Business Review

The Business Review contains certain forward-looking statements and these statements are made by the Directors in good faith, based on the information available to them up to the time of their approval of this report. These statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Business Review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Irish Continental Group and its subsidiaries when viewed as a whole.

The Group

The Group operates through two divisions: the Ferries Division, whose principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities, and the Container and Terminal Division, whose principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland.

Ferries Division

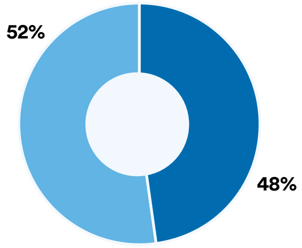
- **Modern fleet** of multi-purpose ferries and LoLo container vessels operating between the Republic of Ireland and Britain and Continental Europe, and on charter.
- **Capacity to operate** up to 17 daily sailings.
- **Key freight positions** on short sea routes between the Republic of Ireland and Britain.
- **Vessel chartering activities** both within and outside the Group.

Container and Terminal Division

- **Container shipping services** between Ireland and Continental Europe, operating modern fleet and equipment.
- **Full door-to-door container transport** service between Ireland and over 20 countries.
- **Strategically located** container terminals in Ireland's main ports of Dublin and Belfast.

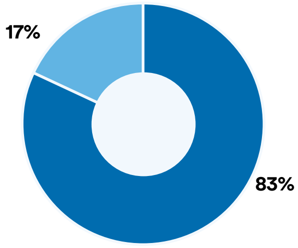
Revenue

€277.1m



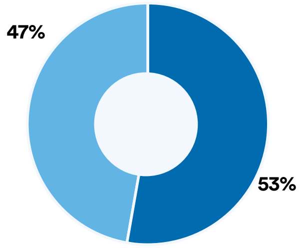
Capital Employed

€352.3m



EBITDA

€42.1m



● Ferries ● Container & Terminal

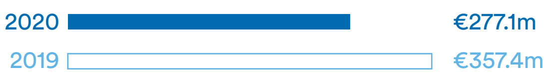

Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
Ports Served By Ferries: Dublin, Rosslare, Holyhead, Pembroke, Cherbourg
Group Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Belfast Container Terminal
Ports Served By Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M3
M4
M7
M11
M50
Dublin Port
Holyhead
Rotterdam
Antwerp
Cherbourg
Belfast
Dublin
Rosslare
Cork
Pembroke
United Kingdom
Netherlands
Belgium
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
Poland
Germany
Czech Rep.
Slovakia
Austria
Hungary
Romania
France
Switzerland
Slovenia
Croatia
Italy
Serbia
Bulgaria

Financial Highlights

Revenue

€277.1m -22.5%

2019: €357.4m



Adjusted earnings per share*

(4.3) cent -118.1%

2019: 23.8 cent

EBITDA (pre non-trading items)*

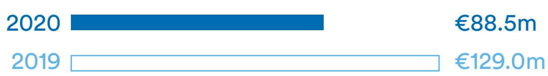
€42.1m -51.5%

2019: €86.8m

Net debt*

€(88.5)m -31.4%

2019: €(129.0)m



EBIT (including non-trading items)*

€(10.4)m -116.0%

2019: €64.9m

Return on average capital employed*

0.2% -19.4pts

2019: 19.6%

Basic earnings per share

(10.2) cent -132.2%

2019: 31.7 cent

* The Group uses alternative performance measures 'APMs' which are non-IFRS measures to monitor Group performance. Definitions and reconciliation to IFRS measures are set out on pages 22 to 25.

Our Group at a Glance

Irish Continental Group is a customer focused business with a pivotal position in the logistics chain facilitating Ireland's international trade and tourism.

Strategic short sea RoRo routes operated by Irish Ferries providing a seamless connection from Ireland to the UK and continental motorway network for the 335,500 RoRo units carried in 2020.

Strategically located container terminals which handled 292,400 container units during 2020 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

Always on, always in touch, our shipping and terminal services operate 24/7, assisted by investment in modern booking and tracking systems to ensure our customers can keep in touch over a variety of platforms.

Key contributor to regional tourism in Ireland, Irish Ferries carried 519,000 passengers and 137,100 cars during 2020 with research indicating that car tourists stay longer and travel outside the main urban centres.

Reliability underpinned by major investment in tonnage and maintenance of quality assets ensuring the high levels of schedule integrity demanded by our customers.

Connected container transport services provided by Eucon, transporting 316,300 teu (twenty foot equivalent) in 2020 between Ireland and 20 countries throughout Europe by sea, road, rail and barge.

Fastest crossing on the Irish sea on board the Irish Ferries Dublin Swift fastcraft service with a sailing time of two hours between Dublin and Holyhead at speeds of up to 65 kph.

High standard on-board experience enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Passengers are never out of touch with free satellite wi-fi services.

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Five Year Summary

Summary extract of Income Statement	2020 €m	2019[3] €m	2018 €m	2017 €m	2016 €m
Revenue	277.1	357.4	330.2	335.1	325.4
Operating expenses and employee benefits expense	(235.0)	(270.6)	(261.8)	(254.1)	(241.9)
Depreciation, impairment and amortisation	(41.3)	(36.8)	(22.1)	(20.7)	(20.9)
	0.8	50.0	46.3	60.3	62.6
Non-trading items [1]	(11.2)	14.9	13.7	28.7	-
Interest (net)	(7.6)	(3.4)	(0.8)	(1.3)	(2.2)
(Loss) / profit before taxation	(18.0)	61.5	59.2	87.7	60.4
Taxation	(1.0)	(1.3)	(1.4)	(4.4)	(1.6)
(Loss) / profit for the year	(19.0)	60.2	57.8	83.3	58.8
EBITDA (including trading from discontinued operations)	42.1	86.8	68.4	81.0	83.5
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share					
-Basic	(10.2)	31.7	30.4	44.1	31.4
-Adjusted [2]	(4.3)	23.8	23.1	31.0	31.4
Dividend per share	-	13.410	12.770	12.160	11.580
Shares in issue at year end:	m	m	m	m	m
-At year end	187.0	187.4	190.3	189.9	188.3
-Average during the year	187.0	189.8	190.0	188.8	187.5

1 Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

2 Adjusted earnings exclude pension interest and non-trading items.

3 The figures for years prior to 2019 have not been restated for the effects of IFRS 16 which was adopted with effect 1 January 2019. The effect on the Consolidated Income Statement for financial year 2019 was to decrease operating expenses by €9.4 million, increase depreciation charges by €8.6 million, increase interest expenses by €1.0 million and a net reduction in profit after tax of €0.2 million. The effect on the Consolidated Statement of Financial Position was to increase assets by €35.3 million and liabilities by €35.5 million and reduce retained earnings by €0.2 million.

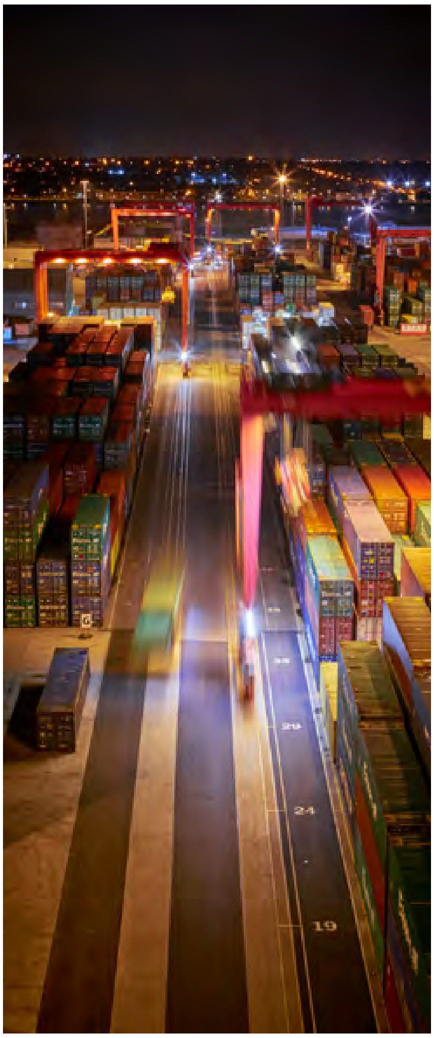
Summary extract of Statement of Financial Position	2020 €m	2019[3] €m	2018 €m	2017 €m	2016 €m
Property, plant and equipment and intangible assets	314.7	317.5	308.1	250.0	205.1
Retirement benefit surplus	1.0	12.5	2.5	8.1	2.4
Other assets	263.2	261.8	203.7	135.2	84.1
Total assets	578.9	591.8	514.3	393.3	291.6
Equity capital and reserves	265.9	287.9	252.9	223.8	144.4
Retirement benefit obligation	2.2	3.7	4.2	3.4	15.9
Other non-current liabilities	141.6	229.3	205.7	51.5	5.3
Current liabilities	169.2	70.9	51.5	114.6	126.0
Total equity and liabilities	578.9	591.8	514.3	393.3	291.6

Summary extract of Consolidated Statement of Cash Flows					
Net cash inflow from operating activities	46.1	84.8	61.5	71.8	82.1
Net cash inflow / (outflow) from investing activities	7.8	(52.3)	(158.8)	27.7	(55.6)
Net cash (outflow) / inflow from financing activities	(14.4)	(46.5)	131.4	(51.3)	(7.8)
Cash and cash equivalents at the beginning of the year	110.9	124.7	90.3	42.2	25.0
Effect of foreign exchange rate changes	-	0.2	0.3	(0.1)	(1.5)
Closing cash and cash equivalents	150.4	110.9	124.7	90.3	42.2

	€m	€m	€m	€m	€m
Net (debt) / cash	(88.5)	(129.0)	(80.3)	39.6	(37.9)

	Times	Times	Times	Times	Times
Net debt / EBITDA	2.1x	1.5x	1.2x	N/A	0.5x
Gearing (net debt as a percentage of shareholders' funds)	33%	45%	32%	N/A	26%

Chairman's Statement



2020 was an exceptionally challenging year for the Group, with the restrictions placed on travel due to the Covid-19 pandemic. While these restrictions brought large-scale disruption and reductions in our passenger business, the other parts of our business proved resilient throughout the entire year.

Our RoRo freight operations grew in 2020 despite the operational and market difficulties presented by the pandemic. The Container and Terminal Division largely maintained its profitability while it optimised capacity levels to market demands. The Group maintained services on all its shipping routes to the United Kingdom and Continental Europe, and operations at its container terminals. Both were critical to maintaining Ireland's supply chains during this challenging year.

I would like to take this opportunity to thank all our colleagues who made the retention of these critical services possible in these difficult times, but in particular our colleagues on our front line in the ports, on our ships and in our terminals. During this most difficult year, their dedication to their roles kept our ships sailing, our terminals operating and crucially, our supply lines open.

Financial Outcome

The overall financial outcome for the Group was a loss before tax of €18.0 million (2019: profit of €61.5 million) while operating profit before non-trading items was €0.8 million (2019: €50.0 million). EBITDA (pre non-trading items) generated was €42.1 million (2019: €86.8 million) from total revenues of €277.1 million (2019: €357.4 million).

The Group performance reflected the outcome in our Ferries Division where EBITDA before non-trading items was €22.3 million (2019: €67.2 million). The fall in EBITDA was primarily driven by a reduction in passenger revenue partially offset by lower fuel costs and reduced crewing costs.

Performance in our Container and Terminal Division was improved with an EBITDA of €19.8 million (2019: €19.6 million) through focus on cost optimisation against the backdrop of lower volumes shipped and lower terminal throughput.

Despite the challenging trading conditions in 2020, the Group, through our diversified revenue streams and cost containment measures protected our strong balance sheet. Net debt in the Group reduced from €129.0 million at the beginning of the year to €88.5 million at year end.

A non-trading item arose in 2020 from the transfer of pension liabilities to a third-party insurer.

Strategic Development

While 2020 has proved a difficult backdrop, the Group has progressed and completed a number of key strategic developments during the year.

On 1 January 2020, new low sulphur fuel regulations, IMO 2020, became effective. IMO 2020 requires all our vessels operating outside of sulphur emission control areas to reduce sulphur emissions to a level equivalent to consuming 0.5% sulphur content fuel oils compared to the previously generally permitted 1.5%. On its owned and operated fleet, the Group had taken the decision to install exhaust gas cleaning systems (EGCS) to comply with the latest requirements. EGCS allows a vessel to consume cheaper fuel oils while cleaning the exhaust emissions to within the levels mandated by IMO 2020. The W.B. Yeats was delivered with an EGCS system while the Dublin Swift by design consumes marine gas oil which typically has a sulphur content of less than 0.1%.

The installation and commissioning of new EGCS plant on the Ulysses has been completed. A decision was taken not to proceed with a similar installation on the Isle of Inishmore to avoid the risk of delays due to the Covid-19 pandemic. The Group also completed the installation of EGCS plant on the four owned container vessels utilised on Eucon services.

The Group took delivery of and commissioned two electrically powered remotely operated rubber-tyred gantries (RTGs) at its Dublin Ferryport Terminal following the previous successful commissioning of two similar units. We have now installed and commissioned four electric gantries in our Dublin Terminal continuing our transition to this more environmentally efficient mode of operation. The £40m re-investment project by Belfast Harbour Commissioners (BHC) is well underway which includes extensive civil works and the delivery of two new gantry cranes and eight new electrically operated RTGs incorporating the latest technologies to allow for remote operation similar to the RTGs operated at Dublin Ferryport Terminals. During 2020, two gantry cranes were delivered and commissioned to bring the total number on site to three. In December 2019, six RTGs were delivered with a further two delivered in June 2020. Of the eight RTGs, five are commissioned and in use with the remaining three to be commissioned during 2021. These RTGs are supplemented by two rail mounted gantry cranes that will be phased out of operation during 2021.

Chairman's Statement

Continued

During 2020 the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. The Group has signed an agreement to enter into a 20-year lease for this operation on completion of certain civil works by the landlord. The facility is expected to become operational during 2021. The facility will be used for the remote storage, maintenance and upgrade of empty container boxes, releasing valuable capacity for the handling of containers in the port area. The Dublin Inland Port will be located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and Dublin Port via the Port Tunnel.

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of a premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes. The Group's subsidiary Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the schemes administration expenses and incurred expenses totalling €0.8 million relating to the above transaction. This is an important step for the Group in both reducing the quantum and volatility of pension liabilities on its balance sheet and safeguarding pensioner benefits into the future.

With increasing awareness of the effects of economic activity on the environment the Group is furthering its existing efforts to minimise its environmental footprint. The Group's strategy is one of minimising costs and achieving economies of scale which very much aligns with reducing environmental impacts. In addition to the installation of EGCS and electric RTGs, the Group has and is currently undertaking additional investments all of which bring significant environmental improvements to our operations. The various initiatives are discussed in the sustainability review at pages 40 to 53.

Exit of the United Kingdom from the European Union

The UK exited the EU on 31 January 2020 and the subsequent transition period ended on 31 December 2020. The Group welcomes the EU-UK Trade and Cooperation Agreement between the UK and the EU agreed on 30 December 2020.

The Group is happy to note that the long standing Common Travel Area arrangements will remain allowing free movement of passengers (subject to the lifting of Covid-19 restrictions) between both jurisdictions. The Group also welcomes the reintroduction of duty free on its Ireland – UK routes.

It is also noted that the UK have confirmed their adherence to the Convention on the Contract for the International Carriage of Goods by Road which will facilitate retention of the landbridge route through the UK. Despite this, the Group is concerned by the growing perception throughout the transport industry that import controls into ROI ports are more onerous and complicated when compared to other routes into ROI. We continue to engage with all relevant authorities to ensure that a level playing field is in place for all routes onto the island of Ireland from the UK.

In advance of the end of the transition period, Irish Ferries committed to the deployment at short notice of additional capacity on our direct continental services. In early January, we committed to diverting the W.B. Yeats to the Dublin – Cherbourg route. This has added significant capacity to the direct continental services. In addition, due to the revised fleet configuration Irish Ferries has the ability to offer additional frequency on its direct continental services should demand justify it. This capacity is under constant review. However, the direct continental route will never replicate the efficiency, frequency, reliability and cost of the landbridge route for importers and exporters. Therefore, we would again urge all authorities to ensure that the landbridge route is not only retained but given priority at national level. If Ireland is to rely on long direct sea routes, our competitiveness will suffer.

The exit of the UK from the EU has not affected our container shipping operations between Ireland and the continent with no consequential delays or congestion affecting the movement of our containers at European ports.

Corporate Governance

The Board acknowledges the importance of good corporate governance practices. We have developed a corporate governance framework based on the application of the principles and provisions of the UK Corporate Governance Code (2018) and the Irish Corporate Governance Annex. I report on this framework in the Corporate Governance Report on pages 71 to 83.

During the year, I led the annual evaluation of Board performance of which further details are set out in the Corporate Governance Report on pages 77 to 78. As Chairman, I am satisfied that the Board operates effectively to ensure the long term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

Dividend and share buyback

On 1 July, the Group announced that due to the effect of Covid-19, the Directors considered it prudent not to proceed with the 2019 final dividend previously announced. With the continuation of travel restrictions throughout 2020 and the consequential effects on the Group's financial results, no interim dividend was declared or paid relating to 2020.

In March, the Group bought back 570,000 shares which were cancelled. The total consideration paid for these shares was €1.7 million (2019: €12.9 million).

Outlook

Since the Interim Management Statement of November 2020, trading to the end of the year in our freight business was exceptionally strong. For the full year 2020 the Ferries Division recorded strong volume growth of 7.1% for RoRo freight. However, the continuation of Covid-19 travel restrictions resulted in a significant decline in both passenger and car numbers. Passenger numbers fell 66.3% and cars 65.8%. In the Container and Terminal Division overall container volumes shipped for the year were down 7.9%, while port lifts were down 8.9%.

In the period from 1 January 2021 to 6 March 2021, trading has been impacted by both the continuation of Covid-19 travel restrictions and new customs requirements following the exit of the UK from the EU. Irish Ferries carried 39,200 RoRo units in the period, a decrease of 30.2% on the prior year, while the number of cars decreased by 75.6% to 7,400. The number of passengers carried in the period decreased by 69.3% versus the prior year.

Covid-19 has had a material impact on our passenger business, and any recovery is unlikely while government restrictions remain in place, however we remain hopeful that the rollout of vaccinations will result in a return to international travel in our markets during 2021.

The material reduction in RoRo freight volumes in the first two months of the year mirror the same level of volume increases in pre-Brexit stockpiling in the last two months of 2020, leaving total volumes flat over the four month period. While volumes are down 30.2% year to date, testament to the flexibility of our fleet, we have adjusted to customer demand and increased tonnage on the Dublin – Cherbourg route. This has limited the decline in RoRo revenue to 8.1% versus the prior year. The current demand on the direct routes to the Continent is expected to decrease as importers, exporters and government agencies become more familiar with new requirements following Brexit. The decline will be in favour of the landbridge which has the benefits of cost, frequency, time and reliability.

The Container and Terminal Division has reintroduced a sixth vessel to the fleet from January 2021. In the period from 1 January 2021 to 6 March 2021, overall container volumes shipped were up 11.1% on the prior year and terminal volumes increased 9.2% on the prior year.

Despite the uncertainty created by the current Covid-19 pandemic and the recent exit of the UK from the EU, with our flexible and modern fleet and strong balance sheet, we are well placed to benefit from the return to growth in all our markets. We look forward to better years ahead.

John B. McGuckian,
Chairman

10 March 2021

Chief Executive's Review

2020 Performance

2020 was a challenging year for the Group which tested the resilience of our business model with the significant disruption caused by the Covid-19 pandemic measures.

Against the challenges presented by travel restrictions which essentially closed down all discretionary and leisure travel since March, the Group maintained essential shipping links on and off the island of Ireland through operating its conventional ferries. While the Group made a loss before tax of €18.0 million (2019: profit of €61.5 million), at an operating level pre non-trading items a modest profit of €0.8 million (2019: €50.0 million) is reported. Operations were cash generative at €46.1 million (2019: €84.8 million) and the Group maintained a strong balance sheet.

The Chairman in his review noted the progress we have made in the strategic development of the Group despite the difficult backdrop in our markets. These include significant environmental investments in both of our divisions.

The performance in the Ferries Division saw a decrease of 66.8% in EBITDA to €22.3 million (2019: €67.2 million). This was primarily due to Covid-19 travel restrictions on our passenger business. While the performance is disappointing, we take comfort and encouragement from the division's ability to introduce material cost containment measures that ensured it remained profitable at an EBITDA level. This is testament to the division's underlying cost base.

Performance in the Container and Terminal Division continued to grow at a steady rate. EBITDA in this division increased by 1.0% to €19.8 million (2019: €19.6 million). This was against the backdrop of reduced volumes in both containers shipped and terminal throughput.

Financial Position

The Group ended the year in a strong position financially, nothwithstanding that equity attributable to shareholders decreased by €22.0 million to €265.9 million. To protect the Group's already strong liquidity position against the short-term uncertain trading environment, a decision was made not to pay any dividends during 2020 (2019: €24.7 million paid). Prior to the known extent of the effects of the travel restrictions, 570,000 or 0.3% of issued equity had been repurchased in the market at a cost of €1.7 million.

Net debt at year end was €88.5 million compared to net debt of €129.0 million in the prior year. This represents a net debt / EBITDA leverage of 2.1 times. The decrease in net debt is due to cash generation in the year, the repayment of the deposit on Hull 777 of €33.0 million offset by capital expenditure of €30.1 million. Year end net debt of €88.5 million comprised gross borrowings of €200.4 million (2019: €203.9 million), lease obligations of €38.5 million (2019: €36.0 million) less gross cash balances of €150.4 million (2019: €110.9 million). Right-of-use lease obligations are excluded for banking covenant purposes.

Strategic Performance

As Chief Executive my key responsibility is to drive future profitable and sustainable growth of the Group. I'm happy to report that on a strategic level significant progress was made during 2020 in preparing the Group for future long-term growth opportunities.

Key Financial Highlights

● 2020 ● 2019

EBITDA (pre non-trading items)	EBIT (pre non-trading items)	Return on average capital employed	Adjusted earnings per share	Free cash flow before strategic capital expenditure
€42.1m	€0.8m	0.2%	(4.3)c	€35.3m
€86.8m | -51.5%	€50.0m | -98.4%	19.6% | -19.4pts	23.8c | -118.1%	€73.2m | -51.8%

Chief Executive's Review

Continued

The Group's principal defined benefit pension scheme entered into a buy-out transaction to transfer the liabilities relating to pensioners (at the transaction date) to a third-party insurer. This transaction materially reduces the size and risk of the scheme. This is a positive development for both the Group and the scheme's pensioners and current members. This is an important and significant step in the long-term journey to safeguard members' benefits and reduce any potential future cost or risk for the Group.

The Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. This is an important contract for the Group as we look to expand our container operations in Dublin in the knowledge of the scarcity of space to expand in the core Dublin Port area. It is testament to the quality of our container operations in the port area that we have been selected as the first tenant in the new inland port facility.

The Group's management continually seeks investment opportunities which meet the Group's stringent return hurdles both in terms of return and risk appetite, a policy which is promoted at all levels within the organisation. These investments are funded through a combination of debt and cash generation from existing activities.

Strategy and the Environment

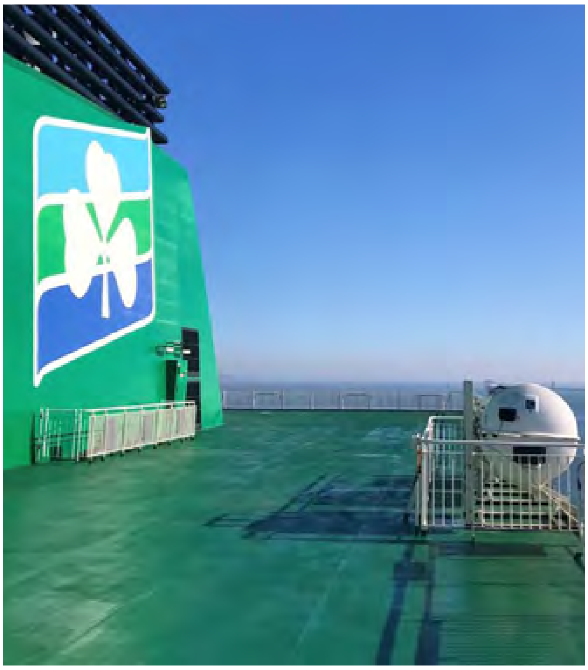
The Group is conscious that its activities have an environmental impact but is happy to note that reducing that impact aligns with our overall strategy. Notwithstanding the challenges faced by the Group during 2020, the Group proceeded with the significant investments in installing exhaust gas cleaning systems (EGCS) and the ongoing program of electrification of heavy plant at our container terminals. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operatives and align with the strategic objective of delivering sustained and profitable growth. However, not all environmental initiatives require major capital investment and we continue our initiatives to replace single-use non-recyclable consumables with environmentally friendly alternatives across the Group. We have also commenced the roll-out of our Green Voyage initiative to our crews to promote optimal voyage efficiencies.

The Group gathers significant data in relation to its operations which can be harnessed to further drive awareness of the impact of individual actions. The Group currently collects various data related to its environmental impact of its operations for external reporting purposes. In recognition of the powerful effect that data can have on creating

awareness of individual actions, the Group has now commenced a program to collate and harness this data as a tool to promote environmental responsibility within the workforce. The object is to achieve measurable reductions in our environmental impact across the Group over time.

However, for certain aspects the Group will require the shipping sector as a whole to work together. This particularly relates to global regulation under the auspices of the International Maritime Organisation setting common standards and key equipment suppliers adopting the latest technologies. As a small operator in a global market, the Group will only apply proven technologies which generate an economic return.

The Group is aware that our stakeholders require us to be environmentally focused and the Group is committed to continuous improvement in both the big and small things that we do.



Exit of the United Kingdom from the European Union

The UK exited the EU on 31 January 2020 and ended its transition period on 31 December 2020. The Group welcomes the EU-UK Trade and Cooperation Agreement between the UK and the EU. It is the Group's position that Ireland as an island will continue to trade outside of its borders. Given the strong linkages between Ireland and the UK both culturally and commercially, it is the Group's view that trade between these two economies will remain robust over the longer term.

However, the Group's investment in vessels is designed to provide route planning flexibility to enable the Group to adapt its schedules to customer demand both over the short and long term. Should demand for the Group's existing services fall over the longer term, the vessels are capable of being deployed to most geographic areas given their design specification.

Following the end of the transition period, the Group has, as previously outlined, adjusted capacity on the direct continental services.

Of some concern is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. To the extent that these goods are heading for the Republic of Ireland this is causing a distortion in the level playing field as goods from Britain are being checked on arrival in Republic of Ireland ports. If the exemptions are continued or enforcement continues to be haphazard, jobs will be lost in the Republic of Ireland as companies migrate to Northern Ireland because of easier logistical connections for exports and imports.

As the UK is no longer a member of the EU, the Group can introduce duty-free retail facilities on board its ferries operating to the UK. This had been an important ancillary revenue stream prior to the abolition of duty-free retail under EU rules in 1999.

Legal Challenge to the National Transport Authority (NTA) interpretation of the EU Regulation No 1177/2010

As previously reported, Irish Ferries has commenced legal proceedings by way of judicial review against the NTA's interpretation of the EU Regulation No 1177/2010 in respect of the cancellations that arose during 2018 resulting from the delayed delivery by the shipyard of our cruise ferry W.B. Yeats, delivered in December 2018. The review has been admitted to the High Court of Ireland who have referred certain questions for interpretation to the European Court of Justice.

Chief Executive's Review

Continued

We believe this challenge is necessary, particularly in the context of whether landbridge is an alternative route to direct services. Greater clarity on the regulation has an important role to play in our island connectivity and the viability of direct links to the Continent. We further believe this challenge is in the best interests of our customers, to protect the viability of direct links to the Continent which is now all the more critical against the backdrop of the UK's exit from the EU. These direct links are threatened by what we strongly believe to be the NTA's incorrect interpretation of the Regulation.

Government support for essential shipping services during Covid-19

As noted, the Group's passenger carryings were severely affected by the travel restrictions imposed as part of governments' response to the Covid-19 pandemic. Notwithstanding the Group committed, without any government support, to continue operating our loss-making routes which provide a vital lifeline service to our island. However, we were disappointed to note that the Irish Government introduced a Public Services Obligation (PSO) model for part of 2020 covering the shortfall between variable revenue and certain variable costs of certain competitors. This was not an approach that we supported as we believe this model was liable to create distortions in the marketplace and could be open to legal challenge. For these reasons we decided not to participate in this PSO model.

The Group, where appropriate, has availed of governments' staff retention support schemes across Europe.

Stakeholders

The Group's performance is dependent on the support of our customers, suppliers and employees. I would like to thank all our customers for their support during this difficult year. We will continue to work with our customers to meet their expectations into the future.

Our suppliers are key to our ability to deliver quality services to our customers. We continually work with our suppliers whether they be port operators, contracted service providers or product suppliers to improve efficiencies and quality. We appreciate the co-operation and flexibility achieved in delivering our 24/7 services.

As in prior years, I would like to take this opportunity to thank our employees for their continued dedication to the operation of our services that are essential to the island of Ireland. This dedication has never before been so severely tested. It is testament to their dedication and skill that the Group's services on and off the island were maintained.

Outlook

The continued circulation of the Covid-19 virus in our communities has resulted in Covid-19 measures remaining in place, restricting travel to essential purposes and closing the hospitality sector. There is uncertainty as to when these restrictions will be eased and travel patterns return to previous levels. I note the various vaccine programs being rolled out in our immediate jurisdictions of Ireland and the UK and government commitments to ensuring the majority of the populations will have received some level of vaccination during the first half of 2021. Achievement of these commitments will assist with the return of travel between the closely integrated communities of Ireland and the UK in the second half of 2021. We are offering early booking flexibility and operate a travel safe program on all our Irish Ferries passenger services to protect our returning customers. Against that background Irish Ferries is well placed to benefit from a resumption in international tourism travel.

While the freight market between Ireland and the UK continues to adapt to the end of the transition period, I believe with a level playing field and protection of the landbridge, freight will move on the most efficient and quickest routes on and off the island of Ireland.

Our resilient business model has ensured that we have retained a strong financial position with significant liquidity resources. This will support the Group into the future where we will continue to seek out improvement and investment opportunities for our longer term success.

Eamonn Rothwell,
Chief Executive Officer

10 March 2021

Business Model and Strategy

The Group operates under two divisions:

- **The Ferries Division** which is reviewed in detail on pages 26 to 31; and
- **The Container and Terminal Division** which is reviewed in detail on pages 32 to 35.

Our strategy is to generate profitable and sustainable growth for the Group by embracing new services and technologies while minimising our impact on the environment. Key risks and uncertainties which may impact the successful delivery of this strategy are set out on pages 57 to 61.

There are two principal elements to the Group's strategy for delivering value to shareholders:

- **Investment in quality assets** to achieve economies of scale with a superior customer service.
- **Benchmarking costs to industry best practice** to enable the Group to compete vigorously in its chosen markets.

This strategy is supported by our five strategic pillars

Quality service

People and culture

Financial management

Safety

Sustainability

The key resources supporting delivery of this strategy include;

A modern vessel fleet

Long term leasehold interests and operating agreements

Access to strategically located ports and slot times

Experienced qualified staff

Recognised brand names

Access to financial resources

Key Performance Indicators and Summary of 2020 Results

The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations and of the Group as a whole which are set out and defined below.

Certain financial measures used are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures (APMs) provides useful supplementary information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation, impairment, amortisation and non-trading items.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest, tax and non-trading items.	Measures the Group's earnings from ongoing operations.
Free cash flow before strategic capital expenditure	Free cash flow comprises operating cash flow less capital expenditure before strategic capital expenditure which comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings plus lease liabilities less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
Adjusted Earnings Per Share (EPS)	EPS is adjusted to exclude the non-trading items and net interest cost on defined benefit obligations.	Directors consider Adjusted EPS to be a key indicator of long term financial performance and value creation of a public listed company.
ROACE	ROACE represents return on average capital employed. Operating profit (before non-trading items) expressed as a percentage of average capital employed (consolidated net assets, excluding net (debt) / cash, retirement benefit surplus / (obligation) and asset under construction net of related liabilities.	Measures the Group's profitability and the efficiency with which its capital is employed.
Pre-IFRS 16	Use of the term Pre-IFRS 16 denotes that the APM or IFRS measure has been adjusted to remove the effects of the application of IFRS 16 Leases.	Assists the year on year comparison of underlying performance.

Non-Financial KPI	Description	Benefit of non-financial KPI
Schedule integrity	Schedule integrity (the number of sailings completed versus scheduled sailings).	Schedule integrity is an important measure for Irish Ferries vessels as it reflects the reliability and punctuality of our service. This measure is meaningful to both our passenger and freight customers alike in facilitating them and their cargo to arrive on time at their final destination.

The following table sets forth the reconciliation from the Group's operating profit for the financial year to EBIT, EBITDA, free cash flow and net debt. See note 12 to the Consolidated Financial Statements for the calculation of Basic and Adjusted EPS.

Cash Flow	2020 €m	2019 €m
Operating (loss) / profit (EBIT)	(10.4)	64.9
Non-trading items (note 10)	11.2	(14.9)
Net depreciation, impairment and amortisation (note 9)	41.3	36.8
EBITDA	**42.1**	**86.8**
Working capital movements (note 34)	10.6	2.0
Pension payments in excess of service costs (note 34)	(1.1)	(1.3)
Share-based payments expense (note 31)	0.2	1.9
Other	(0.6)	0.1
Cash generated from operations	**51.2**	**89.5**
Interest paid (note 34)	(3.7)	(3.5)
Tax paid (note 34)	(1.4)	(1.2)
Maintenance capital expenditure	(10.8)	(11.6)
Free cash flow before strategic capital expenditure	**35.3**	**73.2**
Strategic capital expenditure	(19.3)	(42.5)
Repayment of vessel contract deposit	33.0	-
Free cash flow after strategic capital expenditure	49.0	30.7
Proceeds on disposal of property, plant and equipment	4.9	1.8
Dividends paid to equity holders of the Company	-	(24.7)
Buyback of equity	(1.7)	(12.9)
Proceeds on issue of ordinary share capital	0.2	0.1
Net cash flows	**52.4**	**(5.0)**
Opening net debt	(129.0)	(80.3)
Recognition of right-of-use asset lease obligations	(12.5)	(43.5)
Translation / other	0.6	(0.2)
Closing net debt	**(88.5)**	**(129.0)**

Key Performance Indicators and Summary of 2020 Results

The following table sets forth the reconciliation from the Group's ROACE calculation:

ROACE	2020 €m	2019 €m
Equity	265.9	287.9
Net debt	88.5	129.0
Asset under construction (including prepayment deposits)	(3.3)	(43.9)
Retirement benefit obligations	2.2	3.7
	353.3	376.7
Retirement benefit surplus	(1.0)	(12.5)
Capital employed	**352.3**	**364.2**
Average capital employed	358.3	254.6
Operating profit (before non-trading items)	0.8	50.0
ROACE	**0.2%**	**19.6%**

The following table sets forth the reconciliation from the Group's net debt calculation:

Net debt	2020 €m	2019 €m
Cash and cash equivalents (note 19)	150.4	110.9
Non-current borrowings (note 22)	(113.1)	(200.3)
Current borrowings (note 22)	(87.3)	(3.6)
Non-current lease obligations (note 23)	(27.8)	(27.6)
Current lease obligations (note 23)	(10.7)	(8.4)
Net debt	**(88.5)**	**(129.0)**

The calculation and performance of KPIs and a summary of the key financial results for the year is set out in the table below. A detailed review of the divisional operations is set out on pages 26 to 35.

		Ferries		Container & Terminal		Inter-Segment		Group	
	Comment	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Revenue		141.4	212.4	146.5	154.4	(10.8)	(9.4)	277.1	357.4
EBITDA	1	22.3	67.2	19.8	19.6	-	-	42.1	86.8
Depreciation, impairment and amortisation		(34.6)	(30.8)	(6.7)	(6.0)	-	-	(41.3)	(36.8)
Operating (loss) / profit (EBIT)	**2**	**(12.3)**	**36.4**	**13.1**	**13.6**	**-**	**-**	**0.8**	**50.0**
Non-trading item (note 10)		(11.2)	14.9	-	-	-	-	(11.2)	14.9
Finance costs (note 7)		(6.4)	(2.0)	(1.4)	(1.5)	-	-	(7.8)	(3.5)
Finance income (note 6)		0.2	0.1	-	-	-	-	0.2	0.1
(Loss) / profit before tax		**(29.7)**	**49.4**	**11.7**	**12.1**	**-**	**-**	**(18.0)**	**61.5**
ROACE	3	(4.2)%	17.6%	21.0%	28.6%	-	-	0.2%	19.6%
EPS: (note 12)									
EPS Basic	4	-	-	-	-	-	-	(10.2)c	31.7c
EPS Adjusted	4	-	-	-	-	-	-	(4.3)c	23.8c
Free cash flow	5	-	-	-	-	-	-	35.3	73.2

Comment:

Financial KPIs

1. **EBITDA:** Group EBITDA for the year decreased by 51.5%, to €42.1 million (2019: €86.8 million). The decrease in underlying EBITDA was primarily due to Covid-19 related travel restrictions, which materially reduced passenger traffic in the Ferries Division. EBITDA in the division decreased by 66.8%, to €22.3 million, while the Container and Terminal Division increased by 1.0%, to €19.8 million.

2. **EBIT:** Group EBIT (pre non-trading items) for the year decreased by 98.4% to €0.8 million (2019: €50.0 million). The Ferries Division decrease in underlying EBIT was 133.8%, primarily due to the effect of Covid-19 travel restrictions, while the Container and Terminal Division was 3.7% lower, as a result of higher depreciation charges. Group EBIT including non-trading items decreased by 116.0% to €(10.4) million (2019: €64.9 million). The non-trading item relates to the transfer of pension liabilities to a third-party insurer.

3. **ROACE:** The Group achieved a return on average capital employed of 0.2% (2019: 19.6%). The Ferries Division achieved a return on average capital employed of (4.2%) (2019: 17.6%) while the Container and Terminal Division achieved 21.0% (2019: 28.6%).

4. **EPS:** Adjusted EPS (before non-trading items and the net interest cost on defined benefit obligations) was (4.3) cent compared with 23.8 cent in 2019. Basic EPS was (10.2) cent compared with 31.7 cent in 2019.

5. **Free cash flow before strategic capital expenditure:** The Group's free cash flow before strategic capital expenditure was €35.3 million (2019: €73.2 million). The decrease in free cash flow is mainly due to the decrease in EBITDA which was partially offset by positive working capital movements. Free cash flow before strategic capital expenditure is a meaningful measure of cash generated for investment or return to shareholders.

Non-Financial KPIs

Schedule integrity: The Ferries Division delivered 98% of scheduled sailings compared with 92% in the previous year across all services. Due to Covid-19 travel restrictions, the fastcraft Dublin Swift did not operate any sailings during 2020.

The Ferries Division

The Ferries Division operates multi-purpose ferry services carrying both passengers and RoRo freight on strategic short sea routes between Ireland and the UK and direct ferry services between Ireland and France. The division also engages in chartering activities.

The ferry services trade under the Irish Ferries brand. Irish Ferries operates on three routes utilising a fleet of five vessels, four of which are owned and one which is chartered-in.

Due to Covid-19 travel restrictions the fastcraft Dublin Swift, which normally operates on the Dublin – Holyhead route, was layed-up for the year and did not operate any services.

In addition to the modern fleet, Irish Ferries retains rights to access appropriate berthing times at key ports allowing Irish Ferries to facilitate its customers' preferred sailing times.

The division also owns six container vessels which are time chartered.

Fleet Summary

Operated by Ferries Division

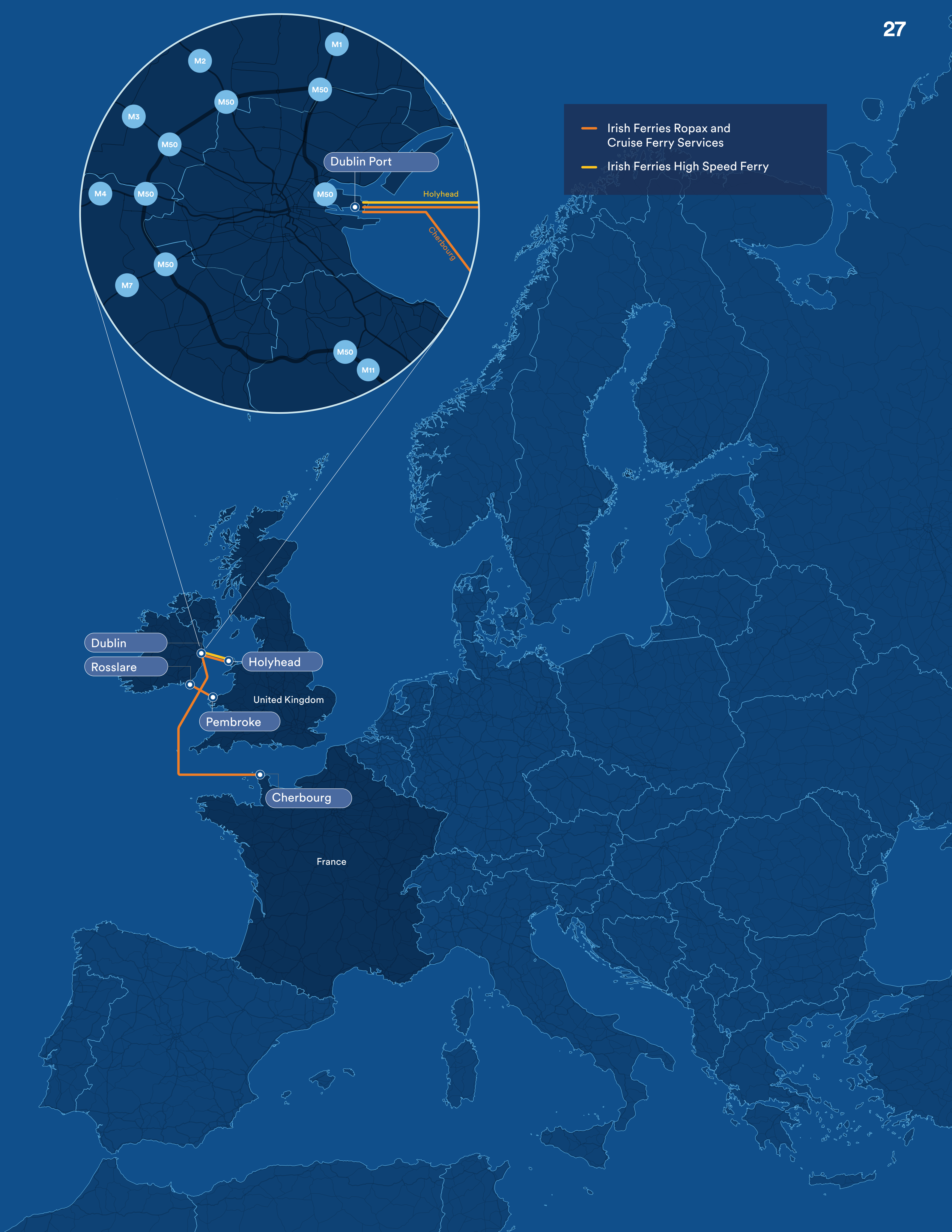
Vessel	Type	Employment
Ulysses	Cruise ferry	Dublin – Holyhead
Isle of Inishmore	Cruise ferry	Rosslare – Pembroke
Epsilon (chartered-in)	Ropax vessel*	Dublin – Holyhead / Cherbourg
Dublin Swift	High speed ferry	Dublin – Holyhead
W.B. Yeats	Cruise ferry	Dublin – Holyhead / Cherbourg

Chartered out by Ferries Division

Vessel	Type	Employment
Ranger	LoLo container vessel	Charter – 3rd Party
Elbfeeder	LoLo container vessel	Charter – Inter-Group
Elbtrader	LoLo container vessel	Charter – Inter-Group
Thetis D	LoLo container vessel	Charter – 3rd Party
CT Rotterdam	LoLo container vessel	Charter – Inter-Group
Elbcarrier	LoLo container vessel	Charter – Inter-Group

*A Ropax ferry is a vessel with RoRo freight and passenger capacity.

Irish Ferries


Irish Ferries Ropax and Cruise Ferry Services
Irish Ferries High Speed Ferry
M1
M2
M3
M4
M7
M11
M50
Dublin Port
Holyhead
Cherbourg
Dublin
Rosslare
Holyhead
Pembroke
United Kingdom
Cherbourg
France

The Ferries Division

Continued

2020 Overall Ferries Division Performance

● 2020 ● 2019

Revenue	EBITDA	EBIT	Non-trading item	ROACE
€141.4m	€22.3m	€(12.3)m	€(11.2)m	(4.2)%
€212.4m | -33.4%	€67.2m | -66.8%	€36.4m | -133.8%	€14.9m | -175.2%	17.6% | -21.8pts

Revenue in the division was 33.4% lower than the previous year at €141.4 million (2019: €212.4 million). Revenue in the first half of the year decreased by 33.2% to €61.6 million (2019: €92.3 million), while in the second half revenue decreased 33.5%, to €79.8 million (2019: €120.1 million). EBITDA decreased to €22.3 million (2019: €67.2 million) while EBIT was €(12.3) million compared with €36.4 million in 2019.

Fuel costs were €23.8 million, a decrease of €10.9 million on the prior year. The division achieved a return on capital employed of (4.2)% (2019: 17.6%).

In total Irish Ferries operated 4,501 sailings in 2020 (2019: 4,934), the decrease due to the lay-up of the Dublin Swift.

Car and Passenger Markets

It is estimated that the overall car market*, to and from the Republic of Ireland, fell by approximately 63.5% in 2020 to 284,000 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have decreased by 51.8%. Irish Ferries' car carryings during the year were down on the previous year by 65.8% to 137,100 cars (2019: 401,300 cars). The reduction in carryings were primarily due to the Covid-19 travel restrictions in place for most of the year.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland decreased by 62.5% on 2019 to a total of 1.1 million passengers, while the all-island market decreased by 56.2%. Irish Ferries' passenger numbers carried decreased by 66.3% at 519,000 (2019: 1.54 million). In the first half of the year, Irish Ferries passenger volumes fell by 63.9% and in the second half of the year, which is seasonally more significant, the decrease in passenger numbers was 68.1%.

The Ferries Division delivered 98% of scheduled sailings compared with 92% in the previous year across all services. Due to Covid-19 travel restrictions, the fastcraft Dublin Swift was layed-up for the year and did not operate any sailings.

In 2020, Irish Ferries rapidly adapted its planned marketing and promotional campaigns to respond to the evolving Covid-19 pandemic. Focus moved to our 'Travel Safe' programme and to providing information about our on-board environment with fresh air circulation, access to outdoor decks, space for social distancing, as well as the introduction of new cleaning regimes and procedures onboard to maximise the safety for all passengers undertaking essential travel.

Our website and social channels continued to be much visited and valued hubs for information on these safety measures, the latest updates on travel restrictions in the Irish, British and French marketplaces, as well as providing reassurance on the continuity of our sailing schedules. Our social following increased across the main platforms including Twitter, Facebook and Instagram. Where needed, Irish Ferries also liaised with relevant authorities for the repatriation requirements of citizens stranded because of the pandemic.

Irish Ferries continued to collaborate throughout the year with state tourism agencies in Ireland (Tourism Ireland and Fáilte Ireland) as well as in our tourism source markets for Wales (Visit Wales) and France (Normandy Tourism and Cotentin Tourism). This was to ensure we had the latest insights for each market and that we are ready to deliver co-operatively funded advertising and publicity initiatives once travel for leisure and tourism is advisable again.

*(Market figures source: Passenger Shipping Association and Cruise & Ferry)

In a year of unprecedented challenges, we continued to work in partnership with the travel trade. In 2020, we were delighted to be recognised once again by travel trade professionals and were voted 'Best Ferry Company' for the 10th year in a row at the Irish Travel Industry Awards and were awarded in the UK 'Best Ferry or Fixed Link Operator' in the Group Leisure & Travel awards for the second year running. These awards were a welcome recognition of our professionalism in handling the difficult circumstances this year.

Sunflower Lanyard

In February 2020, Irish Ferries became the first Irish travel operator to introduce the hidden disability Sunflower Lanyard scheme across its entire fleet. Available to all passengers with hidden disabilities, and an addition to the full range of services already available to passengers with restricted mobility, the discreet Sunflower Lanyard enables crew who are specially trained, to readily identify those on-board who may require some extra help, time or assistance.

Frontline Crew

Our frontline staff and crew adapted to the new challenges and requirements of the extraordinary Covid-19 circumstances, introduced new procedures and cleaning regimes as well as embracing a continuous testing protocol. These measures ensured they were kept safe while providing the highest standards onboard to ensure continued connectivity for our island and protection for our key freight workers and essential travellers.

(See website with details of our 'Travel Safe' programme: *https://www.irishferries.com/ie-en/offers/Travel-Safe/*)

The Ferries Division

Continued

RoRo Freight

The RoRo freight market* between the Republic of Ireland, and the UK and France, fell slightly in 2020 on the back of Covid-19 restrictions in the early part of the year, but was mostly offset in the second half as the Irish and UK economies opened up again. The market was further strengthened due to stockpiling in advance of the end of the UK's transition period upon exiting the EU. The total number of trucks and trailers was down 1.2%, to approximately 1.03 million units. On an all-island basis, the market decreased by approximately 1.9% to 1.84 million units.

Irish Ferries' carryings, at 335,500 freight units (2019: 313,200 freight units), increased by 7.1% in the year with volumes down 2.7% in the first half and up 16.6% in the second half. The performance against the market is principally related to the attraction of the short sea market over other routes.

Irish Ferries has also been proactive in the online environment for freight customers. In recent years high-quality mobile options have been developed, alongside the traditional desktop, whereby customers can access our freight reservations systems with ease. This has facilitated an increasing proportion of our business being booked via our website, *www.irishferriesfreight.com*.

Chartering

The Group continued to charter a number of ships to third parties during 2020. Overall external charter revenues were €5.9 million in 2020 (2019: €5.3 million). Of our six owned LoLo container vessels, four are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst two are chartered to third parties. The Oscar Wilde continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Outlook

We look forward to a recovery of our tourism markets once government vaccination programs are significantly advanced, leading to the gradual easing and eventual lifting of Covid-19 travel restrictions. We expect the improvements to our schedule integrity achieved in 2020 to continue and improve into 2021 with the continued benefits derived from our extensive drydock programmes on the Ulysses and Isle of Inishmore and the continued operation of the W.B. Yeats.

Despite the difficult year for the Group, we take comfort from the continued strength of our balance sheet and the high quality and performance of our asset base.

The Container and Terminal Division

The Container and Terminal Division provides direct container shipping services between Ireland and Continental Europe together with the operation of container terminals at both Dublin and Belfast.

The division's intermodal shipping line Eucon is the market leader in the sector, operating a core fleet of six chartered container vessels ranging in size from 750 – 1,000 teu capacity, connecting the Irish ports of Dublin, Cork and Belfast with the continental ports of Rotterdam and Antwerp. Eucon offers feeder services to the Deep Sea Lines and a full intermodal service between Ireland and Continental Europe. Eucon deploys 4,200 owned and leased containers (equivalent to 8,100 teu) of varying types thereby offering a full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters from all points on the island of Ireland to destinations across 20 European countries. Door-to-door services are contracted to third parties utilising a variety of transport modes including road, rail and barge.

Dublin Ferryport Terminals (DFT) operates its Dublin Port container facility from a leasehold facility with a remaining lease term of 101 years, covering over 34 acres. The facilities comprise 480 metres of berths for container ships, with a depth of nine to eleven metres and is equipped with three modern gantry cranes (40 tonne capacity) and ten rubber-tyred gantries (RTGs) (40 tonne capacity) on a strategically located site within three kilometres of Dublin city centre and within one kilometre of the Dublin Port Tunnel, providing direct access to Ireland's motorway network. Of the ten RTGs operated by DFT, four are electrically operated, incorporating latest technologies to allow for remote operation of which two were delivered and commissioned during the year.

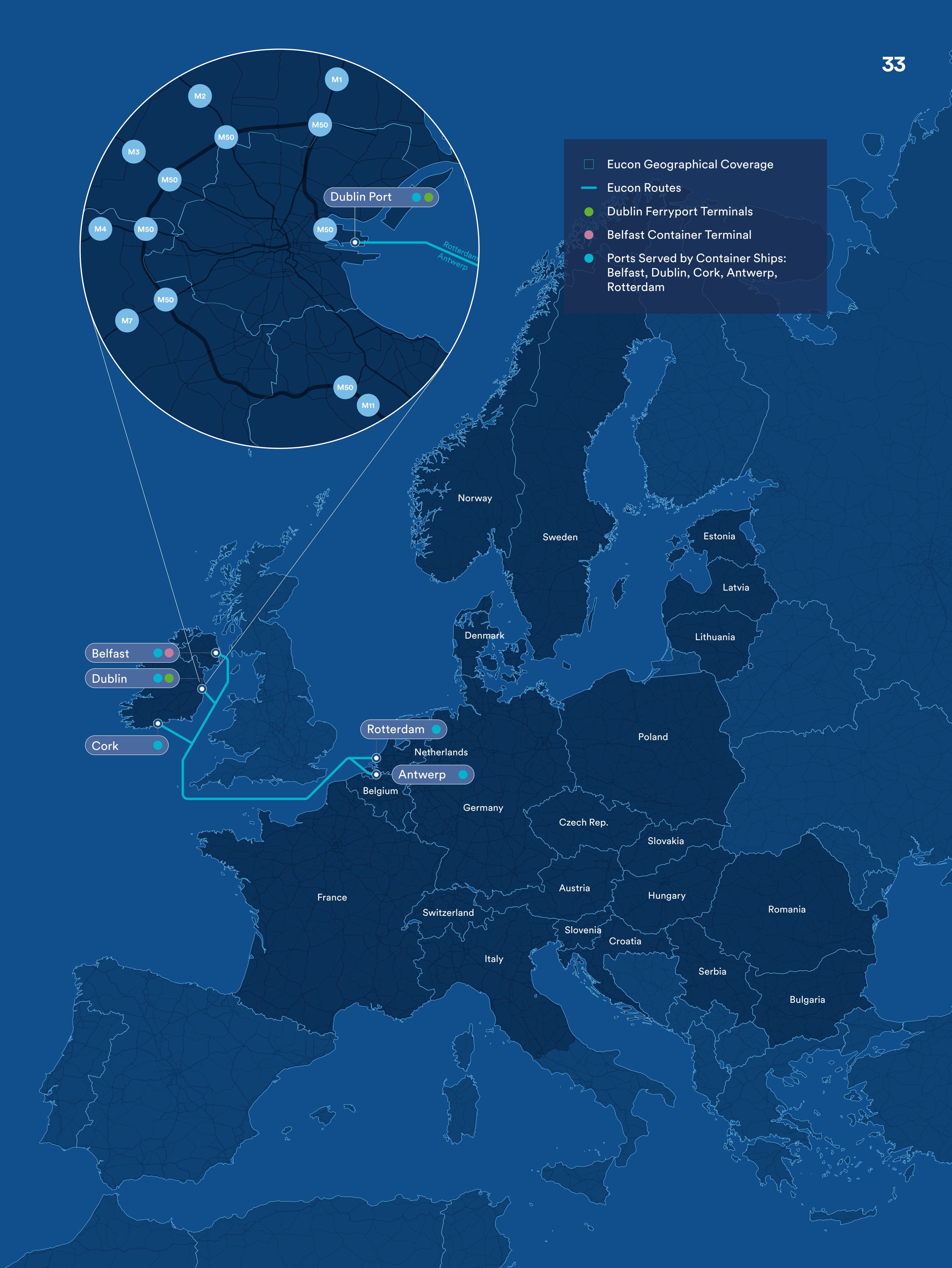
Belfast Container Terminal (BCT) operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27-acre site in Belfast Harbour. In 2019, the Group agreed an extension to this services concession agreement to 2026. The £40m re-investment project by BHC is well underway which includes extensive civil works and the delivery of two new gantry cranes and eight new electrically operated RTGs incorporating the latest technologies to allow for remote operation similar to the RTGs operated at DFT. During 2020, two gantry cranes were delivered and commissioned to bring the total number on site to three. In December 2019, six RTGs were delivered with a further two delivered in June 2020. Of the eight RTGs, five are commissioned and in use with the remaining three to be commissioned during 2021. These RTGs are supplemented by two rail mounted gantry cranes that will be phased out of operation during 2021.

The Group was successful in a public tender process to be the first operator in the new Dublin Inland Port. The Group has signed a 20-year lease for this operation. The facility is expected to come online by the end of 2021.

2020 Overall Container and Terminal Performance

● 2020 ● 2019

Revenue	EBITDA	EBIT	ROACE
€146.5m	€19.8m	€13.1m	21.0%
€154.4m | -5.1%	€19.6m | +1.0%	€13.6m | -3.7%	28.6% | -7.6pts


Eucon Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Belfast Container Terminal
Ports Served by Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M50
M3
M4
M7
M11
Dublin Port
Rotterdam
Antwerp
Belfast
Dublin
Cork
Rotterdam
Antwerp
Netherlands
Belgium
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
Poland
Germany
Czech Rep.
Slovakia
France
Switzerland
Austria
Hungary
Romania
Slovenia
Croatia
Italy
Serbia
Bulgaria

The Container and Terminal Division

Continued

Revenue in the division decreased to €146.5 million (2019: €154.4 million). The revenue is derived from container handling and related ancillary revenues at our terminals and in Eucon from a mix of domestic door-to-door, quay-to-quay and feeder services with 70% (2019: 70%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner.

EBITDA in the division increased by 1.0% to €19.8 million (2019: €19.6 million) while EBIT fell 3.7% to €13.1 million (2019: €13.6 million).

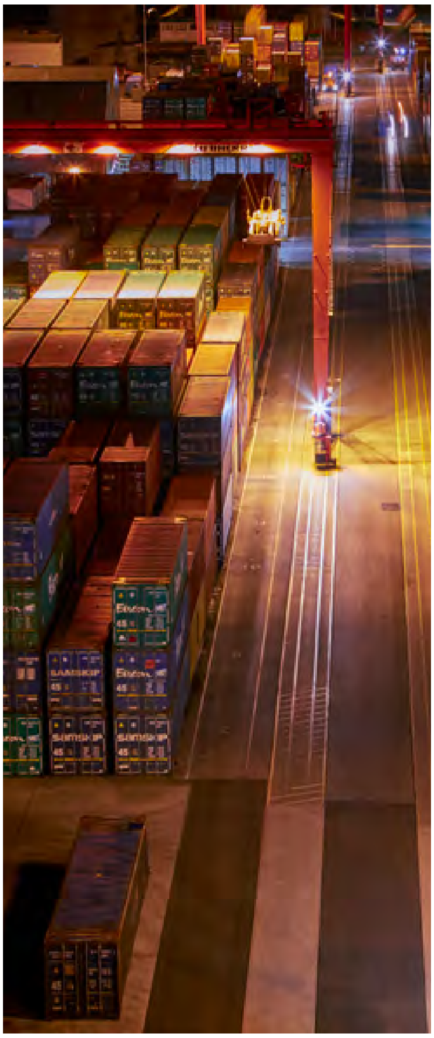
In Eucon overall container volumes shipped were down 7.9% compared with the previous year at 316,300 teu (2019: 343,400 teu). Covid-19 impacted our feeder volumes as imports from the Far East, which hub through the ports of Rotterdam and Antwerp, were lower in the first half of 2020. Volumes improved in the second half of the year as production and demand adjusted to the Covid-19 environment. The resulting revenue decrease was offset by disciplined capacity management where we reduced our core operating fleet from six vessels to five vessels.

Containers handled at the Group's terminals in DFT and BCT were down 8.9% at 292,400 lifts (2019: 320,800 lifts). DFT's volumes were down 7.1%, while BCT's lifts were down 11.4%.

Outlook

We have reintroduced a sixth vessel to the fleet from January 2021 and look forward to returning to a growth trend in EBIT which is testament to our investment in the business in driving efficiencies and nurturing close customer relationships. We are pleased with the commissioning of our new remotely operated RTGs and continue to enjoy the efficiency and environmental benefits they provide. These will further drive efficiencies and increase operating capacity in our Dublin terminal. The opening of the Dublin Inland Port expected in 2021, will provide further new opportunities in both the inland port itself and the core Dublin Terminal due to the additional operating capacity it will provide. With the concession agreement at our Belfast terminal facility now extended to 2026, we look forward to continue working on the completion of the £40m re-investment project with BHC and assisting in the delivery of additional terminal capacity to the market.

Financial Review



Results
Revenue for the year amounted to €277.1 million (2019: €357.4 million) while operating profit before non-trading items amounted to €0.8 million compared with €50.0 million in 2019. Principal variations on the prior year relate to the reduction in passenger traffic due to Covid-19 travel restrictions.

Taxation

The tax charge is €1.0 million compared with a charge of €1.3 million in 2019. The corporation tax charge of €1.2 million (2019: €1.2 million) comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax regime for qualifying shipping activities) in Ireland. Reconciliation of the tax charge showing the effect of the tonnage tax regime on the Group's tax charge is shown at note 8. The deferred tax credit was €0.2 million in 2020 compared to a charge of €0.1 million in 2019.

Earnings per share

Basic EPS was (10.2) cent compared with 31.7 cent in 2019. The reason for the decrease in Basic EPS is due to the decrease in profit attributable to equity holders of the parent to €(19.0) million (2019: €60.2 million) with no significant movement in the average shares in issue.

Adjusted EPS (before the net interest cost on defined benefit obligations and non-trading items) was (4.3) cent compared with 23.8 cent in 2019.

Cash flow and investment

EBITDA for the year was €42.1 million (2019: €86.8 million). There was a net inflow of €10.6 million due to positive working capital movements, payments in excess of service costs to the Group's pension funds of €1.1 million and other net cash inflows amounting to €0.6 million, yielding cash generated from operations amounting to €51.2 million (2019: €89.5 million).

Interest paid was €3.7 million (2019: €3.5 million) while taxation paid was €1.4 million (2019: €1.2 million).

Capital expenditure outflows amounted to €30.1 million (2019: €54.1 million) which included €19.3 million of strategic capital expenditure related to the purchase and installation of EGCS on the Ulysses, four of the Group's owned container vessels and the commissioning of two electrically powered, remotely operated RTGs at DFT. This investment was partially offset in the year by the return of the vessel building deposit relating to Hull 777 of €33.0 million by way of refund guarantee.

Dividend payments of €nil (2019: €24.7 million) were made during the year and €1.7 million (2019: €12.9 million) was expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €88.5 million (2019: €129.0 million net debt), which comprised gross borrowings of €200.4 million (2019: €203.9 million), lease obligations of €38.5 million (2019: €36.0 million) offset by cash balances of €150.4 million (2019: €110.9 million). The key net debt / EBITDA (pre non-trading items) ratio was 2.1 times (2019: 1.5 times).

Dividend and share buybacks

On 1 July, the Group announced that due to the effects of Covid-19 on current trading and notwithstanding that the Group retained a strong liquidity position, the Directors had considered it prudent not to proceed with the 2019 final dividend previously announced and also did not declare any interim dividend.

In light of the travel restrictions continuing into 2021 and uncertainty around when they may be eased the Directors also consider it prudent not to declare a final dividend in relation to the year ended 31 December 2020.

During the year the Group bought back 570,000 shares which were cancelled. The total consideration paid for these shares was €1.7 million.

Pensions

The Group has four, separately funded, company-sponsored defined benefit obligations covering employees in Ireland, the UK and the Netherlands. The Group also participates in the UK based industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) in which participating employers share joint and several liability. Aggregate pension assets in the four company-sponsored schemes at year end were €139.6 million (2019: €298.4 million), while combined pension liabilities were €140.8 million (2019: €289.6 million). The total net deficit of all defined benefit pension schemes at 31 December 2020 was €1.2 million in comparison to €8.8 million surplus at 31 December 2019.

Financial Review

Continued

On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of a premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid. The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes. The Group's subsidiary Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the scheme's administration expenses and incurred expenses totalling €0.8 million relating to the above transaction. This is an important step for the Group in both reducing the quantum and volatility of pension liabilities on its balance sheet and safeguarding pensioner benefits into the future.

Financial risk management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. To minimise risk, the Group may use interest rate swaps and forward foreign currency contracts. The Group does not trade in financial instruments for speculative purposes.

Interest rate management
The interest rates on Group borrowings at 31 December 2020, comprising loan notes and finance lease obligations have been fixed at a contracted rate at the date of drawdown with the relevant lender, eliminating exposure to interest rate risk on borrowings. The average effective interest rate at 31 December 2020 was 1.60% (2019: 1.60%). Debt interest cover under our banking covenants to operating cash flows for the year was 10.7 times (2019: 31.6 times).

Currency management
The Group has determined that the euro is the operating currency in which it reports its results. The Group also has significant sterling and US dollar cash flows. The Group's principal policy is to minimise currency risk by matching foreign currency assets and liabilities and to match cash flows of like currencies. Exposure to the US dollar relates mainly to fuel costs. The Group has in place fuel surcharge arrangements with its commercial customers which recovers a portion of movements in euro fuel costs above a base level which partially mitigates the exposure to US dollar currency movements.

Commodity price management
Bunker oil costs constitute a separate and significant operational risk, partly as a result of historically significant price fluctuations. In the Container and Terminal Division bunker costs above a base level are offset to a large extent by the application of prearranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. Bunker consumption was 107,300 tonnes in 2020 (2019: 122,000 tonnes). The reduction in consumption was primarily due to the lay-up of the fastcraft Dublin Swift. The cost per tonne of heavy fuel oil (HFO) fuel in 2020 was 23% lower than in 2019 while marine gas oil (MGO) was 30% lower than in 2019.

Credit risk
The Group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The concentration of credit risk in relation to trade is limited due to the exposure being spread over a large number of counterparties and customers. The Group also has a significant long term receivable relating to a bareboat hire purchase arrangement which is secured by retention of title to the vessel.

Liquidity
It is Group policy to maintain available facilities which allow the Group to conduct its business in an orderly manner. The target level is reviewed from time to time in line with the Group's future requirements over the medium term and will comprise cash deposits and committed banking facilities. Total available facilities at 31 December 2020 amounted to €240.8 million, comprising cash balances of €150.4 million together with undrawn committed facilities of €90.4 million with average maturity of 3.1 years (2019: 4.1 years). Total drawn facilities of €201.2 million had an average maturity of 4.6 years (2019: 6.2 years) over remaining terms of up to 10 years (2019: 11 years).

David Ledwidge,
Chief Financial Officer

10 March 2021


TRADER

Sustainability

A commitment to safeguarding the environment and operating in a sustainable manner is a key deliverable of ICG strategy. A continuous focus on improving operational efficiencies results in lower inputs and wastage levels, and maximises asset lives all of which ultimately improves our environmental performance.

In recognising that small changes can deliver cumulatively large efficiencies over time, ICG has developed a Group-wide environmental framework, the objective of which is to facilitate the continuous improvement of the environmental effects of the Group's activities in a unified and structured manner. The key to this is to leverage the information and knowledge gathered as part of our regulatory compliance obligations to drive awareness of individual actions in reducing our operating footprint.

On a wider societal level the Group plays a pivotal role in Ireland's traded goods logistical chain while Irish Ferries' passenger services contribute significantly to the tourism industries of Ireland, the UK and France.

The Group's principal activity is the operation of ships and provision of related services. While transport by sea is one of the most efficient modes of transport, these activities still have an unavoidable impact on the environment. This report provides a summary of the principal initiatives implemented by the Group to minimise this impact over four key areas; emissions, waste and resource use, employee health and safety, and diversity and inclusion.

Our Purpose

Our purpose is to achieve continued success in our chosen markets, delivering a safe, reliable, timely, good value and high-quality experience to our customers in a way that minimises our impact on the environment.

The successful delivery of the Group's customer value proposition is underpinned by a commitment to minimising our environmental impact and enhancing the sustainability of all Group activities.

Sustainable success for the Group means operating in harmony with the environment and contributing to a prosperous future for all our stakeholders. In working towards this vision, the Group endorses the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs were first adopted by UN member states in 2015 as an urgent call to address 17 global environmental and socioeconomic issues with the ambition to meet 169 related targets by 2030. While not all SDGs can be tackled by the Group, we have prioritised five areas where we can positively contribute and are committed to in our sustainability initiatives.

In addition to our commitment to the SDGs, we continue to review established Environmental, Social, and Corporate Governance (ESG) and sustainability reporting frameworks as part of our commitment to

enhanced disclosure and transparency, and our process to set meaningful KPIs for the business. Our review of various frameworks includes the requirements set out by Sustainability Accounting Standings Board (SASB) and the Taskforce on Climate-related Financial Disclosures (TCFD). We include within this report many of the reporting metrics set out in these frameworks and intend to further enhance our reporting during 2021 for our Annual Report in 2022.

Sustainability and Governance

During 2020, we commenced a rigorous review of our approach to oversight and governance of sustainability, which is central to the development of an effective strategy. That review has already led to the allocation of additional resources to assist with the implementation of the Group's sustainability programme and enhancing the Group's disclosure. While sustainability is a key focus for the Group, the review will include an in-depth evaluation of the terms of reference of the Board's sub-Committees, our reporting framework and engagement with stakeholders.

The Voyage Ahead

The Group plays a major role in Ireland's international logistics chain while Irish Ferries' passenger services contribute significantly to the tourism industries of Ireland, the UK and France. With consideration for these societal roles, the Group acknowledges a responsibility to ensure our services are delivered in a manner which protects our shared environment and reflects the values of wider society.

While the Group has focused on sustainability initiatives for many years, our approach has needed to evolve to manage our ESG responsibilities in a combined, systematic way, resulting in the development and evolution of our Group-wide environmental framework. Our current ESG maturity level and the stages involved in the voyage ahead are outlined below:

Timeline	Maturity	
Prior to 2020	Fragmented	• Sustainability measures were managed within the relevant departments. • Sustainability measures focused on regulatory and compliance activities, such as IMO 2020. • No overall policy encompassing all areas of sustainability.
2020–2021	Organised	• Enhanced understanding of the full range of Group activities that carry an ESG impact. • Sustainability is a key component of Group strategy. • Review of sustainability reporting frameworks. • Focus on data collection, identifying baselines and developing KPIs across all ESG areas. • Design of sustainability management programmes such as 'Green Voyages'.
2022–2025	Effective	• Further sustainability targets to be set across our ESG areas. • Sustainability programmes within our operations to be fully implemented and effective. • Enhanced reporting of ESG metrics in line with emerging reporting standards.
After 2025	Influential	• Progress towards the IMO's CO_2 reduction targets of 40 per cent by 2030, towards helping to achieve UN SDGs for 2030 and towards further targets set by the Group. • Sustainability embedded in the ICG culture and in all key decisions made. • Looking beyond our own operations to assess and positively influence the ESG activities of all entities that conduct business with the Group.

Sustainability

Continued

Emissions

The Group strives to achieve continuous improvement in reducing its greenhouse gas emissions through investments in efficient systems, plant and equipment and adopting well researched techniques.

The Group complies with the provisions of MARPOL (The International Convention for the Prevention of Pollution from Ships) Annex VI – Prevention of Air Pollution from Ships. This is the main international treaty addressing air pollution prevention requirements for ships and imposes limits on nitrogen oxide (NOx) emissions from both main propulsion and auxiliary engines and limits on the sulphur content of marine fuels.

In 2020, new limits on sulphur content of fuel oils came into effect, adding to the already imposed 0.10% content sulphur limit when operating within the Sulphur Emissions Control Area (SECA). A 0.50% content sulphur limit was implemented from 1 January 2020 when vessels are operating in all other areas. These requirements have resulted in a significant global reduction in overall sulphur oxide (SOx) emissions from the shipping sector which will improve the air quality and the health of populations. To achieve these goals, the Group committed approximately €25 million to install exhaust gas cleaning systems (EGCS) in our owned and operated fleet. As at 31 December 2020, EGCS are fully installed on

- W.B. Yeats
- Ulysses
- Elbcarrier
- Elbfeeder
- Elbtrader
- CT Rotterdam

Following the completion of installation work on board the Ulysses, the Isle of Inishmore was scheduled to begin EGCS installation work in March 2020. However, due to the advent of Covid-19 it was postponed because of the associated project risks and health risks of undertaking the work during a pandemic. A decision to retro-fit EGCS on the Isle of Inishmore has been deferred further due to schedule requirements. In conjunction with the original equipment manufacturer, propulsion engine components on board the Isle of Inishmore are being developed for methanol consumption which we hope may ultimately help towards achieving our greenhouse gas reduction targets.

The Dublin Swift by design consumes marine gas oil which has a delivered sulphur content of less than 0.1% thus already in compliance and bettering the new regulatory requirement in its geographic area of operation. We continue to engage with our stakeholders, including our fuel suppliers and engine manufacturers to ensure we are positioned to become an early adopter, once a pathway to alternative fuels, including biofuels, becomes clearer.

CO_2 emissions and fuel consumption

All vessels owned and operated by the Group report annual CO_2 emissions, fuel consumption, transport work and average energy efficiency under the EU Monitoring, Reporting and Verification guidelines (MRV). Since MRV data has only been reportable from 2018, our insights from MRV results to date have been limited. We continue to evaluate the reporting methodologies across our activities to ensure we manage our consumption and efficiencies most effectively going forward.

Group company	Number of sailings		Total CO_2 (mt)		$kgCO_2/nm$		gCO_2 per transport work ($gCO_2/nm.mt$)	
	2020	2019	2020	2019	2020	2019	2020	2019
Irish Ferries	4,501	4,934	240,068	259,687	632.52	644.45	72.83	76.95
Eucon	522	616	94,660	106,450	257.94	265.04	43.44	44.53

Total CO_2 and fuel consumption on sailings	2020 (mt)	2019 (mt)
Total fuel from sailings	**107,300**	**122,000**
Total CO_2 emissions from sailings	**334,676**	**366,137**

Note: the 2020 aggregated data above is preliminary and subject to ship MRV audits.

While the Group is committed to a continued reduction in emissions and ongoing efficiency improvements to reduce fuel consumption per sailing, the decline in 2020 from 2019 also reflects the impact of Covid-19 where lower passenger and cargo volumes had a positive impact on reducing overall emissions levels and allowed practices that minimised fuel consumption to be employed.

Refrigeration and air conditioning emissions

All owned vessels are fully compliant with the EU Fluorinated Gases (F-gas) Regulation restricting the usage of certain hydrofluorocarbons (HFCs) and imposing bans on certain other HFCs with the highest global warming potential. The F-gas Regulation seeks to phase-down the use of HFCs by cutting F-gas emissions by two-thirds by 2030 compared with 2014 levels. This phase-down process is aligned with the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer which was ratified by the EU in 2018. The Group has targeted a zero-leak environment by 2022.

Efficient operations

Under IMO requirements each vessel has developed a Ship Energy Efficiency Management Plan (SEEMP). The SEEMP contains a multitude of measures intended to improve the energy and environmental efficiency of a ship in a cost-effective manner. While all plans are vessel-specific, they each follow a Plan-Do-Check-Act iterative cycle for improvement.

Sustainability

Continued

Key SEEMP measures, all of which improve the fleet environmental performance include;

- Speed optimisation for sea conditions
- Fuel efficiency maximisation
- Minimisation of hull resistance through sailing parameter optimisation
- Engine performance management
- Refrigeration gas consumption
- Boiler performance management
- Bunker management

In 2020, we introduced the Green Voyage programme to improve the operational efficiency of our ferries. For each vessel a standard operational profile was identified and takes into account factors such as;

- Efficient port operations
- Navigational routing
- Trim of vessel
- Weather conditions
- Speed management

An individual voyage is classed as a Green Voyage when it is conducted using reduced levels of machinery such as main engines, propeller shafts and generators than its standard operating profile, resulting in a reduction in fuel consumption and related emissions. Over sustained periods, increased numbers of Green Voyages shall also lead to reductions in planned maintenance due to reduced machine running hours, thereby improving schedule integrity.

The Group intended to use voyage data in 2020 as a baseline to monitor performance in subsequent years, however, due to Covid-19 and its impact on both passenger and freight volumes, baselining has been postponed until normal levels of activity resume. Nonetheless, the programme provided an excellent tool for managing the challenges faced during the year in ensuring that fuel consumption was minimised and machinery was operated at its most efficient.

A project is currently underway to integrate the Green Voyage programme within our new fleet performance management solution, ECO Insight. Following a trial period, ECO Insight was rolled out across the fleet in the final quarter of 2020. It provides real time analysis of vessel KPIs and impacting factors including fuel consumption, speed, operating configuration, weather conditions and more which allows for improved ship-to-shore communications and for joint decisions on efficiencies to be made promptly.

Efficient design

The efficiency characteristics of our fleet commence at the design phase with incremental improvements made over the life of a vessel. When commissioning new vessels, the Group is committed to the application of innovative design features intended to minimise environmental impact. By law, all new ships from 2013 onwards require an Energy Efficiency Design Index (EEDI) whereby new ship designs must meet an efficiency reference level.

The W.B. Yeats has a required EEDI of 18.5g of CO_2 per tonne-mile, which represents a 10 per cent efficiency improvement above baseline. Any new vessels built will fall under the subsequent EEDI phases. For example, phase two which applies to vessels built between 2021-2025 are required to have a design efficiency of at least 20 per cent above baseline, which would be a 10 per cent improvement in efficiency over the W.B. Yeats. An additional increase to 30 per cent above baseline will be effective from 2025 onwards.

To assist further with its goal to reduce carbon intensity by 40 per cent within the decade, the IMO in November 2020 approved amendments to MARPOL Annex VI to introduce an Energy Efficiency Design Index for existing ships (EEXI). Like the EEDI, EEXI will provide a specific rating to an existing ship design, expressed in CO_2 per ship's capacity mile. Expected to be implemented by 2023, the Group is actively working on proposals to ensure compliance and reduce emissions across the fleet in the forthcoming years.

In opting for EGCS, the Group performed a thorough assessment of alternatives, including a conversion to Liquified Natural Gas (LNG) fuels and found the EGCS option to be the safest and most environmentally friendly solution. In addition to managing sulphur emissions, studies have shown that EGCS can remove 60 to 90 per cent of particulate matter (PM or black carbon), including a portion of small and ultrafine PM, resulting in fewer particles released in the atmosphere compared to consuming 0.5% fuel oils or marine gas oil.

The W.B. Yeats, Ulysses and certain container vessels in our fleet are fitted with EGCS. EGCS utilises seawater in a process to remove sulphur and other particulate matter from the engine exhaust gases prior to release into the environment. The removed sulphur can be discharged to the sea in the form of sulphites along with the treated wash water. Sulphites are substances naturally occurring on the seabed.

The W.B. Yeats and Ulysses are fitted with the latest energy efficient propeller blades. These incorporate rotating propeller caps which decrease propeller resistance and increase thrust. This increases overall propulsion efficiency and reduces fuel consumption.

Sustainability

Continued

At our Dublin Terminal, we added two additional electrically powered rubber-tyred gantries (RTGs) to the fleet in 2020 to bring the total number of electric RTGs to four. The advantages over fuel powered RTGs are; greater efficiency due to zero idling, lower emissions and noise levels. The increased electrification and automation of our container stacks also help improve the level of occupational safety in the port.

The £40m re-investment project by Belfast Harbour Commissioners (BHC) is well underway which included the delivery of eight new electrically operated RTGs. In December 2019, six RTGs were delivered with a further two delivered in June 2020. Of the eight RTGs, five are commissioned and in use with the remaining three to be commissioned during 2021.

Waste and Resource Use

Ballast Water Management
The intake and discharge of ballast water (seawater) is an integral part of vessel stability management. However, poor management of ballast water systems can damage local biodiversity through transference of non-native marine species.

The Group has implemented a Ballast Water and Sediments Management Plan across its fleet for the enhanced management of ballast water to help prevent the spread of non-native marine species by transference. The W.B. Yeats has already been designed with ballast water treatment systems. In 2021, the Group will install ballast water treatment units onboard Ulysses, Epsilon and Thetis D along with engineering and procurement for the installation on the Isle of Inishmore and the remaining container vessels in early 2022. Pending completion of these upgrades, the operating protocol is that all ballast water is loaded and discharged at the same location to avoid species transfer.

Water conservation
All fresh water used on board our vessels is of potable standard. As this is both a scarce resource and an increasing cost, the Group seeks to reduce consumption on board vessels through water saving devices such as flow controllers without interrupting our guests' comfort. Water conservation is covered within our environmental awareness guidelines for crews.

Paint
A key factor that affects vessel performance besides the optimal engineered design of the hull is the maintained condition of the hull itself. Central to this is maintaining a smooth underwater hull surface to reduce resistance when moving through the water. Once in service a vessel's hull is exposed to corrosion and fouling, which studies indicate can adversely affect fuel consumption by up to 4 per cent. To maintain maximum efficiency as part of ongoing maintenance our vessels utilise modern silicon-based non-toxic paints which avoid the release of harmful agents into the sea. These assist in preventing corrosion thereby ensuring maximum hull life, reducing fouling between drydocking periods and lowering the risk of damage to local biodiversity.

Hazardous materials
There has been increased onus on the use of non-hazardous materials in designing and operating ships. From 31 December 2020, ships above 500 gross tonnes that fly the flag of an EU/EEA member state, or third-party vessels calling at European ports, must carry an Inventory of Hazardous Materials (IHM) certificate on board to demonstrate the control of hazardous materials on ships in compliance with both the EU Ship Recycling Regulation (SRR) and the Hong Kong Convention (HKC) for the Safe and Environmentally Sound Recycling of Ships.

All vessels underwent thorough survey and inspection during the year to ensure IHM certification was in place as required.

Oil waste

The disposal of waste at sea is strictly prohibited by regulation and all vessels have a waste disposal plan which includes procedures for minimising, collecting, storing, processing and disposing of waste in line with MARPOL requirements. All vessels use oil recovery systems to recover spent oils which are then sent for recycling to processors with regulatory approvals. Group personnel perform periodic inspections at the treatment facilities of our service providers to ensure high standards are maintained by our recycling and resource recovery partners.

Responsible consumption

Single-use plastic is a significant threat to ocean life and to the wider planet. It is estimated there are over 150 million tonnes of plastic in the world's oceans and each year one million birds and over 100,000 sea mammals die from ingesting or becoming entangled in plastic waste.

We made a commitment in 2019 to remove single-use plastics and other non-compostable consumables from our restaurants. In 2020, we joined the pledge by the UK Chamber of Shipping to remove all single-use plastics from our vessels and not just from our restaurants. We worked closely with our partners to identify and remove all single-use plastic items from our procurement templates and replace with compostable substitutes or alternatives. Among the single-use plastics replaced were;

- Plastic beverage bottles
- Food wrappers
- Plastic bottle caps
- Plastic straws
- Plastic carrier bags
- Plastic containers and lids
- Cotton buds
- Plastic packaging (from food, household items, laundry items etc.)
- Plastic ropes / coverings
- Plastic cartons and condiment sachets
- Plastic cutlery
- Plastic cups and plates

Each crew and office department have designated waste management champions. Their responsibilities are to ensure vessels and office areas are compliant with agreed procedures, to perform checks at waste segregation areas and to improve awareness of responsible consumption methods within their respective areas. During 2020, there was some temporary reintroduction of single-use materials as preventative measures for Covid-19, such as takeaway meals for freight drivers, but we are striving to ensure that compostable and recyclable materials are used as much as possible.

We minimise the number of deliveries to our vessels through containerised provisioning. Our supply chain partner also offers procurement of any new items requested on board our vessels to other customers, ensuring consistent warehouse supply and efficient use of delivery vehicles.

Office waste

While reliable comparisons on total waste volumes cannot be made between 2020 and prior years due to the number of staff working from home in 2020, our ratio of recycled waste to overall waste improved by 72 per cent on 2019.

Sustainability

Continued

Responsible cleaning and hygiene

Our cleaning products used for hospitality services are innovative, safe and environmentally friendly. Our cleaning chemicals supplier is a global leader in water, hygiene and infection prevention solutions.

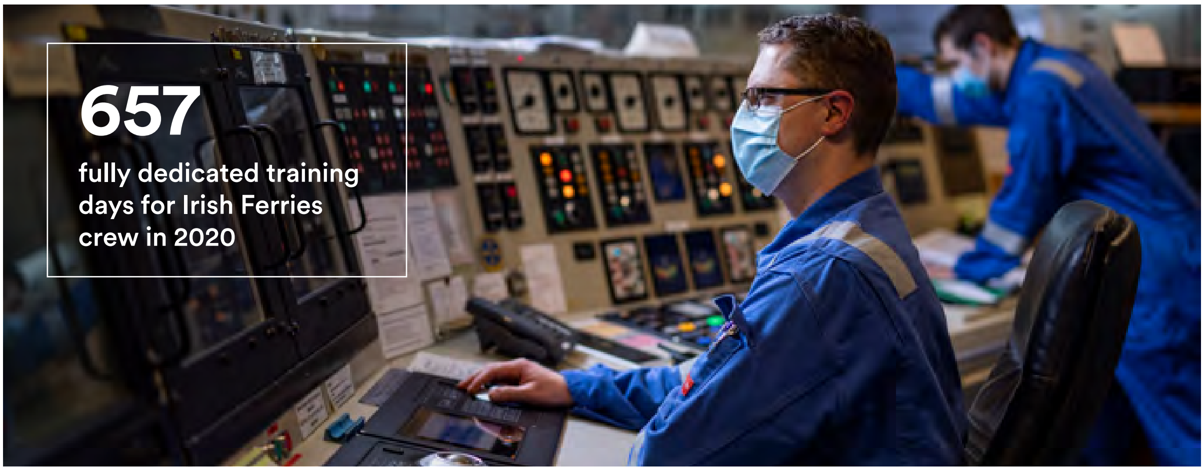
We work with one of Ireland's leading laundries whom we are satisfied is accredited as complying with a high environmental standard with a commitment to minimum use of harmful detergents and a recycling program.

In our cabin accommodation we use ozone sanitary systems which have high oxidant power to eliminate odours and harmful bacteria and viruses while significantly reducing the use of chemical products.

Our tissues and napkins are ergonomically packaged to remove all unnecessary waste.

To protect our passengers and crew from Covid-19, all communal spaces on board our vessels are rapidly sanitised after each sailing using electrolysed water systems. These non-toxic and environmentally friendly systems use unique electrolysis cells to generate hypochlorous acid (HOCl) in solution through salt and water. The HOCl molecule is electrically neutral with high oxidation potential and has been shown in studies to work well against viruses including norovirus and human coronaviruses.

TRAVEL SAFE



Employee Health and Safety

The protection and well-being of our staff, crews and other personnel who act on behalf of the Group is our main priority. Having a strong safety culture is critical for operating large ships and active container yards.

Training
We work closely with our technical managers who ensure crews receive appropriate health and safety training throughout the year. Prior to joining our crews, seafarers are required to have appropriate certification and registrations with the relevant flag authority. Among the training courses undertaken in 2020 were;

- STCW mandatory seafarer basic safety training for ship officers and crew.
- Crowd control training for ship officers and crew.
- Crisis control training for ship officers.
- Passenger safety, car deck safety and hull integrity training for deck and engine crew.
- Food safety training for ship pursers and hospitality crew.
- Firefighting training for crew with advanced training for deck and engine officers.
- Lifesaving equipment training for crew with advanced training for deck and engine officers.
- Lifeboat and rescue training for crew with advanced training for deck and engine officers.
- Medical care training for ship pursers and chefs.
- Human Element, Leadership and Management training for ship officers.
- Security Team and Conflict Management Training for ship officers, pursers and selected crew.

Safety induction training is required for all individuals, including workers, drivers and guests before entering our container terminals. On-site dedicated health and safety officers are also deployed.

Safety Inspection
Compliance with policy and procedures, both ashore and afloat, is monitored by regular and detailed audits. Audits are conducted by trained and experienced auditors in an open yet focused manner that drives compliance and improvement. Senior management monitor safety and audit performance across the Group, identifying and addressing safety trends and opportunities for improvement where they may arise.

In addition to the Group's own internal verification procedures, our activities are subject to regular routine inspection by national and international statutory bodies. They, like us, set high standards to ensure the safety and well-being of all personnel, passengers and cargoes; standards that we as a Group are ready to meet and exceed.

On land: As a minimum, all the Group's activities are conducted in strict compliance with the various statutory health and safety standards and international maritime regulations that apply. In accordance with the Safety, Health and Welfare at Work Act 2005 and its equivalents in other jurisdictions, the Group has in place safety policies and safety statements that guide our activities. We have in place a system of hazard identification and risk assessment that ensures all necessary steps are taken to minimise and mitigate safety risks. Agreed procedures ensure that activities and operations are conducted in a consistent and safe manner. By fostering a culture of employee competence and participation we empower

Sustainability

Continued

	2020		2019		2018	
	Exposure hours '000	LTIF	Exposure hours '000	LTIF	Exposure hours '000	LTIF
ICG employees	595	0.0	595	1.7	595	1.7
Key contractors	2,091	6.7	2,979	5.7	3,192	3.4
Total	**2,686**	**5.2**	**3,574**	**5.0**	**3,787**	**3.2**

	2020	2019	2018
LTIF on land	6.3	6.3	5.4
LTIF at sea	4.7	4.6	2.5

our employees to continuously improve the efficiency and safety of our activities, contributing to a safe environment for all.

At sea: The Group ensures that all its vessels are designed, operated and maintained in compliance with the International Convention for the Safety of Life at Sea (SOLAS). This Convention is administered by the UN's International Maritime Organisation and is subject to continuous international review and updating, ensuring vessel safety standards keep pace with societal expectations and technological advances.

The safety and security of crews, passengers and cargoes is critical to our business, and is always the primary consideration. The Group's vessels are certified in accordance with the International Safety Management (ISM) Code, the international standard for the safe management and operation of ships and for pollution prevention.

The Group also operates in full compliance with the International Ship and Port Facility Security (ISPS) Code on board all vessels and at all locations. The onboard management of vessels was performed by experienced third-party ship managers on behalf of the Group. While the focus is on accident prevention where incidents do occur, effective internal and external reporting and investigation systems are employed to identify the cause of such incidents and put in place actions to prevent recurrence. Due to the highly regulated environment in which we operate, incidents may be subject to external investigation by the appropriate regulatory authority. The Group will always assist the authorities in any such matters.

Lost Time Injury Frequency

Lost Time Injury Frequency (LTIF) measures the number of recordable workplace incidents resulting in lost days over a year per million hours worked. The Group has a targeted LTIF for its activities on land of <5 and <3.5 for its activities at sea by 2023.

Covid-19

Significant efforts were made throughout 2020 and 2021 to protect staff, key contractors and customers from the risk of infection from Covid-19 while maintaining essential travel and freight services within the markets we serve.

On land, we;

- Appointed Lead Worker Representatives.
- Purchased additional laptops, mobile phones and equipment to enable office staff to work from home.
- Introduced mandatory security awareness training for staff working remotely.
- Spread out office workspaces to ensure social distancing was maintained.
- Required the wearing of facemasks when moving within our buildings.
- Installed sanitisers throughout our buildings.
- Displayed signage throughout our buildings.
- Enhanced daily cleaning procedures within all our buildings.
- Conducted regular deep cleaning of all our buildings.
- Implemented procedures to be followed in the event of a suspected case within our offices.
- Circulated guidance to staff on an ongoing basis as new information emerged.
- Closed our gym facility in line with the imposed restriction levels.
- Operated our staff canteen services on a takeaway basis.
- Conducted our meetings virtually.

At sea;

- All crew were required to take Polymerase Chain Reaction (PCR) tests three days before onboarding.
- All crew were required to take rapid antigen tests immediately on boarding our vessels.
- Crew and passenger cabin management techniques were deployed.
- Passenger numbers were monitored on board to ensure social distancing on board vessels.
- Cleaning and sanitation procedures were enhanced.
- Fogging machines for rapid sanitation were deployed.
- The wearing of facemasks for all crew was required outside of cabins.
- The wearing of facemasks was required for all passengers, drivers and visitors.
- Form completion and temperature checks were required for all ship visits and inspections.
- Detailed social distancing procedures were implemented to socially distance all crew.
- Crew recreation arrangements were adjusted to ensure separation between crew from different departments and from different shift hours.
- Procedures were implemented to be followed in the event of a suspected case onboard.
- Arrangements were secured with shoreside hotels for immediate isolation of crew upon arriving at ports with a suspected case.
- Signage and announcements were enhanced to passengers and drivers.
- Sneeze guards and screens were erected at all customer contact points.
- Crew changes were staggered to limit exposure to crew on board.

Anti-slavery and human trafficking

The Group imposes strict obligations on the entities responsible for the technical and crewing management on board its vessels, the applicable contractors it employs and its management teams to comply with all applicable laws, including those relating to labour and employment practices. The Group requires a due diligence process to be conducted prior to the appointment of a contractor together with in-contract reviews.

Within its day to day operations, the Group has in place a range of measures to help ensure modern slavery and human trafficking are not taking place in its business or its supply chains. Measures adopted include;

- Provision of guidance to employees to support immigration and border agency initiatives to reduce human trafficking, which augments general observation for unusual behaviour in our ports and on board our vessels. Awareness of this issue is promulgated across all Group businesses.
- Working with other companies and organisations to share knowledge, learning and best practice and co-operating with a series of law-enforcement projects that help to combat human trafficking and modern slavery.
- Regular updates to management and committees on modern slavery so that Directors and key individuals understand their role and accountability for the prevention of modern slavery occurring in our businesses and supply chains.
- Actively monitoring our initiatives in preventing modern slavery and human trafficking by reference to reports and alerts from staff, the public and communication with law enforcement agencies.

Sustainability

Continued

Anti-bribery and corruption

The Group's gifts and entertainment policy applies to all staff, vendors, contractors and others who may be assigned to perform work or services for the Group. All forms of bribery or business courtesies that may create the appearance of a bribe are strictly forbidden. Limits and pre-approval requirements are imposed on the quantum and frequency of business courtesies received by staff.

Whistleblowing

The Group's whistleblowing policy provides a safe and secure mechanism to be followed where an employee wishes to raise in good faith a genuine concern about possible malpractices including, but not limited to;

- Fraudulent acts of any concern.
- Corruption, bribery or blackmail.
- Theft of money, property, intellectual property or any other assets of the Group.
- Misuse of Group resources or employee privileges.
- Falsification of any customer, supplier or other account.
- Collusion with any customer, supplier or other party not in the best interests of the Group.
- Failure to comply with a legal or regulatory obligation.
- Endangering the health and safety of an individual.
- Misrepresentation or concealment of material facts relating to any of the above.

All persons covered by the policy are protected from victimisation, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and not made maliciously or for personal gain. Where disclosures are made in the public interest, staff will have statutory protection in Ireland under the Protected Disclosures Act 2014.

In 2020 there were no (2019: nil) reported matters through the Group's whistleblowing channels.

Sustainable tourism and economic growth

For Irish Ferries passenger services, work is conducted in collaboration with the following tourism bodies;

- Tourism Ireland
- Visit Wales
- Cotentin Tourism
- Normandy Tourism

Co-operative campaigns are devised to promote sustainable tourism to address the areas and times of year requiring the most support which helps reduce seasonality difficulties in the least visited areas and attractions.

Where possible we seek to increase the use of local suppliers and showcase local produce in supporting artisan producers. Typical examples include our fish supplier, a large, family-owned fishmonger based in the fishing town of Howth in North County Dublin who supply locally sourced seafood utilising sustainable fishing methods.

We source all our fruit and vegetables through Irish distributors who guarantee to deliver the freshest produce from farms all around Ireland. When in season, Irish produce will always be selected before imported goods. All our beef is Irish produced and our Irish dairy, cheddar cheese and eggs are Origin Green certified, meaning the farms and producers we source from are independently monitored and verified under Ireland's pioneering food and drink sustainability program. Our breakfast meats are sourced in Kilkenny and Cork.

We are a strong promoter of Irish beverages, not only the larger brands but also smaller producers of craft beers and spirits. In line with the demands of our guests we now offer a wide variety of plant-based food and drink options in all our cafes and restaurants. Our coffees are provided by a Dublin-based roaster using the world's first purpose-built carbon neutral roastery in Dublin and coffees and teas served on board are fair trade certified.

Diversity and Inclusion

The Group believes that a diverse workforce where all people are respected, valued and treated equally helps create a buoyant culture of openness, acceptance and support. A strong corporate culture founded on diversity, respect and equality ultimately leads to better informed and well-rounded decision making and strengthens our ability to retain and attract talented individuals.

The ICG Equal Opportunities and Dignity at Work Policy reinforces these beliefs and covers;

- Communication procedures for all discriminatory or harassment complaints by employees or non employees.
- Investigation procedures for reported cases of discrimination or harassment.
- Post-investigation procedures including disciplinary action in line with the Group's disciplinary policy and regular checks to ensure the behaviour under investigation has ceased.
- A commitment to offering the same development and training opportunities to all employees.
- Assurances to conduct interviews objectively without discrimination against any candidate.
- Assurances to conduct performance appraisals and feedback in a sensitive, non-discriminatory manner.

In 2020 there were no (2019: nil) reported instances of discrimination or harassment against Group staff.

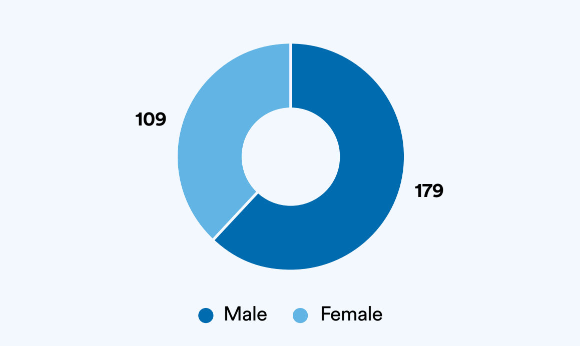
Our Gender Profile

	At 31 December 2020	At 31 December 2019
Total staff	288	307
Female	109	115
% Female	38%	37%
Management staff	64	64
Female	13	13
% Female	20%	20%

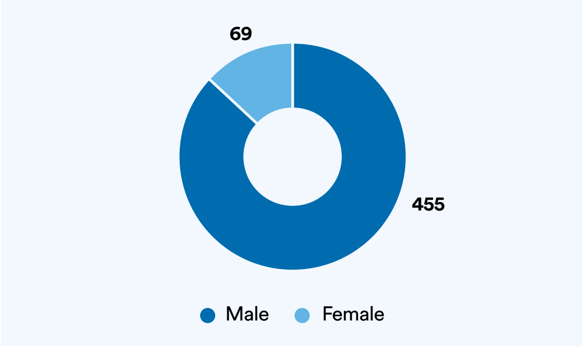
The Group's gender ratio is characteristic of its industry sector but remains imbalanced in comparison to wider society. The Group has committed to empowering women and improving its gender profile over time by;

- Ensuring our flexible work plans to facilitate parental duties do not preclude staff from career advancement opportunities.
- Improving the Group's female representation at Board level. In January 2021, Lesley Williams was appointed as a non-executive Director. Lesley brings valuable ESG expertise to the Group.
- Actively seeking out a greater pool of female candidates during recruitment processes across departments.
- Conveying the importance of diversity and equal opportunity to our key third-party contractors.

ICG Personnel at 31 Dec 2020



Key Contractor Personnel at 31 Dec 2020



Risk Management

Overview

Exposure to risk is an inherent element to carrying out the business activities of the Group; the operation of vessels and provision of related services. Effective risk management and internal control systems are essential to protect the Group from exposure to unnecessary risks and to ensure the sustainability of the Group's business.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control framework and determining the nature and extent of the principal risks the Group is willing to accept in order to achieve its long-term objectives. The Board has created a culture of risk awareness throughout the organisation whereby risk consideration is embedded in decision making processes.

The Board has delegated the monitoring of the Group's risk management and internal control systems to the Audit Committee. This assessment is carried out through the review of reports and presentations made by the Risk Management Committee (RMC) and Group Internal Audit. Further information on the Audit Committee activities is set out in its report on pages 84 to 87.

Risk Architecture, Strategy and Protocols

The Group follows international standard ISO 31000 (2018) 'Risk Management – Guidelines' in designing its risk architecture, strategy and protocols (RASP).

Risk Architecture
Roles, responsibilities, communication and risk reporting structure

Risk Strategy
Risk strategy, appetite, attitudes and philosophy are defined in the risk management policy

Risk Management Process

Risk Protocols
Risk guidelines for the organisation which include the rules and procedures, as well as the risk management methodologies, tools and techniques that should be used

The Group's risk architecture includes the roles and responsibilities of the Board and Group personnel in managing risk, along with internal reporting requirements. This is illustrated by the 'three lines of defence' framework.

Risk Management Framework

Audit Committee / Board

Risk Management Committee

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Management Controls	Financial Control	Internal Audit
Internal Control Measures	Risk Management	
	Monitoring	
	Compliance	
The first line of defence rests with management acting through their staffs who are responsible for the design, implementation and monitoring of internal control measures within their respective business areas.	The second line of defence comprises of oversight functions such as Group Finance and Group Marine and Safety. These functions are involved in policy setting and provide assurance over first line activities.	The third line of defence consists of the Group Internal Audit function, which performs independent oversight of the first two lines and reports directly to the Audit Committee on matters of internal control, compliance and governance.

External Audit

Regulator

Roles, responsibilities, risk management policy, objectives and process overviews are documented within the Group's Risk Code. The Group has sought to adopt an Enterprise Risk Management (ERM) system that takes a unifying, broad and integrated approach to managing risks and aligns risk management to the achievement of strategic objectives.

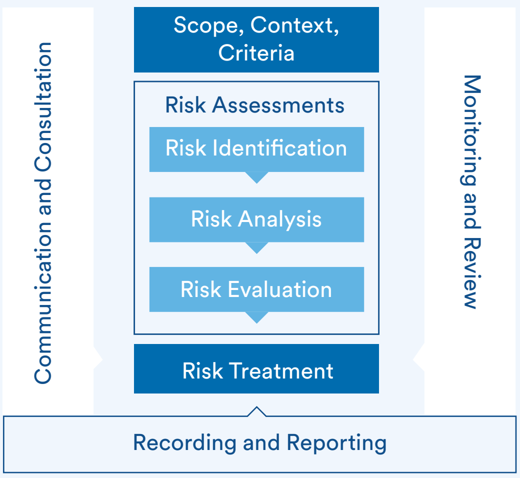
Role of the Risk Management Committee

The Risk Management Committee (RMC) established by the Group comprises members from across the three lines of defence, as well as having Board representation. With its mandate from the Board, the RMC is tasked with;

- Making appropriate recommendations to the Board on all significant matters relating to the development of risk strategy and processes of the Group.
- Keeping under review the effectiveness of the Group's risk management systems.
- Reviewing the Group's risk exposures in relation to the Board's risk appetite.
- Maintaining a robust Group Risk Register and ensuring risks are identified comprehensively and assessed consistently across classified risk areas.

Risk Management Process

The Group's Risk Management Process is underpinned by its RASP and is led by the RMC. The Group's process is based on the revised international standard ISO 31000 (2018), 'Risk Management – Guidelines', and provides an iterative and systematic approach to managing risks throughout the Group.



Risk Assessments and Monitoring

The Board sets the Group's risk appetite for classified risk areas. Risk appetite is communicated through the adoption of Risk Appetite Statements. These statements, along with internal capabilities, resources and industry factors provide context to how the Group's strategy is pursued and to which risks are assessed. The Board has a low acceptance for risks that may impact safety of vessels, workers and customers and compliance with relevant laws and regulations.

Each business owner is responsible for ensuring comprehensive risk identification and assessment is carried out covering their sphere of responsibility. Risks are identified through various means, including the use of an identification tool guiding risk assessors through several internal and external factors in identifying potential barriers to respective objectives. Risks are assigned to risk owners with responsibility for the activity generating the risk. Where a risk contains multiple causes and consequences, risk owners are required to collaborate in performing a cause and consequence analysis.

For some risks, this collaboration spans across departments and divisions within the Group.

Risk owners are ultimately responsible for the completion and maintenance of risk assessments across their respective risk areas. Risks are measured in terms of the likelihood of occurrence and estimated impact using a standardised scoring model. All evaluations are made from a Group perspective and are relative to Group risk appetite. Guidance tools are in place to ensure Group-wide consistency is achieved across risk assessments.

Existing control measures are documented and assessed within the risk assessment forms in determining net risk scores. All risk assessments are reviewed by members of the RMC before they are released to the Group Risk Register. The RMC and risk owners can prescribe the implementation of further control measures at the review stage.

The Group Risk Register is the central online repository for documenting, assessing and prioritising risks, and for documenting and prescribing control measures. The Register forms a significant portion of the Group's risk management process. The Group Risk Register is reviewed on a regular basis by the RMC.

Risk Management

Continued

Any necessary changes to the Group Risk Register are made throughout the year and can be prompted by;

- The occurrence of a risk event.
- The identification of new emerging risks or as circumstances of existing emerging risks change.
- Quarterly RMC meetings.
- Internal Audit or regulatory reviews.
- Annual risk owner reassessment.
- Changes in Key Risk Indicator measurements.
- New risk assessments completed within business area teams.

Risk information within the Group Risk Register is analysed and used for reporting principal risks to the Board and for Internal Audit planning. A presentation of the Group's principal and emerging risks is made to the Board at least annually or more frequently if warranted by developments. At these presentations the Board challenges the RMC in their processes and evaluations of the principal and emerging risks identified in the context of the Group's own risk policy, risk appetite and general market developments both within and outside the industry sector.

Emerging Risks

Risk monitoring is an ongoing process to reflect the dynamic nature of the environment in which the Group operates. The Group acknowledges three types of emerging risks that can arise. The first type are new risks that emerge in the Group's external environment. These are identified through the ongoing Group risk identification process. The second type are previously identified risks recorded in the Group Risk Register whose impact on Group activities has changed, prompting a reassessment. The third type are new risks emerging from the internal environment when changes to core processes are made. These are identified when undertaking new projects or engaging with new business partners.

Emerging risks are closely monitored and assessed as their uncertain nature can result in the risks becoming significant within a short timeframe. Emerging risks currently under review at the date of this report relate to greater employer responsibility for employee welfare, greater environmental and climate awareness driving increased corporate responsibility and regulatory requirements and long-term risks and opportunities associated with technological advancements.

Significant Risk Events during the Year

Covid-19 Pandemic

The Covid-19 pandemic first began to affect operations and pose a health risk to the Group's customers, staff and contractors in early March. The Group responded swiftly by implementing measures for the purpose of;

- Ensuring the continuity of safe operations and ensuring effective communication of such measures to all stakeholders including customers, employees, contractors and state authorities.
- Reducing the financial impact caused by Covid-19 through cost-cutting, efficiencies and service restrictions, while committing to continue to operate loss-making routes which provide a vital lifeline service to the island.

A specific and detailed risk assessment was performed with input from all departments across each division, which included details of all control measures. This risk assessment was updated throughout the year. At the date of this report, while some services have been curtailed, and passenger travel on ferries is severely restricted by government guidance, all operations have been maintained safely. The Group continues to monitor Covid-19 developments and adjust its risk response when necessary.

Brexit

2020 brought increased clarity on the post-transition relationship between the UK and EU. As it became clear that the UK would leave the EU Single Market and Customs Union on 31 December 2020, a specific and detailed risk assessment was developed and updated throughout the year.

The principal risks identified were in relation to;

- Negative impact on market demand due to lack of customer readiness and ability to complete required declarations. As at January 2021, this risk has manifested, with the anticipated temporary impact on freight demand, however this negative impact is reduced by the agreement of a Brexit deal and the deferment until July of GB import control formalities at the border.
- Market distortion due to potential re-routing of commercial freight traffic via Northern Ireland and via the direct route to France, to avoid customs and health formalities. As at January 2021, this risk has manifested, with the anticipated temporary impact on freight demand.

- Traffic congestion at ports and the knock-on effect this could have on ship operations, including pressure on slot times. As at January 2021, this risk has not manifested, potentially due to temporarily reduced freight demand.
- Readiness and capacity of State Authorities' border inspection facilities and IT systems. As at January 2021, this risk has not manifested, potentially due to temporarily reduced freight demand.
- Negative impact on the GB/ROI passenger market. This risk has not manifested due to the greater impacts of Covid-19.

The Group also prepared to accommodate and maximise increased customer demand due to pre-Brexit stockpiling towards the end of 2020. The Group will continue to monitor post-Brexit links, particularly as additional requirements for imports to Britain are implemented from 1 July 2021.

Viability assessment

The principal risks identified through the Group's risk processes have been considered by the Directors when preparing the Viability Statement on page 104, as part of their assessment of the prospects for the Group.

Principal Risks

Linkage to strategic pillars:
Quality service   People and Culture   Financial management   Safety   Sustainability

Risk Area	Description	Potential Impact	Examples of Risk Treatment
Commercial & Market	The Group operates in a highly competitive environment that intensified in 2020 with new market risks and opportunities arising from the uncertain political and economic landscapes.	Loss of competitiveness caused by failure to adjust cost base, price competitively or respond to the changing needs of customers, resulting in loss of key customers and overall loss in market share and profitability.	The Group undertakes regular assessments of its cost base and performs benchmarking against competitors. Direct and indirect competitor activity and market performance is monitored closely which allows the Group to respond proactively. The Group puts emphasis on ensuring a safe and reliable service is provided to customers in order to maintain and strengthen alliances.
Business Continuity	The Group's operations are exposed to the risk of fire, flood, technical failure, vessel incidents and loss of critical supplies caused by accident or by natural disaster.	Major disruptive events can result in the loss of critical infrastructure such as vessels, plant, premises, port facilities, communications networks or systems. This in turn can result in significant financial loss and reputational damage.	The Group places strategic importance on investment in quality assets and safety. Examples of preventative measures to help reduce the likelihood of major disruptive events are described for various risk areas within this table. The Group has detailed, coordinated and rehearsed business continuity plans containing crisis management and disaster recovery components to respond to major incidents at land or at sea and ensure affected operations can be resumed promptly and safely.

Risk Management

Continued

Risk Area	Description	Potential Impact	Examples of Risk Treatment
Information Security & Cyber Threats	By nature of the services offered, the Group must rely on IT systems to support its business activities and must retain certain types of personal data. The Group is susceptible to data breaches and cyber-attacks through various means.	Viruses can spread to critical systems and result in business interruption. Data breaches can result in heavy fines under GDPR and cause reputational damage.	Physical access controls are in place restricting access to sensitive computing and data areas. GDPR compliance is reviewed regularly by Internal Audit and the Group's designated Data Protection Officer. Group IT and its managed service providers employ a suite of technical controls to prevent, detect, mitigate and remediate malicious threats and unusual activity. Mandatory GDPR and security awareness training is in place for all staff and relevant crew.
Safety & Environmental Protection	Given the nature of the Group's activities there is a risk of vessel incidents, accidents, spillages or incidents involving hazardous cargo. There is also the risk of an outbreak of contagious illness among staff, crews and customers.	These safety or environmental incidents could result in loss of life, serious personal injury or illness, pollution and other damage to local ecosystems.	The Group and its service providers adhere to defined operating safety and quality policies and procedures. All sites are regularly inspected by internal second line functions and external regulatory bodies. Emergency procedures and safety training are conducted regularly. Hazardous cargoes are managed in accordance with international maritime regulations. Group vessels, offices and facilities are thoroughly and frequently sanitised. World Health Organisation (WHO) and governmental guidance and instructions are followed. Remote working is facilitated for office staff.

Risk Area	Description	Potential Impact	Examples of Risk Treatment
Financial Loss	The Group is at risk of losses caused by ineffective or inefficient financial policies or practices.	Financial loss arising from inadequacies in areas such as; budgeting and financial planning, insurance provisioning, project management or credit control techniques.	The Group's financial management activities are performed by experienced and knowledgeable personnel. Regular internal management reporting ensures negative variances and trends are identified promptly and acted upon. Close relations with insurance brokers are maintained and emerging risks are considered when assessing coverage. Major projects require pre-approval of the Board. Due diligence procedures are carried out for project contractors and new commercial customers while ongoing performance management of projects and debtors is in place.
Human Capital	The Group recognises the integral role of its staff and service providers in achieving sustained success. There is a risk of failure to attract qualified and talented individuals and a risk of losing key personnel. Staff may also become unmotivated or dissatisfied with the working environment.	Human capital risks ultimately lead to a poor standard of service to customers and poor decision making. This can damage the Group's market position, reputation and stakeholder relationships.	Pay and conditions are reviewed and benchmarked to ensure the Group remains competitive. ICG is an equal opportunities employer and seeks a diverse workforce to promote a strong and accepting culture and to help make informed decisions. Staff are encouraged and supported in their pursuits of further education and career advancement. The Group operates an open-door policy with its staff. The Group's grievance and disputes policy is designed to protect staff in resolving any sensitive matters. Long-term incentive plans are in place to help retain and motivate key management personnel.

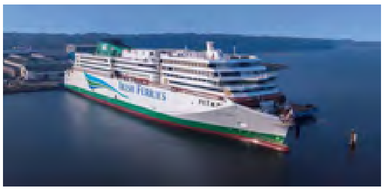
Risk Management

Continued

Risk Area	Description	Potential Impact	Examples of Risk Treatment
Operational Compliance	The Group's activities are governed by a range of international maritime (IMO), flag state, port state, EU and national government regulations. There is a risk that instances of non-compliance may be identified.	Serious or repeated breaches of regulations may result in significant fines, vessel lay-up or other halting of operations and reputational damage.	Ongoing training is provided to operations staff and contractors in line with regulatory requirements. New regulations are discussed and assessed at management meetings. The Group's vessels and port operations are subject to regular inspections and audits from internal second line functions and external bodies.
Volatility	The Group is exposed to fluctuations in fuel prices and exchange rates.	Financial loss resulting from; • increases in cost base due to adverse fuel price movements or; • decreases in revenues due to adverse foreign exchange movements.	Group policy has been to purchase commodities in the spot markets and remain unhedged. The Group operates a dynamic surcharge mechanism with its freight customers which allows for prearranged price adjustments in line with euro fuel costs to help mitigate US dollar exposure arising from fuel purchases. In the passenger sector, in addition to fixed environmental surcharges, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. The Group employs a matching policy to mitigate exposure to sterling. Decreases in translation of sterling revenues to euro are largely offset against corresponding decreases in translation of sterling costs.

Risk Area	Description	Potential Impact	Examples of Risk Treatment
Retirement Benefit Scheme	The Group's pension liabilities are exposed to risks arising from changes in interest rates, inflation, demographics and market values of the underlying investments.	Financial loss resulting from decreases in scheme asset values or increases in scheme obligations.	An agreement was reached with scheme members during the year to transfer a portion of the Group's defined benefit obligations to a third-party insurance company. All actuarial assumptions are substantiated and challenged where necessary. Regular communication is maintained with the scheme investment managers to monitor performance relative to agreed benchmarks.
Fraud	Over the course of a year, as part of Group operations, a significant volume of transactions are processed. These include a large amount of payment exchanges in the booking process, on board passenger vessels and at port ticket desks. This level of activity inherently carries a risk of fraud through the processing of improper payments or misappropriation of cash or assets.	Financial loss, reputational and cultural damage.	Improper payments are prevented by a segregation of duties within the payment set-up, payment approval and accounts posting processes. Further training and procedures are in place to ensure any requested changes to vendor payments are validated. Daily reconciliations are performed at cash processing locations. All cash counts require supervisor oversight and CCTV cameras are installed to deter and capture any inappropriate behaviour. Internal Audit procedures are designed in consideration for the scope of fraud where relevant.

Our Fleet



W.B. Yeats

Year Built	2018
Acquired	2018
Gross Tonnage	54,975
No. Engines	4
Speed	22.5 knots
Lane Metres	2,800
Car Capacity	1,216
Passenger Capacity	1,885
Beds	1,706

Ulysses

Year Built	2001
Acquired	2001
Gross Tonnage	50,938
No. Engines	4
Speed	22 knots
Lane Metres	4,100
Car Capacity	1,342
Passenger Capacity	1,875
Beds	186

Isle of Inishmore

Year Built	1997
Acquired	1997
Gross Tonnage	34,031
No. Engines	4
Speed	21.5 knots
Lane Metres	2,100
Car Capacity	855
Passenger Capacity	2,200
Beds	208

Dublin Swift

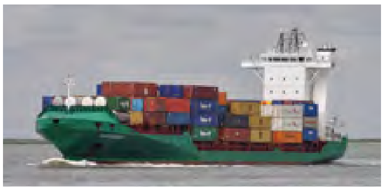
Year Built	2001
Acquired	2016
Gross Tonnage	8,403
No. Engines	4
Speed	35 knots
Lane Metres	-
Car Capacity	251
Passenger Capacity	817
Beds	-

Epsilon (chartered in)

Year Built	2011
Acquired	chartered-in
Gross Tonnage	26,375
No. Engines	2
Speed	23 knots
Lane Metres	2,800
Car Capacity	150
Passenger Capacity	500
Beds	272

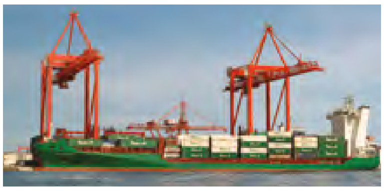
Ranger

Year Built	2005
Acquired	2015
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU



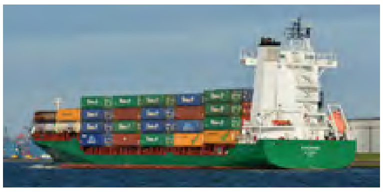
Elbfeeder

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,157
Capacity	974 TEU



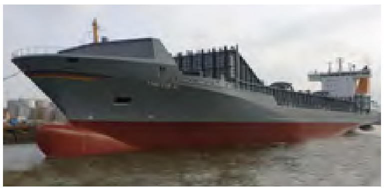
Elbtrader

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,153
Capacity	974 TEU



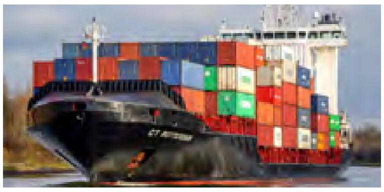
Elbcarrier

Year Built	2007
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,166
Capacity	974 TEU



Thetis D

Year Built	2009
Acquired	2019
Gross Tonnage	17,488
Deadweight	17,861
Capacity	1,421 TEU

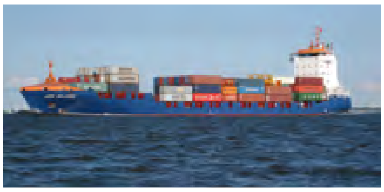


CT Rotterdam

Year Built	2009
Acquired	2019
Gross Tonnage	8,273
Deadweight	11,157
Capacity	974 TEU

Endurance (chartered in)

Year Built	2005
Acquired	chartered-in
Gross Tonnage	7,642
Deadweight	9,146
Capacity	750 TEU



Mirror (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,344
Capacity	803 TEU

Executive Management Team

Eamonn Rothwell BComm, MBS, FCCA, CFA UK

Chief Executive Officer
Eamonn Rothwell, aged 65, has been a Director for 34 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Tilman Brewin Dolphin. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

David Ledwidge FCA, BSc (Mgmt)

Chief Financial Officer
David Ledwidge, aged 41, was appointed to the Board in March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant and Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

Andrew Sheen MSc, BEng(Hons), CEng, FIMarEST, FRINA.

Managing Director – Ferries Division
Andrew Sheen, aged 49, a Chartered Engineer, has been involved in shipping for over 30 years and has worked with Irish Ferries in a variety of operational roles for over 15 years. He re-joined ICG from the UK Maritime & Coastguard Agency and has been a Director of Irish Ferries since 2013. He was appointed to his current role as Managing Director of the Ferries Division in March 2015. He is currently President of the Irish Chamber of Shipping and is a Director of the International Chamber of Shipping.

Declan Freeman FCA

Managing Director – Container and Terminal Division
Declan Freeman, aged 45, joined the Group in 1999 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has worked in a number of financial and general management roles in the Group up to his appointment as Managing Director of Eucon in 2011. He was appointed to his current role as Managing Director of the Container and Terminal Division in 2012.


TERBERG
60
TRANSPORT