Interim Report
January 1 - September 30, 2003
Exel's Nordic Fitness Sports carbon fiber profiles and products related to growth in our main markets in Central Europe, early this summer, has continued in the autumn. During the period January-September 2003, net sales increased by 8% and operating profit increased by 10% (11). Operating profit improved due to the improved market situation, cost savings and an increased popularity of Nordic Walking in Central Europe.

**Operating environment**

The early signs of market recovery, which began early this summer, has continued in the Autumn in the Industry division. Despite weak economic growth in our main markets in Central Europe, the demand for specialty products, especially carbon fiber profiles and products related to Exel’s Nordic Fitness Sports™ (NFS) concept has been very good. We expect the trend to continue.

The raw material markets have been stable despite the occasional price hikes affecting the oil price. In 2004, there will be pressure to raise raw material prices, especially in carbon fiber, as an aircraft industry requirements are on the increase, causing demand in raw carbon fiber.

**Industry division**

The net sales of the Industry division for the period January-September 2003 was EUR 20.2 million (18.6). The division’s profitability also remained good, and the operating profit increased to EUR 2.2 million (1.9). The Industry division’s product sales continued to increase, despite the fact that its customers’ manufacturing activities in basic products remain cautious. The price competition on the market is tight, which creates cost pressures. Despite the caution in the market, the demand for specialty profiles is high. The profiles product group is carrying out several big R&D projects mainly focused on the automotive industry. The R&D expenses are high and will remain that way.

The antenna profiles market took off in the summer. Customer deliveries for the new collection began in September. In water sports, the demand for windsurfing masts has remained stable. Printing of snowboard bases to subcontracting continued. Laminate sales have not reached the set targets as customer production volumes have been lower than expected. The low product volumes of aks and onshoreblades and of specialty products have had the biggest effect. Exel has reorganized the operations of Exel GmbH Plessy to focusing on the printing of onshoreblades to subcontracting during the summer in water sports, the demand for windsurfing masts has remained stable. Customer deliveries for the new collection began in September.

In the main football market areas, i.e. Finland, Sweden and Switzerland, market shares have remained virtually the same. The International Football Federation and companies operating in the field are working hard to introduce football to new countries, e.g. Germany, Canada, and Russia, all prominent ice-hockey countries.

**Sales and profits**

Group capital expenditure totaled EUR 1.4 million (1.1). Investments have been kept on a low level. New investments were mainly concentrated on sheet production and tools related to product development.

On September 30, 2003, Group personnel totaled 342 employees (357). The decrease was due to the downsizing activities conducted in the Sport division.

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