



## 2022 PRM Proposal of charges update

Dec. 2021

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Since 2011, each year ADR presents users with proposal for **PRM charges update**.

Financial data shared with users are taken from the annual report of ADR Assistance, a company wholly owned by Aeroporti di Roma, entrusted with the management of the PRM service in Fiumicino and Ciampino airports

The costs that ADR represents to users are entirely derived from the ADR Assistance's annual report, in consideration of absence of G&A costs in ADR's PRM charges

Given the prolonged contraction in demand caused by the **health emergency**, management actions to contain costs are not proving sufficient to avoid a significant service deficit (costs above service revenues)

### **Fiumicino airport**

- FCO's PRM charge proposed for 2022 is € 1.60 / pax, 52% up with respect to the charge in effect from 1 March 2021 to avoid piling up of excess deficit
- The 2022 charge proposal does not reflect neither deficit (costs > revenues) that is foreseeable for the current year (value of said deficit is estimated and will be update on actual year-end financials) not deficit incurred in 2020
- As from next year ADR shall provide users with information on how it intends to comply with ENAC's ruling on spreading to future years of service deficit arisen in 2020-21 from the health emergency

### **Ciampino airport**

- CIA's PRM charge proposed for 2022 is € 0.29 / pax, 53% up from that currently applied
- As for FCO, the above said charge does not incorporate any elements of the 2020-21 deficit
- CIA deficits – separately accounted for – shall also find way into future updates od charges, on which ADR shall keep users informed



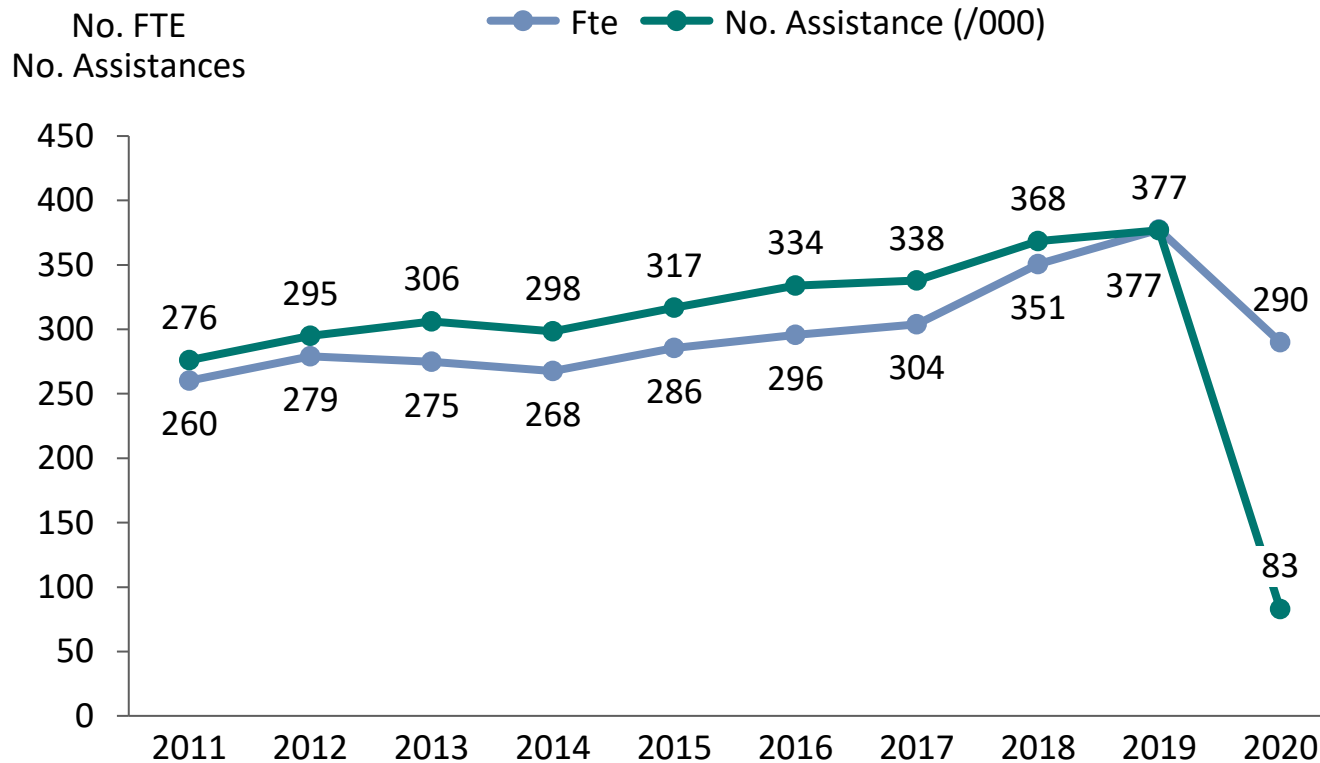
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## Agenda:

- **ADR Assistance**
- 2022 charge proposal
- Other info



# ADR Assistance: key figures (1/2)



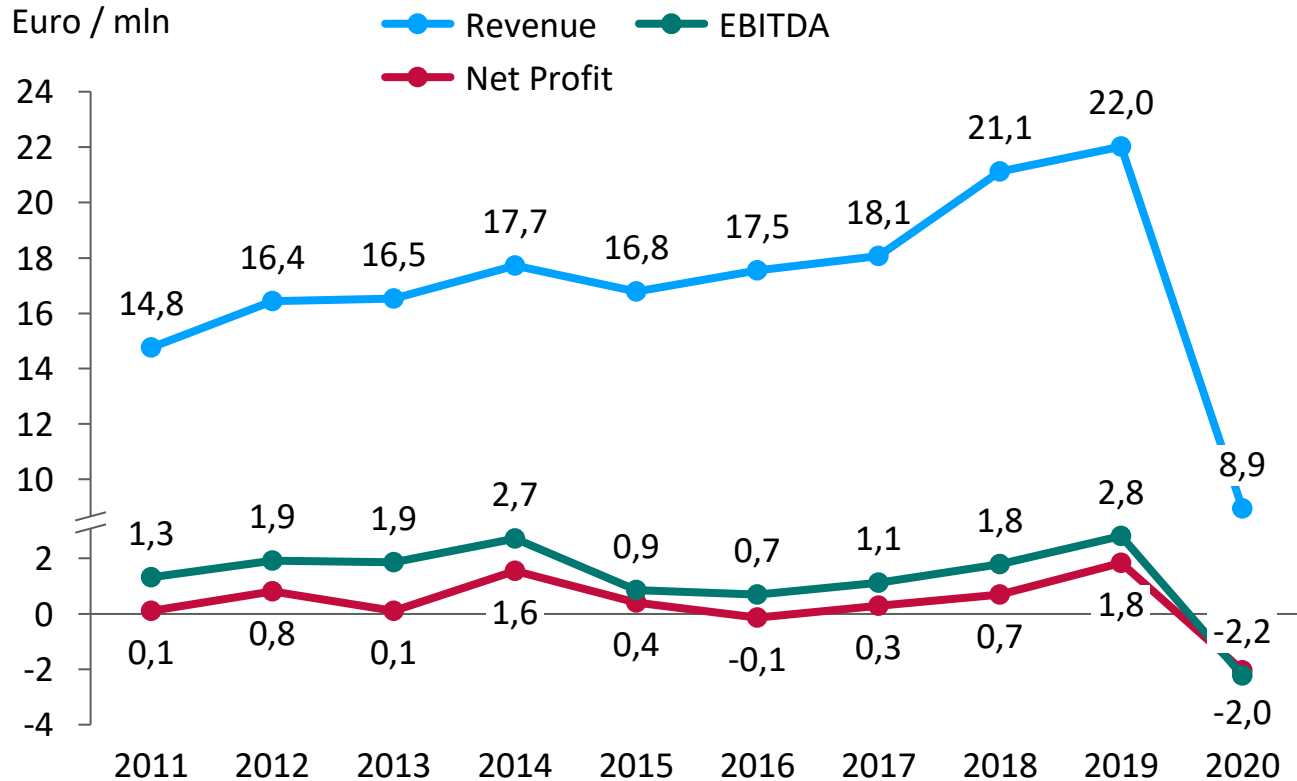
ADR Assistance (ADRA) is a 100% owned by ADR service company that was set up at the onset of PRM regulation (2008)

A dedicated service company, since its start ADRA has solely served the purpose of providing trained staff for assisting PRM needs and delivering PRM quality at an affordable cost

In 2011-2019, ADRA staff (FTE) has grown by 4,7% CAGR in the wake of a p.a. rise in assistances by 4,0%



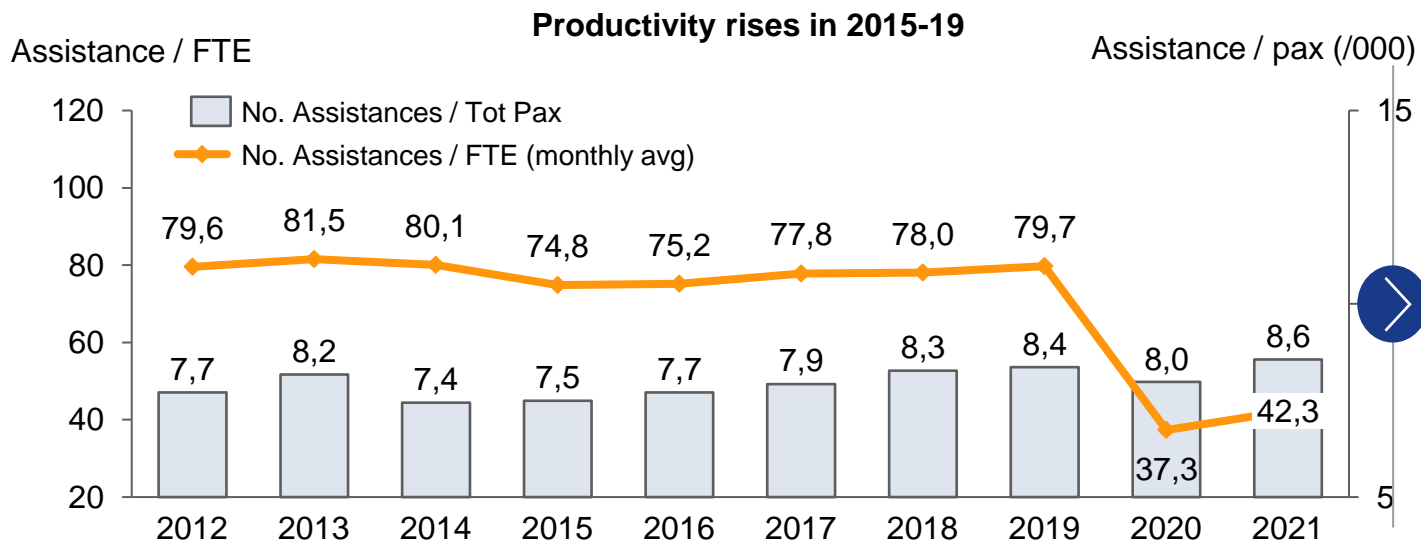
## ADR Assistance: key figures (2/2)



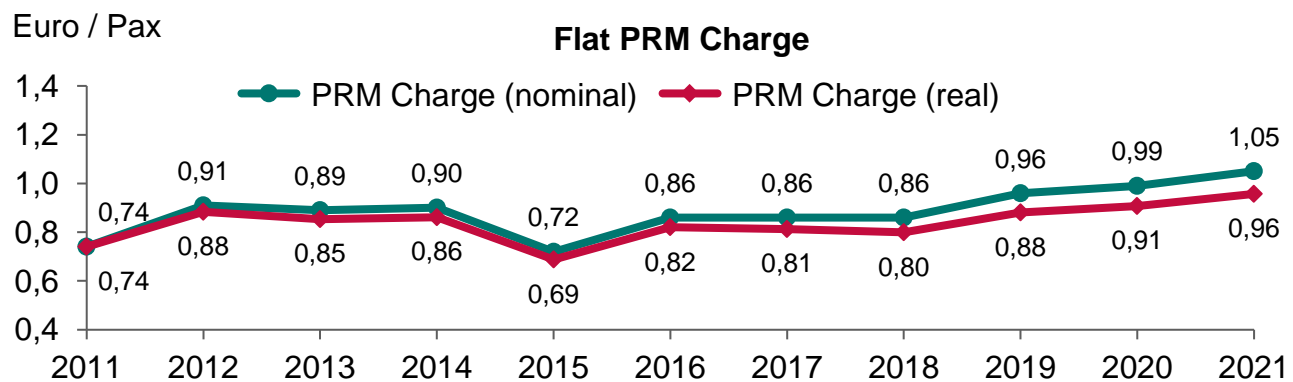
ADRA's EBITDA and Net Profit show **significant consistency** (pre-Covid) tied to the service contract with parent ADR



# PRM indicators (FCO): productivity and charges



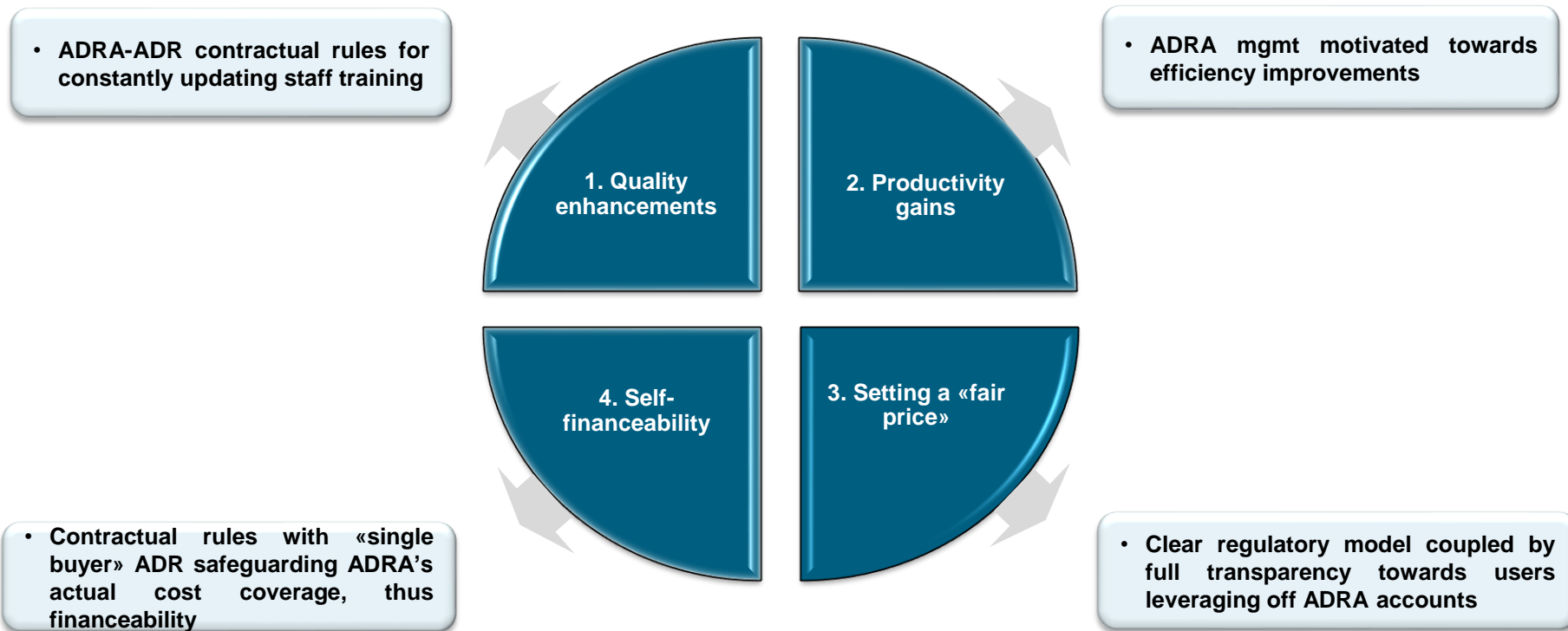
Pre-COVID, labour productivity has slightly risen while PRM inflows have intensified



Service charge essentially flat in real terms in last 10 years



# Trying to make it possible: ADR and dedicated co. ADR Assistance



ADR Assistance is a special purpose company fully committed to PRM service



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## Trying to make it possible: ADR and dedicated co. ADR Assistance

Since 2012 relations between ADR and ADRA («single buyer» parent and service company) are foreseen in a **comprehensive contract** that is predicated on three pillars:

- **Service fees linked to effective costs** – The more demand rises compared to budget forecasts, the more the fee for assistance is reduced on expected economies of scale. A quarterly monitoring is carried out for fee updating
- **Quality bonus/penalty** – Through surveys annually carried out by a third party, the performance of ADR Assistance is evaluated on service quality indicators. Linked to this is a reward mechanism that encourages company performance (+/-0,5% fee increase in over/under-achievement)
- **Staff training programme** – Level of service compatible with monitored European standards are pursued via a comprehensive training plan updated at the beginning of each year and constantly verified
- Interaction with ADR – ADRA's staff participates in working group of ADR aimed at incorporating PRM needs in infrastructure planning and daily operations

**Clear contractual rules between ADR and ADRA play a significant role in our mission to deliver enhanced quality at an affordable cost**





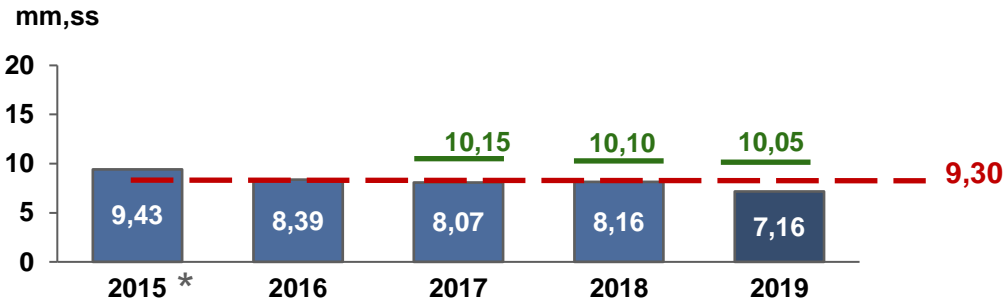
# Application of Economic Regulation's KPIs at FCO airport

## PRM's operating performance

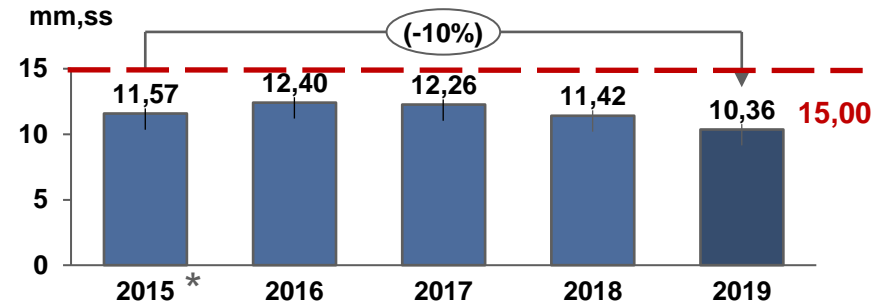
### Assistance waiting times (90% of cases)

— ERA target  
 - - Service charter

Departures with reservation



Departures without reservation



(\*) 2015 excluding period from 7 May to 30 September due to fire

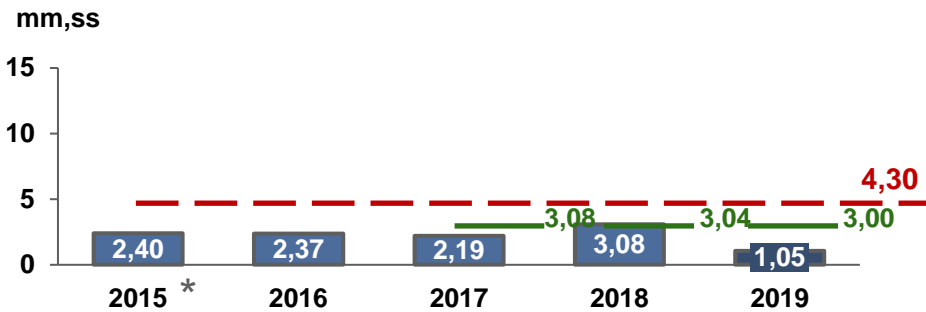
# Application of Economic Regulation's KPIs at FCO airport

## PRM's operating performance

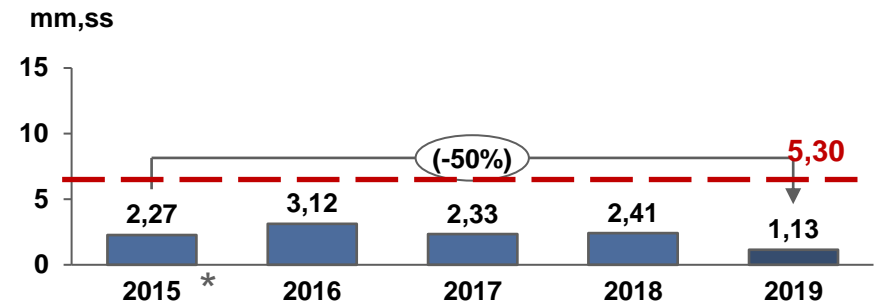
### Assistance waiting times (90% of cases)

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Arrivals with reservation



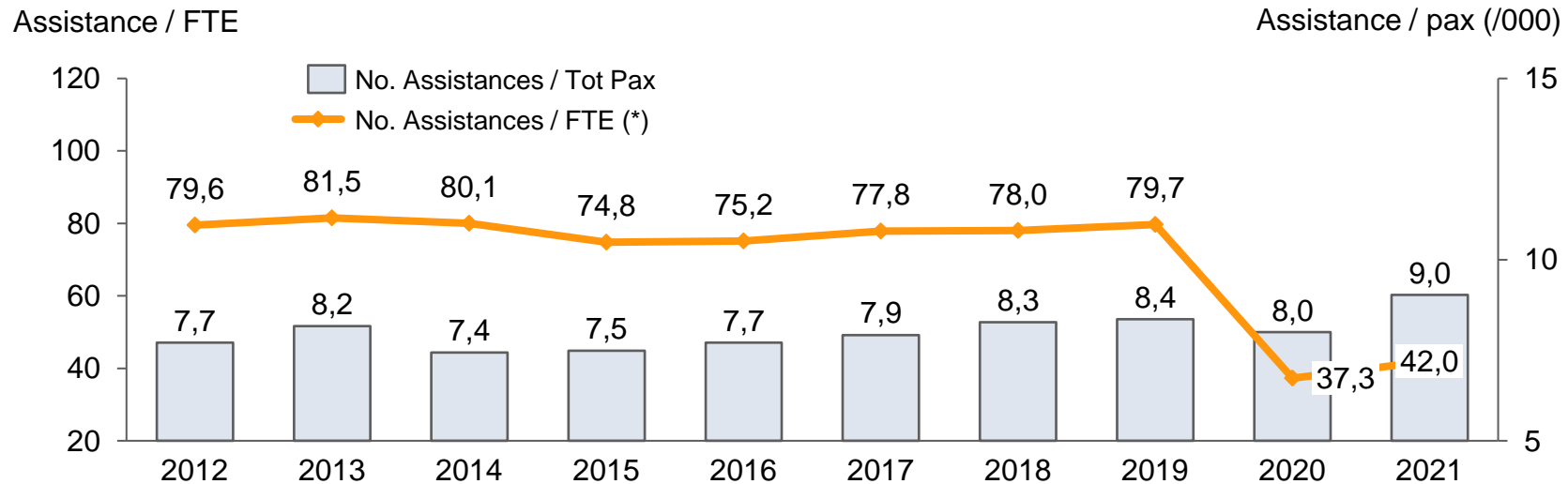
Arrivals without reservation



(\*) 2015 excluding period from 7 May to 30 September due to fire

# PRM indicators (FCO): productivity gains in tough times

## Productivity rises in 2015-19



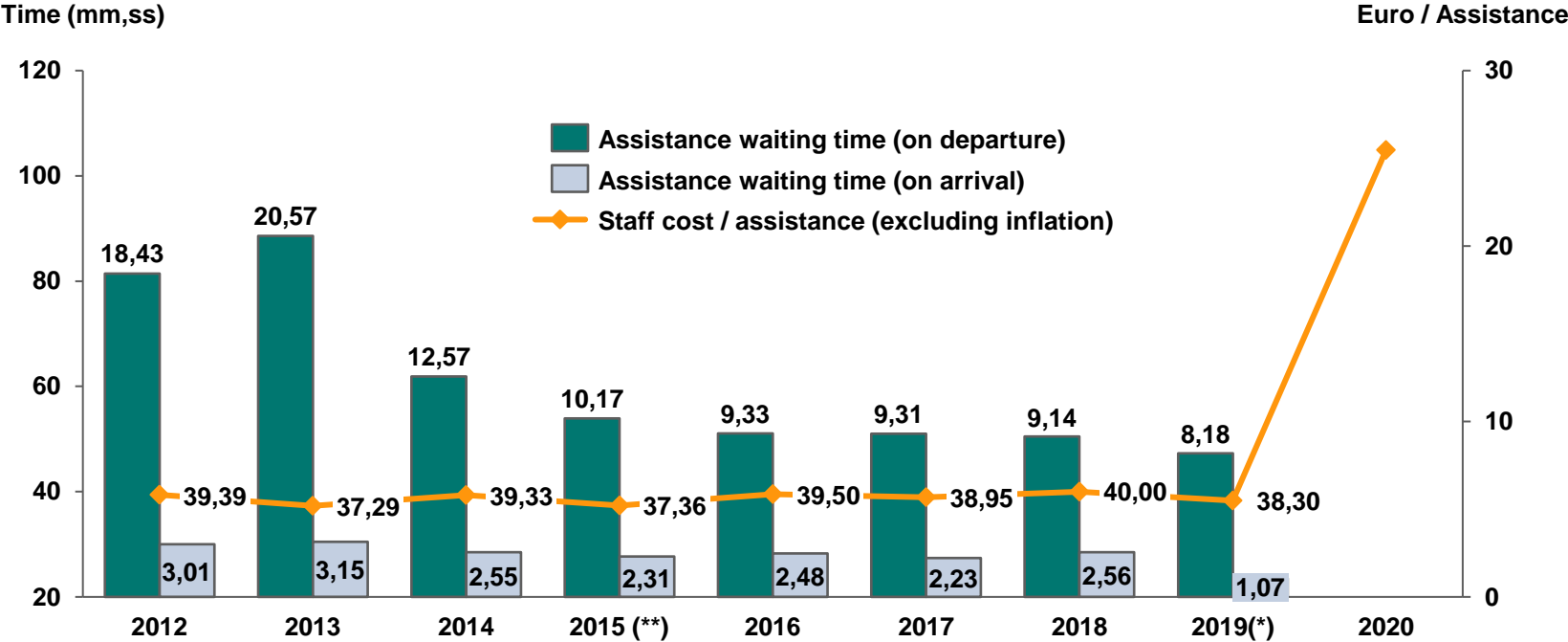
- Pre-COVID, labour productivity has slightly risen while PRM inflows have intensified in Rome adding stress to cost structure (see performance in 2015-19, in particular)



(\*) Represented as monthly average

# PRM indicators (FCO): productivity and quality both up

## A strong pre-COVID track record



- Pre-COVID, unit labour cost has been kept flat while PRM key quality indicators have consistently improved



(\*) Summary indicators Jul 2019 - Mar 2020  
 (\*\*) 2015 excluding period from 7 May to 30 September due to fire

# Leveraging off ADRA accounts in a clear regulatory model

**PRM charge solely on ADRA's financial statements** - Updates to the annual charge for the PRM service is based exclusively on ADRA's costs, without any consideration for the allocation of ADR's general costs

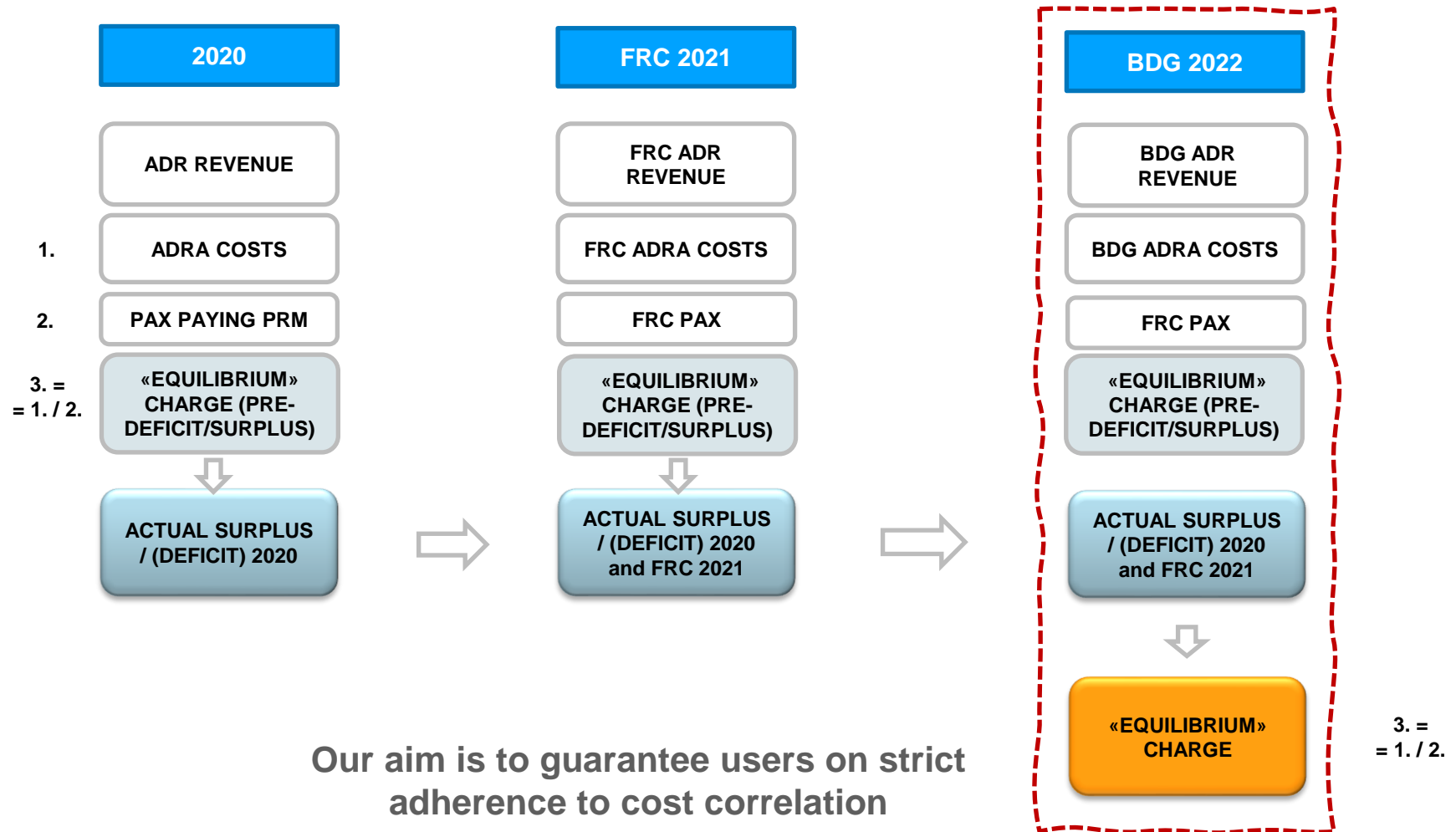
- **Completely sterilized annual surplus / deficit** - ADR verifies that any surplus / deficit between revenues and costs of the service is completely sterilized by determining the charge for the following year (see next page)
- **Constant involvement of users** - ADR and users meet regularly (at least twice a year; more frequently on quality monitoring<sup>(\*)</sup>) to review costs, define new quality objectives and share suggestions for improving the quality of the service

**A clear and non-conflictual regulatory context** - In 2019-20 ENAC <sup>(\*\*)</sup> issued two key documents that contributed to the transparency and flexibility of the regulatory context

- I. **On quality indicators:** the concept of applicable KPIs has been expanded; elimination of the mandatory nature of some indicators; increase in the weight of indicators relating to the quality of the service
- II. **On Covid deficit spreading:** due to the extraordinary conditions, caused by the pandemic crisis, which do not allow a rapid recovery of the deficits in 2020 and 2021, ENAC gives the possibility to spread the costs over a longer period



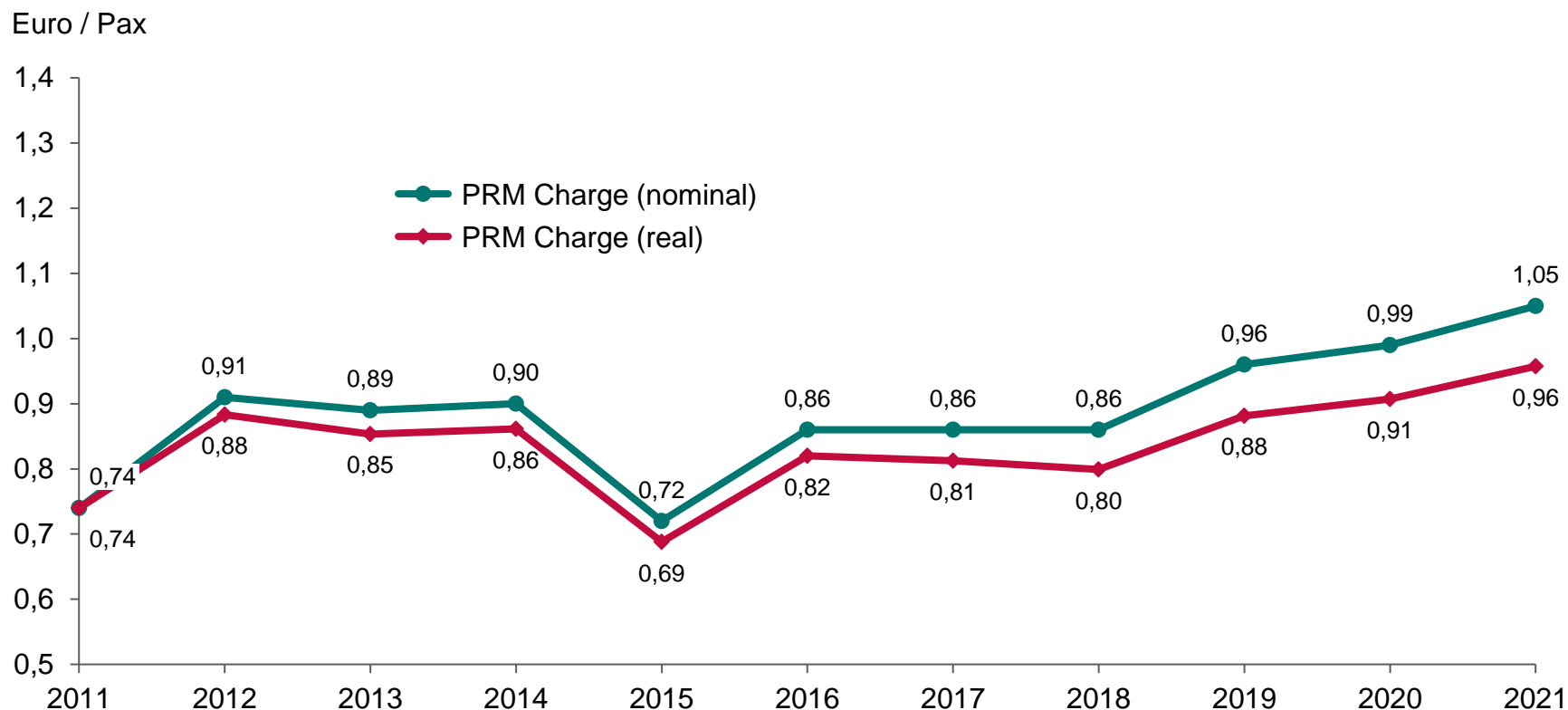
# Charge setting process: annually adjusted to reflect costs



Our aim is to guarantee users on strict adherence to cost correlation

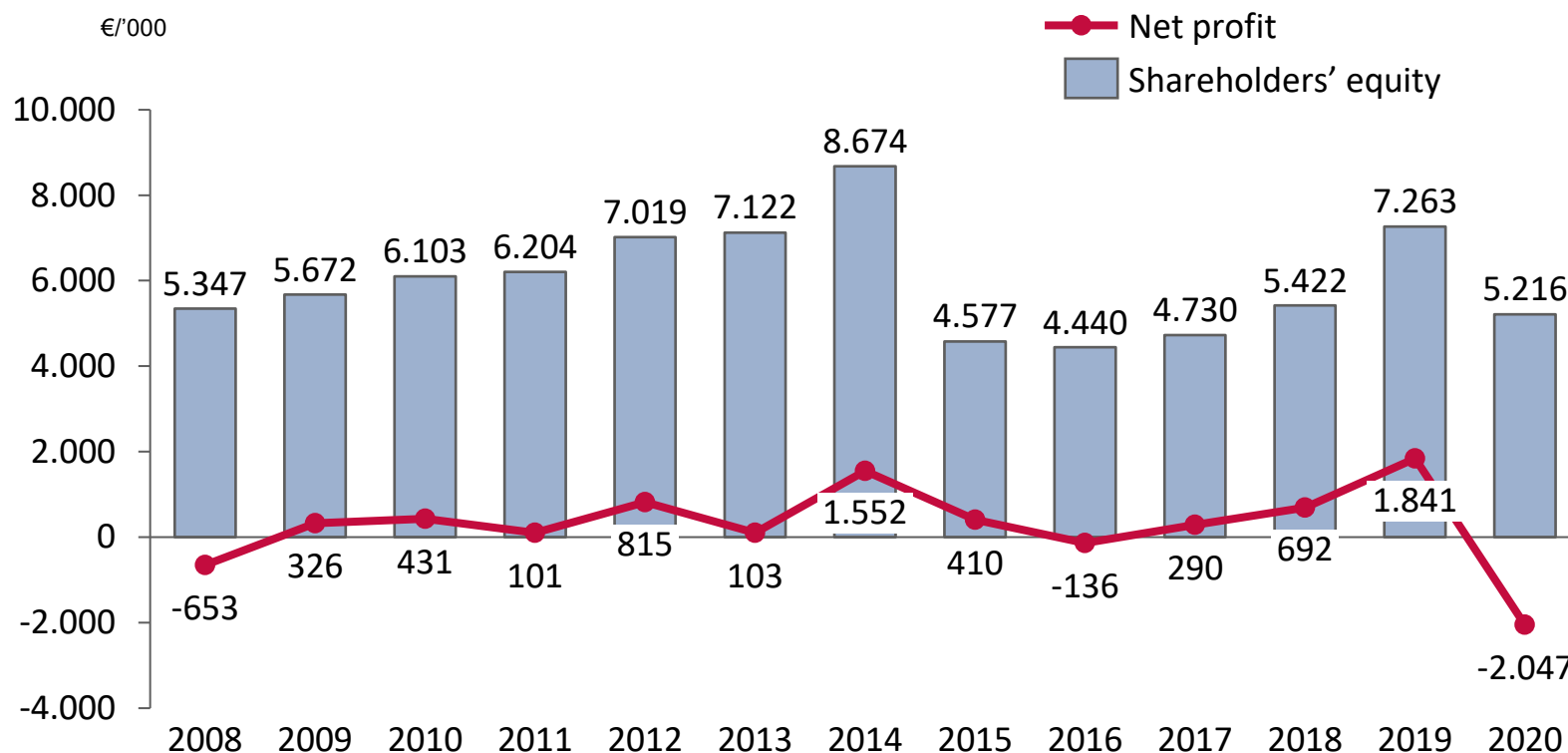


## FCO PRM: flat real charges in last 10 years



- Service regulated charge essentially flat in real terms in last 10 years

## Self-financed through the various challenges



Set up in 2008 with a € 5mln equity contribution, in these years ADRA has met self-financeability objectives: at YE2020 its net worth was marginally below start despite significant erosion on COVID





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## Agenda:

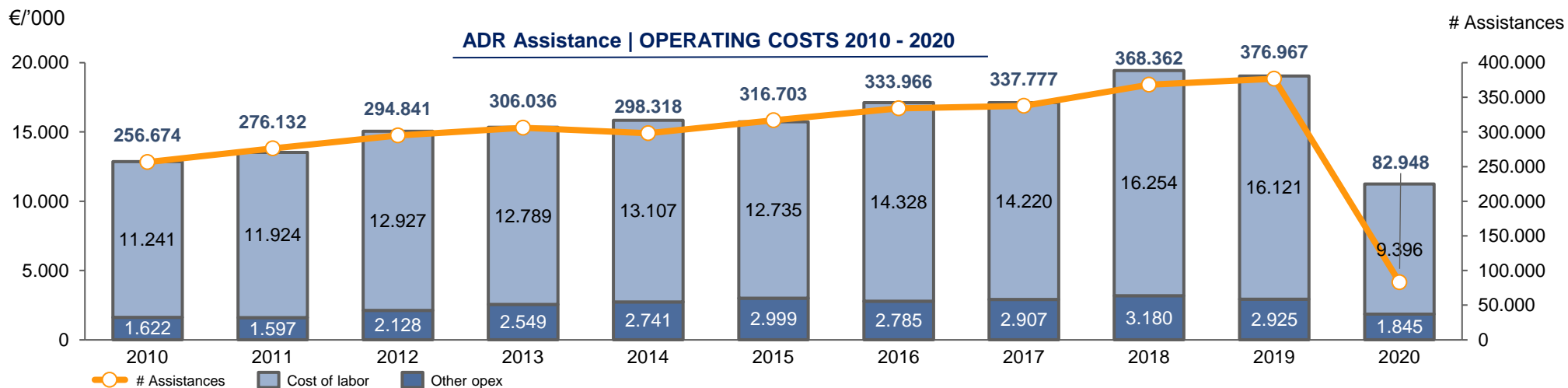
- ADR Assistance

- **2022 charges proposal**

- Other information

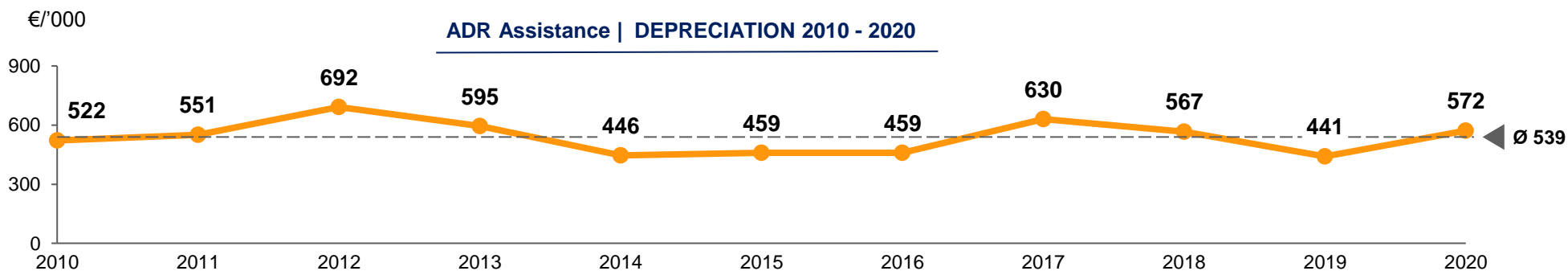


# ADR Assistance: cost analysis | 2010 - 2020



**COST OF LABOR | CAGR 2010 – 2019: + 4,1%**

**OTHER COSTS | CAGR 2010 - 2019: + 6,8%**



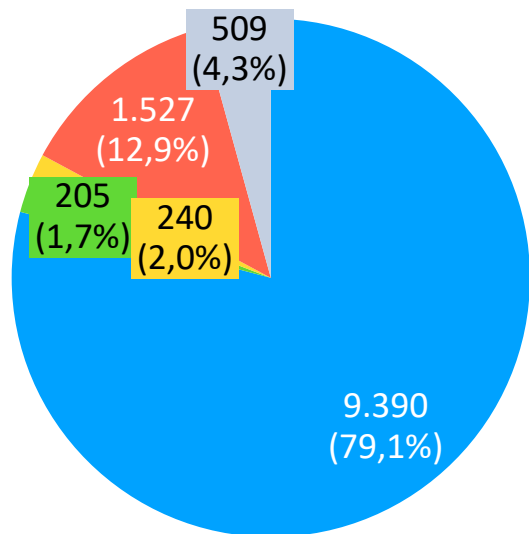
# PRM Service | ADR Assistance: Annual Report 2020

- From ADRA's 2020 annual report, operating cost and depreciation amount to € 11,8 million (€ 9,4 mln + 1,8 mln + 0,6 mln in previous page): € 11,5 million for FCO and € 0,26 million for CIA

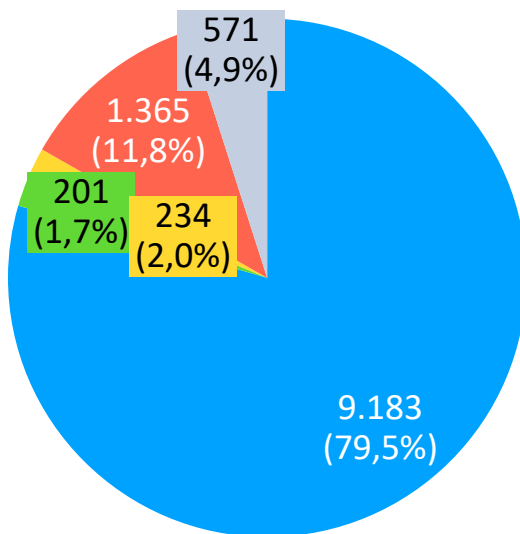
€/000

■ Cost of labor 
 ■ Utilities 
 ■ Maintenance 
 ■ Other opex 
 ■ Depreciation

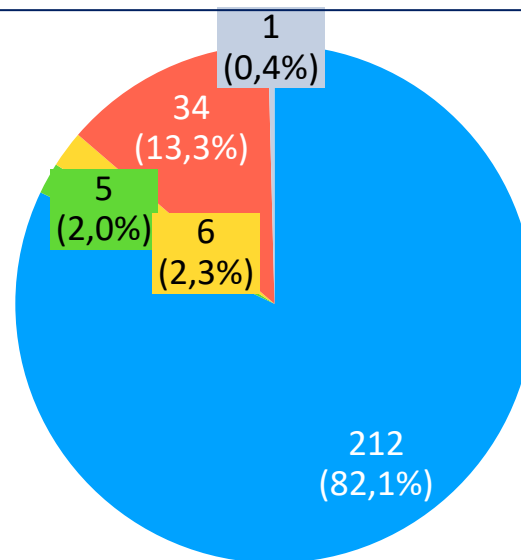
Opex and depreciation from P&L 2020



FCO 2020 - Allowed cost



CIA 2020 - Allowed cost



Total

11.871

11.553

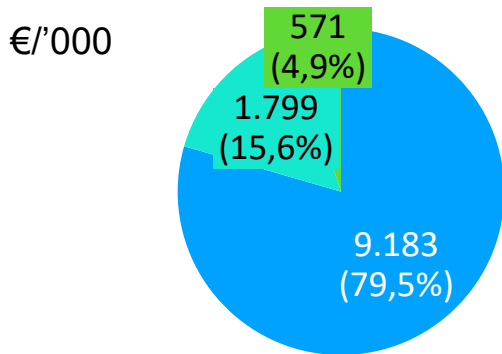
259



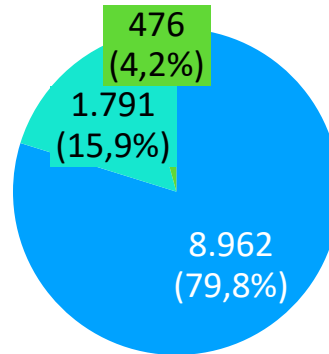
# FCO 2022 (1/2)

■ Cost of labor / IRAP 
 ■ Other operating costs 
 ■ Depreciation

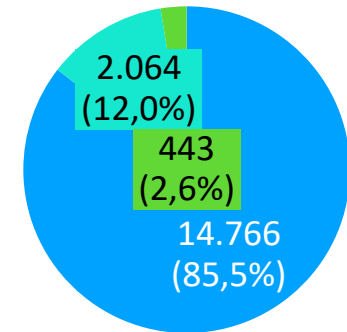
**Actuals 2020**



**Forecast 2021**



**Forecast 2022**



Total cost (€'000):

A =	11.553	11.229	17.273
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Return on capital (€'000) (\*)

B =	187	136	87
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Total allowed costs (pre-adjustments from previous years) (€ '000)

C =	11.740	11.365	17.360
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Passengers (/000):

D =	4.814	5.204	10.831
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Equilibrium value  
C/D =

**2,47<sup>\*\*</sup>**

**2,18**

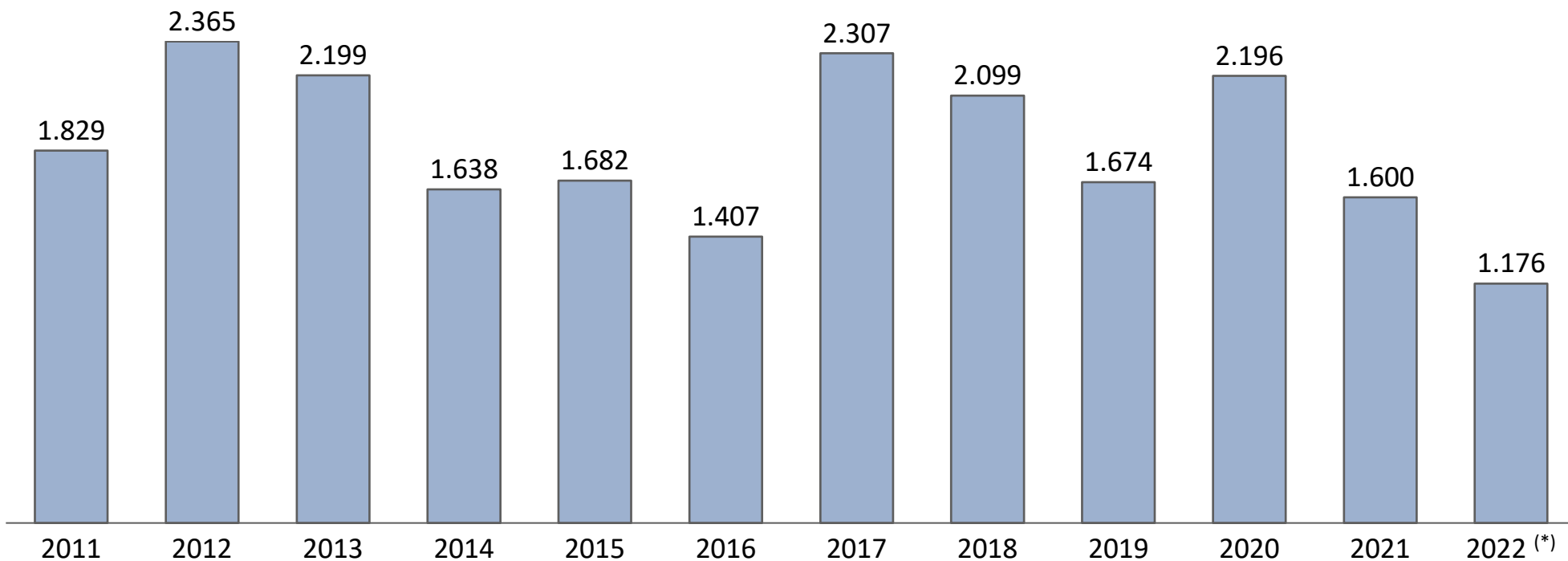
**1,60**

(\*) Return on invested capital as expected for other services subject to regulation in the period 2017-2021

(\*\*) Includes € 127,000 (3 cents per pax) for deficit recorded in 2019

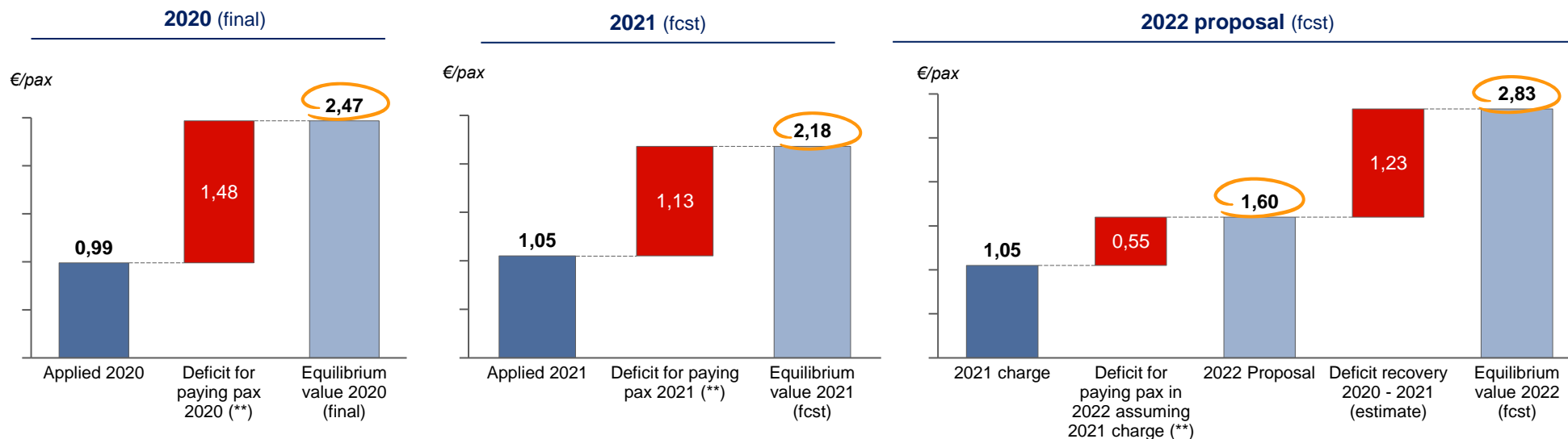
# ADR Assistance | RAB FCO 2011-2022

€/’000



(\*) 2022 RAB is a forecast value

# FCO 2022 (2/2)



- The cost-revenue correlation principle, as established by ENAC (\*), allows ADR to add allowed costs suitable to cover the deficit/surplus of previous years to the equilibrium value (\*\*)
- Given 2020 actuals, for Fiumicino the “equilibrium charge” for the same year would be equal to € 2.47 / pax (allowing for full cost recovery in the same year)
- Same calculation for 2021 on pre-close figures would result in “equilibrium charge” of € 2.18 / pax, against € 1.05 / pax of applied charge
- Deficit(s) per volume unit in 2020-21 at FCO amount to an absolute value of € 13.3 mln
- The crisis situation, combined with the uncertainty on the prospects of full recovery of the volumes of activity, suggests moving up the proposed charge for 2022 as little as possible to avoid further losses and postponing the recovery of the accumulated deficit in the two-year period (2020-2021) to subsequent years (allowed for by ENAC with note 0080054 of 24.08.2020)
- The estimate of the cumulative deficit in the two-year period (2020-21) is equal to € 1.23 / pax (volume unit value calculated on 2022E pax)
- **Charge proposed for 2022 is € 1.60 per pax, up 52% from the level currently in force** (an additional € 0.55 / pax was expected to pile up in 2022 in case of unchanged charge)



(\*) ENAC - Guidelines 2018/001 Ed. 1 of 9/8/2018 relating to the " Modalità per la definizione del corrispettivo PRM e procedura di consultazione tra Gestore e Utenti"

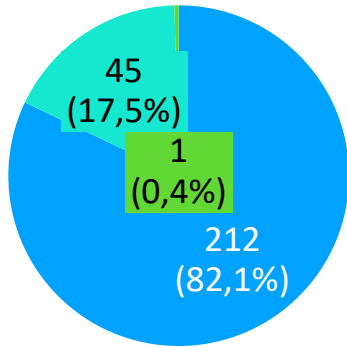
(\*\*) Estimate of deficit or surplus is based on the expected passenger traffic forecast for the airport for the year

# CIA 2022 (1/2)

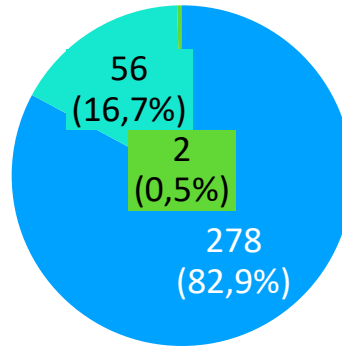
■ Cost of labor / IRAP 
 ■ Other operating costs 
 ■ Depreciation

**Actuals 2020**

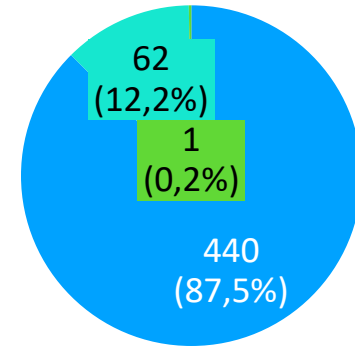
€/’000



**Forecast 2021**



**Forecast 2022**



Total cost (€/’000):

A =	259	336	503
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Return on capital (€/’000) (\*)

B =	0	1	1
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Total allowed costs (pre-adjustments from previous years) (€/’000)

C =	259	337	504
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Passengers (/'000):

D =	812	1.149	1.759
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Equilibrium value  
C/D =

**0,31<sup>(\*\*)</sup>**

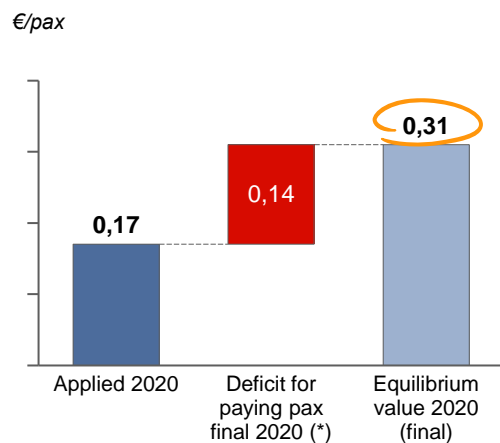
**0,29**

**0,29**

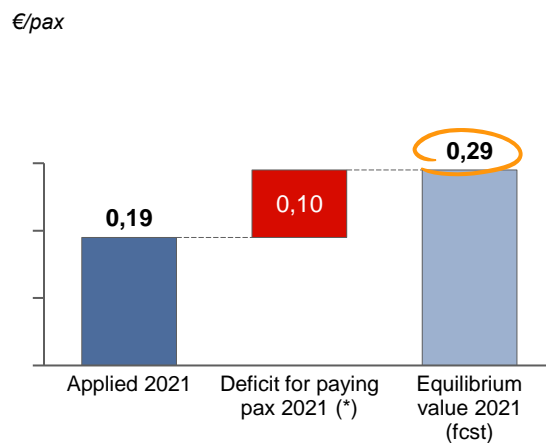
(\*) Return on invested capital as expected for other services subject to regulation in the period 2017-21  
 (\*\*) Includes € 10,000 of surplus recorded in 2019

# CIA 2022 (2/2)

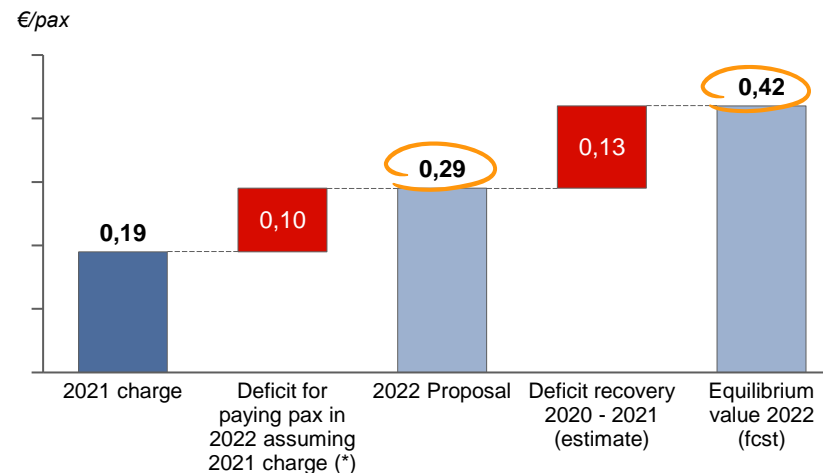
2020 (final)



2021 (fcst)



2022 proposal (fcst)



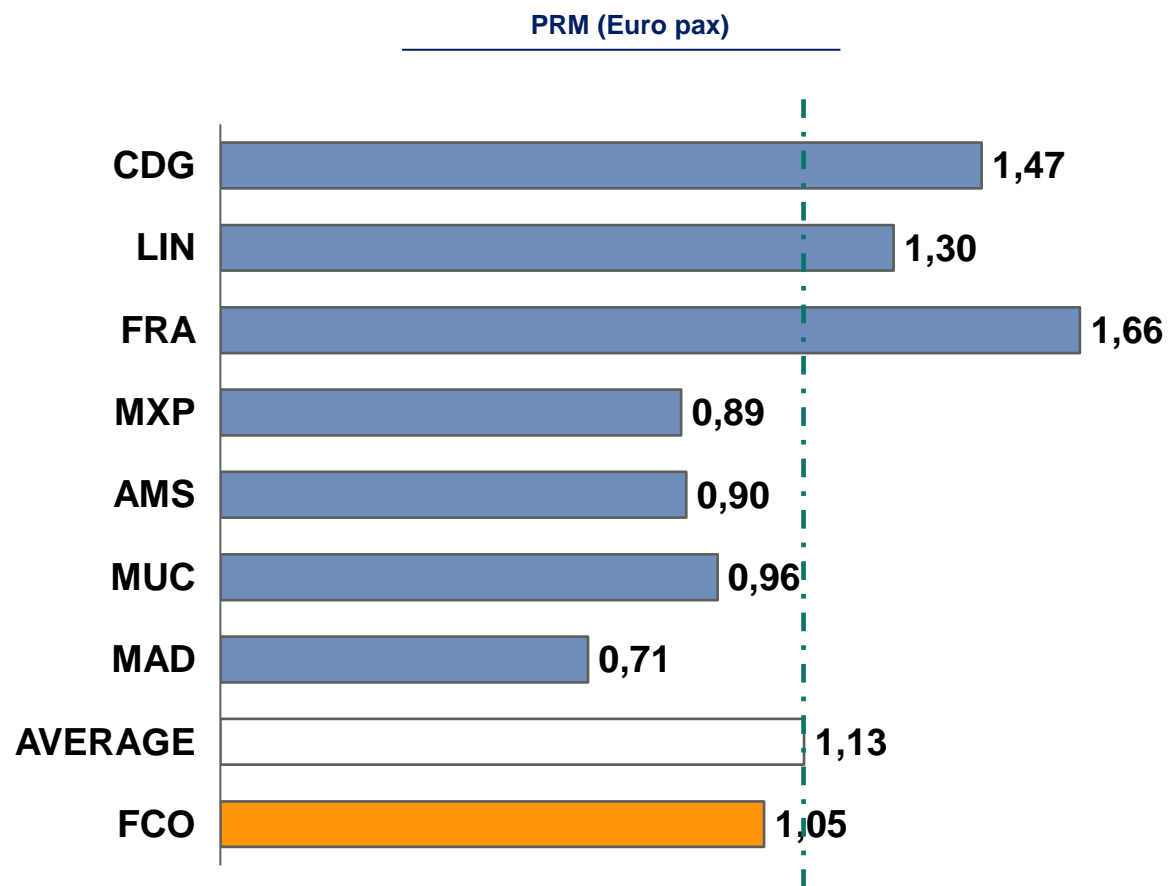
- The estimate of the cumulative deficit in the two-year period 2020-2021 carried over and accounted for on 2022E volume equals to € 0,13 / pax and is deferred to subsequent years
- **Proposed charge for 2022 is € 0.29 per pax, +53% from the level currently in force, ie. the minimum level on cost correlation to avoid further losses**



(\*) The estimate of the deficit or surplus is based on the expected passenger traffic forecasts for the airport concerned for the year



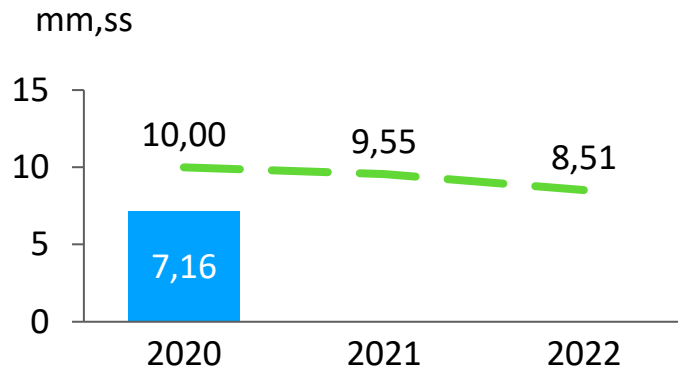
# PRM charges | 2021 benchmark



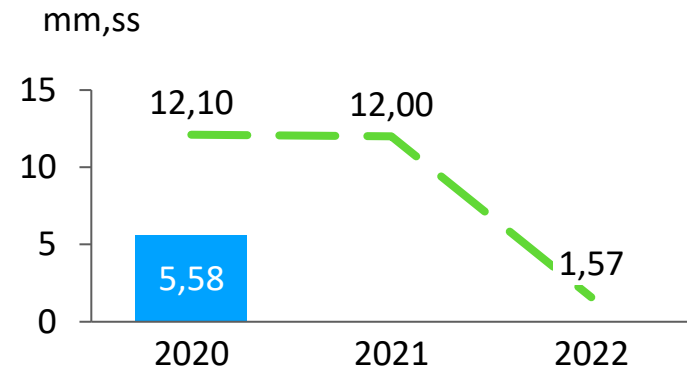
# Economic Regulation's KPIs

Actual ERA (contract) target

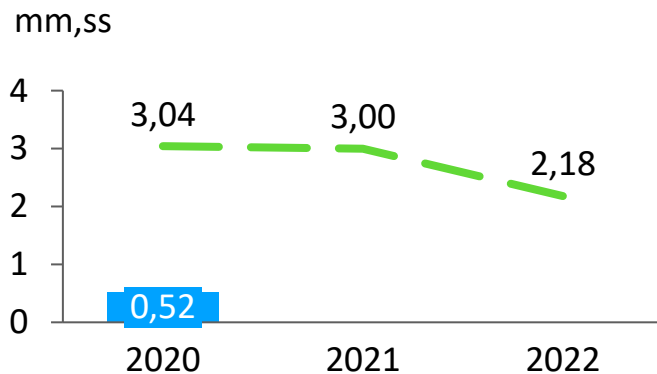
Departures with reservation - FCO



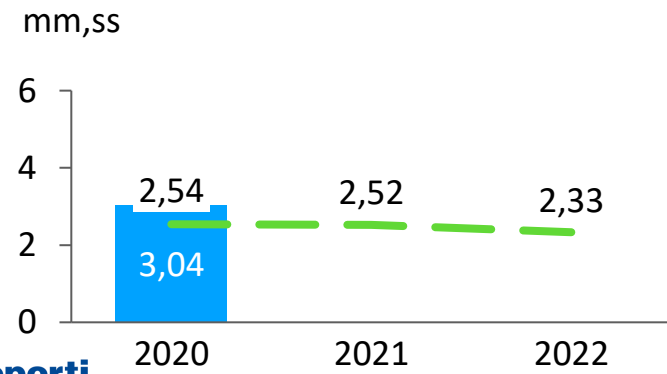
Departures with reservation - CIA



Arrivals with reservation - FCO

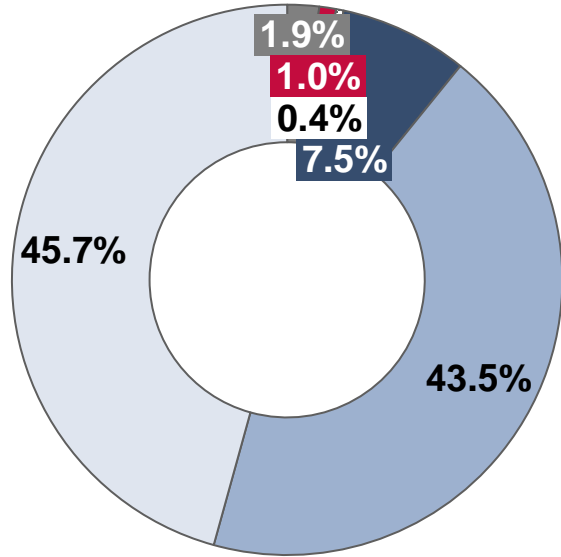


Arrivals with reservation - CIA

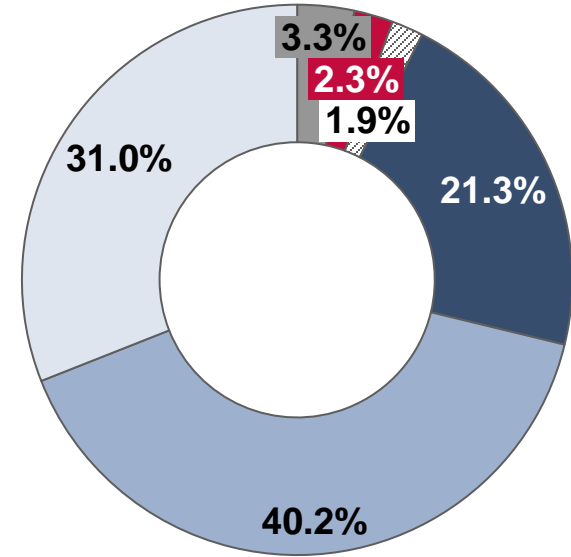


# PRM assistances by airport

## Fiumicino



## Ciampino



- BLND
- DEAF
- DPNA
- WCHC
- WCHS
- WCHR

Type of assistance	2019	% 2019	2020	% 2020	2020 vs 2019
BLND	5.936	1,6%	1.464	1,9%	-75,3%
DEAF	3.867	1,1%	776	1,0%	-79,9%
DPNA	1.572	0,4%	346	0,4%	-78,0%
WCHC	22.719	6,2%	5.920	7,5%	-73,9%
WCHS	131.361	36,1%	34.119	43,5%	-74,0%
WCHR	198.274	54,5%	35.873	45,7%	-81,9%
<b>Total</b>	<b>363.729</b>	<b>100,0%</b>	<b>78.498</b>	<b>100,0%</b>	<b>-78,4%</b>

Type of assistance	2019	% 2019	2020	% 2020	2020 vs 2019
BLND	433	3,3%	149	3,3%	-65,6%
DEAF	245	1,9%	102	2,3%	-58,4%
DPNA	264	2,0%	83	1,9%	-68,6%
WCHC	2.452	18,5%	947	21,3%	-61,4%
WCHS	5.331	40,3%	1.790	40,2%	-66,4%
WCHR	4.513	34,1%	1.379	31,0%	-69,4%
<b>Total</b>	<b>13.238</b>	<b>100,0%</b>	<b>4.450</b>	<b>100,0%</b>	<b>-66,4%</b>



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# Assistance

## **WCHR**

People who cannot travel long distances; they can go up and down the stairs and move on board the aircraft independently.

## **WCHS**

People who need assistance in the main movements at the airport (e.g., up and down the stairs); they can travel short distances and move on board independently.

## **WCHC**

People with physical disabilities who need assistance in moving to the airport and to their assigned seat on board the aircraft and vice versa.

## **DEAF**

People with hearing disabilities; if they travel unaccompanied, they may need assistance in orientation around the Terminal and in the boarding areas.

## **BLIND**

Visually impaired or blind people; if they travel unaccompanied, they require orientation assistance during their entire stay at the airport up to their assigned seat on board and vice versa.

## **DPNA**

People with cognitive or behavioral disabilities; if they travel unaccompanied, they must be looked after throughout their stay at the airport up to their assigned seat on board and vice versa.



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## PRM service | other relevant information

### **VEHICLES AND INFRASTRUCTURE**

Main infrastructures and equipment used in carrying out the PRM assistance service at 31/12/2020:

- UFIS-GRAMS information system for dispatching and traceability of the service
- Software for forecasting service volumes on a daily and fortnightly basis
- Stations for the reception of PRMs in the terminals and boarding areas (8 at FCO and 1 at CIA)
- Wheelchairs for transporting passengers with and without hand luggage compartment and for WCHC boarding (aisle chair)
- Wheelchairs for passenger transport with pushing aid
- Seats for transporting children on minivans
- 38 Minivans (37 on FCO and 1 on CIA)
- 18 Ambulift vehicles (16 on FCO, of which 2 electric and 2 on CIA)
- 2 Stairlifts (1 on FCO and 1 on CIA) to be used in emergency situations caused by adverse weather conditions

Following the effects of the Covid-19 pandemic, the methods of providing the assistance service were rationalized in 2020 and 2021 and consequently the use of vehicles and infrastructures was limited.

### **STAFF AND COST**

- Workforce at 31/12/2020: 326 resources (of which 317 at FCO and 9 at CIA)
- Full Time Equivalent at 31/12/2020: 288,3 (of which 279,3 at FCO and 9,0 at CIA)
- Allowed Personnel cost 2020: 9.395 € / thousand of which 9.183 € / thousand FCO and 212 € / thousand CIA

