



The Leading Component Supplier

COMPONENTA 2002

Interim Report 1 January – 30 September 2002

Componenta Corporation

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Componenta Group had net sales of EUR 136.3 million during the first nine months of 2002 (net sales of EUR 147.6 million in the same period in the previous year, a fall of 8% in net sales). The Group had an operating profit of EUR 4.5 (7.2) million and a loss after financial items of EUR 2.2 million (profit of EUR 1.8 million). The earnings per share were EUR 0.02 (0.21). The Group's equity ratio, including the preferred capital notes in equity, was 30.0% (32.0% on 31 December 2001). Net sales in 2002 are estimated to fall about 7% short of the previous year's figure and the result after financial items is estimated not to match last year's level. The Group's order book at the end of the review period stood at EUR 28.4 million (EUR 26.5 million on 31 December 2001).

Markets

Judging from the latest business cycle indicators, uncertainty about growth in the global economy seems to have increased. Many industrial sectors have idle capacity, which reduces the immediate need for capital expenditure by industry. However, the difference in development between individual sectors and individual companies is considerable.

The fall in demand for heavy trucks in Europe, which started last year, has continued this year. Demand in the first nine months of the year fell short of the level for the corresponding period last year. However, Componenta's deliveries to heavy truck manufacturers during the third quarter matched those in the same period in the previous year. The sales performance of Componenta Group was due partly to the contracts signed in 2000, which have started to have an impact this year, and partly to Componenta's customer structure.

Demand for wind turbine generator components and deliveries have continued to grow during the review period. However, demand from other parts of the power and transmission industries fell distinctly short of the level of the third quarter last year.

The output of Nordic machinery and equipment manufacturers has declined during the year as a result of the low demand for capital expenditure in the export and domestic markets. Order books have continued to fall in the sector, which has much idle capacity.

Demand from European off-road manufacturers has this year been below that of the previous year. Componenta's deliveries to off-road manufacturers increased in the third quarter compared to the same period in the previous year.

Changes in corporate structure

At the end of September Componenta sold the operations of the metal foundry Componenta Traryd, which was not part of core operations, in an MBO to the company's operative management, Chairman of the Board Antti Lehtonen, Managing Director Bo Rosengren and Financial Manager Gunnar Blomberg.

The selling price was EUR 4 million. Componenta will continue to participate in the financing of Traryd's operations.

Net sales

The Group had net sales during the January – September review period of EUR 136.3 (147.6) million, a fall of 8% from the previous year. The Group's order book at the end of the review period on 30 September 2002 stood at EUR 28.4 (31.7) million (EUR 26.5 million on 31 December 2001). Net sales in the third quarter totalled EUR 39.1 (39.8) million, a decline of 2% on the previous year.

Exports and foreign operations accounted for 72% (72%) of the Group's net sales. Net sales by market area were as follows: Finland 28% (28%), other Nordic countries 52% (52%), Central Europe 18% (18%) and other countries 2% (2%).

Net sales by customer sector were as follows: heavy truck industry 55% (55%), power and transmission 15% (13%), machine building 15% (17%), off-road 12% (13%) and others 2% (2%).

Result and financing

Componenta Group made an operating profit of EUR 4.5 (7.2) million during the first nine months of the year, and the result after financial items was a loss of EUR 2.2 million (profit of EUR 1.8 million). The result includes a net profit of EUR 1.8 million from the sale of non-current assets (EUR 1.2 million in the corresponding period in 2001). The Group's financial costs amounted to EUR 6.7 (5.5) million. Exchange rate differences formed a significant factor in the increase in net financial costs compared to the previous year. The Group's net result was EUR 0.2 (2.0) million.

Taxes for the review period were EUR 2.4 million positive, consisting mainly of the decrease in the deferred tax liability resulting from reversing the depreciation difference. Reversing the depreciation difference does not result in payable taxes since the Group has confirmed losses.

Factors that reduced the Group's result from the previous year were the low sales in the first quarter of the current year and net financial costs. The most significant of these costs were exchange rate losses.

The operating profit in the third quarter totalled EUR 0.3 million (loss of EUR 0.6 million). The result after financial items in the third quarter was a loss of EUR 1.9 (2.5) million.

The preferred capital notes issue and exchange that took place in February and are effective at the latest until 2009, have reinforced the Group's financing structure. The Group had EUR 30 million in unused committed credit facilities at the end of September.

Including the preferred capital notes in shareholders' equity, the equity ratio was 30.0% (25.6%).

Cast and Other Components

The Cast and Other Components business group, which forms the Group's core business, supplies ready to install cast and machined components to the heavy truck industry, the power and transmission industries, other machine building industry and the off-road industry.

Cast and Other Components had net sales in the period January - September of EUR 112.3 (119.9) million and an operating profit of EUR 4.3 (7.6) million. The order book stood at EUR 22.5 (26.3) million on 30 September 2002 (EUR 22.0 million on 31 December 2001).

Net sales in the third quarter totalled EUR 32.4 (33.1) million and the operating loss was EUR 0.4 million (profit of EUR 0.2 million).

Lower sales than in the previous year, resulting in lower capacity usage, and the losses in the Alvesta unit affected the result. Even though it recorded a loss, Alvesta's operating result was better than in the previous year.

Component deliveries to the heavy truck industry in the review period were 5% down on the corresponding period in the previous year. Delivery volumes in the third quarter were similar to those in the third quarter of the previous year.

Deliveries to customers in the power and transmission industries were 10% up on the same period last year. Componenta Nisamo, which was acquired in summer 2001, has contributed to this development. Volumes of wind turbine generator components supplied increased in the third quarter on the same period in the previous year. In contrast, deliveries to other sectors in this customer segment decreased significantly from the level of last year.

Component deliveries to machine building industry fell 14% in the third quarter compared to the third quarter of the previous year. Total deliveries in the review period were almost 20 per cent lower than in the corresponding period last year.

Deliveries to the off-road industry in the third quarter showed an increase of 3% on the corresponding period last year. For the full review period, however, sales were 8% lower than last year.

Production at the Osby machine shop ended in March and operations ceased entirely in May.



Other Business

Componenta's Other Business, which comprises operations that are not part of the core business, such as the Wirsbo forges, associated companies, the Group's support functions and service units, and operations that have been sold off, is reported as one item. Following the sale of the operations of Traryd, under the earlier classification Other Business would have consisted almost entirely of the Wirsbo business unit.

Net sales for Other Business totalled EUR 24.0 (27.7) million in the period January - September and the operating profit was EUR 0.2 million (loss of EUR 0.4 million). The order book stood at EUR 5.9 (5.4) million on 30 September 2002 (EUR 4.5 million on 31 December 2001). Net sales in the third quarter were EUR 6.7 (6.7) million and the operating profit was EUR 0.7 million (loss of EUR 0.8 million).

The fall in demand in the heavy truck industry also affected the volumes of forged products supplied by Componenta Wirsbo. These were lower in the review period than in the corresponding period of the previous year. However, sales in the third quarter exceeded those in the same period of the previous year. Wirsbo's result did not match expectations. A one-time write-down of stocks during the third quarter was another factor that hurt the unit's result. A rationalization programme is being started at the unit, aiming to considerably improve the unit's operations by improving the cost and product structures.

Componenta's associated companies have been formed in consequence of Componenta concentrating on its core operations. Componenta and its partners have together formed more competitive businesses from companies that belonged to the Group but were not part of its core operations. In January Componenta raised its holding in the associated company Thermia AB from 30 per cent to 36 per cent.

Componenta Group's share of the result of the associated companies was EUR 0.0 (-0.7) million. The result was improved by better results in Thermia and Ulefos.

Investments

Investments in production facilities during the review period totalled EUR 6.4 (11.0) million. The most significant of these were the expansion at Suomivalimo, the new production lines at Albin and Nisamo, and the pressing line for forged components at Wirsbo, which was started in 2001 and taken into production use in June. In addition to these production investments, the Group raised its holding in Thermia AB. The Group's gross investments totalled EUR 7.5 (48.4) million.

Componenta Group's investments in production facilities for the whole year are estimated to be EUR 8 million.

Share capital and shares

The shares of Componenta Corporation are quoted on the main list of the Helsinki Exchanges. At the end of the review period the company's share capital stood at EUR 19.2 million. The shares have a nominal value of 2 euros. At the end of the review period on 30 September 2002 the quoted price of Componenta Corporation shares stood at EUR 2.24. The lowest quoted price during the review period was EUR 2.13 and the highest was EUR 2.70. The share capital had a market value of EUR 21.5 million on 30 September 2002 and the volume of shares traded during the review period was equivalent to 5.8% of the share stock.

Authorization for share issues and purchasing own shares

The company's Board of Directors has no authorization for share issues or for purchasing the company's own shares.

Preferred capital notes

Componenta Corporation offered in February holders of the preferred capital notes issued in 1997 by its subsidiary Componenta Finance Corporation the opportunity to exchange their notes for new preferred capi-

tal notes issued by Componenta Corporation. The preferred capital notes issued by Componenta Finance Corporation were in their entirety in the possession of Componenta Corporation at the end of March. The preferred capital notes issued by Componenta Corporation had a principal of EUR 25.1 million and the loan period is 15 February 2002 - 19 March 2009.

Annual interest is paid on the loan, at a rate 4% above the 12-month Euribor interest rate. The company will repay 10% of the principal annually and the first instalment was repaid on 19 March 2002. Componenta Corporation also has the right to pay off more than 10% of the loan on the annual interest payment date.

On 30 September 2002 Componenta Corporation had preferred capital notes with a total value of EUR 28.6 million.

Changes in Group Management

Antti Lehtonen resigned from the Board of Directors of Componenta Corporation towards the end of the review period. Mr Lehtonen is not being replaced on the Board, which will continue with four directors. The Board of Directors consists of Olli Reenpää (chairman), Juhani Mäkinen (deputy chairman), Heikki Bergholm and Heikki Lehtonen.

Prospects

This perception of Componenta's prospects is based on publicly available, external business cycle indicators, order forecasts given by customers and on Componenta's order intake and order book.

Many industrial sectors have idle production capacity, which reduces the immediate need for capital expenditure by industry. The increased uncertainty about development in the global economy is causing manufacturers to delay decisions on investments in machinery and equipment.

Demand for heavy truck components has continued at a healthy level during the third quarter. Judging from Componenta's order book and actual order intake, demand is expected to remain at least satisfactory.

The growth in the construction of wind turbine generators is forecast to continue. In the future construction will focus on bigger units. Investments to be completed by the end of the year will place Componenta in a better position to make components for bigger units. As a result of changes by customers in their product structures, growth in sales in the final quarter will be lower than in previous quarters.

Demand in the Nordic machine building industry has continued to decline and is not expected to start to pick up until next year. The Group's deliveries to the European off-road industry increased during the third quarter and this positive trend is expected to continue in the final quarter.

Componenta Group's net sales for 2002 are expected to be about seven per cent down on the figure for the previous year and the result after financial items is expected to be lower than in the previous year.

Because of the weak performance and uncertainty that is affecting demand, the Group has started a programme to rationalize cost and product structures. The purpose of the programme is to improve the Group's operating profit by EUR 8 million at an annual level, of which EUR 6 million will be reached next year.

Helsinki, 14 October 2002

COMPONENTA CORPORATION
Board of Directors

Income statement, M€	1.1.-30.9.2002	1.1.-30.9.2001	1.1.-31.12.2001
Net sales	136.3	147.6	193.8
Other operating income	2.5	3.6	4.1
Share of the associated companies' result	0.0	-0.7	-0.5
Operating expenses	125.8	136.8	184.1
Depreciation and write-downs	9.1	8.7	17.3
Negative goodwill recognised as income	-0.5	-2.3	-12.3
Operating profit	4.5	7.2	8.3
<i>% of net sales</i>	3.3	4.9	4.3
Financial income and expenses	-6.7	-5.5	-6.0
Profit after financial items	-2.2	1.8	2.3
<i>% of net sales</i>	-1.6	1.2	1.2
Income taxes	2.4	0.2	5.0
Minority interest and conversion difference	0.0	0.0	0.0
Net profit	0.2	2.0	7.4

Balance sheet, M€	30.9.2002	30.9.2001	31.12.2001
Assets			
Non-current assets	149.4	153.6	151.4
Current assets			
Inventories	19.4	21.8	20.5
Receivables	54.4	49.3	42.8
Cash and bank accounts	3.4	2.0	1.7
Total current assets	77.2	73.1	65.1
Total assets	226.5	226.6	216.5
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2	19.2	19.2
Other equity	18.0	13.9	19.2
Preferred capital notes	28.6	22.7	28.7
Total shareholders' equity	65.8	55.8	67.1
Minority interest	2.1	2.1	2.1
Negative goodwill	0.5	10.6	0.7
Provisions	0.0	0.0	2.0
Liabilities			
Non-current liabilities			
Interest bearing	75.1	75.9	80.0
Interest free	0.0	1.8	0.0
Current liabilities			
Interest bearing	53.4	46.1	34.1
Interest free	29.6	34.3	30.4
Total liabilities	158.2	158.1	144.6
Total liabilities and shareholders' equity	226.5	226.6	216.5



Key Ratios	30.9.2002	30.9.2001	31.12.2001
Equity ratio, %	17.3	15.5	18.7
Equity ratio, %, preferred capital notes and negative goodwill in equity	30.2	30.2	32.3
Earnings per share, €	0.02	0.21	0.77
Equity per share, €	3.87	3.44	4.00
Net interest bearing debt, M€	125.1	120.1	112.4
Net interest bearing debt, M€, preferred capital notes in debt	153.7	142.8	141.1
Net gearing, %, preferred capital notes and negative goodwill in equity	183.1	175.3	160.8
Net gearing, %, preferred capital notes in debt	391.4	405.3	348.0
Order book, M€	28.4	31.7	26.5
Investments in non-current assets, M€	7.5	48,4*	53,1*
Investments in non-current assets, % of net sales	5.5	32.8	27.4
Average number of personnel	1,711	1,854	1,810
Number of personnel at the end of the period	1,719	1,855	1,741
Share of export and foreign activities in net sales, %	72.1	72.0	72.0
Contingent liabilities, M€	51.0	77,0**	51.1

(* Investments in year 2001 included the acquisition of Componenta Finance Corporation shares.

(** The contingent liabilities in September 2001 included EUR 32.8 million Componenta Finance Corporation shares which had been pledged. The amount of debts secured by the pledge was EUR 3 million.

Derivative instruments, M€	30.9.2002		30.9.2001		31.12.2001	
	Nominal value	Current value	Nominal value	Current value	Nominal value	Current value
Interest derivatives						
Interest rate swaps	21.0	-0.4	27.2	-0.4	27.2	0.1
Currency derivatives						
Forward exchange agreements	35.3	-0.1	43.3	0.6	47.1	-1.0
Currency swaps	2.6	0.0	-	-	0.6	0.0

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

LARGEST REGISTERED SHAREHOLDERS ON SEPTEMBER 30, 2002

Shareholder	Shares	Share of total voting rights %
1 Lehtonen Heikki	3,681,731	38.29
Lehtonen Heikki	3,336,731	
Helsingin Santapaperi Oy	340,000	
Oy Högfors-Trading Ab	5,000	
2 Etra Invest Oy Ab	1,001,800	10.42
3 Ilmarinen Mutual Pension Insurance Company	457,600	4.76
4 Sampo Group	437,800	4.55
Nova Life Insurance Company Ltd	237,800	
If Insurance Company Ltd	200,000	
5 Phalanx Special Investment Fund	286,200	2.98
6 Inkinen Simo-Pekka	200,044	2.08
7 Lehtonen Anna-Maria	178,823	1.86
8 Local Government Pension Institution Finland	150,000	1.56
9 Lehtonen Yrjö M	131,040	1.36
10 Federation of Finnish Metal Engineering and Electrotechnical Industries MET	126,000	1.31
11 Insurance Company Suomi	116,800	1.21
12 Alfred Berg Finland Investment Fund	105,100	1.09
13 Finnish National Fund for Research and Development (Sitra)	91,400	0.95
14 Alfred Berg Portfolio Investment Fund	91,000	0.95
15 Bergholm Heikki	90,000	0.94
16 Other shareholders	2,469,971	25.69
Total	9,615,309	100.00

The members of the Board of Directors own 39.3% of the shares. All shares have equal voting rights.

The members of the Board of Directors hold 8.1% of the outstanding warrants. If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 37.5%.

CORPORATE DEVELOPMENT (M€)

Net sales	1.1.-30.9.2002	1.1.-30.9.2001	1.1.-31.12.2001
Cast and Other Components	112.3	119.9	158.4
Others and internal	24.0	27.7	35.4
Componenta Group total	136.3	147.6	193.8
Operating profit	1.1.-30.9.2002	1.1.-30.9.2001	1.1.-31.12.2001
Cast and Other Components	4.3	7.6	8.7
Others and internal	0.2	-0.4	-0.4
Componenta Group total	4.5	7.2	8.3
Order book	30.9.2002	30.9.2001	31.12.2001
Cast and Other Components	22.5	26.3	22.0
Others and internal	5.9	5.4	4.5
Componenta Group total	28.4	31.7	26.5

CORPORATE QUARTERLY DEVELOPMENT (M€)

	7-9/2002	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Net sales	39.1	50.1	47.1	46.2	39.8	51.5	56.3
Operating profit	0.3	3.1	1.1	1.1	-0.6	4.0	3.8
Net financial items	-2.2	-2.4	-2.1	-0.6	-1.8	-1.7	-1.9
Profit/loss after financial items	-1.9	0.7	-1.0	0.6	-2.5	2.3	1.9

QUARTERLY DEVELOPMENT BY BUSINESS GROUP (M€)

Net sales	7-9/2002	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Cast and Other Components	32.4	41.1	38.8	38.5	33.1	41.6	45.2
Others and internal	6.7	9.0	8.3	7.7	6.7	9.9	11.1
Componenta Group total	39.1	50.1	47.1	46.2	39.8	51.5	56.3
Operating profit <th>7-9/2002</th> <th>4-6/2002</th> <th>1-3/2002</th> <th>10-12/2001</th> <th>7-9/2001</th> <th>4-6/2001</th> <th>1-3/2001</th>	7-9/2002	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Cast and Other Components	-0.4	3.3	1.4	1.1	0.2	3.7	3.6
Others and internal	0.7	-0.2	-0.3	0.0	-0.8	0.3	0.2
Componenta Group total	0.3	3.1	1.1	1.1	-0.6	4.0	3.8
Order book <th>30.9.2002</th> <th>30.6.2002</th> <th>31.3.2002</th> <th>31.12.2001</th> <th>30.9.2001</th> <th>30.6.2001</th> <th>31.3.2001</th>	30.9.2002	30.6.2002	31.3.2002	31.12.2001	30.9.2001	30.6.2001	31.3.2001
Cast and Other Components	22.5	23.8	22.9	22.0	26.3	25.9	27.0
Others and internal	5.9	6.1	5.3	4.5	5.4	5.1	6.5
Componenta Group total	28.4	29.9	28.2	26.5	31.7	31.0	33.5

COMPONENTA

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