



IRISH CONTINENTAL GROUP

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Irish Continental Group plc (“ICG” or the “Group”)

Trading update

The current level of uncertainty and the introduction of travel restrictions across the EU because of the COVID-19 pandemic has led to a significant reduction in current passenger traffic and forward bookings for what is normally the peak Summer passenger season for ICG’s Irish Ferries services.

It is very difficult to estimate the full year financial impact on the Group, as the reduction in passenger revenue will be material. In the period from January 1st to the 6th of June this year car volumes are down 62% with total passenger volumes down 60%.

The severity of this reduction in passenger revenue is dependent on the duration and nature of travel restrictions particularly over the peak Summer season.

Retention of the Common Travel Area (CTA) between Britain and Ireland is of major benefit to the tourism and hospitality sectors in Ireland. The current Irish Government position, of asking people from Britain who visit Ireland to self-isolate for 2 weeks, is not consistent with that of the British Government who do not require people travelling to Britain from Ireland to self-isolate. In addition, there is nothing to stop people from Britain visiting Ireland by transiting via Northern Ireland without the requirement to self-isolate which is clearly anomalous. We have written to the Irish Government on this issue.

With respect to our Irish Ferries ro-ro freight business and our Container & Terminal Division, the impact of COVID-19 has been more limited. Year to date up to June 6th ro-ro volumes are down 4%, container volumes are down 13% with container lifts on our terminals down 14%.

COVID-19 represents a unique set of challenges across our society. The key challenge for ICG is maintaining our part in the critical supply chains on and off the Island of Ireland.

Our services provide a vital lifeline service to our Island and beyond for food, drugs, medical supplies and in more recent times a high level of e-commerce goods. In the absence of airline capacity, we also offer a vital lifeline service for essential passenger travel, including returning medical and caring volunteers and technicians to fix vital equipment in our hospitals and care centres. We also provide an ability for our citizens to repatriate, where they must do so, to deal with emergencies at home. For these reasons we have and will maintain services on all our routes.

With the cessation of passenger business during the COVID-19 outbreak some ferry routes out of Ireland which are critically important in providing essential services became cash negative. Recognising the need to help certain routes remain open the Irish Government adopted a Public Services Obligation (PSO) model covering the shortfall between variable revenue and certain variable costs. This was not an approach that we recommended as we believe this model was liable to create distortions in the marketplace and could be open to legal challenge. For both these reasons we decided not to participate in this PSO model, but we committed, without any Government support, to continue operating our lossmaking routes which provide a vital lifeline service to our Island.

We will continue to work closely with all relevant authorities and closely monitor the developing situation. The Group, where appropriate, has availed of Governments' staff retention support schemes across Europe.

We would like to take this opportunity to thank the crews on our ships, our terminal and office staff, our passengers who have travelled for essential reasons, our freight customers and their drivers who all continue to work in very difficult circumstances.

ICG has terminated its contract with the German shipbuilder FSG, who were contracted to build a new vessel for Irish Ferries. This follows the yard making an application through the German courts system to be placed in debtor in possession management under the oversight of an Insolvency Monitor. As part of the original contract with the yard, ICG paid a deposit on this vessel for 20% (€33 million) of the purchase price with the remaining 80% due on delivery of the ship. This deposit was protected by third party guarantees and has now been returned to ICG.

The Group is in a strong financial position to weather this COVID-19 storm and we would refer investors to our cash and undrawn credit facilities position at 31st December 2019.

END.

Dublin

11th June 2020

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