

Profitability above estimates

Exel's Q1 report showed the company is making progress in the US as the unit was back to black. Exel's adjusted operating margin was considerably above our estimate even though there were certain other factors, namely product mix and higher variable costs, which negatively affected profit.

- Q1 revenue grew by 10.3% y/y and landed at EUR 34.2m, compared to the EUR 37.1m/33.9m Evli/consensus estimates. Growth stemmed from Europe and North America. The virus situation in China led to a revenue decline in the Asia-Pacific region.
- Wind power amounted to EUR 6.8m, compared to our EUR 8.3m estimate, while Buildings and infrastructure was EUR 7.7m vs our EUR 8.5m estimate. Equipment and other industries came in at EUR 7.4m vs our EUR 7.1m estimate.
- Adjusted EBIT was EUR 2.2m vs the EUR 1.7m/1.4m Evli/consensus estimates. The US unit no longer had a negative impact as employee turnover has decreased and production yield has improved. Product mix as well as higher raw material, energy and logistics costs had a negative impact on profitability, but Exel continues to adjust sales prices to catch up with costs.
- Order intake amounted to EUR 37.6m, down by 10.5% y/y.
- The war has not so far limited raw material availability from Exel's perspective.
- Exel guides revenue in 2022 to be at last year's level and adjusted operating profit to increase compared to 2021 (unchanged).

Rating + BUY				
Q1'22	Actual	Evli	Year ago	Q4'21
Revenue	34.2	37.1	31.0	36.5
Adj. EBIT	2.2	1.7	2.5	1.0
Adj. EBIT margin	6.4 %	4.6 %	7.9 %	2.8 %
Deviation				
	Actual	Evli	Year ago	Q4'21
Revenue		-8 %	10 %	-6 %
Adj. EBIT		29 %	-12 %	120 %
Adj. EBIT margin		40 %	-19 %	130 %
Share price, EUR (Last trading day's closing price)	6.10			
Target price, EUR	9.0			
Latest change in recommendation	20-Jul-21			
Latest report on company	16-Feb-22			
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	73			
Free float, %	100.0			
Exchange rate EUR/USD	1.06			
Reuters code	EXL1V.HE			
Bloomberg code	EXL1V FH			
Average daily volume, EURm	0.2			
Next interim report	29-Apr-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
2020	108.6	9.4	8.7%	0.5	0.45	16.4	1.1	12.5	0.6	0.20
2021	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022E	150.7	10.6	7.0%	5.2	0.65	9.3	0.7	10.0	7.2	0.25
2023E	161.2	13.7	8.5%	8.4	0.85	7.2	0.6	7.3	11.6	0.30
2024E	169.3	16.9	10.0%	11.5	1.09	5.6	0.5	5.5	15.8	0.32
Market cap, EURm	73		BV per share 2022E, EUR	91.1		CAGR EPS 2021-24, %	98.4			
Net debt 2022E, EURm	33		Price/book 2022E	2.0		CAGR sales 2021-24, %	8.0			
Enterprise value, EURm	106		Dividend yield 2022E, %	4.1		ROE 2022E, %	23.0			
Total assets 2022E, EURm	126		Tax rate 2022E, %	21.0		ROCE 2022E, %	12.7			
Goodwill 2022E, EURm	13		Equity ratio 2022E, %	29.1		PEG, P/E 22/CAGR	0.4			

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

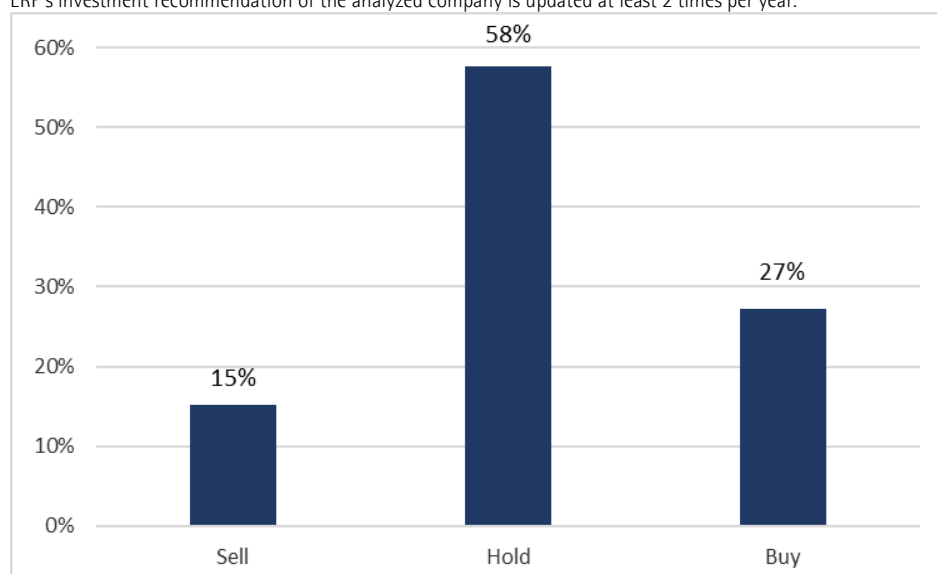
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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