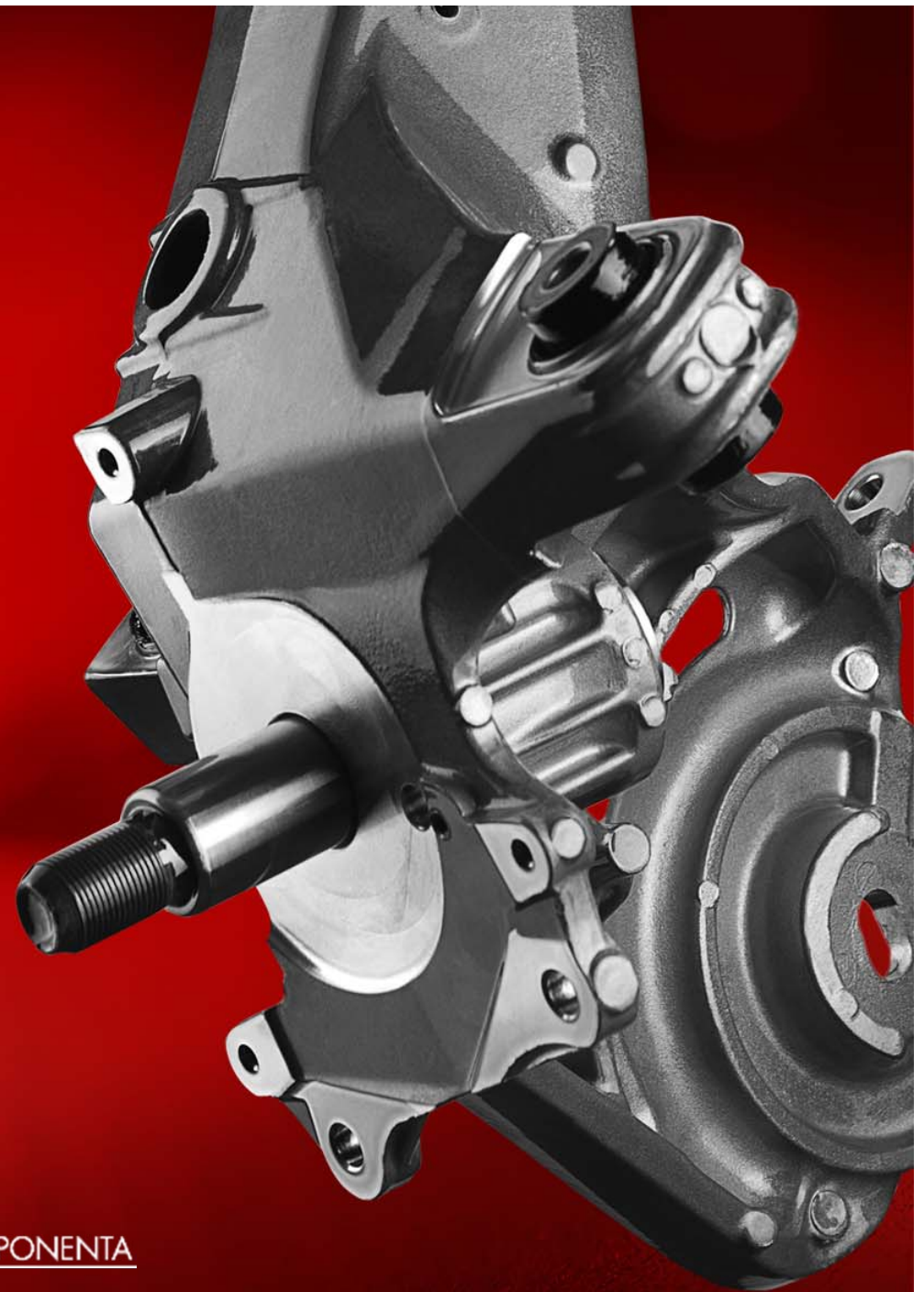


Casting Future  
**SOLUTIONS**



COMPONENTA

A man with short brown hair and a slight smile, wearing a blue work vest over a black t-shirt, stands in a red-lit industrial environment. The background shows large, rectangular objects, possibly components or machinery, under dramatic red lighting. The overall mood is professional and industrial.

# COMPONENTA PRESENTATION EGM 5 SEP 2014

**Heikki Lehtonen**  
**President and CEO**

# WE ARE ONE OF THE LARGEST cast component suppliers in Europe

**511** M€  
Net sales (2013)

**4,400**  
Personnel approx.

**346,000**  
Iron foundry production  
capacity tons/year



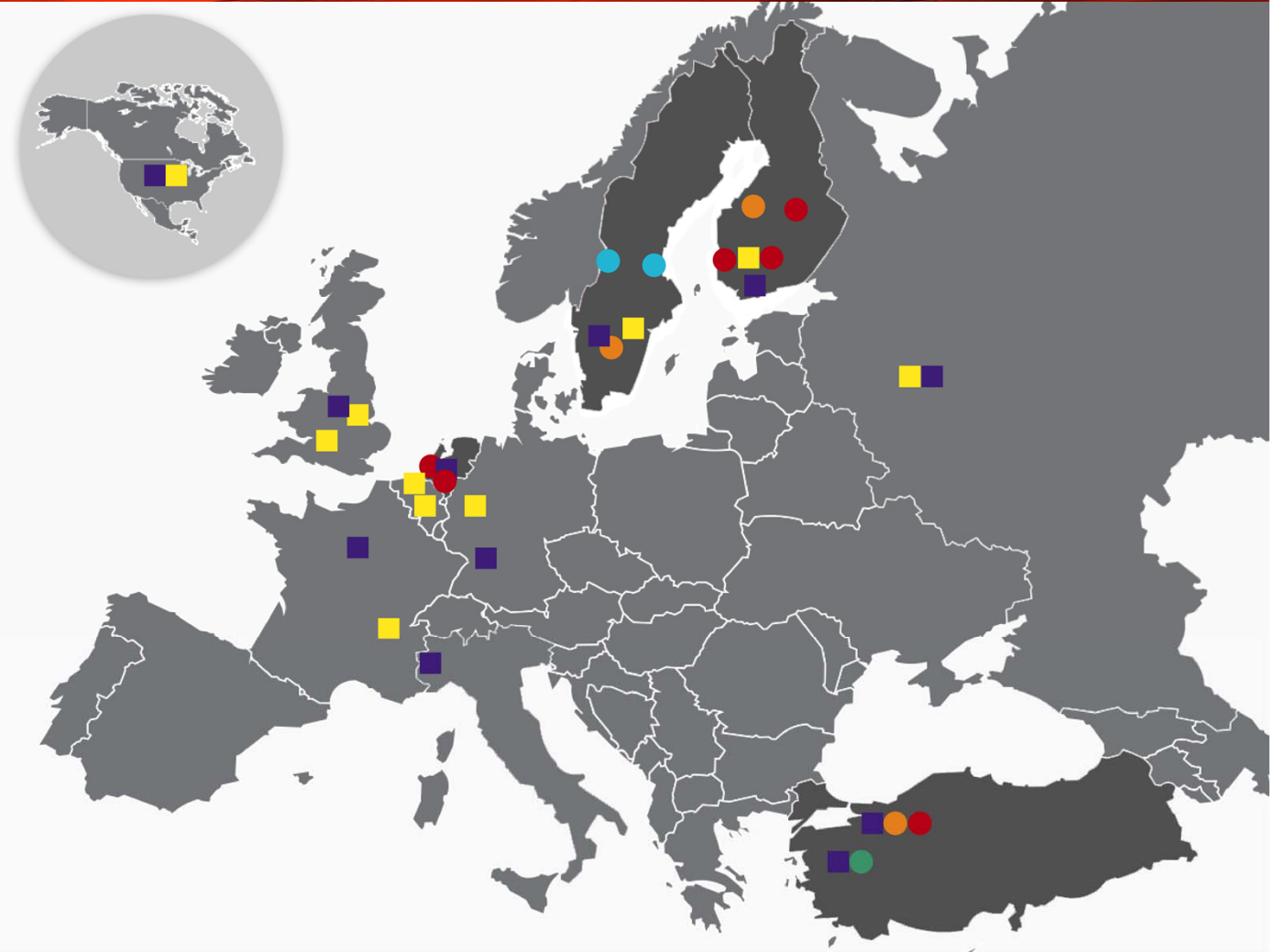
Listed in **NASDAQ OMX**  
Helsinki



**726,000**  
Machining hours/year

# We serve our customers by combining A GLOBAL NETWORK WITH STRONG LOCAL PRESENCE

- IRON FOUNRY
- ALUMINIUM FOUNDRY AND WHEEL BUSINESS
- MACHINE SHOP
- FORGE
- LOGISTIC CENTER / WAREHOUSE
- CUSTOMER SERVICE CENTER



**OUR NETWORK IS OPTIMIZED** to provide expertise and cost efficiency to our customers everywhere

**Personnel by country**



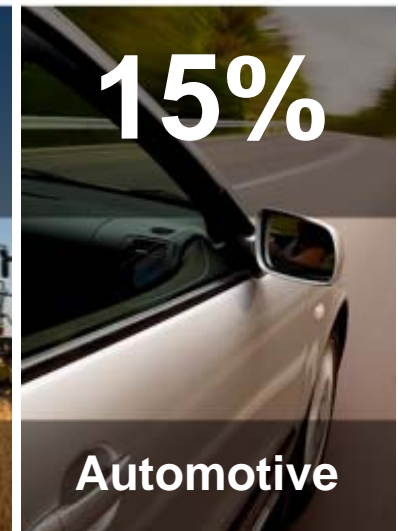
- Turkey 60%
- Finland 17%
- The Netherlands 13%
- Sweden 10%

**Sales by market area**



- Germany 21%
- Turkey 13%
- Finland 8%
- France 6%
- Other European countries 3%
- Other countries 2%
- Sweden 19%
- UK 11%
- Benelux 7%
- Italy 5%
- USA 3%

# Our Broad Customer Base Supports Stability and Innovation



DAIMLER



CATERPILLAR®



BOMBARDIER  
the evolution of mobility

Gardner  
Denver



COMPONENTA  
Casting Future Solutions

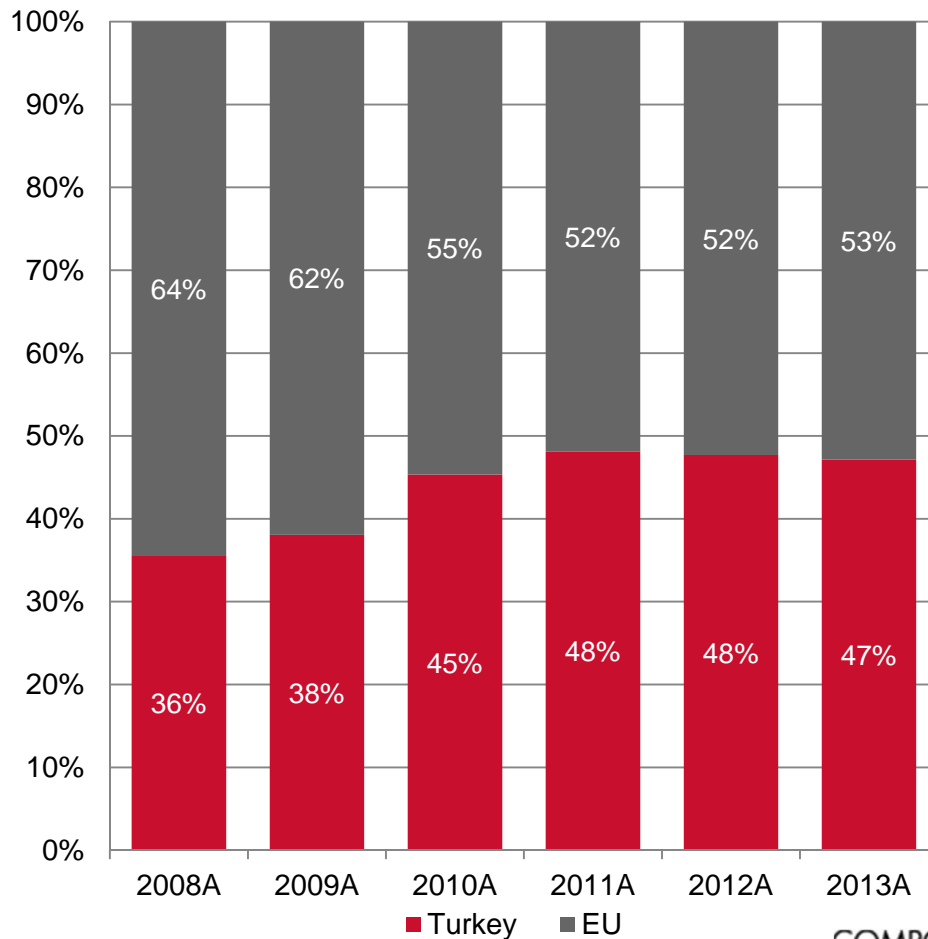
AGCO  
Your Agriculture Company



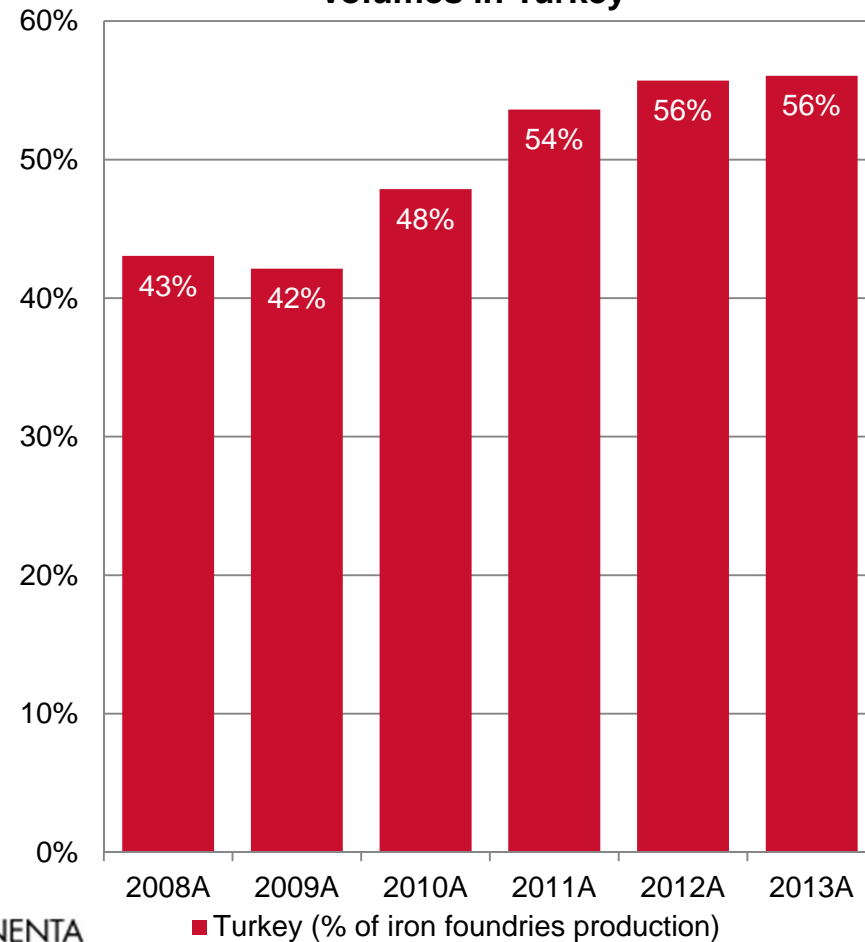
# Shifting Production to Low Cost Location

## Continuous shift to Turkey significantly improves cost structure

Revenue Breakdown – Europe vs Turkey



Development of Iron Production Volumes in Turkey



# Iron Casting - Competitive Landscape

Componenta is the European market leader for small-mid series, complex iron castings

Company	Iron Sales (€m)	Batch Size		
		Small	Medium	Mass Series
Fritz Winter Eisengießerei	712		✓	✓
GeorgFischer	709		✓	✓
Teksid	680		✓	✓
Componenta <sup>(1)</sup>	445	✓	✓	
Georgsmarienhütte	431		✓	✓
Neue Halberg-Guss	338			✓
Brühl	280			✓
SLR Group	175	✓	✓	
Gienanth	157		✓	✓
SHW Casting Technologies	119	✓		
Infun	117			✓
Castings	102		✓	✓
Vald.Birn	78		✓	✓

Customer Segments	12-14 years	10-12 years	8 years
Construction & Mining			
Machine Building			
Trucks			
Agricultural Machinery			
Automotive			

## Attractive Market Position

- Focus on non-automotive applications in iron
- Clear #1 for small-mid series production of complex castings
- Market highly fragmented with c.1,700 players with average size of c. €10m revenues
- Small players not able to meet demand for high-end total solutions and product bundling
- Smaller players likely to continue exiting the market and /or losing business to Pan-European casters – lack economies to effectively compete

(1) Includes Iron Foundries and Machine Shop

Key:   Also Active   Key-Focus



# Aluminium Casting - Market Positioning

Componenta has a focused business strategy on complex, high margin automotive/truck products

	Chassis	Powertrain	Engine	Body	Wheels	
					OEM	IAM
Key European Player	<ul style="list-style-type: none"> <li>• KSM</li> <li>• Georg Fischer</li> <li>• St Jean</li> <li>• Handtmann</li> <li>• Mazzuconi</li> <li>• FAC Benteler</li> <li>• ZML</li> </ul>	<ul style="list-style-type: none"> <li>• Georg Fischer</li> <li>• Martinrea Honsel</li> <li>• KSM</li> <li>• Ryobi</li> <li>• Cevher Döküm</li> <li>• Mazzuconi</li> <li>• Ljunhall</li> <li>• Kirpart</li> </ul>	<ul style="list-style-type: none"> <li>• Montupet</li> <li>• Georg Fischer</li> <li>• Nematik</li> <li>• Cevher Döküm</li> <li>• KSPG</li> <li>• Teksid Aluminium</li> <li>• Martinrea Honsel</li> </ul>	<ul style="list-style-type: none"> <li>• KSM Casting</li> <li>• Georg Fischer</li> <li>• Handtmann</li> <li>• Magna BDW</li> <li>• DGS, Swiss</li> </ul>	<ul style="list-style-type: none"> <li>• Die Castal</li> <li>• Wanfeng</li> <li>• Hayes Lemmerz</li> <li>• CMS</li> <li>• Borbet</li> <li>• Ronal</li> </ul>	<ul style="list-style-type: none"> <li>• YHI</li> <li>• ATS</li> <li>• Brock</li> <li>• Alcar</li> <li>• OZ</li> </ul>
Dominant Process <sup>(2)</sup>	GDC LPDC HPDC	HPDC	GDC LPDC	HPDC	LPDC	
Complexity Level	+++	++	+++	++	+	
Products	<ul style="list-style-type: none"> <li>• Pinion housing</li> <li>• Steering console</li> <li>• Knuckles</li> <li>• Transverse link</li> <li>• Wheel Carrier</li> <li>• Pedals</li> <li>• Semi-trailing arm</li> <li>• Sub-frame</li> <li>• Trailing arm</li> <li>• Cross member</li> <li>• Control arm</li> <li>• Tank bracket</li> <li>• Anchorage muffler</li> </ul>	<ul style="list-style-type: none"> <li>• Auxiliary drive housing</li> <li>• Clutch housing</li> <li>• EGR<sup>(1)</sup> module</li> <li>• Camshaft carrier</li> <li>• Gearbox housing</li> <li>• Oil pan</li> <li>• Shifter fork</li> <li>• Turbo charger housing</li> <li>• Engine mounting bracket</li> <li>• Intake manifold</li> <li>• Differential housing</li> </ul>	<ul style="list-style-type: none"> <li>• Cylinder heads</li> <li>• Engine blocks</li> <li>• Air intake</li> </ul>	<ul style="list-style-type: none"> <li>• Cast joints</li> <li>• Centre console</li> <li>• Other structural parts</li> <li>• Shock tower</li> <li>• Door frames</li> <li>• Tailgate</li> </ul>	<ul style="list-style-type: none"> <li>• Wheels for IAM</li> <li>• Wheels for OEM</li> </ul>	

Componenta Products

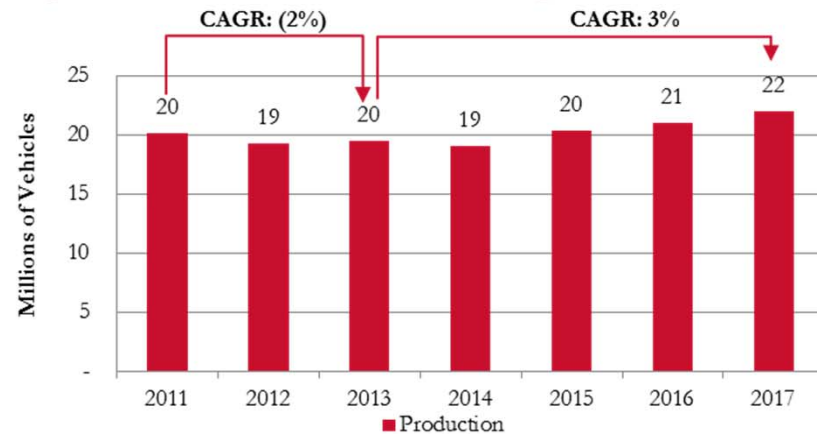
- Automotive aluminium casting industry highly fragmented with various product segments and different process requirements and margins
- Componenta is focused on : (1) complex engine, powertrain and safety-critical chassis parts with high differentiation potential and (2) light alloy wheels for the independent aftermarket which offers a more attractive pricing compared to the OEM market

# Aluminium Casting - Market Trends & Drivers

Strong underlying growth drivers:

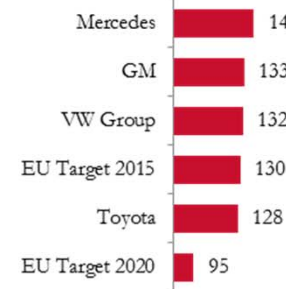
Aluminium is key for meeting stricter emission regulations

## Light Vehicle Production in Europe

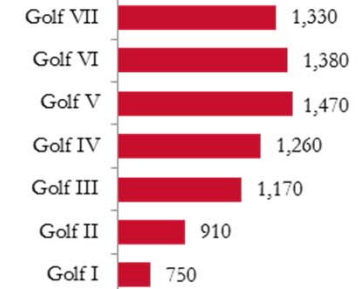


## Strong Industry Drivers

### CO<sub>2</sub> fleet emission vs. regulatory targets



### Development of curb weight

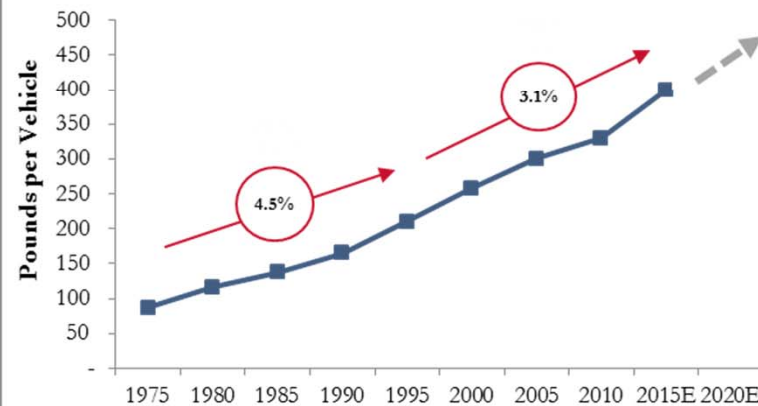


## Key Segment Trends

- European automotive industry back to growth with strong outlook
- Stricter emission regulation the key driver for aluminum use in cars
- Growing OEM acceptance of aluminium for critical applications
- OEMs increasingly demand complete solutions
- Casting allows easier and cheaper functional integration than forging
- In LV market, aluminium casting increasingly wins share from iron castings and forged components

Componenta to benefit from strong underlying trends

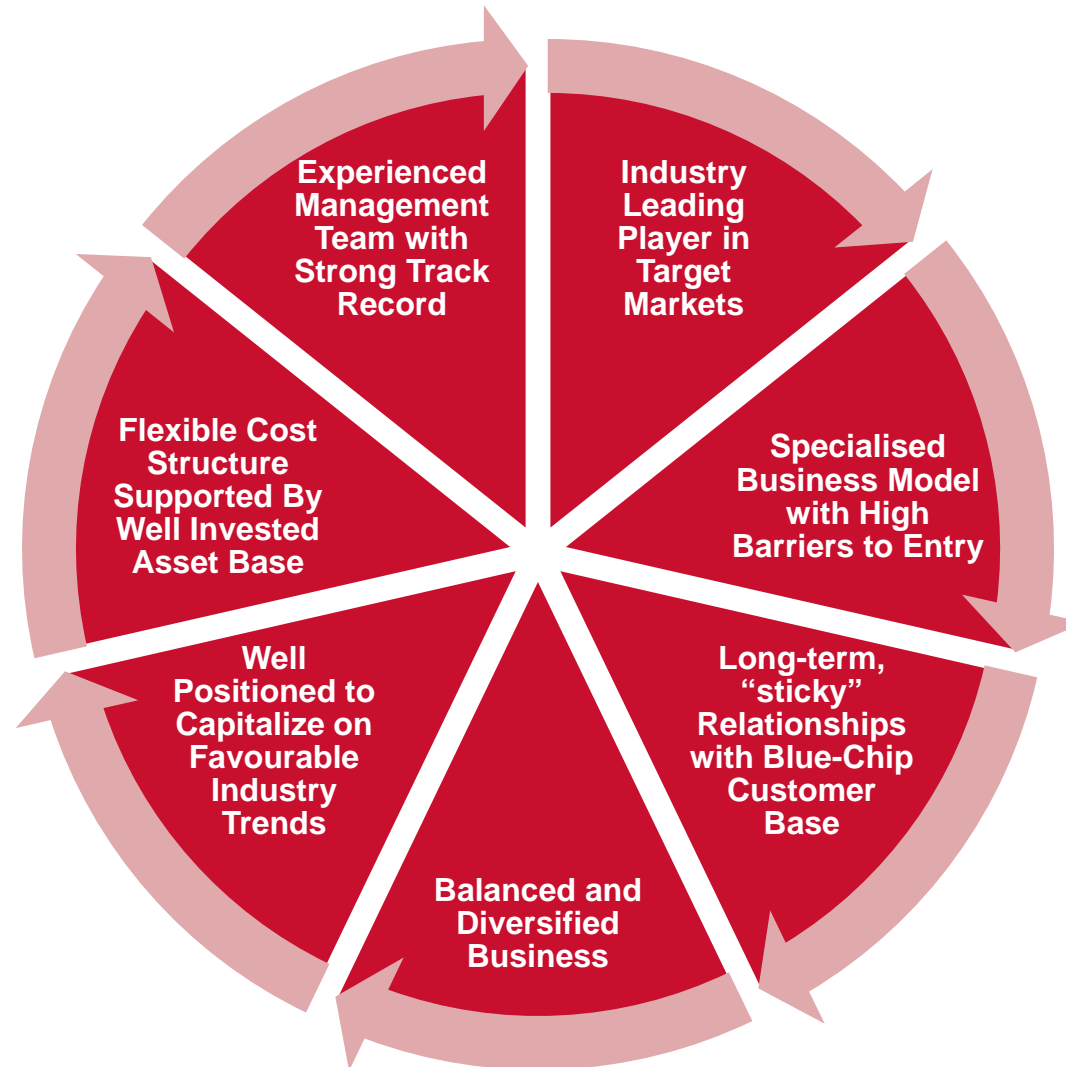
## Aluminium content in light vehicles





# COMPONENTA'S CYCLE OF SUCCESS

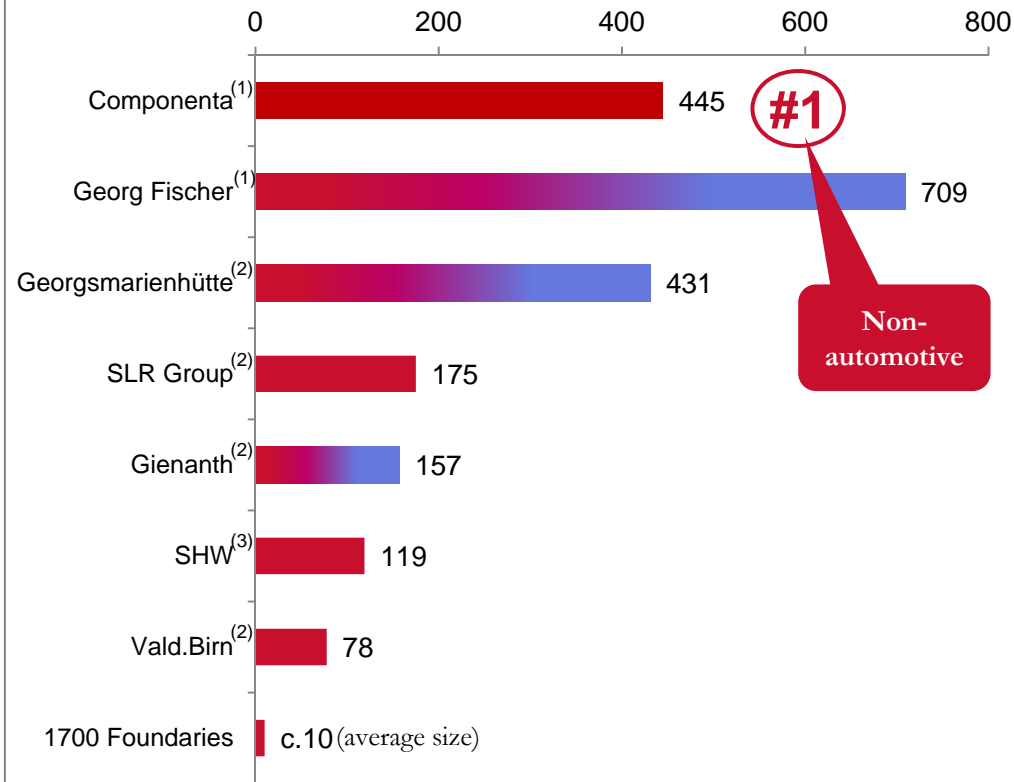
# Componenta's Cycle of Success



# Industry Leading Player in Target Markets

Componenta is the European market leader for small-mid series, complex iron castings

**Position in European Iron Castings Target Market**  
(Revenue in €m)



## Componenta's Position

- Focus on complex, safety critical parts
- Significant scale advantage vs regional players drives increased profitability
- One of few preferred suppliers with whom customers seek to concentrate their sourcing across product categories
  - More competitive bundled offering
  - Reduced sourcing complexity
  - A certified supplier ensuring best practices and quality control
- Full service development partner with differentiated high value added product offering
- Multinational operations and global delivery capability
- Market fragmentation creates opportunity to take share from smaller players
  - Non profitable foundries gradually exiting market
  - Unable to compete effectively in high-end segment

(1) FY 2013  
(2) FY 2012  
(3) FY 2011

■ Focus on Small / Medium Batch Sizes (Non-Automotive: Heavy Trucks, Agriculture, Machine Building, Construction & Mining)  
■ Focus on Large Batch Sizes (Automotive)

# Specialised Business Model with High Barriers to Entry

## 1 Technical know-how and expertise

- Focus on high end products requires substantial application, process and material know-how and years of experience
- Entrenched development partnerships with customers (80% win rate where Componenta is involved in R&D)

## 2 High Initial Investment

- Significant initial investment for setting up a modern iron foundry (approx. €50-100m)
- In addition significant investment in logistics and inventory

## 3 JIT delivery requirements

- Requires a broad production footprint close to customers as well as a global service & logistics network
- Emerging market players not able to meet just-in-time requirements of customers

## 4 Economies of Scale

- Substantial economies of scale in production, sourcing and product development
- Size a competitive advantage as customers increasingly looking to consolidate their supply base via “bundling”

## 5 High switching costs

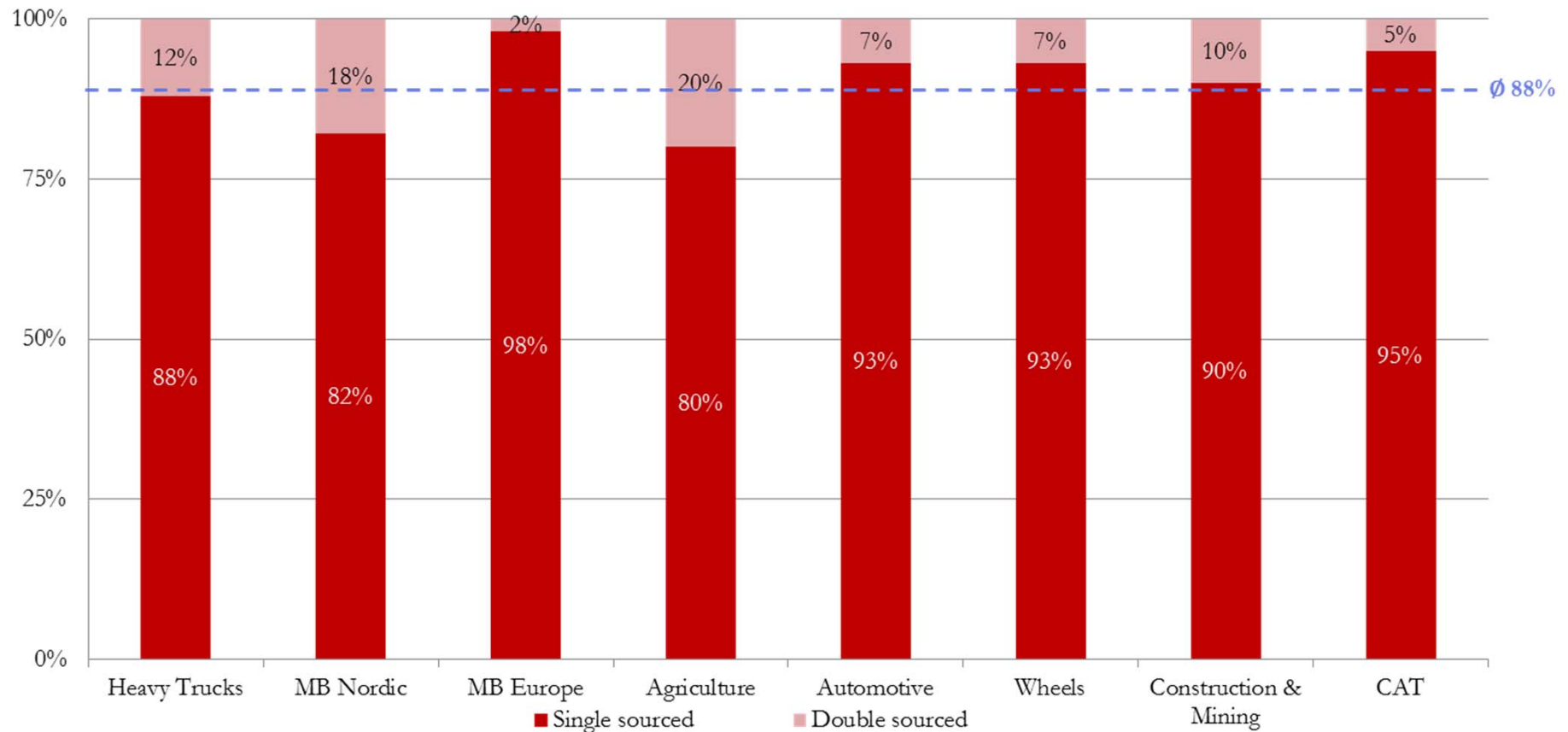
- Technological interdependence in development and high tooling investment of customer (up to €1.5m per part)
- Designed into customers platforms – useful lives of c. 8-14 years
- **Componenta is sole supplier for c. 88% of all products with no immediate alternative supplier available**

## 6 Required certification

- Customers have a mandatory, increasingly strict supplier certification process for each project
- Customer requirements for complex safety critical parts are significantly higher than on simpler parts

# Specialised Business Model with High Barriers to Entry

Sole supplier status with blue-chip customer base

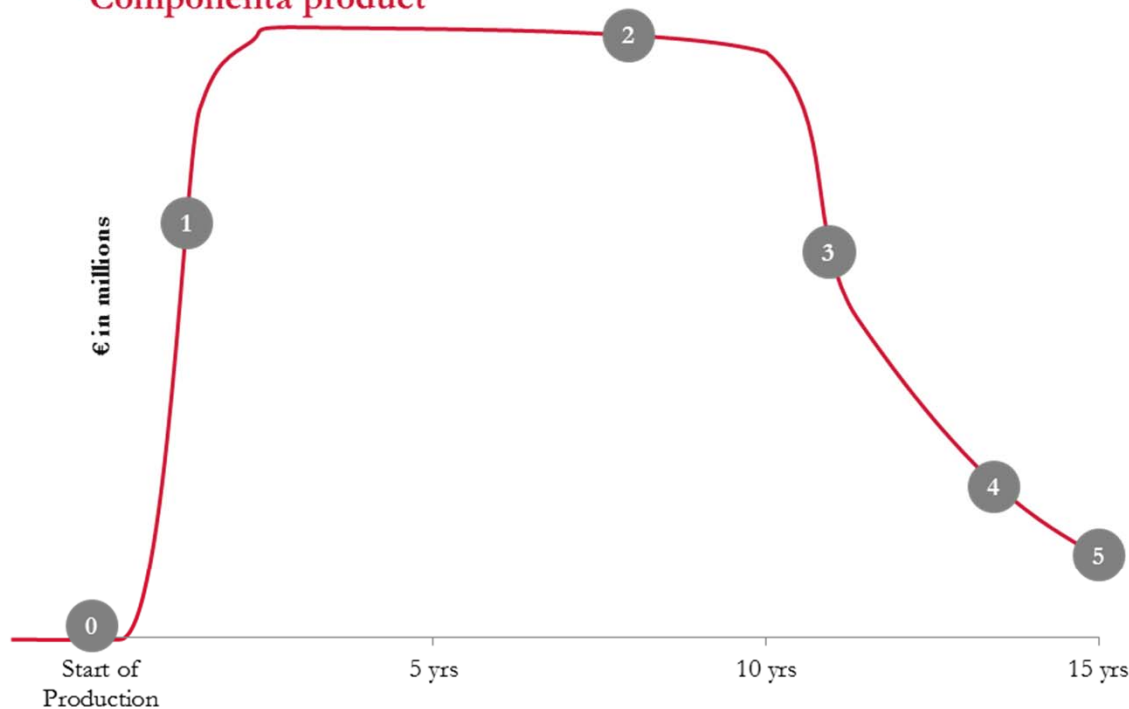


High proportion of single sourcing demonstrates significant degree of customer integration / value perception and inability for clients to substitute Componenta's products

# Specialised Business Model with High Barriers to Entry

Revenue streams are characterised by long product lifecycles

Illustration of sales pipeline development for typical Componenta product



## Lead Times to Production

- 0 **Customer Design Phase:**  
6-18 months – average lead time to design product and manufacturing process
- 1 **Client Ramp-up Phase:**  
6-18 months – Initial roll out of products / introduction to market
- 2 **Primary Production Phase:**  
Sales of customer platform reach peak
- 3 **Sales Erosion:**  
Customer platform sales slow; re-negotiations with customers for higher prices
- 4 **Up to 15 years:**  
Component life time within Heavy Truck, Agriculture, Construction & Mining stretching the contract revenue stream
- 5 **Phasing Out:**  
After a component is phased out there is still a smaller spare part revenue stream

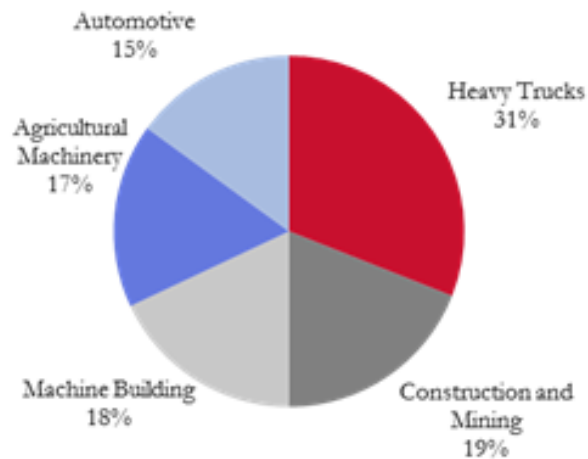
Limited ability to replace once designed into platforms and competitive advantage to design into and take further share of future platforms



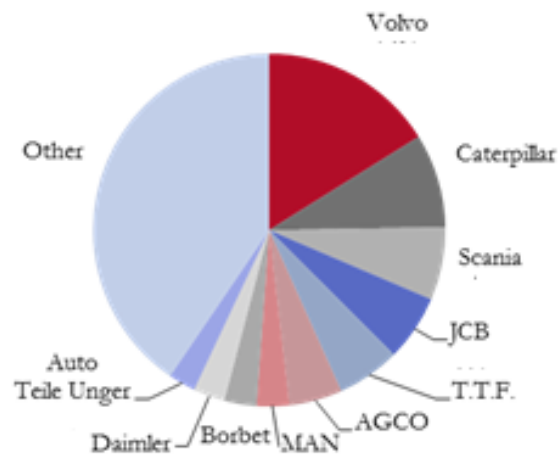
# Balanced and Diversified Business

High degree of diversification by customer segment, buying relationships and geography

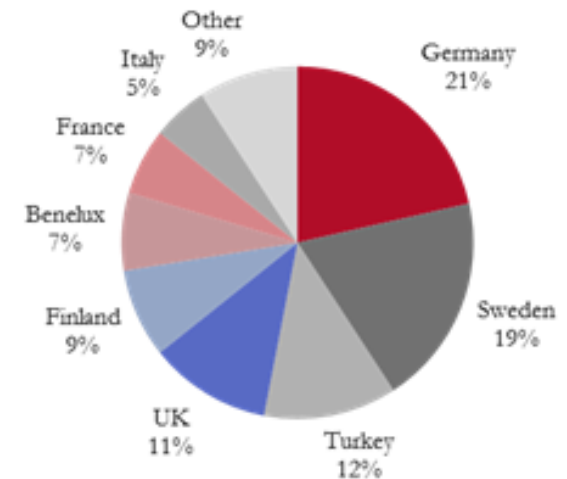
Net Sales by Customer Segment  
(LTM Mar-14)



Net Sales by Customers  
(LTM Mar-14)



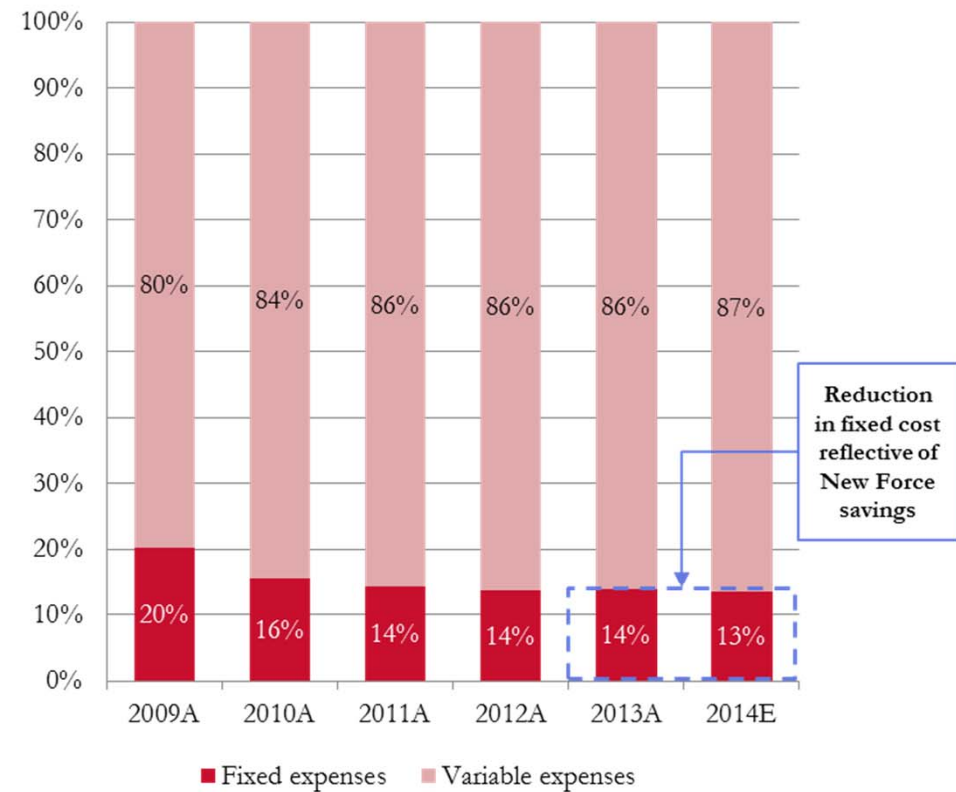
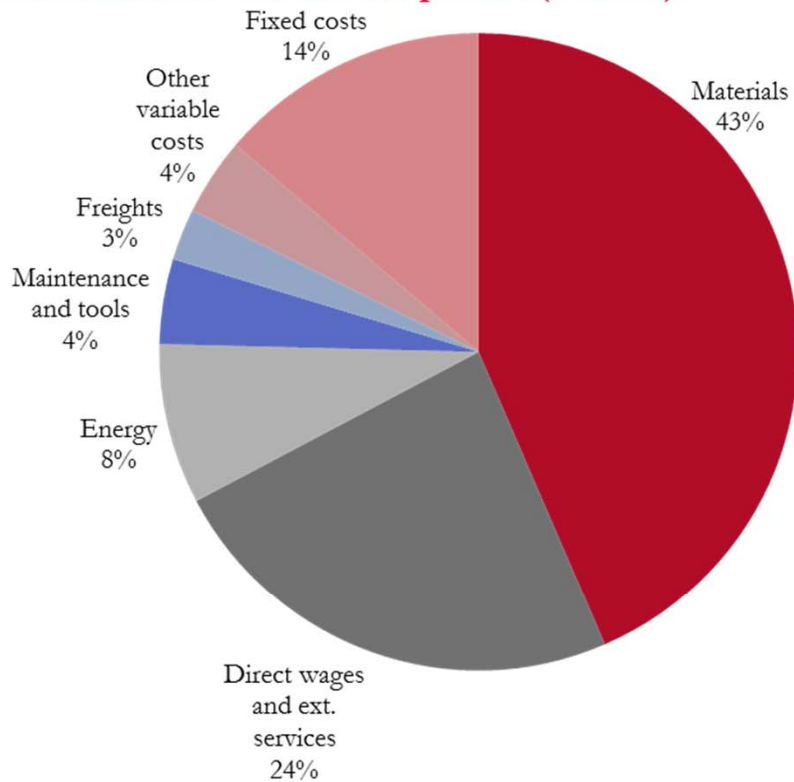
Net Sales by Geography  
(LTM Mar-14)



# Flexible Cost Structure Supported by Well Invested Asset Base

## Increased flexibility in Componenta's cost structure

Breakdown of Variable Expenses (FY2013)



Ability to also address fixed cost base to mitigate volume reductions

A man with a short haircut, wearing a light blue button-down shirt, stands in a hallway with red walls and ceiling. He is smiling and looking towards the camera while holding a tablet computer in his left hand and gesturing with his right hand. The hallway has a door in the background and a potted plant on the wall.

# STRATEGY 2014

# Business Strategy for 2014 and Beyond

1

**Improving productivity and quality, and profitability of production footprint**

- Continued improvement in profitability is our number one priority in the short-term
- New Force program is key in strategy implementation in 2014, in order to build on realised savings already achieved in 2013

2

**Growing together with our strong customer base**

- Well positioned to take advantage of consolidation trends and gain share from smaller distressed competitors as customers focus on larger, more financially stable suppliers
- Strong customer base offers growth opportunities both in Europe and other continents

3

**Strengthening position as full solution provider**

- Enhance full solution capabilities to maintain differentiation to competitors
- Focus on Engineering and PDM / PDE resources

4

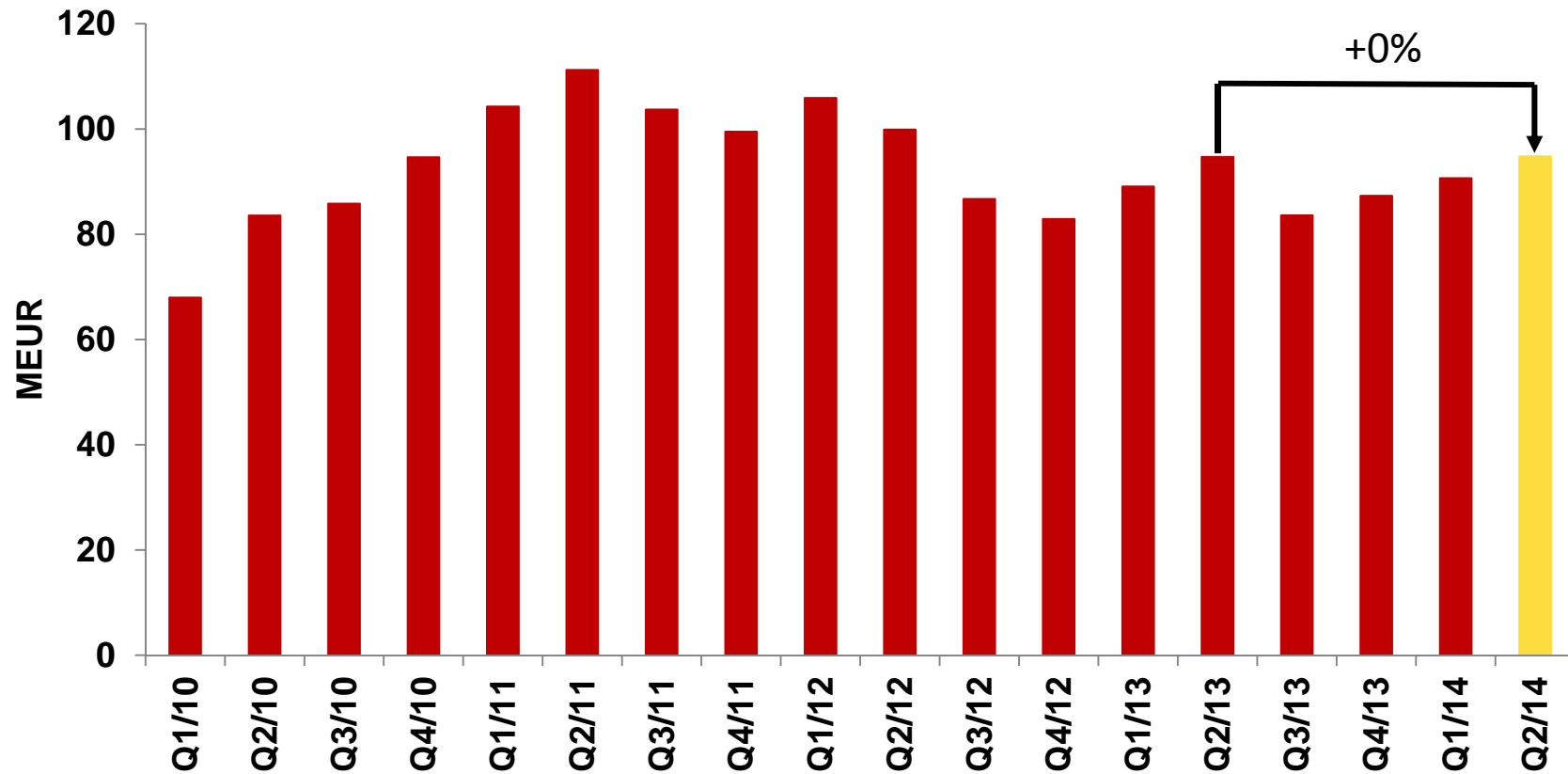
**One Componenta**

- Transparent and unified management systems and group wide processes and tools in place
- Focus on quality, health and safety, customer service network, brand/marketing, and SAP development
- Enhanced leadership capabilities to ensure organisational performance and One Componenta way to operate

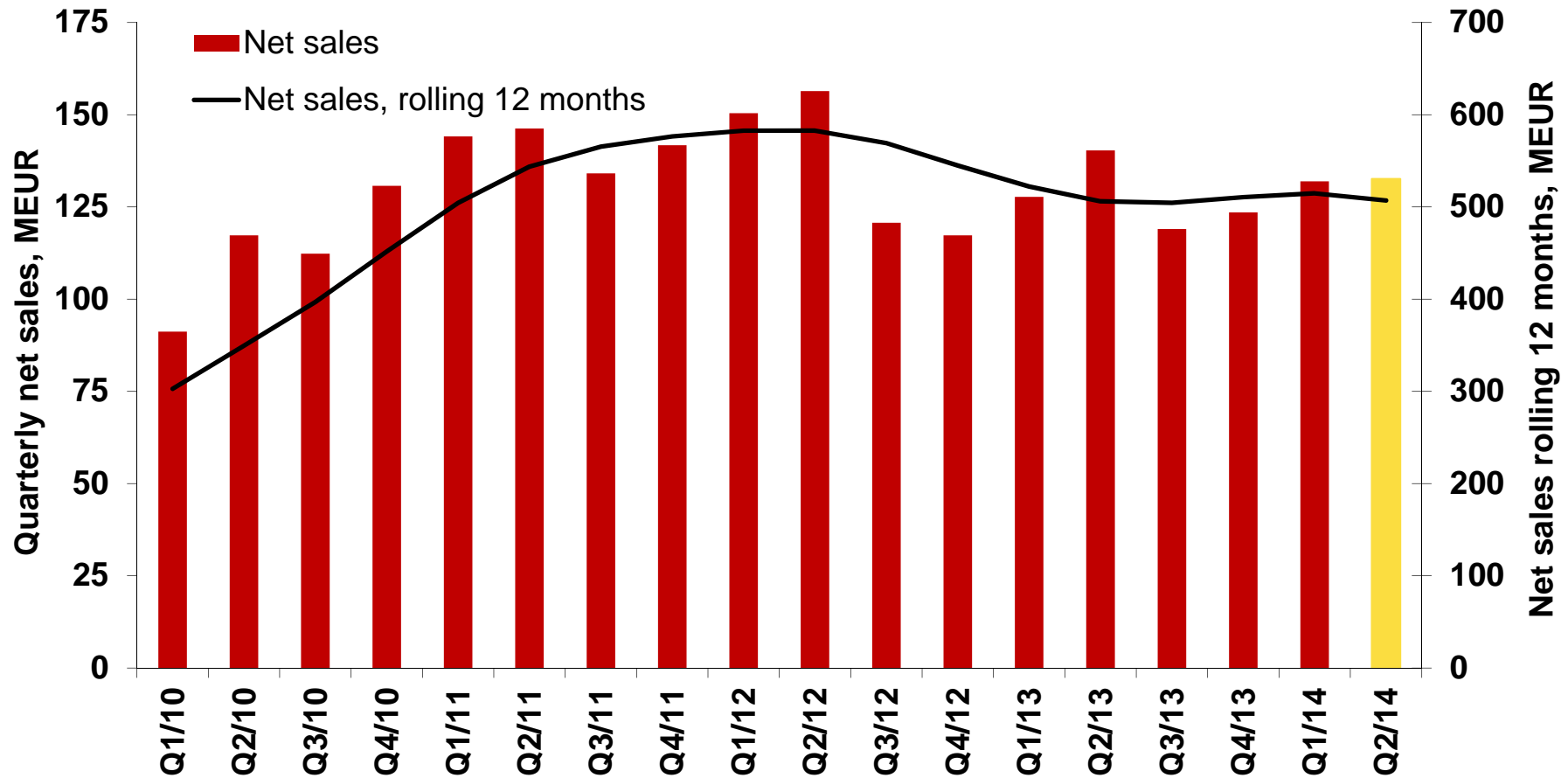
A man with a shaved head and a light beard, wearing a blue denim work jacket with orange accents on the sleeves and collar, stands with his arms crossed in a factory setting. The background is filled with industrial machinery and metal structures, all overlaid with a semi-transparent red filter. The word "FINANCIALS" is written in large, white, bold, sans-serif capital letters across the middle of the image. A thin white vertical line is positioned to the left of the text.

# FINANCIALS

# Quarterly development of order book (including orders for the next two months)

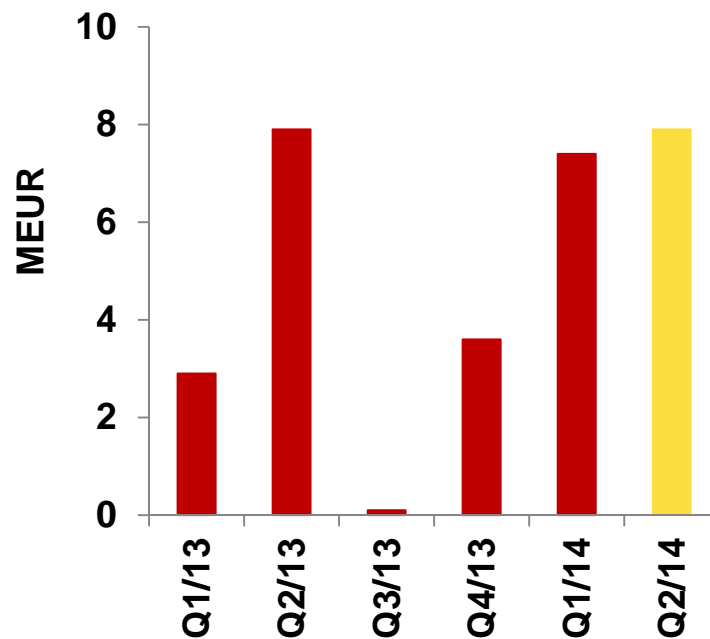


# Quarterly development of net sales 2010 - Q2 2014



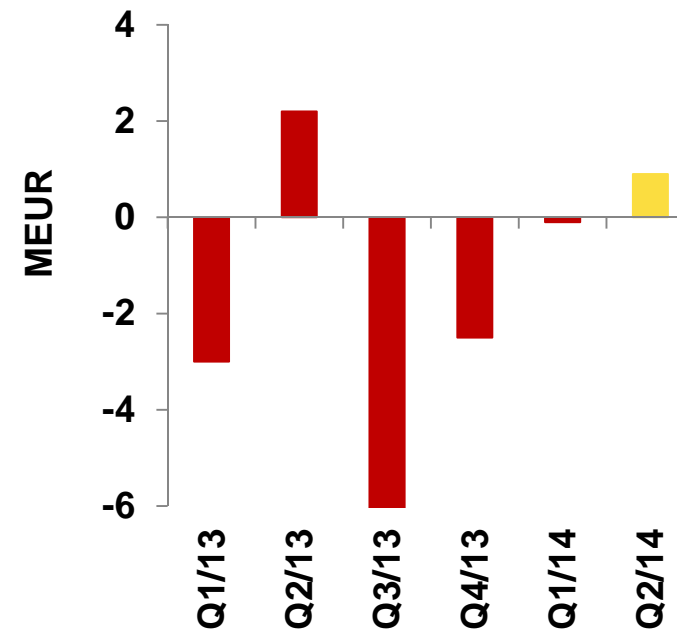
# Operating profit and Result after financial items excluding one-time items and exchange rate differences of balance sheet items

Operating profit\*)



\*) Excluding one-time items and exchange rate differences of operative balance sheet items.

Result after financial items\*)



\*) Excluding one-time items and exchange rate differences of operative balance sheet items.



# Cash flow statement

<b>MEUR</b>	<b>1-6/2014</b>	<b>1-6/2013</b>	<b>1-12/2013</b>
Cash flow from operations before change in net working capital, financing and taxes	<b>21.8</b>	19.0	28.6
Change in net working capital	<b>-6.0</b>	1.6	2.6
Cash flow from operations before financing and taxes	<b>15.8</b>	20.7	31.2
Cash flow from operations	<b>3.3</b>	9.1	2.2
Cash flow from investments	<b>-4.3</b>	-7.0	-15.7
Cash flow from financing activities	<b>-5.0</b>	-2.0	3.0
Change in liquid assets	<b>-6.0</b>	0.1	-10.5

# Key ratios

<b>MEUR</b>	<b>30.6.2014</b>	<b>30.6.2013</b>	<b>31.12.2013</b>
Equity ratio, %	<b>17.9</b>	15.8	18.9
Return on equity, excluding one-time items, %	<b>-0.6</b>	3.4	-12.8
Return on equity, %	<b>-5.1</b>	1.0	-18.6
Return on investment, excluding one-time items, %	<b>9.2</b>	7.7	5.9
Return on investment, %	<b>7.7</b>	7.1	4.9
Net interest bearing debt, MEUR	<b>234</b>	241	230
Net gearing, %	<b>282</b>	314	270
Investments in production facilities, MEUR	<b>8.8</b>	7.9	18.9
Personnel at the end of period, including leased personnel	<b>4,523</b>	4,606	4,431

A man and a woman in business attire are looking at a laptop in a red-walled office. The man is on the left, wearing a dark suit, light blue shirt, and patterned tie. The woman is on the right, wearing a dark blazer over a white shirt. They are both looking at the laptop screen. The background is a solid red wall with a framed picture on the left and a window with blinds on the right.

# REFINANCING ARRANGEMENTS

# New financial arrangements of EUR 250 million

## Two share issues total EUR 90 million

- Max. 68 million shares in two phases
- Share issue of 15 million shares (EUR 15 million) to a limited group of investors on 15 August 2014
- Max. 53 million shares to individuals and corporations in Finland on 8-12 September 2014

**Equity ratio 18% => 26-28%**

**Gearing to decrease**

## Term loan EUR 61.8 million RCF EUR 7 million

- Agreement signed by Componenta Oyj with Nordic syndicate banks
- Ensure liquidity and provide long-term stability
- Maturity 3+1 years

**Average IB debt maturity from 1 year to 4.5 years**

**Liquidity situation to improve**

## Term loan EUR 70 million RCF EUR 20 million

- Agreement signed by Componenta A.S. with Turkish banks
- Provide long-term stability
- Maturity 7 years

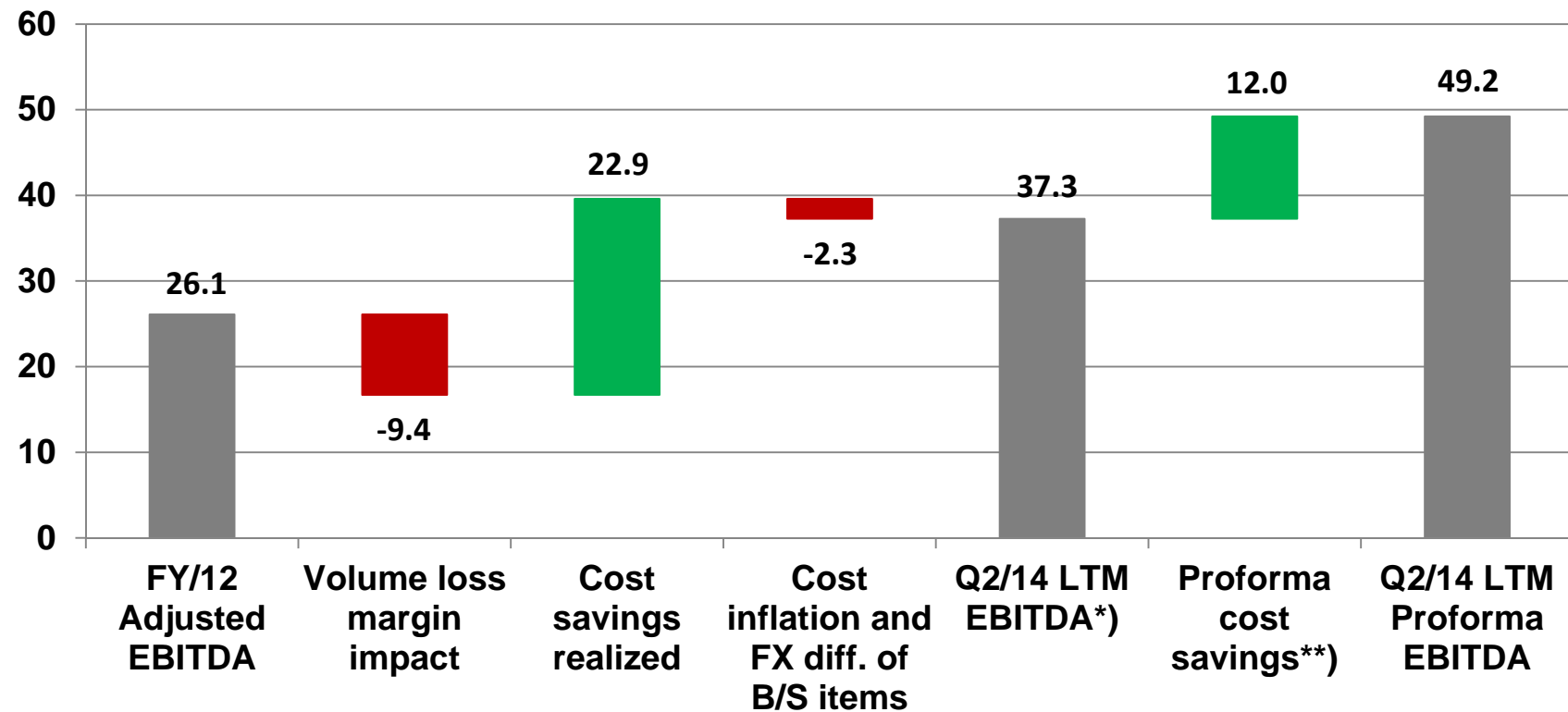
**Annual financing costs to decrease by EUR 8 million**



# EFFICIENCY IMPROVEMENT PROGRAM

# Proforma EBITDA 49.2 MEUR Q2 2014

MEUR



\*) Excluding one-time items and exchange rate differences of operative balance sheet items.

\*\*\*) Proforma cost savings: Annual impact of implemented and/or decided cost savings and improvement actions.



# Proforma cost savings MEUR 12.0 and Proforma EBITDA MEUR 49.2 Q2 2014

Rolling 12 months	MEUR	MEUR
<b>EBITDA excluding one-time items and exchange rate differences of the B/S</b>		<b>37.3</b>
Finalized personnel reductions in global and country organizations	0.6	
Closure of Pietarsaari foundry in Finland	2.5	
Closure of one of the two machine shops at Främmestad in Sweden	0.8	
Decided personnel reductions and closure of CPC in the Netherlands	0.7	
<b>Measures to cut fixed costs</b>	<b>4.6</b>	<b>4.6</b>
Finalized raw material cost savings in Orhangazi foundry in Turkey	2.8	
Achieved productivity improvement in Orhangazi foundry in Turkey	0.5	
Finalized product transfers from Finland and Sweden to Orhangazi in Turkey	1.6	
Renewal of sand recycling system in Orhangazi foundry in Turkey	1.7	
Efficiency improvements due to foundry investments in Heerlen, Netherlands	0.7	
<b>Measures to improve efficiencies</b>	<b>7.3</b>	<b>7.3</b>
<b>Proforma EBITDA Q2 2014</b>		<b>49.2</b>

A man and a woman in business attire are looking at a laptop together in a red-walled office. The man is on the left, wearing a dark suit, light blue shirt, and patterned tie. The woman is on the right, wearing a dark blazer over a white shirt. They are both looking at a silver laptop held by the man. The background is a solid red wall with a framed picture on the left and a window with blinds on the right.

# PROSPECTS 2014



# Business environment 2014



**Componenta's demand prospects improving**

The order book for Componenta's heavy trucks customer sector was **14% lower** at the end of the period than at the same time in the previous year.

Demand in the heavy truck industry in Europe is expected to decline in 2014.

Componenta's sales to heavy trucks industry customers are expected to increase during the autumn due to increase in introduction of new products.



**Componenta's demand prospects stable**

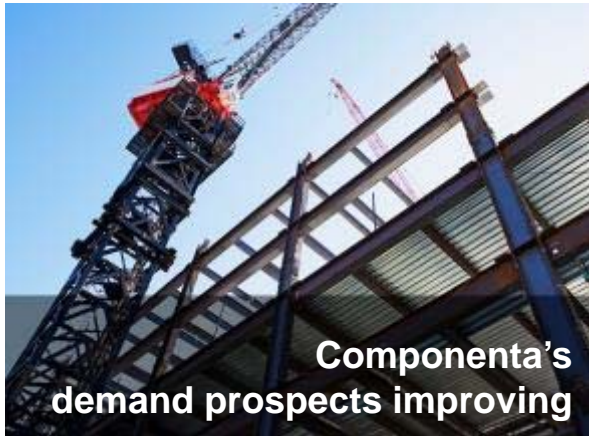
The order book for Componenta's construction and mining customer sector was **9% higher** at the end of the review period than at the same time in the previous year.

Demand in North America is clearly improving but in Europe the demand is still soft. As a whole, the demand prospects are expected to remain at the same level as in previous year.

Manufacturers of mining machinery in particular reduced their stocks due to poor prospects during 2012 and 2013.

Componenta's sales to construction and mining customer sector customers are expected to stay at the same level as previous year.

# Business environment 2014



## Componenta's demand prospects improving

At the end of the review period, the order book for Componenta's machine building customer segment was **15% higher** than at the same time in the previous year.

Componenta's sales to the machine building industry are expected to rise during 2014.



## Componenta's demand prospects stable

The order book for Componenta's agricultural machinery customer sector was **2% higher** at the end of June than at the same time in the previous year.

Demand for agricultural machinery is expected to decrease in 2014.

Componenta's sales to manufacturers of agricultural machinery are expected to decrease or remain unchanged from the previous year because of an increase in market share.



## Componenta's demand prospects stable

The order book for Componenta's automotive customer sector was **1% higher** at the end of June than at the same time in the previous year.

Demand in 2014 is estimated to improve from the previous year.

Componenta's sales are expected to remain unchanged or to increase during 2014.



## Prospects for Componenta in 2014

- The prospects for Componenta in 2014 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.
- Componenta's order book at the end of June was at the same level compared to last year same time standing at EUR 95 (95) million.
- In consequence of the structural efficiency measures being carried out, the full year operating profit excluding one-time items is expected to improve from the previous year.

A photograph of three men in a factory setting. The man on the left is wearing a blue and black work vest over a black shirt. The man in the center is wearing a white button-down shirt and blue jeans, holding a red mechanical component. The man on the right is wearing a dark blue work jacket. The background is a factory floor with various machinery and equipment, all tinted with a red color. The text 'NEW STRONG COMPONENTA' is overlaid in white on the left side of the image.

# NEW STRONG COMPONENTA

# WE WANT TO CONTINUE TO SERVE OUR CUSTOMERS for the next 100 years



# New strong Componenta



**The preferred casting solution provider locally and globally  
Casting Future Solutions**

Casting Future  
**SOLUTIONS**

COMPONENTA

