

Reporting tool to determine RP4 cost of capital components

1. Calculation of Option 1 (Efficient WACC according to PRB Study)

Member State	Finland				
ANSP	Fintraffic ANS				
	Estimated parameters - Reference Period 4				
Option 1. Efficient WACC	2025	2026	2027	2028	2029
Risk-free rate (Rf)	0,8%	0,9%	0,9%	0,9%	0,9%
Tax rate (t)	20,0%	20,0%	20,0%	20,0%	20,0%
Gearing (G)	33,72%	33,7%	33,7%	33,7%	33,7%
Asset beta (Ba)	54,81%	54,8%	54,8%	54,8%	54,8%
Equity beta (Be)	69,60%	69,6%	69,6%	69,6%	69,6%
Equity risk premium (ERP)	5,30%	5,3%	5,3%	5,3%	5,3%
Return on Equity (RoE)	5,66%	5,7%	5,7%	5,7%	5,7%
Risk-free rate (Rf)	0,8%	0,9%	0,9%	0,9%	0,9%
Debt premium	1,4%	1,4%	1,4%	1,4%	1,4%
Cost of Debt (CoD)	2,3%	2,3%	2,3%	2,3%	2,4%
Share of financing through equity	74,8%	74,8%	74,8%	74,8%	74,8%
WACC	4,81%	4,83%	4,85%	4,87%	4,89%

2. WACC options when applied to the RP4 performance plan

2.1. Additional elements to be provided by the Member State (planned amounts for RP4)

	Determined costs - Reference Period 4				
Planned amounts for RP4	2025	2026	2027	2028	2029
1.1 Staff	34 033	36 820	38 031	39 952	41 676
1.2 Other operating costs	21 216	22 172	23 376	24 273	26 606
1.3 Depreciation	4 921	5 381	6 696	6 767	7 132
1.5 Exceptional items	-	-	-	-	-
1.6 Total costs (exc. monetary value of RoE)	60 170	64 373	68 103	70 991	75 414
3.4 Total asset base	33 160	43 360	49 160	48 652	66 772
3.7 Average interest on debts	0,0%	0,0%	0,0%	0,0%	0,0%
3.8 Share of financing through equity	100 %	100 %	100 %	100 %	100 %

2.2. Implementation of the WACC Options based on the planned amounts from section 2.1.

	Determined costs - Reference Period 4				
1. Efficient WACC	2025	2026	2027	2028	2029
3.5 Cost of capital pre tax rate	4,81%	4,83%	4,85%	4,87%	4,89%
3.6 Return on equity	4,81%	4,83%	4,85%	4,87%	4,89%
3.7 Average interest on debt	0,0%	0,0%	0,0%	0,0%	0,0%
3.8 Share of financing through equity	100 %	100 %	100 %	100 %	100 %

Is Option 2 applicable to your Member State? (1)

No

	Determined costs - Reference Period 4				
3. Hybrid WACC	2025	2026	2027	2028	2029
3.5 Cost of capital pre tax rate	5,7%	5,7%	5,7%	5,7%	5,7%
3.6 Return on equity	5,7%	5,7%	5,7%	5,7%	5,7%
3.7 Average interest on debt	0,0%	0,0%	0,0%	0,0%	0,0%
3.8 Share of financing through equity	100 %	100 %	100 %	100 %	100 %

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3. Overview of all Options

Roe overview	2025	2026	2027	2028	2029
Option 1 (Efficient WACC)	4,81%	4,83%	4,85%	4,87%	4,89%
Option 3 (Hybrid WACC)	5,66%	5,68%	5,71%	5,73%	5,75%

Wacc overview	202500,00%	202600,00%	202700,00%	202800,00%	202900,00%
Option 1 (Efficient WACC)	4,81%	4,83%	4,85%	4,87%	4,89%
Option 3 (Hybrid WACC)	5,66%	5,68%	5,71%	5,73%	5,75%

4. Recommendation for Option implementation in RP4 performance plan

4.1 Recommended Option before Sense check

	2025	2026	2027	2028	2029
Outcome of the PRB framework	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)
Monetary value of RoE	1 596	2 095	2 386	2 371	3 268
1.6 Total costs (exc. monetary value of RoE)	60 170	64 373	68 103	70 991	75 414
Resulting RoE-to-Total Cost Base (TCB) ratio (2)	2,65%	3,25%	3,50%	3,34%	4,33%

(2) Member States should verify that this ratio aligns with the risk incurred by the ANSP, which is expected to primarily stem from the maximum risk exposure to traffic. If ANSPs are exposed to additional risks, the NSAs should assess the factors contributing to these risks and provide an explanation in the performance plans to justify the proposed ratio.

4.2 Sense check

	2025	2026	2027	2028	2029
RoE-to-TCB ratio as assessed by the NSA	4,4%	4,4%	4,4%	4,4%	4,4%
NSA assessment on the RoE-to-TCB ratio reported above	NSA is of the opinion that the risk incurred by the ANSP is primarily expected to stem from the maximum risk exposure to traffic (4,4%) and not exposed to any justifiable additional risk.				
Resulting RoE (3)	7,98%	6,53%	6,10%	6,42%	4,97%
Resulting WACC	7,98%	6,53%	6,10%	6,42%	4,97%

(3) Resulting RoE = (RoE-to-TCB ratio * Total costs excluding the monetary value of RoE) / (Share of financing through equity * Total Asset Base)

Option outcome vs sense check	2025	2026	2027	2028	2029
Suggested approach for RoE	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)	Option 1 (Efficient WACC)

5. Reporting of the relevant cost items in the performance plan and reporting tables

Based on the suggested approach	2025	2026	2027	2028	2029
3.5 Cost of capital pre tax rate	4,81%	4,83%	4,85%	4,87%	4,89%
3.6 Return on equity	4,81%	4,83%	4,85%	4,87%	4,89%
3.7 Average interest on debt	0,0%	0,0%	0,0%	0,0%	0,0%
3.8 Share of financing through equity	100 %	100 %	100 %	100 %	100 %

Additional comments from Member State

NSA is of the opinion that Option 1 as calculated by PRB is well justified and takes into account the relevant risks. See "Study on cost of capital, Methodology review and update", June 2024. The same WACC has been used for both enroute and terminal services. The sense check has been calculated combining enroute and terminal cost bases and asset bases (see section 2).