



Third-quarter 2018-2019 revenue
A third quarter impacted by agricultural activities

	2017-2018	2018-2019	Change Reported	Change on a comparable basis (*)
Third-quarter revenue in € millions (April-June)	243.4	224.9	-7.6%	-7.9%
Agricultural Spraying	116.5	105.7	-9.2%	-10.4%
Sugar Beet Harvesters	30.8	22.6	-26.8%	-23.0%
Garden Spraying and Watering	50.0	49.4	-1.2%	-1.3%
Industrial Spraying	46.1	47.3	+2.5%	+1.3%
	2017-2018	2018-2019	Change Reported	Change on a comparable basis (*)
Revenue (9 months) in € millions (October-June)	586.4	573.8	-2.2%	-2.0%
Agricultural Spraying	290.6	282.9	-2.7%	-3.4%
Sugar Beet Harvesters	61.9	54.0	-12.9%	-8.1%
Garden Spraying and Watering	93.2	94.5	+1.4%	+1.4%
Industrial Spraying	140.7	142.4	+1.3%	+1.2%

(*) 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 rate for the previous year. This effect was positive by €1.5 million in the third quarter of 2018-2019 and €1.9 million in aggregate at the end of June 2019 ;
- Application of IFRS 15: revenue on a comparable basis for the current year excludes the impact of this new accounting standard. This effect was negative by -€0.8 million for the third-quarter 2018-²⁰¹⁹ and by -€2.6 million in aggregate at the end of June 2019.

Revenue for the third quarter of the 2018-2019 fiscal year was down -7.6% due to agricultural activities.

- **Agricultural Spraying**

Over the third quarter, Agricultural Spraying posted a decline of -9.2% due to, among other things, the downturn in sales of large-scale crops in Ukraine and Australia caused by the past season's poor harvests. In addition, sales in the US have been negatively impacted by the decrease of crop prices in the context of trade war with China and the very wet climate that delayed planting. Sales are growing in China and in the French vineyard market.

- **Sugar Beet Harvesters**

As expected, revenue from this activity declined sharply amid a crisis in the European sugar industry. International development is continuing, with sales growing in China.

- **Garden Spraying and Watering**

Slight downturn for Garden Spraying and Watering, which performed well in the second quarter. In aggregate at end June (9 months), activity grew by +1.4% thanks to good product lists with dealers, growth in online sales internationally, and the success of new products.

- **Industrial Spraying**

Third-quarter sales in Industrial Spraying grew +2.5%, driven primarily by spare parts related to the growth in equipment sales over the past two years.

- **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. Over the first 9 months of the fiscal year, this impact was -€2.6 million (of which -€0.8 million in the third quarter).

The standard is applied using the simplified retrospective method: opening shareholders' equity in the current fiscal year is adjusted for the cumulative impact. The resulting decline in reserves (including deferred taxes) was -€2.4 million.

- **Outlook and Strategy**

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

"Our farmer customers are facing major agricultural, technical, regulatory, and economic changes. EXEL Industries plans to be fully involved in the challenge of healthily feeding a global population that will be 9.7 billion human beings in 2050, while ensuring competitive, productive farming that respects the environment.

Regarding Agricultural Spraying, we announced a reorganization plan on July 3. This plan takes place within a French political context aiming to reduce or even eliminate the use of phytopharmaceuticals in farming. Its goal is to increase our capacity for innovation, to organize our expertise and use it to serve farmers, and to improve our brand strength. It consists of grouping our French activities into Centers of Expertise for production and research, which will mean closing the Noyers-Saint-Martin and Saint-Denis de l'Hôtel sites, whose activities will be transferred to Beaurainville and Epernay, respectively. Overall, the plan involves eliminating 261 jobs and creating 56. This plan's implementation is first subject to compliance with all legal procedures for consultation with management and labor, and approval by administrative authorities.

As planned, our Sugar Beet Harvester activity is experiencing sharp declines due to the European sugar industry crisis. Anticipating a difficult context for at least two years, we have adjusted our production capacities and carried out our staff reduction plan on 100 people (permanent and temporary employees), primarily in Germany. Our efforts involve the reduction in overhead and inventories, to start the next fiscal year off on solid footing.

The extraordinary costs of these reorganizations will be accrued in the financial statements at September 30, 2019.

Garden Spraying and Watering benefited from exceptional weather last year. The Hozelock brand continues to develop its product list and improve its market shares.

In Industrial Spraying, we are continuing our strategy of developing standard equipment. The action plans implemented in the US are bearing fruit, but we are facing a slowdown in China, primarily in the automotive industry. This downturn will be especially visible in the fourth quarter, which had been very strong last year. We are stepping up our sales efforts in the other Asian markets with great potential for development.

In view of the difficulties encountered in agricultural activities and comparison to an especially strong fourth quarter last year in Garden Spraying and Watering and Industrial Spraying, revenue for the 2018-2019 fiscal year should decline by approximately -6% to -8% compared to last year.

EXEL Industries has the ability to react quickly to changing market conditions. Our strategy of innovation and international development is built on high-performance teams who are developing strong relationships with our customers and partners and taking action to return to profitable and sustainable growth.”

Upcoming events:

- October 29, 2019 after market closing: 2018-2019 Q4 revenue;
- December 19, 2019 before market opening: 2018-2019 Annual Results.

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


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