



**Spraying is our business**

**Annual revenue growth of 12.8% with net income of €13.1m**  
though adversely impacted by delayed deliveries and forex effects

- Sales up (+€48 million) though EBIT of €20.2 million remains at N-1 level
- Strong growth in order intake, deliveries delayed to 2012
- Margins and WCR impacted by partial delays in meeting backlog
- Negative impact of currency fluctuations (-€2.9m) though 75% with non-cash effect
- Financial structure remains robust: shareholders' equity > 51% of total assets

Consolidated data in € millions	2009-2010 (Reported)	2009-2010 (Restated*)	2010-2011	Change (€m)	Change (%)
Revenue	384.4	381.5	430.1	48.6	12.74%
Gross profit	159.7	158.6	166.4	7.8	4.92%
Current operating income (EBIT)	21.0	19.8	20.2	0.4	2.02%
Operating profit	17.2	16.1	20.7	4.6	28.57%
Net financial income/(expense)	5.5	5.5	-4.1	-9.6	-174.55%
Profit before tax	22.7	21.6	16.6	-5.0	-23.15%
Net income	17.5	16.8	13.1	-3.7	-22.02%
Operating cash flow	38.2	38.3	-0.6	-38.9	-101.57%
Workforce	2 564	2 564	2 673		

\*Revenue of the prior fiscal year was restated after the reclassification of €2.8 million in sales from automobile projects invoiced by the North American subsidiary in advance in FY 2009-2010. The impact of this restatement on net income is €0.7 million. Corrective measures were immediately implemented with respect to procedures and management to ensure that revenue recognition for automobile projects effectively complies with the Group's prudential standards.

## ▪ Analysis of FY 10-11 annual results

### Income statement:

In FY 10-11, EXEL Industries' consolidated sales grew 12.8% on strong momentum from the Materials business (+30.3 %) and a rebound in Plant Protection (+6.7%). For both business segments, exports accounted for 23% of this growth, with gains by Plant Protection mainly in CIS and Materials Protection in Asia and North America. For EXEL Industries Group as a whole export sales accounted for 61% of annual revenue.

At €20.2 million, current operating income (EBIT) remained at the prior year's level though lower as a percentage of sales. Margins were impacted by rising raw material prices along with delivery delays on very high order intake in the second half. As a consequence, some shipments originally planned in the fourth quarter were not invoiced until the first quarter of FY 11-12.

Lower average debt for the period contributed a further decline in interest expenses (€1.2 million from €1.6 million one year earlier or 36%).

Three quarters of the €2.9 million currency loss were from unrealized foreign exchange losses on the valuation of Group assets, mainly US dollar assets, contrasting with currency gains in the prior year (+€7.2 million). These foreign exchange fluctuations had no impact on cash. The Group continues to hold US dollar assets for the purpose of financing a future acquisition or conversion to euros if exchange rates meet objectives for realizing a foreign exchange gain. Commercial transactions concluded in foreign currencies for significant contracts are covered by hedges.

In light of the above, net income came to €13.1 million compared with €16.8 million for the previous fiscal year.

### Balance sheet:

Total assets amounted to €363.8 million, up €37 million and including €30 million from increased inventory. The cut-off effect adversely affected the normal reduction in Group debt levels at the end of August with net financial debt stabilizing at €12.5 million. However, at 6.7% gearing ended the period at its best level in the last four years.

Shareholders' equity at the end of the fiscal year rose €10 million to €187 million or 51% of total assets.

- **Operating highlights**

- **Plant protection (70% of consolidated revenue)**

After a weak first half, revenue for Plant Protection grew 6.7% for the full year to €302.6 million on the strength of a good performance in the second half. The rebound in the inflow of orders beginning in the second quarter has remained sustained with continuing activity providing good visibility for the start of 2012.

The Group was successful in building on its positive momentum and brand recognition in international markets, particularly in CIS countries. Bolstered by this trend, sales in Russia, where restrictions on access to credit in the agricultural sector have been lifted, grew threefold.

- **Materials protection (30% of consolidated revenue)**

In FY 10-11, revenue for Materials Protection grew 30.3% for the full year to €127.5 million.

These gains were achieved in international markets (+30.6%) where in FY 10-11 the Group strengthened its commercial and technical operations. The Chinese subsidiary has set up operations in very spacious facilities with a testing laboratory providing a platform for continuing expansion.

Adapted and renewed product lines allowed the Materials Division subsidiaries to add new customers and win major contracts with worldwide manufacturers. Growth in the Systems segment has continued with improved margin targets.

The Group is further strengthening its presence in emerging countries and focusing on innovation to develop solutions for increasing productivity and improved environmental performances for customers throughout the world.

## ▪ Outlook and strategy

Guerric Ballu, CEO of EXEL Industries, commented:

“While clearly satisfied by 12.8% growth in sales we could have achieved an even better performance for current operating income which remained at the same level as last year. While as expected and announced there were pressures on manufacturing, we were able to make up for a considerable portion of the production shortfall, though still without reaping the full benefits of the strong growth in the orders. This backlog combined with non-optimal management of certain manufacturing projects weighed on margins that declined 3 points as well as cash, adversely affected by abnormally high inventory levels at year-end.

However our ambitions go beyond the operating margin's current level. International expansion and sales prices better reflecting our competitive advantages both provide us with real potential. For manufacturing operations, project management standards for new subsidiaries experiencing strong growth have been aligned with those of the Group. The effects of these measures will be visible in FY 11-12.

The Group's business model, based on the combined strengths of a group of SMEs active in international markets, has demonstrated its ability to navigate difficult periods while safeguarding our results and balance sheets. As a result, we are today very well-positioned to pursue substantial growth against the backdrop of more favorable worldwide market with fundamentally positive trends: contributing to more effective ways to feed the world, respecting the environment and supporting the industrial development of emerging countries.”

**Dividend:** *The Annual General Meeting of January 24, 2012 will be asked to approve a proposal to distribute a dividend of €0.49 per share with a dividend payment date set for January 27, 2012.*

**Upcoming press release: FY 11-12 second-quarter revenue, March 27, 2012.**

*About EXEL Industries:* [www.exel-industries.com](http://www.exel-industries.com)

*A world leader in precision spraying technologies for agriculture (No. 1 worldwide) and manufacturing (No. 3 worldwide), EXEL Industries employs approximately 2,600 people in 23 countries on all five continents.*

*NYSE-Euronext Paris, Compartment B, CAC Mid&Small, CAC Small  
(Ticker EXE / ISIN FR0004527638)*



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