



## CONTAINER & TERMINAL DIVISION

- Operates a lift on lift off (LoLo) freight network through the companies Eucon, Eurofeeders and Feederlink, and a Container Terminal in Dublin (DFT).
- Eucon provides a short sea door to door service between Ireland and Continental Europe.
- Eurofeeders and Feederlink operate dedicated feeder services to the major deep sea container ports throughout Europe.
- The division operates a fleet of modern container vessels, with proven schedule reliability.
- DFT provides stevedoring and storage facilities for container traffic.

Turnover	€134.8m	+ 11%
EBITDA	€6.2m	- 20%
Profit before interest and tax	€3.6m	- 3%

Economic and market conditions were challenging throughout 2003 for all companies in the Container & Terminal Division. Despite the challenging environment, turnover in the Division grew by 11% from €122.0m to €134.8m. Total container freight increased by 9% in the period to 485,000 twenty-foot equivalent units, with much of the growth occurring in the Division's third party feeder traffics. Profits were impacted by the difficult pricing environment, particularly in relation to exports from Ireland. Declining average yields for export traffic and a growing imbalance between the volume of imports and exports to and from Ireland contributed to an operating profit of €3.6m, marginally down on the €3.7m achieved in the previous year.

VOLUMES	2003	2002	% CHANGE
Container volumes	485,000	400,000	+9%
Terminal volumes	131,000	128,000	+2%



### European Container Service (Eucon)

Eucon's volumes were unchanged in the year at 173,000 twenty-foot equivalent units, its growth potential being inhibited by operational constraints arising from the redevelopment of DFT, the Group's container terminal in Dublin. In preparation for future expansion, Eucon has begun to invest in upgrading and modernising its fleet of containers and vessels, focusing on the increasing demand for 45 foot containers. In order to reduce costs and increase frequency and service standards on shared routes, Eucon, together with its sister company Eurofeeders, entered a vessel sharing agreement with BG Freightline, a subsidiary of the Mersey Docks & Harbour Company in October 2003. The vessel sharing partners are working together to fine-tune and integrate their respective services so that their shared objectives of lower costs and improved service standards can be achieved.

During the course of the year, Eucon's commitment to meeting customer demand effectively and to working continuously to improve its services and create innovative solutions, was recognised. Achieving two awards, *Logistics Company of the Year* at the Irish Export

Industry Awards and *Shipping Line of the Year* at the Export & Freight Transport and Logistics Awards, marks 2003 as a particularly successful year in the development of Eucon's service offerings and market recognition.

### Feeder Services

Both of the Group's feeder companies, Eurofeeders and Feederlink, achieved impressive growth in 2003, with combined volumes growing by more than 16% to 289,000 twenty-foot equivalent units. The buoyant demand in feeder markets is a function of the improvement in the world economy in 2003 compared to the previous year. The Group's feeder interests were brought under a unified management structure during the course of the year in order to allow its portfolio of feeder services to be more effectively marketed and to answer market demand for a "one stop shop" approach to the provision of feeder services in northwest Europe. Our new management structure, combined with our well established network of routes, will enable the Group to continue to develop its suite of feeder services in response to anticipated market demand.

### Dublin Ferryport Terminal (DFT)

DFT underwent significant redevelopment throughout 2003 and this continues into 2004. The redevelopment of the terminal, involving the commissioning of a new ship to shore gantry crane, the addition of two new rubber tyre gantries (RTG's) and the construction of a new 185m berth caused considerable disruption to the terminal's operations. The redevelopment project, now nearing completion, will enable the terminal to increase its throughput to 180,000 containers per annum and to achieve an unrivalled level of operational efficiency as a result of our investment in state of the art handling equipment. In spite of the operational constraints that existed throughout the year, DFT increased its throughput to 131,000 units in 2003, up 2% on the previous year.

The terminal's new facilities and equipment will position it to grow its volumes significantly in 2004 and to take full advantage of growing demand.

The prospects for DFT will be enhanced further when the Dublin Port Tunnel, which will be located only one mile from Terminal, opens in 2005 as it will allow rapid access to and from the port via the M1 & M50 motorways, bypassing the congested city centre.

### Outlook

The trading environment of the Container & Terminal Division continues to be challenging, with relative ease of access to the market for new entrants. The Division will continue to concentrate on the development of profitable business and on improving margins, taking full advantage of the investment that has been and will be made in the quality of its fleet of vessels and containers and in the efficiency of its terminal operations. Its performance in 2004 will be assisted by economic recovery in its served markets and by the delivery of the major infrastructural project at its Dublin terminal.

### Board Changes

I would like to pay tribute to our outgoing chairman, Tom Toner, who has chaired Irish Continental Group for over 16 years. During this time the evolution of the Group has been remarkable and Tom's role in our development has been immense. We thank Tom for his contribution to Irish Continental Group and wish him well in his retirement. We look forward to working with the new members of our non-executive team, Peter Crowley and Bernard Somers, together with John McGuckian, who has been a director of ICG for almost 17 years and who succeeds Tom as Chairman.

*Eamonn Rothwell, Managing Director,*



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