

COMPONENTA
Casting Future Solutions

ANNUAL REPORT 2015



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President's review

Harri Suutari, President and CEO



Measures to improve profitability began at the end of the year.

The operations of Componenta Group have been showing a loss for a long time, and the cash flow from operations has not been enough to cover investments and the very high financing costs. Although the parent company has been recapitalised several times over the past few years, the level of indebtedness has remained high. The New Force efficiency program implemented to improve profitability failed to achieve the objectives set for it, of which the most important was an improvement in the productivity of work and quality in the production units.

When financial performance in 2015 failed to meet the targets set for it in every respect, the company's Board of Directors decided to terminate the employment contract of President and CEO Heikki Lehtonen. Due to the company's very difficult financial position, the Board decided not to look for a new president and CEO from outside the company and I put myself up for the position in question. I was appointed to it on 16 November 2015.

Negotiations on a financing solution that would ensure the continuity of operations were begun immediately between the parent company and the banks that finance it. On 30 December 2015, we signed a so called

standstill agreement, according to which the financiers granted Componenta a temporary release from its obligations regarding certain loan terms.

Componenta's operations in 2015 suffered from a very tight liquidity situation. This caused continuous interruptions in operations as suppliers and service providers suspended their deliveries and services to enhance the collection of their outstanding receivables. These operational interruptions incurred financial losses estimated to amount to several million euros. I would like to extend my warmest gratitude to all those suppliers who continued their deliveries despite serious defaults in payments and believed in Componenta's ability to normalise the situation. I also want to thank some of our customers who have helped us to secure working capital over a troubled period of time.

As I write this, it seems likely that the various interest groups are about to settle on a solution based on which we will be able to negotiate final solutions aiming to secure the continuity of our operations. Whereas the Group's high level of indebtedness will not undergo material changes under this solution, its liquid assets will improve. It is my impression that skillful measures

will allow us to boost profitability and avoid a new financial crisis with the funds now possibly available to us.

We recorded significant depreciations and write-downs in estimated items in the financial statements for 2015. The changes reflect the new strategic alignments and realistic possibilities for future income in each business unit. We must nevertheless remain realistic in terms of what we can achieve with the existing fixed assets and factory network. The foundry industry is an extremely fragmented one and competition is tough.

Componenta's present form is the result of a number of acquisitions. The group, composed of foundries in various countries, has nevertheless failed to create significant synergies. In addition, the separation of engineering and customer service from production and their concentration under the Group administration was a poor decision and has led to a situation where some foundries are not working at their full capacity, generating expenses for others. Furthermore, it has resulted in pricing errors and even in the sale of products unsuitable for production, due to which the quality of Componenta's factories, and particularly that of the Orhangazi foundry, has deteriorated as a whole.

Structural changes are now underway in Componenta. The new line organization announced in March 2016 will decentralise authority and responsibility to the units. Our business units will receive their own planning functions and customer responsibilities. At the same time, the size of the Group administration will be reduced substantially.

At the end of the year, capacity utilisation rate in production was at a mere 58%. Furthermore, in light of the current, low market outlook, I do not expect these rates to experience any market-driven increase in the near future. During the current year, we may have to decide on cuts of capacity to reduce fixed expenses. I hope that the new organizational model will begin to generate orders for our factories, thereby reducing the pressure to cut unused capacity.

I would like to extend special thanks to the Group's financiers for their forbearance and, in advance, to those shareholders on whom the Group has relied on when negotiating on the financing that will secure its future. I also want to thank our personnel for their commitment to Componenta as an employer.

Harri Suutari

President and CEO

Componenta in brief

Componenta offers customers the complete supply chain of cast components and casting solutions – from engineering to production.

Componenta is one of the largest providers of cast components and casting solutions in Europe. Our customer service, component manufacturing and the production of solutions are based on our strong engineering, casting and machining expertise.

Componenta serves local and global customers that are well-known manufacturers of vehicles, machines and equipment, market leaders in their sectors. Our offering and services for them cover the complete supply chain and meet the demands and challenges of each sector and customer.

In 2015, Componenta's net sales amounted to EUR 495 million and the number of employees was approximately 4,270. Componenta's production units are located in Finland, Turkey, the Netherlands and Sweden, and the company operates customer service centres in those four countries as well as in the United Kingdom, Italy, France, Germany, the United States and Russia.

The shares of Componenta Corporation are quoted on Nasdaq Helsinki, and the shares of Componenta's subsidiary, Componenta Dökümcülük A.S, are quoted on the Istanbul Stock Exchange.

Key figures

	2015	2014
Order book, MEUR	76.9	88.9
Net sales, MEUR	495	495
Operating profit*), MEUR	6.0	17.8
Operating profit*), % of net sales	1.2	3.6
Result after financial items, excluding one-time items, MEUR	-18.4	-12.2
Result for the financial period, IFRS, MEUR	-82.7	-28.6
Interest bearing net debt, MEUR	237	216
Return on investment*), %	2.0	5.6
Return on equity*), %	-21.6	-12.1
Equity ratio, %	4.6	23.7
Net gearing, %	1,273	194
Earnings per share, EUR	-0.86	-0.63
Equity per share, EUR	0.11	1.06

Dividend per share, EUR	0.00**)	0.00
Investment in production facilities, MEUR	31.5	22.6
Number of personnel at end of year, including leased personnel	4,269	4,238
Capacity utilization rate, %	58	58
Energy consumption, GWh	657	666

*) Excluding one-time items and exchange rate differences on operative balance sheet items

***) Board proposal

Financial Statements 2015

Visit also our website www.componenta.com for more information about our business, sustainability and offering.

The year in brief

Key measures and events at Componenta in 2015.

Quality improvement efforts recognised

Our continuous efforts for quality improvement were recognised by a major customer. Caterpillar awarded Bronze Level SQEP certification to the Orhangazi foundry and machine shop in Turkey and Silver Level SQEP certification to the Främmestad machine shop in Sweden in recognition of their high quality and preferred supplier status.



New aluminium foundry

The new aluminium foundry under construction in Manisa, Turkey will ensure Componenta's deliveries of aluminium components in the coming years. The construction of the new foundry, which will increase production capacity, was expedited after an agreement signed early in the year for a major component delivery in the European market. Machine installation work in the new foundry building will continue over several phases in 2016.



Efficiency improvement program

The goals of the efficiency improvement program, which began in 2012 and has been expanded annually since then, include increasing productivity and achieving cost savings in order to improve profitability and competitiveness. The targets of the program were not fully achieved in 2015. Changes were started in November.



Recycling and reuse

We use recycled material as raw material and direct part of the waste we generate to be reused. In 2015, 68% of the primary raw material used at Componenta's iron foundries was recycled steel, and 91% of the waste generated was directed to be reused. Investments made in the previous year supported a higher rate of reuse of waste and lower waste costs.



Componenta & Ferromatrix begin cooperation

Componenta and Ferromatrix NV signed an agreement in summer 2015 regarding cooperation related to large furan cast components. Going forward, the components will be manufactured at Ferromatrix's efficient foundry in Belgium, and the loss-making furan production line at Componenta's foundry in Heerlen in the Netherlands will be closed down. Starting from the beginning of 2016, Componenta will be responsible for sales and customer cooperation related to furan cast components.



Personnel development

Personnel training and development programs continued. A training program for young high-potential talents brought together young employees from our various operating countries. Foremen were provided with new tools for teamwork, while participants in management team training obtained new perspectives regarding operating culture and management culture. The participants of Componenta's fourth international training program entered the international training phase.





Construction work of the new aluminium foundry was finalized in 2015.



68% of main raw material used in our iron foundries was recycled steel.



Manufacturing and sales of large furan cast components were joined with Ferromatrix.

Strategy

Componenta's new strategic direction is aimed at achieving a substantial improvement in profitability.

Componenta revised its strategic direction in December 2015 with the aim of achieving a substantial improvement in profitability. According to the strategy that is being drawn up, in future Componenta will concentrate on medium volume product series in iron castings and on aluminium castings, and aims to raise capacity utilization rates at all its production plants. The typical customers of medium-sized product lines in iron cast components are global operators in the heavy truck, agricultural machinery, off-road machinery and mining industries. The new aluminium foundry to be commissioned in Manisa, Turkey in 2016 will strengthen Componenta's position as a supplier of aluminium components for the automotive industry. The manufacturing and sale of large furan cast components will continue in cooperation with the Belgian company Ferromatrix.

The goals of the strategy that is being drawn up are to substantially reduce fixed costs and quality costs while improving efficiency and customer service in order to create the conditions for profitable growth.

In connection with strategic alignment and goals, Componenta is beginning a strategic review of the business structure, which will include the possible closure or sale of production plants, transfers of production and other measures aiming to significantly improve profitability. The strategic review will cover all the Group's production plants in the Netherlands, Sweden and Finland. The objectives of the strategic review are to clarify the structure of business operations and to concentrate production capacity so that it serves Componenta's customers in the most effective way. In consequence of these measures, the profitability and competitiveness of the remaining business operations are expected to improve considerably.

The changes supporting the strategic goals began in December with organizational restructuring measures, the most significant of which concerned the customer interface and the related new service concept. The changes implemented as part of the ongoing revision of strategy continued in March 2016 with the elimination of certain overlapping functions in the organization and the clarification of the management system by incorporating previously Group-level sales, engineering, quality and customer functions into the business units.

The strategic projects in 2015, in other words the efficiency improvement program, developing a proactive service and quality culture, achieving excellence in product management and increasing sales did not produce the expected results. The Group's result performance being substantially weaker than expected and tight liquidity situation led in November to changes in the company's management and to new strategic direction.

Realizing Componenta's vision – be the preferred casting solution provider locally and globally – requires efficient and profitable business operations.

The Componenta strategy is based on the Group's values and sustainability principles.

Values – **Openness, Honesty** and **Respect** – are visible in our daily operations as follows:

- We are open to new things, development and change – and thereby also the continuous improvement of our ways of working.
- We are honest with ourselves and with each other. We do what we promise.

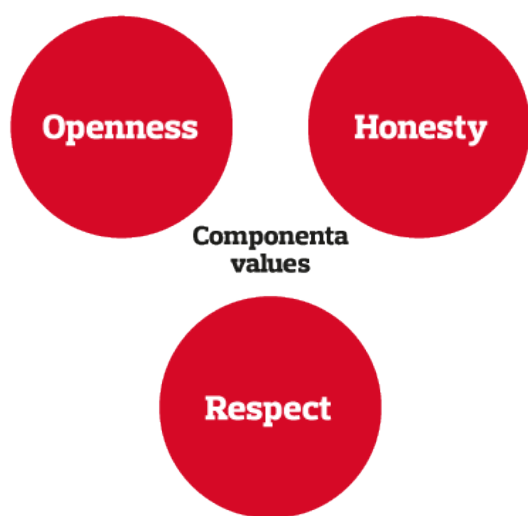
- Our cooperation with our colleagues, supervisors, subordinates, customers and other partners is based on trust and mutual respect.

Componenta mission

Casting Future Solutions

Componenta vision

Preferred casting solution provider locally and globally



Strategic measures

Measures to achieve strategic goals in 2015 did not bring expected results.

Componenta's strategic projects and measures in 2015 focused on increasing productivity and cost-efficiency and improving efficiency in operations and ways of working. The goals of the projects were to safeguard the

Group's competitiveness, develop closer cooperation with customers, and increase sales, but these goals were not achieved.

Strategic projects

Efficiency improvement program	<p>Componenta's group-wide efficiency improvement program, which began in 2012 and was expanded in 2013 and 2014, had the target of improving the company's profitability from year 2012 level by EUR 45 million by the end of 2015. During 2015 the efficiency improvement program fell considerably short of the targets set for production efficiency. The efficiency improvement program will be replaced in line with the changes considering company's management and strategy done in November.</p>
Developing the quality and service culture and utilising product development projects	<p>In line with the objectives, Componenta developed its quality assurance processes and renewed its management practices to reduce quality costs, improve customer service and increase customer satisfaction.</p> <p>Through the product development projects the company created considerable added value for customers. Taking advantage of these has enabled the company to sign major new contracts.</p> <p>In future, in line with Componenta's new strategic alignments, product development and engineering and quality functions close to production will correspond even better to customer needs. Componenta failed to achieve its targets for reducing quality costs in 2015 and the measures to cut costs will continue in 2016.</p>
100 MEUR organic growth program	<p>In the organic growth program had the goal of a EUR 100 million increase in net sales. The impact of the program on growth in sales will be lower than previously reported due to weakening market prospects. As part of the reorganisation of sales and the re-assessment of production operations, the program has for the time being been suspended. The business units are being strengthened by integrating into them the engineering, quality and customer service functions as well as sales, apart from global customer accounts. The changes aim to increase cooperation between production and sales, improve customer service and obtain cost savings.</p>

Business

Componenta's business is the engineering and manufacture of cast components and related solutions to produce ready-to-assemble components for vehicles, machinery and equipment.

We engineer, cast and machine iron and aluminium components. The comprehensive offering of our production units covers component sizes ranging from a few kilos to several tonnes and series sizes ranging from single pieces to series of hundreds of thousands of units. The offering also includes several different choices of materials.

Our customers are well-known manufacturers of vehicles, machines and equipment, and leading companies in different industrial sectors. We work closely with customers, starting from component engineering, leveraging our strong expertise in casting, machining and materials. This ensures that the components we produce meet the requirements and challenges of our customers and their industries.

In 2015, Componenta's business operations were divided into three divisions: the Foundry Division, the Machine

Shop Division and the Aluminium Division. The three divisions also constitute the Group's reporting segments. In addition, the Group includes the Other Business division. The Foundry Division includes the Group's iron foundries and iron cast component production, while the Machine Shop Division is responsible for their machining and surface treatment. The Aluminium Division is responsible for the production, sales and engineering of aluminium components and wheels. For iron cast components, sales, engineering, product development, quality services and logistics services operate as separate Group-wide functions.

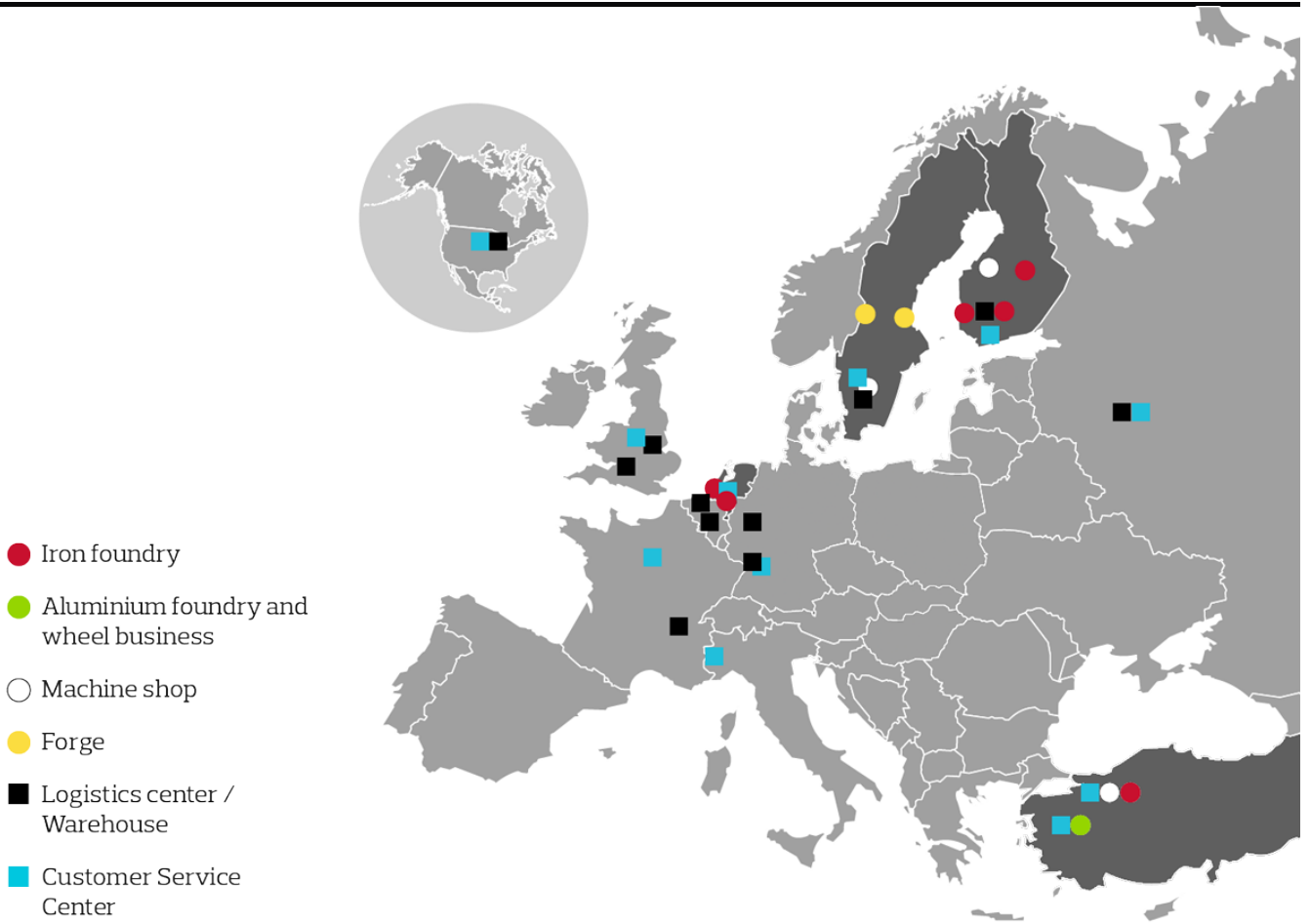
Componenta has production units in four countries and customer service centres in ten countries. At the end of 2015, the Group had approximately 4,270 employees.

Our business in 2015

	2015	2014
Order book	77 MEUR	89 MEUR
Net sales	495 MEUR	495 MEUR
Operating profit*)	6 MEUR	18 MEUR
Capacity utilization rate	58%	58%
Investments	31 MEUR	23 MEUR

*) Excluding one-time items and exchange rate differences on operative balance sheet items

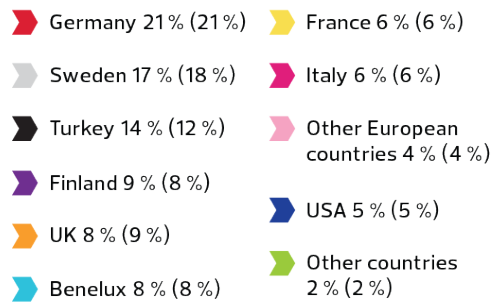
Componenta locations





We serve leading companies in various industrial sectors, well-known manufacturers of vehicles, machines and equipment.

Net sales by market area



Business environment development

The demand for Componenta's products are influenced by changes in the business environment and customer sectors.

Market demand and growth in the foundry industry are highly dependent on macroeconomic trends. The demand for components are also influenced by many changes in the business environment and customer sectors. Customers seek competitive suppliers that are strong and competent strategic partners with the capacity to develop their business operations and deliver demanding cast components. As customers seek comprehensive solutions, they also have an interest in product development and engineering partnerships.

After the early part of the year 2015 there was only slight growth in demand. Componenta's order book at the beginning of 2016 was 14% lower than in the previous year at EUR 77 (89) million. The order book comprises confirmed orders for the next two months. The fall in the prices of recycled steel, iron and aluminium in 2015 reduced the order book by some EUR 3 million compared to the same time in the previous year, because of lower raw material surcharges.

The order book for the Componenta's heavy trucks customer sector was 20% smaller than at the same time in the previous year. Overall, market conditions in the heavy trucks customer sector in Europe have improved from the previous year. But this has only had a small impact on demand for components in Europe, since heavy truck manufacturers have temporarily switched their production outside Europe to balance out their own production and demand in different market areas.

Componenta's sales to customer sector were slightly better than in the previous year.

The order book for the construction and mining customer sector declined 17% from the same time in the previous year. Componenta's full year sales to construction and mining customers declined, although this was less than the decline in the market thanks to the impact of new products. The slowdown towards the end of the year in the construction and mining market has affected all customers. Low volumes have also affected new sales.

The order book for the machine building customer sector declined 6% from the previous year. The weak market has mainly impacted customers in central Europe, and positive developments in new sales and the more stable state of the market in the Nordic countries have helped to compensate this.

The order book for Componenta's agricultural machinery customer sector fell 17% from the previous year due to the weak market conditions that continue in the sector.

The order book for the automotive customer sector declined 1% from the previous year. Componenta's sales increased 18% from the previous year. Market demand has remained strong as have the company's new sales to vehicle manufacturers.

Customers

Componenta's customers are manufacturers of vehicles, machines and equipment in different industrial sectors, often leading players in their industries.

Componenta supplies customers with components cast from iron and aluminium and solutions made from these. They are often critical parts of customers' products. Componenta's customers operate in five different industrial sectors: heavy trucks, construction and mining, machine building, agricultural machinery and the automotive industry. Many of our customer relationships and partnerships have continued for years, even decades.

We provide our customers with the complete component supply chain. We know each customer's business and challenges, and we respond to the challenges by leveraging our expertise and experience in component engineering, casting, machining and logistics services. We aim to be the preferred casting solution provider for our customers, both locally and globally.

Heavy trucks 32% share of Componenta's sales in 2015

We provide products that are optimised in cooperation with the customer, starting from the engineering phase, to ensure they meet the requirements.

Our customers in the heavy trucks industry include, among others, Daimler, Iveco, MAN, Scania and Volvo.

Construction and mining 16% share of Componenta's sales in 2015

We provide solutions to large manufacturers of machinery and equipment, utilising 3D and CAD tools, analyses and simulations.

Our customers in the construction and mining industries include, among others, Bomag, Caterpillar, JCB, Kessler Axles, Komatsu, Volvo CE and Wacker Neuson.

Machine building 21% share of Componenta's sales in 2015

This major customer segment comprises machine builders from various industrial sectors. We provide solutions and components for industries including, among others, the wind power industry, railway equipment, multipurpose vehicles, air and fluid distribution, engines and machinery.

Our customers in the machine building industry include, among others, ABB, Atlas Copco, Bombardier, Kone, Vestas, Gardner Denver and Siemens.

Agricultural machinery 13% share of Componenta's sales in 2015

We engage in demanding engineering in cooperation with our customers in order to meet technical challenges related to the products. We supply

components cast from iron and aluminium, either cast coated, machined or surface treated according to need.

Our customers in the agricultural machinery industry include, among others, Case New Holland, Claas, Fendt, Gima, John Deere, Massey Ferguson, Valtra and Türk Traktör.

Automotive 18% share of Componenta's sales in 2015

Demanding engineering allows us to introduce new properties to aluminium components and end products.



We aim to be the preferred casting solution provider for our customers, both locally and globally.

These include, among other things, reduced weight, improved durability, smaller fuel consumption and, therefore, lower CO2 emissions. We provide aluminium wheels to leading manufacturers. We also produce aluminium wheels under two brands of our own: DJ wheels and MAXX wheels.

Our customers in the automotive industry include, among others, ATU, Borbet, Grüner, OZ, Renault, Thyssenkrupp, Tofas and Turkish Tractor.

Sales by customer industry



- ▶ Heavy trucks 32% (32%)
- ▶ Construction and mining 16% (18%)
- ▶ Machine building 21% (20%)
- ▶ Agricultural machinery 13% (15%)
- ▶ Automotive 18% (15%)

Business segments

In 2015, Componenta's business operations – the casting and machining of iron and aluminium components – were divided into divisions that operate across multiple countries.

Componenta's core business in 2015 was divided by production units into three segments: the Foundry Division, the Machine Shop Division and the Aluminium Division. The Group's business development and financial performance were also reported in accordance with this segment structure.

The Foundry Division consisted of the Group's iron foundries, which are located in Orhangazi in Turkey, in Heerlen and Weert in the Netherlands, and in Iisalmi, Karkkila and Pori in Finland.

The Machine Shop Division comprised the Group's machine shops located in Orhangazi, Turkey, and

Främmostad, Sweden, as well as Componenta Pistons in Pietarsaari, Finland.

The Aluminium Division included an aluminium foundry and an aluminium wheel production unit, both of which are located in Manisa, Turkey.

In addition to the segments formed by the aforementioned core businesses, the Group had an additional segment called Other Business, which included the Componenta Wirsbo forges in Sweden, the sales and logistics company Componenta UK Ltd in England, the associated company Kumsan A.S. in Turkey, service and real estate companies in Finland, and the Group's administrative functions.

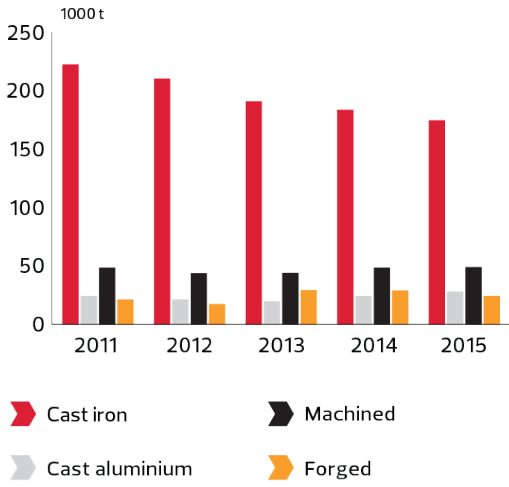
Share of each division of the Group

2015 MEUR	Order book	Net sales*)	Operating profit**)	Personnel incl. leased personnel
Foundry Division	43.1	294	-4.9	2,530
Machine Shop Division	21.0	124	1.6	434
Aluminium Division	14.4	93	12.0	900
Other business	14.4	110	-2.8	417

*) Including the Group's internal eliminations, some 25 per cent, and the supply of casting blanks from foundries to machine shops within the Group

**) Excluding one-time items and exchange rate differences on balance sheet items

Production tons



Foundry Division

The division includes all of the Group's iron foundries, which are specialised according to various moulding techniques, sizes of castings and series sizes.

Foundry Division in 2015

Production units	<p>Componenta Orhangazi Turkey</p> <p>Componenta Högfors Finland</p> <p>Componenta Pori Finland</p> <p>Componenta Suomivalimo Finland</p> <p>Componenta Heerlen Netherlands</p> <p>Componenta Weert Netherlands</p>
Order book	<p>At the end of 2015 the order book for the Foundry Division was 12% lower than at the end of the previous year, standing at EUR 43.1 (49.2) million. The order book for the Foundry Division comprises orders from manufacturers of heavy trucks, construction and mining machinery, and agricultural machinery, and from the machine building industry.</p>
Net sales	<p>Net sales for the Foundry Division in the financial year declined from the previous year to EUR 294 (308) million.</p>
Operating profit	<p>The division's operating profit excluding one-time items and exchange rate differences on balance sheet items was EUR -4.9 (5.3) million. The operating profit declined from the previous year mainly due to lower volumes, strikes in Turkey, the weakening of the lira and high wage inflation in Turkey and quality-related problems. A further factor in weakening profitability was the poorer financial performance of the foundries in the Netherlands.</p>
Number of personnel	<p>At the end of 2015 the number of personnel in the Foundry Division, including leased employees, was 2,522 (2,557).</p>
Management	<p>The Senior Vice President of the Foundry Division was Olli Karhunen.</p>

The Group's largest iron foundry is the Orhangazi foundry in Turkey, which deployed a new large DISA moulding line in its production operations. On the new line, the full production process from iron smelting to the packaging of finished components operates as one uninterrupted stream. The modernised DISA line transferred from the discontinued Pietarsaari foundry replaced two older moulding lines at Orhangazi and helped increase production capacity.

In addition to increasing productivity, improving overall quality was one of the key goals of the Group and its foundries in 2015. The Orhangazi foundry focused on measures to improve the quality of production and products, particularly in the second half of the year. As part of these efforts, engineering and quality responsibilities that were previously at the Group level were assigned directly to the foundry, and the related resources were strengthened. The quality improvement efforts were also recognised by customers, with

Caterpillar awarding Bronze Level SQEP certification to the Orhangazi foundry and machine shop. The certificate is also a recognition of Componenta's position as a preferred partner of Caterpillar.

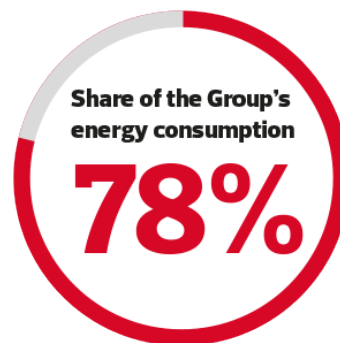
The foundries in the Netherlands and Finland also worked to increase productivity and quality. However, the targets set for the improvement projects were not fully achieved.

Quality problems and the resulting higher-than-expected quality costs at the foundries weighed down on the division's result for the financial year.

Componenta's foundries in the Netherlands prepared for the start of production cooperation with the Belgian company Ferromatrix at the beginning of 2016. The measures were related to the transfer of furan production from the Heerlen foundry to the Ferromatrix foundry in Belgium and the closure of the loss-making furan production line, as well as the start of a joint sales and customer service function between the two companies. Plans announced in summer 2015 regarding the transfer of production operations from the Weert foundry to Heerlen were reassessed late in the year as part of the Componenta Group's strategy and related operational restructuring.



Iron foundries focused on improving quality and productivity.



Machine Shop Division

Componenta's machine shops machine and finish cast components in accordance with customer requirements.

Machine Shop Division in 2015

Production units	Componenta Orhangazi Componenta Främmestad Componenta Pistons	Turkey Sweden Finland
Order book	At the end of 2015 the order book for the Machine Shop Division was 5% lower than at the same time in the previous year, standing at EUR 21.0 (22.1) million. The order book comprises orders from manufacturers of heavy trucks, construction and mining machinery, and agricultural machinery, and from the machine building industry.	
Net sales	The net sales of the Machine Shop Division increased from the previous year, to EUR 124 (122) million.	
Operating profit	The division's operating profit excluding one-time items and exchange rate differences on balance sheet items was EUR 1.6 (3.8) million. The operating profit declined because of the disruptions in production at the Främmestad machine shop in the first half of the year and the problems in production caused by the tight liquidity.	
Number of personnel	At the end of 2015, the number of personnel in the Machine Shop Division including leased employees was 421 (410).	
Management	The Senior Vice President of the Machine Shop Division was Juha Alhonoja.	

The key measures implemented during the year at the Orhangazi machine shop in Turkey were related to quality improvement. Quality inspections were increased, which facilitated the immediate rectification of defects and led to a decrease in quality deviations reported by customers. The quality improvement efforts were recognised when Caterpillar, a major customer of the company, awarded Bronze Level SQEP certification to Componenta Orhangazi, including the foundry and machine shop, in recognition of the unit's high quality level and continuous high-quality operations.

In 2016, the machine shop at Orhangazi will start deliveries for a major multi-year customer order. To support this, a next-generation multi-spindle machining center was installed at the machine shop.

At the Främmestad machine shop in Sweden, focus was shifted to improving the efficiency of production operations and increasing productivity following the successful deployment of the SAP enterprise resource planning system, which took longer than expected. Product transfers from Främmestad to the Orhangazi machine shop were completed in the fourth quarter of 2015. Going forward, production at Främmestad will be efficiently located in one production hall after the phasing out of the other hall and old machine tools.

Främmestad is also engaged in an ongoing effort to improve the quality of products and operations. As a result, Caterpillar awarded Silver Level SQEP certification to the machine shop in 2015. This recognition of the machine shop's high quality level and high-quality

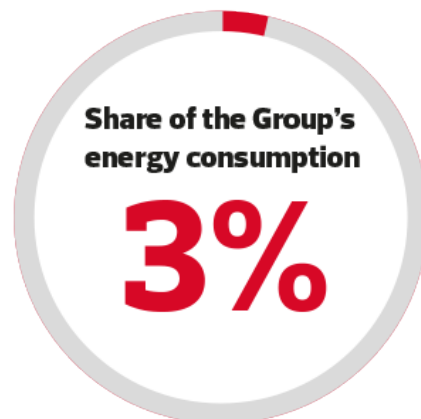
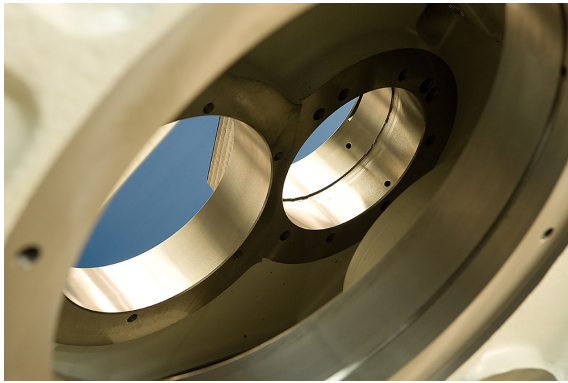
operations followed the Bronze Level SQEP certificates awarded to Främmestad by Caterpillar in 2013 and 2014.

The expansion of production capacity at the Componenta Pistons unit in Pietarsaari, Finland, was

completed in 2015. The new piston production line will be ready for the start of the serial production of a new size category of pistons in spring 2016.



Continuous quality improvement was recognised by a major customer.



Aluminium Division

The Aluminium Division designs, casts and machines aluminium components for cars and heavy trucks as well as aluminium wheels.

Aluminium Division in 2015

Production units	Componenta Manisa (aluminium foundry) Componenta Manisa Wheels (production unit for aluminium wheels)	Turkey Turkey
Order book	At the end of 2015 the order book for the Aluminium Division stood at EUR 14.4 million (EUR 15.9 million), 10% lower than at the same time in the previous year. The order book comprises orders from the automotive and heavy trucks industries.	
Net sales	Net sales for the Aluminium Division improved from the previous year to EUR 93.0 million (EUR 79.5 million).	
Operating profit	The division's operating profit excluding one-time items and exchange rate differences of balance sheet items was EUR 12.0 million (EUR 8.2 million) The operating profit improved from the previous year due to increased volumes and implemented price increases.	
Number of personnel	At the end of the year the number of personnel in the Aluminium Division, including leased personnel, was 911 (831).	
Management	The Senior Vice President of the Aluminium Division was Sabri Özdoğan.	

The Aluminium Division's units design, cast and machine aluminium components and wheels for vehicles. Both the aluminium foundry unit and the aluminium wheel production unit operated at nearly full capacity throughout the year.

The sales of new products developed favourably in the aluminium foundry, and new products were successfully introduced in production. In 2015, the foundry increased its quality standards and met the highest quality requirements of leading automotive manufacturers regarding the casting and machining of aluminium components.

New products and product projects also expedited the new aluminium foundry construction project. Construction work was completed in late 2015 and the installation of existing machinery started at the

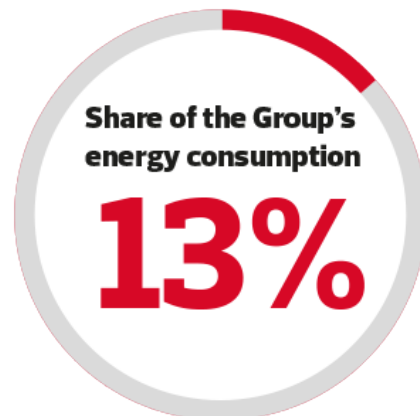
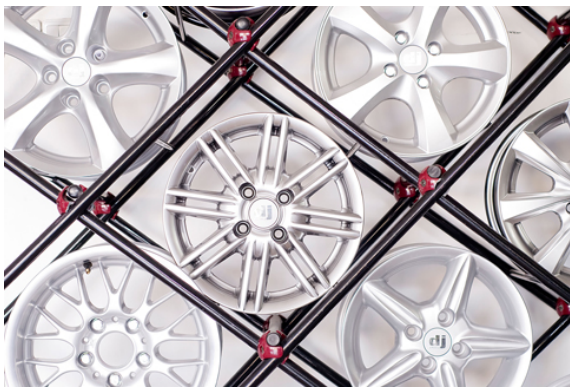
beginning of 2016. The new foundry will also include new machinery and automation solutions that will boost competitiveness, further improve quality and increase capacity. We made good progress in our research into alternative casting technologies, such as Rheocasting, and we are planning to utilise the results of this research in our production methods.

Componenta manufactures aluminium wheels mainly for other brands, but also under its own DJ and MAXX wheel brands. The sales of aluminium wheels reached a record high during the year and, in production operations, we achieved our quality, productivity and profitability targets. Our most significant investment in 2015 was in equipment for the recovery and remelting of machine chips, which reduces production waste and improves future profitability. Going forward, our goal is to

increase the level of automation in wheel production to optimise costs and maintain competitiveness.



We met the highest quality and delivery accuracy requirements of leading automotive manufacturers.



Business development

Improving quality, customer service and profitability were the objectives of development measures in 2015.

Componenta's business is the engineering and manufacture of cast components and related solutions. The value chain offered to customers covers the full range of services related to cast component production, from engineering to casting, machining, surface treatment and logistics. These services are combined to provide solutions that meet the needs of global and local customers.

Componenta's iron foundries specialise in manufacturing components of different weight and production series of varying length, which makes it possible to choose the most technically suitable and cost-efficient production location for each component. The corresponding optimal choice is also made for machining services. Combined with highly competent and motivated personnel, they constitute solutions that ensure that customers receive the best possible products and services.

In 2015, the objective of business development was improving profitability and competitiveness. The measures were primarily aimed at increasing productivity, improving the quality of products and operations, as well as achieving cost savings in accordance with the targets set for the efficiency improvement program and the company's strategic goals.

The Group's iron foundries continued to finalise the transfers of production lines that began in the previous year and start the production of new products, which required several adjustments and specifications throughout the various process stages. At the Orhangazi foundry, production operations were restructured by dividing the foundry's production lines into two separate production chains and profit centres operating under their own management. The foundry's nearly 70

foremen received training to ensure the smooth implementation of the new operating model. Systematic project management was implemented to increase effectiveness in engineering-to-production product projects. Willingness to Serve training, which emphasises the importance of good customer service and each employee's responsibility for customer service, was completed by the company's management and employees who work in the customer interface in all of our operating countries.

Quality assurance processes were developed and management practices renewed to reduce quality costs, improve customer service and increase customer satisfaction. Good quality is a key customer requirement in addition to delivery certainty. It is also a key indicator of customer satisfaction. Our work to improve quality was recognised in 2015 when Caterpillar, a major customer, awarded Bronze Level SQEP certification to Componenta Orhangazi in Turkey and Silver Level SQEP certification to Componenta Främmestad in Sweden. The targets for reducing quality costs in 2015 were not achieved and the measures to cut costs will continue in 2016.

Componenta's vision and long-term goal is to be the preferred casting solution provider for customers. Cooperation with the customer often starts in the early stages of the product project, which allows Componenta to fully leverage its competence and expertise in materials, casting and machining in order to implement the best possible component or solution. According to the results of the annual customer satisfaction survey conducted in 2015, customers value the professional expertise of Componenta's personnel, the technical support they receive in the early stages of product development, as well as the response speed of the company's customer service function. More than 43% of

our customers indicated their relationship with Componenta improved over the past year, when 13% of them stated that it has deteriorated.



More than 43% of our customers indicated their relationship with Componenta improved over the past year.

(Componenta Customer Satisfaction Survey 2015)

Customer service development

Customer focus is the key to success.

Componenta's long-term goal and vision is to be the preferred partner for customers. One of our strategic focus areas in 2015 was the improvement of service and quality competencies. Our Willingness to Serve training started with the management and employees who work in the customer interface. Those who completed the training signed a personal service promise, as customer focus and good customer service are the responsibility of everyone at Componenta.

Componenta provides services that cover the entire cast component supply chain to local and global customers. The Group's customer service function, including sales, engineering and logistics services, was centralised in Customer Service Centres in 2015. They are located in our production countries – Finland, Turkey, the Netherlands and Sweden – as well as in the United Kingdom, Italy, France, Germany, the United States and Russia.

In addition to highly competent personnel, the customer service and engineering service function employs Group-wide systems ranging from a customer relationship management (CRM) system to 3D CAD tools used in engineering and product development as well as simulation software used in casting and machining operations. The Group also uses a systematic project management process to ensure efficiency and speed in customer and engineering projects as well as the production of new products.

Engineering is cooperation

According to a customer satisfaction survey conducted in 2015, our customers value high quality and delivery certainty, as well as confidentiality in the customer

relationship, long-term partnerships, and quality and innovative solutions in engineering.

Componenta serves companies in several different customer sectors. Understanding the requirements and challenges of each sector and aligning the opportunities offered by casting and machining technology constitute competencies that benefit our customers in the form of new and innovative solutions. We carried out several demanding projects in cooperation with our customers during the year.

High quality is the foundation of customer satisfaction

The components manufactured by Componenta are often critical parts of customers' products, which means that the quality of the components is a key issue. Quality can be influenced early on in the engineering phase by making decisions concerning the component's structure and manufacture.

Continuous improvement and quality assurance throughout the supply chain are part of day-to-day operations. All of our production units have certified quality and environmental management systems. Improving quality and reducing quality costs were goals for all of the Group's units in 2015. However, we did not fully achieve our targets, and high quality costs weighed down the Group's result in 2015.

Nevertheless, our efforts were well received by our customers, with our units in Orhangazi, Turkey, and Främme stad, Sweden, receiving an SQEP certificate from a customer in recognition of their high quality and delivery certainty.



Customers value the technical support they receive, starting from early on in the product development process.

(Componenta Customer Satisfaction Survey 2015)



Quality and delivery certainty were mostly criticized by customers.

(Componenta Customer Satisfaction Survey 2015)

Sustainability

Sustainability is an integral part of our operations and it is based on the company's values, strategy and operating methods. We look after profitability, people and the environment.

In our operations, we take into account the ISO 26000 guidelines with regard to sustainability. We comply with the laws and regulations of our operating countries and our common, Group-wide operating principles and policies (including the Componenta Way to Operate and the Code of Conduct) in daily management and operations as well as in cooperating with all stakeholders. Our operations are based on Componenta's common values: openness, honesty and respect.

All Componenta production units have third-party certified quality and environmental management systems. The production units in Orhangazi and Manisa in Turkey, the Högfors and Pori foundries in Finland and the Componenta Pistons manufacturing unit in Finland also have a certified OHSAS 18001 occupational health and safety system. The development and eventual certification of an occupational health and safety system is also underway, or planned, at other production units.

Economic responsibility

Componenta's economic responsibility involves ensuring competitiveness and profitability as well as increasing shareholder value.

Through the long-term development of production and customer service operations, we aim to be a competent and reliable partner for customers and investors.

The goal of the Group's efficiency improvement program in 2015 was to increase production efficiency and reduce costs, thereby improving the profitability of business

operations. In spite of the implemented measures, the targets were not fully met.

Social responsibility

Social responsibility at Componenta involves good leadership, consideration for people and the development of competence, wellbeing and safety. The development of personnel competence continued in 2015 in our various operating countries, and well-being at work and occupational safety were boosted by various projects.

We do not condone any form of bribery or discrimination under any circumstances. No incidents of discrimination were reported at Componenta in 2015.

Our approach to suppliers also involves a focus on environmental and safety requirements, social responsibility and ethical principles. We do not pay bribes or make any other illegal payments. No cases of corruption emerged in Componenta in 2015.

Environmental responsibility

Componenta's environmental responsibility includes minimising the environmental impacts of cast components and their production throughout the supply chain, from raw material to finished casting products. Componenta is also a significant recycler of raw materials and waste.

The life cycle environmental impact of a product can be influenced starting from component engineering and the choice of materials. Most of the raw material used for cast components is recycled metal. In 2015, recycled

steel accounted for 68% of the steel used at the Group's iron foundries. In 2015, 91% of the waste generated in production processes was directed to be reused.

The high quality of our products and operations also means minimising the environmental impact of our

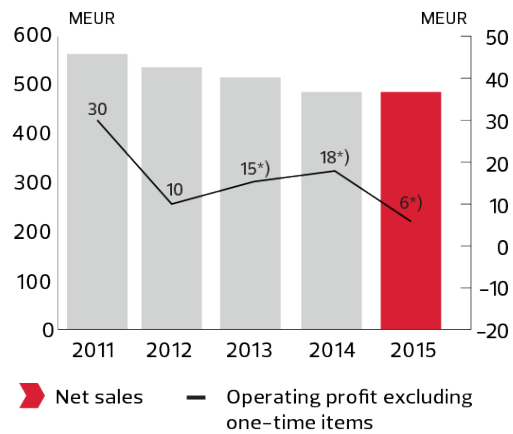
production and maximising cost-efficiency. The better the quality we produce, the lower the number of rejected castings and the smaller the consumption of raw material, energy and resources.

Personnel by country



- ▶ Turkey 62% (61%)
- ▶ Finland 15% (16%)
- ▶ The Netherlands 13% (13%)
- ▶ Sweden 10% (10%)

Development of net sales and operating profit



*) Operating profit excluding one-time and operative exchange rate differences



Componenta is committed to continuous improvement and reducing the environmental impact of production.

Environmental impact

The production of cast components involves environmental impacts, which we strive to minimise by developing more environmentally friendly production methods and processes.

The production of cast components requires plenty of energy, and the production process also generates significant amounts of waste. Componenta's key environmental aspects and targets are related to energy consumption and its reduction, waste prevention and the reuse of waste instead of dumping it at landfill sites.

We monitor and measure raw material consumption and emissions from production, namely particle and VOC emissions as well as environmental noise caused by production. All Componenta foundries and forges comply with the emission and noise limits specified in the conditions of their environmental permits.

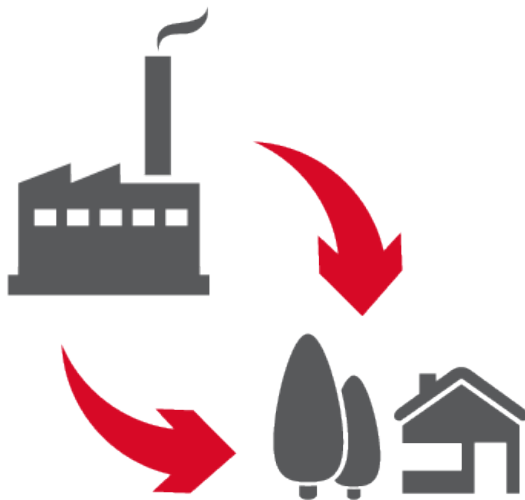
Componenta's policy for quality, the environment, health and safety guides our measures related to quality and environmental aspects. All production units have third-party certified quality and environmental management systems.

Component engineering decisions and choices of materials made in cooperation with the customer can reduce the environmental impacts arising from the production and use of components. A production-friendly casting is manufactured cost-efficiently and in an environmentally friendly manner, leveraging Componenta's technical expertise in casting, engineering and materials. Product properties such as durable and lightweight materials and optimised structures lead to longer useful lives for products and reduce emissions during use.

We can also reduce the environmental impact of our production through good quality management. Efficient processes and achieving a high level of quality by doing things right the first time help minimise the consumption of energy and materials and the amount of hours worked. It leads to greater economy in operations and lower costs.

Case

The new life of the Pietarsaari foundry plot



In summer 2014, Componenta closed down its foundry operations in Pietarsaari at the Siikaluoto industrial zone located to the east of the city centre.

To support the development of the area, Componenta joined the City of Pietarsaari to organise an idea competition in spring 2015 regarding the future plans for the former machine shop and foundry area. The goal of the competition was to utilise the area's industrial heritage and unique character as part of something new. A total of 31 entries were received, with the first prize awarded to Rubikon, a proposal by UKI Architects. The winning proposal was characterised by the jury as follows: "The strong overall approach makes the proposal flexible, and that facilitates easy further development without losing sight of the

commendable basic idea. The proposal has been skilfully produced and it provides a good framework for expanding Pietarsaari city centre." The plans for the area include a football stadium, housing and recreational services.

The site has been used for industrial activity for over a century. During its long history, parts of the area have been filled with slag and overflow sand. Soil contaminant concentrations have been studied at more than 80 locations. The last supplementary studies and a risk assessment were completed in 2015. The contaminants are permanent and non-drifting, which means that they do not pose health or environmental risks in the current use of the area. The studies will be taken into consideration in planning the new use of the area.



Componenta's production units comply with the emission and noise limits defined in the conditions of their environmental permits.

See the list of all Quality, Environmental and Health & Safety certificates held by Componenta production units, www.componenta.com.

Sourcing and raw materials

Sustainable sourcing of raw materials creates basis for quality of products and decreasing their environmental impact.

Componenta has established strict requirements for raw materials that are critical to production operations, and the fulfilment of these requirements is monitored in the quality control processes of suppliers and our own receiving inspections. New raw materials are always tested in production before their actual use. For example, recycled steel used at iron foundries may not contain any impurities or hazardous substances, such as lead. Each batch of molten raw material is carefully analysed before it is cast into components, including, among other things, measuring lead to an accuracy of three decimal places.

Using optimal raw materials ensures that production operations are efficient and environmentally friendly. In 2015, the Pistons machine shop replaced the chemical previously used for phosphating with a less hazardous alternative.

The majority of the raw materials are sourced for each foundry as locally as possible, allowing for quality requirements and availability. The Group-wide sourcing policy and the related Code of Conduct ensure that safety, environmental aspects, social responsibility and ethical principles are taken into consideration.

In addition to price and quality, the selection of suppliers takes into account many factors of environmental and social significance, such as sustainable development, working conditions, safety and logistics. We expect our suppliers to adhere to the same standards that we adhere to in our operations in terms of quality, the environment and ways of working. ISO certification is a minimum target for our suppliers. We have evaluated all of our key suppliers of raw materials and we continued to carry out supplier audits in 2015.

In 2015, Componenta purchased raw material worth EUR 206 million. The largest supply country was Turkey.

Case

Conflict minerals – 3TG



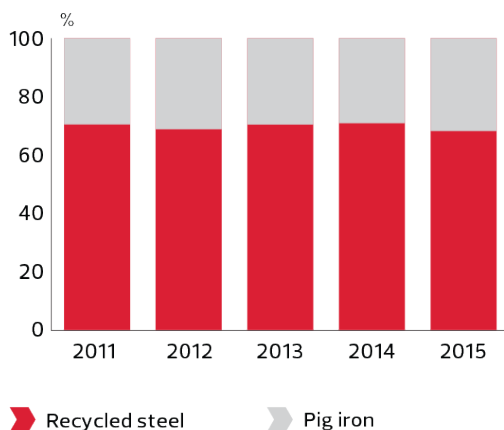
International measures are aimed at supporting and promoting the responsible sourcing of minerals from regions in which there is armed conflict or a risk of armed conflict. Conflict minerals comprise tin, tungsten, tantalum and gold, or 3TG for short. Armed groups and security forces use money earned from the sale of conflict minerals to fund their operations.

Componenta is committed to responsible sourcing. We do not use raw materials sourced from conflict areas in our products. Componenta's methods for ensuring the responsibility of its sourcing function include compliance with the sourcing guidelines and recommendations issued by international interest groups and industry coalitions (EICC and GeSI).

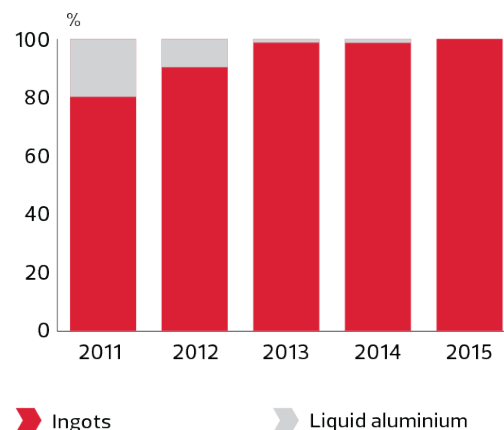
Tin is used as an alloying element in the production of cast iron at a maximum quantity of 0.2% of product weight depending on the mechanical characteristics required of the cast component. The tin used as an alloying element by Componenta is 100% sourced from recycling plants located in Europe. No other conflict minerals are used in the manufacture of cast iron products.

In the United States, listed companies are required to report annually on whether they use minerals sourced from conflict areas. Determining this requires surveying the supply chain and their suppliers also in the EU. Similar legislation is currently being drafted in the European Union.

Recycled steel and pig iron used in melting



Ingots and liquid aluminium used in melting



Engineering and product development

Good engineering results in a component that meets requirements and whose life cycle environmental impacts have also been considered.

At Componenta, engineering is a broad process covering not only the design and development of new or updated products, but also new product introduction, production planning and comprehensive project management. The diverse development of engineering competence and resources has been one of our key strategic development areas in recent years. We use modern engineering tools and methods, such as 3D CAD, casting simulation, machining simulation, and 3D printing.

We create added value for our customers by managing product development and engineering and by understanding and meeting our customers' needs. Customer requirements concerning new materials and new characteristics for cast components and comprehensive solutions guide the cooperative engineering process. The outcome of successful engineering is a component that has the best possible material, structure, and operating characteristics and can be introduced in production and launched in the market quickly. This also makes it possible to reduce the costs of the product and the environmental impact

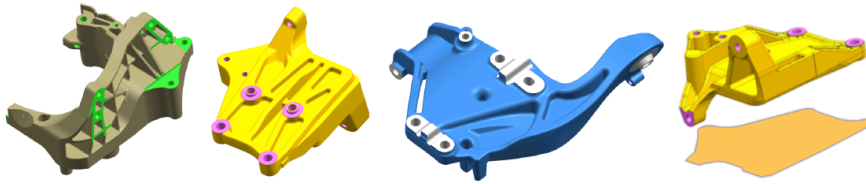
related to manufacture and use. New legislation, such as new emission limits on vehicles, provides business opportunities as the new limits can be met by, for example, reducing the weight of the vehicle in order to reduce their carbon dioxide emissions. For this reason, the use of aluminium as a raw material for components is set to increase in the future.

Componenta's foundries cast several different grades of iron and aluminium, which makes it possible to select the most suitable material for each component. We are also involved in the development of even better and more durable casting materials. Our most recently introduced SSF iron and its excellent strength and durability properties make it possible to manufacture lighter and thinner-walled components. The components manufactured from it are also more durable in use, which benefits the manufacturer of the vehicle or machine as well as the end user.

Examples of cooperative customer projects are provided below.

Case

Lighter products to adapt challenging emission regulations



Target

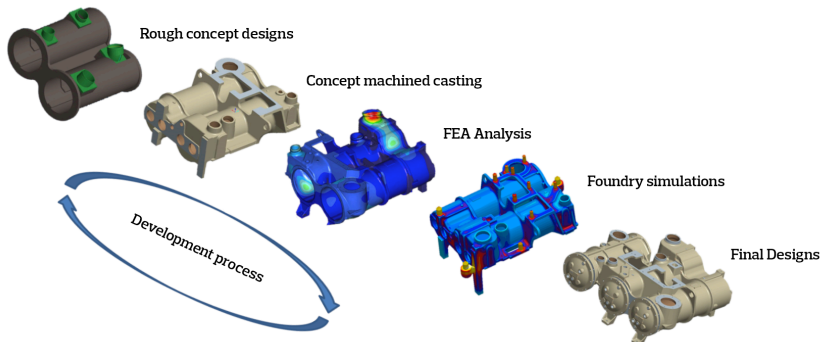
Converting truck components made of steel sheet/cast iron to lighter aluminum castings.

Development work and end result

Engineering study was made in collaboration with the customer's team. FEA analysis and stress tests were also provided by the customer. Casting part design, necessary modifications and casting simulation were carried out in the Componenta aluminium foundry in Manisa. All the work resulted in a successful conversion of material of several truck components achieving a 40-60% weight decrease.

Case

Development of a 3 stage aftercooler assembly



Target

Optimization of the complete supply chain of a pre-assembled cooler: casting, machining, painting, pre-assembly, testing, certification and assembly.

Development work and end result

Development work was made in close cooperation with the customer and all participants in the supply chain. The final design achieved all requirements taking into account all aspects with regard to: Functional design, FEA analysis, Foundry simulations, Machinability, Pressure testing and Total life cycle costs.

Energy efficiency in production

We monitor our energy consumption in the units and take measures to improve the energy efficiency.

At foundries, the melting of raw material and holding its temperature involves high energy requirements, which makes Componenta a significant consumer of energy. We actively monitor our energy consumption figures and take measures to increase the efficiency of energy consumption; for example, by means of casting planning and limiting the use of holding furnaces. Energy efficiency is also influenced by production volumes and the evenness of the load.

In 2015, our total energy consumption decreased slightly from the previous year and amounted to 657 GWh. Of the energy consumed, 67% was electrical energy. Foundries accounted for 90% of the total energy consumption. Energy consumption relative to production volume

increased by 3% at iron foundries due to the capacity utilisation rate being lower than in the previous year.

In Finland and the Netherlands, Componenta is committed to national targets for reducing energy consumption. In Finland, we are part of the voluntary energy conservation and energy efficiency agreement for various industrial sectors that extends to 2016. Energy audits became a statutory requirement in Finland for large corporations such as Componenta in 2015. In the Netherlands, we are participating in the "Roadmap to 2030" target programme involving other Dutch foundries and the Dutch metallurgical industry. The aim is to achieve a 50% reduction in energy consumption by 2030 in comparison with the 2005 levels.

Energy audits provide data for improving energy efficiency

Case



New legislation that entered into force in Finland at the beginning of 2015 required major corporations, such as Componenta, to complete an energy audit by 5 December 2015. The new legal obligations were immediately taken into consideration at Componenta, and the company was among the first to train a person to take charge of energy audits.

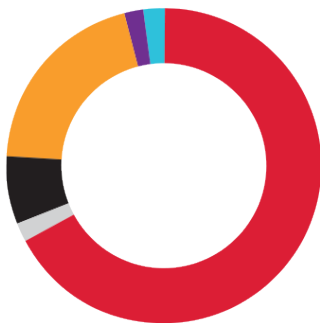
The energy audit covered the energy consumption of all of Componenta's Finnish units, including non-production units. Reporting on the energy consumption of production units has been an established practice at Componenta for several years. In energy audits, certain operations are subjected to a more detailed assessment. At Componenta, the smelting furnace at the Pori foundry

and the choice of fuel and heating options at the Högfors–Ruukki heating plants were selected for a more detailed assessment.

This indicated that the energy costs of the smelting furnace in Pori could be reduced by 11% by implementing certain changes. The calculated payback period for all the proposed changes was less than five years. The decisions on which measures to implement have not been made yet.

It was also determined that switching the Högfors–Ruukki heating plant to district heat would not lead to cost savings at the present time due to the low price of oil. At the two smaller heating plants in the area, switching to geothermal heat was calculated to have a payback period of 7–10 years. We will continue to monitor the development of energy prices and make future decisions accordingly.

Distribution of energy consumption



- ▶ Electricity 67% (68%)
- ▶ Natural gas 20% (18%)
- ▶ District heat 2% (4%)
- ▶ Oil 2% (2%)
- ▶ Coke 7% (7%)
- ▶ Liquid gas 2% (2%)

Energy consumption by production plant



- ▶ Iron foundries 78% (78%)
- ▶ Aluminium production 13% (13%)
- ▶ Machine shops 3% (2%)
- ▶ Forges 6% (7%)

Emissions

The most significant emissions relate to dust generated by foundry sand, carbon dioxide emissions are quantitatively minor.

The most significant emissions from Componenta's production operations are related to dust generated in foundries as well as volatile organic compounds (VOC). There are also some odour emissions. Efforts are also made to reduce other emissions, such as noise from production units. Machining and forging do not cause significant emissions.

The mould sand and binding agents used at foundries generate dust in various stages of the process. Inside the foundries, dust is controlled by using extraction points, and filtering equipment prevents the dust from escaping into the air outside. Transfers of filtering equipment from the closed-down Pietarsaari foundry continued in 2015, with one filtering plant transferred to Orhangazi, Turkey and one to Karkkila, Finland. The installation of the filtering plant transferred to Karkkila, to the Högfors foundry continued in 2016.

VOC emissions are given off by the amines and solvents used in the production process. Emissions given off by

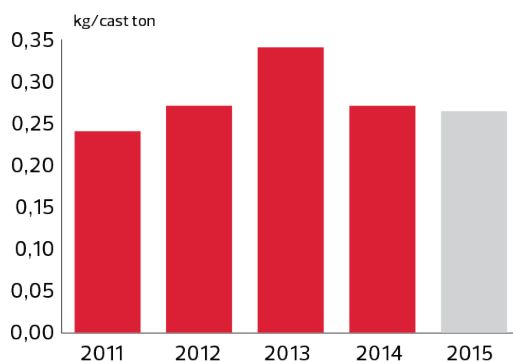
solvents have been reduced by switching to water-based paints and coatings. Amine gases have been reduced by means of acid scrubbers.

Carbon footprint

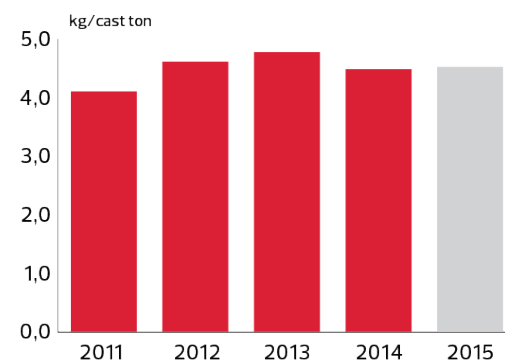
The only greenhouse gas emissions generated by Componenta's production operations are direct carbon dioxide emissions arising from combustion in foundries. They are quantitatively not significant compared to other environmental aspects of production.

Componenta's measures to reduce the carbon footprint include optimising the transport of raw materials and finished products. We have also significantly reduced travel that causes emissions, and internal joint meetings are nowadays held using the video conferencing equipment available at all Componenta locations.

Particle emissions in foundries



Amines and solvents (VOC emissions)



Waste and recycling

A large proportion of the waste generated by Componenta's production operations is sorted for reuse.

In proportion to the products manufactured, Componenta's production operations generate a lot of waste in spite of the internal rotation of materials. Foundries using disposable moulds – including all Componenta iron foundries – may generate even more waste than actual castings, and therefore the reuse and prevention of waste is important. In 2015, Componenta's production units generated a total of 130,505 tonnes of waste, of which approximately 91% was reused. The relative amount of waste directed to reuse increased due to the improved recovery rate of waste at the Orhangazi foundry. Nearly all waste generated by Componenta is sorted, and unsorted waste represented only 0.7% of the total waste volume in 2015.

More than 40% of the Group's total waste volume for 2015 was generated at the Orhangazi foundry in Turkey. Of the waste generated by the Orhangazi foundry, almost 90% was directed to reuse. The Orhangazi foundry replaced its casting sand regeneration unit and acquired sand core breaking equipment in late 2014,

which led to a decrease in production waste in 2015. Orhangazi continued its development efforts related to waste management in 2015.

Reused waste generated by Componenta includes metals, slag, sand and dust. Promoting the reuse of waste and identifying new options for reuse is a high priority for us, which is why we participated in many different waste reuse projects in 2015.

Nearly all of the water used by Componenta is consumed at foundries, where it is used in the cooling of castings and the manufacturing of mould sand. A few of our production units have their own waste water treatment plants. As water circulates in the production system, smaller quantities need to be sent to external waste water treatment plants. Some foundries take their cooling water from nearby water sources. Of the water sent to waste water treatment plants by Componenta, 77% originates from the Manisa aluminium foundry and wheel production.

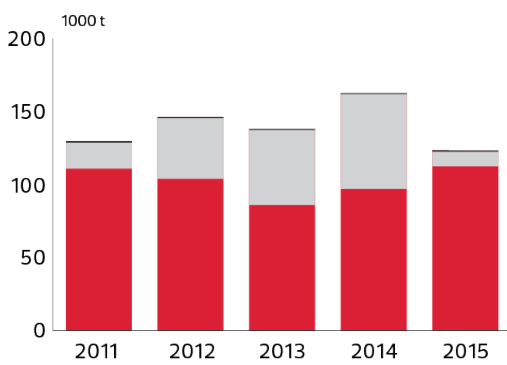


Nearly all waste generated by Componenta is sorted.



Some 90% of the waste generated by the Orhangazi foundry, was directed to reuse.

Waste



- ▶ Sorted and re-used
- ▶ Sorted, but not re-used
- ▶ Unsorted

Environmental costs and investments

The investments reducing environmental impacts of the production deduct also the environmental costs.

Environmental costs at Componenta include costs directly relating to the environment, such as waste and waste water management, and activities to protect the environment. The processing of production waste accounts for by far the biggest part of these costs.

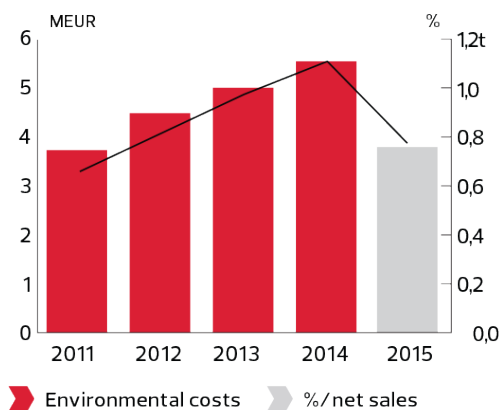
In 2015 the Group's environmental costs were 0.8% of net sales. They declined 29% from the previous year to EUR 3.9 million mainly due to smaller amount of waste.

At Componenta, every investment is also assessed with regard to its environmental impacts. New machinery and equipment and changes in production methods can

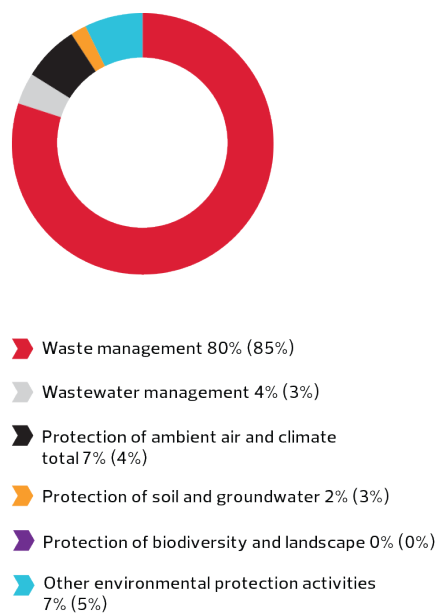
affect variables such as energy consumption, raw material consumption and emissions.

Some EUR 1.2 million of the Group's investments in 2015 were investments that also reduce the environmental impact of production. Environmental investments were primarily directed to the Orhangazi foundry, specifically the management of particle emissions, waste processing and safety issues. Some of the investments, such as those made in waste processing, began in 2014, while some, such as the replacement of the filtering system on finishing line 1, will continue in 2016.

Environmental costs



Environmental costs breakdown



Responsible employer

Social responsibility includes good leadership, consideration for people, and development of competence, wellbeing and safety.

Social responsibility is based on Componenta's HR policy, management principles and values – Openness, Honesty and Respect. We respect our employees' rights, and international agreements on human rights and equality are integrated into Componenta's operating culture.

Strategy-aligned HR management

The HR strategy is an integrated part of Componenta's business strategy, and personnel's development measures are always firmly linked to business development and the company's strategic focus areas. We actively monitor and analyse external trends affecting the availability of resources over the long and short terms. We also monitor the social and economic movements that may have an impact on resources, and prepare to adapt to them.

Regular monitoring of job satisfaction

We regularly investigate the personnel's job satisfaction and working atmosphere. The Pulse survey was carried out for all white collars in 2015, similar to previous years. The survey's results were reviewed by function and the required development measures were jointly agreed in teams and operations.

In addition to the Pulse survey, we also carried out the Heartbeat personnel survey in the production units. The development and improvement proposals that emerged are taken into account and needed development actions will be agreed in the units. In addition to the personnel surveys, we encourage and support continuous dialogue between employees and supervisors.

Key figures

	2015	2014	2013	2012	2011
Total number of own and leased personnel	4,281	4,438	4,464	4,642	4,717
Total number of own and leased personnel on duty, FTE	3,658	3,727	3,617	3,855	4,003
Change during the year, %	-4	-1	-4	-2	14
Absenteeism due to sickness and accidents, %	5	5	5	4	4
Recruitments	608	563	388	546	746
Turnover, %	19	23	15	18	17
Type of employment, %					
Permanent	85	85	86	82	73

Temporary	8	8	8	9	16
Leased	7	7	6	9	10

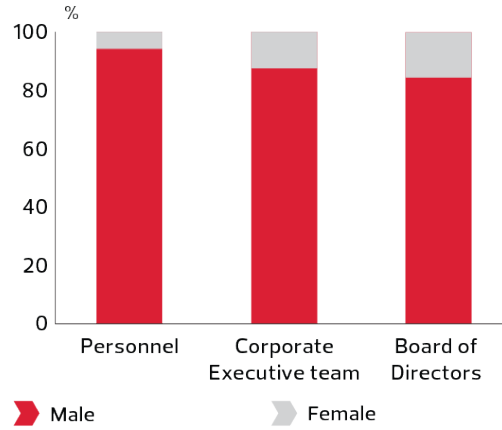
*) Includes all days of absence from first to last

Personnel age structure



- ▶ 18-29 20%
- ▶ 50-59 10%
- ▶ 30-39 38%
- ▶ 60-69 3%
- ▶ 40-49 29%

Gender distribution of personnel and management



HR planning

HR planning ensures the required resources for the implementation of strategy and development projects.

Strategic HR planning and proactive measures ensure timely resources and efficient project implementation. In 2015, we carried out the annual Group-wide Talent Review focusing on resources and potentials. Starting with the units, the process provided a clear and comprehensive understanding of existing resources and competences.

During the review, questions related to successors, deputies and career planning were also addressed. In

addition, talented employees, especially those in the early stages of their careers, and their development needs were identified.

Another key aim of strategic HR planning is to ensure the development of the competence and vision required in the Group through career and job rotation. The exchange of international knowledge and experience was supported through short- and medium-term expatriate assignments for key employees.



Competence required will be developed also through career and job rotation.

Developing management competences

Managerial programs and development processes improve also management culture and occupational wellbeing.

In relation to the management of the organization and our personnel, in 2015 we launched several development programs and coaching processes for managers and supervisors at all organizational levels. Through these programs and diverse development projects, we strengthen and improve our management culture and overall occupational wellbeing.

We have determinedly developed managerial work through career rotation, reviews, recruitment and development programs. The programs will be implemented either throughout the Group or in individual countries, in cooperation with internal and external coaches. Componenta tailored tools, such as 360 reviews, Disc way of working analyses and other competence assessments, are utilised as part of the coaching processes.

In addition to the coaching and development programs, our personnel's general competence was developed in 2015 by organising training in occupational safety, quality, environmental issues and various information systems.

Development discussions

Our employees' competence and achievement of objectives are reviewed through development discussions twice a year. In the discussions, objectives, plans, competences and career opportunities are assessed and discussed together with employees. Through the development discussions, we want to ensure that each employee is offered a job, level and area of responsibility that matches their skills, allowing them to leverage and continuously develop their skills.

Case

Challenger case



In 2015, Componenta started a development program, called Challenger, for the company's young potentials.

The program aims e.g. to create individual development plan to support participants' professional growth and to increase their business and financial understanding through Componenta's strategy. With the help of the program company also wants to raise leadership skills among the young potentials and engage them to the organization.

The program consists of individual activities, but also both group-wide and country-specific workshops.

Education



- High school or vocational school 54% (56%)
- Basic education 26% (24%)
- University degree 13% (13%)
- Polytechnic or college degree 7% (7%)

Wellbeing and occupational safety

Working environment is developed and wellbeing improved together with the employees.

Developing and ensuring comprehensive well-being at work are paramount factors for Componenta. We comply with the local regulations and rules related to production and support functions in all of our countries of operation. The required occupational health and well-being services are provided to employees at each unit. We aim to minimise and prevent accident risks. We arrange occupational safety training at our units on a regular basis and make sure that our employees have up-to-date, appropriate and sufficient tools at their disposal.

To help maintain our employees' capacity to work, we provide comprehensive occupational healthcare services in all countries of operation. The aim is to

significantly reduce absence due to illness through preventive measures. In Finland, we continued the introduction of the occupational healthcare management system, which was piloted in 2014 and which has already lowered the amount of sick leave.

Componenta arranges various personnel events related to both physical and mental well-being and coping at work to support well-being at work and prevent diseases. In addition, various sports and cultural events were arranged in every country of operation in 2015. Examples of these events include golf tournaments, football matches and excursions to historical sights and the theatre.

Systematic health management

Case



As part of the continuous development of occupational health, Componenta's Finnish units implemented health management services and tools to complement normal occupational health services in 2015. Their purpose is to provide preventive support for well-being at work and facilitate the quickest possible response to problems that could potentially compromise work ability.

Systematic health management is based on an active support operating model that specifies operating methods concerning sickness absences and situations that require supervisors to take measures to support the well-being at work of their

subordinates. Absences and potential measures are managed by means of the HealthManager information system.

As part of the comprehensive development of occupational health service practices, the company also introduced a HealthDesk telephone service for short-term sickness absences. The HealthDesk telephone service nurse assesses the employee's health, gives treatment instructions and determines what further measures should be taken.

The aim of the comprehensive occupational health services is to achieve a significant reduction in sickness absences. In 2015, sickness absences decreased by 24% compared to 2014 (2014: 6.1%, 2015: 4.7%) and were substantially below the industry average (2014: 5.8%). The cost savings associated with the decrease in sickness absences amounted to EUR 440,000.

Employment years



- 0-4 34% (36%)
- 5-9 18% (15%)
- 10-14 18% (18%)
- 15-19 15% (16%)
- 20-24 11% (7%)
- 25-29 4% (5%)
- 30-34 1% (1%)
- 35-39 1% (1%)
- over 40 1% (1%)

Developing the employer brand

Collaboration with universities and colleges increases also awareness of Componenta and the foundry industry.

Over the years, Componenta has established a strong collaboration network with certain universities and colleges that provide education to students in our field. The collaboration with these institutes was continued in 2015 by, among other things, organising foundry visits for students and taking part in student. In addition, we deepened cooperation with selected student organizations.

In addition to cooperation with educational institutes, we cooperate with other institutions and organizations and take part in key local events. For example, in Turkey we actively participate in the annual Children's Day. Componenta also has a cooperation network with

professors, who teach subjects relevant to our industry, at several universities.

International training

Componenta's fourth International Trainee Program was continued in 2015. The program aims to ensure competent and strategically important future resources and increase students' awareness of Componenta and the entire industry. The program also shares knowledge and competence by offering trainees the opportunity to get to know Componenta's different units and functions, and strengthens cooperation between Componenta and educational institutes.

International Trainee Program

Case



Componenta's two-year International Trainee Program aims to recruit and develop young talents in the teams of our operating countries in finance, engineering, sales and production, among other positions. In 2015 the second summer of the program, the exchange period abroad took place.

The international exchange periods were organized in the business units or at Componenta Head Office in Helsinki, Finland. Each of the trainees got an own project assignment to be finalized during the trainee period abroad.

After the end of the trainee program many of the trainees have continued to work for the company as full-time employees or as thesis workers. As a company we are happy to provide opportunities for

trainees who performed well during the program and have shown the great attitude and mindset towards customers and colleagues.

"Having an internship abroad has been amazing opportunity that someone could not get easily. Observing the different working environment and working with foreigners has been challenging but enjoyable." – *International Trainee 2014–2015*

Value for stakeholders

We create value for our stakeholders through profitable business operations and continuous development efforts.

Componenta's key stakeholders include customers, personnel, owners and investors. Our stakeholders also include financial institutions, material suppliers and subcontractors as well as society, authorities and those who neighbour our production units.

Componenta acts openly with stakeholders, working together and meeting their expectations. We engage in ongoing dialogue with our stakeholders, and feedback received from stakeholders is taken into account in our operations and development activities.

In addition to looking after the environment and people, sustainability also includes safeguarding the profitability and competitiveness of operations in order to ensure business continuity. Profitable business operations, adequate resources and good management of finances create a solid foundation for other areas of responsibility and sustainable development, while also safeguarding the conditions for business now and in the future.

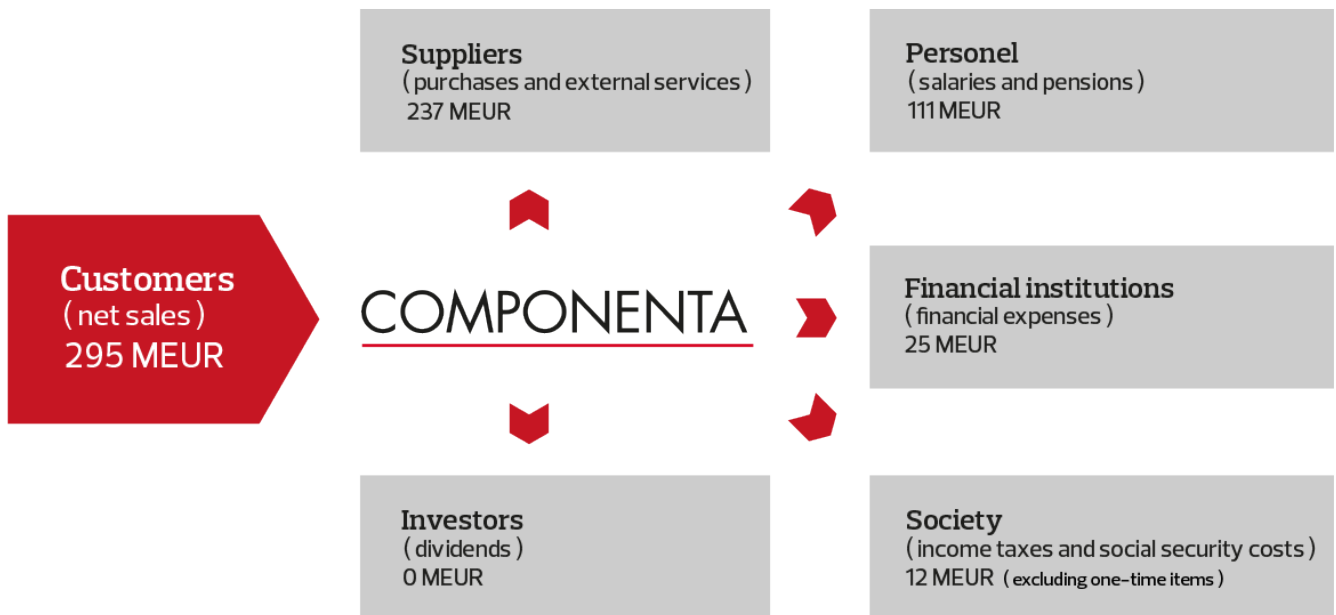
As an expert in casting and machining, Componenta engages in engineering partnerships with its customers to produce the cast components and casting solutions they need. This also presents an opportunity to influence and reduce the life cycle environmental impacts of components as well as end products.

Componenta's customers comprise vehicle, machine and equipment manufacturers. Demand was varied in our customer sectors in 2015. We signed several new delivery agreements during the year and started production on new products.

Componenta is a listed company that had 2,670 shareholders at the end of 2015. In spite of the many measures taken and development efforts made by the company, its financial performance has been below targets in recent years. In 2015, the reasons for this included, in particular, the weaker-than-expected development of profitability, high quality costs and the company's long-standing tight liquidity. The cost savings sought through the efficiency improvement program were also not achieved to the expected extent. In November 2015, Componenta's Board of Directors initiated changes that will be implemented gradually until the company's profitability is in line with targets.

Componenta employed approximately 4,270 competent professionals at the end of 2015. Our production units are located in several different countries in locations where they are significant operators and employers that comply with all legal, ethical and environmental requirements and expectations.

Distribution of economic added value



**Our key stakeholders are
Customers, Personnel,
Owners and Investors**

Stakeholder relations

Active cooperation and dialogue with stakeholders in 2015.

We act openly with our stakeholders, working together and meeting their expectations. We engage in ongoing dialogue with our stakeholders and take their feedback into account in our operations and development activities.

We continued to maintain close correspondence and hold meetings with customer companies' purchasing, engineering and quality personnel and teams in 2015. Customers also visited our production units and conducted the necessary audits; for example, when new products were introduced in production.

The feedback we received from customers in 2015 indicated that they find it easy to reach the appropriate people at Componenta and receive quick answers to any questions they have. Based on the feedback, our development measures in 2016 will be particularly focused on improving quality and delivery certainty.

We conduct an annual working atmosphere survey of the Group's white-collar employees in all of our operating countries. The results of the 2015 survey showed that our personnel have a strong desire to develop our consistent way of working. Information sharing, managerial work and recognising one's responsibilities are at a good level, and there is a willingness to improve service attitude and quality, which are high priorities for customers. A corresponding working atmosphere survey for blue-collar employees is conducted once every two years.

We met with shareholders and investors at various events and meetings during the year. Componenta also participated in the Sijoitus-Invest 2015 event in Helsinki as well as an investor event organised by the Finnish Foundation for Share Promotion. We also held discussions with lenders during the year, and particularly towards the end of the year, with regard to the company's financing situation.

We engaged in dialogue with suppliers in relation to raw materials and other materials used in production operations, as well as other sourcing activities and deliveries. We also continued to carry out supplier audits, as we require our suppliers to operate in accordance with the certifications and standards followed by Componenta.

Componenta is a member in national foundry associations, chambers of commerce and many other organizations in the countries in which we operate, not to mention different cooperation bodies and projects related to the field. We also participated in development projects with other companies, universities and research institutes in 2015.

Componenta's representatives provided information on trainee and career opportunities offered by the company and met with students and potential employees at recruitment events and other events at various universities in Finland, Turkey, the Netherlands and Sweden in 2015.

In Turkey Componenta participated in many recruitment events in 2015.



Profitability development

Profitability in 2015 weakened from the previous year.

Sustainability involves also taking care of profitability and competitiveness to ensure continuity of business. Componenta's net sales in 2015 were at a similar level as in the previous year, but the operating profit was down on the previous year. The improvement in productivity and the estimated cost savings from the measures in the Group's efficiency improvement program were not achieved as expected. Profitability was weakened not only by the poor developments in productivity but also by costs arising from quality-related problems, extra costs arising from local strikes and a general rise in costs in Turkey, and problems due to disruptions in production in Främmestad. Poor result development over a long period led to measures taken by the Board of Directors, change of the President and CEO and changes in the company's management and strategy.

The structural changes started in December, and progress will be made step by step with these until the company's profitability is brought in line with its targets. According to the new strategy that is being drawn up Componenta will in future concentrate on medium volume product series in iron castings and on aluminium castings, and aims to raise capacity utilization rates at all its production plants. In connection with this, a strategic review of the business structure will be carried out, and this will cover the possible closure or sale of production

plants, transfers of production and other measures aiming to significantly improve profitability.

Changes in the focus points for business operations in accordance with the new strategy that is being drawn up resulted in significant write-downs on long-term assets and write-downs on deferred tax assets which weakened the result of the financial period.

Fixed costs will be cut with clarifying the management structure and simplifying the organization structure. At the same time these measures aim to develop the core competences of the business units and clearly improve customer service and quality. From the beginning of 2016 the business operations will be divided into five business areas which consist of the local foundries, machine shops and forges and include also sales offices. As part of the change the Group level sales, engineering, quality and customer service operations were transferred to the business units which in future will operate with profit and loss responsibility.

In December Componenta's Board of Directors began negotiations on financing solutions in support of the new strategic alignments and to strengthen the company's financial position and balance sheet. Negotiations with financial and other investment institutions have continued at the beginning of 2016.

Componenta's financial objectives and actuals 2015

	Actual 2015	Objective 2015
Operating profit *)	1.2%	minimum 8%
Equity ratio	4.6%	minimum 40%
Return on investment *)	2.0%	minimum 15%

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

Responsible management

Responsibility is based on Componenta's values, and the company's management is guided by consistent ways and principles of working.

Componenta's values of Openness, Honesty and Respect are a strong foundation for the Group's daily operations and cooperation with stakeholders.

Our operating principles and policies, the Group's management principles and the Code of Conduct, guarantee consistent internal processes and cooperation practices regardless of the location and country of the unit or function.

Componenta operates in ten countries. In our business operations, we comply with all current laws and regulations and generally accepted business practices in all the countries in which we operate.

We respect our employees' rights and local labour laws everywhere and under all circumstances. International agreements on human rights and equality are integrated into Componenta's operating culture.

The Group's sourcing policy ensures that safety, the environment, social responsibility and ethical principles are taken into consideration in sourcing. Componenta does not pay bribes or make any other illegal payments, and suppliers are treated impartially.

The production of cast components involves environmental impacts, which we strive to minimise by developing more environmentally friendly production methods and processes. Through component engineering, we can also reduce the environmental impacts arising from the use of the end product.

The administration and management of Componenta Corporation are based on Finnish legislation, the company's Articles of Association, the rules of the Helsinki stock exchange and the regulations and instructions issued by the Finnish Financial Supervisory Authority. Componenta complies with the Corporate Governance Code for Finnish listed companies.

Risk management is part of the company's monitoring system which ensures that the risks to which our business is exposed are identified, evaluated and monitored. This allows us to anticipate threats to and opportunities for business operations and ensure business continuity.

Reporting principles

Componenta reports on sustainability as part of the Annual Report.

Componenta's Annual Report 2015, published as an online report, covers the period 1 January – 31 December 2015. The Annual Report includes information on Componenta's business, strategy and goals as well as the results of operations. The report includes also sustainability issues, such as the economic, social and environmental impact of the company's operations. The financial statements for 1 January – 31 December 2015, including the report by the Board of Directors and the auditor's report, have been added to the online annual report as a PDF file.

Componenta reported on the environmental impact of its operations for the first time in 2003. Since 2006, Componenta's sustainability reporting has covered all three areas of responsibility, namely the economic,

social and environmental dimensions, and separate sustainability reports were published on them from 2006 to 2010. As responsibility at Componenta is linked directly to the company's strategy and goals, and is part of business operations, we have reported on sustainability as part of the Annual Report since 2011.

In 2015 the figures for social responsibility cover the Group's entire personnel. Environmental information is reported for the Group's production units in Finland, Turkey, the Netherlands and Sweden that have a significant environmental impact. The figures for economic responsibility were prepared in accordance with the International Financial Reporting Standards (IFRS) and are audited. The information in the rest of the report has not been verified.

Corporate governance

Administration and management at Componenta.

The parent company of Componenta Group is Componenta Corporation (Componenta or the Company), a public company registered in Finland whose shares are listed on the Helsinki Stock Exchange. The parent company and its subsidiaries form Componenta Group. Componenta's head office is located in Helsinki.

Administration and management of Componenta are based on Finnish legislation, the Company's Articles of Association, and the guidelines and rules of the Helsinki Stock Exchange and the Finnish Financial Supervisory Authority. Componenta administration and management are guided by the Group's values, operating principles, policies and Code of Conduct. In 2015 Componenta complied with the 2010 Corporate Governance Code for Finnish listed companies, which is available on the internet at www.cgfinland.fi. In accordance with the Code, the Company publishes the

Corporate Governance Statement 2015 and the Remuneration Statement 2015.

The Componenta Corporate Governance Statement 2015 is published as a separate report on Componenta's website at www.componenta.com and in this Annual Report. The content of this Corporate Governance section in the Annual Report fully corresponds to the separate statement. The Audit Committee of Componenta Corporation's Board of Directors has reviewed the Corporate Governance Statement 2015 at its meeting on 5 February 2016.

Governing bodies of Componenta

Supreme authority at Componenta is exercised by the shareholders at the General Meeting of Shareholders.

The company is managed by the Board of Directors and by the President and CEO.

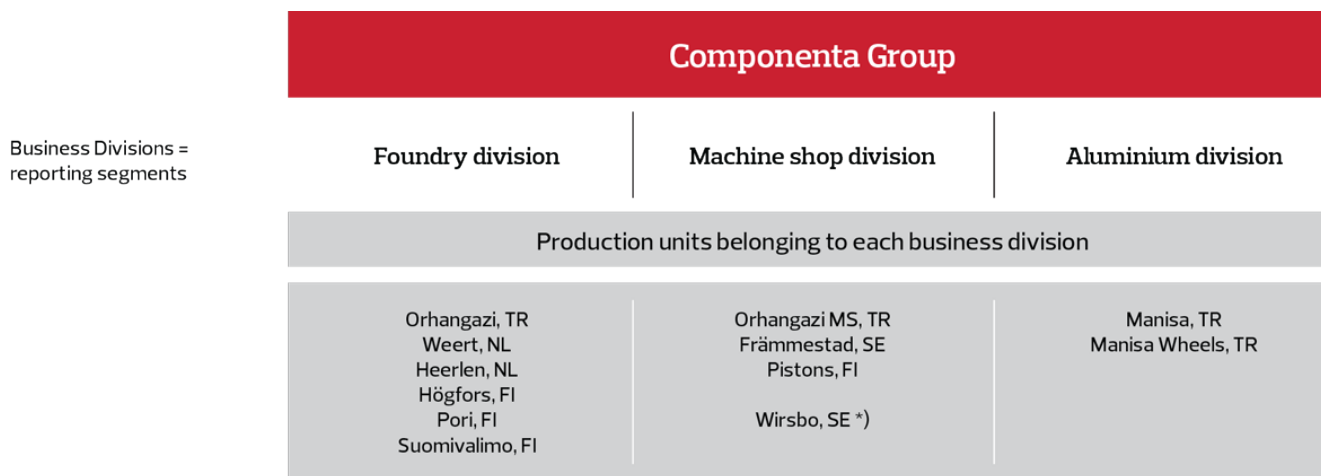


*) Componenta Group's financial administration conducts an internal audit of Group companies in accordance with annual plan together with the external auditors.

At Group level, the President and CEO is responsible for operations. The Group's Corporate Executive Team assists and supports the President and CEO in carrying out his duties. At division level, the senior vice presidents

in charge of the divisions are responsible for operations, assisted by their management teams.

In 2015 Componenta reported on its financial performance and business development in accordance with the divisional structure shown below.



*) In the Group's external reporting Componenta Wirsbo is included in Other business

General Meeting

Componenta's supreme decision-making body is the General Meeting. The Annual General Meeting of Componenta must be held within six months of the end of the financial period.

The General Meeting decides on matters that come under its authority as defined in the Companies Act and the company's Articles of Association. These include approval of the financial statements, deciding on use of the profit shown in the balance sheet, and election of Board members and auditor.

Every Componenta shareholder is entitled to attend the General Meeting. One share carries one vote at a General Meeting.

A shareholder is entitled to have a matter included in the agenda of the meeting, if the matter falls within the competence of the General Meeting according to the Limited Liability Companies Act, if he/she requests the Board in writing in sufficient time for the matter to be included in the notice convening a General Meeting.

In 2015, the Annual General Meeting was held on 11 March 2015 in Helsinki. At the Annual General Meeting, some 48 % of the company's shares and votes were represented.

Board of Directors

The Annual General Meeting elects each year Componenta's Board of Directors, which according to the Company's Articles of Association has 3 - 7 members. The term of office of the Board continues until the close of the following Annual General Meeting. The Board elects from its members a Chairman and Vice Chairman.

The majority of the Board members must be independent of the Company. In addition, at least two of the members belonging to this majority must be independent of major shareholders in the Company. Independence is evaluated in accordance with Recommendation 15 of the Corporate Governance Code for Finnish listed companies.

The Annual General Meeting decides on the remuneration paid to the Board.

The Board of Directors draws up written Rules of Procedure for itself. The main tasks and duties of the Board of Directors are to:

- oversee the management and business operations of Componenta and make major decisions relating to the strategy, capital expenditure, organization, corporate restructuring and financing
- appoint the President and CEO and the members of the Group's Corporate Executive Team, and approve the organizational structure and the principles for incentive schemes
- ensure that the Company's accounting, supervision of financial management and risk management have been arranged appropriately
- approve the key operating principles and values, and confirm the annual business plans and budgets
- make proposals to the General Meetings and convene the meetings

The Board meets when it is convened by the Chairman or, in his absence, by the Vice Chairman. The Board forms a quorum when more than half of the members are present, and one of these must be the Chairman or

Vice Chairman. Componenta's General Counsel serves as secretary to the Board meetings.

The Board of Directors evaluates its own performance annually under the leadership of the Chairman. The Board also reviews the corporate governance annually and amends it when required.

In 2015, the Annual General Meeting elected the following seven members to Componenta's Board of Directors:

- Olavi Huhtala, Executive Vice President and Head of SSAB Europe
- Olli Isotalo, President, Kalmar at Cargotec Corporation
- Perttu Louhiluoto, President, Services at Metso Corporation
- Riitta Palomäki, Chief Financial Officer (CFO) at Uponor Corporation
- Matti Ruotsala, Chief Operating Officer (COO) at Fortum Corporation
- Tommi Salunen, Chairman and Managing Partner at Aava Advisors Ltd
- Harri Suutari, Board professional

The Board of Directors elected Harri Suutari as its chairman and Matti Ruotsala as vice chairman. On 16 November 2015 Harri Suutari resigned from the Board and took over as President and CEO of Componenta Corporation. The Board elected Matti Ruotsala as its new chairman and Olavi Huhtala as vice chairman from the same date. All Board members are independent of the company and of the shareholders.

The Board of Directors is presented in more detail in the **'Board of Directors'** section of this online annual report.

The Board of Directors met 17 times during 2015. The average attendance rate at Board meetings was 99%. Componenta's General Counsel, Pauliina Rannikko, served as secretary to the Board meetings.

The Board of Directors evaluated its own performance in February 2016 under the leadership of the Chairman.

The Group's Corporate Governance principles were updated at the Board meeting held on 29 May 2015.

Attendance of Board and Board committee meetings in 2015

Board member	From	Committee member in 2015	Present at meetings	
			Board	Audit Committee
Harri Suutari	2012 – 2015 1)	-	14/14	-
Matti Ruotsala (chair.)	2012 2)	-	17/17	-
Olavi Huhtala (v. chair.)	2014 3)	Audit Committee	17/17	4/5
Olli Isotalo	2015 4)	-	16/16	-
Perttu Louhiluoto	2015 4)	-	15/16	-
Riitta Palomäki	2012	Audit Committee (chair.)	17/17	5/5
Tommi Salunen	2013	Audit Committee	17/17	5/5
Heikki Lehtonen	1987 – 2015 5)	-	1/1	-

1) Board chairman until 16 November 2015 when he resigned from the Board

2) Board chairman as from 16 November 2015, before this vice chairman

3) Vice chairman of Board as from 16 November 2015

4) Board member as from 11 March 2015

5) Board member until 11 March 2015

Committees

Audit Committee

Componenta has an Audit Committee of the Board of Directors that has at least three members. After the Annual General Meeting the Board of Directors elects from its members a Chairman and members for the committee, for one year at a time. The relevant qualification requirements are taken into account when electing the Audit Committee members.

All members of the Audit Committee are independent of the company and its major shareholders.

The Board of Directors has confirmed a written agenda for the Audit Committee.

The Audit Committee has no independent decision-making power, but the Board of Directors makes decisions based on the work of the Audit Committee. The Chairman of the Audit Committee reports on the work of the committee at the next Board meeting after an Audit Committee meeting. Notice of Audit Committee meetings and the material for the meetings are sent to all Board members, who have the right to attend Audit Committee meetings.

The main tasks and duties of the Audit Committee are to:

- monitor and supervise the reporting process for financial statements and ensure that the reporting process generates correct information, and approve important accounting principles
- review and oversee the quality and integrity of the annual report, the annual financial statements and the interim reports
- monitor the financial position of the Company and the sufficiency of financing, and prepare matters and proposals for the Board on a need-to-know basis;
- monitor the effectiveness of the Group's internal control processes, internal audit and risk management systems and their plans and processes
- review the Company's Corporate Governance Statement
- review the external audit plan and monitor the statutory audit of the financial statements and consolidated financial statements, and approve the budget of the external audit and new assignments that exceed the limits set by the Audit Committee
- meet with the external auditor quarterly and review all essential reports from the external auditor
- evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the companies to be audited
- prepare the proposal for the election of the auditor, and
- meet with the management of the Company, the CEO, CFO and those responsible for risk management.

The Committee regularly evaluates its performance and working practices and assesses these itself once a year.

In 2015, the Board of Directors elected Riitta Palomäki to be chairman of the audit committee and Olavi Huhtala and Tommi Salunen as the other members of the committee. The Audit Committee convened five times during the year and the attendance rate was 93%. Componenta's General Counsel, Pauliina Rannikko, served as secretary to the Audit Committee. Componenta's President and CEO, CFO and the auditors also regularly attended committee meetings.

The Audit Committee evaluated its own performance and working methods in 2015.

Nomination Board

Componenta has a shareholders' Nomination Board. The Nomination Board comprises shareholders or representatives of shareholders and has the task each year of preparing and presenting the proposals for members of the Board of Directors and their

remuneration to be made to the following Annual General Meeting.

The Nomination Board is convened annually by asking the three largest shareholders in the Company as of 31 August to appoint one member to the committee. In addition to these, the chairman of the Company's Board of Directors serves as an expert member of the Nomination Board.

The members of the Nomination Board elect one of the members to be chairman of the board. The first meeting of the Nomination Board is convened by the chairman of the Company's Board of Directors and after that the meetings are convened by the chairman of the Nomination Board.

The Nomination Board shall give its proposal to the Company's Board of Directors no later than the end of January preceding the Annual General Meeting.

The Nomination Board has written rules of procedure, which state that its main tasks and duties are to:

- prepare and present the proposal to be made to the AGM concerning the number of members on the Board of Directors
- prepare and present the proposal to be made to the AGM concerning the members of the Board of Directors
- prepare the proposal to be made to the AGM concerning the remuneration of the members of the Board of Directors
- look for succession candidates for the members of the Board

In 2015, the Nomination Board comprised Erkki Etola (shareholders Etra Capital Oy and Tiiviste-Group Oy), Reima Rytsölä (shareholder Varma Mutual Pension Insurance Company), and Heikki Lehtonen (shareholders Heikki Lehtonen and companies in which he has a controlling interest Oy Högfors-Trading Ab and Cabana Trade SA). In addition, the chairman of Componenta's Board of Directors, Harri Suutari until 16 November 2015 and Matti Ruotsala from 16 November 2015, served as expert members of the Nomination Board.

The Nomination Board met once under the leadership of chairman Reima Rytsölä and had an attendance rate of 100% at its meetings.

When preparing its proposal for members of the Board of Directors, the Nomination Board paid particular attention to the diversity of the Board, which is important for achieving Componenta's targets and for profitable business operations. The persons proposed for the Board of Directors possess wide-ranging experience in management positions in different industrial sectors as well as wide-ranging knowhow of the business operations of companies with international operations and of developing these. They represent both sexes and their knowhow and experience of the different areas in business operations (including production, sales, treasury, financial administration) complement each other and cover the key functions at industrial and listed companies. The persons proposed for the Board of Directors have a good knowledge of Componenta's operations and have a clear understanding of the Group's current needs for change and development.

President and CEO

The Board of Directors appoints the President and CEO and decides on the President's remuneration and other benefits.

The President and CEO is responsible for managing and developing Componenta's business in accordance with the Finnish Limited Companies Act and the instructions given by the Board of Directors.

The President and CEO prepares and presents matters for consideration at Board meetings and implements the decisions of the Board of Directors. He reports to the

Board of Directors on matters including the Company's financial situation, its business environment and other major matters

The President and CEO is chairman of Componenta's Corporate Executive Team.

In 2015 Heikki Lehtonen, b. 1959, was President and CEO of Componenta until 16 November 2015. He was Componenta's President and CEO from 1993 onwards. Harri Suutari, b. 1959, took over as the new President and CEO as from 16 November 2015.

Corporate Executive Team

Componenta's Corporate Executive Team assists the President and CEO in managing and developing Componenta. The Board of Directors decides on the appointment of members of the Corporate Executive Team and on the terms of their employment based on the proposal of the President and CEO, in accordance with the "one over one" principle in use at the Group.

The members of Componenta's Corporate Executive Team are those in charge of the Group's major functions and directors in charge of the Group's Operations. The Corporate Executive Team convenes regularly, at least once a month. Its key tasks include promoting the achievement of the Group's long-term business goals, the creation of added value and the development of business operations, ensuring the efficiency of operations throughout the Group, developing management practices and promoting common operating models and principles. The Corporate Executive Team is also responsible for preparing and implementing the Group's strategy in accordance with the decisions of the Board of Directors.

In 2015 Componenta's Corporate Executive Team from 1 January – 16 November 2015 comprised: President and CEO Heikki Lehtonen; Juha Alhonoja, Senior Vice President, Machine Shop Division; CFO Mika Hassinen; Olli Karhunen, Senior Vice President, Foundry Division; Anu Mankki, Senior Vice President, HR and Internal Communications; Pauliina Rannikko, Senior Vice President, Legal and Risk Management; Maurice Ruiters, Senior Vice President, Quality and Engineering, Furio

Scolario, Senior Vice President, Sales and Product Development and Sabri Özdoğan, Senior Vice President, Aluminium Division. On 1 November 2015 Henri Berg became a member of the Corporate Executive Team when he was appointed CFO after Mika Hassinen became full-time managing director of Componenta BV with responsibility for the Group's operations in the Netherlands.

After the change of President and CEO in November and the first new strategy policies made on 4 December 2015, Componenta Group's Corporate Executive Team comprised President and CEO Harri Suutari, Olli Karhunen, Senior Vice President, Foundry Division, Juha Alhonoja, Senior Vice President, Machine Shop Division, Sabri Özdoğan, Senior Vice President, Aluminium Division, CFO Henri Berg, Pauliina Rannikko, Senior Vice President, HR and Legal, and Furio Scolario, Senior Vice President, Sales, Global Accounts. Markku Honkasalo started as CFO and member of the Corporate Executive Team on 14 December 2015.

In 2015 the Corporate Executive Team focused on implementing the measures in the Group-wide efficiency programme, in order to raise productivity and improve profitability.

Information about the members of the Corporate Executive Team and their shareholdings is given in the section '**Corporate Executive Team**' in this 2015 Annual Report.

Remuneration

Remuneration of key management personnel.

The Annual General Meeting decides on the remuneration of the Board of Directors and of Board committees.

In 2015, the Annual General Meeting decided that the Chairman of the Board of Directors be paid an annual fee of EUR 60,000, ordinary Board members EUR 30,000 and members of committees subordinated to the Board EUR

5,000, and that travel expenses be paid in accordance with the company's travel regulations.

Total annual fees paid to members of the Board and of Board committees in 2015 was EUR 245,000. Board members do not participate in Componenta's share-based incentive scheme or pension schemes.

Remuneration of Board of Directors and Board Committees

Board 2015		Salaries, fees and fringe benefits, EUR
Harri Suutari	Chairman until 16 November 2015	40,000
Matti Ruotsala	Vice chairman until 16 November 2015, chairman from 16 November 2015	40,000
Olavi Huhtala	Member, vice chairman from 16 November 2015, member of Audit Committee	35,000
Olli Isotalo	Member	30,000
Perttu Louhiluoto	Member	30,000
Riitta Palomäki	Member, chairman of Audit Committee	35,000
Tommi Salunen	Member, member of Audit Committee	35 000
Total		245,000

Remuneration of President and CEO and other management

Componenta's Board of Directors decides on the remuneration and other benefits of the President and the deputy to the President. The Board of Directors decides on the terms of employment of members of the

Corporate Executive Team, based on the proposal of the President and CEO, in accordance with the "one over one" principle in use at the Group.

Remuneration and other benefits of other members of the Corporate Executive Team

The fixed cash salary of the members of the Corporate Executive Team includes compensation for any work on the boards of directors of Componenta Group companies and any associated companies.

The maximum bonus, linked to financial and personal targets, that is paid under short-term incentive schemes is position-related and, on average, some 40 per cent of a person's annual earnings.

The potential bonus from the long-term share-based incentive scheme for one earning period corresponds to, on average, 30 – 40 per cent of a person's annual earnings.

Members of the Corporate Executive Team were entitled in 2015 to additional healthcare insurance in addition to the statutory occupational healthcare.

Members of the Corporate Executive Team are also entitled to a company car as part of their total remuneration.

Pension agreements

A supplementary pension worth 6 per cent of their basic annual salary is paid for the Finnish members of the Corporate Executive Team who work in Finland. The President and CEO has a separate supplementary pension.

Remuneration of the President and CEO, deputy to the President and other members of the Corporate Executive Team

2015, EUR	Salaries, fees and fringe benefits	Bonuses	Statutory pension benefits	Voluntary pension benefits	Benefits paid on termination of employment	Share- based payments	Total
President and CEO Heikki Lehtonen (until 16 November 2015)	259,434	-	-	60,000	-	-	319,434
President and CEO Harri Suutari (from 16 November 2015)	57,905	-	-	15,000	-	-	72,905
Deputy to President	221,379	-	11,501	25,627	-	-	258,507

Mika Hassinen							
Other members of Corporate Executive Team	1,089,395	-	15,430	51,669	-	-	1,156,494
Total	1,628,113	-	26,931	152,296	-	-	1,807,340

Terms of employment of President and CEO Heikki Lehtonen

Salary and fringe benefits	Total monthly salary EUR 25,000, which consists of cash salary and fringe benefits (unlimited company car benefit and telephone benefit).
Short-term remuneration system	The President and CEO does not participate in the short-term remuneration system, which has been taken into account in his long-term remuneration.
Long-term incentive schemes	The President and CEO has been entitled to the Group's long-term share-based incentive scheme.
Pension	The retirement age of the President and CEO is 63 years, and he has a supplementary pension agreement. The agreement includes old age pension after reaching the age of retirement, paid-up pension policy rights if the employment of the insured person is terminated before reaching the age entitling to old age pension as stated in the insurance policy, disability insurance, and life insurance for the duration of the employment, of the paid-up pension policy and of pension. EUR 18,000 was paid to this benefit in 2015. In addition, the President and CEO has a separate pension capitalisation agreement, under which the pension begins at the age of 63 years and ends at the age of 68 years or when the savings in the capitalisation agreement have been used up. The pension capitalisation agreement was made in 2013 and in 2015 EUR 42,000 was paid to the savings under the capitalisation agreement. The actual pension is calculated annually by dividing the remaining amount of the savings by the remaining number of months for the pension.
Termination of employment	The President and CEO's contract of employment may be terminated by the company by giving twelve months' notice and by the President and CEO by giving twelve months' notice. The President and CEO is not entitled to any separate compensation after giving notice or being given notice other than the salary and benefits agreed in the terms of notice and the supplementary pension in accordance with the principles of the paid-up pension policy.

Terms of employment of President and CEO Harri Suutari

Salary and fringe benefits	Total monthly salary EUR 38,000, which consists of cash salary and any fringe benefits.
Pension	The retirement age of the President and CEO is 63 years, and he has a supplementary pension agreement. The agreement includes old age pension after reaching the age of retirement, paid-up pension policy rights if the employment of the insured person is terminated before reaching the age entitling to old age pension as stated in the insurance policy, disability insurance, and life insurance for the duration of the employment, of the paid-up pension policy and of pension. EUR 3,420 was paid to this benefit in 2015. In addition, the President and CEO has a separate pension capitalisation agreement, under which the pension begins at the age of 63 years and ends at the age of 68 years or when the savings in the capitalisation agreement have been used up. The pension capitalisation agreement was made in 2015 and in 2015 EUR 11,580 was paid to the savings under the capitalisation agreement. The actual pension is calculated annually by dividing the remaining amount of the savings by the remaining number of months for the pension.
Termination of employment	The President and CEO's contract of employment may be terminated by the company by giving twelve months' notice and by the President and CEO by giving twelve months' notice. The President and CEO is not entitled to any separate compensation after giving notice or being given notice other than the salary and benefits agreed in the terms of notice and the supplementary pension in accordance with the principles of the paid-up pension policy.

Remuneration schemes

The Board of Directors reviews annually the market competitiveness of total remuneration, the instruments used and their weighting and goals in the remuneration of different target groups.

Short-term incentive scheme

Short-term remuneration (one calendar year) is based on meeting measurable personal and business targets set for the year.

Long-term share-based incentive scheme

The Board of Directors decides on long-term share-based incentive schemes as part of total remuneration and manages the implementation of the schemes.

For 2015 a share-based incentive scheme was approved for the Group's key personnel. The aim of the scheme is

to unite the objectives of shareholders and key personnel in order to increase the value of the company, commit key personnel to the company, and offer them a competitive reward scheme based on ownership of company shares.

The target group for the incentive scheme are key Group personnel decided on by the Board of Directors.

The scheme contains one earning period, the 2015 calendar year, and the earning criteria for the period is the Componenta Group result after financial items. The size of the bonus earned in the earning period is determined at the end of the earning period by the extent to which the targets set for the earning criteria have been achieved.

Any bonuses for the 2015 earning period will be paid partly in company shares and partly in cash. The portion paid in cash is meant to cover the taxes and tax-related costs arising from the bonus incurred by the key person. The shares may not be transferred during a restriction period of approximately two years. In the event that a

key person's employment is terminated during the restriction period, he or she must return the shares given as a bonus to the company without compensation.

The target group for the scheme contained 12 people at the end of 2015. The Board of Directors decided not to allocate shares for the 2015 earning period, so the

scheme's impact on the Group's result before tax at the end of 2014 was EUR 0.0 million. The maximum bonuses to be paid on the basis of the incentive scheme corresponded to the value of 780,000 Componenta Corporation shares, including the part to be paid in cash.

Risk management and control

Risk management, internal control and internal audit.

Risk management is part of the company's monitoring system and it aims to ensure that the risks to which the company's business is exposed are identified, evaluated and monitored. It aims to help forecast the threats and opportunities for business operations and ensure the continuity of business.

The objective of internal control and risk management related to Componenta's financial reporting is to ensure that the reporting is reliable and that all applicable laws and regulations have been complied with.

Componenta compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the new Finnish Securities Markets Act, the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Board, while also complying with the rules and regulations of the Finnish Financial Supervisory Authority and the rules of Nasdaq Helsinki Ltd.

Risk management

The Board of Directors confirms the principles for risk management and those responsible for this. The Audit Committee of the Board of Directors monitors the effectiveness of risk management systems. The President and CEO supervises the implementation of the risk management programme to ensure that it focuses on matters that are essential for local and operational activities. The Corporate Executive Team participates in identifying and evaluating risks, in allocating responsibilities and in monitoring the risks.

The General Counsel is responsible for general development of Componenta's risk management, and

the CFO is responsible for development of risk management relating to financial risks.

Management of business operations is responsible for identifying and managing risks in their own business areas as part of their operational activities.

All employees are responsible for identifying and evaluating the risks that are related to their work or that are otherwise under their control and for reporting on them to their supervisors.

The financial risks relating to Componenta Group's business operations are managed in accordance with the Treasury Policy approved by the Board of Directors. The Group's treasury department manages financial risks and ensures for their own part the availability of equity and debt finance to the Group on competitive terms. The Group's treasury department is also responsible for managing and hedging the cash position.

The Corporate Executive Team conducts the Enterprise Risk Management (ERM) process annually and monitors the major risks to operations regularly. The main risks are identified and evaluated in the ERM process and corrective action is decided on.

The main risks for Componenta relating to the business environment and business operations and the finance risks are presented on the Company's website.

In 2015 the Corporate Executive Team conducted the annual Enterprise Risk Management (ERM) process, identifying and evaluating the risks and deciding on corrective action.

Control environment

The purpose of Componenta's internal control is to ensure that the Group operates in line with its strategy profitably and effectively, that risk management is arranged appropriately and adequately, and that financial and operational reporting is reliable. Control is based on Componenta's values, operating principles, policies and guidelines (the Componenta Way to Operate, the Disclosure Policy and the Code of Conduct). Internal control is part of management, governance and daily operations.

Financial reporting and supervision are based on budgets drafted and confirmed once a year and on monthly performance reporting. Group Accounting is responsible for the financial reporting process and for ensuring that the related instructions are consistent and updated regularly. Controllers at the unit and division level as well as management are responsible for ensuring that reporting is carried out in accordance with instructions.

Open and adequate communications ensure an effective and functional control environment. Information on reporting tools as well as instructions and principles relating to financial reporting have been provided to all the parties involved in financial reporting, and they are also available on the Group's intranet. Matters such as upcoming changes to IFRS and accounting principles or new reporting requirements are communicated to the financial organization on a regular basis. The Group's CFO reports to the Board's Audit Committee regularly on matters pertaining to internal control.

The Audit Committee appointed by the Board of Directors supervises the Group's financial reporting process and monitors the effectiveness of internal control, internal audit and risk management systems, and reports its observations to the Board.

Internal monitoring

The profitability and efficiency of Componenta's operations and the achievement of financial objectives

are monitored regularly by means of Group-wide financial reporting. The effectiveness of measures in internal control related to financial reporting is monitored by the Board of Directors, the Audit Committee, the President and CEO, the Corporate Executive Team and operative management teams.

Common, Group-wide ways of operating also cover reporting, and the related instructions are included in the Controller's Manual maintained by Group Accounting. Group Accounting has defined the control measures that cover the reporting process and allocated responsibilities for their implementation.

All operational business units have their own controllers who are responsible for financial reporting in cooperation with the management of the respective unit. The management team for each business unit and division analyses its own financial reports, including volumes, profits, costs, profitability and working capital, every month before the reporting meeting of the Corporate Executive Team.

The Board of Directors is responsible for the final evaluation of the Group's result.

Internal audit

Componenta Group's internal audit is conducted in accordance with the operating principles approved by the Board of Directors, which are based on the Group's internal reporting and the annual audit plan approved by the Board.

Componenta Group's financial administration conducts an internal audit of Group companies in accordance with the annual plan together with the external auditors.

Financial reporting that covers the whole Group regularly monitors how well financial targets are being met. The reports include actual figures, budgets and up-to-date estimates for the current year.

Audit

The Annual General Meeting appoints the auditor and decides on the remuneration of the auditor.

The company has one auditor that must be a firm of authorised public accountants approved by the Finland Chamber of Commerce. In addition to the duties prescribed in current accounting regulations, the auditor reports regularly to Componenta's Audit Committee and to the Board of Directors of Componenta when necessary.

The responsible auditor may function as auditor for a maximum of seven years in succession.

In 2015 Componenta's auditor was Authorised Public Accountants PricewaterhouseCoopers Oy. The responsible auditor was Samuli Perälä. In accordance with the decision of the Annual General Meeting on 11 March 2015, the fees paid to the auditor are based on invoicing. The fees paid to the auditors of Componenta Group's companies, based on the work performed, totalled EUR 511,000, comprising audit fees of EUR 359,000 and fees for other services EUR 152,000.

Communication

Information about Componenta and its governance is published on the Group's website. All releases and reports published by Componenta are available on the Group's website immediately after they have been published.

The full Componenta Corporate Governance document, the separate Corporate Governance Statement and the Remuneration Statement are available online at www.componenta.com.

Board of Directors

At the end of 2015 the Board of Directors consisted of six members.



Matti Ruotsala

b. 1956, M. Sc. (Eng.)
Board Member since 2012,
Vice Chairman 2012 – 2015,
Chairman 16 November 2015 –

Main occupation

Chief Operating Officer (COO) and Deputy to CEO of Fortum Corporation 2014 –

Primary work experience

Executive Vice President of Power Division of Fortum Corporation 2009 – 2014
President of Generation of Fortum Corporation 2007 – 2009
Managing Director of Valtra Ltd 2005 –

2007 and Vice President of AGCO Corporation 2005 – 2007
Chief Operating Officer (COO) and Deputy to CEO at Konecranes Plc 2001 – 2005
Several senior and managerial positions in Konecranes Plc and Kone Corporation 1982 – 2001

Positions of trust

Chairman of the Board of Kemijoki Oy and PKC Group Oy
Vice Chairman of the Board of Teollisuuden Voima Oyj
Member of the Board of Halton Group Ltd

Componenta shares

40,000



Olavi Huhtala

b. 1962, B. Sc. (Eng.)
Board Member since 2014, Vice Chairman 16 November 2015 –
Member of Audit Committee

Main occupation

Executive Vice President and Head of SSAB Europe and President and CEO at Rautaruukki Corporation 2014 –

Primary work experience

Executive Vice President, Ruukki Metals 2009 – 2014
President at Ruukki Metals 2005 – 2009

President at Ruukki Fabrication 2003 – 2004
Rautaruukki Metform, marketing and executive duties 2000 – 2003

Positions of trust

Member of the Board of Directors of Helens Rör AB, the Federation of Finnish Technology Industries and Association of Finnish Steel and Metal Producers

Componenta shares

30,000



Olli Isotalo

b. 1959, M.Sc. (Eng)
Board Member since 2015

Main occupation

President at Cargotec Corporation, Kalmar 2012 -

Primary work experience

Executive Vice President, Cargotec Corporation, Marine 2006 - 2012
President of Bromma Conquip AB 2003 - 2006

Managing Director of Velsa Oy 1999 - 2002
Vice President, Technology and Production Development at Kalmar Industries AB 1997 - 1999

Positions of trust

Member of the Board at GS-Hydro Ltd.

Componenta shares

-



Perttu Louhiluoto

b. 1964, M. Sc. (Econ), Master of Laws
Board Member since 2015

Main occupation

President at Metso Corporation, Services 2015 -

Primary work experience

President, Flow Control 2014 - 2015 and President, Automation 2012 - 2014 at Metso Corporation
President, Energy and Environment Technology, Metso Corporation 2011 - 2011

Senior Vice President, EMEA Market Area, Mining and Construction Technology, Metso Corporation 2009 - 2011
Senior Vice President, Operational Excellence, Metso Corporation 2008 - 2009
McKinsey & Company, Partner 2000 - 2008, various positions 1991 - 1999

Positions of trust

-

Componenta shares

-



Riitta Palomäki

b. 1957, M.Sc. (Econ.)
Board Member since 2012,
Chairman of Audit Committee

Main occupation

CFO at Uponor 2009 -

Primary work experience

CFO at Kuusakoski Group Oy 2003 - 2009
Vice President, Controlling at ABB Oy 2001 - 2003

Financial Director, Standard Lifting Equipment at Konecranes Oy 1997 - 2001
Financial Director at ABB Service Oy 1991 - 1997
Various managerial positions within ICT at ABB Industry Oy 1983 - 1991

Positions of trust

-

Componenta shares

20,000



Tommi Salunen

b. 1972, M. Sc.(Econ)
Board Member since 2013, Member of
Audit Committee

Main occupation

Chairman and Managing Partner at Aava
Advisors Oy 2012 -

Primary work experience

Head of investment banking Helsinki at
Carnegie Investment Bank Ab 2010 - 2012
and Director and Senior Adviser 2008 -
2010

CEO at Kaupthing Bank Oyj 2006 - 2007
Expert positions at Nordea 1998 - 2006
CEO at Kaupthing Bank Oyj 2006 - 2007
Expert positions at Nordea 1998 - 2006

Positions of trust

Member of the Board of Directors of Staffpoint
Holding Oy

Componenta shares

30,000

Corporate Executive Team

At the end of 2015 the Corporate Executive Team consisted of seven persons.



Harri Suutari

b. 1959, B. Sc. (Eng.)
President and CEO
16 November 2015 -

Primary work experience:

Board professional 2012 - 2015
President & CEO at PKC Group Oyj 2008 - 2012
President and CEO at PKC Oyj 2002 - 2005
President and CEO at Ponsse Oyj 1994 - 2000

President and CEO at Kajaani Automatiikka Oy
1984 -1996

Componenta shares:

213,150



Juha Alhonoja

b. 1975, Lic.Sc. (Tech.)
Senior Vice President, Machine Shop
Division 2012 -

Primary work experience

Vice President, Machining Technology at
Componenta 2009 - 2012
Director, Manufacturing at Gardner Denver
2008

Several managerial and development positions
at Componenta Group and business units in
Finland, Sweden and the Netherlands 2001 -
2008

Componenta shares

1,400



Markku Honkasalo

b. 1964, LL.M., trained on bench, eMBA
CFO 2015 –

Primary work experience

CFO at Valmet Corporation 2013 – 2015
CFO at Rautaruukki Corporation
2011–2013, Vice President, Financing at
Rautaruukki Corporation 2009 – 2011
Director, Legal and Administration at
Myllykoski Corporation 2003 – 2009
Number of management positions within
financing at Nordea 1989 – 2003

Componenta shares

–



Olli Karhunen

b. 1959, M.Sc. (Eng.)
Senior Vice President, Foundry Division
2012 –

Primary work experience

Senior Vice President, Componenta,
Foundries Division 2006 – 2010, Operations
Finland 2011, Operations Development
2012
Managerial positions at Componenta
Group and its divisions and business units
1990 – 2006

Expert and other positions at Alteams,
Kuusakoski Oy and Technical Research Center
1984 – 1990

Componenta shares

30,115



Pauliina Rannikko

b. 1970, LL.M., M.Sc. (Econ.)
Senior Vice President, Human Resources
and Legal 2015 –

Primary work experience

General Counsel and Senior Vice President,
Legal and Risk management at
Componenta 2010 – 2015
Group General Counsel, Onninen Oy 2007 –
2010
Managerial and expert positions at Finnair
Oyj and Roschier, Attorneys Ltd 1997 –
2007

Componenta shares

600



Furio Scolaro

b. 1962, M.Sc. (Eng.)
Senior Vice President, Sales, Global
Accounts 2015 -

Primary work experience

Several sales management positions at
Componenta as of 2009, latest Senior Vice
President, Sales and Product Development
2013 - 2015
Global Key Account Manager at SNECI,
France 1997 - 2009

Sales Office Manager at Labinal, Italy 1991 - 1997
Project manager at Valeo, France 1989 -1991

Componenta shares

400



Sabri Özdoğan

b. 1975, B. Sc. (Eng.)
Senior Vice President, Aluminium Division
2012 -

Primary work experience

Business Unit Director at Componenta
Manisa Wheels 2008 - 2012, manager in
wheel production center 2006 - 2008

Planning supervisor and assistant manager at
Döktas AS Manisa 2004 - 2006, planning
engineer 1999 - 2004

Componenta shares

513

Financial Statements

Information about Componenta's result, financial position and financing.

The Financial Statements 2015 contains information about Componenta's result and financial position and has been published separately. The Financial Statements includes the consolidated financial statements, the financial statements of the parent company, the report by the Board of Directors and the auditor's report.

Click link on the side to download The Financial Statements 2015 as PDF.

This online annual report includes key financial figures for 2015 in brief and are presented in the section [Key financial figures](#).

Download a PDF report

Financial Statements 2015 [PDF](#)

Key financial figures

2015 income statement, statement of financial position and cash flow statement in short, and Group development figures 2011 – 2015.

Consolidated income statement 1.1.–31.12.

MEUR	2015	2014
Net Sales	494.8	495.2
Other operating income	2.6	-0.1
Operating expenses	-484.3	-470.1
Depreciation, amortization and write-down of non-current assets	-36.6	-22.9
Share of the associated companies' result	0.1	0.1
Operating profit	-23.4	2.2
Financial income and expenses in total	-25.4	-30.9
Profit/loss after financial items	-48.9	-28.7
Income taxes	-33.8	0.2
Profit/loss for the financial period	-82.7	-28.6

Consolidated income statement excluding one-time items and operative exchange rate differences 1.1.–31.12.

MEUR	2015	2014
Net Sales	494.8	495.2
Other operating income	1.5	2.1
Operating expenses	-472.5	-461.5
Depreciation, amortization and write-down of non-current assets	-17.9	-18.1
Share of the associated companies' result	0.1	0.1
Operating profit	6.0	17.8
Financial income and expenses in total	-25.4	-27.3
Profit/loss after financial items	-19.4	-9.5
Income taxes	0.1	-2.3
Profit/loss for the financial period	-19.3	-11.8

Consolidated statement of financial position 31.12.

MEUR	2015	2014
Assets		
Non-current assets	294.1	338.0
Current assets		
Inventories	68.9	75.0
Other current assets	39.3	55.8
	108.2	130.8
Total assets	402.2	468.9
Liabilities and shareholders' equity		
Shareholder's equity	18.6	111.2
Liabilities		
Non-current liabilities		
Interest bearing	87.3	159.1
Non-interest bearing	21.6	22.7
Current liabilities		
Interest bearing	155.7	69.1
Non-interest bearing	119.0	106.8
	383.6	357.7
Total liabilities and shareholders' equity	402.2	468.9

Cash flow statement 1.1.–31.12.

MEUR	2015	2014
Cash flow from operations before change in net working capital, financing and taxes	11.4	24.2
Change in net working capital	21.6	-16.8
Cash flow from operations before financing and taxes	33.0	7.5
Cash flow from operations	10.3	-20.6
Cash flow from investments	-26.8	-13.4
Cash flow from financing activities	10.5	36.0
Change in liquid assets	-6.0	2.0

Group development 2011–2015

MEUR	2011	2012	2013	2014	2015
Net sales	576.4	544.8	510.5	495.2	494.8
Operating profit	22.5	4.0	14.9	2.2	-23.4
Financial income and expenses	-25.9	-29.4	-24.5	-30.9	-25.4
Result after financial items	-3.4	-25.4	-9.6	-28.7	-48.9
Result for the financial period	-3.1	-24.0	-15.5	-28.6	-82.7
Order book at period end	99.5****)	82.9***)	87.3**)	88.9*)	76.9
Change in net sales, %	27.6	-5.5	-6.3	-3.0	-0.1
Share of export and foreign activities in net sales, %	90.0	92.0	91.6	91.7	91.3

*) Order book on 8 January 2015, **) Order book on 6 January 2014, ***) Order book on 13 January 2013, ****) Order book on 12 January 2012

Group development 2011–2015 excluding one-time items and operative exchange rate differences *)

MEUR	2011	2012	2013	2014	2015
Net sales	576.4	544,8	510.5	495.2	494.8
Operating profit	29.8**)	10.0**)	14.5	17.8	6.0
Financial income and expenses	-25.9**)	-27.7**)	-24.4	-27.3	-25.4
Result after financial items	3.9**)	-17.6**)	-9.9	-9.5	-19.4

*) Tables presented under Group development 2011 – 2015 section are unaudited.

***) The figures are including operative exchange rate differences..

	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Statement of financial position total, MEUR	437	460	452	469	402
Net interest bearing debt, MEUR	243	236	230	216	237
Invested capital, MEUR	326	340	325	339	262
Return on investment, %	7.8	2,0	4.9	0.8	-7.2
Return on equity, %	-5.8	-32.9	-18.6	-29.1	-92.6
Equity ratio, %	9.4	18.1	18.9	23.7	4.6
Net gearing, %	591.4	283.5	269.6	194.4	1,273.0
Investments in non-current assets, MEUR	21.8	19.2	18.9	22.6	31.5
Number of personnel at period end	4,240	4,104	4,154	3,981	3,979
Average number of personnel	4,234	4,249	4,153	4,111	3,982

Information for investors

Information relating to Componenta's Annual General Meeting and Interim Reports in 2016.

Annual General Meeting

The Annual General Meeting of Componenta Corporation will be held **at 10.00 a.m. on Friday, 1 April 2016** at the company's headquarters in Käpylä, in the auditorium of the Sato building at Panuntie 4, FI-00610 Helsinki, Finland.

Right to participate

A shareholder who on the record date of the General Meeting, 18 March 2016, is registered as a shareholder in the company's shareholders' register maintained by Euroclear Finland Ltd is entitled to attend the General Meeting.

Registration

A shareholder who wishes to participate in the General Meeting is required to register his/her participation no later than 29 March 2016 at 10.00 a.m. by letter to the address Componenta Corporation, Panuntie 4, FI-00610 Helsinki, by telephone +358 10 403 2701 by fax +358 10 403 2721 or by email to ir.componenta@componenta.com. The registration letter or message must arrive prior to the expiration of the registration period.

Dividend and dividend policy

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 1 January – 31 December 2015 financial period.

The Board of Directors takes the financial performance, financing structure and growth expectations into

account in its dividend proposal. The objective is to pay dividends amounting to 25 – 40 per cent of net profit.

Financial information in 2016

Interim report January – March 2016 **on Friday 22 April 2016**

Interim report January – June 2016 **on Tuesday 19 July 2016**

Interim report January – September 2016 **on Wednesday 26 October 2016**

Componenta's publications and releases are available immediately after their release date at www.componenta.com. The news conferences for media representatives and analysts, held when the interim reports are published, will be webcast simultaneously on the company's website at www.componenta.com.

Componenta's 2015 Annual Report has been published as an online report which can be printed out as a ready-to-use PDF file or a tailored PDF file consisting of the pages the reader is interested in. Previous Annual Reports, Sustainability Reports and Interim Reports are also available online. Publications printed on paper can be ordered by visiting Componenta's website at www.componenta.com or by emailing ir.componenta@componenta.com.

If you register on Componenta's website at www.componenta.com, you can order all releases to your email immediately after their release.

All Componenta's financial publications are available in both Finnish and English.

Investor relations and contacts

Our aim is to provide comprehensive information about Componenta's business, operating environment and financial position for investment decisions.

Thirty days prior to the publication of any financial statements or interim reports, we have a closed window

period during which we do not meet with capital market representatives or comment on result developments.

Investors and shareholders are served by Componenta's investor relations team consisting of the President and CEO, the CFO and the IR and External Communications Manager. Contact our IR team by email at ir.componenta@componenta.com.

More information for investors

All our published releases and reports are available on our IR website at www.componenta.com.

Contact

Investors and shareholders are served by Componenta's investor relations team by email at ir.componenta@componenta.com.