

Exel Composites Plc

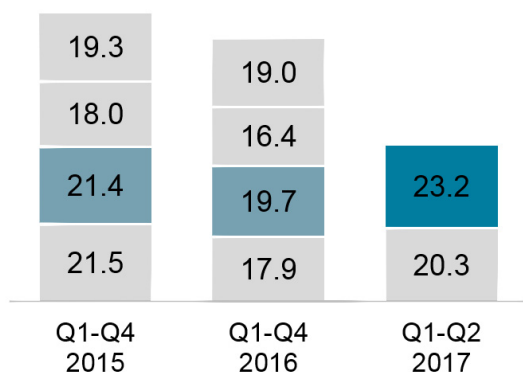
Half-year Financial Report January-June 2017



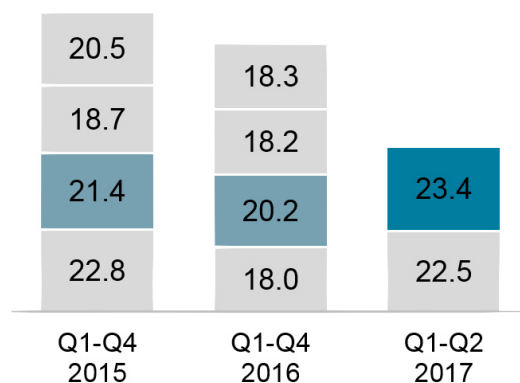
"Significant increase in order intake, revenue  
and operating profit"

# Key figures January–June 2017

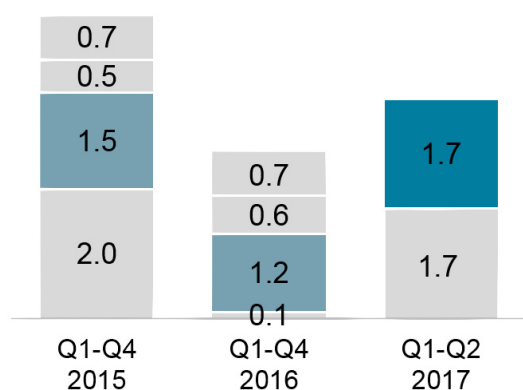
Revenue, EUR million



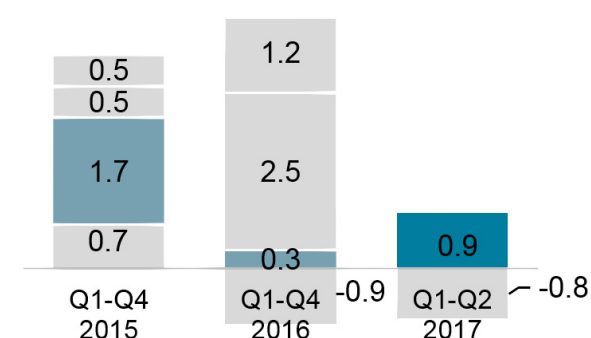
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



Consolidated key figures

EUR thousand	1.4.-30.6. 2017	1.4.-30.6. 2016	Change, %	1.1.-30.6. 2017	1.1.-30.6. 2016	Change, %	1.1.-31.12. 2016
Order intake	23,359	20,231	15.5	45,839	38,263	19.8	74,778
Order backlog 1)	19,436	15,799	23.0	19,436	15,799	23.0	16,702
Revenue	23,150	19,720	17.4	43,447	37,639	15.4	73,079
Operating profit	1,488	1,147	29.8	3,144	1,293	143.2	649
% of revenue	6.4	5.8		7.2	3.4		0.9
Adjusted operating profit 2)	1,722	1,167	47.6	3,387	1,316	157.4	2,621
% of revenue	7.4	5.9		7.8	3.5		3.6
Profit for the period	1,060	882	20.2	2,166	880	146.2	198
Net cash flow from operating activities	929	342	171.6	81	-520	115.6	3,129
Return on capital employed, %	14.5	11.4		15.6	6.5		1.7
Net gearing, %	36.7	18.4		36.7	18.4		12.2
Earnings per share	0.09	0.07		0.18	0.07		0.02
Equity per share, EUR	2.30	2.35	-2.1	2.30	2.35	-2.1	2.27
Employees on average	534	487	9.7	498	490	1.6	479

1) As per the end of the period.

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 published on 21 July 2016.



# “Significant increase in order intake, revenue and operating profit”

## Q2 2017 in brief

- Order intake increased by 15.5% to EUR 23.4 million (Q2 2016: 20.2).
- Revenue increased by 17.4% to EUR 23.2 million (19.7).
- Adjusted operating profit improved to EUR 1.7 million (1.2), which is 7.4% of revenue (5.9%).
- Net cash flow from operating activities was EUR 0.9 million (0.3).
- Earnings per share amounted to EUR 0.09 (0.07).

## H1 2017 in brief

- Order intake increased by 19.8% to EUR 45.8 million (38.3).
- Revenue increased by 15.4% to EUR 43.4 million (37.6).
- Adjusted operating profit amounted to EUR 3.4 million (1.3), which is 7.8% of revenue (3.5%).
- Net cash flow from operating activities was EUR 0.1 million (-0.5).
- Earnings per share amounted to EUR 0.18 (0.07).

## Outlook for full year 2017

Exel Composites reiterates its outlook for 2017 and estimates that revenue with comparable company structure (i.e. without the acquisition of Nanjing Jianhui Composite Material, JHFRP) will increase from previous year level and adjusted operating profit will be higher than previous year level. In 2016, Exel Composites' revenue was EUR 73.1 million and adjusted operating profit was EUR 2.6 million.

## President and CEO, Riku Kytömäki

In the first half of 2017 order intake, revenue and operating profit continued to develop positively. In the second quarter, the double digit growth was led by volume increase from new customers, and supported by a general market environment recovery. The strong order intake and order backlog in the first quarter also contributed to the significant increase in revenue for the first half of 2017.

The Industrial Applications customer segment continued to drive volume growth during the review period. We continued to gain momentum especially in the mid-segment through our efforts and focus on new customer acquisition. Despite lower margin structure, the mid-segment products contributed positively to the operating profit through higher volumes.

From a regional perspective Asia – and China in particular – was a major contributor to the increase in revenue in the first half of the year. Volume growth was mainly organic and only partially affected by the newly acquired Nanjing Jianhui Composite Material, JHFRP. Also in Europe revenue has developed well and increased in comparison to the same period last year.

Major factors behind the continued improvement in operating profit were the significantly higher revenue and the lower cost base. The cost savings measures from 2016 continued to contribute to an overall reduced cost level. Improvements in operational efficiency, including the downsizing in Australia, also contributed to the improvement in the operating profit. The downsizing of the Australian unit is progressing according to plan and we expect production there to cease by the end of this year.

The acquisition of Nanjing Jianhui was successfully completed in April 2017 and was consolidated into Group accounts as of 1 May 2017. The integration process proceeds according to plan. Nanjing Jianhui is an important element of our growth strategy in China as it strengthens our position in the Chinese market and improves our export capacity to other markets.



To sum it up; the results of the first half of 2017 reflect good growth in our focus segments and a continued tight cost control.

## Order intake and order backlog

Order intake for the second quarter of 2017 amounted to EUR 23.4 million (20.2), which is an increase by 15.5% in comparison to previous year.

For the first half of 2017, order intake increased by 19.8% to EUR 45.8 million (38.3). Order backlog on 30 June 2017 was EUR 19.4 million (15.8).

## Revenue

Group revenue in the second quarter of 2017 amounted to EUR 23.2 million (19.7), which is 17.4% higher in comparison to previous year.

For the first half of 2017, Group revenue increased by 15.4% to EUR 43.4 million (37.6). The revenue increase mainly breaks down to increased delivery volume by 29.0% (measured in 2016 as average price per kilogram) and sales mix by -15.7%. The main factor behind the numbers was the increase in sales of mid-segment products that

have a lower average price per kilogram. Exchange rates contributed to a -0.8% while the acquisition of Nanjing Jianhui Composite Material contributed to a 2.9% in revenue.

The Industrial Applications customer segment continued to drive volume growth during the review period. We continued to gain momentum especially in the mid-segment through our efforts and focus on new customer acquisition. Revenue from the Industrial Applications customer segment increased by 24.7% to EUR 25.3 (20.3) million. Revenue for the Construction & Infrastructure customer segment decreased by 0.9% and was EUR 9.0 (9.1) million. Other Applications customer segment grew by 10.5% in comparison to previous year and was EUR 9.2 (8.3) million.

From a regional perspective, Asia – and China in particular – was a major contributor to the increase in revenue in the first half of the year. Revenue from the region Asia-Pacific (APAC) grew by 60.6%. Volume growth was mainly organic and only partially affected by the newly acquired Nanjing Jianhui Composite Material. Also in Europe, revenue has developed well and increased by 5.7%. Revenue from the region Rest of the World increased by 38.8% during the period under review.

## Revenue by customer segment

EUR thousand	1.1.-30.6.2017	1.1.-30.6.2016	Change, %	1.1.-31.12.2016
Industrial Applications	25,304	20,289	24.7	40,297
Construction & Infrastructure	8,989	9,067	-0.9	17,456
Other Applications	9,154	8,283	10.5	15,326
<b>Total</b>	<b>43,447</b>	<b>37,639</b>	<b>15.4</b>	<b>73,079</b>

## Revenue by region

EUR thousand	1.1.-30.6.2017	1.1.-30.6.2016	Change, %	1.1.-31.12.2016
Europe	32,070	30,327	5.7	59,636
APAC	9,063	5,644	60.6	11,274
Rest of world	2,314	1,667	38.8	2,170
<b>Total</b>	<b>43,447</b>	<b>37,639</b>	<b>15.4</b>	<b>73,079</b>

## Operating profit

The Group's operating profit amounted to EUR 1.5 million (1.1) in the second quarter of 2017 and was 6.4% (5.8%) of revenue. Adjusted operating profit increased to EUR 1.7 (1.2) million, which is 7.4% (5.9) of revenue, and excludes costs of EUR 0.2 million related to the Nanjing Jianhui Composite Material acquisition.

In the first half of 2017, operating profit increased to EUR 3.1 million (1.3), which is 7.2% (3.4%) of revenue. Adjusted operating profit increased to EUR 3.4 (1.3) million, which is 7.8% (3.5) of revenue. Major factors behind the continued improvement were the significantly higher revenue and the lower cost base. The cost savings measures from 2016 continued to contribute to an overall reduced cost level. Improvements in operational efficiency, including the downsizing in Australia, also contributed to the improvement in the operating profit. The downsizing of the Australian unit is progressing according to plan and we expect production there to cease by the end of this year.

Net financial expenses for the period January – June 2017 were EUR -0.1 million (0.0). The Group's profit before taxes was EUR 3.0 million (1.3) and profit after taxes EUR 2.2 million (0.9).

## Financial position

Net cash flow from operating activities for the first half of 2017 was EUR 0.1 million (-0.5). Cash flow before financing, but after capital expenditure, amounted to EUR -5.7 million (-1.9). The capital expenditure on fixed assets amounted to EUR 8.0 million (1.4), of which EUR 6.4 million was related to Nanjing Jianhui Composite Material acquisition. The cash flow effect of investments was EUR 5.7 million, of which EUR 4.2 million was related to the before mentioned acquisition. At the end of the first half of 2017, the Group's liquid assets stood at EUR 6.1 million (7.4). Total depreciation of non-current assets during the first half of 2017 amounted to EUR 1.6 million (1.5).

The Group's consolidated total assets at the end of the first half of 2017 were EUR 65.2 million (54.8). Interest-bearing liabilities amounted to EUR 16.1 million (12.6). Net interest-bearing liabilities were EUR 10.0 million (5.1).

The dividend for 2016 resolved by the Annual General Meeting on 4 April 2017 totaling EUR 1.2 (2.6) million, or EUR 0.10 (0.22) per share, was paid on 13 April 2017.

Equity at the end of the first half of 2017 was EUR 27.4 million (28.0) and equity ratio 42.2% (51.3%). The net gearing ratio was 36.7% (18.4%). Fully diluted total earnings per share were EUR 0.18 (0.07). Return on capital employed was 16.0% (6.5%). Return on equity was 15.9% (6.0%).

## Research and development

Research and development costs for the first half of 2017 totaled EUR 0.9 million (1.0), representing 2.0% (2.7%) of revenue.

## Shares and shareholders

At the end of June 2017, Exel Composites' share capital was EUR 2,141,431.74 and the number of shares was 11,896,843. There were no changes in the share capital during the period under review. There is only one class of shares.

Exel Composites did not hold any of its own shares during the period under review.

At the end of June 2017 the share price closed at EUR 6.29. During the period under review, the average share price was EUR 5.66, the highest share price EUR 6.50 and the lowest share price EUR 4.84. A total of 3,069,502 shares were traded at Nasdaq Helsinki Ltd., which represents 25.8% of the average number of shares. On 30 June 2017 Exel Composites' market capitalization was EUR 74.8 million.

Exel Composites had a total of 3,164 shareholders on 30 June 2017 and during the first half of 2017 received six flagging notifications in accordance with the Finnish Securities Market Act Chapter 9 Section 5 regarding change in shareholdings.

- According to the notification received on 10 February 2017, the indirect holding of Försäkrings Ab Alandia fell under the 5% threshold and amounted to 537,987 shares representing 4.5% of the shares and voting rights of Exel Composites Plc.
- According to the notification received on 4 May 2017 the holding of Taaleri Oyj's investment fund "Erikoissijoitusrahasto Taaleri Mikro Markka" exceeded the 5% threshold and amounted to 600,000 shares representing 5.04% of the shares and voting rights of Exel Composites Plc.
- According to the notification received on 8 May 2017 the holding of Nordea Funds Ltd fell below the 5% threshold and amounted to 573,138 shares representing 4.82% of the shares and voting rights of Exel Composites Plc.
- According to the notification received on 12 May 2017 the holding of SEB Investment Management AB fell below the 5% threshold and amounted to 392,000 shares representing 3.29% of the shares and voting rights of Exel Composites Plc.
- According to the notification received on 19 May 2017 the total holding of Handelsbanken Fonder AB exceeded the 5% threshold and amounted to 667,000 shares representing 5.61% of the shares and voting rights of Exel Composites Plc.
- According to the notification received on 7 June 2017 the holding of Danske Bank A/S exceeded the 5% threshold and amounted to 603,658 shares representing 5.07% of the shares and voting rights of Exel Composites Plc.

Information on the company's shareholders is available on the corporate website at [www.exelcomposites.com](http://www.exelcomposites.com) under the Investor section.

## A new share-based long-term incentive scheme for the management

Exel Composites announced in May 2017 the establishment of a new share-based long-term incentive program for the top management of the company. The performance targets applied to the program commencing as of the beginning of the year 2017 are operating profit (EBIT) and the absolute total shareholder return of the company's share (TSR).

In June 2017 the Board of Directors decided to outsource the management, hedging and implementation of the incentive scheme to Evli Awards Management Oy (EAM), who purchases the shares from the market place independently by way of a separate holding company. The outsourcing service is based on financing the acquisition of company shares as allowed in the Finnish Limited Liability Companies Act, Chapter 13, Section 10 (2). The shares will be owned by the above mentioned holding company until delivered to the participants of the incentive scheme in accordance with the terms of the program. According to IFRS these shares shall be reported in Group balance sheet as own shares.

## Organization and personnel

At the end of June 2017, Exel Composites employed 574 (486) people, of whom 225 (211) in Finland and 349 (275) in other countries. The average number of employees for January – June 2017 was 498 (490). The number of employees of the Group grew during the review period with about 90 employees due to the acquisition of Nanjing Jianhui Composite Material.

## Environment, health and safety

Environment, health and safety are high priority at Exel Composites. Environmental issues are managed using ISO 14001 standard as a guideline in all the units of the Group and the company plays a leading role in industry associations such as EuCIA (European Composites Industry Association). The EuCIA has, for example, developed an EcoCalculator tool to calculate the environmental impact of composite products throughout their lifecycle.

In 2017 we continue with preventive reporting and follow-up on occupational health and safety, and target to further reduce, among others, the number of lost time incidents.

## Major near-term risks and uncertainties

Exel Composites Financial Statements Release 2016 describes the key risk areas in relation to the Group's operations, including near-term risks and uncertainties. During the first half of 2017, there are no significant changes in relation to these.

## Outlook for full year 2017

Exel Composites reiterates its outlook for 2017 and estimates that revenue with comparable company structure (i.e. without the acquisition of Nanjing Jianhui Composite Material, JHFRP) will increase from previous year level and adjusted operating profit will be higher than previous year level. In 2016, Exel Composites' revenue was EUR 73.1 million and adjusted operating profit was EUR 2.6 million.

Vantaa, 20 July 2017

**Exel Composites Plc**  
Board of Directors

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# Notes to the Half-year Financial Report

## 1 January–30 June 2017

### Accounting principles

This Half-year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied as in the previous financial statements.

Preparation of financial statements in accordance with the IFRS standards requires Exel Composites' management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the financial period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views at the date of the financial statements, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The amounts presented in the income statement and balance sheet are Group figures. The amounts presented in the report are rounded, so the sum of individual figures may differ from the sum reported.

This half-year financial report is unaudited.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers will be effective for the reporting periods beginning on 1 January 2018 or later. The new standard defines a five-step model to recognize revenue based on contracts with customers. IFRS 15 will replace the current standards IAS 18 and IAS 11 as well as their interpretations.

Based on current analysis the Group current revenue recognition is in line with the requirements of the new standard. Hence, the implementation of the new standard is not expected to have a material impact on the Group's revenue recognition. Detailed analysis of the current customer contract base is on-going and the final results and possible quantitative impacts on current revenue recognition will be published in the coming annual financial report.

outside China. The business has been steadily and profitably growing over the past years and it is known for its good quality and reliability. In 2015 the Business had about 90 employees and generated revenue of about EUR 6 million with a normalized EBIT margin of approximately 20%.

The total estimated net debt free purchase price for 100% of the Business is EUR 8.8 million, calculated with the exchange rate at the end of October 2016. 70% of the purchase price is paid after the closing of the transaction according to the payment schedule. The remaining 30% will be paid earliest three years after the closing. The remaining purchase price includes a variable component depending, among other things, on the profit development of the Business. The acquisition is financed with a new long term loan.

### Acquisition of Nanjing Jianhui Composite Material (JHFRP)

The acquisition of the Chinese composites production company Nanjing Jianhui (JHFRP), which was announced with a separate stock exchange release at the end of October 2016, was completed in April 2017.

The acquired business includes one manufacturing unit, which uses mainly pultrusion technology to produce composite products that are largely complementary to Exel Composites' existing offering. Nanjing Jianhui has a balanced portfolio of local Chinese customers and exports

# CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR thousand	1.4.-30.6. 2017	1.4.-30.6. 2016	Change, %	1.1.-30.6. 2017	1.1.-30.6. 2016	Change, %	1.1.-31.12. 2016
<b>Revenue</b>	<b>23,150</b>	<b>19,720</b>	<b>17.4</b>	<b>43,447</b>	<b>37,639</b>	<b>15.4</b>	<b>73,079</b>
Materials and services	-9,636	-7,421	-29.8	-17,139	-14,298	-19.9	-28,998
Employee benefit expenses	-6,654	-6,379	-4.3	-12,632	-12,444	-1.5	-22,952
Depreciation and impairment	-823	-772	-6.7	-1,580	-1,521	-3.9	-3,244
Other operating expenses	-4,679	-4,111	-13.8	-9,160	-8,272	-10.7	-17,613
Other operating income	130	109	19.0	208	188	10.3	376
<b>Operating profit</b>	<b>1,488</b>	<b>1,147</b>	<b>29.8</b>	<b>3,144</b>	<b>1,293</b>	<b>143.2</b>	<b>649</b>
Net financial items	-56	31	-279.8	-122	27	-560.0	29
Profit before tax	1,433	1,178	21.6	3,022	1,319	129.0	678
Income taxes	-373	-296	-26.1	-856	-439	-94.7	-480
<b>Profit/loss for the period</b>	<b>1,060</b>	<b>882</b>	<b>20.2</b>	<b>2,166</b>	<b>880</b>	<b>146.2</b>	<b>198</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>							
Exchange differences on translating foreign operations	-670	-482	-39.2	-542	-1,013	46.5	-1,244
Income tax relating to components of other comprehensive income	0	0	0	0	0	0	0
<b>Items that will not be classified to profit or loss:</b>							
Defined benefit plan actuarial gains (+)/ loss (-), net tax	0	0	0.0	0	0	0.0	-40
Other comprehensive income, net of tax	-670	-482	-39.2	-542	-1,013	46.5	-1,284
<b>Total comprehensive income</b>	<b>389</b>	<b>400</b>	<b>-2.8</b>	<b>1,624</b>	<b>-133</b>	<b>1318.5</b>	<b>-1,086</b>
<b>Profit/loss attributable to:</b>							
Equity holders of the parent company	1,060	882	20.2	2,166	880	146.2	198
<b>Comprehensive income attributable to:</b>							
Equity holders of the parent company	389	400	-2.8	1,624	-133	1318.5	-1,086
<b>Earnings per share, diluted and undiluted, EUR</b>	<b>0.09</b>	<b>0.07</b>		<b>0.18</b>	<b>0.07</b>		<b>0.02</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2017	30.6.2016	Change	31.12.2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	13,592	9,636	3,956	9,793
Other intangible assets	1,480	386	1,094	516
Tangible assets	14,626	14,010	616	13,834
Deferred tax assets	202	375	-173	362
Other non-current assets	86	87	-1	83
<b>Non-current assets total</b>	<b>29,987</b>	<b>24,493</b>	<b>5,493</b>	<b>24,589</b>
<b>Current assets</b>				
Inventories	11,958	9,870	2,088	9,861
Trade and other receivables	17,145	13,028	4,118	11,681
Cash at bank and in hand	6,093	7,439	-1,346	6,944
<b>Total current assets</b>	<b>35,196</b>	<b>30,337</b>	<b>4,860</b>	<b>28,486</b>
<b>Total assets</b>	<b>65,183</b>	<b>54,830</b>	<b>10,353</b>	<b>53,075</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	2,141	2,141	0	2,141
Other reserves	126	106	20	126
Invested unrestricted equity fund	2,539	2,539	0	2,539
Translation differences	2,239	3,012	-773	2,781
Retained earnings	18,177	19,287	-1,110	19,226
Profit for the period	2,166	880	1,286	198
<b>Equity attributable to holders of the parent company</b>	<b>27,389</b>	<b>27,965</b>	<b>-576</b>	<b>27,013</b>
<b>Total equity</b>	<b>27,389</b>	<b>27,965</b>	<b>-576</b>	<b>27,013</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	2,097	3,031	-934	2,594
Interest-free liabilities	560	568	-7	571
Deferred tax liabilities	501	629	-128	393
<b>Total non-current liabilities</b>	<b>3,158</b>	<b>4,228</b>	<b>-1,069</b>	<b>3,558</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	14,044	9,546	4,498	7,633
Trade and other non-current liabilities	20,592	13,091	7,501	14,871
<b>Total liabilities</b>	<b>34,636</b>	<b>22,637</b>	<b>11,999</b>	<b>22,504</b>
<b>Total equity and liabilities</b>	<b>65,183</b>	<b>54,830</b>	<b>10,353</b>	<b>53,075</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-30.6.2017	1.1.-30.6.2016	Change	1.1.-31.12.2016
<b>Cash flow from operating activities</b>				
Profit for the period	2,166	880	1,286	198
Adjustments	2,810	1,029	1,781	2,539
Change in working capital	-4,456	-1,808	-2,648	998
Cash flow generated by operations	520	101	419	3,735
Interest paid	-37	-35	-2	-97
Interest received	8	5	3	10
Other financial items	-133	-60	-73	-131
Income taxes paid	-277	-531	254	-388
<b>Net cash flow from operating activities</b>	<b>81</b>	<b>-520</b>	<b>601</b>	<b>3,129</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiaries	-4,191	0	-4,191	0
Purchases of non-current assets	-1,591	-1,399	-192	-3,129
Proceeds from sale of non-current assets	49	0	49	0
<b>Cash flow from investing activities</b>	<b>-5,733</b>	<b>-1,399</b>	<b>-4,334</b>	<b>-3,129</b>
<b>Cash flow before financing activities</b>	<b>-5,652</b>	<b>-1,919</b>	<b>-3,733</b>	<b>0</b>
<b>Cash flow from financing activities</b>				
Share issue	0	0	0	0
Proceeds from long-term borrowings	0	0	0	0
Instalments of long-term borrowings	-500	-500	0	-1,000
Change in short-term loans	6,491	4,601	1,890	2,687
Instalments of finance lease liabilities	0	0	0	0
Dividends paid	-1,190	-2,617	1,427	-2,617
<b>Net cash flow from financing activities</b>	<b>4,801</b>	<b>1,484</b>	<b>3,317</b>	<b>-930</b>
<b>Change in liquid funds</b>	<b>-851</b>	<b>-435</b>	<b>-416</b>	<b>-930</b>
Liquid funds in the beginning of period	6,944	7,874	-930	7,874
Liquid funds at the end of period	6,093	7,439	-1,346	6,944

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Share capital	Share premium reserve	Other reserves	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
<b>Balance at 1 January 2016</b>	<b>2,141</b>	<b>0</b>	<b>106</b>	<b>2,539</b>	<b>4,025</b>	<b>21,904</b>	<b>30,716</b>
Comprehensive result					-1,013	880	-133
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						0	0
Other items			0			0	0
Dividend						-2,617	-2,617
<b>Balance at 30 June 2016</b>	<b>2,141</b>	<b>0</b>	<b>106</b>	<b>2,539</b>	<b>3,012</b>	<b>20,167</b>	<b>27,965</b>
<b>Balance at 1 January 2017</b>	<b>2,141</b>	<b>0</b>	<b>126</b>	<b>2,539</b>	<b>2,781</b>	<b>19,424</b>	<b>27,013</b>
Comprehensive result					-542	2,166	1,624
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						0	0
Other items			0			-58	-58
Dividend						-1,190	-1,190
<b>Balance at 30 June 2017</b>	<b>2,141</b>	<b>0</b>	<b>126</b>	<b>2,539</b>	<b>2,239</b>	<b>20,343</b>	<b>27,389</b>

## ADJUSTED OPERATING PROFIT

EUR thousand	1.4.-30.6.2017	1.4.-30.6.2016	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-31.12.2016
<b>Operating profit</b>	<b>1,488</b>	<b>1,147</b>	<b>3,144</b>	<b>1,293</b>	<b>649</b>
Restructuring costs					1,508
Impairment losses and reversals					
Costs related to planned or realized business acquisition and disposal	233	20	243	23	464
Sale of intangible and tangible assets					
Expenses related to changes in legislation or legal proceedings					
<b>Adjusted operating profit</b>	<b>1,722</b>	<b>1,167</b>	<b>3,387</b>	<b>1,316</b>	<b>2,621</b>

## QUARTERLY KEY FIGURES

EUR thousand	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
<b>Revenue</b>	<b>23,150</b>	<b>20,296</b>	<b>19,009</b>	<b>16,431</b>	<b>19,720</b>	<b>17,919</b>
Materials and services	-9,636	-7,503	-8,211	-6,489	-7,421	-6,877
Employee benefit expenses	-6,654	-5,977	-5,632	-4,876	-6,379	-6,065
Depreciation and impairment	-823	-757	-970	-753	-772	-749
Operating expenses	-4,679	-4,482	-5,523	-3,817	-4,111	-4,161
Other operating income	130	78	118	69	109	79
<b>Operating profit</b>	<b>1,488</b>	<b>1,655</b>	<b>-1,209</b>	<b>565</b>	<b>1,147</b>	<b>146</b>
Net financial items	-56	-66	-43	46	31	-5
Profit before taxes	1,433	1,589	-1,252	611	1,178	142
Income taxes	-373	-483	187	-227	-296	-144
<b>Profit/loss for the period</b>	<b>1,060</b>	<b>1,107</b>	<b>-1,065</b>	<b>384</b>	<b>882</b>	<b>-2</b>
Earnings per share, diluted and undiluted, EUR	0.09	0.09	-0.09	0.03	0.07	0.00
Average number of shares, diluted and undiluted 1,000 shares	11,897	11,897	11,897	11,897	11,897	11,897
Average number of personnel	534	462	457	480	487	492

## COMMITMENTS AND CONTINGENCIES

EUR thousand	30.6.2017	30.6.2016	31.12.2016
<b>Commitments on own behalf</b>			
Mortgages	2,793	2,793	2,783
Floating charges	12,500	12,500	12,500
<b>Operating leases</b>			
Not later than one year	805	977	774
1 - 5 years	471	506	456
<b>Other liabilities</b>	<b>312</b>	<b>312</b>	<b>312</b>

## DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	30.6.2017	30.6.2016	31.12.2016
Interest rate swaps	1,500	2,100	1,800

## CONSOLIDATED KEY FIGURES

EUR thousand	1.4.-30.6. 2017	1.4.-30.6. 2016	Change, %	1.1.-30.6. 2017	1.1.-30.6. 2016	Change, %	1.1.-31.12. 2016
Revenue	23,150	19,720	17.4	43,447	37,639	15.4	73,079
Operating profit	1,488	1,147	29.8	3,144	1,293	143.2	649
% of revenue	6.4	5.8		7.2	3.4		0.9
Adjusted operating profit 1)	1,722	1,167	47.6	3,387	1,316	157.4	2,621
% of revenue	7.4	5.9		7.8	3.5		3.6
Profit before tax	1,433	1,178	21.6	3,022	1,319	129.0	678
% of revenue	6.2	6.0		7.0	3.5		0.9
Profit for the period	1,060	882	20.2	2,166	880	146.2	198
% of revenue	4.6	4.5		5.0	2.3		0.3
Shareholders' equity	27,389	27,965	-2.1	27,389	27,965	-2.1	27,013
Interest-bearing liabilities	16,141	12,577	28.3	16,141	12,577	28.3	10,227
Cash and cash equivalents	6,093	7,439	-18.1	6,093	7,439	-18.1	6,944
Net interest-bearing liabilities	10,048	5,138	95.6	10,048	5,138	95.6	3,283
Capital employed	43,530	40,542	7.4	43,530	40,542	7.4	37,239
Return on equity, %	15.2	12.7	19.9	15.9	6.0	165.6	0.7
Return on capital employed, %	14.5	11.4	27.9	15.6	6.5	139.8	1.7
Equity ratio, %	42.2	51.3	-17.8	42.2	51.3	-17.8	51.3
Net gearing, %	36.7	18.4	99.7	36.7	18.4	99.7	12.2
Capital expenditure	7,471	917	715.1	8,044	1,399	475.2	3,129
% of revenue	32.3	4.6		18.5	3.7		4.3
Research and development costs	416	455	-8.6	850	1,006	-15.5	1,747
% of revenue	1.8	2.3		2.0	2.7		2.4
Order intake	23,359	20,231	15.5	45,839	38,263	19.8	74,778
Order backlog	19,436	15,799	23.0	19,436	15,799	23.0	16,702
Earnings per share, diluted and undiluted, EUR	0.09	0.07	20.2	0.18	0.07	146.2	0.02
Equity per share, EUR	2.30	2.35	-2.1	2.30	2.35	-2.1	2.27
Average number of shares, diluted and undiluted, 1,000 shares	11,897	11,897	0.0	11,897	11,897	0.0	11,897
Average number of employees	534	487	9.7	498	490	1.6	479

1) 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.

2) During the periods 1.4.-30.6.2017 and 1.1.-30.6.2017 EUR 6.4 million of Capital Expenditure is related to the Nanjing Jianhui Composite Material acquisition.





## Exel Composites in brief

Exel Composites is a leading composite technology company that designs, manufactures and markets composite products and solutions for demanding applications. Exel Composites provides superior customer experience through continuous innovation, world-class operations and long-term partnerships.

The core of the operations is based on own, internally developed composite technology, product range based on it and strong market position in selected segments with a strong quality and brand image. Profitable growth is pursued by a relentless search for new applications and development in co-operation with customers. The personnel's expertise and high level of technology play a major role in Exel Composites' operations. Exel Composites Plc share is listed in Nasdaq Helsinki Ltd.

[www.exelcomposites.com](http://www.exelcomposites.com)