



Annual General Meeting 2009

Exel Oyj

Vesa Korpimies, President and CEO

16 April 2009

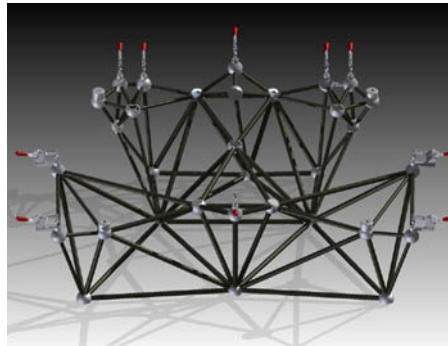


Vesa Korpimies – CEO as of 10 April 2008

- Born 1962
- M.Sc. (Econ.)
- Joined the Company in 1987
- Executive Vice President since 2000
- Holdings: 70,300 Exel shares
- Finnish citizen

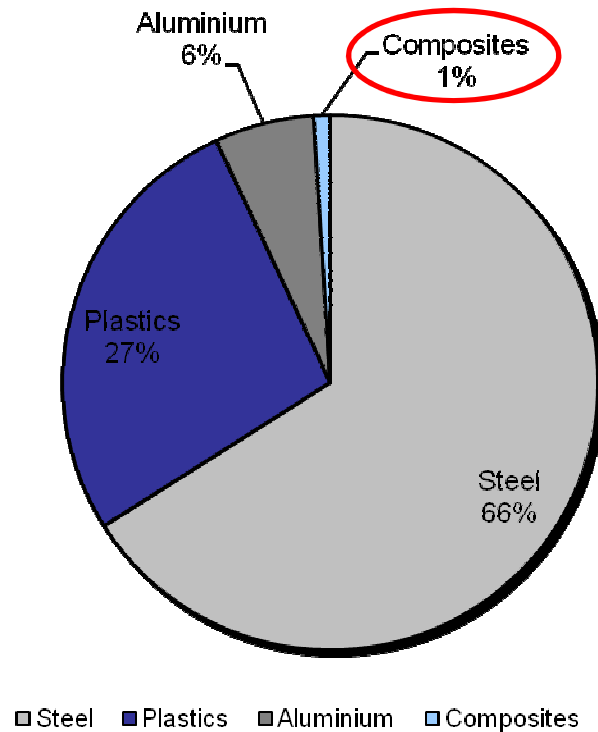


Introduction



Composites only constitute a small part of the material needs in the world

Competing materials (US market example)

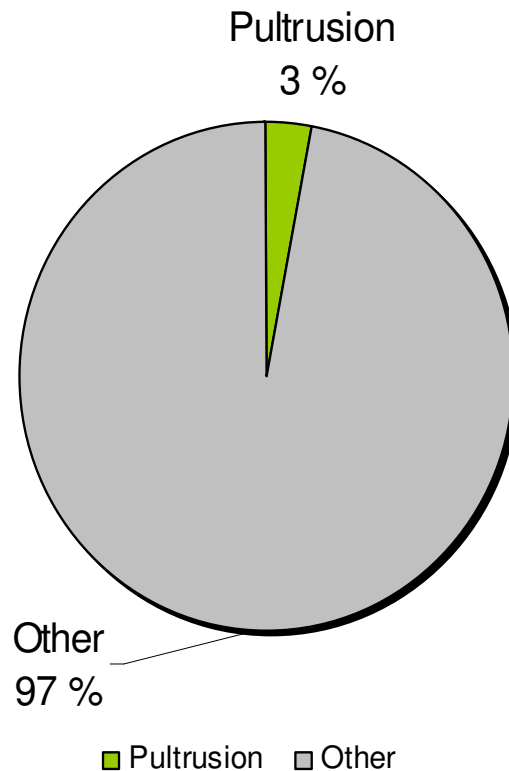


The market share of composites is small compared to other materials such as steel, plastics or aluminium



Pultrusion as a production method constitutes 3% of different composites manufacturing processes

Composites manufacturing processes



Exel Composites is a leading company in composite profile business with ca. 10% market share

- Pultrusion/Composite profile market ca. USD 1200 million (source: E-Composites)
- Annual average growth of the market 4-5%
- The industry is fragmented with 300-400 pultrusion companies in the world.
- The average size of companies is around EUR 5 to 7 million.



Exel Composites has been an active consolidator in the industry and is today the world's first international pultrusion company

Acquisitions in the pultrusion business

- **2001:** Acquisition of Menzolit-Fibron, Germany
- **2004:** Acquisition of Bekaert, Belgium
- **2005:** Acquisition of Faserprofil, Austria
- **2006:** Acquisition of Pacific Composites, Australia, UK, China

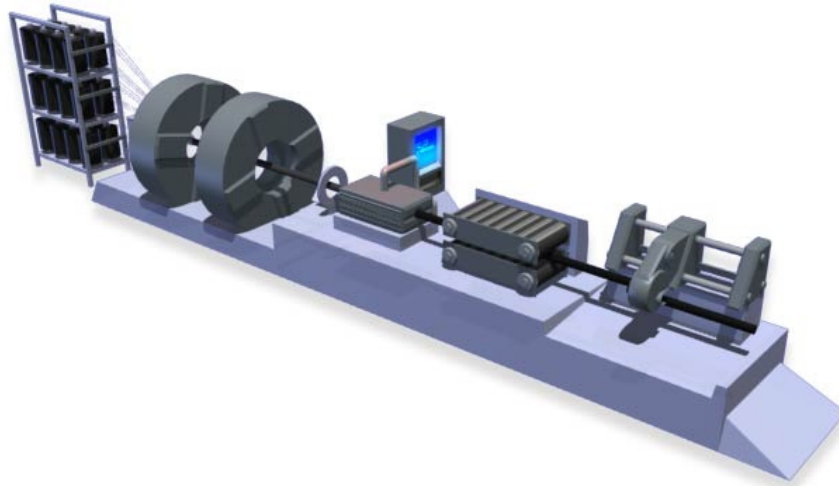
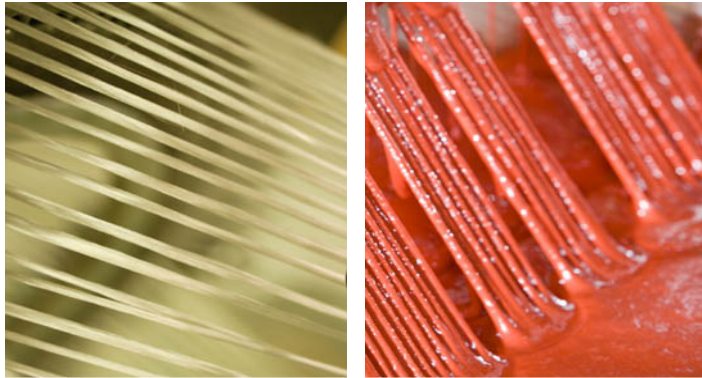


Composites technology has unique product features & benefits



- ✓ Light weight
 - High-speed textile machines, machine parts
- ✓ High strength and stiffness and weight/density ratio
 - Bridge concrete reinforcements
- ✓ Good chemical resistance
 - Waste water treatment
- ✓ Corrosion free
 - Chemical industry, off shore applications
- ✓ Excellent fatigue properties
 - Wind turbine blade reinforcements
- ✓ Thermal insulator
 - Refrigerated vehicles, windows and doors

Exel Composites focuses on advanced composite solutions



- Composite is a combination of two materials
 - Reinforcements (Carbon Fiber, Glass Fiber)
 - Resin systems (Epoxy, Vinylester)
- The core of the operations is based on own, internally developed composite technology
- Continuous manufacturing technologies enable economical production
 - Pultrusion
 - Pullwinding
 - Co-winding
 - Continuous lamination

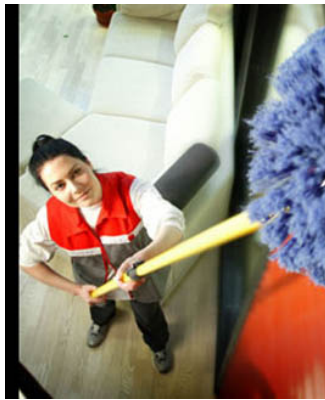
Exel Composites has a strong market share in selected niche markets

- Over 1,000 glass and carbon fiber profile applications
- Transportation
- Building/infrastructure
- Energy industry
- Telecommunication
- Paper industry



Exel Composites has a strong market share in selected niche markets

- Electrical industry
- Cleaning and maintenance
- Sport and leisure industry
- Machine industry
- General industries



Financial review



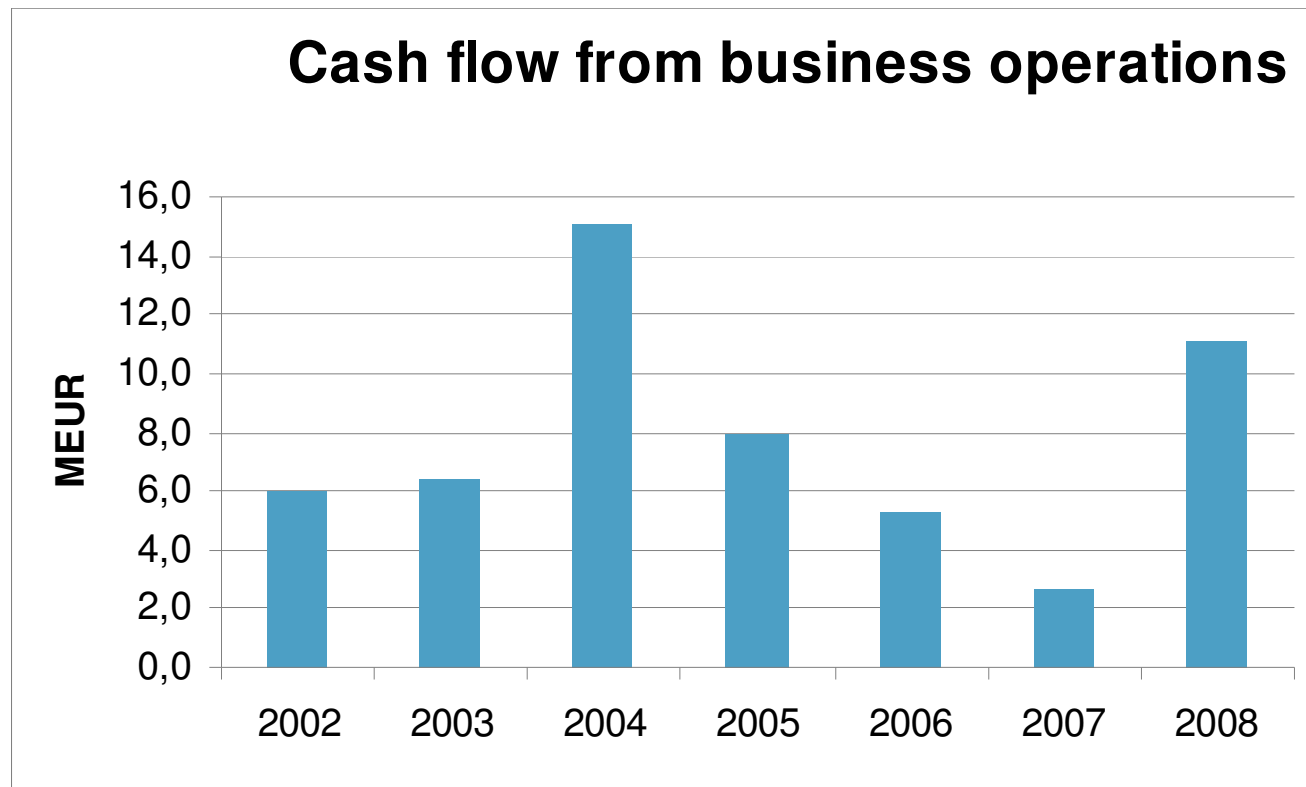
2008 was a challenging financial year for Exel and a year of structural change

Net sales	2008	2007	Change	Operating profit	2008	2007	Change
Exel Composites	86.7	104.3	-16.9%	Exel Composites	9.2	15.2	-39.1%
Exel Sports Brands	10.0	13.6	-26.6%	Exel Sports Brands	-9.0	-10.7	-15,7%
Total	94.9	113.5	-16.4%	Total	-0.4	4.8	-108%

- Weaker market conditions and a change in the procurement model in the wind energy business had a negative impact on both sales and profitability
- Focus in year 2008 was to restructure the Group, to clean the balance sheet and amortize debt
- Outdoor business of Exel Sports Brands was divested in May 2008
- The restructuring of Exel Sports Brands led to non-recurring costs of EUR 7.1 (3.5) million



Comprehensive cost and capital reduction programs had a positive effect on cash flow

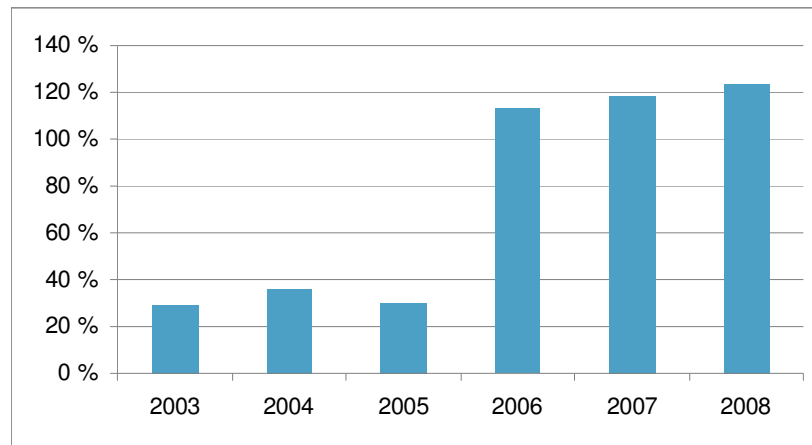


Cash flow from business operations EUR 11.1 million

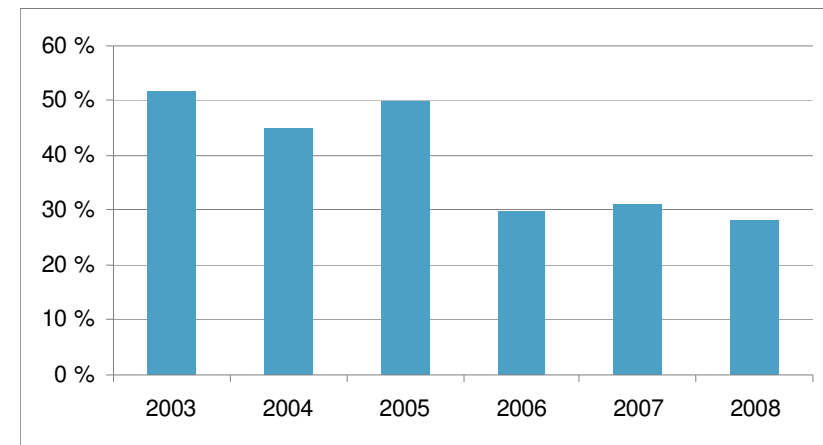


Net debt was reduced by 26% to EUR 20.7 million, but gearing is still too high

Net gearing ratio 2008
123.9% (118.4%)

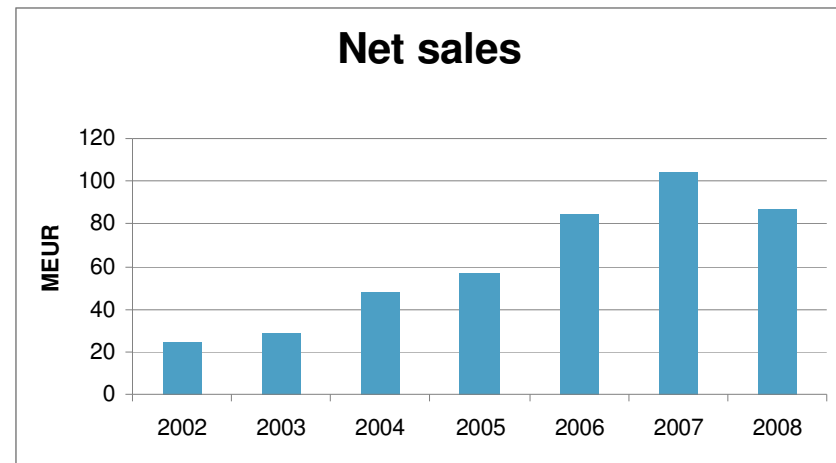


Equity ratio 2008
28.2% (31.3%)



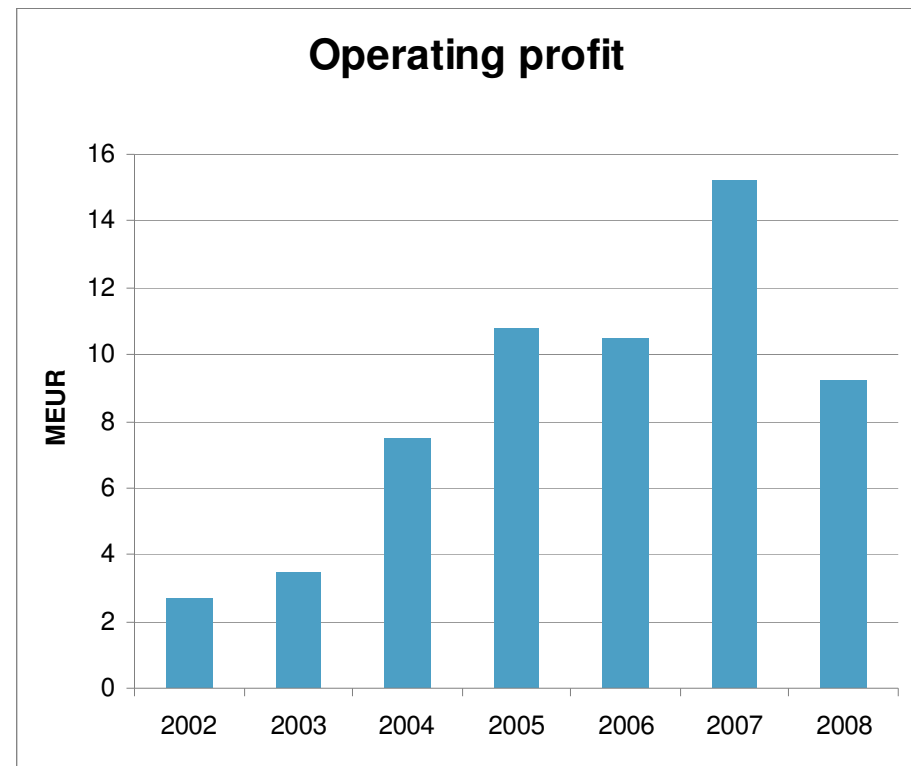
Exel Composites' net sales decreased, however, strong sales in telecommunication and airport masts

- Net sales in 2008 decreased by 16.9% over the previous year to EUR 86.7 (104.3) million
- Main reasons:
 - Procurement model change in the wind energy segment
 - Divestment of Plastics business in Germany in May 2007
 - Internal sales to Exel Sports Brands declined during the year
 - Weaker market conditions in transportation and building and construction segments
- Different segments in very different phases:
 - building and construction segments down
 - strong sales in telecommunication segment and airport masts



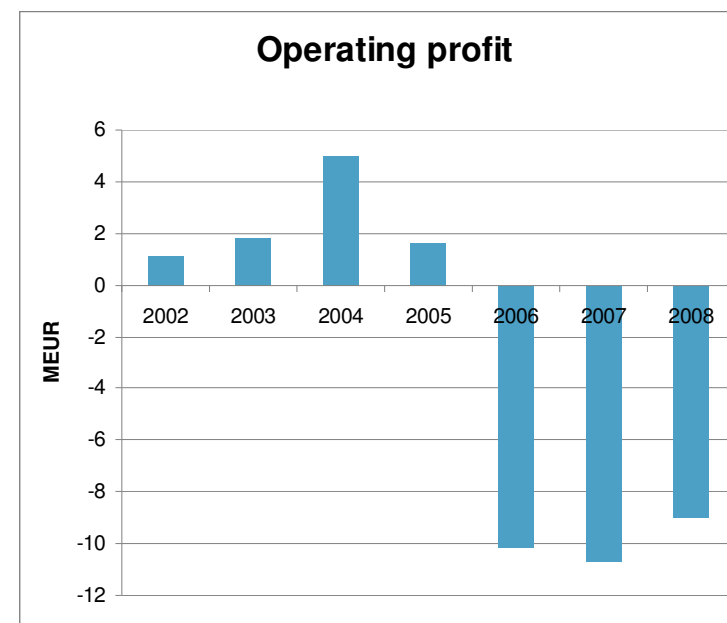
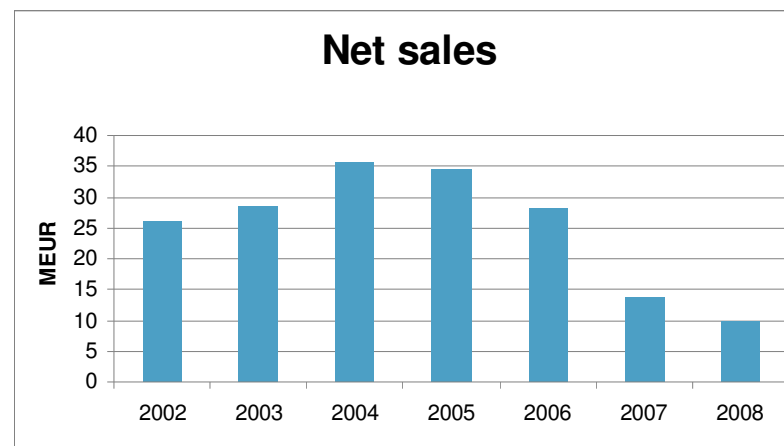
Exel Composites' operating profit was affected by lower sales and increased raw material costs

- Operating profit in 2008 totaled EUR 9.2 (15.2) million including EUR -1.1 (-0.7) million non-recurring items
 - Non-recurring items related to Exel Composites' sub-contracting business to Exel Sports Brands and the wind energy business
- Major reasons behind the decrease were:
 - Lower sales
 - Increased energy and raw material costs



Structural measures taken to find long-term solution for Exel Sports Brands – Outdoor divested in 2008

- Despite strong measures, profitability in Exel Sports Brands has not been enough to restore profits to previously good levels
- In May 2008, Outdoor business was divested
- Net sales in 2008 decreased by 26.6% to EUR 10.0 (13.6) million from the corresponding period previous year due to the divestment of the Outdoor business
- Operating loss EUR -9.0 (-10.7) million including EUR -7.1 (-3.5) million of non-recurring items



Exel Sports Brands divestment completed in 2009 – long-term license agreements for Exel

- The business transfers of Exel Sports Brands secures the continued presence and distribution of Exel sporting goods products in a model that strengthens Exel's profitability
- Long-term licensing agreements with
 - ESB Sports Oy in May 2008 regarding
 - Outdoor business: Nordic Walking, Nordic Blading and XC skiing poles
 - Cape Nordic Oy in March 2009 regarding
 - Floorball products



Focus now for the first time only on the core business, B-to-B

Exel Composites

We have:

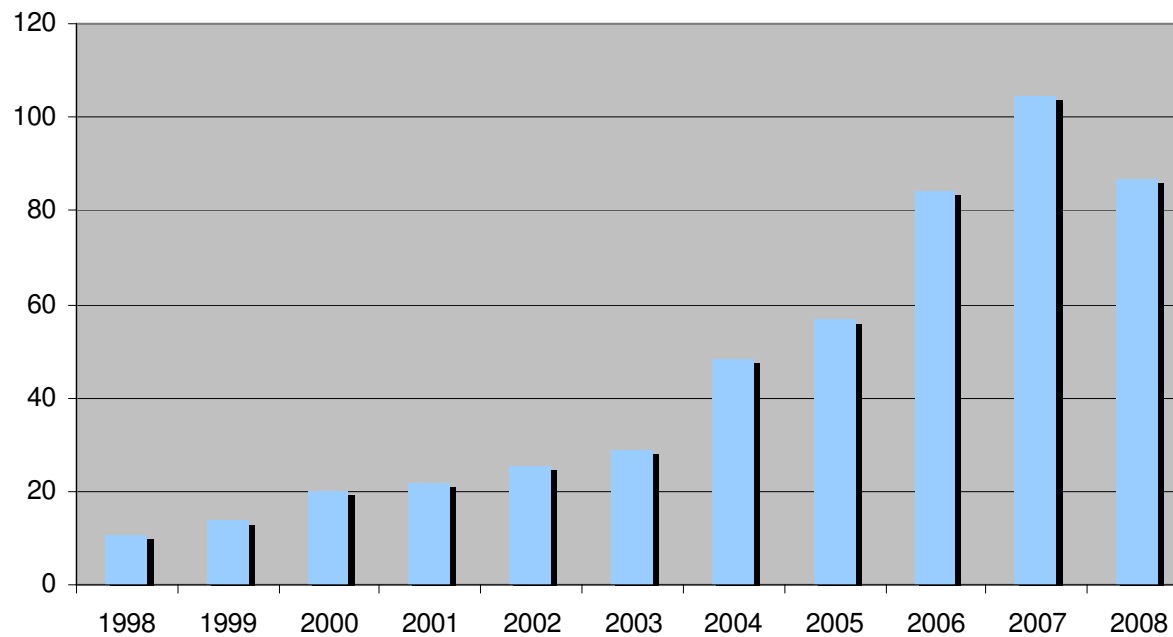
- Excellent technical know-how
- Multinational expertise to serve large international customers
- A profit focused organization
- High-quality products and services
- Wide variety of products for many market segments
- Continuously advancing our core competences to "cutting edge" of pultrusion

Exel's target is to:

- Strengthen its position in chosen markets
- Continue the consolidation of the pultrusion business
- Operate more globally and to utilize its market presence in Asia, especially in the Chinese market
- Continuously advancing its core competences to "cutting edge" of pultrusion

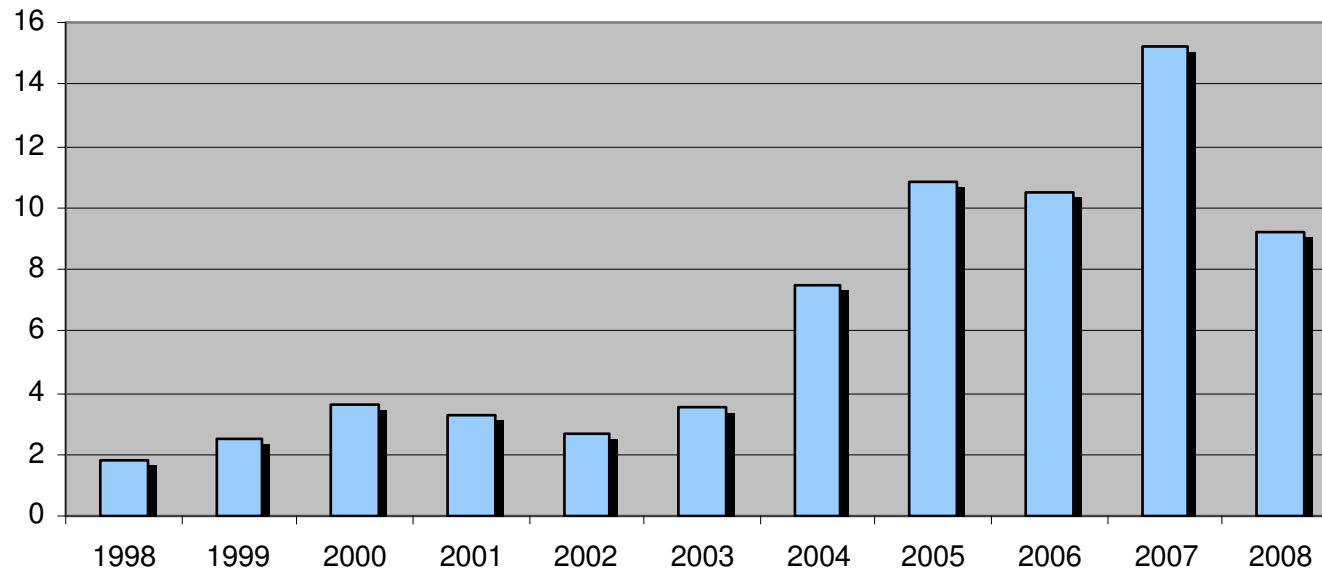
Exel Composites' net sales almost tenfolded in 1998-2008

Exel Composites' net sales 1998-2008



and Exel's Industry Division's growth has been profitable

Exel Composites operating profit 1998-2008



Vision

- Exel is a leading supplier of advanced composite profiles to the selected niche market segments
- Exel's objective is to generate good returns for the company's shareholders
- Exel's specialized total service, high quality products and long-term partnerships earn company the trust and confidence of its customers
- In doing this Exel offers its employees an exciting and rewarding place of employment



Strategy

- Exel Composites continues its strategy of profitable growth and pursuing international leadership in the pultrusion industry
- Focus on establishing leading positions in selected market segments characterized by attractive growth and profitability attributes
- Concentration on designing, manufacturing and marketing demanding, customer-tailored composite profiles products for industrial OEM customers
- Focus on proprietary, continuous production technologies
 - Pultrusion
 - Pullwinding
 - Continuous lamination



Exel Group's financial targets and dividend policy

- **Growth:** the objective is that Exel Group's average organic growth annually exceeds market growth of the industry. Growth achieved through acquisitions is part of Exel's strategy
- **Operating profit:** Exel's target is the operating profit to exceed 10 per cent of net sales
- **Dividend policy:** Exel aims to distribute 40 per cent of net income in dividends, as permitted by the financial structure and growth opportunities
- Targets should be reached over a business cycle

Many growing markets – Opportunities for Exel Composites

- Traditional materials are constantly being replaced by Composites
- Growth opportunities for Composites in many segments, e.g.
 - Water Treatment
 - Energy Industry
 - Machine Industry
 - Window and Door Profiles



Short-term priorities are to strengthen financial position and to increase sales focus

- Managing the cash flow, streamlining the OWC and amortizing debt
- Moving forward in operational efficiency
- Driving down raw material prices
 - Reducing set up times
 - Increasing yield

Due to the market uncertainty and poor visibility Exel will not give any profit guidance





www.exelcomposites.com