


daa Debt Investor Presentation

2021

Crochfort
Terminal 2

daa 

daa group

 Dublin Airport

 CORK AIRPORT

ARI
AER RIANTA INTERNATIONAL

daa 
International

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Today's Presenters



Catherine Gubbins

Group Chief Financial Officer, daa

- Catherine joined in 2014 as Group Financial Controller – promoted to Director of Finance in 2019
- 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

- 1 Overview of daa
- 2 Financial & Operational Performance
- 3 Environment, Social & Governance
- 4 Transaction Summary
- 5 Q & A

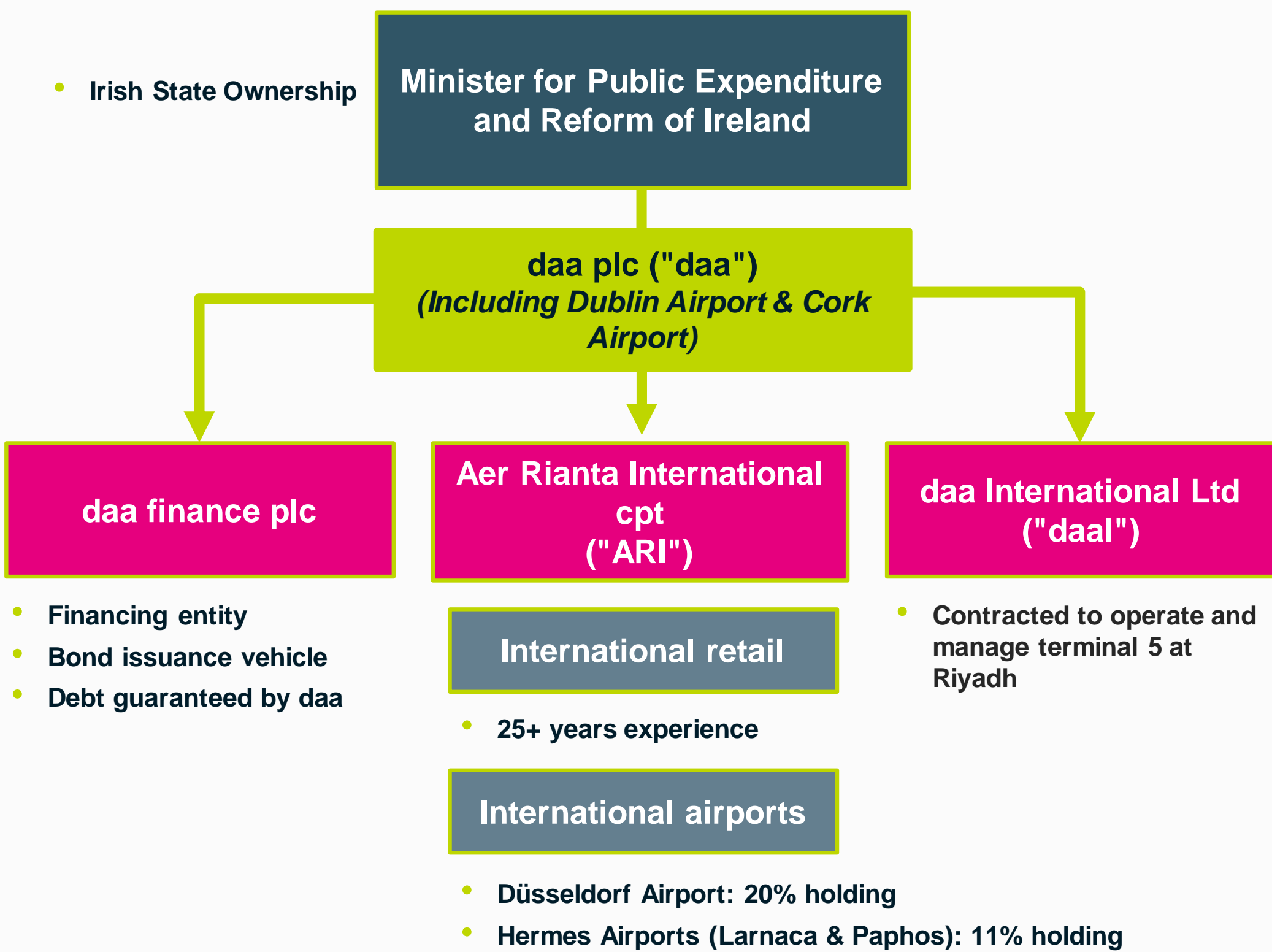


1. Overview of daa

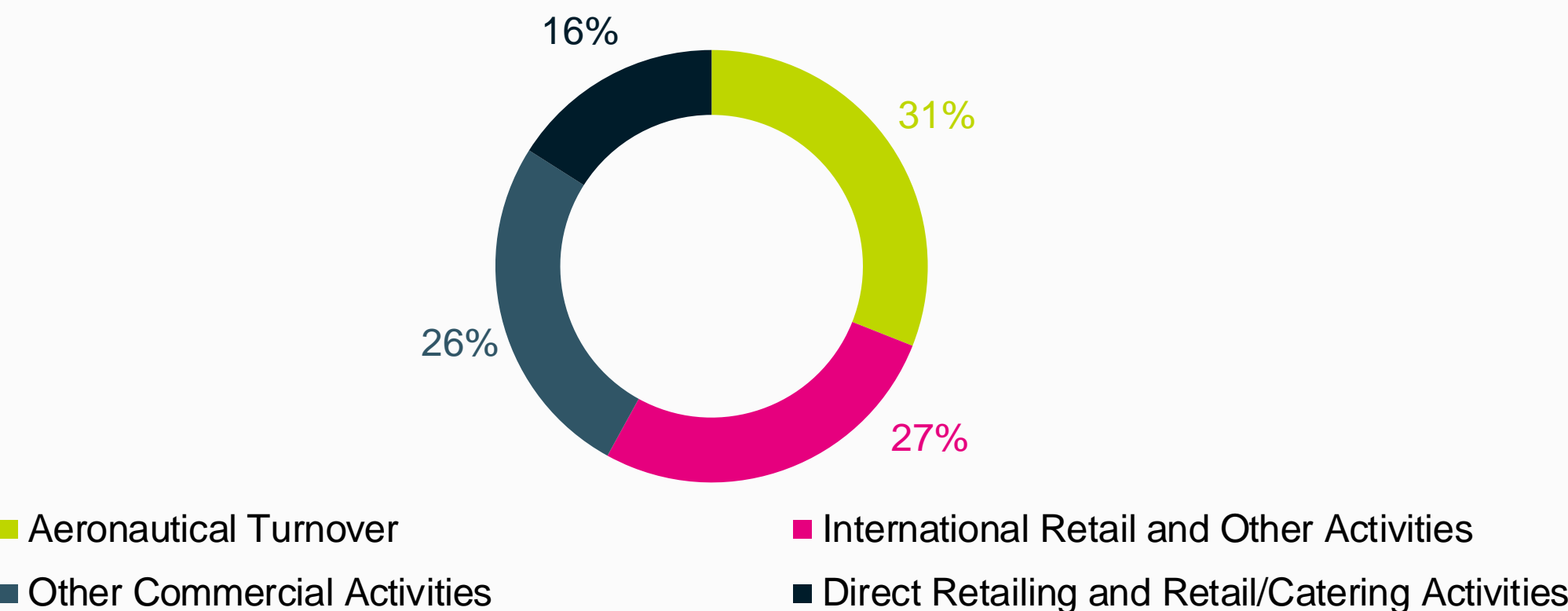
daa Group Overview – 100% Irish State-Owned

Global airports and travel retail group, headquartered in Dublin with operations in 13 other countries

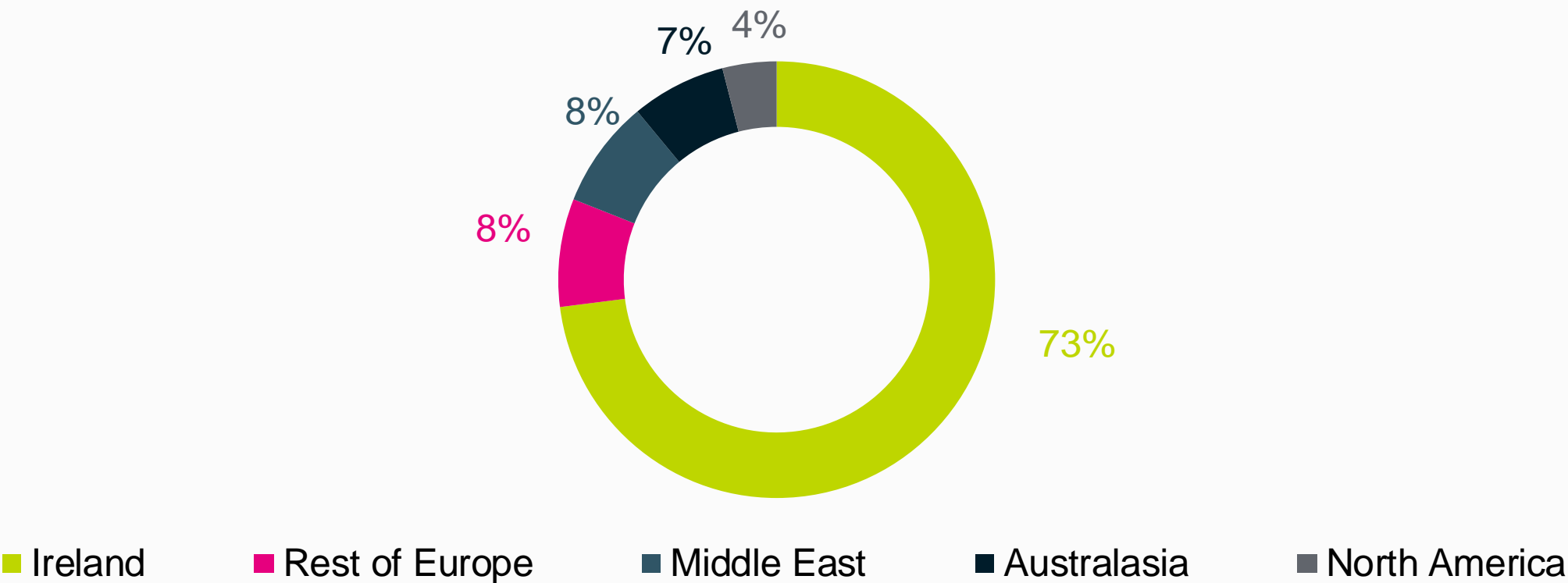
Group Ownership Structure



Group Turnover by Class of Business 2020



Group Turnover by Region 2020



daa Group Operations - Strong Revenue Diversification



- A strategic national asset and the core business of the group
- Airport charges regulated
- Ireland's major international gateway with a record 32.9m passengers in 2019
- 8th largest international passenger airport in the EU in 2019



- Ireland's fastest growing airport in 2019
- 2.6m passengers in 2019 (+8%)
- Pre-Covid, Cork had more than 50 routes with nine scheduled airlines, flying to destinations in the United Kingdom and Continental Europe
- Awarded Best Airport in Europe by ACI in 2019



- daa's travel retail business which also holds equity stakes in overseas airports
- International operations in Europe, the Middle East, India, New Zealand, Canada and Barbados
- Equity stakes of 20% in Dusseldorf Airport (25.5m pax in 2019) & 11% in Hermes Airports, Cyprus (11.3m pax in 2019)

Source: Company Information, 2019 Annual Report.



- daa International provides airport management, advisory services and aviation training
- Riyadh - manage and operate terminal 5 facility at King Khalid airport in Saudi Arabia (15.9m pax in 2019)
- Clients in Australia, Singapore, the Philippines, UK & Saudi Arabia



Key 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 has historically provided 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 (passenger numbers at Dublin and Cork grew by 33% in the period 2015 to 2019). The lifting of travel restrictions is also having a positive impact on certain parts of the Group's operations, and daa is well positioned to capitalise on pent up demand and traffic recovery.

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. No dividend payments have been made since 2019.



2. Financial and Operational Performance

Measures Taken to Mitigate Financial Impact

Operating costs	<ul style="list-style-type: none"> Measures taken to reduce cash burn Staff placed on a 4-day work week until end of March 2021, hiring and pay freeze and availed of government payroll supports Voluntary severance programme – 918 have left the business in Ireland and approx. 1,000 in overseas retail by April 2021 Year-on-year reductions on average of 58% were achieved in operating costs in last seven months of 2020
Capital expenditure	<ul style="list-style-type: none"> Capital spending reviewed in 2020 and ongoing review. Delivery timescales of certain planned upgrades at Dublin Airport being reconsidered. Board approved capital commitments of €301m as at 31 December 2020 (of which €108m was contracted) Essential projects such as Dublin's North Runway & Hold Baggage Screening Systems (regulatory requirement) at Dublin and Cork continued
Balance sheet reinforcement	<ul style="list-style-type: none"> Core RCF renewed and upsized to €450m earlier in 2020 (matures March 2026) – currently undrawn €350m amortising term loan from the EIB drawn down €500m Eurobond issuance November 2020
Government supports	<ul style="list-style-type: none"> Range of cash flow support measures, such as local authority rates waivers, State payroll and capital supports and the deferral of VAT and payroll taxes Government have referenced criticality of aviation industry to island nation
Dividend policy	<ul style="list-style-type: none"> daa Board did not recommend a dividend to the State in respect of FY2019 and FY2020
Ongoing CAR consultation	<ul style="list-style-type: none"> CAR consultation ongoing on second interim review of the 2019 Final Determination, in response to COVID-19 related disruption Price cap compliance waived in 2020 and allowed to comply with published charges for 2020. Capex reprofiling triggers and the service quality penalties removed for 2021 as part of first review

Net cash outflow from operating activities (before restructuring payments) was restricted to €8m in 2020

Financial & Operational COVID-19 Impact

2021YTD Group Financial Highlights (7 month period to 31 July)

- Group turnover is down approximately 79% and operating costs (taking into account government support) are down on average 54% when compared to the same period in 2019
- Group net debt at 31 December 2020 was €783 million. By 31 July 2021, this had increased to approximately €940 million (after the incurrence of capital expenditure of approximately €111 million during the seven-month period to 31 July 2021)
- Group liquidity at 31 July 2021 was approximately €1,047 million, comprising an undrawn €450 million syndicated revolving credit facility and cash of €597 million

2020 & 2019FY Group Financial Highlights

FY Financial Metrics	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	294	446
Change year on year	(34%)	5%
Other Income ²	34	-
Group EBITDA ³	(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)	275
Capital expenditure		
Capital expenditure additions	293	244

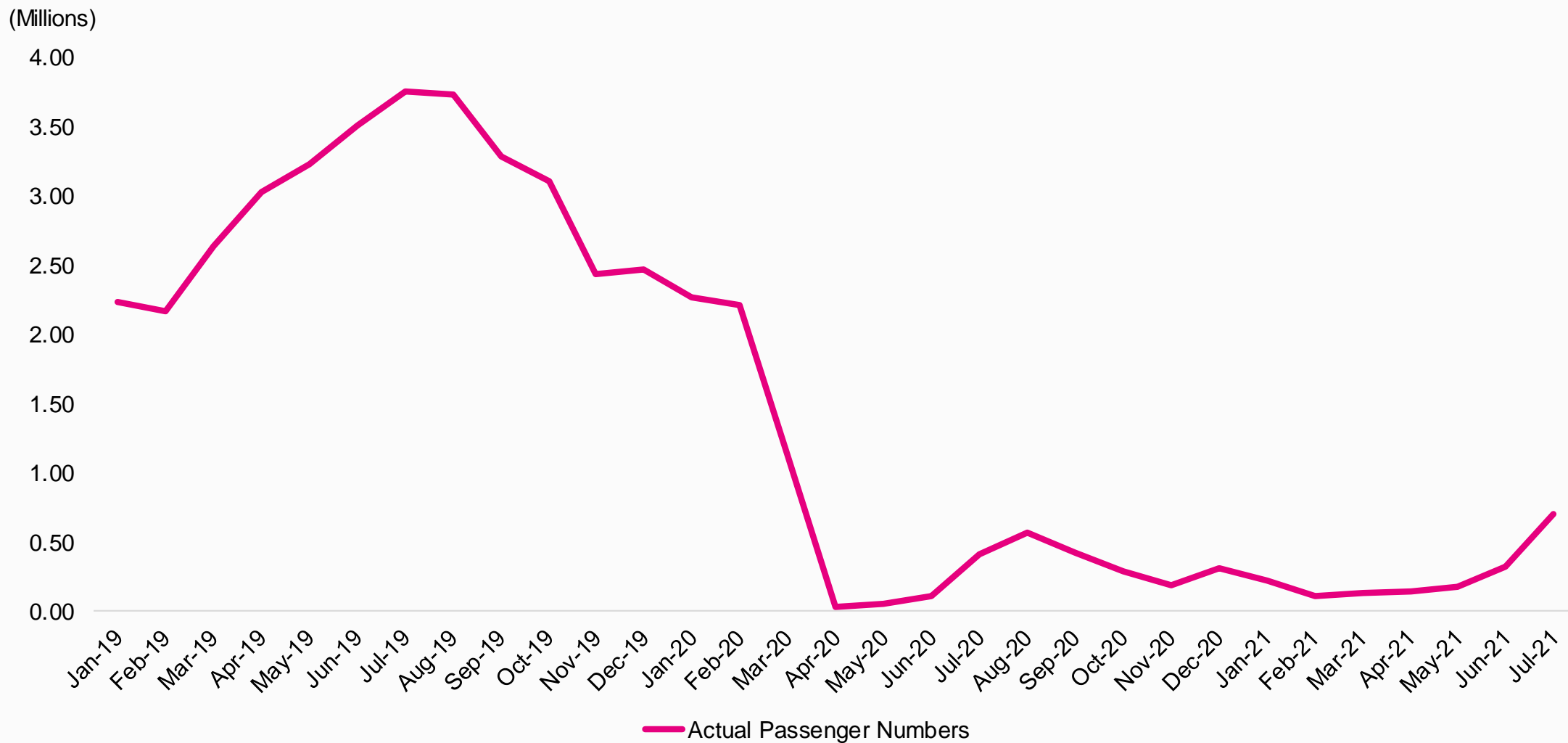
1. Operating costs comprise payroll and related costs and materials and services costs.
2. Governments' wage subsidy schemes.
3. Group EBITDA comprises Group earnings before interest, tax, depreciation, amortisation and exceptional items from Group activities, excluding contributions from associated and joint venture undertakings.

Source: Company Information, 2020 Annual Report, COVID-19 Trading Update.

Impact on passenger traffic

- 2020 began with strong passenger numbers in January & February (+2% vs 2019)
 - National lockdowns and restrictions on travel commencing in March 2020 caused a sharp drop in passenger numbers in the spring (99% lower pax in April 2020 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 of 2020 as governments relaxed travel restrictions
 - Another drop in autumn 2020 as national lockdowns and restrictions on travel were re-introduced
 - Passenger numbers at Dublin & Cork airports declined by 78% vs 2019 to 7.9 million for FY 2020
- Improving trends in passenger numbers in recent months
 - For the seven-month period to 31 July 2021 passenger numbers were approximately 1.8 million

Passenger development at Dublin and Cork airports

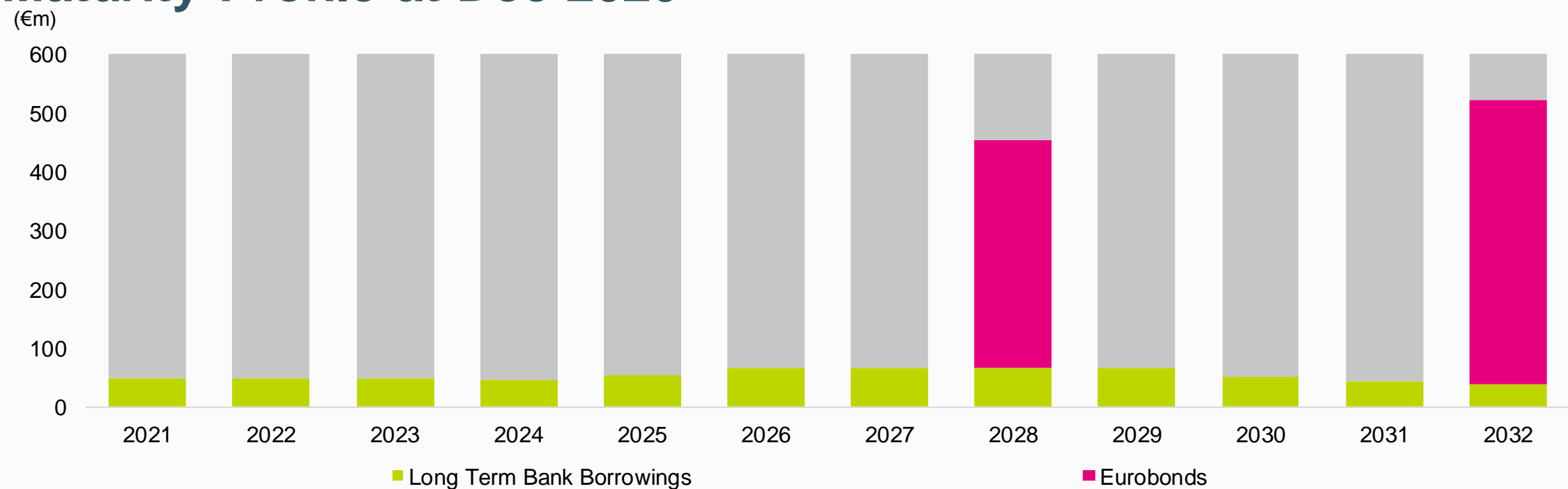


Liquidity & Ratings Overview

Robust Balance Sheet with Strong Liquidity

- Disciplined financial policy to ensure robust financial position during pandemic
 - ✓ Extended existing €450m credit facility from March 2025 to March 2026
 - ✓ Raised €500m in long-term debt from bond market (in November 2020)
 - ✓ Reduced cost base (net of Government support) by approximately €186m in 2020 by proactively implementing cost mitigation measures
- Now currently standing in a strong liquidity position of €1,047m, comprising an undrawn €450m RCF and €597m of cash (as at 31 July 2021)
- 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
- Well spread debt maturity profile, with no material maturities until 2028

Maturity Profile at Dec 2020



Existing Debt at Dec 2020

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

Source: Company Information, S&P Report, 2020 Annual Report.

Ratings Overview

- The Group is committed to maintaining a strong investment grade credit rating

Current Ratings & Comments*

S&P Global Ratings	Issuer Credit Rating
	A- / Negative / A-2

Liquidity: Strong

“In our view 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”

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”

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”

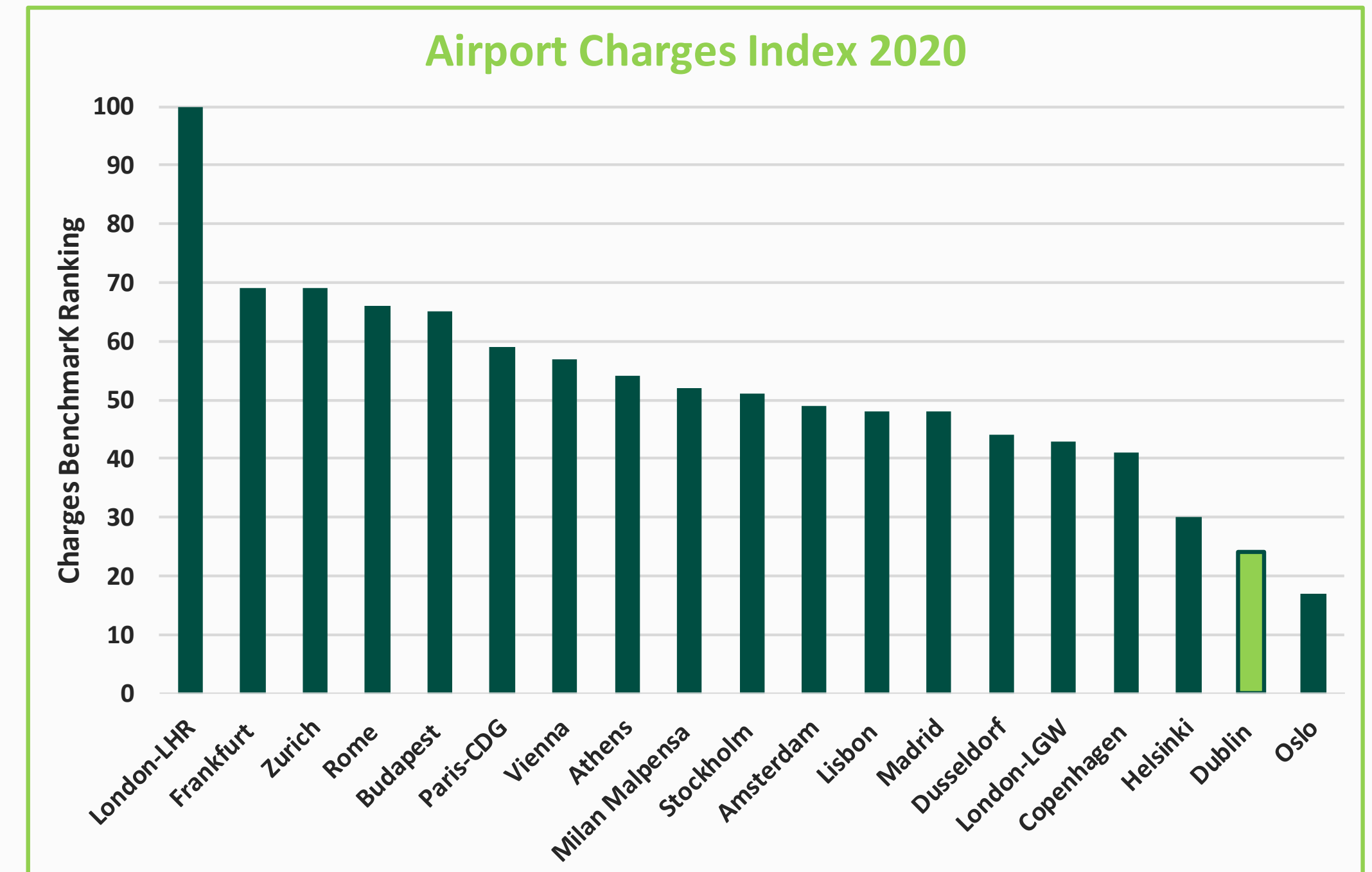
* From S&P report issued 16 October 2020

Regulation

Constructive Ongoing Dialogue with Regulatory Body

- Independently regulated by the Commission for Aviation Regulation (CAR) since 2001. CAR has responsibility for regulating the airport charges levied on users of Dublin Airport
- Statutory objectives (currently) including efficient/economic development of the airport, daa's ability to operate in a financially viable manner and protection of user interests
- Amended Policy to be reflected in planned legislation:
 - “overriding strategic objective ...to ensure current/ future airport customers are presented with choice, value and quality services which also meet the highest international safety and security standards”
 - Financial sustainability/viability of the regulated entity “intrinsic”
- CAR set the price cap in its 2019 Final Determination for the 5 year regulatory period (1 Jan 2020 – 31 Dec 2024). This was reviewed in 2020 as part of an initial Interim Review, with the price cap broadly remaining unchanged. A decision on a second Interim Review is expected during the fourth quarter of 2021
- The 2019 Determination forecast Dublin Airport to collect €1.4bn from Airport Charges over the 5 years

Dublin's charges remain competitive and are amongst the lowest in Europe



Source: Leigh Fisher 2020 review of Airport Charges

The aggregated charges for the eight aircraft types used in the graph are converted to a single unit of currency, the Special Drawing Right (SDR) and ranked from highest to lowest, both in absolute terms and on an average per passenger basis. The rankings, consisting of total SDRs both in absolute terms and indexed against the highest-ranking airport (LHR).

Ongoing consultation regarding a second interim review of 2019 Final Determination in response to Covid-19 related disruption. Update expected imminently

CAR Determination on the Maximum Level of Airport Charges at Dublin Airport 2020-2024. 24 October 2019

Source:

<https://www.gov.ie/en/publication/e47c9b-national-policy-statement-on-airport-charges-regulation/>
<https://www.aviationreg.ie/fileupload/2019%20Determination/2018-07-23%20FT%20to%20CM%20re%202019%20Determination.pdf>



3. Environment, Social & Governance

Our Environmental, Social & Governance Programme is Critical to the Future of daa

- 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 excellent training opportunities for our employees at every level
 - ✓ Addressing priorities emanating from the Climate Action Plan (2019) to achieve a further 30% reduction in CO2 against the 2019 baseline by 2030
- In order to showcase our meaningful efforts in this area, we have developed a new Group ESG Strategy
- This initial two-year ESG Strategy consists of four pillars ; Environmental Sustainability, People, Community and Economy (see overleaf for further detail)
 - ✓ Each pillar is aligned to relevant UN Sustainable Development Goals and encompasses a range of clear and tangible commitments which are reflective of our overarching business priorities
 - ✓ The pillars are underpinned by our strong governance framework which enables accountability and reporting will take place at key intervals during the year
 - ✓ Our ESG Strategy aims to expand our focus and enable the Group to reach new heights
- The following information reports on key examples of 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
 - ✓ €250,000 was allocated to 64 successful applicant community groups in 2020 through the Dublin Airport Community Fund
 - ✓ 1,400 test appointments were made available to our people in 2020 under our Staff Screening Programme for Covid-19



Introducing Our ESG Strategy Framework

We have developed a set of comprehensive commitments under each of our four pillars which will guide the sustainable development of our business and the regions we serve

01

Environmental Sustainability



The commitments under the Environmental Sustainability pillar are focused on seven key areas and build on the significant work already undertaken in this field

At a glance

02

People



Our People pillar focuses on creating a safe, inclusive and diverse work environment – one where everyone feels empowered to reach their full potential, thereby delivering a great service to our passengers, customers and business partners

At a glance

03

Community



The commitments outlined under our Community pillar highlight the importance of continuing our strong association with our local communities both nationally and internationally

At a glance


04

Economy

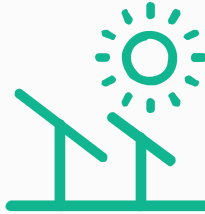


The Economic pillar focuses on using our influence to support our local and national economies and encourages sustainable business practices both internally and externally

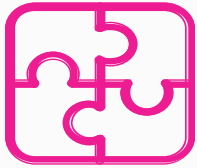
At a glance




Carbon




Energy




Diversity




Leadership




Community Fund




International Support




Leading Contributor




Circular Economy




Waste




Water




Health & Well-being




Safety




Irish Charities



Community Relationships



Intermodality



Ethical Sourcing

Source: Company Information, Company website.



4. Transaction Summary

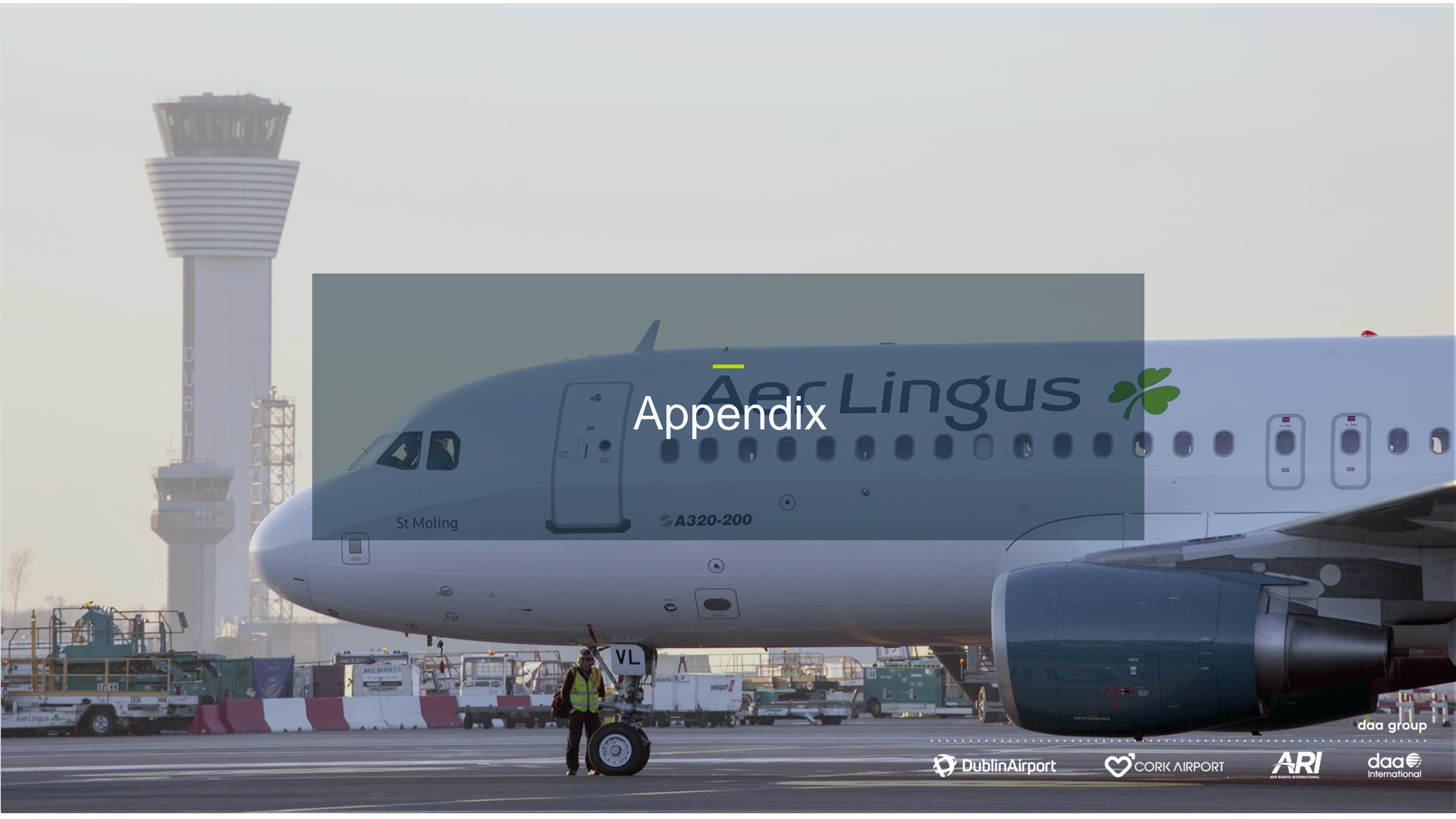
Transaction Summary

Proposed Terms & Conditions	
Issuer:	daa finance plc
Guarantor:	daa plc
Expected Issue ratings:	A- (S&P)
Currency:	EUR
Ranking:	Senior unsecured notes
Tenor	Tap of €400m June 2028 bond
Size	€150m (new size €550m)
Documentation:	Tap Prospectus, RegS, Standalone, 3m Par Call, CoC (resulting in unremedied Sub-IG rating downgrade within 90 days of CoC)
Denominations:	€100k x €1k
Governing law:	Irish Law
Listing	Euronext Dublin (Regulated Market)
Use of Proceeds	General Corporate Purposes
Bookrunners	Barclays, NatWest Markets (B&D)



5. Q&A

Appendix



Key Strategic Asset

100% state-owned, commercially managed entity

- Government National Aviation Policy (2015)

“...island nation, with a peripheral location, aviation access infrastructure is of strategic importance to Ireland.”

Policy Position: “The three State airports will remain in public ownership”..... “The three State airports will continue to provide essential strategic infrastructure and services that support the economic and social objectives of the State”¹

“... ownership of these airports and their management by commercial state bodies is primarily designed to guarantee the use of this strategic infrastructure for the overall benefit of the state”

Source: (1) National Aviation Policy: Second Progress Report (February 2019);

Air travel is key to the Irish economy

Key contributor to economic growth

- daa handled c. 92% of all air traffic into Ireland in 2019²
- Ireland is one of the world’s most open economies with exports totalling 126% of GDP in 2019³
- Tourism is a key Irish industry, Dublin Airport facilitated 130k jobs in Ireland in 2018⁴
- Dublin Airport contributed €9.8 billion of Gross Value Added (GVA) to Ireland’s economy in 2018 (3.1% of GDP)⁴

An important economic value generator

Total Economic Impact Generated and Facilitated by Dublin airport (2018) ³					
Impact Type	Jobs	FTEs	Wages (€m)	GVA (€m)	GVA as % of National GDP
Direct	21,500	19,200	€879	€1,777	0.6%
Indirect	12,500	11,100	€516	€985	0.3%
Induced	15,000	13,300	€521	€1,045	0.3%
Catalytic	80,700	71,300	€3,057	€5,994	1.9%
Total	129,700	114,900	€4,973	€9,801	3.1%

Source: (2) 2019 Annual Report. (3) World Bank. (4) Dublin airport Economic Impact Study 2019, InterVISTAS.