



Our business is spraying!

Sales 3rd quarter 2009-10:
Significant slowing of decline

Consolidated data in € millions	31/05/2009	31/05/2010	Change
Sales for 3rd quarter (March to May)	132.2	119.4	- 9.7%
<i>Plant Protection</i>	111.7	95.1	- 14.9%
<i>Materials Protection</i>	20.4	24.3	+ 19.1%
Sales for first 9 months (September to May)	364.2	285.2	- 21.7%
<i>Plant Protection</i>	293.2	218.7	- 25.4%
<i>Materials Protection</i>	71,0	66.5	- 6.3%

Over the first nine months of the 2009-2010 financial year (September to May), the consolidated sales of EXEL Industries have fallen by 21.7% to €285.2 million.

Nevertheless, in the third quarter of the 2009-2010 financial year (March to May), sales fell by only 9.7%, compared to a decrease of 28.5% in the first half of the financial year.

Consolidated data in € millions	2008-2009	2009-2010	Change
1st quarter (September to November)	109.3	77.6	- 29.0%
2nd quarter (December to February)	122.7	88.2	- 28.1%
3rd quarter (March to May)	132.2	119.4	- 9.7%
First 9 months (September to May)	364.2	285.2	- 21.7%

Although visibility remains very limited and the activity level low, this third quarter has shown a significant slowing of the decline compared to the tendency in previous quarters.

- **Plant Protection** (77% of consolidated sales)

Over the first nine-month period of the financial year (September to May), sales in Plant Protection fell by 25% to €218.7 million.

However, due to a late season (harsh winter, orders placed at the last minute by clients) and some signs of improvement noted from the start of 2010, sales in the third quarter of 2009-2010 only showed a decrease of 15% compared to the third quarter of the previous year, which had constituted a historic high.

The export markets in particular are those showing most resistance.

Nevertheless, considering the level of order books (slightly less than two months of activity as at 31/05/2010), and the current agricultural context (ongoing renegotiation of CAP, still difficult access to financing in certain countries, etc.), visibility remains low on the Plant Protection market. Furthermore, the extension of the waiting time occasionally noted for certain mechanical or hydraulic components and the possibility of a short-term increase in steel prices are contributing to increasing this uncertainty.

This is why, confronted with this situation, EXEL Industries is continuing to make progress:

- **Controlling costs and Working Capital Requirement.**
- **Implantation of Lean** in several other of its factories.
- **Launch of new products** (e.g. self-propelled sprayer with tank of 5,200 litres to follow the increase in farm size, new “Press and Go” system enabling simple, safe and automatic use of sprayer).
- **Continued investments**, such as in France a new logistics centre for Hardi group’s spare parts.

Indeed, whilst the short-term prospects remain difficult on the Plant Protection market, in the medium and long term its potential continues to remain solid, in view of the increase in world food requirements and the need for new spraying solutions which are able to contribute both economic benefits to farmers and greater respect for the environment.

□ **Materials Protection** (23% of consolidated sales)

Over the first nine months of the 2009-10 financial year (September to May), the sales in Materials Protection fell by 6.3% to €66.5 million.

However, the signs of improvement already observed during the first half of the 2009-2010 financial year seem to have been confirmed in the third quarter, with quarterly sales 19% higher than the previous year and 15% higher than the levels of the first and second quarters of the current financial year.

The situation of the Materials Protection market is therefore improving, but nevertheless remains difficult and fragile, particularly in Europe.

EXEL Industries has in effect been able to benefit from its presence in emerging countries, which now account for approximately 30% of its sales generated in Materials Protection, and has taken advantage of the upturn in investments in certain sectors such as railways or the automotive industry.

Thus, for example, EXEL Industries, by the intermediary of its subsidiary Sames, has won several contracts over recent weeks with well-known carmakers, such as PSA-Mitsubishi in Russia, Kia in South Korea, Luxgen and Great Wall in China or Hyundai in Brazil.

These recent contracts demonstrate the warm welcome given to Sames's Hi-TE new technology, which is fitted on its latest generation of electrostatic sprayers.

Furthermore, EXEL Industries is continuing to optimise its commercial structure in order to continue to develop:

- Reinforcement of its subsidiaries' resources and teams in emerging countries,
- Commercial synergies between different brands and countries,
- New joint website for Kremlin, Rexson and Sames brands: www.kremlinrexson-sames.com.

Thus, the good performance of emerging countries and the current depreciation of the euro, if confirmed, should support EXEL Industries' activity in the upcoming months.

□ **Outlook and Strategy**

Patrick Ballu, CEO of EXEL Industries, has commented:

“This third quarter of 2009-2010 has shown signs of improvement, in particular in Materials Protection, which is taking advantage of the good dynamic on emerging countries. Nevertheless, the overall economic context remains uncertain and visibility low, both in agriculture and in industry. However, beyond these short-term prospects, it should be recalled that EXEL Industries is present on buoyant markets with many areas of growth. Connected to a solid balance-sheet and an ambitious strategy, based on innovation and international development, these areas constitute good growth prospects in the medium and long term for our Group.”

□ **Upcoming releases in 2009-2010 financial year:**

- **Tuesday 12 October 2010 (after trading):** Annual sales.
- **Tuesday 14 December 2010 (before trading):** Annual results.

About EXEL Industries: www.exel-industries.com

A world-class specialist in precision spraying techniques for agriculture (n°1 in the world) and industry (n°3 in the world), EXEL Industries employs around 2,600 people in 23 countries, on the 5 continents.

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Indices SBF 250, CAC Mid&Small 190, CAC Small 90



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