

Interim Report Q3 2012

Exel Composites Plc

Vesa Korpimies, President and CEO



Q3 2012 in brief

MEUR	Q3 2012	Q2 2011	Change
Net sales	17.1	20.5	-16.7%
Operating profit	1.4	2.6*	-46.8%
Operating profit (%)	8.0	12.5	
Net operative cash flow	+0.3	+2.5	
Return on capital employed (%)	12.7	25.0	
Net gearing (%)	7.8	0.6	
EPS	0.07	0.15	

*Including MEUR +0.1 one-off items

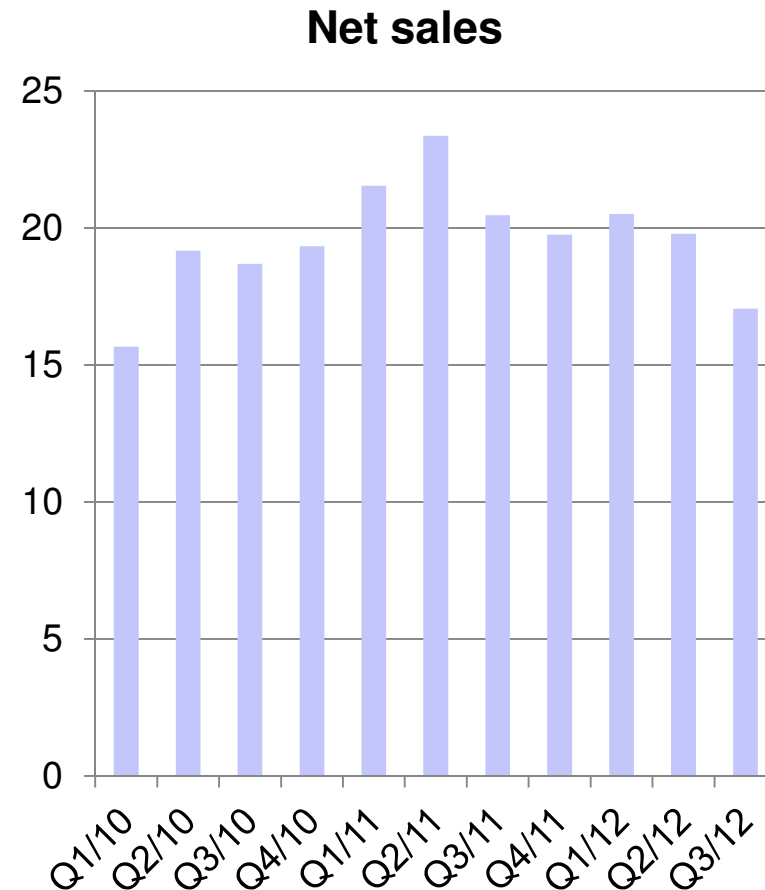
January – September 2012 in brief

MEUR	1-9/2012	1-9/2011	Change
Net sales	57.4	65.4	-12.3%
Operating profit	5.0	9.3*	-46.3%
Operating profit (%)	8.7	14.3	
Net operative cash flow	+3.8	+6.5	
Return on capital employed (%)	15.6	29.8	
Net gearing (%)	7.8	0.6	
EPS	0.29	0.56	

* Including MEUR +0.3 one-off items

In July – September 2012 net sales decreased by 16.7% to MEUR 17.1 (20.5)

- ◆ In Q3 2012, net sales decreased by 16.7%. Net sales were EUR 17.1 (20.5) million
- ◆ Market demand continued to decrease especially in the building, construction and infrastructure market, telecommunication products, energy sector and machine industry in Q3 2012
- ◆ Market demand increased in the transportation and cleaning and maintenance segments compared to Q3 2011
- ◆ Weak market situation affected the sales of our main customers, which resulted in declining sales



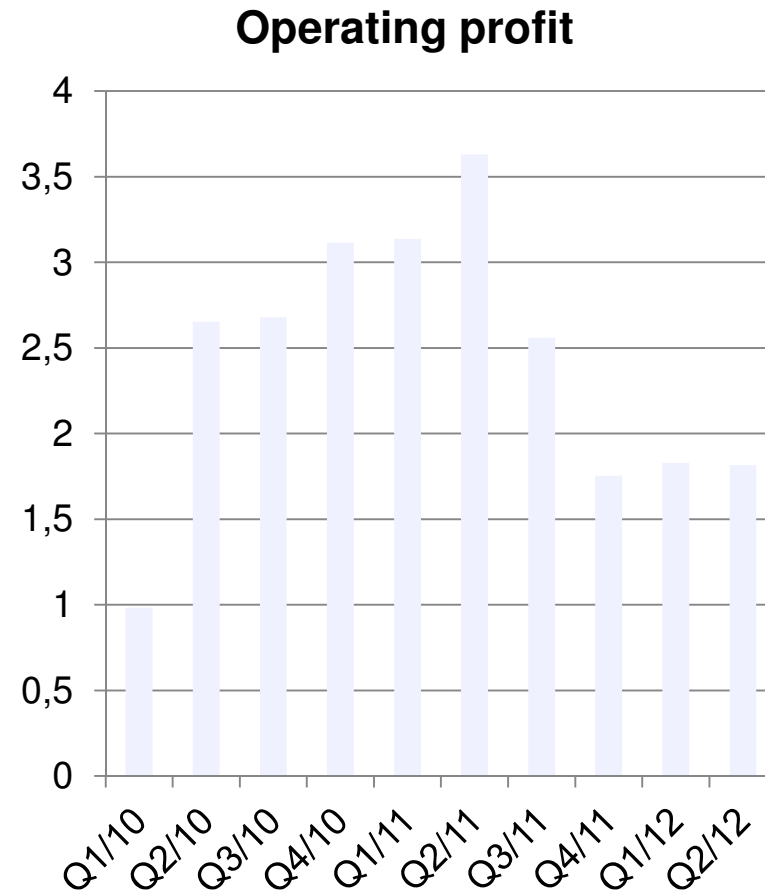
Investment in sales resources and customer-driven product development to generate new sales

- ◆ We have continued to invest more resources in sales and customer-driven product development to generate new sales
- ◆ Even though this has not yet compensated the loss of sales from existing main customers, it is expected to strengthen future top line
- ◆ Exel's market share is estimated to have remained stable



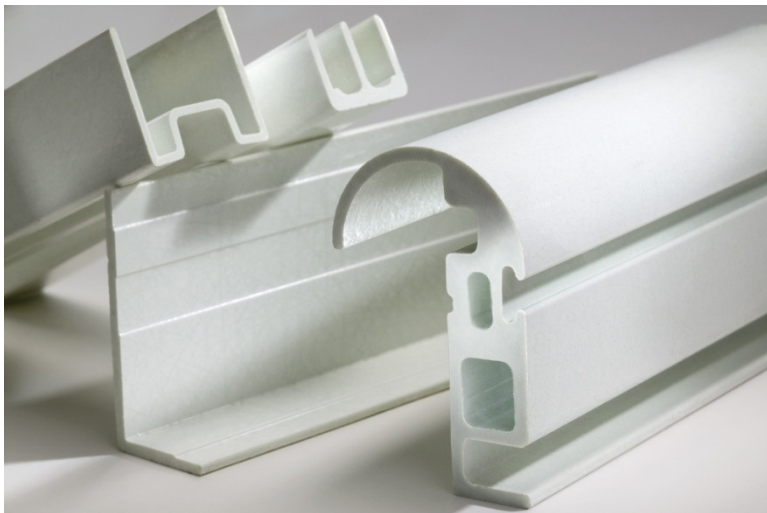
In July – September 2012 operating profit decreased to MEUR 1.4 (2.6 incl. MEUR +0.1 one-off items)

- ◆ In Q3 2012 operating profit was MEUR 1.4 (3.6 including MEUR +0.1 one-off items) or 8.0 (12.5) per cent of net sales
- ◆ Operating profit was improved by MEUR 0.6 by cost provision release
- ◆ We were unable to adjust the cost base fully to the decreased sales volumes
- ◆ The Australian unit's operating profit decreased significantly mainly due to lower sales and development costs
- ◆ We have started corrective actions to improve profitability in Australia



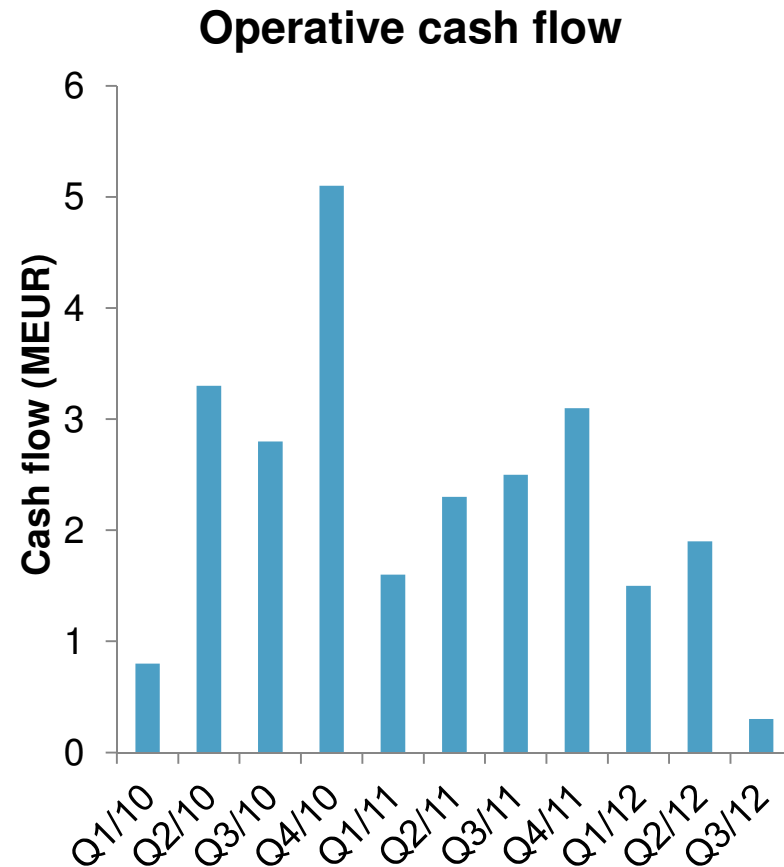
Cost-savings campaigns continued

- ◆ Cost-savings campaigns commenced in the 2nd quarter of 2012 continued in all the units of the Group
- ◆ Measures will be continued to mitigate the effects of the rising costs, and to pass them to the market by increasing product prices
- ◆ Operations will be adjusted to demand. Temporary and permanent lay-offs of employees have been commenced.

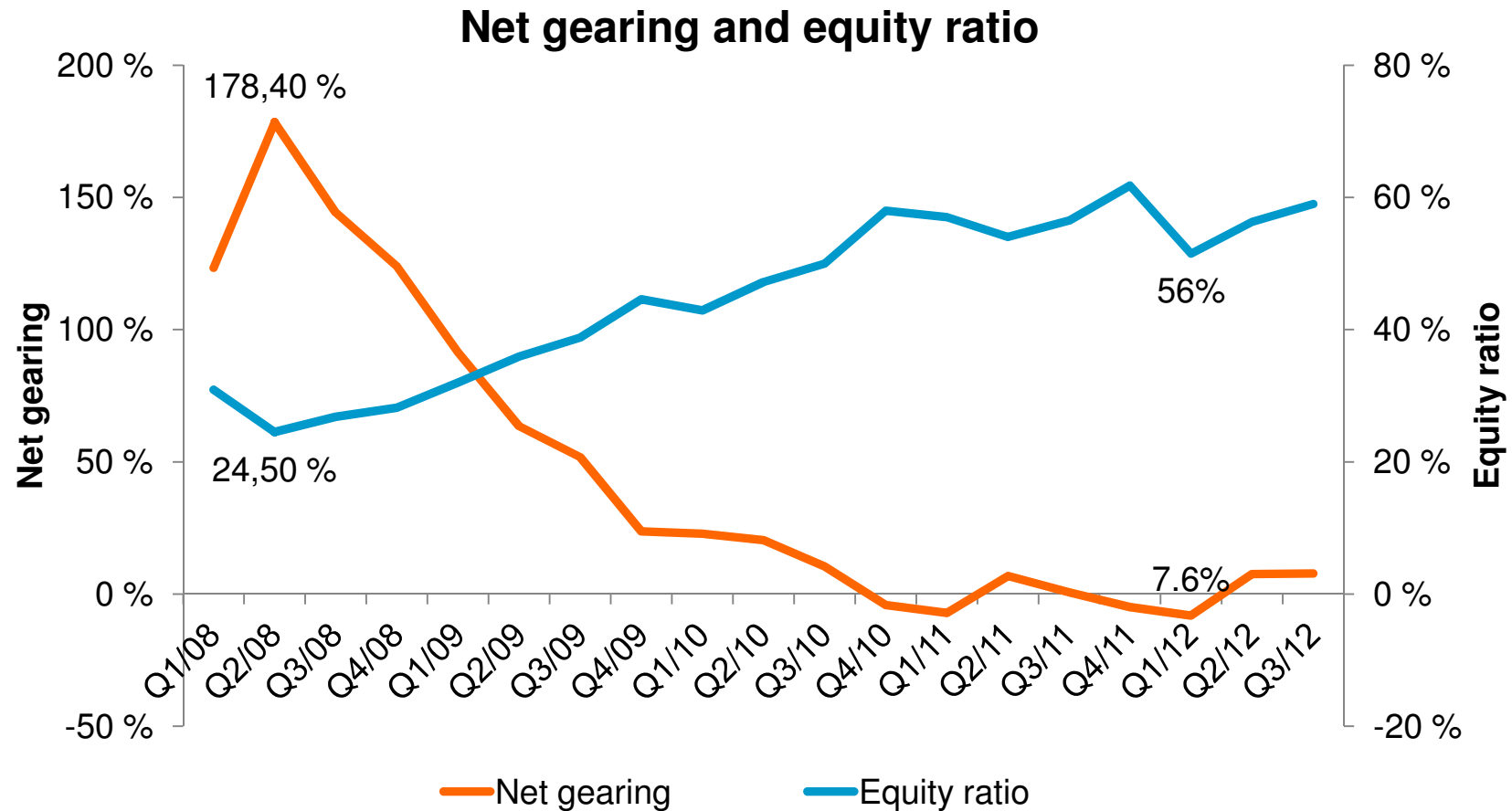


Operating cash flow continued to be positive

- ◆ In January - September 2012 cash flow from business operations was MEUR 3.8 (6.5)
- ◆ Capital expenditure was MEUR 2.1 (2.1)
- ◆ On 30 September 2012, the Group's liquid assets stood at MEUR 7.5 (8.6)



Financial position remained strong



Risk elements

- ◆ The most significant near-term business risks are related to the general economic development, government regulations and continued 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 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 reinforce actions to cope with continuing slow demand and uncertainty



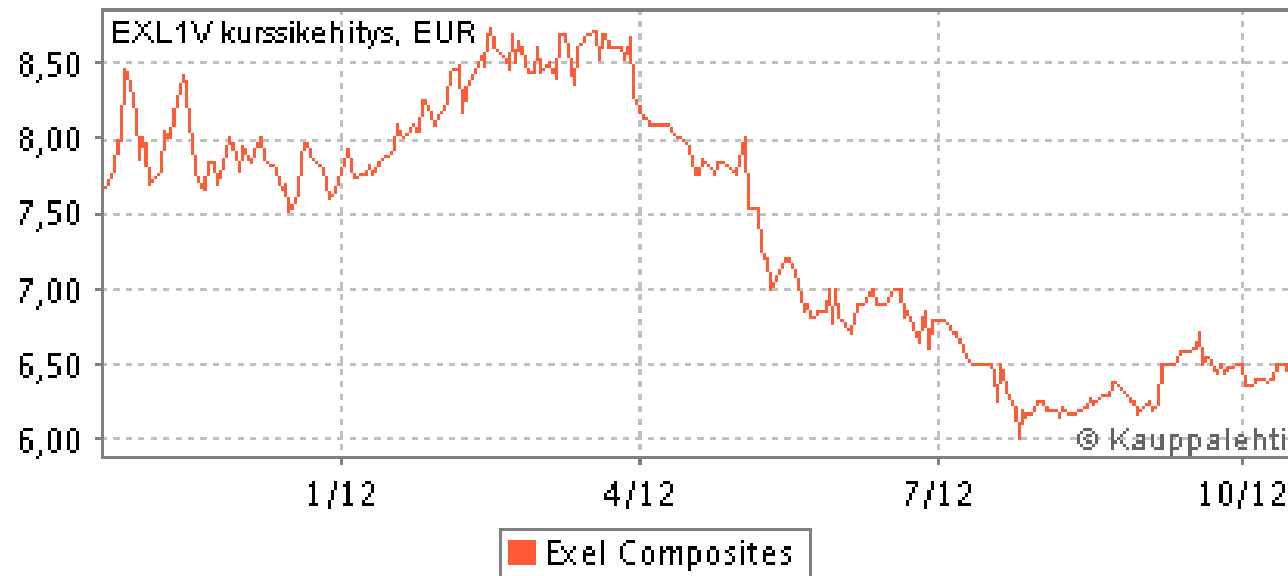
Major Shareholders on 28 September 2012

	Number of shares	Percentage of share capital
Nordstjernan AB	3,496,506	29.39
Ilmarinen Mutual Pension Insurance Company	689,400	5.79
OP-Finland Small Firms Fund	579,636	4.87
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	356,307	2.99
Suutarinen Matti	291,400	2.44
Danske Fund Finnish Small Cap	281,567	2.37
Aktia Capital Investment Fund	250,000	2.10
Nordea Bank Finland Plc (nominee reg.)	219,340	1.84

Exel Composites had a total of 2,710 (2,573) shareholders on 30 September 2012.

Share price development

**Exel Composites share price development
January 2011 – October 2012**



5.7 (9.2) % of shares outstanding were traded in Jan-Sep 2012

The highest share quotation was EUR 8.79 (9.40) and the lowest EUR 6.00 (6.75)

The share price closed at EUR 6.48 (7.50) and the market capitalization on 30 September 2012 was EUR 77.1 (89.2) million

Source: Kauppalehti

Exel Composites is the global #1 composite profile provider

- ◆ Exel Composites is the global #1 composite profile provider
- ◆ Our strategy targets to continue profitable growth globally – Organic growth faster than market and selected acquisitions
- ◆ We continue to develop capabilities especially in sales and customer-driven product development and to build harmonized business platform
- ◆ We closely monitor business activity to be able to react quickly to possible changes in general economy



Exel Composites is the world's largest international pultrusion company, with manufacturing sites in seven countries:

Australia, Austria, Belgium, China, Finland, Germany and the United Kingdom.