Summary
- Industry division's net sales remained unchanged at EUR 4.6 (4.6) million. The antenna profile market is still very quiet. The Sport division held sales of EUR 6.2 (7.1) million, primarily due to lower sales volumes.

Operating environment
Market conditions continued to be tight in the first quarter of 2002. The economy is in the middle of a recession in Continental Europe and many customers are cautious. This is reflected in the level of deliveries from Exel. Signs of a revival in demand are emerging, however. There are plenty of enquiries about new profiles and a great many offers are being made in the Industry division, which is expected to lead in rising delivery volumes towards the end of the year. In Sport, overall market growth is limited, and the past winter was unfavourable for winter sports in terms of weather conditions.

New demands caused renewed pressure on prices. The new material market was stable and availability was good. The tighter market situation is also expected to produce considerable pressure to lower raw material costs.

Industry
Net sales reached the previous year's level in spite of the quiet period on the antenna profile market. The Industry division has a high percentage of its orders still in the pipeline, and through the integration of Menzolit-Fibro's pultrusion operations, which were acquired in the autumn of 2001, and through some new product applications. Antenna profile sales were substantially lower at the beginning of 2002, when the sales figures were still running the record high. Most of the antenna profiles delivered today continue to be designed for GPR work, except for the construction of 3D networks, which is in its initial stages. According to the sales forecasts, a boost to growth in 3G network deliveries will not be seen before the end of 2002 and is more likely to occur in 2003.

Doctor Blade delivery volumes continued to grow on the 2001 figures, with both new export markets acting as a major source of growth.

Sport
Exel's current writing in close cooperation with automotive companies to develop carbon fibre components for safety belts (frontal, side impact), for concrete bridges, and for open up new markets. Product trends have changed, however, and the first commercial applications are expected to be available within some months. A great many offers requests concerning lattice masts for airport safety approach systems were received earlier this year, and deliveries are also up on the previous year's figures. Sales in this product group will exceed the previous year's figures substantially.

The sales product group did well with its Nordic Walking and Nordic Blading lines. The advance sales period for pole products has been encouraging so far, and the opening up of some important export markets should bring growth in the Nordic Walking and Nordic Blading product lines.

Water sports fell short of the previous year's figures, as the market was quiet. The production problems that hampered profitability in 2001 have been brought under control. The challenge now is to develop new models for key customers in order to maintain interest in water sports. The biggest market decline occurred in the US, where the events that took place on September 11 had a severe negative effect on the sports market.

In laminates, Exel GmbH has developed some novel new product/material applications for the Industry, which are expected to boost sales significantly in the current period. In spite of the fact that forecasts prevent any increase in the number of sheets and sawnboards produced worldwide in the coming production period. Deliveries of Exel custom profile products are mostly up in Europe and the US in 2002.

The introduction of Exel's new floorball collection was postponed from March/April to late summer. As a result, sales fell slightly short of the previous year's figures during the first quarter of 2002. Supported by our new blade range, pre-season sales have been good, however, and the product group is expected to be as successful in 2002 as it was in 2001.

Sales and profits
Not sales fell by 4% on the year before and amounted to EUR 12.8 (13.7) million. The distribution of net sales by division was as follows:

<table>
<thead>
<tr>
<th>Division</th>
<th>Net Sales (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>6.6</td>
</tr>
<tr>
<td>Sport</td>
<td>6.2</td>
</tr>
<tr>
<td>Total</td>
<td>12.8</td>
</tr>
</tbody>
</table>

Operating profit came to EUR 0.9 (0.3) million, 313% below the 2001 figure. The most significant profitability-reducing factors were the weaker antenna profile market and tighter price competition on both Industry's and Sport's primary markets in Continental Europe. The distribution of operating profit by division was as follows:

<table>
<thead>
<tr>
<th>Division</th>
<th>Operating Profit (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>0.8</td>
</tr>
<tr>
<td>Sport</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Not financial expenses came to EUR 112,000 (85,000). The increase was due to the funding required by the purchase of Menzel-Fibro's pultrusion operations in autumn 2001.

Profit before provisions and taxes totalled EUR 0.8 million (EUR 1.2 million), a decrease of 35.8% on the previous year.

Balance sheet, financing and liabilities
The balance sheet amounted to EUR 35 (30.0) million, up 14.9%. The increase was due to the integration of Menzel-Fibro's pultrusion operations into the Group in autumn 2001.

Interest-bearing net liabilities came to EUR 11.3 (8.0) million.

Investment
Investments totalled EUR 175,000 (75,000) and were mainly in tooling and moulds. No investments were made in new production lines in the period under review.

Personnel
Exel's personnel numbered 373 (320) on March 31, 2002, an increase of 6%. Personnel reductions were made at Exel USA Inc, whose factory operations in Braid Stammen were discontinued, and this was offset by an increase in personnel at the Exel GmbH Würselen facility.

Sales and ownership
Exel Oyj's share capital totals EUR 1,340,265, comprising 5,277,900 shares each with a nominal value of EUR 0.25. The members of the Board of Directors and the President held a total of 73,100 shares, or 1.4% of all shares.

The number of shares traded on Helsinki Exchanges in the reverse period amounted to 2.8% of all Exel shares. The highest share price quoted during the period was EUR 0.65 and the closing price for the period was EUR 0.60. The market capitalisation was EUR 55.0 million in the period.

Decisions by the AGM
The Annual General Meeting held on April 3, 2002, re-elected Kai Haukioh, Peter Holmström, Vesa Karjus, Jari Samuelsson and Miika Suuri as members of the Board. Kai Haukioh was re-elected Chairman.

The Board of Directors is authorised up to April 3, 2003, to raise the company's share capital through one or more new issues by a maximum total of EUR 255,500. The authorisation allows the Board to decide on whom is entitled to subscribe new shares, what the subscription price should be, and the principles of determining it, and other terms of the new issue. An exception to the shareholders' right of pre-emption can be made if there is a pressing financial reason from the company's viewpoint. Such reasons may include financing, effecting or enabling a corporate acquisition or some other form of cooperation; consolidation or expansion of the company's financial or capital structure or arrangement related to corporate operations. Such a decision should be made in an extraordinary general meeting.

The Board is also authorised to determine whether a share can be sold at a discount against a contribution in kind or under other specified conditions.

Prospects for the year 2002
The markets continue to be quiet, and no recovery is expected in deliveries in the Industry division until the second half of the year at the earliest. Price competition has remained vigorous in the first quarter, and demand is very soft. Basic material prices are stable. Investment plans will have to be made in new product applications to generate more sales. Pre-season sales by the Sport division are looking good, and offer requests have increased in the Industry division. On this basis, we expect net sales and operating profit to increase compared to last year.

Matti Hyrylä, April 2002
Board of Directors
Aili Stalhammar President