



## **New Geographical Expansion into South America**

### **Brazilian Investments Significantly Extend Origin's Agri-Services Portfolio and Farm Services Footprint**

19 June 2018

Origin Enterprises plc, the Agri-Services Group, ('Origin' or 'the Group'), announces today that it has reached agreement to acquire a 65 per cent interest in Fortgreen Commercial Agricola Ltda. ('Fortgreen' or 'the Business'). As part of this transaction Origin has also agreed to acquire a 20 per cent shareholding in Ferrari Zagatto E Cia Ltda. ('Ferrari'), (collectively 'the Transactions').

Fortgreen and Ferrari have common shareholders ('the Founders').

Fortgreen, which is headquartered in Paraná State in southern Brazil, and founded in 2004, is focused on the development of value added crop nutrition and speciality inputs. The Business is an established leader in the manufacture and marketing of a complete portfolio of related crop technologies, covering foliar fertilisers, bio stimulants, adjuvants and control release and slow release fertilisers. Fortgreen operates a comprehensive research and new product development capability and services approximately 1,200 customers through an established business-to-business and retail distribution network.

Ferrari, founded in 1988, and also headquartered in Paraná, is one of the leading providers of agronomy services, crop inputs and crop marketing support to grain and speciality crop growers in Paraná.

Paraná is a mature and strategically important agricultural region in Brazil comprised of well-established and well-capitalised mid-sized farm holdings. With a combinable cropping productive capacity of approximately 9 million hectares, Paraná is the second largest soybean and corn producing region in Brazil. In terms of primary crop production, the region benefits from favourable climate, highly productive soils and competitive logistical advantages as a result of having good quality infrastructure and being close to sea ports.

Fortgreen is an excellent entry point for Origin into the Brazilian market. The Business benefits from an established and scalable platform which, together with proven local expertise, facilitates exposure to the growing and value added segments within speciality crop nutrition. Fortgreen's focus on technical service and in-field application has enabled the Business to develop strong farm linkages through its business-to-business customer franchise, which will provide the Group with valuable insights into wider direct farm opportunities in Paraná and across Brazil more generally.

Ferrari offers Origin opportunity to access some 4,000 new farm customer relationships and provides a springboard for future expansion in a fragmented agronomy service and input distribution market. Ferrari also represents an excellent route-to-market for Fortgreen's crop technologies.

Under the terms of the transaction, Origin will acquire an initial 65 per cent interest in Fortgreen on a cash free and debt free basis for an initial cost of BRL179 million (€41.3 million), payable in cash on completion, based upon an enterprise value for the Business of BRL260 million (€60.2 million) inclusive of average working capital. Additional contingent consideration of up to BRL39 million (€9.0 million) will be payable in 12 months, based on the achievement of specific profit targets. Revenue and adjusted EBITDA for the year ended 31 December 2017 were BRL123 million (€28.4 million) and BRL40 million (€9.3 million) respectively.

Origin has agreed a put and call option with the Founders to acquire the remaining 35per cent shareholding in Fortgreen on specified dates, with the purchase price based on an agreed formula linked to future profitability. Separately Origin has been granted an option to purchase an additional 40 per cent interest in Ferrari in 2020 which, if exercised, will lead to the acquisition of the balance of the Founders' shareholding on specified dates with the purchase price based on an agreed formula linked to future profitability.

The Transactions are subject to a number of conditions and are expected to complete during the first quarter of the 2018/2019 financial year. The existing management team led by Ferreirinha Costa, Fortgreen and Ferrari Chief Executive, will be remaining with the Group. The Transactions are being funded from existing bank facilities and are expected to be earnings enhancing in the first year of ownership.

Commenting on the announcement, Origin Chief Executive Officer, Tom O'Mahony said:

"Fortgreen and Ferrari are two highly complementary businesses that are an excellent strategic fit for Origin. The acquisitions will enhance the Group's crop technology portfolios and brand reputation on-farm.

The Transactions underline Origin's strategic priority to scale its technology and service portfolios in markets which provide tangible growth opportunities. The Transactions also provide the platform to address our requirements for meaningful geographical diversification and seasonality balance.

We are delighted to welcome Ferreirinha and his colleagues to Origin."

Commenting on the announcement, Fortgreen and Ferrari Zagatto Chief Executive, Ferreirinha Costa, said:

"In Origin, we have a like-minded partner who is one of the most dynamic and significant players in our industry in Europe today with industry-leading technical expertise and a customer oriented mind set.

We are confident that our client offering will take a substantial step forward through the continued efforts of our management team and people together with Origin's experience and expertise.

We are delighted to partner with Origin and we look forward to an exciting journey together."

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**The information contains inside information for the purposes of Article 7 of EU Regulation 596/2014**

## **Enquiries:**

Origin Enterprises plc  
Peter Dunne  
Group Finance Director      Tel:            +353 (0)1 563 4959

Andrew Mills  
Investor Relations Officer      Tel:            +353 (0)1 563 4900

Goodbody (ESM Adviser)  
Siobhan Wall                      Tel:            +353 (0)1 641 6019

Davy (Nominated Adviser)  
Anthony Farrell                  Tel:            +353 (0)1 614 9993

Numis Securities (Stockbroker)  
Stuart Skinner                    Tel:            +44 (0)20 7260 1314

Powerscourt  
Jack Hickey (Ireland)          Tel:            +353 (0)83 448 8339  
Rob Greening (UK) /          Tel:            +44 207 250 1446  
Jana Tsiligiannis (UK)

## **About Origin Enterprises plc**

Origin Enterprises plc is a focused Agri-Services group providing specialist On-Farm Agronomy Services, Digital Agricultural Services and the supply of crop technologies and inputs. The Group has leading market positions in Ireland, the United Kingdom, Belgium, Poland, Romania and Ukraine. Origin is listed on the ESM and AIM markets of the Irish and London Stock Exchanges.

ESM ticker symbol:            OIZ  
AIM ticker symbol:            OGN

Website:                        [www.originenterprises.com](http://www.originenterprises.com)