

Lots of growth, softish profitability

Exel's Q4 results extended recent earnings reports trends to a certain degree. Top line continued to grow a lot faster than was expected, but profitability was still a bit soft relative to estimates. Exel made some progress with the challenges in the US, but it remains unclear just how quick earnings will improve this year.

- Q4 revenue grew by 32.7% y/y and was EUR 36.5m vs the EUR 32.0m/31.8m Evli/consensus estimates. North America contributed by far the most to growth.
- Wind power was EUR 8.3m vs our EUR 7.9m estimate while Buildings and infrastructure amounted to EUR 8.4m, compared to our EUR 8.5m estimate. Equipment and other industries landed at EUR 7.1m, clearly above our EUR 5.4m estimate.
- Adjusted EBIT came in at EUR 1.0m vs the EUR 1.3m/1.4m Evli/consensus estimates. Exel USA's profitability improved a bit q/q but continued to drag results.
- Q4 order intake was EUR 30.5m, down by 8.8% y/y.
- Exel guides flat revenue and increasing adjusted EBIT for FY '22. In our view it is hard to guide increasing revenue this early in the year given the high comparison figure. Consensus estimates for FY '22 adjusted EBIT, at EUR 10.5m, are clearly above the EUR 6.0m comparison figure and we see it is likewise difficult to give any stronger wording this early in the year.
- The BoD proposes EUR 0.20 per share dividend to be distributed, compared to the EUR 0.25/0.22 Evli/consensus estimates.

Rating 🇺🇸 BUY

Q4'21	Actual	Evli	Year ago	Q3'21
Revenue	36.5	32.0	27.5	33.4
Adj. EBIT	1.0	1.3	2.7	0.1
Adj. EBIT margin	2.8 %	4.1 %	9.9 %	0.3 %

Deviation	Actual	Evli	Year ago	Q3'21
Revenue		14 %	33 %	9 %
Adj. EBIT		-23 %	-63 %	900 %
Adj. EBIT margin		-31 %	-72 %	835 %

 Share price, EUR (Last trading day's closing price) 7.28

 Target price, EUR 10.0

Latest change in recommendation	20-Jul-21
Latest report on company	05-Nov-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	87
Free float, %	100.0
Exchange rate EUR/USD	1.14
Reuters code	EXL1V.HE
Bloomberg code	EXL1V FH
Average daily volume, EURm	0.2
Next interim report	15-Feb-22
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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	129.9	4.4	3.4%	-1.5	0.16	45.4	0.9	27.4	-1.7	0.25
2022E	146.8	12.0	8.2%	4.9	0.64	11.3	0.8	9.9	5.6	0.30
2023E	157.0	15.2	9.7%	9.2	0.92	7.9	0.7	7.4	10.7	0.32

Market cap, EURm	87	BV per share 2021E, EUR	120.3	CAGR EPS 2020-23, %	26.8
Net debt 2021E, EURm	34	Price/book 2021E	3.1	CAGR sales 2020-23, %	13.1
Enterprise value, EURm	121	Dividend yield 2021E, %	3.4	ROE 2021E, %	6.7
Total assets 2021E, EURm	107	Tax rate 2021E, %	56.6	ROCE 2021E, %	6.2
Goodwill 2021E, EURm	13	Equity ratio 2021E, %	26.3	PEG, P/E 21/CAGR	0.5

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

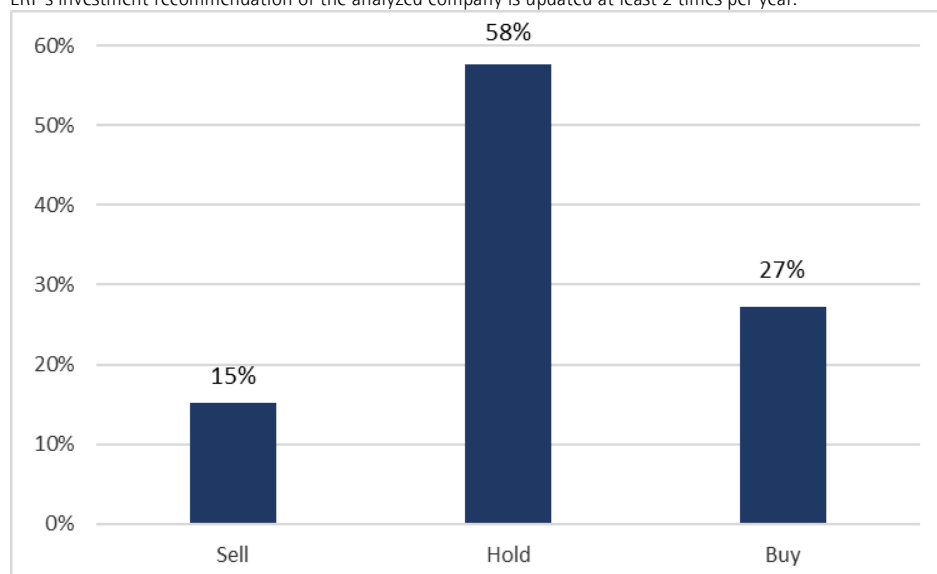
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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