



COMPONENTA

Interim Report 1 January - 31 March 2001

Componenta Corporation

Interim Report 1 January - 31 March 2001

Componenta Group had net sales during the first quarter of EUR 56.3 million (EUR 62.6 million in the same period in the previous year, comparable net sales were EUR 55.6 million). The Group had an operating profit of EUR 2.5 (1.4) million and a profit after financial items of EUR 0.8 million (loss of EUR 0.7 million). The improvement in the Group's operating result was mainly due to the divesting of loss-making operations. The Group's order book at the end of the review period stood at EUR 33.5 (36.4) million.

Componenta Holding Corporation offer to exchange and purchase shares completed

In response to the offer to exchange and purchase shares made to Componenta Corporation's shareholders in the period 26 February - 9 March 2001, shareholders of Componenta Corporation owning 89.9 per cent of Componenta Corporation shares announced that they would exercise their right to sell their shares to Componenta Holding Corporation at the price of EUR 3.20 and subscribe new shares of Componenta Holding Corporation. Shareholders owning 6.1 per cent of Componenta Corporation shares announced that they would sell their shares to Componenta Holding Corporation at the price of EUR 3.20. Following the offer, Componenta Holding owns over 96 per cent of Componenta's shares. Componenta Holding was established by some of the major shareholders of Componenta and after the offer the shareholders are largely the same as those of Componenta Corporation.

Componenta Holding Corporation has made an offer to redeem all Componenta's shares in accordance with chapter 6, section 6 of the Securities Market Act. The redemption period was 23 March - 23 April 2001.

Componenta Holding Corporation has decided to start the expropriation of the remaining Componenta Corporation shares in accordance with the Companies' Act. It is also the purpose of Componenta Holding to apply for removal of Componenta Corporation shares from the Helsinki Exchanges.

Componenta Holding Corporation will publish its own interim report for the period 1 January - 31 March 2001.

Markets

In the Group's customer sectors, demand in the heavy truck industry was higher than in the corresponding period of the previous year. Volumes fell slightly from those in the final quarter of last year. Demand for components from the heavy truck industry reached its peak at the end of 2000.

Demand for components from manufacturers of machinery and equipment rose considerably from the corresponding period in the previous year. Demand was also higher than at the end of last year. Growth has been steady especially from Finnish general engineering companies.

Demand from the off-road industry has been at a very satisfactory level, although signs of a levelling off in demand can be detected from some off-road manufacturers.

Changes in group structure

In February Componenta sold its 50% holding in SEW-Componenta Oy to SEW-Eurodrive. At the end of March the group sold its 30% holding in Saint-Gobain Pipe Systems Oy to the French Saint-Gobain group. Componenta Group recorded net sales profits of EUR 0.8 million from these transactions. The deals released capital employed to the value of roughly EUR 12 million.

Net sales

The Group had net sales of EUR 56.3 (62.6) million. Net sales increased by about one per cent when compared with the figures for ongoing operations. Exports and foreign operations accounted for 74% (79%) of the net sales of Componenta Group. Net sales by market areas were as follows: Finland 26%, other Scandinavian countries 54%, Central Europe 18% and other countries 2%.

Result and financing

Componenta Group made an operating profit of EUR 2.5 (1.4) million during the review period, and the result after financial items was EUR 0.8 million (loss of EUR 0.7 million). The result includes profits from the sale of non-current assets and other non-recurring items, a net total of EUR 0.4 million. The Group's financial costs amounted to EUR 1.7 (2.0) million. Profit for the review period was EUR 0.5 million (0.2). Taxes of EUR -0.3 million (+0.2) are calculated on the basis of the Group's result

for the period. The Group's liquidity remained good throughout the review period. The equity ratio including the preferred capital notes in equity was 38.0% (36.7%) and excluding the preferred capital notes was 29.3% (28.8%).

Cast and other components

Net sales for cast and other components for the three months totalled EUR 45.2 (42.9) million and the operating profit was EUR 2.7 (3.7) million. The order book at 31 March 2001 stood at EUR 27.0 (24.8) million. The decline in the operating profit was mainly due to the loss-making performance of two business units. Remedial action has started at these units.

At the beginning of March Componenta established a Customer Product Center (CPC) in Helsinki, where all personnel in Finland concerned with sales, marketing and R & D will be based. The CPC is responsible for managing customer relations in connection with the design and sales of new products. The CPC will also function as the link between Componenta's business units, so that casting and machining will take place at the units best specialized in this.

Customer projects will be organized in teams, consisting of experts in sales, R & D, production processes and logistics. The project management system will provide a network for linking production units, sub-contractors and clients. Up-to-date information about projects will be available to clients from contact persons.

During the review period capacity usage at the foundries has risen, especially at the Group's foundries in Finland, mainly due to higher demand from the general engineering industry. The Group started to plan actions to adjust production volumes in response to a possible decline in demand from the heavy truck industry. The first actions to reduce production levels relate to cancelling the arrangements for extra shifts.

Production levels in the heavy truck industry have passed their peak, and this has shown in a levelling off in demand at the Group's machine shops, even though delivery volumes have still risen a couple of per cent from the previous year. Adjusting costs at the machine shops in Sweden has taken place more slowly than the change in demand, which has meant that the



profitability of the machine shops has declined from that of the corresponding period in the previous year.

The restructuring programme at the Karkkila foundry was largely completed during March. Actions, for example relating to product rationalisation, were carried out according to plan. These steps are already having a visible, positive effect and the operating profit of the unit for the first three months of the year is close to zero.

A many-faceted development programme to improve productivity and quality is underway at Componenta Alvesta, which made a serious operating loss in the previous year. The rationalisation of products, which is part of this programme, should be completed by early autumn. At the start of the year Alvesta passed the audit for ISO 14001 environmental certification.

Remedial action has also started at the Osby machine shop, another loss-making unit. The goal is to raise productivity, through product rationalisation and investments in machining equipment.

Sales of geared components matched expectations during the review period, with sales volumes being slightly lower than in the corresponding period of the previous year.

Other operations and associated companies

Other operations had net sales during the review period of EUR 10.7 (11.7) million and an operating profit of EUR 0.5 (0.5) million. The order book at 31 March 2001 stood at EUR 6.6 (7.6) million.

The change in demand from the truck industry also meant a fall in delivery volumes of the Group's forged components compared to the previous year. Sales of metal and tubular components rose slightly.

Componenta Group's share of the result of the associated companies was EUR -0.7 (-0.2) million. The loss was mainly due to Thermia Group's one-time write-downs made in the 2000 financial statements and its losses during the first three months of 2001.

Investments

Investments in production facilities carried out during the review period totalled EUR 4.3 (2.8) million. The most significant investments were those in the machining centres at the Främmestad and Osby machine shops, in the cooling line for castings at the Alvesta foundry, and work on the new pressing line for forged products at Wirsbo.

Componenta Group's production investments for the whole year are estimated to be about EUR 15 million.

Share capital and shares

At the end of the review period the share capital of Componenta Corporation stood at EUR 20.6 million. Componenta Corporation shares, which are quoted on the Helsinki Exchanges, have a nominal value of 2 euros. On 1 January 2001 their quoted price stood at EUR 2.11 and on 31 March 2001 at the end of the period at EUR 3.20. The share capital had a market value at the end of the review period of EUR 33.0 million. The volume of shares traded during the review period was equivalent to 99.2% of the share capital, which was due to the offer from Componenta Holding Corporation to exchange and purchase Componenta Corporation shares.

Authorization for share issues

The company's Board of Directors has no authorization for share issues.

Authorization to purchase company's own shares

The Annual Shareholders' Meeting of Componenta Corporation held on 9 February 2001 authorized the company's Board of Directors to purchase the company's own shares using distributable funds until 9 February 2002, provided that after the purchase the aggregate nominal value of the company shares belonging to the company and its subsidiaries, or the voting rights carried by these shares, does not exceed five (5) per cent of the company's share capital or of the voting rights carried by all the shares. The authorization has not been exercised.

Board of directors

The Annual Shareholders' Meeting re-elected to the company's Board of Directors Olli Reenpää, Jouko Koskinen, Heikki Lehtonen, Antti Lehtonen and Juhani Mäkinen. The Board elected Olli Reenpää to be its chairman.

Prospects

Since the start of the year the economic indicators in Componenta's business sector have taken a downward turn. This has not as yet been reflected to any great extent in the actual demand from industry. It remains to be seen whether industrial operations will follow suit after a certain delay, or whether this was just a momentary phase. Uncertainty about the future in the US economy has been reflected in a certain amount of caution in Europe.

It would seem that demand in the heavy truck industry reached its peak at the end of 2000. Truck manufacturers and research institutes are forecasting that production volumes in Europe this year will be 5 - 10% lower than in the previous year. So far changes in demand for components have been moderate.

The situation in the general engineering industry seems to favour Finnish companies in the sector, since so far demand in Finland has continued to grow. Signs of a levelling off can be observed, however, for example at engineering companies supplying the wood processing industry.

Demand for off-road and other industrial components is expected to be slightly lower than in the previous year.

Componenta Group has worked to increase the flexibility and efficiency of its operations, and unless any sudden changes occur in demand, market changes should not have a negative impact on the Group's operations. Componenta Group is forecast to have net sales in 2001 of just over EUR 200 million, which will mean a decline of about five per cent for the ongoing operations. Componenta Group's profit after financial items should increase on the previous year.

Componenta Corporation

INCOME STATEMENT (MEUR)	1.1.-31.3.2001	1.1.-31.3.2000	1.1.-31.12.2000
Net sales	56.3	62.6	225.7
Other operating income	2.3	1.1	7.3
Share of the associated companies' result	-0.7	-0.2	-0.5
Operating expenses	51.9	58.1	208.7
Depreciation and write-downs	3.5	4.0	14.7
Operating profit	2.5	1.4	9.1
% of net sales	4.4	2.2	4.0
Financial income and expenses	-1.7	-2.0	-8.0
Profit after financial items	0.8	-0.7	1.1
Income taxes	-0.3	0.2	0.5
Minority interest and conversion difference	0.0	0.2	-0.5
Net profit	0.5	-0.2	1.1

BALANCE SHEET (MEUR)	31.3.2001	31.3.2000	31.12.2000
Assets			
Group goodwill	23.7	26.1	24.5
Non-current assets	150.2	165.3	155.6
Current assets			
Inventories	22.8	31.0	22.8
Receivables	57.2	62.4	56.1
Securities	1.2	0.0	0.0
Cash and bank accounts	4.4	5.7	4.9
Total current assets	85.6	99.1	83.8
Total assets	259.5	290.5	263.9
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	20.6	20.6	20.6
Other equity	53.2	52.9	54.1
Preferred capital notes	22.7	22.7	22.7
Total shareholders' equity	96.5	96.2	97.4
Minority interest	2.1	10.2	2.1
Liabilities			
Non-current liabilities			
Interest bearing	74.9	86.7	78.3
Interest free	3.5	7.6	3.7
Current liabilities			
Interest bearing	43.8	48.0	48.0
Interest free	38.6	41.8	34.3
Total liabilities	160.8	184.1	164.4
Total liabilities and shareholders' equity	259.5	290.5	263.9



KEY RATIOS	31.3.2001	31.3.2000	31.12.2000
Equity ratio, %	29.3	28.8	29.1
Equity ratio, %, preferred capital notes in equity	38.0	36.7	37.7
Earnings per share, EUR	0.05	-0.02	0.10
Equity per share, EUR	7.17	7.14	7.25
Net interest bearing debt, MEUR	105.4	117.9	108.0
Net interest bearing debt, MEUR, preferred capital notes in debt	128.1	140.6	130.7
Net gearing, %, preferred capital notes in equity	106.8	110.8	108.5
Net gearing, %, capital loans in debt	168.7	168.0	170.2
Order book, MEUR	33.5	36.4	35.0
Investments in non-current assets, MEUR	4.3	2.8	28.2
Average number of personnel	1 846	2 143	1 986
Number of personnel at the end of the period	1874.0	2 061	1 936
Share of export and foreign activities in net sales, %	74.0	79.0	77.0
Contingent liabilities, MEUR	42.5	50.0	43.3

DERIVATIVE INSTRUMENTS (MEUR)	31.3.2001		31.3.2000		31.12.2000	
	Nominal value	Current value	Nominal value	Current value	Nominal value	Current value
Interest derivatives						
Interest rate swaps	32.3	0.1	29.3	0.7	32.3	0.4
Future agreements	4.8	0.0	-	-	9.0	-0.1
Currency derivatives						
Forward exchange agreements	46.5	0.2	40.3	-0.2	70.1	0.6
Currency swaps	-	-	2.6	0.0	2.7	0.0

Derivative instruments are used to hedge the Group's foreign exchange and interest rate risks

Componenta Corporation

CORPORATE DEVELOPMENT (MEUR)

	1.1.-31.3.2001	1.1.-31.3.2000	1.1.-31.12.2000
Net sales			
Cast and other components	45.2	42.9	167.0
Other business	10.7	11.7	43.7
Divested operations	-	7.0	13.1
Others and internal sales	0.4	1.0	1.9
Componenta Group total	56.3	62.6	225.7
Operating profit			
Cast and other components	2.7	3.7	10.2
Other business	0.5	0.5	1.1
Divested operations	-0.4	-3.0	-3.2
Others and internal sales	-0.3	0.3	1.0
Componenta Group total	2.5	1.4	9.1
Order book			
	31.3.2001	31.3.2000	31.12.2000
Cast and other components	27.0	24.8	27.7
Other business	6.6	7.6	7.3
Divested operations	-	4.0	-
Others and internal sales	-0.1	-0.1	-0.1
Componenta Group total	33.5	36.4	35.0

CORPORATE QUARTERLY DEVELOPMENT (MEUR)

	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales	56.3	57.4	43.8	61.9	62.6
Operating profit	3.8	3.6	1.1	6.9	2.6
Net financial items	-1.9	-1.8	-2.0	-2.2	-2.0
Profit/loss after financial items	1.9	1.8	-0.9	4.7	0.6

QUARTERLY DEVELOPMENT BY BUSINESS GROUP (MEUR)

	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales					
Cast and other components	45.2	45.4	35.1	43.6	42.9
Other business	10.7	11.6	8.8	11.7	11.7
Divested operations	-0.0	0.1	6.0	7.0	-
Others and internal sales	0.4	0.4	-0.1	0.5	1.0
Componenta Group total	56.3	57.4	43.8	61.9	62.6
Operating profit					
Cast and other components	3.4	3.7	0.7	4.1	4.3
Other business	0.5	0.2	0.1	0.5	0.5
Divested operations	-0.4	0.0	-0.4	0.2	-3.0
Others and internal sales	0.3	-0.4	0.6	2.0	0.7
Componenta Group total	3.8	3.6	1.1	6.9	2.6
Order book					
	31.3.2001	31.12.2000	30.9.2000	30.6.2000	31.3.2000
Cast and other components	27.0	27.7	29.7	27.7	24.8
Other business	6.6	7.3	8.6	8.4	7.6
Divested operations	-	-	-	0.1	4.0
Others and internal sales	-0.1	-0.1	-0.1	-0.1	-0.1
Componenta Group total	33.5	35.0	38.3	36.1	36.4

Helsinki, 24 April 2001
Componenta Corporation
Board of Directors

COMPONENTA

COMPONENTA CORPORATION
PO Box 1132 (World Trade Center, Aleksanterinkatu 17)
FIN-00101 Helsinki
Telephone +358-9-225 021 • Telefax +358-9-2250 2721
www.componenta.com