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Review by President and CEO
Exel Composites’ business and market environment
Exel Composites overview

Global technology company and the world’s largest manufacturer of pultruded and pull-wound composite products.

Customers in over 50 countries

In business for 60 years

103.8
(96.6)
Revenue
EUR million, 2019 (2018)

7.2
(5.0)
Adjusted operating profit
EUR million, 2019 (2018)

648
(675)
Employees
End of 2019 (2018)

8 manufacturing units
Exel Composites’ strategy

Vision

Differentiate with world class operations, technology innovation and by delivering the best customer experience

Next level growth

Protect and grow strong-hold customers
- Multiply existing applications to new customers
- Gain knowledge and improve efficiency in focus applications

Create true global footprint
- Establish sales coverage in new areas
- Grow supply and service to new market areas
- Utilize global footprint as value add

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

Penetrate growing/new applications
- Solutions for larger growth applications; wind power, transportation, building and construction
- Penetrate mid-segment
- Package key applications to ‘systems’

Growth in new technologies
- Further processing and vertical integration
- New composite technologies, other than pultrusion

Foundation built on company values
CUSTOMER FOCUSED • INTEGRITY • ONE EXEL • CARING • INNOVATIVE
Exel’s long-term financial targets - net gearing target revised

Growth
- Revenue growth 2x market growth ¹)

Profitability
- Adjusted operating profit margin >10%

Capital efficiency
- Return on capital employed > 20%

Financial position
- Net gearing ≤ 80%

¹) Annual growth rate estimated for the global composites market vary, according to industrial segment, market area and source, between approximately 2%-5% during 2018-2023
Mega trends drive composite use and adaptation

- Light-weighting
- Growing middle class
- Circular economy

- Cost and energy efficiency
- Smart cities
- Long life cycles
Annual growth rate for the global composites market estimated 2%-5% 2018-2023

Material volume totals (in millions of tons)

- Concrete: 11,000
- Steel: 1,700
- Plastic: 300
- Aluminum: 55
- Wood: 32
- Composites: 11

Composites production technologies

- Continuous processes, including pultrusion (3%)
- Injection processes, including resin infusion
- Compression processes
- Manual processes, including pre-peg lay-up
- Other

We see growth potential for composites as a material as well as for pultrusion as a production technology within the composites market.

Source: JEC, Overview of the global composites market 2018-2023
Largest markets are North America, North Asia and Europe

- **North America**: CAGR +3%
- **Europe**: CAGR +2%
- **China**: CAGR +5%

Global composites market growth, in volume

Source: JEC, Overview of the global composites market 2018-2023
Our offering: tailored composites for a wide range of applications

Profiles
For example:
Window & door frames
Telecommunication radomes
Battery boxes for electrical vehicles

Tubes
For example:
Telescoping masts
Camera tripod legs
Cleaning handles

Laminates
For example:
Tractor trailer flooring
Archery bow stiffeners
Building materials

Products and systems
For example:
Frangible masts and poles
Telescoping poles
Handrail systems
Bus profiles help to reduce emissions in Finland

Our Chinese factory supplied Yutong with fiberglass profiles for 33 electric buses which have been delivered to Helsinki.

Light weight fiberglass reduces operating costs, and helps to increase energy efficiency and that helps improve environmental sustainability.
We are helping create more efficient wind power

Wind energy is a high growth industry, where increasing demand is driven by regulations that aim to reduce the impact of climate change and favoring sustainable energy sources.

The average size of new wind turbines is growing, yielding to requirements of longer and stiffer wind turbine blades.
Telescoping poles for defense

The high quality of our telescoping poles has been recognized by defense organizations around the world, resulting in significant growth in defense applications in 2019.
2019 highlights
Alongside with order intake growth revenue continued to increase

Adjusted operating profit improved significantly to EUR 7.2 million (5.0)

Cost savings program completed according to plan
Strategy implementation in 2019

Vision

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Next level growth

Protect and grow strong-hold customers
• Multiply existing applications to new customers
• Gain knowledge and improve efficiency in focus applications

Create true global footprint
• Investing in new manufacturing in Austria
• Structural changes in production network, e.g. closing production in Germany
• Global M&A screening activities
• Focused growth initiatives in wind power, transportation, and building & construction

Build leadership in China
• Consolidated production and organization
• Leasing better suited facility for manufacturing composites

Penetrate growing/new applications
• Developing new applications, e.g. carbon fiber based rope system designed to replace an elevator’s steel cabling

Growth in new technologies
• Continued initiatives to extend product design and composite production technologies

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The most important actions implemented under the program: closure of production plant in Germany, layoffs in Finland, cost restructuring in Exel USA, operational improvements and synergy savings in China.

Actions to improve profitability of Exel USA progressed, but breakeven was not yet achieved in 2019.

The full profit impact of the program in 2020, compared to the 2018 cost structure, will be approximately EUR 3 million.
Wind power has rapidly become Exel’s largest customer industry

Revenue by customer segment, EUR million

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>19.9</td>
<td>22.8</td>
</tr>
<tr>
<td>Applications</td>
<td>36.9</td>
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</tr>
<tr>
<td>Construction &amp; Infrastructure</td>
<td>39.9</td>
<td>35.3</td>
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</tbody>
</table>

Industrial Applications
- Telecommunication
- Paper industry
- Electrical industry
- Machine industry
- Transportation industry

Construction & Infrastructure
- Buildings, Construction and Infrastructure
- Energy industry, including wind power

Other Applications
- Cleaning & Maintenance
- Sports & Leisure
- Other industries
Revenue in the region Rest of the World grew significantly in 2019

- Europe: 62.1% (2019) vs 61.1% (2018)
- Asia-Pacific: 17.6% (2019) vs 17.4% (2018)
Earnings per share increased to EUR 0.20
Proposal to the AGM: Dividend of EUR 0.18 per share

The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks.
48% increase in number of shareholders

1,783

Daily turnover, EUR, median
Number of shareholders

2016 2017 2018 2019
Guidance for 2020

Exel Composites expects revenue and adjusted operating profit to increase in 2020 compared to 2019.

Exel Composites has manufacturing in Nanjing, China. The coronavirus outbreak has delayed ramping up production to full capacity after the Chinese New Year. This will impact production volumes in China in the first quarter 2020. Currently, it is too early to estimate the impacts of the outbreak on the company’s business and financial performance.