

Bord na Móna Announces Strong Annual Results in Challenging Economic Environment for 2010/11

- *EBITDA of €72.7m 12.6% up (+ €8m)*
- *Profits after tax increased by 23% to €12.9m (+ €2.5m)*
- *Turnover was marginally down 0.6% to €382.1 m*
- *Group actively progressing diversification with major projects in renewable energy and water supply.*

Bord na Móna today announced its annual results for last year (year ending March 2011) with EBITDA up by 12.6% to €72.7 million from €64.6 million the previous year and profits after tax increasing by 23% to €12.9 million from €10.5 million. Turnover was €382.1 million, marginally down 0.6% from €384.4 in 2009/2010. A dividend of €3.5 million was paid to shareholders. The average number employed in the group was down slightly from 2,136 to 2,122.

Bord na Móna Group CEO, Gabriel D’Arcy, said: “Bord na Móna recorded increased earnings growth last year for the fifth year in a row in what are extremely challenging economic circumstances. We are on course to meet our growth strategy through diversification. We want to strengthen and streamline our existing businesses and grow further by investing in new long-term sustainable opportunities such as renewable energy and water. We have made significant progress towards achieving these goals during the year. The company is in a new phase of diversification with a very clear focus on sustainability and innovation. Significant progress was made on our “Strategy for Growth” for our combined Horticulture and Green Fuels businesses, presenting us with real opportunities to build on our current businesses in Ireland, UK, and mainland Europe”.

In the year ended March 2011, Bord na Móna took a number of significant steps in progressing the vision for the Group, including:

- Bringing into commercial operation the 116 MW peaking plant installation at Edenderry
- Obtaining planning permission for the construction of two major wind farms; 80 MW at Mount Lucas, Co Offaly, and 40 MW at Bruckana on the borders of Laois, Tipperary and Kilkenny
- Concluding a joint venture agreement with ESB for the development of the initial phase of a wind farm at Oweninny, Co Mayo, providing a further 172 MW
- Expansion of our programme to use biomass to generate electricity using 130,000 tonnes of mixed biomass in the year
- Receiving grid connection offers for all three wind projects amounting to some 490MW
- Launch of Growise growing media range
- Launch of FireMagic FireMaker ignition product
- Completion of a ‘Strategic Land Use Framework’ to enable decisions to be made on the future development of our land
- Publication of Bord na Móna’s Biodiversity Action Plan 2010-2015, setting out projects and activities designed to enhance biodiversity on the company’s lands

Bord na Móna Chairman Fergus McArdle, said “I am pleased to report that the company delivered a very sound financial performance last year in very testing economic circumstances. We had a very clear focus on maximizing returns from our existing businesses while pursuing opportunities for the company to diversify in areas outlined in our strategy “A New Contract with Nature”.

Mr McArdle concluded “The strong performance of our business divisions continue to provide us with a path of profitability despite the general economic downturn, the reduction in disposable incomes and unfavourable weather patterns. I would like to pay tribute to Gabriel D’Arcy and his management team and all our employees for their dedication and hard work in delivering another good year for Bord na Móna despite the many challenges we have faced.”

Overall Business Round – Up of Business Units

Feedstock

2010 provided us with a bumper peat harvest in our Feedstock business. Despite the extreme weather conditions, during the peak winter period, we exceeded the sales target for the year. A continuous programme of cost reduction and improved efficiencies was progressed throughout the year. This is crucial to the longer term sustainability of this activity in an increasingly competitive business.

We made significant strides in sourcing and supplying biomass during the year, therefore, delivering on our sustainability agenda with over 130,000 tonnes of peat displaced with carbon-neutral alternatives. This represents 13.5% dilution and puts us ahead of our plan to achieve 30% co-firing by 2015/2016.

Powergen

Co-firing with biomass increased from 7.8% to 13.5% in 2010/2011 resulting in significantly reduced carbon emissions from the plant. We completed the commissioning and testing of a new 116 MW peaking plant in September 2010 and this provided much needed back up capacity to the grid during the harsh winter months when wind output was low.

Significant progress was made in developing our wind farm projects during the year. Planning consent was received for our wind farm developments at Mount Lucas, Co. Offaly (80 MW) and at Bruckana, Co. Tipperary (40 MW). Grid connection offers have also been received for these farms under the Gate 3 process. We also received grid connection offers for all phases of the large scale wind farm at Oweninny, Co. Mayo (370 MW), the first 172 MW of which will be completed in joint venture with the ESB.

The progress made on both co-firing and wind farm developments are part of our journey toward being a leading renewable energy provider, providing up to 800 MW of capacity by 2020. By 2015 the target is to have over 50% of our portfolio from renewable sources which would provide power to over 90,000 homes annually.

Resource Recovery

Resource Recovery experienced volume growth in our collection, treatment and disposal operations during the year despite an overall continued downturn in waste. Market volume decline was at a lower rate than in 2010. The collection market remains highly fragmented and combined with the reduced market demand these factors have impacted negatively on our margin.

We increased the roll out of our organic brown bin to domestic and commercial customers as part of our landfill diversion strategy. This will form part of our national solution to the EU Landfill Directive targets. This will be supported by the construction of a 25,000 tonnes/annum brown bin composting facility which along with our existing green waste composting site will allow us to provide a full range of organic waste treatments.

We continue to provide innovative and value solutions to our customers through investment in radio frequency identification (RFID) technology, mobile phone SMS messaging and on-line transaction capability. This will ensure that we can tailor our product and service offerings to a growing customer base.

Environmental

The primary focus in our Environmental business during the year was the reorganisation of the business to meet longer term growth ambitions. This has resulted in a stronger customer and market orientation in both

our European and North American geographies. These businesses are committed to progressing sustainability by providing environmentally friendly clean air and treated waste water solutions.

The North American business had a difficult year due to the significant downturn in the housing market. The expansion of our product portfolio and distribution network will give us the necessary platform to generate growth in the coming year. We have a number of pilot plants in place for our odour technology which should convert to commercial applications in the near term.

Horticulture

The business achieved sales growth of 6.5% during the year in a highly challenging and competitive marketplace. The sales of professional growing media into the European market were strong and the expansion of the Growise brand in both Ireland and the UK resulted in market share growth.

The most significant challenge to the business is the peat dilution agenda in the UK. Our innovation team works in close tandem with the Resource Recovery business to continue to find suitable raw materials. This fits with our goal of developing a sustainable business solution for our Horticulture business.

Fuels

2010/2011 was a difficult year for our Fuels business. Briquette sales volumes were down 17% impacted by the availability of privately harvested turf and increasing availability of wood products. Coal volumes also suffered as cheaper imports entered the market. The exceptionally mild last quarter of the financial year also impacted adversely on results.

The biggest challenge facing all of us operating in the retail environment is the changing attitudes of the consumer. The economic downturn is impacting behaviour and consumers are constantly seeking out value solutions to their everyday needs. This is particularly the case in a basic need category such as home heating. We are developing marketing and product development plans to address these issues.

Despite the difficulties attached to our bulk products we recorded growth in our convenience range driven by the launch of an innovative new product – FireMagic FireMaker. Manufactured from recycled materials, this product forms the perfect fire and offers a sustainable alternative to the traditional firelighter.

Land and Property

The objective of the Land and Property business unit is to generate commercial, environmental and social value from these key assets. During the year a review was carried out of the Group's extensive land holding. We have now developed a 'Strategic Framework for the Future Use of Peatlands which will guide future decision making in relation to potential future uses and developments on our cutaway bogs.

Lough Boora Parklands was shortlisted for the EDEN (European Destinations of Excellence) tourism award 2011 and a feasibility study was completed on the potential of Lough Boora to be developed as an eco tourism destination of national and international significance. Good progress was made in relation to biodiversity including the launch of our Biodiversity Action Plan which will guide the organisation over the next five years in relation to biodiversity. We also advanced the programme of work to carry out a baseline biodiversity survey of our bogs.

Water Project

The Dublin and Midlands water supply project has progressed to a stage where a recommended new source option has been declared following a strategic environmental assessment. The regulated abstraction of water from upper Lough Derg facilitated by interim storage and treatment at the Bord na Móna Garryhinch site in

Co. Offaly, has been deemed to be the most environmentally and economically sustainable option. It proposes the establishment of an eco-park at this new facility which will supplement existing midland tourism. Bord na Móna has actively engaged with Dublin City Council with a view to delivering this key infrastructural project.

Bord na Móna, given its proven track record in the design and delivery of major infrastructural projects, coupled with its diversity of operational competencies, has expressed its willingness and desire to take on the role of Irish Water as set out in the Programme for Government and is currently being assessed by the Department of Environment, Community and Local Government under the terms of the EU/IMF Programme of Financial Support for Ireland.

New Corporate Website

A new website, www.bordnamona.ie, will go live today to coincide with the Annual General Meeting. It links up all the existing websites of the company into one more comprehensive site that is easier to navigate for the user.

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