

Atto Unico Convenzione Contratto di Programma ENAC – ADR

2016 Tariff Proposal

Consultations with users of Fiumicino and Ciampino Airports

Minutes of the meeting held on September 30, 2015

Rome Hilton Airport - Aeroporto “Leonardo da Vinci” di Fiumicino

10,15 am

Consultation with users of the airport of Fiumicino and Ciampino on the tariff proposal 2016 starts at 10.15 with the opening address of Mr. Marco Troncone (CFO at ADR and "Contact" of the consultation procedure) who illustrates the main stages of the consultation process for current year with relevant deadlines.

He states that this year the start of the procedure has been brought forward to take account of the timing dictated by the Civil Aviation Authority in the procedure of settling disputes in absence of agreement on airport fees and that 2016 tariff update will be published by December 31.

Subsequently, takes the floor the CEO of Aeroporti di Roma, Ing. Lorenzo Lo Presti, who thanks all airport operators for the cooperation given during the fire of May 7 and introduces today's works with some considerations on the said event. Mr. Lo Presti highlights the efforts made by ADR, with the involvement of other airport operators, to limit the negative impact on Fiumicino Airport capacity and to ensure the return to normal operation.

Mr. Lo Presti continues highlighting the lack of cost elements linked to the event of the fire in the proposed tariff update for 2016 and states that any problems or issues related will be sharing in other forums and on other tables. It regrets that the bad information made by some stakeholders have not helped to improve the situation.

The 2016 tariff proposal, explains Mr. Lo Presti, does not include certain elements of operating costs that would have been allowed under clause 37 of ADR's Economic Regulation Agreement and the component linked to the award for the results achieved on the indicators of quality and environment. There will be future opportunities to go into details.

Mr. Lo Presti focuses on ADR's key business drivers in 2015 related to the traffic, investment and service quality. In conclusion he renews thanks and willingness to work together as the common goal is the passenger satisfaction.

Afterwards, takes on Mr. Giorgio Gregori (Infrastructure Development Director) who provides an overview of the investments that Aeroporti di Roma has planned for the coming years, retracing the document published on the website compared with the planned timetable. He points out that the investment plan in 2014 has undergone a change with a strong focus on quality and level of services provided at the airport. He announces the completion of work for runway 3 and reopening to traffic on October 15. Other major works concern the Terminal C and Pier F. He dwells on the approved project for Fiumicino South completion, subject to VIA and under compliance requirements.

Mr. Gregori says that the preliminary 2015 figure prepared by ADR involves a total investment amounting to € 310.8 million. In the three years 2013-2015 ADR is committed to achieving a total of over € 600 million of investment, despite some delays of the approval process (eg VIA decree).

Mr. Gregori continues his speech by listing the main projects completed or expected to be completed by 2015 at the Leonardo da Vinci airport. The main actions taken include:

- Runways and taxiways – Upgrade of runway 3 totally redone (16L-34R), extension aprons “quadrante 200”, de-icing area, de-oiling plants [these are 14 and also collect the water although this is not mandatory],
- T1 - Strengthening security checks west side, requalification underpass towards the railway station and panoramic lifts;
- T3 - Requalification underpass towards the railway station (in reopening in November); New security controls high capacity;
- Terminal refurbishment – Landside arrivals, smoking cabins, new ledwall flight timetable, new stations free internet tablet, new desk Tour Operator, replacing Loading Bridge, walking pathways landside (first tranche of a project that will see footpaths linking the various areas of the airport and that will extend to the archaeological park) and Smart grid (for the integral management of the production and storage of energy in order to reduce consumption and maximize renewable production).

In addition, in line with the timetable established in the Economic Regulation Agreement, other initiatives are under construction or planning aimed at achieving the objectives of short, medium and long term, such as: Boarding Area F, Terminal C with special attention to functional and architectural issues and automated baggage handling HBS-BHS T3, T3 requalification façade (as for this last project, in the first stage the full façade will be redone thanks to a project resulting from a beauty contest among the best architects); Boarding Area A; T1 west expansion, New signage to address the passenger; T3 - re-routing, expansion and demolition of lost & found; New setup immigration, Curbside Refurbishment, Automatic sorting Box HBS-BHS T1 Area west; Seram area, new customs entrance; Area west - Expanding aprons, completion doubling taxiway Bravo; Traffic - Cargo City area Junction, Car park revitalization; Runways - complete reconstruction of the distribution network of medium voltage of the tracks to reduce significantly the risk of blackouts; New Cabin HV / MV; Environmental/archaeological Park (of which the footpath is the first phase).

Mr. Gregori shows photos and renderings of the areas concerned, including the dates of planned works' ends.

Mr. Lorenzo Cavina (Head of Quality of Service) intervenes to illustrate the achievements in terms of quality and environment, and to list the actions taken to raise the level of service of the Rome airports, stating that in view of the fire on May 7 and the consequent operational difficulties, ADR has discontinued the surveys of the quality indicators of Fiumicino (first 9 indicators included in the Economic Regulation Agreement for period July 1, 2014 - May 6, 2015).

The actions of ADR in 2014 in support of the change involved: organizational changes (Airport Cleaning, Terminal Manager), the extension of the monitoring system in collaboration with the University of Rome, improved accessibility to City (intermodal and parking), comfort and services (upgrading restrooms, service "fast office", workstations and tablet workstation areas), information (FIDS system and scoreboards)

Mr. Cavina explains and comments in detail the information in the document published on August 31 on the website of ADR concerning the trend of the indicators of quality and environment. Mr. Cavina in particular provides details of the positive results achieved in the evolution of recycling and reducing emissions. Notes also that some processes (security, cleaning) are having better data than in April; while other areas do not show results as positive (baggage).

Mr Fausto Palombelli (Development Director Aviation Marketing) follows on to illustrate the traffic data of the two airports. He stresses the negative trend until end-2014 compared with the original forecasts. The traffic forecasts for 2012 to 2016 used for the Economic Regulation Agreement were based on assumptions that did not consider the crisis in the sector. The downward trend of traffic was not a single phenomenon of the Roman airport system, but more generally affected the entire air transport sector and in particular the Italian market.

After the reductions in the period 2012-2013 passenger traffic of Rome's airport system has returned to growth in 2014. However, to a lesser extent than in previous years, also in 2014 comparing the traffic survey and traffic expected in the Economic Regulation Agreement highlights a negative gap in both the passenger component and the aircraft movements. In particular Mr. Palombelli illustrates the figures of the traffic for the period 2011 - 2014, distinguishing between Fiumicino, Ciampino airports and the airport system as a whole, comparing them with those in the Economic Regulation Agreement.

With regard to traffic in 2015, in the light of the results for the first eight months of the year, Mr. Palombelli confirms the recovery trend of the gap in the two previous years: in particular Ciampino airport recorded a positive performance due also the momentary switch of flights from Fiumicino during "post fire emergency". The recovery, continues Mr. Palombelli, is currently attributable both to a gradual pick up in capacity but also to an increase in the load factor. Therefore uncertainties related to the context of the economic crisis that hit the area in previous years remains still valid but the prospects for the short / medium term suggest a trend of gradual and steady recovery.

Mr. Fabio Soleri (Head of Regulatory Affairs and Investor Relations) is next in line of presentations. After having outlined briefly the criteria governing the rules for calculating the tariff updates provided by the Economic Regulation Agreement, he sets out the financial information relating to the tariff proposal for 2016 (from 1 March 2016 to 28 February 2017), which will be the last year of the sub-period 2012-2016. He focuses again on the premium quality and the suspension of the tariff in the relevant component and similarly for component V on the discontinuity of operating costs.

With the aid of some slides Mr. Soleri shows the update to 2016 of the average tariff of Fiumicino. Compared to the original forecast of € 33.4 per paying passenger, as in the Annexes of the Economic Regulation Agreement (maximum revenue / paying passengers rights), the proposed update has a value of € 32.9 / pax, corresponding to a decrease of 1.6%. Compared to the average fee in force in 2015, the proposed update for 2016 foresees an increase of 10.4% due primarily to the eligible costs for new investments.

As for Ciampino, the original forecast included in the Economic Regulation Agreement was € 18.8 per paying passenger, while the proposal for new tariff provides a value of € 19.9 / pax, corresponding to an increase of 5.5%. Over the current year the increase in the average fee is equal to 5.5% which is attributable to increased investments resulting from the change in status of the airport, from military to civilian.

Mr. Soleri makes further references to the material available on the website where you can view the change in tariff from 2013 to 2016 for each regulated service.

Mr. Troncone asks whether there are observations and comments by those in the hall.

Mr Nanni (Chairman of Users' Committee) anticipates that users may provide any comments according to the timing foreseen in the procedure. Asks news about the ULD project and refurbishment of the facade of the T3 stressing that from train station to check-in there will be four changes of level and no elevator.

Mr. Gregori replies that the ULD are part of planned projects and are waiting to be approved for implementation. Regarding the reconstruction of the façade of the T3 notes that in the first phase the current elevators will remain and escalators will be reactivated. In a second phase (2017-2018) new groups of elevators will be realized.

Ms. Tancredi (Easyjet) asks on the increase in traffic shown from January to July 2015 (+ 1.6% for FCO) and in particular how the data coexists with the event of fire.

Mr. Palombelli replies and specifies that the data is progressive to August and then including the high season. The cancellations were concentrated in 15 days; then there was also the transfer of some flights at Ciampino. Mr. Troncone adds that in the first four months Fiumicino recorded a +8.3% in passengers.

Ms. Tancredi asks the passenger forecast at the end of 2015.

Mr. Palombelli replies that the same is not yet available because there are many elements that do not allow a safe assessment of the traffic progression, including decisions of some carriers that will be decisive for ADR's coming months.

Ms. Tancredi inquires about the component V.

Mr. Soleri explains how the anticipation of the proposed tariff has had an impact on the difficulties of forecasting eligible costs related to such components; for that reason the 2016 tariff proposal does not consider some discontinuity of cost related to the parameter V. He invites to read the article 37 of the Economic Regulation Agreement and provides his willingness to give more details on eligible costs.

Ms. Tancredi asks if in 2016 users should expect increases not foreseen today.

Mr. Soleri states that today's proposal for 2016 is complete and is not amendable. The eligible costs which are not in the proposal for 2016, subject to controls of the Civil Aviation Authority, will be proposed by ADR for application into tariffs for future years.

Representative of IATA (in English) expresses thanks to the presentations and provided english simultaneous translation. She highlights that the consultation is not in line with the principles of the EU Directive on Airport Charges: it is just an information to users who are not really consulted. She asks, with reference to the deadlines of the next 5-year tariff period, which are the elements that will be possible to re-discuss and what will be the involvement of users.

ASSAEREO IBAR reserves for itself the right to provide assessments and observations in the coming days.

At 11.50 the works are suspended for a light lunch break. Resume at 12.35.

Mr. Soleri notes that before Sept. 18 ADR has received questions from a number of operators for which he provides to illustrate answers.

Moreover, responding to IATA, he notes that a courtesy translation of the documents deemed relevant to the consultation process has been provided in due time. The current consultation process – like those of former years since the introduction of the Economic Regulation Agreement – meets the general criteria of information to users under the EU Directive and the provisions set forth by Italian Civil Aviation Authority. With regard to the data required he mentions that the annual consultation process focuses on rates updates.

Entry rates at the start of the Economic Regulation Agreement have been the subject of prior consultations in 2012 and all relevant documentation is still available on ADR's website. With regard to the constituent elements of the cost of capital he refers to Annex 23 of the Economic Regulation Agreement.

Mr. Troncone states that the answers provided and the questions that will come to ADR by 16 October will be made available on the website of ADR.

ASSOHANDLER thanks for the attention given to its document. It intends to present its observations in due time.

The works closed at 12.55