

BIFFA GROUP LIMITED - WALKER MID YEAR UPDATE - DECEMBER 2011

The first half of 2011/12 financial year has seen the successful completion of the integration of the business of the Greenstar group of companies, acquired in August 2010 and excellent progress on combining back office processes. The integration has reinforced Biffa's position as a leading integrated collection, recycling, resource recovery and energy-from-waste provider throughout the UK with a range of capabilities and a strong product offering that underpin the long term.

Despite the already long period of difficulty that the UK economy has endured, the economy shows no discernable sign of any positive momentum either in current trading conditions or indicators of near term improvement. Biffa reflects, to a large part, the economy which it serves and as industrial and commercial activity drives the economy, so too does it drive the waste in the economy and hence the performance of a large part of the Biffa Group. Biffa's businesses in I&C collection, Landfill and Recycling are all driven by waste volumes that reflect the economy as a whole. In addition, Biffa's Recycling business is dependent upon recyclate commodity prices which are established by Global market conditions. Despite challenging Global economic conditions these have, until recently, remained high, but within the last few months recyclate commodity prices have seen, in some cases significant, downturns, reflecting the relationship between economic activity in individual countries as well as global interdependency. Biffa's municipal collection business benefits from long term contracts that whilst are not directly related to waste volumes, our customers are seeking ways to deliver better value for their domestic customers. As such, the competitive environment in this area of Biffa's business is robust and so it is particularly pleasing to have started two new municipal collection contracts in this year. Biffa's energy business remains robust and whilst electricity prices are subject to some volatility, in the long term the energy demand and supply balance in the UK can only continue to increase prices. Biffa's Anaerobic Digestion plant in the Midlands has now opened, a little behind schedule but not unusually so for a plant of this scale and now contributes to profitability and disposal options for the Group's customers.

Across all of Biffa's businesses the impact of rising fuel and operating costs, set against waste volume declines in the market and a heightened level of competition provide additional challenges and require the Group to remain flexible to adapt to market conditions.

Given Biffa's important strategic position in the UK, with a wide geographic foot print well positioned to benefit from the dynamic opportunities arising from the waste industry, together with a fully integrated business model providing a range of waste management solutions for our customers, we remain confident that Biffa will continue to consolidate and strengthen its position and to deliver exemplary levels of service to its customers throughout these economically difficult and challenging times.

Ian Wakelin
Chief Executive Officer
20 December 2011