



## **Coillte's 2020 Financial year shaped by Covid-19 and forestry licensing crisis**

- Revenues of €285m and EBITDA of €66m in 2020
- Competition Authority approval for new renewable energy joint venture development company with ESB
- Record visits to Coillte's forests during the Pandemic - top 50 forests experienced a c.40% increase in visitor numbers to 2.2m

**Friday 30 April, 2021:** Coillte, Ireland's largest forestry and land solutions company, today announced its annual results for 2020. The year was shaped by Covid-19 and the forestry licensing crisis which resulted in major timber supply shortages. Due to the impact of the forestry licensing crisis, log sales in the forest division at 2.31m m<sup>3</sup> were 400k m<sup>3</sup> lower than 2019. Sales of sawlog to sawmill customers were down 230k m<sup>3</sup> and sales of pulpwood (primarily to Coillte's MEDITE SMARTPLY business) were down by 170k m<sup>3</sup>. This impacted negatively on Coillte's overall financials.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of €66m was down on the previous year's €103m while revenues of €285m were well down on 2019's €327m. Operating profit (before exceptional items) was €29.1m compared to €63.3m in 2019. Coillte generated operating cash of €24m during 2020 and closed the year with net debt of €28m.

Coillte operated as an essential service since the beginning of the Covid-19 pandemic and also progressed a number of key strategic projects during the year. In particular, the company commenced investment in the €45m upgrade of its SMARTPLY wood panel manufacturing plant. Additionally, a key milestone was reached in early 2021 when the Competition and Consumer Protection Commission approved the transaction for the establishment of a renewable energy joint venture development company with the ESB. Subject to shareholder consent, Coillte expects the new company to be operational in Q2 2021.

### Coillte 2020 Financial/Operational highlights

- EBITDA of €66m in 2020, down from €103m in 2019
- Revenue earned in 2020 of €285m, down from €327m in 2019
- Operating cash flow was €24m, a reduction of €30.2 on the prior year level of €54.2m
- Operating profit (before exceptional items) was €29.1m, down from €63.3m in 2019
- Net debt at end of 2020 was €28m
- Commenced investment in €45m upgrade of SMARTPLY manufacturing plant
- Competition and Consumer Protection Commission approval for JV with ESB to deliver 1GW of renewable energy
- Record visitor numbers to Coillte's forests during the pandemic - top 50 forests experienced a c.40% increase in visitor numbers to 2.2m
- Work commenced on the Dublin Mountains Makeover, an initiative to refocus Coillte's Dublin mountain forests to a primary objective of being for 'people and nature'
- Operated as an essential service throughout the pandemic, including to support the movement of essential goods around the world

**Commenting on the results the Chair of Coillte, Bernie Gray, said:** "2020 was a very challenging year for Coillte. The potential impact of Brexit was overshadowed by Covid-19 and we were also impacted by the forestry licensing crisis which resulted in major timber supply shortages. Despite the challenges we faced, Coillte delivered a solid financial performance, albeit below our original expectations. A significant development in January of this year was approval by the Competition and Consumer Protection Commission for the establishment of the new renewable energy joint venture development company with the ESB. We look forward to forming and operationalising the company following shareholder approval. This development and the strategic investments in our forest and wood processing businesses will enable Coillte to play an important role in the achievement of Ireland's Climate Action targets. I welcome the establishment by Minister Pippa Hackett of Project Woodland which will focus on resolving current sectoral challenges and on developing a shared national vision of what Ireland wants from its trees and forests."

**Imelda Hurley, Coillte's Chief Executive said:** "Coillte entered 2020 against the backdrop of a very challenging market environment. The forestry licensing crisis was the most difficult challenge faced by our sector and an enduring feature of the year which significantly constrained sawlog supplies to customers. Coillte's focus was on mobilising all licensed sawlog

*to endeavour to allow customers remain fully operational. However, the lack of approved forestry licences resulted in supply shortages, a consequent decline in sales and market share and led to substantial supply chain inefficiencies. It is now critical that forestry licensing levels further increase, including for felling, road building and for afforestation, such that the sector can avoid further supply shortages this year and can begin to resume normal operational activities.*

*I welcome the establishment of Project Woodland, a key initiative led by Minister Pippa Hackett. As part of that Project's work, focus is required to determine the most appropriate and future proofed regulatory regime which meets all legislative requirements and also allows for a sustainable and viable forestry sector which can have the confidence to play its part in the achievement of Ireland's afforestation target of 8,000 hectares per annum.*

*Despite the various headwinds in 2020, Coillte delivered a very creditable financial performance, generating EBITDA of €66m and operating cash of €24m. Through careful cash management and the implementation of cost containment measures, Coillte exited 2020 with net debt of €28m. This places us in a solid position for 2021.*

*Coillte has never been more relevant in the context of the challenges of our time, including the Climate and Biodiversity emergencies. As a result, 2021 will be a year focused on resolving sectoral challenges and enabling focus on Coillte's potential contribution to these global issues."*

## **2021 Outlook**

The market environment for 2021 remains challenging. While demand from our core markets of the UK and Ireland is reasonably strong, forestry licensing issues (now primarily related to road permits) are still restricting supply. Albeit there is currently a level of optimism as society begins to reopen, the pandemic will likely continue to affect the full reopening of the economy for some time. Accordingly, Coillte is projecting that 2021 will be a year of recovery with a focus on continuing to keep all colleagues safe during the pandemic, navigating our way through the remaining licensing challenges, resuming normal supply arrangements with customers' and continuing to deliver the multiple benefits of forestry.

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**About Coillte:**

Coillte is Ireland's largest forester, largest provider of outdoor recreation, enables about one-third of Ireland's wind energy on the estate lands, undertakes nature conservation projects of scale and manufactures wood panel products for use in the construction sector. Coillte is focused on delivering the multiple benefits of forestry, including forests for wood, for nature, for climate and for people and on identifying and enabling solutions that address the climate and biodiversity emergencies.

The Irish forestry sector contributes c.€2.3 billion annually to the Irish economy. The sector currently employs c.12,000 people and is forecast to double in size over the next ten years.