

Origin Enterprises plc

Q1 Trading Update

Returning to more normalised autumn/winter cropping levels

Dublin, London, 18 November 2020. 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 issues its FY21 Q1 Trading Update for the three months ended 31 October 2020.

This trading update coincides with the Group's Annual General Meeting which is being held today at 11:00 (GMT), with limited attendance due to COVID-19 Government restrictions, at Origin Head Office, 4-6 Riverwalk, Citywest, Dublin 24. See <https://originenterprises.com/investors/agm> for further details.

Overview

There has been a slow start to trading in the seasonally quiet first quarter of the financial year, reflecting delayed harvests and dry planting conditions in certain of the Group's geographies, early in the period. Group Revenue was €318.3 million for the three months compared to €371.2 million in the corresponding period last year, representing a decrease of 14.3%. On an underlying constant currency basis, revenue declined by 10.7%, reflecting an underlying volume reduction of 3.3% in sales of seed, crop protection and fertiliser in the period, together with the movement of fertiliser prices compared to the same period last year. Pricing of other inputs remained stable or increased year on year.

Across the Group, the planted area for autumn and winter crops is expected to be broadly in line with the prior year, with an increased cropping area in the UK, offset by reduced cropping in Continental Europe. The improved level of autumn plantings in the UK is expected to deliver increased agronomy services, seed and crop protection volumes in FY21 compared to FY20 with a positive impact on Group Operating Profit as is anticipated in current analysts' estimates.

The Group continues to closely monitor COVID-19 developments. The Group's agricultural supply chain businesses continue to implement a range of measures across each location to ensure a safe environment for all stakeholders, while maintaining essential services to the agriculture sector.

Group Revenue

	Q1 FY21 €'m	Q1 FY20 €'m	Variance %	Underlying ¹ %	Constant Currency ² %
Ireland / UK	181.9	199.8	(9.0%)	(7.8%)	(7.8%)
Continental Europe	77.7	90.1	(13.8%)	(8.8%)	(8.8%)
Latin America	10.6	10.9	(2.9%)	39.1%	39.1%
Total Agronomy and Inputs	270.2	300.8	(10.2%)	(6.4%)	(6.4%)
Crop Marketing	48.1	70.4	(31.7%)	(29.2%)	(29.2%)
Total Group	318.3	371.2	(14.3%)	(10.7%)	(10.7%)

¹ Excluding currency movements and the contribution of acquisitions

² Excluding currency movements

Ireland and the UK recorded a decrease in underlying agronomy services and crop input volumes of 3.3% in the period. A delayed harvest contributed to the ongoing reduction in the area of oil seed rape planted in the UK, with plantings expected to be down 12.2% on the prior year at 0.3 million hectares. This, together with a carryover of stock on-farm, impacted crop input volumes in Q1. Planting of winter wheat is ahead of the same point in FY20, but not as progressed as FY19. Nonetheless this has resulted in a forecasted increase of 72.9% to 1.8 million hectares compared to FY20. The total autumn/winter planted area is expected to return to more normalised levels and is now forecast to be c. 51.7% higher than last year at 2.5 million hectares. Combined winter and spring plantings for the 2021 crop production year are expected to be c. 10.7% higher at approximately 4.4 million hectares, with much of the fallow area of last year returning to cropping.

Business-to-Business Agri-Inputs had a satisfactory start to the financial year, recording fertiliser and animal feed ingredients volumes broadly in line with Q1 FY20. The Group's Amenity business recorded a solid start to the year, with the improved performance benefitting from the easing of COVID-19 restrictions in the period, and the recovery of some of the volume lost in the second half of FY20 as a result of the pandemic.

Digital Agricultural Services has maintained the positive momentum of FY20, with over 1.4 million hectares on-boarded to the Group's digital platform, compared to 1.0 million hectares in Q1 FY20. As we continue to embed our digital decision support services across the Group's established routes-to-market, enhancement of functionality remains a key priority which will be rolled out to farmers ahead of the main spring input application period in 2021.

Continental Europe recorded an underlying volume reduction in agronomy services and crop inputs, excluding crop marketing volumes, of 7.0% in the period. There was a good start to the year across the segment, although prolonged dry ground conditions moderately impacted plantings in Romania and Ukraine. Overall, the expected autumn/winter planted area is forecasted to reduce marginally across our CE markets. The Group's Belgian fertiliser business made a solid start to year, with performance in line with expectations.

In Poland, autumn and winter plantings are anticipated to be 1.5% behind the prior year at 4.7 million hectares, driven by a 1.6% decrease in the planted oil seed rape area. The total cropping area for the 2021 growing season is expected to be broadly equivalent to last year at 8.1 million hectares.

In Romania, autumn and winter plantings are anticipated to be 3.3% behind the prior year at 2.9 million hectares. Dry conditions across much of Romania early in the period led to delays in plantings which recovered to an extent following rainfall at the end of the period. The reduction is expected to be partially offset by higher spring plantings, including sunflower. Combined winter and spring plantings for the growing season are currently anticipated to be 1.8% behind last year at 8.2 million hectares.

In Ukraine, total autumn and winter plantings are anticipated to be 6.1% behind last year at 7.7 million hectares. This is primarily driven by prolonged dry conditions early in the quarter, followed by subsequent wetter in-field conditions which curtailed planting activities. The decrease in autumn winter plantings is expected to transfer to spring cropping, with combined autumn and spring plantings currently forecast to be in line with last year at 23.3 million hectares.

Latin America delivered a satisfactory contribution in the period, recording an underlying increase in agronomy services and crop input volumes (excluding crop marketing volumes) of 25.1%. This performance was as a result of early sales to our distributor network in anticipation of an increased cropping area despite delays to the soya planting season as a result of dry conditions experienced in the period.

The total cropping area dedicated to soya, Brazil's principal crop, is expected to increase by 3.5% when compared with the prior year to 38.3 million hectares. The dry conditions resulted in soya plantings being behind for the period, however following rainfall in late October plantings have recovered and are now in line with last year.

Outlook

With the normalisation of crop plantings following an extremely challenging weather year in FY20, the Group expects improved agronomy services and crop input volumes and a return to operating profit growth in FY21. Weaker emerging market currencies, the continued possibility of Brexit without a trade deal on 31 December 2020 and the ongoing COVID-19 pandemic still represent challenges for the Group in FY21. Our scalable business model, diversified market positions, prudent risk management and capital allocation strategy, leave us well positioned to address these challenges. A further update on cropping status and farming activity ahead of the Group's main trading season in the second half will be provided at the time of the Interim Results announcement in March 2021.

ENDS

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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