



Review by the President and CEO

Paul Sohlberg

FOR FORWARD THINKERS



CEO review in Exel Composites's Annual General Meeting on 26 March 2024



Paul Sohlberg

President and CEO

Exel Composites pultrusion technology forerunner

Exel Composites is one of the largest manufacturers of composite profiles and tubes made with pultrusion and pullwinding technologies and a pultrusion technology forerunner in the global composite market.



Our purpose is to solve challenges and save resources with composites

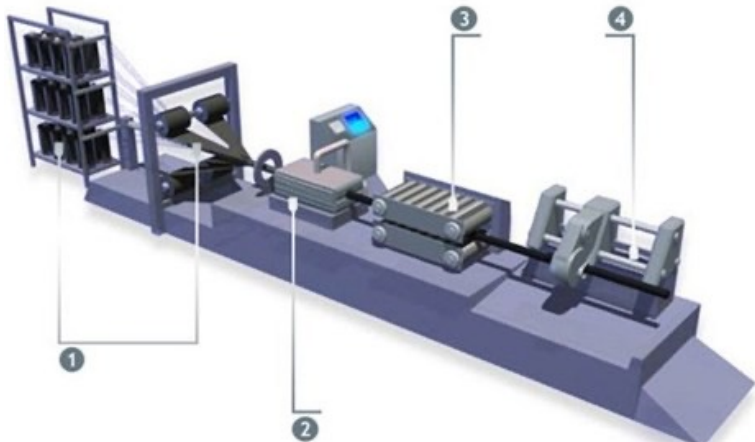
Our vision is to be the first choice for sustainable composite solutions globally

Our values:
Integrity
Customer focused
Caring
One Exel
Innovative

Exel Composites focuses on continuous manufacturing methods pultrusion and pullwinding

What is pultrusion and pullwinding

- Pultrusion and pullwinding are continuous manufacturing processes resulting in a steady output of composite profiles which is cut to length at the end of the process
- Exel’s manufacturing methods enable industrial scale and quality, and cost efficiency, in composite manufacturing

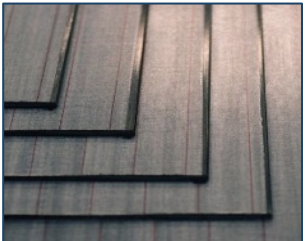


- 1) Carbon or glass fiber rovings or mats are impregnated in a resin bath
- 2) Fibers and mats are arranged through an infeed and pulled through a product-specific die
- 3) Pullers pull the product through the mould
- 4) Product is cut to length and post-processed e.g. by machining or painting

Example products



Thin-walled tubes for various applications



Wind turbine parts



Window & door profiles

Sustainability focus driven by customer benefits and personnel care



ENABLING SOLUTIONS

Develop sustainable, safe, and reliable products that help our customers save resources and mitigate climate change



SOCIAL HANDPRINT

Provide a safe, fair, and inspiring environment for our employees, and ensure high standards of integrity and business ethics



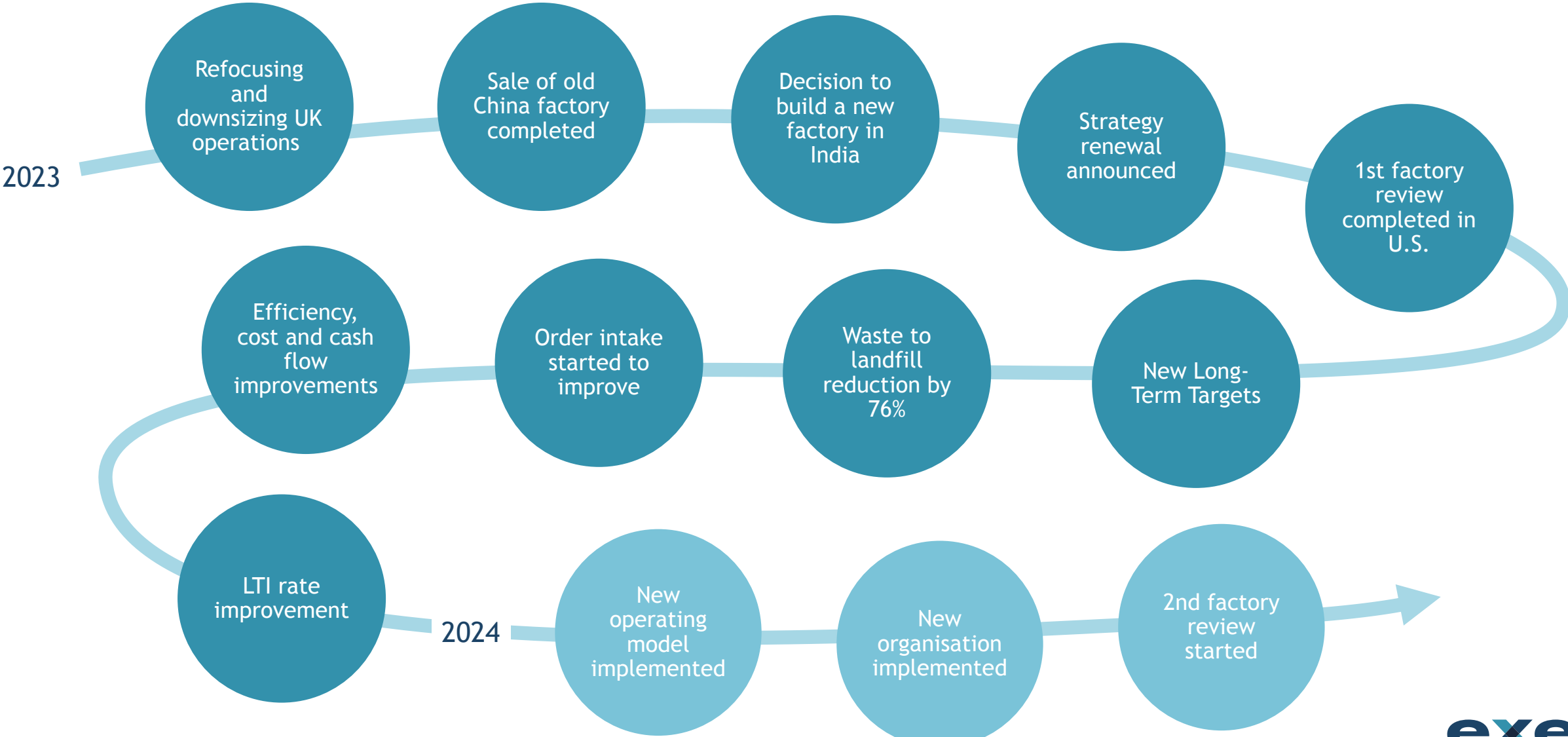
ENVIRONMENTAL FOOTPRINT

Reduce the negative impact of our own operations to the environment and climate



Year 2023 Main events and Financials

Highlights of achievements in 2023

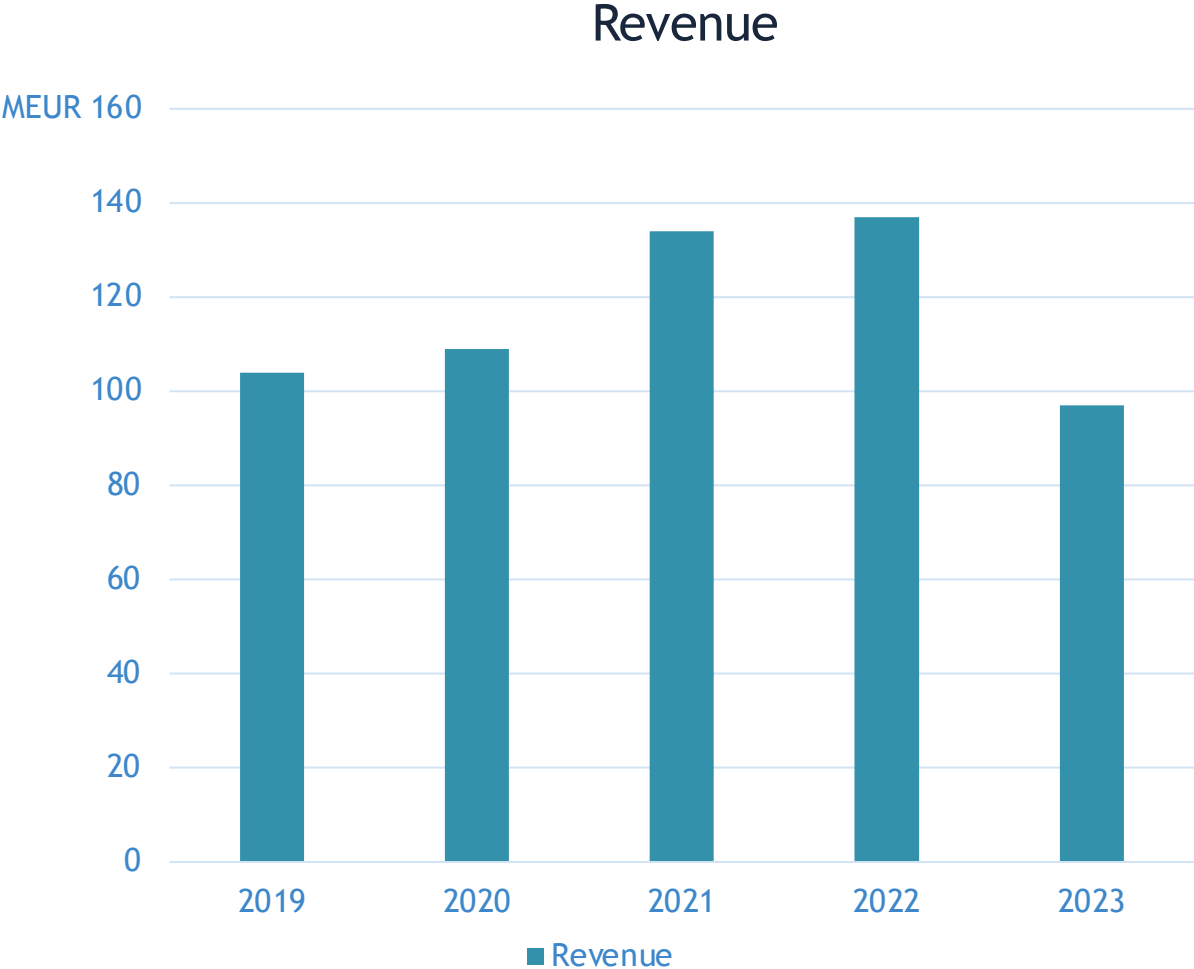


Revenue on average well above 100 MEUR for the past five years

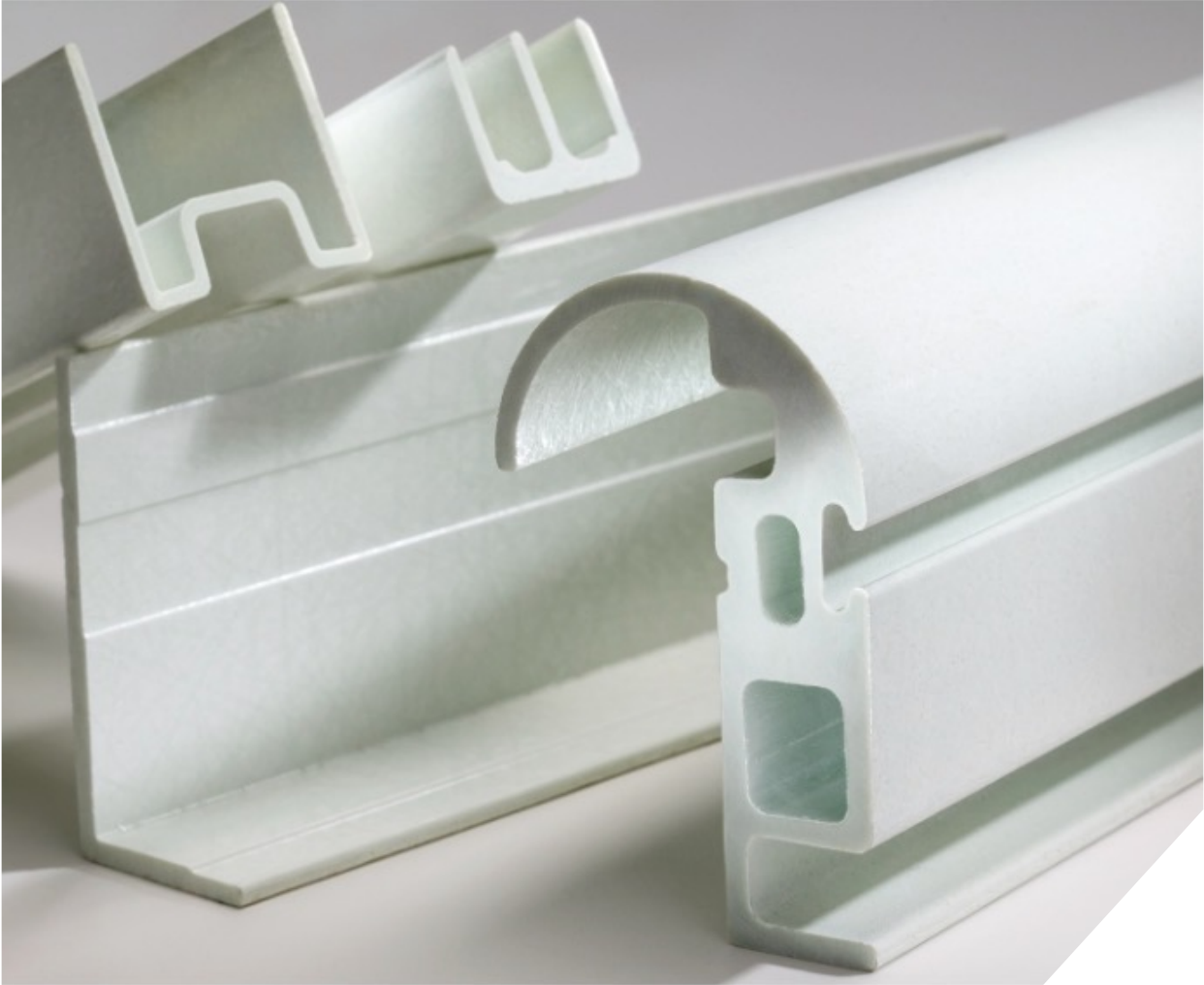
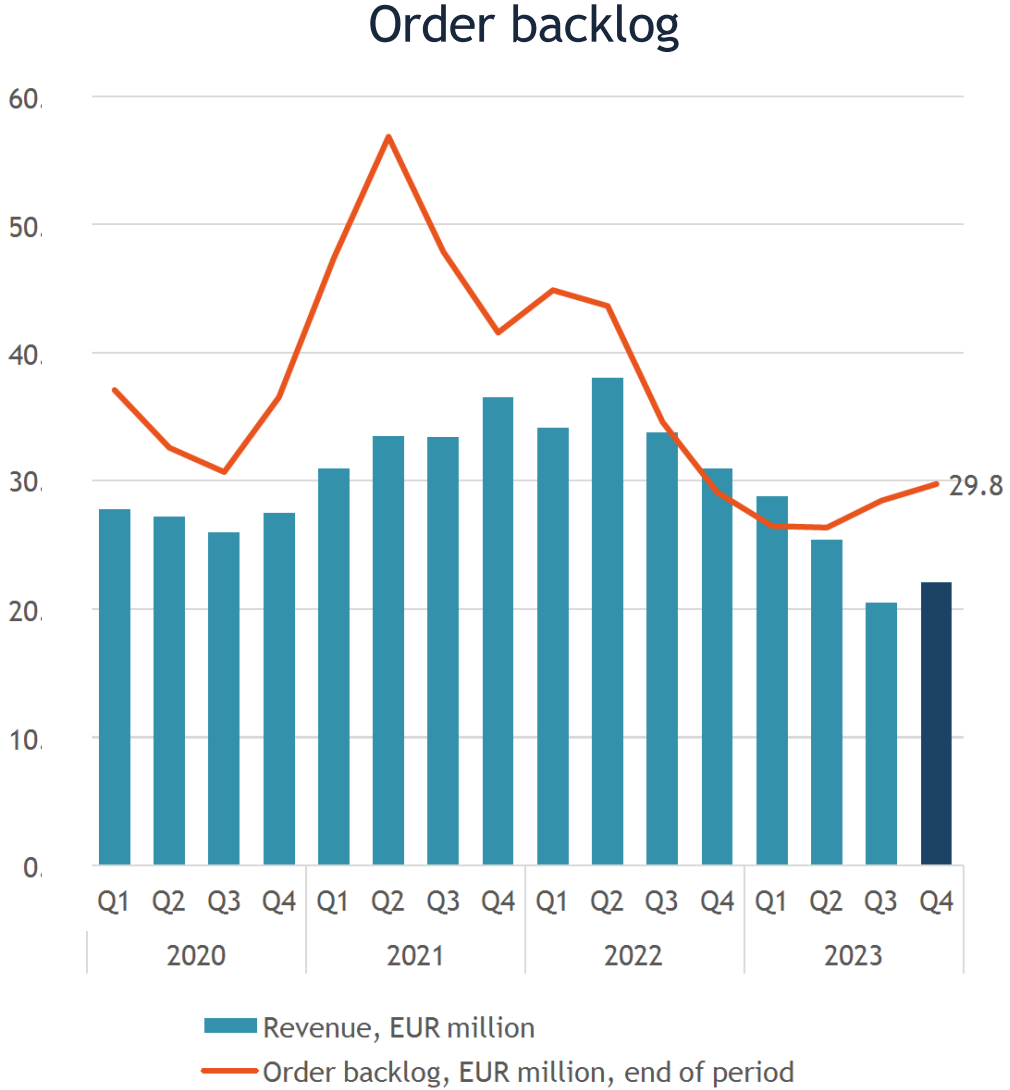
Revenue:
EUR 96.8 million in 2023
(137.0 in 2022)

Adjusted operating profit:
EUR -2.4 million in 2023
(8.0 in 2022)

Employees on average:
667 in 2023
(732 in 2022)



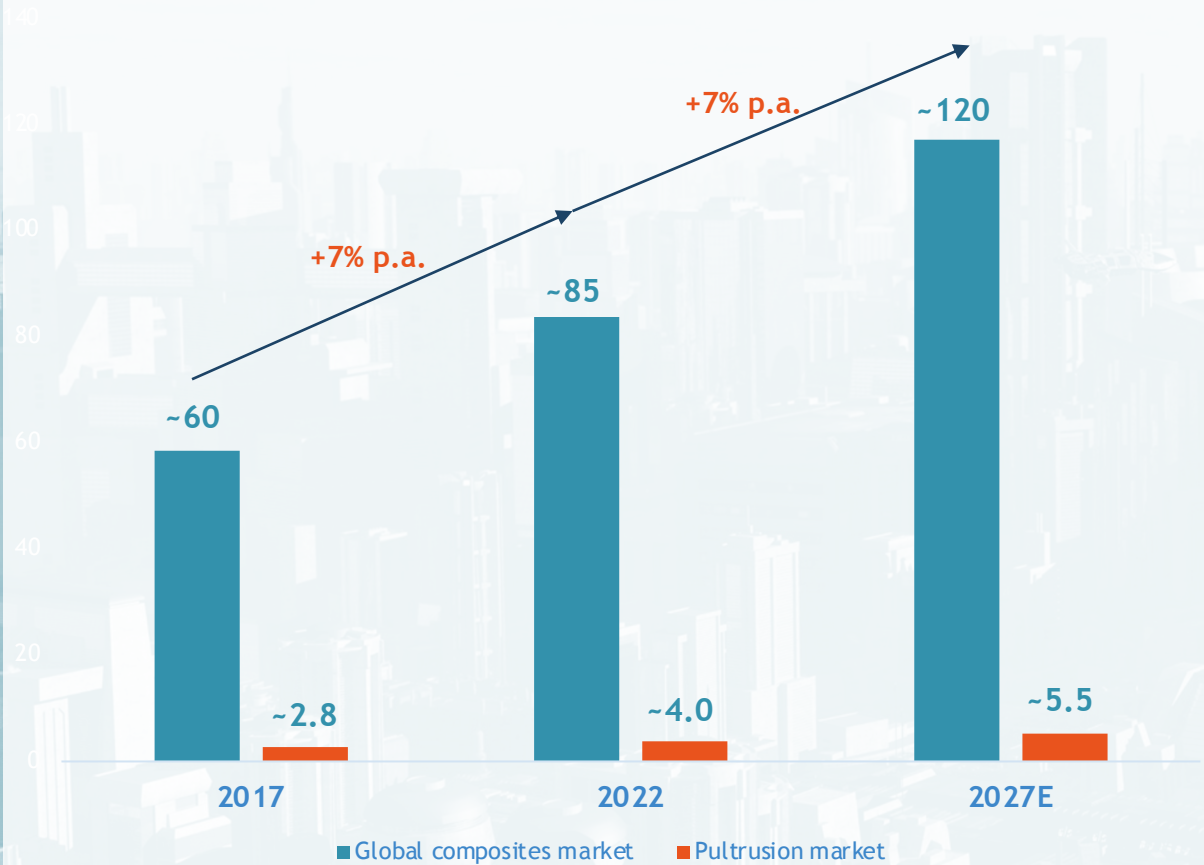
Order backlog has increased for two consecutive quarters



Transformation Strategy

Exel's market has good growth prospects

Global composites market past performance and future growth outlook (BEUR)



- Increasing need for materials that offer strength, light weight and longevity
- Market growth rate expected to exceed general economic growth rate
- Pultrusion as a continuous manufacturing method has good prospects for growth

Source: IHS; The World Bank; Statista; Global Data; Global Wind Energy Council; U.S. Department of Energy; Grand view research, Precedence Research

Target over 200 MEUR revenue and strong profits

STABILITY & PROFITABILITY ~2024-2025

- Two distinct business units
- Factory network review gives economies of scale
- More responsive sales
- Develop more standardized offering
- Sourcing and procurement savings
- Investments in composite research

GROWTH ~2025-2027

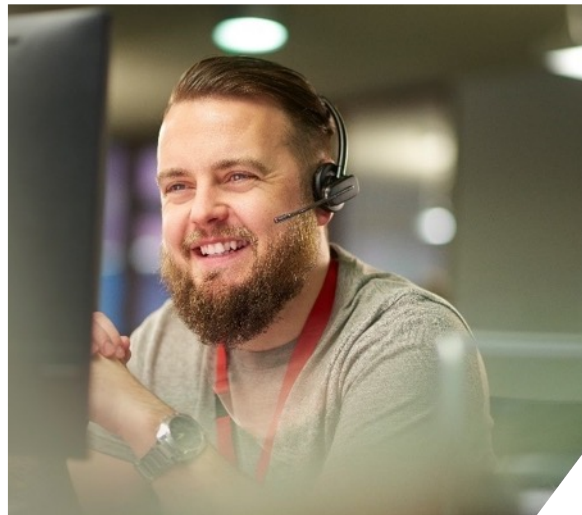
- Leverage & develop new product platforms
- Enhance operational capabilities & increase production capacity
- Fully utilize benefits from the updated sales model
- More sustainable & technically developed offering

Revenue
>200 MEUR

Adjusted EBIT
>10% EBIT

Net debt to EBITDA
< 3x

A transformative strategy based on sustainability, customer value and a high ambition in execution



Organic growth

Capturing growth from large and fast-growing energy transition and decarbonization applications driven by sustainability

Customer value

Focus on increasing value to customers through responsiveness and product platforms and composites design solutions in selected segments

Profitability

New operating model with two business units, larger factories with clear roles and efficiency improvements throughout to deliver solid profitability

High ambition

Skills and capabilities enabling Exel to achieve over EUR 200 million annual revenue and double digit adjusted operating profit margin within five years

Favorable growth opportunities driven by sustainability

Products



Wind turbine parts

- Spar cap planks
- Shear web profiles
- Root joints

Windows & doors

- Facades
- Roofs

Bus & coach profiles

- Train profiles
- EV related solutions

Tubes

- Conductor core
- Insulating products

Growth drivers

- Increasing installations of wind turbines
- Longer blades

- More energy efficient buildings
- Urbanization driving construction & refurbishment

- Demand for lighter, stronger and larger parts in vehicles
- Electrification of traffic

- Demand for corrosion resistant, electrical insulating/conductive, lighter and stronger materials

In China, new multi-year agreement with Foton Bus and Coach company

A new multi-year co-operation contract was signed with Foton Bus and Coach company in February 2024

- Pultruded parts to Foton's buses

Foton is part of Chinese BAIC Company

- BAIC is also Mercedes-Benz AG's largest individual shareholder

Great potential commercial value

- Business starting in 2024



"It has been a great pleasure to work with Exel team so far, which is a professional, efficient and creative team. I am looking forward to the future cooperation, and I believe we will make the success for both companies!"

Head of group R&D Mr. He, Foton Bus and Coach company

New multi-year agreement for the supply of carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia

Kineco Exel Composites India (KECI) has signed a supply agreement with a major wind turbine manufacturer in March 2024

- Carbon fiber planks for spar caps offering best-in-class strength stiffness and low weight as blades continue to grow in length
- Cooperation based on significant development work
- Contract includes an annual minimum volume commitment
- Production at the new factory near Goa, India
- Deliveries are expected to begin in the second half of 2024, subject to final customer approvals



New operating model with simplified structure established

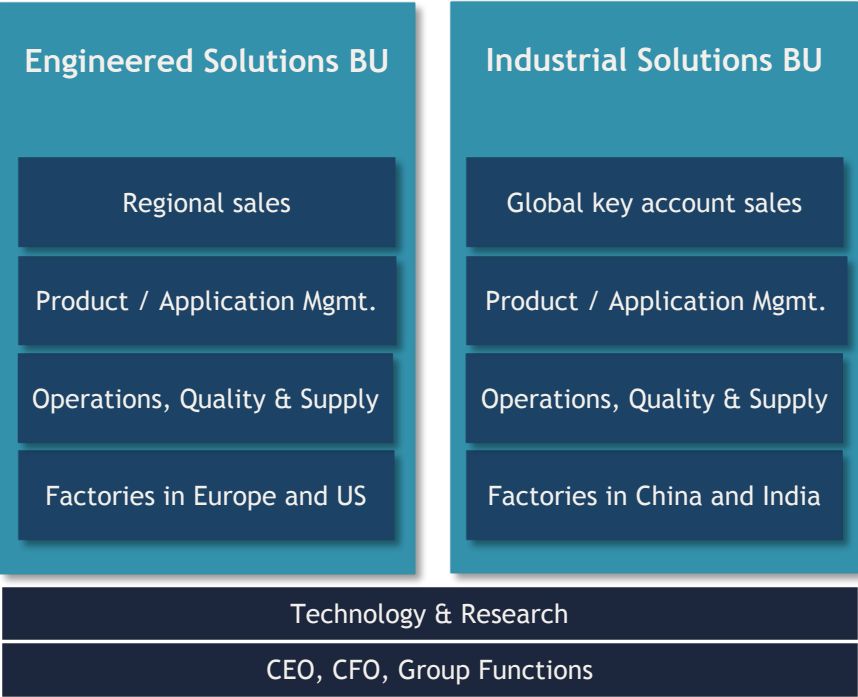
- Two dedicated customer-centric business units with full ownership of results and resources
- Business unit-based sales model with dedicated technical sales support team to provide stronger technical knowledge to customers

Engineered Solutions BU



Tailored solutions in multiple industries

Lead by Juha Honkanen, EVP, Engineered Solutions BU



Industrial Solutions BU



Selected applications with significant growth potential

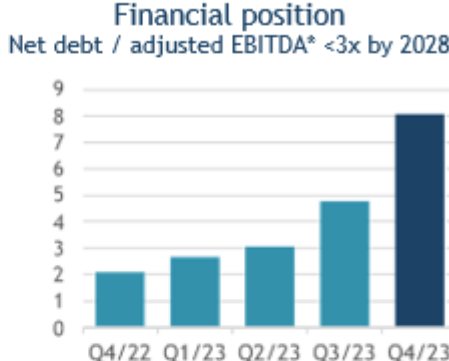
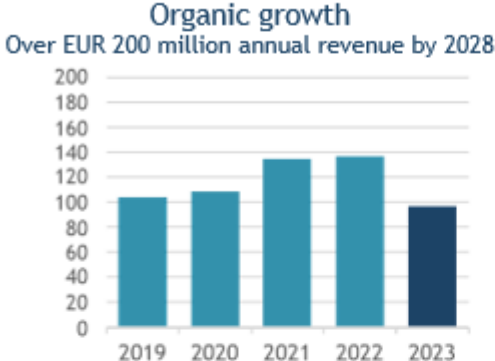
Lead by Kathy Wang, EVP, Industrial Solutions BU

Strategy implementation continues

Action	Status
UK downsizing	Completed
Decision to build new manufacturing facility in India for wind power industry customers	Completed
Strategic factory review 1 (USA)	Completed
New operating model established	Completed
Aligning resources within new business units	Ongoing
Strategic factory review 2 (Belgium)	Ongoing
New manufacturing facility in India into production	Ongoing
Strategic factory review 3	To-do

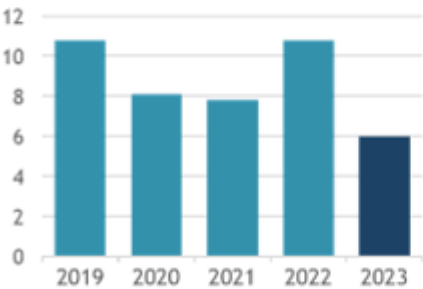
Exel's long-term targets

Financial targets



Sustainability targets

Zero harm
No lost time incidents (LTI)**



Environmental responsibility

- GHG (scope 1 & 2) reduction according to UN established targets
- Zero landfill by 2028
- 100% of research having positive sustainability impact

Employee engagement

Employee NPS score year-on-year improvements based on baseline 2024

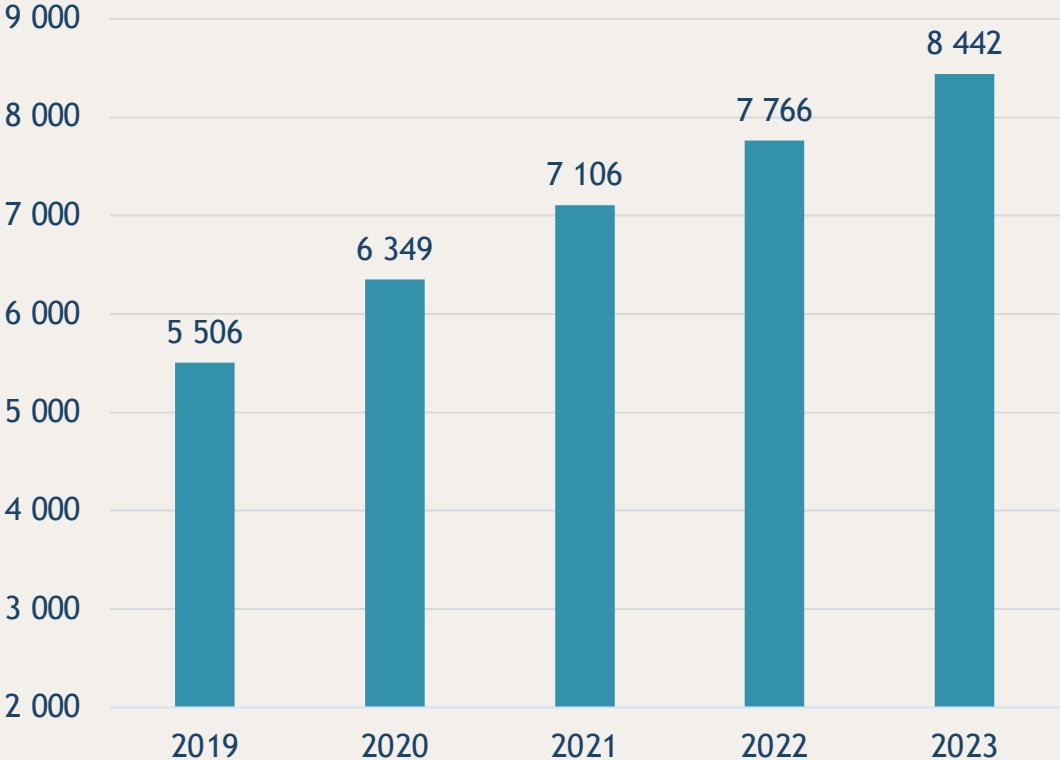
*Last 12 months' adjusted EBITDA, ** Number of injuries per million hours worked

Financial targets are considered over a business cycle. According to the company's dividend policy, Exel Composites' ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities.

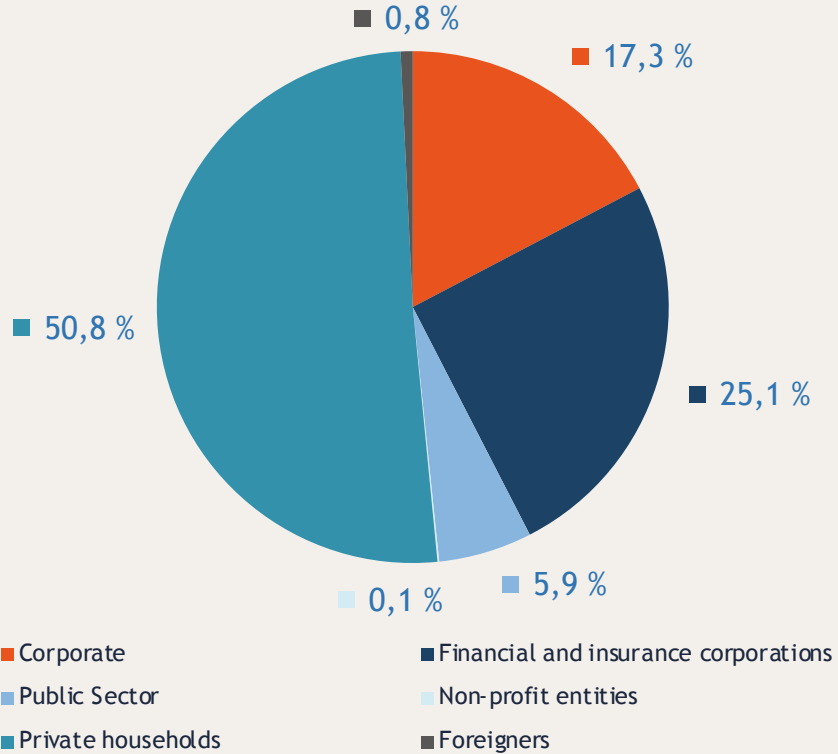


Number of shareholders continued to increase in 2023

Number of shareholders



Ownership structure 31 Dec. 2023



Guidance and outlook

Guidance for 2024

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023

Outlook

- Visibility to market development still limited
- Considering overall economic sentiment, we expect demand to be somewhat soft in H1 2024 while Exel will continue to have free production capacity
- We have a clear execution plan. We look forward to 2024 with confidence