



ENTERPRISES PLC

Q3 Trading Update /  
Brazil Acquisitions

19 June 2018

## Forward-Looking Statements

This presentation contains forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of the preparation of this presentation. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements contained in this presentation, whether as a result of new information, future events or otherwise.



## Third Quarter Trading Update

# 2018 Q3 Summary & Highlights

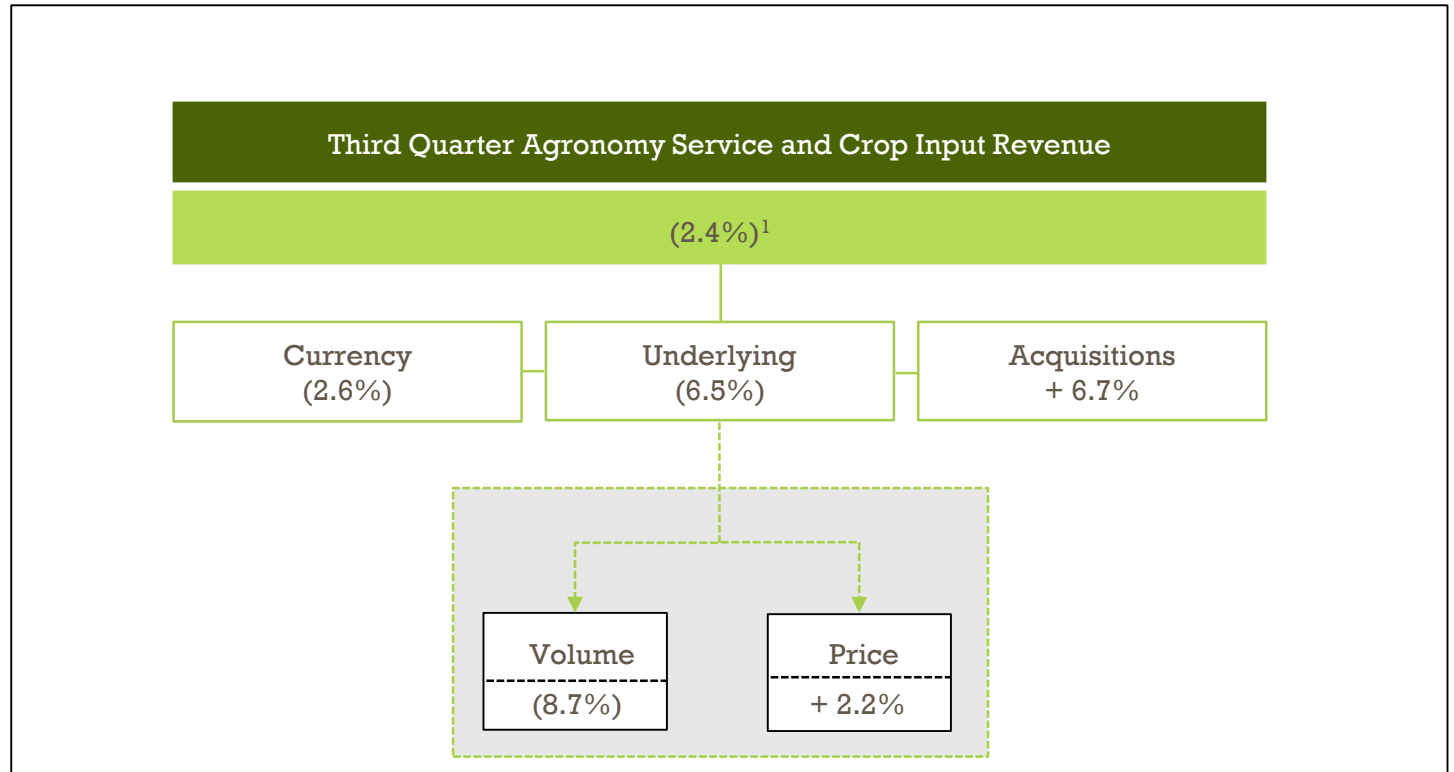
Full year guidance in adjusted diluted earnings per share of between 47.5 and 48.5 cent



Group Revenue	2018 €'m	2017 €'m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying %
Quarter 3	526.7	548.7	(4.0%)	6.2%	(2.4%)	(7.8%)
Year-to-date	1,113.6	1,113.1	-	4.6%	(2.5%)	(2.1%)

- » Robust third quarter revenue and volume development impacted by prolonged winter weather conditions resulting in a delay to normal spring growth and interrupted crop maintenance activity
- » 2.1% decrease in underlying revenue
- » 7.8 per cent decrease in underlying revenue in the quarter
- » Reflecting the more pronounced seasonality in the current financial year the fourth quarter is expected to account for a greater proportion of total revenue and profitability
- » Digital services enablement continues to progress well
- » Pillaert-Mekoson, the Belgium based fertiliser and nutrition business acquired in January 2018, performing to expectation

# Agronomy Service and Input Revenue<sup>1</sup> Analysis



<sup>1</sup> Total revenue excluding crop marketing revenues and volumes

# Agri-Services Q3 Trading Update

## Ireland & the UK



Revenue	2018 €'m	2017 €'m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying <sup>1</sup> %
Quarter 3	338.3	342.1	(1.1%)	6.4%	(2.0%)	(5.5%)
Year-to-date	715.8	697.1	2.7%	5.5%	(2.7%)	(0.1%)

- » Q3 business volume development impacted by the delayed start to crop drilling and infield maintenance activity
- » Reduction in cumulative like-for-like business volumes of 4.3%
- » Reduction in third quarter like-for-like business volumes of 9.2%
- » Positive start to fourth quarter reflecting catch up sales demand

<sup>1</sup> Excluding currency movements and the impact of acquisitions

# Agri-Services Q3 Trading Review

## Ireland & the UK



Direct Farm	Digital Agricultural Services	Business-to-Business		
		Fertiliser	Amenity	Feed Ingredients
<ul style="list-style-type: none"> <li>» Lower revenues in third quarter</li> <li>» Unseasonal weather delays the start of normal spring growth and crop development</li> <li>» Majority of delayed spring crop planting completed towards end of third quarter</li> <li>» Experiencing higher sales demand in fourth quarter to-date</li> </ul>	<ul style="list-style-type: none"> <li>» Good performance with momentum in software service revenue</li> <li>» Continued roll out of 'Contour' digital platform:               <ul style="list-style-type: none"> <li>– shared information tools for agronomists and farmers</li> </ul> </li> <li>» Over 600,000 hectares on-boarded to-date on Contour</li> </ul>	<ul style="list-style-type: none"> <li>» Higher like-for-like volumes in the quarter</li> <li>» Volume development in fourth quarter expected to be favourable</li> <li>» Bunn fertiliser integration completed successfully and positively supporting requirement to service increased concentration of sales demand</li> </ul>	<ul style="list-style-type: none"> <li>» Lower underlying volumes in the quarter</li> <li>» Reduced market due to unseasonal spring weather</li> <li>» Professional amenity channel continues to perform well</li> <li>» 2016 and 2017 bolt-on acquisitions performing well</li> </ul>	<ul style="list-style-type: none"> <li>» Very satisfactory performance in the quarter</li> <li>» Sustained demand levels reflecting fodder shortages and favourable returns from livestock enterprises</li> <li>» Good customer forward buying momentum</li> </ul>

# Agri-Services Q3 Trading Review

## Continental Europe<sup>1</sup>



Revenue	2018 €'m	2017 €'m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying <sup>2</sup> %
Quarter 3	161.0	169.8	(5.2%)	7.1%	(3.8%)	(8.5%)
Year-to-date	282.6	278.3	1.5%	4.4%	(3.4%)	0.5%

- » Severe weather conditions delay spring seasonal growth and disrupt input application
- » Underlying revenue decrease of 8.5% in third quarter
- » Reduction in like-for-like business volumes of 7.7% in the quarter
- » Reduction in like-for-like business volumes of 3.2% in the 9 month period
- » Integration of Pillaert-Mekoson acquisition in Belgium progressing well
- » Full recovery of business volume shortfall in fourth quarter unlikely against backdrop of shortened growing season

<sup>1</sup> Excluding crop marketing volumes and revenue

<sup>2</sup> Excluding currency movements and the impact of acquisitions



# Agri-Services Q3 Trading Review

## Continental Europe

Business-to-Business	Direct Farm		
Belgium	Poland	Romania	Ukraine
<ul style="list-style-type: none"> <li>» Announcement of Acquisition of fertiliser blending and distribution player, Pillaert-Mekoson ('Pillaert), in January 2018</li> <li>» Pillaert performing well with integration progressing to plan</li> <li>» Sales volumes expected to be favourable for the 2018 financial year as a whole</li> </ul>	<ul style="list-style-type: none"> <li>» Satisfactory performance in the quarter in highly competitive trading conditions</li> <li>» Prolonged frost conditions shortened spring growing season</li> <li>» Value added agronomy applications drives overall development in direct farm channel</li> </ul>	<ul style="list-style-type: none"> <li>» Good performance in the quarter</li> <li>» Performance supported by earlier timing of crop input sales revenue</li> <li>» Crops are well established with cropping area in line with last year</li> </ul>	<ul style="list-style-type: none"> <li>» Lower agronomy service and crop input revenues due to the weather delayed season</li> <li>» Challenging market backdrop with currency volatility driving competitive trading conditions</li> <li>» New customer gains continue to support performance</li> </ul>



## Business Development

# Geographical Expansion into South America

## Brazil investments extend Origin agri-services portfolios and farm services footprint



- » Agreement to acquire interests in two Brazilian based agri-services businesses
- » 65% shareholding in Fortgeen
- » 20% shareholding in Ferrari Zagatto ('Ferrari)
- » 2 businesses, common shareholders
- » 6 shareholders
- » 9 locations
- » Business focus
  - Speciality fertiliser, agronomy and input distribution and crop handling services
- » Customer markets
  - Paraná state (Brazil), greater Brazil and Paraguay



# Geographical Expansion into South America

## Strategic and Investment Rational



- » Transactions consistent with priority to scale Origin's crop management service capabilities
- » Brazil satisfies key criteria as a highly relevant geography offering growth opportunity and long term market potential
- » Acquisitions represent attractive first time entry to Brazil offering exposure to value added segments within speciality crop nutrition with strong routes-to-market via direct access to well capitalised farm holdings
- » Investments provide future platform to address requirements for meaningful geographical diversification and seasonality balance
- » Attractive entry returns on capital and earnings accretive from date of acquisition
- » Highly experienced, capable and Origin aligned in-country management team

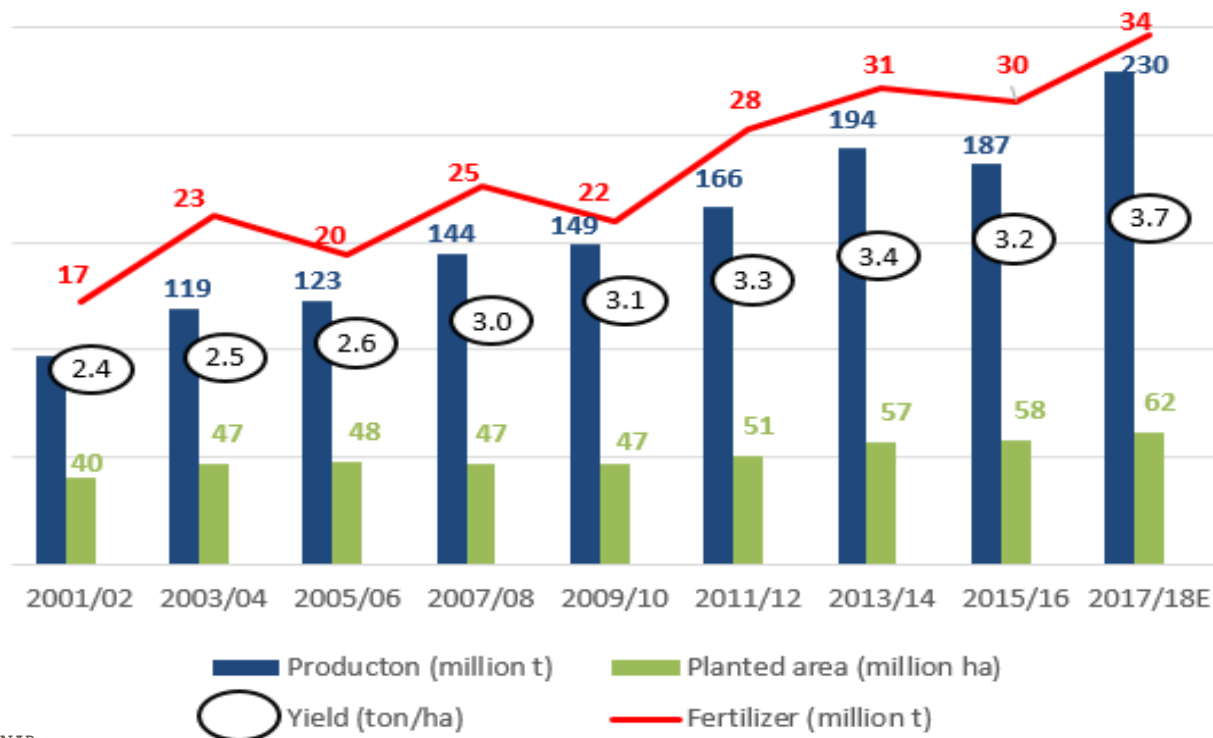
# Brazil Overview

## Some market facts

- » Second largest Global Agriculture Exporter
  - Soybean, coffee, ethanol, orange juice, sugar, tobacco, beef, poultry
- » Crop production
  - 230 million tonnes / Average yield 3.7t ha
- » Total harvested area – 62 million hectares
  - Graduated increases in harvested area
  - Yield is primary driver of production increases
- » Primary Producers
  - Increasing professionalisation
  - Growth in farm incomes and land values driving intensification and farm consolidation
- » Speciality Nutrition
  - Second stage application dedicated to professional holdings

# Brazil Overview

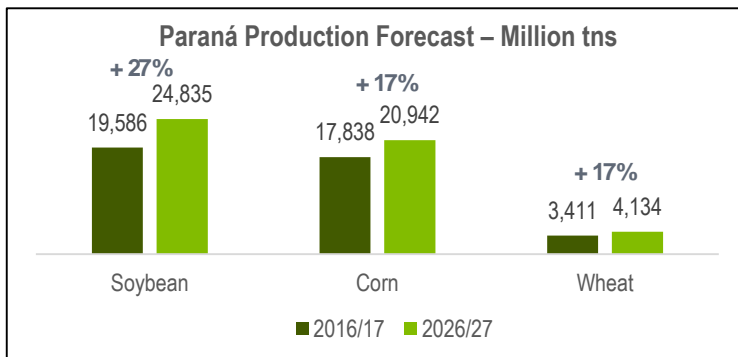
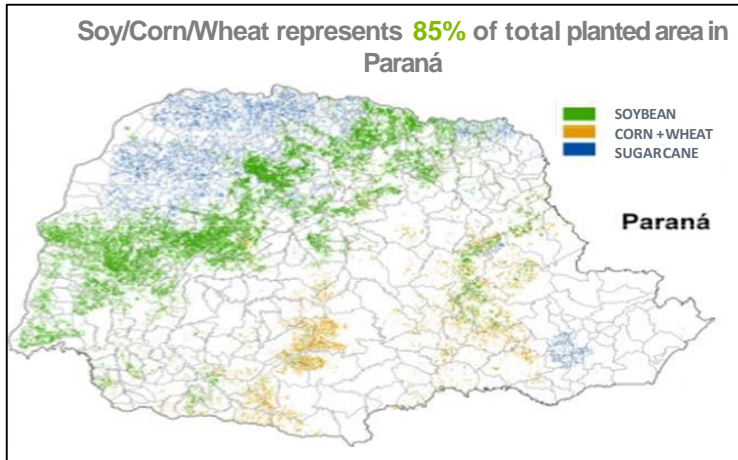
## Grain production, planted area and fertiliser consumption



Source: CONAB

# Brazil Overview

## Paraná State

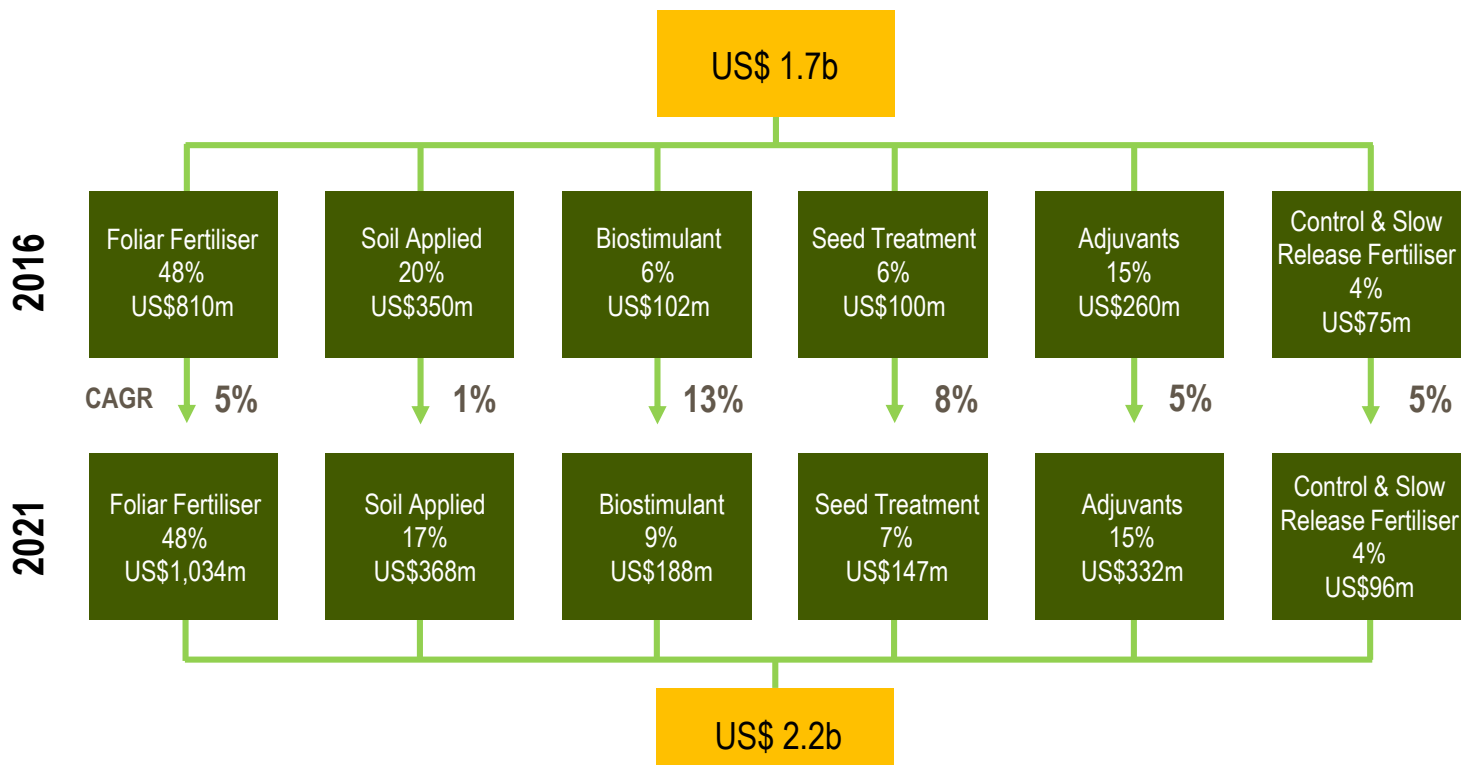


- » Highly productive / fertile soils
- » Favourable climate
- » Multiple cropping – capacity to grow two crops per season
- » Favourable logistics to export
- » Major crops for in Paraná:
  - Soybeans
  - Corn
  - Sugar cane
  - Wheat

» Source: CONAB

# Brazil Overview

## Speciality inputs – attractive and growing market segment





Source: IEG / FNP



# South America Expansion

## Brazilian Business Overview

Company overview		
<b>Business focus</b>	Crop input development	Crop services
<b>Customer (no.)</b>	1,200	4,000
<b>Positioning</b>	Leading developer and manufacturer of high value nutrition and speciality inputs	Leading provider of agronomy services, inputs and crop handling / marketing services
<b>Applications</b>	Corn, soya, wheat, cotton, coffee, sugar cane, vegetables	Corn, soya, wheat, cotton, coffee, vegetables
<b>Agronomists / Technical Sales Personnel (no.)</b>	60	65
<b>Customer Markets</b>	Branded retail	Direct farm
<b>Farm focus</b>	Medium, large	Small, medium, large

# Summary

- » Favourable Q4 performance anticipated with expected full year adjusted EPS in the range of 47.5 to 48.5 cent
- » Brazil investments announced today are consistent with the Group's objectives for targeted geographical expansion to scale our crop technology and service portfolios
- » Fortgreen and Ferrari represent an excellent entry point into Brazil:
  - Exposure to growing segments of value added crop nutrition and speciality inputs market
  - Platform for future expansion through buy and build agronomy service and input distribution
- » Transactions earnings enhancing from date of acquisition
- » Investments provide platform to address Group requirements for geographical diversification and seasonality balance



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