

EXEL COMPOSITES PLC'S FINANCIAL STATEMENTS RELEASE 2012

OCTOBER - DECEMBER 2012 HIGHLIGHTS

- Net sales in the fourth quarter of 2012 were EUR 18.6 (19.8) million, down by 5.7 per cent on the previous year
- Impairment of EUR 2.5 million of goodwill and other non-current assets was recorded in fourth quarter
- Operating profit in the fourth quarter of 2012 excluding impairment was EUR 0.9 million or 5.0 (8.9) per cent of net sales
- Operating loss of the fourth quarter of 2012 including impairment was -1.6 million (EUR 1.8 million including EUR +0.2 million non-recurring items), or -8.6 (8.9) per cent of net sales
- Net operative cash flow was positive at EUR +4.4 (+3.1) million
- Fully diluted earnings per share were EUR -0.12 (0.11)

JANUARY - DECEMBER 2012 HIGHLIGHTS

- Net sales for the financial year decreased to EUR 76.0 (85.1) million, down by 10.7 per cent on the previous year
- Operating profit for the financial year excluding impairment was EUR 5.9 million (EUR 11.1 million including EUR +0.5 million non-recurring items) million, or 7.8 (13.0) per cent of net sales
- Operating profit for the financial year including impairment was EUR 3.4 million (EUR 11.1 million including EUR +0.5 million non-recurring items) million, or 4.5 (13.0) per cent of net sales
- Net operative cash flow was positive at EUR +8.2 (+9.6) million
- Fully diluted earnings per share for the full year were EUR 0.17 (0.67)
- The Board of Directors proposes that a dividend of EUR 0.30 (0.50) per share be paid for the financial year 2012

OUTLOOK FOR 2013

Major uncertainties relating to general growth prospects in the economy continue. Visibility is low and the market pressure is expected to continue in 2013. The Company will continue to work on sales development and on adjusting costs to market conditions. Additional contingency actions may be undertaken which may impact the short-term profits, but protect long-term cash flow and profitability.

COMMENTS BY THE CEO

"In 2012 Exel Composites' performance was disappointing. The European economic situation impacted the results negatively. The weak market situation affected the sales of our main customers, which resulted in declining sales for Exel Composites. Net sales decreased on the previous year, ending the year at EUR 76.0 (85.1) million, a decrease of 10.7 per cent. Net sales declined especially during the second and third quarters of the year. The decline in net sales slowed down in the fourth quarter of 2012 compared to the previous year.

Sales decreased especially in telecommunication products and in the building, construction and infrastructure market compared to the previous year. The decrease in sales was partly due to certain main customers' destocking.

We continued to invest more resources in sales, technical sales and customer-driven product development to generate new sales. This led to increased sales in the transportation, cleaning and maintenance, windows and doors as well as electrical market segments compared to 2011. A record number of new products, over 100, were developed in 2012. In the short term these investments decreased the yield and sales margins, but they are estimated to strengthen top line in the long run.

The financial performance of the Australian and UK business units weakened during the fourth quarter 2012 in spite of corrective actions undertaken. The market conditions remain challenging in 2013. An impairment of EUR 2.5 million is recorded in the results of the fourth quarter of 2012 in the Australian and UK business units. Business plans and further corrective actions have been developed to improve the profitability in both units.

The Group's operating profit before impairment in 2012 decreased on 2011 and was EUR 5.9 (11.1) million, down by 46.5 per cent on the previous year. Operating profit including the impairment for the financial year 2012 was EUR 3.4 million. Both material and personnel costs increased proportionally in 2012. We continued to pass the effects of the rising costs to product prices. Temporary lay-offs and permanent personnel reductions took place in several units of the Group in 2012. Exel Composites' competitive position is strong due to solid balance sheet and positive cash flow. Exel Composites cash flow was positive at EUR +8.2 (+9.6) million and net gearing was -3.4 (-5.0) per cent at end of 2012.

Turnaround actions started in our Chinese unit in 2011 to improve efficiency continued to show positive results.

The ExelWay-project that was launched in 2011 was continued throughout 2012. It targets improving co-operation and harmonizing processes between the units. The project aims at identifying best practices throughout Exel Composites and creating new global functions and efficient business processes. New processes and practices are being implemented. Group-wide practices are driven by our global ERP and CRM systems, which are now widely in use. Harmonization is bringing improvements in cross-site cooperation and will be continued in 2013. During 2012 Exel Composites' units in Austria, Belgium and the United Kingdom achieved ISO 14001 Environmental Management status. The target is to have all the units of the Group certified. We want to be in the forefront of sustainable development.

In 2013 our focus will be on sales, efficiency and yield improvement and turnaround measures in our Australian and UK units. Our strategic focus areas include developing balanced product and customer portfolios, selected segments as well as driving process and equipment harmonization. We will also concentrate on developing a truly global production platform.

Exel Composites continues to have a strong position in the pultrusion industry. Maintaining this position requires continuous innovation in close co-operation with existing and new customers. I am confident that with our knowledgeable personnel we will continue to reach our objective of profitable growth.

However, visibility is low and the market pressure is expected to continue in 2013. Actions will be undertaken to protect the cash flow and the profits, whilst continuing to invest in attractive market segments to pursue the strategy of long-term profitable growth."

#### CONSOLIDATED KEY FIGURES, EUR million

|                          | 1.10. –<br>31.12.<br>2012 | 1.10. –<br>31.12.<br>2011 | Change,<br>% | 1.1. –<br>31.12.<br>2012 | 1.1. –<br>31.12.<br>2011 | Change,<br>% |
|--------------------------|---------------------------|---------------------------|--------------|--------------------------|--------------------------|--------------|
| Net sales                | 18.6                      | 19.8                      | -5.7         | 76.0                     | 85.1                     | -10.7        |
| Operating profit         | -1.6                      | 1.8                       | -191.7       | 3.4                      | 11.1                     | -69.3        |
| % of net sales           | -8.6                      | 8.9                       |              | 4.5                      | 13.0                     |              |
| Profit for the<br>period | -1.5                      | 1.3                       | -216.4       | 2.0                      | 7.9                      | -74.4        |
| Shareholders'<br>equity  | 31.4                      | 35.1                      | -10.5        | 31.4                     | 35.1                     | -10.5        |

|                                  |       |      |       |      |      |       |
|----------------------------------|-------|------|-------|------|------|-------|
| Net interest-bearing liabilities | -1.1  | -1.7 | -38.8 | -1.1 | -1.7 | -38.8 |
| Capital employed                 | 39.6  | 43.2 | -8.3  | 39.6 | 43.2 | -8.3  |
| Return on equity, %              | -18.2 | 14.9 |       | 6.1  | 23.5 |       |
| Return on capital employed, %    | -15.4 | 17.2 |       | 8.4  | 26.1 |       |
| Equity ratio, %                  | 61.0  | 61.6 |       | 61.0 | 61.6 |       |
| Net gearing, %                   | -3.4  | -5.0 |       | -3.4 | -5.0 |       |
| Earnings per share, EUR          | -0.12 | 0.11 |       | 0.17 | 0.67 |       |
| Earnings per share, diluted, EUR | -0.12 | 0.11 |       | 0.17 | 0.67 |       |
| Equity per share, EUR            | 2.64  | 2.95 |       | 2.82 | 2.95 |       |

## IFRS REPORTING

This financial statements bulletin has been prepared in accordance with the recognition and measurement principles of IFRS, which are the same as in the 2011 financial statements. The Group has adopted the mandatory IFRS standards that entered into force on 1 January 2012, but they have not had an impact on the Group's financial situation.

### OCTOBER - DECEMBER 2012

#### FINANCIAL PERFORMANCE

The Group's net sales in October - December 2012 were EUR 18.6 (19.8) million. Sales continued to decrease in the building, construction and infrastructure market, telecommunication products, energy sector and machine industry compared to the same period in 2011. The decrease in sales was partly due to certain main customers' desstocking. Market demand increased in the transportation and cleaning and maintenance segment compared to the fourth quarter of 2011.

The European economic situation has impacted the results negatively. The weak market situation has affected the sales of our main customers, which has resulted in declining sales for Exel Composites. The Company has continued to invest more resources in sales and customer-driven product development to generate new sales. Even though this has not yet compensated the loss of sales from existing main customers, it is expected to strengthen future top line.

Exel Composites has carried out annual group and cash generating unit level goodwill impairment tests according to IAS 36 in relation with the closing of the accounts.

The financial performance of the Australian and UK business units weakened during the fourth quarter 2012 in spite of corrective actions undertaken. The market conditions remain challenging in 2013. As an impairment test result, an impairment of EUR 2.5 million was recorded in the results of the fourth quarter of 2012 in the Australian and UK business units. Impairment was recorded as EUR 1.0 million in goodwill and EUR 1.5 million in other non-current assets. Business plans and further corrective actions have been developed to improve the profitability in both units.

Operating profit in the fourth quarter of 2012 excluding impairment was EUR 0.9 million or 5.0 (8.9) per cent of net sales. Operating loss of the fourth quarter of 2012 was EUR -1.6 million including impairment (EUR 1.8

million including EUR +0.2 million non-recurring items), or -8.6 (8.9) per cent of net sales. The impairment did not have an effect on the cash flow. As a result of this impairment the annual depreciations will be reduced in following years.

Exel Composites was not able to adjust the cost base fully to the decreased sales volumes.

The operating cash flow continued to be positive and improved during the fourth quarter.

Cost-saving campaigns commenced in the second quarter of 2012 continued in all the units of the Group. Exel Composites will continue measures to mitigate the effects of the rising costs, and to pass them to the market by increasing product prices. Operations will be adjusted to demand. Temporary and permanent lay-offs of employees have taken place in several units of the Group.

## FINANCIAL YEAR 2012

### FINANCIAL PERFORMANCE

In 2012 Exel Composites' performance was disappointing. In 2012, net sales for the Exel Composites Group decreased on the previous year, ending the year at EUR 76.0 (85.1) million. The weak demand that started during the third quarter of 2011 continued during the financial year 2012.

The Group's operating profit before impairment in 2012 decreased on 2011 and was EUR 5.9 (11.1) million, down by 46.5 per cent on the previous year. The declined operating profit is mainly due to decreased sales volumes and investments made in organizational development.

Exel Composites' operating profit for the financial year including impairment of EUR -2.5 million decreased to EUR 3.4 million (EUR 11.1 million including non-recurring items of EUR +0.5 million). The operating profit as a percentage of net sales was 4.5 (13.0) per cent. In 2011, other operating income included EUR 0.5 million of one-off items.

Exel Composites' units in Austria and Belgium achieved ISO 14001 Environmental Management status in spring 2012 and the British unit in December 2012. The Group's Chinese and Finnish units were granted ISO 14001 environmental certificate earlier. The target is to have all the units of the Group certified.

The Group's net financial expenses in 2012 were EUR -0.4 (-0.3) million. The net financial expenses in 2012 included exchange differences of EUR -0.2 (-0.1) million. The Group's profit before taxes was EUR 3.0 (10.8) million and profit after taxes EUR 2.0 (7.9) million.

Fully diluted total earnings per share were EUR 0.17 (0.67). Return on capital employed in 2012 was 8.4 (26.1) per cent. Return on equity was 6.1 (23.5) per cent.

### BALANCE SHEET AND FINANCIAL POSITION

Cash flow from business operations was positive at EUR 8.2 (9.6) million. Cash flow before financing, but after capital expenditure, amounted to EUR 5.4 (6.4) million.

Capital expenditure was financed with cash flow from business operations. At the end of the financial year, the Group's liquid assets stood at EUR 9.2 (9.8) million.

The Group's consolidated total assets at the end of the financial year were EUR 51.5 (57.0) million. Impairment reduced the total assets by EUR -2.5 million.

Interest-bearing liabilities amounted to EUR 8.2 (8.1) million. Net interest-bearing liabilities were reduced to EUR -1.1 (-1.7) million.

Equity at the end of the financial year was EUR 31.4 (35.1) million and equity ratio 61.0 (61.6) per cent. The net gearing ratio was -3.4 (-5.0) per cent.

The Company paid total dividends during the financial year of EUR 5.9 (5.9) million. Dividend per share was EUR 0.50 (0.50).

#### CAPITAL EXPENDITURE AND DEPRECIATION

The capital expenditure on fixed assets amounted to EUR 2.8 (3.2) million.

Total depreciation of non-current assets during the year under review amounted to EUR 2.9 (2.7) million. An impairment of EUR 2.5 million was recorded in the results of the fourth quarter of 2012 in the Australian and UK business units. Impairment was recorded as EUR 1.0 million in goodwill and EUR 1.5 million in other non-current assets. As a result of the impairment the annual depreciations will be reduced in following years. Total depreciation and impairment amount to EUR 5.4 million.

#### PERSONNEL

The number of Exel Composites Group employees on 31 December 2012 was 427 (428), of whom 201 (199) worked in Finland and 226 (229) in other countries. The average number of personnel during the financial year was 431 (428).

Temporary lay-offs and permanent personnel reductions have taken place in several units in 2012. Co-determination negotiations concerning the salaried employees working in the Finnish units of the Exel Composites Group were concluded in July 2012. In addition to permanent personnel reductions, the salaried employees of the Finnish units will be laid off temporarily for a maximum of 90 days between autumn 2012 and spring 2013. Co-determination negotiations concerning the non-salaried employees working in the Joensuu unit of the Group were concluded in November 2012. The personnel group in question will be laid off temporarily for a maximum of 90 days. Despite the challenging economic situation Exel Composites continues to invest in the technical sales organization to secure future growth.

The ExelWay project that was launched in the latter half of 2011 was continued. The project aims at improving co-operation and harmonizing processes between the units. Project findings including new and efficient business processes and best practices are to be implemented as the project proceeds.

#### RESEARCH AND DEVELOPMENT

Product and technology development costs totaled EUR 1.6 (1.6) million, representing 2.1 (1.9) per cent of net sales. The main projects were connected with the development of new products and customer applications.

#### SHARES AND SHARE CAPITAL

The share capital has remained unchanged during the financial year and is 11,896,843 shares each having the counter-book value of EUR 0.18. There is only one class of shares and all shares are freely assignable under Finnish law.

Exel Composites did not hold any of its own shares during the period of review.

#### SHARE PERFORMANCE AND TURNOVER

Exel Composites' share is listed in the Small Cap segment of the NASDAQ OMX Helsinki Ltd. in the Industrials sector.

During the financial year the highest share price quoted was EUR 8.79 (9.40) and the lowest EUR 5.55 (6.75). At the end of the year, the share price was EUR 5.90 (7.65). The average share price during the financial year was EUR 7.05 (8.10).

Total shareholder return (TSR) in 2012 was -16 (15) per cent.

A total of 944,978 (1,381,139) shares were traded during the year, which represents 7.9 (11.6) per cent of the average number of shares. On 31 December 2012, Exel Composites' market capitalization was EUR 70.2 (91.0) million.

## SHAREHOLDERS AND DISCLOSURES

On 31 December 2012, 1.0 per cent of the shares and votes of Exel Composites were owned or controlled, directly or indirectly by the President and CEO and the members of the Board.

The Company's largest shareholder is the Swedish investment company Nordstjernan AB, which owned 29.4 per cent of shares at the end of 2012. Other major shareholders included Ilmarinen Mutual Pension Insurance Company (5.8 per cent), OP-Suomi Small Cap Investment Fund (5.0 per cent) and Ulkomarkkinat Oy (4.0 per cent). At the end of the year, the Company had a total of 2,746 (2,649) shareholders.

Exel Composites did not receive any flagging announcements during the financial year.

## CORPORATE GOVERNANCE

Exel Composites issues a Corporate Governance Statement for the financial year 2012. The Corporate Governance Statement has been composed in accordance with recommendation 54 of the new Corporate Governance Code and Chapter 2, Section 6 of the Finnish Securities Market Act. The Corporate Governance Statement is issued separately from the Board of Directors' report. Further information concerning the corporate governance matters is available at the Group's website at [www.exelcomposites.com](http://www.exelcomposites.com).

## DECISIONS OF THE AGM 2012

The Annual General Meeting of Exel Composites Plc held on 29 March 2012 approved the Board's proposal to distribute a dividend of EUR 0.50 per share for the financial year 2011 amounting to a total of EUR 5.9 (5.9) million.

The Annual General Meeting authorized the Board of Directors to repurchase the Company's own shares by using unrestricted equity. The maximum amount to be acquired is 600,000 shares. The authorization is valid until the next Annual General Meeting.

## BOARD OF DIRECTORS AND AUDITORS

On 29 March 2012, the Annual General Meeting appointed Heikki Hiltunen, Peter Hofvenstam, Göran Jönsson, Reima Kerttula and Heikki Mairinoja to continue on the Board of Directors. At the formative meeting of the Board of Directors held after the AGM, the Board of Directors re-elected from among its members Peter Hofvenstam as its Chairman.

The Board of Directors convened 11 times in 2012 and the average attendance rate at these meetings was 96 per cent. The fees paid to the Board of Directors totaled EUR 178 (140) thousand in 2012.

The Board of Directors has reviewed the independence of Board members in accordance with Recommendation 15 of the Corporate Governance Code. Heikki Hiltunen, Reima Kerttula and Heikki Mairinoja are independent Board members. Peter Hofvenstam is considered as independent from the Company, but non-independent from a major shareholder, since he is the Vice President of Nordstjernan AB. Göran Jönsson is considered as non-independent from the Company as former President and CEO of the company. The Board was considered to comply with the Corporate Governance independency rules.

The Annual General Meeting of Exel Composites has elected a Shareholders' Nomination Board, which nominates candidates to the Annual General Meeting for election as Board members and proposes the fees to be paid to the Board members. The Nomination Board included the Chairman and persons nominated by the

four largest shareholders as of 1 November 2012. In 2012 the Nomination Board comprised Tomas Billing as Chairman (Nordstjernan AB), Matti Rusanen (Ilmarinen Mutual Pension Insurance Company), Samuli Sipilä (OP Fund Management), Erkki Myllärniemi (Ulkomarkkinat Oy), and Peter Hofvenstam, the Chairman of the Board of Directors, as an expert member. The Nomination Board met three times in 2012.

Ernst & Young, Authorized Public Accountants, with Juha Hilmola, APA, as principal auditor, were elected to serve as company auditor in the AGM in 2012.

The fees paid to the auditors for audit services totaled EUR 174 (173) thousand and for non-audit services EUR 78 (20) thousand in 2012.

## MANAGEMENT

Mr. Kim Sjödahl was appointed SVP Product and Technology Development and member of the Group Management Team as of 1 February 2012.

A new long-term incentive program for the Company executives was approved by the Board of Directors in June 2012. The aim of the new program is to combine the objectives of the shareholders and the executives in order to increase the value of the Company, to commit the executives to the Company and to offer the executives a competitive reward program based on holding the Company's shares. The new program includes matching shares and a long-term monetary performance reward, and it is targeted at 18 executives for the earning period 2012 - 2014. The members of the Group Management Team are included in the target group of the new incentive program.

## MAJOR NEAR-TERM RISKS AND UNCERTAINTIES

The most significant near-term business risks are related to the general economic development, government regulations and continued financial crisis in the Euro area as well as to market demand in certain market segments. Success of corrective actions in the Australian and UK business units can have an impact on the profitability. Raw material prices, energy cost and other cost increases may continue to put pressure on profitability. Currency rate changes, price competition and alternative competing materials may also have a negative effect on the result. The availability and cost of financing may continue to have an effect on the demand and increase the risk of credit losses.

## ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IRFS)

All IFRS's in force on 31 December 2012 that are applicable to Exel Composites' business operations, including all SIC- and IFRIC-interpretations thereon, have been complied with when preparing year 2012 and comparable year 2011 figures. International financial reporting standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements conform also with the Finnish accounting and company legislation.

## OUTLOOK FOR 2013

Major uncertainties relating to general growth prospects in the economy continue. Visibility is low, but the market pressure is expected to continue in 2013. The Company will continue to work on sales development and on adjusting costs to market conditions. Additional contingency actions may be undertaken which may impact the short-term profits, but protect long-term cash flow and profitability.

## BOARD PROPOSAL FOR DIVIDEND DISTRIBUTION

Exel Composites' financial goals include distributing dividends equal to at least 40 per cent of the profit for the financial year unless otherwise required by growth and liquidity.

On 31 December 2012 Exel Composites Plc's distributable funds totaled EUR 22,496 thousand, of which profit for the financial period accounted for EUR 5,708 thousand.

The financial position of the Group is strong. The Board has therefore decided to propose to the Annual General Meeting that a dividend of EUR 0.30 (EUR 0.50) per share, a payout ratio of 176 per cent, be paid for the 2012 financial year, in spite of the weak results in 2012.

As a basis for its proposal, the Board of Directors has made an assessment of the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements. The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks of the Group's business activities.

The proposed record date for dividends is 3 April 2013. If the Annual General Meeting approves the Board's proposal, it is estimated that the dividend will be paid on 10 April 2013.

#### CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

| EUR thousand                        | 1.10. –<br>31.12.<br>2012 | 1.10. –<br>31.12.<br>2011 | Change, % | 1.1. –<br>31.12.<br>2012 | 1.1. –<br>31.12.<br>2011 | Change, % |
|-------------------------------------|---------------------------|---------------------------|-----------|--------------------------|--------------------------|-----------|
| Net sales                           | 18,634                    | 19,758                    | -5.7      | 75,998                   | 85,136                   | -10.7     |
| Materials and services              | -7,670                    | -7,529                    | -1.9      | -29,986                  | -33,358                  | 10.1      |
| Employee benefit expenses           | -5,095                    | -5,419                    | 6.0       | -21,077                  | -21,133                  | 0.3       |
| Depreciation and impairment         | -3,304                    | -672                      | -391.7    | -5,387                   | -2,02                    | -99.4     |
| Other operating expenses            | -4,345                    | -4,668                    | 6.9       | -17,057                  | -17,709                  | 3.7       |
| Other operating income              | 173                       | 284                       | -39.1     | 909                      | 849                      | 7.1       |
| Operating profit                    | -1,608                    | 1,754                     | -191.7    | 3,399                    | 11,082                   | -69.3     |
| Net financial items                 | -109                      | -31                       | -251.6    | -428                     | -284                     | -50.7     |
| Profit before tax                   | -1,717                    | 1,723                     | -199.7    | 2,971                    | 10,798                   | -72.5     |
| Income taxes                        | 246                       | -459                      | 153.6     | -940                     | -2,852                   | 67.0      |
| Profit/loss for the period          | -1,471                    | 1,264                     | -216.4    | 2,031                    | 7,946                    | -74.4     |
| Other comprehensive income:         |                           |                           |           |                          |                          |           |
| Exchange differences on translating |                           |                           |           |                          |                          |           |



|  |        |       |        |       |       |       |
|--|--------|-------|--------|-------|-------|-------|
| foreign operations   | -504   | 1,635 | -130.8 | 133   | 893   | -85.1 |
| Other comprehensive income, net of tax                                     | -504   | 1,635 | -130.8 | 133   | 893   | -85.1 |
| Total comprehensive income   | -1,976 | 2,898 | -168.2 | 2,164 | 8,839 | -75.5 |
| Profit/loss attributable to: Equity holders of the parent company          | -1,471 | 1,264 |        | 2,031 | 7,946 |       |
| Comprehensive income attributable to: Equity holders of the parent company | -1,976 | 2,898 |        | 2,164 | 8,839 |       |
| Earnings per share, diluted and undiluted, EUR                             | -0.12  | 0.11  |        | 0.17  | 0.67  |       |

#### CONDENSED CONSOLIDATED BALANCE SHEET

| EUR thousand                  | 31.12.2012 | 31.12.2011 | Change |
|-------------------------------|------------|------------|--------|
| <b>ASSETS</b>                 |            |            |        |
| Non-current assets            |            |            |        |
| Goodwill                      | 10,898     | 11,939     | -1,041 |
| Other intangible assets       | 1,220      | 1,961      | -741   |
| Tangible assets               | 10,681     | 11,612     | -931   |
| Deferred tax assets           | 752        | 148        | 604    |
| Other non-current assets      | 64         | 64         | 0      |
| Non-current assets total      | 23,615     | 25,723     | -2,109 |
| Current assets                |            |            |        |
| Inventories                   | 9,129      | 10,499     | -1,370 |
| Trade and other receivables   | 9,513      | 10,985     | -1,472 |
| Cash at bank and in hand      | 9,245      | 9,840      | -595   |
| Current assets total          | 27,887     | 31,323     | -3,436 |
| Total assets                  | 51,502     | 57,047     | -5,545 |
| <b>EQUITY AND LIABILITIES</b> |            |            |        |
| Shareholders' equity          |            |            |        |
| Share capital                 | 2,141      | 2,141      | 0      |

|   |        |        |        |
|---|--------|--------|--------|
| Other reserves  | 45     | 30     | 15     |
| Invested unrestricted equity fund                                 | 8,488  | 8,488  | 0      |
| Translation differences   | 4,337  | 4,204  | 133    |
| Retained earnings   | 14,396 | 12,309 | 2,087  |
| Profit for the period   | 2,031  | 7,946  | -5,915 |
| Total equity attributable to equity holders of the parent company | 31,438 | 35,118 | -3,680 |
| Total equity  | 31,438 | 35,118 | -3,680 |
| Non-current liabilities   |        |        |        |
| Interest-bearing liabilities                                      |        |        |        |
|   | 8,168  | 8,088  | 80     |
| Interest-free liabilities   | 411    | 392    | 19     |
| Deferred tax liabilities  | 377    | 539    | -162   |
| Current liabilities   |        |        |        |
| Interest-bearing liabilities                                      | 11     | 10     | 1      |
| Trade and other non-current liabilities                           | 11,098 | 12,900 | -1,802 |
| Total liabilities   | 20,064 | 21,928 | -1,864 |
| Total equity and liabilities                                      | 51,502 | 57,047 | -5,545 |

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| EUR thousand                | Share Capital | Other Reserves | Invested Unrestricted Equity Fund | Translation Differences | Retained Earnings | Total  |
|-----------------------------|---------------|----------------|-----------------------------------|-------------------------|-------------------|--------|
| Balance at 1 January 2011   | 2,141         | 37             | 8,488                             | 3,311                   | 18,529            | 32,507 |
| Comprehensive result        | 0             | 0              | 0                                 | 893                     | 7,946             | 8,839  |
| Other items                 | 0             | -7             | 0                                 | 0                       | -271              | -278   |
| Dividend                    |               |                |                                   |                         |                   | -5,948 |
| Balance at 31 December 2011 | 2,141         | 30             | 8,488                             | 4,204                   | 20,255            | 35,118 |
| Balance at 1st January 2012 | 2,141         | 30             | 8,488                             | 4,204                   | 20,255            | 35,118 |
| Comprehensive result        | 0             | 0              | 0                                 | 133                     | 2,031             | 2,164  |
| Other items                 | 0             | 15             | 0                                 | 0                       | 89                | 104    |
| Dividend                    |               |                |                                   | 0                       | -5,948            | -5,948 |

|               |       |    |       |       |        |        |
|---------------|-------|----|-------|-------|--------|--------|
| Balance at 31 |       |    |       |       |        |        |
| December 2012 | 2,141 | 45 | 8,488 | 4,337 | 16,427 | 31,438 |

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| EUR thousand                                   | 1.1. –<br>31.12.<br>2012 | 1.1. –<br>31.12.<br>2011 | Change        |
|--|--------------------------|--------------------------|---------------|
| <b>Cash Flow from Operating Activities</b>     |                          |                          |               |
| Profit for the period                          | 2,031                    | 7,946                    | -5,915        |
| Adjustments                                    | 7,170                    | 6,308                    | 862           |
| Change in working capital                      | 1,223                    | -2,216                   | 3,439         |
| <b>Cash Flow Generated by Operations</b>       | <b>10,424</b>            | <b>12,038</b>            | <b>-1,614</b> |
| Interest paid                                  | -259                     | -349                     | 90            |
| Interest received                              | 80                       | 129                      | -49           |
| Other financial items                          | -155                     | -191                     | 36            |
| Income taxes paid                              | -1,897                   | -2,067                   | 170           |
| <b>Net Cash Flow from Operating Activities</b> | <b>8,193</b>             | <b>9,560</b>             | <b>-1,367</b> |
| <b>Cash Flow from Investing Activities</b>     |                          |                          |               |
| Acquisitions                                   | 0                        | 0                        | 0             |
| Disposal of business                           | 0                        | 0                        | 0             |
| Capital expenditure                            | -2,846                   | -3,208                   | 362           |
| Proceeds from sale of fixed assets             | 16                       | 0                        | 16            |
| <b>Cash Flow from Investing Activities</b>     | <b>-2,830</b>            | <b>-3,208</b>            | <b>378</b>    |
| <b>Cash Flow from Financing</b>                |                          |                          |               |
| Share issue                                    | 0                        | 0                        | 0             |
| Proceeds from long-term borrowings             | 0                        | 0                        | 0             |
| Instalments of long-term borrowings            | 0                        | -2,160                   | 2,160         |
| Change in short-term loans                     | 0                        | 0                        | 0             |
| Instalments of finance lease liabilities       | -10                      | -10                      | 0             |
| Dividends paid                                 | -5,948                   | -5,948                   | 0             |
| <b>Net Cash Flow from Financing</b>            | <b>-5,958</b>            | <b>-8,118</b>            | <b>2,160</b>  |
| <b>Change in Liquid Funds</b>                  | <b>-595</b>              | <b>-1,766</b>            | <b>1,171</b>  |
| Liquid funds in the beginning of period        | 9,840                    | 11,606                   | -1,766        |
| Change in liquid funds                         | -595                     | -1,766                   | 1,171         |
| Liquid funds at the end of period              | 9,245                    | 9,840                    | -595          |

#### QUARTERLY KEY FIGURES

| EUR thousand | IV/<br>2012 | III/<br>2012 | II/<br>2012 | I/<br>2012 | IV/<br>2011 | III/<br>2011 | II/<br>2011 | I/<br>2011 |
|--------------|-------------|--------------|-------------|------------|-------------|--------------|-------------|------------|
|--------------|-------------|--------------|-------------|------------|-------------|--------------|-------------|------------|

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Net sales   | 18,634 | 17,054 | 19,791 | 20,519 | 19,758 | 20,463 | 23,367 | 21,548 |
| Materials and services                                | -7,670 | -6,706 | -7,491 | -8,119 | -7,529 | -8,156 | -9,295 | -8,378 |
| Employee benefit expenses                             | -5,095 | -4,422 | -5,942 | -5,618 | -5,419 | -4,820 | -5,672 | -5,221 |
| Depreciation and impairment                           | -3,304 | -619   | -723   | -742   | -672   | -683   | -663   | -684   |
| Operating expenses                                    | -4,345 | -4,052 | -4,209 | -4,452 | -4,668 | -4,356 | -4,424 | -4,262 |
| Other operating income                                | 173    | 107    | 390    | 240    | 284    | 113    | 317    | 135    |
| Operating profit                                      | -1,608 | 1,362  | 1,816  | 1,828  | 1,754  | 2,560  | 3,630  | 3,137  |
| Net financial items                                   | -109   | -206   | -30    | -83    | -31    | -126   | -104   | -23    |
| Profit before taxes                                   | -1,717 | 1,156  | 1,786  | 1,745  | 1,723  | 2,434  | 3,527  | 3,115  |
| Income taxes  | 246    | -266   | -485   | -435   | -459   | -664   | -948   | -782   |
| Profit/loss for the period from continuing operations | -1,471 | 890    | 1,302  | 1,310  | 1,264  | 1,770  | 2,579  | 2,333  |
| Profit/loss for the period                            | -1,471 | 890    | 1,302  | 1,310  | 1,264  | 1,770  | 2,579  | 2,333  |
| Earnings per share, EUR                               | -0.12  | 0.07   | 0.11   | 0.11   | 0.11   | 0.15   | 0.22   | 0.20   |
| Earnings per share, EUR, diluted                      | -0.12  | 0.07   | 0.11   | 0.11   | 0.11   | 0.15   | 0.22   | 0.20   |
| Average number of shares, undiluted, 1,000 shares     | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 |
| Average number of shares, diluted, 1,000 shares       | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 | 11,897 |
| Average number of personnel                           | 431    | 433    | 435    | 428    | 433    | 433    | 432    | 416    |

#### COMMITMENTS AND CONTINGENCIES

| EUR thousand        | 31.12.2012 | 31.12.2011 |
|---------------------|------------|------------|
| On own behalf       |            |            |
| Mortgages           | 2,783      | 2,783      |
| Corporate mortgages | 12,500     | 12,500     |
| Lease liabilities   |            |            |
| - in next 12 months | 1,061      | 1,035      |
| - in next 1-5 years | 2,404      | 2,724      |
| Other commitments   | 6          | 25         |

#### DERIVATIVE FINANCIAL INSTRUMENTS

| Nominal values<br>EUR thousand  | 31.12.2012 | 31.12.2011 |
|---------------------------------|------------|------------|
| Foreign exchange derivatives    |            |            |
| Forward contracts               | 0          | 0          |
| Interest rate derivatives       |            |            |
| Interest rate swaps             | 5,000      | 10,000     |
| Purchased interest rate options | 0          | 0          |

#### CONSOLIDATED KEY FIGURES

| EUR thousand                     | 1.1. –<br>31.12.<br>2012 | 1.1. –<br>31.12.<br>2011 | Change, % |
|----------------------------------|--------------------------|--------------------------|-----------|
| Continuing operations            |                          |                          |           |
| Net sales                        | 75,998                   | 85,136                   | -10.7     |
| Operating profit                 | 3,399                    | 11,082                   | -69.3     |
| % of net sales                   | 4.5                      | 13.0                     |           |
| Profit before tax                | 2,971                    | 10,798                   | -72.5     |
| % of net sales                   | 3.9                      | 12.7                     |           |
| Profit for the period            | 2,031                    | 7,946                    | -74.4     |
| % of net sales                   | 2.7                      | 9.3                      |           |
| Shareholders' equity             | 31,438                   | 35,118                   | -10.5     |
| Interest-bearing liabilities     | 8,179                    | 8,098                    | 1.0       |
| Cash and cash equivalents        | 9,245                    | 9,840                    | -6.0      |
| Net interest-bearing liabilities | -1,066                   | -1,742                   | -38.8     |
| Capital employed                 | 39,617                   | 43,216                   | -8.3      |
| Return on equity, %              | 6.1                      | 23.5                     |           |
| Return on capital employed, %    | 8.4                      | 26.1                     |           |
| Equity ratio, %                  | 61.0                     | 61.6                     |           |
| Net gearing, %                   | -3.4                     | -5.0                     |           |
| Capital expenditure              | 2,846                    | 3,208                    | -11.3     |
| % of sales                       | 3.7                      | 3.8                      |           |
| Research and development costs   | 1,606                    | 1,639                    | -2.0      |

|                                  |        |        |       |
|----------------------------------|--------|--------|-------|
| % of net sales                   | 2.1    | 1.9    |       |
| Order stock                      | 10,677 | 13,114 | -18.6 |
| Earnings per share, EUR          | 0.17   | 0.67   | -74.6 |
| Earnings per share, EUR, diluted | 0.17   | 0.67   | -74.6 |
| Equity per share, EUR            | 2.64   | 2.95   | -10.5 |
| Average number of shares         |        |        |       |
| - cumulative                     | 11,897 | 11,897 | 0.0   |
| - cumulative, diluted            | 11,897 | 11,897 | 0.0   |
| Average number of employees      | 431    | 428    | 0.7   |

The financial statements are audited and the auditor's report for the financial statements has been issued.

#### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday 27 March 2013 beginning at 10.30 am at Kansallissali, Aleksanterinkatu 44, Helsinki, Finland.

#### FINANCIAL REPORTING IN 2013

The 2012 Annual Report will be published on the Company's website on Wednesday 6 March 2013 at [www.exelcomposites.com](http://www.exelcomposites.com).

The Group will issue quarterly interim reports on 3 May, 25 July and 31 October 2013.

#### PRESS CONFERENCE

Exel Composites will hold an analyst and press conference regarding the financial statements today Friday 15 February 2013 at 12.30 pm in the Freda Cabinet of the Scandic Hotel Simonkenttä at Simonkatu 9, Helsinki, Finland.

#### FORWARD-LOOKING STATEMENTS

Certain statements in this report, which are not historical facts, including, without limitation, those regarding expectations for general economic development and market situation; regarding customer industry profitability and investment willingness; regarding Company growth, development and profitability; regarding cost savings; regarding fluctuations in exchange rates and interest levels; regarding the success of pending and future acquisitions and restructurings; and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions are forward-looking statements.

These statements are based on current expectations and currently known facts. Therefore, they involve risks and uncertainties that may cause actual results to differ materially from results currently expected by the Company.

Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Exel Composites does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Vantaa, 15 February 2013

EXEL COMPOSITES PLC  
Board of Directors

Vesa Korpimies  
President and CEO

**FURTHER INFORMATION:**

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**EXEL COMPOSITES IN BRIEF**

Exel Composites ([www.exelcomposites.com](http://www.exelcomposites.com)) is a technology company which designs, manufactures and markets composite profiles and tubes for industrial applications. The Group is the leading composite profile manufacturer in the world and concentrates on growing niche segments.

The core of the operations is based on own, internally developed composite technology, product range based on it and a strong market position in selected segments with a strong quality and brand image. Profitable growth is pursued by a relentless search for new applications and development in co-operation with customers. The personnel's expertise and high level of technology play a major role in Exel Composites' operations.

Exel Composites Plc share is listed in the Small Cap segment of NASDAQ OMX Helsinki Ltd.