

BUSINESS VOLUME CONTINUED ON A GOOD LEVEL, COST SAVINGS PROGRAM PROGRESSED ACCORDING TO PLAN



Half-year Financial Report
January-June 2019
23 July 2019

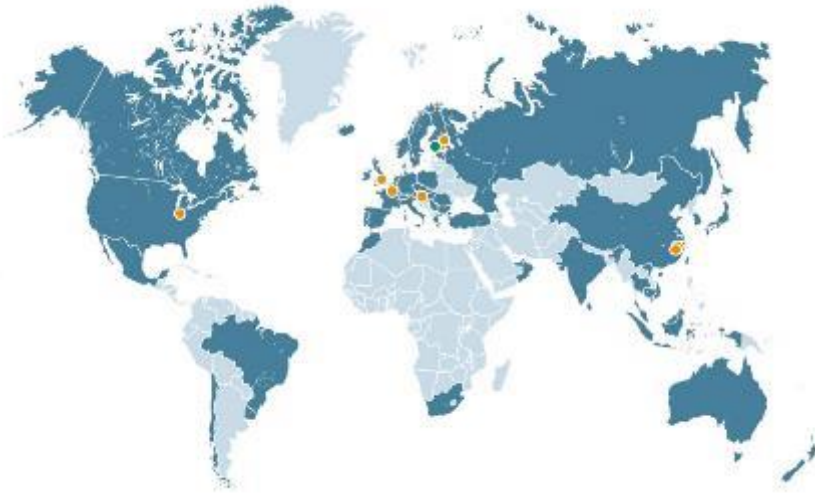


Exel Composites overview

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



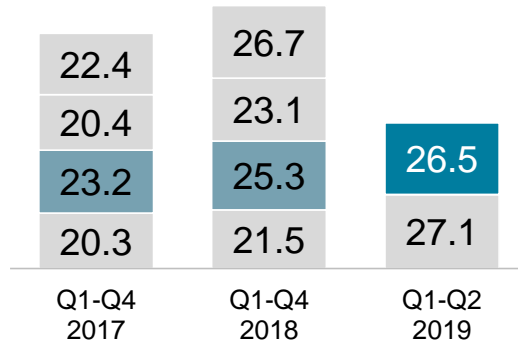
H1 2019 in brief

- **Business environment**
 - Strong revenue growth in Construction & Infrastructure, supported by wind energy industry.
 - Strong increase in wind energy was partly offset by decrease in telecommunications industry.
 - Geographically, revenue increased significantly in Rest of the World; APAC decreased due to decrease in telecom; Europe at last year's level.
- **Operations**
 - Group-wide cost savings program progressed as planned: Q1 focus on closing production in Germany (completed in April), Q2 focus on further improving DSC's cost structure.
 - In China the process to maximize synergy savings continues. New manufacturing location, where production from both of the existing factories can be consolidated, has been identified.
 - Strategy and long-term financial targets confirmed, net gearing target introduced.
 - Investment decision to build a new factory in Austria.
- **Financial performance**
 - Order intake and revenue increased, adjusted operating profit improved slightly compared to last year.

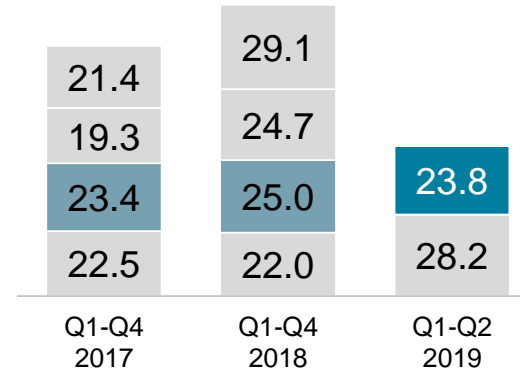


Quarterly highlights

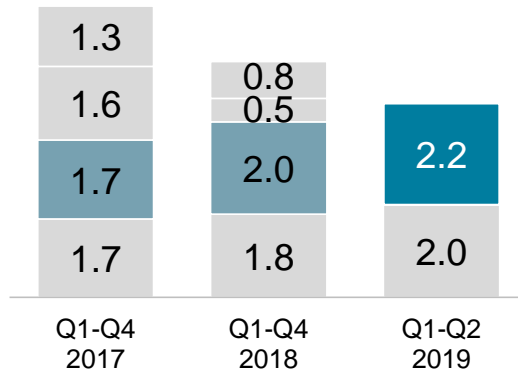
Revenue,
EUR million



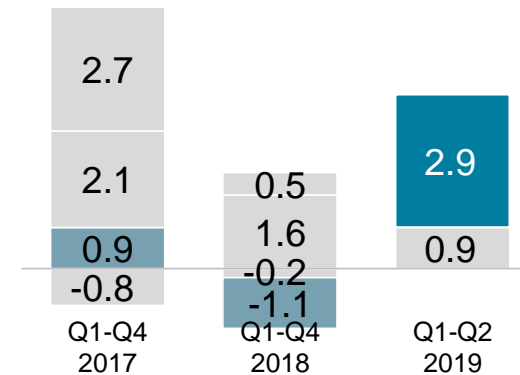
Order intake,
EUR million



Adjusted operating profit,
EUR million



Net cash flow,
EUR million



Key figures H1 2019

| EUR thousand | 1.1.-30.6. 2019 | 1.1.-30.6. 2018 | Change, % | 1.1.-31.12. 2018 |
|---|--------------------|--------------------|--------------|---------------------|
| Order intake | 51,977 | 46,975 | 10.6 | 100,757 |
| Order backlog 1) | 21,977 | 19,828 | 10.8 | 23,685 |
| Revenue | 53,572 | 46,796 | 14.5 | 96,608 |
| Operating profit | 2,549 | 2,951 | -13.6 | 2,217 |
| % of revenue | 4.8 | 6.3 | | 2.3 |
| Adjusted operating profit 2) | 4,196 | 3,759 | 11.6 | 5,018 |
| % of revenue | 7.8 | 8.0 | | 5.2 |
| Profit for the period | 1,186 | 1,981 | -40.1 | 386 |
| Net cash flow from operating activities 3), 4) | 3,802 | -1,277 | 397.7 | 868 |
| Return on capital employed, % | 8.7 | 11.4 | | 4.4 |
| Net gearing, % 3) | 123.1 | 87.2 | | 96.3 |
| Earnings per share | 0.10 | 0.17 | | 0.03 |
| Equity per share, EUR | 2.12 | 2.34 | -9.8 | 2.18 |
| Employees on average | 671 | 613 | 9.4 | 647 |

1) As per the end of 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 this Half-year Financial Report.

3) 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.

4) IFRS16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities with EUR 545 thousand in H1 2019.

Key figures Q2 2019

| EUR thousand | 1.4.-30.6. 2019 | 1.4.-30.6. 2018 | Change, % | 1.1.-31.12. 2018 |
|---|--------------------|--------------------|--------------|---------------------|
| Order intake | 23,821 | 25,004 | -4.7 | 100,757 |
| Order backlog 1) | 21,977 | 19,828 | 10.8 | 23,685 |
| Revenue | 26,482 | 25,277 | 4.8 | 96,608 |
| Operating profit | 2,144 | 1,321 | 62.3 | 2,217 |
| % of revenue | 8.1 | 5.2 | | 2.3 |
| Adjusted operating profit 2) | 2,239 | 1,973 | 13.5 | 5,018 |
| % of revenue | 8.5 | 7.8 | | 5.2 |
| Profit for the period | 1,649 | 1,062 | 55.3 | 386 |
| Net cash flow from operating activities 3), 4) | 2,860 | -1,114 | 356.8 | 868 |
| Return on capital employed, % | 14.1 | 10.3 | | 4.4 |
| Net gearing, % 3) | 123.1 | 87.2 | | 96.3 |
| Earnings per share | 0.14 | 0.09 | | 0.03 |
| Equity per share, EUR | 2.12 | 2.34 | -9.8 | 2.18 |
| Employees on average | 652 | 652 | 0.0 | 647 |

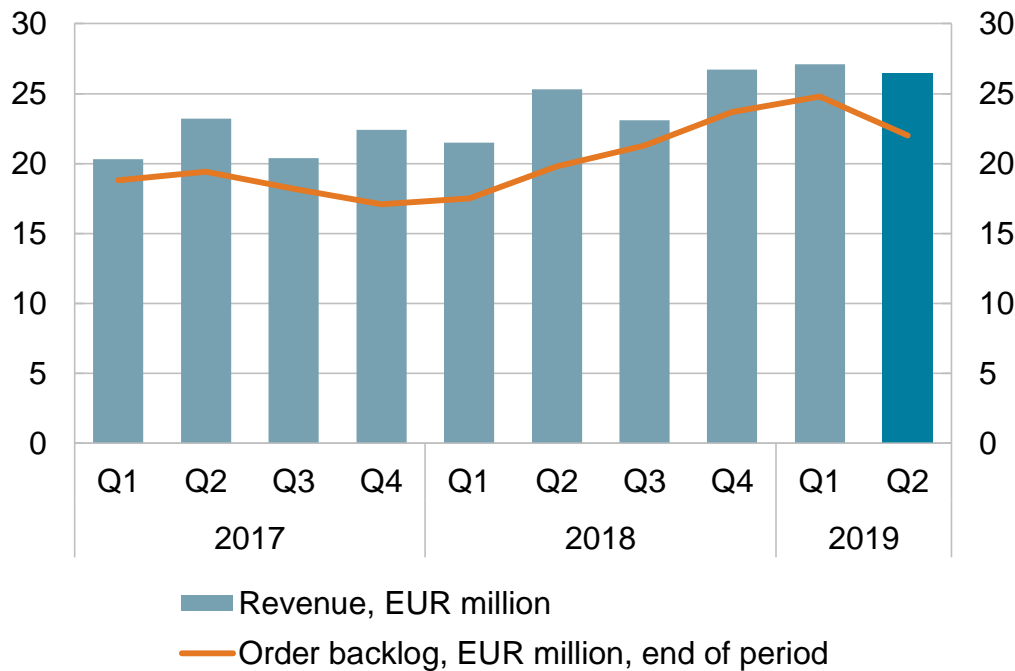
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2) Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change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

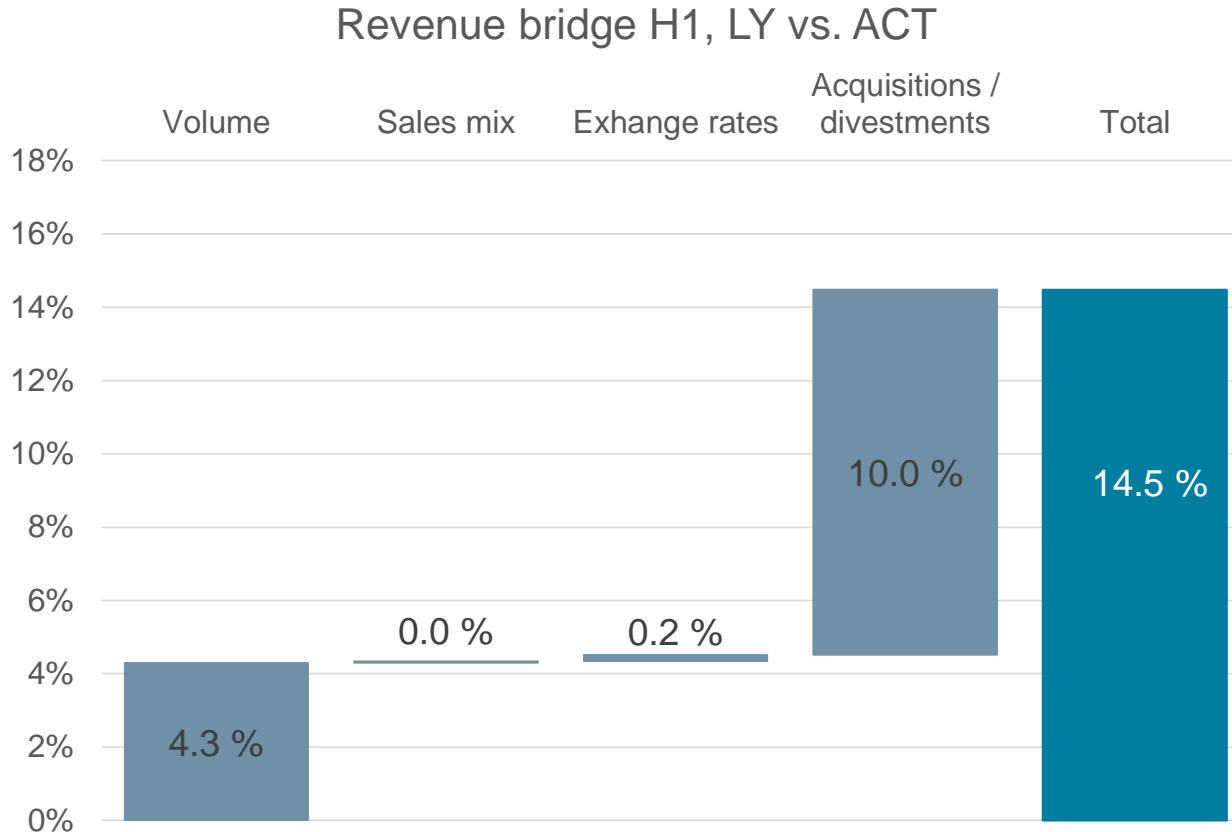
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4) IFRS16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities with EUR 284 thousand in Q2 2019.

Order backlog at a healthy level of EUR 22.0 million



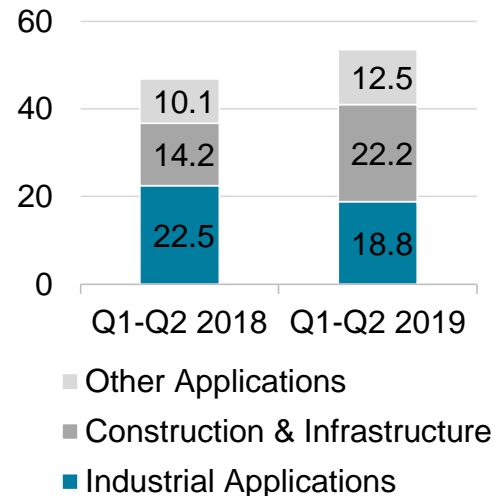
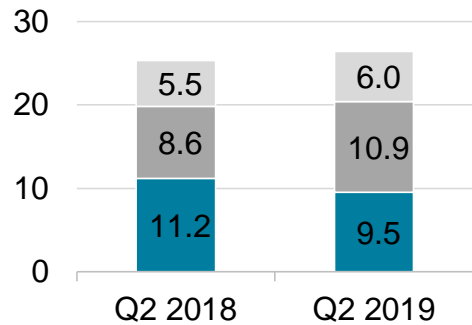
Net revenue increase mainly due to the acquisition of DSC



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

Strong growth in Construction & Infrastructure

Revenue by customer segment,
EUR million



Industrial Applications



Telecommuni-
cation



Paper
Industry



Electrical
Industry



Machine
Industry



Transportation
Industry

Construction & Infrastructure



Building,
Construction &
Infrastructure



Energy
Industry



Cleaning &
Maintenance



Sports &
Leisure

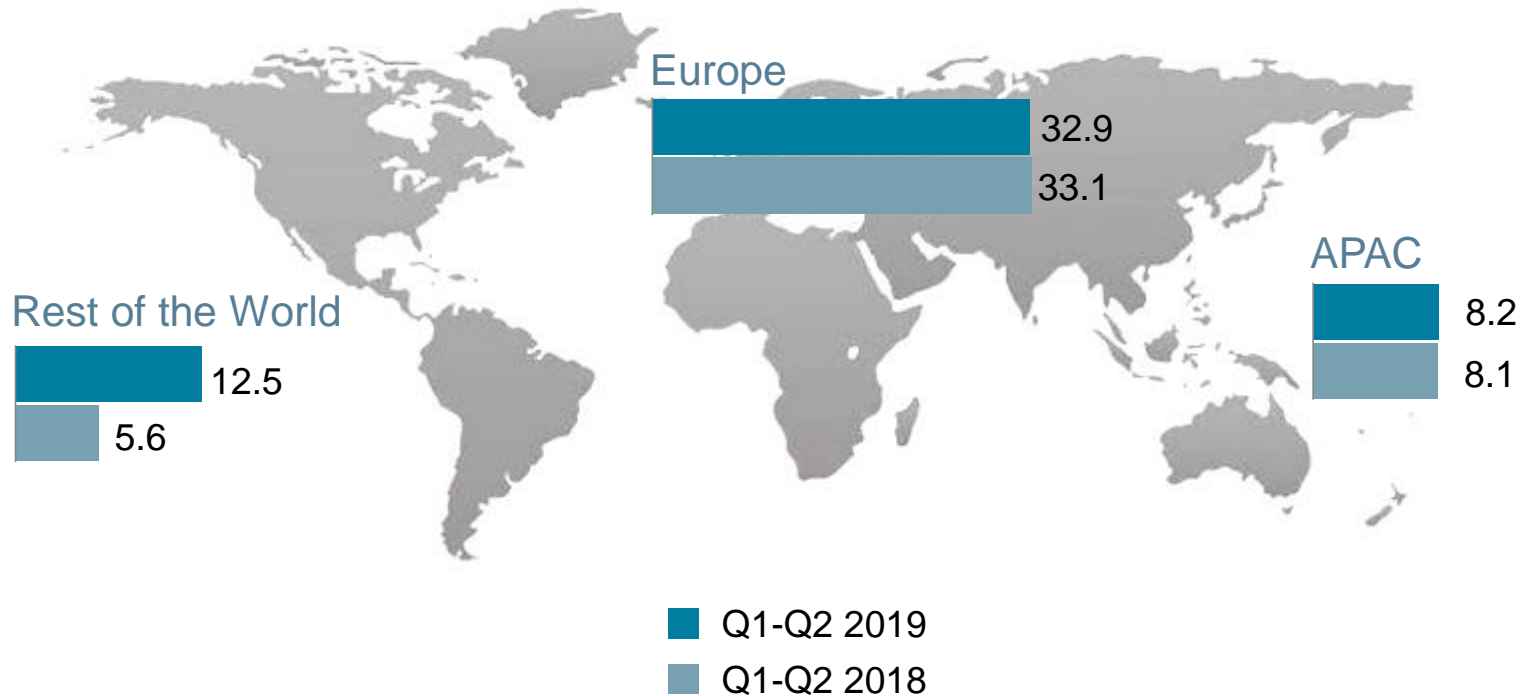


Other
Industries

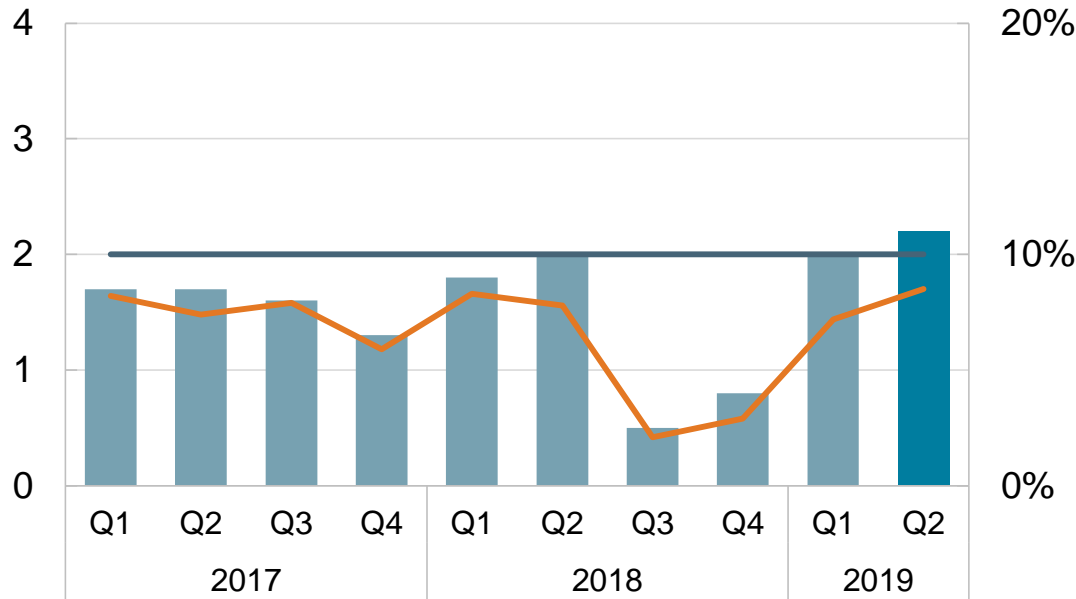
Other Applications

Revenue growth in Rest of the World driven by acquisition of DSC

Revenue by market area,
EUR million



Adjusted operating profit improved slightly from last year



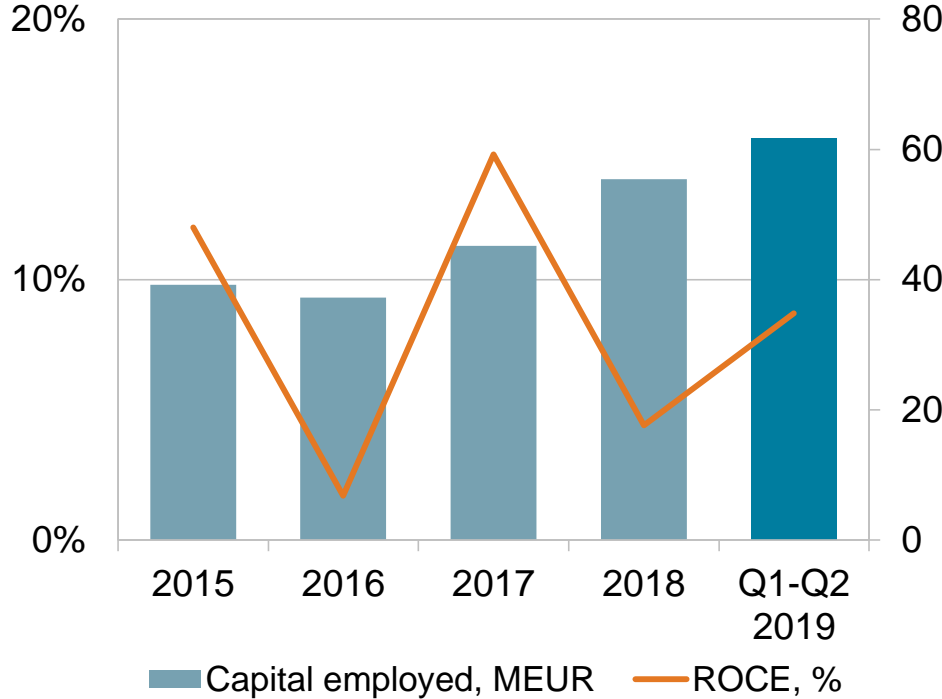
- Adjusted operating profit, EUR million
- Adjusted operating profit margin, %
- Operating profit target, %



Implementation of cost reduction program continued in Q2

- Initiated in 2018 to improve Group profitability.
- Consists, among other things, of:
 - Optimization of manufacturing footprint in Europe
 - Focus in Q1 on closing production in Germany (completed in April)
 - Improve the profitability and cost efficiency in the DSC business
 - Focus in Q2 on further improving cost structure of DSC
 - Drive further synergy savings between the company's two manufacturing units in China
 - Identified a new manufacturing location, where production from both of the existing factories, can be consolidated.
- The annual savings target of the Group-wide cost savings program is EUR 3 million, expected to be fully effective in 2020.

ROCE at 8.7% in H1 2019



Strategy confirmed for 2019-2022

- Overall strategic direction remains unchanged and is based on five pillars:

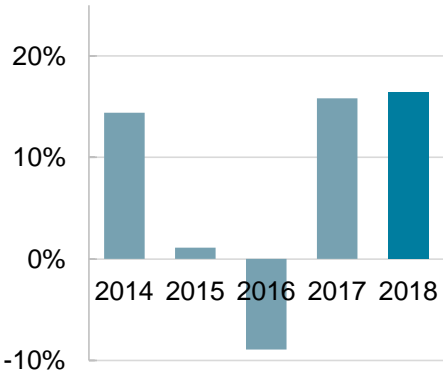


[Read the stock exchange release on 18 June 2019 »](#)

Long-term financial targets confirmed, target for net gearing introduced

Growth

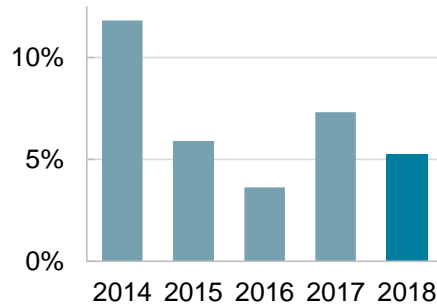
Revenue growth
2x market growth *



* Annual market growth rates vary, according to industrial segment, market definition and source, between approximately 2%-5% for 2015-2018

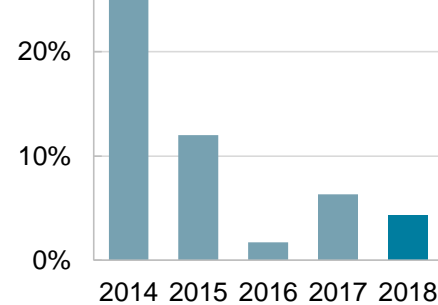
Profitability

Adjusted operating
profit margin >10%



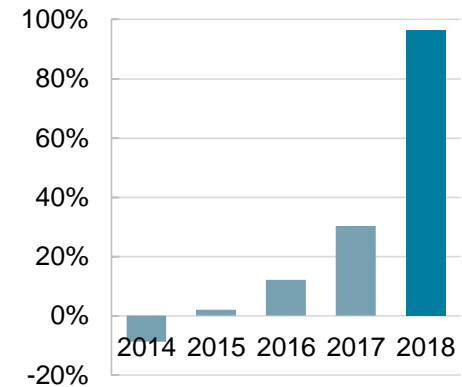
Capital efficiency

Return on capital employed
> 20%



Financial position

Net gearing
≤ 60%



[Read the stock exchange release on 18 June 2019 »](#)

Investment decision to build a new factory in Austria

- Exel Composites announced its decision to expand its operations in Kapfenberg, Austria, by investing in a new manufacturing facility.
- Construction is expected to be completed in the second half of 2020. The leasing agreement of the current facility will terminate at the same time at the end of 2020.
- The total cost of the project is estimated to EUR 7 million.



[Read the stock exchange release on 17 June 2019 »](#)

Outlook for 2019 (unchanged)

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

More information at www.exelcomposites.com

Financial calendar 2019

- Business Review January - March 3 May 2019
- Half Year Financial Report January - June 23 July 2019
- Business Review January - September 30 October 2019

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News highlights at www.exelcomposites.com



3.5.2019 12:15 EET

How do composites help make buses better?

For many people buses are a daily part of commuting life. For others they may be more familiar with coaches from



28.3.2019 12:00 EET

Growing with and for you

To ensure we are well positioned to help you sustain and support your growth, we've also been growing



28.2.2019 10:30 EET

Spooled composites offer advantages for lean manufacturing

In today's competitive manufacturing environment, greater flexibility, a deeper level of manufacturing



12.12.2018 11:45 EET

Safety challenge accepted!

In the mid 1940's the US Navy experimented with 5,000-watt natural gas lights mounted on 75-foot towers at

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THANK YOU!

