

Financial Statements 2011

Exel Composites Plc

Vesa Korpimies, President and CEO



2011 in brief

MEUR	2011	2010	Change
Net sales	85.1	72.9	+16.8%
Operating profit	11.1	9.4	+17.5%
Operating profit excluding non-recurring items	10.6	8.0	+32.5%
Operating profit (%)	13.0	12.9	
Operating profit (%) excluding non-recurring items	12.4	11.0	
Net operative cash flow	+9.6	+12.0	
Return on capital employed (%)	26.1	21.8	
Net gearing (%)	-5.0	-4.3	
EPS	0.67	0.57	

Q4 2011 in brief

MEUR	Q4 2011	Q4 2010	Change
Net sales	19.8	19.3	+2.2%
Operating profit	1.8	3.1	-43.7%
Operating profit excluding non-recurring items	1.6	2.2	-27.3%
Operating profit (%)	8.9	16.1	
Operating profit (%) excluding non-recurring items	7.9	11.7	
Net operative cash flow	+3.1	+5.1	
Return on capital employed (%)	17.2	27.5	
Net gearing (%)	-5.0	-4.3	
EPS	0.11	0.19	

Demand started to level off in Q4 2011

- ◆ The demand started to level off during Q4, especially in machine and electrical industry markets
- ◆ The increased raw material costs continued to have an adverse effect on the margins
 - Part of the rising costs was passed to the market by increasing product prices
- ◆ Personnel costs increased as more resources were invested in sales and customer-oriented product development

Highlights 2011

Vision was refined and strategy was confirmed

Exel Composites' vision

Exel Composites is a customer-driven, leading provider of advanced composites solutions; being dynamic and innovative we reinforce your business

Exel Composites' strategy

Exel Composites provides demanding customer-tailored composite solutions for industrial applications in selected market segments.

Exel Composites' target is growth ahead of the market while maintaining good profitability.

Acquisitions may be used to strengthen Exel Composites' competences and market position globally or locally.

Highlights 2011

Platform for sustainable profitable growth was reinforced

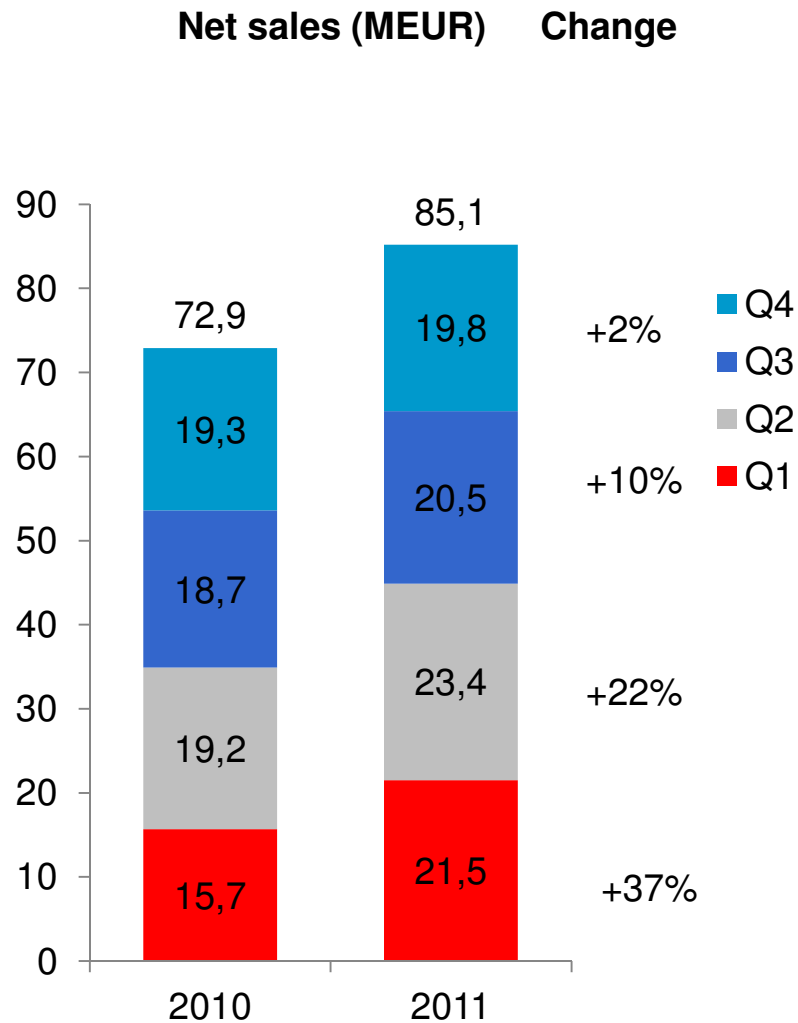
- ◆ Investments into sales resources and customer-driven product development
 - Kim Sjödaahl appointed SVP Product & Technology Development and member of Group Management Team
- ◆ Investments into five new production lines using advanced pultrusion technology
 - First line started in September in the Mäntyharju unit
- ◆ Productivity improvement especially in the Chinese unit
- ◆ Material cost increases and anti-dumping tariffs impacting margins
- ◆ Special attention to developing and strengthening the organization
 - Launch of ExelWay-project to harmonize processes
 - ERP and CRM now widely in use in the all Group companies
 - Group-wide corporate culture survey to find out areas need to be improved

Highlights 2011

Quality in every aspect

- ◆ Finnish and Chinese units now have ISO 14001 environmental certificate
 - The target is to have all the units of the Group certified
- ◆ Recycling waste streams is now technically possible
- ◆ Exel is an active participant in the European Composites Recycling Services Company (ECRC), which develops new applications for using composite waste

Market conditions improved and strong growth continued until Q4 when the growth started to level off

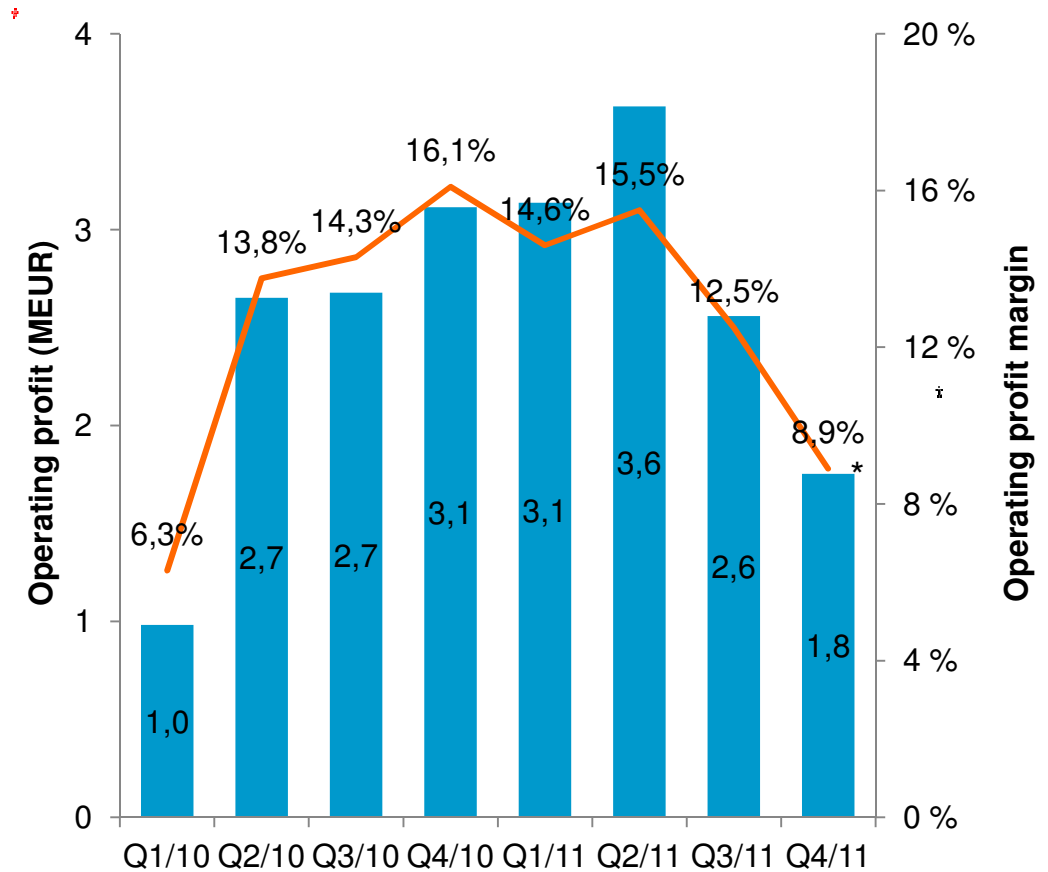


- ◆ Strong demand in telecommunication and machine industry
- ◆ Building and construction sales were supported by a recovery in airport products and a positive trend in windows and doors
- ◆ Sales picked up also in the electrical industry

Operating profit increased to MEUR 11.1 (9.4), up by 17.5%

- ◆ Operating profit increased to MEUR 11.1 (9.4), up by 17.5%
- ◆ Operating profit as a percentage of net sales was 13.0 (12.9) %
- ◆ Profitability improved in H1 2011 and decreased in H2 2011

- Increased raw material costs
- Investment in the organization

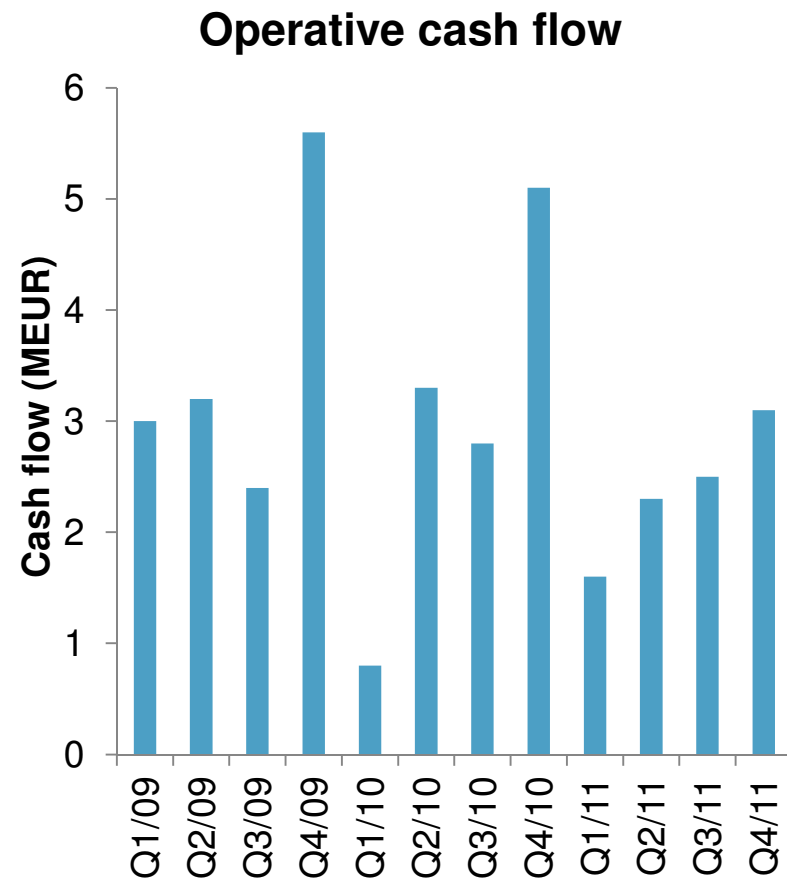


*Operating profit MEUR 1.8 including MEUR 0.2 non-recurring items (MEUR 3.1 including non-recurring items of MEUR 0.9)

**Operating profit without non-recurring items was 7.9 (11.7) per cent of net sales

Positive cash flow continued in 2011

- ◆ In January - December 2011 cash flow from business operations was MEUR 9.6 (12.0)
- ◆ In October - December 2011 cash flow from business operations was MEUR 3.1 (5.1)
- ◆ Capital expenditure increased to MEUR 3.2 (1.6)
- ◆ On 30 December 2011, the Group's liquid assets stood at MEUR 9.8 (11.6)

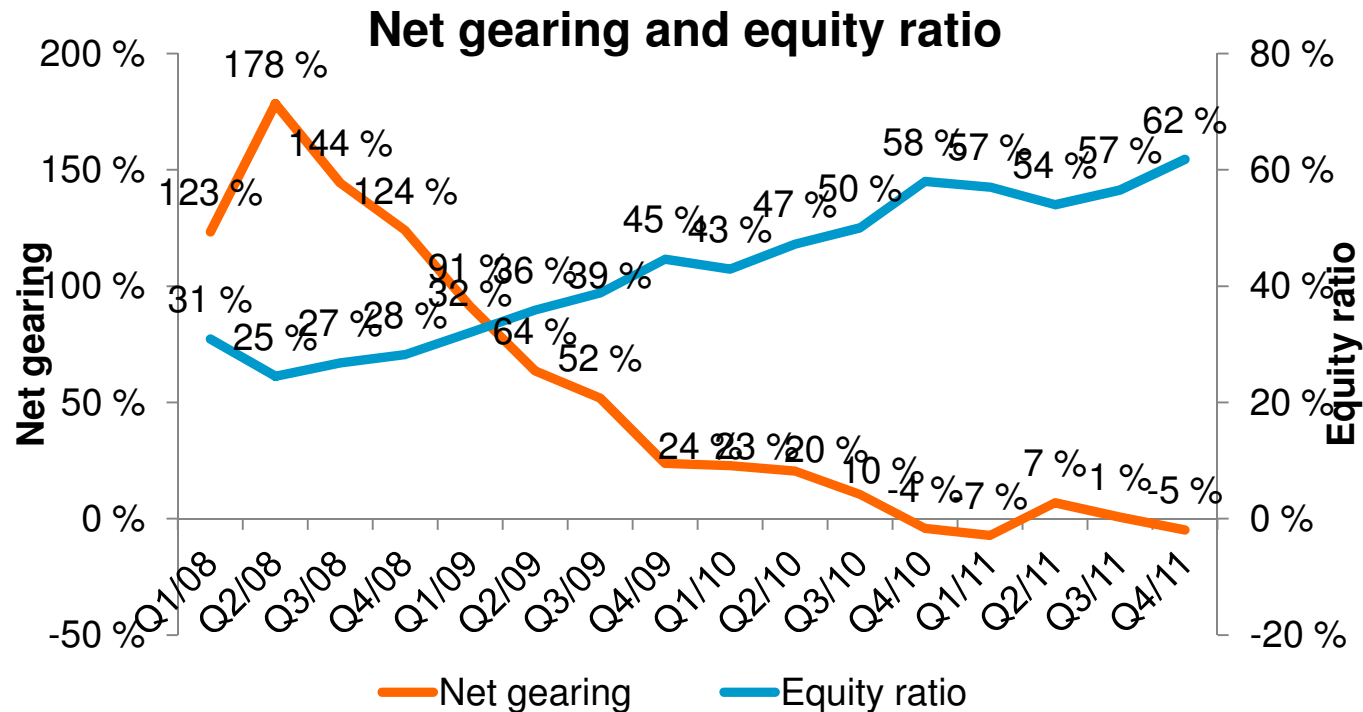


Highlights 2011

EPS improved to EUR 0.67 (0.57)

- ◆ Earnings per share improved to EUR 0.67 (0.57)
- ◆ Total shareholder return in 2011 15 (36) per cent
- ◆ Board proposal for dividend EUR 0.50 (0.50)

Financial position remained strong, net interest-bearing loans were reduced to MEUR -1.7 (-1.4)



- Exel Composites ensured in July 2011 a new committed 3-year revolving credit facility of MEUR 20 to refinance current credit facilities and to ensure the financing of growth
- We are well-positioned to continue capitalizing on growth opportunities

Risk elements

- ◆ The most significant near-term business risks are related to the general economic development, government regulations and a possible new financial crisis in the Euro area as well as to market demand in certain market segments
- ◆ Raw material prices, energy cost and other cost increases may continue and put pressure on profitability. In case the European Commission decides on new anti-dumping tariffs to be imposed on Chinese glass fiber, it may have also have a negative effect on the profitability if the rising costs of glass fiber can only be transferred partially to product prices
- ◆ If the measures taken in the Chinese and British units to improve efficiency prove to be unsuccessful, this may have an effect on the result of the company
- ◆ Currency rate changes, price competition and alternative competing materials may also have a negative effect on the result. The availability and cost of financing may continue to have an effect on the demand and increase the risk of credit losses

Anti-dumping cases on imported Chinese glass fiber continue to affect Exel Composites' business

- ◆ In March 2011, the European Commission's anti-dumping tariff of 13.8% was imposed on imported Chinese glass fiber
- ◆ In August 2011, the European Commission raised a new anti-dumping investigation on imported Chinese glass fiber raw materials
- ◆ Measures taken to reduce the impact of the anti-dumping tariff:
 - Increased product prices
 - Employing alternative sourcing opportunities
 - Increased production in the Chinese unit

Outlook for 2012

The Exel Composites Group had a strong performance in 2011 with sales and operating profit developing favorably.

In the fourth quarter 2011 overall demand softened. There are major uncertainties relating to general growth prospects in the economy, and these uncertainties may affect the demand for composite products. Due to the prevailing state of the markets, the visibility is low.

Exel Composites maintains its cautious stance in 2012, but will continue to drive the long-term initiatives to strengthen the Company's competitive position and to invest in growing market segments to pursue the strategy of profitable growth.

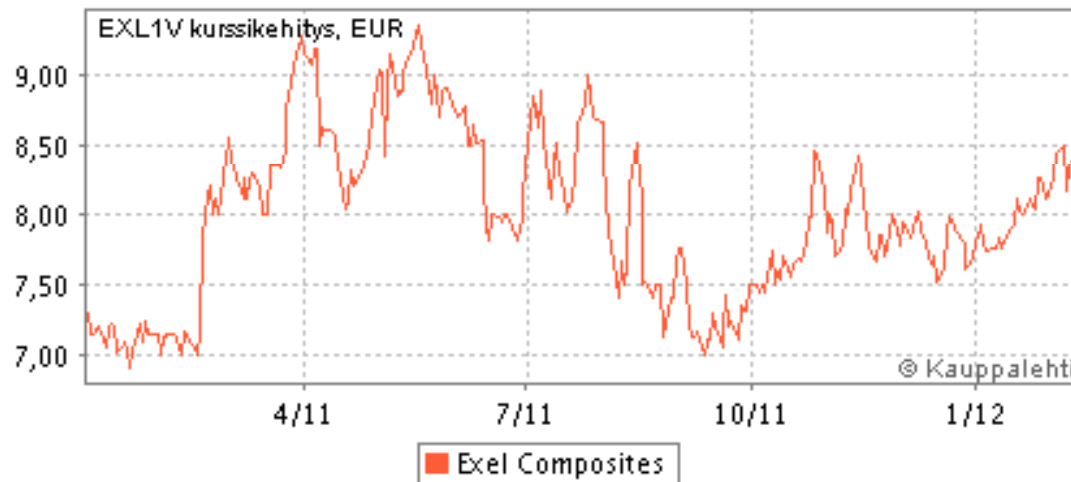
Major Shareholders on 1 February 2012

	Number of shares	Percentage of share capital
Nordstjernan AB	3,496,506	29.39
Ilmarinen Mutual Pension Insurance Company	689,400	5.79
OP-Suomi Small Cap Inv. Fund	540,000	4.53
Ulkomarkkinat Oy	480,000	4.03
Fondita Nordic Micro Cap Inv. Fund	450,000	3.78
Veikko Laine Oy	395,796	3.32
Alfred Berg Finland Investment Fund	362,903	3.05
Suutarinen Matti	291,400	2.44
Mutual Fund Evli Finnish Equity	257,140	2.16
Aktia Capital Investment Fund	250,000	2.10
Nordea Bank Finland Plc (nominee reg.)	220,500	1.85

Exel Composites had a total of 2,687 (2,363) shareholders on 31 December 2011.

Share price development

**Exel Composites share price development
January 2011 – February 2012**



11.6 (19.3) % of shares outstanding were traded in 2011

The highest share quotation was EUR 9.40 (7.25) and the lowest EUR 6.75 (5.00)

The share price closed at EUR 7.65 (7.06) and the market capitalization on 30 Dec. 2011 was EUR 91.0 (84.0) million

Source: Kauppalehti

Exel Composites' units

