

Casting Future **SOLUTIONS**



COMPONENTA



EXTRAORDINARY GENERAL MEETING OF COMPONENTA CORPORATION

23.9.2016



CEO'S REVIEW

Background for corporate restructuring

Why has the company incurred debts?

- Acquisitions in the Netherlands (2005) and Turkey (2006) increased debt
- Losses of customers as a result of price increases
- Financing crisis in 2008 followed by significant decrease in sales
- Heavy decline in demand for construction, mining and agriculture machines
- High fixed costs
- Price of debt has risen over the years

Background for corporate restructuring

What attempts have been made in order to rectify indebtedness?

- Parts of the group have been for sale for a long time without results
- Profitability improvement measures in the production units
- Share issues
- Capital loans / conversions
- Measures to decrease fixed costs
- Divestments in 2016

Financing arrangements in spring 2016

Why didn't the issuance of convertible capital loan in April 2016 help?

- As a result of the issuance of convertible capital loan the company's secured debt decreased by EUR 72 million. The loan improved working capital by some EUR 10 million.
- Bank financing was smaller than expected
- Divestments generated less cash flow than expected

Measures in order to ensure successful corporate restructuring

How to survive during corporate restructuring?

- The companies subject to restructuring would have little cash reserves
- In Finland and Sweden financing from the main customers has been agreed to cover operating expenses
- Services and costs of the parent company will be cut significantly
- The level of management fees charged by parent company from subsidiaries will decrease significantly

Significant uncertainty factors in ability to continue operations as going concern.

Application for corporate restructuring in Finland

Restructuring processes in Finland, Componenta Corporation and Componenta Finland Ltd:

- The applications have been filed on 1 September to the district court of Helsinki
- Interim interdiction of repayment and interdiction of debt collection have been given on 9 September 2016
- Hearing of key creditors ongoing
- Decisions on commencing restructuring and appointing administrator are expected in the end of September
- Typically, the court will decide on the restructuring program within a year
- In Finland, the average duration of restructuring is 6.5 years

Restructuring process in Sweden

Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika Smide AB

- Applications have been filed on 1 September to the local courts
- Restructuring process has been commenced and administrator has been appointed for the companies
- In coming weeks, restructuring program drafts will be presented to the court. Potential hearing of creditors will start.
- Roughly estimated, payment programs will be accepted or rejected in November 2016. At least 25 per cent of restructuring debts must be paid.
- Restructuring period will last for one year from the decision of the program

Bankruptcy in Netherlands and continuation of the operations in Turkey

- The Dutch subsidiary Componenta B.V. has been declared bankrupt on 2 September 2016
- Componenta Dökümcülük Ticaret ve Sanayi A.S. in Turkey will continue its operations without any official proceedings



PROPOSAL BY THE BOARD OF DIRECTORS

Proposal by the Board of Directors to EGM

6. Decision on the continuation of restructuring application

- Componenta Corporation has in accordance with the Finnish Restructuring Act filed on 1 September 2016 a restructuring application to the District Court of Helsinki, petitioning the commencement of restructuring proceedings. Pursuant to Chapter 20 Section 24 of the Companies Act, since the matter is urgent, the board of directors of Componenta Corporation has on 31 August 2016 decided to file the application for the commencement of restructuring proceedings.
- The board of directors proposes to the General Meeting that the restructuring proceedings will be commenced.

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