

# INVESTOR PRESENTATION



Helsingin ja Espoon  
osakesäästäjät

Riku Kytömäki,  
President & CEO

23 May 2018

# 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

**86.3**  
(73.1)  
Revenue  
EUR million, 2017 (2016)

**6.3**  
(2.6)  
Adjusted operating profit  
EUR million, 2017 (2016)

**568**  
(455)  
Employees  
End of 2017 (2016)

Our values



Customer focused



Integrity



One Exel



Caring

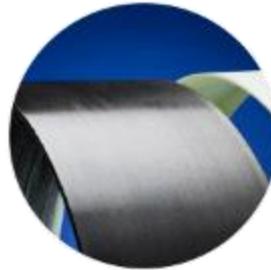


Innovative



# Composite products' unique features and benefits

Composites can be utilized in various demanding applications



**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**

# Our offering

Exel Composites' product portfolio includes custom shapes, standard products and ready systems



PROFILES



TUBES



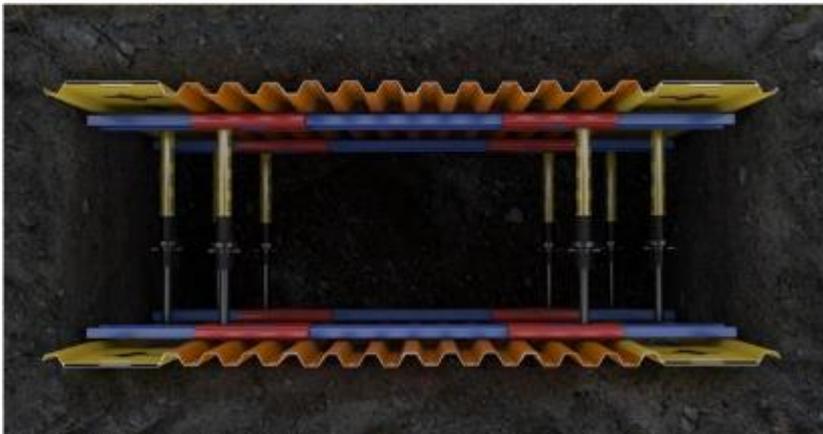
LAMINATES



PRODUCTS  
AND SYSTEMS

# New solutions and new technology: Trench shoring concept

- Exel Composites partners with Eze Shoring to provide new lightweight, easy to use trench shoring concept for the construction industry.
- The Eze Shoring concept: four individual glass fiber reinforced high performance pultruded composite profiles
  - lightweight for ease of transport and handling
  - easy to assemble – no interlocking parts, pins, clips or hydraulics; and
  - 100% non-conductive, a major benefit when working near electricity cables.



"Bringing this product to market has been a massive challenge which would not be possible without the expertise of the Exel team."

Glenn Wood, Managing Director of Eze Shoring Ltd  
and inventor

# New applications: Composites in architectural design

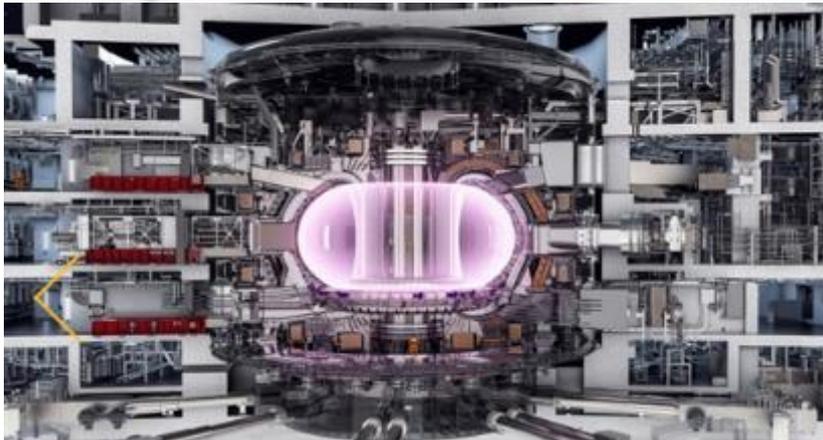
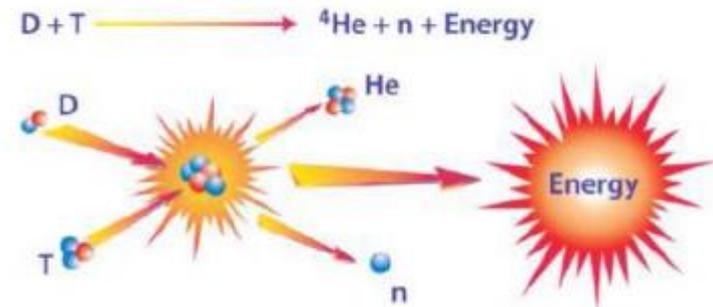
- Exel Composites is supplying the distinctive 37 meter long white profiles which will wrap around the new Soag Building for Study of Social Work on the University College Ghent's Schoonmeersen Campus.
- Exel's glass fiber composite profiles were chosen for this application for their ease of installation and ability to meet the demanding aesthetic requirements of the project.



The structure communicates with its immediate surroundings via a permeable shading membrane made up of horizontal composite lamellas which wrap around the building's glass façade.

# Demanding applications: Composites in ambitious fusion project

- Exel Composites collaborates with the French contractor CNIM on the manufacture of glass fiber components for the magnet support structure of the world's largest experimental fusion facility, ITER\*.
- Fusion research is aimed at developing a safe and environmentally responsible energy source.
- With stringent quality demands, Exel Composites successfully solved the challenge of producing defect-free pultruded profiles of around 3 km in length.



“We are proud to support this groundbreaking project as it prepares the way for the fusion power plants of tomorrow. This represents a further example of Exel’s commitment to innovation and collaboration with our customers in the pursuit of new applications for composite materials.”

Kari Loukola, Senior Vice President, Sales & Marketing, Exel Composites

\* International Thermonuclear Experimental Reactor, ITER

# Sustainable solutions: Natural fibers in composites

- The world's first bio-based viaduct has been taken into use in Bergen Op Zoom, the Netherlands.
- Exel Composites worked together with Dura Vermeer, LOLA landscape architects and Millvision to provide extruded, bio-based resin coated flax fiber profiles that adapt to the Zoomland scenery.



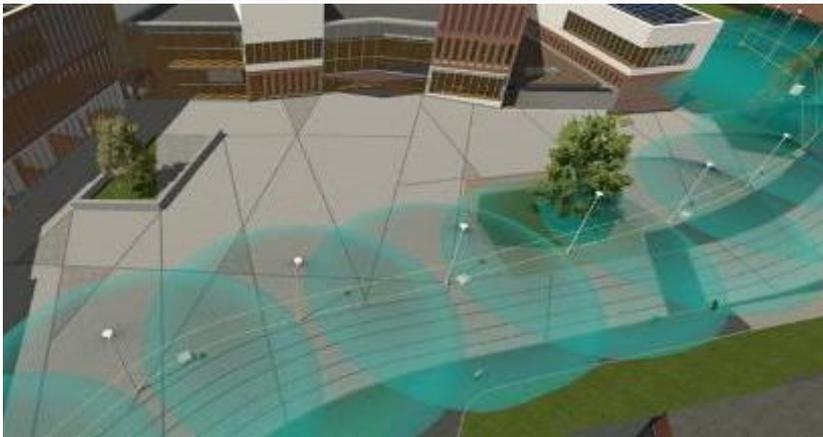
"We managed to get nature closer to us. We are fulfilling people's needs and do this in a better balance with the ecosystem."

Gert de Roover, Product Business Owner, Building, Construction and Infrastructure, Exel Composites

# Innovations for the city of the future: LuxTurrim5G

EXELENCE  
FOR THE WIN

- Exel Composites is part of an ambitious three-year initiative aimed at developing enablers for the future smart city.
- Big data capacity will be made available users will be made through a network of smart composite light poles.



"We have developed leading composite solutions to our customers' GSM/3G and 4G solutions and we also want to be the partner for next generation solutions and utilize composites' special features and optimization possibilities."

Mikko Lassila, Product Business Owner,  
telecommunication, Exel Composites



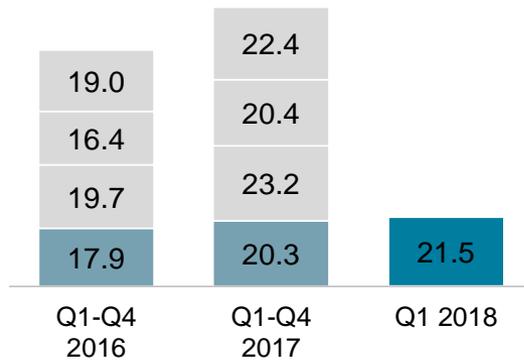
# Q1 2018 in brief

- Business environment
  - Stable demand and favorable market fundamentals in Europe, Nanjing Jianhui contributed in APAC
  - Construction & Infrastructure main contributor to revenue growth
- Operations
  - Stable profits in Europe, Nanjing Jianhui contributed significantly in APAC
  - Ramping up in China after closing of production in Australia impaired profitability
- Financial performance
  - Revenue and adjusted operating profit growth continued
  - Large individual mid-segment orders recorded in Q1 2017 impacted revenue comparison

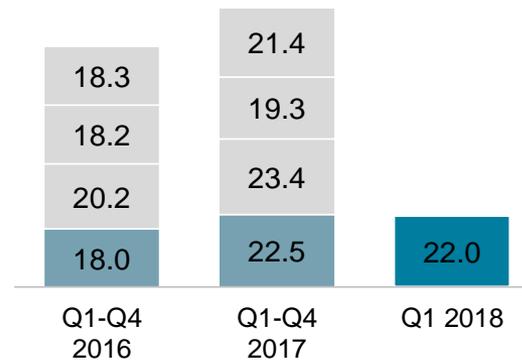


# Q1 2018 highlights

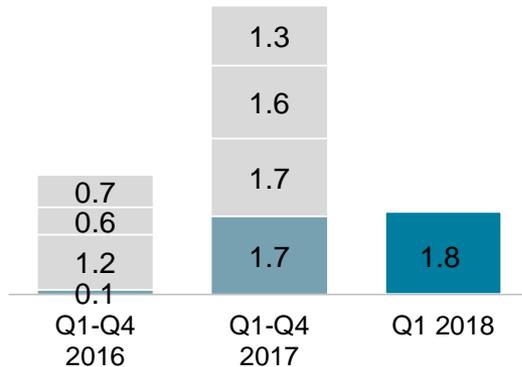
Revenue, EUR million



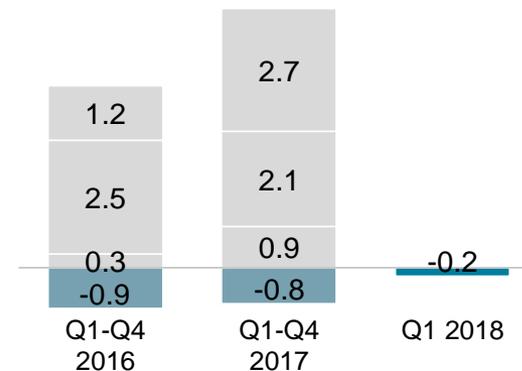
Order intake, EUR million



Adjusted operating profit,  
EUR million



Net cash flow, EUR million



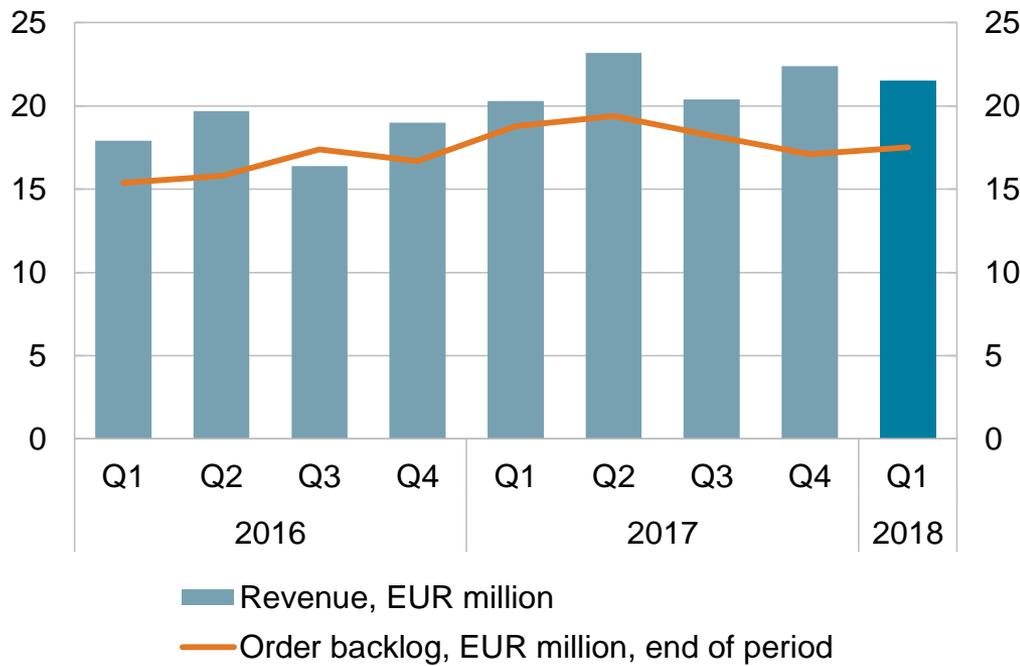
# Key figures Q1 2018

EUR thousand	1.1.-31.3. 2018	1.1.-31.3. 2017	Change, %	1.1.-31.12. 2017
Order intake	21,972	22,480	-2.3	86,531
Order backlog <sup>1</sup>	17,503	18,806	-6.9	17,126
Revenue	21,519	20,296	6.0	86,255
Operating profit	1,630	1,655	-1.5	6,081
% of revenue	7.6	8.2		7.1
Adjusted operating profit <sup>2</sup>	1,785	1,665	7.2	6,319
% of revenue	8.3	8.2		7.3
Profit for the period	919	1,107	-16.9	4,212
Net cash flow from operating activities	-163	-848	80.8	4,856
Return on capital employed, %	14.6	17.4		14.8
Net gearing, %	37.7	16.5		30.3
Earnings per share	0.08	0.09		0.36
Equity per share, EUR	2.25	2.37	-5.3	2.43

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

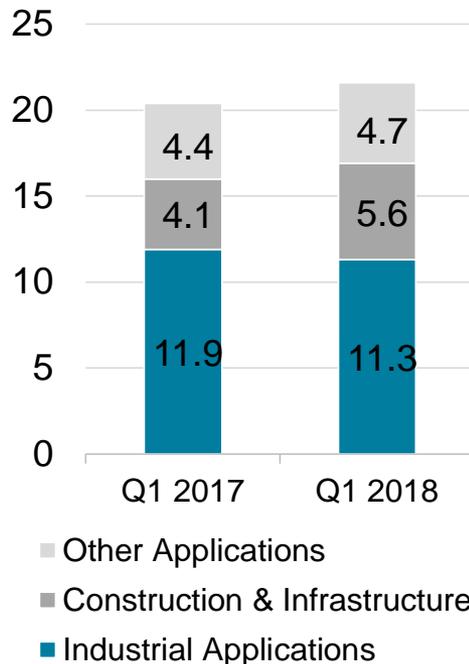
<sup>2</sup> Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report published on 21 July 2016.

# Continued revenue growth in Q1 2018



# Construction & Infrastructure main contributor to revenue growth

Revenue by customer segment, EUR million



## Industrial Applications



Telecommunication



Paper Industry



Electrical Industry



Machine Industry



Transportation Industry

## Construction & Infrastructure



Building, Construction & Infrastructure



Energy Industry



Cleaning & Maintenance



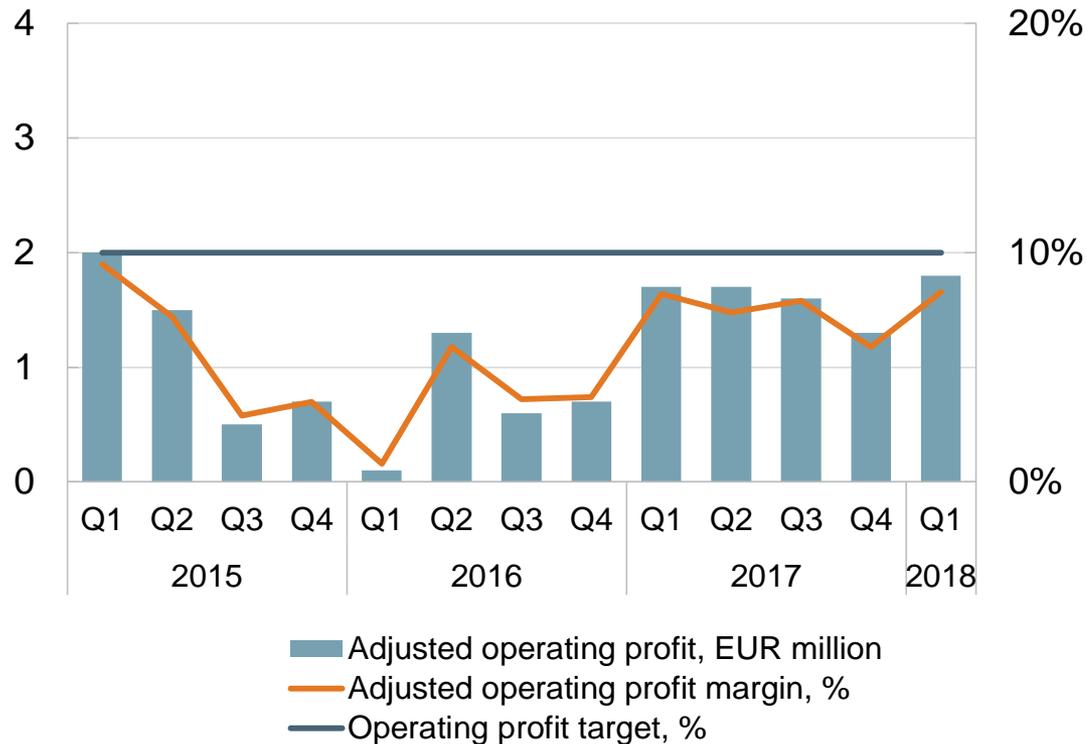
Sports & Leisure



Other Industries

## Other Applications

# Stable profits in Europe and a good contribution from Nanjing Jianhui



# Exel Composites strategy for 2017-2020



## Next level growth

### Protect and grow strongholds

- 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'

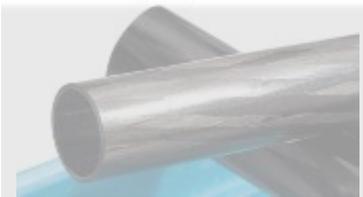
### Create true global footprint

- 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

# Entering North America is an essential part of our growth initiatives



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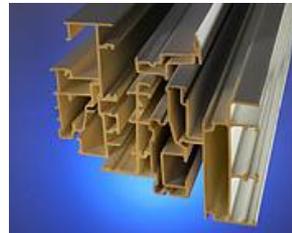
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# Exel Composites acquires Diversified Structural Composites

- A composites production company based in Erlanger, Kentucky, USA.
- One manufacturing facility using mainly pultrusion technology.
- DSC's product portfolio consists of carbon fiber and glass fiber reinforced composites that are produced particularly for the wind energy industry.
- Key figures:

Employees	90
Revenue	USD 19 million*
Operating loss	USD -0.6 million*
- Restructuring initiatives since 2015 have progressively improved profitability and break even profitability is expected to be reached in 2019.
- The transaction was closed at the end of April and the unit is consolidated into Group accounts as of 1 May 2018.

*Diversified  
Structural  
Composites*



\* Fiscal year 2017, ended in March 2018

# Acquisition rationale

- A significant step in creating true global footprint for Exel Composites
  - The American market is the second largest composites market globally in terms of value and growth, right after the Asian market
  - As consequence, Exel Composites will be the only pultrusion company with significant presence on all three major continents, which brings further business opportunities and possibilities for cooperation
- DSC and Exel Composites are a very good strategic fit
  - Focus on the same high growth segments, particularly wind energy and transportation
  - Opens up new channels to local markets enabling deliveries from the region to the region
  - Enhanced attractiveness and cross-selling opportunities to existing and new customers
- Technological expertise and other complementary strengths improve joint competitiveness and enable synergies
  - Product transfers
  - Technology transfers
  - Supply chain optimization

# Product example: Wind energy

## Wind Blade Spar Reinforcements

- Reasons to choose composites
  - Carbon fiber profiles come with high strength, high fatigue strength and lower weight compared to traditional materials
  - Improved overall performance and cost efficiency.



# Product Example: Aerospace

Laminates used to build structural beams for experimental aircraft

- Challenge:
  - High performance requirements requiring high translational results with fiber.
  - Specifications for high levels of tolerance in dimensions over great lengths.
  - In line testing regiment and high levels of part analysis.

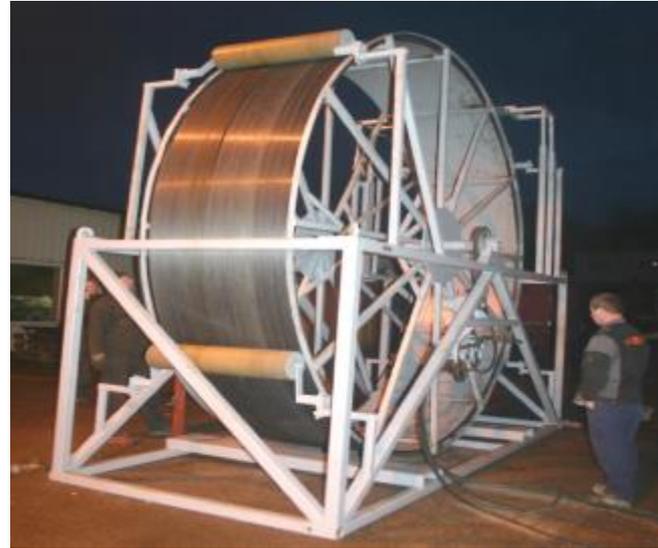


The Stratolaunch aircraft is the world's largest plane based on wingspan.

# Product Example: Oil / Gas Industry

Oil / Gas Well Monitoring Rod  
Carbon fiber rod with high  
temperature epoxy resin.  
Used as an instrument in  
“scoping” wells.

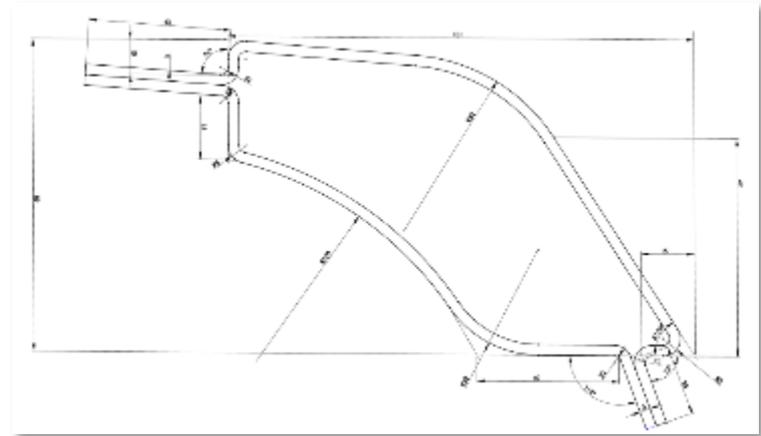
- Challenge:
  - Guaranteed lengths in excess of 6,000 meters.
  - Steel tube with fiber optic strands incorporated into the pultrusion.
  - Handling challenges.



# DSC Curved Pultrusion Technology

## Deep Orange 6

DSC cooperated with Clemson University – International Center for Automotive Research (CU-ICAR) to use a curved pultrusion for the Deep Orange 6 concept car roof rail.



EAR Classification: EAR99

# Outlook for 2018

- Exel Composites expects **revenue to increase significantly** and **adjusted operating profit to increase** in 2018 compared to 2017.



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

## Financial calendar 2018

- Business Review January - March: 9 May 2018
- Half Year Financial Report January - June: 24 July 2018
- Business Review January - September: 31 October 2018

## Your IR contacts

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# Exel Composites investor site was awarded 1st prize in Small Cap series

The award ceremony of the “Best investor sites in Finland 2018”-competition, organized by the Finnish Foundation for Share Promotion (Pörssisäätiö) and Finnish Society of Financial Analysts (Sijoitusanalytikot ry), was held in Helsinki on 23 May 2018.

