

Investments

During 2020, the ATM Group made investments of approximately 140 million euros, of which approximately 113 million euros were earmarked for fleet renewal, including General Revision and Metro and Tram Revamping.

In relation to COVID-19, it should be noted that during *the lockdown period*, there were interruptions of activity mainly in the construction sites for plants and infrastructures, where the companies engaged had to program their interventions differently. The reduction in activities was on average around 30/35 %, with delays that were only recovered to a small extent, not even 5 %, in the second half.

In the framework of the framework agreement for the supply of Leonardo trains, the deliveries and the put into service of the first three application contracts for a total of 60 trains were completed, in 2020 the supply of the 12 M2 scheduled trains of the fourth application continued. The health emergency affected the supply by delaying deliveries of 4 trains and “slipping” the end of deliveries in January 2021. The arrival of 11 trains of the 12 contracted trains is expected to take place throughout 2020.

With regard to the M1 and M3 underground lines, the authorization procedure for the publication of the tender for a framework agreement for the purchase of 46 new trains will be launched in 2021. These are 21 trains for the M1 line, replacing the “revamping” trains (for restyling in the past) and 25 trains for the M3 metro line that can be used, with minimal modifications and with the upgrade of the on-board signaling system, also on the M2 line. The M3 train purchase program is part of the line upgrade project, together with the new signaling plant. These interventions will be entirely the subject of public contributions.

With regard to ground vehicles, an epochal change in the renewal of the bus fleet has started since 2018 as part of projects aimed at the gradual replacement of all diesel vehicles by hybrid and full electric buses. This fact puts ATM in a position to be a leader in addressing the ecological problems of the city of Milan, with the objective of zero (or almost zero) CO₂ emissions into the environment. In this path toward the full electric, taking into account that the market is not yet able to satisfy the wide demands of electric buses and that the regulations provide for time limits on the use of older vehicles, we will continue with the introduction of hybrid buses that, compared to traditional vehicles, enable significant reductions in both fuel consumption and CO₂ emissions.

The objective will be to have around 1.200 electric vehicles in circulation, for the creation of a “Zero Emission Zone” extended to the suburbs; Together, there will be a reduction in diesel fuel consumption estimated at around 30 million liters per year and a reduction in polluting emissions with a reduction in CO₂ of around 75,000 tons per year.

At the end of 2020, the ATM city bus fleet consisted of: 81% diesel, 13% hybrid, 6% electric, as a result of the fact that ATM S.p.A. has no longer contracted the purchase of traditional diesel vehicles since 2018.

In the context of this renewal plan, after the two contracts (10+15) for the first 25 electric vehicles, the supply of which ended at the beginning of 2019, a framework agreement was signed in the same year for the supply of additional 250 electric buses, including full service maintenance extended to the life of the vehicle, and traction batteries, which will replace those installed in the first system, whose performance is expected to decay at about half the life of the vehicle. Together with the framework agreement referred above, the first application contract was concluded for 40 buses, the deliveries of which were completed in the second half of 2020. The second application contract was also signed, which provides for the supply of 100 buses with an improved battery, which will be delivered by the summer of 2021.

For the Full Electric project, in addition to the supply of the vehicles, it will be necessary to adapt also the spaces for the shelter and the recharging of the vehicles. With regard to the vehicles described above, a 5-year framework agreement was signed for the installation of the columns in the warehouses of Sarca, Giambellino and San Donato. During 2020, the activities began for the laying of the columns in the Sarca warehouse, and the setting up of 2 *opportunity charges* at the bus terminals of Zara (whose works began in the second half of 2020) and Centrale (whose installation is planned in 2021).

A further aspect to be considered in the context of the “ecological mission” is that the energy necessary to recharge the electric buses is completely eco-friendly, having signed ATM a contract for the supply of electricity produced from renewable sources, certified Green Energy with guarantee of origin.

For diesel-electric hybrid vehicles, the 25 12-meter CONSIP vehicles were completed in January 2020. To the initial supply of 25 buses, under negotiated procedure, there were subsequently added 4 additional 12-meter hybrids delivered in 2019, due to the ripening of penalties on previous supply contracts. A further two buses, having the same characteristics as the vehicles already purchased under CONSIP agreement, were purchased and delivered at the end of 2020 as an opportunity purchase by ATM. The race for a 150-bus framework agreement, including full service maintenance extended to the life of the vehicle, is being awarded. When the framework agreement is signed, the first application contract for 60 buses will also be concluded with deliveries planned at the end of 2021.

As regards the bus fleet of the subsidiary NET, the renewal plan of 44 buses of 12 and 18 meters was completed with the entry into service in January 2020 of the last 7 environmentally-friendly 12-meter buses, which were part of the 15 buses delivered in 2019. Used for the extra-urban service lot 3 and Monza city service. These investments, supported in the context of the tender for the allocation of the service, have allowed a rejuvenation of the NET fleet, allowing the disposal of obsolete vehicles, still with Euro 3 engines.

In the second half of 2020, the framework agreement was signed on the provision of 80 25-meter-long two-way trams, with a low floor only in the access door area, for use on the urban and long-distance network. Together with the agreement, the first application contract for 30 trams was also signed with the delivery of the prototype planned for March 2022 and subsequent vehicles from September 2022. It is recalled that the tender for the 80 trams was awarded in July 2019. Against this assignment, one of the companies participating in the tender has promoted recourse to the TAR which was rejected by very clear judgment in favor of the work of the tender committee. This company has further appealed to the State Council, which again decided, in June 2020, in favor of ATM. In 2021, the application contracts for a further 30 urban trams will be signed, completing the project to replace 50 urban trams co-financed by the Ministry of Transport (MIT).

Under the framework agreement for the supply of 80 structured trolleybuses of 18 meters, deliveries of the 30 vehicles referred to in the first application contract were completed in the first half of 2020. For the second application contract of the next 50 trolleybuses, the administrative procedures for the allocation of finance by the Ministry to the Municipality of Milan are in the process of being concluded. In January 2021, the request for the contract was launched by spring and deliveries from mid-2022. With these investments the average seniority of the ATM trolleybus fleet will fall to about 4 years, thus allowing the disposal of all the old 12 and 18 meter vehicles, particularly dated. It is recalled that the new trams and new trolleybuses will offer customers a better quality of service, in terms of comfort and accessibility. They will be updated to the most modern safety requirements, will be equipped with anti-collision system, will guarantee the mitigation of the noise emitted in the environment, they will be equipped with technology systems to enable customers to network once on board and will save energy with the braking energy recovery system.

In the context of the renewal of the fleet of vehicles and in the perspective of sustainability, the project for the replacement of diesel service cars by rental electric cars, is to be used for the assistance of on-line vehicles, the control of the operation and for the maintenance of the underground and tramway systems, continues. There are currently 97 cars on the road, and a further 10 cars already ordered will be delivered in 2021.

With regard to the operations on the installations, the project to upgrade the M2 underground line, co-financed by the State at 60%, has been highlighted, which has seen ATM take over from the Municipality of Milan for the financing of the remaining quota. In 2020 the second phase began, which concerns the route from Cascina Gobba to the terminus of Cologno Nord, the supply activities in place is foreseen by contract that end in 2021.

Alongside these interventions, ATM is the leader in the revolution of *ticketing* in local public transport. The digital transformation of public transport in Milan is now at a turning point in *the ticketing mode*. In fact, ATM takes another step forward in the contactless payment revolution. After two years of operation in the underground, the contactless payment system has also been installed on the first bus lines 56, 70 and 73 and plans are made to extend this payment method also to the car parks.

For the management of the COVID-19 emergency, investments were made in implementation of the regulatory provisions introduced on the control of the crowding of the vehicles and stations. The amounts spent at 31 December 2020 exceed Euro 650 thousand and further investment is expected in the coming months.