

Financial Statements 2008

Exel Oyj

Vesa Korpimies, President and CEO

13 February 2009



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Q4/2008 and 2008 highlights



Q4/2008 highlights

Group

- Exel Group net sales in the fourth quarter of 2008 EUR 22.1 (38.1) million
- Exel Group operating profit in the fourth quarter of 2008 EUR 1.4 (0.7) million
 - Non-recurring items EUR -0.7 (-1.1) million related to Exel Sports Brands' restructuring measures
- Cash flow in the fourth quarter of 2008 EUR 6.2 (5.6) million

Exel Composites

- Exel Composites net sales in the fourth quarter of 2008 EUR 20.6 (24.7) million
- Exel Composites' operating profit in the fourth quarter of 2008 14.2 (15.6)% of net sales

Exel Sports Brands

- Exel Sports Brands' net sales in the fourth quarter of 2008 EUR 1.6 (3.9) million
- Exel Sports Brands' operating loss in the fourth quarter of 2008 EUR -0.8 (-3.0) million

2008 highlights

- Outdoor business of Exel Sports Brands sold to ESB Sports
- Focus now on the core business Exel Composites
- Focus on reduction of operating working capital
- Market challenging also in the pultrusion business
- The Board will propose to the AGM that no dividend for 2008 be paid

Financial performance



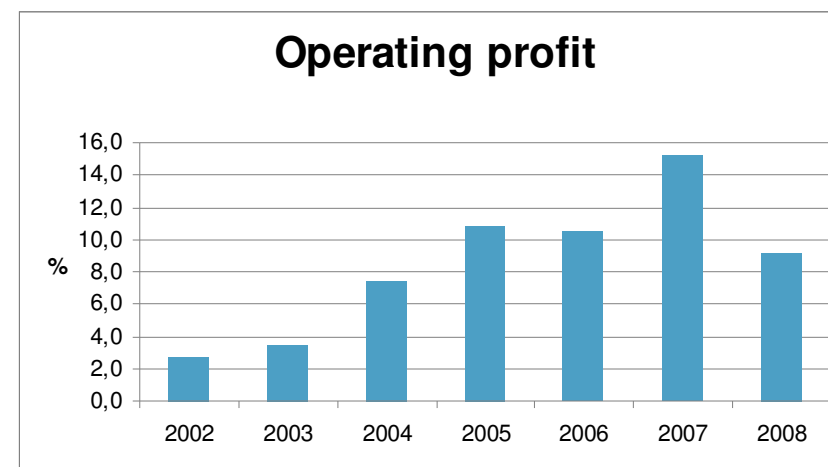
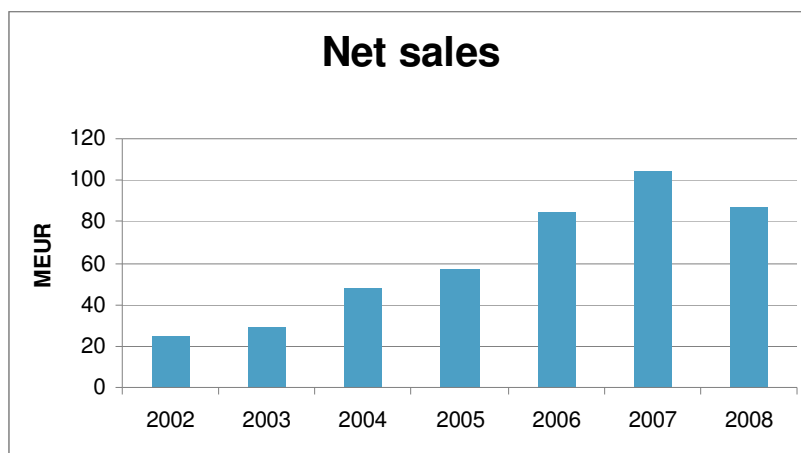
Exel Group 2008 financial performance

- **Net sales** EUR 94.9 (113.5) million
- **Operating profit** EUR -0.4 (4.8) million including EUR -7.8 (-5.3) million non-recurring items
- **Cash flow from business operations** EUR +11.1 (+2.6) million
- Fully diluted **earnings per share** EUR -0.25 (0.17)

The restructuring of the Group completed to a large extent.

Key figures of Exel Composites

	Q4/2008	Q4/2007	change, %	2008	2007	change, %
Net sales, M€	20.6	24.7	-16.8	86.7	104.3	-16.9
Operating profit, M€	2.9	3.9	-24.4	9.2	15.2	-39.1
<i>as % of sales</i>	14.2	15.6		10.7	14.6	
Average no. of personnel	480	505	-5.0	476	500	-4.8



Exel Composites' Q4/2008

- Exel Composites net sales in the fourth quarter of 2008 EUR 20.6 (24.7) million or 92.8% of Group net sales
- Exel Composites' operating profit in the fourth quarter of 2008 EUR 2.9 (3.9) million or 14.2 (15.6)% of net sales

Exel Composites' sales and market development in 2008

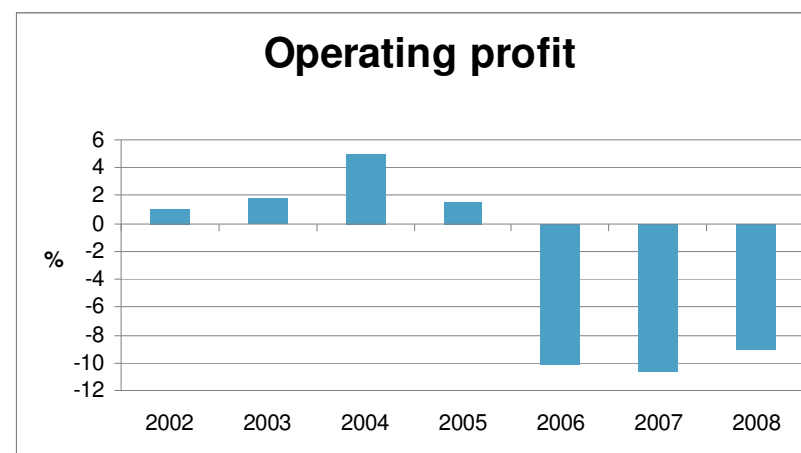
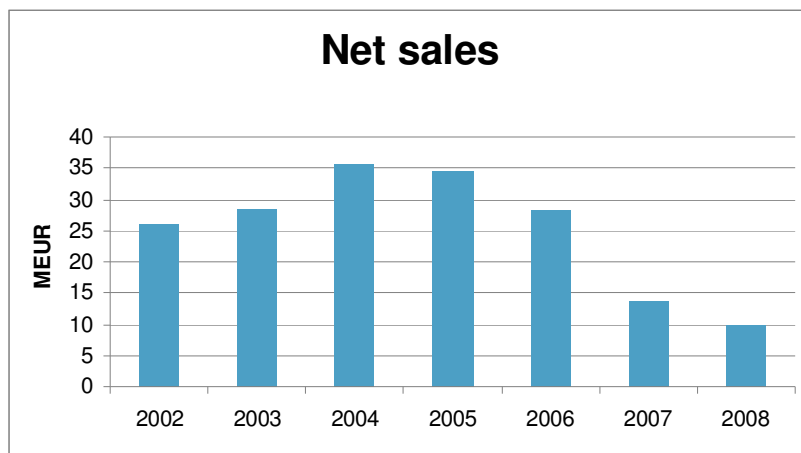
- Net sales in 2008 decreased by 16.9% over the previous year to EUR 86.7 (104.3) million
- Main reasons:
 - Procurement model change in the wind energy segment
 - Divestment of Plastics business in Germany in May 2007
 - Internal sales to Exel Sports Brands declined during the year
- Weaker market conditions in transportation and building and construction segments
- Different segments in very different phases:
 - building and construction segments down
 - strong sales in telecommunication segment and airport masts

Exel Composites' operating profit development

- Operating profit in 2008 totaled EUR 9.2 (15.2) million including EUR -1.1 (-0.7) million non-recurring items
 - Non-recurring items related to Exel Composites' sub-contracting business to Exel Sports Brands and the wind energy business
- Major reasons behind the decrease were:
 - Lower sales
 - Increased energy and raw material costs

Key figures of Exel Sports Brands

	Q4/2008	Q4/2007	change, %	2008	2007	change, %
Net sales, M€	1.6	3.9	-58.4	10.0	13.6	-26.6
Operating profit, M€	-0.8	-3.0	75.0	-9.0	-10.7	-15.7
<i>as % of sales</i>	-46.1	-76.8		-89.7	-78.1	
Average no. of personnel	18	49	-63.3	33	49	-32.7



Exel Sports Brands Q4/2008

- The restructuring of Exel Sports Brands continued
 - Non-recurring items EUR -0.7 million related to restructuring measures
- Sales of the stock of discontinued products continued
- Organization adjusted to the current sales level
 - As a result of co-determination negotiations the employment contracts of 5 persons were terminated in Finland and Sweden
 - Headcount 12 persons
- From the beginning of 2009 focus only on floorball products

Exel Sports Brands' operating profit and net sales development in 2008

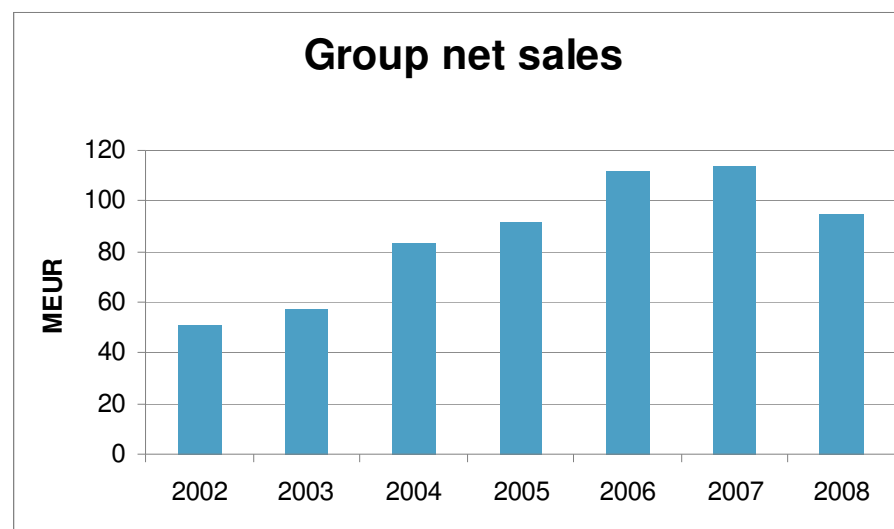
- Operating loss EUR -9.0 million including EUR -7.1 million of non-recurring items (EUR -10.7 million including EUR -3.5 million non-recurring items)
- Profitability still unsatisfactory and actions were taken to improve profit level
- Net sales in 2008 decreased by 26.6% to EUR 10.0 (13.6) million from the corresponding period previous year
 - Decrease due to the divestment of Exel Sports Brands' Outdoor business to ESB Sports
 - Exel concentrates on reinforcing and streamlining the floorball business and improving its profitability
- Exel Sports Brands' operations consist solely of floorball products in which it has a strong brand name and market position

Exel concentrates on reinforcing and streamlining the floorball business and improving its profitability.

Group net sales

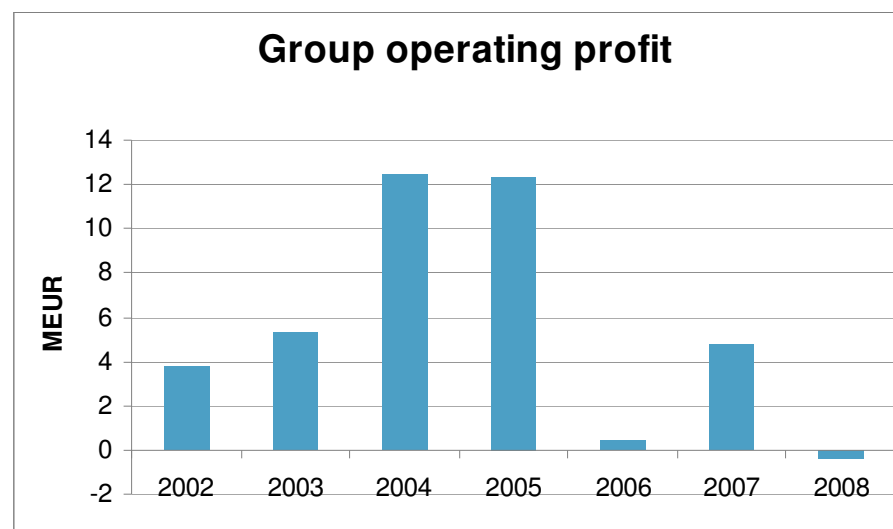
M€	Q4/2008	Q4/2007	change, %	2008	2007	change, %
Exel Composites	20.6	24.7	-16.8	86.7	104.3	-16.9
Exel Sports Brands	1.6	3.9	-58.4	10.0	13.6	-26.6
Intra Group sales	-0.1	-0.6		-2.5	-4.4	
Total	22.1	28.1	-21.3	94.9	113.5	-16.4

The figures in the table are rounded and may not sum up.

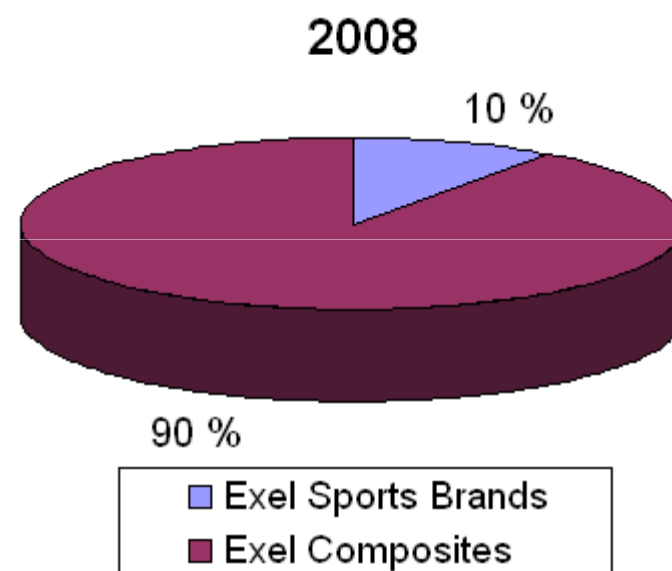
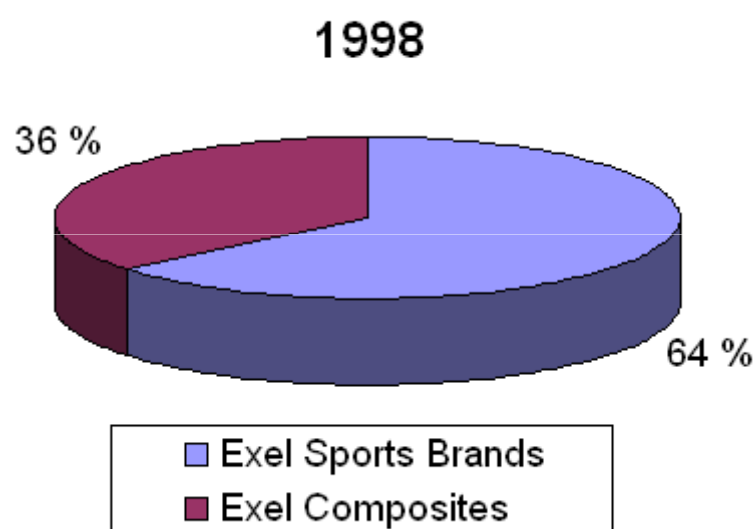


Group operating profit Q4/2008 and 2008

M€	Q4/2008	Q4/2007	change, %	2008	2007
Exel Composites	2.9	3.9	-24.4	9.2	15.2
Exel Sports Brands	-0.8	-3.0	75.0	-9.0	-10.7
Total	1.4	0.7	110.9	-0.4	4.8



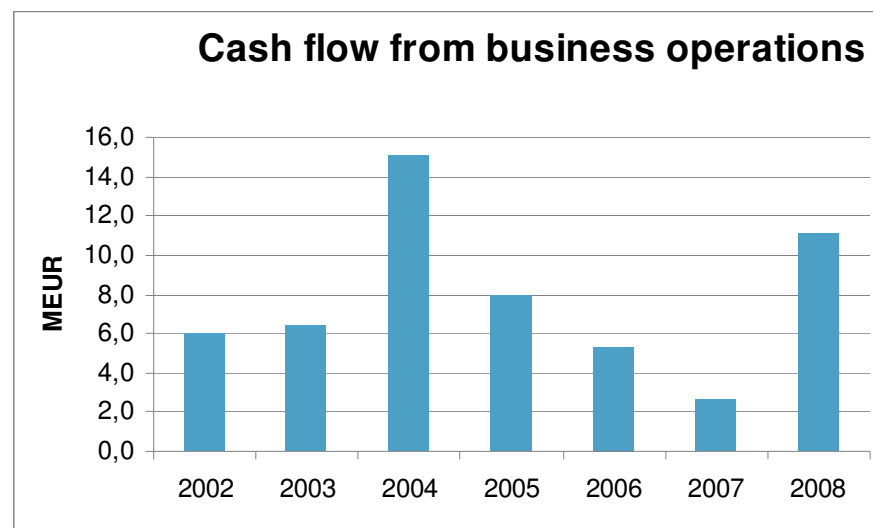
Net sales of Exel Composites and Exel Sports Brands 1998 vs. 2008 - from Sports to Composites



Balance sheet, cash flow and financing

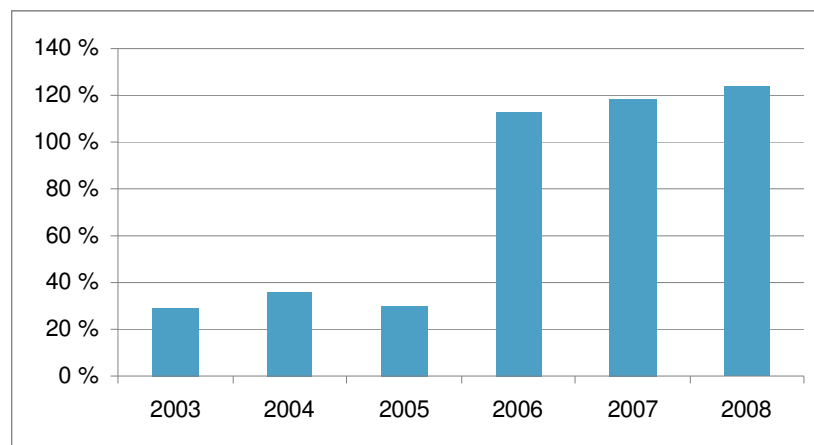
Positive cash flow

- Directed measures taken to reduce OWC in 2008
- Cash flow from business operations EUR +11.1 (+2.6) million
- Group's liquid assets EUR 8.0 (4.9) million
- Equity EUR 16.7 (23.5) million
- Equity ratio 28.2 (31.3)%
- Net gearing 123.9 (118.4)%
- Return on equity -14.7 (8.4)%
- ROCE 0.0 (7.3)%
- Equity per share EUR 1.40 (1.98)

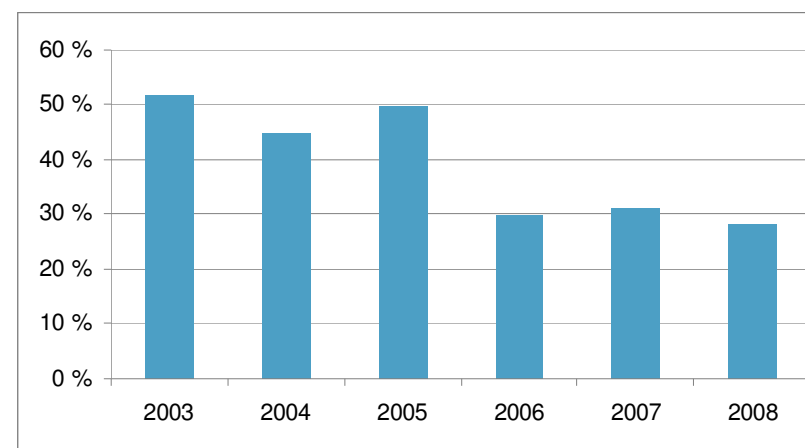


Net gearing and equity ratio

**Net gearing ratio 2008 123.9%
(118.4%)**



**Equity ratio 2008 28.2%
(31.3%)**



Exel Group's vision

- Exel is a leading supplier of advanced composite profiles to the selected niche market segments
- Exel's objective is to generate good returns for the company's shareholders
- Exel's specialized total service, high quality products and long-term partnerships earn company the trust and confidence of its customers
- In doing this Exel offers its employees an exciting and rewarding place of employment

The Group strategy

Exel continues its strategy of profitable growth and pursuing international leadership in the pultrusion industry

Focus on establishing leading positions in selected market segments characterized by attractive growth and profitability attributes

Concentration on designing, manufacturing and marketing demanding, customer-tailored composite profile products for industrial OEM customers

Focus on proprietary, continuous production technologies

- Pultrusion
- Pullwinding
- Continuous lamination

Exel Group's new financial targets and dividend policy

- Due to the financial turbulence and weaker market outlook for Exel's products, it is not realistic to set the financial targets for the near future, but for a normalized business cycle.
- The Exel Board of Directors has approved in a board meeting held on 12 February 2009 revised long-term targets over a business cycle:
- **Growth:** the objective is that Exel Group's average organic growth annually exceeds market growth of the industry. Growth achieved through acquisitions is part of Exel's strategy.
- **Operating profit:** Exel's target is the operating profit to exceed 10 per cent of net sales.
- **Dividend policy:** Exel aims to distribute 40 per cent of net income in dividends, as permitted by the financial structure and growth opportunities.

Outlook



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Outlook

- Pultrusion market is affected by the worldwide business slow-down
 - Weakened demand has been observed especially in the building and construction and transportation segments
- Further actions will be taken to manage the cash flow, to streamline the OWC and to amortize debt
- Due to the poor visibility of the market development, the Group has developed contingency plans and a comprehensive cost and capital reduction programs have been introduced to protect profitability and cash flow.
- Exel will maintain a strong focus on developing sales and is constantly developing new applications to capture growth opportunities within the advanced composites market
- Due to the market uncertainty and poor visibility Exel will not give any profit guidance.

Appendix: Exel share



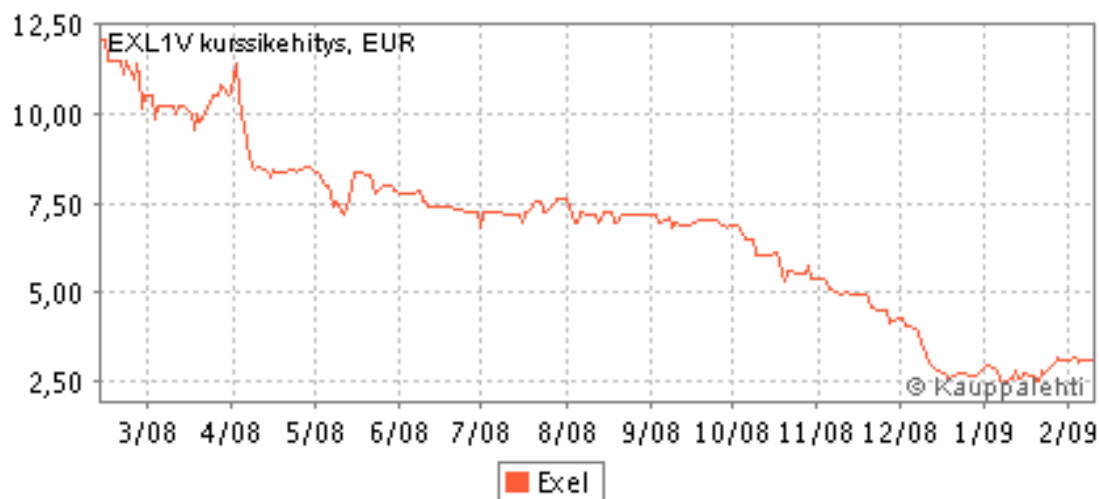
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Major Shareholders (6 February 2009)

	Number of shares	Percentage of share capital
Nordstjernan AB	3,496,506	29.39
Ilmarinen Mutual Pension Insurance Company	689,400	5.79
Veikko Laine Oy	618,896	5.20
Berling Capital Oy	467,933	3.99
Ulkomarkkinat Oy	446,600	3.75
OP-Suomi Small Cap Investment Fund	380,900	3.20
Varma Mutual Pension Insurance Company	363,600	3.05
Alfred Berg Finland Inv. Fund	343,325	2.88
Suutarinen Matti	294,400	2.47
Fondita Nordic Small Cap Inv. Fund	280,000	2.35

Exel share

3/2008 - 2/2009



13.9% (41.3%) of shares outstanding were traded in 2008

The highest share quotation was EUR 12.20 (17.45) and the lowest EUR 2.41 (10.55)

The share price closed at EUR 2.72 (11.90) and the market capitalization at the end of the review period was EUR 32.6 (141.6) million

Consolidated key figures

EUR million	Q4/2008	Q4/2007	change, %	2008	2007	change, %
Net sales	22.1	28.1	-21.3	94.9	113.5	-16.4
Operating profit	1.4	0.7	110.9	-0.4	4.8	108.0
<i>% of net sales</i>	6.4	2.4		-0.4	4.2	
Profit before taxes	0.2	-0.3	174.4	-3.7	2.4	-254.3
Profit for the period	-0.1	0.0	-29.1	-3.0	2.0	-247.1
Shareholders' equity	16.7	23.5	25.8	16.7	23.5	-29.1
Net interest-bearing liabilities	20.7	27.9	-19.4	20.7	27.9	-25.8
Capital employed	45.4	56.3		45.4	56.3	-19.4
ROE, %	-3.0	-0.6		-14.7	8.4	
ROCE, %	13.4	1.3		0.0	7.3	
Equity ratio, %	28.2	31.3		28.2	31.3	
Net gearing, %	123.9	118.4		123.9	118.4	
EPS, €	-0.01	0.00		-0.25	0.17	
EPS, fully diluted, €	-0.01	0.00		-0.25	0.17	
Equity per share, €	1.40	1.98		1.40	1.98	

IFRS reporting in 2009

- From the first quarter interim report in 2009 onwards Exel will be reporting only with one segment, Exel Composites

Exel Composites' Locations



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