



## Third Quarter Trading Update

***Full year guidance in adjusted diluted earnings per share of between 51.5 and 52.5 cent***

**19 June 2019**

Origin Enterprises plc ('Origin' or 'the Group' or 'the Company'), the Agri-Services Group, issues this Trading Update for the nine-month period to 30 April 2019, in advance of its final results which are scheduled to be announced on 25 September 2019.

### Highlights

- 11.4% increase in underlying revenue<sup>1</sup> in the third quarter (12.5% year-to-date)
- 10.9% underlying growth in volumes for the third quarter (9.5% year-to-date)
- Over 900,000 hectares on-boarded onto the Group's digital agronomy platform
- Completion of acquisition of 20% interest in Brazilian-based agronomy service and crop input distribution business Ferrari Zagatto
- Full year earnings guidance in adjusted diluted earnings per share of between 51.5 and 52.5 cent

### Overview

Origin has delivered a satisfactory performance for the seasonally important third quarter. Latin America has performed in line with pre-acquisition expectations with favourable trading in Ireland & UK more than offsetting the impact of a challenging market backdrop in Continental Europe, principally in Ukraine.

The Group achieved higher underlying revenues in the third quarter supported by good demand for agronomy services and crop input volumes. Third quarter underlying revenue and like-for-like volume development reflects a more normalised seasonal demand pattern and is set against a 2018 comparative when crop planting and crop maintenance activity was significantly delayed due to the impact of unseasonal and prolonged winter weather conditions resulting in curtailed spring growth.

### Revenue Summary

Revenues for the third quarter were 13.1% higher at €595.4 million, with an underlying increase of 11.4% driven by increased demand for agronomy services and crop inputs. Revenues were €1,297.0 million for the nine months compared with €1,113.6 million for the equivalent period last year, an increase of 16.5% and an underlying increase of 12.5%.

The components of the Group revenue increase against the prior period for the third quarter and year-to-date are as follows:

<sup>1</sup> Excluding acquisitions and at constant currency

## Group revenue

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Revenue	2019 €m	2018 €m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying %
Quarter 3	595.4	526.7	13.1%	1.0%	0.7%	11.4%
Year-to-date	1,297.0	1,113.6	16.5%	3.8%	0.2%	12.5%

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## Review of Operations

### Ireland and the United Kingdom

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Revenue	2019 €m	2018 €m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying %
Quarter 3	405.5	338.3	19.8%	0.4%	1.4%	18.0%
Year-to-date	839.4	715.8	17.3%	0.2%	0.8%	16.3%

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Higher revenues in the third quarter principally reflect the benefit of a more normalised demand pattern against a 2018 comparative where a delayed season resulted in the majority of input activity taking place in the fourth quarter. Underlying agronomy service and crop input volume growth was 15% and 13.6% for the third quarter and year-to-date respectively.

### ***Integrated On-Farm Agronomy Services***

Integrated Agronomy and On-Farm Services achieved an improved performance in the seasonally important third quarter, recording higher revenues and volumes across all service and input portfolios.

Generally settled weather for the nine-month period supported excellent in-field and crop planting conditions. Agronomy service revenue and crop protection volumes grew by over 30% in the third quarter against the prior year comparative impacted by delayed crop applications. Favourable operating conditions on-farm together with the positive impact of sterling depreciation on growers' crop margins resulted in good demand for agronomy services and inputs in the nine-month period.

Total autumn, winter and spring plantings for the 2019 growing season are forecast to be marginally ahead of last year at 4.5 million hectares.

### ***Digital Agricultural Services***

Digital Agricultural Services delivered a strong operational performance in the third quarter, with the focus on product adoption and the continued delivery of functional enhancements. To date, over 900,000 hectares have been on-boarded onto the Group's digital agronomy platform.

In the third quarter, the Group's digital agronomy and precision farming capabilities were merged under a new identity called Rhiza. Rhiza delivers solutions to farmers and growers addressing environmental stewardship, compliance and risk management together with field level data driven decision support tools to manage crop performance.

## **Business-to-Business Agri-Inputs**

Business-to-Business Agri-Inputs performed in line with expectation in the third quarter following a good result in the first half of the year.

### *Fertiliser*

Fertiliser delivered a satisfactory performance in the third quarter. Higher underlying volumes for the period reflected a stable pricing environment and earlier application on farm following mild and dry weather conditions.

Differentiated and bespoke nutrition applications continued to maintain solid development momentum in the year-to-date.

### *Amenity*

Amenity achieved a solid performance in the seasonally important third quarter on lower underlying sales demand.

Volume development for the nine-month period within the professional and fine turf channels was impacted by excess carried forward customer stockholdings due to the unseasonal weather conditions experienced in 2018. Performance was positively supported by the benefit of new customer gains within the Home & Garden channel together with the first-time contribution from Symbio, the speciality organic crop technologies business acquired in December 2018.

### *Feed Ingredients*

Feed Ingredients achieved a satisfactory performance in the third quarter recording lower volumes compared with the same period in 2018, following the exceptional demand levels experienced last year due to poor grass growing conditions.

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

## **Continental Europe<sup>2</sup>**

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<b>Revenue</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>Attributable to:</b>		
				<b>Acquisitions</b>	<b>Currency</b>	<b>Underlying</b>
	<b>€m</b>	<b>€m</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Quarter 3	<b>157.9</b>	<b>161.0</b>	<b>(1.9%)</b>	-	(0.3%)	(1.6%)
Year-to-date	<b>305.8</b>	<b>282.6</b>	<b>8.2%</b>	5.4%	(0.6%)	3.4%

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<sup>2</sup>Excluding crop marketing revenues

Underlying revenues from Continental Europe declined by 1.6% in the third quarter.

Overall performance in the third quarter was impacted by challenging operating conditions across Continental Europe in the seasonally important third quarter and in particular a highly competitive trading backdrop in Ukraine. As a result, margins and operating profit from the Continental European segment are expected to be lower for the full year.

Underlying business volumes grew 6.2% and 3.4% in the third quarter and year-to-date respectively.

## Belgium

Belgium achieved a good result in the third quarter. Performance was supported by favourable margins reflecting pleasing growth in sales of speciality and bespoke nutrition.

## Poland

Poland achieved a satisfactory performance in the third quarter and year-to-date. Good growth was recorded across all input portfolios in the third quarter against a shortened comparative spring growing season when service and input application was curtailed following prolonged frost conditions. Farmer sentiment in the current year remains mixed following the reduced 2018 harvest output.

A total cropping area of 8.1 million hectares for the 2019 season is broadly in line with prior year plantings.

## Romania

Romania delivered a solid performance in the third quarter against challenging operating conditions for farmers and growers. Sustained dry conditions during the first quarter significantly reduced autumn and winter oilseed and cereal crop establishment resulting in lower overall agronomy service and crop input demand for the nine-month period.

The reduction in autumn and winter plantings has been largely offset by higher spring cropping. The total cropping area for the year as a whole is estimated to be 1% lower at 8.2 million hectares.

## Ukraine

Ukraine recorded lower sales margins and operating contribution for the third quarter on higher underlying revenues and volumes. Business performance reflected a market characterised by lower liquidity and excess inventories, resulting in highly competitive trading conditions. Against this challenging backdrop, the Group continues to progress business efficiencies and the further development of high service agronomy channels.

Total crop plantings for the 2019 growing season are broadly in line with last year at 22.5 million hectares.

## Latin America

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Revenue	2019 €m	2018 €m	Change %	Attributable to:		
				Acquisitions %	Currency %	Underlying %
Quarter 3	3.9	-	100.0%	100.0%	-	-
Year-to-date	25.2	-	100.0%	100.0%	-	-

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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 achieved a good result in the nine-month period and in the seasonally less significant third quarter. Performance is in line with pre-acquisition expectations and integration is progressing to plan.

Growth in volumes against the pre-acquisition period has been supported by good sales momentum in soluble nutrition technologies for grain and speciality crop applications.

The agreement to acquire a 20% shareholding in Ferrari Zagatto E Cia Ltda. ('the Transaction'), the Brazilian based agronomy services and crop input distribution business, was completed on 12 June 2019. This Transaction was originally announced on 19 June 2018.

### **Full Year Outlook**

Strong performances for Ireland & UK and Latin America in the nine-month period have more than offset the impact of challenging operating conditions in Continental Europe.

Overall, there has been a positive start to trading in the fourth quarter. The Group expects to achieve full year adjusted fully diluted earnings per share in the range of 51.5 to 52.5 cent.

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## About Origin Enterprises plc

Origin Enterprises plc is a focused Agri-Services group providing specialist on-farm agronomy services, digital agricultural services and the supply of crop technologies and inputs. 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](http://www.originenterprises.com)