



**Financial
statements release**

1 January – 31 December 2017

COMPONENTA



Net sales for continued operations at same level as in previous year, operating result turned positive

The information presented in this financial statement release relates to the continued operations of Componenta Group in the January – December period in 2017 and in the corresponding period in 2016, unless otherwise stated.

Continued operations in the review period were the foundry operations in Pori and Karkkila, Finland, and the machine shop in Främmestad, Sweden. The items eliminated from the comparable adjusted net sales include the effects of Componenta Wirsbo AB and Componenta Arvika AB, which were classified as discontinued operations in July 2017, as well as the net sales of Suomivalimo and Pistons before the date of their divestment, and the impact of the trademark and administration service fees charged to the subsidiaries in the Netherlands and Turkey. The net sales for continued operations for 2016, EUR 138.9 million according to IFRS, have been adjusted by eliminating the effects of the operations discontinued in 2017, i.e. Componenta Wirsbo AB and Componenta Arvika AB.

The net sales for 2017 include trademark and administration service fees charged to companies that were divested in 2017, namely the forges that filed for bankruptcy in Sweden and the Turkish foundry company, which was deconsolidated in 2016. For the comparison periods, Componenta publishes alternative key figures (comparable adjusted figures in tables and text) to describe the financial development of the business and to improve the comparability between different periods. In comparable key figures, certain value adjustment items not related to the ordinary business, items related to the sold and discontinued operations and other items with impact on comparability, have been adjusted. The figures are unaudited.

January–December 2017 in brief

- The net sales for continued operations in the review period remained on par with the previous year at EUR 122.4 million. The comparable adjusted net sales for the corresponding period last year amounted to EUR 122.0 million.
- Adjusted EBITDA for continued operations in the review period increased from the previous year to EUR 4.8 million. Comparable adjusted EBITDA during the corresponding period last year was EUR 0.8 million and adjusted EBITDA calculated from figures in accordance with IFRS in the period for comparison was EUR 4.6 million.
- The adjusted operating result for continued operations in the review period increased from the previous year to EUR 2.9 million. The comparable adjusted operating result during the corresponding period last year was EUR -6.1 million and the adjusted operating result calculated from continued operations in accordance with IFRS in the period for comparison was EUR -2.6 million. The operating result from continued operations, including items affecting comparability, was EUR 26.3 million (EUR -32.3 million).
- The Group's net result for the review period, including continued and discontinued operations, was EUR 124.1 million (EUR -215.5 million) and basic earnings per share were EUR 0.70 (EUR -1.64), mainly resulting from the debt cuts.
- The order book of continued operations at the beginning of January was 16% higher than in previous year and was EUR 23.6 million (EUR 20.4 million)

October–December 2017 in brief

- The net sales for continued operations in the review period remained on par with the previous year at EUR 31.2 million. Comparable adjusted net sales in the comparison period amounted to EUR 31.3 million, while net sales according to IFRS in the comparison period totalled EUR 32.2 million.
- Adjusted EBITDA for continued operations in the review period increased from the previous year to EUR 1.1 million. Comparable adjusted EBITDA during the corresponding period last year was EUR 0.4 million and adjusted EBITDA calculated from figures in accordance with IFRS in the period for comparison was EUR 1.3 million. The effect of the exchange rate differences on EBITDA was EUR 0.0 million (EUR -0.5 million).
- The adjusted operating result for continued operations in the review period increased from the previous year to EUR 0.8 million. The comparable adjusted operating result during the corresponding period last year was EUR -1.9 million and the adjusted operating result calculated from continued operations in accordance with IFRS in the period for comparison was EUR -0.2 million. The operating result from continued operations, including items affecting comparability, was EUR 0.7 million (EUR -18.2 million).
- The items affecting comparability in result for October–December after financial items were EUR 0.6 million (EUR -18.5 million). Approximately EUR -1.2 million in write-downs and changes in value were recognised in the fourth quarter.
- The result for October–December, including continued and discontinued operations, was EUR 1.1 million (-194.9 million) and basic earnings per share were EUR 0.02 (EUR -1.15).

President and CEO Harri Suutari comments on the review period:

"The year 2017 was the Group's first profitable financial year since 2009. We continued to systematically implement restructuring measures and focused on improving Componenta's profitability. The restructuring programmes of the parent company and its operational subsidiaries were confirmed in Finland and Sweden. Following the confirmation of the restructuring programmes, the Group companies' debt burden in foundry operations was reduced to a level that can, to the best of my understanding, be managed with cash flow from operations.

The Group is no longer engaged in the forge business after Componenta Wirsbo AB and Componenta Arvika AB, which had been under corporate restructuring, filed for bankruptcy in July. The forge companies were unable to pay their restructuring debts within the specified time. I have no regrets about the loss of the forge business, as its profitability was low and it would have required a very significant injection of working capital. As the forge business has had no synergies with the foundry business, its loss has no negative impact on the remaining business operations.

As planned, we divested the highly indebted Turkish foundry business by agreeing on the sale of our shares in Componenta Dökümcülük Ticaret ve Sanayi A.Ş. Componenta's guarantee liabilities were reduced by EUR 80 million in connection with the transaction.

The restructuring measures taken by the Group have been essential for securing Componenta's future. The measures have led to a downsizing of the Group's business, but also a substantial reduction in the Group's debt. At the balance sheet date, the Group's equity ratio stood at 34.8% (-165.3%).

Componenta Främmestad AB paid off all of its short-term restructuring debt after the end of the financial year. As of the time of writing, the Group has approximately EUR 15.3 million in long-term external interest-free restructuring debt, of which EUR 2.5 million is in Sweden and the rest is in the Group companies in Finland, as well as EUR 0.8 million in interest-bearing long-term restructuring debt.

The Finnish Group companies must pay external restructuring debts amounting to approximately EUR 1.7 million per year from 2019 to 2022. The remaining amount, approximately EUR 7.2 million, must be paid in 2023. The Swedish Group company must pay

an external restructuring debt of EUR 2.5 million within the next six years if the company's result makes payment possible.

The improved profitability was primarily due to lower fixed costs. The Group also implemented operational efficiency improvement measures in 2017 to not only achieve cost savings, but also to ensure the quality of our products. Close cooperation with customers is at the heart of our day-to-day operations. Our goal has been to ensure that the renewal measures and changes in our operations correspond to customer needs. Having stabilised our operations, we will focus even more on the growth of our operations, particularly with respect to our existing customers. We adopted a flat line organization structure in 2016 and transferred the customer service function to our production facilities. This has substantially improved our service capacity and will enable improved profitability going forward."

Dividend proposal

On 31 December 2017 the distributable equity of the parent company was EUR 14.2 million (EUR -138.9 million). Pursuant to Chapter 9 Section 58 of the Restructuring of Enterprises Act it is forbidden to pay dividend between confirmation and end of the restructuring program. Also, pursuant to Chapter 14 Section 2 of the Limited Liability Company Act, the company may not distribute the unrestricted equity to the shareholders during three years, since the company has reduced the share capital for loss coverage.

Componenta's guidance for 2018

Componenta expects continued operations to have net sales of EUR 110 - 130 million in 2018 and corresponding EBITDA excluding items affecting comparability is expected to be EUR 4 - 6 million. In 2017 net sales for continued operations was EUR 122.4 million and adjusted EBITDA EUR 4.8 million. Componenta's business outlook is based on the business outlook of its largest customers and the market outlook of the industry. Potential fluctuations in exchange rates, higher raw material prices and the general competitive climate may affect the business outlook. Changes to new accounting principles are not estimated to have a significant impact on future financial statements.

Componenta Corporation Financial Statements Release 1 January – 31 December 2017:

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Summary of main events in 2017

Componenta's continued operations returned to profitability in 2017 due to restructuring measures. The order book of Componenta's continued operations stood at EUR 23.6 million (EUR 20.4 million) at the end of 2017. The net sales of the Group's continued operations for the financial year remained largely unchanged compared to the previous year's adjusted net sales and amounted to EUR 122.4 million (EUR 122.0 million). The adjusted EBITDA of continued operations was EUR 4.8 million (EUR 0.8 million) and the adjusted operating result was EUR 2.9 million (EUR -6.1 million).

In 2017, Componenta focused on restructuring its operations and continued to divest its most heavily indebted businesses. The corporate restructuring programmes of the parent company and Componenta Finland Ltd were confirmed by district court decisions on 23 August 2017. The five-year payment programmes stipulated by the restructuring programmes will go into effect in May 2019. The restructuring programme of the Swedish subsidiary Componenta Främmestad AB was confirmed on 3 July 2017.

The company is due to pay its restructuring debts by July 2018. Componenta will continue its systematic efforts to satisfy the obligations stipulated by the restructuring programmes.

The shares in the Turkish subsidiary, Componenta Dökümcülük, were sold according to plan in a transaction completed on 27 September 2017. The agreement covered all of the Company's iron, machine shop and aluminium business in Turkey. The transaction had no cash flow impact. In connection with the transaction, the Turkish club loan banks discharged Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million.

Componenta Wirsbo AB and Componenta Arvika AB, which were both subject to corporate restructuring proceedings, were declared bankrupt on 17 July 2017. The six-month restructuring debt payment periods imposed on the companies proved to be too short.

The Componenta Group's total debt has been substantially reduced as a result of restructuring meas-

Key figures

	2017 IFRS	2016 IFRS	Change-%
Net sales, continued operations, MEUR	122.4	138.9	-12%
EBITDA, continued operations, MEUR	29.8	-11.7	-
Operating result, continued operations, MEUR	26.3	-32.3	-
Operating result marginal, continued operations, %	21.5	-23.3	-
Result after financial items, continued operations, MEUR	128.3	0.8	15,812%
Result, continued operations, MEUR	128.8	-6.1	-
Basic earnings per share, euro	0.70	-1.64	-
Cash flow from operations, continued operations, MEUR	2.8	-10.9	-
Net interest bearing debt, MEUR	-3.0	90.1	-
Equity ratio, %	34.8	-165.3	-
Investments in non-current assets incl. finance leases, continued operations, MEUR	1.6	0.8	101%
Group's restructuring debt, MEUR	19.0	163.4	-88%
Number of personnel at end of quarter, incl. leased personnel, continued operations	691	664	4%
Average number of personnel during review period, incl. leased personnel, continued operations	680	763	-11%
Order book, continued operations, MEUR	23.6	20.4	16%

ures. At the balance sheet date, Componenta had a total of EUR 19.0 million in external restructuring debt. In addition, Componenta had approximately EUR 0.1 million of advance payment financing granted by customers in use in Finland at the end of 2017. Componenta Främmestad AB has a capital loan of EUR 27.0 million from its former Turkish subsidiary. This item is included in equity. The loan must be fully paid before Componenta Främmestad's potential distribution of dividends.

Pasi Mäkinen was appointed Componenta Corporation's Chief Operating Officer in July 2017. He is in charge of the Group's Finnish foundries in Pori and Karkkila as well as the machine shop located in Främmestad, Sweden.

Alternative performance measures

Componenta reports adjusted net sales, adjusted EBITDA and adjusted operating result as alternative performance measures. The aim of the adjusted performance measures is to improve the comparability between the reporting periods due to the special conditions related to restructuring. The adjusted net sales figure excludes the Componenta Wirsbo subgroup's figures due to its classification as a discontinued operation during the review period. The adjusted EBITDA and operating result exclude cuts to restructuring debts and costs related to the implementation of the restructuring programme. The alternative performance measures and reconciliation calculations

for comparable performance measures are presented below.

Continued operations	2017 IFRS	2016 Comparable adjusted (1)	Change-%
Net sales, MEUR	122,4	122,0	0 %
Adjusted EBITDA, MEUR	4,8	0,8	472 %
Adjusted operating result, MEUR	2,9	-6,1	-

(1 The items eliminated from the comparable adjusted net sales of 2016 include the effects of Componenta Wirsbo AB and Componenta Arvika AB, which were classified as discontinued operations in July 2017, as well as the net sales of Suomivalimo and Pistons before the date of their divestment, and the impact of the trademark and administration service fees charged to the subsidiaries in the Netherlands and Turkey.

MEUR	1-12/2017
EBITDA, continued operations, MEUR	29.8
Items affecting comparability, MEUR	-25.0
Adjusted EBITDA, continued operations, MEUR	4.8

The comparable items include cuts to restructuring debt in the amount of EUR 30.6 million. The other items were changes in the value of investment properties at EUR -2.6 million, legal services and other external services related to restructuring proceedings at EUR -1.4 million, the temporary cancellation of the energy tax refund at EUR -0.4 million, an additional charge related to the restructuring of the unemployment insurance fund at EUR -0.4 million and other items affecting comparability at EUR -0.8 million.

Reconciliation of comparative net sales of review period continued operations	1-12/2016	10-12/2016
Net sales, continued operations total, IFRS	138.9	32.2
Suomivalimo & Pistons net sales	-8.1	-0.1
Trademark license fees and management fees from Turkey & Netherlands	-8.8	-0.8
Comparative net sales of review period continued operations	122,0	31.3
Review period continued operations reconciliation of adjusted comparative EBITDA	1-12/2016	10-12/2016
Adjusted EBITDA, continued operations	4.6	1.3
Suomivalimo & Pistons EBITDA, before sale	0.1	0,0
Trademark license fees and management fees from Turkey & Netherlands and production license fees from Turkey	-3.9	-0.9
Comparative EBITDA of review period continued operations	0.8	0.4
Review period continued operations reconciliation of comparative adjusted operating result	1-12/2016	10-12/2016
Adjusted operating result, continued operations, total	-2.6	-0.2
Suomivalimo & Pistons operating result, before sale	0.4	-0.8
Trademark license fees and management fees from Turkey & Netherlands and production license fees from Turkey	-3.9	-0.9
Comparative adjusted adjusted operating result of review period continued operations	-6.1	-1.9

MEUR	1-12/2017
Operating result, continued operations, MEUR	26.3
Items affecting comparability, MEUR	-23.4
Adjusted operating result, continued operations, MEUR	2.9

In addition to items affecting EBITDA, the comparable items also include impairment of Componenta Främ-mestad AB's production equipment in the amount of EUR -1.5 million and impairment of Componenta Finland Ltd's production equipment in the amount of EUR -0.1 million.

Restructuring proceedings

The restructuring programme for Componenta Främ-mestad AB was confirmed by the ruling of the District Court of Skaraborg on 3 July 2017. In accordance with the court ruling, the company was to pay restructuring debts of around EUR 2.6 million to creditors outside the Componenta Group and salary guarantee of EUR 0.6 million to Swedish government within 12 months. The sufficient support by the creditors was a prerequisite for the confirmation of the restructuring programme and it was obtained as Componenta Främ-mestad and Componenta Turkey signed in May 2017 a separate agreement regarding EUR 10 million restructuring debt receivable of Componenta Dökümcülük. According to the agreement, the debt is cut by 75% and the remaining EUR 2.5 million shall be paid back within a period of six years, after the repayment of the other restructuring debt. The repayment is tied to the EBITDA of Componenta Främ-mestad.

The District Court of Helsinki confirmed the restructuring programmes for Componenta Corporation and its subsidiary Componenta Finland Ltd on 23 August 2017. In accordance with the restructuring programme the unsecured debts of Componenta Corporation were cut by 94% due to the exclusion of Turkey's loan guarantee liability and the debts with

lowest priority were cut in their entirety. The secured debts of Componenta Finland Ltd will be paid in their entirety, whereas unsecured debts were cut by 75%. At the end of the financial year Componenta's external restructuring debts were EUR 19.0 million of which Componenta Corporation's share was EUR 7.8 million, Componenta Finland Ltd's share was EUR 5.8 million and Componenta Främ-mestad AB's share EUR 5.4 million. The payment programmes for both Finnish companies will commence in May 2019 and end in November 2023. The payment programme for the whole Group will end in 2024. By reason of the debt cuts Componenta Group's debts that are recorded in balance sheet were reduced by EUR 130.2 million, which strengthens the equity through the result.

Componenta signed on 4 August 2017 an agreement to sell its shareholding in Componenta Dökümcülük, amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş. The transaction was completed on 27 September 2017. In connection with the closing of the sale of the shareholding the Turkish club loan banks have discharged Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million. The completion of sale of shareholding in the Turkish company has some effect on the fulfilment of the restructuring programme of Componenta Corporation, confirmed by the District Court of Helsinki on 23 August 2017. The loan guarantee of EUR 80 million to the Turkish club loan banks has been taken into account as a conditional and maximum amount in the confirmed restructuring programme since the Turkish club loan banks had not yet discharged Componenta Corporation from the loan guarantee by the time of confirmation of the restructuring programme. As the sale of shareholding has been completed the guarantee liability of EUR 80 million will be excluded from Componenta Corporation's debts that have been taken into account as a conditional and maximum amount in the restructuring programme.

Repayment schedule for external restructuring debts

MEUR	2018	2019	2020	2021	2022	2023	2024	Total
Componenta Corporation	-	0.7	0.7	0.7	0.7	5.2	-	7.8
Componenta Finland Ltd	-	1.0	1.0	1.0	1.0	2.0	-	5.8
Componenta Främ-mestad AB	2.9*)	0.4	0.4	0.4	0.4	0.4	0.4	5.4
Total	2.9	2.0	2.0	2.0	2.0	7.5**)	0.4	19.0

*) Componenta Främ-mestad AB has paid restructuring debts which fall due 7/2018 in 3/2018.

***) Includes the supplementary payment obligation of EUR 3.2 million following the exclusion of loan guarantee of EUR 80 million and income from sale of real estate properties unrelated to the core business.

On grounds of the supplementary payment obligation included in the restructuring programme the company's unsecured creditors are entitled to a proportion corresponding payment to the restructuring debt of EUR 80 million i.e. a supplementary payment of total EUR 3.2 million in the last payment date of the payment programme in November 2023. The supplementary payment will be paid to the unsecured creditors in accordance with the restructuring programme in proportion to their receivables. The restructuring programme of Componenta Corporation still contains approximately EUR 7.3 million other debts that have been taken into account as a conditional and maximum amount, for which the payments of approximately EUR 0.3 million have been allocated in accordance with the payment programme included in the restructuring programme. The total external restructuring debts in the balance sheets of Componenta Corporation and Componenta Finland Ltd will after the debt cuts be EUR 13.6 million as the supplementary payment obligation following the exclusion of the guarantee liability of EUR 80 million and the payments allocated for the debts considered as a conditional and maximum amount have been taken into account. The guarantee liability and other debts that have been considered as a conditional and maximum amount had earlier been taken into account in liabilities outside the balance sheet.

Componenta Corporation and Componenta Finland Ltd may be obligated to make supplementary payments due to better-than-expected cash flow. Possible obligation to make supplementary payment is not included in the figures above.

Order book

Componenta's order book of continued operations at the beginning of 2018 was 16% large than in the previous year, standing at EUR 23.6 million (EUR 20.4 million). The order book comprises confirmed orders for the customers of next two months.

Net sales

Comparable net sales for current continued operations in 2018 period was at the same level as in previous year, standing EUR 122.4 million (EUR 122.0 million). The net sales in accordance with the IFRS in the review period was EUR 138.9 million.

By customer sector, Componenta's net sales was composed of as follows: heavy trucks 65% (73%) and other industries in total 35% (27%).

Result

The adjusted EBITDA of the Group's continued operations improved from the previous year and amounted to EUR 4.8 million (EUR 0.8 million). The adjusted EBITDA for the review period was particularly improved by lower fixed costs as well as the efficient planning and implementation of production and logistics, which was enabled by the Group's liquidity being better than in the comparison period. The effect of exchange rate differences on EBITDA was EUR -0.1 million (EUR -2.2 million). Factors with a negative impact on profitability included the temporary cancellation of the Finnish energy tax refund, the effect of higher raw material prices at the foundries and special freight costs related to Componenta Dökümcülük's delivery problems. The temporary cancellation of the energy tax refund in Finland ended after the district court confirmed the restructuring programmes on 23 August 2017.

The adjusted comparable operating result of the Group's continued operations improved from the previous year and amounted to EUR 2.9 million (EUR -6.1 million). The adjusted operating result was improved by the higher EBITDA as well as the depreciation of machinery and equipment being lower than in the previous year by EUR 5.2 million. Depreciation on machinery and equipment was reduced due to impairment recognised in previous years, which meant that the depreciable amount was smaller than in the reference period. The operating result according to IFRS for continued operations during the review period, including items affecting comparability, was EUR 26.3 million (EUR -32.3 million). The items affecting comparability in the operating result were positive at EUR 23.4 million (EUR -29.8 million) as a consequence of cuts in the restructuring debts amounting to EUR 30.6 million, the impairment of the assets of service companies amounting to EUR -2.6 million and restructuring and reorganization costs of EUR -1.4 million.

Changes in the value of investment properties were recognised in the amount of EUR -2.6 million due to progress made in the process of selling properties

and the preliminary offers received in connection with these processes. In addition, impairment of EUR -1.6 million was recognised on long-term capital goods.

The comparable net financial costs of the Group's continued operations, excluding items affecting comparability, totalled EUR -0.4 million (EUR -9.8 million) for the financial year. The financial costs decreased due to the restructuring proceedings and financing arrangements. No transferred interest costs were recorded in the review period for unsecured interest-bearing debts under the restructuring process. This is because they have been treated as lowest priority debt whereupon the accrued transferrable interest has been cut by 100 per cent after the beginning of the restructuring process. Net financial items for continued operations, including items affecting comparability, amounted to EUR 102.1 million (EUR 33.1 million).

The adjusted result of continued operations, after financial items, was EUR 2.5 million (EUR -12.3 million) for the financial year, and the result after financial items for continued operations, including items affecting comparability, was EUR 128.3 million (EUR 0.8 million). The items affecting comparability in the result for the financial year, after financial items, totalled EUR 125.8 million (EUR 13.1 million). The items affecting comparability included in the result for continued operations for the financial year, EUR 126.1 million in total, consisted mainly of cuts in the restructuring debts in the Finnish and Swedish companies, EUR 130.2 million, and, in addition to the previously mentioned, of items recognised in relation to Componenta Corporation's guarantee liabilities, EUR -3.2 million, due to the more accurate specification of the Group's restructuring debts. The guarantee liability and other debts that have been considered as a conditional and maximum amount had earlier been taken into account in off-balance sheet liabilities.

Taxes for the period for continued operations totalled EUR 0.5 (EUR -6.9 million). Taxes for the period include impairment of EUR 0.0 million (-5.4 million) on deferred tax assets related to confirmed losses in Finland and Sweden and other impairment totalling EUR 0.0 million (EUR -1.8 million) was recognised in Finland and Sweden for net deferred taxes. The impairment was recognised due to the considerable uncertainty surrounding the Company's viability as a going concern and the uncertainty related to the utilisation of the deferred tax assets in question.

The result in the year for discontinued operations, including impairment on the net assets of the Componenta Wirsbo sub-group as a result of derecognition, and the impairment recorded by Group companies under continued operations concerning receivables from and shareholdings in the Componenta Wirsbo sub-group, totalled EUR -4.8 million (EUR -209.5 million). The items affecting comparability included impairments on the net assets of the sub-group and impairments recognised for the companies within the Group with continuing operations relating to receivables from, and shares owned in, the Componenta Wirsbo sub-group. The result for discontinued operations in the year excluding items affecting comparability was EUR 0.1 million (EUR -15.8 million) and the estimated operating result excluding items affecting comparability was EUR 0.2 million (EUR 2.1 million).

The Group's profit for the review period was EUR 124.1 million (EUR -215.5 million). Basic earnings per share were EUR 0.70 (EUR -1.64) for the review period and the basic earnings per share for continued operations were EUR 0.73 (EUR -0.05).

The Group's equity was positive on the financial statements date. However, calculating return on equity is not appropriate because the figure used for equity in the formula is the average of the four quarters, which would be negative.

Balance sheet, financing and cash flow

At the end of the financial year, Componenta's cash funds and bank receivables totalled EUR 5.5 million (EUR 4.4 million). The liquidity of the Company's continued operations was higher during the review period than in the reference period, which enabled more efficient production operations. The Company had no committed credit facilities at the end of the review period. Componenta made financing agreements in late 2016 with major clients in Finland and Sweden based on advance payments. The advance payment based loan amount raised at the end of the review period was EUR 0.1 million. Advance payment financing will be discontinued when the loans are repaid in their entirety, using operational income, in early 2018.

At the end of the financial year, the Componenta Group's external restructuring debts amounted to EUR 19.0 million, of which Componenta Corporation's share was EUR 7.8 million, Componenta Fin-

land Ltd's share was EUR 5.8 million and Componenta Främmestad AB's share EUR 5.4 million (of which EUR 2.5 million was attributable to Turkey, EUR 2.3 million to other external creditors and EUR 0.6 million salary guarantees to the Swedish state). Of the restructuring debts outside the Group, EUR 19.0 million, EUR 2.9 million was short-term debt. In addition, there are short-term account payables, accrued debts and other debts, amounting to EUR 15.4 million (EUR 89.1 million). The external restructuring debt includes EUR 1.4 million in interest-bearing debt, of which EUR 0.6 million is short-term. Net gearing stood at -16.2% at the end of 2017. Calculating the comparison figure for 2016 is not appropriate due to negative equity. At the end of December 2017, the Group's equity ratio stood at 34.8% (-165.3%). Each of the Group companies had positive equity at the end of the financial year: The equity figures were EUR 17.5 million for Componenta Corporation, EUR 9.0 million for Componenta Finland Ltd and EUR 16.3 million for Componenta Främmestad AB. The Group's equity was positive at EUR 18.3 million. The Group's equity was also improved by the fact that the EUR 27.0 million capital notes received from Componenta Dökümcülük were classified as a capital loan in the third quarter. According to the agreement, the capital loan carries no interest and no repayment schedule has been specified for it. The loan must be fully paid before Componenta Främmestad AB can distribute dividends.

The net cash flow from operations in the financial year for continued operations was EUR 2.8 million (EUR -10.9 million). The improved cash flow for continued operations is due to the higher profitability of operations. Changes in working capital during the review period amounted to EUR 2.7 million (EUR 3.9 million). The decrease in funds tied up in working capital is attributable to cuts to accounts payable, which accounted for EUR 32.5 million. Changes in the payment terms of accounts payable and trade receivables also contributed to the change in working capital. Accounts payable have been paid off in advance and with very short payment periods. Trade receivables have also been collected faster, with shorter payment periods. At the end of the financial year the net operating profit was EUR 12.6 million.

Investments

Investments in production facilities in the financial year totalled EUR 2.8 million (EUR 19.9 million) of which financial lease investments accounted for EUR 0.7

million (EUR 6.4 million) of these. Production investments for continued operations totalled EUR 1.6 million (EUR 0.8 million) and for discontinued operations EUR 1.2 million (EUR 19.1 million). The net cash flow from investments was EUR -2.6 million (EUR -0.9 million), which includes the cash flow from the Group's investments in tangible and intangible assets, and the cash flow from the sale of fixed assets and businesses. The investment net cash flow of continued operations was EUR -1.4 million (EUR 7.9 million).

Discontinued operations

The Group companies Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. As a result, the Componenta Group no longer operates in the forge business. The operations of the Componenta Wirsbo sub-group have been classified as discontinued operations in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" and the consolidation of Componenta Wirsbo AB and Componenta Arvika AB in the consolidated financial statements was discontinued in the third quarter of 2017. The discontinued operations in the 2016 financial year included the sub-groups in the Netherlands and Turkey. Net sales for discontinued operations in the review period were EUR 27.2 million (EUR 311.2 million). The operating result of discontinued operations in the review period were EUR 36.4 million (EUR -81.1 million). The combined result of the discontinued operations was EUR -4.8 million (EUR -209.5 million). The result for discontinued operations in the year excluding items affecting comparability was EUR 0.1 million (EUR -15.8 million) and the estimated operating result excluding items affecting comparability was EUR 0.2 million (EUR 2.1 million).

Continued operations

Componenta has carried through remarkable changes in 2017. The parent company and its operative subsidiaries in Finland and Sweden received final restructuring rulings. Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were adjudicated bankrupt on 17 July 2017. The shareholding in the Turkish company, Componenta Dökümcülük Ticaret ve Sanayi A.Ş. was sold and the transaction was completed on 27 September 2017.

Continued operations in the review period were the foundry operations in Pori and Karkkila, Finland, and

the machine shop in Främmestad, Sweden. In addition, the continued operations included real estate companies of minor importance in Finland.

Operating segments and change in segment reporting

The primary products sold by Componenta are non-machined, machined and painted iron cast components. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises. Following the Group's restructuring, Componenta had one reporting segment at the end of 2017.

The Group's chief decision maker in operational questions is the CEO, who also serves as the Chairman of the Board of Directors in all of the parent company's subsidiaries. The Group's Corporate Executive Team and other management assist and support the President and CEO in carrying out his duties.

Research and development activity

In 2017 the research and development expenses of Componenta's continued operations totalled EUR 0.0 million (EUR 0.2 million), which is equivalent to 0 % (0 %) of the Group's turnover for continued operations. Research and development costs are very low since Componenta carries on order machine shop business and therefore it does not have own products worth mentioning.

Shares and shareholders

The shares of Componenta Corporation are quoted on Nasdaq Helsinki. The average share price during the review period was EUR 0.20, the lowest price was EUR 0.11, and the highest EUR 0.38. The quoted price at the end of year 2017 stood at EUR 0.14 (EUR 0.18). The share capital had a market capitalisation of EUR 25.5 million (EUR 31.7 million) and the volume of shares traded during the period was equivalent to 205.5% (118.6%) of the share stock.

Componenta Corporation's share capital stood at EUR 1.0 million (EUR 21.9 million) at the end of the period. At the end of the period the company had a total of 177,269,224 (176,137,224) shares. The increase in the number of shares results from the conversion of the principal of the convertible loan into shares. During 2017 altogether 1,132,000 new Componenta Corpo-

ration shares were subscribed with convertible loan issued in 2016. The company had 7,685 (5,423) shareholders at the end of the review period.

Flagging notices

During the financial year Componenta received four flagging notices as required by the Finnish Securities Market Act in the period 10 February – 3 October 2017. A separate stock exchange release has been published for each flagging notice.

According to these flagging notices, the holding of Ilmarinen Mutual Pension Insurance Company in Componenta Corporation shares and voting rights was fell below 5% on 3 October 2017. The total holding of Etra Capital Oy and Tiiviste-Group Oy, in which Erkki Etola exercises control, in Componenta Corporation shares and voting rights fell below 15% on 22 March 2017. The holding of Sampo Group in Componenta Corporation shares and voting rights fell below 5 % on 10 February 2017. The holding of Mandatum Life Insurance Company Limited in Componenta Corporation shares and voting rights fell below 5 % on 10 February 2017.

Share-based incentive scheme

The Componenta Group does not have a current share-based incentive scheme.

Resolutions of the Annual General Meeting

The Annual General Meeting of Componenta Corporation, held on 5 May 2017, adopted the financial statements and the consolidated financial statements for the financial period from 1 January to 31 December 2016 and discharged the members of the Board of Directors and the CEO from liability concerning the financial period. In accordance with the proposal of the Board of Directors, the General Meeting resolved that no dividend will be paid for the financial period ended 31 December 2016.

The number of the members of the Board of Directors was resolved to be four. The General Meeting resolved to re-elect Olli Isotalo and Tommi Salunen, both currently members of the Board of Directors, and to elect Petteri Walldén and Anne Leskelä as new members of the Board of Directors.

The General Meeting resolved that the annual remuneration payable to the Chairman of the Board shall be EUR 50,000 and the remuneration payable to other members of the Board of Directors shall be EUR 25,000. In addition, the members of any committees of the Board of Directors will be paid an annual remuneration of EUR 5,000. Travel expenses of the members of the Board of Directors shall be compensated in accordance with the Company's travel policy.

The General Meeting elected audit firm PricewaterhouseCoopers Ltd as the Company's auditor.

The General Meeting proposed that out of the loss of EUR 336,419,172.22 related to the financial periods ended on or before 31 December 2016 (the loss of the financial period ended on 31 December 2016 being EUR 236,496,663.78), as shown in the financial statements of the company as per 31 December 2016, a total amount of EUR 233,487,815.06 be covered by reducing the unrestricted equity reserve, the share premium reserve, the reserve fund and the Company's share capital. After these actions the unrestricted equity reserve is EUR 366,000.00, the share premium reserve and the reserve fund is EUR 0.00 and the share capital of the company is EUR 1,000,000.00.

The General Meeting also resolved to cancel the resolution by the General Meeting made on 15 April 2016 to issue a maximum of 10,000,000 option rights to the key employees of the Componenta Group.

Board of Directors and management

At its organizational meeting held after the Annual General Meeting on 5 May 2017, the Board of Directors elected Petteri Walldén as the Chairman of the Board and Tommi Salunen as the Vice Chairman of the Board.

The Board resolved not to establish a separate audit committee and that the entire Board shall attend to the tasks that belong to the audit committee under the Finnish Corporate Governance Code.

Componenta Group's Corporate Executive Team on 31 December 2017:

- Harri Suutari, President and CEO, b. 1959, B. Sc. (Eng.), since 2015
- Marko Karppinen, CFO, b. 1971 M.Sc., since 2016
- Pasi Mäkinen, COO, b. 1969, B.Sc. (Eng.), since 2016

In addition, the following persons have been members of the Corporate Executive Team in 2017:

- Pauliina Rannikko, Senior Vice President, Legal and HR, until 17 April 2017
- Seppo Erkkilä, Senior Vice President, Finland Business Area, until 30 June 2017
- Fredric Lindahl, CEO of Componenta Främmestad AB, until 30 June 2017
- Mikael Schill, CEO of Componenta Wirsbo AB and Componenta Arvika AB, until 17 July 2017
- Sabri Özdoğan, Senior Vice President, Turkey, Aluminium Business Area, until 4 August 2017
- Tuula Rainto, Group General Counsel, 2 May – 22 September 2017

Risks and factors causing uncertainty to business

The most significant risks to Componenta's business are risks relating to the business environment (competition risk, situation and pricing risk, commodities risks and risks relating to the environment), risks relating to business operations (customer, supplier, productivity, production and process risks, upsets in the employment market, contract and product responsibility risks, personnel and data security risks) and financing risks (risks relating to arranging financing and liquidity; currency, interest and credit risks). Foreign currency loans, deposits and other natural hedging relationships are used in order to protect from exchange rate fluctuations. Due to the restructuring proceedings, at the moment the company cannot obtain the credit facilities it would need for signing hedging derivatives.

For the Group's business operations it is imperative that it can source certain raw materials, such as recycled steel, iron blocks and energy, at competitive prices. The cost risk associated with raw materials is primarily managed using pricing agreements, with which the prices of products are adjusted according to the prices of their raw materials. A rise in the price of raw materials can tie up more funds than estimated in working capital.

Componenta's possible risks related to working capital and liquidity issues may adversely affect the volumes of future new sales and lessen the size of orders placed by customers for products to replace discontinued products. Volumes may be weakened by possible customer losses due to commercial reasons.

Concerning the continuity of operations, the significant estimates and assumptions made by the company and management as well as uncertainties are as follows:

- Componenta Finland Ltd and Componenta Corporation are able to make payments stipulated in the restructuring programme.
- Componenta Främmestad AB will be able to pay its restructuring debts in accordance with the agreed payment schedules in July 2018. After the end of the financial year Componenta Främmestad has paid all its short-term restructuring debts, EUR 2.9 million. Furthermore, Componenta Främmestad AB has a debt of EUR 2.5 million to Componenta Dökümcülük. The debt will be paid off in six years after payment of other restructuring debts. The repayment is tied to the EBITDA of Componenta Främmestad.
- Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy at the local district courts in July. In Componenta's opinion, the failure of the restructuring proceedings for Componenta Wirsbo AB and Componenta Arvika AB is not estimated to have a significant impact on the restructuring proceedings for other Group companies or on the ability of the parent company to continue as a going concern.
- When analysing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs.

Changes in equity and convertible capital loans

A filing regarding loss of share capital has been made to the trade registry on 12 September 2016. The entry will be removed from the trade register when the parent company's equity is more than half of the share capital. Notification to the trade register will be filed as the audit for the financial year 2017 has been completed.

Events after the end of the period

Kiinteistö Oy Pietarsaaren Tehtaankatu 13, a fully-owned subsidiary of Högfors-Ruukki AB, which is a subsidiary of Componenta Corporation, sold a parcel of land on 23 February 2018. Pietarsaaren Vanha Valimo Ltd, a subsidiary of Componenta Finland Ltd, sold a parcel of land on 23 February 2018. The transaction had a minor cash flow impact for the Group.

Componenta Främmestad AB has paid all its short-term restructuring debts, EUR 2.9 million. In addition, Componenta Främmestad AB must pay an external restructuring debt of EUR 2.5 million to the former Turkish sub-group within the next six years if the company's result makes payment possible.

Annual General Meeting

Componenta Corporation's Annual General Meeting of Shareholders will be held on 24 May 2017 at 9.00 in Vantaa. Notice of the annual general meeting will be published in a separate stock exchange release.

Helsinki, 29 March 2018

COMPONENTA CORPORATION
Board of Directors

Financial statements release tables

Accounting principles

Componenta's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2017. IFRS standards refers to standards and interpretations as adopted by the EU in accordance with the procedure established in EU regulation (EC) 1606/2002 as required by the Finnish Accounting Act and related provisions. Corporate restructuring proceedings, as described below in the section Corporate restructuring proceedings, have also been taken into consideration in the preparation of the consolidated financial statements. The Company has also adopted certain new or amended IFRS standards from the start of the financial year as described in the 2016 financial statements. This Financial Statements Release is unaudited.

Corporate restructuring proceedings

The District Court of Helsinki issued its decision regarding the commencement of the restructuring proceedings in respect of Componenta Corporation and Componenta Finland Ltd on 30 September 2016. The District Court of Helsinki appointed Mr Mika Ilveskero, Attorney-at-Law, from Castrén & Snellman Attorneys to act as an administrator (hereinafter referred to as the "Administrator") in respect of the corporate restructurings of Componenta Corporation and Componenta Finland Ltd. Furthermore, in connection with both corporate restructurings, the District Court of Helsinki appointed creditor committees, which act as the joint representatives of the creditors in the restructuring proceedings. Various creditor groups, including secured creditors, trade creditors, creditors with supplier guarantees and other unsecured creditors, are represented in the creditor committees appointed by the court. The creditor committees of Componenta Corporation and Componenta Finland Ltd have different compositions due to different creditors.

The District Court of Helsinki confirmed the restructuring programmes for Componenta Corporation and its subsidiary Componenta Finland Ltd on 23 August 2017. The unsecured debts of Componenta Corporation were cut by 94% and the debts with the lowest priority were cut in their entirety in the restructuring proceedings. The secured debts of Componenta Finland Ltd will be paid in their entirety, whereas unsecured debts were cut by 75%. The payment programmes for both companies will commence in May 2019 and end in November 2023.

On 4 August 2017, Componenta signed an agreement to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.Ş., amounting to 93.6% of the company's shares and votes, to Döktaş Metal Sanayi ve Ticaret A.Ş. The transaction was completed on 27 September 2017. The agreement covered all of the Company's iron, machine shop and aluminium business in Turkey. The transaction had no cash flow impact. In connection with the closing of the sale of the shareholding, the Turkish club loan banks discharged Componenta Corporation from all liabilities and obligations based on the club loan agreement, including the discharge from a loan guarantee of EUR 80 million.

The completion of the sale of shares held in the Turkish company has some effect on the fulfilment of the restructuring programme of Componenta Corporation, confirmed by the District Court of Helsinki on 23 August 2017. The loan guarantee of EUR 80 million to the Turkish club loan banks has been taken into account as a conditional and maximum amount in the confirmed restructuring programme since the Turkish club loan banks had not yet discharged Componenta Corporation from the loan guarantee by the time of confirmation of the restructuring programme. Following the completion of the sale of the shares held in the Turkish company, the guarantee liability of EUR 80 million was excluded from Componenta Corporation's debts that have been taken into account as

a conditional and maximum amount in the restructuring programme. On grounds of the supplementary payment obligation included in the restructuring programme, the Company's unsecured creditors are entitled to a proportion corresponding to payment of the restructuring debt of EUR 80 million, i.e. a supplementary payment totalling EUR 3.2 million, on the last payment date of the payment programme in November 2023. The supplementary payment will be paid to the unsecured creditors in accordance with the restructuring programme in proportion to their receivables. The restructuring programme of Componenta Corporation still contains approximately EUR 7.3 million in other debts that have been taken into account as a conditional and maximum amount, for which the payments of approximately EUR 0.3 million have been allocated in accordance with the payment programme included in the restructuring programme. Following the debt cuts, the total external restructuring debts on the balance sheets of Componenta Corporation and Componenta Finland Ltd will amount to approximately EUR 13.6 million, as the supplementary payment obligation following the exclusion of the guarantee liability of EUR 80 million and the payments allocated for the debts considered as a conditional and maximum amount have been taken into account. The guarantee liability and other debts that have been considered as a conditional and maximum amount had earlier been taken into account in off-balance sheet liabilities.

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. According to the terms of the restructuring rulings, the companies should have paid restructuring debts of some EUR 4.9 million in July 2017. The primary goal was to agree with creditors on postponing payment of the restructuring debts and to arrange refinancing by January 2018. In July 2017, it became clear that arranging external financing and postponing payment of the restructuring debts until January 2018 was unlikely due to insufficient support from the creditors. At the same time, Componenta was negotiating with potential buyers for the forge operations, but the negotiations ended without a result.

The restructuring programme for Componenta Främmestad AB was confirmed by the ruling of the Dis-

trict Court of Skaraborg on 3 July 2017. In accordance with the court ruling, the company is to pay restructuring debts of around EUR 2.3 million to creditors outside the Componenta Group and a salary guarantee of EUR 0.6 million to the Swedish government within 12 months. The sufficient support by the creditors was a prerequisite for the confirmation of the restructuring programme and it was obtained as Componenta Främmestad AB and Componenta Turkey signed a separate agreement in May 2017 regarding a EUR 10 million restructuring debt receivable of Componenta Turkey. According to the agreement, the debt is cut by 75% and the remaining EUR 2.5 million shall be paid back within a period of six years, after the repayment of the other restructuring debt. The repayment is tied to the EBITDA of Componenta Främmestad AB. Componenta Främmestad AB has a capital loan of EUR 27.0 million from the Group's divested Turkish subsidiary. The loan carries no interest and no repayment schedule has been specified for it. The loan prevents the distribution of dividend by the subsidiary in question.

Basis for consolidation

Following the confirmation of the restructuring decision, a restructuring programme supervisor was assigned to Componenta. According to the restructuring programme, the supervisor is required to submit a report on the implementation of the restructuring programme annually as well as a final report at the conclusion of the restructuring programme. At the request of a creditor or the supervisor, the court may order that the restructuring programme is to lapse. Despite the limitations related to control under IFRS 10, the Company believes that the inclusion of Componenta Finland Ltd, Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position.

In the management's opinion, the preparation of a consolidated financial statement is justified because the functions of the Company and its consolidated subsidiaries are closely related to each other and are interdependent. Accordingly, Componenta's financial information for the financial year ending on 31 December 2017 is given in consolidated financial

statements, which cover the Company and its subsidiaries under corporate restructuring as well as other companies under the parent company's control. Separate parent company financial statements have been drawn up for Componenta Corporation in accordance with IAS 27 and will be presented in Note 39 of the financial statements.

Assumption of ability to continue as a going concern

The financial statements for financial year 2017 have been prepared on the going concern basis. It is assumed that the Company can, during the foreseeable future, realise its assets and pay back its liabilities as part of normal operations within the framework of the restructuring programmes. When assessing the going concern principle, Componenta's management has taken into account the uncertainties and risks related to the various confirmed restructuring programmes, available funding sources and the cash flow estimates for the coming 12 months of the companies under restructuring proceedings. Due to limitations arising from the restructuring programmes, Componenta's assessment is that it has only a limited opportunity to influence how it can transfer cash funds and bank receivables between Group companies (such as the subsidiaries' ability to distribute funds in the form of dividends, Group contributions or intra-Group loans) and the nature of new financing the Group can acquire. In assessing the ability to continue as a going concern, the management has analysed the impact of the approved restructuring programmes on the financial position and cash flow of the Group, the companies under restructuring proceedings and the parent company.

The Group's liquidity and its effect on the Group's financial performance are affected by significant uncertainty factors, which the Group management has taken into account when assessing the Company's ability to continue as a going concern. It is possible that the restructuring is unsuccessful and the Group companies will file for bankruptcy. The implementation of the restructuring programmes may be unsuccessful due to, for example, the companies under restructuring being unable to repay the restructuring debts confirmed in the restructuring programmes confirmed by the courts, and the credi-

tors in such circumstances being unwilling to renegotiate debt repayment arrangements that the companies would be able to satisfy.

From the point of view of the continuity of operations, the Company's and its management's significant estimates and assumptions as well as uncertainties are as follows:

- Componenta Corporation and Componenta Finland Ltd will be able to make payments stipulated in the restructuring programme.
- Componenta Främmestad AB will be able to pay its restructuring debts in accordance with the agreed payment schedules in July 2018. In accordance with the ruling of the local court, the company is to pay some EUR 2.3 million of its debts outside the Group and approximately EUR 0.6 million in salary guarantees to the Swedish state by July 2018. The Company believes that Componenta Främmestad AB will be able to pay these debts, when they fall due, from operational income.
- Componenta Wirsbo AB and Componenta Arvika AB filed for bankruptcy at the local district courts in July. In Componenta's opinion, the failure of the restructuring proceedings for Componenta Wirsbo AB and Componenta Arvika AB is not estimated to have a significant impact on the restructuring proceedings for other Group companies or on the ability of the parent company to continue as a going concern.
- When analysing cash flow and liquidity forecasts for the companies over the next 12 months, the management has estimated the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs.

The cash flow forecasts and financing of the companies subject to restructuring proceedings involve significant management estimates and assumptions as well as uncertainties. When preparing cash flow forecasts for the companies, the management has estimated the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs. These estimates are subject to significant uncertainty, as there is no certainty that the anticipated sales volumes, sales prices and operating margins will be achieved or that investments can be implemented as expected.

Discontinued operations

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. According to the terms of the restructuring rulings, the companies should have paid restructuring debts of some EUR 4.9 million in July 2017. The primary goal was to agree with creditors on postponing payment of the restructuring debts and to arrange refinancing by January 2018. In July 2017, it became clear that arranging external financing and postponing the payment of the restructuring debts until January 2018 was unlikely due to insufficient support from the creditors. At the same time, Componenta was negotiating with potential buyers for the forge operations, but the negotiations ended without a result.

The consolidation of the statements of financial position of Componenta Wirsbo AB and Componenta Arvika AB was discontinued in July 2017 and their impact on the result is presented in accordance with IFRS 5 as discontinued operations. In the Company's view, the Company lost control of Componenta Wirsbo AB and Componenta Arvika AB when they filed for bankruptcy. Following the bankruptcies of Componenta Wirsbo AB and Componenta Arvika AB, the Group no longer has forge operations.

The 2017 figures and 2016 figures for comparison have been adjusted for the income statement, including other comprehensive income items, and for the cash flow statement and certain key figures. In the segment information, the figures for the Componenta Wirsbo sub-group are presented as discontinued operations.

Accounting principles requiring judgement by the management

When consolidated financial statements are being prepared in accordance with International Financial Reporting Standards, the management needs to make estimates and assumptions concerning the future. The following are the estimates and assumptions that have a significant risk of material changes in the carrying amounts of assets and liabilities within the next financial year.

In preparing Componenta's financial statements, the management has exercised significant discretion in evaluating the Company's ability to continue as a going concern. The management's judgment and uncertainties related to the continuity of operations are described in more detail above in the section Assumption of ability to continue as a going concern. The management has made significant estimates and assumptions in determining the valuation in the financial statements of assets such as investment properties, tangible and intangible assets and inventories, the realisability of deferred tax assets as well as contingent liabilities.

Operating segments and change in segment reporting

Componenta went through extensive changes in 2017. The parent company and its operative subsidiaries in Finland and Sweden were issued final rulings on restructuring. Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017. The shares in the Turkish subsidiary, Componenta Dökümcülük Ticaret ve Sanayi A.Ş., were sold in a transaction completed on 27 September 2017.

The primary products sold by Componenta are non-machined, machined and painted iron cast components. Sales revenue that is insignificant from the Group's perspective is received from the leasing of office space and industrial premises. Following the Group's restructuring, Componenta had one reporting segment at the end of 2017.

The Group's chief decision maker in operational questions is the CEO, who also serves as the Chairman of the Board of Directors in all of the parent company's subsidiaries. The Group's Corporate Executive Team and other management assist and support the President and CEO in carrying out his duties.

Insider transactions

Loans to related parties totalled EUR 0.0 million (EUR 0.1 million) at the end of 2017.

Alternative performance measures in financial reporting

In addition to IFRS key figures, Componenta discloses alternative performance measures to describe the underlying operational business performance and to enhance comparability between financial periods.

Alternative performance measures released by the Company contain key figures measuring operational performance and profitability. These key figures exclude items that are not related to normal business operations and therefore affect comparability. The most common items affecting comparability are capital gains and losses, inefficiencies in production related to plant closures, extraordinary write-downs, or reversals of write-downs, expenses due to accidents and natural disasters, provisions for planned restructuring, environmental matters and penalties. All items resulting from deconsolidation and presented under discontinued operations are classified as affecting comparability. In connection with the restructuring proceedings, the Company's debt has been cut and, on the basis of the cuts in debts, composition income has been created. This income is classified as items affecting comparability. The Group's management exercises discretion in making decisions regarding the classification of items affecting comparability.

Componenta publishes the following performance measures adjusted by items affecting comparability: "Adjusted operating result", "Adjusted EBITDA" and "Adjusted result after financial items". The other

alternative performance measures used by Componenta are EBITDA, adjusted return on investment, adjusted return on equity and adjusted earnings per share. The performance measures adjusted by items affecting comparability are unaudited, as are the items affecting comparability.

Exchange rate differences of operative balance sheet items

The foreign currency receivables and liabilities of the parent company and subsidiaries domiciled in the euro area are translated into euros at the exchange rate on the balance sheet date. The foreign currency receivables and liabilities of Group companies outside the euro area are translated into the functional currency of the respective Group company at the exchange rate on the closing date.

The foreign exchange rate differences arising from trade payables and trade receivables are presented under other operating income together with any related hedging results. Exchange rate differences arising from borrowings, deposits and cash and cash equivalents together with any related hedging results are recognised under financial income and expenses.

Operative exchange rate differences arise, for example, from foreign currency trade payables and trade receivables and also from other operative foreign currency denominated receivables and payables. The impact on the result of derivatives that are hedging operative foreign currency position has also been included by definition in the operative exchange rate differences.

Reconciliation of consolidated EBITDA

MEUR	1.1.- 31.12.2017	1.1.- 31.12.2016	1.10.- 31.12.2017	1.10.- 31.12.2016
EBITDA excluding items affecting comparability and operative exchange rate differences of continued operations	4.9	6.9	1.1	1.7
Operative exchange rate differences	-0.1	-2.2	0.0	-0.5
Adjusted EBITDA of continued operations	4.8	4.6	1.1	1.3
Items affecting comparability, continued operations *)	25.0	-16.3	1.4	-8.7
EBITDA of continued operations, incl. items affecting comparability	29.8	-11.7	2.5	-7.4

*) Items affecting comparability in EBITDA of continued operations in 2017 relate to restructuring write-downs EUR +30.6 million. Write-downs to investment property values were EUR -2.6 million. The expenses related to restructuring measures, like legal and other external services were EUR -1.4 million. The temporary removal of Finnish energy tax refund affected EUR -0.4 million. Surcharge for the unemployment insurance fund concerning restructuring was EUR -0.4 million. Other items affecting comparability as a net were EUR -0.8 million.

Reconciliation of consolidated operating result

MEUR	1.1.- 31.12.2017	1.1.- 31.12.2016	1.10.- 31.12.2017	1.10.- 31.12.2016
Operating result excluding items affecting comparability and operative exchange rate differences of continued operations	2.9	-0.3	0.8	0.3
Operative exchange rate differences	-0.1	-2.2	0.0	-0.5
Adjusted operating result of continued operations	2.9	-2.6	0.8	-0.2
Items affecting comparability, continued operations *)	23.4	-29.8	-0.1	-18.0
Operating result of continued operations, IFRS	26.3	-32.3	0.7	-18.2

*) Items affecting comparability in operating result of continued operations in 2017 relate to restructuring write-downs EUR +30.6 million, write-downs to investment property values EUR -2.6 million and write-downs of machinery in Främmestad EUR 1.5 million and the write-downs of machinery in Componenta Finland Oy were EUR -0.1 million. The expenses related to restructuring measures, like legal and other external services were EUR -1.4 million. The temporary removal of Finnish energy tax refund affected EUR -0.4 million. Surcharge for the unemployment insurance fund concerning restructuring was EUR -0.4 million. Other items affecting comparability as a net were EUR -0.8 million.

Reconciliation of consolidated result after financial items

MEUR	1.1.- 31.12.2017	1.1.- 31.12.2016	1.10.- 31.12.2017	1.10.- 31.12.2016
Result after financial items excluding items affecting comparability and operative exchange rate differences of continued operations	2.6	-10.1	0.9	-1.6
Operative exchange rate differences	-0.1	-2.2	-0.1	-0.5
Adjusted result after financial items of continued operations	2.5	-12.3	0.8	-2.0
Items affecting comparability, continued operations *)	125.8	13.1	0.6	-18.5
Result after financial items of continued operations, IFRS	128.3	0.8	1.4	-20.5

*) Items affecting comparability in the result after financial items of continued operations are write-downs to restructuring debt EUR +102.4 million in addition to above mentioned one-time items in operating result.

Items affecting comparability

MEUR	1.1.- 31.12.2017	1.1.- 31.12.2016	1.10.- 31.12.2017	1.10.- 31.12.2016
Continued operations:				
Restructuring debt decreases	30.6	-	0.8	-
Restructuring expenses	-1.4	-1.2	0.0	-1.2
Write-downs of tangible and intangible assets and revaluations	-4.6	-20.3	-1.2	-20.3
Capital gains and losses of divestments	-0.1	-5.2	0.0	0.0
Other items affecting comparability in operating result	-1.1	-3.1	0.3	3.6
Total in operating result, continued operations	23.4	-29.8	-0.1	-18.0
Items affecting comparability in financial items	102.4	42.9	0.7	-0.5
Total in result after financial items, continued operations	125.8	13.1	0.6	-18.5
Tax items affecting comparability	0.3	-6.9	0.0	-5.2
Total in net profit, continued operations	126.1	6.3	0.6	-23.7
Total in net profit, discontinued operations	-4.9	-193.7	-0.2	-161.8
Total in net profit	121.2	-187.4	0.5	-185.4

Reconciliation of net sales

MEUR	1.1.- 31.12.2017	1.1.- 31.12.2016	1.10.- 31.12.2017	1.10.- 31.12.2016
Continued operations total	122.4	138.9	31.2	32.2
Discontinued operations total	-	311.2	-	62.0
Internal items/eliminations	-	-46.0	-	-8.3
Componenta total	122.4	404.1	31.2	85.9

Reconciliation of comparative figures, review period 2017 continued operations

Reconciliation of comparative net sales of continued operations in the review period, MEUR	1-12/2016	10-12/2016
Net sales, continued operations total, IFRS	138.9	32.2
Adjustment, Suomivalimo & Pistons net sales in 2016 before divestment	-8.1	-0.1
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016	-8.8	-0.8
Comparative net sales of continued operations in the review period	122.0	31.3

Current continued operations reconciliation of comparative EBITDA under Componenta's guidance MEUR	1-12/2016	10-12/2016
Adjusted EBITDA of continued operations total	4.6	1.3
Adjustment, Suomivalimo & Pistons EBITDA in 2016 before divestment	0.1	0.0
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	-3.9	-0.9
Comparative adjusted EBITDA of continued operations in the review period	0.8	0.4

Current continued operations reconciliation of comparative operating result under Componenta's guidance, MEUR	1-12/2016	10-12/2016
Adjusted operating result of continued operations total	-2.6	-0.2
Adjustment, Suomivalimo & Pistons operating result in 2016 before divestment	0.4	-0.8
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016 and production licence fees from Turkey	-3.9	-0.9
Comparative adjusted operating result of continued operations in the review period	-6.1	-1.9

Consolidated income statement excluding items affecting comparability

MEUR	Changed*)		Changed*)	
	1.1.-31.12.2017	1.1.-31.12.2016	1.10.-31.12.2017	1.10.-31.12.2016
Continued operations:				
Net sales	122.4	138.9	31.2	32.2
Other operating income	0.8	-0.3	0.4	0.4
Operating expenses	-118.4	-133.9	-30.5	-31.3
EBITDA	4.8	4.6	1.1	1.3
% of net sales	3.9	3.3	3.6	3.9
Depreciation, amortization and write-downs	-2.0	-7.2	-0.3	-1.5
Share of the associated companies' result	0.0	0.0	0.0	0.0
Operating result	2.9	-2.6	0.8	-0.2
<i>% of net sales</i>	2.3	-1.8	2.6	-0.7
Financial income and expenses	-0.4	-9.8	0.0	-1.8
Result after financial items	2.5	-12.3	0.8	-2.0
<i>% of net sales</i>	2.0	-8.9	2.5	-6.3
Income taxes	0.2	0.0	-0.1	-0.2
Net profit of continued operations	2.7	-12.3	0.7	-2.3
Discontinued operations:				
Net profit of Discontinued operations	0.1	-15.8	0.0	-7.2
Net profit	2.8	-28.1	0.7	-9.4
Allocation of net profit for the period				
To equity holders of the parent	2.8	-24.8	0.7	-7.0
To non-controlling interest	0.0	-3.3	0.0	-2.4
	2.8	-28.1	0.7	-9.4
Earnings per share calculated on the profit attributable to equity holders of the parent				
Earnings per share, Group, EUR	0.02	-0.20	0.00	-0.05
Earnings per share, continued operations, EUR	0.02	-0.09	0.00	-0.01
Earnings per share, discontinued operations, EUR	0.00	-0.11	0.00	-0.04

Consolidated income statement

Me	1.1.-31.12.2017	Changed*)		
		1.1.-31.12.2016	1.10.-31.12.2017	1.10.-31.12.2016
Continued operations:				
Net sales	122.4	138.9	31.2	32.2
Other operating income	31.5	1.5	1.2	0.3
Operating expenses	-124.1	-152.0	-29.8	-39.9
EBITDA	29.8	-11.7	2.5	-7.4
% of net sales	24.4	-8.4	8.2	-23.1
Depreciation, amortization and write-downs	-3.5	-20.6	-1.9	-10.7
Share of the associated companies' result	0.0	0.0	0.0	0.0
Operating result	26.3	-32.3	0.7	-18.2
% of net sales	21.5	-23.3	2.2	-56.5
Financial income and expenses	102.1	33.1	0.7	-2.4
Result after financial items	128.3	0.8	1.4	-20.5
% of net sales	104.8	0.6	4.5	-63.8
Income taxes	0.5	-6.9	-0.1	-5.4
Net profit of continued operations	128.8	-6.1	1.3	-26.0
Discontinued operations:				
Net profit of discontinued operations	-4.8	-209.5	-0.2	-168.9
Net profit	124.1	-215.5	1.1	-194.9
Allocation of net profit for the period				
To equity holders of the parent	124.1	-206.3	1.1	-186.6
To non-controlling interest	0.0	-9.2	0.0	-8.3
	124.1	-215.5	1.1	-194.9
Earnings per share calculated on the profit attributable to equity holders of the parent				
Earnings per share, Group, EUR	0.70	-1.64	0.02	-1.15
Earnings per share, continued operations, EUR	0.73	-0.05	0.02	-0.15
Earnings per share, discontinued operations, EUR	-0.03	-1.59	0.00	-1.00
Earnings per share with dilution, Group, EUR	0.70	-1.64	0.02	-1.15

Consolidated statement of comprehensive income

MEUR	Changed*)		Changed*)	
	1.1.-31.12.2017	1.1.-31.12.2016	1.10.-31.12.2017	1.10.-31.12.2016
Net profit	124.1	-215.5	1.1	-194.9
Continued operations:				
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of buildings and land areas	0.0	-0.5	0.0	0.4
Items that may be reclassified subsequently to profit or loss				
Translation differences	-0.9	1.3	-0.3	1.0
Actuarial gains and losses	0.0	0.0	-	0.0
Cash flow hedges	0.1	0.3	0.0	0.1
Other items	-0.2	0.0	0.0	0.0
Total items that may be reclassified to profit or loss subsequently	-1.0	1.1	-0.3	1.0
Income tax on other comprehensive income	0.0	-0.1	0.0	0.0
Other comprehensive income of continued operations, net of tax	-1.0	1.0	0.0	1.5
Discontinued operations				
Revaluation of buildings and land areas, net of tax	0.0	-15.8	-	-15.9
Translation differences	-0.6	38.7	-	38.8
Actuarial gains and losses, net of tax	0.0	4.0	-	5.2
Other comprehensive income of discontinued operations, net of tax	-0.6	26.9	-	28.1
Total comprehensive income	122.5	-187.6	0.8	-165.3
Allocation of total comprehensive income				
To equity holders of the parent	122.5	-180.0	0.8	-158.8
To non-controlling interest	0.0	-7.6	0.0	-6.5
	122.5	-187.6	0.8	-165.3

*) The comparative figures from 2016 on income statement and cash flow statement have been adjusted because Componenta Wirsbo sub-group's operations have been classified as discontinued operations according to the IFRS 5 standard.

Consolidated statement of financial position

MEUR	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	0.2	0.9
Goodwill	-	-
Investment properties	2.0	3.6
Tangible assets	21.0	35.8
Investment in associates	-	-
Receivables	0.4	0.3
Other investments	0.0	0.0
Deferred tax assets	-	-
Total non-current assets	23.7	40.6
Current assets		
Inventories	14.3	17.7
Receivables	9.3	21.4
Tax receivables	0.0	0.1
Cash and cash equivalents	5.5	4.4
Total current assets	29.1	43.5
Total assets	52.8	84.2
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	1.0	21.9
Other equity	17.3	-151.6
Equity attributable to equity holders of the parent company	18.3	-129.7
Non-controlling interest	0.0	0.0
Shareholders' equity	18.3	-129.7
Liabilities		
Non-current		
Capital loans, interest bearing	0.0	0.4
Interest bearing liabilities	1.4	56.2
Interest free liabilities and capital loans	15.3	27.0
Provisions	0.0	0.0
Deferred tax liability	1.3	2.4
Current		
Interest bearing	1.1	37.9
Interest free	15.3	89.1
Tax liabilities	-	0.0
Provisions	0.1	0.8
Total liabilities	34.4	213.8
Total shareholders' equity and liabilities	52.8	84.2

Condensed consolidated cash flow statement

MEUR	31.12.2017	Changed*) 31.12.2016
Cash flow from operating activities		
Result after financial items of continued operations	128.3	0.8
Depreciation, amortization and write-downs, continued operations	3.5	20.6
Net financial income and expenses, continued operations	-102.1	-33.1
Other income and expenses, adjustments to cash flow, continued operations	-29.5	-1.0
Change in net working capital, continued operations	2.7	3.9
Cash flow from operations before financing and income taxes, continued operations	2.9	-8.7
Interest received and paid and dividends received, continued operations	0.0	-2.2
Taxes paid, continued operations	0.0	0.0
Net cash flow from operating activities, continued operations	2.8	-10.9
Net cash flow from operating activities, discontinued operations	1.3	10.7
Net cash flow from operating activities	4.1	-0.2
Cash flow from investing activities		
Capital expenditure in tangible and intangible assets, continued operations	-1.8	-2.1
Proceeds from tangible and intangible assets, continued operations	0.0	9.7
Other investments and loans granted, continued operations	0.0	0.0
Proceeds from other investments and repayments of loan receivables, continued operations	0.3	0.3
Net cash flow from investing activities, continued operations	-1.4	7.9
Net cash flow from investing activities, discontinued operations	-1.2	-8.8
Net cash flow from investing activities	-2.6	-0.9
Cash flow from financing activities		
Proceeds from the issue of convertible bond, continued operations	0.0	25.4
Repayment of finance lease liabilities, continued operations	0.1	-3.0
Draw-down (+) / repayment (-) of current loans, continued operations	0.0	-0.3
Draw-down of non-current loans, continued operations	0.0	0.1
Repayment of non-current loans and other changes, continued operations	-0.1	-15.7
Net cash flow from financing activities, continued operations	0.0	6.5
Net cash flow from financing activities, discontinued operations**)	-0.5	-7.1
Net cash flow from financing activities	-0.4	-0.6
Change in liquid assets	1.1	-1.7
Cash and cash equivalents at the beginning of the period	4.4	6.1
Effects of exchange rate changes on cash	0.0	0.0
Cash and cash equivalents at the period end	5.5	4.4

*) The comparative figures from 2016 on income statement and cash flow statement have been adjusted because Componenta Wirsbo sub-group's operations have been classified as discontinued operations according to the IFRS 5 standard.

***) Includes the derecognition of cash funds of the discontinued operations from the Group's statement of financial position.

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Un-restricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Shareholders' equity 1.1.2016	21.9	15.0	152.3	15.8	4.4	-0.4	-37.0	-160.9	11.1	7.6	18.6
Net profit								-206.4	-206.4	-9.1	-215.5
Translation differences							1.3		1.3	0.0	1.3
Cash flow hedges						0.3	0.0		0.3		0.3
Revaluation of buildings and land areas				-0.6	0.6			0.0	0.0		0.0
Other comprehensive income items					0.0				0.0		0.0
Comprehensive income items, discontinued operations				-15.2	0.0		36.3	3.7	24.7	1.5	26.2
Total comprehensive income	0.0	0.0	0.0	-15.8	0.6	0.3	37.6	-202.7	-180.1	-7.6	-187.7
Issue of convertible bond					0.6				0.6		0.6
Dividend			38.8						38.8		38.8
Shareholders' equity 31.12.2016	21.9	15.0	191.1	0.0	5.6	-0.1	0.6	-363.6	-129.7	0.0	-129.7

MEUR	Share capital	Share premium account	Un-restricted equity reserve	Revaluation of buildings and land areas	Other reserves	Cash flow hedges	Translation differences	Retained earnings	Total	Non-controlling interest	Shareholders' equity total
Shareholders' equity 1.1.2017	21.9	15.0	191.1	0.0	5.6	-0.1	0.6	-363.6	-129.7	0.0	-129.8
Net profit								124.1	124.1		124.1
Translation differences							-0.9		-0.9		-0.9
Actuarial gains and losses									0.0		0.0
Cash flow hedges						0.1			0.1		0.1
Revaluation of buildings and land areas									0.0		0.0
Other comprehensive income items					-0.2				-0.2		-0.2
Comprehensive income items, discontinued operations							-0.6		-0.6		-0.6
Total comprehensive income	0.0	0.0	0.0	0.0	-0.2	0.1	-1.5	124.1	122.5	0.0	122.5
Issue of convertible bond									0.0		0.0
Dividend			0.6						0.6		0.6
Re-classifications	-20.9	-15.0	-191.2		-0.8			227.9	0.0		0.0
Convertible bond					27.0				27.0		27.0
Write-down of hybrid bond					-2.0				-2.0		-2.0
Shareholders' equity 31.12.2017	1.0	0.0	0.4	0.0	29.5	0.0	-0.9	-11.7	18.3	0.0	18.3

Key Ratios

	31.12.2017	31.12.2016
Equity ratio, %	34.8	-165.3
Equity per share, EUR	0.10	-0.74
Invested capital at period end, MEUR	20.8	-35.2
Adjusted return on investment, %	n/a	-0.2
Return on investment, %	n/a	n/a
Adjusted return on equity, %	n/a	n/a
Return on equity, %	n/a	n/a
Net interest bearing debt, preferred capital note in debt, MEUR	-3.0	90.1
Net gearing, preferred capital note in debt, %	n/a	n/a
Order book of continued operations, MEUR	23.6	20.4
Investments in non-current assets incl. finance leases, continued operations, MEUR	1.6	0.8
Investments in non-current assets incl. finance leases, discontinued operations, MEUR	1.2	19.1
Investments in non-current assets excl. finance leases, Group, MEUR	2.1	13.5
Investments in non-current assets incl. finance leases, Group, MEUR	2.8	19.9
Investments in non-current assets (incl. finance leases), % of net sales, continued operations	1.3	0.6
Average number of personnel during the period, continued operations	567	671
Average number of personnel during the period, incl. leased personnel, continued operations	680	763
Average number of personnel during the period, Group	673	3,614
Average number of personnel during the period, incl. leased personnel, Group	787	3,893
Number of personnel at period end, continued operations	572	578
Number of personnel at period end, incl. leased personnel, continued operations	691	664
Number of personnel at period end, Group	572	3,154
Number of personnel at period end, incl. leased personnel, Group	691	3,350
Share of export and foreign activities in net sales, %, continued operations	79.2	80.0
Contingent liabilities, MEUR	63.0	149.4
Per Share Data	31.12.2017	31.12.2016
Earnings per share (EPS), EUR	0.70	-1.64
Earnings per share, with dilution (EPS), EUR	0.70	-1.64
Cash flow per share, EUR	0.02	0.00

Changes in tangible assets and goodwill

MEUR	1-12/2017	1-12/2016
Changes in tangible assets		
Acquisition cost at the beginning of the period	211.5	586.1
Translation differences	-1.1	-3.6
Additions	1.7	19.8
Companies acquired	0.0	0.0
Revaluation of buildings and land areas	0.0	-0.8
Disposals and transfers between items	-69.2	-390.0
Acquisition cost at the end of the period	142.9	211.5
Accumulated depreciation at the beginning of the period		
Translation differences	0.8	2.3
Accumulated depreciation on disposals and transfers	56.2	212.2
Accumulated depreciation on companies acquired	0.0	0.0
Depreciation, amortization and write-downs during the period	-3.2	-38.5
Accumulated depreciation at the end of the period	-121.9	-175.7
Book value at the end of the period	21.0	35.8
Goodwill		
Acquisition cost at the beginning of the period	0.0	29.2
Translation difference	0.0	0.2
Disposals and transfers between items	0.0	-29.4
Book value at the end of the period	0.0	0.0

Group development

Net sales by market area, continued operations

MEUR	1-12/2016*)	1-12/2017
Sweden	44.9	44.1
Finland	27.8	25.5
Benelux countries	24.6	24.6
Germany	8.4	7.3
Other European countries	27.2	16.6
Other countries	6.0	4.4
Continued operations	138.9	122.4
Discontinued operations	311.2	27.2
Eliminations	-46.0	-0.2
Total	404.1	149.5

*) Discontinued operations include Dutch and Turkey operations in addition to Componenta Wirsbo sub-group net sales.

Quarterly net sales development by market area, continued operations

MEUR	Q1/16 ^{*)}	Q2/16 ^{*)}	Q3/16 ^{*)}	Q4/16 ^{*)}	Q1/17 ^{**)}	Q2/17 ^{**)}	Q3/17	Q4/17
Sweden	13.0	12.5	9.2	10.3	12.0	11.6	9.3	11.1
Finland	8.7	9.3	4.9	4.9	6.2	7.1	5.8	6.3
Benelux countries	7.3	6.0	4.9	6.4	6.0	6.7	5.0	7.0
Germany	1.5	3.0	2.1	1.8	2.4	1.9	1.5	1.4
Other European countries	5.7	7.9	5.5	8.0	4.7	4.7	3.0	4.1
Other countries	2.3	2.7	0.1	0.8	0.9	1.0	1.3	1.2
Continued operations	38.5	41.4	26.8	32.2	32.3	33.1	25.9	31.2
Discontinued operations	93.9	98.2	56.9	62.0	14.1	13.3	-0.1	-
Eliminations	-14.2	-14.8	-8.5	-8.3	-0.1	-0.1	-	-
Total	118.2	124.8	75.1	85.9	46.3	46.3	25.8	31.2

^{*)} Discontinued operations include Dutch and Turkey operations in addition to Componenta Wirsbo sub-group net sales.

^{**)} Discontinued operations include Componenta Wirsbo sub-group net sales.

Group continued operations development excluding items affecting comparability

MEUR	1-12/2016	1-12/2017
Net sales	138.9	122.4
Operating result	-2.6	2.9
Net financial items	-9.8	-0.4
Profit after financial items	-12.3	2.5

Group continued operations development by quarter excluding items affecting comparability

MEUR	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
Net sales	38.5	41.4	26.8	32.2	32.3	33.1	25.9	31.2
Operating result	-0.6	0.6	-2.3	-0.2	0.6	1.1	0.3	0.8
Net financial items	-2.2	-2.8	-3.0	-1.8	0.0	-0.2	-0.1	0.0
Profit after financial items	-2.8	-2.2	-5.3	-2.0	0.6	0.9	0.3	0.8

Group continued operations development

MEUR	1-12/2016	1-12/2017
Net sales	138.9	122.4
Operating result	-32.3	26.3
Net financial items	33.1	102.1
Profit after financial items	0.8	128.3

Group continued operations development by quarter

MEUR	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
Net sales	38.5	41.4	26.8	32.2	32.3	33.1	25.9	31.2
Operating result	-0.6	-6.1	-7.4	-18.2	-0.2	-2.8	28.7	0.7
Net financial items	-2.2	40.7	-3.0	-2.4	0.0	-0.2	101.6	0.7
Profit after financial items	-2.8	34.6	-10.5	-20.5	-0.3	-3.1	130.2	1.4

Order book at period end, MEUR	Q1/16	Q2/16 ^{*)}	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
Continued operations total	23.4	15.7	21.8	20.4	22.4	15.9	25.1	23.6

^{*)} Q2/16 comparative order book figure has been changed. In earlier years Q2 order books period has been extended from the upcoming 2 months window in order to better reflect the effective coming operational production and delivery days. Annual holiday season related production plant closures among Componenta and among its customers are mainly taking place during Q3 period. The new comparative figure for Q2/16, 15.7 Meur, takes into consideration only the next 2 months orders. Earlier released comparative figure counted only the operative production and delivery dates.

Discontinued operations

MEUR	2017	2016
Net profit of discontinued operations total, IFRS	-4.8	-209.5
Net profit of discontinued operations total, excluding items affecting comparability	0.1	-15.8
Operating result of discontinued operations total, excluding items affecting comparability	0.2	2.0

Cash flow of discontinued operations

MEUR	2017	2016
Net cash flow from operating activities	1.3	10.7
Net cash flow from investing activities	-1.2	-8.8
Net cash flow from financing activities	-0.5	-7.1
Change in liquid assets	-0.4	-5.2

Componenta Wirsbo AB and Componenta Arvika AB, both located in Sweden, were declared bankrupt on 17 July 2017 on their own petition. The companies were classified as discontinued operations in accordance with IFRS 5 standard "Non-current Assets Held for Sale and Discontinued operations". The consolidation of Componenta Wirsbo AB and Componenta Arvika AB in the Group financial statement ended in July 2017. The information in the income statement (including other comprehensive income), cash flow statement and some key financial ratios has been adjusted in the 2016 figures for comparison. In the segment information Componenta Wirsbo AB and Componenta Arvika AB figures have been presented as discontinued operations, and all Componenta Wirsbo AB and Componenta Arvika AB impairment of net assets have also been presented as discontinued operations. Additionally, all impairment of net receivables from Componenta Wirsbo AB and Componenta Arvika AB recorded by the remaining active companies within the corporation have been presented under discontinued operations.

Componenta Wirsbo sub-group's net profit for the period in discontinued operations were totalling EUR -4.8 (EUR -17.7) million. The write-downs of net assets of Componenta Wirsbo sub-group's operations were EUR -0.8 million in 2017. In addition, the parent company recorded losses of EUR -1.7 million related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group's.

Discontinued operations 2017

Componenta Wirsbo sub-group, discontinued operations

MEUR	2017	2016
Net sales, 1-6/2017 & 1-12/2016	27.2	45.3
Operating result excluding items affecting comparability	0.5	-3.1
Result after financial items excluding items affecting comparability	0.5	-4.6
Net profit excluding items affecting comparability, 1-6/2017 & 1-12/2016	0.5	-4.5
Items affecting comparability under Componenta Wirsbo sub-group Income Statement before the derecognition from Group's statement of financial position, 1-6/2016 & 1-12/2015	-4.1	-13.2
Net profit, IFRS, before the derecognition from Group's statement of financial position, 1-6/2016 & 1-12/2015	-3.6	-17.7
Items affecting comparability, all write-downs of receivables from Componenta Wirsbo sub-group registered by the remaining consolidated companies within the corporation	-0.8	-
Items affecting comparability, recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7	-
Items affecting comparability, items moved from consolidated statement of comprehensive income to consolidated income statement	0.5	-
Items affecting comparability, derecognition of Componenta Wirsbo sub-group net assets from the Group's statement of financial position	0.8	-
Componenta Wirsbo sub-group, discontinued operations net profit, IFRS	-4.8	-17.7

Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity, reconciliations

MEUR	2017
Derecognition of Componenta Wirsbo sub-group net assets from the Group's statement of financial position through income statement or through statement of other comprehensive income	0.8
All write-downs of receivables from Componenta Wirsbo sub-group registered by the remaining consolidated companies within the corporation	-0.8
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7
Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-1.7
<hr/>	
Derecognition of Componenta B.V.'s group external assets from the Group's statement of financial position	-12.0
Derecognition of Componenta B.V.'s group external liabilities from the Group's statement of financial position	12.0
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta Wirsbo sub-group	-1.7
Componenta Wirsbo sub-group bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-1.7

Discontinued operations 2016

The Dutch subsidiary Componenta B.V. filed for bankruptcy on 1 September 2016. As a result of this Componenta no longer had iron business operations in the Netherlands. The Dutch sub-group's operations was classified as Discontinued operations according to the IFRS 5 standard "Non-current Assets Held for Sale and Discontinued operations" and the consolidation of Componenta B.V. into the corporate financial statement was discontinued from the third quarter of 2016. The information in the income statement (including other comprehensive income), cash flow statement and some key financial ratios was adjusted in the figures for the first and second quarters of 2016 and the 2015 figures for comparison. In the segment information Componenta B.V.'s figures have been presented as discontinued operations, and all Componenta B.V.'s impairment of net assets was also presented as discontinued operations. Additionally, all impairment of net receivables from Componenta B.V. recorded by the remaining active companies within the corporation was presented under discontinued operations.

Componenta BV's net profit for the period, including the write-downs of net assets of Dutch sub-group's operations and all impairment of net receivables

from Componenta B.V. registered by the remaining active companies within the corporation were totaling EUR -22.5 (EUR -24.9) million. The write-downs of net assets of Dutch sub-group's operations and all impairment of net receivables from Componenta B.V. registered by the remaining active companies within the corporation, were altogether EUR -21.8 million in 2016. In addition, the parent company recorded liabilities of EUR -7.9 million related to provided guarantees for external parties, on behalf of Componenta B.V. Furthermore EUR -2.9 million restructuring expenses was recorded mainly related to the closure of Furan line and other local restructuring during the first half of the year.

The consolidation of Componenta B.V.'s local income statement was already discontinued on 1 July 2016 onwards because the Group has not received financial reports from Componenta B.V. regarding the Q3 figures. This does not materially affect the Group's consolidated result for the period. The value of Componenta BV's shares in consolidated statement of financial position was 1 euro.

Componenta BV, discontinued operations

MEUR	2016
Net sales, 1-6/2016 & 1-12/2015	43.8
Operating result excluding items affecting comparability	-2.8
Result after financial items excluding items affecting comparability	-3.5
Net profit excluding items affecting comparability, 1-6/2016 & 1-12/2015	-3.5
Items affecting comparability under Componenta BV's Income Statement before the derecognition from Group's statement of financial position, 1-6/2016 & 1-12/2015	-2.9
Net profit, IFRS, before the derecognition from Group's statement of financial position, 1-6/2016 & 1-12/2015	-6.4
Items affecting comparability, all write-downs of receivables from Componenta B.V. registered by the remaining consolidated companies within the corporation	-21.8
Items affecting comparability, recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta B.V.	-7.9
Items affecting comparability, derecognition of Componenta BV's net assets from the Group's statement of financial position	13.5
Componenta BV, discontinued operations net profit, IFRS	-22.5

Componenta BV's bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity, reconciliations

MEUR	2016
Derecognition of Componenta B.V.'s net assets from the Group's statement of financial position through income statement or through statement of other comprehensive income	14.8
All write-downs of receivables from Componenta B.V. registered by the remaining consolidated companies within the corporation	-21.8
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta B.V.	-7.9
Componenta BV's bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-14.9

MEUR	2016
Derecognition of Componenta B.V.'s group external assets from the Group's statement of financial position	-41.6
Derecognition of Componenta B.V.'s group external liabilities from the Group's statement of financial position	34.5
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta B.V.	-7.9
Componenta BV's bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-14.9

Because of the restructuring proceedings at Componenta Corporation and share pledge given by Componenta Corporation, the company considers that it has lost control over the Turkish sub-group and for this reason consolidation of the sub-group in the Group's financial statements ended 31 December 2016 and its operations have been classified as discontinued operations in Componenta's consolidated financial statements of 31 December 2016. Since the end of 2016 the club loan banks in Turkey have taken a more active role in the process of selling the Componenta Dökümcülük shares owned by Componenta, and in practice the negotiations are being conducted under the leadership of the Turkish club loan banks. In addition, any involvement of Componenta representatives in the management of Componenta Dökümcülük has become increasingly restricted. The 2015 figures for comparison have been adjusted for the income statement, including other comprehensive income items, and for the cash flow statement and certain key figures. In the segment information, the figures for the Turkish sub-group are presented as discontinued operations, and so is the impairment on all the net asset items of the Componenta Turkey sub-group, including the Group goodwill for Turkey, in connection with derecognition. Cumulative translation differences relating to the Componenta Turkey sub-group are also recorded in the income statement and presented in income from discontinued operations. In addition, impairment recorded by Group companies with continuing operations on net receivables from the Componenta Turkey sub-group is presented under discontinued operations.

Componenta Turkey sub-group's net profit for the period under discontinued operations, including the write-downs

of net assets of Turkish sub-group's operations was in total EUR -169.3 million. Write-downs of net assets of Turkish sub-group's operations, including the derecognition of consolidation goodwill from Groups statement of financial position, and write-downs of receivables from Componenta Turkey registered by the remaining consolidated companies within the corporation, was in total EUR -97.6 million. The derecognition of the translation differences and cumulative other comprehensive income were totalling EUR -38.6 million. In addition, under Turkey sub-group EUR -25.5 million was recorded as items affecting comparability during the financial year 2016: during third quarter the write-down of goodwill in Turkey Iron business EUR -7.5 million, during third quarter the write-downs of receivables from Componenta B.V EUR -9.6 million, extra taxes the company was ordered to pay during a tax inspection in Turkey EUR -2.5 million, write-downs of trade receivables EUR -3.6 million, impairments of machinery and equipment EUR -1.5 million, and restructuring measures related expenses and other items affecting comparability as a net totalled EUR -0.8 million. Consolidation of the Turkey sub-group in the Group financial statements ended on 31 December 2016. Derecognition from Componenta Group's statement of financial position has been made by using the 31 December 2016 balance sheet values.

The value of Componenta Turkey's shares in consolidated statement of financial position is 1 euro. In the consolidated statement of financial position there is liabilities towards not consolidated Turkey sub-group of some EUR 137.3 million, of which some EUR 110.4 million are liabilities under restructuring processes.

Componenta Turkey sub-group, discontinued operations

MEUR	2016
Net sales	226.1
Operating result excluding items affecting comparability	8.1
Result after financial items excluding items affecting comparability	-4.7
Net profit excluding items affecting comparability	-7.3
Items affecting comparability under Componenta Turkey's Income Statement before the derecognition from Group's statement of financial position	-25.5
Net profit, IFRS, before the derecognition from Group's statement of financial position	-32.8
Items affecting comparability, write-downs of receivables from Componenta Turkey registered by the remaining consolidated companies within the corporation	-1.5
Items affecting comparability, cumulative translation differences including non-controlling interests	-38.8
Items affecting comparability, derecognition consolidation goodwill, related to Turkey Group from Group's statement of financial position	-20.9
Items affecting comparability, derecognition of Componenta Turkey's net assets from the Group's statement of financial position	75.2
Componenta Turkey, discontinued operations net profit, IFRS	-169.2

Loss of control over Componenta Turkey and derecognition from Group's statement of financial position, impact to Group shareholders' equity, reconciliations

MEUR	2016
Derecognition of Componenta Turkey's net assets from the Group's statement of financial position through income statement or through statement of other comprehensive income	-88.9
Derecognition consolidation goodwill, related to Turkey Group from Group's statement of financial position	-20.9
Write-downs of receivables from Componenta Turkey registered by the remaining consolidated companies within the corporation	-1.5
Loss of control over Componenta Turkey and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-111.4

MEUR	2016
Derecognition of Componenta Turkey sub-group's external assets from the Group's statement of financial position	-199.1
Derecognition of Componenta Turkey sub-group's external liabilities from the Group's statement of financial position	245.8
Derecognition of consolidation goodwill, related to Turkey sub-group from Group's statement of financial position	-20.9
Liabilities towards Componenta Turkey are registered in the Group's statement of financial position by the remaining consolidated companies within the corporation	-137.3
Loss of control over Componenta Turkey and derecognition from Group's statement of financial position, impact to Group shareholders' equity	-111.4

Contingent liabilities

MEUR	31.12.2017	31.12.2016
Real-estate mortgages		
For own debts	7,8	7,8
Business mortgages		
For own debts	50,0	53,3
Pledges		
For own debts	4,0	4,0
Other leasing commitments	0,2	3,4
Other commitments	1,0	80,9
Total	63,0	149,4

Key exchange rates for the Euro

One Euro is	Closing rate		Average rate	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
SEK	9.6490	9.5525	9.5833	9.4689
USD	1.1806	1.0541	1.1140	1.1069
GBP	0.8818	0.8562	0.8732	0.8195
TRY (Turkish central bank)	4.1924	3.7099	3.9950	3.3413
RUB	68.2519	64.3000	64.9992	74.1446

Total restructuring debt in Group's balance sheet

MEUR	31.12.2017	31.12.2016
Current interest bearing liabilities	0.6	37.9
Non-current interest bearing liabilities	0.8	56.6
Current non-interest bearing liabilities	2.3	68.9
Non-current non-interest bearing liabilities	15.3	-
Group's total restructuring debt	19.0	163.4

Summary of Groups's restructuring debt per each company

Componenta Corporation	7.8	108.7
Componenta Finland Oy	5.8	20.5
Componenta Främmostad AB	5.4	20.0
Componenta Wirsbo sub-group	-	14.2
	19.0	163.4

Calculation of key financial ratios

Return on equity, % (ROE) *)	= $\frac{\text{Profit (Group) after financial items – income taxes} \times 100}{\text{Shareholders' equity without preferred capital notes} + \text{non-controlling interest (quarterly average)}}$
Return on investment, % (ROI) *)	= $\frac{\text{Profit (Group) after financial items} + \text{interest and other financial expenses} \times 100}{\text{Shareholders' equity} + \text{interest bearing liabilities (quarterly average)}}$ Adjusted return on equity and adjusted return on investment are computed similarly as above mentioned, except that the income statement items included in the numerator are excluding items affecting comparability.
Equity ratio, %	= $\frac{\text{Shareholders' equity, preferred capital notes excluded} + \text{non-controlling interest} \times 100}{\text{Balance sheet total} - \text{advances received}}$
Earnings per share, EUR (EPS)	= $\frac{\text{Profit after financial items – income taxes} + / - \text{non-controlling interest} - \text{deferred and paid interest on hybrid loan}}{\text{Average number of shares during the financial period}}$
Earnings per share with dilution, EUR	= As above, the number of shares has been increased with the possible warrants outstanding. When calculating the dilution effect of warrants, the number of shares has been adjusted with the number of own shares which the company could have acquired, if it would have used the funds generated from the warrants to buy back of own shares at market price (= average trading price). After tax interest expense of the possible convertible loan has been added to the profit of the period. Number of shares that can be subscribed by the loan has been added to the number of total shares.
Cash flow per share, EUR (CEPS)	= $\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares during the financial period}}$
Equity per share, EUR	= $\frac{\text{Shareholders' equity, preferred capital notes excluded}}{\text{Number of shares at period end}}$
Net interest bearing debt, MEUR	= Interest bearing liabilities + preferred capital notes – cash and bank accounts
Net gearing, %	= $\frac{\text{Net interest bearing liabilities} \times 100}{\text{Shareholders' equity, preferred capital notes excluded} + \text{non-controlling interest}}$
EBITDA, EUR	= Operating result + Depreciation, amortization and write-downs + / - Share of the associated companies' result

*) The profit for the first quarter of the year in ROE and ROI has been calculated as an average annual return (annualised).



COMPONENTA