# Debt Investor Presentation
# Annual Results 2020

**daa plc**

**27 May 2021**


daa group

DublinAirport CORK AIRPORT ARI daa International

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# Today’s Presenters

## Catherine Gubbins
Group Chief Financial Officer, daa

- Joined daa in 2014 as Group Financial Controller
- Appointed Group CFO, May 2021
- Previously a Senior Manager at PwC
- Member of the Institute of Chartered Accountants of Ireland
- BA Law and Accounting in Limerick and Masters from Smurfit Business School

## Andrew Glover
Group Treasury Manager, daa

- Joined daa in 1998
- Previously at Deutsche Bank and British Airways
- Member of the Chartered Institute of Management Accountants, fellow member of Association of Corporate Treasurers in the UK and the Irish Association of Corporate Treasurers
- BSc Management from Trinity College Dublin

# Agenda

- Business & Financial Update
- COVID-19 Recovery
- Summary
- Q & A


# Business & Financial Update

# daa plc – Business units

DublinAirport

CORK AIRPORT


ARI
AER RIANTA INTERNATIONAL

daa International

# Where We Operate

# Despite mitigating actions, COVID-19 had a significant impact on FY2020

## FY2020 Group Financial Highlights

| | 2020 | 2019 |
|---|---|---|
| **Total (Passengers – Ireland)** | **7.9m** | 35.5m |
| *Change year on year* | *-78%* | *5%* |
| | | |
| **Results (€m)** | | |
| **Turnover** | **291** | 935 |
| *Change year on year* | *-69%* | *4%* |
| Operating Costs[1] | **260** | 446 |
| *Change year on year* | *-42%* | *5%* |
| Group EBITDA[2] | **(33)** | 302 |
| *Change year on year* | *-111%* | *4%* |
| Group (loss)/profit after tax | **(187)** | 150 |
| Group (loss)/profit after tax (after exceptionals) | **(284)** | 176 |
| | | |
| **Balance Sheet** | | |
| Gross debt | **(1,568)** | (760) |
| Cash | **785** | 330 |
| Net debt | **(783)** | (430) |
| | | |
| **Cash flow** | | |
| Cash flow from operating activities (before restructuring costs) | **(8)** | 276 |
| | | |
| **Capital expenditure** | | |
| Capital expenditure additions | **293** | 244 |

***Operating costs down on average 58% for last seven months of 2020***

***Cash outflow from operating activities restricted to €8m***

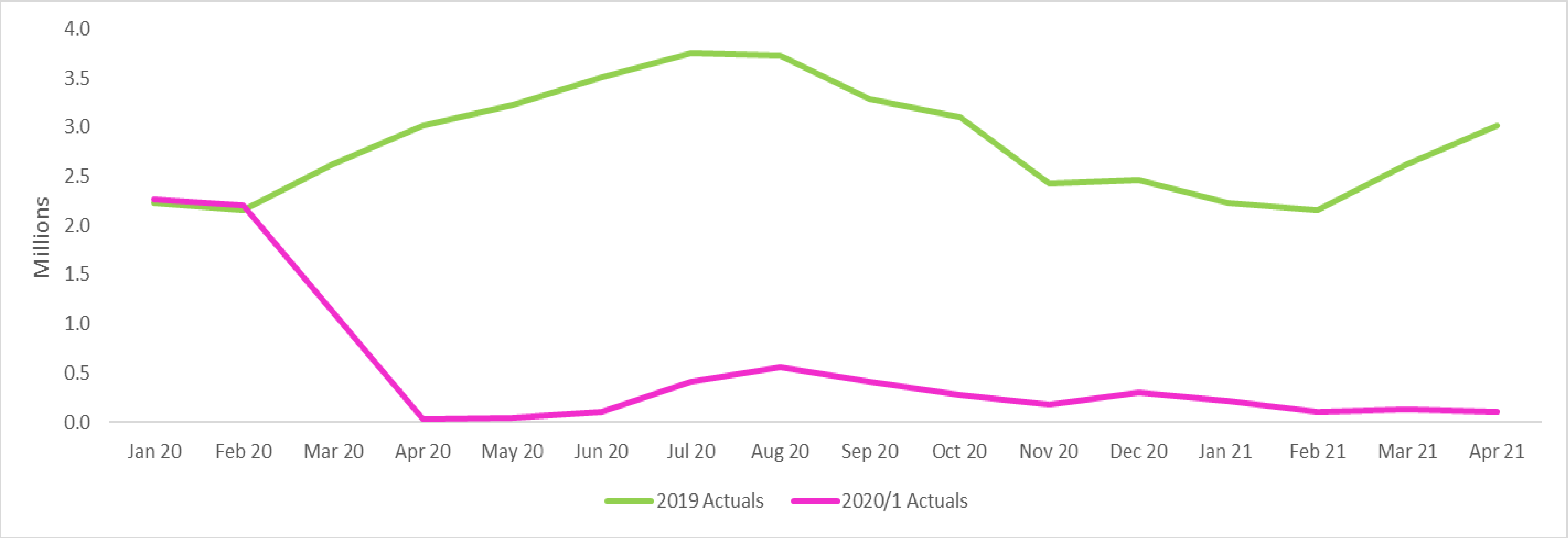
***Essential only capex completed (new runway and regulatory hold baggage screening (HBS))***

1. Group operating costs include payroll and related costs, materials and services offset by government supports.
2. Group EBITDA comprises Group earnings before interest, tax, depreciation, amortisation and exceptional items from Group activities, excluding contributions from associated and joint venture undertakings.

# Impact of COVID-19 on passenger traffic throughout 2020 and into 2021

- 2020 began with strong passenger numbers in January & February (+2% vs 2019)
- National lockdowns and restrictions commencing in March 2020 on travel caused a sharp drop in passenger numbers in the spring (99% lower pax in April vs 2019)
- Dublin & Cork Airports remained open and operational throughout, due to national strategic importance
- International locations all impacted by lockdowns
- Initial recovery seen in the summer months as governments relaxed travel restrictions
- Another drop in autumn as national lockdowns and restrictions on travel were re-introduced
- Passenger numbers at Dublin & Cork airports declined by 79% vs 2019 to 7.9 million
- Continued low levels of passengers in 2021 (down 94% to end of April on 2019 levels)

## Passenger development at Dublin and Cork airports



# Measures taken to mitigate financial impact

| | |
|---|---|
| **Operating costs** | • Measures taken to reduce cash burn<br>• Staff placed on a 4-day work week, hiring and pay freeze and availed of government payroll supports<br>• Voluntary severance programme – 918 have left the business in Ireland and approx. 1,000 in overseas retail<br>• Year-on-year reductions on average of 58% were achieved in operating costs in last seven months of 2020 |
| **Capital expenditure** | • Capital spending reviewed in 2020 and ongoing review. Delivery timescales of certain planned upgrades at Dublin Airport being reconsidered<br>• Essential projects such as Dublin's North Runway & Hold Baggage Screening Systems (regulatory requirement) at Dublin and Cork continued |
| **Balance sheet reinforcement** | • Core RCF renewed and upsized to €450m earlier in 2020 (matures March 2026)<br>• €350m amortising term loan from the EIB drawn down<br>• €500m Eurobond issuance November 2020 |
| **Government supports** | • Range of cash flow support measures, such as State aid schemes, payroll supports, local authority rates waivers and the deferral of VAT and payroll taxes ('warehousing')<br>• Key government officials have referenced criticality of aviation industry to island nation and strength & extent of government commitment & support to airports will last into the recovery and future phases |
| **Dividend policy** | • daa Board did not recommend a dividend to the State in respect of FY2019 and FY2020 |
| **Ongoing CAR consultation** | • CAR consultation ongoing on second interim review of the 2019 Final Determination, in response to COVID-19 related disruption<br>• Positive decision reached on interim review in relation to 2020 and 2021<br>• Appeal of interim review ongoing |

**Cash outflow from operations (before restructuring payments) was restricted to €8m in 2020**

# Robust Balance Sheet with Strong Liquidity

- Disciplined financial policy to ensure robust financial position and limit risk
- Strong liquidity €1.2bn; undrawn RCF (€450m) extended to 2026 and €785m of cash (as at 31 December 2020)
- No financial covenants in financing structure
- Contracted capital commitments (December 2020 €108m) amount to less than 9% of available liquidity at year-end
- Future investment commitments reviewed and will be informed by a range of factors including visibility and pace of recovery in air traffic and price regulation factors
- Well spread maturity profile, with no material maturities until 2028

## Group Debt Maturity Profile


## Existing Group Debt Facilities

| Instrument | Maturity | Current Outstanding |
|---|---|---|
| RCF (€450m) | March 2026 | Nil (Undrawn) |
| Eurobond | 2028 | €400m |
| Eurobond | 2032 | €500m |
| EIB facilities | Amortising to 2040 | €662m |

# Current Rating and Comments*

S&P Global
Ratings

| Issuer Credit Rating |
| --- |
| A-/Negative/A-2 |

***Liquidity: Strong***

*daa should be able to withstand substantially adverse market conditions over the next 24 months, while still having sufficient liquidity to meet its obligations.*

***Prudent risk management***

*In our view, management exercises prudent risk management and its debt documents remain favourable, with limited covenant requirements, only a change-of-control clause.*

***Strategic position and limited competition from other European airports***

*Due to Ireland's geographic position and high numbers of origin destination passengers, Dublin Airport faces only marginal competition from other European airports. We do not expect the competitive landscape to change as the majority (94%) of travellers are origin destination passengers, whose demand derives from a need to travel, rather than the availability of connections.*

***Supportive regulatory framework improving cost competitiveness***

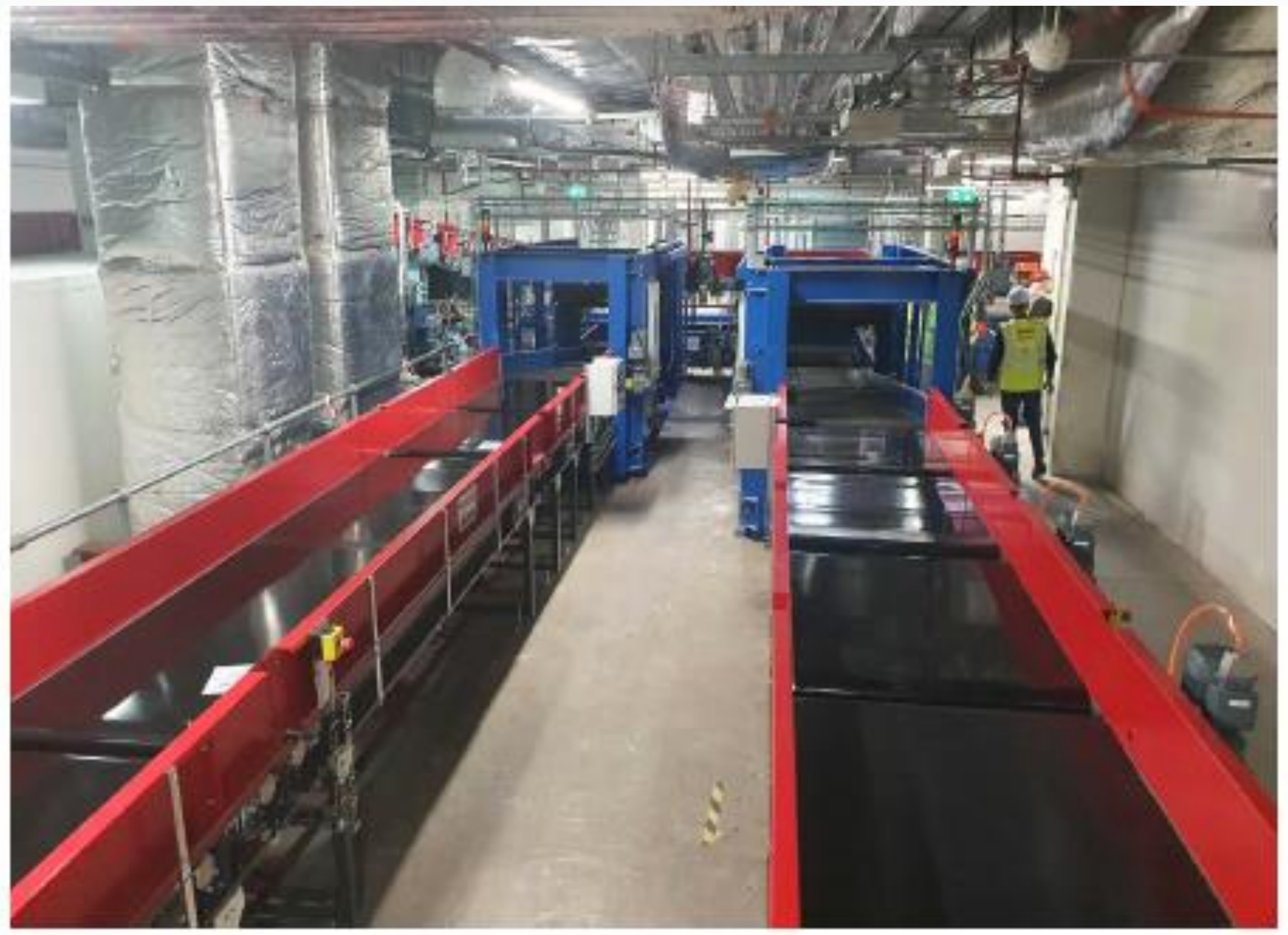
*Dublin airport has a supportive regulatory framework where the airport fees are set under a multiyear agreement with an independent regulator where it sets a cap of increases in airport fees over a five-year period.*

**** From report issued 16 October 2020***

# Substantial progress made on new North Runway and HBS

North Runway

HBS Upgrade Project




# COVID-19 Recovery

# Rebuilding Our Group Together

- We have developed a new strategic plan called *'Rebuilding Our Group Together'* which will shape the pathway forward for our businesses over the next 12-18 months

- *'Rebuilding Our Group Together'* is centred on five core pillars and seeks to build our business priorities around three key objectives:

✓ surviving the crisis;

✓ recovering from the crisis; and

✓ ensuring we are well positioned beyond the crisis to seize opportunities and restore value in our business as rapidly as possible

### Finances

Restore our finances:

- Protect our financial position
- Restore the value of our business

### Business Operations

Return our businesses to growth:

- Adapt to passengers' changing needs and expectations
- Attract customers back to our businesses
- Add value through new opportunities

### People

Re-inspire our people:

- Embed new structures and ways of working together
- Create a climate that recognises people and performance
- Engage and empower our people

### Infrastructure

Refocus on our development plans:

- Deliver critical projects
- Unlock capacity through planning
- Raise our sustainability ambition

### Stakeholders

Renew and strengthen our relationships:

- Seek out beneficial partnerships
- Be recognised as an authentic voice

**Strong strategic position post pandemic with a resized and reshaped business**

# Sustainability is a critical feature in daa for the future

- daa is committed to being a responsible and sustainable organisation and has supported the delivery of a range of ESG initiatives and activities at home and abroad for many years

- Some initiatives to date include:

✓ investing millions of euro in support of local communities;

✓ achieving record reductions in waste and energy usage; and

✓ creating employment and providing best-in-class training opportunities for our employees at every level

- In order to showcase our meaningful efforts in this area, we are developing a new Group ESG Strategy, which will be launched in 2021.

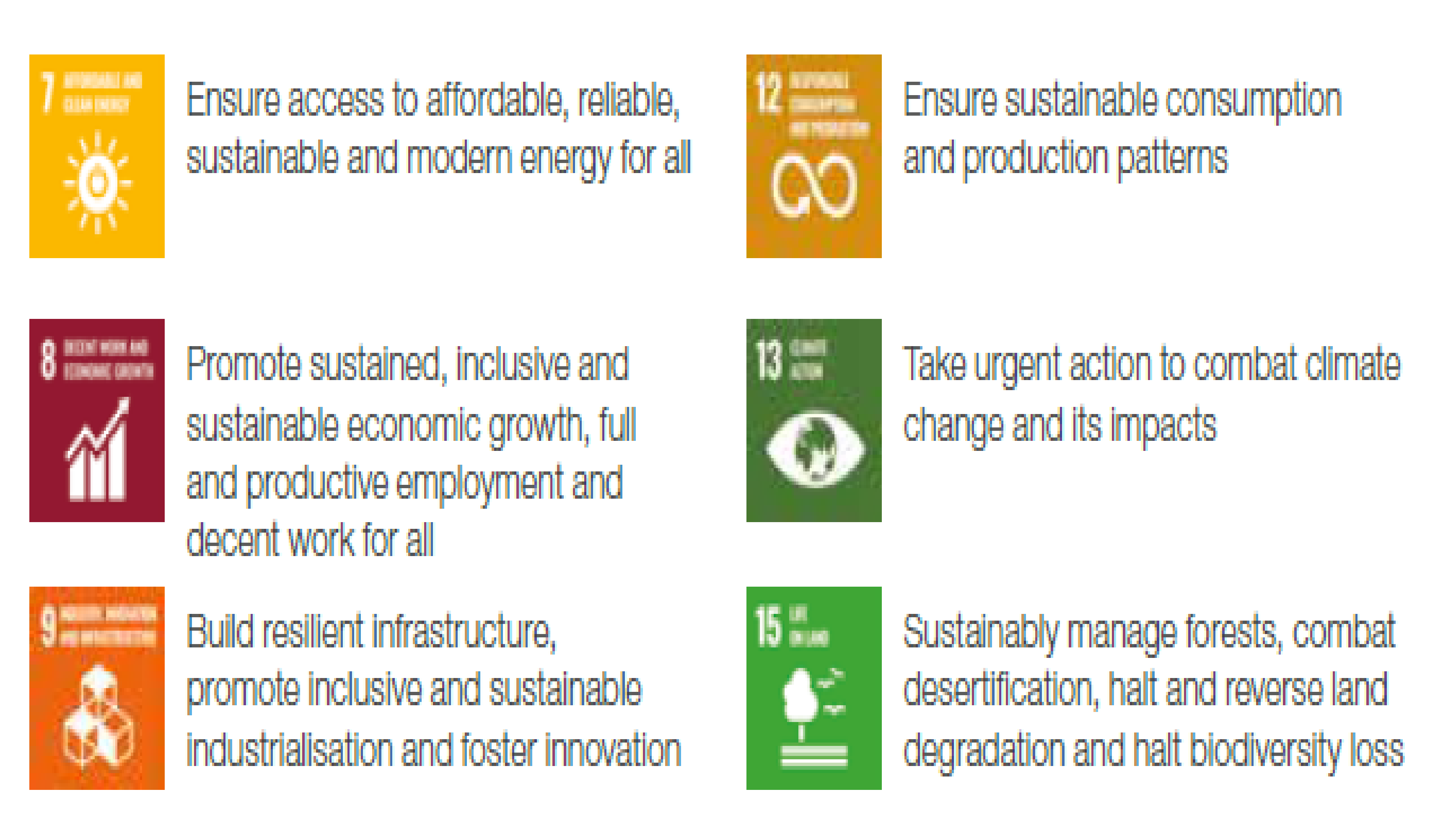
- This initial two-year ESG Strategy will

1. seek to bring together the existing work of key focus areas from across the business,
2. build upon previous targets and
3. expand our focus to reach new heights for the Group.

- The following information reports on key examples of existing ESG activities undertaken across key areas of the business in 2020.

✓ **Dublin Airport became the first airport in Ireland to achieve Airport Carbon Accreditation (ACA) Level 3+ Carbon Neutrality in 2020**

✓ **Dublin and Cork airports both outperformed their public sector 33% energy efficiency target for the period 2016-2020, achieving an estimated 55% reduction in Dublin Airport and 52% in Cork Airport against a 2006-2008 baseline**





# Summary

# Credit Highlights

| | |
|---|---|
| **Key strategic asset** | 100% Irish Government owned, connecting Ireland with the world. |
| **Prudent financial strategy** | Robust balance sheet, historically low leverage, strong liquidity reserves and consistently high investment grade credit ratings. Positioned to recover post pandemic. |
| **Regulated business model** | Dublin Airport charges regulated by the Commission for Aviation Regulation. Transparent regulatory regime provides cashflow predictability. |
| **Diverse revenue streams** | Non-Aeronautical commercial revenue streams, and equity stakes in a number of International airports, to supplement the core Dublin Airport business. |
| **Sustainable growth** | Beneficial geographic location and track record of sustainable passenger growth (pax have grown by 33% in period 2015 to 2019). Foundations laid to rebound post COVID-19. |
| **Supportive shareholder** | Supportive government shareholder who recognises the strategic importance of Dublin Airport and the key role it plays in delivering access and growth to Ireland. |

# Q & A


Aer Lingus
St Moling
A320-200
VL
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