

## Improvement y/y but soft q/q

Exel's Q3 revenue continued to grow y/y, albeit not quite as fast as was estimated since the figures softened a bit q/q due to seasonality but also because of extended market uncertainty. The revenue miss left the EUR 0.7m adjusted EBIT short of the EUR 1.5m/1.0m Evli/consensus estimates even if it improved by almost EUR 2m y/y. Exel retains its previous guidance, which was to be expected in any case.

- Exel Q3 revenue grew by 19.7% y/y to EUR 24.6m vs the EUR 26.5m/26.0m Evli/consensus estimates. Growth was driven by all customer industries at double-digit rates, apart from Energy (where deliveries from the new Indian factory are to pick up in 2025). Engineered Solutions Business Unit reported EUR 20.0m in Q3 revenue, while Industrial Solutions did EUR 4.6m.
- Adjusted EBIT was EUR 0.7m, compared to the EUR 1.5m/1.0m Evli/consensus estimates. Operating margin was 2.9% and hence increased by almost 900bps y/y. Q3 saw actions to optimize capacity, cost control and operational measures.
- Q3 order intake amounted to EUR 21.0m, a decrease of 7.8% y/y. Q3 is often seasonally the weakest quarter. This was seen in Engineered Solutions' performance, while Industrial Solutions fared better q/q.
- Exel guides revenue to increase and adjusted EBIT to increase significantly in FY'24 y/y (unchanged).

Rating <span style="float: right;">++ Buy</span>				
Q3'24	Actual	Evli	Year ago	Q2'24
Revenue	24.6	26.5	20.5	26.6
Adj. EBIT	0.7	1.5	-1.2	1.4
Adj. EBIT margin	2.9 %	5.7 %	-5.9 %	5.2 %
<b>Share price, EUR</b> (Last trading day's closing price)				<b>0.37</b>
Target price, EUR				0.40
Latest change in recommendation				16-Aug-24
Latest report on company				16-Aug-24
Research paid by issuer:				YES
No. of shares outstanding, '000's				106 686
No. of shares fully diluted, '000's				106 686
Market cap, EURm				39
Free float, %				100.0 %
Exchange rate				–
Reuters code				EXL1V.HE
Bloomberg code				EXL1V FH
Average daily volume, EURm				0.1
Next interim report				31-Oct-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	0.04	30.1	0.7	31.4	12.0%	0.05
2023	96.8	-4.9	-5.0%	-0.8	-0.19	-3.2	0.6	-12.6	-2.7%	
2024E	103.5	3.9	3.8%	11.8	0.02	17.2	0.6	15.1	30.2%	
2025E	111.7	7.8	7.0%	1.9	0.05	7.8	0.5	7.3	4.9%	0.01
2026E	117.3	9.4	8.0%	7.7	0.06	5.8	0.4	5.4	19.6%	0.01
Market cap, EURm			39	Gearing 2024E, %		98.9 %	CAGR EPS 2023-26, %			0.0 %
Net debt 2024E, EURm			20	Price/book 2024E		2.0	CAGR Sales 2023-26, %			6.6 %
Enterprise value, EURm			59	Dividend yield 2024E, %		0.0 %	ROE 2024E, %			12.1 %
Total assets 2024E, EURm			78	Tax rate 2024E, %		16.6 %	ROCE 2024E, %			5.2 %
Goodwill 2024E, EURm			13	Equity ratio 2024E, %		25.7 %	PEG, P/E 24/CAGR			0.3

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

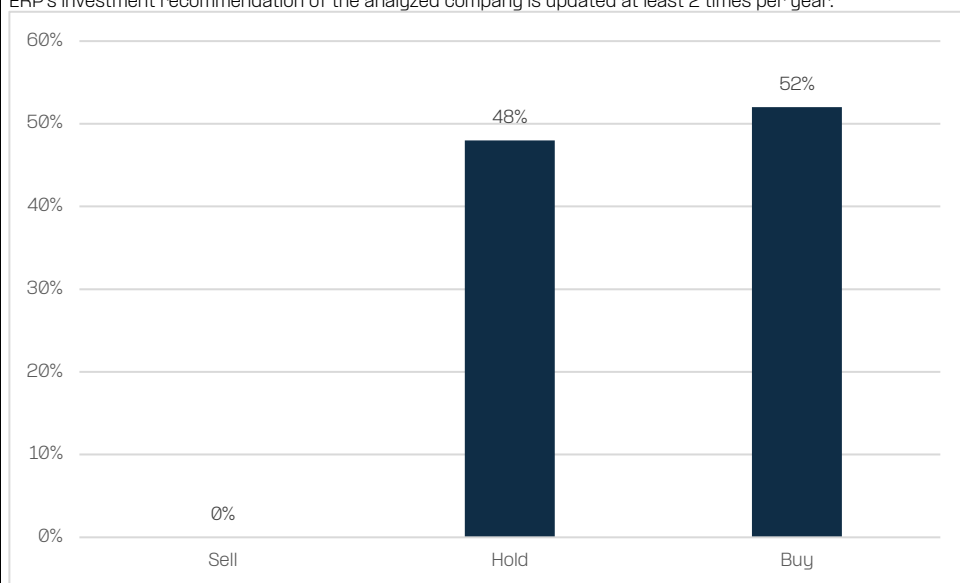
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage on the 23rd of October, 2024. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Joonas Iivonen

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