



# IRISH CONTINENTAL GROUP, plc



## Results Presentation

21<sup>st</sup> March 2005



# ICG Profile

Capital  
Employed\*  
2004

## 1. Irish Ferries

Biggest ferry company operating between UK /  
Continent and Republic of Ireland.

- Modern fleet of large ships
- Major barriers to entry
- Significant operational gearing
- Very strong free cash flow

65%

## 2. Ship Chartering Division

Diversified ship charter business, offering secure  
income until second half of 2007

24%

## 3. Container Division

- Largest container stevedoring terminal in  
Ireland
- Biggest container operator between Ireland  
and the Continent

11%

\* Excluding unallocated liabilities

# ICG - Financial Performance

	2004 €m	2003 €m
Turnover	293.3	304.3
EBITDA*	51.5	53.4
EBIT*	26.5	28.9
PBT*	21.1	22.5
Exceptional Restructuring Charges	11.9	4.8
<i>Adjusted EPS (cent)**</i>	<i>84.7</i>	<i>91.4</i>
<i>Dividend (Redemption) per Share (cent)</i>	<i>25.9</i>	<i>22.5</i>

\* Pre exceptional

\*\* Adjusted EPS is EPS before exceptional charges

# Container Division

	2004 €m	2003 €m	
Turnover	129.8	134.8	-3.7%
EBITDA	5.5	6.3	-12.7%
Depreciation/ Amortisation	<u>(3.0)</u>	<u>(2.9)</u>	+3.4%
Operating Profit	<u>2.5</u>	<u>3.6</u>	- 31%

- Operating profit significantly affected by late commissioning of new berth in Dublin Terminal and congestion in deep sea ports for feeder cargo. Terminal is fully commissioned since July 04.

# Operations

- **Container Routes**

- **Ireland / Continent**

- Door to Door plus Quay to Quay**

- **UK / Continent**

- Quay to Quay container movement**

- **Port Ownership**

- **Container Terminal in Dublin**

# KEY ISSUES

- **Competitive Rate environment door/door**
- **Feeder business strong**
- **Significant disruption and additional costs due to delays by Dublin Port Authority in commissioning new berth (Fully Commissioned in July 2004).**
- **Dublin Port Tunnel (July 2006) will significantly enhance access to DFT**

# Container Routes



14 ships

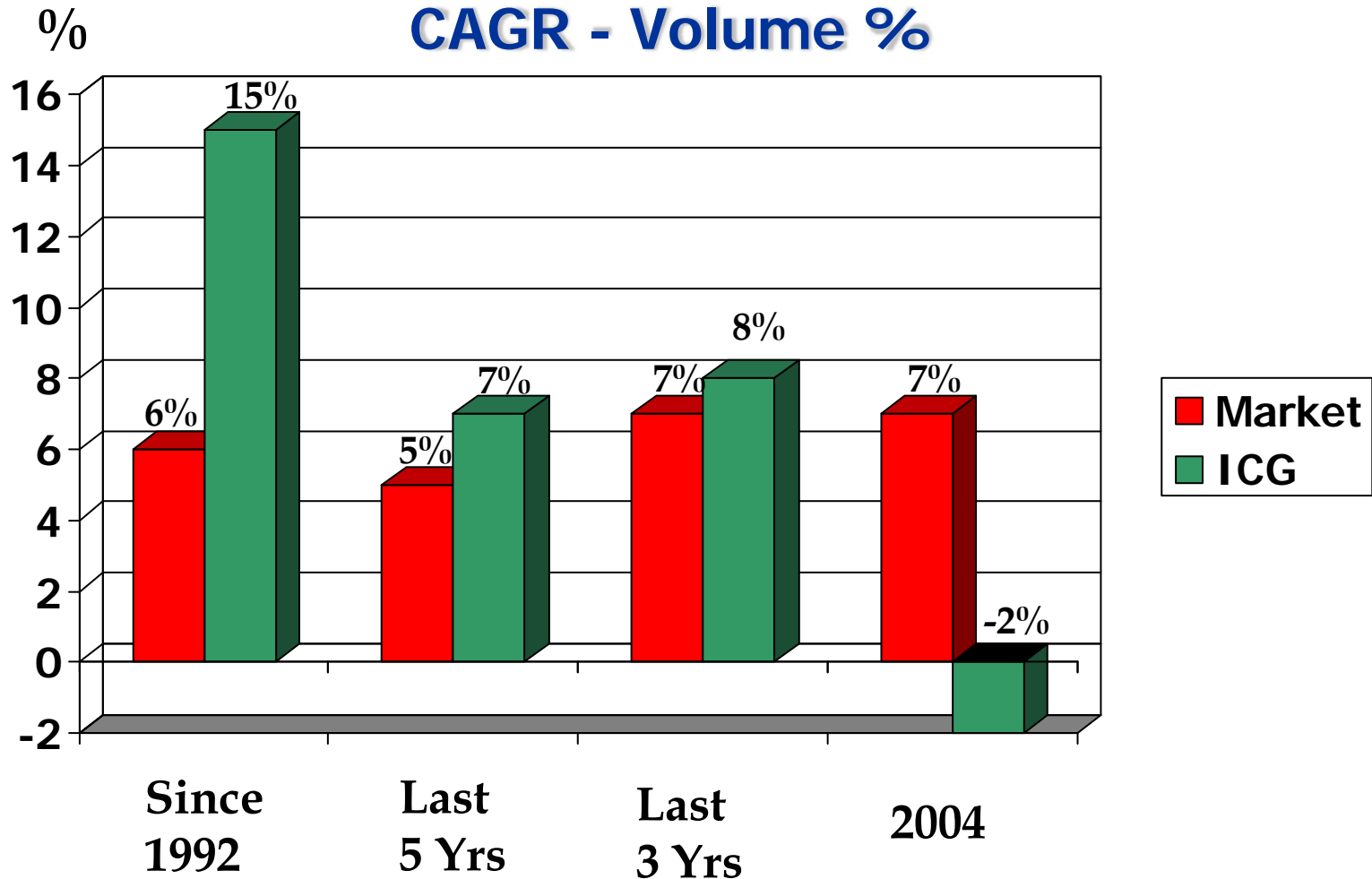
13 ports

25 routes

# Ireland - Continent/UK

## Market Share 27%

### 2004





# Market Share – LoLo 2004 (est.)

*All Ireland  
(UK & Continent)*

	<i>%</i>
ICG	27
BGF	24
Geest/Norfolk	19
Seawheel	16
ECS	9
Others	5
<b>Total</b>	<b>100</b>

# Container Terminal Market

1.2 Million Teu in 2004

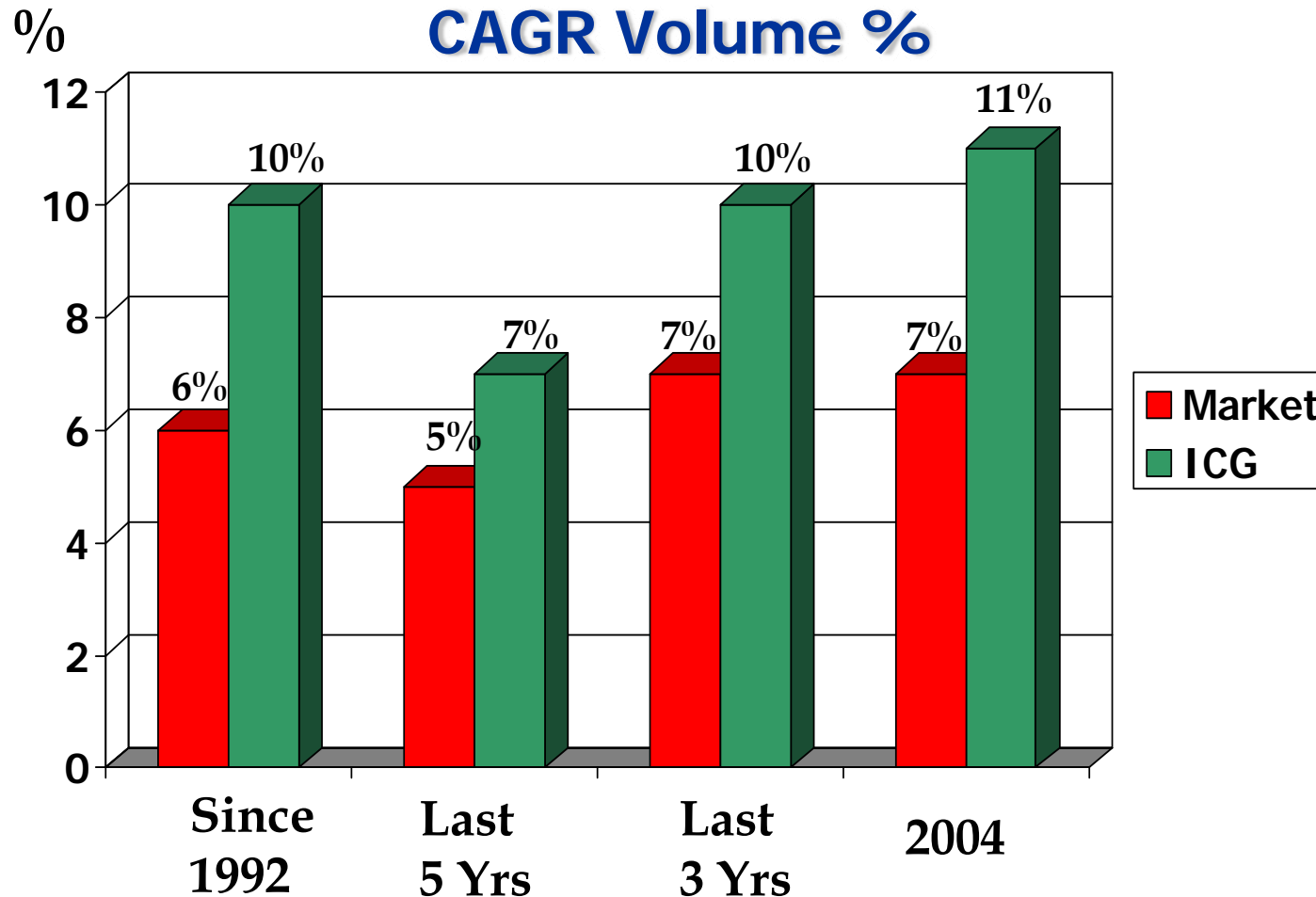
- 150 year lease of 33 acres from 1971
- Capacity of terminal increased by 50% (July 2004)



# Container Handling in Ireland

## Market Share 22%

### 2004



# Ferries Division

	2004 €m	2003 €m	
Turnover	164.3	170.2	-3.5%
EBITDA	46.0	47.2	-2.5%
Depreciation/ Amortisation	<u>(22.0)</u>	<u>(21.9)</u>	
Operating Profit	<u>24.0</u>	<u>25.3</u>	-5.1%

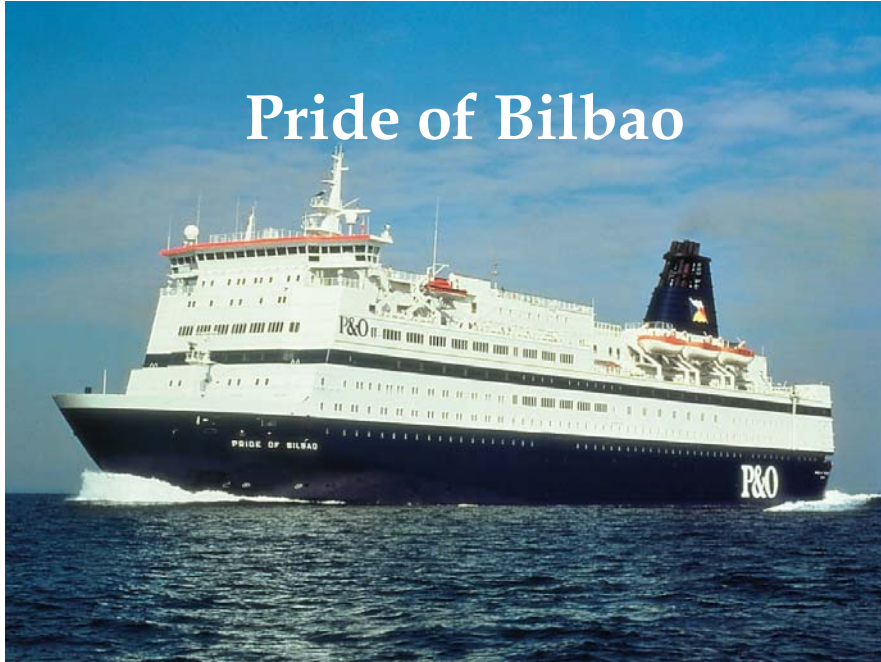
# Operations

- **Irish Ferries**
  - **Ireland-UK – 4,500 sailings p.a.**
  - **Ireland-France – 300 sailings p.a.**
- **Ship chartering**
  - **2 vessels chartered**



# Ship Chartering Division

Pride of Bilbao



Night Ferry; 2400  
beds, 580 cars,  
built 1986

Day Ferry; 600 cars  
or 108 trucks built  
1995

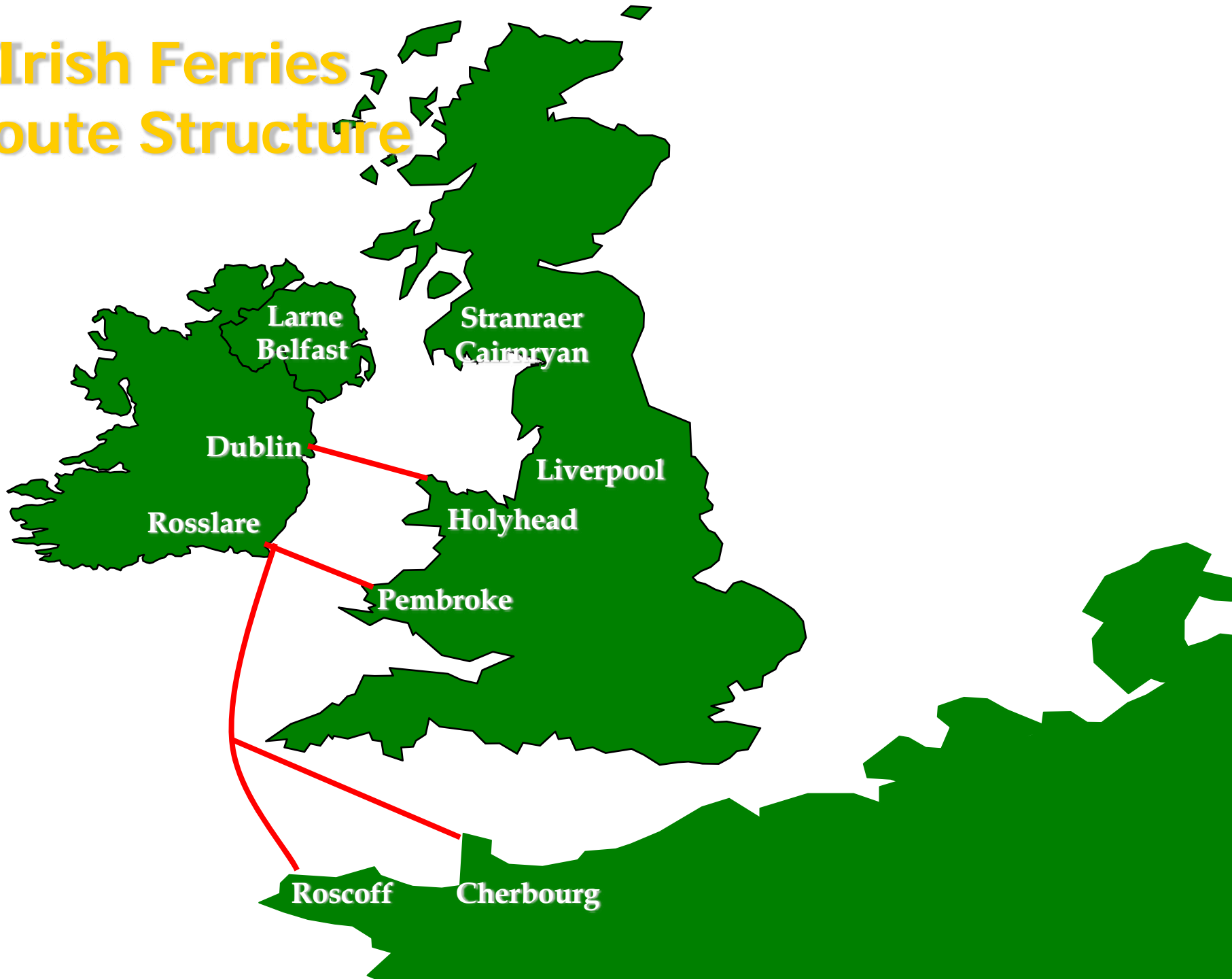


Pride of Cherbourg

# Ship Chartering Division

- Use of ship market knowledge and balance sheet strength to avail of potential charter opportunities in ferry and container shipping markets.
- Pride of Bilbao on charter to P&O since 1992. Next optional renewal date October 2007. Pride of Cherbourg on charter to P&O until July 2007.
- €54 million (at average '04 exchange rates) over 5 years for 2 ships, giving cash returns of 14.5% p.a. on average book value over period.

# Irish Ferries Route Structure





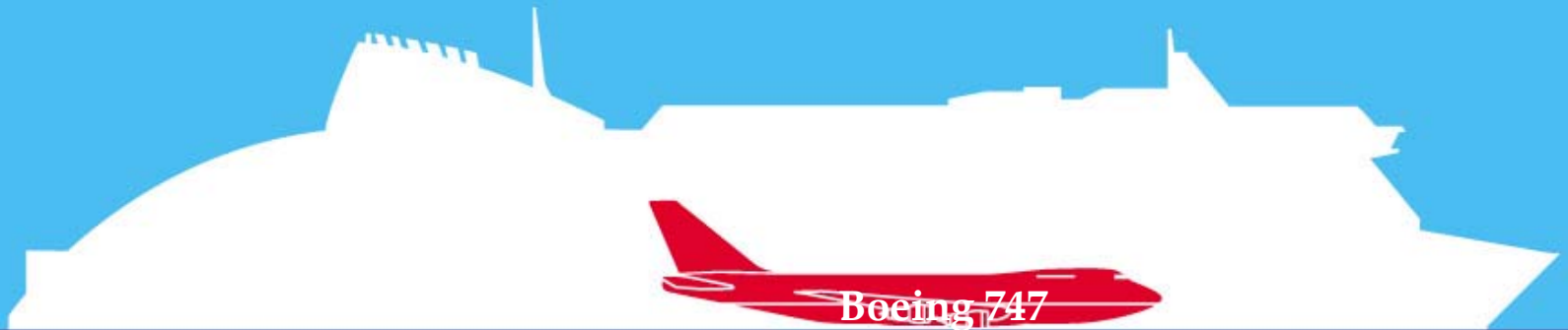
# **Irish Ferries Route Structure**

- **Focus on short routes with high utilisation of ships.**
- **Major barriers to entry in Holyhead & Pembroke for key slots**
- **UK / Rep. Ireland Routes**
  - **Over 89% of cars travel on short routes into Dublin and Rosslare**
  - **Over 53% of RoRo units travel on short routes into Dublin and Rosslare**

# Irish Ferries - Ships



# Ulysses



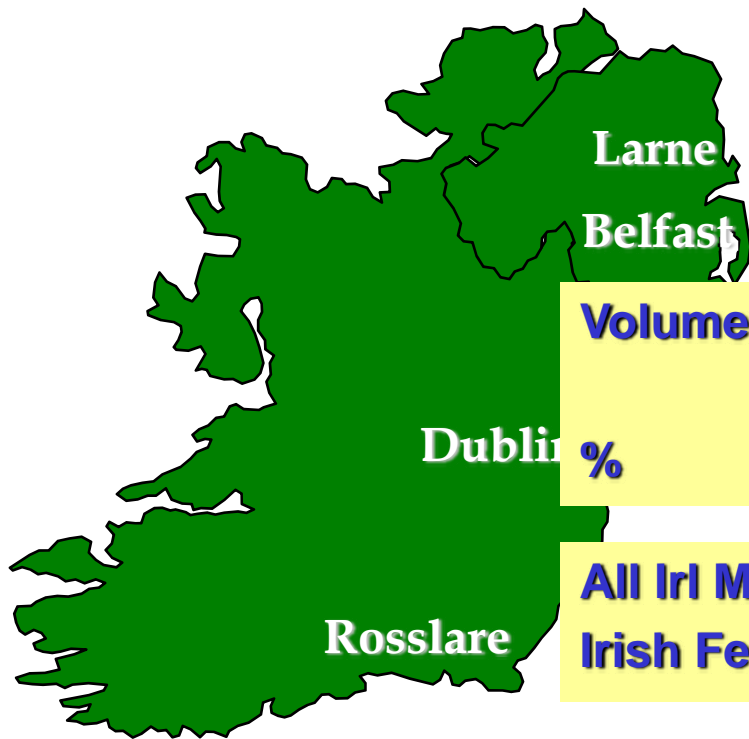
Boeing 747

# Car Market

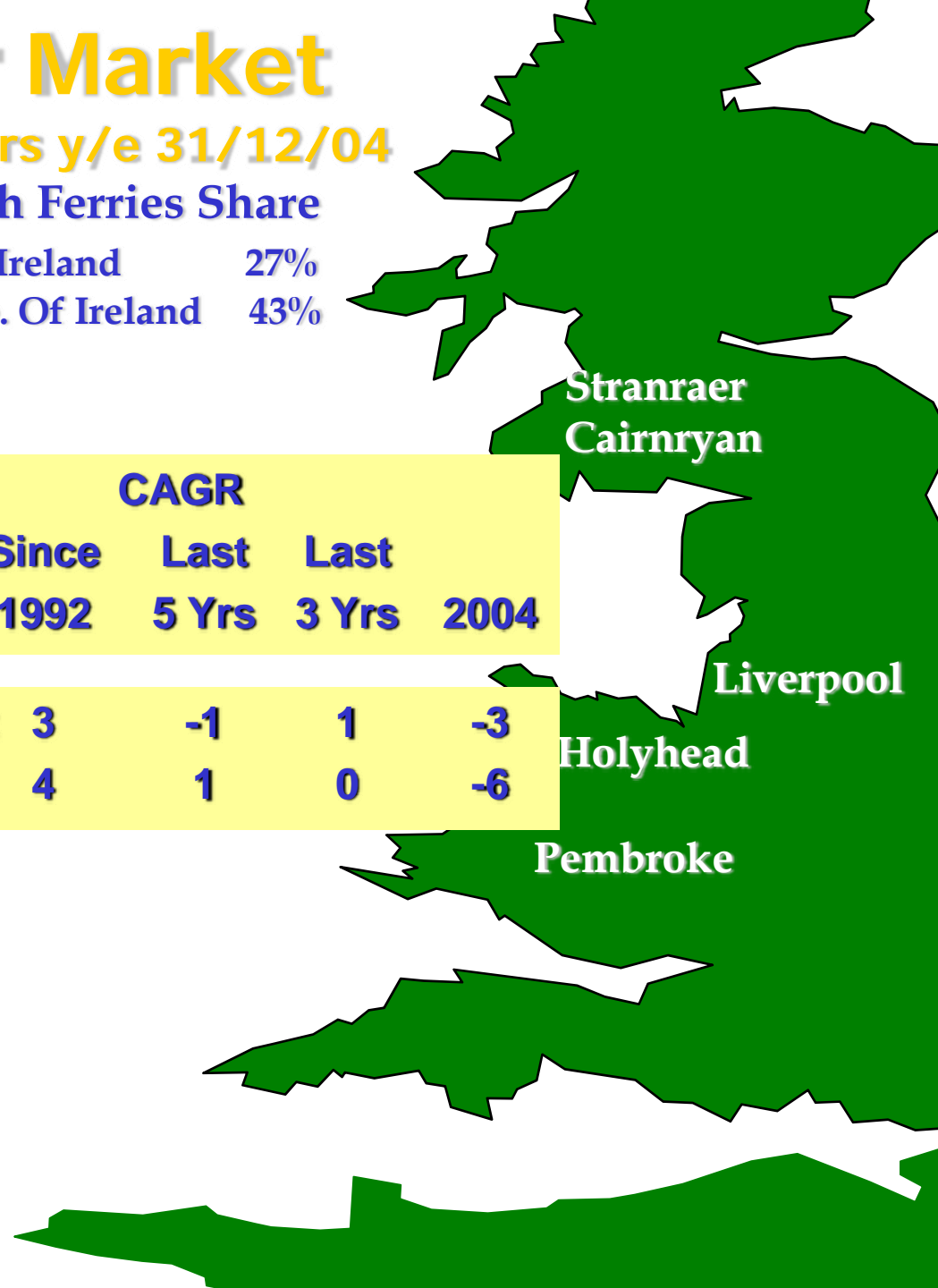
1.5m Cars y/e 31/12/04

## Irish Ferries Share

- All Ireland 27%
- Rep. Of Ireland 43%



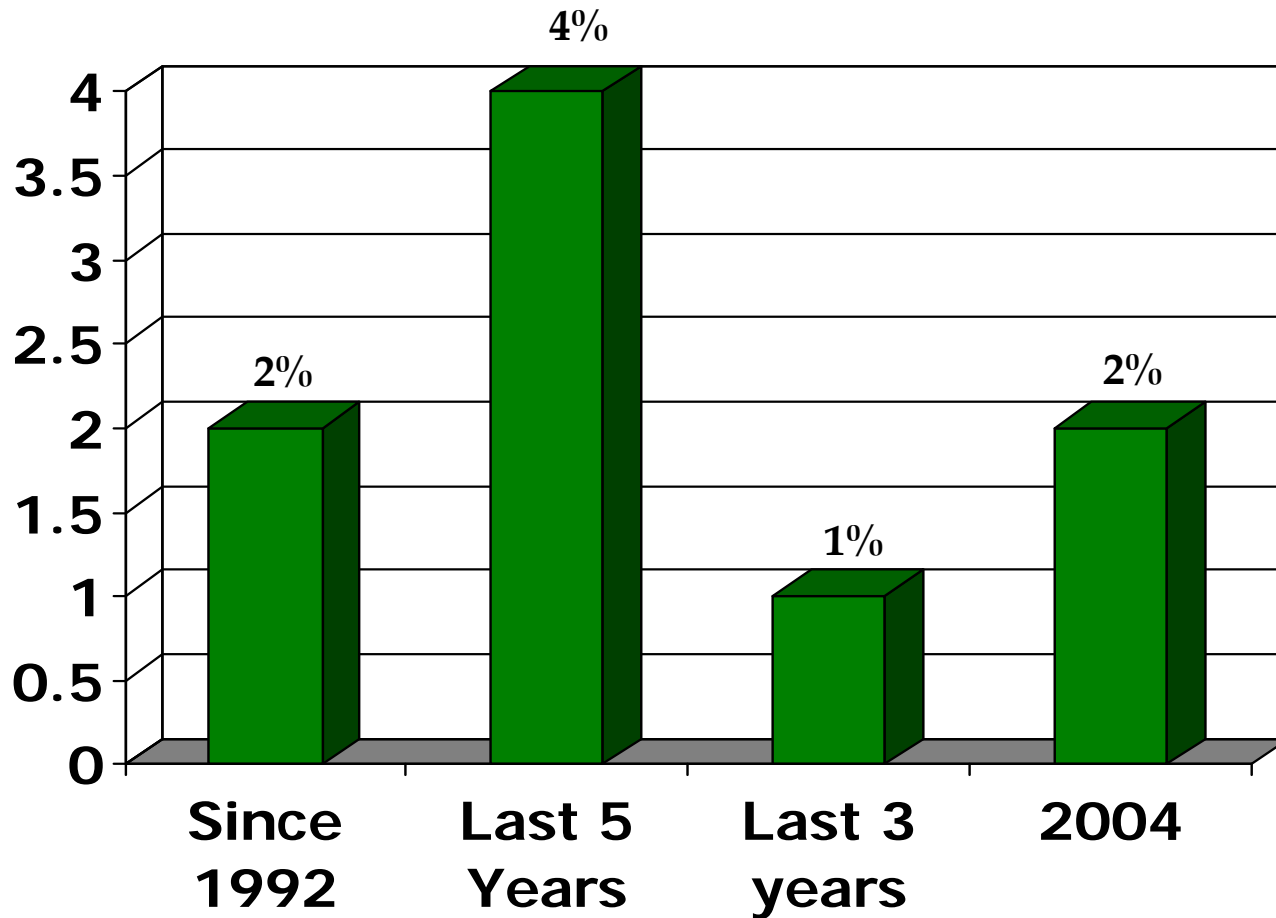
Volume	CAGR			
	Since 1992	Last 5 Yrs	Last 3 Yrs	2004
%				
All Irl Market	3	-1	1	-3
Irish Ferries	4	1	0	-6



# Car Performance

## CAGR - Yield

Rep. Of Ireland



# Market Share – Cars 2004

	<i>Rep. of Ireland (UK &amp; Continent)</i>	<i>All Ireland (UK &amp; Continent)</i>
	<i>%</i>	<i>%</i>
Irish Ferries	43	27
Stena Line	44	46
P&O Irish Sea	2	13
Isle of Man Steam Packet Co.	4	7
Swansea Cork	4	3
Norse Merchant	1	3
Brittany Ferries	2	1
<b>Total</b>	<b>100</b>	<b>100</b>

# Irish Ferries - Distribution

# Car Booking Report

## Calendar Year 2004

## All Markets

	Share 2004 %
Call Centres	28
At our Ports	11
Internet	<u>36</u>
Direct	75
Travel Trade	<u>25</u>
Total	100





# RoRo Freight Market

1.6m Freight Units y/e 31/12/04

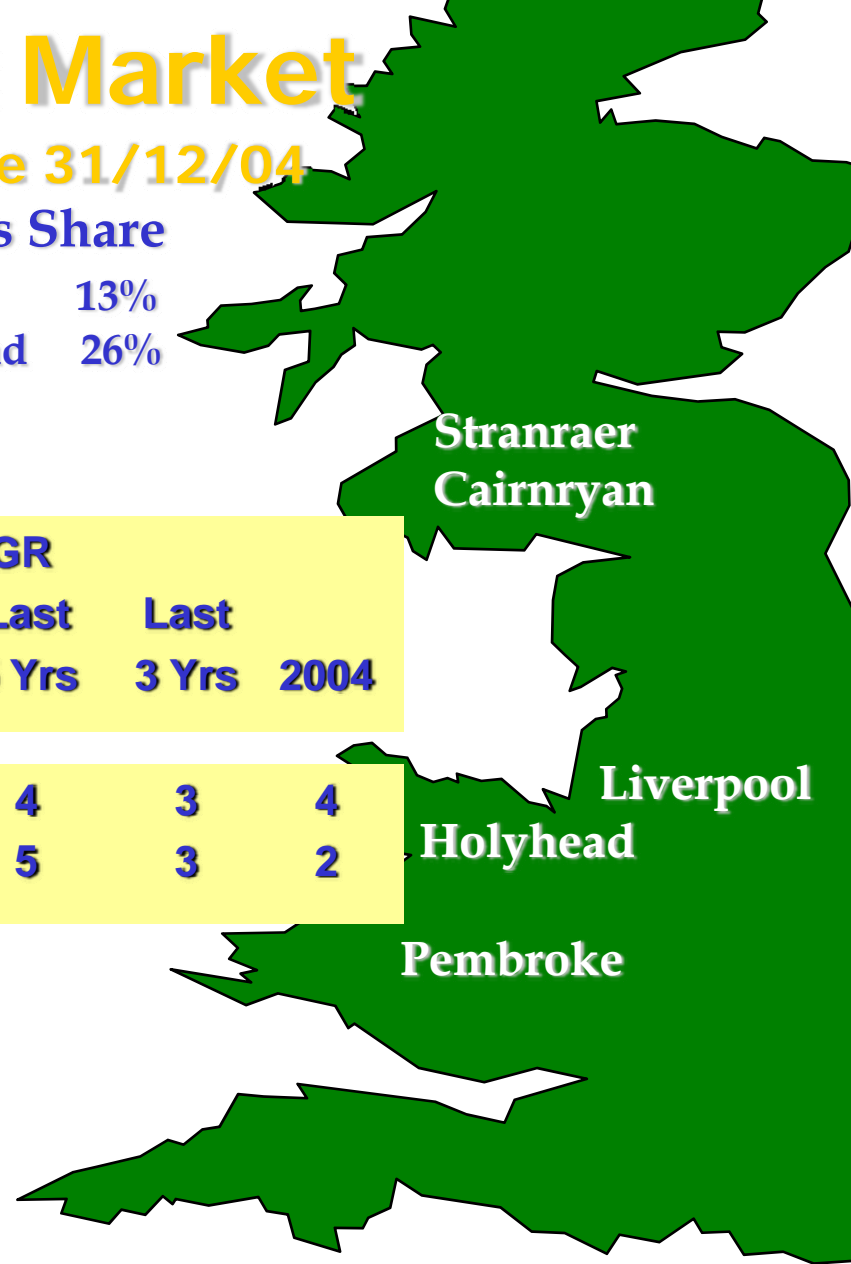
## Irish Ferries Share

- All Ireland 13%
- Rep. Of Ireland 26%



Volume %	CAGR			
	Since 1992	Last 5 Yrs	Last 3 Yrs	2004

All Irl Market	7	4	3	4
Irish Ferries	12	5	3	2

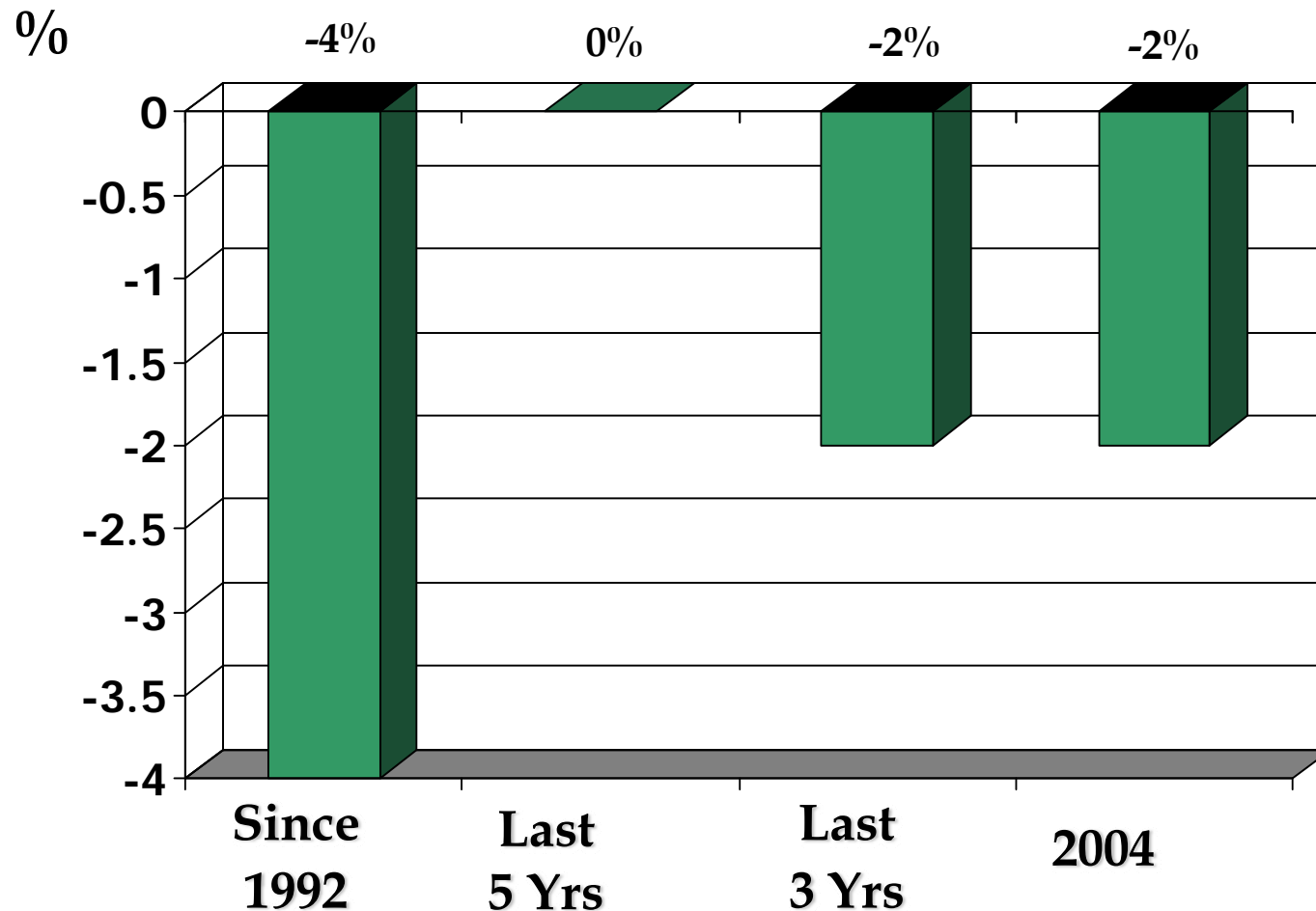




# RoRo Freight Performance

## CAGR - Yield

Rep. of Ireland

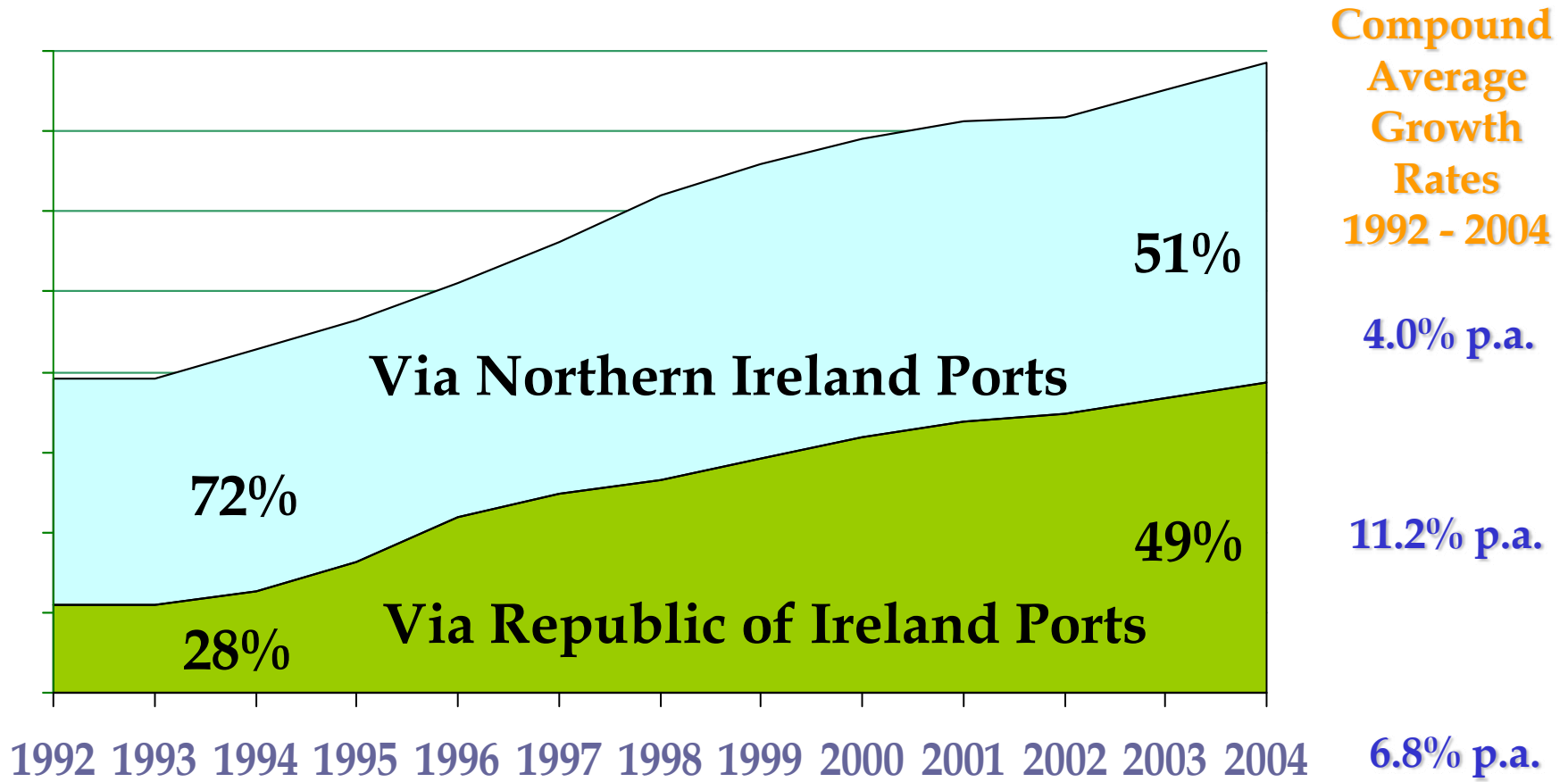


# Market Share – RoRo 2004

	<i>Rep. of Ireland (UK &amp; Continent)</i>	<i>All Ireland (UK &amp; Continent)</i>
	<i>%</i>	<i>%</i>
<b>Irish Ferries</b>	<b>26</b>	<b>13</b>
<b>Stena Line</b>	<b>25</b>	<b>29</b>
<b>P&amp;O Irish Sea</b>	<b>23</b>	<b>28</b>
<b>Norse Merchant</b>	<b>25</b>	<b>26</b>
<b>Swansea Cork</b>	<b>1</b>	<b>0</b>
<b>Seatruck</b>	<b>0</b>	<b>4</b>
<b>Total</b>	<b>100</b>	<b>100</b>

# RoRo Freight Traffic (1.6m)

000s Units



# RoRo Freight Traffic

## Key Slots

ULYSSES			
Dublin - Holyhead		Holyhead - Dublin	
Dep	Arr	Dep	Arr
09.05	12.20	15.00	18.15
21.05	00.20	02.50	06.05
Effective from 03/03/2003			
DAILY			

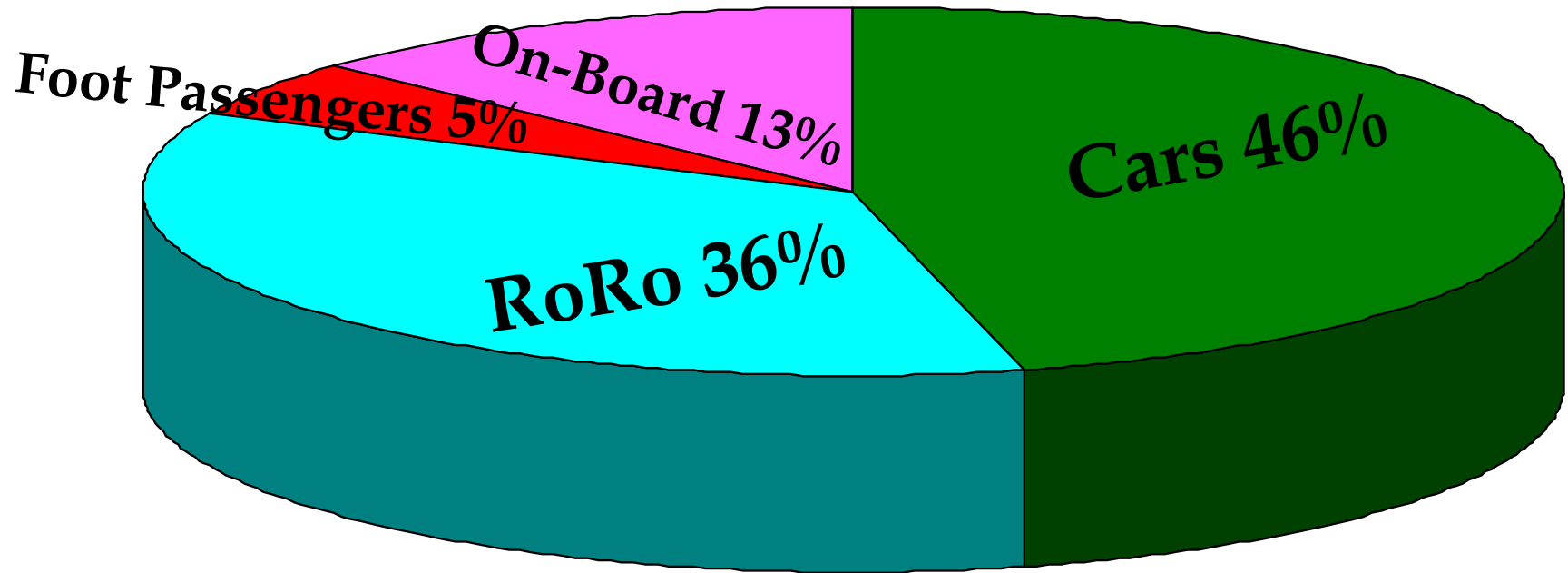
ISLE OF INISHMORE			
Rosslare - Pembroke		Pembroke - Rosslare	
Dep	Arr	Dep	Arr
08.45	12.30	14.30	18.15
21.00	00.45	02.45	06.30
No sailings on 25th and 26th December			
Journey Time 3hrs 45mins			
Effective from 03/03/2003			
DAILY			

# RoRo Market Analysis

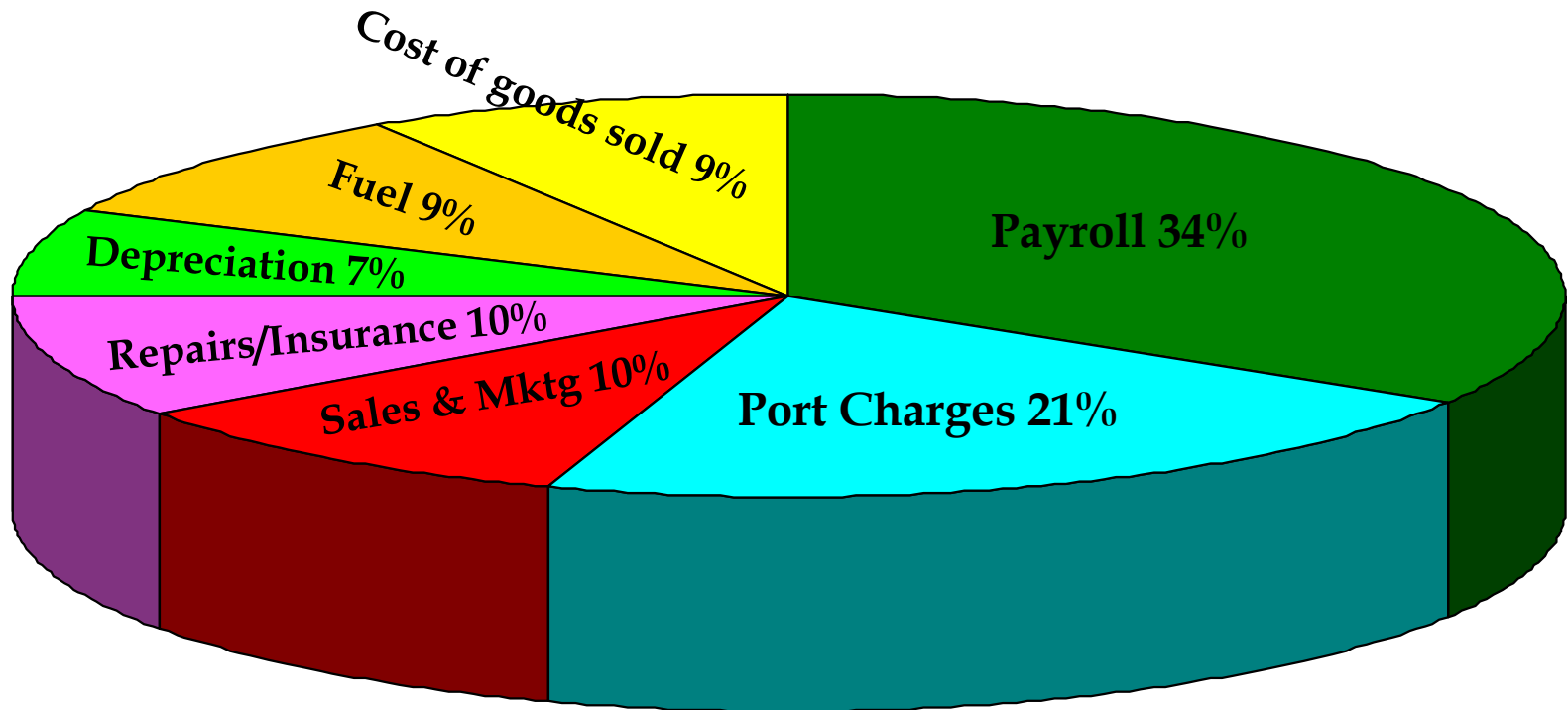
## Greater Integration between Ireland & UK/Continent

	1992 %	2004 %	CAGR
Value of Imports & Exports	€45.1bn	€216.8bn (e)	14.0%
GDP	€40.0bn	€146.5bn(e)	11.4%
Imports & Exports as % of GDP	113%	148%	

# **Irish Ferries Revenue Mix 2004**



# Irish Ferries Cost Analysis 2004



# Fuel Price Movements

	2003	2004	Variance
Average Brent (US Dollars per barrel)	28.7	38.7	35%
Average USD Exchange Rate	1.13	1.24	10%
Average Brent (€per barrel)	€25.4	€31.1	22%
Heavy Fuel Oil /Gas Oil*	€175	€185	6% **

\* ICG uses a mixture of each

\*\* Lagged response to Brent



# Restructuring Provision

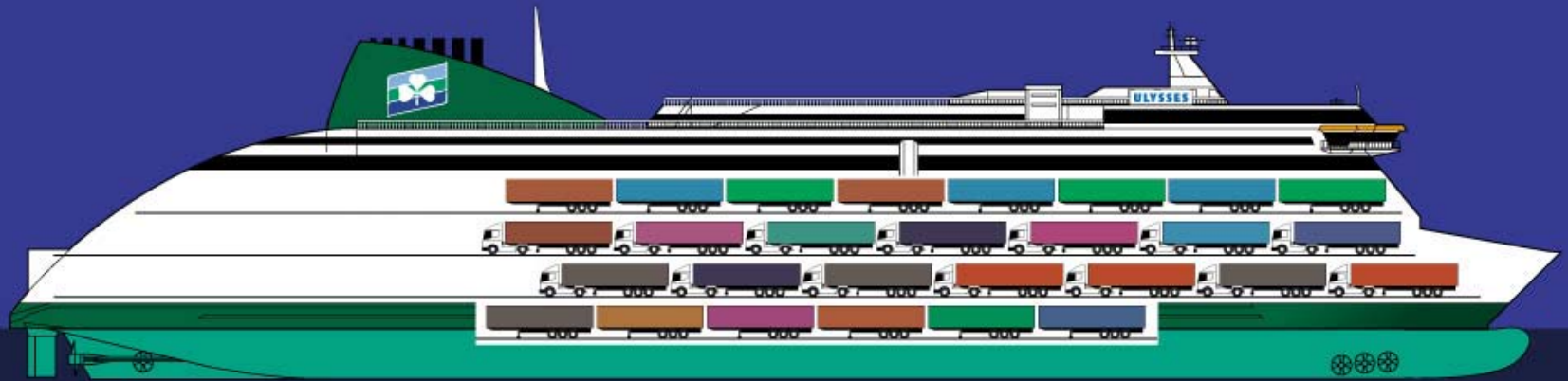
	Charge €m	Benefit 2005 €m
Outsourcing crew on French route Less lower fares	8.1	3.0 (1.5)
Shore side restructuring	2.1	0.7
Dublin Ferryport Terminal		
- Working time directive	0.8	-
- Closure maintenance	<u>0.9</u>	<u>0.9</u>
	<u>11.9</u>	<u>3.1</u>



# OPERATIONAL GEARING



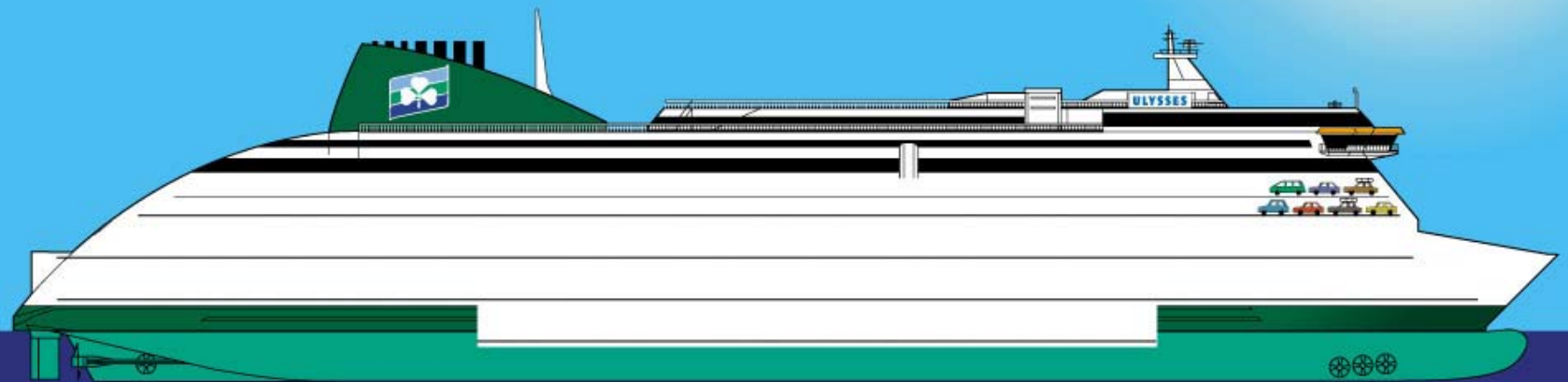
# Ulysses - RoRo Freight



**77% night time utilisation 6 years growth at 5% p.a.  
100% night time utilisation in 2004 would yield  
additional €8.4m operating profit or 33 cent per share**



# Ulysses - Cars



**12% day time utilisation (higher in holiday peaks)**

# Sensitivities for 2005

- Each 1% change in car revenue equals 3.0 cent in EPS.
- Each 1% change in RoRo freight revenue equals 2.5 cent in EPS.
- Each 1% change in fuel equals 0.6 cent in EPS.

# Return on Capital

	Ferries		Container		Group	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
Turnover	164.3	170.2	129.8	134.8	293.3	304.3
EBITDA*	46.0	47.2	5.5	6.2	51.5	53.4
EBIT (pre goodwill)	24.0	25.3	2.5	3.6	26.5	28.9
Average Capital Employed	279.1	307.2	30.7	28.4	309.8	335.6
EBITDA Return on Average Capital Employed	16.5%	15.4%	17.9%	21.8%	16.6%	15.9%
EBIT Return on Average Capital Employed	8.6%	8.2%	8.1%	12.7%	8.6%	8.6%
EBIT Margin	14.6%	14.9%	1.9%	2.7%	9.0%	9.5%

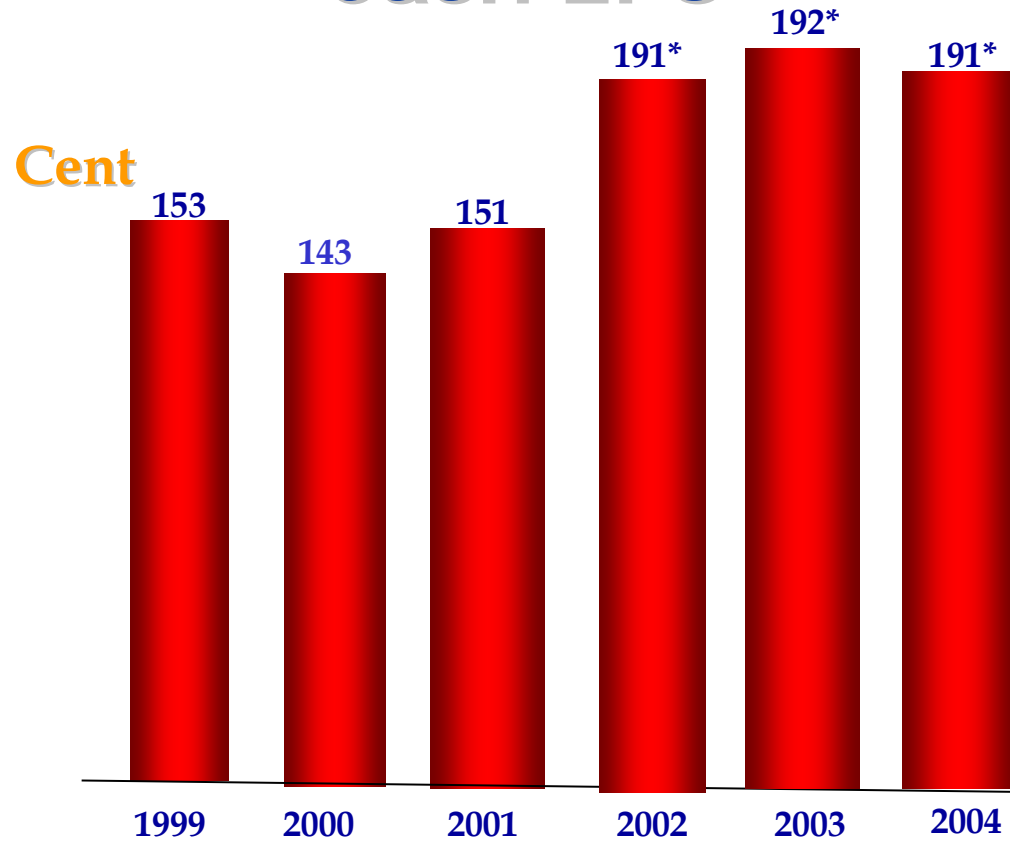
\* Pre exceptionals

# Cash Flow

	2004	2003
	€m	€m
Operating Profit	26.5	28.4
Depreciation/Amortisation	<u>25.0</u>	<u>24.5</u>
<b>EBITDA</b>	<b>51.5</b>	<b>53.4</b>
Working Capital Movement	<u>0.3</u>	<u>1.0</u>
<b>Operating Cash Flow</b>	<b>51.8</b>	<b>54.4</b>
Interest	-6.4	-6.0
Tax	-0.4	-0.3
Capex	-13.3	-8.8
Restructuring	<u>-12.2</u>	<u>-</u>
<b>Free Cash Flow</b>	<b>19.2</b>	<b>34.3</b>
Dividends/Redemptions	-5.5	-5.0
Share Buyback (Net)	<u>-7.1</u>	<u>-9.1</u>
Net Flow	6.9	25.2
Opening Debt	-125.0	-157.4
Translation / Other	<u>0.2</u>	<u>7.2</u>
<b>Closing Debt</b>	<b><u>-117.9</u></b>	<b><u>-125.0</u></b>

# 5 Year Performance

## Cash EPS



\* Pre exceptional



# COMPOSITION OF NET DEBT

<u>CURRENCY</u>	<u>€m</u>	<u>FIXED*</u>	<u>RATE</u>
\$	14	55%	3.9%
£	32	54%	5.6%
€	<u>81</u>	<u>76%</u>	<u>4.4%</u>
	127	68%	4.6%
Cash	<u>(9)</u>		
Net Debt	<u>118</u>		

\* More than 2 Years

# TAX

- **LOW TAX**
  - “Tonnage tax” for Irish shipping activities (very low)
  - Std Corporation Tax for other activities
  - Low corporate rate going forward (less than 10%)

# SHARE BUYBACKS / DIVIDENDS

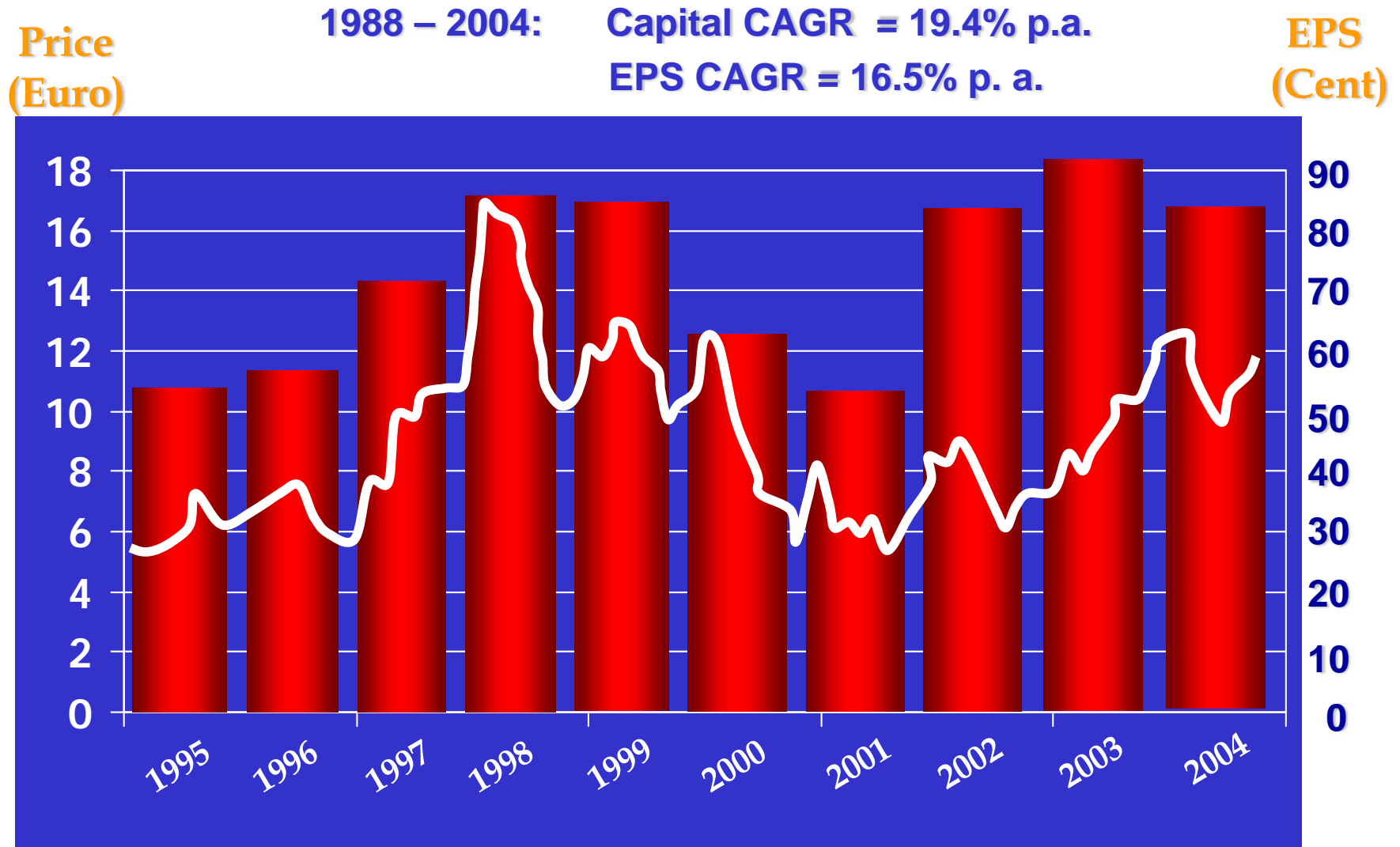
	SHARES	%	VALUE	AV. SHARE PRICE
<b>BUYBACKS</b>				
2002	2.16m	8.1%	€14.5m	6.7
2003	1.23m	4.9%	€9.8m	8.0
2004	<u>0.69m</u>	<u>2.9%</u>	<u>€7.9m</u>	<u>11.4</u>
TOTAL	<u>4.08m</u>	<u>15.9%</u>	<u>€32.2m</u>	<u>7.9</u>

Authority to purchase up to an additional 2.2m. Shares (9%) valid up to 2005 AGM.

## DIVIDEND GROWTH SINCE IPO

Dividend (1988 - IPO)	2.06c.
Dividend/Redemption (2004)	25.875c
CAGR (1988 - 2004)	17.1% p.a.

# Share Price Vs EPS



# Transition to IFRS

- **Pensions** - P&L charge will increase by approximately €2m - €2.5m p.a.
- **Share Options** - no impact
- **Derivatives** - no impact
- **Depreciation** - minor impact from component depreciation

# Pensions - IFRS

## Profit & Loss Charge

	2005 (f)	2004	2003
P&L credit / (charge)*			
Old standard (SSAP 24)	N/A	(0.4)	0.7
New Standard (IAS19 / FRS17)	<u>(2.3)</u>	<u>(2.6)</u>	<u>(2.1)</u>
Variation	<u>(2.3)</u>	<u>(2.2)</u>	<u>(2.8)</u>

## Balance Sheet

### Company Schemes

### FRS17 Basis

	€m	€m	€m
	2004	2003	2002
■ Assets at market value	206	190	175
■ Liabilities	<u>208</u>	<u>176</u>	<u>169</u>
■ Surplus / (Deficit)	<u>(2)</u>	<u>14</u>	<u>6</u>

- MNOPF – ICG share of deficit €4m - €9m subject to court case

\* *current service*

**Irish Ferries voted “Best Ferry Company” for 8<sup>th</sup> year in a row at the 2004 Irish Travel Trade News Awards**



# Conclusion

- **No. 1 position - Republic of Ireland / UK & Continent**
- **Significant capacity for growth in freight although tourism will remain challenging**
- **Need to reduce labour cost despite possible industrial unrest**
- **No significant capex required, while offering best product/service to customers**
- **Very strong free cash flow**





# IRISH CONTINENTAL GROUP, plc



## Results Presentation



## Goodbody Stockbrokers



21<sup>st</sup> March 2005





# Appendices

# Isle of Inishmore 1997



**Price:** €85m

**Year Built:** 1997

**Cars:** 855

**Trucks:** 122

**Passengers:** 2,200

# Jonathan Swift 1999



**Price:** €38m

**Year Built:** 1999

**Cars:** 200

**Coaches:** 10

**Passengers:** 800



# Ulysses 2001



**Price:** €107m  
**Cars:** 1,342  
**Trucks:** 240

**Year Built:** 2001  
**Passengers:** 1,900

# Normandy 1982



**Price:** €20.8m

**Year Built:** 1982

**Cars:** 420

**Passengers:** 1,577

**Trucks:** 43