



## REVENUE AND OPERATING PROFIT INCREASED

### Q3 2020 in brief

- Order intake decreased by 9.5% to EUR 24.5 million (Q3 2019: 27.1).
- Revenue increased by 10.2% to EUR 26.0 million (23.6).
- Adjusted operating profit increased to EUR 2.0 million (1.7), which is 7.8% of revenue (7.0).
- Operating profit increased to EUR 2.0 million (1.5), which is 7.8% of revenue (6.2).
- Earnings per share amounted to EUR 0.09 (0.07).

### Q1-Q3 2020 in brief

- Order intake increased by 3.6% to EUR 81.9 million (Q1-Q3 2019: 79.0).
- Revenue increased by 5.0% to EUR 81.1 million (77.2).
- Adjusted operating profit increased to EUR 7.0 million (5.9), which is 8.6% of revenue (7.6).
- Operating profit increased to EUR 6.7 million (4.0), which is 8.2% of revenue (5.2).
- Earnings per share amounted to 0.36 (0.17).

## Guidance for the full year 2020 (reinstated)

Exel Composites expects revenue in 2020 to increase or to remain at previous year's level, and adjusted operating profit in 2020 to increase compared to 2019.

Exel Composites withdrew its guidance on 6 May 2020 as a consequence of increased uncertainty and poor short-term predictability due to the Covid-19 pandemic. Prior to withdrawing the guidance and according to the guidance published in February 2020, Exel Composites expected revenue and adjusted operating profit to increase in 2020 compared to 2019.

## President and CEO, Riku Kytömäki

In the third quarter of 2020, we were able to increase our revenue and operating profit despite the impacts of the continued Covid-19 pandemic on the global business environment. A few customers requested to postpone deliveries of current orders, which impacts timings of revenues

**10.2 %**

Revenue increased to EUR 26.0 million in Q3 2020

and profits. The underlying demand across all customer industries has, however, slightly improved. Order intake in the quarter landed below last year mainly due to a partial cancellation of a large order in the United States, that was booked in the first quarter of 2020.

Revenue increased compared to the previous year in Wind power and Defense customer industries and especially in the Asia-Pacific region. Revenue in the Buildings and infrastructure as well as the Transportation customer industries declined mainly due to Covid-19 related lower demand mostly in Europe.

Operating profit in the third quarter increased compared to the same period last year. Despite revenue growth on Group level, profitability was negatively impacted by the uneven distribution of revenues across business units. Together with effects of the Covid-19 pandemic, this impaired production efficiency and profitability, especially in the business unit in the United States.

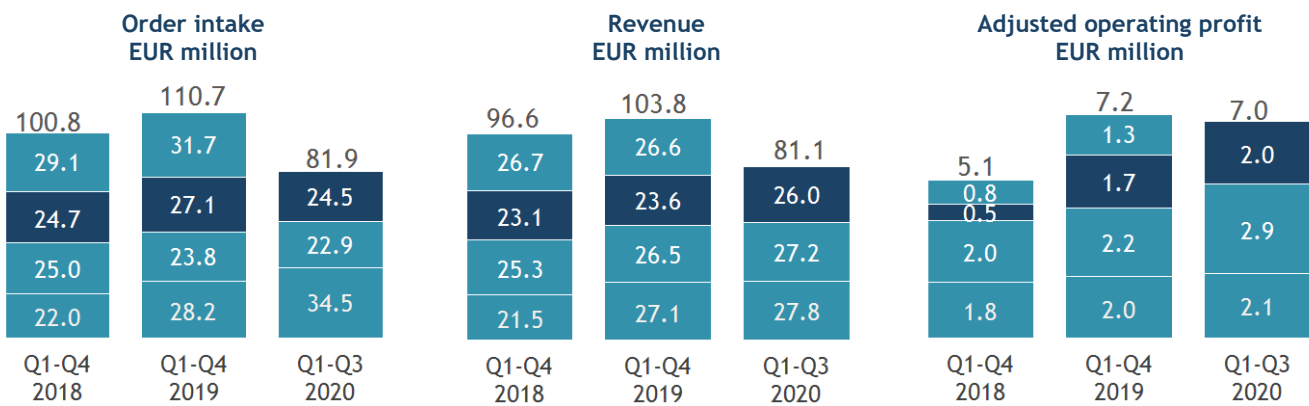
The construction project of the new manufacturing facility in Austria progressed as planned and we reached roof height in the third quarter. At the same time, we have tightened Covid-19 related safety measures across the Group and continue to monitor the situation very closely.

This year we are celebrating Exel's 60<sup>th</sup> anniversary. Despite the challenging circumstances in 2020, we have been able to execute our strategy successfully. The anniversary is also a good time to reflect on who we are and where we are headed as company, our purpose and vision.

In the long-term, global megatrends, sustainability and total life cycle approach, further increase composite demand. We firmly believe in the benefits of composites and use our expertise to solve challenges making solutions that are lighter, stronger, stiffer, longer and reaching higher. By using composites, we also save resources. This is why we exist. We want Exel to be the first choice for sustainable composite solutions globally.



**Our purpose is to solve challenges and save resources with composites. Our vision is to be the first choice for sustainable composite solutions globally.**



## Consolidated key figures

EUR thousand	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	Q1-Q4 2019
Revenue	26,043	23,627	10.2	81,087	77,199	5.0	103,784
Operating profit	2,023	1,454	39.2	6,685	4,003	67.0	5,087
% of revenue	7.8	6.2		8.2	5.2		4.9
Adjusted operating profit 1)	2,022	1,663	21.6	6,976	5,859	19.1	7,160
% of revenue	7.8	7.0		8.6	7.6		6.9
Profit before tax	1,348	1,488	-9.4	5,616	3,608	55.7	3,885
% of revenue	5.2	6.3		6.9	4.7		3.7
Profit for the period	1,072	847	26.5	4,270	2,033	110.0	2,397
% of revenue	4.1	3.6		5.3	2.6		2.3
Shareholders' equity	27,652	26,009	6.3	27,652	26,009	6.3	26,302
Interest-bearing liabilities	43,713	37,492	16.6	43,713	37,492	16.6	37,163
Cash and cash equivalents	11,156	5,741	94.3	11,156	5,741	94.3	6,930
Net interest-bearing liabilities	32,557	31,752	2.5	32,557	31,752	2.5	30,234
Capital employed	71,365	63,501	12.4	71,365	63,501	12.4	63,466
Return on equity, %	15.8	13.3	18.6	21.1	10.5	101.6	9.2
Return on capital employed, %	11.8	9.3	27.0	13.4	9.0	49.4	8.6
Equity ratio, %	29.1	30.9	-5.6	29.1	30.9	-5.6	30.9
Net gearing, %	117.7	122.1	-3.6	117.7	122.1	-3.6	114.9
Net cash flow from operating activities	1,143	1,725	-33.7	9,332	5,527	68.8	9,030
Net cash flow from investing activities	-4,745	-1,882	152.1	-9,572	-4,200	127.9	-6,087
Capital expenditure	4,420	2,414	83.1	9,622	4,845	98.6	6,262
% of revenue	17.0	10.2		11.9	6.3		6.0
Research and development costs	570	644	-11.4	2,018	2,152	-6.2	2,851
% of revenue	2.2	2.7		2.5	2.8		2.7
Order intake	24,500	27,066	-9.5	81,928	79,043	3.6	110,693
Order backlog	30,710	25,404	20.9	30,710	25,404	20.9	30,391
Earnings per share, diluted and undiluted, EUR	0.09	0.07	26.4	0.36	0.17	109.9	0.20
Equity per share, EUR	2.34	2.20	6.23	2.34	2.20	6.25	2.23
Average share price, EUR	5.36	4.22	27.0	5.36	4.22	27.0	4.54
Average number of shares, diluted and undiluted, 1,000 shares	11,830	11,820	0.1	11,827	11,820	0.1	11,820
Employees, average	662	641	3.4	662	661	0.2	659
Employees, end of period	656	647	1.4	656	647	1.4	648

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.

# Revenue

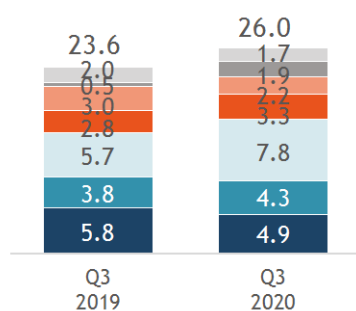
## Revenue by customer industry

	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
EUR thousand	2020	2019	%	2020	2019	%	2019
Buildings and infrastructure	4,907	5,831	-15.8	16,404	17,710	-7.4	23,502
Equipment and other industries	4,272	3,813	12.0	14,414	14,496	-0.6	18,644
Wind power	7,804	5,676	37.5	21,497	16,627	29.3	23,620
Machinery and electrical	3,252	2,786	16.7	11,821	10,463	13.0	14,384
Transportation	2,195	3,012	-27.1	8,367	9,870	-15.2	13,127
Defense	1,914	529	261.4	3,933	1,298	202.9	2,292
Telecommunications	1,700	1,979	-14.1	4,651	6,734	-30.9	8,215
<b>Total</b>	<b>26,043</b>	<b>23,627</b>	<b>10.2</b>	<b>81,087</b>	<b>77,199</b>	<b>5.0</b>	<b>103,784</b>

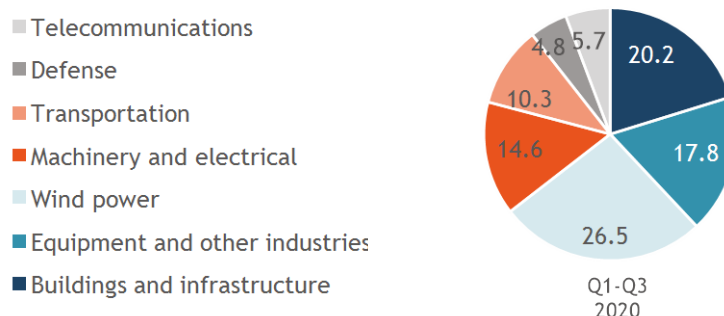
## Revenue by region\*

	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
EUR thousand	2020	2019	%	2020	2019	%	2019
Europe	13,322	14,491	-8.1	45,726	47,349	-3.4	62,076
North America	4,483	4,242	5.7	14,694	16,259	-9.6	22,407
Asia-Pacific	6,766	4,252	59.1	17,584	12,423	41.5	17,600
Rest of the world	1,472	642	129.4	3,084	1,168	164.1	1,701
<b>Total</b>	<b>26,043</b>	<b>23,627</b>	<b>10.2</b>	<b>81,087</b>	<b>77,199</b>	<b>5.0</b>	<b>103,784</b>

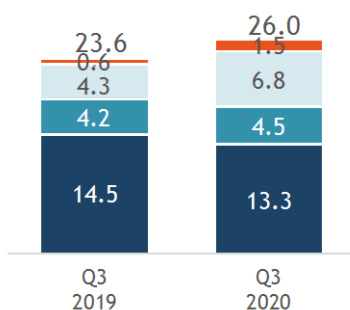
Revenue by customer industry  
EUR million



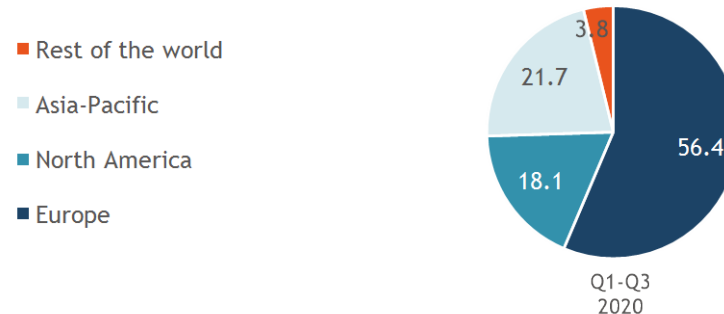
Share of revenue by customer industry  
%



Revenue by region\*  
EUR million



Share of revenue by region\*  
%



\* Revenue by customer location, not by the location of the manufacturing Exel Composites business unit.

# Impacts of the Covid-19 pandemic

## Operations

In the third quarter of 2020, and despite the continued uncertainty caused by the Covid-19 pandemic, the impact on Exel Composites' operations was limited. All our factories operated close to normal within the limits of the implemented safety measures.

Raw material supply and logistics operated normally in the third quarter.

## Financial standing

Order intake in the third quarter suffered from Covid-19 related uncertainty and cautiousness among our customers. A few customers requested to postpone deliveries of current orders, which impacts timings of revenues and profits. Underlying demand across all customer industries has, however, slightly improved. Order intake in the quarter landed below last year mainly due to a partial cancellation of a large order in the United States, that was booked in the first quarter of 2020.

The Group's liquidity and cash situation are good, and the Covid-19 pandemic has had limited impact, if any, on Group liquidity. The Group has existing committed credit limits to secure financing of all foreseen investments in 2020 and provide for a comfortable liquidity buffer for any unforeseen negative events.

The main risk in the impairment testing continues to be related to the expected profitability turnaround of the business unit in the United States. Whereas as the first half of 2020 was strong, in the third quarter the profitability of the business unit in the United States deteriorated. We expect this to be short-term, and volumes and profitability of the business unit in the United States to recover. The company will conduct the impairment testing according to the normal schedule in the fourth quarter of 2020.

During the third quarter of 2020, Exel Composites received Covid-19 related financial assistance under local governmental schemes in Great Britain, Austria, China and Australia.

## Our response in relation to the Covid-19 pandemic

The health and safety of our employees, customers and business partners is a priority for Exel Composites. In order to ensure safety and business continuity during the Covid-19 pandemic, the Group Management Team and local management continue to hold regular online meetings to review the latest developments, actions and best practices in all functions and countries of operation. All units have continued with tightened Group and business unit level safety and hygiene instructions in accordance with the instructions of local health authorities. Travelling is limited and remote work as well as online meetings continue to be preferred when possible. Outsider visits to sites are reduced to minimum. Continuous internal communication at Group level as well as locally on Covid-19 related concerns has been emphasized and implemented through a variety of channels.

Close and continuous interaction is maintained with customers, suppliers and business partners in order to ensure timely reaction to new developments. Given the continued uncertainty related to the Covid-19 pandemic, close monitoring of the situation is a priority for us.

## Financial results briefing

Exel Composites will hold a financial results briefing regarding the Business Review January-September 2020 on Friday 30 October 2020 at 12:30 EET. Participation requires registration in advance.

Vantaa, 30 October 2020

**Exel Composites Plc**  
Board of Directors

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## Exel Composites in brief

At Exel Composites, we use over 60 years' experience to solve challenges and help customers save resources. Our forward-thinking composite solutions made with continuous manufacturing technologies serve customers in a wide range of industries around the world. You can find our products used in applications from wind power and transportation to building and infrastructure.

Our collaborative approach and global footprint set us apart from our competition. We use our expertise to help customers reduce weight, improve performance and energy efficiency and decrease total lifetime costs. We want to be the first choice for sustainable composite solutions globally.

Headquartered in Finland, Exel Composites employs approximately 650 forward-thinking professionals around the world and is listed on Nasdaq Helsinki. To find out more about our offering and company please visit [exelcomposites.com](https://www.exelcomposites.com).