

**.italo**  
Nuovo Trasporto Viaggiatori



**Italo - Nuovo Trasporto Viaggiatori**

# Introduction to Italo

## Company profile

### Introduction

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- 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
- ~1.200 employee, over 900 operating staff (more 1000 from additional services). Average age: 32 years old
- The Company started commercial operations in Q2 2012, and went through a ramp-up period from 2012 through 2014
- Fleet of 25 Alstom AGV and 22 Alstom EVO (12 will be delivered within mid 2018 and others 10 within 2019 and beginning 2020)

**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**

Source: Company data.  
(1) As of April 2017.

# 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€

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

**Feb 2018:**  
Purchase of the Company by Global Infrastructure Partners

**Jul 2018:**  
Ordered 5 additional Alstom EVO

# Network and Key Success Factor

## Italo Network

90 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 90 (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 arena<sup>1</sup>

(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, Salerno and Napoli Afragola.**

**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

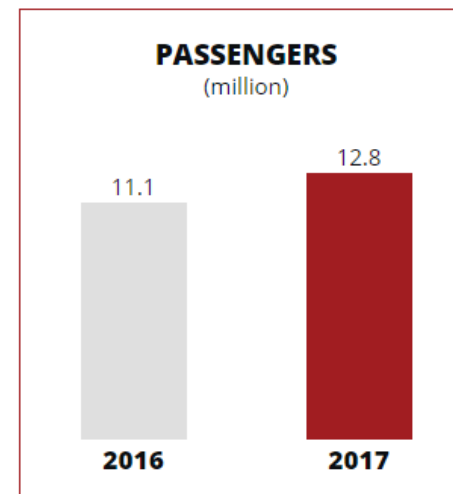
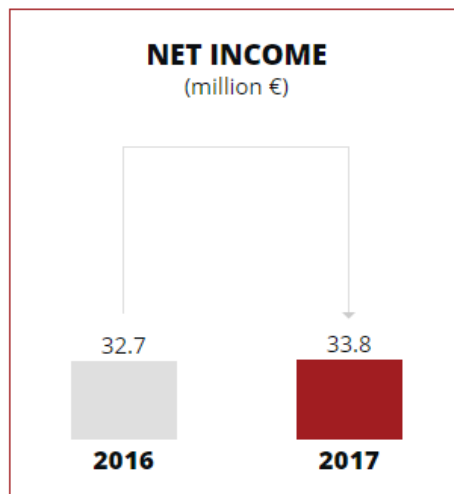
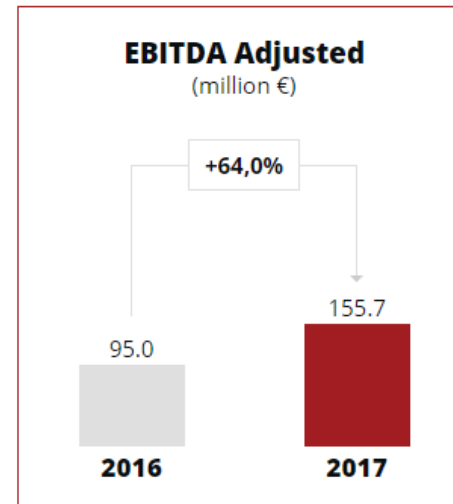
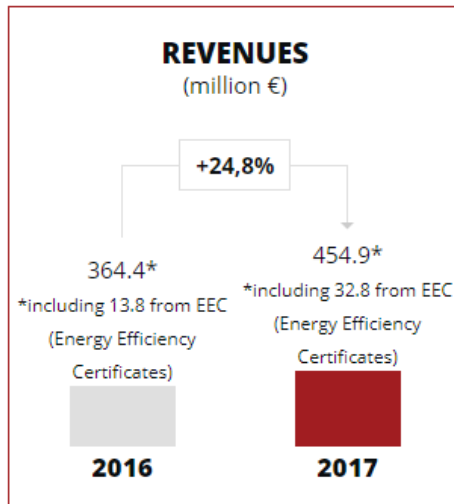
## BUSINESS MODEL

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- **Service continuity: only one ticket valid for train and bus**
- **New services activated in cities without High Speed lines**

**Italobus offer increased of +30% vs 2017**

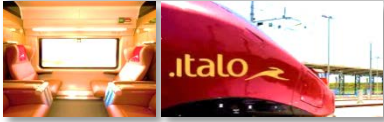
# Financial Highlights



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**

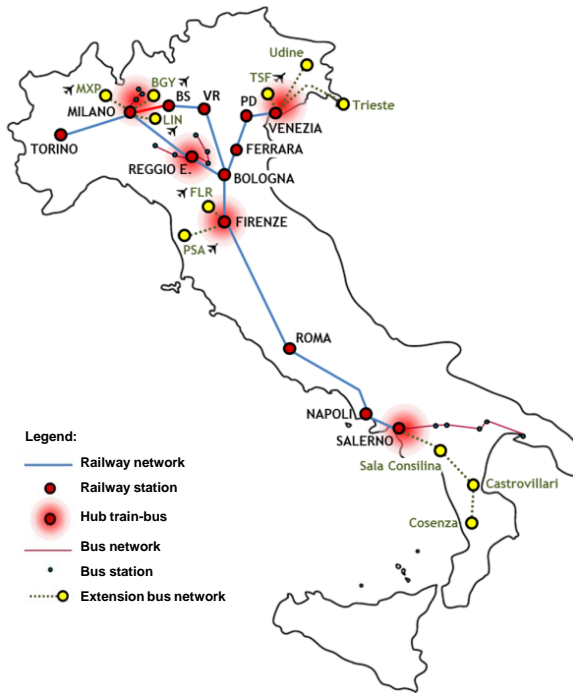


# Network expansion

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

25 fleet

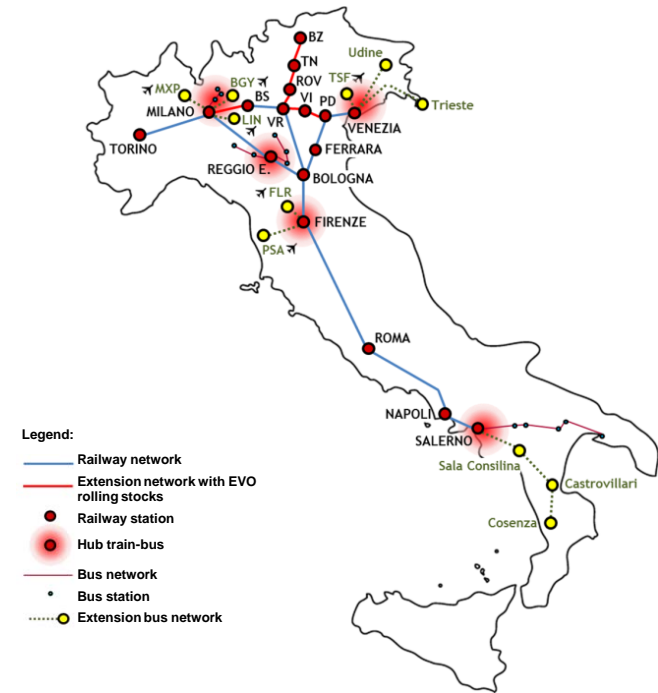
56 daily services



2017

37\* fleet

90 daily services



2018

\*47 within 2020 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
<b>Backbone line (with stops)</b> Turin - Salerno	<b>25</b>
<b>Backbone line (no stops)</b> Milan - Rome/Naples	<b>15</b>
Venice - Rome/Naples	<b>8</b>
Turin - Milan - Venice	—
Brescia/Bolzano - Verona - Rome/Naples	<b>8</b>
<b>Total number of services</b>	<b>56</b>

## In production

✓ **37 trains\* (25 AGV + 12 EVO)**

- 90 daily services (+34 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
<b>Backbone line (with stops)</b> Turin - Salerno	<b>33</b>
<b>Backbone line (no stops)</b> Milan - Rome/Naples	<b>19</b>
Venice - Rome/Naples	<b>16</b>
Turin - Milan - Venice	<b>14</b>
Brescia/Bolzano - Verona - Rome/Naples	<b>8</b>
<b>Total number of services</b>	<b>90</b>

→ +8 (Turin - Salerno)

→ +4 (Milan - Rome/Naples)

→ +8 (Venice - Rome/Naples)

→ +14 (Turin - Milan - Venice)

✓ 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

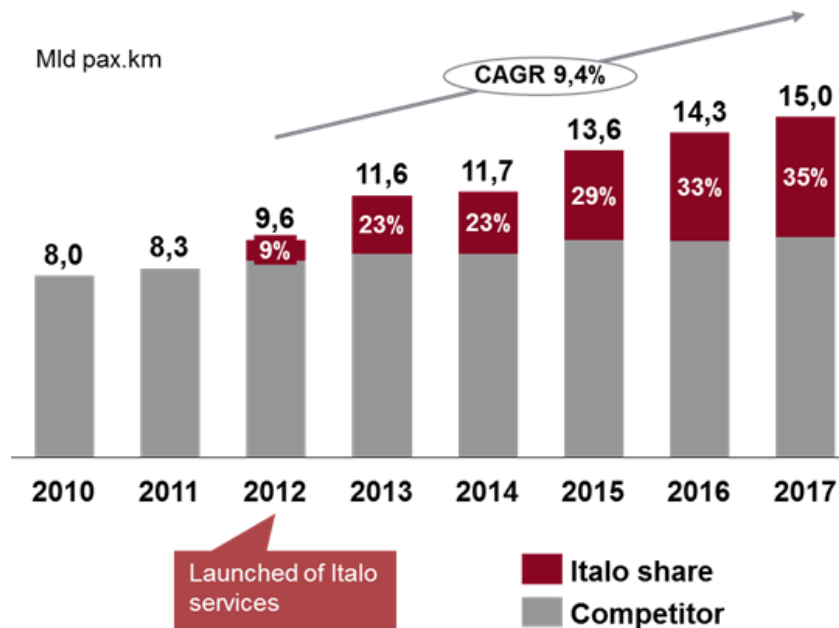
\*47 within 2020 with an increase of services

# Advantages from competition in HS rail market<sub>1/2</sub>

## 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

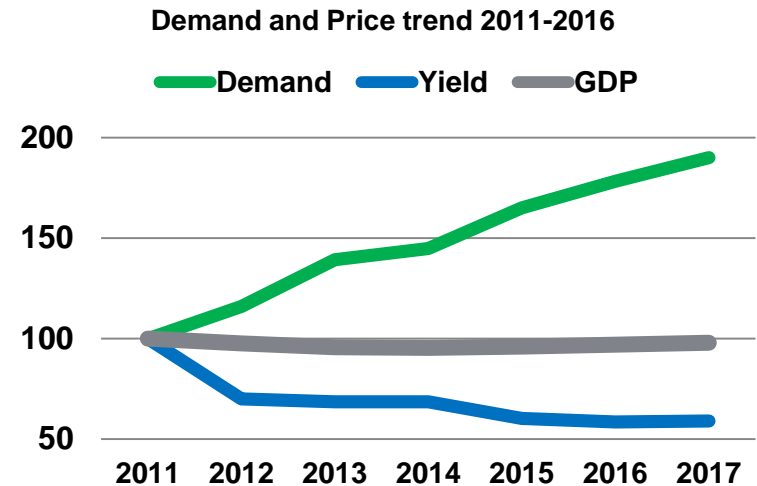


Source: Company data.

# Advantages from competition in HS rail market<sub>2/2</sub>

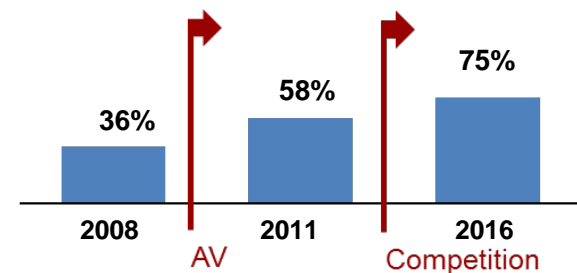
## Italian HS rail market

- 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 2017 **40% decrease of the average ticket price** vis-à-vis **80% 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 **500M€ revenue increase for the network infrastructure operator**



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