Irish Continental Group

2020

November Trading Update

TRADING UPDATE

Volumes (Year to date, 21 November 2020)

Financial summary	2020	2019	Change
	Number	**Number**	**%**
Cars	122,700	369,700	-66.8%
RoRo Freight	293,500	281,200	+4.4%
Container Freight (teu*)	287,200	315,100	-8.9%
Terminal Lifts	258,600	293,000	-11.7%

*teu: twenty foot equivalent units

Irish Continental Group (ICG) issues this trading update which covers carryings for the year to date to 21 November 2020 and financial information for the first ten months of 2020, i.e. 1 January to 31 October with comparisons against the corresponding period in 2019. All figures are unaudited.

Consolidated Group revenue in the period was €229 million, a decrease of €79 million or 26% compared with last year.

The Ferries Division has faced challenging trading conditions in its Irish Ferries passenger business following the continuation of travel restrictions across the EU first introduced in mid-March as a consequence of the COVID-19 pandemic. In the year to 21 November car volumes are down 67% with total passenger volumes down 68% compared with 2019. This has had a material impact on passenger revenues, which were 71% lower in the year to 31 October 2020 compared to 2019.

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 continues to be an anomaly whereby people from Britain visiting Ireland by travelling through Belfast and Larne are not asked to restrict their movements. We continue to press the Irish Government on this issue.

Irish Ferries ro-ro freight carryings have been more robust with retention of full freight schedules providing critical logistical links to the island of Ireland. In the year to 21 November ro-ro freight carryings were up 4% compared with 2019.

In the Container and Terminal Division, the impact of Covid-19 has been more limited. Compared to the prior year, to 21 November container shipments are down 9% with container lifts at our terminals in Dublin and Belfast down 12%.

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 continue to take place. There remains uncertainty over the nature of the relationship post 2020. The Ferries 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. We continue to work with all relevant regulatory authorities to ensure that our systems are prepared for the end of the transition period. Our customers also need to be prepared for the administrative changes that will come about when trading with the UK from 1 January 2021, regardless of a deal between the EU and the UK.

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 specific Government support, to continue operating our lossmaking routes which provide a vital lifeline service to our Island. The PSO scheme ceased on 12 July 2020. We will closely monitor the Government's future response to assistance for Shipping and Aviation to promote against any potential funding mechanism that may lead to any market distortion.

The Group, where appropriate, has availed of Governments' staff retention support schemes across Europe.

The Group remains in a strong financial position with cash and undrawn committed credit facilities at 31 October of €232.4 million and net debt of €96.7 million (pre-IFRS 16: €63.2 million).

Dublin

25 November 2020

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