



## Full-year results 2017-2018

### Resilient results despite a decline in agricultural activities

- Revenue down 4.0% to €839.1 million at published foreign exchange rates (-1.7% at constant foreign exchange rates)
- Current Operating Income (current EBIT) of €61.7 million or 7.4% of revenue
- Solid financial structure with €84.5 million of net debt or a gearing ratio of 23.4% (net debt/shareholders' equity)

In € millions	2016-2017	2017-2018
	Oct 16 - Sept 17	Oct 17 - Sept 18
<b>Revenue</b>	<b>874.2</b>	<b>839.1</b>
Current operating income (EBIT)	69.5	61.7
<i>EBIT as % of sales</i>	<i>7.9%</i>	<i>7.4%</i>
Profit before tax	63.7	55.2
<b>Net income</b>	<b>45.3</b>	<b>39.2</b>

- **Analysis of 2017-2018 results**

Revenue for the 2017-2018 fiscal year amounted to €839.1 million, a decline of €35.1 million on the previous year, due to:

- an unfavorable currency impact of -€20.5 million;
- comparison with an exceptional fiscal year for Beet Harvesters in 2016-2017, as well as the cancellation of export orders in the context of consistently low sugar prices and sales being pushed back to the following fiscal year;
- a declining Agricultural Spraying market in France affected by late rains in Australia.

On the other hand, this was an outstanding year for Garden Spraying and Watering, characterized by market share gains, the development of new products and highly favorable weather conditions.

Industrial Spraying remained stable at constant foreign exchange rates. The decline attributable to projects was offset by the almost 10% increase in sales of standard equipment, in line with the strategy.

Thanks to the favorable mix effect of Industrial Spraying, the margin on the Group's direct costs rose slightly.

Rigorous management has kept fixed costs at the same level as last year and helped offset wage inflation.

Provisions were made for two significant client risks, one in the United States and the other in France, with an impact of €1.4 million on Current Operating Income (EBIT).

EBIT fell from 7.9% to 7.4% of sales as a result of this non-recurring item, combined with the volume effect of the decrease in revenue.

WCR rose by €43 million by virtue of the increase in inventories and work-in-progress, predominantly related to:

- the forward buying of certain strategic components;
- cancellations or delays in orders of sugar beet harvesters.

Net Financial Debt (NFD) totaled €84.5 million at the end of September 2018, an increase of €23.2 million.

The gearing ratio (net financial debt/shareholders' equity) rose from 18.4% to 23.4%.

### ***Net income - Dividends***

Net income stood at €39.2 million, compared with €45.3 million last year.

The Annual General Meeting of February 7, 2019 will be asked to approve a dividend of €1.14 per share.

### ***Audit Process***

The Group's Audit Committee met on the afternoon of December 12, 2018.

The Board of Directors met on December 13, 2018 and approved the Group's annual financial statements and consolidated financial statements to September 30, 2018.

The procedures for the certification of the annual and consolidated financial statements have been carried out and the statutory auditors are currently preparing a report without reservation.

- **Outlook and Strategy**

Mr Gueric Ballu, Chief Executive Officer of EXEL Industries Group, commented:

"EXEL Industries Group sales totaled €839.1 million for the year, during which they were impacted by a €38 million decline in the agricultural businesses. Garden Spraying and Watering benefited from an excellent year and Industrial Spraying has followed its strategy of promoting sales of standard equipment and working in partnership with developers.

As a result of the drop in agricultural sales, our operating margin returned to its 2015-2016 level of 7.4% of revenue. We are nevertheless still working towards our target of sustainable and profitable growth, and are taking the necessary steps to improve our margins.

Furthermore, after two years in decline, WCR increased significantly. This temporary situation is primarily due to delays in the delivery of agricultural machinery and our decision to secure the procurement of key components. We will be paying particular attention to reducing our inventories and work-in-progress in 2018-2019.

Globally speaking, we expect to see marginal growth during 2018-2019, particularly in France, North America and Asia.

With regard to agricultural machinery, sprayers must now comply with new ecological and environmental requirements in France and Europe. Our best solution for the treatment of weeds and crop-destroying insects and diseases is accurate and selective spraying. New technological advances mean our sprayers can reduce the quantity of products sprayed by up to 50%. Prototypes are currently being tested for even better performance. These factors are set out in the FNSEA solutions contract. The 40% extra depreciation of agricultural equipment, for the purpose of hastening the ecological transition of French agriculture, was adopted by the French Senate on November 29 and will soon be presented in the French National Assembly within the framework of the 2019 Finance Act. This extra depreciation should stimulate the renewal of the fleet of sprayers. In this context, we are working on streamlining our product ranges, on the positioning of our brands, and the development of sales models such as direct sales or long-term leasing to complement traditional distribution methods. This work has been acknowledged by the SIMA Innovation Awards which recently presented us with a bronze medal for the Berthoud Rent concept.

Given the lastingly low sugar prices, sales of Beet Harvesters are in decline. However, this has been partially offset by rising sales of the field logistics and carrier vehicle Terra Variant, for which the future continues to look promising.

The main growth drivers of the Garden Spraying and Watering business are still the expansion of the distribution network and entering new geographical markets. The weather as always remains unpredictable; we enjoyed an exceptional summer season in 2018.

The Industrial Spraying business will pursue its developer partnership strategy and continue to focus on distribution channel sales and sales of standard equipment, our most profitable businesses.

Our financial health remains good which means we can continue to invest in our development strategy."

- **Upcoming events**

- January 24, 2019 after market closing: revenue for the first quarter of 2018-2019;
- February 7, 2019: Shareholders' Annual General Meetings;
- April 25, 2019 after market closing: revenue for the second quarter of 2018-2019.

<b>EXEL Industries</b>	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015-2016 13 months	2016/2017	2017/2018
<b>Sales in €m</b>	430.1	525.3	740.2	775.4	725.2	819.3	874.2	839.1

About EXEL Industries:

EXEL Industries' core business is agricultural (world leader) and industrial spraying. The Group also competes in the consumer watering products market and in sugar beet harvesters (world leader). The goal of EXEL Industries is to expand in its markets through a policy of constant innovation and an international growth strategy. EXEL Industries employs approximately 3,745 people spread over 29 countries and on 5 continents.

Euronext Paris, SRD Long only – compartment B (Mid Cap)

EnterNext© PEA-PME 150 index (Mnemo EXE / ISIN FR0004527638)

The SFAF presentation is available at [www.exel-industries.com](http://www.exel-industries.com)

This press release is available in French and in English.



**YOUR CONTACTS**



Guerric Ballu

Group Chief Executive Officer

@Gu3rric

Sophie Bouheret

Group Chief Financial Officer/Investor Relations

[sophie.bouheret@exel-industries.com](mailto:sophie.bouheret@exel-industries.com)

Tel.: + 33 (0)1 71 70 49 50