A year when old certainties evaporated

> "We are now firmly focused on rebuilding our business to help Ireland reconnect with the world, and to continue to provide a world-class experience at our airports and travel retail outlets."

Basil Geoghegan
Chairman

As daa Chairman I would like to present the Group's Annual Report for 2020.

Last year was one of the most difficult periods in the Group's long history, as the global COVID-19 pandemic had a devastating impact on our people and on our business.

The safety and the welfare of our employees, our passengers and our retail customers, was the Group's key consideration during the year and that continues to be the case in all of the markets in which we operate.

Our employees had to face unprecedented difficulties during the year, as they grappled with national and local lockdowns, empty or closed facilities and for many, the often-complicated logistics of suddenly working from home. Old certainties evaporated, sometimes in an instant.

Similarly, our business had a very tough year in 2020. No part of daa's operation was unaffected by COVID-19. The pandemic had a very significant financial impact on the Group and all of its constituent parts.

Travel restrictions and lockdowns meant that passenger numbers fell very significantly at all of the airports that we manage, and at those where we operate travel retail outlets or hold an equity stake. Passenger traffic at our two Irish airports declined from 35.5 million in 2019 to just 7.9 million last year – a fall of 78%. Dublin and Cork airports had experienced a positive start to the year before the advent of COVID-19, with passenger numbers up by 2% to almost 4.5 million passengers at the end of February.

The Group recorded a loss before exceptional items of €187 million last year due to the impact of COVID-19 on air and travel retail. Turnover declined by 69% to €291 million during the year.

Dublin and Cork airports remained open throughout the year in line with Irish Government policy and played a vital role during the pandemic, facilitating essential cargo operations and repatriation services. At Dublin Airport, for example, our teams helped enable the delivery of 6.2 million kilogrammes of essential PPE and medical equipment on 356 flights operated by 16 different airlines.

While it faced unprecedented difficulties during the year, the Group took a series of mitigating actions to manage the business through the crisis and to protect its future. We had to take some very difficult decisions in 2020 and were guided by focusing on the long-term needs of the business, which we manage on behalf of the Irish State.

Spending was reduced in all areas and significant efforts were made to reduce pay and staff levels; a pay and hiring freeze were introduced which meant no replacement of any leavers, no renewals of contracts, and no seasonal hires. Significant reductions were made to planned operational and capital spending, and our medium-term capital programmes were reviewed to amend the delivery timescales of certain projects. When permitted by Irish Government health guidelines, work continued on key construction projects such as North Runway and the upgrade to hold baggage screening systems at our airports.

Loss after taxation (pre-exceptional)

-€187m

Capital expenditure 2020

€270m

+22% versus 2019

Liquidity

€1.2bn

€1.0bn 2019

Almost all of our Irish-based employees were placed on a four-day week in April to reflect the significant reduction in business activity. During the year, the Group availed of Government payroll and other financial supports that were available in Ireland, Canada, New Zealand and some other overseas locations.

The collapse in traffic at our Irish airports, coupled with the prospect of a slow return to 2019 business levels meant that the Group also had to take steps to right-size the organisation.

A voluntary severance scheme was introduced at our Irish operations, and employees were also offered options such as career breaks and reduced working hours to help reduce costs. A total of 918 people have left the business in Ireland as part of this process. Approximately 1,000 employees have also left our travel retail businesses overseas. On behalf of the Group, I would like to wish our former colleagues well and to thank them for their many years of dedicated service.

We also took significant steps to strengthen the Group's liquidity in light of the changing business environment, raising €500 million through a bond issue.

We continued to progress our sustainability targets during the year and reached a major milestone in December, when Dublin Airport was formally designated as carbon neutral by the global Airport Carbon Accreditation programme.

We have reduced carbon emissions at Dublin Airport by 25% between 2013 and 2019, notwithstanding a 63% increase in passenger numbers during the same period. We purchased carbon credits to achieve our carbon neutrality status, and we are committed to doing much more in this area.

Carbon neutrality is the beginning not the end of our journey. We plan to reduce our overall energy consumption by a further 30% by 2030 and we are committed to becoming net zero for our carbon emissions at Dublin and Cork airports by 2050 at the latest.

The early part of 2021 has seen a fresh wave of infections in many countries. This has resulted in tighter travel restrictions in Ireland and in a number of other European countries.

The rollout of vaccinations offers the prospect of a significant improvement in the fortunes of our business, and for the wider aviation sector, but as yet, the exact timing and speed of a recovery remain uncertain.

The Group is well positioned to take advantage of the upturn in aviation when it does come. It took decisive steps to manage its costs during the year, and stayed close to customers, to employees, and to other key stakeholders.

We have always known that the global aviation sector is an interlinked ecosystem that delivers huge economic and social benefits – both locally and internationally – and this was brought into sharp relief during 2020. Our airline customers have also been hugely affected by the pandemic and we will work with them to restore lost connectivity.

We are now firmly focused on rebuilding our business to help Ireland reconnect with the world, and to continue to provide a world-class experience at our airports and travel retail outlets.

Basil Geoghegan
Chairman
13 April 2021

"We reached a major milestone in December, when Dublin Airport was designated as carbon neutral by the global Airport Carbon Accreditation programme."

Onsite tests facilitated at Dublin Airport in 2020

31,315

We will rebuild our Group together, both at home and abroad

> "Our immediate strategy, coupled with the necessary restructuring we have undertaken, will enable us to create a new daa and rebuild our business, both at home and abroad."

Dalton Philips
Chief Executive

daa entered 2020 in a strong position.

We were making very substantial progress across the key elements of our strategy 'Creating Our Future,' which was the Group's roadmap to help us meet our key objectives during the 2018-2021 period. At a high level, our goal is to run world-class airports and travel retail facilities for our customers in the 16 countries in which we currently operate.

Our strategy centred on core elements such as taking our airports to the next level, building for the future by putting in place the correct infrastructure, increasing our focus on sustainability, and growing our Group both at home and overseas. We were also focused on developing great people and teams within our business who would be ready for tomorrow's challenges.

During the first two years of Creating Our Future we had moved forward across all of the core metrics. While a business of this scale and geographic spread always faces challenges, we had strong momentum as we started the year.

Passenger numbers were increasing in Dublin and Cork airports and at our overseas airport locations. Turnover was up at our international travel retail outlets, and the key economies in which we operate were growing.

However, when the Group's 2019 Annual Report was being finalised last Spring, I signalled that the COVID-19 pandemic was likely to have a significant impact on the business during 2020.

At that point, no one could have predicted the devastating consequences that COVID-19 would have across the globe.

The introductions of lockdowns and travel restrictions in all of the countries in which we operate has had an unprecedented impact on our business. The global aviation sector has been one of the hardest hit by the economic fallout of COVID-19, and these effects continue to be felt across our Group.

After a positive start to trading in January and February across most of the business, the countries in which we operate began to impose restrictions on their citizens and on the operation of their economies in an effort to slow the spread of the disease.

Through our global footprint we saw the impact of the pandemic spread quickly. Our airport retail operations in New Zealand and in Canada were the first parts of our business to feel the economic effect of the pandemic, as Chinese citizens reduced international travel.

As the disease spread, passenger traffic plummeted at our Irish airports and in all the countries in which we operate across the world. Our travel retail business, Aer Rianta International (ARI), closed its operations in all markets except for Qatar for a period during the year.

Global air traffic fell by 60% last year, bringing air travel totals back to 2003 levels, according to ICAO, the UN agency for civil aviation. European airports lost a total of 1.72 billion passengers in 2020 compared to the previous year, as overall European passenger traffic fell by just over 70%, according to ACI Europe. In Ireland, the reduction in passenger traffic was even greater.

Throughout the pandemic, the health and safety of our teams and our customers was paramount. We followed Government health advice in all markets and introduced new health and safety protocols to reflect the new operating environment and to protect our staff and all those who use our facilities.

Group turnover

€291m

-69%

Operating costs[1]

€260m

-42%

EBITDA[2]

-€33m

-111%

The COVID-19 crisis radically changed the way in which our people worked during the year. The majority of our people across the globe spent significant periods working from home during 2020 to comply with public health guidelines. Some faced very strict lockdowns that only permitted trips outside at designated times for essential food shopping.

Colleagues worked in hastily established home offices, at kitchen tables, in spare bedrooms, in the corners of living rooms and in converted attics and garden sheds. In Ireland, and in many other markets, at times they had to juggle the home schooling of their children with working from home. The lines between work life and home life sometimes became blurred.

For many of our people this fundamental reshaping of the manner in which they work has been one of the largest changes in their professional lives. It was a change that they did not seek, and it often occurred at very short notice.

Our teams on the frontline had new procedures and policies to protect them and our customers and their working environment was also radically altered. The nature of their interaction with the few passengers and shoppers who continued to use our services was transformed, and they had to deal with the impact of seeing their workplace almost devoid of customers on a prolonged basis for the first time in their careers.

In these circumstances, it was essential that we kept our teams informed as the situation evolved. We started a daily email update in March, and this continued until October, when we reduced this communication to five times per week. Regular CEO video messages also enabled us to keep our teams fully informed of the latest developments on at least a weekly basis.

Daily briefing calls were held for our Leadership Team, which comprises about 100 senior management personnel, while weekly calls took place for the wider People Leaders group, which is made up of more than 500 team members who have management and supervisory roles. In December, we held two virtual town hall style briefing events for all our teams.

It has been a tremendously difficult year for our people across the business and we are acutely aware of that. Our staff wellbeing programme Focus on You, which has been in place since 2018, had a specific focus on mental health during the year, highlighting on a regular basis the suite of supports and resources that are available to employees. October was designated as Mental Health Month with a series of webinars and an online Mental Health First Aid course.

The COVID-19 pandemic obviously created the greatest crisis that the Group has faced during more than 80 years in existence. At the peak of the crisis, the business was losing more than €1 million per day and we had to move very quickly.

Given the profound impact that Covid had on our business, we took a number of proactive steps during the year to strengthen the Group's liquidity. Due to these prudent measures, the Group has a strong liquidity position, which is further detailed in the Chief Financial Officer's (CFO) review on page 26.

We also had to take very significant steps to reduce our cost base. All capital and operational spending was reviewed, and significant cost reductions were achieved across the business.

At Dublin Airport, we reviewed our medium-term capital plans and reassessed the delivery timeframe for a number of major projects. Our overall planned capital spend for the year was reduced by more than 10%. In total, non-payroll costs across the Group declined by 47% compared to 2019.

We also had to take measures to reduce our payroll costs. In late March, the Group indicated that there would be no pay increases in 2020 and introduced a ban on all recruitment. We also cancelled payment of profit share, gainshare and performance-related pay for 2020.

1. Operating costs include payroll and related costs, materials and services and other income - government support.
2. Earnings before interest, tax, depreciation and amortisation (before exceptional items).

In early April, we decided that almost all of our people would be moved to a four-day week and would therefore be paid just 80% of their normal salary. This measure, which was in place for the remainder of 2020 and into this year, meant that our team members had an effective pay reduction of between 20% and 45%, depending on whether they qualified for performance-related pay.

This was a very difficult step to take, and we are acutely aware of the impact that it had on our people, but we had no choice but to follow this path as part of a wide range of measures that were undertaken to protect the Company.

Initially, many commentators argued that the pandemic would constitute a short, sharp shock to the global economy. However, it quickly became apparent, that the downturn would be more prolonged and that the global aviation and international tourism sectors would continue to be among the worst affected.

In that context, by early summer, it was clear that unfortunately the Group had too many people to meet expected passenger demand at our Irish airports and our international travel retail businesses in the medium term, and that significant steps needed to be taken to right-size the business for the future.

A staff options package was introduced, which offered a voluntary severance programme, career breaks and reduced working hours. By year-end, there were 800 fewer people employed in the Irish operation. At the time of writing, an additional 118 employees have left the business in Ireland. Similar restructuring programmes also took place across our international businesses, with approximately 1,000 people exiting the retail operations that we manage overseas.

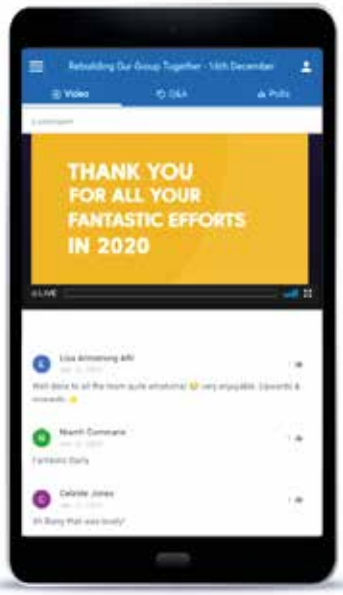
Many of our colleagues who have left as part of these right-sizing programmes had decades of service with the Group. We thank them for their service with the Group and wish them well in their future endeavours.

During the year, major changes in the way we operate the business in Ireland were negotiated with trade union and staff representatives and more than 93% of employees who voted in a series of ballots on these new work practice proposals agreed to accept the changes in question. The amendments to team structures, rosters, roles and responsibilities and the way in which our people operate are essential to enable the business to help manage the future recovery in passenger growth as efficiently as possible. The implementation of these changes is challenging at times, but it is essential to safeguard and protect long-term sustainable employment at our Irish operations.

We availed of the Irish Government's Temporary Wage Subsidy Scheme, which operated from March until the end of August, and continue to avail of the Employment Wage Subsidy Scheme which replaced it, along with rates waivers from local authorities in Dublin and Cork. Our businesses overseas also participated in COVID-related government support schemes in markets in which they were available.

Pieces of COVID-related signage at Dublin Airport

12,000



Hand sanitisers at Dublin Airport

>1,000

Despite having almost no passengers in the second quarter of the year, and hugely reduced traffic in the second half of the year, our Irish airports remained open throughout 2020 as an essential service in line with Irish Government guidelines.

Passenger traffic at Dublin and Cork airports declined by 78% to 7.9 million in 2020, as almost 28 million fewer passengers used our Irish airports last year. This quantum of business decline was mirrored in the airports that we operate or have a stake in overseas.

Traffic at Düsseldorf Airport, in which we hold a 20% stake, fell by 74% to 6.6 million last year. In Cyprus, passenger numbers at Larnaca and Paphos airports, operated by Hermes Airports, where we are also a shareholder, fell by 80% to 2.3 million. Passenger numbers in Terminal 5 at King Khalid International Airport, which we operate through daa International, declined by 54% to 7.6 million.

Turnover decreased by 69% to €291 million last year as the economic impact of the COVID-19 pandemic affected every part of the Group's business. With a tight focus on cost reduction, our operating costs[1] fell by 42% to €260 million during the year. Non-pay costs declined by 47% to €110 million while payroll-related costs fell by 37% to €150 million.

An EBITDA[2] loss of €33 million before exceptional items was recorded during the year, compared to a €302 million EBITDA profit in 2019. The Group loss after tax including exceptional items was €284 million for the year. The exceptional items before taxation comprised a cost of €100 million relating to the Group's voluntary severance scheme and an €11 million fair value decrease in the value of investment property. Further details in relation to these exceptional items are set out on page 27 within the CFO's review.

We introduced a range of new enhanced safety measures at our Irish airports and our overseas operations to protect our customers and also our staff. Both Dublin and Cork airports were accredited by Airports Council International's Airport Health Accreditation programme during the year.

This independent validation of the new health and safety measures introduced as a result of COVID-19 confirmed that our operations were fully aligned with the recommendations of ICAO Council's Aviation Recovery Task Force, the joint European Union Aviation Safety Agency (EASA) and European Centre for Disease Prevention and Control (ECDC) Aviation Health Safety Protocol and ACI's own guidelines. The accreditation process examined areas such as cleaning and disinfection regimes, physical distancing, passenger communications and passenger facilities, staff protection, and the physical layout of the airports.

1. Operating costs include payroll and related costs, materials and services and other income - government support.
2. Earnings before interest tax depreciation and amortisation (before exceptional items).

From mid-March last year, the Irish Government advised against all non-essential overseas travel, and this advice remained in place for most of the year. There were similar guidelines/restrictions in place in many other countries.

In July, the Irish Government announced an initial travel Green List of 22 countries to which travel was permitted, however the number of countries on this list were reduced significantly in subsequent weeks, due to the changing health position across Europe. In early November, Ireland adopted the new EU traffic light system for travel, whereby travel guidelines would be based in part on the prevailing incidence of COVID-19 in the region from which a passenger was departing.

Last summer, we had advocated for the introduction of rapid pre-departure antigen testing for all passengers and for that to be incorporated into the passenger journey. This would have meant that all passengers would have tested Covid-free prior to travel. This position was supported by all of Europe's major airports and airlines, but it was not incorporated within the new EU traffic light system for travel that was introduced last year.

Instead, under the traffic light system, while the designation of each region was decided by an agreed set of criteria applied by the European Centre for Disease Prevention and Control (ECDC), each country was permitted to set its own rules and guidelines in relation to travel.

To enable pre-departure PCR testing at our airports, we facilitated the establishment of independent third party COVID-19 testing facilities at Dublin and Cork airports. These initially offered PCR and LAMP testing and their offer expanded to provide antigen testing when this became a requirement for travel to several other countries.

The all-pervasive impact of the COVID-19 pandemic meant that Creating Our Future, the Group's strategy for 2018-2021, was effectively no longer fit for purpose. 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. There is more detailed information in relation to our Road to Recovery plan and our immediate Rebuilding our Group Together strategy on pages 32-35.

One of our keys goals is to grow our business back in a sustainable manner. We are mindful of our vital strategic role in helping to restore Ireland's connectivity and the need to do so while delivering on our suite of sustainability targets.

We achieved a significant milestone in December when Dublin Airport became carbon neutral under the international Airport Carbon Accreditation programme, which independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions.

In order to achieve its Level 3+ carbon neutrality status, Dublin Airport had to reduce CO_2 emissions from the sources under its control as much as possible and also to compensate for the remaining residual emissions through the purchase of internationally recognised high-quality carbon offsets. The carbon neutral designation was based on 2019 data, which reflected a normal year of passenger operations at the airport.

We have stringent targets to continue to reduce our energy use and increase our use of onsite renewable energy sources at our airports by 2030 as part of our commitment for Dublin and Cork airports to become net zero for carbon emissions by 2050 at the latest. There is more information on our sustainability initiatives on pages 47-54.

The emergence of new strains of COVID-19 in late 2020, coupled with significant spikes in case numbers throughout most of Europe, has resulted in additional travel restrictions being introduced in Ireland and in a large number of other countries in the early part of this year.

Plexiglass protection screens

>700

Passenger numbers at our Irish airports have declined by 92% in the first quarter of this year compared to 2020. The national vaccination programmes currently underway in Ireland and in many of our other key markets bring hope for a major upturn in air travel. But at this point, there is little clarity in relation to the timing of a widespread resumption of travel, either to and from Ireland, or in the rest of our key international markets.

While passenger traffic levels have fallen very significantly at our Irish airports and a number of airlines suspended their operations entirely, we have continued to stay close to our customers. We intend to work collaboratively with airlines and other stakeholders to facilitate the return of these vital air routes to Dublin and Cork airports when we are able to do so.

We had to take some very hard decisions during the year, but our focus was on doing what was right for the long-term health of our businesses and we worked in partnership with our teams, both at home and internationally.

Our cost base has been transformed and structures have been simplified to make our operations more effective and more efficient. Our cost base was reduced by almost 60% between April and December last year. Our liquidity has been strengthened and we have availed of government supports – for which we are grateful – in all countries where they were available.

The past 12 months has provided further evidence of the fact that we operate within a wider aviation and travel ecosystem. Working closely with our partners in the sector at a national, European and international level, our collective goal should be the creation of a harmonised set of rules and protocols in relation to international travel.

As vaccination levels increase, and public health concerns lessen in key markets, there should be agreed pathways to reopening air travel at scale and a clear roadmap for reducing current travel restrictions. A common system of vaccine passport recognition and health documentation validation systems is desirable, as consumers can understandably become confused by a patchwork of different regulations.

While it is very difficult to forecast the speed and the nature of the recovery in the global aviation sector, it is certain that a recovery will come. Throughout 2020 and post year-end, we have been managing the Group to withstand the impact of the pandemic and to ensure that our businesses are perfectly positioned to maximise the return to widespread international travel.

Our new strategy, coupled with the necessary restructuring we have undertaken, will enable us to create a new daa and rebuild our business, both at home and abroad.

Dublin Airport is Ireland's major international gateway

Dublin Airport

Passenger numbers at Dublin Airport declined by 78% to just under 7.4 million due to the impact of the coronavirus pandemic.

In line with Irish Government guidelines, Dublin Airport remained opened as an essential service throughout the year.

Dublin Airport lost 25.5 million passengers last year, which was equivalent to 27 years of growth as annual throughput declined to 1994 levels. Such a huge loss in traffic can be hard to visualise. But to put that number in context, it is equivalent to the population of Australia.

More than half of all the passengers who travelled through Dublin Airport in 2020 did so during the months of January and February. We had a positive start to the year, with traffic up by 2% during the first two months. The impact of the pandemic began to be felt in March when the Irish Government began to advise citizens against non-essential travel overseas and Ireland entered lockdown for the first time. Passenger numbers fell by more than 55% in March and by April, traffic had fallen by 99%.

During the 2019 summer season, Dublin Airport had flights to more than 190 destinations in 42 countries operated by almost 50 airlines. By April 2020, which should have been the start of the summer season for the year under review, Dublin Airport had flights to just 22 destinations in 11 countries operated by seven airlines. Connectivity that had been hard won over many years had been decimated in a matter of weeks.

The number of passengers who took flights to and from continental Europe declined by 77% to 4 million last year. Passenger numbers on flights between Dublin Airport and Britain declined by 76% to 2.4 million, while transatlantic passenger numbers, including transits, fell by 84% to just over 690,000. Passenger numbers on flights to and from other international destinations, which includes flights to the Middle East, declined by 76% to almost 237,000. The number of people who took domestic flights declined by 68% last year to just under 34,000.

More than 400,000 passengers used Dublin as a hub during 2020, meaning that just under 7 million passengers either began or ended their journey at Dublin Airport last year.

The vital role that Dublin Airport plays in Ireland's global supply chain was clear during the year as it was the main hub for the import of essential PPE and medical equipment. Almost all of the critical PPE that was imported to help the Irish health system cope with the impact of COVID-19 passed through Dublin Airport on 365 dedicated cargo flights, which were facilitated by the continued operation of the airport. Ireland is home to large medical devices and pharmaceutical sectors and Dublin Airport was also a key hub for the export of essential products during the year.

Overall cargo volumes at Dublin Airport declined by 18% during the year, as the reduction in scheduled passenger services led to a 52% fall in bellyhold cargo. However, the volume of goods carried on dedicated cargo services doubled during the year, as airlines expanded their cargo operations to address the decline in scheduled flights. Dublin Airport continues to facilitate regular PPE cargo flights, and is now also beginning to handle regular shipments of COVID-19 vaccines.

Airport charges at Dublin Airport are set independently by the Commission for Aviation Regulation (CAR). In light of the devastating impact of COVID-19 on traffic levels at the airport, CAR held an Interim Review of its 2019 Determination, which set prices between 2020 and 2024, during the year.

The review was specifically in relation to 2020 and 2021 and CAR published its decision in late December. It removed all triggers and adjustments that related to the price caps for the two years in question and set the price cap at €7.50 per passenger for 2021. For 2020, CAR replaced the per passenger cap with a series of individual caps that reflected Dublin Airport's published menu of airport charges for the year.

CAR has said that a further review of the 2019 Determination will be required. All of the economic and traffic assumptions that the 2019 Determination were based on are now redundant. Passenger traffic collapsed in 2020 and at the time of writing, it is, as yet, impossible to make an accurate forecast for this year.

However, it is evident that the impact of the COVID-19 pandemic will be felt for several years and this will present challenges for Dublin Airport and other players in the aviation sector in the medium term.

As we have indicated previously, the nature of the current regulatory system is not conducive to the requirements of a cyclical industry in which the airport operator needs to take a prudent long-term view in relation to the management and the development of one of Ireland's key strategic assets.

The Irish aviation industry has been decimated by the pandemic and all players need to work together to rebuild Dublin Airport's connectivity in the medium term. CAR can have a role to play in this recovery. Investment decisions that may appear counter cyclical can often represent the most effective and efficient use of resources and are therefore in the best interests of all airport users.

"Irish aviation has been decimated by the pandemic and all players need to work together to rebuild Dublin Airport's connectivity."

Construction works continued on the North Runway project during the year.

Construction works continued on the North Runway project during the year, and very significant progress was made onsite, notwithstanding an interruption to the programme due to COVID-19 restrictions.

In March, planning approval was received to amend the physical layout of certain elements of the North Runway to comply with new international regulations governing runway construction. The new layout replaces a runway design which was granted planning permission in 2007 and was based on the prevailing standards at that time. Construction of the runway will be largely completed in the second quarter of this year. Following a rigorous period of testing and commissioning, the new runway is expected to become operational in 2022.

In December, we lodged a planning application with Fingal County Council (FCC) to amend the two onerous planning conditions that are due to apply to the operation of the new runway and the overall runway system at Dublin Airport when North Runway begins operations.

The current conditions would limit the use of the airfield between 11pm and 7am and also place an overall limit of 65 aircraft movements across the entire airport campus during that period. We have signalled for many years that these two conditions were hugely problematic for the operation of the airport and had originally wanted to have them removed. However, following engagement with local communities we revised our position. We are now seeking an amendment of the conditions and proposing significant noise-related mitigation measures.

Our application proposes introducing a noise quota system between 11.30pm and 6am. Noise quotas are the industry standard approach for managing night-time noise at large airports. We are also proposing that the new runway would only be used between 6am and midnight, meaning that there would be no flights on North Runway during the core midnight to 6am night-time hours.

Under these proposals the overall effects of night-time noise at Dublin Airport are less than envisaged under the planning permission granted in 2007, and do not exceed those in 2018.

Our proposal balances the requirements of the Irish economy with the concerns of the local community. It will provide Dublin Airport with the operational flexibility that is essential to help restore the air connectivity that has been lost due to COVID-19 and enable the Irish economy to recover from the economic impact of the pandemic. The proposal also ensures that the effects of night-time noise that were envisaged by the original 2007 planning conditions are not exceeded.

Under legislation which came into effect in 2019, FCC is now the Aircraft Noise Competent Authority (ANCA) for the purposes of noise regulation at Dublin Airport. ANCA has now started its assessment of the noise situation at Dublin Airport following the submission of our planning application in December.

ANCA will apply the ICAO Balanced Approach to aircraft noise management in its deliberations. As part of this application, it will consider three elements before contemplating operating restrictions - reduction of noise at source, land-use planning and management, and noise abatement operational procedures. Only after these three elements have been exhausted, should the fourth element of the Balanced Approach – operating restrictions – be considered.

A major upgrade to the airport's hold baggage screening systems continued during the year. These works are an essential regulatory requirement to comply with new European standards. The project is particularly complex in Terminal 1, as elements of its existing baggage handling system are at the end of their natural life and cannot be restructured to accommodate the new screening machines. The works have necessitated the temporary closure of certain check-in areas in Terminal 1; however, this did not have a significant impact on operations due to very low passenger volumes during the year.

Significant progress was made on both the North Runway project and our new hold baggage screening systems during the year, almost all of our capital expenditure was spent on these two key projects making the most of reduced traffic and movement through our airport.

When possible, we also progressed key airfield and terminal projects during the year and in some cases, these works took advantage of the significant downturn in traffic. The airport's main runway, Runway 10/28 was re-designated during the year to take account of the new North Runway. Runway 10/28 is now 28L and 10R while the North Runway will be designated 28R and 10L. We also completed the rehabilitation of Runway 16/34 and a series of other airfield related projects.

A new expanded immigration hall serving arriving passengers from Pier 1 and Pier 2 was completed in the summer, providing an enhanced environment and additional dwell space if required. We also delivered a new seating area in the main departures lounge in Terminal 2 and continued works to upgrade certain passenger facilities in Terminal 1.

Passengers at Dublin Airport

7.4m

-78% versus 2019

Cork Airport

Cork Airport entered 2020 as Ireland's fastest growing airport. It had enjoyed five consecutive years of growth, which had seen passenger numbers increase by 25% from 2.1 million passengers in 2015 to almost 2.6 million in 2019.

The airport made a strong start to the year as passenger numbers increased by 6% in the first two months of 2020. But the pandemic had a catastrophic impact on Cork Airport's business in the remainder of the year. Passenger numbers declined by 80% to just 530,000 during 2020, 317,000 of whom had travelled in January and February.

Traffic declined across all markets served by Cork Airport. The number of passengers travelling on flights to Britain fell by 78% to 305,000. London traffic was down 76%, while passenger numbers travelling on routes to and from other British destinations declined by 81%.

Pre-Covid, Cork had more than 50 routes with nine scheduled airlines, flying to destinations in the United Kingdom and Continental Europe. Currently, Cork Airport's only routes are a service to Heathrow with Aer Lingus and a service to Amsterdam with KLM, both of which operate thrice weekly.

Cork Airport has remained open throughout COVID-19 as an essential service providing key infrastructure for vital air services. It continues to play a key role in search and rescue missions, Air Corps and Garda operations, and medical evacuations and transplant flights.

In recognition of the particular difficulties facing Cork and Shannon airports because of the pandemic, the Irish Government has established a funding programme for State-owned regional airports in 2021. It is making €32.1 million available under this programme in 2021, which is open to Cork and Shannon airports. A total of €16.5 million has been allocated to the capital spending schemes, while €15.6 million is being allocated to support operational activities at the airports.

First Irish airport to achieve ACI Airport Health Accreditation

See more on page 21

Cork Airport entered 2020 as Ireland's fastest growing airport

Passengers at Cork Airport

530k

-80% versus 2019

At the time of writing, Cork Airport has secured capital and operational support of €18.7 million from the Government for this year.

During the year, we began the procurement process for the reconstruction of Cork Airport's main runway, which will be part funded by the State. This will be the first time that the State has invested directly in operations at either Cork or Dublin airports in several decades, and the support from the Exchequer is appreciated.

The runway reconstruction will be the largest single investment at the airport since the opening of the new passenger terminal in 2006. Enabling works will begin in June and the main works will take place from mid-September until mid-November. It is anticipated that these main works will be on a 24-hour basis. The overall project will comprise a full reconstruction of runway 16/34, an upgrade to the aeronautical ground lighting (AGL) system, and other related works. The AGL system will use LED lights, which typically reduce energy consumption by more than 60%.

Good progress was made on the upgrade of Cork Airport's hold baggage screening system during 2020 and this project will be completed later this year. Our prudent investments in the main runway and the baggage screening system will help position Cork Airport to capitalise on the expected upturn in the aviation market in the medium term.

"The reconstruction of Cork Airport's main runway will begin in 2021."

Case Study **Safety Programme**

Global recognition for Dublin and Cork Airports' COVID-19 safety measures

Dublin and Cork airports received a global endorsement for the measures that they have introduced to protect the safety of passengers and staff during the COVID-19 pandemic.

Cork Airport was the first Irish airport to achieve ACI Airport Health Accreditation and now both airports' efforts have been formally recognised by Airports Council International (ACI) World and ACI EUROPE and Dublin and Cork airports are now a member of ACI's Airport Health Accreditation programme.

The airport health accreditation programme provides airports with an independent assessment of the new health measures and procedures that have been introduced as a result of the COVID-19 pandemic. It also measures an airport's compliance with new industry standards in relation to health and safety.

Cork Airport

Commentating on Cork Airport being certified under the Airport Health Accreditation programme, Niall MacCarthy, Managing Director said: "The fact that Cork Airport is the first airport in Ireland and one of the first in world to be a holder of this international certificate proves that it is always our top priority to ensure the health and safety of our passengers and employees. The awarding of the Airport Health Accreditation certificate is also proof that our measures at Cork Airport are at the top of all international standards. I should stress that we never ever compromise on the health and safety of our passengers and employees at Cork Airport. This certification will become increasingly important as the Government moves to reopen international travel and the industry and Government collaborate on restoring passenger confidence in travel."

Cork Airport has invested significantly in a wide range of public health measures including the fitting of plexiglass screens throughout the terminal, multiple sanitisation stations and units, hundreds of signage and social distancing graphics throughout, various face mask vending machines, five Anti-Viral Fogging Units, high technology queue management software with automated alerts where space capacities exceeded, state of the art (COVID-19 specifically tailored) cleaning regime to ensure the terminal is sparkling clean and hygienic.

Dublin Airport

Dublin Airport Managing Director Vincent Harrison said the ACI accreditation was "a significant validation" of the work that the airport has undertaken in the area of health and safety in recent months.

"The safety of our passengers, our employees and the staff of all the other companies that operate on the campus is always Dublin Airport's main priority," Mr Harrison added. "We introduced our safety measures based on a comprehensive series of risk assessments and the new international guidelines, and it is very pleasing that the efforts of the entire Dublin Airport team have been recognised in this manner."

Dublin Airport has introduced a wide range of new measures to protect the wellbeing and safety of all passengers and staff in light of the COVID-19 pandemic.

It has installed more than 1,000 hand sanitisers throughout the airport, and more than 700 plexiglass screens are in place at close contact points throughout the airport. About 12,000 separate pieces of COVID-19 related signage are in place to assist and inform passengers, and there are also regular announcements on the airport's public address system to remind passengers of social distancing guidelines.

Dublin Airport's cleaning processes have also been enhanced to reflect COVID-19. All key contact surfaces such as security trays, self-service kiosks, escalator handrails, and trolleys are now undergoing enhanced cleaning, with a specific focus on any areas where passengers dwell.

Modern electrostatic disinfection techniques are being used in many key areas. This electrostatic cleaning uses a special spray which is electrically charged and this enables the sanitisers and disinfectants in the spray to wrap around and evenly coat all types of surfaces for a much more complete and longer lasting clean.

ARI well placed to take full advantage of the upturn when it comes

Aer Rianta International (ARI)

ARI is the Group's travel retail operation and also holds our equity investments in overseas airport operations.

In addition to operating outlets in Dublin and Cork airports, ARI also has a broad span of retail activities internationally, with direct or indirect interests in 14 countries across North America, Europe, the Middle East, and Asia-Pacific and a minority shareholding in Düsseldorf Airport in Germany, and in Larnaca and Paphos airports in Cyprus.

Group turnover for 2020 was severely impacted by COVID-19 in all locations with significant disruption due to travel restrictions and border closures.

With such a major fall in turnover, the key focus of the year was implementing cost control measures across all areas and stringent cash flow management. An essential element of this has been the renegotiation of commercial terms with airports. Significant and material progress has been made in obtaining relief and also term extensions on certain key contracts. The core international retail losses and cash flow challenges would have been significantly worse had it not been for the speed and decisiveness of actions that have been taken to date. These actions included restructuring programmes which resulted in approximately 1,000 employees leaving the business across the ARI estate. At this point in time, it is impossible to predict how long travel restrictions will be in place across the globe and the nature of the manner in which the aviation industry and travel retail will bounce back.

Group loss on ordinary activities after taxation was €66.5 million, compared to a profit of €13 million in 2019. The impact on our investment in Düsseldorf Airport, where we hold a 20% stake, was significant, accounting for losses of €26 million during the year, but all other locations were also impacted by the pandemic. Passenger numbers at Düsseldorf Airport declined by 74% to 6.6 million. As part of an extensive refinancing of the airport, a €20 million subordinated loan facility was provided, some €12 million of which had been drawn by the end of 2020.

In Ireland, ARI operates our retail business, The Loop, at Dublin and Cork airports and also manages a number of retail concessions at the two airports. Total sales at Dublin and Cork airports, including retail and food and beverage sales by concessionaires, decreased by about 75% in 2020. This was marginally better than the overall decline in passenger numbers.

ARI's joint venture operations at Delhi International Airport, where ARI holds a 33.1% stake, started the year very well and benefited from the opening of the refurbished departure duty free store. However, the material decline in international traffic since March has had a severe impact on operations. Management have successfully managed cash resources and are well-placed to react speedily to a recovery in passenger volumes.

ARI Middle East (ARIME), which has business interests in Bahrain, Lebanon, Qatar, Oman, Saudi Arabia, and Cyprus, had a difficult year in all markets in 2020, with the exception of Qatar, which traded in line with 2019.

In addition to dealing with the COVID-19 pandemic, the situation in Lebanon was particularly challenging with civil unrest, currency weakness and a catastrophic explosion in Beirut port. However, the combination of the immediate application of cost reduction measures, coupled with relief negotiated with airports and also the leveraging of new e-commerce platforms has helped all locations perform better than the underlying drop in passenger volumes.

The new airport in Bahrain formally opened post year-end on January 28, 2021 and we look forward to continuing our long-term relationship there. The contract in Oman was extended for a further four years on commercial terms that will underpin a viable business during these uncertain times.

Trading in Qatar and Saudi Arabia held up particularly well, driven by domestic factors in both locations. Our investment in our Saudi Arabian entity completed during the year. Negotiations on an extension to ARIME's contract in Qatar progressed satisfactorily during the year, with a multi-year extension agreed.

The much-anticipated Midfield Terminal at Abu Dhabi's International Airport is now scheduled to open in 2022. ARIME will operate a number of stores in 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 in Cyprus in addition to a joint venture shareholding in the food and beverage operation at both airports. ARI's retail operations in Cyprus had a challenging year due to the fall in passenger numbers. Overall passenger numbers at the two airports decreased by almost 80% to 2.3 million which also impacted the airports' operator Hermes Airports, in which ARIME has an 11% stake.

However, despite the impact of COVID-19 restrictions, the refurbishment and upgrading of the retail space in Larnaca was fully completed on time and on budget in August 2020. Management there is confident that the business will recover quickly, underpinned by an increase in the array of global brands coupled with an extensive assortment of local Cypriot products.

The performance of ARI's retail operations in Canada and Auckland were significantly impacted by border closures and the fall in international long-haul traffic, particularly on Chinese routes, which typically have higher spending passengers.

In Montréal, building on our collaborative relationship with the airport and our award-winning offer there, the contract was extended for a further seven years to 2030. Our new e-commerce platform, The Loop was successfully launched in English and French in Montréal in the second half of the year.

In Auckland, we continued to work with the airport to develop a domestic duty paid offering and collaborated on their e-commerce platform, while preparing for a reopening of the borders. ARI remains hopeful that the key Trans-Tasman corridor between New Zealand and Australia will reopen in late April.

During the year, ARI was awarded a five-year duty free retail concession at Tivat and Podgorica airports in Montenegro. Implementation work in Montenegro is complete, but the opening of the stores has been impacted by COVID-19.

In 2020, ARI won several significant prestigious international awards for its retail offering including:

- Montréal: North America Airport Retailer of the Year
- Montréal: North America Travel Retailer of the Year
- Dublin: Best Tactical Advertising Campaign
- Dublin: Best Integrated Marketing Campaign
- Dublin: Speciality Concept of the Year
- Delhi: Best Use of Social Media

Across all of our markets, ARI management is now focused on ensuring that our retail offer is aligned with consumer expectations in the post-COVID-19 era.

Significant work is ongoing to redefine the customer proposition and while we have a clear plan in place for the next 18 months, our retail business must be prepared to adapt and be agile in an environment that is likely to remain uncertain for the foreseeable future.

Difficult decisions were made in 2020 to ensure the long-term viability of the business. New organisation structures are now in place and teams are smaller. But we are confident that these changes – coupled with the talented and dedicated teams we have across all locations – mean that ARI is well placed to take full advantage of the upturn in international travel when it comes. We have a strong estate of world-class outlets, with great teams and excellent relationships with our suppliers, our partners and our airports.

"Significant work is ongoing to redefine the customer proposition and while we have a clear plan in place for the next 18 months, our retail business must be prepared to adapt and be agile in an environment that is likely to remain uncertain for the foreseeable future."

daa International expands its range of activities

daa International

daa International leverages the expertise of the wider daa Group to offer advisory, management and consultancy services to its clients around the world.

The business had a positive start to 2020 that saw the expansion of daa International's operations to new locations in Saudi Arabia, a continuation of its ongoing work in the Philippines, and completion of a first project in Australia.

However, closure of much of the world's aviation business for several months due to the COVID-19 pandemic had a significant impact on daa International's operations, with a reduction in the services provided to aviation clients and the accompanying fall in revenue streams.

In addition, many of daa International's staff on international assignment endured some of the strictest local lockdowns and travel bans for much of the year.

The second half of 2020 saw an upturn in activity, particularly growth in the range of services provided to King Khalid International Airport (KKIA) and the Riyadh Airport Company (RAC) in Saudi Arabia. By year-end, daa International had re-grown the services it provides to KKIA by 40%, with a full-time team of 10 individuals working with RAC.

Additionally, as the operator of Terminal 5, the domestic terminal at KKIA, daa International has seen a quicker return to normal passenger numbers than many markets, with figures approaching 60% of pre-COVID-19 levels by year-end.

daa International continues to manage the ongoing operation of Terminal 5 in addition to providing speciality services to the Riyadh Airport Company in areas such as Aviation Business Development, Talent Development, Car Parks, Commercial Concessions, Asset Management, Business Continuity and Operational Readiness and Airport Transition (ORAT) Services.

daa International's advisory services contract with Dammam Airport and the Dammam Airports Company (DACO) in Saudi Arabia, continued during the lockdown period in the country and was completed successfully during the year. daa International is hopeful of developing further partnerships with DACO in the future.

At year-end, daa International won a contract with the Red Sea Development Company to become the airport operator for the Red Sea Airport project. Our role in the project will begin with providing consultancy services during the initial construction phase.

The Red Sea Development Company awarded the contract to daa International to deliver a next generation airport experience that will marry innovative design solutions and cutting-edge technology to create a unique travel experience.

The airport has been designed to comply with the highest environmental building practices and arrivals will be limited to one million passengers per year to protect the pristine environment of the Red Sea destination, which includes an archipelago of 90 islands and the world's fourth-largest barrier reef.

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

11m

-57% versus 2019

The Red Sea Airport will receive its first passengers in late 2022, when the resort will have in the region of 3,000 hotel rooms available. Upon completion in 2030, visitor numbers will be capped at about 8,000 occupied rooms per night.

The Red Sea Development is a flagship project for the Saudi Government and represents an unprecedented opportunity for daa International to cement its position as a leading international aviation services provider within Saudi Arabia. The project further represents a long-term airport operations and management contract and will support daa International as it seeks to capitalise on this success and develop major projects in other areas of the world.

Other project work in South East Asia and Australia has faced significant challenges during the year due to the economic downturn in the aviation sector caused by the pandemic. However, daa International continues to support its clients, as the sector prepares for a return to more normal services in some locations in 2021.

In Australia, daa International is very well positioned to support a number of key airport development projects within the country. daa's experiences over the past decade, delivering a large scale new terminal operation and constructing an additional runway in Dublin, has developed internal capabilities and expertise which can be leveraged to support the development of similar infrastructure projects in the Australian states of New South Wales and Victoria.

daa International has also positioned itself within the international airport concession market, forming strategic relationships with key market players to explore emerging opportunities, particularly in the Middle East, the Caribbean and South East Asian markets.

Thanks

Our Group Chief Financial Officer Ray Gray is leaving daa later this year, after 22 years in the role. I would like to thank Ray for his huge contribution to the Group during that period and to wish him well for the future. I would also like to congratulate his successor Catherine Gubbins, who will take over as Group CFO in May.

It has been a very challenging year for the Group and for all of our employees. We had to act swiftly and take some very difficult decisions to protect the business. I would like to thank all of my colleagues in daa for their perseverance, resilience, and hard work during the year.

Our teams across the business dealt with adversity on a daily basis through much of 2020 and their efforts are hugely appreciated. We look forward to better days ahead for our Group.

Dalton Philips
Chief Executive Officer
13 April 2021

"The Red Sea Development is an unprecedented opportunity for daa International to cement its position as a leading international aviation services provider with Saudi Arabia."

Passengers in Terminal 5, King Khalid International Airport, Riyadh, Saudi Arabia

7.6m
-54% versus 2019

Maintaining strong finances

> "The effects of this pandemic continue to dominate the early part of 2021... uncertainties make it difficult to predict the shape, pace and extent of the recovery..."

Ray Gray
Chief Financial Officer

The headline for the CFO Review in the 2019 Annual Report was "2020 is set to be dominated by the effects of the global COVID-19 pandemic". This was written in March, as the first restrictions were being put into effect. Just as the 2019 results were being finalised, we were rapidly moving from record Group profitability in 2019 towards a record loss in 2020.

The global outbreak of COVID-19 has had an unprecedented adverse impact on every aspect of our operation in 2020. The pandemic and the resulting actions and measures taken by governments across the world, including significant travel restrictions, has led to a significant number of airport closures, flight cancellations and suspensions and a consequent reduction in passenger traffic globally. This has resulted in airline operators standing down their aircraft fleet and flight schedules, significantly reducing capacity levels and in some cases suspending all capacity at the domestic airports and international locations in which we operate. This has had a devastating effect on turnover and profitability for the Group in 2020.

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

	2020	2019
Passenger numbers – Ireland (millions)	**7.9**	35.5
Change %	**-78%**	5%
	€'m	€'m
Group turnover	**291**	935
Change %	**-69%**	4%
Group operating costs[1]	**260**	446
Change %	**-42%**	5%
Group EBITDA[2]	**(33)**	302
Change %	**-111%**	4%
Group (loss)/profit after tax – before exceptionals and fair value movements	**(187)**	150
Exceptional items and fair value movements	**(97)**	26
Group (loss)/profit after tax – after exceptional items and fair value movements	**(284)**	176
Net cash outflows from operating activities (before restructuring payments)	**(8)**	276
Change %	**-103%**	-2%

1. Group operating costs include payroll and related costs, materials and services and other income - government support.
2. Group EBITDA comprises Group earnings before interest, tax, depreciation, before exceptional items, excluding contributions from associated and joint venture undertakings.

COVID-19 response

Our response to the financial challenges posed by the pandemic was swift and built around three key themes.

- **Cash flow control**
  Tight cost and cash flow and working capital controls were put in place. Notwithstanding a €446 million cost base in 2019 with significant fixed-cost elements, and a 70% drop in Group gross margin to €227 million, cash outflow from operations (before restructuring payments) was restricted to €8 million (see Cash flow statement). Significant cost actions were taken, and government and other stakeholder supports were availed of; year-on-year reductions on average of 58% were achieved in operating costs in the last seven months of 2020.
- **Liquidity and balance sheet management**
  The Group's available, committed, and essentially uncovenanted and unsecured, liquidity (€1.2 billion at the end of 2020) was significantly increased and average maturity lengthened. Scheduled repayments on the Group's borrowings of €1.6 billion are €185 million (12%) in the next five years. Contracted capital commitments amounted to less than 9% of available liquidity at the year-end. Future investment commitments were reviewed and will be informed by a range of factors including visibility and pace of the anticipated recovery in air traffic and price regulation factors.
- **Future size and shape**
  In May 2020, we launched a significant restructuring programme for our Irish businesses, incorporating a right-sizing programme and significant work practice changes. This will potentially see our workforce in Ireland operating at about 70% of 2019 levels and with new team-based models across our airport campus operations. Significant reductions have also been effected in ARI's international retail operations, where concession terms have also been revised in a number of cases.

2020 results

Passengers through Dublin and Cork airports for 2020 amounted to 7.9 million compared to 35.5 million in 2019. Passengers at daa's Irish airports were 22% of 2019 levels. Data from Airports Council International (ACI) Europe reported international passengers at 25% of 2019 levels.

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 turnover declined by 69% to €291 million compared to €935 million in 2019. The result is driven by a decrease across all categories of revenue. Domestic airport related turnover decreased by €457 million or 68% to €211 million compared to €668 million in 2019. Aeronautical revenue declined by 72% to €89 million. Domestic retail revenue decreased by 74% to €47 million and other commercial revenue declined by 57% to €75 million. International turnover declined by 70% to €80 million (see the CEO review). Gross margin decreased by 2% from 80% to 78% in 2020.

The Group recorded an EBITDA[2] loss before exceptionals of €33 million compared to an EBITDA profit of €302 million in 2019.

Group operating costs before exceptionals[1] decreased by €186 million or 42% to €260 million from €446 million. Domestic airport costs[1] amounted to €201 million; a decrease of 37% from €320 million in 2019 and international costs[1] decreased by 53% to €59 million (2019: €126 million).

We implemented a range of cost mitigating actions during 2020, including placing Irish-based employees on 80% of normal working hours, introducing a recruitment and pay freeze, reductions in contract and seasonal employment costs, and reductions in domestic and international employment levels. We introduced a voluntary severance scheme at our Irish operations in order to right-size the business over the next 18 months. Similar restructuring programmes also took place across our international operations (see the CEO review for further details), average Group employee numbers reduced by over 20% (see Note 3 to the Financial Statements), with year-end levels reducing by substantially more.

We also availed of a number of Government supports that were made available domestically and internationally where applicable, these included wage subsidy schemes, local authority rates waivers and rebates. The Group recognised €34 million from various Governments, wage subsidy schemes (see Note 4 to the Financial Statements). Separately, our international business obtained concession fee reductions and term extensions on key airport retail contracts.

Group loss after tax, before exceptional items was €187 million, a significant decrease compared to a profit of €150 million in 2019. Exceptional items net of tax amounting to €97 million arose with the introduction of a staff options package which included voluntary severance programme and career breaks, which led to €88 million (net of tax) being recognised. Exceptional items also includes a fair value decrease net of taxation of €9 million in investment properties (see Note 6 to the Financial Statements).

After exceptional items, the Group incurred a loss after tax of €284 million (2019: profit of €176 million).

Loss after taxation (pre-exceptional)

-€187m

EBITDA[2]

-€33m

Operating expenses[1]

€260m

-42%

1. Operating costs include payroll and related costs, materials and services and other income – government support.
2. Earnings before interest tax depreciation and amortisation (before exceptional items).

Business units

Dublin Airport regulated activities recorded a negative EBITDA of €2 million (2019: €276 million). EBITDA from all other activities including international locations was a loss of €31 million (2019: profit of €26 million) reflecting, in particular, COVID-19 induced losses at Cork Airport and from international retail activities.

International results significantly decreased from a profit contribution of €13 million in 2019 to a loss of €66.5 million in the current year, this takes into account a €34 million share of loss from associates and joint ventures (2019: profit of €17 million) of which €26 million is due to the Group's share of losses arising in Düsseldorf Airport.

daa International also had a difficult year due to COVID-19, with turnover decreasing by 58%, reversing its 2019 profitability into a modest loss.

Tax

The Group experienced a €35 million taxation credit compared with a tax charge of €27 million in 2019. The Group's overall effective tax rate was 11% (2019: 13%) and has remained relatively stable year-on-year. Irish corporation tax payments on account in 2019 of €19.5 million in respect of that year are offsetable due to the availability of 2020 losses, €13.5 million of which was refunded during 2020. No material foreign tax arose in the year.

We availed of the Government's tax debt warehousing scheme to assist Irish businesses during the period of restricted trading caused by COVID-19. This scheme allows companies that are severely affected by the pandemic to warehouse VAT and PAYE liabilities arising for a period of 12 months on an interest free basis. The total amount warehoused at 31 December 2020 was €31 million (see Note 17 to the Financial Statements for further details).

Investment

Overall planned capital spend for the year was reduced by more than 20% versus planned levels, and the Group's capital investment pipeline was adjusted in light of the pandemic and the delivery timeframe for a number of major capital projects has been reassessed.

Capital additions for 2020 amounted to €293 million, an increase of €49 million from €244 million in 2019. Expenditure was focused on the key construction projects such as the new North Runway, the required upgrade to hold baggage screening (HBS) infrastructure at our airports and completing projects already well advanced including airfield works at Dublin Airport, construction at Dublin Airport Central and the substantial refurbishment of the retail store in Cyprus.

At the end of 2020, capital commitments were €301 million, of which €108 million were contracted and primarily relate to the North Runway and HBS projects.

During 2020, the Group acquired a 49.9% shareholding in Ahlan Modern Travelers Services Company Limited (AMTSC) (see Note 32 to the Financial Statements) and also committed to provide loans of €26 million in aggregate to two associated undertakings (see Note 14 to the Financial Statements).

Treasury Management

Cash flow activities and net debt

Reflecting the reduction in operating cash flow arising from the impact of COVID-19, Group had net cash outflows from operating activities (before restructuring payments) of €8 million in 2020 compared to inflows of €276 million in 2019 (see Note 25 to the Financial Statements).

After restructuring payments of €40 million (2019: €0.7 million), investing activities of €285 million (net) (2019: €204 million), the effects of interest, bond issue and dividend payments, net debt increased by €353 million to €783 million.

Funding and liquidity

We took a number of financing decisions in 2020 to secure the Group's strong liquidity position:

- In March, the Group upsized its committed revolving credit facility (RCF) from €300 million to €450 million and extended the maturity out from November 2022 to March 2025 and subsequently in October, extended the maturity again by another year to March 2026.
- In the second quarter of 2020, the committed €350 million European Investment Bank (EIB) loan was drawn on an average fixed rate of 0.935% and was disbursed on a 20-year amortising basis with a capital moratorium for the first five years with interest and capital payable semi-annually.
- Finally, in October, the Group issued a €500 million Eurobond on Euronext, Dublin's main securities market, at a fixed rate coupon of 1.601% repayable in November 2032. See existing group debt facilities table on page 29 for further information.

The Group is currently rated 'A-/A-2' on negative outlook by credit rating agency S&P Global Ratings (S&P). At the start of 2020, the Group was rated A/A-1 and was on a stable outlook. However, in March, S&P placed the rating on CreditWatch with negative implications due to the onset of COVID-19 and potential weaker passenger traffic in 2020. Then in July, S&P lowered the rating to A-/A-2 and placed the outlook on negative. This rating of A-/A-2 remains on negative outlook today.

Net debt

€783m

+82% versus 2019

Liquidity

€1.2bn

+26% versus 2019

Eurobond issued in 2020

€500m

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.

Funding	The Group's funding operations are strategically important and support capital expenditure, the refinancing of maturing debt and supply of adequate liquidity. The Group has consistently placed a high priority on maintaining a strong investment grade credit rating and targeted longer maturity funding from the capital markets and the European Investment Bank. The Group's funding policy is 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 39% at the year-end, which increased from 22% in 2019. Details of fundraising and liquidity management are set out above. The detailed cash flow statement is shown on page 84 and is supported by Notes 25 and 26 to the Financial Statements. The Group's debt maturity profile shows a very manageable repayment position with no significant repayments until June 2028 when the €400 million Eurobond matures – see Group debt maturity to 2032 on page 30.
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. As a result of financing actions, the Group had, at 31 December 2020, liquidity of €1,235 million consisting of €785 million cash and the undrawn €450 million committed RCF, providing the Group with strong liquidity to meet the ongoing challenges presented by COVID-19. Capital commitments contracted at 31 December 2020 were €108 million, while a further €193 million were authorised by the Directors but not contracted.
Interest rate	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 2020, 99% of the Group's debt was fixed to maturity thus minimising exposure to interest rate fluctuations. The weighted average interest rate applicable to the Group's borrowings was 1.7% (2019: 2.2%).
FX	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 27 to the Financial Statements.
Counterparty credit	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.

Existing Group debt facilities

Instrument	Maturity	Current outstanding
Eurobond	June 2028	€400m
Eurobond	November 2032	€500m
Various EIB facilities	Amortising to 2040*	€662m
Revolving Credit Facility (RCF) (€450m)	March 2026	€NIL (Undrawn)

* Varies by loan.

Capital expenditure

€270m

+22% versus 2019

Capital commitments

€301m

-48% versus 2019

Outlook

The effects of this pandemic continue to dominate the early part of 2021. Due to further waves and new strains of COVID-19, international travel has been much more severely curtailed in Ireland and many other countries in which the Group operates. Irish passenger and Group revenue activity levels for the first quarter of 2021 were down 92% and 80%, respectively, on the same, largely pre-pandemic period in 2020. We had already fully anticipated a very weak start to 2021.

As outlined below, many uncertainties continue to make it difficult to determine the upper and lower levels of activity that the Group will experience for the remainder of 2021. Industry forecasts suggest the recovery of European passenger traffic could be limited to 30% of 2019 levels. For Ireland, estimates need to be tempered by an absence of a domestic air market (typically more rapidly recovering), the present cautious national health and travel policy response, the pace of vaccine rollout, and an absence as yet of any effective co-ordinated EU or widespread international response to travel restrictions, corridors, vaccine passports or digital certification. All of these factors necessitate cautious consideration with regard to the pace of a 2021 recovery.

Despite the substantial challenges occasioned by COVID-19, there are substantive grounds for optimism in the medium-term recovery. We know aviation is critical for our economy in Ireland for our connectivity, trade and tourism and there is huge underlying demand for international travel.

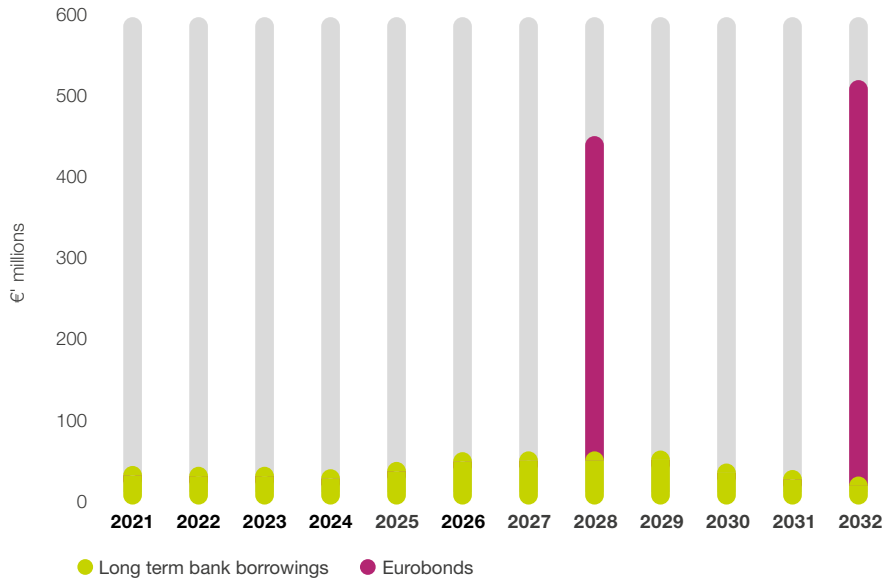
The rapid development and rollout of vaccines, the continuous investment in non-pharmaceutical interventions (including rapid and scalable testing, test/trace effectiveness and genome sequencing) together with improved international co-ordination of measures, all offer opportunity for overtaking and successfully suppressing the virus and the lifting or easing of travel restrictions.

This will take time, and immediate grounds for optimism are tempered by uncertainties, including what the post-hibernation condition of the aviation sector and policy responses will be, together with the effects of changes occasioned by the effects of the pandemic on travel. These uncertainties make it difficult to predict the shape, pace and extent of the recovery that we expect will follow.

Our focus is on being ready for the recovery opportunity, to be resized and reshaped, with the financial flexibility to be able to respond effectively, informed by national aviation policy. We will continue to protect our business by adapting our cost base to remain competitive and investing in critical capital infrastructure programmes.

Ray Gray
Group CFO
13 April 2021

Group debt maturity to 2032

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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

#1 Net Debt

Definition
Net debt is defined as total debt less cash and cash equivalents.

Importance
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%.

Performance
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.

2020: €783m
2019: €430m
MVMT 82%

#2 Operating Costs

Definition
Operating costs encompasses payroll costs and non-payroll costs for the Group net of Government support.

Importance
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.

Performance
Costs[1] have significantly reduced in the year by €186 million, 52% attributable to non pay cost and 48%, attributed to payroll costs.

2020: €260m
2019: €446m
MVMT -42%

Business Operations

#3 Technology Initiatives

Definition
Technology initiatives relate to small and large-scale digital technology and analytics projects implemented across the business.

Importance
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.

Performance
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.

2020: 245
2019: 242
MVMT 1.2%

People

#4 Staff FTEs

Definition
FTEs refer to full-time equivalent contracted employees in the business for the year.

Importance
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.

Performance
By implementing a combination of voluntary severance, career breaks and a recruitment freeze, we achieved a 23% reduction in FTEs by year-end.

2020: 3,205
2019: 4,139
MVMT -23%

#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.

Finances

Restore our finances:

- **Protect our financial position**
- **Restore the value of our business**

Business Operations

Return our businesses to growth:

- **Adapt to passengers' changing needs and expectations**
- **Attract customers back to our businesses**
- **Add value through new opportunities**

People

Re-inspire our people:

- **Embed new structures and ways of working together**
- **Create a climate that recognises people and performance**
- **Engage and empower our people**

Infrastructure

Refocus on our development plans:

- **Deliver critical projects**
- **Unlock capacity through planning**
- **Raise our sustainability ambition**

Stakeholders

Renew and strengthen our relationships:

- **Seek out beneficial partnerships**
- **Be recognised as an authentic voice**

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.

Risk report

Approach to risk management

Risk management is an integral part of decision-making at daa.

The framework for managing risk is modelled on principles of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) methodology. The Group's risk management process is such that 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.

During 2020, COVID-19 amplified certain risks for daa's businesses. The focus throughout the year has therefore been on dynamically assessing the risks, particularly those directly arising from the pandemic and taking mitigating actions to reduce the impacts right across the business. Responsibility for assessing the overall levels of risk and the appropriate responses to the key risk issues rests with the Board. There was active discussion of risk issues throughout the year through the various sub-committees of the Board and the Board as a whole. The Group's governance structure is illustrated in the Governance report on page 66. Key decisions taken were based on careful balancing of long-term and short-term consequences of the evolving pandemic situation, assessment of risks and practical mitigation measures that could be deployed. The ongoing process also involved active engagement with key stakeholders including but not limited to the Shareholder, customers, staff and regulatory bodies.

At operational level, there was ongoing assessment of risks again with enhanced structures and systems in place for managing COVID-19 related risks. These include local health and safety committees, widespread lead worker representative structures at business unit levels, cross functional teams examining various legal, regulatory and financial issues with escalation of matters through management structures and oversight functions.

In assessing the approach to risk, management teams are cognisant of the Group's Values which are founded on respect and high standards of conduct, behaviour, and customer service. There is also a strong focus within the Group on performance and accountability. Risk management is integrated into key aspects 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.

"The focus throughout the year has therefore been on dynamically assessing the risks, particularly those directly arising from the pandemic, and taking mitigating actions to reduce the impacts right across the business."

Approach to risk management

Risk appetite

Risks relating to the delivery of the strategy and objectives are captured, considered and reviewed at business unit, Executive and Board level as appropriate. In response to the impact of the pandemic on the business, a revised interim strategy for the period to mid-2022 was developed and adopted in Quarter 4 2020. Rebuilding our Group Together Strategy, as set out on page 36, provides a pathway for recovery of the business. In December 2020, the Board reviewed and set the Group's risk appetite aligned with the interim strategy, recognising the fine balancing required between different pillars of the strategy in order to manage the overall level of risk for the Group as it rebuilds its business. Thus, the risk assessment and management process continues to respond dynamically as the trajectory of COVID-19 evolves.

The Group's risk appetite profile across different areas and activities of its business is summarised as follows:

- The Board is willing to tolerate a moderate level of risk in pursuit of strategic objectives, however, carefully balancing the pursuit of strategy with maintaining key financial metrics.
- The Board achieves a balanced risk appetite by taking a cautious approach and ensuring the business is adequately financed to meet short and medium-term cash requirements. Thus, daa is not prepared to take risks that would jeopardise its investment grade credit rating or that would threaten the financial stability of the business. Hence, in the short-term, there is a low risk appetite for capital spending (other than on critical projects and those projects already in progress) and for directly investing in non-core activities.
- The Board prioritises the safety and security of passengers, visitors and staff, and has a range of measures in place to support staff welfare, hence, the risk appetite for compromising on areas of safety, security and staff welfare remains low.
- daa takes measures to identify and manage other business and operational risks. There is a low risk appetite for not achieving standards set in relation to maintaining critical systems, protecting data and delivering excellence in passenger experience.
- daa seeks to be a responsible operator, meeting its environmental and planning obligations and raising its sustainability ambitions. This may involve sacrificing short-term gains in favour of the longer-term benefits of more sustainable infrastructure and operations.
- 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. As noted, 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 or indeed in the current heightened risk landscape for the aviation sector.

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 impact right across the business of 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. The Group faces a challenging recovery due to ongoing travel restrictions and/or consumers' appetite to fly pending the rollout of vaccines. Uncontrollable factors relating to demand and supply will continue to put pressure on the business. Overall consumer sentiment for travel remains low and the successful rapid rollout of the vaccine is critical to restoring confidence in air travel. The impact on available capacity in the short to medium-term remains uncertain as airlines consolidate, review strategies and deal with the consequences of the pandemic on their businesses.

In addition to the impacts of COVID-19, other dynamic and evolving risks have been considered by the Executive and Board throughout the year, most notably, climate change and Brexit. Emerging and evolving risks identified by other agencies are regularly reviewed as part of daa's risk management process.

Key to strategic pillars:

- Restore our finances
- Return our businesses to growth
- Re-inspire our people
- Refocus on our development plans
- Renew and strengthen our relationships

Risk area	Risk description	Mitigation	Strategic pillar	Risk trend during 2020
Economic	**External Economic Factors** **COVID-19** The spread of COVID-19 and the implementation of stringent travel restrictions, have had, and will continue to have, a significant adverse effect on the Irish, European and international aviation industry and on passenger demand for air travel for an unknown period of time. This pandemic and the resulting actions and measures taken across the world, have resulted in a massive reduction in travel and business activities. Globally, airline operators (including Ryanair, Aer Lingus and others) have substantially reduced, or in some cases suspended all, their flight capacity levels. The impact of the pandemic is being felt right across daa's international businesses. The Group has operations and/or investments in 16 countries and the COVID-19 pandemic has significantly adversely affected all of these operations. Like other airports and retail operators during the crisis, daa has had a very limited income stream, relying on cash resources and access to credit facilities to meet outgoings. COVID-19 is also having an impact on passenger and customer behaviours. A failure to properly understand and respond to changing passenger/customer behaviours and expectations could result in poor customer service and/or passenger experience. At present, 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, however aviation industry sources currently believe it could be 2024 or later before the number of passengers and air transport movements return to levels seen prior to the COVID-19 crisis. The speed, nature and extent of the recovery will depend on the rapid and successful rollout of the COVID-19 vaccine.	The Group has put in place a strategy to safeguard the long-term viability of its businesses. There is a comprehensive communication programme in place with employees, to keep them informed of the situation as it evolves and to ensure public health guidelines are followed. The Group has a strong cash position and access to credit facilities which it will draw upon as required during this crisis. Strong focus is being maintained on cash collection and operating costs. The Group continues to implement a range of cost mitigation actions to reduce its operating costs and continues to re-evaluate operating and capital expenditure plans. There is continued engagement with credit rating agencies, banks and other stakeholders to keep them up to date on the business and how the crisis is being managed. The Group continues to monitor and review passenger behaviours and responds dynamically. The Group participates in relevant national and international fora to understand and advocate and influence where appropriate the development of policy in relation to responses to the pandemic. In this regard the Group continues to monitor and review passenger behaviours and responds dynamically.		Increased
	Reliance on Core Airline Customers The Group is reliant on core airline customers, all of whom have been significantly affected by COVID-19. These core airline customers have adapted their business models to deal with the impact of the pandemic and are currently operating vastly reduced schedules. The prospects of the Group are dependent to a significant extent on the future strategies, capacity and financial strength of key airlines operating either to/from daa airports or those airports in which daa has significant business interests. A negative impact on revenues arising from a change in strategy by these key airlines, (including any restructuring of any of their route network, consolidation or other structural change in the airline industry) or factors adversely affecting their businesses, such as COVID-19, Brexit or fuel prices, could have a material adverse effect on the Group's business.	The Group is engaging with its airline customers to understand and align as far as possible with their strategies, to rebuild the route network and to identify their future capacity requirements and infrastructure needs.		Increased

Key to strategic pillars:

- Restore our finances
- Return our businesses to growth
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- Renew and strengthen our relationships

Risk area	Risk description	Mitigation	Strategic pillar	Risk trend during 2020
Environmental	**Climate Change, Environmental and Sustainability** There is increasing public and regulatory focus on climate action and environmental sustainability. Taking action on climate change is a national and international priority for policymakers, regulators, influencers and decision makers. New targets are being set and codified into laws and regulations. daa is raising its own ambition, and has committed to being net zero carbon by 2050 and setting challenging interim targets towards achievement of this goal. Risks associated with this include: • daa fails to deliver on its ambitions or is constrained in doing so through misaligned regulatory pricing, airline customer or stakeholder expectations. • Failure to stay ahead of changing passenger, customer and consumer sentiment and expectations in the areas of sustainable operations leading to lowering of reputational status. • 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. • Increased frequency of extreme weather events. • Reduced propensity to travel. • The introduction of punitive taxes on air travel.	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 key priority, and the organisation continues to implement a programme to address key sustainability and environmental issues. There is increased focus on sustainability at project and operational level for all construction projects and all projects incorporate sustainability objectives in line with daa sustainability policy. There is continued focus on compliance with objectives of the Government's Climate Action Plan. 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.		Increased
Policy & 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, health and safety, laws regulations and standards in each of the jurisdictions in which the Group operates and/or has interests. This year has also seen the introduction of new regulations, guidelines and protocols in response to COVID-19. Any breach of these requirements could result in serious financial loss, operational impacts or reputational damage to the Group.	The Group has a dynamic response to all COVID-19 related guidance, maintaining alignment with international and national health protocols and guidelines. 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.		No change

Risk area	Risk description	Mitigation	Strategic pillar	Risk trend during 2020
Strategic	**Regulated Income** The Commission for Aviation Regulation (CAR) sets the maximum level of airport charges to be levied by Dublin Airport. Due to the devastating impact of COVID-19 on the aviation industry, CAR determined that there were substantial grounds to conduct an interim review of its 2019 final determination. This interim review was published in December 2020. It is expected that in 2021 CAR will undertake an interim review for 2022 Price Cap and a comprehensive regulatory review to determine the charges from 2023 onwards. There is a risk that the outcome of this review will deliver a revised level of charges 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 sustainably.	Detailed submissions have been made to CAR to support daa's position, which have included comprehensive information on the impact of the pandemic and strategies for returning to growth. Extensive consultation has taken place to raise awareness of planned developments amongst stakeholders to ensure investment supports airline growth plans and adequate provision is made for building sustainable infrastructure. daa will through appeal mechanisms and judicial review processes, if necessary, seek to amend any unfavourable regulatory determination outcomes.		Increased
	Planning The development of Dublin and Cork airports is subject to the Group obtaining, maintaining and complying with all necessary licences, consents and other permissions, such as planning permission. Delays or negative outcomes in key planning decisions could constrain the delivery of capacity, operational efficiency and impact operations. The implementation of the Aircraft Noise Regulation Act 2019 may lead to longer timelines for securing planning and/or the introduction of unfavourable planning conditions. The implementation of two onerous conditions attached to the grant of planning for North Runway would see the introduction of runway movement restrictions at Dublin Airport, including a limit of 65 aircraft movements between the hours of 11pm and 7am. These operating restrictions may curtail runway activity at certain times to levels which are below current levels. This would have serious operational implications and financial impacts. 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.	The Group's Capital Investment Programme (CIP) is undertaken to deliver growth in line with the State's National Aviation Policy (NAP) and airport 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. The Group submitted a planning application in December 2020 to amend conditions attached to the North Runway planning permission. The Group intends, as part of a future planning application to increase the capacity of the airport to have the 32 million passenger cap per annum amended.		Increased

Key to strategic pillars:

- Restore our finances
- Return our businesses to growth
- Re-inspire our people
- Refocus on our development plans
- Renew and strengthen our relationships

Risk area	Risk description	Mitigation	Strategic pillar	Risk trend during 2020
Strategic (cont.)	**International Operations** COVID-19 is having a significant impact on the Group's international business. There is a risk that some of these businesses fail to recover from the impact and/or are unable to grow in the medium term. Failure to renegotiate commercial contracts to reflect current trading conditions could also have a material impact on the Group's financial position. As the Group operates in a global marketplace, 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.	Arising from the impact of COVID-19, the Group is in the process of renegotiating its commercial contracts and commitments in overseas locations. The Group proactively manages cash, and continuously monitors its liquidity position. A significant restructuring plan is underway which includes a range of cost mitigating actions, as well as implementing new ways of working across the international organisation. The Group proactively manages its relationships with partners and has put structures and processes in place including shareholder agreements and commercial counterparty 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.		Increased
	Capital Investment Due to the impact of COVID-19, the timelines for the delivery of capital projects has changed. Delivery of capital projects and the timing of delivery will depend on the nature and speed of recovery of the Group's business. Risks to the delivery of capital projects may also arise due to cost, funding, project scope, planning permission, scheduling or operational factors, leading to delays in project completion, additional costs and/or consequential capacity shortfalls.	The Capital Investment Programme is under continuous review and is resized/rescoped in light of evolving traffic forecasts and/or funding requirements. Priority focus continues to be given to delivery of critical projects. The Group has processes and procedures in place for Capital Investment Programme management, project management and contract and supplier management.		Increased
	People Following the outbreak of COVID-19 and to mitigate the impact of the revenue losses, a significant restructuring plan was embarked on, which is designed to improve the efficiency and effectiveness of the Group. This restructuring plan includes a range of cost mitigating actions, as well as implementing new ways of working across the organisation. There is a risk that failure to complete this significant restructuring could have a material impact on the finances of the Group going forward and could result in industrial relations issues. In addition, there is a risk that the mitigation measures being taken by the Group could negatively affect staff morale and the ability of the Group to attract and retain suitably qualified personnel.	The Group has engaged collaboratively with both employees and unions, and a restructuring plan has been agreed across most areas of the business. There continues to be ongoing communications with employees on implementation of the new ways of working and cost mitigating actions. Internal dispute resolution mechanisms are in place and when necessary, employee relations mechanisms provided by the State are utilised. 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.		Increased

Risk area	Risk description	Mitigation	Strategic pillar	Risk trend during 2020
Operational	**Hold Baggage Screening (HBS)** daa is in the process of implementing Standard 3 Hold Baggage Screening equipment at its airports. There are temporary additional operational measures being put in place pending full implementation of the new technologies. This is a complex project with relatively short timelines for implementation and a significant reliance on third parties, all of which may result in throughput delays or other impacts on the operation. In addition, the project will not be fully complete in all areas before the regulatory deadline for implementation of September 2021, and approval for continued use of Standard 2 screening equipment, for a limited part of the operation in Terminal 1 Dublin Airport, will be sought from the appropriate authority.	There is a comprehensive project management plan and oversight group to ensure proper implementation and to mitigate risks. An application for the continued use of Standard 2 equipment will be made to the appropriate authority.		Decreased
	Safety Security & 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, flooding, wind, interruptions to power supplies, 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 business 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 and personal injuries.		No change
Financial & Treasury	**Funding for Group** The Group's ability to deliver its planned capital expenditure programme and any unplanned capital or operating expenditure that may be required is dependent on, amongst other things, it being able to source and maintain appropriate funding. Any failure to develop an appropriate funding strategy and/or failure to raise and maintain the required financing on appropriate terms may result in the Group not achieving its objectives and could significantly impair the Group's ability to conduct its business efficiently. Any unplanned deterioration in the Group's business profile could affect its credit rating and in turn the availability and cost of funding the growing capacity, the borrowing capacity of, and the 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 and allows for appropriate capital allocation across the Group. A prudent approach is adopted to the management of liquidity, including pre-funding significant investment requirements.		Increased

Our ESG strategy

daa is committed to being a responsible and sustainable organisation and has supported the delivery of a range of ESG initiatives and activities at home and abroad for many years.

Some initiatives include:

- **investing millions of euro in support of local communities;**
- **achieving record reductions in waste and energy usage; and**
- **creating employment and providing best-in-class training opportunities for our employees at every level.**

daa is fully aware of the evolving need and expectation for organisations to increase their focus on ESG and set out long-term goals, which will contribute to the common good of people, communities, the economy and the environment.

Clearly and effectively communicating the actions we are undertaking to safeguard the environment in which we operate and improve the societies and economies which we directly influence, is critical to building a strong and trusting relationship with our stakeholders. In order to showcase our meaningful efforts in this area, we are developing a new Group ESG Strategy, which will be launched in 2021.

This initial two-year ESG Strategy will (1) seek to bring together the existing work of key focus areas from across the business, (2) build upon previous targets and (3) expand our focus to reach new heights for the Group.

Our ESG Strategy will comprise a number of priority pillars, each aligned to key United Nations Sustainable Development Goals. The organisation's strong governance framework will underpin the strategy and further support its direction and delivery.

It will be transparent, with actionable commitments under each pillar that will be prioritised by the business. We will report on our progress against these commitments at key intervals throughout the year.

We are excited to undertake this next step on our ESG journey, where we will continue our efforts to do our part for society in a fair, objective and transparent manner.

The following information reports on key examples of existing ESG activities undertaken across key areas of the business in 2020.

"Dublin Airport became the first airport in Ireland to achieve Airport Carbon Accreditation (ACA) Level 3+ Carbon Neutrality in 2020."

Environmental Sustainability

Towards our sustainable future

The impacts of climate change are being felt around the world today and the need to take action to protect our environment is incumbent on all businesses. At daa, we are fully committed to a leadership position, nationally and internationally.

The impact of COVID-19 on air travel has been severe. The recovery of air travel and connectivity to markets are critical to the ongoing development of the Irish economy. Like many other airports and businesses worldwide, our expansion plans have been delayed and the financial impact on the business will take many years to repair. We know that beyond COVID-19 it is vital that our development plans incorporate appropriate consideration of climate action targets and protection of the environment. Thus, as we look to emerge from the global pandemic and face the challenges of rebuilding our society and economy, we have reaffirmed our commitment to environmental sustainability as a critical enabler, and we are committed to raising our sustainability ambition further by taking this opportunity to refine and improve the measures to be implemented. We are stepping up our ambitions as we prepare for responsible growth beyond COVID-19.

We are making environmental sustainability an intrinsic part of our DNA, delivering innovative initiatives to drive step-changes in our business models, ensuring that sustainability considerations are at the core of actions we take and decisions we make.

The building blocks of sustainable activities are found in the UN SDGs adopted in 2015, and our sustainability vision and actions relate to these. We are supportive of all the goals, with our strategy particularly aligned with six of the SDGs.

7 Ensure access to affordable, reliable, sustainable and modern energy for all

8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

12 Ensure sustainable consumption and production patterns

13 Take urgent action to combat climate change and its impacts

15 Sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

The evolving regulatory landscape at global, European, national and local levels provides a dynamic framework, within which daa operates, and emerging direction and guidance identify key targets which are incorporated in our plans. Hence, the implementation of our environmental sustainability strategy addresses priorities emanating from the Paris Agreement (2015) and reflected in European, national and local plans such as the European Green Deal (2019), The Climate Action Plan (2019), Fingal County Council's Local Area Plan (2020) and Climate Change Adaptation Plan (2020).

"In 2020, Dublin Airport's net water consumption was just over half that in 2019."

Towards net zero carbon

In Ireland

Against a background of achieving 35.3% reduction in CO_2 emissions in the period 2012 to 2019, daa has set a target of achieving a further 30% reduction against the 2019 baseline by 2030. This target will be monitored and reviewed as necessary in line with expectations emanating from the 2019 Climate Action Plan and Programme for Government. The 2030 target is reflective of our journey towards net zero carbon emissions from our activities at Dublin and Cork airports by 2050.

In this journey towards net zero carbon, Dublin Airport participates in the Airport Council International (ACI) carbon accreditation programme. Dublin Airport became the first airport in Ireland to achieve Airport Carbon Accreditation (ACA) Level 3+ Carbon Neutrality. ACA is an institutionally endorsed, global carbon management certification programme for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions. It provides airports with a common framework for active carbon management with measurable goalposts.

As part of daa's Sustainability Strategy, we made the commitment in 2017 to move from ACA Level 2 (reduction), to ACA Level 3+ Carbon Neutral by 2020. This involved Dublin Airport taking more active steps to reduce direct emissions and also involved engagement with other airport operators to encourage them to do likewise. Dublin Airport has established a forum to engage with campus operators and create common goals.

In order to reach carbon neutrality by 2020, we partnered with Natural Capital Partners and Irish NGO Vita to purchase carbon credits, which in turn contribute to providing funds to restore community water points and enable easy access to clean water for rural families in Ethiopia and Eritrea.

Dublin Airport is now one of 52 carbon neutral airports in Europe under the ACA scheme. daa is currently developing Cork Airport's ACA Level 3+ programme with plans to achieve ACA Level 3+ in 2022.

The year under review was also significant in our decarbonisation journey as we developed sustainability standards for design and construction of new infrastructure at our airports. These standards specify key environmental metrics that will be achieved from all new builds and major retrofits. Together with a 2030 carbon roadmap, also developed in 2020, we are changing how we design new infrastructure and evaluate investments to align with our decarbonisation goals and targets.

While there was a slowdown in the replacement of our light vehicle fleet in 2020, due to the impact of COVID-19, 22% of the Company's light commercial fleet has been converted to low emission vehicles and we remain committed to achieving 100% by 2025. In 2020, Cork Airport in conjunction with the Department of Transport installed five electric car charging units, three for public use.

Our international operations

Our international retail operations are focused on doing business in ways that are better for people and our planet. This entails working on initiatives to responsibly source products and packaging across the supply chain, working with retail brands, concessions, logistics and other service partners right across the breath of global operations. The international teams share success stories and learn from the experiences in different business units.

The team in ARI's retail operation in Muscat has worked on improving its logistics chain to transport products, reducing the number of deliveries on a weekly basis to ultimately support the Group's agenda of minimising carbon impact. To date, efforts have reduced delivery frequency by 75%.

In Delhi, the team focused on the use of environmentally conscious materials in a new shop. They specified the use of repairable, non-toxic, non-allergic, renewable materials for walls and other surfaces.

Towards energy efficiencies

In Ireland

In 2020, primary energy usage decreased by 21.3% relative to 2019. When passenger numbers declined, a programme was put in place to coordinate and manage the energy consumption in sections of both terminals at Dublin Airport that had significantly reduced footfall. Non-essential equipment was either shut down or had the time schedules and set points altered. This resulted in savings in energy usage for baggage, lighting, heating and cooling systems. Additionally, boiler upgrades were completed, electric vehicle chargers installed, and the campus street lighting project began onsite in 2020. All road and staff car park lights were upgraded to LED with new control systems installed. Similar initiatives have been implemented in Cork Airport. In 2020, Cork Airport undertook an energy lighting efficiency project and replaced 230 high pressure sodium lamps with energy efficient LED fittings.

During the year, work started on investigating the potential for geothermal energy onsite at Dublin Airport and planning for the future solar photovoltaic (PV) farm which will be a critical enabler of future energy and carbon emission reductions.

Dublin and Cork airports both outperformed their public sector 33% energy efficiency target for the period 2016-2020, achieving an estimated 55% reduction in Dublin Airport and 52% in Cork Airport against a 2006-2008 baseline.

The additional energy improvements were delivered through the continued implementation of energy efficiency projects such as lighting upgrades, and thermal and business management upgrades. Such projects were complemented by the provision of training on energy management as well as regular communication to staff on energy-related issues.

We are committed to driving even more energy efficiency with a target of a further 50% reduction by 2030. This will be achieved by implementing programmes that deliver absolute reductions in energy usage through improved power and utilisation, as well as a forward-looking approach with onsite renewables at its core.

All electricity purchased at both airports is certified guarantee of origin green energy. Our goal is that by 2030, 10% of electricity needs at Dublin Airport will be from onsite renewable sources.

Our international operations

Energy efficiency initiatives are also implemented in retail stores operated by ARI internationally. For example, ARI operations in Cyprus underwent a significant refit and upgrade; sustainability was at the forefront in terms of the selection of materials and use of technology. The upgraded shops are fitted with low energy LED lighting and are fully metered. Delhi has also achieved 100% conversion to LED lighting. This programme of upgrades will continue across the Group.

"Dublin and Cork airports both outperformed their public sector 33% energy efficiency target for the period 2016-2020, achieving an estimated 55% reduction in Dublin and 52% in Cork against a 2006-2008 baseline."

Towards increased recycling

Ireland

daa is committed to dealing with waste, of all categories, in a sustainable way, ensuring zero waste to landfill and the absolute reduction of waste by 30% while increasing recycling by 60% by 2030.

In Dublin, while in absolute terms the total volume of waste decreased by 3,606 tonnes in 2020, reflective of a significant drop in passenger volumes and activity during the year, the metrics regarding the percentage of waste recycled were not achieved.

Our target was to achieve 50% recycling of waste at Dublin Airport by the end of 2020, with Cork Airport targeting 30%. Recycling rates in Dublin in 2020 were 29.8%, down from 42.4% in 2019 and below our 50% target for the year. However, Cork saw its recycling rate increase in 2020 to 26% compared to 24% in 2019. This increase was due to increased awareness on campus and the installation of new bins around the campus.

There was a pronounced increase in the use of single use plastics and other non-recyclable materials through the mandatory utilisation of face masks and other personal protective equipment (PPE), much of which is single use. The increased focus on sanitisation and cleaning of surfaces also contributed to the generation of lower levels of recyclable waste materials. Accordingly, both the volume and the nature of waste is anomalous and not in line with expectations for the year. As part of daa's Sustainability Strategy, daa operates a zero waste to landfill policy, therefore, no waste from Cork or Dublin airports was directed to landfill.

An overarching Waste Management Plan is being developed for Dublin Airport with a view to identifying specific areas across the business where greater progress can be made in reducing the total volume of waste and increasing the level of recycling. This will be further progressed in 2021. By 2030, Dublin Airport is targeting a 10% improvement on the level of recycling relative to a 2019 baseline. Cork Airport will develop analogous targets.

Our international operations

Internationally, there are many examples of initiatives to reduce waste and limit single use plastics which are widely used in the travel and duty free retail operations. Cyprus introduced Life-Time Bags and, together with other initiatives, reduced the use of plastic bags by 52%. It now plans to remove all single use plastic by the beginning of 2022. There are similar examples in ARI's retail businesses in Auckland, Muscat and Delhi, each with a local dimension. Revenue generated from charges for the use of plastic bags in Auckland is donated to a local charity linked to a biodiversity project of preserving kiwis. The focus in Muscat is on reducing the level of waste being sent to landfill. In Delhi, there is also a focus on waste minimisation through reduced use of plastic and more focus on digital communication channels to reduce paper waste.

Towards enhanced noise management

As part of its noise strategy, daa committed to the regular publication of aviation noise data and noise complaints information in 2020 and to work with the Aircraft Noise Competent Authority (ANCA) as required to develop a noise regulatory framework for Dublin Airport.

Dublin Airport published reports on aircraft-related noise at the airport on a quarterly basis and presented the results to local communities. During 2020, daa highlighted to airlines that environmental noise charges would be introduced over the coming years at Dublin Airport to encourage the use of quieter aircraft and thereby further reduce the impact of noise on local communities.

During 2021, Dublin Airport intends to implement enhanced noise monitoring systems at the airport and to increase the accessibility of relevant data for local communities through online platforms. In addition, the airport will work to implement enhanced noise mitigation measures and will also work to address any issues raised by ANCA in relation to noise management.

Towards air quality management

daa is committed to a voluntary programme of monitoring and publishing air quality on campus and within local communities and is committed to maintaining compliance with national air quality limit values. As part of daa's focus on transparency of information, daa's air quality monitoring station at Dublin Airport can be viewed on the Environmental Protection Agency website (https://www.epa.ie/air/quality/).

daa undertakes regular voluntary ambient air quality monitoring programmes. At Dublin Airport, the equipment measures a range of parameters onsite and at 10 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 value under the 40 µg m^3 limit set by the Ambient Air Quality Standards Regulations.

The restriction of movement in Ireland due to COVID-19, had an impact on air quality nationally, with large-scale reduction in vehicular traffic. There was a reduction in NO_2 and PM_{10} emissions at most monitoring points at Dublin Airport during 2020. The overall reductions in emissions are largely linked to the reduction in vehicle traffic in the environs of the airport.

daa will continue to maintain compliance with national air quality limit values and will also continue to publish its air quality monitoring results.

Towards biodiversity

daa recognises the importance of investing in a rich, varied and healthy ecosystem for our communities.

In 2020, daa introduced several new wildflower areas around both Dublin and Cork airports. Dublin Airport's Gardening Team planted around 1,000 square metres of wildflower meadow at the Terminal 2 embankment, roundabouts, woodland and other areas around the campus.

Meanwhile, Cork Airport's Asset Care Team created a wildflower meadow around the Christy Ring statue and surrounding green area.

Several native species of wildflowers such as poppy, sunflower, candytuft, corn cockle, white clover, red persian clover, yarrow, common daisy, horned violet, snow-in-summer, virginia stock, cape marigold, california poppy, sweet alyssum and common thyme were planted as part of our new biodiversity initiatives.

"Dublin Airport's gardening team planted around 1,000 square metres of wildflower meadow at the Terminal 2 embankment, roundabouts, woodland and other areas around the campus."

Towards less water usage

daa had targeted a 10% reduction in water consumption per passenger by 2020 compared to the 2016 baseline of 13.1 litres per passenger.

Good progress through enhanced leak detection and implementation of more water-efficient technology and controls in early 2020 led to some further reductions in the water consumption per passenger level achieved in 2019. However, this was overtaken by events, as the COVID-19 outbreak impacted both on total water consumption and consumption rates per passenger.

In 2020, Dublin Airport's net water consumption was just over half that in 2019. However, due to a decrease in passenger numbers, the consumption expressed as litre/passenger increased to 26.3 litre/passenger from 15.3 litre/passenger in 2019.

daa is targeting a further reduction per passenger of 15% by 2030 relative to a baseline of 2019. This will be achieved through the introduction of more efficient plant and equipment and improved control and management systems.

"In 2020, Dublin Airport's net water consumption was just over half that in 2019."

Case Study **Carbon Neutral Dublin Airport**

In 2020, Dublin Airport become the first airport in Ireland to formally achieve carbon neutral status as part of the Airport Carbon Accreditation programme, a globally recognised environmental scheme for airports. The designation follows an extensive programme of activities to reduce and offset its carbon emissions in recent years.

The Airport reduced its carbon footprint by 12% between 2018 and 2019 and has reduced its overall carbon emissions by 25% between 2013 and 2019, despite a 63% increase in passenger numbers during the same period. By 2019, Dublin Airport had reduced its energy consumption levels by 48% compared to the average consumption levels in 2006-2008. The accreditation was based on data from 2019.

Dublin Airport has introduced a wide range of energy management measures that allow it to monitor and improve its overall energy use across the campus. The use of building management systems, the installation of efficient LED lighting, a pilot solar farm project and a range of other measures have all helped the airport to significantly reduce its overall energy consumption.

In 2020, Dublin Airport committed to achieving net zero carbon status by 2050 along with almost 200 other European airports in a landmark move for the airport industry. The deadline of 2050 was aligned with the decarbonisation strategy set out by the European Commission and adopted by the Council of the European Union.

Dublin Airport's future plans include moving all its light vehicle fleet to low emission vehicles by 2025 and building a second solar farm on campus, with the potential to generate up to 7.5 megawatts of power.

To achieve its Level 3+ carbon neutrality status, Dublin Airport had to work to reduce CO_2 emissions from the sources under its control as much as possible and to compensate for the remaining residual emissions through investment in internationally recognised high-quality carbon offsets.

Before investing in offsets, carbon neutral airports at Level 3+ of the Airport Carbon Accreditation scheme have to provide evidence of undertaking all the actions required by the programme, such as mapping their emissions, reducing them and engaging other stakeholders on the airport campus to do the same.

Dublin Airport also worked with the global climate finance and carbon neutrality specialist Natural Capital Partners to purchase carbon credits from a water infrastructure project run by Irish NGO Vita in East Africa. The credits provide essential funds to restore community water points and enable easy access to clean water for rural families in Ethiopia and Eritrea.

By drilling new boreholes or repairing existing ones, communities no longer need to boil their water to purify it and this reduces pressure on local forests – the main source of firewood – and reduces greenhouse gas emissions.

People

Our people are at the heart of our business and ensuring a connected, informed and engaged workforce has always been a priority.

The arrival of COVID-19 meant that our business changed virtually overnight. With enforced travel restrictions, once bustling terminals were now almost completely devoid of passengers. The place of work for a large portion of our people also changed as supporting our business remotely and working from home became a requirement.

We knew our people were concerned about the impact of this virus – from both a health and a business perspective – so we developed a communications plan to ensure that we would keep our people updated.

Our plan was driven by a number of simple principles:

1. The safety and security of our people is a priority and it is our responsibility to keep them informed.
2. We share all new information as soon as it becomes available.
3. We are open and honest and if we don't have answers we say so and revert when we do.
4. We cannot over communicate at this time.

One of the first steps of the plan was to ensure that all employees had an active Company email account. It was critical that we were able to contact our team – whether they were working on the frontline or supporting our business remotely. Email adoption moved from 70% to 94% in a six-week period from March to April.

Other key elements of the plan included:

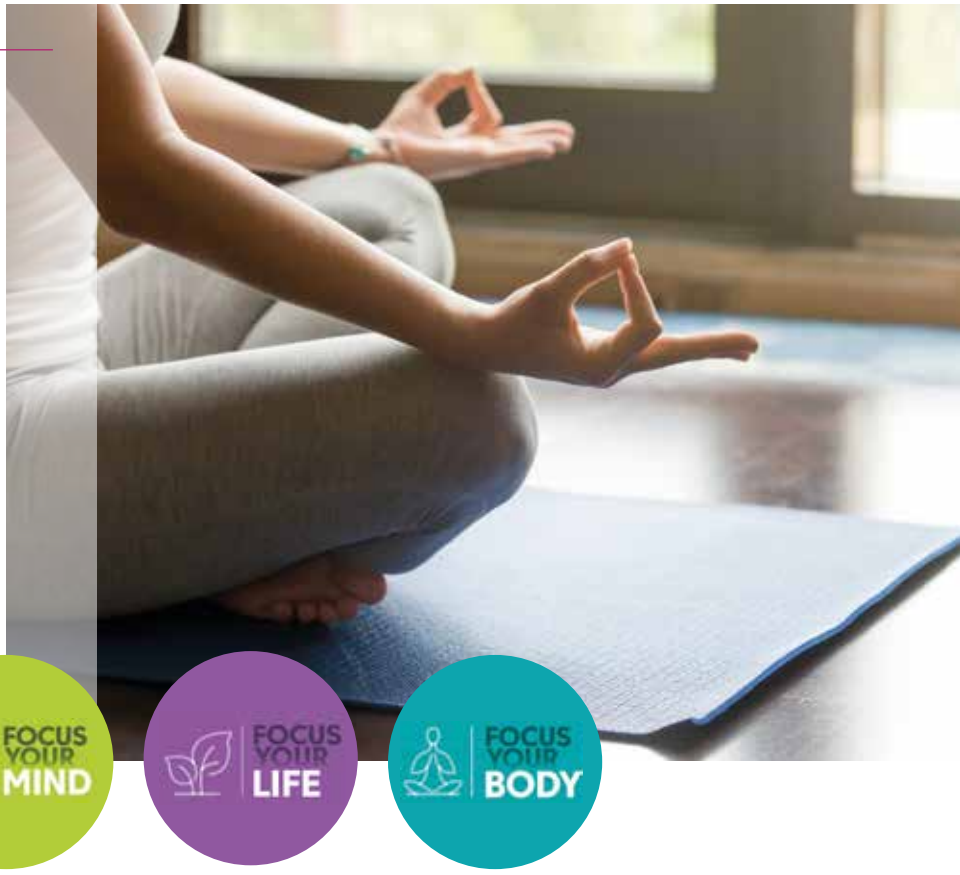
1. Updates shared every day (including weekends) from March to October by email with business news, safety protocols to reflect ongoing and evolving Government regulations and changes to Company policies and procedures. These updates moved to five per week from November onwards.
2. Weekly CEO videos to explain key business developments.
3. Daily calls with our Leadership Team (105 members) to keep them informed and to ensure an understanding of the changes in our business.
4. Weekly calls with our People Leaders (530 members) to share updates. This group were also a valuable source of feedback for employee sentiment and concerns.
5. Virtual town hall events to share our plans to rebuild our Group, which included a live Questions Answered session with our Executive Team to respond to questions directly.

The demand and desire for information as we manage our business through this crisis has not diminished and we are maintaining the communications rhythm and cadence. We are also listening to our teams and adjust our approach and the type of information we share based on this.

International Women's Day

With employees from 51 countries encompassing ages from 18 to 65 and over, daa is proud to have such a diverse and strong workforce. In 2020, despite the difficult year, daa acknowledged and celebrated its diverse workforce through International Women's Day (IWD). IWD was marked throughout daa in Dublin, Cork, Limerick, Riyadh and other international locations. The theme for 2020 was 'Each for Equal'. Awards were made to both male and female staff nominated for creating opportunities for women to progress within the organisation and for being role models in enabling female advancement and achievement. The awards were presented in early March 2020 at a lunchtime event where both internal and external speakers discussed diversity and gender balance within the wider business sector.

Focus on You



Further to the Focus on You programme that was established in 2018 to deliver wellbeing programmes throughout the Company, wellbeing initiatives were delivered in a virtual format this year with a specific focus on mental health to highlight supports and resources available to employees during a tremendously difficult year for our people.

Key initiatives of Focus on You are:

- Online yoga classes,
- 444 Charity Challenge,
- Mailshots issued fortnightly between March and December 2020,
- Spotlight on Mental Health Month during October,
- Flu vaccination programme rolled out that included clinics and a voucher scheme,
- Online Mental Health First Aid course delivered.

Throughout the year wellbeing orientated communications were issued on a regular basis, with links to resources shared via Focus on You mailshots. These Focus on You communications complemented the more business focused daily internal communications that were being issued Company-wide.

Focus your mind

There was a specific emphasis on mental health during this year with the mailshots often providing links to mental health resources. Mental Health Month in October was promoted widely throughout the Company with webinars on different topics. A two-day online Mental Health First Aid course was also delivered.

Focus your life

Staff can avail of supports such as the Employee Assistance Programme and the dedicated daa COVID-19 helpline. At the daa dedicated Focus on You platform, colleagues can access a wide range of webinars and podcasts on a wide range of wellbeing and mental health topics.

Staff central spaces at Dublin Airport, such as The Bridge and The Gallery remained open all year where staff could enjoy a hot meal or a cup of coffee while at work.

Staff were encouraged to share their own wellbeing tips on a dedicated Health and Wellbeing page on the Company's internal social media site Yammer.

Focus your body

Online yoga classes were held in April and May, so that staff could take part safely from their own home. Healthy eating tips and recipes were shared throughout the year via Focus on You mailshots, webinars and podcasts.

For National Wellbeing Day it was decided to Focus on Others. To mark this, a charity challenge was set up over the May Bank Holiday weekend in aid of our chosen charities. Dublin Airport staff also contributed to the purchase of PPE for Beaumont Hospital. Colleagues were encouraged to share images of themselves and their families taking part in the challenge on our internal social media Yammer site. This challenge was called the 444 challenge and involved four kilometres of exercise such as walking, cycling or running, four days over the May Bank Holiday weekend with four charities in Dublin and one in Cork benefitting. Staff got outdoors, took part in the challenges in their locality, posted photos on Yammer and raised money for the charities. Many staff members also took part in the DAC 5k virtual challenge which involved running five kilometres locally and submitting results online.

In October and November, a flu vaccination programme was rolled out. This included two onsite clinics as well as vouchers for vaccinations at local pharmacies to facilitate those working remotely from home. There was 100% uptake on this programme. Prior to this programme, a winter wellness webinar was organised which provided details on the national guidelines on the flu vaccination as well as some self-care strategies on protecting and boosting immunity in the lead into flu season.

Staff Screening Programme

In 2020, we introduced a range of new measures across our business to safeguard our passengers and our people in response to the COVID-19 pandemic. One of the key initiatives was the development and implementation of a COVID-19 Staff Screening Programme. This programme was developed to limit the potential spread of COVID-19 within the workplace through early detection of the virus and is a critical part of protecting our teams.

Test appointments made available to our people in 2020

1,400

We explored screening programmes other organisations have introduced and worked with CHI, our occupational health advisor, to develop our programme. The programme included:

- Antibody Testing – which was made available for staff in critical areas.
- General COVID-19 Testing – which was made available to all staff working at our airports.

RocDoc was appointed as our onsite testing partner and worked with us to develop a patient portal specifically for our staff. Staff members use this portal to store their contact details, track the status of their test and to receive their test results.

Our screening programme began in Cork Airport on November 9 and on November 19 in Dublin. A total of 1,400 test appointments were made available to our people in November and December, as 1,022 COVID-19 tests and 130 antibody tests were completed by the end of the year.

Career support services

Part of our right-sizing programme is to provide effective career support services to staff who are displaced as a result. The purpose of this is two-fold; firstly, we provide staff with the tools, skills, motivation and confidence they need to secure a new role (externally or internally), and secondly, we show care and consideration for staff affected by restructuring and right-sizing, while ensuring they are supported and treated with respect in seeking a new role.

In addition to providing these services to displaced staff who wish to remain with daa, we also provided information to staff opting for voluntary severance in the first instance about state-supported upskilling and training options, to equip and support them in securing employment outside daa.

By providing the above offerings to our staff, we acknowledged the significant change they were experiencing and we reinforced our commitment to a positive employee experience and their future success, notwithstanding the challenging circumstances.

Diversity and inclusion

At daa, we value diversity and inclusion. Together, we aim to create an equitable workplace where each person can truly belong and do their best work. One of our focus areas in 2019/2020 was building a sense of community within Dublin Airport. We worked with a driving coalition of employees and leaders across the organisation to collectively and individually understand what we see as community. We focused on ways of creating an environment where all employees feel included and represented.

As part of our efforts, we carried out focus groups with all levels of employees. We developed greater understanding that our organisation is extremely diverse in terms of societal and educational backgrounds. We are, in fact, a community of people who were born in more than 50 different countries and come from diverse backgrounds, sexualities, experiences, ethnicities and capabilities.

We also rolled-out the following Community Awareness talks:

- LGBTQIA+ History & Awareness
- Diversity & Inclusion Awareness
- Literacy Awareness
- Mental Health Awareness
- Work-life Balance

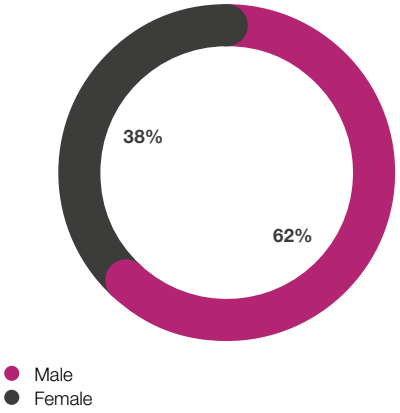
Our Executive Team have all undergone Unconscious Bias training and a similar module has been included in our Management Fundamentals Suite of training resources for managers.

Our annual talent management process includes monitoring the level of female representation across levels of the organisation. Each year, we ensure that we keep a focus on progression of females at all levels of the organisation.

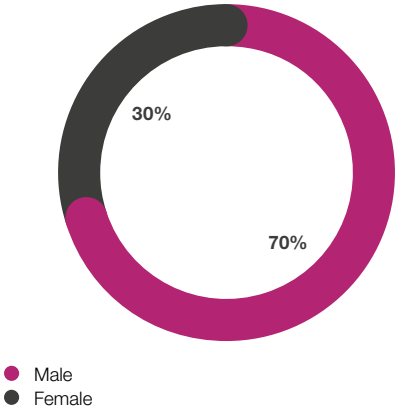
Diversity is a key focus for the Group as evidenced in a number of areas:

- Catherine Gubbins will become Chief Financial Officer in May 2021.
- Three of the recent appointments to the Executive Team are women.
- Diversity on the Board has increased from 8% (1 female) to 25% (3 females) in the past year.
- A number of female leaders selected to participate in Dublin City University (DCU) Women in Leadership programme.
- Continued participation in the Irish Management Institute (IMI) 30% Club each year, which matches high potential females with more senior mentors.
- Formally recognising and celebrating the achievements and contribution of women at daa on International Women's Day for the fourth year running.

Senior Leadership Team by gender



Executive Team by gender



Case Study **Red Sea**

Late 2020 saw daa International, the Group's international advisory, management and investment arm, sign a contract to operate the new airport at the Red Sea Project in Saudi Arabia.

The Red Sea Project is a major development being built over 28,000 square kilometres on Saudi Arabia's west coast to create a new luxury tourism destination. The first phase of the project, including the new international airport, is due to be completed in 2022.

The Red Sea Development Company, which is the developer behind the new tourism destination, selected daa International as the operator of the new airport, which will be the main gateway for the development.

daa International has a successful track record in Saudi Arabia, having operated Terminal 5 at King Khalid International Airport in Riyadh, since it opened in 2016.

daa International will provide airfield and terminal operations, aviation services, facilities management and will oversee commercial activities, as well as corporate and financial services.

It will manage the operations of the airport during three separate stages. Stage one will involve ensuring that all airport designs benefit the customer. Stage two covers planning a full and seamless operational model for the airport when it opens to the public. The final stage will be to manage and operate this plan, maintaining the highest standards in customer experience and sustainability, while prioritising safety and security.

The Red Sea Airport is set to serve one million passengers annually by the project's completion in 2030, with a peak capacity of 900 passengers per hour. Visitor numbers will be limited to one million, based on the environmental carrying capacity of the new Red Sea development. The airport will be powered by 100% renewable energy.

The airport is being designed by international architecture firm Foster + Partners, which has taken its inspiration from the local landscape. The terminal building has been inspired by the forms of the desert, the green oasis and the sea, and aims to provide a tranquil and memorable experience for passengers from the moment they arrive.

On completion in 2030, the Red Sea Project will comprise 50 hotels, offering up to 8,000 hotel rooms and around 1,300 residential properties across 22 islands and six inland sites. The destination will also include a luxury marina, entertainment and leisure facilities. The first phase of the project, scheduled for completion in 2022, will include the new airport, up to 3,000 hotel rooms, recreational facilities and residential properties.

Community

daa has been a strong supporter and has a long-standing track record of working and engaging with our local communities over many decades.

Dublin Airport's €10 million Community Fund, which was launched in 2017, has now invested more than €1 million in local communities that are based near the airport. It supports projects that make a positive contribution from Santry, which is south of the airport, to Rolestown in the north and from Portmarnock to the east of the airport to Tyrrelstown in the west.

More than €250,000 was allocated to 64 successful applicant groups in 2020 which included sports clubs, schools, community projects and services. The Fund also supports up to 10 students per year to attend Dublin City University (DCU) via its Access Programme.

DCU's Access Programme, which is the largest such programme in the State, supports about 1,200 Access Scholars, to study at either undergraduate or postgraduate level. The programme specifically targets groups such as students residing in North Dublin in communities with the lowest progression to third level education, students with no history of third level education in the family, and students experiencing the double disadvantage of disability and socio-economic disadvantage.

daa has operated a Charity of the Year scheme since 2007 and, since then, more than €3 million has been raised for 27 Irish charities. Funds are generated through a combination of staff fundraising activities, donations from members of the public via collection boxes at Dublin Airport, and a large supporting donation from the Company.

The charities are selected directly by employees and the 2020 staff charity partners were Feed Our Homeless, The Mater Foundation and St. Francis Hospice. The COVID-19 pandemic meant that our employees were unable to organise the normal fundraising events during the year. In tandem with this, the very significant fall in passenger numbers, coupled with a move away from cash towards card and virtual payments, had a detrimental impact on our ability to collect funds at the airport on behalf of our charity partners.

We therefore decided that the three 2020 charity partners would rollover into 2021 in the hope that a potential return to a more normal way of life would enable an increase in the generation of much-needed funds for the charities in question.

During the year, we donated 30 old laptops to the Tech2Students programme, which is operated by the charity Camara Ireland in association with Trinity College Dublin. This initiative helps address the digital divide in education in Ireland, by making IT equipment available to the schools and students that need it most in our community. The laptops were refurbished and then donated to schools in communities that are at risk of disadvantage and social exclusion.

Feed our Homeless
STREETS TO HOME

Money raised for Irish charities

>€3 million

Invested in local communities

>€1 million

Students supported through DCU Access Programme

<10

Up to 10 per year

the Mater Foundation

Advancing care for every patient, every day

saint francis hospice