IRISH CONTINENTAL GROUP

2019

November Trading Update

TRADING UPDATE 27 NOVEMBER 2019

Volumes (Year to date, 23 November 2019)

Financial summary

	2019	2018	Change
	Number	**Number**	**%**
Cars	370,700	365,000	+1.6%
RoRo Freight	283,000	256,200	+10.5%
Container Freight (teu*)	316,000	298,900	+5.7%
Terminal Lifts	293,900	282,300	+4.1%

*teu: twenty foot equivalent units

Irish Continental Group (ICG) issues this trading update which covers carryings for the year to date to 23 November 2019 and financial information for the first ten months of 2019, i.e. 1 January to 31 October with comparisons against the corresponding period in 2018. All figures are unaudited.

Consolidated Group revenue in the period was €308.8 million, an increase of €23.5 million or 8.2% compared with last year. While increases were achieved across all of the Group's revenue streams, a significant proportion of the improvement arises in the Ferries Division from the improved schedule integrity following the prior year disruptions.

For the year to date Group fuel costs are marginally higher over the previous year with lower US dollar costs offset by stronger dollar exchange rates and increased consumptions attributable to higher overall fleet capacity and schedule changes.

Net debt at the end of October was €118.8 million, which includes right of use obligations recognised following the adoption of IFRS 16 : Leases. During the period the Group returned over €26 million to shareholders and invested in excess of €25 million in expanding and improving its fleet. These fleet investments included the acquisition of a fifth container vessel, a deposit on a further container vessel and initial investment in exhaust scrubber systems in preparation for new fuel regulations.

The new fuel regulations, IMO 2020, are mandated by the International Maritime Organisation and apply worldwide from 1 January 2020. Under the regulations the sulphur content of fuel oils will be limited to 0.5% which is a higher costing fuel than existing heavy fuel oil. The Group is engaging with its customers in order to ensure that the increased fuel and investment costs which the Group will incur are passed through the logistical chain.

There is continuing uncertainty over the timing and manner of the proposed exit of the United Kingdom from the European Union. During the period the Group experienced some volatility in carryings as key Brexit dates were approached and subsequently postponed. The overall effect of this continuing uncertainty is generating negative impact on consumer sentiment and trade flows as investment decisions are delayed.

Ferries Division

Total revenues recorded in the period to 31 October amounted to €184.3 million (including intra-division charter income), a €12.2 million or a 7.1% increase on the prior year. This increase was driven by schedule changes, additional cruise ferry capacity following the entry into service of the W.B. Yeats in January replacing the previous Oscar Wilde and improved schedule integrity following the significant disruptions in the second half of 2018.

For the year to 23 November, Irish Ferries carried 370,700 cars, an increase of 1.6% on the previous year. These volumes were achieved against the decision to suspend sailings on the tourism oriented fastcraft during the low tourism winter season. Overall tourism revenues increased in line with volumes in a competitive marketplace. Carryings in the period since 30 June increased by 7.9%.

Freight carryings for the year to 23 November were 283,000 RoRo units, an increase of 10.5% compared with 2019. This performance reflects the improved schedule integrity on our cruise ferry services following disruptions during the second half of last year, with carryings in the period since 30 June increasing by 14.4%.

The cruise ferry Oscar Wilde was sold in April following entry into service of our newly constructed cruise ferry W.B. Yeats in January. The agreed consideration of €28.9 million, which generated a profit after tax of €14.9 million, is receivable in instalments over 72 months. The container vessel fleet has been increased to six vessels with the acquisition of the Thetis D in April and the CT Rotterdam in November.

The Group in 2018 entered into an agreement for the construction of a second cruise ferry with a contracted delivery of late 2020. It is intended that this vessel will service the Dublin/Holyhead route alongside the existing Ulysses with the chartered Epsilon being returned to its owners.

Container and Terminal Division

Total revenues recorded in the period to 31 October amounted to €131.0 million, a 9.1% increase on the prior year.

For the year to 23 November container freight volumes shipped were 316,000 teu, up 5.7% on the previous year, with the rate of growth of 4.0% in the period since 30 June.

Units handled at our terminals in Dublin and Belfast increased 4.1% year on year to 293,900 lifts. In the period since 30 June terminal throughput increased by 2.6%.

The Group continues to invest in new technologies and capacity at its Dublin terminal. The Group has also agreed an extension to the port operating concession agreement at Belfast Port to 2026 where significant investment is being undertaken by the port owner Belfast Harbour Commissioners.

Dublin

27 November 2019

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