daa plc | daa cpt

Annual Report 2019

Connecting Ireland with the world

Who we are

We are a global airports and travel retail Group that has businesses in 16 countries. We are owned by the Irish State and headquartered at Dublin Airport. Our vision is to be airport industry leaders. Our purpose is to connect Ireland with the world.

2019 highlights

Financial

Turnover 2019

€935m

+4%

EBITDA

€302m

+4%

See more on page 16

Traffic

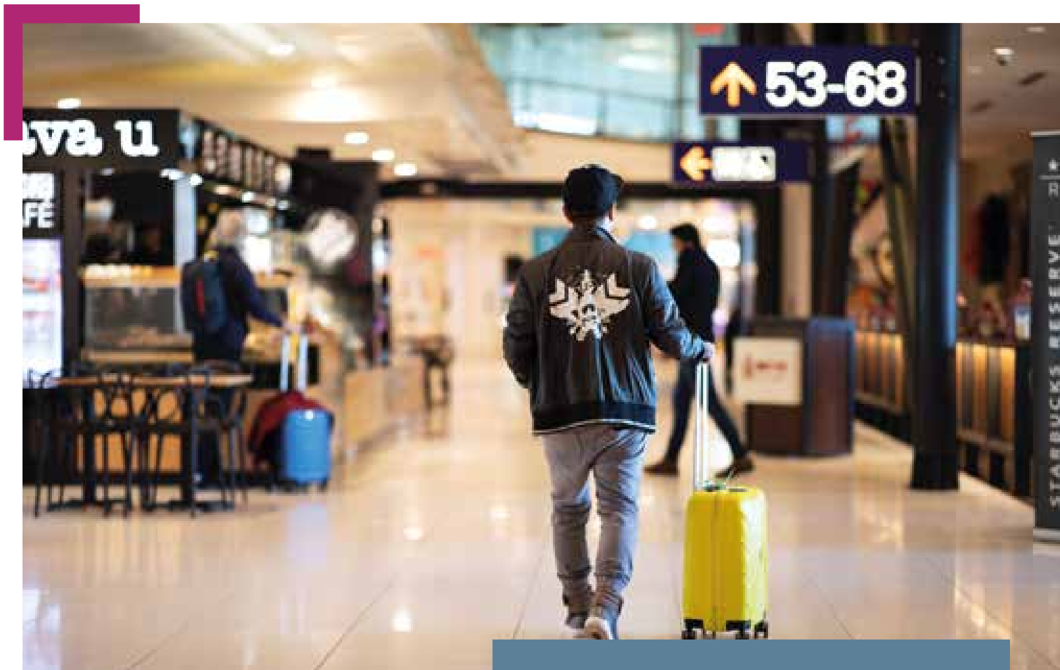
Passengers at our Irish airports

35.5m

Rise in passenger numbers at Cork Airport

+8.3%

See more on page 16



Retail

Retail, food and beverage sales at Dublin and Cork airports

€348m

+5% v 2018

See more on page 16

Flights to almost **200** destinations in **43** countries, operated by **53** airlines, from Dublin Airport in summer 2019.

Operations

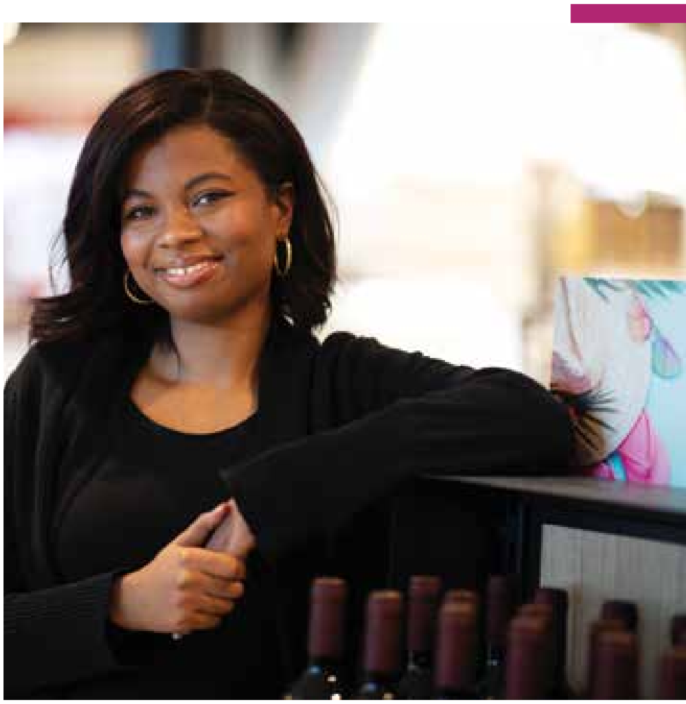
Average daily flights at Dublin Airport

655

On-time performance at Cork Airport

83.7%

See more on page 16



Awards

Cork Airport won **Best Airport in Europe** serving under five million passengers at the 2019 Airports Council International (ACI) Europe Annual Assembly & Congress.

ARI North America (ARINA) was named **Best Airport Retail Operation** in the Americas in the under-50 million passenger category at the Duty Free News International Summit.

Dublin Airport won the **Best Airport Twitter Feed** at the 2019 Moodies Social and Digital Media Awards.

ARI North America (ARINA) was named **Best Airport Duty Free Operator** in Canada for the fourth year in a row at the Frontier Duty Free Association Convention.

Cork Airport won **Best B2C Campaign** at the 2019 Spider Awards.

Cork Airport won the **Best Use of Facebook (Airport)** at the 2019 Moodies Social and Digital Media Awards.

Dublin Airport was a joint winner in the **Airports Council International (ACI) World Airport Service Quality (ASQ) Awards for European Airports** with 25-40 million annual passengers.

The Loop's website won **Best Food & Drink eCommerce and Best Travel, Ticketing & Entertainment eCommerce** awards at the 2019 eCommerce & Payment Awards.

Dublin Airport's Avoca store won **Collaboration of the Year** at the Frontier Awards.

What we do

We are a global airports management and travel retail Group with operations in 16 countries around the world.

01
We manage

We own and manage Dublin and Cork airports in Ireland, and manage Terminal 5 at King Khalid International Airport in Riyadh, Saudi Arabia. We own a 20% stake in Düsseldorf Airport and an 11% stake in Hermes Airports, which operates Larnaca and Paphos airports. We are involved in travel retail operations globally.

Airport Operation and Management

We manage or hold stakes in airports that handled almost 87 million passengers in 2019, including Dublin Airport with 32.9 million passengers, Cork Airport with 2.59 million, and Terminal 5 at King Khalid International Airport, Riyadh with 15.9 million passengers.

International Airport Retailing

ARI, our international airport retail business, has travel retail operations at Dublin and Cork in Ireland, Montréal, Winnipeg, Halifax and Québec City in Canada, Bridgetown in Barbados, Larnaca and Paphos in Cyprus, Beirut, Lebanon, Riyadh in Saudi Arabia, Muscat in Oman, Manama in Bahrain, Doha in Qatar, Delhi in India, Jakarta in Indonesia and Auckland in New Zealand. Last year, almost 185 million people passed through airports in which we have a retail presence.

Dublin and Cork airports' contribution to the Irish economy*

€10.7bn

* Source: 2019 InterVISTAS report

02

We invest

Through ARI, we have a 20% stake in Düsseldorf International Airport and an 11% stake in Hermes Airports, which owns and operates Larnaca and Paphos airports in Cyprus. CTC-ARI, a Cyprus-based subsidiary of ARI, owns the travel retail offering at Larnaca and Paphos, in addition to a joint venture shareholding in the Food & Beverage operation at both airports.

03

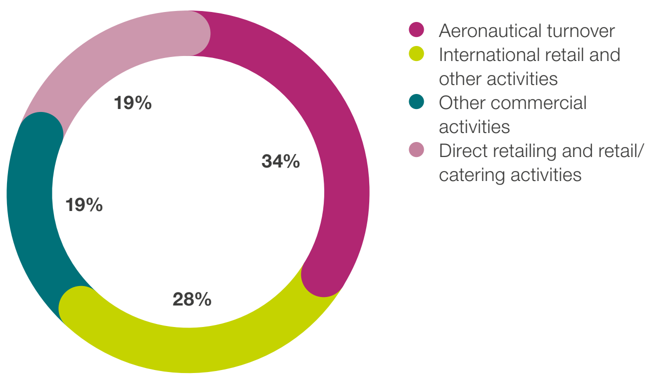
We advise

daa International has clients in Australia, Singapore, the Philippines, Saudi Arabia and the UK and provides airport management, operations and maintenance consultancy to them.

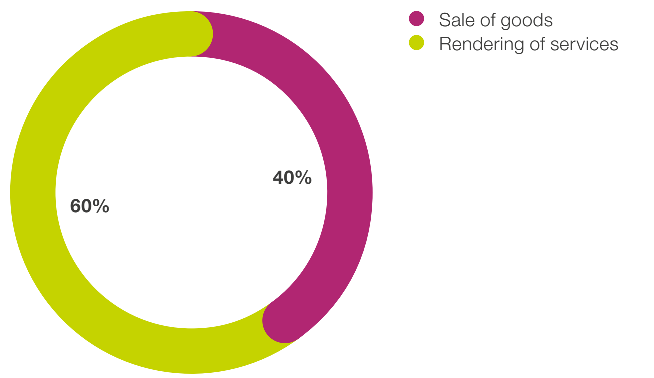
Travellers by air to the island of Ireland who use Dublin and Cork airports

74%

Group turnover by class of business



Group turnover by class of category

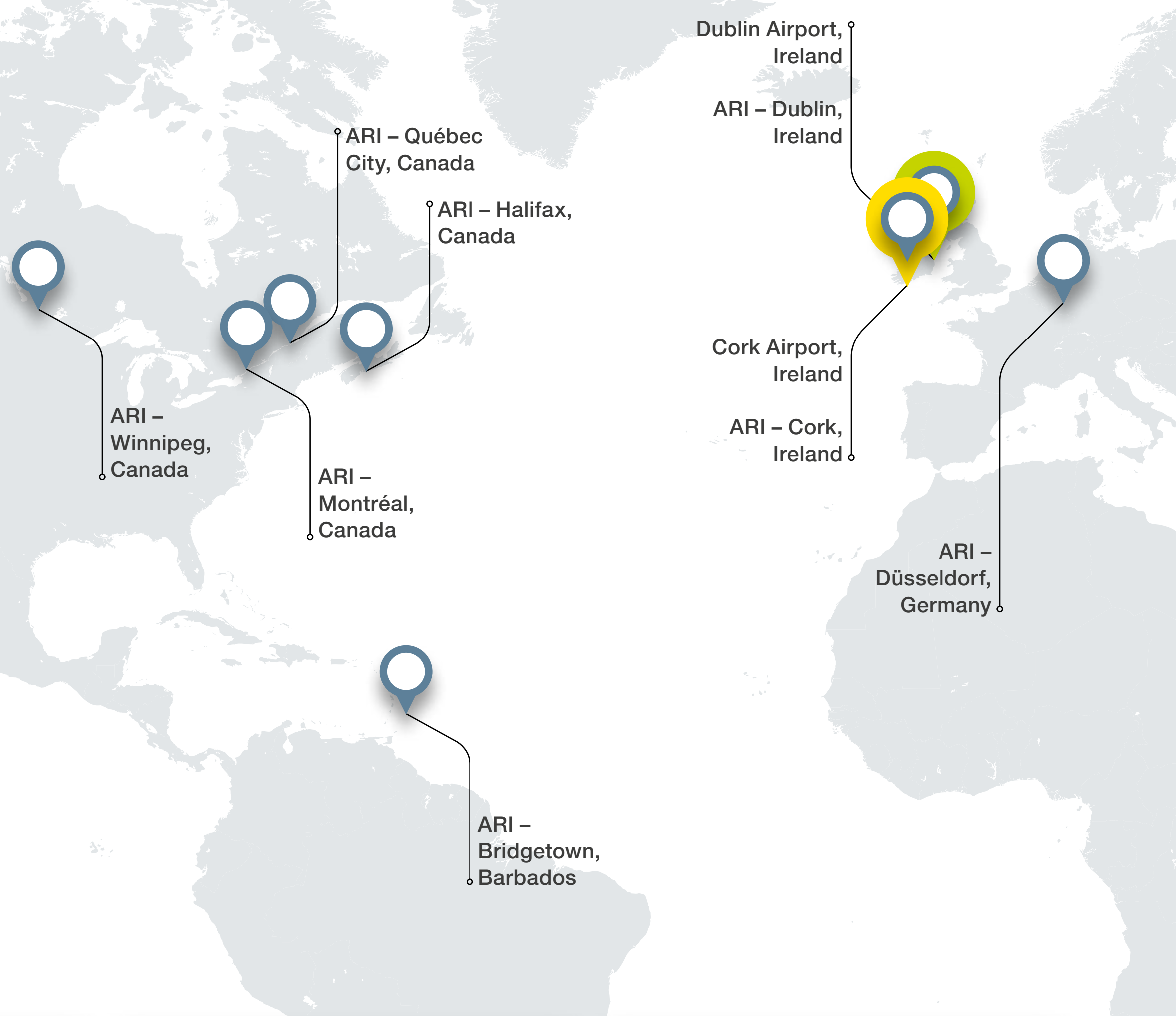


Our business at a glance

Where we operate

daa Group is headquartered in Dublin with operations in 16 countries. It has airport operations at Dublin and Cork airports in Ireland and Terminal 5 at King Khalid International Airport in Riyadh, Saudi Arabia, and airport investments in Düsseldorf, Larnaca and Paphos airports.

ARI, daa's travel retail subsidiary, has operations in 12 countries. daa International offers advisory and management services internationally leveraging the experience and expertise of daa Group.



Dublin Airport

Dublin Airport is Ireland's major international gateway with a record 32.9 million passengers in 2019. The airport had flights to almost 200 destinations in 43 countries operated by 53 airlines in summer 2019. It is the eighth largest airport in the European Union.

See more on page 16

Cork Airport

Cork Airport is Ireland's second largest international airport with 2.6 million passengers in 2019. The airport offers more than 50 routes across Europe with the availability of multiple long-haul options through key international hubs including London Heathrow, Amsterdam Schiphol, Paris CDG and Zürich.

See more on page 19

ARI

ARI is the Group's travel retail subsidiary with operations in 12 countries. It manages its own outlets in Dublin and Cork airports, and has interests in retail operations in 11 other countries. ARI also holds the Group's shareholding in Düsseldorf Airport and Hermes Airports, which operates Larnaca and Paphos airports in Cyprus.

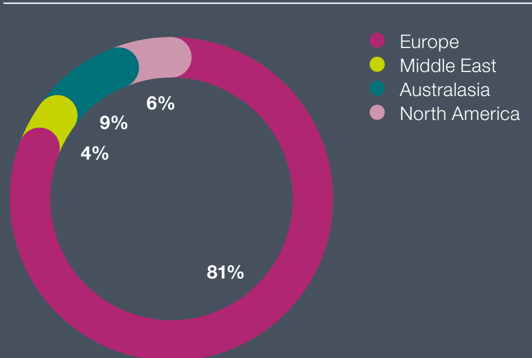
See more on page 21

daa International

daa International offers advisory, management and investment services to clients globally. The flagship contract for the business is the management contract for Terminal 5 at King Khalid International Airport in Riyadh, Saudi Arabia. Passenger numbers at the terminal increased by 9% to 15.9 million in 2019.

See more on page 24

Group turnover by region



Delivering a focused strategy for the future

"daa had a good year in 2019, with passenger numbers increasing at its Irish airports and at its key airport operations overseas in Cyprus, Germany and Saudi Arabia."

Basil Geoghegan
Chairman

"As a State-owned business, we manage Dublin and Cork airports in a fully commercial manner, but we are mindful that we hold these assets in trust for the State and operate and develop them in the best interests of the wider Irish economy."

As daa Chairman, I am delighted to present the Group's Annual Report for 2019.

daa had a good year, with passenger numbers increasing at its Irish airports and at its key airport operations overseas in Cyprus, Germany and Saudi Arabia. Sales improved at our travel retail business Aer Rianta International (ARI) with turnover growth in almost all key markets.

However, the dire impact of the COVID-19 global pandemic means the Group is facing a much more difficult outlook for the current year.

I am pleased to report that there were no significant safety or security issues at either Dublin or Cork airports during the year. The safety and security of passengers and staff at our airports is always the Group's key priority.

A total of 35.5 million passengers used our Irish airports last year, as passenger traffic at Dublin and Cork increased by 5% during the year. Cork Airport was Ireland's fastest growing airport during 2019, with passenger numbers up 8%.

Profit levels increased both at home and abroad during the year. daa International performed well in its key operation at King Khalid International Airport in Saudi Arabia and continues to win new business and seek further opportunities.

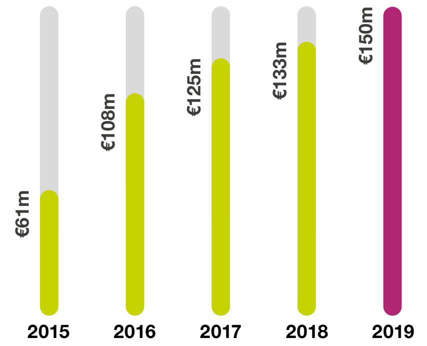
However, the decision by the Commission for Aviation Regulation (CAR) to reduce average charges at Dublin Airport by 18% in its pricing determination for 2020-2024 will have a significant financial impact on the Group over the next five years. This decision reduces charges to €7.87 per passenger, compared to the €9.65 flat charges model that daa had proposed at a time of unprecedented investment needs.

Dublin Airport charges are already among the cheapest in Europe compared to our peer group and there is no justification for a reduction of this scale. We are appealing the regulator's decision on prices for the next five years, and at the time of writing, this process is ongoing.

As a State owned business, we manage Dublin and Cork airports in a fully commercial manner, but we are mindful that we hold these assets in trust for the State and operate and develop them in the best interests of the wider Irish economy.

It is a matter for the State to decide its airport policy in relation to balancing the sometimes competing needs of the Irish economy, the taxpayer, passengers and the airlines. The approach to this policy needs to be joined up.

Profit after taxation (pre-exceptional)



Net debt

€430m

Capital expenditure 2019

€222m

+65% v 2018

"The Group invested €222 million in capital expenditure during the year, which was a significant increase on the previous 12 months."

Profit after taxation (pre-exceptional)

€150m

+13%

The Group also needs to be cognisant of managing and delivering essential long-term infrastructure required for the State's economic development; the State's desire for dividend; and its appetite for financial risk. The variable risks associated with passenger forecasts, such as the potential impact of the sustainability debate, Brexit challenges, global travel trends and major events, such as COVID-19, must also be considered.

In that light, the decision of CAR to cut charges while forecasting upward only passenger growth is simply disconnected from State policy and stakeholder needs, and benefits airline shareholders in an unbalanced manner.

The Group invested €222 million in capital expenditure during the year, which was a significant increase on the previous 12 months and the largest amount in almost a decade.

We made major progress on the landmark North Runway project and also continued to invest in upgrading and expanding other airfield and passenger facilities at Dublin Airport.

The construction of the first two office blocks within the new Dublin Airport Central development also progressed during the year.

We expect capital expenditure to expand further in the medium term, as we invest in the €2 billion planned Capital Investment Programme, which will deliver the next phase of development at Dublin Airport to meet Government policy to continue to grow the airport's connectivity for the benefit of the Irish economy.

The UK formally left the European Union post year-end, on January 31. The exact nature of the future relationship between the EU and the UK is not yet certain, as trade talks are now underway as part of a transition period, which is currently due to end on December 31.

The Common Travel Area, under which Irish and UK citizens can move freely between each country, will continue to apply and this is a positive for our business, which is heavily dependent on travel between Ireland and Britain. However, the wider economic impact of Brexit, including its impact on the aviation sector remains unclear.

At the time of writing, it is already clear that the COVID-19 pandemic is having a very severe impact on global aviation.

As airlines cancel services and certain countries introduce travel bans, passenger traffic at Dublin and Cork airports has fallen dramatically. In response to this, we plan to scale back passenger services in the near term, while our Irish airports will remain open to facilitate essential cargo operations.

The Irish Government recently advised Irish citizens against all non-essential travel overseas until at least March 29, while on March 17, the European Commission announced plans to introduce a 30-day restriction on all non-essential travel to the EU.

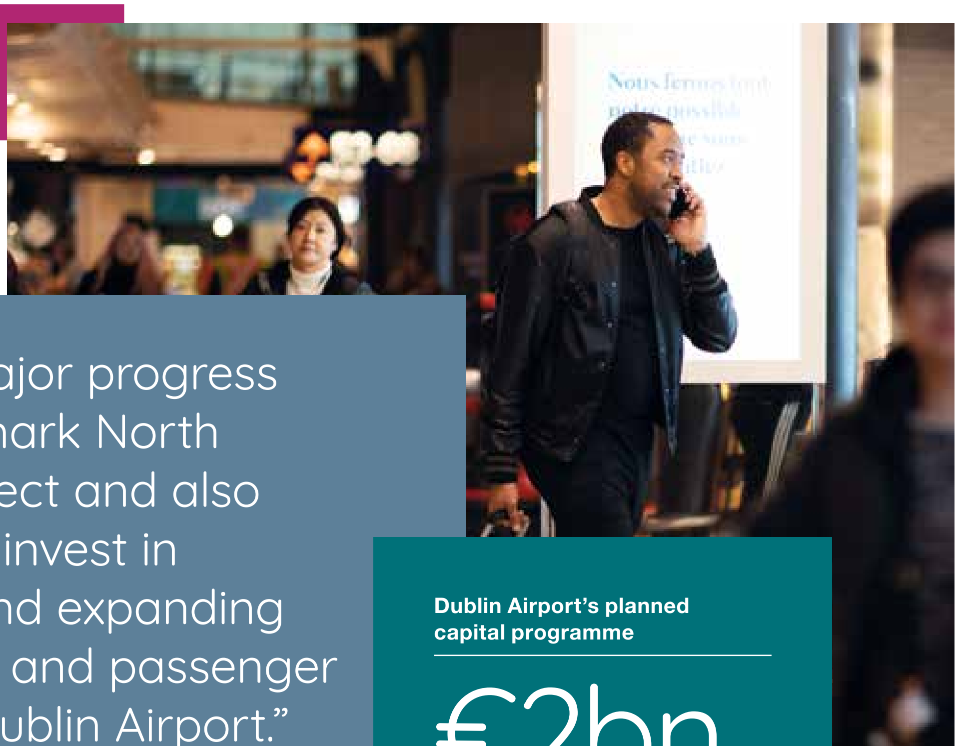
The global nature of the crisis means that all of our international airports and travel retail businesses have also been severely affected. daa's Executive Team has been focused on protecting our staff, passengers, and retail customers during this public health crisis, while prudently managing the business at a time of great uncertainty.

We are doing all that we can to keep our employees informed in relation to the appropriate public health advice in each of the countries in which we operate. Their health and safety, and the safety of our customers and partners, is paramount. We will also work strenuously to minimise the associated risks for the Group and prudently manage the business through this unprecedented global pandemic.

The Board of daa is committed to continuing to meet the highest standards of corporate governance throughout the Group. Risks are prudently managed, and the key focus is the delivery of the Group's strategy in a sustainable manner. The Risk Management and Governance elements of this report, which can be found on pages 51 and 68 respectively, provide further information on the Board and some of its main areas of focus.

Given the financial impact of ongoing COVID-19 pandemic, the Board did not recommend any dividend in respect of 2019.

There have been a number of changes to the Board since the publication of the 2018 Annual Report. Post year-end, Gerry Walsh's term of office came to an end, and Ray Gammell,



"We made major progress on the landmark North Runway project and also continued to invest in upgrading and expanding other airfield and passenger facilities at Dublin Airport."

Dublin Airport's planned capital programme

€2bn

Marie Joyce, and Karen Morton were appointed Non-Executive Directors of the Group by the then Minister for Transport, Tourism and Sport, Shane Ross TD.

Barry Nevin retired from the Board in January 2020, having been appointed under the Worker Participation (State Enterprises) Acts 1977 to 2001. Joseph O'Sullivan was appointed to the Board to fill that vacancy.

On behalf of the Board, I would like to thank Barry and Gerry for their many years of service and for their contribution to the Group. There is further information on the membership of the Board on page 64.

The changes that have been made to our Board help address the lack of diversity which I noted in last year's annual report. Three new appointments to the executive management team have also brought more diversity to this group during the past 12 months.

Finally, I would like to thank all of daa's employees who work so hard across the Group to provide our airline customers, our passengers, our shoppers and our various partners with the best possible experience. Their continued efforts benefit our stakeholders and the communities in which we operate throughout the world.

Basil Geoghegan
Chairman
20 March 2020

Passengers who used Dublin as a hub in 2019

2.2m

"In that light, the decision of CAR to cut charges while forecasting upward only passenger growth is simply disconnected from State policy and stakeholder needs, and benefits airline shareholders in an unbalanced manner."

Delivering on our core vision to be airport industry leaders

"In Ireland, we own and operate the State's two largest airports, which together provide almost 75% of the air access to the island of Ireland and 92% of air access to the Republic of Ireland."

Dalton Philips
Chief Executive

Group turnover

€935m
+4%

daa is a global Group, with businesses in 16 countries.

We have two distinct types of businesses as we own, operate and invest in airports and also run duty free and duty paid travel retail outlets.

Our airport business operates in five countries. We run Dublin and Cork airports in Ireland; have investments in Düsseldorf Airport in Germany, and Larnaca and Paphos airports in Cyprus, and operate a terminal at King Khalid International Airport (KKIA) in Riyadh, Saudi Arabia. We also run a global travel retail business Aer Rianta International (ARI) with outlets in 12 countries. Our retail business spans the globe with operations from Canada to New Zealand.

The Group directly employs 4,139 people (full-time equivalents) at its operations in Ireland and abroad and a further 4,000 people are employed at ARI's overseas travel retail businesses.

Last year, almost 87 million passengers were facilitated through the airports and terminals that we operate or in which we own a financial stake. About 150 million passengers used the airports in which we operate travel retail outlets.

During 2019, daa continued to operate in line with its corporate strategy for 2018 to 2021, 'Creating Our Future'. Through our strategy, the Group has set a clear roadmap for the current period that will enable the Company to deliver on its core vision. Our goal is to run great airports and terrific duty free stores.

The Group's strategy focuses on key areas such as delivering continued increases in 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, increasing profits from ARI, daa International and Dublin Airport Central and developing great people and teams that are ready for tomorrow. Strong progress has been made on these areas over the past two years.

Group turnover increased by 4% to almost €935 million last year, as growth in domestic revenue which accounts for more than two-thirds of the business, was slightly ahead of overseas growth. Operating costs rose by 5% to €446 million with non-pay costs increasing faster than payroll related costs. Earnings before interest, tax, depreciation and amortisation increased by almost 4% to €302 million. Profit for the year before exceptional items increased by 13% to just over €150 million.

In Ireland, we own and operate the State's two largest airports, which together provide almost 75% of the air access to the island of Ireland and 92% of air access to the Republic of Ireland. We are acutely aware of the vital role that this connectivity plays in Irish life, as it is at the very heart of the Irish economy.

We are also mindful of the need to sustainably manage our businesses, while also delivering on Ireland's National Aviation Policy to grow connectivity to new markets for the benefit of the wider Irish economy and community.

Profit for the year before exceptional items

€150m

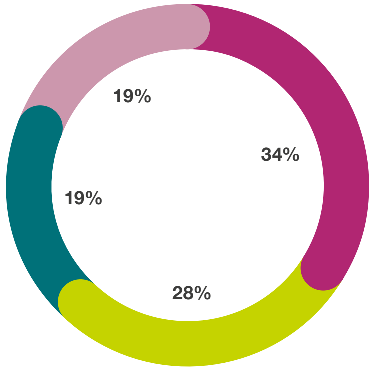
+13%

Earnings before interest, tax, depreciation and amortisation

€302m

+4%

Group turnover by class of business



- Aeronautical turnover
- International retail and other activities
- Other commercial activities
- Direct retailing and retail/catering activities

"As an open economy, which has a strong focus on tourism, trade, and foreign direct investment, continued air access is vital to Ireland's economic growth, particularly in a post-Brexit world dealing with the impact of the COVID-19 pandemic."

As an open economy, which has a strong focus on tourism, trade, and foreign direct investment, continued air access is vital to Ireland's economic growth, particularly in a post-Brexit world dealing with the impact of the COVID-19 panedmic.

In that economic context it was pleasing to note that last year passenger numbers at Dublin Airport increased for the ninth successive year, while passenger traffic at Cork Airport increased for the fourth year in a row.

Overall passenger numbers at Dublin Airport increased by 4% to 32.9 million last year. About 30.7 million people started and ended their journey at Dublin Airport, while a further 2.2 million passengers used the airport as a connecting hub. At Cork Airport, passenger numbers increased by 8% to 2.6 million last year.

Thanks to working closely with their respective airline partners, both airports were able to increase overall connectivity levels, thus providing more choice for business and leisure travellers and helping to underpin economic growth.

Dublin and Cork airports are also major generators of economic activity in their own right, according to studies by international economic consultants InterVISTAS. Together, they support or facilitate almost 142,000 jobs in the Irish economy and contribute €10.7 billion in economic activity.

As a Group, we are committed to growing our business sustainably and responsibly. All elements of the aviation sector – including airport operators and airlines – are collectively focused on reducing carbon emissions and being more sustainable – we are committed to playing our part.

Aviation receives a significant amount of focus in climate change discussions, but it should be remembered that the global aviation sector produces 2% of man-made CO_2, which is about the same amount as the IT sector, and is less than the clothing industry.

Carbon emissions is the issue that needs to be addressed, rather than flying. According to the Air Transport Action Group, which represents all sectors of the aviation sector, aerospace manufacturers are spending more than $15 billion per year to develop more fuel-efficient aircraft.

Aircraft have already dramatically improved their carbon emissions – a flight taken today produces around half the CO_2 that the same flight would have in 1990 for example. But there is much further to go, and we are hugely supportive of our airline partners continuing to invest heavily in this area.

Our airports and travel retail businesses are also reducing their current impact on the environment and are prudently planning for the future.

During the year, Dublin and Cork airports signed a major commitment to become net zero for their carbon emissions by 2050 at the latest. We made this pledge alongside more than 190 other airports represented by ACI EUROPE, which is the trade association for the European airport industry.

Raised for Irish charities since 2007

€3m

Community Fund operating over a 25-year period

€10m

Employees who took part in a formal leadership development programme

650

Graduate programme applicants

4,000

Jobs facilitated by Dublin and Cork airports*

141,880

*Source: 2019 InterVISTAS Report

"Dublin and Cork airports are also major generators of economic activity in their own right, according to studies by international economic consultants InterVISTAS."

Number of passengers flying to and from Dublin Airport to Continental Europe

17.3m

The 2050 deadline is aligned with the latest evidence from the United Nations' Intergovernmental Panel on Climate Change (IPCC) and the decarbonisation strategy set out by the European Commission and adopted by the Council of the European Union.

Dublin Airport intends to become carbon neutral later this year under the Airport Carbon Accreditation (ACA) programme, which is a global independent carbon management standard for airports. This will be achieved through the purchase of carbon offsets. Cork Airport also participates in the ACA scheme and has achieved a Level 2 certification for reducing its CO_2 emission levels. Since 2009, Cork Airport has reduced its emissions by 44%.

We continue to work strenuously to reduce our energy and water usage and to minimise waste. We have introduced a green procurement policy, we are switching our fleet to low emission vehicles and are also moving to LED lighting across the airport campuses. There is more information in relation to the Group's sustainability programme and how we are performing against our targets on page 56 of this report.

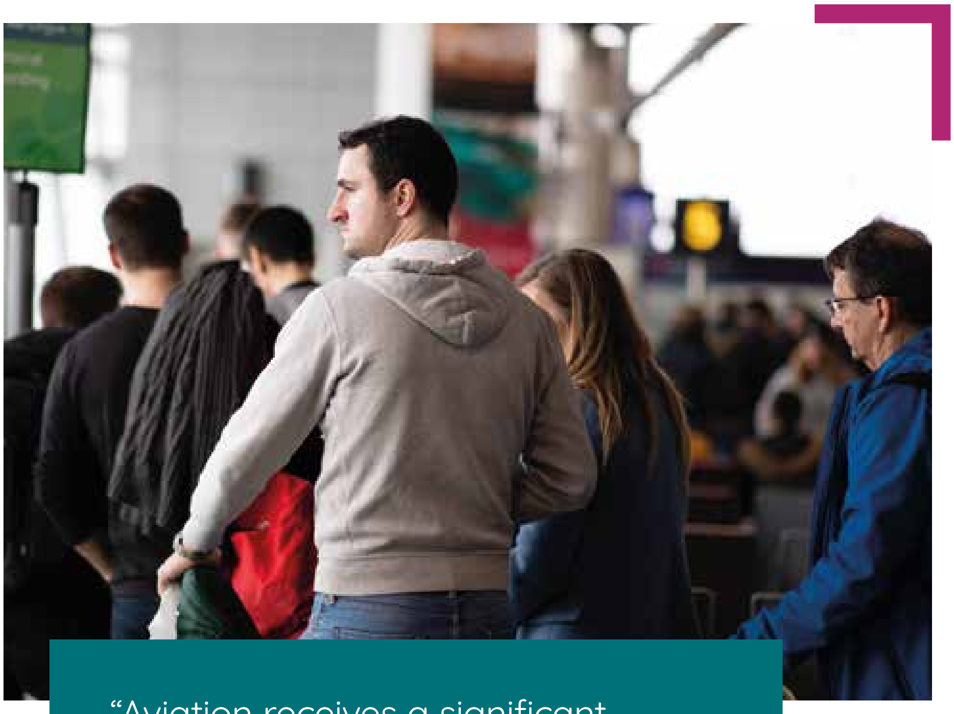
We are also embedded within the social fabric of our local communities in the 16 countries in which we operate.

We have a Charities of the Year programme at Dublin and Cork airports supporting a range of local causes that are selected by employees. Local charitable initiatives are also supported in our overseas businesses.

Cork Airport supported Marymount University Hospital and Hospice in 2019, while Dublin Airport staff supported Debra Ireland, Gary Kelly Cancer Support Centre and Spina Bifida Hydrocephalus Ireland. In 2019, staff at Dublin Airport raised €330,000, which was divided equally between the three charities while more than €20,000 was raised at Cork Airport. About €3 million has been raised for Irish charities since the scheme was established in 2007.

Dublin Airport also operates a €10 million Community Fund, which is investing €400,000 annually in a wide range of local community initiatives over a 25-year period. The fund supports projects in areas such as environment and sustainability, education, sports and recreation, and social inclusion in communities that are located close to Dublin Airport.

Our most important asset is the people who work for the business, and who do their best every day for our customers. During the year we continued to invest in the development of our people and our teams.



"Aviation receives a significant amount of focus in climate change discussions, but it should be remembered that the global aviation sector produces 2% of man-made CO_2, which is about the same amount as the IT sector and is less than the clothing industry."

About 650 employees have now undergone a formal leadership development programme that focuses on areas such as strategic communications, team building and problem solving. The 140 most senior leaders within the organisation are also working on team and individual development programmes, the benefits of which are expected to be felt in the months and years ahead. We have also instituted a specific programme for high performing women within the Group.

Our successful graduate programme continues to deliver high quality candidates from which some of our future leaders will be drawn. We had about 4,000 applicants last year, and 15 graduates joined the Group following a rigorous selection process. Our graduate intake is divided equally between male and female candidates.

We also improved staff facilities during the year, particularly at Dublin Airport, where most of our employees are located, and delivered two new communal spaces for employees.

Looking forward, as outlined by our Chairman, the global outbreak of COVID-19 is already beginning to have a serious impact on the business. It is too early to quantify the effect on the Group for 2020, but it is going to be very significant.

Our key focus will be on the health and safety of our employees and the customers of our airports and travel retail businesses. We will also carefully manage the Group during this unprecedented period.

Dublin Airport is a major gateway between Europe and North America

Dublin Airport

As I signalled in last year's annual report, the level of Dublin Airport charges set by the Commission for Aviation Regulation (CAR) will have a significant effect on the Group's financial performance for the next five years. Dublin Airport charges were already 30-40% cheaper than its European peers and CAR has reduced them by a further 18%.

CAR's decision is being appealed, but we are conscious that as guardians of one of Ireland's key economic assets we must continue to offer our passengers and airline customers the best possible product at Dublin Airport. The huge growth in passenger numbers in recent years has created capacity challenges that simply have to be addressed.

The previously agreed €2 billion capital programme for Dublin Airport may not be fully deliverable in its original form or within the timeline that was initially envisaged. However, we are committed to delivering as much as we can, as quickly as we can, to the appropriate standard and as cost effectively as possible.

Dublin Airport is an efficient airport compared to its European peers, but good businesses constantly focus on how they can make further improvements to their operation and we continue to do likewise at Dublin and across the rest of the Group.

Passenger traffic at Dublin Airport increased by 4% last year, as more than 32.9 million people used the airport during 2019. Traffic increased by 10% in the first half of the year, but growth was slower in the second half due to the impact of several airlines scaling back their global operations.

The airport continued to expand its position as a major gateway between Europe and North America and this helped boost overall passenger growth. About 30.7 million people started and ended their journey at Dublin Airport last year, while almost 2.2 million passengers used the airport as a hub.

Dublin Airport welcomed more than two million passengers every month during the year for the first time. Short-haul passenger numbers increased by 5% to 27.7 million, while long-haul traffic increased by 4% to almost 5.2 million. The long-haul market, which has expanded significantly in recent years, accounted for 16% of total passenger traffic in 2019, while 84% of passengers travelled on short-haul routes.

The transatlantic and European segments of the market were the best performing sectors at Dublin Airport during the year. Passenger numbers on flights to and from UK airports increased slightly, while traffic to other international destinations, which includes the Middle East, Africa and Asia, was flat.

The number of passengers taking flights to and from continental Europe increased by 6% to 17.3 million last year. 10.2 million people travelled on flights between Dublin and UK airports, which was a 1% increase compared to 2018. Dublin-London remains the world's second busiest international air route, with 5.1 million passengers last year, which was a 2% increase on the previous 12 months.

Passengers that started and ended their journey at Dublin Airport

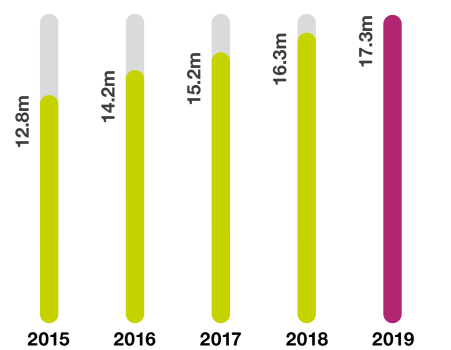
30.7m

Transatlantic passenger numbers

4.2m

+6%

Continental Europe traffic at Dublin Airport



"10.2 million people travelled on flights between Dublin and UK airports, which was a 1% increase compared to 2018."

Number of passengers using Dublin Airport as a hub

2.2m

Transatlantic passenger numbers increased by 6% last year, as 4.2 million people took flights to and from destinations in North America. Traffic to other international destinations, which includes flights to Asia, the Middle East, and Africa was flat during the year, with just over 1 million passengers taking flights to and from these locations. Domestic passenger numbers declined by 7% to 104,000 as fewer customers took flights within the State.

Dublin Airport is now the fifth largest airport in Europe for transatlantic connectivity and recent growth in this area has been underpinned by the increasing numbers of connecting passengers who are choosing to fly through Dublin. Transfer passenger numbers increased by 5% to 1.9 million last year, while a further 235,000 passengers transited through Dublin in 2019 – i.e. their flight stopped to refuel, but they did not change planes.

There were 25 new airline routes at Dublin Airport last year and capacity was increased on 28 existing services through either additional frequencies or the introduction of larger aircraft. Long-haul routes launched last year included a service to Calgary with WestJet, an American Airlines service to Dallas-Fort Worth and a new Aer Lingus route to Minneapolis-St Paul. There were also new short-haul services to destinations such as Bodrum, Dubrovnik, Kyiv, Lourdes and Thessaloniki. There were capacity increases on 28 existing routes, as airlines added flights to their schedules or operated services with larger aircraft than previously.

Notwithstanding increased passenger numbers, Dublin Airport continued to strive to deliver a quality passenger experience. All of the key customer service quality measures set by the Commission for Aviation Regulation, which include queuing times at security, the friendliness of staff, and the cleanliness of washrooms, were met during the year.

During the year, 89.7% of passengers went through security in less than 15 minutes, which is a key customer service metric for the business.

Last March, Dublin Airport was named one of the best airports in the world in an independent global ranking of passenger experience. Dublin Airport was the joint winner in its category of European Airports that have 25-40 million passengers per year in the Airports Council International (ACI) World Airport Service Quality (ASQ) Awards. Dublin Airport shared its category win with Oslo Gardermoen and Zürich airports. The ASQ awards are based on 640,000 passenger survey results in 84 countries that measure the key elements of a passenger's experience at each airport.

New airline routes at Dublin Airport

25

Passengers travelling through Dublin Airport security in less than 15 minutes

89.7%

"All of the key customer service quality measures set by the Commission for Aviation Regulation, which include queuing times at security, the friendliness of staff and the cleanliness of washrooms, were met during the year."

Commercial revenue increased by 9% last year. Higher income was generated from car park operations, concessionaires and Dublin Airport's travel services business, which comprises its Lounge, Fast Track and Platinum Services operations. The new East Lounge, which is designed for premium passengers on long-haul flights to the east, opened in September and has been well received. Advertising revenue increased strongly during the year as our partnership approach with brands generated a positive impact.

During the year, the airport consolidated its food and beverage concessions into larger tender packages in order to be more proactive in the strategic management of this important element of the passenger experience. Post year-end, following a public procurement process, SSP was awarded a contract to open 24 separate food and beverage outlets in a mix of airside and landside locations. The new outlets will showcase a wide range of Irish food and beverage brands. Two further new food and beverage contracts will be tendered later this year.

We continued to invest in new and improved infrastructure at the airport for passengers and our airline customers. We are investing in an enlarged immigration hall for passengers arriving at Pier 1 and Pier 2.

Huge progress was made on Dublin Airport's North Runway project during 2019. The official sod-turning was held in February and by September, the first section of the top layer of pavement quality concrete was being poured at the western threshold of the new runway. At peak during 2019, up to 400 people were working on the project.

Construction will continue throughout this year and this phase of the project is due to be completed in the Spring of 2021. Operational readiness and testing will take a further nine months or so before North Runway will enter service.

Later this year we will lodge a planning application under the new legislative framework for airport noise to amend the two onerous conditions attached to the original planning permission that are due to apply to the operation of Dublin Airport once the new runway opens. We are very aware of the concerns of local residents in relation to this development and there is a requirement to strike a balance between those concerns and Ireland's national economic needs.

A number of capital programmes were completed at the airport during the year. The opening of a new Beauty Hall in Terminal 2 in the Autumn completed a major upgrade of the airside retail area in the terminal, which will mark its tenth birthday later this year.

A new automatic visual docking guidance system was introduced at all contact parking stands at Dublin Airport last year. This system offers real-time information to pilots as they are parking on arrival or pushing back for departure and also provides additional safety features.

New fixed electrical ground power units were also installed at aircraft parking stands as part of the airport's overall sustainability programme. Allowing aircraft to plug directly into a fixed electricity energy source reduces the need for less environmentally friendly mobile, diesel-powered generators.

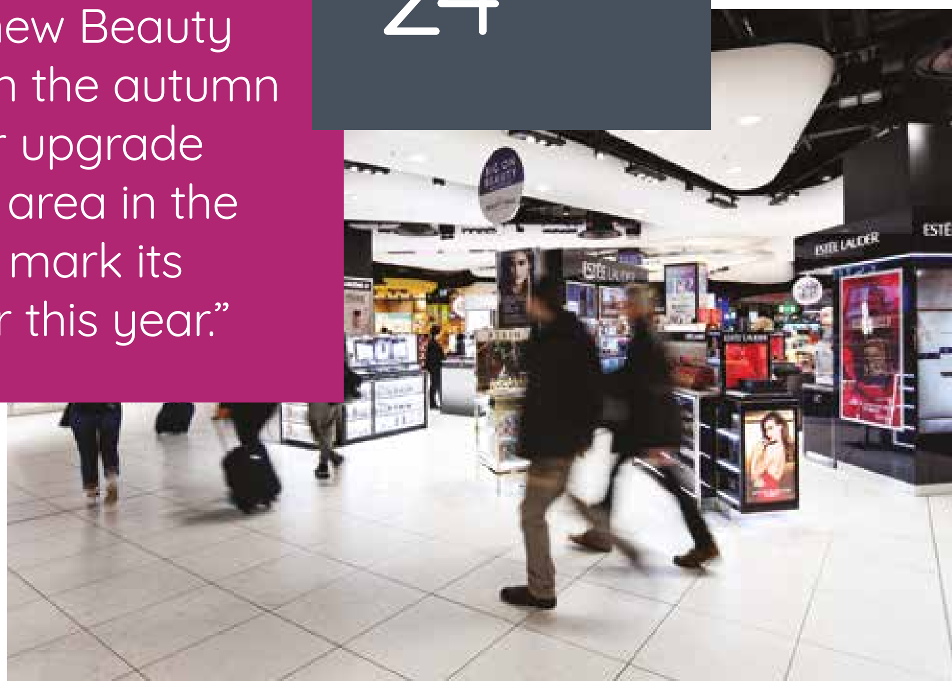
Dublin Airport retained its position in the annual Reptrak survey of Irish brands last year and continues to have the ninth best corporate reputation in Ireland. The airport's Twitter account was named the world's best airport account at the Moodies Awards for the fourth time in six years.

Dublin Airport is due to welcome 12 new routes this year. New long-haul services include San Francisco with United Airlines. New short-haul destinations include Cairo with EgyptAir, Marseille with Ryanair, Rhodes with Aer Lingus and Tel Aviv with El Al.

Number of new food and beverage outlets awarded to SSP

24

"The opening of a new Beauty Hall in Terminal 2 in the autumn completed a major upgrade of the airside retail area in the terminal, which will mark its tenth birthday later this year."



Cork Airport

Cork Airport continued to excel in 2019 and was the fastest growing airport in the State last year. Passenger numbers increased by more than 8% to almost 2.6 million, which was the fourth consecutive year of traffic growth. Overall passenger numbers increased by 198,000, driven by a 10% growth in capacity and the maintenance of load factors.

Traffic to Continental Europe was up 17%, while UK traffic increased by 4%. The expansion of seat capacity on existing routes and the addition of eight new routes underpinned the growth. Ryanair launched new services to Budapest, London Luton, Malta, Poznan and Naples, while Aer Lingus started new services to Dubrovnik, Lisbon and Nice. Ryanair's significant expansion at Cork Airport last year means the airline is now the largest carrier operating at the airport.

Cork Airport had eight scheduled airlines in 2019 and the addition of these destinations increased Cork Airport's direct network to more than 50 routes. It also offers multiple one stop long-haul options through key international hubs across Europe.

Last year's passenger growth came despite the fact that Norwegian did not operate its Cork-Providence service during 2019 due to the worldwide grounding of the Boeing 737 Max aircraft. Norwegian subsequently decided to cease all transatlantic operations to and from Ireland.

Cork has three new routes for 2020, and the advent of these new services is expected to help deliver another year of passenger growth. KLM Royal Dutch Airlines will begin a new daily service to Amsterdam Schiphol from March, offering connectivity to the airline's extensive network of 170 destinations worldwide, while Ryanair will have new routes to the Croatian city of Zadar and Katowice in Poland.

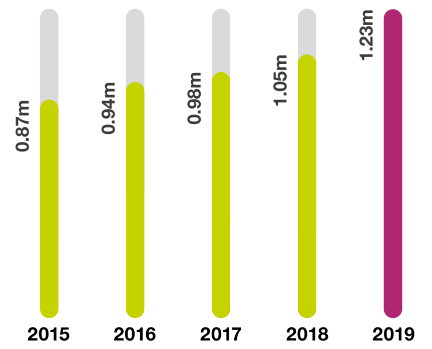
Cork Airport is constantly in talks with both new and existing airline customers in relation to the potential for new services from Cork. In that context, we continue to seek opportunities with potential operators of transatlantic services from Cork. These efforts have the full backing and support of the tourism and business communities and their representative bodies across the Ireland south region.

Passenger numbers at Cork Airport

2.6m

+8%

Continental Europe traffic at Cork Airport



Cork Airport was the fastest growing airport in Ireland last year

Commercial revenue

+9%

Number of direct network routes at Cork Airport

50

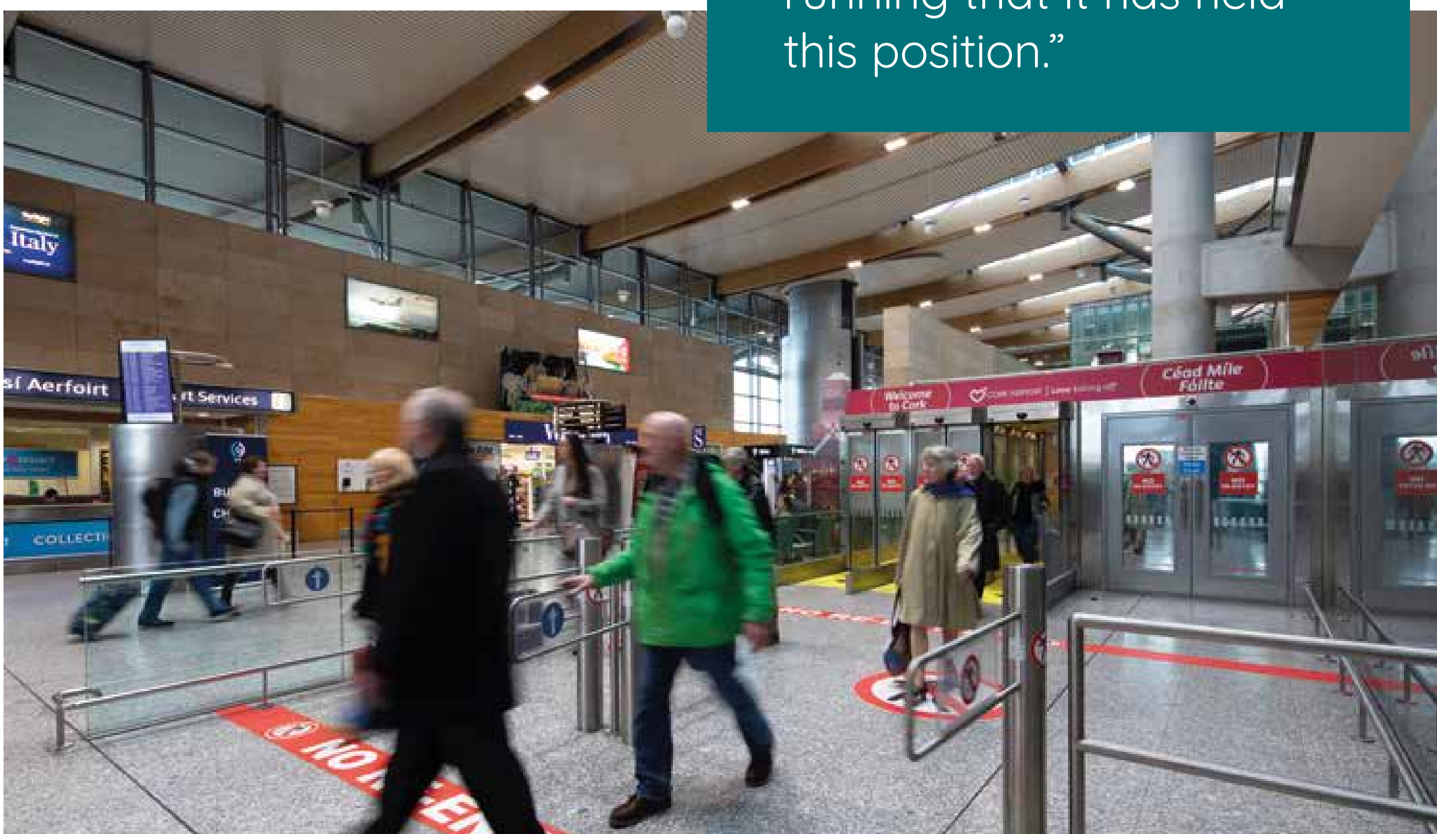
Commercial revenue increased by 9% during the year, with a strong performance from car park operations and our food and beverage concessionaires. In December, with the opening of Blue Bird Coffee Roasters, Cork Airport became the first airport in Ireland to roast its own coffee beans on-site. The new sustainable café concept uses ethically sourced coffee beans, and its cups, lids, straws and cutlery are all compostable and biodegradable.

Cork Airport won several international awards in 2020. Cork Airport was Ireland's most punctual airport in 2019; the second year running that it has held this position. Global aviation analysts OAG concluded that Cork Airport topped the punctuality league for international airports in Ireland in 2019, with an On-Time Performance (OTP) rating of 84%.

Cork Airport also won Best Airport in Europe serving under five million passengers at the 2019 ACI EUROPE Annual Assembly & Congress. This was the second time in three years that Cork Airport has won this award. The award recognised Cork Airport's support for passengers with disabilities, its strong community engagement, and its focus on safety and security.

Cork Airport won in the Best Use of Facebook category at the Moodies Awards, and also won the Best B2C (Business-to-Consumer) campaign at the 2019 Spider Awards.

"Cork Airport was Ireland's most punctual airport in 2019; the second year running that it has held this position."



A period of solid sales growth at ARI

Aer Rianta International (ARI)

ARI is the Group's travel retail subsidiary which also holds our equity investments in overseas airport operations. It has interests in travel retail businesses in Europe, North America, the Middle East and Asia-Pacific.

Last year was a period of solid sales growth and improved financial performance. However, the spread of COVID-19 has had a very significant impact on the business in the early part of 2020. The Company is currently taking action to mitigate the financial and operational impact of the pandemic as much as possible.

During 2019 significant refurbishment programmes continued in our key airport locations, and we completed a detailed review of the business's strategy and organisation structures.

Good progress has already been achieved in streamlining structures that will provide the platform for effectively meeting the challenges and leveraging opportunities in an increasingly competitive global travel retail market.

Talent, capability and culture continued to be a key focus in 2019 with an emphasis on organisational structure and the addition of new senior hires. A comprehensive Retail Development Framework was developed to support our colleagues through their careers at ARI. There was also significant investment in training across the various locations, with a key focus on selling skills and broadening product knowledge.

In Ireland, ARI operates our retail business The Loop at Dublin and Cork airports and also manages several retail concessions at both airports. Total sales at Dublin and Cork airports, including retail and food and beverage sales by concessionaires, increased by 5% to €348 million in 2019.

In October, ARI opened a new Beauty Hall, Ireland's largest, at Terminal 2 in Dublin Airport as part of an overall upgrade of more than 2,000 square metres of airside retail space at the airport. The completion of the project is a significant milestone for our domestic retail business. The new 944 square metre retail space is twice the size of its predecessor, and opened with 90 brands on offer, including 30 that were new to Dublin Airport.

A new flagship liquor store was opened during the year in Terminal 2, and we added a new improved confectionary department.

Delhi sales growth

+13%

Retail space upgraded at Terminal 2, Dublin Airport

2,000m²

Brands on offer at the Beauty Hall in Terminal 2 at Dublin Airport

90

Total sales at Dublin and Cork airports

€348m

+5%

The Loop at Dublin Airport also opened a new store to showcase the best of Ireland's design and crafts. The new Design Ireland store at Terminal 2 features a specially selected collection of work by 24 Irish design and craft brands featuring a range of products designed and made in Ireland across categories such as jewellery, ceramics, gifts, wellness, accessories and clothing.

Our award-winning e-commerce platform, The Loop.ie was successfully launched for our domestic business in early 2019. It went live in Auckland in November 2019 and will be rolled out in Canada this year.

ARI's international business experienced good sales growth in 2019, with strong like-for-like sales growth across the international portfolio and an improved gross margin performance. Margins continued to increase through ARI's central global buying structure.

ARI Group profit on ordinary activities after taxation and non-controlling interests was €13 million compared to €11.1 million in 2018.

ARI's joint venture operations at Delhi International Airport, where we hold a 33.1% stake, had another year of strong sales growth, with turnover almost 13% above 2018. Delhi Duty Free's departures store was upgraded during the year, which follows the successful opening of a new arrivals store in 2018.

ARI Middle East (ARIME), which comprises businesses in Bahrain, Cyprus, Lebanon, Oman, Qatar and Saudi Arabia and is the largest multi-location travel retailer in the region, had a solid year in 2019. Results in Bahrain and Qatar for 2019 were satisfactory. The passenger average spends in Muscat continue to be challenging due to the impact of increased numbers of transfer passengers and shorter dwell times.

Our business in Beirut traded well for much of 2019, but experienced disruption due to level of civil unrest towards the end of the year. This unrest has continued to have an impact on this business post the year-end.

Looking ahead, the much-anticipated Midfield Terminal at Abu Dhabi's International Airport is now scheduled to open in late 2020. ARIME will operate various stores at the new terminal, including perfume and cosmetics, sunglasses and jewellery outlets.

ARI, through its subsidiary CTC-ARI, owns the travel retail offering at Larnaca and Paphos airports in Cyprus, in addition to a joint venture shareholding in the Food & Beverage operation at both airports.

ARI's retail operations at Larnaca and Paphos airports had a good year. The sales performance was marginally down but this was directly impacted by the significant refurbishment of the retail area in Larnaca Airport, resulting in 30% less retail space for much of the year.

The larger and enhanced perfume and cosmetics offering opened at Larnaca Airport at the end of October 2019 and the new liquor store opened post year-end in January 2020. The refurbishment work at Larnaca is ongoing and is expected to be fully complete by August 2020.

Passenger numbers at Larnaca increased by 2% to 8.2 million, while Paphos saw its passenger numbers increase by 6% to 3 million. Total passenger numbers for Hermes Airports, in which ARIME has an 11% stake, increased by 3% to 11.3 million.

ARIME continues to provide management support services to the duty paid retail operation in Terminal 5 at King Khalid International Airport, Riyadh, Saudi Arabia. The first of these outlets opened in January 2018 under a seven-year contract. Our 70% equity investment in the company closed post year-end, in February 2020.

ARI's retail operations in Canada and Auckland performed solidly in 2019, with sales increasing by 7% in both locations underpinned by passenger volume growth and improved average passenger spends.

Profits were down in Auckland due to the combination of an increasingly competitive environment and a strong sales performance from lower margin product categories. Profit levels in Canada were satisfactory and were above 2018 levels.

"ARI Group profit on ordinary activities after taxation and non-controlling interests was €13 million."

ARI holds the Group's 20% shareholding in Düsseldorf Airport. Passenger numbers grew to 25.5 million in 2019, which was a 5% increase over the previous year. Our investment in Düsseldorf Airport continues to make a positive profit and cash contribution to the Group, with the profit increasing again in 2019.

In 2019, ARI won several significant prestigious international awards for its retail offering. ARI North America (ARINA) was named Best Airport Retail Operation in all of the Americas in the under-50 million passenger category at the Duty Free News International Summit. ARINA was also awarded Best Airport Duty Free Operator in Canada for the fourth year in a row at the Frontier Duty Free Association Convention. Delhi Duty Free amassed 18 corporate and individual awards during the year, which included Travel Retailer of the Year from the India Retail & eRetail Congress.

Dublin Airport's Avoca store, which is a partnership between The Loop and Irish retailer, Avoca, won Collaboration of the Year at the Frontier Awards, which celebrate innovation and creativity within the international travel retail sector. The Loop's website won Best Food & Drink eCommerce and Best Travel, Ticketing & Entertainment eCommerce awards at the 2019 eCommerce & Payment Awards in Ireland in March 2019.

Passenger numbers at Larnaca Airport

8.2m

+2%

Passenger numbers at Paphos Airport

3.1m

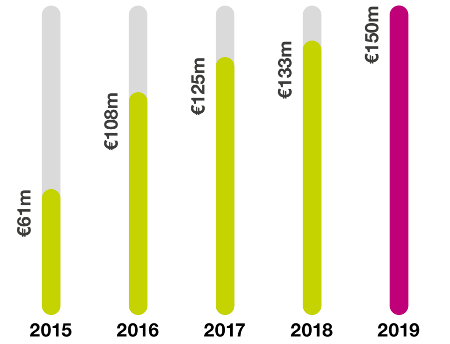
+6%

Passenger numbers at Hermes Airports

11.3m

+3%

Group profit on ordinary activities



Retail sales in Canada and Auckland

+7%

Passenger numbers at Düsseldorf Airport

25.5m

+5%

daa International expands its range of activities

daa International

daa International offers advisory, management and investment services to clients around the world leveraging the experience and expertise of the wider daa Group.

The flagship contract for the business is the management contract for Terminal 5 at King Khalid International Airport in Riyadh, Saudi Arabia. This domestic terminal officially opened in 2016, with just over 12 million passengers travelling through T5 during its first full year of operation. Passenger numbers have grown every year since and increased by 9% to 15.9 million in 2019.

In the last three years daa International has expanded its range of activities at King Khalid International Airport, adding airport-wide roles in car parking, aviation business development and cargo management.

We have also established a full commercial branch in Saudi Arabia to reflect the importance of the Middle East to the business. In 2019, 22 colleagues from Riyadh Airports Company completed bespoke training programmes that included visits to Dublin and Cork airports. These programmes position daa International at the forefront of developing the future leaders of aviation in the Gulf region.

In 2019, daa International continued to increase its global footprint with clients in Australia, Singapore, the Philippines, the UK and elsewhere in Saudi Arabia. The scope of services provided covers key elements of airport management, including operational and maintenance consultancy, oversight, IT diagnostics, strategic procurement and peer reviews.

daa International also has a healthy development pipeline with opportunities in the Gulf, Asia-Pacific, North America and the Caribbean. These opportunities comprise strategic consultancy, management contracts and concession and investment opportunities.

The strategic goal for daa International is to secure a long-term airport management contract and supplement this with a number of significant and specialised consultancy contracts.

Thanks

Finally, I would like to thank all of our employees across the Group and at our overseas retail partners for their efforts over the past 12 months. They ensure the smooth operation of our airports and travel retail outlets across the globe and welcome tens of millions of passengers to our businesses every year.

Dalton Philips
Chief Executive Officer
20 March 2020

Passenger numbers at King Khalid International Airport, Riyadh, Saudi Arabia

26m

"In the last three years daa International has expanded its range of activities at King Khalid International Airport, adding airport-wide roles in car parking, aviation business development and cargo management."

Passenger numbers at T5 King Khalid International Airport

15.9m

+9%

Strong Group performance and growth

The 2019 results reflect a strong performance across the Group, with strong growth in turnover, EBITDA and operating profit, however 2020 is set to be dominated by the effects of the global COVID-19 pandemic.

Ray Gray
Chief Financial Officer

Group profit after tax grew by €17 million (13%), with increases in profit from both domestic and international activities. Our strategic priorities are aligned with our goal to 'Increase the value of our business'. The key metrics used to track our progress against this objective are EBITDA, profit after tax (before exceptionals and fair value movements) and return on equity (ROE). While our results are aligned with achieving this goal, challenges lie ahead for the Group in the coming years.

A summary of the key Group financial results are as follows:

Profitability (€'m)	2019	2018
Turnover	**935**	897
Growth %	**4%**	5%
Group EBITDA[1]	**302**	289
Growth %	**4%**	7%
Group profit after tax – before exceptionals and fair value movements	**150**	133
Exceptional and fair value movements	**26**	7
Group profit after tax – after adjustments and fair value movements	**176**	140

Key ratios	2019	2018
Group EBITDA : Net interest charge[2]	**16.5x**	9.8x
Net debt : Group EBITDA	**1.4x**	1.5x
Group EBITDA : Group turnover	**32%**	32%
Return on average equity[3]	**10.4%**	10.1%

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 Net interest charge comprises Group net interest before exceptionals, excluding that of associated and joint venture undertakings.
3 Return on average equity is based on Group profit excluding exceptional items expressed as a percentage of average shareholders' funds.

Profit for the financial year (pre-exceptional)

€150m

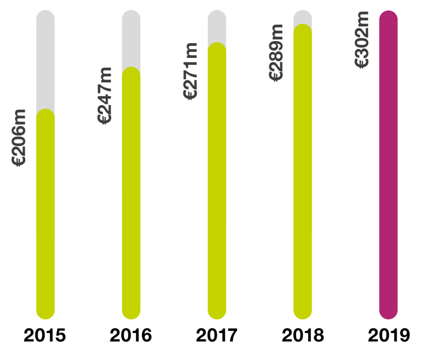
+13%

EBITDA

€302m

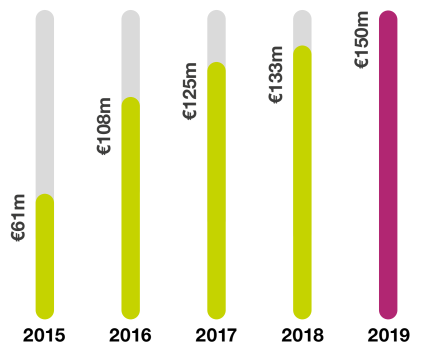
+4%

Group EBITDA*



* Before exceptional items and fair value movements.

Profit after tax (pre-exceptional)*



* Attributable to the Group.

The Group achieved profit after tax, before exceptionals, of €150 million for the financial year which grew by 13% from €133 million in 2018.

Group turnover increased by €38 million (4%) to €935 million compared to €897 million in 2018. This is comprised of an increase in our domestic airport related turnover of €28 million (4%) and international turnover of €10 million (4%). Turnover generated at Dublin and Cork airports comprises aeronautical charges levied, turnover from direct retailing and from commercial activities such as car parking, car hire and other activities.

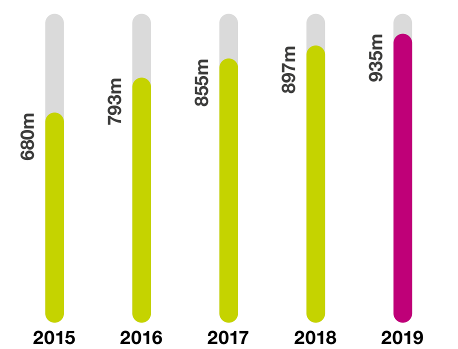
Group EBITDA for the year increased by 4% to €302 million from €289 million in 2018. This increase is due to a €33 million increase in gross profit, offset by a €20 million increase in operating costs.

Group operating costs increased by €20 million (5%) to €446 million from €426 million. Airport costs amounted to €320 million; an increase of 7% from €300 million in 2018 and international costs remained at €126 million (2018: €126 million).

Depreciation and amortisation costs increased by €3 million to €127 million.

Exceptional gains of €26 million arose from fair value movements net of taxation in investment properties, increasing Group profit after tax including exceptional items, to €176 million (2018: €140 million). This unrealised gain was largely driven by the valuation on our second Dublin Airport Central campus building delivered in December for our first anchor tenant, Kellogg's.

Group turnover



Business units

Dublin Airport achieved profit after tax (before exceptionals and fair value movements) of €134 million an increase of €11 million (9%) compared to 2018. Dublin Airport's growth was driven by passenger volume growth of 4% and strong commercial turnover growth of €31 million (10%). Cork Airport had a positive year with passenger numbers increasing for the fourth consecutive year. ARI International profit increased by €2 million to €13 million, including a strong profit contribution from the Group's investment in Düsseldorf Airport. Share of profits from the Group's investments in Associates and Joint Ventures remained stable at €17 million in 2019.

daa International had a strong year and continues to grow achieving record turnover in 2019, with a continued strong performance in KKIA in Saudi Arabia as well as a number of new contracts which were secured in 2019.

Outlook and market

Passenger numbers in Ireland, which are a key driver of turnover and activity across the Group's airport and retail businesses, increased by 2% in the first two months of 2020. On the basis of an anticipated slowing level of passenger growth in 2020 and beyond, coupled with a reduction in the regulated passenger charges at Dublin Airport, the Group had been anticipating a reduction in revenues in 2020.

Prior to the COVID-19 pandemic, referred to below, addressing the requirement to commence and fund a significant and critical capital programme at Dublin Airport in the context of the 2019 regulatory determination was the principal financial challenge facing the Group. It its determination, the Commission for Aviation Regulation (CAR), significantly reduced the maximum level of passenger charges (by circa 20%) to an average of €7.87 (real) for the period 2020-24 despite an envisaged €2.3 billion capital investment in the period.

Dublin Airport profit after tax

€134m

+9%

Net debt

€430m

-2%

Net debt and cash flows activities

Net Debt	2019 Actual €'m	2018 Actual €'m
Gross debt	**(760)**	(802)
Cash	**330**	361
Net debt	**(430)**	(441)

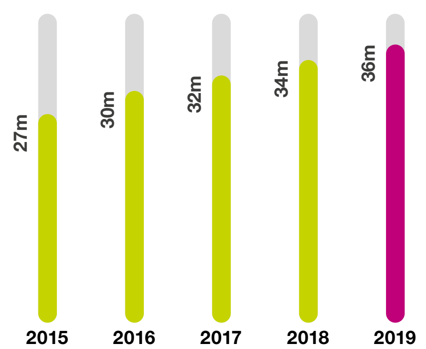
Capital additions	2019 Actual €'m	2018 Actual €'m
Tangible fixed assets additions	**212**	115
Intangible fixed assets additions	**8**	2
Investment property additions	**24**	15
Total capital additions	**244**	132

However, at the time of writing, we note that the global outbreak of COVID-19 has started to have a very significant impact on the global and local economies, our airline partners, passengers and retail customers. It has resulted in the introduction of a wide range of measures by national governments with the aim of halting the spread of the virus and the most significant of these relates to the introduction of restrictions on non-essential travel to a wide range of countries globally. This has resulted in very significant and unprecidented disruption to airline travel and has seen most airlines announce that they are standing down their aircraft fleet and flight schedules and/or significantly reducing capacity in many cases for an initial period of approximately two months.

This has had a significant impact on the passenger numbers using both Dublin and Cork airports. On 19 March 2020 it was announced that, while Dublin and Cork airports would remain open, operations at both airports would be scaled back. It is increasingly clear that 2020 is set to be dominated by the effects of the global COVID-19 pandemic.

Future resumption of full passenger operations will be determined by a number of factors including Ireland's ongoing travel policies in relation to the coronavirus pandemic, airline operations, and the travel policies of the airports' main overseas markets. Our priority is to ensure the long-term sustainability and viability of the Group's businesses and while the situation is still developing and a significant amount of uncertainty exists we are satisfied that we have a strong balance sheet and sufficient liquidity in place to meet this challenge. Further details of the Group's liquidity are set out later in this review.

Passenger numbers



Tax

The Group taxation charge, pre-exceptional items, increased by €2 million to €23 million. The Group's effective tax rate, pre-exceptional items, was 13% (2018: 13%).

Although the effective tax rate has remained stable year-on-year the make-up of the overall tax charge has moved significantly between current tax and deferred tax. This is primarily driven by daa plc moving to a cash tax position in Ireland in respect of 2019, whereas in prior years it was utilising trading losses carried forward.

Net debt and cash flows activities

Net debt decreased by €11 million (2%) to €430 million. The Group had operating cash inflows of €275 million in 2019 compared to €280 million in 2018. The Group generated cash of €71 million before financing activities which decreased by 58% from 2018. The main driver of the reduction in cash flow has been the increased level of capital expenditure during the year.

daa has a funding policy to ensure a consistent supply of committed funding at Group level at reasonable cost, to meet the anticipated funding requirements of the Group taking into account the period covered by the long-term business plan and to provide flexibility for other unanticipated events. Gearing was 22% at the year-end which decreased by 2% from 2018. The ratio of Net Debt to EBITDA has improved from 1.5x at 31 December 2018, to 1.4x and interest cover has significantly improved from the 2018 level of 9.8x to 16.5x at 31 December 2019.

The detailed cash flow statement is shown on page 86 and is supported by Notes 24 and 25 to the Financial Statements.

Capital investment

Capital additions for 2019 amounted to €244 million, an increase of €112 million from 2018. The capital investment programme undertaken during the year included work on the North Runway, HBS facility, work on the cross runway, and the continuation of construction at Dublin Airport Central.

Treasury management

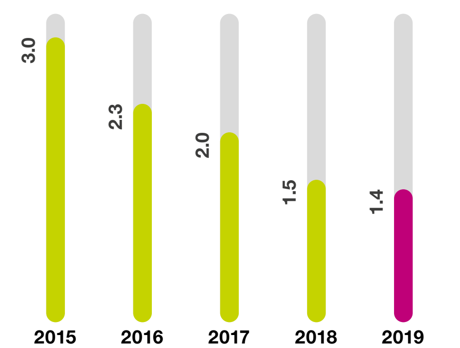
The Group operates a centralised treasury function operated in compliance with Board approved policies which are reviewed periodically by management and Internal Audit for appropriateness and the effectiveness of the system of internal controls.

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

- Funding – to maintain access to the debt markets and other sources of finance
- Liquidity – to put in place sufficient liquidity to meet the Group's requirements
- 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 authorises the Group 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.

Net debt : EBITDA



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 ensures it has sufficient liquidity available to meet its liabilities when due by ensuring sources of liquidity are at least 1.5 times or more than the uses of cash for the next 12 months and has the ability to absorb high impact, low probability events without having to refinance.

At 31 December 2019, the Group had liquidity of €979 million consisting of cash €330 million, a €300 million undrawn committed revolving credit facility (RCF) and a €350 million undrawn loan facility from the European Investment Bank which provides the Group with sufficient stand-by liquidity. Capital commitments contracted at 31 December 2019 were €112 million, while a further €468 million were authorised by the Directors but not contracted.

The Group's financing documentation and maturity profile reflect its underlying financial strength and credit rating of 'A/A-1' stable outlook by credit rating agency S&P Global Ratings (S&P). In December 2019, S&P raised this credit rating from 'A-/A-2' following their upgrade of Ireland to 'AA-' from 'A+' as S&P believe there is a moderately high likelihood that daa would receive timely and sufficient extraordinary support from the Irish Government. The stable outlook on Irish airport operator daa reflects S&P's view that the company is expected to maintain S&P Global Ratings-weighted average adjusted FFO to debt in 2020-2021 between 25% and 30%.

The Group's debt maturity profile as set out below shows a very manageable position particularly in the context of strong ongoing net cash flow from operations performance (€275 million in 2019) and liquidity of €980 million. On 21 June 2019, the Group signed a €350 million loan facility with the European Investment Bank to fund specific capital projects at Dublin Airport. This loan can be drawn on a 20-year amortising basis or on a 12-year bullet and can be drawn up to 21 June 2022. Given the scale of the capital programme over the period 2020 to 2025, subsequent to year-end, the Group put in place arrangements to upsize its RCF from €300 million to €450 million and to extend its maturity from November 2022 to March 2025. The Group continues to engage with its banks, the European Investment Bank, bond investors and S&P to ensure it manages its ability to fund in the future.

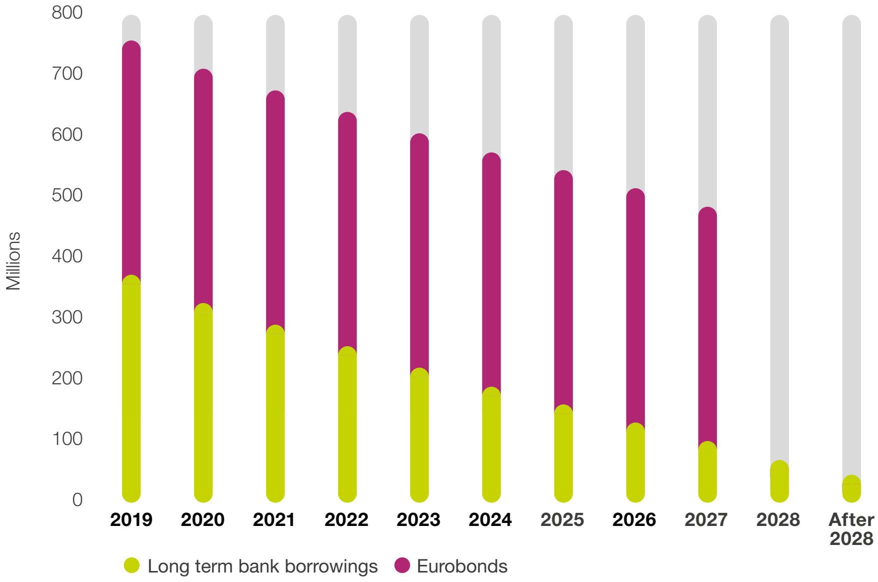
Group liquidity

€979m

Capital additions

€244m

Group debt maturity profile at 31 December 2019



Capital commitments

€468m

Contracts placed

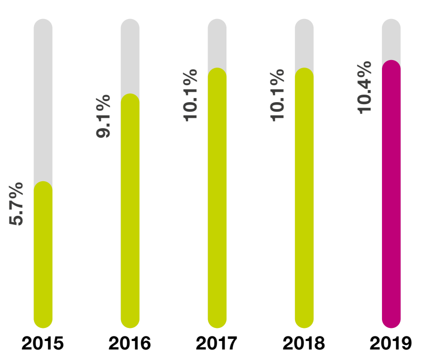
€112m

Interest rate and foreign exchange risk management

The Group's policy is to maintain a minimum fixed ratio of 70% on existing debt so as to protect the profit and loss account and cash flows from material adverse movements in interest rates. At 31 December 2019, 100% 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 2.2% (2018: 2.6%).

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 venture 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 venture and associated undertakings. Currency exposures are disclosed in Note 26 of the Financial Statements.

Return on equity



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. It is Group policy to deposit cash surpluses with banks with an appropriate credit rating as determined by the leading credit rating agencies.

Returns to shareholders

It is Government policy that profitable commercial State companies should pay a financial dividend to the State and to have in place a clearly stated dividend policy. The guideline figure is 30% of after tax-profits (National Aviation Policy 2015) but dividend policy should take account of the entity's current financial circumstances and plans for the future.

daa had an agreed dividend policy in place with its shareholder for the period up to 31 December 2018. While the Group is working to put in place a revised policy for the years ahead this has not yet been finalised. It is anticipated that dividend policy will continue to be subject to periodic review and to the priority that the Group maintain a minimum level of investment-grade credit rating. The Board did not recommend any dividend in respect of 31 December 2019 (2018: €45m).

Ray Gray
Group Chief Financial Officer
20 March 2020

Creating our future

Our goal is to increase the value of our business and our vision is to be airport industry leaders. We will achieve this by growing our business with talented people delivering great service and value for airlines, passengers and business partners.

Our strategic priorities to 2021

01
Reach new heights at our airports

Our aims
We are always aiming to be the best, to make the passenger experience as good as it can be, and to enable our customers and partners to grow along with us.

Read more on page 34

02
Build for our future

Our aims
We give a long-term strategic focus to our airport businesses to ensure that they can continue to develop in a sustainable manner for the benefit of all stakeholders.

Read more on page 36

03
Grow our Group at home and abroad

Our aims
We want to grow and expand our Group to bring the expertise that we have developed in our airports and retail operations to new markets.

Read more on page 38

Underpinned by our promise:

Developing great people and teams that are ready for tomorrow

We promise:
To support our strategic priorities, we will develop capability and leadership across our organisation and improve the employee experience to both attract and retain talent. We aim to work efficiently to build a high performing organisation, committed to efficiency. We will harness technology for a data driven culture.

Read more on page 40

Our values

Respecting each other's value

Passing the baton, not the buck

Our performance

We have seen passenger growth at both Dublin and Cork airports with Cork experiencing continued strong growth while Dublin's growth has slowed versus 2018.

Read more on page 46

PAX Growth – Cork

8.30%

+4.6%

Security processing targets met

100%

+0.05%

For key risk information see page 51

Our performance

Our higher capital spend in 2019 is driven by our infrastructure development programme at Dublin Airport. Energy consumption at Dublin Airport has decreased.

Read more on page 47

Capital spend

€222m

Energy consumption – Dublin Airport

-5.40%

For key risk information see page 51

Our performance

Delivered strong year-on-year sales growth of 8% underpinned by investment in a retail refurbishment programme. Our international turnover increased year-on-year due to growth at ARI and daa International.

Read more on page 48

Managed Turnover

€1.19bn

+7.86%

International Revenue

€266.3m

+3.95%

For key risk information see page 51

Our performance

A key focus in 2019 was establishing and embedding the daa Leadership Standard (see page 45) and creating a more diverse and inclusive culture.

Read more on page 49

Leadership Standard participants

650

+100%

Female executive team members

30%

+20%

For key risk information see page 51

Brilliant at the essentials

Always better

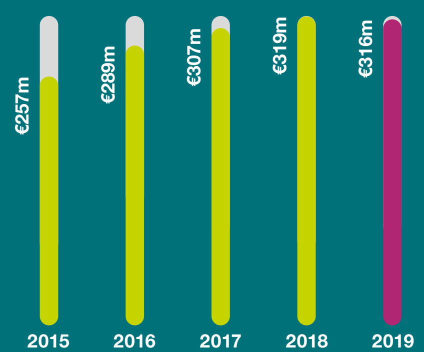
01

Reach new heights at our airports

We are always aiming to be the best, to make the passenger experience as good as it can be, and to enable our customers and partners to grow along with us. We focus on three areas to achieve this:

Partner with customers, delight passengers
Stimulate growth
Be safe, secure and reliable

Aeronautical turnover



Strategy in action

Improving the passenger journey

Dublin Airport's Insights & Planning team conducts more than 30,000 surveys annually.

One of these surveys highlighted the fact that 20% of passengers are nervous flyers. In response, Dublin Airport teamed up during the summer, the airport's busiest time, with two charities, Irish Therapy Dogs and My Canine Companion, for a pilot project to help any nervous flyers travel through the airport with more ease. Twice a week from June to October, therapy dogs and therapy dogs-in-training, greeted passengers before security to offer their own special brand of comfort. The pilot project proved to be a huge hit with many travellers who enjoyed the unique joy that the dogs were able to offer before heading for their flights.

Continental Europe traffic at Dublin Airport

17.3m

Strategy in action

Important flyers

Both Dublin and Cork airports offer special programmes for people travelling who may need additional support and assistance.

The airport issued over 5,000 lanyards and wristbands in 2019. These identify the wearers to airport staff as travellers with special needs who may need more time and space when encountering queues and security checks. Cork Airport provides a Sunflower Lanyard which allows passengers with hidden disabilities to avail of additional support when travelling through the airport.

In 2019, Dublin Airport opened a purpose-built sensory room, aimed at helping to calm passengers who might feel overwhelmed in busy and unfamiliar airport surroundings. The new space is designed specifically for people with autism, dementia, cognitive impairment or other special needs.

The number of Important Flyer lanyards and wristbands Dublin Airport issued in 2019

5,000

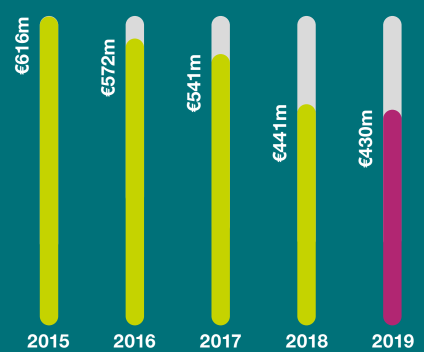
02

Build for our future

Our airport businesses require a long-term strategic focus to ensure that they can continue to develop in a sustainable manner for the benefit of all stakeholders. To do this we focus on two key areas:

Unlock capacity
Licence to grow

Net debt



Strategy in action

Licence to grow

Connectivity at Dublin Airport has increased by 59% over the five years from 2014 to 2018, resulting in far-reaching and long-lasting impacts across the island of Ireland. Dublin Airport's economic impact spans those activities directly related to the airport, the multiplier impact, and other sectors within the Irish economy indirectly impacted by Dublin Airport.

Dublin Airport is instrumental in facilitating large scale tourism, high value exports and connections to increasingly diverse international markets. The increase in Dublin Airport's connectivity has also meant a 56.7% passenger increase, which acts as a catalyst for jobs and industry within Ireland.

Dublin Airport currently facilitates almost 130,000 jobs and has generated an annual value of €9.8 billion in Gross Value Added (measures the contribution of a company to the country), representing 3.1% of the national economy. These jobs are seen within Dublin Airport itself, the Irish tourism industry, in multinational businesses that have set up operations in Dublin due to the gateway Dublin Airport provides to the rest of the world and in many other sectors of the Irish economy.

The largest beneficiary of Dublin Airport's economic impact is the Fingal Area, receiving 89% of the direct jobs impact. Since first opening in 1940, Dublin Airport has consistently employed people within the local area and the recent creation of the €10 million Community Fund also supports and makes a positive contribution to the neighbouring communities.

Gross Value Added generated by Dublin Airport*

€9.8bn

Increase in passenger numbers at Dublin Airport since 2014*

31.4%

Percentage of Dublin Airport's direct jobs in Fingal*

89%

* Source: 2019 InterVISTAS Report

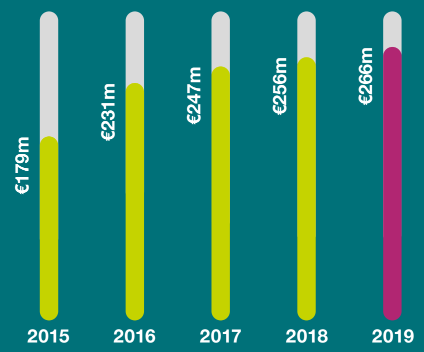
03

Grow our Group at home and abroad

We want to grow and expand our Group to bring the expertise that we have developed in our airports and retail operations to new markets. To achieve this we focus on the following areas:

Excelling in travel retail
Expanding horizons

International turnover



Strategy in action

Excel in travel retail

In 2019, ARI's joint venture operation in Delhi International Airport completed a $10 million refurbishment of the Duty Free store in arrivals and departures in Terminal 3 at Indira Gandhi International Airport. The redesigned stores carry a range of new brands in the alcohol and beauty categories with major additions from the Estée Lauder and L'Oréal Luxe houses in addition to the new Game of Thrones malt whisky range. The new design also features the extensive use of digital advertising boards together with a more intuitive design for the passenger to travel through the stores.

Investment in the refurbishment of the Duty Free stores at Delhi International Airport

$10m

Percentage of female workforce at Terminal 5, King Khalid International Airport

25%

Strategy in action

Women in Terminal 5, King Khalid International Airport

daa International has been managing Terminal 5 at King Khalid International Airport in Riyadh, Saudi Arabia since 2016. In recent years Saudi Arabia has initiated some social reforms with women now entering the workforce in the aviation sector and in frontline roles.

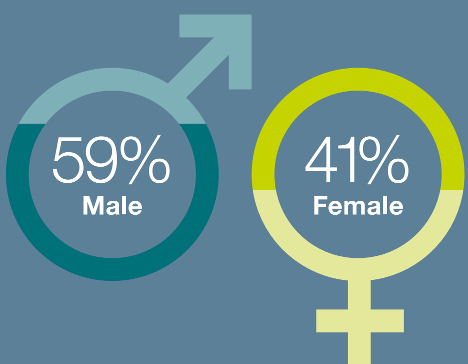
daa International has used this opportunity to promote women working in Terminal 5 through an alliance with Princess Nourah University in Riyadh, the largest female university in the world, and with an annual female aviation showcase. Currently, more than 25% of the roles in Terminal 5 are filled by Saudi women in frontline, administration, supervisory and managerial roles.

Develop great people and teams that are ready for tomorrow

Our strategy is underpinned by the great people and teams that make up daa. We focus on three key areas that apply to every type of role across our Group and they are:

Build trust
Work efficiently
Harness technology

Gender split



Strategy in action

Harness technology

Dublin Airport installed Advanced Visual Docking Guidance System (A-VDGS) on all aircraft contact parking stands in 2019. A-VDGS is an electronic display that provides real time information from the airport operating system (AOS) as well as parking assistance to pilots during their approach to the gate. A-VDGS, through integrations with AOS provides flight and ground crew with critical real-time aircraft turnaround information, including Airport Collaborative Decision Making (A-CDM) data. This in turn enables faster turnarounds with fewer delays as all stakeholders involved in the turnaround share a common view of the status.

A-CDM is an operational process that aims to improve air traffic flow and capacity management at European airports. A-CDM is part of a Europe-wide programme and covers the key stages of an aircraft's arrival, turnaround and departure. It aims to gather accurate information through transparent procedures and promoting the extensive exchange of data and information between European airports.

These developments help increase the efficiency of both the turnaround process and capacity of European airspace, meaning less congestion and slot wastage. Dublin Airport aims to complete certification for A-CDM by Summer 2020. Embracing these two innovative initiatives significantly helps Dublin Airport and the airlines' service providers make the best use of available resources while reducing fuel burn, CO_2 emissions and delays on the runway and while taxiing.

Number of daa employees

4,139

A-CDM is part of a Europe-wide programme and covers the key stages of an aircraft's arrival, turnaround and departure.

Diversity and engagement

The Company's people focus is underpinned by the belief that great people and teams are at the heart of the organisation.

Strategy in action

Diversity

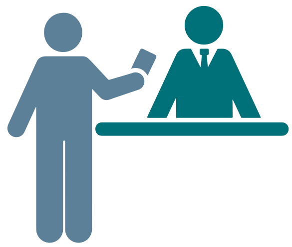
With employees from 51 countries encompassing ages from 18 to 65 and over, daa is proud to have such diverse and strong staff. Throughout 2019, we have continued the process of change through committing to improving diversity and inclusion across the entire organisation. In September 2019, three senior managers were appointed to the executive team at daa. The appointment of Dublin Airport's Head of Marketing, Louise Bannon; Catherine Gubbins, Director of Finance; and Group Head of Strategy Miriam Ryan will help to create a more gender-balanced executive group in addition to the benefits their leadership and experience will bring to the Group's decision making.

In 2019, daa acknowledged and celebrated its diverse workforce through a variety of events including Pride Week and International Women's Day. In celebration of the 50th anniversary of the first Pride March and Pride Week, departments within Dublin Airport celebrated with refreshments and Dublin Airport hosted a talk to celebrate pride and drive awareness. It was open to all employees and attendees were encouraged to explore and better understand LGBTQ+ history and priorities.

International Women's Day was marked throughout daa, in Dublin, Cork, Limerick, Riyadh in Saudi Arabia and other international locations. The theme was based around the idea of 'Balance for Better' with awards given to female staff nominated for creating opportunities for other women to progress within the organisation and for being role models in enabling female advancement and achievement. The awards were presented at a lunch where both internal and external speakers discussed diversity and gender balance within the wider business sector.

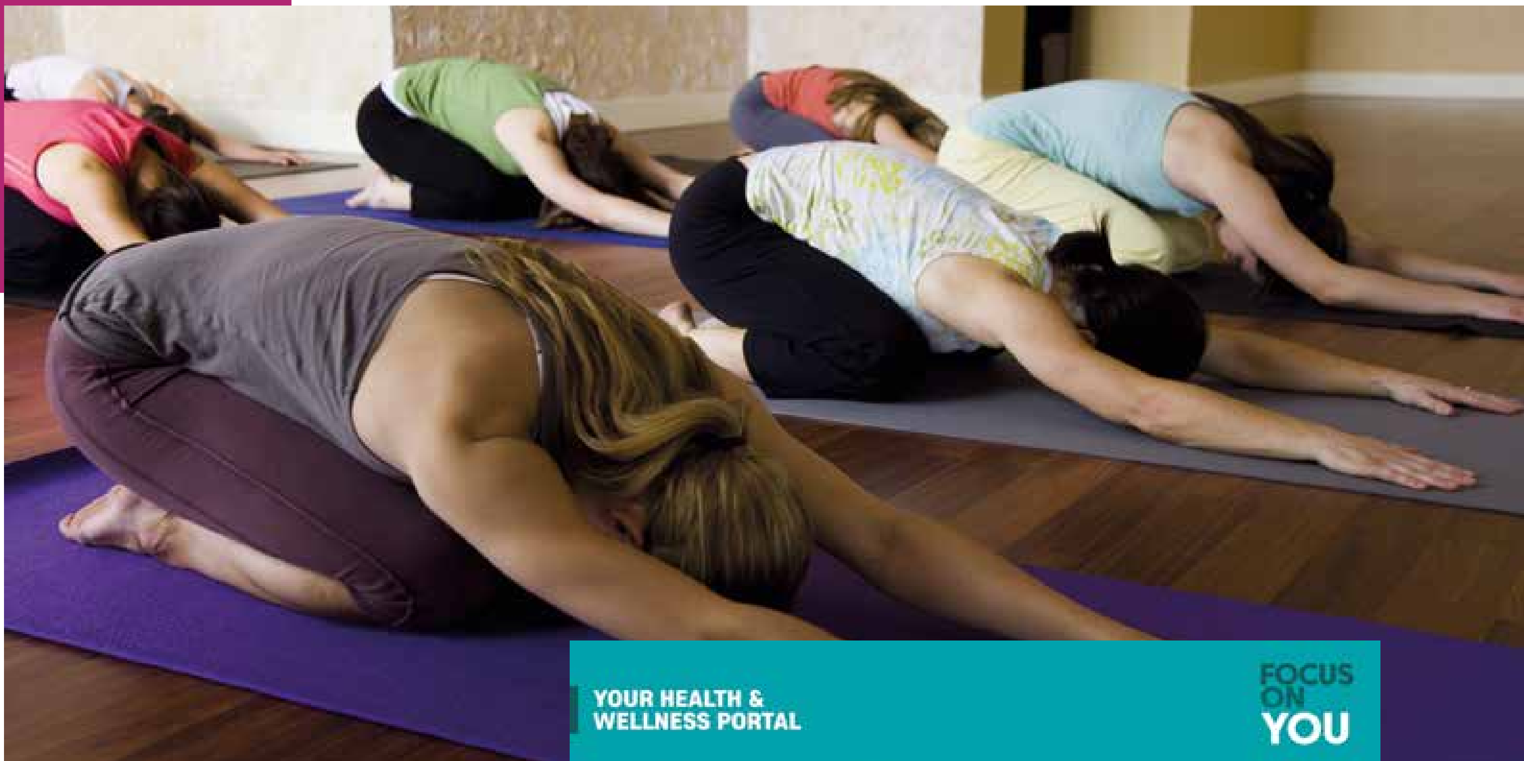
Number of countries employees are from, including Croatia, Uzbekistan and the Philippines

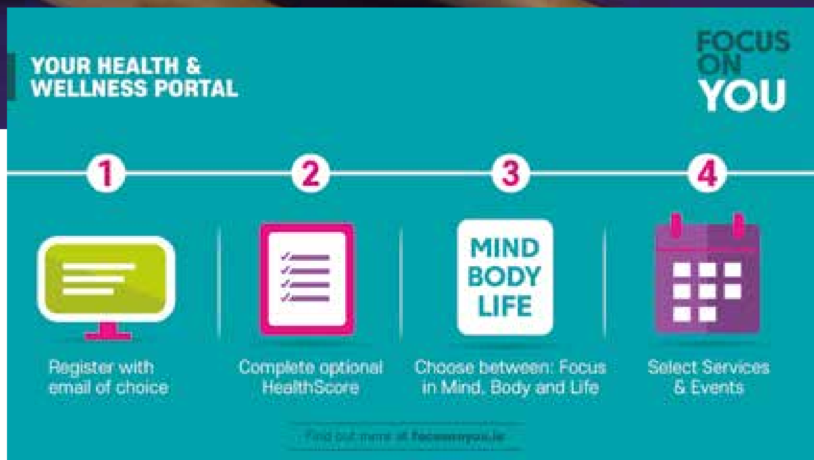
51



Average age of a daa employee

43





Strategy in action

Employee engagement initiatives/Focus On You

daa believes the wellbeing of our staff and teams is central to building the future of the company. The ‘Focus On You’ programme was developed in 2018 to highlight and integrate all wellness services and activities across daa and for the company to deliver a larger commitment to wellbeing throughout the organisation.

Strands include ‘Focus Your Body’ with the premise that physical fitness is integral to an overall healthy life. Throughout 2019, events to encourage daa staff to focus on their physical wellbeing included a ‘Couch to 5K’ running programme, an ‘Operation Transformation’ weight loss initiative, and yoga classes.

The ‘Focus On You’ initiative provided nutritionists, health coaching, vaccination clinics and a physiotherapist on a regular basis to staff.

A ‘Focus Your Mind’ pillar aimed to help people develop and excel in mental fitness with a key focus of building resilience against mental illness.

Throughout the year, the ‘Focus On You’ programme provided regular seminars and events for stress management, mindfulness and overcoming anxiety. These included VHI EAP counselling service by phone and 1:1 Mental Health First Aid certificate training by Mental Health Ireland.

The ‘Focus Your Life’ pillar helps daa staff examine different areas of life where people may need support including parenting, financial and social support. It also challenges staff to consider where they can improve their lives and gives them the tools to do this.

Top 10 Opportunities

The 'Top 10 Opportunities' programme is a series of initiatives developed by the senior leadership team – based on feedback from staff – to make improvements across the business. Some 'Top 10 Opportunities' initiatives in 2019 included:

Strategy in action

Walk In My Shoes

The 'Walk In My Shoes', or WIMS initiative, involved all senior management working one shift every month in a frontline role in 2019. WIMS offers an opportunity for managers to engage directly with co-workers from different departments to experience the challenges they face on a regular basis. Some changes that have resulted from this interaction have included redesigned break rooms and better uniforms for frontline staff.

WIMS offers an opportunity for managers to engage directly with co-workers from different departments to experience the challenges they face on a regular basis.

Strategy in action

Leadership Standard

In 2019 daa created and implemented a new 'Leadership Standard'. The Executive and Senior Leadership Teams worked together and brainstormed how to bring the Leadership Standard to life. The results were a guideline for all people leaders to lead in a more inclusive way.

In April 2019, the first group of leaders went through the training and by the end of 2019 over 650 leaders were able to experience the 'Leadership Standard' training and apply it back in the business.

Leaders participated in the Leadership Standard training

650

Strategy in action

People objective

daa's 'Leadership Standard' is a new people objective that is specific to managing people and has been implemented as part of the annual performance management review. Leaders are expected to carry out the commitments embodied in the 'Leadership Standard' to ensure a unified effort in sustaining a company culture that appreciates all team members. The 'Leadership Standard' is separated into four qualities that encompass a leader within daa:

- building respect and trust;
- inspiring others;
- delivering results; and
- shaping our future as a company.

Performance against our strategy

daa has a range of key performance indicators (KPIs) which are used to monitor our performance.

01 Reach new heights at our airports

KPI #1 Passenger growth

Definition

Passenger growth represents year-on-year increases in the number of passengers at each of our airports.

Why it's important to daa

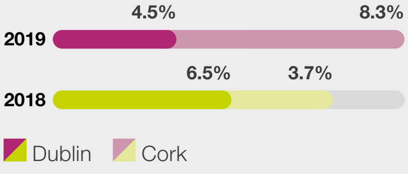
Passenger growth year-on-year is a key driver of revenue and activity in our airports which in turn stimulate passenger growth in 2019, a key priority in our strategy.

Performance

Dublin Airport experienced significant growth in 2018 and 2019, although growth in 2019 has slowed versus 2018.

Cork Airport experienced exceptional growth in 2019, building on the growth achieved in 2018.

Passenger growth



KPI #2 ASQ overall satisfaction

Definition

Airport Service Quality ('ASQ') is a measure of passenger satisfaction with the services provided at our airports, independently reported by Airports Council International (ACI).

Why it's important to daa

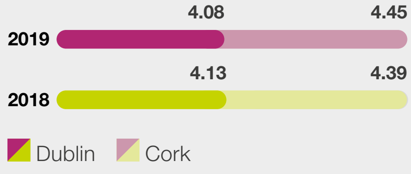
This is aligned to improving the passenger experience through our airports and contributes to our strategic priority to delight our passengers.

Performance

Dublin Airport moved from third to sixth out of 11 airports in its category from 2018 to 2019.

Cork Airport moved from forth out of 24 to second out of 29 before being moved from the regional survey to the global survey in Q4 2019. Cork scored highly in its category in 2019 and improved on 2018 scores[1].

ASQ Score



KPI #3 Security processing

Definition

Percentage of Dublin Airport departing passengers processed through security in less than 30 minutes.

Why it's important to daa

Although ensuring a safe airport environment is Security's priority, the team aims to balance this with providing an efficient service for passengers.

Performance

Security queuing times improved over 2018 and there were no breaches in 2019.

Security processing less than 30 minutes

1 Cork Airport scores represent Summer 2019 v Summer 2018 scores. Cork was moved from Regional to Global ACI scoring at the end of 2019 therefore no comparator score is available for full year 2019.

02 Build for our future

KPI #1 Capital spend

Definition
Capital spend shows the amount spent in the year on capital items at our airports and businesses.

Why it's important to daa
In order to unlock additional capacity in the constrained environment of Dublin Airport, there is a comprehensive programme of development requiring significant capital expenditure.

Performance
Higher capital spend in 2019 versus 2018. This is driven by our infrastructure development programme at Dublin Airport, particularly North Runway and Hold Baggage Screening projects.

Capital spend

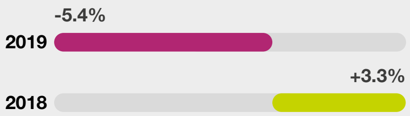
KPI #2 Energy consumption

Definition
This KPI measures the change in energy consumption by the airport year-on-year.

Why it's important to daa
Dublin Airport is committed to achieving carbon neutral status by the end of 2020 and energy consumption is a major contributor to our carbon footprint. Furthermore, daa is committed to achieving the targets set as part of the Public Sector Energy Partnership. This focus on energy consumption is part of daa's priority to ensure sustainable development.

Performance
Dublin Airport consumed 5.4% less energy in 2019 than 2018, improving on the prior year performance which had seen energy consumption rise.

Energy consumption



KPI #3 Noise complaints and complainants

Definition
Complainants represent the number of individuals who have logged complaints to the Noise & Flight Track Monitoring Service (NFTMS). The NFTMS provides an information and complaints handling service to the local communities to deal with all aspects of aircraft noise. Noise complaints are categorised by area, runway and type of noise.

Why it's important to daa
Monitoring the number of complainants and analysis of the reasons and deviations from the expected helps us to minimise disruption and plan for the future.

Performance
There was a minor increase in the number of complainants in 2019, but a major increase in the number of complaints as a result of a disproportionate number of complaints from the same complainants.

Noise complainants

03 Grow our Group at home and abroad

KPI #1
International revenue

Definition
International Revenue includes revenue from our ARI International and daa International businesses.

Why it's important to daa
International revenue is aligned to growing our Group abroad. Our international teams excel in retail and management and advisory of airports worldwide winning new business each year. More information is provided in the daa International and ARI operating reviews on pages 21 and 24.

Performance
International revenue has increased year-on-year due to growth in both ARI and daa International.

International revenue

2019	**€266.25m**
2018	**€256.12m**

KPI #2
Grade A office space delivered

Definition
daa is constructing a major new development at Dublin Airport comprising offices and a new public space connected to Terminal 2, known as Dublin Airport Central. Office space delivered as completed and ready for letting shows the progress of the marketable space made available to date on this project.

Why it's important to daa
Diversifying the daa Group at home is a key element of our strategy and we are expanding our horizons with this real estate development project.

Performance
Three Dublin Airport Central was delivered in 2019 which saw Grade A office space become available for rent.

Office space

2019	**210,000ft²**
2018	**82,000ft²**

KPI #3
ARI managed turnover

Definition
Sales from ARI entities, including certain concessions and subsidiaries.

Why it's important to daa
From pioneering beginnings, ARI has grown to be one of the largest players in the global travel retail industry and is a key element of the diversified portfolio of daa Group.

Performance
Delivered strong year-on-year sales growth of 8%. This was supported by continued investment in refurbishment at a number of key locations to help further strengthen our retail offer.

Managed turnover

2019	**€1.19bn**
2018	**€1.10bn**

KPI #4
Retail space managed

Definition
Retail space managed by ARI globally, measured in square metres.

Why it's important to daa
The breadth and scale of ARI's operations are evident in both its span of locations (including Europe, Middle East, Asia Pacific and the Americas) and the amount of retail space it operates.

Performance
No new space was added to the portfolio in 2019; however, there are new openings planned for 2020.

Retail space managed

2019	**40,085m²/ft²**
2018	**40,085m²/ft²**

Develop great people and teams that are ready for tomorrow

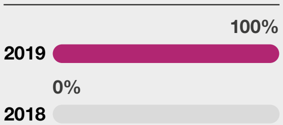
KPI #1
Leadership Standard

Definition
Number of people in the organisation trained on our 'Leadership Standard'. Read more on page 45.

Why it's important to daa
So daa can develop an empowered and engaged workforce with great leaders.

Performance
650 people trained as part of the 'Leadership Standard'. During the year, there was a key focus on establishing and embedding the daa 'Leadership Standard'.

Leadership Standard



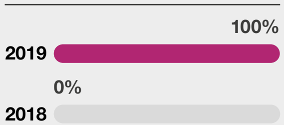
KPI #2
Senior leadership development

Definition
The number of leaders in senior coaching.

Why it's important to daa
For daa to have an empowered and engaged workforce with great leaders.

Performance
65 executives and executive direct reports participated in a coaching programme. During the year there was a key focus on developing the leadership capability to make decisions, be accountable, and empower others to contribute, grow and succeed.

Senior leadership coaching



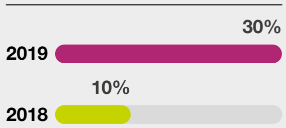
KPI #3
Balance for better

Definition
Percentage of female executives.

Why it's important to daa
For daa to have a thriving, inclusive workforce for the future.

Performance
Three female senior managers have joined the daa executive team. We are focused on creating a more diverse and inclusive culture in daa starting with a focus on Balance for Better at the executive level.

Female executives



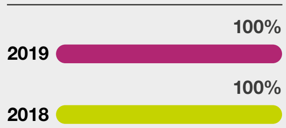
KPI #4
Graduate programme

Definition
The number of graduates on the graduate programme each year.

Why it's important to daa
For daa to have a thriving, inclusive workforce for the future.

Performance
15 graduates started on the new daa graduate programme in September 2019. We are focused on building the talent pipeline in daa.

Graduate programme



Our goal: Increase the value of our business

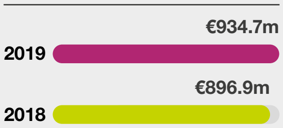
KPI #1
Revenue

Definition
Group revenue for the Company includes aeronautical revenue, retail revenue, and commercial revenue, which represent key drivers of profit and loss for daa Group.

Why it's important to daa
Revenue is a direct contributor to the value of our business and it reflects the growth and future sustainability of the Group.

Performance
Revenue has increased by 4% year-on-year. Further analysis on the Group performance can be seen in the CEO and CFO reviews on pages 12 and 26.

Revenue



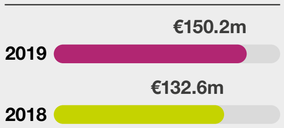
KPI #2
Profit after tax

Definition
Group profit after tax (PAT), pre-exceptional is a key indicator of the Group's performance in the financial year.

Why it's important to daa
daa manages its business to ensure a profitable, commercial organisation that will continue to deliver for its customers, passengers, business partners and shareholder.

Performance
Group PAT has increased year-on-year. Further analysis on the group performance can be seen in the CEO and CFO reviews on pages 12 and 26.

Profit after tax



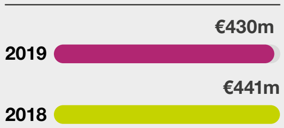
KPI #3
Net debt

Definition
Net debt is defined as total debt less cash and cash equivalents. Increases and decreases year-on-year are driven by financing which in turn is driven by the level of activity and construction occurring in the year.

Why it's important to daa
In order to achieve our capital investment programme, daa must obtain debt financing in the market, the level of net debt is directly linked to increases or decreases in financing.

Performance
There was a decrease of €11 million in net debt in 2019. As a result of strong cashflows from operations, offset by capital investment in the business, particularly at Dublin Airport with the North Runway development.

Net debt



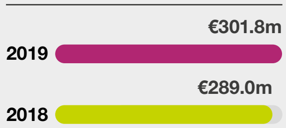
KPI #4
EBITDA

Definition
Group earnings before interest, tax and depreciation (EBITDA) determines the operational performance of the various business units (removing the factors that business owners have discretion over, such as debt financing, capital structure and methods of depreciation).

Why it's important to daa
EBITDA is an important indicator of daa's financial performance and it reflects the underlying operational performance of the Group.

Performance
EBITDA has increased by 4%. Further analysis is available in the CEO and CFO reviews on pages 12 and 26.

EBITDA



Approach to risk management

Risk management is an integral part of decision making in daa. It encompasses enterprise level risk management at Board and Executive level, together with local management of operational risks related to such areas as safety and security. Risk is managed in accordance with the principles of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) methodology.

daa has established Board and Committee structures with risk management oversight responsibilities. The Group's governance structure is illustrated in the Governance Report on page 68. The Group's values reflect high ethical standards, and the organisation has developed and implemented Group policies to reflect these. There is a strong focus within the Group on performance and accountability. Risks relating to the delivery of the strategy and objectives are captured, considered and reviewed at local and executive level as appropriate. In order to maximise value to the Group across all activities, risk management is integrated into key stages of operating the business, ranging from definition of the organisation's culture and vision, through to the development and implementation of the business strategy and performance reviews.

Drivers of change in the internal and external environment are identified and considered in terms of their impact on the management of enterprise and business unit level risks, in line with the Group's risk appetite.

Risk appetite

The Group's risk appetite profile varies across different areas and activities of its business:

- The Board is willing to tolerate a moderate level of risk in pursuit of strategic objectives given the diversification of daa's business and its growth objectives.
- The Board achieves a balanced risk appetite by taking a cautious approach to ensuring the business is adequately financed. Thus, daa is not prepared to take risks that would jeopardise any change to its investment grade credit rating.
- The Board prioritises the safety of passengers, visitors and staff, and hence its risk appetite in the areas of safety and security remains 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.
- daa seeks to be a responsible operator in relation to environmental management and meeting planning requirements and will take a cautious approach to risk in achieving this.
- Based on a low risk appetite for non-compliance with regulatory matters, daa seeks to ensure that compliance activities meet the requirements of relevant regulations.

Principal risks

Principal areas of risk and uncertainty which could adversely affect the Group's business, financial condition or results of operations to a significant extent, 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. The risks and uncertainties are assessed on a continuous basis and management regularly reports to the Board on significant changes in the business and external environment. The summary is not intended to be an exhaustive analysis of all the risks and uncertainties which may arise in the ordinary course of business.

All levels of management are expected to be aware of internal and external sources of risk and regularly review existing and emerging threats to the areas of the business which they manage on a day-to-day basis.

The ongoing COVID-19 pandemic which is described in more detail below is currently the single biggest risk and uncertainty that is materially impacting the Group and its operations. In addition to the impacts of COVID-19, emerging risks have been considered by the Executive and Board throughout the year and, following that, other key emerging risks related to issues such as Brexit, climate change, planning matters, the impact of the Regulatory price cap determination and cyber-security have been incorporated in the top risk register. Emerging risks identified by other agencies are regularly reviewed as part of daa's risk management process.

Key to strategic priorities

- Reach new heights at our airports
- Grow our Group at home and abroad
- Build for our future
- Develop great people and teams that are ready for tomorrow
- Increase the value of our business

2019 movement

- Increased
- Decreased
- Stable

Risk area	Risk description	Mitigation	Strategic priority	2019 movement
Economic	**External economic factors** The ongoing COVID-19 outbreak, declared a public health pandemic by the World Health Organization, has at the time of writing, grounded airlines right across the globe. Dublin and Cork airports are now winding down passenger operations while planning to remain open to service cargo, limited passenger operations that airlines may operate and for emergencies. It is unclear how long these arrangements will remain in place, but it could be a number of months. The impact of the pandemic is also felt right across daa's international businesses, many of which have temporarily closed. Like other airports and retail operators, during the crisis, daa will have a very limited income stream, relying on cash resources and access to credit facilities to meet outgoings. As an essential service which remains open during the outbreak, there is a risk that key personnel in sufficient numbers will not be available to keep the airports functioning. The cycle of growth at Dublin Airport has been interrupted. It is unclear how the global aviation industry will recover from the current crisis and the extent of an economic slowdown in Ireland or the markets on which we depend. A sustained slowdown would adversely impact the Group's business. Post COVID-19, there could be a material impact from Brexit on traffic between Ireland and the UK (one of the largest market segments at both Dublin and Cork airports), with the severity of the impact related to the nature of the final Brexit deal post 2020 and arrangements for aviation both immediate and long-term. In addition to the macro-economic impact on the level of traffic, other potential areas impacted by Brexit include the operation of the Common Travel Area and the European single aviation market, border controls, cargo handling, certification of equipment and aviation personnel. Business risks may arise for daa due to changes in the strategic direction of key airlines operating either to/from daa airports or those airports in which daa has significant business interests. This is of particular concern given the impact of COVID-19 on airlines – some of which are unlikely to survive without government intervention.	daa has put in place a strategy to safeguard the long-term viability of its businesses. daa has examined a range of scenarios and its plan reflects the actions required to manage liquidity. daa has a strong cash position and access to credit facilities which it will draw upon as required during this crisis. There is ongoing communication with employees and other stakeholders to keep them informed of the situation as it evolves and to ensure public health guidelines are followed. The Group has developed contingency plans for a range of Brexit scenarios, including consideration of opportunities arising from Brexit. The Group drives continuous process improvement to improve efficiency, increase flexibility and proactively manage its cost base. daa works closely with its airline customers to understand and align as far as possible with their future development needs and strategies.		

Risk area	Risk description	Mitigation	Strategic priority	2019 movement
Environmental	**Environment, health and climate** Climate change has been identified as the existential challenge of our time. Risks associated with this include: • Increased frequency of extreme weather events • Reduced propensity to travel • The introduction of punitive taxes on air travel • Challenging regulations and standards may be applied in relation to environmental and sustainability management leading to risks arising from inadvertent non-compliance • Challenging regulatory targets with consequential financial penalties and/or operational constraints	The Group recognises the need to play its part as a responsible corporate citizen in addressing the challenges of climate change. The Group has thus identified sustainability as a priority and the organisation continues to implement a programme to address key sustainability and environmental issues. In addition, the Group participates in national discussions on climate action to ensure that the challenges for airports are well understood, and that there is an understanding of the need for alignment of airport regulatory policy with national and EU policy in relation to such issues as climate change mitigation and energy efficiency.		
Strategic	**Regulated income** The outcome of the recent Determination on the maximum level of airport charges to be levied at Dublin Airport from 2020 to 2024 issued by the Commission for Aviation Regulation (CAR) delivers a substantially reduced aeronautical income stream which may not adequately remunerate the Group for the cost of operating the airport and for required capital expenditure. This could impact the ability of the Group to develop the airport and grow its business.	daa has requested the Minister for Transport, Tourism and Sport to appoint an Appeal Panel, the mechanism through which daa seeks to appeal aspects of CAR's Price Determination. In the meantime, and pending the outcome of any such appeal, daa continues to explore options of delivering its €2 billion capital programme as soon as possible, considering and working through all constraints.		
	Planning Delays or negative outcomes in key planning decisions could constrain the delivery of capacity, operational efficiency and impact the expansion at Dublin Airport. The implementation in 2019 of the EU Regulation 598/2014 may lead to longer timelines for securing planning and/or the introduction of unfavourable planning conditions. If the 2007 Terminal 2 planning condition limiting throughput to 32 million passengers per annum at Dublin Airport remains unchanged, it may result in operating constraints, additional costs and/or the inability to meet expected future demand. Operation of the current planning conditions for the North Runway would see the introduction of runway movement restrictions at Dublin Airport, including a limit of 65 aircraft movements between the hours of 2300 and 0700. These operating restrictions may curtail runway activity at certain times to levels which are significantly below current levels. This would have serious operational implications and financial impacts.	daa's capital investment programme is undertaken to deliver growth in line with the State's National Aviation Policy (NAP) and Dublin Airport's Masterplan. daa consults with key stakeholders and prepares high quality planning applications to support such capital programmes. As new process requirements arise, the Group engages with regulatory authorities to ensure submission of robust and 'fit for purpose' planning applications. daa has sought clarification from the planning authorities regarding the interpretation of the 2007 planning condition. Without prejudice to the outcome of that clarification, daa has also submitted a planning application to increase the planning cap. daa is developing a case to amend the proposed operating restrictions on aircraft movements in relation to the North Runway which is to be presented to the newly designated Competent Authority for noise regulation at Dublin Airport, Fingal County Council.		

Key to strategic priorities

Reach new heights at our airports

Grow our Group at home and abroad

Build for our future

Develop great people and teams that are ready for tomorrow

Increase the value of our business

2019 movement

Increased

Decreased

Stable

Risk area	Risk description	Mitigation	Strategic priority	2019 movement
Strategic continued	**International operations** The Group operates in a global marketplace. 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 face increasing levels of competition in the sectors and markets in which they operate. Failure of counterparties or partners to fulfil or meet their obligations could have a material impact on the Group.	In line with daa's risk appetite, the Group is willing to take a higher level of risk in order to drive commercial and international growth in line with its strategy. daa accepts that there is inherent risk in pursuing international opportunities or new business developments and in leveraging customer and partner relationships. The Group therefore proactively manages its relationships with partners and has put structures and processes in place including shareholder agreements and commercial counter-party arrangements to safeguard its interests. The Group seeks to put in place appropriate commercial and legal arrangements and has processes in place to evaluate and monitor performance of contracts in order to minimise the risk of calls by counterparties being made on any bonds, letters of credit or guarantees.		
	Capital investment Risks to the delivery of significant capital projects may arise due to cost (including construction price inflation), project scope, planning permission, scheduling or operational factors, leading to delays in project completion, additional costs and/or consequential capacity shortfalls.	The Group has processes and procedures in place for capital investment programme management, project management and contract and supplier management.		
	Capacity review The 'Review of the Capacity Needs for Ireland's State Airports' published in 2018 raised the possibility of an independent third terminal at Dublin Airport. Whilst uncertainties remain in relation to a third terminal, this potential shift in future policy could have a substantial and negative impact on daa's investment plans, business model, its competitive and financial situation and prospects.	To facilitate fully informed decisions in relation to the capacity review at Dublin Airport, daa provided strong input into the associated consultation processes. These highlighted the significant range of challenges and risks implicit in a proposal for an independent third terminal, as well as the opportunities for more cost effective and operationally coherent developments within the existing terminals' design.		
Policy and regulatory	**Legislative and governance requirements** The Group is subject to a wide range of legislative and governance requirements in Ireland including but not limited to those set out in company law. The Group's operations are also subject to an increasingly stringent range of environmental and climate change, security and health and safety laws, regulations and standards in each of the jurisdictions in which the Group operates and/or has interests. Any breach of these requirements could result in serious financial loss, operational impacts or reputational damage to the Group.	The Group is committed to operating in accordance with legislative and regulatory requirements and works to achieve this through appropriate governance supported by effective management structures and systems. The Group regularly reviews regulatory requirements across its business, updates its management systems, and undertakes comprehensive compliance activities as appropriate.		

Risk area	Risk description	Mitigation	Strategic priority	2019 movement
Operational	**Hold Baggage Screening (HBS)** daa is in the process of implementing Standard 3 Hold Baggage Screening equipment at its airports. There are significant temporary additional operational measures being put in place pending full implementation of the new technologies. This is a complex project with relatively short timelines and a significant reliance on third parties, all of which may result in throughput delays or other impacts on the operation.	There is a comprehensive project management plan in place, overseen by a Review Group (which includes Regulatory Authority and customer airlines) to ensure proper implementation and mitigate risks.		
	Safety, security and business resilience As an airport operator, and particularly with large capital projects taking place, daa is subject to operational risk of accidents, incidents or business interruption at its airports, which could result in harm to people or damage to infrastructure, property and the environment. The Group's operations are subject to other unforeseen risk events such as weather events, fire, mechanical, cyber-security breaches and IT related systems failure, technical failures and terrorism. Serious disruption to operations and commercial activities can also arise due to third-party industrial action. Long-term disruptions could result in a significant financial and/or reputational impact on the Group.	The Group has a strong safety culture and supporting processes and procedures which emphasise the importance of safety. daa manages safety risks through a structured ISO 45001 certified safety management system (SMS) which was reviewed by the Competent Authority (IAA-Safety Regulation Division) as part of the certification of Dublin and Cork airports under EASA safety regulations. • Staff training as well as a strong emphasis on monitoring compliance continue to form an integral part of the Group's mitigation measures. • The Group seeks to manage both the event likelihood and severity of service discontinuity by having well developed continuity plans and resilience in its key systems and processes. • The Group also has insurance cover in place to mitigate against the costs of damage to assets.		
	People As a service led business, daa is reliant on a sufficient number of trained skilled personnel to provide services across the Group 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.	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.		
Financial and treasury	**Funding for Group** As the Group seeks to build out its €2 billion capital investment programme, it will be required to increase its overall debt level. Any unplanned deterioration in the Group's business profile could affect its credit rating and in turn the availability and cost of funding, the borrowing capacity of, and financing terms and flexibility available to the Group. Government and Regulatory policy, as well as financial and business performance and prospects, impact the Group's credit rating. The Group is also exposed to certain other financial and treasury-related risks, including liquidity risks, credit risk, interest rate risk and foreign currency exposures.	Board approved policies are in place to address key treasury risks. Maintaining an appropriate credit rating is a key objective for the Group along with appropriate capital allocation across the Group. A prudent approach is adopted to the management of liquidity including pre-funding significant investment requirements. Sufficient headroom is maintained to meet committed forecast and short-term funding requirements.		

Setting dynamic sustainability targets and deliverables

Sustainability is central to daa's 'Licence to Grow' strategic priority and the company has set dynamic targets and deliverables to ensure that it minimises negative impacts on the environment.

daa's sustainability strategy closely aligns with the UN's 2030 Agenda for Sustainable Development and focuses on those areas which have the most direct relevance to airport operations.

While daa is supportive of all of the UN's 17 Sustainable Development Goals, there are three in particular which closely align with our sustainability strategy: Affordable and Clean Energy, Industry, Innovation and Infrastructure, and Climate Action.

daa also adheres to national and EU policy and regulatory requirements, including the 2030 energy and climate framework, which is a regulatory instrument to ensure the achievement of climate neutrality by 2050. In this regard, daa is one of the ACI airports that has committed to Net Zero Carbon by 2050.

On a national level, daa also follows the Climate Action Plan 2019 which sets out an ambitious plan of how Ireland can reduce its carbon emissions by 30% between 2021 and 2030.

7 AFFORDABLE AND CLEAN ENERGY

Affordable and clean energy – ensure access to affordable, reliable, sustainable and modern energy for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, innovation and infrastructure – build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation

13 CLIMATE ACTION

Climate action – take urgent action to combat climate change and its impacts

Carbon

2019 target
daa will continue to reduce its carbon emissions with the target of achieving carbon neutral status (Level 3+) under Airports Council International ('ACI') Airport Carbon Accreditation ('ACA') Scheme (the European Standard for carbon management and emissions reductions at airports) by the end of 2020.

2019 performance
The ACI ACA Scheme has four levels of accreditation: Mapping, Reduction, Optimisation and Neutrality. Dublin Airport is currently accredited at Level 2 which means that Dublin Airport has successfully reduced its overall emissions and carbon footprint continually year-on-year since 2011. In 2019, the procurement of green energy and a number of energy reduction projects such as lighting upgrades and thermal and business management upgrades were complemented by training on energy management for relevant new employees and third parties.

2020 target
Dublin Airport is committed to achieving the target of carbon neutral status (Level 3+) by the end of 2020. To achieve Level 3 status, Dublin Airport must widen the scope of its carbon footprint to include third-party emissions and engage with stakeholders to seek to reduce the airport carbon footprint. In addition to the engagement and carbon calculations, Dublin Airport must offset its direct emissions (carbon emissions linked directly to daa's electricity, natural gas, fuels, employee business travel etc).

Green procurement

2019 target
In 2018, daa developed a Green Procurement Policy that focuses on areas where procurement could best assist in reducing emissions and waste. daa's 2019 target was to implement the objectives of the Company's Green Procurement Policy through the inclusion of environmental and whole life-cycle considerations in all procurement decisions.

2019 performance
In 2019, the Green Procurement Policy was put into action through the procurement of Low Emission Vehicles (LEVs), sustainable energy efficient equipment replacement, certified green energy, certified recycled paper and the procurement of sustainable services relating to food and beverage operations at Dublin Airport.

2020 target
In 2020, daa will continue to adhere to our Green Procurement Policy as well as the climate mandate that was laid out under the Government's Climate Action Plan in 2019, while also continuing in sustainable and green procurement to help reduce emissions and waste within daa.

Energy

2019 target
daa is part of the Public Sector Energy Partnership programme and has a consequential target of improving energy efficiency by 33% by the end of 2020 against a baseline of the levels from 2006-2008.

2019 performance
In 2019, daa exceeded the target of 33% energy efficiency improvement relative to the 2006-2008 baseline, achieving a 46% improvement. This was achieved through undertaking specific energy efficiency projects such as lighting upgrades, as well as thermal and business management upgrades. These initiatives were complemented by the provision of training on energy management for relevant new employees and third parties, as well as regular communication to staff on energy related issues.

2020 target
daa is proud to have already exceeded the 2020 target and is continuing to drive for further energy efficiency, working towards a 2030 target to achieve a 50% reduction on the 2006-2008 base.

Energy efficiency improvement in 2019 relative to the 2006-2008 base

46%

Low emission vehicles

2019 target
Implement the objectives of daa's low emission vehicle (LEV) policy to transition to a low emission vehicle fleet wherever possible and as soon as possible while encouraging on-site operators in Dublin and Cork airports to follow daa's example.

2019 performance
Since daa's LEV policy was introduced in 2012, 22% of the Company's light commercial fleet have been converted to low emission vehicles. In a bid to further this achievement, in 2019 it became standard policy that the use of LEVs would be specified in procurement processes for daa service providers who operate vehicle fleets on-site. Discussions commenced with stakeholders about increasing the number of LEV vehicles on campus.

2020 target
With over 20% of Dublin Airport's light commercial fleet already converted to LEVs, in 2020, daa is committed to further that conversion rate and improve our recent performance while also encouraging on-site operators to do the same. Dublin Airport is playing a leadership role at a national level in achieving this target and is demonstrating a proactive attitude to carbon and air quality management.

Percentage of low emission vehicles in Dublin Airport's fleet

22%

Waste

2019 target
A key priority for daa is to ensure that the level of waste generated by the Company's activities is minimised and managed correctly. In 2018 daa set a target to achieve 50% recycling of waste by the end of 2020. daa also targeted a retention of its zero waste to landfill status.

2019 performance
In 2019, centralised recycling stations were installed in all staff areas and 27 hydration stations have been installed in terminal buildings at Dublin Airport to reduce the use of single-use plastics. Recycling rates rose to 42% in 2019. No Dublin Airport waste was sent to landfill.

2020 target
daa aims to improve the infrastructure of Cork and Dublin airports to enable operators to manage and store different waste streams more effectively to help Dublin Airport achieve its target of 50% recycling by the end of 2020 and Cork Airport to achieve 30% recycling by the end of 2020.

Hydration stations at Dublin Airport

27

Water

2019 target
Reducing water consumption is a priority for daa due to passenger volume and daily usage of facilities at Cork and Dublin airports. daa's target is a 10% reduction in water consumption by 2020 compared to the 2016 baseline of 13.1 litres per passenger.

2019 performance
In 2019, Dublin Airport's water consumption per passenger fell to 12.4 litres per passenger which is a 5.3% reduction compared to the 2016 baseline. This was achieved through maintaining and improving the water network that runs throughout Dublin Airport.

2020 target
daa is committed to reaching the target of reducing water usage by 10% by 2020. This will be done through maintaining and improving our water network through the implementation of more efficient operational and control equipment and improved leak detection.

Litres of water per passenger used at Dublin Airport in 2019

12.4

-5.3%

Air quality management

2019 target
daa is committed to a voluntary programme of monitoring and publishing air quality on campus and within local communities and has a target of maintaining compliance with national air quality limit values.

2019 performance
daa undertakes regular voluntary ambient air quality monitoring programmes. At Dublin Airport, the equipment measures a range of parameters on site and at ten locations in the surrounding areas with Cork Airport also monitoring at four locations within the site. Results show that there is generally good air quality in both airports. The continuous air monitoring system at Dublin Airport reported an annual mean limit value under 40 μg m^3 that is mandated by the Ambient Air Quality Standards Regulations.

2020 target
daa will target compliance with national air quality limit values through the implementation of lower impact infrastructure and systems on Dublin Airport campus. daa will also publish its air quality monitoring results to ensure that local communities are informed about air quality results at the airport. daa is implementing further initiatives to reduce the operational impact on air quality through the use of electric vehicles and Fixed Electrical Ground Power units.

Noise management

2019 target
In 2018 Dublin Airport committed to the development of a publication of aviation noise data and noise complaints information.

2019 performance
The first noise management plan was published on the daa website in 2018 and noise data is published regularly and presented to local communities. Dublin Airport is working to apply 'The Balanced Approach' with regards to noise management which facilitates expansion in a way that minimises, as far as practicable, the noise impact on airport expansion.

2020 target
Reporting will continue on aircraft noise management and associated key performance indicators throughout 2020. In September 2019, a new Aircraft Noise Competent Authority (ANCA) was appointed, and in 2020 is expected to assess current and predicted future levels of noise at Dublin Airport.

Surface water quality management

2019 target
daa's target is to increase awareness amongst airport operators of the potential impact of their activities on surface water bodies and to monitor surface water and report on key pollutants.

2019 performance
Surface water quality was continually monitored throughout 2019. A number of exceedances were investigated, and mitigations implemented, with results reported to the public through the Dublin Airport Environmental Working Group. daa is in the process of developing a campus drainage masterplan which will deliver enhanced surface water quality management systems.

2020 target
daa aims to continue increasing awareness amongst campus operators of the importance of managing surface water quality. The drainage masterplan will be finalised in 2020 and will support the development of new airfield infrastructure. daa is committed to achieving compliance with surface water quality regulations at both airports.

Case study

FEGP (Energy)

In 2019, Dublin Airport began the process of installing new Fixed Electric Ground Power (FEGP) units at aircraft parking stands as part of daa's overall sustainability programme. FEGP is an environmentally friendly ground power system that allows an aircraft to plug directly into a fixed electricity powered energy source while they are parked on the airfield. Previously, aircraft had to plug into small, diesel-powered vehicles that produce significant fumes and noise.

FEGP units are currently being installed on Piers 1, 2 and 3 of Dublin Airport and by 2024, Dublin Airport will have undergone a full conversion from diesel-powered vehicles to FEGP units on all stands.

By using FEGP units, Dublin Airport has reduced the level of airside traffic, improving the safety of the workplace as less equipment significantly reduces the risk for staff on the airfield and frees up space for other ground handling equipment. Air quality has also been improved, as the FEGP units consume less energy and therefore emit less carbon dioxyde, with a reduction of 44% in CO_2 emissions. Dublin Airport currently has 46 FEGP units installed and running on the airfield.

FEGP units are currently being installed on Piers 1, 2 and 3 of Dublin Airport and by 2024, Dublin Airport will have undergone a full conversion from diesel-powered vehicles to FEGP units on all stands.

Reduction in CO_2 emissions due to FEGP

44%

Case study

Leak detection technology

daa is continually seeking new ways to manage its water consumption through a combination of proactive installation and monitoring of water usage and conservation systems. Consequently, it has expanded water metering and is continuously undertaking an aggressive approach to early leak detection. This allows for timely repairs as part of the overall water saving priority.

Some of the specific processes include: purchase of audible leak detection equipment, regular large and small scale leak detection surveys carried out by daa and external agencies, and the creation and appointment of a Utilities Infrastructure Manager who has the specific responsibility of addressing issues with water leaks and general water consumption.

The deployment and use of leak detection equipment further increased Dublin Airport's ability to actively complete both preventative and reactive maintenance on the water network. The extensive training of staff and investment in modern technology has ensured Dublin Airport's ability to maintain this performance and sustain it into the future.

Previously, a water main leak which was not readily visible or easily accessible could have taken several days to locate, control and repair. With upgraded technology and processes, a water leak alarm is activated by DMA (District Meter Area) and the designated personnel are notified through an SMS text alarm. The leak detection team is deployed to investigate the area and once found, the leak is corrected. Water leaks can now be found and fixed rapidly which delivers economic savings and increased convenience for the airport's passengers and staff.

Litres of water per passenger used at Dublin Airport in 2019

12.4

-5.3%

Recycled waste target by 2020

50%

Case study

Waste bins

Dublin and Cork airports handled over 35 million passengers in 2019. The growth in passenger numbers has unsurprisingly seen an increase in the amount of waste generated at the airport. However, recycling figures have increased substantially, from 11% in 2013 to 42% in 2019. The growth in recycling figures has been facilitated by promoting a positive waste culture through engagement with staff and third-party operators and supporting national campaigns that drive waste prevention and recycling.

In 2018, daa set a target to achieve 50% recycling of waste by the end of 2020; in 2019 daa undertook key steps in order to achieve this target:

- All staff in food and beverage outlets throughout Dublin and Cork airports were offered training on the waste stream guidance manuals and waste segregation to encourage positive waste culture by driving a reduction in the total amount of waste and increased levels of segregation and recycling.
- Future tenders will ensure compostable packaging is used in place of single-use plastic materials in food and beverage outlets.
- Dublin and Cork airports have also expanded the range of bins available for staff and passengers to accommodate all recycling and compostable waste options.
- daa has begun to work with its suppliers to reduce food and product packaging while also working to increase recyclable products. The new bins, which are placed around Dublin and Cork airports, as well as staff areas, have up to nine waste streams to cater for every item, don't require plastic bin liners, and have a wireless ultrasonic sensor which activates when the bin is near capacity and sends an SMS to alert the cleaning team.

This communication has resulted in a new culture of waste management in Dublin and Cork airports that means we are on track, as a Company, in achieving our waste targets of 50% recycling of waste by 2020.

Case study

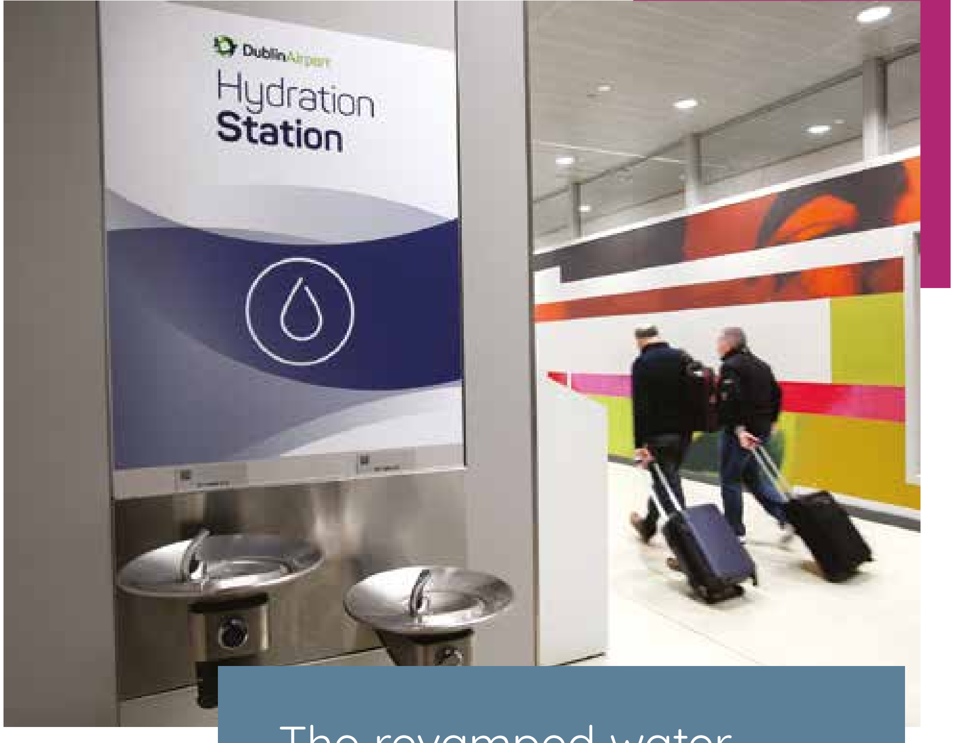
Hydration stations

The introduction of Hydration Stations in Dublin Airport is part of daa's drive to reduce the level of usage of single-use plastics at the airport. This initiative was developed as part of the strategy to implement, foster and communicate the principles of sustainability throughout the Company.

During 2018, to assist in the reduction of single-use plastics, daa upgraded 22 water fountains in Terminal 1 for passengers to refill personal water bottles. In 2019, daa metered the entire network and increased the number of these new Hydration Stations to 27 in total at the airport.

Dublin Airport has upgraded its water fountains and retrofitted them with new taps to make it easier to refill water bottles, while also making water fountains more visible by rebranding them with new Hydration Station signage. The rebranding of the water fountains is in response to customer feedback and to increase passenger awareness of the 27 fountains located in the terminals and boarding gate areas.

Hydration Stations can be found on the Mezzanine level in Terminal 1, in the Arrivals Hall of Terminal 1, Departures areas in Terminals 1 and 2, immediately after security screening in Terminal 1, in all passenger boarding areas and in both baggage halls. The revamped water fountains offer passengers a single-use plastic free alternative to purchasing bottled water.



The revamped water fountains offer passengers a single-use plastic free alternative to purchasing bottled water.

Water fountains upgraded at Dublin Airport

27

Our positive contribution to local communities

Dublin Airport's Community Fund

Dublin Airport makes a positive contribution to the local communities in its environs through a range of activities based on funding from the airport's Community Fund.

The airport launched the €10 million Community Fund in September 2017, committing €400,000 every year for 25 years to support local community groups.

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

In 2019, the Community Fund helped a variety of local community projects including the Lambay Singers, which received a contribution towards the purchase of a digital piano, and Ballymun Kickhams which bought new goalposts. Another 2019 recipient was the Portmarnock Senior Men's Initiative, which works with men who are most at risk of isolation and encourages them to come together for friendship and camaraderie. In 2019, the group visited Glencree Centre for Peace and Reconciliation in Wicklow, a trip made possible in part by the Community Fund.

Annual spend committed to local community groups

€400k

Difference Day Programme

daa has launched a Difference Day Programme which sees members of staff volunteer their time and expertise to undertake major renovation/ upgrade works for local schools and clubs. In May 2019, over 70 members of Dublin Airport's Asset Care team undertook a major renovation project of the outdoor recreational areas for St. Paul's Special School in Beaumont Woods. The renovation focused on restoring an existing gazebo, designing and building picnic and relaxation benches and additions such as trampolines, swings and pathways.

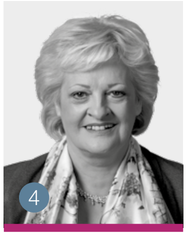
Staff charity

Throughout 2019, daa staff took part in and hosted a number of events and initiatives in an effort to raise funds for the Staff Charity of the Year programme. Three charities are picked by staff every year to receive the money raised. In 2019, daa staff, with support from passenger donations, raised €330,000 which was split between Debra Ireland, the Gary Kelly Cancer Support Centre and Spina Bifida Hydrocephalus Ireland. Since 2007, daa has raised over €3 million for 27 Irish charities through the help of the staff and passengers that make their way through Dublin and Cork airports.

Funds raised in 2019 for daa staff charities by employees based at Dublin Airport

€330k

Board of Directors



1

Basil Geoghegan
Chairman

Appointment to Board

June 2018.

Committee membership

Basil has been a member of the Nomination and Remuneration Committee and the Strategic Infrastructure Committee since his appointment to the Board. In March 2020 Basil was appointed to the Finance Committee.

Career experience

Basil is a Partner of PJT Partners, a US based publicly listed advisory investment bank, where he leads its business in the UK and Ireland. Prior to PJT Partners, he was a Managing Director at Goldman Sachs, Deutsche Bank and Citigroup in London and New York. He has broad M&A, corporate finance and strategy advisory experience in the US, UK, Ireland and internationally. He also has an extensive record in complex M&A, public takeovers and anti-raid situations, including in healthcare, financial services, TMT and transport.

Basil is a Scholar of, and holds an LLB, from Trinity College, Dublin and an LLM from European University Institute and qualified as a solicitor with Slaughter and May.

External appointments

Basil is a non-executive director of AIB Group plc and is patron of The Ireland Fund of Great Britain.

2

Dalton Philips
Chief Executive

Appointment to Board

October 2017.

Committee membership

Dalton is a member of the Strategic Infrastructure Committee and the Finance Committee.

Career experience

Dalton's roles, prior to joining daa, 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, a global management consultancy firm. He holds a private pilot's licence. Dalton has a BA from University College Dublin and MBA from Harvard University.

External appointments

Dalton is a board member of ACI Europe and IBEC.

3

Niall Greene
Director

Appointment to Board

Originally appointed to the Board in July 2012, reappointed in July 2015, and again in July 2018.

Committee membership

Appointed Chair of Health, Safety, Security & Environment Committee in December 2012 and from November 2015 has been a member of the Strategic Infrastructure Committee.

Career experience

Niall's extensive career in aviation started in Aer Lingus and encompassed senior positions in GPA Group and GE Capital Aviation Services. He has considerable knowledge of aviation matters and experience in advising private and public sector organisations. Niall holds LLB and LLM degrees from the University of Limerick.

External appointments

Niall currently serves on the boards of a number of aviation finance related companies.

4

Patricia King
Director

Appointment to Board

Originally appointed to the Board in July 2012, reappointed in July 2015, and again in July 2018.

Career experience

Patricia is General Secretary of the Irish Congress of Trade Unions (ICTU) – the umbrella organisation for trade unions in Ireland and was previously Vice President of SIPTU. Patricia has extensive experience in the field of industrial relations at both sectoral and national level in Ireland. She has served as a board member of the RTÉ Authority, the National Roads Authority and Pobal.

External appointments

Patricia is a board member of the Apprenticeship Council, the Low Pay Commission and Court Services Board.

5

Marie Joyce
Director

Appointment to Board

January 2020.

Committee membership

In February 2020 Marie was appointed to the Board Audit and Risk Committee and in March 2020 Marie was appointed Chair of the Finance Committee.

Career experience

Marie is Chief Financial Officer and Board Director of NTR plc, having spent over 16 years with the group in various subsidiary CFO roles and central management positions. NTR acquires, constructs and operates onshore wind and solar assets across Western Europe on behalf of institutional investors.

Prior to NTR, Marie was Senior Director of Strategic Planning for Élan Corporation plc and was previously an Audit & Corporate Finance Manager at Arthur Andersen. She currently serves on the Programme Board of the MSc. in International Accounting and Analytics Degree of NUI Galway. She was formerly Chair of the Board of Make-A-Wish Ireland.

Marie holds a Bachelor of Commerce degree from University College Galway and a Masters in Accounting from the UCD Michael Smurfit Graduate Business School. She is a fellow of Chartered Accountants Ireland and is a member of its Ethics and Governance Committee.

6

Ray Gammell
Director

Appointment to Board

January 2020.

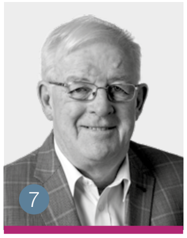
Committee membership

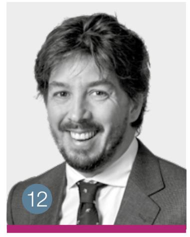
In March 2020 Ray was appointed to the Nomination and Remuneration Committee and the Health, Safety, Security & Environment Committee.

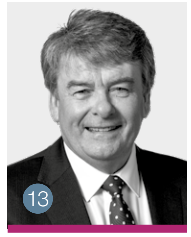
Career experience

Ray is Senior Strategic Advisor to the Group CEO of Etihad Aviation Group, Ray joined Etihad in 2009 as Chief People and Performance Officer, developing and leading the company's commercially focused people strategy, which was a key foundation for the growth of the Group. Ray also served as Interim Group Chief Executive Officer of Etihad Aviation Group in 2017, before taking on the role of Chief People and Transformation Officer. As Senior Advisor to the Group CEO, Ray leads the equity partner strategy, essentially managing the Group's investment strategy across multiple global airlines, in addition to other strategic responsibilities. A global executive, Ray has over 30 years of experience, gained internationally with Intel Corporation in the US and Ireland, the Royal Bank of Scotland, and as an officer in the Irish Defence Forces, holding executive and board level positions across multiple industries and regions.

Ray holds a Masters degree in Business Studies from University College Dublin and a Bachelor of Arts degree from University College Galway. He is a Chartered Fellow of the Chartered Institute of Personnel Development.







7

Colm McCarthy
Director

Appointment to Board

Originally appointed to the Board in February 2012, reappointed February 2015, and again in April 2017.

Committee membership

Since his appointment, Colm has served on the Board Audit and Risk Committee and was appointed to the Finance Committee in March 2016.

Career experience

Colm worked at the Central Bank, the Economic and Social Research Institute (ESRI) and with DKM Economic Consultants. He has wide ranging knowledge of and experience in matters of public policy and economics. He chaired the Irish Government's Review Group on State Assets and Liabilities and the Special Group on Public Service Numbers and Expenditure Programmes. Colm is a graduate of University College Dublin and University of Essex and has lectured at Dubrovnik International University and University College Dublin.

8

Paul Mehlhorn
Director

Appointment to Board

January 2018.

Committee membership

Member of the Health, Safety, Security & Environment Committee since February 2019.

Career experience

Paul joined the Company in 2003. He is a Passenger Screening Supervisor at Dublin Airport and has experience in airport security operations. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Paul holds a Certificate in first line management and a Diploma in Health and Safety.

Paul was appointed to the Board in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

9

Karen Morton
Director

Appointment to Board

January 2020.

Committee membership

In March 2020, Karen was appointed to the Strategic Infrastructure Committee.

Career experience

Karen is a Strategic Marketing Consultant. She held various roles during ten years at Dell, including Chief Marketing Officer of Dell Financial Services, and held roles in British Airways, eir and Monster.com. Karen led the Dell Women's Network in Ireland and sat on the Connecting Women in IT Committee in Dublin. Karen is a graduate of the University of Limerick.

External appointments

Karen currently serves on the boards of the Irish Chamber Orchestra, Water Safety Ireland and is a previous Board member of the University of Limerick Alumni Association.

10

Eric Nolan
Director

Appointment to Board

Originally appointed in January 2014 and reappointed in January 2018.

Career experience

Eric joined the Company in 2003 and works in the Airport Police and Fire Service at Cork Airport. He has experience in airport operations. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Eric served on the Board of Cork Airport Authority from April 2010 to December 2011. Eric holds an Airports Council International Diploma in Airport Operations.

Eric was reappointed to the Board in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

11

Joseph O'Sullivan
Director

Appointment to Board

February 2020.

Career experience

Joseph joined the company in 2010 and currently holds the position of Security Officer at Terminal 2 Dublin Airport. He has experience in airport operations. He is a member of the SIPTU trade union.

Joseph was appointed to the Board in February 2020 under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

12

Risteard Sheridan
Director

Appointment to Board

September 2018.

Committee membership

Appointed to the Board Audit and Risk Committee in November 2018. In February 2020, Risteard was appointed Chair of the Board Audit and Risk Committee.

Career experience

Risteard is currently Chief Compliance Officer & Head of Internal Audit for AerCap, a global leader in aircraft leasing and aviation finance, and the largest owner of commercial aircraft in the world. He has significant experience of advising and reporting to the boards, audit committees and senior management of multinationals and commercial semi-states on governance, financial reporting and control and process matters. This experience was largely gained while working with the professional services firms KPMG and EY. He also chairs the CAI Risk Management & Internal Audit Committee.

Risteard is a graduate of UCD and a Fellow of Chartered Accountants Ireland (CAI).

13

Denis Smyth
Director

Appointment to Board

Originally appointed to the Board in January 2014 and reappointed January 2018.

Committee membership

Denis was appointed to the Health, Safety, Security & Environment Committee in March 2014 and the Finance Committee in March 2016.

Career experience

Denis joined the Company in 1979 and currently holds the position of Airport Duty Manager. He has experience in airport operations. 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.

Denis was reappointed to the Board in January 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

Executive management team

Nicholas Cole
Chief Executive Officer, daa International (not-pictured)

Career experience

Nicholas joined daa as General Manager, Terminal 5, King Khalid International Airport, Riyadh, Saudi Arabia in 2017. Prior to joining the company, he held a number of roles in the aviation sector in both the UK and Middle East. These included leading Terminal 5 at Heathrow Airport, delivering Heathrow's 2012 London Olympics Programme and heading Terminal Design and Operations for Muscat and Salalah airports in Oman. He has also acted as an International Olympic Committee Advisor on both the 2016 Rio and 2018 PyeongChang Games. He was appointed Chief Executive Officer of daa International in 2019 and has responsibility for leading the overseas advisory services, management contracts and concessions of the business. He is a graduate of the Royal Military Academy Sandhurst and has a degree in Business Studies from Solent University.

Ray Hernan
Chief Executive Officer, ARI

Career experience

Ray joined daa in August 2018 as Chief Executive, ARI. His previous roles included Chief Executive, Bus Éireann, Chief Executive of Irish retailer Arnotts and Director of Finance with Selfridges in the UK. He was also Chief Financial Officer at Irish luxury goods retailer Brown Thomas Group and spent ten years as Director of Finance at Ryanair. Ray is a Fellow of Chartered Accountants Ireland and has a B.Comm degree from University College Dublin.

Louise Bannon
Head of Marketing, Dublin Airport

Career experience

Louise joined daa as Head of Marketing Dublin Airport in 2006, having previously held senior management roles in two of Ireland's key utilities: eir and Electric Ireland. She has overall responsibility for consumer and B2B/Partner marketing programmes as well as an extensive customer research and planning function. Louise has 20 years' experience in marketing and product management roles, focused on driving customer-led strategy development and implementation in complex customer service environments. A former president of the Association of Advertisers in Ireland, she remains on the governing council. Louise holds a BSc in Marketing from Trinity College Dublin and Dublin Institute of Technology and an MBS from Dublin City University.

Brian Drain
Chief People Officer

Career experience

Brian joined the Finance department of Dublin Airport in 1989 and following roles in the commercial, retail, airport operations and IT functions of the business, including secondments in Australia, North America and continental Europe, he was appointed daa Chief People Officer in 2018. Prior to this, he was General Manager, Operations for Dublin Airport. He has responsibility for driving employee engagement and developing a people strategy that enables the business to meet its objectives. He is a graduate of Dublin City University, is a qualified Management Accountant, and has an MSc in Business Management from Trinity College, Dublin.

Maurice Hennessy
Chief Information & Security Operations Officer

Career experience

Maurice joined daa as Group Head of Financial & Business Planning in 2007. Prior to this, he worked for US multinational organisations including as Vice President/Corporate Controller with Global Crossing and in a variety of management roles with Analog Devices. He was appointed Chief Information Officer in 2014 and to his Security role in 2017. Before this, he was Director Commercial for daa. He has responsibility for developing and implementing the Group IT strategy along with all security planning and operations functions for Dublin Airport. He also has responsibility for delivery of the North Runway Project at Dublin Airport. He qualified with PricewaterhouseCoopers and is a Fellow of Chartered Accountants Ireland.

Marion O'Brien
Chief Strategy & Governance Officer

Career experience

Marion was appointed Chief Strategy & Governance Officer in 2018 and is also Group Company Secretary and a director of a number of daa subsidiary companies. Before this she was Director of Corporate Services and Group Company Secretary and prior to that she held a series of senior finance roles in daa including Group Head of Corporate Finance and Head of Finance Dublin Airport. Before joining daa she worked in finance roles in the agri-food and educational sectors. In her current role she is responsible for overseeing daa's Legal, Governance, and Strategy functions. She is a Fellow of Chartered Certified Accountants Ireland and holds a BA from the University of Limerick and a MBS from Dublin City University.

Dalton Philips
Chief Executive, daa Group

Career experience

Dalton joined daa as Group Chief Executive in 2017. Prior to joining the company, his roles included Chief Executive from 2010 to 2015 of Wm Morrison plc, the UK's fourth largest supermarket chain, Chief Operating Officer of the Canadian retailer Loblaw Companies and Chief Executive of luxury goods retailer Brown Thomas Group (Ireland). His career began with Jardine Matheson, with roles in New Zealand, Australia and Spain. He then spent seven years with Walmart in Brazil and Germany. He was also a Senior Advisor to The Boston Consulting Group, the global management consultancy firm. He is fluent in Portuguese and Spanish and holds a private pilot's licence. He is a board member of Airports Council International Europe and IBEC. He has a BA from University College Dublin and an MBA from Harvard University.

Niall MacCarthy
Managing Director, Cork Airport (not-pictured)

Career experience

Niall joined daa as Group Financial Systems Manager in 2000. Prior to joining the company, he was Group Financial Systems Manager for Dunnes Stores. He was appointed Managing Director Cork Airport in 2012 where he has led the turnaround in the business. Before this he was Head of Passenger Services at Dublin Airport and General Manager Business Intelligence and Systems for daa. He is Vice Chair of the Airports Council International Europe Regional Airports Committee representing 400 of Europe's regional airports. Niall is a Fellow of Chartered Accountants Ireland and originally qualified in practice in Dublin.

Ray Gray
Group Chief Financial Officer

Career experience

Ray joined daa as Chief Financial Officer in 1999 from PricewaterhouseCoopers (PwC) where he was a partner and country lead for a number of sectors. During 18 years with PwC he also spent periods on secondment to the Department of Finance and The Thomson Corporation (now Thomson Reuters) in London. He has responsibility for the Finance, Procurement and Shared Services functions at daa in addition to international airport investments. He is a member of the Supervisory Board of Düsseldorf Airport and Hermes Airports (Cyprus), and a director of a number of other daa Group subsidiaries. He is a Fellow of Chartered Accountants Ireland, and a member of the Advisory Board of the National Shared Services Office.

Paul O'Kane
Chief Communications Officer

Career experience

Paul joined daa as Communications Manager for the Airport Development Programme in 2006. He was appointed Chief Communications Officer in 2010. Prior to joining the company, he spent 15 years as a newspaper reporter and editor including roles with The Sunday Tribune as Business Editor and Deputy Business Editor, and The Irish Times as a Business Reporter. He is responsible for all external and internal communications at daa. Paul has a BA in Modern History & Politics from Queen's University Belfast and an MA in Journalism from Dublin City University. He is a former Chairman of the Airports Council International Europe Digital Communications Forum.

Miriam Ryan
Group Head of Strategy, daa

Career experience

Miriam joined the Public Relations department of daa in 1989. Following roles in the Marketing, Industry Affairs and Economic Regulation functions of the business, she was appointed daa's Group Head of Strategy in 2010, with responsibility for leading and managing the strategic planning process in the business and influencing the development of aviation policy issues at national and EU level. In 2015 she also assumed the responsibility of Stakeholder Lead for the North Runway project at Dublin Airport. She was appointed an Executive Director of daa in 2019. Miriam holds a BA in Communications Studies from Dublin City University, is a graduate of both the Irish Marketing Institute and the Irish Management Institute, and is a former Chair of the Airports Council International Europe Economics Committee.

Vincent Harrison
Managing Director, Dublin Airport

Career experience

Vincent joined daa in the Finance function in 2005. Prior to joining the company he held senior financial and management positions with Rubbermaid in Europe and the US and Esat/BT in Ireland. He was appointed Managing Director Dublin Airport in 2014. Before this he was Director Strategy, Regulation & B2B. Vincent holds an MBA from the University of Pittsburgh and a B.Comm degree from University College Cork. He is a Fellow of Chartered Accountants Ireland and qualified as a Chartered Accountant with Arthur Andersen.

Catherine Gubbins
Director of Finance, daa

Career experience

Catherine was appointed Director of Finance in March 2019, having initially joined the daa Group as Group Financial Controller in December 2014. Prior to this Catherine worked at PricewaterhouseCoopers for 17 years and is a Fellow of Chartered Accountants Ireland. Catherine is responsible for financial reporting and FP&A across the Group, as well as Treasury, Taxation and the operation of the Shared Service Centre. Catherine also has primary responsibility for management of key external financial stakeholder relationships including with lenders, banking partners and our rating agency.

Our governance structure

daa is a commercial state company. The Group's principal activities are set out in the Report of the Directors on page 77.

Shareholder

Board of Directors

Board sub-committees

Audit & Risk

The Audit & Risk 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 & Risk Committee extends across the Group including daa Finance plc, Aer Rianta International cpt and daa International Limited.

See page 73

Health, Safety, Security & Environment

The Health, Safety, Security & Environment Committee's principal responsibility is to monitor the integrity of the Company's health, safety, security and environmental systems at the Company's airports.

See page 72

Nomination & Remuneration

The Nomination & Remuneration 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 any major structural changes to remuneration policies, pension arrangements and severance schemes.

See page 72

Strategic Infrastructure

The Strategic Infrastructure Committee's responsibility is to advise the Board on the medium and long-term infrastructure needs of Dublin and Cork airports.

See page 72

Finance

The Finance Committee's responsibility is to oversee major financings and dividend policy.

See page 72

Executive Team

See page 66

CEO

See page 67

Governance report

This Governance report sets out daa's governance structures and highlights the main areas of focus for the Board during 2019. The Code of Practice for the Governance of State Bodies ('Code of Practice') issued in August 2016 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. daa complies with the Code of Practice in all material respects. 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 in order to meet its commitments to maintaining high standards of corporate governance and business conduct.

Board structure and appointments to Board

The Board governance structure is set out on the previous page.

The Board structure is prescribed by statute and set out in the Air Navigation and Transport (Amendment) Act 1998 (the '1998 Act'), as amended by the State Airports Acts, 2004 and 2014. Board vacancies are filled in accordance with Guidelines on Appointments to State Boards. The 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 an ex officio Director of the Company;
- Decisions regarding the appointment and re-appointment of Directors and the filling of Board vacancies (other than, in each case the CEO and Elected Directors) are made by the Shareholder in accordance with established arrangements for appointments to State boards;
- The roles of the Chairperson and CEO are separate.

Role of the Board

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. 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 Department officials.

The Board is responsible for creating the organisation's culture 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 appropriate oversight at board level and delegation to management.

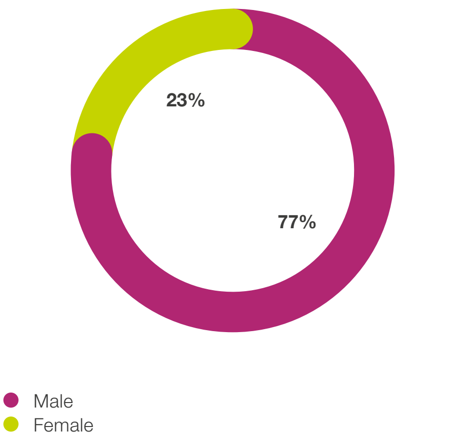
The Board satisfies itself that controls are adequate to secure compliance with statutory and governance obligations.

The Board has a formal schedule of matters reserved for its decision. These include:

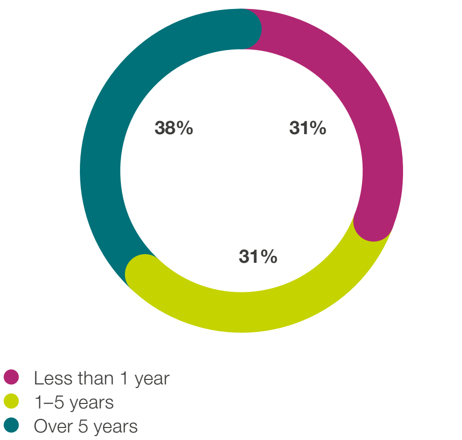
- the approval of the daa Group strategy, annual budget and Financial Statements;
- evaluating performance versus strategy and budget;
- appointment of the CEO;
- policy on determination of senior management remuneration;
- risk management; and
- major capital expenditure and investment decisions.

The charts below show the Board composition as at 20 March 2020.

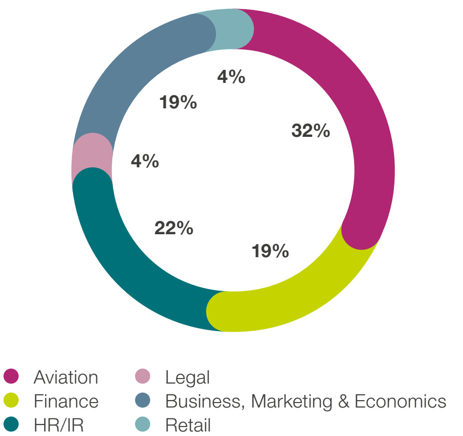
Breakdown by gender



Breakdown by tenure



Breakdown by expertise



Roles and responsibilities

Chairperson – Basil Geoghegan

- leads the Board and is responsible for organising the business of the Board, ensuring its effectiveness in all aspects of its role;
- is expected to display 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; and
- manages effective communication with the Shareholder.

CEO – Dalton Philips

- is responsible for the management of the business and implementation of the Group's strategy and policy; and
- leads the Executive Team.

Senior Independent Director[1]

- provides a sounding board for the Chairperson;
- serves as an intermediary for the other Board Members where necessary; and
- 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; and
- ensures that Board procedures are followed.

1 Gerry Walsh was senior independent director until his term of office expired on 1/1/2020.

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, legal, economics, business, marketing, 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 is satisfied that its size and structure as prescribed in legislation, are appropriate and achieve a balance of representation on the Board. During 2019, there were two vacancies on the Board and a third vacancy arose on 1 January 2020 when Gerry Walsh's term of office expired. daa engaged with the Shareholder in relation to filling these vacancies which were advertised on the State Boards portal operated by the Public Appointments Service. Following a recruitment and selection process, the Shareholder appointed Mr. Raymond Gammell, Ms. Marie Joyce and Ms. Karen Morton to the Board with effect from 23 January 2020. Mr. Barry Nevin resigned from the Board on 24 January 2020 and in accordance with the Worker Participation Acts the Shareholder appointed Mr. Joseph O'Sullivan to the Board with effect from 24 February 2020 to replace Mr. Barry Nevin.

Board evaluation

The Board seeks to continually improve its effectiveness and conducts an evaluation of its performance on a regular basis. An externally facilitated board evaluation was undertaken in 2019 to review the performance and effectiveness of the Board and two of its committees, the Audit & Risk Committee and the Health, Safety, Security & Environment Committee. In line with best practice standards in governance, the areas in which performance was assessed included strategy, risk management and internal control, stakeholder management, shareholder expectations, board composition and succession planning, boardroom practice and performance of committees.

The Board and committees' performance were rated highly with no material issues to be addressed.

Independence of Directors

The Directors and Company 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. Raymond Gammell, a member of the Board, is an executive of Etihad Airways, a customer of daa. Mr Gammell's position was disclosed to, and considered by, the Shareholder prior to his appointment.

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.

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 set by the Nomination & 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.

Board committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. The Board committees comprise Audit & Risk Committee, Finance Committee, Health, Safety, Security & Environment Committee, Nomination & Remuneration Committee and Strategic Infrastructure Committee. 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.

The attendance of members at committee meetings is set out in the table 'Attendance at Board committee meetings during the year ended 31 December 2019' in the section heading 'Meetings' below. Terms of reference for the committees are available from the Company Secretary on request.

Meetings

Regular meetings of the Board are held throughout the year. The Board met formally nine times during 2019. In addition, there were a number of committee meetings.

Attendance at Board and committee meetings during the year ended 31 December 2019

Director	Board	Audit & Risk	Health, Safety, Security & Environment	Nomination & Remuneration	Strategic Infrastructure
Basil Geoghegan	9			2	1
Niall Greene	8 (1 not attended)		4		0 (1 not attended)
Patricia King	8 (1 not attended)				
Colm McCarthy	9	4			
Paul Mehlhorn	8 (1 not attended)		3		
Barry Nevin[1]	9		4		
Eric Nolan	8 (1 not attended)				
Dalton Philips	9				1
Risteard Sheridan	9	4			
Denis Smyth	9		4		
Gerry Walsh[2]	8 (1 not attended)	4		2	1

Dark green figures represent the number of meetings attended by a Director during the year. Dark grey figures represent the number of Board and relevant committee meetings not attended by a Director.

1 Mr. Barry Nevin resigned as a Director on 24 January 2020 and in accordance with the Worker Participation Acts the Shareholder appointed Mr. Joseph O'Sullivan to the Board with effect from 24 February 2020 to replace Mr. Barry Nevin.

2 Mr. Gerry Walsh was Senior Independent Director until his term of office expired on 1 January 2020.

On 23 January 2020, the Shareholder appointed Mr. Raymond Gammell, Ms. Marie Joyce and Ms. Karen Morton to the Board.

Committee overview

The Board has an effective committee structure to assist in the discharge of its responsibilities.

Health, Safety, Security & Environment Committee

Members	Appointed to Committee
Niall Greene, Chair	December 2012
Paul Mehlhorn	April 2019
Denis Smyth	March 2014
Raymond Gammell	March 2020

Barry Nevin resigned from the committee on 24 January 2020. In fulfilling its role, the committee reviews the organisational structures in place to give effect to the daa's health, safety, security & 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. Raymond Gammell was appointed to the committee on 20 March 2020.

Nomination & Remuneration Committee

Members	Appointed to Committee
Basil Geoghegan, Chair	June 2018
Raymond Gammell	March 2020

Gerry Walsh was a member of the committee in 2019 and retired from the Board and the committee when his term of office expired on 1 January 2020. In 2019 the work of the committee included a review of skills and expertise required to fill the Board vacancies, remuneration arrangements including performance related pay and pension arrangements. Raymond Gammell was appointed to the committee on 20 March 2020.

Finance Committee

Members	Appointed to Committee
Marie Joyce, Chair	March 2020
Colm McCarthy	March 2016
Dalton Philips	October 2017
Denis Smyth	March 2016
Basil Geoghegan	March 2020

Marie Joyce was appointed Chair and Basil Geoghegan was appointed as a member of the committee on 20 March 2020. Activities related to major financings and dividends were considered at Board level during the year and it was not necessary for the Finance Committee to meet in 2019.

Strategic Infrastructure Committee

Members	Appointed to Committee
Basil Geoghegan, Chair	June 2018
Niall Greene	July 2018
Dalton Philips	October 2017
Karen Morton	March 2020

Gerry Walsh was a member of the committee in 2019 and retired from the Board and the committee when his term of office expired on 1 January 2020. During 2019, the committee reviewed progress relating to the North Runway and the draft determination issued by the Commission for Aviation Regulation. Karen Morton was appointed to the committee on 20 March 2020.

Audit & Risk Committee

The members of the committee and appointment dates are set out below.

Members	Appointed to Committee
Risteard Sheridan, Chair	November 2018
Marie Joyce	February 2020
Colm McCarthy	February 2012

Mr. Gerry Walsh was Chair of the committee during the financial year 2019 and retired from the Board and the committee when his term of office expired on 1 January 2020. On 28 February 2020, Ms. Marie Joyce was appointed as a member of the committee and Mr. Risteard Sheridan was appointed Chair of the committee.

The Audit & Risk Committee met four times in 2019. 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 Group Head of Internal Audit has a direct line of communication with the Chairman of the Audit and Risk Committee. The Group 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 Director of Finance, Company Secretary, Group Head of Internal Audit and representatives from the firm of external auditors.

Report of Audit & Risk Committee activities

Area of Responsibility	Activity of the Committee
Internal control and risk management	Reviewed the effectiveness of the Group's system of internal control and satisfied itself that it operated as planned for the year under review;
	Considered any instances of potential weaknesses and relevant improvements to internal controls;
	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;
	Reviewed internal risk and top risk summaries, risk appetite statements, business continuity priorities and activities;
	Reviewed the Group's Corporate Governance Policy & Framework;
	Reviewed new EU tax reporting requirements; and
	Received reports on the implementation of a rostering and time and attendance system.
Financial reporting	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;
	Reviewed the financial obligations of the Group in relation to international business; and
	Received briefing on tax matters and developments.
Protected disclosures and fraud	Received reports from the Group Head of Internal Audit on confidential reporting and/or protected disclosures;
	Received assurances that procedures are in place to ensure compliance with the Company's Anti-Bribery, Corruption & Fraud policy.
External audit	Carried out an assessment of the auditor's independence and objectivity; and
	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.

Area of Responsibility	Activity of the Committee
Internal audit	Reviewed the plans and work undertaken during the year by the Group's Internal Audit department, including reports relating to the operation of internal controls, reports relating to overseas subsidiary and associated undertakings, security, procurement, financial and operations, capital investment and IT, 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 the Internal Audit Charter update and 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.

Financial reporting

The Audit & 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 stock exchange 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 any information from internal and external auditors. Following its review, the Audit & 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.

The Group last tendered for external audit services in 2017, following which, Deloitte Ireland LLP was reappointed.

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 Group 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.

Governance report continued

Code of Practice

daa complied in all material respects with the Code of Practice which 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 a risk management system 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.

The Audit & Risk Committee has defined terms of reference and membership which includes recent and relevant financial experience and meets at least four times per year.

The Internal Audit function is adequately resourced and conducts a programme of work agreed with the Audit & Risk Committee.

Risk and control framework

The risk management system 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 51 to 55.

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.
	A 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 is 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 systems, controls, documentation and the Audit & 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 over-seeing 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 & 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 2019. No significant weaknesses in key internal control procedures were identified in relation to 2019 that have had a material impact on the Group's financial performance or condition that require disclosure in the Financial Statements.

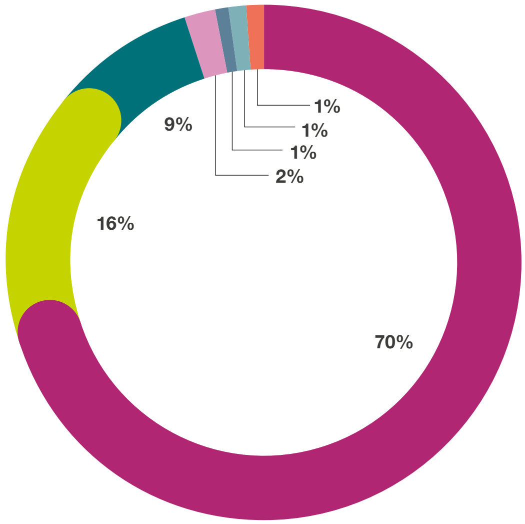
Code of Practice reporting requirements

The Code of Practice also sets out reporting requirements in relation to specific types of expenditure for the year ended 31 December 2019. Travel and subsistence costs charged to the profit and loss account for the year amounted to €0.7 million (National) and €2.2 million (International). Hospitality and staff wellbeing costs charged to the profit and loss account amounted to €2.5 million. Consultancy costs charged to the profit and loss account amounted to €3.1 million. The main consultancy costs incurred in 2019 relate to regulatory €0.3 million, security roster development €0.5 million, review and development of revised organisational structures €1.6 million, with the remaining other consultancy of €0.7 million relating to consultancy on capacity, energy, communications and strategy.

Legal and compensation payments relating to insurance in the year are set out in Note 20 of the Financial Statements. Other legal and settlement payments for concluded and settled legal cases amounted to €nil in the year. Amounts relating to pension costs charged to the profit and loss account were €11.7 million as set out in Note 3 to the Financial Statements. Termination payments paid in the year amounted to €2.8 million (of which €1.8 million was accrued in 2018 accounts).

Employee benefits comprise all regular earnings, salary, overtime, shift-related, performance-based earnings and other benefits such as medical insurance (remuneration) but exclude employer pension contributions. Overtime paid during the year amounted to €3.2 million and allowances paid during the year amounted to €4.7 million for the year ended 31 December 2019, which are included in employee benefits as displayed below. Details of employee benefits for the Group's activities across its domestic and international businesses are displayed in the adjacent chart.

Employee remuneration



Total remuneration	No. of employees*	Total remuneration	No. of employees*
Up to €50,000	3,773	>€150,000 to €175,000	29
>€50,000 to €75,000	885	>€175,000 to €200,000	15
>€75,000 to €100,000	478	>€200,000 to €225,000	13
>€100,000 to €125,000	128	>€225,000 to €250,000	12
>€125,000 to €150,000	46	>€250,000	15

* Employee numbers include all full and part-time employees who worked for the Group for any portion of the year.

Employee numbers expressed on a full-time equivalent basis are disclosed in Note 3 to the Financial Statements.

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 2019 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 2019, 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 Chief Financial Officer's 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 €150.2 million compared with a profit of €132.6 million for 2018, 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 does not propose the payment of a dividend in 2020 (2018 dividend of €40.0 million paid in 2019).

Subsequent events

Since December 2019 the aviation industry has been significantly impacted by the spread of a Coronavirus, COVID-19. Originating in China, this virus has been declared a pandemic by the World Health Organization and, at the time of approval of the Financial Statements has spread to 162 countries.

The spread of COVID-19 has resulted in the introduction of a wide range of measures by national Governments with the aim of halting the spread of the virus. On 17 March 2020 the European Commission announced plans to introduce a 30-day restriction on all non-essential travel to the European Union and the Irish Government advised Irish citizens against all non-essential travel overseas from now until at least 29 March. This has resulted in significant disruption to airline travel and has seen most airlines announce that they are standing down their aircraft fleet and flight schedules and significantly reducing capacity for a period of approximately two months.

This has had a significant impact on the passenger numbers using both Dublin and Cork airport for the month of March 2020 and has also had a detrimental impact on the revenues being generated by ARI and daa International for that period. Our priority is to ensure the long-term sustainability and viability of the Group's businesses and we will continue to ensure provision of essential services at our airports and be able to meet demand in line with the evolving situation. There is however significant and ongoing uncertainty in relation to the short and medium-term financial impact of the spread of this virus on the daa Group.

The financial outlook will be impacted by how long the current travel restrictions remain in place and the rate at which passenger growth will resume once the crisis has passed. We are currently assessing the financial impact of a range of scenarios to determine the impact on profitability and cash flow in this environment. While the situation is still developing, and a significant amount of uncertainty exists the Directors are satisfied that we have a strong balance sheet and sufficient liquidity in place to meet this challenge.

Going concern

The Directors, having reviewed the Group's projections, with particular reference to its operating cash flow, capital commitments, liquidity and funding position, and in light of the ongoing impact of the COVID-19 crisis continue to 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 31.

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 2019 financial year of the arrangements and/or structures that have been put in place as referred to in (b) above.

Auditors
Deloitte Ireland LLP, 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:

Basil Geoghegan Chairperson	**Dalton Philips** Director

20 March 2020

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 a 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 2019 and of the profit for 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;
- 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 34, 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; and
- the related notes 1 to 34, 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 12 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 2019, 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.

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 responsibility.

Emer O'Shaughnessy
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
23 March 2020

Group profit and loss account
for the financial year ended 31 December 2019

	Note	2019 Pre-exceptional €000	2019 Exceptional and fair value movements €000	2019 Total €000	2018 Pre-exceptional €000	2018 Exceptional and fair value movements €000	2018 Total €000
Turnover – continuing operations	2	**934,696**	**–**	**934,696**	896,901	–	896,901
Operating costs							
Cost of goods for resale		**(186,708)**	**–**	**(186,708)**	(182,198)	–	(182,198)
Payroll and related costs	3	**(238,592)**	**–**	**(238,592)**	(231,876)	–	(231,876)
Materials and services		**(207,615)**	**–**	**(207,615)**	(193,822)	–	193,822)
		(632,915)	**–**	**(632,915)**	(607,896)	–	(607,896)
Earnings before interest, tax, depreciation and amortisation		**301,781**	**–**	**301,781**	289,005	–	289,005
Depreciation and amortisation		**(127,024)**	**–**	**(127,024)**	(124,368)	–	(124,368)
Fair value movement on investment property	5	**–**	**29,881**	**29,881**	–	5,655	5,655
Fair value movement on tangible fixed asset	5	**–**	**–**	**–**	–	2,811	2,811
Group operating profit – continuing operations		**174,757**	**29,881**	**204,638**	164,637	8,466	173,103
Share of operating profit							
Joint venture undertakings		**2,733**	**–**	**2,733**	2,471	–	2,471
Associated undertakings	4	**14,133**	**–**	**14,133**	14,828	–	14,828
Group profit before interest and taxation		**191,623**	**29,881**	**221,504**	181,936	8,466	190,402
Finance income	6	**2,148**	**–**	**2,148**	3,232	–	3,232
Interest receivable and similar income	6	**1,058**	**–**	**1,058**	1,167	–	1,167
Interest payable and similar charges	6	**(19,360)**	**–**	**(19,360)**	(30,585)	–	(30,585)
Group profit on ordinary activities before taxation	7	**175,469**	**29,881**	**205,350**	155,750	8,466	164,216
Taxation on profit on ordinary activities	8	**(23,057)**	**(4,078)**	**(27,135)**	(21,112)	(1,550)	(22,662)
Profit after taxation		**152,412**	**25,803**	**178,215**	134,638	6,916	141,554
Attributable to:							
Non-controlling interest		**2,245**	**–**	**2,245**	2,010	–	2,010
Equity shareholders of the Group		**150,167**	**25,803**	**175,970**	132,628	6,916	139,544
Profit for the financial year for the Group		**150,167**	**25,803**	**175,970**	132,628	6,916	139,544

Group statement of comprehensive income
for the financial year ended 31 December 2019

	Note	2019 €000	2018 €000
Group profit for the financial year		**175,970**	139,544
Exchange differences on translation of overseas investments (arising on net assets)			
Subsidiary undertakings	22	**1,693**	589
Associated undertakings	22	**233**	92
Re-measurement of net defined benefit liability	23	**(1,113)**	1,003
Deferred tax charge thereon		**109**	(124)
Other comprehensive income for the financial year			
Equity shareholders of the Group		**176,892**	141,104
Non-controlling interest profit for the financial year		**2,245**	2,010
Exchange differences on translation of overseas non-controlling interests		**391**	664
Other comprehensive income for the financial year			
Non-controlling interest		**2,636**	2,674
Total other comprehensive income for the financial year attributable to:			
Non-controlling interest		**2,636**	2,674
Equity shareholders of the Group		**176,892**	141,104

Group balance sheet
as at 31 December 2019

	Note	2019 €000	2018 €000
Fixed assets			
Tangible assets	10	**1,791,783**	1,707,708
Intangible assets	11	**57,296**	51,750
Investment property	12	**205,135**	148,330
		2,054,214	1,907,788
Investments			
Investments in joint venture undertakings		**735**	1,061
Investments in associated undertakings		**105,014**	104,118
Other financial assets		**23,710**	22,845
Total investments	13	**129,459**	128,024
Total fixed assets		**2,183,673**	2,035,812
Current assets			
Stocks	14	**51,903**	45,670
Debtors	15	**73,751**	67,846
Cash and cash equivalents	25	**329,925**	361,145
		455,579	474,661
Creditors: amounts falling due within one year	16	**(265,990)**	(226,797)
Net current assets		**189,589**	247,864
Total assets less current liabilities		**2,373,262**	2,283,676
Creditors: amounts falling due after more than one year	17	**(723,085)**	(770,310)
Capital grants	19	**(7,361)**	(8,016)
Provisions for liabilities	20	**(107,967)**	(106,956)
Net assets		**1,534,849**	1,398,394
Capital and reserves			
Called-up share capital – presented as equity	22	**186,337**	186,337
Profit and loss account		**1,328,160**	1,193,194
Other reserves	22	**2,405**	479
Shareholders' funds		**1,516,902**	1,380,010
Non-controlling interest	30	**17,947**	18,384
		1,534,849	1,398,394

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 March 2020.

They were signed on its behalf by:

Basil Geoghegan
Chairman

Dalton Philips
Director

Company balance sheet
as at 31 December 2019

	Note	2019 €000	2018 €000
Fixed assets			
Tangible assets	10	**1,758,439**	1,676,801
Intangible assets	11	**10,521**	232
Investment property	12	**198,000**	141,745
		1,966,960	1,818,778
Investments			
Investments in subsidiaries, associated undertakings and other financial assets	13	**9,359**	9,325
Total fixed assets		**1,976,319**	1,828,103
Current assets			
Stocks	14	**20,092**	15,044
Debtors	15	**83,929**	84,705
Cash and cash equivalents		**227,882**	273,725
		331,903	373,474
Creditors: amounts falling due within one year	16	**(823,433)**	(910,425)
Net current liabilities		**(491,530)**	(536,951)
Total assets less current liabilities		**1,484,789**	1,291,152
Creditors: amounts falling due after more than one year	17	**(161,690)**	(184,731)
Capital grants	19	**(7,361)**	(8,016)
Provisions for liabilities	20	**(100,489)**	(99,482)
Net assets		**1,215,249**	998,923
Capital and reserves			
Called-up share capital – presented as equity	22	**186,337**	186,337
Profit and loss account		**1,028,912**	812,586
Shareholders' funds		**1,215,249**	998,923

The Company reported a profit for the financial year ended 31 December 2019 of €257.5 million (2018: €126.6 million).

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 March 2020.

They were signed on its behalf by:

Basil Geoghegan
Chairman

Dalton Philips
Director

Group statement of cash flows
for the financial year ended 31 December 2019

	Note	2019 €000	2018 €000
Net cash flows from operating activities	24	**275,065**	279,672
Cash flows from investing activities			
Dividends received	13	**17,859**	18,921
Proceeds from sale of tangible fixed assets		**249**	32
Additions to tangible fixed assets		**(190,073)**	(118,925)
Additions to investment property	12	**(23,914)**	(14,809)
Additions to intangible assets – software	11	**(8,025)**	(952)
Purchase of shareholding in joint venture undertaking		**(446)**	–
Interest and similar income received		**478**	491
Income from other financial assets	6	**1,943**	2,662
Repayment of financial asset	13	**365**	302
Proceeds from part disposal of associate undertaking		**–**	1,238
Purchase of shareholding in associate undertaking		**(2,250)**	(630)
Net cash flows from investing activities		**(203,814)**	(111,670)
Cash flows from financing activities			
Dividends paid to shareholder		**(40,000)**	(37,400)
Dividends paid to non-controlling interest	30	**(3,073)**	(1,261)
Repayment of bank loans		**(45,047)**	(43,798)
New bank loans		**2,522**	–
Interest and similar charges paid		**(17,316)**	(29,040)
Redemption of loan notes		**–**	(290,218)
Net cash flows from financing activities		**(102,914)**	(401,717)
Net decrease in cash and cash equivalents		**(31,663)**	(233,715)
Cash and cash equivalents at beginning of financial year		**361,145**	594,975
Effect of foreign exchange rate changes		**443**	(115)
Net decrease in cash and cash equivalents		**(31,663)**	(233,715)
Cash and cash equivalents at end of financial year		**329,925**	361,145

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 2019

	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 2019	**186,337**	**233**	**246**	**1,193,194**	**1,380,010**	**18,384**	**1,398,394**
Profit for the financial year	**–**	**–**	**–**	**175,970**	**175,970**	**2,245**	**178,215**
Re-measurement of net defined benefit liability	**–**	**–**	**–**	**(1,113)**	**(1,113)**	**–**	**(1,113)**
Tax relating to items of other comprehensive income	**–**	**–**	**–**	**109**	**109**	**–**	**109**
Exchange differences on translation of overseas investments	**–**	**1,926**	**–**	**–**	**1,926**	**391**	**2,317**
Total comprehensive income	**–**	**1,926**	**–**	**174,966**	**176,892**	**2,636**	**179,528**
Non-controlling interest dividend proposed and paid	**–**	**–**	**–**	**–**	**–**	**(3,073)**	**(3,073)**
Transactions with owners recognised directly in equity							
Dividends	**–**	**–**	**–**	**(40,000)**	**(40,000)**	**–**	**(40,000)**
Balance at 31 December 2019	**186,337**	**2,159**	**246**	**1,328,160**	**1,516,902**	**17,947**	**1,534,849**
At 1 January 2018	186,337	(448)	246	1,090,171	1,276,306	16,971	1,293,277
Profit for the financial year	–	–	–	139,544	139,544	2,010	141,554
Re-measurement of net defined benefit liability	–	–	–	1,003	1,003	–	1,003
Tax relating to items of other comprehensive income	–	–	–	(124)	(124)	–	(124)
Exchange differences on translation of overseas investments	–	681	–	–	681	664	1,345
Total comprehensive income	–	681	–	140,423	141,104	2,674	143,778
Non-controlling interest dividend proposed and paid	–	–	–	–	–	(1,261)	(1,261)
Transactions with owners recognised directly in equity							
Dividends	–	–	–	(37,400)	(37,400)	–	(37,400)
Balance at 31 December 2018	186,337	233	246	1,193,194	1,380,010	18,384	1,398,394

Company statement of changes in equity
for the financial year ended 31 December 2019

	Called-up share capital €000	Profit and loss account €000	Total €000
At 1 January 2019	**186,337**	**812,586**	**998,923**
Profit for the financial year	**–**	**257,488**	**257,488**
Re-measurement of net defined benefit liability	**–**	**(1,328)**	**(1,328)**
Tax relating to items of other comprehensive income	**–**	**166**	**166**
Total comprehensive income	**–**	**256,326**	**256,326**
Dividends paid	**–**	**(40,000)**	**(40,000)**
Balance at 31 December 2019	**186,337**	**1,028,912**	**1,215,249**
At 1 January 2018	186,337	722,483	908,820
Profit for the financial year	–	126,618	126,618
Re-measurement of net defined benefit liability	–	1,011	1,011
Tax relating to items of other comprehensive income	–	(126)	(126)
Total comprehensive income	–	127,503	127,503
Dividends paid	–	(37,400)	(37,400)
Balance at 31 December 2018	**186,337**	**812,586**	**998,923**

Notes on and forming part of the Financial Statements
for the financial year ended 31 December 2019

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:

	2019 €000	2018 €000
Ireland		
Aeronautical revenue	**315,772**	318,860
Direct retailing and retail/catering concessions	**179,389**	163,238
Other commercial activities	**173,284**	158,676
Total Ireland	**668,445**	640,774
International retail and other activities	**266,251**	256,127
Total turnover	**934,696**	896,901
By geographical area		
Australasia	**83,749**	77,112
Europe	**761,542**	736,054
Middle East	**33,475**	32,872
North America	**55,930**	50,863
	934,696	896,901

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

Sale of goods	**377,471**	361,927
Rendering of services	**557,225**	534,974
Total turnover	**934,696**	896,901

3. Payroll and related costs

	2019 €000	2018 €000
Staff costs comprise:		
Wages and salaries	**220,104**	210,649
Social insurance costs	**21,264**	20,053
Retirement benefit costs (Note 23)	**11,659**	11,140
Other payroll and related costs	**2,525**	4,586
	255,552	246,428
Staff costs capitalised into fixed assets (Note 10)	**(16,960)**	(14,552)
Total payroll and related costs	**238,592**	231,876

	2019	2018
Average monthly employee numbers (full time equivalents) were as follows:		
Airports	**3,176**	3,047
International activities	**963**	992
	4,139	4,039

4. Share of operating profits of associated undertakings

€14.1 million (2018: €14.8 million) relates to the Group's share of profits after interest and taxation for the year in its associated undertakings (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 2019 (Note 12). These valuations resulted in the Group recognising a fair value gain of €29.9 million (2018: gain of €5.7 million). The impact on taxation was the recognition of a net deferred tax charge of €4.1 million (2018: charge of €1.2 million).

Gain on tangible fixed asset

In 2018, the Group recognised a gain of €2.8 million in relation to the acquisition of an asset arising from a licence arrangement. The impact on taxation was the recognition of a tax charge of €0.4 million.

6. Finance income/expense

	2019 €000	2018 €000
Other financial income		
Income from unlisted investment	**1,943**	2,662
Derivative financial instruments revaluation	**(813)**	275
Financial assets revaluation	**1,018**	295
Total other financial income	**2,148**	3,232

	2019 €000	2018 €000
Interest receivable and similar income		
Income from listed and unlisted investments	**469**	602
Income on retirement benefits (Note 23)	**589**	565
Total interest receivable and similar income	**1,058**	1,167

	2019 €000	2018 €000
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**11,504**	11,143
Interest on loan notes	**6,216**	16,167
Amortisation of issue costs/other funding costs	**540**	692
Other interest payable	**2,025**	2,215
Interest expense on retirement benefits (Note 23)	**676**	701
Total interest payable	**20,961**	30,918
Interest payable capitalised	**(1,601)**	(333)
Total interest payable and similar charges	**19,360**	30,585

7. Profit on ordinary activities before taxation

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

	2019 €000	2018 €000
Auditors' remuneration		
Auditor – Irish firm		
audit of the Group Financial Statements	**240**	233
other assurance services	**4**	17
tax advisory services	**53**	72
	297	322
Auditor – international firms		
other assurance services	**142**	142
tax advisory services	**26**	32
other non-audit services	**59**	16
	227	190
	524	512

Included in the above are audit fees incurred of €43,000 for the statutory audit of the Company (2018: €43,000), €4,000 for other assurance services (2018: €10,000) and €19,000 for tax advisory services (2018: €19,000).

	2019 €000	2018 €000
Operating lease rentals		
Equipment	**683**	545
Buildings	**1,934**	2,184
Depreciation (Note 10)	**120,268**	118,243
Loss on retirements and disposals of tangible and intangible assets	**176**	107
Amortisation of capital grants (Note 19)	**(655)**	(689)
Impairment of goodwill	**518**	–
Amortisation of intangible assets and goodwill (Note 11)	**5,903**	5,894
Foreign exchange (gain)/loss	**(21)**	635

7. Profit on ordinary activities before taxation continued

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:

	2019 €000	2018 €000
Directors' fees – for Services as Directors	**158**	141
Other amounts – in connection to their employment	**629**	696
Pension contributions – defined contribution scheme	**132**	136
	919	973

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 €132,389 (2018: €136,237). Pension contributions have been made in respect of five Directors (2018: six Directors), each of whom have contracts of employment with the Group.

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 2019 and 2018 were as follows:

	2019 €	2018 €
Basil Geoghegan*	**31,500**	17,221
Pádraig Ó Ríordáin**	**–**	1,575
Niall Greene	**15,750**	15,750
Colm McCarthy	**15,750**	15,750
Barry Nevin	**15,750**	15,750
Eric Nolan	**15,750**	15,750
Denis Smyth	**15,750**	15,750
Gerry Walsh	**15,750**	15,750
Paul Mehlhorn	**15,750**	15,400
Risteard Sheridan	**15,750**	4,237
Des Mullally	**–**	350
Paul Schütz	**–**	7,918
Patricia King***	**–**	–
Dalton Philips	**–**	–

* Basil Geoghegan was appointed as Chairman on 14 June 2018.
** Pádraig Ó Ríordáin's term as Chairman expired on 18 January 2018.
*** 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 €8,377 (2018: €14,072). These amounts primarily related to travel, subsistence and reimbursed expenses.

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 2019 amounted to €398,641 (2018: €394,830) which included basic salary of €250,000 (2018: €250,000) and pension contributions and other taxable benefits of €148,641 (2018: €144,830). Mr. Philips did not receive a Director's fee.

8. Tax on profit on ordinary activities

The tax charge comprises:

	2019 €000	2018 €000
Current tax on profit on ordinary activities:		
Corporation tax – Ireland	**25,676**	3,673
Foreign tax credit	**(5,717)**	(3,399)
Overseas corporation tax	**5,689**	4,640
Adjustment in respect of prior financial years:		
Irish corporation tax	**(253)**	43
Total current tax charge	**25,395**	4,957
Deferred tax:		
Origination/reversal of timing differences		
Attributable to Group	**1,820**	17,063
Adjustment in respect of prior financial years	**(208)**	525
Timing differences relating to retirement benefit obligations	**128**	117
Total deferred tax charge	**1,740**	17,705
Total tax on profit on ordinary activities	**27,135**	22,662
Total current and deferred tax charge relating to items of other comprehensive income	**(109)**	124

The Group's Irish operations are subject to differing rates of corporation taxation, according to the nature of activities. During 2019 and 2018, 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 (2018: higher) than that based on the standard rate of tax in the Republic of Ireland. The differences are set out in the tax reconciliation below:

	2019 €000	2018 €000
Profit on ordinary activities before taxation	**205,350**	164,216
Profit on ordinary activities at standard Irish corporation tax rate of 12.5% (2018: 12.5%)	**25,670**	20,527
Effects of:		
Permanent differences	**1,825**	1,387
Income taxed at higher rates	**4,716**	2,393
Revaluations taxed at higher rates	**344**	492
Prior year adjustments	**(461)**	568
Foreign tax on branch activities	**759**	694
Foreign tax credit	**(5,718)**	(3,399)
Total tax charge for the financial year	**27,135**	22,662

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 (2018: charge of €0.12 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). The profit for the financial year after exceptionals and taxation of €257.5 million (2018: €126.6 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 2019	**1,008,472**	**510,560**	**882,366**	**387,515**	**114,152**	**2,903,065**
Additions	**1,410**	**818**	**24,479**	**63**	**185,361**	**212,131**
Transfer from completed assets	**7,571**	**6,649**	**6,767**	**4,720**	**(25,707)**	**–**
Transfer to investment properties (Note 12)	**–**	**–**	**–**	**(3,010)**	**–**	**(3,010)**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**(3,974)**	**(3,974)**
Disposals/write-offs	**(425)**	**–**	**(5,105)**	**(1,044)**	**–**	**(6,574)**
Translation reserve	**–**	**–**	**801**	**–**	**–**	**801**
At 31 December 2019	**1,017,028**	**518,027**	**909,308**	**388,244**	**269,832**	**3,102,439**
Depreciation						
At 1 January 2019	**323,228**	**184,647**	**529,205**	**158,277**	**–**	**1,195,357**
Charge for the financial year	**31,571**	**18,349**	**56,559**	**13,789**	**–**	**120,268**
Disposals/write-offs	**(163)**	**–**	**(4,355)**	**(782)**	**–**	**(5,300)**
Translation reserve	**–**	**–**	**331**	**–**	**–**	**331**
At 31 December 2019	**354,636**	**202,996**	**581,740**	**171,284**	**–**	**1,310,656**
Net book value						
At 31 December 2019	**662,392**	**315,031**	**327,568**	**216,960**	**269,832**	**1,791,783**
At 31 December 2018	685,244	325,913	353,161	229,238	114,152	1,707,708

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 2019	**1,008,472**	**488,136**	**840,738**	**386,945**	**114,151**	**2,838,442**
Additions	**1,410**	**818**	**18,828**	**63**	**185,014**	**206,133**
Transfer to completed assets	**7,571**	**6,649**	**6,767**	**4,720**	**(25,707)**	**–**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**(3,974)**	**(3,974)**
Disposals/write-offs	**(425)**	**–**	**(4,945)**	**(1,044)**	**–**	**(6,414)**
Transfer to investment property	**–**	**–**	**–**	**(3,010)**	**–**	**(3,010)**
At 31 December 2019	**1,017,028**	**495,603**	**861,388**	**387,674**	**269,484**	**3,031,177**
Depreciation						
At 1 January 2019	**323,228**	**181,240**	**499,521**	**157,652**	**–**	**1,161,641**
Charge for the financial year	**31,571**	**18,349**	**52,530**	**13,789**	**–**	**116,239**
Disposals	**(163)**	**–**	**(4,197)**	**(782)**	**–**	**(5,142)**
At 31 December 2019	**354,636**	**199,589**	**547,854**	**170,659**	**–**	**1,272,738**
Net book value						
At 31 December 2019	**662,392**	**296,014**	**313,534**	**217,015**	**269,484**	**1,758,439**
At 31 December 2018	685,244	306,896	341,217	229,293	114,151	1,676,801

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 €29.0 million (2018: €29.0 million). Fixed asset additions include internal architectural, engineering and agency payroll costs of €16.9 million (2018: €14.6 million).

Cost of fixed assets includes cumulative interest capitalised of €71.0 million (2018: €69.4 million).

Interest of €1.6 million was capitalised in 2019 at a rate of 2.2% per annum (2018: €0.3 million at a rate of 5.6% per annum).

11. Intangible assets

Group	Software €000	Goodwill €000	Concession rights €000	Total €000
Cost				
At 1 January 2019	15,399	25,069	66,165	106,633
Additions	8,025	–	–	8,025
Translation movement	100	–	956	1,056
Disposals	(2,266)	(518)	–	(2,784)
Transfer from tangible fixed assets	3,974	–	–	3,974
At 31 December 2019	25,232	24,551	67,121	116,904
Amortisation				
At 1 January 2019	13,356	13,565	27,961	54,882
Charge for the financial year	902	1,795	3,206	5,903
Translation movement	167	–	922	1,089
Disposals	(2,266)	–	–	(2,266)
At 31 December 2019	12,159	15,360	32,089	59,608
Net book value				
At 31 December 2019	13,073	9,191	35,032	57,296
At 31 December 2018	2,043	11,503	38,204	51,750

Company	Software €000	Total €000
Cost		
At 1 January 2019	10,932	10,932
Transfer from tangible assets	3,974	3,974
Disposals	(2,167)	(2,167)
Additions	6,522	6,522
At 31 December 2019	19,261	19,261
Amortisation		
At 1 January 2019	10,700	10,700
Charge for the financial year	207	207
Disposals	(2,167)	(2,167)
At 31 December 2019	8,740	8,740
Net book value		
At 31 December 2019	10,521	10,521
At 31 December 2018	232	232

The goodwill balance at 31 December 2019 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 €6.1 million in respect of the deferred tax liability recognised on the capitalised concession rights arising from the acquisition of the residual 50% of CTC-ARI in 2014 net of the deferred tax asset recognised on the fair value adjustment of a loan receivable amount. This goodwill is being amortised from 2014 over seventeen years which is the contracted life of the concession agreement currently held by CTC-ARI.

(iii) On 1 June 2018, the Group acquired a 50% interest in PT Aura Cantik, an Indonesian Duty Free retailing company. The investment comprised an equity investment of €0.8 million and loan advance of €2.8 million. Goodwill of €0.7 million arose on the transaction. The remaining carrying value of goodwill was amortised in full in 2019.

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 €000	Property under construction €000	Total €000
Valuation			
At 1 January 2019	128,844	19,486	148,330
Additions	–	23,914	23,914
Revaluations (Note 5)	29,881	–	29,881
Transfer to completed investment property	21,679	(21,679)	–
Transfer from tangible fixed assets	–	3,010	3,010
At 31 December 2019	180,404	24,731	205,135
At 31 December 2018	128,844	19,486	148,330

Company	Investment Property €000	Property under Construction €000	Total €000
Valuation			
At 1 January 2019	122,259	19,486	141,745
Additions	–	23,914	23,914
Revaluations	29,331	–	29,331
Transfer to completed investment property	21,679	(21,679)	–
Transfer from tangible fixed assets	–	3,010	3,010
At 31 December 2019	173,269	24,731	198,000
At 31 December 2018	122,259	19,486	141,745

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 2019 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2019 €000
Joint venture undertakings[1]				
Joint venture undertakings	8,327	2,733	(103)	10,957
Dividends received (gross)	(7,266)	–	(2,956)	(10,222)
	1,061	2,733	(3,059)	735
Associated undertakings				
Equity interest at cost	62,603	2,250	–	64,853
Share of post-acquisition profits	318,973	14,133	–	333,106
Dividends received (gross)	(282,728)	–	(15,722)	(298,450)
Translation reserve	5,270	235	–	5,505
	104,118	16,618	(15,722)	105,014
Other financial assets				
Listed investments[2]	9,295	455	(3)	9,747
Other unlisted investments[3]	12,087	762	(383)	12,466
Other financial assets[4]	1,463	34	–	1,497
	22,845	1,251	(386)	23,710
Total financial assets	128,024	20,602	(19,167)	129,459

In respect of prior financial year:

Group	At 1 January 2018 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2018 €000
Joint venture undertakings[1]				
Joint venture undertakings	5,727	2,600	–	8,327
Dividends received (gross)	(4,228)	–	(3,038)	(7,266)
	1,499	**2,600**	**(3,038)**	**1,061**
Associated undertakings				
Equity interest at cost	63,785	–	(1,182)	62,603
Share of post-acquisition profits	304,145	14,828	–	318,973
Dividends received (gross)	(266,808)	–	(15,920)	(282,728)
Translation reserve	5,211	–	59	5,270
	106,333	**14,828**	**(17,043)**	**104,118**
Other financial assets				
Listed investments[2]	8,913	–	382	9,295
Other unlisted investments[3]	11,944	445	(302)	12,087
Other financial assets[4]	784	1,019	(340)	1,463
	21,641	**1,464**	**(260)**	**22,845**
Total financial assets	**129,473**	**18,892**	**(20,341)**	**128,024**

Company	**At 1 January 2019 €000**	**Additions/ other increases €000**	**Disposals/ other movements €000**	**At 31 December 2019 €000**
Ordinary shares in subsidiary undertakings at cost	7,862	–	–	7,862
Capital contributions to subsidiary undertakings	–	6,135	(6,135)	–
Other financial assets[4]	1,463	34	–	1,497
	9,325	**6,169**	**(6,135)**	**9,359**

In respect of prior financial year:

Company	At 1 January 2018 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2018 €000
Ordinary shares in subsidiary undertakings at cost	12,102	–	(4,240)	7,862
Capital contributions to subsidiary undertakings	260	12,101	(12,361)	–
Other financial assets[4]	784	1,019	(340)	1,463
	13,146	**13,120**	**(16,941)**	**9,325**

1 The joint venture undertaking relates to Cyprus Airports (F&B) Limited. The movement in joint venture undertakings reflects the 2019 share of profits of €2.7 million (2018: €2.6 million) and dividends received of €3.0 million (2018: €3.0 million).
2 Listed investments are held by Aer Rianta International (Middle East) ('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.
3 Other investments comprise loan stock that ARIME holds as an investment and a loan receivable amount that is due to CTC-ARI Airports Limited.
4 At 31 December 2019, other financial assets are surplus carbon credits, valued at fair value through profit and loss leading to a fair value gain of €0.0 million (2018: €1.0 million).

13. Fixed assets – investments continued

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 2019, 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
Montenegro Duty Free	Podgorica, Montenegro	Duty free shopping and related activities	70.0
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 Developments Limited	Dublin, Ireland	Property dealing and development	100.0
SkyZone Limited	Dublin, Ireland	Property investment	100.0
Joint Venture undertaking			
Cyprus Airports (F&B) Limited[1]	Nicosia, Cyprus	Duty free food and beverage related activities	35.6
PT Aura Cantik[2]	Jakarta, Indonesia	Duty free shopping and related activities	50.0
Associated undertakings			
Caribbean ARI Inc.[3]	Bridgetown, Barbados	Duty free shopping and related activities	50.0
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
Delhi Duty Free Services Private Limited	Delhi, India	Duty free shopping and related activities	33.1
Flughafen Düsseldorf GmbH	Düsseldorf, Germany	Airport operator	20.0
Phoenicia Aer Rianta Co. SAL[4]	Beirut, Lebanon	Duty free shopping and related activities	8.7

1 Cyprus 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 Cyprus Airports (F&B) Limited rather than significant influence or dominant control.
2 On 1 June 2018, the Group acquired a 50% interest in PT Aura Cantik, an Indonesian duty free company. The company 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 rather than significant influence or dominant control.
3 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 does not exercise significant influence or dominant control.
4 On 15 May 2018, the Group reduced its interest in Phoenicia Aer Rianta Co. SAL from 11.5% to 8.7%.

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 2019 for the purpose of including results of this company in the Group Financial Statements.

14. Stocks

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Goods for resale	**46,973**	41,560	**15,162**	10,934
Maintenance	**4,930**	4,110	**4,930**	4,110
	51,903	45,670	**20,092**	15,044

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

15. Debtors: amounts falling due within one year

	Group 2019 €000	Group 2018 €000	Company 2019 €000	Company 2018 €000
Trade debtors	**44,851**	40,638	**34,451**	31,187
Prepayments and accrued income	**16,687**	15,724	**10,775**	11,044
Due from subsidiary undertakings	**–**	–	**31,923**	35,105
Due from associated undertakings	**3,513**	5,640	**–**	–
Corporation tax	**909**	574	**851**	271
Other debtors	**7,791**	5,270	**5,929**	7,098
	73,751	67,846	**83,929**	84,705

Debtors of €0.7 million (2018: €0.0 million) in the Group and debtors of €0.7 million (2018: €0.0 million) in the Company fall due after more than one year. Other debtors of the Group include €0.5 million of borrowing costs capitalised at a rate of 0.05% (2018: €0.7 million at a rate of 0.05%). Other debtors of the Company include borrowing costs of €2.2 million at a capitalisation rate of 0.05% (2018: €2.6 million at a capitalisation rate of 0.05%).

16. Creditors: amounts falling due within one year

	Group 2019 €000	Group 2018 €000	Company 2019 €000	Company 2018 €000
Bank loans (Note 18)	**46,378**	45,047	**19,484**	18,741
Trade creditors	**18,622**	17,694	**10,969**	8,400
Due to subsidiary undertakings	**–**	–	**619,253**	745,577
Other creditors	**29,009**	22,726	**27,991**	21,471
Accruals	**104,188**	95,980	**78,110**	71,126
Deferred income	**8,605**	6,710	**8,438**	6,470
Capital accruals	**59,188**	38,640	**59,188**	38,640
	265,990	226,797	**823,433**	910,425

Taxation and social welfare included in other creditors:

	Group 2019 €000	Group 2018 €000	Company 2019 €000	Company 2018 €000
PAYE	**4,416**	3,748	**4,558**	2,912
PRSI	**3,042**	1,932	**3,042**	1,932
VAT	**4,450**	3,668	**5,696**	5,075
Other taxes	**1,932**	3,147	**814**	1,348

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 2019 €000	Group 2018 €000	Company 2019 €000	Company 2018 €000
Bank loans (Note 18)	**314,918**	358,774	**151,808**	171,292
Loan notes (Note 18)	**398,285**	398,097	**–**	–
Accruals	**3,603**	4,525	**3,603**	4,525
Deferred income	**6,279**	8,914	**6,279**	8,914
	723,085	770,310	**161,690**	184,731

Deferred income of €2.5 million (2018: €2.9 million), Group and Company, falls due after more than five years.

18. Financial liabilities

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Repayable by instalments:				
Repayable within one year	**46,378**	45,047	**19,484**	18,741
Repayable within one to two years	**35,870**	46,378	**20,261**	19,484
Repayable within two to five years	**102,752**	106,031	**55,924**	60,149
Repayable after more than five years	**176,296**	206,365	**75,623**	91,659
	361,296	403,821	**171,292**	190,033
Repayable other than by instalments:				
Repayable after more than five years	**398,285**	398,097	**–**	–
	759,581	801,918	**171,292**	190,033
Split as follows:				
Bank loans	**361,296**	403,821	**171,292**	190,033
Loan notes	**398,285**	398,097	**–**	–
	759,581	801,918	**171,292**	190,033
Included in creditors falling due within one year (Note 16)	**46,378**	45,047	**19,484**	18,741
Included in creditors falling due after more than one year (Note 17)	**713,203**	756,871	**151,808**	171,292

The loan notes comprised €400 million (2018: €400 million) of loan notes repayable in 2028 (less unamortised amounts). Loan notes also include borrowing costs capitalised of €1.7 million at a capitalisation rate of 0.05% (2018: €1.9 million at a rate of 0.05%). These loan notes are issued by the Group's subsidiary, daa Finance plc, and are listed on the main securities market of Euronext Dublin. The loan notes are guaranteed by the Company.

At 31 December 2019, daa Finance plc also had bank loans of €187.5 million (2018: €213.8 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 2019 of €171.3 million (2018: €190.0 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 2019 in respect of which all conditions precedent have been met. This facility expires in more than one year but not more than two years.

The Group also has a €350 million undrawn facility from the European Investment Bank as at 31 December 2019 in respect of which all conditions precedent have been met. This facility has an average life of twelve years and can be drawn up to June 2022.

19. Capital grants

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
At 1 January	**8,016**	8,705	**8,016**	8,705
Amortised to profit and loss account	**(655)**	(689)	**(655)**	(689)
At 31 December	**7,361**	8,016	**7,361**	8,016

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] €000	Deferred tax (Note 21) €000	Restructuring programme[2] €000	Pension liability (Note 23) €000	Pension restructuring[3] €000	Total €000
Group						
At 1 January 2019	**17,360**	**77,361**	**4,865**	**4,460**	**2,910**	**106,956**
Charge/(credit) for the financial year	**3,218**	**–**	**–**	**(129)**	**–**	**3,089**
Utilised during the financial year	**(2,726)**	**1,482**	**(708)**	**–**	**(126)**	**(2,078)**
At 31 December 2019	**17,852**	**78,843**	**4,157**	**4,331**	**2,784**	**107,967**

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
Group						
At 1 January 2018	19,319	59,664	5,799	6,401	2,919	94,102
Charge/(credit) for the financial year	701	(1,261)	–	(1,941)	–	(2,501)
Utilised during the financial year	(2,660)	18,958	(934)	–	(9)	15,355
At 31 December 2018	**17,360**	**77,361**	**4,865**	**4,460**	**2,910**	**106,956**

	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 2019	**17,360**	**70,568**	**4,865**	**3,779**	**2,910**	**99,482**
Charge/(credit) for the financial year	**3,218**	**1,045**	**–**	**304**	**–**	**4,567**
Utilised during the financial year	**(2,726)**	**–**	**(708)**	**–**	**(126)**	**(3,560)**
At 31 December 2019	**17,852**	**71,613**	**4,157**	**4,083**	**2,784**	**100,489**

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 2018	19,319	53,296	5,799	5,711	2,919	87,044
Charge/(credit) for the financial year	701	(1,686)	–	(1,932)	–	(2,917)
Utilised during the financial year	(2,660)	18,958	(934)	–	(9)	15,355
At 31 December 2018	**17,360**	**70,568**	**4,865**	**3,779**	**2,910**	**99,482**

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 programme. At 31 December 2019, €4.2 million (2018: €4.9 million) is remaining.
3 The remaining pension provision relates to the restructuring of the IAS Scheme which was frozen on 31 December 2014 (See Note 23).

21. Deferred tax liability

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Deferred tax				
Deferred tax is provided as follows:				
Timing differences on capital allowances	**53,863**	57,950	**53,860**	57,950
Amounts temporarily not deductible for corporation tax	**2,147**	388	**(139)**	(1,372)
Tax losses available	**–**	–	**–**	–
Deferred tax assets arising in relation to retirement benefit obligations	**(294)**	(656)	**(511)**	(473)
Deferred tax on revaluations	**19,167**	15,085	**18,403**	14,463
Deferred tax in relation to goodwill	**3,960**	4,594	**–**	–
At 31 December	**78,843**	77,361	**71,613**	70,568

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	
	2019 €000	2018 €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 2019	**233**	**246**	**479**
Exchange differences arising on translation of overseas investments	**1,926**	**–**	**1,926**
At 31 December 2019	**2,159**	**246**	**2,405**
In respect of prior financial year:			
At 1 January 2018	(448)	246	(202)
Exchange differences arising on translation of overseas investments	681	–	681
At 31 December 2018	**233**	**246**	**479**

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 Group ceased to have any further liability in respect of ongoing regular contributions but retains an obligation to fund any actuarial deficits and 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 €11.7 million (2018: €11.1 million), see Note 3. The pension cost to the Company chargeable against operating profit for the financial year amounts to €9.5 million (2018: €8.9 million).

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Defined benefit arrangements – service cost	**244**	515	**164**	172
Defined contribution schemes	**11,415**	10,625	**9,304**	8,674
	11,659	11,140	**9,468**	8,846

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

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Gross pension liability	**4,331**	4,461	**4,083**	3,779

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 2019, the net pension liability in the Group was €4.0 million (2018: €3.8 million) being assets of €25.3 million (2018: €22.5 million) and present value of accrued scheme liabilities of €29.6 million (2018: €27.0 million) net of a related deferred tax asset of €0.3 million (2018: €0.7 million).

At 31 December 2019, the net pension liability in the Company was €3.6 million (2018: €3.3 million) being assets of €20.8 million (2018: €17.7 million) and present value of accrued scheme liabilities of €24.9 million (2018: €21.5 million) net of a related deferred tax asset of €0.5 million (2018: €0.5 million).

23. Retirement benefits continued

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

	Group and Company	
	As at 31/12/2019 Projected unit	As at 31/12/2018 Projected unit
Valuation method		
Rate of increase in salaries	**1.4% – 2.5%**	1.7% – 2.5%
Rate of increase in pension payment	**0.0% – 1.4%**	0.0% – 1.7%
Discount rate	**1.5% – 3.1%**	2.2% – 3.7%
Inflation assumption	**1.4% – 2.0%**	1.7% – 2.0%
Life expectancy		
Male member age 61-65	**22.5 – 25.5**	22.4 – 25.3
Male member age 40-45	**24.3 – 27.3**	24.2 – 26.4
Female member age 61-65	**24.4 – 30.4**	24.3 – 29.8
Female member age 40-45	**26.2 – 31.8**	26.1 – 30.1

The discount rate of 1.5% (Ireland) and 3.1% (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	
	2019 Percentage of plan assets	2018 Percentage of plan assets	**2019 Percentage of plan assets**	2018 Percentage of plan assets
Equities	**41.1%**	41.2%	**38.5%**	36.1%
Bonds	**55.1%**	56.3%	**56.8%**	60.7%
Cash	**–**	0.1%	**0.1%**	0.1%
Other	**3.8%**	2.4%	**4.6%**	3.1%
	100.0%	100.0%	**100.0%**	100.0%

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Amounts recognised in the balance sheet				
Present value of defined benefit obligations	**(29,639)**	(27,020)	**(24,847)**	(21,491)
Fair value of plan assets	**25,308**	22,559	**20,764**	17,712
Gross liability	**(4,331)**	(4,461)	**(4,083)**	(3,779)
Related deferred tax asset	**294**	656	**511**	472
Net liability	**(4,037)**	(3,805)	**(3,572)**	(3,307)
Change in benefit obligation				
Benefit obligation at beginning of financial year	**(27,020)**	(28,551)	**(21,491)**	(22,989)
Current service cost	**(244)**	(515)	**(490)**	(172)
Settlement gain	**80**	–	**–**	–
Interest cost	**(676)**	(701)	**(164)**	(501)
Plan members' contributions	**(18)**	(63)	**–**	–
Remeasurement (loss)/gain	**(3,430)**	2,065	**(3,142)**	1,872
Benefits paid	**2,017**	542	**440**	299
Translation (loss)/gain	**(348)**	203	**–**	–
Benefit obligation (funded and unfunded) at end of financial year	**(29,639)**	(27,020)	**(24,847)**	(21,491)

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Change in plan assets				
Fair value of plan assets at beginning of financial year	**22,560**	22,150	**17,712**	17,278
Interest income	**589**	565	**424**	394
Remeasurement – Actuarial gain/(loss)	**2,317**	(1,062)	**1,814**	(861)
Employer contributions	**1,534**	1,563	**1,254**	1,200
Member contributions	**18**	63	**–**	–
Benefits paid from plan	**(2,017)**	(542)	**(440)**	(299)
Translation gain/(loss)	**307**	(178)	**–**	–
Fair value of plan assets at end of financial year	**25,308**	22,559	**20,764**	17,712
Amounts recorded in profit and loss				
Current service cost	**244**	515	**164**	172
Settlement gain	**(80)**	–	**–**	–
Interest cost	**87**	136	**66**	107
Total defined benefit pension expenses	**251**	651	**230**	279

The return on plan assets was €2.3 million for the year (2018: a loss of €1.1 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 €4.2 million (2018: €4.9 million) (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 2019.

24. Cash flow statement

Reconciliation of operating profit to cash generated by operations

	Note	**2019 €000**	2018 €000
Operating profit		**204,638**	173,103
Adjustment for:			
Depreciation charge	10	**120,268**	118,243
Fair value movement on investment properties	12	**(29,881)**	(5,655)
Fair value on tangible assets	5	**–**	(2,811)
Taxation paid		**(26,134)**	(3,421)
Amortisation of intangible assets and goodwill	11	**5,903**	5,894
Impairment of goodwill		**518**	–
Loss on disposal and retirements of tangible and intangible assets	7	**176**	107
Amortisation of capital grants	19	**(655)**	(689)
Profit on part disposal of associate undertaking		**–**	(55)
		274,833	284,716
Operating cash flow before movement in working capital			
Increase in stocks		**(6,233)**	(2,456)
Increase in debtors		**(3,775)**	(11,086)
Increase in creditors		**12,135**	12,539
Decrease in pension liability		**(1,553)**	(1,139)
Increase in insurance liability	20	**3,218**	701
Payments in respect of restructuring programme	20	**(708)**	(934)
Payments in respect of insurance and other provisions	20	**(2,852)**	(2,669)
Cash generated by operations		**275,065**	279,672

25. Analysis of net debt

	At 1 January 2019 €000	Cash flow €000	Non-cash movements €000	Foreign exchange movement €000	At 31 December 2019 €000
Cash	**96,145**	**8,265**	**–**	**443**	**104,853**
Cash equivalents	**265,000**	**(39,928)**	**–**	**–**	**225,072**
	361,145	**(31,663)**	**–**	**443**	**329,925**
Debt due within one year	**(45,047)**	**45,047**	**(46,378)**	**–**	**(46,378)**
Debt due after one year	**(756,871)**	**(2,522)**	**46,190**	**–**	**(713,203)**
	(801,918)	**42,525**	**(188)**	**–**	**(759,581)**
Total	**(440,773)**	**10,862**	**(188)**	**443**	**(429,656)**

In respect of prior financial year:

	At 1 January 2018 €000	Cash flow €000	Non-cash movements €000	Foreign exchange movement €000	At 31 December 2018 €000
Cash	90,756	5,504	–	(115)	96,145
Cash equivalents	504,219	(239,219)	–	–	265,000
	594,975	(233,715)	–	(115)	361,145
Debt due within one year	(333,862)	334,016	(45,201)	–	(45,047)
Debt due after one year	(801,732)	–	44,861	–	(756,871)
	(1,135,594)	334,016	(340)	–	(801,918)
Total	**(540,619)**	**100,301**	**(340)**	**(115)**	**(440,773)**

26. Financial instruments

Narrative disclosures concerning the Group's treasury policy and management are set out in the 2019 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 2019 was:

	2019			2018		
	Total €000	**Floating rate €000**	**Fixed rate €000**	Total €000	Floating rate €000	Fixed rate €000
Financial liabilities						
Euro	**759,581**	**2,522**	**757,059**	801,918	191,176	610,742
Financial assets						
Euro	**309,191**	**309,191**	**–**	336,193	336,193	–
Sterling	**725**	**725**	**–**	843	843	–
US dollar	**8,178**	**8,178**	**–**	10,153	10,153	–
Canadian dollar	**7,038**	**7,038**	**–**	6,122	6,122	–
New Zealand dollar	**3,023**	**3,023**	**–**	6,108	6,108	–
Saudi riyal	**1,272**	**1,272**	**–**	1,336	1,336	–
Swiss franc	**299**	**299**	**–**	307	307	–
Australian dollar	**199**	**199**	**–**	81	81	–
Swedish krona	**–**	**–**	**–**	2	2	–
	329,925	**329,925**	**–**	361,145	361,145	–

The weighted average interest rate for fixed rate Euro currency financial liabilities was 2.2% (2018: 2.6%) and the weighted average period for which the rate was fixed was 8.9 years (2018: 9.8 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.

(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							
As at 31 December 2019	**Euro**	**Sterling**	**US dollar**	**Canadian dollar**	**Swiss franc**	**Australian dollar**	**Saudi riyal**	**Swedish krona**
Functional currency of Group operations								
Euro	**–**	**475**	**479**	**633**	**5**	**12**	**4,443**	**3**
Canadian dollar	**18**	**–**	**109**	**–**	**–**	**–**	**–**	**–**
Hong Kong dollar	**9**	**–**	**2**	**–**	**–**	**–**	**–**	**–**
US dollar	**8,753**	**191**	**–**	**–**	**294**	**–**	**–**	**–**
New Zealand dollar	**10**	**59**	**90**	**–**	**–**	**187**	**–**	**–**
	8,790	**725**	**680**	**633**	**299**	**199**	**4,443**	**3**

As at 31 December 2018	**Euro**	**Sterling**	**US dollar**	**Canadian dollar**	**Swiss franc**	**Australian dollar**	**Saudi riyal**	**Swedish krona**
Functional currency of Group operations								
Euro	–	622	457	1,472	112	8	4,165	2
Canadian dollar	26	–	288	–	–	–	–	–
Hong Kong dollar	9	–	2	–	–	–	–	–
US dollar	11,287	155	–	–	194	–	–	–
New Zealand dollar	6	66	31	–	–	73	–	–
	11,328	843	778	1,472	306	81	4,165	2

(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	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Financial assets				
Measured at fair value through profit or loss				
Financial asset	**11,244**	10,758	**1,497**	1,463
Debt instruments measured at amortised cost				
Loan stock receivable	**12,466**	12,087	**–**	–
Measured at undiscounted amount receivable				
Trade debtors	**44,851**	40,638	**34,451**	31,187
Other debtors	**8,544**	5,270	**5,929**	7,098
Amounts due from subsidiary undertakings	**–**	–	**31,923**	35,105
Amounts due from associated undertakings	**3,513**	5,640	**–**	–
	80,618	74,393	**73,800**	74,853
Financial liabilities				
Measured at fair values through profit or loss				
Financial liabilities	**1,252**	405	**1,252**	405
Measured at amortised cost				
Bank loans	**361,296**	403,821	**171,292**	190,033
Loan notes	**398,285**	398,097	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**592,183**	618,489
Measured at undiscounted amount payable				
Trade creditors	**18,622**	17,694	**10,969**	8,400
Other creditors	**29,009**	22,726	**27,991**	21,471
Amounts due to subsidiary undertakings	**–**	–	**27,070**	127,088
	808,464	842,743	**830,757**	965,886

26. Financial instruments continued

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	
	2019 €000	2018 €000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	**(19,745)**	(29,525)
Total interest income for financial assets at amortised cost	**1,943**	2,662
Fair value gains and (losses)		
On financial assets measured at fair value through profit or loss	**1,052**	1,314
On financial liabilities measured at fair value through profit or loss	**(847)**	(744)

27. Commitments and related matters

(i) Capital commitments

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Contracted	**112,167**	186,749	**112,167**	186,749
Authorised by the Directors but not contracted for	**467,998**	244,005	**461,088**	225,579
	580,165	430,754	**573,255**	412,328

(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 2019 were made up as follows:

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Payable on concession agreements within:				
One year	**65,669**	56,964	**–**	–
Two to five years	**204,663**	337,164	**–**	–
Greater than five years	**154,400**	534,361	**–**	–
	424,732	928,489	**–**	–

At 31 December 2019, €25.1 million (2018: €18.7 million) of these commitments had been secured by performance bonds issued by banks and guaranteed by the Group.

The retail concession agreement for Midfield Terminal Building at Abu Dhabi International Airport was novated to a joint venture undertaking of the Group in March 2019, to a joint venture undertaking of the Group, established between ARIME and local partners in the region, and the associated concession rights and obligations have transferred to that entity, including all commitments in respect of guaranteed minimum concession fees. ARIME no longer retains the minimum fee commitments from the date of novation onwards but will, as a party to this joint venture, provide certain guarantees and security to a capped level (also referred to in Note 25 (iv)).

(iii) Lessee operating leases

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

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Buildings				
One year	**1,537**	1,404	**138**	164
Two to five years	**3,388**	3,587	**551**	604
Greater than five years	**1,819**	2,128	**1,022**	1,121
	6,744	7,119	**1,711**	1,889
Land				
One year	**35**	33	**35**	33
Two to five years	**37**	51	**37**	51
Greater than five years	**–**	–	**–**	–
	72	84	**72**	84
Plant and equipment				
One year	**53**	70	**–**	–
Two to five years	**87**	113	**–**	–
Greater than five years	**–**	3	**–**	–
	140	186	**–**	–

Group lease payments expensed at 31 December 2019 amounted to €2.6 million (2018: €2.7 million). Company lease payments expensed at 31 December 2019 amounted to €0.4 million (2018: €0.4 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 2019, the purchase commitments amounted to €3.0 million (2018: €2.8 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 €9.2 million (2018: €8.5 million). At 31 December 2019 and 2018, 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 2019 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 €4.9 million.

28. Lessor operating leases

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

	Group		Company	
	2019 €000	2018 €000	**2019 €000**	2018 €000
Buildings				
One year	**15,268**	15,173	**15,268**	15,173
Two to five years	**28,963**	25,791	**28,963**	25,791
Greater than five years	**17,822**	13,486	**17,822**	13,486
	62,053	54,450	**62,053**	54,450
Land				
One year	**113**	235	**113**	235
Two to five years	**435**	440	**435**	440
Greater than five years	**458**	561	**458**	561
	1,006	1,236	**1,006**	1,236
Plant and equipment				
One year	**650**	846	**650**	846
Two to five years	**15**	892	**15**	892
	665	1,738	**665**	1,738

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.

	2019 €000	2018 €000
Associated undertakings		
Management charges to associated undertakings	**2,633**	6,448
Dividends received from associated undertakings and joint ventures	**18,677**	18,921
Due from associated undertakings at year-end	**3,513**	5,640

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

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 and members of the executive team 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 for 2019 was €4.4 million (2018: €4.2 million).

30. Non-controlling interest

	2019 €000	2018 €000
At beginning of financial year	**18,384**	16,971
Share of profit for the financial year	**2,245**	2,010
Exchange differences	**391**	664
Dividend to non-controlling interest[1]	**(3,073)**	(1,261)
At end of financial year	**17,947**	18,384

1 Amounts above represent dividend payments and declared dividends by ARIME and CTC 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

The development of the COVID-19 outbreak arose after the end of the reporting period and has resulted in significant travel restrictions both domestically and internationally which have a direct impact on the operations of daa Group, its airports, and provision of airport related activities. At this point in time, due to the uncertainty over the length of time the restrictions will be in place and its economic impact on the wider aviation market, it is not possible to provide an estimate of the financial effect of the COVID-19 situation on our Group. Management will continue to assess the impact of the outbreak on the Group but are satisfied we have sufficient liquidity.

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 2019.

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.

33. Accounting policies continued

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 maximum take-off 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 (or deemed 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 building, pier and satellite structures	20 – 50 years
Terminal fixtures and fittings	4 – 30 years
Airport plant and equipment	5 – 30 years
Runway surfaces	10 – 15 years
Runway bases	50 years
Taxiways and aprons	25 – 40 years
Motor vehicles	5 – 15 years
Office equipment	3 – 10 years
Computer equipment	3 – 7 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.

Assets which are constructed by a lessor are recognised as a completed asset when substantially all the activities necessary to get the asset ready for use are completed. In return for the transfer of title of the asset, the lessor receives abated rent for the period of the contract. The asset is initially recognised at the present value of the future cashflows which is the deemed cost.

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.

33. Accounting policies continued

Investment property

Investment property is property held to earn rentals, 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.

Investment properties in the course of construction are transferred to completed investment property when substantially all the activities necessary to get the asset ready for use are complete. During the construction phase, property under construction is stated at cost less any accumulated impairment losses. On completion, the investment property is stated at fair value.

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 with 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 three to fourteen 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.

33. Accounting policies continued

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 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 profit and loss.

Financial assets and liabilities are only offset in the balance sheet 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 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.

There are no critical accounting judgements. Key sources of estimation uncertainty include, but are not limited to, the following:

Impairment assessment
Airport assets are reviewed for potential impairment by considering 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 2019 and 31 December 2018. 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.

34. Critical accounting judgements and key sources of estimation uncertainty continued

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 re-assessed 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 33 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 with the acquired entity.

Five-year summary of financial results

	2019 €000	2018 €000	2017 €000	2016 €000	2015 €000
Operating results					
Turnover	**934,696**	896,901	854,582	793,107	679,758
EBITDA (pre-exceptional)	**301,831**	289,005	270,901	247,476	206,042
Depreciation, amortisation and impairment	**(127,024)**	(124,368)	(113,024)	(108,299)	(105,146)
Fair value adjustment on investment property	**29,881**	5,655	6,804	4,115	19,661
Group operating profit (pre-exceptional)	**204,688**	170,292	164,681	143,292	120,557
Share of profits of associates and joint ventures	**16,816**	17,299	29,543	29,505	28,938
Finance income/expenses	**(16,154)**	(26,186)	(36,419)	(41,192)	(52,537)
Group exceptional items	**–**	2,811	–	(37,088)	8,195
Profit before taxation	**205,350**	164,216	157,805	94,517	105,153
Taxation	**(27,135)**	(22,662)	(21,827)	(9,876)	(16,770)
Minority interest	**(2,245)**	(2,010)	(5,662)	(5,258)	(4,971)
Profit for the financial year	**175,970**	139,544	130,316	79,383	83,412
Profit excluding exceptional items (after taxation)	**150,167**	132,628	125,114	107,512	61,481
Capital employed					
Tangible assets and investment property	**1,996,918**	1,856,038	1,840,432	1,758,316	1,744,383
Intangible fixed assets	**57,296**	51,750	55,948	61,245	66,099
Investments	**129,459**	128,024	129,473	129,986	121,421
Net current assets	**189,589**	247,864	187,741	499,104	351,441
Total assets less current liabilities	**2,373,262**	2,283,676	2,213,594	2,448,651	2,283,344
Creditors due after more than one year	**(723,085)**	(770,310)	(817,510)	(1,155,439)	(1,063,780)
Capital grants	**(7,361)**	(8,016)	(8,705)	(10,156)	(9,898)
Provisions for liabilities	**(107,967)**	(106,956)	(94,102)	(82,643)	(74,836)
Net assets	**1,534,849**	1,398,394	1,293,277	1,200,413	1,134,830

Five-year summary cash flow

	2019 €000	2018 €000	2017 €000	2016 €000	2015 €000
Summary cash flow					
Cash flow from operating activities	**304,759**	286,696	255,723	245,483	210,823
Dividends from associated undertakings (net)	**17,859**	18,921	26,481	22,808	24,098
	322,618	305,617	282,204	268,291	234,921
Net interest paid	**(14,895)**	(25,887)	(35,063)	(41,424)	(51,558)
Taxation paid	**(26,134)**	(3,421)	(3,807)	(3,559)	(2,018)
	281,589	276,309	243,334	223,308	181,345
Investment in tangible fixed assets, investment properties and software	**(222,012)**	(134,686)	(171,194)	(118,273)	(111,563)
Payments in respect of exceptional restructuring and other provisions	**(3,560)**	(3,603)	(4,535)	(3,835)	(81,111)
Investment in/loans to associated and joint venture undertakings and financial assets	**(2,696)**	(630)	–	–	–
Acquisition of subsidiary undertakings net of cash acquired	**–**	–	(4,759)	–	–
Net proceeds from disposal of subsidiary/associated undertakings/ joint ventures	**–**	1,238	–	–	–
Sale of tangible and financial assets	**249**	32	51	7	236
Grants received	**–**	–	28	983	–
Repayment of financial asset	**365**	302	442	–	–
	(227,654)	(137,347)	(179,967)	(121,118)	(192,438)
	53,935	138,962	63,367	102,190	(11,093)
Dividends paid to shareholder	**(40,000)**	(37,400)	(29,100)	(18,300)	–
Dividends paid to minority undertakings of subsidiaries	**(3,073)**	(1,261)	(2,570)	(1,355)	(3,950)
Cash inflow/(outflow) before management of liquid resources and financing	**10,862**	100,301	31,697	82,535	(15,043)
Net debt	**429,656**	440,773	540,619	571,501	616,240

Five-year summary of passenger statistics (unaudited)

Passengers	2019	2018	2017	2016	2015
Overall					
Transatlantic	**4,003,989**	3,819,410	3,302,033	2,734,502	2,396,684
United Kingdom	**11,590,992**	11,391,320	11,293,751	11,219,615	10,108,080
Continental Europe	**18,558,369**	17,332,628	16,151,160	15,144,817	13,631,772
Other International	**1,005,480**	991,293	841,776	767,534	797,932
Domestic	**107,084**	115,302	98,892	97,049	84,008
Transit	**235,575**	238,472	203,203	174,431	102,053
	35,501,489	33,888,425	31,890,815	30,137,948	27,120,529
Percentage change year-on-year	**+4.8%**	+6.3%	+5.8%	+11.1%	+13.7%
Dublin					
Transatlantic	**4,003,713**	3,790,970	3,285,618	2,733,975	2,396,416
United Kingdom	**10,230,550**	10,081,376	9,987,687	9,930,904	8,906,766
Continental Europe	**17,333,001**	16,282,380	15,170,341	14,208,822	12,768,193
Other International	**1,005,477**	991,285	841,769	767,324	797,932
Domestic	**103,896**	111,850	94,276	93,731	80,079
Transit	**234,590**	237,743	202,617	172,628	99,933
	32,911,227	31,495,604	29,582,308	27,907,384	25,049,319
Percentage change year-on-year	**+4.5%**	+6.5%	+6.0%	+11.4%	+15.4%
Cork					
Transatlantic	**276**	28,440	16,415	527	268
United Kingdom	**1,360,442**	1,309,944	1,306,064	1,288,711	1,201,314
Continental Europe	**1,225,368**	1,050,248	980,819	935,995	863,579
Other International	**3**	8	7	210	–
Domestic	**3,188**	3,452	4,616	3,318	3,929
Transit	**985**	729	586	1,803	2,120
	2,590,262	2,392,821	2,308,507	2,230,564	2,071,210
Percentage change year-on-year	**+8.3%**	+3.7%	+3.5%	+7.7%	-3.4%

Five-year summary of aircraft movements (unaudited)

	2019	2018	2017	2016	2015
Overall					
Commercial					
– Scheduled	**243,693**	236,431	224,862	217,513	199,064
– Non scheduled	**5,739**	5,988	6,436	6,090	5,910
– Cargo	**4,268**	4,389	4,404	4,055	4,413
Commercial air transport movements	**253,700**	246,808	235,702	227,658	209,387
Percentage change year-on-year	**+2.8%**	+4.7%	+3.5%	+8.7%	+8.0%
Others	**33,930**	29,160	30,630	38,332	30,857
Total aircraft movements	**287,630**	275,968	266,332	265,990	240,244
Dublin					
Commercial					
– Scheduled	**222,492**	216,199	205,372	197,925	181,735
– Non scheduled	**5,382**	5,587	6,052	5,537	5,394
– Cargo	**4,268**	4,388	4,404	4,055	4,105
Commercial air transport movements	**232,142**	226,174	215,828	207,517	191,234
Percentage change year-on-year	**+2.6%**	+4.8%	+4.0%	+8.5%	+10.0%
Others	**6,856**	7,011	7,369	7,561	6,636
Total aircraft movements	**238,998**	233,185	223,197	215,078	197,870
Cork					
Commercial					
– Scheduled	**21,201**	20,232	19,490	19,588	17,329
– Non scheduled	**357**	401	384	553	516
– Cargo	**–**	1	–	–	308
Commercial air transport movements	**21,558**	20,634	19,874	20,141	18,153
Percentage change year-on-year	**+4.5%**	+3.8%	-1.3%	+10.9%	-9.2%
Others	**27,074**	22,149	23,261	30,771	24,221
Total aircraft movements	**48,632**	42,783	43,135	50,912	42,374

Aeronautical information

Dublin Airport

Location	Lat. 532517N, Long. 0061612W (midpoint runway 10/28)
Elevation	242 ft. AMSL
Runway	**Runway 10/28:** Length 2,637 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 2,072 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	**Runway 16/34:** Length 2,133 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 1,310 metres – width 45 metres Surface concrete Non inst.
Refuelling	Full refuelling facilities available
Operational	24hrs
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

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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.

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