



(Translation from the Italian original which remains the definitive version)

**SUMMARY OF THE MAIN RESULTS AND TREND
OF THE 1ST HALF-YEAR 2016 OF FERROVIE DELLO
STATO ITALIANE GROUP
2016 INTERIM REPORT HIGHLIGHTS**

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Group highlights

millions of Euros

| Main results and financial data | First half 2016 | First half 2015 | Change | % |
|--|------------------------|------------------------|---------------|----------|
| Revenue | 4,250 | 4,193 | 57 | 1.4 |
| Operating costs | (3,245) | (3,245) | | |
| Gross operating profit | 1,005 | 948 | 57 | 6.0 |
| Operating profit | 344 | 333 | 11 | 3.3 |
| Profit for the period | 286 | 292 | (6) | (2.1) |
| Total cash flows of the period | 424 | (735) | 1,159 | 157.7 |
| Investments of the period | 2,198 | 2,088 | 110 | 5.3 |
| | 30.06.2016 | 31.12.2015 | Change | % |
| Net invested capital (NIC) | 44,859 | 44,695 | 164 | 0.4 |
| Equity (E) | 38,157 | 37,953 | 204 | 0.5 |
| Net financial debt (NFD) | 6,702 | 6,742 | (40) | (0.6) |
| NFD/E | 0.18 | 0.18 | | |

| Main performance indicators | First half 2016 | First half 2015 |
|------------------------------------|------------------------|------------------------|
| GROSS OPERATING PROFIT/REVENUE | 23.65% | 22.61% |
| ROS (OPERATING PROFIT/REVENUE) | 8.09% | 7.94% |
| PERSONNEL EXPENSE/REVENUE | (46.69)% | (46.90)% |

The Group's performance

| Main operating data | First half 2016 | First half 2015 | Change | % |
|---|-----------------|-----------------|--------|-------|
| Length of the railway network (km) | 16,726 | 16,723 | 3 | |
| Total track length (km) | 24,330 | 24,283 | 47 | 0.2 |
| Long-haul passengers train-km (thousands) | 41,238 | 39,378 | 1,860 | 4.7 |
| Regional passengers train-km (thousands) | 103,877 | 101,030 | 2,847 | 2.8 |
| Rail passengers-km (millions) | 20,323 | 20,818 | (495) | (2.4) |
| Road passengers-km (millions) | 969 | 911 | 58 | 6.3 |
| Tonne-km (millions) | 11,710 | 11,492 | 218 | 1.9 |
| Employees ⁽¹⁾ | 69,090 | 69,347 | (257) | (0.4) |

(1) Period-end total

The Ferrovie dello Stato Italiane group's **consolidated income statement** is presented and discussed below:

| | First half 2016 | First half 2015 | Change | % |
|---|-----------------|-----------------|-------------|--------------|
| millions of Euros | | | | |
| REVENUE | 4,250 | 4,193 | 57 | 1.4 |
| Revenue from sales and services | 3,932 | 3,891 | 41 | 1.1 |
| Other income | 318 | 302 | 16 | 5.3 |
| OPERATING COSTS | (3,245) | (3,245) | | |
| GROSS OPERATING PROFIT | 1,005 | 948 | 57 | 6.0 |
| Amortisation, depreciation, provisions and impairment losses | (661) | (615) | (46) | (7.5) |
| OPERATING PROFIT | 344 | 333 | 11 | 3.3 |
| Net financial expense | (46) | (22) | (24) | (109.1) |
| PRE-TAX PROFIT | 298 | 311 | (13) | (4.2) |
| Income taxes | (12) | (19) | 7 | 36.8 |
| PROFIT FROM CONTINUING OPERATIONS | 286 | 292 | (6) | (2.1) |
| Profit (loss) from assets held for sale, net of taxes | | | | |
| PROFIT FOR THE PERIOD | 286 | 292 | (6) | (2.1) |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT | 281 | 289 | (8) | (2.8) |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 5 | 3 | 2 | 66.7 |

The group recorded a **profit for the period** of €286 million, down slightly on the profit for the corresponding period of 2015 (-2.1%), solely due to financial factors.

This is confirmed by the considerable improvement in both the **gross operating profit** and the **operating profit**, which have an increase of €57 million (+6%) and €11 million (+3.3%), respectively.

The effects of the changes in legislation in 2015 had a less significant impact on the results for the period compared to the first six months of 2015. A key factor mitigating the adverse impact of the earlier reduction in the freight service contract was the legislative measure of 22 January 2016 (the Eco bonus), which provides additional support to freight transport by reducing the toll by €2.5/train-km, and thereby re-establishing a sustainable framework for the sector.

Revenue increased by €57 million as a result of the rise in revenue from sales and services (+€41 million) and other income (€+16 million).

The increase in **revenue from sales and services** is due to rise in the revenue from transport services (+€22 million), revenue from infrastructure services (+€9 million) and other revenue from services (+€10 million).

With respect to the main factors behind the increase in **revenue from transport services**, a positive contribution came from the increase in short haul passenger transport services (€51 million), split between regional rail transport (+€22 million), road transport (+€14 million) and foreign transport provided by the Netinera group (+€15 million). Conversely, the long haul rail segment recorded a €34 million reduction in its revenue earned in Italy and abroad, compared to the corresponding period of 2015, as described in more detail in the section on the Transport segment.

The rise in **revenue from infrastructure services** (+€9 million) is almost entirely a result of the increase in toll revenue (+€10 million), thanks to the upturn in production volumes.

With respect to **other service revenue** (+€10 million), revenue from contract work in progress, carried out by Italferr S.p.A., increased by more than €13 million, decreased by the other smaller captions (-€3 million).

The €16 million increase in **other income** is mainly a consequence of the rise in the revenue from the ancillary electrical services provided to the railway infrastructure (€14 million), as per the contract for the sale of the electricity transmission grid to Terna S.p.A. at the end of 2015.

Operating costs amount to €3,245 million, in line with the corresponding period of 2015. They may be analysed as follows:

- the rise in net personnel expense (€18 million) is mainly due to the combined effect of the increase in remuneration costs (€20 million) offset by the recording of social security contribution tax benefits for 2014, which had a positive effect of €10 million; the caption also includes the larger accruals of €8 million;
- the €18 million decrease in other net costs is the result of the following variations: a reduction in costs due to the aforesaid Eco bonus and compensation of the additional costs to use railway infrastructure to transport goods to or from southern Italy (-€18 million), smaller costs for RFI S.p.A. incurred for maintenance and repairs and to streamline warehouse procedures (-€26 million) plus the greater capitalisations (-€8 million), all of which are offset by the normal increase in costs at group level due to the higher turnover volumes (+€34 million).

Gross operating profit increased by €57 million or 6% to €1,005 million as a result of the variations in revenue and operating costs described above.

Operating profit amounts to €344 million. The €11 million increase is due to the factors that have impacted gross operating profit, as reported above, as well as greater amortisation and depreciation of roughly €50 million offset by smaller impairment losses of €4 million.

Net financial expense of €46 million increased by a net €24 million over the corresponding period of 2015. This variation is mainly the result of non-recurring items which affected both income and expense in the first half of 2015. Specifically, the group recorded financial income in that period arising on the derecognition of the financial liability of €75 million related to the investment in Eurofima SA, only partly offset by the smaller borrowing costs and exchange rate losses of approximately €30 million.

Income taxes amount to €12 million, down by €7 million (-36.8%).

Reclassified statement of financial position

millions of Euros

| | 30.06.2016 | 31.12.2015 | Change |
|---------------------------------------|---------------|---------------|-------------|
| ASSETS | | | |
| Net operating working capital | 1,180 | 929 | 251 |
| Other assets, net | (698) | (581) | (117) |
| Working capital | 482 | 348 | 134 |
| Net non-current assets | 47,370 | 47,357 | 13 |
| Other provisions | (3,083) | (3,010) | (73) |
| Net assets held for sale | 90 | | 90 |
| NET INVESTED CAPITAL | 44,859 | 44,695 | 164 |
| COVERAGE | | | |
| Net current financial (position) debt | 813 | 884 | (71) |
| Net non-current financial debt | 5,889 | 5,858 | 31 |
| Net financial debt | 6,702 | 6,742 | (40) |
| Equity | 38,157 | 37,953 | 204 |
| COVERAGE | 44,859 | 44,695 | 164 |

Net invested capital of €44,859 million rose by €164 million in the period due to the increase in **working capital** (+€134 million), **net non-current assets** (+€13 million) and **net assets held for sale** (+€90 million) offset by the increase in **other provisions** (-€73 million).

Net operating working capital amounts to €1,180 million, up by €251 million as a result of:

- smaller receivables arising from the service contract with the Ministry of the Economy and Finance (also "MEF") (-€84 million) and the service contract with the Regions (-€167 million) due to variations in the procedure for collecting considerations during the period;
- smaller trade receivables (-€107 million), mainly due to the final settlement of the amounts due for services rendered in previous years to the Campania region waste emergency government commissioner to manage the USW emergency in the region (€100 million). During the period, the deed settling the receivable was agreed with the technical administrative unit and the Office of the Prime Minister;
- greater inventories (+€133 million) mainly due to the increase in raw materials, consumables and supplies following the increase in purchases and related consumption of materials for infrastructure and production by the Officine Nazionali Armamento e Apparecchiature Elettriche (national armaments and electrical device workshops) in Pontassieve, Bologna and Bari, offset by the decrease in rolling stock parts. The latter decrease is the result of the implementation of improvement solutions and the introduction of new materials management procedures. The change in this caption was also due to the decrease in receivables arising from construction contracts and the increase in trading land and buildings included in the group's real estate properties to be sold;
- smaller trade payables (€476 million), principally attributable to the faster settlement times.

Other assets, net decreased by €117 million, mainly as a result of the combination of the following factors:

- larger receivables from the Ministry of the Economy and Finance, the Ministry of Infrastructures and Transport ("MIT") and other bodies (+€559 million), offset by larger payables for advances on grants related to assets (-€571 million).

million), particularly infrastructural investments to complete HS/HC lines, works to improve the railway network and the design of the Turin-Lyon tunnel;

- the net decrease in other payables (+€118 million) and other receivables (-€13 million). The decrease is mostly due to the elimination of the payable tied to the settlement of the receivable for the services rendered to the Campania waste emergency government commissioner;
- the decrease in the VAT assets (-€202 million), mainly due to the combined effect of the VAT reimbursement by the tax authorities in 2012 and 2013 and the VAT paid in the period;
- the decrease in deferred tax assets (-€8 million).

Net non-current assets increased by €13 million as a result of greater investments for the period (€2,198 million), partly offset by the grants related to assets recognised on an accruals basis (€1,276 million) and advances recouped during the period (-€61 million), amortisation and depreciation of the period (€648 million) and other sales and reclassifications (-€3 million). The increase was also impacted by the reclassification of the business unit, which will become Grandi Stazioni Retail, to assets held for sale (-€197 million).

Other provisions increased by €73 million as a consequence of the contrasting effects of the increase in the provisions for risks and post-employment benefits (+€14 million and +€70 million, respectively), offset by the decrease in deferred tax liabilities (-€11 million). The latter decrease is mainly due to the release of deferred IRES tax liabilities recognised in previous years on default interest generated on the receivable for services rendered to the Campania waste emergency government commissioner, settled in the period, as described earlier.

Net assets held for sale of €90 million include the assets and liabilities to be transferred to Grandi Stazioni Retail S.p.A., pursuant to IFRS 5. This company was set up after the partial non-proportionate, asymmetrical demerger of Grandi Stazioni S.p.A. into Grandi Stazioni Immobiliare S.p.A. and Grandi Stazioni Retail S.p.A., which took place on 1 July 2016. The caption also includes Grandi Stazioni Ceska Republika's assets and liabilities.

Net financial debt of €6,702 million improved by €40 million on 31 December 2015, mainly due to the following:

- the reduction in the cash pooling balance (-€115 million), which comprises the payments made by the Ministry of the Economy and Finance during the period in relation to the Government Programme Contract and the European Commission's payments for other contributions to meet the group's operating requirements, essentially relating to RFI S.p.A.;
- the decrease in the financial receivable from the Ministry of the Economy and Finance (-€204 million) following the net reduction due to the collection of the annual portion of the grants related to the 2007 and the 2006 Finance Acts;
- the decrease in loans and borrowings from other financial backers (-€281 million), mainly due to repayment of loans obtained from Cassa Depositi e Prestiti for railway infrastructure (traditional network and HS) during the period; repayment was guaranteed by the grants to be received from the state in the period from 2007 to 2021;
- the decrease in other financial liabilities (-€96 million), related to the factoring business;
- the reduction in bonds (-€222 million) following reimbursement of the four issues placed by Eurofima SA offset by issue of the third instalment of €300 million of the bonds as part of the Euro Medium Term Notes Programme;
- the increase in bank loans and borrowings (+€776 million) mainly due to the new short-term syndicated loans taken out to purchase new rolling stock for regional transport in the Lazio, Tuscany, Veneto, Piedmont and Liguria regions;
- the increase in other financial assets (-€536 million), mainly as a result of the rise in cash and cash equivalents due to the greater use of the credit facilities obtained to purchase new rolling stock, collection of the above-mentioned third

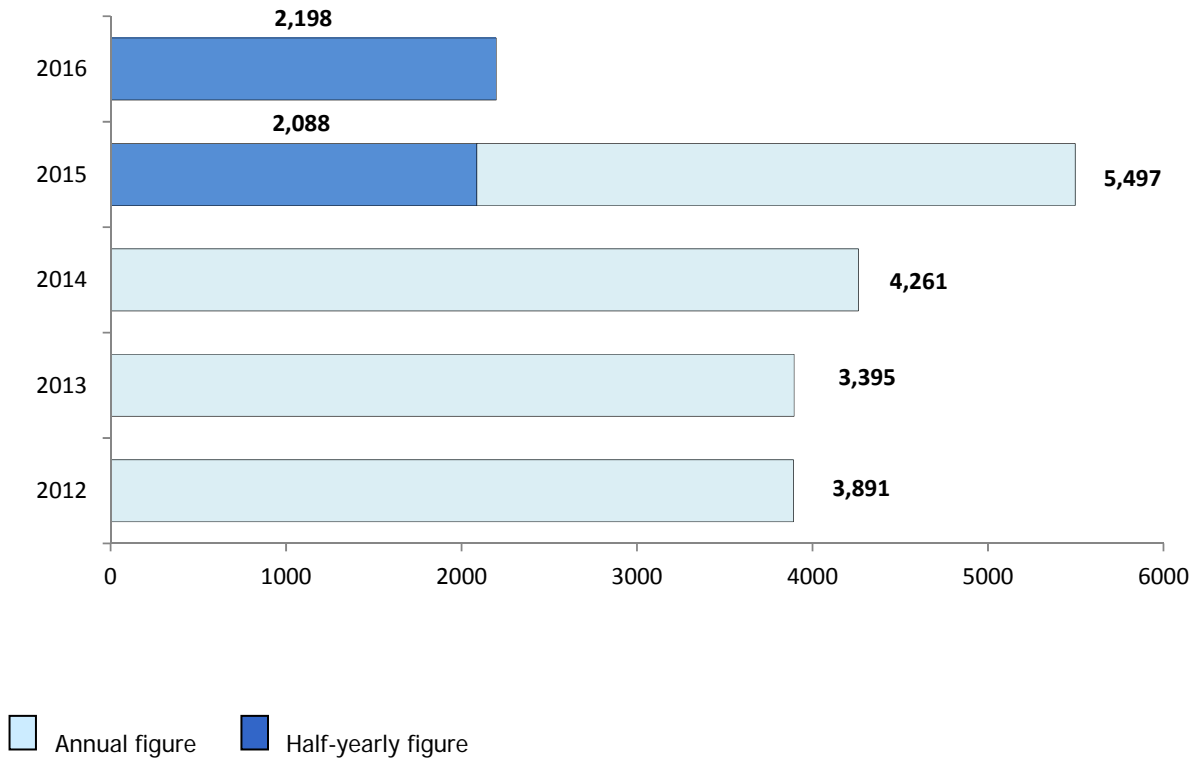
instalment of the listed bonds and reimbursement of VAT assets. The caption is offset by repayment of the principal of the loans from Eurofima and Cassa Depositi e Prestiti.

Equity rose from €37,953 million to €38,157 million, up by €204 million as a result of the following:

- the increase in the profit for the period (+€286 million);
- the decrease in the fair value reserve for derivatives and the actuarial reserve (€79 million);
- the decrease in liabilities for derivatives (-€3 million).

Investments

The Group made investments of €2,198 million during the period (including for cyclical maintenance of rolling stock and the recovery of advances), up 5% on the corresponding period of 2015. "Technical" investments amounted to €1,928 million, substantially in line with the first half of the previous year.



Approximately 68% of the period's investments targeted the infrastructure segment, with projects carried out by RFI S.p.A. totalling €1,281 million, including €1,224 million for the traditional network and €57 million for the HS/HC network between Turin, Milan and Naples. Investments may be broken down as follows:

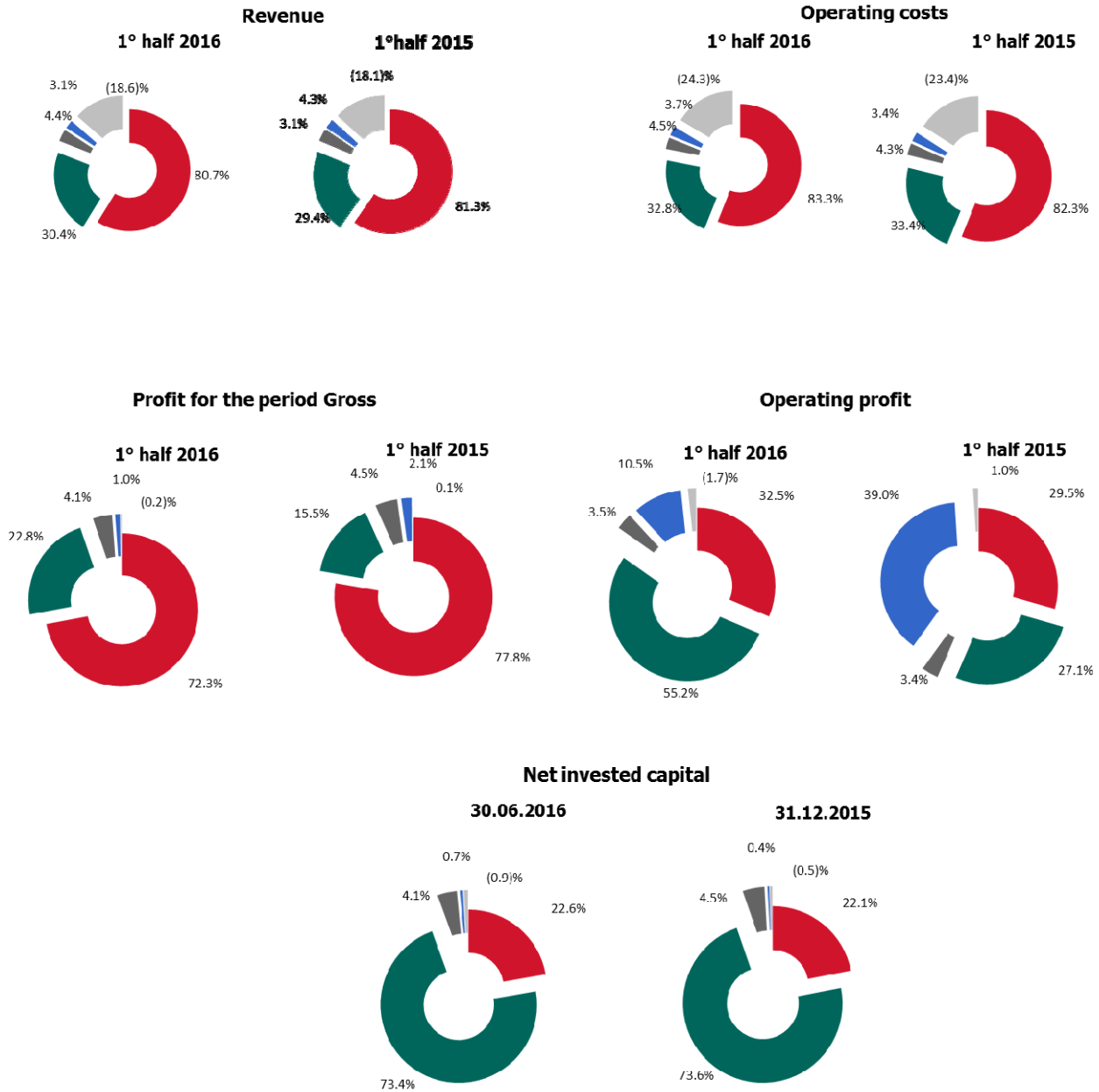
- maintaining the efficiency of infrastructure and projects carried out around Italy, accounting for 54%;
- construction of works for large infrastructural development projects, making up 46% and including the strengthening of corridors and metropolitan areas.

Approximately €84 million (roughly 6.6%) of all investments made by RFI S.p.A. went to cutting-edge technologies.

About 30% of investments went to the transport segment for projects devoted to the transport of passengers by rail and road, both in Italy and abroad, and to the transport of freight. In particular, Trenitalia S.p.A. invested €501 million, Netinera Deutschland GmbH €44 million and the Busitalia group companies, which operate in road transport in Italy, €12 million. The real estate segment accounts for approximately 2% of the group's investments, which mainly related to Grandi Stazioni S.p.A. and Centostazioni S.p.A. to relaunch and redevelop the main railway stations, in their new design concept as major service hubs for the cities.

Operating segments

The financial highlights of the group's operating segments (Transport, Infrastructure, Real Estate Services and Other Services) for the first half of 2016 and 2015 are shown below. The following pages comment on each segment's performance.



■ Transport
 ■ Infrastructure
 ■ Real Estate Services
 ■ Other Services
 ■ Adjustments and eliminations

Transport

FS Italiane group companies operating in the transport of passengers and/or freight by rail, road or sea are part of the Transport segment - the group's primary segment.

More specifically, Trenitalia S.p.A. mainly operates by rail, handling services for passenger and freight transport both domestically and internationally. The German group, Netinera Deutschland, also contributes to the results of this segment, as it carries out transport activities by rail and road on the local and metropolitan transport market in Germany, through approximately 40 investees. In addition to Trenitalia's freight business unit, the companies that mainly handle rail freight transport are FS Logistica S.p.A. and its investees (in Italy and abroad) and the TX Logistik group (mainly operating in Germany, Austria, Switzerland and Denmark). The Transport segment also includes road passenger transport, which is handled by Busitalia-Sita Nord S.r.l. and its investees.

| | millions of Euros | | | |
|--|----------------------|--------------------|---------------|----------------|
| | First half 2016 | First half 2015 | Change | |
| Revenue | 3,428 | 3,411 | 17 | 0.5% |
| Operating costs | (2,701) | (2,673) | (28) | (1.0)% |
| Gross operating profit | 727 | 738 | (11) | (1.5)% |
| Operating profit | 146 | 197 | (51) | (25.9)% |
| Segment profit (attributable to the owners of the parent and non-controlling interests) | 93 | 87 | 6 | 6.9% |
| | 30.06.2016 | 31.12.2015 | Change | |
| Net invested capital | 10,151 | 9,898 | 253 | 2.6% |

The Transport segment shows a profit for the period of €93 million, up by €6 million on the corresponding period of 2015 (+6.9%).

Revenue generated in the Transport segment amounts to €3,428 million, up by €17 million on the first half of 2015, solely due to the rise in revenue from transport services.

millions of Euros

| | First half 2016 | First half 2015 | Change | |
|---------------------------------|--------------------|--------------------|-----------|-------------|
| Revenue from transport services | 3,183 | 3,163 | 20 | 0.6% |
| Other revenue and income | 245 | 248 | (3) | (1.2)% |
| Revenue | 3,428 | 3,411 | 17 | 0.5% |

The increase in revenue from transport services is the net result of the varying performances recorded by the individual group companies active in this segment. Specifically revenue increased for:

- the regional short haul passenger services (+€22 million on the corresponding period of 2015) due to the higher traffic revenue (mainly as a result of tariff rises) and higher fees paid by Lazio Region for the Jubilee;
- the road short haul passenger services (+€14 million on the corresponding period of 2015), which have benefitted from the contribution by APS Holding S.p.A. into Busitalia Veneto S.p.A.;
- the Netinera group (+€15 million on the corresponding period of 2015), principally attributable to work performed on the new routes acquired at the end of 2015 (Enno and ODEG); only slightly offset by smaller revenues from:
- the long haul passenger transport service (-€22 million on the corresponding period of 2015), due to the market-driven contraction in the average yield (average unit revenue -2.5% on the first half of 2015);
- the universal long haul passenger transport service (-€12 million on the corresponding period of 2015), caused by the reduction in demand (passenger-km -7.8% on the first half of 2015), especially for the Night segment, offset by a rise in the average yield (average unit revenue +3.3% on the first half of 2015) due to a different service mix.

The gross operating profit of the Transport segment came to €727 million in the period, down by €11 million on the corresponding period of 2015.

Specifically, the positive contribution of the short haul passenger transport service (rail and road) and the Netinera group companies, active in the passenger transport sector in Germany, is offset by the smaller profits recorded for the long haul passenger segment (market and universal) due to the competitive market.

The **operating profit** amounts to €146 million, down by €51 million (-25.9%) on the previous year. This contraction is a result of the above-mentioned effects as well as greater amortisation and depreciation (€47 million), mainly due to the roll out of new rolling stock, offset by smaller impairment losses (approximately €7 million). The latter balance mainly refers to impairment losses on rolling stock made in the first six months of 2015.

Net financial expense of €39 million decreased significantly by €51 million compared to the first half of the previous year. This improvement is mainly due to two companies:

- FS Logistica S.p.A. (€18 million), related to the income generated by the settlement agreement between it and UTA and the Presidenza del Consiglio dei Ministri covering the receivables for services rendered in previous years to the Campania waste emergency government commissioner for the USW in the region,

- Trenitalia S.p.A. (€25 million) due to smaller expense, including smaller net exchange rate losses recorded in the first half of 2015 (€10 million) and the downturn in interest rates, for the remainder.

Income taxes for this segment amount to €14 million, down by €6 million.

Loans and borrowings

- **Interest rate risk hedges**

In March 2016, four interest rate caps were agreed to hedge interest rate risk. They have a notional amount of €300 million, will become effective in the second half of 2016 until the end of 2018 and set a cap rate on the 6M Euribor (interest rate for the underlying financing) of 0.00% against payment of a 10 bp premium per year.

- **€300 million loan agreement**

On 10 November 2015, FS Italiane S.p.A. entered into a four-year loan agreement for an amount of €300 million with the joint venture made up of BNL Gruppo, BNP Paribas, as the agent, UBI Banca and Banca Carige as the principals.

Subsequently, on 28 April 2016, Trenitalia S.p.A. signed an intercompany financing agreement with FS Italiane S.p.A. for the same amount and with basically the same characteristics and conditions in terms of the parties' commitments and obligations.

The financing will be used to purchase rolling stock for medium and long haul regional transport services.

Infrastructure

The main group company operating in the *Infrastructure* segment is Rete Ferroviaria Italiana S.p.A. ("RFI") which, as the national railway network operator, maintains, develops and uses it and the related safety systems, in addition to managing research and development in the field of railway transport and ensuring connections to Italy's largest islands by sea. Moreover, RFI S.p.A. manages real estate assets that are not functional to railway operations as owner.

To a lesser extent, Italferr S.p.A., the group's engineering company, also contributes to the results of this segment, along with other group companies that handle infrastructure, such as Brenner Basis Tunnel ("BBT"), Tunnel Ferroviario del Brennero ("TFB") and Tunnel Euralpin Lyon Turin ("TELT"). The core business of all these companies is the construction of tunnels between Italy and Austria and Italy and France.

millions of Euros

| | First half 2016 | First half 2015 | Change | |
|--|--------------------|--------------------|-----------|--------------|
| Revenue | 1,295 | 1,231 | 64 | 5.2% |
| Operating costs | (1,066) | (1,084) | 18 | 1.7% |
| Gross operating profit | 229 | 147 | 82 | 55.8% |
| Operating profit | 176 | 99 | 77 | 77.8% |
| Segment profit (attributable to the owners of the parent and non-controlling interests) | 158 | 80 | 78 | 97.5% |

| | 30/06/2016 | 31/12/2015 | Change | |
|-----------------------------|---------------|---------------|-----------|-------------|
| Net invested capital | 32,959 | 32,880 | 79 | 0.2% |

The Infrastructure segment shows a profit for the period of €158 million, up by €78 million (+97.5%) on the corresponding period of 2015.

Revenue amounts to €1,295 million showing a €64 million increase on the first half of the previous year (+5.2%).

millions of Euros

| | First half 2016 | First half 2015 | Change | |
|---|--------------------|--------------------|-----------|-------------|
| Infrastructure services | 1,113 | 1,074 | 39 | 3.6% |
| <i>Government Programme Contract - services</i> | 488 | 488 | 0 | 0.0% |
| <i>Tolls</i> | 529 | 500 | 29 | 5.8% |
| <i>Sale of electrical energy for traction</i> | 87 | 77 | 10 | 13.0% |
| <i>Ferrying services</i> | 9 | 9 | 0 | 0.0% |
| Other revenue and income | 182 | 157 | 25 | 15.9% |
| Revenue | 1,295 | 1,231 | 64 | 5.2% |

The increase is due to:

- the €39 million rise in revenue from infrastructure services, related to RFI S.p.A. for tolls (€29 million) and the longer routes requested by railway companies (trains-km travelled +3.5%) and the sale of electrical energy (€10 million) pursuant to Law no. 116/2014 which led to the reorganisation of the electricity tariff system of Ferrovie dello Stato Italiane

S.p.A.. Despite the rise in revenue, this law led to the partial transfer of costs incurred by RFI S.p.A. to supply electrical energy for traction to railway companies;

- higher other revenue and income, due to the development of Italferr's international business (engineering services +€13 million on the first half of 2015) and net revenue (+€14 million on the first half of 2015) generated on the contracts with Rete S.r.l. agreed for the sale of the electricity grid to Terna S.p.A..

Gross operating profit of the Infrastructure segment came to €229 million in the period, up by €82 million on the corresponding period of 2015.

The positive effect of the increase in revenue is flanked by a reduction in costs, due to the decrease of €4 million in personnel expense and, for the remainder, smaller costs incurred for maintenance by RFI S.p.A. (capitalisations, materials, maintenance).

Operating profit came to €176 million for the period affected by:

- amortisation and depreciation of €51 million, up €6 million on the corresponding period of 2015, mainly due to the change in the HS/HC network rate, tied to the rise in volumes of trains-km forecast for 2016;
- impairment losses of €2 million, down €1 million on the first half of the previous year due to the smaller accruals for impairment losses on receivables.

Net financial income of €18 million did not change significantly compared to the corresponding period of 2015.

Real Estate Services

The main companies operating in the Real Estate Services segment are those that manage the main railway stations (Grandi Stazioni group and Centostazioni). In addition, this segment also includes the companies that develop real estate assets that are not functional to railway operations.

Furthermore, the parent FS S.p.A.'s real estate activities also contribute to the results of this segment, as it provides support/consultancy services to the group companies and handles the sale of the FS group's land and buildings held for trading.

Finally, this segment includes companies like Metropark S.p.A. which studies, designs and builds car parks and operates the car parks and depots for all types of private and public means of transport.

millions of Euros

| | First half 2016 | First half 2015 | Change | |
|--|--------------------|--------------------|------------|----------------|
| Revenue | 187 | 182 | 5 | 2.7% |
| Operating costs | (145) | (139) | (6) | (4.3)% |
| Gross operating profit | 42 | 43 | (1) | (2.3)% |
| Operating profit | 21 | 26 | (5) | (19.2)% |
| Segment profit (attributable to the owners of the parent and non-controlling interests) | 10 | 12 | (2) | (16.7)% |

| | 30/06/2016 | 31/12/2015 | Change | |
|-----------------------------|--------------|--------------|------------|---------------|
| Net invested capital | 1,991 | 2,000 | (9) | (0.5)% |

The Real Estate Services segment shows a profit for the period of €10 million, down €2 million on the same period of 2015.

Revenue amounts to €187 million, up by €5 million on the corresponding period of 2015. This increase is mainly due to the higher revenue from leases and condominium expenses related to Grandi Stazioni S.p.A. following the opening of new areas with retail arcades and points of sale to the public mainly in the last quarter of 2015. Accordingly, the full effects of these new openings have been seen in the period and were only slightly countered by the lower real estate sales of the six months.

The segment's **gross operating profit** amounts to €42 million, in line with the first half of 2015.

The slight reduction in this figure, due to the smaller gains on the sale of real estate, was offset by savings on other costs (mainly professional services and consultancies).

The greater revenue from the recharge of condominium expenses is accompanied by the related higher costs (maintenance, cleaning, utilities).

Operating profit amounts to €21 million. It is net of amortisation and depreciation of €16 million and impairment losses of €5 million.

Net financial expense amounts to €2 million and is substantially in line with the balance for the corresponding period of 2015.

Other Services

Ferrovie dello Stato Italiane S.p.A. operates in the Other Services segment in its role as the group's holding company, steering and coordinating the operating companies' business policies and strategies. The other companies that operate in this segment are: Ferservizi S.p.A., which manages the activities not directly related to railway operations as outsourcer for the group's main companies, Fercredit S.p.A. principally developing the credit factoring and lease business on the captive market and strives to expand the consumer credit business for Ferrovie dello Stato Italiane S.p.A. employees, and Italcertifer S.p.A. which carries out certification, validation and testing activities on transport and infrastructure systems.

millions of
Euros

| | First half 2016 | First half 2015 | Change | |
|--|--------------------|--------------------|-------------|----------------|
| Revenue | 130 | 129 | 1 | 0.8% |
| Operating costs | (120) | (109) | (11) | (10.1)% |
| Gross operating profit | 10 | 20 | (10) | (50.0)% |
| Operating profit | 4 | 11 | (7) | (63.6)% |
| Segment profit (attributable to the owners of the parent and non-controlling interests) | 29 | 113 | (84) | (74.3)% |

| | 30/06/2016 | 31/12/2015 | Change | |
|-----------------------------|------------|------------|-------------|---------------|
| Net invested capital | 146 | 160 | (14) | (8.8)% |

Other Services showed a profit for the period of €29 million, down by €84 million on the corresponding period of the previous year (-74.3%), mostly due to the recognition of non-recurring financial income in the latter period.

Revenue of €130 million increased by €1 million, entirely related to Ferservizi, as the net effect of higher revenue from fees and other real estate services (following the larger number of services requested by customers) and the decrease in revenue from administrative services, mostly caused by the review of the unit prices of services provided to group companies.

Gross operating profit amounts to €10 million (-€10 million on the corresponding period of 2015); the reduction is due to the aforesaid unit price revision and a rise in the group's holding costs (contributions to Fondazione FS).

Operating profit of €4 million is down by €7 million on the first half of 2015 caused by smaller amortisation and depreciation (-€3 million).

Net financial income decreased from €87 million for the first half of 2015 to €13 million for the period. This reduction is mainly due to the recognition of financial income in the former period on the investment in Eurofima SA, based in Basel, generated by the recalculation of the obligations related to the callable shares following an in-depth analysis of Swiss law, which had an effect of €75 million.

Income taxes amount to a positive €12 million, down by €3 million on the corresponding period of 2015. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent on behalf of the group.

Loans and borrowings

- **EIB bond issue**

On 23 December 2015, the European Investment Bank fully subscribed the bonds issued by FS Italiane S.p.A. as part of the EMTN Programme. They amount to €300 million, bear interest at a floating rate and have a 10-year term. Settlement took place on 12 January 2016.

The rating agencies issued a rating in line with those assigned to FS Italiane S.p.A. and the EMTN Programme (S&P: BBB-; Fitch: BBB+ with stable outlook).

These bonds will finance the purchase of new rolling stock for regional transport in the Lazio, Tuscany, Veneto, Piedmont and Liguria regions, entailing the agreement of an intercompany loan between FS Italiane S.p.A. and Trenitalia S.p.A., using the proceeds from the issue, and substantially reflecting the contractual terms and conditions in terms of restrictions and commitments for the parties.

- **Resolution approving long-term financing**

On 27 May 2016, the parent's board of directors approved the issue of bonds for €1.8 billion as part of the EMTN Programme to be listed on the Dublin stock exchange and offered to institutional investors.

It also approved financing for a maximum of €300 million as an alternative funding source to the bonds, allowing the parent to again benefit indirectly from the TLTRO2 funds, allocated by the ECB to banks to finance European companies.

FS Group will use these funds garnered on the debt capital markets to finance its requirements, prioritising RFI S.p.A.'s investments in HS/HC infrastructure and Trenitalia S.p.A.'s purchase of rolling stock for regional and medium to long haul transport services.

As part of the new bond issues, FS Italiane S.p.A. also plans to issue green bonds to finance those projects that are environmentally friendly and comply with the international "responsible investment" principles set out by for Environment, Social and Governance (ESG) category.

- **Private bond placement**

Following the resolution taken on 27 May 2016, FS Italiane S.p.A. on 30 June 2016 placed bonds worth €350 million with a floating interest rate and a six-year term as part of the EMTN Programme on the Irish Stock Exchange in Dublin as part of a private placement. The transaction will be settled on 18 July 2016.

UniCredit Bank and Monte dei Paschi di Siena Capital Services are the transaction arrangers and the subscribers include Cassa Depositi e Prestiti.

The bond issue maintained the rating assigned by Fitch (BBB+) and S&P's (BBB) to the Group and is part of the €1.8 billion long-term financing approved by FS Italiane S.p.A.'s board of directors on May 27th. The proceeds will be used to finance the purchase of rolling stock for the regional and medium to long haul transport services provided by Trenitalia S.p.A., through the agreement of an intercompany loan between FS Italiane S.p.A. and Trenitalia S.p.A., which will substantially reflect the contractual terms and conditions in terms of the parties' restrictions and commitments.

Ferrovie dello Stato Italiane S.p.A.'s performance

Income statement

| | millions of Euros | | | |
|--------------------------------------|-------------------|-----------------|-------------|----------------|
| | First half 2016 | First half 2015 | Change | % |
| Revenue | 70 | 73 | (3) | (4.1) |
| - Revenue from sales and services | 68 | 69 | (1) | (1.4) |
| - Other revenue | 2 | 4 | (2) | (50.0) |
| Operating costs | (72) | (69) | (3) | (4.3) |
| GROSS OPERATING PROFIT (LOSS) | (2) | 4 | (6) | (150.0) |
| Amortisation and depreciation | (9) | (13) | 4 | (30.8) |
| Reversals of impairment losses | (1) | | (1) | (100.0) |
| Provisions | | | | N/A |
| OPERATING LOSS | (12) | (9) | (3) | 33.3 |
| Net financial income | 132 | 166 | (34) | (20.5) |
| PRE-TAX PROFIT | 120 | 157 | (37) | (23.6) |
| Income taxes | (6) | (6) | | |
| PROFIT FOR THE PERIOD | 114 | 151 | (37) | (24.5) |

The **profit for the period** amounts to €114 million, showing a €37 thousand (-24%) decrease on profit for the corresponding period of 2015. This reduction is mainly due to the non-recurring financial income recorded in the latter period although the parent received greater dividends from its investees in the reporting period.

Gross operating profit decreased by €6 million, from a gross operating profit of €4 million to a gross operating loss of €2 million, the net result of the following factors:

- €3 million decrease in revenue, mainly due to the effect of lower revenue from sales of land and buildings held for trading;
- €3 million increase in operating costs, principally attributable to the higher undeductible VAT expense (+€1.1 million) and larger contributions to Fondazione FS (+€2 million) compared to the corresponding period of 2015.

The parent reports another **operating loss** of €12 million compared to a loss of €9 million for the first half of 2015.

Net financial income decreased by €34 million, mainly due to the combined effect of:

- the above-mentioned recognition of non-recurring financial income of €75 million in the first six months of 2015 following recalculation of the carrying amount of the investment in Eurofima SA, based in Basel, after the in-depth analysis of Swiss company law with respect to the obligations related to the callable shares;
- the larger dividends of €42 million approved for distribution by the group companies using the 2015 profits.

Income taxes are a negative €6 million, unchanged from the corresponding period of 2015.

Reclassified statement of financial position

millions of Euros

| | 30.06.2016 | 31.12.2015 | Change |
|--|---------------|----------------|-------------|
| ASSETS | | | |
| Net operating working capital | 546 | 537 | 9 |
| Other assets, net | 16 | (232) | 248 |
| Working capital | 562 | 305 | 257 |
| Non-current assets | 573 | 583 | (10) |
| Equity investments | 35,062 | 35,062 | |
| Net non-current assets | 35,635 | 35,645 | (10) |
| Post-employment benefits | (12) | (12) | |
| Other provisions | (659) | (644) | (15) |
| Post-employment benefits and other provisions | (671) | (656) | (15) |
| NET INVESTED CAPITAL | 35,526 | 35,294 | 232 |
| COVERAGE | | | |
| Net current financial debt | (965) | (1,084) | 119 |
| Net non-current financial debt | (1) | | (1) |
| Net financial debt | (966) | (1,084) | 118 |
| Equity | 36,492 | 36,378 | 114 |
| COVERAGE | 35,526 | 35,294 | 232 |

Net invested capital of €35,526 million increased by €232 million in the period due to the rise in **working capital** (€257 million), offset by the decrease in **net non-current assets** (€10 million) and the increase in **post-employment benefits and other provisions** (€15 million).

Net operating working capital of €546 million increased by €9 million in the period, mainly due to the net rise in trade receivables and payables.

Other assets, net increased by €248 million being the sum of the net reduction in VAT assets and liabilities (€47 million) and the balance of other current and non-current receivables and payables, which increased by a net €295 million mainly as a result of payment of the liability for grants related to assets by RFI S.p.A. recognised in 2015 after the sale of Self S.r.l. to Terna S.p.A. for €272 million.

Net non-current assets came to €35,635 million, down by €10 million on the corresponding period of 2015, principally due to the reduction in property, plant and equipment following the combined effect of the depreciation expense for the period (€9 million), capitalisations of investment projects for software (€4 million) net of the recognition of grants related to assets as part of the 2007-2013 Network and Mobility National Operating Programme (PON) (€5 million).

The increase in **post-employment benefits and other provisions** (€15 million) mainly reflects the net increase in the tax provision for tax consolidation (€23 million) offset by the decrease in provision for other sundry risks (€7 million).

Net financial debt decreased by €118 million, with net cash rising from €1,084 million at 31 December 2015 to €966 million at the reporting date. This change is mainly due to the increase in the liability for the intercompany current account (€715 million) offset by the increase in cash and cash equivalents (€590 million).

Finally, **equity** shows an €114 million increase, mainly due to the profit for the period.

Interim consolidated financial statements

Consolidated statement of financial position

millions of Euros

| | 30.06.2016 | 31.12.2015 |
|--|---------------|---------------|
| Assets | | |
| Property, plant and equipment | 44,713 | 44,692 |
| Investment property | 1,562 | 1,578 |
| Intangible assets | 703 | 713 |
| Deferred tax assets | 184 | 192 |
| Equity-accounted investments | 321 | 302 |
| Non-current financial assets (including derivatives) | 2,576 | 2,788 |
| Non-current trade receivables | 5 | 94 |
| Other non-current assets | 2,077 | 1,866 |
| Total non-current assets | 52,141 | 52,225 |
| Construction contracts | 34 | 46 |
| Inventories | 2,099 | 1,953 |
| Current trade receivables | 2,507 | 2,777 |
| Current financial assets (including derivatives) | 612 | 607 |
| Cash and cash equivalents | 1,729 | 1,305 |
| Tax assets | 118 | 122 |
| Other current assets | 4,197 | 4,069 |
| Total current assets | 11,296 | 10,878 |
| Assets held for sale and disposal groups | 300 | |
| Total assets | 63,737 | 63,103 |
| Total equity and liabilities | | |
| Share capital | 36,340 | 36,340 |
| Reserves | (96) | (96) |
| Valuation reserves | (612) | (533) |
| Retained earnings | 1,836 | 1,388 |
| Profit for the period | 281 | 448 |
| Equity attributable to the owners of the parent | 37,749 | 37,547 |
| Profit attributable to non-controlling interests | 5 | 16 |
| Share capital and reserves attributable to non-controlling interests | 291 | 273 |
| Total equity attributable to non-controlling interests | 296 | 289 |
| Equity | 38,045 | 37,836 |
| Liabilities | | |
| Non-current loans and borrowings | 8,391 | 8,571 |
| Post-employment benefits and other employee benefits | 1,869 | 1,799 |
| Provisions for risks and charges | 900 | 889 |
| Deferred tax liabilities | 281 | 293 |
| Non-current financial liabilities (including derivatives) | 115 | 112 |
| Non-current trade payables | 1 | 18 |
| Other non-current liabilities | 320 | 344 |
| Total non-current liabilities | 11,877 | 12,026 |
| Current loans and borrowings and current portion of non-current loans and borrowings | 3,025 | 2,572 |
| Current portion of provisions for risks and charges | 33 | 30 |
| Current trade payables | 3,488 | 3,952 |
| Tax liabilities | 6 | 7 |
| Current financial liabilities (including derivatives) | 132 | 244 |
| Other current liabilities | 6,921 | 6,436 |
| Total current liabilities | 13,605 | 13,241 |
| Liabilities held for sale and disposal groups | 210 | |
| Total liabilities | 25,692 | 25,268 |
| Total equity and liabilities | 63,737 | 63,103 |

Consolidated income statement

millions of Euros

| | First half 2016 | First half 2015 |
|---|-----------------|-----------------|
| Revenue | | |
| Revenue from sales and services | 3,932 | 3,891 |
| Other income | 318 | 302 |
| Total revenue | 4,250 | 4,193 |
| Operating costs | | |
| Personnel expense | (1,984) | (1,966) |
| Raw materials, consumables, supplies and goods | (449) | (467) |
| Services | (1,140) | (1,140) |
| Use of third-party assets | (89) | (89) |
| Other operating costs | (87) | (71) |
| Internal work capitalised | 504 | 488 |
| Total operating costs | (3,245) | (3,245) |
| Amortisation and depreciation | (648) | (598) |
| Reversals of impairment losses | (13) | (17) |
| Operating profit | 344 | 333 |
| Financial income and expense | | |
| Financial income | 34 | 93 |
| Financial expense | (86) | (119) |
| Net financial expense | (52) | (26) |
| Share of profits of equity-accounted investees | 6 | 4 |
| Pre-tax profit | 298 | 311 |
| Income taxes | (12) | (19) |
| Profit for the period (attributable to the owners of the parent and non-controlling interests) | 286 | 292 |
| <i>Profit for the period attributable to the owners of the parent</i> | 281 | 289 |
| <i>Profit for the period attributable to non-controlling interests</i> | 5 | 3 |

Consolidated statement of other comprehensive income

millions of Euros

| | First half 2016 | First half 2015 |
|---|-----------------|-----------------|
| Profit for the period (attributable to the owners of the parent and non-controlling interests) | 286 | 292 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss, net of the tax effect: | | |
| Actuarial gains (losses) | (86) | 76 |
| attributable to the owners of the parent | (86) | 76 |
| attributable to non-controlling interests | | |
| Items reclassified to profit or loss | 11 | 12 |
| Items that will or may be reclassified to profit or loss, net of the tax effect: | | |
| Cash flow hedges - effective portion of changes in fair value | (4) | 50 |
| attributable to the owners of the parent | (4) | 49 |
| attributable to non-controlling interests | | 1 |
| Net exchange rate gains | | 1 |
| Total other comprehensive income (expense), net of the tax effect | (79) | 139 |
| Comprehensive income (attributable to the owners of the parent and non-controlling interests) | 207 | 431 |
| <i>Comprehensive income attributable to:</i> | | |
| Owners of the parent | 202 | 427 |
| Non-controlling interests | 5 | 4 |

Consolidated statement of changes in equity

millions of Euros

| Equity | | | | | | | | | | | | | | |
|--|---------------|---------------|-----------------------|----------------|---------------------|-----------------|-------------------|--------------------|----------------|---|-----------------------|---|--|---------------|
| | Reserves | | | | | | | | | Retained earnings (losses carried forward) | Profit for the period | Equity attributable to the owners of the parent | Equity attributable to non-controlling interests | Total equity |
| | Share capital | Legal reserve | Extraordinary reserve | Other reserves | Translation reserve | Hedging reserve | Actuarial reserve | Fair value reserve | Total reserves | | | | | |
| Balance at 1 January 2015 | 38,790 | 25 | 28 | 255 | 3 | (291) | (395) | | (375) | (1,661) | 292 | 37,046 | 272 | 37,318 |
| Capital increase (capital decrease) | (2,450) | (25) | (28) | (255) | | | 2 | | (306) | 2,756 | | | | |
| Dividend distribution | | | | | | | | | | | | | (8) | (8) |
| Allocation of profit for the previous year | | | | | | | | | | 292 | (292) | | | |
| Change in consolidation scope | | | | | | | | | | | | | | |
| Other changes | | | | (40) | | | | | (40) | | | (40) | 5 | (35) |
| Comprehensive income | | | | | 1 | 61 | 76 | | 138 | | 289 | 427 | 4 | 431 |
| of which: | | | | | | | | | | | | | | |
| Profit for the period | | | | | | | | | | | 289 | 289 | 3 | 292 |
| Gains/(losses) recognised directly in equity | | | | | 1 | 61 | 76 | | 138 | | | 138 | 1 | 139 |
| Balance at 30 June 2015 | 36,340 | | | (40) | 4 | (230) | (317) | | (583) | 1,387 | 289 | 37,433 | 273 | 37,706 |
| Balance at 1 January 2016 | 36,340 | | | (100) | 4 | (212) | (321) | | (629) | 1,388 | 448 | 37,547 | 289 | 37,836 |
| Capital increase (capital decrease) | | | | | | | | | | | | | 15 | 15 |
| Dividend distribution | | | | | | | | | | | | | (12) | (12) |
| Allocation of profit for the previous year | | | | | | | | | | 448 | (448) | | | |
| Change in consolidation scope | | | | | | | | | | | | | | |
| Other changes | | | | | | | | | | | | | (1) | (1) |
| Comprehensive income | | | | | | 7 | (86) | | (79) | | 281 | 202 | 5 | 207 |
| of which: | | | | | | | | | | | | | | |
| Profit for the period | | | | | | | | | | | 281 | 281 | 5 | 286 |
| Gains/(losses) recognised directly in equity | | | | | | 7 | (86) | | (79) | | | (79) | | (79) |
| Balance at 30 June 2016 | 36,340 | | | (100) | 4 | (205) | (407) | | (708) | 1,836 | 281 | 37,749 | 296 | 38,045 |

Consolidated statement of cash flows

millions of Euros

| | 30.06.2016 | 30.06.2015 |
|---|----------------|----------------|
| Profit for the period | 286 | 292 |
| Amortisation and depreciation | 648 | 598 |
| Share of losses of equity-accounted investees | (6) | (4) |
| Provisions and impairment losses | 75 | 37 |
| Profits on sales | (14) | (17) |
| Change in inventories | (136) | (62) |
| Change in trade receivables | 336 | (510) |
| Change in trade payables | (454) | (9) |
| Change in current and deferred taxes | 24 | (24) |
| Change in other liabilities | 468 | 181 |
| Change in other assets | (401) | (1,338) |
| Utilisation of the provisions for risks and charges | (47) | (55) |
| Payment of employee benefits | (29) | (42) |
| Net cash flows generated by (used in) operating activities | 750 | (953) |
| Increases in property, plant and equipment | (2,100) | (1,967) |
| Increases in investment property | (1) | |
| Increases in intangible assets | (34) | (56) |
| Increases in equity investments | (65) | (74) |
| Investments, before grants | (2,200) | (2,097) |
| Grants for property, plant and equipment | 1,270 | 1,112 |
| Grants for investment property | | |
| Grants for intangible assets | 5 | |
| Grants for equity investments | 50 | 69 |
| Grants | 1,325 | 1,181 |
| Divestments of property, plant and equipment | 21 | 33 |
| Divestments of investment property | | |
| Divestments of intangible assets | | |
| Divestments of equity investments | 1 | |
| Divestments | 22 | 33 |
| Net cash flows used in investing activities | (853) | (883) |
| Disbursement and repayment of non-current loans | (763) | (265) |
| Disbursement and repayment of current loans | 1,175 | 1,135 |
| Change in financial assets | 207 | 353 |
| Change in financial liabilities | (94) | (82) |
| Changes in equity | 2 | (40) |
| Net cash flows generated by financing activities | 527 | 1,101 |
| Total cash flows | 424 | (735) |
| Opening cash and cash equivalents | 1,305 | 1,308 |
| Closing cash and cash equivalents | 1,729 | 573 |

Interim financial statements of Ferrovie dello Stato Italiane S.p.A.

Statement of financial position

Euros

| | 30.06.2016 | 31.12.2015 |
|--|-----------------------|-----------------------|
| Assets | | |
| Property, plant and equipment | 46,188,619 | 46,631,796 |
| Investment property | 491,300,238 | 495,697,316 |
| Intangible assets | 35,585,230 | 40,751,376 |
| Deferred tax assets | 213,663,074 | 216,513,175 |
| Equity investments | 35,061,749,047 | 35,061,749,047 |
| Non-current financial assets (including derivatives) | 5,149,902,070 | 4,955,020,659 |
| Non-current trade receivables | 5,523,239 | 5,951,878 |
| Other non-current assets | 713,308,173 | 741,695,836 |
| Total non-current assets | 41,717,219,690 | 41,564,011,083 |
| Inventories | 489,998,897 | 489,746,963 |
| Current trade receivables | 137,453,715 | 129,455,018 |
| Current financial assets (including derivatives) | 2,873,535,084 | 2,701,009,924 |
| Cash and cash equivalents | 847,821,492 | 257,675,108 |
| Tax assets | 81,657,839 | 82,388,664 |
| Other current assets | 1,099,582,789 | 1,068,079,921 |
| Total current assets | 5,530,049,816 | 4,728,355,598 |
| Total assets | 47,247,269,506 | 46,292,366,681 |
| Equity | | |
| Share capital | 36,340,432,802 | 36,340,432,802 |
| Reserves | (100,000,000) | (100,000,000) |
| Valuation reserves | (26,813) | 357,416 |
| Retained earnings | 137,379,615 | |
| Profit for the period | 113,888,194 | 137,379,615 |
| Total equity | 36,491,673,798 | 36,378,169,833 |
| Liabilities | | |
| Non-current loans and borrowings | 5,148,789,647 | 4,953,357,794 |
| Post-employment benefits and other employee benefits | 12,044,010 | 11,878,392 |
| Provisions for risks and charges | 139,350,236 | 146,844,806 |
| Deferred tax liabilities | 519,883,553 | 497,569,561 |
| Non-current financial liabilities (including derivatives) | 446,632 | 1,331,993 |
| Other non-current liabilities | 972,383,066 | 958,185,773 |
| Total non-current liabilities | 6,792,897,144 | 6,569,168,319 |
| Current loans and borrowings and current portion of non-current loans and borrowings | 2,126,590,095 | 1,416,336,462 |
| Current trade payables | 87,207,893 | 89,034,700 |
| Tax liabilities | | 4,094,971 |
| Current financial liabilities (including derivatives) | 629,587,453 | 458,263,790 |
| Other current liabilities | 1,119,313,123 | 1,377,298,606 |
| Total current liabilities | 3,962,698,564 | 3,345,028,529 |
| Total liabilities | 10,755,595,708 | 9,914,196,848 |
| Total equity and liabilities | 47,247,269,506 | 46,292,366,681 |

Income statement

| | Euros | |
|--|---------------------|---------------------|
| | First half 2016 | First half 2015 |
| Revenue from sales and services | 67,603,704 | 69,170,285 |
| Other income | 2,256,002 | 3,546,428 |
| Total revenue and income | 69,859,706 | 72,716,713 |
| Personnel expense | (24,334,258) | (23,905,869) |
| Raw materials, consumables, supplies and goods | (2,153,894) | (3,342,827) |
| Services | (25,560,817) | (26,956,827) |
| Use of third-party assets | (1,690,391) | (1,764,523) |
| Other operating costs | (18,606,570) | (12,838,878) |
| Internal work capitalised | 83,180 | 143,209 |
| Total operating costs | (72,262,750) | (68,665,715) |
| Amortisation and depreciation | (9,374,489) | (12,696,304) |
| Reversals of impairment losses | (655,725) | (81,539) |
| Provisions | | |
| Operating loss | (12,433,258) | (8,726,845) |
| Gains on equity investments | 127,331,228 | 85,693,134 |
| Other financial income | 75,345,369 | 153,696,953 |
| Losses on equity investments | (26,791) | |
| Other financial expense | (70,699,526) | (73,591,876) |
| Net financial income | 131,950,280 | 165,798,211 |
| Pre-tax profit | 119,517,022 | 157,071,366 |
| Income taxes | (5,628,828) | (6,188,976) |
| Profit from continuing operations | 113,888,194 | 150,882,390 |
| Profit for the period | 113,888,194 | 150,882,390 |

Statement of comprehensive income

Euros

| | First half 2016 | First half 2015 |
|--|--------------------|--------------------|
| Profit for the period | 113,888,194 | 150,882,390 |
| Items that will not be reclassified to profit or loss: | | |
| Actuarial gains (losses) | (521,162) | 535,374 |
| Tax effect on actuarial gains (losses) | 136,933 | (143,474) |
| Other comprehensive income (expense), net of the tax effect | (384,229) | 391,900 |
| Total comprehensive income | 113,503,965 | 151,274,290 |

Statement of changes in equity

Euros

| Equity | | | | | | | | | |
|--|-----------------------|-------------------|-----------------------|----------------------|--------------------|----------------------|--|---------------------|-----------------------|
| | Share capital | Reserves | | | Valuation reserves | Total reserves | Retained earnings (losses carried forward) | Profit for the year | Total equity |
| | | Other reserves | | | | | | | |
| | | Legal reserve | Extraordinary reserve | Other reserves | | | | | |
| Balance at 1 January 2015 | 38,790,425,485 | 25,106,231 | 27,896,982 | 254,599,169 | (1,869,832) | 305,732,550 | (2,844,937,242) | 89,212,009 | 36,340,432,802 |
| Share capital decrease | (2,449,992,683) | (25,106,231) | (27,896,982) | (254,599,169) | 1,869,832 | (305,732,550) | 2,755,725,233 | | |
| Dividend distribution | | | | | | | | | |
| Allocation of profit for the previous year | | | | | | | 89,212,009 | (89,212,009) | |
| Other changes | | | | (40,000,000) | | (40,000,000) | | | (40,000,000) |
| Comprehensive income of which: | | | | | | | | | |
| Profit for the year | | | | | | | | 150,882,390 | 150,882,390 |
| Gains/(losses) recognised directly in equity | | | | | 391,900 | 391,900 | | | 391,900 |
| Balance at 30 June 2015 | 36,340,432,802 | | | (40,000,000) | 391,900 | (39,608,100) | | 150,882,390 | 36,451,707,092 |
| Balance at 1 January 2016 | 36,340,432,802 | | | (100,000,000) | 357,416 | (99,642,584) | | 137,379,615 | 36,378,169,833 |
| Capital increase | | | | | | (1) | | | |
| Dividend distribution | | | | | | | | | |
| Allocation of profit for the previous year | | | | | | | 137,379,615 | (137,379,615) | |
| Other changes | | | | | | | | | |
| Comprehensive income of which: | | | | | | | | | |
| Profit for the year | | | | | | | | 113,888,194 | 113,888,194 |
| Gains/(losses) recognised directly in equity | | | | | (384,229) | (384,229) | | | (384,229) |
| Balance at 30 June 2016 | 36,340,432,802 | | | (100,000,000) | (26,813) | (100,026,814) | 137,379,615 | 113,888,194 | 36,491,673,798 |

STATEMENT OF CASH FLOWS

| | 30.06.2016 | 30.06.2015 |
|---|----------------------|---------------------|
| | | Euros |
| Profit for the period | 113,888,194 | 150,882,390 |
| Income taxes | 5,628,828 | 6,188,976 |
| Net financial income (expense) | | (79,995,983) |
| Amortisation and depreciation | 9,374,489 | 12,696,304 |
| Provisions and impairment losses | 1,282,543 | 211,685 |
| Profits on sales | | (189,629) |
| Change in inventories | (96,078) | (8,130,191) |
| Change in trade receivables | (7,570,058) | 7,833,688 |
| Change in trade payables | (1,826,807) | (4,067,638) |
| Change in other assets | 117,424,794 | (182,881,652) |
| Change in other liabilities | (364,242,787) | 207,982,900 |
| Utilisation of the provisions for risks and charges | (8,779,547) | (1,320,646) |
| Payment of employee benefits | (438,512) | (948,953) |
| Financial income collected/financial expense paid | | 4,500,768 |
| Change in tax assets/liabilities | 16,308,051 | 26,746,915 |
| Net cash flows generated by (used in) operating activities | (119,046,890) | 139,508,934 |
| Increases in property, plant and equipment | (112,983) | (338,815) |
| Increases in investment property | (39,527) | (57,707) |
| Increases in intangible assets | (4,547,110) | (6,528,562) |
| Increases in equity investments | | (5,489,500) |
| Investments, before grants | (4,699,620) | (12,414,584) |
| Grants for property, plant and equipment | 38,741 | |
| Grants for intangible assets | 5,022,361 | |
| Grants | 5,061,102 | |
| Divestments of property, plant and equipment | 19 | 17,471 |
| Divestments of investment property | 114,556 | |
| Divestments of equity investments | | 335,362 |
| Divestments | 114,575 | 352,833 |
| Net cash flows generated by (used in) investing activities | 476,057 | (12,061,751) |
| Disbursement and repayment of non-current loans | (289,289,032) | (273,922,396) |
| Disbursement and repayment of current loans | 1,194,974,518 | 1,040,252,034 |
| Change in financial assets | (911,089,944) | (762,598,555) |
| Change in financial liabilities | (479,095) | |
| Changes in equity | | (40,000,000) |
| Net cash flows generated by (used in) financing activities | (5,883,553) | (36,268,917) |
| Total cash flows | (124,454,386) | 91,178,266 |
| Opening cash and cash equivalents | 1,046,135,283 | 287,898,056 |
| Closing cash and cash equivalents | 921,680,897 | 379,076,323 |
| of which intercompany current account | 73,859,403 | 227,220,398 |

Segment reporting by business segment

The financial highlights of the group's operating segments for the first six months of 2016 and 2015 are shown below:

| | millions of Euros | | | | | |
|---|-------------------|----------------|----------------------|----------------|--|-------------------------------------|
| First half 2016 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and eliminations of operating segments | Ferrovie dello Stato Italiane group |
| Revenue from third parties | 3,299 | 708 | 104 | 10 | | 4,121 |
| Inter-segment revenue | 129 | 588 | 83 | 120 | (790) | 130 |
| Revenue | 3,428 | 1,295 | 187 | 130 | (790) | 4,250 |
| Personnel expense | (1,153) | (756) | (18) | (69) | 12 | (1,984) |
| Other costs, net | (1,548) | (310) | (127) | (51) | 775 | (1,261) |
| Operating costs | (2,701) | (1,066) | (145) | (120) | 787 | (3,245) |
| Gross operating profit | 727 | 229 | 42 | 10 | (3) | 1,005 |
| Amortisation and depreciation | (575) | (51) | (16) | (6) | | (648) |
| Impairment losses and accruals | (6) | (2) | (5) | | | (13) |
| Operating profit | 146 | 176 | 21 | 4 | (3) | 344 |
| Net financial income (expense) | | | | | | |
| | (39) | (18) | (2) | 13 | | (46) |
| Income taxes | (14) | | (9) | 12 | (1) | (12) |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | 93 | 158 | 10 | 29 | (4) | 286 |

| | millions of Euros | | | | | |
|-----------------------------|-------------------|----------------|----------------------|----------------|--|-------------------------------------|
| 30.06.2016 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and eliminations of operating segments | Ferrovie dello Stato Italiane group |
| Net invested capital | 10,151 | 32,959 | 1,991 | 146 | (389) | 44,859 |

millions of Euros

| First half 2015 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and eliminations of operating segments | Ferrovie dello Stato Italiane group |
|---|----------------|----------------|----------------------|----------------|--|-------------------------------------|
| Revenue from third parties | 3,277 | 671 | 100 | 10 | | 4,058 |
| Inter-segment revenue | 134 | 560 | 82 | 119 | (760) | 135 |
| Revenue | 3,411 | 1,231 | 182 | 129 | (760) | 4,193 |
| Personnel expense | (1,140) | (752) | (17) | (70) | 13 | (1,966) |
| Other costs, net | (1,533) | (332) | (122) | (39) | 747 | (1,279) |
| Operating costs | (2,673) | (1,084) | (139) | (109) | 760 | (3,245) |
| Gross operating profit | 738 | 147 | 43 | 20 | | 948 |
| Amortisation and depreciation | (528) | (45) | (15) | (9) | (1) | (598) |
| Impairment losses and accruals | (13) | (3) | (2) | | 1 | (17) |
| Operating profit | 197 | 99 | 26 | 11 | | 333 |
| Net financial income (expense) | (90) | (17) | (2) | 87 | | (22) |
| Income taxes | (20) | (2) | (12) | 15 | | (19) |
| Segment profit (loss) (attributable to the owners of the parent and non-controlling interests) | 87 | 80 | 12 | 113 | | 292 |

millions of Euros

| 31.12.2015 | Transport | Infrastructure | Real Estate Services | Other Services | Adjustments and eliminations of operating segments | Ferrovie dello Stato Italiane group |
|-----------------------------|--------------|----------------|----------------------|----------------|--|-------------------------------------|
| Net invested capital | 9,898 | 32,880 | 2,000 | 160 | (243) | 44,695 |

"The manager in charge of financial reporting, Roberto Mannozi, states, pursuant to article 154-bis.2 of the Consolidated income tax act, that the accounting figures set out in this document are consistent with the documents, books and accounting records".