S&P Global Ratings

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Tear Sheet:

daa PLC

August 8, 2025

This report does not constitute a rating action.

While daa has significant headroom at the current rating, we forecast declining credit metrics and low-to-negative free operating cash flow as the company executes its €2 billion capital expenditure (capex) plan over 2025-2029. We forecast that Dublin airport could be close to reaching capacity of 40 million passengers by the end of this decade, considering the 34.6 million passengers recorded at Dublin airport in 2024 and our expectation that passenger numbers will continue to rise. This will contribute to additional investments of at least €2 billion from 2030-2035, on top of the investments in 2025-2029.

This investment plan aims to enhance and expand the existing airport facilities but has been repeatedly postponed due to the pandemic and delays in the planning processes. daa's funds from operations (FFO)-to-debt ratio of 49% in 2024 will therefore subsequently progressively reduce to a sustainable level of around 25% after 2029 as the airport gradually executes its €4 billion capex plan over the next decade.

daa's strong liquidity position and its approved dividend policy of 30% of after-tax profit will help mitigate the financial impact from the increase we expect in capex. daa will partly fund this capex with debt. Positively, daa will reassess most of its capex budget next year as the regulator will approve new airport charges for the next regulatory period starting in January 2027.

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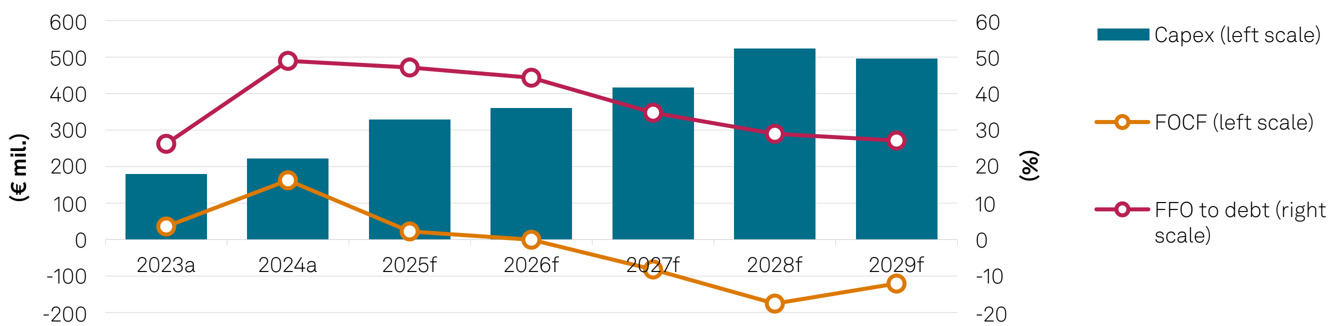
We expect capex to increase in the coming years but we see headroom in the rating to accommodate it



Capex--Capital expenditure. FFO--Funds from operations. FOCF--Free operating cash flow. a--Actual. f--Forecast.
Source: S&P Global Ratings.

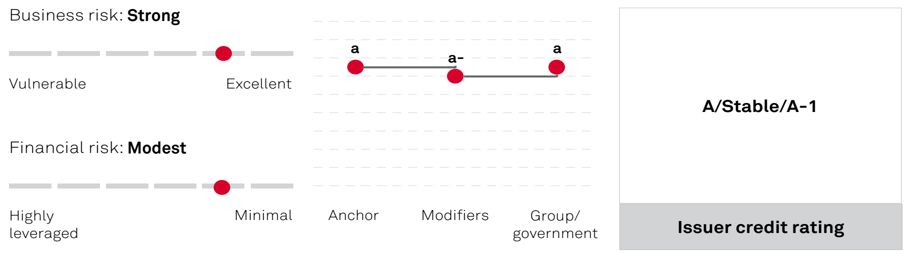
A recent high court judgment has allowed for growth above Dublin airport's current planning condition capacity of 32 million terminal passengers, pending the EU Court of Justice's final decision. This will support the airport's strong performance in 2025-2026 and allow it to increase traffic and revenue above our previous expectations. The Irish High Court's judgment in April 2025 granted a stay stipulating that the Irish Aviation Authority should not take into account the 32 million passenger cap for the purposes of setting slots. This judgment in effect facilitates unconstrained growth at Dublin airport during the period of the litigation.

daa has also submitted an interim application to increase the airport's capacity to 36 million passengers. Meanwhile, daa awaits a decision on an increase in capacity to 40 million passengers. We think that airport charges for the new five-year regulatory period starting in January 2027 could mitigate the risk of lower traffic, at least partly, in the unlikely event that daa receives unfavorable decisions on either of its applications.

We expect traffic growth of about 2%-3% per year in the coming years. This is even after the recent decision to impose a noise quota system and an annual cap on night-time flights, which we do not expect will impact our traffic forecast. The strong demand at the airports from both passengers and airlines is also evident in the traffic trends, with average traffic in the first six months of 2025 showing a 4% increase compared to 2024. We also do not expect the implementation of the U.S.' tariff and immigration policy to significantly affect traffic as traffic to and from the U.S. represents about 10% of total traffic. Residents of Ireland account for about half of that traffic and they could decide to take their leisure trips elsewhere.

daa's performance was better than we expected in 2024 thanks primarily to higher revenues from the nonaeronautical segment. Looking ahead, we expect EBITDA to remain flat in 2025 as operating costs increase compared to 2024 to deliver a reduction in security times for passengers. As nonaeronautical revenues increase, we also expect airport charges on a per passenger basis and EBITDA to reduce in 2027 compared to 2026.

Ratings Score Snapshot



Recent Research

- Schiphol Group Upgraded To 'A+' On Supportive Tariff And Financial Policy, Aug. 6, 2025
- Industry Credit Outlook Update Europe: Transportation Infrastructure, July 16, 2025
- Tear Sheet: Flughafen Zurich AG, June 3, 2025
- European Infrastructure Companies Are Showing Resilience Amid U.S. Tariff Uncertainty, April 29, 2025
- Research Update: Aeroporti di Roma SpA Downgraded To 'BBB-' On Equity Reserves Distribution; Outlook Stable, April 7, 2025
- EMEA Transportation Infrastructure: Handbook 2025, Jan. 23, 2025
- European Airports Sector Update: Is It Time To Start Spending Again?, Dec. 5, 2024
- Research Update: Airport Operator daa PLC Upgraded To 'A' On Expected Strong Operational And Financial Performance; Outlook Stable, July 11, 2024

Company Description

Airport operator daa is a 100% state-owned company that is financed and managed independently of the Irish government. daa operates two airports in Ireland--Dublin and Cork--and also generates revenue from related activities at these airports, such as retail businesses and car park management.

In 2024, Dublin and Cork airports registered 37.7 million passengers. Of the reported EBITDA that year, more than 90% was generated from the Irish airports, with the remainder coming from international activities, namely, retail businesses in 13 countries and airport management, operations, maintenance, and consultancy.

daa also holds equity stakes and has joint ventures in other airports. These include a 20% stake in Dusseldorf airport in Germany and 11% stakes in Paphos and Larnaca airports in Cyprus. However, Ireland remains daa's main strategic focus, in contrast to some of its European peers, which have undertaken investments abroad.

Dublin airport is regulated based on a single-till approach, whereby aeronautical charges and commercial revenue cover the airport's costs and investments. The current regulatory period runs to December 2026 from January 2023. Dublin airport's next regulatory period will commence in January 2027 and is expected to last until December 2031. Cork airport is unregulated.

Outlook

The stable outlook on the long-term issuer credit rating on daa reflects our expectation that its FFO to debt will remain comfortably and sustainably above 20% while it invests to increase capacity and enhance the facilities at Dublin airport. The outlook also indicates that we expect operational performance to be strong and that airport charges from 2027 will act as a mitigant should passenger numbers at Dublin airport grow more slowly or decrease compared to our expectations.

Downside scenario

Since we rate Ireland 'AA', we would have to revise daa's stand-alone credit profile (SACP) downward to 'bbb+' from 'a-' to trigger a one-notch downgrade of daa, all else being equal. Although this is unlikely, it could occur if we expected FFO to debt to remain below 20% for a prolonged period due to a combination of the following:

- The capex budget increasing beyond the level we anticipate and being significant enough to depress the credit metrics in the medium term due to the timing of when daa receives remuneration for its investments;
- Traffic levels falling as a result of the different planning applications and legal proceedings. This could affect daa's financial metrics if the airport charges in the next regulatory period do not take this into account;
- Operating costs increasing beyond the levels we anticipate until the new charges are set; and
- Commercial spending per passenger falling below the level we anticipate, resulting in lower nonaeronautical revenue in Ireland or abroad.

In addition, if daa's EBITDA margins fall below 30%, we could revise our assessment of its business risk profile downward to satisfactory, resulting in a downgrade.

Provided that the SACP remains at the current level, a one-notch downgrade of Ireland would not result in a negative rating action on daa.

Upside scenario

An upgrade of daa would depend on the company making more progress in executing its large capex plan while keeping it on budget and on time, while managing both construction and operations at Dublin airport. daa would need to couple this with an exceptional operating performance.

All else being equal, a one-notch upgrade of Ireland would not result in a one-notch upgrade of daa.

Key Metrics

daa PLC--Forecast summary

Period ending	Dec-31-2023**	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029
(Mil. €)	2023a	2024a	2025e	2026f	2027f	2028f	2029f
Revenue	1,018	1,111	1,155	1,225	1,223	1,268	1,314
EBITDA (reported)	330	395	392	419	391	407	425
Plus: Operating lease adjustment (OLA) rent	1	1	1	1	1	1	1
Plus/(less): Other	19	19	28	14	17	22	39
EBITDA	350	415	421	434	410	430	464
Less: Cash interest paid	(29)	(28)	(29)	(28)	(36)	(42)	(47)
Less: Cash taxes paid	(107)	(44)	(45)	(48)	(42)	(43)	(43)
Plus/(less): Other*	--	--	9	7	9	7	6
Funds from operations (FFO)	214	343	356	365	340	353	381
Cash flow from operations (CFO)	216	385	351	360	335	348	375
Capital expenditure (capex)	180	222	329	360	417	523	496
Free operating cash flow (FOCF)	36	163	22	(0)	(82)	(175)	(120)
Dividends	6	39	76	67	72	63	64
Discretionary cash flow (DCF)	30	123	(54)	(67)	(153)	(238)	(185)
Debt (reported)	1,619	1,585	1,543	1,489	1,983	1,666	2,110
Plus: Lease liabilities debt	3	5	5	5	5	6	5
Less: Accessible cash and liquid Investments	(805)	(900)	(804)	(681)	(1,021)	(464)	(723)
Plus/(less): Other	--	10	10	10	10	10	10
Debt	816	701	755	823	978	1,217	1,402
Adjusted ratios							
Debt/EBITDA (x)	2.3	1.7	1.8	1.9	2.4	2.8	3.0
FFO/debt (%)	26.2	49.0	47.2	44.4	34.8	29.0	27.1
CFO/debt (%)	26.4	55.0	46.5	43.7	34.3	28.6	26.8
FOCF/debt (%)	4.4	23.2	3.0	(0.0)	(8.4)	(14.4)	(8.6)
Annual revenue growth (%)	35.4	9.1	3.9	6.1	(0.1)	3.6	3.6
EBITDA margin (%)	34.3	37.4	36.5	35.5	33.5	33.9	35.3

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast.

* Interest income included in the forecast years.

** To facilitate comparability among years, the 2023 FFO-to-debt metric strengthens to 36.2% (from 26.2%), when deducting from FFO only the €25.2 million taxes related to 2023, rather than the total €107 million in cash taxes paid in 2023, which included €81.5 million related to 2020-2022.

Financial Summary

daa PLC--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Currency (mil.)	€	€	€	€	€	€
Revenues	935	291	324	752	1,018	1,111
EBITDA	321	(126)	25	266	350	415
Funds from operations (FFO)	276	(137)	(5)	227	214	343
Cash interest paid	19	23	36	35	29	28
Operating cash flow (OCF)	276	(67)	133	147	216	385
Capital expenditure	220	266	193	152	180	222
Free operating cash flow (FOCF)	55	(333)	(60)	(5)	36	163
Discretionary cash flow (DCF)	12	(334)	(61)	(8)	30	123
Cash and short-term investments	330	785	857	816	805	900
Debt	475	791	841	844	816	701
Adjusted ratios						
EBITDA margin (%)	34.4	(43.4)	7.7	35.3	34.3	37.4
Debt/EBITDA (x)	1.5	(6.3)	33.6	3.2	2.3	1.7
FFO/debt (%)	58.1	(17.3)	(0.5)	26.8	26.2	49.0
OCF/debt (%)	58.0	(8.5)	15.9	17.4	26.4	55.0
FOCF/debt (%)	11.6	(42.1)	(7.1)	(0.6)	4.4	23.2
DCF/debt (%)	2.6	(42.2)	(7.3)	(0.9)	3.7	17.6

Peer Comparison

Like daa (SACP: 'a-'), peers Aeroporti di Roma SpA (SACP: 'a-') and Royal Schiphol Group N.V. (Schiphol; SACP: 'a-') are also executing major capex plans for either the expansion or refurbishment of facilities. We expect free operating cash flow (FOCF) to be low to negative at both peers in the coming years as they execute these capex plans. We also expect FFO to debt to decline at Schiphol from the level in 2025. We view Flughafen Zurich AG (SACP: 'a') as being in a better financial position than daa, given its forecast metrics, although we also expect charges could reduce for both daa and Flughafen Zurich in the new regulatory period starting in 2027.

daa PLC--Peer Comparisons

	daa PLC	Flughafen Zurich AG	Aeroporti di Roma SpA	Royal Schiphol Group N.V.
Foreign currency issuer credit rating	A/Stable/A-1	A+/Positive/--	BBB-/Stable/A-3	A+/Stable/A-1
Local currency issuer credit rating	A/Stable/A-1	A+/Positive/--	BBB-/Stable/A-3	A+/Stable/A-1
Period	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	€	€	€	€
Revenue	1,111	1,368	1,081	2,245
EBITDA	415	760	612	781

daa PLC--Peer Comparisons

Funds from operations (FFO)	343	654	476	689
Cash interest paid	28	16	46	76
Operating cash flow (OCF)	385	678	558	684
Capital expenditure	222	608	343	1,057
Free operating cash flow (FOCF)	163	69	215	(373)
Discretionary cash flow (DCF)	123	(105)	(277)	(375)
Cash and short-term investments	900	344	599	1,031
Debt	701	1,312	1,426	4,340
EBITDA margin (%)	37.4	55.5	56.6	34.8
Debt/EBITDA (x)	1.7	1.7	2.3	5.6
FFO/debt (%)	49.0	49.9	33.4	15.9
OCF/debt (%)	55.0	51.7	39.1	15.8
FOCF/debt (%)	23.2	5.3	15.1	(8.6)
DCF/debt (%)	17.6	(8.0)	(19.5)	(8.6)

Liquidity

We view daa's liquidity as strong, supported by our expectation that sources of cash will exceed uses even if our forecast of EBITDA declines by 30%. In our view, the company exercises prudent risk management, and the debt documents remain favorable, with no covenant requirements while the government owns more than 85% of daa.

We estimate that sources of liquidity in the 12 months from June 30, 2025, will exceed uses by more than 1.5x, and that liquidity coverage in the following 12 months will be more than 1.0x. There are no large maturities in the short-to-medium term, with the first bullet debt repayment in 2028.

Principal liquidity sources

We expect that daa's principal liquidity sources for the 12 months from June 30, 2025, will include:

- Unrestricted cash of €827 million;
- Availability of €450 million under a committed revolving credit facility due in March 2027; and
- Cash FFO of €362 million under our base-case scenario.

Principal liquidity uses

We expect that daa's principal liquidity uses over the same period will include:

- Debt maturities of about €53 million;
- Our expectation of capex of about €346 million;
- Our estimate of working capital outflows of about €5 million; and
- Dividend distributions of €76 million.

Environmental, Social, And Governance

Airports are exposed to health and safety considerations. The disruption to traffic that occurred during the pandemic and the related financial impact exemplify this. That said, after the pandemic, daa's passenger numbers recovered more quickly than those of any of its European rated peers. In 2024, traffic was 5.2% above the 2019 level at Dublin airport and 18.6% above the 2019 level at Cork airport.

We also view environmental and social factors as a risk for the airport sector because decarbonization targets and complaints from local communities about noise pollution could curb traffic growth and increase investment needs. In this respect, daa compares favorably with peers that have been hit by new taxes, such as Aéroports de Paris, or restrictions to air traffic movements, such as Schiphol.

We do not expect an impact on our forecast of 2%-3% traffic growth for daa from the recent decision to impose a noise quota system and an annual cap on night-time flights. Adjusting airport charges, as per daa's regulatory framework, could partly offset the potential loss of passengers due to environmental or social considerations.

Rating Component Scores

Foreign currency issuer credit rating	**A/Stable/A-1**
Local currency issuer credit rating	**A/Stable/A-1**
Business risk	**Strong**
Country risk	Low
Industry risk	Low
Competitive position	Strong
Financial risk	**Modest**
Cash flow/leverage	Modest
Anchor	**a**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**a-**
Related government rating	AA
Likelihood of government support	Moderately high (+1 notch from SACP)

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010