Origin Enterprises plc

Q3 Trading Update

Despite challenging spring conditions, the Group is guiding full year FY21 adjusted diluted earnings per share of between 34.0 and 36.0 cent, up from 25.69 cent in FY20

Dublin, London, 16 June 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 and amenity professionals, today issues its FY21 Trading Update for the three and nine months ended 30 April 2021.

Overview

The Group delivered a satisfactory performance for the seasonally important third quarter ('Q3') considering the adverse impact of prolonged cold weather on farm activity. Despite reasonably favourable autumn planting conditions, normal spring farm activity was held back by exceptionally cold conditions in April, which extended across the whole of Europe.

Persistent cold spring weather and the absence of pest and disease prevalence in crops has resulted in lower input volumes in Q3 across our Ireland, UK and Continental European markets. While overall business volumes are marginally positive year-to-date, this is set against a comparative period that encountered significant challenges with extreme weather conditions and the early stages of COVID-19.

Since the period end, there has been a return to more settled weather conditions generally, across Ireland, the UK and Continental Europe, which is driving a level of catch-up activity on farm. As a result, the Group expects an increase in demand for agronomy services, crop inputs and amenity products for the fourth quarter ('Q4').

Revenue Summary

Group revenue for Q3 and year-to-date, compared to the prior period is as follows:

Group Revenue – Q3

	Q3 FY21 €'m	Q3 FY20 €'m	Variance %	Underlying[1] %	Constant Currency[2] %
Ireland / UK	366.4	372.1	(1.5%)	(2.4%)	(1.2%)
Continental Europe	190.0	196.9	(3.6%)	3.7%	3.7%
Latin America	5.8	1.6	259.9%	312.1%	312.1%
Total Agronomy and Inputs	562.2	570.6	(1.5%)	0.6%	1.4%
Crop Marketing	35.6	34.2	4.0%	6.9%	6.9%
Total Group	597.8	604.8	(1.2%)	0.9%	1.7%

[1] Excluding currency movements and the contribution of acquisitions
[2] Excluding currency movements

Group Revenue – YTD

	YTD FY21 €'m	YTD FY20 €'m	Variance %	Underlying[1] %	Constant Currency[2] %
Ireland / UK	710.9	709.5	0.2%	1.2%	1.9%
Continental Europe	312.3	338.9	(7.9%)	(1.1%)	(1.1%)
Latin America	27.4	23.5	16.9%	58.7%	58.7%
Total Agronomy and Inputs	1,050.6	1,071.9	(2.0%)	1.7%	2.2%
Crop Marketing	119.6	137.8	(13.2%)	(9.7%)	(9.7%)
Total Group	1,170.2	1,209.7	(3.3%)	0.4%	0.8%

[1] Excluding currency movements and the contribution of acquisitions
[2] Excluding currency movements

Reported Group revenue was €597.8 million for Q3, a decrease of 1.2% on the prior year (an increase of 1.7% on a constant currency basis), primarily reflecting the impact of delayed in-field activities and on-farm crop input investment, following cold spring weather conditions across Ireland, the UK and Continental Europe.

Group revenue for the nine-months ended 30 April 2021 was €1,170.2 million, a decline of 3.3% year-on-year on a reported basis (an increase of 0.8% on a constant currency basis). Excluding Crop Marketing, revenue in our Agronomy and Inputs businesses delivered constant currency revenue growth of 2.2%, reflecting volume growth of 1.6%, marginal pricing improvement of 0.2% and an acquisition contribution of 0.4% in our Amenity business.

Ireland and the UK recorded a reduction in underlying agronomy services and crop input volumes in Q3 of 4.5% and an increase year-to-date of 2.4%. Volume performance in the quarter was challenging, with the cold weather recorded across the UK resulting in delayed in-field activities and a reduced on-farm spend, despite a return to a more normalised cropping profile.

Total autumn and winter plantings for principal crops are estimated to be 42.6%, or 0.7 million hectares, ahead of last year at 2.4 million hectares. The area of winter wheat is estimated to be up 62.1% to 1.7 million hectares (1.0 million hectares in FY20).

Business-to-Business Agri-Inputs has recorded increased volumes year to date, as demand from trade customers was influenced by raw material price increases and concerns over product availability. Volume momentum reduced in Q3 as cold weather conditions influenced demand, however full year volumes are expected to be ahead of FY20.

The Group's Amenity business delivered an improved performance year-to-date, recording increased volumes benefitting from the easing of COVID-19 restrictions across the UK. In March 2021, Origin acquired Greentech Limited ('Green-tech') the UK's leading manufacturer and distributor of landscaping, forestry and grounds maintenance equipment. Green-tech strengthens Origin's Amenity business offering with potential in the area of environmental land management and bio-diversity enhancement for the Group's agri-focused businesses. Since acquisition, Green-tech has performed in line with expectations and the integration of the business into the wider Amenity division is proceeding to plan.

The Group's Digital platform continued to add increased functionality to farmers ahead of the FY21 growing season. By the end of Q3 FY21 over 1.6 million active hectares were uploaded to the platform.

Continental Europe recorded an underlying volume decrease in agronomy services and crop inputs (excluding crop marketing volumes) of 1.4% in Q3 and 3.2% year-to-date. Despite a positive planting profile across our CE markets, cold conditions accompanied by snow delayed spring activity, with catch-up activity continuing on farms into Q4. The Group's Belgian fertiliser business performed in line with expectations.

In Poland, combined autumn, winter and spring plantings for the 2021 growing season are estimated to be 0.9% behind last year at 8.1 million hectares. A marginal reduction in autumn and winter plantings largely transferred to spring. To date, there has been satisfactory establishment of spring cereals, with the condition of winter crops generally strong.

In Romania, the total sown area for autumn, winter and spring plantings is estimated to be in line with the prior year at 8.4 million hectares. There was a delay in some spring plantings due to cold weather, however, to date, early crop establishment has been good. Following dry conditions encountered in the prior year, there has been sufficient rainfall for robust crop development.

In Ukraine, total autumn, winter and spring plantings are anticipated to be 0.9% ahead of last year at 24.0 million hectares, primarily due to a 6.1% increase in spring cropping. Cold weather has delayed some spring plantings; however, it has also resulted in an extended planting window. Winter crop establishment has been satisfactory to date, while the delay to spring plantings has resulted in later development of those crops.

Latin America recorded an increase in underlying business volumes in the quarter of 140.0%, in the seasonally quieter second half. Year-to-date underlying business volumes are 44.9% ahead of the prior year driven by a significant increase in controlled release fertiliser sales, together with a 3.5% increase to 38.3 million hectares in the total cropping area dedicated to soya, Brazil's principal crop and an increase of 9.1% in the cropping area dedicated to Brazil's secondary crop, maize to 14.4 million hectares. However, drought in the region is expected to reduce yield, on average, by 20% per hectare. The Group's new controlled release fertiliser plant in Varginha, Minas Gerais is expected to be commissioned in June.

The impact of foreign currency translation has significantly impacted Latin America's reported performance in the period, with year-to-date revenues increasing by 16.9% on a reported basis, but by 58.7% on an underlying basis excluding the impact of currency movements.

COVID-19

COVID-19 continues to be a challenge to our operations, particularly in Continental Europe and Brazil. While the Group continues to implement a range of extensive measures to ensure the safety of our people and maintain continuity of service to the agricultural community, in line with government and health authority guidelines, increased restrictions across some of our geographies has limited some on-farm access.

Sustainability

The Group continues to progress our sustainability agenda. Building on the momentum in H1, where we received a positive first-time CDP score and an improved ESG rating from Sustainalytics, Origin recently received an improved rating by MSCI in recognition of our overall ESG performance. Further details of the Group's sustainability strategy, targets, and progress will be detailed in our inaugural Sustainability Report, which will be published later this year.

Current Trading and Full Year Outlook for FY21

Across the Group there has been a positive start to trading in Q4, benefitting from more settled weather conditions across our core markets with a degree of catch-up activity on the delayed in-field activities and reduced on-farm spend seen throughout Q3.

For FY21, the Group expects to deliver solid growth in earnings year-on-year, with full year adjusted fully diluted earnings per share in the range of 34.0 to 36.0 cent up from 25.69 cent in FY20.

The Group's Preliminary Results for FY21 are scheduled to be announced on 29 September 2021.

ENDS

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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 and amenity professionals. The Group has leading market positions in Ireland, the United Kingdom, Belgium, 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:	OIZ
AIM ticker symbol	OGN
Website:	www.originenterprises.com