Railway transport in times of global economic meltdown and the future recovery
Challenges and opportunities
Ferrovie dello Stato Group

Ferrovie dello Stato

100% 100% 100% 60% 60%

Trenitalia
Railway passenger and freight transport operator

RFI
Infrastructure manager

Italferr
Railway engineering

Grandi Stazioni
Main stations real estate management

Cento Stazioni
Medium stations real estate management

Other Companies

100% 100% 100% 60% 60%
<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td>42,174 employees</td>
</tr>
<tr>
<td><strong>Fleet</strong></td>
<td>2,100 locos, 113 EMU, 1,950 light trains, 7,500 coaches +30,000 wagon</td>
</tr>
<tr>
<td><strong>Passenger kms</strong></td>
<td>44.29 Bn</td>
</tr>
<tr>
<td><strong>Tonne kms</strong></td>
<td>17.28 Bn</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>5,340 M€</td>
</tr>
</tbody>
</table>
Freight business in FS Group

Ferrovie dello Stato

Transport

Trenitalia Cargo

TALOGISTIK

FS Logistics

FS Logistica

FS Logistica

CEMAT

POL-RAIL

ITALCONTAINER
Market liberalization in Italy (without PSO)

- No effect due to competition: traffic volumes and “service costs” stable
- Newcomers reach in 2009 almost 30% of market share with almost stable growth
The index of rates for dry goods ships shows a trend of recovery due to the Chinese market demand.

The index of costs for container ships is on the upturn (due to the stall plan, service cutting operated by ship owners and the recovery of world commerce) but nevertheless below the levels of before the crisis.
The crisis: Freight traffic reduction in Italy

Domestic road traffic (2009/2008 %)
- Journeys: -25.0%
- Revenues: -27.0%

International road traffic (2009/2008 %)
- Journeys: -22.0%
- Revenues: -25.0%

Container traffic in ports (2009/2008 %)
- Livorno: -28.0%
- Trieste: -18.0%
- La Spezia: -16.0%
- Genova: -13.0%

Source: Confetra
FS strategies in freight business

- Point to point approach
- Focus on heavy traffic flows
- Rightsize terminal network
- Technology and process innovation
- International development
- Expand on the value chain (Logistics)
- True partnership with other players
- Enhance value of assets (Inland Terminals)

Break even in 2011
Recovery of volumes from 2011
Point to point approach: new offer 2011

- Each service/line as a single investment
- Dedicated assets
- Clear and transparent offer for 320 O/D
- Price drivers: time, n. terminal, distance, etc…
- Optional services; shunting, logistic, etc.
The Ports: the Italian gateway towards markets abroad

- Improve dock access facilities as well as the “hinterland” infrastructure to strengthen rail services to/from the ports.
International development

- European network
- Partnership with Shipping Company in Milan, Brescia, Padova and Naples
- Projects for terminals in Germany, Hungary, Slovenia, Romania and Czech Republic

Europeans network
- Partnership with Shipping Company in Milan, Brescia, Padova and Naples
- Projects for terminals in Germany, Hungary, Slovenia, Romania and Czech Republic
**TX Logistik Business Model**

Seamless link

Streamlined commercial chain

Only 3 steps between customers and final delivery, against 7/8 of traditional incumbent
Russian international trade

Commercial trade Russia-Italy

<table>
<thead>
<tr>
<th>Import (€)</th>
<th>Jan- Dec 2008</th>
<th>Export (€)</th>
<th>Jan- Dec 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude Oil</td>
<td>11.000.000</td>
<td>Machinery</td>
<td>1.190.000</td>
</tr>
<tr>
<td>Steel product</td>
<td>1.748.000</td>
<td>Clothes</td>
<td>1.096.000</td>
</tr>
<tr>
<td>Oil refined</td>
<td>1.600.000</td>
<td>Furniture</td>
<td>842.000</td>
</tr>
<tr>
<td>Metal</td>
<td>235.000</td>
<td>Footwear</td>
<td>599.000</td>
</tr>
</tbody>
</table>

- Commercial trade with EU = 192 billion $
- Italy is the 2° commercial partner within the EU
- Main products:
  - raw materials and semi finished products (from Russia to Italy)
  - special machinery, furniture and motor vehicles for imports (from Italy to Russia)

The CIS Countries market is of great relevance for Italy

Ice: updated to 1° semester 2008