The sales of laminate masts continued at a strong level, and will continue for the year record level during the year. The balance in the second quarter of 2003 resulted in an increase of 3%, Exel's market share has remained very solid within the product category. Exel continues its strong marketing efforts to develop the concepts in new countries. These efforts affect the Sport division's profitability.

Floorball sales in Exel's main markets, i.e. Finland, Sweden and Switzerland, have also remained at last year's level. The total market has not increased, but Exel has managed to retain its strong market share.

Laminates sales have remained at the previous year's level, and Exel continues to seek new growth in applications outside the sports equipment industry. In water sports, Exel has managed to retain its share level, and Exel continues to seek new growth in applications outside the sports equipment industry. In water sports, Exel has managed to retain its share of the world water sports market. However, Exel expects the market in China to remain low during the rest of the year.

The raw material markets are in a state of flux. Suppliers have supported significant price increases in many raw materials due to the strong increase in the price of oil and other cost factors. Exel aims to minimize the cost effects of raw materials by utilizing new raw material sources and developing new materials to reduce net financial expenses due to lower level than in the first half of the year. The profit improvement was mainly due to increased sales volume, strong positive development continued in the third quarter of 2004. The acquisition of Bekaert's pultrusion operations contributed to profitability. The acquisition of Bekaert's pultrusion operations accounted for EUR 2.4 million (total acquisition price app. EUR 1.7 million). Projects to expand capacity in the Sport division's profiled Wall products and to automate production are underway. A new production line was completed in the first half of the year at Exel's Kilpaluoto factory and a decision to build a second line has been made. Capital expenditure on the above capacity expansions is estimated to total approximately EUR 3.5 million in 2004.

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