

STRONG IMPROVEMENT IN PROFITABILITY



Business Review January-September 2019

Riku Kytömäki, President and CEO

30 October 2019

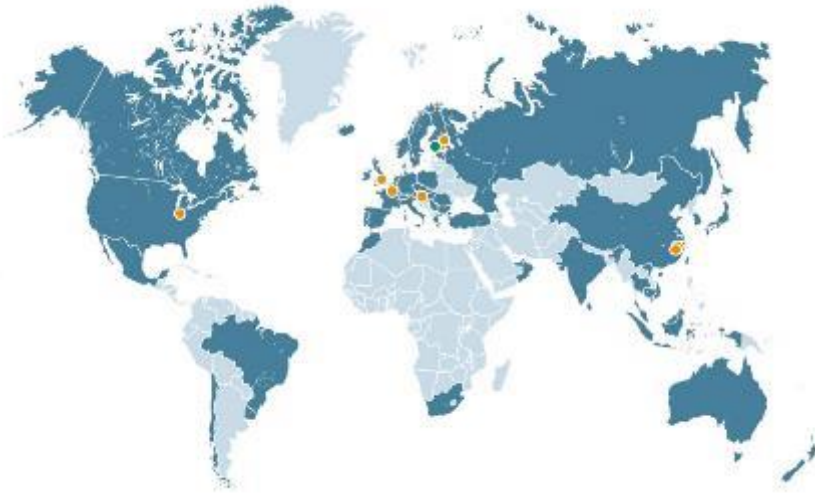


Exel Composites overview

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



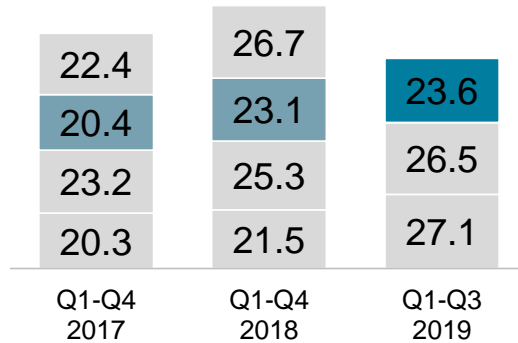
Q3 2019 in brief

- **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.

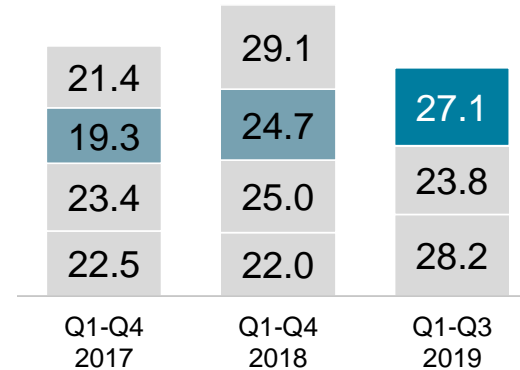


Quarterly highlights

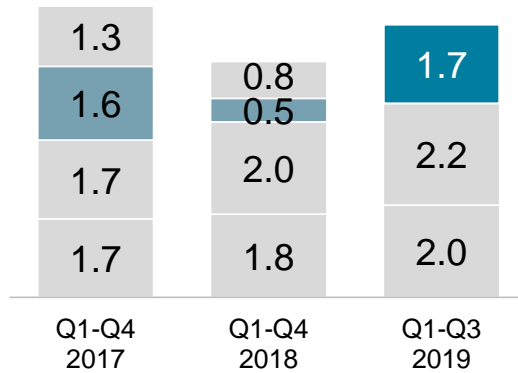
Revenue,
EUR million



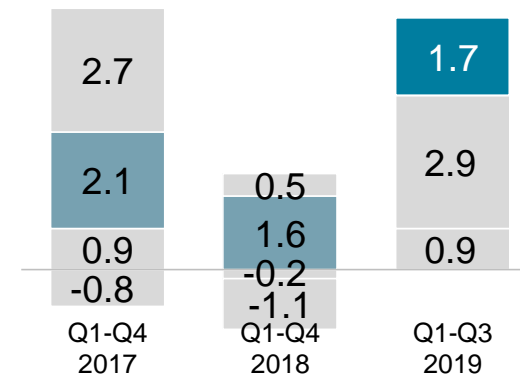
Order intake,
EUR million



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.

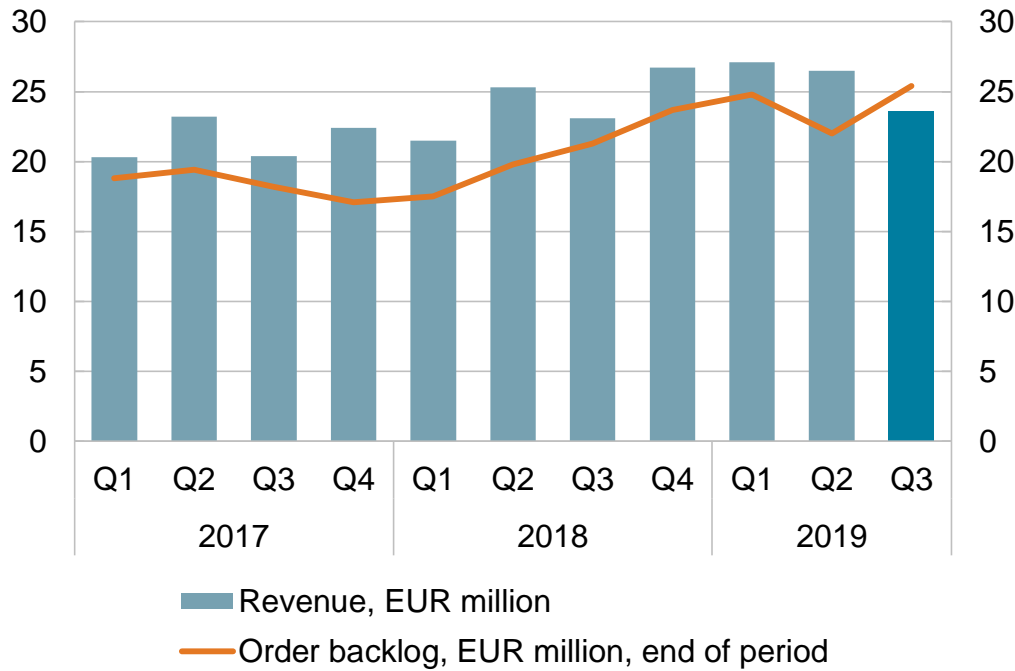
2) Revenue by customer segments Q3 2019 (Q3 2018): Industrial applications EUR 7.9 million (8.8); Construction & infrastructure EUR 10.9 million (9.8); Other applications EUR 4.8 million (4.5).

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.

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.

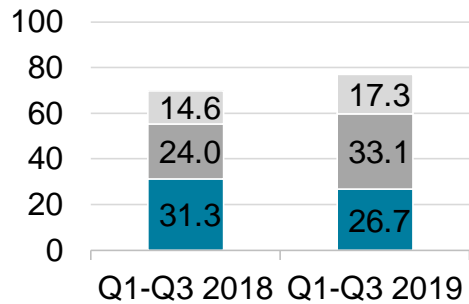
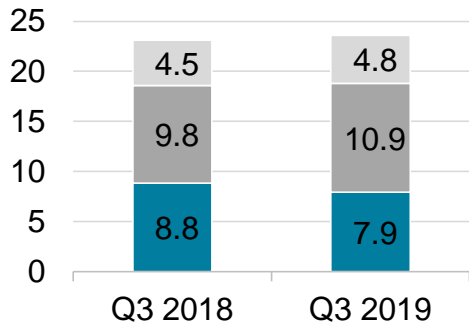
5) IFRS16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities in Q3 2019 with EUR 300 thousand.

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



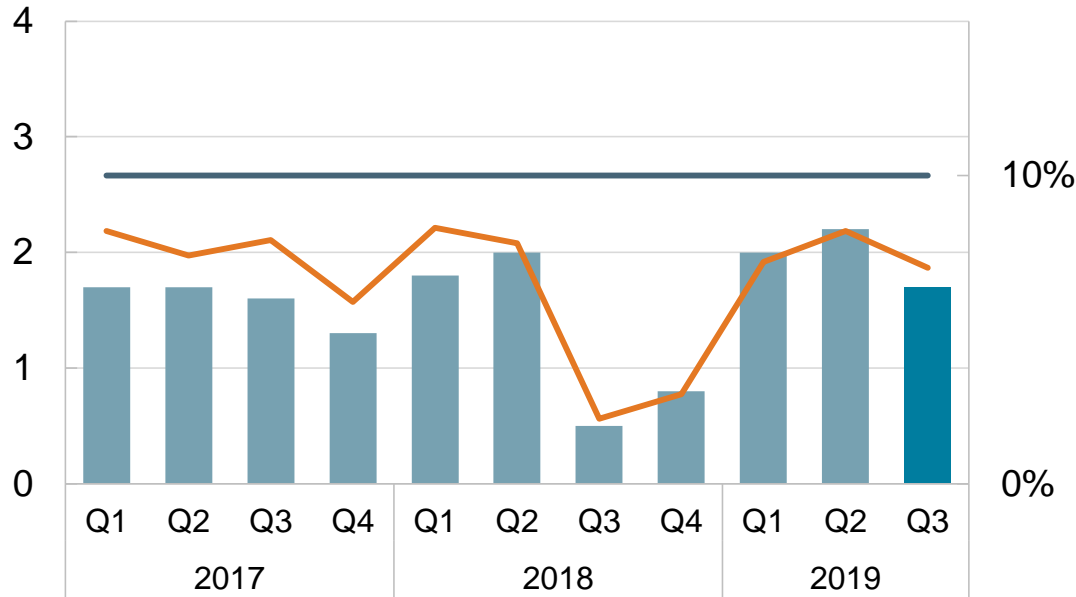
Sports &
Leisure



Other
Industries

Other Applications

Adjusted operating profit more than tripled compared to previous year



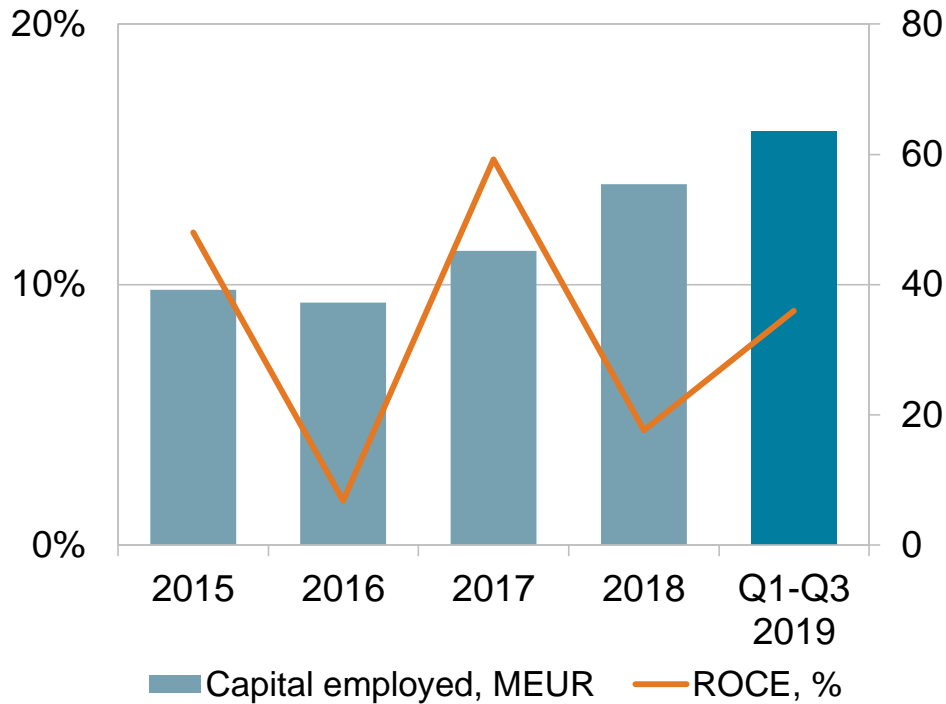
- Adjusted operating profit, EUR million
- Adjusted operating profit margin, %
- Operating profit target, %



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



Outlook for 2019 (unchanged)

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

More information at www.exelcomposites.com

Your IR contacts

Riku Kytömäki
President and CEO
+358 50 511 8288
riku.kytomaki@exelcomposites.com

Mikko Kettunen
CFO
+358 50 3477 462
mikko.kettunen@exelcomposites.com

Noora Koikkalainen
IR Manager
+358 50 562 6552
noora.koikkalainen@exelcomposites.com

THANK YOU!

