



2023 CHARGES UPDATE

December 2022

Foreword

In the two hearings held throughout 2021 (June 25th on capex update and Dec. 20th) and update hearing of 28 February, ADR shared with Users the intention to opt in FCO for a tariff proposition aimed at providing Users a substantial long-term price stability. Key underlyings would be around €1.5 bln worth of capex in 2022-26 (around ca. €4 bln in 2022-31) and passenger traffic volumes back to 2019 not before 2025

While implementing this, the company would bear a significant “regulatory deficit” in the short run in the immediate interest of Users whilst traffic recovers and considers said deficit to become encompassed within a ‘recovery mechanism’ allowing for an appropriate period of time for application of the cost correlation principle

Regulated charges for 2022 are proving – as anticipated – well short of correlation to the company’s costs to regulated services and ADR considers said deficit potentially allowable for recovery (upon sharing with Users and in compliance with general principles)

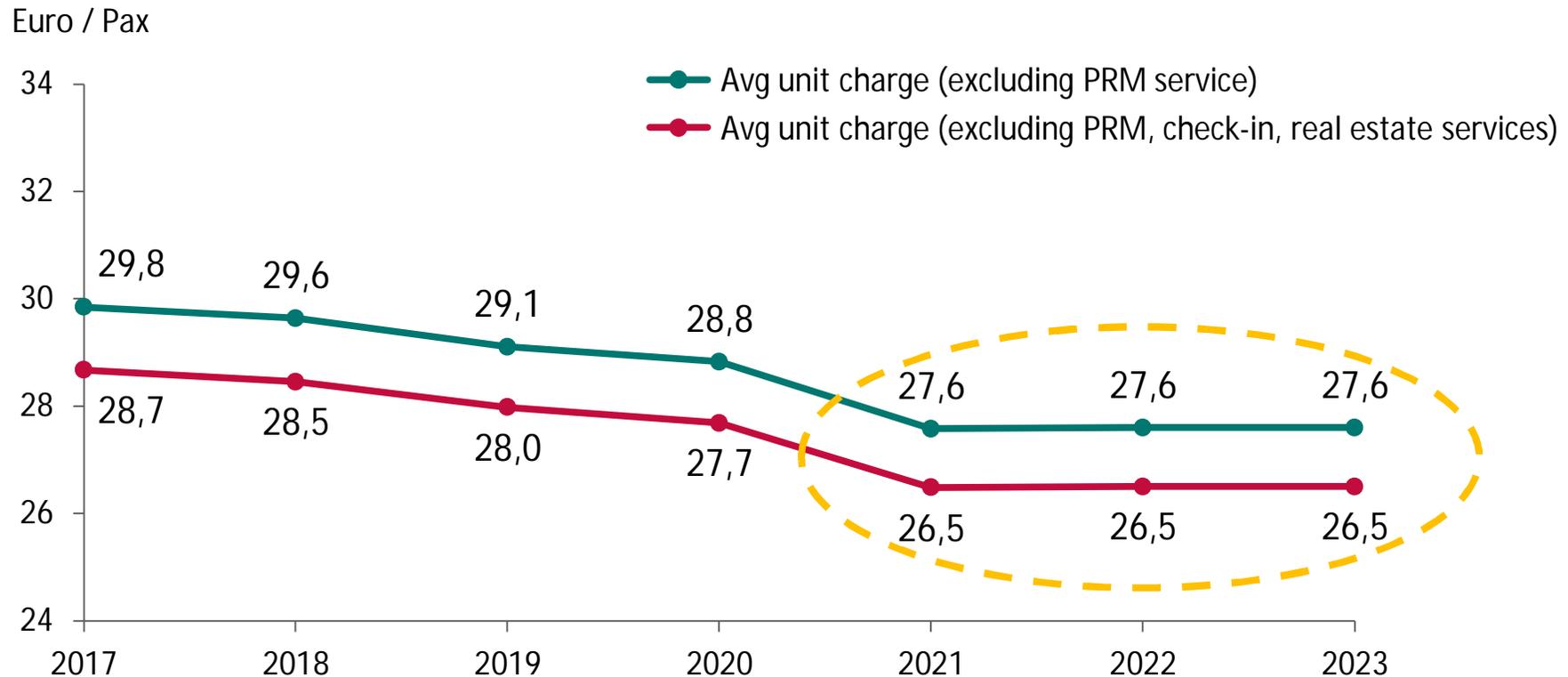
As of today, ADR represents that – until further notice – currently applied charges for FCO’s and CIA’s regulated services (ie. regulated charges in force since March 1st 2021) shall remain valid throughout 2023, save for updates to boarding pax charges that reflect (i.) shift of traffic with UK destinations to non-EU cluster and (ii.) ART’s Resolution n. 232/2022 that requested ADR to provide users with a full-fledged analysis of correlation to costs with the aim of revising charges in application throughout 2022 (please see separate document “Assessing cost-correlation within passenger boarding charges for FCO and CIA”)

In the company’s intentions, the above is to remain applicable strictly for the time needed to finalise the documentation that is deemed necessary to kick-off users’ consultation on a multi-year regulatory period

We shall duly keep all interested parties informed on the next steps



Trend of FCO's unit charges ex-PRM (through 2017-2023)

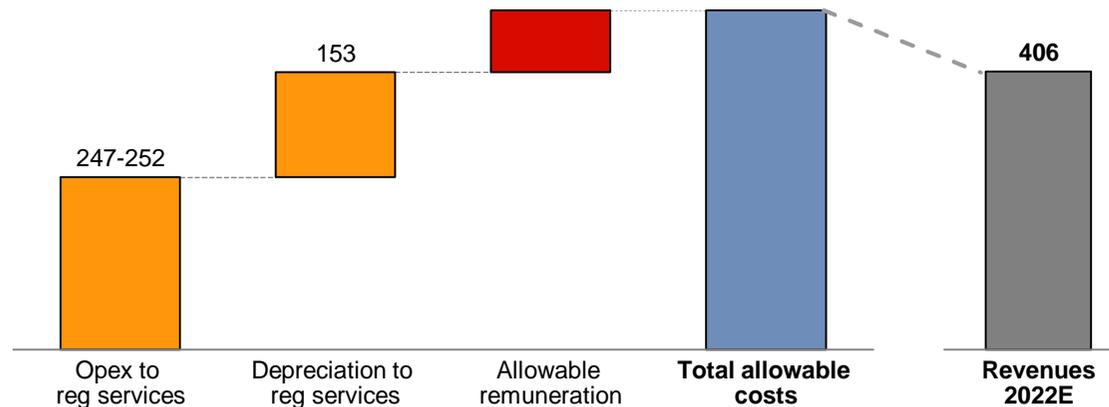


- FCO's avg unit charge on a downward trend since 2017 (2022-23 calculated using 2021 traffic mix/volume)

2022 cost allowances and regulated revenues (FCO's highlights)



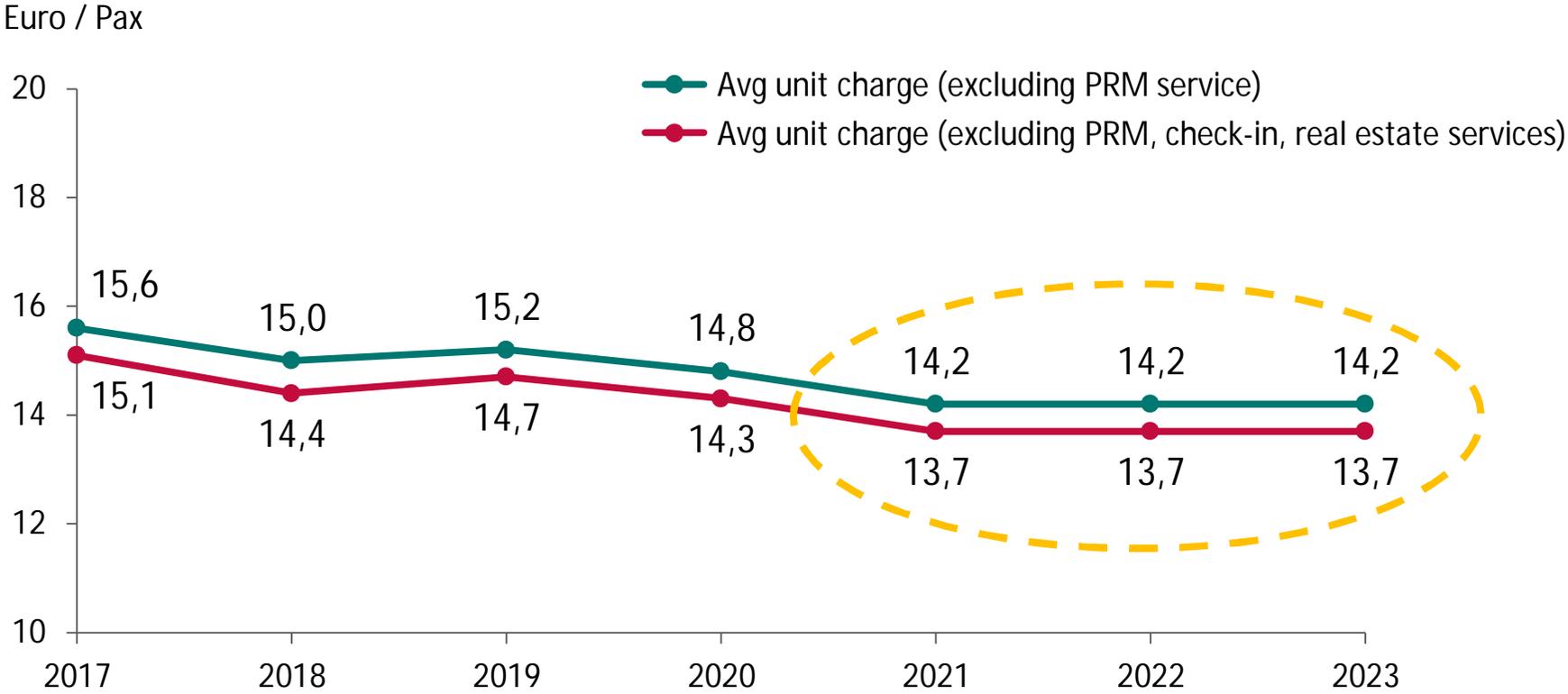
FCO (ex-PRM) (M€)



We represented:

- 2022 FCO costs allowances, including 2022 opex allocated to reg services (estimate), depreciation charges on RAB BOY 2022 at current costs and an indication of allowed return on RAB (pending ART's judgement);
- 2022 FCO reg revenues (estimate);
- Difference between the two above (allowable costs > regulated revenues) shall be included in allowable costs at start of next regulatory period, as anticipated by ART in Resolution n. 68/2021.

Trend of CIA AC's unit charges ex-PRM (through 2017-2023)

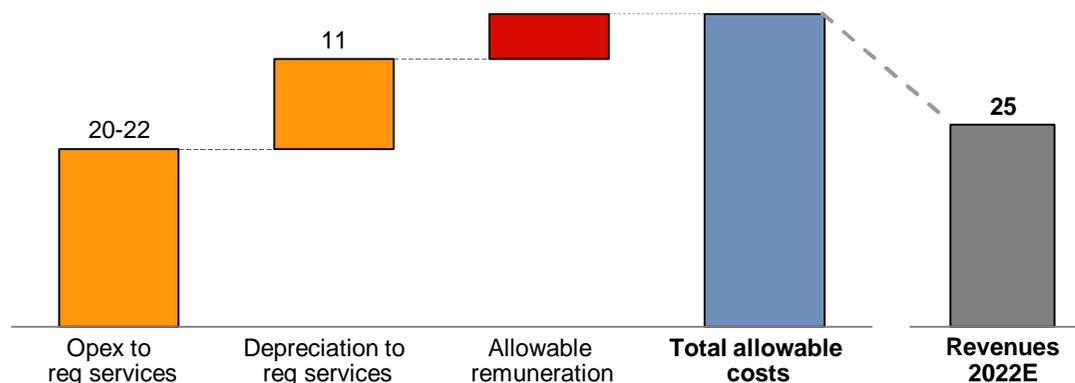


▪ CIA's avg unit charge on a downward trend since 2017 (calculated using 2017-21 traffic mix)

2022 cost allowances and regulated revenues (CIA's highlights)



CIA (Commercial aviation) (ex-PRM) (M€)



We represented:

- 2022 CIA AC costs allowances, including 2022 opex allocated to reg services (estimate), depreciation on RAB BOY 2022 at current costs and an indication of allowed return on RAB (pending ART's judgement);
- 2022 CIA AC reg revenues (estimate);
- Difference between the two above (allowable costs > regulated revenues) shall be included in allowable costs at start of next regulatory period, as anticipated by ART in Resolution n. 68/2021.

Agenda:

- **ADR's update on state of infrastructure development**
- ADR's traffic forecasts for 2022-2023
- ADR's take on 2023 unit charges for regulated services



ADR's commitment to infrastructure development

Returning to strong capex investments in 2023 (ADR capex history 2003-2023)

€ mln

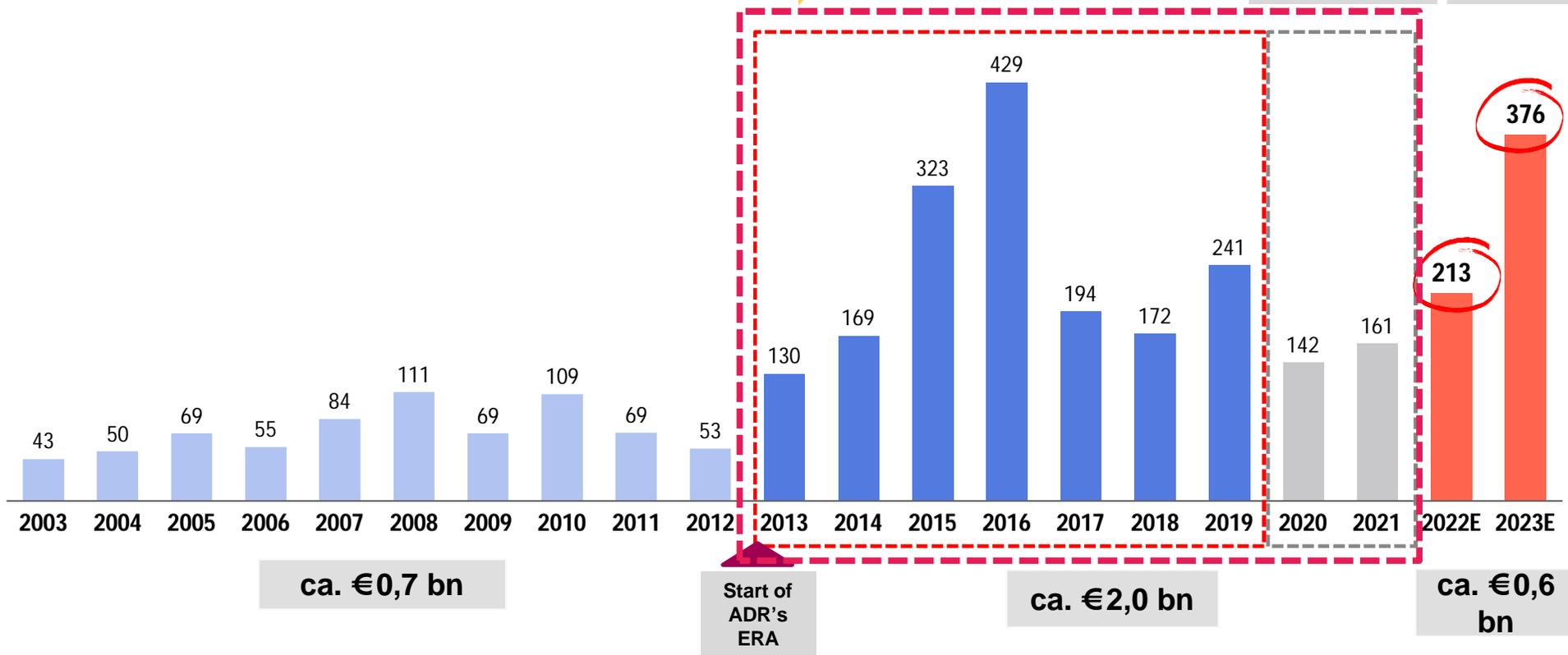
In the pre-ERA period, the average annual capex was ~70 € mln/year

On average, capex increase > +200%

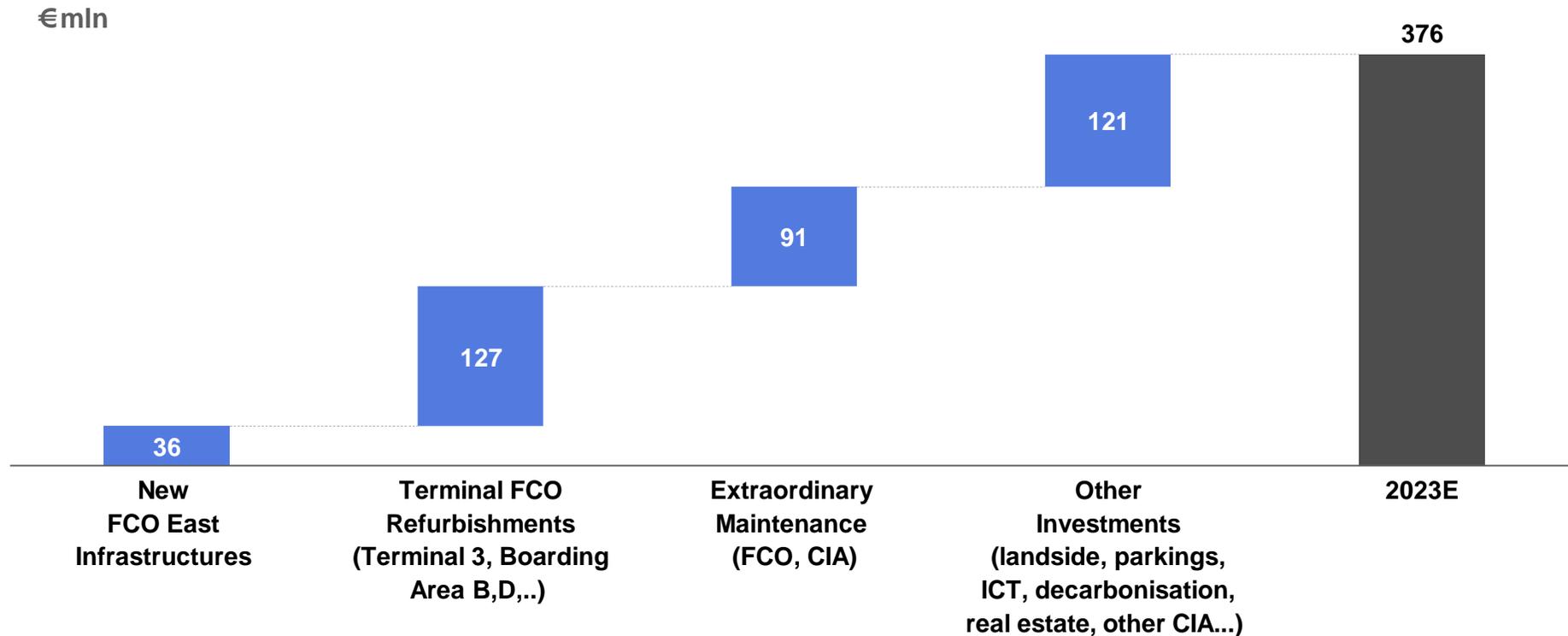
Average capex after ERA's start: ~235 € mln/year

Average capex in «black swan» period: ~150 € mln/year

Average capex in «crisis overcoming» period: ~295 € mln/year



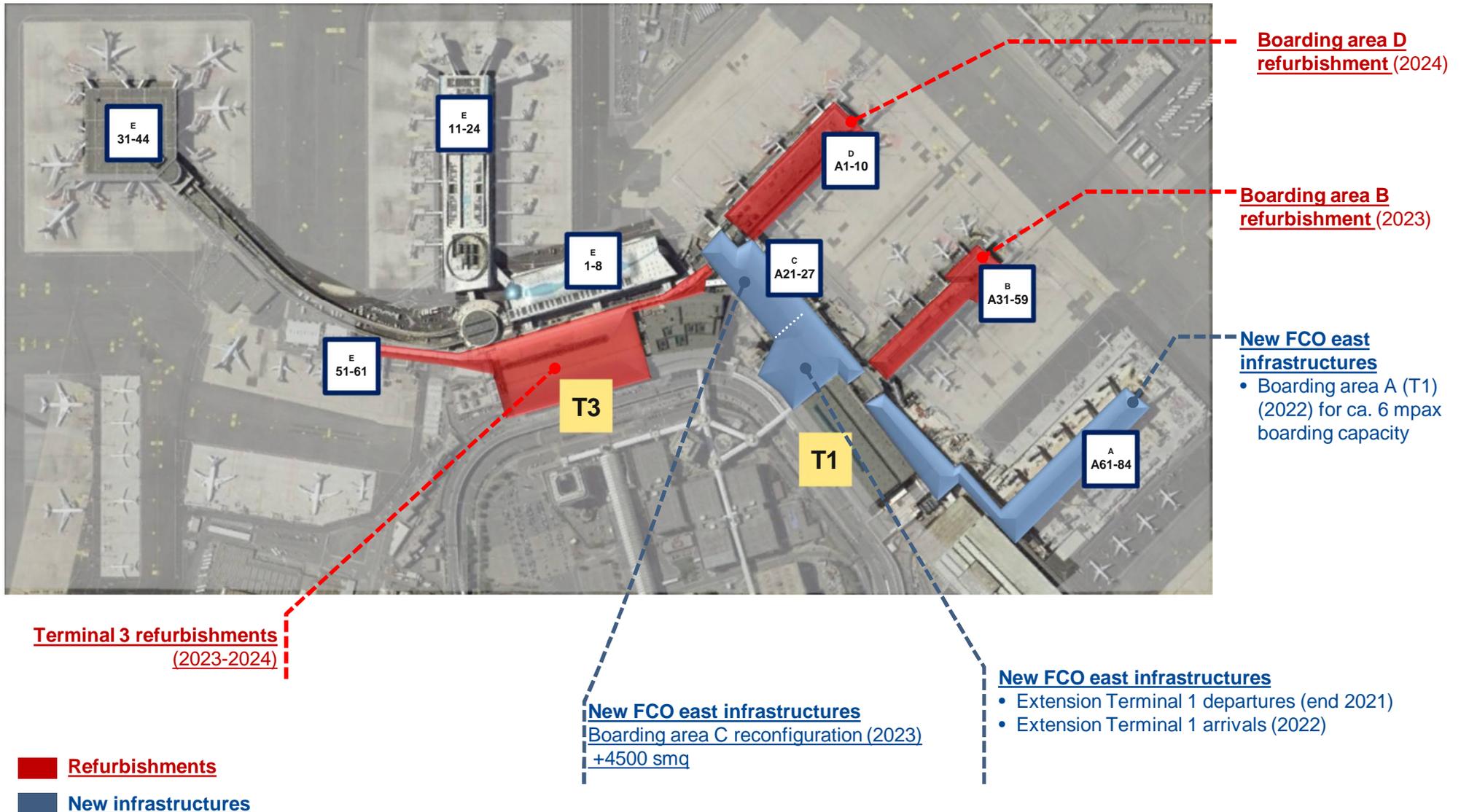
ADR's commitment to infrastructure development and capex optimisation: details on 2023 capex estimates^(*)



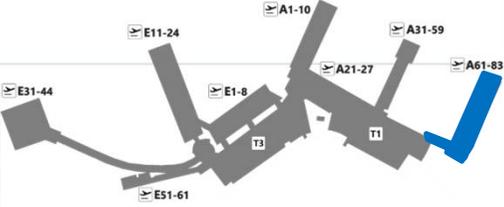
- 2023 capex est. is above level in 2019 and a strong 133% above avg in 2020-21 despite the ongoing recovery of pre-Covid traffic.
- Capex est. for current year remains subject to possible reconsideration to reflect further uncertainty

(*) Aeroporti di Roma's capex (ITA GAAP)

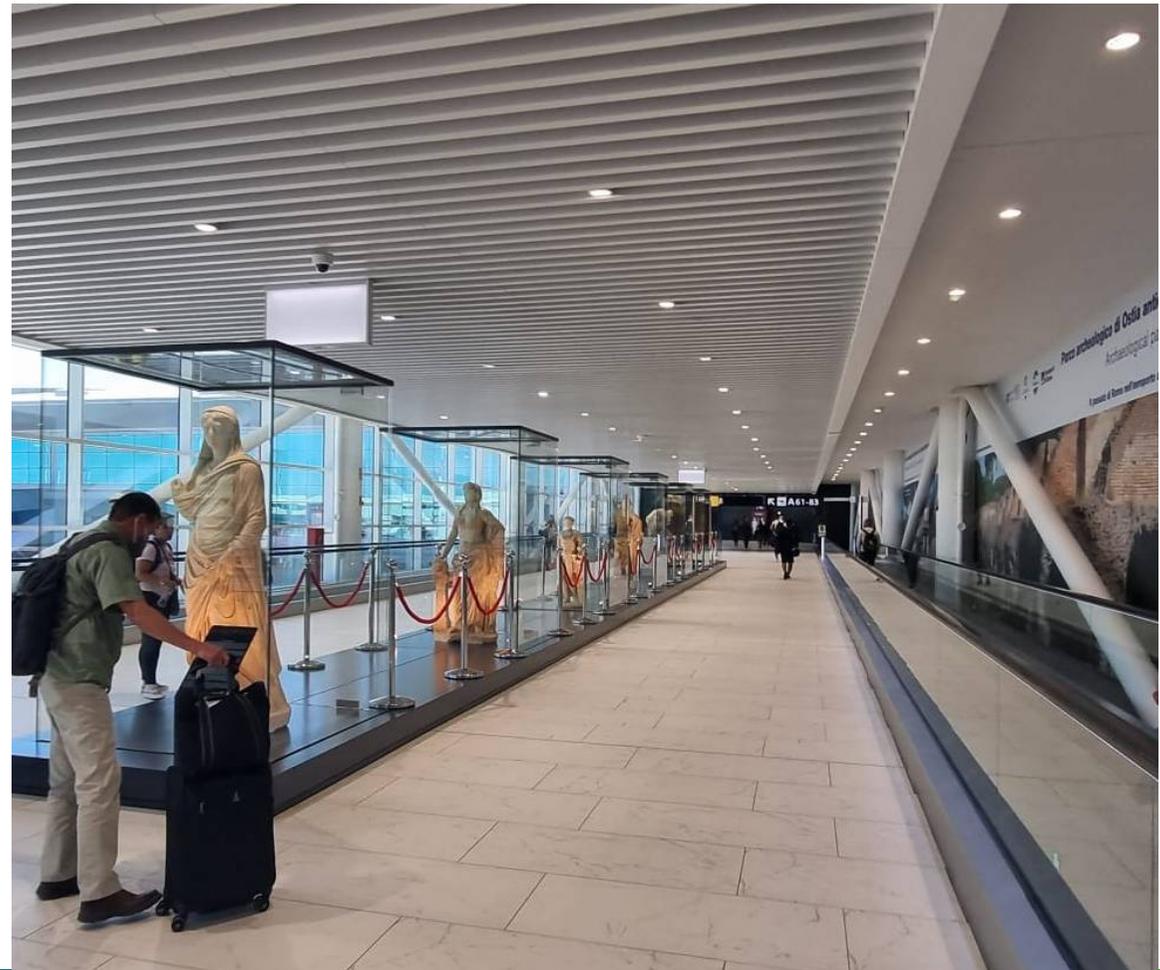
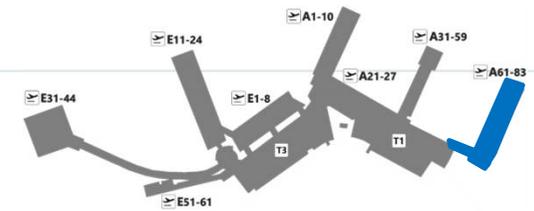
FCO South optimisation: moving towards completion



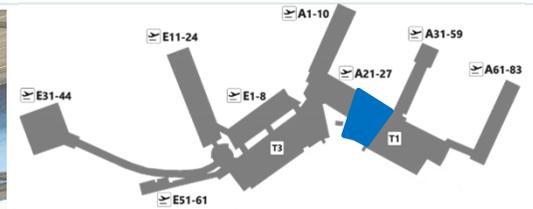
New Boarding Area A



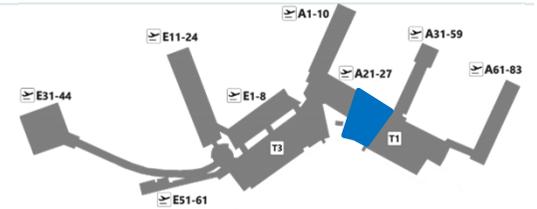
New Boarding Area A



Terminal 1: departure area extension

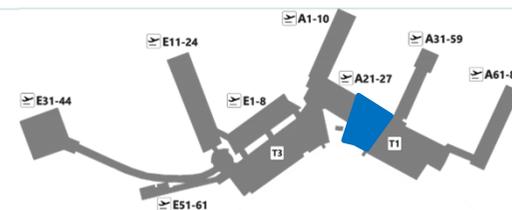


Terminal 1: departure area extension



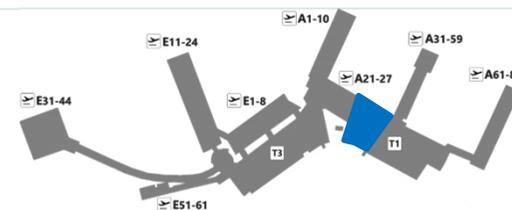
Terminal 1: departure area extension

New security checks area



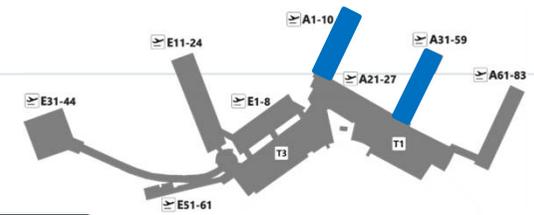
Terminal 1: departure area extension

New «destress area»



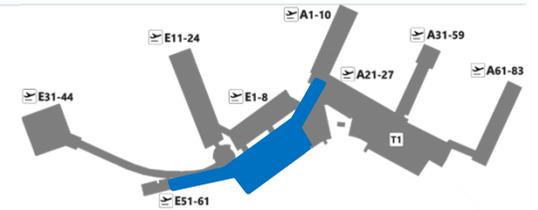
Refurbishment Boarding Area B and D

Ongoing works (boarding area B): Render



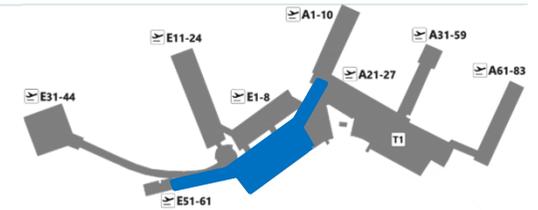
Refurbishment Terminal 3

Ongoing works: Render Hall check-in



Refurbishment Terminal 3

Ongoing works: Render Baggage hall



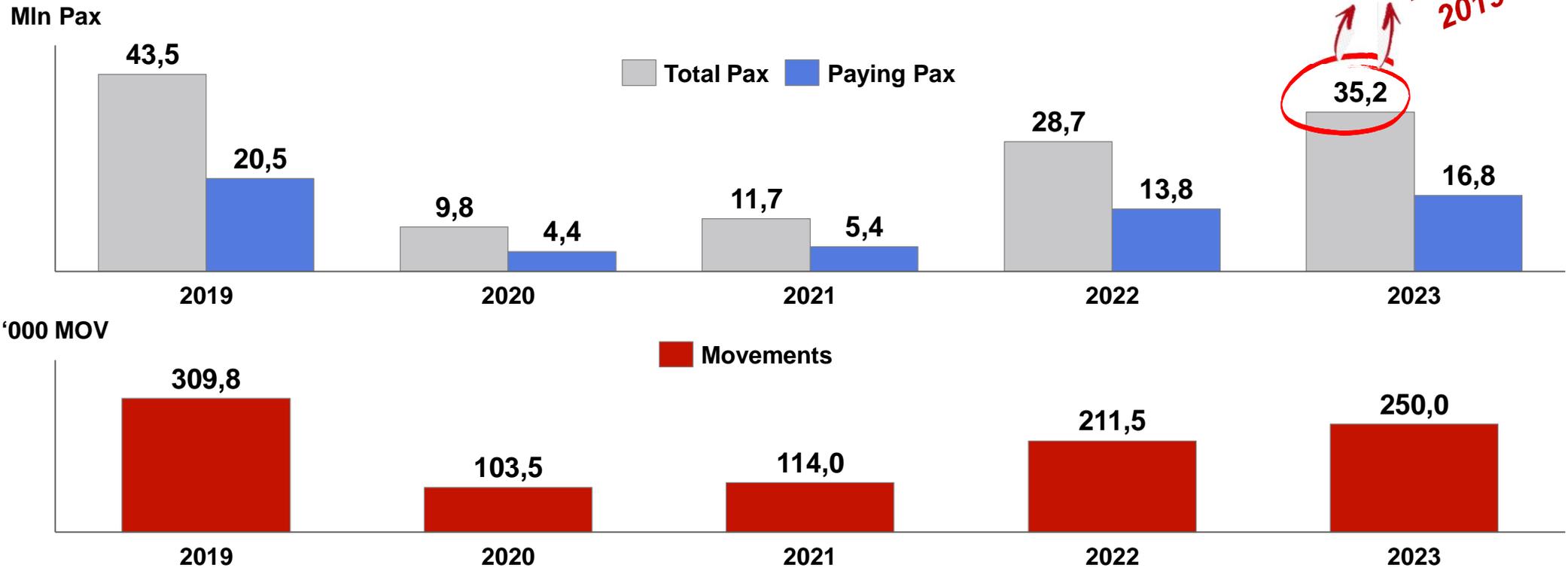
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- **ADR's traffic forecasts for 2022-2023**
- ADR's take on 2023 unit charges for regulated services



Enduring challenging traffic environment (1/2)

FCO's long road to recouping 2019 traffic



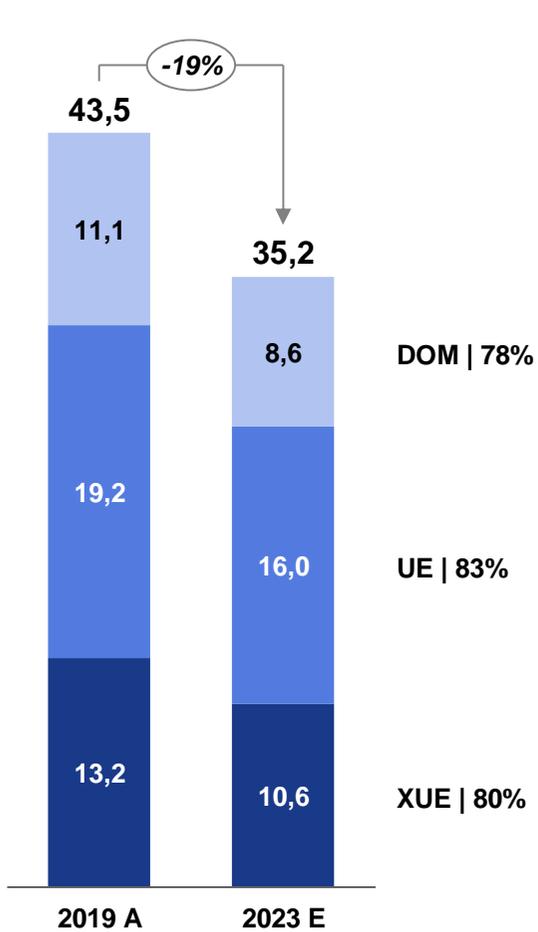
▪ 2023 traffic at FCO is seen at 35,2 mln total pax, that is 81% of 2019



Enduring challenging traffic environment (2/2)

FCO: 2023 vs 2019 (mpax)

Market outlook: road to full 2019 traffic recovery

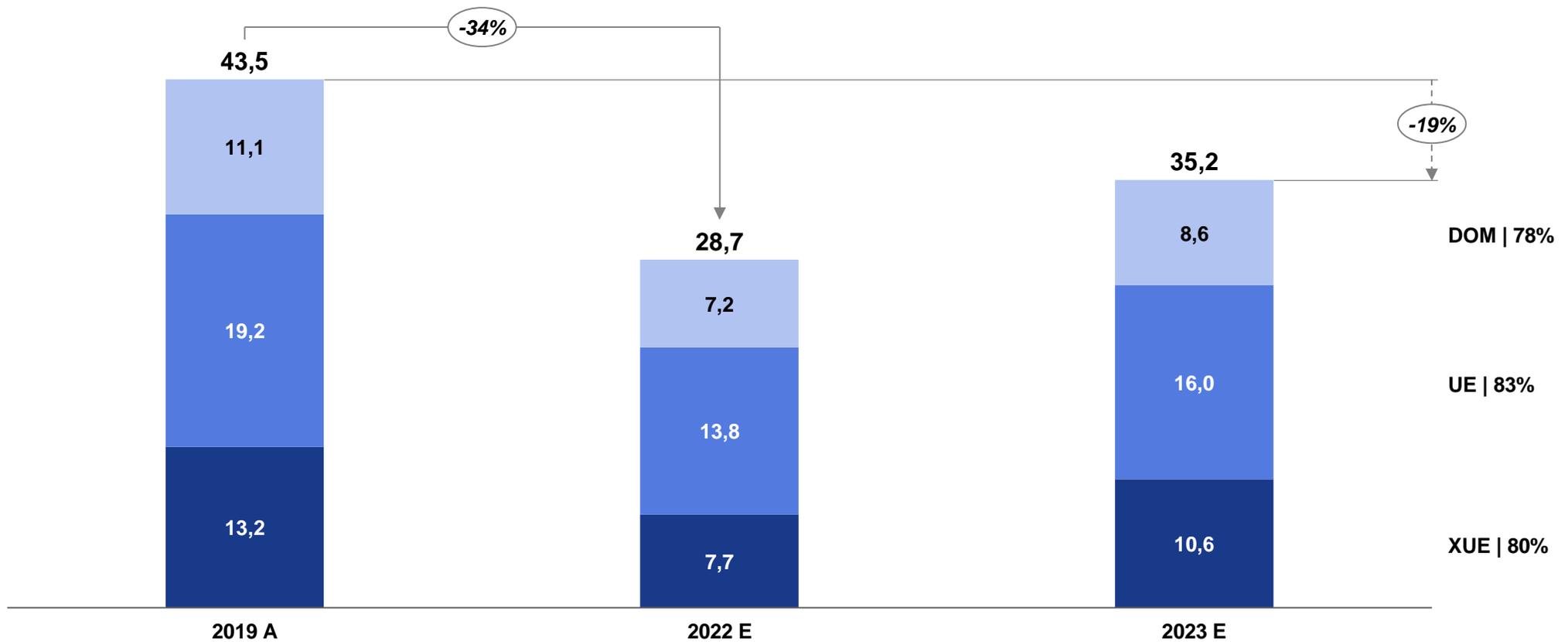


UK included in UE for 2019 and XUE for 2023

	Scenario: <i>Low</i>	<i>Medium</i>	<i>Best</i>
May '22 	>2027	2024	2023
Jun '22 	>2027	2025	2023
Jun '22 	>2027	2025	2023

2023 Traffic Forecasting

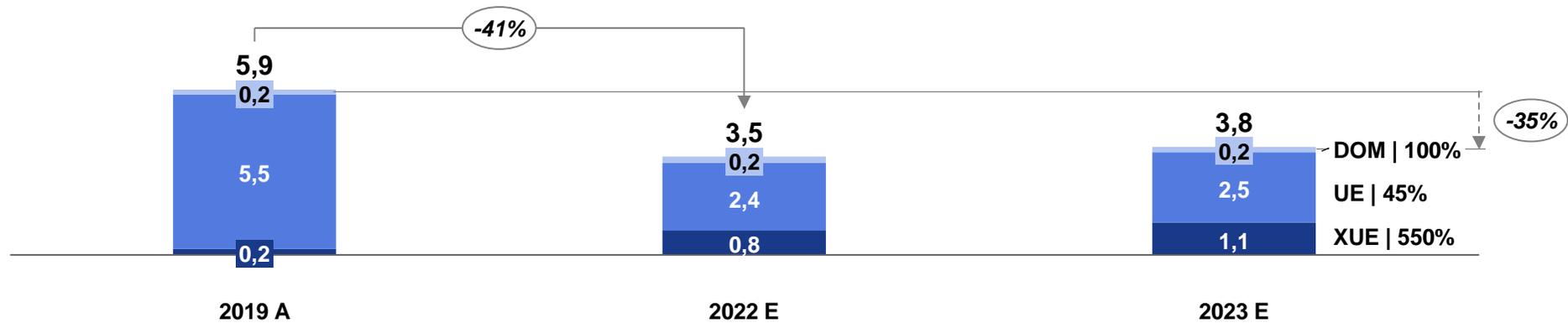
FCO: 2022, 2023 vs 2019 (mpax)



UK included in UE for 2019 and XUE for 2022 and 2023

CIA 2023 Traffic Forecasting

CIA*: 2022, 2023 vs 2019 (mpax)



UK included in UE for 2019 and XUE for 2022 and 2023

* Commercial traffic only

ADR's approach to traffic forecasting: methodology

1 Short Medium Term

(1-5 years)

- In the short-term, the offer of carriers (available offer on websites) is the main driver for our traffic development forecasts
- ADR's traffic forecasting team weighs available offers against strategy/positioning of the airlines
- In the medium-term, forecasts are adjusted to reflect the evolution of the competitive scenario
- The methodology considers also the changes in the market, for instance high speed train competition or higher penetration of LCCs across Italy/Europe

2 Long Term

(>5 years)

- The long-term forecast approach is based on the ICAO methodology (Manual of Air Traffic Forecasting), considering the main techniques
 - Time-series analysis: methods are largely based on the assumption that historical patterns will continue and determine the trend in traffic development. In the context of medium-term or long-term forecasting, a traffic trend represents the development in traffic over many years, isolating short-term fluctuations
 - The first step when forecasting air traffic activity is usually to study the historical data
 - Econometric analysis: multiple regression analysis to project of air travel demand based on relevant variables: GDP per region, demography, touristic flows and macro-economic variables
 - The forecast is based not only on the historical values but also on other variables that are considered to have a causal relationship
 - Industry forecast; utilization of ACI, IATA, Airbus and Boeing outlook
 - Traffic forecasting through ACI, IATA, Airbus or Boeing aims at analyzing the characteristics of the air transport market in order to examine empirically how the use of air transport varies between different markets



Agenda:

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- **ADR's take on 2023 unit charges for regulated services**



2023 regulated charges: FCO and CIA

As of today, ADR represents that – until further notice – currently applied charges for FCO's and CIA's regulated services shall remain valid throughout 2023, save for updates to boarding pax charges

The latter reflects (i.) shift of traffic with UK destinations to non-EU cluster and (ii.) ART's Resolution n. 232/2022 that requested ADR to provide users with a full-fledged analysis of correlation to costs with the aim of revising charges in application throughout 2022 (please see separate document "Assessing cost-correlation within passenger boarding charges for FCO and CIA")

Please find all applicable charges as proposed at pp. 28-29 and our usual aircraft simulation costs at pp. 30-33

For FCO our aircraft cost simulation shows that:

- for standard EU aircraft, 2023 turnaround cost is 3.420 €, in line with cost in 2022 and 2021
- for standard non-EU aircraft, 2023 turnaround cost is 7.957 € which compares with 8.356 € in 2022

For CIA our aircraft cost simulation shows that:

- for AC standard EU aircraft 2023 turnaround cost is 2.278 €, in line with cost in 2022 and 2021
 - for AG standard UE aircraft 2023 turnaround cost is 1.458 €, in line with cost in 2022 and 2021
-

2017-2023 regulated charges^(*): FCO

▪ ADR expresses its intention to maintain regulated charges at FCO unchanged vis-a-vis currently applied level, save for boarding pax charge re-articulation as requested by ART with Resolution n. 232/2022

Charges - FIUMICINO		2017	2018	2019	2020	2021	2022	2023	
Passenger charges	Adults	of which Originating within EU <i>€ for each paying pax</i>	17,77	17,61	17,10	17,01	15,99	15,99	15,99
		of which Originating outside EU <i>€ for each paying pax</i>	28,41	28,16	27,58	27,43	25,79	25,79	23,96
		of which Transfer within EU <i>€ for each paying pax</i>	6,22	6,16	5,98	5,95	5,60	5,60	5,60
		of which Transfer outside EU <i>€ for each paying pax</i>	9,94	9,86	9,65	9,60	9,03	9,03	8,38
	Children	of which Originating within EU <i>€ for each paying pax</i>	8,88	8,81	8,55	8,50	7,99	7,99	7,99
		of which Originating outside EU <i>€ for each paying pax</i>	14,21	14,08	13,79	13,72	12,89	12,89	11,98
		of which Transfer within EU <i>€ for each paying pax</i>	3,11	3,08	2,99	2,98	2,80	2,80	2,80
		of which Transfer outside EU <i>€ for each paying pax</i>	4,97	4,93	4,83	4,80	4,51	4,51	4,19
Cargo Embarkation / Disembarkation duties	To be calculated on gross weight over 500 gram <i>€ per Kg/fraction</i>	0,0133	0,0133	0,0129	0,0127	0,0122	0,0122	0,0122	
	Minimum charge <i>€</i>	0,144	0,145	0,140	0,138	0,132	0,132	0,132	
Security pax		<i>€ for each paying pax</i>	3,34	3,18	3,20	3,18	3,20	3,20	3,20
Hold Baggage Screening Security Tax		<i>€ for each paying pax</i>	2,27	2,51	2,46	2,42	2,32	2,32	2,32

^(*) Selected services indicated for illustrative purposes, charges are to remain unchanged relative to 2021 pricing for all regulated services

2017-2023 regulated charges^(*): CIA

▪ ADR expresses its intention to maintain regulated charges at CIA unchanged vis-a-vis currently applied level, save for boarding pax charge re-articulation as requested by ART with Resolution n. 232/2022

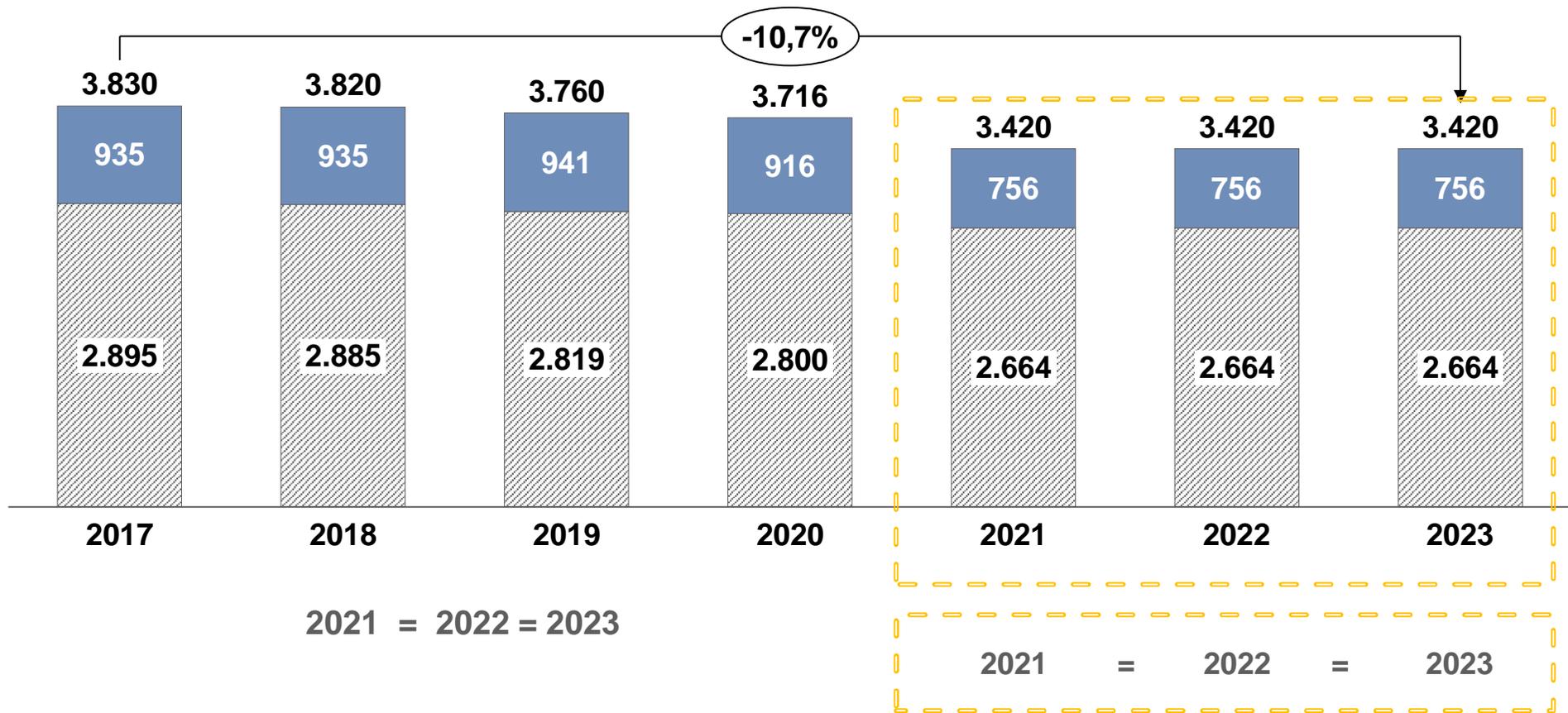
Charges - CIAMPINO				2017	2018	2019	2020	2021	2022	2023
Passenger charges	Adults	of which Commercial aviation UE	€ for each paying pax	5,97	5,33	5,48	5,23	4,64	4,64	4,63
		of which Commercial aviation EXTRA UE	€ for each paying pax	6,15	5,49	5,65	5,39	4,79	4,79	4,73
		of which General aviation UE	€ for each paying pax	35,73	31,91	32,79	31,32	27,82	27,82	27,72
		of which General aviation EXTRA UE	€ for each paying pax	36,85	32,90	33,82	32,30	28,68	28,68	28,33
	Children	of which Commercial aviation UE	€ for each paying pax	2,98	2,66	2,74	2,61	2,32	2,32	2,31
		of which Commercial aviation EXTRA UE	€ for each paying pax	3,08	2,75	2,82	2,70	2,39	2,39	2,36
		of which General aviation UE	€ for each paying pax	17,87	15,95	16,40	15,66	13,91	13,91	13,86
		of which General aviation EXTRA UE	€ for each paying pax	18,42	16,45	16,91	16,15	14,34	14,34	14,16
Cargo Embarkation / Disembarkation duties	To be calculated on gross weight over 500 grams	€ per Kg or fraction	0,0204	0,0192	0,0197	0,0194	0,0187	0,0187	0,0187	
	Minimum charge	€uro	0,221	0,209	0,214	0,210	0,203	0,203	0,203	
Security pax	of which Commercial aviation	€ per pax pagante	2,57	2,47	2,51	2,52	2,57	2,57	2,57	
	of which General aviation	€ per pax pagante	15,37	14,78	15,04	15,09	15,37	15,37	15,37	
Hold Baggage Screening Security Tax	of which Commercial aviation	€ per pax pagante	1,10	1,33	1,47	1,46	1,43	1,43	1,43	
	of which General aviation	€ per pax pagante	6,57	7,99	8,80	8,75	8,54	8,54	8,54	
							

(*) Selected services indicated for illustrative purposes, charges are to remain unchanged relative to 2021 pricing for all regulated services

FCO comparison of 2017-23 aircraft costs^(*) standard aircraft (UE)

Assumptions: 74 Mtow, 172 seats, 72% LoadFactor, 100% O&D pax, 1 hr use of loading bridge + 1 hr parking

■ Basket Carrier ▨ Basket Pax

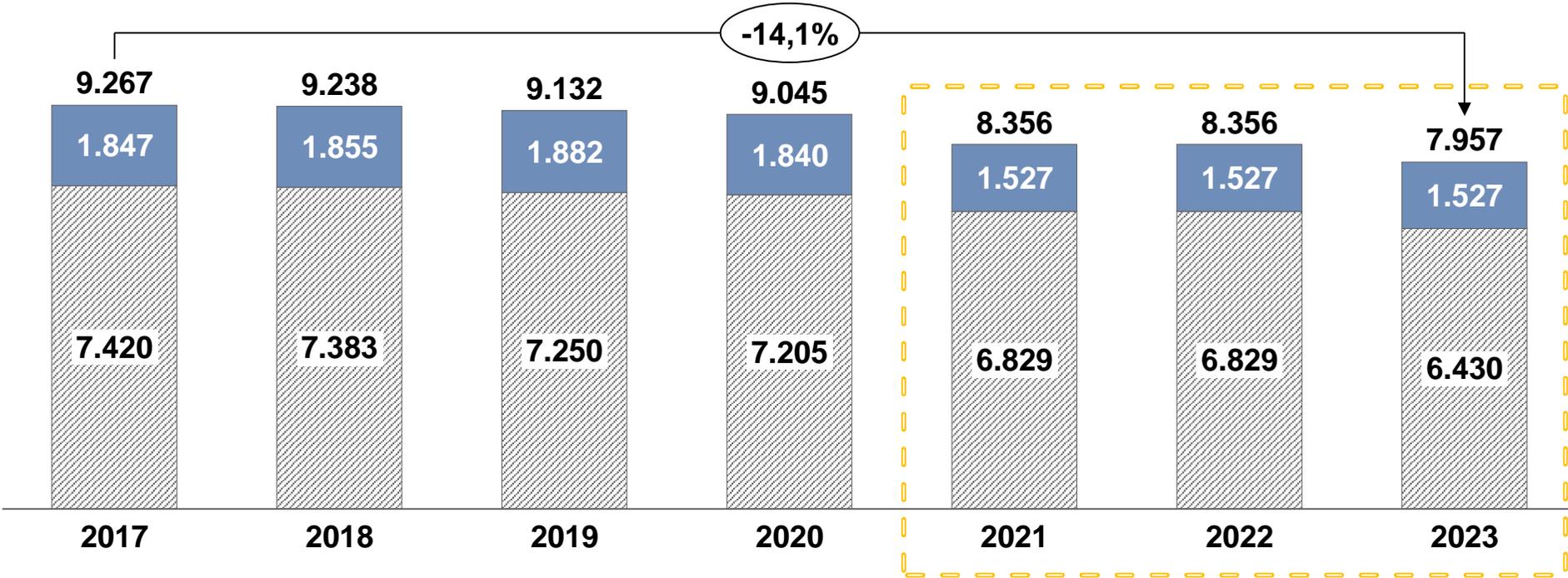


(*) Regulated services included in the above chart: landing/take-off; use of loading bridge, parking, pax boarding, security controls

FCO comparison of 2017-23 aircraft costs(*) standard aircraft (ex-UE)

Assumptions: 230 Mton, 266 seats, 82% LoadFactor, 100% O&D pax, 1 hr use of loading bridge + 1 hr parking

■ Basket Carrier ▨ Basket Pax

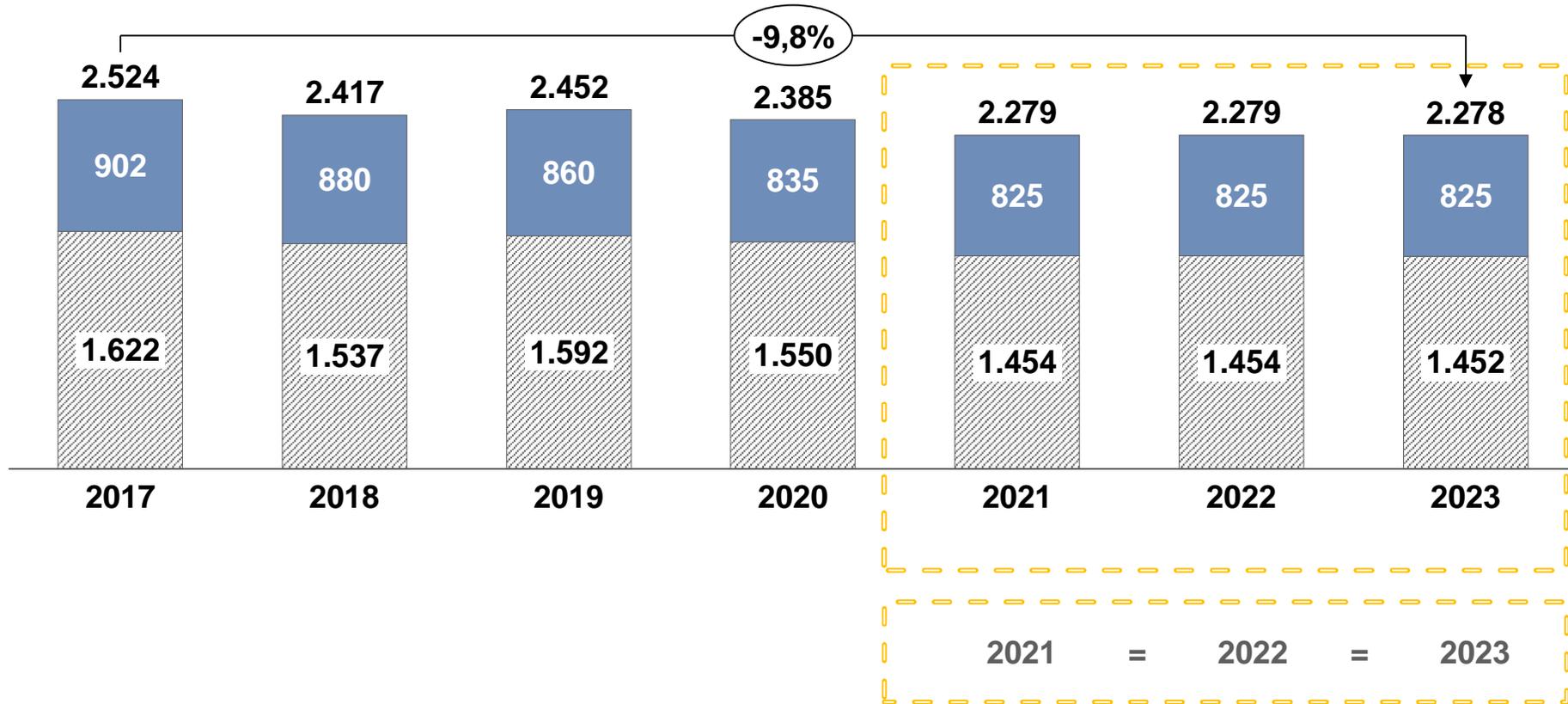


(*) Regulated services included in the above chart: landing/take-off; use of loading bridge, parking, pax boarding, security controls

CIA AC comparison of 2017-23 aircraft costs(*) standard aircraft (UE)

Assumptions: 74 Mton, 187 seats, 90% LoadFactor, 1 hr parking

■ Basket Carrier ▨ Basket Pax

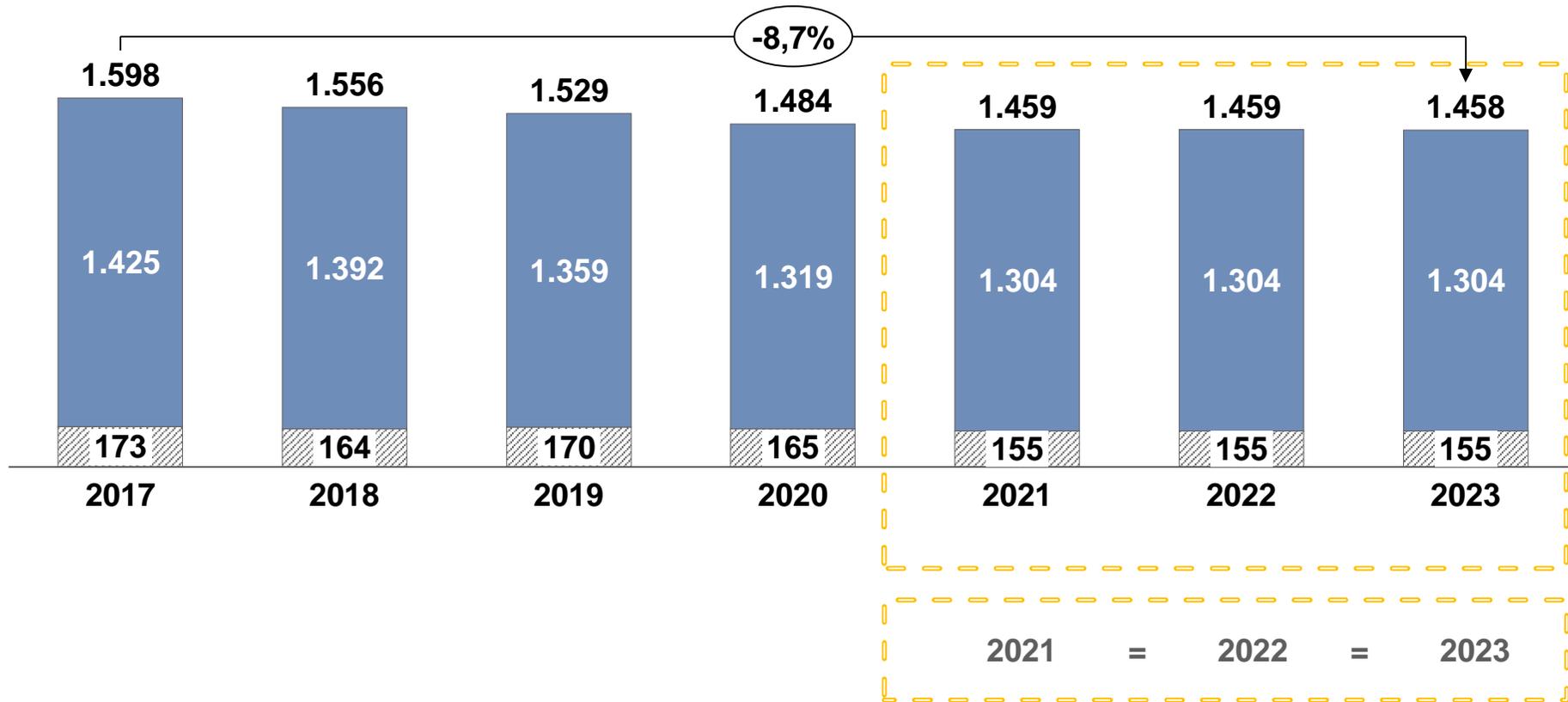


(*) Regulated services included in the above chart: landing/take-off; pax boarding, security controls

CIA AG comparison of 2017-23 aircraft costs^(*) standard aircraft (UE)

Assumptions: 40 Mton, 3 boarded pax

■ Basket Carrier ▨ Basket Pax



(*) Regulated services included in the above chart: landing/take-off; pax boarding, security controls