Trading Update

27 November 2015 – Origin Enterprises plc, the Agri-Services group, ('Origin' or 'the Group'), issues this Trading Update for the three months to 31 October 2015, in advance of its Annual General Meeting which is being held today at 11.00am (GMT) in The Westbury Hotel, Grafton Street, Dublin 2.

Overview

Origin reports a slower start to the 2016 financial year for the seasonally quiet first quarter. Performance in the period is largely attributable to delayed new season activity on farm during August and September as weather interruption slowed the 2015 harvest resulting in the later timing of service and input application in respect of this season's winter crop planting programmes.

New season activity levels on farm were robust in the latter part of the period with strong winter crop planting progress achieved during October. The total sown area for the principal winter crops is broadly equivalent to last year across the majority of the Group's markets.

The generally weaker output price backdrop and the associated cash flow pressure on farm are expected to result in more concentrated purchasing patterns by primary producers. Accordingly, farmer decision making on crop investment spend will likely occur closer to the main application and usage periods in the second half of the financial year when in excess of 90 per cent of the Group's earnings typically arise.

Agri-Services

Revenue was €300.4 million for the three months compared with €318.0 million in the corresponding period last year, a decrease of 5.5 per cent. The components of the year-on-year decrease are outlined below. The underlying decrease of 9.0 per cent was principally driven by lower fertiliser and crop protection volumes.

Revenue				*Attributable to:*	
	FY15	FY16	Decrease	Currency	Underlying
	€m	€m	€m	%	%
Quarter 1	318.0	300.4	(17.6)	3.5%	(9.0%)

Integrated On-Farm Agronomy Services

United Kingdom

Agrii performed satisfactorily in the seasonally quiet first quarter against the backdrop of slower new season activity levels on farm. A weather interrupted harvest largely contributed to delayed in-field operations which limited early season agronomy revenue development in the period. Favourable weather towards the end of the quarter has supported excellent in-field conditions resulting in significant catch up crop drilling activity.

Winter plantings are well advanced with current estimates for the total winter sown area at 3.05 million hectares compared with 3.09 million hectares for 2014. In the case of winter wheat there is an estimated 2.5 per cent increase in sown area to 1.90 million hectares which has helped to substantially offset a 12 per cent reduction in the winter oil seed rape area from 650,000 hectares to approximately 572,000 hectares. The sown areas for the remaining winter crops are estimated to be largely equivalent to last year. Crops are well established and in excellent condition with growing conditions to-date providing for a more normalised level of seasonal growing intensity compared with last year.

Harvest yields are above average and are providing welcome support to cost recovery for primary producers. Agrii's service and input portfolios continue to perform resiliently in highly challenging and competitive trading conditions through targeted and customised agronomy programmes promoting high output management and flexible crop production systems.

Central and Eastern Europe

Poland

Higher agronomy revenues underpinned an improved result in the period which more than offset the impact of lower crop marketing volumes and margins. Dalgety's service and input portfolios maintained pleasing momentum in the period with higher specification seed varieties, in particular, performing strongly. Crop marketing continues to be adversely impacted by highly competitive trading conditions, principally in export consumption markets.

Harvest yields to-date are below average and principally reflect the impact of unseasonal high temperatures over the summer period on maize cropping in particular. There was good progress in respect of winter sowings in the period with final plantings for the principal winter crops estimated at 5.6 million hectares compared with 5.8 million hectares for 2014. Combined winter and spring plantings are expected to be broadly equivalent to last year.

The acquisition of the Kazgod Group which was announced on 18th August 2015 was completed on 23rd November 2015.

Ukraine

The Group's Ukrainian operation, Agroscope, recorded higher early season agronomy revenues underpinning an improved first quarter performance against last year. Market conditions continue to be adversely impacted by the current political and economic uncertainty which is reflected in currency weakness and tightening liquidity on farm.

Agroscope remains well positioned and has made good progress during the period in securing advance customer commitments in respect of the main application season in the second half of the financial year.

Sustained drought conditions over the summer period have reduced 2015 harvest yields and significantly impacted the level of winter plantings. Farm management programmes are now focused on increased spring sowings. Underlying crop investment spend for the 2016 production year is anticipated to be lower with the combined total for winter and spring plantings forecast to be equivalent to last year at 20.5 million hectares.

Romania

The Group's geographic extension of its farm services footprint in Romania was announced on 28th July 2015 with the agreement to acquire Redoxim and Comfert.

The acquisition of Redoxim was completed on 18th September 2015. Redoxim, which is a leading agronomy services provider specialising in the delivery of micro packaged seed dressing and crop protection applications, has achieved a satisfactory performance in the period. Integration related systems and process planning was commenced in the period.

The acquisition of Comfert has been cleared by the Romanian Competition Council and is expected to complete during the second quarter.

Business-to-business Agri Inputs – Ireland and UK

Business-to-business Agri Inputs recorded lower revenues in the period principally due to slower fertiliser volume development which was partially offset by the benefit of higher feed volumes.

Fertiliser consumption in Ireland was in line with the comparative period with primary dairy producers investing in nutrition programmes prior to the end of the grass growing season.

Fertiliser deliveries in the UK were lower, in part, relating to an element of seasonal timing because of the later harvest. More importantly the reduction reflects delayed customer purchasing decisions until closer to the main application period in the second half pending greater visibility on pricing and crop development. While we are anticipating lower market volumes for the year as a whole, the business is well placed to fulfil customers' requirements in what is likely to be a highly concentrated season for offtake during the second half of the financial year.

Feed ingredients achieved higher volumes in the period with customers taking advantage of favourable pricing opportunity.

The Group's Amenity business, which provides advice and input solutions to the professional, sports turf, landscaping and amenity sectors, performed satisfactorily in the period underpinned by solid development momentum across the professional and niche agri sectors.

Associates and joint venture

John Thompson, the largest single site multispecies animal feed mill in the European Union, in which Origin has a 50 per cent shareholding, delivered a satisfactory performance during the period.

Outlook

The weaker market backdrop for primary producers and the associated pressures on farm incomes makes for a particularly challenging backdrop for service and input demand in 2016. We anticipate an increased level of seasonality in the second half of the financial year reflecting more concentrated purchasing patterns by primary producers. The current autumn cropping profile provides a strong foundation for the seasonally more important second half when in excess of 90 per cent of earnings typically arise.

At this stage in the year the Group expects to achieve full year adjusted diluted earnings per share of between 51 cent and 53 cent.

We will provide a further update on the cropping profile and full year outlook at the time of the Interim Results announcement in March 2016.

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About Origin Enterprises plc

Origin Enterprises plc is a focused Agri-Services group providing on-farm advice and the supply of agri-inputs. The Agri-Services business through its manufacturing and distribution operations in Ireland, the United Kingdom, Poland, Ukraine and Romania has leading market positions in the supply of specialist agronomy services, crop nutrition and feed ingredients. The Group 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