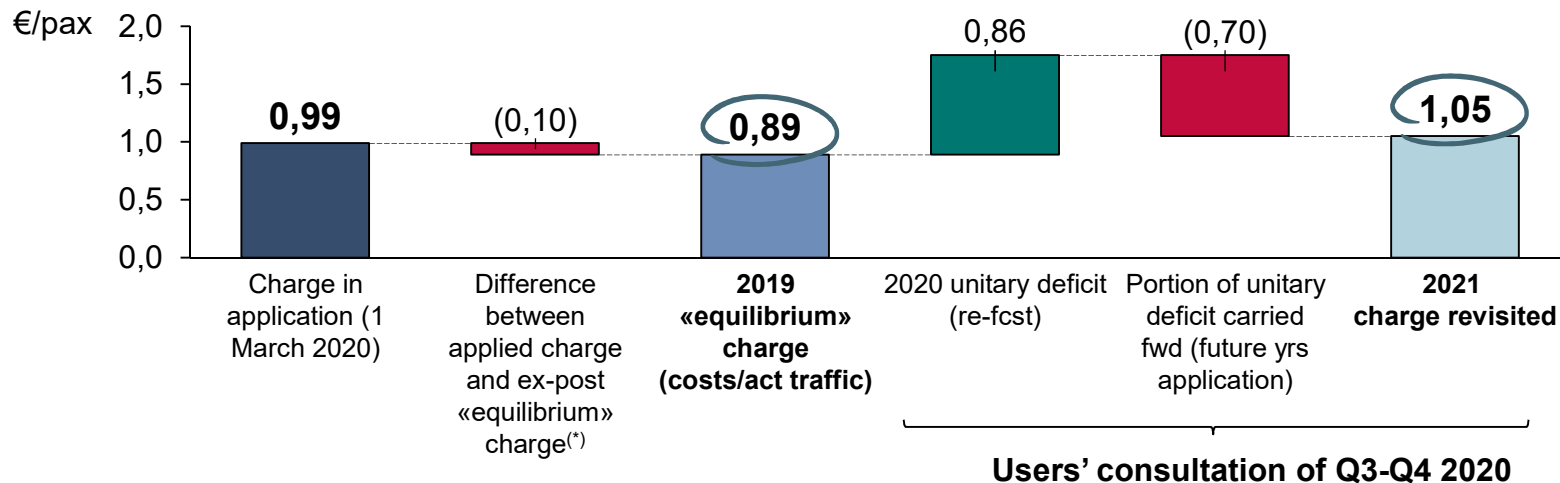


Update on 2021 PRM Service Charge

November 2020

PRM FCO: 2021 charge proposal^(1/2)



In compliance with the principle of correlation of costs and revenues of the service - which in the case of the PRM is applied with rolling rebalancing on the subsequent year (see ENAC guidelines for the PRM service 2018/01 of 9 August 2018) – in the tariff proposal a unitary value aiming to cover deficit / offset surplus (calculated on expected traffic) must be added to the equilibrium charge estimated for the year

From the updated final balance of the unit costs of the service in 2019 (last year not affected by the health emergency) it can be concluded that FCO's PRM "equilibrium" charge could be determined in € 0.89/pax (a fee that would have zeroed the deficit for that year). In perspective, it should be noted that the service shows a low elasticity of costs to traffic variations due to assistance provision requirements, making this unit value an inappropriate calculation for cost relatedness if applied to traffic volumes lower than those of 2019

The current uncertainty on prospects for volume recovery in 2021 leads to a charge proposal for the service based on (i) € 0.89/pax as a reference value for the annual operating balance (despite the above); (ii) € 0.16/pax as a value to enable recovery of a portion of the deficit forecast for current year (re-forecast deficit 2020 worth € 0,86/pax minus € 0,70/pax delayed for future years' application) given also the option acknowledged by ENAC to airport managers to spread deficit recovery on multiple years

(*) adjustment for final cost/traffic and adjustments for recoveries of deficits from previous years and start of balancing charge from 1 March ("2+10")

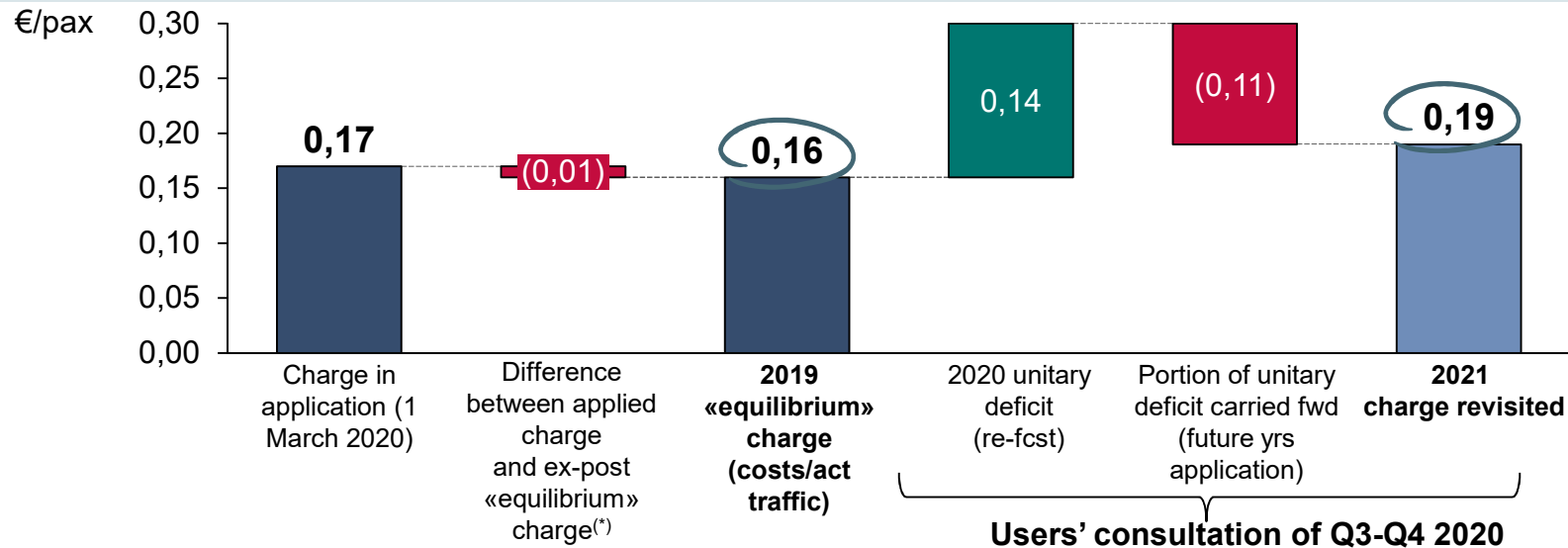
PRM FCO: 2021 charge proposal^(2/2)

2021 Charge Proposal (€.000)	FIUMICINO				
	ACT 2019	FRC 2020	2021 Charge Proposal		
Personnel costs/IRAP	15.727	9.527	2019 "equilibrium" charges	1	0,89
Other Operating Costs	2.853	1.988	2020 estimated deficit	2	7.360
Amortization	440	571	2021 estimated pax (thousand)	3	8.600
Cost of capital	143	187	2020 deficit per pax	4= (2/3)	0,86
Recovery (Surplus)/Deficit previous years	1.332	131	2020 deficit recovered in 2021	5	0,16
(1) Total Costs + Recovery Previous year	20.495	12.404	2020 deficit deferred to next years	6= 4-5	0,70
Total Paying Pax (/000)	21.493	5.173	2021 charge proposal	7= (1+5)	1,05
(a) "equilibrium" charges without recovery previous years	0,89	2,37			
(a.1) "equilibrium" charges + recovery previous years	0,95	2,40			
	ACT 2019	FRC 2020			
Charge Applied January-February	0,86	0,96			
Charge Applied March-December	0,96	0,99			
(2) Total revenues	20.364	5.044			
(3) = (2-1) Surplus / (Deficit) at 31 December	(131)	(7.360)			
Total passengers (/000)	43.533	10.594			
Assistances	363.729	80.407			
PRM Index/1000 pax	8,4	7,6			
Assistances/FTE (monthly average)	357,6	281,6			
FTEs "full HR" (*)	380,1	287,9			
Assistances / FTE "full HR" (monthly average)	79,7	23,3			

- At FCO, the final balance for 2019 recorded a deficit of € 131k (ADR revenues of € 20,364k vs allowed costs of € 20,495k)
- Forecast for 2020 assumes deficit of € 7,360k (ADR revenues of € 5,044k vs allowed costs of € 12,404k inclusive of the above reported € 131k attributable to 2019)
- The fee proposed for 2021 (€ 1.05 per pax) is calculated by adding to the 2019 equilibrium charge (€ 0.89 per pax) a partial recovery of the deficit estimated for 2020 (€ 0.16 per pax)
- The deficit currently estimated for 2020 will be re-calculated on actual values and - net of the portion recovered in 2021 - will contribute to the amount of allowable costs in subsequent years, thus determining the content of updates for next years' consultations

(*) FTE value includes staff in redundancy fund

PRM CIA: 2021 charge proposal^(1/2)



In compliance with the principle of correlation of costs and revenues of the service - which in the case of the PRM is applied with rolling rebalancing on the subsequent year (see ENAC guidelines for the PRM service 2018/01 of 9 August 2018) – in the tariff proposal a unitary value aiming to cover deficit / offset surplus (calculated on expected traffic) must be added to the equilibrium charge estimated for the year

From the updated final balance of the unit costs of the service in 2019 (last year not affected by the health emergency) it can be concluded that FCO's PRM "equilibrium" charge could be determined in € 0.16/pax (a fee that would have zeroed the deficit for that year). In perspective, it should be noted that the service shows a low elasticity of costs to traffic variations due to assistance provision requirements, making this unit value an inappropriate calculation for cost relatedness if applied to traffic volumes lower than those of 2019

The current uncertainty on prospects for volume recovery in 2021 leads to a charge proposal for the service based on (i) € 0.16/pax as a reference value for the annual operating balance (despite the above); (ii) € 0.03/pax as a value to enable recovery of a portion of the deficit forecast for current year (forecast deficit 2020 worth € 0,14/pax minus € 0,11/pax delayed for future years' application) given also the option acknowledged by ENAC to airport managers to spread deficit recovery on multiple years

(*) adjustment for final cost/traffic and adjustments for recoveries of deficits from previous years and start of balancing charge from 1 March ("2+10")

PRM CIA: 2021 charge proposal^(2/2)

2021 Charge Proposal (€.000)	CIAMPINO		2021 Charge Proposal		
	ACT 2019	FRC 2020			
Personnel costs/IRAP	395	317	2019 "equilibrium" charges	1	0,16
Other Operating Costs	71	63	2020 estimated deficit	2	220
Amortization	1	1	2021 estimated pax (thousand)	3	1.582
Cost of capital	1	0	2020 deficit per pax	4= (2/3)	0,14
Recovery (Surplus)/Deficit previous years	(4)	(10)	2020 deficit recovered in 2021	5	0,03
(1) Total Costs + Recovery Previous year	464	371	2020 deficit deferred to next years	6= 4-5	0,11
Total Paying Pax (/000)	2.917	891	2021 charge proposal	7= (1+5)	0,19
(a) "equilibrium" charges without recovery previous years	0,16	0,43			
(a.1) "equilibrium" charges + recovery previous years	0,16	0,42			
	ACT 2019	FRC 2020			
Charge Applied January-February	0,12	0,17			
Charge Applied March-December	0,17	0,17			
(2) Total revenues	474	151			
(3) = (2-1) Surplus / (Deficit) at 31 December	10	(220)			
Total passengers (/000)	5.879	1.795			
Assistances	13.238	4.882			
PRM Index/1000 pax	2,3	2,7			
Assistances/FTE (monthly average)	9,0	9,0			
FTEs "full HR"	11,2	9,4			
Assistances / FTE "full HR" (monthly average)	98,4	43,3			

- At CIA, the final balance for 2019 recorded a surplus of € 10k (ADR revenues of € 474k vs allowed costs of € 464k)
- Forecast for 2020 assumes deficit of € 122k (ADR revenues of € 218k vs allowed costs of € 340k inclusive of the above reported € 10k attributable to 2019)
- The fee proposed for 2021 (€ 0.19 per pax) is calculated by adding to the 2019 equilibrium charge (€ 0.16 per pax) a partial recovery of the deficit estimated for 2020 (€ 0.03 per pax)
- The deficit currently estimated for 2020 will be re-calculated on actual values and - net of the portion recovered in 2021 - will contribute to the amount of allowable costs in subsequent years, thus determining the content of updates for next years' consultations