



## BUSINESS REVIEW January - September 2022



## GOOD REVENUE AND EBIT IMPROVEMENT IN Q3 2022

### Q3 2022 in brief

- Order intake decreased by 0.3% to EUR 24.5 million (Q3 2021: 24.6).
- Revenue increased by 1.2% to EUR 33.8 million (33.4).
- Operating profit increased to EUR 1.7 million (-1.7), which is 5.0% of revenue (-5.1).
- Adjusted operating profit increased to EUR 1.8 million (0.1), which is 5.4% of revenue (0.3).
- Earnings per share amounted to EUR 0.18 (-0.19).

### Q1-Q3 2022 in brief

- Order intake decreased by 10.0% to EUR 99.1 million (Q1-Q3 2021: 110.1).
- Revenue increased by 8.3% to EUR 106.0 million (97.9).
- Operating profit increased to EUR 4.7 million (3.1), which is 4.4% of revenue (3.2).
- Adjusted operating profit increased to EUR 7.1 million (5.0), which is 6.7% of revenue (5.1).
- Earnings per share amounted to 0.51 (0.10).

## Guidance for the full year 2022 (unchanged)

Exel Composites expects that revenue in 2022 will be at last year's level and adjusted operating profit will increase compared to 2021.

## President and CEO, Jouni Heinonen

In the third quarter of 2022, Exel's revenue increased slightly from the comparison period. The growth was particularly driven by the Transportation customer industry, and also the Machinery & Electrical and Equipment & Other Industries achieved a higher revenue, although the growth slowed down from the previous quarter. The growth in these industries compensated the decrease in revenue in the Wind Power, Telecommunications, Defense and Buildings & Infrastructure customer industries. Our broad customer portfolio evens out the industry-specific fluctuations. The revenue growth was driven by the North America region and the sales also increased in Europe.

# EUR 1.7 million

Operating profit in Q3 2022

In terms of profitability, the profit-making ability of the business unit in the United States, which burdened the comparison period, has now reached a new, better level. Overall, Group's operating profit clearly increased from the previous year. During the year, we have succeeded quite well in transferring the exceptionally increased material costs to our prices, and at this stage it seems that the most significant increase in material costs is now behind us. However, visibility into next year's energy and material cost development is still limited.

The clear competitive advantages of composite materials and Exel's strong global foothold in the pultrusion market give us a good starting point to seek growth, particularly with the help of our extensive production network and product range. The green transition is a significant opportunity for us. The world needs more renewable energy, more energy-efficient buildings, and lighter vehicles, all of which require the use of composite materials. We are able to support our customers in this important transition. In addition to this, we have identified additional new opportunities. A good example is the electrical conductor market in the Buildings & Infrastructure customer industry; the market will be opening up as a result of a key patent expiring.

We also continued to develop our own operations. The reorganization and consolidation of the Chinese units was completed when Exel signed an agreement on 23 August 2022 for the sale of the closed factory property in Nanjing, China. As a result of the sale, we will receive a gross compensation of around 6.8 million euros, of which the first installment was paid when the contract was signed. The rest will be paid when the ownership is transferred, which is estimated to take place during the last quarter of 2022.

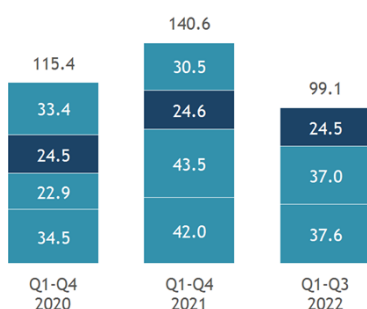
Exel's order backlog has remained at a reasonable level in absolute terms, despite the unstable macroeconomic environment. In January-September revenue increased 8 percent from the comparison period, and our operating profit has already surpassed last year's total. Our long-term demand outlook is positive, although in the short term there is general uncertainty in customer demand due to the war in Ukraine and the inflationary environment.

Finally, I would like to thank Riku Kytömäki, who was the CEO of our company until the end of September. During his time, between 2014 and 2022, Exel has grown into a leading player in the global pultrusion composite market.

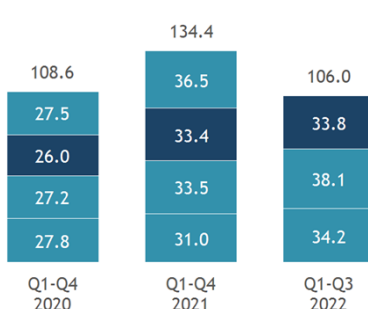


Overall, the operating profit clearly increased from the previous year.

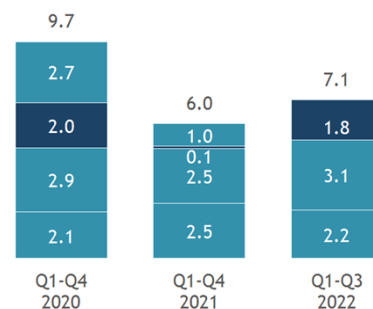
**Order intake  
EUR million**



**Revenue  
EUR million**



**Adjusted operating profit  
EUR million**



## Consolidated key figures

EUR thousand	Q3 2022	Q3 2021	Change %	Q1-Q3 2022	Q1-Q3 2021	Change %	Q1-Q4 2021
Revenue	33,789	33,394	1.2	106,004	97,872	8.3	134,365
Operating profit	1,683	-1,691	199.5	4,717	3,095	52.4	3,744
% of revenue	5.0	-5.1		4.4	3.2		2.8
Adjusted operating profit 1)	1,815	108	1580.3	7,111	5,025	41.5	6,029
% of revenue	5.4	0.3		6.7	5.1		4.5
Profit before tax	3,225	-1,378	334.0	8,676	3,452	151.3	4,165
% of revenue	9.5	-4.1		8.2	3.5		3.1
Profit for the period	2,052	-2,209	192.9	5,971	1,238	382.3	1,656
% of revenue	6.1	-6.6		5.6	1.3		1.2
Profit for the period excluding non-controlling interest	2,086	-2,209	194.5	6,074	1,238	390.6	1,693
% of revenue	6.2	-6.6		5.7	1.3		1.3
Shareholders' equity	34,894	28,779	21.2	34,894	28,779	21.2	31,182
Interest-bearing liabilities	47,607	51,007	-6.7	47,607	51,007	-6.7	52,988
Cash and cash equivalents	10,012	9,532	5.0	10,012	9,532	5.0	15,593
Net interest-bearing liabilities	37,595	41,475	-9.4	37,595	41,475	-9.4	37,395
Capital employed	82,501	79,786	3.4	82,501	79,786	3.4	84,170
Return on equity, %	24.3	-29.4	182.5	24.1	5.7	320.8	5.5
Return on capital employed, %	8.1	-8.5	194.9	7.6	5.5	39.2	4.8
Equity ratio, %	31.0	27.4	13.3	31.0	27.4	13.3	26.8
Net gearing, %	107.7	144.1	-25.2	107.7	144.1	-25.2	119.9
Net cash flow from operating activities	2,590	731	254.4	2,406	1,358	77.2	6,275
Net cash flow from investing activities 2)	143	-1,574	-109.1	-1,949	-8,845	-78.0	-11,877
Capital expenditure	1,527	1,695	-9.9	3,441	6,548	-47.4	9,931
% of revenue	4.5	5.1		3.2	6.7		7.4
Research and development costs	865	741	16.7	2,576	2,518	2.3	3,310
% of revenue	2.6	2.2		2.4	2.6		2.5
Order intake 3)	24,475	24,551	-0.3	99,090	110,065	-10.0	140,557
Order backlog	34,607	47,880	-27.7	34,607	47,880	-27.7	41,578
Earnings per share, diluted and undiluted, EUR	0.18	-0.19	194.3	0.51	0.10	389.7	0.14
Equity per share, EUR	2.90	2.43	19.17	2.90	2.43	19.16	2.58
Average share price, EUR	6.19	9.25	-33.0	6.63	9.16	-27.6	8.58
Average number of shares, diluted and undiluted, 1,000 shares	11,854	11,834	0.2	11,849	11,832	0.1	11,833
Employees, average	720	719	0.1	736	703	4.6	715
Employees, end of period	724	722	0.3	724	722	0.3	753

1) Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals.

2) The payment received on the real estate sales in Nanjing has a positive effect on the Net cash flow from investing activities.

3) Comparative 2021 figures include order cancellations during the quarter.

# Revenue

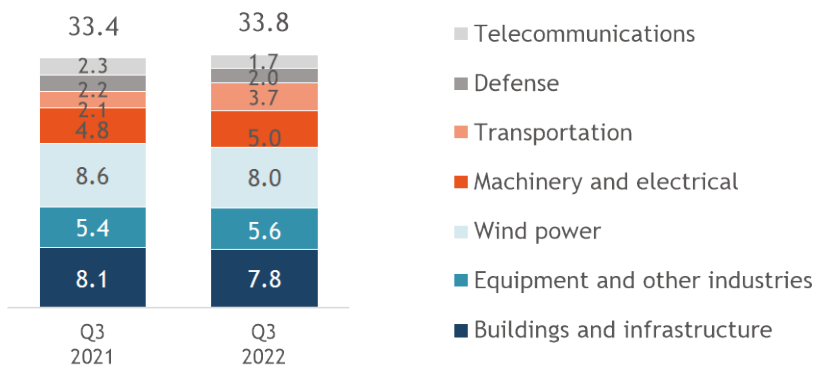
## Revenue by customer industry

EUR thousand	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
	2022	2021	%	2022	2021	%	2021
Buildings and infrastructure	7,808	8,054	-3.1	24,397	24,537	-0.6	32,946
Equipment and other industries	5,567	5,366	3.7	18,781	16,224	15.8	23,350
Wind power	8,031	8,592	-6.5	21,273	23,757	-10.5	32,066
Machinery and electrical	4,952	4,752	4.2	14,522	12,668	14.6	17,612
Transportation	3,743	2,127	76.0	14,046	7,336	91.5	10,224
Defense	1,954	2,189	-10.7	5,598	6,218	-10.0	8,688
Telecommunications	1,734	2,314	-25.0	7,387	7,132	3.6	9,480
<b>Total</b>	<b>33,789</b>	<b>33,394</b>	<b>1.2</b>	<b>106,004</b>	<b>97,872</b>	<b>8.3</b>	<b>134,365</b>

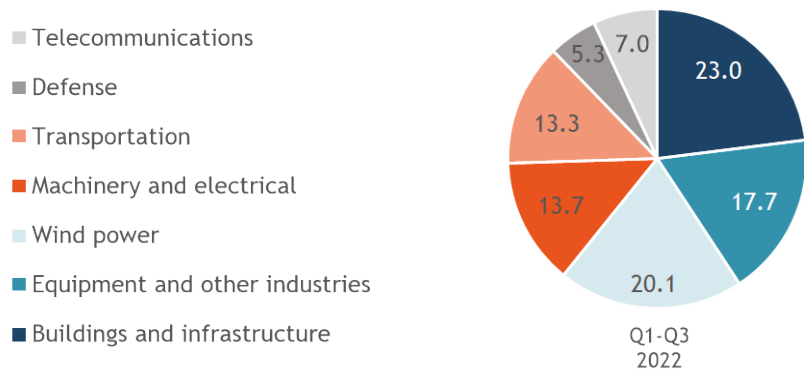
## Revenue by region<sup>1)</sup>

EUR thousand	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
	2022	2021	%	2022	2021	%	2021
Europe	18,056	17,214	4.9	58,390	54,232	7.7	73,413
North America	9,763	9,353	4.4	29,630	22,198	33.5	32,440
Asia-Pacific	5,734	6,121	-6.3	15,887	19,175	-17.1	25,413
Rest of the world	236	706	-66.5	2,097	2,267	-7.5	3,099
<b>Total</b>	<b>33,789</b>	<b>33,394</b>	<b>1.2</b>	<b>106,004</b>	<b>97,872</b>	<b>8.3</b>	<b>134,365</b>

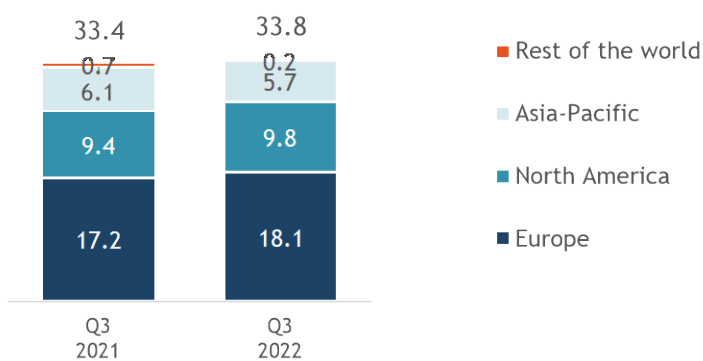
Revenue by customer industry  
EUR million



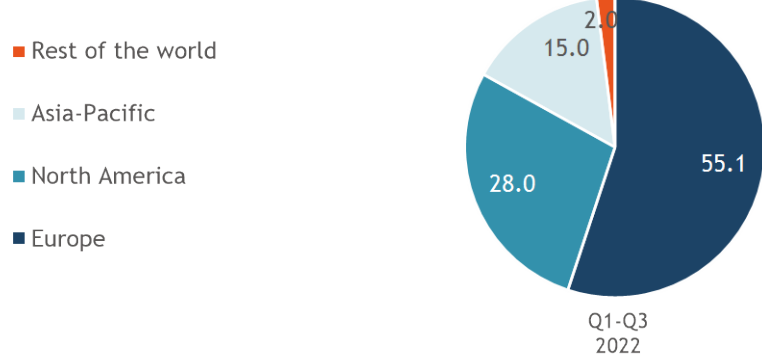
Share of revenue by customer industry  
%



Revenue by region<sup>1)</sup>  
EUR million



Share of revenue by region<sup>1)</sup>  
%



<sup>1)</sup> Revenue by customer location, not by the location of the manufacturing Exel Composites business unit.

## Impacts of the Covid-19 pandemic

### Operations

In the third quarter of 2022, all our factories operated normally and following most of the previous safety measures implemented to prevent the spread of the Covid-19 pandemic. In China, repeated restrictions continued to create challenges on logistics and commuting.

Despite the continued challenges with global logistics and availability in many raw material categories, operations continued almost normally.

The health and safety of our employees, customers and business partners are a priority for Exel Composites. All units continued with tightened Group and business unit level safety and hygiene instructions in accordance with the instructions of local health authorities. We continue to monitor the situation closely and maintain a continuous interaction and dialogue with our customers, suppliers, and business partners to ensure timely reaction.

### Financial standing

Exel's order backlog remained at a reasonable level in the third quarter of 2022, despite the unstable macroeconomic environment.

The Group's liquidity and cash situation are good, and the Covid-19 pandemic has had limited impact on Group liquidity.

Exel Composites received no significant Covid-19 related financial assistance under any local governmental schemes during the third quarter of 2022.

## Impacts of the war in Ukraine

For Exel Composites, the direct impact of the Russian attack on Ukraine is currently limited. Exel has no business operations in the affected areas and no customers in Russia, Belarus, or Ukraine. Some of our customers outside the affected areas in turn have customers in areas affected by the war, which consequently may have an indirect impact also on the demand for our products.

The Russian attack on Ukraine and the resulting sanctions are expected to affect global supply chains. We currently have no purchases from the affected areas. So far, the Russian attack on Ukraine has not impacted raw material availability but continued raw material and energy price increases naturally also impact Exel.

## Changes in the Group Management Team

Mikko Rummukainen was appointed as the new CFO as of 1 August 2022. Previously Mikko Rummukainen acted as SVP, Business Development, and member of the Group Management Team of Exel Composites.

The Board of Directors of Exel Composites Plc has appointed Jouni Heinonen, a member of the Board of Directors, as interim President and CEO of the company as of 1 October 2022.

## Other events during the reporting period

### Reorganization of Chinese units

August 23, 2022 Exel Composites announced to sell the real estate related to its closed manufacturing facility located in Nanjing, China. Production was transferred to the company's other manufacturing site in the Nanjing area during the first half of 2022.

As a consequence of the sale, a gross compensation totaling approximately EUR 6.8 million shall be paid to Exel Composites. The first installment has been paid in connection to the signing of the agreement. The remaining amount shall be paid upon title transfer, which is expected to take place latest in the fourth quarter of 2022.

A one-time cost of EUR 2.3 million related to the consolidation of our company's two manufacturing facilities in China was already included in the figures and adjusted operating profit of the first half of 2022. The consolidation of the two facilities is estimated to result in annual synergies and cost savings totaling approximately EUR 0.7 million.

## Events after the reporting period

### Changes in the Group Management Team

October 25, 2022 Exel Composites announced that the Board of Directors of Exel Composites Plc has appointed Paul Sohlberg as President and CEO of the company. Paul Sohlberg will assume his position latest 1 May 2023. Exel Composites' Board Member Jouni Heinonen will continue as Interim President and CEO of Exel Composites Plc, until Paul Sohlberg assumes his new position, assuring a smooth transition.

October 26, 2022 Exel Composites announced that Exel Composites Plc's SVP, Human Resources and member of the Group Management Team, Tiina Bies, has decided to take up new responsibilities outside the company. Tiina Bies's employment will end on 27 January 2023, at the

latest. The company will immediately start the recruitment process to appoint a new SVP, Human Resources.

### **Shareholders' Nomination Board**

October 4, 2022 Exel Composites announced that the following persons have been appointed as members of the Shareholders' Nomination Board: Malin Björkmo (Handelsbanken Fonder), Kalle Saariaho (OP Fund Management Company), Markus Lindqvist (Aktia Mikro Markka), Caroline Sjösten (Swedbank Robur Fonder) and Reima Kerttula (Chairman of the Board of Directors, Exel Composites Plc) as an expert member.

The largest shareholders entitled to appoint members to the Nomination Board were determined based on the registered holdings in the company's shareholder register held by Euroclear Finland Oy on September 30, 2022.

The Nomination Board prepares the proposals concerning Board of Directors' members and their remuneration for the following Annual General Meeting.

## **Financial results briefing**

Exel Composites will hold a financial results briefing regarding the Q1-Q3 2022 Business Review on 3 November 2022 at 12:30 EET. Participation has required registration in advance.

Vantaa, 3 November 2022

**Exel Composites Plc**  
Board of Directors

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At Exel Composites, we use over 60 years' experience to solve challenges and help customers save resources. Our forward-thinking composite solutions made with continuous manufacturing technologies serve customers in a wide range of industries around the world. You can find our products used in applications from wind power and transportation to building and infrastructure.

Our collaborative approach and global footprint set us apart from our competition. We use our expertise to help customers reduce weight, improve performance and energy efficiency and decrease total lifetime costs. We want to be the first choice for sustainable composite solutions globally.

Headquartered in Finland, Exel Composites employs approximately 750 forward-thinking professionals around the world and is listed on Nasdaq Helsinki. To find out more about our offering and company please visit [www.exelcomposites.com](http://www.exelcomposites.com).