Research Update:

daa PLC 'A' Ratings Affirmed Amid Improved Irish Fiscal Position; Outlook Stable

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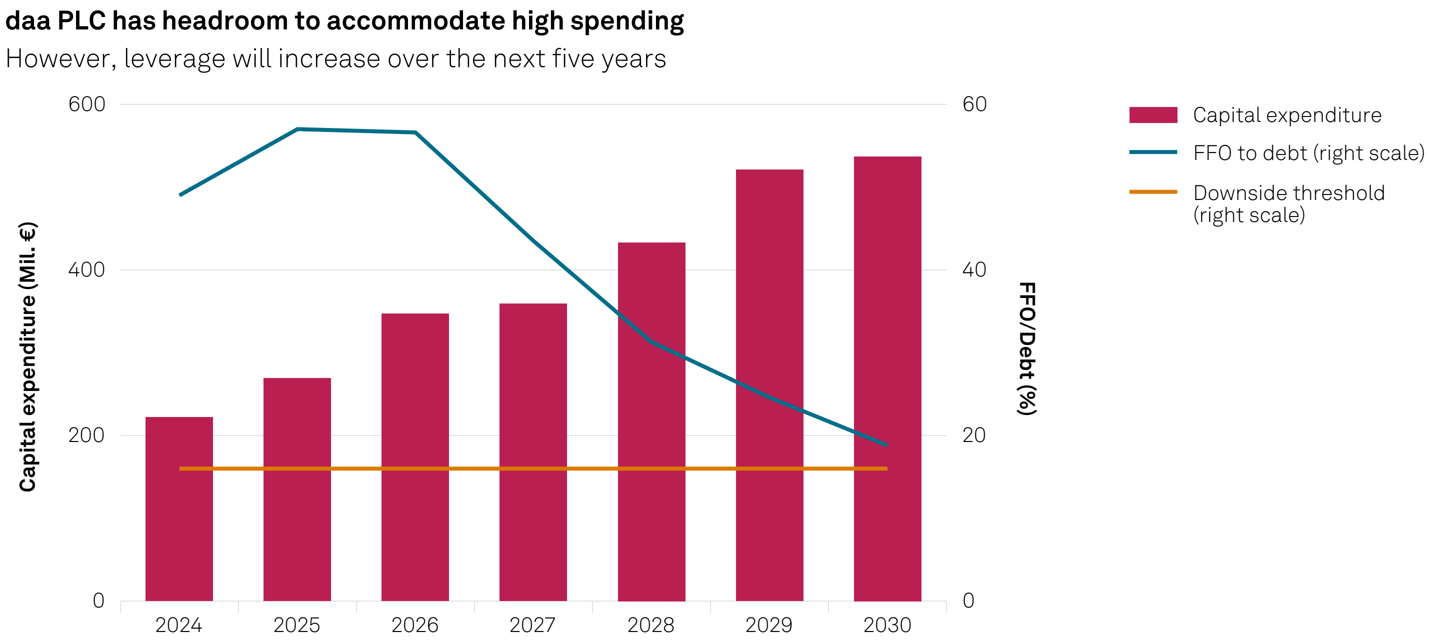
Rating Action Overview

- A moderately high likelihood of government support and Ireland's strengthened fiscal position should reinforce daa PLC's headroom to accommodate its high long-term investment cycle, totaling more than €5 billion through 2035.
- While we expect leverage to rise--with funds from operations (FFO) to debt falling to roughly 17% after 2030, from 57% in 2025--it should remain commensurate with the current rating. This is supported by resilient traffic growth given daa's strong market position as a gateway airport for Ireland.
- We therefore affirmed our 'A/A-1' long- and short-term issuer credit ratings on daa and our 'A' issue rating on its senior unsecured debt.
- The stable outlook indicates that we expect daa's FFO to debt to remain comfortably and sustainably above 16%, even as the company invests to increase capacity and enhance existing facilities at Dublin airport.

Rating Action Rationale

daa has significant rating headroom to accommodate increasing capital spending of about €2.2 billion over the next five years. With Dublin airport operating close to full capacity, we anticipate that daa's spending will remain elevated beyond 2030, with an estimated €3 billion in additional investments required to support continued expansion through 2035. As a result, we believe daa's long-term FFO to debt will likely settle at approximately 17% by 2030 onwards from 57% in 2025. While this represents a material increase in leverage, it will remain commensurate with the current rating level. This is supported by our view that daa will continue to benefit from a moderately high likelihood of government support, given the company's status as a critical transport asset and Ireland's strengthened fiscal position and robust macroeconomic backdrop (see "Ireland Upgraded To 'AA+' On Stronger Economic And Fiscal Profiles; Outlook Stable," March 20, 2026).

Chart 1



FFO--Funds from operations. Source: S&P Global Ratings.

The company's expansion plans remain contingent upon planning approvals and the lifting or amendment of the current 32 million capacity cap. We note that the Dublin Airport (Passenger Capacity) Act 2026 was enacted into law on 16 July 2026, which empowers the Transport Minister to amend or revoke the cap following environmental assessments and public consultation. While previous expansion capital expenditure (capex) was delayed by pandemic-related disruptions and planning permission and capacity cap uncertainty, the act suggests renewed political momentum that could see the cap amended within the next two years. In the interim, daa will continue to focus on maintenance, facility enhancements, and the airport's Underpass project that will provide underground access to its West Terminal.

In the meantime, we anticipate the January 2027 tariffs (for the regulatory period 2027-2031) will broadly align with the recent draft tariff determination, published July 14, 2026 by the Irish Aviation Authority (IAA). We anticipate that the average price per passenger will fall to about €8 in 2027, from roughly €10 in 2026. However, we note that this does not include the pricing triggers related to specific projects for capacity expansion, which will increase the tariff once certain construction milestones have been achieved. Consequently, although the amendment to the capacity cap has not yet been approved, we expect that the new charges, while not immediately included, will remunerate daa for its expansion capex and cost of capital, providing regulatory certainty if planning permission is granted and the capacity cap is amended. Under the recent draft determination, which will be reviewed by various stakeholders including airlines before approval (likely by the end of this year), €3.8 billion of capex is permitted to be recognized within the upcoming 2027-2031 regulatory period. This includes important capacity expansion projects including Pier 1 East that will add 14 new aircraft parking stands, new Pier 5, and a larger check-in hall at Terminal 2.

daa’s strong headroom provides a buffer against operational disruptions stemming from geopolitical tensions and potential jet fuel supply risks. In our revised base case, we assume daa’s traffic growth may moderate to approximately 1.3% in 2026 (down from our prior estimate of 2.0%-3.0%), before stabilizing at roughly 2.0% growth thereafter. Although year-to-date (YTD) traffic statistics through June 2026 show a 5% increase year-over-year, we anticipate flat annual growth over the summer period due to a lack of new airline capacity being added, and risks to weakened consumer demand stemming from rising fuel prices. Notably, daa’s exposure to Middle Eastern traffic remains low at less than 5% of total traffic. While other international traffic (including the Middle East) declined by 5% YTD June 2026, this was more than offset by robust growth in Transatlantic (11% growth), European (5%), and Great Britain (5%) traffic, supported by daa’s strong competitive position as a gateway airport to Ireland.

Outlook

The stable outlook on our long-term issuer credit rating on daa reflects our expectation that its FFO to debt will remain comfortably and sustainably above 16% while it invests to increase capacity and enhance the facilities at Dublin airport. The outlook also indicates that we expect operational performance to remain solid.

Downside scenario

We could downgrade daa by one notch if its stand-alone credit profile were to deteriorate by two notches to 'bbb', all else being equal. This could happen if:

--FFO to debt were to remain below 16% for a prolonged period due to a combination of the following:

- Capex increases beyond our expectations, pressuring credit metrics in the medium term due to the timing of remuneration received by daa for its investments;
- Traffic levels falling due to different planning applications and legal proceedings. This could affect daa's financial metrics if airport charges in the next regulatory period do not take this into account; and
- Commercial spending per passenger falls below the level we anticipate, resulting in lower non-aeronautical revenue in Ireland or abroad.

--Daa’s margins were to materially weaken--particularly if daa's EBITDA margins fall below 30% and we believe overall profitability is less than satisfactory, leading us to revise downwards our business risk profile assessment.

Provided that daa’s stand-alone credit profile remains at 'a-', a one-notch downgrade of Ireland would not result in a negative rating action on daa. However, it may result in lower rating headroom, because it could lead us to increase the downgrade thresholds for the airport, given potentially less capacity for the government to support daa in times of distress.

Upside scenario

We could raise our ratings on daa if it executes its large capex plan on time and within budget, while simultaneously managing Dublin Airport's construction and operations. An upgrade would also hinge on daa posting exceptional operating performance.

Furthermore, while unlikely in the near term, all else being equal, a one-notch upgrade of Ireland would lead us to upgrade daa by one notch.

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 2025, Dublin and Cork airports registered 39.8 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.

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 from January 2023 to December 2026. Dublin airport's next regulatory period will commence in January 2027 and is expected to last until December 2031. Cork airport is unregulated.

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.

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Our Base-Case Scenario

Assumptions

- Aeronautical revenue in Ireland to be in line with traffic performance and nominal tariffs as indicated in the recent draft tariff determination published July 14, 2026.
- For 2026, an increase of 1.3% in total passenger traffic; thereafter, to increase by about 2% a year in line with Ireland's GDP.
- Non-aeronautical revenue (including retail and nonretail businesses in Ireland); retail abroad; and operations, management, and consultancy abroad, to increase by approximately 3.5%-4.0% over the next five years.
- Dividends received from equity method investees to average €24 million a year for 2026-2030.
- Total opex to increase by 6%-8% in 2026; thereafter to increase in line with a 2x multiplier on Ireland’s consumer price index. Wages increase by around 4% a year.
- Working capital outflow of €5 million a year.
- Capex of €350 million in 2026, €360 million in 2027, €430 million in 2028. Investment will be only partly debt-funded through a new issuance, given the company's strong liquidity position and its cash flow generation.
- Our base case incorporates the €66 million dividend in 2026; thereafter we assume a dividend of 30% of the net income for the previous year.

Key metrics

Table 1

Period ending	Dec-31-2024	Dec-31-2024	Dec-31-2026	Dec-31-2027	Dec-31-2028	Dec-31-2029	Dec-31-2030
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f	2029f	2030f
Revenue	1,111	1,181	1,257	1,249	1,243	1,284	1,309
EBITDA (reported)	395	403	427	375	326	324	303
Plus: Operating lease adjustment (OLA) rent	1	1	1	1	1	1	1
Plus/(less): Other	19	18	20	17	26	29	28
EBITDA	415	422	448	393	352	353	332
Less: Cash interest paid	(28)	(28)	(29)	(37)	(43)	(48)	(55)
Less: Cash taxes paid	(44)	(44)	(48)	(38)	(27)	(20)	(11)
Plus/(less): Other	--	21	17	21	20	16	15
Funds from operations (FFO)	343	371	388	338	302	302	281
Cash flow from operations (CFO)	385	383	383	333	297	297	299
Capital expenditure (capex)	222	269	347	359	433	521	540
Free operating cash flow (FOCF)	163	114	36	(26)	(136)	(224)	(241)
Dividends	39	75	69	66	52	37	28
Discretionary cash flow (DCF)	123	39	(33)	(92)	(188)	(261)	(269)
Debt (reported)	1,585	1,542	1,501	1,996	1,679	2,123	2,067
Plus: Lease liabilities debt	5	3	3	3	3	3	3
Less: Accessible cash and liquid Investments	(900)	(903)	(827)	(1,230)	(724)	(907)	(590)
Plus/(less): Other	10	11	8	8	8	8	8
Debt	701	651	684	777	965	1,226	1,489
Adjusted ratios							
Debt/EBITDA (x)	1.7	1.5	1.5	2.0	2.7	3.5	4.5
FFO/debt (%)	49.0	57.0	56.6	43.5	31.3	24.6	18.8
Annual revenue growth (%)	9.1	6.4	6.4	(0.6)	(0.5)	3.3	1.9
EBITDA margin (%)	37.4	35.7	35.6	31.4	28.4	27.5	25.3

Liquidity

We view daa's liquidity as strong based on our qualitative factors assessment. We estimate that sources of liquidity in the 12 months to March 31, 2027, will exceed uses by more than 1.5x, and liquidity coverage will be more than 1.0x. In our view, daa should be able to withstand substantially adverse market circumstances over the next 24 months, while still having sufficient liquidity to meet its obligations.

Principal liquidity sources	Principal liquidity uses
We expect that daa's principal liquidity sources for the 12 months to March 31, 2027, will include: • Surplus cash and liquid investments of about €857 million; • Availability of €450 million under a revolving credit facility (RCF) that expires in March 2031; • Estimated cash FFO of about €395 million	We expect that principal liquidity uses over the same period will include: • Debt amortization of about €53.4 million; • Capex of about €389 million; • Working capital outflows of about €5 million; • Dividend payment of €70 million.

Environmental, Social, And Governance

Airports are exposed to health and safety considerations, as demonstrated by the disruption to traffic that occurred during the pandemic and the related financial hit. That said, after the pandemic, daa's passenger numbers recovered more quickly than those of any of its European rated peers. In 2025, traffic was 11% above 2019 traffic levels at Dublin airport and 35% above 2019 levels at Cork airport.

Environmental and social factors represent inherent risks to the airport sector, as decarbonization mandates and community concerns regarding noise pollution can potentially constrain traffic growth and escalate capital requirements. However, daa's risk profile is more favorable than certain peers, such as Aéroports de Paris, which have faced environmental tax, or Schiphol, which has encountered operational restrictions on the number of aircraft movements. We do not expect an impact on our traffic growth forecast for daa due to its noise quota system and annual cap on night-time flights.

Issue Ratings--Subordination Risk Analysis

Capital structure

DAA Finance PLC, daa's financing subsidiary, holds the group's financial debt, which includes €550 million of unsecured notes due in 2028 and €500 million due in 2032. This debt is guaranteed by daa. The remainder of the debt comprises bank loans.

Analytical conclusions

The issue ratings on the €1,050 million of unsecured debt issued by DAA Finance PLC and the €450 million RCF available to both DAA Finance and daa mirror the long-term issuer credit rating on daa. This is because there are no prior-ranking liabilities and DAA Finance's debt benefits from a parental guarantee.

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, 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: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, 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

Related Research

- Special Update: Time Compounds The Credit Implications Of The War, April 30, 2026
- Fuel Disruption Poses Downside Risk For Europe's Transport Infrastructure, April 21, 2026
- Ireland Upgraded To 'AA+' On Stronger Economic And Fiscal Profiles; Outlook Stable, March 20, 2026
- What The War In The Middle East Could Mean For Rated European Airports, March 6, 2026
- Industry Credit Outlook 2026: Transportation Infrastructure, Jan. 14, 2026
- Tear Sheet: daa PLC, Aug. 8, 2025

Ratings List

Ratings List	
Ratings Affirmed	
daa PLC	
Issuer Credit Rating	A/Stable/A-1
daa PLC	
daa Finance PLC	
Senior Unsecured	A