Exel Composites is a leading composite technology company that designs, manufactures and markets composite products and solutions for demanding applications. Exel Composites provides superior customer experience through continuous innovation, world-class operations and long-term partnerships. The core of the operations is based on own, internally developed composite technology, product range based on it and strong market position in selected segments with a strong quality and brand image. Profitable growth is pursued by a relentless search for new applications and development in co-operation with customers. The personnel’s expertise and high level of technology play a major role in Exel Composites’ operations. Exel Composites share is listed in NASDAQ OMX Helsinki Ltd in the Industrials Sector.
It is now a bit more than a year ago, when I started at the helm of ‘Exel Composites ship’ at the beginning of January 2014. The journey has been fascinating. During the year 2014 we did some tacking, trimming our sails and changing the course to improve our speed and performance. We have taken the steps towards being a flagship of the composites industry.

Year 2014 was very successful for Exel Composites in many respects. The Company got back on growth mode, the financial performance was greatly improved leading to double-digit profitability, organization was strengthened and a new strategy was released. Exel Composites is well on its way to becoming a truly global composite company with world-class operations and superior customer service.

Group net sales and operating profit continued to develop very positively throughout the year due to increased sales, continued efficiency improvement, better functioning global organization and better cost control. I believe that our organization has taken the steps to be a more international company, sharing the best practices and cross-selling the entire Exel Composites’ product portfolio. Our order intake increased significantly, net operative cash flow was strongly positive at year end and EBIT improved more than 80 percent from the previous year.

What makes the numbers even more positive is the fact that biggest sales growth in absolute terms came from the European region, which was generally speaking not the easiest market to operate in 2014. The focus to Asia starts to pay off; in the last quarter a clear improvement can be seen in absolute terms came from the European region, which was generally speaking not the easiest market to operate in 2014. The focus to Asia starts to pay off; in the last quarter a clear improvement can be seen.

The turnaround measures in Australia, including change in the operating model and transfer of Brisbane unit to Melbourne, have been completed. However, the financial performance of the Australian unit was not satisfactory in 2014. Further corrective actions have been developed to improve the profitability. The focus in Australia is now on generating more sales.

The Company released its new growth strategy in November 2014. It focuses on accelerating growth in China, penetrating new applications and market segments, creating a true global footprint and growing through new technologies. In line with the strategy, the Nanjing unit in China will be expanded in order to double the production capacity. The expansion project is estimated to be completed during the first half of 2016.

A decision was made in February 2015 to expand the operations in Austria to meet the increased customer demand. By this investment Exel Composites will be in a better position to serve its Central and Southern European customers. The target is to more than double the production capacity in Austria. The expansion project is estimated to be completed during the first half of 2016.

The improvement in financial performance was noted also by the media and investors during 2014. Many positive articles were written about our company, confirming that we are on a right track. The financial market has reacted positively on the results, increasing the Company value from 68 MEUR at the end of 2013 up to 100 MEUR at the end of 2014. The ‘positive spiral’ can also be felt within the Company, having much more smile on our crew members’ face, enjoying the improved performance, good feedbacks and nice journey.

We are cautiously optimistic what comes to the expectations for 2015. The market has stabilized and we can see positive signs in the Company’s key market segments. However, uncertainties relating to general growth prospects in the economy continue. The Company will monitor the general market development and react with additional measures if needed. The Company implements its new strategy by reinforcing the organization, especially in sales resources, product development and operations development, and by increasing its capacity. These efforts are expected to reduce the 2015 operating margin compared to 2014, but will position the Company better for long-term profitable growth.

I am very excited to continue implementing our new strategy. During 2014 we have strengthened our management team with SVP HR, Tiina Hiltunen and in 2015 we will have a new SVP CFO, Mikko Kettunen. Then our current SVP CFO, Ilkka Silvanto can concentrate full time to follow up and execute strategic projects, such as factory expansions and M&A screening.

I would like to express my warmest thanks to all of our employees for the great performance in 2014. Let’s continue our efforts keeping our heads cold, hearts warm and hands clean!

Also I want to thank our customers, business partners and our shareholders for your great collaboration and support.

February 2015

Riku Kyttömäki
President and CEO
“When knowing the special features of composites, it is possible to design products that exceed the properties of traditional materials and create innovative competitive solutions to our customers.”

Josef Lanzmaier, Managing Director, Austria
VISON, STRATEGY AND FINANCIAL TARGETS

Exel Composites’ Board of Directors adopted a new vision, strategy and long-term financial targets in November 2014. Exel Composites’ business is supported by favorable trends driving market growth, especially in North Asia, North America and Europe.

The new vision states: “Exel Composites is an agile, innovative global composite company with world-class operations providing superior customer experience.”

Building on its strengths, the Company targets to exceed the market growth. The Group continues to empower functions to drive synergies and opportunities globally, building regional sales and R&D centers.

Exel Composites’ new strategy has four core elements: accelerating growth in China, penetrating new applications, creating a true global footprint and growth in new technologies.

Growth in China will be accelerated by expanding the local sales network, R&D and manufacturing capacity, and creating value offering mid-segment applications to the local market.

Penetrating new applications, increasing vertical integration and packaging applications to systems provide further growth opportunities.

Composites are becoming more and more a commodity as customers’ awareness and acceptance of this relatively new material increases.

Sustainability and recyclability of composites emphasizes the importance of low life-cycle embodied energy. Life Cycle Assessment (LCA) seeks to determine and evaluate every environmental impact represented by the manufacture, use and disposal of a product. In numerous applications composites’ life-cycle assessment supports the automotive industry where lower weight helps lower CO2 emissions and reduce fuel consumption. There is also increasing availability of recycling options for composites. Composites are also being used as recycled raw material e.g. for cement production.

New growth strategy

Exel Composites’ business is supported by favorable trends driving market growth, especially in North Asia, North America and Europe.

Exel Composites’ new strategy has four cornerstones: accelerating growth in China, penetrating new applications, creating a true global footprint and growth in new technologies.

The Company targets to achieve its financial targets to be a growing, profitable and capital efficient company.

New long-term financial targets

The new long-term financial targets reflect the new growth strategy, Exel Composites targets to be a growing, profitable and capital efficient company. Our new targets are:

Growth: Turnover growth 2x average market growth

Profitability: Operating profit margin over 10 per cent of net sales

Capital efficiency: Return on capital employed over 20 per cent

Financial targets are considered over a business cycle. Acquisitions are targeted to boost growth and to cover market and technology white spots. Acquisitions will influencce overall growth and profitability targets.

Growth opportunities

– Customized solution for
– Multiple channels
– Local presence
– Professional service in all levels
– On-time delivery
– Efficient and fast
– Quality and availability
– Safety and environment
– Customized solution for customers’ needs
– Good technology coverage
– Professional service in all levels
– Efficient and fast
– Quality and availability
– Safety and environment

Mega and market trends

Two megatrends, urbanization and healthy living and total life cycle cost thinking drive composites’ growth. These megatrends are discussed more in detail in this Annual Report on page 16.

Three market trends have been identified which drive composites applications: composite penetration growth, composites becoming a commodity, and sustainability and recyclability of composites.

According to the market research company Lucintel, the global composites market is anticipated to witness good growth and reach approximately EUR 23.6 billion in 2019 with a CAGR of 6.6% over the next five years.
YEAR 2014 IN BRIEF

Group net sales and operating profit continued to develop very positively throughout the year due to increased sales, improved productivity, continued efficiency improvement, and better cost control. Our order intake increased significantly and net operative cash flow was strongly positive at year end.

In 2014 all our three customer industries, namely Industrial applications, Construction and infrastructure and Other applications, grew over 10 per cent. In 2014 the biggest sales growth in absolute terms came from Europe. During the last quarter of 2014 we were pleased to see fast net sales growth in the APAC-area both in absolute and relative terms. The Company invested strongly in growth by reinforcing the organization, especially in sales, research and development and operations; development. Organizational structures and reporting lines have been altered to reflect the “One Exel” thinking, making the organization more efficient and working on a global basis.

The turnaround measures in Australia, including change in the operating model and transfer of Brisbane unit to Melbourne, were completed. However, the financial performance of the Australian unit was not satisfactory in 2014. The focus in Australia is on generating more sales.

The Company released its new growth strategy in November 2014. It focuses on accelerating growth in China, penetrating new applications and market segments, creating a true global footprint and growing through new technologies. In line with the strategy, the Nanjing unit in China will be expanded in order to double the production capacity. The expansion project is estimated to be completed during the first half of 2015 and it is estimated to be completed during the second half of 2016. Year 2014 was very successful for Exel Composites. A lot of effort was put on building the Company to the next level. Exel Composites performed well and is well on its way to becoming a truly global composite company with world-class operations.

A decision was made in February 2015 to expand the operations in Austria to meet the increased customer demand. By this investment Exel Composites will be in a better position to serve its Central and Southern European customers. The target is to more than double the production capacity in Austria. The expansion project will be launched in the first half of 2015 and it is estimated to be completed during the second half of 2016.

Year 2014 was very successful for Exel Composites. A lot of effort was put on building the Company to the next level. Exel Composites performed well and is well on its way to becoming a truly global composite company with world-class operations.

NET SALES BY CUSTOMER INDUSTRY, EUR MILLION

<table>
<thead>
<tr>
<th>Industry</th>
<th>2014</th>
<th>2013</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and infra.</td>
<td>17.4</td>
<td>15.8</td>
<td>10.0</td>
</tr>
<tr>
<td>Industrial applications</td>
<td>47.5</td>
<td>40.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Other applications</td>
<td>14.3</td>
<td>12.8</td>
<td>12.3</td>
</tr>
<tr>
<td>Total</td>
<td>79.3</td>
<td>69.3</td>
<td>14.4</td>
</tr>
</tbody>
</table>

CONSOLIDATED KEY FIGURES

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales, EUR million</th>
<th>Operating profit, EUR million</th>
<th>% of net sales</th>
<th>Profit for the period, EUR million</th>
<th>Shareholders’ equity, EUR million</th>
<th>Net sales, EUR million</th>
<th>Operating profit, EUR million</th>
<th>% of net sales</th>
<th>Profit for the period, EUR million</th>
<th>Shareholders’ equity, EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>85.1</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>35.3</td>
<td>35.7</td>
<td>69.3</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>35.3</td>
<td>35.7</td>
</tr>
<tr>
<td>2011</td>
<td>76.0</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>37.0</td>
<td>36.6</td>
<td>61.6</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>37.0</td>
<td>36.6</td>
</tr>
<tr>
<td>2012</td>
<td>69.3</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>34.7</td>
<td>33.1</td>
<td>56.9</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>34.7</td>
<td>33.1</td>
</tr>
<tr>
<td>2013</td>
<td>79.3</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>35.6</td>
<td>36.3</td>
<td>69.3</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>35.6</td>
<td>36.3</td>
</tr>
<tr>
<td>2014</td>
<td>89.4***</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>36.3</td>
<td>37.3</td>
<td>69.3</td>
<td>4.8 (5.5)**</td>
<td>18%</td>
<td>36.3</td>
<td>37.3</td>
</tr>
</tbody>
</table>

*In 2012 operating profit was 4.8 MEUR after non-recurring items and 5.5 MEUR before non-recurring items.**In 2013 operating profit was 4.8 MEUR after non-recurring items and 5.5 MEUR before non-recurring items.***In 2014 operating profit was 8.9 MEUR after non-recurring items and 8.4 MEUR before non-recurring items.
**OUTLOOK FOR FULL YEAR 2015**

The market has stabilized and we can see positive signs in the Company’s key market segments. However, uncertainties relating to general growth prospects in the economy continue. The Company implements its new strategy by reinforcing the organization, especially in sales resources, product development and operations development, and by increasing its capacity. These efforts are expected to reduce the 2015 operating profit margin compared to 2014, but will position the Company better for long-term profitable growth.

**YEAR 2014 IN QUARTERS**

**Q1** January – March 2014 highlights

- Net sales increased to 17.9 MEUR, up by 5.4 per cent from previous year (Q1/2013:16.9 MEUR)
- Operating profit was 1.9 (0.7) MEUR, up by 184 per cent from previous year
- Operating profit margin was 10.6 (3.9) per cent of net sales
- Net cash flow from operating activities was positive at +0.6 (+0.7) MEUR
- Fully diluted earnings per share were 0.09 (0.05) EUR

**Q2** April – June 2014 highlights

- Net sales increased to 21.4 MEUR, up by 22.1 per cent from previous year (Q2/2013:17.5 MEUR)
- Operating profit was 3.1 (1.6) MEUR, up by 89.7 per cent from previous year
- Operating profit margin was 14.3 (9.2) per cent of net sales
- Net cash flow from operating activities was positive at +2.4 (+1.9) MEUR
- Fully diluted earnings per share were 0.19 (0.10) EUR

**Q3** July – September 2014 highlights

- Net sales increased to 19.0 MEUR, up by 11.0 per cent from previous year (Q3/2013:17.1 MEUR)
- Impairment of EUR -0.5 million of goodwill and other non-current assets was recorded in the third quarter
- Operating profit was 1.9 MEUR including an impairment of -0.5 MEUR (MEUR 1.1 including MEUR -0.4 non-recurring items), up by 73.5 per cent from previous year
- Operating profit margin was 9.9 (6.3) per cent of net sales
- Net cash flow from operating activities was positive at +3.8 (+2.3) MEUR
- Fully diluted earnings per share were 0.07 (0.05) EUR

**Q4** October – December 2014 highlights

- Net sales increased to 21.1 MEUR, up by 18.6 per cent on the previous year (Q4/2013: 17.8 MEUR)
- Impairment of EUR -0.5 million of goodwill and other non-current assets was recorded in the third quarter
- Operating profit was 1.9 MEUR including an impairment of -0.5 MEUR (MEUR 1.1 including MEUR -0.4 non-recurring items), up by 73.5 per cent from previous year
- Operating profit margin was 9.9 (6.3) per cent of net sales
- Net cash flow from operating activities was positive at +3.8 (+2.3) MEUR
- Fully diluted earnings per share were 0.12 (0.07) EUR
EXEL’LENCE IS GLOBAL AVAILABILITY
GLOBAL MEGATRENDS DRIVE OUR BUSINESS IN CHINA

The growth of the composite business is driven by megatrends: urbanization and healthy living, demographic change, as well as sustainability and total life cycle cost management.

These megatrends generate demand for advanced composites in many application areas. To meet the demand, Exel Composites expands its manufacturing capacity in Nanjing, China. Growth in China will be accelerated also by expanding the local sales network, and offering an extended range of applications tailored to the local market with the help of local R&D.

Urbanization and healthy living
Urbanization and healthy living is a key driver within the composite industry as demand for clean water, clean air and urban infrastructure increases rapidly. In China several hundred millions of future consumers are expected to migrate from rural to urban areas in the years to come. This means investments in building, construction and infrastructure (BCI) as well as transportation market segments, for example in railways. Infrastructure is a rapidly growing segment for composites, which offer durability, weight reduction, easy installation and design flexibility. Exel Composites’ applications include composite window and door frames which are energy-efficient and offer excellent mechanical properties as they do not warp, rot or rust. The demand for clean water calls for water and wastewater treatment plants which require a lot from the materials used in this aggressive environment. The excellent corrosion resistance and light weight makes composites the ideal material for use in this sector.

Demographic change
The demographic structure is changing dramatically in China. China has emerged as home to the world’s largest number of people belonging to the middle class. Rapid income growth and technological advancement will open up new markets for the composites industry. For example the telecommunication industry, where new applications are developed constantly, drives growth for protective covers on antennas. Exel Composites leads the way in telecommunication with lightweight, strong and stiff antenna covers.

Demographic change translates also in willingness to travel with the emergence of a new generation of middle-class consumers born after the mid-1980s. In 2020, 35 per cent of all consumption in China is expected to come from these young consumers, who will be major purchasers of leisure and travel services and high-end hospitality. With China’s continuing aviation construction boom, there is growing demand also for Exel’s airport products such as approach lighting systems, weather measuring systems and fencing. Exel Composites also manufactures composite profiles, tubes and laminates for many sports and leisure applications.

Sustainability and total life cycle cost management
Due to the global shortage of traditional materials, there has been an increasing need for alternative materials that are cost effective as well as environmentally friendly. Composites are an environmentally responsible and sustainable choice. The coming years represent a huge potential for composite materials that help lower carbon emissions and achieve cost savings.

Weight savings, fuel economy and other performance benefits will lead to the growth of composite consumption for example in the automotive industry including trains, trams, trucks and passenger cars. The need for efficient public transport and regulations on energy savings are the main drivers for new product development. Composites respond very well to these demands: they are light in weight, durable and corrosion-free. Lower weight helps vehicles use less fuel. Thanks to corrosion resistance vehicles require less maintenance and are resistant to rough weather conditions. This in turn increases product life cycle.

The trend is also to think more of the total life cycle cost, i.e. thinking how much a product or system costs over the total life cycle, not only the capital expenditure. Over a total life cycle the operations costs, such as energy, take much higher share compared to initial investment costs. Examples can be found in many industries, for example in paper mills. In building and construction industries, the traditional wooden window and door frames need to be painted from time to time, whereas composite windows need no maintenance. Maintenance costs, e.g. painting, can be very costly.

We believe global megatrends will drive long-term demand for our applications. The selected market segments offer good opportunities for profitable growth not only in China but also on a global scale.

“...
Over the course of 2014, Human Resources (HR) has achieved progress in the areas of strategic workforce planning, talent attraction and management, recruitment and overall improved operational efficiencies.

The most significant achievements of the year were, after the nomination of Senior Vice President Human Resources in August 2014, the following: revised approach to HR global processes: workforce planning, metrics, and statistics; Performance Development Review (PDR) process; introduction and implementation of a strategic and global HR Partnership model; and the creation of OneHR Community in Exel Composites.

Key Targets and Strategies

HR plays a critical role in Exel Composites. Our organizational success depends on the high level of skills and professionalism of our people. Year 2014 was dedicated to further evolving the HR function from an administrative unit to a professional value-added partnership. Best practices already shown in 2014 that the HR profession has increasingly moved towards ‘customer focus’ and plays a more strategic role in the various organizations. OneHR Community’s focus will be also in 2015 to gradually beat the existing barriers in moving towards a more partnership model; and the creation of global HR Information System project the strategic direction of Human Resources as well as on the concept design of core HR processes such as Talent Management including Recruitment, Performance Management, and Career Development and Learning.

HR in Exel Composites continues to aim for consistent quality and customer focus in delivering effective and comprehensive support across all functional areas. “Partner globally with our HR colleagues to provide the processes and services required for them to effectively manage their teams in the field, regions and plants. Our work is to pay continuous attention to streamlining and making our role more efficient”, says SVP HR Tiina Hiltunen.

Significant progress has been made in the performance development review process in Exel. In the year 2014 as part of global HR Information System project the complex data availability, accuracy and integrity issues have been addressed over the past years to construct a reliable foundation of historical data and a methodology upon which to build workforce forecasts and models. The concept of the new Recruitment Policy and Process has been gradually injected in the second half of 2014. First successful appointments through direct selections took place during the autumn. Feedback was very enthusiastic and HR expects to fully benefit from this concept for better and speedier deployment of newcomers in 2015.

Other area in which HR proved leadership is in individual performance management. Launched in December 2014 and targeting the staff globally, the Performance Development Review (PDR) process is improving staff and supervisor accountability. The launch was accompanied by extensive training delivery to staff globally. HR started during December 2014 to deliver training events through a combination of face-to-face classroom training, one-on-ones and small group clinics. The On-Boarding program for newcomers was launched in autumn 2014.
QUALITY, ENVIRONMENT AND SAFETY

At Exel Composites occupational health and safety are an essential part of day-to-day management. The safety of our workforce and visitors to our factories and offices is our first priority. We are striving to improve the working environment for our workforce. We are at the cutting edge of the best available environmental technology. Our quality systems are aiming to give the best achievable offering for our customers.

SAFETY

We are using the knowledge gained in achieving OHSAS 18001 Occupational Health and Safety Management System standard in our Nanjing plant to use as a blueprint for our achieving the same standard in our other sites. The roll out of this has already started and we expect more sites to gain this certificate during 2015.

We have set challenging targets to our operational sites to reduce the number of Lost Time Accidents. To assist this reduction we have a company-wide program of encouraging the reporting of any Unsafe Condition or Near Miss incident. This way we move the culture to prevention of accidents. This is being driven from the Group Management Team to all personnel.

Occupational health and safety issues are an important part of management and the performance is measured by indicators. All the sites of the Group have a safety organization with defined responsibilities.

ENVIRONMENT

Exel Composites Group’s Austrian, Belgian, British, Chinese, Finnish and German units have an ISO 14001 environmental certificate. The procedures of the certified environmental management system are used as blueprint in the implementation of the system at the other sites. The long-term target is to have all the units of the Group certified.

Exel Composites is at the cutting edge of state-of-the-art projects using Bio-filter and Bio-Media to reduce the effect of any emissions on our workforce and neighbors. Exel Composites has already installed one such Bio-filtering system at one factory and has just completed a pilot at another plant. This huge investment shows our continuing commitment to ensuring a healthy working environment for our workforce, visitors and neighbors.

Exel Composites has a multi-site ISO 9001 certificate admitted by Bureau Veritas Certification covering all the sites of the Group. Exel Composites Group measures the performance of the sites with uniform indicators. The management follows the indicators and defines the areas for improvement based on the indicator.

Enterprise Resource Planning (ERP) is a vital part of a quality system. It has an important role in managing the information flow inside and between the business processes. A common ERP is in use in all the units of the Group.

QUALITY MANAGEMENT SYSTEM

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Significant environmental aspects and risks have been assessed in all the units of the Group. The Group’s environmental program is based on the identified risks and legislative requirements. Environmental monitoring and measuring are carried out at most of the sites. Regular audits and follow-up are an important part of measuring progresses in continuous improvement.

Exel Composites continues to remain vigilant to ensure our site operations are aware of all local and regional controls. A safe environment for our employees and surrounding neighborhoods is a priority at Exel Composites.

Enterprise Resource Planning (ERP) is a vital part of a quality system. It has an important role in managing the information flow inside and between the business processes. A common ERP is in use in all the units of the Group.
“Improving aviation safety is our commitment. By combining seamlessly Exel Composites’ core know-how to our customers’ requirements and authority regulations, we strive to develop new and safe innovations to airport environments.”

Sami Heikkinen, Business Segment Manager (Products & Systems), Finland
BUSINESS REVIEW

Exel Composites invests considerable resources in strategic areas of product development. The business grows through new applications in new industries. Exel Composites’ strength is the ability to offer solutions that outperform traditional products with regard to functionality, energy efficiency and cost-savings, to name but a few.

**Leading composite technology company**

Exel Composites is a leading composite technology company that designs, manufactures and markets composite products and solutions for demanding applications. Exel Composites provides superior customer experience through continuous innovation, world-class operations and long-term partnerships.

Specific combinations of fibres and resin systems give the product the unique properties such as strength, stiffness and low weight. The unrivalled mechanical qualities of composite materials make them unbeatable in terms of durability and functionality.

We offer a wide range of tool handles and telescopes for cleaning and maintenance tools. Telescopic poles are also used in special tools, where light weight and stiffness combined with adjustable working length are required.

We have a wide range of tool handles and telescopes for cleaning and maintenance tools. Telescopic poles are also used in special tools, where light weight and stiffness combined with adjustable working length are required.

Along with continuous product development and long experience with composite profiles and tubes, we have developed many ready-to-use solutions with best performance and superior competitive edge. We have a wide range of tool handles and telescopes for cleaning and maintenance tools. Telescopic poles are also used in special tools, where light weight and stiffness combined with adjustable working length are required.

Exel Composites has the widest range of safety support structures for airports. These structures include approach light masts, weather masts, ILS and GP-towers and fencing. All the structures are fully frangible, fulfilling ICAO and FAA safety requirements thus ensuring maximum safety.

**Exel Composites offers products for wide range of applications.**

**CUSTOM PROFILES**

In close co-operation with the customer we design the most innovative composite solution with best performance and superior competitive edge. In addition to custom profiles, we have a wide variety of standard shapes available in our product portfolio, where structures can be designed to meet the customer requirements.

**LAMINATES**

Exel Composites designs and manufactures a wide range of special fibre-reinforced laminates e.g. for construction, transportation and sporting goods industries.

We offer a wide range of tool handles and telescopes for cleaning and maintenance tools. Telescopic poles are also used in special tools, where light weight and stiffness combined with adjustable working length are required.

**TUBES**

**EXEL PRODUCTS AND SYSTEMS**

Exel Composites is the world’s largest manufacturer of composite tubes with the thinnest walls and the best mechanical properties. We offer a large variety of carbon-, hybrid- and glass fibre tubes ranging from 3 mm to 300 mm diameters as standard. All other diameters are possible upon request.

**EXEL COMPOSITES’ PRODUCTS**

**Tubes**

Our long history and continuous development have given Exel Composites the leading position as a supplier of composite tubes with very thin walls and superior mechanical properties.

We provide various structures and materials to gain desired properties, optimizing this way the final product according to customer needs.

Exel Exelite™ glassfibre tubes come with high-quality surface and attractive colours. Exelite™ carbon fibre- or hybrid tubes come with smooth, plain surface. Exel Ultralite™ tube range includes carbon- or glassfibre tubes with aesthetic fabric surface and extremely thin wall starting with 0.9 mm. Crosslite™ tubes are carbonfibre tubes with decorative surface and high stiffness and strength.

Our quality tubes are used e.g. in tool handles, telescopic poles, antennas, support structures, measuring equipment and robot arms to mention but a few.

**Exel Composites invests considerable financial and human resources with key partners in strategic areas of product development.**

Demands for differentiation, functionality, energy efficiency and cost-savings are just a few of the reasons why composite products are gaining ground over other materials.

The business grows through new applications in new industries. Composite is the solution of the future. It delivers added value, helps to differentiate and creates one element of the brand.

**EXEL COMPOSITES’ INNOVATION**

Unique platform to drive growth in a multi-application business

The core of the innovation business is a unique platform where customers’ special know-how on their applications and Exel Composites’ special know-how in chemistry, fibre-technology and manufacturing are brought together. This enables a new level of product development which results in a new generation of innovative solutions utilizing composites’ best features.

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**EXEL COMPOSITES’ CUSTOMER**

Application know-how

Technical requirements

Financial targets

**EXEL COMPOSITES’ EXEL PRODUCTS**

Fibre technology

Chemistry

Process know-how

Exel product platforms
KERSTIN LINDELL
Member of the Board
• Born 1967
• M.Sc. (Chem. Eng.), Ph.D., MBA
• President and CEO, Bona AB
• Member of the Board since 2014
• Holdings: 1,066 Exel Composites shares
• Swedish citizen
Previous main positions
• Executive Vice President, Bona Kemi AB
• Research & Development Manager, Akzo Nobel Industrial Wood Coatings
Key positions of trust
• Member of the Board, HMS Industrial Networks AB
• Member of the Board, Rosti Group AB
• Vice Chairman of the Board, Chamber of Commerce and Industry of Southern Sweden
Independence
Independent of the Company and its major shareholders

HEIKKI HILTUNEN
Member of the Board
• Born 1962
• B.Sc. (Eng.)
• Executive Vice President and Deputy to CEO of Vacon Plc
• Member of the Board since 2011
• Holdings: 2,912 Exel Composites shares
• Finnish citizen
Previous main positions
• Vice President Sales, Marketing & Service, Vacon Plc
• Managing Director of Tellabs Oy and Vice President & General Manager for Europe, Middle East and Africa of Tellabs International
Key positions of trust
• Chairman of the Board, Hockey-Team Vaasan Sport Oy
Independence
Independent of the Company and its major shareholders

PETER HOFVENSTAM
Chairman of the Board
• Born 1965
• M.Sc. (Econ.)
• Senior Vice President, Nordstjernan AB
• Member of the Board since 2001
• Chairman of the Board since 2008
• Holdings: 6,208 Exel Composites shares
• Swedish citizen
Previous main positions
• Financial Analyst, Proventus AB
• Financial Manager, AB Aritmos
• Partner, E. Öhman Jörundskommission AB
Key positions of trust
• Chairman of the Board, Ramirent Plc.
• Member of the Board, Rosti Group AB
• Member of the Board, Active Biotech AB
Independence
Independent of the Company, but non-independent of a major shareholder until 10 June 2014, since he was the Senior Vice President of Nordstjernan AB

GÖRAN JÖNSSON
Member of the Board
• Born 1947
• M.Sc. (Econ.)
• Member of the Board since 2008
• Holdings: 5,912 Exel Composites shares
• Swedish citizen
Previous main positions
• President and CEO, Exel Plc
• Partner, Senior Partners
• General Manager of Industrial Coatings, Aksel Nobel
Independence
Independent of major shareholders, but dependent of the Company as former President and CEO of Exel Plc.

REIMA KERTTULA
Member of the Board
• Born 1955
• M.Sc. (Eng.)
• Amerplant Ltd., CDO of the holding company and Managing Director of the operative companies
• Member of the Board since 2009
• Holdings: 2,912 Exel Composites shares
• Finnish citizen
Previous main positions
• Senior Vice President, Flexible, Suominen Corporation
• President, Metsa Fabrics Inc.
• President and CEO, Tamfelt Corporation
Independence
Independent of the Company and its major shareholders

KERSTIN LINDELL
Member of the Board
• Born 1967
• M.Sc. (Chem. Eng.), Ph.D., MBA
• President and CEO, Bona AB
• Member of the Board since 2014
• Holdings: 1,066 Exel Composites shares
• Swedish citizen
Previous main positions
• Executive Vice President, Bona Kemi AB
• Research & Development Manager, Akzo Nobel Industrial Wood Coatings
Key positions of trust
• Member of the Board, HMS Industrial Networks AB
• Member of the Board, Rosti Group AB
• Vice Chairman of the Board, Chamber of Commerce and Industry of Southern Sweden
Independence
Independent of the Company and its major shareholders

HEIKKI HILTUNEN
Member of the Board
• Born 1962
• B.Sc. (Eng.)
• Executive Vice President and Deputy to CEO of Vacon Plc
• Member of the Board since 2011
• Holdings: 2,912 Exel Composites shares
• Finnish citizen
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• Member of the Board since 2011
• Holdings: 2,912 Exel Composites shares
• Finnish citizen
Previous main positions
• Vice President Sales, Marketing & Service, Vacon Plc
• Managing Director of Tellabs Oy and Vice President & General Manager for Europe, Middle East and Africa of Tellabs International
Key positions of trust
• Chairman of the Board, Hockey-Team Vaasan Sport Oy
Independence
Independent of the Company and its major shareholders
TIINA HILTUNEN

- Born 1966
- M.Sc. (Econ.)
- Senior Vice President Human Resources
- Joined the Company in 2014
- Member of the Group Management Team since 2014
- No Exel Composites holdings
- Finnish citizen

Areas of responsibility
- Leading the HR function
- Creating, establishing and implementing HR-strategy, processes and procedures globally
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Power Group HR Director, Foster Wheeler's Global and Eastern Europe, Yara Suomi Oy
- Regional HR Service Manager, Finland

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

TIINA HILTUNEN

- Born 1966
- M.Sc. (Econ.)
- Senior Vice President Human Resources
- Joined the Company in 2014
- Member of the Group Management Team since 2014
- No Exel Composites holdings
- Finnish citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
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Previous main positions
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- Regional HR Service Manager, Finland

GROUP MANAGEMENT TEAM

KARI LOUKOLA

- Head of Sales, Nokia Siemens Networks
- Head of Business Development, Nokia Siemens Networks
- Developing marketing function
- Leading and management of sales organization
- Profitable growth

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Head of Sales, Nokia Siemens Networks
- Head of Business Development, Nokia Siemens Networks

KARI LOUKOLA

- Born 1962
- M.Sc. (Eng.)
- Senior Vice President Sales & Marketing
- Joined the Company in 2013
- Member of the Group Management Team since 2013
- Holdings: 3,000 Exel Composites shares
- Finnish citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Head of Sales, Nokia Siemens Networks
- Head of Business Development, Nokia Siemens Networks

RIKU KYTÖMÄKI

- President and CEO
- M.Sc. (Eng.)
- Senior Vice President, Head of Global and CEO
- Other responsibilities of the President and CEO
- Customer and investor relationships
- Other responsibilities of the President and CEO

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Senior Vice President, Head of Global Product Group “Large AC Motors” at ABB
- President, ABB Electrical Machines Ltd, China
- Senior Vice President, Global Operations Manager, ABB Business Unit Motors & Generators
- Senior Vice President, Head of Global Product Group “Wind Power Generators” at ABB

RIKU KYTÖMÄKI

- Born 1971
- M.Sc. (Eng.)
- President and CEO
- Senior Vice President, Head of Global and CEO
- Other responsibilities of the President and CEO
- Customer and investor relationships
- Other responsibilities of the President and CEO

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Senior Vice President, Head of Global Product Group “Large AC Motors” at ABB
- President, ABB Electrical Machines Ltd, China
- Senior Vice President, Global Operations Manager, ABB Business Unit Motors & Generators
- Senior Vice President, Head of Global Product Group “Wind Power Generators” at ABB

ILKKA SILVANTO

- Controller, Huhtamäki Oy Marli Serla, Mechanical Wood Industry
- CFO, Finnforest Oyj
- Directing and maintaining a well-functioning organization
- Customer and investor relationships
- Other responsibilities of the President and CEO

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Controller, Huhtamäki Oy Marli Serla, Mechanical Wood Industry
- CFO, Finnforest Oyj

ILKKA SILVANTO

- Born 1951
- M.Sc. (Econ.)
- Administrative Director
- Senior Vice President, CFO and Administrative Director
- Joining the Company in 1997
- Member of the Group Management Team since 1997
- Holdings: 9,500 Exel Composites shares
- Finnish citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Controller, Huhtamäki Oy Marli Serla, Mechanical Wood Industry
- CFO, Finnforest Oyj

KIM SJÖDAHL

- German units, Exel Composites Plc
- VP Product Development, Finnish and Technical Sales
- Leading R&D and IPR management in the Group
- Group-wide development of products, product platforms, product technology and tooling

Group Management Team

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- German units, Exel Composites Plc
- VP Product Development, Finnish and Technical Sales

KIM SJÖDAHL

- Born 1974
- M.Sc. (Eng.)
- Senior Vice President Technology and Technical Sales
- Joining the Company in 1997
- Member of the Group Management Team since 1997
- Holdings: 8,000 Exel Composites shares
- Finnish citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Senior Vice President Technology and Technical Sales
- Joining the Company in 1997
- Member of the Group Management Team since 1997
- Holdings: 8,000 Exel Composites shares

CALLUM GOUGH

- Motherwell Bridge Plastics
- General Manager/Operations Director, Motherwell Bridge Plastics
- Managing Director, Exel Composites UK
- Operations Director, Motherwell Bridge Aerospace
- General Manager/Operations Director, Motherwell Bridge Plastics
- Administrative Director
- Senior Vice President, Operations
- M.Sc. (GM)
- Joining the Company in 2006
- Member of the Group Management Team since 2006
- Holdings: 16,261 Exel Composites shares
- British citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Managing Director, Exel Composites UK
- Operations Director, Motherwell Bridge Aerospace
- General Manager/Operations Director, Motherwell Bridge Plastics

CALLUM GOUGH

- Born 1960
- M.Sc. (GM)
- Senior Vice President, Operations
- Joined the Company in 2006
- Member of the Group Management Team since 2006
- Holdings: 16,261 Exel Composites shares
- British citizen

Areas of responsibility
- Leading the HR function
- Internal communication of HR-related subjects globally
- Active contribution to the development of Exel Composites as a member of the Group Management Team

Previous main positions
- Managing Director, Exel Composites UK
- Operations Director, Motherwell Bridge Aerospace
- General Manager/Operations Director, Motherwell Bridge Plastics
EXEL COMPOSITES' CORPORATE GOVERNANCE STATEMENT

EXEL Composites' corporate governance complies with the Finnish Companies Act, the legislation covering the securities markets and other official regulations related to the governing of listed companies. The principles set out here complement the applicable legislation.

Articles of Association, Exel Composites' Act, other applicable legislation and the Annual General Meeting for one year at a time, and the election of the Board comprises at least three and no more than eight full members, elected by the Board. The Board comprises the Chairman of the Board and the persons selected by the four largest shareholders (as of the shareholder register situation on 1 November preceding the Annual General Meeting) and the Chairman acting as an expert member.

In 2014, the Shareholders' Nomination Board comprised Jan Kiuruha (Nordia Funds Ltd) as chairman, Tuomas Virtala (Danske Capital Finland), Magnus von Körning (Fondita Fund Management Company Ltd), and Peter Hofvenstam, the Chairman of the Board of Directors, as an expert member. The Nomination Board has met 4 times.

The Nomination Board developed the proposals for the Annual General Meeting 2015 with the active participation of a number of large institutional owners of Exel Composites Plc, including Finnkorkinkirjoituskunta Anna (Harri Välikonsten), Lastet Asset Management (Tomas Meentens) and Lannebo Fonder (Johan Lannebo).

The 2014 information on the President and CEO (biographical details and holdings) is presented separately under the heading "Group Management Team" on page 32 of this Annual Report.

Internal control and risk management policies and systems

Exel Composites' internal control framework and roles and responsibilities for internal control have been defined in Internal Control Policy, approved by the Board of Directors.

The management system of internal control and risk management related to financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting in accordance with applicable laws and regulations, generally accepted accounting principles and the Corporate Governance Code in its April 2011 form.

Exel Composites has established objectives for reliable financial reporting in order to safeguard the Group's financial reporting process. The risk assessment process, also considers the objective of determining how the risks should be managed. The risk assessment process also considers the potential material financial reporting and the preparation of the financial statements. Further information on the President and CEO (biographical details and holdings) is presented separately under the heading "Group Management Team" on page 32 of this Annual Report.

Corporate Governance Statement | Exel Composites Annual Report 2014 | Page 31


REMUNERATION STATEMENT

This remuneration statement is prepared in accordance with the Finnish Corporate Govern-
ance Code, section 7, “Remuneration”.

Principles of remuneration and the decision-making process
Exel Composites’ remuneration principles are developed to promote the competitive-
ness and long-term financial success of the Company and to contribute to the develop-
ment of the Company’s shareholder value. Another aim of the remuneration principles is to increase the long-term commitment of the top management and other key employees of the Company. The aim of the remuneration principles is to align the interests of the Company and its shareholders.

The Board of Directors convenes 9 times in 2014. The table below describes the remuneration received by the Board in 2014 (EUR 1,000).

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Annual Fixed Fees 2014</th>
<th>Meeting Fees 2014</th>
<th>Total Fees 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Holfrenstam</td>
<td>Chairman</td>
<td>34</td>
<td>12</td>
<td>46</td>
</tr>
<tr>
<td>Heikki Hiltunen</td>
<td>Member</td>
<td>16</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Kari Rinno</td>
<td>Member</td>
<td>16</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>Reima Kurtilla</td>
<td>Member</td>
<td>16</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>Kerstin Lindell</td>
<td>Member</td>
<td>16</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Heikki Mäeniuo</td>
<td>Member</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>98</td>
<td>43</td>
<td>141</td>
</tr>
</tbody>
</table>

In addition, travel expenses and other out-of-pocket expenses arising from the Board work were compensated in accordance with the Company’s established practice and travel rules. Exel Composites has no such incentive program, by which the Company rewards the Board members with shares or option rights. The Board members are neither entitled to a short-term performance-based bonus.

Remuneration of the Group Management Team and short-term compensation
Compensation for the members of the Group Management Team comprises a fixed monthly base salary and fringe benefits as well as an annual bonus and long-term incentive. The amount of the bonus and the performance criteria are annually determined by the Board of Directors of Exel Composites. The Board also evaluates whether the performance criteria have been met. In 2014, the key performance financial criteria were turnover growth, EBIT and OCF. The 2014 annual bonus for the President and CEO was a maximum of 50 per cent of his annual salary. For the other members of the Group Management Team the maximum annual bonus was 40 per cent of their respective annual salary.

There are no additional pension schemes for the Group Management Team members.

Long-term share-based compensation
The Group’s share-based incentive program for the President and CEO and the Group Management Team and selected key employees of the Company. The aim of the program is to combine the objectives of the shareholders and the executives in order to increase the value of the Company, to commit the executives to the Company and to offer the executives a competitive reward based on the Company’s shares. The program is targeted at 18 executives for the earning period 2013 – 2015. The members of the Group Management Team are included in the target group of the 2013 incentive program.

The 2013 program includes one earning period, the calendar years 2013 – 2015. The potential long-term monetary performance reward from the program for the earning period 2013 – 2015 is based on the Group’s cumulative Economic Profit and on the Group’s Total Shareholder Return (TSR).

The potential reward from the earning period 2013 – 2015 will be paid in 2016. The maximum reward to be paid on the basis of the earning period 2013 – 2015 will be one million EUR. The accrued cost for 2014 was EUR 364 thousand.

The 2014 program includes one earning period, the calendar years 2014 – 2016. The potential long-term monetary performance reward from the program for the earning period 2014 – 2016 is based on the Group’s cumulative Economic Profit and on the Group’s Total Shareholder Return (TSR). The potential reward from the earning period 2014 – 2016 will be paid in 2017. The maximum reward to be paid on the basis of the earning period 2014 – 2016 will be EUR 1,240 thousand.

No reward will be paid to an executive, if the share of the Company in the Group Company ends before the reward payment unless the executive is leaving the Company due to retirement or unless the Board decides otherwise.

There is a vesting period of two years before the share of the Company is transferred regardless of the given to the participant from 2012 program.

The cost of the programs will be accounted for as operating expenses during the duration of the program and accrued for in the financial statements according to IFRS 2 ‘standard’.

Financial benefits of the President and CEO and Group Management Team, EUR 1,000

<table>
<thead>
<tr>
<th>Performance-based bonus</th>
<th>Fringe benefits</th>
<th>Share-based compensation</th>
<th>Total 2014</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>President and CEO</td>
<td>275</td>
<td>0</td>
<td>314</td>
<td>0</td>
</tr>
<tr>
<td>Management Group</td>
<td>564</td>
<td>33</td>
<td>218</td>
<td>74</td>
</tr>
<tr>
<td>Total</td>
<td>839</td>
<td>33</td>
<td>352</td>
<td>74</td>
</tr>
</tbody>
</table>

In addition, termination compensation relative to the termination of the former managing director employment contract assuming EUR 263 thousand was recorded in the 2013 results the payment of which will be in 2014 – 2015.

*Shares owned by the President and CEO and the other Group Management Team members can be seen at Exel Composites Plc’s website at www.exelcomposites.com.

Performance-based bonus based on 2014 results and shareholder gross compensation (sharing shares) from 2012 program will be paid in 2015.

Other Board members: EUR 16,000 per annum and additionally EUR 1,000 per meeting.

The above described meeting fee was also paid for Committee meetings and other similar Board assignments.

According to a decision of the Annual General Meeting held in 2014, 60 per cent of the yearly remuneration is paid in cash and 40 per cent in Exel Composites’ shares, which share-based component is determined for and on behalf of the members of the Board of Directors during 2 April – 10 April 2014 from the stock exchange in amounts corresponding to EUR 13,600 for the Chairman and EUR 6,400 for each of the other members. The yearly remuneration encompasses the full term of office of the Board of Directors.

The Board of Directors convenes 9 times in 2014. The table below describes the remuneration received by the Board in 2014 (EUR 1,000).

<table>
<thead>
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<th>Name</th>
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<td>43</td>
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</table>
The risk management policy is reviewed and confirmed this risk management policy.

Exel Composites’ Board of Directors has the primary task of Exel Composites’ risk management. The task of Exel Composites’ risk management is to systematically identify and assess their risks. The key raw materials, especially carbon fiber, are supplied by only a few suppliers and the balance between supply and demand may cause long periods of scarcity. There are also risks related to the acquisitions where the realized level of benefits and synergies may differ from the planned.

Operational risks
In the operations the risks are identified in raw material price fluctuation in absolute terms as well as in relation to competing materials. The poor availability of skilled employees may locally impact in the quality and productivity of the business. The protection of self-developed proprietary technology is important and the risk of IPK violations is increasing when the business is expanding globally. Also the importance and risks related to the suppliers and sub-contractors have grown.

Financial risks
Financial risks consist of currency, interest rate risk, liquidity and funding risk, and credit and other counter party risk. Currency and interest rate risks are managed by hedging using different derivatives. Credit insurance is in place to cover risks related to trade receivables.

Cyclical and financial risks
Most invoicing and purchases are carried out in euros. Possible changes in the exchange rates of the USD, GBP, AUD and RMB may affect the Group’s result. The Company seeks to hedge itself against exchange rate risks by means of currency clauses in purchase and sales agreements, as well as hedging instruments.

Interest rate risk
Exel Composites’ financing policy involves using a small number of banks as partners to secure its long-term needs for borrowed capital. Exel Composites’ liquidity is based on long-term financial arrangements and on short-term financial products, such as lines of credit and credit accounts. To balance interest rate risk, the Company strives to use both changing and fixed interest loans. Additionally, the Company uses interest swap agreements.

Credit risk
Exel Composites is exposed to credit risk mainly through accounts receivable. The Company has a global customer base, and there are no significant risk concentrations. Exel Composites normally uses credit insurance.

Hazard risks
Hazard risks include occupational health and safety-related risks, personnel security risks, environmental risks, fire and other disasters, natural events and security risks. Exel Composites has taken measures against these risks by using safety guidelines, certification principles, rescue planning and security policies. The materialization of risks has been taken into account in the insurance policies.

Internal control, risk management and internal audit
The ultimate responsibility for internal control falls on the Board of Directors. The Group Management Team monitors the development of risks and risk concentrations. Risks relative to assets, interruption and liability risks arising from operations have been provided for with appropriate insurance.

RISK MANAGEMENT

The central short-term goal of Exel Composites is to distinctly improve the profitability and competitiveness and to ensure the business driven financial demands are met. The primary task of Exel Composites’ enterprise risk management concept is to support the realization of these goals. As part of corporate governance, risk management is a systematic tool for the Board of Directors and the operative management to monitor and assess the realization of the goals, threats and opportunities affecting the Company operations.

The risk management policy is reviewed and confirmed this risk management policy. Exel Composites’ Board of Directors has the primary task of Exel Composites’ risk management. The task of Exel Composites’ risk management is to systematically identify and assess their risks.

Risks are factors that threaten the Company in reaching its set goals. They are measured by their impact and the likelihood of them occurring.

The business units and the corporate functions identify and assess their risks.

Risk management is a continuous process, which is integrated in the corporate strategic plans by the operative planning, daily decision making and monitoring operations. Risk management is also part of the internal control system. Exel Composites only takes risks after careful assessment of the risk in relation to its gain. The aim of risk management is to systematically identify and evaluate risks and to manage them in a cost-effective way by:

• Ensuring that all identified risks affecting personnel, customers, products, reputation, property, intellectual property and operation are always managed as required by law and otherwise in accordance to best knowledge and justifiable taking into consideration the prevailing financial situation
• Fulfilling the expectations of stakeholders (coursers, customers, personnel, suppliers and the community)
• Securing the management of the total risk exposure and minimizing the total risk
• Secure continuous operation without interruptions
• Promoting the effective utilisation of possibilities and profit potentials.

Exel Composites’ Board of Directors has confirmed this risk management policy. The risk management policy is reviewed annually to ensure that it corresponds to the current conditions and changes that have occurred in the business environment.

Information for investors | Exel Composites Annual Report 2014 | Page 35

Annual General Meeting
The Annual General Meeting of Exel Composites Plc will be held at 10.30 a.m. on Thursday 26 March 2015 at Scandic Marinella Congress Center at the address of Katanakanlaituri 7, Helsinki, Finland. The Annual General Meeting will be conducted in Finnish, but interpretation into English will be provided.

To be eligible to attend the Annual General Meeting, shareholders must be on the Company's shareholder register maintained by the Finnish Securities Depository Ltd. by 16 March 2015.

Registration
Registration of notices to attend ends at 4 p.m. Finnish time on 19 March 2015. Prior notices of participation shall be received by the Company no later than on the above-mentioned date. Any powers of attorney are also to be sent to the Company during the same registration period. A notice of participation can be given either:

- a) on the Company’s website: www.exelcomposites.com/agm; or
- b) by email to investor@exelcomposites.com; or
- c) by telephone at +358 20 7541 221 between 9 a.m. and 4 p.m. Monday to Friday; or
- d) by telefax at +358 20 7541 201; or
- e) by regular mail to the address Exel Composites Plc, Annual General Meeting, Mikkulanteri 9, 01350 Vantaa, Finland.

In connection with the notification, a shareholder should notify his/her name, personal identification number, address, telephone number and the name and personal identification number of a possible assistant or proxy representative. The personal data given is used only in connection with the Annual General Meeting and with the processing of related registrations.

A holder of nominee-registered shares has the right to participate in the Annual General Meeting by virtue of such share, based on which he/she on the record of the of the AGM, i.e. on 16 March 2015, would be entitled to be registered in the shareholders’ register of the Company held by Euroclear Finland Ltd. The right to participate in the AGM requires, in addition, that the shareholder on the basis of such shares has been temporarily registered into the shareholders’ register held by Euroclear Finland Ltd at the latest by 23 March 2015 at 10.00 a.m.

A holder of nominee-registered shares is advised to request from his/her custodian bank instructions regarding the temporary registration in the shareholders’ registers, issuing of proxy documents and registration for the AGM.

Dividend
The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.20 per share be paid for the 2014 financial year. Shareholders registered on the list of shareholders maintained by Euroclear Finland Ltd. on the record date of dividend payment 30 March 2015 are entitled to a dividend, which will be paid on 8 April 2015.

Change of address
Shareholders should notify the bank in which they have a book-entry securities account about any change in their address.

Financial reporting in 2015
The publication dates for Exel Composites’ financial reports in 2015 are as follows:

• Electronic Annual Report 2014: Thursday 5 March 2015
• Interim report Q1 2015: Wednesday 6 May 2015
• Interim report Q2 2015: Friday 24 July 2015
• Interim report Q3 2014: Friday 23 October 2015

Exel Composites’ annual report, interim reports and stock exchange releases will be available in Finnish and English on the Company’s website at www.exelcomposites.com. Stock exchange releases, annual and interim reports can be obtained in electronic format by joining our mailing lists on the Company website or by sending an email to investor@exelcomposites.com.
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