Irish Continental Group

2019

Preliminary Statement of Results
for the year ended 31 December 2019

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Irish Continental Group (ICG) the leading Irish-based maritime transport group, reports a solid financial performance for the year ended 31 December 2019.

Highlights

Financial Summary

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue	€357.4m	€330.2m	+8.2%	€357.4m	+8.2%
EBITDA (pre non-trading items)	€86.8m	€68.4m	+26.9%	€77.4m	+13.1%
EBIT (including non-trading items)	€64.9m	€60.0m	+8.2%	€64.1m	+6.8%
Basic earnings per share	31.7c	30.4c	+4.2%	31.8c	+4.6%
Adjusted earnings per share	23.8c	23.1c	+3.0%	23.9c	+3.4%
Net debt	€(129.0)m	€(80.3)m	-	€(93.5)m	-

Volume movements

	2019 '000	2018 '000	Change
RoRo units	313.2	283.7	+10.4%
Cars	401.3	392.7	+2.2%
Containers shipped (teu)	343.4	327.6	+4.8%
Port lifts	320.8	310.0	+3.5%

This preliminary statement contains certain alternative performance measures including EBITDA, EBIT, and adjusted earnings per share. An explanation of these measures together with other abbreviated terms including Pre-IFRS 16 is provided at note 10 on page 26 of the Condensed Financial Statements.

- EBITDA increase of €18.4 million principally due to improved schedule integrity, the introduction of the W.B. Yeats and the implementation of IFRS16.
- Revenue increased €27.2 million (8.2%) to €357.4 million.
- W.B. Yeats cruise ferry delivered in December 2018 and entered service in January 2019.
- Two additional container ships were purchased during 2019. The Thetis D was purchased in April for €12.4 million. The CT Rotterdam was purchased in November for €8.2 million.
- In April 2019, the group entered into a bareboat hire purchase agreement for the sale of the Oscar Wilde to MSC Mediterranean Shipping Company SA, for a total gross consideration of €28.9 million to be paid in instalments over 6 years. The profit in 2019 from this sale was €14.9 million.
- Concession agreement for the operation of the Belfast Container Terminal extended to 2026.
- Year end net debt after total capex of €54.1 million was €129.0 million, 1.5 x EBITDA (pre non-trading items). Year end net debt excluding IFRS16 adjustments was €93.5 million, 1.2 x EBITDA (Pre non-trading items).
- Second new cruise ferry investment of €165.2 million ordered in 2018. Contracted for delivery in 2020.
- Final dividend increased by 5.0% to 8.99 cent, (2018: 8.56 cent).

Commenting on the results Chairman John B McGuckian said,

2019 was a successful year for the group, with material growth across both divisions. 2019 saw a number of our longer term strategic goals met. In the Ferries division, the W.B Yeats entered service and we were greatly encouraged by its first year of operations. We have successfully expanded our container ship fleet with the purchase of the Thetis D and CT Rotterdam and extended the service concession agreement for the operations of Belfast Container Terminal. Following the exit of the United Kingdom from the European Union, current rules on trade, travel and business for the UK and EU will continue to apply until the end of the transition period, currently scheduled for no later than the 31 December 2020. There is uncertainty as to the form of the trade deal, if any, which may be negotiated and applicable post the transition period. Nevertheless, we look forward in 2020 to another year of growth across our businesses and further progress in meeting our long term strategic goals.

We note the current and evolving COVID-19 outbreak. We continue to monitor the situation in our areas of operation and work closely with all relevant authorities.

5 March 2020

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Financial Highlights

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue	€357.4m	€330.2m	+8.2%	€357.4m	+8.2%
EBITDA (pre non-trading items)	€86.8m	€68.4m	+26.9%	€77.4m	+13.1%
EBIT* (including non-trading items)	€64.9m	€60.0m	+8.2%	€64.1m	+6.8%

*Non-trading items €14.9 million 31 December 2019 (31 December 2018: €13.7 million)

Irish Continental Group (ICG) produced a strong set of results and a return to growth across all divisions following the operational difficulties encountered in the prior year. This performance was further boosted by the introduction into service during the year of the W.B. Yeats. Revenue for the year increased by 8.2% to €357.4 million (2018: €330.2 million).

EBITDA for the year increased by 26.9% to €86.8 million (2018: €68.4 million) primarily as a result of the return to the previous high level of schedule integrity following the prior year disruptions together with the introduction into service of the W.B. Yeats and the effects of the first time implementation of IFRS16. In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the cruise ferry Oscar Wilde to MSC Mediterranean Shipping Company SA. The total gross consideration for the sale is €28.9 million, payable in instalments over 6 years, up to 2025. This has resulted in profit on disposal in the year of €14.9 million. In the prior year, the Group completed the sale of the vessel Jonathan Swift generating a non-trading item of €13.7 million.

Overall Group operating profit or EBIT was €64.9 million (2018: €60.0 million). Net interest charges increased to €3.4 million from €0.8 million representing both the facilities drawn down for the fleet replacement program and the implementation of IFRS16 . The taxation charge decreased €0.1 million to €1.3 million.

The container vessel Ranger remains on time charter to a third party and is currently trading in North West Europe while the Elbtrader, Elbcarrier and Elbfeeder remain on time charter to the Group's container shipping subsidiary Eucon. The Thetis D purchased in 2019 is on a time charter to a third party in North West Europe. The CT Rotterdam, also purchased in 2019 is currently on time charter to Eucon providing drydock cover and will be available for charter to a third party when this is complete.

The charter agreement on the vessel Epsilon was renewed until November 2020 with an agreement for a further one year option 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 summary

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue*	€212.4m	€196.2m	+8.3%	€212.4m	+8.3%
EBITDA (pre non-trading items)	€67.2m	€53.6m	+25.3%	€61.3m	+14.3%
EBIT** (including non-trading items)	€51.3m	€47.9m	+7.1%	€51.1m	+6.6%

*Includes intersegment revenue of €9.4 million (2018: €9.3 million)
**Non-trading items €14.9 million 31 December 2019 (2018: €13.7 million)

Operational Highlights

	2019	2018	Change
Volumes	'000	'000	
Cars	401.3	392.7	+2.2%
Passengers	1,541.0	1,502.4	+2.6%
RoRo freight units	313.2	283.7	+10.4%

Revenue was 8.3% higher at €212.4 million (2018: €196.2 million). EBITDA in the division increased by 25.3% to €67.2 million (2018: €53.6 million) primarily due to the introduction of the W.B. Yeats, improved schedule integrity and the implementation of IFRS16. The division generated a profit on the sale of the Oscar Wilde of €14.9 million in the year, having generated a profit on the sale of the Jonathan Swift in 2018 of €13.7 million. These have been reported as non-trading items. EBIT increased by 7.1% to €51.3 million (2018: €47.9 million), reflecting the result of non-trading items and the increase in EBITDA.

Operational Review – continued

Ferries Division – continued

Car and Passenger markets

It is estimated that the overall car market, to and from the Republic of Ireland, fell by approximately 2% in 2019 to 777,600 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have decreased by 1.0%. Irish Ferries' car carryings during the year were up on the previous year by 2.2% to 401,300 cars, (2018: 392,700 cars). In the first half of the year Irish Ferries car volumes fell by 6.0%, reflecting the planned withdrawal of fastcraft services in the winter period. In the second half of the year, volumes were up by 8.3%, largely attributable to the disruption to services of the Ulysses in 2018 and additional conventional ferry services on the Dublin – Holyhead route due to the introduction of the W.B. Yeats.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland decreased by 3.5% on 2018 to a total of 2.92 million passengers, while the all-island market decreased by 1.5%. Irish Ferries' passenger numbers carried increased by 2.6% at 1.541 million (2018: 1.502 million). In the first half of the year, Irish Ferries passenger volumes fell by 4.7% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 8.5%.

RoRo Freight

The RoRo freight market between the Republic of Ireland, and the U.K. and France, continued to grow in 2019 on the back of the Irish economic recovery, with the total number of trucks and trailers up 1.0%, to approximately 1,042,800 units. On an all-island basis, the market increased by approximately 0.8% to 1.88 million units.

Irish Ferries' carryings, at 313,200 freight units (2018: 283,700 freight units), increased by 10.4% in the year with volumes up 7.4% in the first half and up 13.5% in the second half. The performance against the market is principally related to the schedule disruptions experienced on the Ulysses in the prior year and additional sailings and capacity following the introduction of the W.B. Yeats.

Chartering

During the year, the group purchased two additional container ships for external charter. The Thetis D was purchased in April for €12.4 million, and the CT Rotterdam was purchased in November for €8.2 million. Of our six owned LoLo container vessels, three 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 remaining vessel, the recently acquired CT Rotterdam is providing short term drydock cover with Eucon and will afterwards be offered for external charter. Overall external charter revenues were €4.7 million in 2019 (2018: €2.1 million).

In April 2019, the group entered into a bareboat hire purchase agreement for the sale of the Oscar Wilde to MSC Mediterranean Shipping Company SA over a term of 6 years.

Container and Terminal Division

Financial summary

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue*	€154.4m	€143.3m	+7.7%	€154.4m	+7.7%
EBITDA (pre non-trading items)	€19.6m	€14.8m	+32.4%	€16.1m	+8.7%
EBIT (including non-trading items)	€13.6m	€12.1m	+12.4%	€13.0m	+7.4%

*Includes intersegment revenue of €1.2 million (2018: €1.2 million)

Operational Highlights

	2019	2018	Change
Volumes	'000	'000	
Containers shipped (teu)	343.4	327.6	+4.8%
Port lifts	320.8	310.0	+3.5%

Revenue in the division increased to €154.4 million (2018: €143.3 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% (2018: 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 €19.6 million (2018: €14.8 million) reflecting increased volumes and effects of IFRS 16. EBIT rose 12.4% to €13.6 million (2018: €12.1 million).

Operational Review – continued

Container and Terminal Division - continued

In Eucon overall container volumes shipped were up 4.8% compared with the previous year at 343,400 teu (2018: 327,600 teu). The resulting revenue increase was partially offset by volume related costs while fuel costs were at a similar level to the prior year.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 3.5% at 320,800 lifts (2018: 310,000 lifts). DFT's volumes were up 4.4%, while BCT's lifts were up 2.1%.

Group Finance Review

Cash Flow

A summary cash flow is presented below:

	2019 €m	2018 €m
Operating profit (EBIT)*	64.9	60.0
Non trading items	(14.9)	(13.7)
Depreciation	36.8	22.1
EBITDA* (pre non-trading items)	**86.8**	**68.4**
Working capital movements	2.0	(3.8)
Pension payments in excess of service costs	(1.3)	(1.6)
Other movements	2.0	1.7
Cash generated from operations	**89.5**	**64.7**
Interest paid	(3.5)	(1.0)
Tax paid	(1.2)	(2.2)
Capex excluding strategic capex	(11.6)	(15.6)
Free cash flow before strategic capex*	**73.2**	**45.9**
Strategic capex	(42.5)	(160.5)
Free cash flow after strategic capex	**30.7**	**(114.6)**
Proceeds on disposal of property, plant and equipment	1.8	17.4
Dividends	(24.7)	(23.5)
Share issue	0.1	0.6
Share buyback	(12.9)	-
Net cash flows	**(5.0)**	**(120.1)**

*Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 26.

EBITDA for the year was €86.8 million (2018: €68.4 million). There was a net inflow of working capital of €2.0 million, due to an increase in receivables of €4.7 million, offset by a decrease in inventories of €0.2 million, and an increase in payables of €6.5 million. The Group made payments in excess of service costs to the Group's pension funds of €1.3 million. Other net cash inflows amounted to €2.0 million resulting in cash generated from operations amounting to €89.5 million (2018: €64.7 million).

Interest paid was €3.5 million (2018: €1.0 million) while taxation paid was €1.2 million (2018: €2.2 million).

Maintenance capital expenditure was €11.6 million including the annual overhaul of vessels and container fleet renewal. Free cash flow after maintenance capex was €73.2 million before strategic capex of €42.5 million including the purchase of the Thetis D and CT Rotterdam.

Net debt at year end was €129.0 million (€93.5 million Pre IFRS16) in comparison to a net debt position of €80.3 million at 31 December 2018.

Group Finance Review - continued

Balance Sheet

A summary balance sheet is presented below:

	2019 €m	2018 €m
Property, plant & equipment and intangible assets	372.9	308.1
Retirement benefit surplus	12.5	2.5
Other current assets	95.5	79.0
Cash and bank balances	110.9	124.7
Total assets	**591.8**	**514.3**
Non-current borrowings	227.9	204.7
Retirement benefit obligations	3.7	4.2
Other non-current liabilities	1.4	1.0
Current borrowings	12.0	0.3
Other current liabilities	58.9	51.2
Total liabilities	**303.9**	**261.4**
Total equity	**287.9**	**252.9**
Total equity and liabilities	**591.8**	**514.3**

The total net surplus of all defined benefit pension schemes at 31 December 2019 was €8.8 million in comparison to €1.7 million deficit at 31 December 2018. The movement reflects an actuarial gain of €9.0 million comprised of actuarial gains on scheme assets in excess of expected returns of €38.0 million, offset by remeasurement losses of €29.0 million from adjustments of scheme liabilities. Movement in other current assets include increase in trade receivables of €4.4 million, deposits related to 2020 capital expenditure program and the short term element of the lease receivable. The principal movement in other current liabilities relates to increased trade creditors relating to increased activity level.

Shareholders' equity increased to €287.9 million from €252.9 million at 31 December 2018. The movement include the profit for the financial period of €60.2 million, actuarial gains arising on retirement benefit schemes of €9.0 million less dividends paid of €24.7 million and buyback of equity of €12.9 million.

Financing

The borrowing facilities available to the Group at 31 December 2019 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Private placement loan notes	244.8	50.0	50.0	-
Bank term loans	155.0	155.0	155.0	-
Revolving credit	125.0	75.0	-	75.0
Overdraft and other	16.0	16.0	0.6	15.4
	540.8	**296.0**	**205.6**	**90.4**

Group Finance Review - continued

Financing – continued

At 31 December 2019 the Group had total lending facilities of €540.8 million available of which €296.0 million were committed facilities. The interest rates on all Group borrowings at 31 December 2019 comprising loan notes and term loans has been fixed at contracted rates at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average interest rate on borrowing at 31 December 2019 was 1.60% (2018: 1.62%) for remaining terms of between 5 and 11 years. In addition to borrowings the Group has recognised lease liabilities at 31 December 2019 relating to right of use assets amounting to €36.0 million.

These facilities together with undrawn committed facilities of €90.4 million and cash generated from operations will be used to support the long-term investment opportunities including the delivery of the second cruise ferry.

Fuel

	2019	2018	Change
Fuel costs	€49.3m	€48.2m	+2.2%

Group fuel costs in 2019 amounted to €49.3 million (2018: €48.2 million). The increase in fuel cost was principally attributable to an increased number of sailings versus 2018 and also due to higher fuel consumption on the longer Dublin-France route. These increases were offset in part by the consumption of lower cost fuel oils facilitated by the exhaust gas cleaning system ("EGCS") on the W.B. Yeats, as well as a modest decrease in the overall price of fuel oil paid by the Group.

The Group has in place a transparent fuel surcharge mechanism for freight customers across the Group which mitigates movements in Euro fuel costs. In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs. New fuel regulations designed to reduce sulphur emissions became effective from 1 January 2020. These require the Group to achieve lower sulphur emissions either through consuming higher priced low sulphur fuel oils or investing in EGCS. The Group is investing in EGCS on certain vessels. Either approach to complying with these new regulations imposes increased costs on the Group which it is seeking to recover from the market through additional surcharges.

Dividend

During the year the final dividend for 2018 of 8.56 cent per ICG Unit was paid. An interim dividend for 2019 of 4.42 cent per ICG Unit was also paid, and the Board is proposing a final dividend of 8.99 cent per ICG Unit, payable in June 2020, making a total dividend for 2019 of 13.41 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 19 June 2020 to shareholders on the register at close of business on 29 May 2020. Irish dividend withholding tax will be deducted where appropriate.

During the year 2,900,000 ICG Units, representing 1.5% of the issued share capital at 1 January 2019 were bought back for a total consideration of €12.9 million. These were subsequently cancelled. The total amount returned to shareholders in the year comprising dividends and buybacks was €37.6 million.

Exit of United Kingdom from the European Union

The UK exited the EU on 31 January and entered a transition period until latest the end of 2020 during which negotiations of new rules on trade, travel and business between the UK and the EU will take place. There is uncertainty over the nature of the relationship post 2020. The Company's ferry division is highly dependent on trade flows between Ireland and the UK. Therefore any slowdown in either economy as a result of the exit of the United Kingdom from the European Union will likely have an effect on Irish Ferries carryings.

The Group is happy to note that that the long standing Common Travel Area arrangements will remain allowing free movement of passengers between both jurisdictions. 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 United Kingdom.

Irish Ferries has engaged with its port operators and regulatory authorities to minimise the effect of any port disruptions on its services following the UK exit. Irish Ferries deployment of the W.B. Yeats on Dublin/ Cherbourg has already added significant capacity to the direct continental services which will lessen the effect of any port delays which might occur in the short-term on Irish sea services while new cross border procedures settle in. 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.

The exit of the United Kingdom from the European Union is expected to have a lesser effect on our container shipping operations between Ireland and the continent. There is a risk of delays or congestion at European ports with some potential for increased business, dependent on Irish economic growth.

Group Finance Review – continued

Fleet

2019 has been a successful year for the strategic development of the group. The cruise ferry W.B. Yeats entered service in January and we expanded our owned container fleet from four to six vessels. The Group in 2018 entered into an agreement for the construction of a second cruise ferry with a contracted delivery of late 2020. It is intended that this vessel will service the Dublin/Holyhead route alongside the existing Ulysses with the Epsilon being returned to its owners.

The Dublin Swift underwent additional works to increase car deck capacity and re-entered service in March on Dublin/ Holyhead offering faster crossing times compared to conventional ferries.

The Ulysses has undergone an extensive drydock which successfully returned the vessel to the previous levels of reliability on the Dublin/ Holyhead route. The Isle of Inishmore which operates our Rosslare/ Pembroke Service has also undergone additional drydock works based on learning from the Ulysses issues. We have retained the charter of the Ro-Ro vessel Epsilon which we operate on both Dublin/ Holyhead and Dublin/ Cherbourg pending delivery of our second new vessel. With the full operational fleet now in position we look forward to a period of growth and additional revenue generating opportunities.

During the year, the group purchased two additional container ships for external charter. The Thetis D was purchased in April for €12.4 million, and the CT Rotterdam was purchased in November for €8.2 million. This increased the container vessel fleet to six vessels, three of which are operated by the Group's container shipping subsidiary Eucon on routes between Ireland and the continent, two on charter to third parties with the CT Rotterdam providing short term drydock cover with Eucon.

In April 2019, the group entered into a bareboat hire purchase agreement for the sale of the Oscar Wilde to MSC Mediterranean Shipping Company SA. This removed the last surplus ferry vessel from our fleet.

Environment

Notwithstanding that maritime transport may be the least environmentally impacting mode of transport for transporting cargoes the Group is conscious that its activities leave an environmental footprint. While the Group will continue to seek out investment opportunities that meet our stringent return criteria, the Group is happy to note that our initial investment focus in 2020 is in the area of environmental improvement aligned with our strategy of achieving lower costs. The Board has approved investments in EGCS across our owned fleet amounting to approximately €25 million. Already fitted on the W.B Yeats, the Ulysses is currently being retrofitted and is due to re-enter service later in March. In addition to reducing sulphur emissions, and other emissions including black carbons, EGCS enable the consumption of lower cost fuels. Other significant investments are also due on stream in 2020 including the commissioning of an additional two new electric remotely operated gantry cranes at our Dublin container terminal reducing our reliance on diesel powered units.

Not all initiatives to improve our environmental performance require large investment but rather a change in the way we carry out our activities. We are well on the way to removing single use plastics from our on-board catering activities and to achieving near 100% use of compostable catering consumables.

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

Change in accounting standards

The Group implemented accounting standard IFRS 16: Leases with effect from 1 January 2019 using the modified retrospective approach as permitted by the standard. Under the modified retrospective approach the Group as lessee has not restated comparative information and has instead recognised the cumulative effect in the opening retained earnings. The most significant change for the Group arising from the application of IFRS 16 is that leases previously defined as operating leases under IAS 17 and treated as "off-balance sheet" are now required to be recognised in the Statement of Financial Position as a "right of use" asset and a related lease liability. The principal effects from adopting the standard were;

- On the opening statement of consolidated financial position at 1 January 2019; an increase to the carrying value of right of use assets of €32.2 million, a reduction in the carrying value of property, plant and equipment of €1.2 million, an increase in lease obligations of €31.0 million and a net nil adjustment to equity attributable to shareholders.
- In the financial year ended 31 December 2019; a reduction in operating expenses of €9.4 million, an increase in depreciation of €8.6 million, an increase in finance costs of €1.0 million giving a net reduction in profit before tax of €0.2 million.

To assist comparability with the prior period in this preliminary statement we have recalculated certain IFRS measures and APMs and presented them on pro-forma pre-IFRS 16 measures.

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 FSG of our new cruise ferry W. B. Yeats ship, 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.

We believe this challenge is necessary, 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 exit from the EU. These direct links are threatened by what we strongly believe to be the NTA's incorrect interpretation of the Regulation.

Current Trading and Outlook

Since our last update to the market, in the Interim Management Statement of November 2019, trading to the end of the year was strong. For the full year 2019 the Ferries Division recorded strong volume growth of 2.6% for passengers, 2.2% for cars and 10.4% for RoRo freight. In the Container & Terminal Division overall container volumes shipped for the year were up 4.8%, while port lifts were up 3.5%.

In the period from 1 January 2020 to 29 February 2020, trading in the Ferries Division has been impacted by prolonged bad weather and the planned reduction in tourism capacity to facilitate the installation of exhaust gas cleaning systems on the MV Ulysses. Overall sailings were 3.3% lower compared to the same period last year. The Ulysses has been replaced during the period by a chartered freight only conventional ferry. Irish Ferries carried 27,900 cars in the period, down 8.5% on the prior year, while the number of passengers carried decreased by 0.8% to 112,400. RoRo freight carryings were not materially impacted by capacity changes and increased by 11.2% in the period to 50,700 units.

The Container and Terminal Division was heavily impacted by the prolonged bad weather in the period. In the period from 1 January 2020 to 29 February 2020, overall container volumes shipped were down 9.8% and terminal volumes were down 11.6% reflecting the impact of exceptional adverse weather conditions over the last three weeks of February and stronger volumes in the prior year due to the impending exit of the UK from the EU at the time which resulted in some increased demand. Over the same period due to storms and reduced capacity, overall sailings were down 12.5% over the prior year.

The UK exited the EU on 31 January 2020 and has now entered a transition period. There is still uncertainty over the nature of the relationship post 2020. The Company's ferry division is highly dependent on trade flows between Ireland and the UK. We will continue to work with port operators and regulatory authorities to minimise any port disruptions following the end of the transition period. We do however take comfort that the Common Travel Area arrangements allowing free movement of passengers between Ireland and the UK will remain in place.

Despite the uncertainty created by the exit of the UK from the EU, with our modern and flexible fleet we are well placed to target volume growth in all our markets. We look forward to building on the strategic success in 2019 with another year of growth across all our divisions.

We note the current and evolving COVID-19 outbreak. We continue to monitor the situation in our areas of operation and work closely with all relevant authorities.

Condensed Consolidated Income Statement for the year ended 31 December 2019

	Notes	2019 €m	2018 €m
Revenue		357.4	330.2
Depreciation and amortisation		(36.8)	(22.1)
Employee benefits expense		(23.8)	(22.8)
Other operating expenses		(246.8)	(239.0)
		50.0	**46.3**
Non-trading items	5	14.9	13.7
Operating profit		**64.9**	**60.0**
Finance income		0.1	0.2
Finance costs		(3.5)	(1.0)
Profit before taxation		**61.5**	**59.2**
Income tax expense	3	(1.3)	(1.4)
Profit for the financial year: all attributable to equity holders of the parent		**60.2**	**57.8**

Earnings per ordinary share
– expressed in cent per share

Basic	31.7c	30.4c
Diluted	31.5c	30.2c

Condensed Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	2019 €m	2018 €m
Profit for the financial year		**60.2**	**57.8**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1.2	(0.1)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on defined benefit pension schemes		9.0	(8.1)
Deferred tax on defined benefit pension schemes		-	0.1
Other comprehensive income / (expense) for the financial year		**10.2**	**(8.1)**
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**70.4**	**49.7**

Condensed Consolidated Statement of Financial Position as at 31 December 2019

	Notes	2019 €m	2018 €m
Assets			
Non-current assets			
Property, plant and equipment		317.1	307.7
Intangible assets		0.4	0.4
Right of use assets		36.0	-
Retirement benefit surplus	8	12.5	2.5
Long term receivable		19.4	-
		385.4	**310.6**
Current assets			
Inventories		3.1	3.3
Trade and other receivables		92.4	75.7
Cash and bank balances	6	110.9	124.7
		206.4	**203.7**
Total assets		**591.8**	**514.3**
Equity and liabilities			
Equity			
Share capital		12.2	12.4
Share premium		19.5	19.4
Other reserves		(7.3)	(10.8)
Retained earnings		263.5	231.9
Equity attributable to equity holders		**287.9**	**252.9**
Non-current liabilities			
Borrowings	6	200.3	204.7
Lease liabilities		27.6	-
Deferred tax liabilities		0.7	0.6
Provisions		0.7	0.4
Retirement benefit obligations	8	3.7	4.2
		233.0	**209.9**
Current liabilities			
Borrowings	6	3.6	-
Lease liabilities		8.4	0.3
Trade and other payables		57.4	49.7
Current income tax liabilities		0.2	0.2
Provisions		1.3	1.3
		70.9	**51.5**
Total liabilities		**303.9**	**261.4**
Total equity and liabilities		**591.8**	**514.3**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**(10.8)**	**231.9**	**252.9**
Profit for the financial year	-	-	-	60.2	60.2
Other comprehensive income	-	-	1.2	9.0	10.2
Total comprehensive income for the financial year	**-**	**-**	**1.2**	**69.2**	**70.4**
Employee share-based payments expense	-	-	2.1	-	2.1
Share issue	-	0.1	-	-	0.1
Dividends	-	-	-	(24.7)	(24.7)
Share buyback	(0.2)	-	0.2	(12.9)	(12.9)
	(0.2)	**0.1**	**2.3**	**(37.6)**	**(35.4)**
Balance at 31 December 2019	**12.2**	**19.5**	**(7.3)**	**263.5**	**287.9**

Analysed as follows:	
Share capital	12.2
Share premium	19.5
Other reserves	(7.3)
Retained earnings	263.5
	287.9

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2019	**7.3**	**3.8**	**(21.9)**	**(10.8)**
Employee share-based payments expense	-	2.1	-	2.1
Other comprehensive expense	-	-	1.2	1.2
Share buyback	0.2	-	-	0.2
	0.2	**2.1**	**1.2**	**3.5**
Balance at 31 December 2019	**7.5**	**5.9**	**(20.7)**	**(7.3)**

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2018

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.7**	**223.8**
Impact of adopting IFRS 15 at 1 January 2018	-	-	-	(0.1)	(0.1)
Restated balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.6**	**223.7**
Profit for the financial year	-	-	-	57.8	57.8
Other comprehensive expense	-	-	-	(8.1)	(8.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**49.7**	**49.7**
Employee share-based payments expense	-	-	2.4	-	2.4
Share issue	0.1	0.5	-	-	0.6
Dividends (note 4)	-	-	-	(23.5)	(23.5)
Transferred to retained earnings on exercise of share options	-	-	(0.1)	0.1	-
	0.1	**0.5**	**2.3**	**26.3**	**29.2**
Balance at 31 December 2018	**12.4**	**19.4**	**(10.8)**	**231.9**	**252.9**

Analysed as follows:	
Share capital	12.4
Share premium	19.4
Other reserves	(10.8)
Retained earnings	231.9
	252.9

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2018	**7.3**	**1.5**	**(21.9)**	**(13.1)**
Employee share-based payments expense	-	2.4	-	2.4
Transferred to retained earnings on exercise of share options	-	(0.1)	-	(0.1)
	-	**2.3**	**-**	**2.3**
Balance at 31 December 2018	**7.3**	**3.8**	**(21.9)**	**(10.8)**

Condensed Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Notes	2019 €m	2018 €m
Net cash inflow from operating activities	7	**84.8**	**61.5**
Cash flow from investing activities			
Net proceeds on disposal of property, plant and equipment		1.8	17.4
Purchases of property, plant and equipment		(53.9)	(176.1)
Purchases of intangible assets		(0.2)	(0.1)
Net cash outflow from investing activities		**(52.3)**	**(158.8)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(24.7)	(23.5)
Share buyback		(12.9)	-
Repayment of finance lease obligations		-	(0.7)
Repayment of lease liabilities		(9.0)	-
Proceeds on issue of ordinary share capital		0.1	0.6
New bank loans raised		-	155.0
Net cash (outflow) / inflow from financing activities		**(46.5)**	**131.4**
Net (decrease) / increase in cash and cash equivalents		(14.0)	34.1
Cash and cash equivalents at the beginning of the year		**124.7**	**90.3**
Effect of foreign exchange rate changes		0.2	0.3
Cash and cash equivalents at the end of the year	6	**110.9**	**124.7**

Notes to the Condensed Financial Statements for the year ended 31 December 2019

1. Accounting policies

The financial information presented in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as set out in the Group's annual financial statements in respect of the year ended 31 December 2018 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company's website www.icg.ie in due course. It will also be filed with the Company's annual return in the Companies Registration Office. The auditors have reported on the financial statements for the year ended 31 December 2019 and their report was unqualified and did not contain any matters to which attention was drawn by way of emphasis. The financial information for the year ended 31 December 2018 represents an abbreviated version of the Group's statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office.

Basis of preparation and accounting policies

The financial information contained in this Preliminary Statement has been prepared in accordance with the accounting policies set out in the last annual financial statements with the exception of changes in accounting policy in respect of IFRS 16: Leases as described below.

The following standards are effective from 1 January 2019.

IFRS 16 – Leases

IFRS 16: Leases was applied for the first time with a date of initial application of 1 January 2019.

IFRS 16 replaces IAS 17: Leases and related interpretations setting out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. A significant change arising from the application of IFRS 16 for leases is that leases previously defined as operating leases under IAS 17 and treated as "off-balance sheet" are now required to be recognised in the Statement of Financial Position as a "right of use" asset and a related lease liability. There have been no significant changes in accounting by lessors.

The Group has decided to apply IFRS 16 using the modified retrospective approach as permitted by the standard. Under the modified retrospective approach the Group as leasee has not restated comparative information and has instead recognised the cumulative effect in opening retained earnings.

The Group has availed of the following practical expedients as permitted by the standard;
i) Short-term leases where the lease term is or the remaining lease term at date of adoption was 12 months or less,
ii) Leases where the underlying asset is of low value,
iii) Adoption of a portfolio approach to individual containers leased under a master agreement,
iv) Non separation of the non-lease components from the lease component attaching to short term vessel leases.

The Group recognises the lease payments associated with those leases at (i) and (ii) above as an expense on a straight line basis over the lease term.

The majority of leases held by the Group in terms of contractual commitment relate to property and vessel charters all of which were previously classified as operating leases. At 1 January 2019, the principal property leases related to leases of property with outstanding terms of between 77 and 103 years with 7 year rent reviews. Vessel charters included short term time charters and a bareboat charter of a ro-pax vessel. These leases, after allowing for the practical expedients availed of, were recognised as a lease liability at the date of adoption measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate. The Group also recognised a right of use asset equal to the lease liability, adjusted for rentals prepaid or accrued which were not material.

In relation to the bareboat charter of the ro-pax vessel, the Group assessed the contractual terms and determined that the future lease rentals applying to an extension option should be added to the contractual commitments previously disclosed under IAS 17 as the Group was reasonably certain to exercise that option based on the conditions which existed as at 1 January 2019.

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

1. Accounting policies - continued

IFRS 16 – Leases (continued)

The Group does not classify that element of a contract as a lease where the right to control the use of an identified asset for a period of time is based on variable consideration based on activity levels. In these circumstances any variable consideration is expensed to Income Statement as the right is consumed.

For lease terms up to ten years, which includes all leases other than land leases at Dublin Port the incremental borrowing rate was estimated based on the expected interest rates which would be charged under the Group's revolving credit facility being the contracted loan margin plus the market cost of fixed interest funds in the relevant currency for the applicable lease term. The current revolving facility expires in September 2024, with a reasonable expectation that it will be renewed on no worse terms for a further period of 5 years. The incremental borrowing rate for the land leases which extend for between 77 and 103 years was estimated based on a consideration of longer term property yields and extrapolation of corporate bond yields for an equivalent duration of the underlying lease.

The effects from adopting the standard were;

- On the opening statement of consolidated financial position at 1 January 2019; an increase to the carrying value of right of use assets of €32.2 million, a reduction in the carrying value of property, plant and equipment of €1.2 million, an increase in lease obligations of €31.0 million and a net nil adjustment to equity attributable to shareholders.
- In the financial year ended 31 December 2019; a reduction in operating expenses of €9.4 million, an increase in depreciation of €8.6 million, an increase in finance costs of €1.0 million giving a net reduction in profit before tax of €0.2 million.
- Net Debt at 1 January 2019 redefined to include obligations relating to right of use assets was €111.3 million compared to €80.3 million previously reported at 31 December 2018.

The adoption of IFRS 16 has not affected the Group's lessor accounting in respect of charter revenues receivable. In accordance with IFRS 16 the deferred consideration receivable in relation to the bareboat hire purchase sale agreement pertaining to the disposal of the Oscar Wilde in April 2019 has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing the Group Condensed Financial Statements. The principal new standards, amendments to standards and interpretations, are as follows:

Title	Effective date – periods beginning on or after
IFRS 17 'Insurance Contracts'*	1 January 2021*
Amendment to IFRS 10 & IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to the Conceptual Framework for Financial Reporting, including amendments to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 – Definition of a Business	1 January 2020
Amendments to IAS 1– Classification of liabilities as current or non-current	1 January 2020
Amendments to IAS 1 & IAS 8 – Definition of Material	1 January 2020
Amendments to IAS 39, IFRS 7 & IFRS 9 – Interest Rate Benchmark Reform	1 January 2020

*Not yet endorsed by the EU

The impact of the amendments noted above with an adoption date of 1 January 2020 has been assessed as not having a material effect on the Group and Company. The impact of the IFRS 17 Insurance Contracts with an effective date of 1 January 2021 is currently being reviewed but is not expected to have a material impact on adoption by the Group and Company.

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

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 has been disaggregated into categories which reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. As revenues are recognised over short time periods of no more than days, a key determinant to categorising revenues is whether they principally arise from a business to customer or a business to business relationship as this impacts directly on the uncertainty of cash flows.

i) Revenue Analysis

By business segment:

	2019	2018
	€m	€m
Ferries		
Passenger	112.7	109.2
Freight	86.2	76.8
Charter and other	13.5	10.2
	212.4	196.2
Container and Terminal		
Freight	154.4	143.3
Inter segment revenue	(9.4)	(9.3)
Total	**357.4**	**330.2**

By geographic origin of booking:

	2019	2018
	€m	€m
Ireland	177.9	156.7
United Kingdom	66.7	64.3
Netherlands	63.8	60.8
Belgium	32.8	29.9
France	5.8	6.3
Other	10.4	12.2
	357.4	**330.2**

No single external customer in the current or prior financial year amounted to 10 per cent of the Group's revenues.

ii) Profit for the financial year

	Ferries		Container & Terminal		Group Total	
	2019	2018	2019	2018	2019	2018
	€m	€m	€m	€m	€m	€m
Operating profit	36.4	34.2	13.6	12.1	50.0	46.3
Finance income	0.2	0.2	-	-	0.2	0.2
Finance costs	(2.1)	(0.6)	(1.5)	(0.4)	(3.6)	(1.0)
Non-trading items	14.9	13.7	-	-	14.9	13.7
Profit before tax	49.4	47.5	12.1	11.7	61.5	59.2
Income tax expense	(0.4)	(0.5)	(0.9)	(0.9)	(1.3)	(1.4)
Profit for the financial year	**49.0**	**47.0**	**11.2**	**10.8**	**60.2**	**57.8**

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

2. Segmental information – continued

iii) Operating costs

	Ferries		Container & Terminal		Group Total	
	2019	2018	2019	2018	2019	2018
	€m	€m	€m	€m	€m	€m
Fuel	34.7	33.7	14.6	14.5	49.3	48.2
Labour costs	25.1	24.4	7.5	6.7	32.6	31.1
Port costs	41.9	39.7	30.9	29.4	72.8	69.1
Other costs	25.6	27.6	75.9	72.3	101.5	99.9
Intersegment cost	(1.2)	(1.2)	(8.2)	(8.1)	(9.4)	(9.3)
Total operating costs	**126.1**	**124.2**	**120.7**	**114.8**	**246.8**	**239.0**

iv) Statement of Financial Position

	Ferries		Container & Terminal		Group Total	
	2019	2018	2019	2018	2019	2018
	€m	€m	€m	€m	€m	€m
Assets						
Segment assets	391.1	334.4	89.8	55.2	480.9	389.6
Cash and cash equivalents	79.8	94.5	31.1	30.2	110.9	124.7
Consolidated total assets	**470.9**	**428.9**	**120.9**	**85.4**	**591.8**	**514.3**
Liabilities						
Segment liabilities	34.6	31.9	29.4	24.5	64.0	56.4
Borrowings	183.3	204.3	56.6	0.7	239.9	205.0
Consolidated total liabilities	**217.9**	**236.2**	**86.0**	**25.2**	**303.9**	**261.4**

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

3. Income tax expense

	2019	2018
	€m	€m
Current tax	1.2	1.5
Deferred tax	0.1	(0.1)
Income tax expense for the year	**1.3**	**1.4**

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 €1.2 million and a deferred tax debit of €0.1 million.

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

	2019	2018
	€m	€m
Profit before tax	61.5	59.2
Tax at the domestic income tax rate of 12.5% (2018: 12.5%)	7.7	7.4
Effect of tonnage relief	(6.8)	(5.6)
Net utilisation of tax losses	-	(0.1)
Difference in effective tax rates	0.3	0.4
Other items	0.1	(0.7)
Income tax expense recognised in the Consolidated Income Statement	**1.3**	**1.4**

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

4. Earnings per share

	2019	2018
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	189,797	190,037
Effect of dilutive potential ordinary shares: Share options	1,143	1,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**190,940**	**191,442**

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 and the effect of non-trading items after tax.

The prior year reported adjusted basic earnings per share and adjusted diluted earnings per share has been represented to include the tax effect on non-trading items.

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:

	2019	2018
Earnings	€m	€m
Earnings for the purpose of basic and diluted earnings per share - Profit for the financial period attributable to equity holders of the parent	**60.2**	**57.8**
Effect of non-trading items after tax	(14.9)	(13.7)
Effect of net interest income on defined benefit pension schemes	-	(0.1)
Earnings for the purpose of adjusted earnings per share	**45.3**	**44.0**

	Cent	Cent
Basic earnings per share	31.7	30.4
Diluted earnings per share	31.5	30.2
Adjusted basic earnings per share	23.8	23.1
Adjusted diluted earnings per share	23.7	23.0

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 2,496,500 (2018: 2,399,000) vested options at 31 December 2019, the dilutive effect is 1,143,000 ordinary shares (2018: 1,405,000 ordinary shares).

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

5. Non trading items

On 11 April 2019, the Company announced it entered into a hire purchase agreement for the sale of the vessel Oscar Wilde, which had become surplus to operational requirements, to buyers MSC Mediterranean Shipping Company SA for an agreed consideration of €28.9 million, payable in instalments over 6 years. The vessel was delivered to the buyer on 25 April 2019.

The gross consideration of €28.9 million is receivable over 72 months. This amount less related commissions has been discounted to an estimated present value of €24.5 million and has been treated as a finance lease receivable.

In the prior period the Group sold the fastcraft Jonathan Swift. As both vessels had been used in the Group's Irish tonnage tax trade, no tax arose on either disposal.

These gains on disposal of the vessels are included in the profit for the period and are disclosed as non-trading items in the Consolidated Income Statement.

	2019	2018
	€m	€m
Consideration		
Total consideration	28.9	15.5
Gain on disposal of vessel		
Consideration (net of commissions)	24.5	15.5
Disposal costs	(0.5)	(0.5)
Employee benefit costs associated with the disposal	(0.5)	(0.2)
Net proceeds	**23.5**	**14.8**
NBV of vessels disposed	(8.6)	(1.1)
Gain on disposal	**14.9**	**13.7**

6. Net cash and borrowing facilities

i) The components of the Groups net cash position at the reporting date and the movements in the period are set out in the following table:

	Cash	Bank Loans	Loan Notes	Finance Leases	Lease Obligations	Origination fees	Total
	€m	€m	€m	€m	€m	€m	€m
At 1 January 2019							
Current assets	124.7	-	-		-	-	124.7
Creditors due within one year	-	-	-	(0.3)	-	-	(0.3)
Creditors due after one year	-	(155.0)	(50.0)	(0.7)	-	1.0	(204.7)
	124.7	**(155.0)**	**(50.0)**	**(1.0)**	**-**	**1.0**	**(80.3)**
Initial application of IFRS 16	-	-	-	1.0	(32.0)	-	(31.0)
Changes from cashflows	(14.0)	-	-	-	9.0	0.2	(4.8)
Non-cashflow changes:							
Amortisation	-	-	-	-	-	(0.1)	(0.1)
Right of use assets recognised	-	-	-	-	(12.5)	-	(12.5)
Currency adjustment	0.2	-	-	-	(0.5)	-	(0.3)
	(13.8)	**-**	**-**	**1.0**	**(36.0)**	**0.1**	**(48.7)**
At 31 December 2019							
Current assets	110.9	-	-	-	-	-	110.9
Creditors due within one year	-	(3.7)	-	-	(8.4)	0.1	(12.0)
Creditors due after one year	-	(151.3)	(50.0)	-	(27.6)	1.0	(227.9)
	110.9	**(155.0)**	**(50.0)**	**-**	**(36.0)**	**1.1**	**(129.0)**

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

6. Net cash and borrowing facilities - continued

ii) The maturity profile and available borrowing and cash facilities available to the Group at 31 December 2019 are set out in the following table:

			Maturity Profile				
	Facility	Undrawn	On-hand / drawn	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	€m	€m	€m	€m	€m	€m	€m
Cash	-	-	110.9	110.9	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	230.0	75.0	155.0	3.7	15.5	46.5	89.32
Loan notes	50.0	-	50.0	-	-	50.0	-
Leases	36.0	-	36.0	8.4	2.9	7.0	17.7
Committed lending facilities	**331.4**	**90.4**	**241.0**	**12.1**	**18.4**	**103.5**	**107.0**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	194.8						
Uncommitted lending facilities	**244.8**						

Bank overdrafts facilities are stated net of trade guarantee facilities utilised of €0.6 million.

Obligations under the Group borrowing facilities have been cross guaranteed by the parent company and certain subsidiaries but are otherwise unsecured except for lease obligations which are secured by the lessors' title to the leased assets.

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

7. Net cash inflow from operating activities

	2019 €m	2018 €m
Operating activities		
Profit for the financial year	60.2	57.8
Adjustments for:		
Finance costs (net)	3.4	0.8
Income tax expense	1.3	1.4
Retirement benefit schemes – current service cost	1.5	1.7
Retirement benefit schemes – curtailment gain	(0.1)	(0.5)
Retirement benefit schemes – payments	(2.7)	(2.8)
Depreciation of property, plant and equipment	27.5	21.9
Depreciation of right to use assets	9.1	-
Amortisation of intangible assets	0.2	0.2
Share-based payment expense	1.9	2.4
Gain on disposal of property, plant and equipment	(15.1)	(15.1)
Decrease in provisions	0.3	0.7
Operating cash flow before movements in working capital	**87.5**	**68.5**
Decrease / (increase) in inventories	0.2	(0.6)
Increase in receivables	(4.7)	(4.6)
Increase in payables	6.5	1.4
Cash generated from operations	**89.5**	**64.7**
Income taxes paid	(1.2)	(2.2)
Interest paid	(3.5)	(1.0)
Net cash inflow from operating activities	**84.8**	**61.5**

Working capital movements exclude prepayments relating to contractual terms for works not yet undertaken of €37.0 million (2018: €28.9 million). Movements in these accruals and prepayments are included as purchases of property plant and equipment in the Condensed Consolidated Statement of Cash Flows.

8. Retirement benefit schemes

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

	2019		2018	
	Sterling	Euro	Sterling	Euro
Discount rate	1.85%	1.00%	2.65%	1.80%
Inflation rate	3.20%	1.30%	3.45%	1.50%
Rate of increase of pensions in payment	2.95%	0.40% – 0.50%	3.15%	0.60% – 0.70%
Rate of pensionable salary increases	0.90%	0.00% – 0.90%	1.00%	0.00% – 1.00%

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

8. Retirement benefit schemes - continued

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

	2019		2018	
	Male	Female	Male	Female
Current retirees	26.4 years	29.3 years	26.3 years	29.0 years
Future retirees	28.8 years	31.4 years	28.7 years	31.2 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	
	2019	2018	2019	2018
Equities	11.6	9.2	105.8	91.2
Bonds	13.0	13.4	102.7	93.3
Diversified funds	-	-	41.7	35.3
Property	0.3	0.3	19.2	19.4
Other	2.9	1.2	1.2	1.0
Market value of scheme assets	27.8	24.1	270.6	240.2
Present value of scheme liabilities	(26.2)	(22.4)	(263.4)	(243.6)
Surplus / (deficit) in schemes	1.6	1.7	7.2	(3.4)

The movement during the year is reconciled as follows:

	2019	2018
Movement in retirement benefit schemes net surplus / (deficit)	€m	€m
Opening (deficit) / surplus	(1.7)	4.7
Current service cost	(1.5)	(1.7)
Curtailment gain	0.1	0.5
Employer contributions paid	2.7	2.8
Net interest income	-	0.1
Actuarial gain / (loss)	9.0	(8.1)
Other	0.2	-
Net surplus / (deficit)	**8.8**	**(1.7)**
Schemes in surplus	12.5	2.5
Schemes in deficit	(3.7)	(4.2)
Net surplus / (deficit)	**8.8**	**(1.7)**

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 2019 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.

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

10. General information

The Condensed Financial Statements in this preliminary announcement do not constitute full statutory financial statements ("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 2019 will be annexed to the annual return for 2020. The auditors have made a report, without any qualification on their audit, of the financial statements in respect of the financial year ended 31 December 2019 and the Directors approved the financial statements in respect of the financial year ended 31 December 2019 on 4 March 2020. A copy of the financial statements in respect of the year ended 31 December 2018 has been annexed to the annual return for 2019 filed at the Companies Registration Office.

The 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 Euronext Dublin and the UK Listing Authority.

The 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 2019 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 before strategic capex	Free cash flow comprises operating cash flow less capital expenditure before strategic capex 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 less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
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

Terms and abbreviations	
teu	20 foot equivalent unit, an industry standard measurement for container units.
RoRo unit	Roll on, Roll off freight unit of any length either accompanied or unaccompanied carried on Ropax ferries.
LoLo unit	Lift on, Lift off container unit of any size.
Ropax	A cruise ferry capable of carrying both passengers and RoRo freight.
Non-trading item	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.
ICG Unit	ICG Unit is a stock exchange trading unit of ICG equity with each unit comprising one ordinary share and up to ten redeemable shares (if any in issue).

11. Events after the Reporting Date

The Board is proposing a final dividend of €8.99 cent per ICG Unit in respect of the results for the year ended 31 December 2019.

There have been no other material events affecting the Group since 31 December 2019.

Notes to the Condensed Financial Statements for the year ended 31 December 2019 - continued

12. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc. on 4 March 2020.

13. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Tuesday 12 May 2020, will be notified to shareholders in April 2020.