

Proceeding according to plan

Exel Composites reported Q3 figures very much in line with our estimates. Revenue didn't quite meet our estimate for the quarter, however operating margin came in a bit above our estimate.

- Q3 revenue was EUR 23.6m vs our EUR 24.7m estimate. Wind energy continued to support growth in the Construction & Infrastructure segment.
- Exel Composites posted EUR 1.7m in Q3 EBIT i.e. in line with our expectation.
- Operating margin, at 7.0%, was slightly above our 6.8% estimate.
- Exel says Q3 order intake remained on a good level and grew 9.7% y/y.
- The company says the cost savings program is proceeding according to plan, and the targeted EUR 3m in annual savings will be fully reached in 2020.
- Exel reiterates FY '19 outlook, expecting revenue and adjusted operating profit to increase compared to previous year.

Rating				BUY
Q3'19	Actual	Evli	Year ago	Q2'19
Revenue	23.6	24.7	23.1	26.5
EBIT	1.7	1.7	0.5	2.2
EBIT margin	7.0 %	6.8 %	2.1 %	8.1 %
Deviation				
Actual	Evli	Year ago	Q2'19	
Revenue	-4 %	2 %	-11 %	
EBIT	-2 %	233 %	-24 %	
EBIT margin	3 %	233 %	-14 %	
Share price, EUR (Last trading day's closing price)				4.89
Target price, EUR				5.0
Latest change in recommendation				-
Latest report on company				24-Jul-19
Research paid by issuer:				YES
No. of shares outstanding, '000's				11,897
No. of shares fully diluted, '000's				11,897
Market cap, EURm				58
Free float, %				100.0
Exchange rate EUR/USD				1.10
Reuters code				EXL1V.HE
Bloomberg code				EXL1V FH
Average daily volume, EURm				0.1
Next interim report				30-Oct-19
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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
2017	86.3	6.1	7.1%	-0.5	0.35	18.6	1.0	14.2	-0.6	0.30
2018	96.6	2.2	2.3%	-12.7	0.03	119.0	0.7	32.9	-26.6	0.18
2019E	105.4	6.1	5.8%	3.5	0.34	14.2	0.8	13.4	6.0	0.20
2020E	112.4	8.5	7.6%	5.7	0.51	9.6	0.7	9.2	9.8	0.20
2021E	119.9	9.4	7.8%	5.6	0.57	8.6	0.6	8.0	9.6	0.25
Market cap, EURm	58		BV per share 2019E, EUR		84.9		CAGR EPS 2018-21, %		156.4	
Net debt 2019E, EURm	24		Price/book 2019E		2.1		CAGR sales 2018-21, %		7.5	
Enterprise value, EURm	82		Dividend yield 2019E, %		4.1		ROE 2019E, %		15.3	
Total assets 2019E, EURm	77		Tax rate 2019E, %		22.6		ROCE 2019E, %		11.1	
Goodwill 2019E, EURm	13		Equity ratio 2019E, %		35.8		PEG, P/E 19/CAGR		0.9	

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

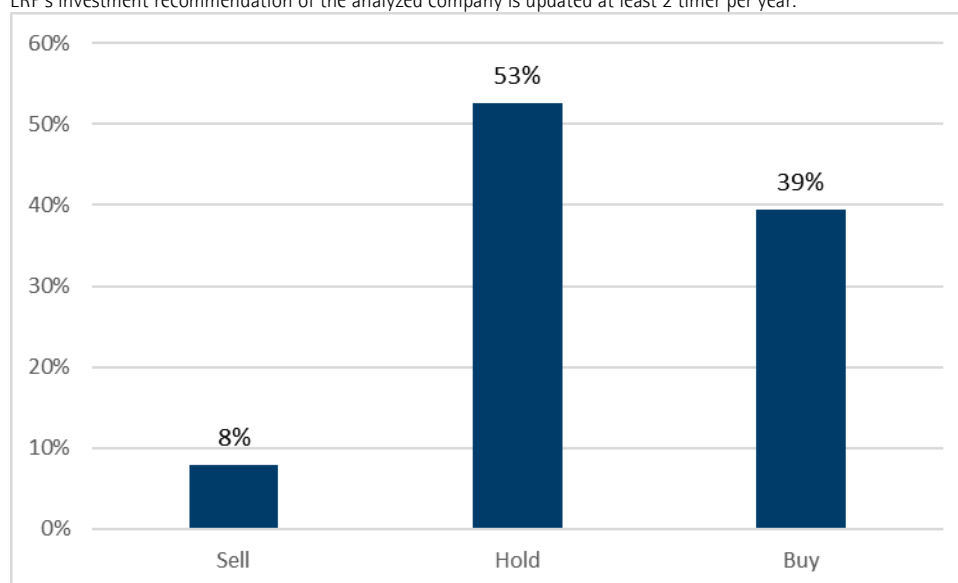
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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