



Q3 2014 results – Exel Composites Plc

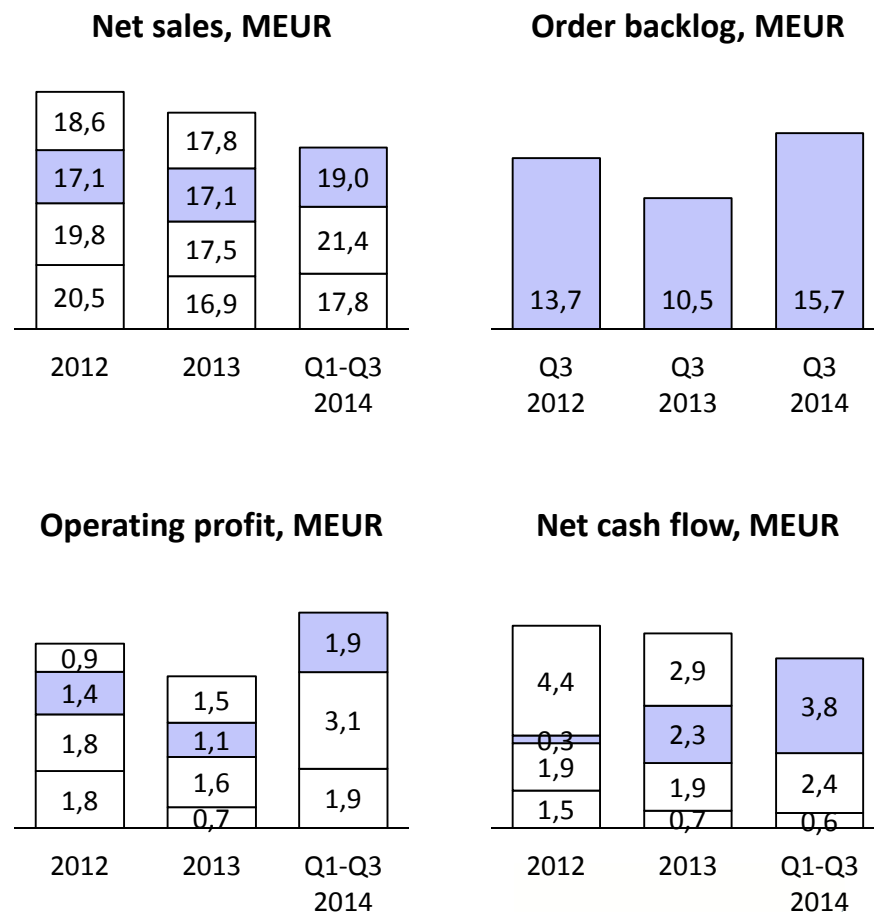
Riku Kytömäki, President and CEO

4 November 2014



Q3 Highlights – General increase in market demand has been seen. Net sales increased by 11% and operating profit increased by 73.5%

- ◆ General increase in the market demand has been seen
 - Net sales increased by 11.0%
 - Order intake increased by 42.9% to MEUR 20.8 (14.5)
 - Order backlog increased by 49.5% to MEUR 15.7 (10.5)
- ◆ Operating profit increased to MEUR 1.9 (1.1), up by 73.5 %
 - Operating profit includes an impairment of MEUR -0.5 recorded in the results of the Australian business unit
 - Improvement is due to increased sales, efficiency improvement and cost control
- ◆ Net cash flow from operating activities was positive at MEUR +3.8 (+2.3)



Key figures Q3 2014 – Net sales increased by 11.0%, operating profit increased to MEUR 1.9

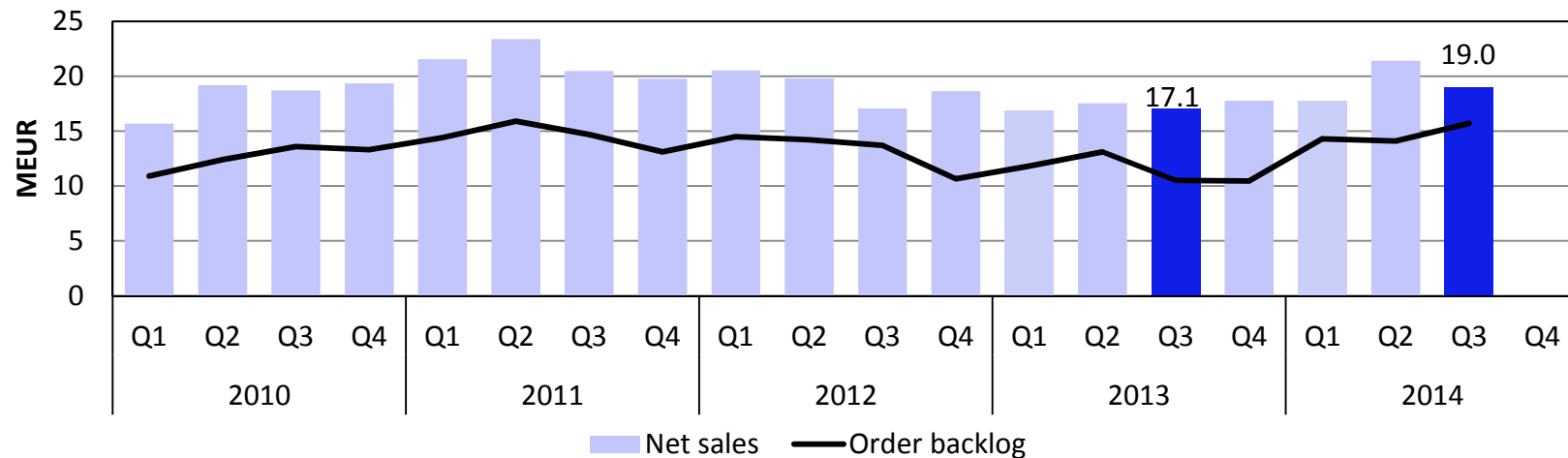
MEUR	Q3 2014	Q3 2013	Change-%
Net sales	19.0	17.1	11.0%
Operating profit excluding non-recurring items	2.4	1.5	60.0%
Operating profit	1.9	1.1	73.5%
Operating profit, %	9.9%	6.3%	
Net cash flow from operating activities	3.8	2.3	62.9%
Order backlog	15.7	10.5	49.5%
Order intake	20.8	14.5	42.9%
Return on capital employed, %	19.5%	12.1%	
Net gearing, %	-3.5%	-1.6%	
EPS, EUR	0.07	0.05	

Key figures January – September 2014: Net sales increased by 12.9%, operating profit improved to MEUR 6.8

MEUR	1-9/2014	1-9/2013	Change-%
Net sales	58.2	51.5	12.9%
Operating profit excluding non-recurring items	7.3	3.7	97.3%
Operating profit	6.8	3.4	103.1%
Operating profit, %	11.7%	6.5%	
Net cash flow from operating activities	6.9	4.9	40.6%
Order backlog	15.7	10.5	49.5%
Order intake	63.9	51.9	23.1%
Return on capital employed, %	24.7%	11.9%	
Net gearing, %	-3.5%	-1.6%	
EPS, EUR	0.36	0.19	

Order intake increased by 42.9% and order backlog increased to MEUR 15.7 (10.5) in Q3 2014

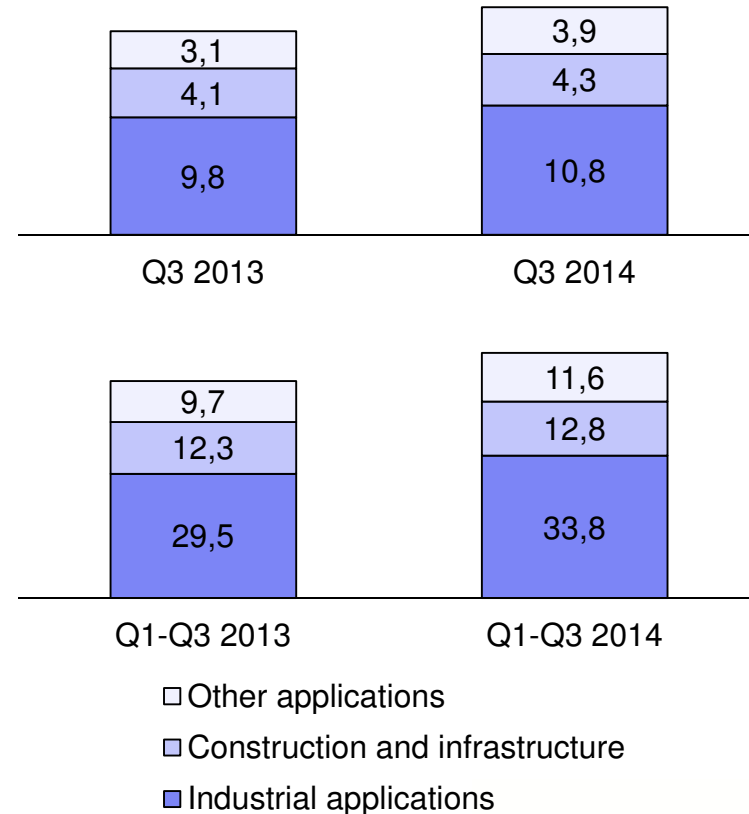
- ◆ Net sales increased to MEUR 19.0 (17.1)
- ◆ Order intake increased by 42.9% to MEUR 20.8 (14.5)
- ◆ Order backlog increased to MEUR 15.7 (10.5) from Q3 2013. The order backlog increased slightly also from Q2 2014 (MEUR 14.1)



Sales growth comes from Industrial and Other applications

- ◆ Sales of Industrial applications increased by 10.2% to MEUR 10.8 from MEUR 9.8 in Q3 2013
- ◆ Sales of Other applications increased by 25.8% to MEUR 3.9 from MEUR 3.1 in Q3 2013
- ◆ Sales of Construction and Infrastructure applications increased by 4.9% to MEUR 4.3 from MEUR 4.1 in Q3 2013

Net sales by customer industry, MEUR



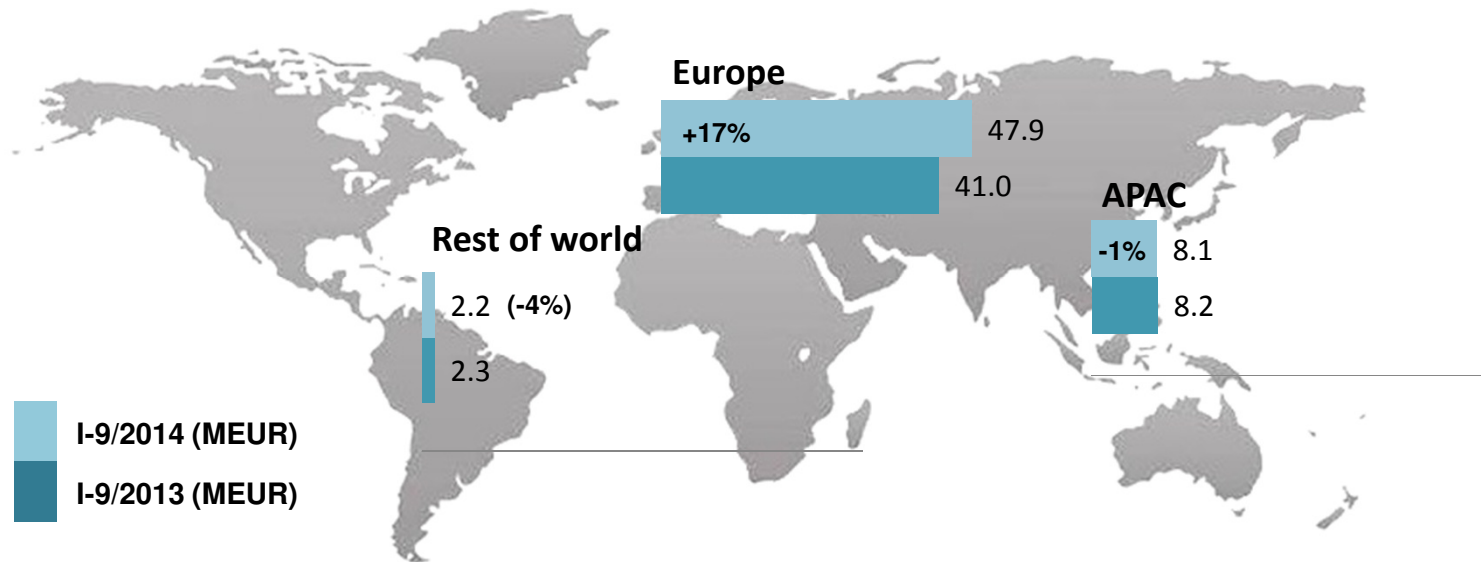
Note: Customer industries include the following markets:

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



Europe

General increase in the market demand was seen.

Demand picking up especially in the telecommunication, transportation and building, construction and infrastructure markets













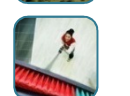

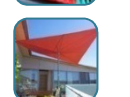





APAC

Decline due to weak performance in the Australian market, but compensated by the demand in North Asia

Rest of world

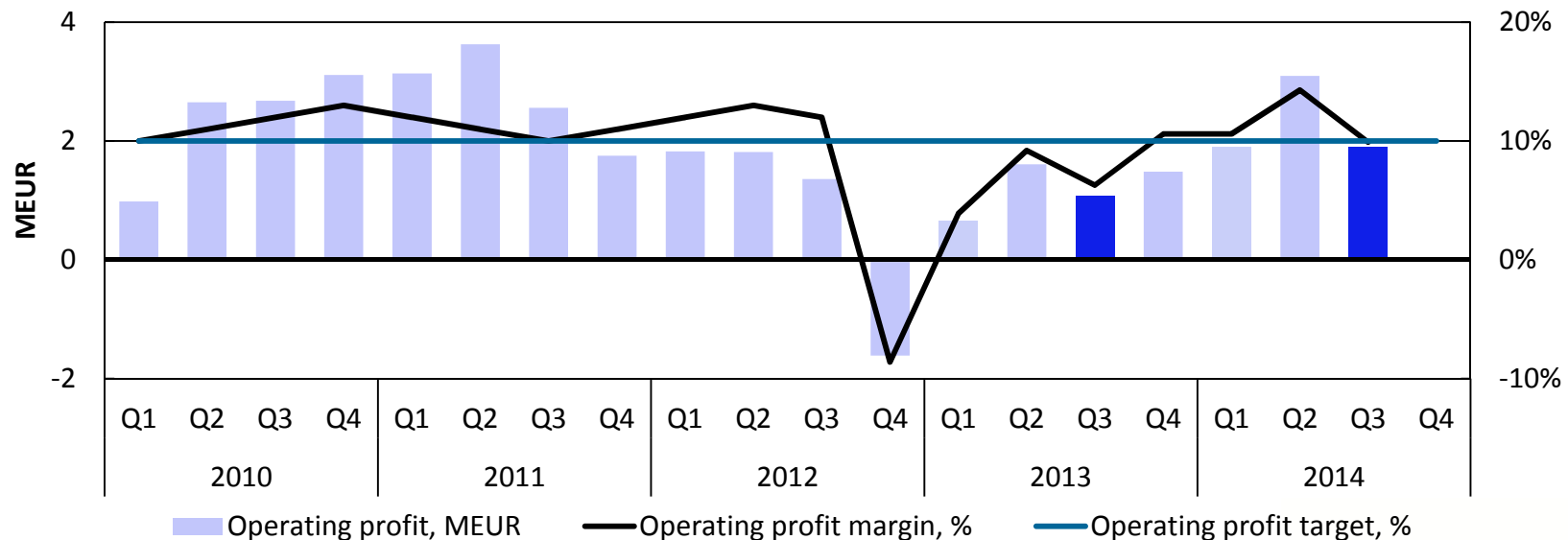
Decline was mainly due to a bigger one-off project delivered in the corresponding period in 2013

Demand in some markets of Exel Composites is picking up

	Market	Demand	
	Transportation industry		Increased demand with new applications
	Building, Construction & Infrastructure		Recovery in demand
	Energy industry		New long-term opportunities
	Telecommunication industry		4G network building increases demand
	Paper industry		New products should improve Exel's market position
	Electrical industry		No major market discontinuity seen - growth potential unclear
	Cleaning & Maintenance		Exel offering improving
	Sports & Leisure		Market challenging, but Exel offering improving
	Machine industry		Lightness and stiffness are becoming increasingly important
	General industry		General increase in demand

Q3 2014 operating profit was MEUR 1.9 (1.1) after impairment. Operating profit margin improved to 9.9%

- ◆ Q3 2014 operating profit improved to MEUR 1.9 after impairment of MEUR -0.5 (MEUR 1.1 including MEUR -0.4 non-recurring items)
- ◆ Operating profit margin was 9.9% (6.3%) of net sales
- ◆ Improvement was mainly due to increased sales, efficiency improvement and better cost control



Impairment of MEUR -0.5 recorded in Australia

- ◆ The turnaround measures in Australia, including change in the operating model and transfer of Brisbane unit to Melbourne, have been completed
- ◆ The financial performance of the Australian business unit was not satisfactory during Q3 2014 in spite of corrective actions undertaken
- ◆ The market conditions have remained challenging in 2014
- ◆ As a result, an impairment of MEUR -0.5 is recorded in the results of the third quarter 2014 in the Australian business unit
- ◆ Additionally, deferred tax assets were reduced by EUR 0.4 million
- ◆ Further corrective actions have been developed to improve the profitability
- ◆ The focus is on generating more sales

In Q3 2014 operating profit continued to develop positively due to increased sales, continued efficiency improvement and better cost control

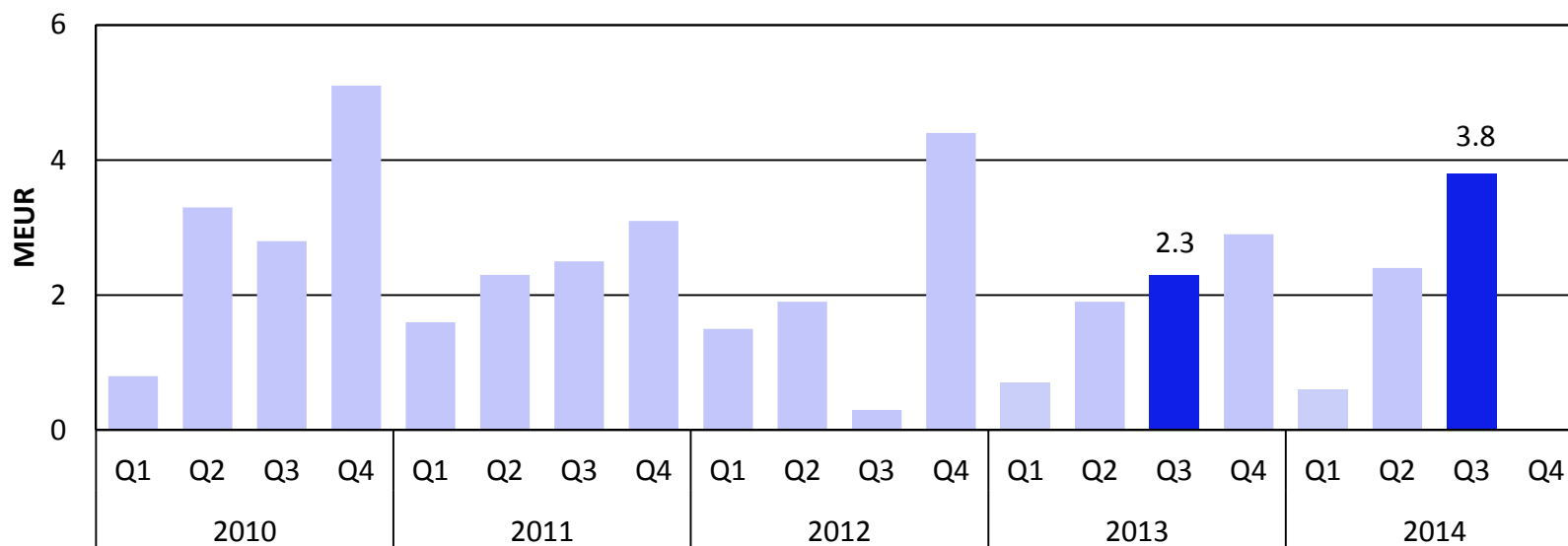
MEUR	Q3 2014		Q3 2013		Change in % of net sales
	Value	% of net sales	Value	% of net sales	
Net sales	19.0	100%	17.1	100%	
Materials and services	-6.9	-36.3%	-6.7	-39.3%	+3.0%
Employee expenses	-5.6	-29.5%	-5.0	-29.2%	-0.3%
Depreciation and impairment	-1.2	-6.2%	-0.7	-3.8%	-2.4%
Other operating expenses	-3.6	-19.1%	-3.7	-21.9%	+2.8%
Other operating income	0.2	+1.0%	0.1	+0.5%	+0.5%
Operating profit	1.8	+9.9%	1.1	+6.3%	+3.6%

In January - September 2014 cost development was favorable compared to the sales

MEUR	1-9/2014		1-9/2013		Change in % of net sales
	Value	% of net sales	Value	% of net sales	
Net sales	58.2	100%	51.5	100%	
Materials and services	-21.1	-36.3%	-19.6	-38.0%	+1.7%
Employee expenses	-16.6	-28.6%	-15.7	-30.6%	+2.0%
Depreciation and impairment	-2.5	-4.3%	-2.0	-3.9%	-0.4%
Other operating expenses	-11.7	-20.0%	-11.2	-21.8%	+1.8%
Other operating income	0.5	+1.0%	0.4	+0.8%	+0.2%
Operating profit	6.8	+11.7%	3.4	+6.5%	+5.2%

Net cash flow increased to MEUR +3.8 (+2.3) due to improved operating profit

- ◆ In Q3 2014 net cash flow from operating activities was positive at MEUR +3.8 (+2.3) due to improved operating profit
- ◆ Capital expenditure was MEUR 1.2 (0.6)



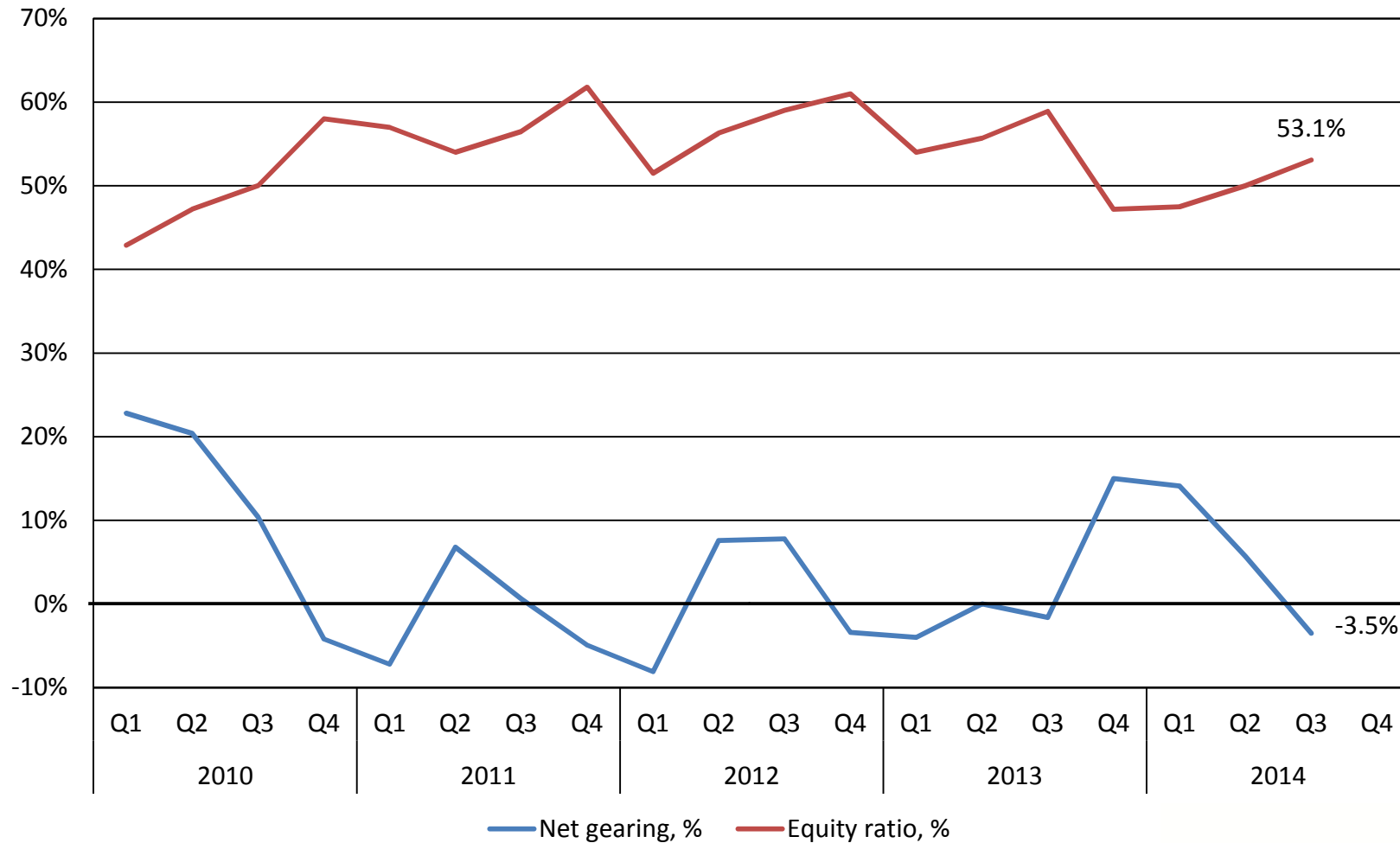
Quarter on quarter comparison of cash flow items

MEUR	Q3 2014	Q3 2013	Change
Profit for the period	0.9	0.6	+0.3
Adjustments	2.7	1.1	+1.5
Change in working capital	0.9	1.2	-0.3
Cash flow from operations	4.5	2.8	+1.6
Interests and taxes paid/received	-0.7	-0.5	-0.1
Net cash flow from operating activities	3.8	2.3	+1.5
Capital Expenditure	-1.2	-0.6	-0.6
Change in financing	-1.7	-1.0	-0.7
Dividends paid	0.0	0.0	0.0
Change in liquid funds	0.9	0.7	+0.2
Liquid funds at 30 September 2014	10.8	7.6	3.2

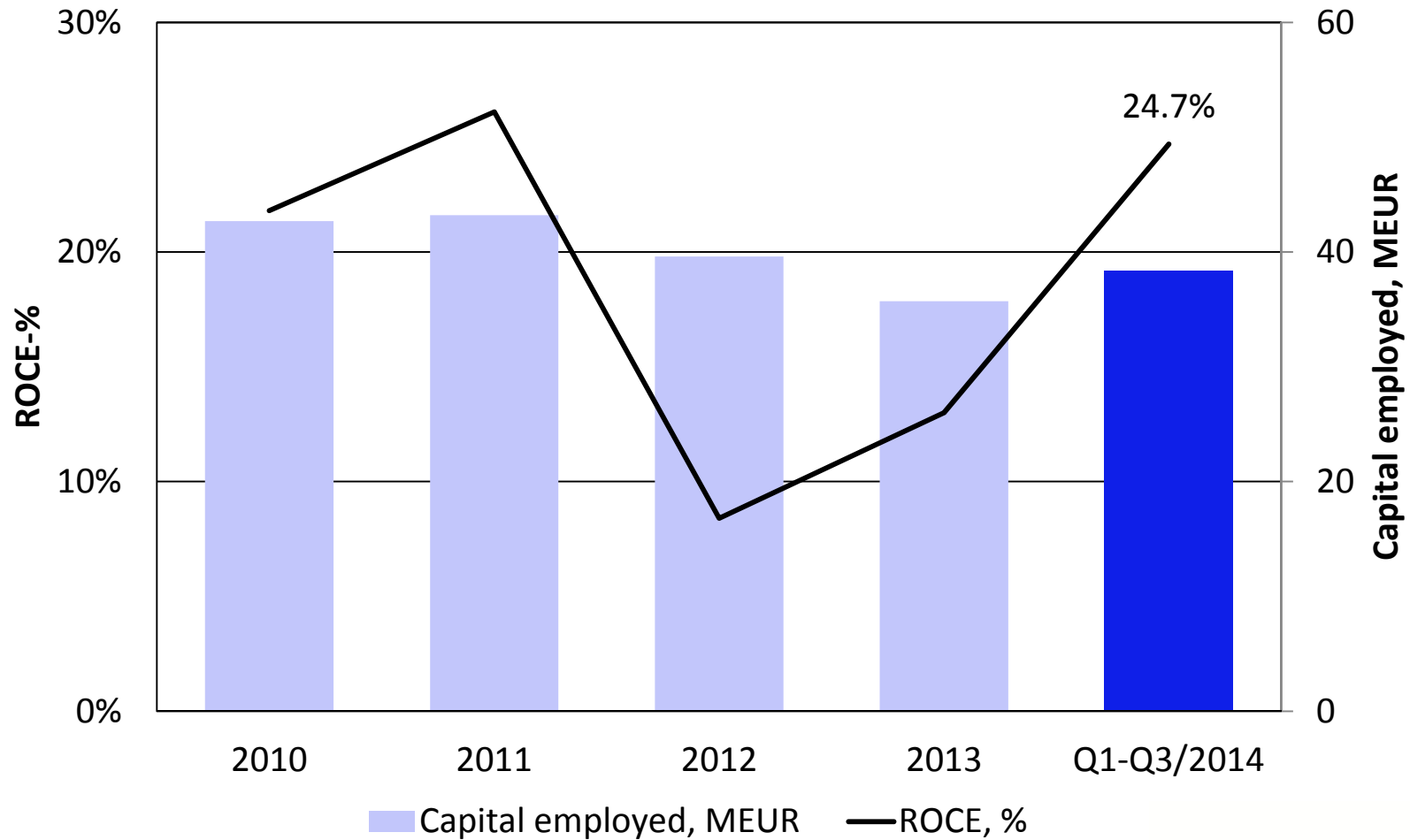
January – September comparison of cash flow items

MEUR	1-9/2014	1-9/2013	Change
Profit for the period	4.2	2.3	+1.9
Adjustments	5.9	2.9	+3.1
Change in working capital	-1.4	0.9	-2.3
Cash flow from operations	8.8	6.1	+2.7
Interests and taxes paid/received	-1.9	-1.2	-0.8
Net cash flow from operating activities	6.9	4.9	+2.0
Capital Expenditure	-2.4	-1.9	-0.5
Change in financing	-3.0	-1.0	-2.0
Dividends paid	0.0	-3.6	+3.6
Change in liquid funds	1.4	-1.6	+3.0
Liquid funds at 30 September 2014	10.8	7.6	3.2

Strong balance sheet to allow for potential investments and acquisitions. Net gearing reduced down to -3.5%

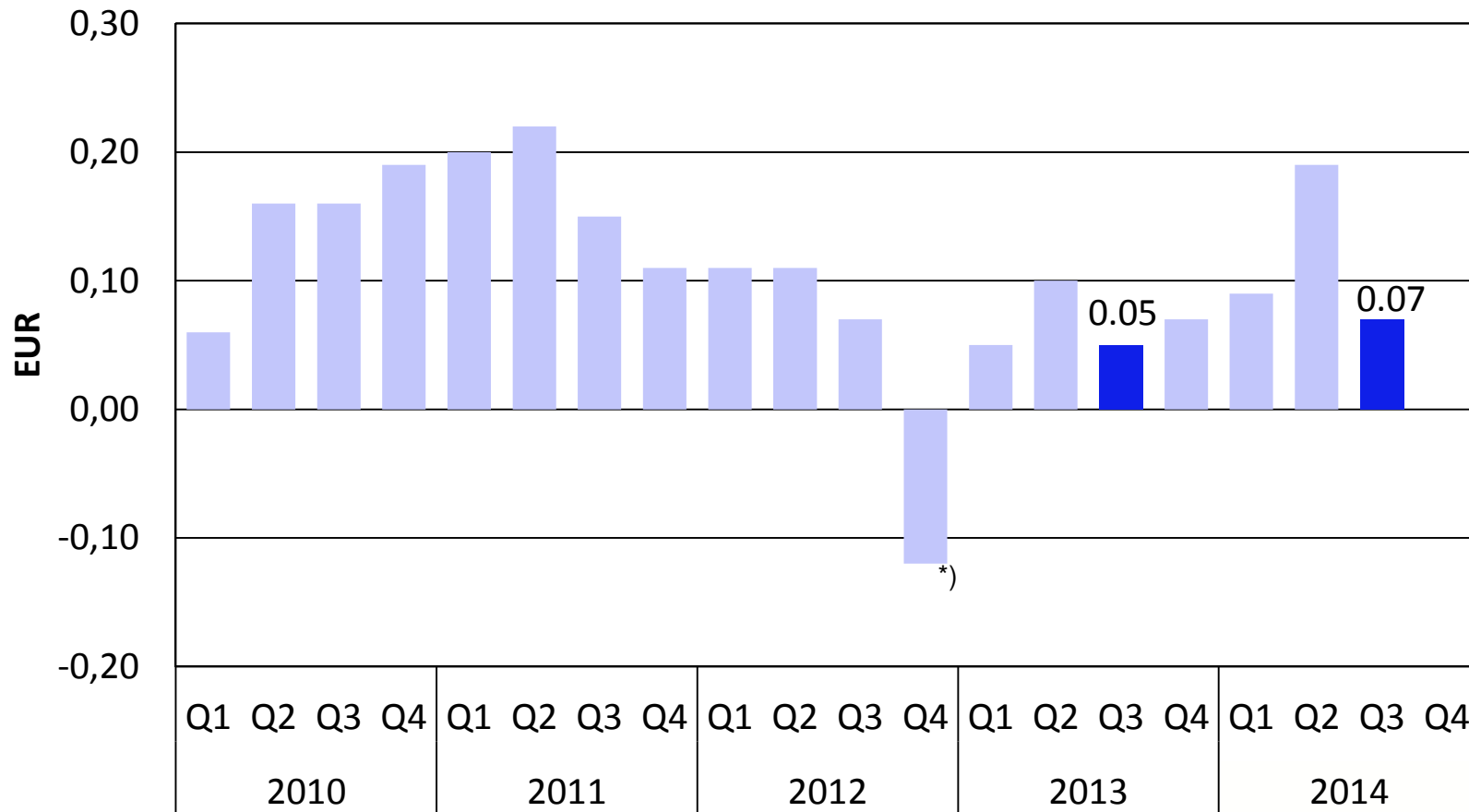


**ROCE improved to 24.7% due to increased operating profit. Q3 2014
ROCE was 19.5%**



Earnings per share increased to EUR 0.07 (0.05) per share

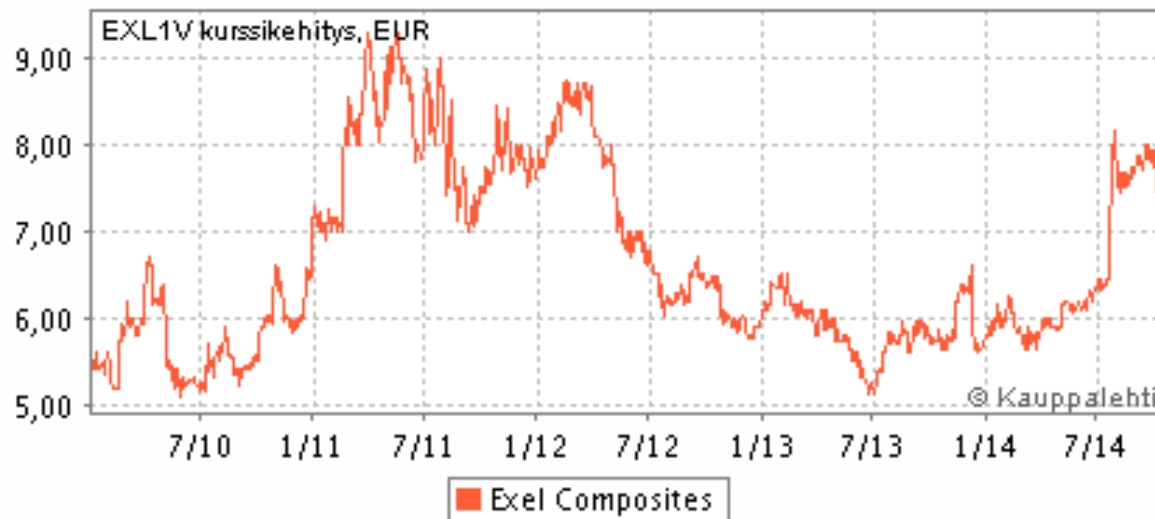
Quarterly EPS



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

Share price development: in January –September 2014 the highest share quotation was EUR 8.17 (6.50) and the lowest EUR 5.56 (5.10)

Exel Composites share price development January 2010 – September 2014



45.9 (6.9) % of shares outstanding were traded in Jan – Sept. 2014

In Jan-Sept 2014 the highest share quotation was EUR 8.17 (6.50) and the lowest EUR 5.56 (5.10)

Market capitalization on 30 September 2014 was EUR 92.7 (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 September 2014

	Number of shares	Percentage of share capital
Skandinaviska Enskilda Banken AB (nominee reg.)	2,484,233	20.88
Nordea Bank Finland Plc (nominee reg.)	1,088,106	9.15
Nordea Fennia Fund	610,000	5.13
Danske Fund Finnish Small Cap	481,567	4.05
Fondita Nordic Micro Cap	450,000	3.78
OP-Finland Small Firms Fund	439,551	3.69
Försäkringsaktiebolaget Pensions-Alandia	408,000	3.43
Svenska Handelsbanken AB (publ), Branch Operation in Finland (nominee reg.)	357,049	3.00
OP-Delta Fund	300,000	2.52
Matti Suutarinen	291,400	2.45

Exel Composites had a total of 2,666 (2,752) shareholders on 30 September 2014

Exel Composites' Board of Directors has adopted a new vision, strategy and long-term financial targets

- ◆ New vision: Exel Composites is an agile, innovative global composite company with world-class operations providing superior customer experience
- ◆ The Company's new growth strategy focuses on
 - Accelerating growth in China
 - Penetrating new applications and market segments
 - Creating a true global footprint
 - Growing through new technologies
- ◆ New financial targets reflect our new growth strategy:
 - Growth: Turnover growth 2x average market growth
 - Profitability: Operating profit margin over 10 per cent of net sales
 - Capital efficiency: Return on capital employed over 20 per cent

 - Financial targets are considered over a business cycle. Acquisitions will influence overall growth and profitability targets.
 - Exel Composites aims to distribute some 40 per cent of net income in dividends as permitted by the financial structure and growth opportunities.

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 the Australian market may require further corrective actions which can have an impact on the profitability
- ◆ The possible uncertainties in the Russian and East-European markets will have limited direct 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 and we can see positive signs in the Company's key market segments
- ◆ However, uncertainties relating to general growth prospects in the economy continue
- ◆ The Company invests strongly in growth by reinforcing the organization, especially in sales, research and development and operations development
- ◆ The Company will monitor the general market development and react with additional measures if needed
- ◆ The Company is well-positioned to continue 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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