

Origin Enterprises plc

PRELIMINARY RESULTS STATEMENT

A solid performance in a challenging environment

28 September 2016

Origin Enterprises plc ('Origin' or 'the Group'), today announces its full year results for the year ended 31 July 2016.

Financial and Operating Highlights

- Solid results in line with market expectations, against a highly challenging trading environment
- Strong performance from Central & Eastern European farm services businesses acquired in 2016, with integration progressing to plan
- Good volume recovery in Q4 following weak Q3
- Agrii brand launched in Poland
- Continued track record of robust cash generation, with net cash of €3m at year end
- Adjusted diluted earnings per share of 44.51 cent, a decrease of 25.9 per cent
- Full year dividend maintained at 21.0 cent per share

Results Summary

	2016	2015	%
	€'000	€'000	Change
Group revenue	1,521,256	1,458,098	4.3
Group operating profit			
Operating profit*	67,258	78,895	(14.7)
Associates and joint venture**	5,621	14,076	(60.1)
Total group operating profit*	72,879	92,971	(21.6)
Finance expense, net	(7,367)	(4,810)	(53.2)
Profit before tax*	65,512	88,161	(25.7)
Basic EPS (cent)	46.03	61.72	(25.4)
Adjusted diluted EPS (cent)***	44.51	60.10	(25.9)
Group net cash****	3,122	88,800	-
Dividend per ordinary share (cent)	21.00	21.00	-

* Before amortisation of non-ERP intangible assets and exceptional items

** Profit after interest and tax before amortisation of non-ERP intangible assets and before exceptional items

*** Before amortisation of non-ERP intangible assets, net of related deferred tax (2016: €3.1m, 2015: €10.2m) and exceptional items, net of tax (2016: €4.7m credit, 2015: €12.0m credit)

**** Includes restricted cash of €2.9m (2015: €29.4m)

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

"Origin Enterprises has delivered a solid operational and financial performance against the backdrop of a challenging planning and operating environment for primary food producers in 2016.

Highly adverse and unseasonal weather conditions, combined with weak farm sentiment, drove a highly competitive trading environment which negatively impacted the Group's profitability and returns. Overall performance has benefited from an excellent result from the Group's Central and Eastern European farm services businesses acquired in 2016, together with maintaining a group wide operational focus on strategic cost control, business integration and cash flow management. This focus will continue in 2017.

We remain committed to expanding Origin's footprint and will continue to prioritise investment in strategic acquisitions as well as in the further development of the Group's crop management systems and yield technology transfer platforms.

Notwithstanding the fact that sector sentiment remains subdued reflecting the current pressures on farm incomes, the Group is well positioned to respond to present market conditions and to benefit from a sustained improvement in primary producer returns."

ENDS

The preliminary results statement is available on the company website www.originenterprises.com. There will be a live conference call at 8.00am (GMT) today. To listen to this conference call, please dial the number below. Participants are requested to dial in 5 to 10 minutes prior to the scheduled start time.

Confirmation Code: 4139302

Participant access number:

Dublin: Tel: +353 (0)1 246 5603
UK/International: Tel: +44 (0)20 3427 1908

Replay:

A replay of this call will be available for seven days.

Replay Access Code: 4139302

Replay Access Numbers:

Dublin: Tel: +353 (0)1 486 0902
UK/International: Tel: +44 (0)20 3427 0598

Financial Review - Summary

	2016 €'000	2015 €'000
Group revenue	<u>1,521,256</u>	<u>1,458,098</u>
Operating profit*	67,258	78,895
Associates and joint venture, net**	<u>5,621</u>	<u>14,076</u>
Group operating profit*	72,879	92,971
Finance costs, net	<u>(7,367)</u>	<u>(4,810)</u>
Pre-tax profits	65,512	88,161
Income tax	<u>(9,393)</u>	<u>(12,690)</u>
Adjusted net profit	<u>56,119</u>	<u>75,471</u>
Adjusted diluted EPS (cent)***	<u>44.51</u>	<u>60.10</u>
Adjusted net profit reconciliation		
Reported net profit	57,801	77,257
Amortisation of non-ERP intangible assets		
- Group	4,294	7,397
- Associates and joint venture (net of tax)	-	3,964
Tax on amortisation of non-ERP related intangible assets	(1,242)	(1,183)
Exceptional items (net of tax)	<u>(4,734)</u>	<u>(11,964)</u>
Adjusted net profit	<u>56,119</u>	<u>75,471</u>
Adjusted diluted EPS (cent)***	<u>44.51</u>	<u>60.10</u>

Origin reports a 25.9 per cent decrease in adjusted diluted earnings per share*** for the year ending 31 July 2016 to 44.51 cent. On a like-for-like basis (adjusted for the impact of currency movements, acquisitions and the disposal of the Group's 32 per cent interest in Valeo Foods in July 2015) there was an underlying decrease in adjusted diluted earnings per share of 22.0 per cent.

Group revenue

Group revenue was €1,521.3 million compared to €1,458.1 million in the previous year, an increase of 4.3 per cent. Underlying revenue (adjusted for the impact of currency movements and acquisitions) decreased by €54.3 million (3.7 per cent) principally reflecting a combination of lower input prices and crop marketing volumes. Underlying service revenue and input volumes were 0.1 per cent higher in the period.

Operating profit*

Operating profit* amounted to €67.3 million compared to €78.9 million in the previous year. On a like-for-like basis (adjusted for currency movements and acquisitions) operating profit* decreased by €21.9 million (27.7 per cent). This was a solid result in the context of a particularly challenging year for primary food producers.

Associates and joint venture**

Origin's share of the profit after interest and taxation from associates and joint venture decreased by €8.5 million (60.1 per cent) to €5.6 million. The decrease was primarily driven by the disposal of the Group's 32 per cent interest in Valeo Foods in July 2015.

Finance costs and net debt

Net finance costs amounted to €7.4 million, an increase of €2.6 million (53.2 per cent) on the prior year. Average net debt amounted to €190 million compared to €186 million last year. Actual net cash at 31 July 2016 was €3.1 million**** compared to actual net cash of €88.8 million**** at the end of the previous year. This movement was driven primarily by an acquisition spend of €73.6 million in the current year.

Working capital

Investment in working capital remains a key area of focus for the Group given the associated funding costs. The year end represents the low point in the working capital cycle for the Group reflecting the seasonality of the business.

Adjusted diluted earnings per share ('EPS') ***

EPS*** amounted to 44.51 cent per share, a decrease of 25.9 per cent from 2015. This decrease is driven by foreign currency translation (- 0.7 per cent), the disposal of the Group's 32 per cent interest in Valeo Foods in July 2015 (- 14.2 per cent), the impact of acquisitions (+ 11.0 per cent) and a decrease in like-for-like underlying profits (- 22.0 per cent).

Exceptional items

Exceptional items net of tax amounted to a credit of €4.7 million in the period. These principally related to a gain arising from the revaluation of deferred acquisition consideration (€6.6 million), restructuring, acquisition, integration and other costs (€3.3 million) and a gain of €1.4 million relating to a fair value adjustment to the Group's investment properties.

Dividend

The Board recommends a final dividend of 17.85 cent per ordinary share which, when combined with the interim dividend of 3.15 cent per ordinary share, brings the total dividend for the year to 21.0 cent per ordinary share (2015: 21.0 cent). The final dividend is payable on 16 December 2016 to shareholders on the register on 2 December 2016.

Annual General Meeting (AGM)

The AGM will be held on 25 November 2016 at 11.00 a.m. in the Westbury Hotel, Grafton Street, Dublin 2.

* *Before amortisation of non-ERP intangible assets and exceptional items*

** *Profit after interest and tax before amortisation of non-ERP intangible assets and before exceptional items*

*** *Before amortisation of non-ERP intangible assets, net of related deferred tax (2016: €3.1m, 2015: €10.2m) and exceptional items, net of tax (2016: €4.7m credit, 2015: €12.0m credit)*

**** *Including restricted cash of €2.9m (2015: €29.4m)*

Review of Operations

	2016 €m	2015 €m	Change on prior year	
			Change €m	Underlying** €m
Group revenue	1,521.3	1,458.1	63.2	(54.3)
Operating profit*	67.3	78.9	(11.6)	(21.9)
Operating margin*	4.4%	5.4%	(100bps)	-
Return on capital employed	13.6%	18.5%	(490bps)	-

* Before amortisation of non-ERP intangible assets and exceptional items

** Excluding currency movements and the impact of acquisitions

Revenue from Agri-Services comprises the totality of Group revenue. Agri-Services incorporates integrated agronomy and on-farm services and business-to-business agri-inputs. During the year the Group's operations spanned Ireland, the UK, Poland, Romania and Ukraine.

Agri-Services had a challenging year. Underlying revenue decreased 3.7% principally reflecting the impact of lower input prices and crop marketing volumes. Underlying service revenue and input volumes increased 0.1 per cent in the period, reflecting a 3.2 per cent reduction in Ireland and the UK and a 12.2 per cent increase in Central and Eastern Europe. Operating margin was 100 basis points lower, largely reflecting the impact of unseasonal weather and weaker primary producer returns.

Integrated Agronomy and On-Farm Services

United Kingdom

Origin's agronomy brand in the UK is Agrii, which specialises in offering independent and innovative advice, crop inputs and services to arable, fruit and vegetable growers. Agrii performed robustly in a very difficult environment in 2016. The business recorded lower revenues and margins in the period due to a combination of highly adverse weather and reduced farm profitability.

Unseasonably lower temperatures and higher average and sustained rainfall levels across the main crop growing regions of the United Kingdom during the second and third quarters led to very late spring growing conditions. This resulted in delayed and missed service and input application. Pressure on farm incomes and cash flow, combined with the more compressed nature of seasonal activity, led to highly competitive trading conditions and lower demand across a variety of market sectors.

The Group's service-orientated agronomy model continues to demonstrate resilience, benefiting from a broad cropping focus and customised approach designed to maximise the economic potential of farmers' crops. Agronomy service revenue and crop protection volumes recovered well during the fourth quarter following significant shortfalls in the third quarter. Seed and nutrition performed strongly for the year as a whole, growing market share despite the challenging backdrop.

During the period, the Group completed the acquisition of ReSo Seeds, a specialist mobile seed services company, and R&T Liming, a leading provider of extended nutrition applications. These businesses strongly complement the overall agronomy offering by broadening the technical and on-farm service component of Agrii's seed and nutrition portfolios.

Poland

The Agrii Polska brand was created in 2016 through the merger of Dalgety and the Kazgod Group which was acquired in 2016. This merger represents a transformative expansion to the Group's farm service footprint in Poland, and Agrii Polska is now a scale business with market leadership positions and an enhanced service capability.

The business achieved a satisfactory result in the context of extreme weather conditions which negatively impacted revenues, profits and margins. Service and input application was significantly curtailed following a combination of prolonged frost conditions and an absence of snow cover throughout Northern and Central Poland during March and April. This unusual weather pattern led to the loss of 1.2 million hectares or c. 20% of total autumn and winter crop plantings in addition to a shorter growing season for spring cropping. The market backdrop was generally mixed reflecting weak farm sentiment due to poor crop potential and a delayed season. This, together with a reduced market for service and input application drove highly competitive trading conditions in the period.

Romania

The Group's Romanian operations, comprising the farm service brands of Comfert and Redoxim, delivered an excellent maiden contribution in the period. There was a strong organic performance with higher underlying revenues, volumes and margins reflecting growth in all service and input portfolios.

Crop growing conditions were generally excellent throughout the period reflecting the benefit of good autumn establishment and favourable spring weather.

Integration was advanced during the period, with the initial areas of focus being organisational simplification, the introduction of enhanced technical support to the sales teams and product specialists, and the establishment of five knowledge transfer demonstration farms.

Ukraine

The Group's Ukrainian operations trade under the Agroscope brand. A more challenging market backdrop in the year drove a lower year-on-year operating profit result, with service providers responding competitively to the impacts of weaker local currency and on-farm cash flow pressures on primary producer economics.

Soil fertility and seed technology applications maintained good development momentum during the period. New customer gains in the year were supported through the expansion of the agronomy sales force together with an extension of the regional distribution footprint of the business.

Business-to-Business Agri-Inputs

Business-to-Business Agri-Inputs achieved a satisfactory performance in highly competitive market conditions.

Fertiliser

Origin's fertiliser brands are Goulding in Ireland and Origin Fertilisers in the UK. General uncertainty regarding fertiliser raw material price development and delayed seasonal timing due to late spring conditions, together with pressures on farm incomes, drove lower revenues, volumes and margins in the period. Weaker demand in the UK was partially offset by a robust volume performance in Ireland underpinned by higher livestock numbers with primary producers focused on maximising grass production to achieve higher milk volumes.

Specialist fertiliser applications maintained strong development momentum in the period through the roll out of technically enhanced nutrition solutions that meet the requirements of high yielding grassland and cereal crop production systems. Routine investment and operational improvement programmes are driving an enhanced capability within the business to address evolving market and structural changes, such as the demands of an increasingly concentrated sales offtake pattern.

Amenity

Origin's principal amenity brands are PB Kent and Rigby Taylor, which are based in the UK. These businesses service the professional sports turf, landscaping, general amenity and niche agriculture sectors. Amenity performed very satisfactorily in the period, with the professional channel continuing to provide growth opportunity supported by new customer development and the benefit of ongoing product and service innovation.

Development continues to be positively supported through the formation of industry leading partnerships. During the year, Rigby Taylor became the official service provider to the UK Football Association's pitch improvement programme, an initiative to improve playing surfaces in order to encourage increased participation in grass roots football. In 2016, the Group completed the acquisition of UK based Headland Amenity ('Headland'), a niche provider of advanced turf management and maintenance solutions. Headland's strong technical credentials will enhance the Group's sector position in the wider amenity market.

Feed

Against the backdrop of weaker returns from beef and dairy enterprises, Feed achieved a satisfactory performance underpinned by a modest volume increase in the period. Spot demand was robust at varying times during the year reflecting unsettled weather patterns, while price volatility drove generally weaker forward buying momentum.

Associates and joint venture

John Thompson & Sons Limited, in which Origin has a 50 per cent shareholding, is the largest single site multispecies animal feed mill in the European Union. It delivered a satisfactory performance during the year.

Outlook

Notwithstanding the fact that sector sentiment remains subdued reflecting the current pressures on farm incomes, the Group is well positioned to respond to present market conditions and to benefit from a sustained improvement in primary producer returns.

ENDS

Origin Enterprises plc

Consolidated income statement

Year ended 31 July 2016

	Notes	Pre- exceptional 2016 €'000	Exceptional 2016 €'000 (Note 3)	Total 2016 €'000	Pre- exceptional 2015 €'000	Exceptional 2015 €'000 (Note 3)	Total 2015 €'000
Revenue	2	1,521,256	-	1,521,256	1,458,098	-	1,458,098
Cost of sales		(1,300,712)	-	(1,300,712)	(1,231,783)	-	(1,231,783)
Gross profit		220,544	-	220,544	226,315	-	226,315
Operating costs		(157,580)	4,955	(152,625)	(154,817)	10,020	(144,797)
Share of profit of associates and joint venture		5,621	-	5,621	10,112	(433)	9,679
Operating profit		68,585	4,955	73,540	81,610	9,587	91,197
Finance income		453	-	453	3,268	-	3,268
Finance expense		(7,820)	-	(7,820)	(8,078)	-	(8,078)
Profit before income tax		61,218	4,955	66,173	76,800	9,587	86,387
Income tax (expense)/credit		(8,151)	(221)	(8,372)	(11,507)	2,377	(9,130)
Profit for the year		53,067	4,734	57,801	65,293	11,964	77,257
				2016			2015
Earnings per share for the year							
Basic earnings per share	4			46.03c			61.72c
Diluted earnings per share	4			45.85c			61.52c

Origin Enterprises plc

Consolidated statement of comprehensive income

Year ended 31 July 2016

	2016	2015
	€'000	€'000
Profit for the year	57,801	77,257
Other comprehensive (expense)/income		
Items that are not reclassified subsequently to the Group income statement:		
<i>Group/associate defined benefit pension obligations</i>		
-remeasurements on Group's defined benefit pension schemes	(4,881)	(3,654)
-deferred tax effect of remeasurements	926	599
-share of remeasurements on associate's defined benefit pension schemes	(356)	(7,716)
-share of deferred tax effect of remeasurements - associates	71	999
Items that may be reclassified subsequently to the Group income statement:		
<i>Group foreign exchange translation details</i>		
-exchange difference on translation of foreign operations	(29,008)	15,888
<i>Group/associate cash flow hedges</i>		
-effective portion of changes in fair value of cash flow hedges	1,633	(850)
-fair value of cash flow hedges transferred to operating costs and other income	(473)	1,022
-deferred tax effect of cash flow hedges	(243)	(19)
-share of associates and joint venture cash flow hedges	2,405	28
-deferred tax effect of share of associates and joint venture cash flow hedges	(301)	(3)
-recycling on disposal of interest in associate	-	(43)
	<hr/>	<hr/>
Other comprehensive (expense)/income for the year, net of tax	(30,227)	6,251
	<hr/>	<hr/>
Total comprehensive income for the year attributable to equity shareholders	27,574	83,508
	<hr/>	<hr/>

Origin Enterprises plc

Consolidated statement of financial position

As at 31 July 2016

	Notes	2016 €'000	2015 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	102,796	97,889
Investment properties		9,675	7,575
Goodwill and intangible assets	6	185,220	161,401
Investments in associates and joint venture	7	39,008	38,537
Other financial assets		2,550	494
Deferred tax assets		7,376	3,236
		<hr/>	<hr/>
Total non-current assets		346,625	309,132
		<hr/>	<hr/>
Current assets			
Inventory		163,438	158,100
Trade and other receivables		430,026	336,021
Derivative financial instruments		1,337	96
Restricted cash	10	2,948	29,358
Cash and cash equivalents		168,199	199,303
		<hr/>	<hr/>
Total current assets		765,948	722,878
		<hr/>	<hr/>
TOTAL ASSETS		1,112,573	1,032,010
		<hr/>	<hr/>

Origin Enterprises plc

Consolidated statement of financial position (continued)

As at 31 July 2016

	Notes	2016 €'000	2015 €'000
EQUITY			
Called up share capital presented as equity	13	1,264	1,264
Share premium		160,399	160,399
Retained earnings and other reserves		117,639	120,692
TOTAL EQUITY		279,302	282,355
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings		159,124	100,053
Deferred tax liabilities		19,109	16,343
Put option liability		10,358	16,461
Provision for liabilities	9	4,010	-
Post employment benefit obligations	8	7,713	7,373
Derivative financial instruments		628	414
Total non-current liabilities		200,942	140,644
Current liabilities			
Interest-bearing borrowings		8,901	39,808
Trade and other payables		596,928	535,755
Corporation tax payable		16,140	21,253
Provision for liabilities	9	9,768	11,470
Derivative financial instruments		592	725
Total current liabilities		632,329	609,011
TOTAL LIABILITIES		833,271	749,655
TOTAL EQUITY AND LIABILITIES		1,112,573	1,032,010

Origin Enterprises plc

Consolidated statement of changes in equity

Year ended 31 July 2016

	Share capital €'000	Share premium €'000	Treasury shares €'000	Capital redemption reserve €'000	Cashflow hedge reserve €'000	Revaluation reserve €'000	Share-based payment reserve €'000	Re-organisation reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000
At 1 August 2015	1,264	160,399	(12)	134	(1,748)	12,843	1,749	(196,884)	1,606	303,004	282,355
Profit for the year	-	-	-	-	-	-	-	-	-	57,801	57,801
Other comprehensive income/(expense) for the year	-	-	-	-	3,021	-	-	-	(29,008)	(4,240)	(30,227)
Total comprehensive income for the year	-	-	-	-	3,021	-	-	-	(29,008)	53,561	27,574
Transfer of shares (Note 13 (ii))	-	-	4	-	-	-	(4)	-	-	-	-
Share-based payment credit	-	-	-	-	-	-	(300)	-	-	-	(300)
Transfer of share based payment reserve to retained earnings	-	-	-	-	-	-	(1,445)	-	-	1,445	-
Dividend paid to shareholders	-	-	-	-	-	-	-	-	-	(30,327)	(30,327)
At 31 July 2016	1,264	160,399	(8)	134	1,273	12,843	-	(196,884)	(27,402)	327,683	279,302

Origin Enterprises plc

Consolidated statement of cash flows

Year ended 31 July 2016

	2016	2015
	€'000	€'000
Cash flows from operating activities		
Profit before tax	66,173	86,387
Exceptional items	(4,955)	(9,587)
Finance income	(453)	(3,268)
Finance expense	7,820	8,078
Profit on disposal of property, plant and equipment	(143)	(117)
Share of profit of associates and joint venture, net of intangible amortisation	(5,621)	(10,113)
Depreciation of property, plant and equipment	7,073	6,299
Amortisation of intangible assets	6,800	10,110
Employee share-based payment credit	(300)	(76)
Pension contributions in excess of service costs	(3,978)	(1,615)
Payment of exceptional rationalisation costs	(7,202)	(3,199)
Payment of employment related incentive costs	(9,312)	-
Payment of exceptional acquisition costs	(1,392)	(2,090)
	<hr/>	<hr/>
Operating cash flow before changes in working capital	54,510	80,809
Increase in inventory	(3,610)	(15,129)
Increase in trade and other receivables	(60,368)	(24,700)
Increase in trade and other payables	43,328	30,088
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Cash generated from operating activities	33,860	71,068
Interest paid	(6,575)	(6,782)
Income tax paid	(11,635)	(9,402)
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Cash inflow from operating activities	15,650	54,884
	<hr/>	<hr/>

Origin Enterprises plc

Consolidated statement of cash flows (continued)

Year ended 31 July 2016

	2016	2015
	€'000	€'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,133	358
Proceeds from sale of equity investment	1,051	-
Purchase of property, plant and equipment	(6,789)	(8,719)
Additions to intangible assets	(1,640)	(2,637)
Arising on acquisition	(62,461)	-
Payment of contingent acquisition consideration	(1,000)	-
Cash consideration on disposal of associate and joint venture	-	42,946
Repayment of vendor loan note - principal	-	35,100
Repayment of vendor loan note - interest	-	9,070
Restricted cash	26,410	(29,358)
Investment in associates and joint venture	(164)	-
Dividends received from associates	2,942	2,899
	<hr/>	<hr/>
Cash (outflow)/inflow from investing activities	(40,518)	49,659
	<hr/>	<hr/>
Cash flows from financing activities		
Drawdown/(repayment) of bank loans	47,234	(33,812)
Bank overdraft arising on acquisition	(10,108)	-
Payment of dividends to equity shareholders	(30,327)	(25,033)
Payment of finance lease obligations	(22)	(146)
	<hr/>	<hr/>
Cash inflow/(outflow) from financing activities	6,777	(58,991)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(18,091)	45,552
Translation adjustment	(14,255)	11,615
Cash and cash equivalents at start of year	191,803	134,636
	<hr/>	<hr/>
Cash and cash equivalents at end of year (Note 12)	159,457	191,803
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Origin Enterprises plc

Notes to the preliminary results statement

for the year ended 31 July 2016

1 Basis of preparation

The financial information included on pages 11 to 32 of this preliminary results statement has been extracted from the Group financial statements for the year ended 31 July 2016 on which the auditor has issued an unqualified audit opinion.

The financial information has been prepared in accordance with the accounting policies set out in the Group's consolidated financial statements for the year ended 31 July 2016, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial information is presented in euro, rounded to the nearest thousand which is the functional currency of the parent.

2 Segment information

IFRS 8, 'Operating Segments' requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ('CODM') in order to allocate resources to the segments and to assess their performance. Two operating segments have been identified; Agri-Services and Associates and Joint Venture.

Origin's Agri-Services segment comprises integrated agronomy services and agri-inputs. The Associates and Joint Venture operating segment is comprised of the feed ingredient businesses (prior year included a consumer foods business).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's CODM, being the Origin Executive Directors. Segment operating profit is used to measure performance, as this information is the most relevant in evaluating the results of the Group's segments. Segment results include all items directly attributable to a segment.

Origin Enterprises plc

Notes to the preliminary results statement (continued)
for the year ended 31 July 2016

2 Segment information (continued)

(i) Segment revenue and results

	Agri-Services		Associates & joint venture		Total Group	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Total revenue	1,521,256	1,458,098	314,233	461,854	1,835,489	1,919,952
Less revenue from associates and joint venture	-	-	(314,233)	(461,854)	(314,233)	(461,854)
Revenue	1,521,256	1,458,098	-	-	1,521,256	1,458,098
Segment result	67,258	78,895	5,621	14,076	72,879	92,971
Amortisation of non-ERP intangible assets - Group					(4,294)	(7,397)
Amortisation of non-ERP intangible assets - Associates and joint venture					-	(3,964)
					68,585	81,610
Total operating profit before exceptional items						
Exceptional items					4,955	9,587
Operating profit					73,540	91,197

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

2 Segment information (continued)

(ii) Segment earnings before financing costs and tax is reconciled to reported profit before tax and profit after tax as follows:

	2016 €'000	2015 €'000
Segment earnings before financing costs and tax	73,540	91,197
Finance income	453	3,268
Finance expense	(7,820)	(8,078)
Reported profit before tax	66,173	86,387
Income tax expense	(8,372)	(9,130)
Reported profit after tax	57,801	77,257

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

3 Exceptional items

Exceptional items are those that, in management's judgement, should be separately presented and disclosed by virtue of their nature or amount. Such items are included within the Consolidated Income Statement caption to which they relate. The following exceptional items arose during the year:

	2016 €'000	2015 €'000
Gain on disposal of interest in associate (i)	-	22,047
Rationalisation costs (ii)	(2,846)	(11,377)
Gain on disposal of investment (iii)	1,341	-
Transaction and strategy related costs (iv)	(2,228)	(1,031)
Fair value adjustment on investment properties (v)	2,100	-
Fair value adjustment on put option liability(vi)	6,588	381
Arising in associates and joint venture, net of tax (vii)	-	(433)
	<hr/>	<hr/>
Total exceptional credit before tax	4,955	9,587
Tax (charge)/credit on exceptional items	(221)	2,377
	<hr/>	<hr/>
Total exceptional credit after tax	4,734	11,964

(i) Gain on disposal of interest in associate

On 28 July 2016 Origin announced the disposal of its 32 per cent equity interest in the consumer foods group Valeo Foods Group Limited to CapVest Partners LLP together with the settlement/disposal of the outstanding principal and accumulated interest receivable relating to the Group's vendor loan note, which was put in place at the time of the formation of Valeo. A total cash consideration of €86.6 million has been received in connection with the transaction comprising €42.5 million in respect of the disposal of the Group's 32 per cent shareholding and €44.1 million in full settlement of the vendor loan note. A gain of €22.0 million arose on the transaction and was recognised as an exceptional item in the year ended 31 July 2015.

(ii) Rationalisation costs

Rationalisation costs comprise termination payments arising from the restructuring of Agri-Services in the UK. The tax impact of this exceptional item in the current year is a tax credit of €0.6 million.

(iii) Gain on disposal of investment

A gain on disposal of an investment in Adaptris Group Limited has been recorded in the current year of €1.3 million. The tax impact of this exceptional item in the current year is a tax charge of €0.3 million.

(iv) Transaction and strategy related costs

Transaction related costs principally comprise costs incurred in relation to the acquisitions during the year and strategy related costs relate to once off costs associated with the Groups' Agri Services strategy review. The tax impact of this exceptional item in the current year is a tax credit of €0.2 million.

Origin Enterprises plc

Notes to the preliminary results statement (continued)
for the year ended 31 July 2016

3 Exceptional items - continued

(v) Fair value adjustment on investment properties

During the current year the Group commissioned an independent valuations expert to conduct a valuation of the Groups' investment properties. The valuation was on the basis of market value and complies with the requirements of the Valuation and Appraisal Standards issued under the auspices of the Society of Chartered Surveyors. This valuation resulted in an increase to the carrying value of investment properties of €2.1 million. The tax impact of this exceptional item in the current year is a tax charge of €0.7 million.

(vi) Fair value of put option liability

This gain relates to the movement in fair value of the put option liability in respect of the Agroscope acquisition.

(vii) Arising in associates and joint venture, net of tax

The exceptional costs arising in associates and joint venture in the prior year relate to the Group's share of redundancy, acquisition and financing costs arising in Valeo.

Origin Enterprises plc

Notes to the preliminary results statement (continued)
for the year ended 31 July 2016

4 Earnings per share

Basic earnings per share

	2016 €'000	2015 €'000
Profit for the financial year attributable to equity shareholders	<u>57,801</u>	<u>77,257</u>
Weighted average number of ordinary shares for the year	<u>125,579</u>	<u>125,166</u>
	Cent	Cent
Basic earnings per share	<u>46.03</u>	<u>61.72</u>

Diluted earnings per share

	2016 €'000	2015 €'000
Profit for the financial year attributable to equity shareholders	<u>57,801</u>	<u>77,257</u>
Weighted average number of ordinary shares used in basic calculation	125,579	125,166
Impact of the SAYE scheme (i)	495	-
Impact of shares with a dilutive effect (ii)	-	413
Weighted average number of ordinary shares (diluted) for the year	<u>126,074</u>	<u>125,579</u>
	Cent	Cent
Diluted earnings per share	<u>45.85</u>	<u>61.52</u>

(i) During the current year the shareholders approved a Save As You Earn ('SAYE') Scheme for adoption within the Group. The SAYE Scheme provides for the grant of options (with an agreed market value exercise price) linked to a savings arrangement. On vesting, such savings will be used to exercise options granted pursuant to the SAYE Scheme. The SAYE Scheme will be subject to an overall limit that the number of shares issued or issuable within any ten year period, when aggregated with all other employee share schemes of the Company, will not exceed 10% of the Group's issued share capital. The dilutive impact on the ordinary shares of this SAYE Scheme is included in the calculation above.

(ii) In the prior year shares with a dilutive effect related to the equity entitlements which had fully vested under the 2012 LTIP.

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

4 Earnings per share (continued)

	2016 €'000	2015 €'000
Adjusted basic earnings per share		
Weighted average number of ordinary shares for the year	<u>125,579</u>	<u>125,166</u>
	2016 €'000	2015 €'000
Profit for the financial year	57,801	77,257
Adjustments:		
Amortisation of non-ERP related intangible assets (Note 6)	4,294	7,397
Share of associate and joint venture amortisation of non-ERP related intangible assets, net of tax (Note 7)	-	3,964
Tax on amortisation of non-ERP related intangible assets	(1,242)	(1,183)
Exceptional items, net of tax	(4,734)	(11,964)
Adjusted earnings	<u>56,119</u>	<u>75,471</u>
	Cent	Cent
Adjusted basic earnings per share	<u>44.69</u>	<u>60.30</u>
Adjusted diluted earnings per share		
	2016 €'000	2015 €'000
Weighted average number of ordinary shares used in basic calculation	125,579	125,166
Impact of the SAYE scheme (i)	495	-
Impact of shares with a dilutive effect (ii)	-	413
Weighted average number of ordinary shares (diluted) for the year	<u>126,074</u>	<u>125,579</u>
	2016 €'000	2015 €'000
Adjusted earnings (as above)	<u>56,119</u>	<u>75,471</u>
	Cent	Cent
Adjusted diluted earnings per share	<u>44.51</u>	<u>60.10</u>

Origin Enterprises plc

Notes to the preliminary results statement (continued)
for the year ended 31 July 2016

5 Property, plant and equipment

	2016 €'000	2015 €'000
At 1 August	97,889	90,426
Arising on acquisition	14,804	-
Additions	6,780	8,536
Disposals	(990)	(241)
Depreciation charge for the year	(7,073)	(6,299)
Translation adjustments	(8,614)	5,467
	<hr/>	<hr/>
At 31 July	102,796	97,889
	<hr/>	<hr/>

6 Goodwill and intangible assets

	2016 €'000	2015 €'000
At 1 August	161,401	151,372
Arising on acquisition	43,740	-
Additions	7,859	2,637
Amortisation of non-ERP intangible assets	(4,294)	(7,397)
ERP intangible amortisation	(2,506)	(2,713)
Translation adjustments	(20,980)	17,502
	<hr/>	<hr/>
At 31 July	185,220	161,401
	<hr/>	<hr/>

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

7 Investments in associates and joint venture

	2016	2015
	€'000	€'000
At 1 August	38,537	54,911
Share of profits after tax, before exceptional items	5,621	14,077
Share of intangible amortisation, net of tax	-	(3,964)
Share of acquisition and rationalisation costs, net of tax	-	(433)
Dividends received	(2,942)	(2,899)
Disposal of interest in Valeo (i)	-	(19,364)
Share of other comprehensive income	1,819	(6,693)
Translation adjustment	(4,027)	2,902
	<hr/>	<hr/>
At 31 July	39,008	38,537
	<hr/>	<hr/>
Split as follows:		
Total associates	18,693	22,682
Total joint venture	20,315	15,855
	<hr/>	<hr/>
	39,008	38,537
	<hr/>	<hr/>

- (i) During the prior year, Origin sold its 32% shareholding in Valeo Foods Group Limited ('Valeo') to CapVest Partners LLP. As a result Origin no longer has an investment in Valeo. This gave rise to a gain on disposal of €22,047,000 which was recorded in the Consolidated Income Statement as an exceptional gain for the year ended 31 July 2015 (Note 3).

Origin Enterprises plc

Notes to the preliminary results statement (continued)

for the year ended 31 July 2016

8 Post employment benefit obligations

The Group operates a number of defined benefit pension schemes and defined contribution schemes with assets held in separate trustee administered funds. All of the defined benefit schemes are closed to new members.

During the prior year the Origin UK Defined Benefit Pension Schemes were merged into one scheme with assets and liabilities transferred to a new single Defined Benefit Scheme. The assets of the scheme continue to be managed under the pre-existing investment arrangements and the liabilities have not changed.

The valuations of the defined benefit schemes used for the purposes of the following disclosures are those of the most recent actuarial valuations carried out at 31 July 2016 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

Movement in net liability recognised in the Consolidated Statement of Financial Position

	2016 €'000	2015 €'000
At 1 August	(7,373)	(5,193)
Current service cost	(589)	(582)
Past service cost	(107)	-
Contributions	4,674	2,197
Other finance expense	(91)	(140)
Remeasurements	(4,881)	(3,654)
Translation adjustments	654	(1)
	<hr/>	<hr/>
At 31 July	(7,713)	(7,373)
	<hr/>	<hr/>

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

9 Provision for liabilities

The estimate of provisions is a key judgement in the preparation of the financial statements.

	2016	2015
	€'000	€'000
At 1 August	11,470	2,818
Arising on acquisition	7,585	-
Provided in year	4,253	11,377
Paid in year	(8,229)	(3,250)
Released in year	(210)	-
Currency translation adjustment	(1,091)	525
	<hr/>	<hr/>
At 31 July	13,778	11,470
	<hr/>	<hr/>

Provisions primarily relate to contingent acquisition consideration arising on a number of acquisitions completed during the current year and rationalisation costs comprising termination payments arising from the restructuring of Agri-Services in the UK.

10 Restricted cash

On 28 July 2015, Origin announced that it had reached agreement to acquire Romanian based Redoxim SRL. On that date, Origin placed in escrow an amount of €29,358,000 being the total consideration payable less local withholding tax. The completion of the acquisition was dependent on an approval process which required notification to the Official Gazette of Romania. This approval process was subsequently finalised and the acquisition of Redoxim SRL completed on 17 September 2015. On this date, 90 per cent of the funds in escrow were released to the sellers of Redoxim. The balance of €2,948,000 was paid post year end on 17 September 2016.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

for the year ended 31 July 2016

11 Acquisition of subsidiary undertakings

During the year the Group completed a number of acquisitions in Romania and Poland, with some additional bolt-on acquisitions in the United Kingdom. These acquisitions improved the strategic position of the Group's integrated agronomy services business and further the Group's focus on building new capability, systems and process development along with organisational simplification. Details of the acquisitions are as follows:

- (i) On 17 September 2015 the Group completed the acquisition of 100 per cent of Redoxim SRL. Based in Romania, Redoxim SRL is a leading provider of agronomy services, macro and micro inputs to arable, vegetable and horticulture growers.
- (ii) On 23 November 2015 the Group completed the acquisition of 100 per cent of the Kazgod Group. Based in Poland, the Kazgod Group is a leading provider of agronomy services, inputs, crop marketing solutions as well as a manufacturer of micro nutrition applications.
- (iii) On 16 December 2015 the Group completed the acquisition of 100 per cent of Comfert SRL. Based in Romania, Comfert SRL is a leading provider of agronomy services, integrated inputs and crop marketing support to arable and vegetable growers.
- (iv) On 20 August 2015 the Group completed the acquisition of 100 per cent of ReSo Seeds Limited. Based in the United Kingdom, ReSo Seeds Limited is a leading mobile seed cleaning and processing specialist company.
- (v) On 1 July 2016 the Group completed the acquisition of 100 per cent of Headland Amenity Limited. Based in the United Kingdom, Headland Amenity Limited is a technically advanced supplier of products and synergistic programmes to improve sports turf surfaces.

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

11 Acquisition of subsidiary undertakings - continued

Details of the net assets acquired and goodwill (excluding debt acquired) arising from the business combinations are as follows:

	Fair value €'000
Assets	
Non-current	
Property, plant and equipment	14,804
Intangible assets	17,131
Other financial assets	1,656
Deferred tax asset	1,777
	<hr/>
Total non-current assets	35,368
	<hr/>
Current assets	
Inventory	23,682
Trade receivables	73,627
Other receivables	9,120
	<hr/>
Total current assets	106,429
	<hr/>
Liabilities	
Trade payables	(79,879)
Other payables	(8,102)
Finance lease obligation	(250)
Corporation tax	(752)
Deferred tax liability	(2,650)
	<hr/>
Total liabilities	(91,633)
	<hr/>
Total identifiable net assets at fair value	50,164
Goodwill arising on acquisition	26,609
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Total net assets acquired (excluding debt acquired)	76,773
	<hr/>
Consideration satisfied by:	
Cash consideration	45,605
Cash acquired	(5,181)
Net cash outflow	40,424
	<hr/>
Deferred consideration	3,472
Contingent consideration	4,113
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Consideration	48,009
Debt acquired	28,764
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Consideration plus debt acquired	76,773
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Origin Enterprises plc

Notes to the preliminary results statement (continued)
for the year ended 31 July 2016

12 Analysis of net debt

	2015 €'000	Cashflow €'000	Non-cash movements €'000	Translation adjustment €'000	2016 €'000
Cash	199,303	(16,433)	-	(14,671)	168,199
Overdrafts	(7,500)	(1,658)	-	416	(8,742)
Cash and cash equivalents	191,803	(18,091)	-	(14,255)	159,457
Finance lease obligations	(142)	22	(250)	12	(358)
Loans	(132,219)	(47,234)	(798)	21,326	(158,925)
Net cash	59,442	(65,303)	(1,048)	7,083	174
Restricted cash	29,358	(26,410)	-	-	2,948
Net cash including restricted cash	88,800	(91,713)	(1,048)	7,083	3,122

Origin Enterprises plc

Notes to the preliminary results statement (continued) for the year ended 31 July 2016

13 Share capital	2016	2015
	€'000	€'000
Authorised		
250,000,000 ordinary shares of €0.01 each (i)	2,500	2,500
	<hr/>	<hr/>
Allotted, called up and fully paid		
126,378,777 ordinary shares of €0.01 each (i) (ii)	1,264	1,264
	<hr/>	<hr/>

- (i) Ordinary shareholders are entitled to dividends as declared and each ordinary share carries equal voting rights at meetings of the Company.
- (ii) In December 2012, the issued ordinary share capital was increased by the issue of 1,212,871 ordinary shares of nominal value of €0.01 each, at an issue price of €4.04 each, pursuant to a share subscription by a wholly owned subsidiary for the purposes of the Origin Long Term Incentive Plan 2012 ("2012 LTIP Plan"). Under the terms of 2012 LTIP Plan, 412,541 of these shares were transferred to the directors and senior management as a result of certain financial targets having been achieved. The remaining 800,330 ordinary shares continue to be held as treasury shares.

14 Related party transactions

Related party transactions occurring in the year were similar in nature to those described in the 2015 Annual Report.

15 Dividend

The Board is recommending a dividend of 17.85 cent per ordinary share which, when combined with the interim dividend of 3.15 cent per ordinary share, brings the total dividend for the year to 21 cent per ordinary share (2015: 21 cent per ordinary share). Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 16 December 2016 to shareholders on the register on 2 December 2016. In accordance with IFRS this dividend has not been provided for in the Consolidated Statement of Financial Position as at 31 July 2016.