IRISH CONTINENTAL GROUP

8 March 2018

Preliminary Statement of Results for the year ended 31 December 2017
Irish Continental Group (ICG) the leading Irish-based maritime transport group, reports a solid financial performance for the year ended 31 December 2017.

Highlights

- Revenue up 3.0% to €335.1 million (2016: €325.4 million)
- EBITDA down 3.0% to €81.0 million (2016: €83.5 million)
- Basic EPS up 40.4% to 44.1c (2016: 31.4c)
- RoRo freight volumes up 0.5% to 287,500 units (2016: 286,100 units)
- Cars carried up 2.4% in the year to 424,000 units (2016: 414,100 units)
- Container volumes shipped in the year up 5.9% to 321,400 teu* (2016: 303,600 teu)
- Port lifts handled in the year up 3.0% to 296,800 lifts (2016: 288,100 lifts)
- Sale of the vessel MV Kaitaki yields profit after tax of €24.9 million
- Net cash of €39.6 million (31 December 2016: net debt €37.9 million)
- IAS 19 net retirement benefit surplus of €4.7 million at 31 December 2017 (31 December 2016: €13.5 million deficit)
- Final dividend 8.15 cent, up 5.0% (2016: 7.76 cent)

*teu = twenty foot equivalent units

Commenting on the results Chairman John B McGuckian said,

“2017 was another successful year for the Group. Despite the headwinds of increased fuel costs and weaker Sterling, the company delivered EBITDA of €81.0 million with revenues increasing by 3.0% to €335.1 million. This was achieved due to the continued volume growth in all of its operations. The company also completed the sale of the MV Kaitaki during the year yielding a profit after tax of €24.9 million, which assisted in a 40.4% increase in basic EPS to 44.1c and in the Group’s net cash position at year end of €39.6 million. In the next phase of the Group’s development we are looking forward to the arrival of the new cruise ferry MV W.B. Yeats in summer 2018”.

7 March 2018

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RESULTS

Financial Highlights	2017	2016	Change %
Revenue	€335.1m	€325.4m	+3.0%
EBITDA (pre non-trading items*)	€81.0m	€83.5m	-3.0%
EBIT (including non-trading items*)	€89.0m	€62.6m	+42.2%

**Non-trading items €28.7 million (31 December 2016: €nil)*

Irish Continental Group (ICG) produced another resilient performance in the face of continued increasing fuel costs as a result of a rise in global US Dollar oil prices. Group fuel costs increased by 25.2% to €40.3 million (2016: €32.2 million). Notwithstanding this, 2017 has been a successful year for the Group, with a positive operational and financial performance in both divisions building upon the continued Irish economic recovery. Revenue for the year grew by 3.0% to €335.1 million (2016: €325.4 million). EBITDA for the year decreased by 3.0% to €81.0 million (2016: €83.5 million) primarily as a result of the aforementioned €8.1 million year on year increase in fuel costs. During this period we completed the sale of the MV Kaitaki generating a profit on sale before tax of €28.7 million. The subsequent reduced charter earnings on the MV Kaitaki for the remainder of the year were largely offset by the increased earnings on the HSC Westpac Express. Overall Group operating profit was €89.0 million (2016: €62.6 million).

On 17 May 2017, the Group announced that it had entered into a Memorandum of Agreement (“MOA”) for the sale of the passenger ferry MV Kaitaki to the New Zealand ferry operator KiwiRail. The vessel was delivered to KiwiRail on 25 May 2017. The agreed consideration of €45.0 million, payable in cash, was received on delivery and is being utilised for general corporate purposes.

On 2 January 2018, ICG announced that it had entered into an agreement with the German company Flensburger Schiffbau-Gesselschaft & Co.KG (“FSG”) whereby FSG has agreed to build a cruise ferry for ICG at a contract price of €165.2 million which is scheduled for delivery during 2020. The cruise ferry is being built specifically for Irish Ferries Dublin - Holyhead services. The investment provides Irish Ferries with a significant increase in both its freight and tourism carrying capacity on this fast-growing route. ICG intend to utilise credit facilities to finance this investment. When completed, the vessel will be the largest cruise ferry in the world in terms of vehicle capacity.

On 19 January 2018, the cruise ferry MV W.B. Yeats was formally named and the completed hull launched into the water. The cruise ferry, is scheduled to commence sailing between Ireland and France on the Dublin-Cherbourg route in summer 2018.

ICG announced on 30 January 2018 that it has entered into a Memorandum of Agreement ("MOA") for the sale of the HSC Jonathan Swift to Balearia Eurolineas Maritimas S.A for an agreed consideration of €15.5 million. This vessel will be delivered to the buyer in April 2018 and will be replaced in our fleet by the 2001 built HSC Westpac Express, which was recently redelivered following a period of twenty months on external charter. This vessel will provide the Group with increased capacity on its popular fast craft service. She is currently undergoing a refurbishment programme to bring her up to Irish Ferries passenger service standards and will be renamed HSC Dublin Swift prior to entering service.

The container vessel MV Ranger remains on time charter to a third party and is currently trading in North West Europe while the MV Elbtrader, MV Elbcarrier and MV Elbfeeder remain on time charter to the Group’s container shipping subsidiary Eucon.

The charter-in of the Ropax vessel MV Epsilon will expire in November 2018. The company has two further one year options on the vessel.

OPERATIONAL REVIEW

Irish Continental Group operates through two divisions; the Ferries Division operating under the Irish Ferries brand offering passenger and RoRo freight services. The division is also engaged in ship chartering activities with vessels chartered within the Group and to third parties. The Container and Terminal Division includes the intermodal shipping line Eucon as well as the division’s strategically located container terminal in Dublin and its terminal operations in Belfast.

FERRIES DIVISION

Financial Highlights	2017	2016	Change %
Revenue*	€212.1m	€209.8m	+1.1%
EBITDA (pre non-trading items**)	€67.3m	€70.7m	-4.8%
EBIT (including non-trading items**)	€77.8m	€52.3m	+48.8%

**Includes intersegment revenue of €7.7 million (2016: €7.1 million)*
***Non-trading items €28.7 million (31 December 2016: €nil)*

Operational Highlights	2017	2016	Change %
Volumes	'000	'000	
Cars	424.0	414.1	+2.4%
Passengers	1,649.8	1,622.9	+1.7%
RoRo freight	287.5	286.1	+0.5%

Despite the increased fuel costs, the division had a strong year with increased volumes and the consolidation of the strong RoRo growth over the last two years. Revenue was 1.1% higher at €212.1 million (2016: €209.8 million). EBITDA in the division decreased by 4.8% to €67.3 million (2016: €70.7 million) primarily due to higher fuel costs which increased by €5.2 million. EBIT rose by 48.8% to €77.8 million (2016: €52.3 million) principally due to the sale of the MV Kaitaki for a profit before tax of €28.7 million.

Car and Passenger markets
It is estimated that the overall car market, to and from the Republic of Ireland, grew by approximately 1.7% in 2017 to 807,400 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have grown by 1.8%. Irish Ferries' car carryings performed strongly during the year, at 424,000 cars, (2016: 414,100 cars), up 2.4% on the previous year. In the first half of the year Irish Ferries grew its car volumes by 2.3% while in the second half of the year, which includes the busy summer holiday season, volumes grew by 2.4%.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland increased by 1.0% on 2016 to a total of 3.13 million passengers, while the all-island market increased by 1.9%. Irish Ferries' passenger numbers carried increased by 1.7% at 1.650 million (2016: 1.623 million). In the first half of the year, Irish Ferries passenger volumes grew by 1.7% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 1.6%.

RoRo Freight
The RoRo freight market between the Republic of Ireland, and the U.K. and France, continued to grow in 2017 on the back of the Irish economic recovery, with the total number of trucks and trailers up 5.1%, to approximately 998,200 units. On an all-island basis, the market increased by approximately 3.8% to 1.82 million units.

Irish Ferries' carryings, at 287,500 freight units (2016: 286,100 freight units), increased by 0.5% in the year with volumes down 0.4% in the first half and up 1.3% in the second half. The strong growth in the freight market in 2017 reflects the continued strong performance of the Irish economy. The Irish Ferries performance represents a consolidation of previously reported average growth of 7.4% in 2015 and 2016.

Chartering
The MV Kaitaki remained on charter until the vessel was sold to the existing charterer on 25 May 2017. In the last financial year ended 31 December 2016 the charter of the vessel generated operating profits of €2.1 million. Of our four owned LoLo container vessels, the three Elb vessels are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the continent whilst the Ranger is on a short term charter to a third party.

FERRIES DIVISION – continued

The HSC Westpac Express, which was on charter since acquisition in June 2016, was redelivered to the Group at the end of November 2017. The Vessel will be renamed HSC Dublin Swift on completion of a refurbishment programme and will replace the HSC Jonathan Swift on the Dublin – Holyhead fast craft service in April 2018. Overall external charter revenues were €7.4 million in 2017 (2016: €8.7 million).

CONTAINER AND TERMINAL DIVISION

Financial Highlights	**2017**	**2016**	**Change %**
Revenue*	€131.9m	€123.9m	+6.5%
EBITDA	€13.7m	€12.8m	+7.0%
EBIT	€11.2m	€10.3m	+8.7%

**Includes intersegment revenue of €1.2 million (2016: €1.2 million)*

Operational Highlights	**2017**	**2016**	**Change %**
Volumes	'000	'000	
Container freight (teu*)	321.4	303.6	+5.9%
Port lifts	296.8	288.1	+3.0%

**teu: twenty foot equivalent units*

Revenue in the division increased to €131.9 million (2016: €123.9 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 69% (2016: 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 to €13.7 million (2016: €12.8 million) while EBIT rose 8.7% to €11.2 million (2016: €10.3 million).

In Eucon overall container volumes shipped increased by 5.9% compared with the previous year to 321,400 teu (2016: 303,600 teu). The resulting revenue increase was partially offset by a €2.9 million increase in fuel costs.

Containers handled by the Group's terminal operations in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) rose by 3.0% at 296,800 lifts (2016: 288,100 lifts). DFT's volumes grew by 4.7%, while BCT's volumes increased by 0.7%.

GROUP FINANCE REVIEW

A summary cash flow is presented below:

Cash Flow	**2017 €m**	**2016 €m**
Operating profit (EBIT*)	89.0	62.6
Non-trading item	(28.7)	-
Net depreciation and amortisation	20.7	20.9
EBITDA*	81.0	83.5
Working capital movements	(1.9)	4.7
Pension payments in excess of service costs	(1.1)	(1.8)
Share based payments expense	1.1	0.2
Other	(0.6)	(0.1)
Cash generated from operations	78.5	86.5
Interest paid	(1.1)	(2.3)
Tax paid	(5.6)	(2.1)
Capex	(17.0)	(57.0)
Free cash flow*	54.8	25.1
Proceeds on disposal of property, plant and equipment	44.7	1.3
Dividends paid to equity holders of the Company	(22.2)	(21.0)
Proceeds on issue of ordinary share capital	3.3	2.7
Interest received	-	0.1
Settlement of equity plans through market purchase of shares	(3.0)	(0.4)
Net cash flows	77.6	7.8
Opening net debt	(37.9)	(44.3)
Translation/other	(0.1)	(1.4)
Closing net cash / (debt)*	**39.6**	**(37.9)**

**Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 21.*

EBITDA for the year was €81.0 million (2016: €83.5 million). There was a net outflow of working capital of €1.9 million, due to an increase in receivables of €2.6 million from increased revenue, an increase in inventories of €0.4 million, partially offset by a decrease in payables of €1.1 million. The Group made payments, in excess of service costs to the Group's pension funds of €1.1 million. Other net cash inflows amounted to €0.5 million resulting in cash generated from operations amounting to €78.5 million (2016: €86.5 million).

Interest paid was €1.1 million (2016: €2.3 million) while taxation paid was €5.6 million (2016: €2.1 million) including €5.1 million relating to the sale of MV Kaitaki. Interest received amounted to €nil (2016: €0.1 million).

Capital expenditure was €17.0 million (2016: €57.0 million) which included annual refits of the vessels, new terminal handling equipment and payments related to the new cruise ferry MV W.B. Yeats.

Net cash at year end was €39.6 million in comparison to a net debt position of €37.9 million at 31 December 2016.

GROUP FINANCE REVIEW - continued

A summary balance sheet is presented below:

Balance Sheet	**2017 €m**	**2016 €m**
Property, plant & equipment and intangible assets	250.0	205.1
Retirement benefit surplus	8.1	2.4
Other current assets	44.9	41.9
Cash and bank balances	90.3	42.2
Total assets	393.3	291.6
Non-current borrowings	50.0	1.7
Retirement benefit obligation	3.4	15.9
Other non-current liabilities	1.5	3.6
Current borrowings	0.7	78.4
Other current liabilities	113.9	47.6
Total liabilities	169.5	147.2
Total equity	223.8	144.4
Total equity and liabilities	393.3	291.6

The total net surplus of all defined benefit pension schemes at 31 December 2017 was €4.7 million in comparison to a €13.5 million deficit at 31 December 2016. The movement reflects an actuarial gain of €17.5 million, arising from investment performance and the positive effect of an increase in the discount rate used to value scheme liabilities.

Shareholders' equity increased to €223.8 million from €144.4 million at 31 December 2016. The main reasons for the movement were due to a profit for the financial period of €83.3 million, an actuarial gain arising on retirement benefit schemes of €17.5 million offset by dividends paid of €22.2 million.

FINANCING

Following the maturity of its existing debt facilities during the period ICG has concluded a refinancing programme comprising:

- A 5 year multicurrency revolving credit facility provided by Allied Irish Banks plc (Co-ordinating Bank) and Bank of Ireland (Agent Bank) extendable by up to 2 years, comprising a committed €75 million drawing limit together with an additional uncommitted limit of €50 million;
- A 12 year amortising term loan provided by the European Investment Bank ("EIB") comprising a committed €75 million drawing limit, available on delivery of the new vessel W.B. Yeats;
- Multicurrency private loan note shelf agreements with Metropolitan Life Insurance Company and Pricoa Capital Group comprising total uncommitted drawing limits of USD275 million and tenors of up to 15 years; and
- An overdraft and guarantee facility of €16 million provided by Allied Irish Banks Plc.

On 30 November 2017 the Group issued its first series of loan notes under the loan note shelf agreements amounting to €50.0 million on a 7 year bullet repayment term with a fixed coupon of 1.40% per annum. Since the year end the interest rate on the EIB facility has been fixed at 1.724%. Following the loan note issuance the aggregate committed finance facilities amount to €216.0 million, with uncommitted facilities of €229.0 million approximately.

These facilities together with cash from operations will be used to support the long-term investment opportunities including the €309.0 million contracts for the delivery of two new cruise ferries the MV W.B. Yeats in June 2018 and a second vessel in 2020.

GROUP FINANCE REVIEW - continued

FUEL

	2017	2016	Change %
Fuel costs	€40.3m	€32.2m	+25.2%

Group fuel costs in 2017 amounted to €40.3 million (2016: €32.2 million). The increase in fuel cost was due to the rise in global US Dollar oil prices, partially offset by a weaker US Dollar versus Euro.

The Group has in place a transparent fuel surcharge mechanism for freight customers across the Group which mitigated the increase in Euro fuel costs through increased surcharge revenues. In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs.

DIVIDEND

During the year the Group paid the final dividend for 2016 of 7.76 cent per ICG Unit. The Group also paid an interim dividend for 2017 of 4.01 cent per ICG Unit, and the Board is proposing a final dividend of 8.15 cent per ICG Unit, payable in June 2018, making a total dividend for 2017 of 12.16 cent per ICG Unit, an increase of 5.0% on the prior year.

Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 8 June 2018 to shareholders on the register at close of business on 18 May 2018. Irish dividend withholding tax will be deducted where appropriate.

CURRENT TRADING & OUTLOOK

Since our last update to the market, in the Interim Management Statement of November 2017, trading conditions have remained favourable. For the full year 2017 the Ferries Division recorded strong volume growth of 1.7% for passengers, 2.4% for cars and 0.5% for RoRo freight. In the Container and Terminal Division overall container volumes shipped were up 5.9%, while port lifts were up 3.0%.

In the period from 1 January 2018 to 3 March 2018, car and passenger volumes have benefited from additional high speed ferry sailings. Irish Ferries carried 35,600 cars up 9.1% while the number of passengers carried increased to 135,500 passengers, up 4.5%, compared with the same period last year.

Due to prolonged bad weather in the period up to 3 March 2018 conventional sailings decreased 9% year on year. Irish Ferries carried 43,800 RoRo units in that period which is down 3.3% on the prior year.

In the period from 1 January 2018 to 3 March 2018, the Container and Terminal division container carryings were 57,200, an increase of 4.6% on the corresponding period last year. Port lifts were 51,700, an increase of 5.7% compared to the same period last year.

World fuel prices have strengthened over the last number of months offset by the positive benefit from a weaker US Dollar. Overall Euro fuel costs remain at manageable levels with our fuel surcharge mechanisms remaining in place.

Despite the uncertainty around the implications of the UK government triggering Article 50 of the EU Treaty in March 2017, the economic outlook in our sphere of operations continues to improve. We look forward to another year of volume growth in our markets of operation. The Group is also set to benefit this year from the introduction of the new cruise ferry MV W.B. Yeats in the summer of 2018 which will bring additional earnings potential for the Group.

John B. McGuckian
Chairman

Consolidated Income Statement for the year ended 31 December 2017

	Notes	2017	2016
		€m	**€m**
Revenue		335.1	325.4
Depreciation and amortisation		(20.7)	(20.9)
Employee benefits expense		(22.5)	(22.0)
Other operating expenses		(231.6)	(219.9)
		60.3	**62.6**
Non-trading items	8	28.7	-
Operating profit		**89.0**	**62.6**
Finance income		-	0.1
Finance costs		(1.3)	(2.3)
Profit before tax		**87.7**	**60.4**
Income tax expense	3	(4.4)	(1.6)
Profit for the year: all attributable to equity holders of the parent		**83.3**	**58.8**
Earnings per share – expressed in € cent per share			
Basic	4	44.1c	31.4c
Diluted	4	43.8c	31.1c

Consolidated Statement of Comprehensive Income for the year ended 31 December 2017

	2017	**2016**
	€m	**€m**
Profit for the year	83.3	58.8
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
- Fair value movements arising during the year	-	(0.1)
-Transfer to Consolidated Income Statement – net settlement		
of cash flow hedge	0.2	0.4
Currency translation adjustment	(0.6)	(2.8)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain / (loss) on defined benefit obligations	17.5	(9.6)
Deferred tax on defined benefit obligations	(0.2)	0.7
Other comprehensive income / (expense) for the year	16.9	(11.4)
Total comprehensive income for the year:		
all attributable to equity holders of the parent	**100.2**	**47.4**

Consolidated Statement of Financial Position as at 31 December 2017

	Notes	2017	2016
		€m	€m
Assets			
Non-current assets			
Property, plant and equipment		249.5	204.3
Intangible assets		0.5	0.8
Retirement benefit surplus	7	8.1	2.4
		258.1	**207.5**
Current assets			
Inventories		2.7	2.3
Trade and other receivables		42.2	39.6
Cash and cash equivalents	5	90.3	42.2
		135.2	**84.1**
Total assets		**393.3**	**291.6**
Equity and liabilities			
Equity			
Share capital		12.3	12.2
Share premium		18.9	15.7
Other reserves		(13.1)	(11.8)
Retained earnings		205.7	128.3
Equity attributable to equity holders of the parent		**223.8**	**144.4**
Non-current liabilities			
Borrowings	5	50.0	1.7
Deferred tax liabilities		0.8	2.7
Provisions		0.5	0.6
Deferred grant		0.2	0.3
Retirement benefit obligation	7	3.4	15.9
		54.9	**21.2**
Current liabilities			
Borrowings	5	0.7	78.4
Trade and other payables		112.4	46.7
Derivative financial instruments		-	0.2
Current income tax liabilities		0.9	-
Provisions		0.5	0.6
Deferred grant		0.1	0.1
		114.6	**126.0**
Total liabilities		**169.5**	**147.2**
Total equity and liabilities		**393.3**	**291.6**

Consolidated Statement of Changes in Equity for the year ended 31 December 2017

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2017	**12.2**	**15.7**	**(11.8)**	**128.3**	**144.4**
Profit for the year	-	-	-	83.3	83.3
Other comprehensive (expense) / income	-	-	(0.4)	17.3	16.9
Total comprehensive (expense) / income for the year	**-**	**-**	**(0.4)**	**100.6**	**100.2**
Employee share-based payment expense	-	-	1.1	-	1.1
Share issue	0.1	3.2	-	-	3.3
Dividends	-	-	-	(22.2)	(22.2)
Settlement of equity plans through market purchase of shares				(3.0)	(3.0)
Transferred to retained earnings on exercise of share options	-	-	(2.0)	2.0	-
	0.1	**3.2**	**(1.3)**	**77.4**	**79.4**
Balance at 31 December 2017	**12.3**	**18.9**	**(13.1)**	**205.7**	**223.8**
Analysed as follows:					
Share capital					12.3
Share premium					18.9
Other reserves					(13.1)
Retained earnings					205.7
					223.8

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2017	**7.3**	**2.4**	**(0.2)**	**(21.3)**	**(11.8)**
Total comprehensive income / (expense)	**-**	**-**	**0.2**	**(0.6)**	**(0.4)**
Employee share-based payment expense	-	1.1	-	-	1.1
Transferred to retained earnings on exercise of share options	-	(2.0)	-	-	(2.0)
	-	**(0.9)**	**0.2**	**(0.6)**	**(1.3)**
Balance at 31 December 2017	**7.3**	**1.5**	**-**	**(21.9)**	**(13.1)**

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2016	**12.1**	**13.1**	**(9.0)**	**99.3**	**115.5**
Profit for the year	-	-	-	58.8	58.8
Other comprehensive expense	-	-	(1.9)	(9.5)	(11.4)
Total comprehensive (expense) / income for the year	**-**	**-**	**(1.9)**	**49.3**	**47.4**
Employee share-based payment expense	-	-	0.2	-	0.2
Share issue	0.1	2.6	-	-	2.7
Dividends	-	-	-	(21.0)	(21.0)
Settlement of equity plans through market purchase of shares				(0.4)	(0.4)
Transferred to retained earnings on exercise of share options	-	-	(1.1)	1.1	-
	0.1	**2.6**	**(2.8)**	**29.0**	**28.9**
Balance at 31 December 2016	**12.2**	**15.7**	**(11.8)**	**128.3**	**144.4**
Analysed as follows:					
Share capital					12.2
Share premium					15.7
Other reserves					(11.8)
Retained earnings					128.3
					144.4

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2016	**7.3**	**3.3**	**(0.5)**	**(19.1)**	**(9.0)**
Total comprehensive income / (expense)	**-**	**-**	**0.3**	**(2.2)**	**(1.9)**
Employee share-based payment expense	-	0.2	-	-	0.2
Transferred to retained earnings on exercise of share options	-	(1.1)	-	-	(1.1)
	-	**(0.9)**	**0.3**	**(2.2)**	**(2.8)**
Balance at 31 December 2016	**7.3**	**2.4**	**(0.2)**	**(21.3)**	**(11.8)**

Consolidated Statement of Cash Flows for the year ended 31 December 2017

	Notes	2017 €m	2016 €m
Net cash inflow from operating activities	**6**	**71.8**	**82.1**
Cash flow from investing activities			
Interest received		-	0.1
Proceeds on disposal of property, plant and equipment		44.7	1.3
Purchases of property, plant and equipment		(17.0)	(56.7)
Purchases of intangible assets		-	(0.3)
Net cash inflow / (outflow) from investing activities		**27.7**	**(55.6)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(22.2)	(21.0)
Repayments of borrowings		(77.7)	(13.0)
Repayments of obligations under finance leases		(0.7)	(1.1)
Proceeds on issue of ordinary share capital		3.3	2.7
New bank loans raised (net of arrangement costs)		49.0	25.0
Settlement of equity plans through market purchase of shares		(3.0)	(0.4)
Net cash outflow from financing activities		**(51.3)**	**(7.8)**
Net increase in cash and cash equivalents		**48.2**	**18.7**
Cash and cash equivalents at the beginning of year		42.2	25.0
Effect of foreign exchange rate changes		(0.1)	(1.5)
Cash and cash equivalents at the end of year	**5**	**90.3**	**42.2**

Notes to the Preliminary Statement for the year ended 31 December 2017

1. Accounting policies

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements.

2. Segmental information

The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organised into two operating segments: Ferries and Container & Terminal.

	Revenue		**Profit Before Tax**		**Net Assets (equity attributable to equity holders)**	
Analysis of results	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Ferries	212.1	209.8	49.1	52.3	156.0	158.0
Container and Terminal	131.9	123.9	11.2	10.3	28.2	24.3
Intersegment Revenue	(8.9)	(8.3)	-	-	-	-
	335.1	325.4	60.3	62.6	184.2	182.3
Non-trading items	-	-	28.7	-	-	-
Net interest / cash / (debt)	-	-	(1.3)	(2.2)	39.6	(37.9)
Total	**335.1**	**325.4**	**87.7**	**60.4**	**223.8**	**144.4**
Analysis by origin of booking	**2017**	**2016**				
	€m	**€m**				
Ireland	162.8	163.2				
United Kingdom	65.5	66.7				
Netherlands	57.9	53.4				
Belgium	27.6	26.5				
France	7.4	7.6				
Other	13.9	8.0				
Total	**335.1**	**325.4**				

3. Income tax expense

	2017	2016
	€m	**€m**
Current tax	6.5	2.0
Deferred tax	(2.1)	(0.4)
Income tax expense for the year	**4.4**	**1.6**

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax method. Under the tonnage tax method, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised.

In accordance with the IFRIC guidance on *IAS 12 Income Taxes*, the tonnage tax charge is not considered an income tax expense and has been included in other operating expenses in the Consolidated Income Statement.

Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax system. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax expense for the year includes a current tax charge of €5.6 million and a deferred tax credit of €1.8 million relating to non-trading items (note 8).

The total expense for the year is reconciled to the accounting profit as follows:

	2017	2016
	€m	**€m**
Profit before tax	87.7	60.4
Tax at the domestic income tax rate of 12.5% (2016: 12.5%)	11.0	7.6
Effect of tonnage relief	(5.6)	(5.8)
Net utilisation of tax losses	(0.3)	(0.1)
Difference in effective tax rates	0.3	0.2
Other items	(1.0)	(0.3)
Income tax expense recognised in the		
Consolidated Income Statement	**4.4**	**1.6**

4. Earnings per share

	2017	2016
Number of shares	**'000**	**'000**
Weighted average number of ordinary shares for the purposes of basic earnings per share	188,801	187,536
Effect of dilutive potential ordinary shares: Share options	1,208	1,692
Weighted average number of ordinary shares for the purposes of diluted earnings per share	190,009	189,228

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the year and excludes treasury shares.

The earnings used in both the adjusted basic and adjusted diluted earnings per share have been adjusted to take into account the net interest on defined benefit pension obligations.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2017	2016
Earnings	**€m**	**€m**
Earnings for the purposes of basic and diluted earnings per share -		
Profit for the year attributable to equity holders of the parent	83.3	58.8
Effect of non-trading item	(28.7)	-
Net interest cost on defined benefit obligations	0.2	-
Earnings for the purposes of adjusted basic and diluted earnings per share	54.8	58.8

	2017	2016
	Cent	**Cent**
Basic earnings per share	44.1	31.4
Diluted earnings per share	43.8	31.1
Adjusted basic earnings per share	29.0	31.4
Adjusted diluted earnings per share	28.8	31.1

Diluted earnings per ordinary share

Diluted earnings per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume the exercise of all vested share option awards at 31 December. Share option awards which have not yet satisfied the required performance conditions for vesting are excluded from the calculation. The dilutive effect of vested share options is calculated as the difference in the average market value during the period and the option price expressed as a percentage of the average market value. Of the 1,714,000 (2016: 2,866,500) vested options at 31 December 2017, the dilutive effect is 1,208,000 ordinary shares (2016: 1,692,000 ordinary shares).

5. Net debt

	Cash	Loans	Leases	Total
	€m	**€m**	**€m**	**€m**
At 1 January 2017				
Current assets	42.2	-	-	42.2
Creditors due within one year	-	(77.7)	(0.7)	(78.4)
Creditors due after one year	-	-	(1.7)	(1.7)
	42.2	**(77.7)**	**(2.4)**	**(37.9)**
Cash flow	48.1	-	-	48.1
Drawdown (net of arrangement costs)	-	(49.0)	-	(49.0)
Repayment	-	77.7	0.7	78.4
Foreign exchange rate changes	-	-	-	-
	48.1	**28.7**	**0.7**	**77.5**
At 31 December 2017				
Current assets	90.3	-	-	90.3
Creditors due within one year	-	-	(0.7)	(0.7)
Creditors due after one year	-	(49.0)	(1.0)	(50.0)
	90.3	**(49.0)**	**(1.7)**	**39.6**

The loan drawdown and repayments have been made under the Group's loan facilities.

6. Net cash from operating activities

	2017	2016
	€m	**€m**
Operating activities		
Profit for the year	83.3	58.8
Adjustments for:		
Finance costs (net)	1.3	2.2
Income tax expense	4.4	1.6
Retirement benefit obligations – current service cost	1.8	1.9
Retirement benefit obligations – payments	(2.9)	(3.7)
Depreciation of property, plant and equipment	20.5	20.6
Amortisation of intangible assets	0.3	0.4
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment expense	1.1	0.2
Gain on disposal of property, plant and equipment	(29.1)	(0.3)
(Decrease) / increase in provisions	(0.2)	0.2
Operating cash flows before movements in working capital	**80.4**	**81.8**
Increase in inventories	(0.4)	(0.4)
(Increase) / decrease in receivables	(2.6)	1.4
Increase in payables	1.1	3.7
Cash generated from operations	**78.5**	**86.5**
Income taxes paid	(5.6)	(2.1)
Interest paid	(1.1)	(2.3)
Net cash inflow from operating activities	**71.8**	**82.1**

7. Retirement benefit schemes

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	STERLING LIABILITIES		EURO LIABILITIES	
	2017	**2016**	**2017**	**2016**
Discount rate	2.35%	2.50%	1.80%	1.70%
Inflation rate	3.40%	3.45%	1.60%	1.60%
Rate of increase of pensions in payment	3.10%	3.15%	0.70% - 0.80%	0.70% - 0.80%
Rate of general salary increases	0.95%	1.00%	0.00% - 1.00%	0.00% - 1.00%

The average life expectancy used in all schemes at age 60 is as follows:

	2017		2016	
	Male	**Female**	**Male**	**Female**
Current retirees	26.3 years	29.0 years	26.1 years	28.9 years
Future retirees	28.6 years	31.2 years	28.5 years	30.8 years

The amount recognised in the balance sheet in respect of the Group's defined benefit obligations, is as follows:

	SCHEMES WITH LIABILITIES IN STERLING		SCHEMES WITH LIABILITIES IN EURO	
	2017	**2016**	**2017**	**2016**
	€m	**€m**	**€m**	**€m**
Equities	10.5	9.4	117.6	124.7
Bonds	13.8	14.9	95.2	93.7
Diversified funds	-	-	24.9	11.6
Property	0.3	0.3	18.7	18.0
Other	1.3	1.0	1.1	1.2
Market value of scheme assets	25.9	25.6	257.5	249.2
Present value of scheme liabilities	(23.8)	(23.9)	(254.9)	(264.4)
Surplus / (deficit) in schemes	2.1	1.7	2.6	(15.2)

7. Retirement benefit schemes – continued

The movement during the year is reconciled as follows:

	2017	2016
	€m	€m
Opening net deficit	(13.5)	(5.1)
Current service cost	(1.8)	(1.9)
Employer contributions paid	2.9	3.7
Net interest cost	(0.2)	-
Actuarial gain / (loss)	17.5	(9.6)
Other	(0.2)	(0.6)
Closing net surplus / (deficit)	**4.7**	**(13.5)**
Schemes in surplus	8.1	2.4
Schemes in deficit	(3.4)	(15.9)
Net surplus / (deficit)	**4.7**	**(13.5)**

8. Non trading items

On 17 May 2017, the Group completed the sale of the vessel MV Kaitaki to KiwiRail of New Zealand.

The MV Kaitaki which was commissioned by and delivered to ICG in 1995 became surplus to ICG's operational requirements following delivery of our cruise ferry Ulysses in 2001. MV Kaitaki has been on charter outside the Group since 2002, most recently to the buyers KiwiRail who operate the vessel in New Zealand.

	2017
	€m
Consideration	
Total consideration	45.0
Gain on disposal of vessel	
Consideration	45.0
Disposal costs	(0.3)
Performance pay associated with disposal	(0.6)
Net proceeds	**44.1**
NBV of vessel disposed of	(15.4)
Gain on disposal	**28.7**
Total consideration	45.0
Tax payable (2017: 12.5%)	5.6
Deferred tax credit on disposal of vessel	(1.8)
Tax on disposal	**3.8**

The gain on disposal of the vessel is included in the profit for the period and is disclosed on a separate line in the Condensed Consolidated Income Statement.

9. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the year ended 31 December 2017 the material transactions between Irish Continental Group plc and its key management personnel were the remuneration of employees and Directors, the participation in Group dividends on the same terms available to shareholders generally, and the provision of professional services at arm’s length basis.

10. General information

The financial information in this preliminary announcement does not constitute full statutory financial statements, a copy of which is required to be annexed to the annual return to the Companies Registration Office. A copy of the financial statements in respect of the financial year ended 31 December 2017 will be annexed to the annual return for 2018. The auditors have made a report, without any qualification on their audit, of the consolidated financial statements in respect of the financial year ended 31 December 2017 and the Directors approved the consolidated financial statements in respect of the financial year ended 31 December 2017 on 7 March 2018. A copy of the consolidated financial statements in respect of the year ended 31 December 2016 has been annexed to the annual return for 2017 filed at the Companies Registration Office.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and therefore the Group’s financial statements comply with Article 4 of the IAS Regulations. The consolidated financial statements have also been prepared in accordance with the Companies Acts 2014, and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2017 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 Company'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 and amortisation.	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 and tax.	Measures the Group’s earnings from ongoing operations.
Free cash flow	Free cash flow comprises operating cash flow less capital expenditure.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.

11. Subsequent events

The Board is proposing a final dividend of 8.15 cent per ICG unit in respect of the results for the year ended 31 December 2017.

On 2 January 2018, ICG announced that it had entered into an agreement with the German company Flensburger Schiffbau-Gesselschaft & Co.KG (“FSG”) whereby FSG has agreed to build a cruise ferry for ICG at a contract price of €165.2 million and is scheduled for delivery during 2020.

ICG announced on 30 January 2018 that it has entered into a Memorandum of Agreement ("MOA") for the sale of the High Speed Craft "Jonathan Swift" to Balearia Eurolineas Maritimas S.A for an agreed consideration of €15.5 million. This vessel will be delivered to the buyer in April 2018.

There have been no other material events affecting the Group since 31 December 2017.

12. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc. on 7 March 2018.

13. Annual Report and Annual General Meeting

The Group’s Annual Report and notice of Annual General Meeting, which will be held on Thursday 10 May 2018, will be notified to shareholders in April 2018.