

Minutes of the meeting with users of FCO and CIA on PRM charge update for 2022

Webex, Dec. 20, h. 10:00 am CET

Agenda:

- **Presentation of costs and other relevant information on PRM charge update for FCO and CIA as per ENAC guidelines**
- **Q&A and expression of vote**
- **Update on the ongoing process with ENAC and ART on review of other regulated charges**

Participants:

Airlines at FCO: Marco Gatti, Francesco Rado (Easyjet); Alberto Nanni (Cathay); Rita Gaglione (ITA); Erica Valt (Delta); Regan Tilson, Elia Pistola (Ryanair); Daniela Rotoli (Lufthansa); Federico Stephan (Singapore); Frank T. Hof (AirFrance, Klm); Marco Calvarese (Emirates); Ricard Querol (Jet2); Marcel Dejnarrowicz (IAG)

Airlines at CIA: Regan Tilson, Elia Pistola (Ryanair)

Airlines' associations: Adam Rudny e Nicoletta Masi (IATA); Luciano Neri and Benito Negrini (IBAR)

Consumers' associations and PRM associations: Costance Mastronunzio (Udicon); Mauro Vergari (Adiconsum); Francesco Rossolini (Associazione Codici); Silvia Castronovi (Altro Consumo); Fiaba;

Handlers association: Grazia Buoncristiani (ALHA); Marco Lattanzi (Aviation Services)

ADR: Marco Troncone, Fabio Soleri, Federico Scriboni, Marco Gravagno, Alessandra Sansone

Autorità di Regolazione dei Trasporti (ART): Roberto Piazza, Maria Martoccia, Roberto Gandiglio, Laura Magnifico, Valeria Rapelli, Andrea Rossetti

On behalf of event's host ADR, Mr. Soleri kicks off at 10:05 and moves on to sharing with audience the content of the presentation already made available for users' access through ADR's website.

Presentation consists of two parts, ie. (i) general presentation on ADR Assistance, the special purpose company fully owned by ADR and dedicated to PRM service, (ii) in-depth cost analysis and highlights of the 2022 charge proposals for FCO and CIA for the PRM service.

Mr. Soleri introduces ADR's proposal of charges update that – despite ADR's efforts towards cost containment – provide for a ca. 50% increase in unit cost for users at both FCO and CIA in the wake of expected prolonged subdued traffic.

At the end of the presentation, Mr. Soleri opens the Q&A session of the meeting and leaves the stage for users to express comments and questions.

1) Luciano Neri - IBAR

Comment: ADR's proposal is predicated on an excessive increase in charges which is hard to be accepted by airlines at this point in time

Questions: 1) as for cost structure, we recently received comments from a different airport managers which conflict with your presentation which highlights the very significant weight of labour costs. 2020 traffic at FCO has dramatically gone down but ADR's labour cost has come down by much less, can you elaborate on this? 2) could ADR reconsider the extent of price rise of today's proposal?

2) Marco Gatti - EASYJET

Comment: ADR's proposal is predicated on an excessive increase in charges which is hard to be accepted by airlines at this point in time. Information material remains at a level which is below best practise

Questions: 1) unit cost of PRM assistance has risen much post-2020. How's that? 2) Can you elaborate on ADR Assistance earnings and on reason why you're not deploying those earnings against losses incurred under COVID? 3) Do you pay dividends to parent ADR or re-use earnings in ADR Assistance to finance PRM-dedicated investments/projects? 4) What are your actions to make the service more efficient?

3) Adam Rudny – IATA

Comment: Information material remains below our standards and we would like to receive more detail.

Questions: 1) Under ENAC instructions on the option of spreading on future years an allowance to recoup losses incurred under COVID, over how many years this is made possible? 2) What are your intentions on the correlated cost of capital?

4) Alberto Nanni - Cathay

Comment: I express criticism on the voting system in ENAC guidelines as this inhibits the voting rights of carriers' associations. Information material remains below our standards and we would like to receive more detail: eg. ADR Assistance certified annual report

An integral transfer to users of the full value of financial losses under COVID is not fair and ADR should bear at least a part of the service's deficit.

Questions: How are you planning to provide for recovery of COVID losses over time, given ENAC instructions ?

5) Regan Tilson, Ryanair

Comment: the requested tariff increase is excessive both for FCO and CIA. Many airports withstanding the crisis period have opted for flat/declining charges. Information material remains below our standards and we would like to receive more detail.

Questions: what are your ongoing actions to reduce service costs?

6) Marco Calvarese - Emirates

Comment: Given lingering uncertainties on traffic volumes we encourage keeping charges flat in 2022 to help recovery of airlines.

Questions: How are you planning to provide for recovery of COVID losses over time, given ENAC instructions ?

7) Daniela Rotoli – Lufthansa

Comment: We encourage ADR to include other airports – especially domestic airports – in the benchmark you run for charges comparison to provide for stronger comparability.

Mr. Soleri replies to some of the questions and anticipates publication on the website of a “questions and answers” document with added information material. Mr. Soleri points out that ADR has given clear indications of the relevant costs that make-up for the charges proposal and that details/tables from annual report of ADR Assistance – which will be duly provided with the publication of the abovesaid document – will not shed further light, given immateriality.

Mr. Soleri, subsequently, leaves the stage to Mr. Marco Troncone, CEO of ADR, for a short address on where ADR stands in the long anticipated process to review/update regulated charges for other (non PRM) services under regulatory scrutiny or Autorità di Regolazione dei Trasporti (Italy's ART).

Mr. Troncone departs from the meeting with users that ADR hosted on June 25th for an assessment of the capacity development plan for the Rome airport system. At that time, ADR anticipated a possible timeline and provided some indications of a realistic estimate of tariff evolution ahead. Six months later ADR is not yet ready to open the consultation on next 5 years of tariff evolution (non-PRM), but the company reaffirms its intention to interact with regulator ART with a view to providing users with the consultation material as soon as possible. Mr. Troncone closes by remarking that ADR shall duly update users on the relevant progresses.

Mr. Soleri pleases users not to ask questions on this specific subject as today's topic is PRM charge update.

Marco Gatti – EASYJET

Comments that Easyjet would like to be kept abreast of the next steps in this process that will lead to new tariffs (non-PRM). Insists that users appreciate visibility of tariff evolution for a few years, especially in these tiring times.

Luciano Neri – IBAR

ADR has always provided visibility on tariff evolution for medium and long run and this can represent a qualifying element when carriers need a full understanding of airports' pricing in order to help assess capacity deployment.

Roberto Piazza – Autorità di Regolazione dei Trasporti

Comments that as Mr. Troncone pointed out the regulatory framework that shall be applicable to ADR remains currently under discussion. Whilst these activities progress, ART's ruling 68/2021 states that airport managers can either confirm 2021 level of regulated charges or apply the regulatory model foreseen by ART's ruling 92/2017.

As a last step before the close of the meeting, Mr. Soleri calls for participants who have submitted proxies to cast their votes and anticipates that ADR has received voting proxies covering 58,3% of FCO WLU and 86,8% of CIA WLU. Subsequently, he calls for each participant to express his/her intention.

For FCO and CIA 100% of voters reject the 2022 tariff proposal.