

.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
- ~1.400 employees, over 900 operating staff (more 1000 from additional services), and more than 500 new recruitments (2019-2021). Average age: 33 years old
- The Company started commercial operations in Q2 2012, and went through a ramp-up period from 2012 through 2014

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

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

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

Apr 2013:
Full capacity with all Alstom AGV trainsets delivered

Oct 2015:
Ordered 8 high-speed Alstom EVO

Sept 2016:
Ordered 4 additional Alstom EVO

Nov 2017:
Ordered 5 additional Alstom EVO

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€

Jul 2018:
Ordered 5 additional Alstom EVO

2019:
Launch of new services from/to Bergamo and Udine/Pordenone/Conegliano/Treviso

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

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€

Feb 2018:
Purchase of the Company by Global Infrastructure Partners

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

Network and Key Success Factor

Italo Network

116 daily services in 2020



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 116 (2020)
- ✓ **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. 40% in 2018 in its competing arena*

* Based only on routes / segments in which Italo operates.

Italo fleet operations vs network

AGV FLEET	
Maximum speed	300 km/h
Commercial speed	165 km/h
Daily utilization period	16,4 h
Daily industrial mileage*	1.963 km
Yearly industrial mileage**	600.000 km

* Per available trainset in commercial service.

** Per trainset of the fleet.

EVO FLEET	
Maximum speed	250 km/h
Commercial speed	135 km/h
Daily utilization period	16,6 h
Daily industrial mileage*	1.590 km
Yearly industrial mileage**	510.000 km

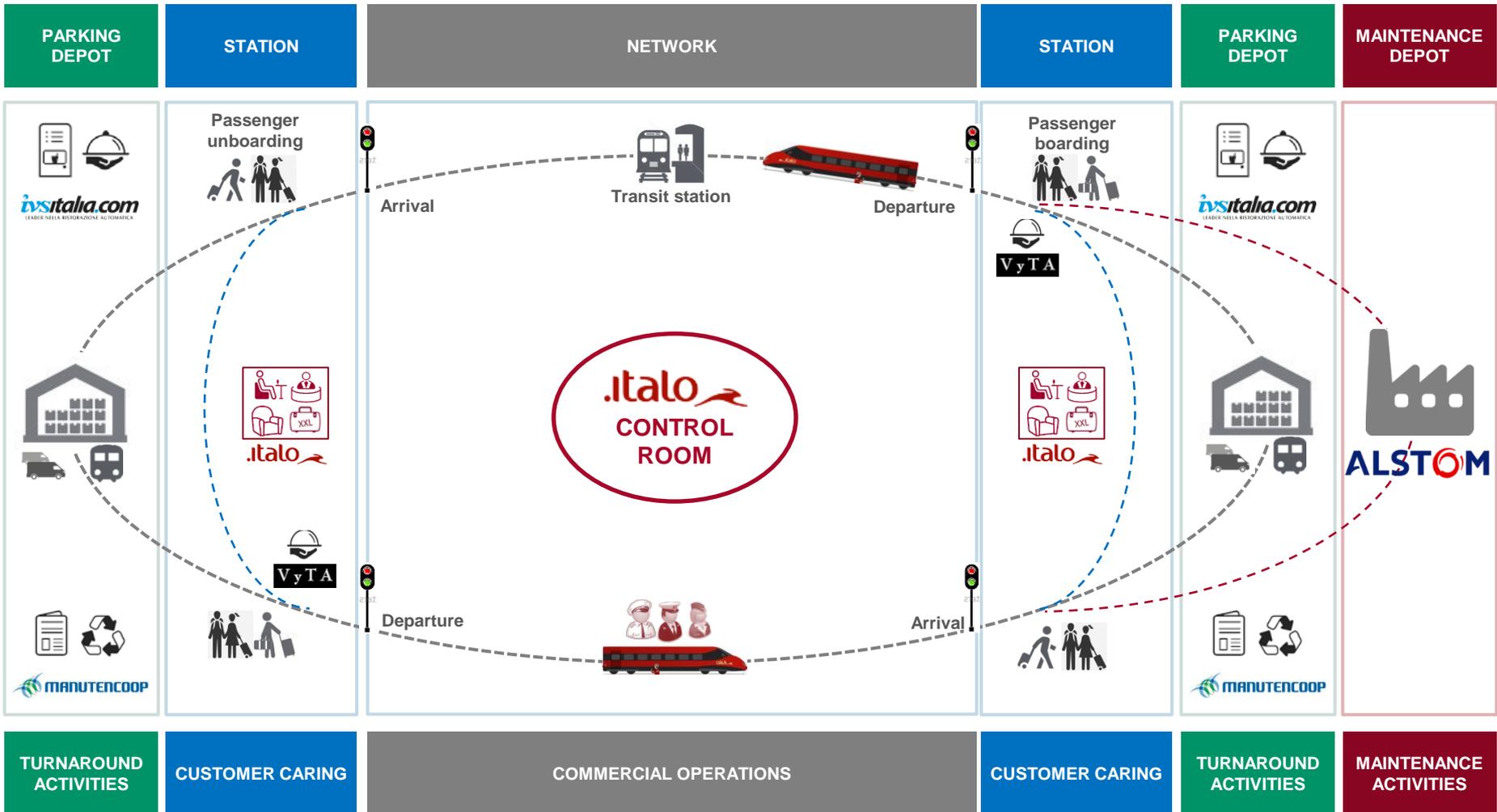
* Per available trainset in commercial service.

** Per trainset of the fleet (projection of the current timetable on a complete year).



Railway Operations

Train Cycle



Railway Operations

Logistic Network



Logistic

- Based on the Network Statement, the IM guarantees to the operators the access to the parking plants/yard (mandatory service).
- N° 6 recovery plants along the NTV service network for the trainsets parking, cleaning, technical and commercial refilling and small maintenance.
- Modernized by the Infrastructure Manager to be TSI compliant.
- Recovery and maintenance plants designed to maintain both AGV & ETR trainsets.



Safety

Railway Safety

- **Safety Management System** ensures the control of all risks associated with Italo activity including the supply of maintenance and the use of contractors.
- **Basic Elements**
 - Rolling Stock
 - Staff
 - Organization
- **Safety Certificate since 2012**



Occupational H&S

- **OHSMS** promotes a safe and healthy working environment that helps Italo to:
 - Identify and control health and safety risks
 - Reduce accidents eliminating workplace hazards
 - Ensure legal compliance
 - Increase employee motivation
- **OHSAS 18001 Certification since nov 2017**



Environment

- **Environmental Management System** identifies, manages and monitors Italo environmental issues relevant to its operation as:
 - air pollution,
 - water issues
 - waste management,
 - Resource use and efficiency
- **ISO14001 Certification since may 2018**



integrated

REQUIREMENTS

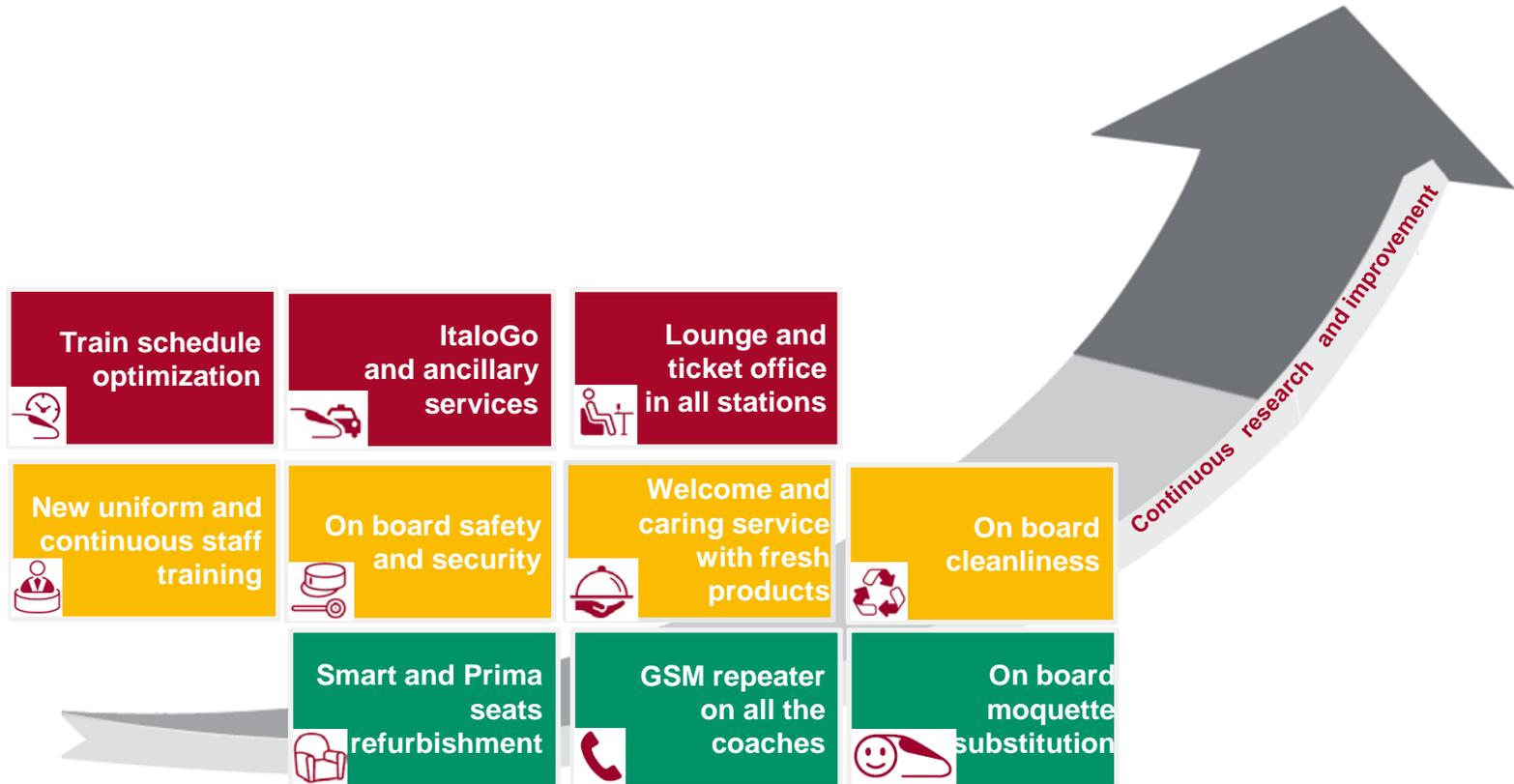
- ❖ **European Directives and Reg. Dir. 49/2004, Reg 402/2013**
- ❖ **Italian Legislation D.Lgs. 162/2007**
- ❖ **Decrees, guidelines and other acts issued by ANSF**

- ❖ **European Directives and Reg.**
- ❖ **Italian Legislation D.Lgs. 81/2008**

- ❖ **European Directives and Reg.**
- ❖ **Italian Legislation D.Lgs. 152/2006**
- ❖ **Acts issued by local authorities**

Quality success factors

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

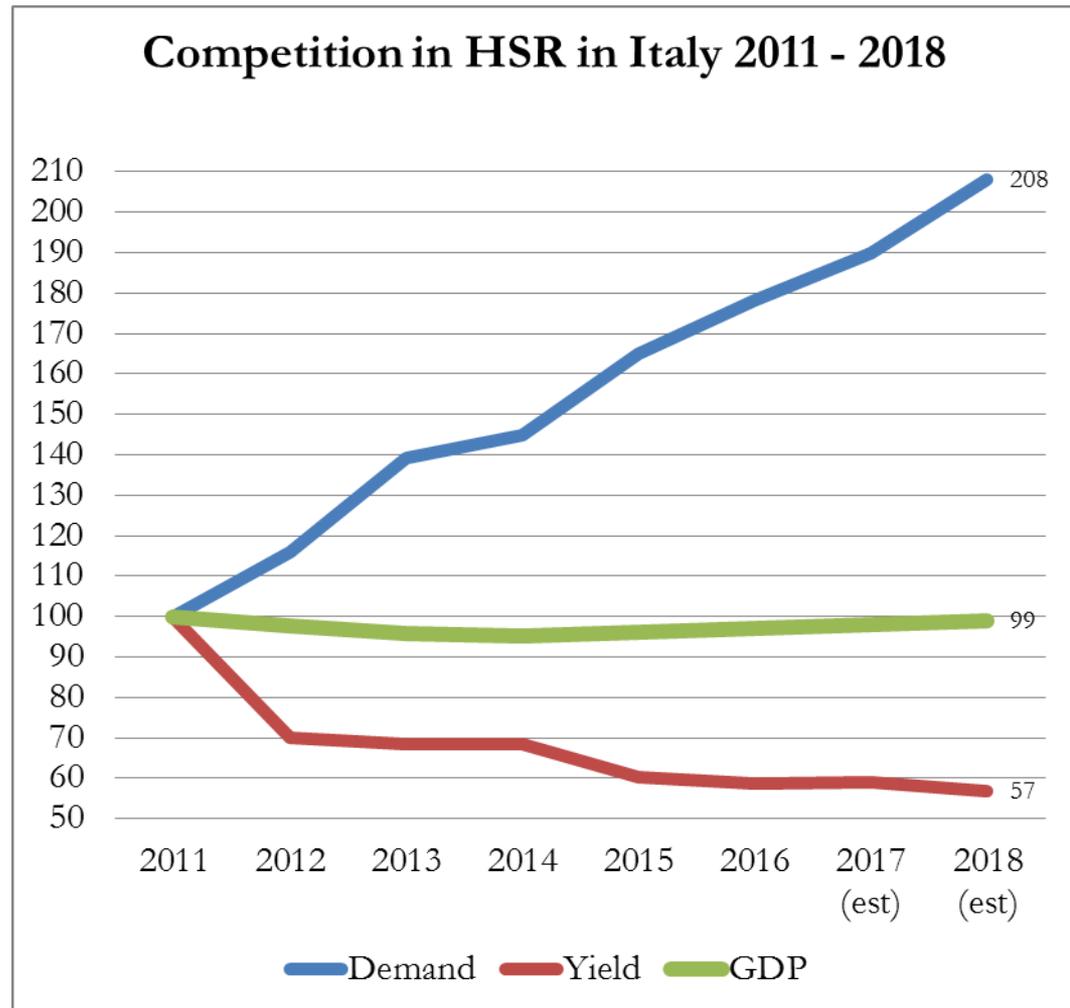


High quality service standards thanks to the continuous research of improvement key factors

Advantages from competition in HS rail market ^{1/2}

Italian HS rail market

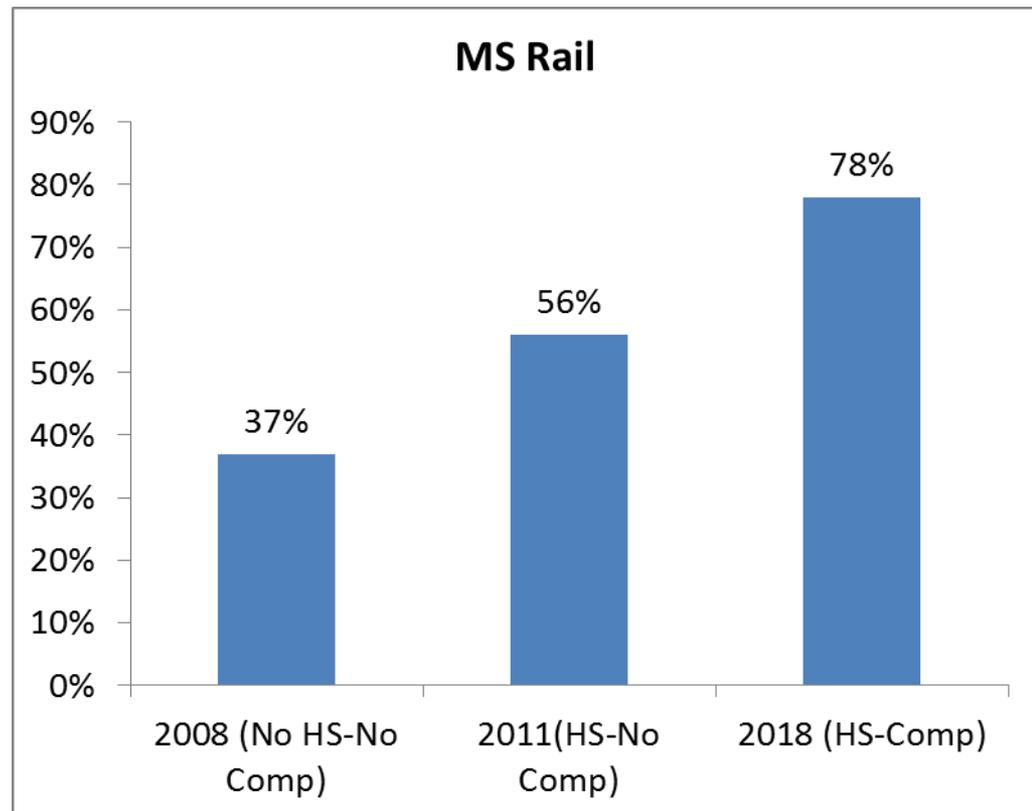
- The **entrance of Italo** in the Italian rail market is having a major impact on services delivered to customers and on the price level
- From 2011 to 2018 **40% decrease of the average ticket price** vis-à-vis more than **100% increase of demand**
- **In the same period GDP remains stable** due to weak development of Italian economy
- Estimated **saving of 1500 M€ for HS train passengers**



Advantages from competition in HS rail market ^{2/2}

Train market share Milan-Rome

- **Train market share on Milan-Rome route more than doubled from 2008 to 2018** due to investment in HS network and the entrance of *Italo* in the market
- **Through competition market share of high speed rail was growing on longer routes** as for example Turin – Naples and Venice – Naples
- Since *Italo* entrance around **700M€ revenue increase for the network infrastructure manager**

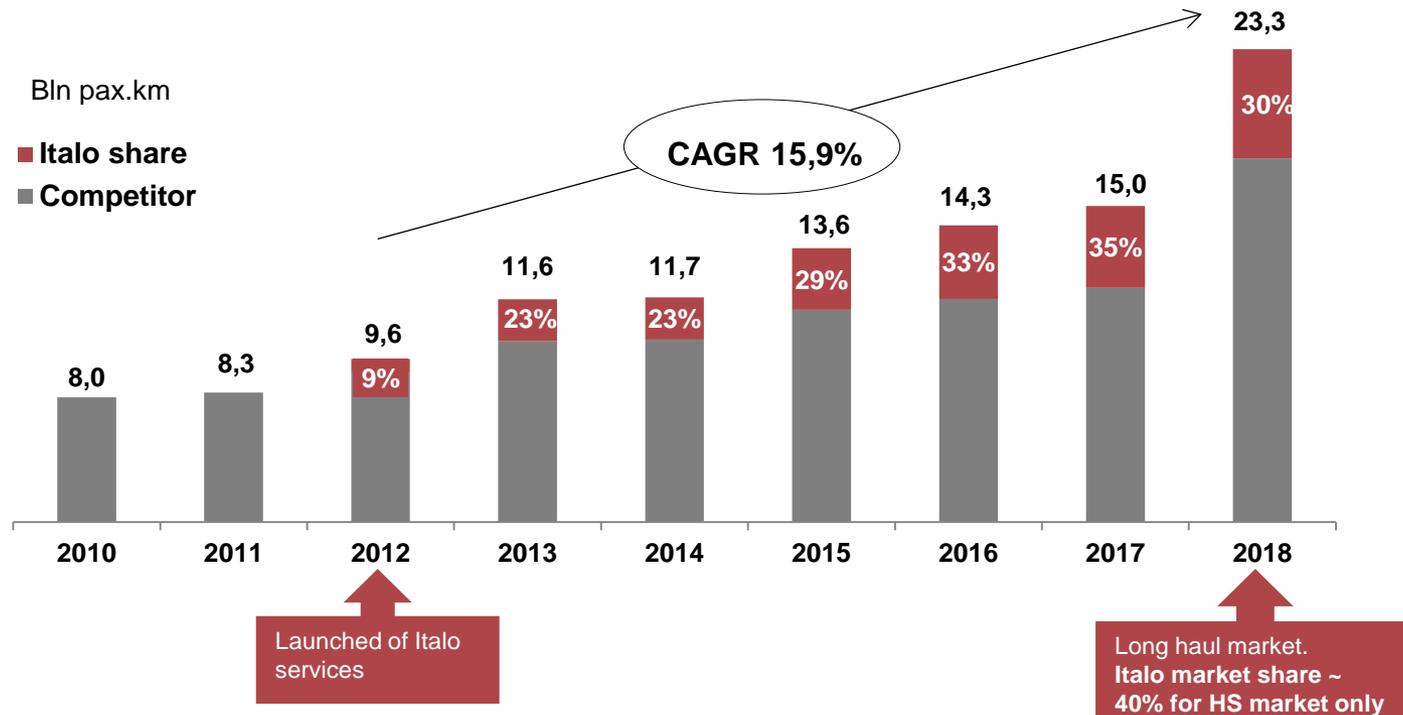


Advantages from competition in Long haul rail market

Reference market of Italo: growth 2009 - 2018

Increased Long haul 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.



Italo... thanks you!