



Reinforcing your business



# Financial Statements 2009

**Exel Composites Plc**  
**Vesa Korpimies, President and CEO**



# Year 2009 highlights

- Group restructuring completed, reinforcing Exel's focus on the core, with the sale of Exel Sports Brands' Floorball business
- Successful turnaround accomplished despite one of the most challenging years
  - Financial position improved, Net gearing ratio improved to 23,7 (123.9) percent
  - Fully diluted EPS improved to EUR 0.56 (-0.25)
- Small signs of recovery could be seen during the year:
  - Sales to general industries, especially defense, improved due to new applications
  - New applications also in the building, construction and infrastructure market
  - Many interesting opportunities due to new energy regulations (window profiles)
  - Long-term agreements signed in the electrical industry
  - The Federal Aviation Administration, FAA, listed Exel's frangible approach masts as approved airport lighting equipment



# Restructuring of Group, focus on core

- Exel initiated a restructuring program to reinforce its focus on the core industrial activities and to divest loss-making Sports businesses
  - Sports business divided into Outdoor and Floorball in 2008
  - Outdoor divested in June 2008 to ESB Sports
  - Floorball divested in March 2009 to Cape Nordic

# Financial turnaround in 2009

- Exel launched a comprehensive turnaround program in 2009 focusing on cost and cash management
  - Streamlined operations and reduced the cost base
  - Improved cash management and reduced operative working capital
  - Reinforced the sales team
- Exel's financial position and EPS improved during one of the most challenging years
  - Cash flow from business operations EUR +14.2 (+11.1) million
  - Net gearing ratio improved to 23,7 (123.9) percent
  - Fully diluted EPS improved to EUR 0.56 (-0.25)
- Exel's recipe to the successful turnaround
  - Acting proactively
  - Not compromising



# Exel is well positioned for future success

- Exel is today a leaner and more focused group with less operational and financial risks than in 2008
  - Competitive in costs
  - Innovative in product development
  - Reinforced sales and technical sales organization working closer to customers
  - Strong balance sheet to capture opportunities on the back of the recession
- Market conditions remain difficult in 2010, but Exel's long-term prospects remain favorable



# Changes in the Group structure

- Divestment of Exel Sports Brands
  - Floorball business sold to Cape Nordic Oy, transaction included a long-term licensing agreement
  - Licensing agreement transferred to EF Team Sports in January 2010
- Merger of Exel Composites Plc and Exel Sports Oy entered in the Trade Register
  - Exel Sports' assets and liabilities transferred to the parent company without liquidation
  - No merger consideration paid for the merger as the parent company owned all the shares of the merging company
  - Reason for the merger was the clarification of the company structure



# Staff numbers decreased due to rationalization program

- Co-determination negotiations in the Finnish units
  - 19 permanent employment contract terminated
  - 8 temporary employment contracts came to termination
  - Temporary layoffs, warning valid until the end of 2010
- Number of Exel Group employees 419 (472) on 31 December 2009
  - Decrease both in Finland and abroad due to the rationalization actions in the Finnish, British and Chinese units and the divestments of Exel Sports Brands' Outdoor and Floorball businesses
- Changes in Group management:
  - Mr. Grant Pearce, MD of Exel Composites Australia and member of Exel Composites' Management Group, resigned in September 2009
  - Mr. Lasse Orre appointed SVP Sales and member of Exel Composites' Management Group as of February 2010





# Q4 2009 in brief

- Net sales from continuing operations MEUR 16.2 (20.5), down by 20.6 percent
- Operating profit from continuing operations MEUR +2.4 including net reversal of the restructuring provisions of EUR +0.7 million (EUR +2.2 million), or 14.5 (10.6) percent of net sales
- Fully diluted earnings per share EUR 0.18 (-0.01) of which continuing operations accounted for EUR 0.15 (0.05)

# Year 2009 in brief

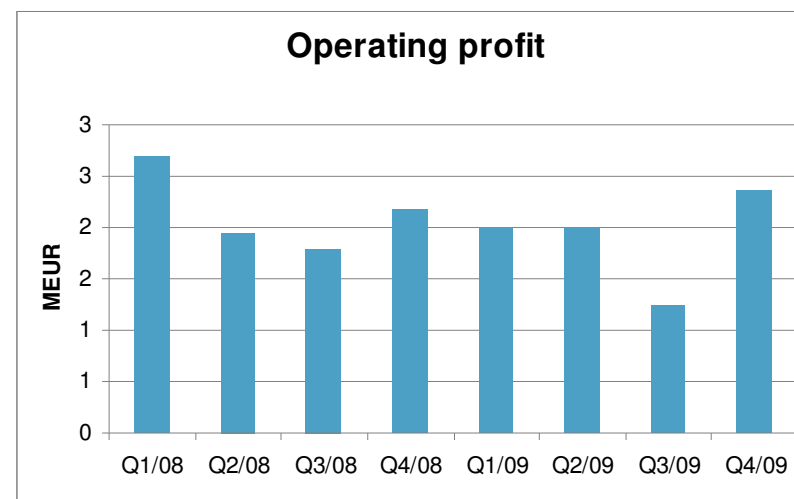
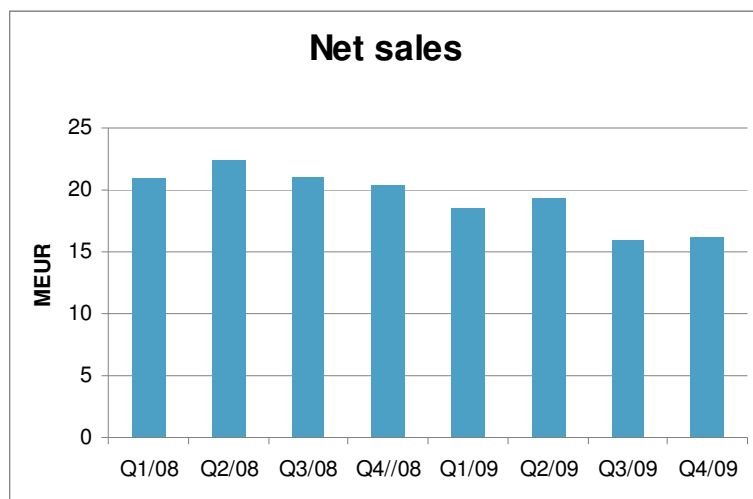
- Net sales from continuing operations MEUR 70.0 (84.9), down by 17.6 percent
- Operating profit from continuing operations MEUR +8.0 including net reversal of the restructuring provisions and other non-recurring items of MEUR +1.2 (MEUR +8.6 including MEUR -0.7 non-recurring items), or 11.4 (10.1) percent of net sales
- Despite a decline in sales, the operating profit as a percentage of net sales from continuing operations was improved to 11.4 (10.1) percent
- Net operative cash flow positive at MEUR +14.2 (+11.1)
- Fully diluted earnings per share EUR 0.56 (-0.25) of which continuing operations EUR 0.50 (0.34)
- Return on capital employed improved to 20.9 (0.0) percent
- Net gearing continued to improve from 123.9 (year end 2008) to 23.7 percent

# Year 2009 in brief

- Profit before taxes from continuing operations MEUR 8.0 (5.6) and profit after taxes MEUR 5.9 (4.0)

# Key figures, continuing operations

	Q4/2009	Q4/2008	Change, %	2009	2008	Change, %
Net sales, M€	16.2	20.5	-20.6	70.0	84.9	-17.6
Operating profit, M€	2.4	2.2	8.9	8.0	8.6	-7.0
<i>as % of sales</i>	14.4	10.6		11.4	10.1	



# Consolidated financial performance 2009

- Net sales from continuing operations in 2009 MEUR 70.0 (84.9), down by 17.6 percent
  - Especially the machine industry, sports and leisure, paper industry and telecommunication markets affected by the recession
- Sales relatively better in Europe compared to the situation in Asia, which suffered from tough competition especially in China
- Measures initiated to reduce fixed costs, to improve productivity and to increase sales activities
- Operating profit from continuing operations MEUR +8.0 including net reversal of the restructuring provision and other non-recurring items of MEUR +1.2 (MEUR +8.6 including MEUR -0.7 non-recurring items), or 11.4 (10.1) percent of net sales

# Consolidated financial performance 2009

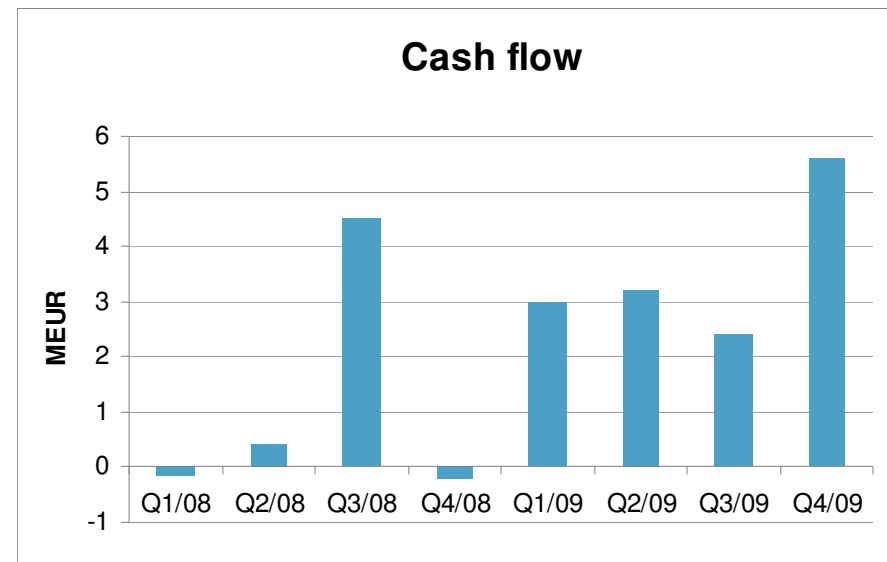
- Net financial expenses from continuing operations MEUR 0.0 (3.4)
  - Lower interest rates
  - Lower debt
  - Favorable currency exchange rates, especially the Australian dollar

# Consolidated financial performance 2009

- Due to the comprehensive turnaround program, the total earnings per share improved
  - Earnings per share for continuing operations EUR 0.50 (0.34)
  - Earnings per share for discontinued operations EUR 0.06 (-0.59)
  - Fully diluted total earnings per share EUR 0.56 (-0.25)
- Return on capital employed in 2009 increased to 20.9 (0.0) percent, due to improved operating margins and higher turnover of capital employed

# Balance sheet, cash flow and financing: positive cash flow

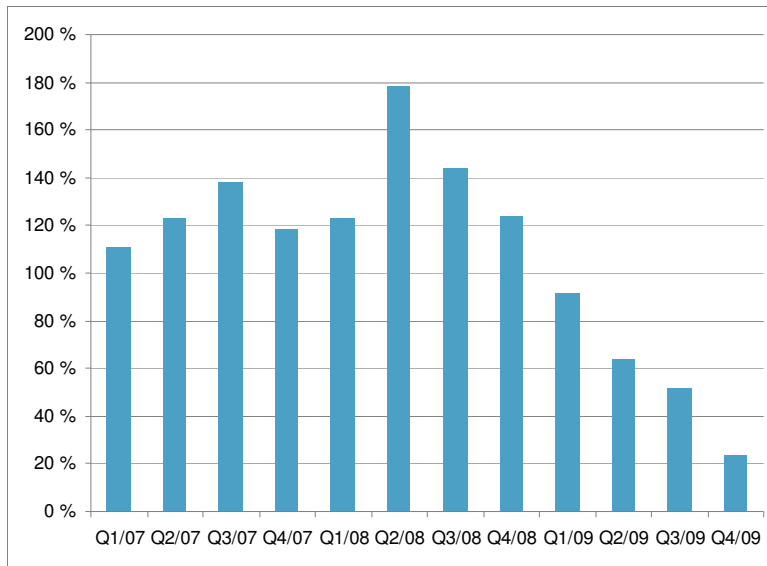
- Cash flow from business operations MEUR 14.2 (11.1)
- Group's liquid assets MEUR 12.6 (8.0) million
- Equity MEUR 25.4 (16.7)
- Equity ratio 44.6 (28.2) percent
- Net gearing 23.7 (123.9) percent
- Return on equity 31.3 (-14.7) percent
- ROCE 20.9 (0.0) percent
- Equity per share EUR 2.15 (1.40)



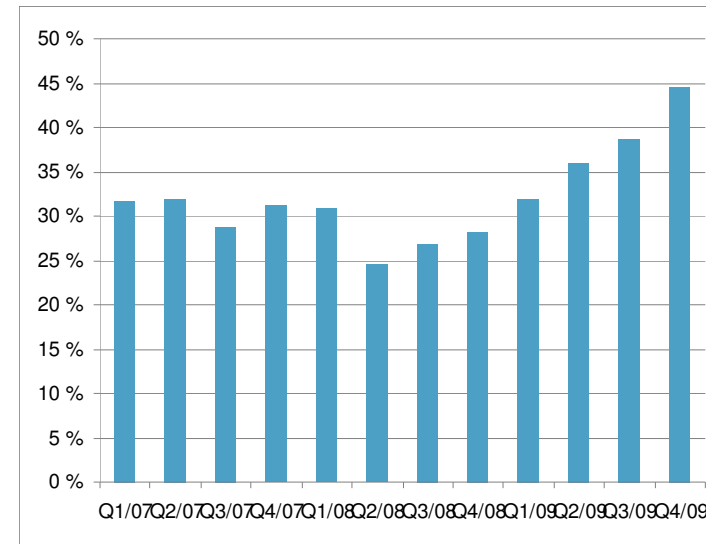


# Net gearing and equity ratios continued to improve

**Net gearing ratio 2009**  
**23.7 (123.9) percent**



**Equity ratio 2009**  
**44.6 (28.2) percent**



# Market outlook for 2010

- The Group has a cautious stance on the economy for 2010 and expects the market conditions to remain challenging
- Exel Composites is prepared to take further prompt actions, but also to capture opportunities due to the economic down-turn
- Even though the short-term market outlook is challenging, the long-term growth opportunities remain favorable

# Exel Composites' outlook for 2010

- Due to the market uncertainty and poor visibility, Exel will not give any profit guidance

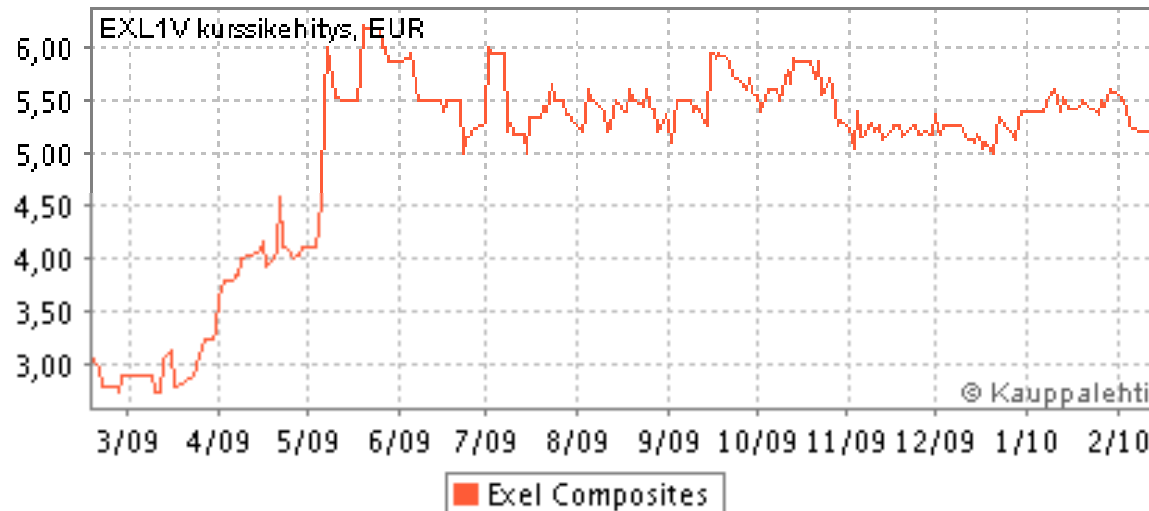


# Major Shareholders (5 Feb. 2010)

	<b>Number of shares</b>	<b>Percentage of share capital</b>
Nordstjernan AB	3,496,506	29.39
Ilmarinen Mutual Pension Insurance Company	689,400	5.79
Veikko Laine Oy	618,896	5.20
Ulkomarkkinat Oy	504,427	4.24
Fondita Nordic Micro Cap Inv. Fund	450,000	3.78
Carnegie Osake Investment Fund	369,181	3.10
Berling Capital Oy	365,963	3.07
OP-Suomi Small Cap Investment Fund	351,085	2.95
Alfred Berg Finland Inv. Fund	323,724	2.72
Danske Invest Suomi Investment Fund	299,213	2.51
Suutarinen Matti	294,400	2.47

# Exel Share

1/2009 - 10/2009



29.6 (13.9) percent of shares outstanding were traded in 2009

The highest share quotation was EUR 6.20 (12.20) and the lowest EUR 2.37 (2.41)

The share price closed at EUR 5.39 (2.72) and the market capitalization at the end of the review period was EUR 64.1 (32.6) million

# Exel Group's vision

- Exel is a leading supplier of advanced composite profiles to the selected niche market segments
- Exel's objective is to generate good returns for the company's shareholders
- Exel's specialized total service, high quality products and long-term partnerships earn company the trust and confidence of its customers
- In doing this Exel offers its employees an exciting and rewarding place of employment



# The Group strategy

Exel continues its strategy of profitable growth and pursuing international leadership in the pultrusion industry

Focus on establishing leading positions in selected market segments characterized by attractive growth and profitability attributes

Concentration on designing, manufacturing and marketing demanding, customer-tailored composite profile products for industrial OEM customers

Focus on proprietary, continuous production technologies

- Pultrusion
- Pullwinding
- Continuous lamination

# Exel Group's financial targets

Exel's long-term targets over a business cycle are:

- **Growth:** the objective is that Exel Group's average organic growth annually exceeds market growth of the industry. Growth achieved through acquisitions is part of Exel's strategy.
- **Operating profit:** Exel's target is the operating profit to exceed 10 per cent of net sales.
- **Dividend policy:** Exel aims to distribute 40 per cent of net income in dividends, as permitted by the financial structure and growth opportunities.





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Runcorn

**BELGIUM**  
Oudenaarde

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Melbourne

