

**Componenta Corporation  
Interim report**

**1 January - 31 March 2004**

# COMPONENTA

## Income statement

MEUR	2004 1 - 3	2003 1 - 3
Net sales	73.0	46.3
<i>Change in net sales %</i>	<i>+58</i>	<i>-2</i>
Operating profit of Cast and Other Components	1.8	2.1
Operating profit of De Globe	0.2	-
Operating profit of Other Business	-0.1	-0.5
<b>Operating profit (excluding one-time items)</b>	<b>2.0</b>	<b>1.6</b>
Financial income and expenses	-1.7	-2.1
<b>Result after financial items (excluding one-time items)</b>	<b>0.2</b>	<b>-0.5</b>
One-time items	+12.5	0.0
<b>Result after financial items</b>	<b>12.7</b>	<b>-0.5</b>
<b>Net result</b>	<b>10.5</b>	<b>-0.4</b>

# COMPONENTA

## Key Ratios

	31.3.2004	31.3.2003
Earnings per share (EPS), EUR	1.09	-0.04
Equity ratio, % (preferred capital note in equity)	32.3	29.3
Return on equity, %	95.1	-4.1
Equity per share, EUR	4.40	3.76
Invested capital, MEUR	186.6	186.1
Return on investment, %	34.4	4.0
Net interest bearing debt, MEUR (preferred capital note in equity)	101.9	120.0
Net gearing, % (preferred capital note in equity)	129.7	188.3
Order book, MEUR	48.0	27.1
Investments in production facilities, MEUR	2.0	0.3
Average number of personnel	2,231	1,597

# COMPONENTA

## Cash flow

MEUR	1.1.-31.3.2004	1.1.-31.3.2003
Profit/loss before extraordinary items	12.7	-0.5
Depreciation, amortization and write-down	-1.6	3.0
Net financial income and expenses	1.6	2.1
Other income and expenses, adjustments to cash flow	-4.2	1.7
Change in net working capital	-4.7	-2.5
<b>Cash flow from operations before financing and income taxes</b>	<b>3.9</b>	<b>3.8</b>
Net financial income and expenses	-2.5	-3.6
<b>Cash flow from operations</b>	<b>1.4</b>	<b>0.2</b>
Capital expenditure in tangible and intangible assets	-1.9	-0.3
Proceeds from tangible and intangible assets	0.0	0.0
Other investments and loans granted	-5.0	0.0
Proceeds from other investments and repayments of loan receivables	15.8	0.1
<b>Cash flow from investing activities</b>	<b>8.9</b>	<b>-0.2</b>
Dividends paid	0.0	-1.0
Draw-down (+)/ repayment (-) of preferred capital note	-3.2	-3.1
Draw-down (+)/ repayment (-) of current loans	-6.6	15.7
Draw-down (+)/ repayment (-) of non-current loans	-0.3	-12.3
<b>Cash flow from financing activities</b>	<b>-10.1</b>	<b>-0.6</b>
<b>Increase (+)/ decrease(-) in cash and bank accounts</b>	<b>0.2</b>	<b>-0.6</b>

## Review period in brief

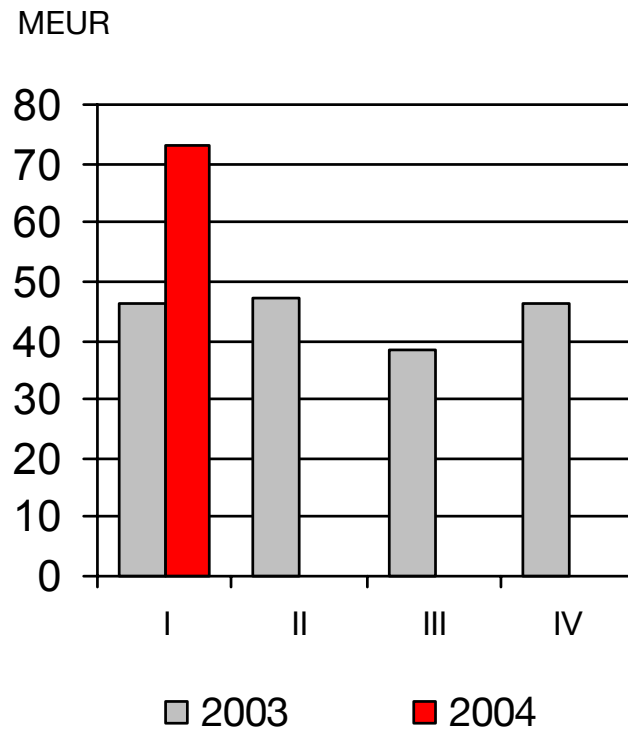
- Running down of Alvesta foundry and transfer of production to Karkkila has proceeded according to plan.
- Shares in associated company Thermia AB were sold to Procuritas Capital Investors III at a price of MEUR 16.0 and a profit of MEUR 8.6 was recorded on the sale.
- 55% of the shares and voting rights were acquired of the Dutch foundry company De Globe at a price of MEUR 3.6. Componenta agreed on an option to acquire the remaining shares by the end of 2007.
- A project started to improve productivity at De Globe, closing the foundry in Belfeld and transferring its production to Hoensbroek.
- The sales organizations of Componenta in the Nordic countries and De Globe in Central Europe are being combined to form a strong joint sales organization in Europe.
- Componenta's machine shops and machining expertise enable De Globe to give its customers a broader service offering.

## Markets and developments by customer sector

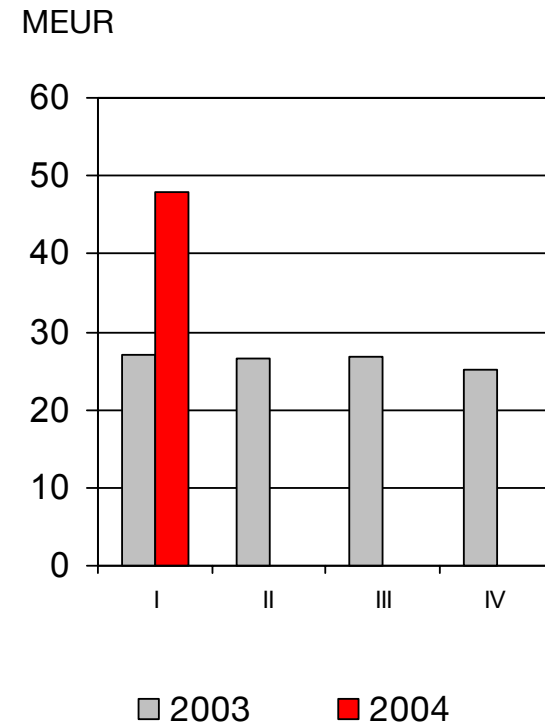
- Componenta's net sales rose 58% to MEUR 73.0 following the acquisition of De Globe.
- De Globe's sales in Germany, Belgium, the Netherlands, France and the USA support strongly the existing geographical distribution of Componenta's sales.
- De Globe's sales to the off-road and heavy truck industries and for compressors and pressure vessels fit in well with Componenta's customer base.
- Net sales of Cast and Other Components rose 3%, of De Globe 18% and of other business 2%.
- Componenta's comparable deliveries to the heavy truck industry rose 6% from the previous year.
- Comparable deliveries to the off-road industry increased 16%.
- Deliveries to the power and transmission industry rose 1%
- Sales to machine and equipment manufacturers increased 10% from the previous year.

## Net sales and order book

### Net sales

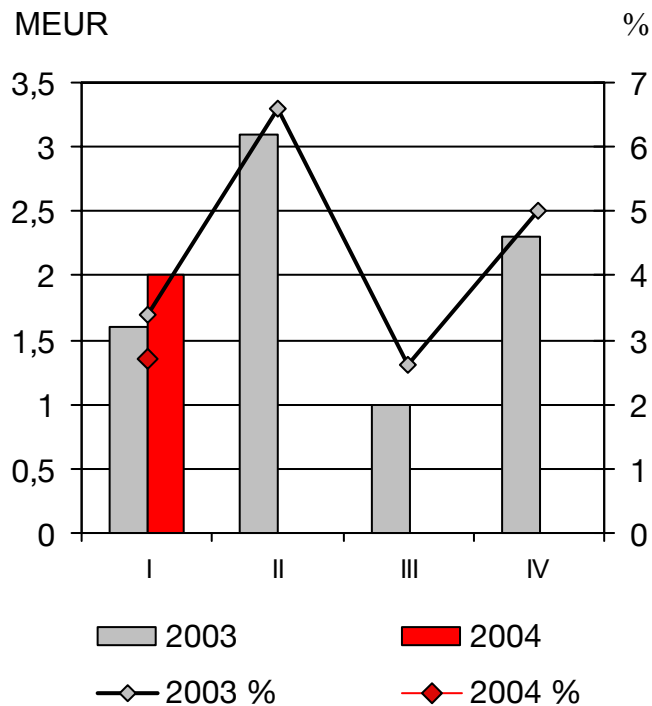


### Order book

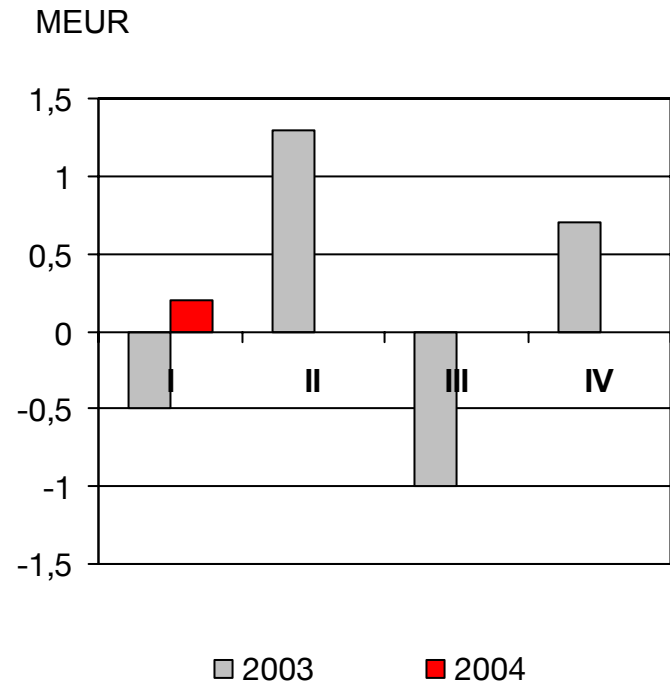


## Operating profit and result after financial items (excluding one-time items)

### Operating profit

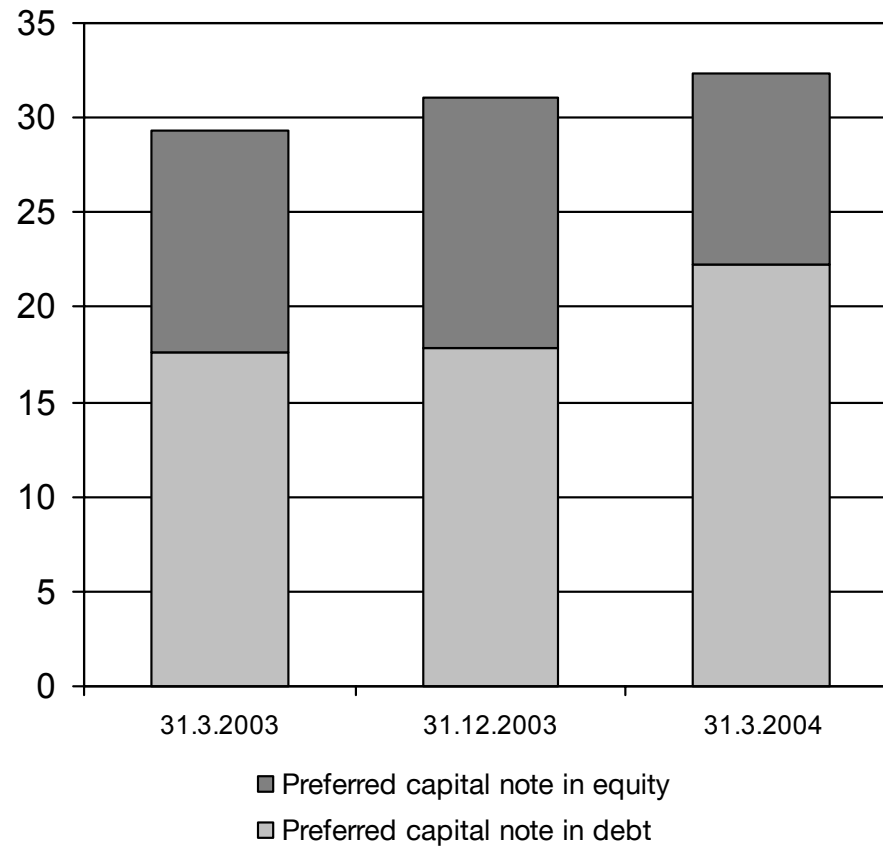


### Profit/loss after financial items



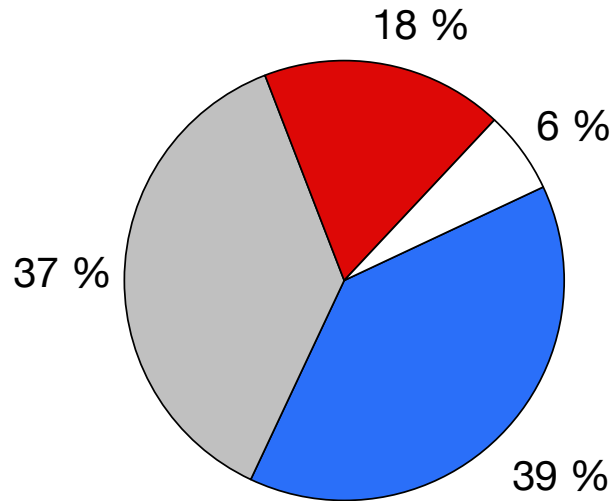


## Equity ratio, %



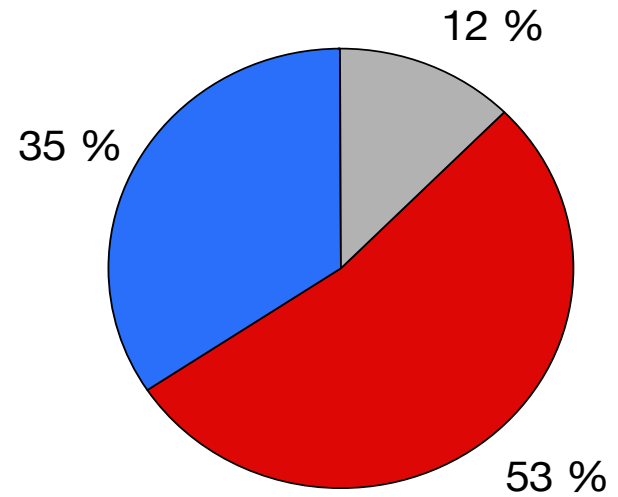
## Division of sales

### Sales by market area



- Central Europe
- Scandinavia
- Finland
- Other countries

### Sales by business group



- Cast and Other Components
- De Globe
- Other Business

# COMPONENTA

## Sales to customer industries



**Heavy trucks**

**Off-road**

**Power and transmission**

**Machine building**

**Others**

**46% (56%)**

**24% (14%)**

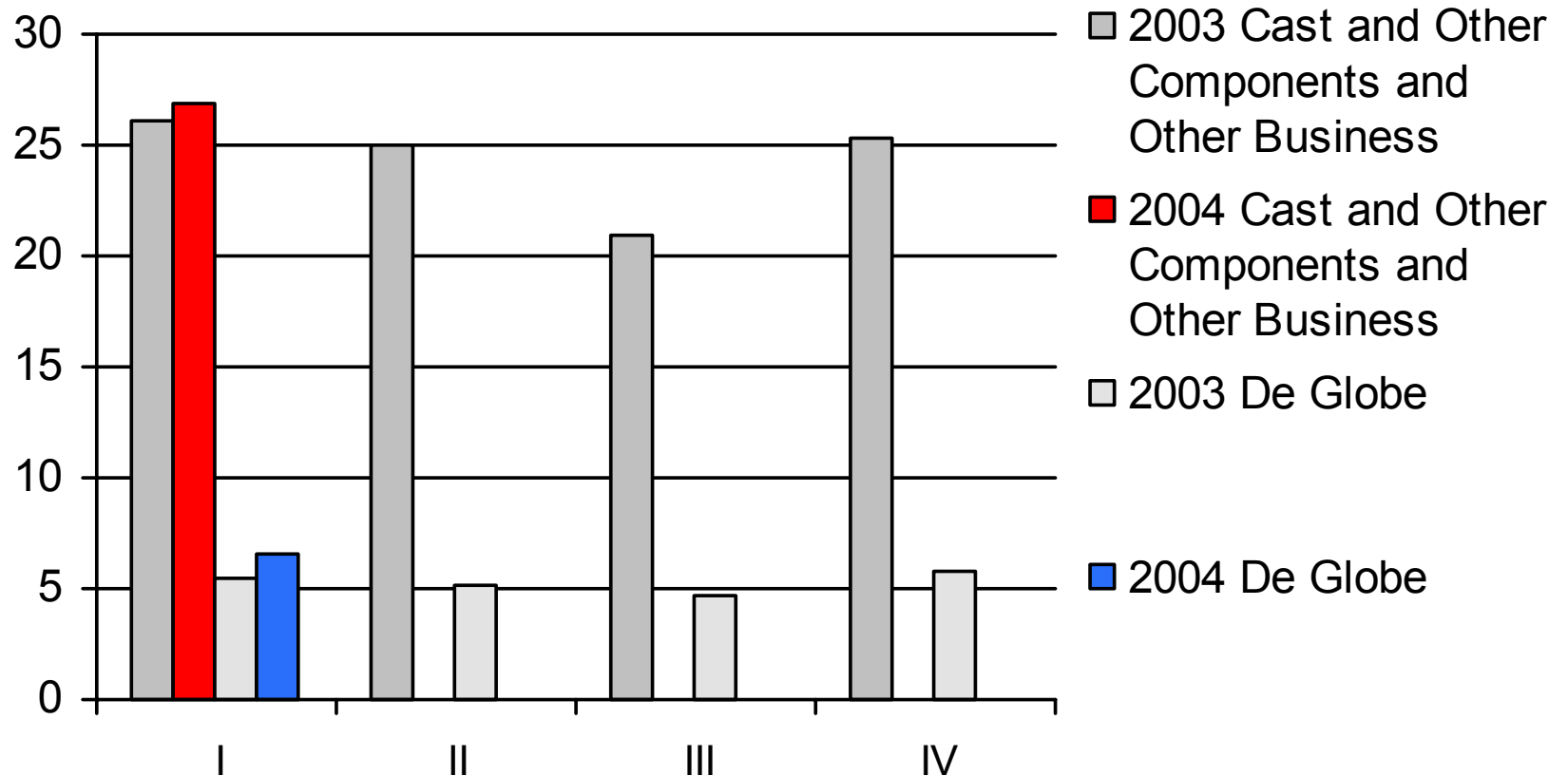
**14% (13%)**

**12% (13%)**

**3% (4%)**

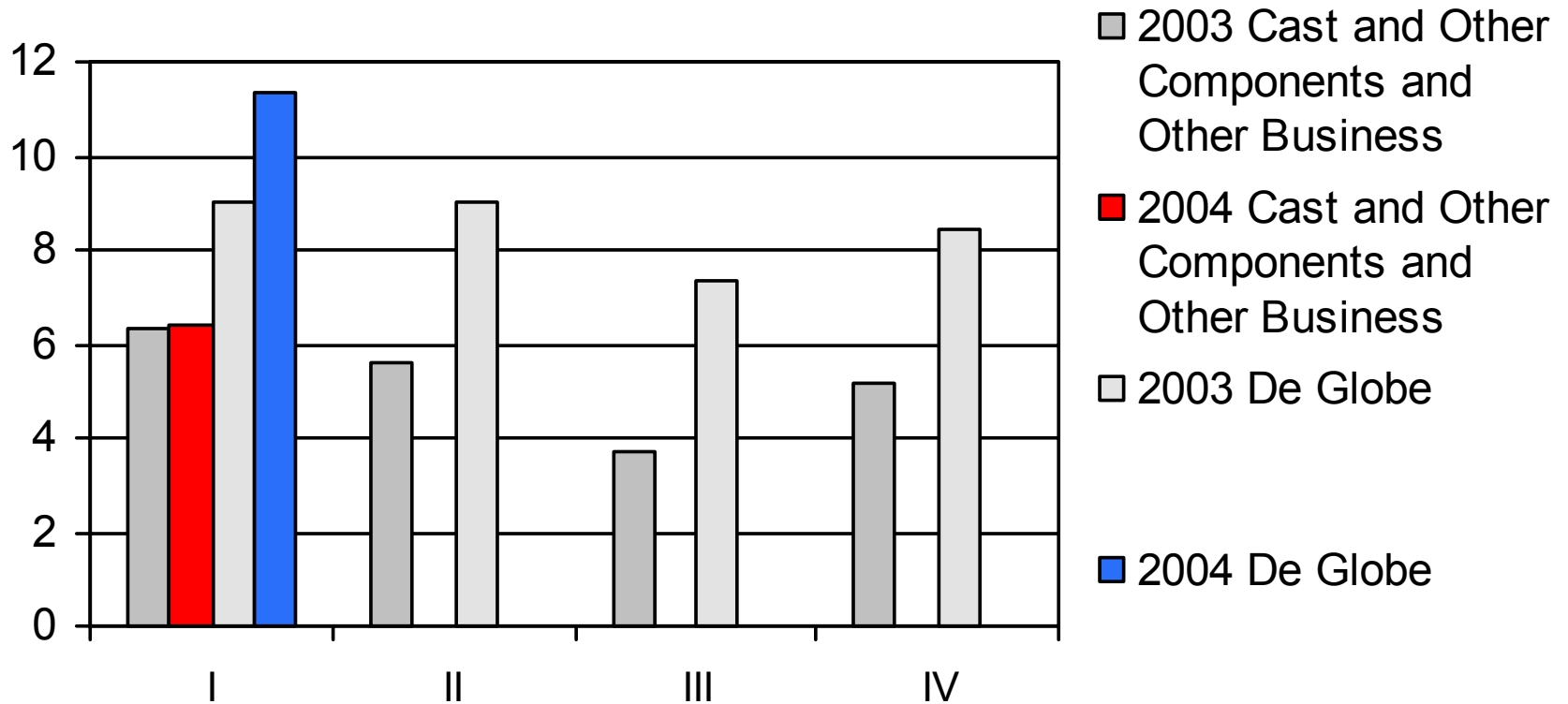
## Sales to heavy truck industry

MEUR



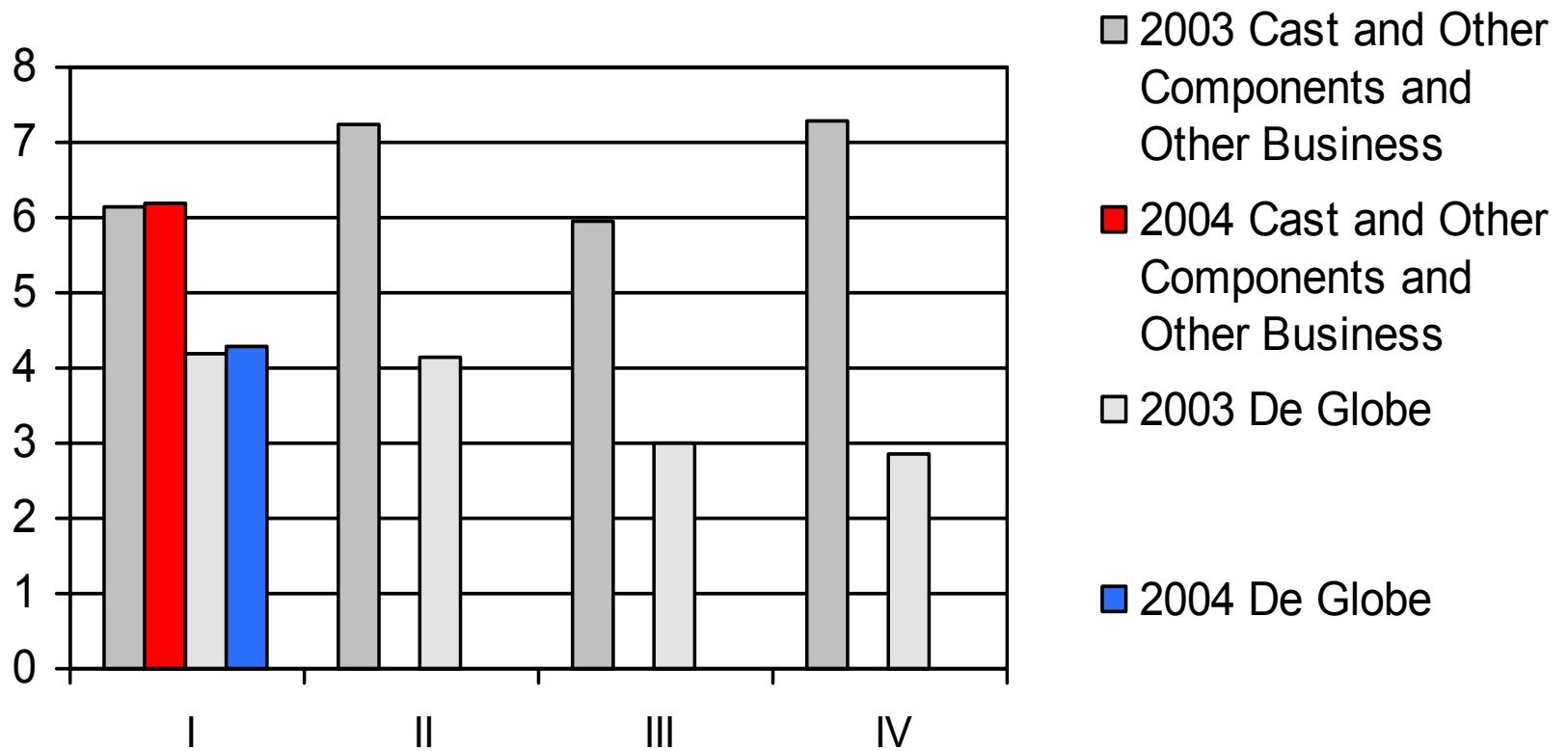
## Sales to off-road industry

MEUR



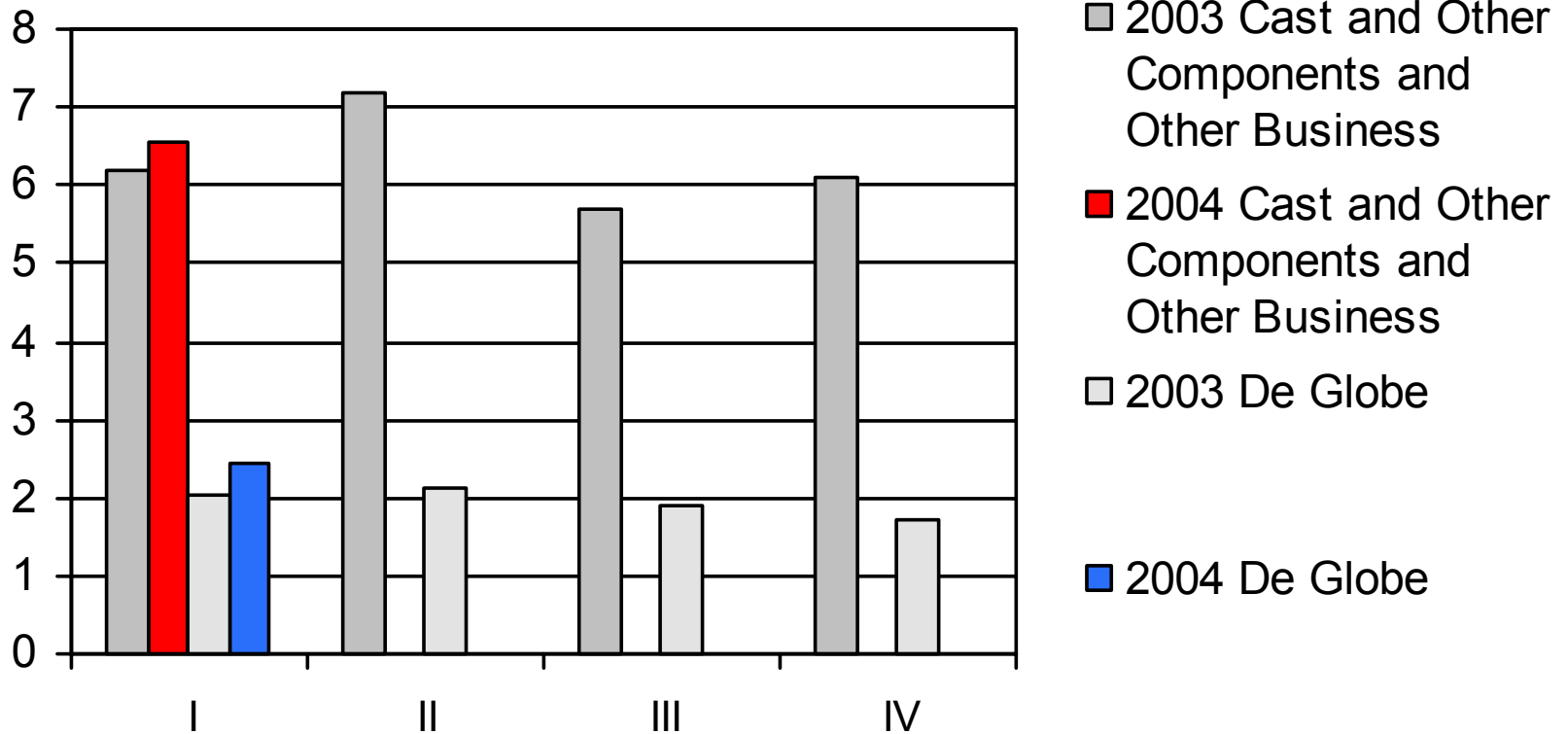
## Sales to power and transmission industry

MEUR



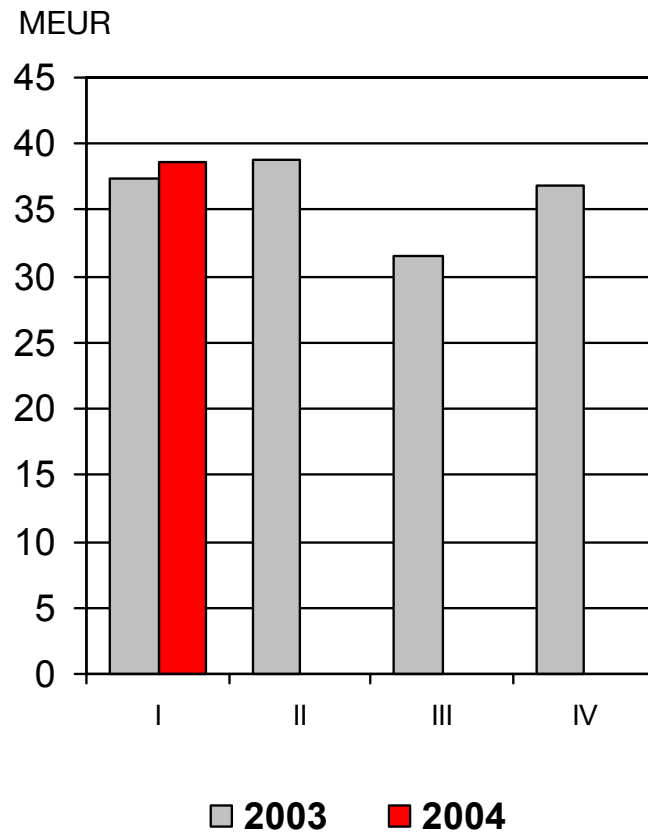
## Sales to machine building industry

MEUR

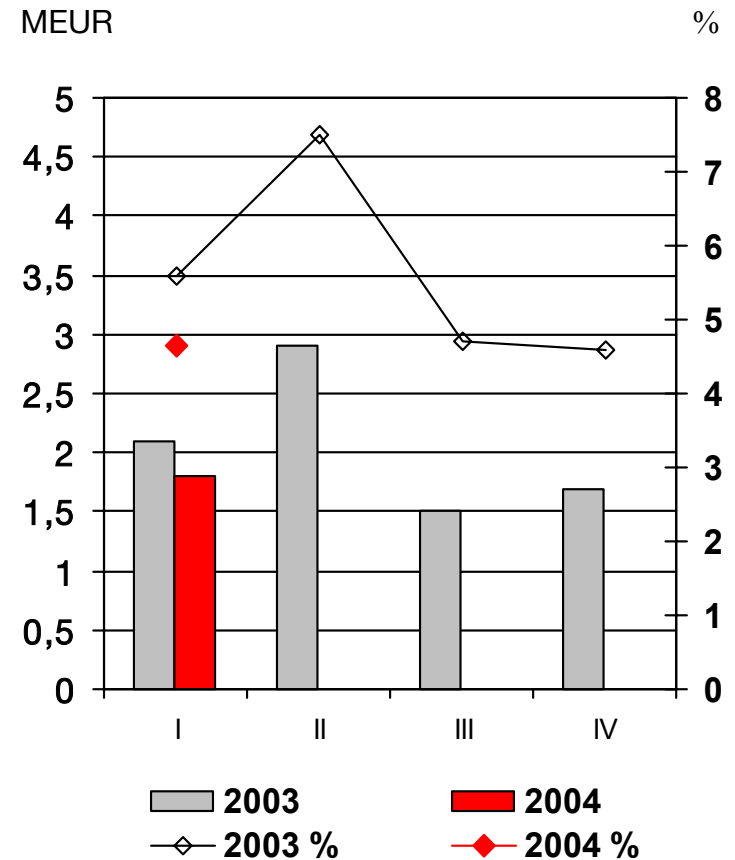


## Cast and Other Components

### Net sales



### Operating profit



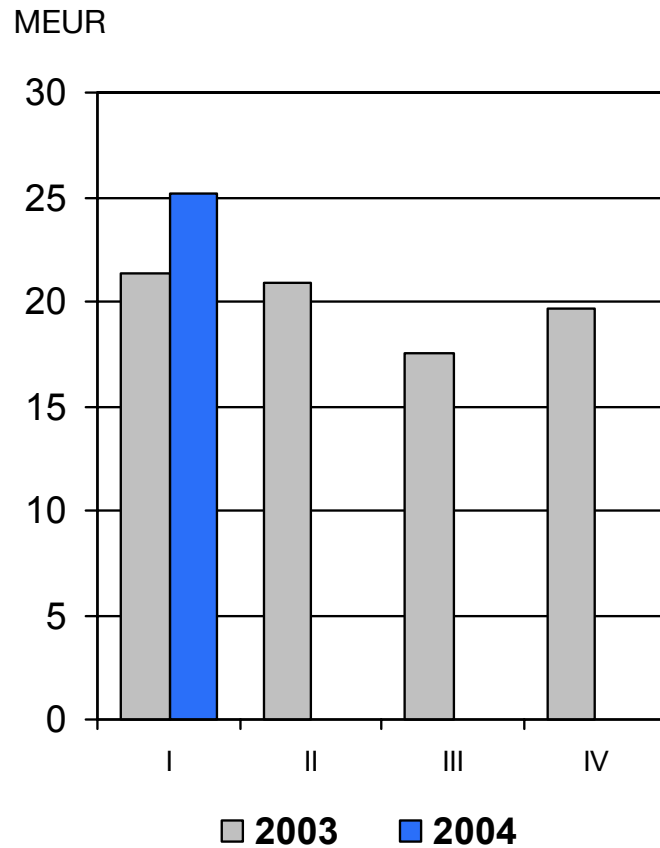


## Performance of Cast and Other Components

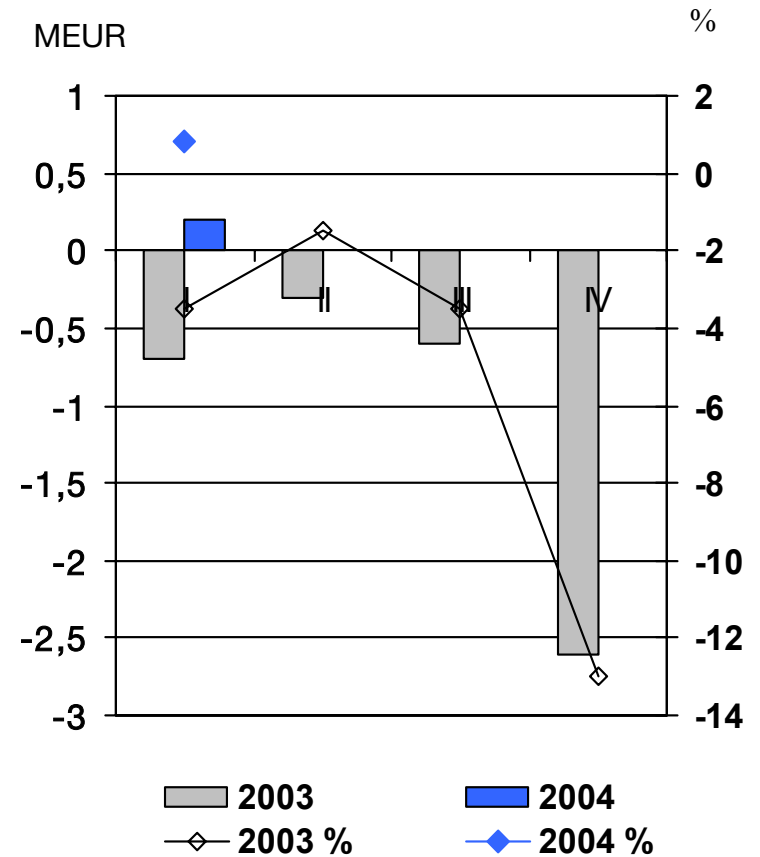
- Extremely high price of scrap weakened the business group's result in the first quarter.
- The cost impact of the scrap price increase has been passed on to product prices as from the beginning of the second quarter.
- The closing down of the Alvesta foundry and transfer of its production to Karkkila, which started in October 2003, have proceeded according to plan.
- Production at Alvesta will cease on 19 May 2004 and the buffer stocks required during the interruption in production have been produced on target.
- Recruitment and training of personnel for Karkkila as well as the planning and implementation of investments have also proceeded according to plan.
- Merging the foundries is estimated to contribute annual cost savings of some MEUR 5 as from 2005.

## De Globe

### Net sales



### Operating profit



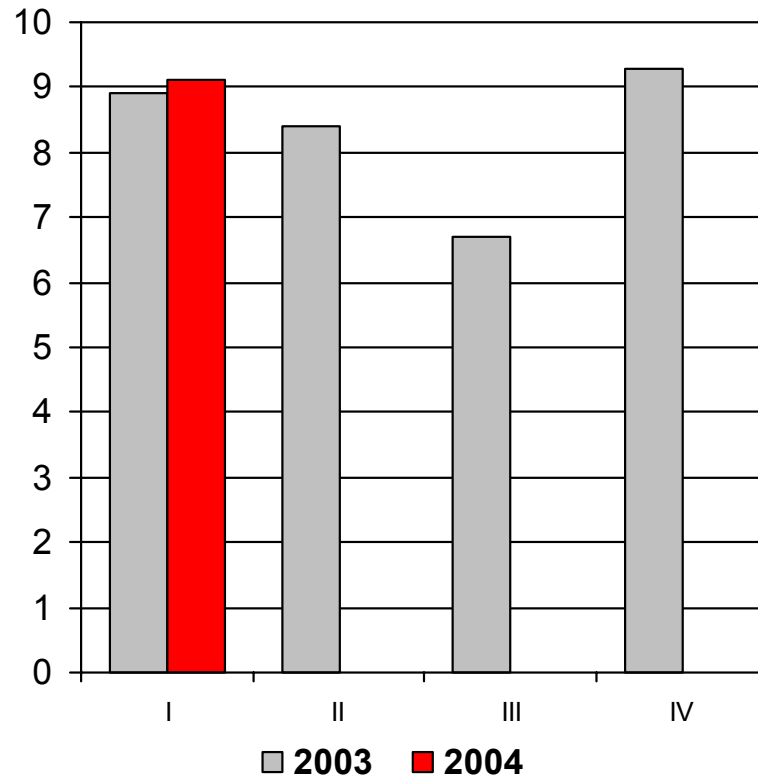
## Performance of De Globe

- The growth in net sales improved De Globe's result, whereas the increase in the price of scrap slowed down the positive development in the result in the first quarter.
- The cost impact of the scrap price increase has been passed on to product prices as from the beginning of the second quarter.
- A project to raise productivity has been started, which will close down the foundry in Belfeld and transfer production to the foundry in Hoensbroek.
- The investments to be made in connection with the transfer of production will be about MEUR 9.
- Closing down and transferring operations will cost altogether EUR 3 million, for which provision has been made in the 2003 financial statements.
- Combining the foundries is supposed to contribute cost savings of EUR 4 million a year as from 2005.

## Other Business

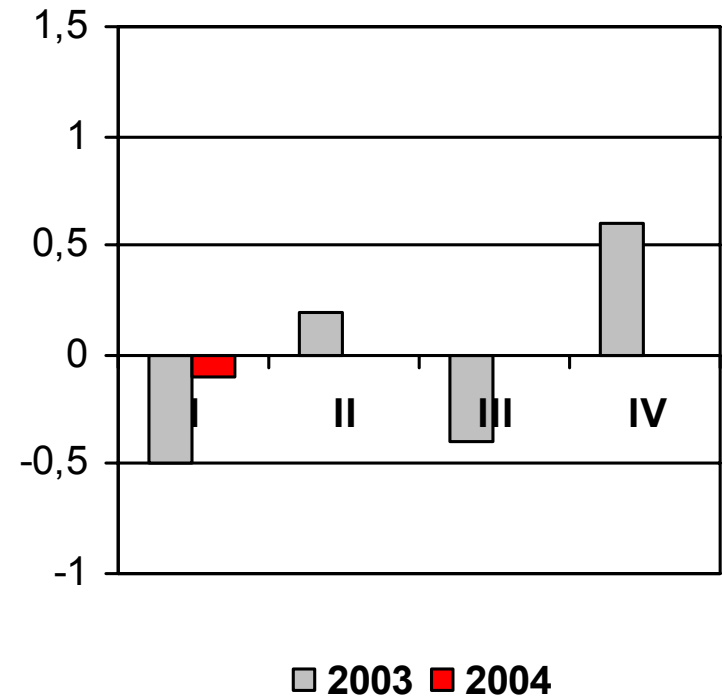
### Net sales

MEUR



### Operating profit (excluding one-time items)

Me



## Other Business and associated companies

- Net sales of the Wirsbo forges increased from the previous year and the operating result improved in consequence of the cost cutting programme.
- The cost cutting programme and action to enhance operations are expected to significantly improve the full year result of Wirsbo in 2004.
- Componenta Group's share of the result of the associated companies was MEUR 0.1 (-0.2).
- The shares in Thermia AB were sold to Procuritas Capital Investors III.
- Associated companies Keycast and Ulefos recorded a profit after financial items.
- The operations of Ulefos NV have recovered following the remedial action started last year.

## Prospects Q2/2004

- Componenta's prospects are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.
- The lessening of uncertainty and low interest rates have created the conditions for industrial investments to start up. Any increase in investments is likely to be slow, so it may still be necessary to wait for decisions on major industrial investments.
- The decline in demand for heavy truck components, which continued for three years, has ended and demand is picking up.
- Demand for components from the off-road industry has taken an upward turn.
- Demand for components from the power and transmission industry and from machinery and equipment manufacturers is expected to continue to strengthen slightly.

## Prospects Q2/2004

- The growth in the markets is still exposed to risks.
- Net sales of Cast and Other Components and De Globe in the second quarter of 2004 are expected to increase from the previous year.
- Componenta's result for the second quarter, excluding one-time items, is forecasted to be better than in the corresponding period of last year and the cash flow from operations is expected to be positive.