

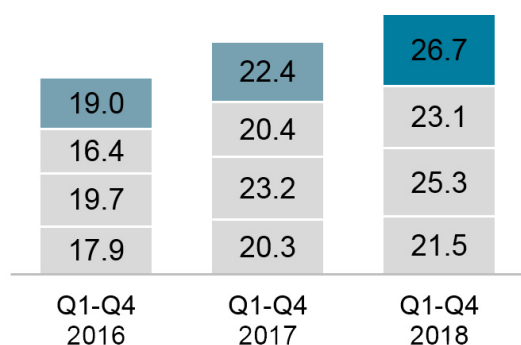


Exel Composites Plc
Financial Statements Release
January–December 2018

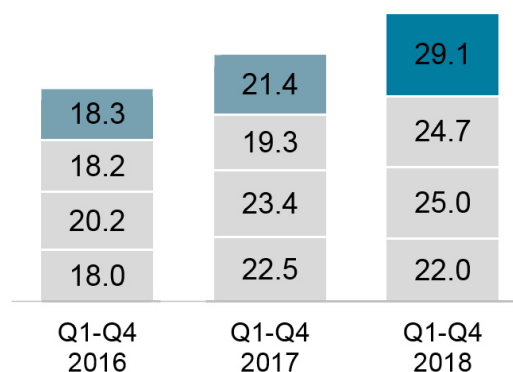
“Strong order intake in Q4”

Key figures January - December 2018

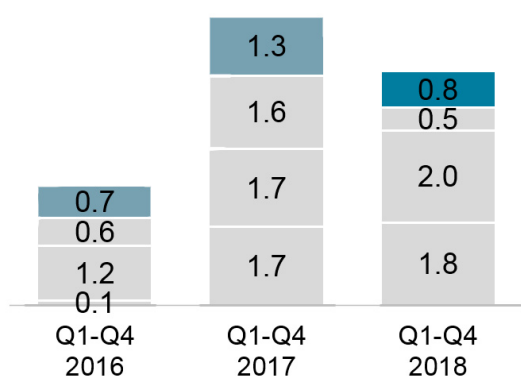
Revenue, EUR million



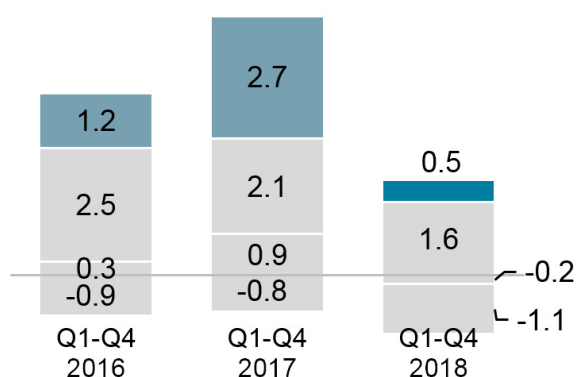
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



Consolidated key figures

EUR thousand	1.10.-31.12. 2018	1.10.-31.12. 2017	Change, %	1.1.-31.12. 2018	1.1.-31.12. 2017	Change, %
Order intake	29,108	21,433	35.8	100,757	86,531	16.4
Order backlog 1)	23,685	17,126	38.3	23,685	17,126	38.3
Revenue	26,711	22,414	19.2	96,608	86,255	12.0
Operating profit	-1,194	1,389	-186.0	2,217	6,081	-63.5
% of revenue	-4.5	6.2		2.3	7.1	
Adjusted operating profit 2)	768	1,327	-42.1	5,018	6,319	-20.6
% of revenue	2.9	5.9		5.2	7.3	
Profit for the period	-1,606	956	-267.9	386	4,212	-90.8
Net cash flow from operating activities	534	2,708	-80.3	868	4,856	-82.1
Return on capital employed, %	-8.3	12.3		4.4	14.8	
Net gearing, %	96.3	30.3		96.3	30.3	
Earnings per share	-0.14	0.08		0.03	0.36	
Equity per share, EUR	2.18	2.44	-10.5	2.18	2.43	-10.2
Employees on average	677	562	20.6	647	532	21.7
Employees at end of period	675	568	18.8	675	568	18.8

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.

“Strong order intake in Q4”

Q4 2018 in brief

- Order intake increased by 35.8% to EUR 29.1 million (Q4 2017: 21.4).
- Revenue increased by 19.2% to EUR 26.7 million (22.4).
- Adjusted operating profit amounted to EUR 0.8 million (1.3), which is 2.9% of revenue (5.9%).
- Net cash flow from operating activities was EUR 0.5 million (2.7).
- Earnings per share amounted to EUR -0.14 (0.08).

Q1-Q4 2018 in brief

- Order intake increased by 16.4% to EUR 100.8 million (2017: 86.5).
- Revenue increased by 12.0% to EUR 96.6 million (86.3).
- Adjusted operating profit amounted to EUR 5.0 million (6.3), which is 5.2% of revenue (7.3%).
- Net cash flow from operating activities was EUR 0.9 million (4.9).
- Earnings per share amounted to EUR 0.03 (0.36).

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.18 (0.30) per share be paid for the financial year 2018.

Outlook for the full year 2019

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

President and CEO, Riku Kytömäki

Exel Composites ended 2018 on a strong note. In the fourth quarter both order intake as well as revenue increased significantly. Growth was driven by the Construction & Infrastructure customer segment, predominantly supported by the wind energy industry. This industry now also represents Exel's largest client, a position which has been held by a client from the telecommunications industry for the past ten years. During 2018 the competitive situation in the telecommunications industry, especially in China, changed significantly, driven by geopolitical factors such as trade barriers and export tariffs. Other Applications customer segment also grew in the fourth quarter, driven by the contribution of the acquired Diversified Structural Composites, DSC. Revenue in the Industrial Applications customer segment was impaired by lower volumes in telecommunications.

From a regional perspective, revenue in the region Rest of the World increased significantly in the fourth quarter supported by the North American DSC and by increased export from other Exel units to the American market. Revenue increased also in the Asia-Pacific region driven by the contribution of Nanjing Jianhui. The revenue decrease in Europe reflected lower volumes in telecommunications. All in all, Exel's global market position improved significantly during the year 2018.

Adjusted operating profit decreased in the fourth quarter, as volume growth in wind energy was not enough to compensate for the impaired profitability mainly related to sales mix in some of the Group's manufacturing units. The turnaround and integration of DSC continues according to plan and in the fourth quarter of 2018 the operating profit of DSC improved clearly from the third quarter of 2018.

During 2018 we initiated a cost reduction program to improve Group profitability. The implementation of the program continues as planned with the aim to optimize Exel Composites' manufacturing footprint in Europe, to improve the profitability and cost efficiency in the DSC business and to drive further synergy savings between the company's two manufacturing units in China, among other things. Early 2019



we announced the closing of Exel's manufacturing unit in Voerde, Germany, and conducted co-determination negotiations in Finland, in addition to other cost savings measures. The annual savings target of the Group-wide cost savings program is EUR 3 million, expected to be fully effective in 2020.

I am convinced that we have taken important steps to improve profitability and created a platform for long-term profitable growth. I look forward to 2019 with confidence.

Order intake and order backlog

Order intake for the fourth quarter of 2018 amounted to EUR 29.1 million (21.4), and increased by 35.8% in comparison to 2017.

Order intake for the full year 2018 was EUR 100.8 million (86.5), which is an increase of 16.4% compared to 2017. The Group's order backlog on 31 December 2018 increased to EUR 23.7 million (17.1).

Revenue

Group revenue in the fourth quarter of 2018 amounted to EUR 26.7 million (22.4), which is an increase of 19.2% in comparison to previous year.

Group revenue for the financial year amounted to EUR 96.6 million (86.3) and increased by 12.0% compared to previous year. Growth was driven by the acquisitions of both DSC in April 2018 and Nanjing Jianhui in April 2017. The revenue of the acquired businesses increased Group revenue by 13.7%. In addition, revenue was impacted by effects

of the sales mix by 4.0%, delivery volumes by -5.2% and exchange rates by -0.5%.

Revenue in the Construction & Infrastructure customer segment increased by 73.3% to EUR 36.9 million (21.3), predominantly supported by the wind energy industry. Other Applications customer segment grew by 18.7% to EUR 19.9 million (16.7) driven by the contribution of the acquired DSC. Revenue in the Industrial Applications customer segment was impaired by lower volumes in telecommunications and decreased to EUR 39.9 million (48.2).

In the region Rest of the World, revenue increased during 2018 significantly by 293.4% to EUR 18.1 million (4.6) supported by DSC and by increased export from other Exel units to the American market. Revenue in the APAC region decreased by 2.2% to EUR 17.4 million (17.8). The regional decrease in revenue was mainly due to the decrease in telecommunications volumes as well as lower sales in the Australian market due to the closure of production. Also in the region Europe, the revenue decrease by 4.3% to EUR 61.1 million (63.8) reflected lower volumes in telecommunications.

Revenue by customer segment

EUR thousand	1.10.-31.12. 2018	1.10.-31.12. 2017	Change, %	1.1.-31.12. 2018	1.1.-31.12. 2017	Change, %
Industrial Applications	8,629	11,883	-27.4	39,885	48,249	-17.3
Construction & Infrastructure	12,850	6,662	92.9	36,855	21,266	73.3
Other Applications	5,231	3,869	35.2	19,868	16,740	18.7
Total	26,711	22,414	19.2	96,608	86,255	12.0

Revenue by region

EUR thousand	1.10.-31.12. 2018	1.10.-31.12. 2017	Change, %	1.1.-31.12. 2018	1.1.-31.12. 2017	Change, %
Europe	14,649	16,743	-12.5	61,073	63,828	-4.3
APAC	4,720	4,059	16.3	17,430	17,824	-2.2
Rest of world	7,342	1,612	355.5	18,106	4,603	293.4
Total	26,711	22,414	19.2	96,608	86,255	12.0

Operating profit

The Group's operating profit amounted to EUR -1.2 million (1.4) in the fourth quarter of 2018 and was -4.5% (6.2) 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 0.8 million (1.3) and 2.9% (5.9) of revenue.

In 2018 and compared to previous year, operating profit declined to EUR 2.2 million (6.1), 2.3% (7.1) of revenue. Adjusted operating profit was EUR 5.0 million (6.3), 5.2% (7.3) of revenue. Adjusted operating profit decreased as volume growth in wind energy was not enough to compensate for the impaired profitability mainly related to sales mix in some of the Group's manufacturing units. Operating profit was also negatively impacted by operating losses in DSC of EUR -1.2 million during May-December 2018. Excluding the impact of DSC, Group adjusted operating profit amounted to EUR 6.2 million for the financial year.

In 2018, EUR 1.2 million of one-off expenses were booked related to the acquisition of DSC. Furthermore, related to the annual impairment testing, an EUR 1.3 million write-off to goodwill and another EUR 0.3 million write-off to other balance sheet items were recorded concerning the Voerde manufacturing unit in Germany.

The Group's net financial expenses in 2018 were EUR -0.5 million (-0.7). The Group's profit before taxes was EUR 1.7 million (5.3) and profit after taxes EUR 0.4 million (4.2).

Financial position

Net cash flow from operating activities for 2018 was EUR 0.9 million (4.9). The capital expenditure on fixed assets amounted to EUR 9.6 million (10.0). 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 -12.8 million (-8.5) and net cash flow before financing activities amounted to EUR -11.9 million (-3.7). At the end of the financial year, the Group's liquid assets stood at EUR 4.8 million (7.6). Total depreciation, amortization and impairment of non-current assets during the financial year amounted to EUR 5.5 million (3.2).

The Group's consolidated total assets at the end of the financial year were EUR 74.6 million (64.4). Interest bearing liabilities amounted to EUR 29.6 million (16.4). Net interest bearing liabilities were EUR 24.8 million (8.7).

Equity at the end of 2018 was EUR 25.8 million (28.8) and equity ratio 34.7% (44.8). The net gearing ratio was 96.3% (30.3). Fully diluted total earnings per share were EUR 0.03 (0.36). Return on capital employed in 2018 was 4.4% (14.8). Return on equity was 1.4% (15.1).

The company paid total dividends of EUR 3.5 million (1.2) in 2018 for the financial year of 2017 calculated for the outstanding number of shares. Dividend per share for the financial year 2017 was EUR 0.30 (0.10).

Business development and strategy implementation

Exel Composites' target is to deliver profitable growth and to be an efficient company in terms of its capital expenditure. The company's strategy until the year 2020 is based on five pillars: 1) protect and grow our stronghold customers providing competitive edge and best customer service, 2) build leadership in China, 3) create true global footprint, 4) penetrate growing/ new applications and 5) grow in new technologies. In 2018 a significant step was taken especially with respect to creating true global footprint, when Exel acquired DSC in North America. Through this acquisition Exel now has a foothold in all of the most important composites markets.

In the short-term, Exel Composites has decided to focus especially on high growth industries, including construction, transportation and wind energy industries. To further accelerate business in these areas, focused growth initiatives were established in 2018. The energy customer industry, and wind energy specifically, grew the most during the financial year and this industry now also represents Exel's largest client. This position has been held by a client from the telecommunications industry for the past ten years. The construction and transportation industries have also developed positively.

The integration process of DSC, which was acquired in April 2018, progressed according to plan during the year. The unit was consolidated into group accounts as of May 2018. Acquiring an established business, with an existing customer network, a competent team, an operational production facility and interesting technologies gave Exel Composites a good starting position and a platform for cross-selling opportunities to existing and new customers. The expanded geographic presence together with DSC's complementary technological strengths and market focus has opened up new growth opportunities for the Exel Group.

Global M&A screening activities continued in 2018 in line with the company's strategy.

Operational efficiency improvements continued to be an important focus area for Exel Composites during the financial year. In the fall of 2018 Exel initiated a Group-wide cost reduction program to be implemented during 2018 and 2019 in order to further improve Group profitability. The annual savings target of the program is EUR 3 million, expected to be fully effective in 2020. The program consists, among other things, of the optimization of the company's manufacturing footprint in Europe, improving the profitability and cost efficiency of DSC as well as further synergy savings between the company's two manufacturing units in China.

Continuous innovation and technological expertise in composites are one of Exel Composites' key strengths and strategic priorities. In 2018, the acquired DSC brought high-level know-how on carbon fibers and technological skills such as high-speed production that in combination with Exel's expertise have improved competitiveness as well as manufacturing efficiency and quality. Initiatives to extend capabilities in product design and composite production, including the development of advanced laminate products produced using a double band press machine, also continued during 2018. Active development for new composites applications also continued, for example with applications for the automotive and wind energy industry as well as in relation to the use of long-length carbon fiber products and mid-segment composite profiles in the construction industry.

In 2018, the implementation of the Group-wide ERP system was completed in all Exel's European units. The rollout in the units outside Europe continues in 2019.

Research and development

Research and development costs for the financial year totaled EUR 2.8 million (1.9), representing 2.9% (2.2) of revenue.

Major near-term risks and uncertainties

Exel Composites' most significant near-term business risk relates to the fact that a significant portion of revenue is generated from certain key clients and market segments, the negative development of which would deteriorate the company's profitability. Furthermore, a rapid increase of raw material prices could in the short term negatively impact the company's profitability, even if in the longer term it would improve the competitiveness of composite materials.

In 2018, the acquired DSC business was unprofitable before the acquisition and also had a negative impact on Exel Composites' Group profitability after the acquisition. If the losses continue, it will impair the financial results of the Group.

The company further continues the screening process of potential acquisition targets. The acquisition prices may be based on such benefits and synergies that will not materialize as planned.

The risk management and risks related to the operation of Exel Composites are described in more detail at the company's website 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, diversity and non-discrimination, occupation health and safety, human rights in own operations and supply chain
- **Corporate Governance:** Corporate responsibility governance and compliance, anti-corruption and bribery

Exel Composites discloses a statement on non-financial information as part of the Board of Directors' Report of the Annual Financial Report 2018 to be published on 28 February 2019.

Information on sustainability and corporate responsibility is available on the corporate website at www.exelcomposites.com.

Organization and personnel

At the end of December 2018, Exel Composites employed 675 (568) people, of whom 238 (230) in Finland and 437 (338) in other countries. The average number of employees during the financial year was 647 (532). The number of employees of the Group grew during the financial year with about 90 employees due to the acquisition of DSC.

Share and shareholders

Exel Composites' share is listed on Nasdaq Helsinki Ltd in the Industrials sector.

At the end of December 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.

In 2018, Exel Composites held a total of 77,000 of its own shares which are part of the share-based long-term incentive program for the top management.

At the end of December 2018, the share price closed at EUR 4.00. During the financial year, the average share price was EUR 5.40, the highest share price EUR 7.28 and the lowest share price EUR 3.98.

A total of 2,513,383 shares were traded at Nasdaq Helsinki Ltd., which represents 21.1% of the average number of shares. On 31 December 2018 Exel Composites' market capitalization was EUR 47.3 million (77.7). Total shareholder return (TSR) in 2018 was -36.1% (33.5).

Exel Composites had a total of 3,723 shareholders on 31 December 2018.

During the financial year Exel Composites received one flagging notification in accordance with the Finnish Securities Market Act Chapter 9 Section 5 regarding changes in shareholdings.

Information on the company's shareholders is available on the corporate website at www.exelcomposites.com.

Events after the review period

Exel Composites closes its production facility in Germany and conducted co-determination negotiations in Finland

In February 2019, Exel Composites announced that it will close its production facility in Voerde, Germany, by 30 April 2019. The closing leads to the termination of employment of 23 permanent employees. The closure will result in annual cost savings of approximately EUR 1.0 million from 2020 onwards. According to preliminary estimations, the closure will result in a one-time cash cost of EUR 1.2 million that will be recorded in the first quarter of 2019.

In January-February 2019, Exel Composites conducted co-determination negotiations in the company's manufacturing units in Finland with the purpose of improving profitability and adjusting the resources to the need. As a result, the employment of nine employees were terminated.

The closing of the Voerde manufacturing unit in Germany and the co-determination negotiations in Finland fall under the Group-wide cost reduction program initiated in 2018.

Exel Composites continues the long-term incentive program for top management

In February 2019, the Board of Directors of Exel Composites decided on the continuation of the share-based long-term incentive program for the top management of Exel Composites. The 2019 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017. The performance targets applied to the plan commencing at the beginning of 2019 are adjusted operating profit (EBIT) and the absolute total shareholder return of the company's share (TSR).

Outlook for 2019

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

Board proposal for dividend distribution

According to Exel Composites' financial targets, the company's ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities.

On 31 December 2018, Exel Composites Plc's distributable funds totaled EUR 11.4 million, of which profit for the financial period accounted for EUR 3.9 million.

The Board has decided to propose to the Annual General Meeting that a dividend of EUR 0.18 (0.30) per share be paid for the financial year 2018.

As a basis for its proposal, the Board of Directors has made an assessment of the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements. The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks of the Group's business activities.

The Board of Directors has decided to propose the record date for dividends to be 25 March 2019. If the Annual General Meeting approves the Board's proposal, it is estimated that the dividend will be paid on 1 April 2019.

Financial reporting and Annual General Meeting 2019

Exel Composites publishes the following financial reports in 2019:

- Financial Statements Release 2018: 15 February 2019
- Business Review January - March: 3 May 2019
- Half Year Financial Report January - June: 23 July 2019
- Business Review January - September: 30 October 2019

The Annual Financial Report, Corporate Governance Statement and Remuneration Statement for 2018 will be published on 28 February 2019 in electronic format at the company's website www.exelcomposites.com.

The Annual General Meeting will be held on Thursday 21 March 2019 at 10:00 EET at Scandic Marina Congress Center at the address of Katajanokanlaituri 6, Helsinki, Finland.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the financial statements on Friday 15 February 2019 at 12:30 EET at Scandic Hotel Simonkenttä's Roba meeting room (address Simonkatu 9, Helsinki, Finland).

Vantaa, 14 February 2019

Exel Composites Plc
Board of Directors

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Notes to the Financial Statements

January – December 2018

ACCOUNTING PRINCIPLES

This Financial Statements Release is based on Financial Statements that have 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.

The financial statements are audited and the auditor's report for the financial statements has been issued.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers has been applied for the reporting period beginning on 1 January 2018. The new standard defines a five-step model to recognize revenue based on contracts with customers. IFRS 15 replaced the old standards IAS 18 and IAS 11 as well as their interpretations. The new standard had no material effect on the Group's revenue recognition.

The Group revenue is generated mainly by the sale of composite products. Customer can benefit from each composite product sold by the Group on its own or together with other resources readily available to the customer. Sold goods and their prices have been identified in customer contracts. Deliveries are based on the customer's purchase orders and each supplied quantity is invoiced separately. There is no significant financing component included in the transaction prices. Some of the customer contracts include a variable consideration in the form of volume based rebate. The effect of the variable consideration on the transaction price is taken into account in revenue recognition.

The performance obligation is satisfied when the goods have been delivered to the customer according to the agreed delivery terms. In most cases this happens when the goods leave the factory. In case, according to agreed delivery terms, risks and rewards as well as control over the goods are transferred to the customer only when the goods have been delivered to the customer, then revenue is recognized only when the customer has received the goods. This did not change the Group's earlier revenue recognition principles.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments has been applied for the reporting period beginning on 1 January 2018. IFRS 9 replaced the standard IAS 39 Financial Instruments: recognition and measurement. The adoption of IFRS 9 did not have any material effect on the Group's annual accounts.

The main impact of the IFRS 9 application for the Group is coming from the new expected credit loss model applied to assess impairment loss of the doubtful accounts receivable. The Group applies the simplified approach allowed by IFRS 9 as the accounts receivable does not contain significant financing component. To measure the lifetime expected

credit losses trade receivables have been grouped based on credit risk characteristics and aging category. Expected credit losses have been measured based on historical loss rates adjusted by forward looking estimates and individual assessment. The adaption of IFRS 9 did not have material effect on impairment losses made. Part of the Group's trade receivables are covered by a trade credit insurance.

IFRS 16 Leases

IFRS 16 Leases will be effective for the reporting periods beginning on 1 January 2019 or later and it replaces the current IAS 17 standards. According to the new standard, the lessee will recognize assets and liabilities for the rights and obligations created by leases.

When adapting IFRS 16, the portion of the lease payments currently included in other operating expenses in the consolidated income statement will be transferred to depreciations and amortizations and the portion of interest to the financial expenses. Also balance sheet totals will be affected, leading to some changes in key financial indicators. The Group estimates that the carrying amounts of lease liabilities and right-of-use assets arising from application of IFRS 16 will be approximately EUR 6 - 7 million. The Group will apply the modified retrospective approach in application of IFRS 16. With this approach the comparative information is not restated and the cumulative effect of applying the standard will be recognized to the opening balance of retained earnings.

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.

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-December 2018, DSC's revenue was EUR 8.7 million and operating profit EUR -1.2 million. For 2018 DSC's revenue was EUR 14.5 million and operating profit EUR -1.7 million. Exel Group's revenue would have been EUR 102.4 million and operating profit EUR 2.0 million for 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	1,586
Tangible assets	2,480
Inventories	3,650
Trade and other receivables	2,713
Cash at bank and in hand	13
Total assets	10,442

LIABILITIES

Trade and other current liabilities	3,161
Total liabilities	3,161

Net assets 7,281

Goodwill 792

Purchase price 8,073

Expenses of acquisitions (comprehensive P&L: fixed costs) 989

of which during the review period 945

The acquisition of Nanjing Jianhui Composite Materials

The acquisition of Nanjing Jianhui Composite Materials (JHFRP) by Exel Composites was completed in April 2017 and the business unit is consolidated in the Group accounts as of 1 May 2017.

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.

During the financial year, Exel Composites updated 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

Business combinations

	Acquisition date	Share acquired	Personnel
Nanjing Jingheng Composite Materials Co. Ltd., China (Nanjing Jianhui Composite Material Co. Ltd.'s business, China)	26 April 2017	100%	93
Jianhui FRP Trading Co. Limited, Hong Kong	26 April 2017	100%	0

Assets and liabilities acquired

EUR thousand

ASSETS

Intangible assets	1,114
Tangible assets	1,165
Inventories	1,006
Trade and other receivables	876
Cash at bank and in hand	12
Total assets	4,172

LIABILITIES

Trade and other current liabilities	992
Total liabilities	992

Net assets	3,180
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Goodwill	4,444
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Purchase price	7,624
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Expenses of acquisitions (comprehensive P&L: fixed costs)	299
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CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR thousand	1.10.-31.12. 2018	1.10.-31.12. 2017	Change, %	1.1.-31.12. 2018	1.1.-31.12. 2017	Change, %
Revenue	26,711	22,414	19.2	96,608	86,255	12.0
Materials and services	-12,085	-8,819	37.0	-38,757	-34,182	13.4
Employee benefit expenses	-8,031	-6,304	27.4	-29,332	-24,918	17.7
Depreciation and impairment	-2,376	-805	195.2	-5,477	-3,225	69.8
Other operating expenses	-5,576	-5,245	6.3	-21,198	-18,358	15.5
Other operating income	162	147	10.3	373	510	-26.9
Operating profit	-1,194	1,389	-186.0	2,217	6,081	-63.5
Net financial items	-300	-410	-26.8	-512	-746	-31.4
Profit before tax	-1,494	979	-252.6	1,705	5,335	-68.0
Income taxes	-112	-22	403.4	-1,319	-1,123	17.4
Profit/loss for the period	-1,606	956	-267.9	386	4,212	-90.8
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	36	-102	135.4	56	-850	106.6
Income tax relating to components of other comprehensive income	0	0	0	0	0	0
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/loss(-), net tax	0	-3	100.0	0	-3	100
Other comprehensive income, net of tax	36	-105	134.4	56	-854	106.6
Total comprehensive income	-1,570	851	-284.4	442	3,358	-86.8
Profit/loss attributable to:						
Equity holders of the parent company	-1,606	956	-267.9	386	4,212	-90.8
Comprehensive income attributable to:						
Equity holders of the parent company	-1,570	851	-284.4	442	3,358	-86.8
Earnings per share, diluted and undiluted, EUR	-0.14	0.08		0.03	0.36	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2018	31.12.2017	Change
ASSETS			
Non-current assets			
Goodwill	12,756	13,447	-691
Other intangible assets	4,209	1,482	2,727
Tangible assets	16,631	14,788	1,842
Deferred tax assets	747	473	274
Other non-current assets	89	85	4
Non-current assets total	34,432	30,276	4,155
Current assets			
Inventories	15,214	11,689	3,525
Trade and other receivables	20,111	14,785	5,326
Cash at bank and in hand	4,801	7,629	-2,828
Total current assets	40,126	34,104	6,022
Total assets	74,558	64,380	10,178
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other reserves	129	129	0
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	1,987	1,931	56
Retained earnings	18,599	17,863	737
Profit for the period	386	4,212	-3,826
Equity attributable to holders of the parent company	25,782	28,815	-3,033
Total equity	25,782	28,815	-3,033
Non-current liabilities			
Interest-bearing liabilities	11,393	4,615	6,778
Interest-free liabilities	487	478	9
Deferred tax liabilities	162	240	-78
Total non-current liabilities	12,042	5,333	6,710
Current liabilities			
Interest-bearing liabilities	18,234	11,742	6,493
Trade and other non-current liabilities	18,499	18,490	9
Total current liabilities	36,733	30,232	6,501
Total equity and liabilities	74,558	64,380	10,178

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	31.12.2018	1.1.-31.12.2017	Change
Cash flow from operating activities			
Profit for the period	386	4 212	-3 826
Adjustments	7 535	5 302	2 233
Change in working capital	-4 085	-3 493	-592
Cash flow generated by operations	3 837	6 021	-2 185
Interest paid	-402	-121	-281
Interest received	13	13	0
Other financial items	-146	-319	173
Income taxes paid	-2 435	-738	-1 697
Net cash flow from operating activities	868	4 856	-3 988
Cash flow from investing activities			
Acquisition of subsidiaries	-8 073	-5 102	-2 971
Purchases of non-current assets	-4 787	-3 456	-1 331
Proceeds from sale of non-current assets	82	49	33
Net cash flow from investing activities	-12 779	-8 509	-4 269
Cash flow before financing activities	-11 911	-3 653	-8 258
Cash flow from financing activities			
Share issue	0	0	0
Proceeds from long-term borrowings	5 670	3 000	2 670
Instalments of long-term borrowings	-1 000	-1 000	0
Change in short-term loans	8 300	4 173	4 127
Instalments of finance lease liabilities	0	0	0
Treasury shares	0	-525	525
Dividends paid	-3 546	-1 190	-2 356
Net cash flow from financing activities	9 426	4 458	4 968
Change in liquid funds	-2 484	805	-3 289
Liquid funds in the beginning of period	7 629	6 944	685
Exchange rate fluctuations on liquid funds	-357	-131	-226
Liquid funds through business acquisitions	13	11	2
Liquid funds at the end of period	4 801	7 629	-2 828

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
Balance at 1 January 2017	2,141	0	126	2,539	2,781	19,424	27,013
Comprehensive result					-850	4,212	3,362
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						-3	-3
Other items			3			-60	-57
Dividend						-1,190	-1,190
Treasury shares						-525	-525
Share-based payments reserve						33	33
Correction to previously issued financial statements 1)						182	182
Balance at 31 December 2017	2,141	0	129	2,539	1,931	22,075	28,816
1) Corrections in Exel Composites Plc related to taxations of previous years.							
Balance at 1 January 2018	2,141	0	129	2,539	1,931	22,075	28,816
Comprehensive result					56	386	442
Defined benefit plan actuarial gains (+)/ loss (-), net of tax						0	0
Other items						-17	-17
Dividend						-3,546	-3,546
Correction to previously issued financial statements 1)						88	88
Balance at 31 December 2018	2,141	0	129	2,539	1,987	18,986	25,782
1) Clearing a non-registered dormant subsidiary from consolidated books.							

ADJUSTED OPERATING PROFIT

EUR thousand	1.10.-31.12.2018	1.10.-31.12.2017	1.1.-31.12.2018	1.1.-31.12.2017
Operating profit	-1,194	1,389	2,217	6,081
Restructuring costs	10	-149	10	-149
Impairment losses and reversals	1,584		1,584	
Costs related to planned or realized business acquisition and disposal	368	87	1,206	387
Sale of intangible and tangible assets				
Expenses related to changes in legislation or legal proceedings				
Adjusted operating profit	768	1,327	5,018	6,319

QUARTERLY KEY FIGURES

EUR thousand	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	26,711	23,101	25,277	21,519	22,414	20,394	23,150	20,296
Materials and services	-12,085	-9,395	-9,740	-7,538	-8,819	-8,225	-9,636	-7,503
Employee benefit expenses	-8,031	-7,107	-7,535	-6,659	-6,304	-5,982	-6,654	-5,977
Depreciation and impairment	-2,376	-1,254	-972	-876	-805	-840	-823	-757
Operating expenses	-5,576	-4,921	-5,833	-4,868	-5,245	-3,953	-4,679	-4,482
Other operating income	162	35	123	52	147	155	130	78
Operating profit	-1,194	459	1,321	1,630	1,389	1,549	1,488	1,655
Net financial items	-300	-20	218	-410	-410	-214	-56	-66
Profit before taxes	-1,494	439	1,540	1,220	979	1,335	1,433	1,589
Income taxes	-112	-428	-478	-301	-22	-245	-373	-483
Profit/loss for the period	-1,606	12	1,062	919	956	1,089	1,060	1,107
Earnings per share, diluted and undiluted, EUR	-0.14	0.00	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	11,820	11,820	11,836	11,897	11,897
Average number of personnel	677	631	652	575	562	570	534	462

COMMITMENTS AND CONTINGENCIES

EUR thousand	31.12.2018	31.12.2017
Commitments on own behalf		
Mortgages	2 783	2 783
Floating charges	12 500	12 500
Operating leases		
Not later than one year	1 304	750
1 - 5 years	738	831
Other liabilities	6	312

DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	31.12.2018	31.12.2017
Interest rate swaps	6,714	1,200

CONSOLIDATED KEY FIGURES

EUR thousand	31.12.2018	1.1.-31.12.2017	Change, %
Revenue	96 608	86 255	12.0
Operating profit	2 217	6 081	-63.5
% of revenue	2.3	7.1	
Adjusted operating profit 1)	5 018	6 319	-20.6
% of revenue	5.2	7.3	
Profit before tax	1 705	5 335	-68.0
% of revenue	1.8	6.2	
Profit for the period	386	4 212	-90.8
% of revenue	0.4	4.9	
Shareholders' equity	25 782	28 815	-10.5
Interest-bearing liabilities	29 627	16 356	81.1
Cash and cash equivalents	4 801	7 629	-37.1
Net interest-bearing liabilities	24 827	8 727	184.5
Capital employed	55 409	45 172	22.7
Return on equity, %	1.4	15.1	-90.6
Return on capital employed, %	4.4	14.8	-70.1
Equity ratio, %	34.7	44.8	-22.6
Net gearing, %	96.3	30.3	217.9
Capital expenditure	9 598	9 974	-3.8
% of revenue	9.9	11.6	
Research and development costs	2 835	1 876	51.1
% of revenue	2.9	2.2	
Order intake	100 757	86 531	16.4
Order backlog	23 685	17 126	38.3
Earnings per share, diluted and undiluted, EUR	0.03	0.36	-91.7
Equity per share, EUR	2.18	2.43	-10.2
Average number of shares, diluted and undiluted, 1,000 shares	11 820	11 862	-0.4
Average number of employees	647	532	21.6
Personnel at year end	675	568	18.8

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