



First half 2020-2021 results

Record first half EBITDA and net income

EXEL Industries (M€)	H1 2019-2020	H1 2020-2021
SALES	314.3	385.4
Recurring EBITDA*	8.1	31.8
% of sales	2.6%	8.2%
CURRENT OPERATING INCOME (CURRENT EBIT)	(1.1)	20.9
% of sales	(0.3%)	5.4%
Non-recurring items	(28.9)	(0.2)
Net financial income/(expense)	(6.2)	0.3
Tax and share of profit of associates	(0.2)	(6.7)
NET INCOME/(LOSS)	(36.4)	14.3
% of sales	(11.6%)	3.7%
NET FINANCIAL DEBT	(156.0)	(119.1)

* Recurring EBITDA = current operating income (EBIT) + depreciation and amortization of non-current assets + change in provisions (excluding provisions on current assets) + share of profit of associates

H1 revenue in €m	2019 - 2020	2020 - 2021	Change in value		Change in %	
	Reported	Reported	Reported	*like-for-like	Reported	*like-for-like
Agricultural Spraying	156.1	178.2	22.1	25.8	14.1%	16.5%
Sugar Beet Harvesters	31.8	33.2	1.4	2.1	4.4%	6.7%
Garden Watering and Spraying	39.3	59.6	20.3	21.1	51.7%	53.7%
Industrial Spraying	87.1	114.2	27.2	20.1	31.2%	23.1%
EXEL Industries Group	314.3	385.2	71	69.1	22.6%	22%

*like-for-like (LFL) = at constant foreign exchange rates and scope

SALES

First half 2020/2021 **sales of €385.2 million** confirmed a strong upturn in business resulting in growth of **€71 million (up 22.6%)**. Like-for-like sales amounted to €383.4 million, giving organic growth of 22%.

This performance follows a marked recovery in business during Q1 (up 19.4%) which steepened in Q2 (up 24.5%). The first lockdown in the second quarter of the 2020 calendar year resulted in the sudden closure of sales outlets, which mainly affected the garden spraying and watering business and, to a lesser extent, agricultural activities.

All regions posted growth, particularly Europe & Africa, but also Asia Pacific where Sames Kremlin expanded sales strongly. The Agricultural Spraying business in North America also recorded brisk sales. Exchange rate fluctuations curbed sales by €9.3 million.

RESULTS

Reported recurring EBITDA amounted to €31.8 million (8.2% of sales), up €23.7 million compared to 2019-2020.

- In terms of direct margin, all business lines benefited from growth in sales volumes combined with a mix effect resulting from growth in accretive businesses such as garden spraying and watering and industrial spraying.
- Lastly, the measures taken to lower the break-even point and reduce marketing and travel expenses are reflected in virtually stable costs, despite the increase in variable costs.

Net income amounted to €14.3 million, up €50.7 million.

- The **net exceptional loss (€0.2 million)** was no longer affected by restructuring costs. As announced earlier, the highly uncertain macroeconomic environment of 2020, related to the health crisis in particular, prompted us to raise the general risk level taken into account for asset impairment testing. The outcome was a €25.9 million goodwill impairment for Agricultural Spraying plus an additional €2.1 million impairment charge on machine inventories and €0.9 million non-recurring expenses.
- **Net financial income amounted to €0.3 million**, boosted by €2.2 million of currency gains which offset the cost of debt. In 2019-2020, first half currency losses curbed net financial items by €4.4 million.
- Lastly, we recorded a **tax expense of €7 million** versus a tax expense close to zero the previous year.

BALANCE SHEET

Net financial debt at March 31, 2021 amounted to €119.1 million, compared to €156 million at the same date last year. This change reflects the improvement in the conversion of revenue growth into cash flow.

As a reminder, we closed the 2019-2020 fiscal year with net debt of €87 million. Given the cyclical nature of our business, working capital at March 31 represents the high point of the year, mainly due to the building of inventory which is run down during the second half. As H1 2020-2021 belongs to a year of strong recovery, cash outflow was limited to €32.1 million.

The EXEL Group is currently refinancing some of its credit facilities by extending their maturity in order to support operating and, where applicable, external growth requirements without incurring a negative long-term impact on its balance sheet structure.

OUTLOOK

The order book is now bigger than at the same point last year. However, we remain prudent about extrapolating H1 growth over the rest of the year. The postponement of invoicing from H1 to H2 2019-2020 (COVID effect) makes the comparison more challenging.

- **AGRICULTURAL SPRAYING**

Our order book has been swelled by favorable developments in agricultural raw material prices over the last few months, government support measures (USA, Australia, France and Germany) and the suspension of customs duties on French wine by the USA (€400 million loss per year). Frost damage is expected to have a limited impact on viticulture but a more pronounced effect on the arboriculture segment. The price of steel has increased and we are revising our prices on a case-by-case basis. At this stage, there are no critical problems related to the shortage of electronic components.

- **SUGAR BEET HARVESTERS**

The order book is now bigger than at the same point last year. This is a direct result of the action plans implemented to develop the Terra Variant range in liquid manure spreading and anaerobic digestion, and international sales of sugar beet harvesters. Beet prices are on the up but last year's yields were hampered by virus yellows and the subsequent harvest to a lesser extent by frost.

- **GARDEN SPRAYING AND WATERING**

Our current order book is higher than the previous year's. We have set up a policy with customers for anticipating orders and deliveries in order to reconstitute inventories and

meet customer demand. While the trend in sales remains strong so far, this business is heavily dependent on spring and summer weather. Furthermore, for several months now the market in plastic raw materials has been tight in terms of both prices and availability.

- **INDUSTRIAL SPRAYING**

Strong momentum in the furniture industry continues to reflect the change in consumer habits (DIY, house refurbishment, etc.), which is driving sales. However, the recovery in the automotive sector remains fragile, despite a marked upswing in Asia, while elsewhere prospects remain uncertain in view of problems with electronic component deliveries.

UPCOMING EVENTS

June 1, SFAF meeting, H1 results

27 July, Q3 sales

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 more than 3 000 people spread across 27 countries and five continents.

*Euronext Paris, SRD Long only – compartment B (Mid Cap)
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The SFAF presentation is available on the website www.exel-industries.com

Yves BELEGAUD Group Chief Executive Officer Yves.belegaud@exel-industries.com	Patrick TRISTANI C.F.P.O/ Investor Relations. Tel :0682258104 Patrick.tristani@exel-industries.com
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