

Shannon Foynes Port Company records record operating profit in 2011

Challenges ahead but Company confident upward trend can be continued

Thursday, 06 September 2012: Shannon Foynes Port Company – Ireland’s largest bulk port company - has today announced another strong performance in its 2011 Annual Report, with the recovery achieved over recent years maintained with a record operating profit of close to €2.9million.

Key performance outputs from 2011 include an 8% increase in cargo throughput to 10.1million tonnes, which comes on top of the 23.5% increase recorded in 2010. The Company recorded a 2.2% increase in turnover to €10.1million, resulting in a 13% increase in operating margin from 25.5% to 28.1%.

The Company also maintained its focus on cost control with operating costs decreasing by 35% since 2007. The Company’s debt has also been reduced to €14.5m from its 2007 peak of €16.6m, notwithstanding the significant investment expenditure of €4.1m incurred in the intervening period.

Commenting on the results, Shannon Foynes Port Company Chairperson Michael Collins said: “The improvement in profit, tonnages and operating margins in what continues to be an extremely challenging environment confirms the steady progress achieved at Shannon Foynes Port Company over recent years. This is best illustrated by the 180% increase in margins when compared to 2007 levels and is a reason for confidence for the future.”

The operating profit before exceptional items, financing costs, profit on disposal of assets and taxation was €2.858 million - up by 13% on 2010. Profit on disposal of assets was €879k net of tax, primarily relating to the disposal of land at Limerick. After exceptional items, financing costs and net disposal proceeds, the Company had a profit attributable to the Shareholder of approximately €2.73 million.

Shannon Foynes Port Company CEO Patrick Keating said: “The Company’s improvement in tonnages and financial performance is all the more noteworthy considering the prevailing economic conditions and credit restrictions on the investment sector, which continue to impact on the break bulk and dry bulk trades for the construction sector.

“Our Balance Sheet is moving to a position of strength arising from the improved operating performance of recent years.”

However, Mr Keating said that some of the gains in 2011 overall were eroded in the fourth quarter when, due to mild weather, there was a reduction of short range import of commodities such as salt and solid fuel liquids, while agri-related quota restrictions in the dairy sector also negatively impacted agricultural cargoes.

“While the Company is reporting record bottom line profits, it is faced with substantial obligations in terms of pension liabilities, debt servicing requirements, its capital investment program and more onerous requirement from its shareholder in the form of increased dividend payments,” he continued.

“Therefore, it is essential that we maintain the upward trend in profitability reported in recent years in order to satisfy these obligations in the future.

“Maintaining existing EBITDA levels will remain challenging but the Company is very much committed to improving overall port competitiveness, particularly, regarding services consumed by customers using its facilities.”

The Company, he added, intends to take advantage of the falling interest rate environment to lock in low rates on a substantial portion of long-term debt.

Ends

About Shannon Foynes Port Company

Shannon Foynes Port Company, Ireland’s second largest port operation, has statutory jurisdiction over all marine activities on a 500km² area on the Shannon Estuary, stretching from Kerry/Loop Heads to Limerick City. The strategic location of its terminals offers access to the vibrant economy and population of a large part of Ireland.

The company provides a variety of services, from controlling navigation and marine safety, to warehousing, logistics and cargo handling. It also handles the largest vessels entering Irish waters, up to 200,000 dwt, and have a track record of continuous growth and innovation. All its operations are accredited to ISO9001:2008 by Lloyds Registry Quality Assurance.

Foynes is the main deepwater facility catering for all key cargo classifications and with a substantial land bank and large storage facilities. Limerick Docks occupy a city-centre location some 100km inland from the mouth of the estuary, at the heart of the thriving Mid-West region of Ireland.

There are four dedicated terminals; Shannon Airport with its aviation fuels terminal, Moneypoint and its modern coal tran-shipment facility, Tarbert Island for heavy fuel and Aughinish catering for bauxite and alumina imports and exports.

SFPC specialises in bulk cargoes, which constitute more than half the cargoes transiting Irish ports. SFPC accounts for more than 35% of all bulk cargoes in the Republic (CSO 2010). Typical cargoes include liquid fuels and chemicals, ores, coal and other energy products, agri-business inputs such as animal feedstuffs and fertilisers, recyclable materials and various project cargoes, including wind turbines for wind energy projects.

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