

## Q2 figures remained below estimates

Exel's Q2 results remained very soft as many customer industries saw demand challenges and continued to reduce inventories. Revenue fell clearly below our estimate, which naturally hit EBIT hard, however profitability improved slightly q/q even though top line declined another 12% q/q.

- Exel Q2 revenue decreased by 33.3% y/y to EUR 25.4m vs our EUR 34.3m estimate. European top line fared relatively well, declining by 16.0% y/y, whereas North America fell 61.3% as wind power demand was soft while Transportation also declined.
- Wind power amounted to EUR 2.3m, compared to our EUR 4.0m estimate, while Buildings and infrastructure came in at EUR 6.5m vs our EUR 7.7m estimate. Transportation amounted to EUR 3.7m, compared to our EUR 8.0m estimate.
- Adjusted EBIT landed at EUR 0.1m vs our EUR 1.2m estimate. Low volumes burdened EBIT, however Exel's profitability improved slightly q/q despite the fact top line declined by 12% q/q as Exel aims to contain costs.
- Order intake was EUR 25.4m in Q2 and declined by 31.4%. Customer inventory reductions continued. The market in general was soft but in line with the company's expectations.
- Exel guides FY '23 revenue to decrease and adjusted operating profit to decrease significantly (unchanged).

Rating				🟡 HOLD
Q2'23	Actual	Evli	Year ago	Q1'23
Revenue	25.4	34.3	38.1	28.8
Adj. EBIT	0.1	1.2	3.1	0.0
Adj. EBIT margin	0.3 %	3.5 %	8.2 %	0.0 %
Deviation				
	Actual	Evli	Year ago	Q1'23
Revenue		-26 %	-33 %	-12 %
Adj. EBIT		-92 %	-97 %	1567 %
Adj. EBIT margin		-91 %	-96 %	1340 %
Share price, EUR (Last trading day's closing price)				3.50
Target price, EUR				4.3
Latest change in recommendation				03-May-23
Latest report on company				03-May-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				11,897
No. of shares fully diluted, '000's				11,897
Market cap, EURm				42
Free float, %				100.0
Exchange rate EUR/USD				1.10
Reuters code				EXL1V.HE
Bloomberg code				EXL1V FH
Average daily volume, EURm				0.1
Next interim report				18-Aug-23
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🟢 BUY 🟡 HOLD 🔴 SELL

### PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022	137.0	3.0	2.2%	9.4	0.18	30.1	0.7	31.4	14.6	0.20
2023E	129.9	5.8	4.5%	5.9	0.18	19.2	0.5	11.7	14.3	0.20
2024E	139.6	8.9	6.4%	5.4	0.44	7.9	0.5	7.3	13.0	0.25
2025E	146.6	11.9	8.1%	7.9	0.65	5.4	0.4	5.0	18.9	0.30
Market cap, EURm				42	BV per share 2023E, EUR	86.8	CAGR EPS 2022-25, %		53.1	
Net debt 2023E, EURm				26	Price/book 2023E	1.4	CAGR sales 2022-25, %		2.3	
Enterprise value, EURm				68	Dividend yield 2023E, %	5.7	ROE 2023E, %		7.1	
Total assets 2023E, EURm				107	Tax rate 2023E, %	44.7	ROCE 2023E, %		6.1	
Goodwill 2023E, EURm				13	Equity ratio 2023E, %	28.2	PEG, P/E 23/CAGR		0.3	

All the important disclosures can be found on the last pages of this report.

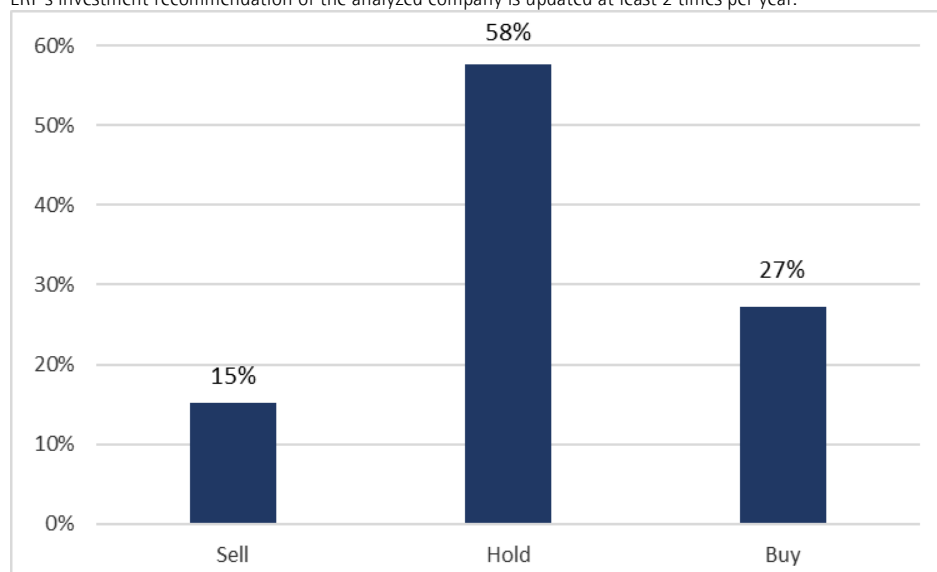
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Ilvonen

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