

## Decent results

**Exel Composites' Q3 top line exceeded expectations while operating margin remained at a good level and absolute profitability increased y/y.**

- Exel Composites' Q3 revenue was EUR 26.0m (up 10% y/y) vs the EUR 24.1m/23.4m Evli/consensus estimates.
- Wind power recorded EUR 7.8m in revenue, compared to our EUR 6.5m estimate. Asia-Pacific developed strong, where Q3 revenue increased to EUR 6.8m from EUR 4.3m.
- Adjusted EBIT amounted to EUR 2.0m, in comparison to the EUR 2.3m/2.0m Evli/consensus estimates. Adjusted operating margin was thus 7.8% vs our 9.5% estimate. According to Exel profitability was negatively impacted by the uneven distribution of revenues across business units, and together with the pandemic production efficiency and profitability were impaired especially in the US business unit.
- Q3 order intake declined by 10% to EUR 24.5m mainly due to a partial cancellation of a large order in the US booked in Q1. Exel nevertheless says underlying demand across all customer industries has slightly improved recently.
- Exel reinstates FY '20 guidance and expects revenue to increase or to remain at previous year's level, while adjusted operating profit is set to increase. In our view the guidance is rather unsurprising.

Rating <span style="float: right;">+ BUY</span>				
Q3'20	Actual	Evli	Year ago	Q2'20
Revenue	26.0	24.1	23.6	27.2
Adj. EBIT	2.0	2.3	1.7	2.9
Adj. EBIT margin	7.8 %	9.5 %	7.0 %	10.6 %
Deviation				
	Actual	Evli	Year ago	Q2'20
Revenue		8 %	10 %	-4 %
Adj. EBIT		-13 %	18 %	-31 %
Adj. EBIT margin		-18 %	11 %	-26 %
Share price, EUR (Last trading day's closing price)	6.34			
Target price, EUR	6.25			
Latest change in recommendation	19-Feb-20			
Latest report on company	22-Jul-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	75			
Free float, %	100.0			
Exchange rate EUR/USD	1.18			
Reuters code	EXL1V.HE			
Bloomberg code	EXL1V FH			
Average daily volume, EURm	0.1			
Next interim report	30-Oct-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	105.9	9.8	9.2%	-4.4	0.56	11.3	1.0	11.4	-5.9	0.20
2021E	112.5	11.1	9.9%	7.2	0.67	9.5	0.9	9.5	9.5	0.25
2022E	118.7	11.9	10.0%	9.8	0.72	8.8	0.8	8.4	12.9	0.25
Market cap, EURm	75		BV per share 2020E, EUR		115.4	CAGR EPS 2019-22, %		52.7		
Net debt 2020E, EURm	36		Price/book 2020E		2.4	CAGR sales 2019-22, %		4.6		
Enterprise value, EURm	111		Dividend yield 2020E, %		3.2	ROE 2020E, %		23.3		
Total assets 2020E, EURm	97		Tax rate 2020E, %		22.2	ROCE 2020E, %		14.6		
Goodwill 2020E, EURm	13		Equity ratio 2020E, %		31.8	PEG, P/E 20/CAGR		1.0		

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

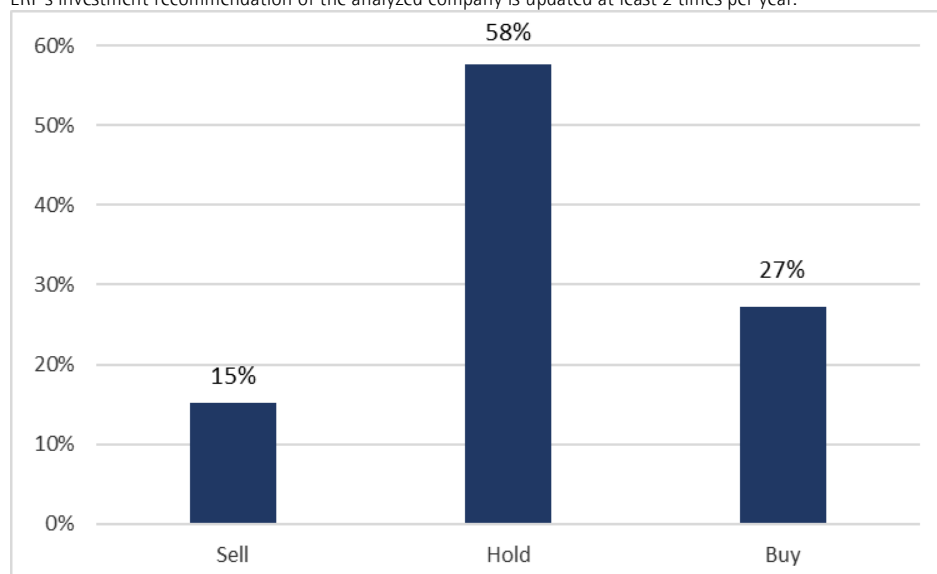
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Investment recommendations are defined as follows:

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

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

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