

Origin Enterprises plc

Trading Update

24 November 2017

Origin Enterprises plc ('Origin' or 'the Group'), the Agri-Services group, issues the following trading update for the three months to 31 October 2017, in advance of its Annual General Meeting which is being held today at 11.00am (GMT) in The Westbury Hotel, Balfe Street, Dublin 2.

Overview

Origin reports a satisfactory start to the 2018 financial year in the seasonally quiet first quarter.

Demand levels for agronomy services and crop inputs were favourable in the period. This reflects generally improved on-farm sentiment together with a positive planting profile to date for autumn and winter cropping across the majority of our markets.

Group revenue

Group revenue was €346.7 million for the three months compared to €333.6 million in the corresponding period last year, an increase of 3.9 per cent. On an underlying basis at constant currency, revenue increased by €16.6 million (5.0 per cent), with this movement principally reflecting increased volumes.

Underlying volume growth in agronomy services and crop inputs (excluding crop marketing volumes) was 7.8 per cent in the period.

The components of the total year-on-year increase are as follows:

Group revenue

	FY18	FY17	Change	Currency	Attributable to:	
	€m	€m	%	%	Underlying	Acquisitions
					%	%
Revenue	346.7	333.6	3.9%	(3.0%)	5.0%	1.9%

Ireland and the United Kingdom

	FY18	FY17	Change	Currency	Attributable to:	
	€m	€m	%	%	Underlying	Acquisitions
					%	%
Revenue	219.5	201.3	9.1%	(4.0%)	9.8%	3.3%

Ireland and the UK delivered a satisfactory performance recording underlying volume growth in agronomy services and crop inputs of 5.7 per cent in the period.

On a like-for-like basis (adjusted for the impact of currency movements and acquisitions), there was an underlying increase in revenue of 9.8 per cent compared to the corresponding period last year. Acquisitions resulted in increased revenue of 3.3 per cent offset by a 4.0 per cent reduction due to currency movements.

Integrated Agronomy and On-Farm Services

Integrated Agronomy and On-Farm Services delivered a satisfactory performance in the first quarter with all service and input portfolios maintaining solid momentum in competitive trading conditions.

Autumn and winter crop planting activity has advanced well in the first three months of the financial year following a delayed start to field operations during August and September. Improved in-field conditions during October enabled significant catch up crop drilling activity.

Total winter oil seed rape and winter wheat plantings are currently forecasted to be approximately 2.8 per cent above last year at 2.42 million hectares. Combined autumn, winter and spring plantings for the 2018 growing season are estimated to be in line with last year at 4.55 million hectares with a reduction in spring plantings in favour of the more intensive autumn and winter crop production.

The cropping base is currently well established and in good condition and provides a solid platform for the main agronomy service and input application season in the second half of the financial year.

Business-to-Business Agri-Inputs

Business-to-Business Agri-Inputs achieved a satisfactory result in the period with performance principally underpinned by higher fertiliser and feed volumes.

Fertiliser

Fertiliser recorded higher underlying volumes in the first quarter in highly competitive trading conditions. The emergence of fertiliser raw material price inflation has slowed early new season sales order activity as primary producers adopt a cautious approach and defer procurement decisions until closer to the main application period in the second half of the financial year. Speciality nutrition applications maintained good growth momentum and positively supported margins in the period.

The Bunn Fertiliser acquisition in the UK which was completed in August 2017 was fully integrated in the period and is performing to expectation.

Amenity

Origin Amenity maintained a good performance in the period with solid momentum achieved within the professional sports turf and fine turf channels.

Linemark UK, a market leader in advanced sports and amenity marking solutions, which the Group acquired in the fourth quarter of the 2017 financial year, performed satisfactorily in the period. Integration is progressing to plan.

Feed Ingredients

Higher volumes underpinned a satisfactory performance from Feed Ingredients in the period.

Favourable volume development is reflecting a combination of good spot demand in the quarter due to poor animal grazing conditions and improved forward buying interest from customers due to the generally positive backdrop for primary dairy production.

Continental Europe¹

	FY18	FY17	Change	Currency	Attributable to:	
	€m	€m	%	%	Underlying	Acquisitions
					%	%
Revenue	80.6	72.6	11.0%	(2.5%)	13.5%	-

¹ Excluding crop marketing

Continental Europe delivered a satisfactory performance recording underlying volume growth in agronomy services and crop inputs (excluding crop marketing volumes) of 13.7 per cent in the period.

On a like-for-like basis (adjusted for the impact of currency movements and acquisitions), there was an underlying increase in revenue of 13.5 per cent compared to the corresponding period last year, offset by a 2.5 per cent reduction due to currency movements.

Poland

Poland performed well in the period, with an increased contribution achieved across the principal service and input portfolios.

Notwithstanding the favourable performance in the first quarter, many farmers continue to experience difficult and challenging operating conditions. A delayed harvest and poor ground conditions due to unsettled weather resulted in curtailed crop cultivation and maintenance activity in many growing regions of northern Poland in the period. Autumn and winter plantings are estimated to be approximately 2.9 per cent lower than the prior year at 4.6 million hectares. However, the shortfall in autumn and winter cropping is expected to be recovered through an increase in spring plantings leaving the total cropping area for the growing year broadly equivalent to last year at 8.1 million hectares.

Value added agronomy applications continue to maintain good growth momentum reflecting a favourable business mix and improved commercial effectiveness.

Romania

Romania achieved a satisfactory result in the period with all customer channels performing well. The Group's nutrition portfolios continued to maintain good momentum, recording higher volumes in the period as primary producers seek improved ranges and speciality applications.

Farm sentiment is positive reflecting a generally good harvest outcome with above average crop yields and quality for the main crop species. The total sown area for autumn and winter cropping is estimated to be in line with last year at 3.2 million hectares. These crops, with the exception of some localised concerns regarding winter oil seed rape yield potential due to dry conditions, are well established and in good condition. Any related oil seed rape crop losses are expected to be replaced by increased maize and sunflower plantings in the spring season.

Combined winter and spring plantings for the growing season as a whole are currently estimated to be in line with last year at 8.4 million hectares.

Ukraine

Ukraine delivered a solid performance in the period, in line with expectation and supported by an improved macro-economic backdrop. The business continues to benefit from an expanding distribution footprint and a continued focus on an enhanced crop technology portfolio to address the requirements of the high service segments of the market.

Total autumn plantings for cereals and oil seed rape are estimated to be in line with last year at 7.8 million hectares. Combined autumn and spring plantings are currently forecast at 22.7 million hectares compared with 22.4 million hectares for the prior year.

Outlook

Sector sentiment currently remains cautious against an improved planning backdrop for primary food producers.

The autumn and winter cropping profile provides a strong foundation for the seasonally more important second half when in excess of 90 per cent of earnings typically arise.

A further update on cropping status and farming activity ahead of the Group's main trading season in the second half will be provided at the time of the Interim Results announcement in March 2018.

ENDS

Enquiries:

Origin Enterprises plc
Imelda Hurley
Chief Financial Officer 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

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

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, 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