



IRISH CONTINENTAL GROUP

2021

Preliminary Statement of Results
for the year ended 31 December 2021

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Irish Continental Group (ICG) the leading Irish-based maritime transport group, reports its financial performance for the year ended 31 December 2021.

Highlights**Financial Summary**

	2021	2020	Change
Revenue	€334.5m	€277.1m	+20.7%
EBITDA (pre non-trading items)	€52.3m	€42.1m	+24.2%
EBIT (pre non-trading items)	€(0.2)m	€0.8m	
EBIT (including non-trading items)	€(0.2)m	€(10.4)m	+98.1%
Basic earnings per share	(2.6)c	(10.2)c	+74.5%
Adjusted basic earnings per share	(2.7)c	(4.3)c	+37.2%
Net debt	€(142.2)m	€(88.5)m	(60.7%)
Net debt (pre IFRS 16)	€(84.6)m	€(50.0)m	(69.2%)

Volume movements

	2021 '000	2020 '000	Change
RoRo units	290.0	335.5	(13.6%)
Cars	203.6	137.1	+48.5%
Containers shipped (teu)	346.6	316.3	+9.6%
Port lifts	335.5	292.4	+14.7%

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 is provided at note 10 on page 25 of the Condensed Financial Statements.

- Revenue increased by €57.4 million (20.7%) to €334.5 million.
- EBITDA increase of €10.2 million principally due to increased revenues and a continued focus on cost optimisation.
- During the year, the Group commenced Irish Ferries' services on the new Dover – Calais route. The services commenced on the 29 June 2021 with the deployment of the Isle of Inishmore. The route was further boosted with the introduction of the Isle of Innisfree onto the route on the 16 December 2021. The Group purchased a third ship for the route to be named the Isle of Inisheer. This ship is expected to enter service onto the route in the first half of 2022. The introduction of a third ship onto the route for Irish Ferries will strengthen our position on the route and ensure we are a viable alternative to the incumbent operators.
- In 2020, the Group was successful in the public tender to operate a container depot at the new Dublin Inland Port. This is an important contract for the Group as we look to expand our container operations in Dublin in the knowledge of the scarcity of space to expand in the core Dublin Port area. It is testament to the quality of our container operations in the Port area that we have been selected as the first tenant in the new Inland Port facility. Operations in this terminal commenced in January 2022.
- Dublin Ferryport Terminals placed an order for five new electric rubber-tyred gantry cranes which will be delivered and commissioned in the second half of 2022. This is in addition to four similar units previously commissioned. The deployment of these electric cranes will allow us to meet our target of reducing emissions in our container terminals by 70 per cent by 2025 (versus 2020) and reaching our target of net zero emissions in our container terminals by 2030. Furthermore, the delivery of these cranes and the relocation of our empty depot facility to the Dublin Ferryport Inland Depot will increase the capacity of Dublin Ferryport Terminals to meet our customers' requirements.
- Year end net debt after strategic capital expenditure of €41.7 million was €142.2 million, 2.6 times EBITDA under banking covenant definitions.
- The Group is in a strong financial position with available liquidity comprising cash and committed bank facilities of €118.9 million at 31 December 2021.

Commenting on the results, Chairman John B McGuckian said;

"2021 was another challenging year for the Group, with a continuation of travel restrictions due to the Covid-19 pandemic. However, it was also a year of significant progress for the Group in particular with the commencement of Irish Ferries' services on the strategic Britain – Continental Europe short sea route between Dover and Calais. It has been a long-term objective of the Group to expand into this route and its commencement in 2021 is all the more impressive given the current difficulties in our market caused by the pandemic related travel restrictions. I would like to take this opportunity to thank all our colleagues who made retention of all critical services possible through the Covid-19 pandemic that is now hopefully behind us. As in the prior year, particular thanks go to our colleagues on our front line in the ports, on our ships and in our terminals. Again, this year and throughout this pandemic, their dedication to their roles kept our ships sailing, our terminals operating and crucially the supply lines of our Island open."

10 March 2022**Enquiries:**

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Results

Financial Highlights

	2021	2020	Change
Revenue	€334.5m	€277.1m	+20.7%
EBITDA (pre non-trading items)	€52.3m	€42.1m	+24.2%
EBIT* (including non-trading items)	€(0.2)m	€(10.4)m	+98.1%

*Non-trading items €nil million 31 December 2021 (31 December 2020: €(11.2) million)

The overall financial outcome for the Group was a loss before tax of €4.1 million (2020: loss of €18.0 million) while operating loss before non-trading items was €0.2 million (2020: €0.8 million profit). EBITDA (pre non-trading items) generated was €52.3 million (2020: €42.1 million) from total revenues of €334.5 million (2020: €277.1 million).

EBITDA remained broadly in line with the prior year in our Ferries Division where EBITDA before non-trading items was €23.2 million (2020: €22.3 million). The division saw increased revenues from the easing of travel restrictions and commencement of the Dover – Calais service which was offset by an increase in costs, driven primarily by higher fuel prices and increased activity.

Performance in our Container and Terminal Division improved with an EBITDA of €29.1 million (2020: €19.8 million) through a continued focus on cost optimisation and increases in revenue driven by higher volumes.

As in the prior year, when the Group also faced challenging trading conditions, our diversified revenue streams and cost containment measures protected our strong balance sheet. While Net Debt increased from €88.5 million to €142.2 million, this was primarily due to strategic capital expenditure of €41.7 million and share buybacks of €19.8 million. It is testament to the strength of the business and the balance sheet that, despite the trading difficulties, we had the ability to continue investing in the future growth of our business.

Operational Review

Irish Continental Group operates through two divisions; the Ferries Division and the Container and Terminal Division. The Ferries Division operates 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

	2021	2020	Change
Revenue*	€175.5m	€141.4m	+24.1%
EBITDA (pre non-trading items)	€23.2m	€22.3m	+4.0%
EBIT** (including non-trading items)	€(17.4)m	€(23.5)m	+26.0%

*Includes inter-segment revenue of €13.8 million (2020: €9.6 million)

**Non-trading items €nil million 31 December 2021 (2020: €(11.2) million)

Operational Highlights

	2021	2020	Change
Volumes	'000	'000	
Cars	203.6	137.1	+48.5%
Passengers	667.8	519.0	+28.7%
RoRo freight units	290.0	335.5	(13.6%)

Operational Highlights

	2021	2020	Change
Volumes – Legacy Routes	'000	'000	
Cars	161.6	137.1	+17.9%
RoRo freight units*	259.2	335.5	(22.7%)

*The average yield in our RoRo business has increased materially during the year, with increased volume on the direct route to Europe. Despite the 22.7% reduction in volumes, RoRo revenue has fallen by 3% year on year.

Revenue in the division was 24.1% higher than the previous year at €175.5 million (2020: €141.4 million). Revenue in the first half of the year increased by 2.1% to €62.9 million (2020: €61.6 million), while in the second half revenue increased by 41.1%, to €112.6 million (2020: €79.8 million). EBITDA increased to €23.2 million (2020: €22.3 million) while EBIT was €(17.4) million compared with €(12.3) million in 2020.

Fuel costs were €43.0 million, an increase of €10.2 million on the prior year. The division achieved a return on capital employed of (5.9%) (2020: (4.2%)).

Operational Review – continued

Ferries Division – continued

In total, Irish Ferries operated 6,331 sailings in 2021 (2020: 4,501), the increase due to the reintroduction of the fastcraft Dublin Swift and sailings on the new Irish Ferries' Dover – Calais service.

Car and Passenger markets

It is estimated that the overall car market, to and from the Republic of Ireland, grew by approximately 25.8% in 2021 to 357,200 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have increased by 54.0%. Irish Ferries' car carryings during the year were up on the previous year by 48.5% to 203,600 cars (2020: 137,100 cars). The increase in carryings is primarily due to the gradual easing of Covid-19 travel restrictions in place for most of the year.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland increased by 11.0% on 2020 to a total of 1.2 million passengers, while the all-island market increased by 39.5%. Irish Ferries' passenger numbers carried increased by 28.7% at 667,800 (2020: 519,000). In the first half of the year, Irish Ferries' passenger volumes fell by 43.2% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 87.7%.

RoRo Freight

The RoRo freight market between the Republic of Ireland, and the UK and France, fell in 2021. The total number of trucks and trailers was down 10.1%, to approximately 926,200 units. This was primarily due to the non-implementation of the Northern Ireland Protocol, which resulted in reduced checks on goods arriving into Northern Ireland from Britain. On an all-island basis, the market decreased by approximately 0.9% to 1.83 million units, clearly showing the distortion in the level playing field between goods arriving into Northern Ireland versus the Republic.

Irish Ferries' carryings (including Dover – Calais), at 290,000 freight units (2020: 335,500 freight units), decreased by 13.6% in the year with volumes down 15.2% in the first half and down 12.3% in the second half.

Chartering

The Group continued to charter a number of ships to third parties during 2021. Overall external charter revenues were €8.1 million in 2021 (2020: €5.9 million). Of our seven owned LoLo container vessels, four are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst three are chartered to third parties. The Oscar Wilde continues on a bareboat hire purchase agreement with MSC Mediterranean Shipping Company SA.

Container and Terminal Division

Financial summary

	2021	2020	Change
Revenue*	€174.0m	€146.5m	+18.8%
EBITDA (pre non-trading items)	€29.1m	€19.8m	+47.0%
EBIT (including non-trading items)	€17.2m	€13.1m	+31.3%

*Includes inter-segment revenue of €1.2 million (2020: €1.2 million)

Operational Highlights

	2021	2020	Change
Volumes	'000	'000	
Containers shipped (teu)	346.6	316.3	+9.6%
Port lifts	335.5	292.4	+14.7%

Revenue in the division increased to €174.0 million (2020: €146.5 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 72% (2020: 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 by 47.0% to €29.1 million (2020: €19.8 million) while EBIT grew 31.3% to €17.2 million (2020: €13.1 million).

In Eucon, overall container volumes shipped were up 9.6% compared with the previous year at 346,600 teu (2020: 316,300 teu). There was a strong recovery on volumes for all trade lanes in 2021 as supply chains adjusted to the new Covid-19 operating environment. To facilitate this increased demand, we chartered a sixth vessel into the fleet in January 2021. The revenue gains were offset by strong increases in the cost base, particularly ship charter costs and fuel costs which we recovered from our customers by increasing rates and the continued application of the flexible bunker and fuel surcharges.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 14.7% at 335,500 lifts (2020: 292,400 lifts). DFT's volumes were up 15%, while BCT's lifts were up 14%. We have seen a strong increase in volumes across the entire customer base and the resultant increased revenues were partially offset by increased energy and labour costs.

Group Finance Review

Cash Flow

A summary cash flow is presented below:

	2021 €m	2020 €m
Operating loss (EBIT)*	(0.2)	(10.4)
Non-trading items	-	11.2
Depreciation	52.5	41.3
EBITDA* (pre non-trading items)	52.3	42.1
Working capital movements	11.7	10.6
Pension payments in excess of service costs	0.6	(1.1)
Other movements	1.4	(0.4)
Cash generated from operations	66.0	51.2
Interest paid	(8.4)	(3.7)
Tax paid	(0.8)	(1.4)
Capital expenditure excluding strategic capital expenditure	(13.5)	(10.8)
Free cash flow before strategic capital expenditure*	43.3	35.3
Strategic capital expenditure	(41.7)	(19.3)
Return of ship contract deposit	-	33.0
Free cash flow after strategic capital expenditure	1.6	49.0
Proceeds on disposal of property, plant and equipment	2.8	4.9
Share issue	0.7	0.2
Share buyback	(19.8)	(1.7)
Net cash flows	(14.7)	52.4

*Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 25.

EBITDA for the year was €52.3 million (2020: €42.1 million). There was a net inflow of €11.7 million due to positive working capital movements, refunds of previous payments in excess of service costs to the Group's pension funds of €0.6 million and other net cash inflows amounting to €1.4 million, yielding cash generated from operations amounting to €66.0 million (2020: €51.2 million).

Interest paid was €8.4 million (2020: €3.7 million) while taxation paid was €0.8 million (2020: €1.4 million).

Capital expenditure outflows amounted to €55.2 million (2020: €30.1 million) which included €41.7 million of strategic capital expenditure. Strategic capital expenditure included the purchase of a seventh container vessel (the CT Daniel) for €12.8 million, the purchase of the Isle of Innisfree, a deposit payment for the Isle of Inisheer and rubber-tired gantry cranes for Dublin Ferryport Terminal.

As in the prior year, no dividends were paid during the year. There was €19.8 million (2020: €1.7 million) expended in buying back the Group's equity.

The above cash flows resulted in a year-end net debt of €142.2 million (2020: €88.5 million), which comprised gross borrowings of €123.1 million (2020: €200.4 million), lease obligations of €57.6 million (2020: €38.5 million) offset by cash balances of €38.5 million (2020: €150.4 million). The key net debt / EBITDA (pre non-trading items) ratio was 2.6 times (2020: 2.1 times) under banking covenant definitions.

Balance Sheet

A summary balance sheet is presented below:

	2021	2020
	€m	€m
Property, plant & equipment and intangible assets	330.1	314.7
Right-of-use assets	57.2	38.3
Long term receivable	13.6	16.6
Retirement benefit surplus	6.7	1.0
Other assets	65.8	57.9
Cash and bank balances	38.5	150.4
Total assets	511.9	578.9
Non-current borrowings	153.3	140.9
Retirement benefit obligations	1.4	2.2
Other non-current liabilities	1.5	0.7
Current borrowings	27.4	98.0
Other current liabilities	78.6	71.2
Total liabilities	262.2	313.0
Total equity	249.7	265.9
Total equity and liabilities	511.9	578.9

The total net surplus of all defined benefit pension schemes at 31 December 2021 was €5.3 million in comparison to a €1.2 million deficit at 31 December 2020. The movement principally reflects a net actuarial gain of €7.1 million. Movement in property, plant and equipment mainly relates to the acquisition of new vessels, partially offset by depreciation. The increase in other assets relates primarily to increased asset prepayments which includes a deposit for a further vessel and new rubber-tyred gantry cranes. The movement in current borrowings principally relates to the repayment during 2021 of €87.5 million worth of loans, of which €72.0 million was repaid early following the cancellation of the shipbuilding contract with FSG.

Shareholders' equity decreased to €249.7 million from €265.9 million at 31 December 2021. The movement includes the loss for the financial period of €4.9 million, actuarial gains arising on retirement benefit schemes of €7.1 million and buyback of equity of €19.8 million.

Financing

The borrowing facilities available to the Group at 31 December 2021 were as follows;

Borrowing Facilities

	Facility	Committed	Committed facilities drawn	Committed facilities undrawn
	€m	€m	€m	€m
Private placement loan notes	242.8	50.0	50.0	-
Bank term loans	63.8	63.8	63.8	-
Revolving credit	125.0	75.0	10.0	65.0
Overdraft and other	16.0	16.0	0.6	15.4
	447.6	204.8	124.4	80.4

Financing – continued

At 31 December 2021, the Group had total lending facilities of €447.6 million available of which €204.8 million were committed facilities. Of these, €124.4 million have been utilised, of which €7.3 million are classified as repayable within one year. The interest rates on all Group borrowings at 31 December 2021, 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 borrowings at 31 December 2021 was 1.60% (2020: 1.60%) for remaining terms of between four and ten years. In addition to borrowings, the Group has recognised lease liabilities at 31 December 2021 relating to right-of-use assets amounting to €57.6 million.

These facilities, together with undrawn committed facilities of €80.4 million and cash generated from operations, will be used to support the long-term strategic development of the Group.

Fuel

	2021	2020	Change
Fuel costs	€55.1m	€32.8m	+68.0%

Group fuel costs in 2021 amounted to €55.1 million (2020: €32.8 million). Bunker consumption was 129,400 tonnes in 2021 (2020: 107,300 tonnes). The increase in consumption was primarily due to increased activity levels in the Container and Terminal Division and the Ferries Division's new service on the English Channel. The average cost per tonne of heavy fuel oil (HFO) fuel in 2021 was 40% higher than in 2020 while marine gas oil (MGO) was 34% higher than in 2020.

In the Container and Terminal Division, bunker costs above a base level are offset to a large extent by the application of prearranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries Division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow.

Dividend and Share Buyback

On 1 July 2020, the Group announced that due to the effect of Covid-19, the Directors considered it prudent not to proceed with the 2019 final dividend previously announced. With the continuation of travel restrictions throughout 2020 and the consequential effects on the Group's financial results, no interim dividend was declared or paid relating to 2020. As travel restrictions continued throughout most of 2021, the Board did not declare or pay any interim dividend relating to 2021.

Following the easing of travel restrictions in 2022, and the consequent improvement in passenger revenues together with the continuation of strong performance in all other revenue streams, the Board has considered it appropriate to recommence the payment of dividends. The Board is proposing the payment of a dividend of 9.00 cent per ordinary share on 7 July 2022 to shareholders on the register at the close of business on 10 June 2022. Irish dividend withholding tax will be deducted where appropriate.

In November 2021, the Group bought back 4.6 million shares which were cancelled. The total consideration paid for these shares was €19.8 million (2020: €1.7 million).

Exit of United Kingdom from the European Union

On 31 December 2020, the UK and EU ended the post Brexit transition period. While trade flows have decreased between Ireland and Britain, our customers have gained more experience with custom formalities and many are returning to the more efficient and reliable short sea services. The change in trade flows and volumes throughout the year has been managed by having a flexible fleet that has allowed us to adjust capacity on our direct continental RoRo and container shipping services. While over the course of the entire year (excluding our new service on Dover – Calais) this has led to a reduction in RoRo volumes, the change in yield mix has maintained RoRo revenues at levels only slightly behind the prior year.

Still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain, which are required under the Northern Ireland Protocol. To the extent that goods are destined for the Republic of Ireland, this is causing a distortion in the level playing field as goods that arrive directly into the Republic of Ireland ports from Britain are being checked on arrival.

Group Finance Review – continued

Strategic Developments

The Group has continued to progress a number of key strategic developments during the year. In keeping with our progress over the last number of years, we have placed a significant focus on enhancing our approach to ESG and sustainability. We have rolled out a number of exciting initiatives across the Group, highlights of which include the significant progress we have made in reducing the emissions of our Terminal Operations. With the investment we have made and continue to make in more environmentally friendly terminal equipment, we are on course to reduce the emissions of our terminals by 70 per cent by 2025. The progress made to date and the expected future investment have allowed us to target net zero emissions in our terminal operations by 2030. This year also sees the publication of our environmental policy and the development of our climate risk framework. As a business, we recognise the growing importance of providing transparency over our efforts to create value in a sustainable manner, based on a set of topics which we have identified as material to our business and our stakeholders.

On 26 March 2021, ICG subsidiary Irish Ferries announced that it would commence a new ferry service on the Dover – Calais route. This new service launched on 29 June 2021, with the introduction of the Isle of Inishmore on the route. The service was further expanded by the introduction of the Isle of Innisfree onto the route on 16 December 2021. The service offered will be further expanded by the planned introduction of the Isle of Inisheer in the first half of 2022. This is an exciting development for the Group and in line with our long-term ambitions. The route is a strategic short sea route between Britain and Continental Europe. Following the introduction of the Isle of Inisheer, Irish Ferries will offer up to 30 sailings per day on the English Channel.

In the prior year, the Group took delivery of and commissioned two electrically powered remotely operated rubber-tyred gantries (RTGs) at its Dublin Ferryport Terminal following the previous successful commissioning of two similar units. This increases the total number of electric gantries in our Dublin Terminal to four continuing our transition to this more environmentally efficient mode of operation. Following the successful deployment of these environmentally friendly electric RTGs, DFT placed an order for an additional five of these cranes which will be delivered and commissioned in the second half of 2022. The deployment of these electric cranes will allow us to meet our target of reducing emissions in our terminals by 70 per cent in 2025 (versus 2020) and reaching our target of net zero emission in our terminals by 2030. Furthermore, the delivery of these cranes and the relocation of our empty depot facility to the Dublin Ferryport Inland Depot will increase the capacity of Dublin Ferryport Terminals to meet the need of the market.

Belfast Container Terminal operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC) at a 27 acre site in Belfast Harbour. The £40 million re-investment project by BHC commenced in 2019 and continued into 2021. The project includes extensive civil works and the delivery of two new gantry cranes along with eight new electrically operated RTGs. As per the investment in DFT, this investment is essential to reducing emissions in our terminal operations. The project is now nearing completion and the deployment of the final three RTGs is expected to be completed by the end of 2022.

During 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 became operational in January 2022 and 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 is located adjacent to Dublin Airport with direct access to the M50 Motorway (Dublin Ring Road) and Dublin Port via the Port Tunnel.

Strategy and the Environment

The Group is conscious that its activities have an environmental impact but is happy to note that reducing that impact aligns with our overall strategy. In the prior year, the Group proceeded with the significant investments in installing exhaust gas cleaning systems (EGCS) and the ongoing program of electrification of heavy plant at our container terminals. Both of these investments, while reducing harmful emissions, also bring health and safety benefits to our operatives and align with the strategic objective of delivering sustained and profitable growth. This investment continued in 2021, including the order of five additional electric cranes in our Dublin Ferryport Terminal. In addition to the continued investment, the Group has this year enhanced our target setting across the organisation, developed a climate risk framework and published for the first time our environmental policy.

The Group gathers significant data in relation to its operations which can be harnessed to further drive awareness of the impact of individual actions. The Group currently collects various data related to its environmental impact of its operations for external reporting purposes. In recognition of the powerful effect that data can have on creating awareness of individual actions, in the prior year, the Group commenced a program to collate and harness this data as a tool to promote environmental responsibility within the workforce. While we recognise that we still have a way to go, we consider the steps taken over the last number of years as creating the foundation from which we can further develop our approach to sustainability, ESG and strong reporting in the years ahead.

Group Finance Review – continued

Strategy and the Environment - continued

However, for certain aspects the Group will require the shipping sector as a whole to work together. This particularly relates to global regulation under the auspices of the International Maritime Organisation setting common standards and key equipment suppliers adopting the latest technologies. As a small operator in a global market, the Group will only apply proven technologies which generate an economic return. The International Maritime Organisation and the European Union have recently set out decarbonisation goals for the maritime industry. These are set out in our Sustainability and ESG Report.

The Group is committed to continuous improvement in both the big and small things that we do to help our environment and appreciate the support of our stakeholders in this regard.

Current Trading and Outlook

2022 Trading to date

	1/1/22 – 5/3/22	1/1/21 – 5/3/21	Change
Volumes	'000	'000	
Cars	35.9	7.3	+391.8%
RoRo freight units	94.0	38.4	+144.8%
Containers shipped (teu)	57.1	63.9	(10.6%)
Port lifts	55.8	56.2	(0.7%)

2022 Trading to date

	1/1/22 – 5/3/22	1/1/21 – 5/3/21	Change
Volumes – Legacy Routes	'000	'000	
Cars	19.2	7.3	+163.0%
RoRo freight units	48.9	38.4	+27.3%

Since our last update to the market, in the Trading Update of 24 November 2021, trading to the end of 2021 in our freight business was strong with a continuation of the trends that have seen freight customers returning to the short sea routes. It was a disappointing end to 2021 for our passenger business with the reintroduction of Covid-19 travel restrictions following the emergence of the Omicron variant.

In the period from 1 January 2022 to 5 March 2022, trading has been strong in the Ferries Division with a continuation of the positive trends in our freight business and a lifting of most Covid-19 travel restrictions. Irish Ferries carried 35,900 cars in the period, an increase of 392% over the same period in the prior year. Excluding the new Dover – Calais service, on a like-for-like basis car carryings grew by 163%. While these increases are encouraging, it is over a seasonally less significant time of the year for passenger travel. While the early months are typically a quiet period for passenger travel, the increase in volumes seen in 2022 to date over the prior year are an encouraging indicator for post Covid travel trends.

RoRo volumes in our Ferries Division have also started strongly in 2022. Overall, Irish Ferries RoRo volumes are up 145% on the same period in the prior year. Excluding the new Dover – Calais service, RoRo volumes on the legacy routes are up 27% on the prior year. This is a continuation of the trend of a return of freight volumes to the short sea routes. While the beginning of 2022 has also been encouraging in our RoRo business, still of concern to the Group is the lack of implementation of appropriate checks on goods arriving into Northern Ireland from Britain that are destined for the Republic of Ireland, unlike the required checks on goods arriving directly into the Republic from Britain.

The Container and Terminal Division has had a weather disrupted start to 2022 which has materially reduced the number of sailings in the container business. The number of sailings reduced by 17% versus the same period in the prior year and this resulted in a 10.6% reduction in containers shipped. Port lifts in our container terminals decreased overall by 1%.

Our new service on Dover – Calais continues to perform in line with our expectations and we are encouraged by the very positive reception received on the route from customers.

As in the prior year, there is still some uncertainty over the possible emergence of further waves of Covid infections and any effect they may have on travel patterns. Also of concern is the conflict in eastern Europe and the extent to which fuel prices will remain at current historically high levels. While we will pass these increased costs through to customers, the underlying effect of the conflict on economic growth is uncertain. Nevertheless, with our significant investment in a flexible modern fleet and in our container terminal footprint combined with our strong balance sheet, this places us in a very good position to benefit from any continued growth in all our markets.

Condensed Consolidated Income Statement for the year ended 31 December 2021

	Notes	2021 €m	2020 €m
Revenue	2	334.5	277.1
Depreciation, impairment and amortisation		(52.5)	(41.3)
Employee benefits expense		(20.8)	(18.0)
Other operating expenses	2	(261.4)	(217.0)
Operating (loss) / profit before non-trading items		(0.2)	0.8
Non-trading items	5	-	(11.2)
Operating loss		(0.2)	(10.4)
Finance income		0.1	0.2
Finance costs		(4.0)	(7.8)
Loss before taxation		(4.1)	(18.0)
Income tax expense	3	(0.8)	(1.0)
Loss for the financial year: all attributable to equity holders of the parent		(4.9)	(19.0)
Earnings per ordinary share			
– expressed in euro cent per share			
Basic	4	(2.6)	(10.2)
Diluted	4	(2.6)	(10.2)

Condensed Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 €m	2020 €m
Loss for the financial year		(4.9)	(19.0)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1.3	(1.2)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on defined benefit pension schemes	8	7.1	(0.8)
Deferred tax on defined benefit pension schemes		(0.9)	0.3
Other comprehensive income for the financial year		7.5	(1.7)
Total comprehensive income for the financial year: all attributable to equity holders of the parent		2.6	(20.7)

Condensed Consolidated Statement of Financial Position as at 31 December 2021

	Notes	2021 €m	2020 €m
Assets			
Non-current assets			
Property, plant and equipment		328.2	313.5
Intangible assets		1.9	1.2
Right-of-use assets		57.2	38.3
Retirement benefit surplus	8	6.7	1.0
Long term receivable		13.6	16.6
Deferred tax asset		0.1	0.3
		407.7	370.9
Current assets			
Inventories		3.8	1.9
Trade and other receivables		61.9	55.7
Cash and bank balances	6	38.5	150.4
		104.2	208.0
Total assets		511.9	578.9
Equity and liabilities			
Equity			
Share capital		11.9	12.2
Share premium		20.4	19.7
Other reserves		(8.1)	(9.3)
Retained earnings		225.5	243.3
Equity attributable to equity holders		249.7	265.9
Non-current liabilities			
Borrowings	6	115.8	113.1
Lease liabilities	6	37.5	27.8
Deferred tax liabilities		1.3	0.5
Provisions		0.2	0.2
Retirement benefit obligations	8	1.4	2.2
		156.2	143.8
Current liabilities			
Borrowings	6	7.3	87.3
Lease liabilities	6	20.1	10.7
Trade and other payables		75.5	69.2
Provisions		3.1	2.0
		106.0	169.2
Total liabilities		262.2	313.0
Total equity and liabilities		511.9	578.9

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2021	12.2	19.7	(9.3)	243.3	265.9
Loss for the financial year	-	-	-	(4.9)	(4.9)
Other comprehensive income	-	-	1.3	6.2	7.5
Total comprehensive income for the financial year	-	-	1.3	1.3	2.6
Employee share-based payments expense	-	-	1.3	-	1.3
Share issue	-	0.7	-	-	0.7
Share buyback	(0.3)	-	0.3	(19.8)	(19.8)
Settlement of employee equity plans through market purchase	-	-	-	(1.0)	(1.0)
Transferred to retained earnings on exercise of share options	-	-	(1.7)	1.7	-
	(0.3)	0.7	1.2	(17.8)	(16.2)
Balance at 31 December 2021	11.9	20.4	(8.1)	225.5	249.7
Analysed as follows:					
Share capital					11.9
Share premium					20.4
Other reserves					(8.1)
Retained earnings					225.5
					249.7

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2021	7.5	5.1	(21.9)	(9.3)
Employee share-based payments expense	-	1.3	-	1.3
Other comprehensive income	-	-	1.3	1.3
Share buyback	0.3	-	-	0.3
Transferred to retained earnings on exercise of share options	-	(1.7)	-	(1.7)
	0.3	(0.4)	1.3	1.2
Balance at 31 December 2021	7.8	4.7	(20.6)	(8.1)

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	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 year	-	-	-	(19.0)	(19.0)
Other comprehensive income	-	-	(1.2)	(0.5)	(1.7)
Total comprehensive income for the financial year	-	-	(1.2)	(19.5)	(20.7)
Employee share-based payments expense	-	-	1.9	-	1.9
Share issue	-	0.2	-	-	0.2
Share buyback	-	-	-	(1.7)	(1.7)
Settlement of employee equity plans through market purchase	-	-	-	(1.7)	(1.7)
Transferred to retained earnings on exercise of share options	-	-	(2.7)	2.7	-
	-	0.2	(2.0)	(20.2)	(22.0)
Balance at 31 December 2020	12.2	19.7	(9.3)	243.3	265.9

Analysed as follows:

Share capital	12.2
Share premium	19.7
Other reserves	(9.3)
Retained earnings	243.3
	265.9

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)
Employee share-based payments expense	-	1.9	-	1.9
Other comprehensive income	-	-	(1.2)	(1.2)
Share buyback	-	-	-	-
Transferred to retained earnings on exercise of share options	-	(2.7)	-	(2.7)
	-	(0.8)	(1.2)	(2.0)
Balance at 31 December 2020	7.5	5.1	(21.9)	(9.3)

Condensed Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Notes	2021 €m	2020 €m
Loss for the financial year		(4.9)	(19.0)
Adjustments for:			
Finance costs (net)		3.9	7.6
Income tax expense		0.8	1.0
Retirement benefit scheme movements	7	0.6	9.3
Depreciation of property, plant and equipment		31.9	29.3
Depreciation of right-of-use assets		20.3	9.5
Impairment charges		-	2.3
Amortisation of intangible assets		0.3	0.2
Share-based payment expense less market purchase cost		0.3	0.2
Increase in provisions		1.1	0.2
Working capital movements	7	11.7	10.6
Cash generated from operations		66.0	51.2
Income taxes paid		(0.8)	(1.4)
Interest paid		(8.4)	(3.7)
Net cash inflow from operating activities		56.8	46.1
Cash flow from investing activities			
Net proceeds on disposal of property, plant and equipment		2.8	4.9
Lease inception costs		(0.3)	-
Return of vessel contract deposit		-	33.0
Purchases of property, plant and equipment and intangible assets	7	(55.2)	(30.1)
Net cash (outflow) / inflow from investing activities		(52.7)	7.8
Cash flow from financing activities			
Share buyback		(19.8)	(1.7)
Repayment of lease liabilities	7	(19.8)	(9.2)
Repayment of bank loans		(87.5)	(3.7)
Drawdown of bank loans		10.0	-
Proceeds on issue of ordinary share capital		0.7	0.2
Net cash outflow from financing activities		(116.4)	(14.4)
Net (decrease) / increase in cash and cash equivalents		(112.3)	39.5
Cash and cash equivalents at the beginning of the year		150.4	110.9
Effect of foreign exchange rate changes		0.4	-
Cash and cash equivalents at the end of the year	6	38.5	150.4

Notes to the Condensed Financial Statements for the year ended 31 December 2021

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 2020 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The 2021 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 2021 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 2020 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. New and revised accounting standards and interpretations have been issued which are set out below.

Standards effective for the Group from 1 January 2021

Standard	Description	Effective Date for periods commencing
IFRS 16 (amendment)	Covid-19 related rent concessions	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments)	Interest Rate Benchmark Reform	1 January 2021

The above amended standards have been applied in the preparation of the financial statements for the year ended 31 December 2021 but did not have any material impact on the results or financial position of the Group.

Standards effective for the Group from 1 January 2022 or later

Standard	Description	Effective Date for periods commencing
IAS 1 (amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (amendments)	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 4 (amendments)	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
IAS 12 (amendment)	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 16 (amendments)	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Annual Improvements to IFRS Standards 2018–2020		1 January 2022
IFRS 3 (amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 37 (amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 8 (amendments)	Definition of Accounting Estimates	1 January 2023

The above standards and amendments standards have not been applied in the preparation of the financial statements for the year ended 31 December 2021. They are not expected to have a material impact on the results or financial position of the Group when applied in future periods.

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - 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 and 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:

	2021 €m	2020 €m
Ferries		
Passenger	59.0	33.7
Freight	94.6	92.2
Charter and other	21.9	15.5
	175.5	141.4
Container and Terminal		
Freight	174.0	146.5
Inter-segment revenue	(15.0)	(10.8)
Total	334.5	277.1

By geographic origin of booking:

	2021 €m	2020 €m
Ireland	135.6	116.2
United Kingdom	64.1	55.1
Netherlands	73.7	58.6
Belgium	36.7	31.7
France	4.5	1.3
Other	19.9	14.2
	334.5	277.1

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

ii) (Loss) / profit for the financial year

	Ferries		Container & Terminal		Group Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Operating (loss) / profit	(17.4)	(12.3)	17.2	13.1	(0.2)	0.8
Finance income	-	0.2	0.1	-	0.1	0.2
Finance costs	(2.0)	(6.4)	(2.0)	(1.4)	(4.0)	(7.8)
Non-trading items	-	(11.2)	-	-	-	(11.2)
(Loss) / profit before tax	(19.4)	(29.7)	15.3	11.7	(4.1)	(18.0)
Income tax expense	(0.1)	(0.3)	(0.7)	(0.7)	(0.8)	(1.0)
(Loss) / profit for the financial year	(19.5)	(30.0)	14.6	11.0	(4.9)	(19.0)

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

2. Segmental information – continued

iii) Other operating expenses

	Ferries		Container & Terminal		Group Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Fuel	43.1	23.8	12.0	9.0	55.1	32.8
Labour	28.7	22.9	9.7	8.4	38.4	31.3
Port costs	44.0	38.9	33.7	29.5	77.7	68.4
Haulage	-	-	50.0	43.9	50.0	43.9
Other	20.7	20.4	34.5	31.0	55.2	51.4
Inter-segment	(1.2)	(1.2)	(13.8)	(9.6)	(15.0)	(10.8)
Other operating expenses	135.3	104.8	126.1	112.2	261.4	217.0

iv) Statement of Financial Position

	Ferries		Container & Terminal		Group Total	
	2021 €m	2020 €m	2021 €m	2020 €m	2021 €m	2020 €m
Assets						
Segment assets	367.0	341.4	106.4	87.1	473.4	428.5
Cash and cash equivalents	29.9	117.2	8.6	33.2	38.5	150.4
Consolidated total assets	396.9	458.6	115.0	120.3	511.9	578.9
Liabilities						
Segment liabilities	49.8	48.2	31.7	25.9	81.5	74.1
Borrowings and lease liabilities	140.0	190.7	40.7	48.2	180.7	238.9
Consolidated total liabilities	189.8	238.9	72.4	74.1	262.2	313.0

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

3. Income tax expense

	2021	2020
	€m	€m
Current tax	0.7	1.2
Deferred tax	0.1	(0.2)
Income tax expense for the year	0.8	1.0

The Company and its Irish tax resident subsidiaries, where appropriate, 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 vessels 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 €0.7 million and a deferred tax charge of €0.1 million.

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

	2021	2020
	€m	€m
Loss before tax	(4.1)	(18.0)
Tax at the domestic income tax rate of 12.5% (2020: 12.5%)	-	-
Losses not eligible for surrender under loss provisions	2.4	1.9
Effect of tonnage relief	(2.2)	(1.6)
Difference in effective tax rates	0.8	(0.3)
Items for which no tax deduction is available	-	0.8
Other items	(0.2)	0.2
Income tax expense recognised in the Consolidated Income Statement	0.8	1.0

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

4. Earnings per share

	2021	2020
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	186,715	186,981
Effect of dilutive potential ordinary shares: Share options	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	186,715	186,981

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:

	2021	2020
Earnings	€m	€m
Earnings for the purpose of basic and diluted earnings per share – Loss for the financial period attributable to equity holders of the parent	(4.9)	(19.0)
Effect of non-trading items after tax	-	11.2
Effect of net interest income on defined benefit pension schemes	(0.1)	(0.2)
Earnings for the purpose of adjusted earnings per share	(5.0)	(8.0)
	Cent	Cent
Basic earnings per share	(2.6)	(10.2)
Diluted earnings per share	(2.6)	(10.2)
Adjusted basic earnings per share	(2.7)	(4.3)
Adjusted diluted earnings per share	(2.7)	(4.3)

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 2,790,000 (2020: 2,296,500) vested options at 31 December 2021, the dilutive effect is nil ordinary shares (2020: nil ordinary shares).

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

5. Non-trading items

	2021 €m	2020 €m
Non-trading expense	-	(11.2)

There were no non-trading items in the year ended 31 December 2021. On 9 December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer on payment of a premium of €160.6 million. This gave rise to a non-cash settlement loss of €9.3 million being the difference between the present value of the transferred liabilities discounted at the AA corporate bond rate used for IAS 19 valuation purposes at the transaction date and the premium paid.

The Trustee, in agreement with the Company, also augmented the pension benefits of certain members resulting in an augmentation cost of €1.1 million being the present value of the future benefit changes.

The Group's subsidiary Irish Ferries Limited, the sponsoring employer of the scheme, underwrites the schemes administration expenses and incurred expenses totalling €0.8 million relating to the above transaction.

6. Net cash and borrowing facilities

i) The components of the Group's net cash 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 €m	Lease Obligations €m	Origination Fees €m	Total €m
At 1 January 2021						
Current assets	150.4	-	-	-	-	150.4
Creditors due within one year	-	(87.3)	-	(10.7)	0.1	(97.9)
Creditors due after one year	-	(64.0)	(50.0)	(27.8)	0.8	(141.0)
	150.4	(151.3)	(50.0)	(38.5)	0.9	(88.5)
Changes from cash flows	(112.3)	77.5	-	19.8	-	(15.0)
Non-cash flow changes:						
Amortisation	-	-	-	-	(0.2)	(0.2)
Lease liabilities recognised	-	-	-	(38.5)	-	(38.5)
Lease remeasurement	-	-	-	0.3	-	0.3
Currency adjustment	0.4	-	-	(0.7)	-	(0.3)
	(111.9)	77.5	-	(19.1)	(0.2)	(53.7)
At 31 December 2021						
Current assets	38.5	-	-	-	-	38.5
Creditors due within one year	-	(7.5)	-	(20.1)	0.2	(27.4)
Creditors due after one year	-	(66.3)	(50.0)	(37.5)	0.5	(153.3)
	38.5	(73.8)	(50.0)	(57.6)	0.7	(142.2)

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - 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 2021 are set out in the following table:

	Facility €m	Undrawn €m	On-hand / drawn €m	Maturity Profile			
				Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €m
Cash	-	-	38.5	38.5	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	138.8	65.0	73.8	7.5	7.5	32.5	26.3
Loan notes	50.0	-	50.0	-	-	50.0	-
Origination fees	(0.7)	-	(0.7)	(0.2)	(0.2)	(0.2)	(0.1)
Leases	57.6	-	57.6	20.1	9.1	9.1	19.3
Committed lending facilities	261.1	80.4	180.7	27.4	16.4	91.4	45.5
Uncommitted lending facilities							
Bank loans	192.8						
Loan notes	50.0						
Uncommitted lending facilities	242.8						

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 2021 - continued

7. Cash flow components

	2021	2020
	€m	€m
Pension scheme movements		
Retirement benefit obligations – current service cost	1.7	1.7
Retirement benefit obligations – payments	(1.1)	(2.8)
Retirement benefit obligations – settlement loss	-	9.3
Retirement benefit obligations – augmentation cost	-	1.1
Total retirement benefit scheme movements	0.6	9.3
Repayments of lease liabilities		
Lease payments	(21.1)	(10.3)
Interest element of lease payments	1.3	1.1
Capital element of lease payments	(19.8)	(9.2)
Purchases of property, plant and equipment and intangible assets		
Purchases of property, plant and equipment	(45.6)	(34.6)
Purchases of intangible assets	(1.0)	(1.0)
(Increase) / decrease in capital asset prepayments	(8.6)	5.5
Total purchases of property, plant and equipment and intangible assets	(55.2)	(30.1)
Changes in working capital		
(Increase) / decrease in inventories	(1.9)	1.2
Decrease in receivables	2.5	1.6
Increase in payables	11.1	7.8
Total working capital movements	11.7	10.6

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

8. Retirement benefit schemes

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

	2021		2020	
	Sterling	Euro	Sterling	Euro
Discount rate	1.85%	1.20%	1.30%	0.70%
Inflation rate	3.60%	2.00%	3.15%	1.20%
Rate of increase of pensions in payment	2.20% - 3.40%	1.00%	3.05%	0.30% - 0.40%
Rate of pensionable salary increases	1.10%	0.00% - 1.20%	0.95%	0.00% - 0.90%

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

	2021		2020	
	Male	Female	Male	Female
Current retirees	27.1 years	29.3 years	27.2 years	29.1 years
Future retirees	28.9 years	31.3 years	28.9 years	31.3 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	
	2021	2020	2021	2020
Equities	13.5	10.9	68.9	62.9
Bonds	15.1	13.3	27.4	28.2
Property	-	-	1.0	4.8
Insurance contracts	-	-	10.9	12.3
Other	3.4	3.1	5.6	4.1
Market value of scheme assets	32.0	27.3	113.8	112.3
Present value of scheme liabilities	(28.3)	(28.0)	(112.2)	(112.8)
Surplus / (deficit) in schemes	3.7	(0.7)	1.6	(0.5)

The movement during the year is reconciled as follows:

	2021	2020
	€m	€m
Movement in retirement benefit schemes		
Opening (deficit) / surplus	(1.2)	8.8
Current service cost	(1.7)	(1.7)
Settlement loss	-	(9.3)
Augmentation cost	-	(1.1)
Employer contributions paid	1.1	2.8
Net interest income	0.1	0.2
Actuarial gain / (loss)	7.1	(0.8)
Other	(0.1)	(0.1)
Net surplus / (deficit)	5.3	(1.2)
Schemes in surplus	6.7	1.0
Schemes in deficit	(1.4)	(2.2)
Net surplus / (deficit)	5.3	(1.2)

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

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 2021, the material transactions between Irish Continental Group plc and its key management personnel were the remuneration of employees and Directors and the provision of professional services at arm's length basis.

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 2021 will be annexed to the annual return for 2021. 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 2021 and the Directors approved the financial statements in respect of the financial year ended 31 December 2021 on 9 March 2022. A copy of the financial statements in respect of the year ended 31 December 2020 has been annexed to the annual return for 2021 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 Act 2014, and the Listing Rules of Euronext Dublin and the UK Listing Authority.

The financial statements have been prepared on the historical cost basis.

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2021 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, impairment 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 capital expenditure	Free cash flow comprises operating cash flow less capital expenditure before strategic capital expenditure 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.

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).

Notes to the Condensed Financial Statements for the year ended 31 December 2021 - continued

11. Events after the Reporting Date

The Board is proposing a final dividend of 9.00 cent per ordinary share amounting to €16.5 million out of the distributable reserves of the Company.

There have been no material events affecting the Group since 31 December 2021.

12. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc on 9 March 2022.

13. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Wednesday 11 May 2022, will be notified to shareholders in April 2022.