



2019-2020 Annual Results

Strong cash flow generation despite the health crisis

EXEL Industries group CEO Yves Belegaud said: *“Within an extremely turbulent context on a general and sanitary stand point, the EXEL Industries group has demonstrated an excellent resilience. Our operational results were slightly higher than last year despite a light decrease of our top line, and the cash flow generation enabled us to cover a significant portion of the INTEC acquisition cost. Our ability to overcome these periods year after year is underpinned by continuing diversification, which enables us to manage fluctuating business cycles. In the future, we will reap the benefits of the operational performance improvement plans and the renewal of our businesses in order to serve our customers. I am particularly proud of the way the teams have been engaged in overcoming this environment, both regarding adherence to precautionary health measures and restructured working patterns as well as our flexibility in adjusting costs, all achieved while the group continued the transformation initiated last year.”*

EXEL Industries (€ millions)	Year 2018-2019	Year 2019-2020
SALES	776.7	754.4
EBITDA	42.1	45.4
% of sales	5.4%	6%
CURRENT OPERATING INCOME (CURRENT EBIT)	32.8	35.3
% of sales	4.2%	4.7%
Non-recurring items	(22.1)	(29.9)
Net financial income/(expense)	(1.1)	(11)
Tax and share of profit of associates	(5.4)	(5)
NET INCOME/(LOSS)	4.1	(10.7)
% of sales	0.5%	(1.4%)
NET FINANCIAL DEBT	(61.1)	(87)
LEVERAGE (NFD/EBITDA)	1.5	1.9
GEARING (NFD/shareholders' equity)	17%	25%

SALES

Following a strong Q4, the EXEL Industries group posted sales of **€754.4 million** for the 2019-2020 fiscal year ended September 30, 2020, down €22.3 million or 2.9% compared to the previous year. At constant foreign exchange rates and consolidation scope (like for like), sales came to €729.3 million, down €47.4 million or 6.1%.

- ✓ At **€332.1 million, Agricultural Spraying** posted a fall in sales within a global market affected by the health crisis and persistently low agricultural commodities prices in 2020. In France, where the group generates less than half of its sales, the agricultural equipment market dropped 5%.
- ✓ The **Sugar Beet Harvester** activity posted sales of **€114.2 million**, up slightly from 2019. The market appears to have stabilized over the past two years, at the level to which we adapted our industrial plant in a depressed climate for the sugar industry that has resulted in a 35% decline in business compared to the 2017 peak.
- ✓ The **Garden Watering and Spraying** business, the market for which is averaging 4% annual growth, benefited from the upsurge in enthusiasm of locked-down households and exceptional weather from the end of spring, enabling us to post sales of **€121.1 million**, a five-year high.
- ✓ The **Industrial Spraying** business was impacted by slowdowns in the automotive and aeronautical industries, reflected in a lower demand for wearing parts and the deferral of painting-booth installation projects. The Tricoflex “flexible technical hose” product range was impacted to a much lesser extent. In total, we closed the year with sales of **€187 million** (including €27.9 million from iNTEC).

RESULTS

- ✓ **Reported EBITDA amounted to €45.4 million (6% of sales), up €3.3 million** compared to 2018-2019. Despite the particularly volatile period we have just been through, our teams galvanized in order to adapt our organization to meet customer demand, which enabled us to maintain our direct margin rate. Meanwhile, we adjusted our fixed cost structure, thereby keeping operating cash flow under control.
- ✓ **Current operating income (EBIT) up €2.5 million to €35.3 million**
- ✓ **Net loss of €10.7 million**, impacted by the following accounting items in particular:
 - **Non-recurring expenses of €29.9 million.** The highly uncertain macroeconomic environment, related to the health crisis in particular, led us to raise the general risk level taken into account for asset impairment testing. The outcome was a €26 million goodwill impairment for Agricultural Spraying in addition to €3.9 million of non-recurring expenses.
 - **A net financial expense of €11.1 million**, mainly due to the impact of closing exchange rates on balance sheet items (€7.9 million). Last year we recorded a foreign exchange gain of €2.7 million.
 - Reported tax amounted to €5.4 million.

BALANCE SHEET

Net Financial Debt at September 30, 2020 came to €87 million, compared to €61.1 million in 2019. It includes €67.8 million related to the iNTEC acquisition and the application of IFRS 16, **resulting in cash generation of €41.9 million** over the period.

The financial leverage ratio for 2019-2020 (NFD/EBITDA) remained under control at 1.9. Excluding iNTEC and IFRS 16, leverage was 0.5 compared to 1.5 a year earlier.

Furthermore, the EXEL Industries group has lines of financing that allow it to support its operating and, where applicable, external growth requirements without incurring a negative long-term impact on its balance sheet structure.

DIVIDENDS

It will be proposed to the Annual General Meeting on February 9, 2021 that no dividend is distributed.

AUDIT PROCESS

The Group Audit Committee met on December 15, 2020.

The Board of Directors met on December 16, 2020 and approved the group parent company and consolidated financial statements for the year ended September 30, 2020.

The Statutory Auditors have finished certifying the parent company and consolidated financial statements and will shortly issue a report without reservations.

2020-2021 OUTLOOK

- ✓ **AGRICULTURAL SPRAYING.** The somewhat lackluster agricultural equipment market could be stimulated by more optimistic short-term agricultural price forecasts (wheat, corn) and by government support plans (in France, Australia, the USA and elsewhere). We will also finalize our transformation plan in France, the initial impact of which will be seen in terms of fixed costs and sales momentum.
- ✓ **SUGAR BEET HARVESTERS.** Current sugar prices and diseases could negatively impact the areas allocated to sugar beet growing and therefore equipment orders. However, sugar beet prices are supported by the producers for the 2020/21 season. We will also increase our diversification with the development of Terra Variant in France.
- ✓ **GARDEN WATERING AND SPRAYING.** Strengthening our logistical and industrial capabilities will increase our flexibility in responding to customer demand. We believe that our European production bases are a major advantage for reaching the service levels expected by our distribution networks. The COVID-19 health crisis has forced people to stay at home and has pushed them into doing more gardening. This has resulted in a growing number of gardeners, which should boost the gardening business.
- ✓ **INDUSTRIAL SPRAYING.** While the automotive sector recovery is expected to be slow, we are continuing to implement the synergies between SAMES KREMLIN and iNTEC. The new products and the strengthening of our commercial organization should help to revitalize Tricoflex.

Moreover, SAMES KREMLIN has announced the development of PRiNTEC™, a range of products and services based on patented printhead technology for paint application. This technology enables unlimited customization for high-speed printing of stripes (horizontal or vertical) and patterns of all kinds on 2D or 3D surfaces. It can also be used to print adhesives and sealants. PRiNTEC™ is targeted at the automotive, rail, aeronautics, furniture, and ceramics markets, among others. Customers benefits range from productivity gains to a significant contribution to preserving the environment.

Upcoming events

January 26, 2021 after market closing: Q1 2020-2021 sales.

February 9, 2021: Annual General Meeting of Shareholders

About EXEL Industries:

EXEL Industries' core business is agricultural and industrial spraying. The Group also competes in the consumer watering products market and in sugar beet harvesters. 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 3 544 people spread across 27 countries and five continents.

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The SFAF presentation is available at www.exel-industries.com.

This press release is available in French and in English.

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