

ANNUAL GENERAL MEETING 2016



17 March 2016

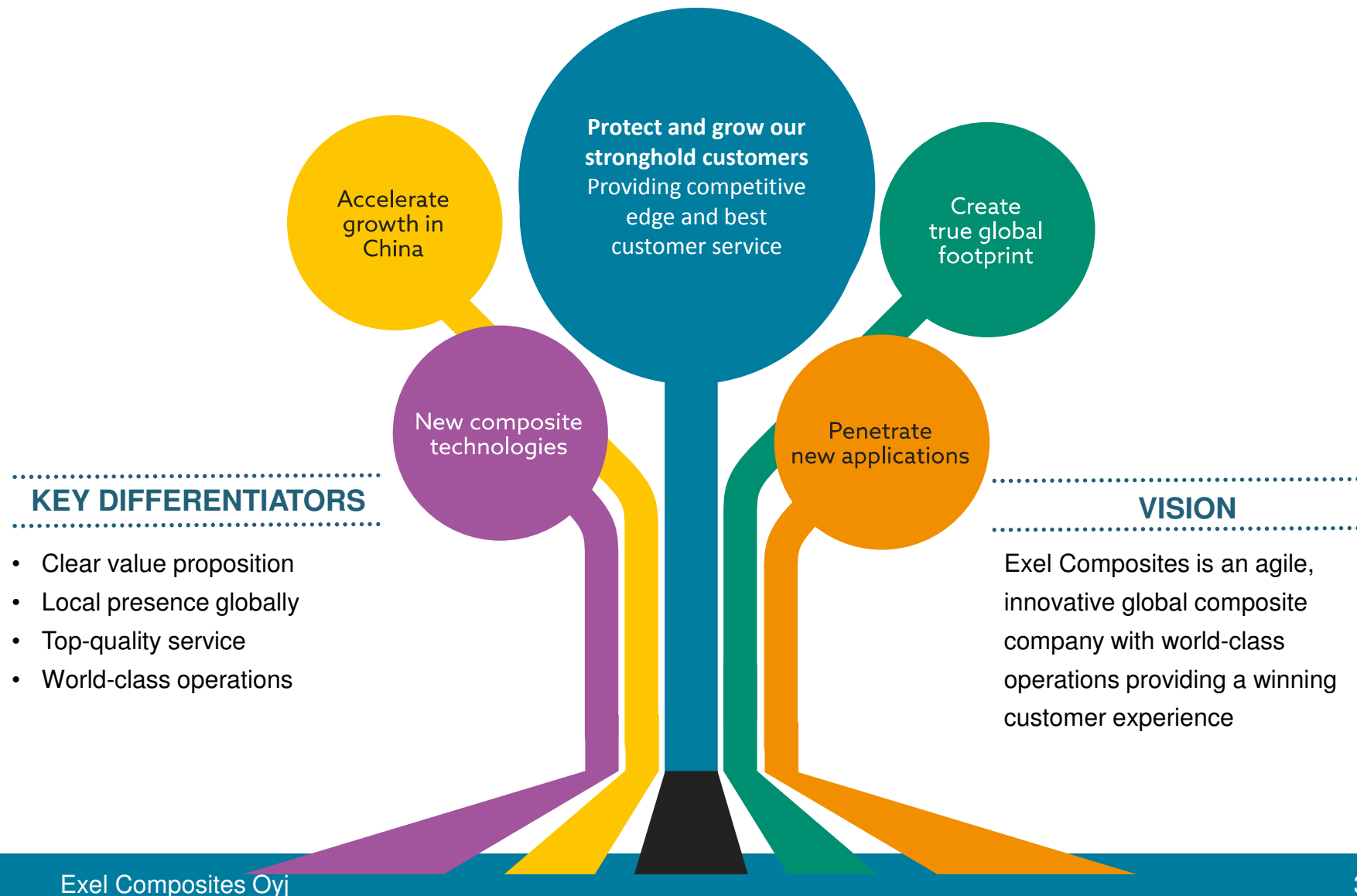
Riku Kytömäki
President and CEO

CEO's Review

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- Strategy
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Strategy built on growth



Next level growth is based on four initiatives



Accelerate growth in China

- Local sales network
- Value offering for mid-segment
- R&D and manufacturing capacity



Penetrate new applications

- Solutions for larger growth applications
- Package key applications to 'systems'



Create true global footprint

- Increase sales coverage
- 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

In 2015 Exel Composites started fully implementing the new strategy...

- All four strategic growth initiatives were advanced
- Organization has been strengthened and competencies developed
- Flexibility and capacity was added to production in order to be ready for organic and in-organic growth
- Operations were improved in many fronts and operational excellence was driven throughout the Group:
 - Global supply chain management was developed
 - A whole new safety culture was introduced in all our sites
 - Lost time injuries were halved from previous year
 - On-time-delivery (OTD) promptness to clients was improved
 - Lean manufacturing methods, such as 5S and visual management, are being implemented in all our factories

...and several steps were taken towards becoming a truly global composites company

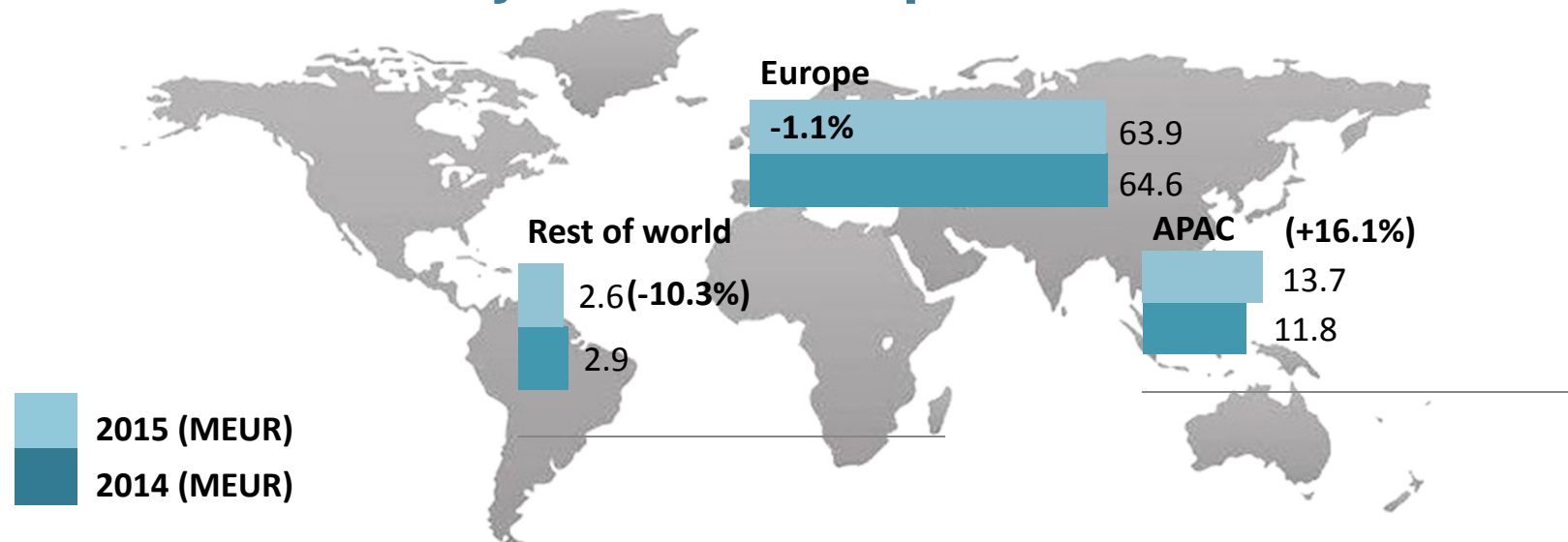
- Sales coverage was expanded further and extra efforts were put into new and growing segments such as the automotive industry
 - Exel Web Store was added as a new channel to generate business leads and to cover some standard product orders
- Implementation of the new global ERP continued
 - The roll-out to all business units will take place during 2016 and 2017 step-by-step
- M&A screening activities continued throughout the year
- Reinforced efforts in innovation
 - BMW has chosen Exel as a technology partner for the development of carbon fibre -reinforced parts for next generation passenger cars
 - Exel has been selected as a partner in a venture aiming at improving the life of refugees by providing safe and functional temporary shelters
 - Exel won the JEC World 2016 Innovation Award in the infrastructures category

However, sales growth did not materialize as planned...

- Business volume of the Group, with net sales increasing only slightly to EUR 80.2 (79.3) million, was lower than expected
- In the second and third quarter we saw postponements of some key customer orders and end-customer projects...
-whilst in the fourth quarter order intake was recovering and increased from the low level of the third quarter
 - In Q4 2015 an increase of 11 % to MEUR 20.5 vs. MEUR 18.4 in Q4 2014 or an increase of +10 % vs. MEUR 18.7 in Q3 2015
 - In 2015 an increase of 1.3% to MEUR 83.4 (82.3)

EXELENCE
FOR THE WIN

...and whilst APAC was the fastest growing region in 2015: up by 16.1% to MEUR 13.7 (11.8), the key market Europe was flat



Rest of world (ROW)

Net sales in the region Rest of world decreased by 10.3% in January-December 2015

Europe

Net sales in Europe decreased by 1.1% in January-December 2015

APAC

APAC was the fastest growing region in January-December 2015, net sales up by 16.1%

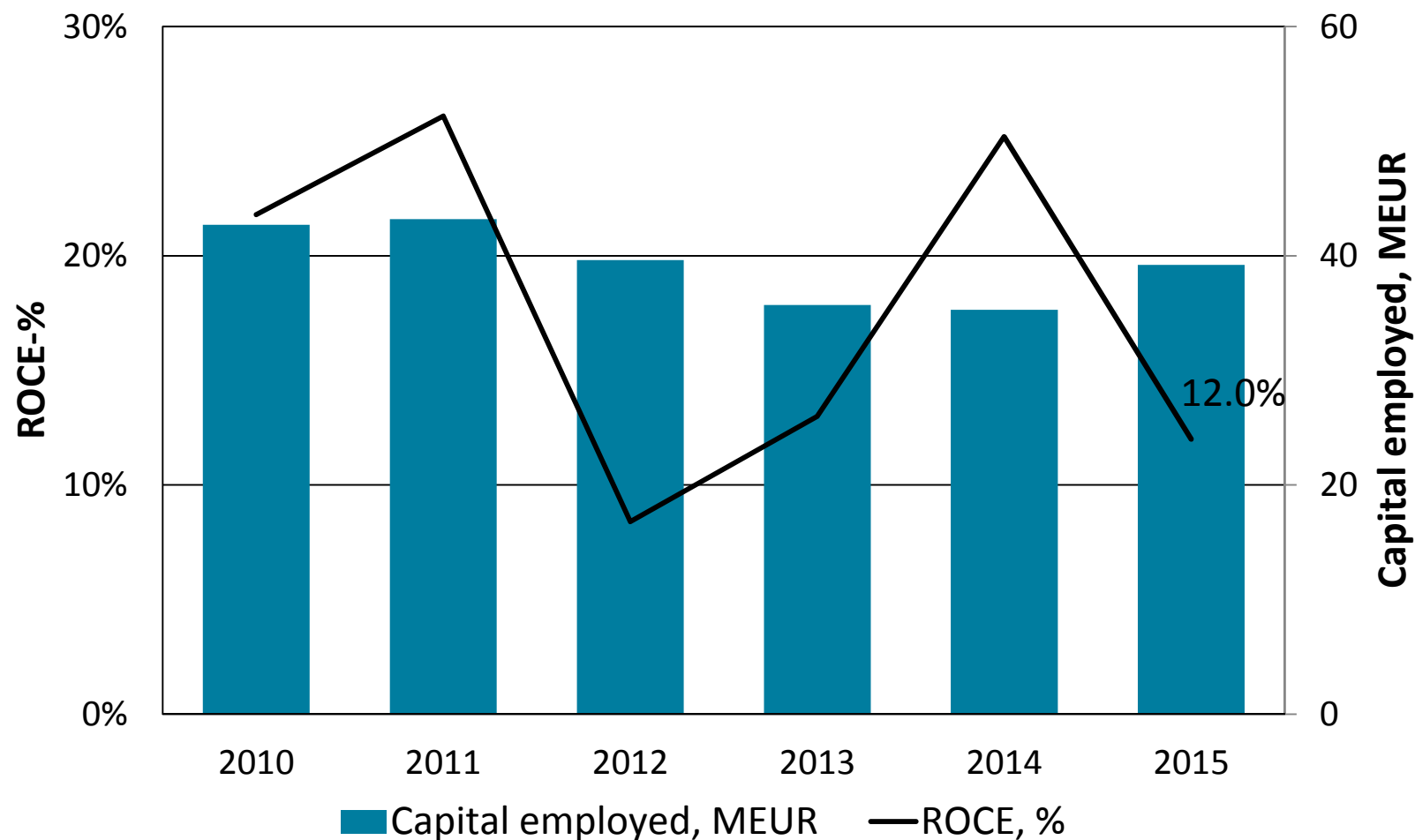
Profitability was impacted in 2015 by higher operating costs mainly attributable to the additional resources

- Profitability of the Company was impacted in 2015 by higher operating cost,
- ... mainly attributable to the additional resources relating to the implementation of the long-term growth strategy,
- ... and low utilization of certain factories, due to lower than expected business volume of the Group with net sales increasing only slightly

Actions were taken to reduce costs and postponing investments...

- Actions were taken to drive sales and control costs
- Sales activities were reinforced e.g. by dedicating more resources on sales support and strengthening account management,
- ...and we introduced programs to control costs, such as reducing labor costs and having strict control on overhead costs,
- ...also SCM team is working on new supply sources for direct and in-direct material cost savings
- Some longer term investment needs were postponed further
- The ongoing expansion projects in China and Austria are in permitting and design phase, but the completion of both projects have been postponed to 2017

...but the actions were not enough to compensate for the sales development



The Board proposes a dividend EUR 0.22

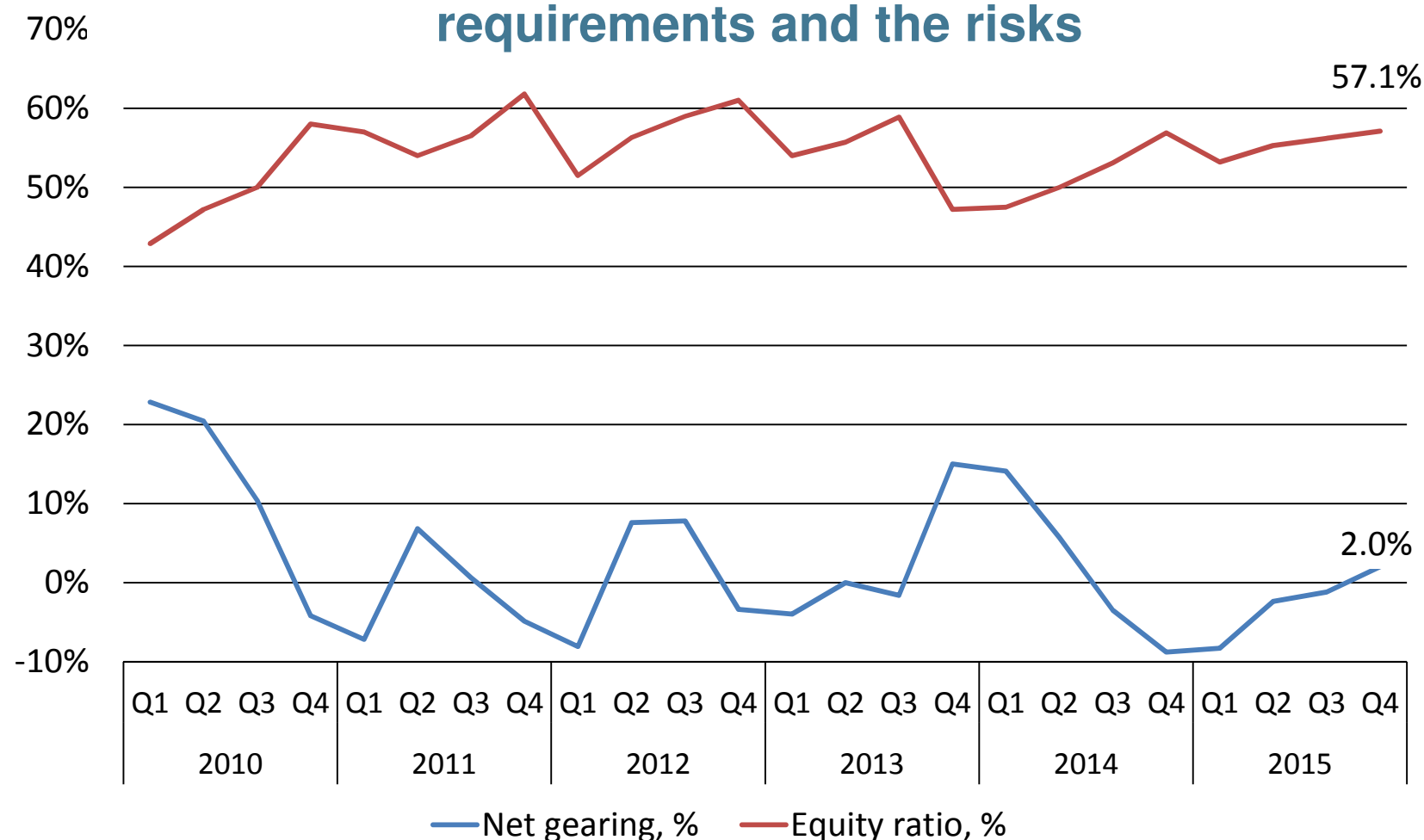
The Board of Directors of Exel Composites Plc has on 18 February 2016 amended the Company's dividend policy.

Exel Composites' financial goals include distributing dividends minimum (prior: "some") 40 per cent of the profit for the financial year as permitted by the financial structure and growth opportunities.

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

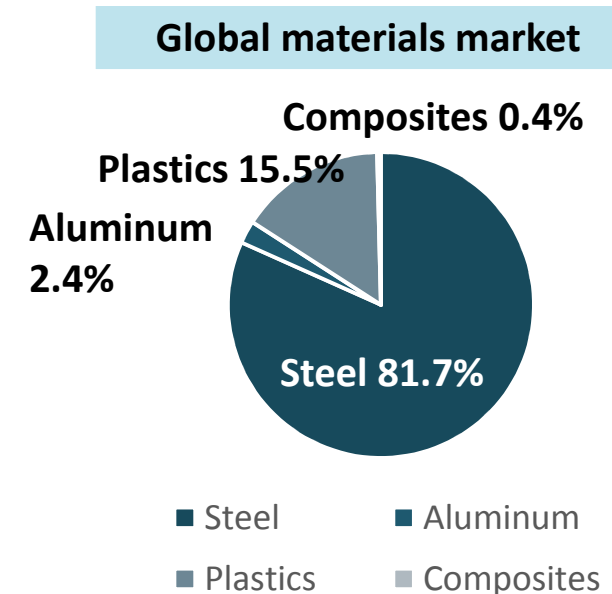
The Board proposes to distribute a dividend of EUR 0.22 per share (0.20). The proposed record date for dividends is 21 March 2016.

The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks



Composites market demand expected to grow both in volume and value

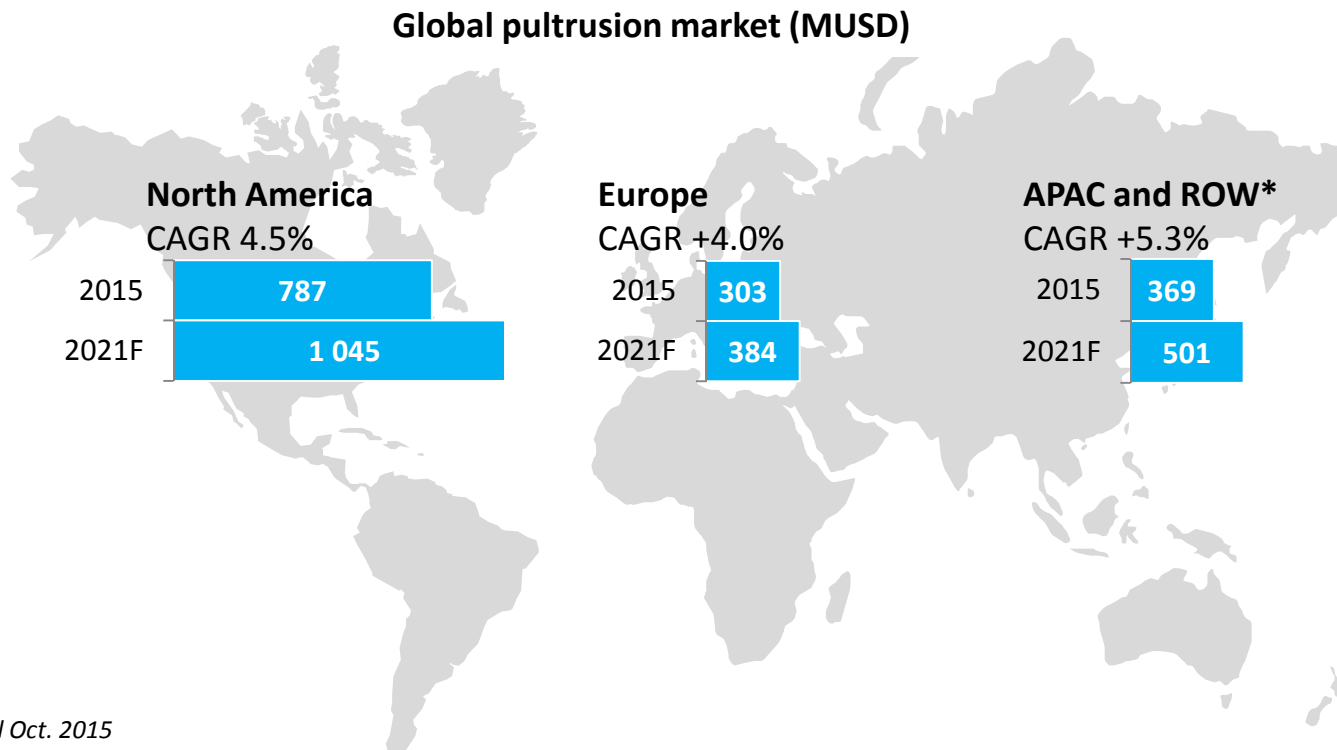
- Material market is dominated by steel and plastics
- Composite market represents 0.4% of total materials market
- Pultrusion market was estimated to be 1.5 BUSD in 2015
- Composite demand is expected to grow +4.6 % per annum in value during 2016-2021, growth is driven by:
 - Increasing energy efficiency requirements
 - Escalating need for anti-corrosive applications
 - Greater focus on life cycle costs of end products than those manufactured from other materials, such as steel and aluminum



Source: Lucintel Oct. 2015

Largest markets are North America, North Asia and Europe

- Largest and fastest growing markets are in Asia and North America
- Currently major share of Exel Composites business is in Europe
 - Globally third largest market
 - Growing market but at a slower speed



Source: Lucintel Oct. 2015

* Exel Composites considers Lucintel's APAC market estimate too low

Exel does not expect any significant changes in the 2016 European market

- Industrial investments are gradually expected to pick up in Europe
- The markets benefiting from energy efficiency, especially the transportation industry, continue to grow
- Low demand in the Russian market continues to impact also the European building and construction industry
- The renewable energy markets, such as solar panels and wind turbines show some positive signs for improvement, increasing the demand of composites

...and in the rest of the world the market picture is mixed

- In North America the low oil price kept investments in chemical, oil and gas segment remain low, affecting the demand in that segment directly and many other segments, such as transportation, indirectly
- In Asia demand is still good in many market segments providing good possibilities for composites' market penetration and growth

In 2016, Exel Composites we will continue to implement the long term strategy...

- In 2016, our focus will be on
 - Operational efficiency
 - Optimizing the global manufacturing footprint
- Exel Composites will continue to develop world-class operations and superior customer experience to differentiate from competitors...
- ... and we will continue
 - accelerating growth in China through local sales, R&D and offering for mid-segment
 - penetrating to new growth applications, and packaging key applications to 'systems'
 - creating true global footprint
 - growing in new technologies and increase vertical integration
- Potential acquisitions can boost growth and cover market and technology white spots

...and we expect profit improvements as detailed in the outlook statement

The Company continues to implement its new strategy with focus to operational efficiency and optimizing the global manufacturing footprint.

The Company estimates that operating profit excluding any non-recurring items will increase in 2016 compared to 2015

...and the financial targets reflect our long term growth strategy



- Financial targets are considered over a business cycle
- Acquisitions targeted to boost growth and to cover market and technology white spots. Acquisitions will influence overall growth and profitability targets
- Exel Composites aims to distribute minimum 40 per cent of net income in dividends, as permitted by the financial structure and growth opportunities

More information is available on Exel Composites website

- Exel Composites website: www.exelcomposites.com
- The following financial reviews will be published in 2016:
 - 11 May 2016: Business Review for January-March 2016
 - 21 July 2016: Half-yearly Report for January-June 2016
 - 25 October 2016: Business Review for January-September 2016
- For further information please contact:

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