

Q1 2015 RESULTS



Scandic Hotel Simonkenttä

6 May 2015

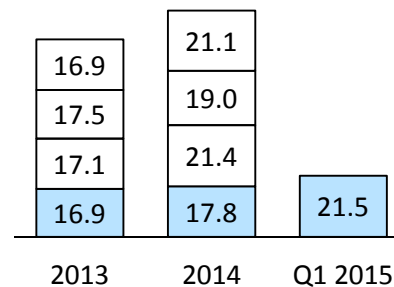
**Riku Kytömäki
President and CEO**

Q1 2015 Highlights

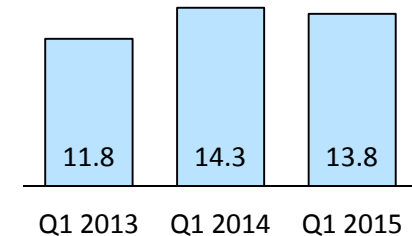
Exel Composites grew 20.7%

- Net sales increased by 20.7%
- Operating profit increased to MEUR 2.0 (1.9)
- Operating profit margin decreased slightly to 9.3% (10.6%) due to increased costs attributable to the strengthening of the organization and investments in capacity
- Net cash flow from operating activities was positive at MEUR +0.7 (+0.6)

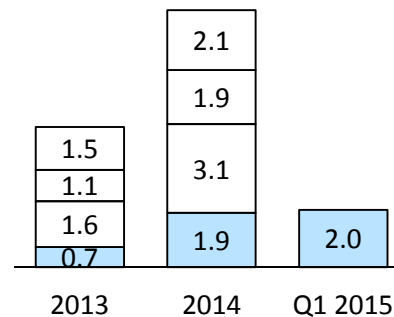
Net sales, MEUR



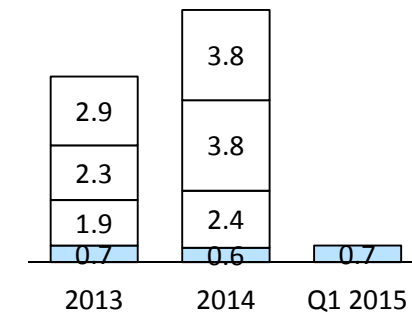
Order backlog, MEUR



Operating profit, MEUR



Net cash flow, MEUR

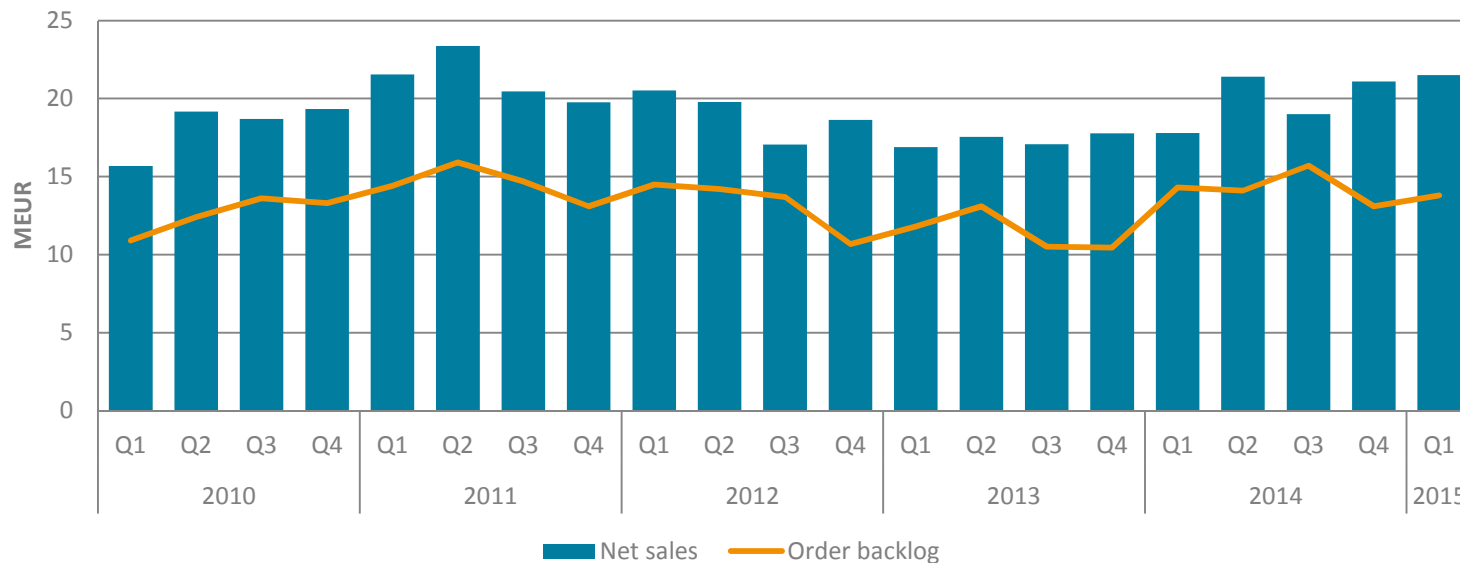


Key figures Q1 2015

MEUR	Q1 2015	Q1 2014	Change-%
Net sales	21.5	17.8	20.7
Operating profit	2.0	1.9	5.3
Operating profit, %	9.3	10.6	
Net cash flow from operating activities	0.7	0.6	6.2
Order backlog	13.8	14.3	-3.2
Order intake	22.8	21.8	4.6
Return on capital employed, %	21.8	21.1	
Net gearing, %	-8.3	14.1	
EPS, EUR	0.13	0.09	

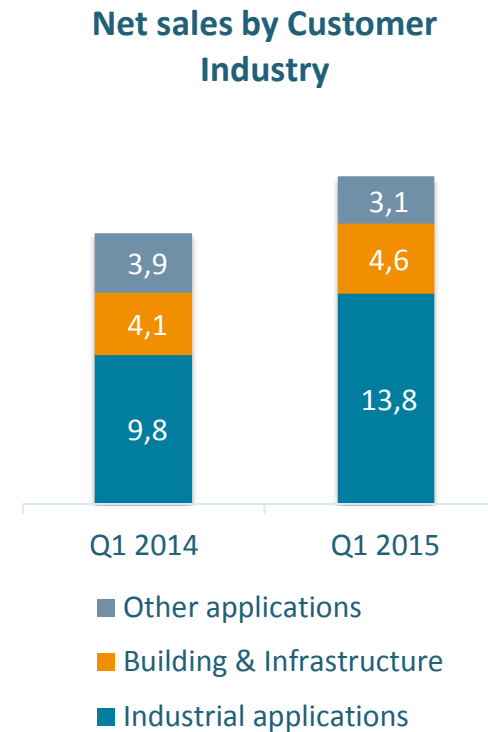
Net sales increased by 20.7% and order intake by 4.6% in Q1 2015

- Net sales increased to MEUR 21.5 (17.8)
- Order intake increased by 4.6% to MEUR 22.8 (21.8)
- Order backlog on 31 March 2015 was MEUR 13.8 (14.3)
- Order backlog increased by MEUR 1.0 from MEUR 12.8 on 31 December 2014



In Q1 2015 net sales growth came from Industrial applications

- In Q1 2015 Group net sales increased by 20.7% from Q1 2014 to MEUR 21.5 (17.8), which was MEUR 0.4 or 2.0% more than in Q4 2014
- Net sales of Industrial applications increased by 41.4% to MEUR 13.8 (9.8)
- Net sales of Construction and Infrastructure applications increased by 10.1% to MEUR 4.6 (4.1)
- Net sales of Other applications decreased by 20.0% to MEUR 3.1 (3.9)



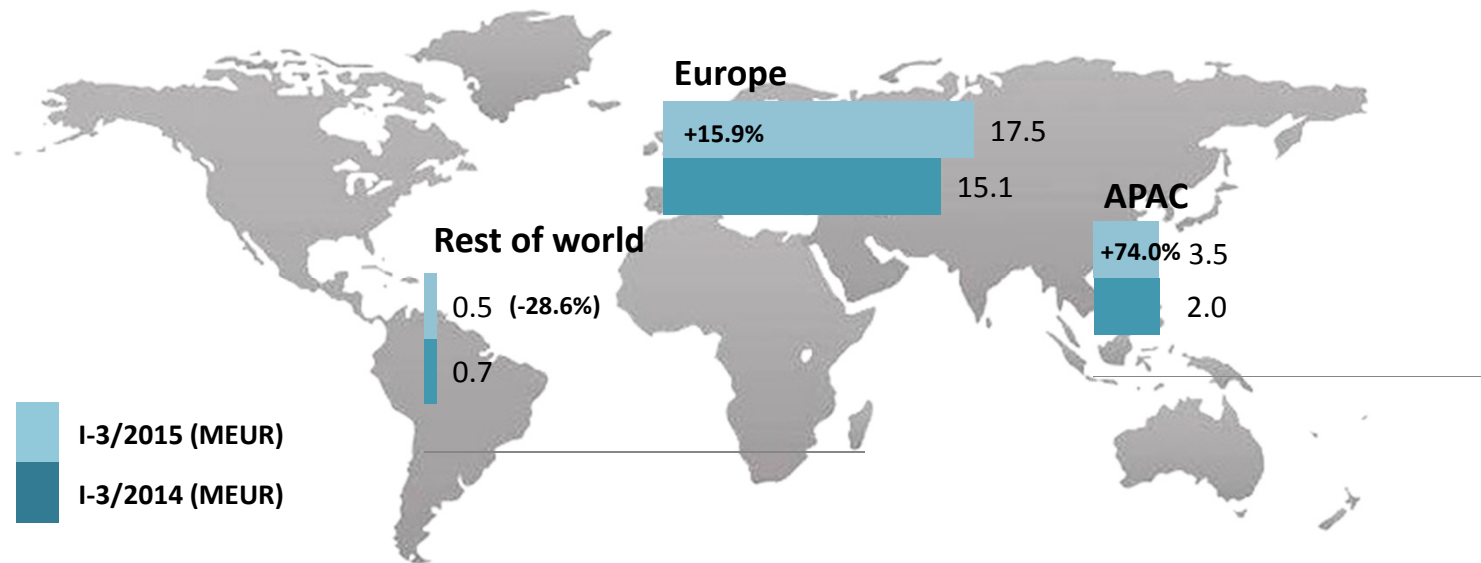
Note: Customer industries include the following markets:

Construction and infrastructure = Building, Construction & Infrastructure, Energy industry

Industrial applications = Telecommunication, Paper, Electrical, Machine, and Transportation industries

Other applications = Cleaning & Maintenance, Sports & Leisure Industry, General Industries

Majority of growth in net sales, MEUR 2.4, came from Europe in Q1 2015



Rest of world

Net sales in the region Rest of world decreased by 28.6% in Q1 2015





















Europe

Net sales in Europe grew by 15.9% in Q1 2015

APAC

Net sales in the region APAC grew by 74.0% in Q1 2015

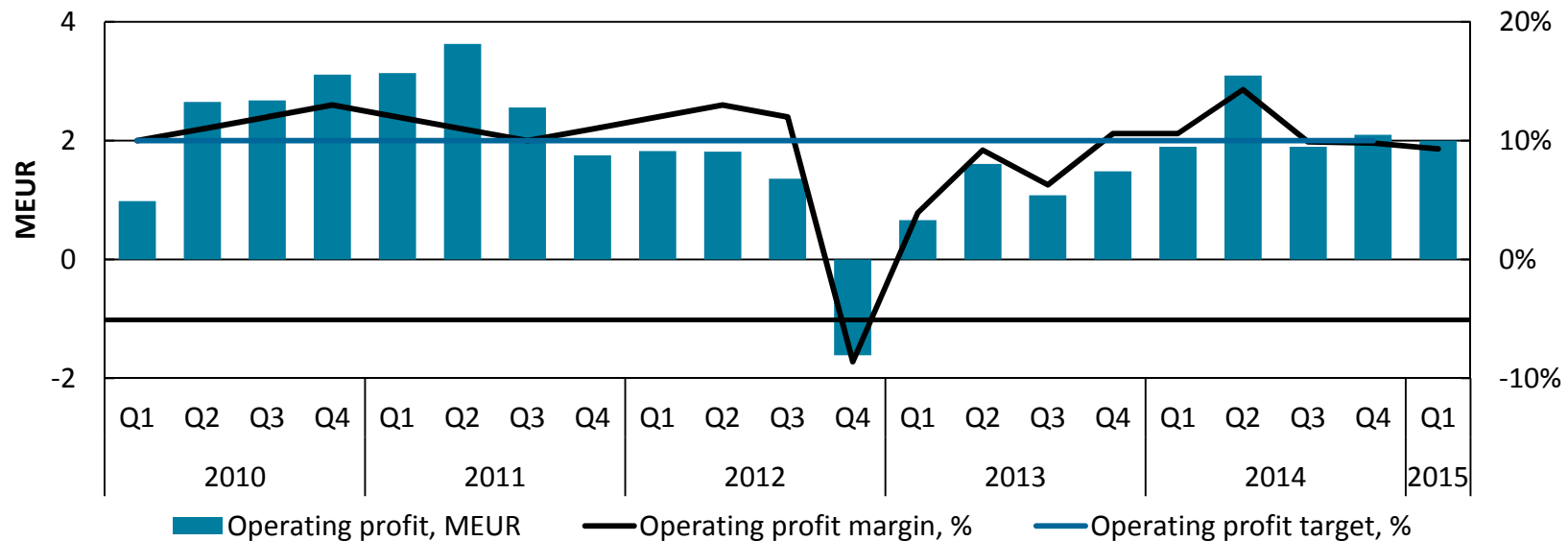
Demand in some markets of Exel Composites is picking up

Market	Demand	
 Transportation industry		Increased demand with new applications
 Building, Construction & Infrastructure		Recovery in demand
 Energy industry		<i>New projects opening up*)</i>
 Telecommunication industry		4G network building increases demand
 Paper industry		<i>Exel product portfolio is renewed. Growth expected*)</i>
 Electrical industry		No major market discontinuity seen - growth potential unclear
 Cleaning & Maintenance		Exel grows faster than market
 Sports & Leisure		Exel position strong in selected segments
 Machine industry		Lightness and stiffness are becoming increasingly important
 General industry		General increase in demand

*) Updated since last reporting

Q1 2015 operating profit increased to MEUR 2.0 (1.9)

- Q1 2015 operating profit increased to MEUR 2.0 (1.9)
- Operating profit margin was 9.3% (10.6%) of net sales
 - Decrease was due to increased costs attributable to the strengthening of the organization, especially in sales, product development and operations, and due to investments in capacity

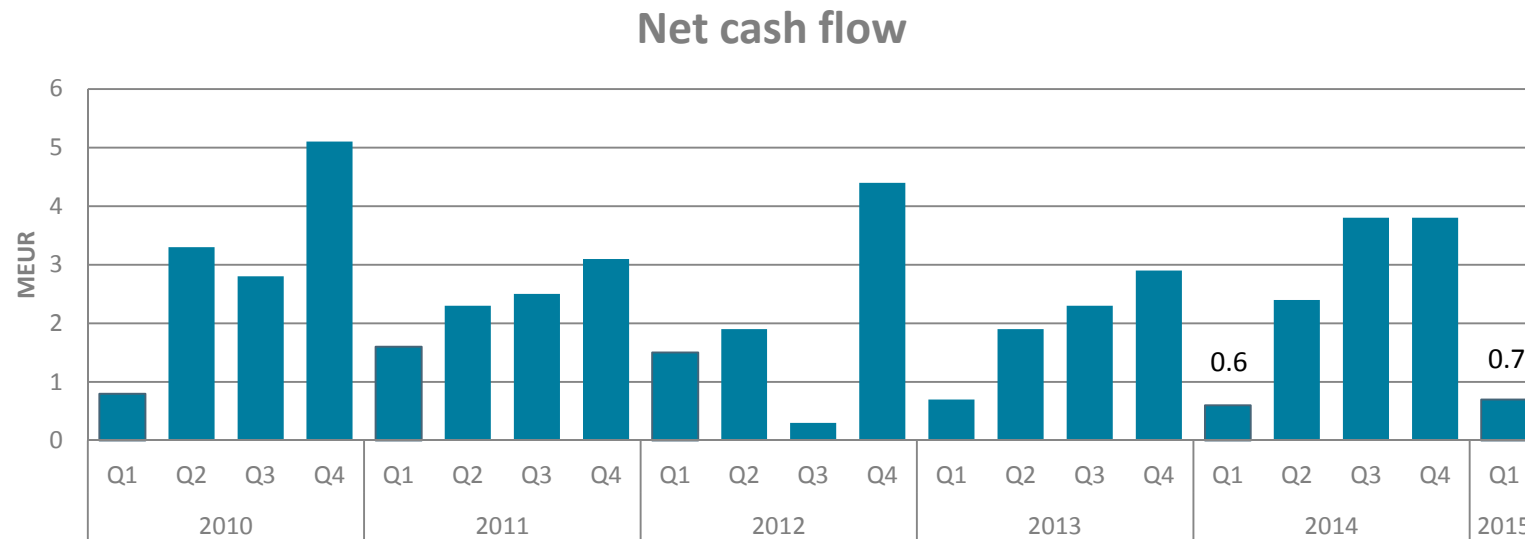


Operating profit margin decreased slightly to 9.3% (10.6%)

MEUR	1-3/2015		1-3/2014		Change in % of net sales
	Value	% of net sales	Value	% of net sales	
Net sales	21.5	100%	17.8	100%	
Materials and services	-7.8	36.1	-6.0	33.6	+2.5
Employee expenses	-6.5	30.0	-5.4	30.3	-0.3
Depreciation and impairment	-0.7	3.3	-0.7	3.7	-0.4
Other operating expenses	-4.6	21.2	-4.1	22.6	-1.4
Other operating income	0.2	0.0	0.2	1.1	-1.1
Operating profit	2.0	9.3	1.9	10.6	-1.3

In Q1 2015 net cash flow was MEUR +0.7 (+0.6)

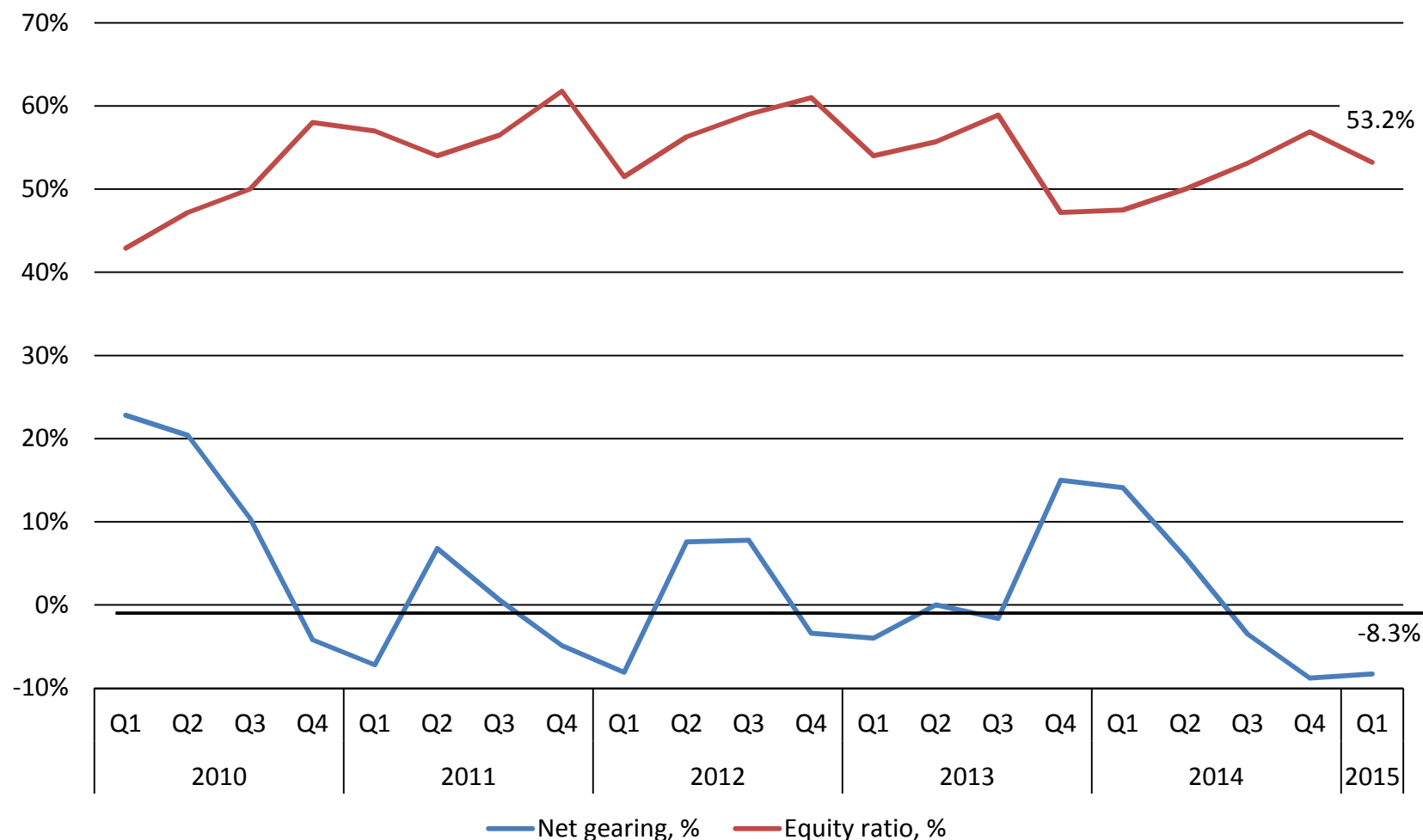
- Cash flow from operating activities was positive at MEUR +0.7 (+0.6) due to improved operating profit
- Capital expenditure was MEUR 0.8 (0.7)



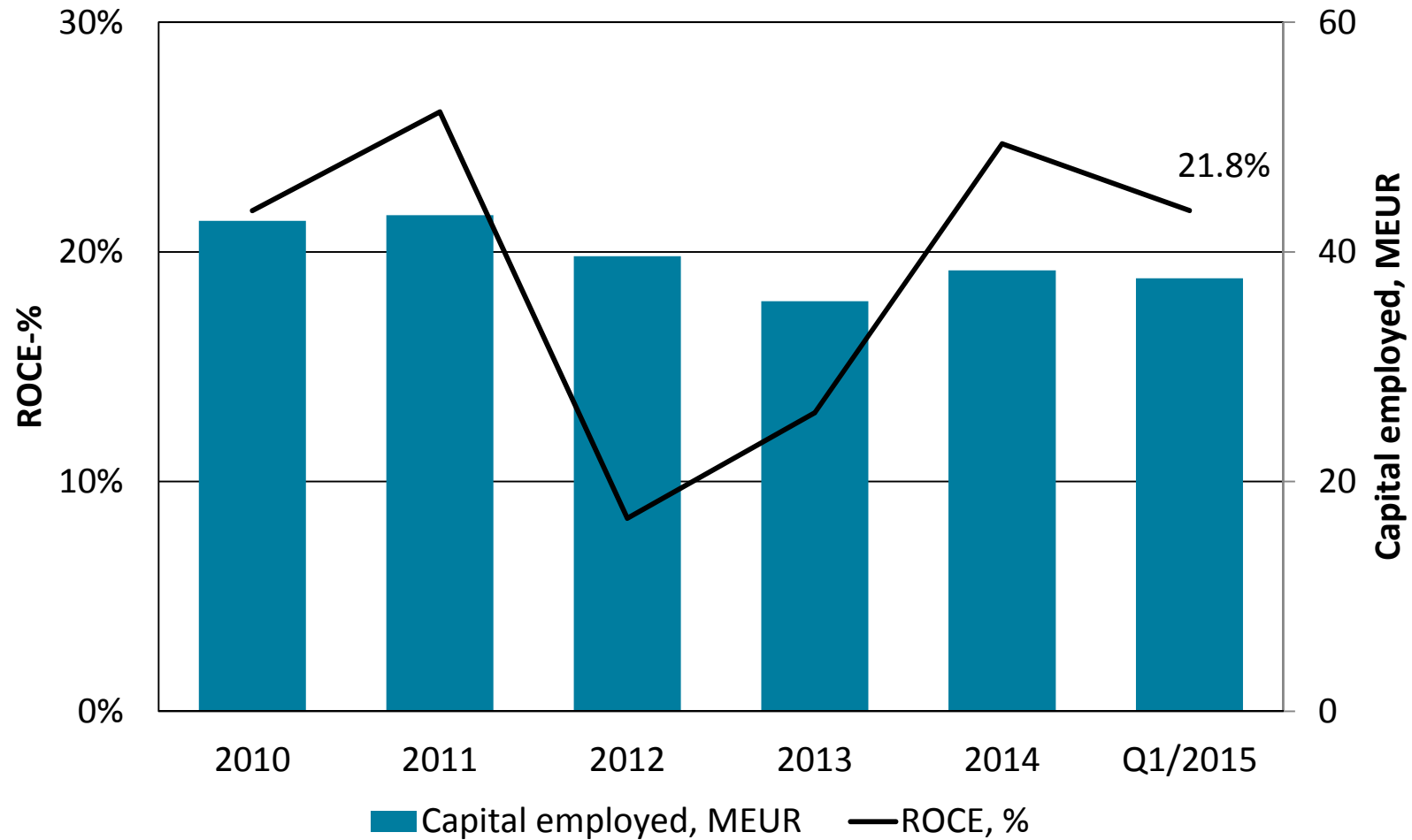
In Q1 2015 net cash flow improved due to higher profit and lower working capital

MEUR	Q1 2015	Q1 2014	Change
Profit for the period	1.6	1.1	+0.4
Adjustments	1.7	1.6	+0.1
Change in working capital	-2.0	-1.5	-0.5
Cash flow from operations	1.2	1.2	0
Interests and taxes paid/received	-0.5	-0.6	+0.1
Net cash flow from operating activities	0.7	0.7	0
Capital Expenditure	-0.8	-0.7	-0.1
Change in financing	1.8	0.1	+1.6
Dividends paid	0	0	0
Change in liquid funds	1.8	0.2	+1.6
Liquid funds at 31 March 2015	10.0	9.6	+0.4

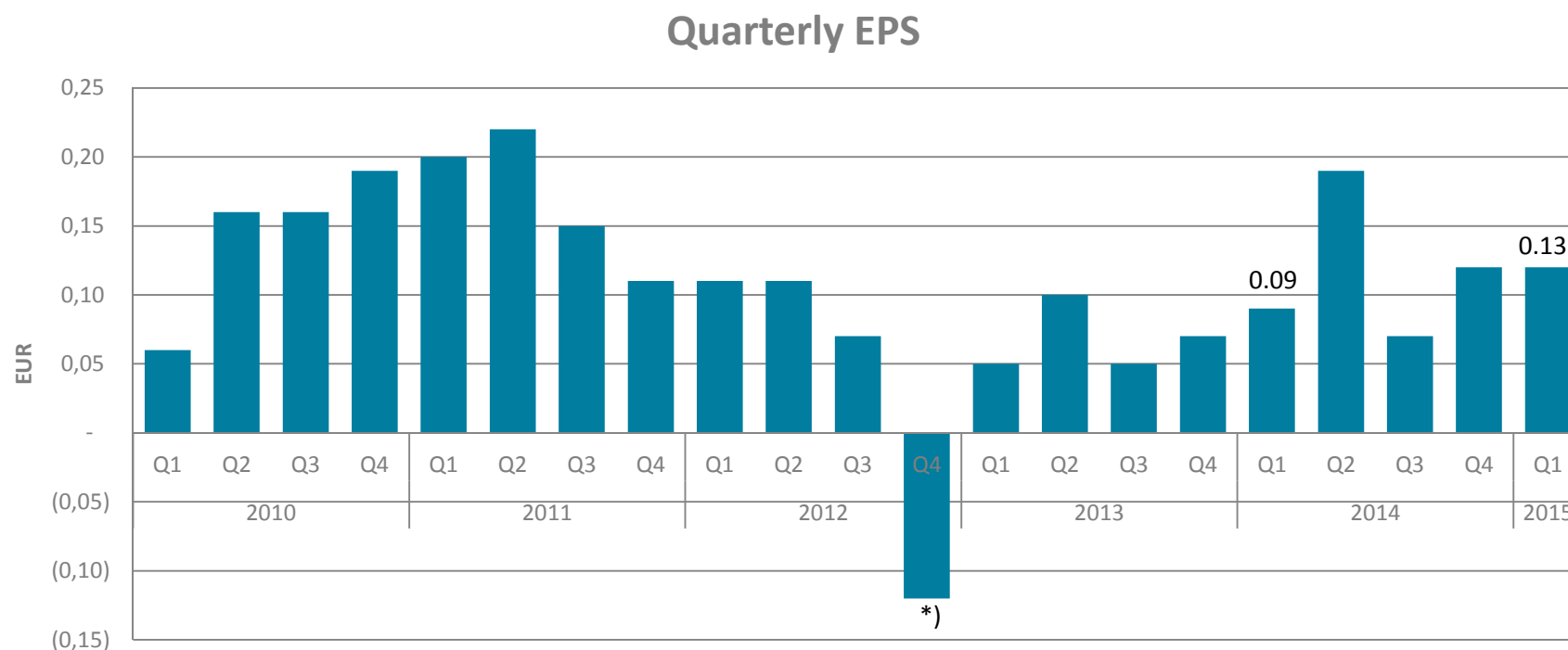
Strong balance sheet allows potential investments and acquisitions



ROCE in Q1 was 21.8% (21.1%)



Earnings per share increased to EUR 0.13 (0.09) per share

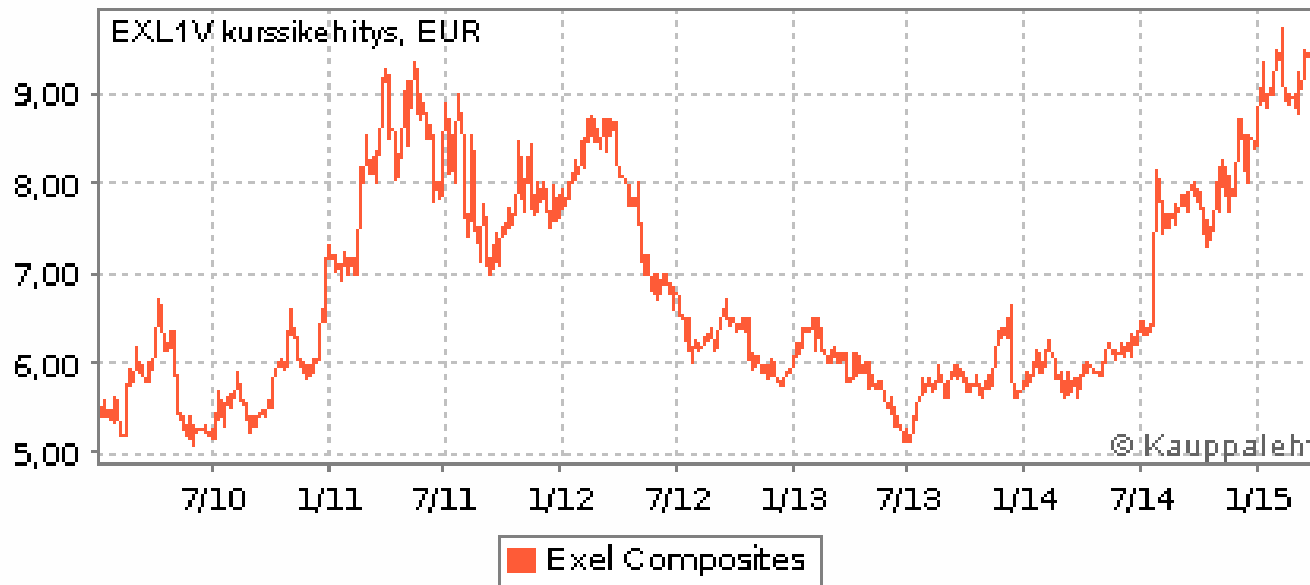


* Q4 2012 EPS was negative due to impairment of MEUR 2.5

Share price development: in Q1 2015 the highest share quotation was EUR 9.85 (6.28) and the lowest EUR 8.46 (5.56)

Exel Composites share price development

January 2010 – March 2015



10.2 (14.3) % of shares outstanding were traded in Jan-Mar 2015

In Jan-Mar 2015 the highest share quotation was EUR 9.85 (6.28) and the lowest EUR 8.46 (5.56)

Market capitalization on 31 March 2015 was EUR 110.6 (68.8) million

Price/earnings

31.12.2014:	17.5
31.12.2013:	22.2
31.12.2012:	34.6
31.12.2011:	11.5
31.12.2010:	12.4

Source: Kauppalehti

Strategy implementation continues

- Expansion project in Austria has been initiated in Q1 2015
 - Target is to more than double the production capacity in Austria
 - Total investment of the project is estimated at EUR 8 million
 - Expansion project is estimated to be completed during H2 2016
- Expansion project to double the manufacturing capacity of the Nanjing unit to meet the increased demand has been started
 - Expansion is estimated to be completed during H1 2016
- Mikko Kettunen was appointed 13 January 2015 SVP, CFO and member of Exel Composites' Group Management Team effective as of 7 April 2015
- Ilkka Silvanto was appointed on the same date SVP, Strategic Projects, effective as of 7 April 2015

Major near-term risks and uncertainties

- The most significant near-term business risks are related to the general economic development, government regulations and financial crisis in the Euro area as well as to market demand
- Continuing low demand in the Australian market may require further corrective actions which can have an impact on the profitability
- The possible uncertainties in the Russian and East-European markets will have limited direct impact on Exel Composites
- Raw material prices, energy cost and other cost increases may continue to put pressure on profitability
- The new European Community's anti-dumping tariffs imposed on Chinese glass fiber may have a negative effect on the result in terms of increased raw material prices
- Currency rate changes, price competition and alternative competing materials may also have a negative effect on the result
- The availability and cost of financing may continue to have an effect on the demand and increase the risk of credit losses

Outlook for full year 2015

- The market has stabilized and we can see positive signs in the Company's key market segments
- However, uncertainties relating to general growth prospects in the economy continue
- The Company implements its new strategy by reinforcing the organization, especially in sales resources, product development and operations development and by increasing its capacity
- These efforts are expected to reduce the 2015 operating profit margin compared to 2014, but will position the Company better for long-term profitable growth

Major Shareholders on 31 March 2015

	Number of shares	Percentage of share capital
Skandinaviska Enskilda Banken AB (nominee reg.)	2,215,912	18.63
Nordea Bank Finland Plc (nominee reg.)	1,485,020	12.48
Nordea Fennia Fund	610,000	5.13
Svenska Handelsbanken AB (publ), Branch Operation in Finland (nominee reg.)	494,649	4.16
Danske Invest Finnish Small Cap Fund	481,567	4.05
Fondita Nordic Micro Cap	450,000	3.78
OP-Finland Small Firms Fund	429,551	3.61
Försäkringsaktiebolaget Pensions-Alandia	418,000	3.51
Evli Finnish Small Cap Fund	378,500	3.18
OP-Delta Fund	300,000	2.52

Exel Composites had a total of 3,099 (2,712) shareholders on 31 March 2015

More information is available on Exel Composites website

- Exel Composites website: www.exelcomposites.com
- For further information contact

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