

## Looking to deliver more volumes

Exel's results are yet to see demand pick up, and although valuation isn't demanding uncertainty still limits upside.

### Still very soft results, however H2 should show gains

Exel's Q2 was expected to be still somewhat soft, but the EUR 25.4m revenue came in well below our EUR 34.3m estimate as e.g. Wind power and Transportation, which had high Q2'22 deliveries, saw low demand especially in North America. Many key industries continued to reduce inventories, yet Exel saw demand developing largely according to its expectations and sees its delivery volumes begin to recover towards the end of the year. Q2 revenue declined by another 12% q/q, in the light of which the EUR 0.1m adj. EBIT already showed some results in terms of lower costs. Exel has some further scope to cut costs, and achieved results in terms of margin management, yet lacking volumes left adj. EBIT far from our EUR 1.2m estimate.

### Many applications have already shown promise

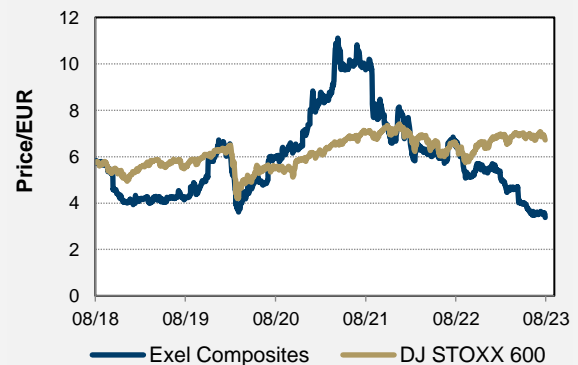
Raw materials prices should remain stable, and pricing hasn't been an issue for Exel, while cost cuts help results only so much. We estimate Q3 revenue to decline 11% y/y (meaning 18% q/q growth) while the EUR 35m revenue we estimate for Q4 should be enough to produce a healthy level of EBIT (we estimate EUR 2.5m Q4 EBIT). The demand and inventory cycles now produce large variations in results, and recent areas of particular softness (e.g. North American Wind power and Transportation) are also likely to make up much of the volume recovery going towards next year. Exel updates its strategy this fall; it's clear Wind power remains a key driver (e.g. the Indian JV), but there should be other products to capitalize on (incl. conductor core rods) and ways to specify growth path in e.g. Transportation and Defense.

### H2 figures to reflect the pace of demand improvement

Q4 might show a strong EBIT, but we see FY '23 adj. EBIT halving to EUR 3.9m, a very modest level which means FY '23 earnings multiples are elevated (20x EV/EBIT on our estimates). Exel's valuation can't be really described as expensive since profitability is to improve from here on, and the 7.5x EV/EBIT on our FY '24 EBIT estimate of EUR 8.5m isn't that challenging especially when such a level of EBIT would still be shy relative to long-term potential, yet the fog around demand pick-up keeps uncertainty high. Our new TP is EUR 3.5 (4.3); retain HOLD rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 3.38

Target price, EUR 3.5

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 40

Free float, % 100.0

Exchange rate EUR/USD 1.09

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 03-Nov-23

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■ BUY ■ HOLD ■ SELL

## 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	118.8	3.3	2.8%	5.1	-0.06	-59.8	0.6	20.6	12.8	0.15
2024E	128.3	8.5	6.6%	4.7	0.38	8.9	0.5	7.6	11.7	0.20
2025E	134.7	10.8	8.0%	7.0	0.56	6.0	0.4	5.5	17.3	0.25
Market cap, EURm			40	Gearing 2023E, %		98.7	CAGR EPS 2022-25, %		45.9	
Net debt 2023E, EURm			27	Price/book 2023E		1.5	CAGR sales 2022-25, %		-0.6	
Enterprise value, EURm			67	Dividend yield 2023E, %		4.4	ROE 2023E, %		-2.3	
Total assets 2023E, EURm			101	Tax rate 2023E, %		165.4	ROCE 2023E, %		2.8	
Goodwill 2023E, EURm			13	Equity ratio 2023E, %		27.0	PEG, P/E 23/CAGR		0.0	

Estimates and valuation

Exel Composites	2019	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e
Buildings and infrastructure	23.5	23.5	32.9	7.7	8.9	7.8	8.1	32.5	7.8	6.5	6.8	9.1	30.2
Equipment and other industries	18.6	19.5	23.4	7.4	5.9	5.6	4.3	23.1	5.6	5.0	4.9	4.9	20.4
Wind power	23.6	28.1	32.1	6.8	6.5	8.0	5.5	26.8	1.5	2.3	5.2	5.9	14.9
Machinery and electrical	14.4	15.5	17.6	4.3	5.3	5.0	5.2	19.7	4.6	4.1	4.6	5.5	18.8
Transportation	13.1	10.2	10.2	3.1	7.2	3.7	3.3	17.4	4.2	3.7	4.5	4.5	16.9
Defense	2.3	5.3	8.7	2.1	1.6	2.0	1.9	7.5	2.9	2.6	2.1	2.1	9.6
Telecommunications	8.2	6.5	9.5	2.8	2.8	1.7	2.6	10.0	2.2	1.3	1.8	2.7	8.0
<b>Revenue</b>	<b>103.8</b>	<b>108.6</b>	<b>134.4</b>	<b>34.2</b>	<b>38.1</b>	<b>33.8</b>	<b>31.0</b>	<b>137.0</b>	<b>28.8</b>	<b>25.4</b>	<b>29.9</b>	<b>34.7</b>	<b>118.8</b>
<i>y/y change, %</i>	<i>7 %</i>	<i>5 %</i>	<i>24 %</i>	<i>10 %</i>	<i>14 %</i>	<i>1 %</i>	<i>-15 %</i>	<i>2 %</i>	<i>-16 %</i>	<i>-33 %</i>	<i>-11 %</i>	<i>12 %</i>	<i>-13 %</i>
<b>Adjusted EBIT</b>	<b>7.2</b>	<b>9.7</b>	<b>6.0</b>	<b>2.2</b>	<b>3.1</b>	<b>1.8</b>	<b>0.9</b>	<b>8.0</b>	<b>0.0</b>	<b>0.1</b>	<b>1.3</b>	<b>2.5</b>	<b>3.9</b>
EBIT	5.1	9.4	3.7	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2			3.3
<i>-margin, %</i>	<i>6.9 %</i>	<i>8.9 %</i>	<i>4.5 %</i>	<i>6.4 %</i>	<i>8.2 %</i>	<i>5.4 %</i>	<i>3.0 %</i>	<i>5.9 %</i>	<i>0.0 %</i>	<i>0.3 %</i>	<i>4.3 %</i>	<i>7.2 %</i>	<i>3.3 %</i>
<i>-margin (reported), %</i>	<i>4.9 %</i>	<i>8.7 %</i>	<i>2.8 %</i>	<i>0.1 %</i>	<i>7.9 %</i>	<i>5.0 %</i>	<i>-5.5 %</i>	<i>2.2 %</i>	<i>-1.0 %</i>	<i>-1.0 %</i>			<i>2.8 %</i>

Source: Evli Research

EXEL COMPOSITES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Hexagon Composites	534			14.1x			33.9x	-8.0 %	-7.8 %	3.5 %
Hexcel	5455	19.0x	17.8x	14.9x	31.6x	27.3x	21.4x	11.4 %	13.4 %	15.5 %
Avient	3107	8.0x	9.6x	8.6x	11.7x	16.1x	13.3x	11.9 %	9.6 %	11.0 %
SGL Carbon	878	6.0x	7.6x	5.6x	9.9x	10.9x	8.4x	9.9 %	8.6 %	10.5 %
TPI Composites	189	13.1x		8.4x			17.5x	-1.6 %	-4.3 %	2.3 %
Peer Group Average	2033	<b>11.5x</b>	<b>11.7x</b>	<b>10.3x</b>	<b>17.7x</b>	<b>18.1x</b>	<b>18.9x</b>	<b>4.7 %</b>	<b>3.9 %</b>	<b>8.6 %</b>
Peer Group Median	878	<b>10.6x</b>	<b>9.6x</b>	<b>8.6x</b>	<b>11.7x</b>	<b>16.1x</b>	<b>17.5x</b>	<b>9.9 %</b>	<b>8.6 %</b>	<b>10.5 %</b>
Exel Composites (Evli est.)	<b>40</b>	<b>9.3x</b>	<b>6.9x</b>	<b>4.5x</b>	<b>31.4x</b>	<b>20.6x</b>	<b>7.6x</b>	<b>2.2 %</b>	<b>2.8 %</b>	<b>6.6 %</b>

Exel Composites prem./disc. to peer median

-12 %    -28 %    -48 %    168 %    27 %    -57 %    -78 %    -68 %    -37 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.38 PV of Free Cash Flow	72 Long-term growth, %	1.5 Risk-free interest rate, %	2.25
DCF share value	10.84 PV of Horizon value	89 WACC, %	8.5 Market risk premium, %	5.8
Share price potential, %	220.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.9 Marketable securities	17 Minimum WACC, %	8.0 Equity beta coefficient	1.00
Minimum value	9.9 Debt - dividend	-50 Maximum WACC, %	9.0 Target debt ratio, %	10
Horizon value, %	55.5 Value of stock	129 Nr of shares, Mn	11.9 Effective tax rate, %	21

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	137	119	128	135	139	142	144	147	150	153	156	158
<i>Sales growth, %</i>	<i>2.0</i>	<i>-13.3</i>	<i>8.0</i>	<i>5.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	3	3	8	11	12	15	16	17	17	18	18	18
<i>Operating income margin, %</i>	<i>2.2</i>	<i>2.8</i>	<i>6.6</i>	<i>8.0</i>	<i>9.0</i>	<i>10.5</i>	<i>11.0</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>	<i>11.5</i>
+ Depreciation+amort.	7	6	6	6	5	5	5	4	4	4	4	4
EBITDA	10	10	14	16	18	20	20	21	22	22	22	22
- Paid taxes	-1	-2	-3	-3	-3	-4	-4	-4	-4	-4	-4	-4
- Change in NWC	3	3	-1	-1	-1	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>10.3</i>	<i>9.6</i>	<i>10.0</i>	<i>10.2</i>	<i>10.4</i>	<i>10.5</i>	<i>10.6</i>	<i>10.6</i>	<i>10.7</i>	<i>10.8</i>	<i>10.9</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4
<i>opCAPEX / Sales, %</i>	<i>2.4</i>	<i>2.8</i>	<i>3.3</i>	<i>3.2</i>	<i>3.1</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	9	7	7	9	10	12	12	13	13	13	13	193
= Discounted FCFF		7	6	7	8	8	8	8	7	7	6	89
= DFCF min WACC		7	6	7	8	8	8	8	7	7	6	101
= DFCF max WACC		7	6	7	8	8	8	7	7	6	6	80

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	34.2	38.1	33.8	31.0	137.0	28.8	25.4	29.9	34.7	118.8	128.3	134.7
EBITDA	1.8	4.8	3.6	0.0	10.1	1.5	1.5	2.8	4.0	9.7	14.4	16.3
<i>EBITDA margin (%)</i>	<i>5.2</i>	<i>12.5</i>	<i>10.5</i>	<i>0.0</i>	<i>7.4</i>	<i>5.3</i>	<i>5.7</i>	<i>9.3</i>	<i>11.4</i>	<i>8.2</i>	<i>11.2</i>	<i>12.1</i>
EBIT	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	1.3	2.5	3.3	8.5	10.8
<i>EBIT margin (%)</i>	<i>0.1</i>	<i>7.9</i>	<i>5.0</i>	<i>-5.5</i>	<i>2.2</i>	<i>-1.0</i>	<i>-1.0</i>	<i>4.3</i>	<i>7.2</i>	<i>2.8</i>	<i>6.6</i>	<i>8.0</i>
Net financial items	0.5	1.9	1.6	-3.4	0.6	-1.2	-0.4	-0.4	-0.2	-2.2	-2.0	-1.9
Pre-tax profit	0.5	4.9	3.3	-5.1	3.6	-1.5	-0.7	0.9	2.3	1.0	6.5	8.9
Tax	-0.6	-0.9	-1.2	1.2	-1.5	-0.6	-0.2	-0.3	-0.5	-1.7	-2.0	-2.2
<i>Tax rate (%)</i>	<i>111.4</i>	<i>19.3</i>	<i>35.6</i>	<i>24.3</i>	<i>40.4</i>	<i>-43.8</i>	<i>-36.3</i>	<i>33.3</i>	<i>21.7</i>	<i>165.4</i>	<i>30.7</i>	<i>25.0</i>
Net profit	-0.1	4.0	2.1	-3.9	2.1	-2.1	-0.9	0.6	1.8	-0.7	4.5	6.7
EPS	-0.01	0.33	0.18	-0.33	0.18	-0.18	-0.08	0.05	0.15	-0.06	0.38	0.56
EPS adjusted (diluted no. of shares)	-0.01	0.33	0.18	-0.33	0.18	-0.18	-0.08	0.05	0.15	-0.06	0.38	0.56
Dividend per share	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.15	0.20	0.25
<b>SALES, EURm</b>												
Exel Composites	34.2	38.1	33.8	31.0	137.0	28.8	25.4	29.9	34.7	118.8	128.3	134.7
Total	34.2	38.1	33.8	31.0	137.0	28.8	25.4	29.9	34.7	118.8	128.3	134.7
<b>SALES GROWTH, Y/Y %</b>												
Exel Composites	10.3	13.5	1.2	-15.1	2.0	-15.7	-33.3	-11.5	11.9	-13.3	8.0	5.0
Total	10.3	13.5	1.2	-15.1	2.0	-15.7	-33.3	-11.5	11.9	-13.3	8.0	5.0
<b>EBIT, EURm</b>												
Exel Composites	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	1.3	2.5	3.3	8.5	10.8
Total	0.0	3.0	1.7	-1.7	3.0	-0.3	-0.2	1.3	2.5	3.3	8.5	10.8
<b>EBIT margin, %</b>												
Exel Composites	0.1	7.9	5.0	-5.5	2.2	-1.0	-1.0	4.3	7.2	2.8	6.6	8.0
Total	0.1	7.9	5.0	-5.5	2.2	-1.0	-1.0	4.3	7.2	2.8	6.6	8.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	96.6	103.8	108.6	134.4	137.0	118.8	128.3	134.7
<i>Sales growth (%)</i>	<i>11.9</i>	<i>7.5</i>	<i>4.6</i>	<i>23.7</i>	<i>2.0</i>	<i>-13.3</i>	<i>8.0</i>	<i>5.0</i>
EBITDA	7.7	10.7	15.3	11.9	10.1	9.7	14.4	16.3
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>10.3</i>	<i>14.1</i>	<i>8.9</i>	<i>7.4</i>	<i>8.2</i>	<i>11.2</i>	<i>12.1</i>
Depreciation	-5.5	-5.6	-5.8	-8.2	-7.1	-6.4	-5.9	-5.5
EBITA	2.2	5.1	9.4	3.7	3.0	3.3	8.5	10.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.2	5.1	9.4	3.7	3.0	3.3	8.5	10.8
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>2.8</i>	<i>6.6</i>	<i>8.0</i>
Reported EBIT	2.2	5.1	9.4	3.7	3.0	3.3	8.5	10.8
<i>EBIT margin (reported) (%)</i>	<i>2.3</i>	<i>4.9</i>	<i>8.7</i>	<i>2.8</i>	<i>2.2</i>	<i>2.8</i>	<i>6.6</i>	<i>8.0</i>
Net financials	-0.5	-1.2	-2.3	0.4	0.6	-2.2	-2.0	-1.9
Pre-tax profit	1.7	3.9	7.1	4.2	3.6	1.0	6.5	8.9
Taxes	-1.3	-1.5	-1.7	-2.5	-1.5	-1.7	-2.0	-2.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	2.4	5.4	1.7	2.1	-0.7	4.5	6.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	21	23	30	34	31	28	26	25
Goodwill	13	13	13	13	13	13	13	13
Right of use assets	5	5	3	3	2	2	2	2
Inventory	15	17	16	24	23	20	22	23
Receivables	20	20	21	26	24	21	23	24
Liquid funds	5	7	12	16	17	15	16	17
Total assets	79	85	97	118	113	101	104	106
<b>Liabilities</b>								
Shareholder's equity	26	26	29	31	30	27	30	34
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	3	4	2	2	1	2	2	2
Deferred taxes	0	0	0	0	1	1	1	1
Interest bearing debt	30	32	40	50	46	40	38	34
Non-interest bearing current liabilities	18	21	24	32	26	23	25	26
Other interest-free debt	2	2	2	3	9	9	9	9
Total liabilities	79	85	97	118	113	101	104	106
<b>CASH FLOW, EURm</b>								
+ EBITDA	8	11	15	12	10	10	14	16
- Net financial items	0	-1	-2	0	1	-2	-2	-2
- Taxes	-2	-2	-2	-3	-1	-2	-2	-2
- Increase in Net Working Capital	-4	1	3	-5	3	3	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	1	8	13	5	13	8	9	11
- Capex	-10	-8	-13	-11	-3	-3	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-9	1	0	-6	9	5	5	7
+/- New issues/buybacks	0	0	-1	3	-1	0	0	0
- Paid dividend	-4	-2	-2	-2	-2	-2	-2	-2
+/- Other	9	3	7	9	-5	-5	-2	-4
Change in cash	-3	2	5	4	2	-2	1	1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	78	88	94	64	40	40	40
Net debt (excl. convertibles)	29	30	36	30	27	24	20
Enterprise value	107	118	131	94	67	64	60
Sales	104	109	134	137	119	128	135
EBITDA	11	15	12	10	10	14	16
EBIT	5	9	4	3	3	8	11
Pre-tax	4	7	4	4	1	7	9
Earnings	2	5	2	2	-1	5	7
Equity book value (excl. minorities)	26	29	31	30	27	30	34
<b>Valuation multiples</b>							
EV/sales	1.0	1.1	1.0	0.7	0.6	0.5	0.4
EV/EBITDA	10.0	7.7	10.9	9.3	6.9	4.5	3.7
EV/EBITA	21.0	12.5	34.9	31.4	20.6	7.6	5.5
EV/EBIT	21.0	12.5	34.9	31.4	20.6	7.6	5.5
EV/OCF	12.9	8.8	27.2	7.4	7.9	7.2	5.3
EV/FCFF	32.5	52.9	-26.0	10.2	9.4	9.6	6.6
P/FCFE	110.9	179.1	-15.3	6.8	7.8	8.5	5.8
P/E	32.5	16.4	57.0	30.1	-59.8	8.9	6.0
P/B	3.0	3.1	3.0	2.1	1.5	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.1	4.6	3.7
Target EV/EBIT	0.0	0.0	0.0	0.0	21.0	7.8	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	13.3	14.0	8.8
Target P/B	0.0	0.0	0.0	0.0	1.5	1.4	1.2
Target P/E	0.0	0.0	0.0	0.0	-62.0	9.2	6.3
<b>Per share measures</b>							
Number of shares	11,897	11,897	11,897	11,897	11,897	11,897	11,897
Number of shares (diluted)	11,897	11,897	11,897	11,897	11,897	11,897	11,897
EPS	0.20	0.45	0.14	0.18	-0.06	0.38	0.56
Operating cash flow per share	0.70	1.12	0.40	1.06	0.71	0.76	0.95
Free cash flow per share	0.06	0.04	-0.52	0.79	0.43	0.40	0.58
Book value per share	2.21	2.41	2.62	2.56	2.30	2.53	2.89
Dividend per share	0.18	0.20	0.20	0.20	0.15	0.20	0.25
Dividend payout ratio, %	89.2	44.3	143.7	110.9	-265.6	52.8	44.7
Dividend yield, %	2.7	2.7	2.5	3.7	4.4	5.9	7.4
FCF yield, %	0.9	0.6	-6.5	14.6	12.8	11.7	17.3
<b>Efficiency measures</b>							
ROE	9.2	19.5	5.5	7.0	-2.3	15.7	20.7
ROCE	8.6	14.4	5.1	4.0	2.8	10.7	13.8
<b>Financial ratios</b>							
Inventories as % of sales	16.3	14.9	17.8	17.1	17.1	17.1	17.1
Receivables as % of sales	19.2	19.2	19.6	17.8	17.9	17.8	17.8
Non-interest bearing liabilities as % of sales	20.2	22.0	23.8	19.1	19.1	19.1	19.1
NWC/sales, %	14.1	11.2	12.7	10.3	9.6	10.0	10.2
Operative CAPEX/sales, %	7.3	11.9	8.2	2.4	2.8	3.3	3.2
CAPEX/sales (incl. acquisitions), %	7.3	11.9	8.2	2.4	2.8	3.3	3.2
FCFF/EBITDA	0.3	0.1	-0.4	0.9	0.7	0.5	0.6
Net debt/EBITDA, book-weighted	2.7	2.0	3.0	2.9	2.8	1.7	1.2
Debt/equity, market-weighted	0.4	0.5	0.5	0.7	1.0	1.0	0.9
Equity ratio, book-weighted	30.8	29.7	26.5	26.9	27.0	28.9	32.4
Gearing, %	110.2	104.7	115.9	98.1	98.7	80.0	56.8

**COMPANY DESCRIPTION:** Exel Composites manufactures composites profiles for various demanding, mainly industrial end-use, applications. Exel's customer base includes companies operating in industries such as wind energy, transportation and telecommunications. Exel Composites is one of the largest manufacturers of pultruded composites profiles globally and currently operates eight manufacturing plants on three continents.

**INVESTMENT CASE:** Our positive view is based on good long-term composites demand outlook, coupled with the fact that Exel Composites' current manufacturing footprint could support annual revenue in the EUR 150m ballpark i.e. there's still plenty of room to improve delivery volumes. Exel's rather high fixed cost base translates to meaningful operating leverage, and thus higher revenues should lead to improving operating margins. The company is also progressing well with its cost savings program. Operating profit could further significantly improve if good execution continues. Recently the wind energy sector has provided great lift for volumes; other attractive applications include e.g. transportation industry profiles.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sijoitusrahasto Taaleritehdas Mikro Markka	800,000	2.704	6.7%
OP-Finland Small Firms Fund	590,119	1.995	5.0%
Ilmarinen Mutual Pension Insurance	496,547	1.678	4.2%
Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	420,000	1.420	3.5%
Phoebus Fund	370,000	1.251	3.1%
Säästöpankki Pienyhtiöt	288,710	0.976	2.4%
Nelimarkka Heikki Antero	213,545	0.722	1.8%
Veritas Pension Insurance Company Ltd.	207,479	0.701	1.7%
Säästöpankki Kotimaa	132,680	0.448	1.1%
Sumato Oy	131,821	0.446	1.1%
Ten largest	3,650,901	12.340	31%
Residual	8,245,942	27.871	69%
Total	11,896,843	40.211	100%

#### EARNINGS CALENDAR

November 03, 2023

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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CFO: Mikko Rummukainen

Tel: +358 20 7541 200

IR: Sanna Ahvenniemi

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



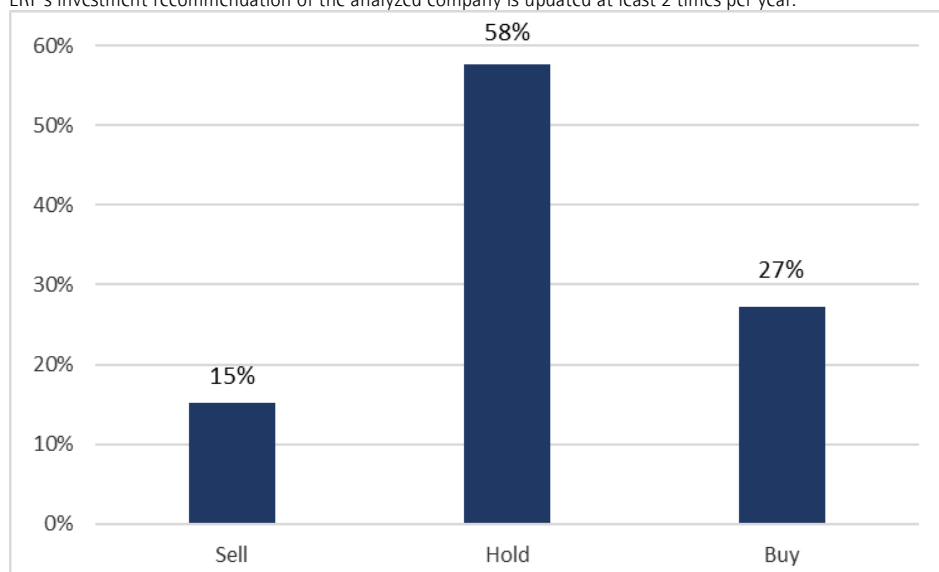
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Investment recommendations are defined as follows:

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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