Gruppo Save

Contratto di Programma: the new regulatory framework

Venice, 11/01/2013

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   - ✓ Dual tariff and regulatory period
   - ✓ RAB (regulated asset base) and investment plan
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1- INTRODUCTION TO NEW REGULATORY FRAMEWORK

Introduction to the new economic regulatory framework

- The new economic regulatory framework has been approved by Italian Government after 10 years of “Ice Age”.
- Venice airport has been admitted by law to a faster and simpler negotiation process of the “Contratto di Programma”, together with Rome and Milan airport systems. The process with Enac has started in order to define details and rules.
- During the period 2011-2012 the rules had been defined and shared with Enac and the sector operators. The 2012-2021 investment plan, the 2012-2016 quality and environmental plan and the 2012-2016 traffic forecasts were submitted to the public consultations.
- In 2012 ENAC approved the agreement and sent it to the Italian Government for final approving, which had took place at the end of December 2012.

Introduction to the new economic regulatory framework

- The new regulatory framework approved by ENAC and by the Government defines a stable set of rules to govern the airport until the end of concession, on March 2041.
- The new criteria link the tariff to the costs of aviation infrastructures and services, traffic forecast and to quality, efficiency and environmental rules.
- The new economic regulatory framework includes two main documents:
  - ✓ The “Contratto di programma” agreement which will cover 10 years
  - ✓ The technical regulatory document (“Documento tecnico di regolazione tariffaria”), which will expire at the end of concession
- The new economic regulatory framework was the pre-requisite for the launch of a significant effort to activate the projected infrastructure investments as well as to improve quality of services.
- Tariffs will remain well below the EU average.

2- MAIN ELEMENTS of SAVE REGULATORY FRAMEWORK

Main elements of new economic regulatory framework

The main elements of the new SAVE regulatory framework are:

- ✓ Dual till tariff and regulatory period
- ✓ RAB (regulated asset base) and investment plan
- ✓ WACC
- ✓ Traffic curve
- ✓ Operating costs, elasticity and efficency
- ✓ Quality and environmental rules

Dual till and regulatory period

- The new tariffs agreement is based on a pure dual till RAB regulation, where the tariffs are correlated to aviation activities and non aviation activities are liberalized, allowing the concessionaire to no claw-back or cap risk on its commercial activities, bearing the full enterprise risk. Bonuses and penalties had been defined when quality and environmental indicators are above/below the targets.
- The regulatory period covers 10 years and is divided into two 5 years tariff periods for the alignment of allowed costs, of executed investment plan, of traffic volumes and of allowed return calculation (WACC). The regulatory framework provides annual reviews with ENAC for new allowable expenditures from the analyses of progression on investment plan.
- At the end of each tariff period (5yrs) Save and Enac will agree the necessary updates according to the principles and rules fixed in the new agreement. This alignment does not include any changes on concession right and general regulation framework which covers the period until March 2041.

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Initial RAB and investment plan

- The initial RAB amounts to c.€ 131M and represents the 68% of the total Capital invested, amounted in €193M.
- The initial RAB is for quote straight – line depreciated to concession - end and for the rest is depreciated comply with useful life.
- Future tariffs includes the inflation revaluations.
- The investment planned for the period 2013-2021 amounted to €576M of which c. €392M will be borne by SAVE.

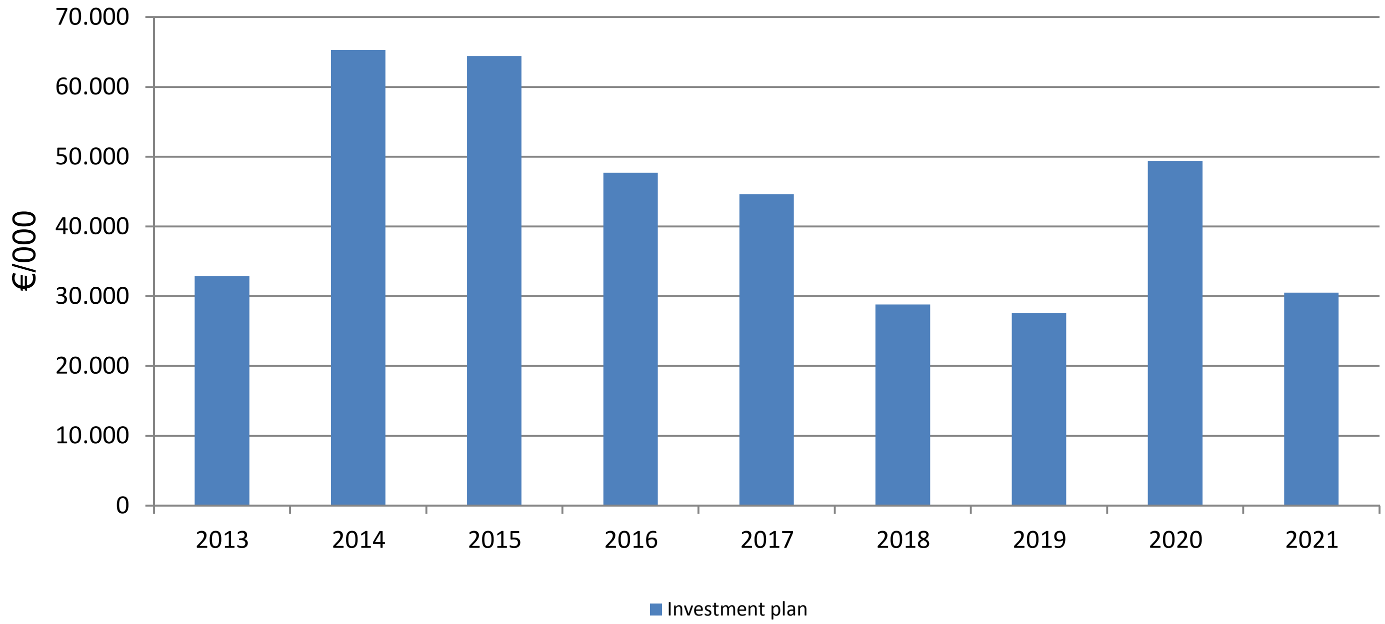
Initial RAB and investment plan

Investment plan 2013-2021

€ 576 millions

of which

€392millions borne by Save



Allowed return calculation (WACC)

- The real pre-tax WACC is equals to 12,51% corresponding to a nominal pre tax rate of 14,20% , for the first tariff period 2012-2016.
- The strategic investments return will increase in range of c. 2% – 3%, linked to the level of strategic relevance of the investment.

Traffic curve

- The cumulative traffic variation vs forecasts included in the +/- 5% range, will be for the benefit of / borne by Save.
- Where the traffic registered in the 5yrs period is >5% than forecasts: only the 50% of higher income above 5% will be set aside for future investments, with no impacts in tariff for remuneration/depreciation.
- Where the traffic registered in the five year period is <5% than forecasts: 50% of the lower income below -5% will be included in the allowed costs for tariff calculations in the following five-year period.
- The planned traffic growth curve for the first regulatory period could include a yearly +/- 6% deviation. Deviation over +/- 6% vs forecasts entitle to the rebalancing of the tariff mechanism for the remainder of the regulatory period.

Operating costs and elasticity

- The tariffs includes the allowed operating costs and their amounts had been computed starting from the reported figures in 2010 certified Regulatory accounts and in part adjusted to 2011 forecast and in part linked to the elasticity defined (see the chart below).
- From 2012 the allowed costs for each year tariff is computed on the basis of planned inflation and cost elasticity to forecast changes in traffic, net of efficiency target.

Operating costs	Elasticity
Labour costs	0,40
Cost of material	0,30
Maintenance	0,60
Cleaning	0,35
Utilities	0,40
Third parties services	0,25
General costs	0,35
Third parties Assets	0,25

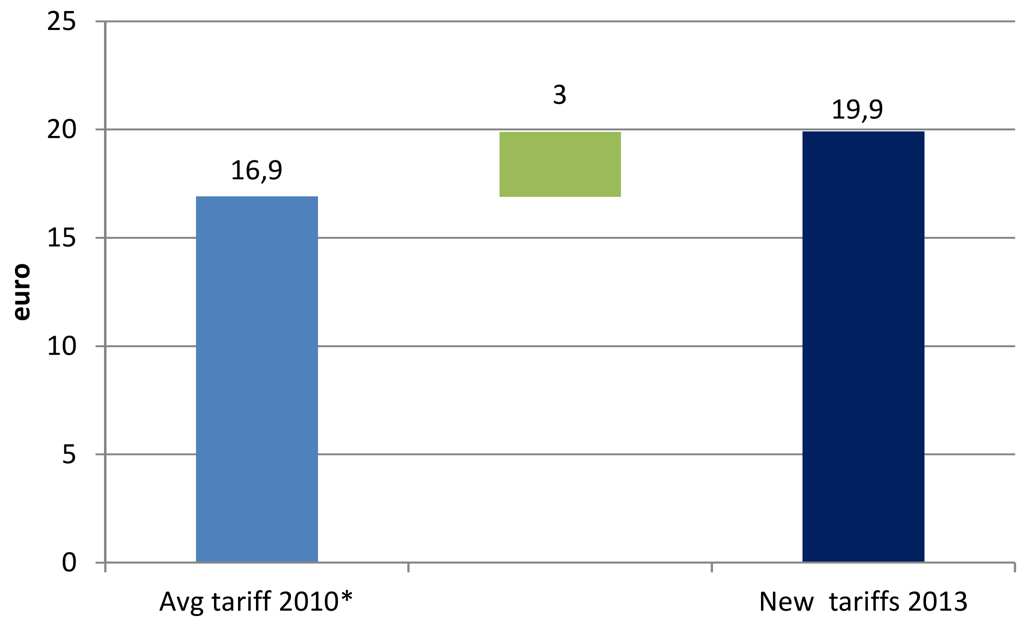
Quality and environmental plan

- The new regulatory framework defined specific quality and environmental standards guarantying an elevated service level and client experience in the terminal.
- The standards had been defined in coherence with the investment plan and the traffic curve, starting from 2010 levels.

3- ATTACHMENTS

New tariff 2013

- Tariffs increase from an average €16,9 in 2010 to an average € 19,9 in 2013.



* Based on 2010 certified Regulatory accounts

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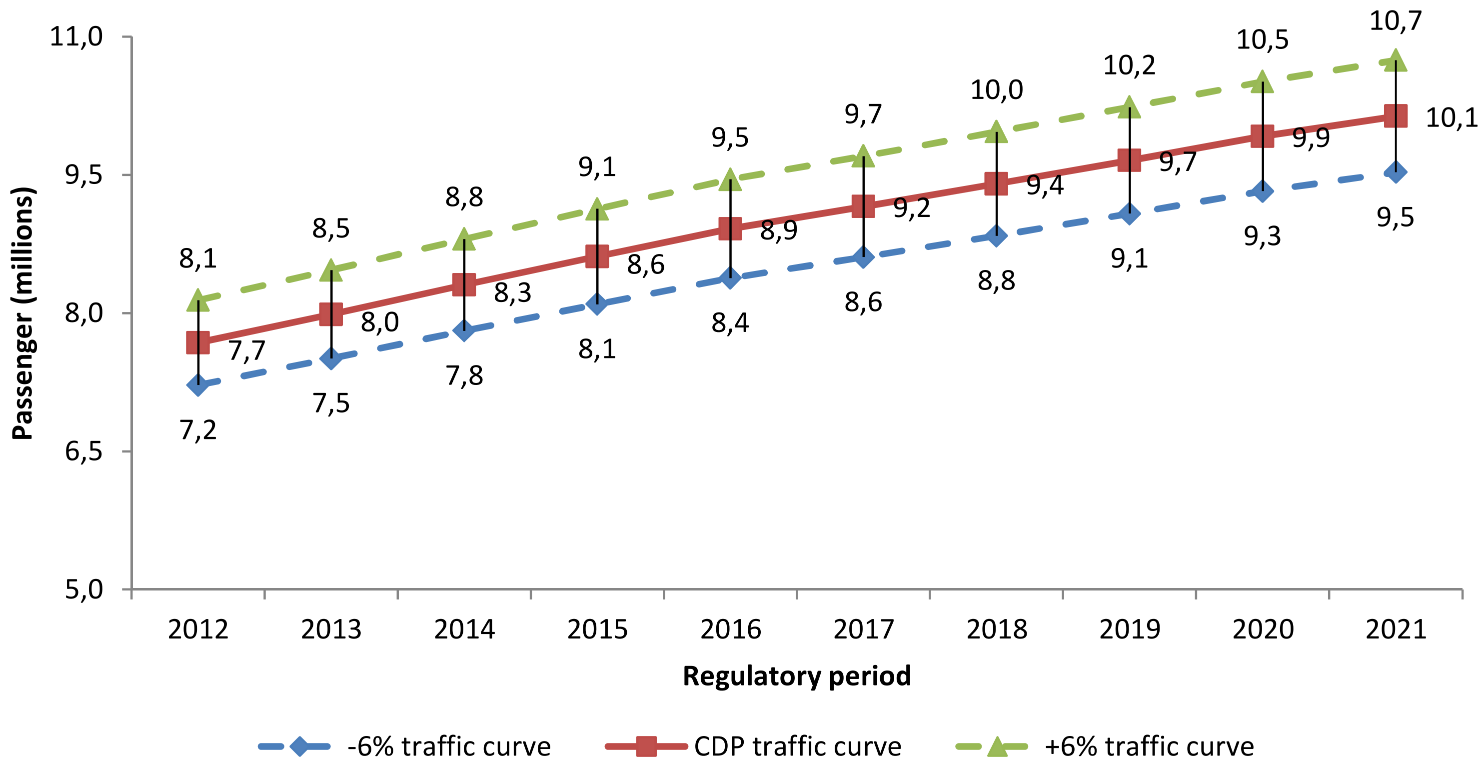
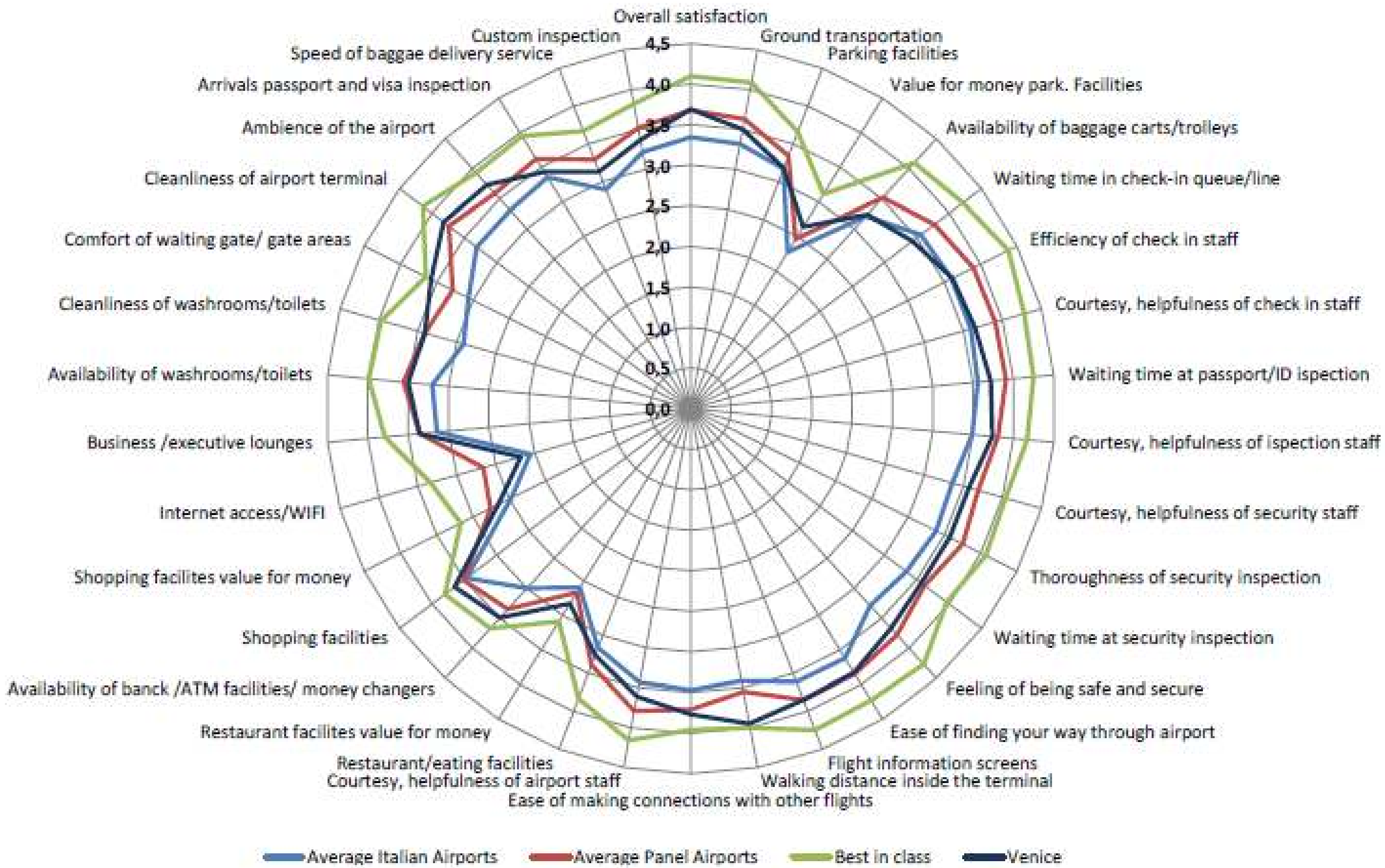
Traffic curve

The planned traffic growth* curve and yearly +/- 6% deviation.



* Traffic forecasts shared with ENAC and airport users (consultations on tariff dynamics)

Quality indicators



Source: 2011 Save analyses based on ASQ programmer (Italian airports include ADR, SEA and SAVE)