

Results still softer than expected

Exel's Q1 results landed below estimates. Demand shows some signs of improvement, but H1'24 results will remain quite soft. Exel retains its previous guidance as H2 should be better. The company also plans to issue up to EUR 23m of new shares.

- Exel Q1 revenue decreased by 18.9% y/y to EUR 23.4m vs our EUR 24.9m estimate. The decline was largely attributable to Europe (down 29.4% y/y) while North America increased by 15.8%.
- Exel reports revenue for a new customer industry structure; all the five industries were down y/y.
- Adjusted EBIT was EUR -0.6m, compared to the EUR 0.7m/0.8m Evli/consensus estimates. Efforts to manage working capital and costs continued and will continue through this year. Further room to improve efficiency exists.
- Order intake came in at EUR 28.6m in Q4 and grew by 9% y/y (21% q/q). Order backlog has increased 32% compared to last year. Demand is however still expected to be somewhat soft in H1'24 while Exel continues to have free production capacity.
- Exel guides revenue to increase and adjusted EBIT to increase significantly in 2024 compared to 2023 (unchanged).
- Exel plans to issue up to some EUR 23m of shares in a rights offering to strengthen capital structure and accelerate its strategy implementation.

Rating 🟡 HOLD

Q1'24	Actual	Evli	Year ago	Q4'23
Revenue	23.4	24.9	28.8	22.1
Adj. EBIT	-0.6	0.7	0.0	-1.3
Adj. EBIT margin	-2.4 %	2.8 %	0.0 %	-5.9 %

Share price, EUR (Last trading day's closing price) 2.15

Target price, EUR 2.2

Latest change in 03-May-23

Latest report on company 19-Feb-24

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 26

Free float, % 100.0

Exchange rate EUR/USD 1.07

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 25-Apr-24

Web site www.exelcomposites.com

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

🟢 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
2022	137.0	3.0	2.2%	7.8	0.18	30.1	0.7	31.4	12.0	0.20
2023	96.8	-4.9	-5.0%	-1.0	-0.78	-3.2	0.6	-12.6	-3.3	0.00
2024E	104.0	5.1	4.9%	5.3	0.14	15.0	0.5	10.2	20.6	0.10
2025E	112.3	7.9	7.0%	6.1	0.35	6.2	0.4	6.0	24.0	0.20
2026E	117.9	9.4	8.0%	6.9	0.46	4.7	0.4	4.5	27.1	0.25

Market cap, EURm	26	BV per share 2024E, EUR	135.6	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	26	Price/book 2024E	1.3	CAGR sales 2023-26, %	6.8
Enterprise value, EURm	52	Dividend yield 2024E, %	4.7	ROE 2024E, %	9.2
Total assets 2024E, EURm	84	Tax rate 2024E, %	19.0	ROCE 2024E, %	7.0
Goodwill 2024E, EURm	13	Equity ratio 2024E, %	23.1	PEG, P/E 24/CAGR	0.2

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

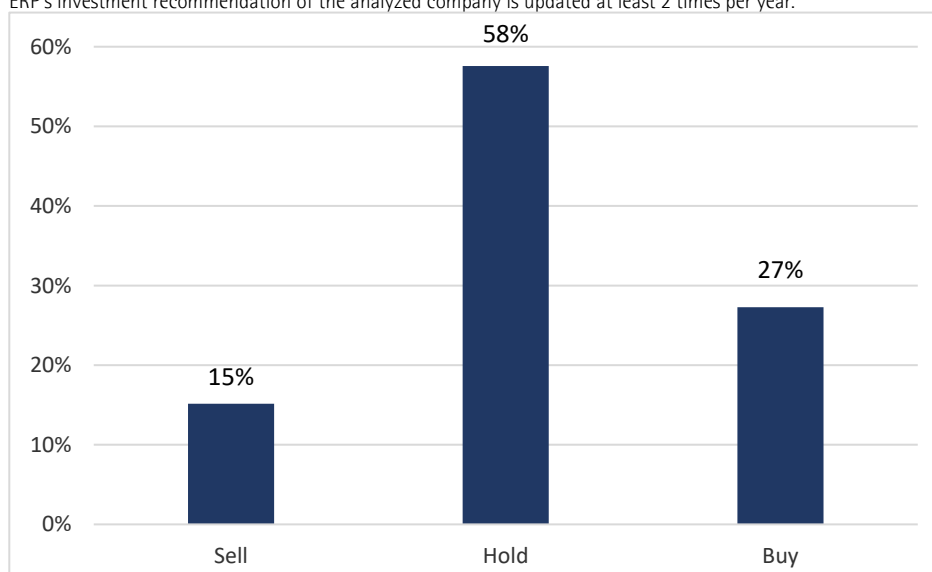
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [19.2.2024, 9:00]. This report has been published on [25.4.2024, 9:30].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

April 25, 2024

Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

EVLI PLC

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

EVLI PLC,

STOCKHOLMSFILIAL
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000