



*Private Placement Market
The Issuers Perspective
15th January 2010*

By

*Michael Barry-Director of Finance
Joseph Coleman-Group Treasurer*

BORD NA MÓNA 

Presentation Content

- Introduction to Bord na Móna Plc.
- Bord na Mona Corporate Strategy & Objectives.
- Five Year Financial Overview.
- Evaluating the Alternatives.
- The Private Placement Process
 - Pre Launch.
 - The Process Itself.
- Final Observations.

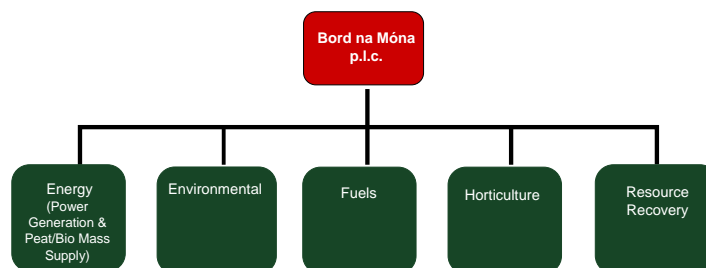
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Introduction to Bord na Móna

- Established in 1946 as a statutory body by the Turf Development Act
- 95% owned by the Irish Government (AA- on S&P) with employees owning the remaining 5%
- Principal business historically was the harvesting of peat for use as fuel for electricity generation and domestic heating purposes
- Since 2006 business activities have expanded to include:
 - Electricity generation
 - Resource recovery
 - Landfill
- These activities accounted for 37% of 2009 EBITDA
- 2009 turnover of €401.6 million and trading recurring EBITDA of €68.8 million

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Operational structure



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Corporate Strategy

- Vision: “A new contract with nature” – To be a leader in commercial enterprises that cares for the environment.
- Strategy-Based on three pillars
 - Diversify business model to secure sustainable future
 - Maximise cash flows from the traditional businesses to provide a platform for new investment focus
 - Primary development focus on Power generation (Renewables) and Resource Recovery

“We are Ireland’s leading environmentally responsible integrated utility service provider encompassing electricity, heating solutions, resource recovery, water, horticulture and related services. We capitalise on international opportunities where we have a competitive advantage...”

A NEW
CONTRACT
WITH
NATURE

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Key corporate objectives

- Be Ireland's leading Resource Recovery business - 80% landfill diversion by 2013
- Be a leading wind energy generator in Ireland consistent with government targets - 500MW of installed capacity by 2015
- Provide platform for continuing operation of peat generating stations after expiration of existing long term contracts – co-fuel EPL with 30% biomass by 2015
- Be Ireland/UK market leader in sustainable gardening products – UK investment & green waste/bio waste agenda
- Realise optimal commercial, social and environmental values from land/property assets

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Financial overview

Year Ended March (€ '000 unless otherwise stated)	2005 ¹	2006	2007	2008	2009
Income Statement	GAAP	GAAP	GAAP	GAAP	GAAP
Group Turnover	257,860	295,738	299,175	371,226	401,567
EBITDA	20,380	53,048	45,398	52,080	68,843
EBITDA Margin	7.9%	17.9%	15.2%	14.0%	17.1%
Other finance (charges) / income	(479)	(380)	1,426	(1,807)	(4,256)
Profit for the financial year ²	3,359	28,698	24,631	16,660	15,931
Balance Sheet					
Tangible assets	127,186	128,479	214,936	229,618	230,484
Intangible assets	9,057	6,041	12,737	56,682	52,946
Total Assets	321,604	337,634	479,862	511,086	525,315
Short term debt	40,866	25,253	406	165	2,520
Long term debt	2,190	-	117,023	117,071	117,117
Total debt	43,056	25,253	117,429	117,236	119,637
Cash and cash equivalents	23,548	37,451	62,336	21,071	63,673
Net debt / (cash)	19,508	(12,198)	55,093	96,165	55,964
Equity shareholders' funds	150,581	206,165	235,460	234,200	198,558
Cash flow					
Net cash inflow from operating activities	3,339	45,324	38,587	43,197	93,421
Existing/Proposed Covenant ratios					
Covenant Net debt/EBITDA			1.07x	1.92x	0.89x
Covenant EBITDA/Net interest			36.5x	11.1x	17.2x

Source: Bord na Mona
¹. 2005 numbers restated following the adoption of Financial Reporting Standard 17 'Pension Benefits' in 2006
². Profit for the financial year after deducting profit attributable to minority interests

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The Alternatives.

- Bord na Mona investigated various options for raising debt finance including
 - Private Placement
 - Syndicated Bank Loans
 - Bond Issues
 - Equity (is not really an option for Bord na Mona.)
- The company eventually decided that it had two alternatives (i) another Private Placement or (ii) Bank Debt finance.
- The company eventually decided to pursue the Private Placement route for the following reasons
 - The 2006 Private Placement was well received by the market. (NAIC -1)
 - The company from 2006-2009 had achieved everything it had set out to achieve.
 - Investment in the waste sector
 - Investment in the Utility sector
 - Repayment of Property loans
 - The International banking crisis had limited banks ability to lend.
 - Traditional banks were only offering tenure of 3 years maximum.
 - Two other Irish companies has just successfully raised funds in the market.
 - All Bord na Mona's investments are long term in nature. (*Refinancing Risk*)

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Pre Launch

- Identify Capital/Funding requirements.
- Selection of Lead Agent for Private Placement transaction.
- Preparation of Private Placement Memorandum.
- Preparation of Investor Presentation.
- Develop knowledge/ monitor US\$ Government Treasury yields.
- Total Coupon/Price is a function of three components ,US\$ Government Treasury yields, Investor Margin and Swap cost.
- Nominate lead Bord na Mona contact in Ireland for Due Diligence questions.

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Pre Launch

- Select legal Counsel
 - Special Irish Counsel,
 - Special USA Counsel,
 - Special USA Counsel (for Purchasers)
- Preparation of Draft Note Purchase Agreement
- Agree Timetable for the Road show.
- Launch Transaction.
- *Note : Most management time was taken in compiling and proof reading the Private Placement memorandum and arranging the Due Diligence visit.*

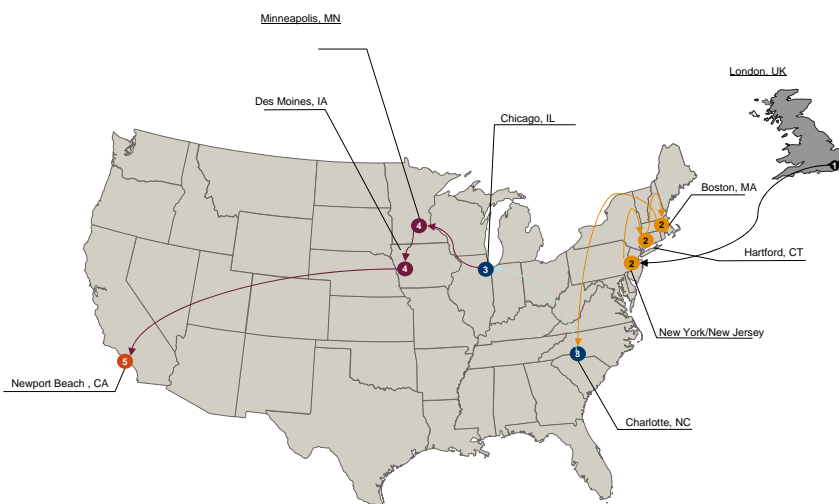
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Timetable

- 10th June • Distribute PPM and NPA to prospective investors
 - 12th June-18th June • Road show in London and USA
 - 12th -23rd June • Responses to additional questions
 - 23rd June • Bids accepted
 - 24th June • Pricing
 - 13th - 14th July • Investor due diligence visit
 - 6th August • Closing and funding
- Total Period of **59** Days

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Bord na Móna Roadshow



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The Transaction

- The deal was extremely well received by investors.
- Planning and engaging in a detailed road show is key and has the following advantages
 - Educates the investor base.
 - Allows the company to promptly answer any queries and resolve misconceptions.
 - Establishes a relationship with the investors.
 - Allows the investors to meet company management.
 - Important that management have a thorough knowledge of the business.

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The Transaction

- Transaction was launched at \$100 million but received offers of \$405 million.
 - Ten investors bided in the process with eight different investors bids accepted.
- The following funds were obtained from the investors--

\$ 57 million Fixed rate	5 -Year	4 Investors
\$ 25 million Fixed rate	7 -Year	3 Investors
\$ 45 million Fixed rate	8 -Year	4 Investors
\$ 78 million Fixed rate	10 -Year	5 Investors
\$205 million Fixed rate	7.80-Year	8 Investors

- Interest payments and declaration of covenants must be made twice a year.

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Final Observations

- Select a **Lead Agent** that you can work closely with
- **Consistent financial performance** is a key to success in the market.
- Strong income streams from **Regulated Industries** are attractive to investors
- **Tenure** available can be long term (typically 5 to 15 years)
- **Private Placement Memorandum** is a vital document for generating investor interest
- **Roadshow** is very important for marketing your company to investors and obtaining enhanced pricing
- Investor **Due Diligence** visit is an opportunity to develop a relationship with the investors
- Important to keep investors up-to-date on developments at your company (**visit & meet regularly**)

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