

Q2 results clearly above our estimate

Exel's Q2 results landed clearly above our estimates as the EUR 26.6m revenue came in 8% higher than we estimated, which also led to the EUR 1.4m adjusted EBIT topping our EUR 0.3m estimate. Customer activity has clearly rebounded from its deepest slump, and the question now is how much further short-term recovery there might be as certain economic uncertainties continue.

- Exel Q2 revenue increased by 4.7% y/y to EUR 26.6m, compared to our EUR 24.7m estimate. Growth was driven by Industrial and Transportation customer industries, while Buildings and infrastructure also grew. Energy didn't yet grow as the company still prepares to ramp up production of certain wind products in India.
- Adjusted EBIT amounted to EUR 1.4m vs our EUR 0.3m estimate as operating margin was 5.2%. Higher volumes and cost control measures supported profitability.
- Order intake was EUR 26.4m in Q2 as it grew by 4.0% y/y. Order backlog stood at EUR 34.5m at the end of June, or 31% higher than a year ago. Markets developed in line with management expectations. Customer activity increased in all strategic industries, except for the construction market where the situation remains challenging. H1 included several important new customer agreements, including a multi-year agreement with a major wind turbine manufacturer for spar caps supply from the new Indian factory. Customer activity is expected to remain at its current level in H2.
- Exel guides FY '24 revenue to increase and adjusted EBIT to increase significantly y/y (unchanged).

Rating 🟡 HOLD

Q2'24	Actual	Evli	Year ago	Q1'24
Revenue	26.6	24.7	25.4	23.4
Adj. EBIT	1.4	0.3	0.1	-0.6
Adj. EBIT margin	5.2 %	1.2 %	0.3 %	-2.4 %

Deviation	Actual	Evli	Year ago	Q1'24
Revenue		8 %	5 %	14 %
Adj. EBIT		367 %	1300 %	-333 %
Adj. EBIT margin		328 %	1633 %	-317 %

Share price, EUR (Last trading day's closing price) 0.30

Target price, EUR 0.40

Latest change in 03-May-23

Latest report on company 21-May-24

Research paid by issuer: YES

No. of shares outstanding, 106,686

No. of shares fully diluted, 106,686

Market cap, EURm 32

Free float, % 100.0

Exchange rate EUR/USD 1.09

Reuters code EXLIV.HE

Bloomberg code EXLIV FH

Average daily volume, EURm 0.1

Next interim report 15-Aug-24

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🟢 BUY 🟡 HOLD 🟠 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	137.0	3.0	2.2%	7.8	0.02	30.1	0.7	31.4	12.0	0.03
2023	96.8	-4.9	-5.0%	-1.0	-0.10	-3.2	0.6	-12.6	-3.3	0.00
2024E	102.4	2.9	2.9%	8.2	0.01	31.8	0.5	18.7	26.0	0.00
2025E	110.6	7.7	7.0%	4.5	0.04	7.1	0.5	6.5	14.1	0.01
2026E	116.1	9.3	8.0%	6.6	0.05	5.4	0.4	4.9	20.8	0.01

Market cap, EURm	32	BV per share 2024E, EUR	124.8	CAGR EPS 2023-26, %	0.0
Net debt 2024E, EURm	23	Price/book 2024E	1.7	CAGR sales 2023-26, %	6.2
Enterprise value, EURm	55	Dividend yield 2024E, %	0.0	ROE 2024E, %	5.5
Total assets 2024E, EURm	80	Tax rate 2024E, %	23.2	ROCE 2024E, %	3.4
Goodwill 2024E, EURm	13	Equity ratio 2024E, %	23.5	PEG, P/E 24/CAGR	0.3

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

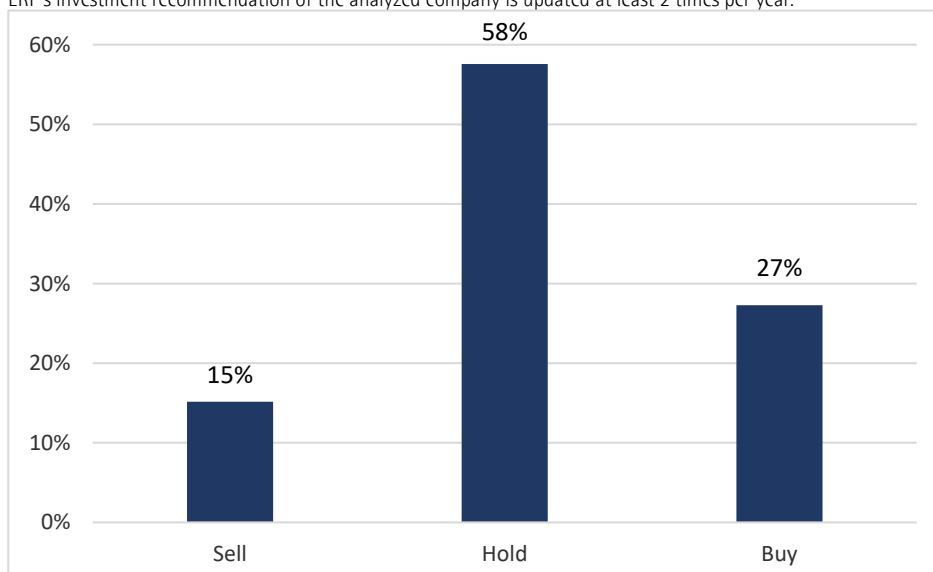
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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