



Fourth quarter 2018-2019 revenue
Annual revenue down by 7.4%

	2017-2018	2018-2019	Change Published	Change on a comparable basis (*)
Fourth quarter revenue in €m (July-September)	252.7	203.1	-19.7%	-19.9%
Agricultural Spraying	73.7	73.2	-0.8%	-2.5%
Sugar Beet Harvesters	92.6	59.4	-35.9%	-34.7%
Garden Spraying and Watering	25.3	18.1	-28.6%	-27.8%
Industrial Spraying	61.0	52.3	-14.2%	-15.4%
	2017-2018	2018-2019	Change Published	Change on a comparable basis (*)
Full-year revenue in €m (October-September)	839.1	776.7	-7.4%	-7.4%
Agricultural Spraying	364.4	356.0	-2.3%	-3.2%
Sugar Beet Harvesters	154.6	113.4	-26.7%	-24.1%
Garden Spraying and Watering	118.5	112.6	-5.0%	-4.8%
Industrial Spraying	201.6	194.7	-3.4%	-3.9%

(*) Revenue on a comparable basis includes:

- the exchange rate effect: amounts at constant exchange rates are calculated by converting the amounts for the current year using the average monthly exchange rates for the previous year. This effect had a positive impact of €1.4m on the fourth quarter of 2018-2019 and of €2.9m year-to-date at the end of September 2019;
- IFRS 15 application: revenue on a comparable basis for the current year excludes the impact of this new accounting standard. This effect had a negative impact of €0.5m on the fourth quarter of 2018-2019 and of €3.2m year-to-date at the end of September 2019.

Fourth quarter 2018-2019 revenue was down by 19.7%, due primarily to the Sugar Beet Harvesters activity and the comparison with fourth quarter 2017-2018 for which activity was exceptionally high in Garden Watering and Industrial Spraying.

For the full fiscal year 2018-2019, revenue stood at €776.7m, down 7.4% compared with the previous fiscal year. The positive effect of foreign exchange rates was offset by the impact of IFRS 15.

- **Agricultural Spraying**

During the fourth quarter, Agricultural Spraying fell 0.8%. The areas in steep decline are Ukraine, Eastern Europe and Australia, consistent with trends seen since the start of the year. Sales in France were driven primarily by viticulture. Sales in China experienced strong growth.

Agricultural Spraying closed out the year at -2.3% with a dip in the average sales price, owing to an uncertain market facing ecological and environmental issues.

- **Sugar Beet Harvesters**

Fourth quarter sales of Sugar Beet Harvesters were far lower than the previous fiscal year.

Over the year, the Sugar Beet Harvesting business sank 26.7% amid the sugar industry crisis in Europe. Growth in China continued, and Terra Variant sales gained nearly 10%.

- **Garden Spraying and Watering**

Last year, Garden Watering was boosted by an especially hot, dry summer. Sales in the fourth quarter of 2018-2019 were therefore 28.6% lower than the previous fiscal year, but grew about 5% compared to a standard fourth quarter, such as those of 2016-2017 and 2015-2016.

The Hozelock brand continued to win market shares, especially in England, its top market.

- **Industrial Spraying**

The fourth quarter of 2018-2019 was down by 14.2% due to project phasing and an unusually robust quarter for equipment sales in China last year.

Industrial Spraying was down 3.4% for the period, with project sales losing nearly 20% and standard equipment sales making modest gains. The strong growth in US business offset the downturn seen in China since the second quarter.

- **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. For the fiscal year, this effect was -€3.2m (of which -€0.5m over the fourth quarter).

The standard's retrospective effect is processed using the simplified retrospective method: shareholders' equity at the current fiscal year opening is adjusted for the cumulative impact. The resulting loss of reserves (including deferred taxes) was €2.4m.

- **Outlook and Strategy**

Mr. Gueric Ballu, CEO of the EXEL Industries Group, comments:

"As anticipated, we are ending the year with revenue of €776.7m, down 7.4% from last year. Two-thirds of this decline is due to the Sugar Beet Harvesting business.

The sugar industry is in the midst of a major crisis. Following the end of the EU sugar quota system and as a result of increased production in India, Thailand and China, the price of sugar has collapsed, reaching its lowest level in nearly eleven years. Several sugar mills have closed in Europe, and cultivated land has been reduced. In keeping with our previous reports, we have adjusted our production capacities and cut our staff by 100 people (permanent, temporary and agency staff), mainly in Germany. We are prepared for the fact that the situation may remain difficult in 2019-2020 and potentially for the next two years, with further sugar mill closures.

Garden Spraying and Watering performance is heavily dependent on weather conditions. In a climate less favorable than last year, Hozelock has continued to gain market shares and grow its innovative products. Our ambition for Hozelock is to gain market shares in Continental Europe, while maintaining its position as a leader in Britain.

With regard to Industrial Spraying, our strategy of developing standard sales products and partnerships with integrators is bearing fruit, especially in the US, which had a very good year. Growth levers for the next fiscal year will be innovation, the launch of the new product line, and the development of our distribution network.

Agricultural Spraying sales were mixed, according to the various geographical areas. Sales were down in Europe and, to meet consumer and farmer expectations regarding the use of phytopharmaceuticals, we are taking action on the combined effect of our reorganization and our capacity for innovation in cutting-edge technology.

Last July, we announced the launch of a restructuring plan, which became necessary in order to reduce our costs and loss-making channels, increase our capacity for innovation, organize our expertise, and use it to serve farmers and enhance the strength of our brands. On the industrial sites in question, measures have been negotiated with social partners. Now it remains to formalize the agreements and secure approval from the administrative authorities.

Since our company was first launched, we have been a leading innovator in spraying and pioneer in the use of new technology. Even today, we are investing in cutting-edge technology such as precision agriculture, electronics, confined spraying, and artificial intelligence to help identify which plants to treat.

We will shortly be introducing solutions to the market to meet farmers' expectations regarding the agro-ecological transition."

Upcoming events:

- December 19, 2019, before market opening: 2018-2019 Annual Results;
- January 23, 2020, after market closing: 2019-2020 Q1 Revenue.

EXEL Industries	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016 13 months	2016/2017	2017/2018
Revenue in €m	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. 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.

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