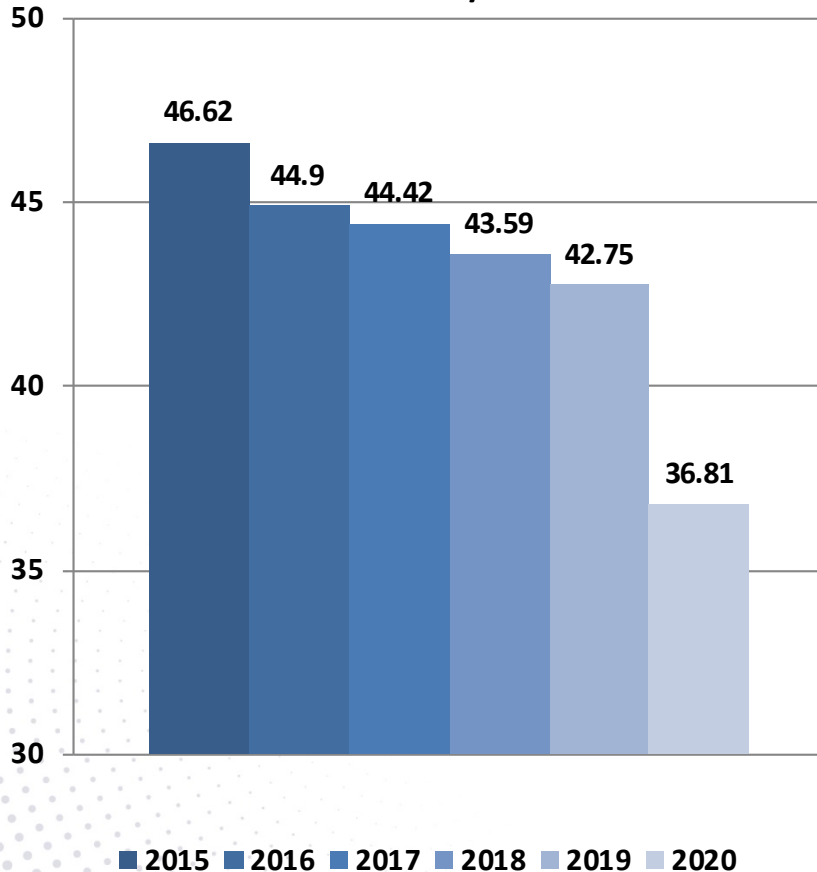




Short update on ON's economic efficiency in RP2 period, Covid-19 crisis and LT's air navigation services charges rates in the future

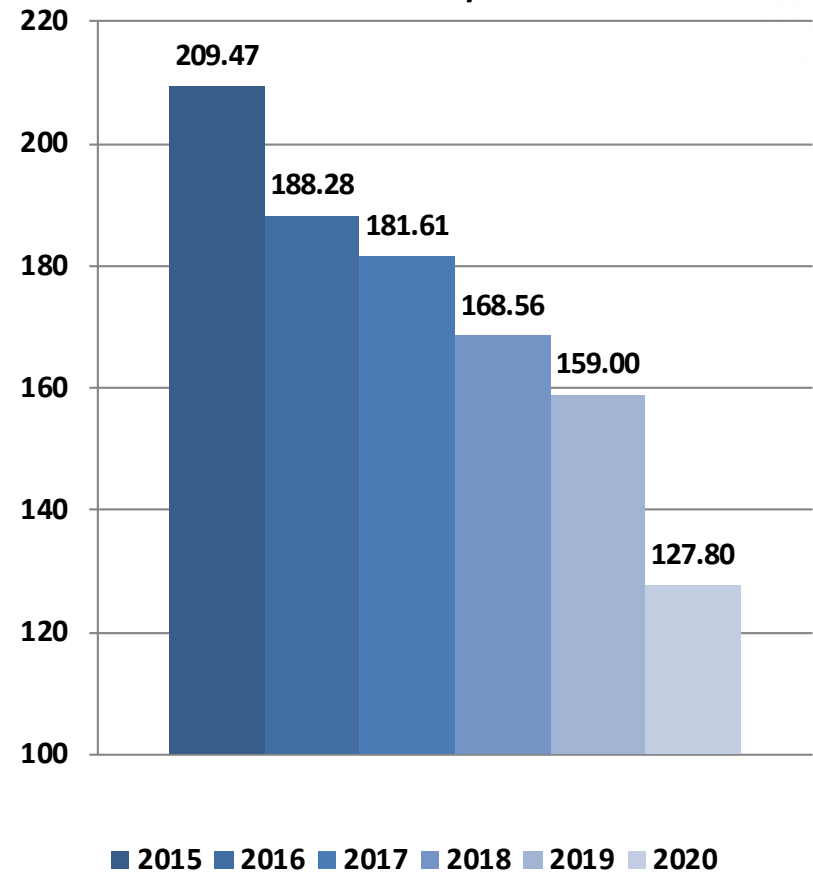
Nominal rates 2015-2020: AU's should've been happy to see continuously decreasing unit rates for both Lithuania's En-Route and Terminal services

Nominal chargeable Unit Rate for En-route, Eur/SU



-21%

Nominal chargeable Unit Rate for Terminal, Eur/SU



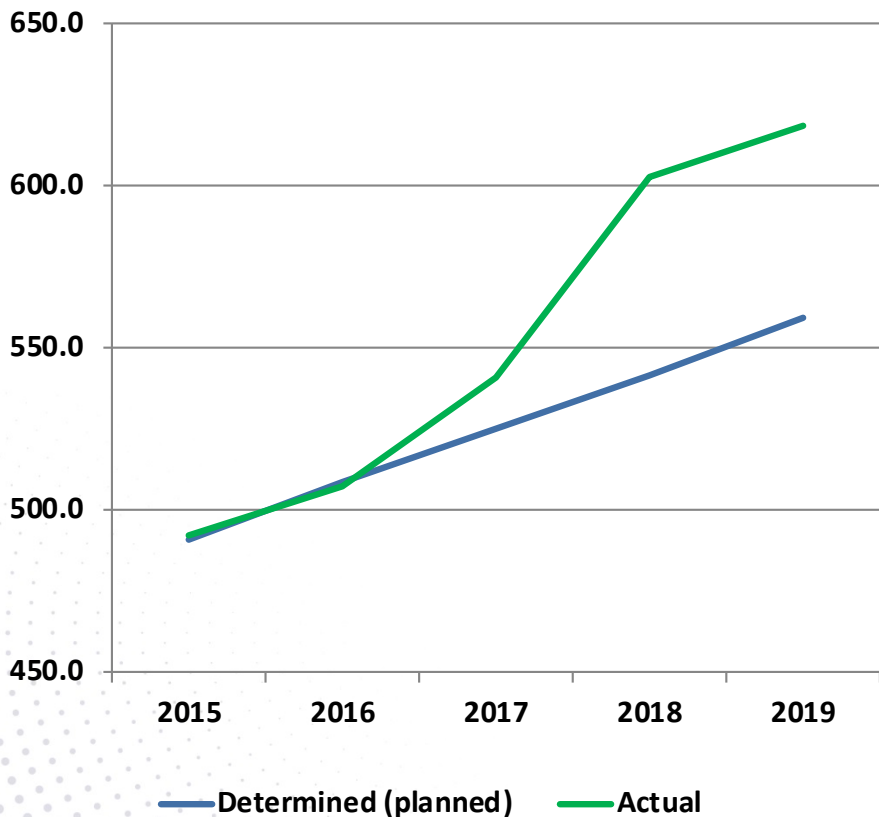
-39%



Note: En-route unit rate here is without Eurocontrol's administrative rate which adds to form Global Unit Rate

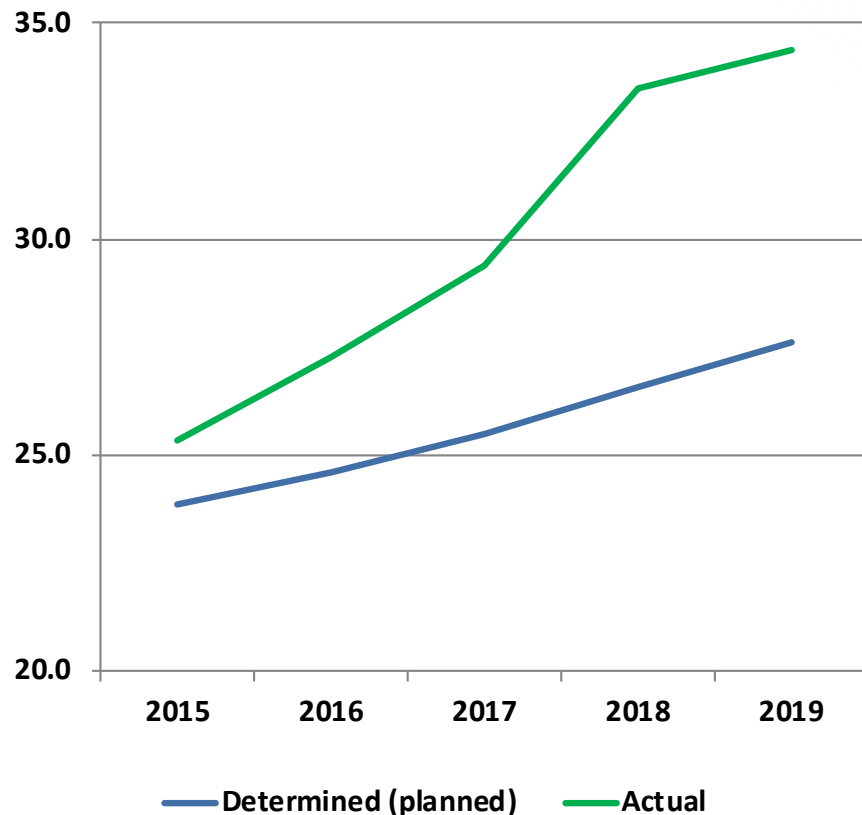
This was partly due to much faster traffic growth than anticipated when planning for RP2

Traffic development in En-Route, th. SU's



+11%

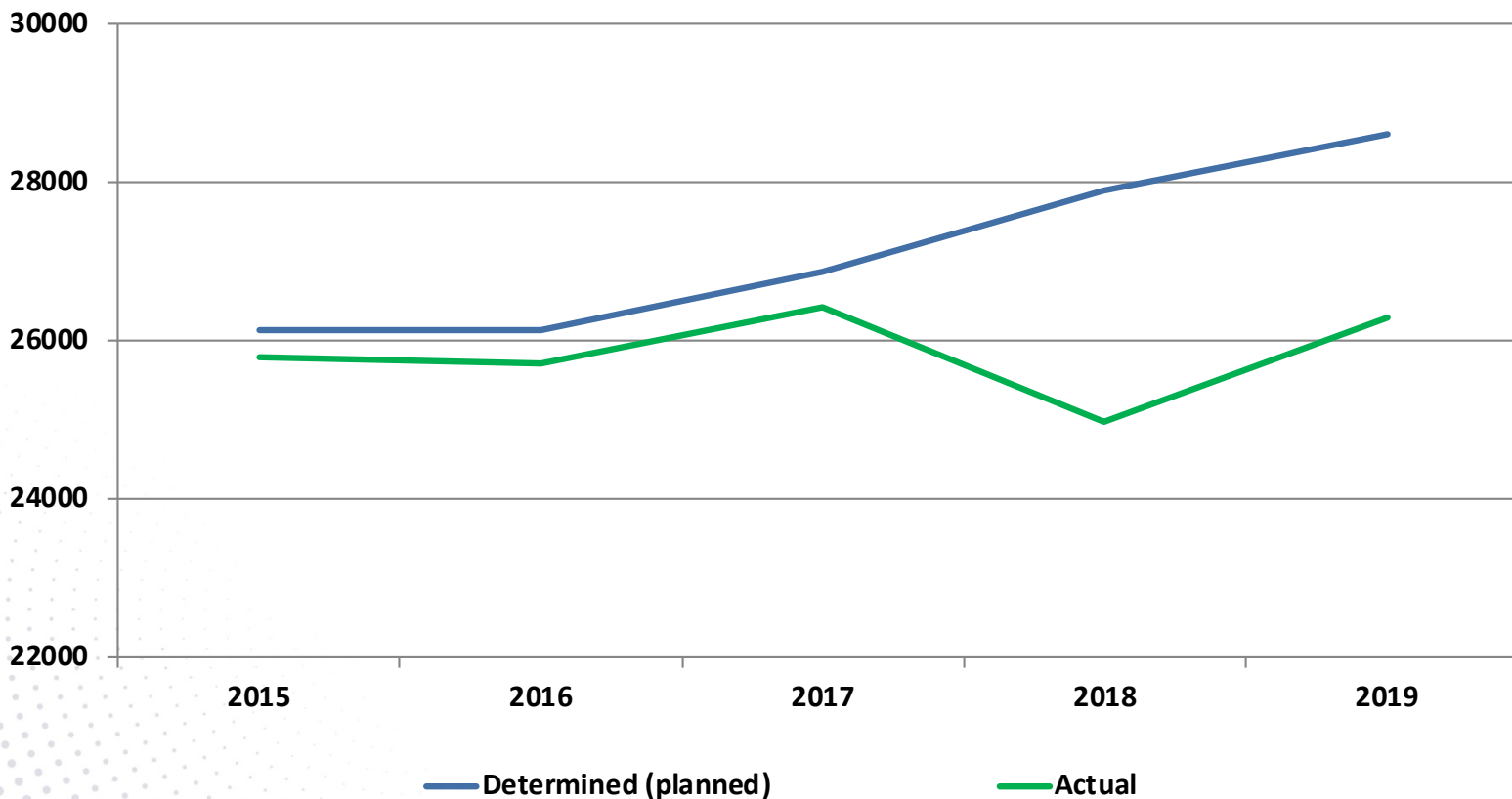
Traffic development in Terminal, th. SU's



+24%

But also ON managed to maintain costs (and quality/capacity) despite much higher traffic flat and lower than planned during RP2

Total ON's chargeable costs base, th. Eur

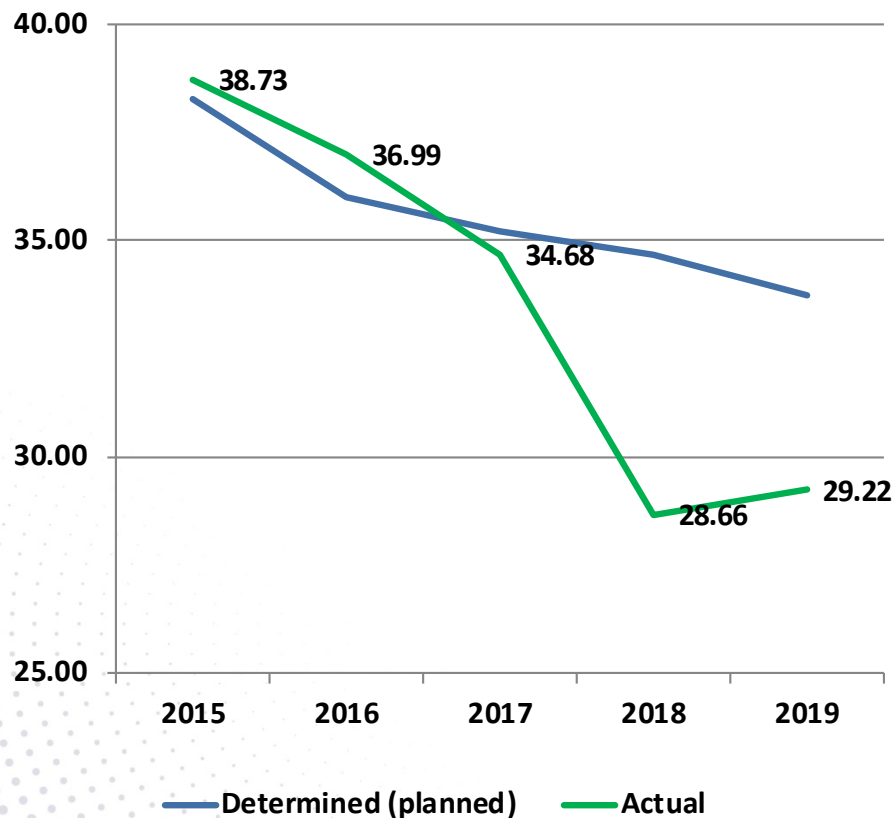


+2%
2019 vs. 2015

-8%
vs. planned
2019

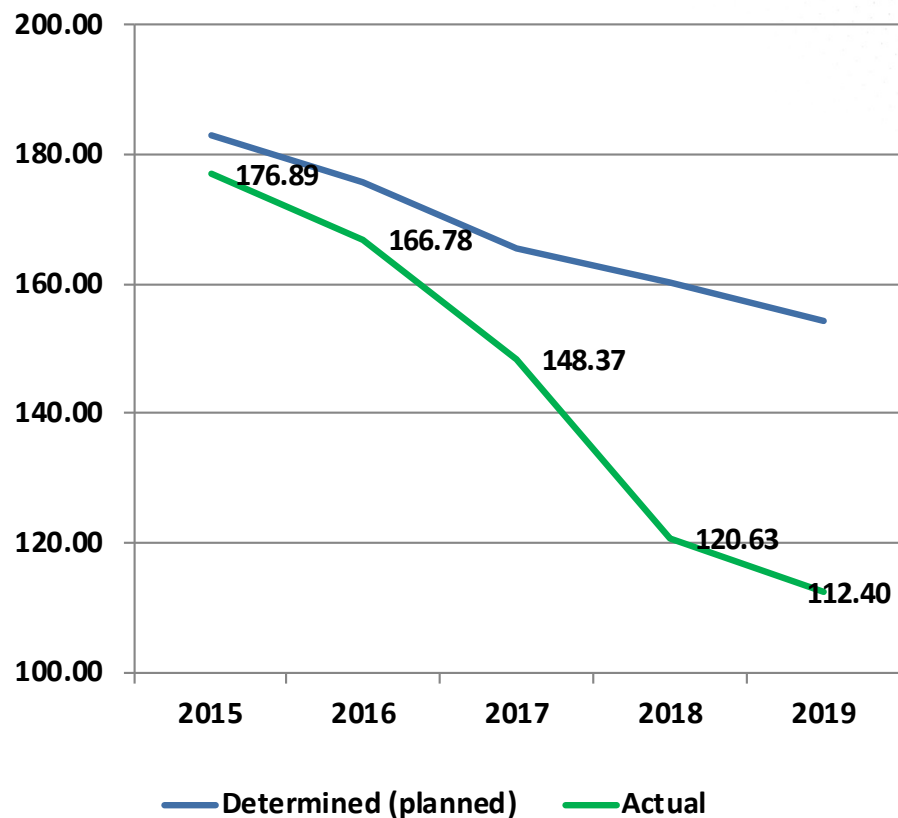
Resulting not only in achieving Economic Efficiency KPI in both charging zones, but even over-achieving in RP2

EE KPI (Unit rate at 2009 prices) development in En-route, Eur/SU



-13%

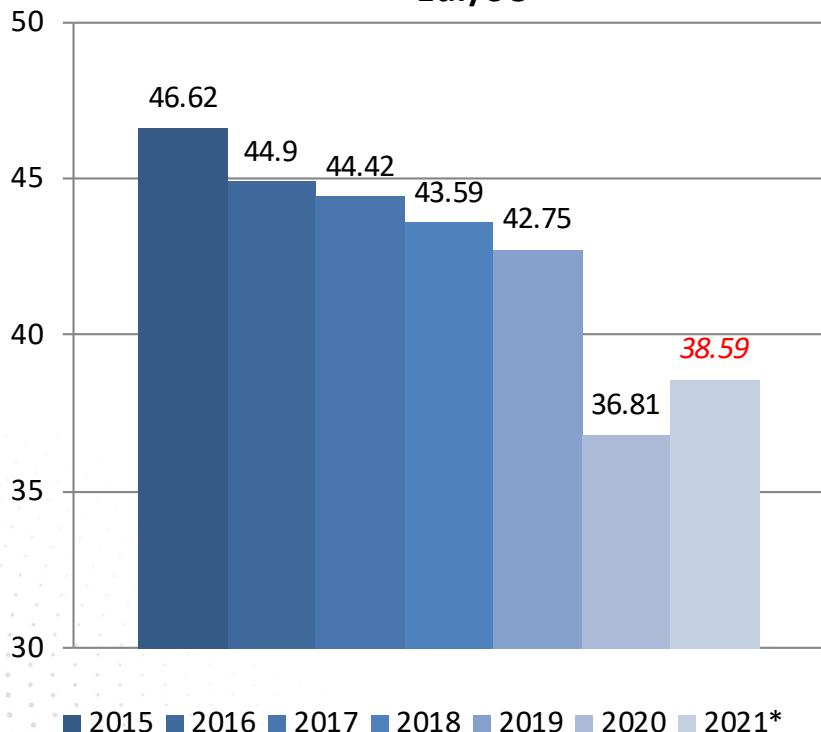
EE KPI (Unit rate at 2009 prices) development in Terminal, Eur/SU



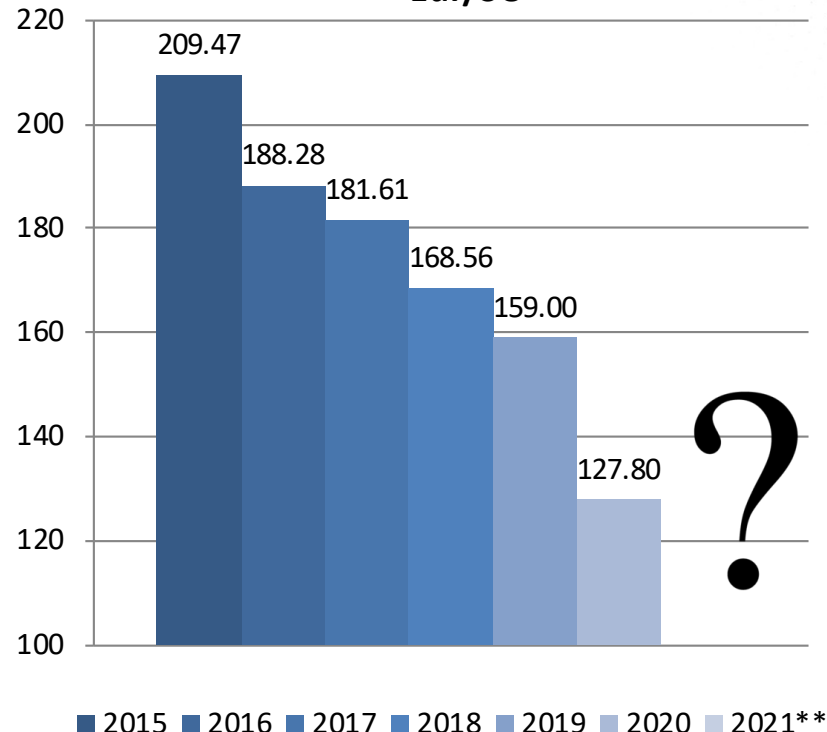
-27%

Charges rates for 2021 situation update: draft and not finally approved yet; final rates will be announced as usually in AIP circulars in December

Nominal chargeable Unit Rate for En-route, Eur/SU



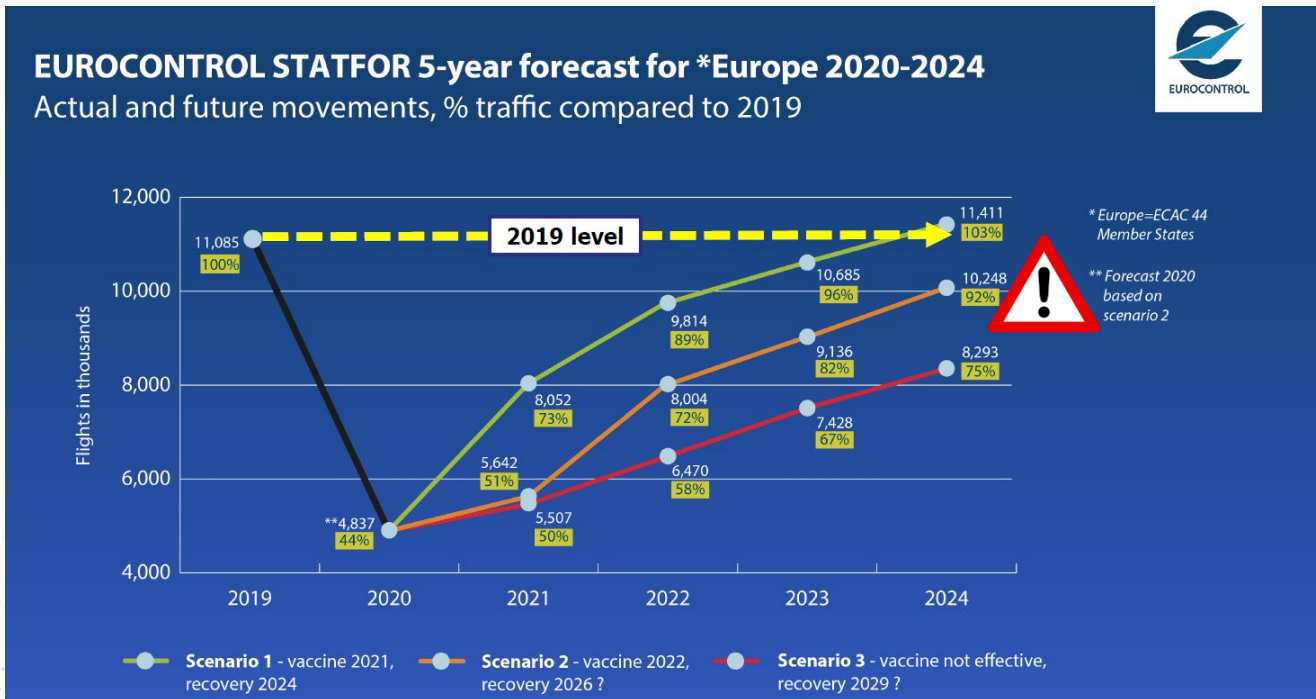
Nominal chargeable Unit Rate for Terminal, Eur/SU



* Preliminary En-Route Unit Rate as submitted prior to multilateral consultation at regular November CER session. Unlikely to change or just slight unsubstantial changes might occur.

** Terminal Unit Rate yet to be determined - consulted and agreed in bilateral consultations. Will be definitely higher than extreme lows of 2020 level, likely closer to avg. level of 2017-2019 years.

Glimpse into future – increase of rates in 2022-2024 is inevitable as traffic recovery will be slow and ANSP's will have to recover uncovered costs from 2020-2021



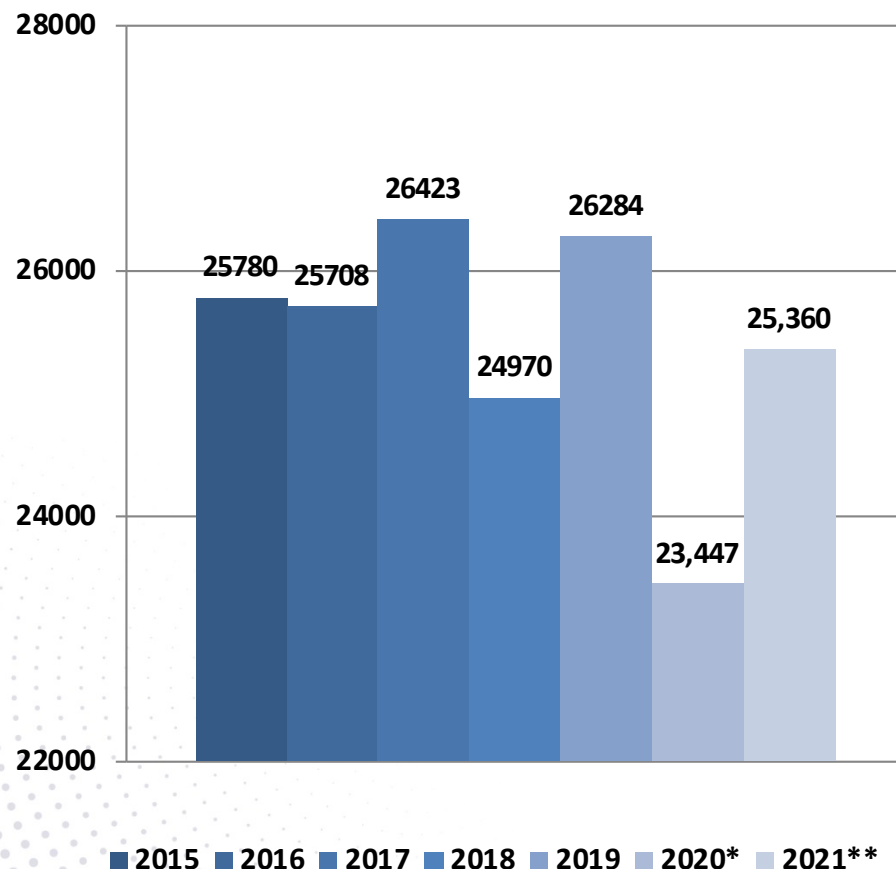
Expected impact of the proposal



- ANSPs should have sufficient funds to maintain performance in 2020/2021, but should not get over-recoveries/profits
- ANSPs will be able to recover the lack of revenues incurred during 2020 and 2021, from the year 2023 (spread over 5 – 7 years)
- ANSPs need to manage the liquidity/cash flow during 2020 and 2021
- Member States can (always) take measures to the benefit of airspace users (art. 29 (6) of Regulation 2019/317)
 - Lower unit rate, for example waiving the return on equity
- Transparency about financial and operational impact of COVID-19 on ANSPs' activities

But ON is putting best efforts to minimize increase of rates in the upcoming year and taking all measures to contain costs in mid-term and long-term perspective

Total ON's chargeable costs base, th. Eur



• Latest estimate for FY actual.

** Early estimate for FY plan.

- Agreement with Trade Unions to revoke agreed salary increase and heavily cut other benefits offered by valid Collective Agreement at least in 2021 and possibly 2022.
- Variable-part of not to be paid-out.
- Recruitment was suspended until the Summer, now only critical vacant positions are being filled.
- Total number of employees is capped to stay at certain max level.
- Partial furloughing part of non-essential staff exploited at times.
- Operational costs budget revised to only essential spending.
- Business travel cut to almost none.
- Trainings budget limited to only licence-related cases.
- Investments plan is being reconsidered and revised.
- Increased focus on public procurement, higher competition, negotiations for significant discounts and additional benefits.