



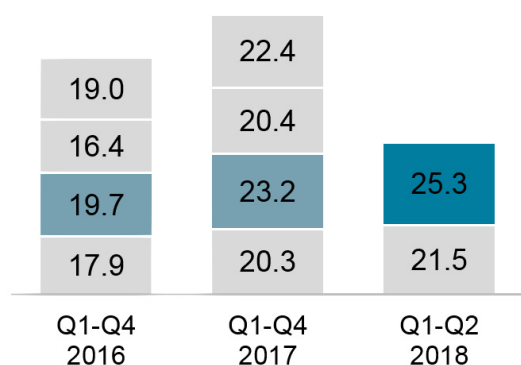
Exel Composites Plc

Half-year Financial Report January–June 2018

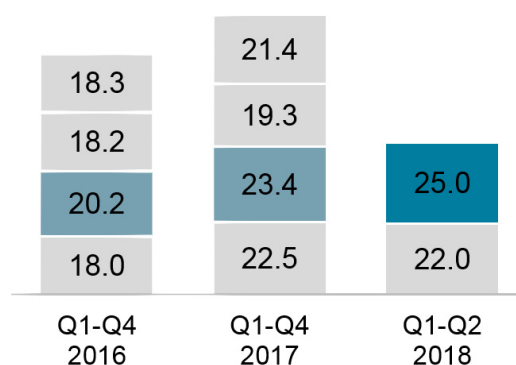
"Adjusted operating profit continued to increase"

# Key figures January - June 2018

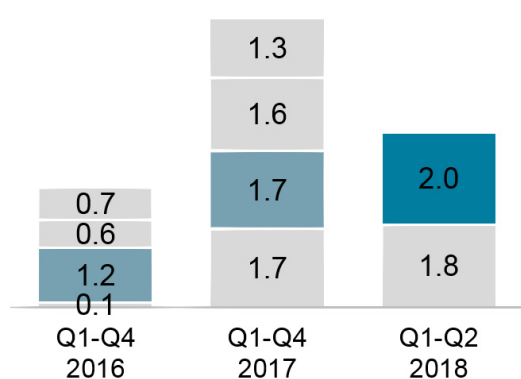
Revenue, EUR million



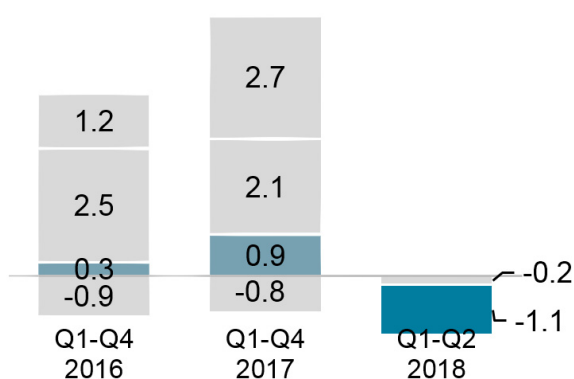
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



## Consolidated key figures

| EUR thousand                            | 1.4.-30.6. 2018 | 1.4.-30.6. 2017 | Change, % | 1.1.-30.6. 2018 | 1.1.-30.6. 2017 | Change, % | 1.1.-31.12. 2017 |
|---|-----------------|-----------------|-----------|-----------------|-----------------|-----------|------------------|
| Order intake                            | 25,004          | 23,359          | 7.0       | 46,975          | 45,839          | 2.5       | 86,531           |
| Order backlog 1)                        | 19,828          | 19,436          | 2.0       | 19,828          | 19,436          | 2.0       | 17,126           |
| Revenue                                 | 25,277          | 23,150          | 9.2       | 46,796          | 43,447          | 7.7       | 86,255           |
| Operating profit                        | 1,321           | 1,488           | -11.2     | 2,951           | 3,144           | -6.1      | 6,081            |
| % of revenue                            | 5.2             | 6.4             |           | 6.3             | 7.2             |           | 7.1              |
| Adjusted operating profit 2)            | 1,973           | 1,722           | 14.6      | 3,759           | 3,387           | 11.0      | 6,319            |
| % of revenue                            | 7.8             | 7.4             |           | 8.0             | 7.8             |           | 7.3              |
| Profit for the period                   | 1,062           | 1,060           | 0.2       | 1,981           | 2,166           | -8.6      | 4,212            |
| Net cash flow from operating activities | -1,114          | 929             | -219.9    | -1,277          | 81              | -1,676.5  | 4,856            |
| Return on capital employed, %           | 10.3            | 14.5            |           | 11.4            | 15.6            |           | 14.8             |
| Net gearing, %                          | 87.2            | 36.7            |           | 87.2            | 36.7            |           | 30.3             |
| Earnings per share                      | 0.09            | 0.09            |           | 0.17            | 0.18            |           | 0.36             |
| Equity per share, EUR                   | 2.34            | 2.30            | 1.8       | 2.34            | 2.30            | 1.8       | 2.43             |
| Employees on average                    | 652             | 534             | 22.1      | 613             | 498             | 23.1      | 532              |

1) As per the end of the period.

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 published on 21 July 2016.

# “Adjusted operating profit continued to increase”

## Q2 2018 in brief

- Order intake increased by 7.0% to EUR 25.0 million (Q2 2017: 23.4).
- Revenue increased by 9.2% to EUR 25.3 million (23.2).
- Adjusted operating profit was EUR 2.0 million (1.7), representing 7.8% of revenue (7.4).
- Net cash flow from operating activities was EUR -1.1 million (0.9).
- Earnings per share amounted to EUR 0.09 (0.09).

## H1 2018 in brief

- Order intake increased by 2.5% to EUR 47.0 million (H1 2017: 45.8).
- Revenue increased by 7.7% to EUR 46.8 million (43.4).
- Adjusted operating profit was EUR 3.8 million (3.4), representing 8.0% of revenue (7.8%).
- Net cash flow from operating activities was EUR -1.3 million (0.1).
- Earnings per share amounted to EUR 0.17 (0.18).

## Outlook for the full year 2018

Exel Composites reiterates its outlook for 2018 published on 23 April 2018 and expects revenue to increase significantly and adjusted operating profit to increase in 2018 compared to 2017.

## President and CEO, Riku Kytömäki

Group revenue increased clearly in the first half of 2018 and consequently adjusted operating profit improved. The revenue growth was strongly supported by the recent acquisitions of Nanjing Jianhui and Diversified Structural Composites, DSC. Their contribution offset the impact of declining volumes in the telecommunications segment compared to the corresponding period last year.

Both Nanjing Jianhui and DSC have strong market positions in the high growth segment of wind energy, which comprised over half of the revenue growth in the Construction & Infrastructure customer segment during the review period. Also geographically the acquired businesses contributed to revenue in the region Rest of the World as well as in the Asia-Pacific (APAC) region. Revenue in the region Rest of the World more than doubled due to the DSC acquisition. Despite the significant impact of Nanjing Jianhui, APAC revenue declined. APAC revenue was negatively affected by declined volumes in the telecommunications segment, as well as lower sales in the Australian market, reflecting the closure of production in Australia.

The acquisitions of Nanjing Jianhui and DSC have been important milestones as we have continued to execute on our growth strategy. Nanjing Jianhui has exceeded our expectations with strong revenue growth and good profitability. We are also convinced that the acquisition of an operating composites company was the most efficient way for Exel to create a foothold in the strategically important American composites market. DSC is an established business with an existing customer network, a competent team, an operational production facility and interesting technologies. All of this gave us a good starting position and a platform for cross-selling opportunities to existing and new customers. It would have required heavier investments and more time to get to the same point if we had chosen to start from the beginning by building up our own greenfield production facility.

The integration process of DSC is well under way and is progressing according to plan. In May, we appointed Kari Loukola, currently SVP, Sales & Marketing, as SVP, Exel Composites Americas and President of



DSC. His presence on site enables us to have full focus on DSC's profitability turnaround as well as on growth in the Americas. In May, we also communicated the appointment of Olli Tevä to the role as new SVP, Sales & Marketing, which he will take on in August 2018. Thus, our focus on revenue growth remains intact.

## Order intake and order backlog

Order intake for the second quarter of 2018 amounted to EUR 25.0 million (23.4), which is an increase of 7.0% in comparison to previous year.

Order intake for the first half of 2018 was EUR 47.0 million (45.8), which is an increase of 2.5% compared to previous year. The Group's order backlog on 30 June 2018 increased to EUR 19.8 million (19.4).

## Revenue

Group revenue in the second quarter of 2018 amounted to EUR 25.3 million (23.2), which is an increase of 9.2% in comparison to previous year.

Group revenue for the first half of 2018 increased by 7.7% to EUR 46.8 million (43.4). The recent acquisitions of Nanjing Jianhui (in April 2017) and Diversified Structural Composites, DSC, (in April 2018) have significantly supported revenue growth according to our strategy. The revenue of the acquired businesses increased Group revenue by 13.0%. The impact of a decrease in delivery volumes by 12.0% and

exchange rates effects by -0.9% was compensated by a better sales mix with 7.6%.

The Construction & Infrastructure customer segment was the main growth driver in the first half of 2018 and revenue increased compared to last year by 57.8% to EUR 14.2 million (9.0). Both Nanjing Jianhui and DSC have strong market positions in the high growth segment of wind energy, which comprised over half of the revenue growth in the Construction & Infrastructure customer segment during the review period. Revenue of the Industrial Applications customer segment decreased by 11.2% to EUR 22.5 million (25.3), mainly due to declined volumes in the telecommunications segment. Revenue for Other Applications grew by 10.7% from previous year to EUR 10.1 million (9.2).

In our main market Europe revenue increased by 3.3% to EUR 33.1 million (32.1). Revenue for APAC region decreased by 10.4% to EUR 8.1 million (9.1). Despite the significant impact of Nanjing Jianhui, APAC revenue was negatively affected by declined volumes in the telecommunications segment, as well as lower sales in the Australian market, reflecting the closure of production in Australia. Revenue for region Rest of the World more than doubled during the period under review by 140.6% to EUR 5.6 million (2.3) due to the DSC acquisition.

## Revenue by customer segment

| EUR thousand                  | 1.1.-30.6.2018 | 1.1.-30.6.2017 | Change, %  | 1.1.-31.12.2017 |
|-------------------------------|----------------|----------------|------------|-----------------|
| Industrial Applications       | 22,475         | 25,304         | -11.2      | 48,249          |
| Construction & Infrastructure | 14,185         | 8,989          | 57.8       | 21,266          |
| Other Applications            | 10,137         | 9,154          | 10.7       | 16,740          |
| <b>Total</b>                  | <b>46,796</b>  | <b>43,447</b>  | <b>7.7</b> | <b>86,255</b>   |

## Revenue by region

| EUR thousand  | 1.1.-30.6.2018 | 1.1.-30.6.2017 | Change, %  | 1.1.-31.12.2017 |
|---------------|----------------|----------------|------------|-----------------|
| Europe        | 33,113         | 32,070         | 3.3        | 63,828          |
| APAC          | 8,117          | 9,063          | -10.4      | 17,824          |
| Rest of world | 5,567          | 2,314          | 140.6      | 4,603           |
| <b>Total</b>  | <b>46,796</b>  | <b>43,447</b>  | <b>7.7</b> | <b>86,255</b>   |

## Operating profit

The Group's operating profit amounted to EUR 1.3 million (1.5) in the second quarter of 2018 and was 5.2% (6.4) of revenue. Adjusted operating profit (excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals) was EUR 2.0 million (1.7), which is 7.8% (7.4) of revenue.

In the first half of 2018 operating profit amounted to EUR 3.0 million (3.1), 6.3% (7.2) of revenue. Adjusted operating profit was EUR 3.8 million (3.4), 8.0% (7.8) of revenue.

In the first half of 2018 EUR 0.8 million of one-off expenses related to the acquisition of DSC.

The Group's net financial expenses for the period January-June 2018 were EUR -0.2 million (-0.1). The Group's profit before taxes was EUR 2.8 million (3.0) and profit after taxes EUR 2.0 million (2.2).

## Financial position

Net cash flow from operating activities for the first half of 2018 was EUR -1.3 million (0.1). The capital expenditure on fixed assets amounted to EUR 2.3 million (1.6). Subsidiaries (DSC) were acquired for EUR 7.9 million. Investments were financed mainly with interest bearing loans. Net cash flow from investing activities amounted to EUR -10.2 million (-5.7) and net cash flow before financing activities amounted to EUR -11.4 million (-5.7). At the end of the review period, the Group's liquid assets stood at EUR 6.3 million (6.1). Total depreciation, amortization and impairment of non-current assets during the first half of 2018 amounted to EUR 1.8 million (1.6).

The Group's consolidated total assets at the end of the first half of 2018 were EUR 79.7 million (65.2). Interest bearing liabilities amounted to EUR 30.5 million (16.1). Net interest bearing liabilities were EUR 24.2 million (10.0).

Equity at the end of the first half of 2018 was EUR 27.7 million (27.4) and equity ratio 34.9% (42.2). The net gearing ratio was 87.2% (36.7). Fully diluted total earnings per share were EUR 0.17 (0.18). Return on capital employed was 11.4% (15.6). Return on equity was 14.0% (15.9).

The dividend for 2017 resolved by the Annual General Meeting on 22 March 2018 totaling EUR 3.6 (1.2) million, or EUR 0.30 (0.10) per share, was paid on 4 April 2018.

## Research and development

Research and development costs for the first half of 2018 totaled EUR 1.3 million (0.9), representing 2.8% (2.0) of revenue.

## Organization and personnel

At the end of June 2018, Exel Composites employed 692 (574) people, of whom 234 (225) in Finland and 458 (349) in other countries. The average number of employees for January – June 2018 was 613 (498). The number of employees of the Group grew during the review period with about 100 employees due to the acquisition of DSC.

## Changes in Group Management Team

In May 2018 Olli Tevä was appointed SVP, Sales & Marketing and member of Exel Composites Plc's Group Management Team as of 1 August 2018. At the same time, Kari Loukola was appointed SVP, Exel Composites Americas and president of Diversified Structural Composites with immediate effect. Kari Loukola will continue holding the SVP, Sales and Marketing role until the end of July 2018 when Olli Tevä starts in that role. Kari Loukola continues to be member of Exel Composites Group Management team and reporting directly to President and CEO.

## Incentive programs

Exel Composites announced in March 2018 the continuation of a share-based long-term incentive program for the top management of Exel Composites. The 2018 performance-based plan is part of the share-based long-term incentive program published in May 2017. The performance targets applied to the plan commencing at the beginning of 2018 are adjusted operating profit (EBIT) and the absolute total shareholder return of the company's share (TSR).

## Share and shareholders

At the end of June 2018, Exel Composites' share capital was EUR 2,141,431.74 and the number of shares was 11,896,843. There were no changes in the share capital during the financial year.

During the review period Exel Composites held a total of 77,000 of its own shares. The shares were purchased in July 2017 as part of the 2017 share-based long-term incentive program for the top management.

At the end of June 2018 the share price closed at EUR 5.80. During the period under review, the average share price was EUR 6.34, the highest share price EUR 7.28 and the lowest share price EUR 5.70.

A total of 945,370 shares were traded at Nasdaq Helsinki Ltd., which represents 8.0% of the average number of shares. On 30 June 2018 Exel Composites' market capitalization was EUR 68.6 million.

Exel Composites had a total of 3,507 shareholders on 30 June 2018 and during the first half of 2018 received one flagging notification in accordance with the Finnish Securities Market Act Chapter 9 Section 5 regarding change in shareholdings.

According to the notification received on 19 February 2018, the holding of Danske Bank A/S fell under the 5% threshold and amounted to 580,145 shares representing 4.88% of the shares and voting rights of Exel Composites Plc.

Information on the company's shareholders is available on the corporate website at [www.exelcomposites.com](http://www.exelcomposites.com).

## Sustainability and corporate responsibility

Sustainability is an important part of Exel Composites' business, both in relation with its own operations as well as through the products and solutions it produces. Exel is committed to responsible and sustainable operations through its core business values: customer focused, integrity, One Exel, caring and innovative. Exel Composites' material sustainability topics are the following:

- **Environmental responsibility:** Responsible products, responsible operations
- **Social responsibility:** Responsible employer, occupation health and safety, diversity and non-discrimination, human rights in own operations and supply
- **Corporate Governance:** Corporate responsibility governance and compliance, anti-corruption and bribery

During the review period Exel Composites has continued working on the subjects related to these sustainability topics. For example, in April an updated Code of Conduct was adopted.

Information on sustainability and corporate responsibility is available on the corporate website at [www.exelcomposites.com](http://www.exelcomposites.com).

## Major near-term risks and uncertainties

Exel Composites Financial Statements Release 2017 describes the key risk areas in relation to the Group's operations, including near-term risks and uncertainties. During the first half of 2018, there were no significant changes in relation to these.

## Outlook for 2018

Exel Composites reiterates its outlook for 2018 and expects revenue to increase significantly and adjusted operating profit to increase in 2018 compared to 2017.

Vantaa, 24 July 2018

**Exel Composites Plc**  
Board of Directors

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# Notes to the Half-year Financial Report

## 1 January–30 June 2018

### Accounting principles

This Half-year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied as in the previous financial statements.

Preparation of financial statements in accordance with the IFRS standards requires Exel Composites' management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the financial period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views at the date of the financial statements, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The amounts presented in the income statement and balance sheet are Group figures. The amounts presented in the release are rounded, so the sum of individual figures may differ from the sum reported.

This half-year financial report is unaudited.

## BUSINESS COMBINATIONS

### The acquisition of Diversified Structural Composites, DSC

The acquisition of Diversified Structural Composites, Inc. ("DSC"), which was announced in a stock exchange release on 23 April 2018, was completed in April 2018. The unit is consolidated into Group accounts as of 1 May 2018.

DSC has one manufacturing facility using mainly pultrusion technology located in Erlanger, Kentucky. DSC has a high level of technological know-how in pultrusion related technologies, which complements well Exel Composites' existing expertise and growth strategy. DSC's product portfolio consists of carbon fiber and glass fiber reinforced composites that are produced particularly for the wind energy industry. At the time of the acquisition, DSC had about 90 employees and for the fiscal year 2017, ended in March 2018, revenue amounted to USD 19 million and operating loss of USD 0.6. Restructuring initiatives since

2015 have progressively improved DSC's profitability and breakeven profitability is expected to be reached in 2019.

The total estimated net debt free purchase price was approximately USD 9.5 million (EUR 7.9 million), out of which USD 5.7 million corresponded to DSC's business and USD 3.8 million to working capital. The acquisition was financed with a new long term loan.

During May-June 2018 DSC's revenue was EUR 2.6 million and operating profit EUR 0.1 million. For the first half of 2018 DSC's revenue was EUR 8.2 million and operating profit EUR -0.4 million. Exel Group's revenue would have been EUR 52.4 million and operating profit EUR 2.5 million for the first half of 2018, if the business combination of DSC had happened in the beginning of the financial year.

### Business combinations

|  | Acquisition date | Share acquired | Personnel |
|--|------------------|----------------|-----------|
| Diversified Structural Composites Inc, USA | 30 April 2018    | 100%           | 90        |

### Assets and liabilities acquired

#### EUR thousand

#### ASSETS

|                             |               |
|-----------------------------|---------------|
| Intangible assets           | 1,552         |
| Tangible assets             | 2,425         |
| Inventories                 | 3,570         |
| Trade and other receivables | 2,654         |
| Cash at bank and in hand    | 12            |
| <b>Total assets</b>         | <b>10,213</b> |

#### LIABILITIES

|                                     |              |
|-------------------------------------|--------------|
| Trade and other current liabilities | 3,092        |
| <b>Total liabilities</b>            | <b>3,092</b> |

**Net assets** **7,122**

Goodwill 752

Purchase price 7,874

Expenses of acquisitions (comprehensive P&L: fixed costs) 852  
of which during the review period 807

### The acquisition of Nanjing Jianhui Composite Materials

Exel Composites updates its estimate on the total purchase price of Nanjing Jianhui Composite Materials. The updated purchase price estimate is EUR 8.9 million, which includes a deferred variable component of approximately EUR 1.3 million linked to key employee

retention. The estimated variable component will be booked as a cost in group accounting during the retention period.

# CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

| EUR thousand  | 1.4.-30.6.<br>2018 | 1.4.-30.6.<br>2017 | Change,<br>% | 1.1.-30.6.<br>2018 | 1.1.-30.6.<br>2017 | Change,<br>% | 1.1.-31.12.<br>2017 |
|---|--------------------|--------------------|--------------|--------------------|--------------------|--------------|---------------------|
| <b>Revenue</b>  | <b>25,277</b>      | <b>23,150</b>      | <b>9.2</b>   | <b>46,796</b>      | <b>43,447</b>      | <b>7.7</b>   | <b>86,255</b>       |
| Materials and services  | -9,740             | -9,636             | 1.1          | -17,278            | -17,139            | 0.8          | -34,182             |
| Employee benefit expenses   | -7,535             | -6,654             | 13.2         | -14,194            | -12,632            | 12.4         | -24,918             |
| Depreciation and impairment   | -972               | -823               | 18.1         | -1,848             | -1,580             | 17.0         | -3,225              |
| Other operating expenses  | -5,833             | -4,679             | 24.7         | -10,701            | -9,160             | 16.8         | -18,358             |
| Other operating income  | 123                | 130                | -5.2         | 176                | 208                | -15.5        | 510                 |
| <b>Operating profit</b>   | <b>1,321</b>       | <b>1,488</b>       | <b>-11.2</b> | <b>2,951</b>       | <b>3,144</b>       | <b>-6.1</b>  | <b>6,081</b>        |
| Net financial items   | 218                | -56                | -491.5       | -192               | -122               | 57.5         | -746                |
| Profit before tax   | 1,540              | 1,433              | 7.5          | 2,759              | 3,022              | -8.7         | 5,335               |
| Income taxes  | -478               | -373               | 28.2         | -779               | -856               | -9.0         | -1,123              |
| <b>Profit/loss for the period</b>   | <b>1,062</b>       | <b>1,060</b>       | <b>0.2</b>   | <b>1,981</b>       | <b>2,166</b>       | <b>-8.6</b>  | <b>4,212</b>        |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b> |                    |                    |              |                    |                    |              |                     |
| Exchange differences on translating foreign operations  | 328                | -670               | 148.9        | 298                | -542               | 154.9        | -850                |
| Income tax relating to components of other comprehensive income                               | 0                  | 0                  | 0            | 0                  | 0                  | 0            | 0                   |
| <b>Items that will not be classified to profit or loss:</b>                                   |                    |                    |              |                    |                    |              |                     |
| Defined benefit plan actuarial gains(+)/ loss(-), net tax                                     | 0                  | 0                  | 0            | 0                  | 0                  | 0            | -3                  |
| Other comprehensive income, net of tax  | 328                | -670               | 148.9        | 298                | -542               | 154.9        | -854                |
| <b>Total comprehensive income</b>   | <b>1,389</b>       | <b>389</b>         | <b>257.0</b> | <b>2,278</b>       | <b>1,624</b>       | <b>40.3</b>  | <b>3,358</b>        |
| <b>Profit/loss attributable to:</b>   |                    |                    |              |                    |                    |              |                     |
| Equity holders of the parent company  | 1,062              | 1,060              | 0.2          | 1,981              | 2,166              | -8.6         | 4,212               |
| <b>Comprehensive income attributable to:</b>  |                    |                    |              |                    |                    |              |                     |
| Equity holders of the parent company  | 1,389              | 389                | 257.0        | 2,278              | 1,624              | 40.3         | 3,358               |
| <b>Earnings per share, diluted and undiluted, EUR</b>   | <b>0.09</b>        | <b>0.09</b>        |              | <b>0.17</b>        | <b>0.18</b>        |              | <b>0.36</b>         |



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR thousand  | 30.6.2018     | 30.6.2017     | Change        | 31.12.2017    |
|---|---------------|---------------|---------------|---------------|
| <b>ASSETS</b>   |               |               |               |               |
| <b>Non-current assets</b>                                   |               |               |               |               |
| Goodwill  | 14,124        | 13,592        | 533           | 13,447        |
| Other intangible assets                                     | 3,258         | 1,480         | 1,778         | 1,482         |
| Tangible assets   | 17,573        | 14,626        | 2,947         | 14,788        |
| Deferred tax assets   | 577           | 202           | 375           | 473           |
| Other non-current assets                                    | 93            | 86            | 6             | 85            |
| <b>Non-current assets total</b>                             | <b>35,625</b> | <b>29,987</b> | <b>5,639</b>  | <b>30,276</b> |
| <b>Current assets</b>                                       |               |               |               |               |
| Inventories   | 17,393        | 11,958        | 5,434         | 11,689        |
| Trade and other receivables                                 | 20,389        | 17,145        | 3,244         | 14,785        |
| Cash at bank and in hand                                    | 6,312         | 6,093         | 219           | 7,629         |
| <b>Total current assets</b>                                 | <b>44,094</b> | <b>35,196</b> | <b>8,897</b>  | <b>34,104</b> |
| <b>Total assets</b>   | <b>79,719</b> | <b>65,183</b> | <b>14,536</b> | <b>64,380</b> |
| <b>EQUITY AND LIABILITIES</b>                               |               |               |               |               |
| <b>Shareholders' equity</b>                                 |               |               |               |               |
| Share capital   | 2,141         | 2,141         | 0             | 2,141         |
| Other reserves  | 129           | 126           | 3             | 129           |
| Invested unrestricted equity fund                           | 2,539         | 2,539         | 0             | 2,539         |
| Translation differences                                     | 2,229         | 2,239         | -10           | 1,931         |
| Retained earnings   | 18,689        | 18,177        | 512           | 17,863        |
| Profit for the period                                       | 1,981         | 2,166         | -186          | 4,212         |
| <b>Equity attributable to holders of the parent company</b> | <b>27,708</b> | <b>27,389</b> | <b>319</b>    | <b>28,815</b> |
| <b>Total equity</b>   | <b>27,708</b> | <b>27,389</b> | <b>319</b>    | <b>28,815</b> |
| <b>Non-current liabilities</b>                              |               |               |               |               |
| Interest-bearing liabilities                                | 12,599        | 2,097         | 10,502        | 4,615         |
| Interest-free liabilities                                   | 495           | 560           | -65           | 478           |
| Deferred tax liabilities                                    | 219           | 501           | -281          | 240           |
| <b>Total non-current liabilities</b>                        | <b>13,313</b> | <b>3,158</b>  | <b>10,155</b> | <b>5,333</b>  |
| <b>Current liabilities</b>                                  |               |               |               |               |
| Interest-bearing liabilities                                | 17,869        | 14,044        | 3,825         | 11,742        |
| Trade and other non-current liabilities                     | 20,829        | 20,592        | 237           | 18,490        |
| <b>Total liabilities</b>                                    | <b>38,698</b> | <b>34,636</b> | <b>4,063</b>  | <b>30,232</b> |
| <b>Total equity and liabilities</b>                         | <b>79,719</b> | <b>65,183</b> | <b>14,536</b> | <b>64,380</b> |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR thousand                                   | 1.1.-30.6.2018 | 1.1.-30.6.2017 | Change        | 1.1.-31.12.2017 |
|--|----------------|----------------|---------------|-----------------|
| <b>Cash flow from operating activities</b>     |                |                |               |                 |
| Profit for the period                          | 1,981          | 2,166          | -185          | 4,212           |
| Adjustments                                    | 2,898          | 2,810          | 88            | 5,302           |
| Change in working capital                      | -5,090         | -4,456         | -634          | -3,493          |
| Cash flow generated by operations              | -211           | 520            | -731          | 6,021           |
| Interest paid                                  | -128           | -37            | -91           | -121            |
| Interest received                              | 7              | 8              | -1            | 13              |
| Other financial items                          | -124           | -133           | 9             | -319            |
| Income taxes paid                              | -821           | -277           | -544          | -738            |
| <b>Net cash flow from operating activities</b> | <b>-1,277</b>  | <b>81</b>      | <b>-1,358</b> | <b>4,856</b>    |
| <b>Cash flow from investing activities</b>     |                |                |               |                 |
| Acquisition of subsidiaries                    | -7,855         | -4,191         | -3,664        | -5,102          |
| Purchases of non-current assets                | -2,320         | -1,591         | -729          | -3,456          |
| Proceeds from sale of non-current assets       | 7              | 49             | -42           | 49              |
| <b>Net cash flow from investing activities</b> | <b>-10,168</b> | <b>-5,733</b>  | <b>-4,435</b> | <b>-8,509</b>   |
| <b>Cash flow before financing activities</b>   | <b>-11,445</b> | <b>-5,652</b>  | <b>-5,793</b> | <b>-3,653</b>   |
| <b>Cash flow from financing activities</b>     |                |                |               |                 |
| Share issue                                    | 3              | 0              | 3             | 0               |
| Proceeds from long-term borrowings             | 8,300          | 0              | 8,300         | 3,000           |
| Instalments of long-term borrowings            | 0              | -500           | 500           | -1,000          |
| Change in short-term loans                     | 5,596          | 6,491          | -895          | 4,173           |
| Instalments of finance lease liabilities       | 0              | 0              | 0             | 0               |
| Treasury shares                                |                |                |               | -525            |
| Dividends paid                                 | -3,569         | -1,190         | -2,379        | -1,190          |
| <b>Net cash flow from financing activities</b> | <b>10,330</b>  | <b>4,801</b>   | <b>5,529</b>  | <b>4,458</b>    |
| <b>Change in liquid funds</b>                  | <b>-1,115</b>  | <b>-851</b>    | <b>-264</b>   | <b>805</b>      |
| Liquid funds in the beginning of period        | 7,629          | 6,944          | 685           | 6,944           |
| Exchange rate fluctuations on liquid funds     | -215           |                |               | -131            |
| Liquid funds through business acquisitions     | 12             |                |               | 11              |
| Liquid funds at the end of period              | 6,312          | 6,093          | 219           | 7,629           |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| EUR thousand   | Share capital | Share premium reserve | Other reserves | Invested unrestricted equity fund | Translation differences | Retained earnings | Total         |
|--|---------------|-----------------------|----------------|-----------------------------------|-------------------------|-------------------|---------------|
| <b>Balance at 1 January 2017</b>                               | <b>2,141</b>  | <b>0</b>              | <b>126</b>     | <b>2,539</b>                      | <b>2,781</b>            | <b>19,424</b>     | <b>27,013</b> |
| Comprehensive result   |               |                       |                |                                   | -542                    | 2,166             | 1,624         |
| Defined benefit plan actuarial gains (+)/ loss (-), net of tax |               |                       |                |                                   |                         | 0                 | 0             |
| Other items  |               |                       | 0              |                                   |                         | -58               | -58           |
| Dividend   |               |                       |                |                                   |                         | -1,190            | -1,190        |
| <b>Balance at 30 June 2017</b>                                 | <b>2,141</b>  | <b>0</b>              | <b>126</b>     | <b>2,539</b>                      | <b>2,239</b>            | <b>20,343</b>     | <b>27,389</b> |
| <b>Balance at 1 January 2018</b>                               | <b>2,141</b>  | <b>0</b>              | <b>129</b>     | <b>2,539</b>                      | <b>1,931</b>            | <b>22,075</b>     | <b>28,815</b> |
| Comprehensive result   |               |                       |                |                                   | 298                     | 1,981             | 2,279         |
| Defined benefit plan actuarial gains (+)/ loss (-), net of tax |               |                       |                |                                   |                         | 0                 | 0             |
| Other items  |               |                       |                |                                   |                         | 42                | 42            |
| Dividend   |               |                       |                |                                   |                         | -3,569            | -3,569        |
| Correction to previously issued financial statements 1)        |               |                       |                |                                   |                         | 141               | 141           |
| <b>Balance at 30 June 2018</b>                                 | <b>2,141</b>  | <b>0</b>              | <b>129</b>     | <b>2,539</b>                      | <b>2,229</b>            | <b>20,669</b>     | <b>27,708</b> |

1) Clearing a non-registered dormant subsidiary from consolidated books.

## ADJUSTED OPERATING PROFIT

| EUR thousand   | 1.4.-30.6.2018 | 1.4.-30.6.2017 | 1.1.-30.6.2018 | 1.1.-30.6.2017 | 1.1.-31.12.2017 |
|--|----------------|----------------|----------------|----------------|-----------------|
| <b>Operating profit</b>  | <b>1,321</b>   | <b>1,488</b>   | <b>2,951</b>   | <b>3,144</b>   | <b>6,081</b>    |
| Restructuring costs  |                |                |                |                | -149            |
| Impairment losses and reversals  |                |                |                |                |                 |
| Costs related to planned or realized business acquisition and disposal | 652            | 233            | 808            | 243            | 387             |
| Sale of intangible and tangible assets                                 |                |                |                |                |                 |
| Expenses related to changes in legislation or legal proceedings        |                |                |                |                |                 |
| <b>Adjusted operating profit</b>                                       | <b>1,973</b>   | <b>1,722</b>   | <b>3,759</b>   | <b>3,387</b>   | <b>6,319</b>    |

## QUARTERLY KEY FIGURES

| EUR thousand   | 2018<br>Q2    | 2018<br>Q1    | 2017<br>Q4    | 2017<br>Q3    | 2017<br>Q2    | 2017<br>Q1    |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>   | <b>25,277</b> | <b>21,519</b> | <b>22,414</b> | <b>20,394</b> | <b>23,150</b> | <b>20,296</b> |
| Materials and services                                       | -9,740        | -7,538        | -8,819        | -8,225        | -9,636        | -7,503        |
| Employee benefit expenses                                    | -7,535        | -6,659        | -6,304        | -5,982        | -6,654        | -5,977        |
| Depreciation and impairment                                  | -972          | -876          | -805          | -840          | -823          | -757          |
| Operating expenses   | -5,833        | -4,868        | -5,245        | -3,953        | -4,679        | -4,482        |
| Other operating income                                       | 123           | 52            | 147           | 155           | 130           | 78            |
| <b>Operating profit</b>                                      | <b>1,321</b>  | <b>1,630</b>  | <b>1,389</b>  | <b>1,549</b>  | <b>1,488</b>  | <b>1,655</b>  |
| Net financial items  | 218           | -410          | -410          | -214          | -56           | -66           |
| Profit before taxes  | 1,540         | 1,220         | 979           | 1,335         | 1,433         | 1,589         |
| Income taxes   | -478          | -301          | -22           | -245          | -373          | -483          |
| <b>Profit/loss for the period</b>                            | <b>1,062</b>  | <b>919</b>    | <b>956</b>    | <b>1,089</b>  | <b>1,060</b>  | <b>1,107</b>  |
| Earnings per share, diluted and undiluted, EUR               | 0.09          | 0.08          | 0.08          | 0.09          | 0.09          | 0.09          |
| Average number of shares, diluted and undiluted 1,000 shares | 11,820        | 11,820        | 11,820        | 11,836        | 11,897        | 11,897        |
| Average number of personnel                                  | 652           | 575           | 562           | 570           | 534           | 462           |

## COMMITMENTS AND CONTINGENCIES

| EUR thousand                     | 30.6.2018 | 30.6.2017  | 31.12.2017 |
|----------------------------------|-----------|------------|------------|
| <b>Commitments on own behalf</b> |           |            |            |
| Mortgages                        | 2,783     | 2,793      | 2,793      |
| Floating charges                 | 12,500    | 12,500     | 12,500     |
| <b>Operating leases</b>          |           |            |            |
| Not later than one year          | 1,259     | 805        | 750        |
| 1 - 5 years                      | 923       | 471        | 831        |
| <b>Other liabilities</b>         | <b>25</b> | <b>312</b> | <b>312</b> |

## DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

| EUR thousands       | 30.6.2018 | 30.6.2017 | 31.12.2017 |
|---------------------|-----------|-----------|------------|
| Interest rate swaps | 900       | 1,500     | 1,200      |

# CONSOLIDATED KEY FIGURES

| EUR thousand  | 1.4.-30.6.<br>2018 | 1.4.-30.6.<br>2017 | Change,<br>% | 1.1.-30.6.<br>2018 | 1.1.-30.6.<br>2017 | Change,<br>% | 1.1.-31.12.<br>2017 |
|---|--------------------|--------------------|--------------|--------------------|--------------------|--------------|---------------------|
| Revenue   | 25,277             | 23,150             | 9.2          | 46,796             | 43,447             | 7.7          | 86,255              |
| Operating profit  | 1,321              | 1,488              | -11.2        | 2,951              | 3,144              | -6.1         | 6,081               |
| % of revenue  | 5.2                | 6.4                |              | 6.3                | 7.2                |              | 7.1                 |
| Adjusted operating profit 1)                                  | 1,973              | 1,722              | 14.6         | 3,759              | 3,387              | 11.0         | 6,319               |
| % of revenue  | 7.8                | 7.4                |              | 8.0                | 7.8                |              | 7.3                 |
| Profit before tax   | 1,540              | 1,433              | 7.5          | 2,759              | 3,022              | -8.7         | 5,335               |
| % of revenue  | 6.1                | 6.2                |              | 5.9                | 7.0                |              | 6.2                 |
| Profit for the period   | 1,062              | 1,060              | 0.2          | 1,981              | 2,166              | -8.6         | 4,212               |
| % of revenue  | 4.2                | 4.6                |              | 4.2                | 5.0                |              | 4.9                 |
| Shareholders' equity  | 27,708             | 27,389             | 1.2          | 27,708             | 27,389             | 1.2          | 28,815              |
| Interest-bearing liabilities                                  | 30,468             | 16,141             | 88.8         | 30,468             | 16,141             | 88.8         | 16,356              |
| Cash and cash equivalents                                     | 6,312              | 6,093              | 3.6          | 6,312              | 6,093              | 3.6          | 7,629               |
| Net interest-bearing liabilities                              | 24,156             | 10,048             | 140.4        | 24,156             | 10,048             | 140.4        | 8,727               |
| Capital employed  | 58,176             | 43,530             | 33.6         | 58,176             | 43,530             | 33.6         | 45,172              |
| Return on equity, %   | 15.6               | 15.2               | 2.7          | 14.0               | 15.9               | -12.0        | 15.1                |
| Return on capital employed, %                                 | 10.3               | 14.5               | -29.1        | 11.4               | 15.6               | -26.6        | 14.8                |
| Equity ratio, %   | 34.9               | 42.2               | -17.2        | 34.9               | 42.2               | -17.2        | 44.8                |
| Net gearing, %  | 87.2               | 36.7               | 137.6        | 87.2               | 36.7               | 137.6        | 30.3                |
| Capital expenditure   | 5,937              | 7,471              | -20.5        | 7,013              | 8,044              | -12.8        | 9,974               |
| % of revenue  | 23.5               | 32.3               |              | 15.0               | 18.5               |              | 11.6                |
| Research and development costs                                | 630                | 416                | 51.4         | 1,305              | 850                | 53.5         | 1,876               |
| % of revenue  | 2.5                | 1.8                |              | 2.8                | 2.0                |              | 2.2                 |
| Order intake  | 25,004             | 23,359             | 7.0          | 46,975             | 45,839             | 2.5          | 86,531              |
| Order backlog   | 19,828             | 19,436             | 2.0          | 19,828             | 19,436             | 2.0          | 17,126              |
| Earnings per share, diluted and undiluted, EUR                | 0.09               | 0.09               | 0.8          | 0.17               | 0.18               | -8.0         | 0.36                |
| Equity per share, EUR   | 2.34               | 2.30               | 1.8          | 2.34               | 2.30               | 1.8          | 2.43                |
| Average number of shares, diluted and undiluted, 1,000 shares | 11,820             | 11,897             | -0.6         | 11,820             | 11,897             | -0.6         | 11,862              |
| Average number of employees                                   | 652                | 534                | 22.1         | 613                | 498                | 23.1         | 532                 |

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. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report published on 21 July 2016.



## Exel Composites in brief

Exel Composites is the world's leading composite technology company that engineers and manufactures composite products and solutions to an extensive range of demanding industrial applications.

The core of the business is based on our employees' high level of expertise and our own, internally developed composite technologies, which have been perfected over decades with a steady focus on innovation. With nine manufacturing plants across Europe, Asia, and North America, and a global sales network, we are firmly driven by superior customer experience and world-class operations.

Headquartered in Finland, Exel Composites employs approximately 650 people globally. The company's shares are listed on the Nasdaq Helsinki exchange.

[www.exelcomposites.com](http://www.exelcomposites.com)