

# Annual monitoring 2023 – Preliminary results for cost-efficiency at Union-wide level

July 2024

# Cost-efficiency KPI – Union-wide DUC

## Definition

The DUC (determined unit cost) is the cost per SU (service unit) at which the service is planned to be provided during the year.

The AUC (Actual Unit Cost) reflects the cost per SU at which the service was actually provided during the year.

Both the DUC and the AUC are expressed in real terms in €<sub>2017</sub> in RP3.

The Union-wide cost-efficiency target is the year-on-year variation of the Union-wide en route DUC, starting from the 2019 baseline value.

# Cost-efficiency KPI – Union-wide DUC

## Variation from the 2019 baseline DUC

|                   | <b>2023 (on 2019 baseline)</b> |
|-------------------|--------------------------------|
| Union-wide target | 59.02€ <sub>2017</sub> (+17%)  |
| DUC               | 52.59€ <sub>2017</sub> (+3.1%) |
| AUC               | 50.11€ <sub>2017</sub> (-1.8%) |

- Union-wide actual unit cost (50.11€<sub>2017</sub>) -4.7% lower than determined in the performance plans (52.59€<sub>2017</sub>).
- Actual decrease from the 2019 baseline (-1.8%) better than required in the Union-wide targets (+17%) and foreseen in the performance plans (+3.1%).

# Cost-efficiency KPI – Union-wide DUC

## AUC vs. DUC from the RP3 performance plans

|                             | 2023 determined (D) | 2023 actual (A) | % difference between A and D |
|-----------------------------|---------------------|-----------------|------------------------------|
| Costs (M€ <sub>2017</sub> ) | 6,358               | 6,133           | -3.5%                        |
| Costs (M€)                  | 6,861               | 7,197           | +4.9%                        |
| Service units ('000)        | 120,905             | 122,379         | +1.2%                        |
| DUC/AUC                     | 52.59               | 50.11           | -4.7%                        |

- Union-wide actual unit cost is lower than determined due to a combination of
  - lower costs (-225M€<sub>2017</sub>, -3.5%) and
  - higher traffic (+1.2%)
- Actual inflation higher than determined (details on slide 13)
  - Inflation rate (+4.5 p.p.)
  - Weighted inflation index (2017 base) was +11% between actual and determined

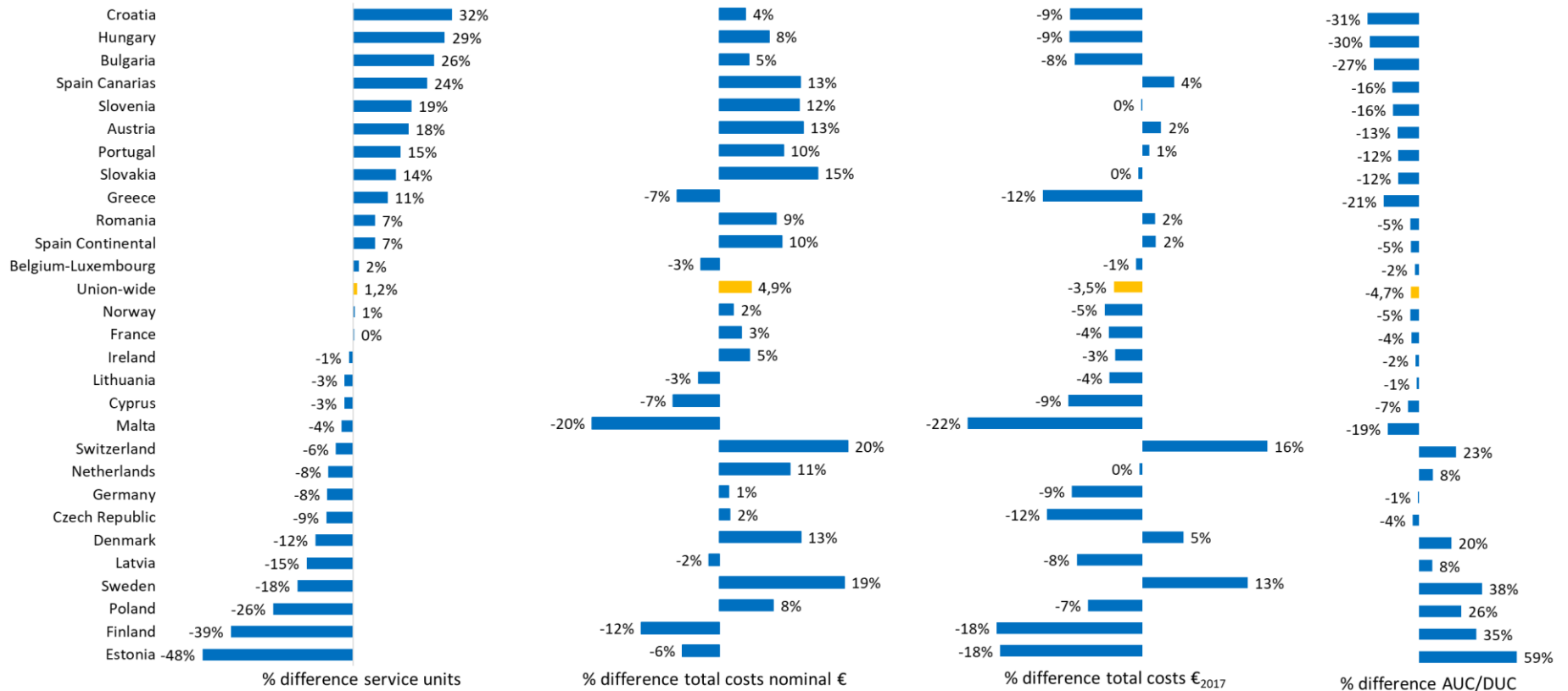
# Union-wide results by cost category

En route 2023 actual costs vs. determined by category (in real terms)

All cost categories decreased except cost of capital and exceptional cost

| (M€ <sub>2017</sub> )                 | 2023 Determined | 2023 Actual  | Difference (%)      |
|---------------------------------------|-----------------|--------------|---------------------|
| <b>Total costs</b>                    | <b>6,358</b>    | <b>6,133</b> | <b>-225 (-3.5%)</b> |
| <b>Staff costs</b>                    | 3,984           | 3,794        | -190 (-4.8%)        |
| <b>Other operating costs</b>          | 1,420           | 1,395        | -25 (-1.8%)         |
| <b>Depreciation costs</b>             | 739             | 689          | -50 (-6.8%)         |
| <b>Cost of capital</b>                | 247             | 269          | +22 (+8.9%)         |
| <b>Exceptional costs</b>              | -11.9           | 4.3          | +16 (n.a.)          |
| <b>Costs for exempted VFR flights</b> | -20             | -19          | +1.5 (+7.4%)        |

# En route 2023 AUC vs. DUC (%)



Sorted by difference in service units

Due to administrative reasons, the PRB has not included the figures regarding Italy/ENAV in in the above charts.

# Real en route 2023 actual costs vs. determined (%)

| Member State       | Staff costs | Other operating costs | Depreciation | Cost of capital | Total costs |
|--------------------|-------------|-----------------------|--------------|-----------------|-------------|
| Malta              | -16%        | -33%                  | -26%         | 7%              | -22%        |
| Finland            | -19%        | -12%                  | -38%         | -41%            | -18%        |
| Estonia            | -17%        | -7%                   | -32%         | -37%            | -18%        |
| Greece             | -11%        | -8%                   | -73%         | -60%            | -12%        |
| Czech Republic     | -10%        | -24%                  | -7%          | -8%             | -12%        |
| Cyprus             | -9%         | -9%                   | -8%          | -22%            | -9%         |
| Hungary            | -14%        | -11%                  | -10%         | 35%             | -9%         |
| Croatia            | -5%         | -21%                  | -7%          | -11%            | -9%         |
| Germany            | -11%        | 8%                    | -10%         | -45%            | -9%         |
| Bulgaria           | -3%         | -37%                  | -1%          | 2%              | -8%         |
| Latvia             | -12%        | -13%                  | 13%          | -9%             | -8%         |
| Poland             | -1%         | -22%                  | -7%          | 0%              | -7%         |
| Norway             | -11%        | 27%                   | -35%         | 27%             | -5%         |
| France             | -7%         | 1%                    | -7%          | 1%              | -4%         |
| Lithuania          | -2%         | -5%                   | -5%          | -12%            | -4%         |
| <b>Union-wide</b>  | <b>-5%</b>  | <b>-2%</b>            | <b>-7%</b>   | <b>9%</b>       | <b>-4%</b>  |
| Ireland            | 3%          | -5%                   | -26%         | -34%            | -3%         |
| Belgium-Luxembourg | 2%          | -10%                  | 2%           | -5%             | -1%         |
| Slovakia           | -2%         | -15%                  | 31%          | 33%             | 0%          |
| Netherlands        | -12%        | 17%                   | 2%           | 621%            | 0%          |
| Slovenia           | 3%          | -2%                   | -18%         | -4%             | 0%          |
| Portugal           | 1%          | -2%                   | 7%           | -10%            | 1%          |
| Romania            | 5%          | -13%                  | 0%           | -7%             | 2%          |
| Spain Continental  | -1%         | 2%                    | 2%           | 37%             | 2%          |
| Austria            | 7%          | 4%                    | -14%         | -27%            | 2%          |
| Spain Canarias     | 0%          | 17%                   | 6%           | 12%             | 4%          |
| Denmark            | 11%         | -6%                   | -8%          | 18%             | 5%          |
| Sweden             | 16%         | 6%                    | 0%           | 92%             | 13%         |
| Switzerland        | 0%          | 32%                   | 7%           | 19%             | 16%         |

Sorted by Total Costs

Due to administrative reasons, the PRB has not included the figures regarding Italy/ENAV in in the above table.

# Cost-efficiency PI – Union-wide AUCU

## Definition

- The AUCU (actual unit cost for users) reflects the price per service unit that is charged *in fine* to users for the services provided in the year.
- It corresponds to the sum of the DUC for the year and of the different adjustments stemming from that year.
- The monitoring of the AUCU at Union-wide level is carried out in € in nominal terms.



# Cost-efficiency PI – En route and terminal AUCU

## 2023 AUCU

|                                    | En route             | Terminal             |
|------------------------------------|----------------------|----------------------|
| <b>DUC (€)</b>                     | <b>56.05</b>         | <b>202.60</b>        |
| Inflation adj. (€)                 | +4.99                | +19.60               |
| Cost exempt cost risk sharing (€)* | +0.36                | -0.86                |
| Traffic risk sharing adj. (€)      | -0.08                | +6.37                |
| Traffic adj. (costs) (€)           | -0.07                | +0.15                |
| Financial incentives (€)           | -0.02                | +0.56                |
| Modulation of charges (€)          | 0.00                 | +0.23                |
| Cross-financing (€)                | 0.00                 | 0.00                 |
| Other revenues (€)                 | -0.82                | -20.31               |
| Application lower unit rate (€)    | -0.00                | -2.03                |
| <b>Total adj. (€)</b>              | <b>+4.36 (+7.8%)</b> | <b>+3.72 (+1.8%)</b> |
| <b>AUCU (€)</b>                    | <b>60.41</b>         | <b>206.32</b>        |

- AUCU = DUC + (adjustments stemming from the year / actual SU )
- The largest difference for en route is the inflation adjustment (+4.99€), while for terminal the other revenues (-20.31€) and inflation (+19.60€)

\* May change following user consultation and NSA Report on the verification of cost-sharing in September 2024.

# RR – definition

## Definition

The RR (regulatory result) corresponds to the revenues generated by the activities of the year, that exceed the direct and indirect operating costs of an ANSP, and so provide for a reasonable return on assets to contribute towards necessary capital improvements.

The notion of RR focuses on the ANSP results entitled to the ANS activity in the year. It is therefore different from the net accounting profit disclosed in ANSPs financial statements. Also, it does not consider any opportunity cost.

The RR, when expressed in percentage of the revenues, can be associated to a “margin” generated by the ANSP with respect to the activity of the year, but it is not comparable to the margin that would be calculated straight from ANSPs financial statements.

- Ex-ante, the RR is equal to the RoE (in value) included in the determined cost of capital.
- Ex-post, the RR is the sum of the RoE (in value) in the actual cost of capital and the net gain/loss resulting from risk sharing and incentives generated from that year.

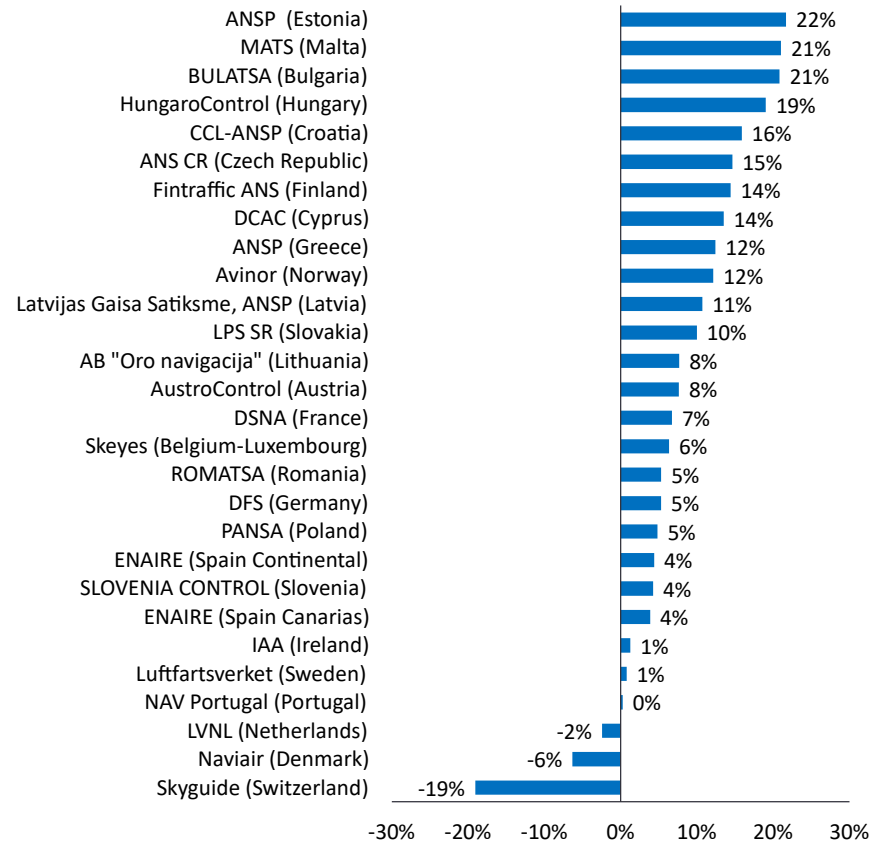
The monitoring of the RR is carried out in € in nominal terms.

# Actual 2023 en route RR – Union-wide

| RR components                           | 2023        | 2022        | % difference |
|---|-------------|-------------|--------------|
| Difference in costs (M€)                | -303        | -82         | +269%        |
| Inflation adjustment (M€)               | +610        | +372        | +64%         |
| Amounts excluded from cost sharing (M€) | +20         | +63         | -68%         |
| Traffic risk sharing (M€)               | +2          | +52         | -97%         |
| Incentives (M€)                         | -2          | 0           | n.a.         |
| Actual RoE (M€)                         | +180        | +173        | +4%          |
| <b>En route regulatory result (M€)</b>  | <b>+507</b> | <b>+578</b> | <b>-12%</b>  |

- Regulatory result represented 7.3% of Union-wide total revenues in 2023
- Cost risk sharing data may be subject to change following user consultation and NSA Report on the verification of cost-sharing in September 2024

# Actual 2023 RR – main ANSPs

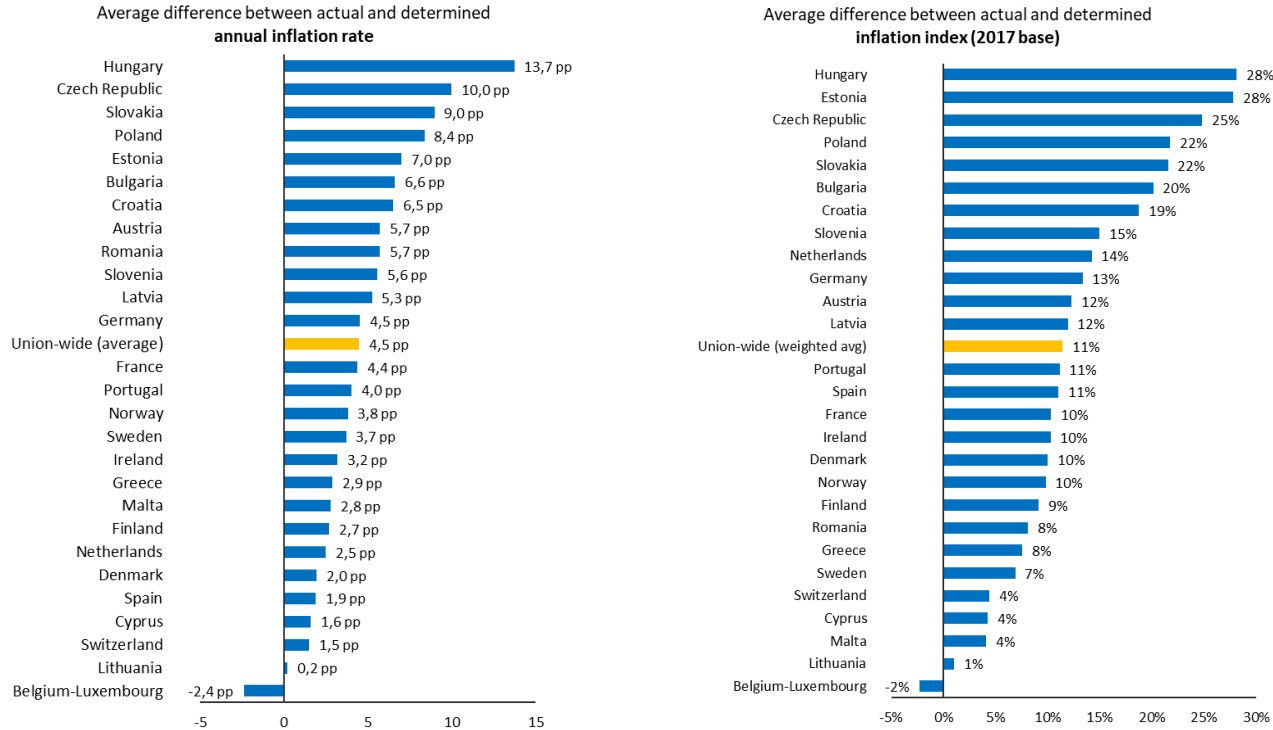


Regulatory Result as % of revenue

*Due to administrative reasons, the PRB has not included the figures regarding Italy/ENAV in the above chart.*

# 2023 actual inflation vs. determined

- Difference between the actual and forecast annual inflation rates (+4.5 p.p. on average)
- Difference in weighted inflation index (2017 base) was +11% between actual and determined



Due to administrative reasons, the PRB has not included the figures regarding Italy/ENAV in in the above charts.

# Capacity deviation

Difference between actual and determined total costs in Member States with approved capacity deviation plan for RP3

|                | 2023                          | 2021-2023                    |
|----------------|-------------------------------|------------------------------|
| Czech Republic | -14M€ <sub>2017</sub> (-12%)  | -36M€ <sub>2017</sub> (-11%) |
| Poland         | -13M€ <sub>2017</sub> (-6.8%) | -75M€ <sub>2017</sub> (-13%) |
| Hungary        | -10M€ <sub>2017</sub> (-9%)   | -28M€ <sub>2017</sub> (-9%)  |
| Slovakia       | -0.3M€ <sub>2017</sub> (-1%)  | -12M€ <sub>2017</sub> (-8%)  |
| Portugal       | +1.3M€ <sub>2017</sub> (+1%)  | -13M€ <sub>2017</sub> (-3%)  |

- Only Czech Republic and Slovakia achieved the 2023 en route capacity target
- Since 2021, the five Member States have underspent 165M€<sub>2017</sub> (-9.5% on average) compared to the determined costs