

NEWS FLASH**June 14, 2019****Ordinance on Airport Charges: Swiss Federal Council adopts Ordinance**

The Swiss Federal Council has communicated the final decision of the partial revision of the Ordinance on Airport Charges (OAC) today. The economic parameters will, contrary to the initial proposal presented by the Federal Office of Civil Aviation (FOCA), not be adjusted. Flughafen Zürich AG welcomes that the transfer payment will not be raised.

FOCA published a proposal of the partial revision of the OAC on November 12, 2018 and conducted thereafter a stakeholder involvement until mid December 2018. In line with the procedure of the public administration, the Swiss Federal Council has now adopted the revised Ordinance on Airport Charges.

The Swiss Federal Council decided on the most important points of the partial revision of the OAC as follows:

- The FOCA proposal from November 2018 envisaged to increase the transfer payment (cross-subsidization from the non-aviation segment). This proposed increase will not be implemented. In other words, there will be a 30% transfer payment based on the economic value added (EVA) of the commercial activities on airside and car parking.
- The calculation formula of the allowed return (WACC) will not be adjusted.

Due to the continuing low or even negative interest rate environment, Flughafen Zürich AG regrets that there has not been an adjustment to the calculation formula for the allowed return. On the other hand, the airport operator welcomes that the transfer payment will not be raised. Flughafen Zürich AG expects for the next regulatory period, in spite of an unchanged transfer payment policy, a reduction in aviation revenues.

The Ordinance becomes effective on August 1, 2019 and will act as the basis for the upcoming procedure for the tariff setting for the next regulatory period. The two-stage tariff setting process remains unchanged: First, the airport operator and its users aim for a mutual agreement for the new tariffs. Second, if an agreement cannot be reached, Flughafen Zürich AG will make a proposal for the new tariffs to the FOCA for approval.

Flughafen Zürich AG anticipates the outcome of the negotiations with the airlines in summer 2020 and will inform the market accordingly.