



**28 May 2013** - Origin Enterprises plc the Agri-Services group, ('Origin' or 'the Group'), issues this Trading Update for the nine months to 30 April 2013.

## Overview

Against the background of lower and delayed input and service applications on-farm due to adverse weather conditions, principally in the United Kingdom, Origin has delivered a solid revenue performance in the seasonally important third quarter of the financial year. The fourth quarter will account for an increased level of profits within the Group's Agri-Services division as activity levels on-farm resume in earnest following a return to more normal weather patterns.

The higher profits from our associates and joint ventures in the current year will offset the weather impact on our Agri-Services business where full year profits are expected to be lower than budget but in line with last year. The Group's financial position remains strong and we are comfortable with analyst market expectations of adjusted fully diluted earnings per share for the financial year of approximately 48.5 cent.

Primary food producers are currently facing significant challenges as unseasonal weather and input price volatility make for an extremely difficult planning environment. Origin is committed to the development of more efficient crop production systems that address key agronomic and cost competitiveness challenges to support the sustainable development of primary arable, vegetable and fruit enterprises.

## Review of Operations

### Agri-Services

Reflecting the lower activity levels revenues for the third quarter were 5.2 per cent lower at €428.0 million. Revenues were €995.7 million for the nine months compared with €959.0 million in the corresponding period last year, an increase of 3.8 per cent. The components of the (decrease)/increase year-on-year for the quarter and year-to-date are outlined in the following table.

<b>Revenue</b>	<b>FY13 €m</b>	<b>FY12 €m</b>	<b>(Decrease)/ Increase</b>	<b>Attributable to:</b>	
				<b>Currency %</b>	<b>Underlying %</b>
Quarter 3	428.0	451.6	<b>(5.2%)</b>	(0.6%)	(4.6%)
Year-to-date	995.7	959.0	<b>3.8%</b>	3.1%	0.7%

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

### *United Kingdom*

The Group's UK Agronomy Services business, Agrii, recorded lower sales in the period as a combination of intermittent freezing weather conditions and generally below average air temperatures slowed crop growth and curtailed in-field operations.

While total arable crop plantings for the 2013 harvest year are expected to be lower, reflecting a smaller winter planting area due to the impact of an unseasonably wet autumn, dry conditions towards the latter half of the quarter facilitated strong catch up spring planting activity as growers sought to maximise margin opportunity and replace lost winter plantings.

There was an excellent performance from Agrii's seed portfolios during the period with strong sales of spring cereal seed varieties. This underlines the strength of Agrii's agronomy offering and highlights the innovative approaches in supporting growers to improve crop productivity.

With a return to more normal weather conditions crop development is now accelerating with most varieties moving quickly through the growth stages. With the fourth quarter becoming a seasonally heightened period of activity for the business, agronomists are now fully engaged in field and focused on delivering high service agronomy and product specification strategies designed to maximise growers' economic returns.

### *Poland*

Dalgety performed strongly in the period recording good organic growth and margin development across all input and service offerings. Farming sentiment in Poland is positive following a better than expected harvest outcome in 2012 along with the backdrop of favourable output prices. On-farm activity was robust in the period with soil and crops generally in excellent condition.

The business continued to make good progress in the period in building high specification advice and input solutions focused on the intensive crop sectors.

### *Business-to-Business Agri Inputs – Ireland and the UK*

Overall Business-to-Business Agri-Inputs performed well in the period.

Fertiliser volumes were higher in the quarter with significantly increased demand towards the end of the period as grassland farmers in both Ireland and the UK target available opportunities to maximise grass growth for the production of cost effective feed for immediate consumption and to build winter fodder reserves. The increase in arable spring plantings in the UK has also supported good demand in the period. We remain optimistic in relation to full year fertiliser volumes in both Ireland and the UK.

The Group's amenity business which provides advice and input solutions to the professional sports turf, landscaping and amenity sectors performed satisfactorily in the period against the backdrop of lower demand due to the delayed spring season. Margin development was favourable in the period reflecting the benefit of product and channel alignment within the enlarged amenity business. The outlook for the remainder of the year remains positive as significant replenishment and remedial action will be required for amenity surfaces following the adverse weather conditions.

Feed ingredients delivered an improved performance in the period. The business continued to experience firm spot demand for feed raw materials as prolonged wet conditions limited grass growth which placed further pressure on depleted winter fodder stocks used for farm produced animal feed. Demand for feed ingredients is expected to be favourable for the remainder of the financial year.

### **Associates and joint ventures**

The Group's strategic interest in Marine Proteins and Oils delivered a strong performance in the quarter while the Group's Consumer Foods interest performed in line with expectations.

#### *Marine Proteins and Oils - Welcon Invest AS ('Welcon')*

Welcon, the Group's marine proteins and oils joint venture, performed strongly during the quarter, well ahead of the corresponding period last year. The result was supported by a combination of good demand across all feed sectors and firm finished product prices reflecting lower global supply. The outlook for the remainder of the financial year remains positive.

#### *Consumer Foods - Valeo Foods Group Limited ('Valeo')*

Valeo performed in line with expectations in what continues to be a highly challenging and competitive environment for the Irish grocery sector. Consumers are resolutely focused on value and there is an increasing emphasis on offer buying and a migration to private label. Valeo continues to maintain leadership positions across its core categories through operational programmes that prioritise value to consumers.

#### *Direct Farming - Continental Farmers Group Plc ('Continental')*

Continental, in which Origin currently holds a 24 per cent interest, is a leading producer of value added arable and root crops operating in Northern Poland and Western Ukraine.

During the period it was announced that Continental had reached agreement with United Farmers Holding Company ('UFHC'), a Saudi based consortium, on the terms of a cash acquisition of a 100 per cent interest in Continental by UFHC. The acquisition, which is subject to a number of conditions, principally satisfactory clearance from the Antimonopoly Committee of Ukraine, has been approved by the shareholders of Continental and is expected to complete before the end of the Group's financial year.

Under the terms of the proposed transaction Origin will receive Stg 35 pence in cash for each share in Continental on completion and up to a further Stg 2 pence in cash for each share by way of deferred consideration. Indicative proceeds receivable by Origin on completion are approximately €16.3 million.

## **Outlook**

Significant catch-up activity on-farm is expected during the final quarter of the Group's financial year to 31 July 2013. The higher profits from our associates and joint ventures in the current year will offset the weather impact on our Agri-Services business where full year profits are expected to be lower than budget but in line with last year. The Group's financial position remains strong and we are comfortable with analyst market expectations of adjusted fully diluted earnings per share for the financial year of approximately 48.5 cent.

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## **About Origin Enterprises plc**

Origin Enterprises plc is a focused Agri-Services group with investments in marine proteins and consumer foods. The Group is listed on the ESM and AIM markets of the Irish and London Stock Exchanges. The Agri-Services business through its manufacturing and distribution operations in Ireland, the United Kingdom and Poland has leading market positions in the supply of specialist agronomy services, crop nutrition and feed ingredients.

ESM symbol: OIZ

AIM symbol: OGN

Website: [www.originenterprises.com](http://www.originenterprises.com)