

REVENUE AND ADJUSTED OPERATING PROFIT GROWTH CONTINUED



January-March 2018
Business Review

Riku Kytömäki,
President & CEO

9 May 2018

Exel Composites in brief

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 Applications: Telecommunication, Paper Industry, Electrical Industry, Machine Industry, Transportation Industry

Construction & Infrastructure: BCI, Energy Industry

Other Applications: Cleaning & Maintenance, Sports & Leisure, Other Industries



Customers in over
50
countries

Manufacturing in
7
countries

86.3
(73.1)
Revenue
EUR million, 2017 (2016)

6.3
(2.6)
Adjusted operating profit
EUR million, 2017 (2016)

568
(455)
Employees
End of 2017 (2016)

Our values



Customer focused



Integrity



One Exel



Caring



Innovative



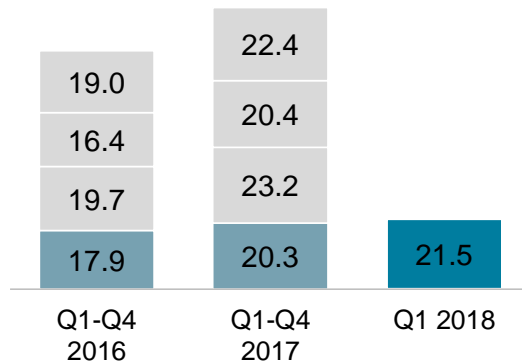
Q1 2018 in brief

- **Business environment**
 - Stable demand and favorable market fundamentals in Europe, Nanjing Jianhui contributed in APAC
 - Construction & Infrastructure main contributor to revenue growth
- **Operations**
 - Stable profits in Europe, Nanjing Jianhui contributed significantly in APAC
 - Ramping up in China after closing of production in Australia impaired profitability
- **Financial performance**
 - Revenue and adjusted operating profit growth continued
 - Large individual mid-segment orders recorded in Q1 2017 impacted revenue comparison

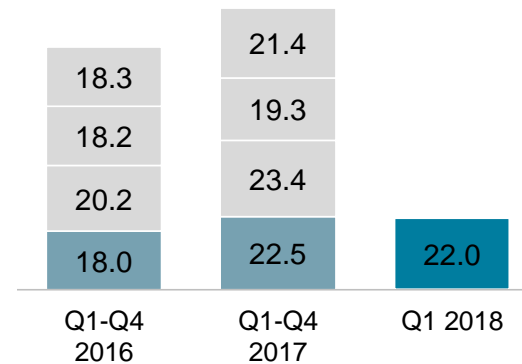


Q1 2018 highlights

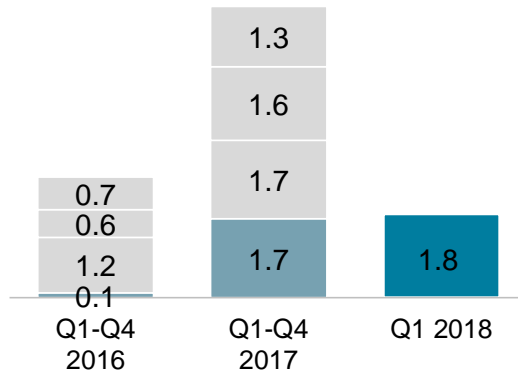
Revenue, EUR million



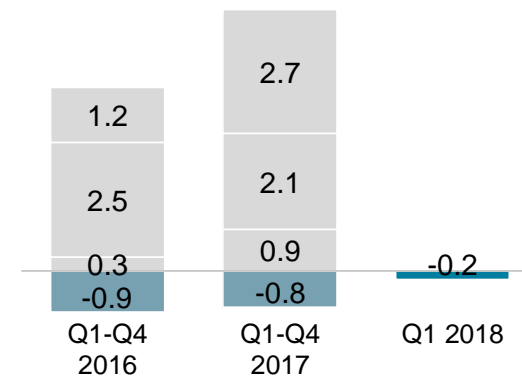
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



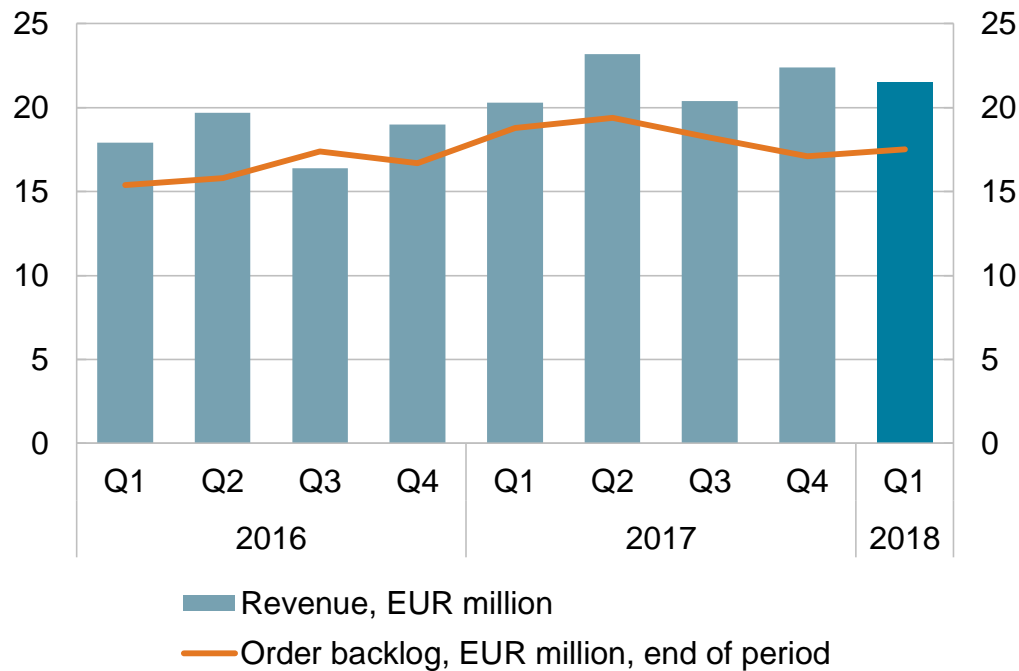
Key figures Q1 2018

EUR thousand	1.1.-31.3. 2018	1.1.-31.3. 2017	Change, %	1.1.-31.12. 2017
Order intake	21,972	22,480	-2.3	86,531
Order backlog ¹	17,503	18,806	-6.9	17,126
Revenue	21,519	20,296	6.0	86,255
Operating profit	1,630	1,655	-1.5	6,081
% of revenue	7.6	8.2		7.1
Adjusted operating profit ²	1,785	1,665	7.2	6,319
% of revenue	8.3	8.2		7.3
Profit for the period	919	1,107	-16.9	4,212
Net cash flow from operating activities	-163	-848	80.8	4,856
Return on capital employed, %	14.6	17.4		14.8
Net gearing, %	37.7	16.5		30.3
Earnings per share	0.08	0.09		0.36
Equity per share, EUR	2.25	2.37	-5.3	2.43

¹ As per the end of the period.

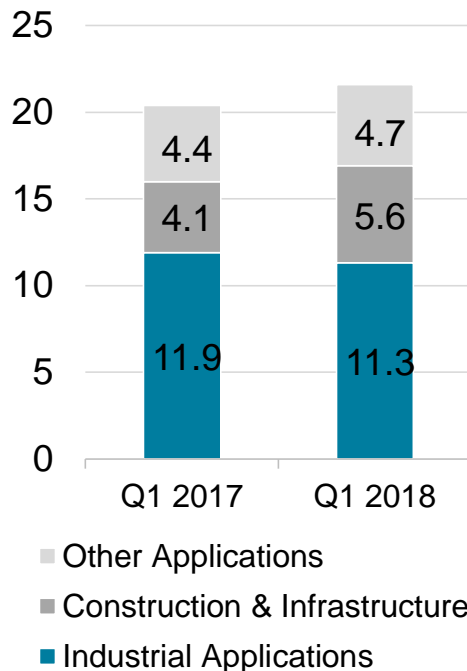
² Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report published on 21 July 2016.

Continued revenue growth in Q1 2018



Construction & Infrastructure main contributor to revenue growth

Revenue by customer segment, EUR million



Industrial Applications



Telecommunication



Paper Industry



Electrical Industry



Machine Industry



Transportation Industry

Construction & Infrastructure



Building, Construction & Infrastructure



Energy Industry



Cleaning & Maintenance



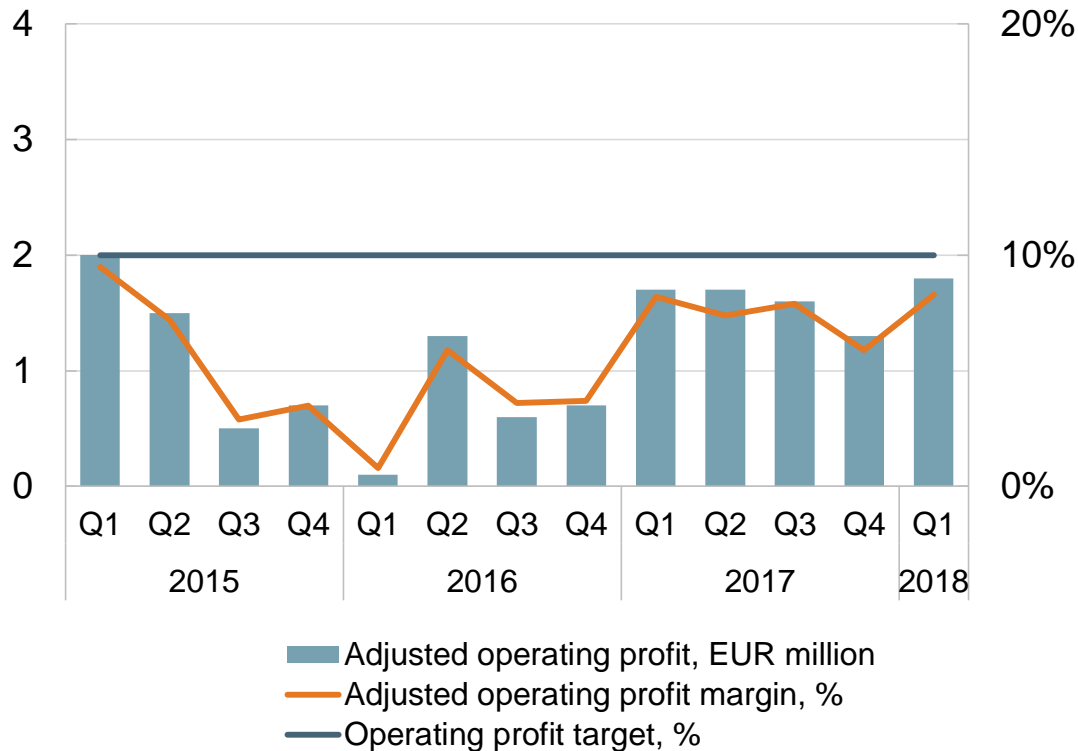
Sports & Leisure



Other Industries

Other Applications

Stable profits in Europe and a good contribution from Nanjing Jianhui



Exel Composites strategy for 2017-2020



Next level growth

Protect and grow strong-holds

- Grow in existing business
- Take out cost and improve customer value

Build leadership in China

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

Penetrate growing / new applications

- Penetrate mid-segment
- Solutions for larger growth applications
- Package key applications to 'systems'

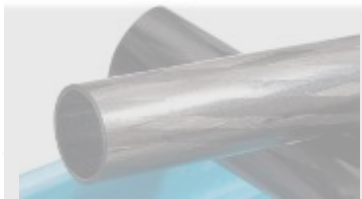
Create true global footprint

- Expand operational footprint
- 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

Entering North America is an essential part of our growth initiatives



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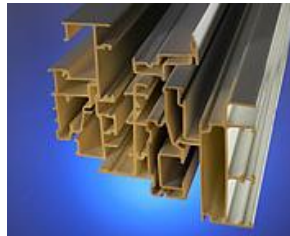
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Exel Composites acquires Diversified Structural Composites

- A composites production company based in Erlanger, Kentucky, USA.
- One manufacturing facility using mainly pultrusion technology.
- DSC's product portfolio consists of carbon fiber and glass fiber reinforced composites that are produced particularly for the wind energy industry.
- Key figures:

Employees	90
Revenue	USD 19 million*
Operating loss	USD -0.6 million*
- Restructuring initiatives since 2015 have progressively improved profitability and break even profitability is expected to be reached in 2019.
- The transaction was closed at the end of April and the unit is consolidated into Group accounts as of 1 May 2018.

*Diversified
Structural
Composites*



* Fiscal year 2017, ended in March 2018

Acquisition rationale

- A significant step in creating true global footprint for Exel Composites
 - The American market is the second largest composites market globally in terms of value and growth, right after the Asian market
 - As consequence, Exel Composites will be the only pultrusion company with significant presence on all three major continents, which brings further business opportunities and possibilities for cooperation
- DSC and Exel Composites are a very good strategic fit
 - Focus on the same high growth segments, particularly wind energy and transportation
 - Opens up new channels to local markets enabling deliveries from the region to the region
 - Enhanced attractiveness and cross-selling opportunities to existing and new customers
- Technological expertise and other complementary strengths improve joint competitiveness and enable synergies
 - Product transfers
 - Technology transfers
 - Supply chain optimization

Outlook for 2018

- Exel Composites expects **revenue to increase significantly** and **adjusted operating profit to increase** in 2018 compared to 2017.

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More information at www.exelcomposites.com

Financial calendar 2018

- Business Review January - March: 9 May 2018
- Half Year Financial Report January - June: 24 July 2018
- Business Review January - September: 31 October 2018

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