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Summary

- Net sales rose to EUR 12,352,000, up 17.9%
- Operating profit rose to EUR 1,167,000, up 41.0%
- Profit before voluntary reserves and income taxes rose 43.9%
- Share transferred to Helsinki Exchanges Main List
- Fiberspar sports equipment business purchased
- Inputs in the expansion of the Mäntyharju Factory

Operating environment

No major changes took place during the first few months of the year. The pultrusion industry continues to gain ground, replacing conventional materials application by application. Average market growth is estimated at approximately 5% in Europe and slightly more, i.e. some 8% in the US. The competitive situation remains unchanged. A few major actors are making advances in Europe, while most competitors are small local manufacturers.

The vigorous growth trend that has prevailed in the sports equipment industry began to show signs of a weakening towards the end of 1999. Market growth primarily derives from product innovation and aggressive marketing. In Finland, for instance, the sports equipment trade increased only a few per cent in 1999, having exceeded 10% in previous years.

The violent price fluctuations on the raw material market make it more difficult to anticipate the price trend in resins. So far the rise has been moderate. The impact of the wage agreement of the Chemical Workers' Union concluded in spring on Exel's payroll expenses clearly exceeded the average cost increase. The difference is still greater if we compare our cost level with that of our most important foreign competitors, whose wage settlements were far more moderate. This means that increasingly vigorous efforts are needed to boost productivity in the Finnish production units.

Sport division

Net sales by the Sport division rose by 3.9% and reached EUR 5,838,000 in the first four months of the year. The most significant sales increases continued to take place in the pole product group, primarily in Nordic Walking and Nordic Blading, laminates, surface materials for skis and floorball products.

The pole product group continued to grow, thanks to its special Nordic Walking and Blading products. Considerable inputs were made in order to introduce Nordic Walking and Nordic Blading to new countries. In summer and autumn 2000, the first significant deliveries of these products will be made to some German-speaking European countries and the United States. Exports are already under way to Sweden, where Nordic Walking is becoming an important form of physical exercise. Nordic Blading is now gaining ground in Finland, where sales have multiplied on the previous year. As a whole, net sales by the product group rose by some 12% on the previous year.

In water sports, the year has begun slowly, a fact reflected in the low quantities of masts delivered. In order to boost efficiency and to reinforce our market position we acquired Fiberspar's sports equipment business. Fiberspar was previously Exel's main competitor in windsurfing masts.

The first few months of the year were extremely active in laminates and in base and surface materials for skis. Ski and snowboard production have revived significantly with the new products introduced and with the elimination of excessive inventories. Exel's German subsidiary Exel GmbH increased its invoicing for the said products by 56.8% on the previous year. The vigorous production trend in this product group is expected to continue throughout the season and right up to the end of the year.

Complementary floorball product deliveries and deliveries of new collections proceeded as planned. The market situation in the main countries (Finland, Sweden, Switzerland) remains unchanged. Of interested new countries, the Czech Republic and Denmark seem to be growing fastest. The new Exel Matrix club and the dual material Sensor Net Blade were received well on the market. The Christian collection was also successful, and order books are good throughout the product group. Consumer enthusiasm for replacing equipment seems to have increased along with the introduction of new technical solutions.

In the past ice-hockey season, we concentrated on market testing in Finland, and the feedback was encouraging. There has been a lot of interest in testing, and new materials have been adopted widely, particularly at junior level. The Fiberspar purchase will improve our technical potential for expanding our product family, and possibly even of seizing part of the world's biggest ice-hockey market in North America.

Finnish baseball pre-sales and deliveries for the season just starting have proceeded as planned. The event

continues to be hampered by financial problems at club level, however, which restricts growth on the overall market.

Fiberspar Performance Products

With an agreement which came into force on May 1, 2000, Exel purchased the business operations of the American Fiberspar Inc. Performance Products. The company manufactures and markets composite windsurfing masts and booms, battens, shafts for ice-hockey sticks and other composite sports equipment and accessories globally. This purchase makes Exel the world's leading manufacturer of windsurfing masts and will increase our net sales by some EUR 6 million a year. It will also reinforce Exel's competitive edge and technological knowhow, particularly in ice-hockey sticks and windsurfing masts.

Exel's subsidiary Exel USA Inc. will be in charge of maintaining operations during the transition period, presumably till the end of 2000. In the current year, production will take place in the United States, during which time Exel's Mäntyharju Factory will be equipped for production as from the beginning of 2001. An independent distribution company will be set up in the US to take charge of global sales, marketing, storage and distribution of all Fiberspar masts and other water sports equipment, and the marketing and sales of Exel ice-hockey sticks in North America.

Industry division

Net sales by the Industry division continued to grow vigorously, reaching EUR 6,514,000. The 34.0% increase was generated by profiles.

In profiles, the good situation in deliveries of antenna profiles for GSM base stations continued, and these profiles were the most significant growth factor in Industry during the past period. In January 2000, Exel received orders for some major deliveries of GSM base station antenna profiles, which will guarantee full-capacity operation in these production lines up to summer 2000. The quantities of doctor blades delivered rose on the previous year. Product development continues, and two new blade types were completed for production during the spring. The company has decided to invest in a new line for producing doctor blades. The business will also be made into a separate unit in order to ensure continued growth and product development. The unit will be located at the Mäntyharju Factory in the autumn.

In lattice masts, the year started as planned, although some acquisition decisions concerning purchases of safety approach systems for airports were postponed till autumn. This meant a considerable increase in tenders, but actual net sales went down substantially. One of the most significant new contracts concerns the delivery of masts to Arlanda Airport in Stockholm.

Extension of production facilities

Exel's Mäntyharju Factory is to be extended by some 4,000 square metres to enable the manufacture of more Industry division products not only at the Kivara unit but also at the Mäntyharju Factory, and to intensify efficiency in assembly, storage and dispatch. The new extension will also house some of the machinery and equipment required to make Fiberspar products and some of the RTM technology acquired from Fiberspar. The extension plan will be carried out in cooperation with Mäntyharju municipality, which will be responsible for the funding. Exel will then rent the facility under a long-term lease and purchase agreement. The aim is to have the new production facilities ready for use in November 2000.

Profitability

Consolidated net sales totalled EUR 12,352,000 (EUR 10,480,000). The 17.9% increase was mostly generated by the Industry division, which continued its extremely vigorous growth.

Consolidated operating profit totalled EUR 1,167,000 (EUR 828,000), up by as much as 41.0%. Operating profit in the Sport division was EUR -134,000 (EUR 37,000), and in Industry EUR 1,302,000 (EUR 791,000), the rise in the Industry division being 64.6%. In Sport, the operating profit was reduced by massive marketing inputs aimed at opening up export markets for new products and by the slow season in water sports. The Sport division traditionally makes its profit in the second and last thirds of the year, when the spring's pre-sale orders of poles and floorball equipment are delivered to sports equipment retailers. The significant increase in Industry's profit was due to efficient handling of increased production volumes.

The net financial expenses of EUR 107,000 (EUR 91,000) remained at the previous year's level. The impact of the Fiberspar deal on financial expenses will not be seen until later in the year.

Profit before voluntary reserves and income taxes reached EUR 1,061,000 (EUR 737,000). The 43.9% increase is a direct result of the increased volumes by Industry.

Balance sheet, financing and liabilities

The balance sheet bottom line was EUR 25,356,000, an increase of EUR 5,069,000 (25.0%). This was primarily due to the advance payments related to the Fiberspar deal, of which EUR 2.3 million was paid at the end of April. In order to balance out the summer production peaks, the Sport division started production earlier than the previous year, which again caused a considerable increase in inventories.

Net interest-bearing liabilities came to EUR 9,748,000 (EUR 7,545,000). The increase was mainly due to advance payments related to the Fiberspar deal.

Investment

Consolidated investments totalled EUR 1,191,000 (EUR 733,000), comprising the purchase of two previously rented production facilities that were bought under existing contracts for EUR 263,000. Other investments included the Industry division's new pultrusion line, which went on stream in March, and some standard inputs in tools and maintenance.

Personnel

Marketing Director Vesa Korpimies of the Industry division was appointed Vice-President of the Group as from April 1, 2000. Apart from his new duties as Vice-President, he will continue as Marketing Director.

The personnel numbered 299 on April 30, 1999 (229). The large increase was mainly due to the earlier production start up for seasonal products in the Sport division than the previous year, and to the growing demands in the Industry division.

Shares and ownership

Exel Oyj's share capital of EUR 1,762,609.47 is divided into 5,240,000 shares with a nominal value of EUR 0.336. The holdings of the members of the Board of Directors and the President totalled 122,000 shares, i.e. 2.3%.

Exel's shares were transferred from the Helsinki I List to the Main List on May 2, 2000. Share turnover on Helsinki Exchanges represented 75.8% of all shares during the period under review, mainly due to Sponsor Fund 1 Ky having sold all the shares it held. The highest share price quoted during the period was EUR 10.00 and the lowest EUR 5.51. The closing price for the period was EUR 9.28. The market capitalization was EUR 48.6 million on April 30, 2000.

AGM decisions

The Annual General Meeting held on March 29, 2000 re-elected the following Board members: Olli Anttila, Pentti Piisku and Mika Sulin. New members elected by the AGM were Kari Haavisto and Vesa Kainu. Kari Haavisto was elected Chairman of the Board.

Up to March 29, 2001, the Board of Directors is authorized to raise the company's share capital through one or more new issues by a total maximum of EUR 325,500. The Board is authorized to decide on the right to subscribe to the new shares to be issued, on the subscription price and its determination, and on other terms and conditions of the new issue. A derogation can be made to the shareholders' right of pre-emption on condition that there are weighty corporate reasons for this, such as financing or implementation of a corporate purchase or other cooperation arrangements, or otherwise providing the opportunity to carry out such a measure: reinforcement or improvement of the company's financial or capital structure; or implementation of some other arrangement related to the development of corporate business operations. No decisions can be made in the interest of insiders. The Board is authorized to decide on a new issue against capital contributions or otherwise under certain conditions.

Events after the period under review

Fiberspar Inc. Performance Products business in the US was merged with the Group as from May 1, 2000. This purchase reinforces Exel's position as an important windsurfing mast manufacturer and as a supplier of composite ice-hockey sticks. A separate explanation of the purchase is given elsewhere in this interim report.

Prospects for the rest of 2000

Cost pressure from raw materials and payroll expenses has increased. The pre-sale season has proceeded well in the Sport division. Industry has continued its vigorous growth. During 2000, efforts will be made to integrate the Fiberspar business with the Group's operations with minimum cost impact. The first third of the year has been a successful one in terms of profit. On this basis, we expect consolidated financial performance to improve on 1999.

Mäntyharju, June 2000

Exel Oyj Ari Jokelainen
Board of Directors President

INCOME STATEMENT

EUR 1000	1-4/00	1-4/99	change %	1-12/99
NET SALES	12,352	10,480	18	34,072
Increase(+)/decrease(-) in inventories of finished goods and work in progress	695	-69	-1,112	82
Production for own use	82	78	6	243
Other operating income	85	99	-14	256
Materials and services	-5,077	-4,032	26	-12,390
Personnel expenses	-3,264	-2,473	32	-7,853
Depreciation	-731	-703	4	-2,130
Other operating expenses	-2,974	-2,553	16	-7,471
OPERATING PROFIT	1,167	828	41	4,809
Financial income and expenses (net)	-107	-91	17	-255
PROFIT BEFORE EXTRAORDINARY ITEMS, INCOME TAXES AND VOLUNTARY RESERVES	1,061	737	44	4,554
Extraordinary expenses				
PROFIT BEFORE VOLUNTARY RESERVES AND INCOME TAXES	1,061	737	44	4,554
Income taxes	-335	-221	51	-1,235
PROFIT FOR THE PERIOD	726	516	41	3,318

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

BALANCE SHEET

EUR 1000	30.4.2000	30.4.1999	change %	31.12.1999
ASSETS				
Non-current assets				
Intangible assets	1,332	1,366	-3	1,434
Consolidation goodwill	593	665	-11	617
Tangible assets	8,914	8,308	7	8,329
Investment	116	110	6	110
Current assets				
Inventories	5,941	4,421	34	4,596
Receivables	7,889	4,631	70	4,744
Cash in hand and at bank	638	786	-19	1,341
Total	25,424	20,287	25	21,173
LIABILITIES AND SHAREHOLDERS' EQUITY				
Equity				
Share capital	1,763	1,763	0	1,763
Other equity	7,681	5,722	34	8,527
Provisions		26		
Liabilities				
Deferred tax liability	212	223	-5	204
Non-current	4,447	5,511	-19	4,075
Current	11,322	7,043	61	6,604
Total	25,424	20,287	25	21,173
	30.4.2000	30.4.1999	change %	31.12.1999
Indicators (EUR 1000)				
Gross investment in fixed assets	1,191	733	62	2,288
% of net sales	10 %	7 %		7 %
R&D expenses	518	334	55	1,179
% of net sales	4 %	3 %		3 %
Average personnel	286	230	24	247
Personnel at year end	299	229	31	268
Order book	8,979	8,065	11	5,361
Solvency ration %	37 %	37 %		49 %
Return on investment %	7 %	6 %		32 %
Gearing %	103 %	101 %		42 %
Earnings per share EUR	0,14	0,10	41	0,63
Equity per share EUR	1,80	1,43	26	1,96
Consolidated contingent liabilities on April 30, 2000				
Corporate mortgages	7,400	7,400		7,400
Mortgages on land and buildings	2,784	2,784		2,784
Other contingent liabilities	87	168		82

Columns 1-4/00 and 1-4/99 have not been audited.