

# WELCOME!



CAPITAL MARKETS DAY  
Stockholm, Sweden  
4 March 2019



# Your hosts today



Riku Kytömäki  
President and CEO



Mikko Kettunen  
CFO

# Agenda

- 12:30-14:00
  - Lunch
  - Introduction to composites, pultrusion, pullwinding and laminates, Mikko Kettunen, CFO
  - Presentation by Riku Kytömäki, President and CEO
- 14:00-14:30
  - Questions and Answers
  - End of event

# INTRODUCTION TO COMPOSITES



CAPITAL MARKETS DAY

Mikko Kettunen

CFO



# What are composites?

**COMPOSITES** mean a complex material of two or more structurally complementary substances.



Combined these produce structural or functional properties not present in any individual component

# Composite products' unique features and benefits

**Low weight**

**High strength-to-weight ratio**

**High fatigue tolerance**

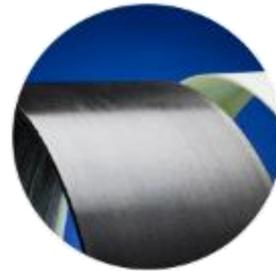
**Good corrosion and chemical resistance**

**Tailored material properties**

- Fire retardation
- Thermal insulation
- Radio transparency
- Electrical insulation / conduction

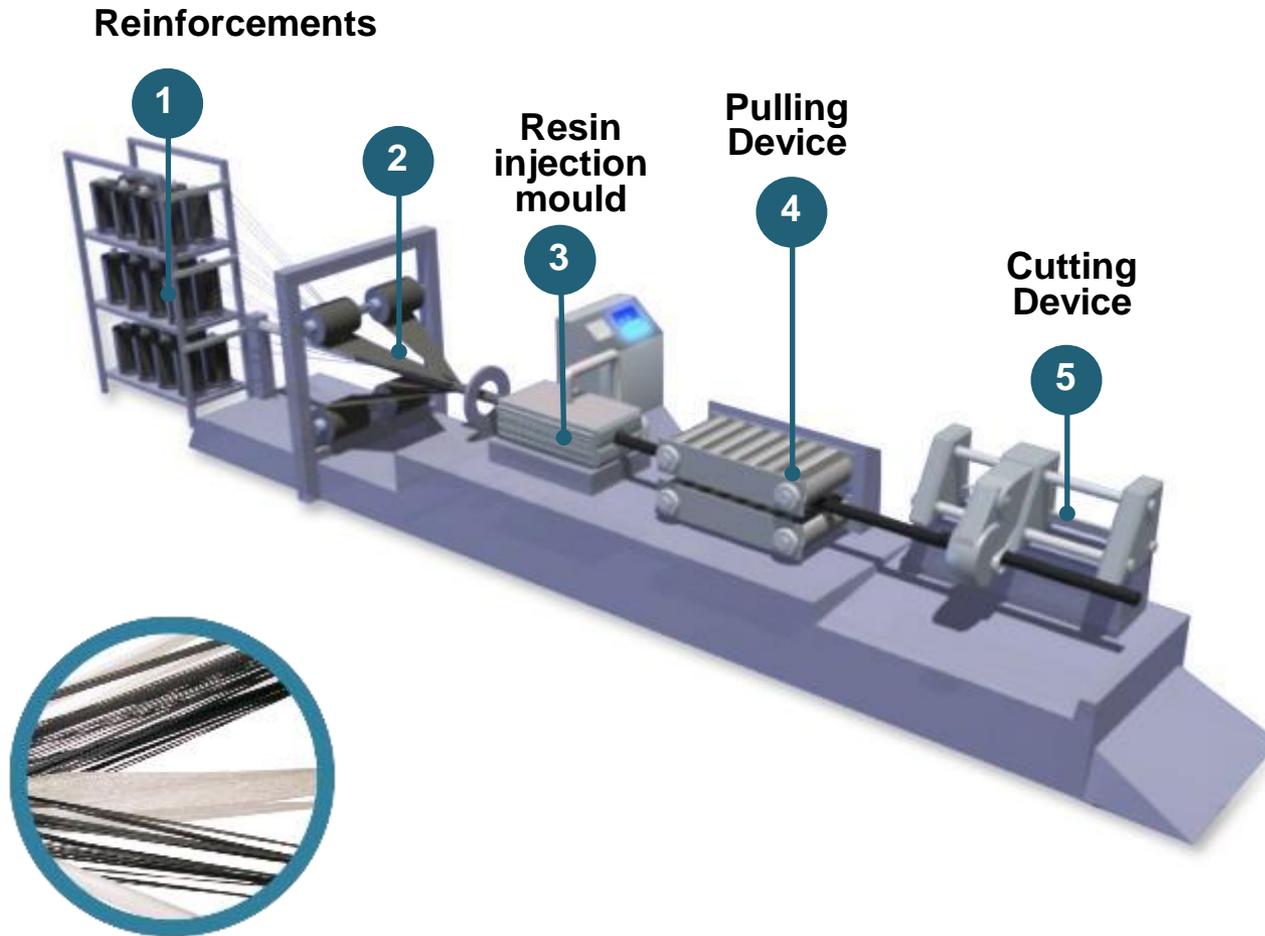
**Visual attractiveness and high-quality surface**

**Long durability and service life**

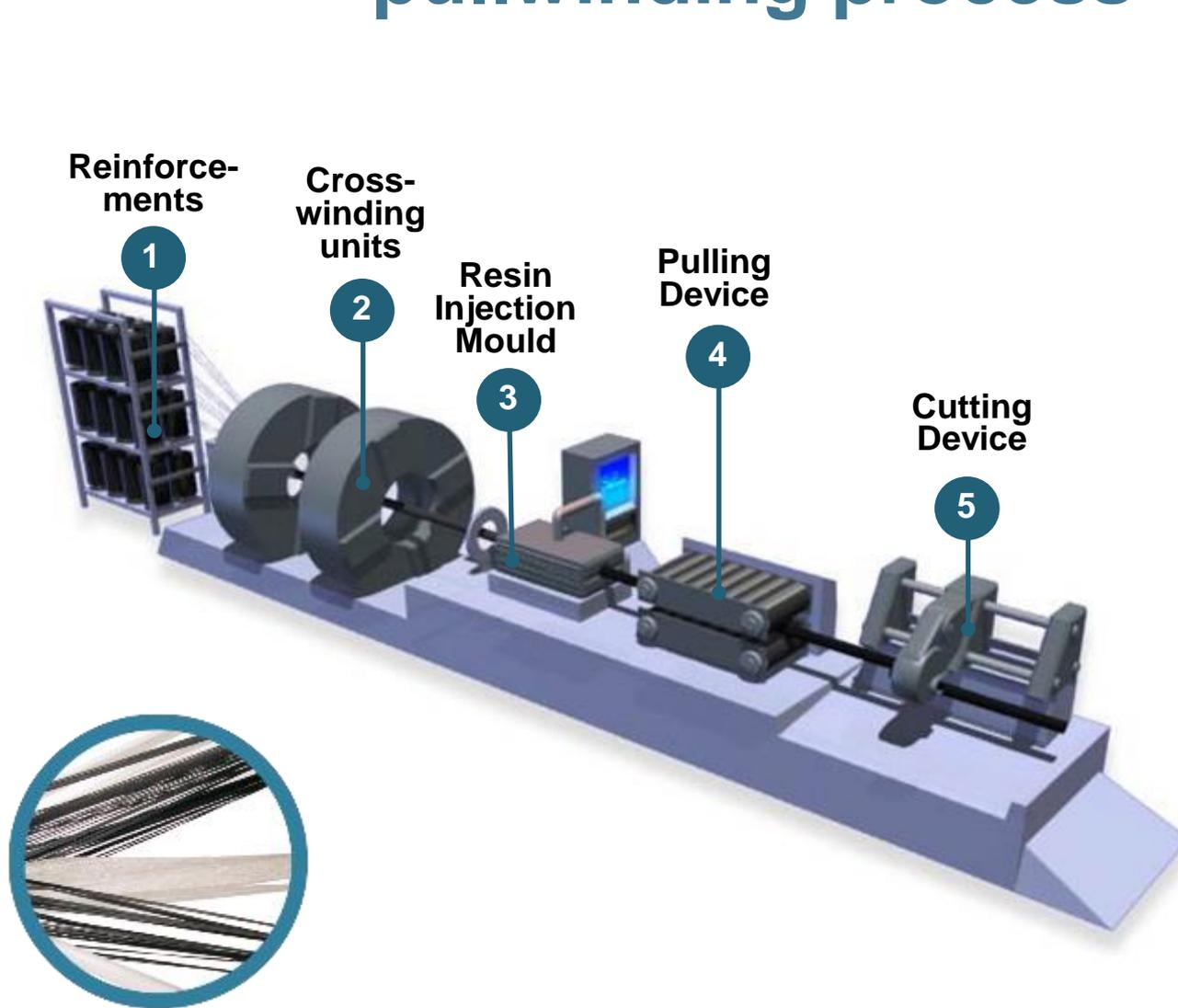


Composites can be utilized in various demanding applications

# Exel Composites pultrusion process



# Exel Composites pullwinding process



# STRONG ORDER INTAKE IN Q4



CAPITAL MARKETS DAY

Riku Kytömäki, President and CEO

4 March 2019



# Exel Composites in brief

A **globally leading composite technology company** that designs, manufactures and markets fiber reinforced plastics products and solutions for demanding applications in various segments and markets

**Industrial Applications:** Telecommunication, Paper Industry, Electrical Industry, Machine Industry, Transportation Industry

**Construction & Infrastructure:** BCI, Energy Industry

**Other Applications:** Cleaning & Maintenance, Sports & Leisure, Other Industries



Customers in over  
**50**  
countries

Manufacturing in  
**7**  
countries

**96.6**

(86.3)

Revenue

EUR million, 2018 (2017)

**5.0**

(6.3)

Adjusted operating profit

EUR million, 2018 (2017)

**675**

(568)

Employees

End of 2018 (2017)

Our values



Customer focused



Integrity



One Exel



Caring



Innovative



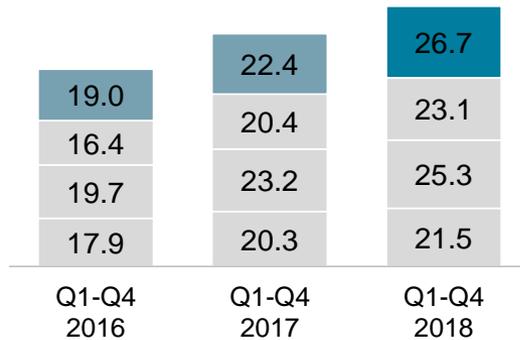
# 2018 in brief: Strong order intake in Q4

- **Business environment**
  - Wind energy industry predominantly supporting growth
  - Challenging competitive situation in the telecommunications industry
- **Operations**
  - Revenue growth was driven by Construction & Infrastructure customer segment and region Rest of the World
  - DSC turnaround and integration continues according to plan
  - Implementation of cost reduction program continues, e.g. closing of production in Germany
- **Financial performance**
  - Group order intake and revenue grew significantly
  - Adjusted operating profit impacted by lower telecommunications volumes and impaired profitability mainly related to sales mix in some Group manufacturing units; operating profit of DSC improved clearly from Q3 to Q4 2018

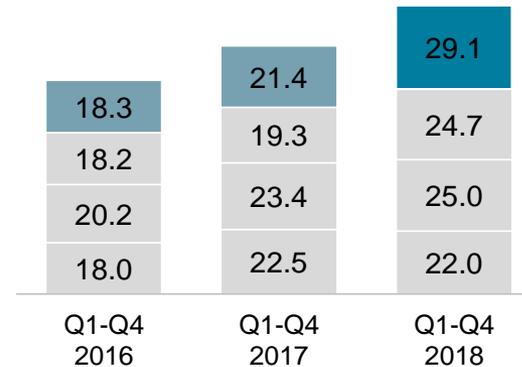


# Year 2018 ended on a strong note

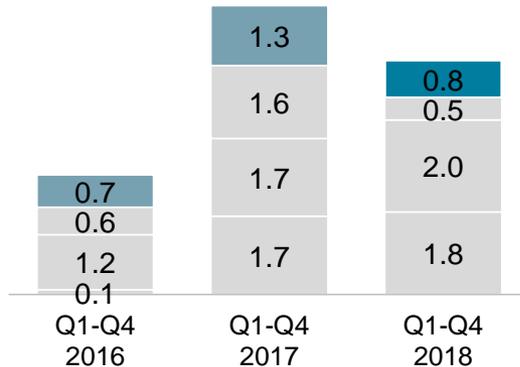
Revenue, EUR million



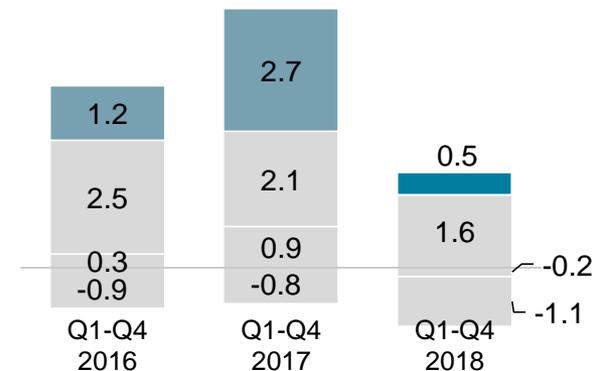
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



# Key figures Q1-Q4 2018; order intake exceeded 100 MEUR

EUR thousand	1.1.-31.12. 2018	1.1.-31.12. 2017	Change, %
Order intake	100,757	86,531	16.4
Order backlog 1)	23,685	17,126	38.3
Revenue	96,608	86,255	12.0
Operating profit	2,217	6,081	-63.5
% of revenue	2.3	7.1	
Adjusted operating profit 2)	5,018	6,319	-20.6
% of revenue	5.2	7.3	
Profit for the period	386	4,212	-90.8
Net cash flow from operating activities	868	4,856	-82.1
Return on capital employed, %	4.4	14.8	
Net gearing, %	96.3	30.3	
Earnings per share	0.03	0.36	
Equity per share, EUR	2.18	2.43	-10.2
Employees on average	647	532	21.7
Employees at end of period	675	568	18.8

<sup>1</sup> As per the end of the period.

<sup>2</sup> 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.

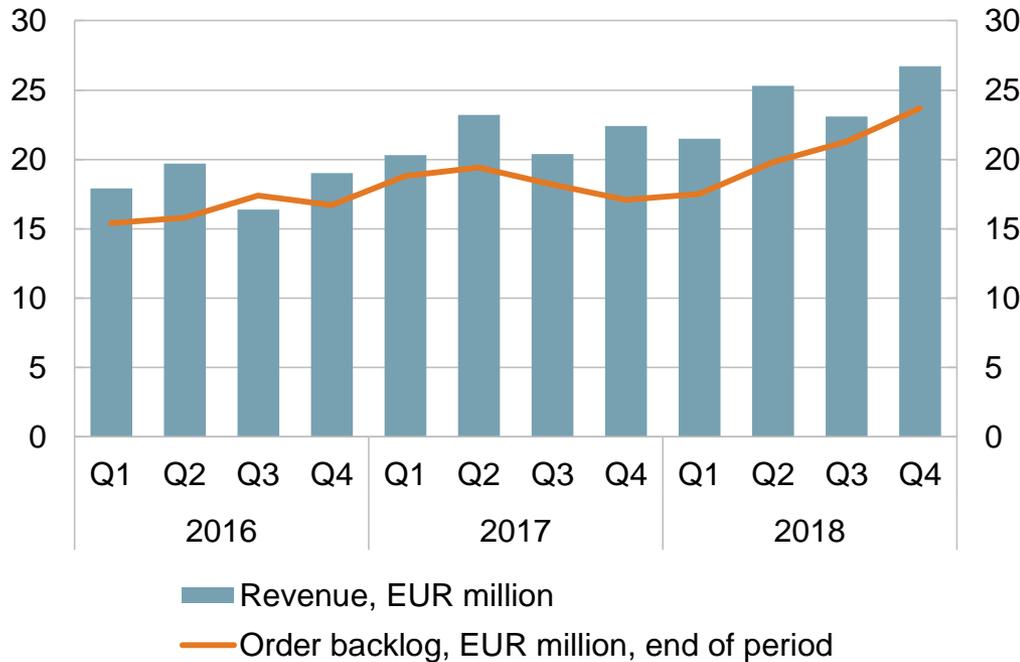
# Key figures Q4 2018; German impairments impacted Q4 operating profit

EUR thousand	1.10.-31.12. 2018	1.10.-31.12. 2017	Change, %
Order intake	29,108	21,433	35.8
Order backlog 1)	23,685	17,126	38.3
Revenue	26,711	22,414	19.2
Operating profit	-1,194	1,389	-186.0
% of revenue	-4.5	6.2	
Adjusted operating profit 2)	768	1,327	-42.1
% of revenue	2.9	5.9	
Profit for the period	-1,606	956	-267.9
Net cash flow from operating activities	534	2,708	-80.3
Return on capital employed, %	-8.3	12.3	
Net gearing, %	96.3	30.3	
Earnings per share	-0.14	0.08	
Equity per share, EUR	2.18	2.44	-10.5
Employees on average	677	562	20.6
Employees at end of period	675	568	18.8

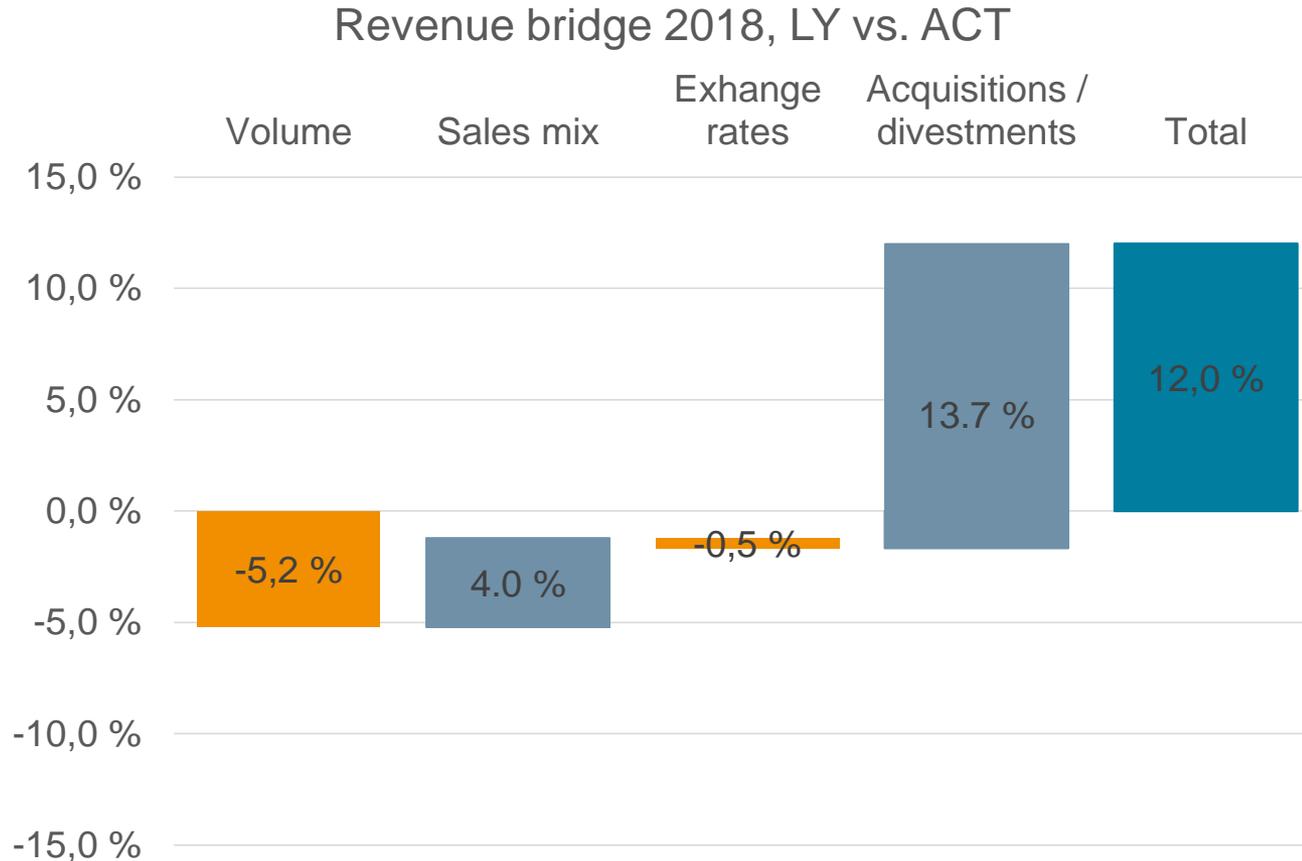
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# Order intake and revenue increased significantly



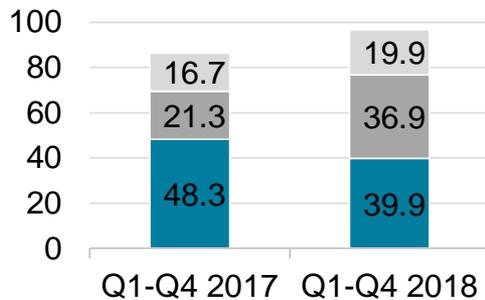
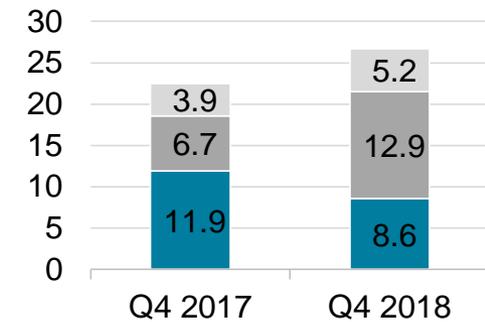
# Revenue increase driven by acquisitions



1) Volume impact calculated as difference in kilograms of delivered products times prior year average sales price/kg.

# Wind energy industry now represents Exel's largest customer

Revenue by customer segment, EUR million



- Other Applications
- Construction & Infrastructure
- Industrial Applications

## Industrial Applications



Telecommunication



Paper Industry



Electrical Industry



Machine Industry



Transportation Industry

## Construction & Infrastructure



Building, Construction & Infrastructure



Energy Industry



Cleaning & Maintenance



Sports & Leisure

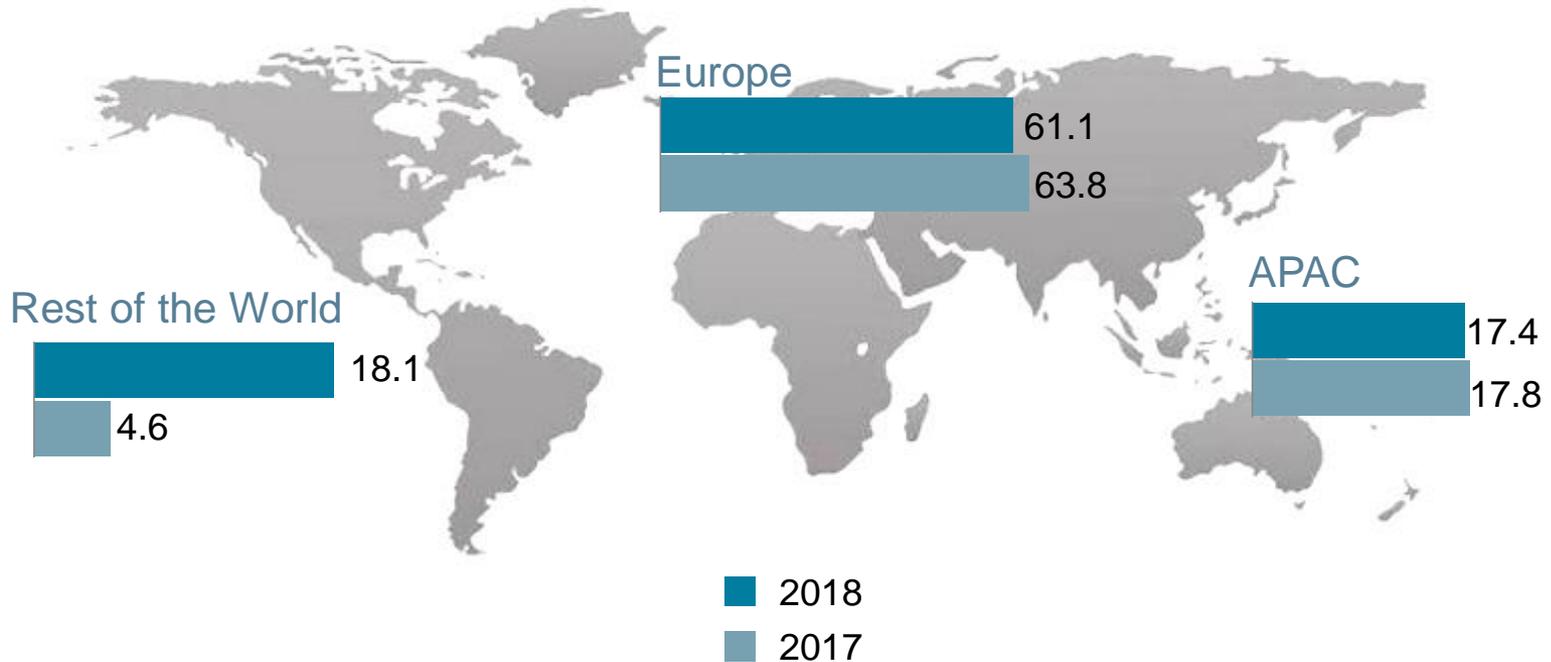


Other Industries

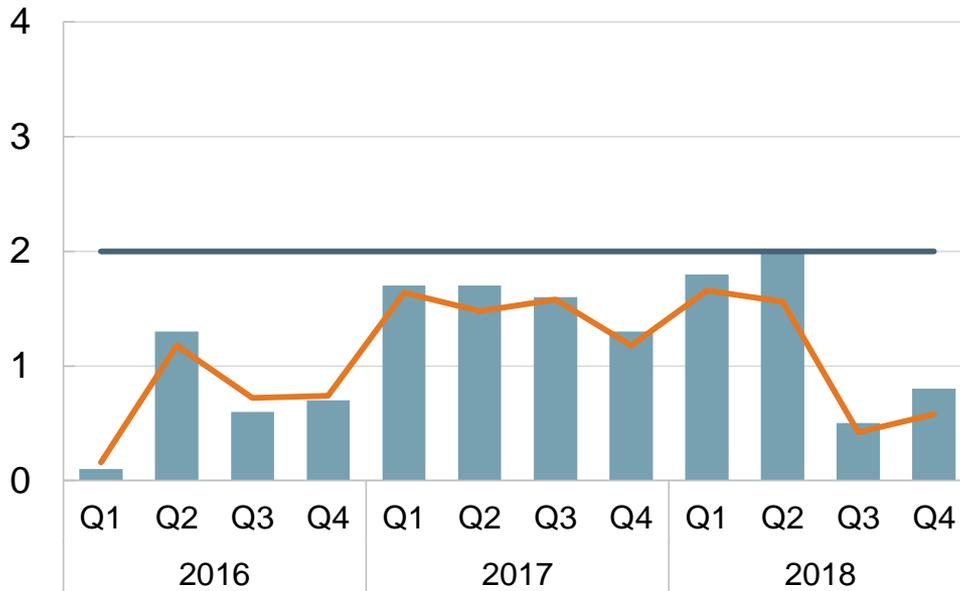
## Other Applications

# Revenue in the region Rest of the World grew significantly

Revenue by market area,  
EUR million



# Group-wide cost reduction program initiated to improve profitability



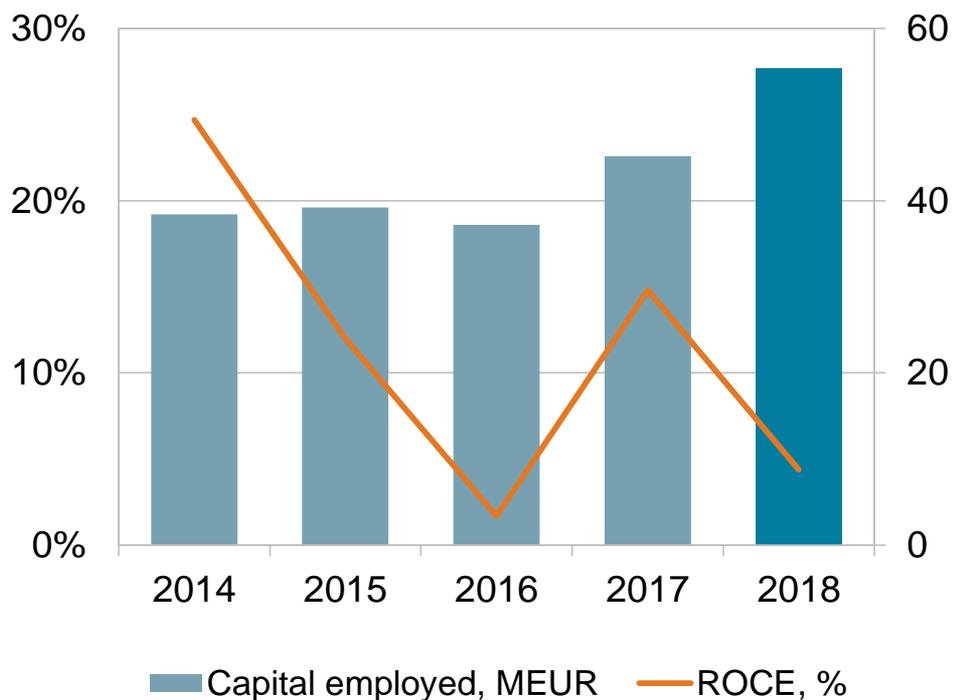
■ Adjusted operating profit, EUR million  
— Adjusted operating profit margin, %  
— Operating profit target, %



# Implementation of cost reduction program continues into 2019

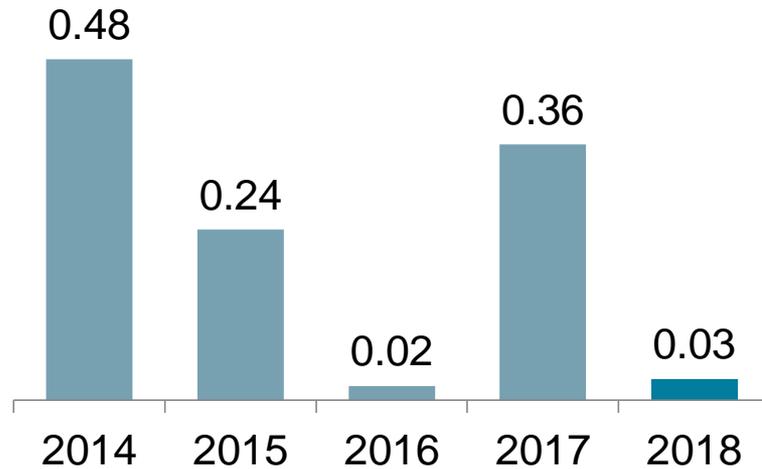
- Initiated in 2018 to improve Group profitability.
- Consists, among other things, of:
  - Optimization of manufacturing footprint in Europe
    - The manufacturing unit in Germany to be closed by end of April 2019
    - Co-determination negotiations conducted in the Finnish manufacturing units
  - Improve the profitability and cost efficiency in the DSC business
    - Turnaround continues according to plan
  - Drive further synergy savings between the company's two manufacturing units in China
- The annual savings target of the Group-wide cost savings program is EUR 3 million, expected to be fully effective in 2020.

# ROCE at 4.4% for 2018



# Earnings per share decreased to 3 cents, impact of German impairments 14 cents

The Board of Directors proposes a dividend of EUR 0.18 per share for the financial year 2018.



# Share price development 2018



## Share quotations 2018

Highest: EUR 7.28

Lowest: EUR 3.98

Average: EUR 5.40

On 31.12. 2018: EUR 4.00

## Market capitalization on 31.12.2018:

EUR 47.3 (77.7) million

Source: Kauppalehti

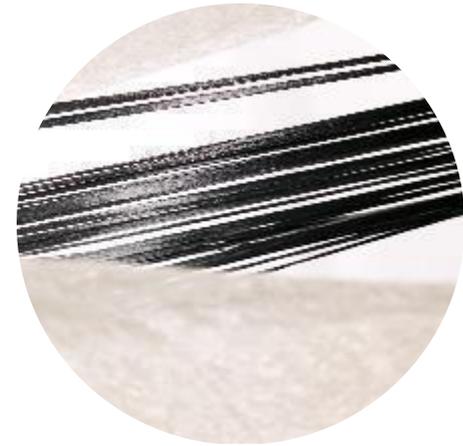
# Major shareholders on 31 December 2018

	Number of shares	Percentage of share capital
Nordea Bank Ab (Publ), Suomen Sivuliike (Nominee Registered)	2,249,011	18.90
Skandinaviska Enskilda Banken AB (Nominee Registered)	1,635,096	13.74
Sijoitusrahasto Taaleritehdas Mikro Markka	630,000	5.30
OP-Finland Small Firms Fund	498,259	4.19
OP-Finland Value Fund	493,113	4.14
Ilmarinen Mutual Pension Insurance Company	342,733	2.88
Phoebus Fund	290,000	2.44
Danske Invest Finnish Institutional Equity Fund	265,000	2.23
Matti Suutarinen	231,821	1.95
Evli Finnish Small Cap Fund	200,000	1.68

Exel Composites had a total of 3,723(3,164) shareholders on 31 December 2018.

# Exel Composites vision

Exel Composites is an agile, innovative global composite company with world class operations providing superior customer experience



We shall differentiate us based on:

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#### Superior customer experience

- Quick response time, reliability, optimized offering
- Industry-specific value propositions, products and packages
- Global coverage in multiple sales channels; in region for region

#### World-class operations

- Safety, speed, flexibility and responsiveness
- Right quality and stock availability
- Globally unified, next-level processes and quality systems

# Exel Composites strategy



## Next level growth

### Protect and grow strong-holds

- Grow in existing business
- Take out cost and improve customer value

### Build leadership in China

- Grow sales to local customers
- Create value offering for mid-segment
- R&D and manufacturing capacity

### Penetrate growing / new applications

- Penetrate mid-segment
- Solutions for larger growth applications
- Package key applications to 'systems'

### Create true global footprint

- Expand operational footprint
- 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

# Strategy implementation in 2018

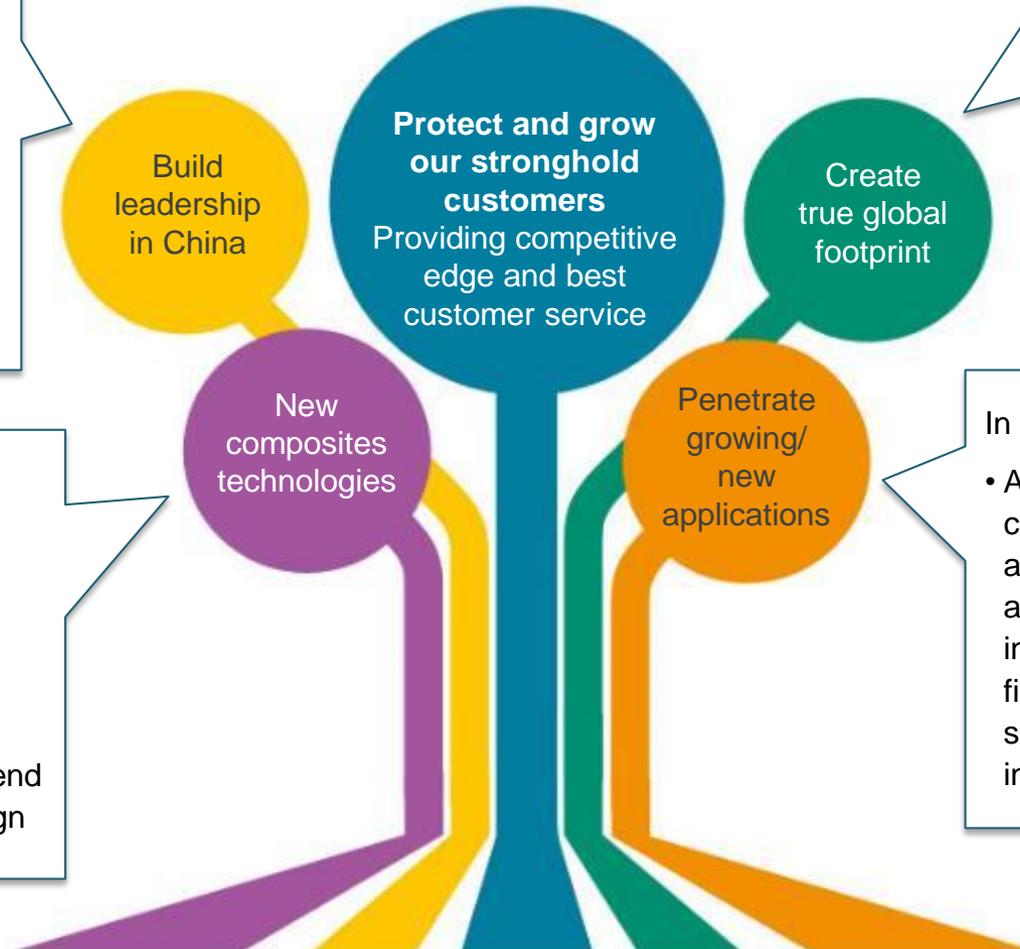
## STRATEGY BASED ON FIVE PILLARS

In 2018:

- Strengthened position in China and APAC; expanded manufacturing capacity, local sales and product development
- Increased export capacity to other markets

In 2018:

- High-level know-how on carbon fibers and technological skills such as high-speed production through the acquisition of DSC
- Continued initiatives to extend capabilities in product design and composite production



In 2018:

- Acquisition of Diversified Structural Composites (DSC)
- Foothold in all of the most important composites markets
- Global M&A screening activities

In 2018:

- Active development for new composites applications, e.g. applications for the automotive and wind energy industry, long-length carbon fiber products and mid-segment composite profiles in the construction industry

# DSC: synergies in wind energy, among others

## DSC acquisition

- Important foothold in the strategically significant American market.
- An established business, with an existing customer network, a competent team, an operational production facility and interesting technologies.
- A platform for cross-selling opportunities to existing and new customers.
- High-level know-how on carbon fibers and technological skills, such as high-speed production.
- Building up own greenfield production facility would have required heavier investments and more time to get to the same point.

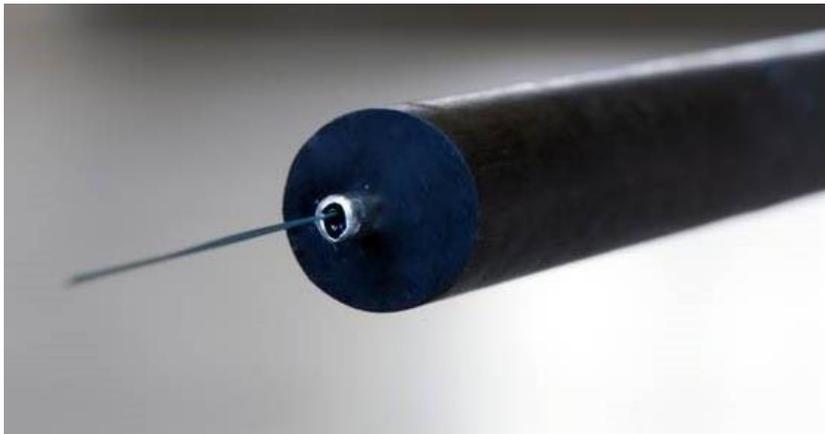


In 2018, the wind energy industry, which is part of Exel's Construction & Infrastructure customer segment, outgrew in revenue telecommunications, which has been the largest client industry in the past few years.

# Oil-well sensor rod out of carbon fiber

EXELENCE  
FOR THE WIN

- Exel Composites newly acquired Erlanger unit (DSC) has developed fiber optic-embedded carbon composite rod for Norwegian company Ziebel's innovative well intervention system.
- The unit's expertise in carbon fiber pultrusion enabled the precision manufacture of a 15 mm diameter rod.



"Because of the high cost of both the carbon fiber and the fiber optics, the process risk is very high. We've therefore performed extensive work to develop a pultrusion process that is extremely robust and foolproof."

David Lewis, Director of Technology & Business Development

**exel**  
COMPOSITES

# Composites for airport structures

- Requirements:
  - Stringent safety requirements and regulations
  - Long lasting and low maintenance systems
  - Pricing
- Benefits of composites:
  - Frangibility, required strength with lower mass
  - Resistance to corrosion and weather
  - Electromagnetic transparency



Today approach lighting structures are an integrated element of any airfield, helping pilots land safely. Air traffic is estimated to continue to increase, and the need for cost efficient approach lighting will continue to grow.

# Innovative rail solutions

- Requirements:
  - Sustainability
  - Energy efficiency
  - Safety and reliability
  - Cost efficiency
- Benefits of composites:
  - Operational benefits
  - Reduced lifecycle costs
  - Enhanced functionality
  - Sustainability improvements



As the rail industry looks to new technologies to enable it to answer sustainability, performance and cost challenges, applications for pultruded composites are set to grow.

# Outlook for 2019

- Exel Composites expects **revenue** as well as **adjusted operating profit** to **increase** in 2019 compared to 2018.



# More information at [www.exelcomposites.com](http://www.exelcomposites.com)

## Financial calendar 2019

- Business Review January - March: 3 May 2019
- Half Year Financial Report January - June: 23 July 2019
- Business Review January - September: 30 October 2019

## Your IR contacts

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# News highlights at [www.exelcomposites.com](http://www.exelcomposites.com)



28.2.2019 10:30 EET

## Spooled composites offer advantages for lean manufacturing

In today's competitive manufacturing environment, greater flexibility, a deeper level of manufacturing



12.12.2018 11:45 EET

## Safety challenge accepted!

In the mid 1940's the US Navy experimented with 5,000-watt natural gas lights mounted on 75-foot towers at



29.10.2018 09:56 EET

## Next time you fly, think about the lights

If you have flown recently, you may have had the opportunity to watch your take-off and landing from an



27.9.2018 09:58 EET

## Exel Composites pioneers innovative rail solutions

EPTA highlights opportunities A new industry briefing from the European Pultrusion Technology Association

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EXELENCE  
FOR THE WIN



# Marriage made to win

## REINFORCEMENTS

Carry loads and give main mechanical performance, stiffness and strength, to the final product

- Carbon fibres
- Glass fibres
- Natural fibres
- Synthetic fibres



## MATRIX

Bonds and holds the fibres together and transfer loads between fibre layers.

Matrix determines the chemical resistance and by adjusting the matrix, special properties like fire retardancy, colours and antistatic properties can be achieved.

- Epoxy
- Vinyl ester
- Polyester
- Polyurethane
- Acrylic
- Phenolic