

EXEL COMPOSITES

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Rewing up the engine this year

Exel's operational development in Q4 was broadly in line with our expectations, as the company's result improved from a weak comparison period, albeit still at a low level. However, order intake showed a positive trend, but the company remained cautious in its market commentary. We estimate that the guidance for the current year was in line with our previous expectations, and reflecting this, the changes to our projections were quite limited. In view of this and the current neutral valuation of the stock, we reiterate our target price of EUR 0.35 for Exel and our Reduce recommendation.

Development broadly in line with our expectations

In Q4, the company's net sales grew 14% year-on-year to 25.1 MEUR, up from a rather sluggish comparison period and well in line with our expectations. Positive developments were seen in several customer industries, but it is also important to note the weak comparison figures. Exel's adjusted EBIT was 0.2 MEUR, which was slightly below our forecast. As expected, the reported result was also negatively impacted by one-off costs of 4.2 MEUR related to the closure of the Belgian factory. At the bottom of the income statement, however, net financing costs were positive, contrary to our expectations, which we believe was mainly influenced by non-cash FX movements on intercompany loans. Against this backdrop, reported EPS turned out to be slightly less negative than we had estimated. On the other hand, Q4 order intake (29 MEUR) increased nicely from both the comparison period and the previous quarters, but the company was still cautious in its market commentary due to the repeatedly fluctuating sentiment in recent years.

Minor estimate changes

With the release of the financial statements, Exel provided guidance for the current year and expects its revenue to increase from last year (2024: 100 MEUR) and its adjusted EBIT to increase

significantly compared to last year (2024: 1.7 MEUR). The company commented that fragile macroeconomic sentiment and uncertainties continue to affect customer behavior in all of its geographic regions. According to the company, in the short term, the development of revenue and profitability may also be affected by the strikes announced in Finland and the measures related to the transfer of production from the Belgian factory. As a whole, we estimate that the market outlook has remained relatively stable and that a more pronounced upturn will have to wait at least until later in the year. With this in mind, we continue to expect Exel's growth to accelerate more clearly only next year, driven by larger wind power contracts. Similarly, we consider the current year's guidance to be in line with our previous expectations, which is reflected in only minor revisions to our forecasts for the coming years. In line with the uptrend in order intake, we slightly raised our growth forecasts for the current year and expect the company's revenue to reach 105 MEUR this year (previously 103 MEUR). Similarly, we expect the company's profitability to be supported by a slight increase in revenue, implemented cost savings and gradual efficiency improvements. We estimate that the adjusted EBIT will amount to 4.5 MEUR (previously 4.3 MEUR).

Relatively neutral overall valuation picture

The overall valuation picture for the stock this year is challenging (2025e: P/E 20x, EV/EBIT 13x, EV/EBITDA 6x) compared to our acceptable valuation range (P/E 10x-14x, EV/EBIT 8x-12x, EV/EBITDA 5x-8x). For the time being, we see the acceptable valuation remaining towards the lower end of the range, given the still unproven earnings turnaround and the volatile performance in recent years. Meanwhile, forecast risks are elevated due to uncertainty about the timing of the market turnaround and a lack of concrete signs. Our estimate on the neutral valuation of the stock is also supported by our DCF model, which stands at EUR 0.38 per share.

Recommendation

Reduce
(was Reduce)

Business risk



Target price:

EUR 0.35
(was EUR 0.35)

Valuation risk



Share price:
EUR 0.36

	2023	2024e	2025e	2026e
Revenue	97	100	103	124
growth-%	-29%	3%	3%	20%
EBIT adj.	-2.4	2.4	4.3	7.2
EBIT-% adj.	-2.5 %	2.4 %	4.2 %	5.8 %
Net Income	-9.1	-5.5	1.6	3.8
EPS (adj.)	-0.56	-0.01	0.02	0.04
P/E (adj.)	neg.	neg.	20.9	8.9
P/B	1.7	1.1	1.0	0.9
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	neg.	21.3	11.8	7.3
EV/EBITDA	15.6	8.0	5.0	4.1
EV/S	0.7	0.5	0.5	0.4

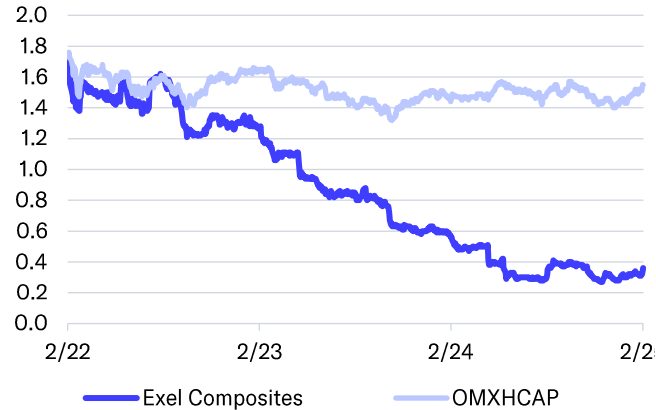
Source: Inderes

Guidance

(New guidance)

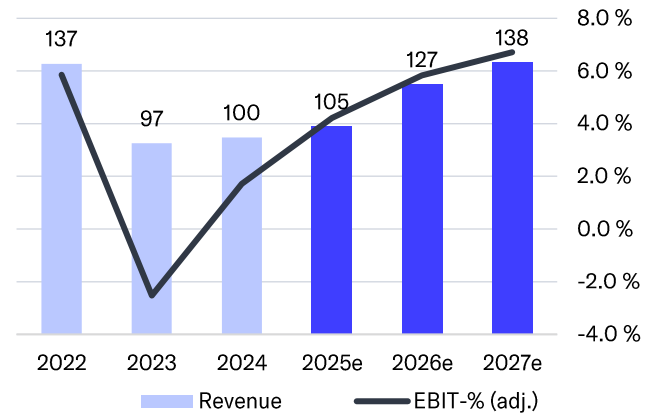
Exel Composites expects that revenue will increase in 2025 (2024: 100 MEUR) and adjusted operating profit will increase significantly compared to 2024 (2024: 1.7 MEUR).

Share price



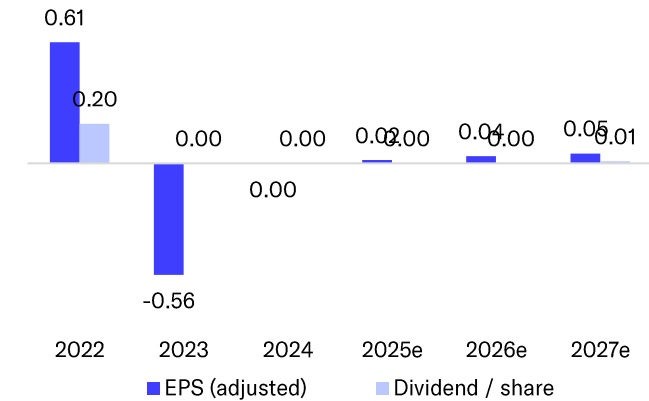
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Growing composite market creates a good base for organic growth
- Upside in profitability relative to full potential (incl. reduction in fixed costs)
- Materializing the global structure of production and relative economies of scale in a new, more focused strategy

Risk factors

- Failure in the implementation of the strategy
- Somewhat cyclical and volatile demand
- With a chronically short absolute order book, business opportunities can weaken relatively quickly
- The somewhat fixed nature of the cost structure creates sensitivity to changes in demand
- Customer portfolio is concentrated

Valuation	2025e	2026e	2027e
Share price	0.36	0.36	0.36
Number of shares, millions	106.7	106.7	106.7
Market cap	38	38	38
EV	58	60	57
P/E (adj.)	20.8	9.9	7.3
P/E	20.8	9.9	7.3
P/B	1.2	1.0	0.9
P/S	0.4	0.3	0.3
EV/Sales	0.6	0.5	0.4
EV/EBITDA	5.6	4.5	3.8
EV/EBIT (adj.)	13.1	8.2	6.2
Payout ratio (%)	0.0 %	0.0 %	20.3 %
Dividend yield-%	0.0 %	0.0 %	2.8 %

Source: Inderes

Estimates and estimate revisions

Estimates MEUR / EUR	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus		Difference (%)	2024
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	22.1	25.1	25.4				-1%	99.6
EBIT (adj.)	-1.3	0.2	0.8				-79%	1.7
EBIT	-3.7	-4.1	-3.4				-21%	-2.9
EPS (reported)	-0.47	-0.03	-0.04					-0.07
DPS	0.00	0.00	0.00					0.00
Revenue growth-%	-28.8 %	13.6 %	15.0 %				-1.4 pp	2.9 %
EBIT-% (adj.)	-5.9 %	0.7 %	3.3 %				-2.6 pp	1.7 %

Source: Inderes

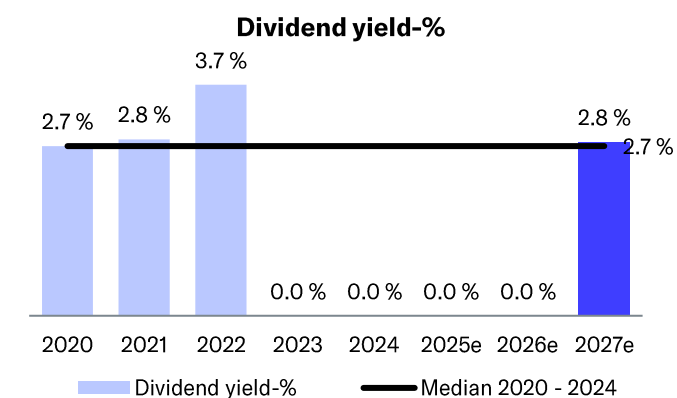
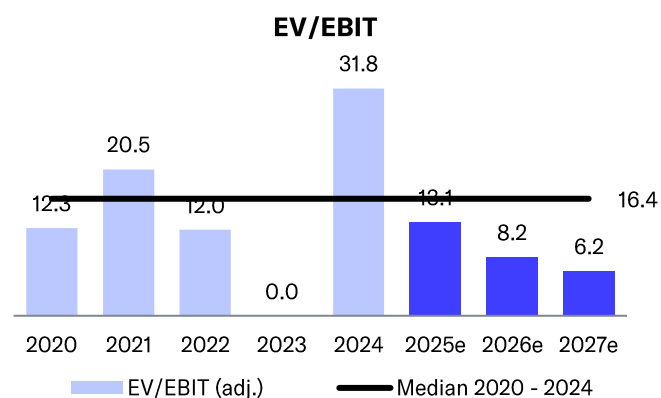
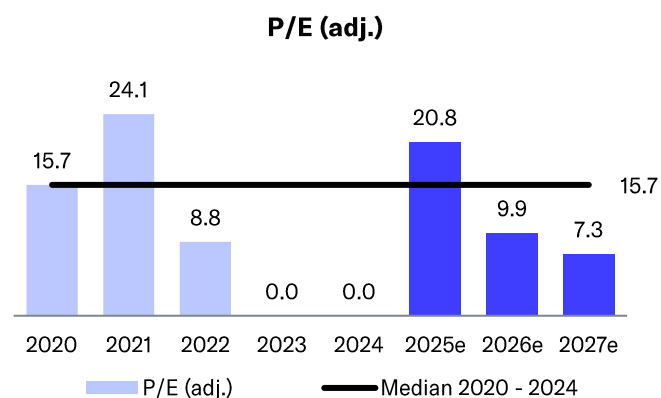
Estimate revisions MEUR / EUR	2024	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	100	100	0%	103	105	2%	124	127	2%
EBITDA	6.3	4.2	-33%	10.2	10.4	2%	12.9	13.2	2%
EBIT (excl. NRIs)	2.4	1.7	-28%	4.3	4.5	4%	7.2	7.4	2%
EBIT	-2.1	-2.9	-33%	4.3	4.5	4%	7.2	7.4	2%
PTP	-5.4	-3.8	30%	2.6	2.8	6%	5.8	5.9	2%
EPS (excl. NRIs)	-0.01	0.00	92%	0.02	0.02	14%	0.04	0.04	3%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	7.38	7.10	5.42	2.54	0.32	0.36	0.36	0.36	0.36
Number of shares, millions	11.9	11.9	11.9	11.9	106.7	106.7	106.7	106.7	106.7
Market cap	88	84	64	30	34	38	38	38	38
EV	119	124	97	63	54	58	60	57	55
P/E (adj.)	15.7	24.1	8.8	neg.	neg.	20.8	9.9	7.3	7.1
P/E	16.4	50.9	28.1	neg.	neg.	20.8	9.9	7.3	7.1
P/B	3.0	2.8	2.2	1.7	1.1	1.2	1.0	0.9	0.8
P/S	0.8	0.6	0.5	0.3	0.3	0.4	0.3	0.3	0.3
EV/Sales	1.1	0.9	0.7	0.7	0.5	0.6	0.5	0.4	0.4
EV/EBITDA	7.8	10.3	6.7	15.6	12.7	5.6	4.5	3.8	3.5
EV/EBIT (adj.)	12.3	20.5	12.0	neg.	31.8	13.1	8.2	6.2	5.6
Payout ratio (%)	44.3 %	143.3 %	103.8 %	0.0 %	0.0 %	0.0 %	0.0 %	20.3 %	39.5 %
Dividend yield-%	2.7 %	2.8 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	2.8 %	5.6 %

Source: Inderes



Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	96.8	23.4	26.6	24.6	25.1	99.6	24.8	25.5	26.3	28.8	105	127	138	148
Konserni	96.8	23.4	26.6	24.6	25.1	99.6	24.8	25.5	26.3	28.8	105	127	138	148
EBITDA	3.8	0.9	2.6	2.2	-1.5	4.2	1.6	2.2	3.1	3.5	10.4	13.2	15.2	16.0
Depreciation	-8.7	-1.5	-1.4	-1.6	-2.6	-7.1	-1.5	-1.5	-1.5	-1.5	-5.9	-5.9	-6.0	-6.1
EBIT (excl. NRI)	-2.4	-0.6	1.4	0.7	0.2	1.7	0.1	0.7	1.6	2.0	4.5	7.4	9.3	9.9
EBIT	-4.9	-0.6	1.2	0.6	-4.1	-2.9	0.1	0.7	1.6	2.0	4.5	7.4	9.3	9.9
Net financial items	-3.4	-0.1	-0.3	-2.4	1.8	-0.9	-0.5	-0.4	-0.4	-0.4	-1.7	-1.5	-1.5	-1.7
PTP	-8.3	-0.6	0.8	-1.8	-2.2	-3.8	-0.4	0.3	1.2	1.6	2.8	5.9	7.8	8.1
Taxes	-1.1	0.0	-0.3	-0.1	-0.9	-1.2	0.1	-0.1	-0.3	-0.4	-0.8	-1.6	-2.0	-2.1
Minority interest	0.2	0.1	0.1	0.1	0.1	0.4	0.1	-0.1	-0.1	-0.1	-0.2	-0.4	-0.5	-0.6
Net earnings	-9.1	-0.5	0.7	-1.7	-3.1	-4.7	-0.2	0.2	0.8	1.1	1.8	3.9	5.2	5.4
EPS (adj.)	-0.56	-0.01	0.01	-0.02	0.01	0.00	0.00	0.00	0.01	0.01	0.02	0.04	0.05	0.05
EPS (rep.)	-0.77	-0.01	0.01	-0.02	-0.03	-0.04	0.00	0.00	0.01	0.01	0.02	0.04	0.05	0.05

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-29.3 %	-18.9 %	4.7 %	19.7 %	13.6 %	2.9 %	6.0 %	-4.0 %	7.0 %	15.0 %	5.8 %	20.0 %	9.0 %	7.0 %
Adjusted EBIT growth-%	-130.5 %	-9350.0 %	2013.8 %	-158.6 %	-113.6 %	-169.7 %		-46.9 %	125.6 %	1046.2 %	161.2 %	65.7 %	25.5 %	6.5 %
EBITDA-%	4.0 %	3.9 %	9.8 %	8.9 %	-5.8 %	4.3 %	6.4 %	8.7 %	11.7 %	12.2 %	9.9 %	10.5 %	11.0 %	10.8 %
Adjusted EBIT-%	-2.5 %	-2.4 %	5.2 %	2.9 %	0.7 %	1.7 %	0.3 %	2.9 %	6.1 %	7.1 %	4.2 %	5.8 %	6.7 %	6.7 %
Net earnings-%	-9.4 %	-2.3 %	2.5 %	-7.0 %	-12.2 %	-4.7 %	-0.8 %	0.7 %	2.9 %	3.8 %	1.8 %	3.1 %	3.8 %	3.7 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	39.6	40.9	40.6	41.0	41.7
Goodwill	12.6	12.5	12.5	12.5	12.5
Intangible assets	1.7	1.1	1.2	1.2	1.3
Tangible assets	24.7	26.6	26.7	27.1	27.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.5	0.0	0.0	0.0
Deferred tax assets	0.6	0.2	0.2	0.2	0.2
Current assets	45.4	48.0	52.2	61.3	67.5
Inventories	16.9	17.3	18.5	22.1	24.1
Other current assets	0.5	0.6	0.6	0.6	0.6
Receivables	17.0	19.2	20.6	25.9	29.0
Cash and equivalents	11.0	10.9	12.7	12.7	13.8
Balance sheet total	85.0	89.0	92.8	102	109

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	17.7	32.3	33.6	37.5	42.8
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	9.5	4.7	6.6	10.5	15.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	5.8	24.6	24.6	24.6	24.6
Minorities	0.2	0.8	0.2	0.2	0.2
Non-current liabilities	6.0	10.3	15.1	17.3	16.6
Deferred tax liabilities	0.3	0.3	0.3	0.3	0.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	4.4	8.8	13.5	15.7	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.3	1.2	1.3	1.3	1.3
Current liabilities	61.3	46.4	44.0	47.6	49.9
Interest bearing debt	39.4	21.6	18.7	18.5	17.4
Payables	21.9	24.8	25.3	29.1	32.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	85.0	89.0	92.8	102	109

DCF-calculation

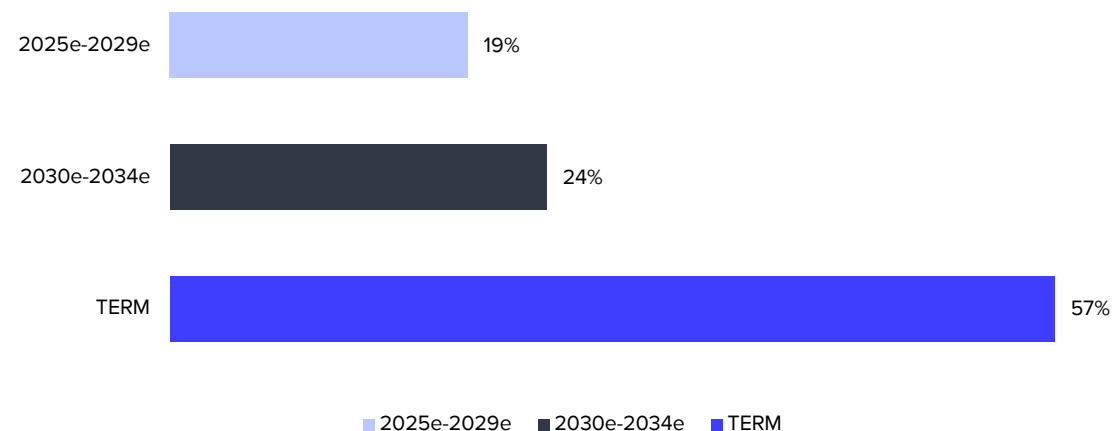
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	2.9 %	5.8 %	20.0 %	9.0 %	7.0 %	5.0 %	4.0 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.9 %	4.2 %	5.8 %	6.7 %	6.7 %	6.4 %	6.2 %	6.0 %	5.8 %	5.8 %	5.8 %	5.8 %
EBIT (operating profit)	-2.9	4.5	7.4	9.3	9.9	9.9	10.0	10.0	9.9	10.1	10.3	
+ Depreciation	7.1	5.9	5.9	6.0	6.1	6.3	6.5	6.7	6.8	6.9	7.0	
- Paid taxes	-0.8	-0.8	-1.6	-2.0	-2.1	-2.1	-2.2	-2.2	-2.1	-2.2	-2.3	
- Tax, financial expenses	-0.2	-0.5	-0.4	-0.4	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.1	-1.9	-5.3	-1.7	-1.4	-1.1	-0.9	-0.7	-0.6	-0.5	-0.5	
Operating cash flow	3.4	7.3	6.0	11.1	11.9	12.5	12.9	13.3	13.5	13.9	14.1	
+ Change in other long-term liabilities	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-8.8	-5.6	-6.4	-6.7	-7.0	-7.3	-7.5	-7.4	-7.5	-7.5	-7.4	
Free operating cash flow	-5.6	1.8	-0.4	4.5	5.0	5.3	5.5	6.0	6.0	6.4	6.7	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-5.6	1.8	-0.4	4.5	5.0	5.3	5.5	6.0	6.0	6.4	6.7	87.0
Discounted FCFF		1.7	-0.3	3.4	3.5	3.3	3.2	3.1	2.9	2.8	2.7	34.3
Sum of FCFF present value		60.4	58.7	59.1	55.7	52.2	48.9	45.7	42.6	39.7	36.9	34.3
Enterprise value DCF		60.4										
- Interest bearing debt		-30.4										
+ Cash and cash equivalents		10.9										
-Minorities		-0.3										
-Dividend/capital return		0.0										
Equity value DCF		40.6										
Equity value DCF per share		0.38										

WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	22.0 %
Cost of debt	7.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	9.9 %

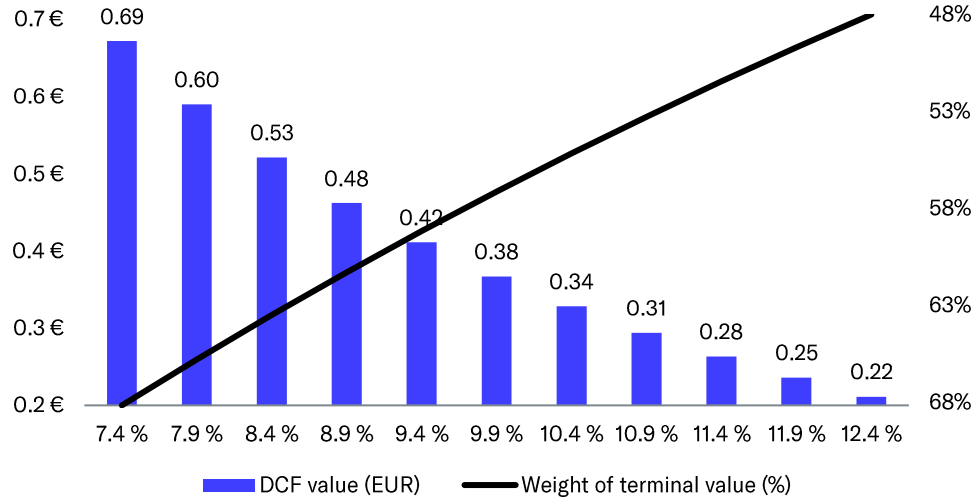
Source: Inderes

Cash flow distribution

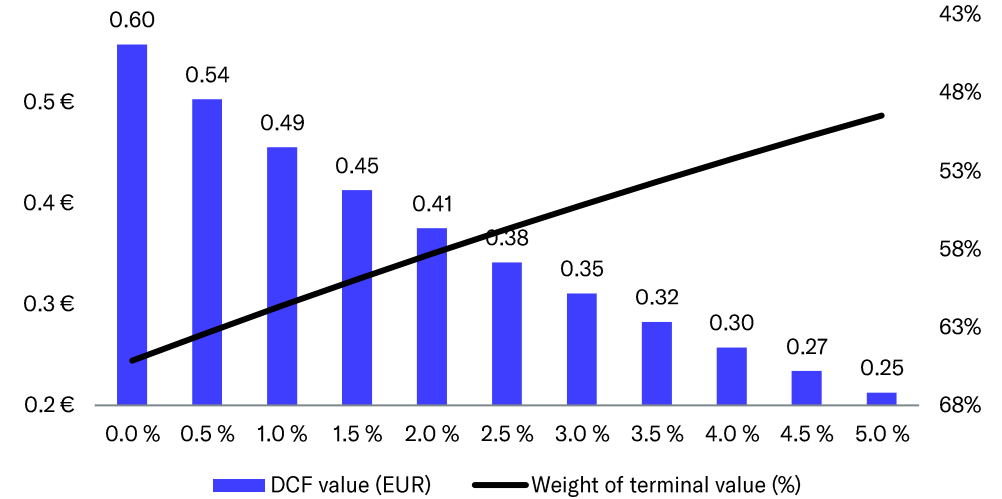


DCF sensitivity calculations and key assumptions in graphs

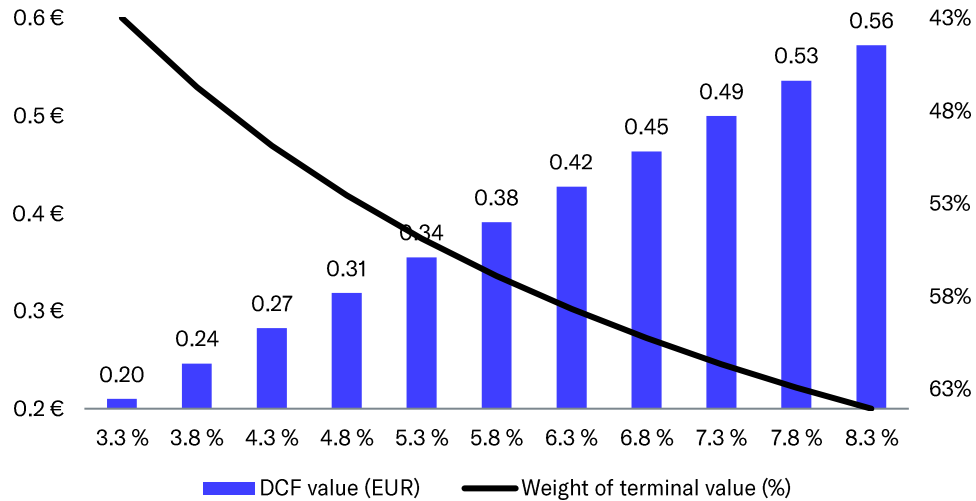
Sensitivity of DCF to changes in the WACC-%



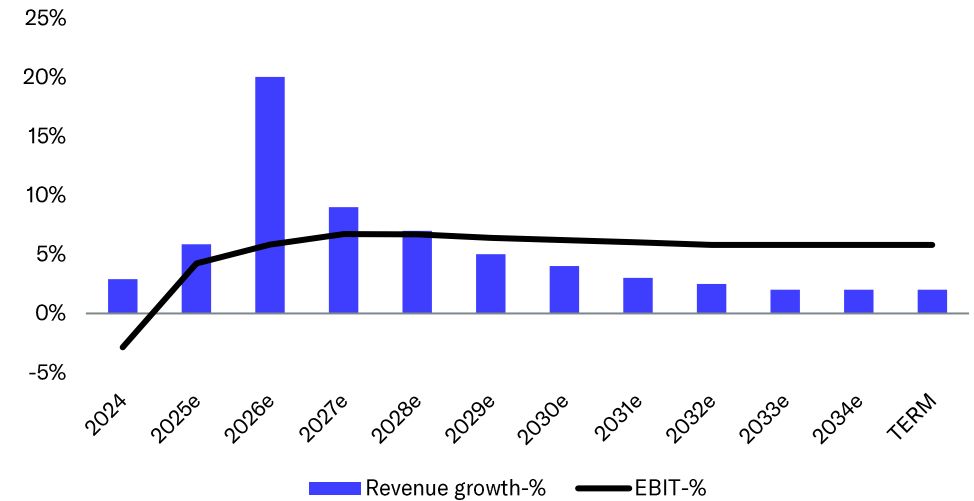
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	137.0	96.8	99.6	105.4	126.5	EPS (reported)	0.19	-0.77	-0.04	0.02	0.04
EBITDA	10.1	3.8	4.2	10.4	13.2	EPS (adj.)	0.61	-0.56	0.00	0.02	0.04
EBIT	3.0	-4.9	-2.9	4.5	7.4	OCF / share	0.99	0.59	0.03	0.07	0.06
PTP	3.6	-8.3	-3.8	2.8	5.9	FCF / share	0.74	0.46	-0.05	0.02	0.00
Net Income	2.3	-9.1	-4.7	1.8	3.9	Book value / share	2.52	1.47	0.30	0.31	0.35
Extraordinary items	-5.0	-2.4	-4.6	0.0	0.0	Dividend / share	0.20	0.00	0.00	0.00	0.00
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	113.1	85.0	89.0	92.8	102.3	Revenue growth-%	2%	-29%	3%	6%	20%
Equity capital	30.4	17.7	32.3	33.6	37.5	EBITDA growth-%	-15%	-62%	11%	145%	27%
Goodwill	13.0	12.6	12.5	12.5	12.5	EBIT (adj.) growth-%	33%	-130%	-170%	161%	66%
Net debt	31.1	32.8	19.5	19.6	21.5	EPS (adj.) growth-%	109%	-192%	-100%	-2534%	111%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	7.4 %	4.0 %	4.3 %	9.9 %	10.5 %
EBITDA	10.1	3.8	4.2	10.4	13.2	EBIT (adj.)-%	5.9 %	-2.5 %	1.7 %	4.2 %	5.8 %
Change in working capital	2.8	2.9	0.1	-1.9	-5.3	EBIT-%	2.2 %	-5.0 %	-2.9 %	4.2 %	5.8 %
Operating cash flow	11.8	7.0	3.4	7.3	6.0	ROE-%	7.6 %	-38.5 %	-19.0 %	5.7 %	11.0 %
CAPEX	-3.2	-1.6	-8.8	-5.6	-6.4	ROI-%	3.7 %	-6.9 %	-4.6 %	6.9 %	10.7 %
Free cash flow	8.8	5.5	-5.6	1.8	-0.4	Equity ratio	26.9 %	20.9 %	36.4 %	36.2 %	36.7 %
						Gearing	102.4 %	185.7 %	60.3 %	58.3 %	57.2 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.7	0.7	0.5	0.6	0.5						
EV/EBITDA	6.7	15.6	12.7	5.6	4.5						
EV/EBIT (adj.)	12.0	neg.	31.8	13.1	8.2						
P/E (adj.)	8.8	neg.	neg.	20.8	9.9						
P/B	2.2	1.7	1.1	1.2	1.0						
Dividend-%	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/19/2021	Accumulate	9.20 €	8.76 €
5/2/2021	Accumulate	11.50 €	10.88 €
7/21/2021	Accumulate	11.50 €	10.32 €
9/2/2021	Accumulate	11.50 €	9.95 €
9/17/2021	Accumulate	9.50 €	8.59 €
11/5/2021	Accumulate	8.40 €	7.52 €
2/16/2022	Reduce	7.50 €	7.15 €
5/2/2022	Accumulate	7.00 €	6.30 €
<i>Analyst changed</i>			
7/21/2022	Accumulate	7.00 €	6.58 €
9/28/2022	Accumulate	6.00 €	5.30 €
11/4/2022	Accumulate	6.00 €	5.20 €
2/15/2023	Accumulate	6.00 €	5.32 €
2/20/2023	Accumulate	6.00 €	5.10 €
5/3/2023	Accumulate	4.50 €	4.05 €
8/21/2023	Reduce	3.50 €	3.38 €
10/19/2023	Sell	2.50 €	3.04 €
11/6/2023	Reduce	2.50 €	2.67 €
2/19/2024	Reduce	2.20 €	2.29 €
4/26/2024	Reduce	1.60 €	1.74 €
5/20/2024	Reduce	0.38 €	1.62 €
6/12/2024	Accumulate	0.38 €	0.33 €
8/16/2024	Accumulate	0.38 €	0.32 €
10/8/2024	Reduce	0.38 €	0.39 €
11/1/2024	Reduce	0.35 €	0.35 €
2/7/2025	Reduce	0.35 €	0.32 €
2/14/2025	Reduce	0.35 €	0.36 €



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