

# Our strategy

The COVID-19 pandemic in 2020 has had a profoundly negative impact on the aviation industry. Since the initial lockdown in Ireland in March of 2020, traffic levels at both of our Irish airports have dropped to between 1% and 15% of 2019 levels.

Our existing strategy, 'Creating Our Future', covered the period from 2018-2021. The pandemic made this strategy largely redundant and the business quickly responded with a new 'Road to Recovery' (R2R) plan that sought to protect our business and create the right foundations for it to rebound post-2020. Defining our core objectives and priorities for the business early in the pandemic was key to ensuring our survival through this crisis. The key areas of focus in the R2R plan are set out below.

## Road to Recovery (R2R) plan – key areas of focus

### Finances

- Ensure we have sufficient cash and liquidity to support our operational requirements and recovery plans.
- Reduce our costs, limit losses and renegotiate commercial agreements.

### Strategy in action

- Extended existing €450 million credit facility from March 2025 to March 2026.
- Raised €500 million in long-term debt from bond market.
- Renegotiated approximately 40% of international contracts.
- Reduced cost base by approximately €186 million\* by proactively implementing cost mitigation measures.

\* Net of Government support.

### Business operations

- Understand and adapt our passenger journey across all our operations to reflect changes due to COVID-19 and reinstil customer confidence.
- Work closely with our airlines, commercial customers and international partners to retain business and support resumption of services as soon as practical.

### Strategy in action

- Implemented a fully compliant passenger journey (e.g. circa 12,000 signs, more than 700 new plexiglass protection screens, socially distanced seating, deep cleaning and disinfection regimes and more than 1,000 hand sanitiser stations).
- Implemented passenger testing by independent operators at our Irish airports.
- Obtained ACI's Airport Health Accreditation for both Irish airports.
- Provided discounted charges in relation to aircraft parking, airbridge and cargo.

### People

- Maintain a safe and secure workplace for our staff.
- Agree new ways of working with our staff and unions to ensure our business is agile and can respond to changes in business demand.
- Take steps to ensure our business is appropriately sized and structured given changed environment and downsizing of business.

### Strategy in action

- Implemented staff testing across the campus for all staff on site.
- Agreed new ways of working with 93% of employees who voted.
- Implemented various technology initiatives to assist with staff working remotely.
- Implemented a voluntary severance scheme in order to right-size our business which will result in about one-third of our Irish-based workforce exiting the business.

“ We therefore devised a new Road to Recovery plan which took account of the new realities that were facing the Group. It focused on the twin elements of protecting our business in the short-term while creating the conditions whereby we can rebuild our Group as quickly and efficiently as possible.”

## Road to Recovery (R2R) plan – key areas of focus

### Infrastructure



- Progress with critical projects such as North Runway, Hold Baggage Screening and planning applications.
- Review timing of investment plan under revised passenger trajectory expectations and ensure programme is affordable.

### Strategy in action

- Continued to progress critical projects such as North Runway, Hold Baggage Screening and planning applications.
- Submitted planning application to Fingal County Council to address two onerous conditions attached to the grant of planning for North Runway.
- Achieved Level 3+ Carbon Neutrality for Dublin Airport under the Airport Carbon Accreditation Programme.

### Stakeholders



- Work collaboratively with wider airport industry on recovery plans.
- Engage with National and European stakeholders to ensure we have the right supports for our business and industry.

### Strategy in action

- Participated in the Aviation Recovery Taskforce and provided input to Report Recommendations.
- Attended various Oireachtas Committee sessions to explain the impact of the pandemic on our business and seek support for reopening aviation markets.
- Worked collaboratively with various stakeholders throughout the year.



# The Road to Recovery KPIs

Over a short time frame, our R2R plan led to a number of significant changes in our business. This ultimately resulted in the need to devise new KPIs which were reflective of the challenges facing the business over the course of 2020. Below, we have outlined the key KPIs that were used to track progress under four pillars of the Road to Recovery strategy:

Finances 		Business Operations 	People
<p><b>#1 Net Debt</b></p> <p><b>Definition</b> Net debt is defined as total debt less cash and cash equivalents.</p> <p><b>Importance</b> Due to the prolonged impact of COVID-19 on our business and industry, access to additional liquidity and long-term borrowings was required to support our business as revenues dropped by 69%.</p> <p><b>Performance</b> Net debt has increased to €783 million in 2020. In March, the Group upsized its committed revolving credit facility (RCF) from €300 million to €450 million, and subsequently extended the maturity out to March 2026. In October, the Group issued a €500 million Eurobond on Euronext Dublin's main securities market. Additional liquidity during the year contributes to the security of the airports' future development.</p> <p><b>2020: €783m</b> <b>2019: €430m</b> <b>MVMT 82%</b></p>	<p><b>#2 Operating Costs</b></p> <p><b>Definition</b> Operating costs encompasses payroll costs and non-payroll costs for the Group net of Government support.</p> <p><b>Importance</b> With the decimating impact of COVID-19 on our business and revenues operating at -69% compared to 2019, a substantial reduction in our cost base was required to minimise losses.</p> <p><b>Performance</b> Costs<sup>1</sup> have significantly reduced in the year by €186 million, 52% attributable to non pay cost and 48%, attributed to payroll costs.</p> <p><b>2020: €260m</b> <b>2019: €446m</b> <b>MVMT -42%</b></p>	<p><b>#3 Technology Initiatives</b></p> <p><b>Definition</b> Technology initiatives relate to small and large-scale digital technology and analytics projects implemented across the business.</p> <p><b>Importance</b> The impact of COVID-19 globally heightened the importance of digital technology, analytics and automation in order to quickly adapt how we work and survive during the crisis.</p> <p><b>Performance</b> A total of 245 initiatives were delivered in 2020. 83 of these initiatives supported the implementation of our 2020 Road to Recovery plan across the Group. This included the rollout of remote working, the automation and streamlining of processes to support new ways of working and enhancing the passenger journey and experience.</p> <p><b>2020: 245</b> <b>2019: 242</b> <b>MVMT 1.2%</b></p>	<p><b>#4 Staff FTEs</b></p> <p><b>Definition</b> FTEs refer to full-time equivalent contracted employees in the business for the year.</p> <p><b>Importance</b> Our business has seen traffic drop to between 1% and 15% of 2019 levels for 75% of the year. A recovery to 2019 levels is expected to take a number of years requiring us to right-size our business and reduce our staff numbers.</p> <p><b>Performance</b> By implementing a combination of voluntary severance, career breaks and a recruitment freeze, we achieved a 23% reduction in FTEs by year-end.</p> <p><b>2020: 3,205</b> <b>2019: 4,139</b> <b>MVMT -23%</b></p>



## #5 New Ways of Working (NWOW)

### Definition

NWOW refers to how staff will work at our Irish airports going forward.

### Importance

NWOW will increase our agility and allow for staff to work interoperably between terminals at Dublin Airport and ensure our rosters are more aligned to traffic demand.

### Performance

93% of staff who voted on NWOW have agreed with the terms and implementation has commenced.

**2020: 93%**  
2019: N/A  
MVMT N/A



## Infrastructure

## #6 Capital Spend

### Definition

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

### Importance

Investment is required to unlock capacity and progress key compliance and essential maintenance projects.

### Performance

Higher capital spend in 2020 versus 2019 driven by North Runway and Hold Baggage Screening projects.

**2020: €270m**  
2019: €222m  
MVMT 22%

## #7 Energy Consumption

### Definition

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

### Importance

Dublin Airport committed to achieving carbon neutral status by the end of 2020 and energy consumption is a major contributor to our carbon footprint.

### Performance

Dublin Airport consumed 21.9% less energy in 2020 versus 2019 and achieved carbon neutrality.

**2020: -21.9%**  
2019: -5.4%  
MVMT 300%

## #8 Number of Noise Complaints and Complainants

### Definition

Complainants represent the number of individuals who have logged complaints to the Noise & Flight Track Monitoring Service (NFTMS).

### Importance

Monitoring the number of complainants and analysing the reasons for deviations from the expected, helps us to minimise disruption and plan for the future.

### Performance

There was a sharp decrease in complainants due to reduced movements at our airports in 2020.

**2020: 112**  
2019: 293  
MVMT -62%

# Rebuilding our Group Together

As we progressed through this workplan in quarter two of this year, it became apparent that the impact of the pandemic on our business would be longer lasting than was initially thought. With little scope for business certainty until vaccines are rolled out, we needed to look further ahead, while being mindful that the level

of uncertainty that still exists in the environment means that it would not be appropriate to consider a long-term strategy at this time.

The prolonged impact of the pandemic has given rise to significant adverse financial results for the year with net debt almost doubling by the end of

2020. While a resumption to higher demand in 2021 will be a positive step for our business as vaccines are rolled out, a resumption to 2019 traffic levels is expected to take a number of years and therefore it will take some time to address the financial effects of the pandemic which we need to be cognisant of as we plan ahead.

**Using the Road to Recovery plan as a foundation, we have developed a new strategic plan called ‘Rebuilding Our Group Together’ which will shape the pathway forward for our business over the next 12-18 months.**

Rebuilding Our Group Together retains the five core pillars from the R2R plan and seeks to build our business priorities around three key objectives:

1. surviving the crisis;
2. recovering from the crisis; and
3. ensuring we are well positioned beyond the crisis to seize opportunities and restore value in our business as rapidly as possible.

<p><b>Finances</b></p>  <p>Restore our finances:</p>	<p><b>Business Operations</b></p>  <p>Return our businesses to growth:</p>	<p><b>People</b></p>  <p>Re-inspire our people:</p>	<p><b>Infrastructure</b></p>  <p>Refocus on our development plans:</p>	<p><b>Stakeholders</b></p>  <p>Renew and strengthen our relationships:</p>
<ul style="list-style-type: none"> <li>• Protect our financial position</li> <li>• Restore the value of our business</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt to passengers' changing needs and expectations</li> <li>• Attract customers back to our businesses</li> <li>• Add value through new opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Embed new structures and ways of working together</li> <li>• Create a climate that recognises people and performance</li> <li>• Engage and empower our people</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver critical projects</li> <li>• Unlock capacity through planning</li> <li>• Raise our sustainability ambition</li> </ul>	<ul style="list-style-type: none"> <li>• Seek out beneficial partnerships</li> <li>• Be recognised as an authentic voice</li> </ul>



## Restore our finances:

- We will continue to focus on cash and liquidity, ensuring we maintain an investment grade credit rating to support our business in the longer term.
- The outcome of the Interim Determination and securing financial supports as the pandemic continues will be critical to protecting our financial position in the short to medium term.



## Return our businesses to growth:

- This pillar represents the core activities for all businesses at home and abroad. It focuses on adapting and improving the passenger journey in light of changing developments.
- As our traffic has been decimated in 2020, we have placed a large emphasis on working together with our airlines and commercial customers to rebuild services at our Irish airports.
- We seek to add value through identifying new opportunities right across our Group. This may involve working in partnership with other businesses to increase revenues, exploit new markets and opportunities abroad and expand our revenue base to other non-passenger related services.



## Re-inspire our people:

- 2021 will see our business move into a new phase with about one-third fewer staff at our Irish operations and new ways of working and structures agreed with staff and unions now requiring full rollout and embedding across the business.
- We acknowledge this has been a very difficult time for our staff with large numbers leaving the business and there has been a prolonged reduction in pay and hours. We want to ensure we keep staff on the journey with us as we recover from this crisis and aim to seek to create an environment that (1) retains and promotes high performance and (2) engages and empowers our staff through various initiatives and development opportunities.



## Refocus on our development plans:

- Our revised plans commit to investing in critical infrastructure to ensure compliance with security and safety regulations (e.g. Hold Baggage Screening) and to complete projects already underway (e.g. North Runway).
- We believe our longer-term success at Dublin Airport hinges on us progressing with planning applications next year, given the lengthy and complex nature of the process. Securing the appropriate planning will position us to respond as traffic returns.
- We also want to raise our sustainability focus and ambition over the next 18 months to deliver our 2030 targets through investment, operational and construction guidelines and driving awareness across our business.



## Renew and strengthen our relationships:

- We want to continue to work collaboratively across our industry to deliver the common goals of re-establishing connectivity and delivering profitable growth.
- We also aim to progress a range of issues with our Shareholders, including the review of the National Aviation Policy.
- We want to identify suitable partners to support our efforts to win new business in international markets. As part of that work we will be looking to build our ARI and daa International brands in new markets.
- Finally, communicating how we are supporting the recovery, keeping our country and communities safe and safeguarding our planet will be crucial to building trust in local communities and ultimately in rebuilding our business. We will be seeking to raise our reputation and get greater visibility for the work we are doing in all of these areas.

# Our values

Our values are the guiding principles for the way we behave and work together each day to deliver on our strategy.



## Respect each other's value

- We respect each other's value by finding out about each other's roles, being considerate, listening and asking questions.
- By collaborating as one team we build confidence in each other.



## Passing the baton, not the buck

- We pass the baton and not the buck by trusting and supporting each other.
- By encouraging others to take responsibility and finding ways to share problems and by thinking 'how can we help?'



## Brilliant at the essentials

- Being brilliant at the essentials involves being an expert in whatever role our employees occupy.
- Being guided by the processes in place, being thorough and providing exceptional performances and recognising everyday brilliance - and above all, thinking as a customer.



## Always better

- We can always do better by listening to ideas, being open about making decisions and by valuing incremental improvements.

This has been an unprecedented time for all and the biggest crisis to ever face our industry. We have come together to take the necessary steps to safeguard our business and have worked collaboratively with industry stakeholders with a common objective to protect the aviation industry and aim to get air travel back to 2019 levels as soon as practical.