

Letter from the Chairperson

The year 2023 was characterised by several significant events for ATM: the award of the tender to manage the first automatic metro in Thessaloniki, Greece, the acquisition of 29.2% of the company M4, previously held by private shareholders, the extension of the current service contract for the management of public transport in the Milan metropolitan area until the end of 2026 and, lastly, the renewal of the Parent Company's Board of Directors with the entry of three new Directors.

The service level was high, with regularity maintaining satisfactory levels of 96.5% above ground and 99.8% underground, with an average customer satisfaction rate of 7.6 points out of 10. The percentage of public transport use was lower than in the pre-Covid period, and there is a lower structural supply in the labour market of key figures such as drivers, maintenance workers and engineers; in addition, it is increasingly challenging to find adequate economic resources to cover the increased costs of a constantly expanding Milan.

The ATM Group ended 2023 at break-even with a profit of EUR 0.7 million, while the Parent Company ATM S.p.A. recorded a loss of EUR 11 million. This demonstrates that the positive results of subsidiaries and investees are valuable in ensuring the sustainability of the entire Group. The companies whose profit most contributed to the Parent Company's accounts were Metro Service, a company that operates the automatic subways in Copenhagen, and Nord Est Trasporti, this demonstrating that foreign activities and the expansion of operating boundaries guarantee additional margins that are crucial to preserving the Group's full corporate strength and the assumed investment plans for the coming years.

On the revenue side, there was an increase in some items from core operations, while costs, although carefully streamlined, experienced widespread growth for most financial statement items, caused mainly by an inflationary increase in the sector.

The economic and financial results, which are detailed in the internal chapters, reflect the Group's sound management and successful implementation of initiatives during the year. With revenues of EUR 1,097 million (+ EUR 6 million vs. 2022) and operating costs and expenses of EUR 1,022 million (+ EUR 44 million vs. 2022), the Group recorded EBITDA of EUR 75 million (- EUR 39 million vs. 2022) and an operating result of - EUR 11 million (- EUR 44 million vs. 2022), reaching a profit of EUR 0.7 million (- EUR 15 million vs. 2022). The ATM Group's total assets amounted to EUR 2,278 million (+ EUR 124 million vs. 2022).

On the revenue side, lower fees came from public transport service contracts in Italy, both within the City of Milan and in the Intercity area. On the other hand, higher fees came from contracts for the operation of the M5 and M4 lines in Milan, as well as in Copenhagen and Thessaloniki. Revenue increases were recorded also in the operation of parking/interchange parking areas and vehicle removal. Revenues from services rendered to the City of Milan decreased. Higher revenues came from advertising related to the higher fees paid by our concessionaires.

On the cost side, the global scenario characterised not only by the continuation of the conflict between Russia and Ukraine, but also by the outbreak of the Israeli-Palestinian conflict, the related impact on commodity price volatility and a high inflation rate level, led to widespread cost increases on most financial statement items. Particularly impactful was the increase in electricity costs, which was the main cause of the recorded deviation.

The implementation of the 2021-2025 Strategic Business Plan continued with the addition of further initiatives aimed at reducing corporate costs, diversifying and increasing revenues, and demonstrating ATM's commitment to sustainability issues. For the Full Electric project, 74 new electric buses, 103 new hybrid buses and 164 diesel buses were put into service. At the end of 2023, ATM's fleet therefore comprised 250 electric buses, or 22% of its city buses. Work also continued on the preparation of the in-line recharging systems, the electrical conversion of the depots in Via Giambellino, Via Palmanova, Viale Sarca and San Donato, and the design activities for the two new depots in Viale Triboniano and Viale Toscana. This meant that the gradual conversion of transport lines that had not yet been electrified (+7.0% electric bus routes vs. 2022) went ahead. An additional 260 electric buses were ordered in 2023, some of which will be delivered this year.

In accordance with the timeline of the National Recovery and Resilience Plan (NRP), ATM achieved its target of contracting 350 electric buses by 31 December 2023. ATM also contributes to the national target of purchasing 3,000 zero-emission buses set by the NRP with an additional 44 electric vehicles, for a total of 394 zero-emission buses within the NRP perimeter for the city of Milan.

As for its business expansion, ATM was awarded the management of the automatic metro in Thessaloniki and continued to participate in tenders for public transport services abroad, particularly in France, where it also created the "ATM France" structure. In Paris ATM is participating in further tenders, some of which will be awarded in 2024. Furthermore, the operation of the Varese funicular began in August.

During the year the company continued to implement other initiatives of its strategic plan, including the digitisation process. The installation of credit card readers in every metro station and on board every above-ground vehicle was completed, allowing customers to purchase tickets by simply bringing their physical or digital payment card closer to the readers.

During the revision of the strategic industrial plan, it was also decided to include a new pillar called "People and Culture" as evidence of the Group's commitment to putting its staff at the centre. The first actions implemented in this respect allowed the company to improve internal communications, strengthen Welfare, Diversity, Equity & Inclusion best practices, enhance employer branding and adopt new practices to improve the selection and recruitment of new talent.

ATM intends to continue contributing to the sustainable development of the city of Milan, in line with the Shareholder's strategy, improving the efficiency and coverage of the public transport service, within the limits of available resources.

The Chairperson
Gioia Maria Ghezzi

