



Q1 2014

Exel Composites Plc

Riku Kytömäki, President and CEO

7 May 2014

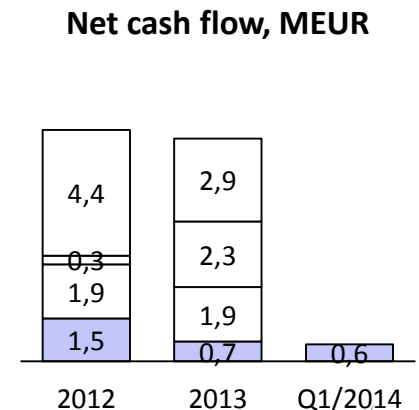
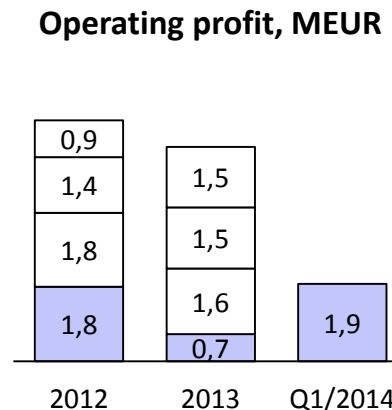
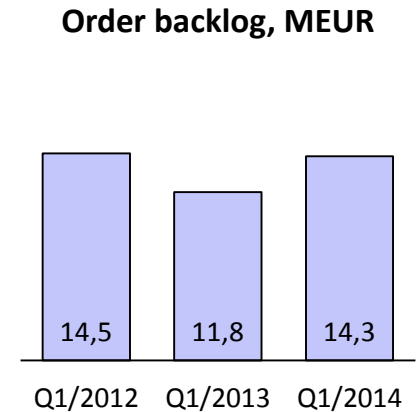
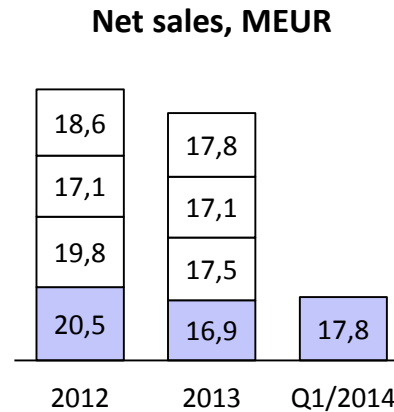


Q1 Highlights – Market demand has shown signs of resuming growth

- ◆ Market demand has shown signs of resuming growth leading to higher sales and order backlog
 - Net sales increased by 5.4%
 - Order backlog improved to 14.3 MEUR (11.8 MEUR)
 - Order backlog improved by 36% compared to 10.5 MEUR at the end of 2013

- ◆ Operating profit almost tripled to MEUR 1.9 due to higher sales, efficiency improvement, lower material spend and better cost control
 - Operating profit increased by 184%

- ◆ Net cash flow from operating activities was positive at +0.6 MEUR (+0.7 MEUR) due to improved operating profit . However, working capital increased in the review period

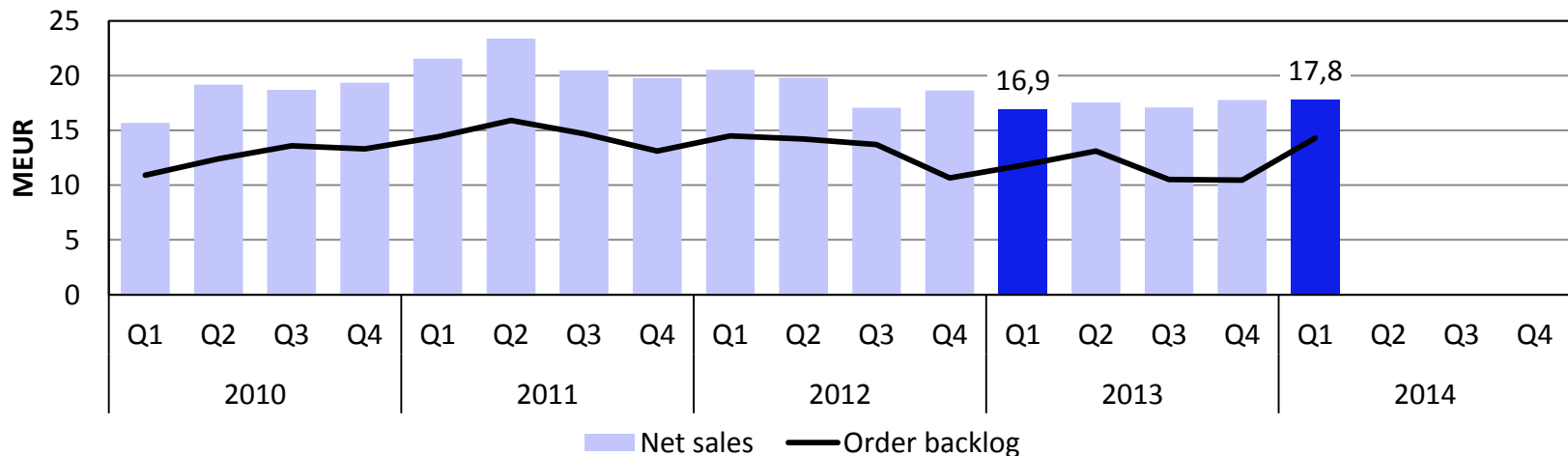


Key figures Q1 2014 – Net sales increased by 5.4%, operating profit almost tripled to MEUR 1.9 and EPS increased by 80%

MEUR	Q1 2014	Q1 2013	Change-%
Net sales	17.8	16.9	5.4%
Operating profit	1.9	0.7	183.8%
Operating profit, %	10.6	3.9	
Net cash flow from operating activities	0.6	0.7	-7.3%
Order backlog	14.3	11.8	21.3%
Order intake	21.8	18.4	18.5%
Return on capital employed, %	21.1	7.1	
Net gearing, %	14.1	-4.0	
EPS, EUR	0.09	0.05	80.0%

Order intake increased by 18.5% and order backlog to MEUR 14.3 (11.8)

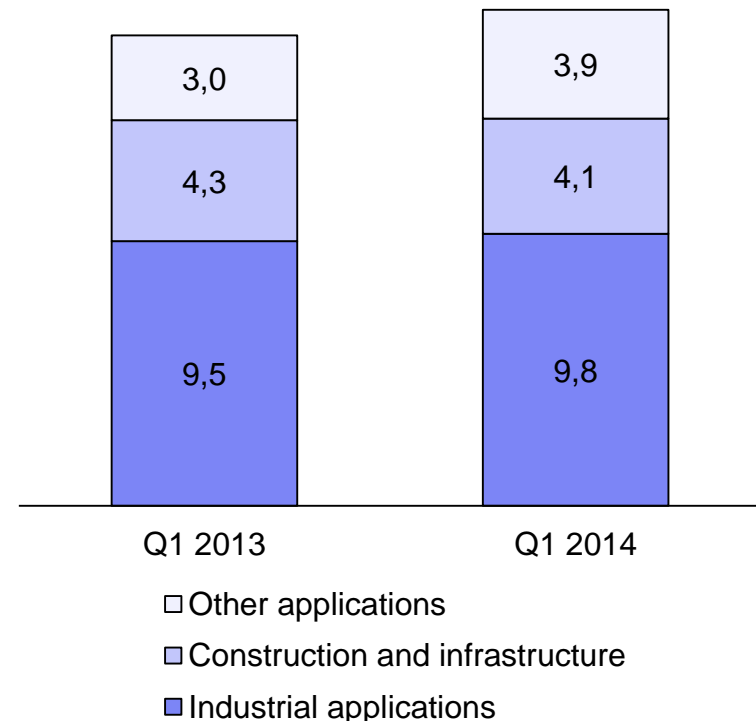
- ◆ Net sales increased to MEUR 17.8 (16.9)
 - Demand increased in cleaning & maintenance, machine industry and general industry markets
 - Demand decreased in electrical industry and sports & leisure markets
- ◆ Order intake increased by 18.5% to EUR 21.8 (19.4)
- ◆ Order backlog increased to MEUR 14.3 (11.8). The order backlog improved by 36% from MEUR 10.5 in the last quarter of 2013



Sales growth comes from Industrial and Other applications

- ◆ Sales of Industrial applications increased to MEUR 9.8 from MEUR 9.5 in Q1 2013
- ◆ Sales of Industrial applications increased especially in the machine industry, transportation and energy industry markets
- ◆ Sales of Construction and Infrastructure applications decreased by 4.7% in Q1 2014
 - One-off project recorded in the first quarter of 2013
- ◆ Sales of Other applications increased by 28% in Q1 2014

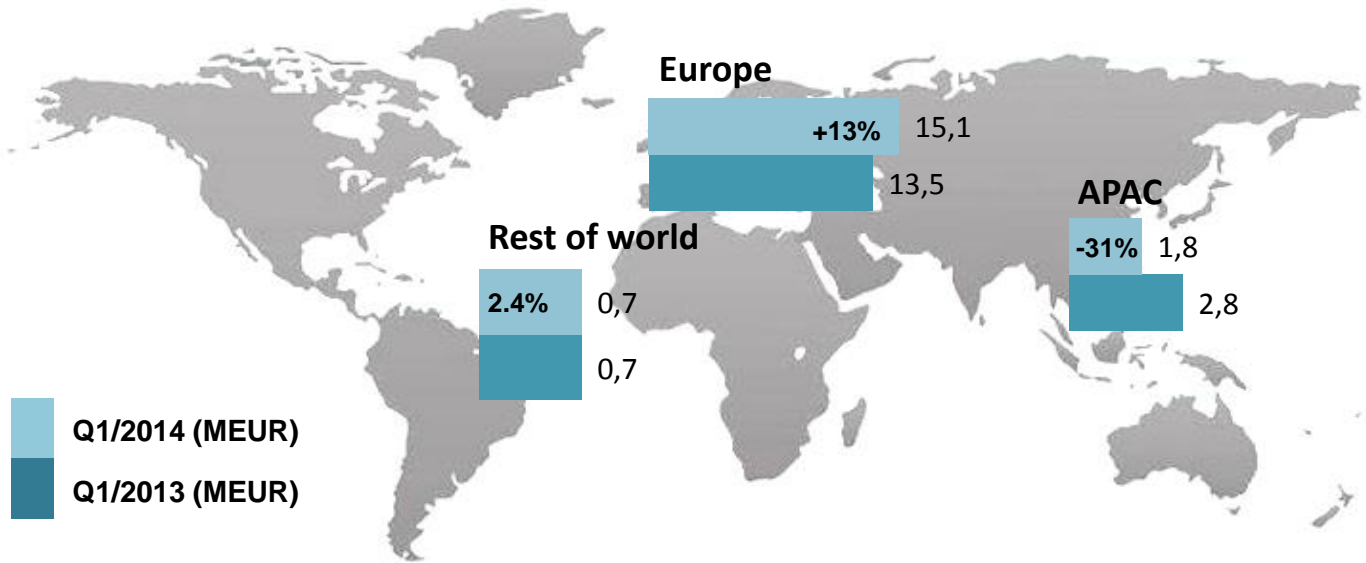
Net sales by customer industry, MEUR



Note: Customer industries include the following markets:

- Construction and infrastructure = Building, Construction & Infrastructure, Energy industry
- Industrial applications = Telecommunication, Paper, Electrical, Machine, and Transportation industries
- Other applications = Cleaning & Maintenance, Sports & Leisure Industry, General Industries

European market growth drove increase in net sales, partly offset by the decline in APAC region



Rest of world

Growth in transportation industry applications

Growth was offset by decline in infrastructure and sporting goods customers





















Europe

Recovery in demand for construction and infrastructure and certain industrial applications

APAC

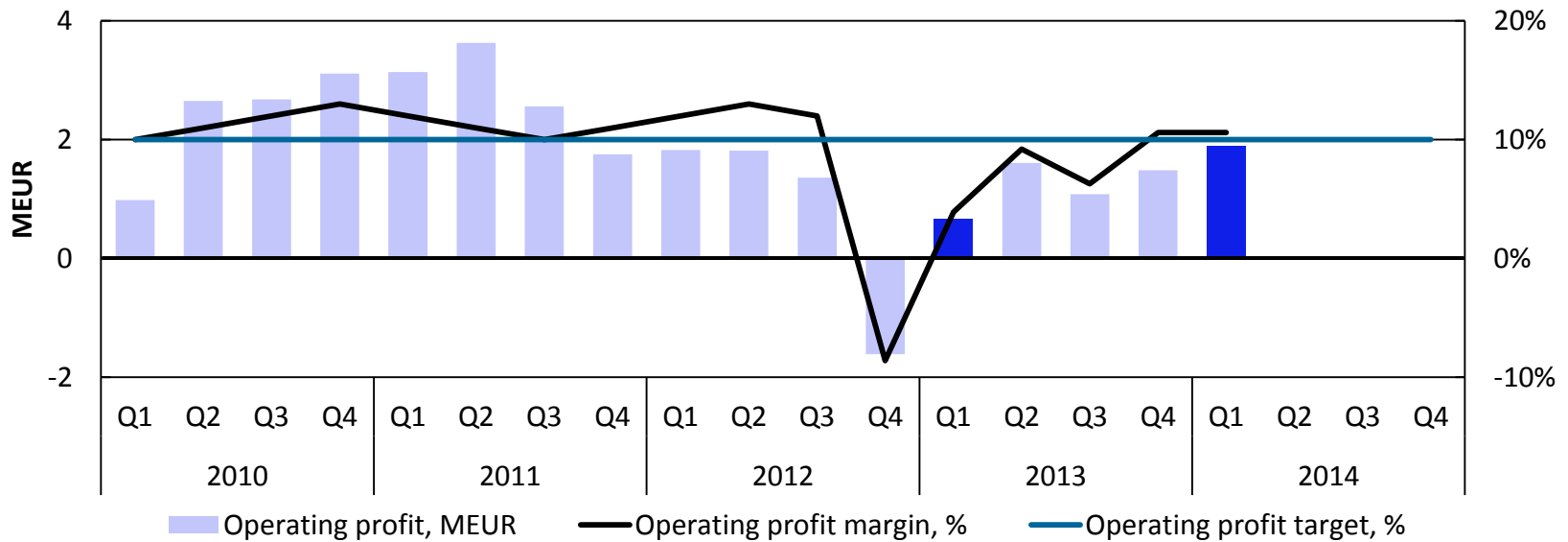
The decline was mainly related to the Australian market, partly due to a one-off project recorded in the first quarter of 2013

Demand in some markets is picking up in challenging market environment

Market	Demand	
		Increased demand with new applications
		Recovery in demand
		
		Mid-term growth potential
		
		Increase in network investments
		
		Decrease in private consumption
		Lightness and stiffness are becoming increasingly important
		New materials are taking bigger role in many different application

Operating profit nearly tripled to MEUR 1.9 (0.7). Operating profit margin reached 10.6%

- ◆ Q1 2014 operating profit improved to MEUR 1.9 (0.7)
- ◆ Operating profit margin was 10.6% (3.9%) of net sales
- ◆ Improvement was mainly due to higher sales, efficiency improvement, lower material spend, and better cost control

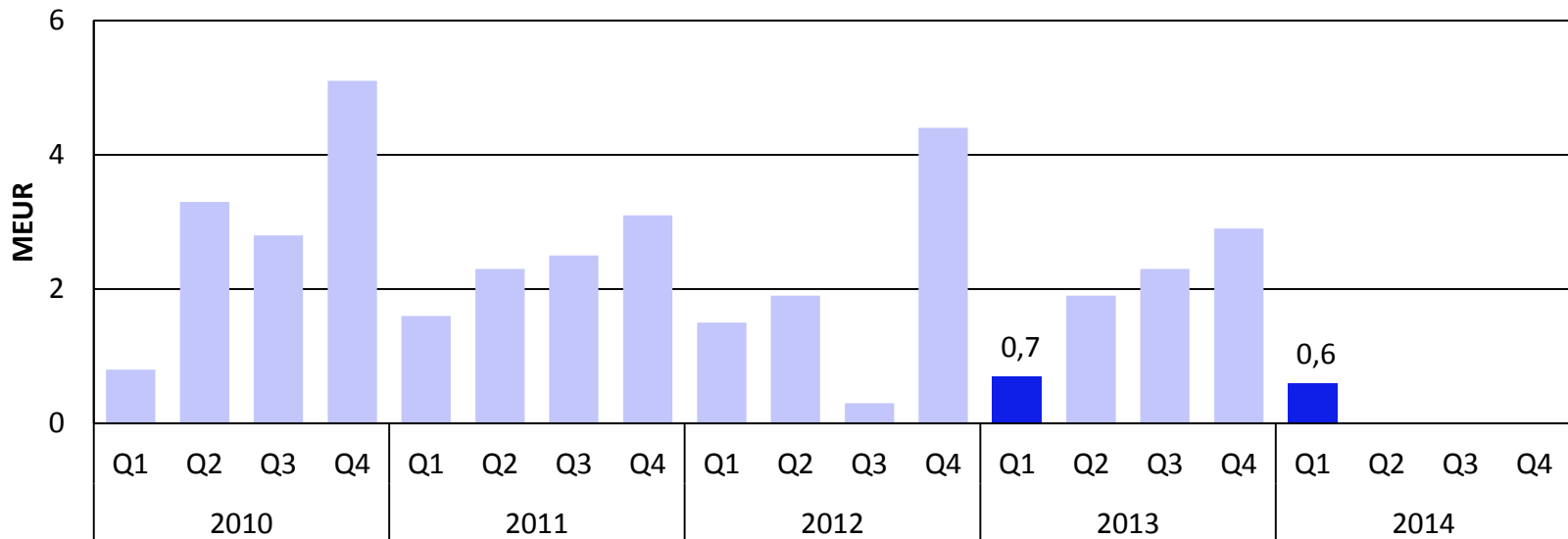


Cost development has been favorable compared to the sales

MEUR	Q1 2014	Q1 2013	Change-%
Net sales	17.8	16.9	5.4%
Materials and services	-6.0	-6.4	7.1%
Employee expenses	-5.4	-5.3	-1.6%
Depreciation and impairment	-0.7	-0.7	1.5%
Other operating expenses	-4.1	-4.0	-2.7%
Other operating income	0.2	0.2	22.7%
Operating profit	1.9	0.7	183.8
Operating profit margin, %	10.6%	3.9%	
Earnings per share	0.09	0.05	80.0%

Net cash flow again positive

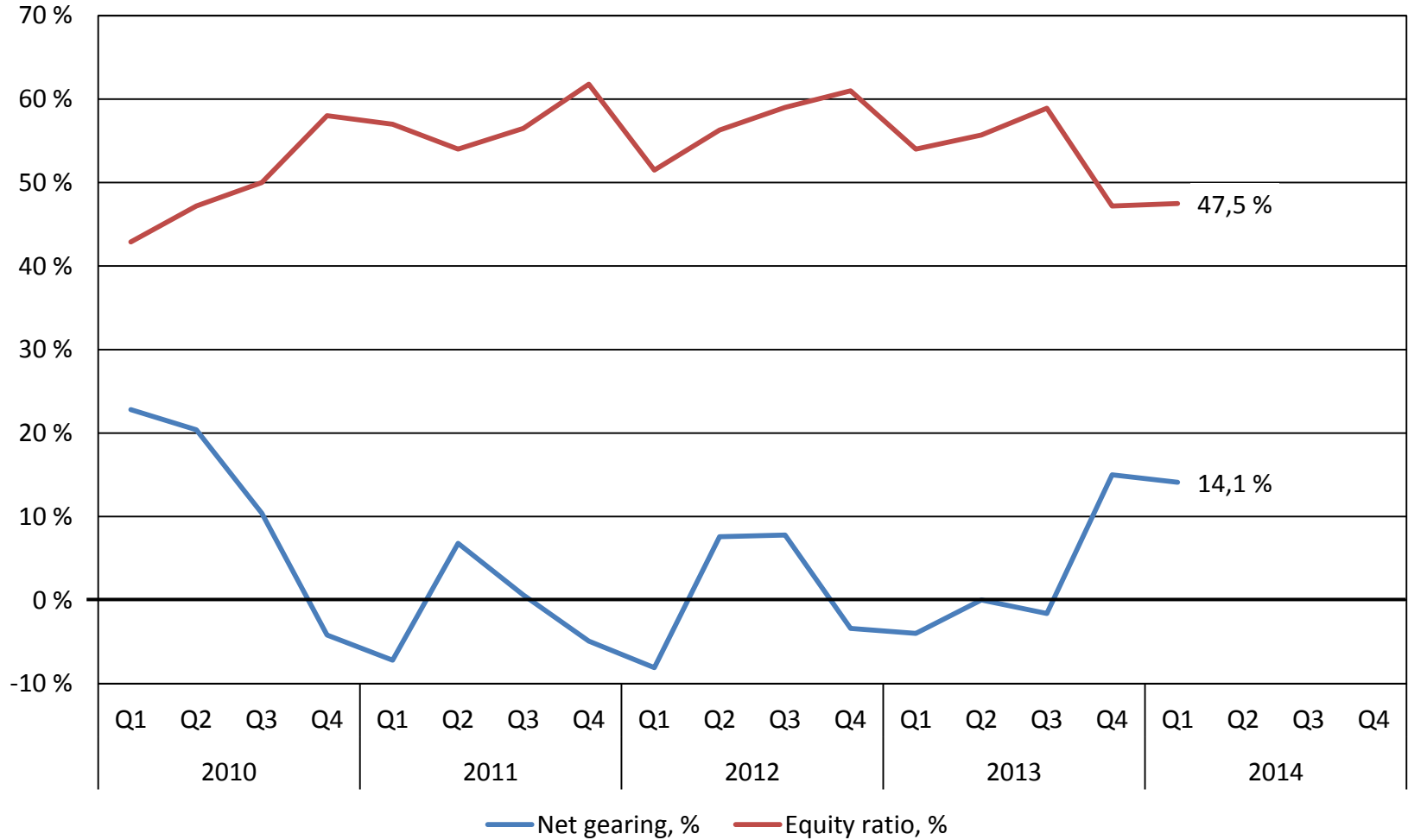
- ◆ In Q1 2014 net cash flow from operating activities was positive at MEUR +0.6 (+0.7) due to improved operating profit
- ◆ Capital expenditure was MEUR 0.7 (0.6)



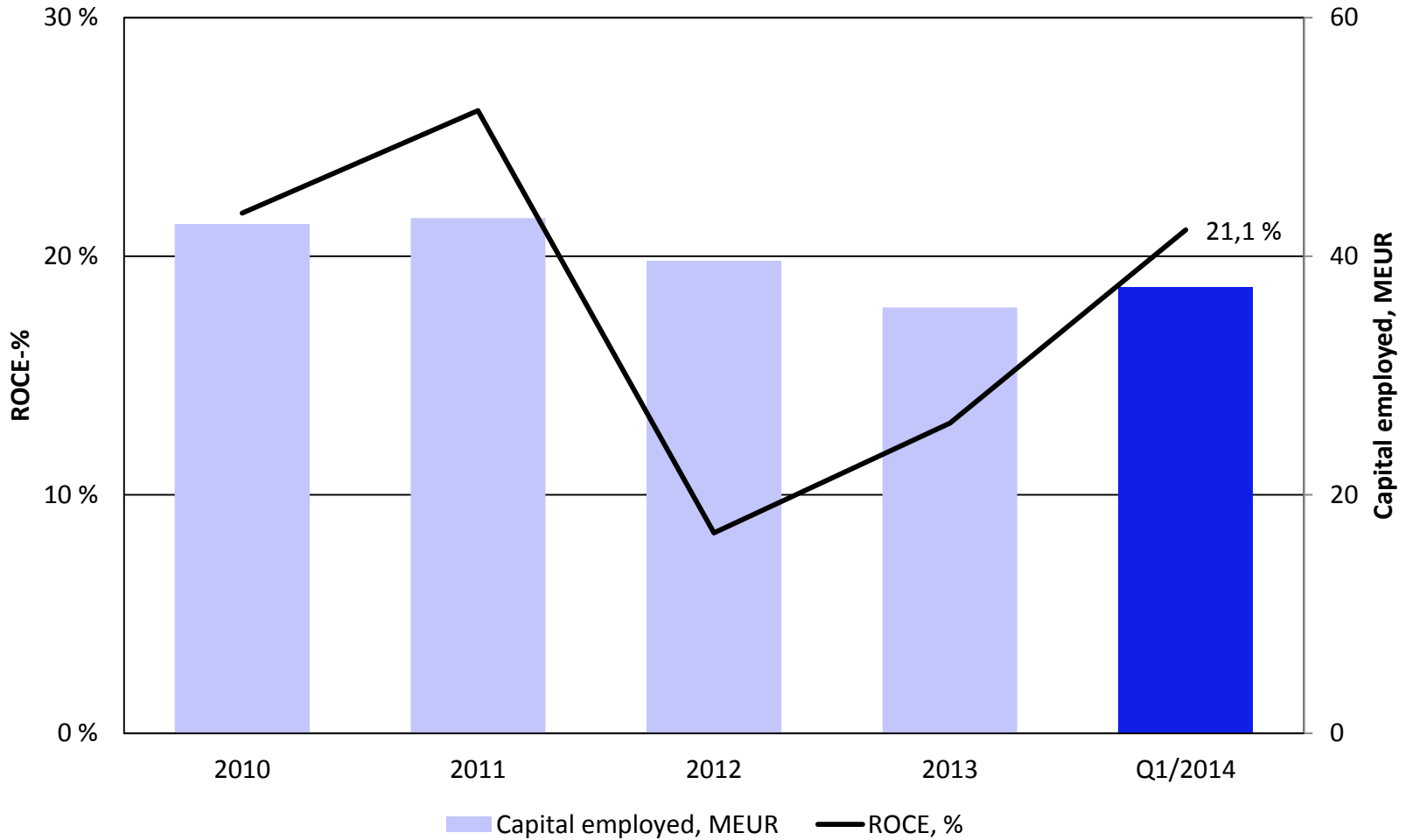
Quarter on quarter comparison of cash flow items

MEUR	Q1 2014	Q1 2013	Change
Profit for the period	1.1	0.6	0.6
Adjustments	1.6	0.8	0.8
Change in working capital	-1.5	-0.4	1.1
Cash flow from operations	1.2	1.0	0.3
Interests and taxes paid/received	-0.6	-0.3	-0.3
Net cash flow from operating activities	0.6	0.7	-0.1
Capital Expenditure	0.7	0.6	0.0
Change in financing	0.2	-0.9	1.1
Dividends paid	0.0	0.0	0.0
Change in liquid funds	0.2	-0.8	1.0
Liquid funds	9.6	8.5	1.2

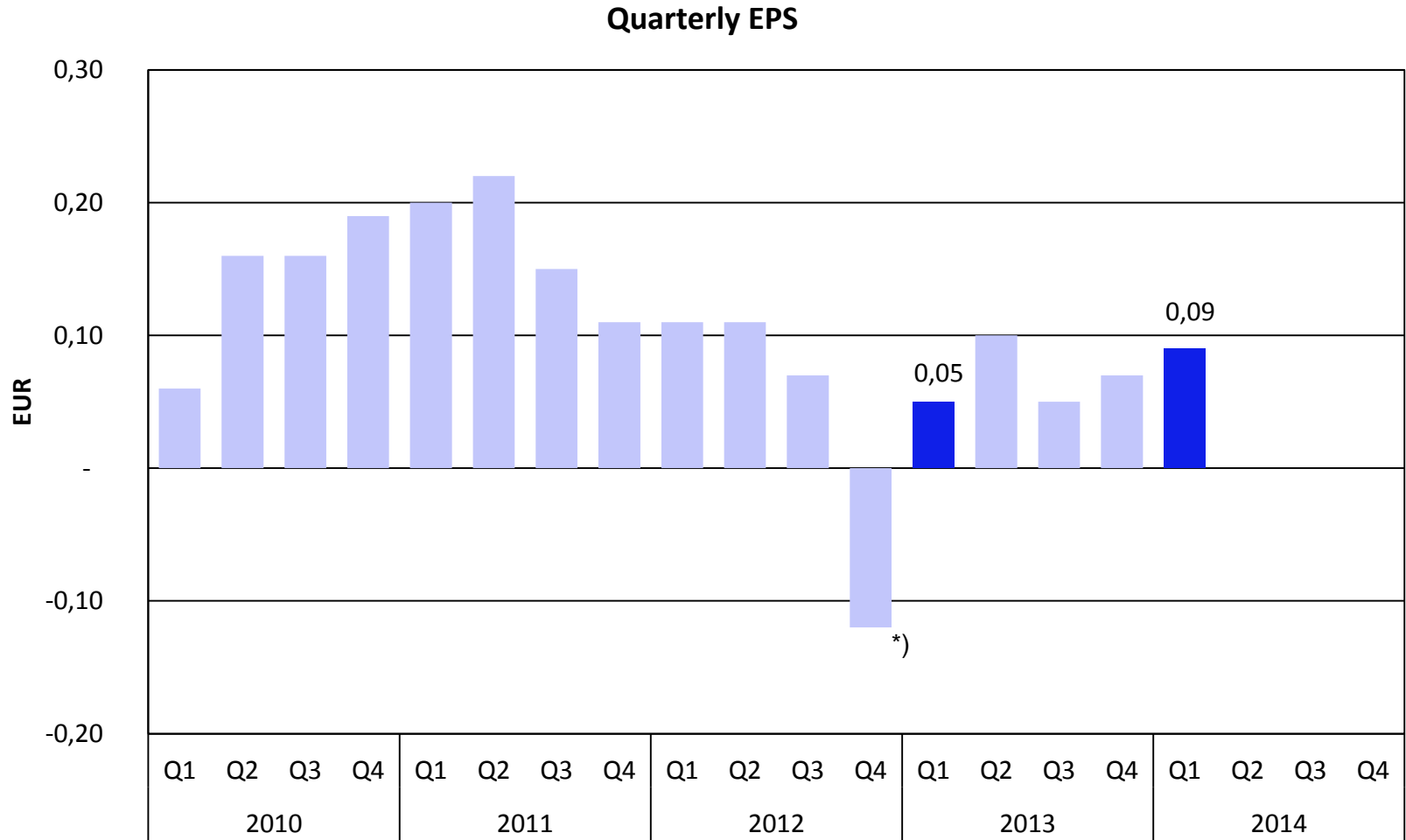
Strong balance sheet to allow for potential investments and acquisitions. Net gearing remains low at 14.1%



ROCE improved to 21.1%, due to increased operating profit



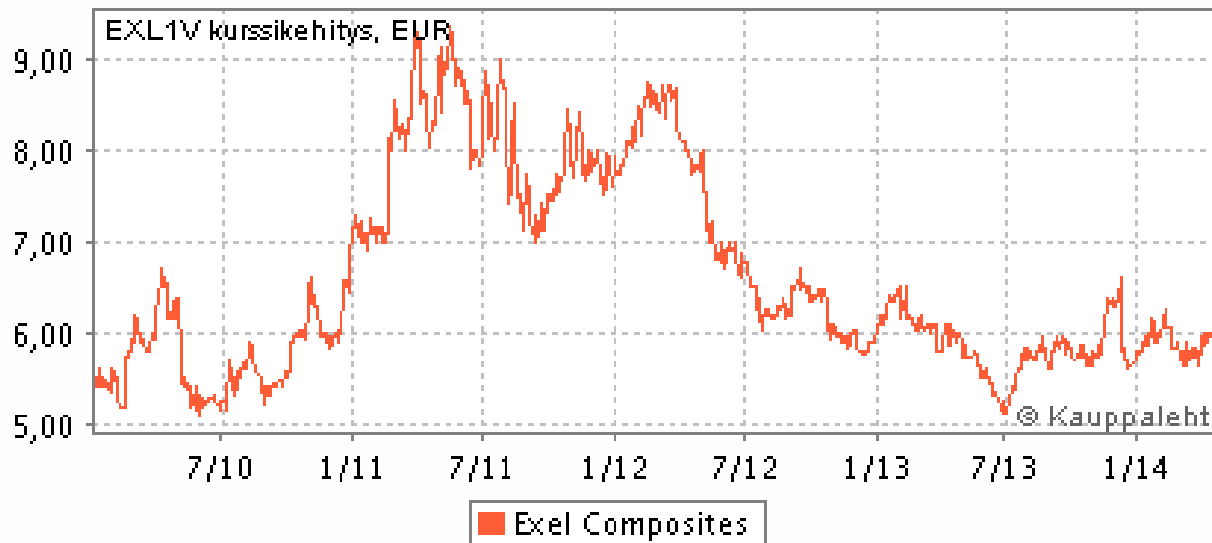
Earnings per share increased to EUR 0.09 per share



* Q4 2012 EPS was negative due to impairment of MEUR 2.5

Share price development – In Q1 the highest share quotation was EUR 6.28 (6.50) and the lowest EUR 5.56 (5.70)

Exel Composites share price development January 2010 – May 2014



14.3 (1.7) % of shares outstanding were traded in Jan – March 2014

In Q1 the highest share quotation was EUR 6.28 (6.50) and the lowest EUR 5.56 (5.70)

Market capitalization on 31 March 2014 was EUR 68.8 (69.0) million

Price/earnings

31.12.2013:	22.2
31.12.2012:	34.6
31.12.2011:	11.5
31.12.2010:	12.4

Major Shareholders on 30 April 2014

	Number of shares	Percentage of share capital
Skandinaviska Enskilda Banken AB (nominee reg.)	2,172,877	18.26
Nordstjernan AB	1,656,506	13.92
Ilmarinen Mutual Pension Insurance Company	639,400	5.37
OP-Finland Small Firms Fund	589,551	4.96
Fondita Nordic Micro Cap	450,000	3.78
Veikko Laine Oy	395,796	3.32
Nordea Fennia Fund	378,094	3.18
Alfred Berg Finland Investment Fund	346,814	3.07
Suutarinen Matti	291,400	2.45
Danske Fund Finnish Small Cap	281,567	2.37

Exel Composites had a total of 2,712 (2,795) shareholders on 31 March 2014.

Exel Composites is revisiting the strategy. New strategy will target boosting profitable growth in the future

- ◆ Exel Composites is revisiting the strategy
 - New strategy will target boosting profitable growth in the future
 - Strategy is expected to be disclosed in H2 2014
- ◆ Strategic improvement projects are being continued
 - In 2014 focus in on improving production speed and yield
 - Advanced laminates production is in the ramp up phase at Mäntyharju unit
- ◆ Special attention will be given to occupational health and safety issues
 - Nanjing unit achieved the Health and Safety standard ISO 18001 in 2013
 - Target is to roll out this certification over all sites



Risks and uncertainties

- ◆ 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
- ◆ Continuing low demand in certain markets or regions may require further corrective actions which can have an impact on the profitability
- ◆ The possible uncertainties in the Russian market will have limited impact on Exel Composites
- ◆ Raw material prices, energy cost and other cost increases may continue to put pressure on profitability
- ◆ The possible new European Community's anti-dumping tariffs on Chinese glass fiber may have a negative effect on the result in terms of increased raw material 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

Near-term outlook – the company is well-positioned when the markets recover

- ◆ The market has stabilized but remains challenging
- ◆ Uncertainties relating to general growth prospects in the economy continue
- ◆ Some positive signs can be seen especially in the laminate and demanding carbon tubes markets
- ◆ The Company invests in growth by reinforcing the organization, especially in sales and operations development
- ◆ The Company will monitor the general market development and react with additional measures if needed
- ◆ The Company is well-positioned to grow profitably when the markets recover

More information is available on Exel Composites website

- ◆ Exel Composites website: www.exelcomposites.com

- ◆ For further information contact

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- ◆ **Q2 2014 results will be published on 24 July 2014**

