

CUSTOMER DEMAND REMAINED WEAK, HOWEVER, OPERATING PROFIT IMPROVED IN Q3 2016



**January – September
2016 Business Review**

26 October 2016

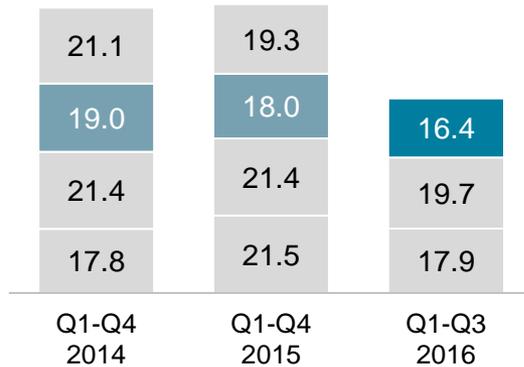
Q3 2016 in brief

- Business environment
 - Market environment remains challenging
 - Generally lower demand in key markets, especially telecommunications
 - Declining share of orders from high volume customers; actions to counteract impact on sales mix
- Operations
 - Cost reduction measures bringing results; implementation continues
 - Activities to optimize production and expand customer base
- Financial performance
 - Cost reduction measures improved Q3 2016 profitability

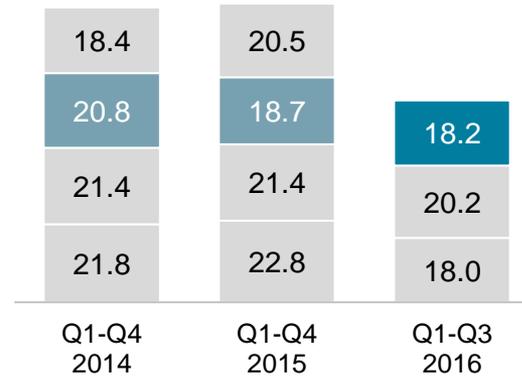


Q3 2016 highlights

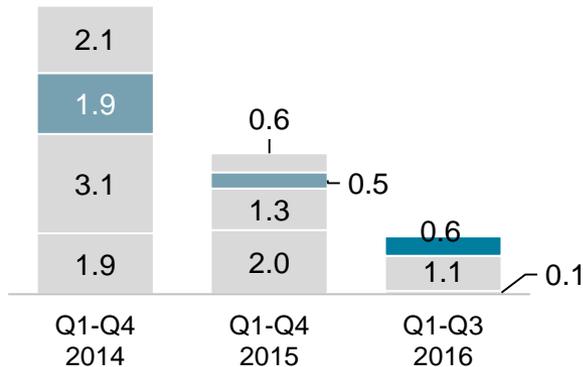
Revenue, EUR million



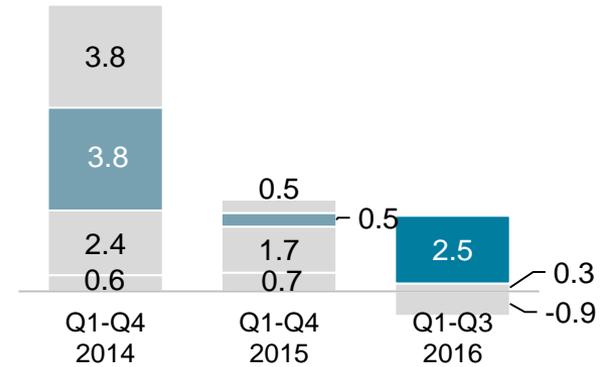
Order intake, EUR million



Operating profit, EUR million



Net cash flow, EUR million



Key figures Q1-Q3 2016

EUR thousand	1.1.-30.9. 2016	1.1.-30.9. 2015	Change %	FY 2015
Order intake	56,532	62,908	-10.1	83,374
Order backlog ¹⁾	17,428	14,259	22.2	15,348
Revenue	54,070	60,853	-11.1	80,196
Operating profit	1,858	3,805	-51.2	4,414
% of revenue	3.4	6.3		5.5
Adjusted operating profit ²⁾	1,912	4,097	-53.3	4,770
% of revenue	3.5	6.7		5.9
Profit for the period	1,263	2,435	-48.1	2,844
Net cash flow	1,972	2,908	-32.2	3,385
Return on capital employed, %	6.3	13.8		12.0
Net gearing, %	13.2	-1.2		2.0
Earnings per share, EUR	0.11	0.20		0.24
Equity per share, EUR	2.36	2.51	-6.0	2.58

¹⁾ As per 30 September 2016.

²⁾ Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report January – June 2016.

Key figures Q3 2016

EUR thousand	1.7.-30.9. 2016	1.7.-30.9. 2015	Change %	FY 2015
Order intake	18,181	18,723	-2.9	83,374
Order backlog ¹⁾	17,428	14,259	22.2	15,348
Revenue ²⁾	16,431	18,006	-8.7	80,196
Operating profit	565	466	21.2	4,414
% of revenue	3.4	2.6		5.5
Adjusted operating profit ³⁾	596	517	15.3	4,770
% of revenue	3.6	2.9		5.9
Profit for the period	384	78	392.3	2,844
Net cash flow	2,492	549	353.9	3,385
Return on capital employed, %	5.6	4.8		12.0
Net gearing, %	13.2	-1.2		2.0
Earnings per share, EUR	0.03	0.01		0.24
Equity per share, EUR	2.36	2.51	-6.0	2.58

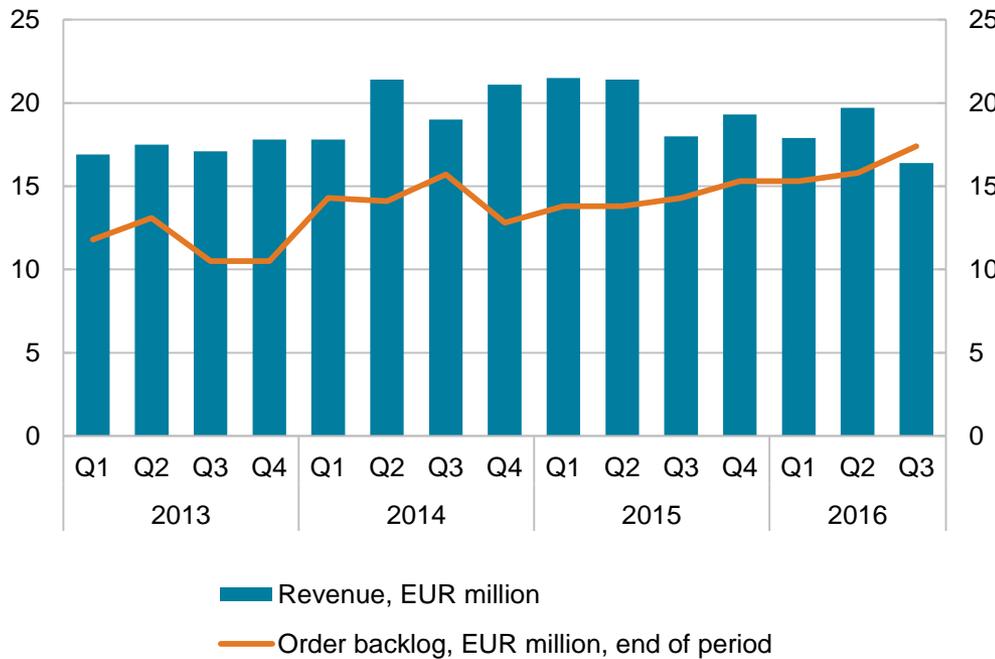
¹⁾ As per 30 September 2016.

²⁾ Revenue by customer industries Q3 2016 (Q3 2015): Industrial applications EUR 8.7 (9.8) million; Construction & infrastructure EUR 4.2 (4.7) million; Other applications EUR 3.5 (3.6) million.

³⁾ Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report published on 21 July 2016.

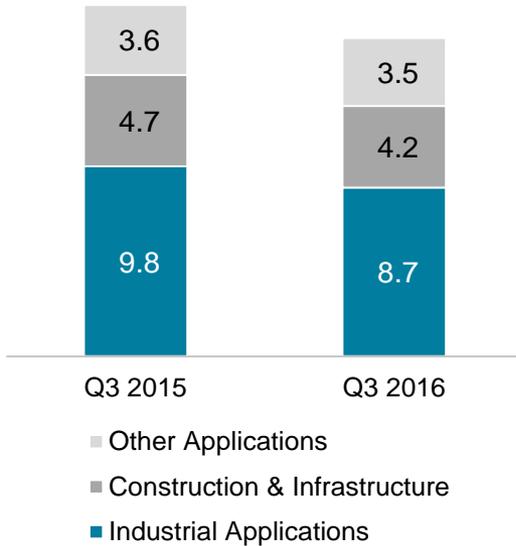
Lower demand in key markets

Revenue and order backlog



In Q3 2016 lower demand especially in telecommunications

Revenue by Customer Industry, EUR million



Industrial Applications



Telecommunication



Paper Industry



Electrical Industry



Machine Industry



Transportation Industry

Construction & Infrastructure



BCI



Energy Industry



Cleaning & Maintenance



Sports & Leisure

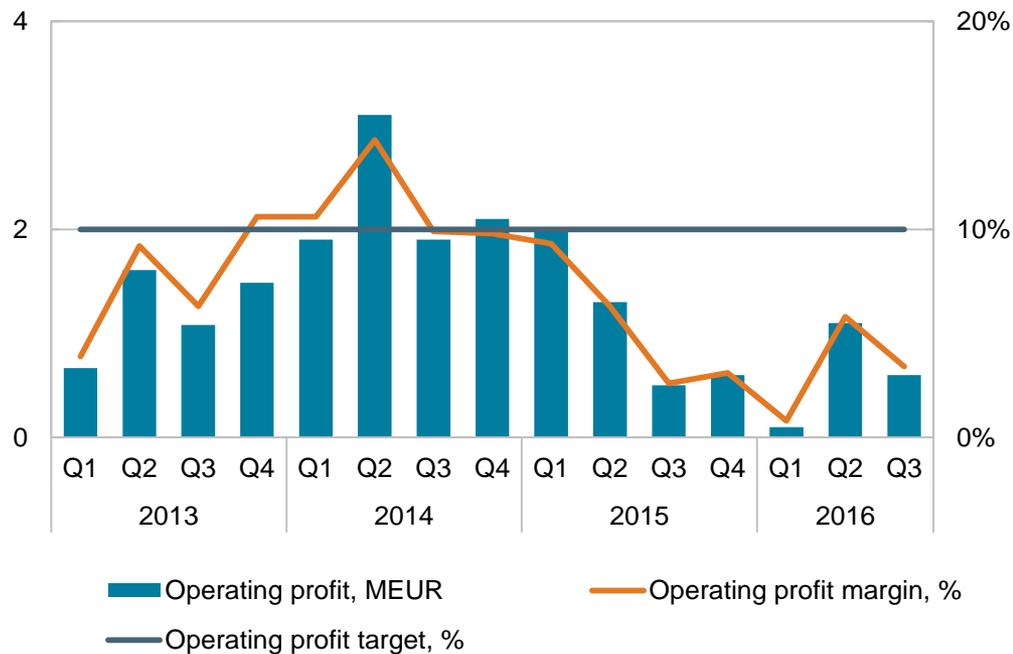


Other Industries

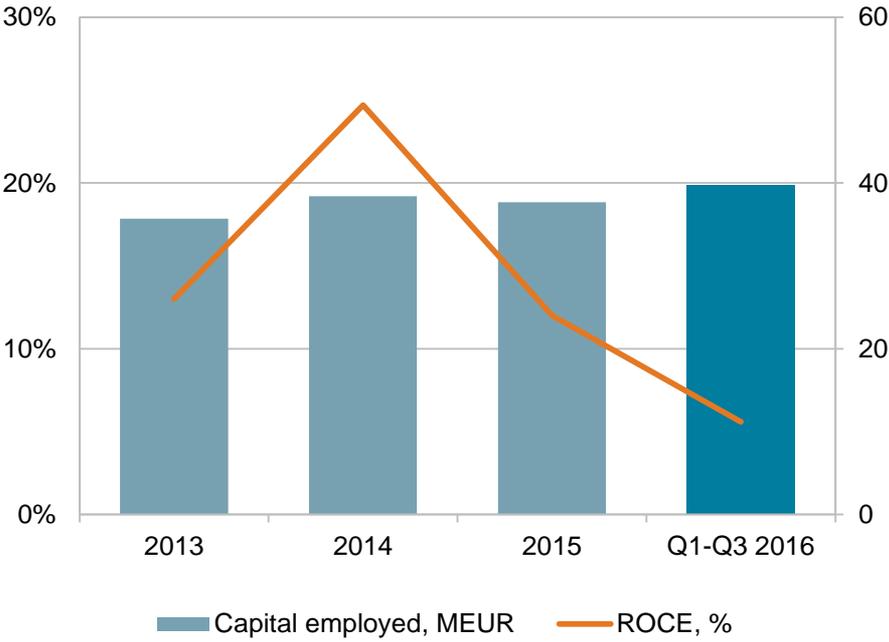
Other Applications

Cost reduction measures have improved profitability in Q3 2016

Operating profit and operating profit margin



ROCE



Exel Composites continues well positioned for profitable growth

- Measures to further reduce costs continue
- Optimization of production and operational efficiency improvements
- Focused customer segment initiatives to expand customer base
- Implementation of long-term growth strategy continues
- Attractive long-term market fundamentals prevail



Next level growth is based on four initiatives



Accelerate growth in China

- Local sales network
- Value offering for mid-segment
- R&D and manufacturing capacity



Penetrate new applications

- Solutions for larger growth applications
- Package key applications to 'systems'



Create true global footprint

- Increase sales coverage
- Grow supply and service to new market areas, including Americas



Growth in new technologies

- Further processing and vertical integration
- New composite technologies, other than pultrusion

Outlook for full year 2016

- The Company continues to implement its new strategy with focus on operational efficiency and optimizing the global manufacturing footprint. The Company estimates that adjusted operating profit will decrease in 2016 compared to 2015.



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