



1st half 2009-2010 results: Almost at breakeven

- **Negative impact of lower sales (turnover down 28.5% to €165.8 million)**
- **Positive impact of cost cutting measures**
- **Rapid reduction in net financial debts**
 - Gearing at only 15%, against 38% a year ago
 - Total more than halved, at €24.2 million
 - Financing expense down 38%

Consolidated figures in € million	H1 2009/2010*	H1 2008/2009	Change in € million	Change as a %
Sales	165.8	232.0	-66.2	-28.5%
Value added	65.5	90.4	-24.9	-27.5%
Current operating profit (EBIT)	-2.4	11.4	-13.8	NA
Operating profit	-2.3	9.0	-11.3	NA
Profit before tax	0.6	8.8	-8.2	- 93.2%
Net profit/loss	-0.2	5.0	-5.2	NA
Operating cash flow	2.5	-13.8	+16.3	NA
Workforce	2,612	2,921		

* unaudited

▪ Analysis of the results for the 1st half of 2009-2010

Income statement:

During the 1st half of 2009-2010 (September to February), the consolidated sales of EXEL Industries were hard hit by the current crisis, down €66.2 million (-28.5%) compared to the 1st half of the previous year.

However, in spite of the fall in sales, Current Operating Profit fell by only €13.8 million, coming in at a loss of €2.4 million. This was largely due to the measures taken to increase productivity

and reduce costs. These measures have made it possible to offset around half the impact of the fall in sales on Current Operating Profit.

The significant reduction in financing expense - €09 million against €1.5 million a year ago - should also be noted. This is the result of a combination of lower financial debts and lower interest rates.

In addition, there was a favourable foreign exchange effect of €3.8 million, arising principally from US and Australian dollars.

Net Result therefore came out very close to breakeven, at a loss of €0.2 million.

Balance sheet:

At the end of the 1st half of 2009-2010, Equity reached €161.4 million. It now represents 45% of the balance sheet total, against 41% a year ago.

Net of cash, financial debts fell to €24.2 million, against €60.3 million a year earlier, a reduction of €36.1 million. This was due to a sharp reduction in the WCR. As a result, EXEL Industries reduced its gearing (ratio of net financial debts/equity) from 38% to only 15% in one year.

Finally, it is borne in mind that the group still has confirmed bank facilities available. Its financial position remains therefore extremely healthy.

▪ **Markets evolution**

□ **Plant Protection** (75% of consolidated sales)

In the first 6 months of 2009-2010, Plant Protection business declined by 32% to €123.6 million. This was the result of short-term worries in the agriculture industry - lower prices of grains, CAP renegotiation, continuing credit problems in Eastern Europe.

The consequence of the sharp decline in activity has been a significant decline in profits in the 1st half of 2009-2010.

Since December 2009, there has been a slight improvement in the number of order entries. Unfortunately, customers are still waiting for the last moment to place them, with the risk that they might not be delivered before the end of the main usage season.

Under these circumstances, although the 2nd half of 2009-2010 may show a small improvement, visibility is still poor for the Plant Protection market.

□ **Materials Protection** (25% of consolidated sales)

In the 1st half of 2009-2010, Materials Protection sales were down 17% at 42.2 million.

This difficult situation continued to depress profits. Nevertheless, all the measures taken over the last twelve months have made it possible to reduce the level of losses very significantly.

Since the beginning of 2010, slight signs of improvement, coming mainly from emerging countries, give some grounds for hoping for a gradual improvement in Materials Protection results in the second half of 2009-2010.

For this reason, the group is further intensifying its presence in emerging countries, and developing innovation to provide savings and more environmentally-friendly practices to its customers worldwide.

▪ Outlook and Strategy

Patrick Ballu, EXEL Industries' CEO, stated:

"The first half of 2009-2010 will be remembered as one of our most difficult periods. Nevertheless, thanks to the work and commitment of all our employees, we are still on course. We have come out almost at breakeven in spite of a 28% drop in sales. We are still reducing financial debts rapidly, while at the same time continuing to invest for the future. Against the backdrop of a very difficult market, these results bear witness to the robustness of the EXEL Industries' model."

He added:

"As we said a month ago, the 1st half of 2009-2010 will probably be the lowest point in this crisis. However, it is unfortunately far too early to talk about a true recovery. We still have very poor visibility on our main markets. Rigour in controlling costs and the WCR, new product launches, further strengthening our position in countries with high potential - more than ever, these are our priorities".

Next release: Sales for the 3rd quarter 2009-2010, on Tuesday 29 June 2010.

About EXEL Industries: www.exel-industries.com

A world-class specialist in precision spraying techniques for agriculture (n°1 in the world) and industry (n°3 in the world), EXEL Industries employs around 2,600 people in 23 countries, on the 5 continents.

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Indices SBF 250, CAC Mid&Small 190, CAC Small 90



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