Exel Composites in brief

A **globally leading composite technology company** that designs, manufactures and markets fiber reinforced plastics products and solutions for demanding applications in various segments and markets.

**Industrial Applications**: Telecommunication, Paper Industry, Electrical Industry, Machine Industry, Transportation Industry

**Construction & Infrastructure**: BCI, Energy Industry

**Other Applications**: Cleaning & Maintenance, Sports & Leisure, Other Industries

Customers in over **50** countries

Manufacturing in **7** countries

<table>
<thead>
<tr>
<th><strong>Revenue</strong></th>
<th><strong>Adjusted operating profit</strong></th>
<th><strong>Employees</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>86.3 (73.1)</td>
<td>6.3 (2.6)</td>
<td>568 (455)</td>
</tr>
</tbody>
</table>

Our values

- Customer focused
- Integrity
- One Exel
- Caring
- Innovative
Composite products’ unique features and benefits

Composites can be utilized in various demanding applications

- Low weight
- High strength-to-weight ratio
- High fatigue tolerance
- Good corrosion and chemical resistance
- Tailored material properties
  - Fire retardation
  - Thermal insulation
  - Radio transparency
  - Electrical insulation / conduction
- Visual attractiveness and high-quality surface
- Long durability and service life
Our offering

Exel Composites’ product portfolio includes custom shapes, standard products and ready systems

- Profiles
- Tubes
- Laminates
- Products and Systems
New solutions and new technology: Trench shoring concept

- Exel Composites partners with Eze Shoring to provide new lightweight, easy to use trench shoring concept for the construction industry.
- The Eze Shoring concept: four individual glass fiber reinforced high performance pultruded composite profiles
  - lightweight for ease of transport and handling
  - easy to assemble – no interlocking parts, pins, clips or hydraulics; and
  - 100% non-conductive, a major benefit when working near electricity cables.

"Bringing this product to market has been a massive challenge which would not be possible without the expertise of the Exel team."

Glenn Wood, Managing Director of Eze Shoring Ltd and inventor
Exel Composites is supplying the distinctive 37 meter long white profiles which will wrap around the new Soag Building for Study of Social Work on the University College Ghent’s Schoonmeersen Campus.

Exel’s glass fiber composite profiles were chosen for this application for their ease of installation and ability to meet the demanding aesthetic requirements of the project.

The structure communicates with its immediate surroundings via a permeable shading membrane made up of horizontal composite lamellas which wrap around the building’s glass façade.
Demanding applications: Composites in ambitious fusion project

• Exel Composites collaborates with the French contractor CNIM on the manufacture of glass fiber components for the magnet support structure of the world’s largest experimental fusion facility, ITER*.

• Fusion research is aimed at developing a safe and environmentally responsible energy source.

• With stringent quality demands, Exel Composites successfully solved the challenge of producing defect-free pultruded profiles of around 3 km in length.

“We are proud to support this groundbreaking project as it prepares the way for the fusion power plants of tomorrow. This represents a further example of Exel’s commitment to innovation and collaboration with our customers in the pursuit of new applications for composite materials.”

Kari Loukola, Senior Vice President, Sales & Marketing, Exel Composites

* International Thermonuclear Experimental Reactor, ITER
The world's first bio-based viaduct has been taken into use in Bergen Op Zoom, the Netherlands.

Exel Composites worked together with Dura Vermeer, LOLA landscape architects and Millvision to provide extruded, bio-based resin coated flax fiber profiles that adapt to the Zoomland scenery.

“We managed to get nature closer to us. We are fulfilling people’s needs and do this in a better balance with the ecosystem.”

Gert de Roover, Product Business Owner, Building, Construction and Infrastructure, Exel Composites
• Exel Composites is part of an ambitious three-year initiative aimed at developing enablers for the future smart city.
• Big data capacity will be made available users will be made through a network of smart composite light poles.

“We have developed leading composite solutions to our customers’ GSM/3G and 4G solutions and we also want to be the partner for next generation solutions and utilize composites’ special features and optimization possibilities.”

Mikko Lassila, Product Business Owner, telecommunication, Exel Composites
Q1 2018 in brief

• Business environment
  – Stable demand and favorable market fundamentals in Europe, Nanjing Jianhui contributed in APAC
  – Construction & Infrastructure main contributor to revenue growth

• Operations
  – Stable profits in Europe, Nanjing Jianhui contributed significantly in APAC
  – Ramping up in China after closing of production in Australia impaired profitability

• Financial performance
  – Revenue and adjusted operating profit growth continued
  – Large individual mid-segment orders recorded in Q1 2017 impacted revenue comparison
Q1 2018 highlights

**Revenue, EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q4 2016</th>
<th>Q1-Q4 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.0</td>
<td>16.4</td>
<td>19.7</td>
<td>17.9</td>
</tr>
<tr>
<td>22.4</td>
<td>20.4</td>
<td>23.2</td>
<td>20.3</td>
</tr>
</tbody>
</table>

**Order intake, EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q4 2016</th>
<th>Q1-Q4 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.3</td>
<td>18.2</td>
<td>20.2</td>
<td>18.0</td>
</tr>
<tr>
<td>21.4</td>
<td>19.3</td>
<td>23.4</td>
<td>22.5</td>
</tr>
</tbody>
</table>

**Adjusted operating profit, EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q4 2016</th>
<th>Q1-Q4 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7</td>
<td>0.6</td>
<td>1.2</td>
<td>0.1</td>
</tr>
<tr>
<td>1.3</td>
<td>1.6</td>
<td>1.7</td>
<td>1.7</td>
</tr>
</tbody>
</table>

**Net cash flow, EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q4 2016</th>
<th>Q1-Q4 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>2.5</td>
<td>2.1</td>
<td>0.9</td>
</tr>
<tr>
<td>2.7</td>
<td>-0.9</td>
<td>-0.8</td>
<td>-0.2</td>
</tr>
</tbody>
</table>
### Key figures Q1 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>21,972</td>
<td>22,480</td>
<td>-2.3</td>
<td>86,531</td>
</tr>
<tr>
<td>Order backlog</td>
<td>17,503</td>
<td>18,806</td>
<td>-6.9</td>
<td>17,126</td>
</tr>
<tr>
<td>Revenue</td>
<td>21,519</td>
<td>20,296</td>
<td>6.0</td>
<td>86,255</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,630</td>
<td>1,655</td>
<td>-1.5</td>
<td>6,081</td>
</tr>
<tr>
<td>% of revenue</td>
<td>7.6</td>
<td>8.2</td>
<td></td>
<td>7.1</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>1,785</td>
<td>1,665</td>
<td>7.2</td>
<td>6,319</td>
</tr>
<tr>
<td>% of revenue</td>
<td>8.3</td>
<td>8.2</td>
<td></td>
<td>7.3</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>919</td>
<td>1,107</td>
<td>-16.9</td>
<td>4,212</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>-163</td>
<td>-848</td>
<td>80.8</td>
<td>4,856</td>
</tr>
<tr>
<td>Return on capital employed, %</td>
<td>14.6</td>
<td>17.4</td>
<td></td>
<td>14.8</td>
</tr>
<tr>
<td>Net gearing, %</td>
<td>37.7</td>
<td>16.5</td>
<td></td>
<td>30.3</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.08</td>
<td>0.09</td>
<td></td>
<td>0.36</td>
</tr>
<tr>
<td>Equity per share, EUR</td>
<td>2.25</td>
<td>2.37</td>
<td>-5.3</td>
<td>2.43</td>
</tr>
</tbody>
</table>

¹ As per the end of the period.
² Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph “Change in Exel Composites’ financial reporting terminology” of the Half-year Financial Report published on 21 July 2016.
Continued revenue growth in Q1 2018
Construction & Infrastructure main contributor to revenue growth

Revenue by customer segment, EUR million

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction &amp; Infrastructure</td>
<td>11.9</td>
<td>11.3</td>
</tr>
<tr>
<td>Industrial Applications</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>Paper Industry</td>
<td>4.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Electrical Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleaning &amp; Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports &amp; Leisure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Applications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Exel Composites
Stable profits in Europe and a good contribution from Nanjing Jianhui

Adjusted operating profit, EUR million
Adjusted operating profit margin, %
Operating profit target, %
Exel Composites strategy for 2017-2020

**Protect and grow strong-holds**
- Grow in existing business
- Take out cost and improve customer value

**Build leadership in China**
- Grow sales to local customers
- Create value offering for mid-segment
- R&D and manufacturing capacity

**Penetrate growing / new applications**
- Penetrate mid-segment
- Solutions for larger growth applications
- Package key applications to ‘systems’

**Create true global footprint**
- Expand operational footprint
- Grow supply and service to new market areas, including Americas

**Growth in new technologies**
- Further processing and vertical integration
- New composite technologies, other than pultrusion
Entering North America is an essential part of our growth initiatives

Protect and grow strong-holds
- Grow in existing business
- Take out cost and improve customer value

Build leadership in China
- Grow sales to local customers
- Create value offering for mid-segment
- R&D and manufacturing capacity

Penetrate growing / new applications
- Penetrate mid-segment
- Solutions for larger growth applications
- Package key applications to ‘systems’

Create true global footprint
- Expand operational footprint
- Grow supply and service to new market areas, including Americas

Growth in new technologies
- Further processing and vertical integration
- New composite technologies, other than pultrusion
Exel Composites acquires Diversified Structural Composites

- A composites production company based in Erlanger, Kentucky, USA.
- One manufacturing facility using mainly pultrusion technology.
- DSC’s product portfolio consists of carbon fiber and glass fiber reinforced composites that are produced particularly for the wind energy industry.
- Key figures:
  - Employees: 90
  - Revenue: USD 19 million*
  - Operating loss: USD -0.6 million*
- Restructuring initiatives since 2015 have progressively improved profitability and break even profitability is expected to be reached in 2019.
- The transaction was closed at the end of April and the unit is consolidated into Group accounts as of 1 May 2018.

* Fiscal year 2017, ended in March 2018
Acquisition rationale

- A significant step in creating true global footprint for Exel Composites
  - The American market is the second largest composites market globally in terms of value and growth, right after the Asian market
  - As consequence, Exel Composites will be the only pultrusion company with significant presence on all three major continents, which brings further business opportunities and possibilities for cooperation

- DSC and Exel Composites are a very good strategic fit
  - Focus on the same high growth segments, particularly wind energy and transportation
  - Opens up new channels to local markets enabling deliveries from the region to the region
  - Enhanced attractiveness and cross-selling opportunities to existing and new customers

- Technological expertise and other complementary strengths improve joint competitiveness and enable synergies
  - Product transfers
  - Technology transfers
  - Supply chain optimization
Product example: Wind energy

Wind Blade Spar Reinforcements

• Reasons to choose composites
  – Carbon fiber profiles come with high strength, high fatigue strength and lower weight compared to traditional materials
  – Improved overall performance and cost efficiency.
Laminates used to build structural beams for experimental aircraft

- **Challenge:**
  - High performance requirements requiring high translational results with fiber.
  - Specifications for high levels of tolerance in dimensions over great lengths.
  - In line testing regiment and high levels of part analysis.

The Stratolaunch aircraft is the world’s largest plane based on wingspan.
Oil / Gas Well Monitoring Rod
Carbon fiber rod with high temperature epoxy resin. Used as an instrument in “scoping” wells.

- Challenge:
  - Guaranteed lengths in excess of 6,000 meters.
  - Steel tube with fiber optic strands incorporated into the pultrusion.
  - Handling challenges.
Deep Orange 6

DSC cooperated with Clemson University – International Center for Automotive Research (CU-ICAR) to use a curved pultrusion for the Deep Orange 6 concept car roof rail.
Exel Composites expects **revenue to increase significantly** and **adjusted operating profit to increase** in 2018 compared to 2017.
Financial calendar 2018

- Business Review January - March: 9 May 2018
- Half Year Financial Report January - June: 24 July 2018
- Business Review January - September: 31 October 2018

Your IR contacts

Riku Kytömäki
President and CEO
+358 50 511 8288
riku.kytomaki@exelcomposites.com

Mikko Kettunen
CFO
+358 50 3477 462
mikko.kettunen@exelcomposites.com

Noora Koikkalainen
IR Manager
+358 50 562 6552
noora.koikkalainen@exelcomposites.com
Exel Composites investor site was awarded 1st prize in Small Cap series

The award ceremony of the “Best investor sites in Finland 2018”-competition, organized by the Finnish Foundation for Share Promotion (Pörssisäätiö) and Finnish Society of Financial Analysts (Sijoitusanalyytikot ry), was held in Helsinki on 23 May 2018.