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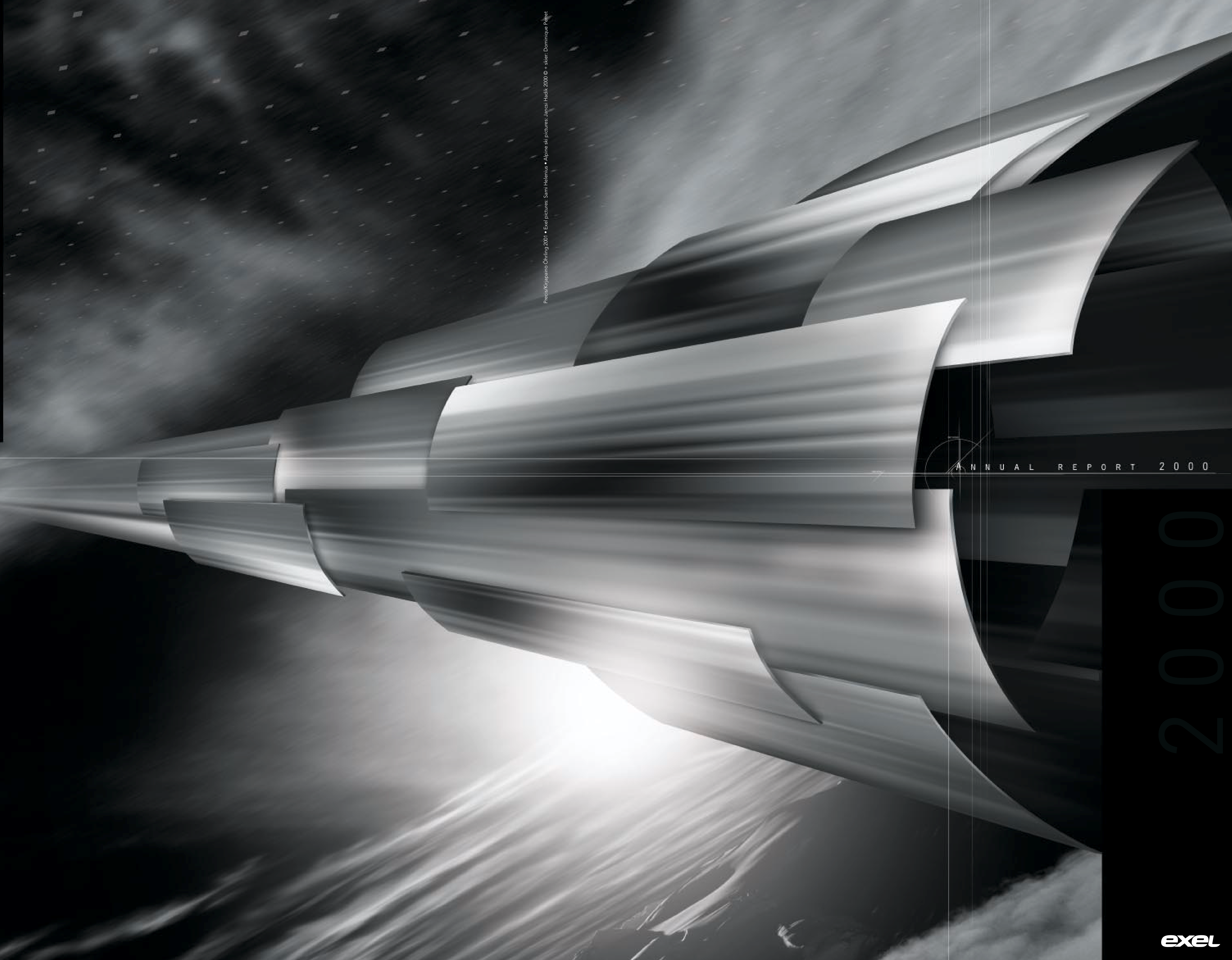


Precis/Kirjapaino Öhrling 2001 • Exel pictures: Sami Helenius • Alpine ski pictures: Jancsi Hadik 2000 © + skier: Dominique Perret

ANNUAL REPORT 2000

2000

exel

Annual Report 2000

Contents:

Exel Group

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

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

Year 2000 in brief

- Net sales reached EUR 47.6 million, up 39.7%
- Earnings per share rose to EUR 0.81 from EUR 0.63 in 1999, an increase of 27.7%
- Profit after financial items rose to EUR 6.0 million, an improvement of 32.3%
- Net sales by Industry continued to grow vigorously, by 46.1%
- Acquisition of the Fiberspar sports equipment business will support Sport's future profitability
- Markets for antenna profiles for UMTS base stations are opening up

Our main markets were highly active in 2000, and this was reflected in operations: Exel's growth exceeded all previous records and was some 40% in terms of net sales, which totalled EUR 47.6 million (EURm 34.1). This was partly due to the fact that our customers are becoming increasingly familiar with the new-generation materials we now use, and a number of major international corporations are testing or adopting our materials for their own applications. The long-range marketing and R&D work that we and our competitors have been doing to make advances in the sector and to safeguard continued market growth is now bearing fruit.

Our powerful growth exceeded the general trend in the field in both the Industry and the Sport divisions, which means Exel has continued to reinforce its position on the market. Our profitability, too, continued to be excellent in spite of large-scale recruitment and the long-term learning processes it requires, and in spite of global price hikes for some raw materials.

Industry division

Glass and carbon fibre reinforced profiles for industry requiring a high level of technical design skills and production technology are in the process of becoming Exel's leading product line. In the past year our profiles group grew extremely vigorously, or close on 50%, facing the entire chain with a tough challenge from marketing, sales and technical backup to production, shipment control and delivery. Once again, antenna profiles for GSM base stations and paper machine doctor blades grew the most. Moreover, nearly 40 new profile applications were also devised by the R&D section. Some of these innovations will generate a lot of new growth potential to complement our traditional product range.

The telecommunications business is developing at a dizzying pace. Exel has been involved in the development work and will be making a contribution to the construction of third-generation UMTS network solutions in 2001. As a result of this development work, our customer base now includes a number of important antenna producers interested in UMTS profiles. This achievement reinforces Exel's status as a leading supplier of composite antenna profiles for base stations worldwide.

Vigorous growth called for more personnel and space at the Kivara factory. The manufacturing facilities were expanded by adding a further 500 square metres of storage space and by reserving a 2,000 square metre production building in Mäntyharju for the Industry division's profile production. Manufacture of doctor blades is now concentrated there. Apart from this, an additional 500 square metre assembly facility was bought from the municipality of Kiihtelysvaara, where we had already been operating for a number of years.

Additions were also made to machinery and production capacity, and four new machine lines, three of them for profiles with a large surface area, went on stream in 2000.

Implementation decisions concerning lattice mast projects were postponed early in the year and re-scheduled to start after the summer months. This meant lower net sales and profitability levels for this particular product line. The company was chosen for most of the projects that were implemented, though, which meant our market share continued to grow. At airports controlled by the ICAO, all mast structures will have to meet the ICAO frangibility standards by 2005, which will bring a substantial upswing in demand over the next few years.

Sport division

The demand for leisure equipment is growing steadily, at an annual rate of 5%. Product innovations are being introduced all the time, and this continues to cause sharp peaks in the demand for seasonal hit products.

One of the hit products on the Finnish market continued to be poles for Nordic Walking (i.e. using poles to intensify the effect of the exercise). Our novelty poles for Nordic Blading were another hit, and demand for them was even greater than expected. In exports, we concentrated on activating the Scandinavian and Continental European markets with our pole innovations. The product group did well as a whole, and sales increased by some 12%.

Laminates and PE production for the ski and snowboard industry and for ice-hockey stick shafts was good and steady throughout the year. This product group showed a substantial growth of over 30%, as production volumes went up in the ski industry after a number of modest years. The group also deserves credit for expanding its customer base.

Floorball sales by Exel increased by almost 10%, which means we succeeded in winning some more market share. We continue to cooperate actively with the International Floorball Federation to increase the popularity of the game and to market it to new countries. The Czech Republic showed the most promising growth in 2000.

In water sports, the acquisition of the Fiberspar operations will give Exel an excellent foundation for developing and intensifying production in 2001. Integration of these manufacturing processes with lattice mast production in Mäntyharju began in late 2000 and will be completed in early 2001. The world market appears very stable.

The new hockey product collection is partly based on the RTM technology acquired from Fiberspar. The new models and their technical features have aroused considerable interest among players and thus dealers. The situation for Finnish baseball equipment was much the same as in 1999. Any future revival of interest in this game will largely depend on how active a role the Finnish Baseball Federation and the various clubs play.

Other operations

Solvency remained good, at some 40%, in spite of major investments. Net sales grew vigorously, and operations were profitable. We carried out a number of development projects and succeeded in expanding our customer base, which will safeguard future growth and profitability.

In this light our long-range objectives of a growth rate of over 15% in both net sales and operating profit, satisfactory solvency and an annual dividend of some 40% of profits would still appear realistic.

Such vigorous growth means the personnel constantly face change: employees must thus be able to apply new working methods flexibly as soon as they learn them, since tomorrow will bring new challenges and new things to learn. Therefore, the ability to learn new things and to accept continuous change are key factors, and we who have been with Exel for longer have a duty to help and guide our new colleagues. I am pleased to say Exel's team spirit and collaboration continued to be excellent in 2000, and I should like to thank the entire personnel for this. I should also like to thank our customers, business partners and owners for the confidence they have shown us in the past year.

Ari Jokelainen
President

Exel by Operating Division

Industry division
The Industry division comprises two product groups: profiles 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 consolidate our standing as the most important pultrusion manufacturer in Europe.

Profiles
This product group comprises glass and carbon fibre tubes and profiles tailored specifically for individual customers, and tool handles. Today, the group has some 400 different items in production.

Exel is the world's most important manufacturer of Pull-Winding tubes. Compared with conventional pultrusion technology, the Pull-Winding method offers the advantages of a continuous process and the possibility of varying the product structure and controlling the fibre structure with precision in the various phases of the process.

The total European market grew by some 8%. No significant changes took place in the competitive situation. There are some 80 pultrusion profile manufacturers in Europe, most of them small family enterprises using conventional pultrusion methods, and Exel's pultrusion unit in Kiihtelysvaara is one of the five most important.

The profiles product group grew vigorously in 2000, or close on 50%. Exel is the world's leading supplier of composite antenna profiles. Antenna profiles for protecting the antennae of GSM base stations from weather conditions continued to be the most important profile application in 2000. The advantages offered by composite profiles over other protective materials are their light weight, rigidity and excellent radio wave penetrability. Active construction of GSM networks will continue for a number of years. At the same time, network operators are adopting third-generation mobile communications UMTS systems. The market for protective antenna profiles for UMTS base stations is expected to grow a great deal in the next few years. Exel has already made a number of significant delivery contracts with antenna producers. Apart from this, close on 40 new profile applications were developed. Important new application areas include carbon fibre reinforcements for concrete structure rehabilitation, composite tethers for deepwater offshore platforms and carbon fibre profiles for X-ray tables.

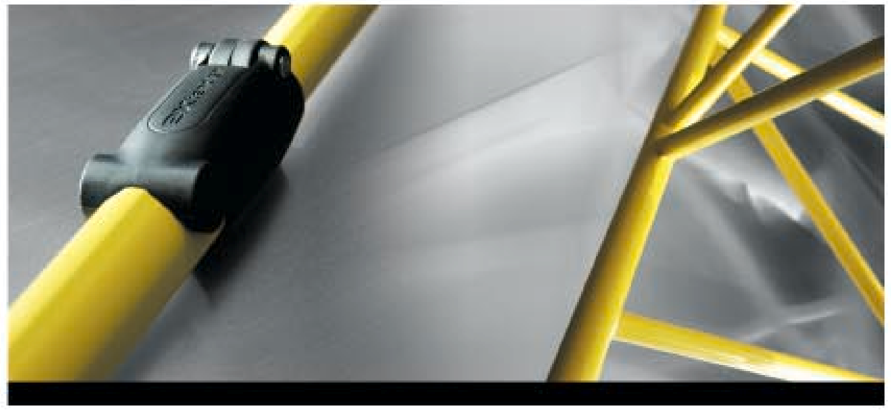
Intensive strategic cooperation with Metso Oyj continued in the sector of doctor blades for cleaning paper machine rolls. Depending on their position, doctor blades wear out in anything from two hours to two months, and Exel's doctor blades have proved the most durable on the market. At the moment we are making four different types of blade.

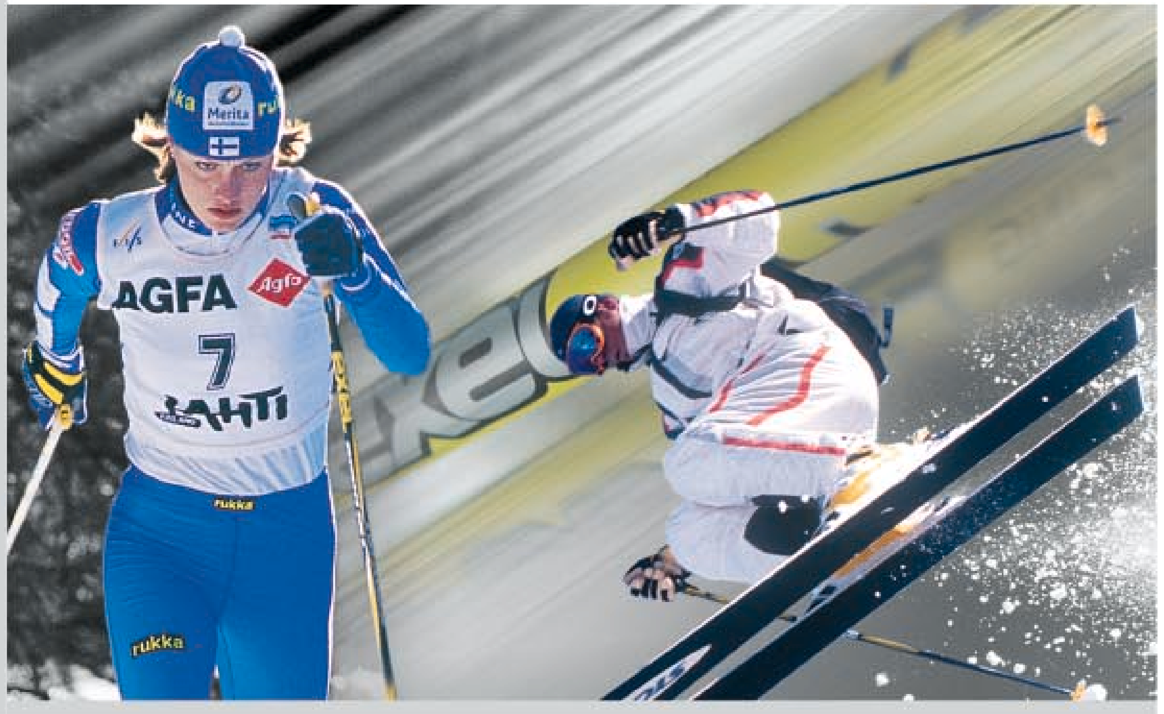
Production was transferred from the factory in Kiihtelysvaara to a separate unit in Mäntyharju in summer 2000. Composite doctor blades are one of the most significant new product applications made by the division.

Composite tool handles
Exel is the biggest manufacturer of composite tool handles in Europe. The superior qualities of composite handles are making an increasing number of professional tool manufacturers choose a composite model rather than an aluminium or wooden one. Composite handles are extremely light, durable and pleasant to use, and the good electrical insulation properties of glass fibre handles make them particularly safe. New applications can also be found outside the conventional cleaning sector, particularly for our telescopic handles. The product group's sales increased considerably.

Lattice masts
Frangible lattice masts are primarily marketed for airport safety approach systems. Exel is one of the few lattice mast manufacturers with products meeting the ICAO frangibility standard coming into force in 2005. According to the ICAO standard, all light mast systems must be completely frangible on impact.

Sales of lattice masts did not reach the target, since decisions to implement mast projects were postponed early in the year. Nevertheless, Exel's market share continued to grow, for it won most of the orders for the projects that were implemented. The biggest airport projects carried out in 2000 were Standsted, London, in the UK; Arlanda and Skavsta, Stockholm, in Sweden; Sheremetyevo, Moscow, in Russia; Pärnu in Estonia; and Antigua in Antigua and Barbuda.





Sport division
Exel's Sport division comprises the following product groups: skipoles, water sports, laminates, floorball, Finnish baseball and hockey. Water sports articles and laminates are sold direct to industry, while the other product groups focus on the consumer market.

Exel's strengths in this division are mastery of a unique production technology in part developed by the company itself, innovative R&D and solid distribution expertise. Exel is known as a reliable supplier in both retail and wholesale. Our product design utilizes the expertise of top-ranking athletes and physical exercise professionals. The special needs of customers and markets are taken into account in the design of collections.

Poles
The skipoles product group grew by some 12% on the previous year, mainly on account of Nordic Walking and Blading (i.e. walking and blading using poles to intensify exercise). Apart from the Nordic countries, Nordic Walking is becoming an important form of exercise in Germany, Austria and Switzerland. A survey by Suomen Gallup shows that close on 500,000 Finns engage in Nordic Walking regularly, at least once a week, and the event is spreading fast outside Finland, too. It is marketed in cooperation with professional physical exercise and medical experts. Nordic Blading, which was introduced a year ago, was also received favourably by customers.

Market shares continued to be big on the conventional cross-country skipole market, where Exel is the world's leading manufacturer and marketer. The most significant novelty product is Concept C, which is designed for competition skiing. It offers more efficient power transmission from arm to pole via the hand and the strap: the power goes straight to the centre of the handle and not its back as in other competition models on the market. The new solution allows for a longer poling stroke and fast return to position for the next thrust.

The new telescope pole product family developed for trekking and backcountry activities comprises poles for trekking, Telemark, backcountry and snowshoeing. Alpine skiing continues to be popular both in Finland and abroad. There is evidence of marked market interest in composite poles, particularly in the rentals sector, for which their durability makes them particularly suitable. At the end of the year, Exel renewed its entire Alpine pole collection in response to current trends, and the feedback has been extremely encouraging. Exel's share of the world Alpine pole market remained unchanged.

Water sports
The main product line in water sports is windsurfing masts sold to sail and board makers as their own brands. The purchase of Fiberspar Inc.'s Performance Products business in May 2000 made Exel the world's biggest windsurfing mast producer. The production technology thus acquired by Exel will help enhance the company's competitive edge in technology, particularly in business related to windsurfing masts and ice-hockey sticks.

Laminates
The laminates product group manufactures and markets glass and carbon fibre reinforced laminates for the ski, snowboard and ice-hockey stick industries. Laminates are used to ensure sufficient rigidity, while still achieving a durable, lightweight end product. There are hundreds of different types of laminate, tailored by customer and by product. Our range also covers polyethene-based ski and snowboard base and surface materials made by the Group's German unit Exel GmbH.

Exel is one of the three main laminate suppliers in Europe. In 2000, Exel's laminate sales grew vigorously, by over 30%, as the ski industry began to recover after a prolonged downward trend. New customers contributed to the growth.

Floorball
The floorball product group includes all equipment required for the game. The main product line is clubs, which Exel makes not only under its own Exel, Prostick and Christian brands but also under a number of different customer brand names. Apart from clubs, the product group includes balls, goalie outfits, protection and other accessories.

Exel is the world leader in floorball. The total market in great floorball countries such as Finland, Sweden and Switzerland is stable. The product group's sales grew some 10% in 2000. International Gateway AB, which was acquired by the Group in 1998, continued to be successful as part of the Group's floorball business. The game is being spread to potential new countries in Continental Europe in cooperation with the national floorball federations. The Czech Republic showed the most promising development. The Exel Matrix™ dual material blade developed the year before gained great popularity among consumers. R&D concentrated primarily on further processing of various club types to meet the increasingly challenging demands of players.

Finnish baseball
This product group includes bats, balls, gloves and helmets. Exel makes the bats and balls itself and buys the rest from subcontractors. The product group helps keep Exel's product names visible in sports equipment stores through the summer season, too. Lighter bats and more durable and ergonomically designed gloves were developed during the past season. The collection includes bats and gloves for competition players, active enthusiasts and juniors alike.

Hockey
Hockey products comprise composite ice-hockey stick shafts, ice-hockey sticks, ice-hockey gloves and other accessories. The collection includes shafts for ice-hockey, inline hockey, rinkball and ringette. The advantages of a composite stick are maximum torsion stiffness, light weight and durability.

The total market for ice-hockey sticks is extremely large. Composite products are expected to replace products made of conventional materials in the next few years. The market is dominated by major brands with worldwide penetration. Exel's market share remained the same as the previous year. In R&D, we will make efficient use of the RTM technology acquired from the American Fiberspar, aiming to manufacture sticks for professional players with a triaxial braiding structure, which are already being used successfully in both the NHL and the Finnish Championship League.

REPORT BY THE BOARD OF DIRECTORS 2000

Exel Oyj
Board of Directors

Front: **Kari Haavisto (Chairman) and Olli Anttila**
Middle: **Pentti Piisku and Vesa Kainu**
Back: **Mika Sulin**

Business operations

Consolidated net sales reflected vigorous growth, reaching EUR 47.6 million (EURm 34.1), an increase of 39.7%. Net sales by the Fiberspar Performance business, which was merged with the Group on May 1, 2000, came to EUR 4.7 million. The growth was profitable, too, as operating profit rose to EUR 6.5 million (EURm 4.8), up 35.3% on the previous year. Profit after financial items stood at EUR 6.0 million (EURm 4.6). Consolidated profitability continued to be good in spite of substantial inputs in additional resources to safeguard present and future growth. The Group's personnel totalled 378 (268) at the end of the year, showing an increase of 110 employees.

The consolidated balance sheet grew by as much as 38.3%, with the bottom line at EUR 29.3 million. The increase was the result of vigorous growth in the Industry division, the acquisition of Fiberspar Performance Products and the investments made to expand machine capacity. In spite of powerful growth and massive investment, the Group's solvency remained at a good level, i.e. above 44%, thanks to the good profit trend and the strong cash flow from operations.

Net interest-bearing liabilities reached EUR 8.6 million (EURm 4.3), and earnings per share rose to EUR 0.81 (EUR 0.63), i.e. by 27.7%.

Financing

In spite of the heavy investments, the Group's financial position continued to be strong. Net gearing rose to 66.3% (41.5%). In summer 2000 the Group's long-range financing was reorganized by negotiating a long-term loan of some EUR 5.0 million with a maturity of 7 years. The reasons for this arrangement were the acquisition of the Fiberspar business and the strong growth in the Industry division, with its increasing capacity and space requirements. These arrangements and the strong operative cash flow make new loans unnecessary in the short term. At the end of the year under review, net interest-bearing liabilities totalled EUR 8.6 million (EURm 4.3). The expansion of operations caused net financial expenses to rise to EUR 0.5 million (EURm 0.3).

Industry division

In the Industry division, net sales went up to EUR 20.1 million (EURm 13.8), an increase of 46.1%. Operating profit improved considerably, too, and was EUR 3.6 million (EURm 2.5), up 46.8%. Most of the increase was accounted for by profiles and doctor blades for paper machines. The most significant individual increase was again achieved by antenna profiles for GSM base stations. Antenna profiles for UMTS networks are also becoming an important application as network operators begin to build third-generation mobile communications systems. Close on 40 new product applications were developed in 2000, the most important of which relate to the mechanical engineering and offshore industries.

Sport division

In the Sport division, the net sales of EUR 27.5 million (EURm 20.3) showed an increase of 35.4% on the previous year. Operating profit was EUR 2.9 million (EURm 2.3), up 23.0%. Poles and laminates showed the best growth. Another growth factor was the acquisition of Fiberspar Inc.'s Performance Products in May 2000: the merger brought an increase of EUR 4.6 million in net sales, i.e. some 10%. In floorball operations, we succeeded in reinforcing our market position in Sweden and Switzerland. The Czech Republic showed the best growth among the new export countries. Net sales by the rest of our product groups came up to expectations. Profitability was hampered by one-off expenses related to moving Fiberspar's production to Finland and by the income settlement in Finland's chemical sector in spring 2000, which was more expensive than those in countries competing with us.

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 these subsidiaries are owned in full by the parent company. Exel GmbH makes thermoplastic components for the European ski and snowboard industry, and Gateway develops, markets and sells the floorball brands under its control.

Exel USA Inc. was activated in 2000 when the Group purchased the Performance Products business of Fiberspar Inc. The acquisition comprised primarily the production, marketing and sales of windsurfing masts, ice hockey products and related brands. Production continued through 2000 under Exel USA Inc. Meanwhile, preparations were made to move production over to the Group's factory in Mäntyharju, Finland, which already engages in similar production, in order to increase efficiency. The move is expected to be completed by the end of February 2001, after which Exel USA Inc. will again cease operating.

The parent company also owns a subsidiary named Pro Stick Oy, but it had no operations in 2000.

Ownership

Exel Oyj shares moved from the Helsinki Exchanges I List to the Main List under Other Industries in May 2000. Considerable interest was shown in the shares during the rest of the year. They did well on HEX, with the second best value increase on the Main List in 2000. The ownership base has also changed a great deal. In accordance with its strategy, the previous primary owner, Sponsor Fund I Ky, gave up its entire holding. At the end of the year, the biggest shareholder was Nordstjernan AB, a Swedish investment company, which owned 25.6% of the company on December 31. Other major owners included Valfin Oy (10.5%), Ilmarinen Mutual Pension Insurance Company (9.5%) and Conventum Oyj (9.4%). The operative management and the members of the Board own 2.14% of the stock. At the end of 2000, the company had a total of 818 owners, an increase of some 50% over the year.

Exel Oyj's share capital is EUR 1,834,000.00, comprising 5,240,000 shares with a book countervalue of EUR 0.35. There is only one share type and all the shares are non-restricted in accordance with Finnish law. The price of the company share was EUR 10.80 (EUR 5.75) at the end of 2000, and its market capitalization was EUR 56.6 million (EURm 30.1).

Investment and R&D

Consolidated investment increased substantially and totalled EUR 5.6 million (EURm 2.3). The most significant items were the purchase of Fiberspar Inc.'s Performance Products business and related machinery and space arrangements at the Mäntyharju factory, totalling some EUR 3.0 million. These investments made Exel the world's leading manufacturer of windsurfing masts, while the company acquired new RTM technology (Resin Transfer Moulding) for the manufacture of its Sport products.

Apart from the above investments, the municipality of Mäntyharju had a 4 500 square metre production facility built for the company, and Exel also purchased two production facilities, a total of 3 000 square metres, from Mäntyharju and Kiihtelysvaara municipalities. These facilities had already been used for production purposes. The company also had a warehouse built towards the end of the autumn. These investments were made to ensure sufficient facilities for current operations and to prepare for future expansion. Investments in additional space totalled some EUR 0.4 million altogether.

Four new production lines were purchased and inputs were made in new moulds for Exel collections and profiles.

R&D expenses totalled EUR 1.4 million (EURm 1.2), or 2.9% (3.5%) of net sales. Key projects included development of new product collections, improvements in winding and fibre soaking, introduction of the RTM technology acquired from the US, and development work related to mould-making.

Insider regulations

As of March 1, 2000, Exel adopted insider regulations complying with the general insider trading guidelines issued by Helsinki Exchanges.

Outlook for 2001

Economic growth will continue in our main market area, i.e. Europe. Growth prospects for the Industry division continue to look good. Construction of third-generation UMTS networks will get under way in 2001. There were price hikes in some of our major raw materials in early 2001. New production facilities will allow more efficient operations. It is on the basis of these facts that we expect net sales to continue to grow vigorously and relative profitability and profits to remain good in 2001.

Management

Olli Anttila was Chairman of the Board of Directors for the early part of the year, and Kari Haavisto continued as of the Annual General Meeting on March 29, 2000. The members were Olli Anttila, Vesa Kainu, Pentti Piisku and Mika Sulin. The Chairman of the Board and Vesa Kainu were elected by the spring 2000 Annual General Meeting. Rolf Saxberg and Matti Suutarinen resigned from the Board at the AGM in spring 2000. Ari Jokelainen is company President. Vesa Korpimies was appointed Vice President of the company as from April 1, 2000.

Auditors

Authorized Public Accountants PricewaterhouseCoopers Oy, with Seppo Tervo, APA, as the principally responsible auditor up to September 2000, and from then on Christian Savtschenko-Alexandroff, APA, and Johan Kronberg, APA, were the company auditors.

Income Statement, EUR Thousands

	Group		Parent company	
	2000	**1999**	**2000**	**1999**
NET SALES	47,609	34,072	40,305	31,764
Increase(+)/Decrease (-) in inventories of finished goods and work in progress	818	82	602	133
Production for own use	275	243	275	243
Other operating income	341	256	637	206
Materials and services	-18,232	-12,390	-16,018	-11,765
Personnel expenses	-11,842	-7,853	-8,753	-6,897
Depreciation	-2,444	-2,130	-2,109	-1,838
Other operating expenses	-10,019	-7,471	-8,400	-6,954
OPERATING PROFIT	6,506	4,809	6,539	4,892
Financial income and expenses	-482	-255	-392	-199
PROFIT BEFORE EXTRAORDINARY ITEMS	6,024	4,554	6,147	4,693
Extraordinary items				
PROFIT BEFORE INCOME TAXES	6,024	4,554	6,147	4,693
Appropriations			32	66
Direct taxes	-1,788	-1,235	-1,799	-1,330
PROFIT FOR THE YEAR	**4,236**	**3,318**	**4,379**	**3,428**

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	86	161	69	160
Goodwill	2,247	1,009	2,247	1,009
Other capitalized expenditure	335	265	330	253
	2,668	1,434	2,646	1,423
Consolidated goodwill	545	617		
Tangible assets				
Land and water	123	116	123	116
Buildings	3,008	2,916	2,997	2,898
Machinery and equipment	5,307	4,928	4,601	4,249
Construction in progress	1,634	370	1,634	370
	10,072	8,329	9,355	7,633
Investments				
Holdings in Group companies	3	11	1,191	1,191
Other shares and holdings	124	99	124	99
	127	110	1,315	1,290
TOTAL NON-CURRENT ASSETS	13,412	10,491	13,316	10,345
CURRENT ASSETS				
Inventories				
Raw materials and consumables	4,638	3,019	4,053	2,870
Work in progress	1,046	683	1,002	475
Finished products	1,349	894	946	872
	7,033	4,596	6,002	4,217
Current receivables				
Trade receivables	6,605	4,113	5,233	3,715
Receivables from Group companies			2 173	649
Other receivables	62	99	28	35
Prepaid expenses and accrued income	1,438	452	1,401	381
	8,105	4,664	8,834	4,779
Deferred tax assets	164	80		
Cash in hand and at bank	571	1,341	331	1,225
TOTAL CURRENT ASSETS	15,873	10,681	15,167	10,221
	29,285	**21,173**	**28,484**	**20,567**

BALANCE SHEET, EUR THOUSANDS

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
LIABILITIES AND SHAREHOLDERS' EQUITY				
EQUITY				
Share capital	1,834	1,763	1,834	1,763
Premium fund	2,696	2,767	2,696	2,767
Retained earnings	4,185	2,441	3,894	2,038
Profit for the financial year	4,236	3,318	4,379	3,428
TOTAL EQUITY	12,951	10,290	12,803	9,996
APPROPRIATIONS				
Depreciation difference			698	730
PROVISIONS				
LIABILITIES				
Deferred tax liabilities	203	204		
Non-current liabilities				
Warrant bond	48	48	48	48
Loans from financial institutions	7,092	3,903	6,851	3,844
Other non-current liabilities	63	124	63	124
	7,202	4,075	6,962	4,016
Current liabilities				
Loans from financial institutions	2,008	1,589	1,912	1,033
Trade payables	3,494	2,536	3,129	2,437
Liabilities to Group companies			56	88
Other liabilities	410	313	350	246
Accrued liabilities and deferred income	3,017	2,166	2,574	2,020
	8,930	6,604	8,020	5,824
TOTAL LIABILITIES	16,335	10,883	14,982	9,840
	29,285	**21,173**	**28,484**	**20,567**

Funds Statement, EUR Thousands

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Cash flow from business operations				
Operating profit	6,506	4,809	6,539	4,892
Operating profit adjustments	2,453	2,081	2,097	1,801
Change in net working capital	-3,731	-1,444	-4,283	-1,142
Interest paid and other financial expenses	-495	-295	-447	-263
Interest received	43	15	85	39
Income taxes paid	-2,059	-686	-2,058	-770
Cash flow from business operations	**2,717**	**4,480**	**1,933**	**4,557**
Investment cash flow				
Investments in tangible and intangible assets	-5,558	-2,288	-5,273	-1,960
Income from surrender of tangible and intangible assets	193	108	193	108
Investment cash flow	**-5,365**	**-2,180**	**-5,080**	**-1,852**
Cash flow before financing	**-2,648**	**2,300**	**-3,147**	**2,705**
Cash flow				
Withdrawals of non-current loans	5,076	41	5,076	41
Repayments of non-current loans	-1,457	-1,127	-1,400	-1,071
Withdrawals of/repayments on current loans	-72	-158	149	-661
Dividend paid	-1,572	-882	-1,572	-882
Other	-97	-25		
Cash flow	**1,878**	**-2,151**	**2,253**	**-2,573**
Change in liquid funds	**-770**	**149**	**-894**	**132**
Liquid funds on January 1	1,341	1,192	1,225	1,093
Liquid funds on December 31	**571**	**1,341**	**331**	**1,225**

Principles Applied in Consolidated Financial Statements

Consolidated subsidiaries
Apart from the parent company, the consolidated financial statements include the subsidiaries Exel GmbH, International Gateway AB and Exel USA Inc. No figures are included for Pro Stick Oy, since it had no business operations in 2000. 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 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 subsidies received and planned depreciation.

Depreciation principle
Planned depreciation is calculated on the basis of economic life as a straight-line depreciation on the original 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 in the consolidated balance sheet. The tax rate on the date of closing was applied. The proportion of the accumulated depreciation difference included in equity was EUR 496,000 on December 31, 2000. The Companies Act does not regard this as distributable equity.

The EUR 202,000 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 164,000.

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 2000	Group 1999	Parent company 2000	Parent company 1999
1. NET SALES				
By division				
Sport	27,511	20,318	20,207	18,010
Industry	20,098	13,754	20,098	13,754
Total	47,609	34,072	40,305	31,764
By market area				
Finland	13,580	11,469	13,058	11,197
Other Nordic countries	5,067	5,047	4,978	4,632
Rest of Europe	24,172	15,539	20,024	14,227
North America	3,754	1,456	1,668	1,202
Other countries	1,036	561	577	506
Total	47,609	34,072	40,305	31,764
2. PERSONNEL EXPENSES				
Management salaries and remunerations				
President and managing directors	354	344		
Members of the Board	56	24	56	24
Total	410	368	56	24
Average personnel employed by the Group and the parent company				
Salaried employees	82	66	64	56
Non-salaried employees	268	181	215	168
Total	350	247	279	224

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 the purchase of Fiberspar Inc. Performance Products, and consolidation goodwill from the acquisition of Gateway International AB are depreciated over 10 years, which is the estimated income expectation period.

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Planned depreciation				
Intangible rights	96	91	92	91
Goodwill	250	152	250	96
Other capitalized expenditure	64	102	58	151
Consolidation goodwill	72	72		
Buildings	222	193	215	186
Machinery and equipment	1,740	1,520	1,494	1,314
Total	2,444	2,130	2,109	1,838
Change in depreciation difference				
Buildings				13
Machinery and equipment			-32	-77
Intangible rights				-2
Total			-32	-66
4. OTHER OPERATING EXPENSES				
Rents	375	270	204	157
Marketing expenses	1,658	1,215	1,209	1,208
Other expenses	7,986	5,986	6,987	5,589
Total	10,019	7,471	8,400	6,954

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
5. FINANCIAL INCOME AND EXPENSES				
Other interest and financial income				
From Group companies			54	26
From others	438	101	426	100
Total	438	101	480	126
Interest and other financial expenses				
To others	920	356	872	325
Total financial income and expenses	-482	-255	-392	-199
6. APPROPRIATIONS				
Difference between planned depreciation and depreciation made in taxation			-32	-66
7. DIRECT TAXES				
Income tax on actual operations	1,874	-1,334	1,799	-1,348
Change in deferred tax liabilities	-86	99		18
Total	1,788	-1,235	1,799	-1,330

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
8. INTANGIBLE AND TANGIBLE ASSETS				
Intangible rights				
Acquisition cost Jan. 1	355	293	354	292
Increase 1.1.-31.12.	21	64		62
Decrease 1.1.-31.12.		-2		
Acquisition cost Dec. 31	376	355	354	354
Accumulated planned depreciation Jan. 1	-194	-103	-193	-103
Planned depreciation 1.1.-31.12.	-96	-91	-92	-91
Book value Dec. 31	86	161	69	160
Goodwill				
Acquisition cost Jan. 1	1,653	1,653	1,653	1,653
Increase 1.1.-31.12.	1,488		1,488	
Acquisition cost Dec. 31	3,141	1,653	3,141	1,653
Accumulated planned depreciation Jan. 1	-644	-492	-644	-492
Planned depreciation 1.1.-31.12.	-250	-152	-250	-152
Book value Dec. 31	2,247	1,009	2,247	1,009
Capitalized expenditure				
Acquisition cost Jan. 1	657	431	638	412
Increase 1.1.-31.12.	135	226	135	226
Acquisition cost Dec. 31	792	657	773	638
Accumulated planned depreciation Jan. 1	-394	-291	-385	-289
Planned depreciation 1.1.-31.12.	-64	-102	-58	-96
Conversion difference	1			
Book value Dec. 31	335	264	330	253
Consolidation goodwill				
Acquisition cost Jan. 1	719	719		
Increase 1.1.-31.12.				
Acquisition cost Dec. 31	719	719		
Accumulated planned depreciation Jan. 1	-102	-30		
Planned depreciation 1.1.-31.12.	-72	-72		
Book value Dec. 31	545	617		

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Land and water				
Acquisition cost Jan. 1	116	116	116	116
Increase 1.1.-31.12.	7		7	
Acquisition cost Dec. 31	123	116	123	116
Book value Dec. 31	123	116	123	116
Buildings				
Acquisition cost Jan. 1	3,507	3,217	3,474	3,184
Increase 1.1.-31.12.	314	290	314	290
Acquisition cost Dec. 31	3,821	3,507	3,788	3,474
Accumulated planned depreciation Jan. 1	-591	-398	-576	-390
Planned depreciation 1.1.-31.12.	-222	-193	-215	-186
Conversion difference				
Book value Dec. 31	3,008	2,916	2,997	2,898
Machinery and equipment				
Acquisition cost Jan. 1	9,166	7,376	8,144	6,688
Increase 1.1.-31.12.	2,304	1,898	2,029	1,564
Decrease 1.1.-31.12.	-253	-108	-253	-108
Acquisition cost Dec. 31	11,217	9,166	9,920	8,144
Accumulated planned depreciation Jan. 1	-4,244	-2,724	-3,895	-2,581
Accumulated depreciation on decreases	70		70	
Planned depreciation 1.1.-31.12.	-1,740	-1,520	-1,494	-1,314
Conversion difference	4	6		
Book value Dec. 31	5,307	4,928	4,601	4,249
Undepreciated acquisition cost of production machinery and equipment	4,952	4,192	4,246	3,575
Accumulated planned depreciation Dec. 31				
Intangible rights	290	194	285	194
Goodwill	894	644	894	643
Capitalized expenditure	458	393	443	385
Consolidation goodwill	174	102		
Buildings	813	591	791	576
Machinery and equipment	5,914	4,244	5,319	3,895
Total	8,543	6,168	7,732	5,693
Accumulated difference between total and planned depreciation Jan. 1			730	796
Decrease in depreciation difference 1.1.-31.12.			-32	-66
Accumulated difference between total and planned depreciation Dec. 31			698	730

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Shares				
Group companies				
Acquisition cost Jan. 1			1,191	1,191
Acquisition cost Dec. 31			1,191	1,191
Other shares and holdings				
Acquisition cost Jan. 1	99	99	99	99
Increase 1.1.-31.12.	25		25	
Acquisition cost Dec. 31	124	99	124	99

9. COMPANIES OWNED BY PARENT COMPANY

SHARES IN SUBSIDIARIES

Owned by the parent company

Name of company	Proportion owned %	Share of equity EUR 1,000	Profit/loss according to latest accounts EUR 1,000
Pro Stick Oy, Mäntyharju, Finland	100	6	0
Exel USA Inc., Atlanta, USA	100	192	110
Exel GmbH, Rohrdorf, Germany	100	40	-188
International Gateway AB, Piteå, Sweden	100	54	1

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
10 . RECEIVABLES				
Current receivables				
Receivables from Group companies				
Trade receivables			217	133
Loan receivables			998	516
Other receivables			673	
Prepaid expenses and accrued income			285	
Total			2,173	649
Receivables from others				
Trade receivables	6,605	4,113	5,233	3,715
Other receivables	62	99	28	34
Prepaid expenses and accrued income	1,438	452	1,401	381
Total	8,105	4,664	6,661	4,130
Deferred tax assets	164	80		
Total current receivables	8,269	4,744	8,834	4,779
11. EQUITY				
Share capital Jan. 1	1,763	1,763	1,763	1,763
Bonus issue	71		71	
Share capital Dec. 31	1,834	1,763	1,834	1,763
Premium fund Jan. 1	2,767	1,085	2,767	1,085
Transfer to premium fund from reserve fund		1,682		1,682
Transfer to share capital at time of bonus issue	-71		-71	
Premium fund Dec. 31	2,696	2,767	2,696	2,767
Reserve fund Jan. 1		1,682		1,682
Transfer from reserve fund to premium fund		-1,682		-1,682
Reserve fund Dec. 31		0		0
Retained earnings	5,760	3,319	5,466	2,920
Dividend distributed	-1,572	-882	-1,572	-882
Conversion differences	-3	4		
Retained earnings	4,185	2,441	3,894	2,038
Profit for the financial period	4,236	3,318	4,379	3,428
Total equity	12,951	10,289	12,803	9,996

Up to July 9, 2000, the share capital was 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). After registration of the bonus issue on July 10, 2000, the share capital is EUR 1,834,000.00, divided into 5,240,000 shares. The equivalent book value is EUR 0.35. There is only one type of share.

Calculation of funds distributable as profit Dec. 31

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Retained earnings	4,185	2,441	3,894	2,038
Profit for the financial year	4,236	3,318	4,379	3,428
Transfer of accumulated depreciation difference to equity	-496	-526		
Total	7,925	5,233	8,273	5,466

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
12. APPROPRIATIONS				
Depreciation difference			698	730
13. DEFERRED TAX LIABILITIES				
On appropriations	203	204		
14. NON-CURRENT LIABILITIES				
Liabilities to others				
Warrant bond	48	48	48	48
Loans from financial institutions	7,092	3,903	6,851	3,844
Other non-current liabilities	63	124	63	124
Total non-current liabilities	7,203	4,075	6,962	4,016
Liabilitites falling due in a period longer than five years	1,082		1,082	

The 1998 EUR 47,765.37 (equivalent FIM 284,000) warrant bond is paid up. The bond is non-interest bearing and will be repaid in a single sum on October 16, 2001.

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 earnings per share have 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.

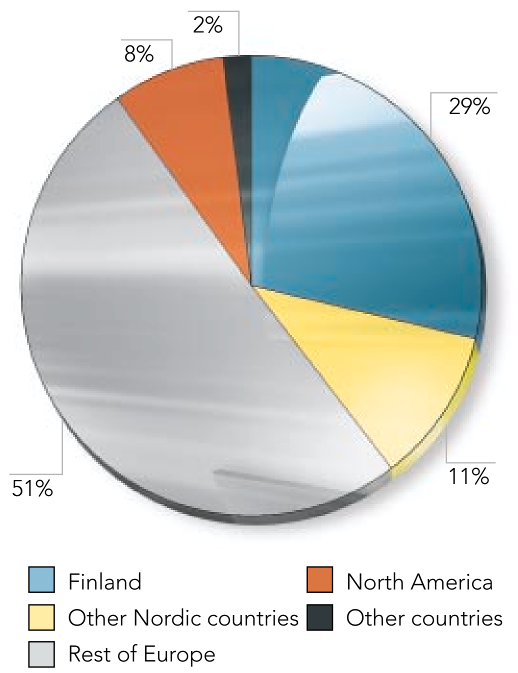
By the end of 2000, no warrants had been exercised to subscribe shares.

EUR 1,000	Group 2000	Group 1999	Parent company 2000	Parent company 1999
15. CURRENT LIABILITIES				
Liabilities to Group companies				
Trade payables			56	88
Liabilities to others				
Loans from financial institutions	2,009	1,589	1,912	1,033
Advance payments	55	9	55	9
Trade payables	3,494	2,536	3,129	2,437
Other liabilities	355	304	295	237
Accrued liabilities and deferred income	3,017	2,166	2,574	2,020
Total	8,930	6,604	7,964	5,736
Total current liabilities	8,930	6,604	8,020	5,824
Breakdown of accrued liabilities and deferred income				
Salaries, wages and holiday pay, including social security expenses	1,587	1,245	1,551	1,187
Deferred tax liabilities	509	697	421	680
Other accrued liabilities and deferred income	921	224	602	153
Total	3,017	2,166	2,574	2,020
16. CONTINGENT LIABILITIES				
Liabilities for which a corporate mortgage and real estate mortgages have been provided as collateral				
Financial institution loans	8,683	4,805	8,683	4,805
Mortgages given on land and buildings	2,784	2,784	2,784	2,784
Corporate mortgages given	12,500	7,400	12,500	7,400
Collateral for Group companies				
Credit limite guarantee	40	102	40	102
The pension liabilities are covered via the insurance company as prescribed by legislation.				
17. LEASING AND RENTAL LIABILITIES				
Leasing liabilities				
Falling due in 2001	107	23	107	23
Falling due later	176	59	176	59
Rental liabilities				
Falling due in 2001	162		162	
Falling due later	1,770		1,770	
18. ORDER BOOK				
Order book on Dec. 31	7,559	5,361	7,045	5,076

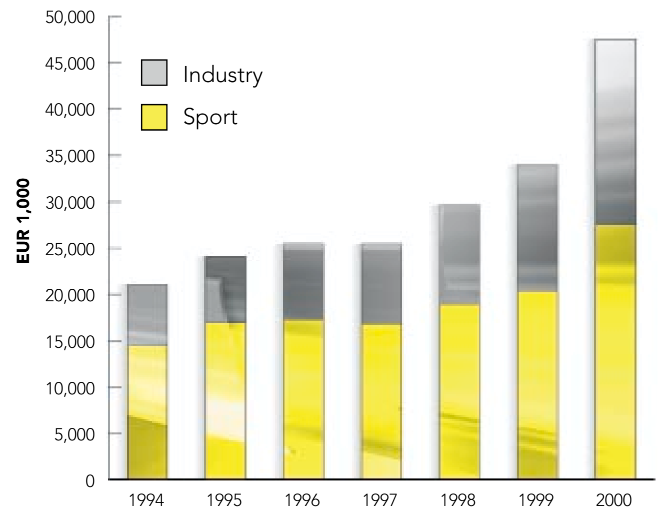
19. DISTRIBUTION OF NET SALES, OPERATING PROFIT AND PERSONNEL BY DIVISION

Group	Sport	Industry	Total
Net sales			
2000	27,511	20,098	47,609
1999	20,318	13,754	34,072
Operating profit			
2000	2,860	3,646	6,506
1999	2,325	2,484	4,809
Personnel on Dec. 31			
2000	246	132	378
1999	166	102	268
Parent company	**Sport**	**Industry**	**Total**
Net sales			
2000	20,207	20,098	40,305
1999	18,010	13,754	31,764
Operating profit			
2000	2,893	3,646	6,539
1999	2,408	2,484	4,892
Personnel on Dec. 31			
2000	161	132	293
1999	142	102	244

Net sales by market area



Net sales by division



20. SHARE OWNERSHIP

Distribution of share ownership by sector on February 2, 2001

	%
Private companies	30.9
Financial and insurance institutions	14.8
Public sector entities	14.4
Non-profit organizations	0.2
Households	13.6
Foreign	26.0
Of which, nominee registration	0.6

Distribution of share ownership on February 2, 2001

Shares	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of total number of shares
1 - 1,000	690	83.64	247,480	4.72
1,001 - 10,000	94	11.39	281,787	5.38
10,001 - 50,000	25	3.03	561,180	10.71
Over 50,000	16	1.94	4,149,553	79.19

21. SHAREHOLDERS

Information on shareholders on February 2, 2001

Shareholder	Number of shares	Percentage of shares and votes
Nordstjernan AB	1,359,253	25.9
Valfin Oy (Metso Oyj)	550,000	10.5
Ilmarinen Mutual Pension Insurance Company	500,000	9.5
Conventum Oyj	489,800	9.3
Varma-Sampo Mutual Pension Insurance Company	201,800	3.9
Merita Bank plc	200,000	3.8
Oy Lindell Ab	160,700	3.1
Suomi Mutual Life Assurance Company Ltd.	100,000	1.9
Pohjola Life Assurance Company Ltd.	100,000	1.9
Fennia Life Insurance Company Ltd.	90,000	1.7
Nominee registration	30,400	0.6
Other	1,458,047	27.8
	5,240,000	100.0

During the financial period, Exel Oyj received eleven notifications under chapter 2, section 9, of Finland's Securities Markets Act, as the votes held by the various owners exceeded or fell under the limits set for notification. On February 3, 2000 Exel received a notification stating that Valfin Oy's holding had exceeded one twentieth, reaching 7.63% of the company's stock and votes on February 3, 2000. On February 8, 2000 Exel received a notification stating that Conventum Oyj's holding had exceeded one twentieth, reaching 9.54% of the company's stock and votes on February 7, 2000. Another notification received on February 8, 2000 stated that the capital fund Sponsor Fund I Ky, administered by Sponsor Capital Oy, had sold 45.5% of Exel's share capital in a stock exchange trade closed on February 7, 2000, reducing its holding of the votes and stock of Exel Oyj to 5.7%. On February 8, 2000 Sponsor Fund I Ky submitted a notification stating that its ownership in Exel had fallen under one twentieth and was 2.5%. On February 15, 2000 Exel was notified that the holding of Varma-Sampo Mutual Pension Insurance Company in Exel had exceeded one twentieth as a result of share trading carried out on February 7, 2000, reaching 5.76%. A notification received on February 24, 2000 stated that the aggregate holding in Exel of investment funds administered by Conventum Oyj and Conventum Rahastoyhtiö Oy had exceeded one twentieth, reaching 10.9%. A notification received on October 2, 2000 stated that the ownership of Varma-Sampo had fallen under one twentieth and was 3.85%. On October 3, 2000 Nordstjernan AB notified Exel that its holding in Exel had exceeded one fifth and was 21.0%. On October 6, 2000 Oy Lindell Ab notified Exel that its holding had exceeded one twentieth and was 5.3%. On October 16, 2000 Metso Oyj's subsidiary Valfin Oy notified Exel that its holding had exceeded one tenth and was 10.5%. On November 27, 2000 Nordstjernan AB notified Exel that it had increased its ownership to more than one fourth, i.e. to 25.6%. Oy Lindell Ab notified Exel on November 29, 2000 that its holding had fallen under one twentieth, going down to 3.4%.

22. MANAGEMENT INTERESTS

The aggregate holding of the members of the Board of Directors and the President was 112,000 shares on December 31, 2000. This accounts for 2.14% of corporate shares and 2.14% of the votes carried by all shares. Apart from this, 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 3.41% of the total number of shares.

23. SHARE ISSUE AND WARRANT BOND

On March 29, 2000, the Annual General Meeting authorized the Board to decide to raise the share capital through a new issue by March 29, 2001, up to a maximum increase of EUR 352,500.00. The authorization includes the right to derogate from the shareholders' pre-emptive right. The Board has not decided to exercise this authorization to raise the share capital.

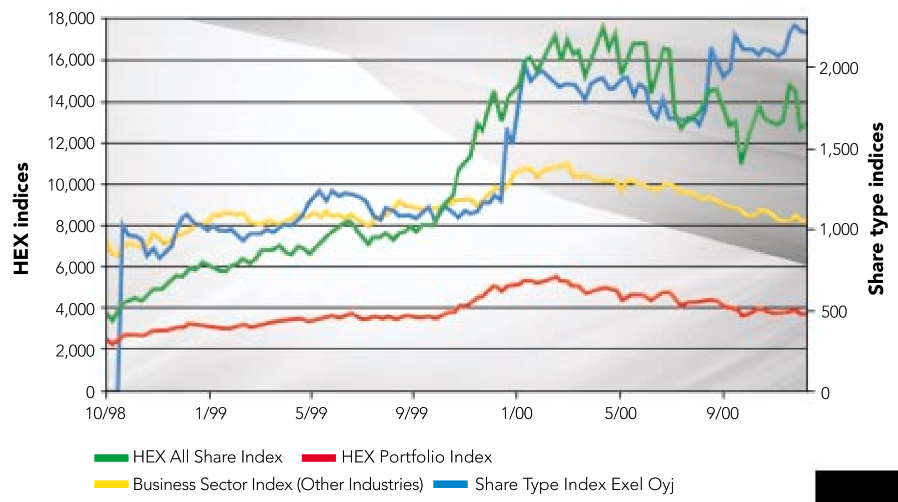
On February 2, 2001, the Board decided to propose to the AGM that Exel's key personnel, Board members and fully owned subsidiaries be given option rights.

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 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 shares that can be subscribed by exercising the warrants equals 5.14% of the company's share capital and voting rights, and the maximum increase in the share capital is EUR 99,400.00. The subscription price of the shares is EUR 4.76 (equivalent FIM 28.28), less dividend per share distributed after October 1, 1998 and before subscription.

24. SHARE PRICE AND TRADING

Share price EUR	1998	1999	2000
Average price	4.30	5.19	9.33
Lowest price	3.87	4.40	5.51
Highest price	5.38	6.20	11.00
Share price at end of financial year	5.13	5.75	10.80
Market capitalization, EUR million	26.9	30.1	56.6
Share trading			
Number of shares traded	305,000	914,092	6,872,437
% of total	6.0	17.4	131.2
Number of shares adjusted for share issues			
Average number	5,050,630	5,240,000	5,240,000
Number at end of financial year	5,240,000	5,240,000	5,240,000

HEX indices and share type indices
1.10.1998 - 28.12.2000



Exel Oyj's shares were quoted on Helsinki Exchanges I List from October 19, 1998 to May 1, 2000. As from May 2, 2000, Exel Oyj shares have been quoted on Helsinki Exchanges Main List.

25. INDICATORS

Indicators illustrating financial trends

Figures given in EUR 1,000 unless otherwise specified	pro forma 1996	1997	1998	1999	2 000
Net sales	25,443	25,432	29,675	34,072	47,609
Operating profit	2,681	3,236	3,553	4,809	6,506
% of net sales	10.5	12.7	12.0	14.1	13.7
Profit before extraordinary items		2,726	2,842	4,554	6,024
% of net sales		10.7	9.6	13.4	12.7
Profit before provisions and income taxes		2,726	2,397	4,554	6,024
% of net sales		10.7	8.1	13.4	12.7
Total assets	19,675	17,846	18,938	21,173	29,285
Return on equity %		40.7	29.9	36.6	36.5
Return on investment %	19.1	21.9	25.5	32.0	36.5
Solvency ratio %		30.7	41.4	48.6	44.3
Net gearing %		116.5	72.2	41.5	66.3
Gross investment in fixed assets	1,049	1,982	2,558	2,288	5,561
% of net sales	4.1	7.8	8.6	6.7	11.7
R&D expenses		711	764	1,179	1,367
% of net sales		2.8	2.6	3.5	2.9
Average personnel	233	214	240	247	350
Personnel at year end	203	224	229	268	378

Share data

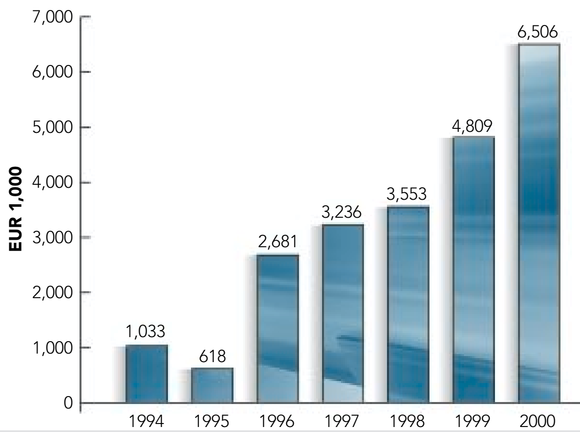
Earnings per share (EPS), EUR		0.38	0.39	0.63	0.81
Adjusted earnings per share (EPS), EUR*					0.79
Equity per share EUR		1.09	1.50	1.96	2.47
Dividend per share EUR		0.10	0.17	0.30	0.38
Payout ratio %		25.1	42.6	47.4	47.0
Effective yield of shares %			3.3	5.2	3.52
Price/earnings (P/E) %			13.0	9.1	13.36

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.

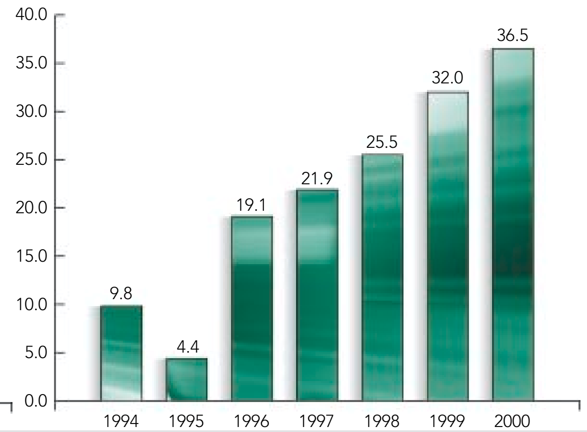
Since operations continued without interruption, the income statement was considered comparable up to operating profit. Major changes took place in the financial structure, however, and not all the indicators were considered sufficiently comparable. These indicators are given only for the full financial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

*Adjusted for the dilution of option rights

Net sales



Return on equity, %



COMPUTATION FORMULAE

Return on equity %

profit before extraordinary items, provisions and income taxes less income taxes
——— x 100
equity + minority interest + voluntary provisions and depreciation difference less deferred tax liabilities (average)

Return on investment %

profit before extraordinary items, provisions and income taxes + interest and other financial expenses
——— x 100
total assets less non-interest-bearing liabilities (average)

Solvency ratio %

equity + minority interest + voluntary provisions and depreciation difference less deferred tax liabilities
——— x 100
total assets less advances received

Gearing %

net interest-bearing liabilities (= interest-bearing liabilities less liquid assets)
——— x 100
equity

Earnings per share (EPS) EUR

profit before extraordinary items, provisions and income taxes less income taxes +/- minority interest
———
average adjusted number of shares in the financial period

Equity per share EUR

equity + voluntary provisions + depreciation difference less deferred tax liabilities and minority interest
———
adjusted number of shares on closing date

Dividend per share EUR

dividend for the financial period
———
adjusted number of shares on closing date

Payout ratio %

dividend per share
——— x 100
earnings per share (EPS)

Effective yield of shares %

dividend per share x 100
——— x 100
adjusted average share price at year end

Price/earnings (P/E) %

adjusted average share price at year end
——— x 100
earnings per share

Proposal for Distribution of Profit

On December 31, 2000, the Group's distributable funds totalled EUR 7,924,930.34. Exel Oyj's distributable funds totalled EUR 8,273,576.57, of which profit for the financial period accounted for EUR 4,379,472.60.

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

– a dividend of 47.0% of earnings per share, i.e. EUR 0.38 per share	EUR 1,991,200.00
– carried over as equity	EUR 6,282,376.57
	EUR 8,273,576.57

Helsinki, February 1, 2001

Kari Haavisto, Chairman — Olli Anttila — Vesa Kainu

Pentti Piisku — Mika Sulin

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, March 6, 2001

SVH PricewaterhouseCoopers Oy
Authorized Public Accountants

Christian Savtschenko-Alexandroff, Authorized Public Accountant — Johan Kronberg, Authorized Public Accountant

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, 2000. 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 parent company 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, March 6, 2001

SVH PricewaterhouseCoopers Oy
Authorized Public Accountants

Christian Savtschenko, Authorized Public Accountant — Johan Kronberg, Authorized Public Accountant

ENVIRONMENT AND QUALITY

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.

EHS (Environment, Health and Safety) activities are an integral part of daily operations and continuous development at Exel's production plants. In 2000, attention focused on improving the working environment and the layout of production facilities. A 4,500 square metre extension was completed at the Mäntyharju factory, housing product assembly, dispatch and storage. Tube manufacturing processes were then concentrated in the old production building. At the same time, air conditioning was improved throughout the factory and the extension was connected to the district heating network. Manufacture of doctor blades moved into separate facilities of its own.

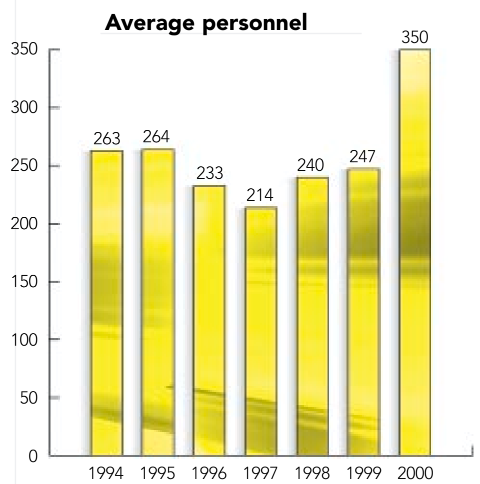
The Kivara factory improved its resin handling processes, and further processing of products was reorganized. Process safety and the handling of raw materials and products were improved simultaneously with the advent of new production lines.

Exel participated in a life cycle analysis on reinforced plastics carried out by Mikkeli Polytechnic's Institute of Environmental Technology. The project focused on essential environmental issues.

Certified quality system ISO 9001

Exel's quality system was audited in 2000 and found to comply with the ISO 9001 standard. More resources have been allocated to developing the quality system and to training personnel, which is essential in increasing quality consciousness. Enhanced inputs have sought to improve the personnel's raw material expertise and operating procedures. A quality manual with instructions concerning procedures was made available on the company's Intranet for easy access by the entire personnel.

Exel arranges an annual quality competition for its production teams. The 2000 award went to the Kivara factory profile team and the Mäntyharju factory laminate team.



Annual General Meeting

The Annual General Meeting of Exel Oyj is being held on Wednesday, March 28, 2001 at 10.00 a.m. in the Marski room of the World Trade Center, Aleksanterinkatu 17, Helsinki.

Dividend

The Board has decided to propose to the Annual General Meeting that a dividend of EUR 0.38 be distributed for 2000. Shareholders registered in the list of shareholders maintained by Finland's Central Securities Depository on the record date of April 2, 2001 are entitled to the dividend. The dividend will be paid on April 9, 2001.

Change of address

Please send information on any changes in personal or address data to your book-entry register.

Financial reports 2001

Apart from the annual report for 2000, Exel issues three interim reports: April 26, 2001; July 26, 2001 and October 25, 2001. The reports will be available in Finnish and English, and they can be ordered from Exel's Corporate Communications:

Exel Oyj, Corporate Communications
P.O. Box 29, 52701 Mäntyharju, Finland
Telephone +358 15 3461 225
Fax +358 15 3461 216
e-mail: sari.huoso@exel.fi

Exel's annual and interim reports are also available and can be ordered on the Internet at www.exel.net. The company does not issue its interim reports in print, but a paper copy can be ordered from Corporate Communications.