Exel Oyj Ari Jokelainen
Mäntyharju, October 2001

The Industry division's operating profit increased 1.4% to EUR 1.9 million, or 24.6% on last year's level. Net sales in the Sport division grew by 5% to EUR 20.5 million. The growth was again in pole products and laminates. First-quarter sales were significantly below those for last year, largely due to the delivery problems in water sports and changes in distribution policy.

Industry division

Net sales in the Industry division continued to grow, reaching EUR 15.2 million, up 7% on the same period last year. Deliveries in and out of Europe have increased, and Exel's share of the market for superior service and value to its customers on the antenna profile markets, Exel signed an agreement in September to purchase the magnets will be fed. The value of the contract is just under EUR 1 million. Delivery will be over a period of several years.

In September, Exel was awarded the tender for supplying glass fibre profiles to the European Organization for Nuclear Research (CERN), confirming the competitiveness of Exel's technology. The profiles will be supplied to the production lines of the larger customer, Alspi at CERN in Geneva. The contract is worth EUR 0.7 million and is scheduled for delivery in the fourth quarter of 2001. On September 30, 2001, Exel's workforce numbered 364 (374) people.

As a result of the global crisis that struck in Sep-tember, Exel's international customers have clearly shown more caution in their purchasing habits. Market conditions have become more difficult and Exel's personnel numbered 364 (374) on September 30, 2001. The main changes during the review period were the reduction in personnel at Exel USA Inc (-57 people) and the addition of personnel transferred from Menzolit-Fibron (+30 people).

The demand for sales and logistics products showed a slight increase in the third quarter of 2001. Because of the market for the year, the turnover is expected to be around 3.5%.

In the profiles market, levels were also slightly up due to an increase in orders for antenna profiles, where production has again more rapidly than expected. Following orders received in July, Exel concluded all the contracts that it had in May, affecting approximately 25 people. More vigorous growth in antenna profiles is not expected until the fourth quarter of the year, as efforts to improve competitiveness continue.

The demand for products in the floorball market remained stable, and Exel has retained its market share. Deliveries are at last year's level and no major changes are expected in Exel's main markets.

Profitability

Consolidated net sales 16.7% to EUR 17.0 million, up 7% on the same period last year to EUR 13.4 million (Jan-Sep 2001: EUR 12.5 million). The growth was in industrial applications and sales in the automotive industry. The main focus in product development will continue to be in new markets.

The floorball market has continued unchanged and Exel has retained its market share. Deliveries are at last year's level and no major changes are expected in Exel's main markets.

Profit before voluntary provisions and income taxes totalled EUR 3.38 million, down slightly on last year (EUR 3.0 million). The decrease was primarily due to the production inefficiencies related to the delivery problems in water sports and changes in distribution policy.

Summary

- Net sales up 7% on same period last year to EUR 34.7 million, up 7% on the same period last year to EUR 31.5 million (Jan-Sep 2000: EUR 33.8 million)
- Cash and cash at bank increased by 26% to EUR 2,078,997
- Sales of carbon fibres increased by 7.3% to EUR 20.5 million
- Exel's workforce numbered 364 (374) on September 30, 2001
- Exel signed an agreement in September to purchase the magnets will be fed. The value of the contract is just under EUR 1 million. Delivery will be over a period of several years.

Operating environment

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Summary

Net sales up 7% in same period last year to EUR 341.7 million, due mainly to the financial arrangements, strengthening Exel’s position in the antenna profile and Central European pultrusion profile markets.

Exel’s operating profit for the nine-month period increased by 5.7% to EUR 34.1 million, compared to EUR 32.4 million in the previous year.

In September, Exel was awarded a contract for supply of glass-fibre to the European Organization for Nuclear Research (CERN), which confirms the competitiveness of Exel’s technology.

The profile sales in the Sport division grew by 5.7% to EUR 20.5 million. The growth was in both finished goods and work in progress. Quarter-three sales were significantly below those for last year, largely due to the delivery problems in water sports, and changes in distribution policy.

Exel personnel numbered 364 (374) on September 30, 2001. The main changes during the review period were the reduction in personnel at Exel USA Inc (-57 people) and the addition of personnel transferred from Menzolit-Fibron (+30 people).

The demand for sports and leisure products showed a slight reduction in the third quarter of the year; continuing the trend of the first six months. Growth in the market for the year is expected to be around 3.5%.

In the profiles market, a slow turn-up in the demand for antenna profiles, before picking up again more rapidly than expected.

Following orders received in July, Exel doubled the production capacity in its facility, increasing capacity by about 20 people. More vigourous growth in antenna profile sales is not expected until the second half of the year, contrary to our earlier indications.

There was little change on the markets for Exel’s raw materials. Due to the declining demand in the aircraft industry, the availability of certain carbon fibre materials used in sporting goods has improved considerably.

The Industry division’s operating profit increased to EUR 440,000, due mainly to the financial arrangements for previous corporate acquisitions.

PROFIT FOR THE PERIOD

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

CONSOLIDATED BALANCE SHEET

Exel’s markets are currently going through a quiet period. The recovery of the antenna profile market is not expected to occur until 2002. The growth was in industrial applications. The main focus in product development will continue to be on new markets.

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