



EXEL Industries

A family-owned, established, diversified industrial group The “spray-liner” leader in crop care

1- EXEL Industries, a family-owned, established, diversified industrial group

Overview

- ✓ EXEL Industries, a federation of independent companies, is an established, 70-year-old family group that is financially healthy
- ✓ EXEL Industries has an effective leader as first manager from outside the family
- ✓ EXEL Industries is fully equipped to face future challenges

History

The EXEL Industries group was founded by Patrick Ballu after he took over Tecnomat when his father Vincent passed away in 1980. The Group first expanded in the field of agricultural spraying with the successive acquisitions of Caruelle and Nicolas (1986), Berthoud and its subsidiaries Seguir, Thomas and Perras (1987), Vititrac and Loiseau (1989) and Préciculture (1990). Business development was focused solely on agricultural spraying until the Group purchased Kremlin, a paint spraying specialist, in 1996.

The Group then solidified its positions in these two areas of activity: on the one hand in agricultural spraying with Matrot (2001), Hardi and Evrard (2007), Agrifac (2012) and ETWorks (2016); and on the other in industrial spraying with the purchases of Rexson (2000) and Sames (2001). In addition, the EXEL Industries group entered the sugar beet harvesting sector with Matrot (2001), and then the acquisition of Herriau (2003), Moreau (2007) and Holmer (2013).

Finally, the Group expanded into garden watering and industrial hoses (Hozelock, Tricoflex in 2012).

EXEL Industries today

EXEL Industries is a federation of independent companies. The Group is a family business, with more than 80% of the equity owned by the Ballu family, and the Company has been listed on the Paris stock exchange since 1997.

EXEL Industries is a diversified group that operates in sectors beyond its agricultural business, thanks to strong growth in the garden and industrial spraying sectors.

EXEL Industries is also a group with extensive international operations: it has more than 20 industrial sites around the world (France, UK, Netherlands, Denmark, Germany, Romania, United States, Australia), and 80% of its sales are generated outside of France.

The Group has outstanding human potential in its 3,500 employees, with committed teams in all business areas and on all continents.

Constant innovation

Since the outset, EXEL Industries has pursued a policy of constant innovation, in the spirit of Vincent Ballu, who invented the high-clearance tractor in 1946. The companies of EXEL Industries facilitate major innovations in every activity:

- Agricultural spraying: electronic flow rate proportional to ground speed (1975), TWIN air-assisted system (1987), stabilization of the spray boom and chassis on an incline (2005), mapping and Optispray dosage (2011) and nozzle-by-nozzle precision spraying (2018);
- Sugar beet harvesting: creation of the tanker machine (1974), row-by-row harvesting (2009), EasyLift automation of the row-by-row harvesting height, SmartTurn automatic turn at the end of the field (2019);
- Garden watering and spraying: 1st plastic connector for watering hose (1959), Super Tricoflex hose with a 30-year warranty, automatic hose reel (1999), Cloud Controller remote watering control (2016);
- Industrial spraying: electrostatic spray gun (1955), Airmix air-assisted spraying (1975), centrifugal spraying by bell (1980), Vortex technology (2018).

A restrictive environment

Agriculture in general, and the liquidity of farms in particular, is suffering from commodity prices that have been low for the last two years, while farmers are still recovering from the dismal 2016 harvest in France. Farmers are subject to increasingly drastic regulations that prohibit or will prohibit some crop protection products (neonicotinoids, glyphosate, etc.), and this will inevitably affect yields. Crops suffer from certain climate disturbances that cause stress to plants, under extreme weather constraints.

Sales of sugar beet harvesting equipment have been curtailed by the crisis in the European sugar-producing industry, which in turn is dependent on record-low global sugar prices, while industrial spraying has suffered from the slowdown on the Asian markets.

In the short term, the Covid-19 health crisis has caused a business slump that is more or less pronounced depending on the sector. All over the world, the teams have quickly implemented conditions to allow operations to continue, while prioritizing employee health. These measures have helped to limit the impact of the lockdown.

The Group preferred not to implement the emergency measures offered by the French government to defer the payment of social charges and taxes.

Adaptations underway

The strength of the EXEL Industries group lies in its ability to continue a major activity, agricultural spraying, despite diminished returns, thanks to its successful diversification as well as healthy management with low debt, budget discipline and good cost control.

In light of the shrinking sprayer market, EXEL Industries boldly overhauled its agricultural activities in 2019, taking on a new industrial and marketing configuration.

At the same time, the Group adjusted its structure in sugar beet harvesting equipment, lowering the break-even point. All of these adjustments are now poised to bear fruit.

A new Chief Executive Officer

For the first time in the history of EXEL Industries, in December 2019 a Chief Executive Officer was recruited from outside the family, with Yves Belegaud taking the helm. His arrival bolsters the Group's ability to implement the major transformation needed to adapt to market circumstances.

For the management team, this entails finalizing most of the agricultural spraying reorganization plan by the end of 2020; accelerating the establishment of synergies, such as in Purchasing, Marketing, IT, etc.; continuing developments in the garden sector; being active in the growth of industrial spraying with the purchase of Intec in January 2020, which adds to Sames-Kremlin's activities; reviving organic growth and innovation at Tricoflex; and ramping up the development of advanced technologies in electronics and robotics with Exxact Robotics. All of this will be done with a steadfast goal of continuously improving operational performance.

The appointment of an external Chief Executive Officer underscores the Ballu family's ambition to continue to grow the EXEL Industries group. This appointment has sparked dynamism by further clarifying the management's responsibility in the business in relation to the family shareholders. The relationship with shareholders is clear and effective thanks to the successful teamwork of Patrick Ballu and Yves Belegaud.

Prospects for the future

EXEL Industries is a diversified conglomerate. To be sure, it has strong roots in agriculture, and its business in this sector continues to be significant, accounting for 60% of sales. However, the garden and industrial spraying activities have strong growth potential.

Through its Hozelock and Laser brands, the Group offers a comprehensive line of watering hoses, reels, connectors and fittings. These cutting-edge products are geared toward amateur and professional gardeners. Hozelock, the leader in the United Kingdom and Scandinavia, is growing all over Europe and in Australia.

Through Sames-Kremlin and Intec, the industrial spraying activity designs, manufactures and distributes a comprehensive line of pumps, technical hoses and manual, automatic and robotic applicators. These products are intended mainly for the automotive industry, but also for boats and aircraft, as well as for the wood industry. This activity is expanding worldwide.

The Group wishes to strengthen its positions in agriculture because it believes that agriculture will remain robust in Europe. However, agriculture will operate with a new focus, which the Group has largely anticipated, on the accuracy and selectivity of applications. This point will be decisive in the coming years. In addition, the Group needs to continue to combine organic growth and acquisitions, as it has always done. EXEL is dedicated to remaining a federation of independent companies. This model has demonstrated its worth, in terms of empowering business managers and operating with a minimal corporate level. The challenge lies in finding consistent operating procedures, group cohesion, sharing of best practices and an ability to implement synergies on cross-functional topics that serve everyone's interests.

Generally speaking, the Group will develop a talent management approach that prioritizes employees' passion for the Group and the promotion of internal mobility. The safety of people will be reasserted as a priority.

The EXEL Industries group undeniably has assets that will enable it to remain a major player in its different activities.

Yves Belegaud: "Why I joined EXEL Industries"

"I've admired Patrick Ballu's career and the undertaking initiated with Tecnomatix in 1980, which is manifested in strong growth that is nevertheless well managed and self-financed. I knew that I could create a good partnership with Patrick Ballu, and this has now come true.

I have a connection to and understanding of agricultural issues that I honed over more than 25 years at Tereos. I developed a passion for mechanics through cars: my father was a mechanic and my great-grandfather was an inventor and car manufacturer.

This is a company where people matter — a trait I appreciate — and that has great decision-making agility thanks to the business acumen of the members of the Board of Directors, a family entrepreneurial spirit, robust operating cash flows and financial partners who have confidence in the Group.

At the age of 60, I have no personal ambition other than to lay the foundations for a new balance between hands-on family shareholders and an operations team that enacts the strategy. I am delighted to be embarking on this new chapter."

Our values

- Love of product, innovation
- Customer support
- Excellence, professionalism
- Trust, initiative
- Openness, transparency
- Team spirit
- Pride in belonging
- Acting responsibly

Key figures (source: 2019 Annual Report)

Sales: €777 million

Breakdown of sales by activity:

Agricultural spraying: 46%

Sugar beet harvesting: 15%

Industrial spraying: 25%

Garden watering and spraying: 14%

Breakdown of sales by geographical area:

Americas: 19%

Europe: 63%

Asia, Africa, Australia, CIS countries: 18%

3,500 employees

295 patent families (EXEL Industries is among the top 10 French midsize enterprises in terms of number of patents filed per year)

2- EXEL Industries, the “spray-liner” leader in crop care

Overview

- ✓ EXEL Industries is the global specialist (“spray-liner”) in agricultural spraying, with eight main brands and a presence in half the fleet in France
- ✓ EXEL Industries meets the challenges of productive, environmentally friendly agriculture by promoting “new spraying” based on innovation

Assessment

The protection of crops is widely denigrated by public opinion. Media and civic pressure against what are awkwardly known as “pesticides” is overwhelming, as evidenced by attacks that directly target farmers.

However, feeding the world is imperative, and ensuring food independence is not a meaningless concept when we are faced with a global pandemic like the coronavirus. To keep up with changes in global demographics, it will be necessary to produce more and increase agricultural productivity. Moreover, of the 7.7 billion people who inhabit the Earth in 2020, 800 million are still malnourished.

The challenge over the next 30 years is to increase cereal production by 30% in the hopes of satisfying the minimum needs of a global population that will surge from 7.7 to 10 billion inhabitants, which entails a jump from 2.7 to 3.5 billion tons of cereals (wheat, rice, corn).

However, production must be increased in an environmentally friendly manner: “We can produce more, and better.” Meanwhile, between 1970 and 2020, the quantities of active materials applied was cut by a third while agricultural production doubled.

The “new spraying”

There are some basic facts to keep in mind: spraying supplies fertilizers to nourish plants and phytosanitary products to fight diseases, insects and weeds in a way that maintains high yields and better profitability for farms. Spraying is necessary, including in organic farming and for biological control products for which the quality of the spraying is crucial.

EXEL Industries has long studied this matter, and it advocates the philosophy “the right dose, at the right time, in the right place.” The Group wishes to go a step further by making itself the herald of the “new spraying.”

Successive technological innovations are greatly improving accuracy and quality during product application and are vastly reducing doses by 30% to 90% over time: anti-drift, adjustment of flow in relation to speed and on the spray boom on turns, in the field based on the GPS route, based on unsprayed buffer zones, and targeting with the nozzle the areas to spray through visual recognition of the presence of weeds that need to be destroyed.

EXEL Industries, the “spray-liner”

Unlike its full-liner (tractor manufacturers expanding their lines to other agricultural equipment) and long-liner (broad line of equipment except for tractors) competitors, EXEL Industries is positioning itself as a global specialist in agricultural spraying: the “spray-liner,” with proven expertise, an extensive product line to satisfy all users and cutting-edge solutions to apply environmentally friendly spray.

Remember: after the tractor, the sprayer is the most-used piece of equipment on farms. Furthermore, on average the French sprayer fleet is 10 years old and will require major updates in the coming years, which will help achieve the expected performances, particularly to abide by the requirements set out in Ecophyto 2, namely, reducing the amount of active products sprayed by 50% from 2015 to 2025.

The French government recently established a special €30 million endowment fund to help farmers modernize their spraying equipment. EXEL Industries aspires to support farmers in this upgrade.

EXXACT Robotics established

In November 2019, EXEL Industries established its EXXACT Robotics subsidiary to coordinate and speed up the innovation potential to benefit its business areas. This involves expanding technological partnerships and better incorporating agronomy into overall planning and the innovation strategy.

The Group thus aspires to make the application of sprayed products more efficient by using artificial intelligence and vision tools to recognize weeds. These technologies will also offer traceability tools, which are vital for farmers and agricultural service contractors.

EXXACT Robotics intends to get involved in vineyard robotics with the aim of addressing problems of arduousness and safety in vineyards. The priority is to offer lasting solutions to the major transitions wine growing is experiencing, with postglyphosate and the development of biological control requiring high-precision spraying.

Clarification of the product line

To meet these new needs, in July 2019 EXEL Industries announced a major reorganization of its agricultural spraying division, clarifying and streamlining its product line:

- ✓ Large-scale crops with Evrard, Berthoud, Matrot, Tecnomat, Hardi and Agrifac
- ✓ Wide vineyards with Nicolas and Berthoud
- ✓ Narrow vineyards with Tecnomat and Berthoud
- ✓ Arboriculture with Nicolas and Hardi
- ✓ High-clearance tractors with Tecnomat and CMC

In addition, EXEL Industries wanted to discontinue its most vulnerable brands: Caruelle, Segui, Thomas, Fischer and Loiseau.

Reorganization into centers of excellence

In addition to this clarification and streamlining, there has been an industrial reorganization of production by center of excellence:

- ✓ Fère-Champenoise (Préciculture site): Berthoud and Tecnomat self-propelled sprayers, and CMC and Tecnomat high-clearance tractors
- ✓ Beaurainville (Evrard site): Evrard, Hardi and Matrot self-propelled sprayers
- ✓ Steenwijk (Netherlands): Agrifac self-propelled sprayers
- ✓ Belleville (Berthoud site): Berthoud and Tecnomat liftmounted/trailed sprayers
- ✓ Norre Alslev (Denmark) (Hardi site): Hardi and Evrard liftmounted/trailed sprayers
- ✓ Epernay (Tecnomat site): Nicolas, Tecnomat, Berthoud and Hardi vineyards and orchard

In addition, the rotational molding and plastic injection activities are concentrated at Epernay and Norre Alslev.

Consequently, some industrial sites have been closed: Noyers-Saint-Martin (formerly Matrot); Saint-Denis-de-l'Hôtel (formerly Caruelle/Nicolas); Lleida (formerly llemo/Hardi).

This industrial reorganization enables better use of the industrial capacity, a measure of productivity; better promotion of the industrial skills and specialization of the engineering departments; and better expression of the power of industrial purchases.

Initiatives with distribution networks

Selling through a distributor network, which is a widespread approach for the French spraying activities but not the sugar beet harvesting activities (Agrifac and Holmer), requires short-, medium- and long-term actions on the part of EXEL Industries so it can adapt to ongoing changes in marketing and sales.

To ensure that equipment sales in fast-growing regions (Eastern Europe and the CIS countries) advance, changes are being made to the Group's marketing structures, and this requires significant human commitment.

Moreover, the ability to implement new ways of financing agricultural equipment (long-term rental, leasing, etc.) will be an integral part of the marketing policy.

Eight main brands present in France



BERTHOUD®
Forward together

1, Rue de l'Industrie
69220 Belleville



CMC

1, Rue Vincent Ballu
51200 Épernay



EVRARD

301, Rue du 21 Mai 1940
62990 Beaurainville



HARDI

301, Rue du 21 Mai 1940
62990 Beaurainville



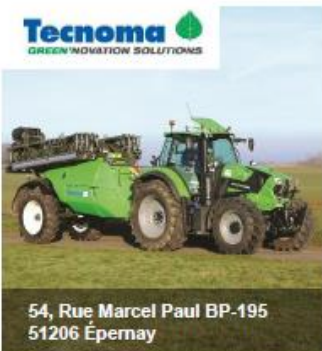
MATROT

301, Rue du 21 Mai 1940
62990 Beaurainville



Nicolas

2, Rue de l'Industrie
45550 Saint-Denis de l'Hôtel



Tecnomax
GREEN INNOVATION SOLUTIONS

54, Rue Marcel Paul BP-195
51206 Épernay



agrifac

Easveenseweg 15-17
83332 JA Steenwijk - Netherlands

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 harvesting. The goal of EXEL Industries is to expand in its markets through a policy of constant innovation and an international growth strategy.

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The SFAF presentation is available on the website www.exel-industries.com

This press kit is available in French and in English.



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