daa plc | daa cpt

daa Annual Report

2017

daa

daa plc

Annual Report and Financial Statements

2017


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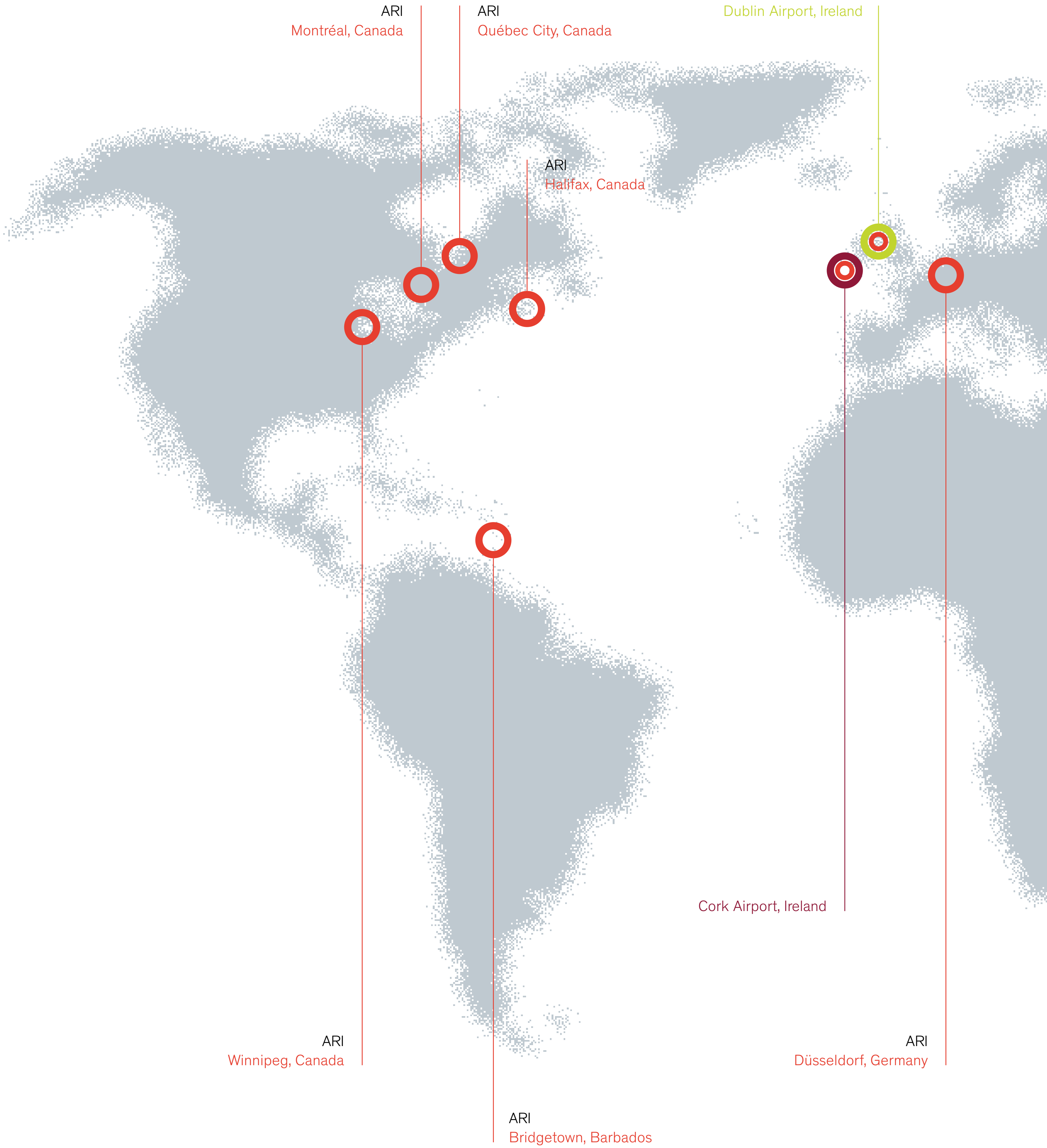
daa Where We Operate



daa plc Group Structure

- Dublin Airport
- Cork Airport
- ARI (Aer Rianta International)
- daa International

Airport Operations

Ireland
Dublin Airport
Cork Airport

Saudi Arabia
Terminal 5, King Khaled International Airport, Riyadh, Saudi Arabia

Airport Investments

Europe
Düsseldorf, Germany
Larnaca and Paphos, Cyprus

Airport Retailing

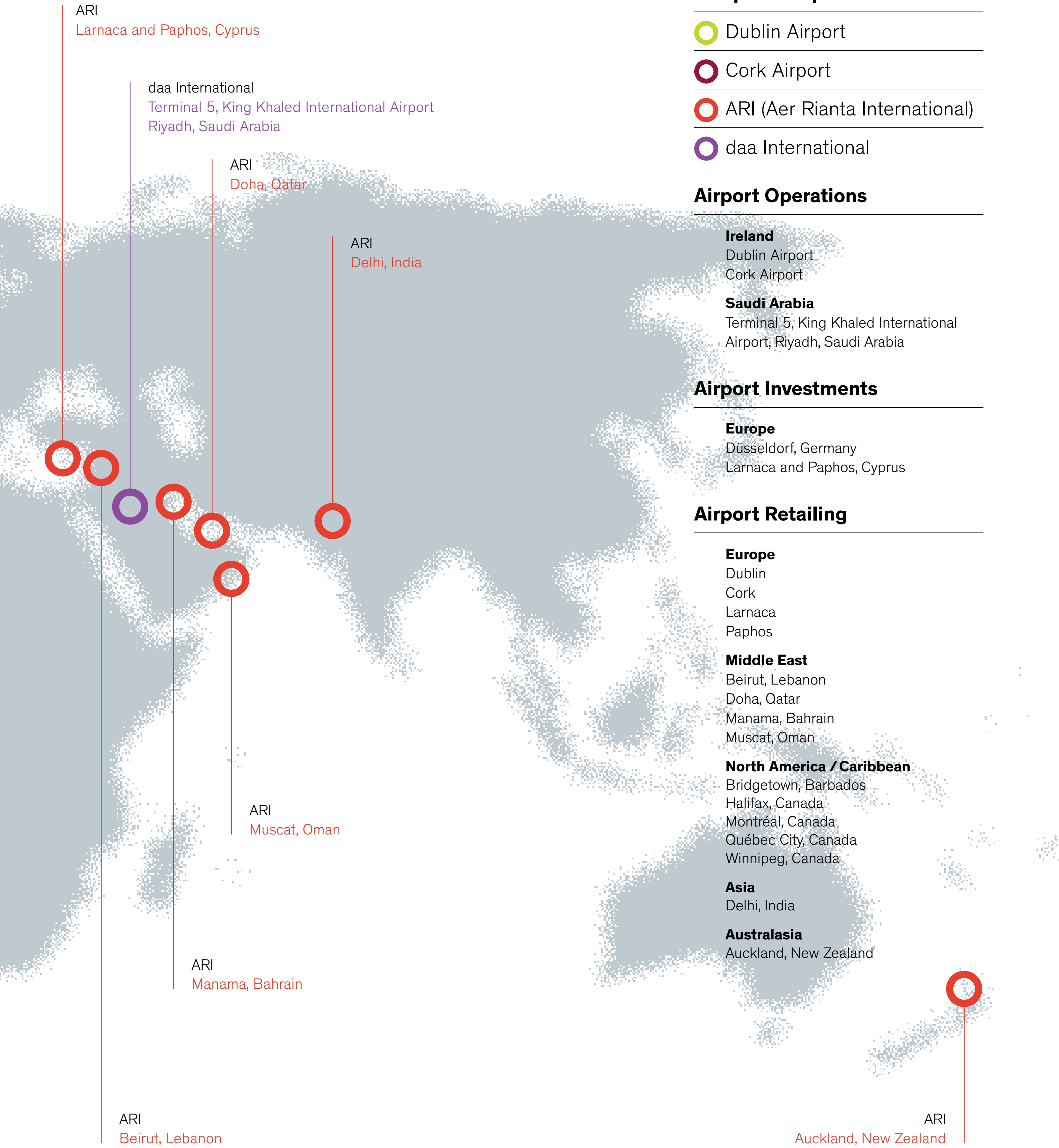
Europe
Dublin
Cork
Larnaca
Paphos

Middle East
Beirut, Lebanon
Doha, Qatar
Manama, Bahrain
Muscat, Oman

North America / Caribbean
Bridgetown, Barbados
Halifax, Canada
Montréal, Canada
Québec City, Canada
Winnipeg, Canada

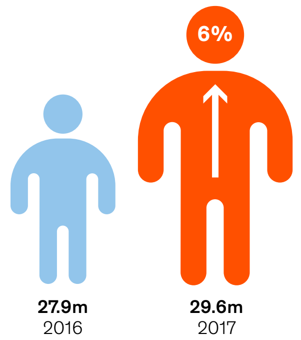
Asia
Delhi, India

Australasia
Auckland, New Zealand



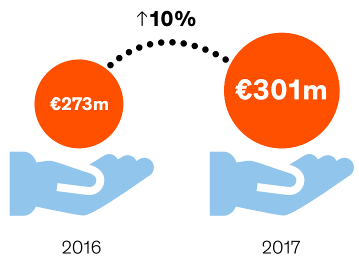
daa 2017 At a Glance

Almost 29.6 million passengers travelled through Dublin Airport in 2017, up 6% on the previous year.



Passenger numbers at Larnaca and Paphos airports in Cyprus increased by 14% to 10.25 million in 2017.

Commercial revenue was up 10% to €301 million.



ESB International opened its new headquaters at Dublin Airport Central in April.

Forty-one scheduled airlines operated flights to 176 scheduled destinations from Dublin Airport in 2017.

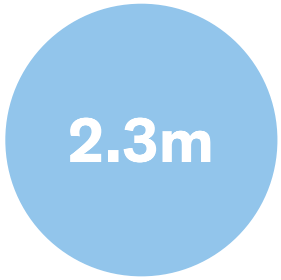
Passenger numbers at Düsseldorf Airport – which is 20% owned by daa – increased by 5% to 24.6 million.

Dublin is now the 11th largest airport in the European Union.

New services from Cork Airport in 2017 included Zurich with SWISS, Newquay with Aer Lingus Regional, and Verona with Volotea.

daa staff have raised €2.3 million for 21 different Irish charities since 2007.

Revenue at ARI's joint venture at Delhi International Airport increased by 12% in 2017.



More than 2.3 million passengers travelled through Cork Airport in 2017, up 3.5% on 2016.

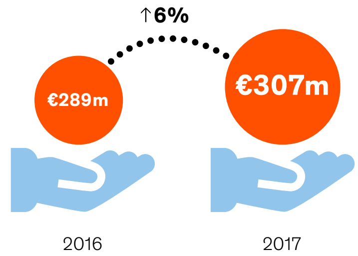
Passenger traffic from Dublin Airport to other international destinations, including the Middle East and Africa, increased by 14% to almost 850,000 in 2017.

13m

Over 13 million passengers travelled through Terminal 5 at King Khaled International Airport in Riyadh, Saudi Arabia. The terminal is operated by daa International.

European traffic at Dublin Airport increased by 7% to 15.2 million in 2017.

Aeronautical income increased by 6% to €307 million.



Cork Airport had 9 airline customers operating scheduled services to 39 destinations in 2017.

Dublin Airport invested more than €174 million in 2017 on new and expanded passenger and airfield facilities.

ARI opened a new departures store at Auckland International Airport doubling its retail footprint at New Zealand's busiest airport.

daa 2017 At a Glance

Cork Airport was named Airports Council International (ACI) Best Airport in Europe in the category of airports that serve under five million passengers per year.

Dublin Airport was named the joint **third best airport in Europe** for customer service, in the global **Airports Council International (ACI) World Airport Service Quality (ASQ) Awards**.

Delhi Duty Free was voted the **Best Duty Free Shop** by travellers at the **Travel + Leisure India & South Asia Awards**. It also won the **Marketing Concept of the Year** prize at the **International Drinks Awards** for its Whisky Luxe Festival.

The Loop at Dublin Airport was **Best Travel Retailer** at the **Icons of Whisky Awards**.

ARI (North America) was named Best Canadian Duty Free for the second year in a row at the Frontier Duty Free Association Convention.

In July, Dublin Airport handled three million passengers in a month for the first time and this milestone was repeated the following month.

daa secured planning permission for the first four new buildings in the Dublin Airport Central development with construction commencing on the first two towards year-end.

In July 2017, Norwegian Air began transatlantic services from Cork Airport with the start of direct year-round flights to Boston Providence.

Dublin Airport was named **Airport of the Year** in its category at the **CAPA Aviation Awards for Excellence**.

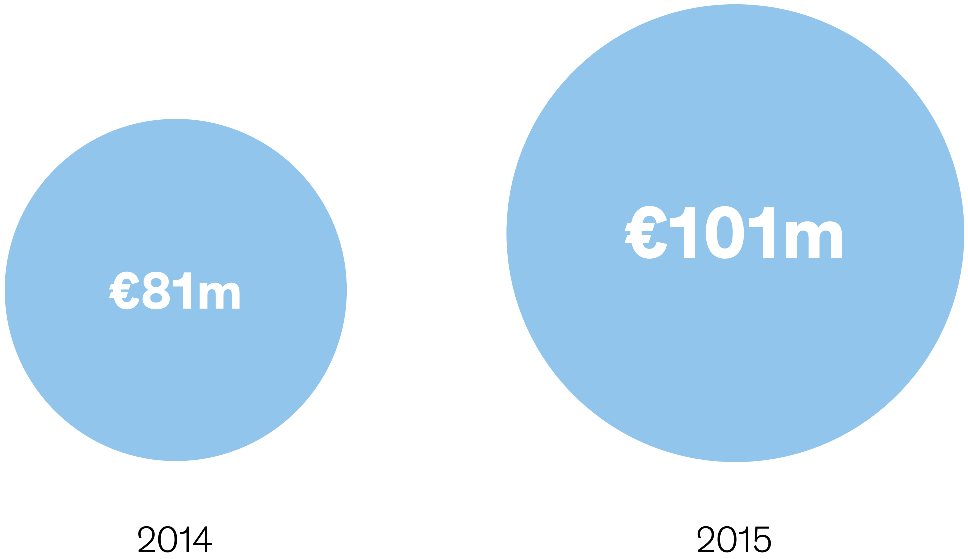
ARI won the **Partnership Initiative of the Year**, together with Diageo, at the **Frontier Awards** and **Drinks International Travel Retail Awards** for the creation of the Guinness Export House in Dublin Airport's Terminal 2.

daa wins the **Finance Dublin Debt Capital Markets Refinancing Deal of the Year**.

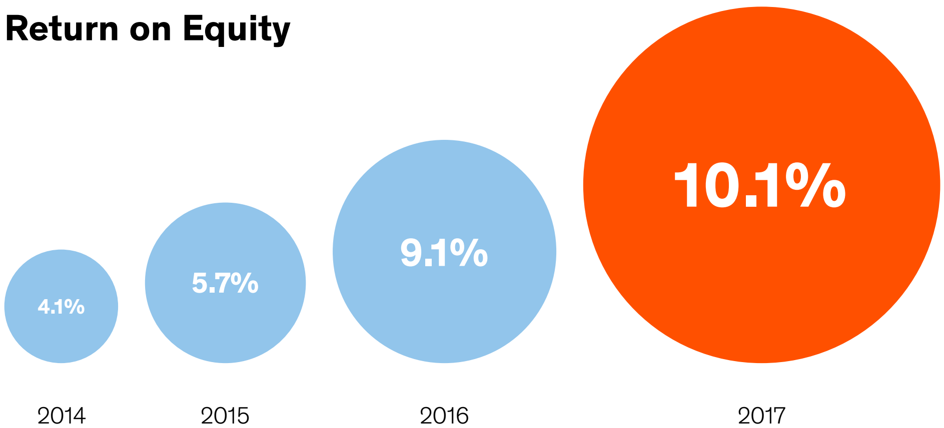
daa Key Facts and Figures

Operating Profit* €million

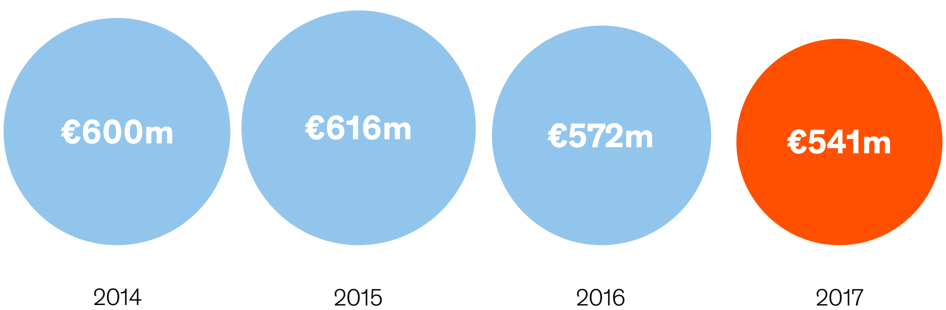
*Before Exceptional Items

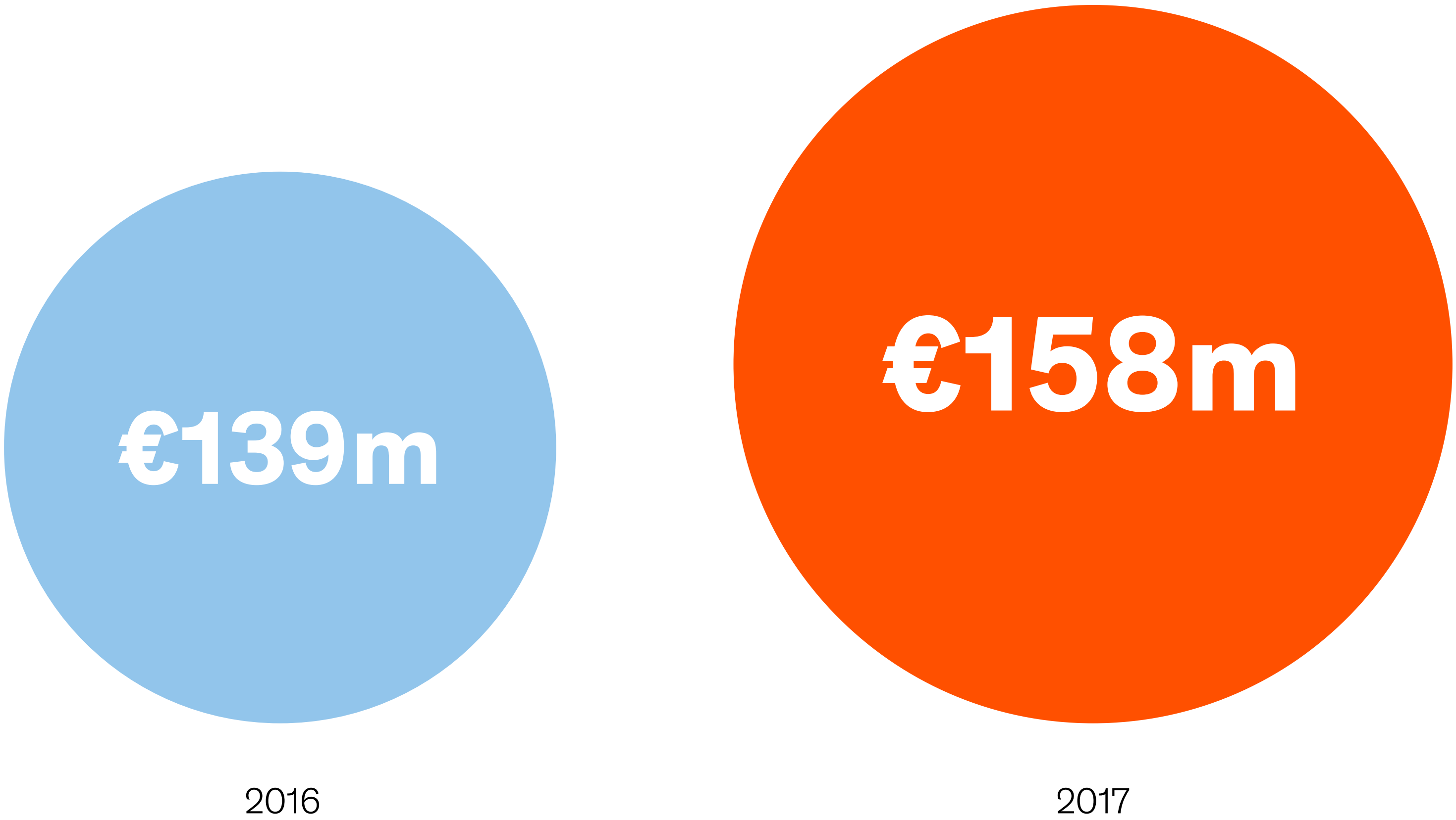


Return on Equity

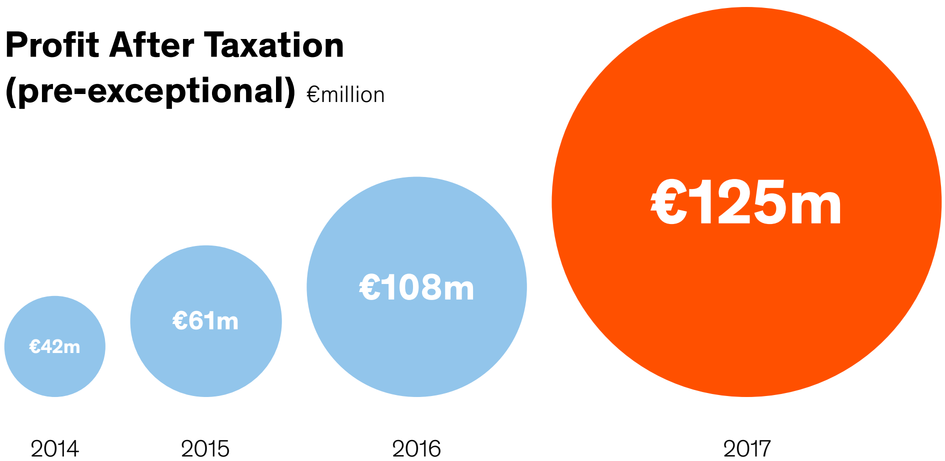


Net Debt €million

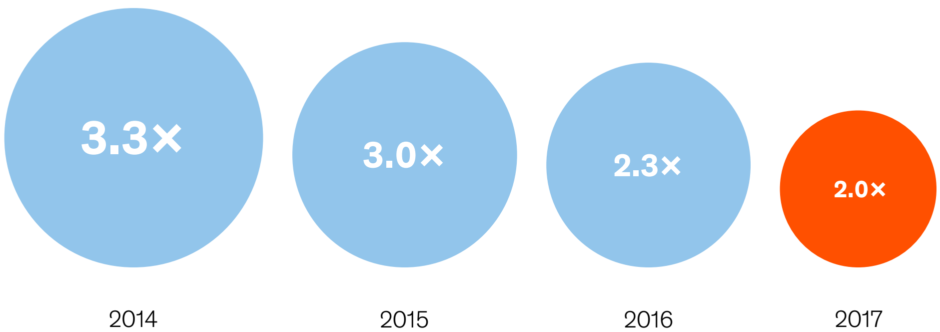




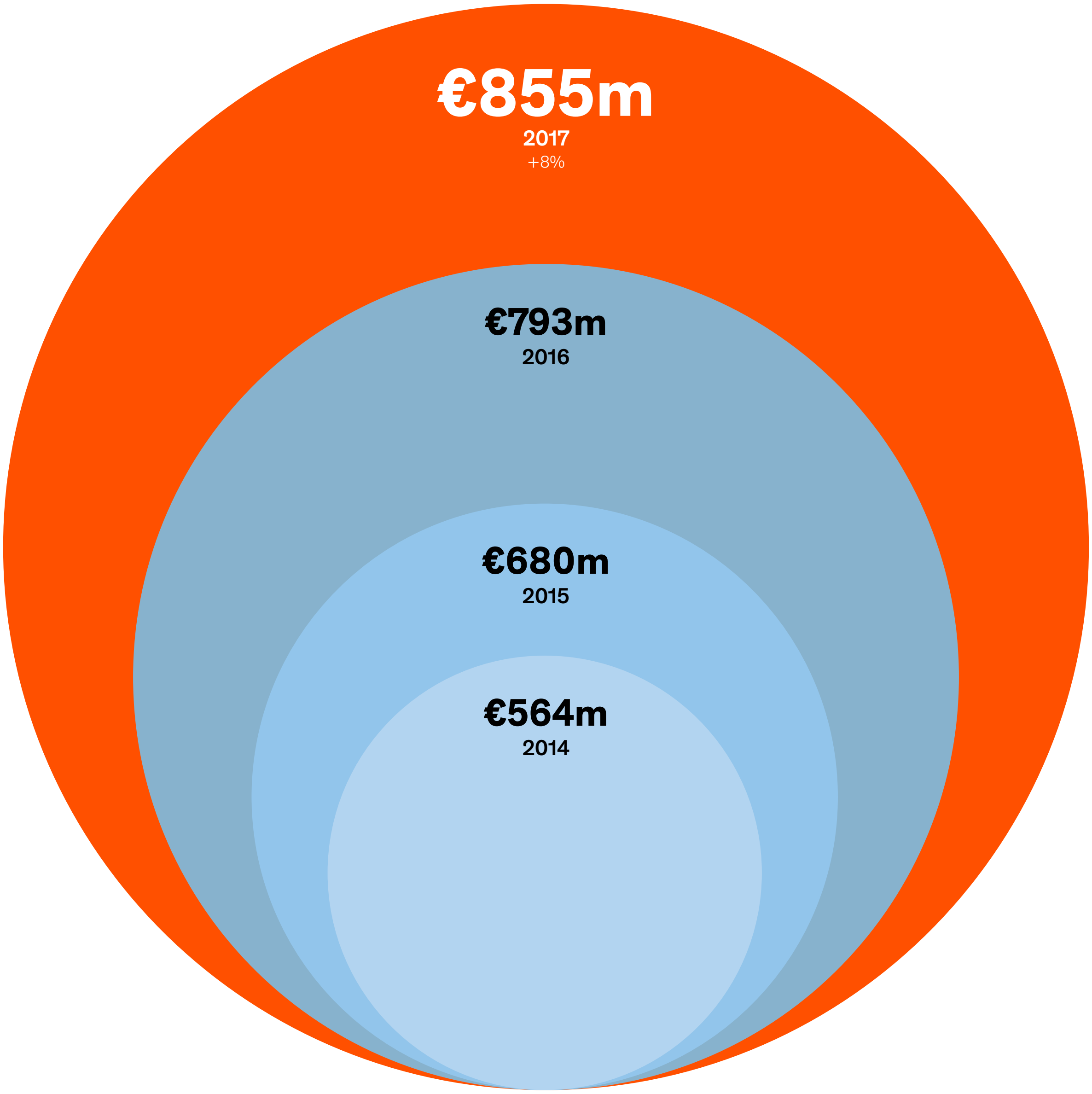
Profit After Taxation (pre-exceptional) €million



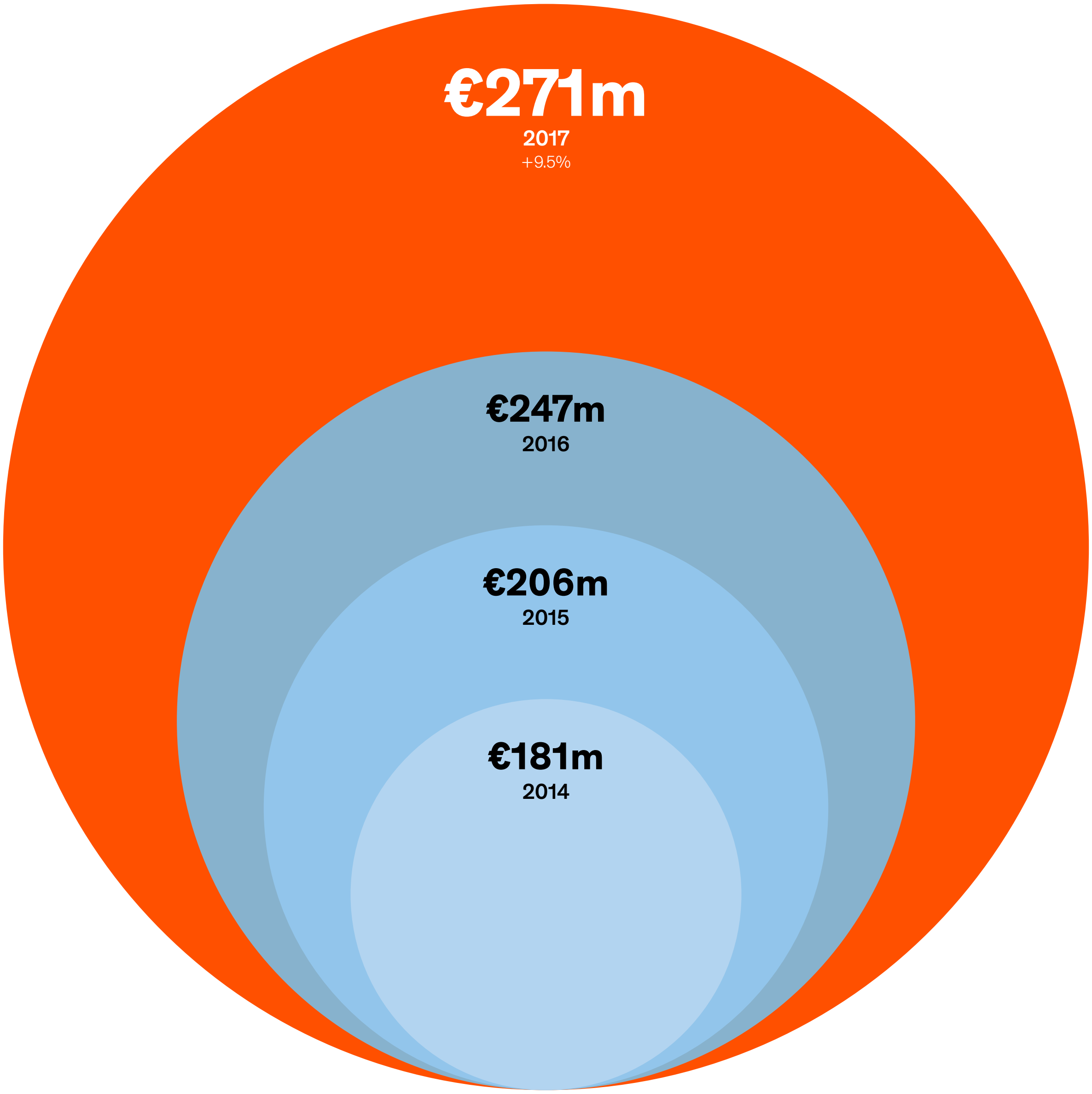
Net Debt: EBITDA



daa Key Facts and Figures



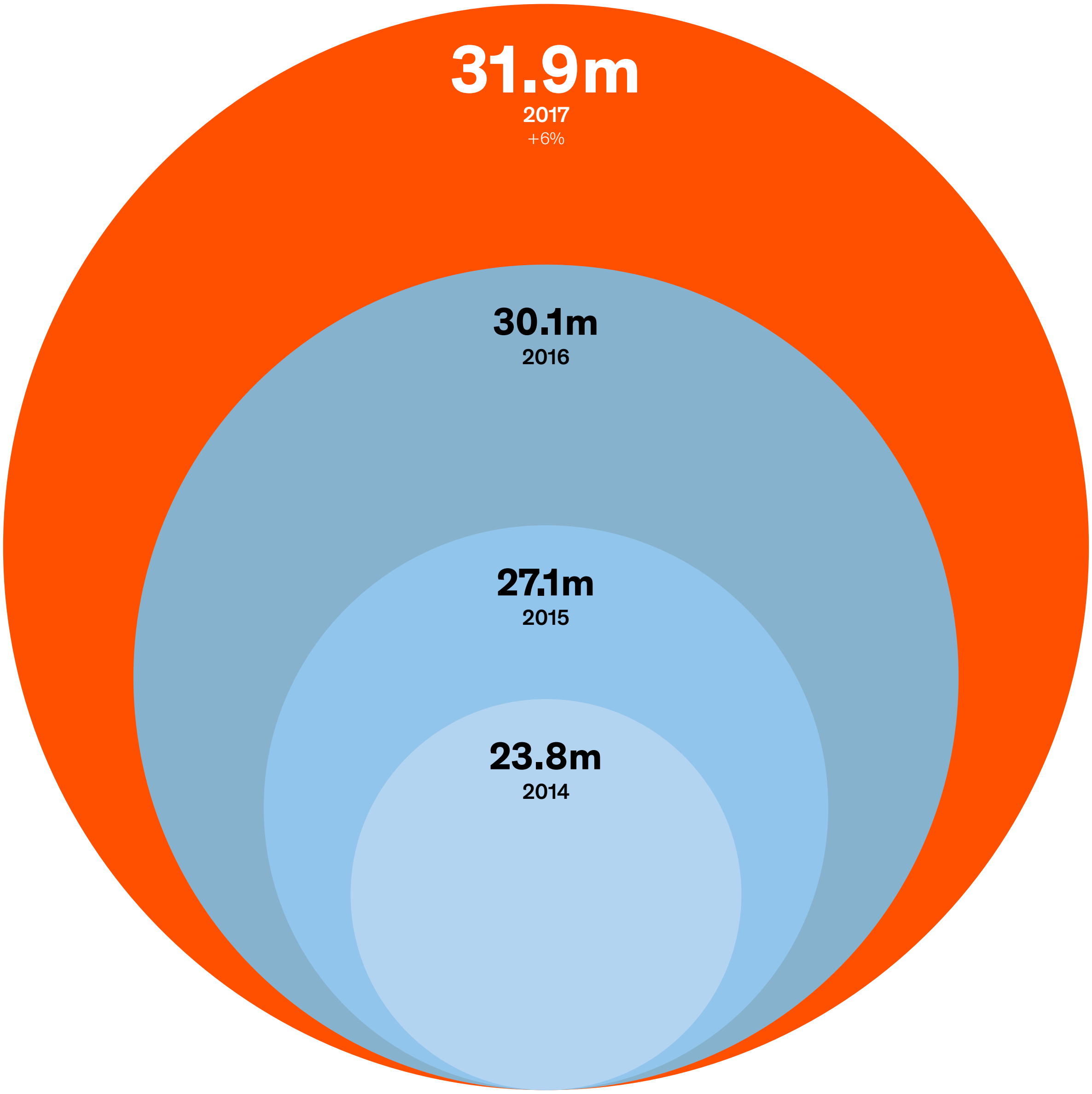
Turnover €million



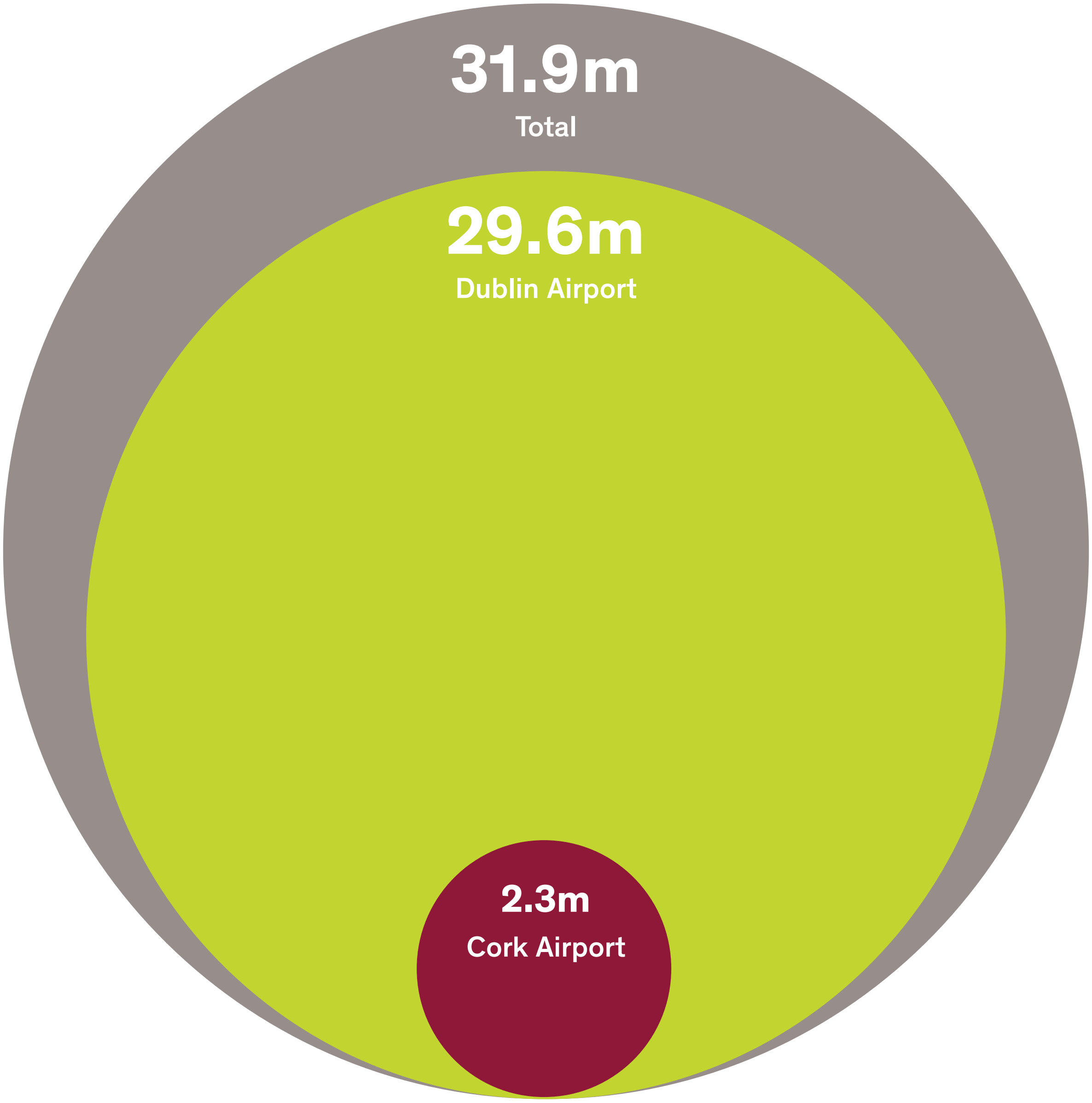
EBITDA* €million

*Pre-Exceptional Items

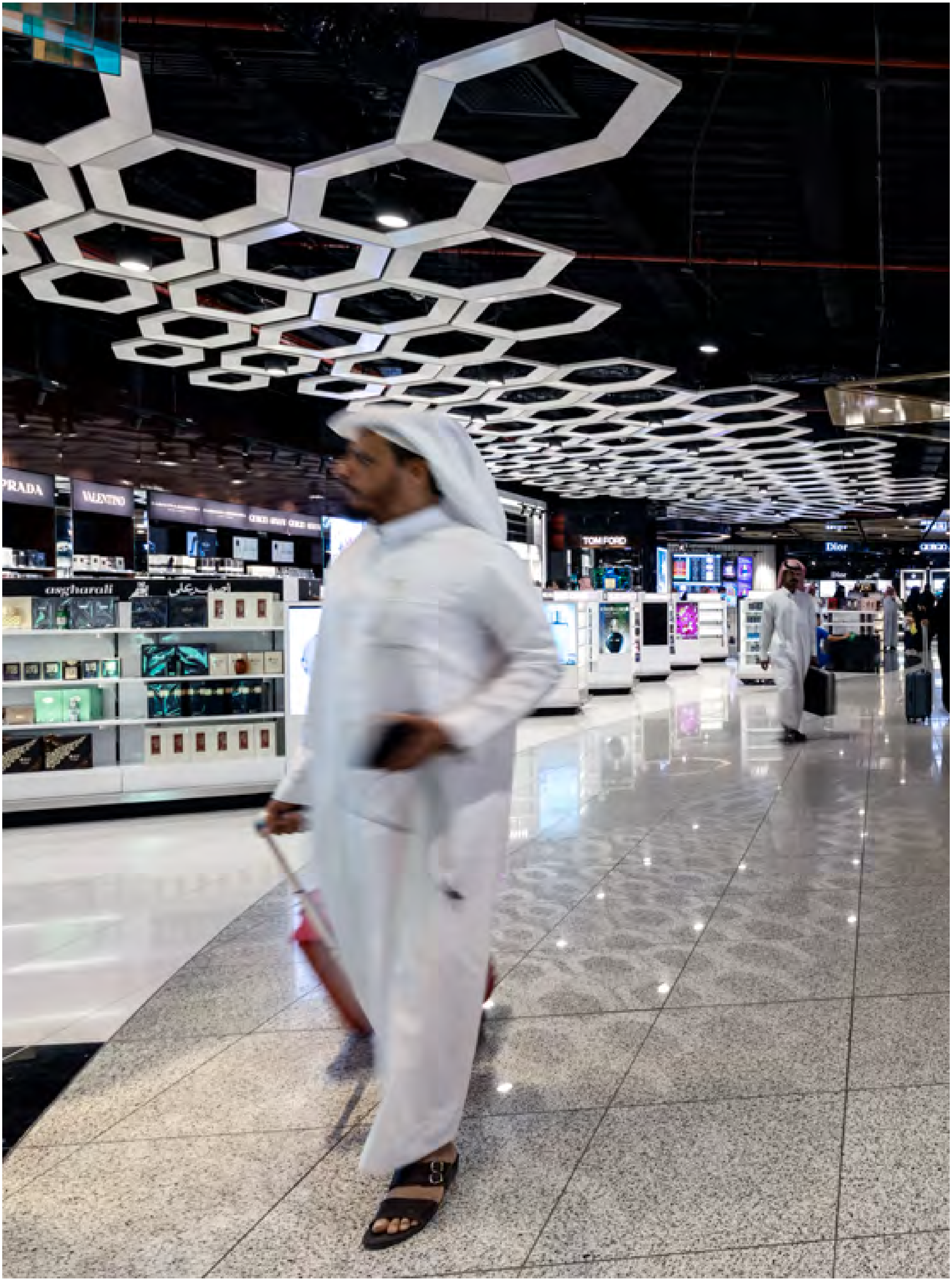
daa Key Facts and Figures



Passengers million



Passengers by Airport 2017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VALENTINO
asgharali
TOM FORD
Dior

Chief Executive's Review

Dalton Philips

daa had a positive year during 2017 both at home and abroad. Passenger numbers increased at our Irish airports, sales were up at our international retail business, we had a successful first full year of trading at our airport management operation in Saudi Arabia, and our financial performance further improved.

Substantial progress was made at our new office development, Dublin Airport Central. Cork Airport celebrated a major milestone when it welcomed scheduled transatlantic flights for the first time.

Total passenger numbers increased by 6% to a record 31.9 million, as Dublin Airport enjoyed its seventh consecutive year of traffic growth and Cork Airport saw increased passenger numbers for the second year in a row.

Group turnover was up 8% to €855 million, with commercial turnover growing faster than income from aeronautical charges. Aeronautical income increased by 6% to €307 million, while commercial revenue was up 10% to €301 million. Turnover at our international businesses increased by 7% to €247 million.

Airport charges and commercial turnover made up about 70% of total turnover – divided equally between these two elements – with international activities providing the remaining 30%.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 9.5% to €271 million.

Despite increased profits, cost control is a key focus for the Group and it is essential that we remain vigilant in this area.

Excluding exceptional items, Group profit after tax increased by 16% to €125 million. The impact of unrealised investment property fair value gains of just over €5 million increased post exceptional profit after tax to €130 million.

We continued to reduce our debt levels during the year, with net debt 5% lower at €541 million at December 31.

In May, Standard & Poor's revised its outlook on daa to Positive from Stable and at the same time affirmed its a-/a-2 long and short-term corporate credit ratings on daa. As we move into another major phase of capital investment with North Runway and other capacity enhancements at Dublin Airport, our objective is to maintain a strong investment grade credit rating.

The Board has recommended a dividend of €37.4 million in respect of 2017. A dividend of €29.1 million in respect of 2016 was paid during 2017.

31.9m

Total passenger numbers at daa's Irish airports increased by 6% to a record 31.9 million in 2017.

Our intention is that both Dublin and Cork airports will become carbon neutral by 2020.

+19%

Long-haul passenger numbers increased at Dublin Airport by 19% to 4.3 million.

Corporate Strategy

During the year the Group devised a new corporate strategy that will guide the business until 2021.

Due to strong passenger growth and an improved financial performance, many of the targets set in the Group's previous strategy, which covered the period from 2014–2017, were comfortably exceeded.

Overall passenger numbers were 14% ahead of the strategy target, aggregate profits after tax were 56% better than the strategy target, and the return on capital employed was 48% ahead of target. This strong performance was underpinned by 51% growth in total Dublin and Cork airport passenger numbers during the period.

Our customer service target of always being within the top five within our respective peer group was also achieved. We also continued to make progress in our international activities.

The Group's new Corporate Strategy 2018–2021 *Creating Our Future* reflects the improved position and sets out a roadmap for our future development.

daa's core vision is: "To be airport industry leaders, growing our business with talented people delivering great service and value for airlines, passengers and business partners".

This new strategy has ambitious annual goals and a focus on areas such as:

- **delivering increased connectivity at Dublin Airport and building on the return to growth at Cork**
- **ensuring operational excellence in safety and security at both airports**
- **progressing complex infrastructure projects in Dublin, including North Runway**
- **heightening our focus on environmental sustainability**
- **developing great people and teams that are ready for tomorrow**
- **increasing profits from ARI, daa International and Dublin Airport Central.**

People

Without our people, daa is nothing. They are the core of the business; whether that be our cleaners in Dublin, our retail staff in Auckland, New Zealand, our colleagues in security at Cork, or the terminal operations team at Terminal 5 in Riyadh, Saudi Arabia.

We will continue to help develop our colleagues throughout the business and empower them by further investment in appropriate training programmes and support. We will also invest in improved technologies to deliver human resources systems that will enable more efficient working throughout the organisation.

During the year, with the support of the Workplace Relations Commission (WRC), the Company concluded a major change and pay proposal with trade unions. However, the Better Together deal, which was recommended by unions to their members, was rejected by members of SIPTU and accepted by members of IMPACT and Mandate. Based on the result of these ballots, the agreement lapsed.

Separate agreements were subsequently reached with IMPACT (now Fórsa) and Mandate which provide for pay increases in return for a significant series of workplace changes.

At the time of writing, discussions are ongoing with SIPTU, with the support of the Workplace Relations Commission.

Sustainability

Sustainability is a key goal for the Group. We aim always to be a responsible airport operator and retailer by integrating sustainability into relevant Group policies, processes and agreements and by working to minimise our impact on the environments in which we operate.

To this end, sustainability is a key part of the Group's new strategic plan. Our intention is that both Dublin and Cork airports become fully carbon neutral by 2020 as part of the Airport Carbon Accreditation programme managed by Airports Council International (ACI) Europe.

Dublin and Cork airports are currently at Level 2 status within the scheme. This means that each airport is reducing its carbon footprint, and has put in place effective carbon management measures.

Additional sustainability measures that we are focused on include a reduction in energy consumption, increased water conservation, the minimisation of waste in general, and the recycling of as much material as is feasible across the Company's activities.

We are also working to promote the increased use of environmentally and socially responsible products and services amongst our own staff, and the wider airport communities, and to further incorporate sustainable planning, design, procurement and construction policies into all our projects.

Notwithstanding our commitment to sustainability, the Group aims to support national economic growth in Ireland through the development of our airports while making a significant and positive contribution to the local communities in which we operate.

We believe that economic growth must be delivered alongside exceptional environmental management and this can be achieved while continuing our role as a good neighbour in our local communities.

Our Staff Charity of the Year programme has been an integral part of Company life since 2007. Over the past 11 years, daa staff, supported by the Company and passenger donations, have raised €2.3 million for 21 different Irish charities.

In 2017, a total of €300,000 was raised at Dublin Airport for three charities - MS Ireland, Merchant's Quay Ireland and My Canine Companion, with staff engaging in a wide range of fundraising activities. Cork Airport's Charity of the Year for 2017 was the Kevin Bell Repatriation Trust.

Within the local communities in which we operate, the Group is also a significant sponsor and supporter of events, sporting groups and educational initiatives. As discussed elsewhere in this review, Dublin Airport has recently launched a new €10 million Community Fund which will invest €400,000 per year in a wide range of local projects.

Dublin Airport

Dublin Airport is Ireland's main aviation gateway and a vital enabler for the Irish economy.

It is one of the most important economic assets in the country, supporting or facilitating 117,300 jobs and contributing €8.3 billion annually to the national economy, according to a 2017 economic study by InterVISTAS.

Dublin Airport had an excellent year in 2017. It was a record year for traffic and the seventh consecutive year of passenger growth. Passenger numbers increased to record levels in all sectors of the market.

Almost 29.6 million passengers travelled through the airport last year, which was a 6% increase on the previous 12 months. The growth was underpinned by a solid performance from European traffic and significant increases in the long-haul and transfer markets.

Short-haul traffic increased by 4% to 25.3 million, while long-haul passenger numbers increased by 19% to 4.3 million.

Our airline partners launched 14 new routes during the year and extra capacity was added to 39 existing services. In July, the airport handled three million passengers in a month for the first time, and this milestone was also reached in August.

Passenger growth was spread throughout the year, as apart from January and February, Dublin Airport welcomed more than two million passengers every month during 2017.

Just under 27.8 million passengers started or ended their journey at Dublin Airport last year, while 1.8 million passengers used the airport as a hub. Hub passenger numbers increased by 32% during the year.

European traffic, which is the largest sector of the market, increased by 7% to 15.2 million in 2017, due largely to increases in capacity. New European services included Munich, Naples and Stuttgart with Ryanair, Split with Aer Lingus and Stockholm with Norwegian. There were also significant capacity enhancements on existing routes from airline customers such as Aer Lingus, KLM, Lufthansa, Norwegian, Ryanair, SAS and WOW Air.

Passenger numbers to and from the UK increased by 1% to almost 10 million. Weaker sterling contributed to a decline in British originating traffic, but increases in both Irish outbound traffic and in transfer traffic to UK destinations compensated for this. Traffic to London was up 3% to more than 4.9 million,

Dublin Airport has recently launched a new €10 million Community Fund, which will invest €400,000 per year in a wide range of local projects in neighbouring communities.

while passenger numbers on flights to and from British provincial cities declined by 1% to just over five million.

Transatlantic passenger numbers were up by 20% last year to almost 3.5 million. It was the first time that more than three million passengers took transatlantic flights to and from Dublin Airport in a single year.

Transatlantic has been a huge success for Dublin in recent years, and we're excited about the prospects for this part of our business. This summer, Dublin will have 223 transatlantic departures per week, making it the sixth largest gateway between Europe and North America. We'll see new services to Montréal, Philadelphia, and Seattle, as well as the expansion of some existing routes.

Passenger traffic to other international destinations, including the Middle East and Africa, increased by 14% to almost 850,000 last year, thanks in part to a new Qatar Airways service to Doha and Etihad's Abu Dhabi service returning to double-daily.

Cathay Pacific announced the first direct route to the Asia-Pacific region last August and its new Dublin-Hong Kong route will commence operations in June. Post year-end, Hainan Airlines announced its plans for a new Dublin-Beijing service, which will also start in June.

This summer Dublin Airport will have 195 destinations in 42 countries, operated by 56 airlines and it is now the eleventh largest airport within the European Union. Forty one scheduled airlines operated flights to 176 scheduled destinations last year.

Cargo volumes increased by 7% to 151,000 tonnes during the year. The cargo transported through Dublin tends to be high value, low volume, and we provide a vital export and import hub to firms all over Ireland.

We're hugely conscious of the key role that Dublin Airport plays in the economy throughout the island of Ireland. Increased connectivity boosts trade and foreign direct investment and the near 50% increase in traffic that we've experienced since the start of 2014 has allowed Irish tourism to thrive over the past four years.

We continue to work very closely with our existing airline customers to help them grow their business at Dublin and are also in talks with a wide range of potential new airline customers for Dublin and for Ireland.

Service Quality

Dublin Airport won two major awards that showcased the high quality of its customer service offering during the year

In March, Dublin was named the joint third best airport in Europe for customer service, according to the global Airports Council International (ACI) World Airport Service Quality (ASQ) Awards. The ratings are based on 600,000 passenger survey results in 84 countries that track the key elements of a passenger's experience at each airport.

In October, Dublin Airport was named Airport of the Year in its category at the CAPA Aviation Awards for Excellence.

We have an unwavering focus on customer service and track our performance constantly through Happy or Not terminals, direct customer feedback, and formal surveys as part of ACI's ASQ process.

Dublin Airport consistently scores strongly in the ACI studies and has achieved a top five position within its European peer group in every survey since the second quarter of 2013.

Capital Investment

The phenomenal growth in passenger numbers that Dublin Airport has had in recent years creates a need for increased capital investment across the airport campus. Last year we invested €174 million in a wide range of projects to expand and renew our passenger and airfield facilities.

The largest project within the programme was a total resurfacing of our main runway at Dublin Airport, which was needed to allow us to continue to operate safely. This complex upgrade, which involves the closure of the main runway every night to allow for runway resurfacing and the installation of a new ground lighting system, is now almost complete. It's been a huge effort for everyone involved. Every night the team has a very short window in which to work and it is essential that they have safely finished by about 5am to allow the first transatlantic flights to arrive.

Just before the end of the year we opened a new €22 million boarding gate area with five boarding gates serving nine aircraft parking stands. It will be used mainly by Aer Lingus for short-haul flights to the UK and continental Europe. We also finished an extension to Pier 1 that added four new boarding gates and a series of changes to Pier 2 that improved elements of the passenger experience and

151,000

Cargo volumes at Dublin Airport increased by 7% to 151,000 tonnes during the year.

We're hugely conscious of the key role that Dublin Airport plays in the economy throughout the island of Ireland.

20%

Transatlantic passenger numbers at Dublin Airport were up by 20% in 2017 to almost 3.5 million.

Our vision is, "To be airport industry leaders, growing our business with talented people delivering great service and value for airlines, passengers and business partners".

1.8m

1.8 million passengers used Dublin Airport as a hub in 2017, up 32% on the previous year.

allowed for the segregation of departing and arriving passengers.

Mindful of the need for additional capital investment to keep pace with passenger growth that was not forecast within the current 2015–2019 regulatory period, we asked the Commission for Aviation Regulation (CAR), which regulates charges at Dublin Airport, for an interim review to take account of extra spending.

Following detailed consultation with airport users, we submitted a plan for almost €284 million worth of improvements in 23 separate projects in late 2017. After the year-end, CAR's draft determination allowed for an investment of €268 million, which the regulator said would not have an impact on airport charges before 2020.

We made a formal submission on CAR's draft decision earlier this month and, at the time of writing, we are awaiting the regulator's final decision in relation to this issue.

Commercial Performance

Dublin Airport had a record commercial performance last year, with turnover increasing ahead of passenger growth. Car park revenue increased due to higher occupancy levels in both short-term and long-term car parks and improved yield management.

Revenue also increased at our Travel Services business with more lounge and Fast Track customers and greater use of our Platinum Services private terminal. The newly refurbished Skybridge House office building is now fully let and vacancy levels across the campus are low. Income from commercial concessions also increased.

North Runway

We made further significant progress on our plans for a new North Runway at Dublin Airport during the year.

A five-year extension to the original 2007 planning permission for the runway was granted in March and this is in place until 2022.

Shortly before Christmas we finished the first package of construction works, which included site clearance, earthworks and essential road diversions. We are currently in a public tender competition for the main element of the runway works and plan to appoint a contractor and begin these works later this year.

North Runway is arguably the most important piece of infrastructure that will be built in Ireland in the next two decades, and it is essential that Dublin Airport can maintain the operational flexibility required to meet the demands of its airline customers, the travelling public, and the Irish economy.

We are seeking a change to permitted operations for North Runway through the amendment of two restrictive planning conditions that relate to the airport's operation after the new runway is complete.

The Government has confirmed that a new airport noise management regime is being implemented and post year-end it announced that Fingal County Council will be the Competent Authority for this new system. The introduction of the proposed new noise management system requires the issuance of a Statutory Instrument and the enactment of new legislation and the Minister for Transport, Tourism and Sport has indicated that establishing this new regime is a priority.

We will continue our twin-track approach of building North Runway and separately seeking a change to permitted operations of the runway via the new noise management regime.

We remain committed to open and honest dialogue with local communities in relation to the North Runway and to other developments at Dublin Airport. A large number of meetings were held throughout the year with a wide range of community groups and with individuals.

A number of mitigation measures that we have put in place for the local community were launched during the year. A voluntary purchase scheme offers the owners of 38 dwellings the option of selling their property to daa at a 30% premium to the market value excluding the impact of the runway being built. The scheme, which is not compulsory, will remain open for three years after North Runway begins operation to allow those property owners adequate time to determine their preferred option.

We also introduced a comprehensive sound insulation scheme for affected houses and schools during the year and have contacted those eligible directly. Our contractors will carry out the work to ensure it is of the highest standards.

In June, we launched a new €10 million Community Fund to support a wide range of local initiatives in our neighbouring communities. The fund will invest €400,000 per year over the next 25 years in local projects


AIRPORT
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focused on the areas such as environment and sustainability, sports and recreation, social inclusion and community development, health and wellbeing, and culture and heritage.

In December, we were delighted to make awards to 60 local groups which were supported by the Community Fund's first round of grants. We look forward to continuing to work closely with them and a wide range of other groups in our local communities in the years ahead.

Dublin Airport Central

In March, we secured planning permission for the first four new buildings in our landmark Dublin Airport Central (DAC) development.

DAC is a new business district in the heart of the airport campus delivering world-class offices and a new public space. Planning was granted for four separate head office-style buildings in March, and construction of the first two buildings began in the autumn.

The two new blocks will be completed in the first half of 2019 and we are seeing strong interest from potential occupiers both in Ireland and overseas. More than 4,000 employees will be based at DAC when the first four buildings are complete and the overall scheme has the potential to extend to up to 70 acres.

ESB International completed its move to DAC during the year and formally opened its new headquarters in April. It has about 600 staff located at One Dublin Airport Central, a 1960s office building that was transformed by daa into a world-class corporate office with the highest environmental credentials.

Capacity Planning

Work continued on the new Dublin Airport Masterplan during the year and consultations were held with a range of airline partners and other key airport customers.

The Masterplan is looking at the longer-term requirements of Dublin Airport and considers what infrastructure the airport would need to properly process 40 million passengers per year by the mid-2020s or 50 million passengers per year by the mid-2040s.

The emerging options are focused around delivering the North Runway while retaining the existing crosswind runway and adding new aircraft parking stands. The Masterplan shows that the two existing terminals can be expanded and new boarding gate areas added to meet potential passenger demand into the 2040s.

The public transport options will be enhanced with the arrival of the Metro. In that context, we continue to protect a location for an underground station at the airport.

We will have further talks with our airline customers in relation to the sequencing of the near-term elements of the Masterplan as part of our wider consultation on the next formal investment programme within the regulatory system.

Post year-end, we started the process of pre-consultation with An Bord Pleanála in relation to amending the existing planning permission for Terminal 2 which capped overall terminal passengers at 32 million per year, pending a further grant of planning permission.

The reason for the planning condition being applied was largely related to surface transport access to the airport. But since the planning application for T2 was lodged more than a decade ago, there has been a very significant shift away from using private cars to access the airport. This change has taken place even before the planned delivery of a Metro system that will serve the airport.

While 29.6 million passengers used Dublin Airport last year, about 1.8 million of those used Dublin Airport as a hub – i.e. they never left the airside area.

Regulation

Airport charges at Dublin Airport have been independently regulated by the Commission for Aviation Regulation since 2001. Throughout this period, and prior to it, charges at Dublin have been significantly lower than charges at its peer group of European airports.

During the current regulatory period – from 2015 until 2019 – charges are falling by a further 4.2% per year every year. This reduction is being applied to an already low price, as Dublin Airport offers excellent value for money.

Independent benchmarking data for ACI Europe shows that in 2015, the most recent period for which data is available, the average comparable airport charge in Europe was 55% higher than the charge at Dublin.

Our goal is to continue to offer a quality product at a highly competitive price. However, the current regulatory system does not take account of the need for daa to make timely decisions

DAC is a new business district in the heart of the airport campus delivering world-class offices and a new public space. We are seeing strong interest in the first two office blocks, which will be completed in the first half of 2019.

about future airport infrastructure which is in the best interests, not just of most current and future airport users, but also of the wider Irish economy.

Within any regulated market it is also not unreasonable for the company being regulated to make a return for its shareholder, which in this case is the Irish State.

Next year's regulatory determination provides a key opportunity to signal the level of investment that will be permitted at Dublin Airport during the following five years. This will be crucial in allowing the airport to properly expand to meet the needs of its airline customers and the Irish economy.

Cork Airport

Cork Airport is the second largest airport in the Republic of Ireland after Dublin and is the main gateway for the South of the country.

Cork had a landmark year in 2017. It became a transatlantic airport for the first time and continued to make positive progress in terms of traffic.

Passenger numbers at Cork Airport increased by 3.5% last year with more than 2.3 million passengers using the airport. This is the second successive year of growth in overall passenger numbers, following an increase of 8% in 2016.

Cork's passenger performance last year meant that it pulled further ahead of its main competitor Shannon Airport during the year, as the gap between the two airports widened further.

In 2017, Cork Airport had nine airline customers operating scheduled services to 39 destinations. New services that were launched during the year included Zurich with SWISS, Newquay with Aer Lingus Regional, and Verona with Volotea.

The most significant development for the year was the realisation of Cork Airport's long-held aspiration to enter the transatlantic market. Despite being the State's second city, for legacy reasons related to the history of aviation development in Ireland, Cork never previously had transatlantic connectivity.

In July 2017, Norwegian Air, which is Europe's third-largest low-cost airline, began transatlantic services from Cork Airport with the start of direct year-round flights to Boston Providence.

The new route is a hugely positive development for both the airport and the region. Management at Cork Airport, supported by a wide range of local stakeholders, had worked tirelessly to help Norwegian secure the foreign carrier permit status in the United States required to begin the service.

We would again like to thank the business and tourism groups that assisted in the push to win this landmark new business. Our focus is to continue to work with Norwegian and with key stakeholders on both sides of the Atlantic to continue to grow traffic on the route.

During the year we completed a €3 million investment programme at Cork and our concessionaire partners also invested in a major overhaul of the food and beverage outlets at the airport.

The combination of these two programmes delivered the largest investment in new facilities at Cork since the opening of the new terminal in 2006. The main food court moved from landside to airside and four new outlets opened offering some of the best local produce from Cork and the wider region.

The new outlets and the renewed focus on local food provenance saw revenues from food and beverage increase by 4%, even though several outlets were closed for a period to allow for the refurbishment.

This investment programme also included the installation of an additional passenger security screening channel, which was completed in September. As our passenger numbers continue to increase, the addition of a fifth security lane will offer an enhanced experience, particularly during the peak summer season.

We also invested in a new state-of-the-art Fire Training Facility, which opened in September. It will ensure that the airport's fire and rescue services have access to world-class training.

Our car parking product at Cork performed well during the year, with bookings increasing by about twice the level of passenger growth. Online bookings accounted for over 57% of all business.

A major milestone was achieved in December, when Cork Airport received its European Aviation Safety Agency (EASA) certificate to show that it complies with the new European standard in safety and regulation.

In June, Cork Airport won a major international award when it was named Airports Council International Best Airport in Europe in its category of airports that serve under five million passengers per year. This award speaks volumes about the type of customer service product that Cork offers to passengers.

39

Cork Airport had nine airline customers operating scheduled services to 39 destinations in 2017.

855m

Group turnover was up 8% to €855 million.

ARI won a number of significant awards for its retail offering in 2017. In tandem with Diageo, ARI won the Partnership Initiative of the Year, at the prestigious Frontier Awards and Drinks International Travel Retail Awards. The award was for the creation of the Guinness Export House in Dublin Airport's Terminal 2.

There was further evidence of that later in the year when a study of global responses from Happy or Not push-button customer feedback machines in airports globally found that Cork Airport ranked joint second for customer satisfaction.

During the year we worked closely with our airline partners and tourism agencies to promote travel to Cork and the South of Ireland region and increase the share of inbound passengers on our route network.

We partnered with Tourism Ireland and Norwegian to run an extensive marketing campaign in the US to promote tourism in the South of Ireland region. The campaign sought to drive awareness of Cork, and its unique position as the gateway to the Wild Atlantic Way and Ireland's Ancient East.

Cork Airport also worked with Ryanair and Tourism Ireland to promote flights to Cork and the South of Ireland from London Stansted and Liverpool during the summer season.

At the time of writing, construction is ongoing for a new Executive Lounge, which will be operated by Swissport. The new lounge will be available to all passengers, irrespective of airline and class of travel, on a pay-as-you-go basis and should provide an enhanced product to passengers.

Cork's traffic prospects for further passenger growth in 2018 are good, with two new routes and expansions to a significant number of existing services.

Air France will begin a new service from Cork Airport to Paris-Charles de Gaulle in 2018. The daily flight will be operated by Air France's Hop! brand. Meanwhile, Ryanair is operating its Cork-Faro service through the winter season for the first time.

Aer Lingus will have frequency increases on its services to Heathrow, Alicante, Malaga and Las Palmas, while Iberia Express will expand capacity on its Cork-Madrid service by 5%. SWISS International Air Lines will more than double capacity on its Cork-Zurich service and Volotea will double the frequency of its Verona route.

ARI

ARI (Aer Rianta International) is the Group's travel retail subsidiary, which also holds our investment in Düsseldorf Airport.

ARI manages its own outlets at Dublin and Cork airports in Ireland and also has interests in travel retail businesses in Europe, North America, the Middle East, India and New Zealand.

ARI has a strategic plan, ARI 2020, which set out targets to grow the business over the four years of the strategy. During 2017, new structures were introduced for both the domestic and overseas operations, which are designed to deliver higher gross margins and increased passenger average spends.

ARI won a number of significant awards for its retail offering in 2017. In tandem with Diageo, ARI won the Partnership Initiative of the Year, at the prestigious Frontier Awards and Drinks International Travel Retail Awards. The award was for the creation of the Guinness Export House in Dublin Airport's Terminal 2.

ARI (North America) was named Best Canadian Duty Free for the second year in a row at the Frontier Duty Free Association Convention, while The Loop at Dublin Airport was best travel retailer at the Icons of Whisky Awards.

Delhi Duty Free was voted the best Duty-Free Shop by travellers at the Travel + Leisure India & South Asia Awards. It also won the Marketing Concept of the Year prize at the International Drinks Awards for its Whisky Luxe Festival.

At home, ARI runs its retail business The Loop at Dublin and Cork airports and manages a number of retail concessions at the two airports. During the year, the management of food and beverage concessions at Dublin Airport was transferred to the airport.

Total sales at Dublin and Cork airports, including retail and food and beverage sales by concessionaires increased by 7% to €323 million last year.

Profit after tax for ARI's international business was effectively flat at €24 million. The international retail trading performance was strong, but costs increased during the year as we invested under ARI 2020 to create the structures required to grow the business into the future.

ARI's 20% shareholding in Düsseldorf Airport continues to make a positive contribution to ARI. Passenger numbers at Düsseldorf increased by 5% to 24.6 million in 2017.

The improved international trading performance was due in part to strong like-for-like sales across ARI's international portfolio and an improved gross margin performance. Margins were helped by our decision to develop a new global buying team as part of our strategy for growth. Increased dividend income and some foreign exchange gains in the Middle East also boosted international profits.

ARI Middle East (ARIME), which has businesses in Bahrain, Qatar, Oman and Lebanon, had a challenging year in 2017. While results in Bahrain and Qatar for 2017 were satisfactory and both locations traded above 2016 levels, it was a more difficult trading environment for ARI's operations in Beirut and Muscat.

In Beirut, where ARI is a minority partner in a joint venture, passenger and sales volumes increased in 2017. ARI's joint venture retained the contract to operate the stores in the second quarter of the year.

Sales and passenger volumes also increased at ARIME's operations at Muscat International Airport in Oman in 2017, and profits were above 2016 levels. Overall performance, however, was affected by a decline in the average spend per passenger.

This decline is directly attributable to the growth in transfer passenger numbers at the airport. The baggage limits imposed by airlines at Muscat International Airport, mainly on flights to India, continue to have an impact.

ARIME's joint venture has a 10-year concession for the stores at the new terminal building, which opened this month. It operates the main duty-free store and specialist electronics, and fashion outlets. The move to the new terminal tripled its retail space at the airport.

ARI's joint venture at Delhi International Airport had another year of strong sales growth, with revenues 12% above 2016. During the year, ARI increased its stake in Delhi Duty Free Services (DDFS) – the company which operates the stores – from 25.5% to 33.1% through the purchase of a partner's stake in the ARI entity that holds the equity in DDFS.

ARI's retail operations in Cyprus at Larnaca and Paphos airports performed well in 2017 with a year-on-year increase in sales and profitability. Although the average spend per passenger was down on the previous year, growth in passenger numbers contributed to the strong sales performance of the business.

Passenger numbers at Larnaca and Paphos increased by 14% to 10.25 million last year. The growth in traffic also benefitted Cyprus Airports.

ARI's retail operations in Canada performed strongly in 2017, with a double-digit increase in sales. We won a new contract to operate at Québec Airport during the summer and successfully opened the new outlets there just before Christmas.

The year under review was the second full year of trading for ARI's duty free operations at Auckland International Airport in New Zealand. Sales increased by 5% during the year, and further growth should be generated following a major refurbishment of the flagship departures store which was completed in December.

With its local partner in Saudi Arabia, subject to final approvals, ARI's joint venture company has a seven-year contract for duty paid stores in Terminal 5 at King Khaled International Airport. The first of these outlets opened shortly after the year-end.

In Jakarta in Indonesia, subject to concluding final contracts, ARI intends to take a stake in a new retail operation that began trading at Jakarta's Soekarno-Hatta International Airport during the year.

ARIME also has the contract to operate perfume and cosmetics, sunglasses, fashion and jewellery stores at Abu Dhabi's new Midfield Terminal, which is due to open in 2019.

daa International

The primary current focus of daa International, the Group's international airport management and advisory services business, is the operation of Terminal 5 at King Khaled International Airport (KKIA) in Riyadh, Saudi Arabia.

daa International was awarded the five-year contract to manage the new terminal in February 2016. It is responsible for overseeing the facilities management of the terminal, including maintenance, engineering and cleaning, and the management of the terminal's commercial concessionaires.

Terminal 5 had its first full year of operation in 2017 and welcomed more than 13 million passengers. T5 is designated for domestic traffic and helped KKIA deliver a record year for domestic travellers in 2017.

10m

Dublin Airport's passenger numbers to and from the UK increased by 1% to almost 10 million.

Cathay Pacific and Hainan Airlines will launch Ireland's first ever direct services to Hong Kong and Beijing respectively in June 2018.

€247m

Turnover at our international businesses increased by 7% to €247 million.

In addition to its continuing management of T5, daa International completed a variety of advisory projects in Saudi Arabia and Oman during 2017.

daa International continues to seek new opportunities and is actively involved in several ongoing tender processes for a spread of projects ranging from full terminal management contracts to advisory and training contracts.

In addition to its continuing management of T5, daa International completed a variety of advisory projects in Saudi Arabia and Oman during 2017.

It opened an office in Bahrain to further consolidate its presence in the Middle East, and to more actively pursue business opportunities in the Gulf region, and further afield in key Asian markets.

daa International continues to seek new opportunities and is actively involved in several ongoing tender processes for a spread of projects ranging from full terminal management contracts to advisory and training contracts.

Acknowledgements

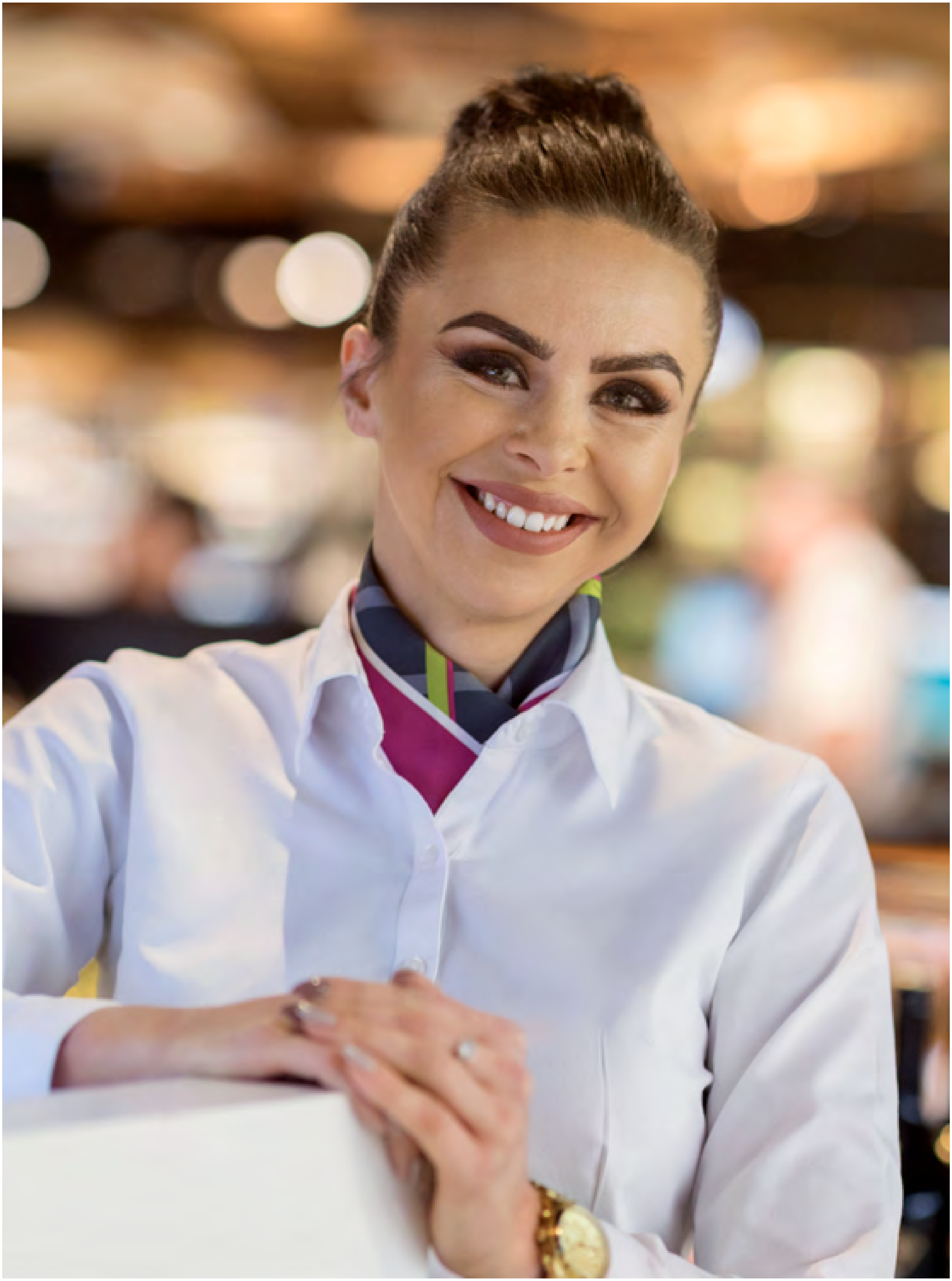
I was honoured to take up the role of daa Chief Executive in October and would like to thank my new colleagues right across the business for their kind welcome. I'd also like to thank them all for all of their huge efforts in delivering such a positive year for the Group in 2017.

I have been listening to staff right across the business to learn what we are doing well and where we can be much better. Thanks to everyone who has given me not just their time, but also their candid opinions. The passion of my new colleagues for what they do is incredible and highly infectious for any new entrant to the business.

I would also like to thank my fellow Board members for their support and challenge since I joined the Group. My predecessor Kevin Toland was a huge help during the transition process and I'd like to express my gratitude to him for that.

On behalf of the Board, Management and staff of the Group I would also like to express the Group's gratitude to our former Chairman Pádraig Ó Ríordáin, whose term of office concluded just after the year-end. Although I only worked with him for a short time, it is clear from all those who interacted with him that Pádraig was a terrific Chairman and we wish him well in the future.

Dalton Philips, Chief Executive
March 23, 2018



2017 Financial Review

Group Financial Highlights	2017	2016
Passengers		
Total ('000)	31,891	30,138
Growth (%)	*5.8%*	*11%*
Profitability (€'m)		
Turnover	855	793
Growth (%)	*8%*	*17%*
EBITDA [1]	271	247
Growth (%)	*9.5%*	*20%*
Profit after taxation before exceptionals	125	108
Profit after taxation after exceptionals	130	79
Balance Sheet (€'m)		
Gross assets [2]	2,722	2,650
Shareholders' funds	1,276	1,184
Gross debt	(1,136)	(1,178)
Cash	595	606
Net debt	(541)	(572)
Cash Flow (€'m)		
Net cash flow from operating activities	247	238
Net cash flow from investing activities	(145)	(91)
Net cash flow from financing activities	(112)	(6)
Capital Expenditure (€'m)		
Capital expenditure additions	184	125
Tangible fixed assets	184	119
Investment property	–	6
Total	184	125
Key Ratios		
EBITDA: Net interest charge [3]	6.7×	5.7×
Net debt: EBITDA	2.0×	2.3×
EBITDA: Turnover	32%	31%
Return on average equity [4]	10.1%	9.1%

1 Group EBITDA comprises group earnings before interest, tax, depreciation, amortisation before exceptional items from group activities, excluding contributions from associated and joint venture undertakings.
2 Gross assets comprise fixed and current assets.
3 Net interest charge comprises Group net interest before exceptionals, excluding that of associated and joint venture undertakings.
4 Return on average equity is based on Group profit excluding exceptional items expressed as a percentage of average shareholders' funds.

Results

The Group achieved profit after taxation for the financial year of €130 million compared with profit after taxation of €79 million in 2016. When the exceptional credit (net of taxation) of €5 million (2016: exceptional charge (net of taxation) of €28 million) is excluded, Group profit for the year was €125 million (2016: €108 million).

Group EBITDA for the year increased by €24 million (9.5%) to €271 million. This reflected an increase in gross profit contribution of €52 million, associated with increases in aeronautical and other turnover, offset by operating cost increases (payroll and non-payroll) of €28 million.

Passenger volume and growth

Passenger numbers at Dublin and Cork airports were 31.9 million, an increase of 5.8% on 2016. Passenger numbers at Dublin Airport were 29.6 million, an increase of 6%. Passenger numbers at Cork Airport were 2.3 million, an increase of 3.5%.

Turnover

Group turnover was €855 million, an increase of €62 million (8%) compared to 2016 (€793 million). Turnover from aeronautical activities increased by €18 million (6%) to €307 million (2016: €289 million) with retail and commercial turnover increasing by €28 million (10%) to €301 million (2016: €273 million). International turnover increased by €17 million (7%) to €247 million.

Operating costs

Overall operating costs increased by €28 million (7%) to €409 million (2016: €381 million). Irish airport costs amounted to €290 million (2016: €269 million) with international costs amounting to €119 million (2016: €112 million).

Depreciation and amortisation

Depreciation and amortisation costs increased by €5 million to €112 million (2016: €108 million) in 2017.

Exceptional items

Details in respect of exceptional items in 2017 are set out in Note 5. These relate to the unrealised fair value investment property gains of €6.8 million which net of tax amounted to €5.2 million.

Associated undertakings and joint ventures

The Group share of operating profit from associates and joint ventures for the year ended 31 December 2017 amounted to €29.5 million.

Interest

Net interest expense decreased by €5 million to €36 million. This reduction has been impacted by the loan note re-purchase carried out in June 2016 but also by the continued low interest rate environment. €0.4 million of interest was capitalised in 2017 (2016: €0.3 million).

Taxation

The Group taxation charge, pre-exceptional items, increased by €5 million to €20 million. The Group effective (pre-exceptional) tax rate was 13% (2016: 12%).

The 2017 pre-exceptional taxation charge was comprised of corporation taxation on domestic and international profits and deferred tax movements associated with domestic activities. Deferred tax comprises timing differences between capital allowances and depreciation, deferred tax recognised on investment property movements and trading tax losses utilised.

Net debt and cash flow

Net debt decreased by €31 million to €541 million with undrawn facilities of €300 million. The ratio of net debt to EBITDA was 2 times and interest cover was 6.7 times. Cash inflow from operating activities increased by €9 million to €247 million (2016: €238 million). Cash held decreased by €11 million to €595 million at the year-end (2016: €606 million).

Capital expenditure

Capital additions totalled €184 million in 2017, an increase of €59 million on 2016 levels. This included a range of capital investments in airfield, terminals and landside capital investments.

Gross assets

Gross assets were €2.7 billion (2016: €2.6 billion). Fixed and financial assets were €2 billion (2016: €1.9 billion).

Treasury Management

Treasury governance and control

The Group operates a centralised treasury function in compliance with Board approved policies which are reviewed periodically by management and Internal Audit for appropriateness and effectiveness of the system of internal controls.

The main Group financial risks, managed from a treasury perspective, relate to;

- Funding and liquidity – to maintain access to the debt markets and other sources of liquidity
- Interest rate movements on the Group's existing and projected future debt requirements
- Foreign exchange volatility mainly due to overseas operations
- Counterparty credit risk

Some of these risks can be mitigated through the use of derivative financial instruments and where appropriate such instruments are executed in compliance with the Specification of the Minister for Finance issued under the Financial Transactions of Certain Companies and Other Bodies Act 1992. This Act enables daa to enter into derivative contracts to eliminate or reduce the risk of loss arising from changes in interest rates, currency or other factors similar in nature.

Funding and liquidity

The Group's funding operations are strategically important and support capital expenditure, the refinancing of maturing debt and supply of adequate liquidity. The Group's liquidity policy is to ensure it has sufficient liquidity available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. At 31 December 2017, the Group had liquidity of €895 million.

In September 2017, the Group's €300 million committed revolving credit facility (RCF), agreed in November 2015 for a five-year term, was extended by another year. This RCF provides the Group with a substantial level of standby liquidity to November 2022.

The Group's financing documentation and maturity profile reflect its underlying financial strength and credit rating of A-/A-2 by credit rating agency, S&P Global (S&P). In May 2017, S&P affirmed this credit rating and revised the Group's outlook from Stable to Positive reflecting the continued improvement in the Group's operational and financial performance in 2016. The Group's debt maturity profile as set out opposite shows a very manageable position particularly in the context of strong ongoing net cash flow from operations performance (€247 million in 2017) and liquidity of €895 million (cash €595 million and undrawn RCF €300 million). On 9 July 2018, the Group will redeem loan notes of €290.2 million, which will be funded by existing cash resources. The Group engages with its banks, the European Investment Bank, bond investors and S&P to ensure it manages its ability to fund in the future.

Interest rate and foreign exchange risk management

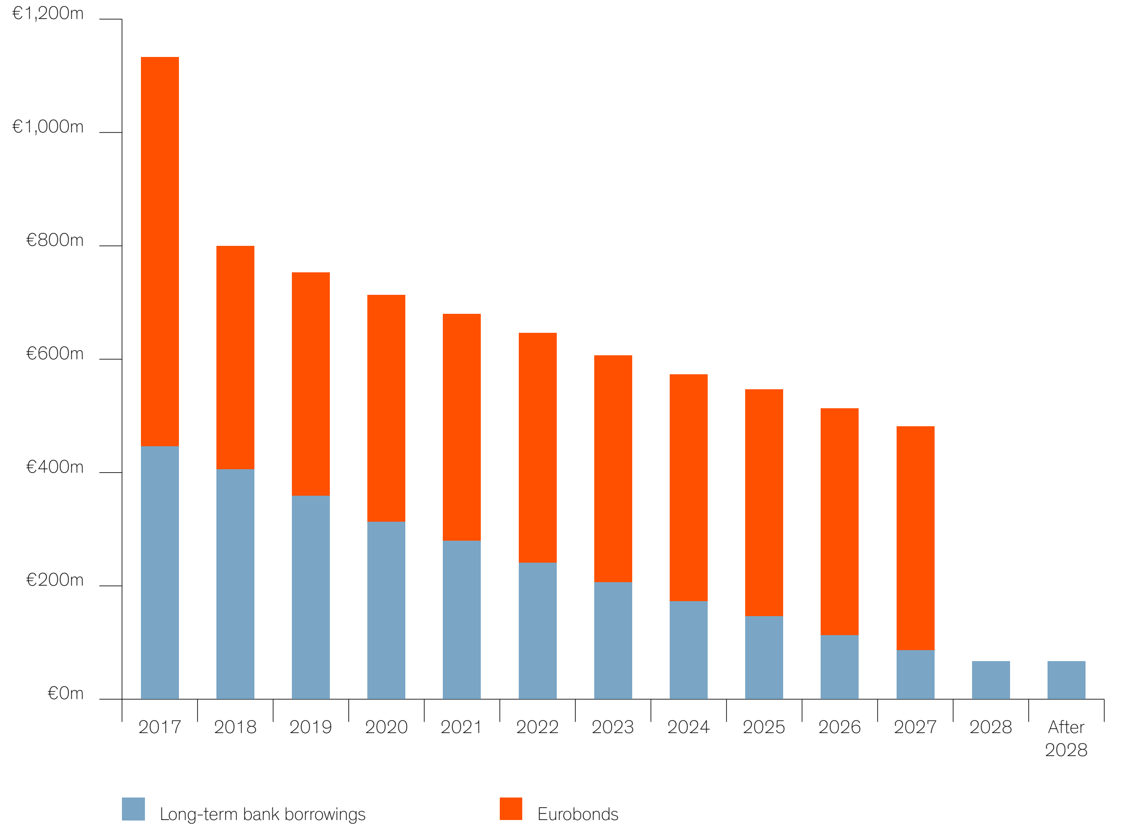
The Group's policy is to maintain a minimum of 70% of debt at fixed rates so as to protect the profit and loss account and cash flows from material adverse movements in interest rates. Currently 82% of the Group's debt is fixed to maturity thus minimising exposure to interest rate fluctuations. The weighted average interest rate applicable to the Group's borrowings is 3.2% (2016: 3.8%).

The majority of the Group's cash flows are generated from euro-denominated operations at its Irish airports. The Group has a number of overseas subsidiaries, joint ventures and associated undertakings from which dividends and management charges are denominated in foreign currencies. The Group's policy is to minimise currency transaction risk, by seeking, where appropriate, to hedge foreign exchange transaction exposures, using currency derivatives such as forward purchase contracts. The Group does not hedge translation risk arising from profits and net assets of these overseas subsidiaries, joint ventures and associated undertakings. Currency exposures are disclosed in Note 26 of the financial statements.

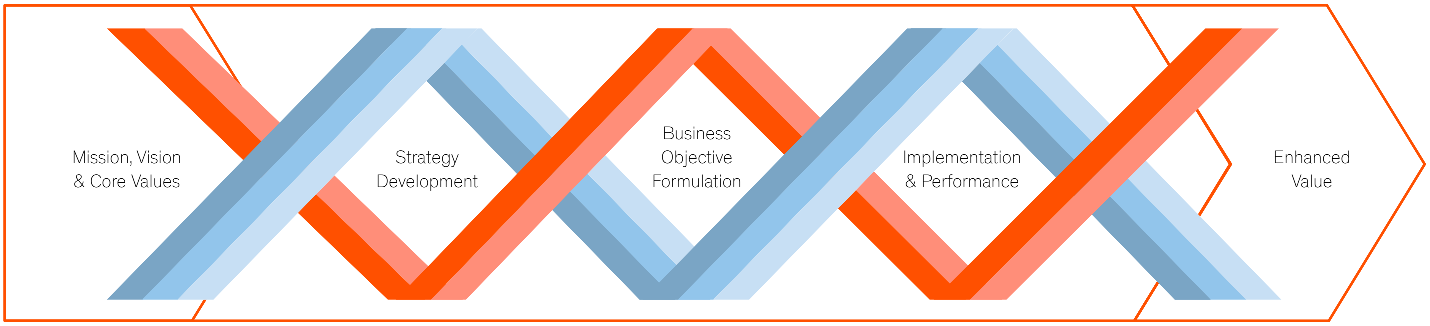
Counterparty credit risk

The Group's counterparty credit risk consists principally of trade debtors and bank deposits. The Group's policy is to limit exposure to counterparties based on an assessment of credit risk and projected credit exposure. The Group has formalised procedures for managing credit risk including the setting of credit limits, the monitoring of trade debtors and bank deposit levels. Cash surpluses are deposited with banks with an appropriate credit rating as determined by the leading credit rating agencies.

Group Debt Maturity Profile at 31 December 2017



Risk Report



Source: COSO Enterprise Risk Management (ERM) – 'Integrating with Strategy and Performance' (June 2017).

Governance & Culture
Board & committee structures with risk management oversight responsibilities; Commitment to values and ethical standards; Group policies set and implemented; Focus on performance and accountability.

Strategy & Objective-Setting
Risk appetite defined; Risk considered as part of strategy setting and objectives for each business unit.

Performance
Risks to the achievement of strategy and objectives are captured, assessed and monitored; Risk mitigations identified and implemented.

Review and Revision
Changes to internal and external environment identified and assessed; Variation in performance regularly assessed; Regular external review of ERM.

Information, Communication & Reporting
Relevant internal and external information used to support decision making; Reporting of key risks and changes in risk profile; Technology based risk recording system.

Risk Management

Management of risks is an integral part of decision making in the Group. The enterprise risk management framework ("risk framework") comprises the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse consequences arising from the Group's commercial and operational activities.

The daa risk framework reflects the principles of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model by focusing on culture, strategy, performance, review and reporting.

Risk Appetite

Risk appetite is assessed under four perspectives; strategy, finance, operations and compliance. Given the diversification of daa's business and its growth objectives, the Board is willing to tolerate a moderate level of risk in pursuit of strategic aims. Recognising that there is a trade-off between risk and reward, the Board achieves a balanced risk appetite by taking a prudent approach to ensuring the business is adequately financed. Thus, daa is not prepared to take risks that would jeopardise an investment grade credit rating. The Board prioritises both security and health and safety and its risk appetite in these areas is very low. daa takes measures to identify and manage other business and operational risks. Achieving standards set in relation to maintaining critical systems, protecting data and delivering excellence in customer experience are also areas for which there is a low risk appetite. Based on a low risk appetite for compliance and regulatory issues, daa seeks to ensure that compliance activities meet the expectations of relevant regulators.

Risk Assessment Process

Risk assessment within daa incorporates a process to identify, assess, manage, monitor and report on risks.

- As part of its day-to-day activities management is responsible for the identification and evaluation of significant risks in each areas of business together with the design and operation of suitable internal controls.
- Risk registers are updated regularly and monitored and reviewed by the corporate risk management function.
- Business risk workshops and regular update reviews at a divisional level, together with reviews with the Executive Risk Committee and Audit & Risk Committee support this process.
- The risk management system also involves providing assurance that mitigation strategies and internal controls are effective.

The Group's risk management system is subject to continuous review and improvement in order to remain effective in changing business environments.

Principal Risks

As part of the risk identification process, the principal areas of risk and uncertainty which could materially adversely affect the Group's business, financial condition or results of operations have been identified. A summary of the principal risks and uncertainties as well as the strategies being adopted to mitigate them are set out below. This is not intended to be an exhaustive analysis of all the risks and uncertainties which may arise in the ordinary course of business. The risks and uncertainties are assessed on a continual basis and management regularly report to the Board significant changes in the business and external environment.

Key to Strategic Pillars:

A — Reach new heights at our airports

B — Build for our future

C — Grow our Group at home and abroad

D — Develop great people and teams that are ready for tomorrow

E — Increase the value of our business

Economic

Strategic Pillar – A, C, E

Risk Description

- A significant change in the current cycle of growth leading to a sustained economic slowdown, arising as a result of Brexit or other geopolitical or economic changes, could adversely impact the aviation industry or otherwise on the Group's business and consequently daa's financial performance.

Mitigation

- Although the causal factors associated with economic growth are external and beyond the control of daa, developments are actively assessed as part of the Group's risk management process.

  The Group has focused growth targets, including diversification strategies. While a significant proportion of the daa cost base is fixed, if required daa could reduce or delay capital expenditure and implement other cost saving measures within a relatively short period of time. The Group is focused on continuous improvement in processes to drive efficiency, improve flexibility and proactively manage its cost base.

Risk Description

— Specific issues associated with Brexit include the implications for border controls, the operation of the Common Travel Area and the European single aviation market as well as the propensity for travel between Ireland and the UK – the largest market segment at both Dublin and Cork airports.

Mitigation

— Whilst Brexit related risks are ultimately being managed at a national and European level, especially to avoid any "cliff edge" scenarios, daa is engaged in various industry and national fora to assess the impact of Brexit, and insofar as possible, influence national responses and policy during the negotiation process and plan contingency measures to the extent possible.

Opportunities arising from Brexit are also being assessed and plans put in place to respond accordingly and plan contingency measures to the extent possible.

Policy and Regulatory

Strategic Pillar – A, B, E

Risk Description

— Uncertainties exist regarding future policy and regulatory decisions including but not limited to:

- ongoing and signalled reviews of capacity (including, but not limited to, a potential third terminal at Dublin Airport),
- airport ownership and competition (including the feasibility of establishing Cork as an independent airport) and
- airport charges regulation.

The outcomes of these reviews or other changes could have a substantive and negative impact on daa's business model and its competitive and financial position or prospects.

Mitigation

— daa's mandate is to operate Dublin and Cork airports, and the Group is committed to developing both airports and takes an active role in policy discussions and relevant fora. daa plans and operates the airports to high standards and, informed by national policy, provides strong input into consultation processes on policy and regulatory changes to facilitate fully informed decisions. daa develops masterplans and puts in place strategies to grow traffic at both airports and meet the needs of customers.

— Capacity review: daa is preparing a Masterplan for Dublin Airport and has recently reviewed the Cork Airport Masterplan which set out capacity requirements for up to 55 million and 7.5 million passengers per annum respectively. Discussions on the masterplans have taken place with the consultants appointed by the Minister and the process of engagement will continue over the coming months.

— Airport charges regulation: daa makes considered submissions to the Commission for Aviation Regulation and Department of Transport, Tourism & Sport (as appropriate in each case) on relevant issues and policy matters.

A submission regarding remuneration of additional capacity enhancements to facilitate the growth in traffic numbers at Dublin Airport during the current regulatory period has been submitted for consultation purposes.

daa is actively engaged with key stakeholders to ensure there is sufficient flexibility in the application of the regulatory framework for Dublin Airport to dynamically meet the infrastructural and operational needs of the airport. Preparatory work to inform proposals that will be submitted as part of the consultation process for the next regulatory review period has also commenced.

Capacity and Capital Investment

Strategic Pillar – A, B

Risk Description

— The expansion of airport facilities and increasing throughput is subject to planning decisions and planning restrictions that could constrain expansion or negatively impact on the timing of the investment and the efficient operation of the infrastructure.

There is a risk that planning (including a 32 million cap on passenger throughput at Dublin Airport linked to Terminal 2 planning conditions) or other regulations may constrain or delay the development of the airports, delay the delivery of infrastructure, impose additional costs or operating conditions, any or all of which may lead to insufficient capacity to meet expected future demand.

Mitigation

— Planning applications are submitted as required to facilitate the development and expansion of airport infrastructure. Planning applications and formal consultation processes with key stakeholders and regulatory authorities in relation to capital investment requirements associated with growth scenarios are appropriately justified in the context of the policy framework (i.e. The State's National Aviation Policy (NAP) and airport masterplan. Work on a planning application in relation to the 32 million cap on passenger throughput at Dublin Airport is underway.

Risk Description

— The new runway at Dublin Airport would, pursuant to the 2007 planning permission, see the introduction of runway movement restrictions for the first time at Dublin Airport, including a limit of 65 movements between the hours of 2300 and 0700. If these proposed operating restrictions continue to have application, runway movements may be curtailed at certain times at levels which are significantly below those which currently prevail and would have serious operational implications and financial impact.

Mitigation

— daa is seeking to amend the proposed operating restrictions on movements. In this regard, a new regulatory framework, implementing EU Regulation 598/2014 which provides for an open, transparent and balanced approach to noise management at airports, is being implemented through which noise related operating restrictions will be assessed. The Minister for Transport, Tourism and Sport announced the Government's intention to appoint Fingal County Council as the Competent Authority for noise and has confirmed plans to establish as a matter of priority this new noise regime, through the enactment of legislation.

Risk Description

— There are risks associated with the delivery of significant capital projects including timing, cost (including construction price inflation), health and safety and failure to deliver desired objectives.

Mitigation

— daa has processes and procedures in place for capital investment programme management, project management and contract and supplier management.

Operational (airports)

Strategic Pillar – A, B, D

Risk Description

— **Major Events, Terrorism and Security**

daa is subject to operational risks and other unforeseen risk events, such as those arising from terrorism and sabotage, fires, flooding, wind, interruptions to power supplies and other technical failures. Such risks and hazards could result in damage or harm to, or destruction of, infrastructure, properties, people and the environment and give rise to potential legal liabilities for the Group.

Failure to adhere to EU security regulations could lead to incidents involving passengers, employees or other users of the airports and could have significant operational, reputational or financial impacts for daa. New or amended EU security regulations could impact traffic growth rates or lead to additional costs.

Mitigation

— The Group seeks to manage the risk of discontinuity of services by having well developed continuity plans and resilience in its key systems and processes. Where events result in disruption to services, the Group activates its business continuity plans in order to minimise the impact of the disruption and return to normal service as quickly as possible.

Insurance is also in place and the level of cover is regularly reviewed.

Staff training in security, as well as strong emphasis on monitoring compliance, form an integral part of daa's mitigating strategies designed to ensure the security of customers, passengers and staff. Rigorous policies and procedures are in place and are supported by ongoing training and investment in security systems.

Risk Description

— **Health, Safety and Environment**
A range of environmental and health and safety laws, regulations and standards are applicable in each jurisdiction in which daa operates. There are risks that laws or regulations may be breached or that new burdensome laws or regulations may be introduced.

Mitigation

— Staff training in the areas of health, safety and environment, as well as rigorous policies and procedures and a strong emphasis on monitoring compliance, form an integral part of the Group's mitigating strategies, designed to ensure the safety of customers, passengers and staff, the protection of the environment and the prevention of a serious breach of statutory or other regulatory obligations.

Risk Description

— **Asset Maintenance**
The Group undertakes ongoing maintenance of the assets at Dublin and Cork airports (including plant, equipment and systems) with the objective of providing a continuous service. Any failure or impairment of a key asset, including the main runway, could cause a significant interruption to the supply of services and/or impact on the ability of airlines and other service providers to provide their services at the airports.

Mitigation

— A planned maintenance and rehabilitation programme is in place for key assets such as airfield pavement infrastructure (runways, taxiways and apron areas) and other operationally critical assets to minimise the risk of disruption caused by unplanned availability restrictions or outages.

Risk Description

— **Dependence on airlines**
The Group's economic activity at airports is dependent on airlines. Changes in the strategic direction of key airlines operating to/from daa airports or those airports in which daa has significant business interests, including restructuring of route networks, consolidation of the airline industry, a change in ownership/control or safety records are business risks for daa.

Mitigation

— daa works closely with its airline customers to consult and align as far as possible on future development needs and strategies.

Risk Description

— **Human Resources and Industrial Relations Environment**
As a service-led business, daa is reliant on sufficient trained skilled personnel to provide services on a continuous basis. There are recruitment and retention risks in a strong labour market. There is also a risk that industrial action could affect critical services, and curtail operations.

Mitigation

— daa seeks to be an employer of choice underpinned by a solid employee value proposition, providing rewarding careers and continuously investing in staff training and development to build a high performing organisation.

daa engages with the relevant trade unions on an ongoing basis with respect to employment-related matters. Internal dispute resolution mechanisms are in place and whenever necessary, the employee relations mechanisms provided by the State are utilised.

Risk Description

— **IT Systems Security and Resilience**
The Group's ability to manage its operations and engage in critical business tasks is dependent on the efficient and uninterrupted operation of its information technology systems. The Group could also be negatively impacted by cyber-attacks, data breaches or similar incidents involving a significant disclosure, loss or theft of personal data.

Mitigation

— The Group operates with a high level of resilience in information technology systems and processes, supported by dedicated resources including a strong focus on cybersecurity and data protection. Disaster recovery tests and business continuity plans exist to minimise the risk of significant disruption arising from a failure in information technology systems. The Group also invests in upgrading of critical services' infrastructure and ensures robust back-to-back agreements with suppliers supporting critical infrastructure. During the year, the Group reviewed its security awareness controls, which included strengthening controls in certain areas and putting in enhanced controls for monitoring cybersecurity.

International Operations

Strategic Pillar – C, E

Risk Description

— The Group operates in a range of countries some of which are at different stages of development. Consequently, there are risks arising from uncertain or potentially fast-changing economic, social and political environments, changes in laws or regulations, premature contract termination or breach of agreements and/or failure of the underlying businesses. ARI and daa International also face increasing levels of competition in the sectors and markets in which they operate.

— Certain of the international retail concession contracts within the Group are subject to fixed price arrangements which include guaranteed minimum concessions fees which are supported by performance bonds, letters of credit and/or guarantees by subsidiary or associated undertakings. Contracts may have limited entitlements for the Group or its subsidiaries/associates to vary without renegotiation. Concession contracts can be varied or terminated for various reasons.

— Failure of counterparties or partners to fulfil or meet their obligations could have a material impact on the Group.

Mitigation

— In line with the daa risk appetite, the Group seeks to control the level of investment and/or exposure it has to adverse impacts including those of its overseas activities. Higher investment return thresholds are targeted for higher risk locations.

— The Group proactively manages its relationships with partners and has put structures and processes in place to safeguard its interests including shareholder agreements and commercial counter-party arrangements.

— The Group maintains Board representation in joint ventures and monitors the legal, operating and economic environment, and compliance with regulatory and governance requirements in the countries within which it operates. It obtains professional advice where necessary.

— The Group seeks to put in place appropriate commercial and legal arrangements and has processes in place to evaluate and monitor performance of contracts so as to minimise the risk of calls by counterparties being made on any bonds, letters of credit or guarantees.

— Group cash holdings are minimised in overseas locations, especially where the risk of fast-changing economic, social and political conditions is assessed as high.

Financial and Treasury

Strategic Pillar – E

Risk Description

- The Group is required to fund investment primarily out of cash generated by the business and borrowing from the debt markets and without access to equity. Hence the Group's credit rating and in turn business profile and key financial ratios are relied on to have regular, reliable and appropriate access to the debt markets. Government and Regulatory policy, as well as financial and business performance and prospects, impact the Group's credit rating. While the Group has adequate funding to meet forecast short and medium-term funding requirements, any material change to these matters may impact the Group's credit rating and in turn affect the future availability and cost of funding, the borrowing capacity of, and financing terms and flexibility available to the Group.

- The Group is exposed to certain financial and treasury-related risks, including liquidity risks, credit risk, interest rate risk and foreign currency exposures.

Mitigation

- Board approved policies are in place to address key treasury risks. Maintaining an appropriate credit rating is a key objective for the Group and appropriate capital allocation across the Group is a key area of focus.

- A prudent approach is adopted to the management of liquidity including pre-funding significant investment requirements. Sufficient headroom is maintained to meet forecast short to medium-term funding requirements.


daa

Governance Report

daa as a Group
daa is responsible for the Group's strategy and the organisation structure facilitates effective and efficient decision making with clear accountability. The organisation comprises four principal business pillars with centralised support and corporate functions.

Board
The Board is responsible for leading and directing the Group's activities. The Board's role is to provide leadership and direction for the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board has put in place a corporate governance structure which provides for delegation to management.

The Board satisfies itself, that controls are adequate to secure compliance with statutory and governance obligations.

The Board has a formal schedule of matters reserved for its decision. These include:
— the approval of the daa Group strategy, annual budget and financial statements,
— evaluating performance versus strategy and budget,
— appointment of the CEO,
— policy on determination of senior management remuneration,
— risk management framework, and
— overseeing major capital expenditure and investment decisions.

Board Sub-Committee Structure
— Audit and Risk Committee
— Health, Safety, Security and Environment Committee
— Nomination and Remuneration Committee
— Strategic and Infrastructure Committee
— Finance Committee

Chairperson – vacant
— leads the Board and is responsible for organising the business of the Board, ensuring its effectiveness in all aspects of its role
— is responsible for displaying high standards of integrity and probity and setting expectations regarding culture, values, and behaviours and the tone of discussions at Board level
— facilitates the effective contribution of Directors and ensures that Directors receive accurate, timely and clear information
— manages effective communication with the Shareholder

CEO – Dalton Philips
— responsible for the management of the business and implementation of the Group's strategy and policy
— leads the executive team

Senior Independent Director – Gerry Walsh
— provides a sounding board for the Chairperson
— serves as an intermediary for the other Board Members where necessary
— facilitates an annual meeting of the Board members to generally appraise the Chairperson's performance

Company Secretary – Marion O'Brien
— ensures the Board receives information in a timely manner to enable full and proper consideration of issues
— is responsible for the formal induction of new members
— is responsible for advising and reporting on governance matters
— ensures that Board procedures are followed

This Corporate Governance report sets out daa's governance structures and highlights the main areas of focus for the Board during 2017. The Board is committed to maintaining high standards of corporate governance and business conduct. The Code of Practice for the Governance of State Bodies ("Code of Practice") issued by the Company's Principal Shareholder, the Minister for Public Expenditure and Reform, sets out the principles of corporate governance which the boards of State Bodies are required to observe. The current Code of Practice was published in August 2016 and daa's compliance with this Code is set out in this report. In addition, in corporate governance matters, the Company has regard to recognised frameworks such as the UK Corporate Governance Code (the "Corporate Governance Code") and the Irish Corporate Governance Annex.

Board Performance and Effectiveness
The Board acts on a fully informed and ethical basis, in good faith and in the best interest of the Company having due regard to its legal responsibilities and the objectives set by the Shareholder. All Board members are afforded the opportunity to fully contribute to Board deliberations, and to provide constructive challenge, while excessive influence on Board decision-making by one or more individual members is guarded against.

The Board is provided with regular information, which includes key performance information across all aspects of the Group's business. Regular reports and papers are circulated to the Directors in a timely manner in preparation for Board and committee meetings. These papers are supplemented by information specifically requested by the Directors from time to time. Management and financial information is provided to all Directors enabling them to scrutinise the Group's and management's performance against agreed objectives.

The Directors have a blend of skills and experience in the areas of aviation, finance, economics, business, retail and industrial relations. These skills bring the necessary competence to the Board to address the major challenges for the Group. Directors draw on their experience and knowledge in the development of strategy and use their diverse range of skills to constructively challenge matters of strategic importance to the Group. The experience and knowledge of Directors is also taken into consideration in determining the requirements and membership of the Board committees.

The Board continually strives to improve its effectiveness and conducts an evaluation of its performance on a regular basis. An externally facilitated evaluation was undertaken in 2015 and a self-evaluation completed in respect of 2017. The areas in which performance is assessed include strategy, risk management and internal control, boardroom practice and performance of committees. The performance of the Board was rated highly with no material issues to be addressed. In accordance with the Code of Practice, the 2018 Board evaluation will be externally facilitated.

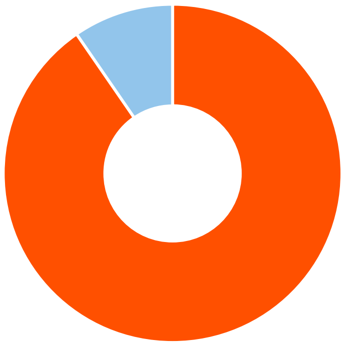
Board Structure and Appointments to Board
The Board structure is prescribed by statute whereby the number of Directors on the Board is set out in the Air Navigation and Transport (Amendment) Act 1998 (the "1998 Act"), as amended by the State Airports Acts, 2004 and 2014. This legislation provides that:
— The number of Directors shall be no more than thirteen;
— Each Director (including the Chairperson) shall be appointed (or removed from office) by the Minister for Transport, Tourism and Sport (the "Shareholder") with the consent of the Minister for Public Expenditure and Reform (the "Principal Shareholder") for a period not exceeding five years and shall be eligible for reappointment;
— Four of the Directors of the Company (the "Elected Directors") shall be appointed by the Shareholder following a staff election process as provided for under the Worker Participation (State Enterprises) Acts, 1977 to 2001 (the "Worker Participation Acts"); such Directors are appointed for a period of four years and are eligible for re-election;
— The Chief Executive (the "CEO") shall be ex officio a Director of the Company;
— The roles of the Chairperson and CEO are separate.

Decisions regarding the appointment and re-appointment of Directors and the filling of Board vacancies (other than, in each case, Elected Directors and the CEO) are made by the Shareholder in accordance with established arrangements for appointments to State boards. Details of the arrangements currently in place for State board appointments under the aegis of the Department of Transport, Tourism and Sport are available on www.dttas.ie.

daa held elections in November 2017 in accordance with the Worker Participation (State Enterprises) Acts to elect four worker representatives to the Board. Barry Nevin, Eric Nolan and Denis Smyth were re-elected and Paul Mehlhorn is a newly elected member with effect from 9 January 2018.

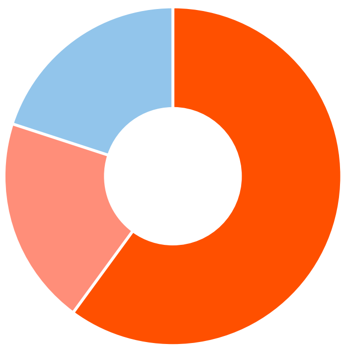
The Board is satisfied that its size and structure as prescribed in legislation, is appropriate and achieves a balance of representation on the Board. During the year, there were temporary vacancies, following the expiration of the terms of office of a number of Directors. There is a process in place to recruit new Directors to fill current vacancies and it is expected that this will result in an improved gender balance on the Board.

Gender



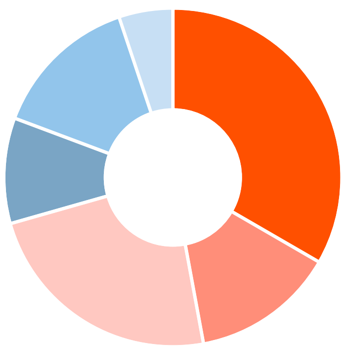
Male
Female

Tenure



Over 5 years
1 to 5 years
Less than 1 year

Expertise



Finance
Aviation
HR/IR
Legal
Business & Economics
Retail

Independence of Directors

The Directors and secretary had no beneficial interest in the shares or loan stock of the Company or in those of its subsidiaries at any time during the year or the preceding financial year.

The Board considers that all Directors are independent in character and judgement.

Contracts of employment: Having regard to the independence criteria as set out in the Corporate Governance Code, the Board considers that the CEO and the four Elected Directors all of whom have contracts of employment with the Company, cannot for that reason be considered as independent.

Other interests: On occasion, members of the Board may also hold Directorships or executive positions or have interests in third party companies including trade union organisations, some of which (or their affiliates) may, in the normal course of business, undertake transactions on an arm's length basis with the Group. Disclosure is provided, as required, in Note 29 (Related Party Disclosures) of the financial statements, of relevant related party transactions where a Director holds a material interest in the relevant entity. In accordance with company law, details of Directorships held by members of the Board are filed in the Companies Registration Office.

Mr Pádraig Ó Ríordáin, who occupied the role of Chairman during 2017 and until his term of office expired on 18 January 2018, is a partner in Arthur Cox, a law firm which provides legal services to the Group. Mr Ó Ríordáin's partnership in Arthur Cox was disclosed to and considered by the Shareholder prior to his appointment and reappointment as Chairman.

Board procedures: The Board has specific procedures to deal with potential conflicts of interest that may arise. Directors are required, in accordance with the provisions of section 34 of the 1998 Act and the Code of Practice, to disclose any relevant interest and absent themselves from Board discussions where they have a direct or indirect interest.

The terms and conditions of appointment of Directors are available for inspection on request.

Access to Professional Advice

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The Company's professional advisers are available to the Board as required. Individual Directors may take independent professional advice, in line with Company procedures, at the Company's expense.

Induction, Training and Development of Directors

On appointment, Directors are provided with detailed briefing documents, governance, financial and operational information and an opportunity to be briefed by executives on the different aspects of the business of the Group. Directors have access to training programmes and the ongoing development needs of Directors are kept under review.

Board Committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. The specific responsibilities delegated to those Board Committees are set out in their Terms of Reference. Following each meeting the committees report to the Board on the issues within their remit.

Details of the work of the Audit and Risk Committee, the Finance Committee, the Health, Safety, Security and Environment Committee, the Nomination and Remuneration Committee and the Strategic and Infrastructure Committee, including their current Board membership, are set out below. The attendance of members at committee meetings is set out in the table "Attendance at Board and committee meetings during year ended 31 December 2017" in the section headed "Meetings" below. Terms of reference for the committees are available from the Company Secretary on request.

Audit and Risk Committee

Members during 2017	Appointed to committee
Mr Gerry Walsh, Chairman	February 2010
Mr Colm McCarthy	April 2017 *
Mr Paul Schütz	December 2012

* Originally appointed to the committee in February 2012 and again following reappointment to Board in April 2017

Key responsibilities of the Audit and Risk Committee

The committee's principal responsibilities are to assist the Board in its oversight duties relating to internal control and risk management, financial reporting, external audit and internal audit. The remit of the Audit and Risk Committee extends across the Group including daa Finance plc, Aer Rianta International cpt and daa International Limited.

The committee advises the Board on:

- the strategic processes for risk, internal control and governance;
- the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements, levels of error identified, and the letter of representation to the external auditors;
- the planned activity and results of both internal and external audit including adequacy of management response to issues identified by audit activity;
- external auditors, recommending appointments, monitoring effectiveness, independence and objectivity, approving remuneration and terms of engagement and determining policy on the supply of non-audit services;
- anti-fraud policies, protected disclosure processes and arrangements for special investigations.

The Audit and Risk Committee met four times in 2017. During the course of the year, the committee held meetings without management present and also met privately with both the external and internal auditors. The Head of Internal Audit has a direct line of communication with the Chairman of the Audit and Risk Committee. The Head of Internal Audit's executive reporting line is to the CEO and he is appointed, and may only be dismissed, by the committee.

Regular attendees at committee meetings, at the invitation of the committee, include the CEO, Group Chief Financial Officer, Group Financial Controller, Company Secretary, Head of Internal Audit and representatives from the firm of external auditors.

Report of Audit and Risk Committee Activities

Internal control and risk management

Activity of the Committee:

- Reviewed the effectiveness of the Group's system of internal control and satisfied itself that it operated as planned for the year under review
- Reviewed the daa Enterprise Risk Management Framework and Risk Appetite
- Monitored controls, including financial, operational and compliance controls and risk management processes
- Monitored the Group's ongoing process for identifying and evaluating the significant risks affecting the Group and the policies and procedures by which these risks are managed

Financial Reporting

Activity of the Committee:

- Reviewed the draft annual financial statements before recommending their approval to the Board
- Considered the appropriateness of the significant accounting policies, estimates and judgements applied in preparing these financial statements, together with presentational and disclosure issues

Protected Disclosures and Fraud

Activity of the Committee:

- Reviewed the Protected Disclosures Policy and received reports from the Head of Internal Audit on the confidential reporting system
- Received assurances that procedures are in place to ensure compliance with the Company's Anti-Bribery, Corruption & Fraud policy

External Audit

Activity of the Committee:

- Evaluated tender responses for the appointment of external auditor
- Reviewed and recommended to the Board the remuneration and terms of engagement of the external auditor
- Carried out an assessment of the auditor's independence and objectivity
- Monitored the external auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, and assessed the qualifications, expertise, resources and the effectiveness of the audit process

Internal Audit

Activity of the Committee :

- Reviewed the plans and work undertaken during the year by the Group's Internal Audit department, including reports relating to overseas subsidiary and associated undertakings, and the consequential actions agreed with management
- Reviewed the findings of internal audits and considered management's progress in addressing the relevant issues, including the nature, extent and speed of response
- Reviewed and agreed a risk-based internal audit annual plan, including the resources required, and considered the alignment of internal audit focus with the areas of greatest risk facing the Group
- Evaluated the performance of internal audit from the quality of reports and recommendations from the Head of Internal Audit

Financial Reporting

The Audit and Risk Committee receives year-end financial statements from management, reviews any significant financial reporting judgements and considers the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.

The committee considers whether, in its opinion, the annual report and financial statements are fair, balanced and understandable and provide the information necessary for an assessment of daa's financial position, financial performance and strategy. This review is supported by the processes, procedures and reporting in place, consideration of the key issues and events during the year and reports and information from internal and external auditors. Following its review, the Audit and Risk Committee is satisfied the annual report and financial statements meet the requirements as outlined above.

External Audit

The committee takes appropriate steps to ensure that an objective and professional relationship continues to be maintained with the external auditor.

In assessing auditor independence and objectivity the committee reviews: a) the nature and extent of the services provided, and fees earned, for external audit and non-audit work carried out by the external auditor and b) compliance with the Group's policy governing the provision of non-audit services to the Group whereby clear rules and limits are in place, permitting non-audit services which do not present a conflict of interest. During 2017 the Group carried out a tender process, with the oversight of the Audit and Risk Committee, to select and re-appoint external auditors. This process resulted in the recommendation to re-appoint Deloitte as the Group's external auditors for a three-year period, with an option to extend for a further two years.

Fees paid to the Group's auditor for audit services, audit related services and other non-audit services are set out in Note 7 of the financial statements. There were no instances where the external auditor was engaged to provide services which were adjudged to give rise to a conflict of interest.

Anti-Fraud Policies

Having considered the reports provided by the Head of Internal Audit regarding the confidential reporting system and compliance with the company's Anti-Bribery, Corruption & Fraud policy the committee is satisfied that appropriate procedures are in place for follow-up of any relevant matters.

Finance Committee

Members during 2017	Appointed to committee
Mr Pádraig Ó Ríordáin, Chairman[1]	March 2016
Mr John Lynch[2]	March 2016
Mr Colm McCarthy	March 2016
Mr Dalton Philips	October 2017
Mr Denis Smyth	March 2016
Mr Kevin Toland[3]	March 2016

[1] Mr Pádraig Ó Ríordáin was Chairman of this committee until his term of office expired in January 2018.
[2] Mr John Lynch was a member of the committee until his term of office expired in February 2017.
[3] Mr Kevin Toland was a member of the committee until his resignation in September 2017.

The responsibility of the committee is to oversee major financing arrangements and advise the Board on strategic financial matters. Having concluded in 2016, the refinancing of the Group's debt, including the €400 million 2028 Eurobond issue and 2018 notes buy-back, and matters relating to dividend policy, it was only necessary for the Finance Committee to meet once during 2017.

Health, Safety, Security and Enviroment Committee

Members during 2017	Appointed to committee
Mr Niall Greene, Chairman	December 2012
Mr Barry Nevin	June 2005
Mr Denis Smyth	March 2014

The committee's principal responsibility is to monitor the integrity of the Company's health, safety, security and environmental systems at the Company's airports. In fulfilling its role, the committee reviews the organisational structures in place to give effect to the daa's Health, Safety, Security and Environment compliance systems. It reviews and monitors performance metrics, receives incident reports and monitors the processes in place for training and communication of policies and procedures.

Nomination and Remuneration Committee

Members during 2017	Appointed to committee
Mr Pádraig Ó Ríordáin, Chairman[1]	March 2012
Mr Gerry Walsh	November 2010

[1] Mr Pádraig Ó Ríordáin was Chairman of this committee until his term of office expired in January 2018.

The committee's principal responsibilities are to select, appoint and determine the remuneration and other terms and conditions of employment of the CEO, determine the remuneration policy in relation to senior management including performance related pay, review the ongoing appropriateness and relevance of, and any major structural changes to, the Company's remuneration policies, pension arrangements and severance schemes.

Strategic and Infrastructure Committee

Members during 2017	Appointed to committee
Mr Pádraig Ó Ríordáin, Chairman[1]	November 2015
Mr Niall Greene	November 2015
Mr John Lynch[2]	November 2015
Mr Dalton Philips	October 2017
Mr Gerry Walsh	November 2015

[1] Mr Pádraig Ó Ríordáin was Chairman of this committee until his term of office expired in January 2018.
[2] Mr John Lynch was a member of the committee until his term of office expired in February 2017.

The responsibility of the committee is to advise the Board on the medium and long-term infrastructural needs of Dublin and Cork airports.

During the year the committee was involved in overseeing the plans for the North Runway.

Meetings

Regular meetings of the Board are held throughout the year. The Board met formally fourteen times during 2017. In addition, there were a number of committee meetings. Attendance at Board and committee meetings is set out below.

Attendance at Board and committee meetings during year ended 31 December 2017:

Director	Board	Audit & Risk	Finance	Health, Safety, Security & Environment	Nomination & Remuneration	Strategic & Infrastructure
Pádraig Ó Ríordáin[1]	12/14	–	1/1	–	2/2	8/10
Niall Greene	10/14	–	–	4/4	–	8/10
Patricia King	11/14	–	–	–	–	–
John Lynch[2]	1/1	–	1/1	–	–	1/1
Colm McCarthy[3]	9/11	2/3	1/1	–	–	–
Des Mullally	14/14	–	–	–	–	–
Barry Nevin	14/14	–	–	4/4	–	–
Eric Nolan	14/14	–	–	–	–	–
Dalton Philips[4]	3/3	–	–	–	–	2/2
Paul Schütz	13/14	4/4	–	–	–	–
Denis Smyth	14/14	–	1/1	4/4	–	–
Kevin Toland[4]	8/8	–	1/1	–	–	–
Gerry Walsh^	12/14	4/4	–	–	2/2	10/10

The first number in each column indicates the number of meetings attended by the Director and the second number indicates the number of meetings held during the period the Director was a member of the Board or relevant committee.

^ Senior Independent Director
[1] The term of office of the Chairman, Mr Pádraig O'Ríordáin, expired on 18 January 2018
[2] The term of office of Mr John Lynch expired February 2017
[3] The term of office of Mr Colm McCarthy expired February 2017, reappointed April 2017
[4] During 2018, Mr Kevin Toland resigned as CEO and consequently from the Board and Mr Dalton Philips was appointed with effect from 2 October 2018

During 2017, the Senior Independent Director met with the Directors without the Chairman present.

Directors' Remuneration

Fees for Directors are determined by the Shareholder, with the consent of the Principal Shareholder. The remuneration of the CEO is determined in accordance with the arrangements issued by the Department of Transport, Tourism and Sport for determining the remuneration of CEOs of commercial State Bodies under its aegis and is by the Nomination and Remuneration Committee in conjunction with the Shareholder and with the approval of the Principal Shareholder.

In line with the Code of Practice only one fee is payable to a Director in respect of service on the main Board and Boards of subsidiary or associated bodies where applicable. No Directors' fee is payable to the CEO for service on the Board. Executives of the Company who may serve on the Boards of subsidiary or associated companies do not receive any additional remuneration in respect of their Directorships. Elected Directors, who receive a fee for their services as a Director, are separately remunerated for services provided to the Company under their normal contracts of employment.

Details of Directors' fees and emoluments, including those of the CEO, are set out in Note 7 to the financial statements in accordance with the requirements of the Companies Acts 2014, and the Code of Practice.

Communication with Shareholder

The Shareholder's objectives and priorities have been communicated to the Board through, inter alia, the formulation of the National Aviation Policy and a Shareholder's Expectations Letter. There is also a formal process through which the Shareholder approves the Group's Strategic Plan. Through regular contact with relevant Government departments, the Board and management maintain ongoing reporting and dialogue with the Shareholder on strategic issues and matters of importance to the Shareholder. The Board has established procedures to ensure that Board members have an understanding of the views of the Shareholder. This is achieved through briefings to Directors from the Chairperson who, with the CEO, maintains regular dialogue with the Shareholder and his officials.

Code of Practice

daa complied with the Code of Practice, applicable to the financial year commencing 1 January 2017. The Code sets out a number of compliance requirements including the publication of the Board's Statement on the System of Internal Control which accordingly is set out below.

Statement on the System of Internal Control

Scope of Responsibility

The Board is responsible for establishing and maintaining the system of internal control throughout the Group. The system of internal control comprises those ongoing processes for identifying, evaluating and managing the significant risks faced by the Group and the key structures and procedures designed to provide an effective system of internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate risk of failure and can therefore only provide reasonable and not absolute assurance that the Group will not suffer material misstatement or loss. The Directors are satisfied that the Group's systems of internal control operated as planned for the year under review and up to the date of approval of the financial statements.

Risk Management

The Board has responsibility for determining the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives, is committed to the proactive management of risk and has processes in place designed to anticipate and address, to the extent possible, material changes to the Group's business and risk environment. The Board defines risk appetite for the Group, and seeks to ensure that through processes and structures, risk management is embedded across the organisation in normal business activities and decision making. The Board receives a risk report at each meeting, which focuses on principal risks and risk mitigation activities.

daa has an Audit and Risk Committee with defined terms of reference, membership which incorporates recent and relevant financial experience and meets regularly.

daa has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the Audit and Risk Committee.

Risk and Control Framework

daa has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. Details of the risk management process are outlined in the Risk Report on pages 43 to 46.

A number of key structures and procedures designed to provide an effective system of internal control have been established. The key structures and procedures which are used to maintain and monitor an effective internal control system and which are supported by detailed controls and processes are as follows:

Strategic Planning	Periodic preparation and adoption of a strategic plan to set future direction together with rolling five-year business and financial plans.
Board Oversight	A Board-approved Corporate Governance Policy and Framework which includes a schedule of items reserved to the board for approval;
	An active board sub-committee structure;
	Representation at Board level in the Group's principal associates and joint ventures by senior Group executives; Investments in associated and joint venture companies are considered as part of the Group's ongoing management risk review process;
	Separate boards which monitor the governance and performance of each subsidiary company.
Management Structures	A clearly defined organisation structure with appropriate segregation of duties and delegation of responsibility; authority within which the Group's activities can be planned, executed, controlled and monitored to achieve the strategic objectives which the board has adopted for the Group;
	Through a process of continuous improvement of the safety and environmental management systems, key issues and concerns are raised and communicated appropriately, and are actively monitored, reported and managed throughout the organisation to executive and Board level;
	An Internal Audit department which reviews key systems and controls with full access to the Audit and Risk Committee.
Risk Management	An Executive Risk Committee to monitor risk governance and to assist the Board in discharging its responsibilities in ensuring that risks are properly identified, reported and assessed; that risks are appropriately mitigated and controlled; and that strategy is informed by, and aligned with, the Group's risk appetite.
Monitoring and Control	A comprehensive system of management and financial reporting across all functions including finance, legal and other corporate services, health, safety and security, asset maintenance and development, commercial and operations;
	Clearly defined limits and procedures for financial expenditure;
	Executive management overseeing capital, revenue, cost and employment matters;
	Annual scorecards, budgets and financial plans for the Group and business units;
	Regular monitoring of Group financial and operating performance against budgets and scorecards; regular reporting to Board on business performance.
	The Company has specific arrangements for procurement in place including a formal procurement function and the promulgation of policies and procedures to staff to ensure compliance with the applicable EU and Irish legal requirements (in particular, the Utilities Directive 2014/25/EU and the Concessions Directive 2014/23/EU and the associated secondary legislation under Irish law).

Review of Effectiveness of Risk Management and Control Procedures

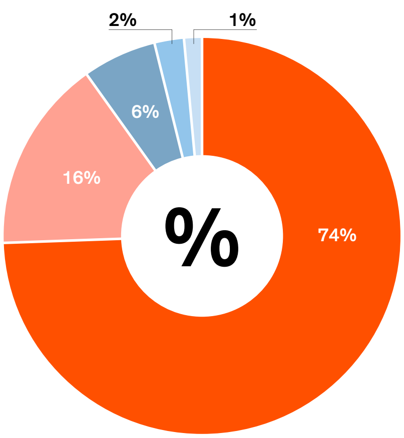
daa has procedures to monitor the effectiveness of its risk management and control procedures. daa's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within daa responsible for the development and maintenance of the internal control framework.

The Board conducted an annual review of the effectiveness of the internal controls for 2017. No significant weaknesses in key internal control procedures were identified in relation to 2017 that have had a material impact on the Group's financial performance or condition that require disclosure in the financial statements.

Reporting Requirements

The Code of Practice also sets out reporting requirements in relation to specific types of expenditure for the year ended 31 December 2017. Travel and subsistence costs charged to the profit and loss account for the year amounted to €1.04 million (national) and €2.67 million (international). Hospitality and staff wellbeing costs charged to the profit and loss account amounted to €1.33 million. Consultancy costs charged to the profit and loss account amounted to €1.30 million. Termination payments arising under approved restructuring programmes are set out in Note 20 to the financial statements, as are legal and compensation payments primarily relating to insurance in the year. Other legal and settlement payments for concluded and settled legal cases amounted to €0.2 million in the year. Amounts relating to pension costs charged to the profit and loss account are set out in Note 3 to the financial statements.

Details of employee benefits for the Group's activities across its domestic and international businesses are displayed below. Employee benefits comprise all regular earnings, salary, overtime, shift-related, performance-based earnings and other benefits such as medical insurance (Total Remuneration) but exclude employer pension contributions.



Total Remuneration (no. of employees)

Up to €50,000 (3,743)*

€50,000—€75,000 (792)

€75,000—€100,000 (303)

€100,000—€150,000 (118)

>€150,000 (71)

* Employee numbers include part-time employees and individuals who only worked for the Group for a portion of the year and are not determined on a consistent basis with FTE numbers disclosed in Note 3.

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2017 in accordance with the requirements of Section 325 of the Companies Act 2014.

Principal Activities

The Group's principal activities are airport development, operation and management, international airport retailing and international airport investment. The Group owns and operates the two largest airports in the Republic of Ireland, has airport retail activities in Ireland and a range of international locations. Outside of Ireland, the Group currently has investments in three European airports, and operates Terminal 5, at King Khaled International Airport in Riyadh, Saudi Arabia on a contract basis.

Review of the Business and Future Developments

Commentaries on performance for the year ended 31 December 2017, including information on recent events and likely future developments are contained in the Chief Executive's Review. The financial position, principal risks and uncertainties facing the business and key performance indicators are contained in the Financial Review and the Risk Report.

Results and Dividends for the year

The financial results of the Group for the year show a profit for the financial year amounting to €125.1 million compared with a profit of €107.5 million for 2016 in both cases after taxation and before exceptional items.

Details of the results for the year are set out in the Group profit and loss account and related notes.

The Board has recommended a dividend of €37.4 million (2016 dividend of €29.1million paid in 2017).

Going Concern

The Directors, having reviewed the Group's projections, with particular reference to its operating cash flow, capital commitments, liquidity and funding position, have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accounting Records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate systems, appropriate controls and resources to the financial function. The books of account of the Company are maintained at the Company's premises at Dublin and Cork airports and at its Shared Services Centre in Limerick.

Information to the Auditors

Each Board member confirms that, so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware and that they have taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Research and Development

During the year the Group engaged in certain research and development related activities, primarily in relation to development in the information technology area.

Health and Safety

The wellbeing of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Acts 2005 and 2010 impose certain requirements on employers and all relevant companies within the Group take the necessary action to ensure compliance with the Acts.

Subsidiary, Associated and Joint Venture Undertakings

The information required by Section 314 of the Companies Act 2014 in relation to subsidiary, associated and joint venture undertakings is set out in Note 13.

Prompt Payments Act

Internal financial controls are in place to ensure compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act 1997 as amended by the European Communities (Late Payments in Commercial Transactions) Regulations 2002 and 2012. Standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. As in previous years, substantially all payments were made within the appropriate credit period as required.

Political Donations

The Group did not make any political donations during the year.

Lobbying Act

In accordance with the Regulation of the Lobbying Act, 2015, the Group is registered on the register and has made returns in compliance with the Act.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014 the Directors: (a) acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in that legislation); (b) confirm that a compliance policy statement has been drawn up and that appropriate arrangements or structures are in place that are, in the opinion of the Directors, designed to secure material compliance with the relevant obligations; and (c) confirm that a review has been conducted during the 2017 financial year of the arrangements and/or structures that have been put in place as referred to in (b) above.

Events after the end of the Reporting Period

There have been no significant post balance sheet events which require adjustment to the financial statements or the inclusion of a note thereto.

Auditors

Deloitte, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office as external auditor in accordance with Section 383 (2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:
Dalton Philips (Director) and Gerry Walsh (Director)
23 March 2018

Consolidated Financial Statements
2017

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and parent Company as at the financial year end date and of the profit or loss of the Group and parent Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the parent Company and the Group financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent auditor's report to the members of daa plc

Report on the audit of the financial statements

Opinion on the financial statements of daa plc (the 'Company')

In our opinion the Group and parent Company financial statements:
- give a true and fair view of the assets, liabilities and financial position of the Group and parent Company as at 31 December 2017 and of the profit of the Group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The Group financial statements:
- the Group Profit and Loss Account;
- the Group Statement of Comprehensive Income;
- the Group Balance Sheet;
- the Group Statement of Cash Flows;
- the Group Statement of Changes in Equity; and
- the related notes 1 to 35, including a summary of significant accounting policies as set out in Note 33.

The parent Company financial statements:
- the Parent Company Balance Sheet;
- the Parent Company Statement of Changes in Equity;
- the related notes 1 to 35, including a summary of significant accounting policies as set out in Note 33.

The relevant financial reporting framework that has been applied in the preparation of the Group and parent Company financial statements, is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("the relevant financial reporting framework").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:
- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Reports and Consolidated Financial Statements for the financial year ended 31 December 2017, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (consolidated) financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent Company were sufficient to permit the financial statements to be readily and properly audited.
- The parent Company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Under the 2016 Code of Practice for the Governance of State Bodies (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal financial control required under the Code of Practice as included in the Corporate Governance Statement in the Report of the Directors does not reflect the Group's compliance with paragraph 1.9 (iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in respect of this responsibility.

Kevin Sheehan – *For and on behalf of Deloitte*
Chartered Accountants and Statutory Audit Firm
Deloitte and Touche House, Earlsfort Terrace, Dublin 2
28 March 2018

Group profit and loss account

for the financial year ended 31 December 2017

		2017			2016		
	Note	Pre-exceptional €000	Exceptional & fair value movements €000	Total €000	Pre-exceptional €000	Exceptional & fair value movements €000	Total €000
Turnover – continuing operations	2	854,582	–	854,582	793,107	–	793,107
Operating costs							
Cost of goods for resale		(174,338)	–	(174,338)	(164,894)	–	(164,894)
Payroll and related costs	3	(221,825)	–	(221,825)	(201,585)	–	(201,585)
Materials and services		(187,518)	–	(187,518)	(179,152)	–	(179,152)
		(583,681)	–	(583,681)	(545,631)	–	(545,631)
Earnings before interest, tax, depreciation and amortisation		270,901	–	270,901	247,476	–	247,476
Depreciation and amortisation		(113,024)	–	(113,024)	(108,299)	–	(108,299)
Fair value movement on investment property	5	–	6,804	6,804	–	4,115	4,115
Group operating profit – continuing operations		157,877	6,804	164,681	139,177	4,115	143,292
Share of operating profit							
Joint venture undertakings		2,130	–	2,130	1,733	–	1,733
Associated undertakings	4	27,413	–	27,413	27,772	–	27,772
Group profit before interest and taxation		187,420	6,804	194,224	168,682	4,115	172,797
Finance income	6	3,758	–	3,758	3,980	–	3,980
Interest receivable and similar income	6	1,001	–	1,001	1,710	–	1,710
Interest payable and similar charges	5/6	(41,178)	–	(41,178)	(46,882)	(37,088)	(83,970)
Group profit on ordinary activities before taxation	7	151,001	6,804	157,805	127,490	(32,973)	94,517
Taxation on profit on ordinary activities	8	(20,225)	(1,602)	(21,827)	(14,720)	4,844	(9,876)
Profit after taxation		130,776	5,202	135,978	112,770	(28,129)	84,641
Attributable to:							
Non-controlling interest		5,662	–	5,662	5,258	–	5,258
Equity shareholders of the Group		125,114	5,202	130,316	107,512	(28,129)	79,383
Profit for the financial year for the Group		125,114	5,202	130,316	107,512	(28,129)	79,383

Group statement of comprehensive income

for the financial year ended 31 December 2017

	Note	2017 €000	2016 €000
Group profit for the financial year		**130,316**	79,383
Exchange differences on translation of overseas investments (arising on net assets)			
Subsidiary undertakings	22	**(4,332)**	1,983
Associated undertakings	22	**(2,681)**	1,161
Purchase of non-controlling shareholding		**(3,226)**	–
Re-measurement of net defined benefit liability	23	**2,043**	(2,135)
Deferred tax (charge)/credit thereon		**(263)**	284
Other comprehensive income for the financial year			
Equity shareholders of the Group		**121,857**	80,676
Non-controlling interest profit for the financial year		**5,662**	5,258
Exchange differences on translation of overseas non-controlling interests		**(1,605)**	671
Other comprehensive income for the financial year			
Non-controlling interest		**4,057**	5,929
Total other comprehensive income for the financial year attributable to:			
Non-controlling interest		**4,057**	5,929
Equity shareholders of the Group		**121,857**	80,676

Group balance sheet

as at 31 December 2017

	Note	2017 €000	2016 €000
Fixed assets			
Tangible assets	10	**1,716,834**	1,641,523
Intangible assets	11	**55,948**	61,245
Investment property	12	**123,598**	116,793
		1,896,380	1,819,561
Investments			
Investments in joint venture undertakings		**1,499**	1,634
Investments in associated undertakings		**106,333**	105,819
Other financial assets		**21,641**	22,533
Total investments	13	**129,473**	129,986
Total fixed assets		**2,025,853**	1,949,547
Current assets			
Stocks	14	**43,214**	39,206
Debtors	15	**57,557**	55,037
Cash and cash equivalents	25	**594,975**	606,228
		695,746	700,471
Creditors: amounts falling due within one year	16	**(508,005)**	(201,367)
Net current assets		**187,741**	499,104
Total assets less current liabilities		**2,213,594**	2,448,651
Creditors: amounts falling due after more than one year	17	**(817,510)**	(1,155,439)
Capital grants	19	**(8,705)**	(10,156)
Provisions for liabilities	20	**(94,102)**	(82,643)
Net assets		**1,293,277**	1,200,413
Capital and reserves			
Called up share capital – presented as equity	22	**186,337**	186,337
Profit and loss account		**1,090,171**	990,401
Other reserves	22	**(202)**	6,811
Shareholders' funds		**1,276,306**	1,183,549
Non-controlling interest	30	**16,971**	16,864
		1,293,277	1,200,413

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2018.

They were signed on its behalf by:

Dalton Phillips (Director) and Gerry Walsh (Director)

Company balance sheet

as at 31 December 2017

	Note	2017 €000	2016 €000
Fixed assets			
Tangible assets	10	**1,682,778**	1,609,941
Intangible assets	11	**614**	1,528
Investment property	12	**117,558**	111,758
		1,800,950	1,723,227
Investments			
Investments in subsidiaries, associated undertakings and other financial assets	13	**13,146**	13,721
Total fixed assets		**1,814,096**	1,736,948
Current assets			
Stocks	14	**13,987**	11,434
Debtors	15	**88,407**	80,315
Cash and cash equivalents		**378,275**	404,366
		480,669	496,115
Creditors: amounts falling due within one year	16	**(1,084,386)**	(1,091,515)
Net current liabilities		**(603,717)**	(595,400)
Total assets less current liabilities		**1,210,379**	1,141,548
Creditors: amounts falling due after more than one year	17	**(205,810)**	(228,376)
Capital grants	19	**(8,705)**	(10,156)
Provisions for liabilities	20	**(87,044)**	(73,521)
Net assets		**908,820**	829,495
Capital and reserves			
Called up share capital – presented as equity	22	**186,337**	186,337
Profit and loss account		**722,483**	643,158
Shareholders' funds		**908,820**	829,495

The financial statements were approved by the Board of Directors and authorised for issue on 23 March 2018.

They were signed on its behalf by:

Dalton Philips (Director) and Gerry Walsh (Director)

Group statement of cash flows

for the financial year ended 31 December 2017

	Note	2017 €000	2016 €000
Net cash flows from operating activities	24	**247,381**	238,089
Cash flows from investing activities			
Dividends received	13	**26,481**	22,808
Proceeds from sale of tangible fixed assets		**51**	7
Grants received	19	**28**	983
Purchase of tangible fixed assets		**(170,214)**	(111,309)
Purchase of investment property	12	**(1)**	(6,459)
Purchase of intangible assets – software	11	**(979)**	(505)
Purchase of additional shares in subsidary undertaking		**(4,759)**	–
Interest and similar income received		**468**	1,685
Income from other financial assets		**3,176**	1,686
Repayment of financial asset		**442**	262
Net cash flows from investing activities		**(145,307)**	(90,842)
Cash flows from financing activities			
Dividends paid to shareholder		**(29,100)**	(18,300)
Dividends paid to non-controlling interest	30	**(2,570)**	(1,355)
Repayment of bank loans		**(42,605)**	(42,855)
Interest and similar charges paid		**(38,707)**	(45,057)
Proceeds from the issue of new loan notes		**–**	400,000
Costs associated with the issue of new loan notes		**–**	(2,374)
Redemption of loan notes		**–**	(259,432)
Exceptional cost on redemption of loan notes		**–**	(36,557)
Net cash flows from financing activities		**(112,982)**	(5,930)
Net (decrease) / increase in cash and cash equivalents		**(10,908)**	141,317
Cash and cash equivalents at beginning of financial year		**606,228**	465,140
Effect of foreign exchange rate changes		**(345)**	(229)
Net (decrease) / increase in cash and cash equivalents		**(10,908)**	141,317
Cash and cash equivalents at end of financial year		**594,975**	606,228

A cash flow statement has not been disclosed for the Company as it is taking an exemption from disclosing company cash flows under FRS 102, as the Group consolidated financial statements prepares and discloses a cash flow statement.

Group statement of changes in equity

for the financial year ended 31 December 2017

	Called-up share capital €000	Translation reserve €000	Other capital reserve €000	Profit and loss account €000	Total €000	Non-controlling interest €000	Total €000
At 1 January 2017	186,337	6,565	246	990,401	1,183,549	16,864	1,200,413
Profit for the financial year	–	–	–	130,316	130,316	5,662	135,978
Re-measurement of net defined benefit liability	–	–	–	2,043	2,043	–	2,043
Tax relating to items of other comprehensive income	–	–	–	(263)	(263)	–	(263)
Exchange differences on translation of overseas investments	–	(7,013)	–	–	(7,013)	(1,605)	(8,618)
Purchase of non-controlling interest in subsidary undertaking	–	–	–	(3,226)	(3,226)	(1,533)	(4,759)
Total comprehensive income	–	(7,013)	–	128,870	121,857	2,524	124,381
Non-controlling interest dividend proposed and paid	–	–	–	–	–	(2,417)	(2,417)
Transactions with owners recognised directly in equity							
Dividends	–	–	–	(29,100)	(29,100)	–	(29,100)
Balance at 31 December 2017	**186,337**	**(448)**	**246**	**1,090,171**	**1,276,306**	**16,971**	**1,293,277**
At 1 January 2016	186,337	3,421	246	931,169	1,121,173	13,657	1,134,830
Profit for the financial year	–	–	–	79,383	79,383	5,258	84,641
Re-measurement of net defined benefit liability	–	–	–	(2,135)	(2,135)	–	(2,135)
Tax relating to items of other comprehensive income	–	–	–	284	284	–	284
Exchange differences on translation of overseas investments	–	3,144	–	–	3,144	671	3,815
Total comprehensive income	–	3,144	–	77,532	80,676	5,929	86,605
Non-controlling interest dividend proposed and paid	–	–	–	–	–	(2,722)	(2,722)
Transactions with owners recognised directly in equity							
Dividends	–	–	–	(18,300)	(18,300)	–	(18,300)
Balance at 31 December 2016	**186,337**	**6,565**	**246**	**990,401**	**1,183,549**	**16,864**	**1,200,413**

Company statement of changes in equity

for the financial year ended 31 December 2017

	Called up share capital €000	Profit and loss account €000	Total €000
At 1 January 2017	186,337	643,158	829,495
Profit for the financial year	–	106,654	106,654
Re-measurement of net defined benefit liability	–	2,024	2,024
Tax relating to items of other comprehensive income	–	(253)	(253)
Total comprehensive income	–	108,425	108,425
Dividends		(29,100)	(29,100)
Balance at 31 December 2017	**186,337**	**722,483**	**908,820**

	Called up share capital €000	Profit and loss account €000	Total €000
At 1 January 2016	186,337	603,649	789,986
Profit for the financial year	–	59,576	59,576
Re-measurement of net defined benefit liability	–	(2,020)	(2,020)
Tax relating to items of other comprehensive income	–	253	253
Total comprehensive income	–	57,809	57,809
Dividends	–	(18,300)	(18,300)
Balance at 31 December 2016	**186,337**	**643,158**	**829,495**

Notes on and forming part of the financial statements

for the financial year ended 31 December 2017

1. General Information and Basis of Preparation

daa plc is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is Head Office, Dublin Airport, Co. Dublin. The nature of the Group's operations and its principal activities are set out in the Report of the Directors.

The financial statements are prepared in accordance with generally accepted accounting principles in Ireland under the historical cost convention, modified to include certain items at fair value, and comply with Financial Reporting Standard 102 (FRS 102) of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland and Irish statute comprising the Companies Act 2014.

The functional currency of the Group is considered to be Euro as that is the currency of the primary economic environment in which the Group operates.

The financial statements have been prepared in accordance with the accounting policies, as set out in Note 33, and have been applied consistently with the prior year. Refer to Note 34 for the Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

2. Turnover

An analysis of the Group's turnover by class of business is as follows:

	2017 €000	2016 €000
Ireland		
Aeronautical revenue	**307,017**	289,135
Direct retailing and retail/catering concessions	**154,738**	145,851
Other commercial activities	**145,785**	127,607
Total Ireland	**607,540**	562,593
International retail and other activities	**247,042**	230,514
Total turnover	**854,582**	793,107
By geographical area		
Australasia	**69,872**	66,770
Europe	**703,360**	653,607
Middle East	**33,436**	28,282
North America	**47,914**	44,448
	854,582	793,107

An analysis of the Group's turnover by category is as follows:

	2017 €000	2016 €000
Sale of goods	**346,384**	327,105
Rendering of services	**508,198**	466,002
Total turnover	**854,582**	793,107

3. Payroll and related costs

	2017 €000	2016 €000
Wages and salaries	**202,198**	179,806
Social insurance costs	**19,321**	17,197
Retirement benefit costs (Note 23)	**10,378**	8,989
Other compensation costs	**3,252**	5,454
	235,149	211,446
Staff costs capitalised into fixed assets (Note 10)	**(13,324)**	(9,861)
Total payroll and related costs	**221,825**	201,585

	2017	2016
Average monthly employee numbers (full time equivalents) were as follows:		
Airports	**2,923**	2,723
International activities	**932**	875
	3,855	3,598

4. Share of operating profits of associated undertakings

€27.4 million (2016: €27.8 million) relates to the Group's share of profits after interest and taxation for the year in its associated undertakings (see Note 13) as defined in Note 33. Management fees and other direct income from these undertakings are included in turnover of the Group. The Group's share of any profits or losses from transactions between the Group and its associated undertakings are eliminated where they are included in the carrying amount of the assets in the associated undertaking.

5. Exceptional items and fair value movements

Fair value movement on investment property

The Group has engaged independent valuation specialists to determine the fair value of its properties deemed to be investment properties at 31 December 2017 (Note 12). These valuations resulted in the Group recognising a fair value revaluation gain of €6.8 million (2016: gain of €4.1 million). The impact on taxation was the recognition of a net deferred tax charge of €1.6 million (2016: charge of €0.1million).

Settlement cost on early redemption of loan notes

In 2016, the Group repurchased €259.4 million of the €549.7 million loan notes due in 2018 following which the amount of principal outstanding on the loan notes due in 2018 is €290.2 million. The settlement cost, arising on the redemption of these loans was €37.1 million, largely comprising unpaid interest. A deferred tax credit of €4.5 million was recognised.

6. Finance income/expense

	2017 €000	2016 €000
Other financial income		
Income from unlisted investment	**3,176**	1,686
Derivatives financial instruments revaluation	**(75)**	1,665
Financial assets revaluation	**657**	629
Total other financial income	**3,758**	3,980
Interest receivable and similar income		
Income from listed and unlisted investments	**527**	642
Income on retirement benefits (Note 23)	**474**	495
Other interest received	**–**	573
Total interest receivable and similar income	**1,001**	1,710
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**12,488**	14,094
Interest on loan notes	**25,333**	30,102
Amortisation of issue costs/other funding costs	**823**	836
Other interest payable	**2,280**	1,430
Interest expense on retirement benefits (Note 23)	**670**	741
Total interest payable	**41,594**	47,203
Interest income capitalised	**(416)**	(321)
Total interest payable and similar charges	**41,178**	46,882

7. Profit on ordinary activities before taxation

Group profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2017 €000	2016 €000
Auditors' remuneration		
Auditor – Irish firm		
— audit of the Group financial statements	231	251
— other assurance services	11	73
— tax advisory services	103	124
	345	448
Auditor – International firms		
— other assurance services	142	148
— tax advisory services	32	19
— other non-audit services	10	6
	184	173
	529	621

Included in the above are audit fees incurred of €43,000 for the statutory audit of the Company (2016: €43,000), Nil for other assurance services (2016: €38,000) and €23,000 for tax advisory services (2016: €80,200).

	2017 €000	2016 €000
Operating lease rentals		
— equipment	263	268
— buildings	1,742	1,933
Depreciation (Note 10)	107,528	105,365
Loss/(profit) on retirements and disposals of tangible and intangible fixed assets	104	(6)
Amortisation of capital grants (Note 19)	(680)	(725)
Amortisation of intangible assets and goodwill (Note 11)	6,070	6,826
Foreign exchange gains	(459)	(171)

Directors' remuneration

Remuneration of Directors, including disclosures in accordance with the Code of Practice for the Governance of State Bodies (the "Code of Practice") and the Companies Act 2014, is set out below:

	2017 €000	2016 €000
Directors' fees – for		
Services as Directors	155	179
Other amounts – in connection to their employment	599	614
Pension contributions		
– defined contribution scheme	125	133
	879	926

Other amounts include remuneration of the Chief Executive and of Directors elected pursuant to the Worker Participation (State Enterprises) Acts 1977 to 2001 arising from their normal contracts of employment, in each case for the portion of the year for which they were Directors.

Pension contributions includes aggregate pension contributions paid, treated as paid or payable during the financial year in respect of qualifying services of Directors of €125,097 (2016: €132,829). Pension contributions have been made in respect of 5 Directors (2016: 5 Directors), each of whom have contracts of employment with the Group.

7. Profit on ordinary activities before taxation (continued)

Directors' fees are determined by the Minister for Transport, Tourism and Sport, with the consent of the Minister for Public Expenditure and Reform, and are currently payable at the annual rate of €31,500 for the Chairman and €15,750 for individual Directors. In accordance with the Code of Practice, details of fees payable to individual Directors during 2017 and 2016 were as follows:

	2017	2016
	€	€
— Pádraig Ó Ríordáin	**31,500**	31,500
— Niall Greene	**15,750**	15,750
— Patricia King*	**–**	–
— John Lynch	**1,444**	15,750
— Colm McCarthy	**12,261**	15,750
— Des Mullally	**15,750**	15,750
— Barry Nevin	**15,750**	15,750
— Eric Nolan	**15,750**	15,750
— Dalton Philips	**–**	–
— Ann-Marie O'Sullivan (resigned)	**–**	5,793
— Paul Schütz	**15,750**	15,750
— Denis Smyth	**15,750**	15,750
— Kevin Toland	**–**	–
— Gerry Walsh	**15,750**	15,750

* Patricia King opted to waive her Director's fee.

Expenses paid to members of the Board during the year in respect of services as Director, disclosed in accordance with the Code of Practice, were €12,951 (2016: €19,178). These amounts primarily related to travel, subsistence and reimbursed expenses.

Kevin Toland was appointed to the office of Chief Executive on 1 January 2013 and resigned on 9 September 2017. Pursuant to his contract, the salary of Mr Toland was €250,000 per annum. Total remuneration in respect of Mr Toland for 2017 amounted to €291,107 (2016: €399,063) which included basic salary of €187,932 (2016: €250,000) and pension contributions and other taxable benefits of €103,175 (2016: €149,063). Mr Toland did not receive a Director's fee.

Dalton Philips was appointed to the office of Chief Executive on 2 October 2017. Pursuant to his contract, the salary of Mr Philips is €250,000 per annum. Total remuneration in respect of Mr Philips for the period 2 October 2017 to 31 December 2017 amounted to €86,903 (2016: Nil) which included basic salary of €52,743 (2016: Nil) and pension contributions and other taxable benefits of €34,160 (2016: Nil). Mr Philips did not receive a Director's fee.

8. Tax on profit on ordinary activities

The tax charge comprises:

	2017 €000	2016 €000
Current tax on profit on ordinary activities:		
Corporation tax – Ireland	**3,140**	2,439
Foreign tax credit	**(3,137)**	(2,440)
Overseas corporation tax	**4,514**	3,527
Adjustment in respect of prior financial years:		
Irish corporation tax	**57**	1
Total current tax charge	**4,574**	3,527
Deferred tax:		
Origination/reversal of timing differences		
Attributable to Group	**16,592**	6,345
Adjustment in respect of prior financial years	**498**	(73)
Timing differences relating to retirement benefit obligations	**163**	77
Total deferred tax charge	**17,253**	6,349
Total tax on profit on ordinary activities	**21,827**	9,876
Total current and deferred tax charge/(credit) relating to items of other comprehensive income	**258**	(284)

The Group's Irish operations are subject to differing rates of corporation taxation, according to the nature of activities. During 2017 and 2016, these rates varied from 12.5% to 25% while the standard rate of corporation taxation was 12.5%.

Based on profit for the year, the current tax charge for the period is higher (2016: lower) than that based on the standard rate of tax in the Republic of Ireland. The differences are set out in the tax reconciliation below:

	2017 €000	2016 €000
Profit on ordinary activities before taxation	**157,805**	94,517
Profit on ordinary activities at standard Irish corporation tax rate of 12.5% (2016: 12.5%)	**19,726**	11,814
Effects of:		
Permanent differences	**1,287**	(263)
Income taxed at higher rates	**1,545**	1,336
Revaluations taxed at higher rates	**511**	178
Prior year adjustments	**545**	(497)
Foreign tax on branch activities	**1,350**	838
Foreign tax credit	**(3,137)**	(2,440)
Investment property related adjustment to deferred tax	**–**	(1,090)
Total tax charge for the financial year	**21,827**	9,876

Corporation tax is provided on taxable profits at current rates.

Total current and deferred tax relating to items of other comprehensive income for the financial year was a charge of €0.26 million (2016: credit of €0.28 million).

9. Company profit for the financial year

A separate Company profit and loss account is not presented, as provided for under the Companies Act 2014, Section 304(2). A profit for the financial year after exceptionals and taxation of €106.7 million (2016: €59.6 million profit after exceptionals and taxation) has been dealt with in the financial statements of the Company.

The Company has also availed of the exemption from filing its individual profit and loss with the Registrar of Companies as permitted by Section 357 of the Companies Act 2014.

10. Tangible fixed assets

Group	Terminal complexes & piers €000	Lands & airfields €000	Plant & equipment €000	Other property €000	Assets in the course of construction €000	Total €000
Cost						
At 1 January 2017	927,849	412,430	830,494	367,225	97,710	2,635,708
Additions	5,901	1,439	20,608	164	155,466	183,578
Transfer from completed assets	37,510	19,411	31,663	14,433	(103,017)	–
Disposals	(14)	–	(19,903)	(102)	–	(20,019)
Translation reserve	–	–	(1,014)	–	–	(1,014)
Transfer to intangible assets (Note 11)	–	–	–	–	(10)	(10)
At 31 December 2017	**971,246**	**433,280**	**861,848**	**381,720**	**150,149**	**2,798,243**
Depreciation						
At 1 January 2017	268,268	156,567	437,489	131,861	–	994,185
Charge for the financial year	26,805	13,081	54,474	13,168	–	107,528
Disposals	(14)	–	(19,733)	(102)	–	(19,849)
Translation reserve	–	–	(455)	–	–	(455)
At 31 December 2017	**295,059**	**169,648**	**471,775**	**144,927**	**–**	**1,081,409**
Net book value						
At 31 December 2017	**676,187**	**263,632**	**390,073**	**236,793**	**150,149**	**1,716,834**
At 31 December 2016	659,581	255,863	393,005	235,364	97,710	1,641,523

In respect of prior financial year:

Group

Cost						
At 1 January 2016	921,567	387,195	809,696	350,453	56,235	2,525,146
Additions	3,764	1,206	14,867	14,366	85,043	119,246
Transfer from investment property (Note12)	–	13,845	–	3,616	–	17,461
Transfer to intangible assets (Note 11)	–	–	(872)	–	–	(872)
Transfer from completed assets	8,132	13,870	17,826	3,740	(43,568)	–
Disposals	(5,614)	(3,686)	(11,749)	(4,950)	–	(25,999)
Translation reserve	–	–	726	–	–	726
At 31 December 2016	927,849	412,430	830,494	367,225	97,710	2,635,708
Depreciation						
At 1 January 2016	243,856	146,110	392,741	121,736	–	904,443
Charge for the financial year	25,364	13,479	54,568	11,954	–	105,365
Transfer to intangible assets (Note 11)	–	–	(384)	–	–	(384)
Disposals	(952)	(3,022)	(9,638)	(1,829)	–	(15,486)
Translation reserve	–	–	247	–	–	247
At 31 December 2016	268,268	156,567	437,489	131,861	–	994,185
Net book value						
At 31 December 2016	659,581	255,863	393,005	235,364	97,710	1,641,523

10. Tangible fixed assets (continued)

Company	Terminal complexes & piers €000	Lands & airfields €000	Plant & equipment €000	Other property €000	Assets in the course of construction €000	Total €000
Cost						
At 1 January 2017	927,849	390,098	794,680	366,656	97,710	2,576,993
Additions	5,901	1,439	13,769	164	155,370	176,643
Transfer from completed assets	37,510	19,411	31,663	14,433	(103,017)	–
Disposals	(14)	–	(19,151)	(102)	–	(19,267)
Transfer to intangible assets (Note 11)	–	–	–	–	(10)	(10)
At 31 December 2017	**971,246**	**410,948**	**820,961**	**381,151**	**150,053**	**2,734,359**
Depreciation						
At 1 January 2017	268,268	153,159	414,365	131,260	–	967,052
Charge for the financial year	26,805	13,081	50,585	13,155	–	103,626
Disposals	(14)	–	(18,981)	(102)	–	(19,097)
At 31 December 2017	**295,059**	**166,240**	**445,969**	**144,313**	**–**	**1,051,581**
Net book value						
At 31 December 2017	**676,187**	**244,708**	**374,992**	**236,838**	**150,053**	**1,682,778**
At 31 December 2016	659,581	236,939	380,315	235,396	97,710	1,609,941

In respect of prior financial year:

Company

Cost						
At 1 January 2016	921,567	376,908	776,953	349,884	56,235	2,481,547
Additions	3,764	1,206	10,343	14,366	85,043	114,722
Transfer from investment property (Note 12)	–	1,800	–	3,615	–	5,415
Disposals	(5,614)	(3,686)	(10,442)	(4,949)	–	(24,691)
Transfer to completed assets	8,132	13,870	17,826	3,740	(43,568)	–
At 31 December 2016	927,849	390,098	794,680	366,656	97,710	2,576,993
Depreciation						
At 1 January 2016	243,856	142,702	372,048	121,166	–	879,772
Charge for the financial year	25,364	13,479	50,692	11,923	–	101,458
Disposals	(952)	(3,022)	(8,375)	(1,829)	–	(14,178)
At 31 December 2016	268,268	153,159	414,365	131,260	–	967,052
Net book value						
At 31 December 2016	659,581	236,939	380,315	235,396	97,710	1,609,941

The accounting policies used by the Group for tangible fixed assets, including depreciation, cost capitalisation and impairment reviews, are set out in Note 33.

Lands and airfields include airport land at a cost of €28.6 million (2016: €28.6 million). Fixed asset additions include internal architectural, engineering and agency payroll costs of €13.3 million (2016: €9.9 million). Cost of fixed assets includes cumulative interest capitalised of €69.1 million (2016: €68.7 million).

Interest of €0.4 million was capitalised in 2017 at a rate of 5.6% per annum (2016: €0.3 million at a rate of 5.6% per annum).

11. Intangible assets

Group	Software	Goodwill	Concession rights	Total
	€000	€000	€000	€000
Cost				
At 1 January 2017	18,084	24,505	67,671	110,260
Additions	969	–	–	969
Translation movement	(70)	–	(965)	(1,035)
Disposals	(4,484)	–	–	(4,484)
Adjustment	–	(95)	–	(95)
Transfer from tangible assets (Note 10)	10	–	–	10
At 31 December 2017	**14,509**	**24,410**	**66,706**	**105,625**
Amortisation				
At 1 January 2017	15,645	10,379	22,991	49,015
Charge for the financial year	1,372	1,491	3,207	6,070
Translation movement	(13)	–	(919)	(932)
Disposals	(4,476)	–	–	(4,476)
At 31 December 2017	**12,528**	**11,870**	**25,279**	**49,677**
Net book value				
At 31 December 2017	**1,981**	**12,540**	**41,427**	**55,948**
At 31 December 2016	2,439	14,126	44,680	61,245

In respect of prior financial year:

Cost				
At 1 January 2016	16,795	23,610	67,290	107,695
Additions	505	985	–	1,490
Translation movement	92	–	1,068	1,160
Disposals	(180)	–	(687)	(867)
Transfer from tangible fixed assets (Note 10)	872	–	–	872
Adjustment	–	(90)	–	(90)
At 31 December 2016	18,084	24,505	67,671	110,260
Amortisation				
At 1 January 2016	13,410	8,723	19,463	41,596
Charge for the financial year	1,964	1,656	3,206	6,826
Translation movement	67	–	1,009	1,076
Disposals	(180)	–	(687)	(867)
Transfer from tangible fixed assets (Note 10)	384	–	–	384
At 31 December 2016	15,645	10,379	22,991	49,015
Net book value				
At 31 December 2016	2,439	14,126	44,680	61,245

Company	**Software €000**	**Total €000**
Cost		
At 1 January 2017	15,445	15,445
Transfer from tangible fixed assets (Note 10)	10	10
Disposals	(4,428)	(4,428)
At 31 December 2017	**11,027**	**11,027**
Amortisation		
At 1 January 2017	13,917	13,917
Charge for the financial year	916	916
Disposals	(4,420)	(4,420)
At 31 December 2017	**10,413**	**10,413**
Net book value		
At 31 December 2017	**614**	**614**
At 31 December 2016	1,528	1,528

In respect of prior financial year:

Company		
Cost		
At 1 January 2016	15,303	15,303
Additions	322	322
Disposals	(180)	(180)
At 31 December 2016	15,445	15,445
Amortisation		
At 1 January 2016	12,501	12,501
Charge for the financial year	1,596	1,596
Disposals	(180)	(180)
At 31 December 2016	13,917	13,917
Net book value		
At 31 December 2016	1,528	1,528

The goodwill balance at 31 December 2017 comprises:

(i) Goodwill of €18.3 million relates to the 2008 acquisition of Aer Rianta International (Middle East) WLL ("ARIME"). The goodwill is being amortised from 2013 over ten years which is the average life of the concession agreements currently held by ARIME.

(ii) Goodwill of €6.2 million in respect of the deferred tax liability recognised on the capitalised concession rights arising from the CTC-ARI acquisition in 2014. This goodwill is being amortised from 2014 over seventeen years which is the life of the concession agreement currently held by CTC-ARI.

The accounting policies used by the Group for intangible fixed assets, including amortisation and cost capitalisation, are set out in Note 33.

12. Investment Property

Group	Investment Property	Property under Construction	Total
	€000	€000	€000
Valuation			
At 1 January 2017	116,298	495	116,793
Additions	1	–	1
Revaluations (Note 5)	6,804	–	6,804
Transfer to completed investment property	86	(86)	–
At 31 December 2017	**123,189**	**409**	**123,598**
In respect of prior financial year:			
Valuation			
At 1 January 2016	111,911	11,769	123,680
Additions	6,459	–	6,459
Revaluations (Note 5)	4,115	–	4,115
Transfer to completed fixed assets	5,859	(5,859)	–
Transfer to tangible fixed assets (Note 10)	(12,046)	(5,415)	(17,461)
At 31 December 2016	116,298	495	116,793

Company			
Valuation			
At 1 January 2017	111,263	495	111,758
Additions	1	–	1
Revaluations	5,799	–	5,799
Transfer to completed investment property	86	(86)	–
At 31 December 2017	**117,149**	**409**	**117,558**
In respect of prior financial year:			
Valuation			
At 1 January 2016	95,280	11,769	107,049
Additions	6,459	–	6,459
Revaluations	3,665	–	3,665
Transfer to completed assets	5,859	(5,859)	–
Transfer to tangible fixed assets (Note 10)	–	(5,415)	(5,415)
At 31 December 2016	111,263	495	111,758

Investment property comprises land and buildings owned by the Group and is measured at fair value at each reporting date with changes in fair value recognised in profit and loss. The fair value of the investment properties is based on a valuation by independent valuers who hold a recognised and professional qualification and have recent experience in the location and class of the investment properties being valued.

Valuations are carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value for all of the investment properties, current and potential future income has been capitalised using yields derived from market evidence. The external valuers, in discussion with the Group's management, have determined the appropriate judgements used in the valuations based on the size of the properties, rental values, repair and condition.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

13. Fixed assets – Investments

Group	At 1 January 2017 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2017 €000
Joint venture undertakings [a]				
Joint venture undertakings	3,538	2,189	–	5,727
Dividends received	(1,904)	–	(2,324)	(4,228)
	1,634	**2,189**	**(2,324)**	**1,499**
Associated undertakings				
Equity interest at cost	63,785	–	–	63,785
Share of post-acquisition profits	282,696	27,413	–	310,109
Dividends received	(248,617)	–	(24,157)	(272,774)
Translation reserve	7,955	–	(2,742)	5,213
	105,819	**27,413**	**(26,899)**	**106,333**
Other financial assets				
Listed investments [b]	10,262	–	(1,349)	8,913
Other unlisted investments [c]	11,412	974	(442)	11,944
Other financial assets	859	–	(75)	784
	22,533	**974**	**(1,866)**	**21,641**
Total financial assets	**129,986**	**30,576**	**(31,089)**	**129,473**

In respect of prior financial year:

Group	At 1 January 2016 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2016 €000
Joint venture undertakings [a]				
Joint venture undertakings	1,796	1,742	–	3,538
Dividends received	(504)	–	(1,400)	(1,904)
	1,292	1,742	(1,400)	1,634
Associated undertakings				
Equity interest at cost	63,785	–	–	63,785
Share of post-acquisition profits	254,924	27,772	–	282,696
Dividends received	(227,209)	–	(21,408)	(248,617)
Translation reserve	6,803	1,152	–	7,955
	98,303	28,924	(21,408)	105,819
Other financial assets				
Listed investments [b]	9,995	362	(95)	10,262
Other unlisted investments [c]	11,390	742	(720)	11,412
Other financial assets	441	504	(86)	859
	21,826	1,608	(901)	22,533
Total financial assets	121,421	32,274	(23,709)	129,986

a. The joint venture undertaking relates to Cyprus Airports (F&B) Limited. The movement in joint venture undertakings reflects the 2017 share of profits of €2.2 million (2016: €1.7 million) and dividends received of €2.3 million (2016: €1.4 million).

b. Listed investments are held by ARIME, a subsidiary undertaking, are carried at fair value and changes in fair value are recognised in the profit and loss. The investments are held in shares quoted on the Bahrain Stock Exchange.

c. Other investments comprise loan stock that ARIME holds as an investment and a loan receivable amount that is due to CTC-ARI.

d. During 2017, Aer Rianta International cpt increased its investment in Delhi Duty Free Services Private Limited, "DDFS" (through a holding company Yalorvin Limited) by €4.76 million. The Company's interest in DDFS has increased from 25.6% to 33.1% as a result of the increased investment in Yalorvin Limited, which is a subsidiary undertaking that holds the investment in DDFS.

13. Fixed assets – Investments (continued)

Company	At 1 January 2017 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2017 €000
Ordinary shares in subsidiary undertakings at cost	12,102	–	–	12,102
Capital contributions to subsidiary undertakings	760	10,138	(10,638)	260
Other financial assets	859	–	(75)	784
	13,721	**10,138**	**(10,713)**	**13,146**

In respect of prior financial year:

Company	At 1 January 2016 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2016 €000
Ordinary shares in subsidiary undertakings at cost	12,102	–	–	12,102
Capital contributions to subsidiary undertakings	1,260	3,942	(4,442)	760
Other financial assets	441	504	(86)	859
	13,803	4,446	(4,528)	13,721

In the opinion of the Directors, the net realisable values of the financial assets are not less than the carrying values. The basis on which financial assets are stated is set out in Note 33.

The principal operating subsidiary, associate and joint venture undertakings of the Group, all of which are included in the Group financial statements, together with the Group's beneficial holding of ordinary shares, net of minority interest, at 31 December 2017, are as set out below:

Undertaking	Registered office	Principal activity	%
Subsidiary undertakings			
ARI Auckland Limited	Auckland, New Zealand	Duty free shopping and related activities	100.0
Aer Rianta International cpt	Dublin, Ireland	International management services and airport investor	100.0
Aer Rianta International (Middle East) WLL	Manama, Bahrain	Duty free shopping and related activities	71.3
Aer Rianta International (North America) Inc.	Montreal, Canada	Duty free shopping and related activities	100.0
ASC Airport Services Consolidated Limited	Dublin, Ireland	Provision of services to daa plc	100.0
DAA Airport Services Limited	Dublin, Ireland	Secondment of employees to daa plc	100.0
DAA Finance plc	Dublin, Ireland	Financing company	100.0
DAA Operations Limited	Dublin, Ireland	Property development	100.0
daa International Limited	Dublin, Ireland	Consultancy services	100.0
CTC-ARI Airports Limited	Nicosia, Cyprus	Duty free shopping and related activities	85.6
Gatland Property Limited	Dublin, Ireland	Property development	100.0
Halamar Development Limited	Dublin, Ireland	Property dealing and development	100.0
SkyZone Limited	Dublin, Ireland	Property investment	100.0
Joint Venture undertakings			
CTC Airports (F&B) Limited [1]	Nicosia, Cyprus	Duty free food and beverage related activities	35.6

Undertaking	Registered office	Principal activity	%
Associated undertakings			
Caribbean ARI Inc. [2]	Bridgetown, Barbados	Duty free shopping and related activities	50.0
Delhi Duty Free Services Private Limited [3]	Delhi, India	Duty free shopping and related activities	33.1
Flughafen Düsseldorf GmbH	Düsseldorf, Germany	Airport operator	20.0
Oman Sales & Services LLC	Muscat, Oman	Duty free shopping and related activities	35.6
Phoenicia Aer Rianta Management SAL	Beirut, Lebanon	Duty free shopping and related activities	35.6
Phoenicia Aer Rianta Co. SAL	Beirut, Lebanon	Duty free shopping and related activities	11.5

1. CTC Airports (F&B) Limited is treated as a joint venture as defined under FRS 102 Section 15 ("Investments in Joint Ventures") on the grounds that the group exercises joint control over CTC Airports (F&B) Limited rather than significant influence or dominant control.

2. In the opinion of the Directors, Caribbean ARI Inc. should be treated as an associated undertaking as defined under FRS 102 Section 14 ("Investments in Associates") on the grounds that the Group exercises significant influence or dominant control.

3. On 6 February 2017, the Group increased its net beneficial interest in Delhi Duty Free Services Limited from 25.6% to 33.1%.

All financial statements of subsidiary and associated undertakings are coterminous with the year-end of the Group, other than in respect of Delhi Duty Free Services Private Limited whose financial statements are prepared to a 31 March year-end. Management accounts of this entity have been prepared to 31 December 2017 for the purpose of including results of this company in the Group financial statements.

14. Stocks

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Goods for resale	**39,225**	35,341	**9,998**	7,569
Maintenance	**3,989**	3,865	**3,989**	3,865
	43,214	39,206	**13,987**	11,434

The replacement value of stock was not materially different from the carrying amount.

15. Debtors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Trade debtors	**41,565**	40,938	**34,360**	31,889
Prepayments and accrued income	**10,423**	9,133	**7,508**	7,738
Due from subsidiary undertakings	**–**	–	**40,687**	35,032
Due from associated undertakings	**1,408**	1,337	**–**	–
Corporation tax	**581**	804	**271**	564
Other debtors	**3,580**	2,825	**5,581**	5,092
	57,557	55,037	**88,407**	80,315

Debtors of €0.3 million (2016: €0.8 million) in the Group and debtors of €0.3 million (2016: €0.8 million) in the Company, fall due after more than one year. Other debtors of the Group, include €1.1 million of borrowing costs capitalised at a rate of 1.2% (2016: €1.4 million at a rate of 1.2%). Other debtors of the Company, include borrowing costs of €3.2 million split between €2.1 million at a capitalisation rate of 0.05% (2016: €2.3 million at a capitalisation rate of 0.05%) and €1.1 million at a capitalisation rate of 1.2% (2016: €1.4 million at a rate of 1.2%).

16. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Bank loans (Note 18)	**43,798**	42,605	**18,029**	17,348
Loan notes (Note 18)	**290,064**	–	**–**	–
Trade creditors	**17,004**	20,964	**5,000**	7,526
Due to subsidiary undertakings	**–**	–	**925,408**	950,454
Other creditors	**18,648**	15,741	**19,120**	16,751
Accruals	**85,229**	82,739	**63,850**	59,801
Deferred income	**6,173**	5,148	**5,890**	5,465
Capital accruals	**47,089**	34,170	**47,089**	34,170
	508,005	201,367	**1,084,386**	1,091,515
Taxation and social welfare included in other creditors:				
PAYE	**3,212**	2,876	**2,712**	2,503
PRSI	**1,843**	1,688	**1,801**	1,654
VAT	**2,938**	2,645	**4,509**	4,076
Other taxes	**1,504**	855	**958**	855

Creditors for tax and social welfare are payable in the timeframe set down in the relevant legislation.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Bank loans (Note 18)	**403,821**	447,619	**190,032**	208,061
Loan notes (Note 18)	**397,911**	687,505	**–**	–
Accruals	**6,152**	8,210	**6,152**	8,210
Deferred income	**9,626**	12,105	**9,626**	12,105
	817,510	1,155,439	**205,810**	228,376

Deferred income of €3.1 million (2016: €3.1 million), Group and Company, falls due after more than five years.

18. Financial liabilities

	Group 2017 €000	Group 2016 €000	Company 2017 €000	Company 2016 €000
Repayable by instalments:				
Repayable within one year	**43,798**	42,605	**18,029**	17,348
Repayable within one to two years	**45,047**	43,798	**18,741**	18,029
Repayable within two to five years	**117,264**	126,980	**59,781**	58,485
Repayable after more than five years	**241,510**	276,841	**111,510**	131,547
	447,619	490,224	**208,061**	225,409
Repayable other than by instalments:				
Replayable within one year	**290,064**	–	**–**	–
Repayable within one to two years	**–**	289,776	**–**	–
Repayable after more than five years	**397,911**	397,729	**–**	–
	1,135,594	1,177,729	**208,061**	225,409
Split as follows:				
Bank loans	**447,619**	490,224	**208,061**	225,409
Loan notes	**687,975**	687,505	**–**	–
	1,135,594	1,177,729	**208,061**	225,409
Included in creditors falling due within one year (Note 16)	**333,862**	42,605	**18,029**	17,348
Included in creditors falling due after more than one year (Note 17)	**801,732**	1,135,124	**190, 032**	208,061

The loan notes comprised €290.2 million (2016: €290.2 million) of loan notes repayable in 2018 (less unamortised amounts) and €400 million (2016: €400 million) of loan notes repayable in 2028 (less unamortised costs). Loan notes also include borrowing costs capitalised of €2.2 million split between €2.1 million at a capitalisation rate of 0.05% (2016: €2.3 million at a rate of 0.05%) and €0.1 million at a capitalisation rate of 0.08% (2016: €0.4 million at a rate of 0.08%). These are issued by the Company's subsidiary, DAA Finance plc. These loan notes are listed on the Main Securities Market of the Irish Stock Exchange. The loan notes are guaranteed by the Company.

At 31 December 2017, DAA Finance plc also had bank loans of €239.6 million (2016: €264.8 million) which are guaranteed by the Company. Interest rates and risk profile of financial liabilities are further analysed in Note 26.

The Company's bank loans at 31 December 2017 of €208.1 million (2016: €225.4 million) are unsecured and are repayable by instalments.

Borrowing facilities

The Group has a €300 million undrawn committed revolving credit facility as at 31 December 2017 in respect of which all conditions precedent have been met. This facility expires in more than two years but not more than five years.

19. Capital grants

	Group 2017 €000	Group 2016 €000	Company 2017 €000	Company 2016 €000
At 1 January	**10,156**	9,898	**10,156**	9,898
Amortised to profit and loss account	**(680)**	(725)	**(680)**	(725)
Grants received	**28**	983	**28**	983
Grants transferred	**(799)**	–	**(799)**	–
At 31 December	**8,705**	10,156	**8,705**	10,156

Grants received relate to the development and expansion of certain airport facilities including multi-storey car park, apron facilities and software development.

20. Provisions for liabilities

	Insurance and other[1]	Deferred tax (Note 21)	Restructuring programme[2]	Pension liability (Note 23)	Pension restructuring[3]	Total
	€000	€000	€000	€000	€000	€000
Group						
At 1 January 2017	18,422	42,344	9,084	9,874	2,919	82,643
Charge/(credit) for the financial year	3,355	17,319	–	(3,473)	–	17,201
Utilised during the financial year	(2,458)	–	(2,077)	–	–	(4,535)
Transferred to accruals	–	–	(1,207)	–	–	(1,207)
At 31 December 2017	**19,319**	**59,663**	**5,800**	**6,401**	**2,919**	**94,102**

In respect of prior financial year:

	Insurance and other[1]	Deferred tax (Note 21)	Restructuring programme[2]	Pension liability (Note 23)	Pension restructuring[3]	Total
	€000	€000	€000	€000	€000	€000
Group						
At 1 January 2016	18,844	36,250	7,227	8,950	3,565	74,836
Charge/(credit) for the financial year	1,964	6,094	3,182	924	(522)	11,642
Utilised during the financial year	(2,386)	–	(1,325)	–	(124)	(3,835)
At 31 December 2016	18,422	42,344	9,084	9,874	2,919	82,643

20. **Provisions for liabilities** (continued)

	Insurance and other[1] €000	Deferred tax (Note 21) €000	Restructuring programme[2] €000	Pension liability (Note 23) €000	Pension restructuring[3] €000	Total €000
Company						
At 1 January 2017	18,422	36,245	6,852	9,083	2,919	73,521
Charge/(credit) during the financial year	3,355	17,051	–	(3,372)	–	17,034
Utilised during the financial year	(2,458)	–	(1,053)	–	–	(3,511)
At 31 December 2017	**19,319**	**53,296**	**5,799**	**5,711**	**2,919**	**87,044**

In respect of prior financial year:

	Insurance and other[1] €000	Deferred tax (Note 21) €000	Restructuring programme[2] €000	Pension liability (Note 23) €000	Pension restructuring[3] €000	Total €000
Company						
At 1 January 2016	18,844	30,532	4,748	8,252	3,565	65,941
Charge/(credit) for the financial year	1,964	5,713	2,667	831	(522)	10,653
Utilised during the financial year	(2,386)	–	(563)	–	(124)	(3,073)
At 31 December 2016	18,422	36,245	6,852	9,083	2,919	73,521

In accordance with FRS 102, Section 21 'Provisions and Contingencies' the Group and Company carry provisions where there is uncertainty of timing or amount, where there is a present obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. It is expected that such liabilities will be settled within one to ten years.

1. A provision for reported and potential claims under its self-insurance programme and for other liabilities including legal claims.

2. The Group developed a restructuring programme following consultation with staff and staff representatives in prior years. Amounts utilised in year primarily relate to payments made under the Group's restructuring scheme. At 31 December 2017, €5.4 million (2016: €6.4 million) is remaining relating to the historical restructuring programme.

3. The remaining pension provision relates to the restructuring of the IAS which was frozen on 31 December 2014 (See Note 23).

21. Deferred tax liability

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Deferred tax				
Deferred tax is provided as follows:				
Timing differences on capital allowances	**62,564**	59,443	**62,575**	59,443
Amounts temporarily not deductible for corporation tax	**(1,463)**	(3,394)	**(3,011)**	(4,592)
Tax losses available	**(18,958)**	(29,528)	**(18,958)**	(29,528)
Retirement benefit obligations	**(1,006)**	(1,349)	**(714)**	(1,135)
Revaluations	**13,888**	12,285	**13,404**	12,057
Goodwill	**4,638**	4,887	**–**	–
At 31 December	**59,663**	42,344	**53,296**	36,245

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

22. Called up share capital and other reserves

	Group and Company	
	2017	2016
	€000	€000
Authorised:		
317,500,000 ordinary shares of €1 each	**317,500**	317,500
Allotted, called up and fully paid:		
186,336,813 ordinary shares of €1 each	**186,337**	186,337

All the ordinary shares are beneficially held by the Minister for Public Expenditure and Reform of the Irish Government.

Other reserves

	Translation reserves €000	**Other capital reserves €000**	**Total €000**
Group			
At 1 January 2017	6,565	246	6,811
Exchange differences arising on translation of overseas investments	(7,013)	–	(7,013)
At 31 December 2017	**(448)**	**246**	**(202)**
In respect of prior financial year:			
At 1 January 2016	3,421	246	3,667
Exchange differences arising on translation of overseas investments	3,144	–	3,144
At 31 December 2016	6,565	246	6,811

23. Retirement benefits

The Group participates in a number of pension schemes, including both defined contribution and defined benefit schemes for its staff. Pension scheme assets are held in separate, Revenue-approved, trustee administered funds. The Group has accounted for retirement benefits under defined schemes in accordance with FRS 102, Section 28 "Employee Benefits".

daa plc participates in a number of pension schemes in respect of its staff, the principal arrangements are as set out below.

a. daa Defined Contribution Retirement Savings Scheme (the "daa DC Scheme")

The daa DC Scheme is a contributory defined contribution pension plan operated by the Group for its eligible, Irish based, employees. Contributions are paid by the members and the employer at fixed rates. The benefits secured at retirement reflect each employee's accumulated fund and the cost of purchasing benefits at that time. The daa DC Scheme has been effective since 1 January 2015 and is now the main arrangement for eligible employees at the Group's Irish airports for providing pension benefits in respect of reckonable service.

Prior to 1 January 2015, pension benefits, for the majority of eligible parent company employees, accrued in the Irish Airlines (General Employee) Superannuation Scheme (the "IAS Scheme") and, in some cases, also in the Aer Rianta Supplemental Superannuation Scheme ("the AR Supplemental Scheme"). Following the restructuring of these schemes, accrued benefits were reduced (IAS Scheme) and frozen (both schemes) on 31 December 2014. Further details of these schemes are set out below.

b. The IAS Scheme

The IAS Scheme is a multi-employer scheme in which benefits were formerly accrued by eligible employees of the Company and of other member employers. Fixed contributions were made by the employers and employees in accordance with the scheme's trust deed and rules and the scheme is accounted for as a defined contribution scheme. Aer Lingus Limited, Shannon Airport Authority DAC and SR Technics (which has ceased trading) are the other employer members of the IAS Scheme. Following a restructuring of the IAS Scheme, benefits in this scheme were reduced and frozen for service up to 31 December 2014. The employers ceased to have any further liability to the scheme (save in relation to the ongoing expenses).

c. Aer Rianta Supplemental Superannuation Scheme ("the AR Supplemental Scheme")

This scheme is for certain categories of Company employees which provide certain retirement pension benefits supplementary to those payable under the IAS Scheme. This scheme is accounted for as a defined benefit scheme. As at 31 December 2014, accrued benefits were frozen, save for annual revaluation, and pension benefits in respect of service from that date are provided through the daa Defined Contribution Retirement Savings Scheme. The employers ceased to have any further liability to the scheme (save in relation to the ongoing expenses).

Aer Rianta International cpt ("ARI") operates a defined contribution pension scheme in respect of eligible Irish-based employees. Aer Rianta International (North America) Inc., a subsidiary of ARI, operates a defined benefit pension scheme ("the ARINA Scheme").

Employee benefits disclosures

The pension cost to the Group charged against operating profit for the financial year amounted to €10.3 million (2016: €9.0 million), see Note 3. The pension cost to the Company chargeable against operating profit for the financial year amounts to €8.3 million (2016: €7.3 million).

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Defined benefit arrangements				
– Service cost	**524**	457	**182**	148
Defined contribution schemes	**9,854**	8,532	**8,097**	7,113
	10,378	8,989	**8,279**	7,261

23. Retirement benefits (continued)

The combined pensions liabilities of arrangements, accounted for as defined benefit schemes were as follows:

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Gross pension liability	**6,401**	9,874	**5,711**	9,083

The AR Supplemental Scheme is actuarially valued every three years by independent professionally qualified actuaries. The actuarial valuations are not available for public inspection. In accordance with FRS 102, at each reporting date the most recent valuation of the scheme is updated by the actuaries to reflect financial assumptions that are current at the balance sheet date.

At 31 December 2017, the net pension liability in the Group was €5.5 million (2016: €8.5 million) being assets of €22.1 million (2016: €19.3 million) and present value of accrued scheme liabilities of €28.5 million (2016: €29.1 million) net of a related deferred tax asset of €0.9 million (2016: €1.3 million).

At 31 December 2017, the net pension liability in the Company was €4.9 million (2016: €7.9 million) being assets of €17.2 million (2016: €14.8 million) and present value of accrued scheme liabilities of €22.9 million (2016: €23.9 million) net of a related deferred tax asset of €0.7 million (2016: €1.1 million).

The main financial assumptions, given on a combined basis, used by the actuaries of these arrangements to value the liabilities were:

	As at 31/12/2017	**As at 31/12/2016**
Valuation method	**Projected Unit**	Projected Unit
Rate of increase in salaries	**1.7% – 2.5%**	1.7% – 2.5%
Rate of increase in pension payment	**0.0% – 1.7%**	0.0% – 1.7%
Discount rate	**2.1% – 3.5%**	1.9% – 3.8%
Inflation assumption	**1.7% – 2.0%**	1.7% – 2.0%
Life expectancy		
Male member age 65 (current life expectancy)	**23.1 – 25.2**	23.0 – 25.1
Male member age 40 (life expectancy at age 65)	**25.9 – 26.4**	25.8 – 26.3
Female member age 65 (current life expectancy)	**25.1 – 29.7**	25.0 – 29.7
Female member age 40 (life expectancy at age 65)	**28.0 – 30.7**	27.9 – 30.7

The discount rate of 2.1% (Ireland) and 3.5% (overseas) is based on AA Rated Corporate Bonds which are considered appropriate for the duration of the liabilities of the schemes.

The asset allocations at the year-end were as follows:

	Group		Company	
	2017	2016	**2017**	2016
	Percentage of plan assets	Percentage of plan assets	**Percentage of plan assets**	Percentage of plan assets
Equities	**53.7%**	57.2%	**47.4%**	56.3%
Bonds	**42.9%**	39.6%	**45.8%**	39.4%
Cash	**1.6%**	0.1%	**3.1%**	0.2%
Other	**1.8%**	3.1%	**3.7%**	4.1%
	100.0%	100.0%	**100.0%**	100.0%

	Group 2017 €000	Group 2016 €000	Company 2017 €000	Company 2016 €000
Amounts recognised in the balance sheet				
Present value of defined benefit obligations	**(28,551)**	(29,129)	**(22,989)**	(23,846)
Fair value of plan assets	**22,150**	19,255	**17,278**	14,763
Gross liability	**(6,401)**	(9,874)	**(5,711)**	(9,083)
Related deferred tax asset	**900**	1,349	**714**	1,135
Net liability	**(5,501)**	(8,525)	**(4,997)**	(7,948)
Change in benefit obligation				
Benefit obligation at beginning of financial year	**(29,129)**	(24,916)	**(23,846)**	(20,453)
Current service cost	**(524)**	(457)	**(182)**	(148)
Interest cost	**(670)**	(741)	**(474)**	(549)
Plan members' contributions	**(67)**	(63)	**–**	–
Remeasurement gain/(loss)	**1,071**	(3,070)	**1,299**	(2,861)
Benefits paid	**458**	433	**214**	165
Translation gain/(loss)	**310**	(315)	**–**	–
Benefit obligation (funded and unfunded) at end of financial year	**(28,551)**	(29,129)	**(22,989)**	(23,846)
Change in plan assets				
Fair value of plan assets at beginning of financial year	**19,255**	15,966	**14,763**	12,201
Interest income	**474**	495	**310**	336
Remeasurement gain — Actuarial gain	**972**	935	**725**	841
Employer contributions	**2,104**	1,963	**1,695**	1,550
Member contributions	**67**	63	**–**	–
Benefits paid from plan	**(458)**	(433)	**(215)**	(165)
Translation (loss)/gain	**(264)**	266	**–**	–
Fair value of plan assets at end of financial year	**22,150**	19,255	**17,278**	14,763
Amounts recorded in profit and loss				
Current service cost	**524**	457	**182**	148
Interest cost	**197**	246	**164**	213
Total defined benefit pension expense	**721**	703	**346**	361

The return on plan assets was €0.2 million for the year (2016: €0.2 million).

Other Employee Benefits

In previous years the Group developed a restructuring programme following consultation with staff and staff representatives. At the balance sheet date a provision remained for restructuring of €5.8 million (2016: €6.8 million), see Note 20. This is an unfunded liability, within the meaning of FRS 102, at the balance sheet date.

Termination and early retirement benefits were transferred to creditors' amounts due within one year and creditors' amounts greater than one year at 31 December 2016. (See Note 20).

24. Cash flow statement

Reconciliation of operating profit to cash generated by operations

	Note	2017 €000	2016 €000
Operating profit		**164,681**	143,292
Adjustment for:			
Depreciation charge	10	**107,528**	105,365
Fair value movement on investment properties	12	**(6,804)**	(4,115)
Pension provision credit		**–**	(522)
Taxation paid		**(3,807)**	(3,559)
Amortisation of intangible assets	11	**6,070**	6,826
Loss/(profit) on disposal and retirements of tangible and intangible assets	7	**104**	(6)
Amortisation of capital grants	19	**(680)**	(725)
		267,092	246,556
Operating cash flow before movement in working capital			
Increase in stocks		**(4,008)**	(3,762)
Increase in debtors		**(3,616)**	(8,764)
(Decrease)/increase in creditors		**(9,086)**	7,389
Decrease in pension liability		**(1,821)**	(1,459)
Increase in insurance liability	20	**3,355**	1,964
Payments in respect of restructuring programme	20	**(2,077)**	(1,325)
Payments in respect of insurance and other provisions		**(2,458)**	(2,510)
Cash generated by operations		**247,381**	238,089

25. Analysis of net debt

	At 1 January 2017 €000	Cash flow €000	Non–cash movement €000	Foreign exchange movement €000	At 31 December 2017 €000
Cash	86,352	4,749	–	(345)	90,756
Cash equivalents	519,876	(15,657)	–	–	504,219
	606,228	(10,908)	–	(345)	594,975
Debt due within one year	(42,605)	42,605	(333,862)	–	(333,862)
Debt due after one year	(1,135,124)	–	333,392	–	(801,732)
	(1,177,729)	42,605	(470)	–	(1,135,594)
Total	**(571,501)**	**31,697**	**(470)**	**(345)**	**(540,619)**

In respect of prior financial year:

	At 1 January 2016 €000	Cash flow €000	Non–cash movement €000	Foreign exchange movement €000	At 31 December 2016 €000
Cash	84,798	1,783	–	(229)	86,352
Cash equivalents	380,342	139,534	–	–	519,876
	465,140	141,317	–	(229)	606,228
Debt due within one year	(42,855)	302,287	(302,037)	–	(42,605)
Debt due after one year	(1,038,525)	(397,626)	301,027	–	(1,135,124)
	(1,081,380)	(95,339)	(1,010)	–	(1,177,729)
Total	(616,240)	45,978	(1,010)	(229)	(571,501)

26. Financial instruments

Narrative disclosures concerning the Group's treasury policy and management are set out in the 2017 Financial Review. The required disclosures in respect of relevant financial assets and liabilities (as defined) in accordance with FRS 102 Section 11 "Basic Financial Instruments" are provided below. Relevant financial assets/liabilities exclude short-term debtors and creditors and investments in subsidiaries and associated undertakings.

(i) Interest rate risk profile of financial liabilities and assets

The interest rate profile of the Group's relevant financial liabilities and interest bearing relevant financial assets at 31 December 2017 was:

			2017			2016
	Total	**Floating rate**	**Fixed rate**	Total	Floating rate	Fixed rate
	€000	**€000**	**€000**	€000	€000	€000
Financial liabilities						
Euro	**1,135,594**	**206,471**	**929,123**	1,177,729	221,765	955,964
Financial assets						
Euro	**567,349**	**567,349**	**–**	578,267	578,267	–
Sterling	**655**	**655**	**–**	545	545	–
US dollar	**10,490**	**10,490**	**–**	18,739	18,739	–
Canadian dollar	**4,771**	**4,771**	**–**	4,504	4,504	–
New Zealand dollar	**5,054**	**5,054**	**–**	3,890	3,890	–
Saudi riyal	**6,102**	**6,102**	**–**	–	–	–
Hong Kong dollar	**–**	**–**	**–**	6	6	–
Swiss franc	**293**	**293**	**–**	191	191	–
Renminbi	**–**	**–**	**–**	14	14	–
Australian dollar	**261**	**261**	**–**	72	72	–
	594,975	**594,975**	**–**	606,228	606,228	–

The weighted average interest rate for fixed rate Euro currency financial liabilities was 3.9% (2016: 3.9%) and the weighted average period for which the rate was fixed was 8.1 years (2016: 9.0 years). There were no financial liabilities on which no interest is paid. The floating rate financial assets were comprised of term and call bank deposits of less than one year that bore interest based on market rates. The benchmark rate for determining interest payments for the floating rate financial liabilities is six month EURIBOR.

26. Financial instruments (continued)

(ii) Currency exposures

The table below shows the Group's currency exposure, being those assets and liabilities (or non-structural exposures) that give rise to the net monetary gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the unit involved. These exposures were as follows:

	Net foreign currency monetary assets €000							
	Euro	**Sterling**	**US dollar**	**Canadian dollar**	**Swiss franc**	**Australian dollar**	**Saudi Riyal**	**Renminbi**
As at 31 December 2017								
Functional currency of Group operations								
Euro	–	389	290	2,472	51	–	8,691	–
Canadian dollar	21	–	298	–	–	–	–	–
Hong Kong dollar	8	–	–	–	–	–	–	–
US dollar	5,466	211	–	–	241	–	–	–
New Zealand dollar	6	56	74	–	–	261	–	–
	5,501	**656**	**662**	**2,472**	**292**	**261**	**8,691**	**–**
As at 31 December 2016								
Functional currency of Group operations								
Euro	–	437	7,399	1,586	–	–	2,026	–
Canadian dollar	24	–	129	–	–	–	–	–
Hong Kong dollar	43	–	6	–	–	–	–	14
US dollar	3,561	69	–	–	191	–	–	–
New Zealand dollar	99	39	93	–	–	72	–	–
	3,727	545	7,627	1,586	191	72	2,026	14

26. Financial instruments (continued)

(iii) Carrying values of financial liabilities and assets

Set out below are the carrying values of the Group's relevant financial assets and liabilities:

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Financial Assets				
Measured at fair value through profit or loss				
Financial asset	**9,696**	11,121	**783**	859
Debt instruments measured at amortised cost				
Loan stock receivable	**11,944**	11,412	**–**	–
Measured at undiscounted amount receivable				
Trade debtors	**41,565**	40,938	**34,360**	31,889
Other debtors	**3,580**	2,825	**5,581**	5,092
Amounts due from subsidiary undertakings	**–**	–	**40,687**	35,032
Amounts due from associated undertakings	**1,408**	1,337	**–**	–
	68,193	67,633	**81,411**	72,872
Financial Liabilities				
Measured at amortised cost				
Bank loans	**447,619**	490,224	**208,062**	225,409
Loan notes	**687,975**	687,505	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**794,558**	819,814
Measured at undiscounted amount payable				
Trade creditors	**17,004**	20,964	**5,000**	7,526
Other creditors	**18,648**	15,741	**19,120**	16,751
Amounts due to subsidiary undertakings	**–**	–	**130,850**	130,640
	1,171,246	1,214,434	**1,157,590**	1,200,140

The fair values of assets and liabilities, held at fair value through the profit and loss, are determined using quoted market prices in place at each balance sheet date.

At the balance sheet date the fair values of the relevant financial assets and other creditors falling due after more than one year were not materially different from their carrying value.

(iv) Income, expense, gains and losses in respect of financial instruments

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2017	2016
	€000	€000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	**40,096**	45,626
Total interest income for financial assets at amortised cost	**523**	642
Fair value (losses) and gains		
On financial assets measured at fair value through profit or loss	**(75)**	1,665

27. Commitments and related matters

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
(i) Capital commitments				
Contracted	**94,403**	96,323	**94,403**	96,323
Authorised by the Directors but not contracted for	**45,789**	58,480	**38,892**	44,947
	140,192	154,803	**133,295**	141,270

(ii) International concession agreements

Certain international retail activities of the Group are subject to arrangements that include guaranteed minimum concession fees.

Guaranteed minimum concession fees payable over the life of concession agreements that are in place as at 31 December 2017 were made up as follows:

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Payable on concession agreements within:				
One year	**55,466**	54,085	**–**	–
Two to five years	**329,740**	322,187	**–**	–
Greater than five years	**549,622**	663,603	**–**	–
	934,828	1,036,941	**–**	–

At 31 December 2017, €17.7 million (2016: €19.1 million) of these commitments had been secured by performance bonds issued by banks and guaranteed by the Group.

The total minimum concession fees payable as at 31 December 2017 includes a concession agreement entered into by ARIME, a subsidiary undertaking of the Group, on 21 December 2015 to operate a retail concession at the Midfield Terminal Building at Abu Dhabi International Airport for a period of 10 years from a future commencement date. A new joint venture company has been established with a local partner for the purpose of carrying out the obligations and liabilities set out in the concession agreement, which it is proposed to be novated to the joint venture entity.

The novation of the concession agreement to the joint venture entity is subject to a number of conditions and consents and is expected to be completed before the commencement date. The Group's share of (a) committed investment costs to establish the retail outlets are included in Note 27 (i) and (b) expected commitments in respect of guaranteed minimum concession fees are included in Note 27 (ii).

27. Commitments and related matters (continued)

(iii) Lessee operating leases

Total future minimum lease payments under non–cancellable operating leases are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Buildings				
One year	**1,934**	1,751	**151**	–
Two to five years	**5,039**	5,285	**604**	–
Greater than five years	**2,609**	1,662	**1,272**	–
	9,582	8,698	**2,027**	–
Land				
One year	**33**	32	**33**	32
Two to five years	**56**	56	**56**	56
Greater than five years	**9**	23	**9**	23
	98	111	**98**	111
Plant and Equipment				
One year	**104**	87	**–**	2
Two to five years	**135**	160	**–**	–
Greater than five years	**–**	–	**–**	–
	239	247	**–**	2

Group lease payments expensed at 31 December 2017 amounted to €2.0 million (2016: €2.2 million). Company lease payments expensed at 31 December 2017 amounted to €0.4 million (2016: €0.2 million).

(iv) Other commitments, guarantees and contingencies

In the normal course of business, the Group has entered into commitments for the future supply of gas and electricity at its airports. At 31 December 2017, the purchase commitments amounted to €2.7 million (2016: €4.3 million).

In the ordinary course of business, certain subsidiary undertakings have provided guarantees to financial institutions in respect of guarantees issued by them on the Group's behalf to customs, taxation and related authorities as security in relation to their ongoing commercial obligations to an aggregate extent of €8.1 million (2016: €8.8 million). At 31 December 2017 and 2016, any outstanding amounts in relation to the underlying obligations were included in the Group's balance sheet.

In the normal course of business, certain subsidiary undertakings have provided guarantees, security or indemnities in respect of certain obligations and liabilities related to particular associated and joint venture undertakings to a partial or capped level. As at 31 December 2017 no liabilities or other obligations have arisen pursuant to these obligations.

One of the Group's subsidiary undertakings has entered into a Subscription Agreement with the intention, subject to certain conditions precedent being met, of subscribing and receiving shares representing 70% of the total shareholding in an entity operating travel retail outlets in the amount of €4.4 million.

28. Lessor operating leases

Total future minimum lease payments receivable under non–cancellable operating leases are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Buildings				
One year	**17,117**	14,181	**17,117**	14,181
Two to five years	**32,672**	24,817	**32,672**	24,817
Greater than five years	**44,921**	16,410	**44,921**	16,410
	94,710	55,408	**94,710**	55,408
Land				
One year	**226**	109	**226**	109
Two to five years	**542**	427	**542**	427
Greater than five years	**664**	770	**664**	770
	1,432	1,306	**1,432**	1,306
Plant and Equipment				
One year	**769**	760	**769**	760
Two to five years	**1,452**	2,079	**1,452**	2,079
	2,221	2,839	**2,221**	2,839

29. Related party disclosures

The related parties of the Group, as defined by FRS 102, Section 33 "Related Party Disclosures", the nature of the relationship and the extent of transactions with them (excluding subsidiary undertakings), are summarised below.

	2017	2016
	€000	€000
Associated undertakings		
Management charges to associated undertakings	**6,103**	9,532
Dividends received from associated undertakings	**26,480**	22,808
Due from associated undertakings at year-end	**1,408**	1,337

Details of the Group's principal associated undertakings are set out in Note 13.

Mr Pádraig Ó Ríordáin, the Chairman of the Company during 2017 (term expired on 18 January 2018), is also a partner in Arthur Cox, a law firm which provides legal services to the Group. Fees in respect of professional services provided to the Group in the normal course of business by Arthur Cox in Ireland during the year ended 31 December 2017 were €1.4 million (2016: €1.2 million). The amount unbilled or billed and not yet paid by the Group at year-end was €0.7 million (2016: €0.4 million).

The Group deals in the normal course of business with Government and state bodies and other entities that are under ownership, control or significant influence from the Government. Such dealings are with a wide range of entities that include central government, local authorities, commercial and non-commercial semi-state companies and financial institutions.

Terms and conditions of transactions with related parties

Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables. There were no amounts provided for or written off in the period in respect of debts due to or from related parties.

Key management compensation

The Board of Directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of the individuals in respect of 2017 was €0.9 million (2016: €0.9 million).

30. Non-controlling interest

	2017	2016
	€000	€000
At beginning of financial year	**16,864**	13,657
Share of profit for the financial year	**5,662**	5,258
Exchange differences	**(1,605)**	671
Dividend to non-controlling interest [1]	**(1,203)**	(1,355)
Dividend disclosed but not yet paid to non-controlling interest [1]	**(1,214)**	(1,367)
Purchase of non-controlling interest	**(1,533)**	–
At end of financial year	**16,971**	16,864

[1] Amounts above represent dividend payments by ARIME to its non-controlling interests.

31. Litigation

In the normal course of business, the Group is involved in various legal proceedings with third parties, the outcome of which is uncertain. Where appropriate, provision is made in the financial statements based on the Directors' best estimate of the potential outcome of such proceedings. It is the policy of the Group to rigorously defend all legal actions taken against the Group.

32. Events after the end of the reporting period

Other than the recommendation of a dividend for the current financial year as noted in the Directors' report, there are no other significant post balance sheet events which require adjustment to the financial statements or inclusion of a note thereto.

33. Accounting Policies

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings ("subsidiaries") up to 31 December 2017.

The results of subsidiaries are consolidated and included in the consolidated profit and loss account from their date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from its activities.

Adjustments are made where necessary to subsidiary accounting policies when preparing the Group financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint Venture Undertakings

Joint venture undertakings ("joint ventures") are those undertakings over which the Group exercises control jointly with one or more parties.

The Group accounts for investments in joint ventures using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture. If the Group's share of losses of a joint venture equals or exceeds the carrying amount of its investment in the joint venture, the Group discontinues recognising its share of further losses. The Group recognises additional losses as a provision if it has a legal or constructive obligation to do so. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of the losses not recognised.

The results of joint ventures acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Associated Undertakings

Associated undertakings ("associates") are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.

The Group accounts for investments in associates using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. If the Group's share of losses of an associate equals or exceeds the carrying amount of its investment in the associate, the Group discontinues recognising its share of further losses. The Group recognises additional losses as a provision if it has a legal or constructive obligation to do so. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of the losses not recognised.

Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

The results of associates acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are shown in the Company balance sheet as investments and are valued at cost less allowance for impairment in value. Listed investments and financial instruments that are classified as financial assets are measured at fair value through the profit or loss.

Financial Income

Dividends receivable are recognised when the right to receive payment has been established.

Turnover

Sale of goods comprises goods supplied to both external customers and to certain of the Group's associated undertakings. Turnover from the sale of goods is recognised when the customer takes delivery of the goods.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover represents the fair value of goods and services, net of discounts, delivered to external customers and to certain of the Group's associated undertakings net of unrealised profit/losses in the accounting period excluding value added tax.

Aeronautical revenue comprises passenger charges which are recognised on their departure, runway movement charges (recognised on landing and take-off) levied according to aircraft's maximum takeoff weight, aircraft parking charges based on a combination of time parked and area of use, and other charges which are recognised when services are rendered. The Commission for Aviation Regulation ("CAR") regulates the level of revenues that the Company may collect in airport charges levied on users of Dublin Airport. CAR achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

Rendering of services include property letting, which is recognised on a straight-line basis over the term of the rental period and usage charges for the operational systems (e.g. check-in desks), which are recognised as each service is provided. Car park revenue of which the majority is pre-booked, is recognised on a straight-line basis.

Concession fee revenue, in general, is a percentage of turnover which may be subject to certain minimum contracted amounts. The minimum contracted amounts are recognised on a straight-line basis over the period to which they relate and the excess which is a percentage of turnover is recognised at the time the excess is reached and can be reliably measured.

Management fees and other direct income from overseas associated undertakings are recognised as turnover when collection is reasonably assured.

Foreign Currency

(i) Functional and presentational currency

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purposes of consolidated financial statements the results and financial position of each company are expressed in Euro, which is the functional currency of the parent company and the presentational currency for the consolidated financial statements.

(ii) Transactions and balances

Transactions arising in foreign currencies are translated into euro at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the year-end rates of exchange. The resulting profits or losses are dealt with in the profit and loss account for the year.

Where applicable the Group's net investment in overseas subsidiaries and associate undertakings is translated at the rate ruling at the balance sheet date. The results of overseas subsidiaries, associates and joint ventures are, where applicable, included at the average rate of exchange. The resulting translation differences are accumulated in equity and are reported in other comprehensive income.

Leases

Operating leases

(i) As lessor

Leases where the Group retains substantially all the risks and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as income.

(ii) As lessee

Expenditure on operating leases is charged to the profit and loss account on a straight-line basis over the lease period except where there are rental increases linked to expected general inflation, in which case these increases are recognised when incurred.

Borrowing Costs

Borrowing costs which are directly attributable to major capital projects are capitalised as part of the cost of the assets. The commencement of capitalisation begins when both the finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of tangible fixed assets, other than land and assets in the course of construction, on a straight-line basis over the estimated useful lives as follows:

Terminal complexes & piers	10–50 years
Airfields	10–50 years
Plant and equipment	2–20 years
Other property (car parks, roads, buildings and other airport infrastructure)	2–50 years

Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete. Depreciation is not applied to assets in the course of construction. The cost of land and buildings and construction work in progress includes an apportionment of staff costs directly associated with the acquisition and development of the assets.

Where a tangible fixed asset is to be withdrawn from use, the depreciation charge for that asset is accelerated to reflect the asset's remaining useful life based on the period between the date of the decision to withdraw the asset and the forecast date when withdrawal will take place.

The carrying values of items of property, plant and equipment are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The Group estimates the recoverable amount of its tangible fixed assets based on the higher of their fair value less costs to sell or their value in use, consisting of the present values of future cash flows expected to result from their use. For the purposes of this review, Dublin and Cork airports combined are considered to form one cash-generating unit based on the statutory mandate to operate critical national infrastructure, the interdependence of the airports' cash flows and the functional organisational structure by which the airports are managed. Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs to sell and value-in-use), an impairment loss is recognised by writing down the assets to their recoverable amount.

Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. Assets that are currently held for an undetermined future use are also regarded as held for capital appreciation. Investment property is stated at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the profit and loss account for the period in which they arise. Investment properties are not depreciated. Valuations were carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

Intangible Assets and Goodwill

Goodwill arising on the acquisition of a business (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) is capitalised and is amortised on a straight-line basis over its estimated useful life, the period during which benefits are expected to accrue.

Where control of a subsidiary undertaking is obtained in stages, in accordance with FRS 102, using the true and fair override, goodwill is calculated as the sum of the goodwill arising on each purchase of shares, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from Irish company law, under which goodwill is calculated as the difference between the total acquisition costs of the interests held and the fair value of the identifiable assets and liabilities on the date that the entity becomes a subsidiary undertaking. This treatment under company law would be misleading in certain circumstances as it would have the effect that the Group's share of profits or losses and reserve movements of its associates becomes reclassified as goodwill. The Group has complied with the applicable legislation, except for this departure in relation to purchased goodwill in order to achieve a fair presentation.

Where there is an increase in interest in an undertaking that is already a subsidiary undertaking, the assets and liabilities are not revalued to fair value and no additional goodwill is recognised at the date the controlling interest is increased.

Goodwill is being amortised over the period of the concession agreements entered into in the acquired entity.

Where events or circumstances are present which indicate that the carrying amount of goodwill may not be recoverable, the Group estimates the recoverable amount based on the present value of future cashflows expected to result from the use of the asset and its eventual disposition. Where this amount is less than the carrying amount of the asset, the Group will recognise an impairment loss.

In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash–generating unit is assessed for impairment prior to the end of the relevant annual period.

Other intangible assets, comprising software and concession rights are recorded at acquisition cost, being fair value at the date of acquisition less the amounts amortised to the profit and loss account. These intangible assets are amortised over their economic lives, being the terms of various concessions which currently range from two to sixteen years or being the duration of the software licenses which currently range from three to seven years.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on invoice price on either an average basis or on a first-in first-out basis depending on the stock category. An allowance is made on an annual basis in respect of potential stock obsolescence. It is based on an aged analysis of stock.

Maintenance stock relates solely to stock which will be expensed when consumed. It comprises spare parts which are used for maintenance purposes and office supplies.

Taxation

Current tax, including Irish corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unutilised tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction to which it relates.

Payments for corporation tax group relief to companies within the daa Group that are in excess of the value of the tax value surrendered are treated as a capital contribution.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist if the Group has a contract under which unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Retirement Benefit Obligations

The Group operates or participates in contributory pension schemes, covering the majority of its employees. The schemes are administered by trustees and are independent of the Group.

For schemes accounted for as defined contribution schemes, contributions are accrued and recognised in operating profit in the period in which they are earned by the relevant employees.

For the schemes accounted for as defined benefit schemes:

— The difference between the market value of the schemes' assets and actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet.

— Deferred tax on the pension is recognised (to the extent that it is recoverable) and disclosed as part of provisions for liabilities.

— The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

— The net interest cost on the net defined benefit liability is included within finance costs in the profit and loss account.

— Remeasurement comprising actuarial gains and losses, due to changes in the actuarial assumptions or because actual experience during the year was different to that assumed, and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in other comprehensive income.

— Tax in relation to service costs, net interest costs, past service costs or gains and losses on curtailments and settlements is recorded in the profit and loss account. Tax on remeasurements is recorded in other comprehensive income.

Unfunded retirement benefit liabilities are accounted for as defined benefit arrangements. Other post-employment benefits are recognised where there is a legal or constructive obligation and are measured at the present value of the benefit obligation at the reporting date.

Termination benefits are recognised when the Group has a present obligation (legal or constructive) to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or early retirement. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the termination benefits are due more than 12 months after the balance sheet date.

Capital Grants

Capital grants are treated as deferred income and amortised over the expected lives of the related fixed assets.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments which meet the basic financial instruments conditions, such as the Group's bank loans and loan notes, which have fixed or determinable payments, are subsequently measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year and which meet the basic financial instruments conditions, such as intercompany loans carried in the Company's balance sheet and which are repayable on demand, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

At the end of each reporting period financial assets measured at amortised cost, such as unlisted investment in loan stock and loan receivables which are repayable on demand, are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss immediately.

(iii) Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Group estimates the fair value by using a valuation technique.

(iv) Interest income and expense recognition
Interest income and expense is recognised in the profit and loss account for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment or receipts through the expected life of the financial instrument, or when appropriate, a shorter period to the carrying amount of the financial asset or liability.

Cash and Cash Equivalents
Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Within the Group cash flow statement, cash is defined as cash and deposits repayable on demand.

Exceptional Items
Exceptional items are material items of income and expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance. Such events may include gains or losses on disposal of assets or fair value movements on investment property, costs of a fundamental reorganisation or restructuring.

34. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 33, the Directors are required to make judgements, estimates and assumptions about the carrying amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical accounting judgements include, but are not limited to, the following:

Impairment Assessment
Airport assets are reviewed for potential impairment by applying a series of external and internal indicators specific to the assets under consideration. Dublin and Cork airports are considered to be a single income generating cash unit for the purpose of impairment assessments based on the statutory mandate to operate airport infrastructure, the interdependence of the airports' cash flows and the functional organisational structure of the daa Group. The level of headroom is a direct function of the judgements and assumptions underpinning the strategic plan and is ultimately dependent on the discount rate, the terminal growth rate and passenger combined annual growth rate. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the cash generating unit. The main assumptions that affect the estimation of the value in use are continuation of the current regulatory regime, the existence and rate of passenger growth and the discount rate. The cash flows are taken from the Group's long term financial projections and rolling five-year business and financial plan and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

Where there are indicators of impairment of financial or intangible assets including goodwill and concession rights, the Group performs impairment tests based on the value in use. The value in use is determined by calculating the net present value of estimated future cash flows arising from that income generating unit, discounted at an appropriate discount factor. The cash flows are derived from the financial projections plan.

Revaluation of Investment Property
The Group engaged independent valuation specialists to determine fair value at 31 December 2017 and 31 December 2016. The valuations were prepared in consideration of FRS 102 and in accordance with the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. The Group has significant property assets which are employed in a wide variety of activities throughout the airports such as car parking, car hire, hangars and office space. Judgement was required to determine in the context of the operations of airports, which properties, if any, should be classified as investment properties under Section 16 Investment Property. Where property assets are held to deliver essential services required at the airport such as car hire, parking and hangar facilities, these were not deemed to be held as investment properties. Other properties which are considered to be an investment property are properties or land held to earn rentals or for capital appreciation such as hotel sites and office buildings which are not used in the core operation of the airports.

All valuations are professional opinions on a stated basis, coupled with any appropriate or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

Subjective judgements were made by the valuers during their valuation approach in arriving at the valuation and whilst they consider these to be both logical and appropriate they are not necessarily the same as would be made by every purchaser.

Provision for Liabilities
A provision is recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group carries provisions for reported and potential claims under its self-insurance programme and for other liabilities, including legal claims. These provisions are made based on historical or other relevant information, adjusted for recent trends where appropriate. However, provisions represent estimates of the financial costs of events that may not occur for some years. The basis for these estimates are reviewed and updated at least annually and where information becomes available that may give rise to a material change.

Useful Economic Lives of Tangible Assets
The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Determination of appropriate useful economic lives is a key judgement and the useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the property plant and equipment, and Note 34 for the useful economic lives for each class of assets.

Intangible Assets and Goodwill
The Group establishes a reliable estimate of the useful life of intangible assets and goodwill arising on business combinations. The estimate is based on a five-year period or where longer, over the period of the concession agreement entered into in the acquired entity.

35. Approval of financial statements

The financial statements were approved by the Board of Directors on 23 March 2018.

Five-Year Summary of Financial Results

	2017 €000	2016 €000	2015 €000	2014 €000	2013 €000
Operating results					
Turnover	**854,582**	793,107	679,758	564,076	500,589
EBITDA (pre-exceptional)	**270,901**	247,476	206,042	180,862	160,972
Depreciation, amortisation and impairment	**(113,024)**	(108,299)	(105,146)	(100,307)	(99,179)
Fair value adjustment on investment property	**6,804**	4,115	19,661	16,004	–
Group operating profit (pre-exceptional)	**164,681**	143,292	120,557	96,559	61,793
Share of profits of associates and joint ventures	**29,543**	29,505	28,938	20,935	38,213
Finance income/expenses	**(36,419)**	(41,192)	(52,537)	(50,793)	(57,162)
Group exceptional items	**–**	(37,088)	8,195	(25,702)	9,865
Profit before taxation	**157,805**	94,517	105,153	40,999	52,709
Taxation	**(21,827)**	(9,876)	(16,770)	(5,462)	(10,385)
Minority interest	**(5,662)**	(5,258)	(4,971)	(4,212)	(4,166)
Profit for the financial year	**130,316**	79,383	83,412	31,325	38,158
Profit excluding exceptional items (after taxation)	**125,114**	107,512	61,481	41,895	28,119
Capital employed					
Tangible assets and investment property	**1,840,432**	1,758,316	1,744,383	1,704,807	1,707,818
Intangible fixed assets	**55,948**	61,245	66,099	72,854	14,105
Investments	**129,473**	129,986	121,421	113,115	104,383
Net current assets	**187,741**	499,104	351,441	427,673	449,265
Total assets less current liabilities	**2,213,594**	2,448,651	2,283,344	2,318,449	2,275,571
Creditors due after more than one year	**(817,510)**	(1,155,439)	(1,063,780)	(1,101,930)	(1,144,039)
Capital grants	**(8,705)**	(10,156)	(9,898)	(10,655)	(11,418)
Provisions for liabilities	**(94,102)**	(82,643)	(74,836)	(159,290)	(120,213)
Net assets	**1,293,277**	1,200,413	1,134,830	1,046,574	999,901
Summary Cash Flow					
Cash flow from operating activities	**255,164**	245,483	210,823	178,783	158,630
Dividends from associated undertakings (net)	**26,481**	22,808	24,098	22,343	23,361
	281,645	268,291	234,921	201,126	181,991
Net interest paid	**(35,063)**	(41,424)	(51,558)	(49,622)	(46,467)
Taxation paid	**(3,807)**	(3,559)	(2,018)	(2,784)	(640)
	242,775	223,308	181,345	148,720	134,884
Investment in tangible fixed assets and software	**(170,635)**	(118,273)	(111,563)	(65,402)	(55,866)
Payments in respect of exceptional restructuring and other provisions	**(4,535)**	(3,835)	(81,111)	(11,935)	(13,907)
Investment in/loans to associated and joint venture undertakings and financial assets	**–**	–	–	(3,125)	–
Acquisition of subsidiary undertakings net of cash acquired	**(4,759)**	–	–	(45,023)	(11,121)
Net proceeds/(outflow) from disposal of subsidiary/associated undertakings/joint ventures	**–**	–	–	–	11,625
Sale of tangible and financial assets	**51**	7	236	37	73
Grants received	**28**	983	–	11	54
Repayment of financial asset	**442**	–	–	–	–
	(179,408)	(121,118)	(192.438)	(125,437)	(69,142)
	63,367	102,190	(11,093)	23,283	65,742
Dividends paid to shareholder	**(29,100)**	(18,300)	–	–	–
Dividends paid to minority undertakings of subsidiaries	**(2,570)**	(1,355)	(3,950)	(4,798)	(4,310)
Cash inflow/(outflow) before management of liquid resources and financing	**31,697**	82,535	(15,043)	18,485	61,432
Net debt	**540,619**	571,501	616,240	600,314	613,970

Five-Year Summary of Passenger Statistics

Passengers	**2017**	2016	2015	2014	2013
Overall					
Transatlantic	**3,302,033**	2,734,502	2,396,684	2,122,081	1,863,381
Britain	**11,293,751**	11,219,615	10,108,080	8,956,245	8,287,527
Continental Europe	**16,151,160**	15,144,817	13,631,772	12,054,857	11,652,325
Other International	**841,776**	767,534	797,932	643,038	540,265
Domestic	**98,892**	97,049	84,008	74,596	70,561
Transit	**203,203**	174,431	102,053	5,626	10,729
	31,890,815	30,137,948	27,120,529	23,856,443	22,424,788
Percentage change year-on-year	**+5.8%**	+11.1%	+13.7%	+6.4%	-1.8%
Dublin					
Transatlantic	**3,285,618**	2,733,975	2,396,416	2,121,880	1,863,134
Britain	**9,987,687**	9,930,904	8,906,766	7,789,004	7,179,756
Continental Europe	**15,170,341**	14,208,822	12,768,193	11,082,613	10,510,488
Other International	**841,769**	767,324	797,932	643,036	540,257
Domestic	**94,276**	93,731	80,079	70,795	65,392
Transit	**202,617**	172,628	99,933	4,639	7,756
	29,582,308	27,907,384	25,049,319	21,711,967	20,166,783
Percentage change year-on-year	**+6.0%**	+11.4%	+15.4%	+7.7%	+5.6%
Cork					
Transatlantic	**16,415**	527	268	201	247
Britain	**1,306,064**	1,288,711	1,201,314	1,167,241	1,107,771
Continental Europe	**980,819**	935,995	863,579	972,244	1,141,837
Other International	**7**	210	–	2	8
Domestic	**4,616**	3,318	3,929	3,801	5,169
Transit	**586**	1,803	2,120	987	2,973
	2,308,507	2,230,564	2,071,210	2,144,476	2,258,005
Percentage change year-on-year	**+3.5%**	+7.7%	-3.4%	-5.0%	-3.5%

Five-Year Summary of Aircraft Movements

	2017	2016	2015	2014	2013
Overall					
Commercial					
Scheduled	**224,862**	217,513	199,064	184,353	173,139
Non Scheduled	**6,436**	6,090	5,910	4,808	6,417
Cargo	**4,404**	4,055	4,413	4,743	4,636
Commercial Air Transport Movements	**235,702**	227,658	209,387	193,904	184,192
Percentage change year-on-year	**+3.5%**	+8.7%	+8.0%	+5.3%	-6.5%
Others	**30,630**	38,332	30,857	27,504	29,955
Total Aircraft Movements	**266,332**	265,990	240,244	221,408	214,147
Dublin					
Commercial					
Scheduled	**205,372**	197,925	181,735	165,794	154,377
Non Scheduled	**6,052**	5,537	5,394	4,156	5,445
Cargo	**4,404**	4,055	4,105	3,968	3,878
Commercial Air Transport Movements	**215,828**	207,517	191,234	173,918	163,700
Percentage change year-on-year	**+4%**	+8.5%	+10.0%	+6.2%	+4.5%
Others	**7,369**	7,561	6,636	6,416	6,657
Total Aircraft Movements	**223,197**	215,078	197,870	180,334	170,357
Cork					
Commercial					
Scheduled	**19,490**	19,588	17,329	18,559	18,762
Non Scheduled	**384**	553	516	652	972
Cargo	**–**	–	308	775	758
Commercial Air Transport Movements	**19,874**	20,141	18,153	19,986	20,492
Percentage change year-on-year	**-1.3%**	+10.9%	-9.2%	-2.5%	-5.5%
Others	**23,261**	30,771	24,221	21,088	23,298
Total Aircraft Movements	**43,135**	50,912	42,374	41,074	43,790

daa

Board of Directors

From top left: Niall Greene, Patricia King, Colm McCarthy, Paul Mehlhorn, Barry Nevin, Eric Nolan, Dalton Philips, Paul Schütz, Denis Smyth and Gerry Walsh.

Niall Greene was originally appointed to the Board in July 2012 and reappointed in July 2015. His extensive career in aviation started in Aer Lingus and encompassed senior positions in GPA Group and GE Capital Aviation Services. He currently serves on the boards of a number of aviation finance related companies and is Chair of the Governing Body of Limerick Institute of Technology. He holds LLB and LLM degrees from the University of Limerick. Niall has considerable knowledge of aviation matters and experience in advising private and public sector organisations. He was appointed Chair of the Board Health, Safety, Security and Environment Committee in December 2012 and from November 2015 has been a member of the Board Strategic and Infrastructure Committee.

Patricia King was originally appointed to the Board in July 2012 and reappointed in July 2015. Patricia is General Secretary of the Irish Congress of Trade Unions (ICTU) - the umbrella organisation for trade unions in Ireland. She was Vice President of SIPTU and has served as a board member of the RTÉ Authority, the National Roads Authority and Pobal. She is a member of the Apprenticeship Council, the Low Pay Commission and Court Services Board. Patricia has extensive experience in the field of industrial relations at both sectoral and national level in Ireland.

Colm McCarthy was originally appointed to the Board in February 2012, reappointed in February 2015 and again in April 2017. Colm, a graduate of University College Dublin and University of Essex, has lectured at Dubrovnik International University and University College Dublin. He worked at the Central Bank, the Economic and Social Research Institute (ESRI) and with DKM Economic Consultants. Colm chaired the Irish Government's Review Group on State Assets and Liabilities and the Special Group on Public Service Numbers and Expenditure Programmes. He has wide ranging knowledge of and experience in matters of public policy and economics. Since his appointment to the Board in 2012, Colm has served on the Board Audit and Risk Committee and was appointed to the Board Finance Committee in March 2016.

Paul Mehlhorn was appointed to the Board in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Paul joined the Company in 2003 and is a Passenger Screening Supervisor at Dublin Airport. He is a member of the SIPTU trade union and holds certificates in First Line Management and in Health and Safety. Paul has a good working knowledge of company operations.

Barry Nevin was first appointed to the Board in March 2005, reappointed in October 2009, January 2014 and again in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Barry joined the Company in 1991 and works in the Airport Police and Fire Service at Dublin Airport. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Barry holds a Law degree from Dublin Institute of Technology. Barry has knowledge of company operations and experience in dealing with industrial relations matters. Since September 2005, Barry has been a member of the Board Health, Safety, Security and Environment Committee. He also chaired this committee from December 2011 to November 2012.

Eric Nolan was first appointed to the Board in January 2014 and reappointed in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Eric joined the Company in 2003 and works in the Airport Police and Fire Service at Cork Airport. He is a member of the SIPTU trade union as well as the Irish Congress of Trade Unions Worker Directors Group. Eric served on the Board of Cork Airport Authority from April 2010 to December 2011. He holds an ACI Diploma in Airport Operations and has a good working knowledge of company operations.

Paul Schütz was first appointed to the Board in July 2012 and reappointed in July 2015. Paul is a former Chief Executive of Aer Arann and a member of the Chartered Institute of Management Accountants. He has more than 20 years' experience in the airline industry holding senior finance and general management roles with a number of different companies. Paul has financial knowledge and experience in the aviation industry. Since December 2012, Paul has been a member on the Board Audit and Risk Committee.

Dalton Philips became Chief Executive ("CEO") and a Director of daa in October 2017. Prior to joining the Company, his roles included Chief Executive of Wm Morrison plc., Chief Operating Officer of Canadian retailer Loblaw Companies and Chief Executive of Brown Thomas Group. Among other roles, he was also a Senior Advisor to The Boston Consulting Group, the global management consultancy firm. Dalton is a member of the Board Strategic and Infrastructure Committee and the Board Finance Committee.

Denis Smyth was first appointed to the Board in January 2014 and reappointed in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Denis joined the Company in 1979 and currently holds the position of Airport Duty Manager. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Denis holds diplomas in Airport Operations Management and Security Management. He was appointed to the Board Health, Safety, Security and Environment Committee in March 2014 and the Board Finance Committee in March 2016.

Gerry Walsh was first appointed to the Board in November 2009, reappointed in February 2012, February 2013 and again in July 2015. As an independent business advisor he provides strategic support to the boards and senior management teams of a number of Irish and international companies and is a non-executive Director of a number of Irish companies. Gerry has knowledge and experience of working in the Irish commercial semi-state sector gained from his time as Chief Executive of Bord Gáis Energy from 2000 to 2007. He led the transition of that company to an all-Ireland energy company providing both gas and electricity to customers throughout the island of Ireland. He is an engineering graduate from UCC. Gerry was Chairman of Cork Airport Authority from 2009 to the end of 2011. Gerry is Chair of the Board Audit and Risk Committee. Having served as a member of the committee from February 2010 he was appointed Chair in February 2012. Gerry has been member of the Board Nomination and Remuneration Committee since November 2010 and the Board Strategic and Infrastructure Committee since November 2015.

daa Management Team

From top left:

Dalton Philips
Chief Executive

Brian Drain
Chief People Officer

Ray Gray
Chief Financial Officer

Vincent Harrison
Managing Director, Dublin Airport

Maurice Hennessy
Chief Information and Security Operations Officer

Niall MacCarthy
Managing Director, Cork Airport

Jack MacGowan
Chief Executive, ARI

Colm Moran
Chief Executive, daa International

Marion O'Brien
Chief Strategy and Governance Officer

Paul O'Kane
Chief Communications Officer

Aeronautical Information

Dublin Airport

Location	Lat. 532517N, Long. 0061612W (midpoint Runway 10/28)
Elevation	242 ft. AMSL
Runway	**Runway 10/28:** Length 2637 metres – Width 45 metres plus 7.5 metre shoulders each side Surface Asphalt Category III A (Runway 10) / Category III A (Runway 28) **Runway 16/34:** Length 2072 metres – Width 61 metres Surface Asphalt Category I (Runway 16) / Non-precision (Runway 34)
Refuelling	JET A1
Operational	24hrs
Postal Address	Dublin Airport, Co. Dublin, Ireland
Fax Number	(01) 814 1034 (09:00 – 17:00) (01) 814 5479 (24hrs)
Telephone Number	National (01) 814 1111 International 353 1 814 1111
Web	www.dublinairport.com
Sita	DUBRN7X (Airport Administration) DUBYREI (Operations)

Cork Airport

Location	Lat. 515029N, Long. 0082928W
Elevation	502 ft. AMSL
Runway Data	**Runway 16/34*:** Length 2133 metres – Width 45 metres plus 7.5 metre shoulders each side Surface Asphalt Category II (Runway 16) / Category I (Runway 34) **Runway 07/25:** Length 1310 metres – Width 45 metres Surface Concrete Non Inst.
Refuelling	Full refuelling facilities available
Operational	24 hrs
Postal Address	Cork Airport, Co. Cork, Ireland
Fax Number	(021) 431 3442
Telephone Number	National (021) 431 3131 International 353 21 431 3131
Web	www.corkairport.com
SITA	ORKARXH

** Runway 17/35 re-designated to Runway 16/34 effective 26/04/2018 as per IAA AIRAC Cycle*

General Business Information

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Earlsfort Terrace, Dublin 2

Principal Bankers
Bank of Ireland Group
Barclays Bank
BNP Paribas
Danske Bank A/S
European Investment Bank
HSBC Bank plc
Ulster Bank Limited

Forward Looking Statements

This document contains certain forward looking statements with respect to the financial condition, results of operations and businesses of daa plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The statements are based on current expected market and economic conditions, the existing regulatory environment and interpretations of Financial Reporting Standards applicable to past, current and future periods. Nothing in this report should be construed as a profit forecast.

Colophon

daa staff pictured:
Page 21: Courtney Byrne, Sales Assistant, The Loop, Cork Airport;
Stephen Gorman, Team Lead, Terminal 2 Facilities, Dublin Airport.

Page 22: Sarah Flood, Head of Passenger Experience, Terminal 5, King Khaled International Airport, Riyadh, Saudi Arabia.

Page 24: Sarah Farrelly, Category Manager, The Loop, Dublin Airport.

Page 27: Robert Murphy, Team Member, Terminal 2 Facilities, Dublin Airport;
Emma Maguire, Customer Service Agent, Terminal 1, Dublin Airport.

Page 28: Pascal Lee, Airport Search Unit, Cork Airport; Aisling Keenan, Operations Officer, Stand Allocation Unit, Dublin Airport.

Page 30: Deborah Kearns, Operational Performance & Training Manager, Terminal 5, King Khaled International Airport, Riyadh, Saudi Arabia.

Page 33: Abdulmohsen Aloqaili,
Duty Operations Inspector, Terminal 5, King Khaled International Airport, Riyadh, Saudi Arabia.

Page 34: Hassan Abdul Hadi, Sales Associate, Ahlan Avenue, Terminal 5, King Khaled International Airport, Riyadh, Saudi Arabia; Mahabir Singh, Client Representative, Asset Management & Development, Dublin Airport.

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Page 47: Sinead Neeson, Airport Search Unit, Terminal 2, Dublin Airport.

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