



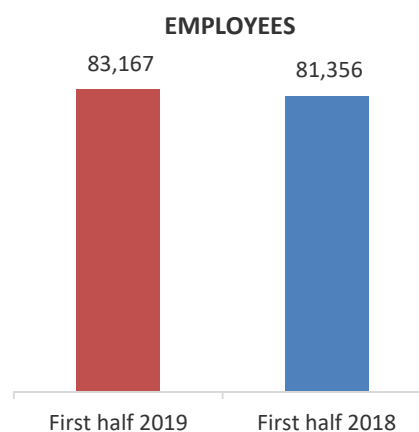
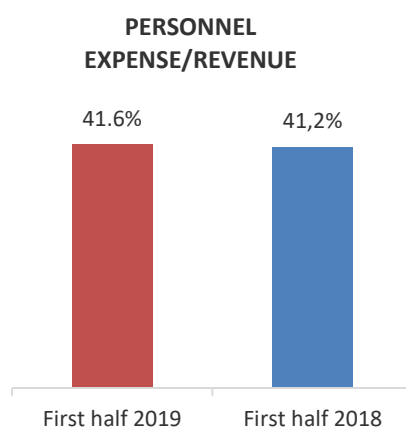
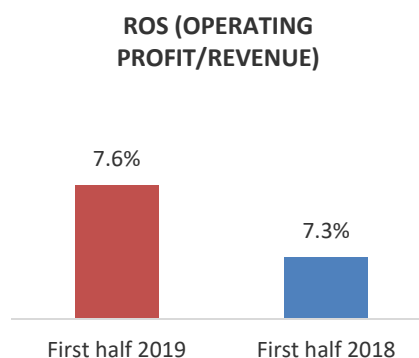
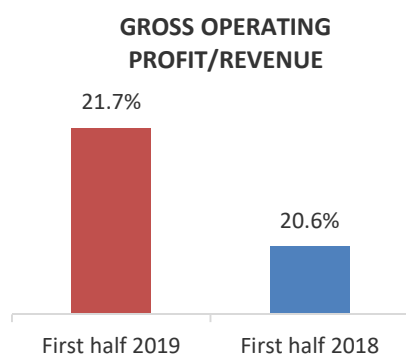
**(Translation from the Italian original which remains the definitive version)**

# **FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.p.A. 2019 INTERIM REPORT HIGHLIGHTS**

# CONTENTS

<b>FS ITALIANE GROUP AND FERROVIE DELLO STATO ITALIANE S.p.A.</b>	
<b>2019 INTERIM REPORT HIGHLIGHTS</b>	<b>1</b>
<b>CONTENTS</b>	<b>2</b>
GROUP HIGHLIGHTS	3
THE GROUP'S FINANCIAL POSITION AND PERFORMANCE	4
INVESTMENTS	10
SEGMENT REPORTING	11
FS ITALIANE S.P.A.'S FINANCIAL POSITION AND PERFORMANCE	20
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF FS ITALIANE GROUP AT 30 JUNE 2019	22
INTERIM SEPARATE FINANCIAL STATEMENTS OF FERROVIE DELLO STATO ITALIANE S.P.A. AT 30 JUNE 2019	28
REPORTING BY OPERATING SEGMENT	34

# GROUP HIGHLIGHTS



millions of Euros

<b>Financial highlights</b>	<b>First half of 2019</b>	<b>First half of 2018</b>	<b>Change</b>	<b>%</b>
Revenue	5,976	5,850	126	2.2
Operating costs	(4,679)	(4,644)	(35)	(0.8)
Gross operating profit	1,297	1,206	91	7.5
Operating profit	454	426	28	6.6
Profit for the period	362	347	15	4.3
Investments of the period	2,180	1,851	329	17.8
Total cash flows	(450)	(176)	(274)	(155.7)
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>Change</b>	<b>%</b>
Net invested capital (NIC)	50,734	48,418	2,316	4.8
Equity (E)	42,085	41,763	322	0.8
Net financial debt (NFD)	8,649	6,655	1,994	30.0
NFD/E	0.21	0.16		

# THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

## Introduction

For the purposes of describing its financial position and performance, the group prepared reclassified financial statements (presented on the next pages) in addition to those required by the IFRS adopted by FS Italiane Group. The reclassified financial statements comprise performance indicators, which management deems useful in monitoring the group's performance and in presenting the financial results of the business.

Furthermore, to enable a better understanding of the comments on the group's performance and changes compared to the corresponding period of the previous year, it should be noted that IFRS 16 - Leases became applicable on 1 January 2019 and significantly changed the accounting treatment of finance leases by introducing a single accounting model. In line with the reference market and its main peers, FS Italiane group elected to adopt the modified retrospective approach upon FTA of the new standard. Accordingly, it was not required to restate the comparative 2018 figures, which continue to be recognised in accordance with the previously applicable standards and interpretations. The gross operating profit and operating profit reflect the different presentation of leases in the two periods, which had a positive effect on operating costs (+€59 million), increased amortisation and depreciation by €60 million and financial expense by €4 million for a total net negative effect of €5 million on the profit for the period.

The next table shows the figures for the first six months of 2019 without applying IFRS 16 in order to show the changes in performance compared to the corresponding period of 2018 on a like-for-like basis:

### Restated income statement

millions of Euros

	First half of 2019	IFRS 16 FTA	Pro forma first half 2019*	First half of 2018	Change	%
<b>REVENUE</b>	<b>5,976</b>	0	<b>5,976</b>	<b>5,850</b>	<b>126</b>	<b>2.2</b>
<b>OPERATING COSTS</b>	<b>(4,679)</b>	(59)	<b>(4,738)</b>	<b>(4,644)</b>	<b>(94)</b>	<b>(2.0)</b>
<b>GROSS OPERATING PROFIT</b>	<b>1,297</b>	(59)	<b>1,238</b>	<b>1,206</b>	<b>32</b>	<b>2.7</b>
Amortisation, depreciation, provisions and impairment losses	<b>(843)</b>	60	<b>(783)</b>	<b>(780)</b>	<b>(3)</b>	<b>(0.4)</b>
<b>OPERATING PROFIT</b>	<b>454</b>	1	<b>455</b>	<b>426</b>	<b>29</b>	<b>6.8</b>
Net financial expense	<b>(75)</b>	4	<b>(71)</b>	<b>(58)</b>	<b>(13)</b>	<b>(22.4)</b>
<b>PRE-TAX PROFIT</b>	<b>379</b>	5	<b>384</b>	<b>368</b>	<b>16</b>	<b>4.3</b>
Income taxes	<b>(17)</b>	0	<b>(17)</b>	<b>(21)</b>	<b>4</b>	<b>19.0</b>
<b>PROFIT FOR THE PERIOD</b>	<b>362</b>	5	<b>367</b>	<b>347</b>	<b>20</b>	<b>5.8</b>

\*Net of the effects of IFRS 16.

The above comparison of the figures on a like-for-like basis confirms the positive performance of the group's core business thanks to growth in revenue and a less than proportionate increase in operating costs. The latter was partly achieved by the saving strategies designed to generate additional value put in place in the second half of 2018.

Once again, the group's business has gained strength as shown by its figures and performance indicators, driven by the strategic decisions taken by management to bolster its core business and expand into other operating and geographical segments. The different macroeconomic and social scenario has also helped, with greater recognition of the importance of the mobility system and its direct effect on the wellbeing and development of a country system.

## Reclassified income statement

In line with the presentation in the condensed consolidated interim financial statements, the following reclassified income statement shows the IFRS 16 FTA effects for the six months while, as mentioned earlier, the comparative figures for the corresponding period of 2018 have not been restated as allowed by the modified retrospective approach adopted by the group.

	millions of Euros			
	<b>First half of 2019</b>	<b>First half of 2018</b>	<b>Change</b>	<b>%</b>
REVENUE	5,976	5,850	126	2.2
OPERATING COSTS	(4,679)	(4,644)	(35)	(0.8)
<b>GROSS OPERATING PROFIT</b>	<b>1,297</b>	<b>1,206</b>	<b>91</b>	<b>7.5</b>
Amortisation, depreciation, provisions and impairment losses	(843)	(780)	(63)	(8.1)
<b>OPERATING PROFIT</b>	<b>454</b>	<b>426</b>	<b>28</b>	<b>6.6</b>
Net financial expense	(75)	(58)	(17)	(29.3)
<b>PRE-TAX PROFIT</b>	<b>379</b>	<b>368</b>	<b>11</b>	<b>3.0</b>
Income taxes	(17)	(21)	4	19.0
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>362</b>	<b>347</b>	<b>15</b>	<b>4.3</b>
Profit (loss) from assets held for sale, net of taxes				
<b>PROFIT FOR THE PERIOD</b>	<b>362</b>	<b>347</b>	<b>15</b>	<b>4.3</b>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	358	335	23	6.9
PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4	12	(8)	(66.7)

The **profit** for the period increased by 4.3% to €362 million compared to €347 million for the corresponding period of the previous year. Confirming the group's business strength, the **gross operating profit** grew by €91 million (+7.5%). Net of the effects of IFRS 16 FTA, it would have increased by €32 million or 2.7%.

**Revenue** was up €126 million (+2.2%), boosted by the growth in revenue from transport services (€100 million), other revenue from contracts with customers (€24 million) and other revenue and income (€52 million). Conversely, revenue from infrastructure services decreased by €50 million compared to the first half of 2018.

Specifically, all the items making up **revenue from transport services** (+€100 million) increased: revenue from long-haul railway passenger transport services grew (+€28.2 million), almost entirely due to the market component, as did revenue from regional railway passenger transport services (+€20 million; +€29 million in Italy and -€9 million abroad). Revenue from road passenger transport services also grew (+€39 million), seconded by the positive performance recorded by the railway freight sector (+€12 million).

In detail, the improved performance of the long-haul business was the result of tailored commercial strategies designed to exploit all possible market opportunities. This included revised more attractive offers and prices that generated an upturn in revenue notwithstanding the small contraction in passenger-km during the six months and the increase in traffic for the main competitor on the Rome - Milan railway sector. Customer satisfaction rates also increased for this business segment, confirming the success of the group's customer centricity policies.

The rise in passenger-km (+1.8%) was mainly responsible for the increase in the regional railway transport service's revenue, assisted by the specific policies implemented by the regional customer care unit (assistance and safety) to extend the controls over short-haul routes. The level of customer satisfaction with the regional service, the central point of the new business plan, also improved. As planned, greater use was made of trains to get to ports and airports as well as tourist locations.

The growth in revenue from road passenger transport services (+€39 million) was driven by Busitalia Group's excellent performance, mostly achieved abroad. Specifically, the Dutch Qbuzz BV contributed a +€36 million increase thanks to the acquisition of new concessions and user catchment basins (approximately €28 million, including €25 million for the local public transport service in the newly served Zuid-Holland province launched on 9 December 2018). The upturn in revenue was also a result of the volume effect, partly due to the fact that no strikes took place during the period.

Finally, the above increase in revenue from the freight and logistics segment (+€12 million) was principally attributable to the expansion of the group's consolidation scope with the entry of Rom Rail Transport S.r.l. (€7 million).

**Revenue from infrastructure services** decreased by €50 million over the corresponding period of 2018. This variation was predominantly due to Anas S.p.A. (-€60 million) as a result of the work being carried out on the road network under concession. On the other hand, RFI S.p.A. increased its core revenue by €8 million thanks to a rise in traffic volumes (train-km) and changes to the rate system regulated by the transport regulatory authority.

**Other revenue from contracts with customers** (+€24 million) mainly benefited from the rise in revenue from the sale of buildings and land held for trading as part of the disposal projects (+€14 million) and revenue from contract work in progress (+€10 million).

**Other revenue and income** increased by €52 million, showing the upturn in revenue from grants as part of the Government Programme Contract (+€20 million, partly due to the provisions of Law nos. 136 and 145 of 2018), mainly received to cover the activities, costs and investments of the group (and primarily RFI S.p.A.) undertaken to better comply with the legal requirements for assistance to passengers with restricted mobility (PRM programme). The €28 million gain on the sale of Centostazioni Retail S.p.A. also contributed to this caption's growth.

**Operating costs** came to €4,679 million for the period, up 0.8% (+€35 million) on the first six months of 2018 due to:

- an increase in net personnel expense (+€76 million; +3.2%), mainly due to the higher numbers and normal remuneration trends;
- a decrease in other costs, net (-€41 million), almost entirely due to the above-mentioned FTA of IFRS 16, which led to a reduction in lease payments of roughly €59 million mainly recognised as depreciation of right-of-use assets. The net decrease was also a result of the growth in other costs as part of the group's normal business and revenue trends.

**Gross operating profit** increased by €91 million, or 7.5%, to €1,297 million as a result of the variations in revenue and operating costs described above while the **operating profit** amounted to €454 million, up roughly €28 million on the €426 million balance for the corresponding period of 2018. The increase in the gross operating profit was almost eliminated by the higher depreciation expense on the right-of-use assets (+€60 million) linked to the effects of IFRS 16 FTA.

**Net financial expense** of €75 million increased by €17 million (29.3%) chiefly due to the higher financial expense (+€18 million, including €4 million for the IFRS 16 FTA effect) and larger accruals for interest calculated on disputes with road works contractors (€11 million).

**Income taxes** amounted to €17 million compared to €21 million for the corresponding period of the previous year.

## Reclassified statement of financial position

	millions of Euros		
	30.06.2019	31.12.2018	Change
<b>ASSETS</b>			
Net operating working capital	678	(324)	1,002
Other assets, net	2,803	2,378	425
<b>Working capital</b>	<b>3,481</b>	<b>2,054</b>	<b>1,427</b>
Net non-current assets	51,858	50,986	872
Other provisions	(4,605)	(4,622)	17
Net assets held for sale			
<b>NET INVESTED CAPITAL</b>	<b>50,734</b>	<b>48,418</b>	<b>2,316</b>
<b>COVERAGE</b>			
Net current financial (position) debt	771	(555)	1,326
Net non-current financial debt	7,878	7,210	668
<b>Net financial debt</b>	<b>8,649</b>	<b>6,655</b>	<b>1,994</b>
<b>Equity</b>	<b>42,085</b>	<b>41,763</b>	<b>322</b>
<b>COVERAGE</b>	<b>50,734</b>	<b>48,418</b>	<b>2,316</b>

**Net invested capital** of €50,734 million rose by €2,316 million in the period due to the increase in **working capital** (+€1,427 million) and **net non-current assets** (+€872 million) offset by the decrease in **other provisions** (+€17 million).

**Net operating working capital** amounted to €678 million, up by €1,002 million on 31 December 2018, mostly as a result of the positive net change in trade receivables and payables (+€651 million), higher inventories (+€248 million) and larger payments on account to suppliers (+€105 million).

**Other assets, net** increased by €425 million, mostly due to the combination of the following factors:

- greater net amounts from the state, the Ministry of Economy and Finance ("MEF"), the Ministry of Infrastructure and Transport ("MIT") and other government authorities (+€836 million) due to i) the normal accruals-based recognition of new grants, net of collections, and the change in advances allocated to the projects that are already in progress (+€870 million), and ii) smaller amounts from the state for disputes (-€34 million), entirely related to Anas S.p.A. whose disputes are regulated by specific regulations and agreements (the "extra costs risk");
- greater other current liabilities (-€302 million); the largest change refers to liabilities with employees;
- the remainder of the change in this caption (-€109 million) reflects variations in tax and social security assets and liabilities, due to their normal offsetting and reimbursements from the tax authorities.

**Net non-current assets** increased by €872 million, mainly as a result of the net rise in operating assets with investments of €3,176 million made during the six months, including the IFRS 16 FTA effect of €609 million, net of amortisation and depreciation of €837 million and grants of €1,483 million. The remaining part of the increase is mostly due to the change in equity investments.



**Net financial debt** of €8,649 million increased by €1,994 million on 31 December 2018, mainly due to the net effect of the following:

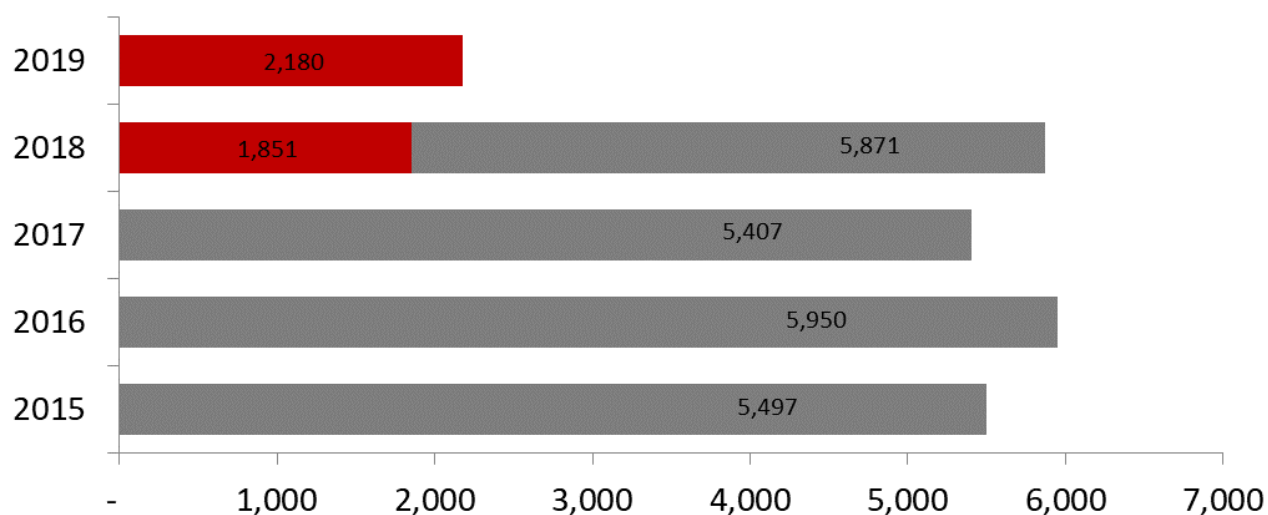
- the recognition of lease liabilities (€614 million) as a result of IFRS 16 FTA and the change in financial liabilities (€29 million);
- the net increase in captions related to development of the railway and road network (€457 million). Specifically: i) amounts due from the MEF for the five-year grants decreased (+€294 million) following collections made during the period; ii) service concession financial assets decreased (+€58 million), attributable to the recognition of new works built under concession net of collections of the period; iii) higher payments on account collected for work to be performed (+€105 million);
- the decrease in the cash pooling balance (+€458 million), which mainly comprises the payments made by the MEF in relation to the Programme Contract for railway infrastructure;
- the increase in bank loans and borrowings (+€489 million) related to the parent's borrowings to cover the group companies' investments and operating requirements.

**Equity** rose from €41,763 million to €42,085 million, up by €322 million as a result of the following:

- a profit for the period of €362 million;
- a dividend payout of €3 million using the 2018 profit;
- the decrease in the fair value reserve for derivatives and the actuarial reserve (total of €44 million);
- the increase in derivative liabilities (+€7 million).

## INVESTMENTS

FS Italiane group's total expenditure for investments in the period came to €2,180 million (€697 million of which self-financed and €1,483 million through state aid).



Projects were carried out during the six months which led to capital expenditure of roughly € 3 billion<sup>1</sup>, including 99% in Italy:

- approximately 70% refers to the Infrastructure operating segment, with Rete Ferroviaria Italiana S.p.A. (RFI) investing €1,538 million, including €1,511 million for the traditional/HC network and €27 million for the HS/HC network between Turin, Milan and Naples, and Anas group investing €496 million;
- around 29% of investments refers to the Transport operating segment for projects focusing on the transport of passengers by road and rail, both in Italy and abroad, and to the transport of freight, with Trenitalia S.p.A. investing €719 million (including routine maintenance), Mercitalia group approximately €107 million, Busitalia group €36 million and the other companies operating abroad investing €21 million (Netinera, Trenitalia c2c Ltd, Thello SAS and TrainOSE SA);
- roughly 1% in the real estate and other services segments, mostly made by FS Sistemi Urbani S.r.l. and the parent for the maintenance and upgrade of the respective property assets and ICT projects.

<sup>1</sup> Capital expenditure, in addition to over €2.1 billion of total investments, it includes Anas S.p.A. and FSE S.r.l. investments recognised pursuant to IFRIC 12 (approximately €0.5 billion) while the remainder is comprised of the investments of special-purposes entities not consolidated on a line-by-line basis (e.g., TELT, BBT, etc.) and progress billings (€0.4 billion).

## SEGMENT REPORTING

FS Italiane Group operates in Italy and abroad in the construction and management of infrastructure, works and services for the transport of passengers and cargo by rail, road and motorway and public road transport. In accordance with its bylaws and organisational model, the group's operations are mainly, although not exclusively, carried out through investees.

The group is organised into four operating segments: Transport, Infrastructure, Real Estate Services and Other Services. Each company has its own corporate characteristics and independently manages operations to achieve its respective business targets while reporting to the parent.

The FS Italiane group companies operating in the transport of passengers and/or freight by rail, road or sea are part of the Transport segment. More specifically, rail operations are mainly run by Trenitalia S.p.A., which provides services for passenger transport in Italy and abroad, managing both regional and national routes, including the pre-eminent high speed service. This segment also includes the German group, Netinera Deutschland, which carries out transport activities by rail and road on the local and urban transport market in Germany through more than 30 investees; TrainOSE SA, which operates in Greece, connecting Athens and Thessaloniki; Trenitalia c2c Ltd, a UK passenger transport company; and FSE S.r.l., which holds the concession for road and rail services in Puglia, Italy.

The group companies that principally operate in freight transport are those in the Mercitalia hub, with domestic and international operations, and TX Logistik group (mainly active in Germany, Austria, Switzerland and Denmark).

The Transport segment also includes road urban and medium/long-haul passenger transport, offered by the group consisting of Busitalia-Sita Nord S.r.l. and its investees. The above-mentioned FSE S.r.l. also provides these services.

The group's main Infrastructure segment companies are RFI S.p.A., whose mission is to serve as the national railway network operator, and Anas S.p.A., which operates national-interest road and motorway networks. As network operator, RFI maintains, uses and develops the network and 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. To a lesser extent, given its smaller size, Italferr S.p.A., the group's engineering company, also contributes to the results of this segment. The other group companies active in the Infrastructure segment on an exclusive or incidental basis are: FSE S.r.l., Brenner Basis Tunnel SE, Tunnel Ferroviario del Brennero S.p.A. (TFB), Tunnel Euralpin Lyon Turin SaS (TELT), Grandi Stazioni Rail S.p.A., Centostazioni Retail S.p.A. and Metropark S.p.A..

The Real Estate Services segment mainly consists of FS Sistemi Urbani S.r.l. which handles management, sales and development services for real estate assets that are not used in the group's operations.





The parent also contributes to this segment, exclusively with respect to its real estate management operations, which include providing the group companies with strategic guidelines on real estate and asset allocation (e.g., mergers, demergers, contributions to SPVs, etc.) and handling the sale of properties and land held for trading in real estate holdings.

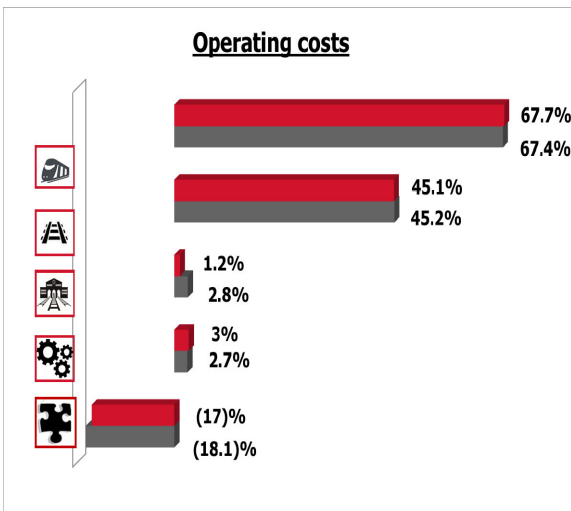
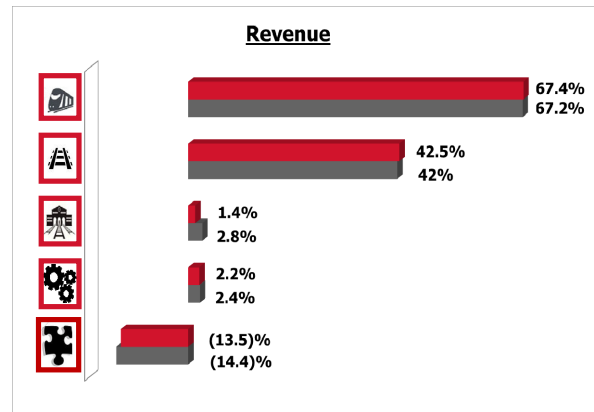
Ferrovie dello Stato Italiane S.p.A. operates in the Other Services segment in its role as the group's holding company and for all the activities not included in the real estate management described above. It steers and coordinates the operating companies' business policies and strategies. The other 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., which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit

business for the group's employees, and Italcertifer S.p.A., which carries out certification, validation and testing activities on transport and infrastructure systems.

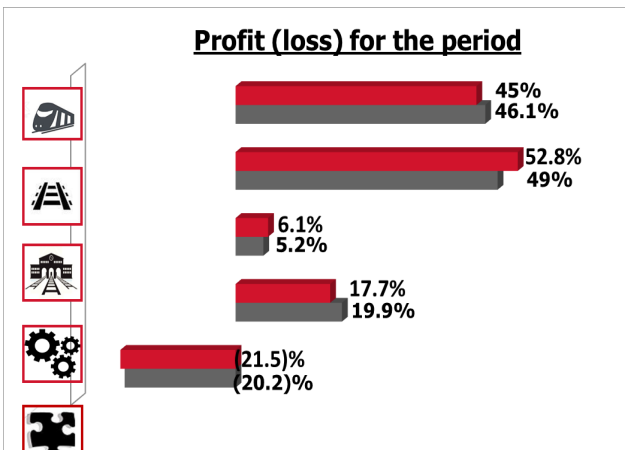
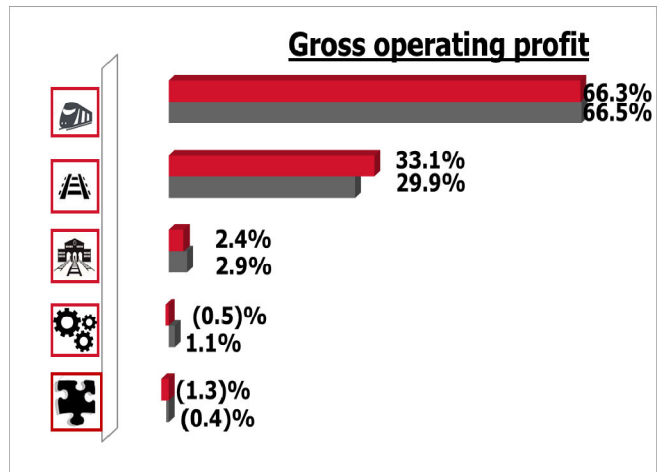
FS Italiane group's performance is analysed below with reference to each of the operating segments that make up its business. The charts below summarise the first half of 2019 and 2018 performance with indication of the percentages of revenue and operating costs, gross operating profit, profit for the period and net invested capital attributable to each segment at 30 June 2019 and 31 December 2018.






■ 2019 ■ 2018

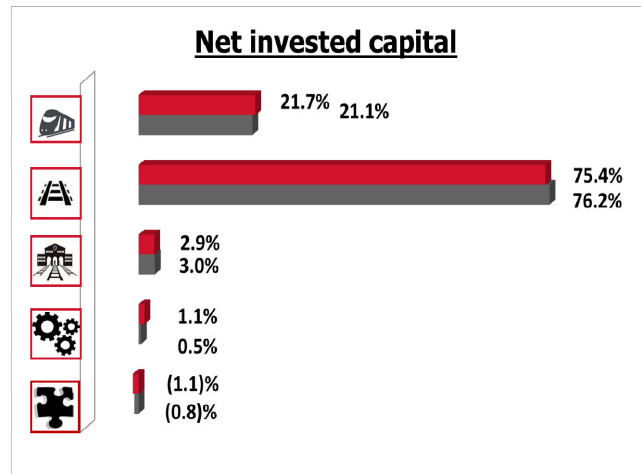
-  Transport
-  Infrastructure
-  Real estate services
-  Other services
-  Adjustments and eliminations



2019 2018



-  Transport
-  Infrastructure
-  Real estate services
-  Other services
-  Adjustments and eliminations



## Transport

millions of Euros

	First half of 2019	First half of 2018	Change	%
Revenue from sales and services	3,933	3,825	108	2.8
Other income	93	107	(14)	(13.1)
<b>Revenue</b>	<b>4,026</b>	<b>3,932</b>	<b>94</b>	<b>2.4</b>
<b>Operating costs</b>	<b>(3,166)</b>	<b>(3,130)</b>	<b>(36)</b>	<b>(1.2)</b>
<b>Gross operating profit</b>	<b>860</b>	<b>802</b>	<b>58</b>	<b>7.2</b>
<b>Operating profit</b>	<b>200</b>	<b>198</b>	<b>2</b>	<b>1.0</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>163</b>	<b>160</b>	<b>3</b>	<b>1.9</b>

	30.06.2019	31.12.2018	Change
<b>Net invested capital</b>	<b>10,993</b>	<b>10,213</b>	<b>780</b>

The Transport segment shows a **profit for the period** of €163 million, up €3 million on the corresponding period of 2018.

Its **revenue** of €4,026 million increased by €94 million, entirely due to the rise in transport services (+approximately €96 million) for both the internal part of the group's business and the contribution of the new concessions awarded to QBuzz in the Netherlands towards the end of 2018.

The upturn in revenue from transport services related to the internal part of the group's business is due to freight transport (higher volumes, especially those recorded by Mercitalia Rail, and the launch of the Business Unit Fast services in October 2018) and the domestic railway passenger transport services. Both long-haul and short-haul services grew in Italy, the former boosted by a sales policy designed to exploit all the opportunities available on the market and to increase customer satisfaction, maintaining a premium level for all its services to ensure its brand's value. The short-haul services saw greater demand, rate hikes and, moreover, the strengthening of specific policies introduced by the regional customer care unit (assistance and safety) to step up controls on short-haul trips.

The Transport segment's **gross operating profit** came to €860 million, up €58 million on the corresponding period of 2018 due to the positive effect of applying IFRS 16 from 1 January 2019 (+€53 million) and a modest increase in business margins. Specifically, the large growth in revenue was partly offset by the higher costs and investments necessary to improve service quality, especially the assistance and safety services on the regional transport network.

The **operating profit** amounted to €200 million, up €2 million on the first six months of 2018. The higher gross operating profit is substantially neutralised by the greater depreciation expense following the application of IFRS 16 (+€54 million).

**Net financial expense** of €53 million increased by €4 million on the corresponding period of 2018, partly due to the application of IFRS 16 for the first time (and the related recognition of lease expense).

The segment's **income taxes** decreased by €5 million compared to the first six months of 2018.

#### **Loans and borrowings - Transport segment**

##### **Intragroup loan - TrainOSE SA**

On 27 March 2019, the parent gave its subsidiary TrainOSE SA an intragroup loan to finance its acquisition of 100% of ROSCO SA and cover the initial outlays to purchase machinery and comply with occupational safety standards. The maximum amount of the loan is €25 million and its repayment date is 29 December 2028.

##### **Intragroup loan - Firenze City Sightseeing S.r.l.**

On 8 April 2019, the parent gave Firenze City Sightseeing S.r.l. an intragroup loan of €255 thousand, repayable on 28 December 2023, to purchase a bus and related on-board equipment. Busitalia Sita-Nord S.r.l. is guarantor for the loan.

##### **Renegotiation of the conditions applied to the borrowings of METRO 5 S.p.A.**

On 29 April 2019, assisted by the parent, METRO 5 S.p.A. completed its renegotiation of the terms applied to roughly €500 million of its borrowings to be repaid in 2035, making a saving of over 40% compared to the previously negotiated amount. The debt renegotiation procedure was commenced in the first half of 2018 when the parent became a shareholder with a 36.7% stake in the investee. The benefits of the renegotiation have been shared between METRO 5 S.p.A. and the Milan municipality. As a result, the municipality saw a decrease in the concession availability charge of over €1 million a year with an overall saving of about €40 million up until the concession's expiry in 2041. Nine major Italian and international banks (BNP Paribas, IMI, Monte dei Paschi di Siena, Société Générale and Unicredit, which acted as the working MLA, along with BBVA, Credit Agricole, Natixis and UBI) had granted nearly 70% of the financing. Cassa Depositi e Prestiti is another lender and the rest of the debt consists of bonds subscribed by institutional investors.

##### **Intragroup loan - Mercitalia Logistics S.p.A.**

On 5 June 2019, the parent gave Mercitalia Logistica S.p.A. an intragroup loan to cover the capital requirements of the subsidiary TX Logistik AG. The maximum amount of the loan is €56 million and it is repayable on 30 June 2024. The transaction is part of the project approved by the directors of both the parent and Mercitalia Logistics S.p.A. to extend the repayment dates of the loans taken out by the Mercitalia group companies to rebalance the ratio of the source and application of funds, also to reflect the useful life of the assets and the loan term.

## Infrastructure

	millions of Euros			
	First half of 2019	First half of 2018	Change	%
Revenue from sales and services	2,373	2,326	47	2.0
Other income	164	132	32	24.2
<b>Revenue</b>	<b>2,537</b>	<b>2,458</b>	<b>79</b>	<b>3.2</b>
<b>Operating costs</b>	<b>(2,108)</b>	<b>(2,097)</b>	<b>(11)</b>	<b>(0.5)</b>
<b>Gross operating profit</b>	<b>429</b>	<b>361</b>	<b>68</b>	<b>18.8</b>
<b>Operating profit</b>	<b>256</b>	<b>202</b>	<b>54</b>	<b>26.7</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>191</b>	<b>170</b>	<b>21</b>	<b>12.4</b>

	30.06.2019	31.12.2018	Change
<b>Net invested capital</b>	<b>38,270</b>	<b>36,884</b>	<b>1,386</b>

The Infrastructure segment showed a profit for the period of €191 million, an increase on the corresponding period of the previous year (+€21 million).

**Revenue** amounted to €2,537 million, a significant increase on the first six months of 2018 (+€79 million, almost all earned within the group). The change is mostly due to:

- a €56 million increase in RFI's revenue, mostly grants under the Programme Contract needed to cover the operating costs of operating the network, its share of the gain on the sale of the investment in Centostazioni Retail S.p.A. and the higher toll and service revenue earned with the railway companies;
- higher revenue from engineering and certification services (€20 million).

The segment's **gross operating profit** increased by €68 million to €429 million, mostly due to the higher profit margins tied to greater revenue.

Its **operating profit** for the period amounted to €256 million (+€54 million on the corresponding period of 2018) and reflected the greater amortisation and depreciation recognised by Anas group.

**Net financial expense** of €39 million increased by €18 million, chiefly due to Anas group's contribution (impairment losses on equity investments).

The segment's **income taxes** amounted to €26 million, up €15 million on the corresponding period of 2018 due to the recognition of the cost incurred by RFI to settle a tax dispute.



## Real Estate Services

	millions of Euros			
	<b>First half of 2019</b>	<b>First half of 2018</b>	<b>Change</b>	<b>%</b>
Revenue from sales and services	86	153	(67)	(43.8)
Other income		13	(13)	(100.0)
<b>Revenue</b>	<b>86</b>	<b>166</b>	<b>(80)</b>	<b>(48.2)</b>
<b>Operating costs</b>	<b>(55)</b>	<b>(131)</b>	<b>76</b>	<b>58.0</b>
<b>Gross operating profit</b>	<b>31</b>	<b>35</b>	<b>(4)</b>	<b>(11.4)</b>
<b>Operating profit</b>	<b>24</b>	<b>25</b>	<b>(1)</b>	<b>(4.0)</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>22</b>	<b>18</b>	<b>4</b>	<b>22.2</b>
	<b>30.06.2019</b>	<b>31.12.2018</b>	<b>Change</b>	
<b>Net invested capital</b>	<b>1,461</b>	<b>1,458</b>	<b>3</b>	

The Real Estate Services segment shows a significant drop in both its revenue and operating costs (-48.2% and -58%, respectively) compared to the corresponding period of 2018. Despite this, it made a **profit for the period** of €22 million, a €4 million improvement on the first six months of 2018.

## Other Services

	millions of Euros			
	First half of 2019	First half of 2018	Change	%
Revenue from sales and services	106	124	(18)	(14.5)
Other income	28	16	12	75.0
<b>Revenue</b>	<b>134</b>	<b>140</b>	<b>(6)</b>	<b>(4.3)</b>
<b>Operating costs</b>	<b>(141)</b>	<b>(127)</b>	<b>(14)</b>	<b>(11.0)</b>
<b>Gross operating profit (loss)</b>	<b>(7)</b>	<b>13</b>	<b>(20)</b>	<b>(153.8)</b>
<b>Operating profit (loss)</b>	<b>(21)</b>	<b>5</b>	<b>(26)</b>	<b>&gt;200</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>64</b>	<b>69</b>	<b>(5)</b>	<b>(7.2)</b>

	30.06.2019	31.12.2018	Change
<b>Net invested capital</b>	<b>551</b>	<b>231</b>	<b>320</b>

This segment made a **profit for the period** of €64 million which is a slight decrease on the profit of €69 million for the corresponding period of 2018.

**Revenue** of €134 million decreased by €6 million, mostly due to Ferservizi S.p.A. following the project to review the fees paid to other group companies.

The **gross operating loss** amounted to €7 million, a reduction of €20 million compared to the gross operating profit for the first six months of 2018, chiefly due to the higher costs incurred for ongoing non-recurring transactions.

The segment's **operating loss** was €21 million, a worsening of €26 million on the corresponding period of 2018 for the same reasons cited above for the gross operating loss as well as the higher amortisation and depreciation expense.

**Net financial income** amounted to €17 million, showing an increase of €5 million on the corresponding period of 2018.

**Income taxes** showed a net positive balance of €68 million, better than the corresponding period of the previous year due to the positive effects of the domestic tax consolidation scheme.

### Loans and borrowings – Other Services segment

#### Resolution authorising new bonds and loans

On 16 April 2019, the parent's board of directors resolved to issue new bonds for a maximum amount of €1.75 billion as part of the EMTN programme listed on the Irish Stock Exchange reserved to institutional investors. The proceeds from the placement and new green bonds will be used to purchase regional and medium to long-haul trains, freight transport locomotives and to complete the HS/HC railway infrastructure.

**Update of the Green Bond Framework**

On 1 July 2019, the parent published its revised Green Bond Framework. The new regional Rock and Pop trains now form part of the Eligible Green Projects like the high speed ETR1000 trains, the electric locomotives and last generation wagons which have undergone technological upgrades for freight transport. The Second Party Opinion, released by the accredited agency Sustainalytics, confirmed the FS Framework is credible and sound and aligned with the Green Bond Principles 2018.

**Green bond placement - EMTN series 10**

On 9 July 2019, the parent placed its second green bond issue of €700 million as part of the EMTN Programme. The bonds have a fixed coupon of 1.125% and a seven-year maturity. The issue is part of the Green Bond Placement. FS Italiane is the first corporate issuer to finance freight rolling stocks through green bonds and the first Italian issuer to obtain the Climate Bonds Initiative (CBI) certification. CBI is an international non-profit organisation that promotes sustainable financing to combat climate change at a global level. Banca IMI, BNP Paribas, CITI, Crédit Agricole CIB and Unicredit acted as joint lead managers and joint bookrunners for the placement, which is part of the above-mentioned programme of €1.75 billion authorised by the parent's board of directors on 16 April 2019 to cover the group's 2019 investments. The proceeds from the bond issue were distributed as two intragroup loans to Trenitalia S.p.A. (roughly 80%) and Mercitalia Rail S.p.A., in line with the resolutions taken by the directors and approved by the parent's green bond working committee.

# FS ITALIANE S.p.A.'S FINANCIAL POSITION AND PERFORMANCE

## Reclassified income statement

	millions of Euros			
	First half 2019	First half 2018	Change	%
<b>Revenue</b>	<b>92</b>	<b>91</b>	<b>1</b>	<b>1</b>
- Revenue from sales and services	79	83	(4)	(5)
- Other revenue	13	8	5	63
<b>Operating costs</b>	<b>(105)</b>	<b>(83)</b>	<b>(22)</b>	<b>27</b>
<b>GROSS OPERATING PROFIT (LOSS)</b>	<b>(13)</b>	<b>8</b>	<b>(21)</b>	<b>&gt;200</b>
Amortisation and depreciation	(14)	(10)	(4)	40
Net impairment gains	(2)		(2)	
<b>OPERATING LOSS</b>	<b>(29)</b>	<b>(2)</b>	<b>(27)</b>	<b>&gt;200</b>
Net financial income	159	150	9	6
<b>PRE-TAX PROFIT</b>	<b>130</b>	<b>148</b>	<b>(18)</b>	<b>(12)</b>
Income taxes	73	58	15	26
<b>PROFIT FOR THE PERIOD</b>	<b>203</b>	<b>206</b>	<b>(3)</b>	<b>(1)</b>

The **profit** for the period amounted to €203 million, down a marginal €3 million on the corresponding period of the previous year mainly due to operating loss (-€27 million), net financial income (+€9 million) and the income tax benefit (+€15 million).

The €21 million reduction in the **gross operating loss** is chiefly attributable to the higher operating costs caused by the greater personnel expense and cost of services (IT and consultancies).

**Net financial income** increased mainly due to:

- the gain on the sale of the investment in Centostazioni Retail S.p.A. (€13 million);
- the net decrease in dividends distributed by group companies (-€7 million), mostly as a result of the smaller dividends paid out by Netinera Deutschland GmbH (-€7 million) and Fercredit S.p.A. (-€6 million), offset by the higher dividends distributed by Italferr S.p.A. (+€5 million) and Eurofima (+€1 million);
- the smaller financial expense (-€6 million) offset by the reduction in financial income (-€4 million).

**Income taxes** improved by €15 million on the corresponding period of the previous year mainly as a consequence of the higher income from the tax consolidation scheme (€8 million) recognised on the tax losses transferred to the group in previous years and used during the period, as it is improbable that they may be used subsequently, and the positive effect of no tax expense for the period (€7 million in the first half of 2018).

## Reclassified statement of financial position

	30.06.2019	31.12.2018	Change
millions of Euros			
<b>ASSETS</b>			
Net operating working capital	420	389	31
Other assets, net	325	77	248
<b>Working capital</b>	<b>745</b>	<b>466</b>	<b>279</b>
Non-current assets	557	549	8
Equity investments	38,072	38,072	
<b>Net non-current assets</b>	<b>38,629</b>	<b>38,621</b>	<b>8</b>
Post-employment benefits	(9)	(9)	
Other provisions	(369)	(419)	50
<b>Post-employment benefits and other provisions</b>	<b>(378)</b>	<b>(428)</b>	<b>50</b>
<b>Net assets held for sale</b>		<b>22</b>	<b>(22)</b>
<b>NET INVESTED CAPITAL</b>	<b>38,996</b>	<b>38,681</b>	<b>315</b>
<b>COVERAGE</b>			
Net current financial position	(510)	(728)	218
Net non-current financial position	(327)	(220)	(107)
<b>Net financial position</b>	<b>(837)</b>	<b>(948)</b>	<b>111</b>
<b>Equity</b>	<b>39,833</b>	<b>39,629</b>	<b>204</b>
<b>COVERAGE</b>	<b>38,996</b>	<b>38,681</b>	<b>315</b>

**Net invested capital** of €38,996 million rose by €315 million during the period, reflecting the increase in **working capital** (+€279 million).

The rise in **working capital** of €745 million over 31 December 2018 is a result of the net increase in trade receivables and payables (+€28 million), the net decrease in VAT liabilities (+€120 million) and the increase in amounts from subsidiaries, mainly for unpaid 2018 dividends (+€131 million).

The parent's **net financial position** decreased by €111 million, with a reduction in net liquidity from €948 million at 31 December 2018 to €837 million at 30 June 2019. This downturn is mostly due to the greater debt contracted to meet the group companies' requirements (€148 million), offset by the inflows from the sale of Centostazioni Retail S.p.A. (€35 million) and dividends (€15 million).

Finally, **equity** showed an €204 million increase, mainly due to the profit for the period.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
OF FS ITALIANE GROUP AT 30 JUNE 2019**

## Statement of financial position

millions of Euros

	30.06.2019	31.12.2018 (*)
<b>Assets</b>		
Property, plant and equipment	45,287	44,371
Investment property	1,411	1,403
Intangible assets	4,193	4,260
Deferred tax assets	426	413
Equity-accounted investments	567	555
Service concession financial assets	1,690	1,917
Financial assets (including derivatives)	1,847	2,155
Trade receivables	7	9
Other assets	4,259	4,471
<b>Total non-current assets</b>	<b>59,687</b>	<b>59,554</b>
Inventories	2,448	2,200
Trade receivables	2,782	2,494
Financial assets (including derivatives)	850	818
Service concession financial assets	1,389	1,220
Cash and cash equivalents	1,346	1,796
Tax assets	118	120
Other assets	6,016	4,317
<b>Total current assets</b>	<b>14,949</b>	<b>12,965</b>
<b>Total assets</b>	<b>74,636</b>	<b>72,519</b>
<b>Total equity and liabilities</b>		
Share capital	39,204	39,204
Reserves	54	50
Valuation reserves	(480)	(436)
Retained earnings	2,428	1,896
Profit for the period/year	358	540
<b>Equity attributable to the owners of the parent</b>	<b>41,564</b>	<b>41,254</b>
Profit attributable to non-controlling interests	4	19
Share capital and reserves attributable to non-controlling interests	445	424
<b>Total equity attributable to non-controlling interests</b>	<b>449</b>	<b>443</b>
<b>Equity</b>	<b>42,013</b>	<b>41,697</b>
<b>Liabilities</b>		
Loans and borrowings	7,609	8,335
Post-employment benefits and other employee benefits	1,420	1,474
Provisions for risks and charges	2,652	2,588
Deferred tax liabilities	499	525
Contract advances	1,100	995
Financial liabilities (including derivatives)	2,378	1,620
Trade payables	56	49
Other liabilities	127	138
<b>Total non-current liabilities</b>	<b>15,841</b>	<b>15,724</b>
Loans and borrowings and current portion of non-current loans and borrowings	3,999	3,069
Current portion of provisions for risks and charges	34	35
Trade payables	5,026	5,398
Tax liabilities	28	19
Contract advances	142	142
Financial liabilities (including derivatives)	217	69
Other liabilities	7,336	6,366
<b>Total current liabilities</b>	<b>16,782</b>	<b>15,098</b>
<b>Total liabilities</b>	<b>32,623</b>	<b>30,822</b>
<b>Total equity and liabilities</b>	<b>74,636</b>	<b>72,519</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## Income statement

millions of Euros

	First half 2019	First half 2018 (*)
<b>Revenue</b>		
Revenue from sales and services	5,742	5,644
Other income	234	206
<b>Total revenue</b>	<b>5,976</b>	<b>5,850</b>
<b>Operating costs</b>		
Personnel expense	(2,486)	(2,410)
Raw materials, consumables, supplies and goods	(640)	(578)
Services	(2,048)	(2,019)
Use of third-party assets	(73)	(129)
Other operating costs	(117)	(88)
Internal work capitalised	685	580
<b>Total operating costs</b>	<b>(4,679)</b>	<b>(4,644)</b>
<b>Amortisation and depreciation</b>	<b>(834)</b>	<b>(776)</b>
<b>Net impairment gains</b>	<b>(9)</b>	<b>(4)</b>
<b>Accruals</b>		
<b>Operating profit</b>	<b>454</b>	<b>426</b>
<b>Financial income and expense</b>		
Financial income	40	41
Financial expense	(131)	(113)
<b>Net financial expense</b>	<b>(91)</b>	<b>(72)</b>
Share of profits of equity-accounted investees	16	14
<b>Pre-tax profit</b>	<b>379</b>	<b>368</b>
Income taxes	(17)	(21)
Profit (loss) from assets held for sale, net of taxes		
Profit (loss) from discontinued operations, net of taxes		
<b>Profit for the period (attributable to the owners of the parent and non-controlling interests)</b>	<b>362</b>	<b>347</b>
<i>Profit for the period attributable to the owners of the parent</i>	358	335
<i>Profit for the period attributable to non-controlling interests</i>	4	12

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.



## Statement of comprehensive income

millions of Euros

	First half of 2019	First half of 2018 (*)
<b>Profit for the period (attributable to the owners of the parent and non-controlling interests)</b>	<b>362</b>	<b>347</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss, net of the tax effect:</b>		
Net actuarial losses	(39)	(12)
attributable to the owners of the parent	(39)	(12)
attributable to non-controlling interests		
Items reclassified to profit or loss	7	8
<b>Items that will or may be reclassified to profit or loss, net of the tax effect:</b>		
Cash flow hedges - effective portion of changes in fair value	(15)	12
attributable to the owners of the parent	(12)	12
attributable to non-controlling interests	(3)	
Net exchange gains (losses)	1	
<b>Other comprehensive income (expense), net of the tax effect</b>	<b>(46)</b>	<b>8</b>
<b>Comprehensive income (attributable to the owners of the parent and non-controlling interests)</b>	<b>316</b>	<b>355</b>
<i>Comprehensive income attributable to:</i>		
Owners of the parent	315	343
Non-controlling interests	1	12

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## Statement of changes in equity

millions of Euros

Equity														
	Reserves									Retained earnings	Profit for the period/year	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					
<b>Balance at 1 January 2018</b>	<b>36,340</b>	<b>39</b>			<b>3</b>	<b>(105)</b>	<b>(362)</b>		<b>(425)</b>	<b>1,886</b>	<b>542</b>	<b>38,343</b>	<b>250</b>	<b>38,593</b>
Capital increase	2,864											2,864	15	2,879
Dividend distribution												(150)	(7)	(157)
Allocation of profit for the previous year		11							11	381	(392)			
Change in consolidation scope							(12)	(1)	(13)	(157)		(170)	169	(1)
Other changes													(1)	(1)
Comprehensive income						20	(12)		8		335	343	12	355
of which:														
Profit for the period											335	335	12	347
Gains/(losses) recognised directly in equity						20	(12)		8			8		8
<b>Balance at 30 June 2018</b>	<b>39,204</b>	<b>50</b>			<b>3</b>	<b>(97)</b>	<b>(375)</b>		<b>(418)</b>	<b>2,109</b>	<b>335</b>	<b>41,230</b>	<b>438</b>	<b>41,668</b>
<b>Balance at 1 January(*)</b>	<b>39,204</b>	<b>50</b>				<b>(86)</b>	<b>(350)</b>		<b>(386)</b>	<b>1,896</b>	<b>540</b>	<b>41,254</b>	<b>443</b>	<b>41,697</b>
Capital increase													8	8
Dividend distribution										(2)		(2)	(1)	(3)
Allocation of profit for the previous year		3							3	537	(540)			
Change in consolidation scope										(1)		(1)	(2)	(3)
Other changes										(2)		(2)		(2)
Comprehensive income					1	(5)	(39)		(43)		358	315	1	316
of which:														
Profit for the period											358	358	4	362
Gains/(losses) recognised directly in equity					1	(5)	(39)		(43)			(43)	(3)	(46)
<b>Balance at 30 June 2019</b>	<b>39,204</b>	<b>53</b>			<b>1</b>	<b>(91)</b>	<b>(389)</b>		<b>(426)</b>	<b>2,428</b>	<b>358</b>	<b>41,564</b>	<b>449</b>	<b>42,013</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## Statement of cash flows

millions of Euros

	First half 2019	First half 2018(*)
<b>Profit for the period</b>	<b>362</b>	<b>347</b>
Amortisation and depreciation	834	776
Share of profits of equity-accounted investees	(16)	(14)
Accruals to provisions and impairment losses	162	51
Profits on sales	(40)	(39)
Change in inventories	(224)	(219)
Change in trade receivables	(279)	202
Change in trade payables	(370)	(808)
Change in current and deferred taxes	(20)	(8)
Change in other liabilities	943	2,256
Change in other assets	(1,485)	(1,342)
Utilisation of the provisions for risks and charges	(86)	(103)
Payment of employee benefits	(105)	(83)
Change in service concession financial assets/liabilities	163	(104)
<b>Net cash flows generated by (used in) operating activities</b>	<b>(162)</b>	<b>913</b>
Increases in property, plant and equipment	(2,442)	(1,722)
Investment property	(2)	(3)
Increases in intangible assets	(108)	(152)
Increases in equity investments	(156)	(141)
<b>Investments, before grants</b>	<b>(2,707)</b>	<b>(2,018)</b>
Grants for property, plant and equipment	1,484	1,161
Grants for investment property		
Grants for intangible assets		1
Grants for equity investments	148	125
<b>Grants</b>	<b>1,633</b>	<b>1,287</b>
Decreases in property, plant and equipment	49	65
Decreases in investment property		
Decreases in intangible assets	2	29
Decreases in equity investments and profit-sharing arrangements	9	11
<b>Decreases</b>	<b>59</b>	<b>105</b>
<b>Net cash flows used in investing activities</b>	<b>(1,015)</b>	<b>(626)</b>
Finance lease payments		(7)
Disbursement and repayment of non-current loans	(147)	(70)
Disbursement of current loans	3,646	1,088
Repayment of current loans	(2,891)	(1,989)
Disbursement and repayment of current loans	755	(901)
Grants relating to assets (for loans)	295	253
Change in financial assets	(14)	17
Change in financial liabilities	(157)	12
Dividends	(3)	(157)
Changes in equity and cash from non-recur. trans.	(2)	390
<b>Net cash flows generated by (used in) financing activities</b>	<b>727</b>	<b>(463)</b>
<b>Total cash flows</b>	<b>(450)</b>	<b>(176)</b>
<b>Opening cash and cash equivalents</b>	<b>1,796</b>	<b>1,834</b>
<b>Closing cash and cash equivalents</b>	<b>1,346</b>	<b>1,658</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

INTERIM SEPARATE FINANCIAL STATEMENTS OF FERROVIE DELLO  
STATO ITALIANE S.p.A. AT 30 JUNE 2019

## Statement of financial position

Euros

	30.06.2019	31.12.2018(*)
<b>Assets</b>		
Property, plant and equipment	49,403,970	47,728,199
Investment property	446,220,423	446,432,934
Intangible assets	61,466,584	55,381,616
Deferred tax assets	186,594,506	190,566,943
Equity investments	38,071,711,831	38,071,710,940
Financial assets (including derivatives)	5,859,415,737	5,996,635,139
Trade receivables	4,111,238	5,797,404
Other assets	33,808,584	33,807,518
<b>Total non-current assets</b>	<b>44,712,732,873</b>	<b>44,848,060,693</b>
Inventories	388,936,920	390,256,375
Trade receivables	167,189,632	104,325,959
Financial assets (including derivatives)	3,161,060,400	2,368,162,896
Cash and cash equivalents	331,764,214	294,260,996
Tax assets	83,620,397	83,929,942
Other assets	765,339,035	653,318,313
<b>Total current assets</b>	<b>4,897,910,598</b>	<b>3,894,254,481</b>
<b>Assets held for sale and disposal groups</b>		<b>22,395,159</b>
<b>Total assets</b>	<b>49,610,643,471</b>	<b>48,764,710,333</b>
Share capital	39,204,173,802	39,204,173,802
Reserves	53,473,021	50,353,142
Valuation reserves	56,314	367,959
Retained earnings	374,612,025	315,334,328
Profit for the period/year	203,055,250	62,397,577
<b>Total equity</b>	<b>39,835,370,412</b>	<b>39,632,626,808</b>
<b>Liabilities</b>		
Loans and borrowings	5,528,737,179	5,771,692,939
Post-employment benefits and other employee benefits	9,334,713	8,867,650
Provisions for risks and charges	157,215,138	159,628,552
Deferred tax liabilities	211,700,521	260,220,508
Financial liabilities (including derivatives)	528,553	1,367,876
Other liabilities	31,238,416	167,317,142
<b>Total non-current liabilities</b>	<b>5,938,754,520</b>	<b>6,369,094,667</b>
Loans and borrowings and current portion of non-current loans and borrowings	2,741,808,961	1,682,393,141
Trade payables	146,858,087	112,540,074
Financial liabilities (including derivatives)	241,482,754	252,473,658
Other liabilities	706,368,737	715,581,985
<b>Total current liabilities</b>	<b>3,836,518,539</b>	<b>2,762,988,858</b>
<b>Total liabilities</b>	<b>9,775,273,059</b>	<b>9,132,083,525</b>
<b>Total equity and liabilities</b>	<b>49,610,643,471</b>	<b>48,764,710,333</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## Income statement

	Euros	
	First half 2019	First half 2018(*)
Revenue from sales and services	78,732,517	82,794,780
Other income	13,604,177	8,268,756
<b>Total revenue</b>	<b>92,336,694</b>	<b>91,063,536</b>
Personnel expense	(32,031,667)	(28,914,926)
Raw materials, consumables, supplies and goods	(2,374,790)	(3,403,106)
Services	(55,854,138)	(38,467,736)
Use of third-party assets	(2,059,076)	(2,450,601)
Other operating costs	(12,972,390)	(10,792,462)
Internal work capitalised	15,068	137,624
<b>Total operating costs</b>	<b>(105,276,993)</b>	<b>(83,891,207)</b>
Amortisation and depreciation	(13,409,205)	(10,066,291)
Net impairment (gains) losses	(2,320,728)	485,854
<b>Operating loss</b>	<b>(28,670,232)</b>	<b>(2,408,108)</b>
Gains on equity investments	134,930,991	141,543,879
Other financial income	91,489,518	82,811,157
Losses on equity investments	(20,133)	(26,536)
Other financial expense	(67,943,996)	(74,045,574)
<b>Net financial income</b>	<b>158,456,380</b>	<b>150,282,926</b>
<b>Pre-tax profit</b>	<b>129,786,148</b>	<b>147,874,818</b>
Income taxes	73,269,102	58,127,308
<b>Profit from continuing operations</b>	<b>203,055,250</b>	<b>206,002,126</b>
<b>Profit for the period</b>	<b>203,055,250</b>	<b>206,002,126</b>

(\*) The group applied IFRS 16 on 1 January 2018. It did not restate the comparative figures given the transition method selected.

## Statement of comprehensive income

	Euros	
	First half 2019	First half 2018(*)
<b>Profit for the period</b>	<b>203,055,250</b>	<b>206,002,126</b>
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial gains (losses)	(401,513)	57,830
Tax effect on actuarial gains (losses)	89,867	(16,058)
<b>Other comprehensive income (expense), net of the tax effect</b>	<b>(311,646)</b>	<b>41,772</b>
<b>Comprehensive income</b>	<b>202,743,604</b>	<b>206,043,898</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## Statement of changes in equity

Euros

Equity									
	Share capital	Reserves			Valuation reserves	Total reserves	Retained earnings	Profit for the period/year	Total equity
		Legal reserve	Extraordinary reserve	Other reserves					
<b>Balance at 1 January 2018</b>	<b>36,340,432,802</b>	<b>38,807,634</b>			<b>256,442</b>	<b>39,064,076</b>	<b>245,969,668</b>	<b>230,910,168</b>	<b>36,856,376,714</b>
Capital increase	2,863,741,000								2,863,741,000
Dividend distribution								(150,000,000)	(150,000,000)
Allocation of profit for the previous year		11,545,508				11,545,508	69,364,660	(80,910,168)	
Demerger to RFI									
Other changes									
Comprehensive income of which:									
Profit for the period								206,002,126	206,002,126
Net gains recognised directly in equity					41,772	41,772			41,772
<b>Balance at 30 June 2018</b>	<b>39,204,173,802</b>	<b>50,353,142</b>			<b>298,214</b>	<b>50,651,356</b>	<b>315,334,328</b>	<b>206,002,126</b>	<b>39,776,161,612</b>
<b>Balance at 31 December (*)</b>	<b>39,204,173,802</b>	<b>50,353,142</b>			<b>367,959</b>	<b>50,721,101</b>	<b>315,334,328</b>	<b>62,397,577</b>	<b>39,632,626,808</b>
Capital increase									
Dividend distribution									
Allocation of profit for the previous year		3,119,879				3,119,879	59,277,698	(62,397,577)	
Comprehensive income of which:									
Profit for the period								203,055,250	203,055,250
Net losses recognised directly in equity					(311,645)	(311,646)			(311,646)
<b>Balance at 30 June 2019</b>	<b>39,204,173,802</b>	<b>53,473,021</b>			<b>56,314</b>	<b>53,529,334</b>	<b>374,612,026</b>	<b>203,055,250</b>	<b>39,835,370,412</b>

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.



## STATEMENT OF CASH FLOWS

Euros

	First half 2019	First half 2018(*)
<b>Profit for the period</b>	<b>203,055,250</b>	<b>206,002,126</b>
Income taxes	(73,269,102)	(58,127,308)
Net financial expense	(11,090,757)	(8,813,627)
Amortisation and depreciation	13,409,205	10,066,291
Accruals to provisions and impairment losses	561,165	2,701,626
Impairment losses	57,973	26,536
Employee benefits	52,575	41,710
<b>Accruals to provisions and impairment losses</b>	<b>671,713</b>	<b>2,769,872</b>
(Profit)/losses on sales	(12,862,341)	6,808
Change in inventories	1,626,652	2,357,010
Change in trade receivables	(61,177,506)	(3,196,426)
Change in trade payables	33,254,486	(13,391,577)
Change in other assets	(112,021,787)	474,897,576
Change in other liabilities	(144,827,714)	(512,233,244)
Utilisation of the provisions for risks and charges	(3,438,839)	(3,858,608)
Payment of employee benefits	12,974	(272,675)
Financial income collected/financial expense paid		
Change in tax assets/liabilities	29,790,078	22,325,274
<b>Net cash flows generated by (used in) operating activities</b>	<b>(136,867,688)</b>	<b>118,531,492</b>
Increases in property, plant and equipment	(4,415,114)	(1,253,077)
Investment property	(1,751,522)	(2,240,077)
Increases in intangible assets	(14,930,368)	(16,602,066)
Increases in equity investments	(35,636,387)	(26,536)
<b>Investments, before grants</b>	<b>(56,733,391)</b>	<b>(20,121,756)</b>
Grants for equity investments	35,635,497	
<b>Grants</b>	<b>35,635,497</b>	
Decreases in property, plant and equipment	3,647	13,470
Decreases in equity investments	35,257,500	
<b>Decreases</b>	<b>35,261,147</b>	<b>13,470</b>
<b>Net cash flows generated by (used in) investing activities</b>	<b>14,163,253</b>	<b>(20,108,286)</b>
Disbursement and repayment of non-current loans	(60,235,811)	145,629,183
Disbursement and repayment of current loans	876,695,871	(704,460,787)
Change in financial assets	(813,531,136)	469,162,505
Change in financial liabilities	(370,388)	(483,570)
Dividends		(150,000,000)
Net financial income that does not generate cash flows	11,090,757	8,813,627
<b>Net cash flows generated by (used in) financing activities</b>	<b>13,649,293</b>	<b>(231,339,042)</b>
Total cash flows	(109,055,142)	(132,915,836)
Opening cash and cash equivalents	207,821,057	514,092,266
Closing cash and cash equivalents	98,765,915	381,176,430
of which intragroup current account	(232,998,299)	162,360,201

(\*) The group applied IFRS 16 on 1 January 2019. It did not restate the comparative figures given the transition method selected.

## REPORTING BY OPERATING SEGMENT

The financial highlights of the group's operating segments for the first six months of 2019 and 2018 and its net invested capital at 30 June 2019 and 31 December 2018 are shown below:

	millions of Euros					
First half of 2019	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane group
Revenue from third parties	3,868	1,877	59	23	8	5,835
Inter-segment revenue	158	660	27	111	(815)	141
<b>Revenue</b>	<b>4,026</b>	<b>2,537</b>	<b>86</b>	<b>134</b>	<b>(807)</b>	<b>5,976</b>
Personnel expense	(1,340)	(1,089)	(2)	(70)	15	(2,486)
Other costs, net	(1,826)	(1,019)	(53)	(71)	776	(2,193)
<b>Operating costs</b>	<b>(3,166)</b>	<b>(2,108)</b>	<b>(55)</b>	<b>(141)</b>	<b>791</b>	<b>(4,679)</b>
<b>Gross operating profit (loss)</b>	<b>860</b>	<b>429</b>	<b>31</b>	<b>(7)</b>	<b>(16)</b>	<b>1,297</b>
Amortisation and depreciation	(657)	(169)	(5)	(13)	10	(834)
Impairment losses and accruals	(3)	(4)	(2)	(1)	1	(9)
<b>Operating profit (loss)</b>	<b>200</b>	<b>256</b>	<b>24</b>	<b>(21)</b>	<b>(5)</b>	<b>454</b>
Net financial income (expense)	(53)	(39)	2	17	(2)	(75)
Income taxes	16	(26)	(4)	68	(71)	(17)
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>163</b>	<b>191</b>	<b>22</b>	<b>64</b>	<b>(78)</b>	<b>362</b>

	millions of Euros					
30.06.2019	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane group
<b>Net invested capital</b>	<b>10,993</b>	<b>38,270</b>	<b>1,461</b>	<b>551</b>	<b>(541)</b>	<b>50,734</b>

millions of Euros

First half of 2018	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane group
Revenue from third parties	3,795	1,822	77	10	6	5,710
Inter-segment revenue	137	636	89	130	(852)	140
<b>Revenue</b>	<b>3,932</b>	<b>2,458</b>	<b>166</b>	<b>140</b>	<b>(846)</b>	<b>5,850</b>
Personnel expense	(1,317)	(1,023)	(14)	(71)	15	(2,410)
Other costs, net	(1,813)	(1,074)	(117)	(56)	826	(2,234)
<b>Operating costs</b>	<b>(3,130)</b>	<b>(2,097)</b>	<b>(131)</b>	<b>(127)</b>	<b>841</b>	<b>(4,644)</b>
<b>Gross operating profit</b>	<b>802</b>	<b>361</b>	<b>35</b>	<b>13</b>	<b>(5)</b>	<b>1,206</b>
Amortisation and depreciation	(603)	(156)	(10)	(8)	1	(776)
Impairment losses and accruals	(1)	(3)				(4)
<b>Operating profit</b>	<b>198</b>	<b>202</b>	<b>25</b>	<b>5</b>	<b>(4)</b>	<b>426</b>
Net financial income (expense)	(49)	(21)	(1)	12	1	(58)
Income taxes	11	(11)	(6)	52	(67)	(21)
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>160</b>	<b>170</b>	<b>18</b>	<b>69</b>	<b>(70)</b>	<b>347</b>

millions of Euros

31.12.2018	Transport	Infrastructure	Real Estate Services	Other Services	Adjustments and inter-segment eliminations	FS Italiane group
<b>Net invested capital</b>	<b>10,213</b>	<b>36,884</b>	<b>1,458</b>	<b>231</b>	<b>(368)</b>	<b>48,418</b>

*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 accounting documents, books and records.*