

Fiscal year 2001

Market demand below expectations

The net sales of the Ensto Group in 2001 were 182.8 M?. The net sales for the preceding year, 200.7 M?, include business operations that have since been divested. In comparable terms net sales grew by 1.7 %. Operating profit was 6.5 M?. In 2000 the operating profit was 17.9 M? (in comparable terms 15.2 M?). The weaker result was mainly due to the lower level of capacity utilization that followed from the recession on the market. The market positions of the core businesses of the Ensto Group are still strong and the Group's competitive delivery processes have strengthened its ability to support its customers in a market situation where cost efficiency is vital.

- Net sales were 182.8 M?, growth in comparable terms was 1.7 %.
- Operating profit was 6.5 M? equal to 3.6 per cent of net sales.
- Product development continued to be strong in Building Technology, Utility Networks started up its factory in Straszyn near Gdansk and Enclosures and Components was successful in launching its new Clampo-terminal product.
- The management of some units within Industry business unit were united and the structural changes will continue Finland and in Sweden.
- In June Ensto sold Sormat Oy to the operating management of the company and two industrial investors.
- Ensto Parts Oy's stamped metal parts business was sold to Meconet Oy in the beginning of September.
- Ensto acquired the minority share of TL-Coating (48 %) in August and minority share of Estonian Ensto Ensek AS (20 %) in November. The companies are now fully owned subsidiaries of Ensto.
- Ensto Automation Oy in Porvoo was sold to the personnel of the company in February 2002.

- For the Ensto Group the year 2001 was a year of changes both externally and internally. The market situation was weaker than the year before and the changes in ownership and structure within the corporation were significant, says Seppo Martikainen, President and CEO. The biggest business units, Building Technology and Utility Networks, still managed to increase their sales and foster their profitability. Enclosures and Components strengthened its positions on the key markets in Great Britain and Central Europe.

NET SALES AND OPERATING PROFIT

1.1.-31.12. M?	Net sales			Operating profit		
	2001	2000	Change%	2001	2000	Change%
Building Technology	62.3	61.8	+0.9	6.1	8.2	-25.6
Utility Networks	56.3	53.0	+6.2	6.2	6.7	-7.7
Enclosures and Components	28.4	29.3	-3.3	0.2	0.9	-73.6
Industry	60.0	60.7	-1.1	-2.0	3.1	-165.1
-Others and eliminations	-24.2	-4.1		-4.0	-1.0	
Total	182.8	200.7	-8.9	6.5	17.9	-63.6

BUSINESS UNITS

Building Technology

Net sales by Building Technology increased by 0.9 % and resulted to 62.3 M? as compared with 61.8 M? the year before. Expectations were higher than the growth recorded because demand slowed down towards the end of the year. The weakened demand was particularly marked in Finland, that still accounts for around two thirds of the business unit's net sales. In other countries the development was strong. The considerable product development investments continued and included light fittings, panel boards as well as installation products. Demand for the products of Building Technology follows the overall business cycle with a slight delay. Because of this, expectations for 2002 are modest. The launching of new products and opening of new markets are expected to provide the business unit with substantial opportunities for future international growth.

Utility Networks

Net sales by Utility Networks grew by 6.2 % and came to 56.3 M? compared with 53.0 M? in the year before. The business unit succeeded particularly on its main markets in the Nordic countries, the Baltic region and Central Europe. In Western Europe development held steady at the level achieved the year before. Marketing efforts in Eastern Europe were increased and the bases for broadened operations in this direction are favourable. In a customer satisfaction survey carried out among the main customers in Europe, Ensto scored very well. After the factory at Straszyn near Gdansk started up Utility Networks has three production plants that are located in Finland, Estonia and Poland. The prospects for the business unit in 2002 are good.

Enclosures and Components

Net sales by Enclosures and Components were 28.4 M?, on the level of last year's 29.3 M?. This business unit, that has grown at a reasonably fast rate in previous years, now adapted to the overall business cycle. On the biggest markets, in Finland and Sweden, demand was weak. Despite the overall economic situation, development in Continental Europe was positive. The Clampo-terminal, launched in 2001, had a good acceptance and boosted the growth of this product group. In Great Britain Ensto Briticent, that had been reorganized, clearly increased its sales. Demand for enclosures and components is expected to pick up somewhat in 2002 which should create prerequisites for continued growth in this business unit.

Industry

The structural revamping of the Industry business unit continued. The changes in the structure of the business unit reduced net sales by around one per cent in comparison with the year before. Conversion of Ensto Saloplast production, that has been going on for quite a while, was successful and strengthened the foundations of the business. Ensto Audel continued to grow in its special niche and results were good. Industry's units in Porvoo, serving Ensto's other business units and outside customers, were combined under common management. Ensto Automation was sold to the personnel of the company in February 2002. In Salo TL-Coating's situation continued to be difficult and the same applied to Ensto Idealplast in Sweden. The structural changes within the Industry business unit will continue in 2002.

PROSPECTS

The business cycles of the Ensto Group business areas are different. For the companies that depend on the construction cycle in Finland growth expectations remain modest. On the other hand, the innovative and internationally competitive products and systems have excellent prospects to capture new markets. Building Technology, Utility Networks and Enclosures and Components all have powerful international competitive advantages through their special know-how. Ensto chooses the objects of its investments carefully in order to ensure that resources match the service, presence and after-sales expectations raised by customers. The response received from key customer categories in Continental Europe strengthens the perception of the Group's competitive strengths on these potentially large markets. The year 2002 is expected to be better one than 2001 in terms of profitability.

FINANCIAL DATA

Income statement, summary

M?	2001	2000*	Change%
Net sales	182.8	200.7	-8.9
Operating profit	6.5	17.9	-63.6
% of net sales	3.6	8.9	
Profit before extraordinary items	4.4	16.0	-72.6

Balance sheet total

M?	2001	2000*	
	106.2	126.9	-16.3

Other data

M?			
Exports from Finland	56.7	55.9	1.4
Gross investments	7.6	8.3	-8.1
% of net sales	4.2	4.1	
Product development	6.1	5.8	5.9
% of net sales	3.3	2.9	
Order book	13.3	16.3	-18.4
Return on equity, %	7.1	21.8	
Return on investment, %	10.2	19.9	
Equity/assets ratio, %	37.1	45.5	
Earnings/share (EPS), ?	0.16	0.67	
Equity/share, ?	2.36	3.51	
Personnel, on average	1,633	1,748	-6.6
Personnel, end of period	1,504	1,649	-8.8

* The figures of comparison include business operations that were divested in 2000 (contracts manufacturing of large plastic components, technical ceramics, trace heating). Sormat Oy's data are consolidated until June 30, 2001.

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Ensto Oy

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