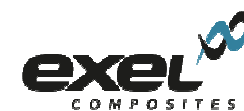


# Q3 2015 RESULTS



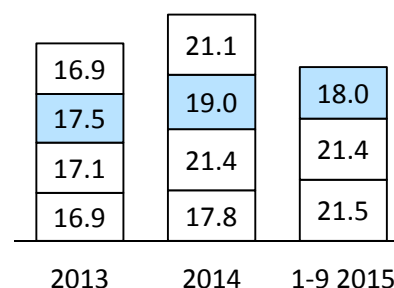
23 October 2015

Riku Kytömäki  
President and CEO

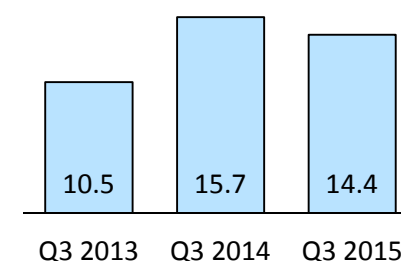
## Q3 2015 In Brief

- Net sales in Q3 were MEUR 18.0 (19.0)
- Operating profit decreased to MEUR 0.5 (1.9), or 2.6% (9.9%)
- Profitability was impacted by higher operating costs mainly attributable to the additional resources required to implement the long-term growth strategy
- We recorded delays in orders from some key customers in the second quarter and this continued also in the third quarter
- New customer acquisitions partly mitigated the weak sales development of some key customers. Consequently, profitability in the third quarter was affected by lower sales volumes than in the corresponding period last year
- The Company has taken further actions to control costs and to drive sales

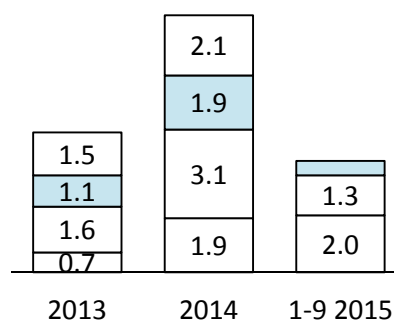
Net sales, MEUR



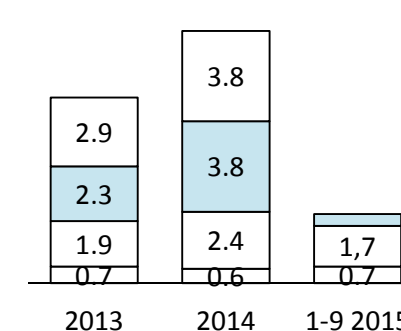
Order backlog, MEUR



Operating profit, MEUR



Net cash flow, MEUR



# Key figures Q3 2015

MEUR	Q3 2015	Q3 2014	Change-%
Net sales	18.0	19.0	-5.0
Operating profit *)	0.5	1.9	-75.1
Operating profit, %	2.6	9.9	
Net cash flow from operating activities	+0.5	+3.8	-85.5
Order backlog	14.3	15.7	-9.2
Order intake	18.7	20.8	-9.8
Return on capital employed, %	4.8	19.5	
Net gearing, %	-1.2	-3.5	
EPS, EUR	0.01	0.07	

\* July – September 2014 operating profit includes an impairment of MEUR -0.5

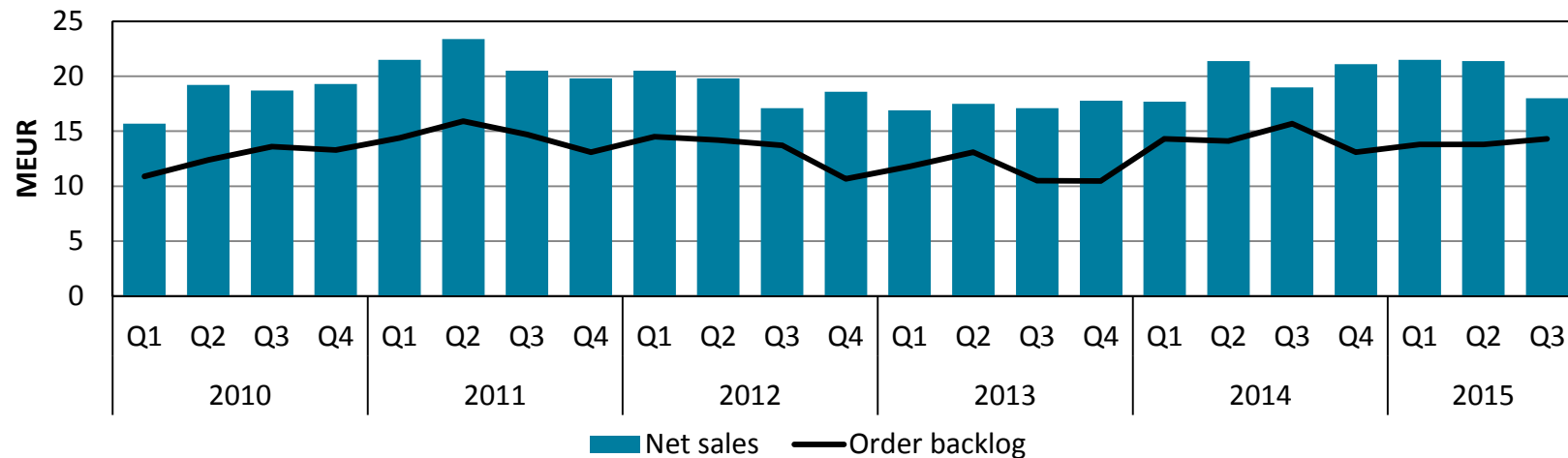
# Key figures January-September 2015

MEUR	1-9 2015	1-9 2014	Change-%
Net sales	60.9	58.2	4.6
Operating profit *)	3.8	6.8	-44.2
Operating profit, %	6.3	11.7	
Net cash flow from operating activities	+2.9	+6.9	-57.6
Order backlog	14.3	15.7	-9.2
Order intake	62.9	63.9	-1.6
Return on capital employed, %	13.8	24.7	
Net gearing, %	-1.2	-3.5	
EPS, EUR	0.20	0.36	

\*January – September 2015 operating profit Includes MEUR -0.3 non-recurring items  
January – September 2014 operating profit includes an impairment of MEUR -0.5

## Net sales decreased on Q3 2014 due to delayed orders from some key customers

- We recorded delays in orders from some key customers in Q2 and Q3 2015. New customer acquisitions are mitigating the weak sales development of some key customers
- Net sales were MEUR 18.0 (19.0)
- In January – September 2015 Group net sales increased by 4.6% compared to the same period in 2014
- Order intake decreased slightly from Q3 2014 and was MEUR 18.7 (20.8)
- Order backlog on 30 September 2015 was MEUR 14.3 (15.7)

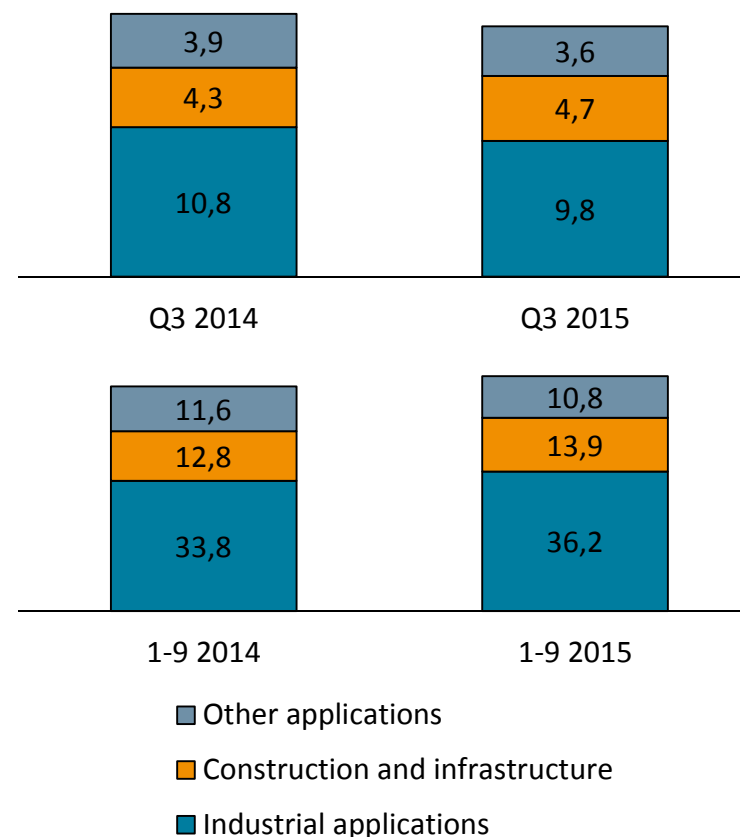




# Sales of Industrial decreased by MEUR 1.0, and Infrastructure applications increased by MEUR 0.4 in Q3 2015

- In Q3 2015 Group net sales were MEUR 18.0 (19.0)
- Net sales of Industrial applications decreased by 9.2% to MEUR 9.8 (10.8)
- Net sales of Construction and Infrastructure applications increased by 6.3% to MEUR 4.7 (4.3)
- Net sales of Other applications decreased by 6.0% to MEUR 3.6 (3.9)

Net sales by customer industry, MEUR



Numbers may not add up due to rounding



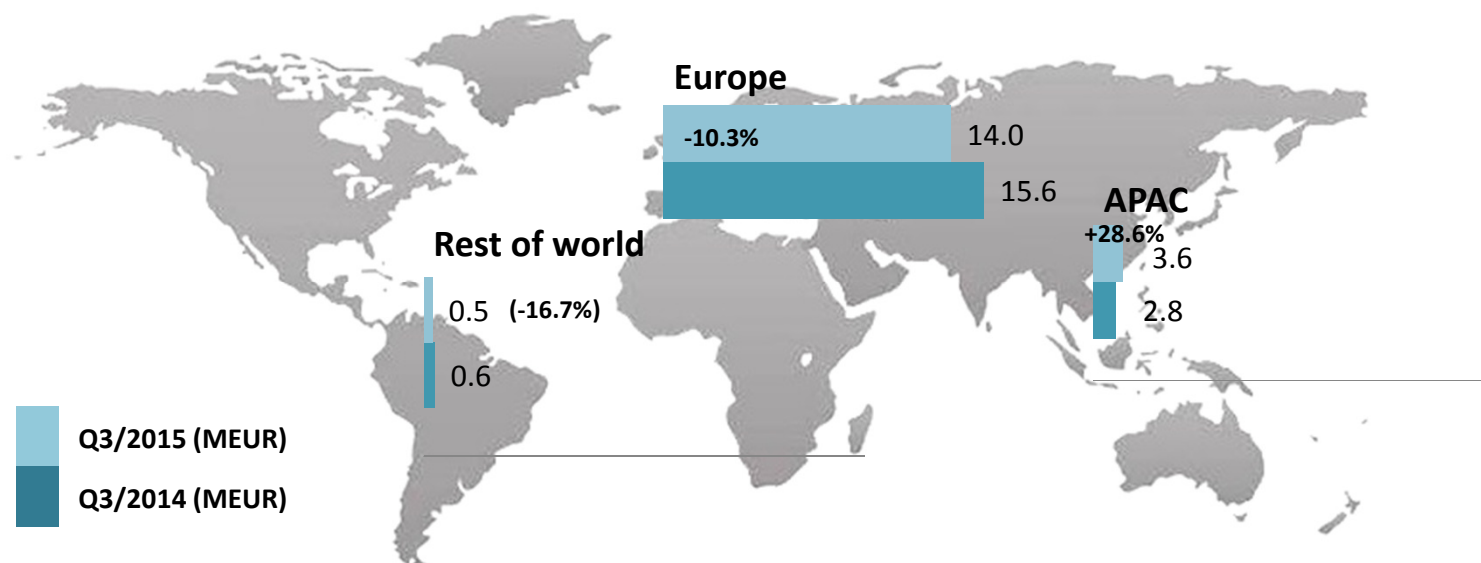
Note: Customer industries include the following markets:

Construction and infrastr. = Building, Construction & Infrastructure, Energy industry

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

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

# APAC grew 28.6% in Q3 2015 and 32.1% in Jan-Sept 2015, Europe fell behind last year in Q3 but still ahead Jan-Sept



## Rest of world

Net sales in the region Rest of world decreased by 16.7% in Q3 2015, and by -36.4% in January-September

## Europe

Net sales in Europe decreased by 10.3% in Q3 2015





















Europe was slightly above last year (+1.9%) in January-September 2015

## APAC

Net sales in the region APAC increased by 28.6% in Q3 2015

APAC was the fastest growing region in January-September 2015, up by 32.1%

# Demand in some markets is picking up

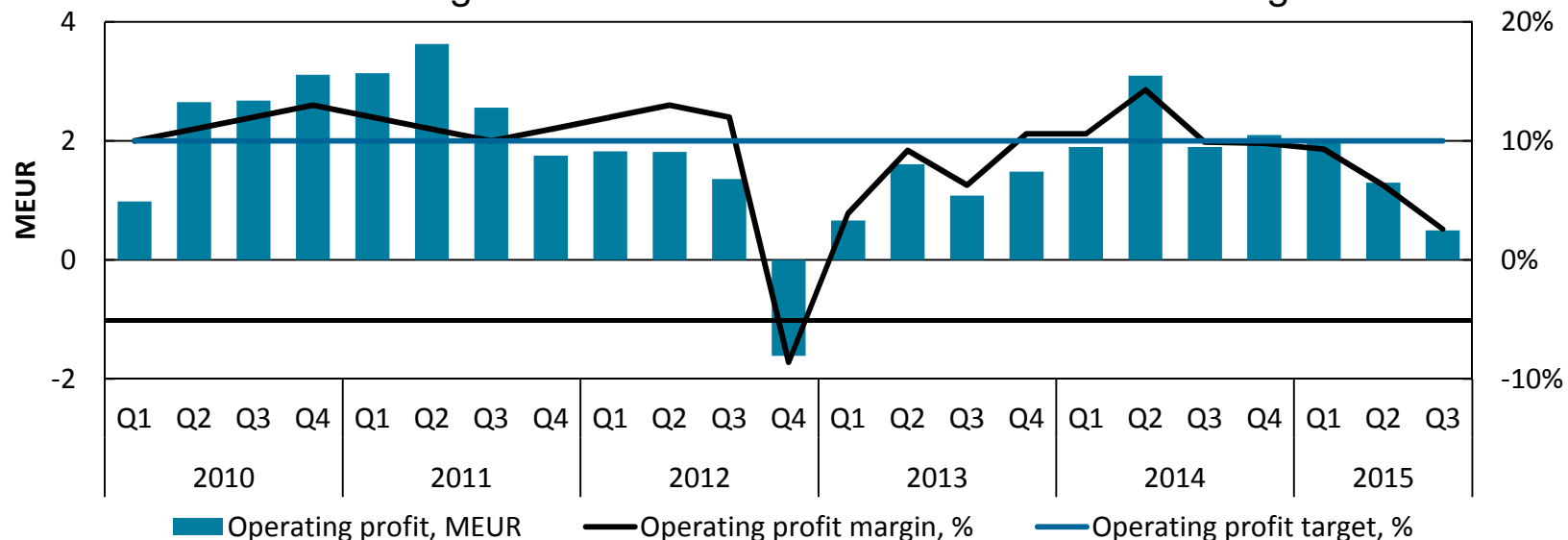
Market	Demand	
 Transportation industry		Increased demand with new applications
 Building, Construction & Infrastructure		Recovery in demand
 Energy industry		New projects opening up
 Telecommunication industry		<i>Exel position strong *</i>
 Paper industry		Exel product portfolio is renewed. Growth expected in longer term *
 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*



## Q3 2015 operating profit decreased to MEUR 0.5 (1.9)

- Q3 2015 operating profit decreased to MEUR 0.5 (1.9)
- Operating profit margin was 2.6% (9.9%) of net sales
  - Profitability was impacted by higher operational costs mainly due to increased resources relating to the implementation of the long-term growth strategy
  - Profitability was also affected by lower than expected volumes resulting from delayed orders from some customers
  - Non-recurring items of MEUR -0.3 relate to M&A screening costs



# In Q3 2015 operating profit margin decreased to 2.6% (9.9%)

MEUR	Q3/2015		Q3/2014		Change in % of net sales
	Value	% of net sales	Value	% of net sales	
<b>Net sales</b>	18.0	100%	19.0	100%	
Materials and services	-6.8	-37.8	-6.9	-36.3	+1.5
Employee expenses	-6.0	-33.3	-5.6	-29.5	+3.8
Depreciation and impairment	-0.7	-3.9	-1.2	-6.3	-2.4
Other operating expenses	-4.0	-22.2	-3.6	-18.9	+3.3
Other operating income	0.4	+2.2	0.2	+1.1	+1.1
<b>Operating profit *)</b>	0.5	+2.6	1.9	+9.9	-7.3

\* July – September 2014 operating profit includes an impairment of MEUR -0.5

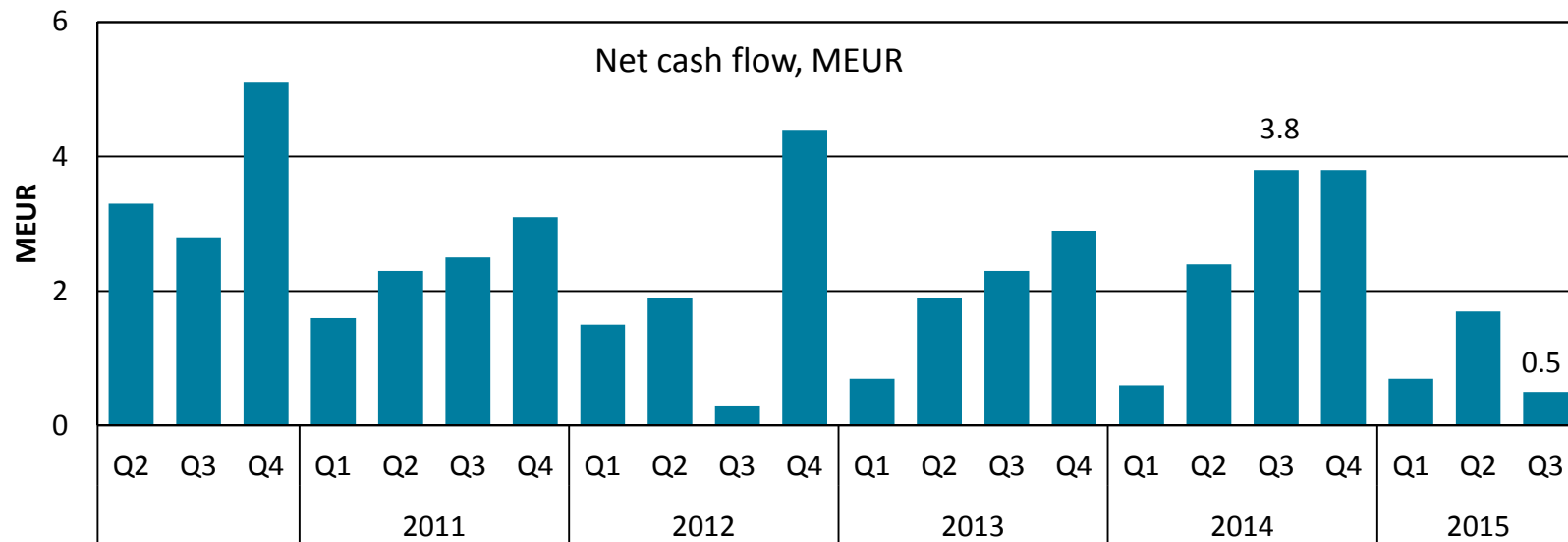
# In Jan-Sept 2015 operating profit margin decreased to 6.3% (11.7%)

MEUR	1-9/2015		1-9/2014		Change in % of net sales
	Value	% of net sales	Value	% of net sales	
<b>Net sales</b>	60.9	100%	58.2	100%	
Materials and services	-22.4	-36.8	-21.1	-36.3	+0.5
Employee expenses	-19.2	-31.5	-16.6	-28.5	+3.0
Depreciation and impairment	-2.2	-3.6	-2.5	-4.3	-0.7
Other operating expenses	-13.5	-22.2	-11.7	-20.1	+2.1
Other operating income	0.2	+0.3	0.5	+0.9	-0.6
<b>Operating profit *)</b>	3.8	+6.3	6.8	+11.7	-5.4

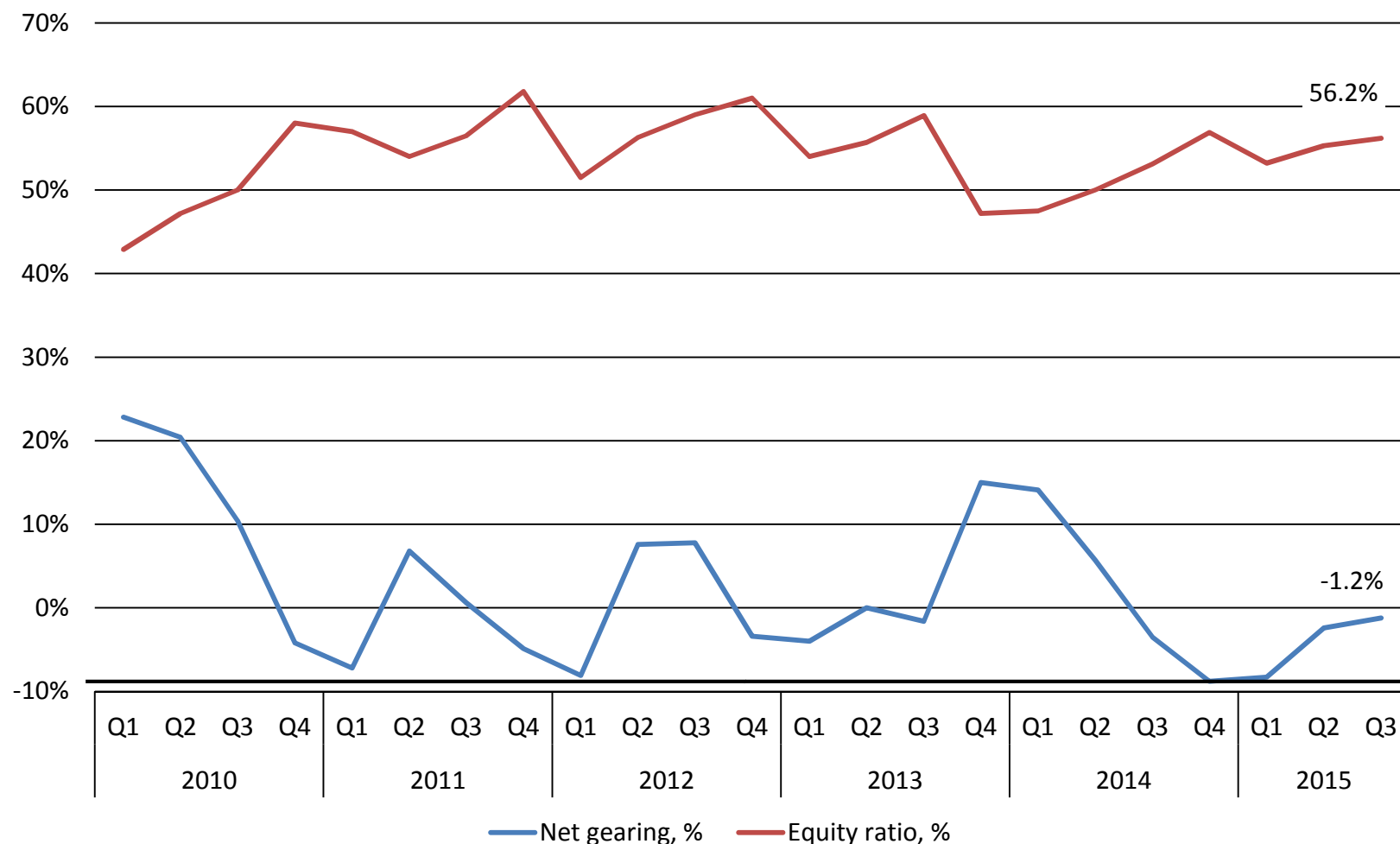
\*January – September 2015 operating profit Includes MEUR -0.3 non-recurring items  
January – September 2014 operating profit includes an impairment of MEUR -0.5

# In Q3 2015 net cash flow was MEUR +0.5 (+3.8)

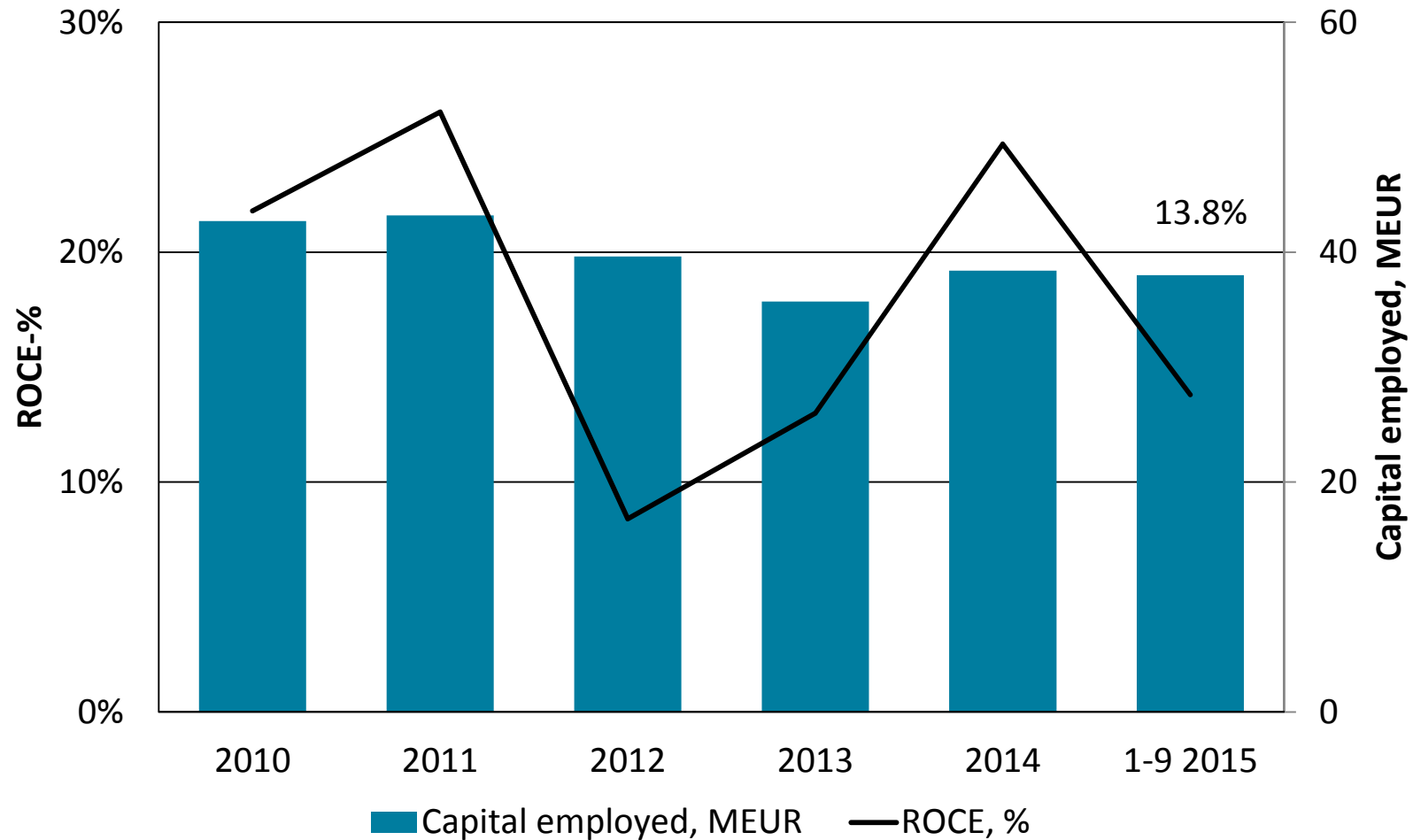
- Cash flow from operating activities was positive at MEUR +0.5 (+3.8)
- Capital expenditure was MEUR 2.8 (2.4)



# Strong balance sheet allows potential investments and acquisitions



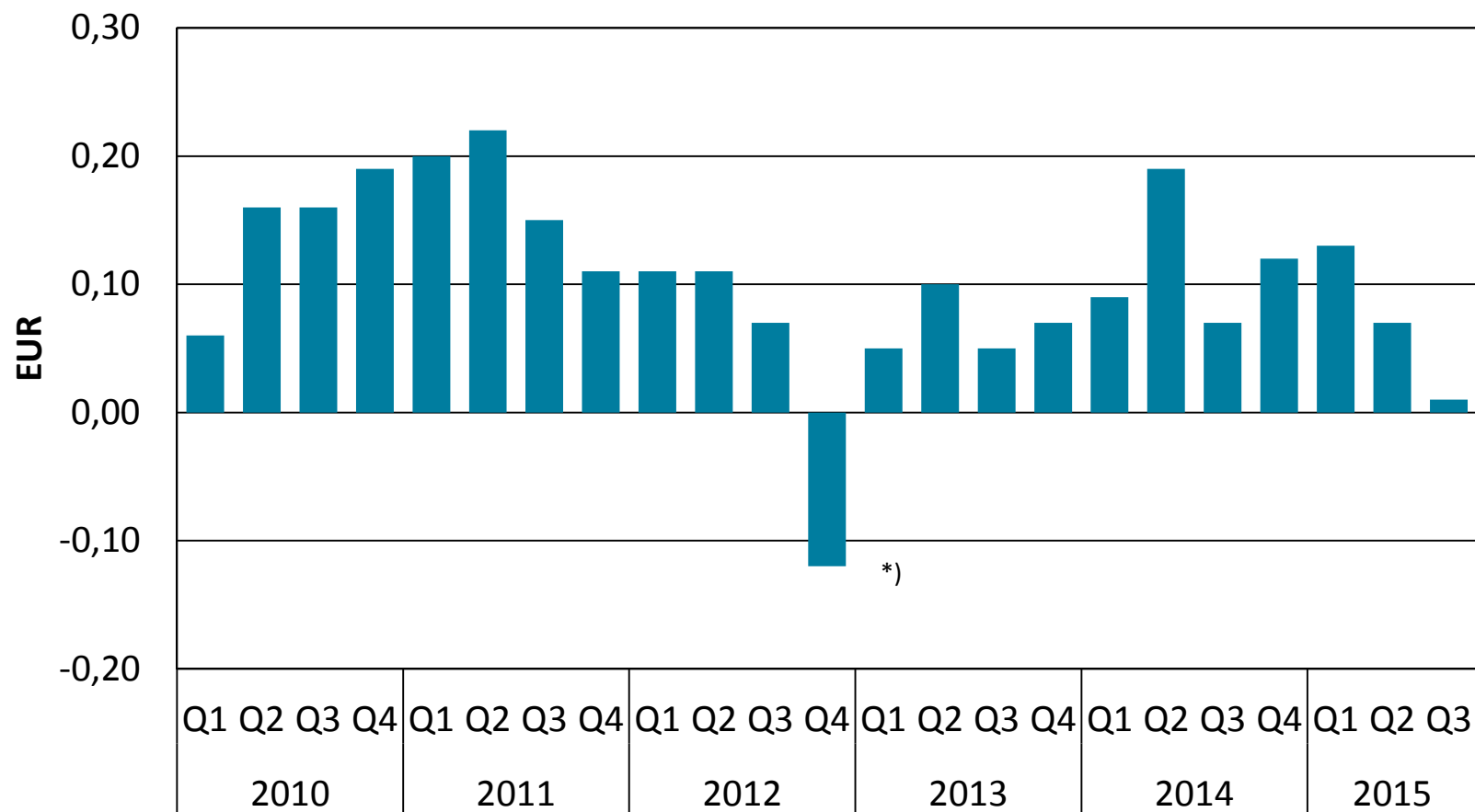
# ROCE in Jan-Sept 2015 was 13.8% (24.7%) ROCE in Q3 2015 was 4.8% (19.5%)





# Earnings per share were EUR 0.01 (0.07) per share

## Quarterly EPS

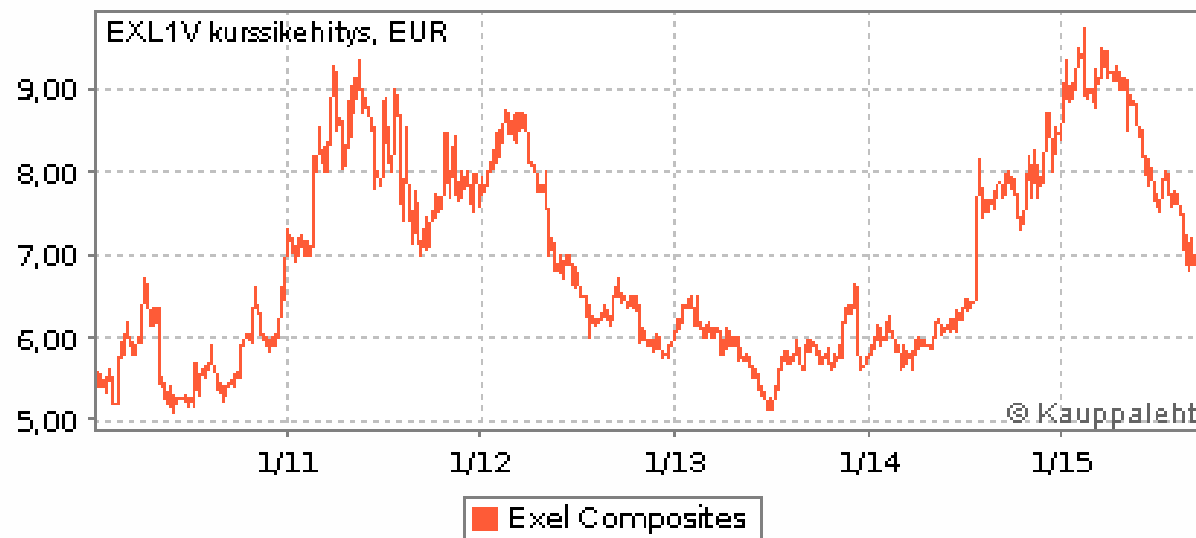


\* Q4 2012 EPS was negative due to impairment of MEUR 2.5

## Jan-Sept 2015 highest share quotation was EUR 9.85 (8.17) and the lowest EUR 6.56 (5.56)

### Exel Composites share price development

January 2010 – October 2015



18.2 (45.9%) % of shares outstanding were traded in Jan-Sept 2015

In Jan-Sept 2015 the highest share quotation was EUR 9.85 (8.17) and the lowest EUR 6.56 (5.56)

Market capitalization on 30 Sept 2015 was EUR 79.0 (92.7) 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

- The factory expansion projects in China and Austria are moving forward
- The Company has continued the screening process of potential acquisition targets
- We have continued the implementation of the new group-wide ERP-system, which is expected to be rolled out to all business units during 2016
- Our previous CFO Mr. Ilkka Silvanto has dedicated 100% of his time advancing these strategic initiatives since 7 April 2015

# Major near-term risks and uncertainties

- The Company has added resources to pursue the long-term growth strategy. As a result, the operating cost level has increased
- The most significant near-term business risk relates to the possibility of sales growth not materializing according to forecast and the resulting negative impact to the profitability of the Company
- In addition, the general economic development, government regulations and financial crisis in the Euro area remain risks for Exel Composites
- The profitability of the Australian operations is not satisfying despite the implemented turnaround measures. Further corrective actions and restructuring costs can have an impact on the profitability
- 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 remained stable 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 30 September 2015

	Number of shares	Percentage of share capital
Skandinaviska Enskilda Banken AB (nominee reg.)	2,303,353	19.36
Nordea Bank Finland Plc (nominee reg.)	1,788,158	15.03
Nordea Fennia Fund	610,000	5.13
Försäkringsaktiebolaget Pensions-Alandia	476,559	4.01
Fondita Nordic Micro Cap	450,000	3.78
Svenska Handelsbanken AB (publ) , Branch Operation in Finland (nominee reg.)	449,904	3.78
Danske Invest Finnish Small Cap Fund	443,234	3.73
OP-Finland Small Firms Fund	429,702	3.61
OP-Delta Fund	300,000	2.52
Evli Finnish Small Cap Fund	278,500	2.34

Exel Composites had a total of 3,011 (2,666) shareholders on 30 September 2015



# More information is available on Exel Composites website

- Exel Composites website: [www.exelcomposites.com](http://www.exelcomposites.com)
- For further information please contact

Riku Kytömäki  
President and CEO  
+358 50 511 8288  
[riku.kytomaki@exelcomposites.com](mailto:riku.kytomaki@exelcomposites.com)

Mikko Kettunen  
CFO  
+358 50 3477 462  
[mikko.kettunen@exelcomposites.com](mailto:mikko.kettunen@exelcomposites.com)

