Irish Continental Group

2020

Half-Yearly Financial Report

for the half year ended 30 June 2020

THURSDAY 27 AUGUST 2020

HALF-YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2020

Irish Continental Group plc (ICG) the leading Irish-based maritime transport group, reports its financial performance for the half year ended 30 June 2020.

This half-yearly financial report references alternative performance measures (APMs) which are not defined under International Financial Reporting Standards and which are explained at page 23.

Highlights

Financial summary

	HY 2020*	HY 2019**	Change %
Revenue	€130.8m	€166.8m	-21.6%
EBITDA (pre non-trading items)	€10.0m	€30.0m	-66.7%
EBIT (pre non-trading items)	€(9.5)m	€11.6m	-
Basic earnings per share	(6.2)c	12.8c	-
Adjusted earnings per share	(6.2)c	4.9c	-
Interim dividend	nil	4.42c	-
Net debt	€103.3m	€127.1m	-18.7%

** HY 2020 : Half Year up to 30 June 2020, ** HY 2019 : Half Year up to 30 June 2019*

Volume movements

	HY 2020 '000	HY 2019 '000	Change %
Cars	56.6	161.2	-64.9%
RoRo freight	149.4	153.6	-2.7%
Containers shipped (teu*)	155.7	176.3	-11.7%
Port lifts	141.0	163.1	-13.5%

**teu: twenty foot equivalent units*

The HY 2020 result is reported against the challenging background of depressed economic activity and travel restrictions imposed across the EU because of the Covid-19 pandemic which has led to a significant reduction in passenger traffic while freight activity across the Group has been less affected. Notwithstanding these events, the Group has continued to focus on its strategic development and has retained a strong liquidity position. Key highlights in HY 2020 include;

- Revenues generated totalled €130.8 million, €36.0 million less than HY 2019.
- EBIT generated was a loss of €9.5 million, €21.1 million less than HY 2019.
- EBITDA generated of €10.0 million, €20.0 million less than HY 2019.
- Gross cash balances €132.5 million (31 December 2019: €110.9 million).
- Net Debt at €103.3 million is €25.7 million lower than at the beginning of the year.
- No interim dividend declared (2019: 4.42c per share).
- The Group maintained services on all its shipping routes and operations at its container terminals.
- Cost containment measures introduced.
- Return of €33 million deposit following termination of shipbuilding contract as a consequence of the shipbuilder entering administration.
- Environmentally friendly investment program in exhaust gas cleaning systems substantially completed.
- Further investment in environmentally friendly port equipment at Dublin Ferryport Terminal.
- Agreement signed to operate a new container depot at the new Dublin Inland Port.

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Commenting on the results, Chairman John B. McGuckian noted;

The trading conditions faced by the Group since March 2020, particularly in our passenger business, have been the most challenging encountered by the Group in its 32 year history. Notwithstanding the travel restrictions imposed by governments throughout the EU, the Company has continued to service all its shipping routes providing critical logistical links to the island of Ireland. These services have also facilitated passenger travel, including returning medical and caring volunteers and technicians to fix vital equipment in our hospitals and care centres and an ability for our citizens to repatriate, where they must do so, to deal with emergencies at home and for those who must travel for essential reasons. On behalf of the Group I would like to thank our staff and crews for their tremendous efforts in maintaining services during these difficult times.

There are a large number of variables beyond the control of the Group around Covid-19 developments creating uncertainty for future passenger travel. However, we are encouraged by the recovering freight volumes since June to date. The Group remains in a strong financial position to weather this Covid-19 storm, and we refer investors to our cash and undrawn credit facilities position at 30 June.

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FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

Results

Financial Highlights

	HY 2020	HY 2019	Change %	FY 2019*
Revenue	€130.8m	€166.8m	-21.6%	€357.4m
EBITDA (pre non-trading items)	€10.0m	€30.0m	-66.7%	€86.8m
EBIT (pre non-trading items)	€(9.5)m	€11.6m	-	€50.0m
EBIT (including non-trading items)	€(9.5)m	€26.5m	-	€64.9m

Non-trading items : HY 2020 : €nil; HY2019: €14.9 million; FY 2019: €14.9 million.

** FY 2019 = Year End up to 31 December 2019*

ICG reports its results for HY 2020 against the challenging background of depressed economic activity and travel restrictions imposed across the EU because of the Covid-19 pandemic which has led to a significant reduction in passenger traffic while freight activity across the Group has been less affected**.**

The Group recorded revenue of €130.8 million compared with €166.8 million in HY 2019, a decrease of 21.6%. Earnings before interest, tax, depreciation and amortisation (EBITDA) before non-trading items were €10.0 million compared with €30.0 million in HY 2019. Group fuel costs decreased by €8.4 million (-32.9%) to €17.1 million from €25.5 million. Earnings before interest and tax (EBIT) were €(9.5) million compared with €11.6 million in HY 2019. A loss before tax of €11.2 million is reported compared with a profit before tax €24.9 million in HY 2019.

There was a net finance charge of €1.7 million (2019: €1.6 million) which includes net bank interest payable of €1.3 million (2019: €1.1 million), lease interest €0.5 million (2019: €0.5 million) and a net pension interest income of €0.1 million (2019: €nil). The tax charge amounted to €0.4 million (2019: €0.6 million). Basic EPS was (6.2)c compared with 12.8c in HY 2019. Adjusted EPS amounted to (6.2)c versus 4.9c for HY 2019.

Operational Review

Ferries Division

Financial Highlights

	HY 2020	HY 2019	Change %	FY 2019
Revenue*	€61.6m	€92.3m	-33.3%	€212.4m
EBITDA (pre non-trading items)	€1.1m	€19.7m	-94.4%	€67.2m
EBIT (pre non-trading items)	€(15.3)m	€4.3m	-	€36.4m
EBIT (including non-trading items)	€(15.3)m	€19.2m	-	€51.3m

Non-trading items : HY 2020 : €nil; HY 2019: €14.9 million; FY 2019: €14.9 million.

**Includes intersegment revenue of €3.5 million (HY 2019: €3.4 million)*

The division comprises Irish Ferries, a leading provider of passenger and freight ferry services between Ireland and both the UK and Continental Europe, and the chartering of vessels.

Revenue in the division was €61.6 million (2019: €92.3 million) while EBITDA was €1.1 million (2019: €19.7 million). EBIT was a loss of €15.3 million compared to a profit of €4.3 million in HY 2019, excluding the 2019 profit on disposal of the Oscar Wilde of €14.9 million.

The performance of the ferries operations in HY 2020 was significantly affected by the imposition of travel restrictions on non-essential travel across the EU from mid-March as a response to the Covid-19 pandemic. In response as a cost containment measure Irish Ferries suspended Dublin Swift fastcraft sailings, on a rolling basis, pending expected relaxation of travel restrictions. Passenger capacity was also restricted on its fleet of conventional ferries. As a provider of essential logistical links on and off the island of Ireland, Irish Ferries operated a full schedule on its conventional ferry services to service its freight customers and those passengers required to travel for essential reasons.

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Operational Review – continued

Ferries Division – continued

Tourism

	HY 2020	HY 2019	Change %	FY 2019
Car volumes (‘000)	56.6	161.2	-64.9%	401.3
Passenger volumes (‘000)	233.9	648.0	-63.9%	1,541.0
Passenger revenue	€14.3m	€44.1m	-67.6%	€112.7

In HY 2020 total cars carried were 56,600, down 64.9% on the same period in HY 2019. Total passenger carryings were 233,900, a decrease of 63.9% on HY 2019. This decline in carryings mainly occurred from mid-March following restrictions on non-essential travel related to the Covid-19 pandemic.

Freight

	HY 2020	HY 2019	Change %	FY 2019
RoRo freight volumes (‘000)	149.4	153.6	-2.7%	313.2
RoRo freight revenue	€40.8m	€42.8m	-4.7%	€86.2m

Freight carryings in HY 2020 were 149,400 units, a decrease 2.7% over HY 2019 but which have shown a steady improvement from the initial decline experienced following the imposition of Covid-19 measures.

Chartering

	HY 2020	HY 2019	Change %	FY 2019
Charter revenue	€6.5m	€5.4m	+20.3%	€13.5m

The division owns six container vessels, four of which are chartered internally to Eucon and two chartered externally. The increase in revenue primarily relates to the additional charter revenues on the Thetis D and CT Rotterdam acquired in April 2019 and November 2019 respectively. Charter revenue also includes earnings from the bareboat hire purchase contract relating to the disposal of the Oscar Wilde concluded in April 2019.

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Operational Review – continued

Ferries Division – continued

Costs

	HY 2020	HY 2019	Change %	FY 2019
Operating costs	€76.9m	€88.0m	-12.6%	€126.1m

Costs in the division decreased €11.1 million in HY 2020 compared to HY 2019. In addition to activity related variances on reduced volumes, the division was proactive in containing costs through suspension of fastcraft services and reduction of passenger services on-board our conventional vessels. Fuel costs declined to €11.8 million from €18.1 million in HY 2019, the decrease related both to suspended fastcraft sailings, lower global fuel costs and commissioning of new exhaust gas cleaning systems ("EGCS") on certain vessels. Maintenance expenses were also lower following the major works undertaken in 2019.

Container and Terminal Division

Financial Highlights

	HY 2020	HY 2019	Change %	FY 2019
Revenue*	€73.2m	€78.4m	-6.6%	€154.4m
EBITDA	€8.9m	€10.3m	-13.6%	€19.6m
EBIT	€5.8m	€7.3m	-20.5%	€13.6m

Operational Highlights

**Includes intersegment revenue of €0.5 million (HY 2019: €0.5 million)*

	HY 2020	HY 2019	Change %	FY 2019
Volumes	'000	'000		'000
Containers shipped (teu)	155.7	176.3	-11.7%	343.4
Port lifts	141.0	163.1	-13.5%	320.8

The Container and Terminal Division includes the intermodal shipping line Eucon as well as the division's strategically located container terminals in Dublin and in Belfast.

Revenue in the division decreased by 6.6% to €73.2 million (2019: €78.4 million), EBITDA decreased to €8.9 million (2019: €10.3 million) while EBIT decreased to €5.8 million (2019: €7.3 million).

Total containers shipped by Eucon were down 11.7% at 155,700 teu (2019: 176,300 teu). In response to the decreased volumes attributable to reduced shipments in light of the Covid-19 pandemic, the division reduced its fleet capacity from a core six vessels to five vessels during April. Costs decreased in line with capacity changes and volumes, with decreases in fuel costs related to lower global prices and investment in EGCS.

Containers handled at the Group's container terminals in Dublin and Belfast were down 13.5% to 141,000 lifts (2019: 163,100 lifts). Dublin Ferryport Terminals' activity was down 11.9%, while activity at Belfast Container Terminal was down 16.0%.

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FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

Statement of Financial Position

A summary Statement of Financial Position as at 30 June 2020 is presented below:

	30 Jun 2020 €m	30 Jun 2019 €m	31 Dec 2019 €m
Property, plant and equipment and intangible assets	324.3	316.7	317.5
Right of use assets	31.7	38.8	36.0
Long term receivable	18.0	20.8	19.4
Retirement benefit surplus	9.5	11.0	12.5
Other current assets	59.4	93.6	95.5
Cash and bank balances	132.5	115.7	110.9
Total assets	**575.4**	**596.6**	**591.8**
Non-current borrowings	219.8	234.1	227.9
Retirement benefit obligations	3.6	3.4	3.7
Other non-current liabilities	0.7	1.9	1.4
Current borrowings	16.0	8.7	12.0
Other current liabilities	65.6	79.7	58.9
Total liabilities	**305.7**	**327.8**	**303.9**
Total equity	**269.7**	**268.8**	**287.9**
Total equity and liabilities	**575.4**	**596.6**	**591.8**

The analysis of key movements in the period since 31 December 2019 is set out below.

The principal movements in the property, plant and equipment and intangible assets relate to the installation of EGCS on the Ulysses and owned container vessels, acquisition of new plant at Dublin Ferryport Terminal and scheduled replacement expenditure less depreciation charge in the period. The movement in right of use assets mainly relates to depreciation of assets over the lease term. The long-term receivable relates to deferred sales proceeds receivable under the hire purchase sale agreement entered into on the sale of the Oscar Wilde.

The large reduction in other current assets mainly relates to the repayment of a €33.0 million deposit following the cancellation of the shipbuilding contract for a new cruise ferry. The increase in other current liabilities relates to the seasonal increase in passenger deferred revenue balances for bookings made in advance of the peak tourism season. With Covid-19 travel restrictions in place, advanced bookings were significantly lower than at the same time last year.

The assumptions used to value pension obligations were reviewed against the background of market conditions as at 30 June 2020. This review resulted in a change in discount and inflation rate assumptions while the valuation for the main scheme was also updated for demographic experience. Other assumptions were retained at 31 December 2019 levels. A net actuarial loss of €3.5 million arose in HY 2020 comprising losses on assets in excess of previous assumptions partly offset by experience gains on obligations.

Shareholders' equity declined to €269.7 million from €287.9 million over the period. The movements primarily comprised of the loss for the financial period of €11.6 million, net actuarial losses of €3.5 million arising on retirement benefit schemes, settlement of share options and buyback of shares. No dividends were paid in the half year ended 30 June 2020.

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Cash Flow

A summary of cash flows in the half year to 30 June 2020 is presented below:

	HY 2020 €m	HY 2019 €m	FY 2019 €m
Operating (loss) / profit (EBIT)*	(9.5)	26.5	64.9
Non trading items	-	(14.9)	(14.9)
Depreciation	19.5	18.4	36.8
EBITDA* (pre non-trading items)	**10.0**	**30.0**	**86.8**
Working capital movements	6.9	17.6	2.0
Pension payments in excess of service costs	(0.6)	(0.9)	(1.3)
Other	(0.5)	1.4	2.0
Cash generated from operations	**15.8**	**48.1**	**89.5**
Interest paid	(1.7)	(1.6)	(3.5)
Tax paid	(0.3)	(0.7)	(1.2)
Intangible asset additions	(0.3)	(0.1)	(0.2)
Capex excluding strategic capex	(8.2)	(12.7)	(11.4)
Free cash flow before strategic capex*	**5.3**	**33.0**	**73.2**
Strategic capex	(12.9)	(19.4)	(42.5)
Return of vessel deposit	33.0	-	-
Free cash flow after strategic capex*	**25.4**	**13.6**	**30.7**
Net asset sales	2.6	0.3	1.8
Dividends	-	(16.3)	(24.7)
Share issue	-	-	0.1
Share buyback	(1.8)	(2.1)	(12.9)
Net cash flows	**26.2**	**(4.5)**	**(5.0)**
Opening net debt	(129.0)	(80.3)	(80.3)
Lease liability non-cash movements	(1.2)	(42.5)	(44.5)
Translation/ other	0.7	0.2	0.8
Closing net debt	**(103.3)**	**(127.1)**	**(129.0)**

**Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 23.*

Net debt decreased to €103.3 million at 30 June 2020 from €129.0 million at 31 December 2019.

Net cash flows comprised EBITDA for the period of €10.0 million, the return of the vessel deposit following cancellation of a contract for a new vessel and an overall positive seasonal working capital movement of €6.9 million. The working capital movements are largely attributable to higher deferred revenue balances ahead of the peak summer passenger season, though due to the uncertainty surrounding Covid-19 travel restrictions advance bookings were significantly lower than at the same time last year. These positive movements are offset by capital expenditure outflows in the period of €21.4 million. During the period €1.8 million was returned to shareholders through a buyback of shares. The Group did not proceed with payment of the 2019 final dividend due to the effects of Covid-19 travel restrictions on trading.

HALF-YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

Financing

Net debt

	Cash €m	Inception Fees €m	Bank Loans & PP Notes €m	Lease Liabilities €m	Net Debt €m
At 31 December 2019	110.9	1.1	(205.0)	(36.0)	(129.0)
Lease liability non-cash movements	-		-	(1.2)	(1.2)
Cash flows	21.6		-	4.6	26.2
Translation/ other	-	(0.1)	-	0.8	0.7
At 30 June 2020	**132.5**	**1.0**	**(205.0)**	**(31.8)**	**(103.3)**

The net debt position of the Group at 30 June 2020 was €103.3 million, a decrease of €25.7 million from the opening position at 1 January 2020.

The borrowing facilities available to the Group at 30 June 2020 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Revolving Credit	125.0	75.0	-	75.0
Private Placement	245.6	50.0	50.0	-
European Investment Bank	155.0	155.0	155.0	-
Lease liabilities	31.8	31.8	31.8	-
Overdraft and other	15.4	15.4	-	15.4
	572.8	**327.2**	**236.8**	**90.4**

At 30 June 2020 the Group had total lending facilities of €572.8 million available of which €327.2 million were committed facilities. €236.8 million of the committed facilities were drawn. In addition to the committed lines of credit, the Group had arranged uncommitted facilities of €245.6 million with utilisation dates expiring between 6 months and 4 years.

Dividend

On 1 July the Group announced that due to the effects of Covid-19 on current trading and notwithstanding that the Group retained a strong liquidity position, the Directors had considered it prudent not to proceed with the 2019 final dividend previously announced on 5 March 2020. Consequently no dividends were paid during the half year ended 30 June 2020.

In light of the result to 30 June 2020 combined with trading to date and the uncertain outlook for the remainder of the year particularly related to passenger travel the Directors also consider it prudent not to declare an interim dividend at this time.

HALF-YEARLY FINANCIAL REPORT

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Fuel

	HY 2020	HY 2019	Change %	FY 2019
Fuel costs	€17.1m	€25.5m	-32.9%	€49.3m

Group fuel costs in the first half of 2020 amounted to €17.1 million (2019: €25.5 million). The movement in fuel costs was due to lower global fuel costs, suspension of fastcraft sailings, reduction in the operated container fleet partially offset by compliance with the new IMO 2020 fuel regulations requiring consumption of more expensive grade fuel oils pending completion of the Group's EGCS installation program.

The Group has in place fuel surcharge mechanisms for freight customers which mitigates the effects of movements in Euro fuel costs and the additional costs in ensuring compliance with IMO 2020, effective since 1 January 2020. IMO 2020 reduced the permissible maximum sulphur content of exhaust gases and compliance can be achieved either through consumption of higher cost fuel oils or investment in EGCS. The Group has opted to invest in EGCS on its owned vessels operated on Group services. In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs.

Strategic Developments

The Group has terminated its contract with the German shipbuilder FSG, who were contracted to build a new vessel for service with Irish Ferries. This followed FSG making an application through the German courts 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 had paid a deposit on this vessel for 20% (€33.0 million) of the €165.2 million purchase price with the remaining 80% due on delivery of the ship. This deposit was protected by third party guarantees and was repaid to ICG in June.

Following the termination, the Group has entered into an agreement with the owners of the chartered vessel Epsilon to extend that charter for an additional year up to November 2021, with options to further extend. This will ensure seamless continuation of services on our existing routes. The Group has also entered preliminary discussions with a number of other shipyards for the construction of a vessel of similar design to that previously contracted with FSG.

Arising from the collapse of passenger carryings following imposition of Covid-19 travel restrictions, the Dublin Swift fastcraft, which was scheduled to commence operations in April, was placed on standby mode pending expected relaxation of travel restrictions in advance of the traditional peak travel period. The vessel will proceed to deep lay-up for winter 20/21 later in the year as previously scheduled.

New low sulphur fuel regulations, IMO 2020, became effective from 1 January 2020. IMO 2020 requires all our vessels operating outside of sulphur emission control areas to reduce sulphur emissions to a level equivalent to consuming 0.5% sulphur content fuel oils compared to the previously generally permitted 1.5%. On its owned and operated fleet the Group had taken the decision to install EGCS to comply with the latest requirements. EGCS allows a vessel to consume cheaper fuel oils while cleaning the exhaust emissions to within the levels mandated by IMO 2020. The W.B. Yeats was delivered with an EGCS system while the Dublin Swift by design consumes marine gas oil which typically has a sulphur content of less than 0.1%.

The installation and commissioning of new EGCS plant on the Ulysses has been completed. A decision was taken not to proceed with a similar installation on the Isle of Inishmore as a consequence of shipyard delays which would have meant the vessel being out of service during the summer season and with an uncertain date for return to service. This work is planned to be completed during 2021. The Group also completed the installation of EGCS plant on the four owned container vessels utilised on Eucon services.

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Strategic Developments - continued

The Group took delivery of and commissioned two electrically powered remotely operated rubber-tyred gantries at its Dublin Ferryport Terminal following the previous successful commissioning of two similar units during 2019. At the Belfast Container Terminal three units were delivered which brings the total delivered at Belfast since December 2019 to eight units. These are currently undergoing commissioning by the port owner together with a new ship-to-shore crane.

During HY 2020 the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. The Group has signed an agreement to enter into a 20-year lease for this operation on completion of certain civil works by the landlord. The facility is expected to become operational during 2021. This facility will be used for the remote storage, maintenance and upgrade of empty container boxes, releasing valuable capacity for the handling of containers in the port area. The Dublin Inland Port will be located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and the Port Tunnel.

Legal Challenge to the National Transport Authority interpretation of the EU Regulation No 1177/2010

We continue to pursue the legal challenge to the National Transport Authority ("NTA") interpretation of the EU Regulation No 1177/2010 concerning the rights of passengers when travelling by sea and inland waterway. This is in progress by way of judicial review which 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.

Government support for essential shipping services during Covid-19

With the severe decline 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 supported as we believe this model was liable to create distortions in the marketplace and could be open to legal challenge. For 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.

Exit of United Kingdom from the European Union

The UK exited the EU on 31 January 2020 and entered a transition period with a current end date of December 2020 during which negotiations of new rules on trade, travel and business between the UK and the EU are taking place. There remains uncertainty over the nature of the relationship post 2020. The Group'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 UK from the EU will likely have an effect on Irish Ferries carryings.

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 restrict their movements for two weeks, is not consistent with that of the British Government who do not require people travelling to Britain from Ireland to restrict their movements. In addition, there is nothing to stop people from Britain visiting Ireland by travelling through Belfast and Larne without the requirement to self-isolate which is clearly anomalous. We have written to the Irish Government on this issue.

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Exit of United Kingdom from the European Union - continued

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 fleet configuration, Irish Ferries has the ability to offer additional frequency on its direct continental services should demand justify it.

The exit of the UK from the EU 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.

Related Party Transactions

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group in the period other than in respect of remuneration paid to key management personnel.

Principal Risks and Uncertainties

The Group has a risk management structure in place which is designed to identify, manage and mitigate the threats to the business on an ongoing basis. The principal risks and uncertainties faced by the Group as set out in detail on pages 52 to 57 of the 2019 Annual Report are;

- Commercial & market – Service disruption
- Health & safety – Hazardous cargo and risk of injury.
- Operational Compliance – People trafficking.
- Financial loss – Major project failure and inadequate insurance.
- Fraud – Payment diversion
- Volatility – Fuel costs
- Information security
- Cyber Threats

These risks together with the uncertainty around the continuing disruption to travel and trade surrounding Covid-19 measures remain the most likely risks to affect the Group during the second half of the financial year. Following the imposition of the Covid-19 measures, the Group has continually serviced all its shipping routes providing essential logistical links on and off the island of Ireland. The continuing shutdown of certain sectors of the economy will prolong the effect on the Group's financial outcome, notwithstanding the cost containment initiatives introduced by the Group. It is very difficult to estimate the full year financial impact on the Group, but the reduction in passenger revenue will be material given the loss of peak summer travel.

Following the exit of the UK from the EU, the nature of the trading arrangements between the EU and UK post the current transition period remain unclear. In as much as is feasible we have engaged with our port operators and regulatory authorities to minimise the possibility of any port disruptions. It is the Group's view that over the longer-term trade between Ireland and the UK will remain strong underpinned by cultural and commercial linkages. The Group's investment in vessels is designed to provide route planning flexibility to adapt its schedules to customer demand over the short and long term.

The Group will actively manage these and all other risks through its risk management structure.

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Events after the Reporting Period

There have been no other material events affecting the Group to report since 30 June 2020.

Going Concern

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of this half-yearly financial report. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing this half-yearly financial report.

In forming this view the Directors have considered the future cash requirements of the Group's business in the context of the economic environment over the next 12 months, the principal risks and uncertainties facing the Group, the Group's budget plan, lending covenants and the medium term strategy of the Group, including capital investment plans. There is uncertainty around the timing of the lifting of travel restrictions on non-essential travel and the return of previous travel patterns, and the effects of Brexit. The Group has modelled a number of scenarios including emergence of a Covid-19 "second wave" with the continuation of travel restrictions into 2021. The future cash requirements under these scenarios have been compared to bank facilities which are reasonably expected to be available to the Group on normal market terms.

HALF-YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

Current Trading and Outlook

The second half of 2020 has continued to be affected by the retention of the Covid-19 measures introduced by governments earlier in the year. While recent levels of freight carrying compared to the same period last year have remained robust against the continuing shutdown of certain economic sectors, passenger carryings are materially affected having already lost a significant amount of peak season passenger travel.

Ferries

Activity in the Ferries Division in the period from 1 July 2020 to 22 August 2020 compared to the same period last year is set out below;

- Car carryings were 30,000 cars, a decrease of 73.8%
- RoRo freight carryings were 49,100, an increase of 9.6%

Cumulatively in the period from 1 January 2020 to 22 August 2020 compared to the same period last year activity was;

- Car carryings were 86,600 cars, a decrease of 68.6%
- RoRo freight carryings were 198,500, an increase of 0.1%

Container and Terminal

Activity in the Container and Terminal division in the period from 1 July 2020 to 22 August 2020 compared to the same period last year was;

- Containers shipped were 45,700 teu, a decrease of 7.1%
- Port lifts were 41,300 lifts, an decrease of 11.3%

Cumulatively in the period from 1 January 2020 to 22 August 2020, compared to the same period last year activity was;

- Containers shipped were 201,400 teu, a decrease of 10.5%
- Port lifts were 182,200 lifts, an decrease of 12.9%

There are a large number of variables beyond the control of the Group around Covid-19 developments creating an uncertain trading environment in the second half of 2020. It is very difficult to estimate the full year financial impact on the Group, as the reduction in passenger revenue will be material, though recovering freight activity since 1 July to date is encouraging. The Group remains in a strong financial position to weather this Covid-19 storm with cash and undrawn committed lending facilities totalling €222.9 million at 30 June.

Auditor Review

This half-yearly financial report has not been audited or reviewed by the auditors of the Group.

HALF-YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

Forward-Looking Statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. These forward-looking statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Irish Continental Group plc and its subsidiaries when viewed as a whole.

Website

This half-yearly financial report is available on the Group's website www.icg.ie.

John B. McGuckian
Chairman

26 August 2020

HALF-YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2020 - CONTINUED

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the related Transparency Rules of the Central Bank of Ireland and IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Each of the directors confirm that to the best of their knowledge and belief:

- the Group Condensed Financial Statements for the half year ended 30 June 2020 have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34 Interim Financial Reporting) adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year, their impact on the Group Condensed Financial Statements for the half year ended 30 June 2020, and a description of the principal risks and uncertainties for the remaining six months; and
- the Interim Management Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Eamonn Rothwell	**David Ledwidge**
Director	Director

26 August 2020

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	HY 2020 Unaudited €m	HY 2019 Unaudited €m	FY 2019 Audited €m
Revenue	4	130.8	166.8	357.4
Depreciation and amortisation		(19.5)	(18.4)	(36.8)
Employee benefits expense		(11.1)	(10.2)	(23.8)
Other operating expenses		(109.7)	(126.6)	(246.8)
		(9.5)	**11.6**	**50.0**
Non-trading items	6	-	14.9	14.9
Operating (loss) / profit		**(9.5)**	**26.5**	**64.9**
Finance income		0.1	0.1	0.1
Finance costs		(1.8)	(1.7)	(3.5)
(Loss) / profit before taxation		**(11.2)**	**24.9**	**61.5**
Income tax expense		(0.4)	(0.6)	(1.3)
(Loss) / profit for the financial period: all attributable to equity holders of the parent	4	**(11.6)**	**24.3**	**60.2**
Earnings per ordinary share – expressed in cent per share				
Basic	7	(6.2)c	12.8c	31.7c
Diluted	7	(6.2)c	12.7c	31.5c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	HY 2020 Unaudited €m	HY 2019 Unaudited €m	FY 2019 Audited €m
(Loss) / profit for the financial period		**(11.6)**	**24.3**	**60.2**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(1.2)	-	1.2
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) / gain on defined benefit pension schemes	14	(3.5)	8.5	9.0
Deferred tax on defined benefit pension schemes		0.4	0.1	-
Other comprehensive income for the financial period		**(4.3)**	**8.6**	**10.2**
Total comprehensive income for the financial period: all attributable to equity holders of the parent		**(15.9)**	**32.9**	**70.4**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	30 Jun 20 Unaudited €m	30 Jun 19 Unaudited €m	31 Dec 19 Audited €m
Assets				
Non-current assets				
Property, plant and equipment	8	323.7	316.3	317.1
Right of use assets	9	31.7	38.8	36.0
Intangible assets		0.6	0.4	0.4
Long term receivable	10	18.0	20.8	19.4
Retirement benefit surplus	14	9.5	11.0	12.5
		383.5	**387.3**	**385.4**
Current assets				
Inventories		1.9	3.0	3.1
Trade and other receivables		57.5	90.6	92.4
Cash and bank balances	11	132.5	115.7	110.9
		191.9	**209.3**	**206.4**
Total assets		**575.4**	**596.6**	**591.8**
Equity and liabilities				
Equity				
Share capital		12.2	12.4	12.2
Share premium		19.5	19.4	19.5
Other reserves		(10.1)	(9.4)	(7.3)
Retained earnings		248.1	246.4	263.5
Equity attributable to equity holders		**269.7**	**268.8**	**287.9**
Non-current liabilities				
Borrowings	11	192.7	204.2	200.3
Lease liabilities	11	27.1	29.9	27.6
Deferred tax liabilities		0.3	0.8	0.7
Provisions		0.4	1.1	0.7
Retirement benefit obligations	14	3.6	3.4	3.7
		224.1	**239.4**	**233.0**
Current liabilities				
Borrowings	11	11.3	(0.1)	3.6
Lease liabilities	11	4.7	8.8	8.4
Trade and other payables		63.7	79.1	57.4
Current income tax liabilities		0.3	-	0.2
Provisions		1.6	0.6	1.3
		81.6	**88.4**	**70.9**
Total liabilities		**305.7**	**327.8**	**303.9**
Total equity and liabilities		**575.4**	**596.6**	**591.8**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2020 (UNAUDITED)

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2020	**12.2**	**19.5**	**(7.3)**	**263.5**	**287.9**
Loss for the financial period	-	-	-	(11.6)	(11.6)
Other comprehensive income	-	-	(1.2)	(3.1)	(4.3)
Total comprehensive income for the financial period	**-**	**-**	**(1.2)**	**(14.7)**	**(15.9)**
Employee share-based payments expense	-	-	1.0	-	1.0
Settlement of share options through market purchase	-	-	(1.5)	-	(1.5)
Transfer to retained earnings on exercise of options	-	-	(1.1)	1.1	-
Share buy back	-	-	-	(1.8)	(1.8)
	-	-	**(2.8)**	**(15.4)**	**(18.2)**
Balance at 30 June 2020	**12.2**	**19.5**	**(10.1)**	**248.1**	**269.7**
Analysed as follows:					
Share capital					12.2
Share premium					19.5
Other reserves					(10.1)
Retained earnings					248.1
					269.7

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2020	**7.5**	**5.9**	**(20.7)**	**(7.3)**
Other comprehensive income			(1.2)	(1.2)
Employee share-based payments expense	-	1.0	-	1.0
Settlement of share options through market purchase	-	(1.5)	-	(1.5)
Transfer to retained earnings on exercise of options	-	(1.1)	-	(1.1)
	-	**(1.6)**	**(1.2)**	**(2.8)**
Balance at 30 June 2020	**7.5**	**4.3**	**(21.9)**	**(10.1)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2019 (UNAUDITED)

	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 period	-	-	-	24.3	24.3
Other comprehensive income	-	-	-	8.6	8.6
Total comprehensive income for the financial period	**-**	**-**	**-**	**32.9**	**32.9**
Employee share-based payments expense	-	-	1.4	-	1.4
Share issue	-	-	-	-	-
Share buy back	-	-	-	(2.1)	(2.1)
Dividends (note 5)	-	-	-	(16.3)	(16.3)
	-	-	**1.4**	**14.5**	**15.9**
Balance at 30 June 2019	**12.4**	**19.4**	**(9.4)**	**246.4**	**268.8**
Analysed as follows:					
Share capital					12.4
Share premium					19.4
Other reserves					(9.4)
Retained earnings					246.4
					268.8

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	-	1.4	-	1.4
	-	**1.4**	**-**	**1.4**
Balance at 30 June 2019	**7.3**	**5.2**	**(21.9)**	**(9.4)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (AUDITED)

	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 CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	HY 2020 Unaudited €m	HY 2019 Unaudited €m	FY 2019 Audited €m
Net cash inflow from operating activities	15	**13.8**	**45.8**	**84.8**
Cash flow from investing activities				
Net proceeds on disposal of property, plant and equipment		2.6	0.3	1.8
Refund of vessel deposit		33.0	-	-
Purchases of property, plant and equipment	8	(21.1)	(32.1)	(53.9)
Purchases of intangible assets		(0.3)	(0.1)	(0.2)
Net cash (outflow) from investing activities		**14.2**	**(31.9)**	**(52.3)**
Cash flow from financing activities				
Dividends paid to equity holders of the Company	5	-	(16.3)	(24.7)
Repayment of lease liabilities		(4.6)	(4.5)	(9.0)
Proceeds on issue of ordinary share capital		-	-	0.1
Share buy back		(1.8)	(2.1)	(12.9)
Net cash (outflow)/ inflow from financing activities		**(6.4)**	**(22.9)**	**(46.5)**
Net (decrease)/ increase in cash and cash equivalents		21.6	(9.0)	(14.0)
Cash and cash equivalents at the beginning of the period		**110.9**	**124.7**	**124.7**
Effect of foreign exchange rate changes		-	-	0.2
Cash and cash equivalents at the end of the period	11	**132.5**	**115.7**	**110.9**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

1. General information

The Group Condensed Financial Statements are considered non-statutory financial statements for the purposes of the Companies Act 2014 and in compliance with section 340(4) of that Act we state that:

- the Group Condensed Financial Statements for the half year ended 30 June 2020 have been prepared to meet our obligation to do so under the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended);
- the Group Condensed Financial Statements for the half year ended 30 June 2020 do not constitute the statutory financial statements of the Group;
- the figures disclosed relating to 31 December 2019 have been derived from the statutory financial statements for the financial year ended 31 December 2019 which were audited, received an unqualified audit report and have been filed with the Registrar of Companies; and
- the interim figures included in the Group Condensed Financial Statements for the half year ended 30 June 2020 and the comparative amounts for the half year ended 30 June 2019 have been neither audited nor reviewed by the auditors of the Group.

Certain financial measures set out in our Half-Yearly Financial Report to 30 June 2020 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 Group'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 non-trading items*, 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.
Adjusted EPS	EPS is adjusted to exclude non-trading items and net interest cost on defined benefit obligations.	A key indicator of long term financial performance and value creation of a public listed company.

*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.

In addition to the above APMs the Group utilises additional APMs of Return on Average Capital Employed and Schedule Integrity in relation to full year performance which are not meaningful at the half year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

2. Accounting policies

The Group Condensed Financial Statements for the six months ended 30 June 2020 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the Central Bank (Investment Market Conduct) Rules 2019 and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The accounting policies and methods of computation applied in preparing these Group Condensed Financial Statements are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2019, which is available at www.icg.ie.

The following amendments to standards became effective for the Group commencing 1 January 2020;

- Amendments to the Conceptual Framework for Financial Reporting, including amendments to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of a Business
- Amendments to IAS 1 & IAS 8 – Definition of Material
- Amendments to IAS 39, IFRS 7 & IFRS 9 – Interest Rate Benchmark Reform

The adoption of these amendments did not have a material impact on these financial statements.

3. Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. In preparing these Condensed Financial Statements the approach to the making of these judgements, estimates and assumptions is consistent with that used in the Group Annual Report for the financial year ended 31 December 2019. Key sources of estimation uncertainty relate to post-employment benefits and assessment of useful lives for property plant and equipment. Critical accounting judgements are made in respect of identifying indications of impairment, assessment of non-cancellable lease terms and incremental borrowing rate and adoption of the going concern assumption.

Other than the changes to assumptions used in relation to the valuation of retirement benefit obligations set out in note 14 to these Condensed Consolidated Financial Statements there have been no material changes in estimates that had previously been made in the prior year financial statements to 31 December 2019.

Impact of Covid-19

The Group has considered the impact of Covid-19 in respect of the accounting judgements and estimates made in the preparation of these Condensed Consolidated Financial Statements. Key considerations included whether the impact of Covid-19 affected indications of impairment and recoverability of receivables. There is uncertainty around the timing of the lifting of travel restrictions on non-essential travel and return of previous travel patterns. However, the Group does not believe that the decline experienced in 2020 to date will give rise to a material long term change in the travel patterns of the Group's customer base. In respect of the carrying value of its vessels, the Group did not consider trading in the year to date amounted to an indication of impairment. In addition the Group has been monitoring the market in vessels and while activity is reduced there were no indications that the market value of second-hand vessels had materially declined.

In respect of receivables including the long term receivable, the Group actively manages its working capital and monitors changes in days outstanding and bad debt experience. An expected credit loss assessment of receivables as at 30 June 2020 was performed with no material change in the provision for expected credit losses over that provided at 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

4. Segmental information

The Board is deemed the chief operating decision maker within the Group. Under IFRS 8: Operating Segments, the Group has determined that the operating segments are (i) Ferries and (ii) Container and Terminal.

These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group. The principal activities of the Ferries segment are the operation of combined RoRo passenger ferries and chartering of vessels. The principal activities of the Container and Terminal segment are the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services. There has been no change in the basis of segmentation or in the basis measurement of segment profit or loss in the period.

i) Revenue Analysis

By business segment:

	HY 2020	HY 2019	FY 2019
	€m	€m	€m
Ferries			
Passenger	14.3	44.1	112.7
Freight	40.8	42.8	86.2
Charter	6.5	5.4	13.5
	61.6	92.3	212.4
Container and Terminal			
Freight	73.2	78.4	154.4
Inter segment revenue	(4.0)	(3.9)	(9.4)
Total	**130.8**	**166.8**	**357.4**

Depressed economic activity and travel restrictions imposed across the EU because of the Covid-19 pandemic led to a significant reduction in passenger traffic and a lesser reduction in freight activity in the half year ended 2020 compared to the half year ended 30 June 2019.

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 (passenger contracts) or a business to business relationship (freight and charter contracts) as this impacts directly on the uncertainty of cash flows. On this basis, revenue by business segment is a reasonable approximation of revenue disaggregation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

4. Segmental information – continued

i) Revenue Analysis - continued

By geographic origin of booking:

	HY 2020 €m	HY 2019 €m	FY 2019 €m
Ireland	63.6	69.4	177.9
United Kingdom	16.5	36.1	66.7
Netherlands	29.8	33.2	63.8
Belgium	15.4	16.4	32.8
France	0.4	0.4	5.8
Other	5.1	11.3	10.4
	130.8	**166.8**	**357.4**

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

ii) (Loss) / Profit for the financial year

	Ferries			Container and Terminal			Group Total		
	HY 2020 €m	HY 2019 €m	FY 2019 €m	HY 2020 €m	HY 2019 €m	FY 2019 €m	HY 2020 €m	HY 2019 €m	FY 2019 €m
Operating (loss) / profit	(15.3)	4.3	36.4	5.8	7.3	13.6	(9.5)	11.6	50.0
Finance income	0.1	0.1	0.1	-	-	-	0.1	0.1	0.1
Finance costs	(1.1)	(1.0)	(2.0)	(0.7)	(0.7)	(1.5)	(1.8)	(1.7)	(3.5)
Non-trading items	-	14.9	14.9	-	-	-	-	14.9	14.9
(Loss) / profit before tax	**(16.3)**	**18.3**	**49.4**	**5.1**	**6.6**	**12.1**	**(11.2)**	**24.9**	**61.5**
Income tax expense	-	(0.1)	(0.4)	(0.4)	(0.5)	(0.9)	(0.4)	(0.6)	(1.3)
(Loss) / profit for the financial year	**(16.3)**	**18.2**	**49.0**	**4.7**	**6.1**	**11.2**	**(11.6)**	**24.3**	**60.2**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

4. Segmental information – continued

iii) Statement of Financial Position

	Ferries			Container and Terminal			Group Total		
	30 Jun 20 €m	30 Jun 19 €m	31 Dec 19 €m	30 Jun 20 €m	30 Jun 19 €m	31 Dec 19 €m	30 Jun 20 €m	30 Jun 19 €m	31 Dec 19 €m
Assets									
Segment assets	355.0	391.5	391.1	87.9	89.4	89.8	442.9	480.9	480.9
Cash and cash equivalents	105.0	85.7	79.8	27.5	30.0	31.1	132.5	115.7	110.9
Consolidated total assets	**460.0**	**477.2**	**470.9**	**115.4**	**119.4**	**120.9**	**575.4**	**596.6**	**591.8**
Liabilities									
Segment liabilities	41.6	56.9	34.6	28.3	28.1	29.4	69.9	85.0	64.0
Borrowings	180.3	182.3	183.3	55.5	60.5	56.6	235.8	242.8	239.9
Consolidated total liabilities	**221.9**	**239.2**	**217.9**	**83.8**	**88.6**	**86.0**	**305.7**	**327.8**	**303.9**

iv) Seasonality

In prior periods Group revenue and profit before tax was weighted towards the second half of the year principally due to passenger revenue patterns in the Ferries division whereas operating costs are more evenly distributed over the year. The disruption to travel in HY 2020 from the imposition of travel restrictions by government authorities in response to the Covid-19 pandemic has affected these seasonality weightings.

5. Dividend

	HY2020 €m	HY 2019 €m	FY 2019 €m
Interim dividend	-	-	8.4
Final dividend	-	16.3	16.3
	-	**16.3**	**24.7**

No dividends were paid in the six months ended 30 June 2020. In June 2019 a final dividend of 8.56 cent per ICG Unit was paid for the year ended 31 December 2018.

In October 2019 an interim dividend of 4.42 cent per ICG Unit was paid for the year ended 31 December 2019. No interim dividend in respect of 2020 had been declared by the Directors at the date of approval of these Condensed Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

6. Non-trading items

In the prior period the Group sold the vessel Oscar Wilde by way of a bareboat hire purchase agreement for an agreed consideration of €28.9 million, payable in instalments over six years, generating an after tax gain on disposal of €14.9 million. The deferred consideration is treated as a lease receivable (note 10).The gain on disposal of the vessel was included in the profit for the relevant period and was disclosed as a non-trading item in the Condensed Consolidated Income Statement.

7. Earnings per share

Number of shares	HY 2020 '000	HY 2019 '000	FY 2019 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	187,076	190,237	189,797
Effect of dilutive potential ordinary shares: Share options	-	1,263	1,143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**187,076**	**191,500**	**190,940**

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the period and excludes treasury shares. The dilutive effect of share options capable of exercise during the period ended 30 June 2020 was 922,000 shares which have been excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share as they are antidilutive.

(Loss) / profit attributable to ordinary shareholders

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:

Earnings	HY 2020 €m	HY 2019 €m	FY 2019 €m
Earnings for the purpose of basic and diluted earnings per share – (Loss) / profit for the financial period attributable to equity holders of the parent	(11.6)	24.3	60.2
Effect of non-trading items after tax	-	(14.9)	(14.9)
Effect of net interest income on defined benefit pension schemes	(0.1)	-	-
Earnings for the purpose of adjusted earnings per share	**(11.7)**	**9.4**	**45.3**

	Cent	**Cent**	**Cent**
Basic earnings per share	(6.2)	12.8	31.7
Diluted earnings per share	(6.2)	12.7	31.5
Adjusted basic earnings per share	(6.2)	4.9	23.8
Adjusted diluted earnings per share	(6.2)	4.9	23.7

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8. Property, plant and equipment

	Assets under construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 31 December 2019	6.9	429.1	60.4	26.0	522.4
Additions	1.5	18.0	1.6	-	21.1
Disposals	(5.4)	(8.0)	(0.2)	-	(13.6)
Reclassification	2.6	3.9	-	-	6.5
Currency adjustment	-	(1.4)	(0.2)	-	(1.6)
At 30 June 2020	**5.6**	**441.6**	**61.6**	**26.0**	**534.8**
Accumulated depreciation					
At 31 December 2019	-	152.1	43.9	9.3	205.3
Charge for period	-	13.0	1.4	0.1	14.5
Disposals	-	(8.0)	(0.2)	-	(8.2)
Currency adjustment	-	(0.4)	(0.1)	-	(0.5)
At 30 June 2020	**-**	**156.7**	**45.0**	**9.4**	**211.1**
Carrying amount					
At 30 June 2020	**5.6**	**284.9**	**16.6**	**16.6**	**323.7**
At 31 December 2019	6.9	277.0	16.5	16.7	317.1
At 30 June 2019	**8.5**	**273.6**	**17.3**	**16.9**	**316.3**

During the period deposits totalling €6.5 million at 31 December 2019, included in prepayments, were transferred to property plant and equipment as the related assets were delivered to the Group. Certain of these assets were undergoing commissioning at 30 June 2020 and are classified as assets under construction.

Disposals of assets under construction in the period ended 30 June 2020 include a refund of a vessel deposit, part of which had been included in cost as at 31 December 2019 based on an estimate of work completed at that date. Disposal of vessels relate to drydock expenditure previously capitalised and fully expensed to the Income Statement.

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9. Right of Use Assets

	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost				
At 31 December 2019	10.9	8.2	29.5	48.6
Additions	-	1.3	-	1.3
Currency adjustment	-	-	(1.0)	(1.0)
At 30 June 2020	**10.9**	**9.5**	**28.5**	**48.9**
Accumulated depreciation				
At 31 December 2019	5.7	4.7	2.2	12.6
Charge for period	2.9	0.9	1.0	4.8
Currency adjustment	-	-	(0.2)	(0.2)
At 30 June 2020	**8.6**	**5.6**	**3.0**	**17.2**
Carrying amount				
At 30 June 2020	**2.3**	**3.9**	**25.5**	**31.7**
At 31 December 2019	5.2	3.5	27.3	36.0
At 30 June 2019	8.1	3.5	27.2	38.8

10. Lease receivable

	30 Jun 20 €m	30 Jun 19 €m	31 Dec 19 €m
Operating activities			
Current finance lease receivable	2.8	2.7	2.7
Non – current finance lease receivable	18.0	20.8	19.4
Total	**20.8**	**23.5**	**22.1**
Beginning of reporting period	22.1	-	-
Additions	-	24.5	24.5
Amounts received	(1.7)	(1.1)	(2.9)
Net benefit recognised in period	0.4	0.1	0.5
End of reporting period	**20.8**	**23.5**	**22.1**

The long term receivable relates to amounts due under a bareboat hire purchase sale agreement for the disposal of the vessel Oscar Wilde (note 6). The deferred consideration has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

None of the lease receivable at 30 June 2020 was past due and taking into account the payment experience up to the date of approval of these Condensed Financial Statements together with retention of legal title no provision for expected credit losses was considered to be required.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

11. Net cash and borrowing facilities

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

	Cash €m	Bank Loans €m	Loan Notes	Lease Liabilities €m	Origination fees €m	Total €m
At 1 January 2020						
Current assets	110.9	-	-	-	-	110.9
Creditors due within one year	-	-	-	(8.4)	-	(8.4)
Creditors due after one year	-	(155.0)	(50.0)	(27.6)	1.1	(231.5)
	110.9	**(155.0)**	**(50.0)**	**(36.0)**	**1.1**	**(129.0)**
Movements during the period						
Cash flow	21.6	-	-	4.6	-	26.2
Non cashflow changes						
Amortisation	-	-	-	-	(0.1)	(0.1)
Right of use assets recognised	-	-	-	(1.3)	-	(1.3)
Early termination	-	-	-	0.1	-	0.1
Currency adjustment	-	-	-	0.8	-	0.8
	21.6	**-**	**-**	**4.2**	**(0.1)**	**25.7**
At 30 June 2020						
Current assets	132.5	-	-	-	-	132.5
Creditors due within one year	-	(11.5)	-	(4.7)	0.2	(16.0)
Creditors due after one year	-	(143.5)	(50.0)	(27.1)	0.8	(219.8)
	132.5	**(155.0)**	**(50.0)**	**(31.8)**	**1.0**	**(103.3)**
At 30 June 2019						
Current assets	115.7	-	-	-	-	115.7
Creditors due within one year	-	-	-	(8.8)	0.1	(8.7)
Creditors due after one year	-	(155.0)	(50.0)	(29.9)	0.8	(234.1)
	115.7	**(155.0)**	**(50.0)**	**(38.7)**	**0.9**	**(127.1)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

11. Net cash and borrowing facilities – continued

ii) The maturity profile and available borrowing and cash facilities available to the Group at 30 June 2020 are set out in the following table.

				Maturity Profile			
	Facility €m	Undrawn €m	On-hand / drawn €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €m
Cash	-	-	132.5	132.5	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	230.0	75.0	155.0	11.5	15.5	46.5	81.5
Loan notes	50.0	-	50.0	-	-	50.0	-
Leases	31.8	-	31.8	4.7	2.7	7.8	16.6
Origination Fees	(1.0)	-	(1.0)	(0.2)	(0.2)	(0.4)	(0.2)
Committed lending facilities	**326.2**	**90.4**	**235.8**	**16.0**	**18.0**	**103.9**	**97.9**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	195.6						
Uncommitted lending facilities	**245.6**						

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

At 30 June 2020 and the date of approval of these Condensed Financial Statements the Group satisfies the conditions for drawing under the committed facilities.

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 leased assets.

12. Tax

Corporation tax for the interim period is estimated based on the best estimate of the weighted average annual corporation tax rate expected to apply to each taxable entity for the full financial year.

The Company and subsidiaries that are Irish Resident for tax purposes have elected to be taxed under the Irish tonnage tax scheme. Under the tonnage tax scheme, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

13. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including market risk (such as interest rate risk, foreign currency risk, commodity price risk), liquidity risk and credit risk. The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury and accounting departments. Treasury management practices which may include the use of derivative financial instruments are used to manage these underlying risks.

These interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2019 Annual Report. There have been no changes to the risk management procedures or policies since the 2019 year end.

i) Carrying value and fair value estimation of financial assets and liabilities

The table below sets out the carrying value and fair values of the Group's financial assets and liabilities at the reporting date.

	30 Jun 20		30 Jun 19		31 Dec 19	
	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m
Financial assets						
Lease receivable	20.8	20.8	23.5	23.5	22.1	22.1
Trade and other receivables	54.7	54.7	87.9	87.9	89.7	89.7
Cash and cash equivalents	132.5	132.5	115.7	115.7	110.9	110.9
Total financial assets	**208.0**	**208.0**	**227.1**	**227.1**	**222.7**	**222.7**
Financial liabilities						
Borrowings	204.0	211.9	204.1	212.5	203.9	214.5
Lease liabilities	31.8	31.8	38.7	38.7	36.0	36.0
Trade and other payables	63.7	63.7	79.1	79.1	57.4	57.4
Total financial liabilities	**299.5**	**307.4**	**321.9**	**330.3**	**297.3**	**307.9**

ii) Fair value hierarchy

The Group has adopted the following fair value measurement hierarchy for financial assets and liabilities:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group did not hold any financial assets or financial liabilities at the reporting dates required to be carried at fair value in the Condensed Statement of Consolidated Financial Position.

iii) Fair value of financial assets and financial liabilities measured at amortised cost

With the exception of the financial liabilities related to borrowings set out in the table at (i) above it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in these half year financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2020

13. Financial instruments and risk management – continued

iii) Fair value of financial assets and financial liabilities measured at amortised cost - continued

The fair value of borrowings are classified within Level 3 of the fair value hierarchy. Fair value has been estimated based on discounted cash flow analysis with the most significant input being the discount rate reflecting the Group's own credit risk. The discount rate is derived from observable market interest rates at the reporting date and observable credit spread market movements since inception of the borrowings. For lease liabilities the Group considers that the incremental borrowing rate used to calculate the carrying value includes a fair estimate of counterparty risk and the carrying value approximates fair value.

iv) Derivative financial instruments

At 30 June 2020, 31 December 2019, and 30 June 2019 the Group did not hold any material positions relating to derivative financial instruments.

14. Retirement benefit schemes

The assumptions used to value pension obligations were reviewed against the background of market conditions as at 30 June 2020 leading to a change in discount and inflation rate assumptions while demographic and other assumptions were retained at 31 December 2019 levels. Scheme assets have been valued as per investment managers' valuations at 30 June 2020. In consultation with the actuary to the principal Group defined benefit pension schemes, the discount rate used in relation to the pension scheme liabilities is 0.90% for Euro liabilities (31 December 2019: 1.00%) and 1.55% for Sterling liabilities (31 December 2019: 1.85%).

At 30 June 2020 the Group's total obligation in respect of defined benefit schemes totals €277.2 million (31 December 2019: €289.6 million). The schemes held assets of €283.1 million (31 December 2019: €298.4 million), giving a net pension surplus of €5.9 million (31 December 2019: €8.8 million net surplus).

The principal assumptions used for the purpose of the actuarial valuations at 30 June 2020 were derived using techniques consistent with those used for the assumptions used for the 31 December 2019. The assumptions, which were set after considering independent actuarial advice and which are reflective of market conditions that existed at 30 June 2020, were as follows:

	30 Jun 20		30 Jun 19		31 Dec 19	
	Sterling	Euro	Sterling	Euro	Sterling	Euro
Discount rate	1.55%	0.9%	2.20%	1.10%	1.85%	1.00%
Inflation rate	3.05%	1.10%	2.45%	1.10%	3.20%	1.30%
Rate of increase of pensions in payment	2.85%	0.20% - 0.30%	3.15%	0.20% - 0.30%	2.95%	0.40% - 0.50%
Rate of pensionable salary increases	0.85%	0.00% - 0.80%	1.00%	0.00% - 0.90%	0.90%	0.00% - 0.90%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14. Retirement benefit schemes – continued

The movements in the net surplus on the retirement benefit schemes were as follows:

Movement in retirement benefit schemes net surplus	HY 2020 €m	HY 2019 €m	FY 2019 €m
Opening surplus/ (deficit)	8.8	(1.7)	(1.7)
Current service cost	(0.7)	(0.7)	(1.5)
Curtailment gain	-	0.2	0.1
Employer contributions paid	1.3	1.4	2.7
Net interest income	0.1	-	-
Actuarial (loss) / gain	(3.5)	8.5	9.0
Currency adjustment	(0.1)	(0.1)	0.2
Net surplus	**5.9**	**7.6**	**8.8**
Schemes in surplus	9.5	11.0	12.5
Schemes in deficit	(3.6)	(3.4)	(3.7)
Net surplus	**5.9**	**7.6**	**8.8**

The movement in the net pension surplus since 31 December 2019 includes actuarial losses which are recognised in the Condensed Consolidated Statement of Comprehensive Income.

Actuarial (losses) / gains recognised in the Condensed Consolidated Statement of Comprehensive Income	HY 2020 €m	HY 2019 €m	FY 2019 €m
Return on scheme assets excluding amounts recognised as finance income	(11.7)	26.1	38.0
Remeasurement adjustments on scheme liabilities			
- Changes in demographic assumptions	6.7	-	0.1
- Changes in financial assumptions	1.4	(17.5)	(25.8)
- Experience adjustments	0.1	(0.1)	(3.3)
Actuarial (losses) / gains recognised in the Condensed Consolidated Statement of Comprehensive Income	**(3.5)**	**8.5**	**9.0**

The actuarial loss arising on scheme assets, which are mainly invested in across a number of equity and bond funds, is reflective of market movements. The gain relating to demographic assumptions principally relates to an update of pensioner data.

No provision has been made against scheme surpluses as the Group expect, having reviewed the rules of the relevant schemes, that the surplus will accrue to the Group in the future.

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15. Net cash inflow from operating activities

	HY 2020 €m	HY 2019 €m	FY 2019 €m
Operating activities			
(Loss) / profit for the financial period / year	(11.6)	24.3	60.2
Adjustments for:			
Finance costs (net)	1.7	1.6	3.4
Income tax expense	0.4	0.6	1.3
Retirement benefit scheme funding in excess of amounts expensed to Income Statement	(0.6)	(0.9)	(1.3)
Depreciation and amortisation expense	19.5	18.4	36.8
Share-based payment expense less cost of options settled	(0.5)	1.4	1.9
Gain on disposal of property, plant and equipment	-	(14.9)	(15.1)
Decrease in provisions	-	-	0.3
Operating cash flow before movements in working capital	**8.9**	**30.5**	**87.5**
Decrease in inventories	1.2	0.3	0.2
Increase in receivables	(0.6)	(12.0)	(4.7)
Increase in payables	6.3	29.3	6.5
Cash generated from operations	**15.8**	**48.1**	**89.5**
Income taxes paid	(0.3)	(0.7)	(1.2)
Interest paid	(1.7)	(1.6)	(3.5)
Net cash inflow from operating activities	**13.8**	**45.8**	**84.8**

At 30 June 2020 and 30 June 2019, the overall working capital movements amounted to €6.9 million and €17.6 million respectively, which relate to seasonal working capital inflows that are expected to unwind in the second half of the year.

Working capital movements in the period ended 30 June 2020 exclude the return to the Group of the €33.0 million deposit paid to the Group following termination of a shipbuilding contract, of which €28.9 million had been included in prepayments at 31 December 2019. This amount is included within cashflows from investing activities on the Condensed Consolidated Statement of Cash Flows.

A decrease in other prepayments totalling €6.5 million in the period ended 30 June 2020 have been reclassified to property, plant and equipment in the Condensed Consolidated Statement of Financial Position (note 8).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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16. Related party transactions

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

During the six months ended 30 June 2020 there were no material changes to, or material transactions between Irish Continental Group plc and its key management personnel or members of their close family, other than in respect of remuneration. There were no other material related party transactions in the period.

17. Contingent assets/ liabilities

There have been no material changes in contingent assets or liabilities as reported in the Group's financial statements for the year ended 31 December 2019.

18. Impairment

Under IFRS, goodwill and other indefinite-lived intangible assets are required to be tested at least annually for impairment. As the Group does not have these types of assets no impairment review is required.

In relation to assets other than those listed above, the Group assessed those assets to determine if there were any indications of impairment. No internal or external indications of impairment were identified and consequently no impairment review was performed. In assessing the existence of internal or external indications of impairment, the Group considered the impacts of Covid-19.

19. Composition of the entity

There have been no changes in the composition of the entity during the half year ended 30 June 2020.

20. Commitments

	HY 2020 €m	HY 2019 €m	FY 2019 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for	3.6	143.1	144.1

21. Events after the reporting period

There have been no other material events affecting the Group to report since 30 June 2020.

22. Board approval

This interim report was approved by the Board of Directors of Irish Continental Group plc on 26 August 2020.