

Origin Enterprises plc

Q1 Trading Update

Strong start to FY22 driven by favourable autumn/winter planting levels

Pass through of global fertiliser and feed price movements represents approximately half of revenue growth

Dublin, London, 25 November 2021. Origin Enterprises plc ('Origin' or 'the Group'), the international Agri-Services group, providing specialist agronomy advice, crop inputs and digital agricultural solutions to farmers, growers, landscapers and amenity professionals, today issues its first quarter Trading Update for the three months ended 31 October 2021 ('Q1 FY22').

This trading update coincides with the Group's Annual General Meeting which will be held today at 11:00am (UK/Ireland time), in the Merrion Hotel, Upper Merrion Street, Dublin 2, in accordance with the latest Irish Government advice and public health guidelines for COVID-19. Further details regarding the Annual General Meeting are available at <https://originenterprises.com/investors/agm>.

Overview

- Strong start to trading in the seasonally quiet first quarter, compared to FY21 where carry-over of stock on-farm reduced demand.
- Group Revenue was €454.1 million for Q1 FY22, compared to €318.3 million in Q1 FY21, representing an increase of 42.6%. Improved revenues were a result of increased demand, some early season forward buying by farmers and an encouraging autumn/winter planting season, particularly in the UK. Increased global fertiliser and feed prices represented approximately half of the revenue growth in the quarter.
- On an underlying constant currency basis, revenue (excluding crop marketing revenue) increased by 44.0%, reflecting an underlying volume increase of 21.0% in sales of seed, crop protection and fertiliser in the period.
- The planted area for autumn and winter crops is expected to be broadly in line with Q1 FY21, with an increase in cropping area expected in the UK offset by a modest reduction in Continental Europe. In Latin America, the total cropping area dedicated to soya is expected to increase.
- Strong crop prices globally mean that on-farm sentiment across the Group's markets is positive.
- Appointment of Ms. Lesley Williams and Mr. Aidan Connolly to the Board of Directors.
- Publication of Origin's inaugural Sustainability Report, '[Nurturing Growth](#)'. The Group also signed up to the Science Based Targets initiative (SBTi) and welcomed the launch of our UK research facility, Throws Farms, as a LEAF* innovation centre.

Group Revenue

	Q1 FY22 €'m	Q1 FY21 €'m	Variance %	Underlying ¹ %	Constant Currency ² %
Ireland / UK	271.6	181.9	49.3%	37.9%	41.1%
Continental Europe	109.4	77.7	40.9%	49.1%	41.9%
Latin America	23.1	10.6	117.5%	111.9%	111.9%
Total Agronomy and Inputs	404.1	270.2	49.6%	44.0%	44.1%
Crop Marketing	50.0	48.1	3.7%	5.7%	5.7%
Total Group	454.1	318.3	42.6%	38.2%	38.3%

¹ Excluding currency movements and the contribution of acquisitions and disposals

² Excluding currency movements

* 'Linking Environment And Farming' – LEAF – is a leading UK organisation working to deliver more sustainable food and farming. LEAF collaborates with farmers, the food industry, scientists and consumers, to inspire and enable sustainable farming that is prosperous, enriches the environment and engages local communities.

Ireland and the UK recorded an increase in underlying agronomy services and crop input volumes of 16.4% in Q1 FY22. Favourable in-field conditions helped the timely completion of the harvest, with some areas completing their harvest earlier than expected and with higher yields recorded than the prior year. This facilitated the early sowing of oil seed rape followed by winter wheat and winter barley. The expected area of oil seed rape is up 19.0% to 0.4 million hectares and winter wheat up 3.7% to 1.8 million hectares compared to FY21. The total autumn/winter planted area is expected to be 5.1% higher than last year at 2.5 million hectares. Combined autumn/winter and spring plantings for the 2022 crop production year are expected to be 1.1% higher at approximately 4.3 million hectares.

Business-to-Business Agri-Inputs had a strong start to the financial year, recording increased fertiliser and animal feed ingredients volumes compared with Q1 FY21. The continuing inflationary environment for fertiliser prices in the period, driven by high energy costs and supply chain challenges, contributed to increased fertiliser revenues. The production challenges for a domestic competitor in the UK also saw UK farmers engaged in early season procurement of fertiliser to secure supply.

The Group's Amenity business recorded a solid start to the year, with the integration of Green-tech, the UK's leading manufacturer and distributor of landscaping, forestry and ground maintenance equipment, progressing to plan and performing in line with expectations.

Digital agricultural services continue to enhance Origin's offering, with over 1.8 million active hectares onboarded to the platform during the period (Q1 FY21: 1.4 million), including growth in Continental Europe. The key priority for RHIZA, the Group's digital agronomy and precision farming operation, is enhancing user functionality. RHIZA strengthens our agronomy services and through in-house innovation, third-party collaborations and integrations, delivers measurable value to farmers.

Continental Europe recorded an underlying volume increase in agronomy services and crop inputs of 22.4% in the period, excluding crop marketing volumes. There was a solid start to the year across the segment, some of which is attributable to brought forward demand due to concerns about supply chain challenges. Overall, the autumn and winter planted area is expected to reduce marginally across our CE markets primarily driven by Ukraine, where the level of winter plantings has reverted to a more normalised level.

In Poland, autumn and winter plantings are forecasted to be broadly in line with FY21's final outcome at 5.1 million hectares. The total cropping area for the 2021 growing season is expected to be broadly equivalent to last year at 8.8 million hectares.

In Romania, autumn and winter plantings are expected to be 6.1% ahead of the prior year at 3.1 million hectares. Despite a delay to winter plantings because of some localised dry conditions, favourable conditions in October allowed for catch up activity in-field. Combined winter and spring plantings for the growing season are currently anticipated to be 0.9% ahead of last year at 8.4 million hectares.

In Ukraine, total autumn and winter plantings are forecasted to be 7.4% behind last year at 8.1 million hectares. This represents a more normalised level of plantings for autumn and winter, with most of this reduction expected to transfer to spring cropping. Combined autumn and spring plantings are currently forecast to be marginally behind last year at 23.5 million hectares.

Latin America delivered an improved performance in the period, recording an underlying increase in agronomy services and crop input volumes of 89.3%. The volume development and underlying growth is driven by increases in our core product range and a significant increase in controlled release fertiliser sales following the completion of our new production facility in Minas Gerais in the second half of FY21. The total cropping area dedicated to soya, Brazil's principal crop, is expected to increase by 4.4% on the prior year to 40.2 million hectares. Favourable weather conditions have resulted in soya plantings being ahead of the same period last year.

Outlook

Q1 FY22 delivered a strong start to the year, with increased volumes and contributions in each segment across the Group, albeit when compared to a weaker Q1 in FY21. Favourable autumn/winter planting levels set a solid foundation for continued progress later in the financial year, subject to normal weather risks which may arise as the year progresses. As flagged at the time of our FY21 full year announcement, we are conscious of potential operating and commercial challenges with regard to global supply chain risks and raw material price volatility.

Through continued disciplined capital deployment, and the strength and experience of the leadership team in place, we are confident in the Group's ability to progress our growth ambitions successfully in FY22 and beyond, allowing us to further increase shareholder returns.

Origin will provide a further update on cropping status and farming activity ahead of the Group's main trading season in the second half, at the time of our Interim Results announcement in March 2022.

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About Origin Enterprises plc

Origin Enterprises plc is an international Agri-Services group, providing specialist agronomy advice, crop inputs and digital agricultural solutions to farmers, growers, landscapers and amenity professionals. The Group has leading market positions in Ireland, the United Kingdom, Brazil, Poland, Romania and Ukraine. Origin is listed on the Euronext Growth (Dublin) and AIM markets of the Irish and London Stock Exchanges.

Euronext Growth (Dublin) ticker symbol:
AIM ticker symbol
Website:

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OGN
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