

Interim Report

1 January – 30 June 2011

Exel Composites Plc
Vesa Korpimies, President and CEO



April - June 2011 in brief

Strong growth continued

- Net sales in Q2 2011 increased to MEUR 23.4 (19.2), up by 21.9% compared to Q2 2010
- Operating profit increased to MEUR 3.6 (2.7)
- Operating profit margin was 15.5 (13.8) %
- Net operative cash flow was MEUR +2.3 (+3.3)
- Fully diluted EPS was EUR 0.22 (0.16)

January - June 2011 in brief

Market conditions continued to improve

- Net sales in January – June 2011 were MEUR 44.9 (34.8), up by 28.9% compared to January – June 2010
- Operating profit increased by 86.1% to MEUR 6.8 (3.6)
- Operating profit margin improved to 15.1 (10.4) %
- Net operative cash flow was MEUR +4.0 (+4.1)
- Fully diluted EPS improved to EUR 0.41 (0.22)

Strong market demand continued

- Net sales in Q2 2011 were MEUR 23.4 (19.2), up 21.9% compared to Q2 2010
- Strong market demand continued in the telecommunications and machine industry
- Building and infrastructure sales were supported by a recovery in airport products as well as a positive trend in windows and doors
- Further support to quarterly sales was provided by the electrical industry following recovered demand most notably in the electrical machine industry and other electrical applications

Decision to build 5 new production lines

Organization to be strengthened further

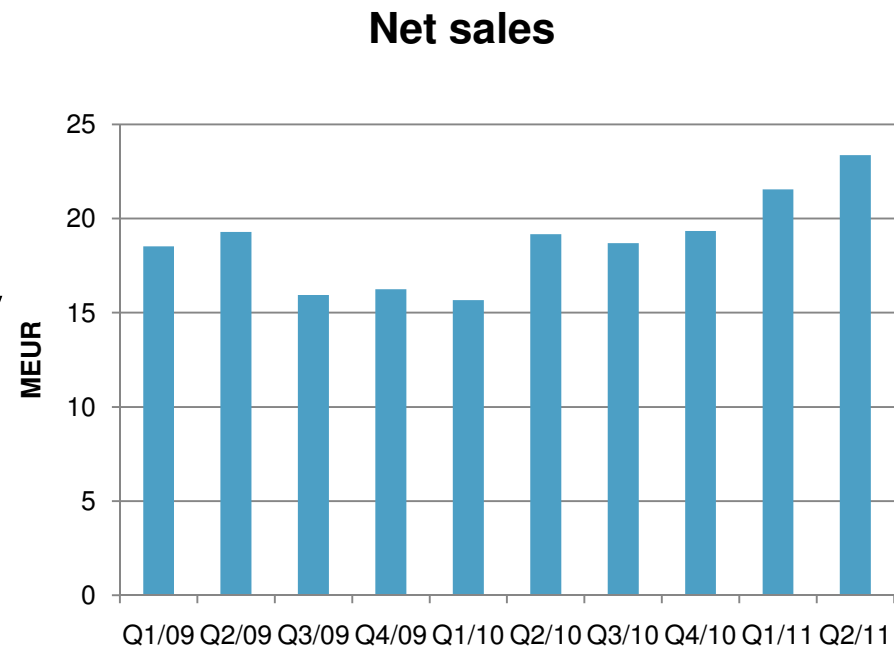
- Exel Composites decided to invest in 5 new production lines using advanced pultrusion technology to secure future growth
- We also invested more resources to sales and customer-oriented product development
- We will continue to strengthen the organization to ensure future growth

Operating profit MEUR 3.6 (2.7) in April – June 2011

- Operating profit improved by 21.9% and was MEUR 3.6 (2.7) in Q2 2011
- Operating profit was 15.5 (13.8) % of net sales
- Raw material costs continued to increase
- The measures taken in the Chinese and British units to improve efficiency continued to show positive results. The turnaround projects will continue throughout 2011.

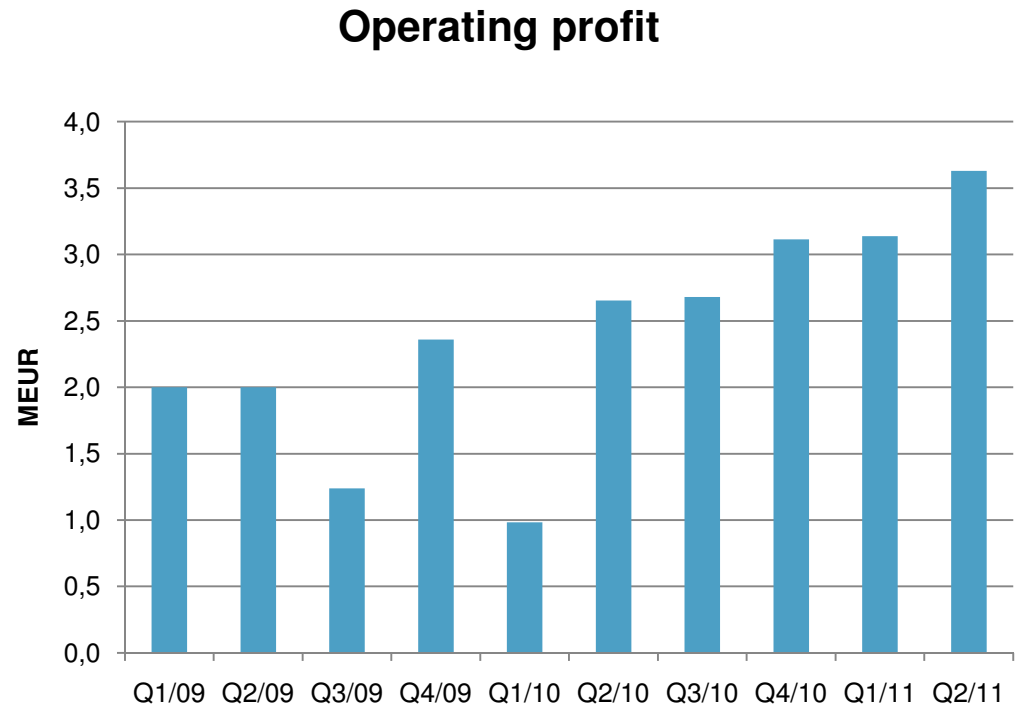
Net sales up by 28.9% to MEUR 44.9 (34.8) in January – June 2011

- Net sales improved by 28.9% to MEUR 44.9 (34.8)
- Market conditions continued to improve
- Demand has increased especially in the machine industry and the telecommunication market segment



Operating profit increased to MEUR 6.8 (3.6) in January – June

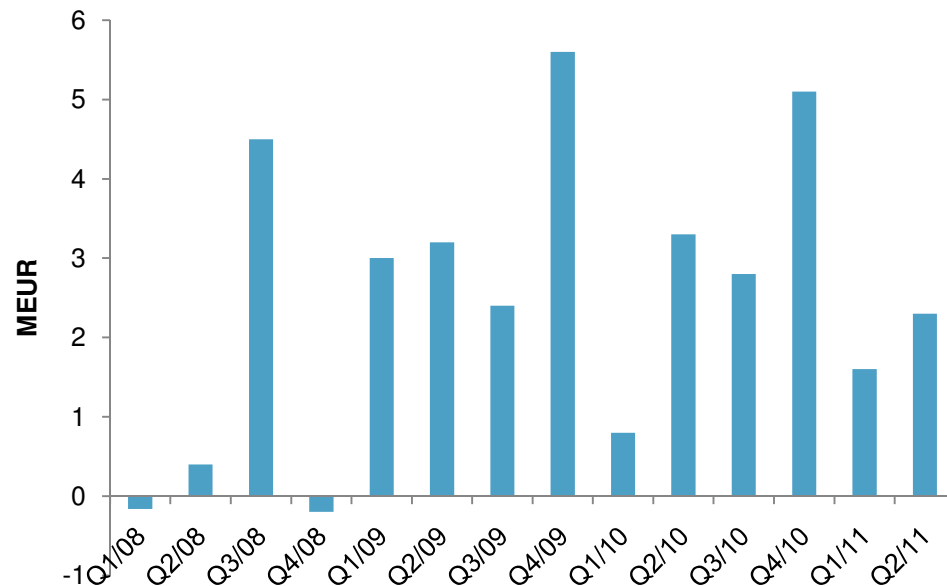
- Operating profit increased to MEUR 6.8 (3.6)
- Operating profit as a percentage of net sales was 15.1 (10.4) %



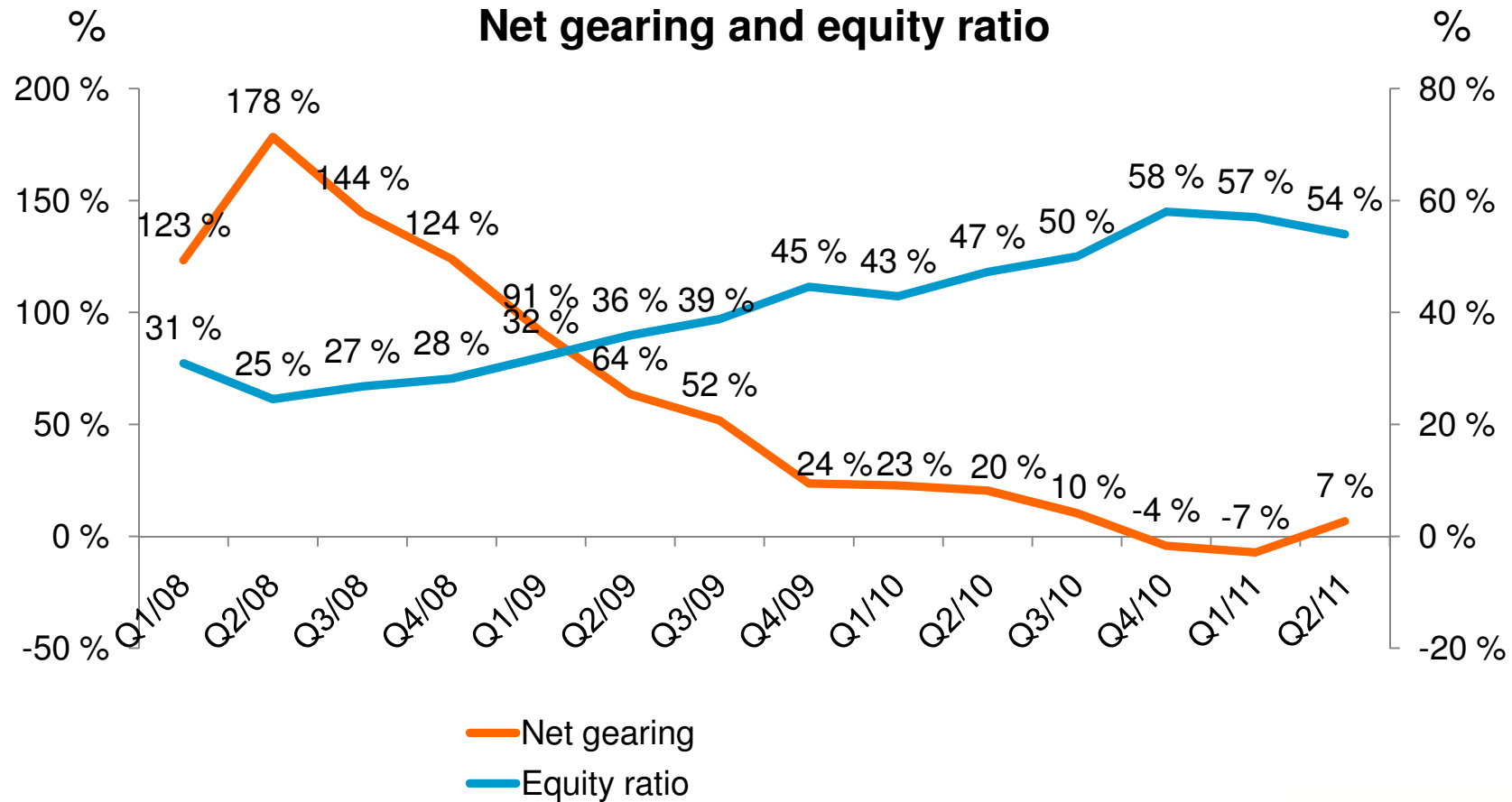
Positive cash flow continued

Operative cash flow

- In Jan-June 2011 cash flow from business operations was MEUR 4.0 (4.1)
- On 30 June 2011, the Group's liquid assets stood at MEUR 8.1 (10.0)
- Dividend of MEUR 5.9 (3.0) was paid during the review period



Financial position remained strong



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 costs and other cost increases may continue to increase and put pressure on profitability. The EC's anti-dumping tariffs imposed on Chinese glass fiber will have a negative effect on the profitability if the rising costs of raw material cannot be transferred in full to product prices
- In case 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 loss

Outlook for 2011

Demand in the pultrusion industry has improved gradually. We believe that Exel Composites is well positioned to take advantage of the growth opportunities as the markets recover. As a result of improved profitability, good cash flow generation and reduced debt level we believe in Exel Composites' long-term performance. Exel Composites recorded a strong first half of 2011, but maintains its cautions stance for the full year 2011, since market uncertainties persist.

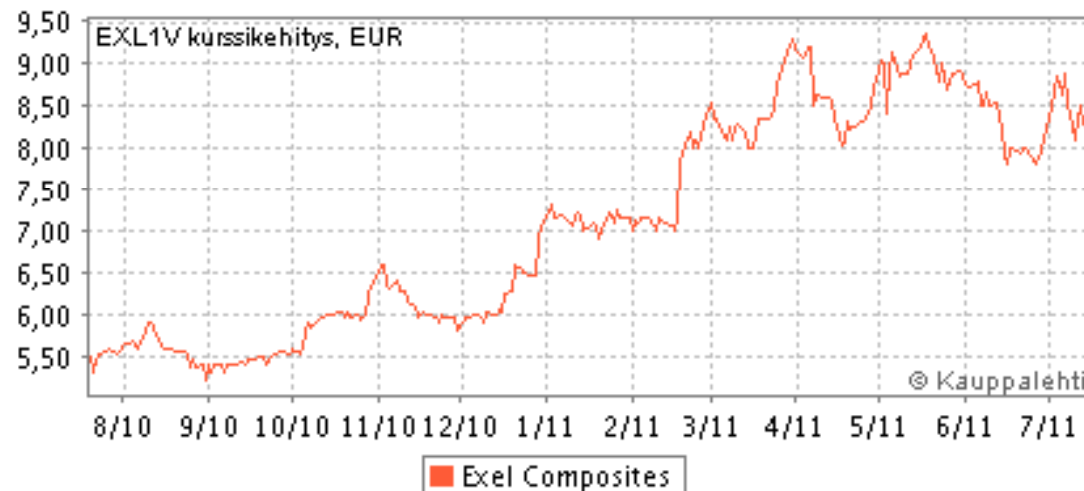
Major Shareholders 4 July 2011

	Number of shares	Percentage of share capital
Nordstjernan AB	3,496,506	29.39
Ilmarinen Mutual Pension Insurance Company	689,400	5.79
Umo Capital Oy	480,000	4.03
OP-Suomi Small Cap Inv. Fund	451,085	3.79
Fondita Nordic Micro Cap Inv. Fund	450,000	3.78
Veikko Laine Oy	395,796	3.32
Alfred Berg Finland Investment Fund	341,345	2.86
Evli Suomi Osake Investment Fund	307,140	2.58
Suutarinen Matti	294,400	2.47
Aktia Capital Investment Fund	250,000	2.10
Nordea Bank Finland Plc (nominee reg.)	238,040	2.00

Exel Composites had a total of 2,566 (2,071) shareholders on 30 June 2011.

Share price development

**Exel Composites share price development
8/2010 - 7/2011**



5.5 (11.6) % of shares outstanding were traded in January - June 2011

The highest share quotation was EUR 9.40 (6.79) and the lowest EUR 6.85 (5.00)

The share price closed at EUR 8.12 (5.15) and the market capitalization on 30 June 2011 was EUR 96.6 (61.3) million

Source: Kauppalehti

Forward-looking statements

Certain statements in this presentation, which are not historical facts, including, without limitation, those regarding expectations for general economic development and market situation; regarding customer industry profitability and investment willingness; regarding Company growth, development and profitability; regarding cost savings; regarding fluctuations in exchange rates and interest levels; regarding the success of pending and future acquisitions and restructurings; and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions are forward-looking statements.

These statements are based on current expectations and currently known facts. Therefore, they involve risks and uncertainties that may cause actual results to differ materially from results currently expected by the Company.



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