

INTERIM REPORT 1.1.-30.9.2000

STREAMLINED OPERATIONS AND A GOOD MARKET DEMAND BOOSTED ENSTO'S PROFITS SIGNIFICANTLY

Good market demand and streamlined operations boosted Ensto's profits in the first nine months of 2000. Net sales grew by 12.3% and were 151.1 Meur. Operating profit was 13.1 Meur as compared with 5.0 Meur for the corresponding period last year (+163.1%). This strong development is expected to continue in the last quarter of the current fiscal year as well.

HIGHLIGHTS

Net sales grew by 12.3% and were 151.1 Meur.

Consolidated operating profit improved by 163.1% and was 13.1 Meur, which equals 8.7% of net sales. The operating profits of Ensto's divisions all improved significantly.

Profit before extraordinary items more than tripled and came to 11.8 Meur (3.5 Meur).

Return on investment (ROI) was 19.4% p.a. and return on equity (ROE) 21.3% p.a.

Good market demand, streamlined operations and high capacity utilization were the main drivers behind the profit improvement.

Sormat Oy, a member of the Ensto Group, acquired Finland's first ETA-approval, based on an EU-directive, for its main product, the fastening anchor.

The contract manufacturing unit in Hungary was transferred to Eimo Oyj at the turn of September-October.

CORPORATE STRUCTURE

The agreement concluded between Ensto and Eimo Oyj in May transferred the contract manufacturing unit Ensto Plastic Kft in Pecs, Hungary, to Eimo Oyj at the end of September 2000. The final purchase agreement was signed October 2, 2000. Ensto Plastic Kft's income statement is included in the consolidated figures of this interim report.

Ensto Sekko Oy concluded a letter-of-intent on August 30, 2000 to acquire the minority ownership of its subsidiary company in Poland. The deal will become effective as soon as the Polish authorities have approved of the share transaction.

Ensto Elektriska AB and Ensto Component AB in Sweden have been merged into Ensto Holding AB. The merger was registered on June 21, 2000.

MARKET DEVELOPMENT

A high level of construction activity continued to support the good demand for installation products. The high oil price contributed to a growth in the popularity of electrical heating which was reflected in a strong demand in this product group throughout the summer. At times there was even a shortage of electrical heating equipment.

The good demand for utility network construction products continued also during the summer months. The growth rate leveled off somewhat, however, as compared with the first half of the year. The strongest growth was recorded in Poland, Hungary and the Czech Republic. Ensto's market positions strengthened and stabilized on these markets during the year.

Significant structural reorganization has taken place within Ensto's contract manufacturing units. The machinery from the factory in Hungary, which was sold to Eimo Oyj, was partially transferred to other Group companies, partially sold to outside buyers. The market for enclosures and components have also been strong. The growing operations encountered some signs of raw material shortages. These, however, had no effect on the activities in the reporting period.

NET SALES AND RESULTS

Consolidated net sales in January-September were 151.1 Meur, which is 12.3% above the corresponding figure for last year. In comparable terms net sales grew by 19.4%. Finland accounted for 66.3 Meur, or 43.9% of net sales. Direct exports from Finland were 40.3 Meur, i.e. 26.7% of net sales. The combined share of the other Nordic countries was 40.2 Meur, i.e. 26.6%. The activities in Eastern and Central Europe continued to grow strongly and these markets now accounted for 14.6% of consolidated net sales (13.2%).

In the first nine months of 2000 the net sales and operating profit of Ensto's divisions developed as follows:

1.1.-30.9.

| Meur | 7-9/2000 | 7-9/1999 | Change% | 1-9/2000 | 1-9/1999 | Change% |
|--------------------------------------|----------|----------|---------|----------|----------|---------|
| Netsales | | | | | | |
| Installation | 17,7 | 16,5 | 7,3 | 49,7 | 43,1 | 17,2 |
| Distribution | 13,8 | 11,6 | 19,0 | 39,5 | 32,8 | 20,2 |
| Industry | 22,5 | 18,5 | 21,6 | 70,3 | 56,6 | 24,2 |
| Total | 49,9 | 45,8 | 8,9 | 151,1 | 134,5 | 12,3 |
| Operating Profit | | | | | | |
| Installation | 3,6 | 3,5 | 1,5 | 7,5 | 6,1 | 24,4 |
| Distribution | 2,3 | 1,2 | 91,1 | 5,4 | 2,9 | 88,5 |
| Industry | 2,0 | 0,5 | 270,1 | 4,4 | 0,1 | 4614,0 |
| Total | 7,5 | 4,6 | 64,3 | 13,0 | 5,0 | 160,6 |
| Profit before extraordinary items | 7,1 | 4,1 | 74,6 | 11,7 | 3,5 | 235,7 |
| Net Profit | 4,6 | 2,6 | 76,0 | 7,8 | 1,4 | 449,8 |

Consolidated operating profit for the period was 13.1 Meur (5.0 Meur). The operating profit improved by 163.1% as compared with the same period a year ago. The growth rate of the comparable operating profit was 124.6%. The operating profit for the first nine months also exceeds the operating profit, 9.5 Meur, for the entire previous fiscal year. This significant improvement is due to good market demand, better internal operational efficiency and the improved earnings potential which resulted from the corporate structural changes.

DIVISIONS

Ensto Installation

Net sales by Ensto Installation in the reporting period were 49.7 Meur, which is 15,3% more than the comparable net sales of the same period last year. The operating profit of the division was 7.5 Meur, which is 27,7% more than in the same period a year ago.

House building activity still held a high level. Net sales of the installation products (lighting, heating systems and distribution boards) continued their steady development and the popularity of electrical heating systems in particular boosted sales. The operating conditions of this sector were considerably improved as a result of the concentration of operations to new facilities at Porvoo in the middle of September. The efficient logistics and delivery reliability of installation materials and supplies boosted profit potential. Ensto Busch-Jaeger Oy received the prize as the Finnish Quality Supplier of the year of one of its major

4(8)

customers, SLO, for the second time running. The market success of the fastening materials unit continued and net sales grew by over a fifth in the third quarter as well. The subsidiary Sormat Oy, in August 2000, was the first company in Finland to receive an ETA-approval, based on an EU-directive. The approval was received for Sormat's main product, the fastening anchor, and it opens up significant market prospects on the largest fastening anchor markets in Western Europe, Germany and France.

Ensto Distribution

The net sales of Ensto Distribution in the period were 39.5 Meur, which is 20.2% more than in the corresponding period last year. The operating profit of the division was 5.5 Meur, which is almost twice the figure of the same period last year (2.9 Meur).

The market situation for the Distribution division was very similar to the one in the earlier part of the year. The maintenance investments for Nordic utility networks continued to be stable. The strongest growth impact came from Continental Europe. Ensto has strengthened and stabilized its market positions especially in Poland, Hungary and the Czech Republic. In these markets the company operates with its own organizations. The Ensto brand is well known by local customers and the product concept has proven very effective in the market conditions prevailing in Continental Europe. A high degree of capacity utilization has boosted profit generating potential. Manufacturing bottle-necks have been opened up by focused investments. In Porvoo production personnel have been added and in Keila, Estonia, production space was increased by some 1,000 square meters in the summer.

Ensto Industry

Net sales by Ensto Industry in the period were 70.3 Meur, which is 24.2% more than in the corresponding period last year.

Operating profit was significantly boosted at 4.2 Meur, which compares with the corresponding result 0.1 Meur in the same period the year before.

Adaptation and streamlining efforts have continued in the contract manufacturing units. At Ensto Saloplast the production of big plastic components has been transformed to small parts and new customer contracts have been signed. The net sales and profits impacts of these agreements fall on 2001. In Sweden the manufacturing facilities of Ensto Idealplast will be enlarged and developed to better match the requirements of contract manufacturing. The previous electrical materials business of the company has been moved to Ensto Installation in Finland. After the factory in Hungary was divested by the Group, part of its machinery was relocated to other Group companies while part was sold to outside buyers. The restructured marketing network of the Enclosures and components unit and the good market reception for

5(8)

its new products reflected in a strong growth of sales and improvement of results.

PROFITABILITY

Extraordinary income was 2.4 Meur and consisted of gains on business operations sold during the period and pension refunds from previous years in the Swedish operations. The extraordinary expenses consists of costs related to the divestment of contract manufacturing of big plastic components.

Return on equity (ROE) for the period was 21.3% p.a. (6.7%) and return on investment (ROI) was 19.4% p.a. (8.1%). The net profit for the period was 7.8 Meur as compared with 1.4 Meur for the same period one year earlier.

Earnings per share (EPS) were five-fold in comparison with the same period last year and rose to 0.46 EUR (0.09 EUR). Equity per share at the end of the period was 3.32 EUR (2.74 EUR).

BALANCE SHEET AND FINANCING

The balance sheet total at the end of the third quarter was 135.2 Meur, i.e. exactly the same as a year ago. The business operations sold reduced the balance sheet by about 10% but the growing business volume and required operating capital boosted the balance sheet total by as much.

The liabilities were reduced during the period and at the end of September interest-bearing debt stood at 42.6 Meur (55.8 Meur). At the end of September 2000 consolidated net gearing was 70.2%

(30.9.1999: 115.6%) while the equity to assets ratio was 40.8% (33.5%).

The Group's contingent commitments were reduced by about one third. The reduction follows from divested business operations.

INVESTMENTS AND DEVELOPMENT

The gross investments in fixed assets during the period were 5.3 Meur. The bulk of the investments consisted of machinery and equipment. The biggest single investment items concerned the structural changes in contract manufacturing and the new facilities and equipment for electrotechnical equipment manufacturing at Porvoo. At Keila in Estonia the production facilities for utility network construction equipment were enlarged.

The research and development expenditures for the period were 3.7 Meur, i.e. roughly the same as in the corresponding period last year. The development input, investments and development expenses in total, came to 6.0% of net sales.

6(8)

PERSONNEL

At the end of the period Group personnel totaled 1 649. At the beginning of the fiscal year total personnel was 1,870. The divestment of the technical ceramics units reduced personnel by around 220. The divestment of contract manufacturing of big plastic parts reduced the Group personnel by a further 105. The personnel of the Group's on-going business operations grew by around 90 people from the beginning of the year. In January-September the average number of employees was 1,794 as compared with 1,921 in the same period a year ago.

PROSPECTS

The order book of the Ensto Group stood at 16.4 Meur at the start of the final quarter of the year (1999: 19.2 Meur). The comparable order book on September 30, 1999 was 12.5 Meur. The high capacity utilization in the summer months reflected in a growth of deliveries and a strong profit development in the third quarter of the year.

The final quarter of the year is usually Ensto's strongest. The growth rate of housing construction has slowed down but many projects are still in the pipeline in the public construction sector. No major changes in the demand for utility network products are foreseen. The competitive situation is becoming tougher, however, as structural changes in the business continue and American competitors seek new positions on the European

market. The changes in the Group's contract manufacturing units have built a platform for improved growth and profit prospects.

For the full fiscal year 2000 net sales are expected to grow in line with the first three quarters of the year. Operating profit is expected to improve significantly following the favourable market demand and the high capacity utilization. The Group's net profit will clearly improve in comparison with the previous year.

FINANCIAL STATEMENTS

The figures have been rounded off to million euros with one decimal. Addition of the column figures therefore does not necessarily match.

The figures are unaudited

| INCOME STATEMENT | 2000 | | 1999 | 1999 |
|-----------------------------------|----------|---------|----------|-----------|
| Meur | 9 months | Change% | 9 months | 12 months |
| Net sales | 151.1 | 12.3 | 134.5 | 191.7 |
| Operating profit | 13.1 | 163.1 | 5.0 | 9.5 |
| % of net sales | 8.7 | | 3.7 | 5.0 |
| | | | | 7(8) |
| Profit before extraordinary items | 11.8 | 39.2 | 3.5 | 7.7 |
| % of net sales | 7.8 | | 2.6 | 4.0 |
| Extraordinary income | 2.4 | | 0.2 | 0.7 |
| Extraordinary expenses | 0.8 | | 0.0 | 4.1 |
| Profit before taxes | 13.4 | 265.2 | 3.7 | 4.3 |
| % of net sales | 8.9 | | 2.7 | 2.2 |
| Minority share | 1.3 | | 0.9 | 1.1 |
| Net profit for the period | 7.8 | 449.8 | 1.4 | 1.9 |
| BALANCE SHEET | | | | |
| Intangible assets | 6.7 | -27.9 | 9.3 | 8.7 |
| Tangible assets | 46.3 | -18.1 | 56.6 | 56.4 |
| Investments | 1.6 | 101.1 | 0.8 | 0.7 |
| Current assets | 29.0 | -0.7 | 29.2 | 29.4 |
| Receivables | 47.3 | 33.7 | 35.4 | 36.1 |
| Cash and bank balances | 4.3 | 7.7 | 4.0 | 6.6 |
| Total assets | 135.2 | 0 | 135.2 | 137.9 |
| Equity | 48.1 | 21.4 | 39.6 | 40.2 |
| Minority share | 6.5 | 27.0 | 5.1 | 5.4 |

| | | | | |
|--|-------|--------|-------|-------|
| Group reserve | 0 | -100.0 | 0.1 | 0 |
| Mandatory appropriations | 0 | -100.0 | 0.8 | 2.9 |
| Long-term liabilities | 34.6 | -14.4 | 40.3 | 42.1 |
| Short-term liabilities | 46.0 | -6.6 | 49.3 | 47.3 |
| Total shareholders' equity and liabilities | 135.2 | 0 | 135.2 | 137.9 |

KEY FIGURES

| | | | | |
|----------------------------|-----|------|------|------|
| Return on equity (ROE) | % | 21.3 | 6.7 | 12.0 |
| Return on investment (ROI) | % | 19.4 | 8.1 | 11.3 |
| Equity/assets ratio | % | 40.8 | 33.5 | 33.2 |
| Earnings/share (EPS) | EUR | 0.46 | 0.09 | 0.29 |
| Equity/share | EUR | 3.32 | 2.74 | 2.77 |

OTHER DATA

| | | | | |
|----------------------|------|------|------|------|
| Exports from Finland | 40.3 | 38.2 | 29.1 | 45.2 |
|----------------------|------|------|------|------|

Net sales by market

| | | | | |
|----------------------------|------|-------|------|------|
| Finland | 66.3 | 12.5 | 59.0 | 82.9 |
| Other Nordic | 40.2 | 1.2 | 39.7 | 55.4 |
| Western Europe | 13.8 | -7.3 | 14.8 | 21.5 |
| Eastern and central Europe | 22.0 | 23.6 | 17.8 | 27.1 |
| Other markets | 8.8 | 175.7 | 3.2 | 4.8 |

Net sales by division

| | | | | |
|--------------|------|------|------|------|
| Installation | 49.7 | 15,3 | 43,1 | 60.9 |
|--------------|------|------|------|------|

8(8)

| | | | | |
|--------------|------|------|------|------|
| Distribution | 39.5 | 20.2 | 32.8 | 46.9 |
| Industry | 70.3 | 24.2 | 56.6 | 84.0 |

| | | | | |
|-------------------|-----|-------|-----|------|
| Gross investments | 5.3 | -27.2 | 7.2 | 10.5 |
| % of net sales | % | 3.5 | 5.4 | 5.5 |
| R & D expenses *) | 3.7 | -1.7 | 3.8 | 5.8 |
| % of net sales | % | 2.5 | 2.8 | 3.0 |

| | | | | |
|--------------------------|-------|-------|-------|-------|
| Order book | 16.4 | -14.4 | 19.2 | 19.1 |
| Personnel, average | 1,794 | -6.6 | 1,921 | 1,917 |
| Personnel, end of period | 1,649 | -11.7 | 1,867 | 1,897 |

CONTINGENCIES

| | | | | |
|----------------------------------|-----|--|------|------|
| Kiinnitykset | 5.2 | | 11.0 | 11.0 |
| Guarantees | 0.4 | | 1.6 | 1.6 |
| Leasing and rental contingencies | 4.0 | | 2.0 | 2.7 |
| Other contingencies | 0.1 | | 0.1 | 0.1 |

| | | | | |
|---------------------------------|-----|-------|------|------|
| Total | 9.6 | -34.5 | 14.7 | 15.5 |
| Of which, for others | 0.1 | | 0.1 | 0.0 |
| Number of derivatives contracts | 1.7 | | 1.5 | 1.3 |

*)expensed in full in the income statement.

Ensto Oy's financial statements bulletin for the fiscal period January 1 - December 31, 2000 will be published February 12, 2001.

Porvoo, October 30, 2000

ENSTO OY
Board of Directors

Petteri Wallden
President and CEO

For additional information, contact:
Petteri Wallden, President and CEO, phone +358 204 76 2201
Karita Mikkola, CFO, phone +358 204 76 2263

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