

Interim Report Q2 2012

Exel Composites Plc

Vesa Korpimies, President and CEO



Q2 2012 in brief

MEUR	Q2 2012	Q2 2011	Change
Net sales	19.8	23.4	-15.3%
Operating profit	1.8	3.6*	-50.0%
Operating profit (%)	9.2	15.5	
Net operative cash flow	+1.9	+2.3	
Return on capital employed (%)	18.4	34.2	
Net gearing (%)	7.6	6.8	
EPS	0.11	0.22	

*Including MEUR +0.2 one-off items

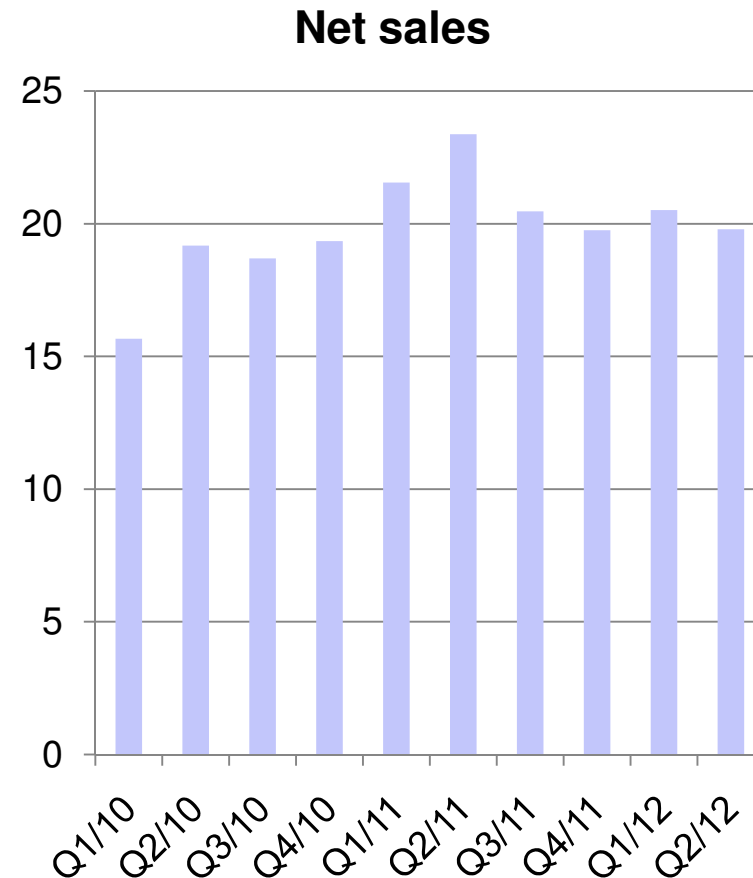
H1 2012 in brief

MEUR	H1 2012	H1 2011	Change
Net sales	40.3	44.9	-10.3%
Operating profit	3.6	6.8*	-46.1%
Operating profit (%)	9.0	15.1	
Net operative cash flow	+3.4	+4.0	
Return on capital employed (%)	17.3	32.5	
Net gearing (%)	7.6	6.8	
EPS	0.22	0.41	

* Including MEUR +0.2 one-off items

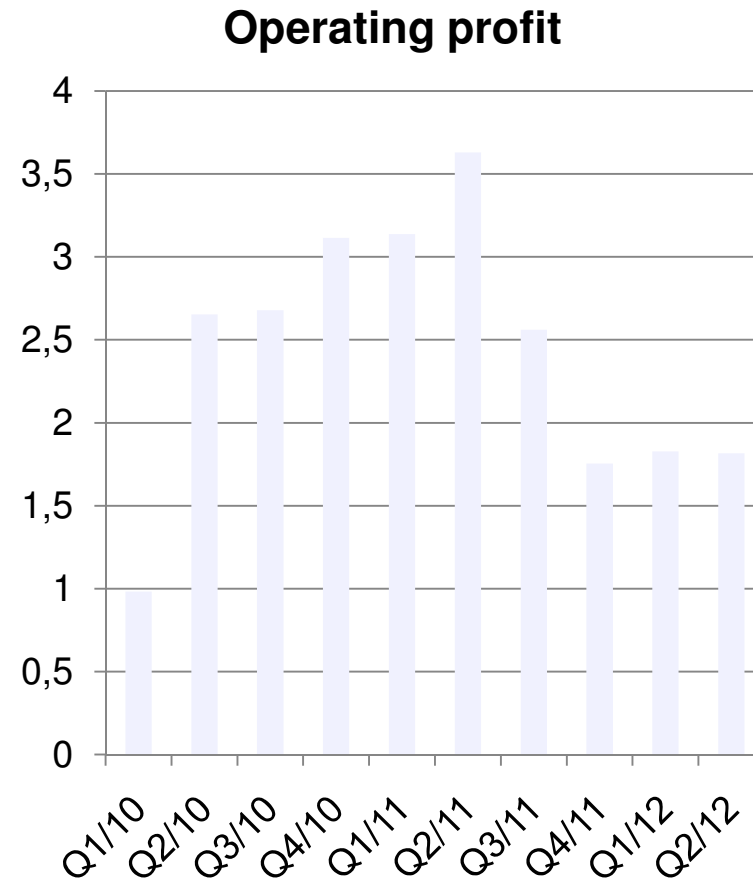
In April – June 2012 net sales decreased by 15.3% to MEUR 19.8 (23.4)

- ◆ In Q2 2012, net sales decreased by 15.3% to EUR 19.8 (23.4) million
 - Weak market situation affected the sales of our main customers, which resulted in declining sales
- ◆ Sales decreased especially in the building, construction and infrastructure market, telecommunication products, energy sector and machine industry in Q2 2012
- ◆ Sales increased in the transportation and cleaning and maintenance segments compared to Q2 2011 and Q1 2012
- ◆ We have invested heavily in our sales activities and developed constantly new applications with our current and new customers



In April – June 2012 operating profit decreased to MEUR 1.8 (3.6 incl. MEUR +0.2 one-off items)

- ◆ In Q2 2012 operating profit was MEUR 1.8 (3.6 including MEUR +0.2 one-off items) or 9.2 (15.5) per cent of net sales
- ◆ Main reasons for lower operating profit were decreased sales volumes and increased employee expenses



Cost-savings initiatives in all the units of the Group

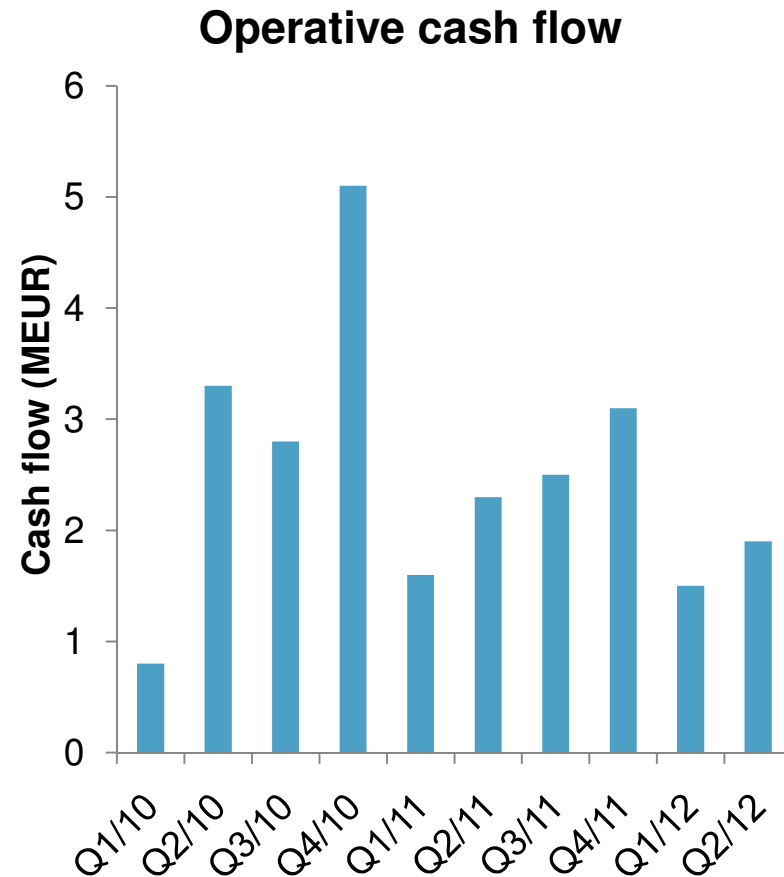
- ◆ Cost-savings campaigns initiated in all the units of the Group to adjust sales to current sales levels
- ◆ Co-determination negotiations concerning the Finnish units were finalized in July 2012
- ◆ Measures will be continued to mitigate the effects, and to pass the rising costs to the market by increasing product prices

Group's units in Austria and Belgium achieved ISO 14001

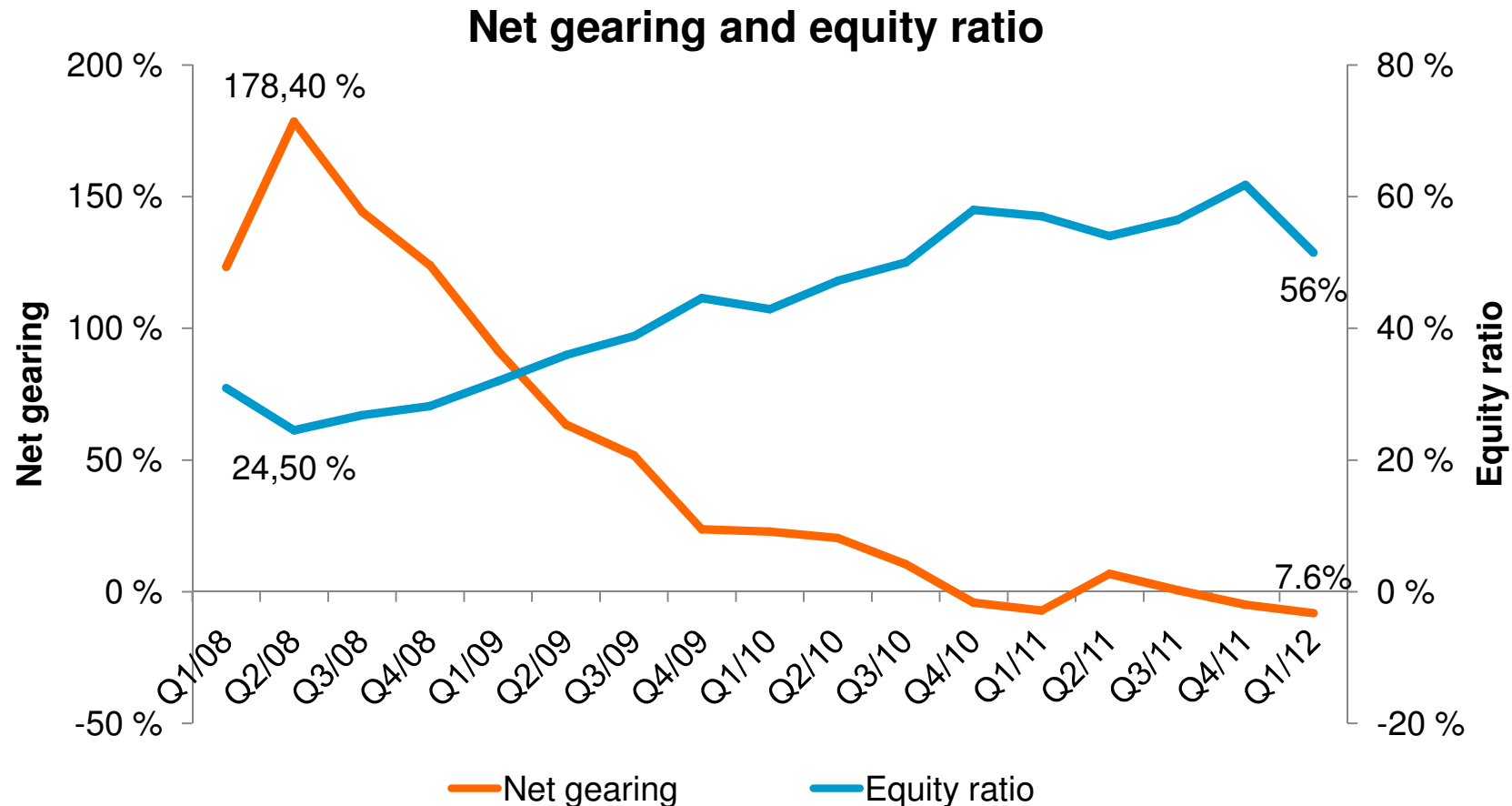
- ◆ Kapfenberg unit in Austria and Oudenaarde unit in Belgium achieved ISO 14001 Environmental Management status in May 2011
- ◆ Finnish and Chinese units were granted ISO 14001 environmental certificate earlier
- ◆ Our goal is to have all the units of the Group certified in 2012

Operating cash flow continued to be clearly positive

- ◆ In January - June 2012 cash flow from business operations was MEUR 3.4 (4.0)
- ◆ Capital expenditure was MEUR 1.7 (1.5)
- ◆ On 30 June 2012, the Group's liquid assets stood at MEUR 7.7 (8.1)
- ◆ Main increase in capital expenditure were investments in new production lines



Financial position remained strong



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 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 and 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

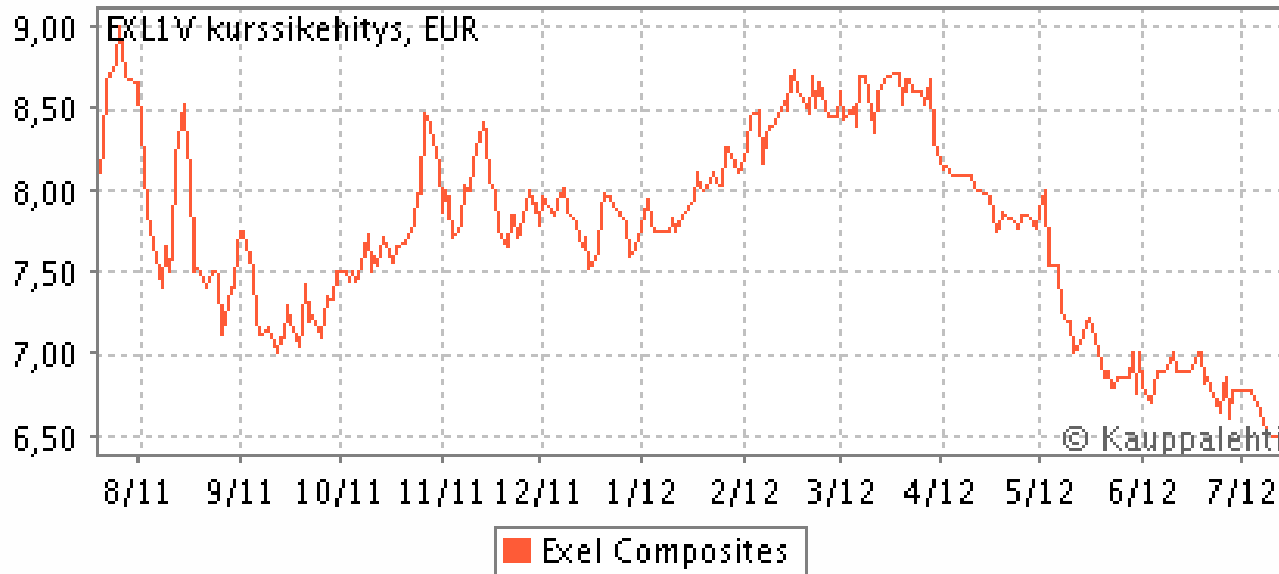
Major Shareholders on 30 June 2012

	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 Firms Fund	575,107	4.83
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	354,807	2.98
Suutarinen Matti	291,400	2.44
Danske Fund Finnish Small Cap	269,834	2.27
Aktia Capital Investment Fund	250,000	2.10
Nordea Bank Finland Plc (nominee reg.)	235,821	1.98

Exel Composites had a total of 2,718 (2,566) shareholders on 30 June 2012.

Share price development

**Exel Composites share price development
August 2011 – July 2012**



4.3 (5.5) % of shares outstanding were traded in H1 2012

The highest share quotation was EUR 8.79 (9.40) and the lowest EUR 6.42 (6.85)

The share price closed at EUR 6.78 (8.12) and the market capitalization on 30 June 2012 was EUR 80.7 (96.6) 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.