

# Proposal of 2021 PRM service charge

*August 2020*

# Proposal of 2021 PRM service charge

Concerning the PRM service, it should be pointed out that every year ADR offers users full transparency on the costs allowed for the determination of the charge, as these can be found in the financial statements of the subsidiary, ADR Assistance, and do not include indirect cost allocations.

## Fiumicino Airport

- FCO's PRM charge proposed for 2021 is € 1.19/pax, up from the current € 0.99/pax by € 0.20/pax
- The 2021 proposal reflects the deficit (costs > revenues) expected for the current year (preliminary figures to be updated)
  - in 2020, the operating cost structure is being significantly lowered by mitigation measures implemented as a result of the health emergency, including temporary layoff benefit schemes (since March), which however are not turning out to be sufficient to avoid a significant deficit
- The investments planned for 2020, which are relevant for determining the 2021 charge, have been frozen except only for the purchase of two emergency stair lifts (one for FCO and one for CIA) to ensure compliance with safety standards in adverse weather conditions;
- The 2021 proposal is also based on assumptions of full infrastructure use and productivity levels in line with those prior to the health emergency

## Ciampino Airport

- PRM charge at CIA as proposed for 2021 is € 0.21/pax, including the recovery of the deficit estimated for the current year, with a slight increase compared to charge currently in application

- **Financial statement and breakdown of costs**

- Method for determination of the charges
- 2021 Charges Proposal
- Additional information

# ADR Assistance: 2019 financial statements and detailed cost statement<sup>(\*)</sup>

(€ '000)

Statutory Summary	2019	Detail by nature of cost	2019 PL (a)	Allowed costs			
				System (b)	Fco	Cia	Relative Variation to PL (c=b-a) <sup>(1)</sup>
For Raw Materials, Subsidiaries, Consumables and Goods	344	Personnel costs <sup>(2)</sup>	16.335	16.686	16.278	407	351
For Services	3.025	Recovery of personnel costs <sup>(3)</sup>	-	(743)	(726)	(17)	(743)
For Use of third party assets	410	IRAP <sup>(4)</sup>	-	178	174	4	178
For Staff	15.432	Consumables	330	346	338	8	16
Depreciation, amortization and write-downs	641	Ordinary maintenance	707	677	660	17	(30)
Provisions for risks and charges	48	Cleaning	75	71	69	2	(4)
Other operating expenses	83	Utilities and Heating	239	240	234	6	1
		Provisions <sup>(5)</sup>	48	0	0	0	(48)
		Services from third parties	975	955	932	23	(20)
		Professional Consultancy/Services	70	69	68	2	(0)
		Rentals/Fees/Leases	398	402	392	10	4
		Insurance companies	41	41	40	1	0
		General Expenses	124	123	120	3	(1)
		Depreciation <sup>(6)</sup>	641	441	440	1	(200)
		Remuneration of Invested Capital <sup>(7)</sup>	-	143	143	1	143
<b>Total Production Costs</b>	<b>19.983</b>	<b>Total costs</b>	<b>19.983</b>	<b>19.630</b>	<b>19.163</b>	<b>467</b>	<b>(353)</b>

2019	IRAP
15.432	Production Costs - B.9 - For Personnel
(11.735)	Personnel costs that are non-deductible for IRAP
<b>3.698</b>	<b>Personnel costs that are non-deductible for IRAP</b>
4,82%	IRAP tax rate

System	Fco	Cia
3.695	3.607	88
178	174	4

(1) Some differences of operating costs with respect to the financial statement values are due to revaluation updates of previous years, excluded from allowable costs

(2) The cost of personnel includes the reclassification of some costs for personnel services (canteen, transport, training, per diem, etc.)

(2) Lower labour costs include recoveries for seconded personnel, or personnel employed in other services which are reported in the financial statements in the value of production item

(4) A portion of the IRAP attributed to the non-deductible portion of labour costs is considered as eligible cost, as required by ENAC Guidelines (2018/001 of Aug. 9, 2018)

(5) Provisions for risks, financial and extraordinary charges are excluded from allowable costs

(6) Values deriving from the application of economic-technical amortization accruals; fixed assets are recognized in the year following the year of actual acquisition (annual revaluation)

(7) Values deriving from the application of real pre-tax WaCC of the regulatory sub-period 2017–2021 (8.52%) on RAB at the beginning of the year, amounting to € 1,674 thousand for FCO and € 6 thousand for CIA

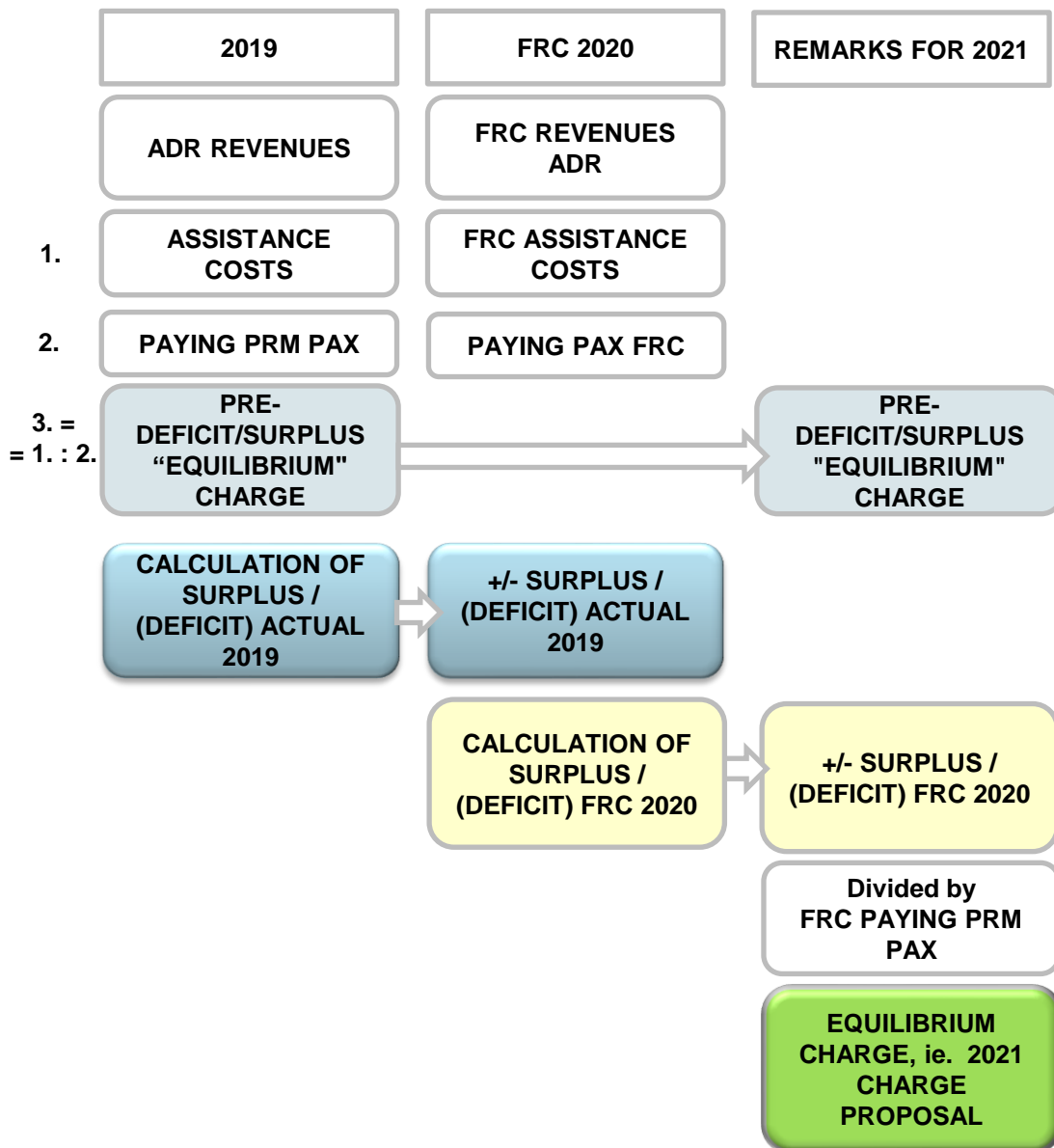
- Financial statement and breakdown of costs

- **Method for determination of the charges**

- 2021 Charges Proposal

- Additional information

# Method for determination of the charges (1/2)

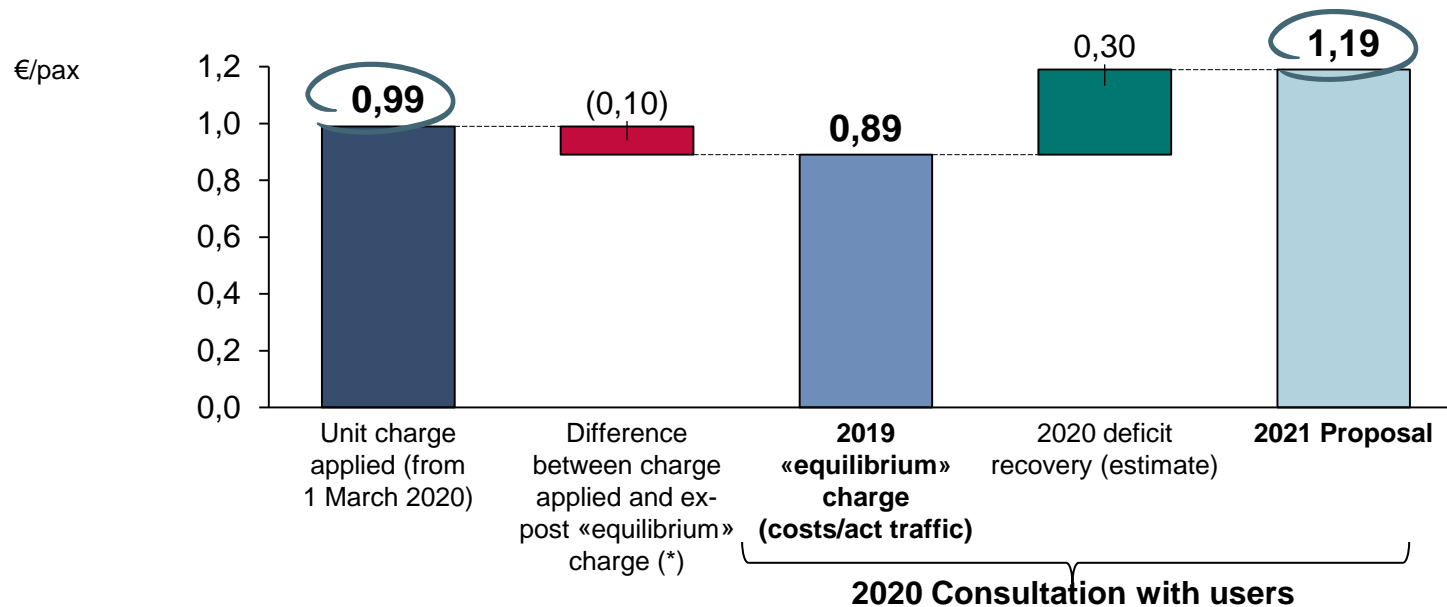


## Updating of PRM charges: process

- The parties meet regularly (at least annually) to define new quality objectives and to share suggestions for improving the service
- Along this process, one of the opportunities for discussion is that of the approval of the proposed charges for the following year
- Role of ENAC: settlement of disputes (ISA) and approval of the charge
- The regulatory model applied eliminates any actual/estimated surplus/deficit through determination of the charge for the following year
- The extraordinary conditions of the current year do not enable us to reliably forecast costs and traffic for 2021
- Charge proposed for 2021 is based on the 2019 "equilibrium" charge ("3." in the chart), to which a unit value is added to recover the deficit estimated for the current year

- Financial statement and breakdown of costs
- Method for determination of the charges
- **2021 Charges Proposal**
- Additional information

# PRM FCO: 2021 Charges Proposal<sup>(1/2)</sup>



In accordance with the principle of correlation between service costs and revenues – under which PRM is applied with a rolling rebalancing in the subsequent year (see ENAC's PRM service guidelines 2018/01 of 9 August 2018) – a unit value to cover the deficit or reverse the surplus (calculated on forecast traffic) is added to the estimated balanced charge for the year to which the proposed charge applies.

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 needs, making this unit value a conservative calculation if applied on 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 (see also above); (ii) € 0.30/pax as a value to enable recovery of the deficit forecast for the current year.

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

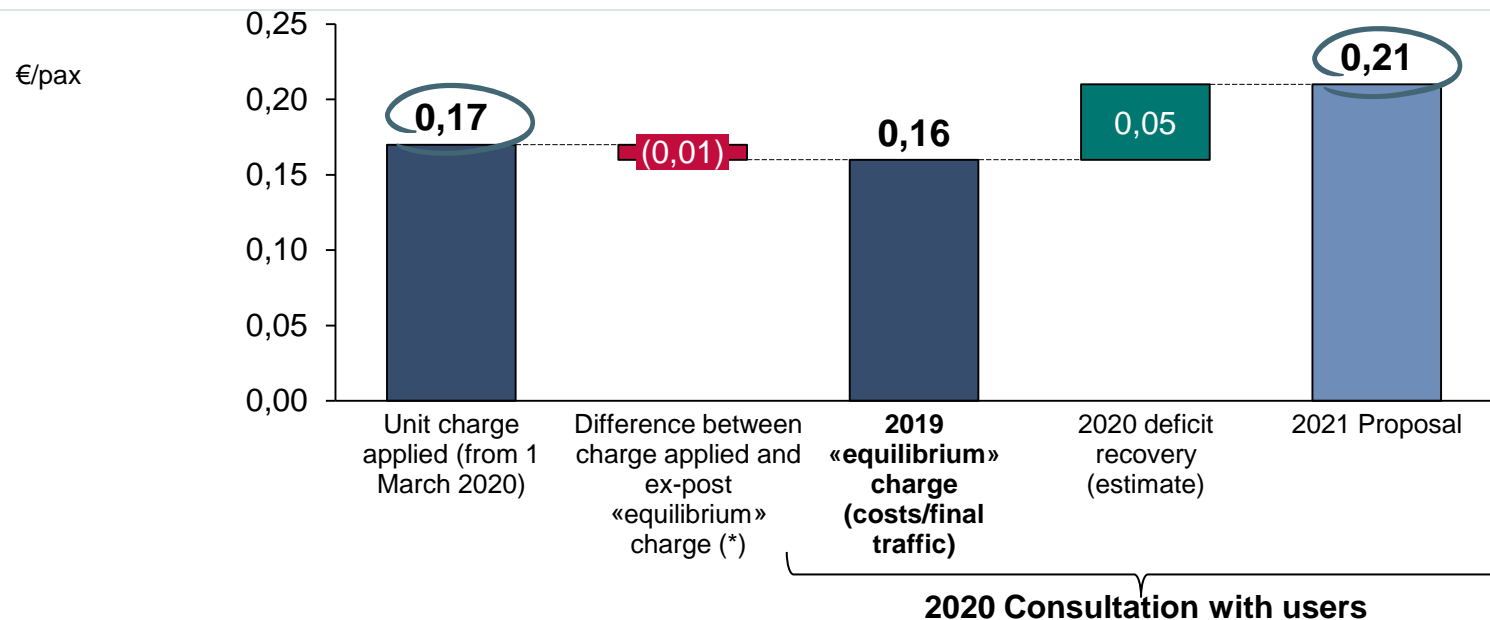


# PRM FCO: 2021 Charges Proposal<sup>(2/2)</sup>

2021 charges proposal (€.000)	Fiumicino Airport		
	2019 ACT	2020 FCST	2021 charges proposal
Personnel costs/IRAP	15.727	9.325	
Other Operating Costs	2.853	1.988	2019 "equilibrium" charges 1 <b>0,89</b>
Amortization	440	571	2020 estimated deficit 2 4.929
Cost of capital	143	187	per pax 2020 Deficit (*) 3 0,30
Recovery (Surplus)/Deficit previous years	<b>1.332</b>	<b>131</b>	2021 charges proposal 4= (1+3) <b>1,19</b>
<b>(1) Total Costs + Recovery Previous year</b>	<b>20.495</b>	<b>12.202</b>	
<b>Total Paying Pax (/000)</b>	<b>21.493</b>	<b>7.423</b>	
<b>(a) "equilibrium" charges without recovery previous years</b>	<b>0,89</b>	<b>1,63</b>	
<b>(a.1) "equilibrium" charges + recovery previous years</b>	<b>0,95</b>	<b>1,64</b>	
	<b>2019 ACT</b>	<b>2020 FCST</b>	
Charge Applied January-February	0,86	0,96	
Charge Applied March-December	0,96	0,99	
<b>(2) Total revenues</b>	<b>20.364</b>	<b>7.273</b>	
<b>(3) = (2-1) Surplus / (Deficit) accumulated at 31 December</b>	<b>(131)</b>	<b>(4.929)</b>	
Total passengers (/000)	43.533	14.869	
Assistances	363.729	132.534	
PRM Index/1000 pax	8,4	8,9	
Assistances/FTE (monthly average)	357,6	261,7	
Total FTEs	380,1	267,6	
Assistances / FTE full HR (monthly average)	79,7	41,3	

- At FCO the 2019 final balance recorded a deficit of € 131 thousand (ADR SpA revenues of € 20,364 thousand against allowable costs of € 20,495 thousand)
- The 2020 forecast assumes deficit of € 4,929 thousand (ADR SpA revenues of € 7,273 thousand vs. allowable costs of € 12,202 thousand including the abovesaid deficit)
- The amount proposed for 2021 (€ 1.19) is calculated by adding to the 2019 revenue equilibrium charge (€ 0.89 pax), the recovery per pax<sup>(\*)</sup> of the deficit forecast for 2020 (€ 0.30)

# PRM CIA: 2021 Charges Proposal<sup>(1/2)</sup>



In accordance with the principle of correlation between service costs and revenues – under which PRM is applied with a rolling rebalancing in the subsequent year (see ENAC's PRM service guidelines 2018/01 of 9 August 2018) – a unit value to cover the deficit or reverse the surplus (calculated on forecast traffic) is added to the estimated balanced charge for the year to which the proposed charge Proposal applies.

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 CIA'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 needs, making this unit value a conservative calculation if applied on 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 (see also above); (ii) € 0.05/pax as a value to enable recovery of the deficit forecast for the current year.

(\*) 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 Charges Proposal(2/2)

2021 charges proposal (€.000)	Ciampino Airport		
	2019 ACT	2020 FCST	2021 charges proposal
Personnel costs/IRAP	395	285	
Other Operating Costs	71	63	2019 "equilibrium" charges 1 <b>0,16</b>
Amortization	1	1	2020 estimated deficit 2 122
Cost of capital	1	0	per pax 2020 Deficit (*) 3 0,05
Recovery (Surplus)/Deficit previous years	<b>(4)</b>	<b>(10)</b>	2021 charges proposal 4= (1+3) <b>0,21</b>
<b>(1) Total Costs + Recovery Previous year</b>	<b>464</b>	<b>340</b>	
<b>Total Paying Pax (/000)</b>	<b>2.917</b>	<b>1.283</b>	

<b>(a) "equilibrium" charges without recovery previous years</b>	<b>0,16</b>	<b>0,27</b>
<b>(a.1) "equilibrium" charges + recovery previous years</b>	<b>0,16</b>	<b>0,26</b>

	2019 ACT	2020 FCST
Charge Applied January-February	0,12	0,17
Charge Applied March-December	0,17	0,17
<b>(2) Total revenues</b>	<b>474</b>	<b>218</b>

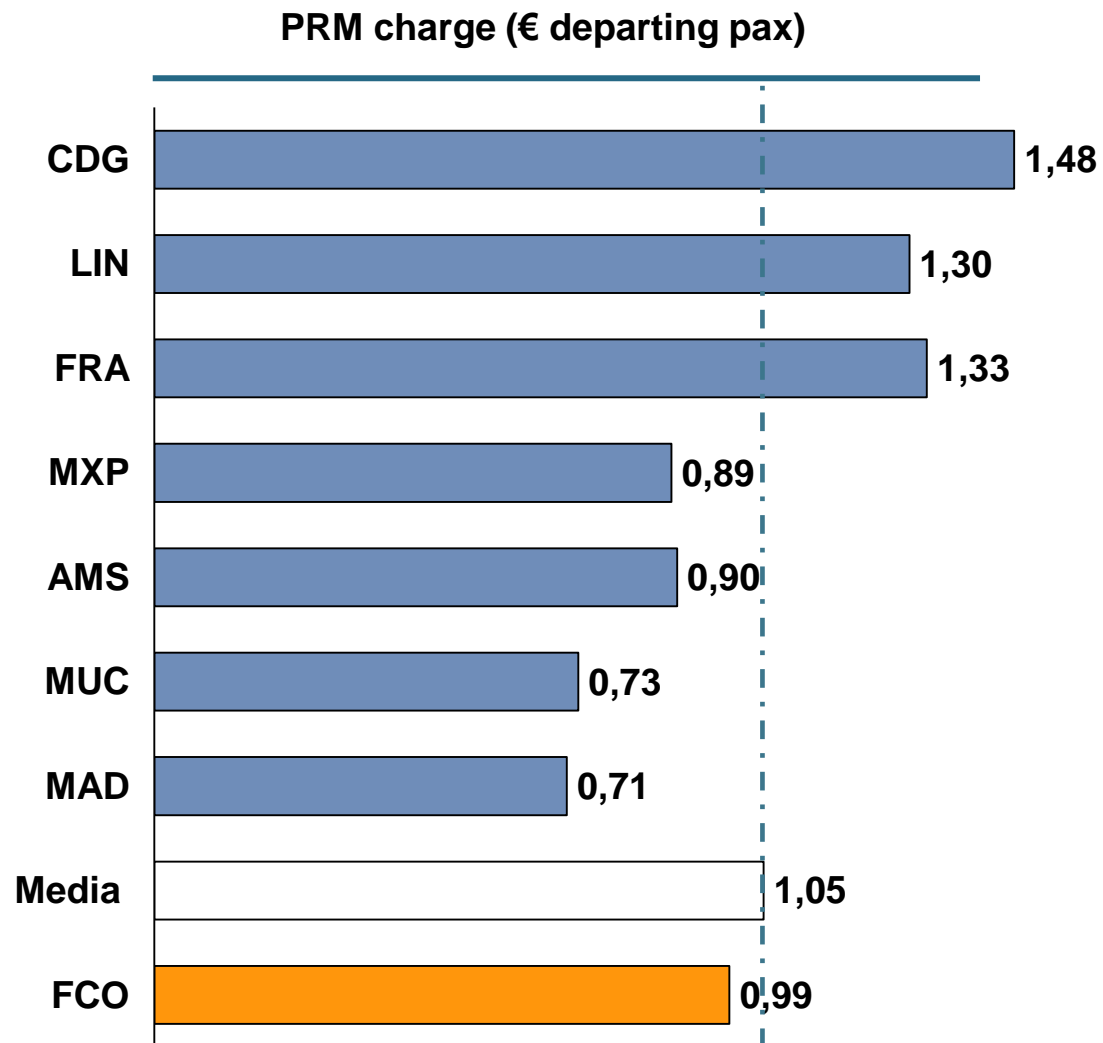
<b>(3) = (2-1) Surplus / (Deficit) accumulated at 31 December</b>	<b>10</b>	<b>(122)</b>
---	-----------	--------------

Total passengers (/000)	5.879	2.559
Assistances	13.238	6.063
PRM Index/1000 pax	2,3	2,4
Assistances/FTE (monthly average)	9,0	8,0
Total FTEs	11,2	8,4
Assistances / FTE full HR (monthly average)	98,4	60,5

- At CIA the 2019 final balance recorded a surplus of € 10 thousand (ADR SpA revenues of € 474 thousand against allowable costs of € 464 thousand)
- The 2020 forecast for CIA shows a of approximately € 122 thousand (ADR SpA revenues of € 218 thousand vs. allowable costs of € 340 thousand including the abovesaid deficit)
- The proposed 2021 fee (€ 0.21) has been determined by adding to the 2019 revenue balancing charge (€ 0.16 pax), the recovery per pax(\*) of the deficit forecast for 2020 (€ 0.05).

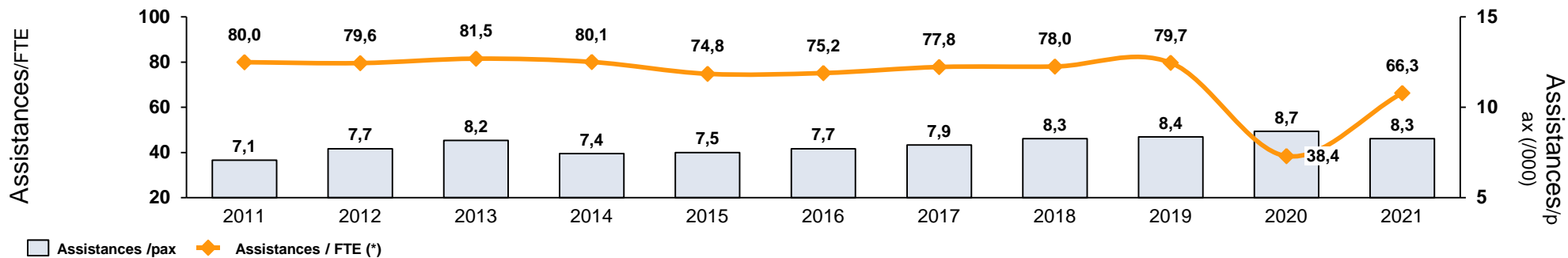
- Financial statement and breakdown of costs
- Method for determination of the charges
- 2020 Charges Proposal
- **Additional information**

# PRM: 2020 charges benchmark across EU

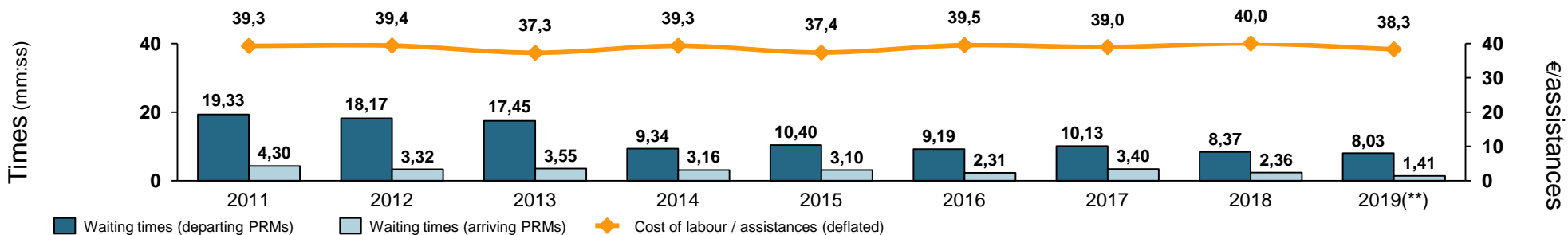


# PRM indicators (Fiumicino)

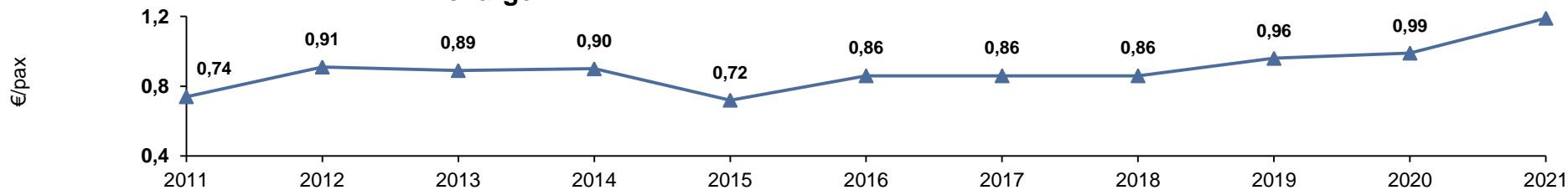
## Assistances and productivity



## Quality and labour cost



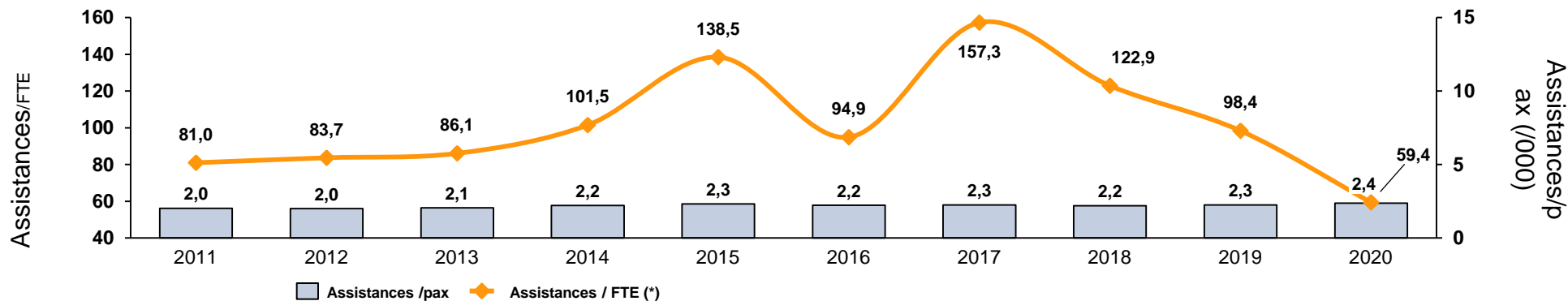
## PRM charge



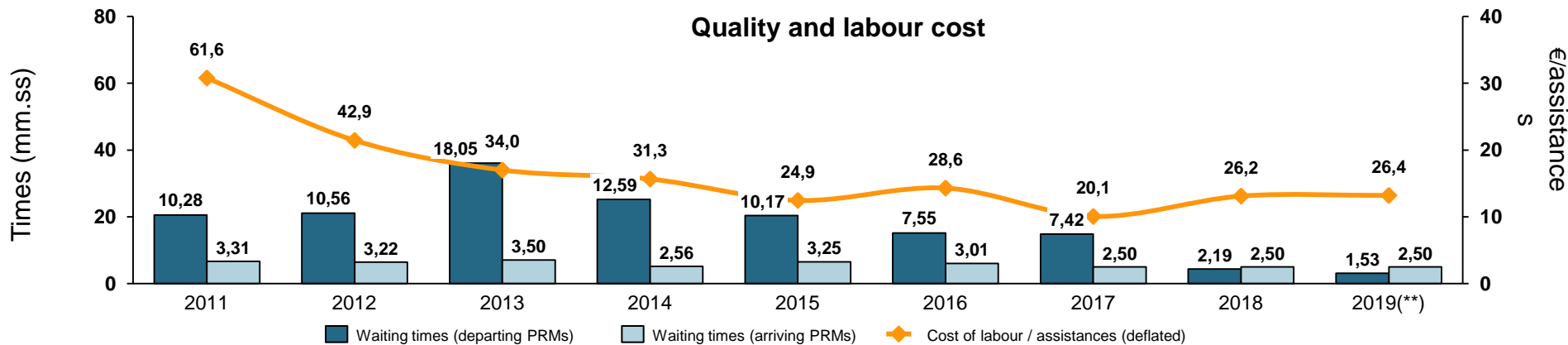
(\*) shown as monthly average- FTE Full HR; (\*\*) final balance of indicators Jul 2019 – Mar 2020

# PRM indicators (Ciampino)

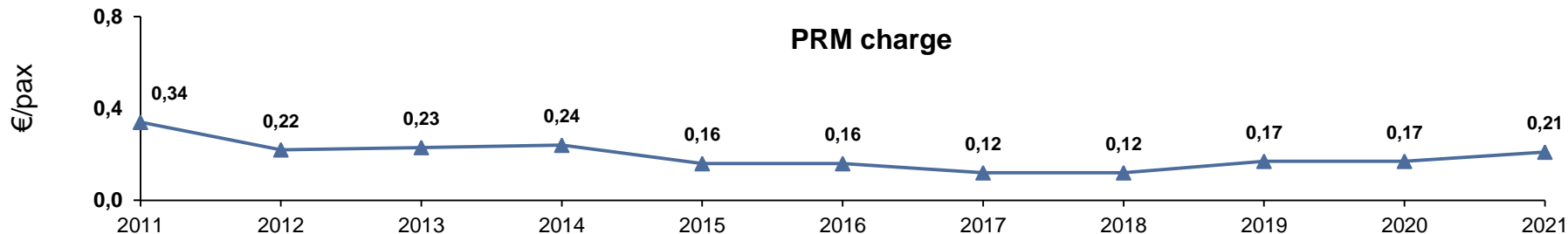
### Assistances and productivity



### Quality and labour cost



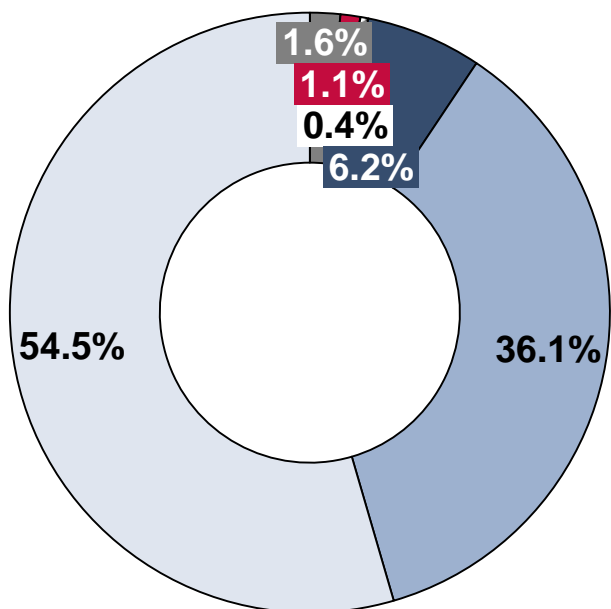
### PRM charge



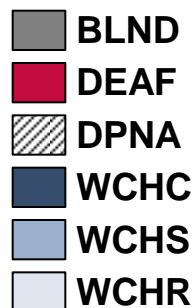
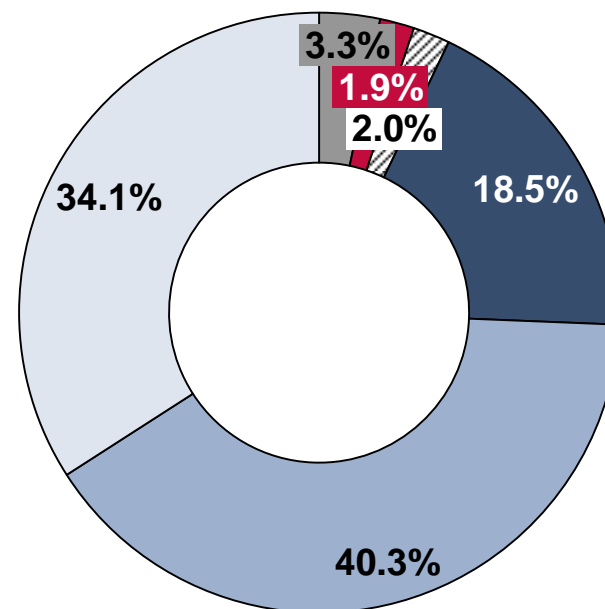
(\*) shown as monthly average- FTE Full HR; (\*\*) final balance of indicators Jul 2019 – Mar 2020

# 2019 Assistances at Fiumicino and Ciampino

## Fiumicino



## Ciampino



Tipologia di assistenza	Assistenze 2018	% 2018	Assistenze 2019	% 2019	2019 vs 2018
BLND	5.175	1,5%	5.936	1,6%	14,7%
DEAF	3.813	1,1%	3.867	1,1%	1,4%
DPNA	1.134	0,3%	1.572	0,4%	38,6%
WCHC	23.346	6,6%	22.719	6,2%	-2,7%
WCHS	123.827	34,8%	131.361	36,1%	6,1%
WCHR	198.245	55,8%	198.274	54,5%	0,0%
<b>Totale</b>	<b>355.540</b>	<b>100,0%</b>	<b>363.729</b>	<b>100,0%</b>	<b>2,3%</b>

Tipologia di assistenza	Assistenze 2018	% 2018	Assistenze 2019	% 2019	2019 vs 2018
BLND	413	1,5%	433	3,3%	4,8%
DEAF	197	1,1%	245	1,9%	24,4%
DPNA	135	20,5%	264	2,0%	95,6%
WCHC	2.632	39,1%	2.452	18,5%	-6,8%
WCHS	5.009	34,6%	5.331	40,3%	6,4%
WCHR	4.436	100,0%	4.513	34,1%	1,7%
<b>Totale</b>	<b>12.822</b>	<b>100,0%</b>	<b>13.238</b>	<b>100,0%</b>	<b>3,2%</b>



# Types of Assistance

## **WCHR**

Passengers who need assistance with their main movements at the airport; able to walk short distances, ascend/descend steps and make their own way to/from cabin seat on board the aircraft.

## **WCHS**

Passengers who need assistance with their main movements at the airport and ascending/descending steps to/from the aircraft; able to walk short distances and make their own way to/from cabin seat on board.

## **WCHC**

Passengers with physical disabilities who need assistance travelling within the airport and making their own way to/from cabin seat on board the aircraft.

## **DEAF**

Passengers with hearing disabilities; if travelling unaccompanied they may need guidance inside the terminal and in the boarding areas.

## **BLIND**

Visually impaired or blind passengers; if travelling unaccompanied they need guidance throughout their stay at the airport to their assigned seat on board and vice versa.

## **DPNA**

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

## SERVICE MANAGEMENT

- Aeroporti di Roma has entrusted the service to a wholly owned subsidiary, ADR Assistance S.r.l., formed in 2008
- The costs allowable for determining charges are reported directly in the subsidiary's income statement (statutory financial statements)
- The surplus/deficit is calculated by comparing the company's costs per airport with the revenue that the airport operator invoices the airlines on the basis of the respective passengers boarded (net of *CMG*, *CRB* and infant exemptions)
- In line with the provisions of the ENAC-ADR ERA, the new PRM charge comes into force as of 1 March of the new year

## VEHICLES AND INFRASTRUCTURE

The main infrastructure and equipment used to provide assistance to PRM at 31/12/2019:

- UFIS-GRAMS information system for dispatching and traceability of the service
- Software for forecasting assistance volumes on a daily and fortnightly basis
- PRM reception stations in terminals and boarding areas (8 at FCO and 1 at CIA)
- Wheelchairs for transporting passengers with and without carry-on baggage compartment and for boarding WCHCs (aisle chairs)
- Motorized wheelchairs for passenger transport
- Child seats for transporting children in minivans
- 38 minivans (37 at FCO and 1 at CIA)
- 18 Ambulift vehicles (16 at FCO, of which 2 electric, and 2 at CIA)

As a result of the effects of the Covid-19 pandemic, in 2020 the methods of providing assistance services were rationalised and, as a result, the use of vehicles and infrastructure was limited, also by virtue of the infrastructure configurations adopted

## PERSONNEL AND COST

- Workforce at 31/12/2019: 387 (of which 378 at FCO and 9 at CIA)
- Full Time Equivalents<sup>(\*)</sup> at 31/12/2019: 368.82 (of which 359.82 at FCO and 9.0 at CIA)
- Labour costs in profit and loss 2019 = € 15,432 thousand
- 2019 staff costs per regulatory accounts: 16.121 €/thousand of which € 15,727 thousand at FCO and € 395 thousand at CIA (see page 4, under heading “allowed costs”: sum of personnel costs; personnel services; IRAP; recovery of personnel costs)