

## Clearly above estimates

Exel's Q2 report didn't disappoint as both revenue and profitability clearly topped estimates. Growth was driven by a new aerospace application within the Transportation customer industry. Exel leaves guidance unchanged, which now appears cautious, but the company seems set to advance on its improving track.

- Exel Q2 revenue grew by 13.5% y/y to EUR 38.1m, compared to the EUR 36.8m/35.7m Evli/consensus estimates. Growth in North America was an important contribution, which stemmed from a new aerospace application in the Transportation customer industry.
- Wind power landed at EUR 6.5m vs our EUR 8.7m estimate, while Buildings and infrastructure was EUR 8.9m vs our EUR 9.2m estimate. Equipment and other industries amounted to EUR 5.9m, compared to our EUR 6.1m estimate.
- Adjusted EBIT was EUR 3.1m vs the EUR 2.4m/2.2m Evli/consensus estimates. Adjusted EBIT margin was therefore a very decent 8.2%. The US unit's performance continued to improve. Exel has been able to adjust its sales prices to reflect higher raw materials, logistics and energy prices.
- Order intake amounted to EUR 37.0m in Q2, down by 14.9% y/y but flat q/q as there were large Wind power last year which were later cancelled.
- Exel guides revenue in 2022 to be at last year's level while adjusted operating profit will increase compared to 2021 (unchanged).

Rating <span style="float: right;">+ BUY</span>				
Q2'22	Actual	Evli	Year ago	Q1'22
Revenue	38.1	36.8	33.5	34.2
Adj. EBIT	3.1	2.4	2.5	2.2
Adj. EBIT margin	8.2 %	6.5 %	7.3 %	6.4 %
Deviation				
	Actual	Evli	Year ago	Q1'22
Revenue		4 %	14 %	11 %
Adj. EBIT		29 %	24 %	41 %
Adj. EBIT margin		26 %	12 %	27 %
Share price, EUR (Last trading day's closing price)	6.14			
Target price, EUR	8.5			
Latest change in recommendation	20-Jul-21			
Latest report on company	02-May-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	1.00			
Reuters code	EXL1V.HE			
Bloomberg code	EXL1V FH			
Average daily volume, EURm	0.1			
Next interim report	20-Jul-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	145.4	8.0	5.5%	3.9	0.49	12.5	0.7	13.4	5.4	0.25
2023E	155.5	13.2	8.5%	7.2	0.77	8.0	0.7	7.8	9.9	0.30
2024E	163.3	16.3	10.0%	10.4	1.01	6.1	0.6	5.9	14.2	0.32
Market cap, EURm	73		BV per share 2022E, EUR		100.0		CAGR EPS 2021-24, %		93.4	
Net debt 2022E, EURm	35		Price/book 2022E		2.1		CAGR sales 2021-24, %		6.7	
Enterprise value, EURm	108		Dividend yield 2022E, %		4.1		ROE 2022E, %		17.7	
Total assets 2022E, EURm	123		Tax rate 2022E, %		26.5		ROCE 2022E, %		9.7	
Goodwill 2022E, EURm	13		Equity ratio 2022E, %		28.1		PEG, P/E 22/CAGR		0.4	

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

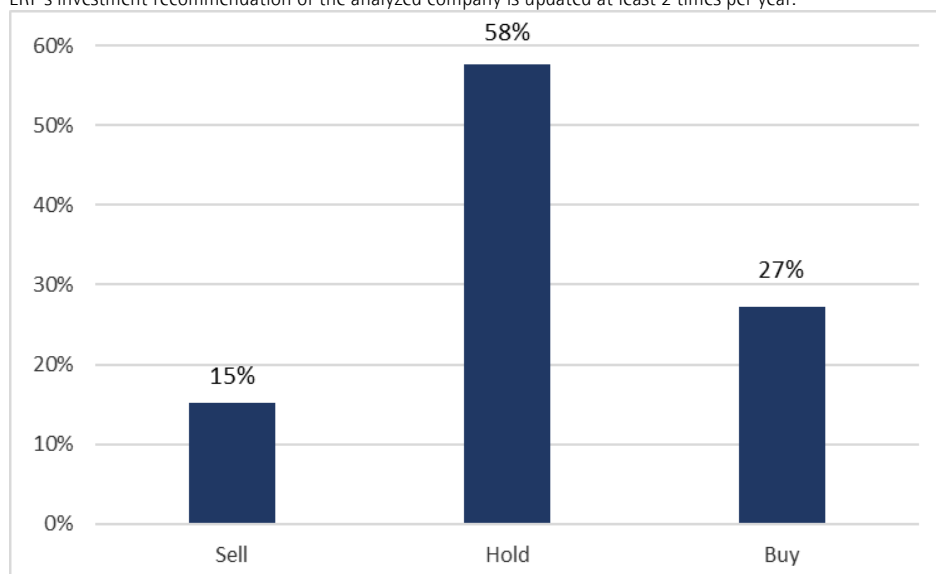
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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