



*Second quarter 2018-2019 sales*  
**A good second quarter, but the rest of the year will be impacted  
 by the crisis in the European sugar industry**

	2017-2018	2018-2019	Change Reported	Change on a comparable basis (*)
Second quarter sales in € millions (January to March)	<b>205.4</b>	<b>216.8</b>	<b>+5.5%</b>	<b>+5.5%</b>
Agricultural Spraying	112.6	120,8	+7.3%	+6.6%
Sugar Beet Harvesters	13.5	14.6	+8.2%	+17.9%
Garden Spraying and Watering	33.7	36.0	+6.8%	+6.7%
Industrial Spraying	45.6	45.4	-0.6%	-2.0%

	2017-2018	2018-2019	Change Reported	Change on a comparable basis (*)
Revenue (6 months) in € millions (October to March)	<b>343.0</b>	<b>348.9</b>	<b>+1.7%</b>	<b>+2.1%</b>
Agricultural Spraying	174.2	177.2	+1.7%	+1.3%
Sugar Beet Harvesters	31.1	31.4	+1.0%	+6.6%
Garden Spraying and Watering	43.3	45.2	+4.4%	+4.4%
Industrial Spraying	94.5	95.2	+0.7%	+1.2%

(\*) Sales on a comparable basis include:

- exchange rate effect: amounts at constant foreign exchange rates are calculated by converting the amounts for the current year at the average monthly foreign exchange rates of the previous year;
- application of the IFRS 15 standard: the sales on a comparable basis for the current year exclude the impact of this new accounting standard.

Sales for the first half of the 2018-2019 fiscal year (October 2018 to March 2019) were €348.9 million, up 1.7%. On a comparable basis, sales were €350.3 million with a favorable exchange rate effect of €0.4 million and a negative IFRS 15 impact of €1.8 million.

- **Agricultural Spraying**

Following a first quarter down by 8.8%, Agricultural Spraying recorded growth of 7.3% over the second quarter thanks to faster growth in France and the United States. In France, the wine industry, in particular, contributed to increasing sales. On the contrary, large-scale crop sales were down in Ukraine and Australia due to poor harvests last year.

- **Sugar Beet Harvesters**

The second quarter saw some growth mainly thanks to an increase in Terra Variant sales. The manure-spreading and field logistics machinery offset the decline in sugar beet harvester sales resulting from the crisis in the European sugar beet industry.

- **Garden Spraying and Watering**

Garden Spraying and Watering began the season well thanks to its favorable listing with European dealers.

- **Industrial Spraying**

In line with our strategy of refocusing sales in our distribution network and on standard equipment (the most profitable business), the growth in standard equipment offset the decrease in project sales. North and South America accounted for most of the sales growth whereas Asia slowed.

- **Application of IFRS 15**

The Group has applied IFRS 15 "Revenue from contracts with customers" since October 1, 2018. The impact on the recognition of sales mainly comes from the way in which the rights to return goods in the sugar beet harvester and agricultural spraying activities, are recorded as a deduction from sales. This effect amounted to €1.8 million in the second quarter. It was not significant in the first quarter.

The first application of the standard is being implemented using the modified retrospective approach: shareholders' equity at the start of the current fiscal year is adjusted for the total impact. The resulting decrease in reserves (including deferred taxes) was assessed at less than 1% of shareholders' equity at end-September 2018.

- **Outlook and Strategy**

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

"The first half of 2018-2019 saw some growth, but we are anticipating a significant slowdown in the second half as a result of agricultural activities and the Sugar Beet Harvester business in particular.

The sugar industry is currently experiencing a major crisis. As a result of the end of sugar quotas in Europe and increased production in India, Thailand and China, the price of sugar has collapsed to its lowest level in nearly eleven years. Several sugar refineries have announced that they will close in Europe, leading to a reduction in cultivated area.

Given this context, we are projecting a significant slowdown in our Sugar Beet Harvester business in the second half. We also foresee a difficult outlook for at least two years and we are adjusting our production capacity. We will be reducing the workforce by 100 employees (permanent, temporary and interim), primarily in Germany. A provision for the restructuring plan costs will be created in the accounts of the first half of 2018-2019.

Sales of Agricultural Sprayers vary depending on the location and markets. To meet the new French and European ecological and environmental requirements, we are offering high-precision spraying technology with weed recognition by camera and deep-learning artificial intelligence. We are also working on action plans to strengthen our brands and boost innovation while considering measures to recover our margins and streamline our activity.

The Garden Spraying and Watering business is ready for the season. While the increase in product listings, the development of new products and online sales provide a very positive outlook, second semester sales could be lower than last year, which benefited from exceptional weather.

We will continue our strategy of developing standard Industrial Spraying equipment. The action plans implemented in the United States have been successful. However, we are expecting a slowdown in Asia, particularly in the automotive industry.

Given the above, the 2018-2019 fiscal year will likely see a slight decline compared to last year."

**Next events:**

- June 4, 2019: first-half 2018-2019 results;
- July 25, 2019: third quarter 2018-2019 sales.

<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 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 3,758 people spread across 27 countries and five continents.

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