

# ICG Profile

Capital  
Employed  
2003  
%

## 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

# Interim Results

	<i>Half Year 2004 € m</i>	<i>Half Year 2003 € m</i>	<i>Full Year 2003 € m</i>
Turnover	135.8	136.9	304.3
EBITDA	16.4	18.2	53.4
Depreciation / Amortisation	<u>(12.2)</u>	<u>(12.7)</u>	<u>(24.5)</u>
Operating Profit	4.2	5.5	28.9
Exceptional Item	-	-	(4.8)
Interest	<u>(2.8)</u>	<u>(3.6)</u>	<u>(6.4)</u>
PBT	<u>1.4</u>	<u>1.9</u>	<u>17.7</u>
EPS Basic	5.1c	5.3c	71.6c
EPS Adjusted	5.1c	5.3c	91.4c
Cash EPS	56.5c	56.7c	192.4c
Net Debt	127.0*	156.0	125.0

\* After €31 million share buybacks since H.1. '02. Cash flow generated 1/3 first half, 2/3 second half.

# Container Division

	<i>Half Year 2004 € m</i>	<i>Half Year 2003 € m</i>	<i>Full Year 2003 € m</i>
Turnover	64.7	65.0	134.8
EBITDA	1.8	3.2	6.2
Depreciation/ Amortisation	<u>(1.4)</u>	<u>(1.3)</u>	<u>(2.6)</u>
Operating Profit	<u>0.4</u>	<u>1.9</u>	<u>3.6</u>

- Operating profit significantly affected by late commissioning of new berth in Dublin Terminal and congestion in deep sea ports for feeder cargo. Second half should be much better as the terminal is fully commissioned since July 04.

# 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

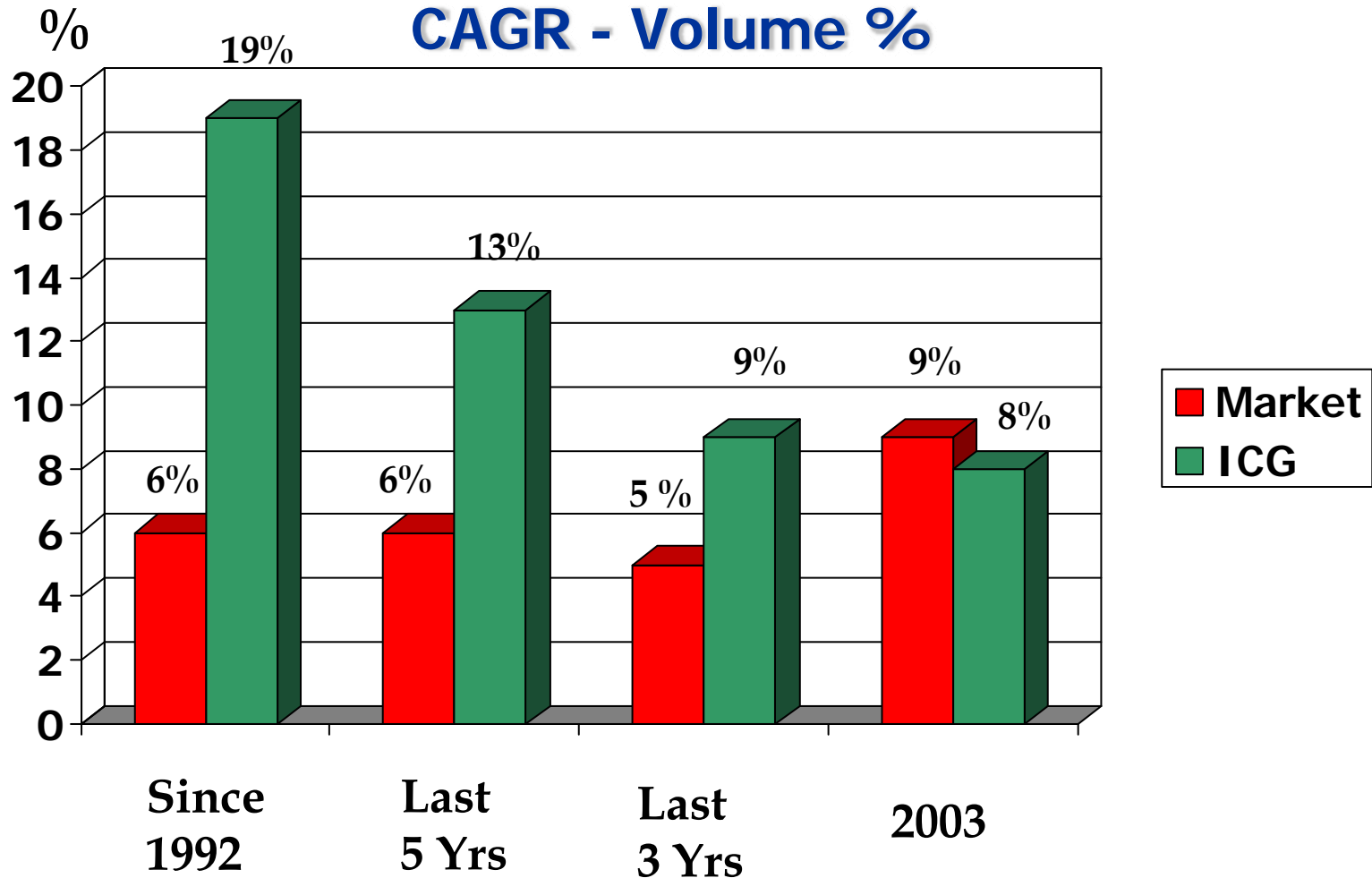
13 ports

24 routes

# Ireland - Continent/UK

## Market Share 29%

### 2003





# Container Terminal Market

1.1 Million Teu in 2003

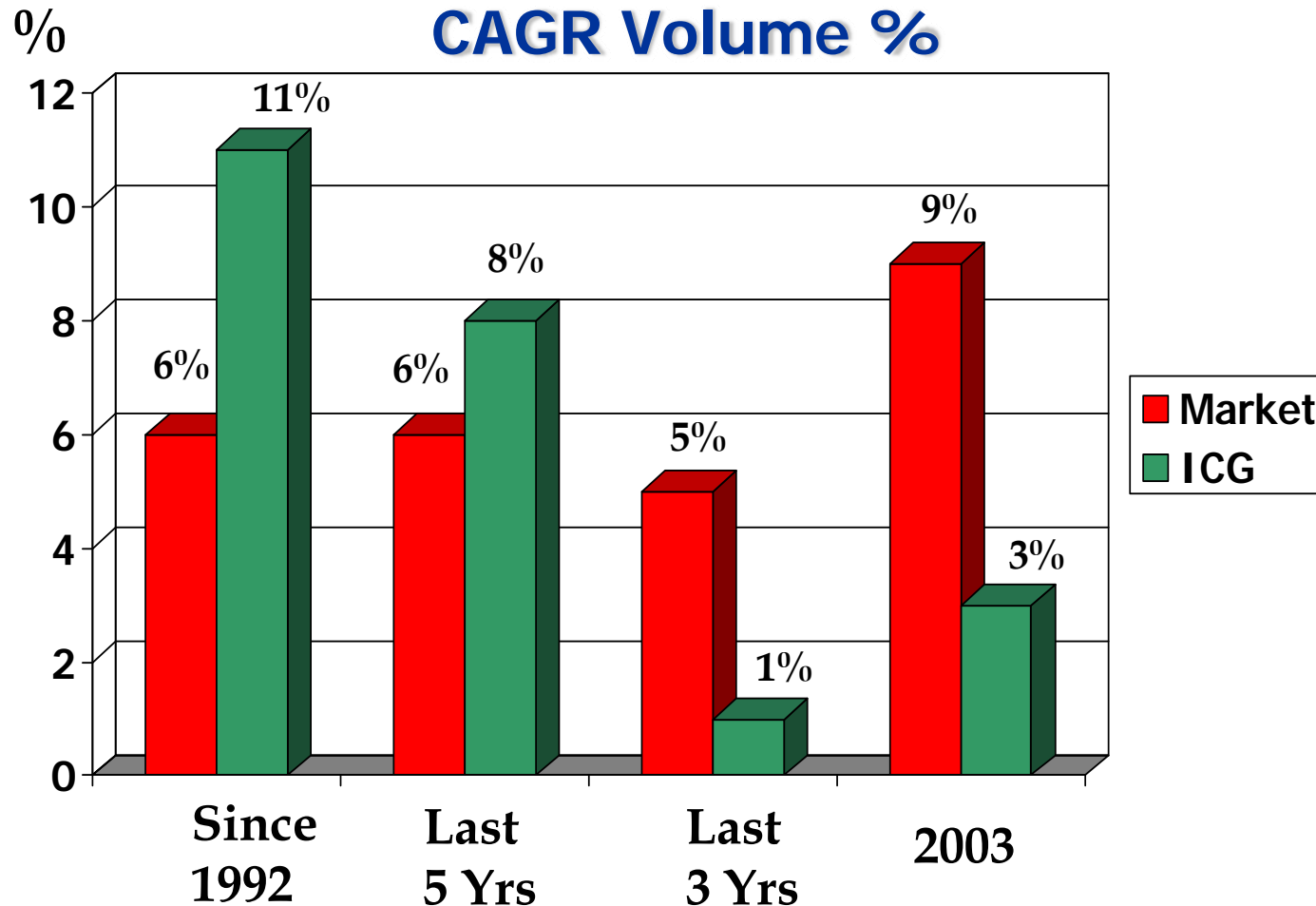
- 118 year lease of 33 acres
- Capacity of terminal increased by 50% (June 2004)



# Container Handling in Ireland

## Market Share 23%

### 2003





# Interim Results

## Ferries & Ship Chartering

	<i>Half Year 2004 € m</i>	<i>Half Year 2003 € m</i>	<i>Full Year 2003 € m</i>
Turnover	71.5	71.9	170.2
EBITDA	14.6	15.0	42.4*
Depreciation/ Amortisation	<u>(10.8)</u>	<u>(11.4)</u>	<u>(21.9)</u>
Operating Profit	<u>3.8</u>	<u>3.6</u>	<u>20.5</u>

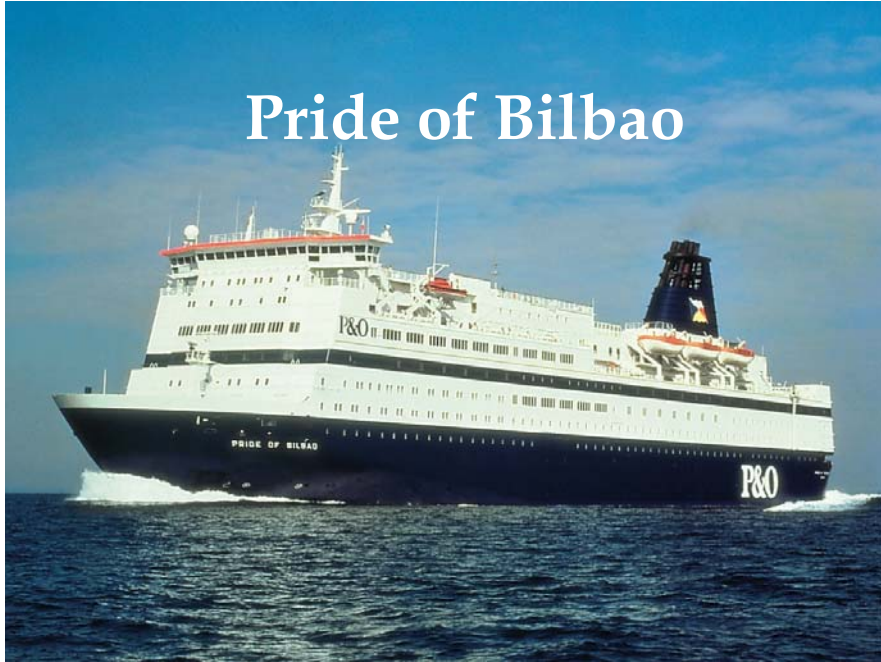
\* After exceptional item of €4.8m

# Key Areas

- **Irish Ferries**
- **Ship chartering**

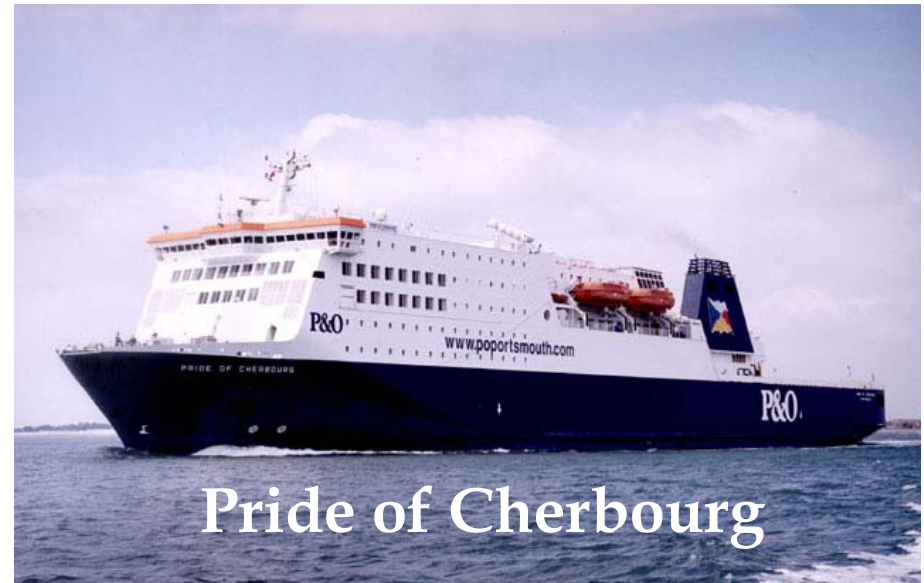
# Ship Chartering Division

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

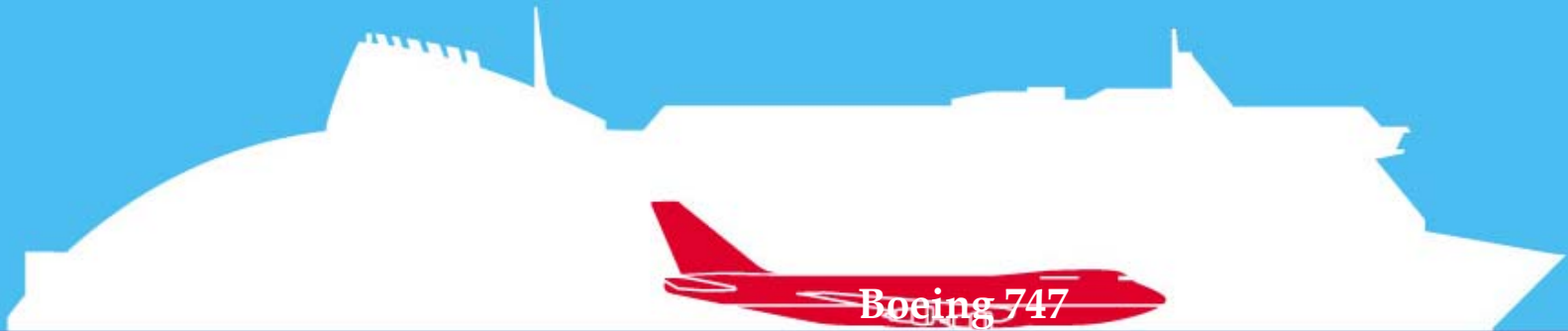
- Use of ship market knowledge and balance sheet strength to avail of potential charter opportunities in ferry and container shipping markets.
- Pride of Bilbao on charter to P&O since 1992. Next optional renewal date October 2007. Pride of Cherbourg on charter to P&O until July 2007.
- €58 million (at average '03 exchange rates) over 5 years for 2 ships, giving cash returns of 14.5% p.a. on average book value over period.

# Irish Ferries



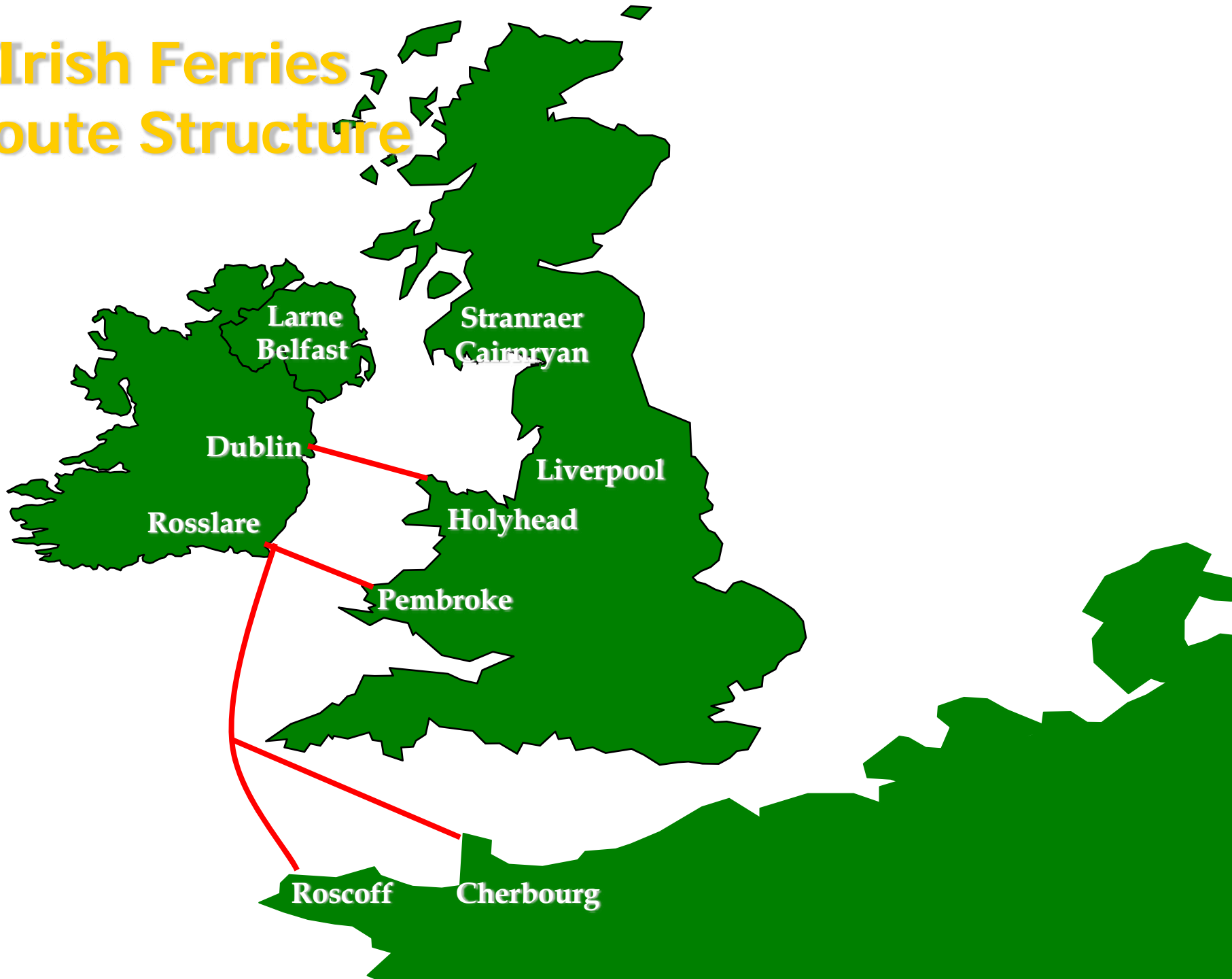


# Ulysses 2001





# 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 90% of cars travel on short routes into Dublin and Rosslare**
  - **Over 50% of RoRo units travel on short routes into Dublin and Rosslare**
- **P&O have closed long route, Dublin – Mostyn April 2004. Two ships removed.**

# Passenger Car Market

## UK ↔ Ireland Market

Volumes (Cars)	REPUBLIC OF IRELAND		
	Market	Irish Ferries	Irish Ferries Share
HI : Jan - June 2004	- 4%	- 6%	41%
July - Aug. 2004	- 3%	+ 3%	41%
01/01 - 23/08/04	- 3%	- 3%	41%

- Week car market due to low fare airlines (particularly ex. UK to Continent) and relatively high cost of Ireland as a holiday destination.
- Average yield slightly up on last year.

# Market Share – Cars

## 2004 v 2003

### *Republic of Ireland - UK*

**2003**  
**%**

**2004 H.1**  
**%**

**Irish Ferries**

**41**

**41**

**Stena Line**

**47**

**49**

**P&O Irish Sea**

**2**

**2**

**Isle of Man Steam Packet Co.**

**5**

**4**

**Swansea Cork**

**5**

**4**

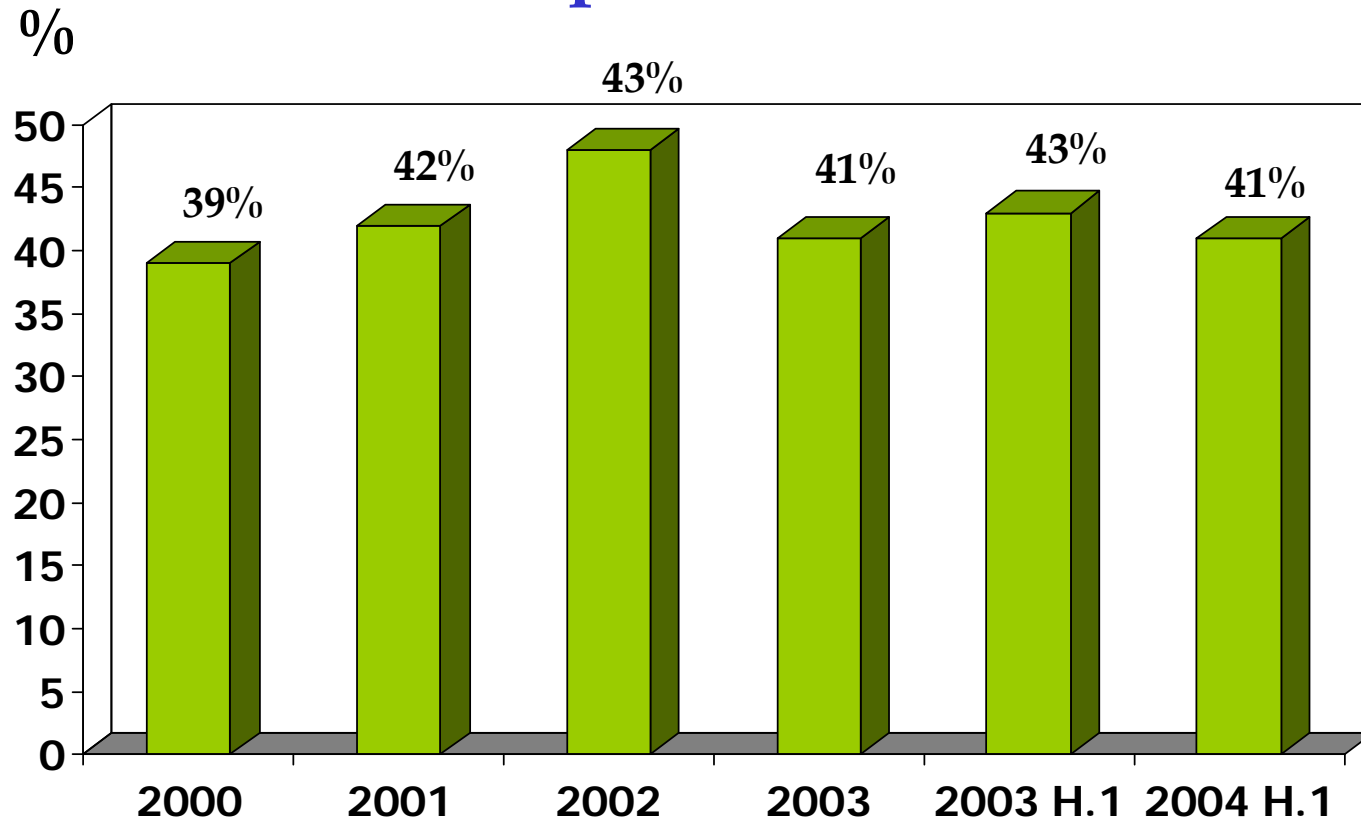
**Total**

**100**

**100**

# Car Performance Irish Ferries Market Share

Rep. of Ireland



# Irish Ferries - Distribution

## Car Booking Report 2004

### All Markets

### Share

	Half Year 2004	Half Year 2003
	%	%
Call Centres	30	39
At our Ports	12	12
Internet	<u>36</u>	<u>23</u>
Direct	78	74
Travel Trade	<u>22</u>	<u>26</u>
Total	100	100

The screenshot shows the Irish Ferries website interface. At the top, there's a date and time stamp: 'Today's Date Monday 14 Jan, 2002 12:48'. Below this is a navigation bar with links: Home, Welcome, Book On-Line, Routes & Times, Ships, Fares & Offers, Travel Agents, FAQ's, Holidays, Contact Us, and More Info. A large banner at the top right displays a car on a ferry with the text '€6.50'. The main content area is divided into several sections: 'Site Directory' with a search icon, 'Frequently Asked Questions', 'France 2002' with a map of France, 'France Holidays 2002', 'Sailing Up-date' with an information icon, 'Register & Win' with a photo of a person, 'Holidays in Ireland 2002' with a photo of a house, 'Most Modern Fleet' with a photo of a ship, and 'Our Ads' with a photo of a man. A central map shows ferry routes between Dublin, Holyhead, Pembroke, Cherbourg, and Roscoff. A '£5 off' promotion is also visible.



## IRELAND. IT'S BETTER BY FAR - BY CAR!



For freedom, flexibility and convenience there's no better way to travel than with your own car. Irish Ferries offer you the most modern fleet, great value fares and inclusive package holidays.



**Ferries & Holidays to Ireland Call 08705 17 17 17**  
or see your travel agent.  
**£5 Off On-Line Car Bookings [www.irishferries.com](http://www.irishferries.com)**

Ulysses, the World's Largest Car Ferry and Dublin Swift - Holyhead to Dublin



**IRISH FERRIES**  
How good are we?  
Ask any of our passengers



# Ulysses – World's Largest Car Ferry



Relax with a drink and enjoy fabulous sea views



Take a refreshing stroll on the promenade deck



Stylish shopping on deck with extensive range



2 onboard cinemas showing the latest movie releases



Speed 22 Knots  
Gross Tonnage 50,920

**100%  
Sailing  
Record**

Ulysses maintained a 100% sailing schedule during her 1st year



Spectacular views from the 6th deck glass bottomed lift

**Capacity**  
x 1342  
x 240  
x 2000

Largest car ferry capacity in the world



177 luxury cabins available on board



2 return sailings a day from Dublin Port to Holyhead



Special onboard tour to learn about "Ulysses"



Check out our award winning website



Entertainment for all the family



Pay Economy, Travel First Class

**It will change the way you think about ferry travel forever!**

World's Largest Car Ferry



Check out [guinnessworldrecords.com](http://guinnessworldrecords.com)



3 bars style restaurants and 1 with water access



Captain Peter Ferguson, Ulysses Master on her maiden voyage



12 decks high, 20 feet shorter than Dublin's Liberty Hall

Call 0818 300 400  
N.Ireland 00353 818 300 400  
or see your travel agent  
R540

**IrishFerries.com**



**IRISH FERRIES**  
Pay Economy, Travel First Class



# RoRo Freight Market UK-Ireland 2004

## REPUBLIC OF IRELAND

Volumes (Freight Units)	<i>All Routes UK - Ireland</i>	<i>Market</i>	<i>Irish Ferries</i>	<i>Market Share</i>
Jan - June 2004	6%	6%	6%	27%
July - Aug. 2004	5%	5%	5%	28%
01/01 - 23/08	6%	6%	5%	27%

- Strong growth in the market in line with Ireland's economic growth and further integration with the rest of Europe.
- Average yields slightly down on last year.

# Market Share – RoRo

## 2004 V 2003

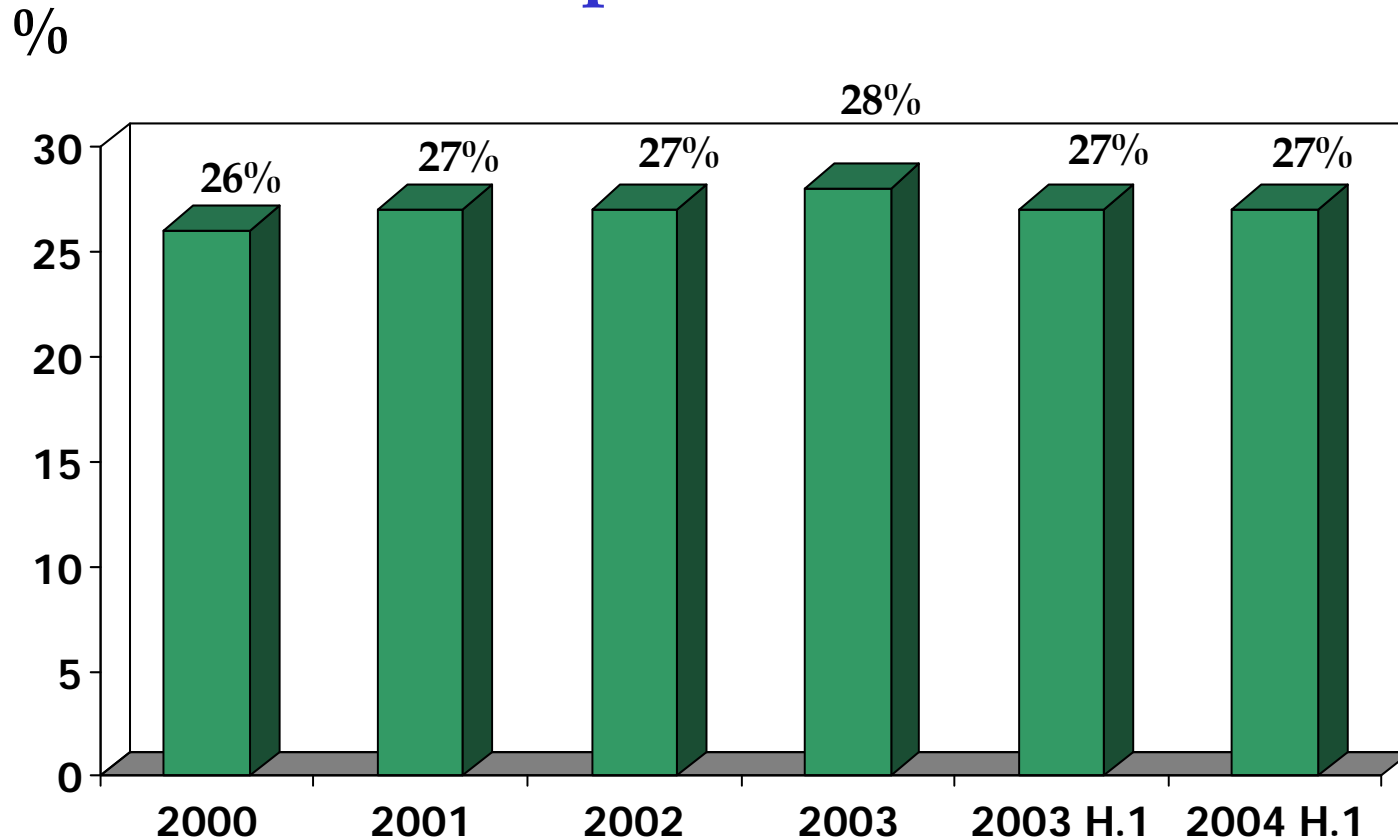
	<i>Rep. of Ireland - UK</i>	
	<i>2003</i>	<i>2004 H.1</i>
	<i>%</i>	<i>%</i>
Irish Ferries	28	27
Stena Line	20	25
P&O Irish Sea	30	24
Norse Merchant	21	24
Swansea Cork	1	0
<b>Total</b>	<b>100</b>	<b>100</b>

- To June 2004 Short sea share 52% up from 47% in 2003. On Central Corridor short sea growth 20% versus long sea decline 3%.

# RoRo Freight Performance

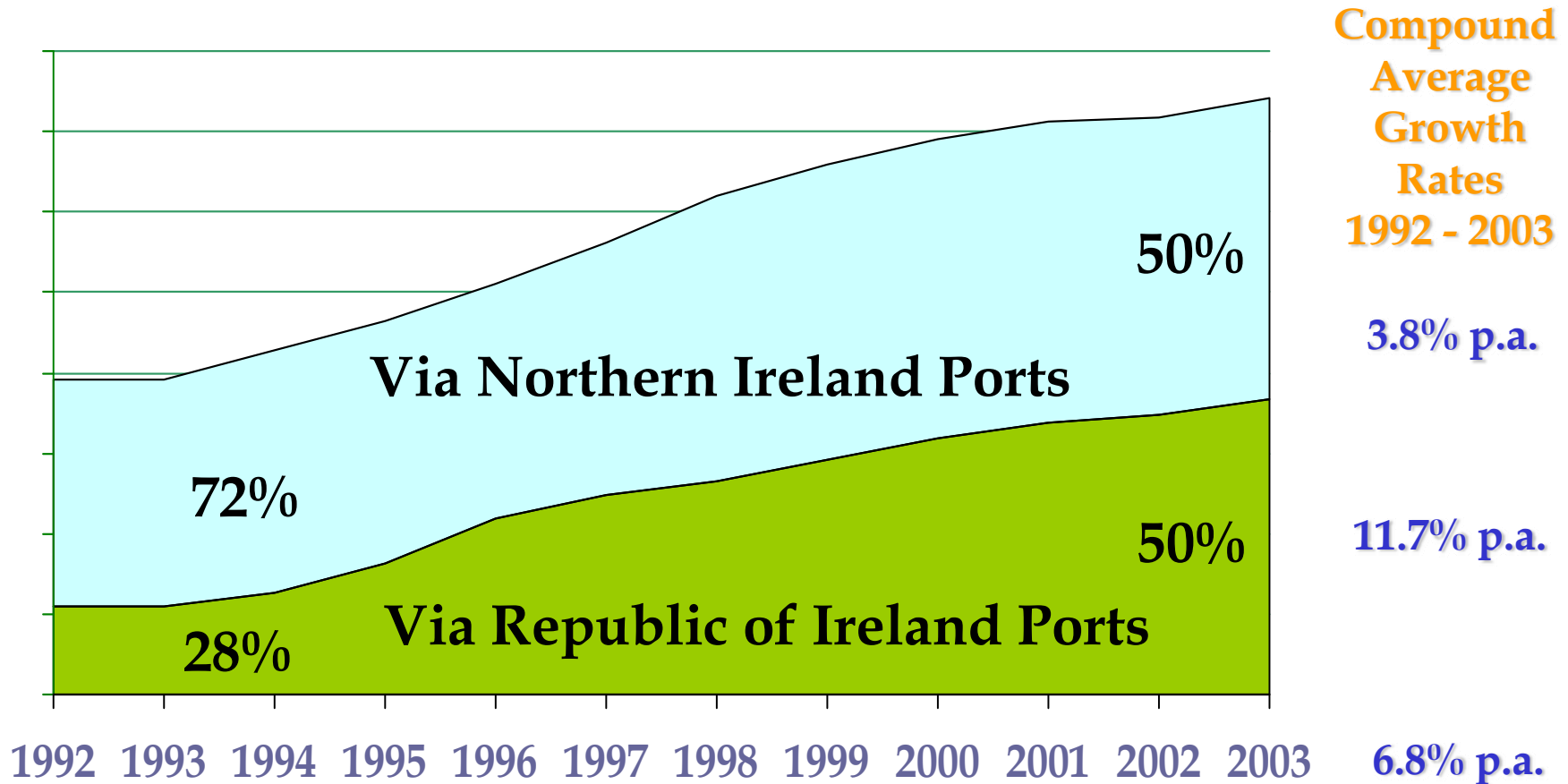
## Irish Ferries Market Share

Rep. of Ireland



# RoRo Freight Traffic (1.48m)

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			

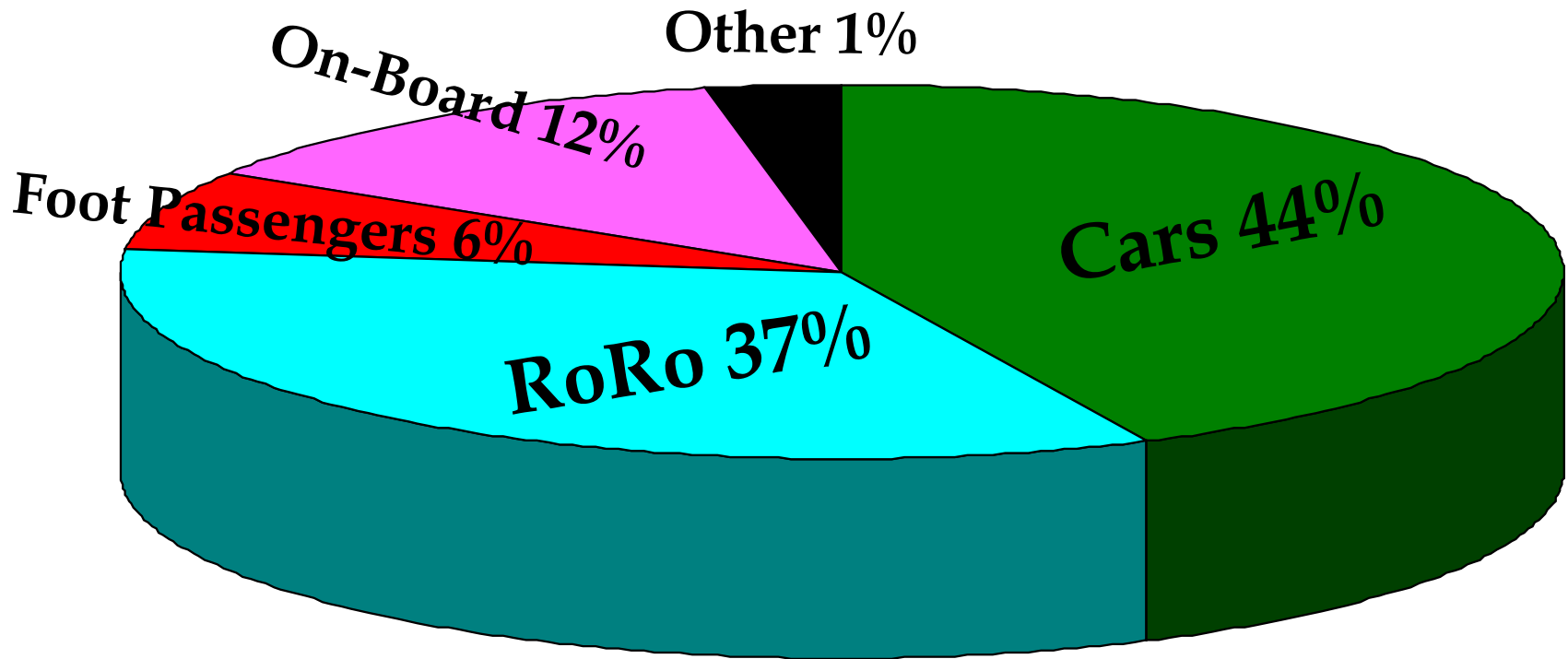
ISLE OF INISHMORE			
Rosslare - Pembroke		Pembroke - Rosslare	
Dep	Arr	Dep	Arr
08.45	12.30	14.30	18.15
21.00	00.45	02.45	06.30
No sailings on 25th and 26th December			
Journey Time 3hrs 45mins			
Effective from 03/03/2003			
DAILY			

# RoRo Market Analysis

## Greater Integration between Ireland & UK/Continent

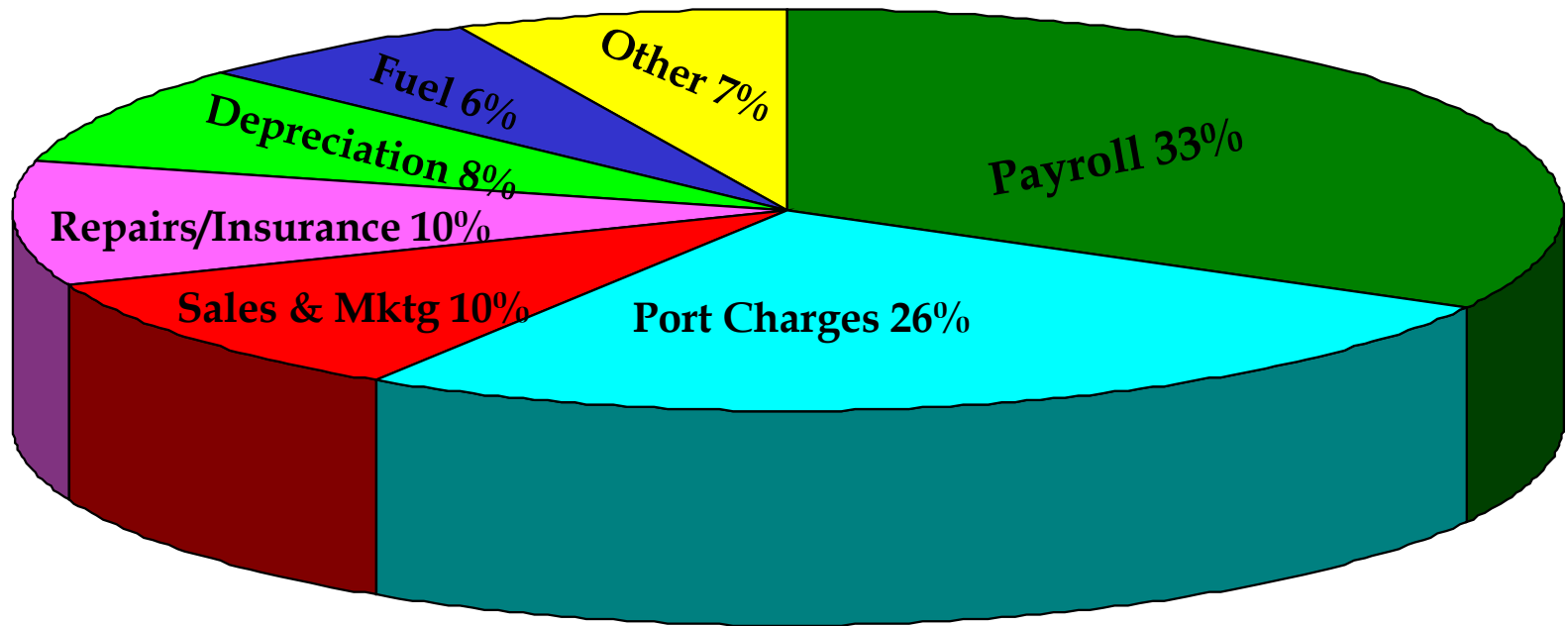
	1992 %	2003 %	CAGR
Value of Imports & Exports	€45.1bn	€200.5bn	14.6%
GDP	€40.0bn	€137.9bn(e)	11.9%
Imports & Exports as % of GDP	113%	145%	

# Irish Ferries Revenue Mix 2003





# Irish Ferries Cost Analysis 2003



# Fuel Price Movements

## June – August 2004

	2003	2004	Variance
Average Brent (US Dollars per barrel)	28.53	38.82	36%
Average USD Exchange Rate	1.1391	1.2197	7%
Average Brent (€per barrel)	25.04	31.83	27%
HFO / GO per ton* (blended)	€159	€183	15%

\* ICG uses a mixture of HFO/GO

# Crew Cost Savings – Irish Ferries



**Restructuring provision 2003**

**4.8m**

**Spent by 30<sup>th</sup> June 2004**

**1.6m**

**Committed 2<sup>nd</sup> Half**

**3.2m**

**4.8m**

**Savings 2004 (6 months)**

**1.1m**

**Savings 2005+**

**2.2m / 2.5m p.a.**

**Base Payroll 2003**

**46m**



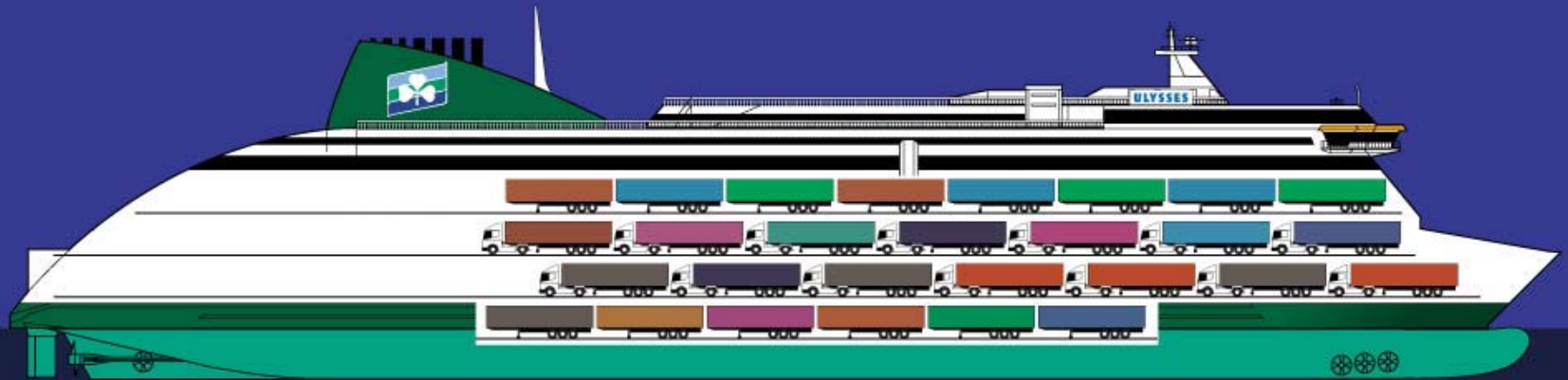
# OPERATIONAL GEARING







# Ulysses - RoRo Freight

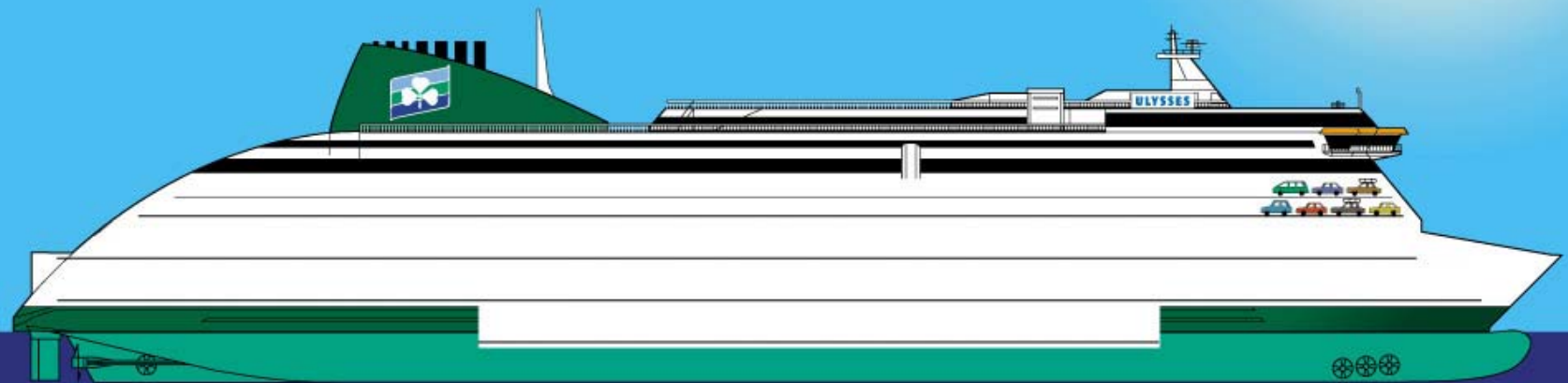


**72% night time utilisation**

**7 years growth at 5% p.a.**

**100% night time utilisation in 2004 would yield  
additional €9.5m operating profit or 35 cent per share**

# Ulysses - Car



**12% day time utilisation**

**45 years growth at 5% p.a.**

**25% day time utilisation in 2004 would yield  
additional operating profit of €20m or 75 cent per  
share.**



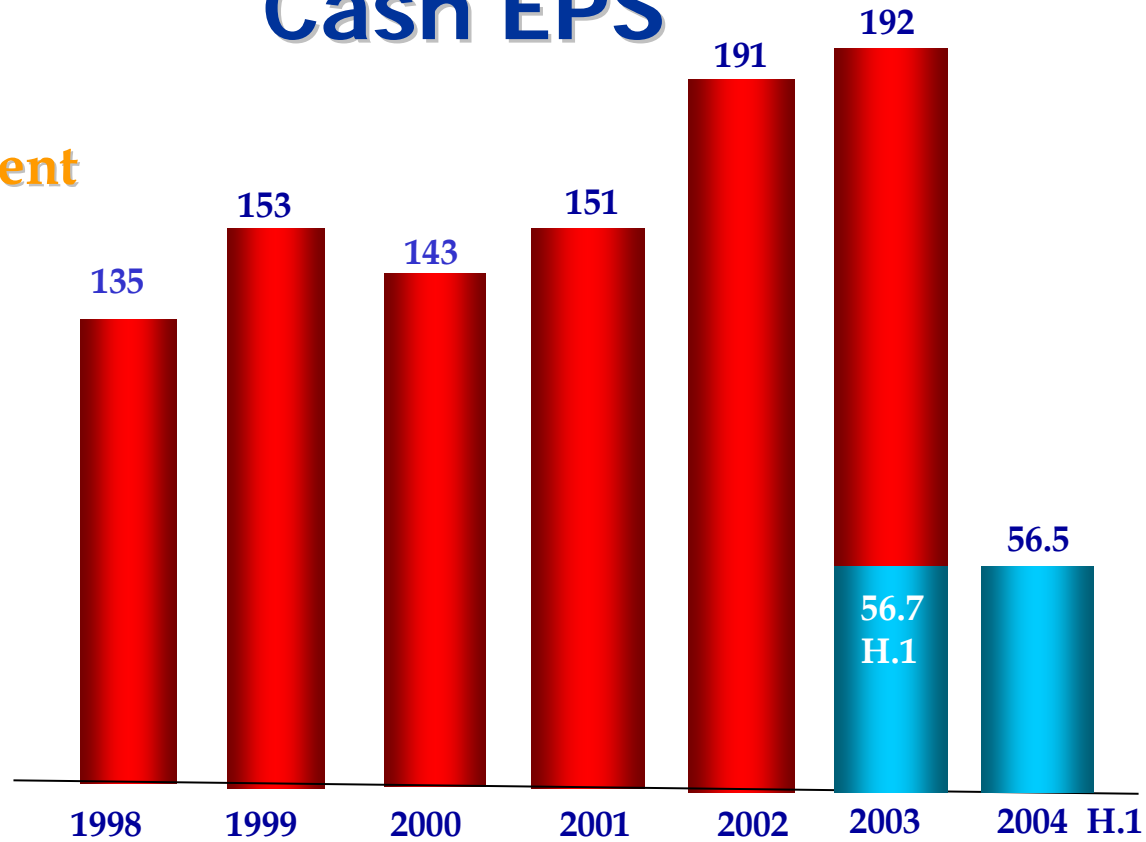
# Cash Flow

	6 Months 2004 €m	6 Months 2003 €m	Full year 2003 €m
Operating Profit before exceptional items	4.2	5.5	28.9
Depreciation	12.2	12.7	24.5
<b>EBITDA</b>	<b>16.4</b>	<b>18.2</b>	<b>53.4</b>
Working Capital Movement	4.7	0.6	3.1
<b>Operating Cash Flow</b>	<b>21.1</b>	<b>18.8</b>	<b>56.5</b>
Interest	(2.3)	(1.9)	(6.0)
Tax	-	(0.2)	(0.3)
Capex	(8.2)	(9.7)	(10.9)
Dividends/Redemptions	(3.5)	(3.2)	(5.0)
<b>Free Cash Flow</b>	<b>7.1</b>	<b>4.0</b>	<b>34.3</b>
Share Buyback	(6.4)	(7.9)	(9.1)
Net Flow	0.7	(3.9)	25.2
Opening Debt	(125.0)	(157.4)	(157.4)
Translation / Other	(2.7)	5.5	7.2
<b>Closing Debt</b>	<b>(127.0)</b>	<b>(155.8)</b>	<b>(125.0)</b>

# 5/6 Year Performance

## Cash EPS

Cent



# SHARE BUYBACKS / DIVIDENDS

	SHARES	%	VALUE	AV. SHARE PRICE
<b>BUYBACKS</b>				
Financial Year 2002	2.16m	8%	€14.5m	6.7
Financial Year 2003	1.23m	5%	€9.8m	8.0
Financial Year 2004	<u>0.54m</u>	<u>2%</u>	<u>€6.4m</u>	<u>11.8</u>
TOTAL	<u>3.93m</u>	<u>15%</u>	<u>€30.7m</u>	<u>7.8</u>

Authority to purchase up to an additional 2.4m. Shares (10%) valid up to 2005 AGM.

## DIVIDEND / REDEMPTION GROWTH SINCE IPO

Dividend (1988 - IPO)	2.06 cent	
Redemption 2003	22.5 cent	
CAGR (1988 - 2003)	17.3% p.a.	
Interim Redemption 2004	8.625 cent	+15%

# SUMMARY BALANCE SHEET

	<i><b>JUNE</b></i> <i><b>2004</b></i> <i><b>€m</b></i>	<i><b>JUNE</b></i> <i><b>2003</b></i> <i><b>€m</b></i>	<i><b>DEC</b></i> <i><b>2003</b></i> <i><b>€m</b></i>
<b>Fixed Assets</b>			
Ships	294	310	293
Other	43	44	42
	<u>337</u>	<u>354</u>	<u>335</u>
<b>Working Capital</b>	<u>(18)</u>	<u>(15)</u>	<u>(14)</u>
	<u>319</u>	<u>339</u>	<u>321</u>
<b>Shareholders Equity</b>	180	174	184
<b>Net Debt</b>	127	156	125
<b>Provisions</b>	<u>12</u>	<u>9</u>	<u>12</u>
	<u>319</u>	<u>339</u>	<u>321</u>
<b>Net Assets per Share</b>	€7.42	€7.25	€7.60

# COMPOSITION OF NET DEBT

<u>CURRENCY</u>	<u>€m</u>	<u>FIXED*</u>	<u>RATE</u>
\$	20	80%	4.6%
£	42	68%	5.2%
€	<u>81</u>	<u>76%</u>	<u>4.6%</u>
	143	74%	4.6%
Cash	<u>(16)</u>		
Net Debt	<u>127</u>		

\* More than 2 Years

# TAX / PENSIONS

## ■ LOW TAX

- “Tonnage tax” for Irish shipping activities (very low)
- Std Corporation Tax for other activities (12.5%)
- Low blended corporate rate going forward

## ■ WELL FUNDED PENSION SCHEME

- 90% Permanent Staff in DB Scheme, in surplus

	€m 2003	€m 2002
■ Assets at market value	190	175
■ Liabilities	<u>176</u>	<u>169</u>
■ Surplus	<u>14</u>	<u>6</u>
■ 4% Staff in industry scheme, MNOPF, in deficit		

# International Financial Reporting Standards from 2005

- Main impact for ICG is in pensions.
- Old standard (SSAP24) employed smoothing by actuaries.
- New standard (IAS19 / FRS17) marks pension assets / liabilities to market – P&L more volatile as a result

	2004(e)	2003	2002
■ P&L credit			
Old standard SSAP 24	0.5	0.7	1.2
New Standard IAS19 / FRS17	<u>(1.0)</u>	<u>(2.1)</u>	<u>1.8</u>
Variation	<u>(1.5)</u>	<u>(2.8)</u>	<u>0.6</u>



# Pension Charge / Credit

	2004 (e)		2003		2002	
	SSAP	FRS	SSAP	FRS	SSAP	FRS
	24	17	24	17	24	17
	€m	€m	€m	€m	€m	€m
Service Cost	(4.2)	(4.0)	(4.0)	(4.0)	(3.7)	(3.8)
Amortisation of Surplus	5.7		5.6		5.8	
Return on Fund (Interest)		3.5*		2.3*		6.0*
DC Schemes / Other	(1.0)	(0.5)	(0.9)	(0.4)	(0.9)	(0.4)
Net (Charge) Credit	<u>0.5</u>	<u>(1.0)</u>	<u>0.7</u>	<u>(2.1)</u>	<u>1.2</u>	<u>1.8</u>

\* The volatile element under FRS17 is the return on the fund which is based on market values at year end.

# Conclusion

- No. 1 position - Republic of Ireland / UK & Continent
- Huge capacity for growth
- Significant capex reduction in future years, while offering best product/service to customers
- Very strong free cash flow





# IRISH CONTINENTAL GROUP, plc



## Interim Update

9th September 2004



# 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

# Market Share – RoRo

## 2004 v 2003

*All Ireland (UK & Continent)*

<i>2003</i>	<i>2004 (F/cast)</i>
<i>%</i>	<i>%</i>

Irish Ferries	14	14
Stena Line	18	27
P&O Irish Sea	40	30
Norse Merchant	24	26
Seatruck	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

# Market Share – CARS

## 2004 v 2003

*All Ireland (UK & Continent)*  
*2003* *2004 (F/cast)*  
*%* *%*

Irish Ferries	27	27
Stena Line	44	46
P&O Irish Sea	14	13
Isle of Man Steam Packet Co.	8	8
Swansea Cork	3	3
Norse Merchant	3	3
Brittany Ferries	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

# Passenger Car Market

## UK ↔ Ireland Market

Volumes (Cars)	REPUBLIC OF IRELAND			
	<i>All Routes UK - Ireland</i>	<i>Market</i>	<i>Irish Ferries</i>	<i>Irish Ferries Share</i>
HI : Jan - June 2004	- 3%	- 4%	- 6%	41%
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- Week car market due to low fare airlines (particularly ex. UK to Continent) and relatively high cost of Ireland as a holiday destination.
- Average yield slightly up on last year.

# Car Trips To/From UK 2003

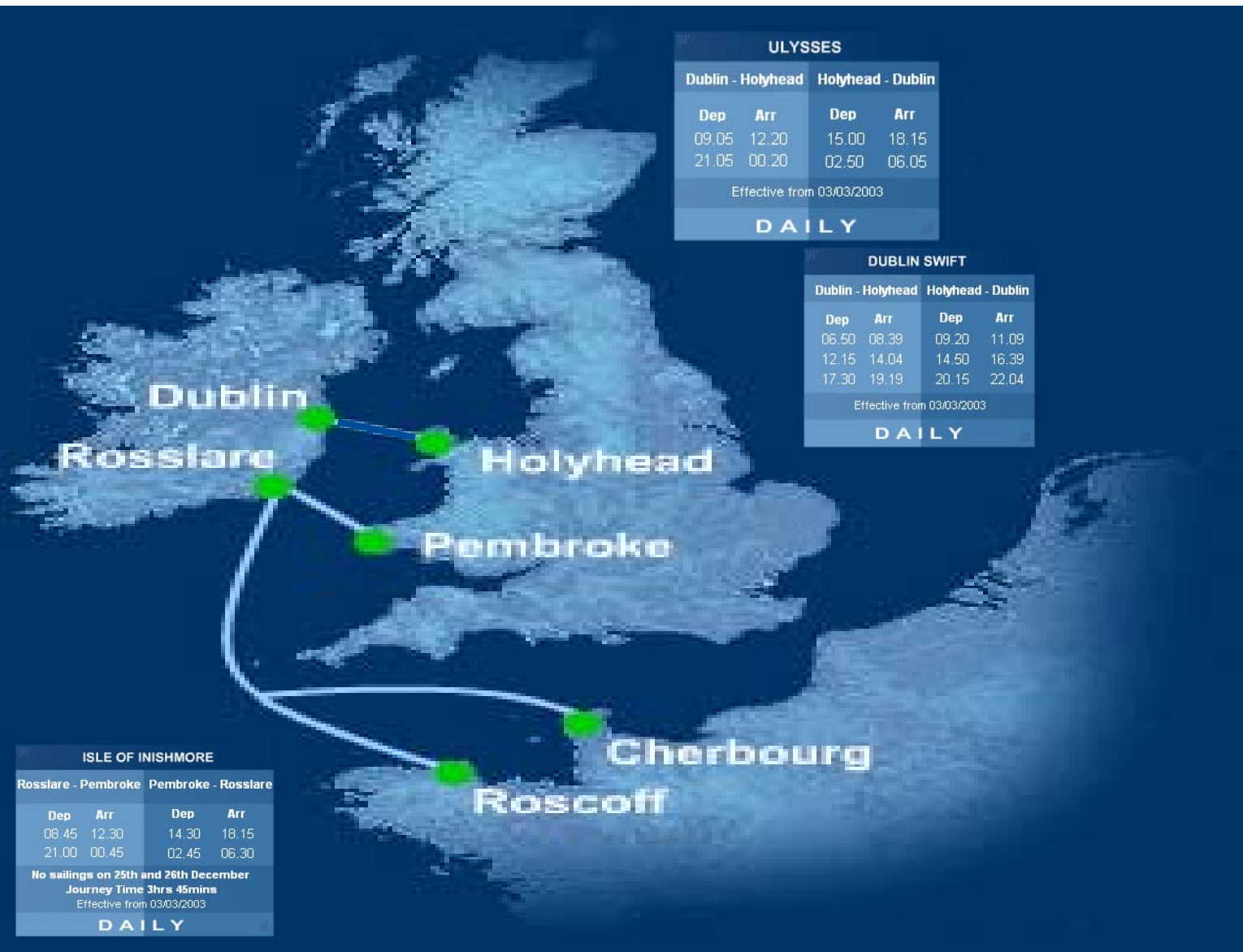
	<b>Trips</b>	<b>%</b>
<b>France</b>	<b>6.5m</b>	<b>77</b>
<b>Ireland / N. Ireland</b>	<b>1.5m</b>	<b>18%</b>
<b>Other</b>	<b>0.4m</b>	<b>5%</b>
<b>All Countries</b>	<b>59.4m</b>	<b>100</b>

# Visits Abroad by UK Residents 2003

	Visits	%
Spain	12.5m	21
France	12.1m	20
North America	4.2m	7
Ireland	3.9m	6
Greece	2.9m	5
Italy	2.7m	5
All Countries	59.4m	100







# Container Terminal Market

## 1.1 Million Teu in 2003

- 150 year lease of 33 acres, dating from 1972
- Increasing capacity of terminal by 50% (completed June 2004)





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