Interim Report Q1 2011

Exel Composites Plc
Vesa Korpimies, President and CEO
Highlights Q1 2011 – strong start of the year

• Net sales in Q1 2011 MEUR 21.5 (15.7), up by 37.5% compared to weak Q1 2010
• Operating profit increased to MEUR 3.1 (1.0)
• Operating profit margin improved to 14.6 (6.3) %
• Net operative cash flow MEUR +1.6 (0.8)
• Net gearing improved to -7.2 (22.8) %
• Fully diluted EPS increased to EUR 0.20 (0.06)
Net sales increased by 37.5% to MEUR 21.5 (15.7)

- Net sales in Q1 2011 MEUR 21.5 (15.7), up 37.5% compared to weak Q1 2010
- Net sales improved especially in machine industry, paper industries and telecommunication market segment
- Signals of recovering demand in building and construction industry
Operating profit increased to MEUR 3.1 (1.0)

- Operating profit in January – March 2011 increased to MEUR 3.1 (1.0) compared to the corresponding period last year.

- The measures taken in the Chinese and British units to improve efficiency started to show positive results.
Anti-dumping tariff on imported Chinese glass fiber lowered from 43.6 to 13.8%

- The European Commission’s anti-dumping tariff on imported Chinese glass fiber was lowered from the original 43.6% to 13.8% in March 2011 in addition to the base tariff of 7%
  - Actions taken to control the impact of the tariff:
    - Increasing product prices
    - Employing alternative sourcing opportunities
    - Increasing production in the Chinese unit
Strong development in Q1 2011

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1 2011</th>
<th>Q1 2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>21.5</td>
<td>15.7</td>
<td>+37.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3.1</td>
<td>1.0</td>
<td>+219.1%</td>
</tr>
<tr>
<td>Operating profit (%)</td>
<td>14.6</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Net operative cash flow</td>
<td>1.6</td>
<td>0.8</td>
<td>+99.9%</td>
</tr>
<tr>
<td>Return on capital employed (%)</td>
<td>29.1</td>
<td>9.8</td>
<td></td>
</tr>
<tr>
<td>Net gearing (%)</td>
<td>-7.2</td>
<td>22.8</td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>0.20</td>
<td>0.06</td>
<td>233.3</td>
</tr>
</tbody>
</table>
Positive cash flow continued in Q1 2011

Operative cash flow

Cash flow

![Graph showing cash flow from Q1/08 to Q1/11](chart.png)
We continued to strengthen our financial position

Net gearing and equity ratio

Q1/08 Q2/08 Q3/08 Q4/08 Q1/09 Q2/09 Q3/09 Q4/09 Q1/10 Q2/10 Q3/10 Q4/10 Q1/11

Net gearing
Equity ratio
Risk elements

- **Weakening demand**: General economic development, government regulations and a possible new financial crisis in the Euro area could have a negative effect on demand.

- **Raw material price increases**: Raw material prices and other cost increases may continue to increase and put pressure on profitability. The EC’s anti-dumping tariffs imposed on Chinese glass fiber will also have a negative effect.

- **Internal efficiency**: We have taken measures in the Chinese and British units to improve efficiency, in case we are unsuccessful, this may have an effect on the result of the company.

- **Financing**: The availability and cost of financing may continue to have an effect on the demand and increase the risk of credit loss.
Outlook for 2011

Demand in the pultrusion industry has improved gradually. We believe that Exel Composites is well positioned to take advantage of the growth opportunities as the markets recover. As a result of improved profitability, good cash flow generation and reduced debt level we believe in Exel Composites’ long-term performance. Exel Composites recorded a strong start of 2011, but maintains its cautious stance for the full year 2011, since market uncertainties persist.
## Major Shareholders 2 May 2011

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of shares</th>
<th>Percentage of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordstjernan AB</td>
<td>3,496,506</td>
<td>29.39</td>
</tr>
<tr>
<td>Ilmarinen Mutual Pension Insurance Company</td>
<td>689,400</td>
<td>5.79</td>
</tr>
<tr>
<td>Veikko Laine Oy</td>
<td>595,796</td>
<td>5.00</td>
</tr>
<tr>
<td>Ulkomarkkinat Oy</td>
<td>480,000</td>
<td>4.03</td>
</tr>
<tr>
<td>OP-Suomi Small Cap Inv. Fund</td>
<td>451,085</td>
<td>3.79</td>
</tr>
<tr>
<td>Fondita Nordic Micro Cap Inv. Fund</td>
<td>450,000</td>
<td>3.78</td>
</tr>
<tr>
<td>Alfred Berg Finland Investment Fund</td>
<td>329,916</td>
<td>2.77</td>
</tr>
<tr>
<td>Evli Suomi Osaka Investment Fund</td>
<td>300,555</td>
<td>2.56</td>
</tr>
<tr>
<td>Suutarinen Matti</td>
<td>294,400</td>
<td>2.47</td>
</tr>
<tr>
<td>Aktia Capital Investment Fund</td>
<td>250,000</td>
<td>2.10</td>
</tr>
<tr>
<td>SEB Gyllenberg Small Firm Inv. Fund</td>
<td>235,765</td>
<td>1.98</td>
</tr>
</tbody>
</table>

Exel Composites had a total of 2,522 shareholders on 31 March 2011.
Share price development

Exel Composites share price development
5/2010 - 4/2011

2.9 (6.4) % of shares outstanding were traded in Q1 2011

The highest share quotation was EUR 9.30 (6.20) and the lowest EUR 6.85 (5.19)

The share price closed at EUR 9.28 (5.92) and the market capitalization on 31 March 2011 was EUR 110.4 (70.4) million

Source: Kauppalehti
Forward-looking statements

Certain statements in this presentation, which are not historical facts, including, without limitation, those regarding expectations for general economic development and market situation; regarding customer industry profitability and investment willingness; regarding Company growth, development and profitability; regarding cost savings; regarding fluctuations in exchange rates and interest levels; regarding the success of pending and future acquisitions and restructurings; and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions are forward-looking statements.

These statements are based on current expectations and currently known facts. Therefore, they involve risks and uncertainties that may cause actual results to differ materially from results currently expected by the Company.