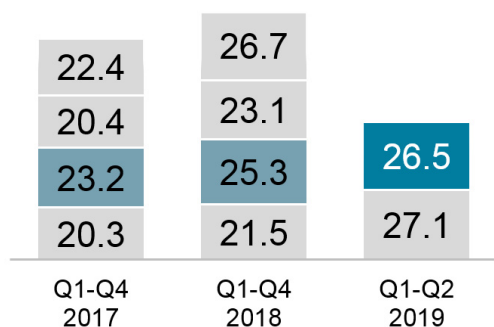


Exel Composites Plc Half-year Financial Report January–June 2019

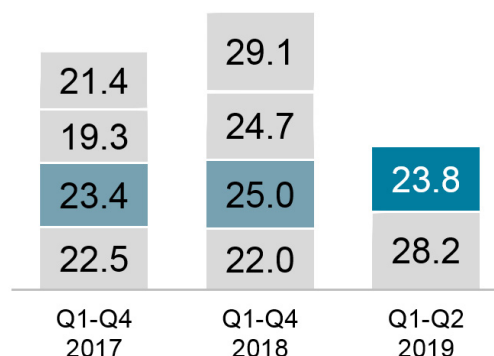
"Business volume continued on a good level, cost savings program progressed according to plan"

Key figures January - June 2019

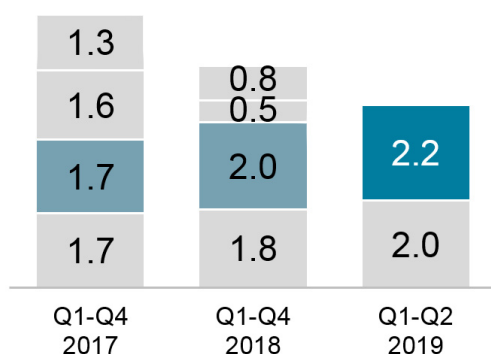
Revenue, EUR million



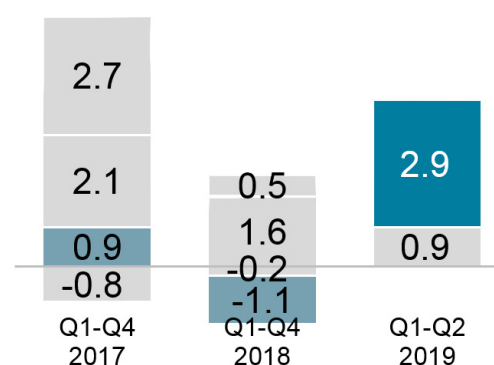
Order intake, EUR million



Adjusted operating profit, EUR million



Net cash flow, EUR million



Consolidated key figures

EUR thousand	1.4.-30.6. 2019	1.4.-30.6. 2018	Change, %	1.1.-30.6. 2019	1.1.-30.6. 2018	Change, %	1.1.-31.12. 2018
Order intake	23 821	25 004	-4,7	51 977	46 975	10,6	100 757
Order backlog 1)	21 977	19 828	10,8	21 977	19 828	10,8	23 685
Revenue	26 482	25 277	4,8	53 572	46 796	14,5	96 608
Operating profit	2 144	1 321	62,3	2 549	2 951	-13,6	2 217
% of revenue	8,1	5,2		4,8	6,3		2,3
Adjusted operating profit 2)	2 239	1 973	13,5	4 196	3 759	11,6	5 018
% of revenue	8,5	7,8		7,8	8,0		5,2
Profit for the period	1 649	1 062	55,3	1 186	1 981	-40,1	386
Net cash flow from operating activities 3), 4)	2 860	-1 114	356,8	3 802	-1 277	397,7	868
Return on capital employed, %	14,1	10,3		8,7	11,4		4,4
Net gearing, % 3)	123,1	87,2		123,1	87,2		96,3
Earnings per share	0,14	0,09		0,10	0,17		0,03
Equity per share, EUR	2,12	2,34	-9,8	2,12	2,34	-9,8	2,18
Employees on average	652	652	0,0	671	613	9,4	647

1) As per the end of period.

2) Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of this Half-year Financial Report.

3) Exel Composites Plc has applied the IFRS 16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.

4) IFRS 16 rental payments have been classified to financing activities in the cash flow statement. This impacted net cash flow from operating activities in Q2 2019 with EUR 284 thousand and EUR 545 thousand in H1 2019.

“Business volume continued on a good level, cost savings program progressed according to plan”

Q2 2019 in brief

- Order intake decreased by 4.7% to EUR 23.8 million (Q2 2018: 25.0).
- Revenue increased by 4.8% to EUR 26.5 million (25.3).
- Adjusted operating profit increased to EUR 2.2 million (2.0), representing 8.5% of revenue (7.8).
- Net cash flow from operating activities was EUR 2.9 million (-1.1).
- Earnings per share amounted to EUR 0.14 (0.09).

Q1-Q2 2019 in brief

- Order intake increased by 10.6% to EUR 52.0 million (Q1-Q2 2018: 47.0).
- Revenue increased by 14.5% to EUR 53.6 million (46.8).
- Adjusted operating profit increased to EUR 4.2 million (3.8), representing 7.8% of revenue (8.0).
- Net cash flow from operating activities was EUR 3.8 million (-1.3).
- Earnings per share amounted to EUR 0.10 (0.17).

Outlook for full year 2019 (unchanged)

Exel Composites expects revenue and adjusted operating profit to increase in 2019 compared to 2018.

President and CEO, Riku Kytömäki

In the second quarter of 2019 revenue increased slightly. The net increase was mainly related to the acquisition of Diversified Structural Composites, DSC, which was consolidated into Group accounts as of May 2018. The strong revenue growth in the Construction & Infrastructure customer segment continued in the second quarter, supported by the wind energy industry. However, within the Industrial Applications customer segment the telecommunications industry decreased and partly offset the strong increase in wind energy. Other Applications grew compared to previous year.

Geographically, revenue grew significantly in the region Rest of the World, supported by the acquisition of DSC and export from other Exel regions to the American market. The revenue decrease in Asia-Pacific in the second quarter reflected mainly the decrease in telecommunications volumes. Revenue in Europe was flat compared to last year.

Adjusted operating profit in the second quarter improved slightly compared to last year. The Group's cost savings program is progressing according to plan. According to current estimates the annual savings target of EUR 3 million, expected to be fully effective in 2020, will be reached. Whereas in the first quarter we focused on the closing of production in Germany (completed in April), the focus in the second quarter was on further improving DSC's cost structure. We expect effects from the improvements already in the third quarter and onwards. In the second quarter, DSC still reported an operating loss. In China we have continued the process to maximize synergy savings. We have identified a new manufacturing location where production from both of the existing factories can be consolidated. The new location complies with modern and more stringent standards for chemical industries in China.

In June 2019, we confirmed our strategy and our long-term financial targets for 2019-2022. We also introduced a target for net gearing. Our overall strategic directions remain unchanged. In June, in line with



our strategy, we announced the decision to expand operations in Kapfenberg, Austria. The construction of a new facility is expected to be completed in the second half of 2020 at an estimated total cost of EUR 7 million. With the considerable increase in production capacity Exel is set for further growth in Central Europe and we can better serve customers especially in the Industrial Applications customer segment.

Order intake and order backlog

Order intake for the second quarter of 2019 amounted to EUR 23.8 million (25.0), which is a decrease of 4.7% in comparison to previous year.

Order intake for the first half of 2019 was EUR 52.0 million (47.0), which is an increase of 10.6% compared to previous year. Acquired business impacted order intake with EUR 3.0 million. The Group's order backlog on 30 June 2019 increased to EUR 22.0 million (19.8).

Revenue

Group revenue in the second quarter of 2019 amounted to EUR 26.5 million (25.3), which is an increase of 4.8% in comparison to previous year.

Group revenue for the first half of 2019 increased by 14.5% to EUR 53.6 million (46.8). The revenue of acquired business increased

Group revenue by 10.0%. In addition, revenue was impacted by delivery volumes by 4.3% and exchange rates by 0.2%.

In the first half of 2019, revenue in the Construction & Infrastructure customer segment increased by 56.8% to EUR 22.2 million (14.2) supported by the wind energy industry. Other Applications customer segment grew by 23.5% to EUR 12.5 million (10.1). Revenue in the Industrial Applications customer segment was impaired by lower volumes in telecommunications and decreased by 16.3% to EUR 18.8 million (22.5).

In the region Rest of the World, revenue increased in the first half of 2019 significantly by 125.3% to EUR 12.5 million (5.6) supported by the acquisition of DSC and export from other Exel units to the American market. Revenue in the APAC region increased by 0.7% to EUR 8.2 million (8.1). In Europe, revenue decreased by 0.8% to EUR 32.9 million (33.1).

Revenue by customer segment

EUR thousand	1.1.-30.6.2019	1.1.-30.6.2018	Change, %	1.1.-31.12.2018
Industrial Applications	18,812	22,475	-16.3	39,885
Construction & Infrastructure	22,245	14,185	56.8	36,855
Other Applications	12,515	10,137	23.5	19,868
Total	53,572	46,796	14.5	96,608

Revenue by region

EUR thousand	1.1.-30.6.2019	1.1.-30.6.2018	Change, %	1.1.-31.12.2018
Europe	32,858	33,113	-0.8	61,073
APAC	8,170	8,117	0.7	17,430
Rest of world	12,544	5,567	125.3	18,106
Total	53,572	46,796	14.5	96,608

Operating profit

The Group's operating profit amounted to EUR 2.1 million (1.3) in the second quarter of 2019 and was 8.1% (5.2) of revenue. Adjusted operating profit (excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals) was EUR 2.2 million (2.0), which is 8.5% (7.8) of revenue.

In the first half of 2019, operating profit amounted to EUR 2.5 million (3.0), 4.8% (6.3) of revenue. Adjusted operating profit was EUR 4.2 million (3.8), 7.8% (8.0) of revenue.

In the first half of 2019, a one-time cost of EUR 1.1 million due to the closing of production in Germany was recorded in Group accounts. EUR 0.4 million of the one-off costs related to the deferred variable component of the total purchase price of Nanjing Jianhui Composite Materials, acquired in 2017, and a further EUR 0.2 million to the layoffs in Finland.

The Group's net financial expenses for the period January-June 2019 were EUR -0.4 million (-0.2). The Group's profit before taxes was EUR 2.1 million (2.8) and profit after taxes EUR 1.2 million (2.0).

Financial position

Net cash flow from operating activities for the first half of 2019 was EUR 3.8 million (-1.3). Net cash flow from investing activities amounted to EUR -2.3 million (-10.2) and net cash flow before financing activities amounted to EUR 1.5 million (-11.4). At the end of the review period, the Group's liquid assets stood at EUR 5.9 million (6.3). Total depreciation, amortization and impairment of non-current assets during the review period amounted to EUR 2.7 million (1.8).

The Group's consolidated total assets at the end of the first half of 2019 were EUR 83.1 million (79.7). Interest bearing liabilities amounted to EUR 36.7 million (30.5). Net interest bearing liabilities were EUR 30.8 million (24.2).

Equity at the end of the first half of 2019 was EUR 25.0 million (27.7) and equity ratio 30.2% (34.9). The net gearing ratio was 123.1% (87.2). Fully diluted total earnings per share were EUR 0.10 (0.17). Return on capital employed was 8.7% (11.4). Return on equity was 9.3% (14.0).

The dividend for the financial year of 2018 resolved by the Annual General Meeting on 21 March 2019 totaling EUR 2.1 (3.6) million, calculated for the outstanding number of shares, was paid on 1 April 2019. Dividend per share for the financial year 2018 was EUR 0.18 (0.30).

Strategy and long-term financial targets

In June 2019, the Board of Directors of Exel Composites confirmed the company's strategy and long-term financial targets for 2019-2022. A financial target related to net gearing was also introduced.

Exel Composites' long-term financial targets are:

- **Growth:** Revenue growth exceeding twice the market growth
- **Profitability:** Adjusted operating profit margin exceeding 10%
- **Capital efficiency:** Return on capital employed exceeding 20%
- **Financial position:** Net gearing approximately at 60% or below

Financial targets are considered over a business cycle. Potential acquisitions may impact the long-term financial targets. The dividend policy remains unchanged.

Exel Composites' overall strategic directions for 2019-2022 remains unchanged and are based on five pillars:

1. Protect and grow our **stronghold customers** providing superior customer experience,
2. build leadership in **China**,
3. penetrate growing/ new **applications**,
4. create true **global footprint**, and
5. grow in new **technologies**.

Closing of production in Germany

At the end of April 2019, the process to close production in Exel Composites' production facility in Voerde, Germany, was completed according to plan. The closing will result in annual cost savings of approximately EUR 1.0 million from 2020 onwards. In the first half of 2019, a one-time cost of EUR 1.1 million due to the closing of production in Germany was recorded in Group accounts.

Investment decision to build a new factory in Austria

On 17 June 2019, Exel Composites announced its decision to expand its operations in Kapfenberg, Austria, by investing in a new manufacturing facility. The construction of the new facility is expected to be completed in the second half of 2020. The leasing agreement of the current facility will terminate at the same time at the end of 2020. The total cost of the project is estimated to be EUR 7 million.

Research and development

Research and development costs for the first half of 2019 totaled EUR 1.5 million (1.3), representing 2.8% (2.8) of revenue.

Organization and personnel

At the end of June 2019, Exel Composites employed 654 (692) people, of whom 226 (234) in Finland and 428 (458) in other countries. The average number of employees for January – June 2019 was 671 (613). The average number of employees of the Group increased compared to last year mainly due to the acquisition of DSC in April 2018.

Changes in Group Management Team

Mikko Rummukainen was appointed SVP, Business Development and member of the Group Management Team as of 1 March 2019. He is responsible for the development and implementation of the corporate strategy, the execution of strategic initiatives as well as of mergers, acquisitions and strategic partnerships.

Incentive programs

Exel Composites announced in February 2019 the continuation of a share-based long-term incentive program for the top management of Exel Composites. The 2019 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017. The performance targets applied to the plan commencing at the beginning of 2019 are adjusted operating profit (EBIT) and the absolute total shareholder return of the company's share (TSR).

Share and shareholders

At the end of June 2019, Exel Composites' share capital was EUR 2,141,431.74 and the number of shares was 11,896,843. There were no changes in the share capital during the financial year.

During the review period, Exel Composites held a total of 77,000 of its own shares, which are part of the share-based long-term incentive program for the top management.

At the end of June 2019, the share price closed at EUR 4.23. During the review period, the average share price was EUR 4.16, the highest share price EUR 4.49 and the lowest share price EUR 3.92.

A total of 3,085,513 shares were traded at Nasdaq Helsinki Ltd., which represents 25.9% of the average number of shares. On 30 June 2019 Exel Composites' market capitalization was EUR 50.0 million.

Exel Composites had a total of 4,253 shareholders on 30 June 2019 and during the first half of 2019 received three flagging notification in accordance with the Finnish Securities Market Act regarding change in shareholdings.

According to the notification received on 5 April 2019, the holding of Lannebo Fonder AB fell under the 5% threshold and amounted to 594,791 shares representing 4.99% of the shares and voting rights of Exel Composites Plc.

According to the notification received on 6 May 2019, the holding of Lazard Freres Gestion SAS (FCP Lazard Investissement Microcaps) exceeded the 5% threshold and amounted to 618,085 shares representing 5.20% of the shares and voting rights of Exel Composites Plc.

According to the notification received on 6 June 2019, the holding of the OP-Suomi Pienyhtiöt investment fund, administered by OP-Rahastoyhtiö Oy, exceeded the 5% threshold and amounted to 598,259 shares representing 5.03% of the shares and voting rights of Exel Composites Plc.

Information on the company's shareholders is available on the corporate website at www.exelcomposites.com.

Sustainability and corporate responsibility

Sustainability is an important part of Exel Composites' business, both in relation with its own operations as well as through the products and solutions it produces. Exel is committed to responsible and sustainable operations through its Code of Conduct and its core business values: customer focused, integrity, One Exel, caring and innovative. Exel Composites' material sustainability topics are the following:

- **Environmental responsibility:** Responsible products, responsible operations
- **Social responsibility:** Responsible employer, occupation health and safety, diversity and non-discrimination, human rights in own operations and supply
- **Corporate Governance:** Corporate responsibility governance and compliance, anti-corruption and bribery

Exel Composites continued the work on the subjects related to these sustainability topics during the review period. Lost time injuries decreased in the first half of 2019 with a continued downward trend. Exel Composites also puts continuous efforts on decreasing VOC emissions. In the first half of the year the focus was particularly in China in this respect.

Information on sustainability and corporate responsibility is available on the corporate website at www.exelcomposites.com.

Major near-term risks and uncertainties

The risk management and risks related to the operation of Exel Composites, including near-term risks and uncertainties, are described in detail at the company's website www.exelcomposites.com as well as in the Financial Statements Release 2018 and Corporate Governance Statement 2018. During the review period, there were no significant changes in relation to these.

Other events during the review period

Decisions of the AGM 2019

The Annual General Meeting, AGM, of Exel Composites Plc was held on 21 March 2019 in Helsinki, Finland. The resolutions of the AGM were published as a stock exchange release on 21 March 2019 and they are also available on the corporate website at www.exelcomposites.com.

Events after the review period

Exel Composites launches a domestic commercial paper program

On 18 July 2019, Exel Composites announced that it has signed a contract for a EUR 50 million domestic commercial paper program. Within the framework of the contract, the company may issue

commercial papers with maturities of under one year. The financing arrangement broadens Exel Composites' financing base and secures the Group's normal investment and working capital financing. The program is arranged by Nordea Bank Plc, OP Corporate Bank Plc and Danske Bank A/S, Finland branch.

Outlook for 2019 (unchanged)

Exel Composites expects revenue and adjusted operating profit to increase in 2019 compared to 2018.

Vantaa, 23 July 2019

Exel Composites Plc

Board of Directors

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Notes to the Half-year Financial Report

1 January–30 June 2019

ACCOUNTING PRINCIPLES

This Half-year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied as in the previous financial statements.

Preparation of financial statements in accordance with the IFRS standards requires Exel Composites' management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the financial period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views at the date of the financial statements, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The amounts presented in the income statement and balance sheet are Group figures. The amounts presented in the release are rounded, so the sum of individual figures may differ from the sum reported.

This half-year financial report is unaudited.

IFRS 16 Leases

Exel Composites (Group) has applied the IFRS 16 Leases –standard since 1 January 2019. Lease liabilities arising from lease and rental agreements along with corresponding right-of-use assets are stated in the balance sheet accordingly.

In the initial adoption of the standard, the Group used the modified method where comparative information was not adjusted and the lease liability was determined by the present value of remaining lease payments. The discount rate used is the average rate on the Group's external loans, which was 2.271% at the time of initial adoption or if stated in the lease contract the internal rate of the contract. At each year end, the Group will review the average rate on external loans.

The Group has used the recognition exemption where lease contracts are not stated in the balance sheet, if the value of the underlying asset is less than approx. 5,000 euros and/or if the lease period is 12 months or less.

For lease contracts with no set end date and with termination or extension options, the Group has determined the lease term by making an assessment using best available information.

A significant part of the Group's lease liability stated in the balance sheet according to IFRS 16 comes from lease contracts on factory buildings in Europe, China and USA. In addition to these, the Group's balance sheet has lease contracts on small production and office equipment and vehicles.

A total of EUR 4.7 million of right-of-use assets were included in the Group's balance sheet on 1 January 2019. Of this total buildings were EUR 4.4 million. Corresponding lease liabilities were included as non-current EUR 3.5 million and current EUR 1.2 million.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR thousand	1.4.-30.6. 2019	1.4.-30.6. 2018	Change, %	1.1.-30.6. 2019	1.1.-30.6. 2018	Change, %	1.1.-31.12. 2018
Revenue	26 482	25 277	4,8	53 572	46 796	14,5	96 608
Materials and services	-9 752	-9 740	0,1	-20 739	-17 278	20,0	-38 757
Employee benefit expenses	-8 059	-7 535	6,9	-16 739	-14 194	17,9	-29 332
Depreciation and impairment	-1 069	-972	41,3	-2 146	-1 848	47,6	-5 477
Depreciation of right-of-use assets 1)	-304			-581			
Other operating expenses	-5 616	-5 833	-9,0	-11 649	-10 701	3,3	-21 198
Adjustment to lease expenses on capitalized contracts 1)	310			597			
Other operating income	152	123	23,3	234	176	33,5	373
Operating profit	2 144	1 321	62,3	2 549	2 951	-13,6	2 217
Net financial items	-179	218	-194,3	-377	-192	123,3	-512
Financial expenses on capitalized lease contracts 1)	-27			-52			
Profit before tax	1 938	1 540	25,9	2 120	2 759	-23,2	1 705
Income taxes	-289	-478	-39,5	-934	-779	19,9	-1 319
Profit/loss for the period	1 649	1 062	55,3	1 186	1 981	-40,1	386
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translating foreign operations	-760	328	331,9	32	297	89,3	56
Income tax relating to components of other comprehensive income	0	0	0	0	0	0	0
Items that will not be classified to profit or loss:							
Defined benefit plan actuarial gains(+)/ loss (-), net tax	0	0	0,0	0	0	0	0
Other comprehensive income, net of tax	-760	328	331,9	32	297	89,3	56
Total comprehensive income	889	1 389	-36,0	1 218	2 278	-46,5	442
Profit/loss attributable to:							
Equity holders of the parent company	1 649	1 062	55,3	1 186	1 981	-40,1	386
Comprehensive income attributable to:							
Equity holders of the parent company	1 126	1 389	-18,9	1 455	2 278	-36,1	442
Earnings per share, diluted and undiluted, EUR	0,14	0,09		0,10	0,17		0,03

1) Exel Composites Plc has applied the IFRS16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2019	30.6.2018	Change	31.12.2018
ASSETS				
Non-current assets				
Goodwill	12,789	14,124	-1,335	12,756
Other intangible assets	3,792	3,258	534	4,209
Tangible assets	17,062	17,573	4,143	16,631
Right-of-use assets 1), 2)	4,654			
Deferred tax assets	1,093	577	516	747
Other non-current assets	96	93	4	89
Non-current assets total	39,487	35,625	3,862	34,432
Current assets				
Inventories	15,982	17,393	-1,411	15,214
Trade and other receivables	21,741	20,389	1,351	20,111
Cash at bank and in hand	5,876	6,312	-436	4,801
Total current assets	43,598	44,094	-496	40,126
Total assets	83,085	79,719	3,366	74,558
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	2,141	2,141	0	2,141
Other reserves	140	129	11	129
Invested unrestricted equity fund	2,539	2,539	0	2,539
Translation differences	2,256	2,228	27	1,987
Retained earnings	16,734	18,698	-1,964	18,608
Profit for the period	1,186	1,981	-795	386
Equity attributable to holders of the parent company	24,997	27,717	-2,702	25,791
Total equity	25,006	27,708	-2,702	25,782
Non-current liabilities				
Interest-bearing liabilities	10,099	12,599	956	11,393
Non-current lease liabilities 1)	3,456			
Interest-free liabilities	497	495	2	487
Deferred tax liabilities	168	219	-51	162
Total non-current liabilities	14,220	13,313	907	12,042
Current liabilities				
Interest-bearing liabilities	21,867	17,869	5,231	18,234
Current lease liabilities 1)	1,233			
Trade and other non-current liabilities	20,759	20,829	-70	18,499
Total liabilities	43,859	38,698	5,161	36,733
Total equity and liabilities	83,085	79,719	3,366	74,558

1) Exel Composites Plc has applied the IFRS 16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.

2) Buildings EUR 4,309 thousand, Machinery and equipment (incl.vehicles) EUR 345 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1.1.-30.6.2019	1.1.-30.6.2018	Change	1.1.-31.12.2018
Cash flow from operating activities				
Profit for the period	1,186	1,981	-795	386
Adjustments 1)	4,311	2,898	1,413	7,535
Change in working capital	88	-5,090	5,178	-4,085
Cash flow generated by operations	5,584	-211	5,795	3,837
Interest paid	-506	-128	-378	-402
Interest received	2	7	-5	13
Other financial items	32	-124	156	-146
Income taxes paid	-1,310	-821	-489	-2,435
Net cash flow from operating activities	3,802	-1,277	5,079	868
Cash flow from investing activities				
Acquisition of subsidiaries	0	-7,855	7,855	-8,073
Purchases of non-current assets	-2,454	-2,320	-134	-4,787
Proceeds from sale of non-current assets	137	7	130	82
Net cash flow from investing activities	-2,318	-10,168	7,850	-12,779
Cash flow before financing activities	1,484	-11,445	12,929	-11,911
Cash flow from financing activities				
Share issue	0	3	-3	0
Proceeds from long-term borrowings	4,671	8,300	-3,629	5,670
Instalments of long-term borrowings	0	0	0	-1,000
Change in short-term loans	-2,400	5,596	-7,996	8,300
Instalments of lease liabilities 2)	-545			
Treasury shares				0
Dividends paid	-2,128	-3,569	1,441	-3,546
Net cash flow from financing activities	-402	10,330	-10,187	9,426
Change in liquid funds	1,082	-1,115	2,197	-2,484
Liquid funds in the beginning of period	4,801	7,629	-2,828	7,629
Exchange rate fluctuations on liquid funds	-7	-215		-357
Liquid funds through business acquisitions	0	12		13
Liquid funds at the end of period	5,876	6,312	-436	4,801

1) Depreciations and amortization EUR 2,727 thousand, Tax on income from operations EUR 934 thousand, Other financial income and expenses EUR 415 thousand, Other adjustments EUR 234 thousand.

2) Exel Composites Plc has applied the IFRS 16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousand	Share capital	Share premium reserve	Other reserves	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Balance at 1 January 2018	2,141	0	129	2,539	1,931	22,075	28,815
Comprehensive result					298	1,981	2,279
Other items			0			42	42
Dividend						-3,569	-3,569
Correction to previously issued financial statements 1)						141	141
Balance at 30 June 2018	2,141	0	129	2,539	2,229	20,669	27,708
Balance at 1 January 2019	2,141	0	129	2,539	1,987	18,986	25,782
Comprehensive result					35	1,186	1,221
Other items			11			-15	-3
Dividend						-2,128	-2,128
Share-based payments reserve						89	89
Correction to previously issued financial statements 2)						45	45
Balance at 30 June 2019	2,141	0	140	2,539	2,022	18,164	25,006

1) Clearing a non-registered dormant subsidiary from consolidated books.

2) Adjustments related to Inventory.

ADJUSTED OPERATING PROFIT

EUR thousand	1.4.-30.6.2019	1.4.-30.6.2018	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-31.12.2018
Operating profit	2,144	1,321	2,549	2,951	2,217
Restructuring costs	-82		1,258		10
Impairment losses and reversals					1,584
Costs related to planned or realized business acquisition and disposal	177	652	390	808	1,206
Sale of intangible and tangible assets					
Expenses related to changes in legislation or legal proceedings					
Adjusted operating profit	2,239	1,973	4,196	3,759	5,018

QUARTERLY KEY FIGURES

EUR thousand	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	26,482	27,090	26,711	23,101	25,277	21,519
Materials and services	-9,752	-10,988	-12,085	-9,395	-9,740	-7,538
Employee benefit expenses	-8,059	-8,680	-8,031	-7,107	-7,535	-6,659
Depreciation and impairment	-1,373	-1,354	-2,376	-1,254	-972	-876
Operating expenses	-5,306	-5,746	-5,576	-4,921	-5,833	-4,868
Other operating income	152	82	162	35	123	52
Operating profit	2,144	405	-1,194	459	1,321	1,630
Net financial items	-206	-223	-300	-20	218	-410
Profit before taxes	1,938	182	-1,494	439	1,540	1,220
Income taxes	-289	-645	-112	-428	-478	-301
Profit/loss for the period	1,649	-463	-1,606	12	1,062	919
Earnings per share, diluted and undiluted, EUR	0.14	-0.04	-0.14	0.00	0.09	0.08
Average number of shares, diluted and undiluted 1,000 shares	11,820	11,820	11,820	11,820	11,820	11,820
Average number of personnel	652	689	677	631	652	575

COMMITMENTS AND CONTINGENCIES

EUR thousand	30.6.2019	30.6.2018	31.12.2018
Commitments on own behalf			
Mortgages	2,783	2,783	2,783
Floating charges	12,500	12,500	12,500
Operating leases			
Not later than one year	102	1,259	1,304
1 - 5 years	5	923	738
Other liabilities	6	25	6

DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	30.6.2019	30.6.2018	31.12.2018
Interest rate swaps	6,455	900	6,714

CONSOLIDATED KEY FIGURES

EUR thousand	1.4.-30.6. 2019	1.4.-30.6. 2018	Change, %	1.1.-30.6. 2019	1.1.-30.6. 2018	Change, %	1.1.-31.12. 2018
Revenue	26 482	25 277	4,8	53 572	46 796	14,5	96 608
Operating profit	2 144	1 321	62,3	2 549	2 951	-13,6	2 217
% of revenue	8,1	5,2		4,8	6,3		2,3
Adjusted operating profit 1)	2 239	1 973	13,5	4 196	3 759	11,6	5 018
% of revenue	8,5	7,8		7,8	8,0		5,2
Profit before tax	1 938	1 540	25,9	2 120	2 759	-23,2	1 705
% of revenue	7,3	6,1		4,0	5,9		1,8
Profit for the period	1 649	1 062	55,3	1 186	1 981	-40,1	386
% of revenue	6,2	4,2		2,2	4,2		0,4
Shareholders' equity	25 006	27 708	-9,8	25 006	27 708	-9,8	25 782
Interest-bearing liabilities 2)	36 655	30 468	20,3	36 655	30 468	20,3	29 627
Cash and cash equivalents	5 876	6 312	-6,9	5 876	6 312	-6,9	4 801
Net interest-bearing liabilities 2)	30 779	24 156	27,4	30 779	24 156	27,4	24 827
Capital employed	61 661	58 176	6,0	61 661	58 176	6,0	55 409
Return on equity, %	26,9	15,6	71,9	9,3	14,0	-33,4	1,4
Return on capital employed, %	14,1	10,3	37,0	8,7	11,4	-23,8	4,4
Equity ratio, %	30,2	34,9	-13,6	30,2	34,9	-13,6	34,7
Net gearing, % 2)	123,1	87,2	41,2	123,1	87,2	41,2	96,3
Capital expenditure	1 333	5 937	-77,5	2 431	7 013	-65,3	9 598
% of revenue	5,0	23,5		4,5	15,0		9,9
Research and development costs	736	630	16,8	1 508	1 305	15,6	2 835
% of revenue	2,8	2,5		2,8	2,8		2,9
Order intake	23 821	25 004	-4,7	51 977	46 975	10,6	100 757
Order backlog	21 977	19 828	10,8	21 977	19 828	10,8	23 685
Earnings per share, diluted and undiluted, EUR	0,14	0,09	55,3	0,10	0,17	-40,1	0,03
Equity per share, EUR	2,12	2,34	-9,8	2,12	2,34	-9,8	2,18
Average number of shares, diluted and undiluted, 1,000 shares	11 820	11 820	0,0	11 820	11 820	0,0	11 820
Average number of employees	652	652	0,0	671	613	9,4	647

1) Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals. For more information, please refer to the paragraph "Change in Exel Composites' financial reporting terminology" of the Half-year Financial Report published on 21 July 2016.

2) Exel Composites Plc has applied the IFRS 16 -standard since 1.1.2019 according to the model where the comparative information of previous periods is not adjusted.



Exel Composites in brief

Exel Composites is the world's leading composite technology company that engineers and manufactures composite products and solutions to an extensive range of demanding industrial applications.

The core of the business is based on our employees' high level of expertise and our own, internally developed composite technologies, which have been perfected over decades with a steady focus on innovation. With nine manufacturing plants across Europe, Asia, and North America, and a global sales network, we are firmly driven by superior customer experience and world-class operations.

Headquartered in Finland, Exel Composites employs approximately 650 people globally. The company's shares are listed on the Nasdaq Helsinki exchange.

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