

Interim Report Q1 2012

Exel Composites Plc

Vesa Korpimies, President and CEO

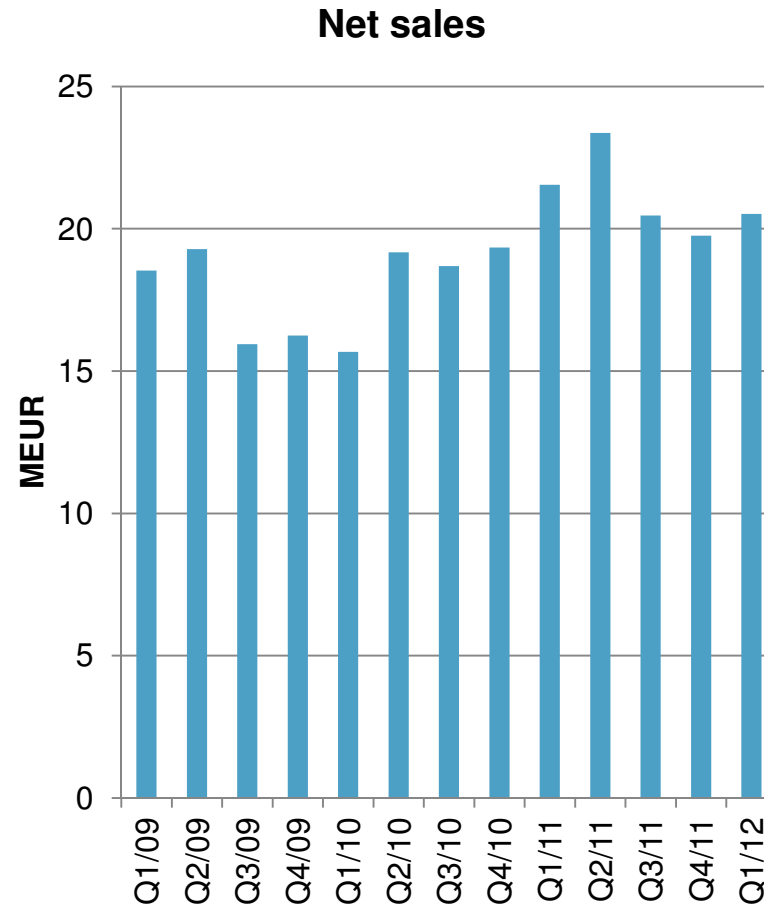


Q1 2012 in brief

MEUR	Q1 2012	Q1 2011	Change
Net sales	20.5	21.5	-4.8%
Operating profit	1.8	3.1	-41.7%
Operating profit (%)	8.9	14.6	
Net operative cash flow	+1.5	+1.6	
Return on capital employed (%)	18.1	29.1	
Net gearing (%)	-8.1	-7.2	
EPS	0.11	0.20	

Net sales decreased by 4.8% to MEUR 20.5 (21.5)

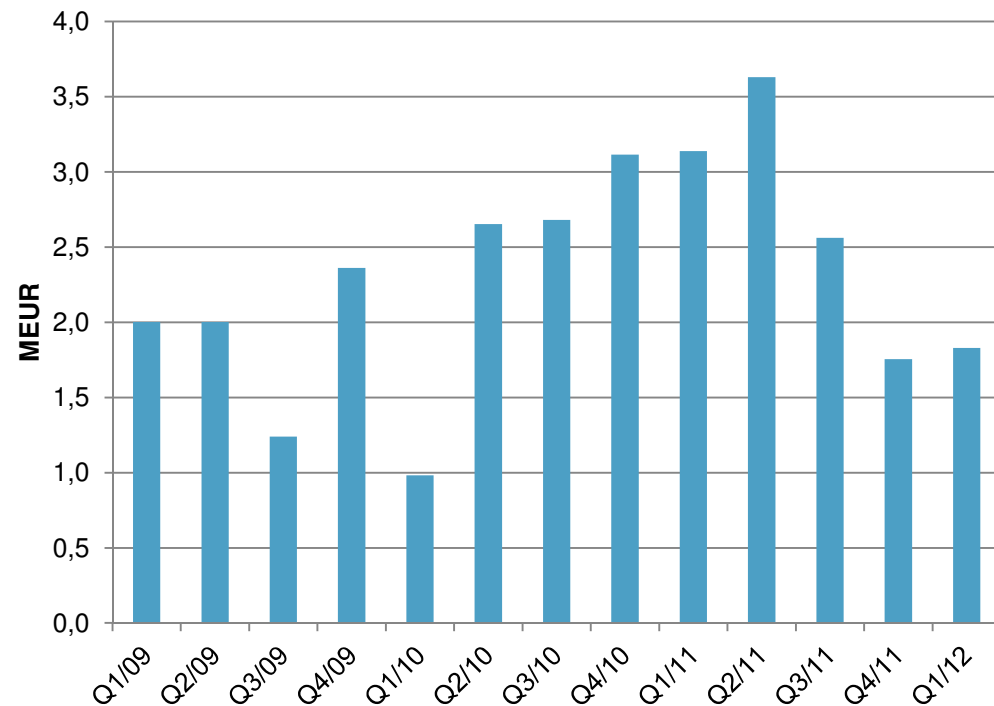
- ◆ The softening of the overall demand that started towards the end of 2011 continued in Q1 2012
- ◆ Net sales decreased by 4.8% compared to Q1 2011. However, net sales increased slightly on the previous quarters and were MEUR 20.5
- ◆ Market demand continued to be good in the building and construction market segment, and in the electrical industry
- ◆ Demand in telecommunication products and the machine industry softened on the previous year



Operating profit decreased to MEUR 1.8 (3.1)

- ◆ Operating profit in Q1 2012 was MEUR 1.8 (3.1)
- ◆ Operating profit margin in Q1 2012 was 8.9% (14.9%)
- ◆ Main reasons for lower operating profit were decreased sales volumes, increased raw material costs, ramp-up cost of the new products and employee expenses

Operating profit

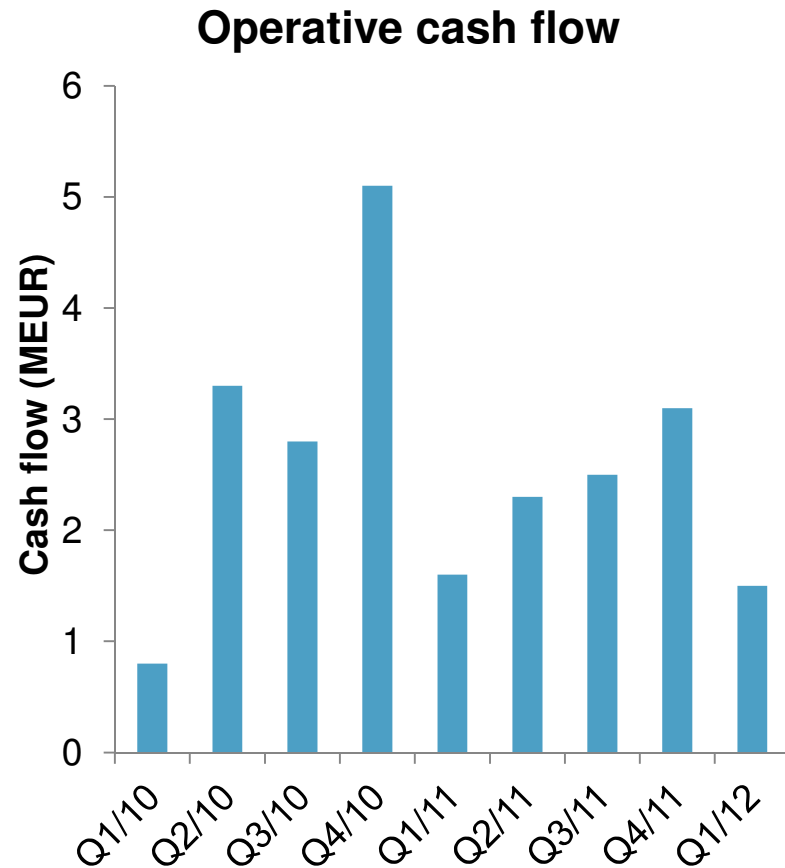


Focus on developing and strengthening the organization continued

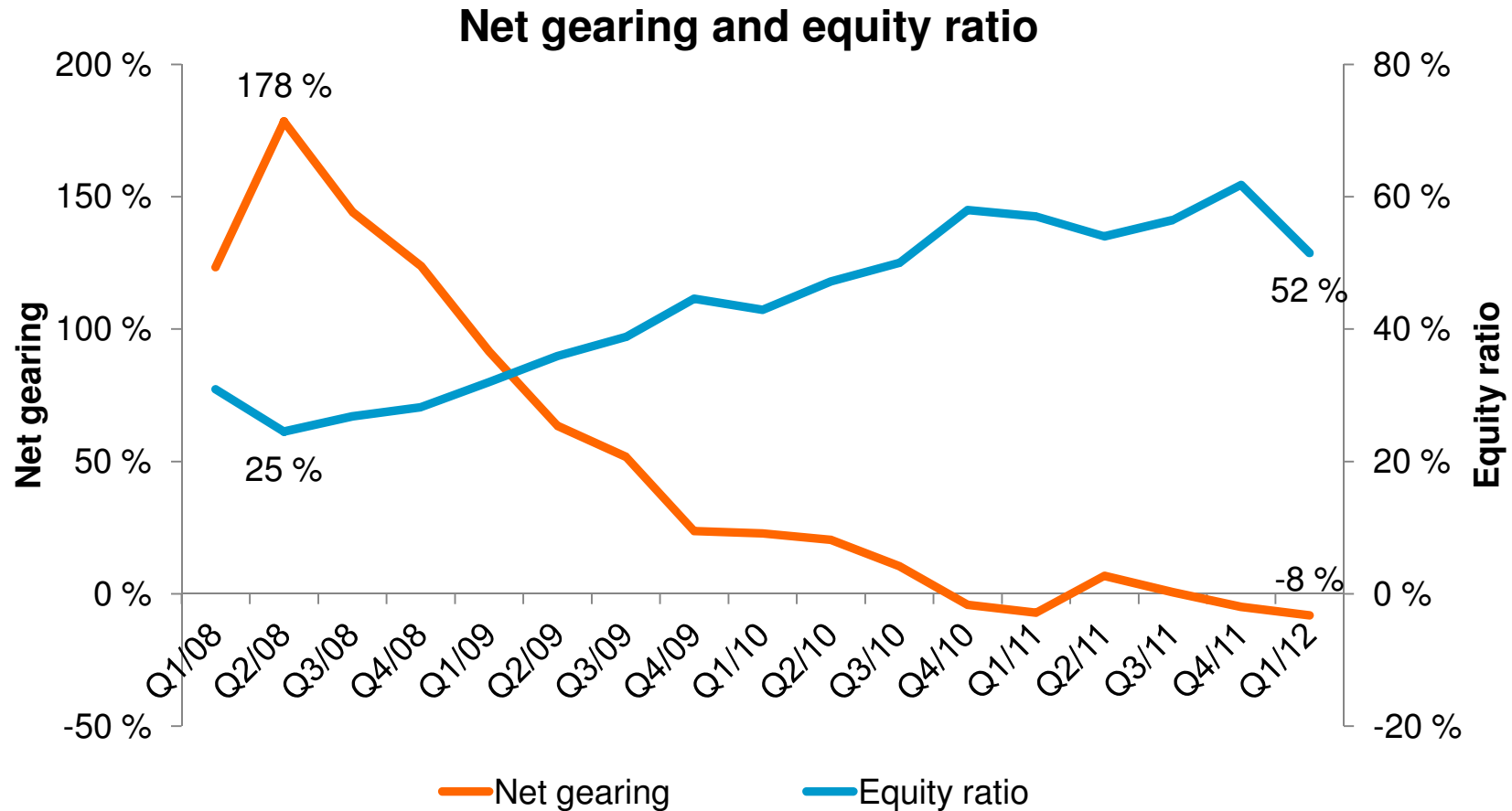
- ◆ Kim Sjö Dahl appointed SVP Product & Technology Development and member of Group Management Team as of 1 February 2012
- ◆ ExelWay-project that was launched in H2 2011 was continued
 - Project aims at improving co-operation and harmonizing processes between the units
 - Project findings including new and efficient business processes and best practices are to be implemented as the project proceeds
 - The project will continue until 2014

Positive cash flow continued

- ◆ In January - March 2012 cash flow from business operations was MEUR 1.5 (1.6)
- ◆ Capital expenditure was MEUR 0.8 (0.6)
- ◆ On 31 March 2012, the Group's liquid assets stood at MEUR 10.6 (12.7)
- ◆ Main increase in capital expenditure were investments in new production lines



Financial position remained strong, net interest-bearing loans were reduced to MEUR -2.4 (-2.4)



The dividend for 2011 resolved by the Annual General Meeting on 29 March 2012 totaling EUR 5.9 (5.9) was paid on 12 April 2012.

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
- ◆ 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 2012

Major uncertainties relating to general growth prospects in the economy continue, 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.

Focus on business agility

- ◆ We will continue our strategy of profitable growth and to invest in the development of new products, to expand our customer base by reinforcing sales and to maintain good cost control
- ◆ We are prepared to take more efficient actions to cope with continuing slow demand and uncertainty

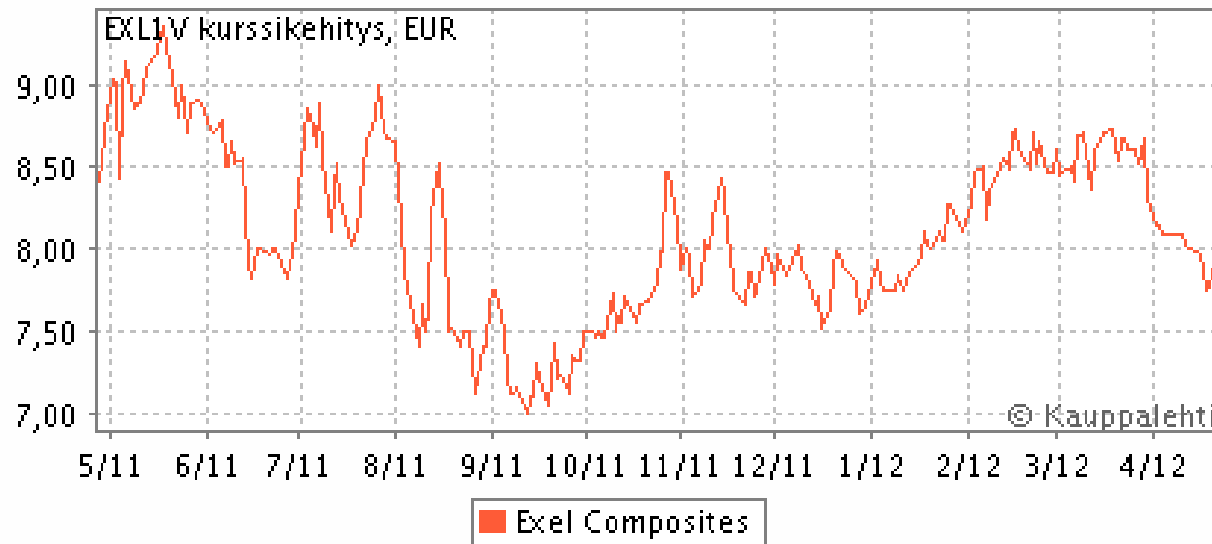
Major Shareholders on 5 April 2012

	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
Aktia Capital Investment Fund	250,000	2.10
Nordea Bank Finland Plc (nominee reg.)	244,044	2.05
Evli Select Investment Fund	214,410	1.80

Exel Composites had a total of 2,726 (2,522) shareholders on 31 March 2012.

Share price development

**Exel Composites share price development
May 2011 – April 2012**



2.0 (2.9) % of shares outstanding were traded in Q1 2012

The highest share quotation was EUR 8.79 (9.30) and the lowest EUR 7.70 (6.85)

The share price closed at EUR 8.29 (9.28) and the market capitalization on 31 March 2012 was EUR 98.6 (110.4) million

Source: Kauppalehti

Exel Composites' units

