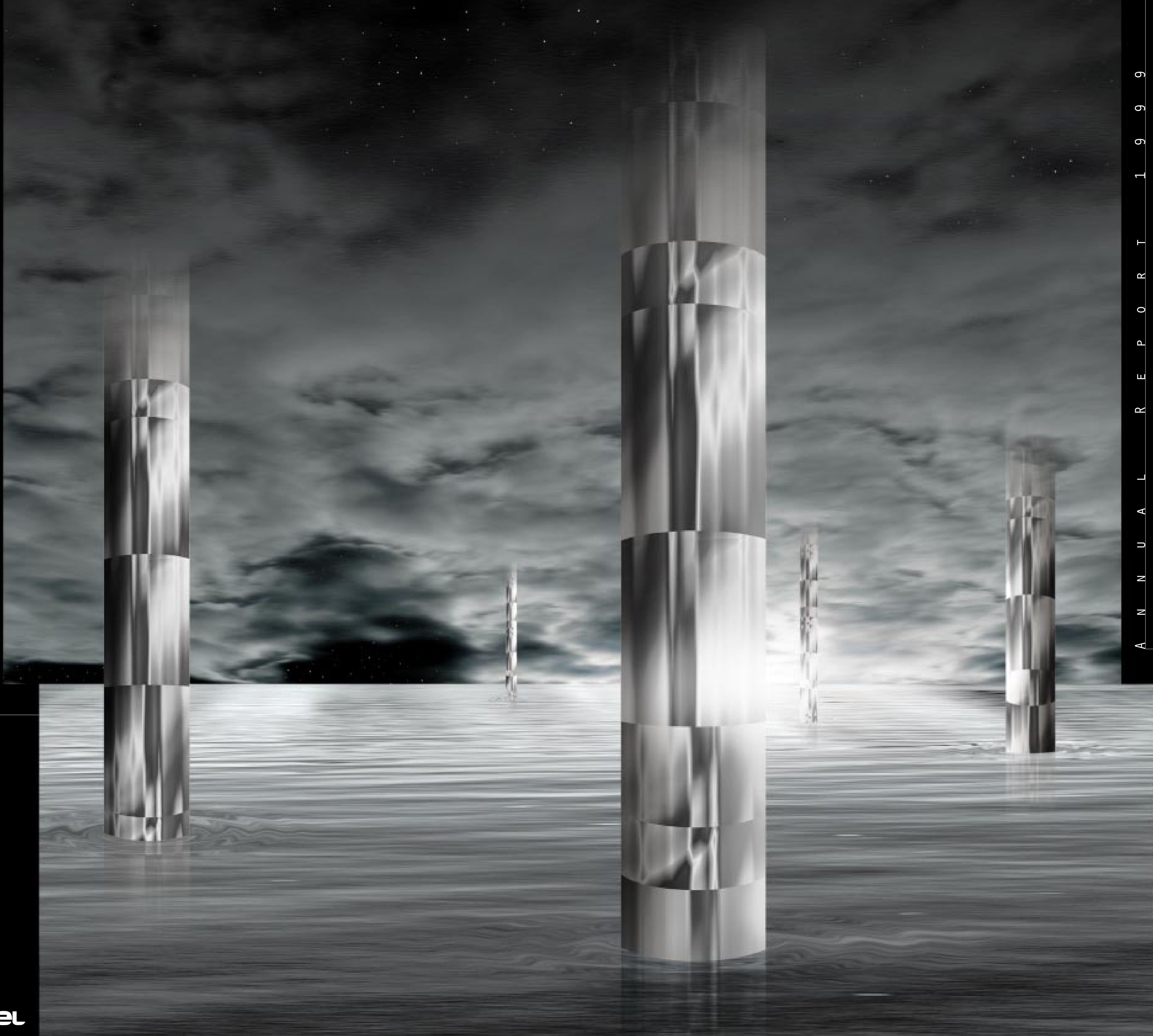


ANNUAL REPORT 1999

1999

Exel Oyj
Uutelantie 24 B
P.O. Box 29
FIN-52700 Mäntyharju, Finland
tel. +358 15 34 611
fax +358 15 346 1216

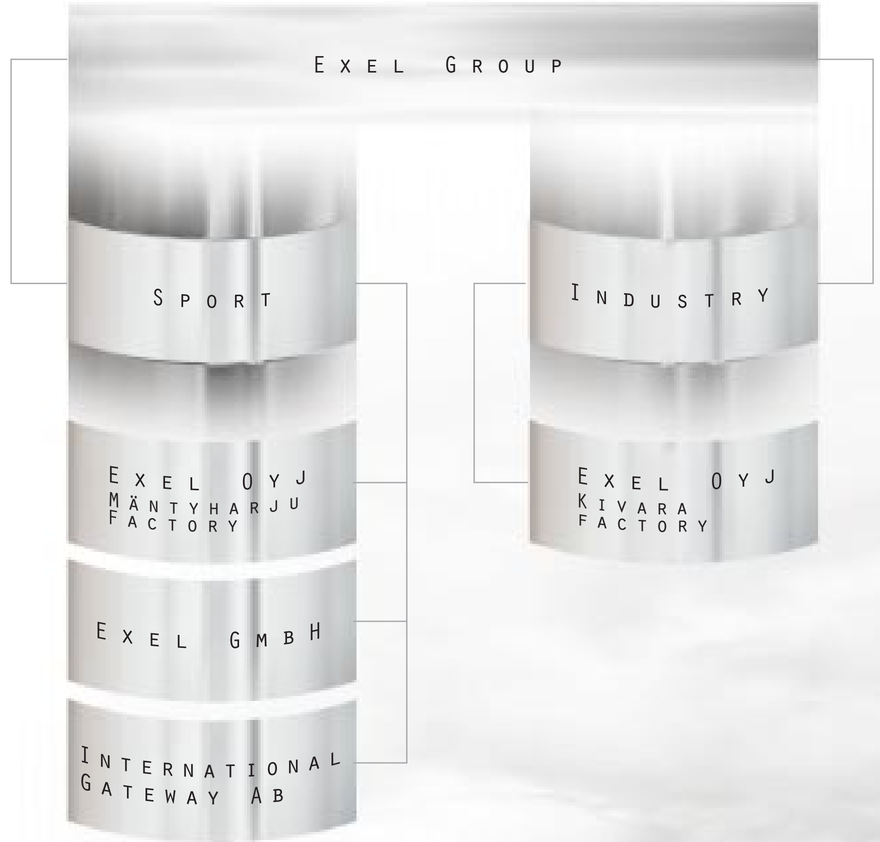
Exel Oyj, Kivara Factory
Muovilaaksontie 2
FIN-82110 Heinävaara, Finland
tel. +358 13 73 711
fax +358 13 737 1500

Exel GmbH
Meisenstr. 3
D-83010 Rohrdorf , Deutschland
tel. +49 (8031) 27450
fax +49 (8031) 274518

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

www.exel.net

Exel Group



Exel Oyj Management Group
Ari Jokelainen (President), Vesa Korpimies, Markku Herranen, Aki Karihtala, Jukka Juselius, Matti Valkonen

Managing directors of subsidiaries
Joacim Bergström, International Gateway AB
Harald Bierbaumer, Exel GmbH

Contents:

Exel in brief

– Earnings per share rose to EUR 0.63 from EUR 0.39 in 1998, an increase of 60%
– Net sales rose to EUR 34,072,000, up 15%
– Profit after financial items improved by 60% and amounted to EUR 4,554,000
– Vigorous growth continued in net sales by Industry, 29%
– Nordic Walking products climbing fast, 168%
– Investments in expansion by Industry

The past year was once more successful for Exel: our net sales increased by 15%, and profit before income taxes almost doubled, reaching EUR 4.6 million. The total market was nowhere near this growth rate, which means that Exel continues to win in the competition for market shares. It was gratifying to note that both divisions contributed to the overall improvement in profitability: Exel stands on two solid pillars.

Sport division

Total market growth in Exel's core products was modest. Deliveries to the Finnish sports trade by Finnish importers and manufacturers, for instance, remained at the 1998 level, and the vigorous growth which had continued for several years at a rate of more than 10% a year came to an end. In spite of this market trend, however, Exel's Sport business grew by approximately 7%.

The most significant growth contribution was made by Nordic Walking (walking for intensive exercise using poles): sales increased by 168% on the previous year. This radical increase resulted in an excellent performance by the skipoles product group. The traditionally active market for cross-country skipoles remained at the 1998 level, as did Exel's prominent market share. In the future, the principal challenge for this product group is to introduce Nordic Walking to new, densely populated market areas abroad. Work to achieve this has already got off to an energetic start.

In water sports, the market remained stable. The growth targeted together with the principal customer did not materialize in the year under review, as the process of attracting new enthusiasts proved unexpectedly slow. Marketing efforts will continue in 2000. A trend towards consolidation can be seen on the market, as the few major brand companies in this sector are looking for growth by purchasing smaller ones.

Our market shares in laminates, Finnish baseball and hockey remained unchanged. Good snow conditions and product innovation in the ski industry guaranteed a strong demand for laminates throughout the year, but the demand for insulated railway joints sold for specific projects fell, as many track renovation plans were postponed. Sales of Finnish baseball equipment rose by some 20%, but they account only for a minor proportion of the Sport division. Hockey is still predominantly in the product development phase, and a number of new products were developed on the basis of customer feedback.

Floorball had a successful year. International Gateway AB, which was purchased by the Group in 1998, was a winner. Its sales increased by more than 50% on the previous year, and the Group's traditional brands, Exel and Prostick, also held onto their positions. The product group's performance was good. Operational efficiency was improved substantially by merging Gateway's production with the Mäntyharju Factory floorball production.

Industry division

The Industry division continued to be successful in 1999. Net sales increased by a near third, or 29%. Growth estimates for the European pultrusion market vary from 4 to 6 per cent. Continental Europe continued to be Exel's strongest growth area. Antenna profiles for GSM base stations were the biggest application, and continued to grow. This type of profile is probably the most important single pultrusion profile application in Europe today.

Industry continued its heavy inputs in the development of new applications. The 30-odd new product applications developed will help guarantee growth and continuing employment at the Kivara Factory. The doctor blade product family for paper machines developed in close cooperation with Valmet Oyj appears to be the most promising.

Important resource inputs were also made in additional capacity. The most important items were the recruitment of twenty new people, a new production line for profiles with a large surface area, and the construction of 1,500 square metres of additional space. These measures will enable us to meet the growing demand for our products for a while. Our significant growth confirms our view that special technology and powerful expert marketing are the factors that guarantee Exel's success.

The most significant advance made in the lattice mast group was a letter of intent signed with Vaisala Oyj on using our masts for their visibility sensor systems. Lattice masts are sold for specific projects, and some important projects were postponed, which meant that sales remained roughly at the previous year's level.

Other operations

The past year was Exel's first full year as a listed company. Naturally, interest in corporate operations and performance has grown substantially, which has in turn been reflected in daily operations. Measures taken are increasingly systematical, and target-orientation and cooperation have come to the fore. This is an exemplary foundation for continued success. The profitability of our operations has also strengthened our consolidated balance sheet. Our solvency is close on 50%, which is a solid foundation for planning for and implementing future operations.

The favourable business trend has also been reflected in the interest shown in owning Exel shares and in share prices. In deals made in early 2000, the principal owner Sponsor Fund I Ky, gave up its holding, and as a result we got dozens of new owners. The company's market capitalization rose substantially, and the liquidity of the shares improved significantly. This, together with a strong balance sheet, provides a variety of tools for further expansion of operations.

The new year and the new millennium began with active operations. We have agreements with our principal customer on GSM antenna profile deliveries up to the summer. This will guarantee a good employment status for Industry in the spring season. To guard against loss of competitive edge in relation to our competitors in Continental Europe, we hope that wage and raw material price settlements will be moderate.

The past year was a challenging and busy one. We deserve credit for the way we met our challenges. I should like to offer my warm thanks to the entire Group personnel for their significant achievements. But we have not done all this alone, and I should like to extend my thanks to our customers, partners and old and new shareholders for having confidence in Exel.

Ari Jokelainen
President

Exel by Operating Division

Sport

The product groups in Exel's Sport division are skipoles, water sports, laminates, floorball, Finnish baseball and hockey. Water sports articles and laminates are sold direct to industry. Other products are made for the consumer market. Exel's success on the sports equipment market is based on solid technological expertise, long-span R&D and innovative industrial design. Exel is known as a reliable supplier in both retail and wholesale. The expertise of top-ranking athletes is utilized in the design of collections, and customer and market needs are taken into account in product design.

Skipoles

Growth was extremely vigorous in this product group, 34% on the previous year. The primary growth factor was Nordic Walking, which exceeded all popularity expectations with its 168% growth. Nordic Walking has made rapid progress and is now the fifth most popular form of physical exercise in Finland. A survey by Suomen Gallup shows close on 300,000 Finnish enthusiasts engage in Nordic Walking at least once a week. Walking is becoming increasingly popular internationally, too. The fact that the population is ageing also contributes to the event's increased popularity, as people tend to walk more when they grow older. Exel succeeded well in introducing Nordic Walking to Finland and will now concentrate on making the event known in the Nordic countries and in German-speaking Europe. Active export operations began in summer in Sweden, Switzerland, Austria and Germany, and test marketing is under way in Japan and the United States. Nordic Walking is marketed in cooperation with professional physical exercise and medical experts.

A contribution to the growth in the skipoles product group was also made by new products such as Nordic Blading poles and the telescopic Exel Stretch Stick. Nordic Blading (blading using poles to intensify exercise) was launched successfully in Finland, and the number of enthusiasts continues to increase at a fast rate. As with Nordic Walking, marketing underlines the efficiency of this sport as a holistic form of exercise compared with blading without poles. Stretch sticks have won ground as suitable exercise equipment for ageing people and for people who suffer from pains in the shoulders and neck, for instance. The starting point in the design of the pole collection has been the various health impacts of different sports. This has proved to be a successful strategy.

Market shares remained high on the conventional cross-country skipole market, where Exel is the world leader in manufacture and marketing. Interest in Alpine skiing increased in Finland in 1999, as Finnish skiers won World Championships in slalom and mogul skiing, both with Exel Alpine poles. Exel's share of the world market remained unchanged. R&D in Alpine poles concentrates on volume products, i.e. in the development of a competitive composite pole for the conventional aluminium pole market.

Water sports

Exel's main product in water sports is windsurfing masts sold to sail and board makers under their own brands. There has been a strong concentration trend in the windsurfing industry, with large companies merging; one example is Exel's biggest customer Mistral Sports Group, which holds some 40% of the world market today. This trend is expected to consolidate the foothold of windsurfing among popular sports.

Laminates

The laminates product group manufactures and markets glass and carbon fibre reinforced laminates for the ski, snowboard and ice-hockey stick industries. The purpose of the laminates is to make the structure of the product sufficiently rigid without making it heavy. There are hundreds of different laminate types, and they are always tailored by customer and by product. Our product range also includes polyethene-based ski and snowboard base and surface materials made by the German unit Exel GmbH.

The ski and snowboard industry's clientele is concentrated in Finland, Estonia and Continental Europe, and the ice-hockey stick industry is located predominantly in Finland and North America. Exel supplies laminates to many producers of well-known brands, and is one of the three biggest laminate suppliers in Europe.

Growth in skiing equipment is dependent on new product innovations from Exel's industrial customers, since such innovations activate consumers to use new products. The latest innovation is short skis, i.e. Alpine skis which are considerably shorter than before. Novelty products have kept the total market at a fairly stable level in the past few years.

Floorball

This product group covers all the equipment needed to play floorball. The core product is clubs. Apart from Exel, Prostick and Christian, Exel makes clubs under various customer brand names. The equipment also includes balls, goalie outfits, protection and other accessories.

The total market in big floorball countries such as Finland, Sweden and Switzerland is stable. The number of players increases by some 10% a year in Finland, for instance, but this is not reflected in equivalent growth in the product market because of much longer product life. Efforts are being made to introduce this game to potential new countries in Continental Europe in cooperation with the relevant floorball federations in each country. Concrete results call for a sustained effort.

Exel Group continues to be a world market leader in floorball. International Gateway AB, purchased by the Group in 1998, was particularly successful; sales increased by over 50% on 1998. A number of new innovations were developed, and R&D focused on the design of competitive new blade models. In the new season, Exel will once more be able to offer consumers Exel Matrix™ dual material blades, which are the most advanced technologically.

Finnish baseball

This product group comprises bats, balls, gloves and helmets. The bats and balls are made by Exel; other products come from subcontractors.

The past season was the second year of operations for Exel's Finnish baseball product group. The event continued to suffer from negative attention. Sales by Exel rose some 20% compared with 1998. This product group guarantees the visibility of the Exel brand in sports equipment stores in the summer season, too. The market is expected to revive slightly in the coming season.

Hockey

The hockey product group includes composite shafts for ice-hockey sticks and complete sticks. We also provide a range of shafts for ice-hockey, inline hockey, rinkball and ringette. In summer, we introduced ice-hockey sticks under our own Exel brand in Finland.

The total market for ice-hockey sticks is extremely large. Composite products are expected to replace conventional materials there in the next few years. The market is dominated by major internationally known brands. Exel's market share remained at the 1998 level.

Industry

The product groups of Exel's Industry division are profiles, tool handles and lattice masts. We specialize in the development, manufacture and marketing of durable and rigid lightweight composite profiles. In the year under review we continued to reinforce our position as the most important pultrusion manufacturer in Europe.

Profiles

This product group manufactures glass and carbon fibre tubes and profiles tailored specifically for our industrial customers. Exel is the world's biggest manufacturer of Pull-Winding tubes. Tubes made with the Pull-Winding method offer a considerable number of technological advantages compared with those produced using conventional pultrusion methods.

The total European market grew by some 4-6%. The competitive situation continued to be tight. There are some 80 pultrusion profile manufacturers in Europe, most of them small family enterprises using traditional pultrusion technology. There are five major manufacturers, and Exel's Kiihtelysvaara unit is one of them.

In spite of tight competition, Exel profiles grew vigorously in 1999, by 29%. A total of 30 new product applications were introduced onto the market. To meet the continuously increasing demand, the Kiihtelysvaara Factory acquired a new production line to increase the capacity to make profiles with a large surface area, used for instance for GSM base station antennae and for wastewater treatment. The new production line is also used to manufacture Pull-Winding tubes with a diameter of over 100 mm.

The Kivara Factory was extended by 1,500 square metres in autumn 1999. The investment was made to increase efficiency in materials management and to make more production space for new machinery lines.

In summer 1999, Exel made a product development and cooperation agreement covering a period of several years with Metso Oyj in order to develop composite structures and materials suitable for paper machine environments. The first product of this agreement was a composite doctor blade used for cleaning paper machine rolls. Doctor blades have become one of Exel's most important profile applications.

Tool handles

Exel is an important supplier of handles for professional cleaning in Europe. The introduction of the Protector™ Antibacteric handle was extremely successful. The handle has been designed for use in hospitals and the food industry. It reduces bacterial growth and gives better, durable protection from contamination and bacteria. Sales of Exel Universal™ telescope handles designed for a number of different uses also grew considerably. The Universal handle is extremely light and strong, and carbon fibre allows a reach of up to 20 metres. Applications range from window cleaning to nuclear plant maintenance. Exel is the biggest producer of composite tool handles in Europe. Composite handles are winning market shares from conventional materials such as aluminium and wood.

Lattice masts

This product group comprises frangible lattice masts marketed primarily for safety approach systems at airports. Exel is one of the few lattice mast manufacturers whose products meet the ICAO frangibility regulations coming into force in 2005 and requiring that light mast systems must be frangible on impact.

Sales of lattice masts increased somewhat on 1998, though these project-type sales may vary a great deal from year to year. The biggest airport projects carried out in 1999 were Schiphol in Amsterdam, Bishek Manas in Kirgistan, Umeå in Sweden, Prain in Cape Verde and Bobo Dioulasso in Burkina Faso.

In autumn, Exel and Vaisala Oyj signed a letter of intent covering several years on exclusive sales of lattice masts for Vaisala's visibility sensor systems. The agreement will balance out the production cycles in this predominantly project-based product group.

REPORT BY THE BOARD OF DIRECTORS 1999

Corporate organization

The Group consists of the parent company Exel Oyj in Finland and two operating subsidiaries abroad, i.e. Exel GmbH in Germany and International Gateway AB in Sweden. Both subsidiaries are owned in full by the parent company. Exel GmbH makes extrusion thermoplastic components for the European ski and snowboard industry. Sales of Exel pole, floorball and hockey products to customers in Austria and Germany were concentrated at Exel GmbH in 1999. Gateway is focusing on the product development, marketing and sales of the brands under its control.

The parent company also owns the subsidiaries Pro Stick Oy and Exel USA Inc., but they had no operations in 1999.

Ownership

Exel Oyj is on Helsinki Exchanges I List and had 545 shareholders at the end of 1999. On December 31, the principal owner was Sponsor Fund I Ky, with a holding of 58.8%. The operative management and the members of the Board owned 4.0% of the share capital.

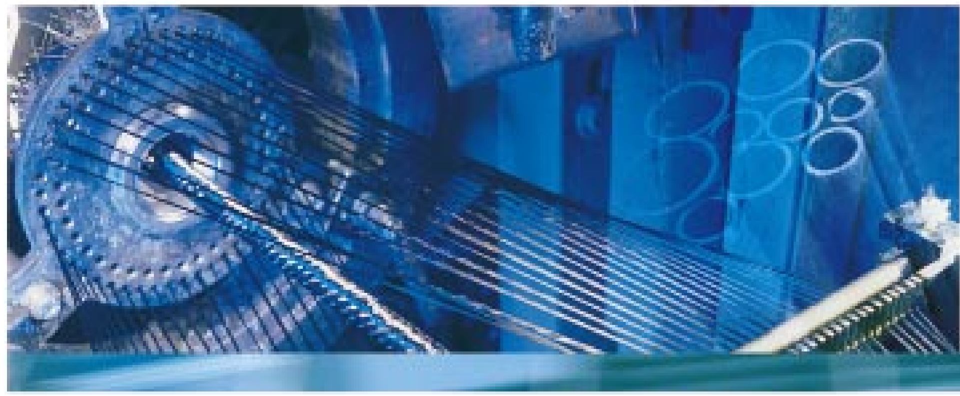
In February 2000, Sponsor Fund I Ky sold all its Exel Oyj shares, and the three biggest shareholders are now Ilmarinen Mutual Pension Insurance Company (9.5%), Conventum Oyj (9.5%) and Metso Oyj's subsidiary Valfin Oy (7.6%).

Exel Oyj's share capital is EUR 1,762,609.47, comprising 5,240,000 shares with a nominal value of EUR 0.336 each (equivalent FIM 2). There is only one type of share, and all shares are non-restricted in accordance with Finnish law. The price of company shares was EUR 5.75 at the end of 1999 (EUR 5.13), and the company's market capitalization was EUR 30.1 million (EUR 26.9 million).

Exel Oyj received two notifications under chapter 2, section 9, of Finland's Securities Markets Act. A notification made on June 23, 1999 stated that the proportion of Exel Oyj share capital and votes accounted for by the Ilmarinen Mutual Pension Insurance Company had exceeded one twentieth, reaching 5.73% on April 1, 1999. According to another notification received on July 8, 1999, the Financial Supervision granted Alfred Berg Rahastoyhtiö Oy permission to derogate from the notification duty laid down in chapter 2, section 9, of the Securities Markets Act in cases where the sum total of the ownerships of the investment funds administered by the fund management company exceeds or falls below 5% of the share capital of an issuing company, or where the votes carried by such ownership reaches or falls below 5% of the total votes carried by all shares. This derogation will be in force up to December 31, 2000 unless otherwise stipulated by amendments to the law.

Business operations

Consolidated net sales totalled EUR 34.1 million (EUR 29.7m), an increase of 15%. Operating profit rose to EUR 4.8 million (EUR 3.6m) and was up by 35% on the previous year. Profit after financial items totalled EUR 4.6 million (EUR 2.8m). There were no extraordinary expenses in 1999, and financial expenses were considerably lower than the previous year, primarily due to the fact that the expenses of listing the company in 1998 no longer affected the 1999 figure.



The Group's balance sheet structure continued to strengthen, thanks to a good profit trend and control of working capital items. Solvency improved from 41.4% to 48.6%, and net interest-bearing liabilities fell to EUR 4.3 million from EUR 5.7 million. Earnings per share were EUR 0.63 (EUR 0.39), up by 60%.

Net sales by the Industry division amounted to EUR 13.8 million (EUR 10.7m). The division's operating profit also improved substantially, amounting to EUR 2.5 million (EUR 1.8m), up by 38%. The locomotive for the growth continued to be industrial profiles, for which there was excellent demand in Continental Europe. The major part of the growth continued to be generated by antenna profiles for GSM base stations, but a number of other new profile applications were developed during the year. Industry's growth exceeded that of its competitors by a wide margin.

A letter of intent was signed with Vaisala Oyj on the use of lattice masts with visibility sensor systems. The agreement will stabilize the basic load on production.

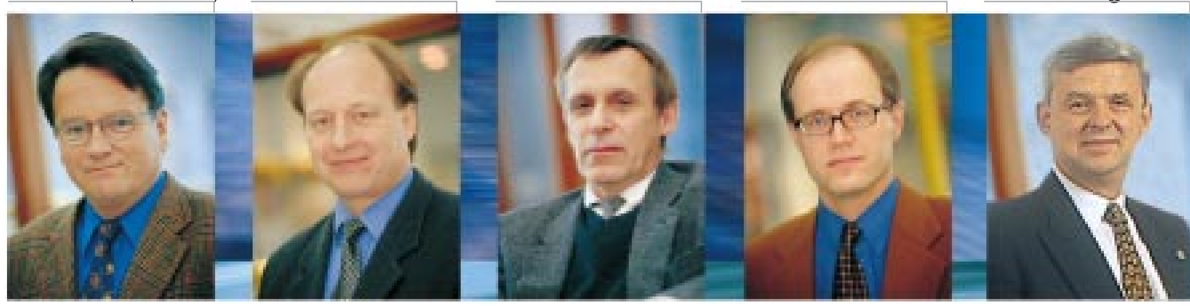
Net sales by the Sport division totalled EUR 20.3 million (EUR 19.0m), an increase of 7% on the previous year. Operating profit came to EUR 2.3 million (EUR 1.8m), an improvement of 32%. Growth was the most vigorous in Nordic Walking, 168%. Sales by International Gateway AB, which was purchased in 1998 for the floorball business, improved by more than 50%. Net sales by the other product groups reached expected levels. Profitability improved, thanks to additional production volume and moderate cost trends.

Investment and R&D

Consolidated investment totalled EUR 2.3 million (EUR 2.6m). The most important investments focused on increasing capacity in the Industry division. A new production line was acquired by the Kivara Factory, for approximately EUR 0.3 million. This will expand the capacity to produce profiles with a large surface area. The Kivara production facility was extended by some 1,500 square metres at a total cost of EUR 0.4 million. The Kiihtelysvaara Municipality will contribute some 50% to the cost of the extension. Other investments include primarily inputs in tools and moulds for producing the new profiles developed, replacement moulds for old ones and mould and tool investments required by the new Sport product collections.

R&D expenses were EUR 1.2 million (EUR 0.8m), accounting for 3.5% of net sales (2.6%). R&D was set up as an organizational unit of its own in order to improve efficiency. This proved to be a sensible and well-functioning solution. Key projects included the some 30 new profile applications developed by Industry and the new collections of the Sport division. Some basic work was also carried out to improve winding technologies, to speed up tool manufacture and to develop new resin types. New technical requirements keep cropping up among the clientele, calling for increasingly profound know-how in the chemistry of resins.

Olli Anttila (Chairman) **Mika Sulin** **Pentti Piisku** **Matti Suutarinen** **Rolf Saxberg**



Financing
The Group's financial position is strong as a result of a good profit trend. Net gearing went down to 41.5% (72.2%). Investments were paid in full with cash flow from operations. Repayments on long-term loans came to EUR 1.1 million. At the end of the financial year, net interest-bearing liabilities totalled EUR 4.3 million (EUR 5.7m). Net financial expenses went down to EUR 0.3 million (EUR 0.7m). Extraordinary one-off listing expenses of EUR 0.3 million had strained the financial expenses figure the previous year.

Insider regulations
In autumn 1999, Helsinki Exchanges issued a more detailed version of its general insider trading guidelines and advice on their application in practice. The company Board discussed them and decided to adopt them, providing more detailed application instructions, as from March 1, 2000.

Outlook for 2000
In January, 2000, Exel signed a major agreement worth some EUR 1.7 million on the delivery of antenna profiles for GSM base stations to Germany. This order will guarantee full capacity operation for the production lines involved up to summer 2000 and further reinforce the good order book and profitability of Exel's Kivara Factory in spring 2000.

Raw material and payroll expenses are facing increasing pressure.

The outlook for the company is favourable. Net sales are expected to grow and financial performance to improve in 2000.

Management
Olli Anttila was Chairman of the Board of Directors in 1999, and the members were Pentti Piisku, Rolf Saxberg, Mika Sulin and Matti Suutarinen. All Board members were re-elected by the spring 1999 Annual General Meeting. Ari Jokelainen is President of the company.

Auditors
Authorized Public Accountants Pricewaterhouse Coopers Oy, with Seppo Tervo, APA, as the principally responsible auditor, and Johan Kronberg, APA, were the company auditors.

Income Statement, EUR thousands

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
NET SALES	34,072	29,675	31,764	27,515
Increase(+)/decrease (-) in inventories of finished goods and work in progress	82	-226	133	134
Production for own use	243	196	243	196
Other operating income	256	330	206	434
Materials and services	-12,390	-10,670	-11,765	-10,148
Personnel expenses	-7,853	-7,387	-6,897	-6,487
Depreciation	-2,130	-1,838	-1,838	-1,677
Other operating expenses	-7,471	-6,526	-6,954	-6,241
OPERATING PROFIT	4,809	3,553	4,892	3,726
Financial income and expenses	-255	-711	-199	-674
PROFIT BEFORE EXTRAORDINARY ITEMS	4,554	2,842	4,693	3,052
Extraordinary items		-445		-510
PROFIT BEFORE INCOME TAXES	4,554	2,397	4,693	2,542
Appropriations			66	
Direct taxes	-1,235	-706	-1,330	-700
PROFIT FOR THE YEAR	**3,318**	**1,692**	**3,428**	**1,842**

BALANCE SHEET, EUR THOUSANDS

	Group		Parent company	
	1999	1998	1999	1998
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	161	189	160	189
Goodwill	1,009	1,160	1,009	1,160
Other capitalized expenditure	265	140	253	124
	1,434	1,490	1,423	1,473
Consolidation goodwill	617	689		
Tangible assets				
Land and water	116	116	116	116
Buildings	2,916	2,819	2,898	2,794
Machinery and equipment	4,928	4,628	4,249	4,107
Construction in progress	370	577	370	550
	8,329	8,139	7,633	7,567
Investments				
Holdings in Group companies	11	3	1,191	1,191
Other shares and holdings	99	99	99	99
	110	101	1,290	1,290
TOTAL NON-CURRENT ASSETS	10,491	10,419	10,345	10,330
CURRENT ASSETS				
Inventories				
Raw materials and consumables	3,019	2,107	2,870	1,951
Work in progress	683	553	475	519
Finished products	894	785	872	694
	4,596	3,445	4,217	3,164
Current receivables				
Trade receivables	4,113	3,588	3,715	3,369
Receivables from Group companies			649	562
Other receivables	99	32	35	9
Prepaid expenses and accrued income	452	261	381	201
	4,664	3,881	4,779	4,142
Deferred tax assets	80			
Cash in hand and at bank	1,341	1,192	1,225	1,093
TOTAL CURRENT ASSETS	10,681	8,519	10,221	8,400
	21,173	**18,938**	**20,567**	**18,730**

BALANCE SHEET, EUR THOUSANDS

	Group		Parent company	
	1999	1998	1999	1998
LIABILITIES AND SHAREHOLDERS' EQUITY				
EQUITY				
Share capital	1,763	1,763	1,763	1,763
Premium fund	2,767	1,085	2,767	1,085
Reserve fund		1,682		1,682
Retained earnings	2,441	1,627	2,038	1,078
Profit for the financial year	3,318	1,692	3,428	1,842
TOTAL EQUITY	10,290	7,848	9,996	7,449
APPROPRIATIONS				
Depreciation difference			730	796
PROVISIONS		49		37
LIABILITIES				
Deferred tax liabilities	204	223		
Non-current liabilities				
Warrant bond	48	48	48	48
Loans from financial institutions	3,903	5,024	3,844	4,909
Other non-current liabilities	124	89	124	89
	4,075	5,161	4,016	5,046
Current liabilities				
Loans from financial institutions	1,589	1,747	1,033	1,694
Trade payables	2,536	1,978	2,437	1,851
Liabilities to Group companies			88	93
Other liabilities	313	251	246	204
Accrued liabilities and deferred income	2,166	1,681	2,020	1,560
	6,604	5,657	5,824	5,402
TOTAL LIABILITIES	10,883	11,040	9,840	10,448
	21,173	**18,938**	**20,567**	**18,730**

FUNDS STATEMENT, EUR THOUSANDS

	Group		Parent company	
	1999	1998	1999	1998
Cash flow from business operations				
Operating profit	4,809	3,553	4,892	3,726
Operating profit adjustments	2,081	1,838	1,801	1,714
Change in net working capital	-1,444	-260	-1,142	-1,894
Interest paid and other financial expenses	-295	-741	-263	-719
Interest received	15	81	39	45
Income taxes paid	-686	-1,035	-770	-1,029
Extraordinary expenses		-445		-511
Cash flow from business operations	**4,480**	**2,991**	**4,557**	**1,332**
Investment cash flow				
Other investments		-960		-776
Investments in tangible and intangible assets	-2,288	-1,757	-1,960	-1,718
Income from surrender of tangible and intangible assets	108		108	
Investment cash flow	**-2,180**	**-2,717**	**-1,852**	**-2,494**
Cash flow before financing	**2,300**	**274**	**2,705**	**-1,162**
Cash flow				
Withdrawals of non-current loans	41	137	41	112
Repayments on non-current loans	-1,127	-914	-1,071	-1,003
Withdrawals of/repayments on current loans	-158	-891	-661	630
Dividend paid	-882	-479	-882	-479
Rights issue		1,166		1,166
Other	-25			
Cash flow	**-2,151**	**-981**	**-2,573**	**426**
Change in liquid funds	**149**	**-707**	**132**	**-736**
Liquid funds on January 1	1,192	1,899	1,093	1,829
Liquid funds on December 31	1,341	1,192	1,225	1,093

PRINCIPLES APPLIED IN CONSOLIDATED FINANCIAL STATEMENTS

Consolidated subsidiaries
Apart from the parent company, the consolidated financial statements include the subsidiaries Exel GmbH and International Gateway AB. No figures are included for Pro Stick Oy and Exel USA Inc., since they had no business operations in 1999. The consolidated financial statements can be viewed at the corporate headquarters at Uutelantie 24 B, Mäntyharju, Finland.

Consolidation
As far as the subsidiaries are concerned, the consolidation was carried out using the acquisition cost method. The difference between the acquisition cost of the new subsidiary and the equity corresponding to the purchased holding was entered as consolidation goodwill to be depreciated over ten years.

Business between Group companies was eliminated. The income statements of the subsidiaries abroad were converted into euros at the monthly average of the conversion rates quoted by the European Central Bank. The balance sheets were correspondingly converted into euros at the central rate at the end of the financial period. Conversion differences were recorded in the consolidated accounts under equity.

Internal receivables and liabilities and internal margins in inventories were eliminated between Group companies.

Items denominated in foreign currency
Internal receivables and liabilities denominated in foreign currencies were converted into euros at the central rate on the date of closing.

Fixed assets
The book value of fixed assets in the balance sheet is the acquisition cost less planned depreciation.

Depreciation principle
Planned depreciation is calculated on the basis of economic life as a straight-line depreciation on the original cost.

Valuation of inventories
Raw materials are valued at cost, and finished products and work in progress at direct production cost.

Pension expenses
The Group's pension arrangements follow the law on pension coverage.

Deferred tax liabilities and assets
Depreciation accumulated by the parent company in excess of what had been planned was divided into deferred tax liabilities and shareholders' equity. The tax rate on the date of closing was applied. The proportion of the accumulated depreciation difference included in equity was EUR 526,000 on December 31, 1999. The Companies Act does not regard this as distributable equity. The EUR 204,000 in deferred tax liabilities were shown as a separate item in the balance sheet. Deferred tax assets related to losses made by subsidiaries amounted to EUR 80,000.

Direct taxes
Taxes allocated to the financial period under review and to previous financial periods were treated on an accrual basis and recorded in the income statement.

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
1. NET SALES				
By division				
Sport	20,318	18,976	18,010	16,816
Industry	13,754	10,699	13,754	10,699
Total	34,072	29,675	31,764	27,515
By market area				
Finland	11,469	9,107	11,197	8,861
Other Nordic countries	5,047	4,395	4,632	3,754
Rest of Europe	15,539	13,369	14,227	12,206
North America	1,456	1,932	1,202	1,822
Other countries	561	873	506	873
Total	34,072	29,675	31,764	27,515
2. PERSONNEL EXPENSES				
Management salaries and remunerations				
President and managing directors	344	270		
Members of the Board	24	39	24	39
Total	368	309	24	39
Average personnel employed by the Group and the parent company				
Salaried employees	66	66	56	57
Non-salaried employees	181	174	168	157
Total	247	240	224	214

3. DEPRECIATION

Fixed assets have been entered in the balance sheet at cost after deduction of planned depreciation. Planned depreciation is calculated on the basis of economic life, as a straight-line depreciation on the original cost.

Planned depreciation periods

Buildings	5-20 years
Machinery and equipment	3-8 years
Other capitalized expenditure	3-8 years
Goodwill	10 years
Intangible rights	3-5 years
Consolidation goodwill	10 years

Goodwill from the parent company's corporate acquisitions and consolidation goodwill from the acquisition of International Gateway AB are depreciated over 10 years, as the income expectation period is that long.

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Planned depreciation				
Intangible rights	91	66	91	66
Goodwill	152	151	96	151
Other capitalized expenditure	102	131	151	128
Consolidation goodwill	72	30		0
Buildings	193	179	186	172
Machinery and equipment	1,520	1,281	1,314	1,160
Total	2,130	1,838	1,838	1,677
Change in depreciation difference				
Buildings			13	
Machinery and equipment			-77	
Intangible rights			-2	
Total			-66	
4. OTHER OPERATING EXPENSES				
Rents	270	300	157	168
Marketing expenses	1,215	1,512	1,208	1,193
Other expenses	5,986	4,715	5,589	4,880
Total	7,471	6,527	6,954	6,241

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
5. FINANCIAL INCOME AND EXPENSES				
Other interest and financial income				
From Group companies			26	26
From others	101	81	100	81
Total	101	81	126	106
Interest and other financial expenses				
To others	356	468	325	456
Listing expenses		324		324
Total	356	792	325	780
Total financial income and expenses	-255	-711	-199	-674
6. EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary expenses				
Discontinuation of the Golf business		434		510
Other		11		
Total		445		510
7. APPROPRIATIONS				
Difference between planned depreciation and depreciation made in taxation			-66	
8 DIRECT TAXES				
Income tax on actual operations	-1,334	-849	-1,348	-843
Income tax on extraordinary expenses		143		143
Change in deferred tax liabilities	99		18	
Total	-1,235	-706	-1,330	-700

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
9. INTANGIBLE AND TANGIBLE ASSETS				
Intangible rights				
Acquisition cost Jan.1	293	195	292	195
Increase 1.1.-31.12.	64	98	62	97
Decrease 1.1.-31.12.	-2			
Acquisition cost Dec.31	355	293	354	292
Accumulated planned depreciation Jan.1	-103	-37	-103	-37
Planned depreciation 1.1.-31.12.	-91	-66	-91	-66
Book value Dec.31	161	190	160	189
Goodwill				
Acquisition cost Jan.1	1,653	1,653	1,653	1,653
Increase 1.1.-31.12.				
Acquisition cost Dec.31	1,653	1,653	1,653	1,653
Accumulated planned depreciation Jan.1	-492	-341	-492	-341
Planned depreciation 1.1.-31.12.	-152	-151	-152	-151
Book value Dec.31	1,009	1,160	1,009	1,160
Capitalized expenditure				
Acquisition cost Jan.1	431	400	412	400
Increase 1.1.-31.12.	226	31	226	13
Acquisition cost Dec.31	657	431	638	413
Accumulated planned depreciation Jan.1	-291	-160	-289	-160
Planned depreciation 1.1.-31.12.	-102	-131	-96	-128
Book value Dec.31	264	140	253	124
Consolidation goodwill				
Acquisition cost Jan.1	719			
Increase 1.1.-31.12.		719		
Acquisition cost Dec.31	719	719		
Accumulated planned depreciation Jan.1	-30	-30		
Planned depreciation 1.1.-31.12.	-72			
Book value Dec.31	617	689		

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Land and water				
Acquisition cost Jan.1	116	116	116	116
Increase 1.1.-31.12.				
Decrease 1.1.-31.12.				
Acquisition cost Dec.31	116	116	116	116
Book value Dec.31	116	116	116	116
Buildings				
Acquisition cost Jan.1	3,217	2,942	3,184	2,909
Increase 1.1.-31.12.	290	274	290	274
Acquisition cost Dec.31	3,507	3,217	3,474	3,184
Accumulated planned depreciation Jan.1	-398	-219	-390	-218
Planned depreciation 1.1.-31.12.	-193	-179	-186	-172
Conversion difference				
Book value Dec.31	2,916	2,818	2,898	2,794
Machinery and equipment				
Acquisition cost Jan.1	7,376	6,079	6,688	5,649
Increase 1.1.-31.12.	1,898	1,276	1,564	1,039
Decrease 1.1.-31.12.	-108	-6	-108	
Acquisition cost Dec.31	9,166	7,349	8,144	6,688
Accumulated planned depreciation Jan.1	-2,724	-1,443	-2,581	-1,421
Planned depreciation 1.1.-31.12.	-1,520	-1,281	-1,314	-1,160
Conversion difference	6	3		
Book value Dec.31	4,928	4,628	4,249	4,107
Undepreciated acquisition cost of production machinery and equipment	4,192	4,030	3,575	3,510
Accumulated planned depreciation Jan.31				
Intangible rights	194	103	194	103
Goodwill	644	492	643	492
Capitalized expenditure	393	291	385	289
Consolidation goodwill	102	30		
Buildings	591	398	576	390
Machinery and equipment	4,244	2,724	3,895	2,581
Total	6,168	4,039	5,693	3,855
Accumulated difference between total and planned depreciation Jan.1			796	796
Decrease in depreciation difference 1.1.-31.12.			-66	
Accumulated difference between total and planned depreciation Dec.31			730	796

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Shares				
Group companies				
Acquisition cost Jan.1			1,191	415
Increase 1.1.-31.12.				776
Acquisition cost Dec.31			1,191	1,191
Other shares and holdings				
Acquisition cost Jan.1	99	111	99	111
Decrease 1.1.-31.12.		-12		-12
Acquisition cost Dec.31	99	99	99	99

10. COMPANIES OWNED BY PARENT COMPANY

SHARES IN SUBSIDIARIES

Owned by the parent company

Name of company	Proportion owned %	Share of equity EUR 1,000	Book value EUR 1,000	Profit/loss according to latest accounts EUR 1,000
Pro Stick Oy, Mäntyharju, Finland	100	6	3	0
Exel USA Inc., Atlanta, USA	100	10	9	2
Exel GmbH, Rohrdorf, Germany	100	275	404	-47
International Gateway AB, Piteå, Sweden	100	42	776	7
Total book value			1,191	

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
11. RECEIVABLES				
Current receivables				
Receivables from Group companies				
Trade receivables			133	2
Loan receivables			516	416
Prepaid expenses and accrued income				144
Total			649	562
Receivables from others				
Trade receivables	4,113	3,588	3,715	3, 369
Other receivables	99	32	34	9
Prepaid expenses and accrued income	452	261	381	201
Total	4,664	3,881	4,130	3,580
Deferred tax assets	80			
Total current receivables	4,744	3,881	4,779	4,142
12. EQUITY				
Share capital Jan.1	1,763	1,682	1,763	1,682
New issue Oct.15, 1998		81		81
Share capital Dec.31	1,763	1,763	1,763	1,763
Premium fund Jan.1	1,085	1,085	1,085	1,085
Transfer to premium fund from reserve fund	1,682		1,682	
Premium fund Dec.31	2,767	1,085	2,767	1,085
Reserve fund Jan.1	1,682	1,682	1,682	1,682
Transfer from reserve fund to premium fund	-1,682		-1 682	
Reserve fund Dec.31	0	1,682	0	1,682
Retained earnings	3,319	2,107	2,920	1,557
Dividend distributed	-882	-479	-882	-479
Conversion differences	4	-1		
Retained earnings	2,441	1,627	2,038	1,078
Profit for the financial period	3,318	1,692	3,428	1,842
Total equity	10,289	7,848	9,996	7,449

The share capital is EUR 1,762,609.47 (equivalent FIM 10,480,000), divided into 5,240,000 shares with a nominal value of EUR 0.34 (equivalent FIM 2). There is only one type of share.

Calculation of funds distributable as profit Dec.31

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Retained earnings	2,441	1,627	2,038	1,078
Profit for the financial year	3,318	1,692	3,428	1,842
Transfer of accumulated depreciation difference to equity	-526	-573		
Total	5,233	2,746	5,466	2,920

EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
13. APPROPRIATIONS				
Depreciation difference			730	796
14. PROVISIONS				
Other provisions				
Discontinuation of Golf business		37		37
Other		12		
Total		49		37
15. DEFERRED TAX LIABILITIES				
On appropriations	204	223		
16. NON-CURRENT LIABILITIES				
Liabilities to others				
Warrant bond	48	48	48	48
Loans from financial institutions	3,903	5,024	3,844	4,909
Other non-current liabilities	124	89	124	89
Total non-current liabilities	4,075	5,161	4,016	5,046
Liabilities falling due in a period longer than five years		961		961

The 1998 EUR 47,765.37 (equivalent FIM 284,000) warrant bond is paid up. The exchange period for A warrants is from October 1, 2000 to October 31, 2004 and for B warrants from October 1, 2002 to October 31, 2004. The subscription price is EUR 4.76 per share (equivalent FIM 28.28 per share). Holders of A warrants are entitled to subscribe 142,000 shares to a total nominal value of EUR 47,765.37 (equivalent FIM 284,000), and holders of B warrants to subscribe 142,000 shares to a total nominal value of EUR 47,765.37 (equivalent FIM 284,000). The subscription period may not begin before the company's adjusted yield per share has risen by an annual average of 10% on the 1997 figure. The subscription price will be lowered after October 1, 1998, and by the amount of dividend distributed per share before subscription on the record date of each dividend distribution.

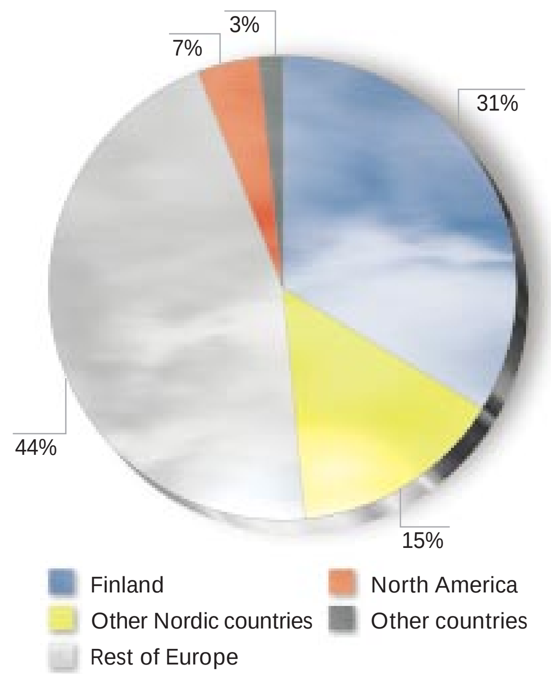
EUR 1,000	Group 1999	Group 1998	Parent company 1999	Parent company 1998
17. CURRENT LIABILITIES				
Liabilities to Group companies				
Trade payables			88	2
Accrued liabilities and deferred income				90
Total			88	93
Liabilities to others				
Loans from financial institutions	1,589	1,747	1,033	1,694
Advance payments	9		9	
Trade payables	2,536	1,978	2,437	1,851
Other liabilities	304	251	237	204
Accrued liabilities and deferred income	2,166	1,681	2,020	1,560
Total	6,604	5,657	5,736	5,309
Total current liabilities	6,604	5,657	5,824	5,402
Breakdown of accrued liabilities and deferred income				
Salaries, wages and holiday pay, including social security expenses	1,245	1,179	1,187	1,158
Deferred tax liabilities	697	120	680	120
Other accrued liabilities and deferred income	224	382	153	282
Total	2,166	1,681	2,020	1,560
18. CONTINGENT LIABILITIES				
Liabilities for which a corporate mortgage and real estate mortgages have been provided as collateral				
Financial institution loans	4,805	6,425	4,805	6,425
Mortgages given on land and buildings	2,784	2,784	2,784	2,784
Corporate mortgages given	7,400	7,400	7,400	7,400
Collateral for Group companies				
Credit limit guarantee	102	102	102	102
The pension liabilities are covered via the insurance company as prescribed by legislation.				
19. LEASING LIABILITIES				
Falling due in 2000	23	22	23	22
Falling due later	59	77	59	77
20. ORDER BOOK				
Order book on Dec.31	5,361	5,354	5,076	5,301

21. DISTRIBUTION OF NET SALES, OPERATING PROFIT AND PERSONNEL BY DIVISION

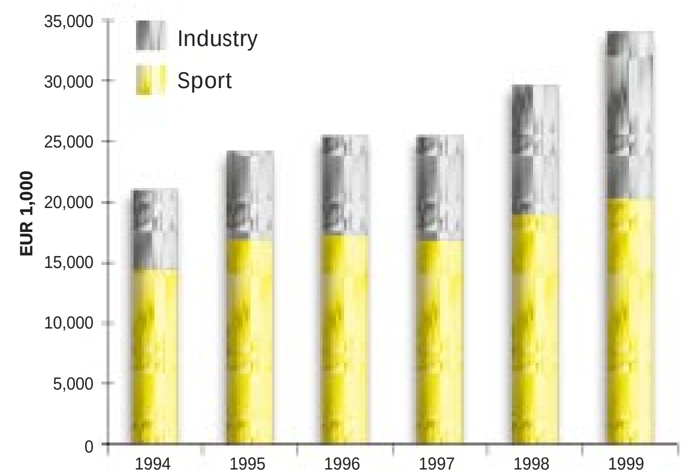
Group	Sport	Industry	Total
Net sales			
1999	20,318	13,754	34,072
1998	18 976	10,699	29,675
Operating profit			
1999	2,325	2,484	4,809
1998	1,757	1,796	3,553
Personnel on Dec.31			
1999	166	102	268
1998	159	70	229

Parent company	Sport	Industry	Total
Net sales			
1999	18,010	13,754	31,764
1998	16,816	10,699	27,515
Operating profit			
1999	2,408	2,484	4,892
1998	1,930	1,796	3,726
Personnel on Dec.31			
1999	142	102	244
1998	138	70	208

Net sales by market area



Net sales by division



22. SHARE OWNERSHIP

Distribution of share ownership by sector on February 11, 2000

	%
Private companies	35.3
Financial and insurance institutions	31.0
Public sector entities	17.4
Non-profit organizations	1.2
Households	15.0
Foreign	0.0
Of which, nominee registrations	1.4

Distribution of share ownership on February 11, 2000

Shares	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of total number of shares
1 -1,000	551	75.69	206,530	3.94
1,001 - 10,000	120	16.48	456,490	8.71
10,001-50,000	36	4.95	985,980	18.82
over 50,000	21	2.88	3,591,000	68.53

23. SHAREHOLDERS

Information on shareholders on February 11, 2000

Shareholder	Number of shares	Percentage of shares and votes
Ilmarinen Mutual Pension Insurance Company	500,000	9.5
Conventum Oyj	500,000	9.5
Valfin Oy	400,000	7.6
Varma-Sampo	301,800	5.8
Alfred Berg Small Cap (investment fund)	246,200	4.7
Merita Bank plc	200,000	3.8
Evli Select (investment fund)	155,000	3.0
FIM Forte (investment fund)	140,000	2.7
Sponsor Fund I Ky	131,300	2.5
Gyllenberg Small Firm (investment fund)	130,000	2.5
Nominee registration	73,000	1.4
Other	2,462,700	47.0
	5,240,000	100.0

During the financial year the company received two notifications under chapter 2, section 9, of the Securities Markets Act.

According to a notification received on June 29, 1999, the proportion of Exel Oyj share capital owned by Ilmarinen Mutual Pension Insurance Company exceeded one twentieth, reaching 5.73%.

According to a notification received on July 8, 1999, the Financial Supervision granted Alfred Berg Rahastoyhtiö Oy permission to derogate from the notification duty laid down in chapter 2, section 9, of the Securities Markets Act in cases where the sum total of the ownerships of the investment funds administered by the fund management company exceeds or falls below 5% of the share capital of an issuing company, or where the votes carried by such ownership reach or fall below 5% of the total voting power carried by all shares. This derogation will be in force up to December 31, 2000 unless otherwise stipulated by amendments to the law.

24. MANAGEMENT INTERESTS

The aggregate holding of the members of the Board of Directors and the President was 208,500 shares on December 31, 1999. This accounts for 3.98% of corporate shares and 3.98% of the votes carried by all shares. The warrants held by them account for 26.76% of the total number of warrants issued by Exel Oyj. If all warrants entitling holders to subscription are used, members of the Board of Directors and the President will hold 5.15% of the total number of shares.

25. SHARE ISSUE AND WARRANT BOND

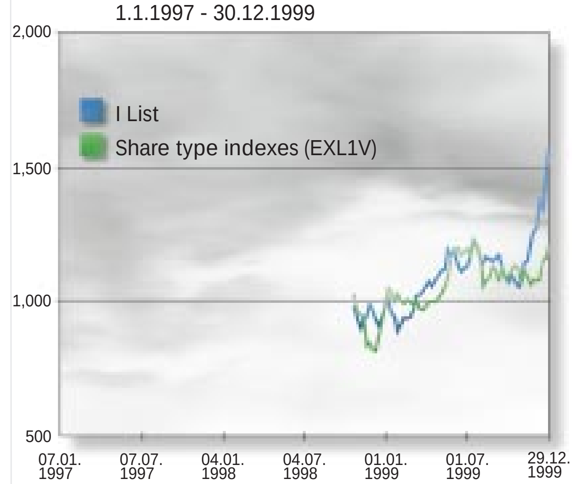
No decisions were made during the financial year to issue shares, convertible bonds or warrants. At the end of the financial year the Board of Directors had no authorization to issue shares, convertible bonds or warrants.

An extraordinary shareholders' meeting of Exel Oyj held on August 17, 1998 decided to issue an EUR 47,765.37 (equivalent FIM 284,000) warrant bond targeted at key personnel. The bond is non-interest-bearing and will be repaid in a single sum on October 16, 2001. A total of 284,000 bonds at EUR 168.19 (equivalent FIM 1,000) were issued, each with 1,000 warrants, 500 of them marked with the letter A and 500 with the letter B. The bonds were issued in October 1998. The subscription period for A warrants is from October 1, 2000 to October 31, 2004 and for B warrants from October 1, 2002 to October 31, 2004. A warrants entitle their holders to subscribe a maximum of 142,000 shares and B warrants a maximum of 142,000 shares. The total number of the shares that can be subscribed by exercising the warrants equals 5.15% of the company's share capital and voting rights, and the maximum increase in the share capital is EUR 95,530.74 (equivalent FIM 568,000). The subscription price of the shares is EUR 4.76 (equivalent FIM 28.28), less dividend per share distributed after October 1, 1998.

26. SHARE PRICE AND TRADING

Share price EUR	1998	1999
Average price	4.30	5.19
Lowest price	3.87	4.40
Highest price	5.38	6.20
Share price at end of financial year	5.13	5.75
Market capitalization, EUR million	26.9	30.1
Share trading		
Number of shares traded	305,000	914,092
% of total	6.0	17.4
Number of shares adjusted for share issues		
Average number	5,050,630	5,240,000
Number at end of financial year	5,240,000	5,240,000

Hex indexes and share type indexes
1.1.1997 - 30.12.1999



Exel Oyj shares have been quoted on Helsinki Exchanges I List as from October 19, 1998.

27. INDICATORS

Indicators illustrating financial trends

Figures given in EUR 1,000 unless otherwise specified	1995	1996	pro forma 1997	1998	1999
Net sales	24,132	25,443	25,432	29,675	34,072
Operating profit	618	2,681	3,236	3,553	4,809
% of net sales	2.6	10.5	12.7	12.0	14.1
Profit before extraordinary items			2,726	2,842	4,554
% of net sales			10.7	9.6	13.4
Profit before provisions and income taxes			2,726	2,397	4,554
% of net sales			10.7	8.1	13.4
Total assets	17,732	19,675	17,846	18,938	21,173
Return on equity %			40.7	29.9	36.6
Return on investment %	4.4	19.1	21.9	25.5	32.0
Solvency ratio %			30.7	41.4	48.6
Net gearing %			116.5	72.2	41.5
Gross investment in fixed assets	2,031	1,049	1,982	2,558	2,288
% of net sales	8.4	4.1	7.8	8.6	6.7
R&D expenses			711	764	1,179
% of net sales			2.8	2.6	3.5
Average personnel	264	233	214	240	247
Personnel at year end	256	203	224	229	268

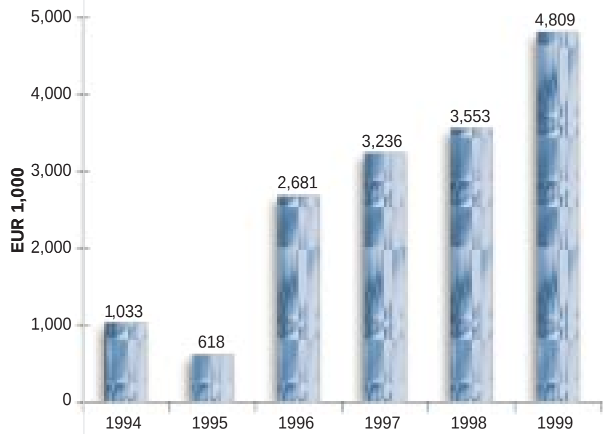
Share data

Earnings per share (EPS) EUR			0.38	0.39	0.63
Equity per share EUR			1.09	1.50	1.96
Dividend per share EUR			0.10	0.17	0.30
Payout ratio %			25.1	42.6	47.4
Effective yield of shares %				3.3	5.2
Price/earnings (P/E) %				13.0	9.1

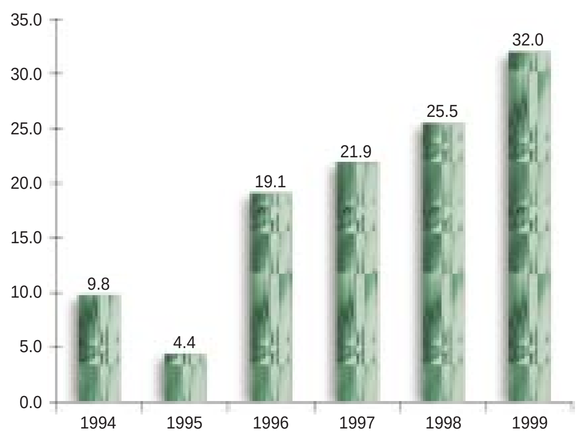
Corporate rearrangements took place in 1996, which is why two juridically separate companies engaged in operations that year. A new company was established to continue the operation of the then Exel Oy, and the new company purchased the business and property of the old company on November 29, 1996, starting operations at the beginning of December.

Since operations continued without interruption, the income statement was considered comparable up to operating profit. Major changes took place in the financial structure, however, and not all the indicators were considered sufficiently comparable. These indicators are given only for the full financial years of the present company.

Net sales



Return on equity, %



COMPUTATION FORMULAE

Return on equity %

$$\frac{\text{profit before extraordinary items, provisions and income taxes less income taxes}}{\text{equity + minority interest + voluntary provisions and depreciation difference less deferred tax liabilities (average)}} \times 100$$

Return on investment %

$$\frac{\text{profit before extraordinary items, provisions and income taxes + interest and other financial expenses}}{\text{total assets less non-interest-bearing liabilities (average)}} \times 100$$

Solvency ratio %

$$\frac{\text{equity + minority interest + voluntary provisions and depreciation difference less deferred tax liabilities}}{\text{total assets less advances received}} \times 100$$

Net gearing %

$$\frac{\text{net interest-bearing liabilities (= interest-bearing liabilities less liquid assets)}}{\text{equity}} \times 100$$

Earnings per share (EPS) EUR

$$\frac{\text{profit before extraordinary items, provisions and income taxes less income taxes +/- minority interest}}{\text{average adjusted number of shares in the financial period}}$$

Equity per share EUR

$$\frac{\text{equity + voluntary provisions + depreciation difference less deferred tax liabilities and minority interest}}{\text{adjusted number of shares on closing date}}$$

Dividend per share EUR

$$\frac{\text{dividend for the financial period}}{\text{adjusted number of shares on closing date}}$$

Effective yield of shares %

$$\frac{\text{dividend per share x 100}}{\text{adjusted average share price at year end}} \times 100$$

Price/earnings (P/E) %

$$\frac{\text{adjusted average share price at year end}}{\text{earnings per share}} \times 100$$

Proposal for Distribution of Profit

The Group's distributable funds totalled EUR 5,234,025.39 on December 31, 1999. Exel Oyj's distributable funds totalled EUR 5,466,103.97, of which profit for the financial period accounted for EUR 3,427,897.52.

The Board proposes that the profit funds be distributed as follows:

– a dividend of 47.4% of earnings per share, i.e. EUR 0.30 per share	EUR 1,572,000.00
– carried over as equity	EUR 3,894,103.97
	EUR 5,466,103.97

Helsinki, February 16, 2000

Olli Anttila, Chairman
Pentti Piisku
Rolf Saxberg

Mika Sulin
Matti Suutarinen

Ari Jokelainen
President

The financial statements have been drawn up in accordance with good accounting practice. An auditors' report on the audit of the accounts has been submitted today.

Helsinki, February 23, 2000

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Seppo Tervo
APA

Johan Kronberg
APA

Auditors' Report

To the shareholders of Exel Oyj

We have audited the accounts, the financial statements and the administration of Exel Oyj for the financial period January 1 - December 31, 1999. The financial statements drawn up by the Board of Directors and the President comprise a report on operations and income statements, balance sheets and notes to the accounts for the Group and the parent company respectively. On the basis of our audit we hereby make the following report on the financial statements and administration.

The audit has been carried out in accordance with good auditing practice. Consequently, the accounts, the principles of drawing up the financial statements and the content and presentation of the financial statements have been examined to a sufficient extent to ensure that the financial statements do not contain any essential mistakes or defects. In auditing the administration, we have examined the legality of the operations of the members of the Board and the President on the basis of the provisions of the Companies Act.

We put forward as our report that the financial statements have been drawn up in accordance with the Accounting Act and other provisions concerning financial statements. The financial statements provide a true and fair view of the result of Group and parent company operations and of their financial standing. The financial statements, including the consolidated financial statements, can be adopted, and release from liability granted to the members of the parent company Board of Directors and the President for the financial period now audited. The Board's proposal for disposing of the profit for the financial year is in accordance with the Companies Act.

Helsinki, February 23, 2000

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Seppo Tervo
APA

Johan Kronberg
APA

Environment, health and safety

Exel is committed to Responsible Care, a Chemical Industry Federation of Finland programme covering environmental and occupational health and safety issues. For Exel, this means pursuing a principle of continuous development and transparency in order to prevent health hazards and accidents, and to minimize adverse environmental impacts. At the same time, these measures will help us to sharpen our competitive edge.

Systematic work in EHS (Environment, Health, Safety) activities is an integral part of daily operations and continuous development at Exel's production plants. In 1999, attention focused on improving process safety and looking for alternative raw materials. Air conditioning efficiency and control automation were improved. Extension of facilities helped to organize material flows better and improved working conditions in the dispatch unit. At the same time, improvements were made in the storage of chemicals.

Exel is involved in a joint project involving Mikkeli Polytechnic's Institute of Environmental Technology and the region's reinforced plastic industry: the aim is to find and develop forms of recycling for process waste and other reinforced plastic waste. The project has produced a number of surveys on new reuse alternatives.

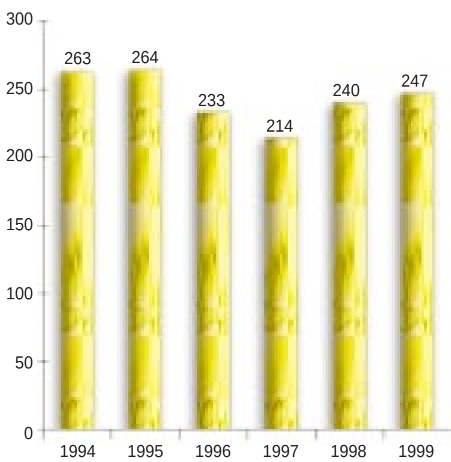
Certified quality system ISO 9001

Det Norske Veritas has granted Exel's quality system an ISO 9001 quality certificate. As in 1998, Exel came third in the annual nationwide comparison between sports equipment suppliers carried out by the Sporttimyyjä journal. This is the result of Exel's long-range development work.

A project enhancing user friendliness and informative content was introduced to improve the efficiency of the quality system. Internal auditing was intensified by training internal auditors for the Mäntyharju and Kivara Factories. Attitude and quality training was provided for the entire personnel. Part of the training was implemented within the framework of an EU project involving the metal and plastic industry in North Karelia.

Exel organizes a quality competition for its production teams each year. The 1999 quality award went to the customer service team of the Mäntyharju Factory, the Kivara Factory frame profile team and the doctor blade profile team.

Average personnel



Annual General Meeting
The Annual General Meeting of Exel Oyj is being held on Wednesday, March 29, 2000 at 10.00 a.m. in the Marski room of the Ceresta Restaurant at the World Trade Center in Helsinki.

Annual Report 1999
This annual report is available in Finnish and English.

Interim reports 2000
Exel will issue an interim report on the first four months of the year on June 8, 2000 and another report on the first eight months on October 12, 2000. The interim reports will be available in Finnish and English.

These publications can be ordered from:

Exel Oyj
Publication orders
P.O. Box 29
52701 Mäntyharju
Finland
Telephone +358 15 34611
Fax +358 15 3461 216

Financial stock exchange information on the company is also available on the Internet at http://www.exel.net