

EXEL COMPOSITES

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Transition to the growth phase is approaching

We reiterate our Accumulate recommendation and EUR 0.43 target price for Exel ahead of the Q3 earnings report to be published on Thursday. We estimate that the company's market situation has largely continued as in the early part of the year, and thus the demand situation has remained moderately good compared to the average level of recent years. However, we believe that Q3 development was still hampered by the transfer of production from the Belgian plant to other plants. Considering this, we have cut our Q3 estimates and, consequently, slightly lowered our full-year estimates as well. In contrast, our estimates for the coming years remain unchanged. With the recently strengthened order book, the nascent market turnaround, and the earnings turnaround that has progressed in previous quarters, we are relying more strongly on our view for next year, in light of which we see the stock's valuation as attractive.

We expect slight earnings growth from the comparison period

In connection with the report, we have revised our Q3 operational estimates downwards, as we believe that the earlier closure of the Belgian factory and the transfer of production to other factories continued to affect the company's development, especially in the early part of the quarter. This did not come as a complete surprise, as we already commented after the Q2 report that this could be possible. We assume, however, that production transfers have been largely completed during Q3.

In turn, Exel's starting points for Q3 were clearly better than in the comparison period in terms of order backlog (Q2'25: 47 MEUR vs. Q2'24: 34 MEUR), although we estimate that the order book structure is longer than typical. Despite this, we estimate the company's revenue has decreased slightly from the comparison period (-3% y/y, cf Q2'25 revenue -7% y/y) and settled at 23.8 MEUR (was 26.4 MEUR). We also estimate that lower revenue will be reflected in the company's earnings performance through lower utilization rates. In addition, we consider it possible that the ramp-up of different product applications may result in slightly

elevated raw material costs (i.e. waste). Reflecting this, we estimate that the adjusted EBIT will amount to 0.9 MEUR (was 1.8 MEUR) and be above the comparison period level (0.7 MEUR).

Estimates for the coming years unchanged

For this year, Exel has guided that its revenue will increase (2024: 100 MEUR) and its adjusted EBIT will rise significantly from last year (2024 1.7 MEUR). We expect this to be repeated in connection with this report. Reflecting our estimated Q3 development, we slightly raised our Q4 estimates, as we believe the situation may have also led to some deliveries shifting. Overall, however, our 2025 estimates decreased slightly, and we expect revenue to be 106 MEUR (was 108 MEUR) and adjusted EBIT to be 5.1 MEUR (was 5.8 MEUR). In contrast, our estimates for the coming years are unchanged, and we expect Exel's growth to accelerate next year as the company moves into the growth phase of its strategy, supported by larger wind power contracts and their deliveries. In this regard, we are interested in more detailed comments in the report on the demand situation and the ramp-up of volumes at the Indian plant.

Eyes still on the longer game

The stock's valuation picture is elevated for this year relative to our accepted valuation (P/E 10x-14x, EV/EBIT 8x-12x, EV/EBITDA 5x-8x). In contrast, looking at next year, the multiples (P/E 9x, EV/EBIT 8x) are at the lower end of the ranges or below them. With the order book strengthening this year, a market environment that we estimate has remained fairly stable, and an ongoing earnings turnaround, we see upside in next year's multiples. At the same time, next year still involves elevated estimate risks, especially related to the larger ramp-up of volumes at the Indian factory and the factory's margin development, which means that valuing the share at the upper end of the ranges is not warranted either. Our view on the stock's moderate valuation and long-term potential is also supported by our DCF model (EUR 0.45 per share), which is above the current share price.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 0.43

(was EUR 0.43)

Share price:

EUR 0.36

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	100	106	127	141
growth-%	3%	6%	20%	11%
EBIT adj.	1.7	5.1	8.4	10.3
EBIT-% adj.	1.7 %	4.8 %	6.6 %	7.3 %
Net Income	-4.7	-2.5	4.3	6.1
EPS (adj.)	0.00	-0.02	0.04	0.06
P/E (adj.)	neg.	neg.	9.0	6.3
P/B	1.1	1.3	1.2	1.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	2.8 %
EV/EBIT (adj.)	31.8	12.7	7.9	6.1
EV/EBITDA	12.7	6.9	4.7	3.9
EV/S	0.5	0.6	0.5	0.4

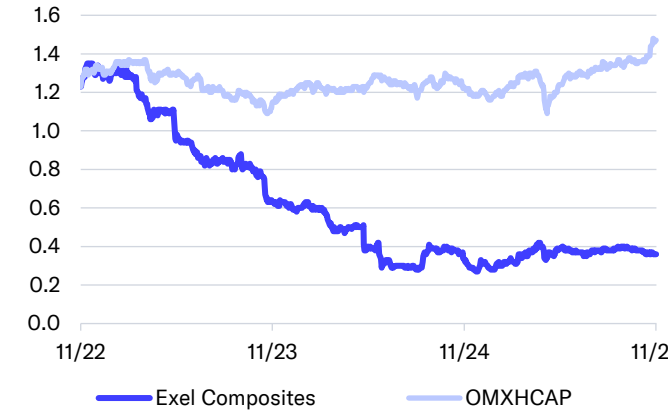
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Guidance

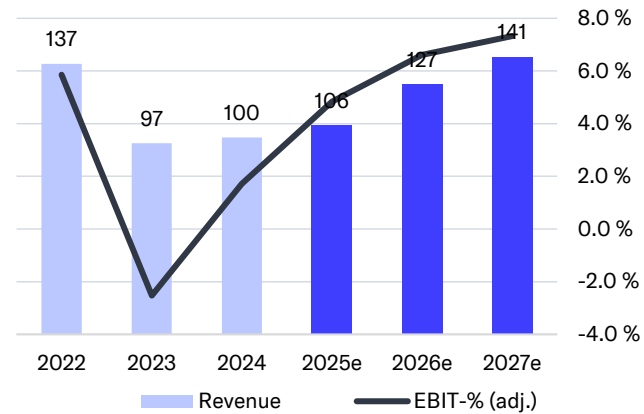
(Unchanged)

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).

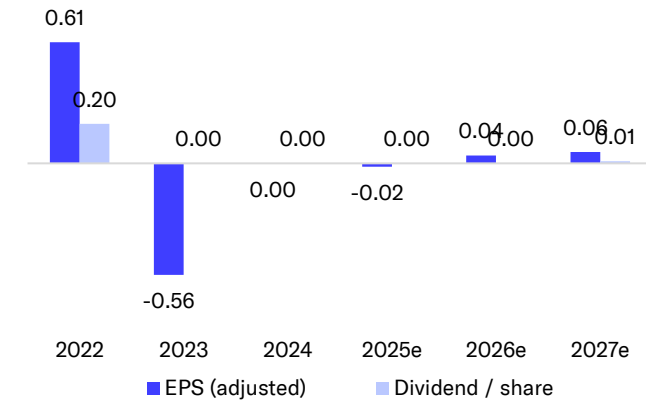
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



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	65	66	63
P/E (adj.)	neg.	9.0	6.3
P/E	neg.	9.0	6.3
P/B	1.3	1.2	1.0
P/S	0.4	0.3	0.3
EV/Sales	0.6	0.5	0.4
EV/EBITDA	6.9	4.7	3.9
EV/EBIT (adj.)	12.7	7.9	6.1
Payout ratio (%)	0.0 %	0.0 %	17.5 %
Dividend yield-%	0.0 %	0.0 %	2.8 %

Source: Inderes

Q3 expectations

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Inderes
Revenue	24.6		23.8			106
EBIT (adj.)	0.7		0.9			5.1
EBIT	0.6		0.9			4.2
PTP	-1.8		0.5			-2.7
EPS (reported)	-0.02		0.01			-0.02
Revenue growth-%	19.7 %		-3.0 %			6.2 %
EBIT-% (adj.)	2.9 %		3.9 %			4.8 %

Source: Inderes

We lowered our estimates for this year a bit, coming years remain unchanged

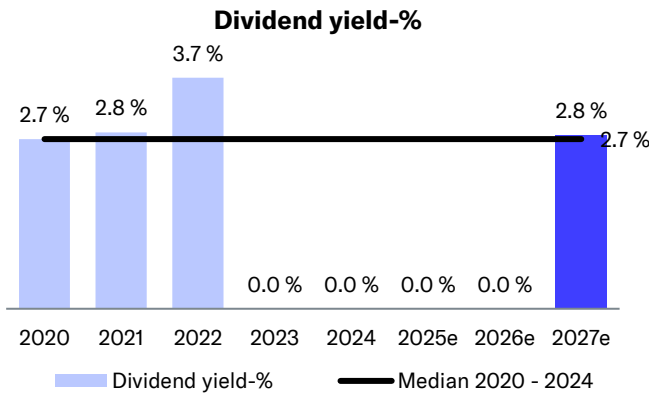
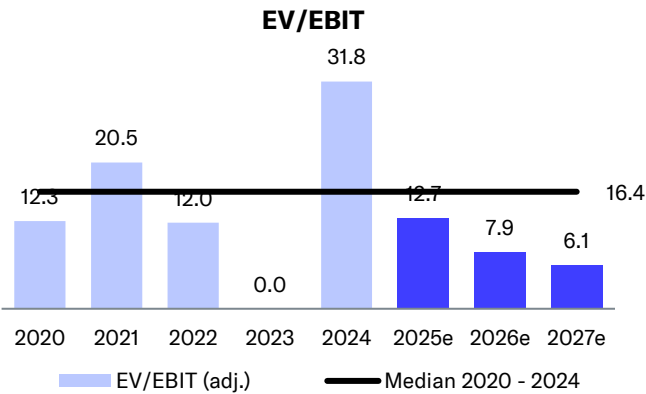
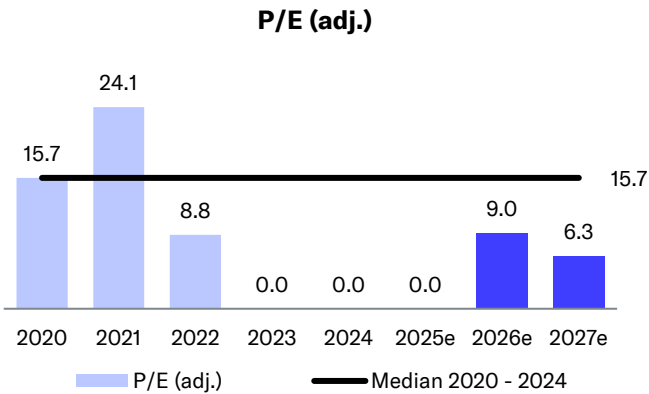
Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	108	106	-2%	127	127	0%	141	141	0%
EBITDA	10.1	9.4	-7%	14.0	14.0	0%	16.1	16.0	0%
EBIT (excl. NRIs)	5.8	5.1	-12%	8.4	8.4	0%	10.3	10.3	0%
EBIT	4.9	4.2	-14%	8.4	8.4	0%	10.3	10.3	0%
PTP	-2.0	-2.7	-34%	6.4	6.4	0%	8.8	8.8	0%
EPS (excl. NRIs)	-0.02	-0.02	-6%	0.04	0.04	0%	0.06	0.06	0%
DPS	0.00	0.00		0.00	0.00		0.01	0.01	0%

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	65	66	63	60
P/E (adj.)	15.7	24.1	8.8	neg.	neg.	neg.	9.0	6.3	5.8
P/E	16.4	50.9	28.1	neg.	neg.	neg.	9.0	6.3	5.8
P/B	3.0	2.8	2.2	1.7	1.1	1.3	1.2	1.0	0.9
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	6.9	4.7	3.9	3.5
EV/EBIT (adj.)	12.3	20.5	12.0	neg.	31.8	12.7	7.9	6.1	5.4
Payout ratio (%)	44.3 %	143.3 %	103.8 %	0.0 %	0.0 %	0.0 %	0.0 %	17.5 %	32.4 %
Dividend yield-%	2.7 %	2.8 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	2.8 %	5.6 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	96.8	23.4	26.6	24.6	25.1	99.6	25.3	24.8	23.8	31.8	106	127	141	150
Group	96.8	23.4	26.6	24.6	25.1	99.6	25.3	24.8	23.8	31.8	106	127	141	150
EBITDA	3.8	0.9	2.6	2.2	-1.5	4.2	1.5	2.0	2.2	3.7	9.4	14.0	16.0	17.0
Depreciation	-8.7	-1.5	-1.4	-1.6	-2.6	-7.1	-1.3	-1.2	-1.3	-1.3	-5.2	-5.6	-5.7	-5.9
EBIT (excl. NRI)	-2.4	-0.6	1.4	0.7	0.2	1.7	0.7	1.1	0.9	2.4	5.1	8.4	10.3	11.1
EBIT	-4.9	-0.6	1.2	0.6	-4.1	-2.9	0.1	0.8	0.9	2.4	4.2	8.4	10.3	11.1
Net financial items	-3.4	-0.1	-0.3	-2.4	1.8	-0.9	-2.4	-3.7	-0.4	-0.4	-6.9	-2.0	-1.5	-1.5
PTP	-8.3	-0.6	0.8	-1.8	-2.2	-3.8	-2.2	-2.9	0.5	2.0	-2.7	6.4	8.8	9.6
Taxes	-1.1	0.0	-0.3	-0.1	-0.9	-1.2	0.0	0.0	0.0	-0.3	-0.2	-1.7	-2.2	-2.4
Minority interest	0.2	0.1	0.1	0.1	0.1	0.4	0.2	0.2	0.1	0.0	0.4	-0.4	-0.5	-0.6
Net earnings	-9.1	-0.5	0.7	-1.7	-3.1	-4.7	-2.1	-2.7	0.6	1.7	-2.5	4.3	6.1	6.6
EPS (adj.)	-0.56	-0.01	0.01	-0.02	0.01	0.00	-0.02	-0.02	0.01	0.02	-0.02	0.04	0.06	0.06
EPS (rep.)	-0.77	-0.01	0.01	-0.02	-0.03	-0.04	-0.02	-0.03	0.01	0.02	-0.02	0.04	0.06	0.06

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-29.3 %	-18.9 %	4.7 %	19.7 %	13.6 %	2.9 %	8.2 %	-6.7 %	-3.0 %	27.0 %	6.2 %	19.7 %	11.0 %	7.0 %
Adjusted EBIT growth-%	-130.5 %	-9350.0 %	2013.8 %	-158.6 %	-113.6 %	-169.7 %	-222.9 %	-17.9 %	31.0 %	1238.2 %	200.4 %	63.4 %	23.1 %	7.6 %
EBITDA-%	4.0 %	3.9 %	9.8 %	8.9 %	-5.8 %	4.3 %	5.7 %	8.1 %	9.2 %	11.7 %	8.9 %	11.0 %	11.4 %	11.3 %
Adjusted EBIT-%	-2.5 %	-2.4 %	5.2 %	2.9 %	0.7 %	1.7 %	2.7 %	4.5 %	3.9 %	7.5 %	4.8 %	6.6 %	7.3 %	7.4 %
Net earnings-%	-9.4 %	-2.3 %	2.5 %	-7.0 %	-12.2 %	-4.7 %	-8.2 %	-11.0 %	2.7 %	5.3 %	-2.3 %	3.4 %	4.3 %	4.4 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	39.6	40.9	41.3	42.0	42.9
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	27.4	28.0	28.9
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	54.0	62.0	69.4
Inventories	16.9	17.3	19.0	22.8	25.3
Other current assets	0.5	0.6	0.6	0.6	0.6
Receivables	17.0	19.2	21.7	26.0	29.5
Cash and equivalents	11.0	10.9	12.7	12.7	14.1
Balance sheet total	85.0	89.0	95.3	104	112

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	17.7	32.3	29.3	33.6	39.7
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	9.5	4.7	2.3	6.5	12.6
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	17.5	19.5	18.8
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	15.9	17.9	17.2
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	48.5	50.9	53.8
Interest bearing debt	39.4	21.6	23.1	21.8	20.8
Payables	21.9	24.8	25.4	29.1	33.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	85.0	89.0	95.3	104	112

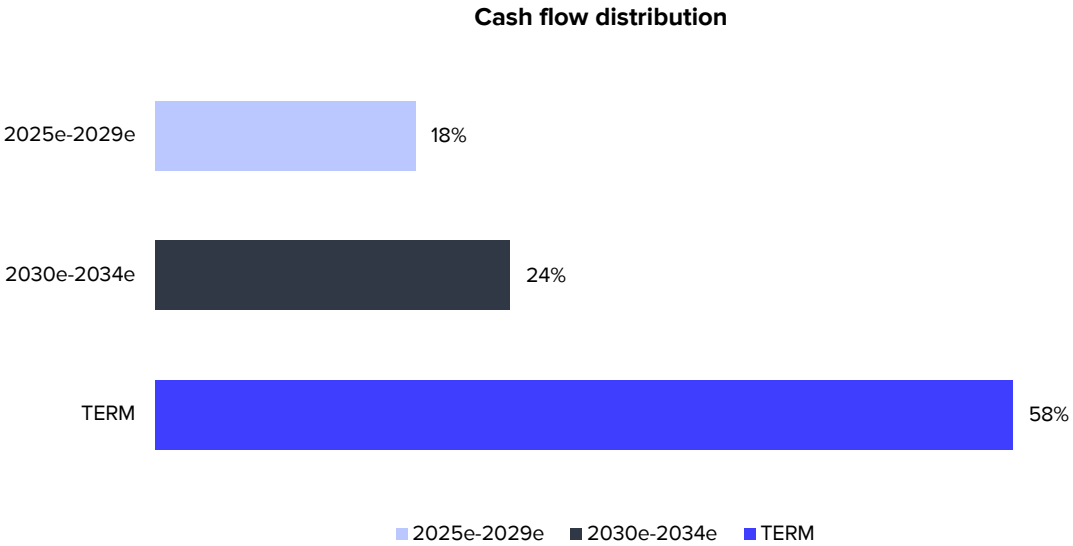
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	2.9 %	6.2 %	19.7 %	11.0 %	7.0 %	5.0 %	4.0 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.9 %	4.0 %	6.6 %	7.3 %	7.4 %	7.0 %	6.5 %	6.0 %	5.8 %	5.8 %	5.8 %	5.8 %
EBIT (operating profit)	-2.9	4.2	8.4	10.3	11.1	11.1	10.7	10.1	10.1	10.3	10.5	
+ Depreciation	7.1	5.2	5.6	5.7	5.9	6.1	6.3	6.6	6.7	6.9	6.9	
- Paid taxes	-0.8	-0.2	-1.7	-2.2	-2.4	-2.3	-2.2	-2.1	-2.0	-2.1	-2.2	
- Tax, financial expenses	-0.2	0.6	-0.5	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-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	-3.5	-4.3	-2.2	-1.5	-1.2	-1.0	-0.8	-0.7	-0.5	-0.5	
Operating cash flow	3.4	6.2	7.4	11.3	12.7	13.2	13.4	13.4	13.6	14.0	14.2	
+ 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	-6.3	-6.7	-7.0	-7.3	-7.5	-7.4	-7.5	-7.3	-7.1	
Free operating cash flow	-5.6	0.8	1.2	4.7	5.7	6.0	5.9	6.1	6.1	6.7	7.1	
+/- Other	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-5.6	-1.2	1.2	4.7	5.7	6.0	5.9	6.1	6.1	6.7	7.1	93.1
Discounted FCFF		-1.2	1.1	3.8	4.3	4.1	3.7	3.4	3.1	3.1	3.0	39.5
Sum of FCFF present value		67.8	69.0	68.0	64.2	59.9	55.8	52.2	48.8	45.6	42.5	39.5
Enterprise value DCF		67.8										
- Interest bearing debt		-30.4										
+ Cash and cash equivalents		10.9										
-Minorities		-0.3										
-Dividend/capital return		0.0										
Equity value DCF		48.0										
Equity value DCF per share		0.45										

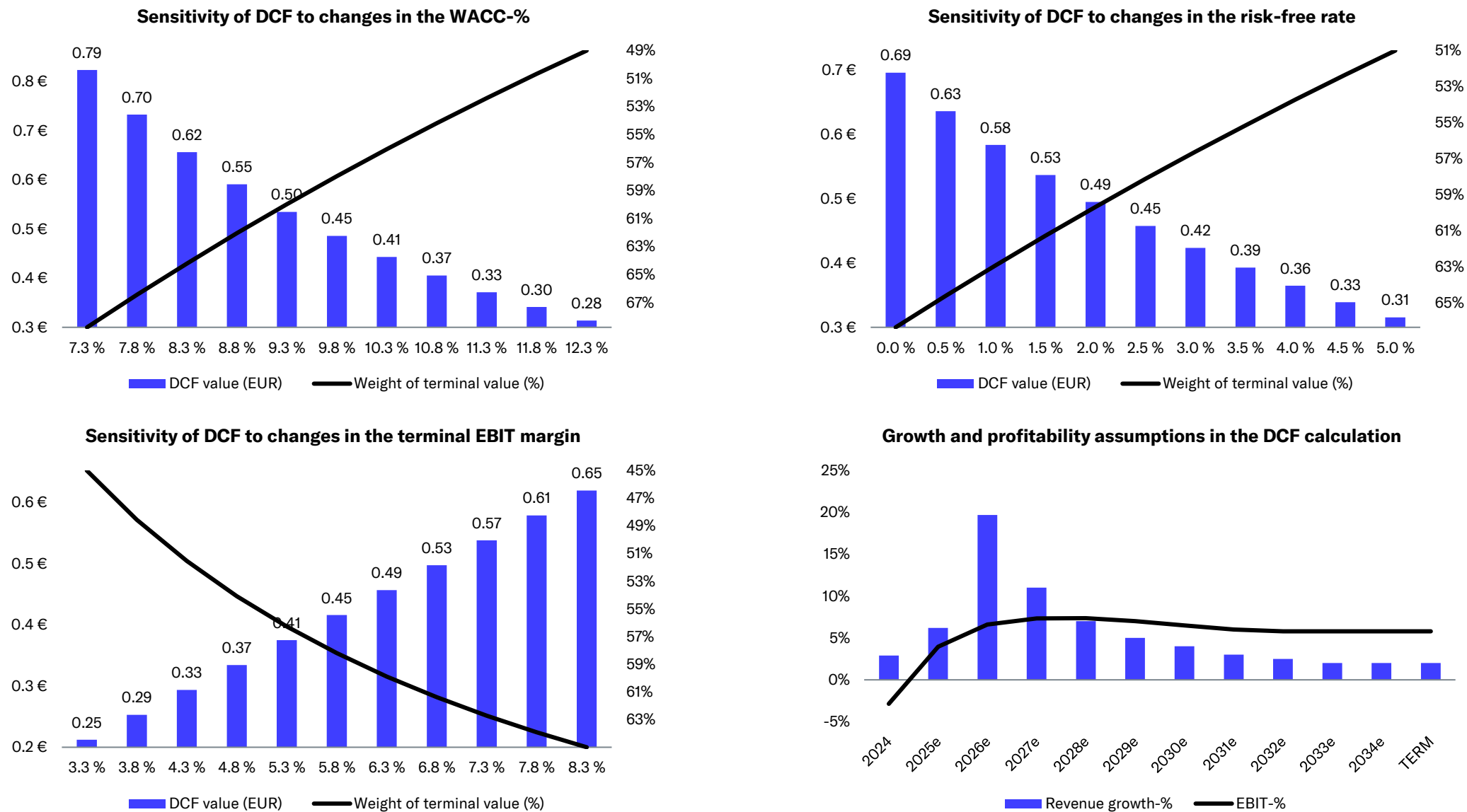
WACC

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	22.0 %
Cost of debt	7.0 %
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)	9.8 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. NB! The terminal value weight (%) is presented on a reverse 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	105.8	126.6	EPS (reported)	0.19	-0.77	-0.04	-0.02	0.04
EBITDA	10.1	3.8	4.2	9.4	14.0	EPS (adj.)	0.61	-0.56	0.00	-0.02	0.04
EBIT	3.0	-4.9	-2.9	4.2	8.4	OCF / share	0.99	0.59	0.03	0.06	0.07
PTP	3.6	-8.3	-3.8	-2.7	6.4	FCF / share	0.74	0.46	-0.05	-0.01	0.01
Net Income	2.3	-9.1	-4.7	-2.5	4.3	Book value / share	2.52	1.47	0.30	0.27	0.31
Extraordinary items	-5.0	-2.4	-4.6	-0.9	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	95.3	103.9	Revenue growth-%	2%	-29%	3%	6%	20%
Equity capital	30.4	17.7	32.3	29.3	33.6	EBITDA growth-%	-15%	-62%	11%	121%	49%
Goodwill	13.0	12.6	12.5	12.5	12.5	EBIT (adj.) growth-%	33%	-130%	-170%	200%	63%
Net debt	31.1	32.8	19.5	26.3	27.0	EPS (adj.) growth-%	109%	-192%	-100%	2250%	-338%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	7.4 %	4.0 %	4.3 %	8.9 %	11.0 %
EBITDA	10.1	3.8	4.2	9.4	14.0	EBIT (adj.)-%	5.9 %	-2.5 %	1.7 %	4.8 %	6.6 %
Change in working capital	2.8	2.9	0.1	-3.5	-4.3	EBIT-%	2.2 %	-5.0 %	-2.9 %	4.0 %	6.6 %
Operating cash flow	11.8	7.0	3.4	6.2	7.4	ROE-%	7.6 %	-38.5 %	-19.0 %	-8.1 %	13.6 %
CAPEX	-3.2	-1.6	-8.8	-5.6	-6.3	ROI-%	3.7 %	-6.9 %	-4.6 %	6.4 %	11.8 %
Free cash flow	8.8	5.5	-5.6	-1.2	1.2	Equity ratio	26.9 %	20.9 %	36.4 %	30.8 %	32.3 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	102.4 %	185.7 %	60.3 %	89.8 %	80.4 %
EV/S	0.7	0.7	0.5	0.6	0.5						
EV/EBITDA	6.7	15.6	12.7	6.9	4.7						
EV/EBIT (adj.)	12.0	neg.	31.8	12.7	7.9						
P/E (adj.)	8.8	neg.	neg.	neg.	9.0						
P/B	2.2	1.7	1.1	1.3	1.2						
Dividend-%	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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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 €
Analyst changed			
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 €
5/9/2025	Reduce	0.38 €	0.40 €
8/12/2025	Accumulate	0.43 €	0.38 €
11/4/2025	Accumulate	0.43 €	0.36 €



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