

.italo
Nuovo Trasporto Viaggiatori



Italo - Nuovo Trasporto Viaggiatori

Introduction to Italo

Company profile

Introduction

- First, private high-speed operator in the European passenger rail industry operating in Italy under the Italo brand
- Established in December 2006 in order to take advantage of:
 - The liberalisation of Italian passengers rail services, introduced in 2003 to reflect European Union guidelines
 - The significant growth opportunities of the Italian high-speed railroad business in the context of meaningful imbalance vs. air transport and motorway sectors for key business routes
- ~1.000 employee, over 700 operating staff
- The Company started commercial operations in Q2 2012, and went through a ramp-up period from 2012 through 2014
- Italo launched its new strategy in 2015 led by Mr. Cattaneo, a highly reputable Italian manager, appointed CEO at the time
- Fleet of 25 Alstom AGV and 22 Alstom EVO (12 will be delivered within mid 2018 and others 10 within 2019)

First, private high-speed operator in EU, Italo took benefit of the liberalisation of the Italian passengers rail services to raise rail transport quality standards

Brief History of Italo

Dec 2006:
Establishment of NTV SpA

Jun 2009:
Completion of the maintenance plant in Nola

Apr 2013:
Full capacity with all Alstom AGV trainsets delivered

Apr 2012:
Launch of first commercial services on Rome-Milan route

Nov 2007:
Ordered 25 high-speed Alstom AGV (leasing)

Oct 2015:
Ordered 8 high-speed Alstom EVO

Sep 2015:
Debt restructuring and new 60M€ equity capital injection

Sept 2016:
Ordered 4 additional Alstom EVO

Nov 2017:
Ordered 5 additional Alstom EVO

Dec 2015:
Launch of *ItaloBus*, the new Italo intermodal services

Jun 2017:

- Bond issue for 550M€, foreign institutional investors
- New shareholder: *P eninsula Capital*
- Debt restructuring for 160M€

Dec 2017:

Debut of the first 4 EVO trainsets and, during first half of 2018, launch new services on Milan-Venice and Bolzano. Subscribed new capital increase and new debt restructuring for 740M€

Feb 2018:
Purchase of the Company by Global Infrastructure Partners

May 2018:
Launch of North East route: Turin-Milan-Venice

Jul 2018:
Ordered 5 additional Alstom EVO

Network and Key Success Factor

Italo Network

88 daily services in 2018



Key success factors for the performance improvements

- ✓ **Network expansion and increase in daily services**
Launch of new services; increase of services per day from 56 (2017) to 88 (2018)
- ✓ **Review of industrial processes**
Since 2015, implementation of a new strategy, fully exploiting Italo potential
- ✓ **Central station positioning**
Access to 3 of the most important stations in Italy, namely: Roma Termini, Milano Centrale and Torino Porta Nuova
- ✓ **New pricing strategies**
Customized pricing strategies and services levels to address the needs of a wide range of passengers, from the value-oriented to the business ones
- ✓ **Continuous improvement of quality**
courtesy, cleanliness and comfort as distinctive key success factors to ensure a memorable overall experience
- ✓ **Market share evolution**
Italo market share increased from 9% in 2012 to approx. 35% in 2017 in its competing arena¹

(1) Based only on routes / segments in which Italo operates.

ItaloBus, the Italo intermodal service

Programme launched in December 2015 to connect new high growth potential markets to the high-speed rail hubs

Nowadays Italobus hubs are 4: **Reggio Emilia, Milano Rogoredo, Verona, Salerno.**

2017 production in bus.km is 1,3 billion.



With the new EVO connections, Italobus can contribute to increase the occupancy rate of connected train services

BUSINESS MODEL

The business model between NTV and bus operators allows to **expand the service on other destinations**

Partner revenues are composed by:

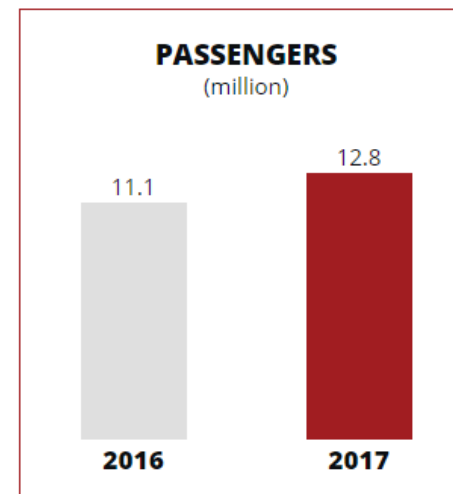
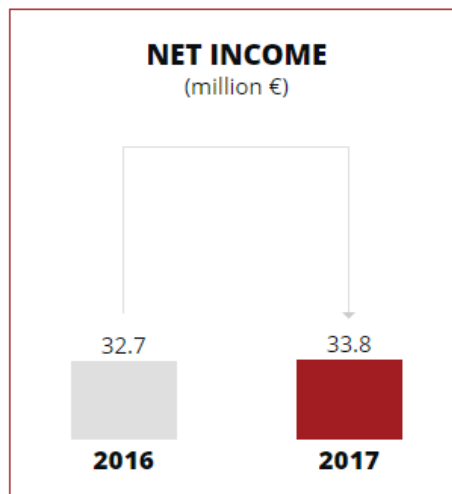
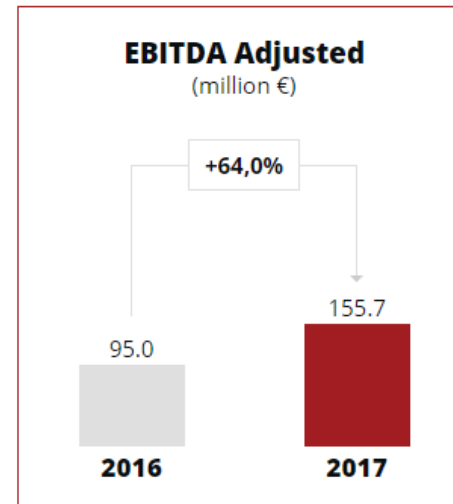
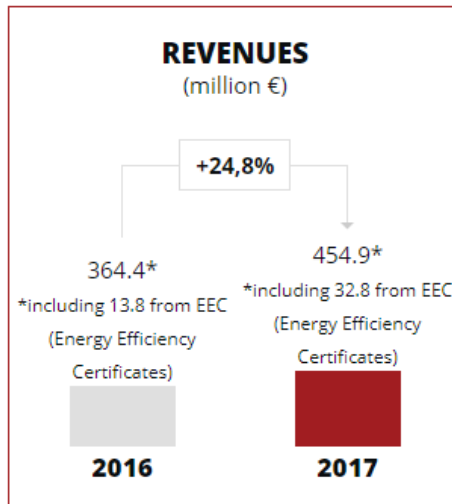
1. traffic revenues, standard fare for each transported passenger;
2. an economical contribution at the end of the year: 50% of the operational costs if traffic revenues were not sufficient to entirely cover them (condition: contribution to be granted only if the partner continue the service for the next year).

BENEFITS

- **New service activation timing**
- **Service continuity**
- **Cost containment** (half risk covered by the partner).

Italobus offer increased of +40% vs 2016

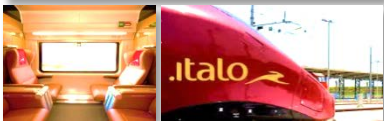
Financial Highlights



Source: Company data.

Fleet

Italo AGV 575



- 25 Alstom high-speed AGV rolling stocks, delivered between 2012 and 2013

Key technical features

- ✓ 11 coaches / 12 bogies
- ✓ Over 462 seats per rolling stock
- ✓ 4 classes (Club, Prima, Comfort, Smart)
- ✓ 200m length
- ✓ 2 vending machines areas

Italo EVO



- 22 Alstom EVO
- Delivery from November 2017 through 2019

Key technical features

- ✓ 7 coaches / 14 bogies
- ✓ 472 seats
- ✓ 4 classes (Club, Prima, Comfort, Smart)
- ✓ 187m length
- ✓ 2 vending machines areas

Italobus



- Programme launched in December 2015 to connect new high growth potential markets to the high-speed rail hubs
- Increasing Italobus offer with new services in Friuli, Calabria and in airports located in the Centre-North of Italy

Key features

- ✓ Over 35 daily services connected with Italo trains
- ✓ Approximately 61,000 passengers in 2017

Tailored configuration, in order to maximize available seat capacity and reduce maintenance costs

Quality success factors

Continuous improvement of courtesy, cleanliness and comfort as distinctive key success factors to ensure a memorable overall travel experience



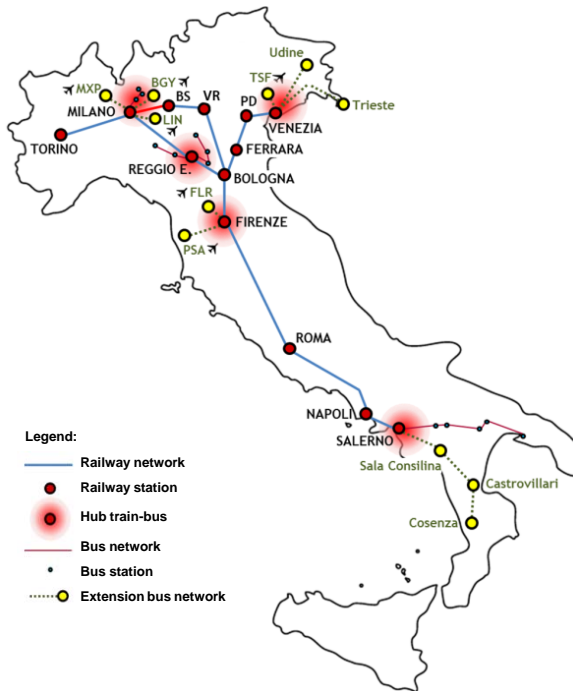
High quality service standards thanks to the continuous research of improvement key factors

Network expansion

Covering the most travelled routes of the Italian high-speed network

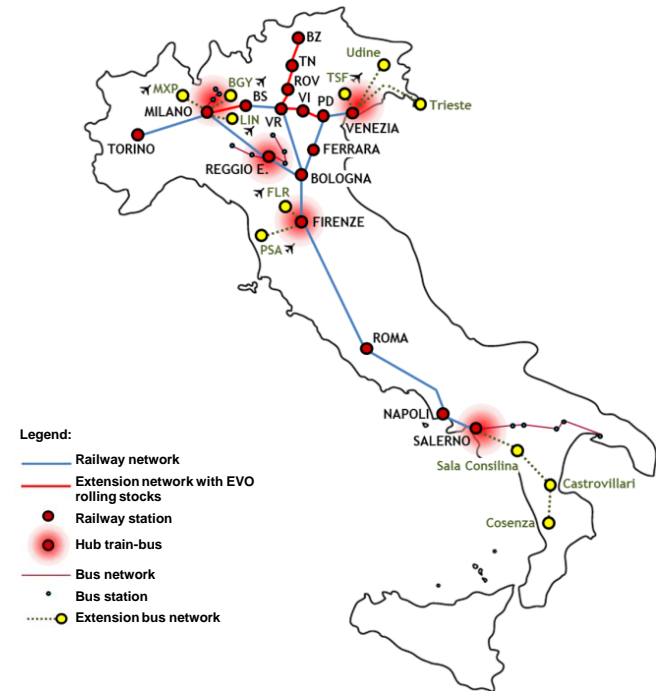
25 fleet

56 daily services



37* fleet

88 daily services



2017


2018

*42 in 2019 with an increase of services

Service evolution

Highly valuable fleet of rolling stock, with potential for further upside

Current (2017 network)

 **25 trains (AGV)**

Rationale / Key features

- 56 daily services
 - Slots already approved by the Infrastructure Manager
- 15m of trains-km per year
- **A train every 60min.** between Milan and Rome (30min. at peak hours)
- **A train every 60min.** between Rome and Bologna (30min. at peak hours)

Network covered


Railway line	# daily services
Backbone line (with stops) Turin - Salerno	25
Backbone line (no stops) Milan - Rome/Naples	15
Venice - Rome/Naples	8
Turin - Milan - Venice	—
Brescia/Bolzano - Verona - Rome/Naples	8
Total number of services	56


In production (delivery Nov 2017 to July 2018)


 **37 trains (25 AGV + 12 EVO*)**

- 88 daily services (+32 vs 2017)
 - Slots already approved by the Infrastructure Manager
- Over 21m of trains-km per year (+40%)
- **A train every 30 min.** between Milan and Rome
- **A train every 30min.** between Rome and Bologna

Railway line	# daily services
Backbone line (with stops) Turin - Salerno	30
Backbone line (no stops) Milan - Rome/Naples	20
Venice - Rome/Naples	16
Turin - Milan - Venice	14
Brescia/Bolzano - Verona - Rome/Naples	8
Total number of services	88

 Increase services and frequency on Turin - Salerno line, with focus on Milan - Rome

 Increase frequency on the Venice - Salerno line

 Start operating the Turin - Venice line

Source: Company data

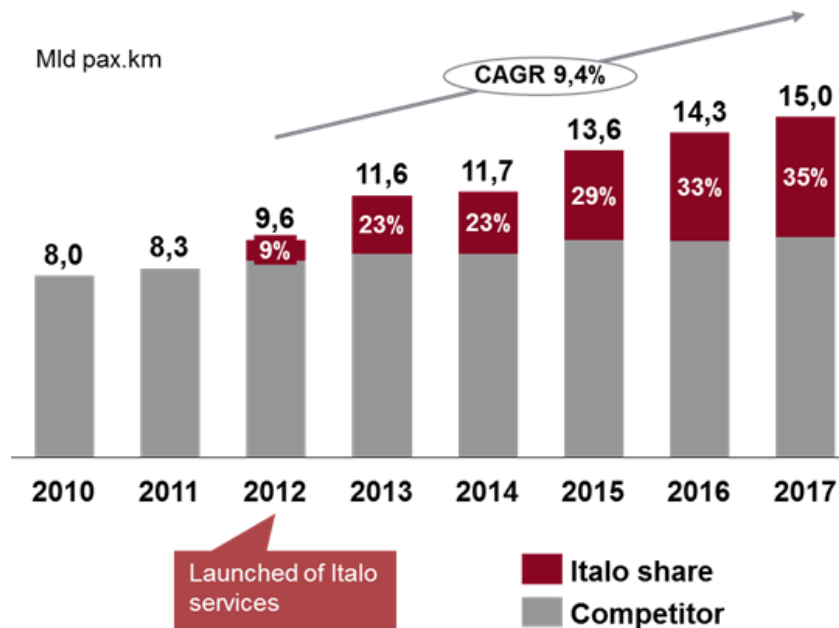
*42 in 2019 with an increase of services

Advantages from competition in HS rail market_{1/2}

HS rail market growth 2009 - 2017

Increased HS train traffic as an effect of traffic gained at the expense of airplane and car, plus an induced demand

- **Pure demand growth:** mainly driven by macro-economic trend (i.e. GDP, touristic inflows)
- **Induced demand:** availability of convenient transportations solutions stimulating a demand that would not have considered airplane (too expensive) and car (too long)
- **Modal share increase:** Train modal share increase as it becomes more competitive vs. Airplane and Car

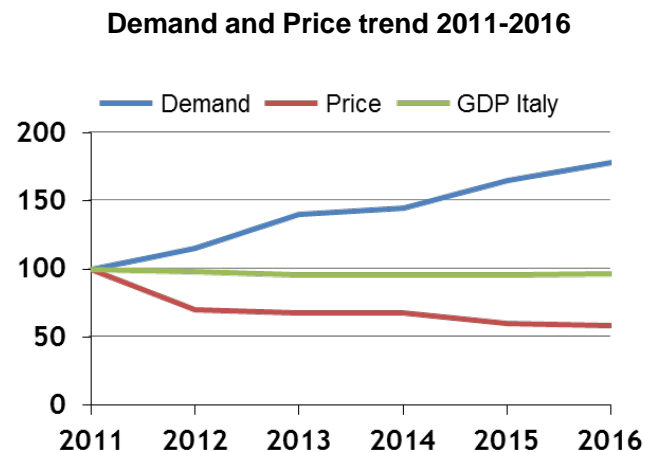


Source: Company data.

Advantages from competition in HS rail market_{2/2}

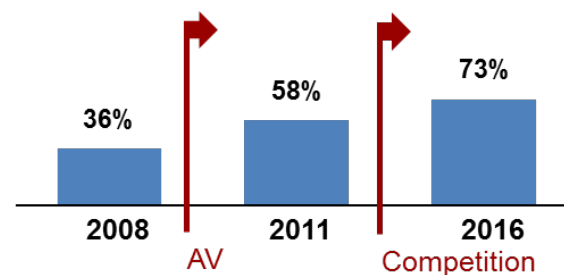
Italian HS rail market

- The **entrance of *Italo*** in the Italian rail market is having a major impact on services delivered to customers and on the price level
- From 2011 to 2016 **41% decrease of the average ticket price** vis-à-vis **78% increase of demand**
- Estimated **saving of 800 M€** for HS train passengers



Train market share Milan-Rome

- **Train market share on Milan-Rome** route almost **doubled from 2008 to 2016** due to investment in HS network and the entrance of *Italo* in the market
- Since *Italo* entrance over **400M€ revenue increase for the network infrastructure operator**



The entrance of *Italo* in the market has brought enormous benefits for the HS rail market