

TERVETULO! WELCOME!



Factory visit
Joensuu, Finland
31 October 2019



Your hosts today



Riku Kytömäki
President and CEO



Mikko Kettunen
CFO



Juha Honkanen
BU Manager, Finland

And the Group Management Team members:



Tiina Bies
SVP, Human
Resources



Callum Gough
SVP, Operations



Kari Loukola
SVP, Exel
Composites Americas



Kim Sjödaahl
SVP, R&D and
Technology



Mikko Rummukainen
SVP, Business
Development



Olli Tevä
SVP, Sales &
Marketing

Agenda

- 12:45
 - Lunch
 - Exel Composites, an introduction to composites and our manufacturing techniques
Mikko Kettunen, CFO
 - Exel Strategy & Business Review January – September 2019
Riku Kytömäki, President and CEO
 - Safety on site
Juha Honkanen, BU Manager Finland
 - Factory tour
- 14:45
 - Bus transportation to Joensuu train station, Joensuu city center or Joensuu airport

INTRODUCTION TO COMPOSITES



Mikko Kettunen
CFO

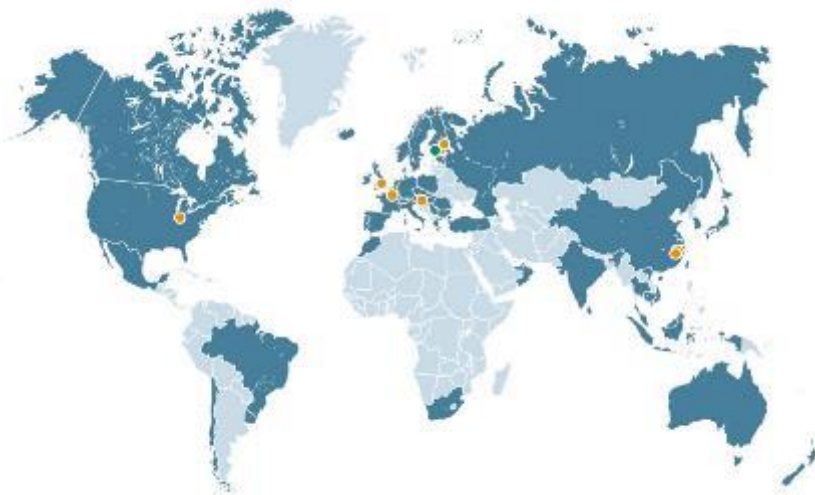


Exel Composites overview

A globally leading composite technology company

that **designs, manufactures and markets** fiber reinforced plastics products and solutions for demanding applications in various segments and markets

Industrial, construction & infrastructure and other applications



Customers in over
50
countries

Manufacturing in
6
countries

96.6

(86.3)

Revenue

EUR million, Full year 2018 (2017)

5.0

(6.3)

Adjusted operating profit

EUR million, Full year 2018 (2017)

675

(568)

Employees

End of 2018 (2017)

Our values



Customer focused



Integrity



One Exel



Caring



Innovative



What are composites?

COMPOSITES mean a complex material of two or more structurally complementary substances.



Combined these produce structural or functional properties not present in any individual component

Composite products' unique features and benefits

Low weight

High strength-to-weight ratio

High fatigue tolerance

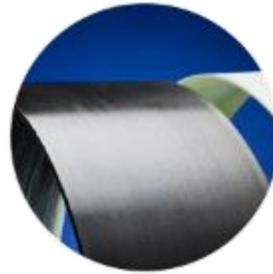
Good corrosion and chemical resistance

Tailored material properties

- Fire retardation
- Thermal insulation
- Radio transparency
- Electrical insulation / conduction

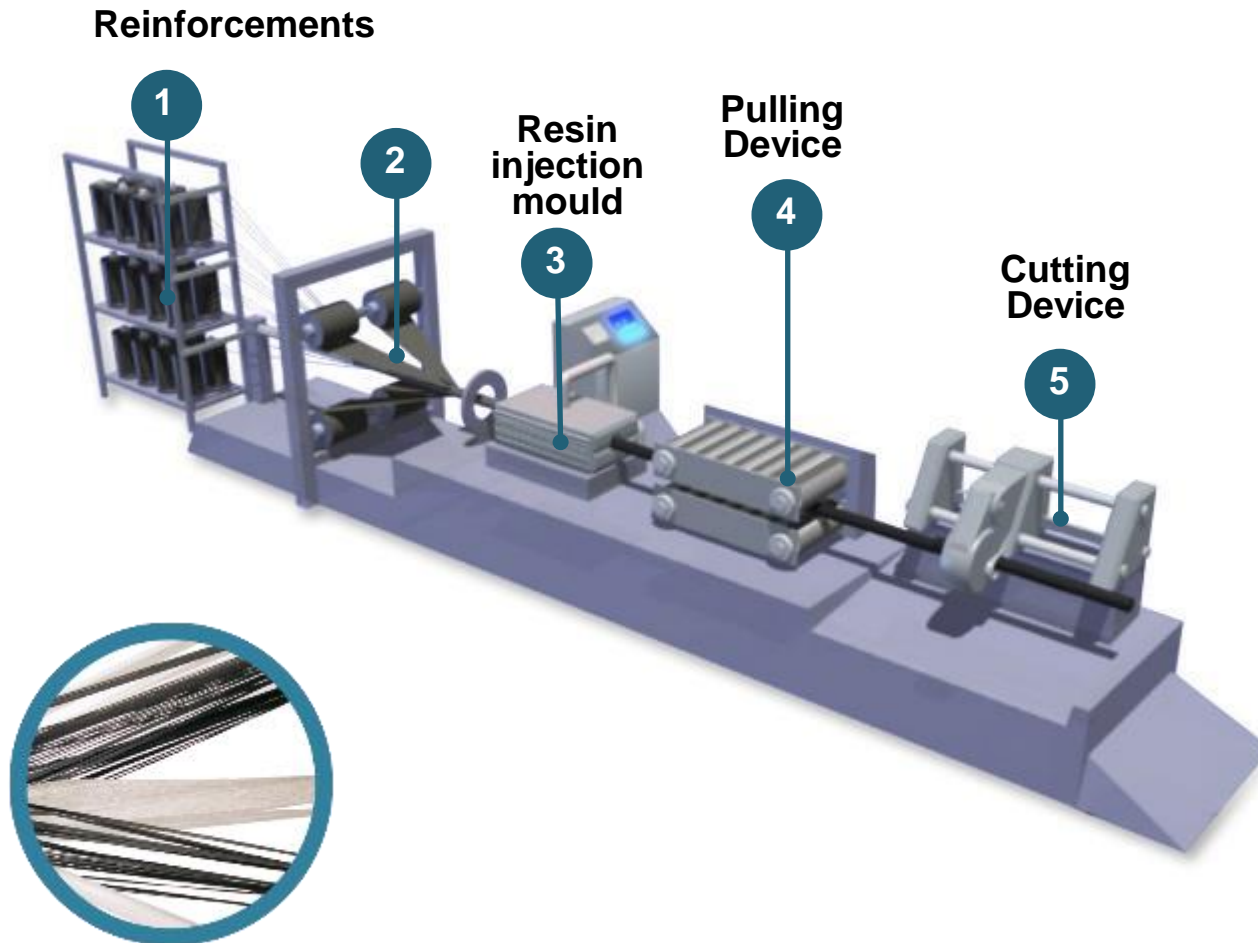
Visual attractiveness and high-quality surface

Long durability and service life

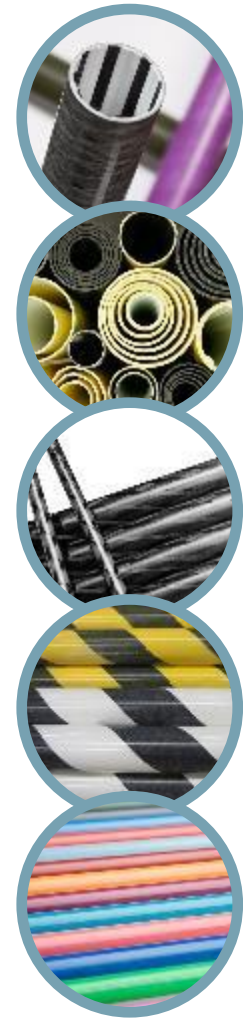
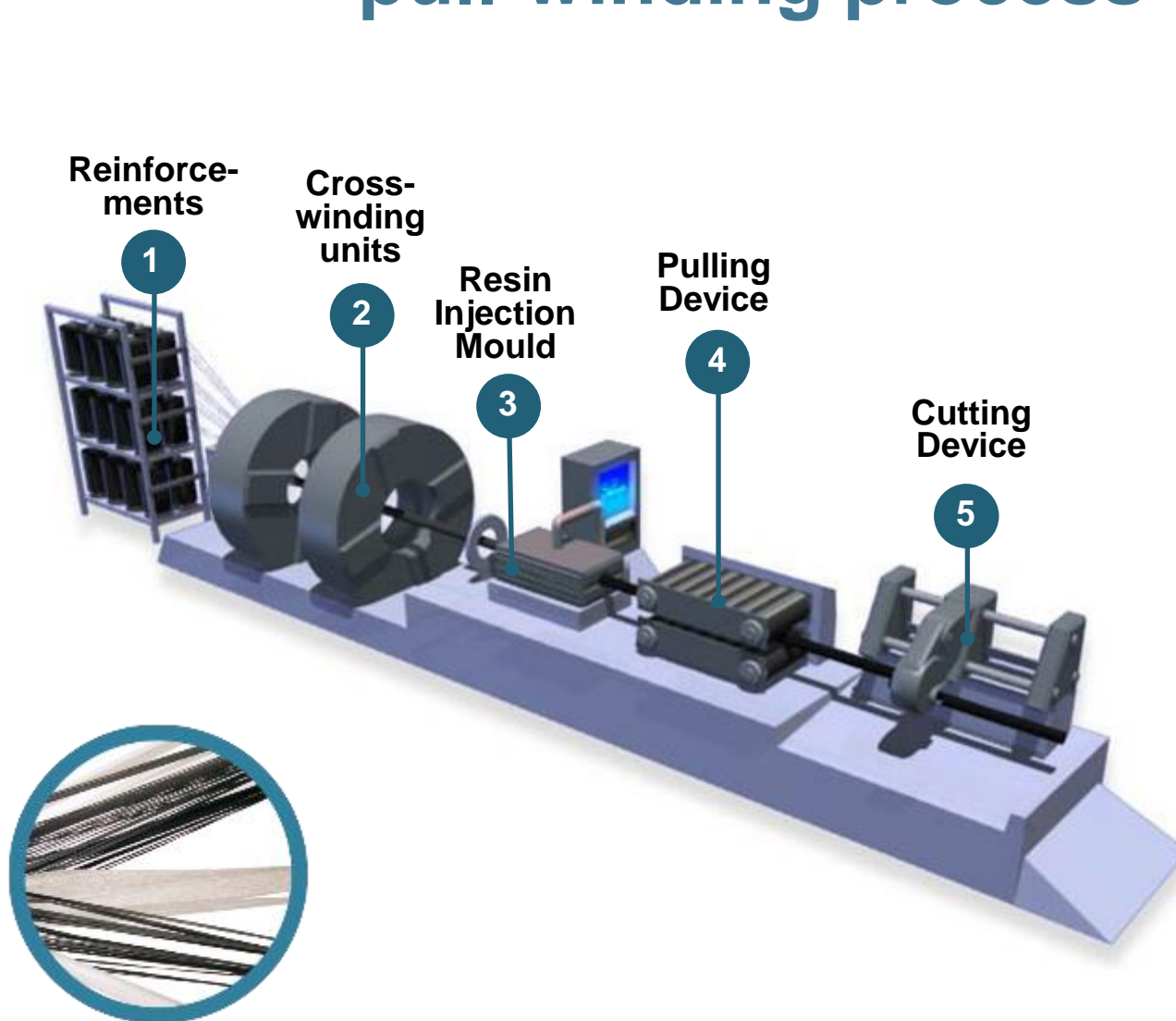


Composites can be utilized in various demanding applications

Exel Composites pultrusion process



Exel Composites pull-winding process



Q3 2019: STRONG IMPROVEMENT IN PROFITABILITY



Riku Kytömäki
President and CEO



Exel Composites strategy 2019-2022 updated

Vision

*Differentiate with
world class operations, technology innovation, and by delivering the best customer experience*

Protect and grow strong-holds



- Multiply existing applications to new customers
- Gain knowledge and improve efficiency in focus applications

Create true global footprint



- Establish sales coverage in new areas
- Grow supply and service to new market areas
- Utilize global footprint as value add

Build leadership in China



- Grow sales to local and exporting customers
- Create value offering for mid-segment
- R&D and manufacturing capacity

Growth in new technologies



- Further processing and vertical integration
- New composite technologies, other than pultrusion

Penetrate growing / new applications



- Solutions for larger growth applications; Wind, Transportation, BCI
- Penetrate mid-segment
- Package key applications to 'systems'

Foundation built on company values: CUSTOMER FOCUSED • INTEGRITY • ONE EXEL • CARING • INNOVATIVE

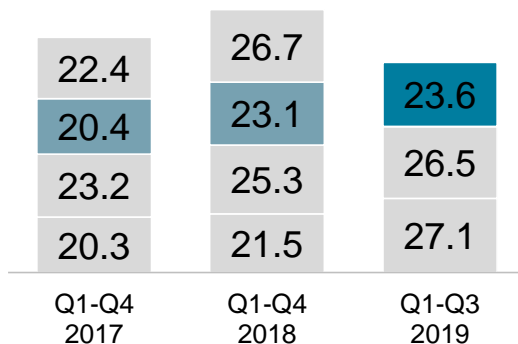
Q3 2019 in brief

- **Business environment**
 - Strong revenue growth in Construction & Infrastructure supported by wind energy
 - Revenue growth in Other Applications was good
 - Industrial Applications decreased in revenue reflecting challenges of our telecommunications customers
- **Operations**
 - Cost savings program, which was initiated in 2018, has lowered fixed costs and thereby improved profitability
 - Production initiated in a new manufacturing location in Nanjing, China
 - The new leased site is better suited for composite production
 - Can accommodate, if need be, all production capacity of the old factories.
- **Financial performance**
 - Order intake level continued at a good level and revenue improved slightly compared to previous year.
 - Operating profit in the third quarter more than tripled in comparison to the previous year.

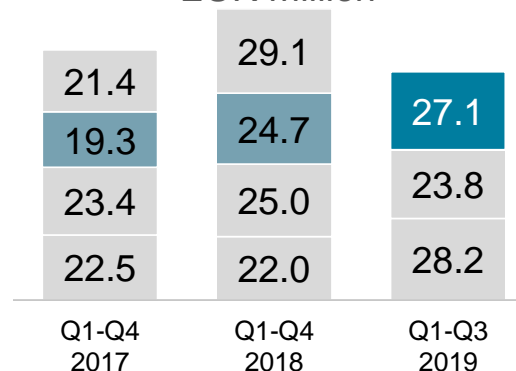


Quarterly highlights

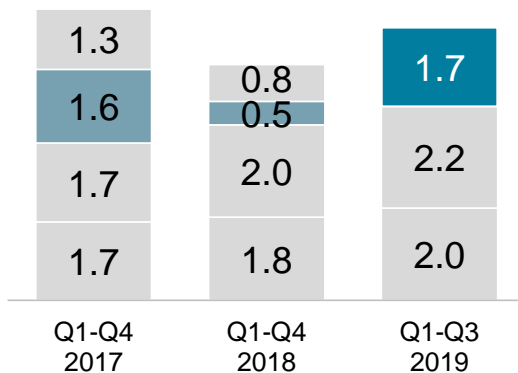
Revenue,
EUR million



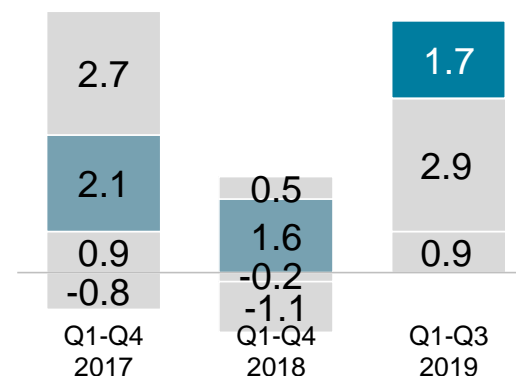
Order intake,
EUR million



Adjusted operating profit,
EUR million



Net cash flow,
EUR million



Key figures Q1-Q3 2019

EUR thousand	1.1.-30.9. 2019	1.1.-30.9. 2018	Change, %	1.1.-31.12. 2018
Order intake	79 043	71 649	10.3	100 757
Order backlog 1)	25 404	21 322	19.1	23 685
Revenue 2)	77 199	69 897	10.4	96 608
Operating profit	4 003	3 411	17.4	2 217
% of revenue	5.2	4.9		2.3
Adjusted operating profit 3)	5 859	4 249	37.9	5 018
% of revenue	7.6	6.1		5.2
Profit for the period	2 033	1 992	2.0	386
Net cash flow from operating activities 4), 5)	5 527	334	1 553.0	868
Return on capital employed, %	9.0	8.7		4.4
Net gearing, % 4)	122.1	88.6		96.3
Earnings per share	0.17	0.17		0.03
Equity per share, EUR	2.20	2.31	-4.8	2.18
Employees on average	661	613	7.8	647

1) As per the end of the period.

2) Revenue by customer segments Q1-Q3 2019 (Q1-Q3 2018): Industrial applications EUR 26.7 million (31.3); Construction & infrastructure EUR 33.1 million (24.0); Other applications EUR 17.3 million (14.6).

3) 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.

4) Exel Composites Plc has applied the IFRS16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.

5) IFRS16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities with EUR 845 thousand since the beginning of 2019.

Key figures Q3 2019

EUR thousand	1.7.-30.9. 2019	1.7.-30.9. 2018	Change, %	1.1.-31.12. 2018
Order intake	27 066	24 674	9.7	100 757
Order backlog 1)	25 404	21 322	19.1	23 685
Revenue 2)	23 627	23 101	2.3	96 608
Operating profit	1 454	459	216.5	2 217
% of revenue	6.2	2.0		2.3
Adjusted operating profit 3)	1 663	491	239.0	5 018
% of revenue	7.0	2.1		5.2
Profit for the period	847	12	7 161.3	386
Net cash flow from operating activities 4), 5)	1 725	1 611	7.1	868
Return on capital employed, %	9.3	3.1		4.4
Net gearing, % 4)	122.1	88.6		96.3
Earnings per share	0.07	0.00		0.03
Equity per share, EUR	2.20	2.31	-4.8	2.18
Employees on average	641	685	-6.5	647

1) As per the end of the period.

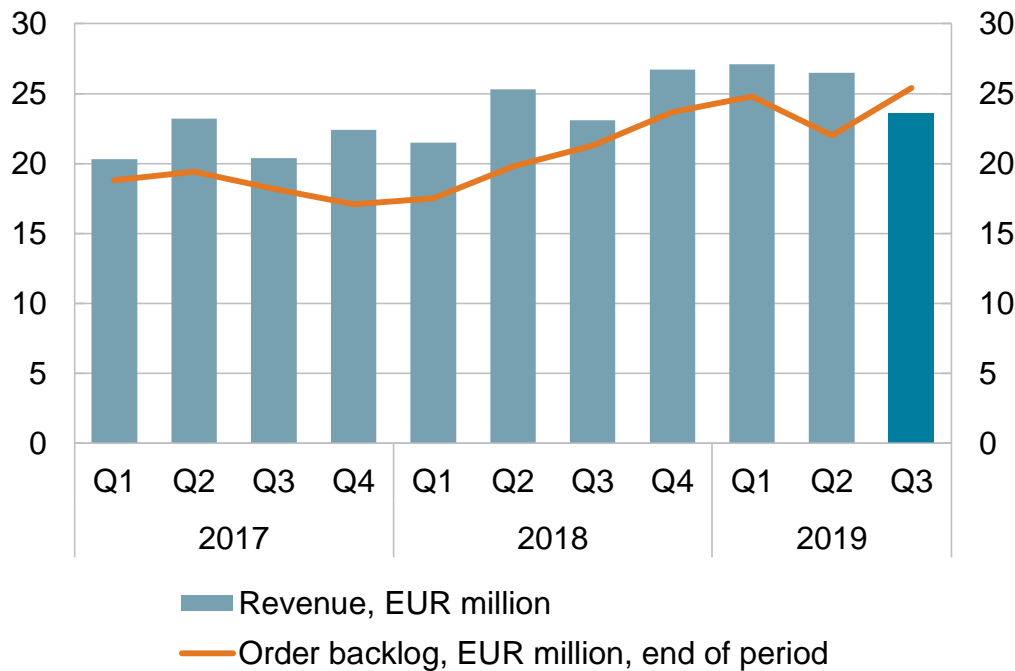
2) Revenue by customer segments Q3 2019 (Q3 2018): Industrial applications EUR 7.9 million (8.8); Construction & infrastructure EUR 10.9 million (9.8); Other applications EUR 4.8 million (4.5).

3) 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.

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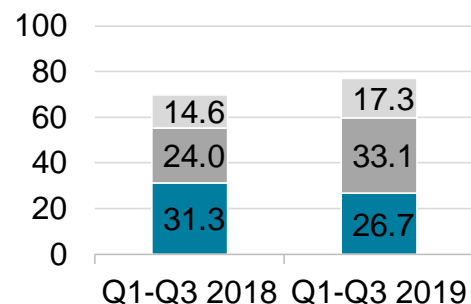
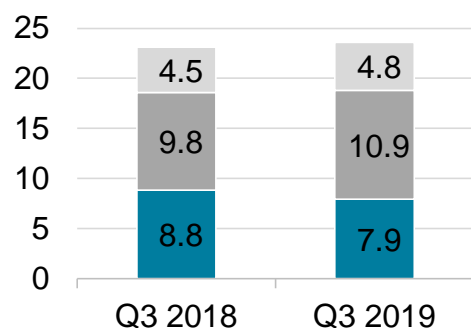
5) IFRS16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities in Q3 2019 with EUR 300 thousand.

Order backlog at EUR 25.4 million



Revenue increase driven by Construction & Infrastructure

Revenue by customer segment,
EUR million



- Other Applications
- Construction & Infrastructure
- Industrial Applications

Industrial Applications



Telecommuni-
cation



Paper
Industry



Electrical
Industry



Machine
Industry



Transportation
Industry

Construction & Infrastructure



Building,
Construction &
Infrastructure



Energy
Industry



Cleaning &
Maintenance



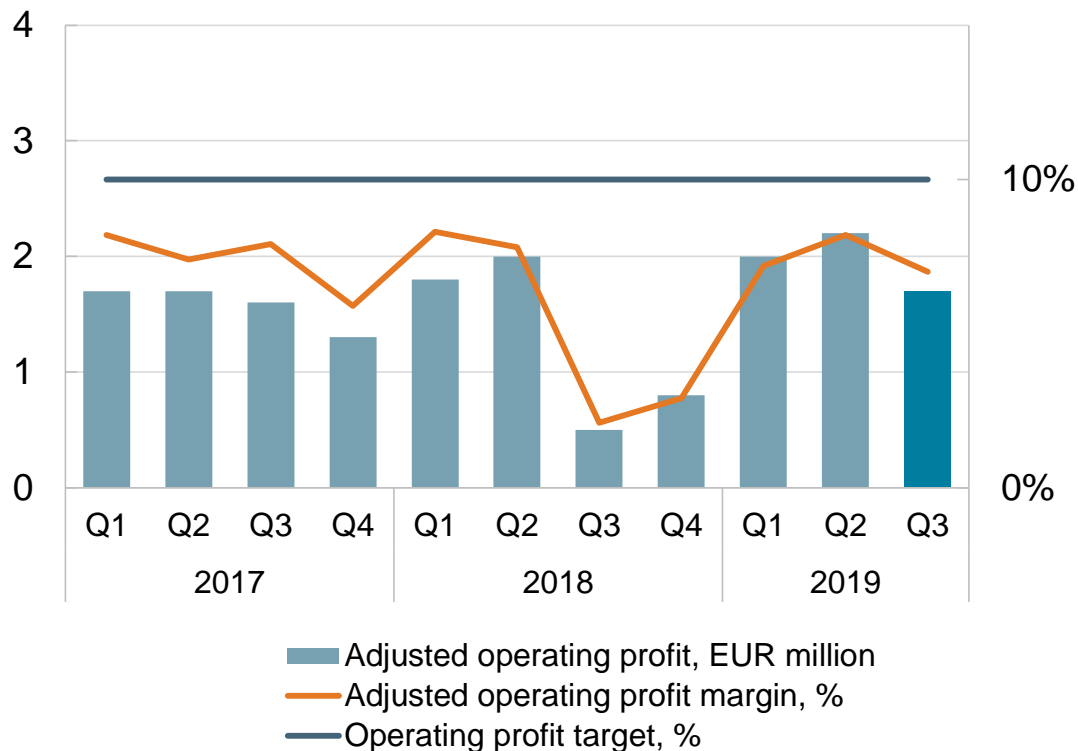
Sports &
Leisure



Other
Industries

Other Applications

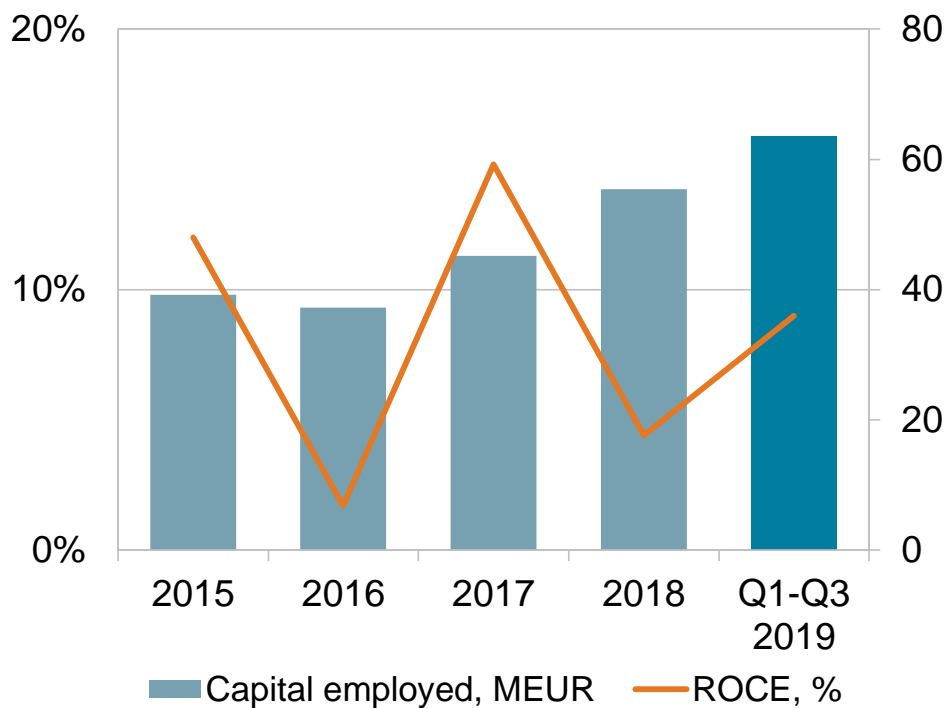
Adjusted operating profit more than tripled compared to previous year



Cost reduction program has lowered fixed costs and improved profitability

- Initiated in 2018 to improve Group profitability.
- Consists, among other things, of:
 - Optimization of manufacturing footprint in Europe
 - Production closed in Germany (completed in April 2019)
 - Improve the profitability and cost efficiency in the DSC business
 - Profitability improved significantly compared to previous year
 - Drive further synergy savings between the company's two manufacturing units in China
 - Production initiated at a new manufacturing location in China near the city of Nanjing.
 - The new leased site is better suited for composite production and can accommodate, if need be, all production capacity of the old factories.
- The annual savings target of the Group-wide cost savings program is EUR 3 million, expected to be fully effective in 2020.

ROCE at 9.0 % in Q1-Q3 2019



Mega trends drive composite use and adaptation

Light-weighting

Growing middle
class

Sustainability

Cost, fuel, and
energy efficiency

Urbanization

Long life cycles

5 reasons to invest in Exel



1. We operate in growing markets and solve mega-trend challenges and demands



2. We are guided by clear long-term financial targets and strategy



3. We are strategically located positioning us as a “globally local” solutions provider



4. We have a wide-spread customer base across markets and industries



5. Our 60 years of industry expertise and leadership

Financial targets reflect our growth strategy

Growth

Revenue growth
2x
market growth

Profitability

Adjusted operating
profit margin
>10%

Capital efficiency

Return on capital
employed
> 20%

Financial position


Net gearing
≤ 60%

- Financial targets are considered over a business cycle
- Potential acquisitions may impact the long-term financial targets
- Dividend policy: Exel Composites' ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities

Outlook for 2019 (unchanged)

Exel Composites expects **revenue** and **adjusted operating profit** to **increase** in 2019 compared to 2018.

SAFETY ON SITE



Juha Honkanen
BU Manager, Finland














Personal protection for visitors on the shop floor



Eye protection



Hearing protection

<div>  <div> SAFETY INSTRUCTIONS FOR VISITORS TURVALLISUUSOHJEET VIERAILLUIKILLE </div> </div>			
Pakolliset suojaimet		Compulsory protectors	
 Use eye protection Käytä suojasuojaimia	 Wear safety vest Käytettävä turvavestit	 Wear ear protection Käytä kuulosuojaimia	
Kielto		Forbidden	
 Don't smoke Tupakointi kielletty		 No fire Tulaa ei ole kielletty	
 No alcohol Alkoholien käyttö on kielletty		 Photography forbidden Valokuvaukset kielletty	
 Entering the production hall is only allowed in company of an Exel employee. Tulokäyttilä on vain Exel Composites Oy:n työntekijän johdolla.			
Opasteet		Indication signs	
 Emergency exit Hätäpoistumatie		 First aid Ensue	
Varoitukset		Warning signs	
 Beware of truck Vare trakkia		 Beware of harmful chemicals. Vare haitallisia kemikaaleja	

Safety on site

Visitor vests are to be worn at all time whilst on shop floor



Visitors are required to be escorted at all times by an Exel Composites member of staff

Beware of forklift



Safety on site

In case of emergency
follow exit signs



Beware of harmful chemicals



Safety on site

Photography forbidden



Thank you!

