

Cost measures continued

Exel's Q3 headline figures were known beforehand. Volumes fell across the geographic regions and especially in North America where the business still lacked large wind power orders. Exel has continued to implement cost measures, and on the positive side working capital and inventory reductions helped produce a positive Q3 cash flow of EUR 1.2m.

- Exel's Q3 revenue fell by 39.2% y/y to EUR 20.5m. Exel had previously published preliminary Q3 figures and so the actual headline numbers didn't contain news. Europe declined by 28.2% y/y, while North America fell 56.3% as the business still lacked large wind power orders.
- Wind power was EUR 2.1m vs our EUR 2.0m estimate, whereas Buildings and infrastructure amounted to EUR 5.7m vs our EUR 5.1m estimate. Transportation came in at EUR 3.1m, compared to our EUR 2.3m estimate.
- Adjusted EBIT was EUR -1.2m due to the low level of revenue, while cost management activities continued. Fixed costs decreased y/y due to lower personnel costs as the company has rightsized. Exel has also reduced working capital and inventories, which resulted in a positive Q3 cash flow of EUR 1.2m.
- Order intake amounted to EUR 22.8m in Q3 as it fell by 6.7% y/y. Order intake is expected to continue slow until the end of the year.
- Exel guides revenue and adjusted EBIT to decrease significantly in FY '23 compared to the previous year (guidance updated on Oct 19).

Rating					🟡 HOLD
Q3'23	Actual	Evli	Year ago	Q2'23	
Revenue	20.5	20.6	33.8	25.4	
Adj. EBIT	-1.2	-1.2	1.8	0.1	
Adj. EBIT margin	-5.9 %	-5.8 %	5.4 %	0.3 %	
Deviation		Actual	Evli	Year ago	Q2'23
Revenue		0 %	-39 %	-19 %	
Adj. EBIT		0 %	-167 %	-1300 %	
Adj. EBIT margin		2 %	-209 %	-2067 %	
Share price, EUR (Last trading day's closing price)					2.67
Target price, EUR					3.0
Latest change in recommendation					03-May-23
Latest report on company					20-Oct-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					32
Free float, %					100.0
Exchange rate EUR/USD					1.07
Reuters code					EXL1V.HE
Bloomberg code					EXL1V FH
Average daily volume, EURm					0.1
Next interim report					03-Nov-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	106.5	-0.2	-0.2%	3.9	-0.35	-7.6	0.6	-258.8	12.2	0.00
2024E	119.8	7.5	6.3%	3.1	0.30	8.9	0.5	7.5	9.8	0.20
2025E	128.2	9.0	7.0%	5.2	0.44	6.0	0.4	6.0	16.4	0.25
Market cap, EURm				32	BV per share 2023E, EUR	118.5	CAGR EPS 2022-25, %		35.1	
Net debt 2023E, EURm				28	Price/book 2023E	1.3	CAGR sales 2022-25, %		-2.2	
Enterprise value, EURm				60	Dividend yield 2023E, %	0.0	ROE 2023E, %		-15.4	
Total assets 2023E, EURm				95	Tax rate 2023E, %	-68.8	ROCE 2023E, %		-2.0	
Goodwill 2023E, EURm				13	Equity ratio 2023E, %	25.0	PEG, P/E 23/CAGR		0.0	

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

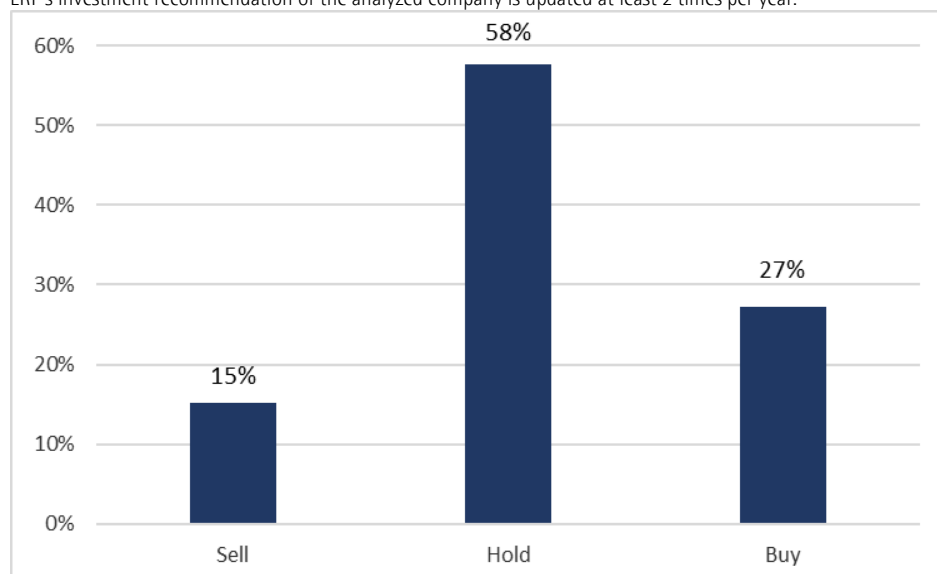
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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