

Strong profitability once again

Exel Composites' Q4 top line was slightly above estimates, but the strong profitability was a clear positive surprise. The overall impression is very solid.

- Exel Q4 revenue was EUR 27.5m, compared to the EUR 27.2m/26.5m Evli/consensus estimates. Revenue grew by 3.5% y/y. Q4 growth was strong in Europe and Asia-Pacific.
- Wind power revenue was EUR 6.6m vs our EUR 8.9m estimate (down by 6% y/y). Strongness in other segments, notably Buildings and infrastructure, helped compensate for this weakness relative to our estimate. Wind power's relatively low share may have also helped the earnings beat.
- Exel Q4 adj. EBIT amounted to EUR 2.7m vs the EUR 2.2m/1.8m Evli/consensus estimates. Adjusted operating margin was therefore a very strong 9.9%.
- Q4 order intake was EUR 33.4m and thus increased by 5.7% y/y.
- Exel guides revenue and adjusted operating profit to increase in 2021 compared to 2020.
- The Board of Directors proposes EUR 0.20 per share dividend distribution, the same as our estimate.

Rating + BUY

Q4'20	Actual	Evli	Year ago	Q3'20
Revenue	27.5	27.2	26.6	26.0
Adj. EBIT	2.7	2.2	1.3	2.0
Adj. EBIT margin	9.9 %	8.1 %	4.9 %	7.8 %

Deviation	Actual	Evli	Year ago	Q3'20
Revenue		1 %	3 %	6 %
Adj. EBIT		23 %	108 %	35 %
Adj. EBIT margin		22 %	103 %	27 %

Share price, EUR (Last trading day's closing price)	8.44
Target price, EUR	7.25
Latest change in recommendation	19-Feb-20
Latest report on company	02-Nov-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	100
Free float, %	100.0
Exchange rate EUR/USD	1.21
Reuters code	EXL1V.HE
Bloomberg code	EXL1V FH
Average daily volume, EURm	0.1
Next interim report	18-Feb-21
Web site	www.exelcomposites.com
Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

+ 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	108.3	8.9	8.2%	-6.0	0.48	17.7	1.3	15.5	-6.0	0.20
2021E	115.3	10.7	9.3%	6.6	0.63	13.3	1.2	12.4	6.6	0.25
2022E	121.7	12.2	10.0%	9.7	0.72	11.8	1.0	10.4	9.7	0.25

Market cap, EURm	100	BV per share 2020E, EUR	124.3	CAGR EPS 2019-22, %	52.6
Net debt 2020E, EURm	37	Price/book 2020E	3.4	CAGR sales 2019-22, %	5.4
Enterprise value, EURm	138	Dividend yield 2020E, %	2.4	ROE 2020E, %	20.3
Total assets 2020E, EURm	98	Tax rate 2020E, %	23.0	ROCE 2020E, %	13.2
Goodwill 2020E, EURm	13	Equity ratio 2020E, %	30.4	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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001