Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

FNM Group

Interim Management Report

as at 30 September 2020

CORPORATE BODIES

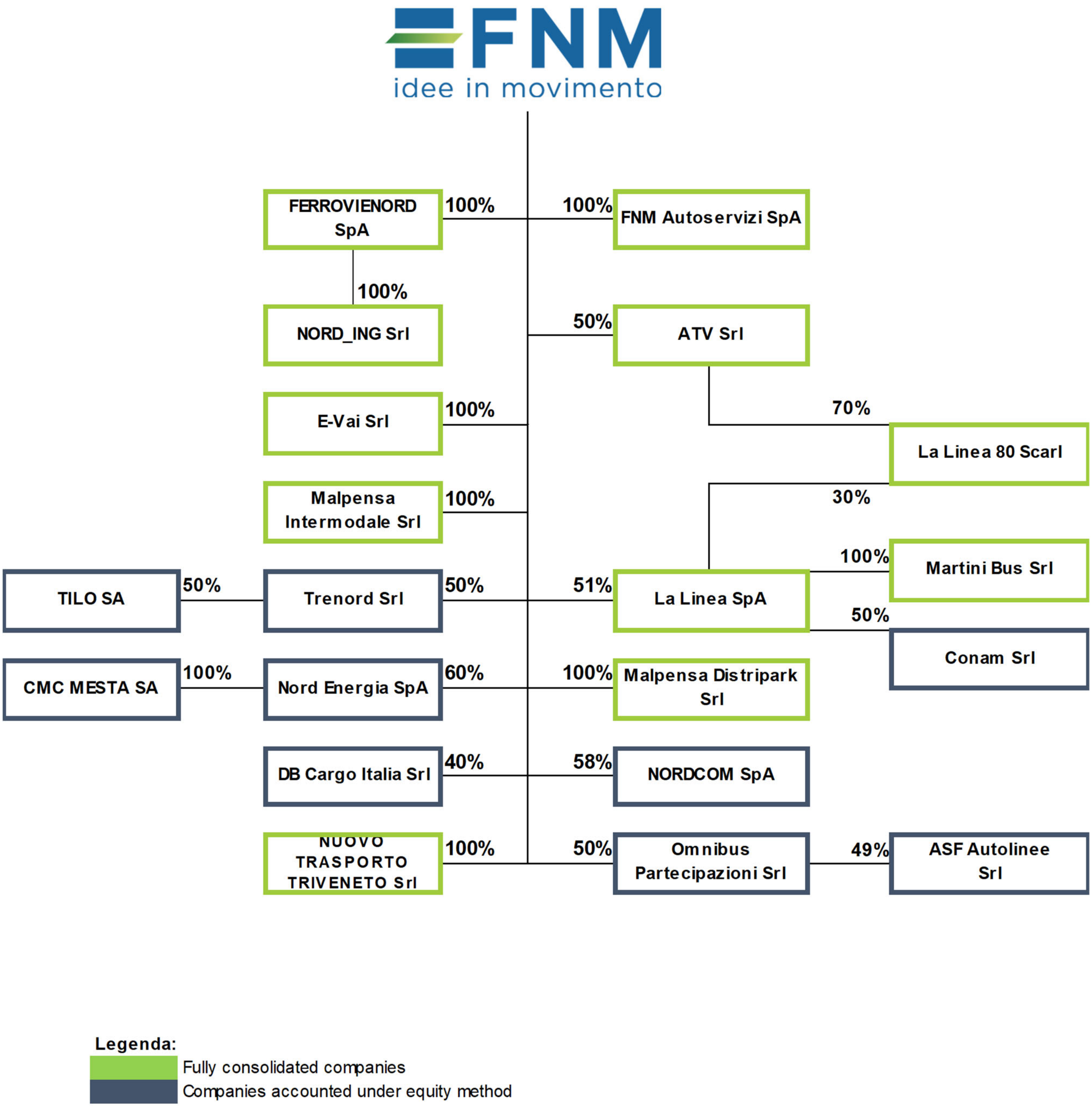
Board of Directors	
Chairman	Andrea Gibelli
Deputy Chairman	Gianantonio Battista Arnoldi
Directors	Giuseppe Bonomi
	Tiziana Bortot
	Mirja Cartia D'Asero

Board of Statutory Auditors	
Chairman	Paolo Prandi
Regular Auditors	Massimo Codari
	Giussi Mainetti

General Manager	Marco Giovanni Piuri
Executive in charge of financial reporting	Valentina Montanari

Independent Auditor	PricewaterhouseCoopers SpA

GROUP MAP



FNM
idee in movimento
FERROVIENORD SpA
100%
100%
FNM Autoservizi SpA
100%
NORD_ING Srl
50%
ATV Srl
E-Vai Srl
100%
70%
La Linea 80 Scarl
Malpensa Intermodale Srl
100%
30%
100%
Martini Bus Srl
TILO SA
50%
Trenord Srl
50%
51%
La Linea SpA
50%
Conam Srl
CMC MESTA SA
100%
Nord Energia SpA
60%
100%
Malpensa Distripark Srl
DB Cargo Italia Srl
40%
58%
NORDCOM SpA
NUOVO TRASPORTO TRIVENETO Srl
100%
50%
Omnibus Partecipazioni Srl
49%
ASF Autolinee Srl
Legenda:
Fully consolidated companies
Companies accounted under equity method

HIGHLIGHTS INDICATORS OF RESULT

FNM GROUP CONSOLIDATED DATA

Amounts in millions of euros	9 months 2020	9 months 2019	*Change*	*Change %*
Revenues	207,0	223,4	*(16,4)*	*-7,3%*
Adjusted EBITDA	58,6	60,3	*(1,7)*	*-2,8%*
EBITDA	57,9	59,9	*(2,0)*	*-3,3%*
Operating income	28,3	29,4	*(1,1)*	*-3,7%*
Earnings Before Tax	28,6	27,8	*0,8*	*2,9%*
Adjusted Net Profit	22,7	20,8	*1,9*	*9,1%*
Net profit for the period	7,1	24,5	*(17,4)*	*N/A*
Shareholders' equity (A)*	459,9	454,3	*5,6*	*1,2%*
Net Financial Position (Cash) (B)*	(10,8)	(107,4)	*96,6*	*-89,9%*
Adjusted Net Financial Position (Debt / (-Cash))*	40,5	(39,9)	*80,4*	*-201,5%*
Net Invested Capital (A+B)*	449,1	346,9	*102,2*	*29,5%*
Market capitalisation at 30.09*	232,2	303,1	*(70,9)*	*-23,4%*
Investments	68,8	75,3	*(6,5)*	*-8,6%*

** Comparison values relate to 31.12.2019*

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INTERIM MANAGEMENT REPORT
as at 30 September 2020

INTRODUCTION

With reference to the nine-month period ended 30 September 2020 (hereinafter the "Third quarter of 2020" or "period"), the quantitative data contained in this Report and the comments therein are intended to provide an overview of the Group's economic, financial and equity situation, the relative changes that occurred during the period in question, and the significant events that affected the result for the period.

The period was impacted by the negative effects caused by the global COVID-19 pandemic, declared as such by the World Health Organisation on 11 March 2020, which had economic repercussions on the regional and national production system in particular, on mobility and specifically on local public transport, also as a result of the various regulatory provisions and subsequent measures taken over the months by the competent authorities to contain the spread of the infection. In particular, in Italy from 23 February 2020, the President of the Council of Ministers issued a series of implementing decrees (DPCM) in which the restriction measures were made progressively more stringent and gradually extended to the entire national territory, providing for a country lock-down from 11 March 2020 until May. All of the Group's companies, following the contagion that occurred, promptly activated both the measures required by the instructions promulgated by the competent authorities to confront the epidemic and the initiatives to safeguard the health of personnel and of customers and to contain the economic repercussions.
In particular, with the goal of protecting workers' health, the Group, in addition to having incentivised smart-working since the start of the health emergency, also activated an extraordinary insurance coverage for the management of Coronavirus infection for all its employees, stipulating a supplemental policy able to cover the expenses tied to possible hospitalisation and to the subsequent recovery phase.
With the DPCM of 16 May 2020, the President of the Council of Ministers announced the start of phase 2, from 18 May to 14 June 2020. In this phase, many commercial activities resumed and some restrictions have been lifted, such as social isolation and movement between regions. This was reinstated from 3 June 2020, with further easing of restrictions. These fewer restrictive measures

allowed the progressive growth of the Group's activities compared to the values recorded in the period March-May, in particular of the activities on local public transport in the period June-September.
Following the rise in the contagion curve, with the decree-law no. 125 of 7 October and the DPCM of 13, 18 and 24 October, renewed restrictions were progressively introduced, which focus on rules for regulating commercial and private activities, rather than limiting movement.
With the DPCM of 3 November 2020, the Italian regions were grouped into three types of different epidemiological scenarios, with the adoption of more or less restrictive measures depending on the epidemiological scenario. In particular, in the Lombardy Region, falling in the highest risk range as of 3 November, restrictive mobility measures were again adopted to contain the spread of the contagion. This will have further new economic repercussions on the regional and national production system, in particular on mobility and specifically on local public transport.

1 GROUP PROFILE AT 30 SEPTEMBER 2020

FNM is the leading integrated transport and mobility group in Lombardy and Northern Italy with companies active in five regions. It is the most important non-governmental Italian investor in the sector. The FNM Group is present, through subsidiaries and/or joint ventures or associates in public rail transport with FERROVIENORD, NORD_ING and Trenord, in road transport with FNM Autoservizi, Omnibus Partecipazioni, ATV and La Linea and E-Vai with car sharing, in rail freight transport with DB Cargo Italia, Malpensa Intermodale and Malpensa Distripark, in ICT with NordCom, in the energy sector with NORD ENERGIA.
In addition to acting as the Group's holding company, providing corporate services to its subsidiaries, FNM carries out operating activities, through the leasing of assets used by subsidiaries operating in the local public transport and freight transport sectors and the management of their real estate assets.

On 29 July 2020, the agreement was executed for the purchase of the stake held in Milano Serravalle – Milano Tangenziali S.p.A. (hereinafter "MISE"), directly and indirectly, by ASTM, equal to 13.6% of the share capital, for EUR 85.6 million (equal to EUR 3.5 per share), of which EUR 78.3 million (equal to EUR 3.2 per share) paid on 29 July 2020, and EUR 7.3 million (equal to EUR 0.3 per share) to be paid no later than 31 January 2021.
In addition, on 3 November 2020, FNM signed a purchase and sale agreement with the Lombardy Region for the purchase of the entire investment held by the Lombardy Region in MISE, equal to 82.4% of the share capital, for a total of EUR 519.2 million (equal to EUR 3.5 per share). The performance of the purchase and sale agreement is subordinated to some conditions precedent,

including the obtainment of the authorisation by the competent Antitrust Authority and of the authorisation by the Ministry of Infrastructure and Transport, in accordance with the concession issued on 7 November 2007 between MISE and ANAS S.p.A. (now Ministry of Infrastructure and Transport).

MISE is the concessionaire for the design, construction and management of the A7 Serravalle-Milan Motorway and the North, East and West Milan Ring Roads pursuant to the concession agreement signed on 7 November 2007 (as amended by the additional deed of 15 June 2016) between MISE, as concessionaire, and ANAS S.p.A. (subsequently replaced by the Ministry of Infrastructure and Transport), as the grantor. MISE recorded revenues of approximately EUR 249 million in 2019, with EBITDA of EUR 149 million[1].

Completion of the transaction described above, in addition to allowing the diversification of the revenues of the FNM Group and an improvement of its earnings profile, will create the first infrastructural node in Lombardy based on an integrated management of rail and road mobility, with consequent optimisation of flows, enhancement of sustainable mobility and development of economies of scale within the scope of investments in technologies and innovation.

Lastly, on 10 March 2020, FNM S.p.A. executed the agreements for the sale of the equity investments held in Locoitalia S.r.l. (51%) – a company consolidated line by line, active in the lease of rolling stock for cargo transport – and in Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), a company consolidated with the equity method, active in the railway freight rolling stock and concession-holder for railway operations within the Genoa harbour.

Since 10 June 2020, as a result of the sale of shares from FNM S.p.A. to FERROVIENORD S.p.A., 100% of the company NORD_ING S.r.l. is directly owned by FERROVIENORD S.p.A.

1.1 LOCAL PUBLIC TRANSPORT

The Group's core business is **Collective Transport**.

As regards the business segments in which the Group operates through subsidiaries and companies subject to joint control, there are three sectors:

1. **Railway infrastructure management**, the companies operating in this business segment are:
    - FERROVIENORD S.p.A. – which is responsible for managing the railway infrastructure on the basis of a concession which expires on 31 October 2060;

1 Source: 2019 Separate Financial Statements, drawn up on the basis of Italian Accounting Standards.

- NORD_ING S.r.l. – which is entrusted with planning activity, as well as technical and administrative support for investments in the railway network;

2. **Passenger road transport**, the companies operating in this business segment are:

   - Ferrovie Nord Milano Autoservizi S.p.A. – concessionaire of parts of public road transport services in the Provinces of Varese and Brescia, holder of the service contract for those in the Province of Como in a Temporary Consortium of Companies with ASF Autolinee S.r.l., and support operator to Trenord for "train replacement" activity;
   - Azienda Trasporti Verona S.r.l. – a company that provides urban public road transport services in the municipalities of Verona and Legnago and extra-urban services throughout the province of Verona;
   - La Linea S.p.A. – a company that operates in the Veneto Region in the local public road transport sector and also hires out buses with driver, also through subsidiaries/investees (including MartiniBus);
   - Omnibus Partecipazioni S.r.l. – a company that holds 49% of the shares in ASF Autolinee S.r.l. and is jointly owned by the company Arriva Italia S.r.l.;
   - E-Vai S.r.l. – a car sharing company operating in Lombardy with electric and bimodal vehicles.

3. **Railway transport**, the companies operating in this business segment are the Parent Company FNM for the lease of rolling stock and Trenord (50% owned by Trenitalia S.p.A.) – manager of rail transport services in the Lombardy Region, as well as manager of "Brenner" railway services in collaboration with Deutsche Bahn and Österreische Bundes Bahn.

It should be noted that the contribution of Trenord S.r.l. (and the associate TILO S.A., 50% owned by Trenord) and Omnibus Partecipazioni S.r.l. to the consolidated financial statements as at 30 September 2020 is based on the valuation of the aforementioned equity investments with the "equity method", with no impact on individual items of the consolidated balance sheet and financial statement and the consolidated income statement with the exception of the "Equity investment "and "Net profit of companies valued with the equity method" items.

1.2 OTHER BUSINESS SEGMENTS

Among the other activities of the FNM Group outside from the Collective Transport service include those of Malpensa Intermodale – which manages the Sacconago terminal in Busto Arsizio (VA) and Malpensa Distripark – which has been tasked with the property development of terminal areas (in

Segment Reporting terms, these activities are included in the area of railway infrastructure management).

FNM, parent company, also serves as the provider of administrative services to its subsidiaries and as the manager of its own property portfolio.

Furthermore, the FNM Group operational divisions extend to segments other than those mentioned. It has a presence in the Information & Communication Technology segment with the joint venture NordCom S.p.A., which operates both for the benefit of the FNM Group and for third parties; it also has a presence in the specialist electricity transport segment through the Mendrisio-Cagno power line (through the jointly controlled company NORD ENERGIA S.p.A. and the subsidiary CMC MeSta S.A.) and in the rail freight transport sector (through the subsidiary DB Cargo Italia S.r.l.).

As a result of the valuation with the equity method of the jointly controlled companies NORD ENERGIA S.p.A., NordCom S.p.A. and the associate DB Cargo Italia S.r.l., "Other business segments" are included in the net profit/(loss) for the period under "Net profit/(loss) of companies valued using the equity method."

2 CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

2.1 ECONOMIC DATA SUMMARY

The condensed income statement for the period is shown below, compared with that of the corresponding period of 2019. For completeness of disclosure, in the following reclassified income statement the items "grants for funded investments" and "costs for funded investments" are stated net in "Other income and revenue.". In application of IFRIC 12, such items include the amounts of the financed investments made during the period and the corresponding contributions.

Amounts in millions of euros	9 months 2020	9 months 2019	Change	Change %
Revenues from sales and services	191,0	209,0	(18,0)	*-8,6%*
Other revenues and income	16,0	14,4	1,6	*11,1%*
TOTAL REVENUES AND OTHER INCOME	***207,0***	***223,4***	***(16,4)***	***-7,3%***
Operating costs	(65,7)	(72,6)	6,9	*-9,5%*
Personnel costs	(82,7)	(90,5)	7,8	*-8,6%*
ADJUSTED EBITDA	***58,6***	***60,3***	***(1,7)***	***-2,8%***
Non-ordinary Income and Expenses	(0,7)	(0,4)	(0,3)	*N/A*
EBITDA	*57,9*	*59,9*	*(2,0)*	*-3,3%*
Depreciation and amortisation	(29,6)	(30,5)	0,9	*-3,0%*
EBIT	***28,3***	***29,4***	***(1,1)***	***-3,7%***
Net financial income	0,3	(1,6)	1,9	*N/A*
of which gains on divestments	*1,0*	-	*1,0*	*N/A*
EARNINGS BEFORE TAX	*28,6*	*27,8*	*0,8*	*2,9%*
Income tax	(5,9)	(7,0)	1,1	*-15,7%*
ADJUSTED COMPREHENSIVE INCOME	**22,7**	**20,8**	**1,9**	***9,1%***
Profit of companies measured with the equity method	(15,6)	3,7	(19,3)	*N/A*
COMPREHENSIVE INCOME	**7,1**	**24,5**	**(17,4)**	***N/A***
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST	**0,9**	**0,6**	**0,3**	***N/A***
COMPREHENSIVE GROUP INCOME	**6,2**	**23,9**	**(17,7)**	***N/A***

Revenues from sales and services recorded a net decrease of EUR 18.0 million compared to the third quarter of 2019 (-9%), for the following reasons:

- revenues from transport services decreased by EUR 18.5 million (from EUR 34.5 million at 30 September 2019 to EUR 16.0 million of the reporting period) because of the lower sales in relation to the measures ordered from 24 February onwards for the COVID-19 emergency;
- revenues deriving from public contracts and contributions showed an increase of EUR 4.7 million, compared to the comparative period mainly due to the effect of Law 24 April 2020, no. 27 (article 92 paragraph 4-*bis*),[2] which provided for the recognition of the payments of the road transport sector on the basis of contractual planning, despite the reformulation of the offer implemented following the epidemiological emergency and the economic effect of the compensatory measures (equal to approximately EUR 4.3 million, to compensate for the lack of revenues from ticketing outlined above) introduced by Law 17 July 2020, no. 77 (article 200 paragraph 1, Relaunch Decree)[3] and by Law 13 October 2020, no. 126 (article 44, August Decree)[4];

2 "In order to contain the negative effects of the epidemiological emergency from COVID-19 and the measures to contrast the spread of the virus on operators of local and regional public transport services and school transport, reductions of fees, sanctions or penalties due to the reduced schedule or reduced travel from 23 February 2020 and until 31 December 2020 cannot be applied by the customers of the aforementioned services, also where negotiated…"

3 "To sustain the local and regional public passenger transport service subject to public service obligation following the negative effects deriving from the COVID-19 epidemiological emergency, a fund is established with the Ministry for Infrastructure and Transport with an initial amount of EUR 500 million for the year 2020, to offset the reduction of fee revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average fee revenues recorded in the same period of the previous two years..."

4 "In order to support the local and regional public passenger transport sector subject to a public service obligation and allow the provision of local public transport services in compliance with the measures to contain the spread of COVID-19 referred to in the decree-law 25 March 2020, no. 19, converted, with amendments, by law 22 May 2020, no. 35, and the decree-law of 16 May 2020, no. 33, converted, with amendments, by law 14 July 2020, on. 74, the endowment of the fund referred to in paragraph 1 of article 200 of

- revenues from the rental of rolling stock increased by EUR 0.8 million, mainly in relation to the operating lease of DE 520 locomotives to Trenord.

Other revenues and income rose by EUR 1.6 million from the comparative quarter of 2019; the main changes are as follows:

- the recovery of general expenses on investments financed by the Planning Agreement increased by EUR 1.5 million, in relation to the higher funded investments in rolling stock made with respect to the comparison period;
- sale of inventory materials, relating to the sale of obsolete material no longer usable for maintenance, increased by EUR 0.5 million.

Total revenues and other income, which declined by approximately 7% overall, primarily derives from the decline of the component of revenues from transport services and ticketing following the start of the lock-down phase and of the related measures adopted for the COVID-19 emergency, and is divided as follows in the three business areas:

Amounts in millions of euros	**9 months 2020**	**9 months 2019**	***Change***	***Chg %***
Railway infrastructure management	94,6	91,3	*3,3*	*3,6%*
Road passenger transport	68,3	88,0	*(19,7)*	*-22,4%*
Rosco & Services	61,5	62,0	*(0,5)*	*-0,8%*
Intercompany eliminations	(17,4)	(17,9)	*0,5*	*-2,8%*
Total	**207,0**	**223,4**	***(16,4)***	***-7,3%***

Operating costs recorded a net decrease of EUR 6.9 million (-9.5%) as a result the following main reasons:

- decrease of diesel and bus maintenance costs, respectively equal to EUR 3.5 million and EUR 0.7 million, in relation to the fewer km travelled as a result of the reduction in the runs carried out due to the health emergency;
- decrease in subcontracting to third parties, by EUR 1.3 million;
- decrease in employee expenses, by EUR 0.9 million;
- decrease in commercial expenses and commissions to third parties by EUR 0.5 million, in

the decree-law of 19 May 2020, no. 34, converted, with amendments, by law 17 July 2020, no. 77, increased by EUR 400 million for the year 2020. These resources can be used, as well as for the same purposes referred to in the aforementioned article 200, also for the financing, within the limit of EUR 300 million, of additional local and regional public transport services, also intended for students, necessary to meet the transport needs resulting from the implementation of containment measures deriving from the application of the Guidelines for information to users and the organisational methods for containing the spread of COVID-19 in the field of public transport, and the Guidelines for dedicated school transport, where the aforementioned services in the period prior to the spread of COVID-19 had reached more than 80 percent capacity…"

relation to the lower sales of tickets carried out in the period.

Personnel costs decreased by EUR 7.8 million (-8.6%), mainly as a result of the use of residual leave, of income supporting schemes (General Lay-off Fund and Public Transport Fund) and of the lesser employment of temporary workers, in relation to the reduction of working activities as a consequence of the COVID-19 emergency. Labour costs also benefited from the lower costs amounting to EUR 1 million in relation to the decreased workforce.

Adjusted EBITDA (which excludes some non-ordinary elements), equal to EUR 58.6 million, was down 2.8%, showing better performance compared to revenues due to the containment of costs outlined above and the recognition also of a timing effect deriving from lower costs for the postponement of some infrastructure interventions financed by the Lombardy Region within the Planning Agreement, to be incurred in the remainder of the year. It is divided as follows between the three business areas:

Amounts in millions of euros	**9 months 2020**	**9 months 2019**	***Change***	***Chg %***
Railway infrastructure management	9,4	8,9	*0,5*	*5,1%*
Road passenger transport	9,5	10,5	*(1,0)*	*-9,9%*
Rosco & Services	39,7	40,9	*(1,2)*	*-2,8%*
Total	**58,6**	**60,3**	***(1,7)***	***-2,8%***

Non-ordinary income / expenses in the period are due to costs for development projects.

The item **Amortisation and depreciation** was down on the comparative period, from EUR 30.5 million to EUR 29.6 million due to the end of the amortisation and depreciation period of some assets.

Comprehensive EBIT amounted to EUR 28.3 million, versus EUR 29.4 million in the comparative period 2019, a net decrease of EUR 1.1 million.

Comprehensive net financial income was positive by EUR 0.3 million versus negative EUR 1.6 million in the comparative period 2019, particularly in relation to the capital gain deriving from the equity investment held in Locoitalia, amounting to EUR 1.0 million. Net of this effect, net financial expenses were in any case lower than in the previous year due to the capital gain recognised at the closing of the financial receivable from Finlombarda for treasury management, repaid in July, as well as due to lower interest expense.

Earnings before taxes amounted to EUR 28.6 million versus EUR 27.8 million in the comparative period 2019.

Income taxes, amounting to EUR 5.9 million, decreased by EUR 1.1 million compared to the third quarter of 2019 due to lower taxable income in the period.

Adjusted comprehensive income, before recognition of the result of the companies measured at equity, changed from EUR 20.8 million of the comparative period of the previous year to EUR 22.7 million, thus reflecting substantial stability, despite the effects of COVID-19.

The **profit/(loss) of companies measured at equity** recorded a loss of EUR 15.6 million, versus a profit of EUR 3.7 million in the comparative period 2019, mainly due to the negative result of the joint venture Trenord S.r.l. This item is broken down as follows:

Amounts in thousands of euros	9 months 2020	9 months 2019	*Change*
Trenord Srl *	(18.735)	520	*(19.255)*
NORD ENERGIA SpA **	1.724	2.484	*(760)*
DB Cargo Italia Srl	1.067	872	*195*
Omnibus Partecipazioni Srl ***	185	31	*154*
NordCom SpA	35	108	*(73)*
Conam Srl	30	47	*(17)*
SeMS Srl in liquidation	81	30	*51*
Fuorimuro Srl****	-	(381)	*381*
Result of companies valued at equity	**(15.613)**	**3.711**	***(19.324)***

* includes the result of TILO SA

** includes the result of CMC MeSta SA

*** includes the result of ASF Autolinee Srl

**** The result of the equity investment in Fuorimuro is down to zero as a result of the sale completed on 10 March 2020, adjusted to fair value as at 31 December 2019.

The result of the subsidiary Trenord in the period was significantly impacted by the contagion containment measures, and therefore by the revision of the offer implemented starting from 24 February, following the start of the COVID-19 emergency, and reformulated differently in the following months in relation to the evolution of the mobility limitation measures. In particular during the period:

- revenues decreased by approximately 19% due to the significant reduction in ticketing revenues (-51% relative to the comparative period of the previous year), in relation to the reduction of the volume of transported passengers because of the COVID-19 pandemic starting from 24 February and of the different traffic limitations imposed by the competent authorities. Service contract revenues, on the contrary, grew by approximately 7% thanks to the offsetting effects introduced by the “Cure Italy”, “Relaunch” and “August” decrees, amounting to approximately EUR 69 million;
- personnel cost decreased by 6% in relation to the lower number of FTE (-33) and to the lower accessory remuneration deriving from reduction of the service;
- operating cost decreased by approximately EUR 37.4 million (-10%) in relation to the lesser services performed, due in particular to lower toll and energy costs (-EUR -18.2 million),

lower commission expenses (-EUR -6.1 million), lower services to other railway companies and train replacement services (-EUR 4.2 million).

Given the above, EBITDA, amounting to EUR -13.7 million, decreased by EUR 68.2 million from the 2019 comparative period. EBIT, amounting to -EUR 52.6 million, decreased by EUR 55.6 million from the 2019 comparative period; lastly, the net result changed from a profit of EUR 2.1 million in the first nine months of 2019 to -EUR 40.3 million as at 30 September 2020.

The consolidated **comprehensive net result** of the third quarter of 2020 amounted to EUR 7.1 million, versus EUR 24.5 million as at 30 September 2019, due to the effects described above deriving from traffic prohibitions during the first phase of the epidemic emergency.

In the period ended 30 September 2020, as in the comparative period 2019, there were no profits from discontinued operations.

2.2 INVESTMENTS

Investments accrued in the period amounted to a total of EUR 68.8 million versus EUR 75.3 million of the comparative period of the previous year.

In particular:

- **investments with public funds** were made for a total of EUR 63.8 million (EUR 56.4 million in the comparative period), relating to the renewal of rolling stock for EUR 39.2 million and the modernisation and upgrading of infrastructure for EUR 24.6 million. In detail, these initiatives pertain mainly to the equipment renewal on the Saronno – Como, Bovisa – Seveso – Mariano Comense and Saronno – Malnate sections, the requalification of the Borgo San Giovanni (Brescia) station to meet standards, as well as the construction of the support system for the drive aid system;
- **investments using own funds** were made for EUR 5.0 million (EUR 18.8 million in the comparative period 2019) and refer mainly to the redemption of 8 DE520 diesel locomotives for EUR 1.8 million, commissioning of 9 new buses and minibuses (with related on-board equipment) for EUR 0.7 million, to furniture and sundry equipment for EUR 0.6 million, and to additional modules of the SAP ERP for EUR 0.9 million.

In this regard, it is noted that on 21 October 2020, as part of the European Program “CEF – Transport 2019”, which allocates a total of EUR 100 million to support integration programs in the transport sector, FNM and FERROVIENORD have obtained a non-repayable loan of EUR 7,150,000 for the “On Board ERTMS B3 equipment for Lombardy Fleet” project.

In essence, the European contribution will support the costs of the ERTMS safety system that will be installed on the trains being supplied. To make the financing effective, FNM **signed a contract** (Grant

Agreement) with the European Commission. The duration of the project is thirty-six months. The equipment of the new safety system concerns the fleets of regional trains Caravaggio, Donizetti, Colleoni and TiLo, assigned to Trenord for the Lombard railway service.

2.3 RECLASSIFIED STATEMENT OF FINANCIAL POSITION

Below is the reclassified statement of financial position as at 30 September 2020, compared with that as at 31 December 2019:

Amounts in millions of euros	30/09/2020	31/12/2019	Change
Inventories	9,0	8,9	0,1
Trade receivables	84,4	64,6	19,8
Other current receivables	98,1	60,9	37,2
Trade payables	(142,5)	(175,7)	33,2
Other current payables and current provisions	(104,9)	(91,0)	(13,9)
Net Working Capital	***(55,9)***	***(132,3)***	***76,4***
Fixed assets	417,1	432,3	(15,2)
Equity interests	150,4	84,9	65,5
Non-current receivables	21,8	21,6	0,2
Non-current liabilities	(25,4)	(28,2)	2,8
Provisions	(58,9)	(60,9)	2,0
Assets and liabilities held for sale	0,0	29,5	(29,5)
NET INVESTED CAPITAL	***449,1***	***346,9***	***102,2***
Equity	*459,9*	*454,3*	*5,6*
Adjusted Net Financial Position (Debt / -Cash)	**40,5**	**(39,9)**	**80,4**
Net Financial Position for funded investments (cash)	(51,3)	(67,5)	16,2
Total net financial position (Debt / -Cash)	*(10,8)*	*(107,4)*	*96,6*
TOTAL SOURCES	***449,1***	***346,9***	***102,2***

The **net working capital** increased by EUR 76.4 million as a result of the following changes:

- **trade receivables** increased by EUR 19.8 million, mainly due to the extension of collection times for receivables from related parties, and from the client of the Veneto LPT Service Contract;
- **other current receivables** increased as a result of the advance recognised, amounting to EUR 29.4 million, in relation to the launch of a new work contract for the renewal of the rolling stock with borrowed funds, as well as for the receivables recognised in view of the above mentioned offsetting measures prescribed by the Relaunch Decree and August Decree, for EUR 4.3 million;
- **trade payables**, down by EUR 33.2 million, decreased mainly as a result of the payments

made in the period to suppliers for investments with borrowed and own funds, respectively for EUR 82.8 million and for EUR 13.4 million. It should be stressed that the investments paid with borrowed funds pertain for EUR 42.9 million to the renewal of rolling stock and hence paid with the funds allocated by the Lombardy Region on restricted funds, excluded from the adjusted NFP. The decrease is partially offset by the investments made in the period and not yet paid. Trade payables also decreased because of the lower costs incurred in the period;

- **other current payables**, up EUR 13.9 million, include the payable to the ASTM Group, equal to EUR 7.3 million, relating to the second tranche of the fee agreed for 13.6% of the share capital of MISE. This amount will be paid no later than 31 January 2021.

Investments increased as a result of the acquisition of the investment, equal to 13.6%, in MISE for a value of EUR 85.6 million, net of the lower result contributed by the companies valued using the equity method.

The **fixed assets** item comprises mainly tangible assets of EUR 389.8 million, of which EUR 294.5 million pertain to rolling stock, EUR 5.4 million to intangible assets, EUR 6.4 million to goodwill and EUR 15.6 million to rights of use.

Impairment Test

The COVID-19 pandemic, in view of its intensity and unpredictability, is an external factor for a potential assumption of impairment.

In particular, it was deemed necessary to carry out specific tests on the recoverability of the value of the assets in accordance with IAS 36 “Impairment of Assets” due to/to assess the impacts of the pandemic on the businesses pertaining to the road transport segment, for the ATV and La Linea CGU and to the passenger rail transport, through the joint venture Trenord.

For this reason, the Directors decided to update the assessments on the impairment tests on the occasion of the preparation of the consolidated condensed interim financial statements. An independent expert developed an impairment test in order to verify the recoverability of the net invested capital allocated to the reference CGU, including the intangibles identified in the PPA and goodwill.

Given that the impairment test will necessarily be repeated in the annual financial statements, also taking into account the provisions of the Decree of the President of the Council of Ministers of 3 November 2020, when a clearer picture of the effects of the crisis will be available and be translated into a medium-term forecast, in the quarterly report, the considerations made in the consolidated condensed interim financial statements are confirmed to date, also in light of the subsequent qualitative considerations set out below.

In particular, with regard to the goodwill of La Linea and ATV, the impairment tests developed in the half-year financial report did not reveal any impairment situations, detecting a test cover respectively equal to EUR 1,524 thousand and EUR 348 thousand.

Sensitivity analysis were also carried out considering both a change in the WACC discount rate and g-rate growth rate in the calculation of the terminal value, from which no critical aspects related to a possible impairment of the carrying amount were identified.

For road transport activities in Veneto, the prohibitions on mobility and circulation as well as the closure of school activities, prescribed by the regulatory provisions, have generated a significant reduction in the demand for transport and consequently in traffic revenues, the effect of which persisted, as expected, also in the summer period due to the reduction of visitors and tourist activities in the city of Verona, in the Garda area and in the Venice area. To offset this decline, the Law 17 July 2020, no. 77 (art. 200 paragraph 1, the Relaunch Decree), in order to sustain the local and regional public passenger transport service, established with the Ministry for Infrastructure and Transport a fund, subsequently integrated by Law 13 October 2020, no. 126 (article 44, August Decree) to offset the reduction of fee revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average fee revenues recorded in the same period of the previous two years.

Moreover, revenues from fees provided for by the service contracts in force for all of 2020 will be paid as required by the contractual programming, on the basis of the Law 24 April 2020, no. 27 (art. 92 paragraph 4-*bis*).

Both subsidiaries have initiated actions to contain the negative impacts of the emergency, by reducing the main cost items.

Although the economic trend may produce negative financial effects, the funds currently available, the existing credit lines and the cash flow generated by the management of working capital will allow them to operate in financial balance and assure business continuity.

In consideration of the aforementioned decree of 3 November 2020, and the additional containment measures introduced by the same, quantitatively updated estimates are being prepared and will be used for the implementation of the impairment test in the preparation of the next annual financial report.

With regard to the impairment test developed on the value of the investment in Trenord on the occasion of the half-year financial report, it did not reveal any impairment, with a test cover equal to EUR 11,860 thousand, also with respect to the results of the sensitivity analysis carried out both considering a change in the WACC discount rate and a g-rate growth rate in calculating the terminal value.

It must be considered that although the economic trend may produce negative financial effects, Trenord believes that the cash and cash equivalents currently available, the existing credit lines and the cash flow generated by the management of working capital will allow it to operate in financial balance, also in consideration of the signalled possible support of the shareholders, if necessary.

It should be kept in mind that the Service Agreement existing between Trenord and the Lombardy Region in Article 25 requires to ensure maintenance of the economic and financial balance of the Service Agreement in accordance with the provisions of “Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road”, through compensation that takes into account, in addition to the difference in outflows and inflows relating to the costs and revenues of public service operations, also a reasonable profit (remuneration of the capital invested) calculated in accordance with the Economic Financial Plan (EFP). Although discussions on this matter are already ongoing with the Client, Trenord has not already considered these compensatory economic measures when preparing the statement of financial position at 30 September 2020, because to date they cannot yet be reliably quantified, given the constantly evolving scenario.

The correct quantitative estimate of the economic impacts and of the effects on future cash flows with the consideration of the compensatory economic measures are being assessed in the preparation of Trenord’s economic-financial plan, which shall be subjected to impairment testing when drafting the next annual financial report.

The change in **assets and liabilities held for sale**, which included the values of the equity investment held in Locoitalia and Fuorimuro, reclassified and measured in accordance with IFRS 5, is consequent to the execution of the sale agreements on 10 March 2020.

Below is the breakdown of the Group’s net financial position at 30 September 2020, compared with 31 December 2019.

Lastly, the following table shows the calculation of the adjusted NFP, which excludes the effects deriving from adoption of IFRIC 12, with the aim of better representing the ability to generate cash and Group NFP:

Amounts in millions of euros	30/09/2020	31/12/2019	Change
Liquidity	(84,7)	(156,4)	71,7
Current financial receivables	(0,4)	(49,3)	48,9
Current financial debt	40,4	94,3	(53,9)
Current Net Financial Position (Debt / -Cash)	***(44,7)***	***(111,4)***	***66,7***
Non-current financial debt	85,2	71,5	13,7
Adjusted Net Financial Position (Debt / -Cash)	***40,5***	***(39,9)***	***80,4***
Net Financial Position for funded investments (Debt / -Cash)	(51,3)	(67,5)	16,2
Net Financial Position (Debt / -Cash)	***(10,8)***	***(107,4)***	***96,6***

At 30 September 2020, the net comprehensive financial position was positive at EUR 10.8 million, compared to a balance of EUR 107.4 million at 31 December 2019; isolating the amount relating to the advances on funded investments related to the modernisation of railway infrastructure and to the renewal of the rolling stock (EUR 51.3 million), the adjusted net financial position was negative by EUR 40.5 million, versus a positive balance of EUR 39.9 million at 31 December 2019, and thus recognising a decrease of EUR 80.4 million, mainly attributable to the sum paid, on 29 July 2020, for the purchase of 13.6% in MISE, equal to EUR 78.3 million.

The **adjusted net financial position** is represented by the cash flow changes in the reference period:

Amounts in millions of euros	30/09/2020	31/12/2019
EBITDA	57,7	59,9
NET WORKING CAPITAL	(38,5)	5,1
Taxes	(7,2)	(3,2)
Financial expenses/income	(1,0)	(1,1)
Free cash flow from operations	***11,0***	***60,7***
Investments paid	(53,3)	(34,1)
Cash flow generation	***(42,3)***	***26,6***
Dividends cash-in	4,7	5,8
Investment purchase	(78,3)	
Divestments	32,1	-
Free cash flow	**(83,8)**	**32,4**
Dividends cash-out	-	(10,5)
Cash flow	**(83,8)**	**21,9**
Adjusted NFP (Debt /-Cash) INITIAL 01/01	**(39,9)**	**7,5**
Cash flow generation	83,8	(21,9)
Change in scope of consolidation	3,1	
IFRS 16 Effect	(6,5)	-
Reclassification financial receivable Finlombarda		(5,0)
Total change in NFP	***80,4***	***(26,9)***
Adjusted NFP (Debt /-Cash) FINAL 30/09	**40,5**	**(19,4)**

The **operating cash flow** performance deriving from income management is negatively affected by the change in net working capital, mainly due to lower collections of trade receivables from related parties and from the client of the Veneto LPT Service Contract, as well as the increase of receivables for advances on SAL for investments related to the renewal of rolling stock with borrowed funds, equal to EUR 29.4 million. Cash flow from operations also includes the cash outflows relating to financial expenses amounting to EUR 1 million.

Investments were also paid in the period for approximately EUR 53.3 million, of which EUR 41.1 million pertaining to the previous year and EUR 12.2 million to the current one.

The negative **cash flow generation** for the period of EUR 42.3 million, deriving from operations and paid investments, increased by the cash outflow relating to the purchase of the stake held in MISE by the ASTM Group, equal to EUR 78.3 million. This amount is partially offset by the proceeds deriving from the sale of the investments Locoitalia and Fuorimuro, equal to EUR 32.1 million.

The **cash flow** of the period was thus negative at EUR 83.8 million.

The adjusted net financial position also reflects the effects deriving from the change of the scope of consolidation for the sale of the equity investment in Locoitalia, as a result of which financial payables for leases, related to leases of E464 TRAXX DC Loco rented by Locoitalia to FNM, amounting to EUR 3.1 million, were recognised.

Liquidity decreased by EUR 71.7 million, mainly in relation to the aforementioned cash outflow relating to the purchase of the stake held in MISE by the ASTM Group, equal to EUR 78.3 million. This outflow will be refinanced together with the purchase of the majority stake, equal to 82.4% of the share capital held by the Lombardy Region.

Current financial receivables decreased due to the collection on 29 July 2020, of the financial receivable from Finlombarda for the special treasury management contract, equal to EUR 48 million, which expired on 21 July 2020.

Current financial debt decreased due to the repayment on 21 July 2020, of the bond referred to as “FNM S.p.A. 2015 – 2020”, equal to EUR 58 million, issued on 21 July 2015 and subscribed in full by Finlombarda S.p.A.

Non-current financial debt changed by effect of the portion of financial payables for leases recognised as a result of the change in the scope of consolidation, as well as of the recognition of the non-current portion of the financial debt to EIB, equal to EUR 8.3 million.

On 21 December 2017 the Parent Company and the European Investment Bank entered into a EUR 50 million loan to guarantee. The financial coverage of the investment totalling EUR 95.1 million, pertaining to the purchase of nine 6-body electric trains to be used for the development and enhancement of the cross-border services connected with the opening of the Monte Ceneri base tunnel. On 20 March 2020, the first tranche of EUR 10 million of the loan was used. The loan has a fixed rate of 0.377%, with six-year maturity and repayment plan in constant annual instalments with the first due date on 1 February 2021.

3 OPERATING PERFORMANCE OF BUSINESS SEGMENTS

The following table shows the economic performance of the consolidated business segments:

	9 months 2020					9 months 2019				
Amounts in millions of euros	Railway infrastructure management	Road passenger transport	Rosco & Services	*Eliminations*	Total	Railway infrastructure management	Road passenger transport	Rosco & Services	*Eliminations*	Total
Revenues from third parties	87,6	64,3	52,3		**204,2**	85,7	83,6	52,8		**222,1**
Intercompany revenues	4,2	4,0	9,2	*(17,4)*	**,0**	4,3	4,4	9,2	*(17,9)*	**,0**
Grants for funded investments net of costs	2,8				**2,8**	1,3				**1,3**
Segment revenues	**94,6**	**68,3**	**61,5**	***(17,4)***	**207,0**	**91,3**	**88,0**	**62,0**	***(17,9)***	**223,4**
Adjusted EBITDA	**9,4**	**9,5**	**39,7**		**58,6**	**8,9**	**10,5**	**40,9**		**60,3**
Adjusted EBITDA %	***16%***	***16%***	***68%***			***15%***	***17%***	***68%***		
Reduction % EBITDA compared to previous year	5%	-10%	-3%							
EBITDA	**9,4**	**9,5**	**39,0**		**57,9**	**8,9**	**10,5**	**40,5**		**59,9**
EBITDA %	***16%***	***16%***	***67%***			***15%***	***18%***	***67%***		

Railway infrastructure management

The "Railway infrastructure management" segment includes the management of railway infrastructure of the Milan and Iseo lines, under concession, as well as terminal design and management activities. With Regional Council Resolution no. X/4823 of 15 February 2016, the Lombardy Region ordered the Concession to FERROVIENORD S.p.A. for the construction, operation and management of the Regional Railway Network be renewed from 18 March 2016 to 31 October 2060.

The concession agreement includes the construction, management and maintenance of the railway infrastructure, the upgrading and modernisation of the network, traffic management and the allocation of capacity. The concessionaire also has the role of acquiring and managing, on a non-exclusive basis, the fleet necessary to provide railway services and the enhancement of railway assets including those of historical value. The concessionaire is also assigned the tasks regulated by the Investment Planning Agreement, Service Contract or other administrative provision.

The activity is carried out by the subsidiary FERROVIENORD, in synergy with the subsidiary NORD_ING, which follows the implementation of ordinary and extraordinary maintenance on the railway network, upgrading works and the commissioning of new systems.

The terminal management activity is carried out by the subsidiary Malpensa Intermodale, a company established in December 2018, which started the management of the Sacconago terminal owned by the Group, in the municipality of Busto Arsizio (VA). This activity will be a potential opportunity also for the development of the management of rail links by the companies of the FNM group operating in the cargo sector.

Amounts in millions of euros	9 months 2020	9 months 2019	*Chg*	*Chg %*
Public contracts and grants	75,7	73,8	*1,9*	*2,6%*
Leasing rolling stock	6,6	6,4	*0,2*	*3,1%*
Other revenues	12,3	11,1	*1,2*	*10,8%*
Total	**94,6**	**91,3**	***3,3***	***3,6%***

The segment revenues went from EUR 91.3 million in the third quarter of 2019 to EUR 94.6 million in the third quarter of 2020, up 3.6% from the same period of the previous year.

In particular, the revenues relating to public contracts and contributions increased compared to the previous year by EUR 1.9 million and comprise the consideration deriving from the infrastructure management service agreement, income related to activities and work on the investments financed by the Lombardy Region (provided by the Planning Agreement) and the loans for the purchase of the new trains financed by the Lombardy Region. Other revenues increased in the period by approximately EUR 1.2 million, taking into account the effect of the sale of some inventory residues; terminal management generated revenues of approximately EUR 1.0 million more than in the same period of the previous year.

The increase in EBITDA of the segment in the quarter in question, equal to 5% from EUR 8.9 million to EUR 9.4 million, takes into account the higher costs for maintenance activities carried out during the lock-down period, as well as lower labour costs deriving from the reduction in the average workforce (-18 units), in addition to the contribution of terminal management.

Road passenger transport

In the third quarter of the current year, the “Road passenger transport” segment recorded a decline in revenues of 22.4% from EUR 88.0 million to EUR 68.3 million, in relation to the significant reduction of the traffic volumes, still ongoing, recorded following the COVID-19 epidemiological emergency.

Amounts in millions of euros	9 months 2020	9 months 2019	*Chg*	*Chg %*
Public contracts and grants	38,2	34,1	*4,1*	*12,0%*
Transport services	24,9	47,3	*(22,4)*	*-47,4%*
Other revenues	5,2	6,6	*(1,4)*	*-21,2%*
Total	**68,3**	**88,0**	***(19,7)***	***-22,4%***

In particular:

- revenues deriving from public contracts and contributions showed an increase of about 12% compared to the comparative period of the previous year, mainly due to the effect of Law 24 April 2020, no. 27 (article 92 paragraph 4-*bis*), which provided for the recognition of the payments on the basis of contractual planning, despite the reformulation of the offer implemented following the epidemiological emergency and the economic effect of the compensatory measures (equal to approximately EUR 4.3 million, to compensate for the lack of revenues from ticketing) introduced by Law 17 July 2020, no. 77 (article 200 paragraph 1, Relaunch Decree) and by Law 13 October 2020, no. 126 (article 44, August Decree);
- the revenues deriving from the transport services and hence relating to ticketing, to replacement services carried out by FNMA on behalf of Trenord, to sub-leasing activities and to the car-sharing of E-VAI, contracted by 47.4% in the reporting period as a result of the significant reduction in mobility demand due to the introduction of traffic bans during the health emergency, and the persistence of lower demand for mobility related to the continuation of the pandemic.

All the companies of this segment have also initiated actions to contain the negative impacts of the emergency, by reducing the main cost items, enabling them to diminish the negative impact of the revenue decline on the Adjusted EBITDA, which went from EUR 10.5 million in the first nine months of 2019 to EUR 9.5 million at 30 September 2020.

The segment includes different dynamics and phenomena with respect to the different services offered and to the different areas where the different companies operate. In particular:

- FNM AUTOSERVIZI manages Local Public Transport in the provinces of Varese, Brescia and Como; it also runs rail-replacement services for Trenord rail services.
  In the period analysed herein, production of local public transport services recorded a decline by approximately 22% in all provinces by effect of the revision of the offer starting from 24 February (-0.7 million bus-km compared to the previous year) while the number of passengers decreased by approximately 59%. Ticketing revenues contracted by 43% in the period, while comprehensive revenues contained the decline to approximately 19%, by effect of the stability of the service contract fees and of the offsetting provisions of the Relaunch Decree and the August Decree.
- Azienda Trasporti Verona operates mainly in the passenger road transport segment in the municipality and province of Verona; the company is jointly owned by FNM and Azienda Mobilità Trasporti S.p.A.

In the period analysed herein, production recorded a decline by approximately 28% as a result of the revision of the offer starting from 24 February (-4.1 million bus-km) while the number of transported passengers decreased by approximately 45%. Ticketing revenues contracted by 54% in the period, while revenues contained the decline to approximately 19%, by effect of the stability of the service contract fees and of the offsetting provisions of the Relaunch Decree and the August Decree.

- La Linea is a company that operates in the Veneto area in local public road transport sector and hires out buses with driver, also through subsidiaries (MartiniBus).
  The revenues of subcontracted services contracted by 33% due to the significant reduction of the offer as a result of the traffic limitations imposed by the competent authorities in all areas of competence (Venice, Padua, Verona and Belluno). The cancellation of tourist services from the end of February is also noted.
- The car-sharing and sustainable mobility service carried out by E-VAI with electric vehicles aims to finalise the completion of public mobility and in particular railway mobility, according to traditional and innovative business models.
  In the period, there was a contraction in the volumes of Regional Electric car sharing, in relation to the events tied to the COVID-19 emergency. This Lombardy ecological car sharing agreement was stipulated with FERROVIENORD in the context of the commitment with the Lombardy Region to provide an "ecological" car sharing service in exchange for the payment of a fee of EUR 1.8 million per year, unchanged from the previous year. During the period, the activity continued for all the three current lines directed at individual users (Easy Station service), municipal administrations (Public service) and to private companies (Corporate service), which slowed in the activation of new contracts related to the ongoing health emergency. The updated managed service models, which were also considered integrable with one another in the near future, were also implemented by the European Community: E-Vai participates in two European projects, I-SharE LIFE and CarE-Service Horizon 2020, for which grants of EUR 0.5 million were recognised in the financial statements in the period.

At 30 September 2020, the fleet consisted of a total of 213 vehicles, (175 at the end of 2019), 50 of which were dedicated to the I-SharE LIFE project.

Rosco & Services

Amounts in millions of euros	**9 months 2020**	**9 months 2019**	***Chg***	***Chg %***
Leasing rolling stock	42,4	41,7	*0,7*	*1,7%*
Other revenues	19,1	20,3	*(1,2)*	*-5,9%*
Total	**61,5**	**62,0**	***(0,5)***	***-0,8%***

The revenues of this segment, substantially stable compared to the same period of the previous year (-EUR 0.5 million), mainly relate to the lease of rolling stock to associates or joint ventures, primarily Trenord, with fees from EUR 41.7 million to EUR 42.4 million, up 1.7% in relation to the operating lease of the new E494 fleet to DB Cargo Italia and DE 520 locomotives to Trenord. Other revenues include administrative services, i.e. the management of centralised corporate activities through service contracts entered into with investee companies, and property management, relating to leases of owned properties, such as the building in Piazzale Cadorna, commercial premises of the lobby of Milan Cadorna Station, the buildings in Iseo, the parking area in Novate and the Solbiate Comasco depot.

The slight decrease in EBITDA of the segment (from EUR 40.9 to 39.7 million) in the period under review (-3%) is mainly attributable to the higher labour costs due to a higher average cost recorded, despite the lower average workforce (-5 units).

4 FNM GROUP HUMAN RESOURCES

The average number of employees of the FNM Group in the third quarter of 2020 was 2,204, compared with an average workforce of 2,266 in the third quarter of the previous year. The decrease of 3% is mainly due to the retirements that took place in 2019 and in the third quarter of 2020, in particular for the subsidiary FERROVIENORD.

5 SIGNIFICANT EVENTS DURING THE PERIOD

On **10 March 2020**, FNM S.p.A. signed the agreements for the sale of the investments held in:

- Locoitalia S.r.l. (51%), a line-by-line consolidated company active in the business of leasing rolling stock for the transportation of goods: the sale of the shares held by FNM to Tenor was closed after the completion of the partial and proportional demerger of the company in Locoelettriche S.r.l., whose shares held by FNM were sold to Railpool GmbH, for a total equity value of EUR 6.0 million. FNM's portion amounts to EUR 3.0 million;
- Fuorimuro Servizi Portuali e Ferroviari S.r.l. (49%), a company consolidated with the equity method, active in the railway freight rolling stock and concession-holder for railway operations within the Genoa harbour, to Tenor S.r.l.. The price for the shareholding was EUR 0.5 million.

These transactions resulted in an overall improvement of approximately EUR 30.8 million of the Group's Net Financial Position (including the net financial position of Locoitalia) and a consolidated capital gain of EUR 1.0 million deriving from the sale of the shareholding in Locoitalia.

On **27 May 2020**, the Shareholders' Meeting approved the proposal of the separate financial statements of the Parent, examined the consolidated financial statements of the FNM Group as at 31 December 2019 and resolved not to distribute a dividend and therefore to allocate the profit for the year as follows:

- EUR 1,195,648 to the legal reserve;
- EUR 9,567,856 to retained earnings;
- EUR 13,149,461 to the extraordinary reserve.

In addition, the Shareholders' Meeting approved the Report on the remuneration policy and on the compensation paid and authorised the purchase and disposal of treasury shares.

On **21 July 2020**, the "FNM S.p.A. 2015 – 2020" bond, issued on 21 July 2015 for EUR 58 million and subscribed in full by Finlombarda S.p.A., was repaid in full. With the same value date, the tenth and last half-yearly coupon was paid, amounting to EUR 342,484.20 and relating to the 21 January 2020 - 21 July 2020 lending period. In relation to the special Treasury management agreement stipulated with Finlombarda, the deposit of EUR 48 million was repaid by Finlombarda on 29 July 2020. In September, Finlombarda paid to FNM the interest accrued during the year 2020.

On **28 July 2020**, the Council of the Lombardy Region, controlling shareholder of the Company, in its 2020 supplementary budget law, authorised *(i)* the sale in favour of FNM (the "Transaction") of the entire equity investment held by the Lombardy Region in Milano Serravalle – Milano Tangenziali S.p.A. ("MISE"), equal to 82.4% of the share capital and, as a result, the acceptance of the purchase proposal formulated by FNM, and *(ii)* the recapitalisation of Autostrada Pedemontana Lombarda S.p.A. ("APL"), through the underwriting of a capital increase for an amount up to EUR 350 million.

On **29 July 2020**, the agreement was executed for the purchase of the stake held in MISE, directly and indirectly, by ASTM, equal to 13.6% of the share capital[5], for EUR 85.6 million (i.e. EUR 3.5 per share).

The agreed price was paid in cash for an amount of EUR 3.2 per share (EUR 78.3 million) on the same date, using available liquidity and bank credit facilities, while the remaining EUR 0.3 per share (EUR 7.3 million) will be paid no later than 31 January 2021.

On **30 July 2020** the Council of the Lombardy Region resolved to accept *(i)* the proposal presented by the Parent Company in relation to the acquisition of the entire equity investment of the Lombardy

5 The total equity investment to be purchased is held by ASTM S.p.A. for 10.704%, Autostrada Dei Fiori S.p.A. for 2.884% and SATAP S.p.A. for 0.007% of the share capital.

Region in Milano Serravalle – Milano Tangenziali S.p.A., equal to 82.4% of the share capital; and *(ii)* the proposed exclusive agreement containing the commitment to define the contractual terms and conditions no later than four months from the date.

6 SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2020

On **7 October 2020**, the joint-stock company FNMPAY – wholly owned by FNM – was established and will start providing the service of agreement of payment transactions pursuant to art. 1, paragraph 2, lett. h)-septies.1), number 5) of Legislative Decree 385/1993, after obtaining the necessary authorisation from the Bank of Italy.

The company will play an active role in managing the acceptance of payments via POS (physical and virtual) by the companies of the FNM Group, which currently entrust this activity to third-party companies, as well as certain companies outside the Group operating in the transport sector, with predominant focus in the regions of Northern Italy and shared mobility at national level.

It is expected that the company, subject to obtaining the aforementioned authorisation from the Bank of Italy, will be able to start up its business during the first half of 2021.

On **3 November 2020**, the Company signed a purchase and sale contract with the Lombardy Region, which regulates the terms and conditions of a transaction aimed at creating a strategic holding company in the infrastructure sector in Lombardy.

In particular, the transaction involves the purchase by FNM of the entire equity investment, equal to 82.4% of the share capital, in Milano Serravalle – Milano Tangenziali S.p.A. (MISE) held by the Lombardy Region, for a total consideration of EUR 519.2 million (EUR 3.5 per share). At the same time as executing the contract for the purchase and sale of the equity investment in MISE, the Lombardy Region also undertook to subscribe and release , the shares of Autostrada Pedemontana Lombarda S.p.A. (APL), resulting from the paid-in capital increase (approved on 28 February 2020 by the shareholders' meeting of APL), inseparably, for a nominal value of EUR 350 million, that may have remained unopted. On the date of execution of the contract for the sale and purchase of the investment in MISE, APL will therefore exit the scope of consolidation of MISE.

The execution of the sale and purchase contract is subject to the fulfilment (or, as the case may be, the waiver in accordance with the terms and conditions set out in the contract) of certain conditions precedent, including obtaining the necessary authorisations in relation to the transaction in accordance with antitrust law and the golden power regulations (where applicable under the law), as well as authorisation by the Ministry of Infrastructure and Transport in accordance with the agreement to which MISE is a party.

Subject to the fulfilment (or, as the case may be, the waiver) of the conditions precedent provided for in the contract, the transaction is expected to be completed within the first months of 2021.

The transaction will be financed by a short-term credit line, entered into entirely by IMI-Intesa SanPaolo, J.P. Morgan and BNP Paribas BNL for a maximum of EUR 650 million and mainly aimed at paying the acquisition price.

On **10 November 2020** the "Information document relating to significant transactions with related parties" was published as the transaction of the aforementioned investment qualifies as a "significant" transaction between related parties, pursuant to article 8, paragraph 1, of the Consob RPT Regulation and article 4.3 of the RPT Procedure, since all the materiality indices set out in Annex 3 of the Consob RPT Regulation and article 2 of the RPT Procedure are greater than 5%.

The transaction is carried out with related parties in accordance with article 2 of Annex 1 of the regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented (Consob RPT Regulation), and article 2 of the procedure on related party transactions adopted by FNM (RPT Procedure), as Lombardy Region holds a 57.57% stake in the share capital of FNM and voting rights and, therefore, exercises control over FNM pursuant to article 93 of Legislative Decree no. 58/98 and article 2359, paragraph 1, no. 1 of the Italian Civil Code.

FNM has activated the controls and measures provided for in article 8 of the Consob RPT Regulation and article 4.3 of the RPT Procedure with regard to "significant" transactions with related parties. In particular, the Board of Directors of FNM approved the transaction on 26 October 2020, subject to the issuance on the same date, of a reasoned favourable opinion by the Control, Risks and Related Party Transactions Committee on the Company's interest in carrying out the transaction, as well as on the convenience and substantial fairness of the related conditions.

The financial fairness of the purchase price was certified by Lazard S.r.l., which supported the Control, Risks and Related Party Transactions Committee as an independent, unrelated expert with no interest, even indirectly, in the transaction. Lazard S.r.l. issued a specific opinion on 26 October 2020, as permitted by the Consob RPT Regulation and the RPT Procedure.

On **10 November 2020**, Fitch Ratings assigned FNM an Investment Grade BBB- rating with a stable outlook. The assignment of the rating will allow FNM to optimise its financial structure, also by diversifying the sources of funding, with *inter alia* possible access to the capital market.

7 MANAGEMENT OUTLOOK

The effects of the ongoing health emergency on the FNM Group, whose businesses relating to the leasing of rolling stock and to management of the railway infrastructure were not substantially impacted by the epidemiological emergency, pertain mainly to road transport and the joint venture Trenord.

For road transport activities in Lombardy and in Veneto, revenues from fees provided for by the service contracts in force for all of 2020 will be paid as required by the contractual programming, on the basis of the Law of 24 April 2020, no. 27 (art. 92, paragraph 4-*bis*).

The prohibitions on mobility and circulation, as well as the closure of school activities, provided for by the subsequent provisions issued over the months, have generated a significant reduction in the demand for transport and consequently in traffic revenues. The effect of such measures is estimated to persist even in the last quarter of the year, also considering the provisions of the Decree of the President of the Council of Ministers of 3 November 2020. In order to sustain the local and regional public passenger transport service, the Law of 17 July 2020, no. 77 (art. 200, paragraph 1, the Relaunch Decree) with the support of the Ministry for Infrastructure and Transport established a fund, subsequently integrated by Law 13 October 2020, no. 126 (article 44, August Decree) to offset the reduction of fee revenues from passengers in the period from 23 February 2020 to 31 December 2020 compared to the average fee revenues recorded in the same period of the previous two years.

All companies have also activated actions to contain the negative impacts of the emergency, by reducing the main cost items.

In light of these reflections, the previous scenario of recovery of the production of transport services at full capacity starting from September, together with the resumption of school activity and an estimate relating to the positive effects deriving from the reduction of the restrictions in May and June, seems weakened. In fact, it is reasonable to believe that in the last two months of the year, the demand for transport will remain at significantly lower values than those recorded in the same period of the previous year, following the additional limitations introduced to school activities and the movement of people. However, taking into account the trend in the period July-October, as well as the greater allocations to the sector referred to in the aforementioned Law no. 126/2020, at present, it is reasonable to maintain the previously communicated estimate on the Group’s revenues and adjusted Ebitda , and therefore to expect a high-single digit negative impact compared to the previous year.

With reference to the Group’s Adjusted NFP, we note the postponement of part of the investments planned for the renewal of the fleets at the beginning of 2021, taking into account the updated delivery times of suppliers, with consequent lower cash requirements. As a result of the cash outflow relating to the purchase of the stake held in MISE by the ASTM Group, for EUR 78.3 million, the Group recorded a negative adjusted net financial position of approximately EUR 40.5 million at 30

September 2020, but has a significant liquidity headroom of EUR 50 million of committed lines and approximately EUR 140 million of uncommitted lines.

Starting from 24 February 2020, Trenord – valued at equity – proceeded to revise the railway service in accordance with the different regulatory provisions in force in the various months, which entailed a significant reduction in ticketing revenues. These effects were only partially mitigated by the regulatory interventions to support companies operating in the local public transport sector contained in the aforementioned Law no. 27/2020, Law no. 77/2020 and Law no. 126/2020. The compensatory effects on revenues of such measures were included in this interim management report.

Trenord operates based on a service contract. In accordance with the provisions of EC Regulation 1370/2007, such contract requires to ensure maintenance of economic and financial balance through a compensation mechanism that takes into account adequate remuneration of the capital invested, in addition to the difference in outflows and inflows relating to the costs and revenues of public service operations.

Although the economic trend and the new provisions (limiting transportation further) may produce negative financial effects for all of 2020, Trenord believes that the liquidity currently available, the existing credit lines and the cash flow generated will allow it to operate in financial balance.

Milan, 12 November 2020

The Board of Directors

The undersigned Valentina Montanari, in her capacity as " Executive in charge of financial reporting" of FNM S.p.A., hereby certifies, in compliance with the provisions of Article 154-*bis* of Legislative Decree no. 58 of 24 February 1998, that the accounting information contained in this interim management report corresponds to the documented results in the company's books and records.

The Executive in charge of financial reporting
Valentina Montanari

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE INDICATORS USED

The present document, in addition to the conventional financial statements and indicators prescribed by IFRS, presents some reclassified statements and some alternative performance indicators in order to allow a better assessment of the economic-financial performance of the Group. These statements and indicators should not be deemed to be replacements for the conventional ones prescribed by IFRS. For these quantities, the descriptions of the criteria adopted in their preparation and the appropriate notes referring to the items contained in the mandatory statements are provided in accordance with the indications of Consob Communication no. 6064293 of 28 July 2006, in Consob Communication no. 0092543 of 3 December 2015 and of the ESMA 2015/1415 guidelines for alternative performance indicators ("Non GAAP Measures").

In particular, among the alternative indicators used, the following are pointed out:

EBITDA: it represents the earnings for the period before income taxes, of the other financial income and expenses, of depreciation, amortisation and impairments of non-current assets. The Group also provides an indication of the incidence of EBITDA on net sales. The calculation of EBITDA carried out by the Group allows to compare the operating results with those of other companies, excluding any effects deriving from financial and tax components and from depreciation and amortisation, which may vary from company to company for reasons not correlated with the general operating performance.

EBITDA %: it represents the percentage of EBITDA over total revenues.

Adjusted EBITDA: it is represented by EBITDA as identified above, excluding non-ordinary expenses and income, such as:

(i) income and expenses deriving from restructuring, reorganisation and business combination;

(ii) income and expenses not directly referred to the ordinary performance of the business, clearly identified;

(iii) in addition to any income and expenses deriving from non-ordinary events and significant transactions as defined by Consob DEM6064293 communication of 28 July 2006.

With reference to the adjusted EBITDA of the third quarter of 2020, the following components were excluded from EBITDA:

a) non-ordinary expenses deriving from development projects, amounting to EUR 0.7 million.

In the third quarter of 2019, non-ordinary items deriving from development projects were recorded for EUR 0.4 million.

Adjusted EBITDA %: it represents the percentage of adjusted EBITDA over total revenues.

EBIT: it represents the earnings for the period before the income deriving from sold/disposed assets, income taxes, financial income and expenses and the result of the companies measured at equity.

Adjusted comprehensive profit: represents the net result for the period before the result of the companies valued with the equity method.

Net Working Capital: it includes current assets (excluding cash and cash equivalents and the current financial assets included in the net financial position), and current liabilities (excluding the current financial liabilities included in the net financial position).

Net Invested Capital: it is equal to the algebraic sum of fixed capital, which includes non-current assets and non-current liabilities (excluding the non-current financial liabilities included in the net financial position) and of net working capital.

NFP (Net Financial Position): it includes cash and cash equivalents, current financial assets and current financial liabilities.

Adjusted NFP: it is represented by the net financial position as identified above, excluding the impacts of the timeline of the collections of the contributions on financial investments for the renewal of the railway rolling stock and of the related payments made to suppliers, recognised in accordance with IFRIC 12.

Joint Stock Company

Registered Office in Milan - Piazzale Cadorna 14

Share capital EUR 230,000,000.00 fully paid up

Interim Management Report as at 30 September 2020

Consolidated Statement of Financial Position

Consolidated Income Statement

Other Consolidated Comprehensive Income

Changes in Consolidated Shareholders' Equity

Consolidated Statement of Cash Flows

CONSOLIDATED INTERIM MANAGEMENT REPORT AT 30.09.2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30.09.2020

Amounts in thousands of euros		30/09/2020	31/12/2019	Change
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		389.765	409.864	(20.099)
Intangible assets		5.366	7.156	(1.790)
Goodwill		6.353	6.358	(5)
Right of use		15.608	8.879	6.729
Investments measured with the equity method		59.087	79.429	(20.342)
Investments in other companies		91.314	5.472	85.842
Financial receivables		2	2	0
Deferred tax assets		21.741	21.543	198
Other Receivables		82	82	0
TOTAL NON-CURRENT ASSETS		**589.318**	**538.785**	**50.533**
CURRENT ASSETS				
Inventories		9.018	8.910	108
Trade Receivables		84.430	64.619	19.811
	of which: Related Parties	68.852	45.227	23.625
Other Receivables		97.083	60.612	36.471
	of which: Related Parties	15.622	11.275	4.347
Tax receivables		1.013	280	733
Financial receivables		40.372	40.997	(625)
	of which: Related Parties	372	997	(625)
Financial Receivables measured at Fair Value in profit or loss		0	48.352	(48.352)
	of which: Related Parties	0	48.352	(48.352)
Receivables for funded investments		46.625	59.096	(12.471)
	of which: Related Parties	44.628	57.099	(12.471)
Cash and cash equivalents		240.843	228.723	12.120
TOTAL CURRENT ASSETS		**519.384**	**511.589**	**7.795**
Assets held for sale			35.239	(35.239)
TOTAL ASSETS		**1.108.702**	**1.085.613**	**23.089**
LIABILITIES				
Share capital		230.000	230.000	0
Other reserves		7.788	7.788	0
Reserve for indivisible profit		203.387	172.970	30.417
Reserve for actuarial gains/(losses)		(7.277)	(7.545)	268
Translation reserve		101	96	5
Profit/(Loss) for the year		6.195	30.281	(24.086)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP		**440.194**	**433.590**	**6.604**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**19.726**	**20.711**	**(985)**
TOTAL SHAREHOLDERS' EQUITY		**459.920**	**454.301**	**5.619**
NON-CURRENT LIABILITIES				
Payables to banks		58.075	49.780	8.295
Financial Payables		14.554	9.184	5.370
	of which: Related Parties	0	2	(2)
Payables for funded investments		12.581	12.581	0
	of which: Related Parties	6.079	6.079	0
Other liabilities		25.261	27.550	(2.289)
	of which: Related Parties	10.616	12.253	(1.637)
Deferred tax liabilities		173	692	(519)
Provisions for risks and charges		36.977	36.977	0
Post-employment benefits		21.946	23.931	(1.985)
TOTAL NON-CURRENT LIABILITIES		**169.567**	**160.695**	**8.872**
CURRENT LIABILITIES				
Payables to banks		1.879	304	1.575
Financial Payables		38.525	94.053	(55.528)
	of which: Related Parties	28.168	86.573	(58.405)
Payables for funded investments		191.447	103.818	87.629
	of which: Related Parties	191.447	103.818	87.629
Trade payables		142.513	175.746	(33.233)
	of which: Related Parties	2.940	3.930	(990)
Payables for taxes		4.197	3.181	1.016
Tax payables		2.440	3.775	(1.335)
Other liabilities		77.840	65.180	12.660
	of which: Related Parties	41.581	35.762	5.819
Provisions for risks and charges		20.374	18.856	1.518
TOTAL CURRENT LIABILITIES		**479.215**	**464.913**	**14.302**
Liabilities related to assets held for sale		0	5.704	**(5.704)**
TOT. LIABILITIES AND SHAREHOLDERS' EQUITY		**1.108.702**	**1.085.613**	**23.089**

Q3 2020 CONSOLIDATED INCOME STATEMENT

Amounts in thousands of euros		9 months 2020	9 months 2019
Revenues from sales and services		178.644	201.116
	of which: Related Parties	131.119	132.294
Grants		12.392	7.919
	of which: Related Parties	6.407	6.048
Grants for funded investments		27.393	18.759
	of which: Related Parties	27.393	18.759
Other income		13.215	13.158
	of which: Related Parties	5.640	5.433
	of which: Non Recurring	-	-
TOTAL REVENUES AND OTHER INCOME		**231.644**	**240.952**
Raw materials, consumables and goods used		(12.269)	(15.386)
Service costs		(44.741)	(49.000)
	of which: Related Parties	(5.895)	(5.987)
	of which: Non Recurring	(753)	(426)
Personnel costs		(82.668)	(90.513)
Depreciation and Amortisation		(29.611)	(30.529)
Other operating costs		(9.516)	(8.626)
	of which: Related Parties	(60)	(42)
Costs for funded investments		(24.597)	(17.479)
TOTAL COSTS		**(203.402)**	**(211.533)**
EBIT		**28.242**	**29.419**
Financial income		1.985	1.122
	of which: Related Parties	752	792
Financial expenses		(1.650)	(2.741)
	of which: Related Parties	(384)	(542)
	of which: Non Recurring		
NET FINANCIAL INCOME		**335**	**(1.619)**
Net profit of companies measured with the equity method		(15.613)	3.711
EARNINGS BEFORE TAX		**12.964**	**31.511**
Income tax		(5.889)	(6.982)
	of which: Non Recurring	-	-
NET PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**7.075**	**24.529**
NET PROFIT FROM DISCONTINUED OPERATIONS		-	-
PROFIT/(LOSS) FOR THE PERIOD		**7.075**	**24.529**
Profit/(loss) attributable to NON-CONTROLLING interest		**880**	**642**
Profit/(loss) attributable to Parent Company shareholders		**6.195**	**23.887**
Profit/(loss) attributable to NCIs for discontinued operations		-	-
Profit/(loss) attributable to Parent Company shareholders for discontinued operations		-	-

Earnings per share attributable to Group shareholders		
Basic earnings per share (euro)	0,01	0,05
Diluted earnings per share (euro)	0,01	0,05
Earnings per share attributable to Group shareholders for discontinued operations		
Basic earnings per share (euro)	-	-
Diluted earnings per share (euro)	-	-

OTHER CONSOLIDATED COMPREHENSIVE INCOME

Amounts in thousands of euros	30/09/20	30/09/19
PROFIT/(LOSS) FOR THE PERIOD	**7.075**	**24.529**
Other components of companies consolidated on a line-by-line basis		
Post-employment benefit actuarial gain/(loss)	40	(2.978)
Tax effect	(11)	834
Total components that will not be reclassified in the operating result	**29**	**(2.144)**
Total components that will be reclassified in the operating result	**-**	**-**
Total companies consolidated on a line-by-line basis	**29**	**(2.144)**
Other components of companies consolidated on a line-by-line basis		
Post-employment benefit actuarial gain/(loss) of companies measured with the equity method	383	(844)
Tax effect	(107)	235
Total components that will not be reclassified in the operating result	**276**	**(609)**
Gains/(losses) arising from the translation of financial statements of foreign companies	5	4
Total components that will be reclassified in the operating result	**5**	**4**
Total companies consolidated with equity method	**281**	**(605)**
Total Other Comprehensive Income	**310**	**(2.749)**
TOTAL COMPREHENSIVE PROFIT/(LOSS)	**7.385**	**21.780**
Comprehensive Profit/(Loss) attributable to non-controlling interest	**917**	**98**
Comprehensive Profit/(Loss) attributable to Parent Company shareholders	**6.468**	**21.682**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Amounts in thousands of euros	Share capital	Other reserves	Indivisible Profits/Losses	Reserve for actuarial gain/loss	Translation reserve	Profit/Loss for the period	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
Balance at 01.01.2019	**230.000**	**7.788**	**154.333**	**(6.474)**	**64**	**28.477**	**414.188**	**20.983**	**435.171**
Total Comprehensive Income				**(2.209)**	**4**	**23.887**	**21.682**	**98**	**21.780**
Allocation of 2018 profit			28.477			(28.477)	-		-
Distribution of dividends			(9.785)				(9.785)	(750)	(10.535)
Change in the scope of consolidation			6				6	(52)	(46)
Balance at 30.09.2019	**230.000**	**7.788**	**173.031**	**(8.683)**	**68**	**23.887**	**426.091**	**20.279**	**446.370**
Balance at 31.12.2019	**230.000**	**7.788**	**172.970**	**(7.545)**	**96**	**30.281**	**433.590**	**20.711**	**454.301**
Total Comprehensive Income				**268**	**5**	**6.195**	**6.468**	**917**	**7.385**
Allocation of 2019 profit			30.281			(30.281)	-		-
Change in the scope of consolidation			136				136	(1.902)	(1.766)
Balance at 30.09.2020	**230.000**	**7.788**	**203.387**	**(7.277)**	**101**	**6.195**	**440.194**	**19.726**	**459.920**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of euros	**30/09/20**	**30/09/19**
Cash flow from operating activities	**Total**	**Total**
Profit for the period	7.075	24.529
Income tax	5.889	6.982
Net profit of companies measured with the equity method	15.613	(3.711)
Amortisation for the period of intangible assets	2.694	2.783
Amortisation for the period of tangible assets	24.087	26.227
Amortisation of right of use	2.831	1.519
Provisions for risks and charges	9.492	8.679
Releases of provisions for risks and charges	-	(710)
Provision for bad debts	66	17
Gains from disposal of property, plant and equipment	(217)	(102)
Gains from disposal of assets held for sale	(1.014)	-
Capital grants for the period	(2.847)	(2.739)
Interest income	(971)	(1.122)
Interest expense	1.650	2.741
Other non-monetary income	-	(57)
Cash flow from income activities	**64.348**	**65.036**
Net change in the provision for post-employment benefit	(1.945)	(1.765)
Net change in bad debt reserve	-	(53)
Net change in provision for risks and charges	(7.974)	(864)
Increase in trade receivables	(19.877)	(3.040)
Increase in inventories	(108)	(851)
Increase in other receivables	(6.326)	(2.676)
Increase/(Decrease) in trade payables	(27.275)	6.833
Increase in other liabilities	4.542	137
Payment of taxes	(7.019)	(1.462)
Net change in deferred tax assets/liabilities	(22)	-
Total cash flow from operating activities	**(1.656)**	**61.295**
Cash flow from investing activities		
Investments in intangible assets	(904)	(829)
Investments in owned property, plant and equipment	(4.111)	(17.929)
Decrease in trade payables for investments	(31.606)	(16.660)
Investments in funded rolling stock net of grants collected	104.918	(24.177)
Increase in financial receivables for services under concession	(24.597)	(17.479)
Decrease in financial receivables for services under concession - payments received	16.070	20.903
Disposal value of property, plant and equipment	626	342
Investments in Equity investments	(78.501)	(200)
Dividends distributed by investees measured with the equity method	4.696	5.840
Other changes in financial receivables	(113)	20
Interest income collected	971	962
Repayment of finance lease receivables	738	1.435
Change in financial receivables from assets sold	(3.464)	-
Collection from the disposal of net assets held for sale	32.124	-
Repayment of Financial Receivables Finlombarda	48.352	-
Total cash flow from/(for) investing activities	**65.199**	**(47.772)**
Cash flow from/(for) financing activities		
Repayment of finance lease payables	(1.906)	(3.143)
Interest paid	(1.269)	(1.327)
Increase/(Decrease) in payables to banks	9.870	(248)
Interest paid on debenture loan	(682)	(732)
Repayment of Debenture loan	(58.000)	-
Increase in other financial liabilities	564	65.108
Dividends paid out to FNM shareholders	-	(9.785)
Dividends paid out to third parties	-	(750)
Total cash flow from/(for) financing activities	**(51.423)**	**49.123**
Liquidity generated (+)/absorbed (-)	**12.120**	**62.646**
Cash and cash equivalents at start of period	228.723	137.316
IFRS 5	-	(1.336)
Cash and cash equivalents at end of period	240.843	198.626
Liquidity generated (+)/absorbed (-)	**12.120**	**62.646**