Origin Enterprises plc

Q1 Trading Update

Slow start to FY20 following highly challenging crop planting conditions in the first quarter

Dublin, London, 20 November 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 issues its FY20 Q1 Trading Update for the three months to 31 October 2019. This trading update coincides with Origin's Annual General Meeting which is being held today at 11:00 (GMT) in the Merrion Hotel, Upper Merrion Street, Dublin 2.

Overview

Whilst the Group generates circa 90% of its Operating Profit in the second half of the financial year, there has been a slower start to trading in the seasonally quiet first quarter of the financial year. Group Revenue was €371.2 million for the three months compared to €430.0 million in the corresponding period last year, a decrease of 13.7%. On an underlying basis at constant currency, Revenue declined by €61.9 million (14.4%), reflecting an underlying volume reduction of 22.0% in sales of seed, crop protection and fertiliser in the period.

Prolonged unseasonal weather conditions have resulted in a lower planted area for autumn and winter crops relative to a normal year, impacting agronomy service, seed and crop protection volumes in the period, principally in the UK and Romania. The reduced level of autumn plantings and higher level of spring plantings anticipated means that Group Operating Profit for FY20 is expected to be negatively impacted.

Group Revenue

	Q1 FY20 €m	Q1 FY19 €m	Variance %	Underlying[1] %	Constant Currency[2] %
Ireland / UK	199.8	261.5	(23.6%)	(23.6%)	(23.3%)
Continental Europe	90.1	101.8	(11.5%)	(13.8%)	(13.8%)
Latin America	10.9	11.7	(6.9%)	(11.0%)	(7.8%)
Total Agronomy and Inputs	**300.8**	**375.0**	**(19.8%)**	**(20.6%)**	**(20.3%)**
Crop Marketing	70.4	55.0	28.4%	27.8%	27.8%
Total Group	**371.2**	**430.0**	**(13.7%)**	**(14.4%)**	**(14.1%)**

[1] Excluding currency movements and the contribution of acquisitions
[2] Excluding currency movements

Ireland and the UK recorded a reduction in underlying agronomy services and crop input volumes of 24.1% in the period. Farmers and growers experienced highly challenging operating conditions in-field during the first quarter, leading to a lower level of crop plantings following abnormally high rainfall levels. The total autumn/winter cereal and oil seed rape planted area, as a result, is now forecast to be 25% lower than last year at 2.1 million hectares. The majority of this area is expected to transfer into spring cropping. Relative to winter crop production systems, spring crops are lower yielding and typically attract a reduced investment spend. Combined winter and spring plantings for the 2020 crop production year are expected to be circa 2% lower at approximately 4.4 million hectares.

Business-to-Business Agri-Inputs had a satisfactory start to the financial year, recording lower volumes of both fertiliser and animal feed ingredients, against a very strong comparative period last year, as previously indicated. The Group's Amenity business recorded a good start to the year.

Digital Agricultural Services has continued the positive momentum of FY19, with over 1 million hectares on-boarded to the Group's digital platform compared to 700,000 hectares in Q1 FY19. Good progress was made in the period in further embedding our digital decision support services across the Group's established agronomy and crop inputs routes-to-market in Ireland & UK and Continental Europe. Enhanced functionality providing field level image based seed and nutrient planning will be released ahead of the main spring input application period in 2020.

Continental Europe recorded an underlying volume reduction in agronomy services and crop inputs (excluding crop marketing volumes) of 17.9% in the period. There was a good start to the year in Poland and Ukraine, while early momentum in Romania was slower as dry ground conditions impacted plantings. The Group's Belgian fertiliser business performed in line with expectations and is consistent with prior year comparatives. The expected autumn/winter planted area is anticipated to reduce marginally across our CE markets.

In Poland, autumn and winter plantings are anticipated to be in line with the prior year at 4.7 million hectares, as an increase in winter cereals offset a 1.5% decrease in oil seed rape area. The total cropping area for the 2020 growing season is expected to be broadly equivalent to last year at 8.1 million hectares.

In Romania, adverse in-field conditions due to prolonged dry weather have resulted in a 5.2% decrease on prior year autumn cropping with the total sown area for autumn and winter plantings forecast to be 2.7 million hectares. This reduction is expected to be offset by higher spring plantings, primarily maize. Combined winter and spring plantings for the growing season are currently anticipated to be in line with last year at 8.3 million hectares.

In Ukraine, total autumn and winter plantings are anticipated to be 1% behind last year at 8.2 million hectares primarily driven by a reduced area of oil seed rape. Combined autumn and spring plantings are currently forecast to be in line with last year at 22.5 million hectares.

Latin America continues to build momentum and delivered a solid contribution in the period, despite sustained dry conditions experienced across the region which have delayed the soya planting season.

The delayed start to in-field operations resulted in plantings for Brazil's principal crop, soya, being well behind last year at the end of October. However, recovery of the shortfall is expected in the second quarter, and plantings since the end of October have largely resulted in most areas recovering to be in line with levels at the same point last year. The total cropping area dedicated to soya is expected to be broadly in line with the prior year at 36.8 million hectares.

Outlook

The challenging weather conditions experienced by farmers and growers in the first quarter is expected to lead to a higher concentration of sales demand in the second half and an increased level of seasonality overall in the 2020 financial year.

The reduced level of autumn plantings and higher level of spring plantings anticipated, particularly in the UK, means that Group Operating Profit for FY20 is expected to be lower than the current range of analysts' estimates.

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 2020.

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