

COMPONENTA

**Componenta Corporation
Interim Report**

1 January - 30 September 2003

COMPONENTA

Income statement

<i>MEUR</i>	2003 1 - 9	2002 1 - 9	2002 1 - 12
Net sales	131.7	136.3	180.8
<i>Change in net sales, %</i>	-3.4	-7.7	-6.7
Other operating income	0.6	2.5	3.1
Share of result of associated companies	0.8	0.0	0.2
Operating expenses	118.6	125.8	167.7
Depreciation and write-down of non-current assets	9.2	8.6	9.4
Operating profit	5.3	4.5	7.0
<i>Operating profit, %</i>	4.1	3.3	3.9
Financial income and expenses	-5.9	-6.7	-9.1
Result after financial items	-0.6	-2.2	-2.1
Net result	0.3	0.2	1.0

Operating profit by business group

<i>MEUR</i>	2003 1 - 9	2002 1 - 9	2002 1 - 12
Cast and Other Components	6.5	4.3	5.8
Other Business	-1.1	0.2	1.2
Total	5.3	4.5	7.0

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Key ratios

	30.9. 2003	30.9. 2002	31.12. 2002
Equity ratio, %, preferred capital note in equity	31.8	30.0	31.4
Return on equity, %	0.8	0.7	2.5
Invested capital, MEUR	173	197	188
Return on investments, %	4.7	3.8	4.4
Net interest bearing debt, preferred capital note in equity, MEUR	108	125	117
Net gearing, %, preferred capital note in equity	167	184	171
Order book, MEUR	26.9	28.4	24.9
Investments in non-current assets, MEUR	-0.3	-8.3	-5.7
Investments in production facilities, MEUR	0.8	6.4	7.9
EPS, EUR	0.03	0.02	0.11
Equity/share, EUR	3.85	3.87	3.92
Number of personnel, average	1,592	1,711	1,705
Number of personnel at the end of the period	1,589	1,719	1,616

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Cash Flow

MEUR	1.1.-30.9.2003	1.1.-30.9.2002	1.-31.12.2002
Cash flow from operations			
Profit/loss before extraordinary items	-0.6	-2.2	-2.1
Depreciation, amortization and write-down	9.2	8.6	9.4
Net financial income and expenses	5.9	6.6	9.1
Other income and expenses, adjustments to cash flow	-1.2	-5.2	-3.5
Change in net working capital	6.9	-1.2	1.6
Cash flow from operations before financing and income taxes	20.2	6.6	14.4
Net financial income and expenses	-5.7	-6.0	-7.9
Income taxes	0.0	0.0	0.0
Cash flow from operations	14.5	0.6	6.5
Cash flow from investing activities			
Capital expenditure in tangible and intangible assets	-0.8	-6.4	-7.0
Proceeds from tangible and intangible assets	1.2	0.7	3.6
Other investments and loans granted	-0.7	-2.9	-2.4
Proceeds from other investments and repayments of loan receivables	0.0	0.3	0.0
Cash flow from investing activities	-0.3	-8.3	-5.7
Cash flow from financing activities			
Dividends paid	-1.0	-1.4	-1.4
Share issue	-	-	-
Draw-down (+)/ repayment (-) of preferred capital note	-3.2	-2.6	-2.6
Draw-down (+)/ repayment (-) of current loans	3.9	19.2	9.5
Draw-down (+)/ repayment (-) of non-current loans	-15.9	-5.6	-5.0
Cash flow from financing activities	-16.1	9.5	0.4
Increase (+)/ decrease(-) in cash and bank accounts	-1.9	1.7	1.2

Review period in brief

- Result improved from previous year
- Net sales MEUR 131.7 (MEUR 136.3); decline 3%
- Operating profit MEUR 5.3 (MEUR 4.5)
- Result after financial items MEUR -0.6 (MEUR -2.2)
- Consolidated net result MEUR 0.3 (MEUR 0.2)
- Earnings per share EUR 0.03 (EUR 0.02)

Review period in brief

- Result improved, despite fall in net sales, thanks to restructuring programme, improved results of associated companies and lower financing costs
- Higher global market prices than previous year for scrap steel weakened result
- Non-recurring items MEUR -0.4 (1.3)
- Financing costs down from previous year
- Reduction in personnel (170 => 120) at Främmestad unit, due to loss of products as customers change production strategies; impact on volumes in 2004

Review period in brief

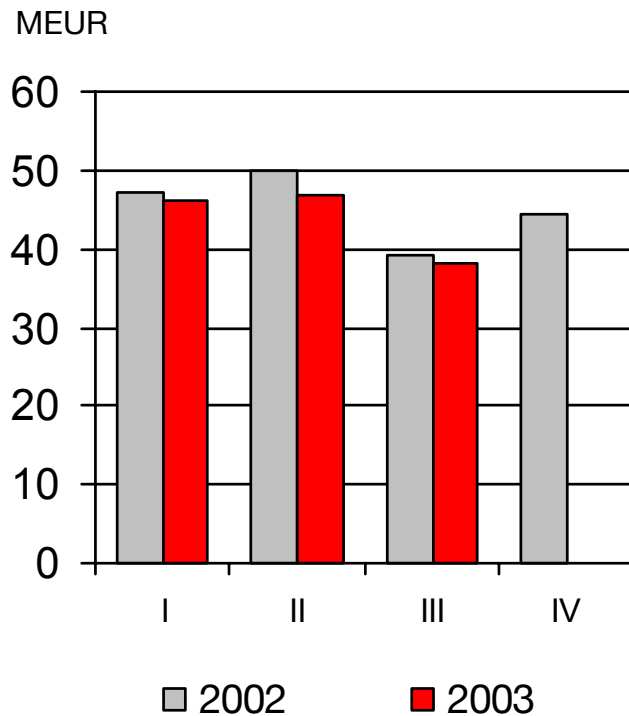
- Two foundries operating with low capacity usage will be merged and a new efficient foundry with higher capacity utilization will be formed
- By this action will be eliminated surplus capacity and removed the need for duplicate investments
- Result and cash flow will improve -> annual improvement of EUR 5 million in result as from 2005
- Net investments of EUR 6 million required to start up new foundry
- Closing costs of a foundry EUR 3 million
- One-time write-downs EUR 4 million

Development of customer industry

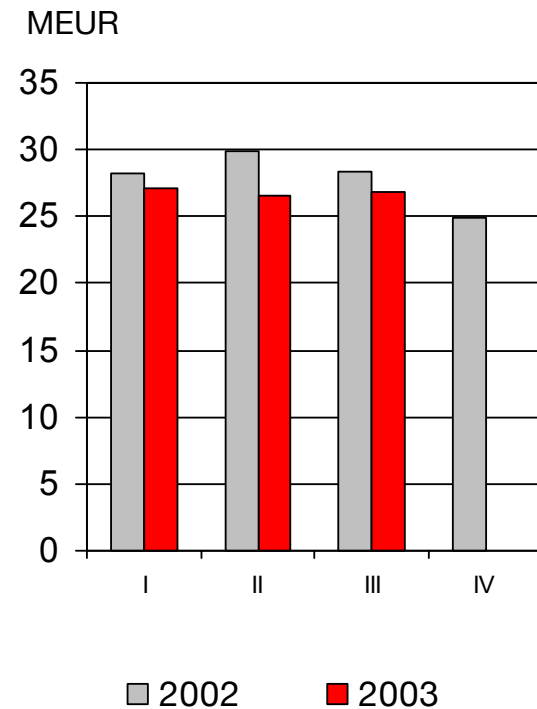
- Deliveries to Componenta's customer sectors fell 3% from same period in previous year
- Demand for heavy trucks and output in Europe fell at start of 2003 but remained at satisfactory level. Q3 deliveries in 03 down on 02 (-3%)
- Demand from machine building industry rose Q3 in 03 from 02 (+7%). Demand for whole year at same level as previous year (+/-0%)
- Demand from power and transmission Q3 in 03 down from 02 (-2%)
- Off-road demand Q3 substantially down (-17%) from previous year. Whole year -5% from last year

Net sales and order book

Net sales

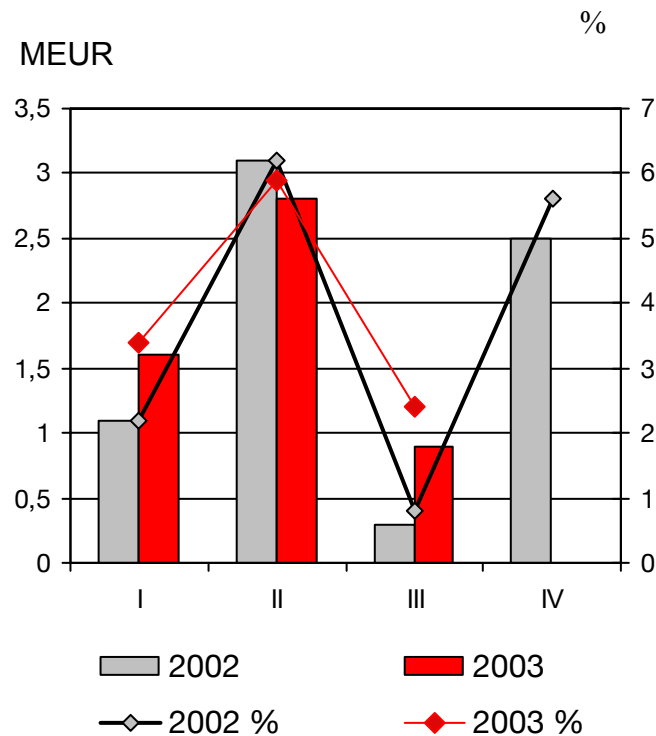


Order book

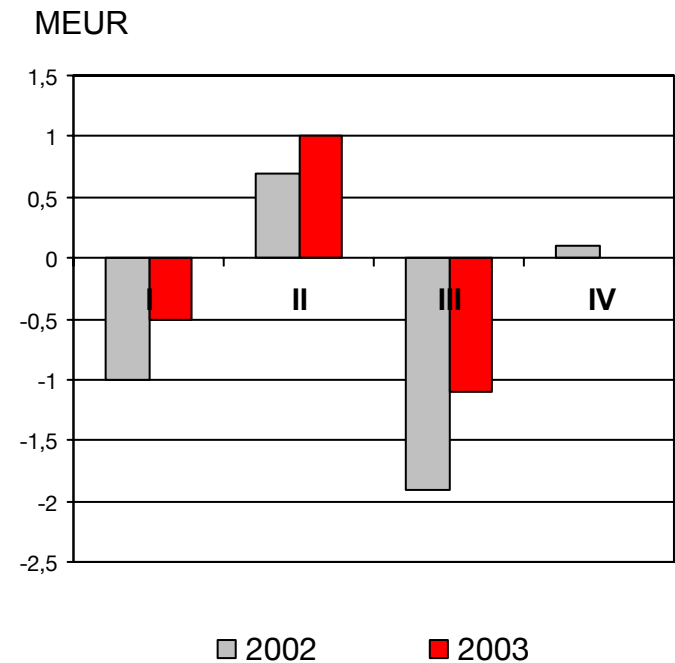


Operating profit and result after financial items

Operating profit/loss

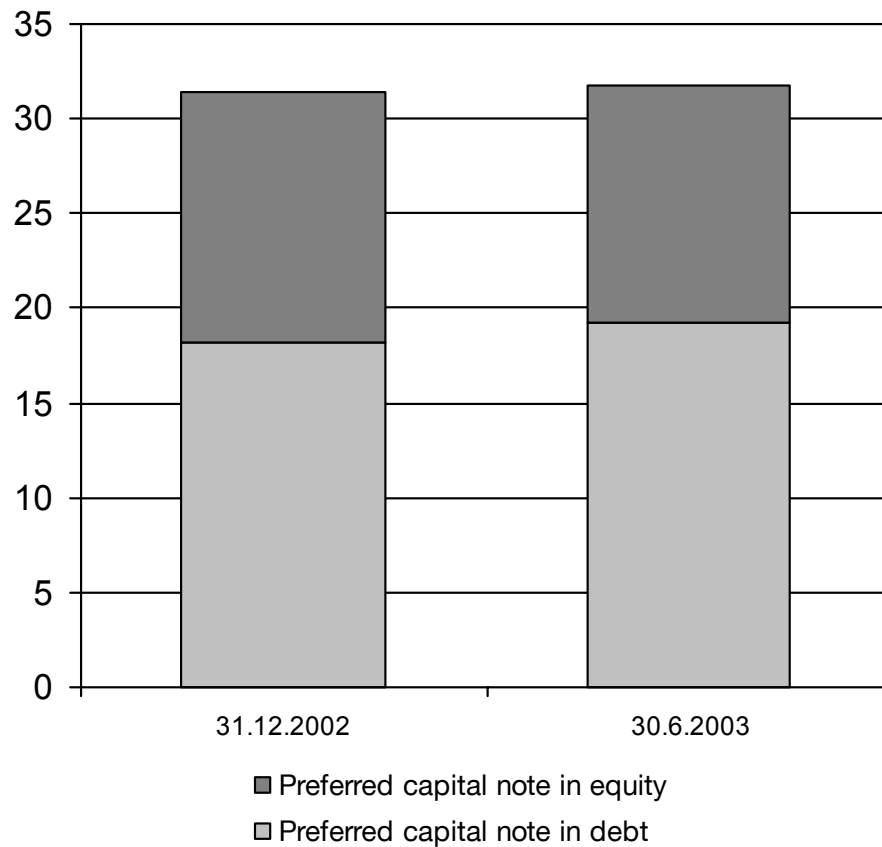


Profit/loss after financial items



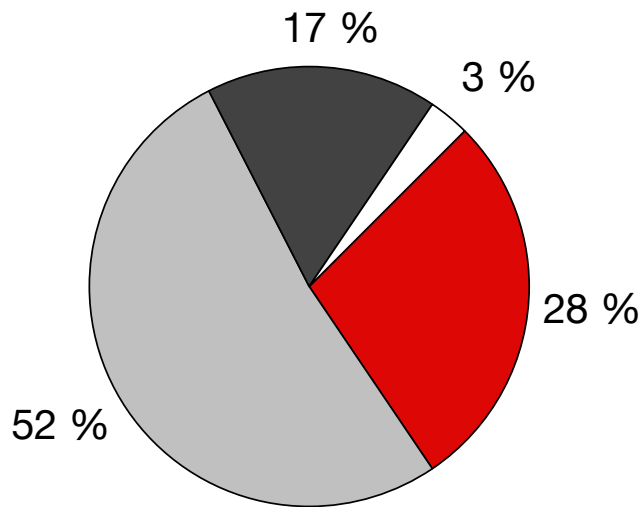
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Equity ratio, %



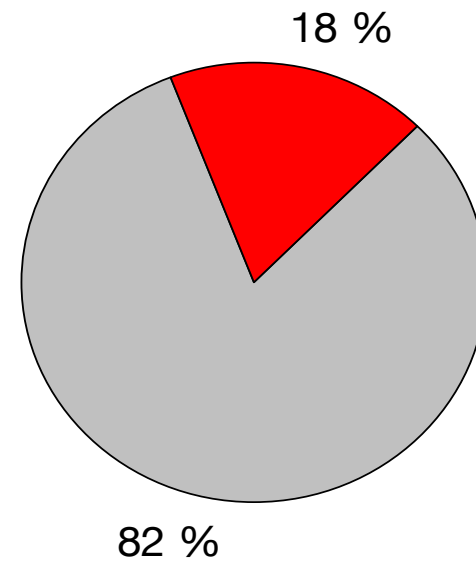
Division of sales

Sales by market area



- Finland
- Other Scandinavia
- Central Europe
- Other countries

Sales by business group



- Cast and Other Components
- Other operations

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Sales to customer industries



Heavy trucks

Power and transmission

Machine building

Off-road

Others

55% (55%)

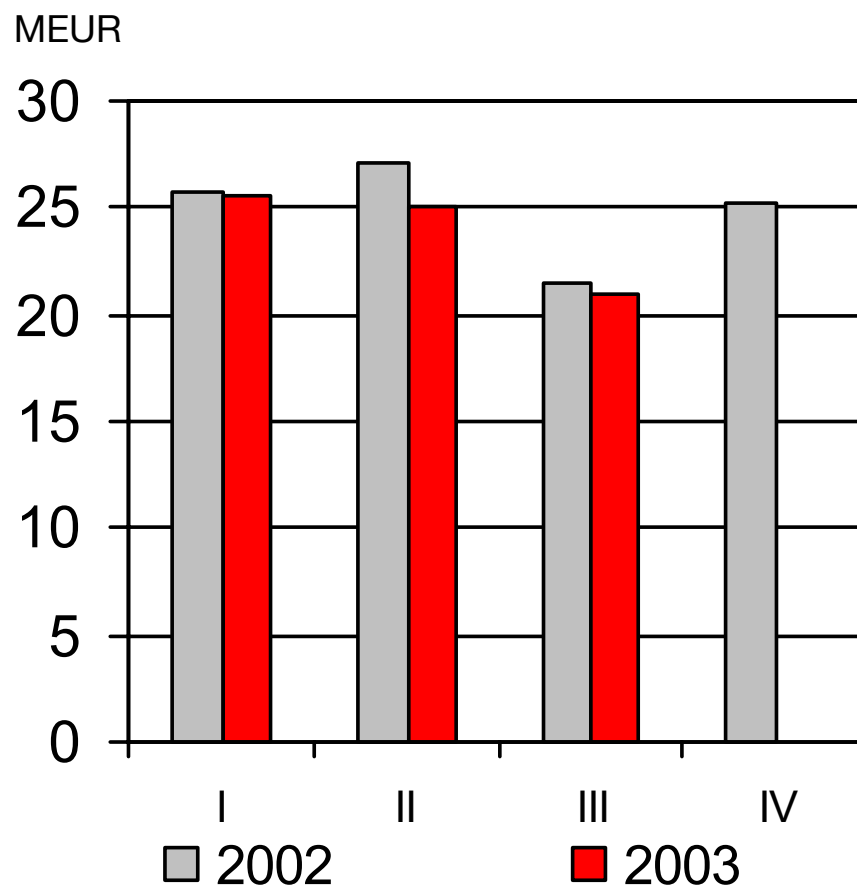
15% (14%)

14% (14%)

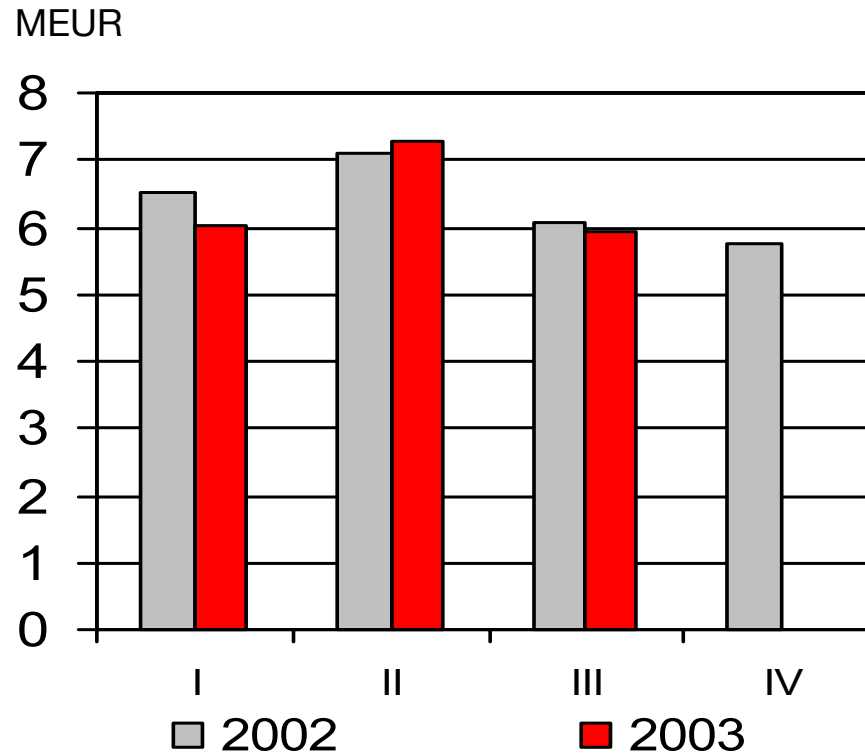
12% (12%)

4% (5%)

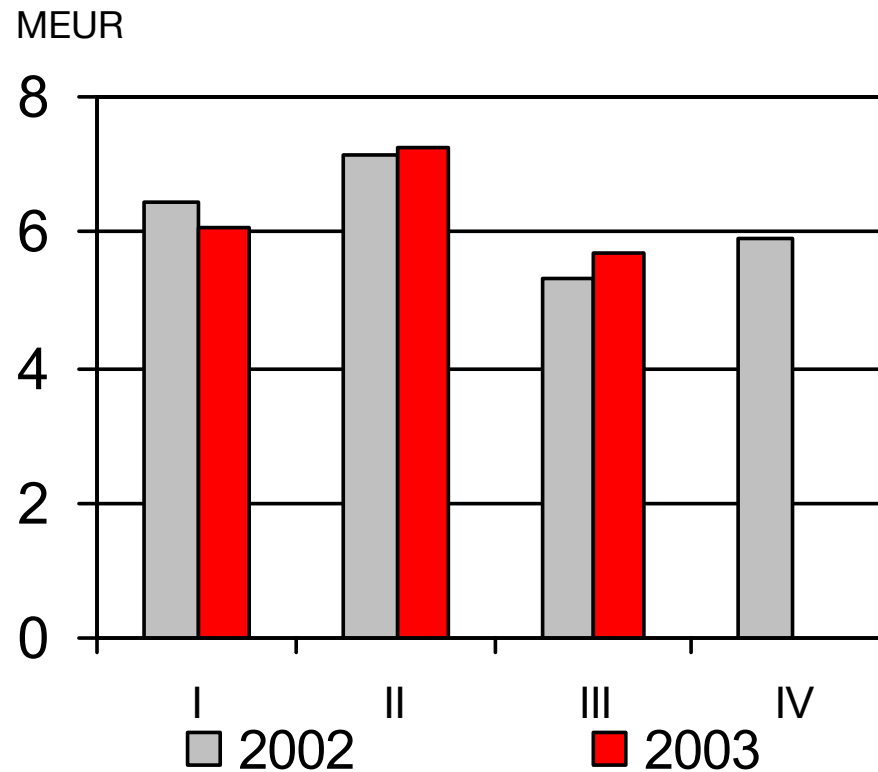
Sales to heavy truck industry



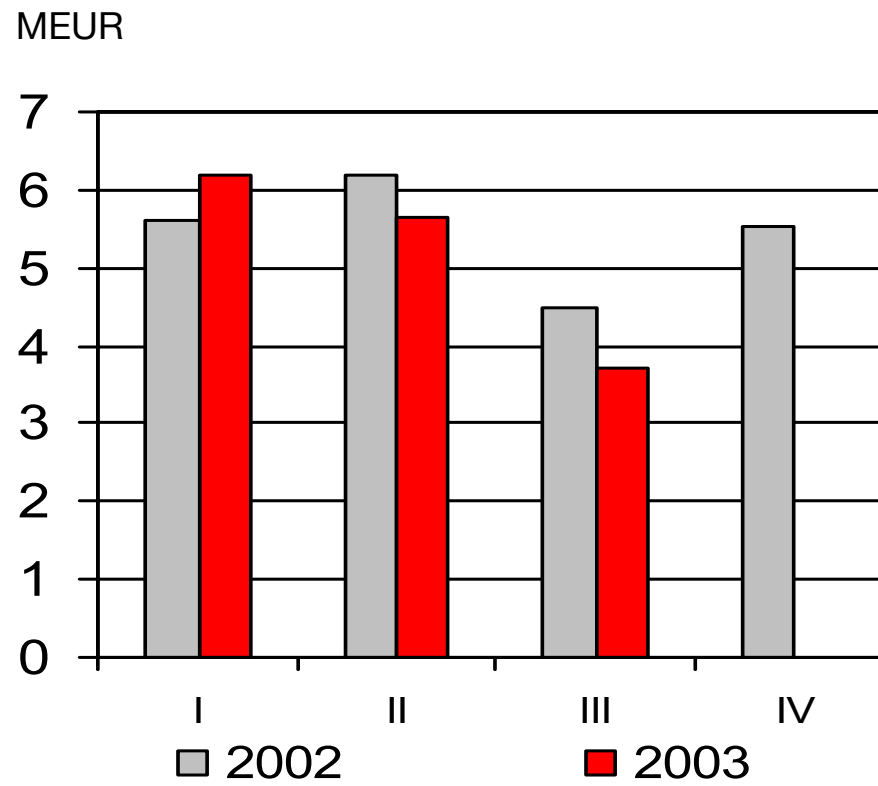
Sales to power and transmission industry



Sales to machine building industry

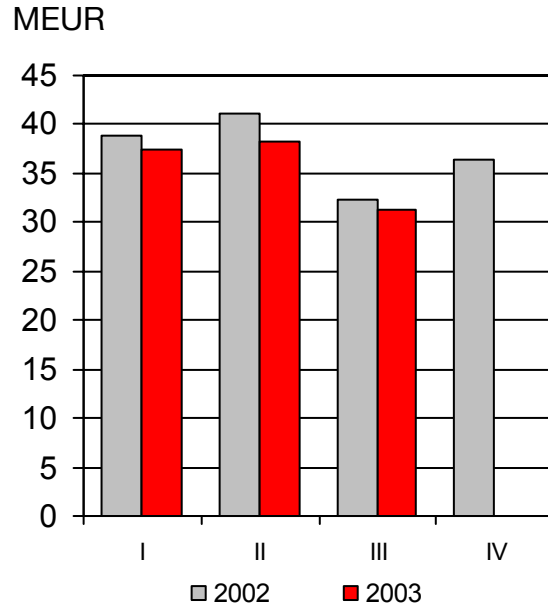


Sales to off-road industry

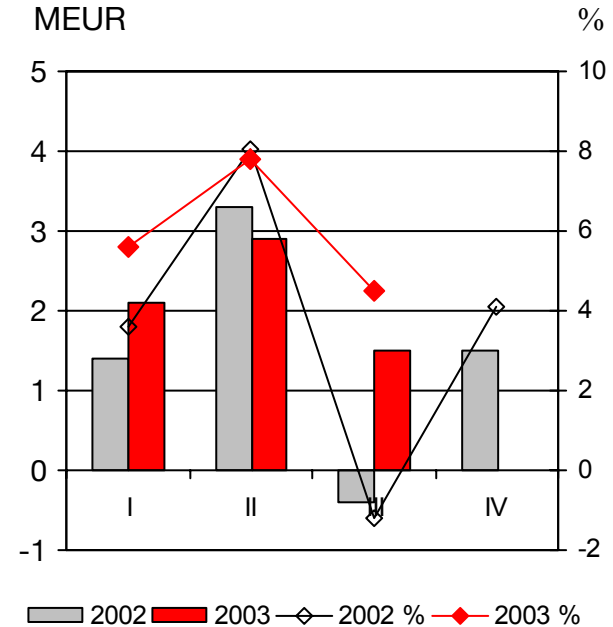


Cast and Other Components

Net sales

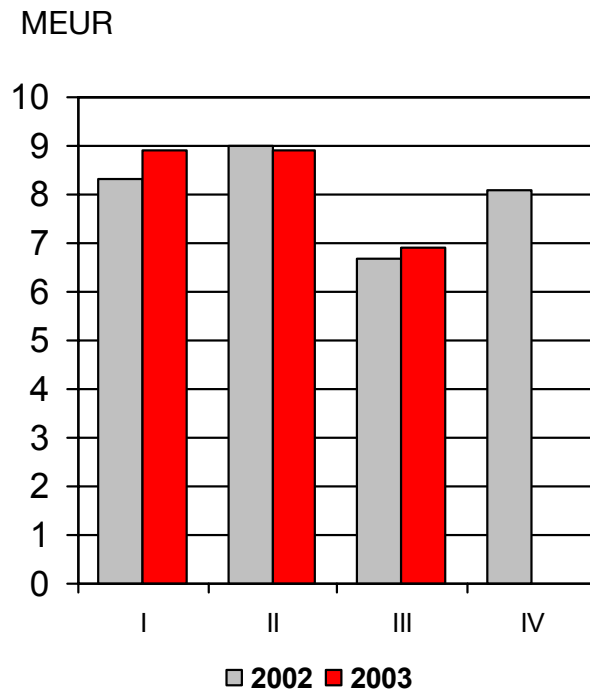


Operating profit

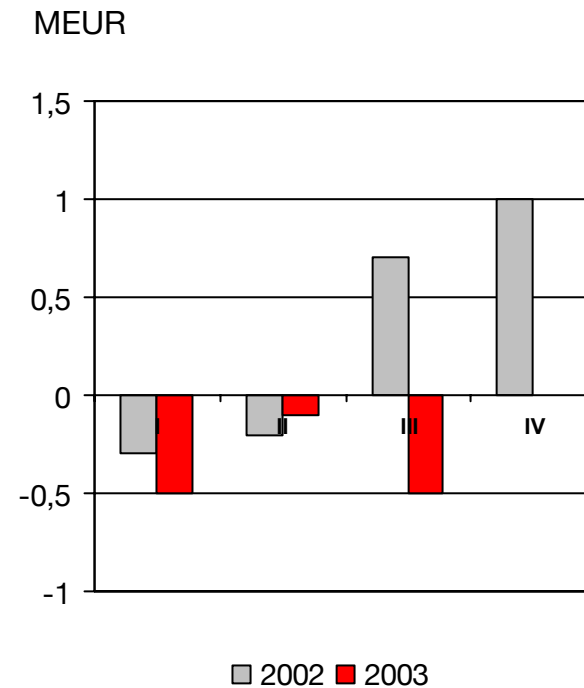


Other operations

Net sales



Operating profit



Other operations and associated companies

- Sales by Group forges increased from corresponding period in previous year; result improved
- Share of results of associated companies MEUR 0.8 (MEUR 0.0); Thermia's sales (+12%) and result showed outstanding improvement. Result also boosted by improved result at Keycast and exchange rate gains at Ulefos. Result was weakened by poorer operational result of Ulefos NV, due mainly to state of market in Norway, remedial action is being taken.
- Non-recurring items MEUR -0.4 (1.3)

Prospects 2003

- Manufacturers expected to further postpone decisions on investments in machinery and equipment. Fall in interest rates and reduction in uncertainty create conditions for start up of capital expenditure by industry
- Decline in demand for components for heavy truck industry that has continued for three years is thought to have ended
- Demand is expected to start to pick up at the latest next year
- Demand for power and transmission components expected to improve towards end of year
- Demand from machine building industry has been better than expected. Off-road sales are expected to improve in final quarter despite poor performance in Q2 and Q3. Demand for these areas is expected to remain at previous year level

Prospects Q4/2003

- Despite certain positive signals, start up of growth exposed to major risk factors
- Thanks to restructuring programmes, cost structure lighter than previous year. Further action is being taken
- Q4/03 net sales expected to be better than Q4/02
- Q4/03 operational result, excluding non-recurring items, is expected to be better than Q4/02
- Cash flow from operations will remain firmly positive
- One-time write-downs and costs of terminating operations of MEUR 7 for Karkkila-Alvesta project