EUROPEAN COMMISSION

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In the published version of this decision, some information has been omitted, pursuant to articles 24 and 25 of Council Regulation (EC) No 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty, concerning non-disclosure of information covered by professional secrecy. The omissions are shown thus […].		**PUBLIC VERSION** **WORKING LANGUAGE** **This document is made available for information purposes only.**

Subject: State aid No C 48/2006 (ex N 227/2006) – Germany
DHL – Leipzig-Halle Airport

Sir,

1. The Commission wishes to inform Germany that, having examined the information supplied by your authorities on the measures referred to above, it has decided to initiate the procedure laid down in Article 88(2) of the EC Treaty.

1. NOTIFICATION

1.1. Procedure

2. Germany notified arrangements concerning the construction and operation of the new southern runway at Leipzig Airport on 5 April 2006. The Commission requested further information on 27 April 2006. After having requested additional time to prepare their reply, Germany replied on 24 July 2006. Meetings between the Commission services, the Airport Leipzig, DHL, and the German authorities took place on 26 July and on 21 August 2006. Germany provided additional information on 15 November 2006.

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1.2. Notified measures

3. The notification concerns the establishment of the European hub of the DHL Group (owned by Deutsche Post AG) for its express parcel operations at Leipzig-Halle Airport (LEJ).

4. Flughafen Leipzig/Halle GmbH (hereinafter Leipzig Airport) is a subsidiary of Mitteldeutsche Flughafen AG (hereinafter MFAG). MFAG holds a participation of 94 percent in Leipzig Airport. The remaining shares are owned by Land Sachsen and the communities Delitzsch, Leipziger Land, and Schkeuditz. The shareholders of MFAG are: 73 percent Land Sachsen, 14 percent Land Sachsen-Anhalt, 6 percent Stadt Dresden, 5 percent Stadt Halle, 2 percent Stadt Leipzig. There are no private shareholders.

5. Germany notified

   - The framework agreement between the Leipzig Airport and DHL Hub Leipzig GmbH (hereinafter DHL) including the terms at which DHL can use the facilities of the airport (signed on 21 September 2005),

   - The letter of comfort issued by Land Sachsen in favour of the Leipzig Airport and DHL to pay damages up to € […][*] in the event that DHL will no longer able to operate as foreseen at the airport (e.g. if night flights will be banned by the regulatory authorities) (signed on 21 December 2005).

6. Germany maintains that these two measures do not constitute State aid in favour of DHL – because Land Sachsen and Leipzig Airport follow the market-investor principle – and wishes to obtain legal certainty in this respect.

2. DESCRIPTION OF THE INVESTMENTS UNDERTAKEN BY DHL AND LEIPZIG AIRPORT

2.1. DHL's business case for the move to Leipzig Airport

7. DHL is one of the major express parcel operators with a worldwide turnover of € 18.2 billion in 2005. Its European hub is currently located at Brussels Airport (BRU). Following problems with regulatory permissions for night flights, DHL negotiated with several airports to find a new location for its European hub. The short list consisted of Leipzig, Brussels, and Vatry (XCR) (France). Finally, DHL decided to move its European hub to Leipzig by 2008.

8. DHL indicates that the regulatory stability for night flights was the main reason for choosing Leipzig Airport because night flights are indispensable for the express parcel business. The hub operations take place exclusively during night time: The

[*] Business secret

parcels are delivered to the airport between […] and […] and are flown out between […] and […]. An express parcel hub could not be operated without night flights.

9. The move from Brussels to Leipzig will not only be important for DHL's business but will also have big effects on the regional labour markets: While about 3,500 jobs will be created in Leipzig, about 1,500 jobs will be lost in Brussels (which will remain a regional hub for DHL).

2.2. Investments at Leipzig Airport

10. DHL started in January 2006 to build its logistic centre in Leipzig. The DHL investment costs amount to € 253 million. DHL will provide all ground handling services for its arriving and departing aircrafts at the logistic centre.[1] It should be noted that the DHL investment has been the subject of a previous state aid decision (N 608/2003). On 20 April 2004 the Commission approved the maximum regional aid intensity of 28 percent for DHL's investments at the airport under the 1998 Multisectoral framework rules[2]. Land Sachsen grants an aid amount of € 70.8 million to DHL.

11. In December 2005, Leipzig Airport has started to build the new southern runway (in addition to the already existing northern runway) with an investment volume of about € 350 million (including noise protection measures) undertaken by Leipzig Airport. The construction of this second runway is contained in the framework agreement between DHL and Airport as a precondition for DHL's move to Leipzig. According to Germany, the construction of the southern runway is an integral part of an ongoing project since 1989 to rebuild the complete infrastructure of the airport[3].

3. DESCRIPTION OF THE PUBLIC MEASURES TO BE ASSESSED

3.1. Framework agreement between Leipzig Airport and DHL

12. As emphasized in its introduction, the purpose of the Framework agreement is to set out the conditions which Leipzig Airport and MFAG guarantee to fulfil precedent to the construction and operation start of the new hub and subsequently for the operation of the hub. Furthermore, the Framework agreement includes several other agreements on the operation terms, the airport fees, and the lease of land.

13. The Commission would like to highlight the following contractual provisions:

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[1] Leipzig Airport will construct some parts of the notified investments for DHL (e.g. construction of the apron of the airfield) and subsequently rent them to DHL (see also the section on the framework agreement).

[2] 1998 Mulitsectoral framework on regional aid for large investment projects, OL C 107 of 7 April 1998, p. 7.

[3] Leipzig Airport currently has a passenger through-flow of over 2 million passengers a year and plans to position itself as a leading European cargo airport.

3.1.1. Commitments provided by Leipzig Airport and MFAG

14. Effectively, the Framework agreement provides that Leipzig Airport has to fulfil the following conditions:

    - Precedent to the operation of the new hub on 1 October 2007, Leipzig Airport must complete the construction of the southern runway and ensure that the 24/7 operation of the airport will be possible.

    - Subsequent to the start of the new hub, Leipzig Airport must continue to ensure the 24/7 operation of the airport and provide sufficient capacity to ensure DHL's operations as agreed in the operating terms for the following […] years.

15. If Leipzig Airport cannot fulfil the conditions precedent to the start of the new hub, Leipzig Airport and MFAG are liable to pay a […] contractual fine of € […]. If these conditions are still not fulfilled after three months, DHL will have the right to terminate the contract and shall be compensated for its damages.

16. If Leipzig Airport cannot fulfil the conditions subsequent to the start of the new hub, Leipzig Airport and MFAG are liable to compensate all damages and losses which DHL incurs. If DHL is essentially limited in its operations, DHL will also have the right to terminate the contract and receive compensation for all direct and indirect costs of moving to an alternative airport.

17. The Commission would like examine in more detail two aspects of the Framework agreement which may lead it to conclude that the Framework agreement obliges Leipzig Airport to assume substantial risks which are not under its control.

18. In the operating terms, Leipzig Airport guarantees that *"…at all times at least […] of all movements of air carriers operating for, or on behalf of, DHL can be operated at the southern runway up to its maximum of 40 movements per hour."* However, Leipzig Airport has not full control of the flight operations. Germany included in the notification a letter by Deutsche Flugsicherung (German air-traffic control) which shows that it is only in the discretion of the German air control which flights can use the southern runway and that it is not possible to grant DHL preferred use of the southern runway.

19. In case that night flights will be banned by the regulatory or legislative authorities, Leipzig Airport will be liable to compensate DHL for the resulting losses and damages. Already the introduction of the Framework agreement emphasizes that *"…the Parties intend to protect DHL against the direct and indirect damages which would be caused by the need to relocate its operations to an alternative airport. Indirect damages in particular would include the loss of business of DHL through such factors as employee strikes, go-slows or drop of productivity, disruption to customers, compensation paid to customers, increased costs is serving customers and customers' reasonable expectation of undisrupted delivery."* Germany provides in the notification an estimate of € […] of compensation in the event that DHL has to move its hub to another airport.

3.1.2. Commitments provided by DHL

20. Once Leipzig Airport has fulfilled all required precedent conditions, DHL has to build and operate the new hub. However,

- If DHL decides not to build the new hub, DHL will be liable to pay a contractual fine of € […] to Leipzig Airport;

- If DHL decides not to operate the new hub or to stop its operations during the first […] years, DHL will be liable to pay a contractual indemnity which is not higher than […]. After […] years, DHL can stop its operations at any time without having to pay any indemnification payment.

21. If DHL decides to cease its operations by more than […] percent, Leipzig Airport may terminate the Framework agreement and would be entitled – within the first […] years – to the same contractual indemnity as described above.

22. DHL may terminate the Framework agreement – without any reason – after […] years and thereafter every […] years. Leipzig Airport does not have such a possibility.

3.1.3. Airport fees

23. The airport fees will be the major source of revenue for financing the new southern runway. It is estimated that DHL will pay about € […] in 2008 which is the first full year for the operation of the new hub. The airport fees are agreed in a separate contract which is attached to the Framework agreement.

24. All air carriers – either DHL or any other carrier – will be entitled to the same landing fees. The amount of the landing fee will decrease with the total traffic volume of Leipzig Airport. Therefore an air carrier which only undertakes a small number of movements will pay the same landing fee as DHL which will apparently be the heaviest user of the airport.

25. The schedule of landing fees will be fixed until […] and afterwards increase by […] of the German consumer price index.

26. Further user and de-icing fees are agreed on an individual basis between Airport Leipzig and DHL. These fees do not seem to be available to other air carriers.

3.1.4. Lease contracts

27. Airport Leipzig has concluded two lease contracts with Deutsche Post Immobilien Gmbh (hereinafter DPI) and a building lease contract with Deutsche Post Grundstücksvermietungsgesellschaft beta mbH & Co Objekt Leipzig KG (hereinafter DPBS) in respect of certain constructions at the airport. The latter companies are part of the Deutsche Post World Net group. They will rent the properties to DHL by separate contracts.

28. Leipzig Airport will build the apron which will exclusively be used by DHL. The construction costs are estimated to be about € […]. Leipzig Airport will rent the apron to DPI at the following conditions:

- DPI pays the interest for the financing of the costs for the land and the construction, and a yearly amortization of […] percent of the construction costs.

- Leipzig Airport is obliged to raise a credit to finance the construction of the apron. Thereby, Leipzig Airport must solicit offers from three different banks including Postbank (which is also a member of Deutsche Post World Net group) and choose the most favourable offer.

- The contract is concluded for […] years. DPI will be able to terminate the contract after […] years without any reason or if DHL terminates the Framework agreement. If the contract is terminated within the first […] years, DPI is obliged to pay the rental charges for […] years less rent already paid.

29. The second lease contract concerns further ground handling areas which Leipzig Airport rents to DPI at the same conditions as with the foregoing lease contract. The construction costs are estimated to be about € […].

30. The building lease contract concerns the plot of land on which DHL constructs its premises. Leipzig Airport will rent the building right to DPI at the following conditions:

- DPI pays a rent of € […] for […] m² which works out at about € […] per m².

- This rent is fixed until […] and is then adjusted by […] of the change of the general price index.

31. The lease contract for the apron and the building lease contract include provisions so that DHL has an option to rent further designated land plots until […]. These options are granted […] until […]. Afterwards DHL has to pay € […] per m² to keep the option. This option price will increase until […].

32. Both contracts include the provision that these land plots – independently of whether DHL executes its option or not – shall not be rented to competitors of DHL. The following companies are explicitly mentioned: […].

3.1.5. Summary

33. To sum up, the Framework agreement allocates all major risks from the operation of the new hub to Leipzig Airport:

- Leipzig Airport and MFAG have committed themselves to fulfil the given commitments for […] years. Leipzig Airport and MFAG have an unlimited obligation to compensate DHL for any resulting losses and damages – independently whether caused by circumstance within or outside of Leipzig Airport's control.

- On the contrary, DHL is only responsible for damages caused by its own action and can effectively decide to stop its operations at Leipzig Airport at any point in time (DHL is liable for a limited indemnity payment only in the first […] years – amounting to […] and […] years' rental charges for the apron and the ground handling areas).

3.2. Letter of comfort by Land Sachsen

34. Land Sachsen has issued on 21 December 2005 a letter of comfort to guarantee the operations of the airport for the duration of the Framework agreement and more specifically the compensation payments to which DHL is entitled by the Framework agreement.

3.2.1. Guarantee to contribute sufficient capital for Airport Leipzig and MFAG

35. Land Sachsen guarantees to provide sufficient capital such that the publicly owned Leipzig Airport and MFAG will be able to fulfil its commitments given in the Framework agreement.

3.2.2. Guarantee to fulfil DHL's compensation claims

36. Land Sachsen specifically guarantees to compensate losses and damages which may result for DHL from the provisions of the Framework agreement. The amount of the liability for these damages and losses is limited to € […].

37. It is explicitly acknowledged that Land Sachsen is directly liable to DHL in this respect and that Land Sachsen will continue to be liable for DHL's compensation claims even if the airport is sold to private investors.

3.3. Capital contributions to Leipzig Airport

38. Leipzig Airport has not yet reached the break-even to earn positive returns on its investments which have been undertaken since 1989. The accounts show continuous losses (e.g. average loss of € 37 million for the period 2000 - 2005). These losses have been financed by the shareholders' equity. The public shareholders held – in 2005 about € 418 million of equity in Leipzig Airport.

39. According to the information at the disposal of the Commission, the planned investments will be financed by equity contributions and long-term debt. The following table gives these figures.[4]

Figure 1 Equity contributions and increase in long-term debt for the financing of the new southern runway (in m€)

Capital contribution m€	2006	2007	2008	2009	2010	2011	2012
Equity contribution	[…]	[…]	[…]	[…]	[…]	[…]	[…]
Increase in long-term debt	[…]	[…]	[…]	[…]	[…]	[…]	[…]

4 The capital contributions and increase in long-term debt are calculated on the basis of the business plans provided by Leipzig airport and the 2005 balance sheet of Leipzig airport:

- The capital contribution of each year is considered to be the difference in equity as compared with the previous year adjusted for the profit (loss) of this year.
- The increase in long-term debt for each year is calculated as the difference between the amounts of long-term debt as compared to the previous year. From the business plans provided by Leipzig airport, financial debt is understood to be the long-term debt.

40. It should also be noted that up to now and according to the accounts of 2001 – 05 furnished by Germany, Leipzig Airport has received long-term loans from its parent company MFAG. Additionally, in 2005 Leipzig Airport received an equity contribution of € 109,317,087.21 which seems to be dedicated to the financing of the southern runway.

4. ASSESSMENT OF EXISTENCE OF AID

41. To constitute State aid in the meaning of Article 87(1) EC Treaty, a public measure must

- Be granted by State resources,
- Affect trade between Member States and distort competition in the common markets, and
- Confer a selective advantage to undertakings.

Transfer of State resources

42. The Commission considers at this stage that the measures described in the foregoing section transfer State resources. The concept of State aid applies to any advantage, granted directly or indirectly, financed out of State resources, granted by the State itself or by any intermediary body acting by virtue of powers conferred on it. In this context all three measures – letter of comfort, framework agreement, and capital contributions – would appear to constitute a grant of State resources.

43. It is also evident that the decisions to grant these State resources are imputable to public authorities: MFAG's supervisory board authorised on 3 June 2004 the conclusion of the Framework agreement and declared that sufficient equity will be raised to finance the expansion of Leipzig Airport. The majority of MFAG's supervisory board members are representatives of public authorities (e.g. finance ministers of Sachsen and Sachsen-Anhalt, mayors of Leipzig, Dresden, and Halle). The letter of comfort was signed by the finance minister of Land Sachsen on 21 December 2005.

Distortion of competition and affectation of trade

44. To the extent that the listed measures grant a selective advantage to DHL and Leipzig Airport, the Commission considers that they are liable to distort competition and affect trade between Member States.

45. Let us note that the 2005 *Community Guidelines on financing of airports and start-up aid to airlines departing from regional airports*[5] clearly indicate that the operation of an airport is an economic activity to which State aid rules are applicable. The guidelines make it furthermore clear that public funding to an airport may distort competition and affect trade between Member States. With 2 million passengers per year Leipzig Airport is considered as a category C "large regional airport" for the purposes of the 2005 Guidelines.

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[5] OJ C 312, 9 December 2005, p 1 ff, see specifically paragraphs 31, 38, and 39.

46. It is evident that the express parcel business is a market in which companies from different Member States compete. Any economic advantage which DHL receives from the listed public measures will strengthen its position vis-à-vis its competitors on the European express parcel market.

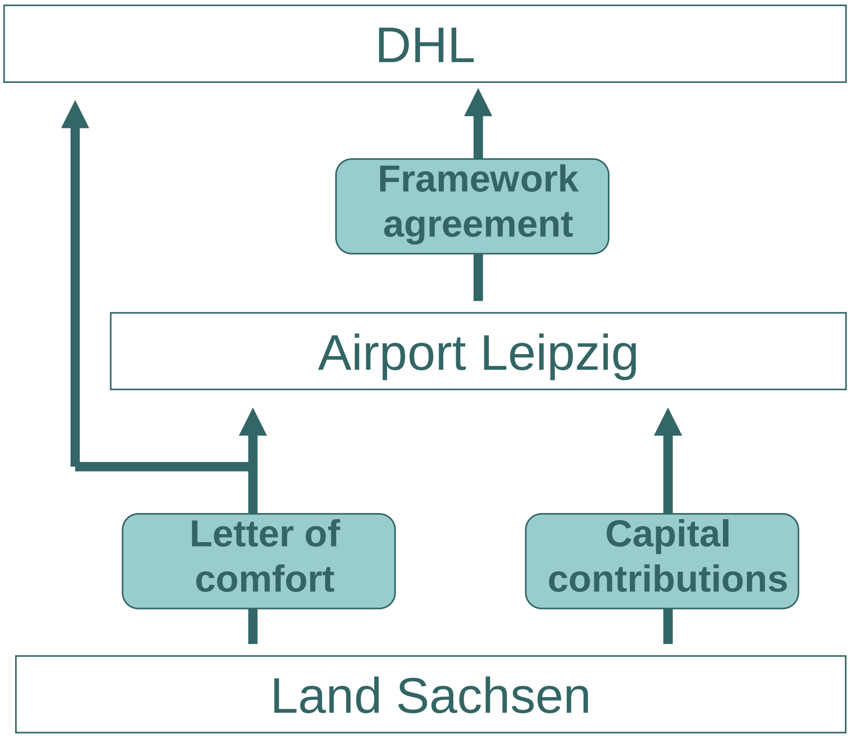
Selective advantage

47. In analysing whether the three measures provide selective advantages to DHL and Leipzig Airport, the application of the private market investor principle is crucial. It has to be analyzed whether (i) Land Sachsen has acted as a private investor in granting the letter of comfort, (ii) Leipzig Airport has acted as private investor in signing the Framework agreement, and (iii) Leipzig Airport's shareholders have acted as private investors in financing the expansion of the airport.

48. While the letter of comfort and the capital contributions seem in the first place to constitute selective advantages for Leipzig Airport, it has to be taken into account that these advantages may be passed on to DHL by having concluded a too favourable framework agreement. Leipzig Airport could therefore serve partly as a channel through which the aid is passed on to DHL which could eventually be the ultimate beneficiary of the letter of comfort and the financing of the southern runway.

49. The following figure summarizes the beneficiaries of the assessed measures and shows first that DHL and Leipzig Airport are both beneficiaries of the letter of comfort. Additionally, DHL may benefit of the Framework agreement and Leipzig Airport of the capital contributions. Leipzig Airport may pass the advantages received from the letter of comfort and the capital contributions – via the Framework agreement – on to DHL.

Figure 2 DHL and Leipzig Airport as beneficiaries of the assessed public measures



4.1. Letter of comfort

50. The letter of comfort constitutes a guarantee because (i) Land Sachsen accepts the financial responsibility to provide sufficient capital such that Leipzig Airport and MFAG can fulfil the commitments given in the Framework agreement and (ii) Land Sachsen declares that it assumes the direct liability for DHL's compensation claims up to € […].

51. The *Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees*[6] sets out criteria which ensure that a guarantee does not constitute State aid (see paragraph 4.2). Two essential cumulative conditions are:

   - The guarantee could in principle be obtained on market conditions from the financial markets.

   - The market premium for the guarantee is paid.

52. Neither of these criteria seems to be fulfilled in the present case:

   - According to Germany, MFAG and Leipzig Airport asked private banks and insurance companies to take over the risks to be eventually covered by the letter of comfort. No financial institution was ready to assume these risks.

[6] OJ C 71, 11 March 2000, p 14 ff.

- Neither DHL nor Leipzig Airport is obliged to pay any remuneration for the risk that Land Sachsen takes over. The risk exposure of Land Sachsen is therefore not directly remunerated.

- Germany argues that Land Sachsen is indirectly remunerated for the provision of the guarantee by the return earned on the equity invested in Leipzig Airport. However, this reasoning stems from confusion in the roles of the Land as guarantor and as shareholder of the undertaking beneficiary of the guarantee and not from a comparison with the situation of an abstract market guarantor. In addition, as the following section will show, the analysis of the Framework agreement indicates that Leipzig Airport will not generate an appropriate return on Sachsen's invested equity to cover the risks assumed in the letter of comfort.

53. The Commission has therefore serious doubts whether a private operator would have issued such a letter of comfort and concludes at this stage that the letter of comfort grants aid to DHL and Leipzig Airport.

4.2. Framework agreement

54. In its commercial activities, a state-owned undertaking must behave as a private undertaking. DHL will benefit of State aid if Airport Leipzig has agreed on more favourable contract terms than a private undertaking would have done.

55. Germany has not provided the Commission with comparable contracts of private airports or market prices for airport services as benchmark to check the market-conformity of the Framework agreement.

4.2.1. Incremental cash-flow loss for Leipzig Airport

56. Germany provided the business plan for the expansion of the southern runway. These revenue and cost data allow the Commission to check whether Leipzig Airport behaves like a private undertaking with regard to the financing, construction and operation of the southern runway.

57. As a general principle, as stated by the 1994 aviation State aid guidelines, "the construction of (airport) infrastructure projects…represents a general measure of economic policy which cannot be controlled by the Commission under the Treaty rules on State aid. This general principle applies only to the construction of infrastructures by Member States, and does not apply to aid resulting from preferential treatment of certain companies for the use of the infrastructure". As a consequence, State aid rules do not impose as a general principle that a transport infrastructure built for the use of the general public be self financing.

58. Nevertheless, in the present case, the Commission has strong doubts that the southern runway has been built for the use of the general public, having regard to the preferential treatment of DHL. Rather, on the contrary, as explained below in section 5.2 (iv), the Commission cannot exclude at this stage that the southern runway in a dedicated infrastructure conceived and constructed for the benefit of one particular user, in this case DHL.

59. In such a situation, the construction, financing and operation of the dedicated infrastructure should be analysed as a commercial operation between the owner of

the infrastructure (in this case, Leipzig airport) and the user of the infrastructure (in this case, DHL). A private airport would only offer such services if it expected to earn its full costs in the long-run. Therefore the market price paid by the customer of such dedicated services must cover in the long-run its variable costs, the appropriate share of fixed costs and a profit margin reflecting the risks assumed.

60. In the present case, the Commission would therefore expect that the southern runway revenue paid by DHL allow to cover at least the incremental costs of the southern runway, an appropriate contribution to the fixed costs of the already existing facilities which are used for the operation of the southern runway for the benefit of DHL, and a reasonable profit margin reflecting the risks Leipzig Airport assumes.

61. Contrary to the benchmark established in the foregoing paragraph, the submitted business plan show that the construction and operation of the southern runway for the benefit of DHL will lead to a reduction in Airport Leipzig's cash flow.

Submitted business scenarios for Leipzig Airport

62. Germany has submitted business plans based on three scenarios:

- Expansion scenario: The southern runway is built and DHL moves to Leipzig Airport.
- Status quo scenario: The southern runway is not built.
- Expansion scenario without DHL: The southern runway is built without DHL moving to Leipzig Airport.

63. The business plans are based on the following assumptions:

- The revenues and costs are given for the period from 2006 to 2042.
- No terminal value is given for the period after 2042.
- The applied discount rate is […] percent. The choice of the discount rate is important for the evaluation of any business plan because the discount rate must reflect properly the risks involved. The more risky is the business, the higher the discount rate must be to compensate the investors for the assumed risks. A discount rate of […] percent implies that the provided calculations assume only a very low level of risk as capital costs close to the risk-free interest rate.[7]

64. Regarding the scenario whereby the southern runway is constructed without DHL as its anchor tenant, is important to note the following: (i) The key assumptions for revenue development are that night flight restriction will be introduced at Frankfurt Airport as from 2012 resulting in a significant transfer of cargo volume from

7 The IDW (German Association of Auditors) has generally proposed to use five percent as the before-tax benchmark for a risk-free investment. The European Central Bank reports that the current yield of German government bonds with maturity of ten years has ranged between 4 and 3.75 within the last months. The yield of ten-year bonds is, however, likely to underestimate the return on a risk-free investment with over 30 years of duration which would be the correct comparable in this case.

Frankfurt and that capacity bottlenecks at other unnamed airports will lead to a continuous increase of cargo business at Leipzig Airport from 2013 and 2018. (ii) The business plan shows a significantly lower rate of return than in the expansion scenario with DHL.

65. Given that the expansion scenario without DHL is based on unsubstantiated assumptions concerning the revenue development and in any event leads to higher losses than in the expansion scenario with DHL as anchor client, the Commission considers at this stage that it is not appropriate to analyse this scenario any further.

Revenue development

66. The following figure shows the projected development of revenue for the expansion and the status-quo scenario. While revenue is expected to nominally triple in the status-quo scenario, the additional southern runway allows the quadruplication of the airport's nominal revenue.

67. Germany has not provided any data about the DHL share in the additional revenue. However, as the main revenue increase happens in 2008 when DHL will have completed the move to Leipzig Airport, the Commission assumes that DHL will contribute most of the revenue growth in the expansion scenario.

Figure 3 Revenue growth for Leipzig Airport (in m€)

[…]

Development of investment costs

68. From the given data, the Commission has calculated the investments which will be undertaken in both scenarios. While in status quo about € […] are invested, in the expansion scenario about € […] are invested.[8] The difference of € […] is due to (i) the investments of about € […] in the construction of the new southern runway during […] and (ii) the increased investments into the maintenance of the airport facilities in the following years up to […].

69. Furthermore, the audit report 2005 lists investments of about € 99 million for the southern runway. The Commission doubts whether these investments should not also be added in the expansion scenario. This would imply that the following calculations may underestimate the investment costs by about € 99 million in the expansion scenario.

Development of cash-flow

70. The following table shows the present value of the airport's EBITDA[9] and investment costs for these two scenarios as well as the incremental EBITDA and

8 Please see the appendix for the calculation of the investment costs.

9 Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is a commonly used cash-flow measure for the core operational profitability of a company.

investment costs of the southern runway (including the apron and further ground handling areas).[10]

Figure 4 Cash-flow calculations using […]% discount rate (in m€)

	Expansion	Status quo	Increment
	(1)	*(2)*	*(3)=(1)-(2)*
EBITDA	[…]	[…]	[…]
- Investment Costs	[…]	[…]	[…]
Cash-Flow	[…]	[…]	[…]

EBITDA = Earnings before interest, taxes, depreciation, and amortization

71. The calculations show that the revenues generated by the new southern run-way are lower by € […] million than the incremental investment costs. The construction of the southern runway effectively reduces the free cash-flow which is available for financing the already existing facilities.

72. Put another way, the investment into the new southern runway is expected to only yield a return of […] percent[11] which is insufficient to cover the assumed financing costs of […] percent.

73. Given that the airport has to still finance the existing assets of about € […] (balance sheet value in […]), the airport will – in neither scenario – generate enough EBITDA to fully refinance the existing assets. Based on the submitted cash-flow projections, the total operations of Leipzig Airport do not seem to reach the break-even point in the future.

4.2.2. No remuneration of risks assumed by Leipzig Airport

74. The cash-flow calculations – provided by Germany – do not take proper account of the business risks in aviation and the risks resulting from the commitments which Leipzig Airport has guarantees in the Framework agreement:

- Business risks in aviations: e.g. threat of terrorism, uncertain development of oil prices.[12]

- Risks resulting from the Framework agreement:

  - Compensation payments for non-fulfilment of commitments (e.g. guarantee to handle […] percent of DHL flights on southern runway),

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[10] Please see the appendix for the time-series of discounted EBITDA and investment costs.

[11] This is the discount rate which equalizes incremental EBITDA and investment costs.

[12] The risk-adjusted cost of capital is estimated at 10 percent for airports according to a study by McKinsey – cited in *Building for the future*, Airports Council International, Association of European Airlines, April 2005. This number suggests that airport faces substantial business risks which lead to capital costs well above 6.5 percent.

– Compensation payments for removal of DHL to other airports (e.g. in the case of a regulatory ban of night-flights),

– DHL may stop its operations at any time (Leipzig Airport may receive a limited indemnity payment only in the first […] years).

75. The following table shall illustrate the impact of these risk considerations on the results of the cash-flow analysis. The expected incremental cash flow may decrease considerably for the new southern runway with an increased discount rate which reflects higher risks. A private undertaking would have required an appropriate remuneration of these risks when negotiating the Framework agreement.

Figure 5 Incremental cash flow at different discount rates (in m€)

Discount rate	Incremental cash flow
[…]	[…]
[…]	[…]
[…]	[…]
[…]	[…]
[…]	[…]

76. The Commission would like to emphasize that the above table only illustrates the financial impact of the risks which Leipzig Airport assumes by the Framework agreement and does not provide a precise estimate of these risk costs.

4.2.3. Non-market based conditions of lease contracts

77. The lease contracts seem to put several limits on Leipzig Airport's ability to achieve rent income at local property market prices:

- All three lease contracts appear to link neither the base rent nor its indexation on the local property prices.

- The rent of € […] per m²in the building lease contract seems to be very low compared to the option prices of € […] to […] per m² which are listed in the same contract and the lease contract for the apron.

- The two lease contracts for the apron and further ground handling areas limit the freedom of Airport Leipzig to finance the investment costs by credits or equity.

- The lease contract for the apron and the building lease contract forbid Leipzig Airport to rent certain land plots to DHL competitors even if DHL does not exercise its option on these land plots. This provision effectively limits the business opportunities for Leipzig Airport because other express parcel operators will not come to Leipzig if they cannot dispose of appropriate facilities.

4.2.4. *Summary*

78. To sum up, the Commission has serious doubts whether a private undertaking would have

- Agreed on airport fees and lease contracts which do not even finance the incremental costs of the southern runway at an almost risk-free discount rate of […] percent;

- Assumed the commitments of the Framework agreement which further decrease the expected profitability of the airport operations;

- Concluded lease contracts which are not based on the development of the local property market and limit the business opportunities.

79. The Commission concludes therefore at this stage that the Framework agreement grants aid to DHL.

4.3. Capital contributions to Leipzig Airport

80. In relation to the financing by public authorities of airports the Commission has put in place the previously mentioned "Community guidelines on financing of airports and start-up aid to airlines departing from regional airports"[13] (hereinafter the 2005 aviation guidelines). These guidelines are designed to provide a framework for determining if public financing of airports gives rise to issues of state aid concern.

81. As regards the existence or otherwise of State aid, the 2005 guidelines provide that what is determining is whether the beneficiary is engaged in an economic activity[14].

82. In assessing whether the operation of an airport is such an activity the European Court of Justice ruled in the "*Aéroports de Paris*" case[15], that airport management and operation activities consisting in the provision of airport services to airlines and to the various service providers within airports are economic activities because they consist in the provision of airport facilities to airlines and the various service providers, in return for a fee at a rate freely fixed by the manager, and when the latter is public, do not fall within the exercise of its official powers as a public authority and are separable from its activities in the exercise of such powers. Thus, the airport operator, in principle, is engaged in an economic activity within the meaning of Article 87(1) of the EC Treaty, to which the rules on State aid apply. Therefore once an airport engages in economic activities, regardless of its legal status or the way in which it is financed, it constitutes an undertaking within the

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[13] Points 53 to 63 deal with airport infrastructure financing

[14] According to Court of Justice case law, any activity consisting in offering goods and services on a given market is an economic activity. See Case C-35/96 *Commission v Italy* [1998] ECR I-3851 and Cases C-180/98 to 184/98 *Pavlov* [2000] ECR I-6451.

[15] Case T-128/98, *Aéroports de Paris v Commission of the European Communities* [2000] ECR II-3929, confirmed by Case C-82/01 [2002] ECR I-9297, points 75-79.

meaning of Article 87(1) of the EC Treaty, and the Treaty rules on State aid therefore apply[16].

83. However, independently of its legal status not all the activities of an airport operator are necessarily of an economic nature. It is necessary to distinguish between its activities and to establish to what extent its activities are of an economic nature[17].

84. The European Court of Justice has held that activities that normally fall under State responsibility in the exercise of its official powers as a public authority are not of an economic nature and do not fall within the scope of the rules on State aid. Such activities include security, air traffic control, police, customs, etc[18]. Therefore the practice of the Commission[19] is that in relation to functions falling within the public policy remit, the financing of these functions or of infrastructure directly related to these functions does not constitute State aid.

85. In relation to all other activities, the guidelines provide that, in relation to the financing of airports airport activities can be categorised as follows[20]:

"construction of airport infrastructure and equipment (runways, terminals, aprons, control tower) or facilities that directly support them (fire-fighting facilities, security or safety equipment)…"

86. In the present case, the intention is to finance the extension of an airport which will be used *inter alia* as the European hub of DHL. The activities which will receive the financing constitute the construction of airport infrastructure and equipment as provided for in paragraph 53(i) of the 2005 Aviation Guidelines.

87. In relation to the financing of airport infrastructure and equipment or facilities the 2005 aviation guidelines[21] go on to provide that any "*airport operator engaging in an economic activity*" "*should finance the costs of using or building the infrastructure it manages from its own resources. Consequently, the provision of airport infrastructure to an operator by a Member State (*including *regional or local authorities) not acting as a private investor without adequate financial consideration or the granting to an airport operator of public subsidies intended to finance infrastructure can give that airport operator an economic advantage over its competitors and must therefore be notified and examined in the light of the rules on State aid*".

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16 Cases C-159/91 and C-160/91, *Poucet v AGF and Pistre v Cancava* [1993] ECR I-637.

17 Case C-364/92 *SAT Fluggesellschaft v Eurocontrol* [1994] ECR I-43.

18 Commission Decision N309/2002 of 19 March 2003 Aviation security - compensation for costs incurred following the attacks of 11 September 2001

19 Commission Decision N309/2002 of 19 March 2003 Aviation security - compensation for costs incurred following the attacks of 11 September 2001

20 Cf footnote 6 Paragraph 53

21 Cf footnote 6 paragraph 57

88. In this case the Commission questions if the public authorities concerned can make use of the market economy investor principle. This principle provides that the public financing will not amount to state aid where "in *similar circumstances a private shareholder, having regard to the foreseeability of obtaining a return and leaving aside all social, regional-policy and sectoral considerations, would have subscribed the capital in question*"[22].

89. In the present case, as previously shown, the financial accounts and projections of Leipzig Airport show, the investment into the new southern runway will not earn a positive return and the whole operation of the airport does not seem to reach the break-even point and earn a market return in the long run. The Commission has serious doubts that a private investor would have taken such a course of action.

4.4. Conclusions

90. Therefore as the measures in question involve public resources, are directed at undertakings engaged in an economic activities affecting trade between Member States, do not seem to satisfy the market economy investor test, and may therefore distort or threaten to distort competition, the Commission considers at this stage that they involve State aid within the meaning of Article 87(1) EC Treaty.

5. ASSESSMENT OF COMPATIBILITY OF AID

5.1. Aid to DHL

91. As explained in section 9, the Commission has already authorized the maximum regional aid intensity of 28 percent for the DHL investments. Consequently, any further aid – which DHL may be granted by the letter of comfort or the Framework agreement – cannot be considered compatible with the common market.

5.2. Aid to Leipzig Airport

92. It is necessary to examine the measures allowing for the construction of the southern runway in the light of Articles 87 paragraphs (2) and (3) of the EC Treaty which provided for exemptions to the general rule of incompatibility set out in Article 87(1).

93. The exemptions in Article 87(2) of the EC Treaty do not apply in the present case because the aid measure does not have a social character and is not granted to individual consumers, nor do they make good the damage caused by natural disasters or exceptional occurrences nor are they granted to the economy of certain areas of the Federal Republic of Germany affected by its division.

94. Further exemptions to the general prohibition on State aid are set out in Article 87(3). In this regard, the applicable Community framework for deciding on compatibility of these measure (i.e. the 2005 aviation guidelines) provide that if it is confirmed that a measure involves State aid that such a measure may be found

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[22] Case 40/85 *Kingdom of Belgium v Commission* [1986] ECR I-2321.

compatible with the common market "in particular pursuant to Articles 87(3)(a), (b) or (c) or 86(2) and, where applicable, their implementing provisions"

95. In this regard Article 86(2) EC Treaty will not be applicable because Leipzig Airport is not entrusted with a service of general economic interest.

96. In this regard the 2005 aviation guidelines provide the Commission with a number of factors which it should take into account in determining compatibility.

97. The Commission will in particular have to examine whether:

- construction and operation of the infrastructure meets a clearly defined objective of general interest (regional development, accessibility, etc.);
- the infrastructure is necessary and proportional to the objective which has been set;
- the infrastructure has satisfactory medium-term prospects for use, in particular as regards the use of existing infrastructure;
- all potential users of the infrastructure have access to it in an equal and non-discriminatory manner;
- the development of trade is not affected to an extent contrary to the Community interest.

(i) Construction and operation of the infrastructure meets a clearly defined objective of general interest (regional development, accessibility, etc.)

98. Germany has indicated a number of different aspects motivating their intention to finance the construction projects at Leipzig Airport.

99. The first objective listed by the German authorities is the relief of bottle-necks in transport capacity in Germany. It has been further argued that the aviation sector will be funded by this investment and that this will have a positive effect thereon and will create additional jobs.

100. A further objective cited is that according to the Federal Route Scheme a link between airports, railway stations and motorways will be established also for the air cargo sector. Leipzig Airport should therefore participate in the increase in the air cargo sector (an expansion of 8.4% in tonnage transported and of 9.8% in tonne-kilometres flown) with resulting positive effects on employment.

101. It has also been claimed that the expansion of Leipzig Airport will have positive spill-over effects for the Leipzig-Halle-Merseburg-Dessau region

- For undertakings located in the region the existence of the freight-centre means a time-gain of several hours
- Given the dependence of the local economy on exports, especially the mechanical engineering sector (Chemnitz) and semiconductor sector (Dresden), there exists a considerable potential for airfreight

- The freight centre should create a positive business and investment climate its very existence should economically enhance the value of the whole regional market with pursuant job effects (c.f. The construction of "Franz Josef Strauβ" airport near Munich has resulted in the achievement of full employment in the region of Erding/Freising)

102. Furthermore, the location of Leipzig/Halle is said to be suitable because of its transport road and rail connections and its transport-logistically oriented infrastructure (in the direct neighbourhood of the airport a cargo transport centre is located). In Germany, it is claimed there are few alternative locations to construct such a freight centre.

103. It should also be noted that Leipzig/Halle is a region falling within the scope of Article 87(3)(a) "where the standard of living is abnormally low or where there is serious underemployment".

104. At this stage the Commission does not have sufficient information at its disposal to determine if the stated intentions of the German authorities in financing this infrastructure project meet a clearly defined objective of general interest and whether the stated objectives are too optimistic or can be achieved. The Commission invites the German authorities to provide additional information to substantiate the various claims made for the general interest development possibilities resulting from this investment or to substantiate a finding of compatibility on the basis of Article 87(3)(a).

(ii) The infrastructure is necessary and proportional to the objective which has been set

105. As previously demonstrated the investment costs for the construction of the new southern runway will not have a positive effect on the airport's financial situation. The financial projections provided by the airport show that the airport will not generate sufficient revenue to be able to cover the costs of the investment and will therefore generate further (and bigger) losses. Even with the new southern runway Leipzig Airport does not seem to reach the break-even point in the future.

106. In the event that it is argued by the German authorities that the decision to construct the southern runway was taken without consideration of the decision of DHL to establish its European hub then the Commission has to examine whether the construction of this new infrastructure was necessary. In this case the Commission notes: (i) Leipzig Airport currently operates with one (northern) runway (which is over 3000m in length and fully equipped to the highest standards), this runway was renovated in 1997; (ii) the submitted business plan for the expansion scenario without DHL moving to Leipzig is based on unproven assumptions concerning revenue development and in any event leads to substantial losses, and (iii) with annual passenger traffic of about 2 million passengers per year it would seem difficult to argue that the airport needed to spend the amounts of money involved so as to be equipped with two "state of the art" runways.

107. If the Commission examines the decision to publicly finance the construction of the southern runway as being a condition for DHL's future activity at Leipzig airport then on the basis of the preceding analysis it would appear at this stage that this decision appears not proportional. The landing charges to be paid by DHL do not allow for any realistic financial projection that the investment costs of the runway

will be paid off during the lifetime of the runway. In fact, given the relatively large amounts being invested and the calculated low rate of return such an investment seems to be not commensurate.

108. The Commission has to conclude at this stage that the infrastructure is neither necessary nor proportional to the objectives which have been put forward by Germany.

(iii) The infrastructure has satisfactory medium-term prospects for use, in particular as regards the use of existing infrastructure;

109. In this regard the Commission has to determine if there is a need for this additional infrastructure and whether it will result in competitive distortions. While it would certainly appear on the basis of the information at the disposal of the Commission that DHL will make use of the Southern runway the Commission cannot say if this use could be regarded as satisfactory bearing in mind that the airport is expected to continue to make losses.

110. The Commission therefore cannot conclude at this stage that the infrastructure has satisfactory medium-term prospects for use.

(iv) all potential users of the infrastructure have access to it in an equal and non-discriminatory manner;

111. In Chapters 2 and 3 of the framework agreement it is stipulated that the airport has to be in a position at all times to provide DHL with a minimum of 40 air movements per hour at peak period ([…] to […] and […] to […]) of which at least […]% have to be operated at the southern runway.

112. It is claimed by the Airport owners/operators and by the German authorities that the new built southern runway is not expressly reserved to DHL. However, given that Leipzig Airport with two runways would be able to handle up to 80 aircraft movements per hour (Chapter 2 of the framework agreement) and that DHL is allowed to operate at least […] % of a minimum of 40 air movements at night on the southern runway, this would suggest that the major part of the possible air movements during the night will effectively be reserved to DHL. It would therefore appear subject to further investigations that the southern runway will practically be dedicated to DHL.

113. In addition to this the use of the newly built apron is reserved to DHL by conclusion of the hiring agreement concerning the apron. Furthermore, paragraph 19 of the Framework Agreement provides that Leipzig Airport is not allowed to rent plots of designated land to direct competitors of DHL. In this context a certain number of these competitors […] are mentioned by name.

114. A similar provision is included in chapter VII paragraph 3 of the hereditable building right agreement.

115. Having regard to the preceding the Commission cannot exclude at this stage that the infrastructure in question is "dedicated" infrastructure conceived and constructed for the benefit of one particular user, in this case DHL. Accordingly the Commission doubts at this stage that all potential users of the infrastructure have access to it on an equal and non-discriminatory basis.

(v) The development of trade is not affected to an extent contrary to the Community interest.

116. The air transport market is by its nature international, since the 1990s this market has been liberalised at the European level. Airports compete and European airlines enjoy rights of access and compete on all intra-EU routes. In relation to airports, since the entry into force of Council Directive 96/67/EC of 15 October 1996 on access to the ground handling market at Community airports[23], competition for ground handling is open in airports with an annual passenger threshold of 2 million passengers or 50,000 tonnes of freight is fully open to intra-EU competition.

117. As has been explained in the notification, during the planning for the future location of their European main hub, DHL conducted in-depth negotiations with three airports, Leipzig, Vatry and Brussels. This demonstrates that the decision to move to Leipzig and to base their operations thereafter at this airport will have an effect on trade.

118. At this stage the Commission has doubts whether trade will be affected to an extent which is contrary to the common interest.

5.3. Conclusions

119. Based on the analysis in the foregoing sections, the Commission considers at this stage that the assessed measures grant aid to DHL and Leipzig Airport and do not seem to be compatible with the common market.

6. DECISION

120. In the light of the foregoing considerations, the Commission, acting under the procedure laid down in Article 88(2) of the EC Treaty, requests Germany to submit its comments and to provide all such information as may help to assess the measures, within one month of the date of receipt of this letter.

121. The Commission wishes to remind Germany that Article 88(3) of the EC Treaty has suspensory effect, and would like to draw attention to Article 14 of Council Regulation (EC) No 659/1999, which provides that in case of negative decisions, the Member State shall take all necessary measures to recover the aid from the beneficiaries, including indirect beneficiaries, unless this would be contrary to a general principle of Community law. The same article provides that the aid to be recovered pursuant to a recovery decision shall include interest which shall be payable from the date on which the unlawful aid was at the disposal of the beneficiary until the date of its recovery. The interest shall be calculated in conformity with the provisions laid down in Chapter V of Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty.

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[23] OJ L272 of 25.10.1996.pp36-

122. The Commission warns Germany that it will inform interested parties by publishing this letter and a meaningful summary of it in the Official Journal of the European Communities. It will also inform interested parties in the EFTA countries, which are signatories to the EEA Agreement, by publication of a notice in the EEA Supplement to the Official Journal of the European Communities and will inform the EFTA Surveillance Authority by sending a copy of this letter. All such interested parties will be invited to submit their comments within one month of the date of such publication.

123. If this letter contains confidential information which should not be disclosed to third parties, Germany shall inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, Germany will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site: http://europa.eu.int/comm/secretariat_general/sgb/state_aids/. The request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
State Aid Greffe
SPA 3 6/5
B-1049 Brussels

Fax No: +32 2 296.12.42

Done at Brussels,

Yours faithfully,

for the Commission	for the Commission
Neelie KROES	*Jacques BARROT*
Member of the Commission	Vice-President of the Commission

Appendix 1/3: Leipzig Halle Airport Business figures in m€

	Year t	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Status quo scenario													
(1)	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2)	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3)	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4)	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5)	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6)	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7)	Investment actual value	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
Expansion scenario													
(1)	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2)	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3)	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4)	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5)	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6)	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7)	Investment actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]

a *Investment for each year t is calculated as the difference (increase or decrease) in total assets as compared with the previous year, added to the reported depreciation of year t: (6(t))=(4(t))-(4(t-1))+(5(t)), where t is the year of investment and t-1 is the previous year*

b *Present value 2006 at […]% discount rate*

* Initial value of assets of € […] taken from 2005 balance sheet.

Appendix 2/3: Leipzig Halle Airport Business figures in m€

	Year t	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Status quo scenario												
(1	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7	Investment actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
	Expansion scenario												
(1	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7	Investment actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]

a *Investment for each year t is calculated as the difference (increase or decrease) in total assets as compared with the previous year, added to the reported depreciation of year t: (6(t))=(4(t))-(4(t-1))+(5(t)), where t is the year of investment and t-1 is the previous year*

b *Present value 2006 at […]% discount rate*

Appendix 3/3: Leipzig Halle Airport Business figures in m€

	Year t	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	Status quo scenario													
(1	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7	Investment actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
	Expansion scenario													
(1	Revenues	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(2	EBITDA	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(3	EBITDA actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(4	Assets	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(5	Depreciation	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(6	Investments *a*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]
(7	Investment actual value *b*	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]	[…]

a *Investment for each year t is calculated as the difference (increase or decrease) in total assets as compared with the previous year, added to the reported depreciation of year t: (6(t))=(4(t))-(4(t-1))+(5(t)), where t is the year of investment and t-1 is the previous year*

b *Present value 2006 at […]% discount rate*