



Letter to the Shareholders

Dear Shareholders,

we present the 2019 financial statements at a dramatic moment not only for the city of Milan but for Italy and the whole world. In this new emergency, which forced each one of us to review our certainties and habits, ATM was once again called upon to play a central role in guaranteeing the public transport service for people who necessarily have to travel for sanitary and working reasons. The repeated adaptations and remodulations of the service, as requested in the recent weeks by the relevant institutions, have involved exceptionally complex operational processes and the organization of thousands of our employees.

The functionality of our operations is due to the solidity of the company processes, consolidated over the years, and to the commitment and sense of responsibility of all our employees who work tirelessly every day with seriousness and a spirit of adaptation, sharing the responsibility to continue to guarantee the essential mobility service. On the other hand, the company has put in place a series of extraordinary measures to support its employees, with the aim of redesigning the operating methods while maintaining employment stability, knowing that its workforce is the main asset of ATM.

Presenting the results of the year 2019 in this extraordinary context could seem anachronistic and out of reality. For the future, an exceptional effort of innovation will be required to tackle not a “simple” re-construction, referring to the paradigms of the past, although successful, but the construction of something new: new models for a different world. However, it is precisely from the value of our professionalism and from what has been acquired in recent years, that we will have to start to understand, from the awareness that together we will be able to overcome even the most difficult moments. The good economic results achieved also in 2019 and

the solid financial structure allow us to look at this construction effort with confidence, adapting and leveraging what has been acquired in the last three years. So let's read some short notes, not with a celebratory spirit but with the intent to draw inspiration for the next future.

MOBILITY PROVIDER

Every day, through the work of 10,000 employees, the ATM Group makes tangible its commitment to improve the quality of life of citizens and city users who rely on the collective transport service, preferring it to an individual one. In this three-year period, ATM has shown that it has acknowledged, and sometimes even anticipated, strategic choices and specific requests that came from the institutions and above all from the Municipal Administration, to which the Company has also responded with efficiency and resource optimization policies.

In the last three years, with a constant trend, passengers have increased by 5% per year, reaching the figure of two and a half million passengers per day. In 2019, we reached a record high of over 820 million passengers carried by ATM. In particular, there were over 92 million more passengers on the entire ATM network in comparison to 2016 with an overall growth of +13%. Having intercepted this new demand for mobility in these years increases further our responsibility, which takes the form of a constant search for excellence, openness to change and technological innovation and the continuous creation of better solutions capable of responding to new needs. Among the new projects designed for customers and their needs, there are also solutions aimed at specific categories, such as passengers with reduced mobility, who require additional energies from ATM and personalized attention. Also for this reason, ATM, as a mobility provider of complex and integrated systems, is increasingly one of the key players in Milan's economic and social growth process.

2019, YEAR OF ACHIEVEMENTS

The first stage was the implementation of the new Integrated Tariff System of the Mobility Basin (ITSMB) which, in addition to the planned revision of tariffs and borders, led to the introduction of various benefits for local passengers. A real revolution that has fully involved us also in operational terms. Like any major change, this also has required an extraordinary effort for many business areas that was managed with energy and dedication. But it was certainly not the only occasion on which our people have demonstrated that they face the challenges with preparation and concreteness. In 2019, on the anniversary of the 50 years of the green line of the

metro, the Company undertook a massive renewal plan of over 450 million euros: accessibility, new trains, increased frequencies and interventions on the track. Operations in August were subjected to severe testing, with the interruption of a section of line 2, in order to manage a construction site necessary for the waterproofing of the tunnels. To limit the inconvenience to its customers, ATM has organized an unprecedented plan of replacement connections and assistance to passengers, with the involvement of all company areas in a timely and widespread monitoring program along the entire section involved, a fully visible program appreciated by many customers. With the same spirit, in May 2019 Milan had hosted the 92nd National Alpine Troops Meeting: the Company managed to do its utmost for visitors, with customer assistance and enhanced services, receiving signs of esteem and sincere gratitude from the Organizing Committee. All these particular events, as well as those that the Company experiences daily, have also been characterized by new methods of communication, with more timely information and more direct and inclusive approaches. We are confident that even in the months to come, the Company will be able to welcome all the people who will visit Milan and once again animate it with sporting, cultural and institutional events in a timely and inclusive way.

SUSTAINABLE WITH EVERY MEANS

2019 was also the year in which we put into effect the Full Electric plan launched by the Board of Directors in 2017. ATM has in fact chosen Environmental Protection and Sustainability as the main pillars of its strategic plan, the guideline for its most important journey: the one towards tomorrow. This means and will increasingly mean to guarantee the quality and efficiency of our transport system through the responsible management of people, vehicles and infrastructures, the increase in safety as well as of course the elimination of CO₂ emissions and local pollutants. And precisely the topic of Sustainability was at the heart of the 2019 edition of the *open days* at the San Donato depot, in which the Company opened its doors to citizens to present the fleet renewal plan, with the stages that will lead to the ambitious goal of having fully electric vehicles by 2030.

IN THE FUTURE OF THE CITY

Milan and its citizens are asking us for more and more proposals capable of responding to the new mobility needs. We are asked for increasingly *smart* initiatives, able to reduce the environmental impact of services, increase their efficiency, guarantee greater accessibility in terms of costs, widespread services in all neighborhoods and also

new infrastructures. Even in this moment of emergency we have felt the importance of technology, an instrument increasingly capable not only of reducing physical distances, but also of ensuring that the essential production processes of companies do not stop.

In this scenario, ATM stands as an innovative company, able to guide quality and experienced partners to propose solutions that engage in the radical transformation process of Milan, with the realization of infrastructure interventions. The goal is to create a virtuous system made up of mobility, the environment and safety and security, capable of attracting investments and business opportunities. The Company has acknowledged the indications of the 17 Goals of the UN 2030 Agenda, the objectives of the European Union but also those contained in the National Strategic Plan for Sustainable Mobility. The city of Milan has taken charge of this challenge by formalizing it in the Urban Plan for Sustainable Mobility and ATM is on the front line alongside the Municipal Administration. The Company has given concrete answers to the new challenges raised by the present and is ready to face any scenario the institutions will pose to the Company in order to continue to manage public transport throughout the metropolitan area with an increasingly intermodal and integrated perspective.

CONSTANT INCREASE IN INVESTMENTS

Just to serve the smart city model that Milan is outlining, ATM has approved a huge investment plan that has a long-term vision, with a self-financing share of 85.8%. All the interventions adopted and already planned aim to improve the comfort and travel experience of customers for the next few years. If even in this complicated moment we can look to the future with full conviction in our resources, it is because the successful course that has been taken in this three-year period is also reflected in the figures and economic data that we present. The solid financial structure that we have inherited and consolidated over this three-year period allows us to continue with conviction with the impressive investment plan. The renewal of the fleet therefore continues with the aim of the total conversion of all buses from diesel to electric by 2030, the modernization and upgrading of installations and structures and the development of new technological solutions for providing information and the payment of tickets and travel cards. With reference to 2019 we wish to mention the two important tenders obtained for the supply of 250 electric buses and 80 trams. We furthermore remind the new trolley buses, the completion of the order for 100 hybrid buses and the new trains for line 2.

THE DIGITAL TURNING POINT

The *digital transformation* is one of the pillars of the Company's strategic plan. The road taken in this three-year period has been accelerated and today the Company is the leader in the public transport sector thanks to the policy of ticket dematerialisation, with the introduction of the *contactless* payment system on the metro – now a daily habit for our customers – but also to the development of the platform MaaS - Mobility as a Service.

Among other things, technological innovation is now configured as the preferred tool within the broad communication strategy towards all stakeholders. As an example, just to mention one among the many, the new experimental platform “Information without barriers”, to inform passengers with motor disabilities in real time on the functioning of the accessibility systems of the vehicles in service and at stations. The project was born in the context of *focus groups* on the topic of accessibility that directly involved both passengers and Company. A constructive path of listening and participation was developed, in which technology has also contributed to improving travel planning.

Once more as regards innovation, in 2019 ATM launched important experiments that are not isolated cases but are carried out within an articulated plan. Consider, for example, the project to extend the contactless payment system to surface lines, and the study of the autonomous bus system with partners with proven experience led by the Politecnico Milano University.

Our structured approach towards an ever closer service has in fact reduced the effects of the *digital divide*, making the service and its various functions easily accessible even to traditionally less digitized population groups. In the current moments of compulsory social distancing the possibility for our customers to be able to access information and services digitally is proving to be an important added value for all our customers and a support for the institutions' policies.

CORPORATE GOVERNANCE

Sustainability does not only mean economic and financial balance and environmental protection, but also social and institutional responsibility. Sustainability for ATM equates to continuous comparison and synergy with the Shareholder's vision and strategic objectives, and an effective response to the needs of the territory. Being a responsible and sustainable company also meant rethinking and systematically reinforcing the ICRMS internal control and risk

management system, in line with the best practices indicated by the Corporate Governance Code: a reference that was not mandatory but ATM adopted voluntarily. The year 2019 was characterized by the creation of a new Enterprise Risk Management (ERM) architecture and the consequent approval by the Board of Directors of the new Guidelines. The ERM system represents an enhanced monitoring tool available to the organization for operational management, for the purpose of safeguarding the corporate assets. The synergic work between ERM and the Audit and Internal Control Department has enabled the Board of Directors, for the first time in the history of the Company, to express a risk-based three-year audit plan, in line with the evolution of leading practices and an increasingly higher protection of the integrity of the company's assets. In this year, we have also given shape to a path previously traced as regards the three-year training on Anticorruption and Transparency which has allowed us to illustrate the important transition to the new model of Anticorruption and Transparency (ACT) adopted on a voluntary basis. In recent years we have given impetus to D&I management (Diversity and Inclusion), an increasing opportunity for growth, success and a response to the competitiveness of a market that has to manage continuous social transformations and increasingly complex markets. A company that aspires to be a leader in its sector must conceive and enhance the diversity, whether it is from the customer, the employee and all the stakeholders, actively and leveraging on it. Last September we were able to share our best practices on inclusion and gender equality in Brussels, where ATM was represented at the workshop organized by the European Commissioner for Transport Violeta Bulc, entitled "Inclusive and gender balanced leadership for 21st century transport".

THE INTERNATIONAL FACE

In 2019 the Company consolidated its international calling by acquiring also the third contract for the management of the Copenhagen metro, thus establishing itself among the first public transport operators in Denmark. The presence in the Scandinavian country, through the Metro Service A/S company, dates back to 2008 and will see ATM engaged in the management of the entire Copenhagen metro network until at least 2040. In fact, the ATM Group has also won the tender for the future light rail which will enter service in 2025 and whose contract will last for 15 years.

In October 2019, the President of the Italian Republic Sergio Mattarella visited the control room of the new line 3 of the Copenhagen metro - operated by ATM - inaugurated a few days earlier by Queen Margrethe of Denmark. This visit by the Head of State represented a moment of great appreciation of the path of

our Italian company abroad, which has gained a deep experience in the management of automated systems, with a know-how that it has been able to apply in Milan to the new driverless metros, such as the recent line 5 and the next line 4.

Dear Shareholders, 2019 was an intense year, full of new challenges to be faced but also of objectives achieved, and 2020 started with complicated and global challenges that once again called ATM to play a leading role in the Milan System.

In the three-year period 2017-2019 there were important milestones such as the two renewals of the service contract with the Municipality, the issue of the 70 million bond on the Dublin Stock Exchange and the merger between ATM and ATM Servizi.

In the three-year period 2017-2019, the Board of Directors adopted 226 resolutions, approved investments for almost 500 million euros and defined an investment plan up to 2030 of 1,500 million euros. Much has been done by this Board of Directors which closes its three-year term and much remains yet to be done. We want to look forward trying to accompany not only our passengers in a conscious and sustainable choice of public transport. We want to accompany more and more the growth of a virtuous territory that will also face international appointments in the coming years and that will have to start again with even more strength after having overcome this complicated moment. It is the same challenge that our company will also face. We are confident that the professionalism and spirit of ATM people will always be the real driver of service and development, even in the most difficult and delicate situations. Every single person has been once more demonstrating this since the beginning of this year by continuing to make an essential contribution to the community. ATM through its employees is once again confirming that it truly believes in its values and mission.

Milan, March 30, 2020

For the Board of Directors

The Chairman

Luca Bianchi

