

Origin Enterprises plc

PRELIMINARY RESULTS STATEMENT

*Strong performance in FY19
15.6% growth in operating profit
Adjusted diluted EPS up 7.9% to 52.65 cent*

Dublin, London, 25 September 2019: 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 announces its full year results for the year ended 31 July 2019.

Highlights

- Group revenue increase of 10.5% to €1,798.2 million, and 7.2% on an underlying basis
- Operating profit of €82.3 million, an increase of 15.6% and up 3.5% on an underlying basis
- Group operating margin of 4.6%, an increase of 20 basis points
- Adjusted diluted earnings per share³ up 7.9% to 52.65 cent
- Acquisitions contributed 3.2% to sales growth and 12.0% to operating profit growth in the year
- Strong cash generation with free cash flow of €54.0 million (2018: €56.6 million)
- Increase in net debt to €75.6 million (2018: €38.4 million)
- Proposed 1.5% increase in total dividend to 21.32 cent (2018: 21.0 cent)
- Good first-time contribution from Fortgreen acquisition in Latin America
- Exceptional charge of €7.0 million, principally due to a non-cash impairment relating to our Ukrainian business
- Conditional agreement to dispose of Cork Docklands property for cash consideration of up to €47.5 million

Results Summary

	2019	2018	Change	Constant
	€'000	€'000	%	Currency
				%
Group revenue	1,798,197	1,627,533	10.5%	10.4%
Operating profit ¹	82,263	71,190	15.6%	15.5%
Associates and joint venture ²	6,717	7,221	(7.0%)	(7.2%)
Total group operating profit¹	88,980	78,411	13.5%	13.4%
Finance expense, net	(11,808)	(8,082)	(46.1%)	(45.0%)
Profit before tax¹	77,172	70,329	9.7%	9.7%
Basic EPS (cent)	41.98	45.22	(7.2%)	(7.3%)
Adjusted diluted EPS (cent)³	52.65	48.80	7.9%	7.8%
Return on capital employed	13.2%	13.5%	(30bps)	
Group net debt⁴ (€'000)	(75,596)	(38,356)	(37,240)	
Operating margin¹	4.6%	4.4%	20bps	
Free cash flow	54,039	56,562	(2,523)	
Dividend per ordinary share (cent)	21.32	21.00	1.5%	

¹ Before amortisation of non-ERP intangible assets and exceptional items

² Profit after interest and tax before exceptional items

³ Before amortisation of non-ERP intangible assets, net of related deferred tax (2019: €7.1m, 2018: €4.9m) and exceptional items, net of tax (2019: €7.0m, 2018: €Nil)

⁴ Including restricted cash of €Nil (2018: €0.5m)

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

"Our business has performed well in the period with the Group benefiting from favourable organic and acquisition growth. A 15.6% increase in operating profit was recorded while continuing to deliver strong free cash flow generation.

The FY19 result reflects our commitment to maintaining a diversified business portfolio with an excellent first-time contribution from Latin America together with the benefit of good demand levels in Ireland and the UK more than offsetting the impact of a more challenging operating environment in Continental Europe, where highly competitive trading conditions within the Ukrainian market impacted profitability.

Demand for agronomy services and crop inputs for Ireland and the UK is expected to normalise in FY20 and to be lower than the above average market demand levels experienced in FY19. Fertiliser and feed demand is not expected to match the demand created by the fodder crisis in the first half of FY19. Our Continental European and Latin American segments are expected to grow in FY20 in line with our long-term guidance. Against the backdrop of the uncertain nature of Brexit, and its timing, we continue to prioritise a prudent approach to risk management and capital allocation.

The Group is well positioned to capitalise on the Group's scalable and diversified market positions, integrated crop services business model and strong balance sheet to deliver on our 2023 financial and strategic objectives."

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The preliminary results statement is available on the company website www.originenterprises.com. There will be a live conference call at 8.30am (UK/Ireland time) 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.

Conference Call:

Confirmation Code: 7075732

Participant access number:

Dublin: Tel: +353 (0)1 431 9615
UK/International: Tel: +44 (0)844 571 8892

Replay:

A replay of this call will be available for seven days.
Replay Access Code: 7075732

Replay Access Numbers:

Dublin: Tel: +353 (0)1 553 8777
UK/International: Tel: +44 (0)844 571 8951

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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

Financial Review - Summary

	2019 €'000	2018 €'000
Group revenue	<u>1,798,197</u>	<u>1,627,533</u>
Operating profit ¹	82,263	71,190
Associates and joint venture, net ²	<u>6,717</u>	<u>7,221</u>
Group operating profit¹	88,980	78,411
Finance costs, net	<u>(11,808)</u>	<u>(8,082)</u>
Profit before tax¹	77,172	70,329
Income tax	<u>(10,439)</u>	<u>(8,668)</u>
Adjusted net profit	<u>66,733</u>	<u>61,661</u>
Adjusted diluted EPS (cent)³	52.65c	48.80c
Adjusted net profit reconciliation		
Reported net profit	52,720	56,785
Amortisation of non-ERP intangible assets	8,769	5,655
Tax on amortisation of non-ERP related intangible assets	(1,709)	(768)
Exceptional items (net of tax)	<u>6,953</u>	<u>(11)</u>
Adjusted net profit	<u>66,733</u>	<u>61,661</u>
Adjusted diluted EPS (cent)³	52.65c	48.80c
Operating margin¹	4.6%	4.4%
Return on capital employed	13.2%	13.5%
Free cash flow (€'m)	€54.0m	€56.6m

Adjusted diluted earnings per share³ increased by 7.9% to 52.65 cent. On a constant currency basis, adjusted diluted earnings per share increased by 7.8% when compared to prior year.

Group revenue

Group revenue increased by 10.5% to €1,798.2 million from €1,627.5 million in the prior year. On an underlying basis, at constant currency, revenue increased by €117.3 million (7.2%) driven by strong growth in crop protection, seeds and fertiliser volumes, and an increase in fertiliser prices.

Underlying growth in agronomy services and crop input volumes, excluding crop marketing volumes, was 4.0% for FY19.

Operating profit¹

Operating profit¹ increased by 15.6% to €82.3 million compared to €71.2 million in the previous year. Acquisitions contributed a total of €8.5 million to operating profit in the year, with our new Latin American segment delivering €8.1 million in its first year. On an underlying basis, operating profit¹ increased by €2.5 million (3.5%) primarily driven by increased volumes and margins in Ireland and the UK.

The Group operating margin increased from 4.4% to 4.6% principally due to the higher margin profile of our Latin America segment, somewhat diluted by the impact of increased fertiliser volumes and prices in Ireland and the UK and a reduction in operating margin in Continental Europe due to the profit decline in our Ukrainian business.

Associates and joint venture²

Origin's share of the profit after interest and taxation from associates and joint venture amounted to €6.7 million in the period (2018: €7.2million). This is another strong performance and is set against an excellent outturn in FY18.

Finance costs and net debt

Net debt at 31 July 2019 was €75.6 million⁴ compared to net debt of €38.4 million⁴ at the end of the previous year, reflecting a €62.4 million spend on acquisitions and investment capital expenditure. Average net debt amounted to €270.6 million compared to €226.0 million last year.

Net finance costs amounted to €11.8 million, which represents an increase of €3.7 million on the prior year level. The higher finance costs were driven by the first time cost of financing the acquisition of the Brazil-based Fortgreen business, additional cost of working capital financing due to an increase in the level of sales, combined with increased financing rates in Continental Europe. The average and year end net debt increase is principally attributable to the acquisition cost and working capital investment relating to Fortgreen and an increased investment in Group working capital.

During the year the Group extended the maturity of €300.0 million of its core syndicated facilities for a further two years. At 31 July 2019 the Group had unsecured committed banking facilities of €430.0 million (2018: €430.0 million), of which €30.0 million will expire in August 2021, €100.0 million will expire in May 2022 and €300.0 million will expire in June 2024.

At year end the Group's key banking covenants were as follows:

	Banking Covenant	2019 Times	2018 Times
Net debt to EBITDA	Maximum 3.5	0.87	0.54
EBITDA to net interest	Minimum 3.0	8.06	9.81

Working capital

For the year ended 31 July 2019, there was a working capital outflow of €12.7 million primarily due to an investment in working capital in Fortgreen in Brazil and increased year on year sales across the Group. Working capital allocation remains a key priority 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')³

Adjusted diluted EPS³ amounted to 52.65 cent per share, an increase of 7.9% from FY18. This was driven by an increase in like-for-like underlying profits of 0.1%, along with the positive impact of acquisitions of 7.7% and 0.1% as a result of foreign currency translation.

Free cash flow

	2019 €'m	2018 €'m
Free cash flow	54.0	56.6
Free cash flow conversion ratio	90.0%	106.0%

The Group generated free cash flow in the year of €54.0 million (2018: €56.6 million). Free cash flow is an important metric as it indicates the amount of internally generated capital that is available for re-investment in the business or for distribution to shareholders.

Free cash flow means the total of earnings before interest, tax, depreciation, amortisation of non-ERP related intangible assets and exceptional items of wholly owned businesses ('EBITDA') adjusted to take account of interest, tax, routine capital expenditure, working capital cash flows and dividends received.

Free cash flow conversion ratio means free cash flow as a percentage of profit after tax of wholly owned businesses, excluding exceptional items and amortisation of non-ERP related intangible assets.

Return on capital employed

	2019	2018
Return on capital employed	13.2%	13.5%

Return on capital employed is a key performance indicator for the Group and represents Group earnings before interest, tax and amortisation of non-ERP related intangible assets from continuing operations ('EBITA') taken as a percentage of the Group Net Assets. For the purposes of this calculation:

- (i) EBITA includes the net profit contribution from associates and joint venture (after interest and tax) and excludes the impact of exceptional and non-recurring items.
- (ii) Group Net Assets means total assets less total liabilities as shown in the annual report excluding net debt, derivative financial instruments, put option liabilities, accumulated amortisation of non-ERP related intangible assets and taxation related balances. Net Assets are also adjusted to reflect the average level of acquisition investment spend and the average level of working capital for the accounting period.

Exceptional items

Exceptional items net of tax amounted to €7.0 million in the year. These principally relate to the impairment of goodwill and intangibles in Ukraine, acquisition costs, restructuring costs and a fair value

adjustment on the Group's investment properties and property, plant and equipment. Exceptional items are summarised in the table below:

Exceptional items	2019	2018
	€'m	€'m
Impairment of investment in Ukraine, net of put option gain	7.3	-
Fair value adjustment and related costs on investment properties	(5.4)	(1.5)
Impairment of property, plant and equipment	4.1	-
Arising on associates and joint venture	0.4	-
Pension and rationalisation related costs	0.3	0.7
Transaction, other related costs and movements in contingent consideration, net	0.3	2.3
Gain on disposal of chemical business, net	<u>-</u>	<u>(1.5)</u>
Total exceptional items, net of tax	<u>7.0</u>	<u>-</u>

Disposal of Cork dockland properties

Origin announced during the year that it had reached conditional agreement for the disposal of up to 31 acres of land owned by the Group in Ireland at South Docklands in Cork ('Docklands') for a cash consideration of up to €47.5 million.

The transaction is subject to the satisfaction of a number of conditions necessary to realise the full disposal proceeds including the granting of various permissions and approvals and the relocation of the Group's existing operating business in Docklands at an economically viable cost to an alternative location in Cork.

Dividends

In line with the Group's progressive dividend policy, the Board recommends an increased final dividend of 18.17 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 21.32 cent per ordinary share (2018: 21.0 cent), an increase of 1.5%. Subject to shareholder approval at the Annual General Meeting, this final dividend will be paid on 13 December 2019 to shareholders on the register on 29 November 2019.

Investor relations

Our strategy aims to create long-term shareholder value. We support this strategy through regular and open communication with all capital market participants. We engage with institutional investors in numerous one-on-one meetings, as well as at roadshows and conferences worldwide.

Contact with institutional shareholders is the responsibility of the executive management team including the Chief Executive Officer, Chief Financial Officer, Group Finance Director and Head of Investor Relations.

During the year there were 150 meetings / conference calls with institutional investors across 9 financial centres. In addition, in May 2019 the Group held a Capital Markets Day in London with presentations

from the Chief Executive Officer, key divisional management and a detailed overview of our 2023 ambition from the Chief Financial Officer.

Annual General Meeting (AGM)

The AGM will be held on 20 November 2019 at 11.00am (UK/Ireland time) in the Merrion Hotel, Upper Merrion Street, Dublin 2.

Reporting segments

The Group has three separate reporting segments.

Ireland and the United Kingdom

This segment includes the Group's wholly owned Irish and UK based Business-to-Business Agri-Input operations, Integrated Agronomy and On-Farm Service operations and Digital Agricultural Services business. In addition, this segment includes the Group's associates and joint venture undertakings.

Continental Europe

This segment includes the Group's operations in Belgium, Poland, Romania and Ukraine.

Latin America

This segment includes the Group's operations in Latin America including Fortgreen, the Brazil based crop nutrition and speciality inputs business.

¹ *Before amortisation of non-ERP intangible assets and exceptional items*

² *Profit after interest and tax before exceptional items*

³ *Before amortisation of non-ERP intangible assets, net of related deferred tax (2019: €7.1m, 2018: €4.9m) and exceptional items, net of tax (2019: €7.0m, 2018: €Nil)*

⁴ *Including restricted cash of €Nil (2018: €0.5m)*

Review of Operations

Group Overview

	2019 €'m	2018 €'m	Change of prior year		Constant Currency ⁴ %
			Change %	Underlying ³ %	
Revenue	1,798.2	1,627.5	10.5%	7.2%	10.4%
Operating profit ¹	82.3	71.2	15.6%	3.5%	15.5%
Operating margin ¹	4.6%	4.4%	20bps	(20bps)	20bps
Adjusted diluted EPS (cent) ²	52.65	48.80	7.9%	0.1%	7.8%

¹ Before amortisation of non-ERP intangible assets and exceptional items
² Before amortisation of non-ERP intangible assets, net of related deferred tax (2019: €7.1m, 2018: €4.9m) and exceptional items, net of tax (2019: €7.0m, 2018: €Nil)
³ Excluding currency movements and the impact of acquisitions
⁴ Excluding currency movements

Origin delivered a strong full year performance in FY19 with growth in Group revenue, operating profit and adjusted fully diluted earnings per share of 10.4%, 15.5% and 7.8% respectively on a constant currency basis. Operating margin increased by 20 basis points to 4.6%. The overall performance benefited from the contribution of acquisitions in the year, delivering a 12.0% increase in operating profit.

Underlying growth in agronomy services and crop input volumes, excluding crop marketing volumes, was 4.0% for FY19.

Ireland and the United Kingdom

	2019 €'m	2018 €'m	Change on prior year		Constant Currency ⁴ %
			Change %	Underlying ³ %	
Revenue	1,159.4	1,038.1	11.7%	11.0%	11.2%
Operating profit ¹	60.0	54.8	9.5%	8.6%	9.1%
Operating margin ¹	5.2%	5.3%	(10bps)	(10bps)	(10bps)
Associates and joint venture ²	6.7	7.2	(7.0%)	(7.2%)	(7.2%)

¹ Before amortisation of non-ERP intangible assets and exceptional items
² Profit after interest and tax before exceptional items
³ Excluding currency movements and the impact of acquisitions
⁴ Excluding currency movements

Ireland and the UK delivered a very strong performance, recording an 11.0% increase in underlying revenue and an 8.6% increase in underlying operating profit.

Underlying volume growth for agronomy services and crop inputs was 6.8% in the period. Volume development was supported by strong demand for crop inputs reflecting a combination of robust activity in-field, early procurement planning by primary producers for crop protection products for application in 2020 and higher feed and fertiliser volumes in the period following the impact of poor grass growing conditions in 2018. Market volumes are expected to normalise in 2020 compared with the above average demand levels experienced in 2019.

Operating margin decreased by 10 basis points to 5.2% primarily due to the impact of increased fertiliser volumes and prices, offsetting the favourable margin development achieved across our agronomy services and inputs portfolio.

Integrated Agronomy and On-Farm Services

Integrated Agronomy and On-Farm Services delivered a good performance during the year, recording higher volumes, revenues and margins across its service and input portfolios.

Demand for agronomy services and inputs was driven by favourable operating conditions and was supported by the beneficial impact of sterling weakness on growers' crop margins.

Performance in the period also benefited, in part, from early procurement planning by farmers and growers to secure supply of specific crop technologies for in-field application in 2020 whose product registrations are scheduled to expire after 2019.

Good progress was achieved in the further development of the Group's agronomy portfolio across high value and speciality crop sectors.

Digital Agricultural Services

Origin has developed a suite of agronomist-farmer enabled digital applications designed to optimise crop performance and input utilisation.

During the year, the Group's digital agronomy and precision farming capabilities were merged under a new identity called Rhiza. Rhiza facilitates novel and enhanced engagement with farmers through offering real time and prescriptive digital agronomy solutions which address complex requirements relating to environmental stewardship, compliance, risk management and field level crop performance.

The development and roll out of Origin's digital offering continued at pace during the year, with over 1.0 million hectares on-boarded to date and firmly on track to deliver our target of 4.0 million hectares by 2023.

Business-to-Business Agri-Inputs

Business-to-Business Agri-Inputs performed strongly in the period, delivering good growth in operating profits, supported by favourable volume development and improved margins.

Fertiliser

Fertiliser recorded higher volumes and profits in the period. Performance reflected the benefit of favourable weather conditions and a stable pricing environment which positively influenced purchasing decisions on-farm.

The successful integration of the UK based Bunn Fertiliser, acquired in 2018, was a key enabler of an enhanced supply chain and customer service capability to meet higher demand in the period and to address farmers' increasingly sophisticated requirements relating to soil fertility and crop nutrition.

Margins continue to be positively supported by growth in volumes of enhanced efficiency fertiliser and bespoke nutrition applications.

Amenity

Amenity recorded lower revenues and profits in the period.

The residual impact of unseasonal weather conditions in 2018 was reflected in elevated carryover stockholdings at customer level which led to lower demand in the period.

Performance was favourably supported through new customer gains in Home & Garden and by the first-time contribution from Symbio, the speciality organic crop technologies business acquired in November 2018.

Feed Ingredients

Feed Ingredients delivered a very satisfactory result in the year reflecting the benefit of strong operational execution and a robust volume performance following the exceptional demand experienced in 2018.

Volume development in the period was positively supported by higher livestock numbers and generally stable returns for primary dairy producers.

The Group's animal feed manufacturing associate, John Thompson & Sons Limited, in which the Group has a 50% shareholding, delivered a very satisfactory performance in the period.

Continental Europe¹

	2019 €'m	2018 €'m	Change on prior year		Constant Currency ⁴ %
			Change %	Underlying ³ %	
Revenue	440.1	431.0	2.1%	(1.3%)	2.3%
Operating profit ²	13.9	16.2	(14.5%)	(14.1%)	(12.7%)
Operating margin ²	3.2%	3.8%	(60bps)	(50bps)	(50bps)

¹ Excluding crop marketing. While crop marketing has a significant impact on revenue, its impact on operating profit is insignificant. For the year ending 31 July 2019 crop marketing revenues and profits attributable to Continental Europe amounted to €165.1 million and €0.3 million respectively (2018: €158.4 million and €0.2m respectively). An analysis of revenues, profits and margins attributable to agronomy services and inputs more accurately reflects the underlying drivers of business performance.

² Before amortisation of non-ERP intangible assets and exceptional items

³ Excluding currency movements and the impact of acquisitions

⁴ Excluding currency movements

Continental Europe encountered a challenging operating environment during the year which resulted in lower margins and operating profits primarily driven by the under-performance of our Ukrainian business.

Underlying business volumes declined by 2.9% in the period and operating margins reduced by 60 basis points to 3.2%.

Belgium

Belgium delivered a strong performance in the year, recording solid volume and margin development. Margins were favourably supported by growth in sales of speciality and bespoke nutrition applications.

Poland

Poland performed in line with the prior period.

While volume development in the period was impacted by lower demand due to a reduction in early autumn crop plantings, performance benefited from the ongoing enhancement of Origin's seed and speciality nutrition portfolios through the further development of the Group's product based capabilities.

Romania

Romania achieved higher revenues and profits in challenging operating conditions.

Good volume momentum was achieved across all market channels against lower demand due to the impact of extended dry conditions on winter oilseed rape plantings.

Performance benefited from improved commercial effectiveness together with good progress achieved in the period relating to customer channel integration and business portfolio alignment.

Ukraine

Ukraine recorded a significant reduction in profitability in the period. Business performance reflected a market characterised by lower liquidity and excess inventories which drove highly competitive trading conditions.

In the context of this challenging market backdrop, the Group continues to prioritise operational and working capital efficiencies along with the further development of high service agronomy channels and precision digital offerings.

Latin America

	2019 €'m	2018 €'m	Change on prior period		
			Change %	Underlying ² %	Constant Currency ³ %
Revenue	33.6	-	100.0%	-	-
Operating profit ¹	8.1	-	100.0%	-	-
Operating margin ¹	24.1%	-	-	-	-

¹ Before amortisation of non-ERP intangible assets and exceptional items
² Excluding currency movements and the impact of acquisitions
³ Excluding currency movements

The Latin American reporting segment incorporates the Group's business operations in Brazil.

Origin made its first-time entry into the Brazilian agri-services market following the completion of the acquisition of Fortgreen in August 2018. Fortgreen, headquartered in Paraná State in southern Brazil, is focused on the development and marketing of speciality inputs and value-added crop nutrition.

Latin America has delivered an excellent first-time contribution in the period, with performance in line with pre-acquisition expectations. Integration is progressing to plan, including the development of partnerships with other Origin entities to enhance the Group's own product based capabilities.

Performance in the year was supported by good growth in soluble nutrition technologies for grain and speciality crop applications and aided by a strong harvest for Brazil's principal spring crop, soya. The Group has invested in additional production and storage capability to support this growth.

The acquisition of a 20% shareholding in the Brazilian business Ferrari Zagatto E Cia. Ltda., ('Ferrari') announced in the prior financial year, completed on 10 June 2019. Also headquartered in Paraná State, Ferrari is a leading provider of agronomy services, inputs, crop handling and marketing services. Ferrari provides an important route-to-market for Fortgreen's speciality inputs and nutrition offering.

Outlook

Demand for agronomy services and crop inputs for Ireland and the UK is expected to normalise in FY20 and to be lower than the above average market demand levels experienced in FY19. Fertiliser and feed demand is not expected to match the demand created by the fodder crisis in the first half of FY19. Our Continental European and Latin American segments are expected to grow in FY20 in line with our long-term guidance. Against the backdrop of the uncertain nature of Brexit, and its timing, we continue to prioritise a prudent approach to risk management and capital allocation.

The Group is well positioned to capitalise on the Group's scalable and diversified market positions, integrated crop services business model and strong balance sheet to deliver on our 2023 financial and strategic objectives.

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Origin Enterprises plc

Consolidated Statement of Comprehensive Income For the financial year ended 31 July 2019

	Notes	Pre- exceptional 2019 €'000	Exceptional 2019 €'000 (Note 3)	Total 2019 €'000	Pre- exceptional 2018 €'000	Exceptional 2018 €'000 (Note 3)	Total 2018 €'000	
Revenue	2	1,798,197	-	1,798,197	1,627,533	-	1,627,533	
Cost of sales		(1,527,363)	-	(1,527,363)	(1,389,926)	-	(1,389,926)	
Gross profit		270,834	-	270,834	237,607	-	237,607	
Operating costs		(197,340)	(6,574)	(203,914)	(172,072)	663	(171,409)	
Share of profit of associates and joint venture		6,717	(423)	6,294	7,221	-	7,221	
Operating profit		80,211	(6,997)	73,214	72,756	663	73,419	
Finance income		1,519	-	1,519	1,432	-	1,432	
Finance expense		(13,327)	-	(13,327)	(9,514)	-	(9,514)	
Profit before income tax		68,403	(6,997)	61,406	64,674	663	65,337	
Income tax (expense)/credit		(8,730)	44	(8,686)	(7,900)	(652)	(8,552)	
Profit for the year		59,673	(6,953)	52,720	56,774	11	56,785	
				2019				
					2018			
Earnings per share for the year								
Basic earnings per share	4			<u>41.98c</u>			<u>45.22c</u>	
Diluted earnings per share	4			<u>41.60c</u>			<u>44.94c</u>	

Origin Enterprises plc

Consolidated Statement of Comprehensive Income

For the financial year ended 31 July 2019

	2019	2018
	€'000	€'000
Profit for the year	52,720	56,785
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	(3,599)	3,628
-deferred tax effect of remeasurements	450	(504)
-share of remeasurements on associate's defined benefit pension schemes	(1,668)	5,865
-share of deferred tax effect of remeasurements - associates	284	(997)
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	(3,507)	(1,243)
<i>Group/Associate cash flow hedges</i>		
-effective portion of changes in fair value of cash flow hedges	100	1,396
-fair value of cash flow hedges transferred to operating costs and other income	(2,783)	888
-deferred tax effect of cash flow hedges	369	(333)
-share of associates and joint venture cash flow hedges	727	4,827
-deferred tax effect of share of associates and joint venture cash flow hedges	(91)	(603)
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Other comprehensive (expense)/income for the year, net of tax	(9,718)	12,924
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Total comprehensive income for the year attributable to equity shareholders	43,002	69,709
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Origin Enterprises plc

Consolidated Statement of Financial Position

As at 31 July 2019

	Notes	2019 €'000	2018 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	108,411	117,929
Investment properties		4,221	11,825
Goodwill and intangible assets	6	271,085	216,334
Investments in associates and joint venture	7	47,140	48,171
Other financial assets		607	450
Derivative financial instruments		-	835
Deferred tax assets		3,620	3,280
Post employment benefit surplus	9	-	725
Total non-current assets		435,084	399,549
Current assets			
Properties held for sale		24,135	-
Inventory		202,806	194,192
Trade and other receivables		529,328	461,199
Derivative financial instruments		2,345	1,399
Restricted cash		-	500
Cash and cash equivalents		111,830	147,212
Total current assets		870,444	804,502
TOTAL ASSETS		1,305,528	1,204,051

Origin Enterprises plc

Consolidated Statement of Financial Position (continued) As at 31 July 2019

	Notes	2019 €'000	2018 €'000
EQUITY			
Called up share capital presented as equity	12	1,264	1,264
Share premium		160,498	160,422
Retained earnings and other reserves		184,077	168,561
TOTAL EQUITY		345,839	330,247
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings		163,236	165,232
Deferred tax liabilities		23,143	22,171
Put option liability		29,607	5,531
Provision for liabilities	8	4,166	8,045
Post employment benefit obligations	9	1,476	-
Derivative financial instruments		912	46
Total non-current liabilities		222,540	201,025
Current liabilities			
Interest-bearing borrowings		24,190	20,836
Trade and other payables		686,175	638,161
Corporation tax payable		11,845	8,143
Provision for liabilities	8	14,452	5,467
Derivative financial instruments		487	172
Total current liabilities		737,149	672,779
TOTAL LIABILITIES		959,689	873,804
TOTAL EQUITY AND LIABILITIES		1,305,528	1,204,051

Origin Enterprises plc

Consolidated Statement of Changes in Equity

For the financial year ended 31 July 2019

	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 2018	1,264	160,422	(8)	134	3,510	12,843	538	(196,884)	(39,319)	387,747	330,247
Profit for the year	-	-	-	-	-	-	-	-	-	52,720	52,720
Other comprehensive expense for the year	-	-	-	-	(1,678)	-	-	-	(3,507)	(4,533)	(9,718)
Total comprehensive expense for the year	-	-	-	-	(1,678)	-	-	-	(3,507)	48,187	43,002
Share-based payment charge	-	-	-	-	-	-	999	-	-	-	999
Shares issued	-	76	-	-	-	-	-	-	-	-	76
Change in fair value of put option	-	-	-	-	-	-	-	-	-	(2,114)	(2,114)
Dividend paid to shareholders	-	-	-	-	-	-	-	-	-	(26,371)	(26,371)
At 31 July 2019	1,264	160,498	(8)	134	1,832	12,843	1,537	(196,884)	(42,826)	407,449	345,839

Origin Enterprises plc

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2019

	2019 €'000	2018 €'000
Cash flows from operating activities		
Profit before tax	61,406	65,337
Exceptional items	6,997	(663)
Finance income	(1,519)	(1,432)
Finance expense	13,327	9,514
Profit on disposal of property, plant and equipment	(292)	(285)
Share of profit of associates and joint venture	(6,717)	(7,221)
Depreciation of property, plant and equipment	8,300	7,451
Amortisation of intangible assets	11,059	7,946
Employee share-based payment charge	999	180
Pension contributions in excess of service costs	(741)	(852)
Payment of exceptional rationalisation costs	(1,342)	(3,334)
Payment of exceptional acquisition costs	(1,775)	(3,688)
	<hr/>	<hr/>
Operating cash flow before changes in working capital	89,702	72,953
Movement in inventory	(2,408)	(28,505)
Movement in trade and other receivables	(50,450)	(58,469)
Movement in trade and other payables	40,118	87,713
	<hr/>	<hr/>
Cash generated from operating activities	76,962	73,692
Interest paid	(11,349)	(6,927)
Income tax paid	(12,572)	(10,428)
	<hr/>	<hr/>
Cash inflow from operating activities	53,041	56,337
	<hr/>	<hr/>

Origin Enterprises plc

Consolidated Statement of Cash Flows (continued) For the financial year ended 31 July 2019

	2019	2018
	€'000	€'000
Cash flows from investing activities		
Proceeds from sale of investment property	750	-
Proceeds from sale of property, plant and equipment	1,005	1,410
Purchase of property, plant and equipment	(12,049)	(11,602)
Additions to intangible assets	(4,346)	(5,645)
Arising on acquisition	(36,554)	(23,857)
Payment of contingent acquisition consideration	(1,705)	(1,627)
Proceeds from sale of Chemicals division	-	5,250
Payment of put option liability	(3,594)	-
Restricted cash	500	(500)
Loans (to)/from associates and joint venture	(4,671)	85
Dividends received from associates	7,037	2,483
	<hr/>	<hr/>
Cash outflow from investing activities	(53,627)	(34,003)
	<hr/>	<hr/>
Cash flows from financing activities		
Drawdown of bank loans	228,996	141,775
Repayment of bank loans	(238,491)	(158,155)
Shares issued	76	-
Payment of dividends to equity shareholders	(26,371)	(26,371)
	<hr/>	<hr/>
Cash outflow from financing activities	(35,790)	(42,751)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(36,376)	(20,417)
Translation adjustment	(2,298)	261
Cash and cash equivalents at start of year	126,559	146,715
	<hr/>	<hr/>
Cash and cash equivalents at end of year (Note 11)	87,885	126,559
	<hr/>	<hr/>

Origin Enterprises plc

Notes to the preliminary results statement

For the financial year ended 31 July 2019

1 Basis of preparation

The financial information included on pages 15 to 36 of this preliminary results statement has been extracted from the Group financial statements for the year ended 31 July 2019 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 2019, 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.

The Group has three operating segments as follows:

Ireland and the United Kingdom

This segment includes the Group's wholly owned Irish and UK based Business-to-Business Agri-Inputs operations, Integrated Agronomy and On-Farm Services operations and Digital Agricultural Services business. In addition, this segment includes the Group's associates and joint venture undertakings.

Continental Europe

This segment includes the Group's Business-to-Business Agri-Inputs operations, Integrated Agronomy and On-Farm Services operations in Belgium, Poland, Romania and the Ukraine.

Latin America

This segment includes the Group's 65% controlling interest in Fortgreen Commercial Agricola Ltda ("Fortgreen"). Origin entered the Latin American market in August 2018 through the acquisition of Fortgreen, a business which is focused on the development and marketing of value added crop nutrition and speciality inputs and which is headquartered in Paraná State in southern Brazil.

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 financial year ended 31 July 2019

2 Segment information (continued)

(i) Segment revenue and results

	Ireland & the UK		Continental Europe		Latin America		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	1,563,259	1,395,377	605,204	589,480	33,556	-	2,202,019	1,984,857
Less revenue from associates & joint venture	(403,822)	(357,324)	-	-	-	-	(403,822)	(357,324)
Revenue	1,159,437	1,038,053	605,204	589,480	33,556	-	1,798,197	1,627,533
Segment result	59,976	54,752	14,212	16,438	8,075	-	82,263	71,190
Profit from associates and joint venture	6,717	7,221	-	-	-	-	6,717	7,221
Amortisation of non-ERP intangible assets	(4,328)	(3,863)	(1,884)	(1,792)	(2,557)	-	(8,769)	(5,655)
Total operating profit before exceptional items	62,365	58,110	12,328	14,646	5,518	-	80,211	72,756
Exceptional items	1,509	(17)	(7,604)	680	(902)	-	(6,997)	663
Operating profit	63,874	58,093	4,724	15,326	4,616	-	73,214	73,419

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

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:

	2019 €'000	2018 €'000
Segment earnings before financing costs and tax	73,214	73,419
Finance income	1,519	1,432
Finance expense	(13,327)	(9,514)
Reported profit before tax	61,406	65,337
Income tax expense	(8,686)	(8,552)
Reported profit after tax	52,720	56,785

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:

	2019 €'000	2018 €'000
Pension and rationalisation related costs (i)	(426)	(876)
Transaction related costs, net (ii)	(273)	(2,560)
Impairment in Ukraine investment, net of put option settlement (iii)	(7,455)	79
Write down on property, plant and equipment (iv)	(4,100)	-
Fair value adjustment on investment properties and properties held for sale (iv)	5,680	2,150
Gain on disposal of business (vi)	-	1,870
Total exceptional (charge)/credit before tax	(6,574)	663
Arising in associates and joint venture (v)	(423)	-
Total exceptional (charge)/credit before tax including associates and joint venture	(6,997)	663
Tax credit/(charge) on exceptional items	44	(652)
Total exceptional (charge)/credit after tax	(6,953)	11

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

3 Exceptional items (continued)

(i) Pension and rationalisation related costs

Rationalisation costs include the compensation and termination payments from restructuring programmes across the Group. This exceptional charge also includes past service costs in respect of the defined benefit pension scheme. The tax impact of this exceptional item in the current year is a tax credit of €0.1 million (2018: €0.2 million).

(ii) Transaction related costs

Transaction related costs principally comprise costs incurred in relation to the acquisitions completed during the year, net of a credit relating to a movement in contingent consideration of €1.1 million. The tax impact of this item in the current year was a tax credit of €nil (2018: €0.2 million).

(iii) Impairment in Ukraine investment, net of put option settlement

At 31 July 2019 the Directors re-assessed the valuation of goodwill and intangible assets based on the trading results for the financial year and the forecasted trading environment for the Ukrainian business. Following the re-assessment, an impairment of €7.9 million was booked against the carrying value of the Ukraine investment and a write down of €1.5 million of part of the Agroscope brand was recorded. Also included is a credit arising on the settlement of the Agroscope put option liability of €1.9 million. This resulted in a total charge of €7.5 million being recorded. The net tax impact of this exceptional item in the current year is a tax credit of €0.2 million (2018: nil).

(iv) Write down of properties and fair value of investment properties and properties held-for-sale

At 31 July 2019 the valuation of the Group's Cork properties and investment properties was determined by the Directors using a market approach with reference to local knowledge and judgement supported by the consideration agreed with a third party for the Cork property transaction announced to the market on 9 July 2019.

The Directors also commissioned an independent valuations expert to conduct a valuation of the Group's non-Cork docklands investment properties. The valuation was on the basis of fair value using a market approach with inputs including sales of similar properties in the surrounding area and complies with the requirement of the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards 2017 (the "RICS Red Book") published in June 2017.

Following these assessments, an uplift of €5.5 million was reflected in the value of the Group's properties held for sale and investment properties and a write-down of €4.1 million was reflected in the value of the Group's property, plant and equipment as at 31 July 2019. This also includes an exceptional gain of €0.5 million arising from the disposal of six acres of an investment property during 2019, partially offset by property re-organisation costs. The tax impact of this exceptional item in the current year is a charge of €0.4 million (2018: €0.6 million).

(v) Arising in associates and joint venture

This exceptional charge relates to past service costs in respect of the defined benefit pension scheme of associates and joint venture. The net tax impact of this exceptional item in the current year is a tax credit of €0.1 million.

(vi) Gain on disposal of business

Following the disposal of the Group's Chemicals business operated through Goulding Chemicals Limited and the closure of a seed plant in the UK in 2018, a gain of €2.6 million and a loss of €0.7 million respectively were recorded in the prior year. The tax impact of this exceptional item in the prior year was a tax charge of €0.4 million.

Origin Enterprises plc

Notes to the preliminary results statement (continued) For the financial year ended 31 July 2019

4 Earnings per share

Basic earnings per share	2019 €'000	2018 €'000
Profit for the financial year attributable to equity shareholders	<u>52,720</u>	<u>56,785</u>
Weighted average number of ordinary shares for the year	<u>125,583</u>	<u>125,582</u>
	Cent	Cent
Basic earnings per share	<u>41.98</u>	<u>45.22</u>
Diluted earnings per share	2019 €'000	2018 €'000
Profit for the financial year attributable to equity shareholders	<u>52,720</u>	<u>56,785</u>
Weighted average number of ordinary shares used in basic calculation	125,583	125,582
Impact of shares with a dilutive effect	478	120
Impact of the SAYE scheme	<u>677</u>	<u>665</u>
Weighted average number of ordinary shares (diluted) for the year	<u>126,738</u>	<u>126,367</u>
	Cent	Cent
Diluted earnings per share	<u>41.60</u>	<u>44.94</u>

Origin Enterprises plc

Notes to the preliminary results statement (continued) For the financial year ended 31 July 2019

4 Earnings per share (continued)

	2019 '000	2018 '000
Adjusted basic earnings per share		
Weighted average number of ordinary shares for the year	<u>125,583</u>	<u>125,582</u>
	2019 €'000	2018 €'000
Profit for the financial year	52,720	56,785
Adjustments:		
Amortisation of non-ERP related intangible assets (Note 6)	8,769	5,655
Tax on amortisation of non-ERP related intangible assets	(1,709)	(768)
Exceptional items, net of tax	<u>6,953</u>	<u>(11)</u>
Adjusted earnings	<u>66,733</u>	<u>61,661</u>
	Cent	Cent
Adjusted basic earnings per share	<u>53.14</u>	<u>49.10</u>
Adjusted diluted earnings per share		
	2019 '000	2018 '000
Weighted average number of ordinary shares used in basic calculation	125,583	125,582
Impact of shares with a dilutive effect	478	120
Impact of the SAYE scheme	<u>677</u>	<u>665</u>
Weighted average number of ordinary shares (diluted) for the year	<u>126,738</u>	<u>126,367</u>
	2019 €'000	2018 €'000
Adjusted earnings (as above)	<u>66,733</u>	<u>61,661</u>
	Cent	Cent
Adjusted diluted earnings per share	<u>52.65</u>	<u>48.80</u>

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

5 Property, plant and equipment

	2019 €'000	2018 €'000
At 1 August	117,929	105,271
Arising on acquisition (Note 10)	4,471	10,087
Additions	11,938	11,628
Disposals	(712)	(1,571)
Transfers to properties held for sale	(11,215)	-
Write down of property, plant and equipment	(4,100)	-
Depreciation charge for the year	(8,300)	(7,451)
Translation adjustments	(1,600)	(35)
At 31 July	108,411	117,929

6 Goodwill and intangible assets

	2019 €'000	2018 €'000
At 1 August	216,334	205,961
Arising on acquisition (Note 10)	73,283	11,997
Additions	4,346	5,645
Impairment of goodwill and intangibles relating to Ukraine investment	(9,429)	-
Amortisation of non-ERP intangible assets	(8,769)	(5,655)
ERP intangible amortisation	(2,290)	(2,291)
Translation adjustments	(2,390)	677
At 31 July	271,085	216,334

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

7 Investments in associates and joint venture

	2019 €'000	2018 €'000
At 1 August	48,171	34,206
Share of profits after tax, before exceptional items	6,717	7,221
Share of exceptional items, net of tax	(423)	-
Dividends received	(7,037)	(2,483)
Share of other comprehensive (expense)/income	(748)	9,092
Acquisition of equity investment (i)	1,117	-
Translation adjustment	(657)	135
	<hr/>	<hr/>
At 31 July	47,140	48,171
	<hr/>	<hr/>
Split as follows:		
Total associates	22,961	23,265
Total joint venture	24,179	24,906
	<hr/>	<hr/>
	47,140	48,171
	<hr/>	<hr/>

(i) On 12 June 2019, the Group acquired a 20% shareholding in Ferrari Zagatto E Cia Ltda, a Brazilian based agronomy services and crop input distribution business

8 Provision for liabilities

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

	2019 €'000	2018 €'000
At 1 August	13,512	15,464
Arising on acquisition (Note 10)	8,508	2,995
Provided in year	1,120	2,007
Paid in year	(3,271)	(4,964)
Released in year	(1,374)	(2,137)
Currency translation adjustment	123	147
	<hr/>	<hr/>
At 31 July	18,618	13,512
	<hr/>	<hr/>

Provisions primarily relate to contingent acquisition consideration arising on a number of acquisitions completed during the current and prior years.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

9 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.

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 2019 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

	2019 €'000	2018 €'000
At 1 August	725	(3,646)
Current service cost	(527)	(552)
Past service cost	(30)	-
Settlement gain	548	-
Contributions	1,298	1,404
Other finance expense	24	(80)
Remeasurements	(3,599)	3,628
Translation adjustments	85	(29)
At 31 July	(1,476)	725

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

10 Acquisition of subsidiary undertakings

During the period, the Group completed the acquisition of Fortgreen Commercial Agricola Ltda ('Fortgreen') in Brazil, the acquisition of Symbio Group ('Symbio') in the United Kingdom and the acquisition of Vegetable Consulting Services (UK) Limited ('VCS') in the United Kingdom. These acquisitions complement the Group's prescription fertilisers and speciality nutrition business. Details of the acquisitions are as follows:

1. On 14 August 2018 the Group acquired a 65% controlling interest in the Brazilian based speciality nutrition and crop inputs business, Fortgreen Commercial Agricola Ltda.
2. On 20 November 2018 the Group completed the acquisition of 100% of Eco Solutions (C & R) Limited trading as Symbio. Based in the United Kingdom, Symbio specialises in biological based crop technologies.
3. On 31 March 2019 the Group completed the acquisition of 100% of Vegetable Consulting Services (UK) Limited. Based in the United Kingdom, VCS provides agronomy consultancy services.

Origin acquired a 65% interest in Fortgreen for cash consideration on 14 August 2018. The Group have also entered into an arrangement with the minority shareholder, under which the minority shareholder has the right at various dates to sell the remaining 35% interest to Origin based on an agreed formula. In the event that this is not exercised, Origin has a similar right to acquire the 35% interest. At the date of acquisition Origin recognised an option liability of €26.4 million which is the fair value of the future estimated amount payable to exercise the option. This has been determined based on an agreed formula which includes an expectation of future trading performance and timing of when the options are expected to be exercised, discounted to present day value.

Origin has elected to apply the anticipated acquisition method in accounting for the option whereby the non-controlling interest is not recognised but rather treated as already acquired by Origin both in the Consolidated Statement of Financial Position and the Consolidated Statement of Comprehensive Income. This treatment has been adopted as the Directors have formed the view that based on the structure and timing of the option contracts sufficient risks and rewards are deemed to have transferred to Origin. Profits and losses attributable to the minority shareholder in respect of their 35% interest will be presented as attributable to the equity shareholders of Origin and not as attributable to minority interests. The €26.4 million financial liability recognised by the Group forms part of the contingent consideration for the acquisition. For all new liabilities recognised in respect of shares held by non-controlling shareholders, all movements in the fair value of such options will be recognised in retained earnings.

The acquisition method has been used to account for businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired for Symbio and VCS is still in progress, the below values included for these are determined provisionally. The valuation of these assets and liabilities will be completed within the measurement period.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

10 Acquisition of subsidiary undertakings (continued)

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

	Fair value €'000
Assets	
Non-current	
Property, plant and equipment	4,471
Intangible assets	25,410
Deferred tax asset	830
Total non-current assets	30,711
Current assets	
Inventory	6,078
Trade receivables	16,082
Total current assets	22,160
Liabilities	
Trade payables	(11,425)
Corporation tax	(1,005)
Deferred tax liability	(8,640)
Interest-bearing borrowings	(8,179)
Total liabilities	(29,249)
Total identifiable net assets at fair value	23,622
Goodwill arising on acquisition	47,873
Total net assets acquired (excluding cash acquired)	71,495
Consideration satisfied by:	
Cash consideration	40,614
Cash acquired	(4,060)
Net cash outflow	36,554
Put option arising from acquisition	26,433
Contingent consideration arising from acquisition	8,508
Total consideration related to acquisitions	71,495

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

11 Analysis of net debt

	2018 €'000	Cashflow €'000	Acquisition €'000	Non-cash movements €'000	Translation adjustment €'000	2019 €'000
Cash	147,212	(38,334)	4,060	-	(1,108)	111,830
Overdrafts	(20,653)	(2,102)	-	-	(1,190)	(23,945)
Cash and cash equivalents	126,559	(40,436)	4,060	-	(2,298)	87,885
Finance lease obligations	(862)	(67)	-	-	19	(910)
Loans	(164,553)	9,564	(8,179)	(667)	1,264	(162,571)
Net debt	(38,856)	(30,939)	(4,119)	(667)	(1,015)	(75,596)
Restricted cash	500	(500)	-	-	-	-
Net debt including restricted cash	(38,356)	(31,439)	(4,119)	(667)	(1,015)	(75,596)

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

12 Share capital	2019 €'000	2018 €'000
Authorised 250,000,000 ordinary shares of €0.01 each (i)	2,500	2,500
Allotted, called up and fully paid 126,396,184 (2018: 126,382,206) ordinary shares of €0.01 each (i) (ii) (iii)	1,264	1,264

- (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.
- (iii) In July 2019, the issued ordinary share capital was increased by the issue of 13,978 ordinary shares of nominal value €0.01 each, at an issue price of €5.48 each pursuant to the terms of the Origin Save As You Earn Scheme.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

13 Return on capital employed

Return on capital employed is a key performance indicator for the Group and represents Group earnings before interest, tax and amortisation of non-ERP related intangible assets taken as a percentage of Group net assets and is consistent with the definition approved as part of the 2015 Long Term Incentive Plan.

	2019 €'000	2018 €'000
Total assets	1,305,528	1,204,051
Total liabilities	(959,689)	(873,804)
<i>Adjusted for:</i>		
Net debt	75,596	38,356
Tax, put option and derivative financial instruments, net	60,029	30,549
Accumulated amortisation of non-ERP related intangible assets	54,945	48,046
Capital employed	536,409	447,198
Average capital employed	675,404	581,598
Operating profit (excluding exceptional items)	73,494	65,535
Amortisation of non-ERP intangible assets	8,769	5,655
Share of profit of associates and joint venture	6,717	7,221
Return	88,980	78,411
Return on capital employed	13.2%	13.5%

In years where the Group makes significant acquisitions or disposals, the return on invested capital calculation is adjusted accordingly to ensure that the impact of the acquisition or disposal is time apportioned appropriately.

14 Related party transactions

Related party transactions occurring in the year were similar in nature to those described in the 2018 Annual Report.

15 Dividend

The Board is recommending a final dividend of 18.17 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 21.32 cent per share (total dividend of €26.9 million) (2018: 21.0 cent per share), an increase of 1.5%. Subject to shareholders' approval at the Annual General Meeting, the dividend will be paid on 13 December 2019 to shareholders on the register on 29 November 2019. In accordance with IFRS, this dividend has not been provided for in the Consolidated Statement of Financial Position as at 31 July 2019.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2019

16 Financial commitments

The Group has a financial commitment of €6.9 million attributable to a strategic partnership with University College Dublin ('UCD'). The commitment is over a five year period.

17 Subsequent events

There have been no material events subsequent to 31 July 2019 that would require adjustment to or disclosure in this report.