

Exel Composites Plc

Financial Statements Release

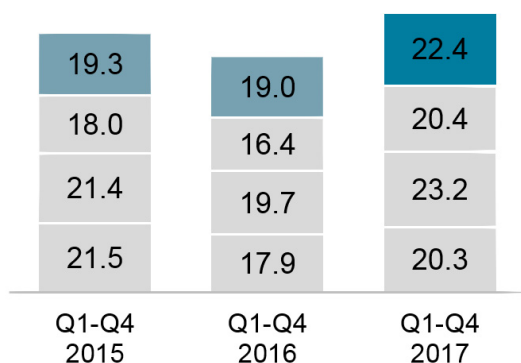
January–December 2017



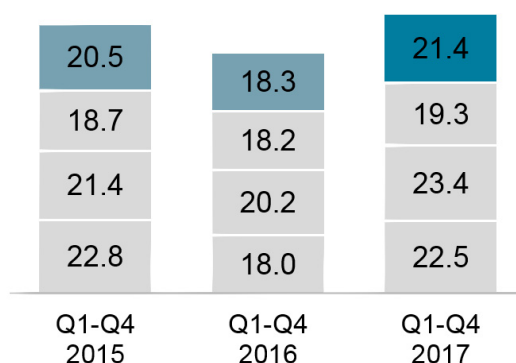
"Revenue and operating profit increased significantly"

Key figures January - December 2017

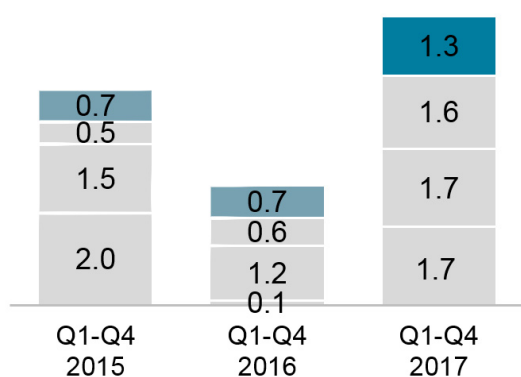
Revenue, EUR million



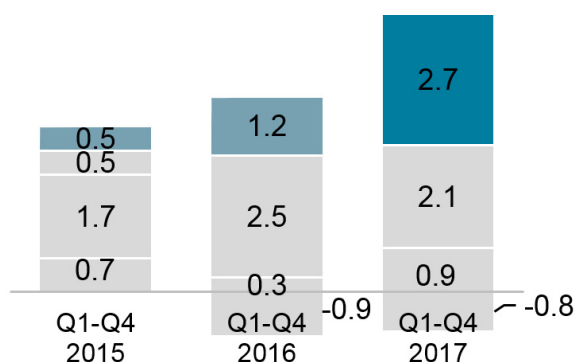
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



Consolidated key figures

EUR thousand	1.10.-31.12. 2017	1.10.-31.12. 2016	Change, %	1.1.-31.12. 2017	1.1.-31.12. 2016	Change, %
Order intake	21,433	18,334	16.9	86,531	74,778	15.7
Order backlog 1)	17,126	16,702	2.5	17,126	16,702	2.5
Revenue	22,414	19,009	17.9	86,255	73,079	18.0
Operating profit	1,389	-1,209	214.8	6,081	649	837.5
% of revenue	6.2	-6.4		7.1	0.9	
Adjusted operating profit 2)	1,327	708	87.5	6,319	2,621	141.1
% of revenue	5.9	3.7		7.3	3.6	
Profit for the period	956	-1,065	189.8	4,212	198	2,025.4
Net cash flow from operating activities	2,708	1,157	134.1	4,856	3,129	55.2
Return on capital employed, %	12.3	-12.5		14.8	1.7	
Net gearing, %	30.3	12.2		30.3	12.2	
Earnings per share	0.08	-0.09		0.36	0.02	
Equity per share, EUR	2.44	2.27	7.4	2.43	2.27	7.0
Employees on average	562	457	22.9	532	479	11.0
Employees at end of period	568	455	24.8	568	455	24.8

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.

“Revenue and operating profit increased significantly”

Q4 2017 in brief

- Order intake increased by 16.9% to EUR 21.4 million (Q4 2016: 18.3).
- Revenue increased by 17.9% to EUR 22.4 million (19.0).
- Adjusted operating profit improved to EUR 1.3 million (0.7), which is 5.9% of revenue (3.7%).
- Net cash flow from operating activities was EUR 2.7 million (1.2).
- Earnings per share amounted to EUR 0.08 (-0.09).

Q1-Q4 2017 in brief

- Order intake increased by 15.7% to EUR 86.5 million (74.8).
- Revenue increased by 18.0% to EUR 86.3 million (73.1).
- Adjusted operating profit amounted to EUR 6.3 million (2.6), which is 7.3% of revenue (3.6%).
- Net cash flow from operating activities was EUR 4.9 million (3.1).
- Earnings per share amounted to EUR 0.36 (0.02).

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.30 (0.10) per share be paid for the financial year 2017.

Outlook for the full year 2018

Exel Composites expects revenue as well as adjusted operating profit to increase in 2018 compared to 2017.

President and CEO, Riku Kytömäki

The year 2017 was in many ways a very good year for Exel Composites. I am delighted to say that both revenue and adjusted operating profit increased significantly compared to 2016. This is first and foremost a result of our strategic efforts, improved operational efficiency and continued tight cost control, but also reflects signs towards a general market recovery.

All our markets and customer segments performed well in the fourth quarter as well as in the twelve month review period. From the customer segment point of view, Industrial Applications continued to drive revenue growth. Construction & Infrastructure also delivered significant growth, supported by an increasing number of industrial investments and projects. In terms of regions and markets, China and the Asia-Pacific (APAC) region contributed most to revenue growth. In addition to significant organic growth, the Nanjing Jianhui business, which was acquired in April 2017, had a substantial positive impact on APAC revenue. The acquired business has performed according to expectations and has clearly strengthened Exel Composites' position in China and APAC in 2017. Our main market area, Europe, also continued to deliver stable revenue growth.

In 2017 we were able to improve our adjusted operating profit significantly after two years of decline. The main factors were increased revenue from key customers in Europe in combination with further operational efficiency improvements. In addition, our focused efforts on new customer acquisition and new business especially in China were important contributors to the operating profit improvement. In the APAC region the acquisition of Nanjing Jianhui had a positive impact on both revenue and profitability. The downsizing of the Australian unit was completed in 2017 and manufacturing operations were stopped. This improved the overall profitability of the region and of the Group.



At the end of 2017 we also confirmed our overall strategic direction for the next three years. We will have an increased focus on high growth segments. We believe high growth can be found especially in construction, transportation, energy and telecommunications segments over the next few years. Within these segments global megatrends such as urbanization and sustainability increase demand for advanced composites. Our ambition is to leverage on these trends with attractive products that fit the demand.

Order intake and order backlog

Order intake for the fourth quarter of 2017 amounted to EUR 21.4 million (18.3), and increased 16.9% in comparison to 2016.

Order intake for the full year 2017 was EUR 86.5 million (74.8), and increased 15.7% compared to 2016. The Group's order backlog on 31 December 2017 increased to EUR 17.1 million (16.7).

Revenue

Group revenue in the fourth quarter of 2017 amounted to EUR 22.4 million (19.0), which is an increase of 17.9% in comparison to previous year.

Group revenue for the financial year amounted to EUR 86.3 million (73.1), and increased by 18.0% compared to 2016. Revenue growth was impacted mainly by growth in delivery volumes by 24.6%, acquisitions (Nanjing Jianhui) by 9.3%, a negative impact from changes in the sales mix of 14.9%, and exchange rates effects of -1.0%.

Industrial Applications was the main growth driver in 2017 and revenue increased compared to last year by 19.7% to EUR 48.2 million (40.3). The increase was mainly driven by new customer acquisition and increased mid-segment sales. General market recovery, despite some prevailing uncertainties, supported the increase in business volumes. The demand of the project driven Construction & Infrastructure customer segment showed improvement throughout the financial year period, and revenue grew by 21.8% to EUR 21.3 million (17.5). Also revenue for Other Applications grew by 9.2% from previous year to EUR 16.7 million (15.3).

In our main market Europe revenue increased by 7.0% to EUR 63.8 million (59.6) driven by industrial investments, which have generally started to pick up in the region. Revenue for APAC region grew by 58.1% to EUR 17.8 million (11.3). A major contributor to the region's revenue growth was the Nanjing Jianhui business, acquired in April, which performed according to expectations. Revenue for region Rest of the World increased during the period under review by 112.1% to EUR 4.6 million (2.2).

Revenue by customer segment

EUR thousand	1.10.-31.12. 2017	1.10.-31.12. 2016	Change, %	1.1.-31.12. 2017	1.1.-31.12. 2016	Change, %
Industrial Applications	11,884	11,271	5.4	48,249	40,297	19.7
Construction & Infrastructure	6,661	4,188	59.0	21,266	17,456	21.8
Other Applications	3,869	3,550	9.0	16,740	15,326	9.2
Total	22,414	19,009	17.9	86,255	73,079	18.0

Revenue by region

EUR thousand	1.10.-31.12. 2017	1.10.-31.12. 2016	Change, %	1.1.-31.12. 2017	1.1.-31.12. 2016	Change, %
Europe	16,743	14,678	14.1	63,828	59,636	7.0
APAC	4,059	3,727	8.9	17,824	11,274	58.1
Rest of world	1,612	604	166.9	4,603	2,170	112.1
Total	22,414	19,009	17.9	86,255	73,079	18.0

Operating profit

The Group's operating profit amounted to EUR 1.4 million (-1.2) in the fourth quarter of 2017 and was 6.2% (-6.4) of revenue. Adjusted operating profit (excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals) was EUR 1.3 million (0.7) and 5.9% (3.7) of revenue.

In 2017 and compared to previous year, operating profit increased to EUR 6.1 million (0.6), 7.1% (0.9) of revenue. Adjusted operating profit was EUR 6.3 million (2.6), 7.3% (3.6) of revenue. Operating profit improved significantly due to increased topline, APAC business reorganization, operational efficiency and continued tight cost control.

In 2017 EUR 0.4 million of one-off expenses related to M&A screening activities and EUR -0.1 million restructuring costs were recorded in the group accounts.

The Group's net financial expenses in 2017 were EUR -0.7 million (0.0). The Group's profit before taxes was EUR 5.3 million (0.7) and profit after taxes EUR 4.2 million (0.2).

Financial position

Net cash flow from operating activities for 2017 was EUR 4.9 million (3.1). Cash flow before financing, but after capital expenditure, amounted to EUR -3.7 million (0.0). The capital expenditure on fixed assets amounted to EUR 8.5 million (3.1). Capital expenditure was financed with cash flow from business operations and interest bearing loans. At the end of the financial year, the Group's liquid assets stood at EUR 7.6 million (6.9). Total depreciation, amortization and impairment of non-current assets during the financial year amounted to EUR 3.2 million (3.2).

The Group's consolidated total assets at the end of the financial year were EUR 64.4 million (53.1). Interest bearing liabilities amounted to EUR 16.4 million (10.2). Net interest bearing liabilities were EUR 8.7 million (3.3).

Equity at the end of 2017 was EUR 28.8 million (27.0) and equity ratio 44.8% (51.3). The net gearing ratio was 30.3% (12.2). Fully diluted total earnings per share were EUR 0.36 (0.02). Return on capital employed in 2017 was 14.8% (1.7). Return on equity was 15.1% (0.7).

The company paid total dividends during the financial year of EUR 1.2 million (2.6). Dividend per share was EUR 0.10 (0.22).

Business development and strategy implementation

Exel Composites' target is to deliver profitable growth and to be an efficient company in terms of its capital expenditure. At the end of 2017 the company's overall strategic direction was confirmed for 2017-2020. The strategy is based on five pillars: 1) protect and grow our stronghold customers providing competitive edge and best customer service, 2) building leadership in China, 3) penetrating growing/ new applications, 4) creating true global footprint and 5) growth in new technologies.

An important milestone concerning the ambition to create true global footprint was achieved in 2017 through the acquisition of the Chinese composites production business, Nanjing Jianhui Composite Material (JHFRP). The transaction was announced in October 2016 and closed in April 2017. The unit was consolidated into group accounts as of May 2017. The integration of the business to the Group was carried out during the year according to plan. The acquisition of Nanjing Jianhui strengthened Exel's position in China as well as in the APAC region and improved the company's export capacity to other markets. The Nanjing Jianhui unit performed according to expectations during the financial year and contributed to significant revenue growth in the APAC region.

The Nanjing Jianhui acquisition and the reorganization of the APAC business increased production capacity in China, which now adequately responds to the increasing demand for advanced composites in the APAC region. Downsizing of the Australian unit was completed during the financial year according to plan and improved the overall profitability of the region. By the end of 2017 all manufacturing was successfully transferred mainly to Exel's two production units in China.

Global M&A screening activities continued in 2017 in line with the company's strategy.

Continuous innovation and technological expertise in composites is one of Exel Composites' key strengths and strategic priorities. During the financial year, Exel has extended its capabilities in product design and composite production. These initiatives included strengthening of the R&D organization and development of advanced laminate products produced using a new double band press machine. Exel has also added capacity for further processing for example in CNC machining.

In 2017 active development work was done to expand new applications. Growth through new mid-segment applications during the financial year had a positive impact on financial results. Despite lower margin structure, the mid-segment products contribute positively to the operating profit through higher volumes and broaden the customer base. Exel Composites launched a development project for solutions in 5G telecommunication infrastructure in collaboration with other companies including Nokia. Exel also continued active development for long-length carbon fiber products.

In line with Exel Composites' aim to provide superior customer experience, in 2017 the company continued its work to increase operational efficiency and optimize internal processes in accordance to advanced quality systems. This has resulted in improved customer response and delivery accuracy. The implementation of the Group-wide ERP system continued during 2017 and rollout is expected to be completed in all units during 2018.

Research and development

Research and development costs for the financial year totaled EUR 1.9 million (1.7), representing 2.2% (2.4) of revenue.

Risk management

At Exel Composites risk management is a continuous process, which is integrated with the daily decision making and continuous monitoring of operations as well as with the preparation of half year financial reports, business reviews and annual financial statements.

The Board of Directors governs the risk management of the company through a risk management policy. In addition, the Board of Directors makes a risk assessment as part of the review and approval process of each set of half year financial reports, business reviews and annual financial statements. Risk factors are also considered in connection with any future guidance disclosed by the company.

The operative risk management, including risk monitoring, is part of the key duties of the operative management. Risks are considered and evaluated in conjunction with each business decision. Additionally, they are also monitored by the President and CEO and other group management on a monthly basis when the team reviews the business development and any near and long-term risks upon presentation of the business unit heads and controllers.

Risks and uncertainties related to Exel Composites can be categorized as strategic, operational, financial as well as hazard and environmental risks.

Strategic risks

With respect to strategic risks, a significant portion of Exel Composites' revenues is generated from certain key clients and market segments. Whereas production capacity and cost structure of the company is planned for growing business volume, negative development of such key clients or market segments could lead to deterioration of Exel Composites' profitability. This risk is mitigated by a close cooperation with key clients. The development of key markets and consequently business volumes are actively followed and forecasted in order to be able to adjust our business and cost structures to the forecasts. New products and applications are also continuously developed in order to limit the dependency of any individual clients or market segments.

Strategic risks also include risks related to acquisitions where the realized level of benefits and synergies may differ from the planned.

Operational risks

The most significant operational risks relate to product development and sales as well as production. Exel Composites' product range is very broad and often customer customized, which adds complexity to the product development and production. Designing, producing and selling a product that does not meet the requirements agreed with a client could potentially lead to substantial losses and damages as well as negative impact on the company reputation. In addition, availability of skilled employees and knowledge retention, protection of self-developed proprietary technology, fraud, possible human rights or other Code of Conduct violations in the company or within its supply chain, availability and pricing of key raw materials and health problems due to long-term exposure to chemicals or accidents belong to the most significant operational risks. The availability of skilled employees and knowledge retention, protection of self-developed proprietary technology, fraud prevention and detection, and the availability and pricing of key raw materials are critical for the profitability of the business, while possible human rights or other Code of Conduct violations or the realization of significant health and safety risks causing damage to people or the environment could potentially lead to reputational loss, sanctions or even influence its operational permits. Pre-emptive management of operational risks through careful contracting as well as appropriate business processes and working instructions are in key roles to prevent possible damages.

Financial risks

Financial risks consist of currency, interest rate, liquidity and funding risks, as well as credit and other counter party risks. Currency and interest rate risks are managed primarily by natural hedging or by using derivative instruments. Credit insurance is in place to cover risks related to trade receivables.

Hazard and environmental risks

Hazard risks include damages caused to property because of fire, floods or chemical spill. If realized, these have an impact first and foremost on the surrounding environment, but also in the company's own business and losses due to related business interruptions, either in the company's own operations or in its supply chain. The realization of environmental hazard risks could potentially lead to sanctions, reputational loss or influence its operational permits. Exel Composites' primary aim is to actively prevent any such accidents and its environmental program is based on the identified risks, legislative requirements and certifications such as the ISO 9001, OHSAS 18001 and ISO 14001. Environmental monitoring and measuring are carried out at all sites. If realized, despite all pre-emptive measures, damages from hazard risks are mainly covered by insurance policies. This type of risks are also regularly audited by third parties that provide recommendations for improvement to reduce risk probability.

Of the before mentioned risks, the probability of individual strategic or operational risks can be deemed relatively high. The consequences, however, of any such risk, if realized, are typically not substantial. With the company's current operating model, the probability of financial risks is deemed medium or low. The probability of hazard and environmental risks is also low.

Major near-term risks and uncertainties

Exel Composites' most significant near-term business risk relates to the fact that a significant portion of revenue is generated from certain key clients and market segments, the negative development of which would deteriorate the company's profitability. Furthermore, a rapid increase of raw material prices could on the short term negatively impact the company's profitability, even if in the longer term it would improve the competitiveness of composite materials.

The company further continues the screening process of potential acquisition targets. The acquisition prices may be based on such benefits and synergies that will not materialize as planned.

Sustainability and corporate responsibility

Sustainability is an important part of Exel Composites' business, both in relation with its own operations as well as through the products and solutions it produces. Exel is committed to responsible and sustainable operations through its core business values: customer focus, integrity, One Exel, caring people and innovation.

In compliance with the Finnish Accounting Act and EU directive 2014/95/EU, Exel Composites shall disclose a statement on non-financial information as part of the Board of Directors' Report of the Annual Financial Report to be published on 1 March 2018.

Organization and personnel

At the end of December 2017, Exel Composites employed 568 (455) people, of whom 230 (206) in Finland and 338 (249) in other countries. The average number of employees during the financial year was 532 (479). The number of employees of the Group grew during the financial year with about 90 employees due to the acquisition of Nanjing Jianhui Composite Material.

Share and shareholders

Exel Composites' share is listed on Nasdaq Helsinki Ltd in the Industrials sector.

At the end of December 2017, Exel Composites' share capital was EUR 2,141,431.74 and the number of shares was 11,896,843 each having the counter-book value of EUR 0.18. There were no changes in the share capital during the financial year.

In 2017 Exel Composites held a total of 77,000 of its own shares, which were purchased in July 2017 for an average price of EUR 6.80. The purchase of own shares was part of the 2017 share-based long-term incentive program for the top management. The share purchase was made through EAM EXL1V Holding Oy, (Holding company), which is owned by the Evli Awards Management Oy (EAM) in legal terms, but according to the agreement Exel has control over the company and acts as the principal, whereas EAM is an agent through the Holding company.

At the end of December 2017 the share price closed at EUR 6.57. During the financial year, the average share price was EUR 6.00, the highest share price EUR 7.85 and the lowest share price EUR 4.84.

A total of 4,244,520 shares were traded at Nasdaq Helsinki Ltd., which represents 35.8% of the average number of shares. On 31 December 2017 Exel Composites' market capitalization was EUR 77.7 million (59.7). Total shareholder return (TSR) in 2017 was 33.5% (-22.2).

Exel Composites had a total of 3,164 shareholders on 31 December 2017.

During the financial year Exel Composites received six flagging notification in accordance with the Finnish Securities Market Act Chapter 9 Section 5 regarding changes in shareholdings.

Information on the company's shareholders is available on the corporate website at www.exelcomposites.com.

Outlook for the full year 2018

Exel Composites expects revenue as well as adjusted operating profit to increase in 2018 compared to 2017.

Board proposal for dividend distribution

According to Exel Composites' financial targets, the company's ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities.

On 31 December 2017 Exel Composites Plc's distributable funds totaled EUR 11.1 million, of which profit for the financial period accounted for EUR 2.2 million.

The Board has decided to propose to the Annual General Meeting that a dividend of EUR 0.30 (0.10) per share.

As a basis for its proposal, the Board of Directors has made an assessment of the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements. The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks of the Group's business activities.

The Board of Directors has decided to propose the record date for dividends to be 26 March 2018. If the Annual General Meeting approves the Board's proposal, it is estimated that the dividend will be paid on 4 April 2018.

Financial reporting and Annual General Meeting 2018

Exel Composites publishes the following financial reports in 2018:

- Financial Statements Release 2017: 16 February 2018
- Business Review January - March: 9 May 2018
- Half Year Financial Report January - June: 24 July 2018
- Business Review January - September: 31 October 2018

The Annual Financial Report, Corporate Governance Statement and Remuneration Statement for 2017 will be published on 1 March 2018 in electronic format at the company's website www.exelcomposites.com.

The Annual General Meeting will be held on Thursday 22 March 2018 at 10:00 EET at Radisson Blu Royal Hotel at the address Runeberginkatu 2, Helsinki, Finland.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the financial statements on Friday 16 February 2018 at 12:30 at Scandic Hotel Simonkenttä's Roba meeting room (address Simonkatu 9, Helsinki, Finland).

Vantaa, 16 February 2018

Exel Composites Plc

Board of Directors

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Notes to the Financial Statements

January – December 2017

Accounting principles

This Financial Statements Release is based on Financial Statements that have 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 release are rounded, so the sum of individual figures may differ from the sum reported.

The financial statements are audited and the auditor's report for the financial statements has been issued.

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.

The Group has made an assessment on its revenue streams by using the five-step model introduced in the standard. Based on the assessment made the new standard will not have an impact on the Group's current revenue recognition.

The Group revenue is generated mainly by the sale of composite products. Customer can benefit from each composite product sold by the Group on its own or together with other resources readily available to the customer. Sold goods and their prices have been identified in customer contracts. Deliveries are based on the customer's purchase orders and each supplied quantity is invoiced separately. There is no significant financing component included in the transaction prices. Some of the customer contracts include a variable consideration in the form of volume based rebate. The effect of the variable consideration on the transaction price is taken into account in revenue recognition.

The performance obligation is satisfied when the goods have been delivered to the customer according to the agreed delivery terms. In most cases this happens when the goods leave the factory. In case according to agreed delivery terms risks and rewards as well as control over the goods are transferred to the customer only when the goods have been delivered to the customer, then revenue is recognized only when the customer has received the goods. This does not change the Group's current revenue recognition principles.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR thousand	1.10.-31.12. 2017	1.10.-31.12. 2016	Change, %	1.1.-31.12. 2017	1.1.-31.12. 2016	Change, %
Revenue	22,414	19,009	17.9	86,255	73,079	18.0
Materials and services	-8,819	-8,211	7.4	-34,182	-28,998	17.9
Employee benefit expenses	-6,304	-5,632	11.9	-24,918	-22,952	8.6
Depreciation and impairment	-805	-970	-17.0	-3,225	-3,244	-0.6
Other operating expenses	-5,245	-5,523	-5.0	-18,358	-17,613	4.2
Other operating income	147	118	24.6	510	376	35.8
Operating profit	1,389	-1,209	214.8	6,081	649	837.5
Net financial items	-410	-43	848.8	-746	29	2,665.6
Profit before tax	979	-1,252	178.1	5,335	678	687.2
Income taxes	-22	187	111.9	-1,123	-480	134.2
Profit/loss for the period	956	-1,065	189.8	4,212	198	2,025.4
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	-102	23	-545.7	-850	-1,244	31.6
Income tax relating to components of other comprehensive income	0	0	0	0	0	0
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/loss(-), net tax	-3	-40	92.5	-3	-40	92.5
Other comprehensive income, net of tax	-105	-17	-511.7	-854	-1,284	33.5
Total comprehensive income	851	-1,082	178.6	3,358	-1,086	409.2
Profit/loss attributable to:						
Equity holders of the parent company	956	-1,065	189.8	4,212	198	2,025.4
Comprehensive income attributable to:						
Equity holders of the parent company	851	-1,082	178.6	3,358	-1,086	409.2
Earnings per share, diluted and undiluted, EUR	0.08	-0.09	0.0	0.36	0.02	0.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2017	31.12.2016	Change
ASSETS			
Non-current assets			
Goodwill	13,447	9,793	3,654
Other intangible assets	1,482	516	966
Tangible assets	14,788	13,834	954
Deferred tax assets	473	362	112
Other non-current assets	85	83	2
Non-current assets total	30,276	24,589	5,688
Current assets			
Inventories	11,689	9,861	1,828
Trade and other receivables	14,785	11,681	3,104
Cash at bank and in hand	7,629	6,944	685
Total current assets	34,104	28,486	5,618
Total assets	64,380	53,075	11,305
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other reserves	129	126	3
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	1,931	2,781	-850
Retained earnings	17,863	19,227	-1,364
Profit for the period	4,212	198	4,014
Equity attributable to holders of the parent company	28,815	27,013	1,803
Total equity	28,815	27,013	1,803
Non-current liabilities			
Interest-bearing liabilities	4,615	2,594	2,021
Interest-free liabilities	478	571	-93
Deferred tax liabilities	240	393	-153
Total non-current liabilities	5,333	3,558	1,775
Current liabilities			
Interest-bearing liabilities	11,742	7,633	4,109
Trade and other non-current liabilities	18,490	14,871	3,619
Total liabilities	30,232	22,504	7,728
Total equity and liabilities	64,380	53,075	11,305

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-31.12.2017	1.1.-31.12.2016	Change
Cash flow from operating activities			
Profit for the period	4,212	198	4,014
Adjustments	5,302	2,539	2,763
Change in working capital	-3,493	998	-4,491
Cash flow generated by operations	6,021	3,735	2,286
Interest paid	-121	-97	-24
Interest received	13	10	3
Other financial items	-319	-131	-188
Income taxes paid	-738	-388	-350
Net cash flow from operating activities	4,856	3,129	1,727
Cash flow from investing activities			
Acquisition of subsidiaries	-5,102		-5,102
Purchases of non-current assets	-3,456	-3,129	-327
Proceeds from sale of non-current assets	49	0	49
Cash flow from investing activities	-8,509	-3,129	-5,380
Cash flow before financing activities	-3,653	0	-3,653
Cash flow from financing activities			
Share issue	0	0	0
Proceeds from long-term borrowings	3,000	0	3,000
Instalments of long-term borrowings	-1,000	-1,000	0
Change in short-term loans	4,173	2,687	1,486
Instalments of finance lease liabilities	0	0	0
Purchases of treasury shares	-525		
Dividends paid	-1,190	-2,617	1,427
Net cash flow from financing activities	4,458	-930	5,913
Change in liquid funds	805	-930	1,735
Liquid funds in the beginning of period	6,944	7,874	-930
Exchange rate fluctuations on liquid funds	-131	0	-131
Liquid funds through business acquisitions	11	0	11
Liquid funds at the end of period	7,629	6,944	685

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
Balance at 1 January 2016	2,141	0	106	2,539	4,025	21,904	30,716
Comprehensive result					-1,244	198	-1,046
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						-40	-40
Other items			20			-20	0
Dividend						-2,617	-2,617
Balance at 31 December 2016	2,141	0	126	2,539	2,781	19,424	27,013
Balance at 1 January 2017	2,141	0	126	2,539	2,781	19,424	27,013
Comprehensive result					-850	4,212	3,362
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						-3	-3
Other items			3			-60	-57
Dividend						-1,190	-1,190
Treasury shares						-525	-525
Share-based payments reserve						33	33
Correction to previously issued financial statements 1)						182	182
Balance at 31 December 2017	2,141	0	129	2,539	1,931	22,075	28,815

1) Corrections in Exel Composites Plc related to taxations of previous years.

ADJUSTED OPERATING PROFIT

EUR thousand	1.10.-31.12.2017	1.10.-31.12.2016	1.1.-31.12.2017	1.1.-31.12.2016
Operating profit	1,389	-1,209	6,081	649
Restructuring costs	-149	1,508	-149	1,508
Impairment losses and reversals				
Costs related to planned or realized business acquisition and disposal	87	410	387	464
Sale of intangible and tangible assets				
Expenses related to changes in legislation or legal proceedings				
Adjusted operating profit	1,327	708	6,319	2,621

QUARTERLY KEY FIGURES

EUR thousand	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Revenue	22,414	20,394	23,150	20,296	19,009	16,431	19,720	17,919
Materials and services	-8,819	-8,225	-9,636	-7,503	-8,211	-6,489	-7,421	-6,877
Employee benefit expenses	-6,304	-5,982	-6,654	-5,977	-5,632	-4,876	-6,379	-6,065
Depreciation and impairment	-805	-840	-823	-757	-970	-753	-772	-749
Operating expenses	-5,245	-3,953	-4,679	-4,482	-5,523	-3,817	-4,111	-4,161
Other operating income	147	155	130	78	118	69	109	79
Operating profit	1,389	1,549	1,488	1,655	-1,209	565	1,147	146
Net financial items	-410	-214	-56	-66	-43	46	31	-5
Profit before taxes	979	1,335	1,433	1,589	-1,252	611	1,178	142
Income taxes	-22	-245	-373	-483	187	-227	-296	-144
Profit/loss for the period	956	1,089	1,060	1,107	-1,065	384	882	-2
Earnings per share, diluted and undiluted, EUR	0.08	0.09	0.09	0.09	-0.09	0.03	0.07	0.00
Average number of shares, diluted and undiluted 1,000 shares	11,820	11,836	11,897	11,897	11,897	11,897	11,897	11,897
Average number of personnel	562	570	534	462	457	480	487	492

COMMITMENTS AND CONTINGENCIES

EUR thousand	31.12.2017	31.12.2016
Commitments on own behalf		
Mortgages	2,793	2,793
Floating charges	12,500	12,500
Operating leases		
Not later than one year	750	774
1 - 5 years	831	456
Other liabilities	312	312

DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	31.12.2017	31.12.2016
Interest rate swaps	1,200	1,800

CONSOLIDATED KEY FIGURES

EUR thousand	1.1.-31.12.2017	1.1.-31.12.2016	Change, %
Revenue	86,255	73,079	18.0
Operating profit	6,081	649	837.5
% of revenue	7.1	0.9	
Adjusted operating profit 1)	6,319	2,621	141.1
% of revenue	7.3	3.6	
Profit before tax	5,335	678	687.2
% of revenue	6.2	0.9	
Profit for the period	4,212	198	2,025.4
% of revenue	4.9	0.3	
Shareholders' equity	28,815	27,013	6.7
Interest-bearing liabilities	16,356	10,227	59.9
Cash and cash equivalents	7,629	6,944	9.9
Net interest-bearing liabilities	8,727	3,283	165.9
Capital employed	45,172	37,239	21.3
Return on equity, %	15.1	0.7	2,097.8
Return on capital employed, %	14.8	1.7	758.2
Equity ratio, %	44.8	51.3	-12.6
Net gearing, %	30.3	12.2	149.2
Capital expenditure	9,974	3,129	218.8
% of revenue	11.6	4.3	
Research and development costs	1,876	1,747	7.4
% of revenue	2.2	2.4	
Order intake	86,531	74,778	15.7
Order backlog	17,126	16,702	2.5
Earnings per share, diluted and undiluted, EUR	0.36	0.02	2,031.6
Equity per share, EUR	2.43	2.27	7.0
Average number of shares, diluted and undiluted, 1,000 shares	11,862	11,897	-0.3
Average number of employees	532	479	11.0
Personnel at year end	568	455	24.8

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.



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 employees' expertise and high level of technology play a major role in Exel Composites' operations. Exel Composites Plc share is listed in Nasdaq Helsinki Ltd.

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