



Nuovo Trasporto Viaggiatori



# Nuovo Trasporto Viaggiatori

1H 2017 Results

September 26<sup>th</sup>, 2017



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# 1H 2017 highlights

## IFRS Transition

- The Company finalized the transition from ITA GAAP to IFRS: 1H 2017 results are under IFRS.
- Cumulated EBITDA over the years 2014-2016 almost unchanged while cumulated Net Results improved.

## Corporate Governance

- New governance: on September 20<sup>th</sup> BoD appointed Mr. Cattaneo as CEO and Mr. Montezemolo as Chairman.
- BoD convened Extraordinary General Meeting to deliberate on a capital increase for approx. 15M€ dedicated to Mr. Cattaneo.

## Business Highlights

- Production of seat.kms up by 8.8% yoy to 3.4Bn.
- RASK up by 10.7% yoy to 0,060.
- Manufacturing of Alstom EVO fleet advancing as planned, with official rolling stock presentation in early October.
- Ongoing revamping and quality enhancing initiatives on AGV fleet aimed at increasing onboard comfort and improving overall service level.

## Economics

- Total revenues up by 25.5% yoy to 219.2M€.
- EBITDA up by 54.9% yoy to 65.1M€.
- NFP down to 518.7M€ (538.2M€ as of 31/12/2016) and leverage down to 4.4x (5.7x as of 31/12/2016).

## Capital Structure

- On June 23<sup>rd</sup> the Company fully refinanced the existing debt through the issuance of Senior Secured FRN for 550M€ and new bank loan for 160M€ (of which 20M€ Revolving Credit Facilities undrawn).
- On June 29<sup>th</sup> a new private investor became shareholder with 13.2% stake in a transaction exclusively consisting of a sale of shares from existing shareholders.

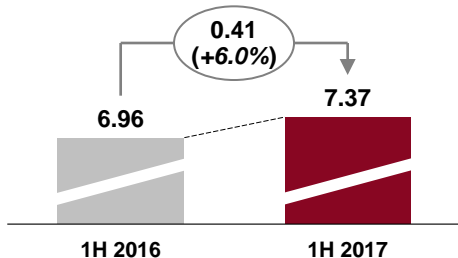
Source: Company data

# Business update (1/4)

## 1H 2017 key operational metrics

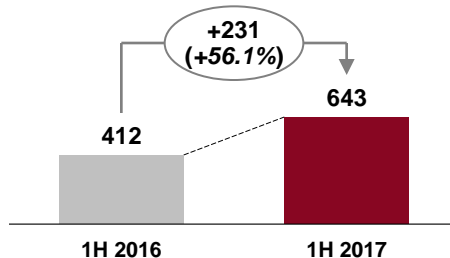
### Production of train.kms

M train.kms



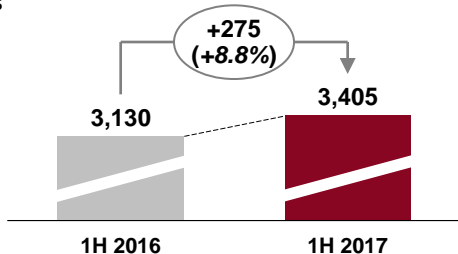
### Production of bus.kms

K bus.kms



### Production of seat.kms

M seat.kms



- **Increased production of train.kms (+6.0%)** driven by network optimization and improved operational efficiency.
- **More than proportional growth of seat.kms (+8.8%)** due to increased number of seats from 450 to 462.
- **Increased number of bus.kms (+56.1%)** driven by continuous extension of the *Italobus* network (i.e. new hubs in Milan, Verona and Salerno).

**Boast in all operational metrics**

Source: Company data

# Business update (2/4)

## Fleet expansion overview

- **Manufacturing of Alstom EVO fleet advancing as planned**, with first 4 trainsets scheduled for commercial service from December 2017.
  - **EVO homologation tests completed in July 2017**, in line with schedules.
  - **EVO presentation scheduled during EXPO Ferroviaria** in Milan on October 3rd-5th, 2017.
- **Setting up of new Venice maintenance plant advancing as planned**, consistently with operating needs of EVO fleet commercial services.
- **Ongoing training sessions for newly hired operating personnel** (i.e. machinists, train managers, hostess and stewards), in line with schedules.



EXPO Ferroviaria 2017

# Business update (3/4)

## Service and quality improvement initiatives

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- **Ongoing replacement of *Smart* and *Club* class seats** aimed to improve comfort and service quality.
- **Completed replacement of *Club* class TV screens** to improve performance and enhance customers experience.
- **Introduced new uniforms** for station and onboard operating personnel, aimed to reinforce Italo brand and NTV positioning as high quality driven operator.
- **Signed agreement with *Polfer*** (Italian State Police) ensuring the engagement of onboard policemen during the journey.
- **Set up internal quality system** through establishing of a dedicated organizational audit unit aimed to verify and improve quality standards.
- **Enlarged onboard meal variety and distribution** through introduction of new fresh foods and installation of new machines.
- **Launched new Customer Satisfaction procedures** aimed to ensure continuous improvement.

## Key commercial highlights

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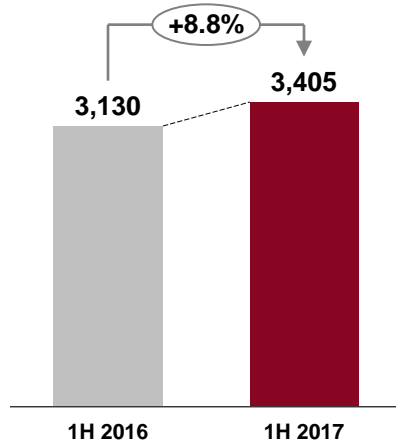
- Increasing RASK (+10.7% YoY) through a differentiated pricing strategy:
  - higher price on short routes;
  - removed «entry level» price on medium-long routes.
- Renewed loyalty programme (from April 2017) primarily focused on high-value customers with quick reward policy for business travellers.
- Launched CRM campaign aimed to increase:
  - the usage of Italo for not-frequent travellers;
  - the shift of customers to higher classes and to higher fares.
- Sustained continuous development of ItaloBus connections (revenues +62% YoY).

# Business update (4/4)

## Tickets revenues performance: key performance metrics

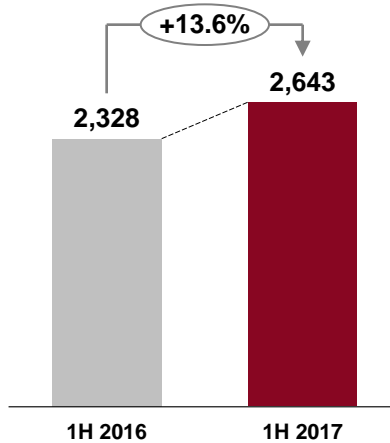
### Seat.km

(M)



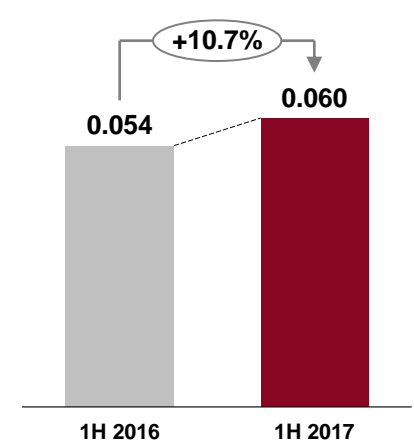
### Pax.km

(M)



### RASK <sup>(1)</sup>

(€/seat.km)



Source: Company's tickets revenues reporting system.

(1) Revenues per Available Seat Kilometer

# Financial update

## Total Revenues

219.2M€ +25.5%

vs 1H 2016  
174.7M€

## Transportation Services Revenues

205.4M€ +22.1%

vs 1H 2016  
168.3M€

## EBITDA

65.1M€ +54.9%

vs 1H 2016  
42.0M€

## EBITDA margin

29.7% +5.6pt

vs 1H 2016  
24.1%

## EBITDA LTM

118.0 M€ 95.0M€

FY 2016

## Net Debt

518.7M€ 538.2M€

FY 2016

## Cash EoP

157.2M€ 127.4M€

FY 2016

## Net leverage ratio

4.4x 5.7x

FY 2016

Values as of June 30<sup>th</sup> 2017

Source: Company data





Nuovo Trasporto Viaggiatori



# Appendix



# IFRS Transition

## At a glance

### Key issues

- The Company finalized the transition from ITA GAAP to IFRS.
- Transition applied to the last 3 financial years (2014, 2015, 2016).
- “First Time Adoption” date January 1<sup>st</sup>, 2014.
- First “IAS Adopter” financial year 2017.
- Main effects refer to:
  - IAS 39 applied to capital structure remodelling put in place in 2015.
  - IAS 38 / IAS 16 that reduced capitalized assets generating higher operating costs and lower D&A.
  - IAS 19 applied to employee benefits.
  - Loyalty Programs accounting under IFRIC 13.

### IFRS FY 2014, 2015, 2016

(M€)	FY 2016 IFRS	FY 2015 IFRS	FY 2014 IFRS	Cumulated IFRS	Cumulated ITA GAAP	Cumulated Δ
Total Revenues	364.4	310.6	265.9	940.6	948.7	(8.1)
Total Costs	(269.5)	(261.6)	(263.8)	(794.8)	(801.0)	6.2
<b>EBITDA</b>	<b>95.0</b>	<b>49.0</b>	<b>2.1</b>	<b>146.1</b>	<b>147.7</b>	<b>(1.6)</b>
D&A & Writeoff	(32.5)	(32.1)	(34.8)	(99.4)	(122.5)	23.1
<b>EBIT</b>	<b>62.4</b>	<b>16.9</b>	<b>(32.7)</b>	<b>46.7</b>	<b>25.2</b>	<b>21.5</b>
Financial and extraordinary items	(14.4)	(5.4)	(43.3)	(63.1)	(67.1)	4.0
<b>EBT</b>	<b>48.0</b>	<b>11.5</b>	<b>(75.9)</b>	<b>(16.4)</b>	<b>(41.9)</b>	<b>25.5</b>
Tax	(15.3)	(17.1)	20.2	(12.2)	(4.6)	(7.6)
<b>Net profit (losses)</b>	<b>32.7</b>	<b>(5.6)</b>	<b>(55.8)</b>	<b>(28.6)</b>	<b>(46.4)</b>	<b>17.8</b>

Source: Company's accounting data as resulting from IFRS transition. ITA GAAP figures reflect the *management accounts* view.

# Contact details

**Further questions can be addressed to:**

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Investor information is available from our dedicated investor website:

[www.ntvspa.it/investor-relations](http://www.ntvspa.it/investor-relations)