

18th Meeting Scandinavian-Mediterranean CNC Forum

Financing large infrastructure projects

The upgrade of the Palermo – Catania railway line



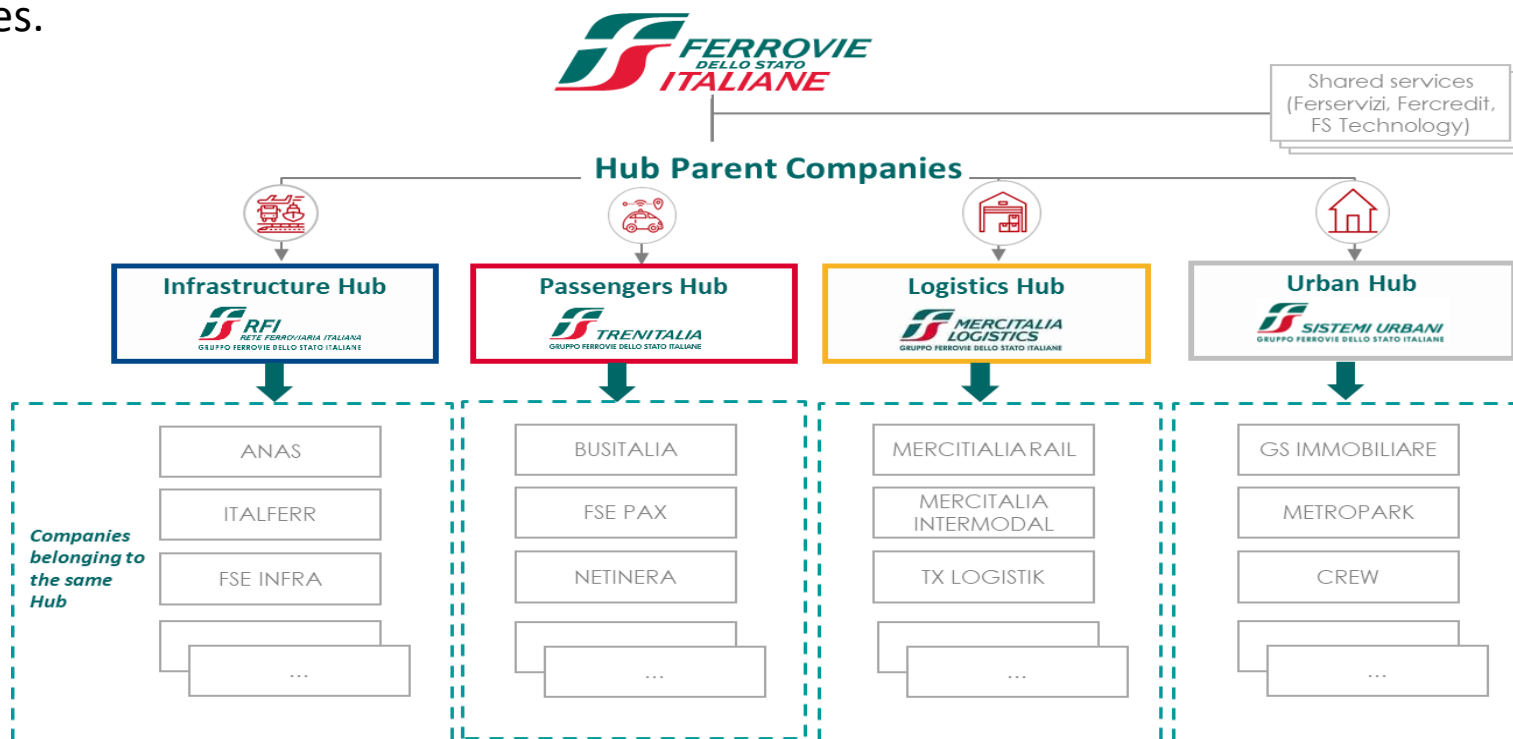
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FS Group in a snapshot

Ferrovie dello Stato Italiane ("FS") – 100% Italian Ministry of Economy and Finance – is one of the largest industrial Group in the Country.

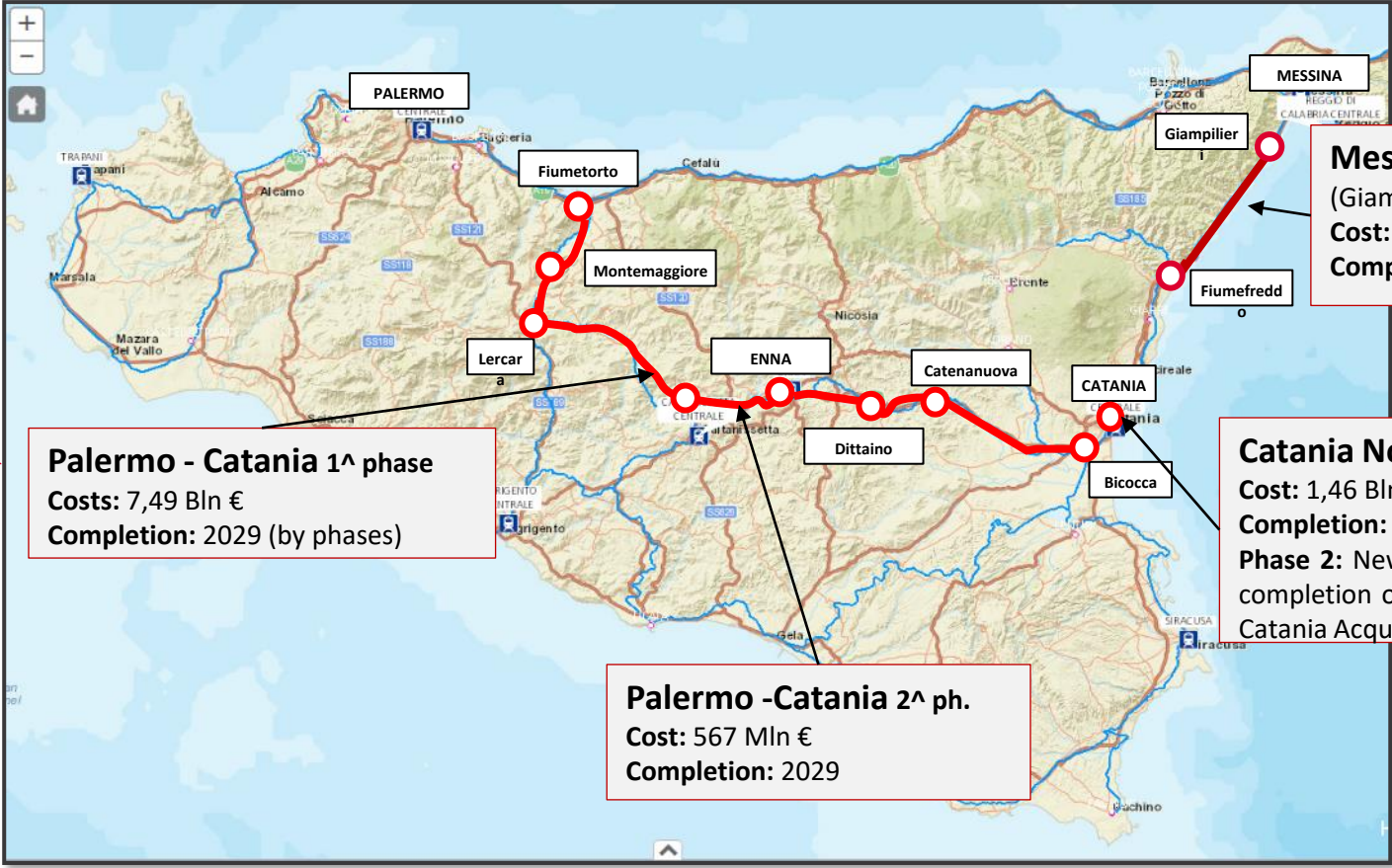
New Mission for the Holding company includes policy making, coordination, strategic and financial control over the Hub's Parent Companies.



Currently, the Holding company finances its subsidiaries (mainly **RFI, Trenitalia and Mercitalia**) also through **ESG finance instruments** .
 Currently the entire railway business is financed through sustainable finance solutions, given the full alignment of its capex with EU Taxonomy criteria and their sustainability characteristics.

Modernisation of railway lines in Sicily

Ongoing investments on Messina - Catania – Palermo railway sections



Palermo - Catania 1^a phase
Costs: 7,49 Bln €
Completion: 2029 (by phases)

Messina-Catania section
 (Giampileri - Fiumefreddo)
Cost: 2,36 Bln €, Partially financed
Completion: 2030 (by phases)

Catania Node
Cost: 1,46 Bln € (Ph. 1)
Completion: 2026.
Phase 2: New Catania Central station and completion of Catania Central station and Catania Acquicella line

Palermo -Catania 2^a ph.
Cost: 567 Mln €
Completion: 2029

- **Total costs: 11,89 Bln €**
- **Financing. 8,66 Bln €**

Source: RFI – Rete Ferroviaria Italiana

Modernisation of railway lines in Sicily

Focus on new Palermo – Catania line 1st Phase

Project Description

The modernisation of **179 km railway line Palermo-Catania** - between Fiumetorto and Bicocca - consists of a new line variant with higher speed performance (electrified double track).

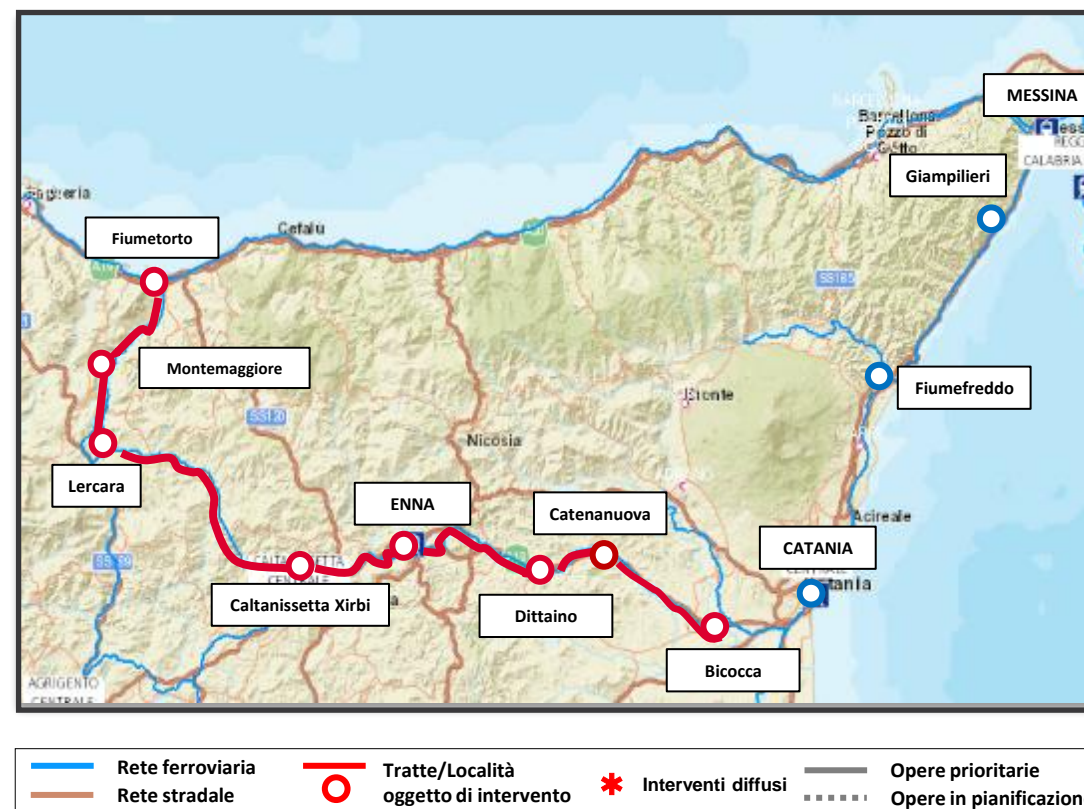
Expected results

- Reduction of current travel times by a third, linking the two cities with a direct two-hour rail service;
- Performance and capacity increase of the line;
- New and more efficient railway services between Agrigento, Caltanissetta, Enna e Catania.

Total costs: 7,49 Bln €

Completion: 2029*

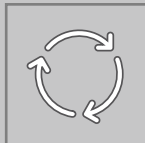
*Completion of Lots funded by RRF by 2026



Source: RFI – Rete Ferroviaria Italiana

Infrastructure & Credit

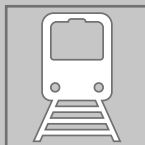
Dealing with guarantees



The life cycle of large infrastructure projects **requires significant amounts of credit**, both from the client and from those who carry out the works.



It is not just a cash issue but also a matter of **credit lines for the release of all necessary guarantees** required during the lifetime of the project (bid bonds, performance bond and advance payment bond).



Railway works financed by the PNRR alone require (and will require) guarantees of between **€11 billion and €12.5 billion**.

Is there enough room for credit in the balance sheets of European (and Italian) banks as well as insurance companies to support industrial corporates in these highly capital-intensive and strategic initiatives?

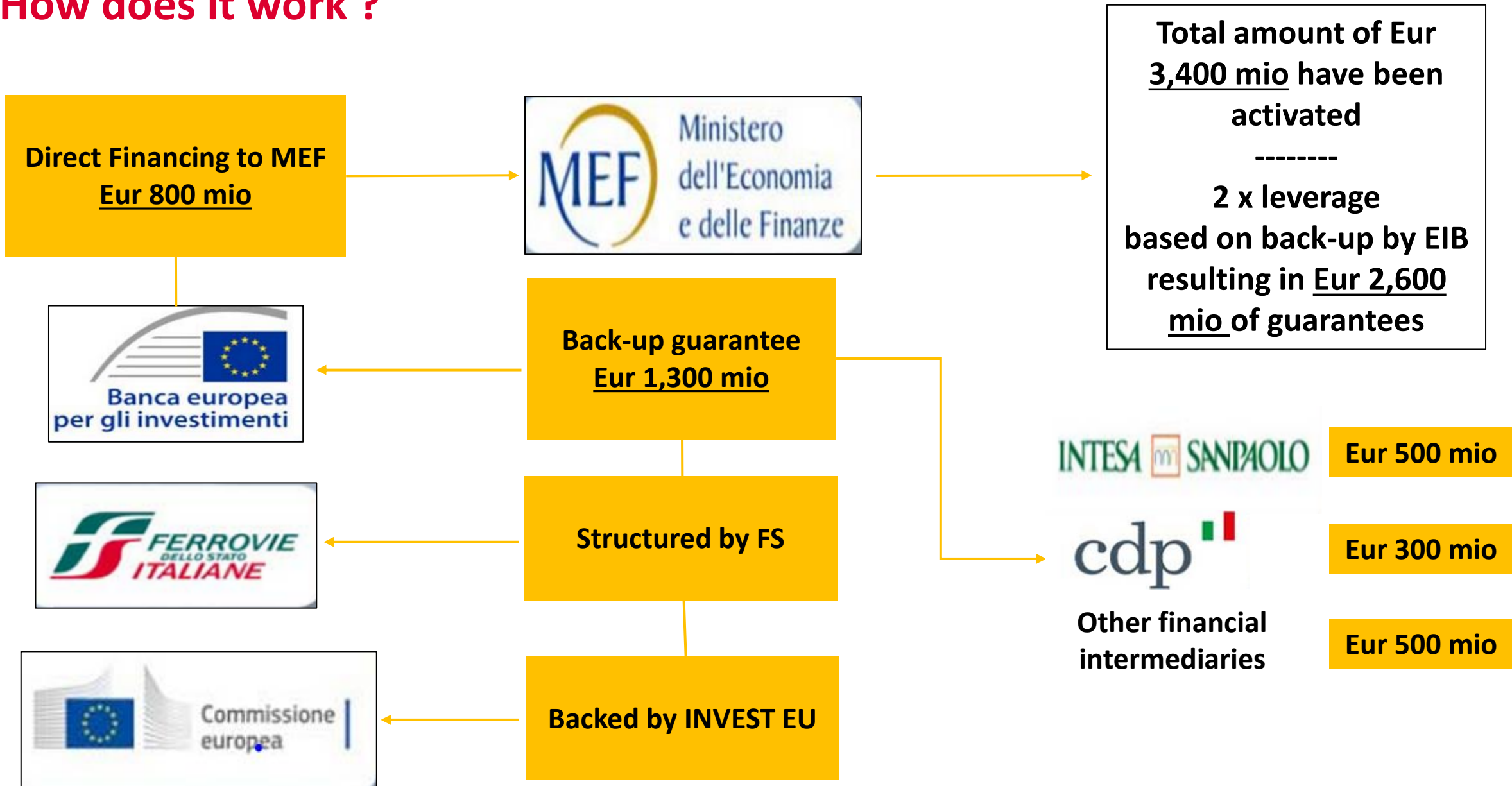
EIB and InvestEU Fund

A brand new approach

- **The EIB** has approved a €2.1 billion intervention, divided into a direct **€800 million loan** to the Ministry of Economy and Finance (MEF) and an innovative **€1.3 billion counter-guarantee**, designed in conjunction with **Ferrovie dello Stato Italiane**, in favour of financial intermediaries, of which:
 - ✓ €500 million has been earmarked for the pioneering operation with Intesa Sanpaolo;
 - ✓ and €300 million for the operation with CDP, with a further €500 million available for other banks and guarantors.
- The **50% counter-guarantee is backed by the InvestEU programme** and enables the guarantees to be doubled to **€2.6 billion**.



How does it work ?



EIB and InvestEU Fund

A brand new approach /2



*“The EIB financing is an innovative combination of a funding instrument (Investment Loan) to the State with a guarantee product (**Linked Risk Sharing**) to financial intermediaries issuing project guarantees (performance and advance payment bonds) and taking risk on private counterparties (project contractors), for the benefit of the timely construction of a large-scale infrastructure project in line with EU key priorities. As such, the EIB financing is an **absolute novelty on the market**. The project therefore **addresses market failures by supporting financial intermediaries in providing guarantees to the project promoter, covering the contractors' performance risk in respect of the construction works.**”*

<https://www.eib.org/en/projects/pipelines/all/20220194>

Thank you

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