

Excellent results

Exel Composites reported Q2 revenue in line with expectations while profitability was clearly higher than expected. Higher profitability was mainly due to the US unit's improved performance. Overall Exel's performance seems very solid despite the pandemic, however the company does not yet reissue guidance.

- Q2 revenue amounted to EUR 27.2m, compared to the EUR 27.9m/27.2m Evli/consensus estimates.
- With respect to customer industries, Wind power revenue stood at EUR 7.9m in Q2 i.e. some EUR 1.3m higher than we expected.
- Adjusted operating profit was EUR 2.9m vs EUR 2.0m/2.0m Evli/consensus estimates. Adjusted operating margin was thus an excellent 10.6%. The profitability improvement was primarily driven by the US unit.
- Q2 order intake declined by 3.8% y/y to EUR 22.9m, which in our view is more than a decent figure considering the extraordinary circumstances that prevailed during the quarter. One large order, attributable to Buildings and infrastructure (worth some EUR 3.5m), helped but overall the order book situation looks rather good for now.
- Exel withdrew guidance for FY '20 in connection with the Q1 earnings release. The company says it will reinstate guidance later this year.

Rating + BUY				
Q2'20	Actual	Evli	Year ago	Q1'20
Revenue	27.2	27.9	26.5	27.8
Adj. EBIT	2.9	2.0	2.2	2.1
Adj. EBIT margin	10.6 %	7.2 %	8.5 %	7.5 %
Deviation				
	Actual	Evli	Year ago	Q1'20
Revenue		-3 %	3 %	-2 %
Adj. EBIT		45 %	32 %	38 %
Adj. EBIT margin		47 %	25 %	41 %
Share price, EUR (Last trading day's closing price)	5.00			
Target price, EUR	5.5			
Latest change in recommendation	19-Feb-20			
Latest report on company	7-May-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	59			
Free float, %	100.0			
Exchange rate EUR/USD	1.14			
Reuters code	EXL1V.HE			
Bloomberg code	EXL1V FH			
Average daily volume, EURm	0.1			
Next interim report	21-Jul-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	106.6	7.6	7.1%	-7.3	0.33	15.0	0.9	12.9	-12.3	0.20
2021E	113.6	9.5	8.4%	5.1	0.50	10.0	0.8	10.0	8.5	0.25
2022E	120.5	10.2	8.5%	7.8	0.56	8.9	0.8	8.8	13.1	0.25
Market cap, EURm	59		BV per share 2020E, EUR		136.6		CAGR EPS 2019-22, %		40.8	
Net debt 2020E, EURm	38		Price/book 2020E		2.1		CAGR sales 2019-22, %		5.1	
Enterprise value, EURm	98		Dividend yield 2020E, %		4.0		ROE 2020E, %		14.6	
Total assets 2020E, EURm	97		Tax rate 2020E, %		31.8		ROCE 2020E, %		11.3	
Goodwill 2020E, EURm	13		Equity ratio 2020E, %		28.9		PEG, P/E 20/CAGR		0.7	

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

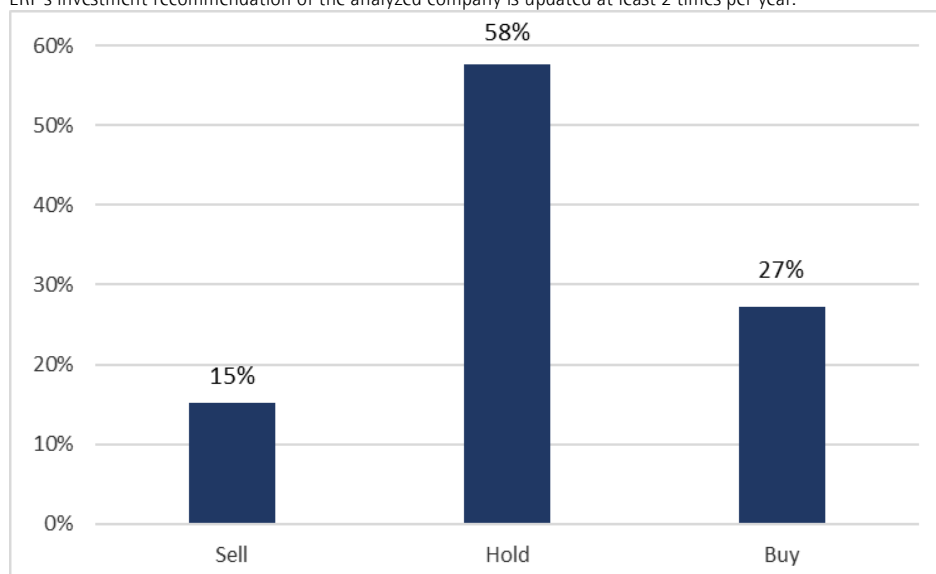
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Investment recommendations are defined as follows:

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

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