

10th January 2017

**Countrywide Farmers plc
("Countrywide" or the "Company")**

Trading Update

Countrywide Farmers plc, one of the UK's leading suppliers of products, services and advice to the rural community, announces a trading update for the 52 weeks to 27 November 2016.

- **A year of continuing transformational change for the business with significant disruption to the Retail business in the second half as new systems and working practices were implemented**
- **Total sales 19.3% ahead of prior year positively impacted by the Cornwall Farmers acquisition**
- **Retail like-for-like sales for the year were negative at (1.9)%, with disappointing performance in the second half negative at (3.9)% impacted by on-shelf availability and downturn in the farming sector**
- **Cornwall Farmers sales performance remained ahead of expectations and will be fully integrated early in 2017**
- **LPG Rural Energy continues to acquire new customers, however, volumes were weaker in the second half affected by dry and mild weather into early Autumn**
- **Profitability will be significantly lower than expected impacted by lower sales and disruption costs**
- **Action has been taken across the business to reduce costs in response to disappointing trading results**
- **Implementation of our new IT infrastructure is largely complete with work remaining on stabilisation of the system and embedding new working practices**

The second half of the year saw the major elements of implementation of our new system platform, a key enabler to drive growth in our Retail business moving forward. This has required considerable change to working practices and this transition has proved extremely challenging to deliver, notably impacting on-shelf availability and resulting in additional costs as the business sought to manage disruption.

Retail like-for-like sales were below our expectation, particularly in the second half and over the year were negative (1.9)%. The second half was impacted by on-shelf availability and weaker agricultural sales, which remains our largest product category. Activity is underway to recover availability and win back customers, albeit this is expected to take time in what is a challenging retail and farming climate.

Cornwall Farmers, acquired in September 2015, remained ahead of our expectations and was unaffected by system changes. The full integration of this part of our business onto the new IT infrastructure will now conclude early in 2017, the planned timetable having been delayed to allow the system to stabilise in the Countrywide business.

LPG volumes were 10.1% down in the second half affected by dry and milder weather into early Autumn. Whilst trading has been impacted by warm weather, our growth plans are progressing well and we continue to grow our customer base seeing encouraging new business following launch of the LPG Countrywide brand into Cornwall, Devon and Cheshire earlier in the year. Consistent with our strategy to drive geographical expansion, we have agreed a lease on a new LPG storage facility at Burton upon Trent. LPG remains a significant and profitable element of our business and is expected to drive growth moving forward.

Following disappointing trading performance, action has been taken across the business to reduce costs, with a number of headcount reductions and cost saving initiatives contributing to annual savings of c£5m moving forward on a full year basis. Supportive conversations continue with key stakeholders around ongoing funding of the business through what continues to be a transitional period of change.

John Elliot, Non-Executive Director, has resigned from the Board with immediate effect and we would like to thank John for his contribution over the previous four years.

Commenting on first half trading, John Hardman, Chief Executive Officer, said: "This period of transition has been more challenging and disruptive than we had anticipated and continued to require huge team effort and focus through the second half of the year. This disruption has adversely impacted sales performance and profitability and notably disappointed customers through poor on-shelf availability. We are working hard to win back customers as we embed and stabilise our new operating procedures and have responded to deterioration in profitability by reducing our costs."

The Company expects to release final results for the 52 week period to the 27 November 2016 by the end of March 2017 followed by an AGM in May 2017.

The Directors of Countrywide Farmers plc accept full responsibility for this statement

Find more information about Countrywide at www.countrywidefarmers.co.uk

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