



Acquisition of Masstock Group Holdings Limited

Masstock

SMART FARMING

Partners in Profitable Farming

Masstock Introduction

- ✿ Established in 1988
- ✿ Leading provider of integrated agronomy services directly to arable and grassland farm enterprises
 - Delivery of prescription based advice and farm management advisory expertise combined with...
 - Sale and distribution of seed, nutrition and crop protection inputs.
- ✿ Scale
 - Servicing over 8,000 farm businesses in the UK representing c.25% of the total arable crop
 - Servicing over 2,300 farm businesses in Poland representing c.20% of the 100+Ha universe
- ✿ 550 Employees
- ✿ Experienced and committed management team

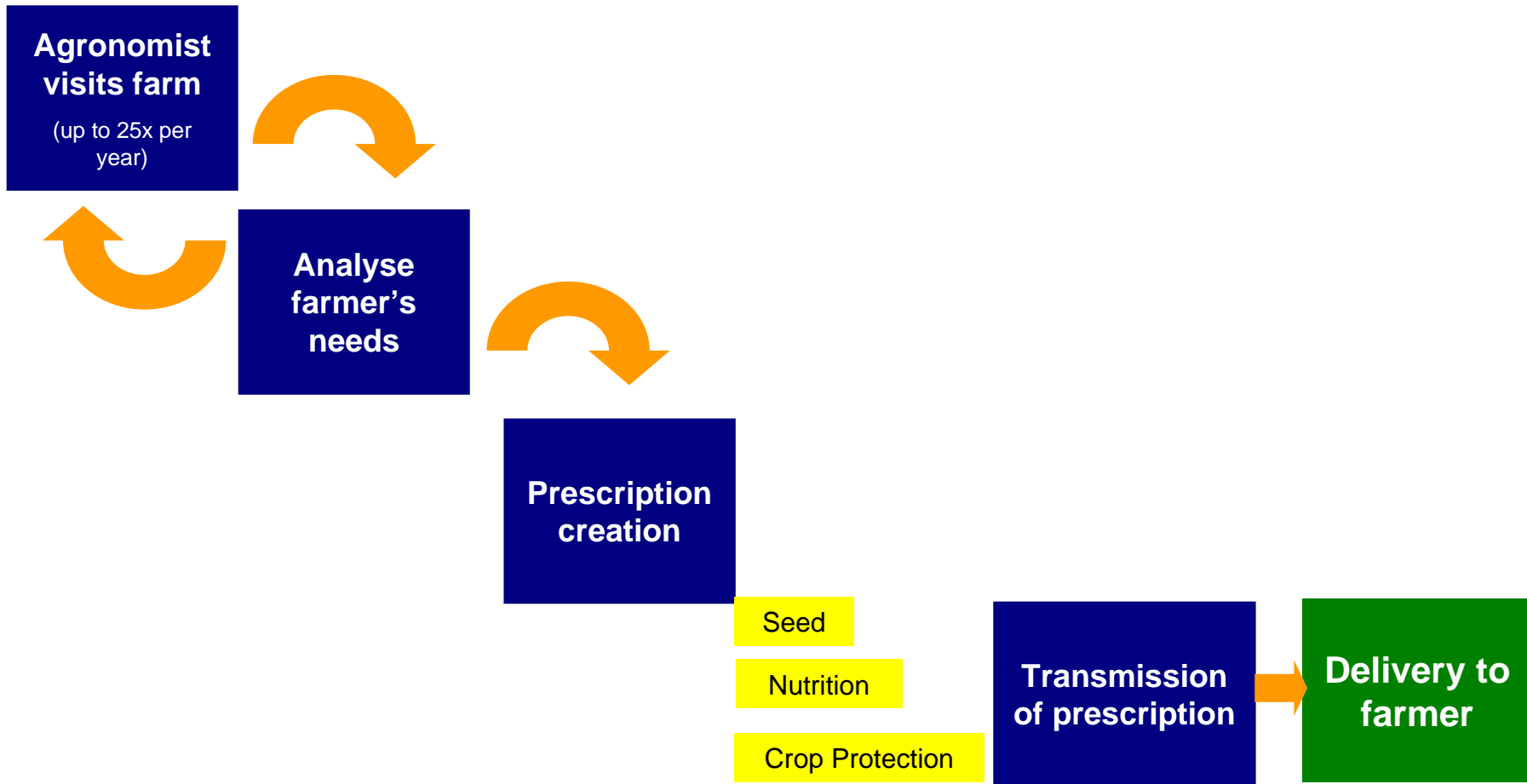
Transaction Highlights

- ✿ Acquiring 100% of Masstock Group Holdings Limited
- ✿ Initial consideration of Stg£26.3m for equity share capital.
- ✿ Deferred consideration of up to Stg£10m payable based on achievement of profit targets over the period to July 2012.
- ✿ Net tangible assets at June 2007 - Stg£23.6m.
- ✿ Net debt at June 2007 – Stg£30.6m.
- ✿ Committed bank facilities increased to fund acquisition.
- ✿ Earnings accretive for Origin from date of acquisition.

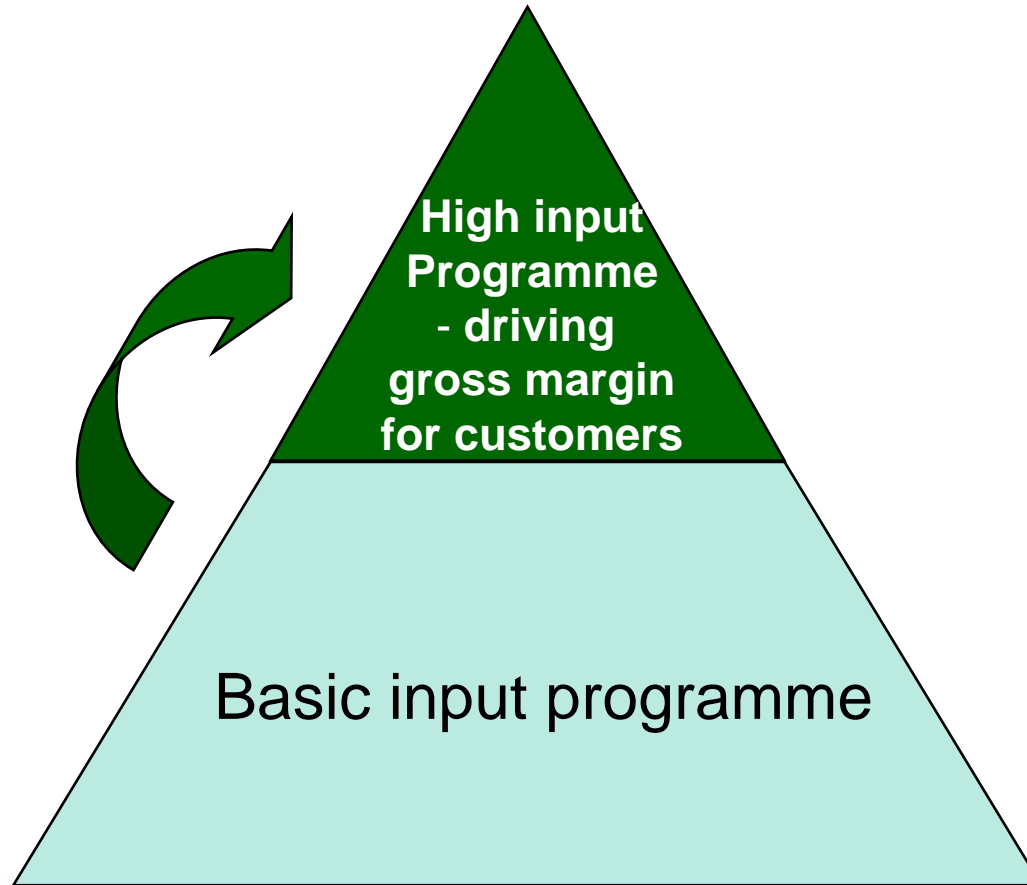
Masstock Evolution

- 🌿 1970's Masstock established by Alistair & Paddy McGuckian. The business originally developed intensive feeding systems and farming joint ventures world-wide for dairy, beef and arable farm enterprises
 - » These businesses were sold in the 1990's
- 🌿 1988 Declan Giblin, current CEO, established Masstock's initial presence in UK through acquisition of an agronomy business.
- 🌿 1990's UK expansion through acquisition.
- 🌿 1997 MBO led by Declan Giblin and supported by Private Equity.
- 🌿 2003 Acquired Dalgety Arable UK including Dalgety Poland.
- 🌿 2007 Original Masstock founders exit business.
- 🌿 2008 Acquired by Origin.

How does agronomy work?



Agronomists drive investment strategy



The increasing influence of Agronomy

Long Term Sustainable Farming

2007+

Access To The New Opportunities
(Food versus Fuel, Emerging Energy Markets, Land use, Cross Compliance)

2006

Supporting Farm Management Objectives
(Spreading Workload, Acreage Efficiency, Fixed Costs, Environmental Income)

2000

Managing Farm Risk
(Rotations, Varieties, Cultivations, Crop Establishment, Drought)

90/2000's

Maximising Financial Performance
(Gross Margin, Cost Per Tonne, Grain Quality, Marketing)

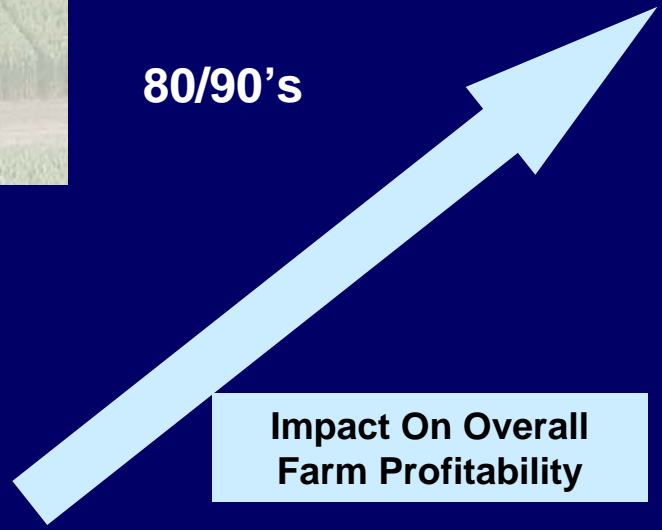
80/90's

Improving Crop Potential
(Nutrition, Yields, Weed Control, Fungicides)

70/80's

How Agronomy Influences The Farm Business

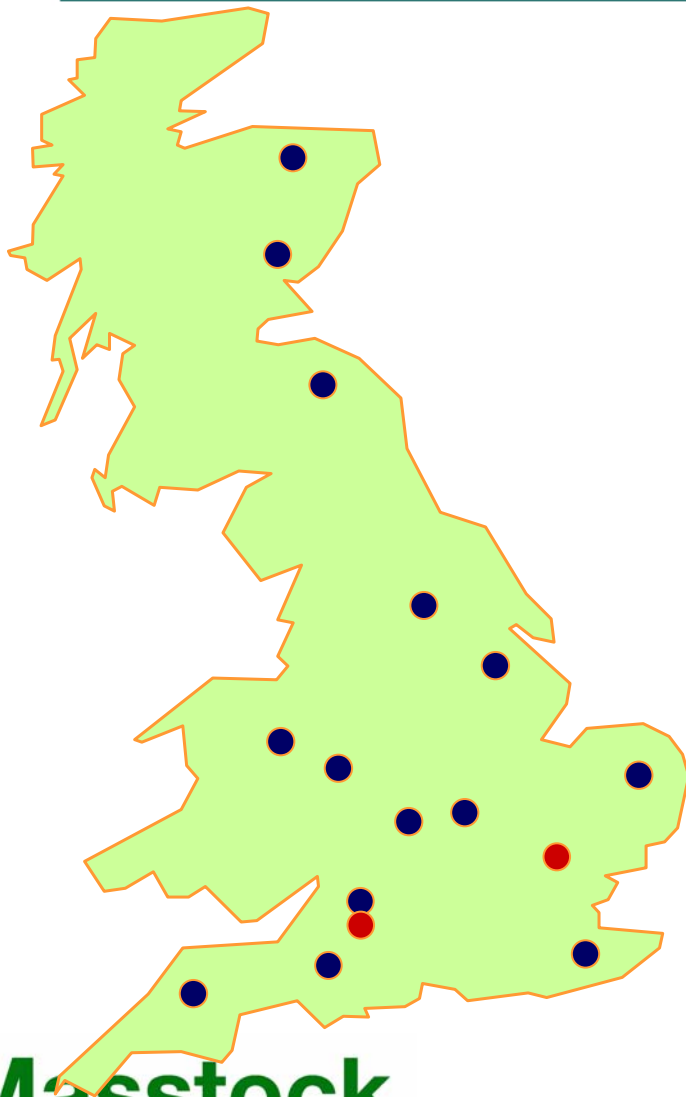
Impact On Overall Farm Profitability



Research & Development

- ✿ Masstock Integrated approach to delivering profitable farming
 - Plant breeding
 - Variety assessment
 - Nutrition
 - Protection
- ✿ Co-ordinated growing systems
 - Detailed replicated assessments of new technologies, varieties and growing systems
 - Equip Masstock field teams with optimal product and messaging strategy on farm
- ✿ SMART FARMING
 - Demonstrations of practical aspects of adopting new management systems and fine tuning
 - Located throughout the UK to reflect local soil types and climatic conditions
 - Service showcase/ target new prospects

RESEARCH & DEVELOPMENT Infrastructure



- **Replicated Trials Sites**
 - Technical data
 - Aids product strategy



- **SMART FARMS**
 - Service showcase
 - 150 meetings /yr
 - 5000 farmers
 - New business tool

UK Market Overview

Key Facts

– UK Total area of agricultural holdings*	17.4m Ha
• Croppable area	6.1m Ha
• Grass	10.3m Ha
• Other	1.0m Ha
– Cereal production	21mt

Inputs

– Seed	£195m
– Nutrition	£614m
– Protection	£450m

Source*Defra

Masstock Inputs Profile

🌿 Seed

- Seed production with national coverage including on farm processing
- Extensive varietal testing in partnership with major international plant breeders
- Management strategies for new varieties

🌿 Nutrition

- Core nutrition advisory competence
- Precision nutrient delivery programmes based upon comprehensive soil analysis and crop requirements
- Partnering international technically focused fertiliser manufacturers

🌿 Crop protection

- R&D based relationship
- Partner with major international manufacturers
- Extensive distribution capability

Poland

- Business established in 1996 by Dalgety
 - Managed by Graham Harris since 1996
- Acquired by Masstock in 2003
- Similar business model to UK
 - Agronomy
 - Seed, Nutrition and Crop protection
- Crop marketing
- Market at earlier stage of evolution



Poland - Market Overview

Key Facts

- Total cropping area 13.8m Ha
 - Cereals 10.3m Ha
 - Grass 3.5m Ha
- Grain output 26.0mt



Inputs

- Seed £66m
- Nutrition £800m
- Crop Protection £200m

Global Perspectives

- ✿ Global population doubled from 1950 to 2005 (6.4bn) and is set to increase by 40% by 2050 (9.0bn)
- ✿ World food demand could double by 2050
 - 50% increase from world population growth
 - 50% increase from broad based economic growth in low income countries
- ✿ Climate change and energy security

Water

- 🌿 Agricultural irrigation utilises 70% of worlds fresh water
- 🌿 60% of the worlds population live in water scarce regions *
- 🌿 Future population increase will place strains on the worlds water supply
 - 500m Chinese to be urbanised
- 🌿 Similar evidence in Australia, Israel and USA
- 🌿 1m litres of water to produce 1tn of grain in China**

Global Perspectives

Global agricultural production

- Grain production not keeping pace with consumption
- The world's arable land and fresh water are not distributed around the world in the same proportions as is population
 - Asia & the Middle East cannot be self sufficient in food

Efficient producers of arable crops will benefit

New Context for Primary Production

- 🌿 Demand is growing
- 🌿 Limited choice of locations to accelerate output
- 🌿 Food is becoming strategic
- 🌿 Water is becoming strategic
- 🌿 Challenge
 - Deliver sustainable solutions for the farm enterprise
 - Optimise primary production over the long term
- 🌿 Masstock model delivers sustainable increased productivity



Financial summary

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Financing

- 🌿 Bank facilities increased by €100m.
- 🌿 Organised with existing banking syndicate
 - 5 year facility with option to extend.
- 🌿 Total facilities - €450m
 - 31st July year-end debt approx. €210m.

Why Masstock ?

- ✿ Competitive market position
 - No.1 in serviced agronomy
 - Leading market position across all input sectors
 - National coverage
- ✿ Strong branded proposition – trusted and highly regarded
- ✿ Complementary management capability
- ✿ Model for growth
- ✿ Cash generative

Conclusion

- ✿ Growth in Prescriptive based farming practices driven by rising demand
 - Long term sustainable farming
 - Optimise productivity of inputs
- ✿ Significantly extends Origin's capability to support the primary production
 - Combining science, best farming practice and economics
- ✿ IP based prescriptive model to provide growth opportunities
 - Existing markets
 - Geographical extension

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