

Letter from the Chairperson

Dear Shareholder,

ATM Group's year 2020 is part of an unprecedented local and global scenario in history. The pandemic that developed at the beginning of last year and the resulting health emergency that is still ongoing, have upset the social and economic system all around the world, by changing and penalizing particularly the local public transport sector.

The Company has been called to assume a role of absolute centrality in the reality that has been created, with continuous changes at regulatory level and a mobility based on new and unexpected paradigms. Italy was the first country after China to be affected by the pandemic: ATM reacted immediately to the new context, implementing concrete responses to the changed needs from the very first phase of the emergency, with an action plan that became a model of comparison and an example for other operators in Europe.

The sense of responsibility and professionalism of our 10,000 people has been fundamental, ensured and today guarantees a new mobility in safety for our customers and employees, through the reorganization of the operational processes and working methods, with investments and charges for the sanitization processes of all places, passenger assistance and technological applications for the management and control of flows. Even more than before, local public transport has also played a social role, by operating at the service of the community and as an element of territorial inclusion, as well as a guarantee for those who had to operate in the front line.

The Group's economic and financial results, broadly described in the management report, clearly reflect the impacts of the pandemic on the global sector scenario: the Group reports a loss for the period of Euro 64.5 million. Compared to revenues of Euro 957.9 Mln (-22.8 Euro Mln vs 2019) and operating costs and charges of Euro 896.8 Mln (Euro+29.6 Euro Mln vs 2019), the ATM Group recorded a gross operating margin of Euro 61.2 Mln (Euro -52.4 Mln vs 2019) and an operating result of Euro -47.4 Mln (Euro -53.6 Mln vs 2019), leading to a loss for the period of Euro 64.5 Mln (Euro -73.7 Mln vs 2019), which is proposed to be covered through the use of reserves. For these effects, the shareholders' equity of the ATM Group is therefore equal to Euro 1,149 Mln (Euro -77.6 Mln vs 2019).

The causes of this situation are multiple: with regards to revenues, the service contract has not benefitted from the inflation adjustment for three years, that is since 2017; moreover, ancillary revenues have been lost, such as in the case of the on-road parking, or have been drastically reduced, as in the case of retail and advertising spaces. With regards to cost side, ATM has also faced higher costs for sanitizations, for the management of the social distance, for individual protection material, for periodic employee screening and communication management.

As already discussed during the preparation of the 2021 budget, it should be mentioned that - in addition to the effects that arose from the extension of the pandemic - the economic and financial imbalance of the existing contracts due to failure of the inflation adjustment, will probably lead to a significant loss in the 2021 financial year too.

ATM's ability to absorb this very negative economic and financial impacts, accrued thanks to years of efficient, responsible and careful entity management, has demonstrated that the Company's financial statements are able to cover the heavy losses occurred in 2020 and can guarantee business continuity in 2021. However, it is essential that the structural causes of the losses suffered should be corrected as soon as possible in order to restore the economic balance.

Therefore, today, being strong in the awareness that we have been able to face the operational management and economic-financial effects of a crisis of this magnitude, we are called to redesign the future, in the light of the experience we gained. The elaboration of a Strategic Plan with a horizon 2021- 2025 was the response of the Board of Directors and Management to the need to rapidly redesign a business model to face the post-pandemic future. In the planning of tomorrow, it was first of all aimed to launch a structured action of saving and efficiency of operations, as well as of the procurement processes, without impacting the quality of the service or our people - the first element of value for the Company - for which, instead, it has been decided to act by promoting an inclusive working environment, through policies of valorization of the person and of diversity.

A set of industrial development initiatives has also been defined with the aim of generating new sources of revenues and marginality, both in Italy and abroad, thanks to the current skills and the acquisition of new ones, aiming to an integrated and sustainable offer of mobility services, also through a strong technological innovation for the benefit of customers.

The Strategic Plan is based on the sustainability guidelines, which identify the environmental transition as a priority: the investments are, therefore, continuing for the development of the Full Electric Plan, which provides for the transition to a zero-impact fleet in 2030.

These are goals that ATM intends to pursue first of all by contributing to the evolution and revival of Milan, in its evolution in a more livable, sustainable, secure and smart city.

We are also obliged to raise awareness of the Shareholder to confirm the centrality of the public transport service, through consequent choices and investments aimed at ensuring the balance of the system.

The steps to be taken to restore the Group to its economic and financial balance, in the constant improvement of the quality of the services offered, are numerous and ambitious. Therefore, the Company remains focused on its own targets and on the implementation of the planned route. The responsibility and values of our people, the management capability gained and the determination that characterizes the whole Company will be the crucial elements to face this challenge.

The Chairperson
Gioia Maria Ghezzi