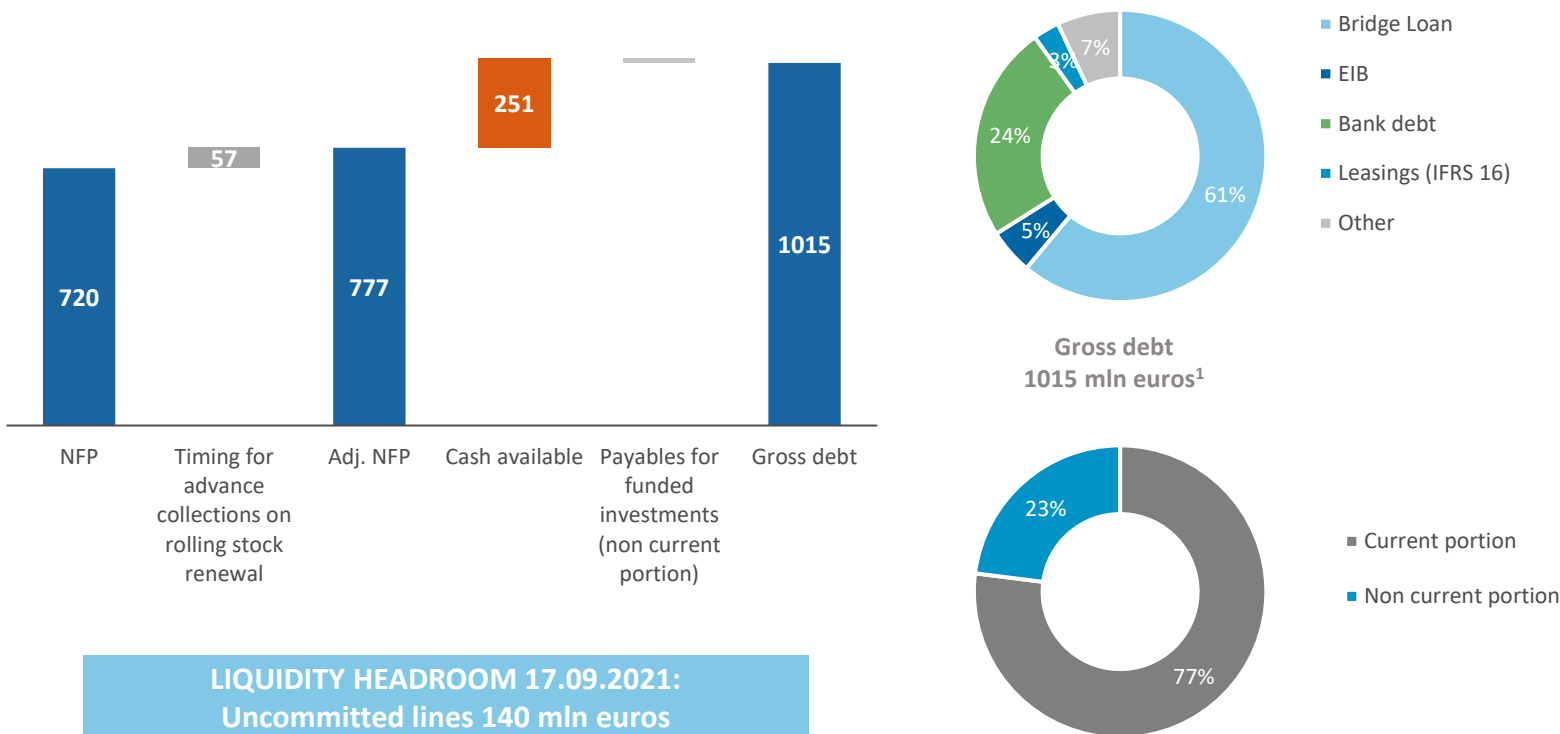
1 – Adj. NFP= NFP excluding the impacts of the timing of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognized in accordance with IFRIC 12 (assumed equal to 50 mln euros per year in 2021-25).

FNM Group | Financial strategy

Establishment of an EMTN programme up to 1 bln euros

Gross debt composition as at 30 June 2021

(mln euros)



- On September 16, 2021 FNM BoD approved the establishment of an **EMTN Programme** for a total amount of **up to 1 bln euros**, that will allow the refinancing of the 620 mln euros Bridge Loan for the acquisition of MISE, expiring in January 2022, and to support future investments
- Thanks to the EMTN Programme FNM will:
 - **increase debt average life**, in consistence with total assets structure
 - **optimize financial costs**
 - **diversify financial sources and investors**, opening the opportunity to make recourse to **sustainable finance instruments**, in line with FNM targets

LIQUIDITY HEADROOM 17.09.2021:
Uncommitted lines 140 mln euros

The FNM Group

The strategic plan guidelines

The strategic plan assumptions

2021-25 economic and financial projections

2021 guidance and strategic plan targets

Appendix

FNM Group | 2021 guidance and business plan targets

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

	PRO FORMA FY2020	Guidance 2021	FY2025	2020PF-2025 CAGR
Revenues	481	increase (high/mid single digit)	~680	7%
EBITDA	151	increase (high/mid single digit)	~250	11%
Adj. Net Result ¹	35	n.a.	~50	7%
Adj. Net Financial Position ²	n.a.	750-800	740-780	
Adj. NFP/EBITDA	n.a.	5x	3x	

Dividend policy

	PRO FORMA FY2020	Guidance 2021	FY2025	2021-2025 CAGR
DPS (€c on the profits of the year)	0.0	2,3	4,1	16%

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

2 – 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 50 mln euros per year in 2021-25).

The FNM Group

The strategic plan guidelines

The strategic plan assumptions

2021-25 economic and financial projections

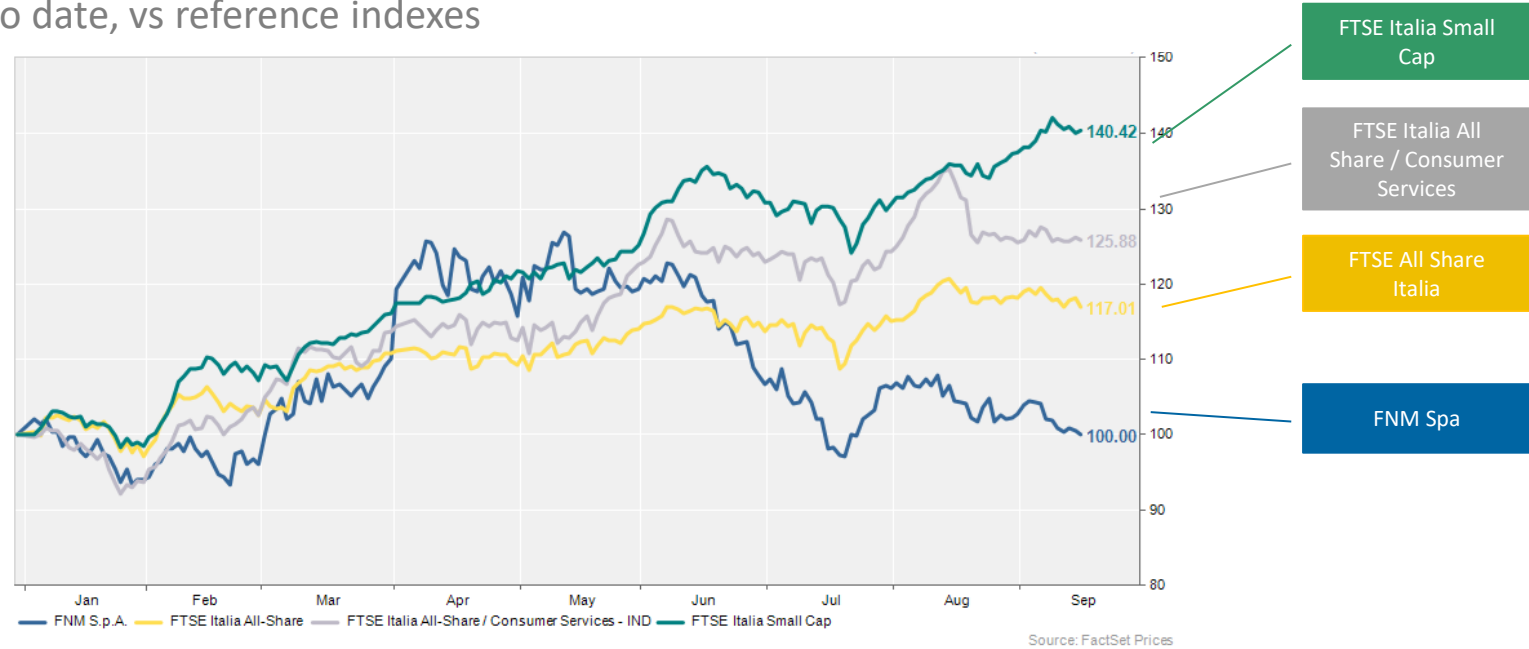
2021 guidance and strategic plan targets

Appendix

FNM Group | Shareholders and share performance

Relative performance Jan. 1, 2020 to date, vs reference indexes

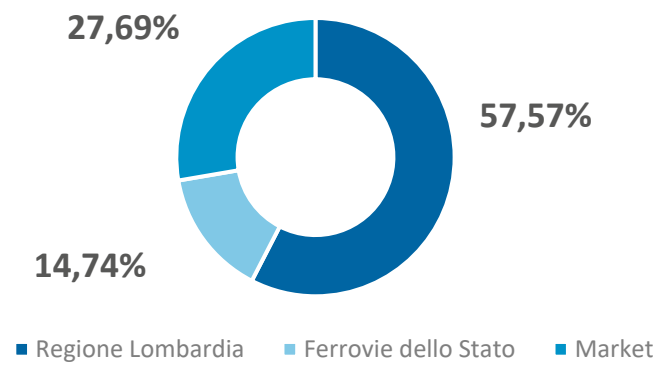
Share price 15 September, 2021: 0.57 euro



Share capital profile

Market capitalization as at September 15, 2021	247.9 mln euros
N. Of shares	434.9 mln
Average traded volumes (last 30 days)	136,949
2021 YTD change	+0.0%

Shareholders



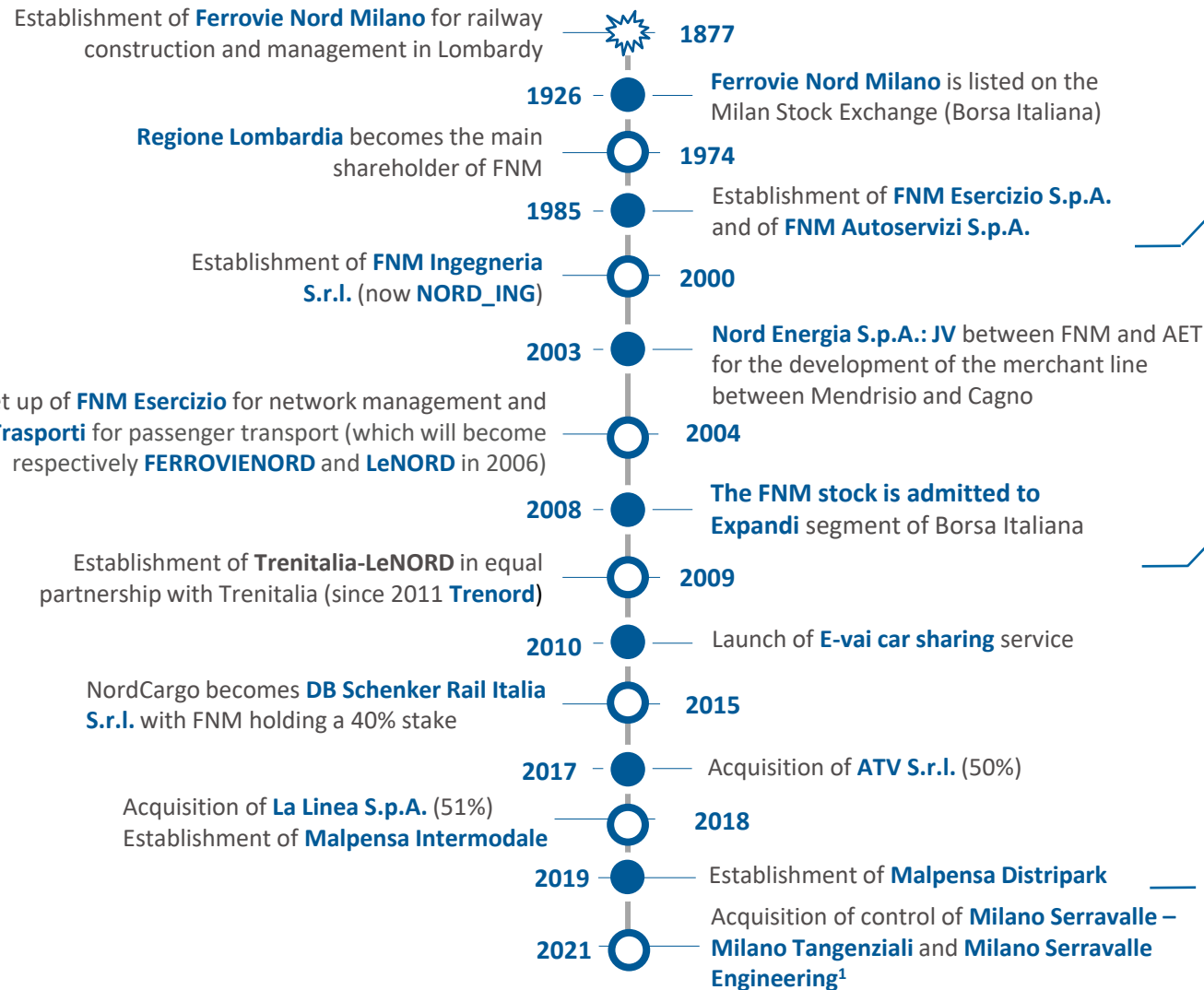
FNM Group | History

FNM is the leading integrated mobility group in Lombardy

Nationalization of infrastructure and railway companies

Establishment of separate companies for network and service management

Business model development based on intermodal transport concept and on Mobility as a Service /Mobility as a Community



Nr. 2 railway in Italy

Inauguration of the Milan suburban railway link (Passante Ferroviario) in 1997 and of the airport rail transport passenger (Malpensa Express) in 1999

Trenord establishment in 2009

2020-21 entry in the motorway sector

1- Acquisition of a 13,6% stake from ASTM on July 29, 2020 and of 82,4% stake from Regione Lombardia on February 26, 2021; since then FNM stake in MISE share capital rises to 96% and MISE is fully consolidated into FNM accounts.

FNM Group | Overview



Ro.S.Co. & Services

- Leasing of rolling stock
- Provision of corporate services and real estate



Railway infrastructure management

- Management of railway infrastructure in Lombardy
- Intermodal terminal management



Road passenger mobility

- Management of road local public transport
- Electric car sharing



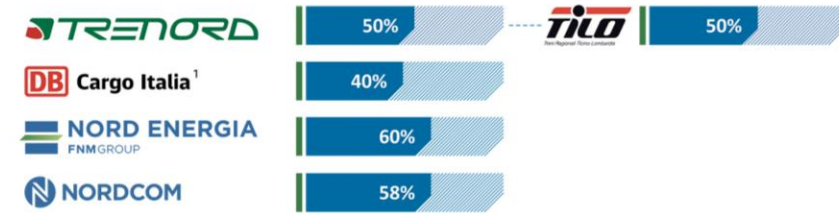
Motorway infrastructure management

- Concession-based management of motorway infrastructure

COMPANIES FULLY CONSOLIDATED



COMPANIES VALUED AT EQUITY



1 Companies operating in the freight logistics sector, in the start-up phase, included respectively in the Railway infrastructure management and in Ro.S.Co. & Services segments

2 Companies operating in the Road Passenger Mobility but considered in the Ro.S.Co. Segment for the purposes of preparing the financial statements

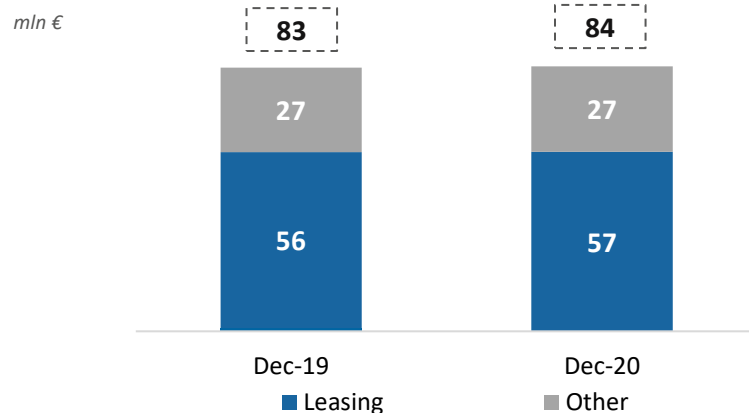
3. Since February 26, 2021 FNM Spa holds a 96% stake in MISE (13.6% in 2020) and fully consolidates the company in its accounts.

FNM Group | Ro.S.Co. & Service

Segment overview

- Managed by the parent company FNM Spa, **RoSCo (Rolling Stock Company) & Services** business unit operates in:
 - Leasing of rolling stock to subsidiaries as well as to third parties, operating in the local public transport (Trenord) and freight transport (DB Cargo) sectors
 - Providing administrative services to its subsidiaries
 - Managing real estate assets of the FNM Group
 - Providing other corporate services to the Group including digital solutions for transport and mobility, payment and engineering services, management of advertising spaces etc.

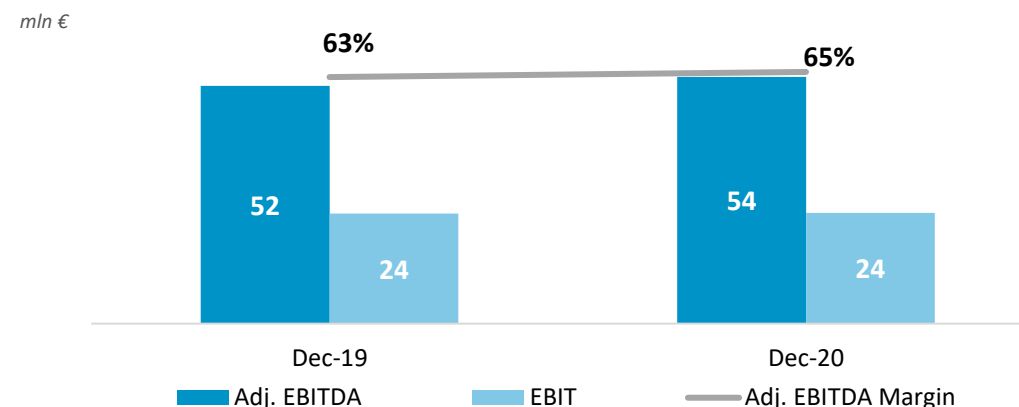
Revenues Breakdown



Rolling Stock Fleet details¹⁾

	Rolling stock	Lessee	Nr.	Net asset value @ Dec. 31, '20 (mln €)
LPT	TAF	Trenord	26 ²⁾	12,9
	TSR	Trenord	19	171,5
	ETR 245 (CSA)	Trenord	8	27,5
	ETR 526 (Coradia)	Trenord	10	59,1
	FLIRT (Tilo)	Trenord	4	42,1
	Total trains		67	313,1
Freight	E 483	DB Cargo	8	14,7
	DE 520	DB Cargo (10) Trenord (4)	14	1,0
	E 474 (ES64 F4)	DB Cargo	1	2,2
	Effishunter EFF 1000	Trenord	2	3,8
	Total locomotives		25	21,6
	TOTAL³⁾		92	334,7

EBITDA, EBIT and EBITDA Margin



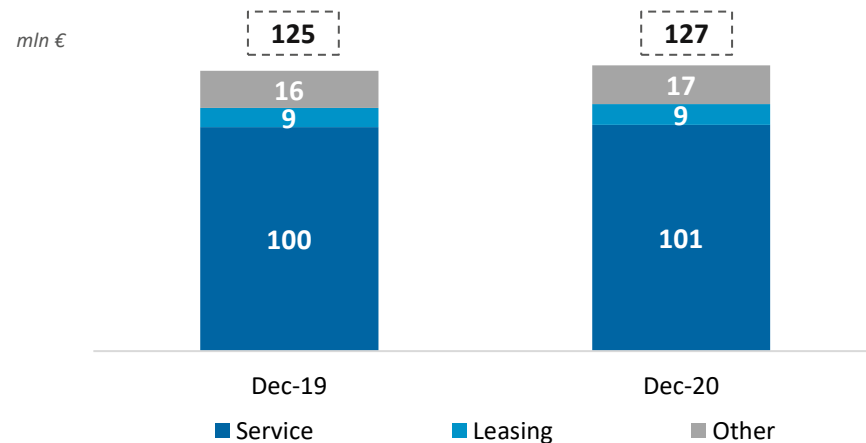
1) 5 additional trains (Flirt Tilo) will be added by end 2021; 2) only 25 in operations; 3) And additional 4 E 494 Traxx F140 DC3 locomotives in sub leasing for a total net value 6.7 mln euros

FNM Group | Railway Infrastructure Management

Segment Overview

- **Ferrovienord Spa “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 over 120 stations¹ in the provinces of Milano, Varese, Como, Novara, Monza and Brescia, enabling the circulation of 900 trains/day, corresponding to ~10 mln trains-km (8.3 mln trains km in 2020) and 200.000 passengers/day
- FN’s managed network sustain the highest traffic density in Italy (25.300 trains-km/network km²), with up to 1 train per minute from/to Milano Cadorna during peak hours
- The segment includes freight logistics activities, still in start up phase, operated by **Malpensa Intermodale** and **Malpensa Distripark**, respectively involved in the management of the Sacconago Terminal and in the real estate development of the areas adjacent to the Sacconago Terminal

Revenues Breakdown



Contractual framework at Regional Level

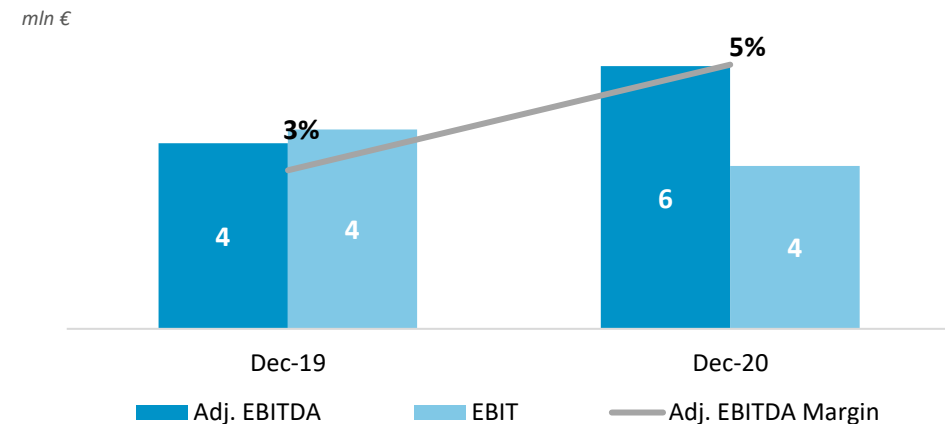
Regulatory framework defined by Regione Lombardia:
Concession Agreement for the management of the regional rail network
 (expiring on 31/10/2060)

The **Public Service Contract** sets fees for the management and maintenance of the rail network

The **Programme Agreement** regulates capex planning and remuneration and extraordinary maintenance activities

Expiry Date: December 2022

EBITDA, EBIT and EBITDA Margin

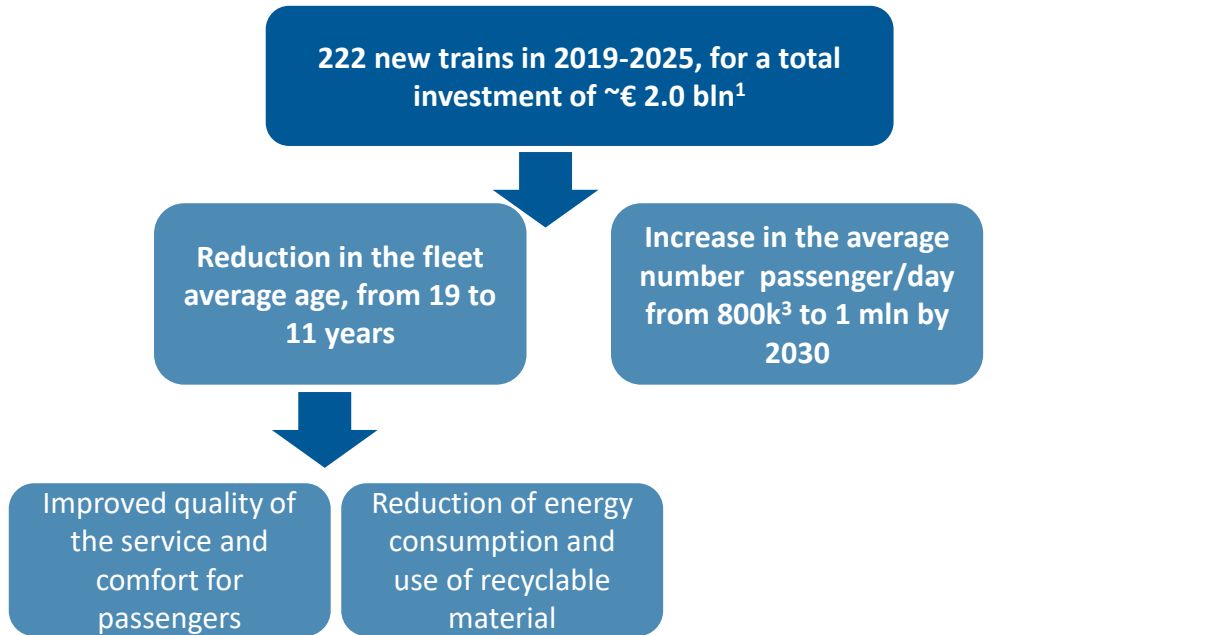


1 – With the aim of favoring intermodal mobility to LPT passengers, the stations are connected to 92 bus stops, 5 ferry navigation lanes and are equipped with 16 bike sharing stations, 14 car sharing stations, 77 car parking areas (corresponding to 3600 parking spaces) and 26 bike parking areas (corresponding to 2092 parking spaces)

2 – 2020 data, pre Covid levels 30.500 trains-km/network km

FNM Group | Regione Lombardia's investment plan¹

Railway infrastructure management segment



First train delivered at the end of 2019, in operations since February 2020 on the **Chiasso - Como - Milano - Rho** line – In 2020 17 new trains started operations²



Fleet evolution



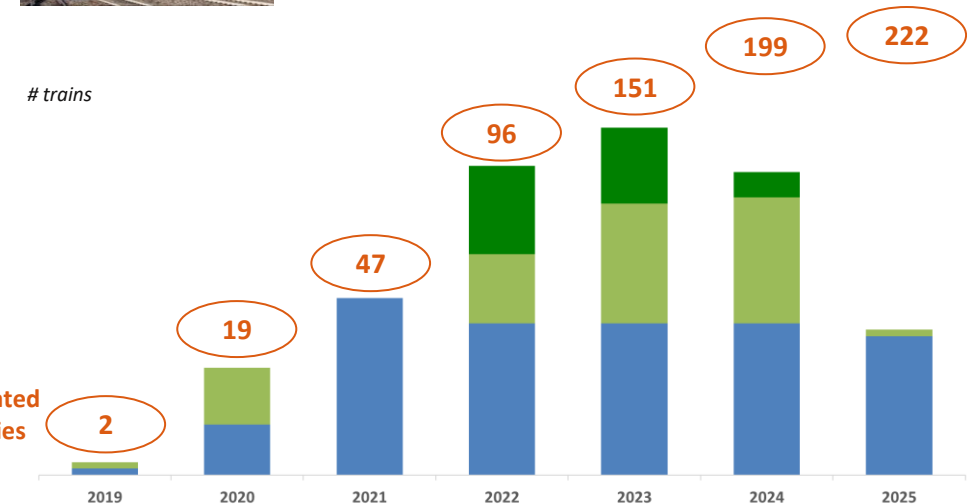
30 Regional trains diesel - **Stadler Colleoni Train**



61 Medium capacity regional trains- **Alstom Donizetti + Pop Train**



131 High-capacity suburban trains - **Hitachi Caravaggio + Rock Train**



1. Ferrovienord purchases the trains and Regione Lombardia pays 1% of the contract amount and the charges relative to the financial debt incurred, as envisaged by the Public Service Contract 2016-2022;

2. 5 Rock, 10 Donizetti and 2 Caravaggio; 3 – 2019 data

FNM Group | Railway infrastructure management – Freight logistics



Business overview

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.

Terminal – main features

Area	Total 50.000 sqm, of which: <ul style="list-style-type: none"> • 42.500 sqm intermodal area • 1.500 sqm offices • 4.500 sqm 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 (max length: 650m)

Sacconago Terminal - interconnections

Railways



Highway

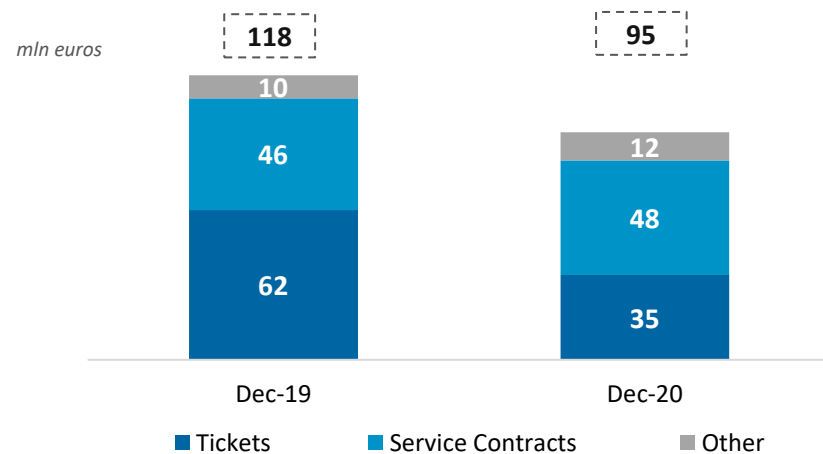


FNM Group | Road Passenger Mobility

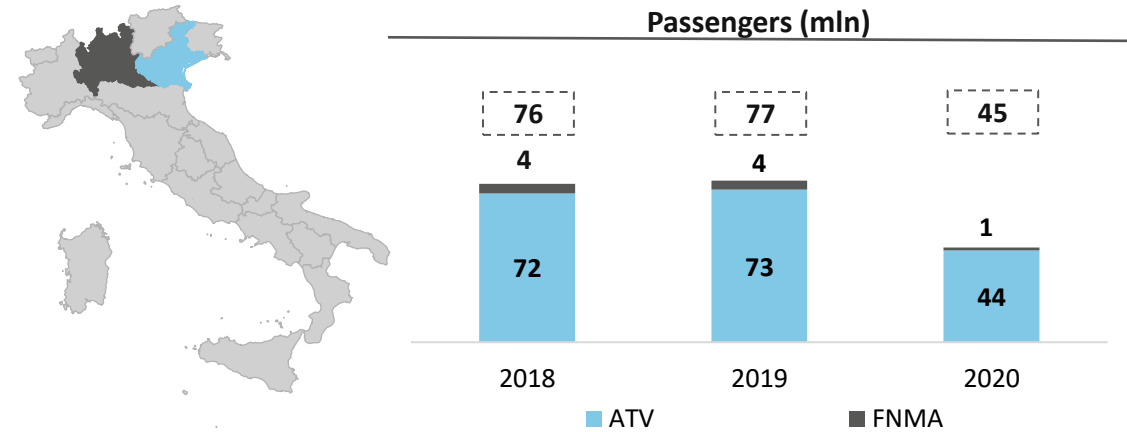
Segment Overview

- FNM operates in the road passenger mobility mainly through:
 - FNM Autoservizi "FNMA"** active in the extraurban local public transport in the Lombardy Region and, in particular in the provinces of Varese, Brescia and Como. The fleet consists of 157 buses (of which 48% new generation²) with an average age of around 12 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 529 buses, of which 48% new generation², with an average age of around 13 years
 - La Linea** operates in the Veneto region in the field of local public transport by road and bus rental with driver, also through its subsidiaries (**Martinibus**)/partnerships. The fleet consists of 25 buses, of which 64% new generation²

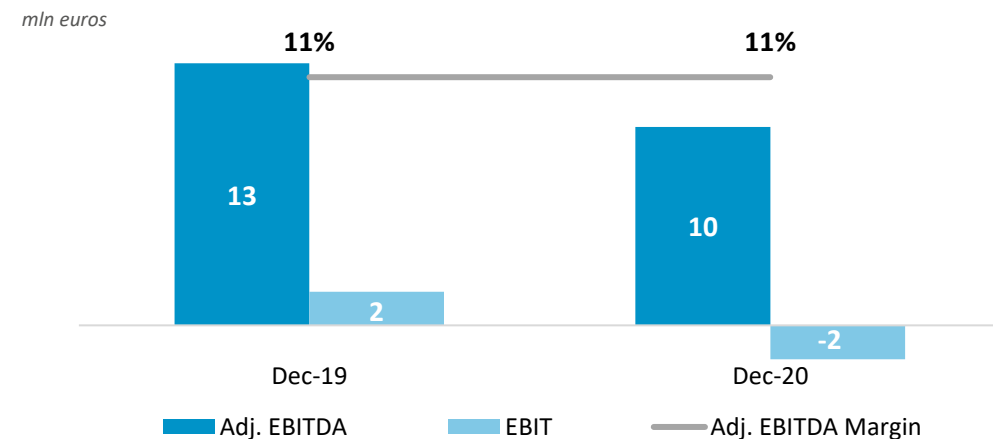
Revenues Breakdown



Geographical Presence and Traffic Evolution



EBITDA, EBIT and EBITDA Margin



1 – Data as of 31 December, 2020

2 - Euro5, Euro6, EEV engines

FNM Group | Road Passenger Mobility: E-Vai



Business overview¹

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



~60.300 subscribers (+13%)



242 vehicles (+40%)
(o/w 229 fully electric, 12 hybrid and 1 petrol)



~240.000 rental hours in 2020



CO₂ 161 tons saved in 2020



94 charging stations (+49%)



142 E-vai Point all over Lombardy (+27%)



3 airports in Lombardy



79 municipalities (+34%)



44 stations

Shared and sustainable mobility solutions



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)



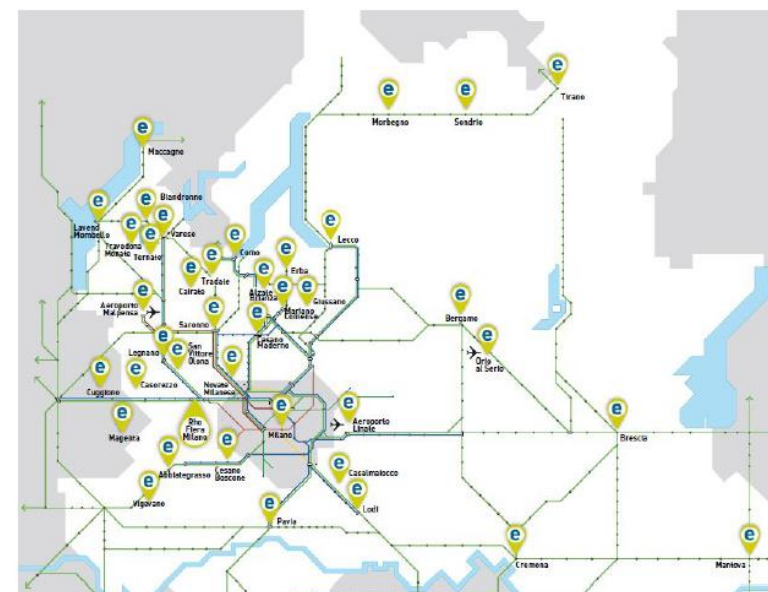
E-VAI CORPORATE

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



E-VAI EASY STATION

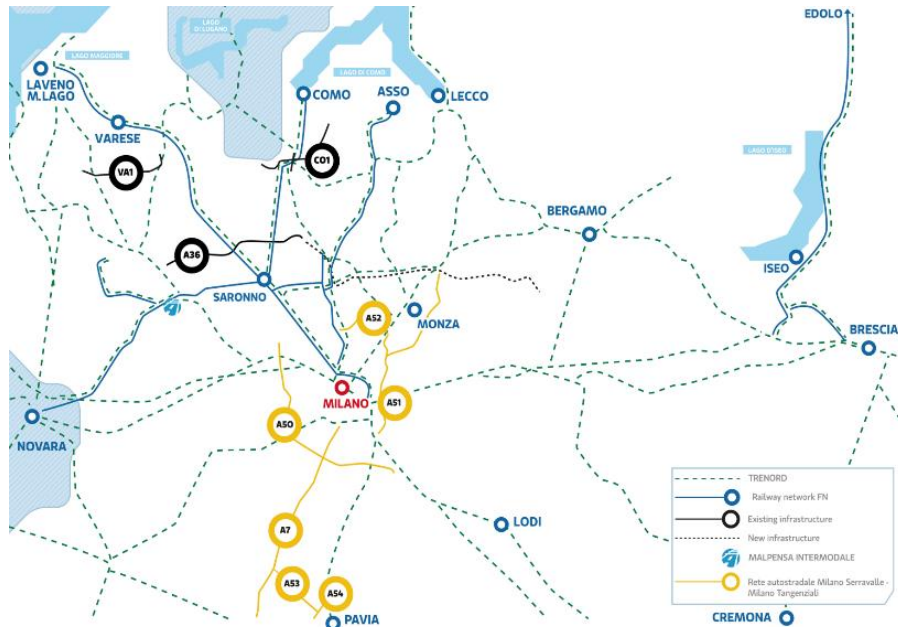
Integrated use between companies and public administration close to railway stations and commuters



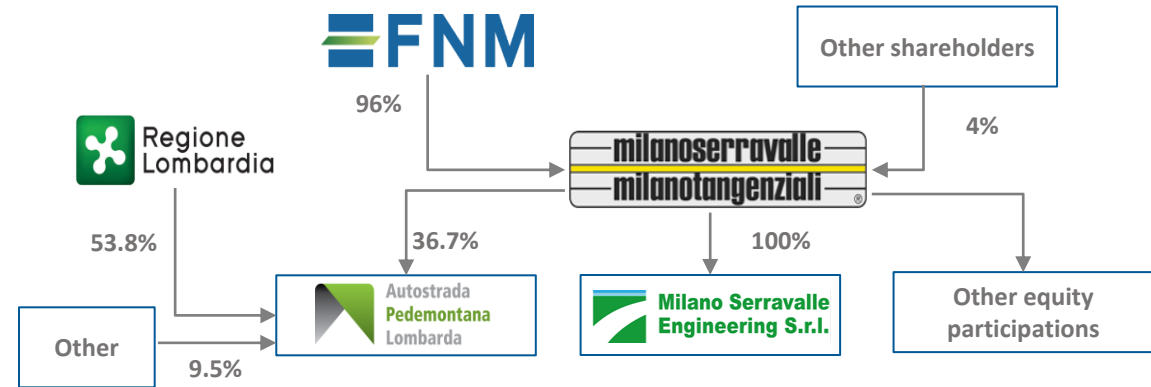
FNM Group | Motorway Infrastructure Management 1/2

Segment Overview and MiSe Area

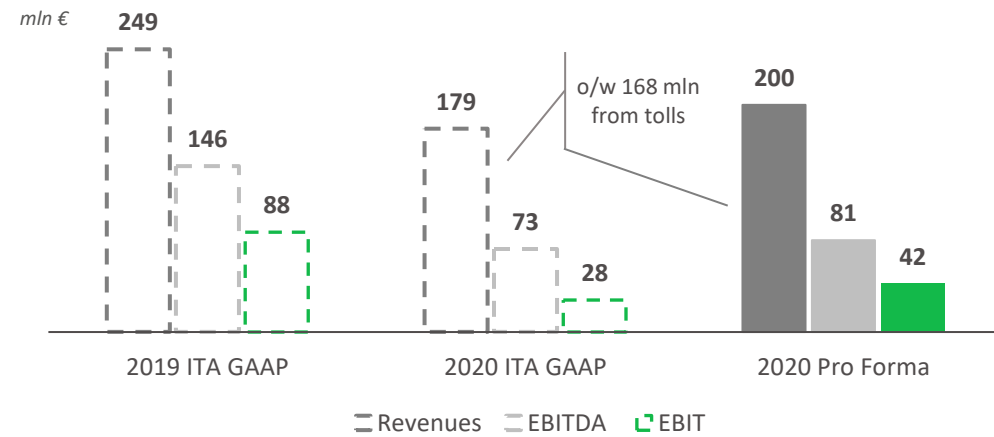
- On 26 February 2021 FNM acquired from the Regione Lombardia an 82.4% stake in Milano Serravalle Milano Tangenziali S.p.A. ("MiSe"). FNM now owns 96% of MiSe¹
- Established in 1951 in Assago, MiSe is the concessionaire until 2028 of the A7 motorway from Milano to Serravalle Scrivia and of the three Milanese ring roads A50, A51, A52 (West, East, North), Pavia ring road (A54) and of Pavia-Beregardo junction (A53), for a total of about 180 km, in one of the wealthiest areas in Europe
- MiSe also holds a 36.7% stake² in Autostrada Pedemontana Lombarda S.p.A. ("APL"), which is the concessionaire of ~ 85 km³ toll roads as of 31/12/2020 and which should exceed 200 km³ of overall roads once the project is completed



Shareholders' Structure



Economic highlights⁴



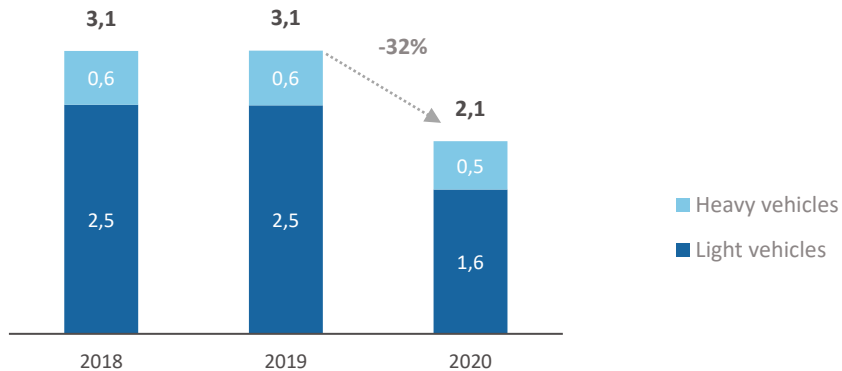
1 - Including the 13.6% stake purchased from ASTM Spa in July 2020; 2 - Following the €350 mln capital increase fully subscribed by Regione Lombardia on Feb. 26, 2021

3 - Including junctions and local roads; 4 - 2019 data Italian GAAP, 2020 data Pro Forma IFRS compliant

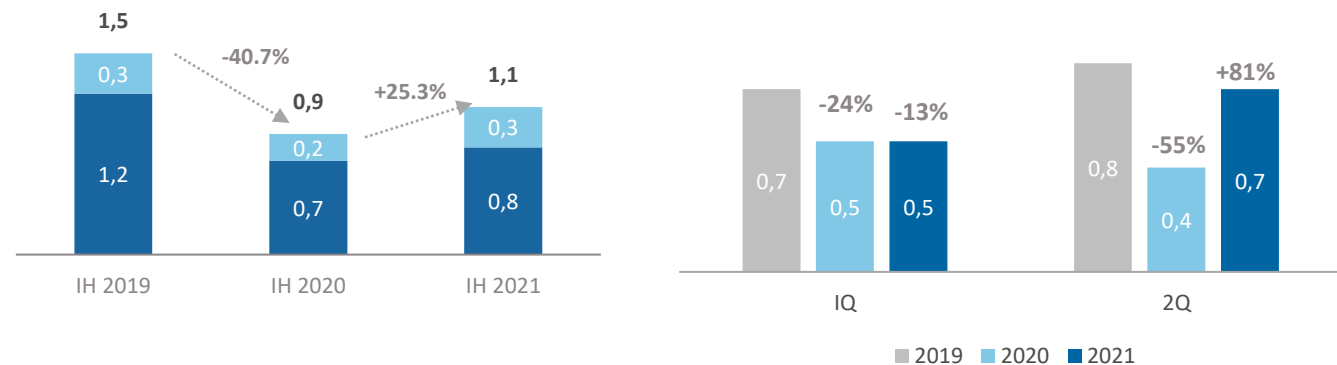
FNM Group | Motorway Infrastructure Management 2/2

Yearly traffic evolution

(bln vehicle-km)



IH 2021 traffic evolution: detail



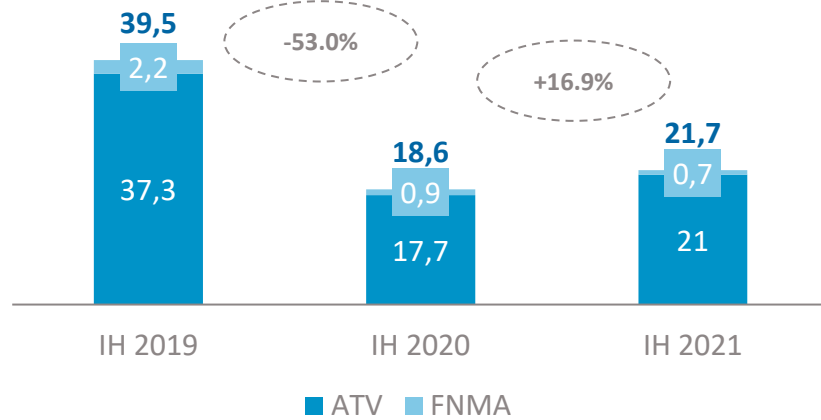
- MiSe monthly traffic volumes show stability along the years
- 32% drop in traffic in 2020 due to restrictions imposed on the movement of people determined by Covid-19 pandemic
- IH2021 shows a recovery in traffic demand vs 2020 as a result of the following:
 - IQ2021 demand was particularly weak due to more or less severe restrictions to limit the third wave of the pandemic and consequent high rates of remote working and teaching, while IQ2020 that had benefited from regular demand conditions until 22 February
 - 2Q2021 demand returned to grow thanks to the relaxation of anti-contagion measures since March 2021. In contrast, in 2020, the months of March through May were characterised by a particularly severe lockdown
- During Covid-19 pandemic heavy vehicles traffic showed to be more resilient and substantially recovered to pre pandemic levels by end of IH2021. Light vehicles traffic in recovery, at a lower pace.

FNM Group | LTP Mobility demand in IH 2021

Demand recovery in 2Q 2021, but still below pre-pandemic levels

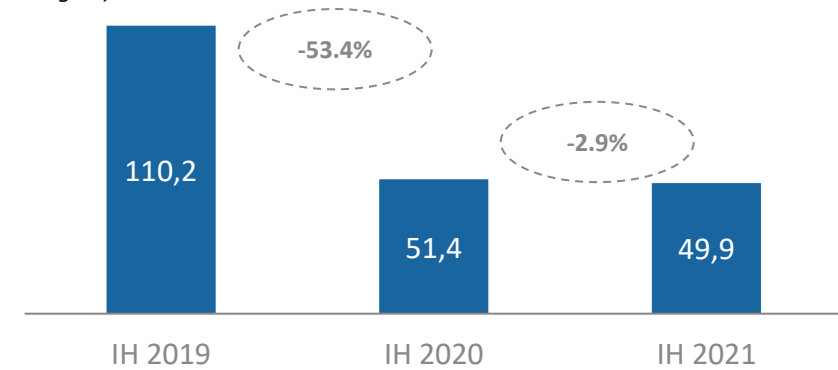
Bus transport (ATV+FNMA)

(mln passengers)

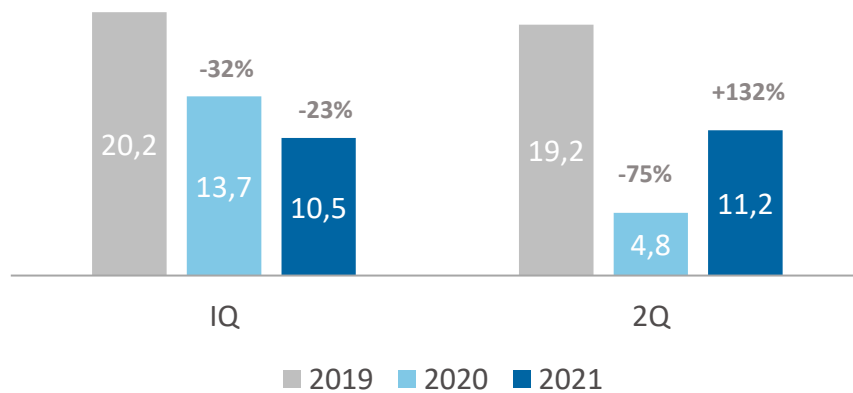


Trenord

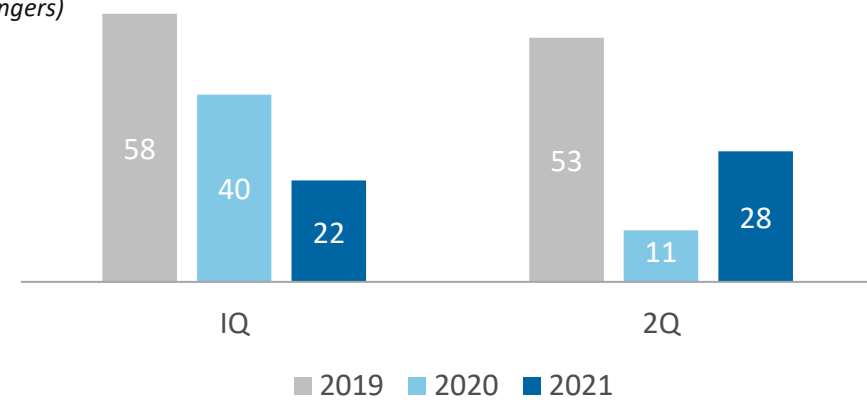
(mln passengers)



(mln passengers)



(mln passengers)



FNM Group | Trenord: the new Service Contract with Regione Lombardia

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 railway company**, defining obligations, penalties, mitigation and the service implementation modes.

It must be arranged in the context of the regulatory framework laid down by **ART** (Transport Regulation Authority) 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 4.97%**

The EFP is regularly verified by the parties.

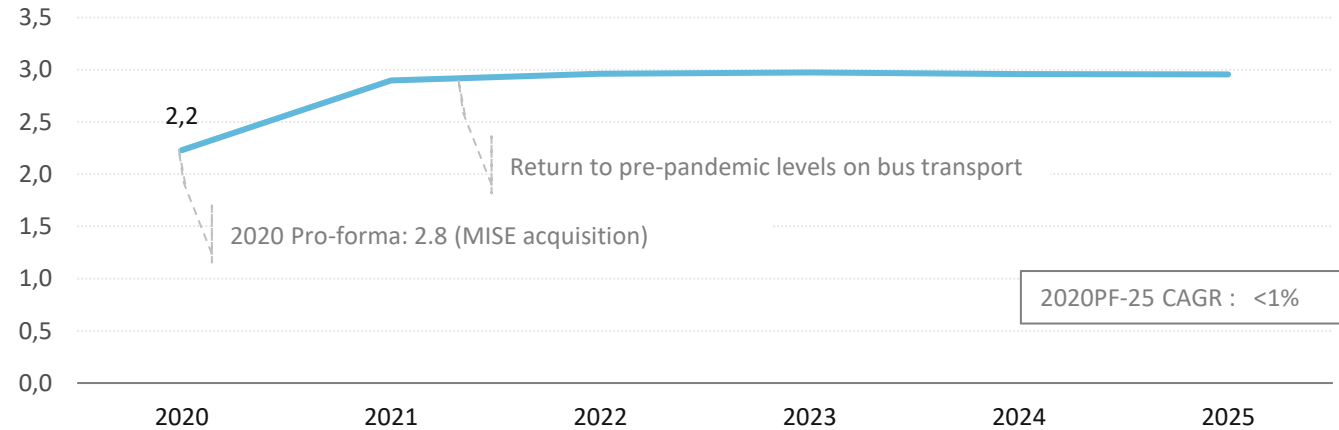
Responsibilities are identified within a **risk matrix** whereby:

- 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

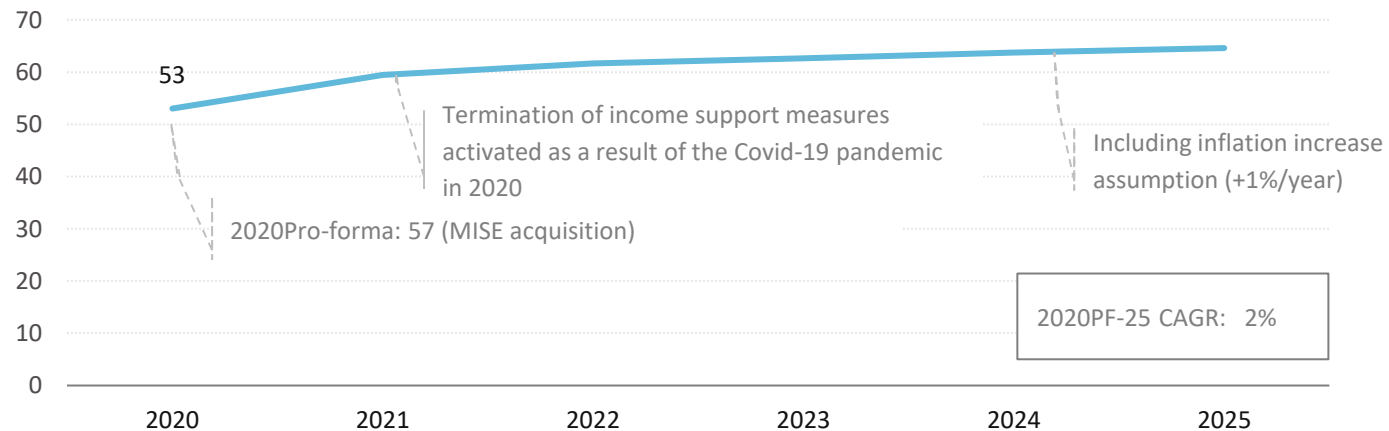
FNM Group | Assumptions: cost of personnel

Number of headcounts and cost substantially stable over the plan period

Nr of headcounts ('000)



Average cost ('000 euros/headcount)



FNM Group | Railway infrastructure management – the contractual framework



	Concession	Programme Agreement ("PA")	Public Service Contract ("PSC")	Purchase Agreement
Content	<p>Under the Concession Agreement, Ferrovienord is granted the right to:</p> <ul style="list-style-type: none"> • use, manage and operate specific parts of the regional railway network (including the relevant appurtenances, plants and equipment) • 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. <p>FNM group subsidiary NORD_ING is in charge for the network maintenance and development works.</p>	<p>The PA, signed between Regione Lombardia and FN 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>PA regulates that Regione Lombardia funding will be provided based on WIP status.</p> <p>In 2020, the investments on FN managed railway network amounted to € 35.0 m (€ 46.6 m in 2019)</p>	<p>The PSC regulates the fee due to FN for the services provided. Such fee is determined each year on the basis of the time schedule of railway services entered into force in December of the previous years and taking into account the value of effective production (train-Km), the length of the railway network, the number and type of stations, car sharing service.</p> <p>The fee is subject to the application of a discount mechanism ("efficiency coefficient") of 2% per year.</p> <p>The PSC includes all the activities related to the purchase and maintenance of Regione Lombardia train fleet (see "Purchase Agreement")</p>	<p>Regione Lombardia 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 146 high (105) and medium (41) capacity electromotors, as well as 30 diesel railcars and is covered for the total amount of € 1,607m on the 2017-2032 regional budget. The consideration and payment conditions are defined in the Agreement Implementing the mandate, approved with Regional Law n. X / 7926 of 26/02/2018 and Regional Law n. XI / 1619 of 15/05/2019.</p> <p>With Regional Law n. XI/3531 of 05/08/2020 (the so called "Marshall Plan") Regione Lombardia has authorized the purchase of additional 46 high (26) and medium (20) capacity electromotors to upgrade the service on the railway lines of Milano airports and Milano/Sondrio/Tirano in view of 2026 Winter Olympics, for a total amount of 351 mln euros</p>
Approval law	Regional Law N. x/4823 of 15/02/2016	Regional Law N.x/5476 of 25/07/2016 and N. xi/4010 of 14/12/2020	Regional Law N. x/4824 of 15/03/2016	Regional Law N. X/6932 of 24/07/2017 and N. XI/1619 of 15/05/2019
Expiry date	31/10/2060	31/12/2027	31/12/2022	-
Termination clauses	<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	-

FNM Group | Road passenger mobility - regulatory framework

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 as of 2023**, but regional authorities will still have the option of awarding contracts directly for efficiency / quality purposes.
- **real pre-tax WACC of 7%:** remuneration for road transportation set by the Ministry of Infrastructure and Transport issued (**Ministerial Decree 157/18**), pending the regulation from the Authority of Transport
- **Law Decree N. 18 of 17.03.2020 art 93 par 4bis:** tender procedures of local public transport services are suspended up to twelve months after the declaration of end of the Covid 19 emergency state; Regione Lombardia extended such period for twelve additional months (total suspension of tenders for twenty-four months)

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 extension¹**.
- Given the current situation, it is expected that the expiring contracts will be further extended to keep into consideration the evolution of the Covid 19 pandemic and the launch of new tenders will restart after the end of the emergency state in most of the six catchment areas.






Veneto

- **Regional Law 25/1998** is applied.
- Each province is a catchment area.
- Currently contracts in same catchment areas have expired, Verona included².
- The local authorities of each catchment area **are issuing tender procedures in order to assign the concessions**.
- Given the current situation, it is expected that the expiring contracts will be further extended to keep into consideration the evolution of the Covid 19 pandemic and tender procedures will restart after the end of the emergency state.

¹ – for FNMA the Service Contracts for the Como area will expire on December 31, 2021; the concessions for Varese and for Brescia areas will expire on December 31, 2021.

² – For ATV the three Service Contracts for Verona, Legnago and Verona province will expire on December 31, 2021

FNM Group | Motorway Infrastructure Management – Regulatory Overview

Entity	Description and role	Mise Deed of Concession
<p>CIPE</p> 	<ul style="list-style-type: none"> CIPE has the responsibility to regulate the motorway sector and to publish specific directives for the calculation of motorway tariffs based on cost orientation principles Approves also the final design, “Progetto Definitivo”, of all the investments included in the plans of motorway concessionaires 	<ul style="list-style-type: none"> The Deed of Concession Mise was signed on 7 November 2007 between Mise as concessionaire and ANAS S.p.A. as Grantor, replaced in 2012 by the Ministry of Infrastructure and Transport
<p>ANAS</p> 	<ul style="list-style-type: none"> ANAS is the historical grantor of the whole Italian motorway network until 2011. From 2012 the MIT succeeded it in the role of grantor for most of the national motorway network. In case of motorways of regional interest, the grantor role is exercised by a mixed company, with public and private participation, established by ANAS S.p.A. and the Region involved 	<ul style="list-style-type: none"> The scope of the Concession is the design, construction and management of the A7 Serravalle-Milan Motorway connecting Genova to Milan, the North (A52), East (A51) and West (A50) Milan Ring Roads and the Beregardo-Pavia Ring Road (A53)
<p>Ministry of Infrastructure and Transportation</p> 	<ul style="list-style-type: none"> Since 2012 it is the grantor of most Italian motorway concessions. 	<ul style="list-style-type: none"> The Concession Agreement expiration date is set on October 31, 2028
<p>Ministry of Economy and Finance</p> 	<ul style="list-style-type: none"> Review and approval of the Financial Economic Plan (“PEF”) of the concessionaires and of yearly tariff increases requests together with MIT MEF and MIT approve together also the yearly tariff increases’ requests submitted by all concessionaires, through the publication of an inter-ministerial decree 	<ul style="list-style-type: none"> 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.
<p>Transportation Regulation Authority</p> 	<ul style="list-style-type: none"> ART is an independent administrative authority involved in the transport sector regulation, including access to infrastructures ART has a general regulation power over the motorway sector with full competencies only over future motorways’ concessions With the resolution no. 69/2019, ART has amended the toll road tariff calculation set in the Single Agreement (Convenzione Unica). The resolution aims to unify the tariff calculation of the whole sector, setting the tariff systems applicable to new concessions and in each of the existing motorway concessions subject to updating or revision, including MISE Concession 	<ul style="list-style-type: none"> 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



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