

Financial Statements 2013

Exel Composites Plc

Riku Kytömäki, President and CEO



2013 Financial key figures

MEUR	2013	2012	Change
Net sales	69.3	76.0	-8.8%
Operating profit	4.8	3.4	42.5%
Operating profit (%)	7.0	4.5	
Operating profit before non-recurring items	5.5	5.9	-7%
Operating profit before non-recurring items (%)	8.0	7.8	
Net operative cash flow	+7.8	+8.2	
Return on capital employed (%)	13.0	8.4	
Net gearing (%)	15.0	-3.4	
EPS	0.26	0.17	

Q4 2013 Financial key figures

MEUR	Q4 2013	Q4 2012	Change
Net sales	17.8	18.6	-4.6%
Operating profit	1.5	-1.6	
Operating profit (%)	8.4	-8.6	
Operating profit before non-recurring items	1.9	0.9	115.3%
Operating profit before non-recurring items (%)	10.6	5.0	
Net operative cash flow	+2.9	+4.4	
Return on capital employed (%)	16.9	-15.4	
Net gearing (%)	15.0	-3.4	
EPS (EUR)	0.07	-0.12	

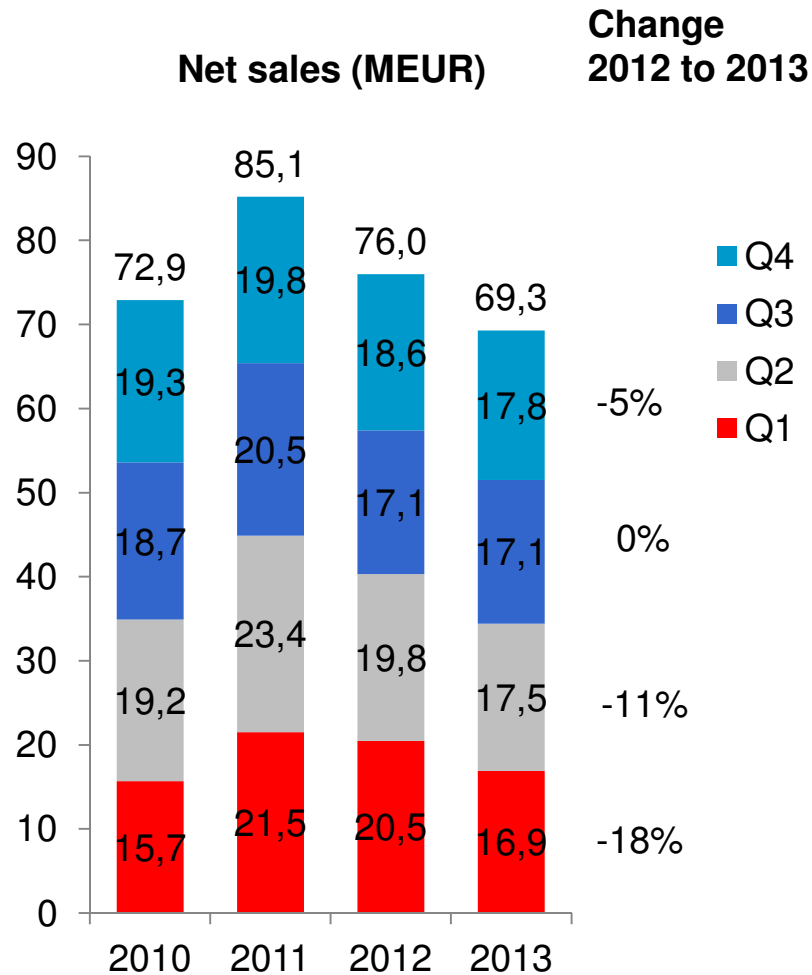
Operating profit in Q4 2013 improved from MEUR 0.9 to MEUR 1.9 due to efficiency improvement and more efficient cost control

- ◆ The market situation in Central Europe continued to be challenging
- ◆ Exel Composites net sales were -4.6% down from Q4 2012
- ◆ Market demand improved in the telecommunication, energy and electrical market segments compared to Q4 2012
- ◆ Market demand decreased in the building, construction and infrastructure market segment, transportation industry and machine industry market segments compared to Q4 2012
- ◆ Operating profit excluding non-recurring items improved from MEUR 0.9 to MEUR 1.9 the main reasons being efficiency improvements and more efficient cost control
- ◆ Non-recurring items of MEUR 0.4 in the Australian business unit
 - Transfer of Brisbane unit to Melbourne
 - Rental costs of unused facilities in Melbourne during future rental periods

Company has reinforced the organization and will continue to work on sales development and on efficiency and productivity improvement

- ◆ The Company has reinforced the organization to work on sales development as well as on operational efficiency and productivity improvement. Some positive signs can be seen especially in laminate market and demanding carbon tubes market
- ◆ New laminate production line investment at Mäntyharju enables
 - Extension of product range to high specification laminates
 - Growth in several market segments
- ◆ Corrective actions had a positive impact especially in the UK unit and improved the financial performance
- ◆ Turnaround measures in Australia were largely completed. Measures taken are expected to improve the Australian unit's profitability
 - Change in the operating model
 - Transfer of Brisbane unit to Melbourne
- ◆ Harmonization of the Group's operations was continued under the ExelWay-program
 - Target is to implement best practices, new global functions and business processes throughout the Group

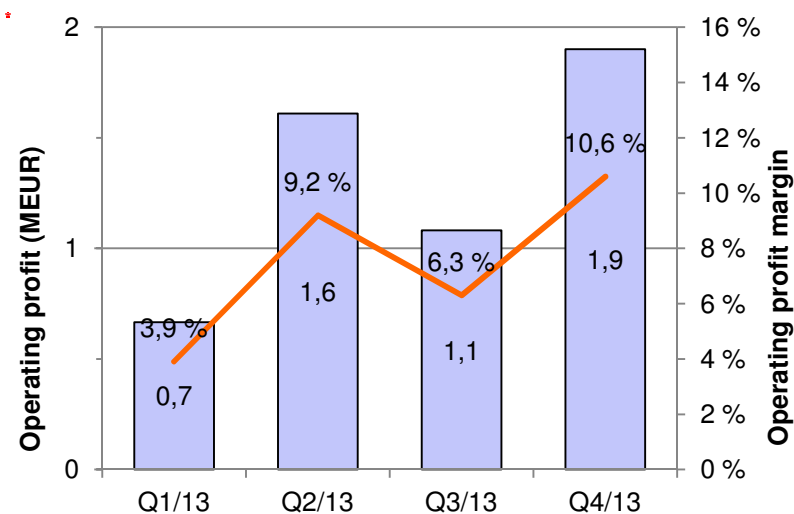
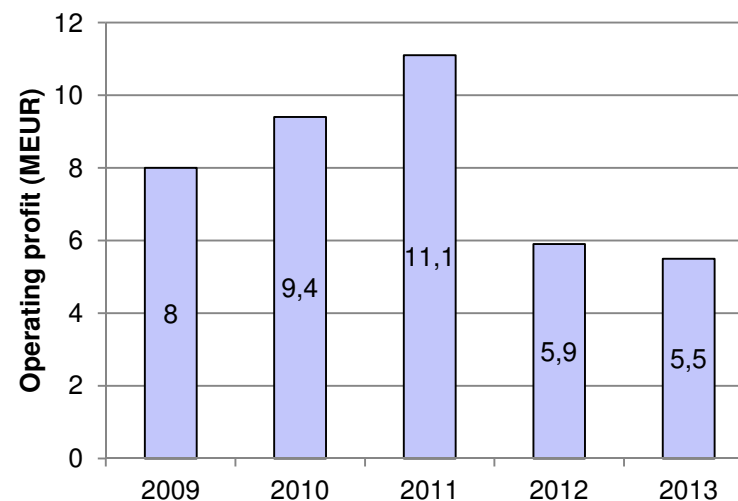
Sales declined in Q1 and Q2 2013, but sales decline slowed down from Q3 2013 onwards



- ◆ Market demand improved in the telecommunication, energy and electrical market segments compared to Q4 2012
- ◆ Market demand decreased in the building, construction and infrastructure market segment, transportation industry and machine industry market segments compared to Q4 2012

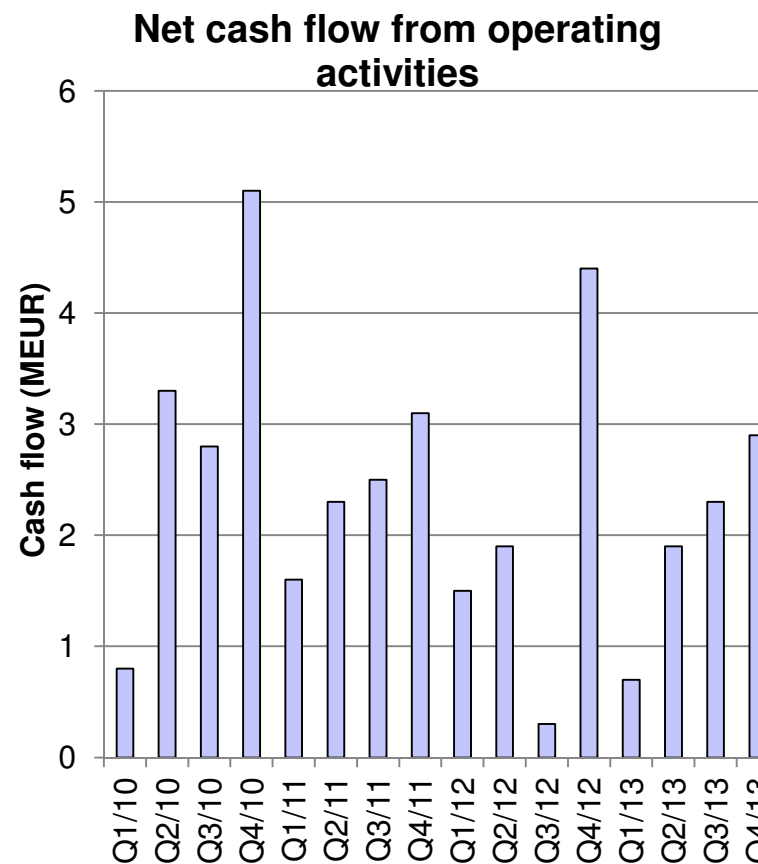
Operating profit in 2013 after non-recurring items improved by 42.5% and was MEUR 4.8 (3.4)

- ◆ The Group's operating profit started to improve in H2 2013 thanks to efficiency improvement and more efficient cost control
- ◆ Operating profit in Q4 2013 before non-recurring items improved by 115.3 % and was MEUR 1.9 (0.9) or 10.6 (5.0) % of net sales
- ◆ Operating profit for Q4 2013 after non-recurring items was MEUR 1.5 (-1.6), or 8.4 (-8.6) % of net sales
- ◆ Operating profit for 2013 before non-recurring items was MEUR 5.5 (5.9), or 8.0 (7.8) % of net sales
- ◆ Operating profit for 2013 after non-recurring items improved by 42.5% and was MEUR 4.8 (3.4), or 7.0 (4.5) % of net sales



Net cash flow from operating activities continued to be positive in 2013 at MEUR +7.8 (+8.2)

- ◆ In January - December 2013 net cash flow from operating activities was MEUR +7.8 (+8.2)
- ◆ In October-December 2013 net cash flow from operating activities was MEUR +2.9 (+4.4)
- ◆ Capital expenditure was MEUR 2.8 (2.8)
- ◆ On 31 December 2013, the Group's liquid assets stood at MEUR 9.4 (9.2)

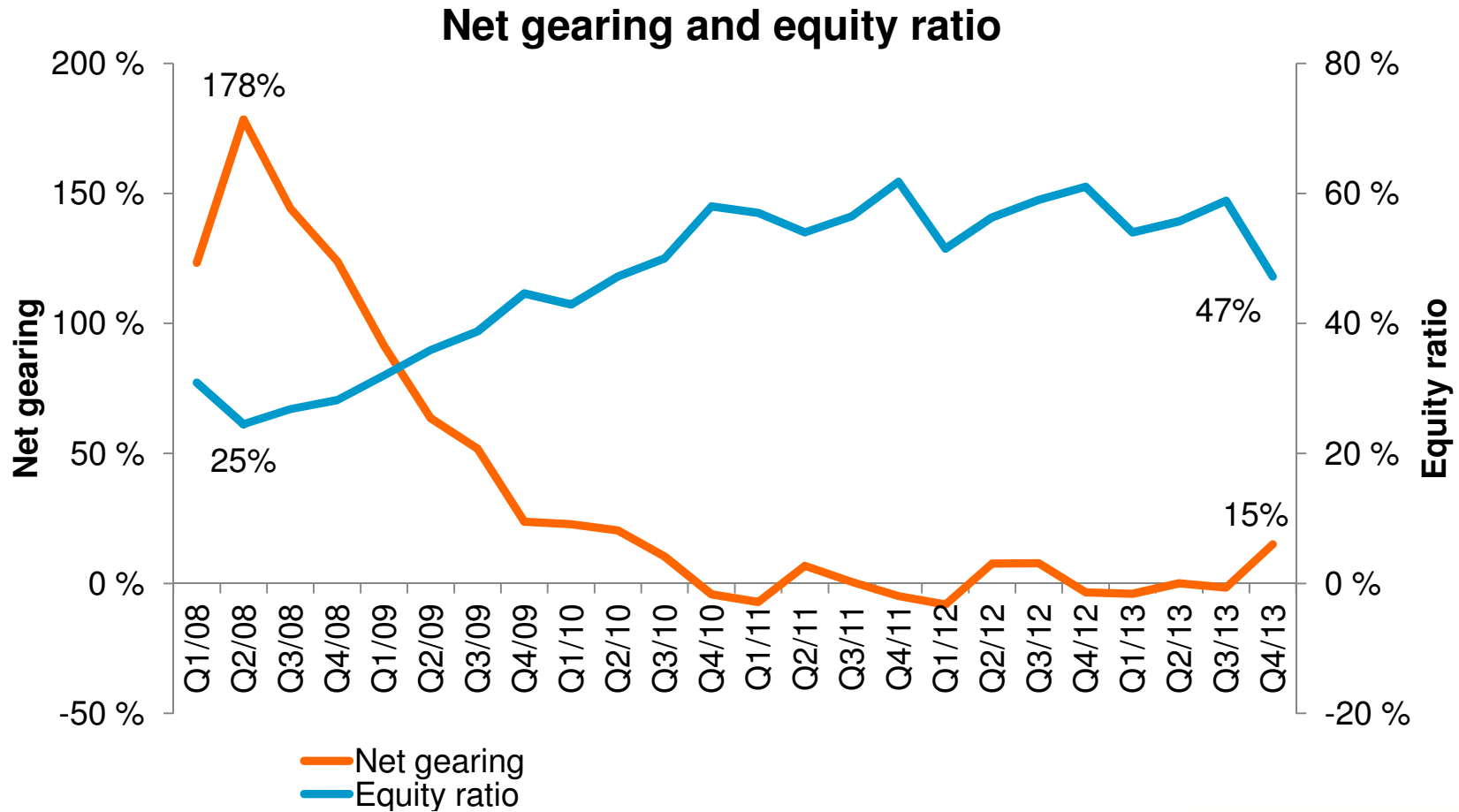


Earnings per share were EUR 0.17 (0.67)

- ◆ Earnings per share were EUR 0.26 (0.17)
- ◆ Total shareholder value was 11 (-16) per cent in 2013
- ◆ An additional capital repayment of EUR 0.50 per share was paid to shareholders in December 2013 in addition to already paid dividend of EUR 0.30 per share decided by the 2013 Annual General Meeting. The Board of Directors does not propose any dividend distribution to the AGM 2014 for the financial year 2013.



Financial position remained strong



Near-term business risks

- ◆ The most significant near-term business risks are related to the general economic development, government regulations and 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 to put pressure on profitability
- ◆ 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

Outlook for 2014

- ◆ The Company has reinforced the organization to work on sales development as well as on operational efficiency and productivity improvement. The market has stabilized but remains challenging. The Company will monitor the general market development and react with additional measures if needed. Uncertainties relating to general growth prospects in the economy continue, however some positive signs can be seen especially in laminate and demanding carbon tubes market. The Company is well-positioned to grow profitably when the markets recover.



Focus on increasing sales from existing and new customers

- ◆ We will further reinforce our platform for sustainable profitable growth
- ◆ We will monitor the general market development and react with additional measures if needed
- ◆ In 2014 our focus will be on increasing sales from existing and new customers
- ◆ We will continue to develop the operations in terms of operational efficiency and productivity improvement
- ◆ Existing processes will be refined and harmonized in ExelWay-project
- ◆ Exel Composites is well-positioned to grow profitably when the markets recover

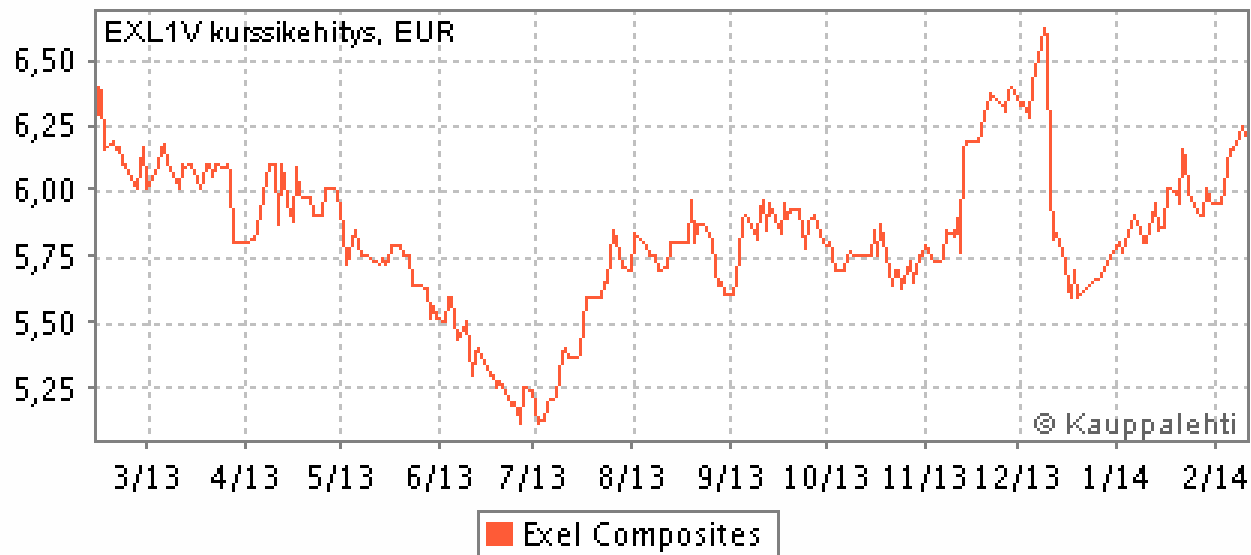
Major Shareholders on 31 January 2014

	Number of shares	Percentage of share capital
Nordstjernan AB	2,656,506	22.33
Skandinaviska Enskilda Banken (nominee reg.)	1,149,589	9.66
Ilmarinen Mutual Pension Insurance Company	639,400	5.37
OP-Finland Small Firms Fund	589,551	4.96
Ulkomarkkinat Oy	480,000	4.03
Fondita Nordic Micro Cap	450,000	3.78
Veikko Laine Oy	395,796	3.33
Nordea Fennia Fund	378,094	3.18
Alfred Berg Finland Investment Fund	364,814	3.07
Matti Suutarinen	291,400	2.45
Danske Fund Finnish Small Cap	281,567	2.37

Exel Composites had a total of 2,753 (2,798) shareholders on 31 January 2014.

Share price development

**Exel Composites share price development
March 2013 – February 2014**



17.0 (7.9) % of shares outstanding were traded in 2013

The highest share quotation was EUR 6.70 (8.79) and the lowest EUR 5.10 (5.55)

The share price closed at EUR 5.75 (5.90) and the market capitalization on 31 December 2013 was EUR 68.4 (70.2) million

Source: Kauppalehti

More information is available on Exel Composites website

- ◆ Exel Composites website www.exelcomposites.com
- ◆ For further information contact

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