

Q4 2016 OPERATING PROFIT AT PREVIOUS YEAR'S LEVEL DESPITE LOWER REVENUE AND LESS FAVORABLE SALES MIX

A close-up photograph of a man with short brown hair and a light beard, wearing safety glasses and a dark blue long-sleeved shirt. He is leaning forward, intently inspecting a large, light-colored, curved composite part. His hands are visible, touching the surface of the part. The background is blurred, showing an industrial setting.

Riku Kytömäki
President and CEO
14.2.2017

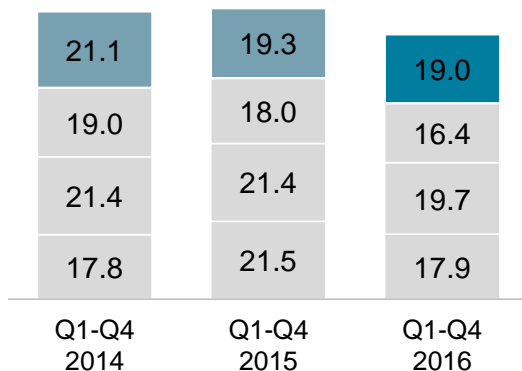
2016 in brief

- Business environment
 - Challenging market environment
 - Generally lower demand and toughened competition in key markets such as telecommunications
 - Less favorable sales mix
 - New customer acquisition not enough to compensate
- Operations
 - Successful cost savings measures
 - Efficient capacity utilization and production optimization
- Financial performance
 - Cost reduction measures improved Q4 2016 profitability
 - Adjusted operating profit for Q3 and Q4 2016 higher or at the same level as in the same periods previous year

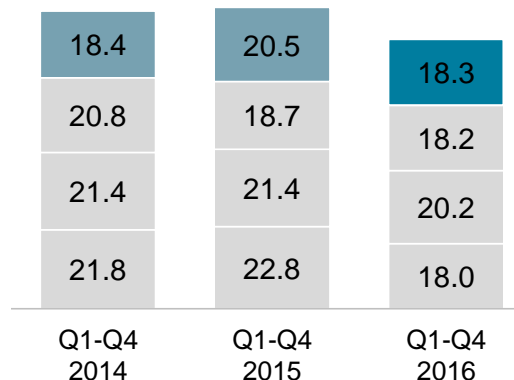


Q1-Q4 2016 highlights

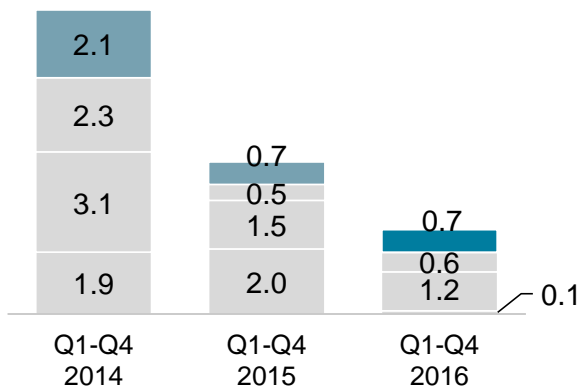
Revenue, EUR million



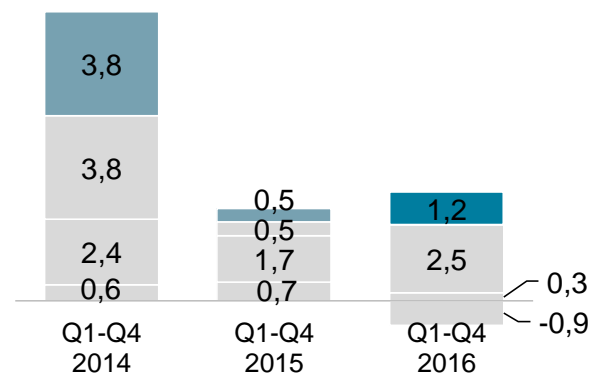
Order intake, EUR million



Adjusted operating profit,
EUR million



Net cash flow, EUR million



Key figures Q1-Q4 2016

EUR thousand	1.1.-31.12. 2016	1.1.-31.12. 2015	Change %
Order intake	74,778	83,374	-10.3
Order backlog ¹⁾	16,702	15,348	8.8
Revenue	73,079	80,196	-8.9
Operating profit	649	4,414	-85.3
% of revenue	0.9	5.5	
Adjusted operating profit ²⁾	2,621	4,770	-45.1
% of revenue	3.6	5.9	
Profit for the period	198	2,844	-93.0
Net cash flow	3,129	3,385	-7.6
Return on capital employed, %	1.7	12.0	
Net gearing, %	12.2	2.0	
Earnings per share, EUR	0.02	0.24	
Equity per share, EUR	2.27	2.58	-12.0
Employees on average	479	498	-3.8
Employees at end of period	455	494	-7.9

¹⁾ As per 31 December 2016.

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 January – June 2016.

Key figures Q4 2016

EUR thousand	1.10.-31.12. 2016	1.10.-31.12. 2015	Change %
Order intake	18,334	20,466	-10.4
Order backlog ¹⁾	16,702	15,348	8.8
Revenue	19,009	19,343	-1.7
Operating profit	-1,209	609	-298.5
% of revenue	-6.4	3.1	
Adjusted operating profit ²⁾	708	673	5.2
% of revenue	3.7	3.5	
Profit for the period	-1,065	409	-360.4
Net cash flow	1,157	477	142.6
Return on capital employed, %	-12.5	6.8	
Net gearing, %	12.2	2.0	
Earnings per share, EUR	-0.09	0.03	
Equity per share, EUR	2.27	2.58	-12.0
Employees on average	457	493	-7.3
Employees at end of period	455	494	-7.9

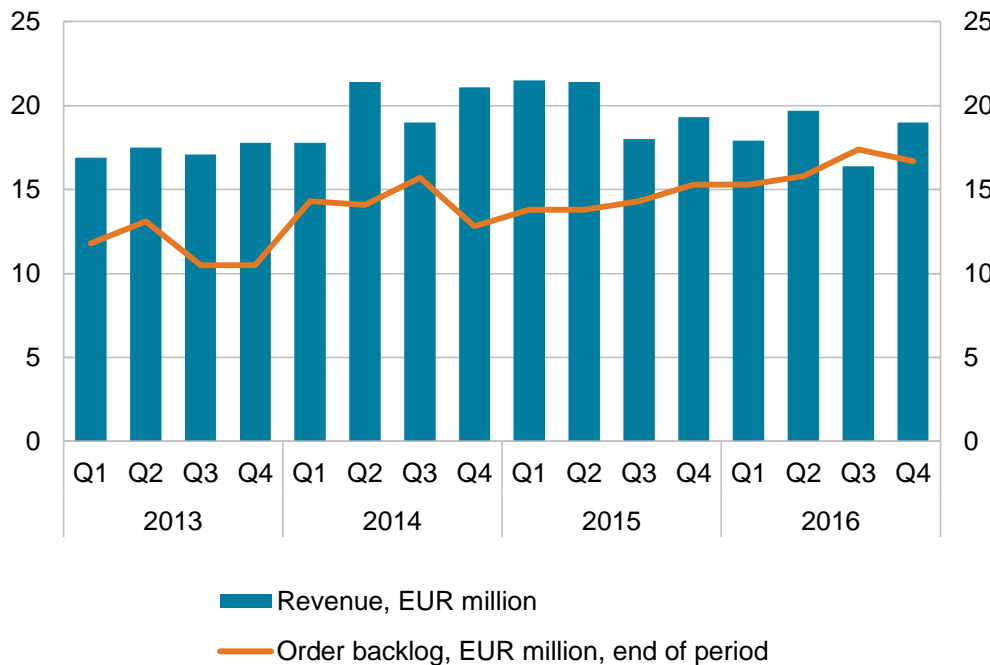
¹⁾ As per 31 December 2016.

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 January – June 2016.

Lower demand in key markets; new customers not enough to compensate

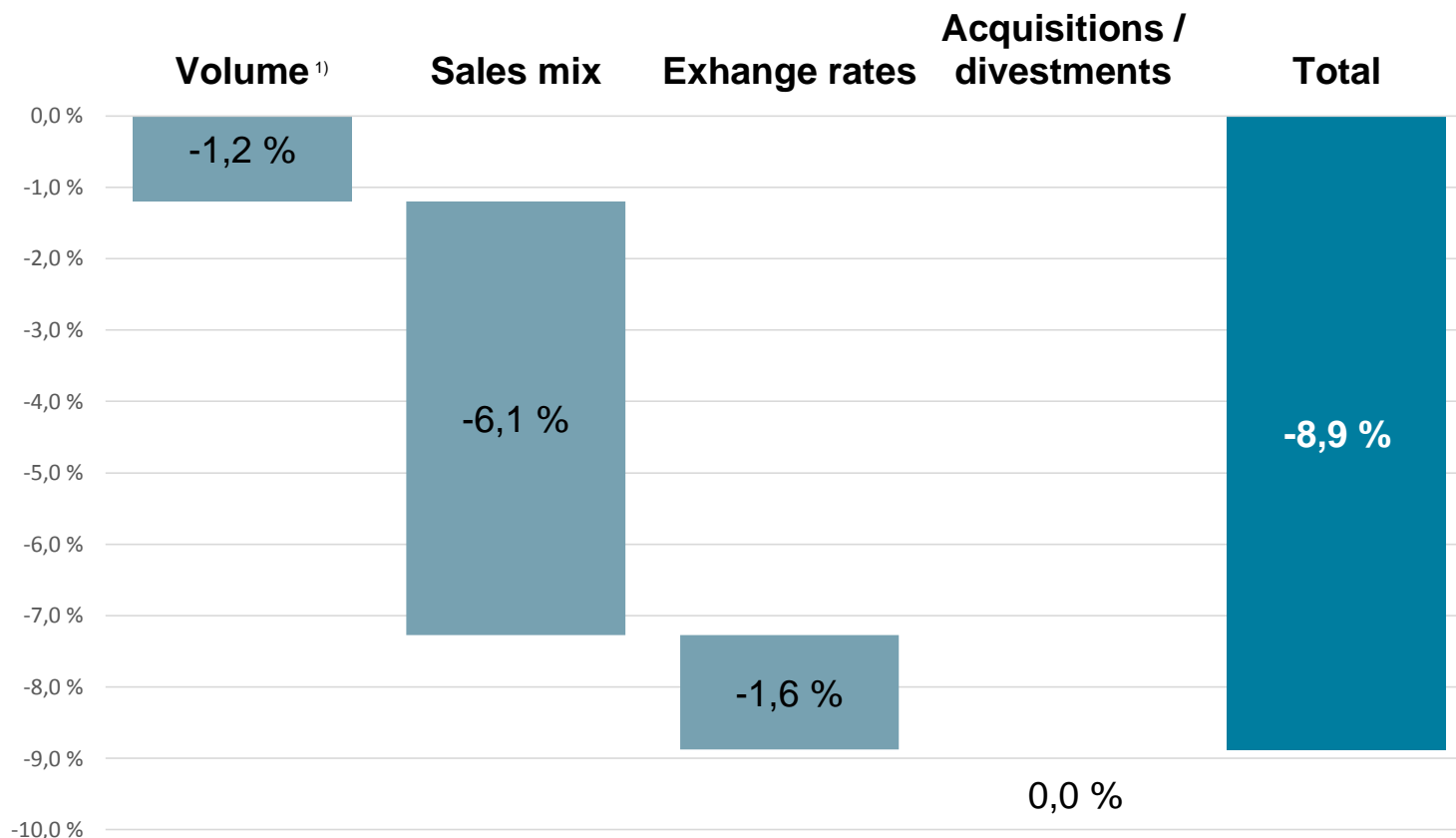
- Order backlog at a historically high level.

Revenue and order backlog



Less favorable sales mix reduced revenue

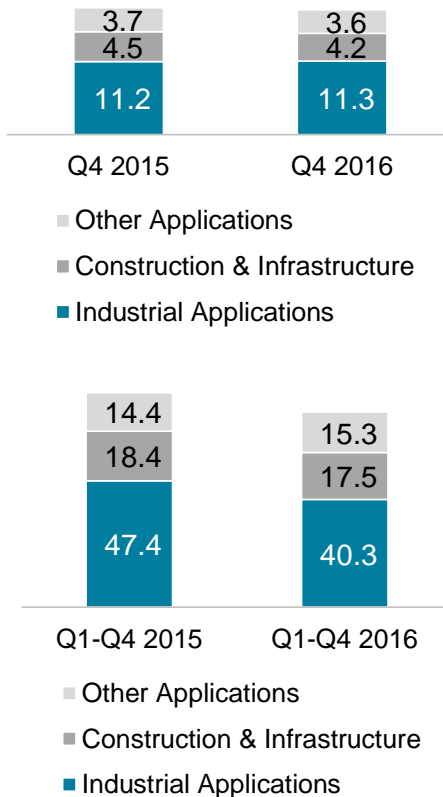
Revenue bridge 2016 vs. 2015



¹⁾ Volume impact calculated as difference in kilograms of delivered products times prior year average sales price/kg.

Lower demand impacted key markets such as telecommunications

Revenue by Customer Industry, EUR million



Industrial Applications



Telecommuni-
cation



Paper
Industry



Electrical
Industry



Machine
Industry



Transportation
Industry

Construction & Infrastructure



BCI



Energy
Industry



Cleaning &
Maintenance



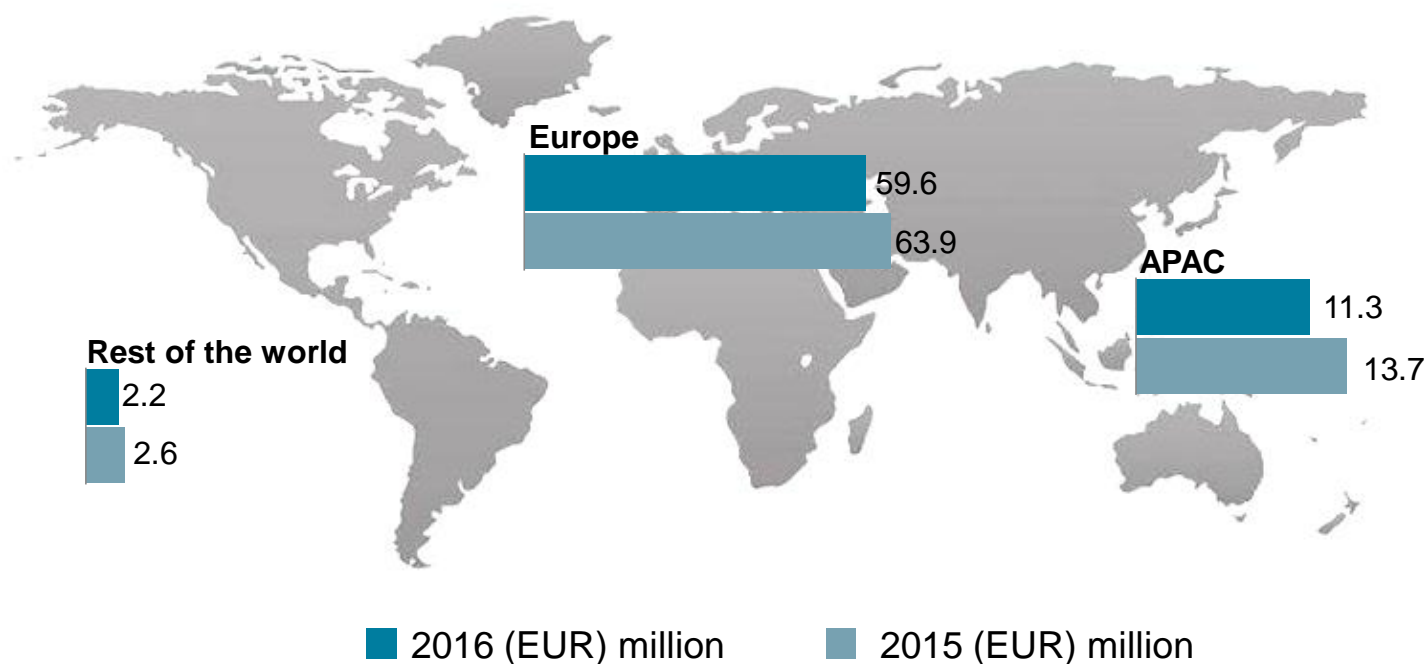
Sports &
Leisure



Other
Industries

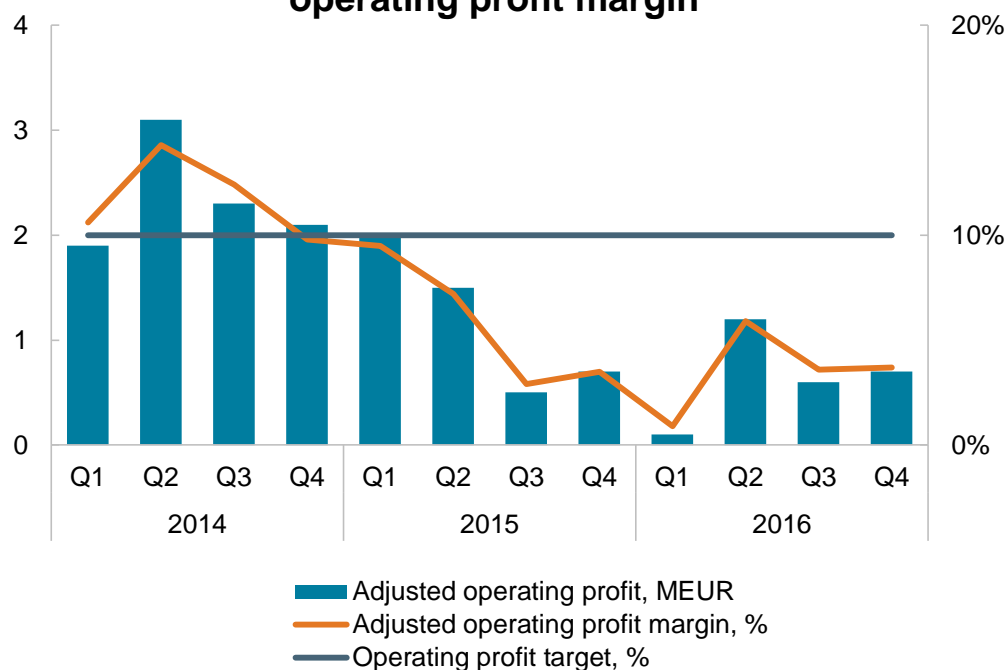
Other Applications

Lower demand from some key customers in Europe and in Asia

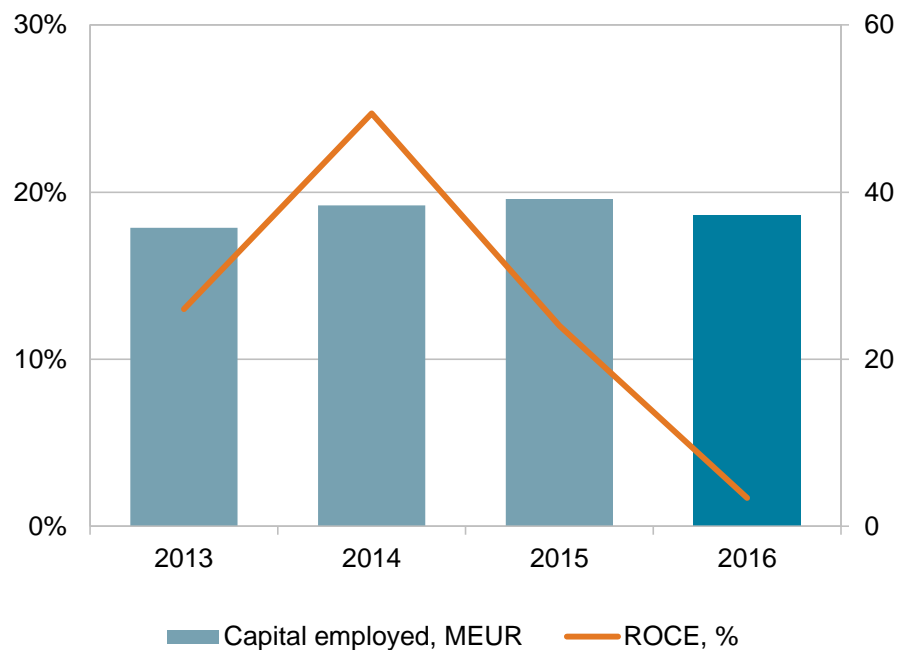


Adjusted operating profit in Q3 and Q4 2016 at the same level or higher than previous year

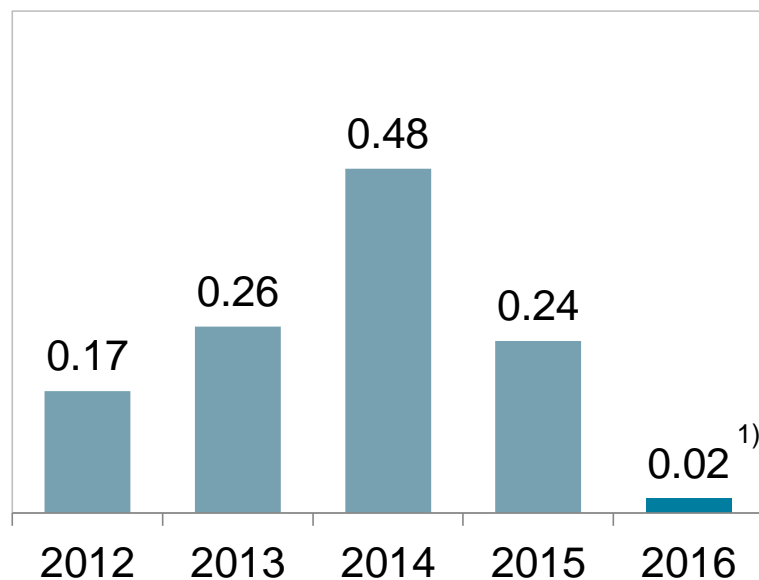
Adjusted operating profit and adjusted operating profit margin



Return on capital employed



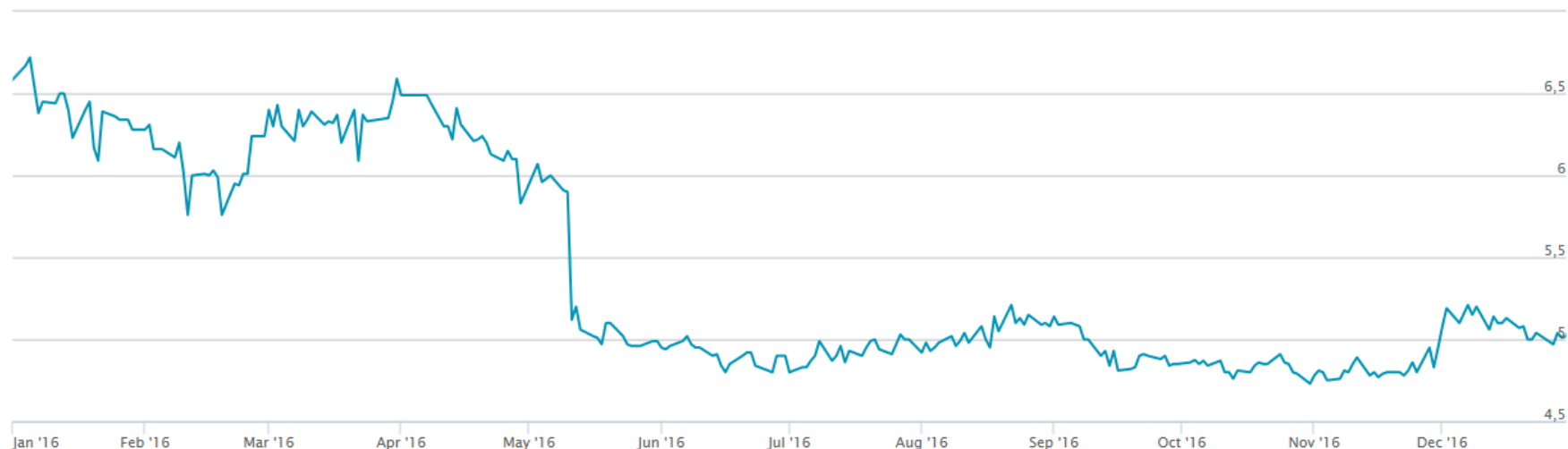
Earnings per share



¹⁾ The downsizing of the underperforming Australian unit resulted in one-off expenses of EUR 1.5 million and costs related to the acquisition of the Chinese composites production company of EUR 0.5 million were recorded in the group accounts.



Share price development 2016



Share quotations 2016

Highest: EUR 6.85

Lowest: EUR 4.71

Average: EUR 5.05

On 31.12. 2016: EUR 5.02

Market capitalization on 31.12.2016:

EUR 59.7 (77.7) million

Price/earnings 2012-2016:

31.12.2016:	301.35
31.12.2015:	27.32
31.12.2014:	17.50
31.12.2013:	22.21
31.12.2012:	34.57

Source: Kauppalehti

Major shareholders on 31 December 2016

	Number of shares	Percentage of share capital
Skandinaviska Enskilda Banken AB (nominee registered)	2,330,295	19.6
Nordea Bank Finland Plc (nominee registered)	1,727,641	14.5
Nordea Fennia Fund	605,508	5.1
OP-Finland Small Firms Fund	498,259	4.2
Försäkringsaktiebolaget Pensions-Alandia	476,559	4.0
Danske Invest Finnish Small Cap Fund	374,219	3.1
Fondita Nordic Micro Cap	350,000	2.9
Ilmarinen Mutual Pension Insurance Company	342,733	2.9
OP-Delta Fund	300,000	2.5
Matti Suutarinen	266,662	2.2

Exel Composites had a total of 3,034 (2,987) shareholders on 31 December 2016.

Exel Composites continues well positioned for profitable growth

- Focused sales efforts on growing customer industries
- Optimization of production and efficient capacity utilization
- Acquisition of Chinese composites production company; closing expected in Q1 2017
- Attractive long-term market fundamentals prevail



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

Outlook for full year 2017

- Exel Composites estimates that revenue with current company structure (i.e. without the Chinese company acquisition) will increase from previous year level and adjusted operating profit will be higher than previous year level. In 2016, Exel Composites' revenue was EUR 73.1 million and adjusted operating profit was EUR 2.6 million.



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