Irish Continental Group

2020

Preliminary Statement of Results
for the year ended 31 December 2020

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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 2020.

Highlights

Financial Summary

	2020	2019	Change
Revenue	€277.1m	€357.4m	(22.5%)
EBITDA (pre non-trading items)	€42.1m	€86.8m	(51.5%)
EBIT (pre non-trading items)	€0.8m	€50.0m	(98.4%)
EBIT (including non-trading items)	€(10.4)m	€64.9m	(116.0%)
Basic earnings per share	(10.2)c	31.7c	(132.2%)
Adjusted earnings per share	(4.3)c	23.8c	(118.1%)
Net debt	€(88.5)m	€(129.0)m	+€40.5m
Net debt (pre IFRS 16)	€(50.0)m	€(93.5)m	+€43.5m

Volume movements

	2020 '000	2019 '000	Change
RoRo units	335.5	313.2	+7.1%
Cars	137.1	401.3	(65.8%)
Containers shipped (teu)	316.3	343.4	(7.9%)
Port lifts	292.4	320.8	(8.9%)

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 decreased by €80.3 million (22.5%) to €277.1 million.
- EBITDA decrease of €44.7 million principally due to Covid-19 travel restrictions on our passenger business.
- 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 is expected to become operational during 2021.
- The installation and commissioning of new exhaust gas cleaning systems (EGCS) on the Ulysses and on the four owned container vessels utilised on Eucon services was completed.
- 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. As part of our migration from diesel powered units, 40% of our units are now electrically powered at our Dublin terminal.
- 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, an augmentation cost of €1.1 million as well as administration expenses totalling €0.8 million relating to the transaction. This is an important step for the Group in both significantly reducing the quantum and volatility of pension liabilities on its balance sheet and safeguarding pensioner benefits into the future.
- Year end net debt after total capital expenditure of €30.1 million was €88.5 million, 2.1 times EBITDA (pre non-trading items), and 1.7 times under banking covenant definitions.
- Strong financial position with available liquidity comprising cash and committed bank facilities of €240.8 million at 31 December 2020.

Commenting on the results Chairman John B McGuckian said;

2020 was an exceptionally challenging year for the Group, with the restrictions placed on travel due to the Covid-19 pandemic. While these restrictions brought large-scale disruption and reductions in our passenger business, the other parts of our business proved resilient throughout the entire year. Our RoRo Freight operations grew in 2020 despite the operational and market difficulties presented by the pandemic. The Container and Terminal Division largely maintained its profitability while it optimised capacity levels to meet market demands. The Group maintained services on all its shipping routes to the United Kingdom and Continental Europe, and operations at its container terminals. Both were critical to maintaining Ireland's supply chains during this challenging year. I would like to take this opportunity to thank all our colleagues who made the retention of these critical services possible in these difficult times, but in particular our colleagues on our front line in the ports, on our ships and in our terminals. During this most difficult year, their dedication to their roles kept our ships sailing, our terminals operating and crucially, our supply lines open.

11 March 2021

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Results

Financial Highlights	2020	2019	Change
Revenue	€277.1m	€357.4m	(22.5%)
EBITDA (pre non-trading items)	€42.1m	€86.8m	(51.5%)
EBIT* (including non-trading items)	€(10.4)m	€64.9m	(116.0%)

*Non-trading items €(11.2) million 31 December 2020 (31 December 2019: €14.9 million)

2020 was a challenging year for the Group, with the level of disruption caused by the Covid-19 pandemic. Our business model proved its resilience with the Group remaining profitable before non-trading items and generating strong cash flows from operations, and retaining a strong balance sheet. The Group operated all its routes throughout the year maintaining essential services on and off the island of Ireland. Revenue for the year decreased by €80.3 million or 22.5% to €277.1 million (2019: €357.4 million), with €79.0 million attributed to lower passenger revenues.

EBITDA for the year decreased by 51.5% to €42.1 million (2019: €86.8 million) due to Covid-19 related travel restrictions, which materially reduced passenger traffic in the Ferries Division. EBITDA in the Ferries Division decreased by 66.8%, to €22.3 million, while EBITDA in the Container and Terminal Division increased by 1.0%, to €19.8 million. In December 2020, the Trustee of the Group's principal defined benefit pension scheme entered into a buy-out transaction to transfer the liabilities relating to pensioners (at the transaction date) to a third-party insurer. This transaction materially reduces the size and risk of the scheme. This is a positive development for the Group, the scheme's pensioners and current members. This has resulted in a non-trading expense in the year of €11.2 million. In the prior year, the Group had incurred a non-trading gain of €14.9 million relating to the sale of the cruise ferry Oscar Wilde.

Overall the Group generated an operating loss or EBIT of €(10.4) million (2019: €64.9 million profit). Net interest charges increased to €7.6 million from €3.4 million. The taxation charge decreased by €0.3 million to €1.0 million. Adjusted EPS was (4.3) cent compared with 23.8 cent in the prior year. Cash generated from operating activities amounted to €46.1 million (2019: €84.8 million), and net debt reduced from €129.0 million to €88.5 million.

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	2020	2019	Change
Revenue*	€141.4m	€212.4m	(33.4%)
EBITDA (pre non-trading items)	€22.3m	€67.2m	(66.8%)
EBIT** (including non-trading items)	€(23.5)m	€51.3m	(145.8%)

*Includes inter-segment revenue of €9.6 million (2019: €8.2 million)

**Non-trading items €(11.2) million 31 December 2020 (2019: €14.9 million)

Operational Highlights	2020	2019	Change
Volumes	'000	'000	
Cars	137.1	401.3	(65.8%)
Passengers	519.0	1,541.0	(66.3%)
RoRo freight units	335.5	313.2	+7.1%

Revenue was 33.4% lower at €141.4 million (2019: €212.4 million). EBITDA in the division decreased by 66.8% to €22.3 million (2019: €67.2 million) primarily due primarily due to Covid-19 travel restrictions on our passenger business. In December 2020, the division entered into a transaction whereby the liabilities relating to pensions in payment at the transaction date were transferred to a third-party insurer resulting in an expense of €11.2 million. The Group generated a profit on the sale of the Oscar Wilde in 2019 of €14.9 million. These have been reported as non-trading items. EBIT decreased by 145.8% to €(23.5) million (2019: €51.3 million), reflecting the result of non-trading items and the decrease in EBITDA.

Operational Review – continued

Ferries Division – continued

Car and Passenger markets

It is estimated that the overall car market, to and from the Republic of Ireland, fell by approximately 63.5% in 2020 to 284,000 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have decreased by 51.8%. Irish Ferries' car carryings during the year were down on the previous year by 65.8% to 137,100 cars, (2019: 401,300 cars). The reductions in carryings is primarily due to the Covid-19 travel restrictions in place for most of the year. Resulting from these restrictions and other Covid-19 considerations a decision was made not to operate the fastcraft Dublin Swift given available passenger capacity on our conventional ferries.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland decreased by 62.5% on 2019 to a total of 1.1 million passengers, while the all-island market decreased by 56.2%. Irish Ferries' passenger numbers carried decreased by 66.3% at 519,000 (2019: 1.54 million). In the first half of the year, Irish Ferries' passenger volumes fell by 63.9% and in the second half of the year, which is seasonally more significant, the decrease in passenger numbers was 68.1%.

RoRo Freight

The RoRo freight market between the Republic of Ireland, and the UK and France, fell slightly in 2020 on the back of Covid-19 restrictions in the early part of the year, but was mostly offset in the second half as the Irish and UK economies opened up again. The market was further strengthened due to stockpiling in advance of the end of the UK's transition period upon exiting the EU. The total number of trucks and trailers was down 1.2%, to approximately 1.03 million units. On an all-island basis, the market decreased by approximately 1.9% to 1.84 million units.

Irish Ferries' carryings, at 335,500 freight units (2019: 313,200 freight units), increased by 7.1% in the year with volumes down 2.7% in the first half and up 16.6% in the second half. The performance against the market is principally related to the attraction of the short sea routes over other routes.

Chartering

The Group continued to charter a number of vessels to third parties during 2020. Overall external charter revenues were €5.9 million in 2020 (2019: €5.3 million). Of our six 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 two 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

	2020	2019	Change
Revenue*	€146.5m	€154.4m	(5.1%)
EBITDA (pre non-trading items)	€19.8m	€19.6m	+1.0%
EBIT (including non-trading items)	€13.1m	€13.6m	(3.7%)

*Includes inter-segment revenue of €1.2 million (2019: €1.2 million)

Operational Highlights

	2020	2019	Change
Volumes	**'000**	**'000**	
Containers shipped (teu)	316.3	343.4	(7.9%)
Port lifts	292.4	320.8	(8.9%)

Revenue in the division decreased to €146.5 million (2019: €154.4 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 70% (2019: 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 1.0% to €19.8 million (2019: €19.6 million) while EBIT fell 3.7% to €13.1 million (2019: €13.6 million). In Eucon, overall container volumes shipped were 316,300 teu (2019: 343,400 teu) down 7.9% compared with the previous year. The resulting revenue decrease was partially offset by a €5.6 million decrease in fuel costs.

Containers handled at the Group's terminals, Dublin Ferryport Terminal (DFT) and Belfast Container Terminal (BCT), were down 8.9% at 292,400 lifts (2019: 320,800 lifts). DFT's volumes were down 7.1%, while BCT's lifts were down 11.4%.

Group Finance Review

Cash Flow

A summary cash flow is presented below:

	2020 €m	2019 €m
Operating (loss) / profit (EBIT)*	(10.4)	64.9
Non-trading items	11.2	(14.9)
Depreciation	41.3	36.8
EBITDA* (pre non-trading items)	**42.1**	**86.8**
Working capital movements	10.6	2.0
Pension payments in excess of service costs	(1.1)	(1.3)
Other movements	(0.4)	2.0
Cash generated from operations	**51.2**	**89.5**
Interest paid	(3.7)	(3.5)
Tax paid	(1.4)	(1.2)
Capital expenditure excluding strategic capital expenditure	(10.8)	(11.6)
Free cash flow before strategic capital expenditure*	**35.3**	**73.2**
Strategic capital expenditure	(19.3)	(42.5)
Return of ship contract deposit	33.0	-
Free cash flow after strategic capital expenditure	**49.0**	**30.7**
Proceeds on disposal of property, plant and equipment	4.9	1.8
Dividends	-	(24.7)
Share issue	0.2	0.1
Share buyback	(1.7)	(12.9)
Net cash flows	**52.4**	**(5.0)**

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

EBITDA for the year was €42.1 million (2019: €86.8 million). There was a net inflow of working capital of €10.6 million, mainly attributable to an increase in untravelled balances held as deferred revenue. The Group made payments in excess of service costs to the Group's pension funds of €1.1 million, with the settlement and augmentation losses arising on the buyout of pension liabilities not giving rise to cash outflows. Cash generated from operations amounted to €51.2 million (2019: €89.5 million).

Interest paid was €3.7 million (2019: €3.5 million) while taxation paid was €1.4 million (2019: €1.2 million).

Spend on maintenance capital expenditure was €10.8 million (2019: €11.6 million) included the annual overhaul of vessels and container fleet renewal. Free cash flow after maintenance capital expenditure was €35.3 million before strategic capital expenditure of €19.3 million related to the purchase and installation of EGCS on the Ulysses, four of the Group's owned container vessels and the commissioning of two electrically powered remotely operated rubber-tyred gantries at its Dublin Ferryport Terminal. Following the cancellation of the contract for the construction of a cruise ferry, the €33.0 million deposit previously paid was returned by the guarantor. During the period €1.7 million was returned to shareholders through a buyback of shares. The Group did not make any dividend payments during 2020, cancelling the payment of the 2019 final dividend as a cash conservation measure in response to the Covid-19 developments.

Net debt at year end was €88.5 million in comparison to a net debt position of €129.0 million at 31 December 2019.

Group Finance Review - continued

Balance Sheet

A summary balance sheet is presented below:

	2020 €m	2019 €m
Property, plant & equipment and intangible assets	314.7	317.5
Right-of-use assets	38.3	36.0
Long term receivable	16.6	19.4
Retirement benefit surplus	1.0	12.5
Other assets	57.9	95.5
Cash and bank balances	150.4	110.9
Total assets	**578.9**	**591.8**
Non-current borrowings	140.9	227.9
Retirement benefit obligations	2.2	3.7
Other non-current liabilities	0.7	1.4
Current borrowings	98.0	12.0
Other current liabilities	71.2	58.9
Total liabilities	**313.0**	**303.9**
Total equity	**265.9**	**287.9**
Total equity and liabilities	**578.9**	**591.8**

The total net deficit of all defined benefit pension schemes at 31 December 2020 was €1.2 million in comparison to an €8.8 million surplus at 31 December 2019. The movement principally reflects settlement losses and augmentation costs totalling €10.4 million associated with the transfer of pensioner liabilities, a net actuarial loss of €0.8 million and employer contributions in excess of service costs of €1.1 million. Movement in other assets mainly relates to a reduction in capital related deposits and prepayments of €34.4 million following the return of a shipbuilding deposit and completion of the EGCS installations. The principal movement in other current liabilities relates to increased deferred revenue balances. The increase in current borrowings represents the contractual position at 31 December 2020 in relation to balances drawn repayable during 2021 in the absence of identification of a substitute project following the cancellation of the shipbuilding contract with FSG.

Shareholders' equity decreased to €265.9 million from €287.9 million at 31 December 2019. The movement includes the loss for the financial period of €19.0 million, actuarial losses arising on retirement benefit schemes of €0.8 million and buyback of equity of €1.7 million.

Financing

The borrowing facilities available to the Group at 31 December 2020 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Private placement loan notes	224.1	50.0	50.0	-
Bank term loans	151.3	151.3	151.3	-
Revolving credit	125.0	75.0	-	75.0
Overdraft and other	16.0	16.0	0.6	15.4
	516.4	**292.3**	**201.9**	**90.4**

Financing – continued

At 31 December 2020 the Group had total lending facilities of €516.4 million available of which €292.3 million were committed facilities. Of these, €201.9 million have been utilised, of which €87.3 million are classified as repayable within one year. The interest rates on all Group borrowings at 31 December 2020 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 2020 was 1.60% (2019: 1.60%) for remaining terms of between four and ten years. In addition to borrowings the Group has recognised lease liabilities at 31 December 2020 relating to right-of-use assets amounting to €38.5 million.

These facilities together with undrawn committed facilities of €90.4 million and cash generated from operations will be used to support the long-term strategic development of the Group.

Fuel

	2020	2019	Change
Fuel costs	€32.8m	€49.3m	(33.5%)

Group fuel costs in 2020 amounted to €32.8 million (2019: €49.3 million). Bunker consumption was 107,300 tonnes in 2020 (2019: 122,000 tonnes). The reduction in consumption was primarily due to the lay-up of the fastcraft Dublin Swift. The cost per tonne of heavy fuel oil (HFO) fuel in 2020 was 23% lower than in 2019 while marine gas oil (MGO) was 30% lower than in 2019. This was due to a combination of lower global fuel cost and a change in the mix of fuels consumed following the commencement of new fuel regulations (IMO 2020) effective from 1 January 2020. These new regulations designed to reduce sulphur emissions required the Group to achieve lower sulphur emissions either through consuming higher priced low sulphur fuel oils or investing in EGCS. The Group completed the installation of EGCS on 5 of its vessels during the year, with a system already installed on W.B. Yeats on delivery. Compliance with these new regulations imposed increased costs on the Group which it is seeking to recover from the market through additional surcharges.

The Group has in place a transparent fuel surcharge mechanism for freight customers across the Group which mitigates movements in Euro fuel costs. In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs.

Dividend and Share Buyback

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 and also did not declare any interim dividend.

In light of the travel restrictions continuing into 2021 and uncertainty around when they may be eased the Directors also consider it prudent not to declare a final dividend in relation to the year ended 31 December 2020.

During the year the Group bought back 570,000 shares which were cancelled. The total consideration paid for these shares was €1.7 million.

Exit of United Kingdom from the European Union

The UK exited the EU on 31 January 2020 and ended its transition period on 31 December 2020. The Group welcomes the EU-UK Trade and Cooperation Agreement between the UK and the EU. It is the Group's position that Ireland as an island will continue to trade outside of its borders. Given the strong linkages between Ireland and the UK both culturally and commercially, it is the Group's view that trade between these two economies will remain robust over the longer term.

However, the Group's investment in vessels is designed to provide route planning flexibility to enable the Group to adapt its schedules to customer demand both over the short and long term. Should demand for the Group's existing services fall over the longer term, the vessels are capable of being deployed to most geographic areas given their design specification.

Following the end of the transition period, the Group has adjusted capacity on the direct continental services.

Of some concern 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 these goods are heading for the Republic of Ireland this is causing a distortion in the level playing field as goods from Britain are being checked on arrival in Republic of Ireland ports. If the exemptions are continued or enforcement continues to be haphazard, jobs will be lost in the Republic of Ireland as companies migrate to Northern Ireland because of easier logistical connections for exports and imports.

As the UK is no longer a member of the EU, the Group can introduce duty-free retail facilities on board its ferries operating to the UK. This had been an important ancillary revenue stream prior to the abolition of duty-free retail under EU rules in 1999.

Group Finance Review – continued

Strategic Developments

The Group 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.

Arising from the collapse of passenger carryings following imposition of Covid-19 travel restrictions, the Dublin Swift fastcraft was not operated as planned. The vessel is currently in lay-up for winter 2020/2021.

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%. During 2020 to comply with the latest requirements, the Group retro-fitted EGCS on Ulysses and the four owned container vessels utilised on Eucon services. 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%. A decision to retro-fit an EGCS on the Isle of Inishmore was deferred to avoid project risk delays due to the Covid-19 pandemic.

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. The £40m re-investment project by Belfast Harbour Commissioners (BHC) is well underway which includes extensive civil works and the delivery of two new gantry cranes and eight new electrically operated rubber tyred gantries incorporating the latest technologies to allow for remote operation similar to the rubber tyred gantries operated at Dublin Ferryport Terminals. During 2020, two gantry cranes were delivered and commissioned to bring the total number on site to three. In December 2019, six rubber tyred gantries were delivered with a further two delivered in June 2020. Of the eight rubber tyred gantries, five are commissioned and in use with the remaining three to be commissioned during 2021. These rubber-tyred gantries are supplemented by two rail mounted gantry cranes that will be phased out of operation during 2021.

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 Dublin Port via the Port Tunnel.

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. Notwithstanding the challenges faced by the Group during 2020, the Group proceeded with the significant investments in EGCS and the on-going 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. However not all environmental initiatives require major capital investment and we continue our initiatives to replace single use non-recyclable consumables with environmentally friendly alternatives across the Group. We have also commenced the roll-out of out our green voyage initiative to our crews to promote optimal voyage efficiencies.

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 the 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, the Group has now commenced a program to collate and harness this data as a tool to promote environmental responsibility within the workforce. The object is to achieve measurable reductions in our environmental impact across the Group over time.

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 latest technologies. As a small operator in a global market, the Group will only apply proven technologies which generate an economic return.

The Group is aware that our stakeholders require us to be environmentally aware and the Group is committed to continuous improvement in both the big and small things that we do.

Legal Challenge to the National Transport Authority (“NTA”) interpretation of the EU Regulation no 1177/2010

As previously reported Irish Ferries has commenced legal proceedings by way of judicial review against the NTA’s interpretation of the EU Regulation no 1177/2010 in respect of the cancellations that arose during 2018 resulting from the delayed delivery by FSG of our new cruise ferry W.B. Yeats ship, delivered in December 2018. The review 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, particularly in the context of whether landbridge is an alternative route to direct services. Greater clarity on the regulation has an important role to play in our island connectivity and the viability of direct links to the Continent. We believe this challenge is 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

As noted, the Group’s passenger carryings were severely affected by the travel restrictions imposed as part of the government’s response to the Covid-19 pandemic. Notwithstanding the Group committed, without any government support, to continue operating our lossmaking routes which provide a vital lifeline service to our Island. However, we were disappointed to note that the Irish Government introduced a Public Services Obligation (PSO) model for part of 2020 covering the shortfall between variable revenue and certain variable costs of certain competitors. 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.

The Group, where appropriate, has availed of governments’ staff retention support schemes across Europe.

Current Trading and Outlook

2021 Trading to date

	1/1/21 – 6/3/21	1/1/20 – 6/3/20	Change
Volumes	‘000	‘000	
Cars	7.4	30.3	(75.6%)
Passengers	37.2	121.3	(69.3%)
RoRo freight units	39.2	56.2	(30.2%)
Containers shipped (teu)	65.1	58.6	+11.1%
Port lifts	57.1	52.3	+9.2%

Since our last update to the market, in the Interim Management Statement of November 2020, trading to the end of the year in our freight business was exceptionally strong. For the full year 2020 the Ferries Division recorded strong volume growth of 7.1% for RoRo freight. However, the continuation of Covid-19 travel restrictions resulted in a significant decline in both passenger and car numbers. Passenger numbers fell 66.3% and cars 65.8%. In the Container and Terminal Division overall container volumes shipped for the year were down 7.9%, while port lifts were down 8.9%.

In the period from 1 January 2021 to 6 March 2021, trading has been impacted by both the continuation of Covid-19 travel restrictions and new customs requirements following the exit of the UK from the EU. Irish Ferries carried 39,200 RoRo units in the period, a decrease of 30.2% on the prior year, while the number of cars decreased by 75.6% to 7,400. The number of passengers carried in the period decreased by 69.3% versus the prior year.

Covid-19 has had a material impact on our passenger business, and any recovery is unlikely while government restrictions remain in place, however we remain hopeful that the rollout of vaccinations will result in a return to international travel in our markets during 2021.

The material reduction in RoRo freight volumes in the first two months of the year mirror the same level of volume increases in pre Brexit stockpiling in the last two months of 2020, leaving total volumes flat over the four month period. While volumes are down 30.2% year to date, testament to the flexibility of our fleet, we have adjusted to customer demand and increased tonnage on the Dublin – Cherbourg route. This has limited the decline in RoRo revenue to 8.1% versus the prior year. The current demand on the direct routes to the Continent is expected to decrease as importers, exporters and government agencies become more familiar with new requirements following Brexit. The decline will be in favour of the landbridge which has the benefits of cost, frequency, time and reliability.

The Container and Terminal Division has reintroduced a sixth vessel to the fleet from January 2021. In the period from 1 January 2021 to 6 March 2021, overall container volumes shipped were up 11.1% on the prior year and terminal volumes increased 9.2% on the prior year.

Despite the uncertainty created by the current Covid-19 pandemic and the recent exit of the UK from the EU, with our flexible and modern fleet and strong balance sheet, we are well placed to benefit from the return to growth in all our markets. We look forward to better years ahead.

Condensed Consolidated Income Statement for the year ended 31 December 2020

	Notes	2020	2019
		€m	€m
Revenue	2	277.1	357.4
Depreciation, impairment and amortisation		(41.3)	(36.8)
Employee benefits expense		(18.0)	(23.8)
Other operating expenses	2	(217.0)	(246.8)
		0.8	**50.0**
Non-trading items	5	(11.2)	14.9
Operating (loss) / profit		**(10.4)**	**64.9**
Finance income		0.2	0.1
Finance costs		(7.8)	(3.5)
(Loss) / profit before taxation		**(18.0)**	**61.5**
Income tax expense	3	(1.0)	(1.3)
(Loss) / profit for the financial year: all attributable to equity holders of the parent		**(19.0)**	**60.2**
Earnings per ordinary share – expressed in cent per share			
Basic	4	(10.2c)	31.7c
Diluted	4	(10.2c)	31.5c

Condensed Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 €m	2019 €m
(Loss) / profit for the financial year		**(19.0)**	**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		(0.8)	9.0
Deferred tax on defined benefit pension schemes		0.3	-
Other comprehensive income for the financial year		**(1.7)**	**(10.2)**
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**(20.7)**	**70.4**

Condensed Consolidated Statement of Financial Position as at 31 December 2020

	Notes	2020 €m	2019 €m
Assets			
Non-current assets			
Property, plant and equipment		313.5	317.1
Intangible assets		1.2	0.4
Right-of-use assets		38.3	36.0
Retirement benefit surplus	8	1.0	12.5
Long term receivable		16.6	19.4
Deferred tax asset		0.3	-
		370.9	**385.4**
Current assets			
Inventories		1.9	3.1
Trade and other receivables		55.7	92.4
Cash and bank balances	6	150.4	110.9
		208.0	**206.4**
Total assets		**578.9**	**591.8**
Equity and liabilities			
Equity			
Share capital		12.2	12.2
Share premium		19.7	19.5
Other reserves		(9.3)	(7.3)
Retained earnings		243.3	263.5
Equity attributable to equity holders		**265.9**	**287.9**
Non-current liabilities			
Borrowings	6	113.1	200.3
Lease liabilities	6	27.8	27.6
Deferred tax liabilities		0.5	0.7
Provisions		0.2	0.7
Retirement benefit obligations	8	2.2	3.7
		143.8	**233.0**
Current liabilities			
Borrowings	6	87.3	3.6
Lease liabilities	6	10.7	8.4
Trade and other payables		69.2	57.4
Current income tax liabilities		-	0.2
Provisions		2.0	1.3
		169.2	**70.9**
Total liabilities		**313.0**	**303.9**
Total equity and liabilities		**578.9**	**591.8**

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
Dividends paid	-	-	-	-	-
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 Changes in Equity for the year ended 31 December 2019

	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 income	-	-	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 year ended 31 December 2020

	Notes	2020 €m	2019 €m
Net cash inflow from operating activities	7	**46.1**	**84.8**
Cash flow from investing activities			
Net proceeds on disposal of property, plant and equipment		4.9	1.8
Return of ship building deposit		33.0	-
Purchases of property, plant and equipment		(29.1)	(53.9)
Purchases of intangible assets		(1.0)	(0.2)
Net cash inflow / (outflow) from investing activities		**7.8**	**(52.3)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		-	(24.7)
Share buyback		(1.7)	(12.9)
Repayment of lease liabilities		(9.2)	(9.0)
Repayment of bank loans		(3.7)	-
Proceeds on issue of ordinary share capital		0.2	0.1
Net cash outflow from financing activities		**(14.4)**	**(46.5)**
Net increase / (decrease) in cash and cash equivalents		39.5	(14.0)
Cash and cash equivalents at the beginning of the year		**110.9**	**124.7**
Effect of foreign exchange rate changes		-	0.2
Cash and cash equivalents at the end of the year	6	**150.4**	**110.9**

Notes to the Condensed Financial Statements for the year ended 31 December 2020

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 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 2020 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 2019 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 2020

Standard	Description	Effective Date for periods commencing
IFRS 3 (amendments)	Definition of Business	1 January 2020
IFRS 9, IAS 39 and IFRS 7 (amendments)	Interest Rate Benchmark Reform	1 January 2020
IAS 1 and IAS 8 (amendments)	Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020

The above amended standards have been applied in the preparation of the financial statements for the year ended 31 December 2020 but did not have any material impact on the results or financial position of the Group.

Standards effective for the Group from 1 January 2021 or later

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
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
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 16 (amendments)	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2023
Annual Improvements to IFRS Standards 2018–2020		1 January 2023
IFRS 3 (amendments)	Reference to the Conceptual Framework	1 January 2023
IAS 37 (amendments)	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2023
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 2020. 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 2020 - 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:

	2020	2019
	€m	€m
Ferries		
Passenger	33.7	112.7
Freight	92.2	86.2
Charter and other	15.5	13.5
	141.4	212.4
Container and Terminal		
Freight	146.5	154.4
Inter-segment revenue	(10.8)	(9.4)
Total	**277.1**	**357.4**

By geographic origin of booking:

	2020	2019
	€m	€m
Ireland	116.2	177.9
United Kingdom	55.1	66.7
Netherlands	58.6	63.8
Belgium	31.7	32.8
France	1.3	5.8
Other	14.2	10.4
	277.1	**357.4**

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	
	2020	2019	2020	2019	2020	2019
	€m	€m	€m	€m	€m	€m
Operating (loss) / profit	(12.3)	36.4	13.1	13.6	0.8	50.0
Finance income	0.2	0.2	-	-	0.2	0.2
Finance costs	(6.4)	(2.1)	(1.4)	(1.5)	(7.8)	(3.6)
Non-trading items	(11.2)	14.9	-	-	(11.2)	14.9
(Loss) / profit before tax	(29.7)	49.4	11.7	12.1	(18.0)	61.5
Income tax expense	(0.3)	(0.4)	(0.7)	(0.9)	(1.0)	(1.3)
(Loss) / profit for the financial year	**(30.0)**	**49.0**	**11.0**	**11.2**	**(19.0)**	**60.2**

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

2. Segmental information – continued

iii) Other operating costs

	Ferries		Container & Terminal		Group Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Fuel	23.8	34.7	9.0	14.6	32.8	49.3
Labour	22.9	25.1	8.4	8.1	31.3	33.2
Port charges	38.9	41.9	29.5	30.9	68.4	72.8
Haulage	-	-	43.9	45.2	43.9	45.2
Other	20.4	25.6	31.0	30.1	51.4	55.7
Inter-segment	(1.2)	(1.2)	(9.6)	(8.2)	(10.8)	(9.4)
Other operating costs	**104.8**	**126.1**	**112.2**	**120.7**	**217.0**	**246.8**

iv) Statement of Financial Position

	Ferries		Container & Terminal		Group Total	
	2020 €m	2019 €m	2020 €m	2019 €m	2020 €m	2019 €m
Assets						
Segment assets	341.4	391.1	87.1	89.8	428.5	480.9
Cash and cash equivalents	117.2	79.8	33.2	31.1	150.4	110.9
Consolidated total assets	**458.6**	**470.9**	**120.3**	**120.9**	**578.9**	**591.8**
Liabilities						
Segment liabilities	48.2	34.6	25.9	29.4	74.1	64.0
Borrowings	190.7	183.3	48.2	56.6	238.9	239.9
Consolidated total liabilities	**238.9**	**217.9**	**74.1**	**86.0**	**313.0**	**303.9**

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

3. Income tax expense

	2020	2019
	€m	€m
Current tax	1.2	1.2
Deferred tax	(0.2)	0.1
Income tax expense for the year	**1.0**	**1.3**

The Company and its Irish tax resident subsidiaries 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 €1.2 million and a deferred tax credit of €0.2 million.

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

	2020	2019
	€m	€m
(Loss) / profit before tax	(18.0)	61.5
Tax at the domestic income tax rate of 12.5% (2019: 12.5%)	-	7.7
Losses not eligible for surrender under loss provisions	1.9	-
Effect of tonnage relief	(1.6)	(6.8)
Difference in effective tax rates	(0.3)	0.3
Items for which no tax deduction is available	0.8	-
Other items	0.2	0.1
Income tax expense recognised in the Consolidated Income Statement	**1.0**	**1.3**

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

4. Earnings per share

	2020	2019
Number of shares	**'000**	**'000**
Weighted average number of ordinary shares for the purpose of basic earnings per share	186,981	189,797
Effect of dilutive potential ordinary shares: Share options	-	1,143
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**186,981**	**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 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:

	2020	2019
Earnings	**€m**	**€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	**(19.0)**	**60.2**
Effect of non-trading items after tax	11.2	(14.9)
Effect of net interest income on defined benefit pension schemes	(0.2)	-
Earnings for the purpose of adjusted earnings per share	**(8.0)**	**45.3**
	Cent	**Cent**
Basic earnings per share	(10.2)	31.7
Diluted earnings per share	(10.2)	31.5
Adjusted basic earnings per share	(4.3)	23.8
Adjusted diluted earnings per share	(4.3)	23.7

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 2,296,500 (2019: 2,496,500) vested options at 31 December 2020, the dilutive effect is nil ordinary shares (2019: 1,143,000 ordinary shares).

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

5. Non-trading items

	2020 €m	2019 €m
Non-trading (expense)/gain	**(11.2)**	**14.9**

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.

In the prior year the Group entered into a hire purchase agreement for the sale of the vessel Oscar Wilde, which had become surplus to operational requirements. The gross consideration of €28.9 million less commissions, receivable in instalments over six years from April 2019, was discounted to estimated present value which has been treated as a finance lease receivable. The Group recorded a net gain on disposal of €14.9 million after taking account of the net book value at the delivery date and related disposal costs.

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 2020						
Current assets	110.9	-	-	-	-	110.9
Creditors due within one year	-	(3.7)	-	(8.4)	0.1	(12.0)
Creditors due after one year	-	(151.3)	(50.0)	(27.6)	1.0	(227.9)
	110.9	**(155.0)**	**(50.0)**	**(36.0)**	**1.1**	**(129.0)**
Changes from cash flows	39.5	3.7	-	10.0	-	53.2
Non-cash flow changes:						
Amortisation	-	-	-	-	(0.2)	(0.2)
Right-of-use assets recognised	-	-	-	(12.5)	-	(12.5)
Currency adjustment	-	-	-	-	-	-
	39.5	**3.7**	**-**	**(2.5)**	**(0.2)**	**40.5**
At 31 December 2020						
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)**

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - 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 2020 are set out in the following table:

			Maturity Profile				
	Facility	Undrawn	On-hand / drawn	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	€m	€m	€m	€m	€m	€m	€m
Cash	-	-	150.4	150.4	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	226.3	75.0	151.3	87.5	7.5	22.6	33.7
Loan notes	50.0	-	50.0	-	-	50.0	-
Origination fees	(0.9)	-	(0.9)	(0.2)	(0.2)	(0.4)	(0.1)
Leases	38.5	-	38.5	10.7	4.7	7.4	15.7
Committed lending facilities	**329.3**	**90.4**	**238.9**	**98.0**	**12.0**	**79.6**	**49.3**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	174.1						
Uncommitted lending facilities	**224.1**						

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 2020 - continued

7. Net cash inflow from operating activities

	2020 €m	2019 €m
Operating activities		
(Loss) / profit for the financial year	(19.0)	60.2
Adjustments for:		
Finance costs (net)	7.6	3.4
Income tax expense	1.0	1.3
Retirement benefit schemes – current service cost	1.7	1.5
Retirement benefit schemes – settlement loss / (curtailment gain)	9.3	(0.1)
Retirement benefit schemes – augmentation cost	1.1	-
Retirement benefit schemes – payments	(2.8)	(2.7)
Depreciation of property, plant and equipment	29.3	27.5
Depreciation of right-of-use assets	9.5	9.1
Impairment charge on cancellation of vessel contract	2.3	-
Amortisation of intangible assets	0.2	0.2
Share-based payment expense less market purchase cost	0.2	1.9
Gain on disposal of property, plant and equipment	-	(15.1)
Increase in provisions	0.2	0.3
Operating cash flow before movements in working capital	**40.6**	**87.5**
Decrease in inventories	1.2	0.2
Decrease / (increase) in receivables	1.6	(4.7)
Increase in payables	7.8	6.5
Cash generated from operations	**51.2**	**89.5**
Income taxes paid	(1.4)	(1.2)
Interest paid	(3.7)	(3.5)
Net cash inflow from operating activities	**46.1**	**84.8**

Working capital movements exclude prepayments relating to contractual terms for works not yet undertaken of €2.6 million (2019: €37.0 million). Movements in these accruals and prepayments are included as purchases of property plant and equipment in the Condensed Consolidated Statement of Cash Flows.

8. Retirement benefit schemes

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

	2020		2019	
	Sterling	Euro	Sterling	Euro
Discount rate	1.30%	0.70%	1.85%	1.00%
Inflation rate	3.15%	1.20%	3.20%	1.30%
Rate of increase of pensions in payment	3.05%	0.30% - 0.40%	2.95%	0.40% – 0.50%
Rate of pensionable salary increases	0.95%	0.00% - 0.90%	0.90%	0.00% – 0.90%

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

8. Retirement benefit schemes - continued

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

	2020		2019	
	Male	Female	Male	Female
Current retirees	26.5 years	29.5 years	26.4 years	29.3 years
Future retirees	28.9 years	31.5 years	28.8 years	31.4 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	
	2020	2019	2020	2019
Equities	10.9	11.6	62.9	105.8
Bonds	13.3	13.0	28.2	102.7
Diversified funds	-	-	-	41.7
Property	-	0.3	4.8	19.2
Insurance contracts	-	-	12.3	-
Other	3.1	2.9	4.1	1.2
Market value of scheme assets	27.3	27.8	112.3	270.6
Present value of scheme liabilities	(28.0)	(26.2)	(112.8)	(263.4)
(Deficit)/surplus in schemes	(0.7)	1.6	(0.5)	7.2

The movement during the year is reconciled as follows:

	2020	2019
Movement in retirement benefit schemes net surplus / (deficit)	€m	€m
Opening surplus/(deficit)	8.8	(1.7)
Current service cost	(1.7)	(1.5)
(Settlement loss) / curtailment gain	(9.3)	0.1
Augmentation cost	(1.1)	-
Employer contributions paid	2.8	2.7
Net interest income	0.2	-
Actuarial (loss) / gain	(0.8)	9.0
Other	(0.1)	0.2
Net (deficit) / surplus	**(1.2)**	**8.8**
Schemes in surplus	1.0	12.5
Schemes in deficit	(2.2)	(3.7)
Net (deficit) / surplus	**(1.2)**	**8.8**

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 2020 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.

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

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 2020 will be annexed to the annual return for 2020. 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 2020 and the Directors approved the financial statements in respect of the financial year ended 31 December 2020 on 10 March 2021. A copy of the financial statements in respect of the year ended 31 December 2019 has been annexed to the annual return for 2020 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 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 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).

11. Events after the Reporting Date

The Board is not proposing a final dividend in respect of the results for the year ended 31 December 2020.

There have been no material events affecting the Group since 31 December 2020.

Notes to the Condensed Financial Statements for the year ended 31 December 2020 - continued

12. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc. on 10 March 2021.

13. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Wednesday 12 May 2021, will be notified to shareholders in April 2021.