

Dublin Airport Authority plc  
Financial Review and Extract from  
Regulated Entity Accounts

Year Ended 31 December 2013

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

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# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of directors’ responsibilities of Dublin Airport Authority plc for the Financial Review and Extract from Regulated Entity Accounts

The Commission for Aviation Regulation (“CAR”) is the statutory body established to regulate, inter alia, certain aspects of the aviation sector in Ireland. Pursuant to the Aviation Regulation Act of 2001 (“the Act”), the Commission is required to make determinations (“Regulatory Determinations”) governing the maximum levels of airport charges that can be levied at Dublin Airport by Dublin Airport Authority plc (“the Company” or “DAA”) as the airport authority.

The Commission has requested that DAA prepare accounts (“Regulated Entity Accounts”) showing its regulated activities, including a profit and loss account, separate from its other activities, made up to a year-end date of 31 December, the corresponding date to which the statutory accounts of the Company are made up. At the discretion of the Commission, extracts from these Regulated Entity Accounts may be published. The directors of DAA are responsible for preparing both the full Regulated Entity Accounts and these extracts from the Regulated Entity Accounts.

These accounts represent an extract from the Regulated Entity Accounts of accounting policies, profit and loss account and associated notes as they pertain to Dublin Airport and are consistent with the full Regulated Entity Accounts which have been provided to the Commission. The full Regulated Entity Accounts are based on the statutory financial statements for the year ending 31 December 2013 of the relevant legal entities comprising the Regulated Entity as set out under the Basis of Preparation on page 6. They have been prepared solely to present fairly for the Regulated Entity results and cashflows for that year, and the financial position as at the year end. They have been prepared in accordance with the Statement of Accounting Policies on pages 6 to 11 to present fairly the profit and loss account, balance sheet and cashflows of the Regulated Entity as set out in accordance with the Basis of Preparation as described on page 6.

In preparing the statutory financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of that company, from which the Regulated Entity Accounts are based, and to enable them to ensure that the statutory accounts of those entities making up the Regulated Entity Accounts comply with the Companies Acts, 1963 to 2013. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of those entities and to prevent and detect fraud and other irregularities.

The directors are responsible for establishing and maintaining the system of internal control throughout the parent Company including controls to enable the Company to comply with Regulatory Determinations as these affect maximum airport charges. The system of internal control comprises the ongoing processes for identifying and evaluating and managing significant risks faced by the DAA Group in pursuing its business objectives. Such a system is designed to manage rather than eliminate the risk of failure and therefore can only provide reasonable and not absolute assurance that the DAA Group will achieve those objectives or that the DAA Group would not suffer material misstatement or loss.

On behalf of the Board

  
Pádraig Ó Riordáin  
Chairman

  
Paul Schütz  
Director

25 April 2014

# Dublin Airport Authority plc – Financial Review and Regulated Entity Accounts

## Financial review of the outturn performance of the regulated entity compared to the CAR Determination Forecast

*for the year ended 31 December 2013*

The financial results for Dublin Airport show a profit after taxation before exceptional items for the year of €9.7 million (2012: €3.5 million). Exceptional items for the year amounted to €1.2 million (2012: €17.7 million), with an impact on taxation reducing the tax charge by €0.2 million (2012: €2.2 million). Dublin Airport showed a profit after taxation and exceptional items of €8.7 million (2012: loss of €12.0 million).

This financial review compares Dublin Airport results and attributable financials with CAR forecasts. All references to forecasts by CAR refer to the forecasts contained in the 2009 'Determinations on the Maximum Level of Airport Charges at Dublin Airport' (4 December 2009) as amended by 'Decision of the Commission further to Referral by the 2010 Aviation Appeal Panel' (30 July 2010). The forecasts have been inflated in line with the percentage change in the Consumer Price Index between October 2009 and October 2012 which was 4.76%.

### **Passengers and aeronautical revenue**

Passengers in Dublin Airport for 2013 were 20.2 million (2012: 19.1 million), which is 1.1 million or 5% below the CAR passenger forecast of 21.3 million (2012: 20.5 million) reflecting the substantial fall in Irish Gross Domestic Product post 2008. This gave rise to a reduction in aeronautical revenue by virtue of the passenger variance against the CAR forecast of some €12.1 million (2012: €14.9 million) evaluated at the price cap of €10.65 (2012: €10.74).

### **Commercial revenue**

Commercial revenue in Dublin Airport for 2013 was €135.3 million (2012: €127.3 million), which was €2.2 million or 2% higher than the commercial revenue forecast of €133.1 million (2012: €128.1 million) set by CAR.

The commercial revenue per passenger of €6.71 (2012: €6.67) achieved was 7% higher than the forecast of €6.25 set by CAR. The main reasons for the increase are improved car park yields, commercial concessions revenue, improved facilities including US Customs and Border Protection in T2 and investments outside the RAB ("Regulatory Asset Base"). This improvement of €9.3 million in per passenger spend mitigates the negative commercial revenue volume variance of €7.1 million (1.1 million passengers at €6.25 per passenger).

### **Operating expenses**

Operating expenses in Dublin Airport for 2013 were €191.6 million (2012: €186.2 million), which was €28.8 million or 13% below the cost forecast of €220.4 million (2012: €215.1 million) set by CAR.

Payroll costs, at €112.4 million (2012: €107.6 million), were €12.4 million or 10% below the CAR forecast. Some €7.8 million of this was in the existing facilities (i.e. pre Terminal 2) due to the successful implementation of the Cost Recovery Programme that DAA has undertaken in the period since the end of 2009. The saving against the CAR forecast of €12.4 million was a reduction of €2.2 million on the 2012 saving primarily due to increased security costs.

Non-payroll costs, at €79.1 million (2012: €78.6 million), were €16.4 million or 17% below the CAR forecast, reflecting continued tight management of costs at the airport.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Financial review of the outturn performance of the regulated entity compared to the CAR Determination Forecast (continued)  
for the year ended 31 December 2013

## EBITDA

Dublin Airport's Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA), excluding the costs of fundamental restructuring for 2013, was €152.3 million (2012: €141.9 million), up €12.7 million on the implicit CAR forecast figure of €139.6 million (2012: €133.0 million). This improvement was achieved despite a €19.2 million negative volume variance in gross profit level due to lower passengers.

## Capital expenditure

Capital expenditure in 2013 at Dublin Airport was €47.1 million (2012: €29.4 million). Capital expenditure for 2013 as per the CAR allowance was €39.6 million, based upon a straight-line profile of €189 million allowance in 2009 prices over five years.

## Funds from operations: net debt

The funds from operations: net debt ratio for Dublin Airport was 11.1% (2012: 9.3%) based on an FFO for the year of €100.6 million (2012: €88.5 million) and adjusted net debt attributable to the regulated activities at the balance sheet date of €909.2 million (2012: €951.7 million).

Funds from operations (FFO) is calculated in line with Standard and Poor's methodology and is defined as EBITDA before costs of fundamental restructuring less net interest and taxes paid with operating lease costs and payments made in respect of post retirement benefits added back. Adjusted net debt for these purposes compares closing net debt position including pension obligations and the capital value of operating lease commitments allocated to Dublin Airport.

	<b>€000</b>
<b><u>FFO</u></b>	
EBITDA	152,268
Interest paid	(50,735)
Tax rebate	-
Operating lease payments	648
Post retirement benefit payments	(1,543)
	<hr/>
<b>Funds from operations (FFO)</b>	<b>100,638</b>
	<hr/>
<b><u>Adjusted net debt</u></b>	
Closing net debt	891,853
Capital value of operating leases	412
Net pension liability	16,948
	<hr/>
<b>Adjusted net debt</b>	<b>909,213</b>
	<hr/>
<b>FFO : net debt</b>	<b>11.1%</b>
	<hr/>

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Financial review of the outturn performance of the regulated entity  
compared to the CAR Determination Forecast (continued)

*for the year ended 31 December 2013*

## **Return on capital**

The return on the Dublin Airport RAB for the year was 4.1% (2012: 3.6%). Earnings before interest and tax (EBIT) and costs of fundamental restructuring were €65.7 million (2012: €56.4 million) and the average RAB for the year based upon the CAR Determination Forecast is €1,617 million (2012: €1,583 million).

This return is significantly below the 7% cost of capital afforded to Dublin Airport per the CAR Determination Forecast, primarily due to the deferral of remuneration resulting from CAR's unitised approach to Terminal 2 revenues, and a further €47.5 million (2012: €54.4 million) of EBIT would be required to achieve such a return.



Pádraig Ó Ríordáin  
Chairman



Paul Schütz  
Director

25 April 2014

## **Independent Auditor's Report to the Directors of Dublin Airport Authority plc on the Extract from the Regulated Entity Accounts**

The accompanying Extract from the Regulated Entity Accounts, which comprise the summary profit and loss account of Dublin Airport for the year ended 31 December 2013 and related notes, are derived from the audited Regulated Entity Accounts of Dublin Airport Authority plc ("the Company") for the year ended 31 December 2013 prepared by the Company for submission to the Commission for Aviation Regulation ("CAR") as required by the Aviation Regulation Act of 2001. We expressed an unmodified audit opinion on those accounts in our report dated 25 April 2014.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body, for this report, or for the opinions we have formed.

The Extract from the Regulated Entity Accounts does not contain all the disclosures required by Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland applied in the preparation of the audited financial statements of the Company. Reading the Extract from the Regulated Entity Accounts, is not a substitute for reading the audited Regulated Entity Accounts.

### **Directors' responsibility for the Extract from the Regulated Entity Accounts**

As described on page 1, the directors of the Company are responsible for the preparation of the Extract from the Regulated Entity Accounts in accordance with the criteria agreed by the Company with CAR.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the Extract from the Regulated Entity Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

### **Opinion**

In our opinion, the Extract from the Regulated Entity Accounts derived from the audited Regulated Entity Accounts of the Company for the year ended 31 December 2013 is consistent, in all material respects, with those accounts in accordance with the criteria agreed by the Company with CAR.



Kevin Sheehan  
For and behalf of Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Dublin

Date: 25/4/14

# Dublin Airport Authority plc – Financial Review and Regulated Entity Accounts

## Statement of accounting policies

*for year ended 31 December 2013*

The financial statements have been prepared in accordance with the following accounting policies, which have been applied consistently with the prior year.

### **Basis of Preparation**

The Directors consider that the obligation to meet the requirements of Section 28(1) of the Aviation Regulation Act 2001 is met by these Regulated Entity Accounts. The format and content of the Regulated Entity Accounts was determined following consultation with the Commission on the form of accounts required from the DAA per Commission Note 1/2011 issued on 16 November 2011.

For the purpose of preparing these accounts, the Regulated Entity Accounts includes the financial statements of Dublin Airport Authority plc (the Company) and four of its subsidiaries, ASC Airport Services Consolidated Limited, DAA Airport Services Limited, DAA Finance plc and DAA Operations Limited (“the Regulated Entity”). The financial activities of other subsidiary undertakings of Dublin Airport Authority plc are not consolidated for the purpose of these accounts due to insufficient nexus to the operating activities of Dublin Airport.

These Regulatory Entity Accounts have been prepared by consolidating the audited single company accounts of the Company and the accounts of the four subsidiaries set out above for the year ended 31 December 2013.

The Regulated Entity Accounts are derived from the financial statements of the companies noted above, which are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, as promulgated by Chartered Accountants Ireland, except in respect of certain presentation and disclosure requirements of those standards.

### **Profit and Loss Accounts**

The results for Dublin Airport are shown separately from the results of those attributable to all Other Activities that have an insufficient nexus to the operating activities of Dublin Airport and hence do not form part of the regulatory or single till. Shannon (which separated from DAA on 31 December 2012) and Cork Airport are included in the Regulated Entity Accounts but are outside the regulatory till. International investments and other international activities (Aer Rianta International cpt) and property related joint venture and associated undertakings fall outside the regulatory till and are not included in the Regulated Entity Accounts. Costs associated with operations without sufficient nexus to the regulated asset, such as the proposed development of Dublin Airport City, in line with DAA’s response to Commission Paper 6/2008 and correspondence with the Commission, have also been excluded from the results of Dublin Airport and included under Other Activities. All costs (and where appropriate, revenues) of the Regulated Entity have been allocated to the airports (Dublin, Shannon and Cork) as set out below:

- Shared and head office activities

All costs (and where appropriate, revenues) of shared and head office activities are allocated to the airports. Where direct attribution is not possible the revenue and cost is apportioned between each airport on a basis that reflects the causality of the cost with allocations as appropriate. Cost causality implies that costs are attributed to businesses in accordance with the activities which cause the costs to be incurred.



# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of accounting policies (*continued*)

for the year ended 31 December 2013

- Exceptional items

The exceptional item in 2013 and 2012 relating to the cost of fundamental restructuring of the Company under the Cost Recovery Program (“CRP”) has been allocated to the airports based on the number of applicants from each airport and the associated costs.

The exceptional item in 2012 relating to the “Restructuring” costs arising from the separation of Shannon airport from the Company has been allocated to “Other Activities” as the Shannon Airport business was outside of the Regulated Entity.

- Interest

Regulated Entity interest payable has been allocated to the airports on the basis of intra-group borrowings attributable to these airports and interest receivable has been allocated on the basis of deemed cash balances. Interest on borrowings and deposits attributable to subsidiary undertakings not forming part of the Regulated Entity or otherwise relating to the cost of fundamental restructuring arising from activities or investments outside of the single or regulatory till have been excluded from the airport allocation. Such interest is included within Other Activities in the profit and loss account.

- Taxation

The tax charge attributable to the airports, comprising corporation tax and deferred tax, has been allocated by pro-rating the current year tax charge/credit (excluding tax on exceptional items) by reference to the profit/loss before exceptional items and tax of the individual airports. Tax on exceptional items is specifically allocated to the airport where the exceptional items arise.

Amounts receivable or payable for group tax relief from subsidiaries not forming part of the Regulated Entity, where applicable, in excess of the relevant tax value are included within other operational income or expense and excluded from the amounts allocated to each airport.

### **Turnover**

Turnover represents the fair value of goods and services, net of discounts, delivered to external customers in the accounting period excluding value added tax.

Aeronautical revenue comprises passenger charges which are recognised on their departure, runway movement charges (landing and take-off) levied according to aircraft’s maximum take-off weight, aircraft parking charges based on a combination of time parked and area of use, and other charges which are recognised when services are rendered. The Commission for Aviation Regulation regulates the level of revenues that the Company may collect in airport charges levied on users of Dublin Airport. The Commission achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

Direct retailing and retail/catering concessions comprise direct retail revenue which is recognised when the customer takes delivery of the goods and concession fee income which, in general, is a percentage of turnover which may be subject to certain minimum contracted amounts.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of accounting policies (*continued*)

for the year ended 31 December 2013

Other commercial activities include property letting, which is recognised on a straight-line basis over the term of the rental period, usage charges for the operational systems (e.g. check-in desks), which are recognised as each service is provided and car park income, which is recognised at the time of exiting the car park.

### **Financial Assets**

Income from financial assets is recognised on a receivable basis in the profit and loss account. Investments in entities (subsidiaries, joint ventures and associates) not forming part of the Regulated Entity are shown in the balance sheet as financial fixed assets and are stated at cost less provisions for impairment in value with income from such assets included under other activities. Other financial fixed assets are also carried in the balance sheet on the same basis.

### **Foreign Currency**

Transactions arising in foreign currencies are translated into euro at the rates of exchange ruling at the date of the transactions or at contracted rates. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the contracted rates or at year-end rates of exchange. The resulting profits or losses are dealt with in the profit and loss account.

### **Operating Leases**

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period.

### **Capital Grants**

Capital grants are treated as deferred income and amortised over the expected lives of the related fixed assets.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on invoice price on an average basis for all stock categories. Net realisable value is calculated as estimated selling price less estimated selling costs.

### **Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of tangible fixed assets, other than land and assets in the course of construction, on a straight-line basis over the estimated useful lives as follows:

Terminal complexes	10 - 50 years
Airfields	10 - 50 years
Plant and equipment	2 - 20 years
Other property	10 - 50 years

Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of accounting policies (*continued*)

for the year ended 31 December 2013

Borrowing costs incurred up to the time that separately identifiable major capital projects are ready for service are capitalised as part of the cost of the assets. Where appropriate, cost also includes own labour costs of construction related architectural and engineering services and directly attributable overheads.

Where a tangible fixed asset is to be withdrawn from use, the depreciation charge for that asset is accelerated to reflect the asset's remaining useful life based on the period between the date of the decision to withdraw the asset and the forecast date when withdrawal will take place.

On an annual basis, the Company estimates the recoverable amount of its tangible fixed assets based on the higher of their net realisable values or their value in use, consisting of the present values of future cash flows expected to result from their use. For the purposes of this review, Dublin and Cork airports combined are considered to form one income-generating unit based on the statutory mandate to operate critical national infrastructure, the interdependence of the airports' cash flows and the functional organisational structure by which the airports are managed. Where the recoverable amount is less than the carrying amount of the assets the Company recognises an impairment loss in the financial statements.

In estimating the present values of future cash flows, the discount rate used is the pre-tax discount rate that reflects the time value of money and the risk specific to the income generating unit.

The cash flows are taken from the Company's ten-year business plan. The main components of the business plan are:

- Earnings projections based on expected passenger numbers, revenues and costs;
- Capital investment and working capital projections

Added to these cash flows is a terminal value including an estimate of the full remuneration for all regulated assets, some of which has been deferred due to the regulatory profiling of future revenues.

The main assumptions that affect the estimation of the value in use are continuation of the current regulatory regime without material change, the passenger growth rate and the discount rate.

### **Capitalisation of Interest**

Interest incurred from commencement of activities on separately identifiable major capital projects up to the time that such capital projects are ready for service is capitalised as part of the cost of the assets.

### **Taxation**

Corporation tax is provided at current rates and is calculated on the basis of the results for the year adjusted for taxation purposes.

Full provision without discounting is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard 19 (FRS 19) "Deferred Tax". Provision is made at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised to the extent that they are regarded as recoverable based on the likelihood of there being suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of accounting policies (*continued*)

for the year ended 31 December 2013

### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

### **Pension and Other Post-Retirement Obligations**

The Company operates contributory pension schemes, covering the majority of its employees. The schemes are administered by Trustees and are independent of the Company.

For schemes accounted for as defined contribution, contributions are accrued and recognised in operating profit in the period in which they are earned by the relevant employees.

For the schemes accounted for as defined benefit schemes:

- The difference between the market value of the schemes' assets and actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet net of deferred tax (to the extent that it is recoverable).
- The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.
- The expected return on the pension schemes' assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount during the year are shown in finance costs/income in the profit and loss account.
- Any differences between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.
- Tax in relation to service costs, interest costs, expected return on plan assets, past service costs or gains and losses on curtailments and settlements is recorded in the profit and loss account. Tax on actuarial gains and losses is recorded in the statement of total recognised gains and losses.

The Company has certain unfunded retirement benefit liabilities which are accounted for as defined benefit arrangements.

### **Derivative Financial Instruments**

The principal objective of using derivative financial instruments, including forward exchange contracts, forward rate agreements and interest rate swaps, is to hedge the Company's interest rate and currency exposures. Where these derivative financial instruments hedge an asset, liability or interest cost reflected in the financial statements, the cost of the hedging instrument is included in the carrying amount together with the income and expenses relating to the asset and liability. Where the derivative is a hedge of future cash flow, the gains and losses on the hedging instruments are not recognised until the hedged future transaction occurs.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Statement of accounting policies (*continued*)

*for the year ended 31 December 2013*

### **Cash and Liquid Resources**

Within the cash flow statement, cash is defined as cash, deposits repayable on demand and overdrafts. Other deposits with maturity or notice periods of over one working day, but less than one year, are classified as liquid resources.

### **Debt and Finance Costs**

Debt is initially stated at the amount of the net proceeds after deduction of finance and issue costs. Finance and issue costs are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount.

### **Exceptional Items**

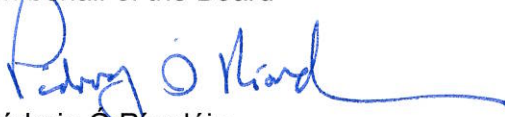
Exceptional items are material items of income and expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance. Such events may include gains or losses on disposal of assets and costs of a fundamental reorganisation or restructuring.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Profit and loss account – Dublin Airport for the year ended 31 December 2013

	Note	2013 €000	2012 €000
<b>Turnover</b>	1	<b>379,947</b>	361,679
<b>Operating costs</b>			
Cost of sales		(36,118)	(33,627)
Payroll and related costs	2	(112,442)	(107,582)
Materials and services	3	(79,119)	(78,605)
Depreciation and amortisation	4	(86,612)	(85,432)
		<b>(314,291)</b>	(305,246)
<b>Operating profit – continuing operations</b>		<b>65,656</b>	56,433
Costs of fundamental restructuring	5	(1,220)	(17,664)
<b>Profit before interest and tax</b>		<b>64,436</b>	38,769
Net interest payable		(52,861)	(52,773)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>11,575</b>	(14,004)
Tax credit/(charge)/ on (loss)/ profit on ordinary activities		(2,896)	2,031
<b>(Loss)/profit on ordinary activities after tax</b>		<b>8,679</b>	(11,973)

On behalf of the Board

  
Pádraig Ó Riordáin  
Chairman

  
Paul Schütz  
Director

25 April 2014

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Notes on and forming part of the Regulated Entity Accounts  
for the year ended 31 December 2013

## 1 Turnover

	<b>2013</b>	2012
	<b>€000</b>	€000
Airport charges	<b>208,950</b>	200,975
Property and concessions	<b>41,988</b>	41,295
Direct retailing and retail/catering concessions	<b>91,311</b>	86,096
Car parking	<b>25,593</b>	23,672
Other activities	<b>12,105</b>	9,641
	<hr/>	<hr/>
	<b>379,947</b>	361,679
	<hr/> <hr/>	<hr/> <hr/>

### Airport charges

Airport charges are charges levied in respect of the landing, parking or taking off of an aircraft including the supply of airbridges, charges levied in respect of the arrival at or departure from an airport by air of passengers, or charges levied in respect of the transportation by air of cargo to or from an airport.

	<b>2013</b>	2012
	<b>€000</b>	€000
Runway	<b>87,922</b>	84,548
Aircraft parking	<b>14,906</b>	13,572
Airbridge	<b>1,762</b>	1,691
Passenger charges	<b>119,052</b>	110,080
Traffic / route incentive schemes	<b>(10,623)</b>	(10,394)
	<hr/>	<hr/>
<b>Airport charges levied</b>	<b>213,019</b>	199,497
Provision for incentive schemes	<b>(4,069)</b>	1,478
	<hr/>	<hr/>
	<b>208,950</b>	200,975
	<hr/> <hr/>	<hr/> <hr/>

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Notes (continued)

for the year ended 31 December 2013

### 1 Turnover (continued)

#### Price cap outturn

The Commission for Aviation Regulation regulates the level of revenues that the Company may collect in airport charges levied on users of Dublin Airport. The Commission achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

	<b>2013 Dublin Airport</b>	<b>2012 Dublin Airport</b>
Airport charges levied	<b>€213,019,307</b>	€199,496,592
Passenger numbers	<b>20,166,783</b>	19,099,649
	<hr/>	<hr/>
<b>Average airport charge per passenger</b>	<b>€10.56</b>	€10.45
Commission per passenger cap on airport charges	<b>€10.65</b>	€10.74
	<hr/>	<hr/>
Under recovery of airport charges	<b>€0.09</b>	€0.29
	<hr/> <hr/>	<hr/> <hr/>

The average airport charge per passenger in 2013 was €10.56 (2012: €10.45). The passenger numbers through Dublin Airport for the year were 20,166,783 (2012: 19,099,649). The price cap set by the Commission for the year was €10.65 (2012: €10.74).

The airport charges levied during 2013 for Dublin Airport were €213,019,307 (2012: €199,496,592).

#### Persons with reduced mobility (“PRM”)

Dublin Airport PRM charges of €5 million (2012: €3.7 million) are included in passenger charges within airport charges as they form part of the price cap pursuant to CP 4/2009 (Determination on Maximum Levels of Airport Charges at Dublin Airport).

#### Cargo services charges

No separate charges in respect of cargo were levied during the year other than charges generally applicable to the landing, parking or taking off of cargo aircraft (including the supply of airbridges), which are disclosed as airport charges.

#### Access to installations (“ATI”)

Pursuant to S.I. No. 505/1998 - Regulations Entitled European Communities (Access To The Groundhandling Market At Community Airports) Regulations, 1998, DAA is required to seek approval from the Commission for changes to ATI fees. Dublin Airport ATI fees comprise fees for check-in desks. Included in property and concessions turnover above are ATI fees for check-in desks of €2.2 million (2012: €2.0 million).



# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

Notes (continued)

for the year ended 31 December 2013

## 2 Payroll and related costs

	<b>2013</b> <b>€000</b>	2012 €000
Wages and salaries	<b>98,694</b>	93,779
Social welfare costs	<b>9,540</b>	8,928
Pension costs	<b>4,121</b>	4,197
Other staff costs	<b>2,278</b>	2,396
	<hr/>	<hr/>
	<b>114,633</b>	109,300
Staff costs capitalised into fixed assets	<b>(2,191)</b>	(1,718)
	<hr/>	<hr/>
Net staff costs	<b>112,442</b>	107,582
	<hr/> <hr/>	<hr/> <hr/>

## 3 Materials and services

	<b>2013</b> <b>€000</b>	2012 €000
Repairs and maintenance costs	<b>10,805</b>	10,486
Rents and rates	<b>14,957</b>	14,061
Energy costs	<b>6,391</b>	6,266
Technology operating costs	<b>7,895</b>	7,822
Insurance	<b>2,918</b>	2,773
Cleaning contracts & materials	<b>3,406</b>	3,446
CUTE operating lease costs	<b>846</b>	898
Fees and professional services	<b>7,882</b>	8,241
Marketing & promotional costs	<b>5,894</b>	5,407
Aviation customer support	<b>547</b>	1,103
Telephone print and stationery	<b>616</b>	887
Employee related overheads	<b>3,868</b>	3,528
Other overheads	<b>2,252</b>	3,537
PRM service provider	<b>4,373</b>	4,072
Travel & subsistence	<b>897</b>	898
Car park direct overheads	<b>3,700</b>	3,546
CAR costs	<b>1,872</b>	1,634
	<hr/>	<hr/>
	<b>79,119</b>	78,605
	<hr/> <hr/>	<hr/> <hr/>

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Notes (continued)

for the year ended 31 December 2013

### 4 Depreciation and amortisation

	2013 €000	2012 €000
Depreciation and loss on retirements and disposals of fixed assets	87,426	86,207
Amortisation of capital grants	(814)	(775)
	<hr/>	<hr/>
	86,612	85,432
	<hr/> <hr/>	<hr/> <hr/>

### 5 Exceptional item

#### a) Cost Recovery Programme (“CRP”)

In 2009, in response to significant challenges in the business environment, a CRP was developed following consultation with staff and staff representatives, to address fundamental changes to the cost base.

The Company has continued to restructure under the CRP. €4.2 million has been charged to exceptional items in 2013 (2012: €22.0 million). The impact on taxation was to reduce the tax charge by €0.5 million in 2013 (2012: €2.8 million).

The CRP includes a voluntary severance scheme and changes to work practices and conditions.

#### b) The Restructuring costs

On 31 December 2012 Shannon Airport was separated from the Company. The Government also confirmed that the Company will be renamed to reflect the revised nature of the Company’s business arising from the restructuring. Costs associated with the separation and consequent renaming of the Company amounting to €5.1 million were charged to exceptional items in 2012. The impact on taxation was to reduce the tax charge by €0.6 million.

Due to the costs of the Restructuring being lower than estimated in 2012 the full exceptional provision recognised in the prior year was not required. This has resulted in a release of €2.8 million from the provision in the current year. The impact on taxation is to increase the tax charge by €0.3 million.

### 6 Approval of Regulated Entity Accounts

The Regulated Entity Accounts were approved by the Board on 25 April 2014.

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Appendix 1 – Passenger numbers

	<b>2013</b>	2012
Embarking	<b>10,080,376</b>	9,546,399
Disembarking	<b>10,078,651</b>	9,545,949
Transit	<b>7,756</b>	7,301
	<hr/>	<hr/>
	<b>20,166,783</b>	19,099,649
	<hr/> <hr/>	<hr/> <hr/>

## Appendix 2 - Employee numbers

	<b>2013</b>	2012
Average Full-time Equivalentents	<b>1,987</b>	1,919
	<hr/> <hr/>	<hr/> <hr/>

## Appendix 3 – Rolling incentives

Pursuant to the rolling incentives introduced for some categories of payroll operating costs, as outlined in paragraphs 6.82 to 6.84 of CP4/2009, the following information is disclosed:

	<b>2013</b>	2012
	<b>€000</b>	€000
Dublin Airport payroll costs include		
Airfield services	<b>2,694</b>	2,783
Car parking	<b>2,328</b>	1,962
Property and other commercial activities	<b>3,349</b>	3,408
Support services (Dublin)	<b>1,599</b>	820
Total payroll costs include:		
Shared costs	<b>16,628</b>	15,751
	<hr/>	<hr/>
<b>Total DAA payroll costs above</b>	<b>26,598</b>	24,724
<b>Total payroll costs per CAR (inflated)</b>	<b>26,907</b>	26,588
	<hr/>	<hr/>
<b>Outperformance</b>	<b>(309)</b>	(1,864)
	<hr/> <hr/>	<hr/> <hr/>

# Dublin Airport Authority plc – Financial Review and Extract From Regulated Entity Accounts

## Appendix 4 – Excluded information

The following information which has been included in the full Regulated Entity Accounts that have been submitted to the Commission has been excluded from these extracted Regulated Entity Accounts, on the grounds of relevance to the regulated business.

“Other Activities” column in the profit and loss account which relates to the non regulated activities

Statement of total recognised gains and losses

Reconciliation of movement in shareholders’ funds

Balance sheet

Cash flow statement

“Other Activities” column in the profit and loss account notes 2, 3, 4 and 5

Note 1 The Restructuring

Note 7 Interest

Note 8 Tax on profit/loss on ordinary activities

Note 9 Tangible fixed assets

Note 20 Fixed assets – financial

Note 11 Subsidiary undertakings

Note 12 Debtors

Note 13 Creditors: amounts falling due within one year

Note 14 Creditors: amounts falling due after more than one year

Note 15 Capital grants

Note 16 Financial liabilities

Note 17 Provisions for liabilities

Note 18 Deferred tax liability/(asset)

Note 19 Reconciliation of net assets

Note 20 Called up share capital

Note 21 Reconciliation of operating profit to net cash inflow from operating activities

Note 22 Reconciliation of net cashflow to movement in net debt

Note 23 Analysis of net debt

Note 24 Pensions