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www.exel.net

Exel Oyj

Uutelantie 24 B, P.O.BOX 29
FI-52700 Mäntylharju
Finland
tel. +358 15 34 611
fax +358 15 346 1216

Exel Oyj, Kivara Factory

Muovilaaksontie 2
FI-82110 Heinävaara
Finland
tel. +358 13 73 711
fax +358 13 737 1500

Exel GmbH, Rohrdorf

Meisenstr. 3
D-83010 Rohrdorf
Deutschland
tel. +49 (8031) 2745 111
fax +49 (8031) 2745 318

Exel GmbH, Voerde

Alte Hünxer Strasse 139
D-46562 Voerde
Deutschland
tel. +49 (281) 16412 10
fax +49 (281) 16412 20

Exel Composites N.V.

Industriepark De Bruwaan 2
BE-9700 Oudenaarde
Belgium
tel. +32 (55) 33 30 11
fax +32 (55) 33 30 40

International Gateway AB

Kabelgatan 9
S-943 31 Öjebyn
Sweden
tel. +46 (911) 66 501
fax +46 (911) 66 142



Overview:

- Very strong sales growth continues in both divisions; net sales for the first quarter grew by 65% to EUR 20.5 million (EUR 12.3 million)
 - This growth was driven by the expansion of Nordic Walking in Central Europe, the acquisition of Bekaert's pultrusion operations, and strong demand for specialty profiles.
 - Operating profit grew by 392% to EUR 2.1 million (EUR 0.4 million).
 - The markets for Nordic Walking and specialty profiles continue to look strong in the near term.

Operating environment

Despite weak general economic growth in Exel's main market areas in Central Europe, demand for our specialty products, particularly carbon fibre profiles and products under our Nordic Fitness Sports™ (NFS) concept, has remained strong. We expect this trend to continue in the near term.

The markets for our raw materials have been stable with the exception of carbon fibre. Demand for carbon fibre is growing strongly mainly due to large aircraft projects. Growing demand has caused prices to escalate quickly, which may negatively affect the overall market for carbon fibre-based products.

Industry division

The Industry division's net sales grew by 82% to EUR 11.7 million (EUR 6.4 million). The division's net sales grew due to the addition of a new production facility, acquired from Bekaert in Belgium (roughly EUR 2.1 million) and strong growth in the specialty profiles market, while the major industrial customers' activity still remains at a low level with respect to non-specialty products. Profitability also remained good as operating profit grew to EUR 1.2 million (EUR 0.9 million) due to e.g. strong sales and improved operating efficiency. Keen price competition continues in the marketplace, however. Profitability was also affected negatively by a credit loss recorded during the period under review in relation to the Belgian operations in the amount of EUR 0.2 million.

The cautiousness of the major industrial customers notwithstanding, the demand for specialty profiles is high. Product development projects continue in our profiles product segment mainly in relation to automotive applications, infrastructure construction and wind power.

Antenna profile markets have remained strong throughout the winter due to a pick-up in the construction of GSM and 3G networks. The strong network construction is expected to continue at least through the summer.

Paper machine utilisation rates remain low but paper machine profile sales have still grown slightly over the period under review.

The sales of lattice masts reached record levels during the period under review. Demand is expected to grow further in anticipation of the International Civil Aviation Organization's (ICAO) frangibility regulations that take effect in 2005 and require airport lighting system support masts to be breakable upon impact.

The integration of the pultrusion operations acquired from Bekaert in January, 2004 has commenced both in Belgium and Spain. Efficiency enhancing measures are progressing on schedule, and the profitability of the acquired operations is expected to improve by the end of the year.

Sport division

The net sales of the Sport division totalled EUR 8.8 million (EUR 5.9 million) during the period under review, or 50% more than during the same period last year. Profitability improved significantly; operating profit totalled EUR 0.8 million (EUR -0.4 million). The NFS™ concept is gaining customers and attracting strong interest in otherwise slowly growing sporting goods markets.

NFS™, and particularly Nordic Walking in German-speaking Central Europe, continues its strong growth. Exel's market share has remained very solid. Nordic Walking is currently being introduced to new countries. Pre-season sales of other pole products have been on approximately the same level as last year.

Floorball pre-season sales in our main markets, i.e. Finland, Sweden and Switzerland, have also remained at last year's levels. These markets will not grow materially this year.

Laminate sales have remained flat compared to the same period last year, although the sales of Exel GmbH's Plastics products have grown slightly year over year. In water sports, the demand for Exel's surfing masts is holding steady but the overall market continues to shrink worldwide.

Net sales and profits

Consolidated net sales grew by 67% year over year during the first quarter. Net sales growth by division were as follows:

Net sales (EUR million)	1-3/2004	1-3/2003	Change
Industry	11.7	6.4	82.1%
Sport	8.8	5.9	49.9%
Total	20.5	12.3	66.7%

Consolidated operating profit totalled EUR 2.1 million (EUR 0.4 million). Operating profit by division was as follows:

Operating profit (EUR million)	1-3/2004	1-3/2003	Change
Industry	1.2	0.9	45.7%
Sport	0.8	-0.4	292.3%
Total	2.1	0.4	391.8%

The improvement in operating profit was mainly due to increased sales volumes and improved operating efficiency in both divisions.

Net financial expenses

Net financial expenses totalled EUR 97,000 (EUR 129,000). Savings in financial expenses stemmed from the repayment of long-term debt during 2003. Funding arrangements for the acquisition of Bekaert's pultrusion operations did not yet materially increase financial expenses during the period under review.

Balance sheet, financing and liabilities

The balance sheet total stood at EUR 43.1 million on 31 March 2004 (EUR 32.1 million). The acquisition of Bekaert's pultrusion operations contributed by approximately EUR 6.6 million to this total. Interest-bearing net liabilities grew to EUR 9.8 million (EUR 9.2 million) due to the acquisition. Total liabilities remained roughly unchanged.

Investments

The Group's investments in fixed assets totalled EUR 3.1 million (EUR 0.4 million). The acquisition of Bekaert's pultrusion operations represented EUR 2.3 million of this total. Capacity expansion projects are underway in the Sport division (Nordic Walking products). A new production line was completed during the period under review at Exel's Kiihtelysvaara facility for the production of larger profiles.

Personnel

Group personnel stood at 428 (357) on 31 March 2004. This increase related to the integration of the pultrusion operations acquired from Bekaert into the Exel group (some 40 persons) and additional labour needs at Exel's Finnish manufacturing facilities (some 30 persons) brought on by increased demand for production volumes.

Shares and ownership

Exel's share capital totals EUR 1,884,120 and consists of 5,383,200 shares, each of which is nominally valued at EUR 0.35. The members of the Board of Directors and the President hold 98,100 shares, i.e. 1.8%.

The number of shares traded on the Helsinki Exchanges during the period under review amounted to 11.97% of all shares. During the period the highest share price quoted was EUR 14.79, and the lowest EUR 11.75. The closing price for the review period was EUR 14.10. Market capitalization was EUR 75.9 million on 31 March 2004.

Decisions by Exel's Annual General Meeting

The Annual General Meeting held on 14 April 2004 re-elected Kari Haavisto, Peter Hofvenstam, Vesa Kainu, Ove Mattsson and Mika Sulin to the company's Board of Directors. Ove Mattsson was re-elected Chairman of the Board.

Increase in share capital

The AGM authorised the Board to increase the Company's share capital under the following terms: the Board was authorized to decide to increase the Company's share capital by one or more rights issues in such a way that the Company's share capital may be increased at the most by EUR 352,500. The authorization is valid until 14 April, 2005.

In virtue of the authorization the Board may decide on who is entitled to exercise subscription rights in connection with the rights issue, the subscription price of the shares and the criteria used to determine the subscription price and other terms of the rights issue. The pre-emptive right of shareholders to acquire shares may be deviated provided that from the Company's perspective important financial grounds exist, such as the financing, implementation or enabling of a business acquisition or another cooperative

arrangement, the strengthening or development of the Company's financial or capital structure or the implementation of other measures relative to the development of the Company's business. No decision may be taken for the benefit of the Company's insiders.

In virtue of the authorization the Board is entitled to decide on a rights issue in such a way that a share subscription may be made in kind or otherwise under certain terms.

Acquisition of the Company's own shares

The AGM authorised the Board to acquire the Company's own shares using funds available for distribution of profits so that the total accounting par value of the own shares held by the Company or its subsidiary organizations, or the number of votes they carry after the acquisition, corresponds to no more than five (5) per cent of the Company's total share capital or the total voting rights of the company. The Company may acquire a maximum of 269,160 shares.

The shares can be acquired either

a. through a tender offer made to all the shareholders on equal terms and for an equal price determined by the Board, or

b. through public trading in which case the shares will be acquired in another proportion than that of holdings of the current shareholders, and the purchase price is based on the market price of the Company shares in public trading.

The shares may be acquired in order to finance, implement or carry out business acquisitions or other cooperative arrangements, to strengthen or develop the Company's financial or capital structure, to implement other measures relating to the development of the Company's business, to grant incentives to selected members of the personnel, or in order to be transferred in other ways or to be cancelled.

Since the maximum number of the shares subject to the acquisition equals a maximum of five (5) per cent of the total amount of the shares and voting rights of the Company, the acquisition of the shares will have no material impact on the distribution of the share ownership and the voting power in the Company.

The authorization is valid until 14 April 2005.

Right to convey the Company's own shares

The AGM authorised the Board to resolve to convey the Company's own shares so that the authorization would cover all such own shares of the Company that are acquired on the basis of the acquisition authorization granted to the Board of Directors.

The authorization entitles the Board of Directors to decide to whom and in which order the own shares are conveyed. The Board may resolve to convey the shares in another proportion than that of the shareholders' pre-emptive rights to the Company's shares, provided that from the Company's perspective important financial grounds exist, such as financing, implementing or carrying out business acquisitions or other cooperative arrangements, implementation of other measures relating to the development of the Company's business or granting incentives to selected members of the personnel. The shares may also be conveyed at the public trading on the Helsinki Exchanges.

No decision may be taken in favour of anyone belonging to the Company's insiders.

The authorization comprises the right to decide on the price of the conveyance and the grounds for price determination and the right to convey the shares against other compensation than cash or to use the right of set-off.

The authorization is valid until 14 April 2005.

Prospects for the rest of 2004

The Nordic Walking markets are expected to remain very active throughout the year. The demand for specialty profiles is expected to continue strong through the summer. The integration of the Belgium operations into the Exel Group is progressing according to plan and will require significant resources. Raw materials prices are assumed to stay at current levels with the exception of carbon fibre prices, which are expected to increase. Net sales are expected to grow significantly during the remainder of the year both through the Belgium acquisition and organic growth. During the remainder of this year, however, the net sales growth is not expected to continue in the same pace as during the first quarter of this year. Operating profit is expected to grow in line with net sales.

Mäntyharju, 29 April 2004

Exel Oyj
Board of Directors
Ari Jokelainen
President

Consolidated Income Statement, EUR 1,000

	1-3/04	1-3/03	change %	1-12/03
NET SALES	20,514	12,303	67	57,281
Increase (+)/decrease (-) of finished goods and work in progress	1 016	420	142	834
Production for own use	78	54	44	323
Other operating income	21	94	-78	342
Materials and services	-8,498	-4,747	79	-21,716
Personnel expenses	-4,570	-3,491	31	-14,329
Depreciation	-815	-815	0	-3,184
Other operating expenses	-5,679	-3,397	67	-14,205
OPERATING PROFIT	2,067	420	392	5,345
Financial income and expenses (net)	-97	-129	-25	-436
PROFIT BEFORE EXTRAORDINARY ITEMS	1,970	291	576	4,910
Extraordinary items				
PROFIT BEFORE INCOME TAXES	1,970	291	576	4,910
Income taxes	-658	-98	574	-1,537
PROFIT FOR THE PERIOD	1,312	194	577	3,373

The taxes taken into account are based on the profit for the period.

Consolidated Balance Sheet, EUR 1,000

	31.3.04	31.3.03	change %	31.12.03
ASSETS				
Non-current assets				
Intangible assets	2,969	3,349	-11	3,126
Consolidation goodwill	312	384	-19	330
Tangible assets	12,973	10,403	25	10,470
Investment	95	127	-25	95
Current assets				
Inventories	10,409	8,435	23	8,747
Receivables	12,894	8,342	55	8,626
Marketable securities	652			
Cash in hand and at bank	2,770	1,030	232	2,753
Total	43,076	32,069	34	34,147
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity				
Share capital	1,884	1,855	2	1,870
Other equity	16,963	13,280	28	15,666
Liabilities				
Deferred tax liability	14	106	-87	14
Non-current	8,494	5,517	54	4,077
Current	15,720	11,311	39	12,521
Total	43,076	32,069	34	34,147

Funds Statement, EUR 1,000

	1-3/04	1-3/03	change %	1-12/03
Cash flow from business operations	2,552	-511	599	6,409
Acquired business operations	-6,440			
Investment in tangible and intangible assets	-804	-393	105	-2,599
Income from surrender of tangible and intangible assets				79
Rights issue				282
Withdrawal of non-current loans	5,052			53
Repayments of non-current loans	-724	-705	3	-2,192
Withdrawals of/repayments of current loans	1,029	112	819	-747
Dividend paid				-1,060
Other	5	2	150	4
Change in liquid funds	670	-1,495	145	229

Indicators, EUR 1,000

	31.3.04	31.3.03	change %	31.12.03
Gross investment	3,144	395	696	2,519
% of net sales	15%	3%	4%	4%
R&D expenses	612	431	42	1,707
% of net sales	3%	4%	3%	3%
Average personnel	421	356	18	355
Personnel at end of period	428	357	20	355
Order book	16,255	7,571	115	11,449
Solvency ratio, %	44%	47%	52%	52%
Return on investment, %	29%	6%	21%	21%
Net gearing, %	52%	61%	29%	29%
Earnings per share, EUR	0.24	0.04	577	0.64
Equity per share, EUR	3.50	2.81	25	3.26

Derivatives
Derivatives are used for hedging purposes only.

Interest rate risk
The company's long-term debt is subject to interest rate risk, which is why it has fixed the rate of interest on some of its borrowings through swap agreements that extend to the years 2007-2009.

Currency risk
The company's US dollar-denominated raw materials purchases are partially hedged against currency risk through 11-month forward contracts.

	Face value	Fair market value (NPV)		
Interest rate derivatives				
Interest swaps	3,441	-43		
Currency derivatives				
Forward contracts	923	26		
Consolidated contingent liabilities on 31 March 2004				
Corporate mortgages	12,500	12,500		12,500
Mortgages on land and buildings	2,954	2,954		2,954
Other contingent liabilities	2,174	2,569		2,390

The columns 1-3/04 and 1-3/03 are unaudited.