

## Q1 as expected but guidance is off

Exel Composites' Q1 results met expectations. The company nevertheless had to withdraw FY '20 guidance. The pandemic has so far had only a limited impact on business.

- Q1 revenue was EUR 27.8m vs EUR 27.9m/27.2m Evli/consensus estimates, thus increasing by 3% y/y. The pandemic impacted business only in China during Q1, where production has resumed to full capacity. The UK unit has been running at reduced capacity since April.
- Exel Composites updated its reporting structure. The company previously reported revenue for three broad segments and now discloses figures for seven customer industries. In Q1 most of the customer industry revenues grew y/y, excluding Transportation and Telecommunications.
- Exel Q1 adjusted operating profit stood at EUR 2.1m compared to EUR 2.2m/2.0m Evli/consensus estimates.
- Order intake increased by 23% y/y to EUR 34.5m. Order backlog was thus 50% higher than a year ago.
- Exel Composites issued an outlook on Feb 18 according to which revenue and adjusted operating profit are expected to increase in 2020 compared to 2019. The company now withdraws the guidance due to poor short-term visibility.

Rating <span style="float: right;">+ BUY</span>				
Q1'20	Actual	Evli	Year ago	Q4'19
Revenue	27.8	27.9	27.1	26.6
Adj. EBIT	2.1	2.2	2.0	1.3
Adj. EBIT margin	7.5 %	7.8 %	7.2 %	4.9 %
Deviation				
	Actual	Evli	Year ago	Q4'19
Revenue		0 %	3 %	5 %
Adj. EBIT		-5 %	5 %	62 %
Adj. EBIT margin		-4 %	4 %	53 %
Share price, EUR (Last trading day's closing price)				4.57
Target price, EUR				6.75
Latest change in recommendation 19-Feb-20				
Latest report on company 19-Feb-20				
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 54				
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 06-May-20				
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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
2018	96.6	2.2	2.3%	-8.7	0.03	119.0	0.8	34.5	-18.3	0.18
2019	103.8	5.1	4.9%	0.7	0.20	32.5	1.0	21.0	0.9	0.18
2020E	109.6	8.7	8.0%	-6.5	0.46	9.8	0.8	10.5	-11.9	0.20
2021E	117.1	9.7	8.3%	5.1	0.51	9.0	0.8	9.2	9.3	0.25
2022E	124.1	10.5	8.5%	8.0	0.58	7.8	0.7	8.0	14.7	0.25
Market cap, EURm	54		BV per share 2020E, EUR		126.6	CAGR EPS 2019-22, %		42.5		
Net debt 2020E, EURm	38		Price/book 2020E		1.8	CAGR sales 2019-22, %		6.1		
Enterprise value, EURm	92		Dividend yield 2020E, %		4.4	ROE 2020E, %		19.7		
Total assets 2020E, EURm	99		Tax rate 2020E, %		22.5	ROCE 2020E, %		12.9		
Goodwill 2020E, EURm	13		Equity ratio 2020E, %		30.0	PEG, P/E 20/CAGR		0.9		

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

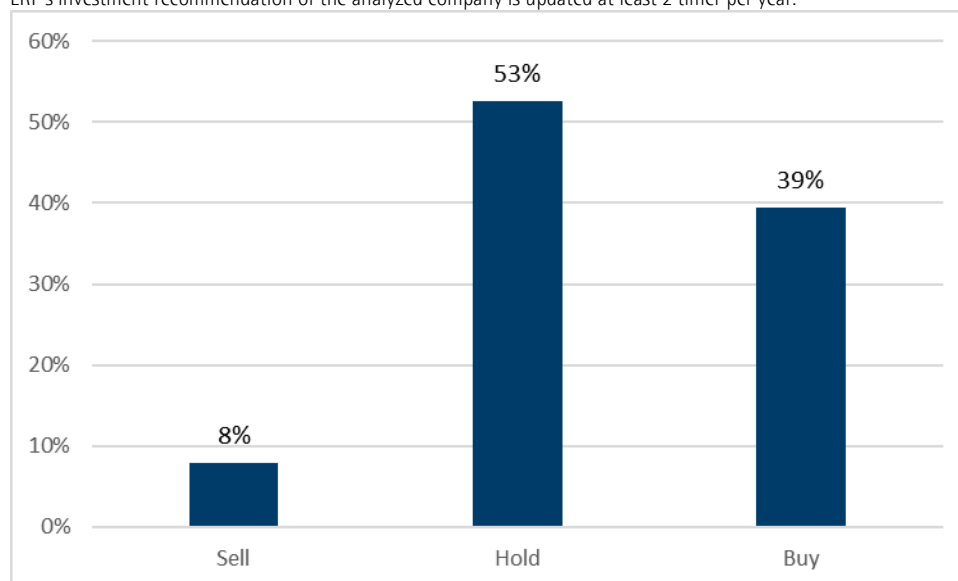
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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