



Coillte delivers record financial performance in 2018

Operating cash flow doubles to €60m in 2018

Record revenues (€330m) and EBITDA (€115m)

Operating profit increased by 47% to €71.5m

Wednesday 1 May, 2019: Coillte, Ireland's largest forestry and land solutions company, today announced its annual results for 2018. The company delivered record earnings before interest, tax, depreciation and amortisation (EBITDA) of €115m up 35% on the previous year and record revenues of €330m, up 10% on 2017. Operating cash flow at €60m was double that of 2017 while operating profit (before exceptional items and revaluation gains) increased by 47% to €71.5m.

Coillte 2018 Financial highlights

- EBITDA of €115m in 2018, up 35% from €85.2m in 2017
- Operating cash flow increased from €30m in 2017 to €60m in 2018
- Cash yield of 4.6% on net asset base of €1.3 billion
- Operating profit (before exceptional items and revaluation) of €71.5m in 2018, up 47% from €48.7m in 2017
- Profit before interest and taxation of €166m in 2018, up significantly from €51m in 2017
- Record revenue earned in 2018 of €330m, up 10% from €299m in 2017
- Group now close to being debt free (€14m)
- Sale of the majority of interests in operating wind farms for a total consideration of €127m, greater than five times return on original investment
- Planning approval for €8m investment in the redevelopment of Avondale Forest Park
- Dividend paid to the state increased by 87% to €15m

Commenting on the results the Chairperson of Coillte, Bernie Gray, said: *“This strong performance by Coillte is the culmination of a transformation which has been taking place in the business over the last number of years. The transformation targets set by the management team four years ago have been exceeded and Coillte is now positioned as one of the best Forestry and Land Solutions companies in Europe. Financially, the company’s operating cash flow has increased significantly from €0m to €60m over the last four years and Coillte is now generating a cash yield of 4.6% on its €1.3 billion net asset base. The Group has been aggressively reducing debt levels over the last number of years and this leaves us in a strong overall position to weather any Brexit impacts and to invest steadily in future growth opportunities. I am very pleased that we have an ambition in Coillte to perform on a par with the best in the private sector and that we continue to deliver sustainable returns for the benefit of all our Stakeholders. I firmly believe we can continue to drive a strong commercial performance and at the same time provide a valuable environmental and social dividend to society at large. Coillte’s core activities in Forestry, forest products and renewable energy have never been more relevant or important. I want to recognise and thank Fergal Leamy for his excellent leadership of Coillte. The achievements of Fergal and his management team are well evidenced by today’s results. I also want to thank Gerry Britchfield for taking on the role of acting CEO as we transition to a new leadership of the company. ”*

Coillte’s Businesses

Coillte manages a forest and land estate of c.440,000 hectares, which is equivalent to approximately 7% of the country’s land. From this land Coillte operates three strong businesses. The core Forest business, the wood panels manufacturing business, MEDITE SMARTPLY, and the Land Solutions business. During 2018 each of these businesses made excellent progress on achieving their strategic objectives.

Forestry

The Forest division delivered its best ever commercial performance in 2018. The division generated EBITDA of €71.9 million and operating cash of €36.8 million, significantly exceeding the 2017 results of €66.5 million and €25.7 million respectively. The division is now generating a 3.4% return from its forestry assets and is well on track to become the best forestry company in Europe.

The 2018 performance was driven by strong timber prices due to increasing activity in the construction sector and good demand for sawnwood in the UK, despite the ongoing uncertainty caused by Brexit. Although sawlog volumes of 1.52 million m³ were back slightly year-on-year from 2017, sales volumes remained strong particularly given that Coillte had to overcome the significant challenge of a fire at one of its main customers.

In 2018 the division extracted over 2.5 million cubic metres of timber and restocked 8.125 hectares of forests by planting over 20 million trees. This represents Coillte's largest reforestation planting programme and was a particularly significant achievement given the challenges of snow and drought experienced during this year of weather extremes. The unusually dry weather conditions in early summer led to the outbreak of over 150 forest fires on Coillte lands. However due to the excellent response to this challenge from staff and emergency services, the level of forestry and habitat lost to fire was remarkably kept to just 600 hectares.

Coillte continues to lead the provision of outdoor recreation in Ireland with twelve forest parks, almost 300 recreation sites and more than 3,000kms of waymarked trails. In 2018 proposals for a new flagship project at Avondale Forest Park in County Wicklow were developed. The theme of the new forest park will be "A Place of Visionaries" and it will showcase the history of Irish forestry and the life and times of the Parnells whose family home was Avondale. The project is fully funded, has full planning consent and construction will begin in 2019.

MEDITE SMARTPLY

Coillte's panel manufacturing business, MEDITE SMARTPLY, based in the south-east of Ireland, is the leading supplier of sustainable, market led MDF and OSB wood products and is a key outlet for pulp supply from its core forestry division. During 2018 good progress was made towards positioning this business as a leader in value-added wood panel products in Europe.

Turnover in 2018 was 11% ahead of 2017 reflecting strong prices and demand for sustainable panel products in the UK construction market. Implementation of a commercial strategy, in conjunction with Coillte's key strategic customers, helped MEDITE SMARTPLY penetrate new market sectors and geographies with an expanded product range of specialist and technical value-added products. Penetration into the landscape sector led to excellent sales results and increased demand for MEDITE

TRICOYA EXTREME (MTX) MDF and groundwork undertaken in 2017 led to considerable growth for SMARTPLY panels in the off-site construction sector.

From an operational perspective this year saw both plants achieving planned utilisations. Also this year both plants launched new apprenticeship programmes and in the Dartford office a sales graduate programme was launched.

Land Solutions

Coillte's Land Solutions division is making very good progress towards becoming a leader in providing innovative, land solutions. As the largest land owner in the country Coillte has a distinct competitive advantage in sourcing and providing optimal land solutions across a broad range of infrastructure sectors that support national policy objectives including renewable energy, housing and tourism.

The execution of the sale of the majority of Coillte's interests in the operating wind farms was an outstanding outcome for the Group and was very well received by stakeholders. The sale of these assets will facilitate the next wave of development which will see Coillte, with a partner, develop a potential 1GW of wind over the next 10 years. Work has begun in earnest on this development portfolio and the planning cycle will begin for a number of projects in 2019. The new developments will feature best in class community engagement and if successful these projects will bring a range of tangible benefits to local communities.

The Land Solutions Commercial team also had a very good year with strong sales throughout the year. Over 80% of the lands they sold were "D" lands or land with no forest value, helping to positively restructure the forest estate. The team also bought over 200ha of bare land and immature forests which means Coillte is now ahead of its land mitigation strategy for the first time since its introduction in July 2016.

Climate Change and Biodiversity

As the largest land owner in the country, we believe that each of Coillte's businesses will play a critical role in addressing the increasing climate challenge we face both in Ireland and globally. Our businesses mitigate carbon emissions throughout the sustainable management of our forests and land, by embedding carbon in value-added wood products as a natural substitute for energy intensive construction materials, by supplying

biomass as a carbon neutral fuel source and by seamlessly integrating renewable energy sources such as wind and solar on our land.

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