

EXEL COMPOSITES

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INDERES CORPORATE CUSTOMER
COMPANY REPORT



Possible pause in nascent market recovery

Exel's operational development in Q1 was slightly ahead of our forecast, and the company's order flow also continued to pick up, supported in part by a wind power order received early in the year. The market had indeed shown signs of recovery in the beginning of the year, before the build-up of geopolitical and trade policy tensions. The company expects that the current uncertainty may delay customer decisions in the coming months. However, this did not impact the guidance for the current year. Given the overall picture, we made only small positive changes to our forecasts. We believe the stock is fully priced in the short term and thus reiterate our Reduce recommendation but raise our target price to EUR 0.38 (was EUR 0.35) in line with the forecast changes.

Start of the year slightly above forecasts

In Q1, the company's revenue grew 8% year-on-year to 25.3 MEUR, up from a sluggish comparison period and slightly above our expectations. Among customer industries, Transportation in particular grew (+38% y/y), partly supported by early demand from customers preparing for the closure of Exel's Belgian factory. Adjusted EBIT amounted to 0.7 MEUR, which was well above our estimates. We estimate that the earnings beat was due to one-off costs (0.6 MEUR) related to the closure of the Belgian factory and the relocation of production, the impact of which we had not taken into account in the adjustment items. The reported result was indeed in line with our forecast. At the bottom of the income statement, net financial expenses were significantly higher than our expectations, which we believe were influenced by non-cash FX movements on intercompany loans. On the other hand, order intake in Q1 (35 MEUR) remained positive as at the end of last year, but it should be noted that the orders received were supported by the 10 MEUR wind power order with a longer delivery time announced in February. The company commented that the year began with improving market conditions, which slowed in April due to geopolitical and trade policy tensions.

Guidance unchanged and minor estimate changes

As expected, Exel reiterated its guidance and expects its revenue to increase (2024: 100 MEUR) and its adjusted EBIT to increase significantly compared to last year (2024: 1.7 MEUR). According to the company, however, increased uncertainty may delay customers' decision-making and slow down order intake and deliveries in the near term. We therefore estimate that the market situation was heading for an improvement, but with the increased uncertainty, the recovery will take at least a temporary pause while customers wait for the situation to clear up. At the same time, the comfortable level of the order book (43 MEUR, the highest since Q2'22), given the nature of the business, supports progress. However, in view of this overall picture and the actual developments, we have made only minor positive revisions to our forecasts for the coming years in absolute terms. We continue to expect Exel's growth to accelerate more clearly only next year, driven by larger wind power contracts and their deliveries. For the current year, however, we expect the company's revenue to increase to 107 MEUR (was 105 MEUR) and adjusted EBIT to 5.2 MEUR (was 4.5 MEUR).

We do not see any significant valuation upside

The overall valuation picture for the stock this year is challenging (2025e: P/E 82x, EV/EBIT 12x, EV/EBITDA 6x) compared to our acceptable valuation range (P/E 10x-14x, EV/EBIT 8x-12x, EV/EBITDA 5x-8x). Looking ahead to next year, in contrast, we believe the valuation is relatively neutral (P/E 10x, EV/EBIT 8x), as we see the acceptable valuation remaining towards the lower end of the ranges for the time being, given the unproven earnings turnaround and the volatile performance in recent years. At the same time, we see heightened forecast risks amid trade policy tensions, also reflecting Exel's chronically short order book. Our view that the stock is reasonably priced is also supported by our DCF model, which is around the share price level.

Recommendation

Reduce
(was Reduce)

Target price:
EUR 0.38
(was EUR 0.35)

Share price:
EUR 0.40

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	100	107	128	141
growth-%	3%	7%	20%	10%
EBIT adj.	1.7	5.2	7.9	9.7
EBIT-% adj.	1.7 %	4.9 %	6.2 %	6.9 %
Net Income	-4.7	0.1	4.3	5.6
EPS (adj.)	0.00	0.00	0.04	0.05
P/E (adj.)	neg.	81.9	9.8	7.5
P/B	1.1	1.3	1.2	1.0
Dividend yield-%	0.0 %	0.0 %	0.0 %	2.5 %
EV/EBIT (adj.)	31.8	12.3	8.3	6.4
EV/EBITDA	12.7	6.2	4.8	4.0
EV/S	0.5	0.6	0.5	0.4

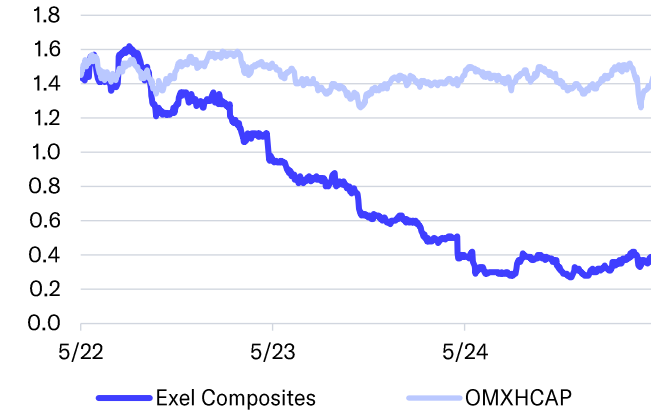
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Guidance

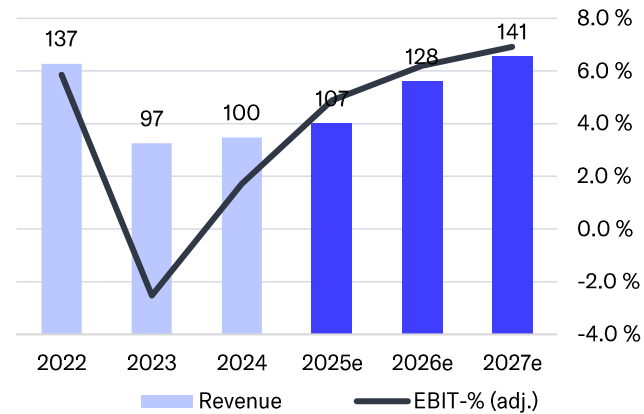
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Exel Composites expects that revenue will increase in 2025 (2024: 100 MEUR) and adjusted operating profit will increase significantly compared to 2024 (2024: 1.7 MEUR).

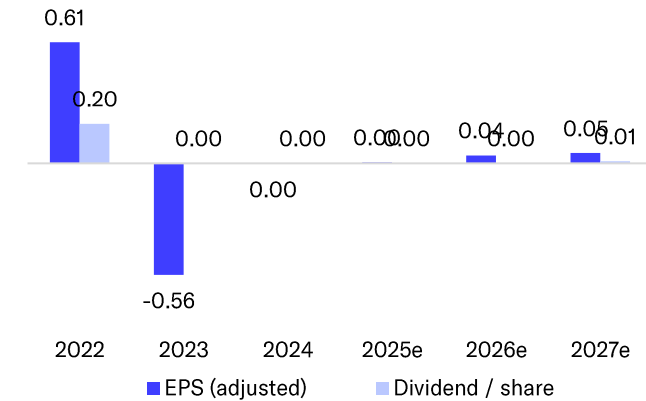
Share price



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	0.40	0.40	0.40
Number of shares, millions	106.7	106.7	106.7
Market cap	42	42	42
EV	64	66	63
P/E (adj.)	81.9	9.8	7.5
P/E	>100	9.8	7.5
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	6.2	4.8	4.0
EV/EBIT (adj.)	12.3	8.3	6.4
Payout ratio (%)	0.0 %	0.0 %	19.0 %
Dividend yield-%	0.0 %	0.0 %	2.5 %

Source: Inderes

Estimates and estimate revisions

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	23.4	25.3	24.8				2%	107
EBIT (adj.)	-0.6	0.7	0.1				697%	5.2
EBIT	-0.6	0.1	0.1				32%	4.6
EPS (reported)	-0.01	-0.02	0.00					0.00
Revenue growth-%	-18.9 %	8.2 %	6.0 %				2.2 pp	7.1 %
EBIT-% (adj.)	-2.4 %	2.7 %	0.3 %				2.4 pp	4.9 %

Source: Inderes

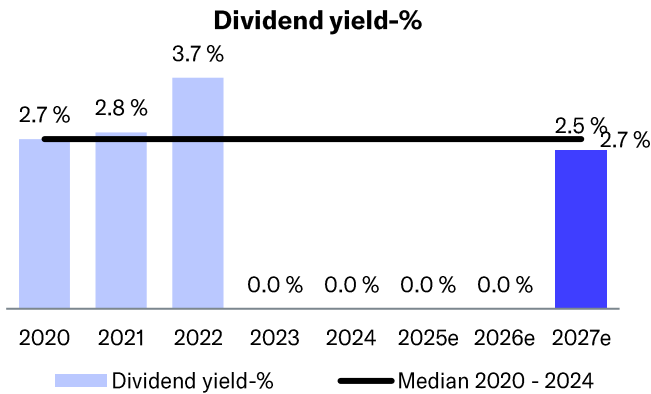
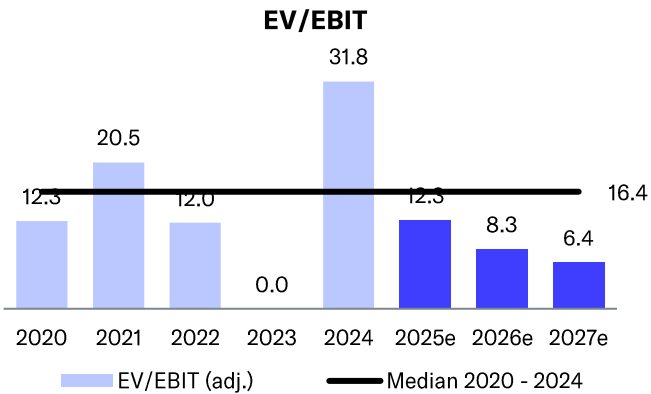
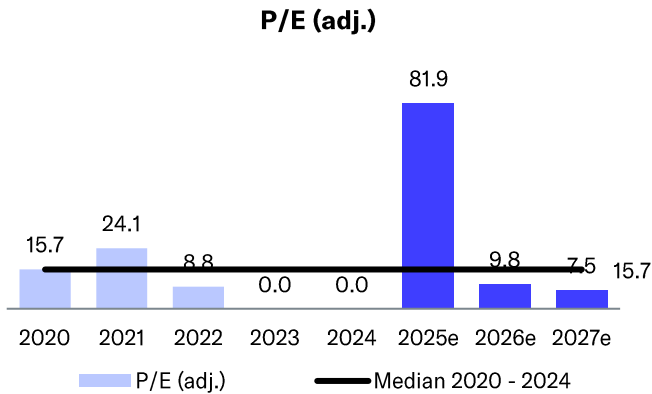
Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	105	107	1%	127	128	1%	138	141	2%
EBITDA	10.4	10.3	-1%	13.2	13.8	4%	15.2	15.7	3%
EBIT (exc. NRIs)	4.5	5.2	17%	7.4	7.9	8%	9.3	9.7	5%
EBIT	4.5	4.6	4%	7.4	7.9	8%	9.3	9.7	5%
PTP	2.8	1.1	-62%	5.9	6.5	10%	7.8	8.3	6%
EPS (excl. NRIs)	0.02	0.00	-72%	0.04	0.04	11%	0.05	0.05	7%
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	0.40	0.40	0.40	0.40
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	42	42	42	42
EV	119	124	97	63	54	64	66	63	60
P/E (adj.)	15.7	24.1	8.8	neg.	neg.	81.9	9.8	7.5	7.2
P/E	16.4	50.9	28.1	neg.	neg.	>100	9.8	7.5	7.2
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	6.2	4.8	4.0	3.6
EV/EBIT (adj.)	12.3	20.5	12.0	neg.	31.8	12.3	8.3	6.4	5.7
Payout ratio (%)	44.3 %	143.3 %	103.8 %	0.0 %	0.0 %	0.0 %	0.0 %	19.0 %	36.6 %
Dividend yield-%	2.7 %	2.8 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	2.5 %	5.1 %

Source: Inderes



The market value and enterprise value in the table take into account the projected 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	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	96.8	23.4	26.6	24.6	25.1	99.6	25.3	26.1	26.3	29.1	107	128	141	151
Group	96.8	23.4	26.6	24.6	25.1	99.6	25.3	26.1	26.3	29.1	107	128	141	151
EBITDA	3.8	0.9	2.6	2.2	-1.5	4.2	1.5	2.3	3.1	3.5	10.3	13.8	15.7	16.6
Depreciation	-8.7	-1.5	-1.4	-1.6	-2.6	-7.1	-1.3	-1.5	-1.5	-1.5	-5.7	-5.8	-5.9	-6.1
EBIT (excl. NRI)	-2.4	-0.6	1.4	0.7	0.2	1.7	0.7	0.8	1.6	2.1	5.2	7.9	9.7	10.5
EBIT	-4.9	-0.6	1.2	0.6	-4.1	-2.9	0.1	0.8	1.6	2.1	4.6	7.9	9.7	10.5
Net financial items	-3.4	-0.1	-0.3	-2.4	1.8	-0.9	-2.4	-0.4	-0.4	-0.4	-3.6	-1.5	-1.5	-1.8
PTP	-8.3	-0.6	0.8	-1.8	-2.2	-3.8	-2.2	0.4	1.2	1.7	1.1	6.5	8.3	8.7
Taxes	-1.1	0.0	-0.3	-0.1	-0.9	-1.2	0.0	-0.1	-0.3	-0.5	-0.9	-1.7	-2.1	-2.3
Minority interest	0.2	0.1	0.1	0.1	0.1	0.4	0.2	-0.1	-0.1	-0.1	-0.1	-0.4	-0.5	-0.6
Net earnings	-9.1	-0.5	0.7	-1.7	-3.1	-4.7	-2.1	0.2	0.8	1.1	0.1	4.3	5.6	5.8
EPS (adj.)	-0.56	-0.01	0.01	-0.02	0.01	0.00	-0.02	0.00	0.01	0.01	0.00	0.04	0.05	0.05
EPS (rep.)	-0.77	-0.01	0.01	-0.02	-0.03	-0.04	-0.02	0.00	0.01	0.01	0.00	0.04	0.05	0.05

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-29.3 %	-18.9 %	4.7 %	19.7 %	13.6 %	2.9 %	8.2 %	-2.0 %	7.0 %	16.0 %	7.1 %	20.0 %	10.0 %	7.0 %
Adjusted EBIT growth-%	-130.5 %	-9350.0 %	2013.8 %	-158.6 %	-113.6 %	-169.7 %	-222.9 %	-40.7 %	129.9 %	1074.3 %	205.9 %	52.4 %	22.7 %	8.0 %
EBITDA-%	4.0 %	3.9 %	9.8 %	8.9 %	-5.8 %	4.3 %	5.7 %	8.7 %	11.7 %	12.2 %	9.7 %	10.8 %	11.1 %	11.0 %
Adjusted EBIT-%	-2.5 %	-2.4 %	5.2 %	2.9 %	0.7 %	1.7 %	2.7 %	3.1 %	6.2 %	7.2 %	4.9 %	6.2 %	6.9 %	7.0 %
Net earnings-%	-9.4 %	-2.3 %	2.5 %	-7.0 %	-12.2 %	-4.7 %	-8.2 %	0.9 %	3.0 %	3.9 %	0.1 %	3.4 %	4.0 %	3.9 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	39.6	40.9	40.8	41.3	42.0
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	26.9	27.4	28.0
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	52.9	62.0	68.9
Inventories	16.9	17.3	18.7	22.4	24.7
Other current assets	0.5	0.6	0.6	0.6	0.6
Receivables	17.0	19.2	20.8	26.3	29.6
Cash and equivalents	11.0	10.9	12.8	12.8	14.1
Balance sheet total	85.0	89.0	93.7	103	111

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	17.7	32.3	31.9	36.2	41.8
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	9.5	4.7	4.8	9.2	14.8
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	16.0	18.1	17.4
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	14.4	16.5	15.8
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	45.8	49.1	51.8
Interest bearing debt	39.4	21.6	20.2	19.7	18.7
Payables	21.9	24.8	25.6	29.5	33.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	85.0	89.0	93.7	103	111

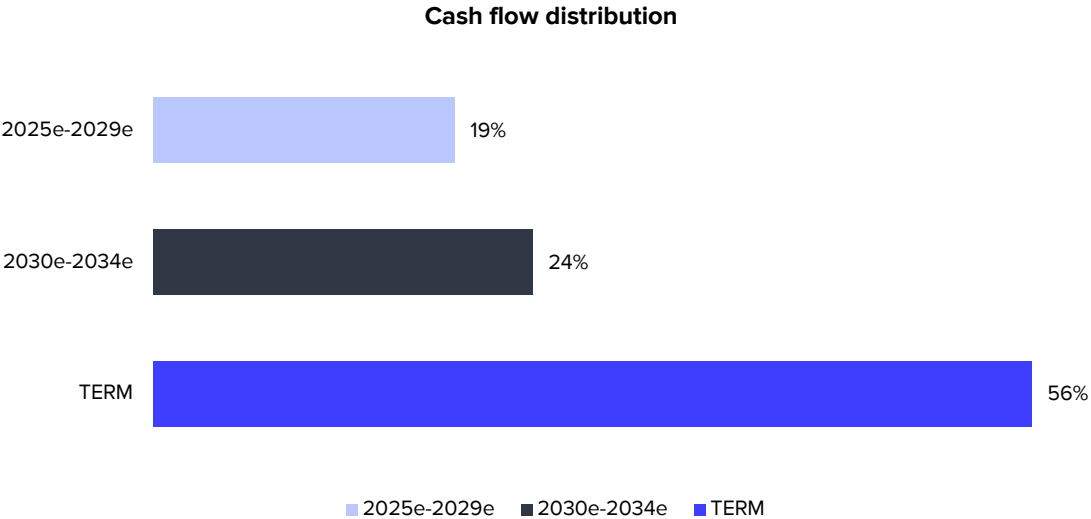
The full-year EPS was calculated using the number of shares at the end of the year.

DCF-calculation

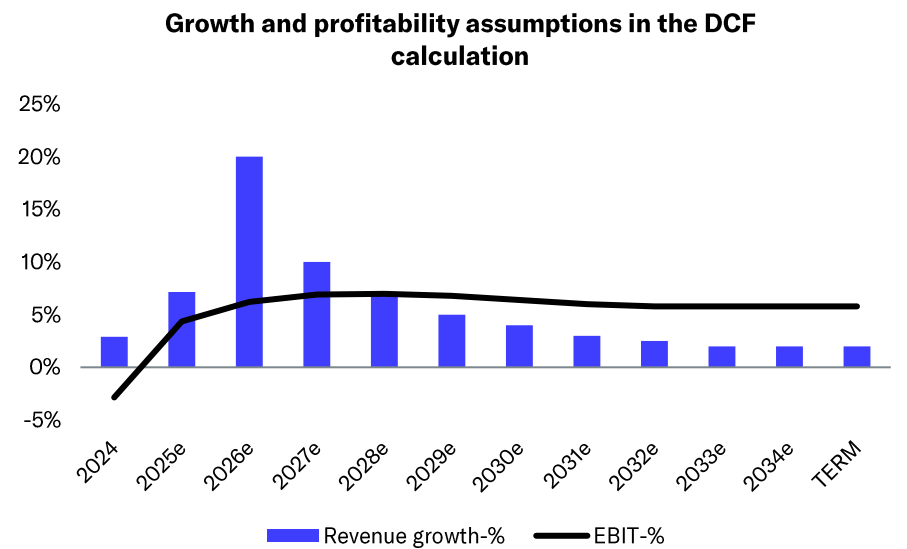
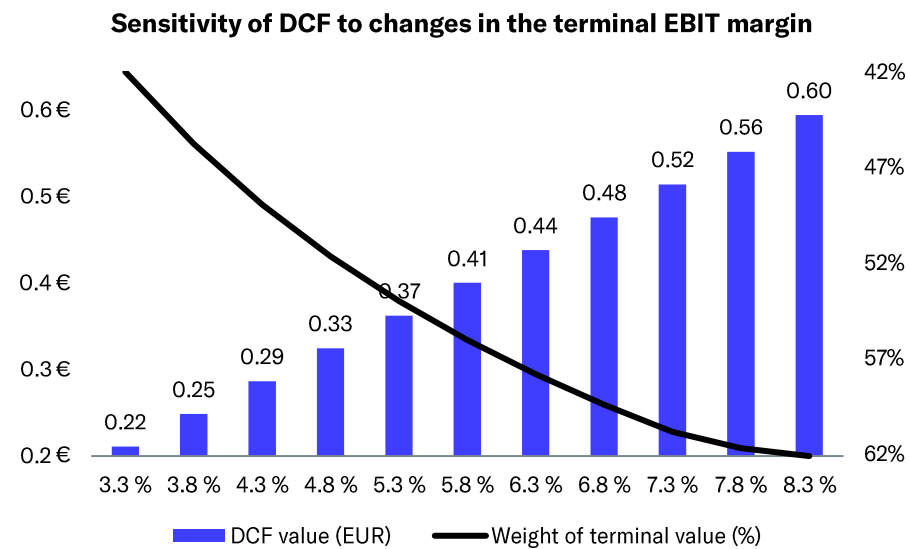
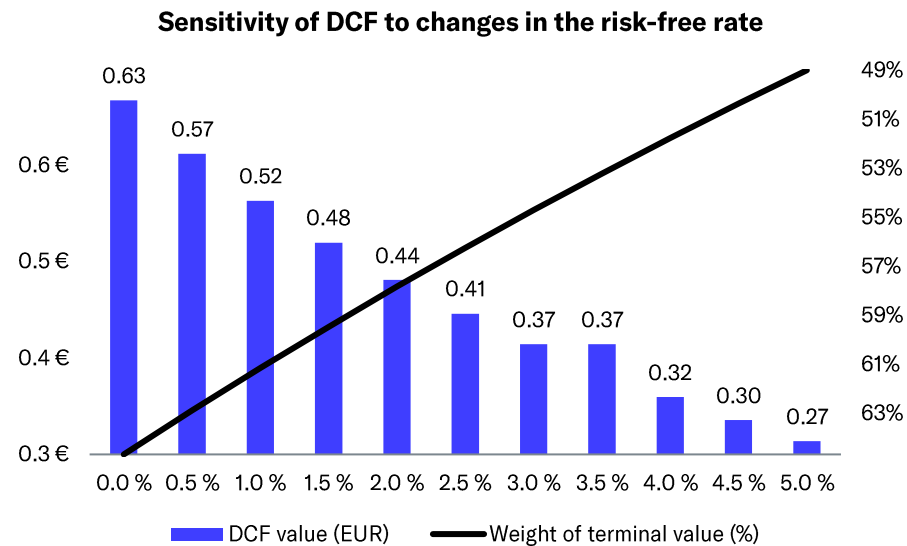
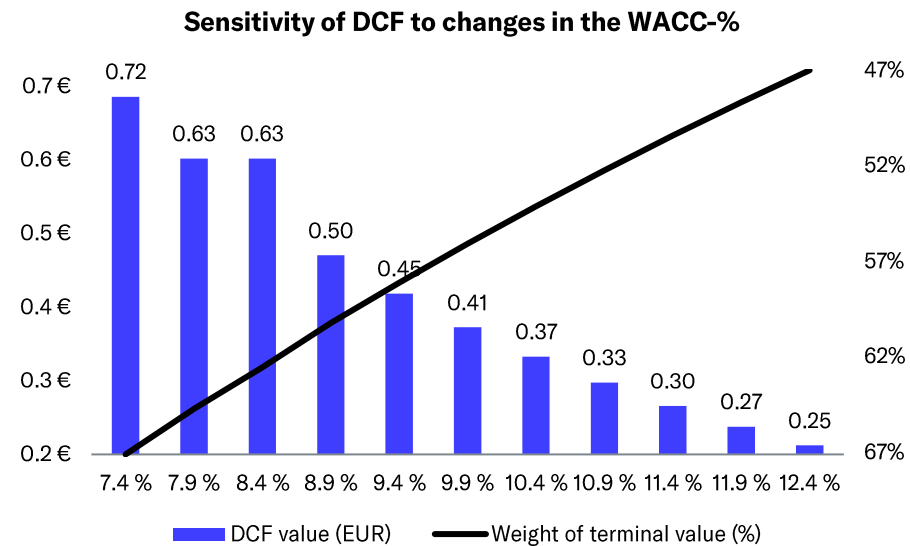
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	2.9 %	7.1 %	20.0 %	10.0 %	7.0 %	5.0 %	4.0 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %
EBIT-%	-2.9 %	4.4 %	6.2 %	6.9 %	7.0 %	6.8 %	6.4 %	6.0 %	5.8 %	5.8 %	5.8 %	5.8 %
EBIT (operating profit)	-2.9	4.6	7.9	9.7	10.5	10.8	10.5	10.2	10.1	10.3	10.5	
+ Depreciation	7.1	5.7	5.8	5.9	6.1	6.3	6.5	6.7	6.8	6.9	7.0	
- Paid taxes	-0.8	-0.9	-1.7	-2.1	-2.3	-2.3	-2.3	-2.2	-2.2	-2.3	-2.3	
- Tax, financial expenses	-0.2	-0.8	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-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	-2.1	-5.3	-1.9	-1.5	-1.1	-0.9	-0.7	-0.6	-0.5	-0.5	
Operating cash flow	3.4	6.6	6.3	11.2	12.4	13.1	13.3	13.5	13.6	14.0	14.3	
+ 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	1.1	0.0	4.6	5.4	5.8	5.9	6.1	6.2	6.6	6.8	
+/- 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	1.1	0.0	4.6	5.4	5.8	5.9	6.1	6.2	6.6	6.8	88.4
Discounted FCFF		1.1	0.0	3.6	3.9	3.8	3.4	3.3	3.0	2.9	2.8	35.6
Sum of FCFF present value		63.2	62.1	62.2	58.6	54.7	51.0	47.5	44.3	41.2	38.3	35.6
Enterprise value DCF		63.2										
- Interest bearing debt		-30.4										
+ Cash and cash equivalents		10.9										
-Minorities		-0.3										
-Dividend/capital return		0.0										
Equity value DCF		43.3										
Equity value DCF per share		0.41										

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



DCF sensitivity calculations and key assumptions in graphs



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	106.7	128.1	EPS (reported)	0.19	-0.77	-0.04	0.00	0.04
EBITDA	10.1	3.8	4.2	10.3	13.8	EPS (adj.)	0.61	-0.56	0.00	0.00	0.04
EBIT	3.0	-4.9	-2.9	4.6	7.9	OCF / share	0.99	0.59	0.03	0.06	0.06
PTP	3.6	-8.3	-3.8	1.1	6.5	OFCF / share	0.74	0.46	-0.05	0.01	0.00
Net Income	2.3	-9.1	-4.7	0.1	4.3	Book value / share	2.52	1.47	0.30	0.30	0.34
Extraordinary items	-5.0	-2.4	-4.6	-0.6	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	93.7	103.4	Revenue growth-%	2%	-29%	3%	7%	20%
Equity capital	30.4	17.7	32.3	31.9	36.2	EBITDA growth-%	-15%	-62%	11%	143%	33%
Goodwill	13.0	12.6	12.5	12.5	12.5	EBIT (adj.) growth-%	33%	-130%	-170%	206%	52%
Net debt	31.1	32.8	19.5	21.8	23.3	EPS (adj.) growth-%	109%	-192%	-100%	-778%	737%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	7.4 %	4.0 %	4.3 %	9.7 %	10.8 %
EBITDA	10.1	3.8	4.2	10.3	13.8	EBIT (adj.)-%	5.9 %	-2.5 %	1.7 %	4.9 %	6.2 %
Change in working capital	2.8	2.9	0.1	-2.1	-5.3	EBIT-%	2.2 %	-5.0 %	-2.9 %	4.4 %	6.2 %
Operating cash flow	11.8	7.0	3.4	6.6	6.3	ROE-%	7.6 %	-38.5 %	-19.0 %	0.3 %	12.8 %
CAPEX	-3.2	-1.6	-8.8	-5.6	-6.4	ROI-%	3.7 %	-6.9 %	-4.6 %	7.2 %	11.5 %
Free cash flow	8.8	5.5	-5.6	1.1	0.0	Equity ratio	26.9 %	20.9 %	36.4 %	34.0 %	35.0 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	102.4 %	185.7 %	60.3 %	68.4 %	64.4 %
EV/S	0.7	0.7	0.5	0.6	0.5						
EV/EBITDA	6.7	15.6	12.7	6.2	4.8						
EV/EBIT (adj.)	12.0	neg.	31.8	12.3	8.3						
P/E (adj.)	8.8	neg.	neg.	81.9	9.8						
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 value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years. Key figures per share have been calculated using the number of shares at the end of the year.

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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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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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 €



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