

## Weaker than expected

Exel's Q1 results came in clearly below our and consensus estimates. At least Q2 is also to remain weak, however H2'23 should see some improvement. Exel nevertheless downgraded its guidance due to weaker-than-expected short-term development and EUR 1m in additional costs related to a Wind power development program.

- Exel Q1 revenue decreased by 15.7% y/y to EUR 28.8m, compared to the EUR 32.2m/33.6m Evli/consensus estimates. Europe grew by 3% y/y, but all the other geographic regions declined significantly.
- Wind power was EUR 1.5m vs our EUR 5.9m estimate, while Buildings and infrastructure amounted to EUR 7.8m, compared to our EUR 6.8m estimate. Equipment and other industries came in at EUR 5.6m, compared to our EUR 6.5m estimate. Small and mid-size customers reduced their inventories, while demand for Wind power equipment was lower than expected.
- Adjusted EBIT landed at EUR 0.0m vs the EUR 1.2m/1.4m Evli/consensus estimates. Costs remained generally in line with the company's own expectations.
- Order intake amounted to EUR 26.3m in Q1, declining by 30.0% y/y.
- Exel guides FY '23 revenue to decrease and adjusted EBIT to decrease significantly compared to previous year. Exel lowered guidance due to lower-than-expected revenue and adjusted EBIT in Q1, while demand outlook is weaker-than-expected in the short-term. The company has also started a major development program to capture opportunities within Wind power. Adjusted EBIT will therefore include more than EUR 1m in additional costs related to the program in FY '23. Exel continues to expect demand to improve in H2'23, driven by Wind power.

### Rating + BUY

Q1'23	Actual	Evli	Year ago	Q4'22
Revenue	28.8	32.2	34.2	31.0
Adj. EBIT	0.0	1.2	2.2	0.9
Adj. EBIT margin	0.0 %	3.7 %	6.4 %	3.0 %

Deviation	Actual	Evli	Year ago	Q4'22
Revenue		-11 %	-16 %	-7 %
Adj. EBIT		-100 %	-100 %	-100 %
Adj. EBIT margin		-100 %	-100 %	-100 %

Share price, EUR (Last trading day's closing price) 4.70

Target price, EUR 5.8

Latest change in recommendation 20-Jul-21

Latest report on company 20-Feb-23

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 56

Free float, % 100.0

Exchange rate EUR/USD 1.10

Reuters code EXL1V.HE

Bloomberg code EXL1V FH

Average daily volume, EURm 0.1

Next interim report 02-May-23

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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
2021	134.4	3.7	2.8%	-6.2	0.14	57.0	1.0	34.9	-6.5	0.20
2022	137.0	3.0	2.2%	9.4	0.18	30.1	0.7	31.4	14.6	0.20
2023E	140.5	8.9	6.3%	6.7	0.41	11.6	0.6	9.1	11.9	0.25
2024E	150.3	11.3	7.5%	5.7	0.47	10.0	0.5	7.0	10.2	0.30
2025E	157.9	13.4	8.5%	8.4	0.70	6.7	0.5	5.5	15.1	0.32

Market cap, EURm	56	BV per share 2023E, EUR	77.6	CAGR EPS 2022-25, %	57.3
Net debt 2023E, EURm	26	Price/book 2023E	1.7	CAGR sales 2022-25, %	4.8
Enterprise value, EURm	81	Dividend yield 2023E, %	5.3	ROE 2023E, %	15.3
Total assets 2023E, EURm	112	Tax rate 2023E, %	40.4	ROCE 2023E, %	10.0
Goodwill 2023E, EURm	13	Equity ratio 2023E, %	29.3	PEG, P/E 23/CAGR	0.4

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

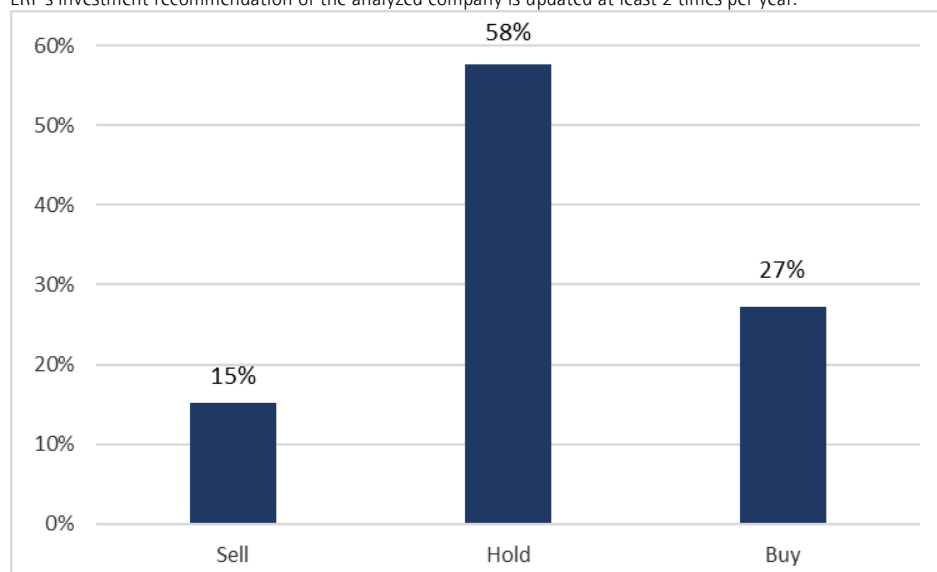
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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