

Q3 profit hit harder than estimated

Exel's top line continued to grow very fast in Q3, while the ramp-up of a Wind power product in the US impacted profitability more than estimated. Exel expects profitability improvement already for Q4 and specifies guidance.

- Q3 revenue grew by 28.2% y/y and amounted to EUR 33.4m, compared to the EUR 30.4m/30.6m Evli/consensus estimates. Europe and North America drove growth in Q3.
- Wind power was EUR 8.6m vs our EUR 9.0m estimate. Buildings and infrastructure amounted to EUR 8.1m, compared to our EUR 6.8m estimate.
- Adjusted EBIT was EUR 0.1m vs the EUR 1.9m/1.7m Evli/consensus estimates. EBIT margin amounted to 0.3% vs our 6.3% estimate. The low profitability was due to the ramp-up of a specific high-volume carbon fiber Wind power product. The current US labor market situation also poses its own challenges, and the poor profitability seen in the US masks profitable growth in the other regions.
- Q3 order intake was EUR 24.6m and increased by 0.2% y/y. There were some cancelled orders.
- Exel guides FY '21 revenue to increase significantly and adjusted operating profit to decrease (unchanged). Exel specifies FY '21 revenue to amount to EUR 125-135m and adjusted operating profit EUR 5.8-7.0m. The midpoints imply EUR 32.1m revenue and EUR 1.4m adj. EBIT for Q4 (vs the respective EUR 31.7m and EUR 2.3m estimates).

Rating + BUY				
Q3'21	Actual	Evli	Year ago	Q2'21
Revenue	33.4	30.4	26.0	33.5
Adj. EBIT	0.1	1.9	2.0	2.5
Adj. EBIT margin	0.3 %	6.3 %	7.8 %	7.3 %
Deviation				
	Actual	Evli	Year ago	Q2'21
Revenue		10 %	28 %	0 %
Adj. EBIT		-95 %	-95 %	-96 %
Adj. EBIT margin		-95 %	-96 %	-96 %
Share price, EUR (Last trading day's closing price)				7.81
Target price, EUR				10.0
Latest change in recommendation				21-Jul-21
Latest report on company				17-Sep-21
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				93
Free float, %				100.0
Exchange rate EUR/USD				1.17
Reuters code				EXL1V.HE
Bloomberg code				EXL1V FH
Average daily volume, EURm				0.1
Next interim report				04-Nov-21
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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
2019	103.8	5.1	4.9%	0.7	0.20	32.5	1.0	21.0	0.9	0.18
2020	108.6	9.4	8.7%	0.5	0.45	16.4	1.1	12.5	0.6	0.20
2021E	125.8	8.8	7.0%	3.2	0.50	15.6	1.0	13.9	3.5	0.25
2022E	139.0	12.4	8.9%	6.5	0.73	10.7	0.9	9.6	7.0	0.30
2023E	149.5	14.6	9.8%	8.6	0.88	8.9	0.8	7.8	9.3	0.32
Market cap, EURm	93		BV per share 2021E, EUR		90.5		CAGR EPS 2020-23, %		24.7	
Net debt 2021E, EURm	29		Price/book 2021E		2.9		CAGR sales 2020-23, %		11.2	
Enterprise value, EURm	122		Dividend yield 2021E, %		3.2		ROE 2021E, %		19.6	
Total assets 2021E, EURm	105		Tax rate 2021E, %		25.6		ROCE 2021E, %		12.3	
Goodwill 2021E, EURm	13		Equity ratio 2021E, %		30.7		PEG, P/E 21/CAGR		0.6	

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

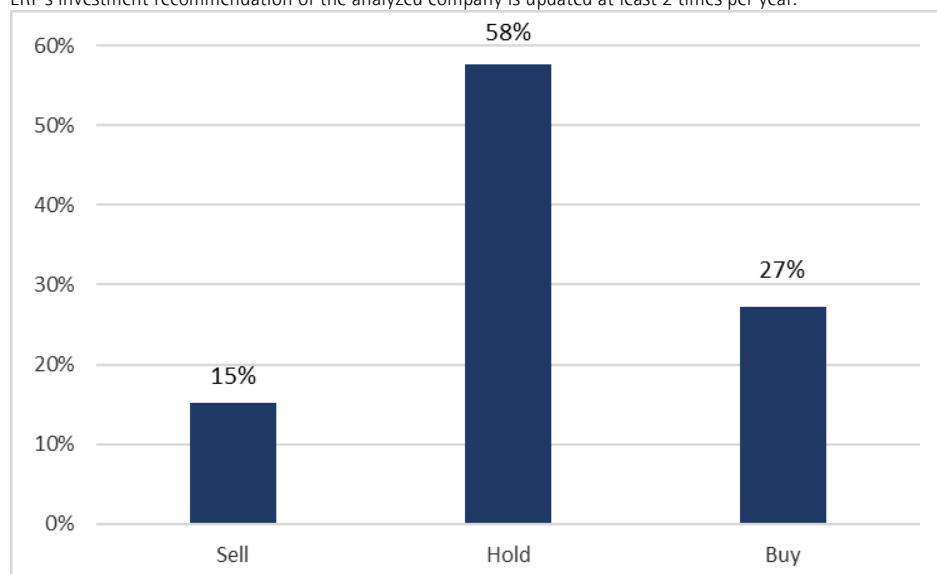
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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