COMPONENTA
Casting Future Solutions

FINANCIAL STATEMENTS RELEASE

1 January – 31 December 2016

The net sales and operating profit of continued operations declined. The progress of the corporate restructuring process in Finland and Sweden will enable to restore profitability and future development.

January – December 2016 in brief

- On 1 September 2016 Componenta filed for its parent company Componenta Corporation and its subsidiaries in Finland and Sweden for a corporate restructuring, and filed for bankruptcy for its Dutch subsidiary. The Turkish subsidiary is continuing its operations without official proceedings.
- The company believes that, once approved and implemented, the corporate restructuring programs in Finland and Sweden will enable the company's operations to be brought back to profitability and developed in the longer term.
- Because of the bankruptcy proceedings, the Company considers that it has lost control over the sub-group in the Netherlands and for this reason consolidation of the sub-group in the Group's financial statements ended in the third quarter of 2016 and its operations have been classified as discontinued operations. Because of the restructuring proceedings at Componenta Corporation and shares given as security, the Company considers that it has lost control over the Turkish sub-group, and for this reason consolidation of the sub-group in the Group's financial statements ended on 31 December of 2016 and its operations have been classified as discontinued operations in Componenta's consolidated financial statements of 31 December 2016. The figures for comparison have been adjusted accordingly.
- The Group's current continued operations are the foundry operations in Pori and Karkkila, Finland, and in Sweden the machine shop in Främmestad and the forging operations in Wirsbo and Arvika.
- Comparable net sales, that corresponds current continued operations, decreased 6% and was MEUR 166.8 (MEUR 177.9).
- The turnover of the continued operations dropped during the review period, 12.6% lower than the previous year, and was EUR 183.6 million (EUR 210.1 million).
- Adjusted EBITDA of continued operations declined from the previous year, standing at MEUR 3.1 (MEUR 8.3). EBITDA including items affecting comparability was MEUR -16.1 (MEUR 3.9).
- Profitability of continued operations in the review period was weakened by lower production volumes than in the previous year, by exchange rate differences and stoppages in production caused by filings for corporate restructuring and the tight liquidity situation. Exchange rate differences had an impact of MEUR -2.3 (MEUR 0.8) on EBITDA.
- Adjusted operating profit of continued operations was down on the previous year, standing at MEUR -5.8 (MEUR 0.4). Operating profit of continued operations for the period, including items affecting comparability, was MEUR -46.0 (MEUR -18.5). Around MEUR -30 of write-downs and impairments affecting comparability were recorded.
- The adjusted result of continued operations after financial items was -17.0 (MEUR -16.2) and the result of continued operations after financial items, including items affecting comparability, was MEUR -16.5 (MEUR -35.1).
- The Group's net result for the review period, including continued and discontinued operations, was MEUR -215.5 (MEUR -82.7) and basic earnings per share were EUR -1.64 (EUR -0.86).
- The order book of continued operations at the beginning of January was 2.0% down on the previous year, at MEUR 30.8 (MEUR 31.4). Comparable order book that corresponds current continued operations, was EUR 29 million and comparable order book increased by 6%.
- Componenta believes that the corporate restructuring proceedings will proceed favourable and expects the net sales of continuing operations to be MEUR 150-170 in 2017. The EBITDA without items affecting comparability is expected to be MEUR 5-10.

October – December 2016 in brief, continued operations

- Comparable net sales, that corresponds current continued operations, decreased 2% and was MEUR 43.4 (MEUR 44.5).
- Net sales declined 16.0% from the previous year to MEUR 44.2 (MEUR 52.7).
- Adjusted EBITDA improved from the previous year to MEUR 1.1 (MEUR -0.3). EBITDA including items affecting comparability was MEUR -10.1 (MEUR -3.0).
- The effect of currency exchange rates on the EBITDA was MEUR -0.5 (MEUR 0.8).
- The adjusted operating profit was MEUR -0.8 (MEUR -2.2) and the operating profit of continued operations, including items affecting comparability, was MEUR -28.8 (MEUR -19.4).
- Adjusted result after financial items was MEUR -2.8 (MEUR -7.4) and the result after financial items, including items affecting comparability, was MEUR -33.5 (MEUR -24.6).
- Items affecting comparability that had an impact on the result after financial items for the October-December period totalled MEUR -30.7 (MEUR -17.2). During the last quarter write-downs and impairments affecting comparability totalling around MEUR 25 were recorded.
- The net result for the October-December period, including discontinued operations, was MEUR -194.9 (MEUR -73.6) and basic earnings per share were EUR -1.15 (EUR -0.76).

President and CEO Harri Suutari comments on the review period and events after the end of period

"Componenta Group's result in 2016 was extremely weak, mainly due to the tight liquidity that continued throughout the first part of the year and ultimately in September resulted in Group companies filing for corporate restructuring in Finland and Sweden and in the Dutch subsidiary being declared bankrupt.

The difficulties related to liquidity had begun earlier and they hampered production, customer deliveries and new orders up until the filing for restructuring. Progress in the restructuring proceedings towards the end of the year still did not stimulate new sales, although the financing to cover working capital requirements previously agreed with major customers in Finland and Sweden significantly stabilised Componenta's production and deliveries and secured the liquidity during the final quarter.

Strategic reviews of business operations have been carried out throughout the year at Componenta, resulting in corporate reorganisation aimed at focusing on core business. Several changes were implemented by the deadlines set; the largest of these were the sale of the Suomivalimo foundry in Iisalmi and of the Pistons production unit in Pietarsaari. However the proceeds from these divestments were very limited. The sale of the foundry and machine shop operations in Turkey, announced late last year, is still in process. The sale of the Swedish forging operations did not ended to acceptable industrial solution – instead, due to Wirsbo's restructuring decision and the strong commitment of the customers, efforts will be made to keep them part of the Componenta Group.

The sale of the Turkish subsidiary has been prepared by the main local lenders, i.e. the club loan banks. In practice the banks have acted to realize the shares without conducting the normal discussions with the owner of the shares. Therefore we consider that we have lost control in the Turkish subsidiary, and the Turkish company is not being consolidated in the Group's consolidated balance sheet in the 2016 financial statements.

Successful completion of the corporate restructuring proceedings is essential for building the future. At the end of the year the local district courts approved the restructuring proposals for Componenta Wirsbo AB and Componenta Arvika AB. A second three month extension until the beginning of June was granted for drafting the restructuring proposal for Componenta Främmestad AB, because reaching an agreement between Componenta Främmestad AB and Componenta Dökümcülük Ticaret ve Sanayi A.S. relating to extended payment terms of receivable of Componenta Dökümcülük Ticaret ve Sanayi A.S, is seen as a prerequisite for a viable composition proposal. In Finland the draft restructuring programs for Componenta Corporation and Componenta Finland Oy were submitted to the local district court on 30 March 2017.

The 2016 financial statements of Componenta Group and the parent company have been drawn up on the basis of a going concern. There is still uncertainty concerning the success of the restructuring proceedings and going concern."

Dividend proposal

On 31 December 2016 the distributable equity of the parent company was negative EUR -138.9 (58.1) million, so it is not possible to pay a dividend. Furthermore, the Restructuring of Enterprises Act forbids the payment of dividends to shareholders during restructuring proceedings.

Componenta's guidance for 2017

Because of the Company's financial situation and the restructuring proceedings and structural reorganisation in progress, giving earnings guidance has been exceptionally difficult. Because of this Componenta has not given forecasts for its financial performance when commenting on prospects during 2016. As the result of progress in the restructuring proceedings and more stable liquidity in the business operations that are continuing, Componenta is starting again to disclose guidance for its result.

The majority of the net sales comprises manufacturing of components to heavy trucks and machine building industries. In these segments European market looks stable for the current year. Componenta has remarkably decreased comparable fixed costs and improved productivity in continued operations.

Componenta believes that the corporate restructuring proceedings will proceed favourable and expects the net sales of continued operations to be EUR 150–170 million in 2017. The EBITDA without items affecting comparability is expected to be EUR 5–10 million. In 2016 Componenta's comparable net sales that correspond to continued operations in 2017 was around EUR 167 million.

Componenta Financial Statements Release 1 January — 31 December 2016:

The net sales and operating profit of continued operations declined. The progress of the corporate restructuring process in Finland and Sweden will enable to restore profitability and future development.

Summary of main events in 2016 and corporate restructuring proceedings

The year 2016 was extremely challenging for Componenta. The order book of continued operations at the beginning of January 2017 was 2.0% down on the previous year. The turnover of the continued operations dropped 12.6% during the financial year and was EUR 183.6 million (EUR 210.1 million). Also EBITDA and operating profit were lower than in the previous year.

Componenta Group's liquidity situation remained tight during the first half of the year and become critical in August due to the weak turnover and profitability developing more negatively than estimated. The company was unable to negotiate the financing required to rectify the situation and could not keep its production plants operational because of lack of materials.

Due to the lack of additional financing, Componenta filed for restructuring of the parent company i.e. Componenta Corporation and its subsidiaries Componenta Finland Oy in Finland and Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB in Sweden. As part of the arrangement Componenta's Dutch subsidiary Componenta B.V. was filed for bankruptcy. Componenta Dökümcülük Ticaret ve Sanayi A.S. in Turkey (Turkish subsidiary/Turkey sub-group) continued its operations without any official proceedings.

Key Figures

	Q4 2016	Q4 2015	Difference	2016	2015	Difference
Order book, continued operations, MEUR	**30.8**	31.4	-2 %	**129.0**	134.7	-4 %
Net sales, continued operations, MEUR	**44.2**	52.7	-16 %	**183.6**	210.1	-13 %
Adjusted EBITDA, continued operations, MEUR	**1.1**	-0.3	n/m	**3.1**	8.3	-63 %
Adjusted operating profit, continued operations, MEUR	**-0.8**	-2.2	+63 %	**-5.8**	0.4	n/m
Adjusted operating profit, continued operations, %	**-1.8**	-4.2	+56 %	**-3.2**	0.2	n/m
Adjusted result after financial items, continued operations, MEUR	**-2.8**	-7.4	+62 %	**-17.0**	-16.2	-5 %
Items affecting comparibility in the result, after financial items, continued operations, MEUR	**-30.7**	-17.2	-78 %	**0.5**	-19.0	n/m
Taxes, continued operations, MEUR	**-5.4**	-26.7	-79 %	**-7.2**	-27.1	-73 %
Result, MEUR	**-194.9**	-73.6	-161 %	**-215.5**	-82.7	-165 %
Earnings per share, EUR	**-1.15**	-0.76	-51 %	**-1.64**	-0.86	-90 %
Net gearing, %	**n/a**	1273	n/a	**n/m**	1273	n/m
Adjusted return on investment, %	**10 %**	-7 %	n/m	**-0.2**	2.3	n/m
Adjusted return on equity, %	**n/a**	-68 %	n/a	**n/m**	-20.4	n/m
Employees at the end of the period, inc. leased personnel, Group (2016 inc. Turkey)	**3350**	4269	-21 %	**3350**	4269	-21 %
Employees at the end of the period, inc. leased personnel, continued operations	**878**	1 080	-19 %	**878**	1 080	-19 %

The filings of the Swedish subsidiaries were approved and the restructuring proceedings started on 1 September 2016 (Componenta Främmestad AB and Componenta Wirsbo AB) and 2 September 2016 (Componenta Arvika AB). The Dutch subsidiary was declared bankrupt on 2 September 2016. In Finland, the district court of Helsinki took its decision regarding the commencement of the restructuring process in respect of Componenta Corporation and Componenta Finland Oy on 30 September 2016.

After filing for corporate restructuring Componenta agreed with its main customers in Finland and Sweden on financing based on pre payments program to cover its working capital requirements.

During 2016, Componenta has implemented a strategic review of the business structure, which has included the closures or sales of production plants and other measures aiming to improve profitability.

As part of the strategic review, Componenta's management system was reorganised at the beginning of March. In the new system the previous division structure has been removed and business operations have been divided into five business areas: Finland business area, Sweden business area, Netherlands business area, Turkey Iron business area and Turkey Aluminium business area. The business areas consist of the business units i.e. local foundries, machine shops and forges.

Before the bankruptcy of the Dutch subsidiary, Componenta planned to transfer production where applicable from the Heerlen foundry to the Weert foundry. It was also planned to concentrate all of Componenta's operations in the Netherlands at the Weert business unit, and the Heerlen production plant was to be closed by the end of 2017.

In August Componenta's Sweden business area has been divided into two separate businesses, the Främmestad machine shop business and the Wirsbo forge business.

The renewal implemented in March aimed at significant cost savings and fixed costs was reduced by several measures. Group level sales, engineering, quality and customer service operations became part of the business units. This change aimed to develop the core competences of the business units and to significantly improve customer service and quality. In Finland, personnel involvement in management has been promoted by appointing an employee representative to each business unit management team.

Production facilities were sold in order to focus on the Group's core business. In February, Karkkilan Lääkärikeskus Oy, a subsidiary of Componenta Corporation, sold its medical centre and occupational health business, which were not part of the Group's core business, to Mehiläinen Oy. Ownership of the medical centre transferred to Mehiläinen as of 1 March 2016. The foundry operations of Iisalmi-based Suomivalimo were sold in June to a company set up by Antti Lehtonen, Olli Karhunen and the operational management of Suomivalimo. The foundry real estate property in Iisalmi was sold to Iisalmen Teollisuuskylä Oy. Componenta's pistons business was sold in August 2016 to Koncentra Pistons Oy.

In addition to selling non-core parts of its business, in October Componenta Corporation announced its plans to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.S. and its forge operations located in Sweden i.e. Componenta Wirsbo AB and Componenta Arvika AB. The sale of the Swedish forging operations did not ended to acceptable industrial solution – instead, due to Wirsbo's restructuring decision and the strong commitment of the customers, efforts will be made to keep them part of the Componenta Group.

Negotiations for financial solutions to improve financing and strengthen the balance sheet began in early December 2015 and continued in early 2016. In May 2016 Componenta Corporation issued a EUR 40 million convertible capital loan and paid off the company's secured bank loans and secured bond totalling around EUR 72 million.

Negotiations then continued with Turkish banks regarding additional financing for the Turkish subsidiary and to make existing financing longer term. In July Componenta Dökümcülük A.S. signed a new four year credit facility agreement worth EUR 15 million.

Corporate restructuring proceedings

The Swedish forge businesses Componenta Wirsbo AB and its subsidiary Componenta Arvika AB received decisions on their applications for corporate restructuring from their local district courts on 30.12.2016 (Componenta Wirsbo AB) and 23.12.2016 (Componenta Arvika AB). The decisions stepped into force on 13.1.2017.

Componenta Wirsbo AB has a restructuring debt of MSEK 84 and Componenta Arvika AB of MSEK 87, of which MSEK 36 is to other Group companies consolidated in the Group's financial statement and MSEK 135 to other creditors. According to the court decisions, unsecured creditors shall receive full payment up to a total amount of SEK 10,000 and 25% on the excess claim to be paid. Componenta Wirsbo has a prioritised restructuring debt of MSEK 1.0 and respectively Componenta Arvika MSEK 8.3 which must be paid in full.

On 9 December 2016 the local district court granted an extension for restructuring proceeding regarding Componenta Främmestad AB by three months until 28.2.2016, and by three more months on 3 March 2017 until 1 June 2017. According to the restructuring proposal, a longer repayment time has been proposed to repay debts to Componenta Dökümcülük Ticaret ve Sanayi A.S. Reaching an agreement between Componenta Främmestad AB and Componenta Dökümcülük Ticaret ve Sanayi A.S. relating to extended payment terms of receivable of Componenta Dökümcülük Ticaret ve Sanayi A.S, is seen as a prerequisite for a viable composition proposal. Componenta's Turkish subsidiary is the most significant creditor and casting supplier for Componenta Främmestad AB.

Componenta Främmestad AB has restructuring debt of approximately MSEK 182 in total of which the restructuring debt to the Turkish company is approximately MSEK 95.

The court of Helsinki decided that the administrator shall submit a draft restructuring programme to the district court of Helsinki by 31 January 2017 at the latest. The district court of Helsinki decided on 26 January 2017 at the request of the administrator to postpone the deadline for submitting the draft restructuring program till 31 March 2017. The administrator has submitted draft restructuring programs on behalf of Componenta Corporation and Componenta Finland Oy to the district court on 30.3.2017.

The total amount of Componenta Corporation's restructuring debt that is entered in the balance sheet and must be taken into account in the restructuring proceedings is some EUR 124 million, and this is at the same time unsecured restructuring debt. Some EUR 95 million of Componenta Corporation's restructuring debt is to the Componenta Turkey sub-group, EUR 11 million to group companies consolidated in the consolidated financial statements, and EUR 18 million to other parties. Componenta's Turkish subsidiary is the largest creditor of Componenta Corporation. The unsecured debts are proposed to be cut by 96 percent. According to the draft restructuring programme, should the guarantee liability to the Turkish club loan banks not realize, would the materialized debt cut approximately two percentage points lower. According to the payment programme for unsecured restructuring debts, the company's restructuring debts will be paid every six months over five years so that the first instalment will fall due for payment in 2019 and the last in 2023. The company also has EUR 4 million in lowest-priority debt. The amount of lowest-priority debt will be cut in its entirety.

The total amount of Componenta Finland Ltd's restructuring debt that is entered in the balance sheet and must be taken into account in the restructuring proceedings is some EUR 38 million, of which approximately EUR 1 million is secured debt and approximately EUR 37 million is unsecured restructuring debt. Some EUR 17 million of Componenta Finland Ltd's unsecured restructuring debt is to group companies consolidated in the consolidated financial statements, EUR 6 million is to the Componenta Turkey sub-group, and EUR 14 million to other parties. According to the draft restructuring programme, the amount of unsecured debts will be cut by 75%. The secured debt of approximately EUR 1 million is to other parties. The amount of secured debt will not be cut. According to the payment programme for restructuring debts, the company's restructuring debts would be paid every six months over five years so that the first instalment will fall due for payment in 2019 and the last in 2023.

Componenta Corporation owns 100% of Componenta Finland Oy, which owns 100% of Componenta Främmestad AB, which owns 100% of Componenta Wirsbo AB, which owns 100% of Componenta Arvika AB. Each of the above-mentioned companies is undergoing separate restructuring proceedings.

The Group companies consolidated in the Group's financial statements had restructuring debts outside the Group that were recorded in the consolidated balance sheet totalling EUR 163 million, and the Componenta Turkey group accounted for some EUR 110 million of this. The Company considers that the restructuring proceedings in Finland and Sweden will make it possible to put operations back on a healthy footing and to develop them, but considerable uncertainty still surrounds the company's ability to continue as a going concern.

Discontinued operations

The Dutch subsidiary Componenta B.V. was declared bankrupt on 1 September 2016. As a result, Componenta Group no longer has iron business operations in the Netherlands. The operations of the Dutch sub-group have been classified as discontinued operations in accordance with the IFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations", and consolidation of Componenta B.V. in the Group financial statements ended in the third quarter of 2016.

Because of the restructuring proceedings at Componenta Corporation and the share pledge given by Componenta Corporation, the Company considers that it has lost control over the Turkish sub-group, and for this reason consolidation of the sub-group in the Group's financial statements ended on 31 December 2016 and its operations have been classified as discontinued operations in Componenta's consolidated financial statements of 31 December 2016 in accordance with IFRS 5. Componenta announced on 7 October 2016 that Componenta Corporation was planning to sell the Componenta Dökümcülük shares that it owns. Since the end of 2016 the club loan banks in Turkey have taken a more active role in the process of selling the Componenta Dökümcülük shares owned by Componenta, and in practice the negotiations are being conducted under the leadership of the Turkish club loan banks. In addition, any involvement of Componenta representatives in the management of Componenta Dökümcülük has become increasingly restricted.

The 2016 figures and 2015 figures for comparison have been adjusted for the income statement, including other comprehensive income items, and for the cash flow statement and certain key figures. In the segment information, the figures for the Componenta B.V. sub-group and the Turkish sub-group are presented as discontinued operations, and so is the impairment on all the net asset items of the Componenta B.V. sub-group and of the Componenta Turkey sub-group, including the Group goodwill for Turkey, in connection with derecognition. In addition, impairment recorded by Group companies with continuing operations on net receivables from the Componenta B.V. sub-group and the Componenta Turkey sub-group and on shareholdings is presented under discontinued operations. Furthermore, guarantee liability claims made by third parties based on guarantee liabilities given on behalf of Componenta B.V. are presented in the consolidated balance sheet and recognised in the income statement under discontinued operations. Cumulative translation differences relating to the Componenta Turkey sub-group are also recorded in the income statement and presented under discontinued operations.

Order book and sales development

Componenta's order book of continued operations at the beginning of 2017 was 2.0% smaller than in the previous year, standing at EUR 30.8 (31.4) million. The order book comprises confirmed orders for the next two months. Comparable order book that corresponds current continued operations, was EUR 29 million and comparable order book increased by 6%.

Sales for Componenta's heavy trucks customer sector of continued operations were 11% lower than in the previous year.

Sales for the construction and mining customer sector of continued operations were 26% lower than in the previous year.

Sales for the machine building customer sector of continued operations were 17% lower than in the previous year.

Sales for the agricultural machinery customer sector of continued operations were 2% higher than in the previous year.

Continued operations do not include orders in the automotive sector.

Net sales

Componenta's net sales of continued operations in the January–December period fell 12.6% to EUR 183.6 (210.1) million.

By customer sector, Componenta's net sales of continued iron business operations in the financial period were as follows: heavy trucks 69% (67%), construction and mining 5% (5%), machine building 21% (22%) and agricultural machinery 5% (5%).

Result

The adjusted EBITDA for the financial year for the Group's continued operations weakened from the previous year to EUR 3.1 (8.3) million. The adjusted EBITDA was weakened by lower production volumes than in the previous year, by changes in currency exchange rates and by production stoppages caused by the tight liquidity and by filing for restructuring. Exchange rate differences for operations had a significant impact on EBITDA compared to the previous year, EUR -2.3 (0.8) million. The main factor affecting operational exchange rate differences for continuing operations was changes in the exchange rate for the Swedish crown.

The consolidated adjusted operating profit of continued operations in the review period declined from the previous year to EUR -5.8 (0.4) million. The operating profit including items affecting comparability, was EUR -46.0 (-18.5) million.

The Group's continued operations adjusted net financial costs in the review period totalled EUR -11.3 (-16.6) million. Adjusted net financial costs were EUR 5.3 million lower than in the previous year mainly due to lower interest expenses. Net financial costs, including items affecting comparability, were EUR 29.5 (-16.6) million.

The Group's adjusted result of continued operations for the period after financial items was EUR -17.0 (-16.2) million, and result after financial items, including items affecting comparability, was EUR -16.5 (-35.1) million.

Items affecting comparability included in the operating profit for the review period totalled EUR -40.2 (-18.9) million. Items affecting comparability in the operating profit of continued operations are mainly related to costs for loss on the sale of the Suomivalimo business of EUR -6.1 million, the Pistons unit's sales profit of EUR 1.0 million, the impairments and write-downs of long-term production machinery, intangibles and stocks in the Swedish iron business were EUR -19.5 million. The impairments were mainly due to a rise in weighted average cost of capital used in impairment tests and growth of funds tight in working capital. The changes in value and impairments of investment real estates and production facilities in Finland were EUR -10.0 million. Due to the restructuring proceedings certain real estates will be sold and the company does not have resources to develop premises for long-term rental business. In addition the yield estimates for the company's own use of production plant properties in Finland were reduced e.g. due to the restructuring proceedings. Redundancy and other costs relating to the restructuring totalled EUR -3.3 million and other items affecting comparability were in total EUR -2.3 million.

Items affecting comparability included in the net financial items totalled EUR 40.7 (-0.1) million and relate mainly to financing arrangements that aim to strengthen the balance sheet. On 16 May 2016 Componenta Corporation issued a convertible capital loan of EUR 40 million and discharged secured bank loans and a secured bond. As a result of the arrangement the amount of the company's secured debt has decreased by some EUR 72 million. The secured debt was discharged at an amount lower than the balance sheet value, and the company recorded the difference between the balance sheet value and the discharged value after arrangement fees, EUR 43.3 million net, in other financial income.

Taxes for the period for continued operations totalled EUR –7.2 (–27.1) million. Taxes for the period include impairment of EUR –5.8 million on deferred tax assets related to confirmed losses in Finland and Sweden and other impairment totalling EUR –1.4 million was recorded in Finland and Sweden for net deferred taxes. The impairments were recorded because of the considerable uncertainty surrounding the company's viability as a going concern and due to the uncertainty related to utilization of the deferred tax assets in question.

The result in the year for discontinued operations, including impairment on the net assets of the Dutch and Turkish sub-groups as the result of derecognition, and the impairment recorded by Group companies under continued operations concerning receivables from and shareholdings in the Dutch and Turkish sub-groups, as well as guarantee liability claims made by third parties based on guarantee liabilities given on behalf of Componenta B.V., totalled EUR –191.8 (–20.4) million. Items affecting comparability of the discontinued operations in the Netherlands and Turkey totalled EUR 152.7 million in the third and fourth quarters in relation to deconsolidation. The items affecting comparability included impairments on the net assets of the sub-groups and impairments recorded for the companies within the group with continuing operations relating to receivables from the Dutch and Turkish companies and shares owned in them, and claims from third parties relating to guarantees given on behalf of Componenta B.V. In addition, during the year EUR 2.9 million and EUR 25.5 million of costs affecting comparability were recorded in the Netherlands and Turkey respectively. The result for discontinued operations in the year excluding items affecting comparability was EUR –10.8 (–2.9) million and the estimated operating profit excluding items affecting comparability was EUR 5.3 (6.7) million.

The Group's profit for the review period was EUR –215.5 million (EUR –82.7 million). Basic earnings per share were EUR –1.64 (EUR –0.86) for the review period and the basic earnings per share for continued operations were EUR –0.18 (EUR –0.65).

The adjusted return on investment was –0.2% (2.3%) and the return on investment including items affecting comparability for the review period was –61.7% (–7.2%). There is no point in calculating the return on equity percentage since equity is negative.

Balance sheet, financing and cash flow

During 2015 Componenta failed to meet certain conditions for its syndicated loan agreement. For this reason at the end of December 2015 the company signed a standstill agreement with the Nordic partners in the syndicated loan agreement, whereby the lenders released Componenta from having to comply with certain terms of the loan for a fixed period until the end of April 2016.

At the beginning of December 2015 Componenta started negotiations towards a financing solution that would support the new strategic alignments and ensure the strengthening of the company's financial position and balance sheet. On 1 April 2016 the company announced that it had reached preliminary agreement on repaying the parent company's secured loans. On 16 May 2016 Componenta Corporation issued a EUR 40 million convertible capital loan and discharged the company's secured bank loans and a secured bond to a total of some EUR 72 million. The convertible capital loan was offered to a limited group of selected investors. EUR 25.4 million of the subscription price for the loan was paid in cash and EUR 14.6 million by setting off the subscription price against a loan receivable from the company.

The convertible capital loan is a bullet loan and has a maturity of four years. The company may not repay the loan before its maturity date. The issuing price for the loan is 100 per cent and the annual interest is 2 per cent. The loan can be converted into Componenta Corporation shares during the term of the loan. The share subscription price is EUR 0.50. The subscription price is considered to be fair to all shareholders, taking into account on the one hand the company's share price when issuing the loan and, on the other hand, the need to ensure the success of the loan issue. As the result of share subscriptions based on shares in the loan, the company will issue a maximum of 80 million new shares. By the end of the year shares of the loan have been used to issue 78 868 000 new shares, and the EUR 39.4 million share of the loan used to pay the issue price (net, including loan issuing costs) is presented as the addition of unrestricted equity reserve. The remaining convertible capital loan on 31 December 2016 has a nominal value of EUR 0.6 million.

Overall, as the result of the above financing arrangements the company's secured debt declined by some EUR 72 million. The secured debt was discharged at an amount lower than the balance sheet value, and the company recorded the difference after arrangement fees, EUR 43.3 million net, in other financial income.

The negotiations with Turkish banks were continuing concerning additional finance for the Turkish subsidiary and extending the maturity dates for the financing. Componenta Dökümcülük A.S. has on 28 July 2016 signed a new 4-year credit facility agreement of EUR 15 million. The counter-parties of the financing agreement are Türkiye Vakıflar Bankası T.A.O. Orhangazi/Bursa Branch, Türkiye Halk Bankası A.Ş. Organised Industry Commercial/Bursa Branch and Türkiye İş Bankası A.Ş. Bursa Corporate Branch. The new loan is a separate tranche under the EUR 120 million club loan agreement signed in 2014.

In addition to financing solutions, it is planned to safeguard the company's working capital by divesting non-core business operations and property. The divestment of Suomivalimo's foundry business located in Iisalmi to Antti Lehtonen, Olli Karhunen and the management on behalf of a new company to be established was completed on 30 June 2016. The foundry real estate property was sold to Iisalmen Teollisuuskylä Oy. The debt free selling price for the Suomivalimo business, property, tangible and intangible assets and inventories, was EUR 4.3 million and the sale had an impact of EUR 4.1 million on the cash flow. The Group recorded a sales loss of EUR 6.1 million on the transaction.

The foundry property in Manisa, Turkey, which is to be taken out of use, was sold on 1 July 2016. The sale price was EUR 2.5 million. No significant sales profit or loss was recorded from the sale.

Componenta's pistons business unit in Pietarsaari was sold on 17 August 2016 to Koncentra Pistons Oy. The Group recorded a sales profit of EUR 1.0 million from the deal, which has been presented in items affecting comparability.

Despite the above-mentioned financial arrangements and divestments of businesses Componenta's liquidity situation became critical in August due to weak turnover and profitability developing more negatively than estimated. The company was unable to negotiate the financing required to rectify the situation. It therefore became impossible to continue operations without corporate restructuring, as the company could not keep its production plants operational because of lack of materials. Obtaining further financing in Turkey has been challenging and the liquidity situation remains tight.

The company believes that in Finland and Sweden the restructuring proceedings will enable the company's operations to return to profitability and be developed in the longer term but there is still a significant degree of uncertainty regarding the going concern of the Group's operations. The companies in Finland and in Sweden have agreed a prepayment arrangement with their main customers which will cover the working capital needs. Actions to reduce fixed costs have continued and will actively continue further in order to enable successful corporate restructuring proceedings. For example, services and costs of the parent company have been cut significantly and a cost structure of the parent company will be decreased further.

Componenta Corporation plans to sell its shareholding in Componenta Dökümcülük Ticaret ve Sanayi A.S. Componenta is aiming at a total solution in which Componenta Dökümcülük would accept the draft restructuring programs relating to Componenta Corporation, Componenta Finland Oy and Componenta Främmestad AB and that additionally the club loan banks would release Componenta Corporation and Componenta Främmestad AB from all liabilities and obligations, including being released from the loan guarantee of EUR 80 million.

On 13 October 2016 Componenta announced its plan to sell its forge operations located in Sweden i.e. Componenta Wirsbo AB and Componenta Arvika AB. The sale of the Swedish forging operations did not ended to acceptable industrial solution – instead, due to Wirsbo's restructuring decision and the strong commitment of the customers, efforts will be made to keep them part of the Componenta Group.

The Group has, under the terms of the loans, long- and short-term interest bearing loans totalling EUR 37.9 million from the Componenta Turkey sub-group, banks and other financial institutions falling due for payment during the next 12 months, and most of this is debt subject to the restructuring proceedings. In November 2016 Componenta Turkey converted EUR 27 million of its restructuring loan receivables from Componenta Främmestad AB to capital loan receivables. The capital loan shall be repaid before the owners can be paid any dividend, and the capital can be repaid only if the distributable assets of Främmestad AB are sufficient as laid down in the local company act.

The liquidity of the company's continued operations was tight during the year, which had a negative impact on the company's production operations especially during the first three quarters of the year. At the end of the year the Group's cash and bank receivables totalled EUR 4.4 (6.1) million. The company had no committed credit facilities at the end of the year. The Group's interest bearing net debt was EUR 90 (237) million at the end of the year. Net gearing at the end of 2016 cannot be calculated because equity was negative (1,273%).

The Group's equity ratio at the end of December was -165.3% (4.6%).

The net cash flow from operations in the financial year for continued operations was EUR -9.9 (+12.4) million. The weaker cash flow for continued operations is due to the poorer profitability of operations. Changes in working capital totalled EUR 10.0 (18.0) million in the period. Funds tied up in working capital declined in both years mainly due to the increase in accounts payable.

According to current estimates, the external restructuring debt of the Finnish and Swedish companies, including the overdue external purchasing debt subject to the restructuring proceedings and the restructuring debt to Turkey, is in total some EUR 163 million and it is recorded in balance sheet. The Componenta Turkey subgroup is the largest creditor of the Finnish and Swedish companies concerning the restructuring debt, with receivables of some EUR 110 million. The figure EUR 163 million includes debts of EUR 10 million related to guarantees given to third parties as security for external liabilities of Group companies and as security for the liabilities of Componenta BV, which has been declared bankrupt. A more precise picture of the amount of external debt subject to the restructuring proceedings and of the payment schedule will be obtained during the restructuring proceedings. The key content of the draft restructuring programs is described in the Corporate restructuring proceedings section.

Componenta has made efforts to improve the use of capital by employing programs of selling its trade receivables, through which part of the receivables are sold without recourse. At the end of 2016 the sold receivables of continued operations totalled EUR 5.1 (41.5) million. The credit facilities for the sale of trade receivables in Sweden and Finland were mainly lost when the restructuring proceedings started, which for its part explains the decline in the sale of trade receivables. In addition, as stated previously, the operations in the Netherlands and Turkey are no longer consolidated in the Group balance sheet.

At the end of 2016, the invested capital of the company was EUR -35.2 (261.7) million.

Investments

Investments in production facilities in the January – December period totalled EUR 19.9 (31.5) million of which financial lease investments accounted for EUR 6.4 (5.3) million of these. Production investments for continued operations totalled EUR 1.3 (5.7) million and for discontinued operations EUR 18.5 (25.7) million. Discontinued operations include investments of EUR 16.1 million in the period in the aluminium business operations in Manisa, Turkey, mainly to increase capacity. The net cash flow from investments was EUR -0.9 (-26.8) million, which includes the cash flow from the Group's investments in tangible and intangible assets, and the cash flow from shares sold and purchased and from the sale of fixed assets and businesses. The net cash flow from investments includes income from sales and divestments during the review period totalling EUR 12.0 million received from the sale of the Suomivalimo business, the divestment of the old Manisa foundry building property and the sale of Pistons, the piston manufacturing business. The investment net cash flow of continuing operations was EUR 7.4 (-2.1) million.

Business segments

Componenta clarified its management system as from 3 March 2016 as part of the current strategy review activities. In the new system the previous division structure has been removed and Componenta's organisation has been divided into five business areas that are responsible for production and sales of iron and aluminium components. The new business areas are the Finland business area, Sweden business area, Netherlands business area, Turkey Iron business area and Turkey Aluminium business area. The business areas consist of the business units i.e. local foundries, machine shops and forges.

In 2016, Componenta's reporting was carried out in accordance with the new reporting segments, namely Iron Business and Aluminium Business. The new way of reporting was introduced as from 1 January 2016 and figures for comparison based on this were published on 20 April 2016. The Iron Business comprised Componenta's iron foundries and machine shops in Finland, Sweden, the Netherlands and Turkey. It also included Componenta Pistons in Finland, the Wirsbo forges in Sweden and associated company Componenta-Ferromatrix NV. The Dutch iron foundries, machining operations and associate company Componenta Ferromatrix NV were classified as discontinued operations during the third quarter due to local bankruptcy proceedings. Componenta Suomivalimo, located in Iisalmi Finland, was sold on 30 June 2016 and Componenta Pistons in Finland was sold on 17 August 2016. The Aluminium business comprised the aluminium foundry and the wheel production unit in Turkey. The Orhangazi iron foundry and machine shop and the Manisa aluminium foundry and wheels production unit that belonged to the iron business and aluminium business in 2016 were classified as discontinued operations on 31 December 2016, since these profit units are part of the Turkey sub-group that is classified as discontinued operations.

Outside these core business segments is Other Business, which at the end of 2016 includes service companies and property companies in Finland as well as the Group's administrative functions. Certain Group administrative functions located in the Netherlands that belonged to Other Business in the first and second quarter, as well as sales companies in Germany, Italy, France and the USA that belonged to the Netherlands sub-group, were classified as discontinued operations during the third quarter due to the local bankruptcy proceedings. The sales and logistics company Componenta UK Ltd and associated company Kumsan A.S., which were part of Other Business in 2016, were also classified as discontinued operations on 31 December 2016, since they are part of the Turkey sub-group that has been classified as discontinued operations.

In consequence of all the changes that took place during the year, at the end of 2016 the continued operations of the Iron business comprised the Pori and Högfors iron foundries in Finland and the Främmestad machine shop and Wirsbo forges in Sweden. Other Business at the end of 2016 included service and real estate companies in Finland and Group administrative functions.

Developments in the business segments

Iron business

Iron business had an order book of continued operations at the end of 2016 was EUR 30.8 (31.4) million, which is 2% less than at the same time in the previous year. The order book comprises orders confirmed to customers for the next two months. The order book for the Iron Business mainly comprises orders from manufacturers of heavy trucks, construction and mining machinery, and agricultural machinery, and from the machine building industry.

The effect of the sales of Suomivalimo and Componenta Pistons on the decrease in the order book was around EUR 3 million.

Iron business had net sales of continued operations in the October–December period of EUR 43.2 (48.6) million and the adjusted operating profit was EUR -1.6 (-0.8) million. The effect of the sales of Suomivalimo and Componenta Pistons on the decrease in comparable turnover was around EUR 5 million.

Iron business had net sales of continued operations during the review period of EUR 173.4 (193.8) million, or 11% less than in the previous year. The effect of the sales of Suomivalimo and Componenta Pistons on the decrease in comparable turnover was around EUR 10 million.

The adjusted operating profit of continued iron operations in the review period was EUR -8.2 (-1.4) million. The adjusted operating profit of continued operations was weakened by lower production volumes than in the previous year, operative exchange rate differences and especially stoppages in production due to the tight liquidity and the corporate restructuring filings during first three quarters.

The average number of personnel working in continued operations of the Iron business during the review period, including leased employees, was on average 6% lower than in the corresponding period in the previous year, standing at 927 (987). The number of personnel, 2016 excluding Turkey and the Netherlands, working in the Iron business at the end of the review period had decreased 74% compared to last year's corresponding period, standing at 842 (3 188), owing mainly to the Dutch operations' bankruptcy, loss of operational control of the Turkish operations and the sales of Suomivalimo and Pistons.

Aluminium business

The Group's Aluminium business has been classified as discontinued operations, and as such its performance and net sales are no longer being commented on as a separate business segment.

Other business

The adjusted operating profit of Other business during the review period was EUR 2.4 million (EUR 1.7 million). The profitability of Other business was improved by cost efficiency in administration in comparison to trademark and service fee leverage.

Discontinued operations

Net sales for discontinued operations in the review period were EUR 265.9 (342.3) million. The bankruptcy of the Dutch operations and the ending of consolidation contributed some EUR 40 million to the decline in comparable net sales. The main reasons for the lower net sales for Turkish operations were lower volumes in demand for iron products and the production stoppages and late deliveries caused by the tight liquidity. The operating profit for discontinued operations excluding items affecting comparability was EUR 5.3 (6.6) million. The operating profit for discontinued operations weakened for both iron and aluminium products. The decline in the operating profit was somewhat compensated after the loss-making operations in the Netherlands were removed from the consolidated figures for discontinued operations after the second quarter of 2016. Discontinued operations employed on average 2,721 (2,985) people in the review period, 2,901 (3,188) including leased personnel.

Research and development activity

In 2016 the research and development expenses of Componenta's continued operations totalled EUR 0.2 million (EUR 0.9 million), which is equivalent to 0 % (0 %) of the Group's turnover of continued operations.

Environment

The aim of Componenta's quality, environment, occupational health and safety policies is to fulfil the demands of customers and adhere to all legal requirements with regard to environmental, occupational health and safety issues. Componenta ensures that all its facilities are equipped with sufficient know-how and information required for success, and continually strives to improve its own production processes in order to guarantee the best possible results. The aim of continuing development programmes is to achieve a zero level both in quality deficiencies and in work-related accidents or illnesses, and to reach agreed upon environmental goals.

Componenta is committed to continually improving and lessening the environmental impact of its production processes. Energy consumption and lessening the production of waste have been identified as the most significant environmental issues to concentrate on, along with reutilising waste materials as opposed to simply dumping them in landfills.

The production facilities of the Group's continued operations used 131 GWh (128 GWh) of energy in 2016. Most of the energy used, 81% (83%) was electricity. The foundries use 59% of all energy, primarily because the melting processes require so much energy. In 2016 the energy consumption (in proportion to production) in Componenta's iron foundries dropped by 5%.

Componenta uses recycled material as raw material and similarly conveys some of the waste produced to be recycled. In 2016 52% (60%) of the primary raw material used in the Group's iron foundries was recycled steel. Of the waste that was produced, 91% (91%) was conveyed onwards to be reutilised. Of the total investments made in 2016, EUR 0.04 million were investments which will also lessen the impact of production on the environment.

Personnel

The Group had on average 3,614 (3,982) employees during the review period, 3,893 (4,281) including leased employees. The number of Group personnel including Componenta Turkey at the end of the period was 3,154 (3,979), including leased employees 3,350 (4,269). The Group's continued operations had on average 893 (997) employees during the review period, 992 (1,093) including leased employees. The total number of employees in the Group's continued operations at the end of 2016 was 791 (991), 878 (1,080) including leased employees.

At the end of review period the personnel were geographically divided so that 53% (55%) of personnel in continued operations (including leased employees) were in Finland and 47% (45%) in Sweden.

Shares and shareholders

The shares of Componenta Corporation are quoted on Nasdaq Helsinki. At the end of the period the company had a total of 176,137,224 (97,269,224) shares. The average share price during the review period was EUR 0.17, the lowest price was EUR 0.10, and the highest EUR 0.71. The quoted price at the end of 2016 stood at EUR 0.18 (EUR 0.69) and the share capital had a market capitalisation of EUR 31.7 (66.6) million. The volume of shares traded during the period was equivalent to 118.6% (12.3%) of the share stock.

Componenta Corporation's share capital stood at EUR 21.9 (21.9) million at the end of the period. At the end of the period the company had a total of 176,137,224 (97,269,224) shares. The increase in the number of shares results from the conversion of the principal of the convertible loan into shares. On 16 May 2016 Componenta Corporation issued a EUR 40 million convertible capital loan. By the end of 2016 altogether EUR 39,434,000 of the convertible loan had been converted into shares and the company had issued 78,868,000 new shares. The company had 5,423 (2,670) shareholders at the end of the review period.

Flagging notices

In consequence of the conversion of the convertible loan into shares, Componenta received several flagging notices as required by the Finnish Securities Market Act in the period 26 May – 29 November 2016. A separate stock exchange release has been published for each flagging notice.

According to these flagging notices, the holding of Sampo plc in Componenta Corporation's shares and voting rights has first exceeded 10% (26.5.2016), and fallen below 10% (6.9.2016) and then fallen below 5% (16.9.2016).

The holding of Sampo Group in Componenta Corporation shares and voting rights has first exceeded 15% (26.5.2016), fallen below 15% (7.9.2016) and then fallen below 10% (16.9.2016).

The holding of Elo Mutual Pension Insurance Company in Componenta Corporation shares and voting rights has fallen below 5% (26.5.2016) and then exceeded 5% (29.11.2016).

The combined holding of Heikki Lehtonen and of Oy Högfors-Trading Ab and Cabana Trade S.A., companies in which he exercises control, in Componenta Corporation shares and voting rights has fallen below 10% (30.5.2016) and then fallen below 5% (14.10.2016).

The holding of Sp-Fund Management Company in Componenta Corporation shares and voting rights has fallen below 5% (30.5.2016).

The holding of Finnish Industry Investment Ltd in Componenta Corporation shares and voting rights has exceeded 10% (20.9.2016), has fallen below 10% (1.11.2016) and then fallen below 5% (16.11.2016).

The holding of Tiiviste-Group Oy in which Erkki Etola exercises control in Componenta Corporation shares and voting rights has fallen below 5% (31.10.2016).

Share-based incentive scheme

The Extraordinary General Meeting of Componenta Corporation held on 15 April 2016 resolved, in accordance with the proposals of the Board of Directors, on the issuance of stock options.

The stock options are intended to form part of the incentive and commitment program for key employees, so the Company has a weighty financial reason for issuing the options. The stock options will be issued gratuitously and will entitle their owners to subscribe for a maximum total of 10,000,000 new shares in the Company or existing shares held by the Company. The Board of Directors will resolve on the distribution of stock options and may additionally resolve on particular additional provisions concerning the receipt of stock options.

Due to the ongoing restructuring processes and the bankruptcy of the Dutch subsidiary the Board of Directors has not issued stock options.

Board of Directors and management

At its meeting held after the Annual General Meeting, the Board of Directors elected Matti Ruotsala as Chairman of the Board and Olavi Huhtala as Vice Chairman.

Componenta has an Audit Committee of the Board of Directors, and the Board elected Riitta Palomäki to be chairman of this committee and Olavi Huhtala and Tommi Salunen to be ordinary members.

Componenta also has a Nomination Committee comprising shareholders or shareholder representatives, to which the three largest shareholders in Componenta, according to the shareholder list updated by Euroclear Finland Oy on 31 August 2015, each appoint one representative. The task of the Nomination Committee is each year to prepare and present the proposals for members of the Board of Directors and their remuneration to be made to the following Annual General Meeting. The members of the nomination committee are Erkki Etola, shareholder Etra Capital Oy and Tiiviste Group Oy, Mikko Mursula, shareholder Ilmarinen Mutual Pension Insurance Company and Timo Sallinen, shareholder Varma Mutual Pension Insurance Company. In addition, the Chairman of the Board of Directors, Matti Ruotsala acts as an expert member of the Nomination Board. The Nomination Board elected Timo Sallinen as its chairman.

Componenta Group's Corporate Executive Team in the period 1 January – 3 March 2016 comprised President and CEO Harri Suutari, Olli Karhunen, Senior Vice President, Foundry Division, Juha Alhonoja, Senior Vice President, Machine Shop Division, Sabri Özdogan, Senior Vice President, Aluminium Division, CFO Markku Honkasalo, Pauliina Rannikko, Senior Vice President, HR and Legal, and Furio Scolario, Senior Vice President, Sales, Global Accounts.

In connection with the renewal of the management structure, the composition of Componenta's Corporate Executive Team also changed. As from 3 March 2016 the members of the Corporate Executive Team were: President and CEO Harri Suutari, Juha Alhonoja, Senior Vice President, Sweden business area, Seppo Erkkilä, Senior Vice President, Finland business area, Mika Hassinen, Senior Vice President, Netherlands business area, Pasi Mäkinen, Senior Vice President, Turkey, Iron business area and Sabri Özdogan, Senior Vice President, Turkey, Aluminium business area as well as CFO Markku Honkasalo, Pauliina Rannikko, Senior Vice President, Human Resources and Legal and Sami Sivuranta, Senior Vice President, Development.

On 8 June 2016 Eddy Kremers was appointed to the Group's Corporate Executive Team with responsibility for the Netherlands business area. Mika Hassinen, who was previously responsible for the Netherlands business area, decided to pursue other opportunities outside Componenta Group.

Sami Sivuranta, Senior Vice President, Development, left to take up other duties outside Componenta Group on 30 June 2016. No one has been appointed to replace him on the Corporate Executive Team.

On 22 August Componenta's Sweden business area was divided into two separate businesses, the Främmestad machine shop business and the Wirsbo forge business. As part of the change, the following appointments was made: Fredric Lindahl was appointed Managing Director of Componenta Främmestad AB and a member of the Corporate Executive Team. Mikael Schill was appointed Managing Director of Componenta Wirsbo AB and Componenta Arvika AB and a member of the Corporate Executive Team. Juha Alhonoja, the previous SVP, Sweden business area moved to another position outside Componenta Group on 30 September 2016.

Due to the bankruptcy of the Dutch subsidiary Eddy Kremers has not been a member of the Corporate Executive Team as of 1 September 2016.

On 30 September 2016 Marko Karppinen was appointed Senior Vice President, Development of Componenta Corporation and a member of the Corporate Executive Team.

On 20 October Marko Karppinen was appointed CFO. Markku Honkasalo moved to another position outside Componenta Group.

Componenta Group's Corporate Executive Team as of 31 December 2016 comprised President and CEO Harri Suutari, CFO Marko Karppinen, Pauliina Rannikko, Senior Vice President, HR and Legal, Sabri Özdogan, Senior Vice President, Turkey, Aluminium Business Area, Seppo Erkkilä, Senior Vice President, Finland Business Area, Pasi Mäkinen, Senior Vice President, Turkey, Iron Business Area, Fredric Lindahl, Senior Vice President, Främmestad machine shop, Mikael Schill, Senior Vice President, Forging.

Risks and factors causing uncertainty to business

The most significant risks to Componenta's business are risks relating to the business environment (competition risk, situation and pricing risk, commodities risks and risks relating to the environment), risks relating to business operations (customer, supplier, productivity, production and process risks, upsets in the employment market, contract and product responsibility risks, personnel and data security risks) and financing risks (risks relating to arranging financing and liquidity; currency, interest and credit risks).

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

Componenta's corporate restructuring proceedings and possible future liquidity issues may adversely affect the volumes of future new sales and lessen the size of orders placed by customers for products to replace discontinued products. Due to the financial situation, at the moment the company cannot obtain the credit facilities it would need for signing hedging derivatives.

Refinancing and liquidity risks, and the restructuring processes

During the first, second and third quarters of 2016 Componenta prepared and implemented a programme of action that aimed to safeguard the continuity of operations and strengthen the financial position. The arrangement it aimed at was meant to form a total package that would create the possibility of starting to implement the company's new strategy, complying with the going concern principle.

Syndicated loan negotiations with Nordic banks and other investment bodies continued during the first and second quarters. The company has reported on the progress of financing negotiations on 11.3.2016, 1.4.2016, 29.4.2016, 11.5.2016 and 17.5.2016. As part of the new financial arrangements Componenta Corporation issued a convertible capital loan of EUR 40 million and paid off the company's secured bank loans and secured bonds, totalling around EUR 72 million on 16.5.2016.

Despite the above-mentioned financing arrangements and the divestment of non-core businesses, the Componenta Group's liquidity situation became critical in August due to weak turnover and profitability growth being more negative than expected. The company was not able to negotiate the extra financing that the situation would have demanded. It therefore became impossible to continue business without commencing the corporate restructuring proceedings, because the factories could not be keep active without the necessary production resources.

The company believes that the restructuring process in Finland and Sweden will make it possible to restore operations to profitability and develop them in the future, but there still remains much uncertainty over the continuity of business operations. In the short-term, financing from major clients has been agreed in Finland and Sweden, which will cover working capital needs. In order to ensure the success of the restructuring process fixed costs will continue to be reduced. For example, services produced by the parent company for its subsidiaries, and the costs related to them, have been significantly cut and work to lighten the parent company's cost structure is continuing. Continuity in business cannot be secured without the success of the restructuring process and other arrangements underway.

The company's liquidity was extremely tight before filing for corporate restructuring, and this had a negative impact on the company's production operations. During the final quarter, however, after filing for restructuring, payments were made on time.

In the near future, the operational and financial risks of Componenta Group are related to the corporate restructuring proceedings currently underway. The Group's ability to continue as a going concern depends on whether a feasible restructuring programme is drawn up and approved for the Group companies in Finland and Sweden. In addition the ability to continue as a going concern assumes that the companies, already received an approved restructuring programs, can pay their restructuring liabilities in accordance with a payment plan defined under the restructuring programs. The biggest risk to carrying out the restructuring programme is if the largest creditor, the Turkey sub-group, does not support the restructuring of the Finnish and Swedish companies. The tougher attitude taken by suppliers to payment deadlines forms a risk to working capital. Liquidity problems present a real risk to the implementation of the restructuring program.

There are factors affecting the certainty of successful restructuring and going concern. These are described in the accounting principles of financial statements release.

Currency risk

The company uses currency loans and deposits and other natural hedge relationships to hedge against changes in currency exchange rates. Due to the financial situation, at the moment the company cannot obtain the credit facilities it would need for signing hedging derivatives.

More detailed information about Componenta's risks and risk management can be found in the 2016 financial statement notes.

Events after the end of the period

On 20 January 2017 Componenta announced that from the convertible capital loan of EUR 40 million issued on 16 May 2017 200 shares of the loan have been used for the subscription of 400,000 new shares in Componenta Corporation. Following the registration of the new shares, the total number of the Company´s shares is 176,537,224.

On 26 January 2017 Componenta announced that the district court of Helsinki has decided at the request of the administrator to postpone the deadline for submitting the draft restructuring program of Componenta Corporation and Componenta Finland Oy till 31 March 2017.

On 7 February 2017 Componenta announced that it will postpone the publishing of the Financial Statements Release and the Financial Statements for 2016 and the planned time of the Annual General Meeting, because the review relating to the impacts of the restructuring proceedings to the Financial Statements is still pending. In the same context the company announced that the Financial Statements Release for the year 2016 will be published on 30 March 2017 and the Annual Report for the year 2016 including the Financial Statements and the Report of the Board of Directors will be published on 7 April 2017 and Componenta's Annual General Meeting is planned to be held on Friday, 5 May 2017.

On 15 February 2017 Componenta announced that balance sheet consolidation of its Turkish subsidiary's Componenta Dökümcülük Ticaret ve Sanayi A.S. ended in the Group's financial statements on 31 December 2016.

On 3 March 2017 Componenta announced that Skaraborg district court has granted extension for restructuring proceeding of Componenta Corporation's subsidiary Componenta Främmestad AB until 1 June 2017. Reaching an agreement relating to the internal debt between Componenta Främmestad AB and Componenta Dökümcülük Ticaret ve Sanayi A.S., which is still pending, is seen as a prerequisite for a viable composition proposal.

On 14 march 2017 Componenta announced that Pauliina Rannikko, SVP Legal and HR of Componenta Group and member of the executive team has resigned from her position in Componenta and she will as from 18 April 2017 move to new position outside Componenta.

Componenta's guidance for 2016

Because of the Company's financial situation and the restructuring proceedings and structural reorganisation in progress, giving earnings guidance has been exceptionally difficult. Because of this Componenta has not given forecasts for its financial performance when commenting on prospects during 2016. As the result of progress in the restructuring proceedings and more stable liquidity in the business operations that are continuing, Componenta is starting once again to make forecasts for its result.

The majority of the net sales comprises manufacturing of components to heavy trucks and machine building industries. In these segments European market looks stable for the current year. Componenta has remarkably decreased comparable fixed costs and improved productivity in continued operations.

Componenta believes that the corporate restructuring proceedings will proceed favourable and expects the net sales of continued operations to be EUR 150–170 million in 2017. The EBITDA without items affecting comparability is expected to be EUR 5–10 million. In 2016 Componenta's comparable net sales that correspond to continued operations in 2017 was around EUR 167 million.

Dividend proposal

On 31 December 2016 the distributable equity of the parent company was negative EUR -138.9 (58.1) million, so it is not possible to pay a dividend. Furthermore, the Restructuring of Enterprises Act forbids the payment of dividend to shareholders during restructuring proceedings.

Annual General Meeting

Componenta Corporation's Annual General Meeting of Shareholders will be held at on 5 May 2017 in Helsinki. Notice of the annual general meeting will be published in a separate stock exchange release.

Helsinki, 30 March 2017

COMPONENTA CORPORATION
Board of Directors

FINANCIAL STATEMENTS RELEASE TABLES

Accounting principles

In these financial statements Componenta has applied the same accounting principles for consolidated financial statements as in the financial statements for 2015 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, taking also into consideration the ongoing restructuring proceedings . As from the start of the fiscal year, the company has also applied certain new or revised IFRS standards as described in the 2015 Financial Statements. Financial Statements Release is unaudited.

Corporate restructuring proceedings

Componenta Group's liquidity situation became critical in August 2016 due to the weaker than estimated development in net sales and profitability. The company could not negotiate additional financing necessary due to this situation and continuation of the business without restructuring proceedings was impossible because lack of production materials meant the factories could not be kept in operation. Consequently, on 1 September 2016 Componenta filed for restructuring of the parent company Componenta Oyj and the following subsidiaries: Componenta Finland Oy in Finland and Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB in Sweden. As part of these arrangements it had been decided that Componenta's Dutch subsidiary Componenta B.V. would be filed for bankruptcy. The intention is that Componenta Dökümcülük Ticaret ve Sanayi A.S. in Turkey continues its operations without any official proceedings.

Componenta Wirsbo AB and its subsidiary Componenta Arvika AB, which conduct forge operations in Sweden, received restructuring rulings from the local district courts on 30 December 2016 (Componenta Wirsbo AB) and 23 December 2016 (Componenta Arvika AB). The rulings gained legal force on 21 January 2017 (for Wirsbo) and 14 January 2017 (for Arvika). On 9 December 2016 the local district court granted extension for restructuring proceeding of Componenta Främmestad AB by three months until 28 February 2017 and on 3 March 2017 by extra three months until 1 June 2017. The restructuring proposal was sent to the creditors on 2 March 2017. The proposal is currently being considered by the creditors. An agreement relating to the internal debt between Componenta Främmestad AB and Componenta Dökümcülük Ticaret ve Sanayi A.S., which is still pending and acceptable agreement is seen as a prerequisite for a viable composition proposal. The court of Helsinki decided that the administrator shall submit a draft restructuring program to the district court of Helsinki by 31 January 2017 at the latest. The district court of Helsinki decided on 26 January 2017 at the request of the administrator to postpone the deadline for submitting the draft restructuring program until 31 March 2017. The administrator has submitted Componenta Oyj's and Componenta Finland Oy's proposals concerning the debtors' restructuring programs to the district court on 30 March 2017.

Group companies consolidated in the Group's financial statements had restructuring debts outside the Group that were recorded in the consolidated balance sheet totalling EUR 163 million, and of that amount the Componenta Turkey group accounted for some EUR 110 million. The corporate restructuring plans could materially change the carrying amounts reported in the Group's financial statements. The liabilities in the Company's 2016 financial statements do not reflect any adjustments potentially proposed or authorised as part of such reorganisation plans. However, in view of the inherent uncertainty brought about by the corporate restructuring proceedings, partly continuing operational challenges, the Group has made certain impairment charges related to its tangible and intangible assets, investment properties and deferred tax assets.

Basis for consolidation

Under the debt restructuring proceedings, the management has a perception that the Company remains in control of the normal operations of Componenta Finland Oy, Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB. However, in certain special situations, as detailed in the Reorganisation Acts of the countries in question, the Administrator's consent for an action by a company under reorganisation has to be obtained. The Administrator also has access to all operational and financial information of a company to the extent he so deems necessary. Despite the limitations related to control under IFRS 10, the company believes that the inclusion of Componenta Finland Oy, Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB in the consolidated financial statements of Componenta is justified and gives a true and accurate picture of the Group's result and financial position. In the management's opinion, the preparation of a consolidated financial statement is justified because the functions of the company and its consolidated subsidiaries are closely related to each other and are interdependent and because the companies submitted the restructuring applications to the district courts simultaneously. Accordingly, Componenta's financial information from the financial year ending on 31 December 2016 is given in consolidated financial statements, which cover the company and its subsidiaries under corporate restructuring.

Assumption of ability to continue as a going concern

The financial statements for the 2016 fiscal year have been prepared on the going concern basis. Is is assumed that the company can, during the forseable future, realise its assets and pay back its liabilities as a part of normal operations within the framework of the corporate restructuring programs. When assessing the going concern principle, company management has taken into account the uncertainties and risks related to the confirmed and draft restructuring programs, available funding sources and the cash flow estimates for the coming 12 monts of the companies under restructuring proceedings.

The Group's liquidity and its effect on the Group's financial performance are affected by significant uncertainty factors, which the Group management has taken into account when assessing the company's ability to continue as a going concern. If the ongoing restructuring procedures are not successful the Group will not have sufficient working capital required for the next 12 months. It is possible that the restructuring is unsuccessful and the Group companies will file for bankruptcy.

From the point of view of the continuity of operations, the company's and its management's significant estimates and assumptions as well as uncertainties related to the restructuring procedures are as follows:

- The restructuring program proposals drawn up for Componenta Oyj, Componenta Finland Oy and Componenta Främmestad AB are adopted as proposed and the creditors, including the parties controlling Componenta Turkey, will support the restructuring programs.
- Componenta Wirsbo AB and Componenta Arvika AB will be able to pay their restructuring debt in accordance with approved payment schedules in the summer of 2017. This requires that Componenta will be able to provide external funding for the companies to secure adequate liquidity. The companies are to pay, in accordance with local court decisions, a total of SEK 40 million, approximately, of the Group's external restructuring debt by July 2017. The company estimates that if funds cannot be provided, the primary aim is to sell the operations of the companies.
- When preparing cash flow and liquidity forecasts for the companies, the management has estimated and analysed the companies' future sales volumes, net sales, operating margins, capital expenditure and working capital needs. These estimates are subject to significant uncertainty.

Discontinued Operations, Bankruptcy of Componenta B.V. and loss of control over Componenta Turkey

Loss of control over Componenta Turkey

Componenta Oyj's filing for corporate restructuring on 1 September 2016 gave the Turkish club banks the right to exercise in the meeting of shareholders of Componenta Dökümcülük the voting rights held by the Componenta Dökümcülük shares owned by the Company and given in August 2016 as collateral to the Turkish club banks and the right to begin the process of selling the shares on the basis of a club loan agreement and separate guarantee agreement signed by Componenta Oyj. The club banks did not, however at that time announce any plans to use these rights and Componenta was actively involved in the management of the company and participated in the process of selling the shares. In addition, the ongoing corporate restructuring proceedings were considered to protect Componenta's ownership and its ability to control the significant activities of Componenta Dökümcülük.

During the end of the last quarter of 2016, the facts and circumstances regarding Componenta Dökümcülük changed and the club loan banks in Turkey assuming a more active role in the process of selling the Componenta Dökümcülük shares owned by Componenta, and the negotiations in Turkey were being conducted under the lead of the Turkish club loan banks without Componenta being able to influence the process. Although Componenta Oyj retained legal ownership of the shares, Componenta cannot control any relevant operations of the company in Turkey and, accordingly, Componenta is no longer entitled to the variable earnings of Componenta Dökümcülük. Componenta is no longer entitled to the variable returns of Componenta Dökümcülük. It is Componenta's understanding that any potential sales income from the sale of Componenta Dökümcülük will not benefit Componenta, and if the club loan banks or a potential new owner of Componenta Dökümcülük will be in favour of the corporate restructuring program proposals, Componenta Group's debts to Componenta Dökümcülük will be reduced to the amounts proposed in the program proposals. Componenta is no longer entitled to the income generated by the business operations of Componenta Dökümcülük.

The Company considers that it lost control over the Turkish subgroup towards the end of 2016, and for this reason consolidation of the sub-group in the Group's financial statements ended on 31 December of 2016 and its operations have been classified as discontinued operations in Componenta's consolidated financial statements of 31 December 2016. There was no exact date and it is difficult to define precicely when control was lost at the end of 2016 according to company's view, so to simplify reporting, derecognition was made on 31 December 2016. This is considered not to have a material effect on the result of the discontinued operations. As a result of losing control, Componenta Group no longer has iron business operations or aluminium business operations in Turkey.

The 2016 figures and 2015 figures for comparison have been adjusted for the income statement, including other comprehensive income items, and for the cash flow statement and certain key figures. In the segment information, the figures for the Componenta Turkey sub-group are presented as discontinued operations, and so is the impairment on all the net asset items of the Componenta Turkey sub-group in connection with derecognition. The derecognition of goodwill allocated to the Turkey sub-group and of the cumulative translation difference is also presented in the result for discontinued operations. In addition, impairment recorded by Group companies with continuing operations on net receivables from the Componenta Turkey sub-group and on shareholdings is presented under discontinued operations.

Net sales of continued operations also includes sales revenues from discontinued operations and correspondingly the net sales of discontinued operations, presented in the notes, includes sales revenues from discontinued operations.

The consolidated balance sheet on 31 December 2016 had debt to Componenta Dökümcülük Group of altogether some EUR 137 million, and some EUR 110 million of this was debt subject to the restructuring proceedings and EUR 27 million was debt outside the restructuring proceedings. The consolidated balance sheet contained receivables of EUR 0.1 million from the Turkey subgroup. Componenta Corporation gave a guarantee of a maximum of EUR 80 million as security for the club loan of its Turkish subsidiary in 2014. Unless the termination of the guarantee is not agreed, the possible claim would be handled under the restructuring proceedings and the claim would be subject to be reduced in accordance with the restructuring program. The loan guarantee given by Componenta Oyj has been been presented under contingent liabilities.

Bankruptcy of Componenta B.V. in the Netherlands

The Dutch subsidiary Componenta B.V. filed for bankruptcy on 1 September 2016 and the corporation lost control over this subgroup. As a result of this loss of control Componenta no longer has Iron business operations in Holland. The Dutch sub-group's operations have been classified as discontinued operations and the consolidation of Componenta B.V. into the corporate financial statement has been discontinued from the third quarter of 2016. The information in the income statement (including other comprehensive income), cash flow statement and some key financial ratios has been adjusted in the figures for the first and second quarters of 2016 and the 2015 figures for comparison. In the segment reporting Componenta B.V.'s figures have been presented as discontinued operations, and all Componenta B.V.'s impairment of net assets due to derecognition has also been presented as discontinued operations. Additionally, all impairment of net receivables from Componenta B.V. registered by the remaining active companies within the corporation has been presented under discontinued operations. The restructuring debt recorded in the balance sheet includes EUR 7.9 million in guarantee liability claims made to the administrator by third parties based on guarantee liabilities given on behalf of Componenta B.V. The recording of these debts is presented in the result for discontinued operations.

The consolidation of Componenta B.V.'s local income statement has already discontinued on 1 July 2016 onwards because the Group has not received financial reports from Componenta B.V. regarding the Q3 figures. This does not materially affect the Group's consolidated result for the period. Net sales of continued operations also includes sales revenues from discontinued operations and correspondingly the net sales of discontinued operations, presented in the notes, includes sales revenues from discontinued operations.

Management assumptions and accounting principles

In preparations for the consolidated financial statemenets 2016 the management has to make estimates and assumptions about the future. Estimates and assumptions has to made for example related to the following subjects:

- analysis and conclusions related to going concern assumptions
- restructuring proceedings impacts to the consolidated financial statements
- regarding the assumptions and principles and especially the impact of the going concerns assumptions and restructuring proceedings uncertainty to the Group's assets and receivables valuations

Operating segments and change in segment reporting

The renewal of Componenta's management structure in March 2016 changed also the business segments reported by the Group, and reporting in accordance with them started during the first quarter of 2016. According to the new structure, Componenta's business operations are divided into two reporting segments that are Iron Business and Aluminium Business. Iron business includes Componenta's iron foundries and machine shops in Finland, Sweden, the Netherlands and Turkey. In addition, the segment includes the piston manufacturer Pistons in Finland, the Wirsbo forges in Sweden and the joint venture company Componenta-Ferromatrix NV. Aluminium business includes the aluminium foundry and the wheels business unit located in Turkey. Outside these core business segments, there is Other Business, which includes the service and real estate companies in Finland, the Group's administration functions, the Componenta UK Ltd sales and logistics company and the associated company Kumsan A.S.

During the third quarter of 2016 Componenta's Dutch iron foundries, machining operations and associated business Componenta Ferromatrix NV. have been removed from the Iron Business segment and moved to discontinued operations. Certain corporate administrative functions based in Holland have correspondingly been moved from Other Business to discontinued operations. Componenta Suomivalimo iron foundry, located in Iisalmi, was sold on 30 June 2016 and piston manufacturer Pistons was sold on 17 August 2016.The sold units have been classified as continued operations until the sale tranaction date.

At the end of the fourth quarter of 2016, the Turkish iron and aluminium operations were classified as discontinued operations, and the iron foundry and machine shop at Orhangazi in Turkey were removed from the Iron Business segment, and the Aluminium Business segment in Turkey, comprising the aluminium foundry in Manisa and the wheels production unit, was classified in total as discontinued operations. The sales and logistics company Componenta UK Ltd. and associated company Kumsan A.S. that were part of Other Business were also classified as discontinued operations. At the end of 2016, Iron Business operations that were continuing comprised the Pori and Högfors iron foundries in Finland and the Främmestad machine shop and the Wirsbo forges in Sweden. Other Business at the end of 2016 included the service and real estate companies in Finland and the Group's head office functions.

At the Group level, the chief decision maker in operational questions is the Chief Executive Officer, CEO. The Group's Corporate Executive Team assists the CEO in this task.

Insider transactions

There were no sale of goods to associated companies during the reporting period and purchases from the associated companies amounted to EUR 0.1 (EUR 0.0) million. Sale of services to associated companies during the reporting period amounted to EUR 0.1 million (EUR 0.0 million).

Componenta Corporation's President and CEO Harri Suutari and CFO Markku Honkasalo subscribed to the EUR 40 million convertible capital loan issued on 16 May 2016. Suutari subscribed loan shares to the value of EUR 474,000 and Honkasalo EUR 60,000.

Alternative performance measures in financial reporting

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

Alternative performance measures released by the company contain key figures measuring operational performance and profitability. These key figures exclude items that are not related to normal business operations and therefore affect comparability. The most common items affecting comparability are capital gains and losses, inefficiencies in production related to plant closures, extraordinary write-downs, or reversals of write-downs, expenses due to accidents and natural disasters, provisions for planned restructuring, environmental matters and penalties. In addition, when preparing the financial statements, management assesses any uncertainties relating to the continuity of operations and the restructuring proceedings. Management also assesses the viewpoints and grounds for classification relating to control and discontinued operations. The Group's management exercises its discretion when taking decisions regarding the classification of items affecting comparability.

Componenta has changed its reporting terminology in accordance with the guidelines issued by the European Securities and Markets Authority (ESMA) concerning Alternative Performance Measures. Componenta has replaced the term "Operating profit excluding one-time items" used previously with the term "Adjusted operating profit". Similarly, the term "EBITDA excluding one-time items" used previously has been replaced by "Adjusted EBITDA" and the term "Result after financial items excluding one-time items" by "Adjusted result after financial items".

The other alternative performance measures used by Componenta are EBITDA, equity ratio, return on investment, adjusted return on investment, return on equity, adjusted return on equity, net gearing, adjusted earnings per share and net interest bearing debt.

Exchange rate differences of operative balance sheet items

The Group has also previously reported the profitability of normal business operations and the operating profit excluding operative exchange rate differences. The Group is no longer reporting these figures staring from the beginning of 2016, so the reported figures are either actual IFRS figures or the alternative performance measures as described above. Operative exchange rate differences arise, for example, from foreign currency trade payables and trade receivables and also from foreign currency denominated other operative receivables and payables. The impact on the result of derivatives that are hedging operative foreign currency position has also been included by definition in the operative exchange rate differences.

Reconciliation of consolidated EBITDA

MEUR	1.1.–31.12.2016	1.1.–31.12.2015	1.10.–31.12.2016	1.10.–31.12.2015
EBITDA excluding items affecting comparability and operative exchange rate differences of continued operations	**5.4**	7.5	1.6	–1.1
Operative exchange rate differences	**–2.3**	0.8	–0.5	0.8
Adjusted EBITDA of continued operations	**3.1**	8.3	1.1	–0.3
Items affecting comparability, continued operations *)	**–19.2**	–4.4	–11.2	–2.8
EBITDA of continued operations, incl. items affecting comparability	**–16.1**	3.9	–10.1	–3.0

*) Items affecting comparability in EBITDA of continued operations in 2016 relate to capital loss of divestment in Suomivalimo EUR –6.1 million, the sales profit of Pistons business unit EUR +1.0 million, impairments and write-downs of investment property in Finland EUR –7.0 million and inventory write-downs of forging operations in Sweden EUR –1.7 million. The expenses related to restructuring measures were EUR –3.3 million and other items affecting comparability as a net totalled EUR –2.1 million.

Reconciliation of consolidated operating profit

MEUR	1.1.–31.12.2016	1.1.–31.12.2015	1.10.–31.12.2016	1.10.–31.12.2015
Operating profit excluding items affecting comparability and operative exchange rate differences of continued operations	**–3.4**	–0.4	–0.3	–3.0
Operative exchange rate differences	**–2.4**	0.8	–0.5	0.8
Adjusted operating profit of continued operations	**–5.8**	0.4	–0.8	–2.2
Items affecting comparability, continued operations *)	**–40.2**	–18.9	–28.0	–17.2
Operating profit of continued operations, IFRS	**–46.0**	–18.5	–28.8	–19.4

*) Items affecting comparability in operating profit of continued operations in 2016 relate to capital loss of divestment in Suomivalimo EUR –6.1 million, the sales profit of Pistons business unit EUR +1.0 million, the write-downs of production machinery and intangible assets in Sweden iron business EUR –17.8 million and inventory write-downs of forging operations in Sweden EUR –1.7 million. Impairments, write-downs and fair valuation losses of investment properties and production properties in Finland recorded EUR –10.0 million. The expenses related to restructuring measures were EUR –3.3 million and other items affecting comparability as a net totalled EUR –2.3 million.

Reconciliation of consolidated result after financial items

MEUR	1.1.–31.12.2016	1.1.–31.12.2015	1.10.–31.12.2016	1.10.–31.12.2015
Result after financial items excluding items affecting comparability and operative exchange rate differences of continued operations	**–14.7**	–17.0	–2.3	–8.2
Operative exchange rate differences	**–2.4**	0.8	–0.5	0.8
Adjusted result after financial items of continued operations	**–17.0**	–16.2	–2.8	–7.4
Items affecting comparability, continued operations *)	**0.5**	–19.0	–30.7	–17.2
Result after financial items of continued operations, IFRS	**–16.5**	–35.1	–33.5	–24.6

*) Items affecting comparability in the result after financial items of continued operations in 2016 are the same than in the operating profit of continued operations. In addition, they include a gain of EUR 43.3 million since the secured debt was discharged at an amount lower than the balance sheet value. In connection to the restructuring proceedings, EUR –2.2 million of claims related to parent company guarantees were recorded in financial items of continued operations. Other items affecting comparability as a net were EUR –0.4 million.

Items affecting comparability

MEUR	1.1.–31.12.2016	1.1.–31.12.2015	1.10.–31.12.2016	1.10.–31.12.2015
Continued operations:				
Restructuring expenses	**–3.3**	–3.6	–1.7	–1.9
Write-downs and revaluations of tangible and intangible assets	**–29.2**	–15.3	–25.0	–15.3
Capital gains and losses of divestments	**–5.4**	0.0	0.0	0.0
Other items affecting comparability in operating profit	**–2.3**	–0.1	–1.2	–0.1
Total in operating profit, continued operations	**–40.2**	–18.9	–28.0	–17.2
Items affecting comparability in financial items	**40.7**	–0.1	–2.7	0.0
Total in result after financial items, continued operations	**0.5**	–19.0	–30.7	–17.2
Tax items affecting comparability	**–6.9**	–27.9	–5.2	–28.0
Total in net profit, continued operations	**–6.4**	–46.9	–35.9	–45.3
Total in net profit, discontinued operations *)	**–181.0**	–17.6	–149.6	–18.2
Total in net profit	**–187.4**	–64.5	–185.4	–63.5

*) Please see separate discontinued operations notes and related narratives

Reconciliation of net sales

MEUR	1.1.–31.12.2016	1.1.–31.12.2015	1.10.–31.12.2016	1.10.–31.12.2015
Continued operations total	**183.6**	210.1	44.3	52.7
Discontinued operations total	**265.9**	342.3	49.8	80.4
Internal items/eliminations	**–45.4**	–57.6	–8.2	–13.8
Componenta total	**404.1**	494.8	85.9	119.2

Consolidated income statement excluding items affecting comparability

MEUR	1.1.–31.12.2016	1.1.–31.12.2015 Changed*)	1.10.–31.12.2016	1.10.–31.12.2015 Changed*)
Continued operations:				
Net sales	**183.6**	210.1	44.3	52.7
Other operating income	**0.1**	5.0	0.4	1.6
Operating expenses	**–180.6**	–206.7	–43.6	–54.5
EBITDA	**3.1**	8.3	1.1	–0.3
% of net sales	**1.7**	4.0	2.5	–0.5
Depreciation, amortization and write-downs	**–8.9**	–7.9	–1.9	–1.9
Share of the associated companies' result	**0.0**	0.0	0.0	0.0
Operating profit	**–5.8**	0.4	–0.8	–2.2
% of net sales	***–3.2***	*0.2*	*–1.8*	*–4.2*
Financial income and expenses	**–11.3**	–16.6	–2.0	–5.2
Result after financial items	**–17.0**	–16.2	–2.8	–7.4
% of net sales	***–9.3***	*–7.7*	*–6.4*	*–14.0*
Income taxes	**–0.3**	0.8	–0.2	1.3
Net profit of continued operations	**–17.3**	–15.4	–3.0	–6.1
Discontinued operations:				
Net profit of discontinued operations	**–10.8**	–2.9	–6.4	–4.0
Net profit	**–28.1**	–18.2	–9.4	–10.1
Allocation of net profit for the period				
To equity holders of the parent	**–24.9**	–18.6	–7.1	–9.9
To non-controlling interest	**–3.2**	0.4	–2.3	–0.2
	–28.1	–18.2	–9.4	–10.1
Earnings per share calculated on the profit				
attributable to equity holders of the parent				
Earnings per share, Group, EUR	**–0.20**	–0.19	–0.05	–0.10
Earnings per share, continued operations, EUR	**–0.12**	–0.16	–0.02	–0.06
Earnings per share, discontinued operations, EUR	**–0.08**	–0.03	–0.03	–0.04

Consolidated income statement

MEUR	1.1.–31.12.2016	1.1.–31.12.2015 Changed*)	1.10.–31.12.2016	1.10.–31.12.2015 Changed*)
Continued operations:				
Net sales	**183.6**	210.1	44.2	52.7
Other operating income	**1.9**	5.1	0.4	1.6
Operating expenses	**–201.6**	–211.3	–54.8	–57.3
EBITDA	**–16.1**	3.9	–10.1	–3.0
% of net sales	**1.7**	4.0	2.5	–0.5
Depreciation, amortization and write-downs	**–29.9**	–22.4	–18.6	–16.4
Share of the associated companies' result	**0.0**	0.0	0.0	0.0
Operating profit	**–46.0**	–18.5	–28.8	–19.4
% of net sales	***–25.1***	*–8.8*	*–65.1*	*–36.9*
Financial income and expenses	**29.5**	–16.6	–4.7	–5.2
Result after financial items	**–16.5**	–35.1	–33.5	–24.6
% of net sales	***–9.0***	*–16.7*	*–75.8*	*–46.7*
Income taxes	**–7.2**	–27.1	–5.4	–26.7
Net profit of continued operations	**–23.7**	–62.2	–38.9	–51.3
Discontinued operations:				
Net profit of discontinued operations	**–191.8**	–20.4	–156.0	–22.2
Net profit	**–215.5**	–82.7	–194.9	–73.6
Allocation of net profit for the period				
To equity holders of the parent	**–206.4**	–83.1	–186.7	–73.4
To non-controlling interest	**–9.1**	0.4	–8.2	–0.2
	–215.5	–82.7	–194.9	–73.6
Earnings per share calculated on the profit				
attributable to equity holders of the parent				
Earnings per share, Group, EUR	**–1.64**	–0.86	–1.15	–0.76
Earnings per share, continued operations, EUR	**–0.18**	–0.65	–0.23	–0.53
Earnings per share, discontinued operations, EUR	**–1.46**	–0.21	–0.92	–0.23
Earnings per share with dilution, Group, EUR	**–1.64**	–0.86	–1.15	–0.76

Consolidated statement of comprehensive income

MEUR	1.1.–31.12.2016	1.1.–31.12.2015 Changed*)	1.10.–31.12.2016	1.10.–31.12.2015 Changed*)
Net profit	**–215.5**	–82.7	–194.9	–73.6
Continued operations:				
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Revaluation of buildings and land areas	**0.0**	–2.7	–0.8	–2.7
Items that may be reclassified subsequently to profit or loss				
Translation differences	**1.3**	–0.5	1.0	–0.4
Actuarial gains and losses	**0.0**	0.0	0.0	0.0
Cash flow hedges	**0.4**	0.0	0.1	0.3
Other items	**0.0**	0.0	0.0	0.1
Total items that may be reclassified to profit or loss subsequently	**1.6**	–0.5	1.0	–0.1
Income tax on other comprehensive income	**–0.1**	0.6	0.0	0.6
Other comprehensive income of continued operations, net of tax	**1.5**	–2.6	0.3	–2.2
Discontinued operations				
Revaluation of buildings and land areas, net of tax	**–16.3**	–5.0	–14.7	–5.0
Translation differences	**38.7**	–0.1	38.8	–0.1
Actuarial gains and losses, net of tax	**4.0**	–1.7	5.2	–0.5
Other comprehensive income of discontinued operations, net of tax	**26.4**	–6.9	29.3	–5.5
Total comprehensive income	**–187.6**	–92.2	–165.3	–81.4
Allocation of total comprehensive income				
To equity holders of the parent	**–180.0**	–92.1	–158.8	–80.8
To non-controlling interest	**–7.6**	–0.1	–6.5	–0.6
	–187.6	–92.2	–165.3	–81.4

*) The comparative figures from 2015 on income statement and cash flow statement have been adjusted because the Dutch and Turkey sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard

Consolidated statement of financial position

MEUR	31.12.2016	31.12.2015
Assets		
Non-current assets		
Intangible assets	0.9	7.1
Goodwill	–	29.2
Investment properties	3.6	8.1
Tangible assets	35.8	234.3
Investment in associates	–	1.2
Receivables	0.3	7.8
Other investments	0.0	0.9
Deferred tax assets	–	5.5
Total non-current assets	40.6	294.1
Current assets		
Inventories	17.7	68.9
Receivables	21.4	31.7
Tax receivables	0.1	1.4
Cash and cash equivalents	4.4	6.1
Total current assets	43.5	108.2
Total assets	84.2	402.2
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	21.9	21.9
Other equity	–151.6	–10.8
Equity attributable to equity holders of the parent company	–129.7	11.1
Non-controlling interest	0.0	7.6
Shareholders' equity	–129.7	18.6
Liabilities		
Non-current		
Capital loans, interest bearing	0.4	–
Interest bearing liabilities	56.2	87.3
Interest free liabilities and capital loans	27.0	0.3
Provisions	0.0	10.4
Deferred tax liability	2.4	10.8
Current		
Capital loans	–	–
Interest bearing	37.9	155.7
Interest free	89.1	110.0
Tax liabilities	0.0	2.0
Provisions	0.8	7.0
Total liabilities *)	213.8	383.6
Total shareholders' equity and liabilities	84.2	402.2

*) Group companies consolidated in the Group's financial statements had restructuring debts, at 31 December 2016, outside the Group that were recorded in the consolidated balance sheet totalling EUR 163 million.

Condensed consolidated cash flow statement

MEUR	1.1.–31.12.2016	1.1.–31.12.2015 Changed *)
Cash flow from operating activities		
Result after financial items of continued operations	**–16.5**	–35.1
Depreciation, amortization and write-downs, continued operations	**29.9**	22.4
Net financial income and expenses, continued operations	**–29.5**	16.6
Other income and expenses, adjustments to cash flow, continued operations	**–1.0**	–2.6
Change in net working capital, continued operations	**10.0**	18.0
Cash flow from operations before financing and income taxes, continued operations	**–7.1**	19.3
Interest received and paid and dividends received, continued operations	**–2.8**	–6.4
Taxes paid, continued operations	**0.0**	–0.5
Net cash flow from operating activities, continued operations	**–9.9**	12.4
Net cash flow from operating activities, discontinued operations	**9.7**	–2.1
Net cash flow from operating activities	**–0.2**	10.3
Cash flow from investing activities		
Capital expenditure in tangible and intangible assets, continued operations	**–2.6**	–3.6
Proceeds from tangible and intangible assets, continued operations	**9.7**	0.1
Other investments and loans granted, continued operations	**0.0**	0.0
Proceeds from other investments and repayments of loan receivables, continued operations	**0.3**	1.4
Net cash flow from investing activities, continued operations	**7.4**	–2.1
Net cash flow from investing activities, discontinued operations	**–8.3**	–24.7
Net cash flow from investing activities	**–0.9**	–26.8
Cash flow from financing activities		
Dividends paid, continued operations	**–**	–
Proceeds from the issue of convertible bond, continued operations	**25.4**	0.0
Repayment of finance lease liabilities, continued operations	**–3.0**	–2.3
Draw-down (+)/ repayment (–) of current loans, continued operations	**–0.5**	1.6
Draw-down of non-current loans, continued operations	**0.1**	0.1
Repayment of non-current loans and other changes, continued operations	**–15.7**	–10.0
Net cash flow from financing activities, continued operations	**6.3**	–10.6
Net cash flow from financing activities, discontinued operations	**–6.9**	21.1
Net cash flow from financing activities	**–0.6**	10.5
Change in liquid assets	**–1.7**	–6.0
Cash and cash equivalents at the beginning of the period	**6.1**	12.1
Effects of exchange rate changes on cash	**0.0**	0.0
Cash and cash equivalents at the period end	**4.4**	6.1

*) The comparative figures from 2015 on income statement and cash flow statement have been adjusted because the Dutch and Turkey sub-groups' operations have been classified as discontinued operations according to the IFRS 5 standard

Statement of changes in consolidated shareholders' equity

MEUR	Share capital	Share premium account	Other reserves	Cash flow hedges	Trans-lation diffe-rences	Retained earnings	Total	Non-con-trolling interest	Share holders' equity total
Shareholders' equity 1.1.2015	**21.9**	**15.0**	**179.5**	**–0.4**	**–36.3**	**–76.5**	**103.1**	**8.0**	**111.2**
Net profit						–83.1	–83.1	0.4	–82.7
Translation differences					–0.5		–0.5	0.0	–0.5
Cash flow hedges				0.0			0.0		0.0
Revaluation of buildings and land areas			–2.1		0.0	0.0	–2.1	0.0	–2.1
Other comprehensive income items			0.0				0.0		0.0
Comprehensive income items, discontinued operations			–4.9		–0.1	–1.4	–6.4	–0.4	–6.9
Total comprehensive income			–7.0	0.0	–0.6	–84.4	–92.1	–0.1	–92.2
Dividend							0.0	–0.4	–0.4
Shareholders' equity 31.12.2015	**21.9**	**15.0**	**172.5**	**–0.4**	**–37.0**	**–160.9**	**11.1**	**7.6**	**18.6**
Shareholders' equity 1.1.2016	**21.9**	**15.0**	**172.5**	**–0.4**	**–37.0**	**–160.9**	**11.1**	**7.6**	**18.6**
Net profit						–206.4	–206.4	–9.1	–215.5
Translation differences					1.3		1.3	0.0	1.3
Cash flow hedges				0.3			0.3		0.3
Revaluation of buildings, land areas and investment properties			0.0			0.0	0.0		0.0
Other comprehensive income items			0.0				0.0		0.0
Comprehensive income items, discontinued operations			–15.2		36.3	3.7	24.8	1.5	26.4
Total comprehensive income			–15.2	0.3	37.6	–202.7	–180.1	–7.6	–187.7
Issue of convertible bond			0.6				0.6		0.6
Convertible bond, conversion to shares			38.8				38.8		38.8
Shareholders' equity 31.12.2016	**21.9**	**15.0**	**196.7**	**–0.1**	**0.6**	**–363.6**	**–129.7**	**0.0**	**–129.7**

Key Ratios

	31.12.2016	31.12.2015
Equity ratio, %	-165.3	4.6
Equity per share, EUR	-0.74	0.11
Invested capital at period end, MEUR	-35.2	261.7
Adjusted return on investment, %	-0.2	2.3
Return on investment, %	-61.7	-7.2
Adjusted return on equity, %	n/a	-20.4
Return on equity, %	n/a	-92.6
Net interest bearing debt, preferred capital note in debt, MEUR	90.1	237.0
Net gearing, preferred capital note in debt, %	n/a	1,273.0
Order book of continued operations, MEUR	30.8	31.4
Investments in non-current assets incl. finance leases, continued operations, MEUR	1.3	5.7
Investments in non-current assets incl. finance leases, discontinued operations, MEUR	18.5	25.7
Investments in non-current assets excl. finance leases, Group, MEUR	13.5	26.2
Investments in non-current assets incl. finance leases, Group, MEUR	19.9	31.5
Investments in non-current assets (incl. finance leases), % of net sales, Group	4.9	6.4
Average number of personnel during the period, continued operations	893	997
Average number of personnel during the period, incl. leased personnel, continued operations	992	1,093
Average number of personnel during the period, Group	3,614	3,982
Average number of personnel during the period, incl. leased personnel, Group	3,893	4,281
Number of personnel at period end, continued operations	791	991
Number of personnel at period end, incl. leased personnel, continued operations	878	1,080
Number of personnel at period end, Group	3,154	3,979
Number of personnel at period end, incl. leased personnel, Group	3,350	4,269
Share of export and foreign activities in net sales, %, Group	93.0	91.3
Contingent liabilities, MEUR	149.4	586.0

Per Share Data	**31.12.2016**	31.12.2015
Number of shares at period end, 1,000 shares	176,137	97,269
Earnings per share (EPS), EUR	-1.64	-0.86
Earnings per share, with dilution (EPS), EUR	-1.64	-0.86
Cash flow per share, EUR	0.00	0.11
Equity per share, EUR	-0.74	0.11
Divident per share, EUR	0.00*)	0.00
Payout ratio, %	0.00	0.00
Effective dividend yield, %	0.00	0.00
P/E multiple	neg.	neg.
Share price at period end, EUR	0.18	0.69

*) The company cannot distribute a dividend due to ongoing restructuring process.
In addition to this Componenta Oyj's negative distributable earnings prevent dividend distribution.

Changes in tangible assets and goodwill

MEUR	1–12/2016	1–12/2015
Changes in tangible assets		
Acquisition cost at the beginning of the period	**586.1**	571.2
Translation differences	**–3.6**	1.7
Additions	**19.8**	30.0
Companies acquired	**0.0**	0.0
Revaluation of buildings and land areas	**–0.8**	–11.9
Disposals and transfers between items	**–390.0**	–4.9
Acquisition cost at the end of the period	**211.5**	586.1
Accumulated depreciation at the beginning of the period	**–351.7**	–319.7
Translation differences	**2.3**	–1.3
Accumulated depreciation on disposals and transfers	**212.2**	2.7
Accumulated depreciation on companies acquired	**0.0**	0.0
Depreciation, amortization and write-downs during the period	**–38.5**	–33.5
Accumulated depreciation at the end of the period	**–175.7**	–351.7
Book value at the end of the period	**35.8**	234.3
Goodwill		
Acquisition cost at the beginning of the period	**29.2**	29.1
Translation difference	**0.2**	0.0
Disposals and transfers between items	**–29.4**	–
Book value at the end of the period	**0.0**	29.2

Group development

Net sales by market area, continued operations

MEUR	1–12/2015	1–12/2016
Sweden	81.6	**74.9**
Finland	42.8	**28.2**
Benelux countries	30.1	**25.0**
Germany	16.3	**17.5**
Other European countries	31.1	**30.4**
Other countries	8.2	**7.6**
Continued operations	210.1	**183.6**
Discontinued operations	342.3	**265.9**
Internal items/eliminations	–57.6	**–45.4**
Total	494.8	**404.1**

Quarterly net sales development by market area, continued operations

MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Sweden	22.6	24.4	15.2	19.4	20.2	21.0	15.7	**18.0**
Finland	11.8	11.4	8.2	11.3	8.8	9.2	5.0	**5.2**
Benelux countries	7.7	8.9	6.6	7.0	7.4	6.1	4.8	**6.7**
Germany	5.1	3.8	2.5	4.8	3.8	5.3	4.3	**4.1**
Other European countries	7.4	8.2	9.3	6.3	6.6	8.8	6.1	**8.9**
Other countries	2.4	1.1	0.9	3.9	2.8	3.2	0.3	**1.3**
Continued operations	57.0	57.8	42.6	52.7	49.6	53.5	36.2	**44.3**
Discontinued operations	90.9	89.1	82.0	80.4	82.8	86.0	47.3	**49.8**
Internal items/eliminations	–14.8	–14.9	–14.1	–13.8	–14.2	–14.7	–8.4	**–8.2**
Total	133.1	132.0	110.5	119.2	118.2	124.8	75.1	**85.9**

Group continued operations development excluding items affecting comparability

MEUR	1–12/2015	1–12/2016
Net sales	210.1	**183.6**
Operating profit	0.4	**–5.8**
Net financial items *)	–16.6	**–11.3**
Profit after financial items	–16.2	**–17.0**

*) Net financial items are not allocated to business segments

Group continued operations development by business segment excluding items affecting comparability

Operating profit, MEUR *)	1-12/2015	1-12/2016
Iron Business	-1.4	**-8.2**
Other Business	1.7	**2.4**
Internal items	0.1	**0.0**
Componenta total	0.4	**-5.8**

*) Figures for the comparative period have been adjusted as described in Accounting principles.

Group continued operations development by quarter excluding items affecting comparability

MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Net sales	57.0	57.8	42.6	52.7	49.6	53.5	36.2	**44.3**
Operating profit	2.8	0.8	-1.0	-2.2	-2.1	0.1	-3.1	**-0.7**
Net financial items *)	-4.3	-3.7	-3.4	-5.2	-2.6	-3.3	-3.3	**-2.0**
Profit after financial items	-1.5	-2.9	-4.4	-7.4	-4.8	-3.1	-6.4	**-2.7**

*) Net financial items are not allocated to business segments

Quarterly development by continued operations business segment excluding items affecting comparability

Operating profit, MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Iron Business	1.6	-0.1	-2.1	-0.8	-2.6	-0.6	-3.4	**-1.6**
Other Business	1.0	0.9	1.1	-1.4	0.4	0.7	0.4	**0.9**
Internal items	0.1	0.0	0.0	0.0	0.0	0.1	-0.1	**0.0**
Componenta total	2.8	0.8	-1.0	-2.2	-2.1	0.1	-3.1	**-0.7**

Group continued operations development

MEUR	1-12/2015	1-12/2016
Net sales	210.1	**183.6**
Operating profit	-18.5	**-46.0**
Net financial items *)	-16.6	**29.5**
Profit after financial items	-35.1	**-16.5**

*) Net financial items are not allocated to business segments

Group development by business segment

Net sales, MEUR	1–12/2015	1–12/2016
IRON BUSINESS, CONTINUED OPERATIONS		
External sales	192.2	**171.7**
Internal sales	1.6	**1.7**
Total sales	193.8	**173.4**
OTHER BUSINESS, CONTINUED OPERATIONS		
External sales	2.2	**1.5**
Internal sales	22.7	**16.3**
Total sales	25.0	**17.8**
Internal items/eliminations, continued operations	–8.6	**–7.6**
Continued operations total	210.1	**183.6**
Iron business, discontinued operations	241.0	**180.6**
Aluminium business, discontinued operations	93.0	**80.5**
Other business, discontinued operations	31.5	**26.3**
Internal items/eliminations, discontinued operations	–23.2	**–21.5**
Discontinued operations total	342.3	**265.9**
Internal items/eliminations, Group	–57.6	**–45.4**
Componenta total	494.8	**404.1**

Reconciliation of operating profit, MEUR	1–12/2015	1–12/2016
Iron business, continued operations	–1.4	**–8.2**
Other business, continued operations	1.7	**2.4**
Items affecting comparability	–18.9	**–40.2**
Internal items	0.1	**0.0**
Continued operations total	–18.5	**–46.0**

	1–12/2015	1–12/2016
Operating profit, discontinued operations excluding items affecting comparability, MEUR	6.6	**5.3**

Group continued operations development by quarter

MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Net sales	57.0	57.8	42.6	52.7	49.6	53.5	36.2	**44.2**
Operating profit	2.3	0.4	–1.7	–19.5	–2.3	–6.7	–8.5	**–28.6**
Net financial items *)	–4.3	–3.7	–3.4	–5.2	–2.6	40.3	–3.4	**–4.7**
Profit after financial items	–2.1	–3.3	–5.2	–24.7	–4.9	33.6	–11.8	**–33.4**

*) Net financial items are not allocated to business segments

Quarterly development by business segment

Reconciliation of net sales, MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Iron business, continued operations	52.7	53.7	38.7	48.6	45.9	50.3	34.1	**43.2**
Other business, continued operations	6.5	6.2	5.9	6.3	6.1	4.9	3.6	**3.2**
Internal items/eliminations	-2.3	-2.1	-2.0	-2.2	-2.3	-1.6	-1.5	**-2.1**
Continued operations total	57.0	57.8	42.6	52.7	49.6	53.5	36.2	**44.3**
Discontinued operations	90.9	89.1	82.0	80.4	82.8	86.0	47.3	**49.8**
Internal items/eliminations	-14.8	-14.9	-14.1	-13.8	-14.2	-14.7	-8.4	**-8.2**
Componenta total	133.1	132.0	110.5	119.2	118.2	124.8	75.1	**85.9**

Reconciliation of operating profit, MEUR	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Iron business, continued operations	1.6	-0.1	-2.1	-0.8	-2.6	-0.6	-3.4	**-1.6**
Other business, continued operations	1.0	0.9	1.1	-1.4	0.4	0.7	0.4	**0.9**
Items affecting comparability, continued operations	-0.5	-0.4	-0.8	-17.2	-0.1	-6.8	-5.3	**-28.0**
Internal items/eliminations	0.1	0.0	0.0	0.0	0.0	0.1	-0.1	**0.0**
Continued operations total	2.3	0.4	-1.7	-19.5	-2.3	-6.7	-8.5	**-28.6**

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Operating profit, discontinued operations excluding items affecting comparability, MEUR	2.7	5.4	2.6	-4.1	1.9	-1.4	1.6	**3.2**

Order book at period end, MEUR	Q1/15*)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Iron business, continued operations	34.9	37.2	31.3	31.4	32.4	34.5	31.4	**30.8**
Other business, continued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Internal items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Continued operations total	34.9	37.2	31.3	31.4	32.4	34.5	31.4	**30.8**
Discontinued operations	66.2	71.8	57.4	52.0	58.2	53.6	45.3	**0.0**
Internal items	-3.5	-3.7	-2.6	-2.8	-2.8	-2.2	-1.8	**0.0**
Discontinued operations total	62.7	68.1	54.9	49.3	55.4	51.4	43.5	**0.0**
Internal items, continued/discontinued operations	-5.2	-8.4	-4.0	-3.8	-5.1	-7.8	-7.6	**0.0**
Componenta total	92.3	96.8	82.1	76.9	82.7	78.2	67.3	**30.8**

*) Order book on 6 April 2015

Reconciliation of comparative net sales given under Componenta's guidance, MEUR	1–12/2016
Net sales, continued operations total, IFRS	**183.6**
Adjustment, Suomivalimo & Pistons net sales in 2016 before divestment	**–8.1**
Adjustment, trademark licence fees and management fees from the Netherlands and Turkey in 2016	**–8.8**
Comparative net sales under Componenta's guidance	**166.8**

Business segments

MEUR	31.12.2016	31.12.2015
Continued operations		
Iron business		
Assets	**70.0**	103.4
Liabilities	**74.1**	84.8
Investments in non-current assets (incl. finance leases)	**1.3**	5.5
Depreciation, amortization and write-downs	**27.0**	16.7
Other business		
Assets	**11.9**	35.5
Liabilities	**18.7**	13.3
Investments in non-current assets (incl. finance leases)	**0.0**	0.2
Depreciation, amortization and write-downs	**2.9**	4.5
Discontinued operations		
Assets	**0.0**	293.1
Liabilities	**0.0**	90.7
Investments in non-current assets (incl. finance leases)	**18.5**	25.7
Depreciation, amortization and write-downs	**61.3**	14.2

Discontinued operations

MEUR	2016	2015
Net profit of discontinued operations total, IFRS	**–191.8**	–20.4
Net profit of discontinued operations total, excluding items affecting comparability	**–10.8**	–2.9
Operating profit of dicontinued operations total, excluding items affecting comparability	**5.3**	6.7

Componenta BV sub-group, Discontinued operation

MEUR	2016	2015
Net sales, 1–6/2016 & 1–12/2015	**43.8**	83.3
Operating profit excluding items affecting comparability	**–2.8**	–7.6
Result after financial items excluding items affecting comparability	**–3.5**	–9.0
Net profit excluding items affecting comparability, 1–6/2016 & 1–12/2015	**–3.5**	–9.0
Items affecting comparability under Componenta BV's Income Statement before the derecognition from Group's statement of financial position, 1–6/2016 & 1–12/2015	**–2.9**	–15.9
Net profit, IFRS, before the derecognition from Group's statement of financial position, 1–6/2016 & 1–12/2015	**–6.4**	–24.9
Items affecting comparability, all write-downs of receivables from Componenta B.V. registered by the remaining consolidated companies within the corporation	**–21.8**	–
Items affecting comparability, recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta B.V	**–7.9**	–
Items affecting comparability, derecognition of Componenta BV's net assets from the Group's statement of financial position	**13.5**	–
Componenta BV, discontinued operations net profit, IFRS, 1–6/2016 & 1–12/2015 *)	**–22.5**	–24.9

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

MEUR	2016
Derecognition of Componenta BV's net assets from the Group's statement of financial position through income statement or through statement of other comprehensive income	**14.8**
All write-downs of receivables from Componenta B.V. registered by the remaining consolidated companies within the corporation	**–21,8**
Recorded liabilities by the parent company related to provided guarantees for external parties, on behalf of Componenta B.V.	**–7.9**
Componenta BV's bankruptcy and derecognition from Group's statement of financial position, impact to Group shareholders' equity	**–14,9**

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

*) Componenta BV's net profit for the period, including the derecognition of net assets of Dutch sub-group's operations and all impairment of net receivables from Componenta B.V. registered by the remaining active companies within the corporation were totalling EUR –22.5 (EUR –24.9) million. The derecognition of net assets of Dutch sub-group's operations either through income statement or other comprehensive income and all write-downs of net receivables from Componenta B.V. registered by the remaining active companies within the corporation and liabilities to provided guarantees for external parties, on behalf of Componenta B.V. recorded by the Group parent company, were altogether EUR -14.9 million. EUR –2.9 million was recorded as items affecting comparability during the financial year 2016 related to Dutch sub-group before de-consolidation. EUR –2.9 million consists of restructuring expenses which was recorded mainly related to the closure of Furan line and other local restructuring during the first half of the year. The consolidation of Componenta B.V.'s local income statement has already discontinued on 1 July 2016 onwards because the Group has not received financial reports from Componenta B.V. regarding the Q3 figures. This does not materially affect the Group's consolidated result for the period. The value of Componenta BV's shares in consolidated statement of financial position is 1 euro.

Componenta Turkey sub-group, Discontinued operation

MEUR	2016	2015
Net sales	**226.1**	264.9
Operating profit excluding items affecting comparability	**8.1**	14.3
Result after financial items excluding items affecting comparability	**–4.7**	6.9
Net profit excluding items affecting comparability	**–7.3**	6.2
Items affecting comparability under Componenta Turkey's Income Statement before the derecognition from Group's statement of financial position	**–25.5**	–1.7
Net profit, IFRS, before the derecognition from Group's statement of financial position	**–32.8**	4.5
Items affecting comparability, write-downs of receivables from Componenta Turkey registered by the remaining consolidated companies within the corporation	**–1.5**	–
Items affecting comparability, cumulative translation differences including non-controlling interests	**–38.8**	
Items affecting comparability, derecognition of consolidation goodwill, related to Turkey Group from Group's statement of financial position	**–20.9**	
Items affecting comparability, derecognition of Componenta Turkey's net assets from the Group's statement of financial position	**–75.2**	–
Componenta Turkey, discontinued operations net profit, IFRS *)	**–169.2**	4.5

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

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

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

*) Componenta Turkey sub-group's net profit for the period, including the write-downs of net assets of Turkish sub-group's operations were totalling EUR –169.2 (EUR 4.5) million. Derecognition of net assets of Turkish sub-group's operations either through income statement or other comprehensive income, including the derecognition of consolidation goodwill from Groups statement of financial position, and write-downs of receivables from Componenta Turkey registered by the remaining consolidated companies within the corporation, were totalling altogether EUR –111.4 million. EUR –25.5 million was recorded as items affecting comparability during the financial year 2016 related to Turkey sub-group before de-consolidation: during third quarter the write-down of goodwill in Turkey Iron business (EUR –7.5 million), during third quarter the write-downs of receivables from Componenta B.V EUR –9.6 million, extra taxes the company was ordered to pay during a tax inspection in Turkey EUR –2.5 million, write-downs of trade receivables EUR –3.6 million, impairments of machinery and equipment EUR –1.5 million, and restructuring measures related expenses and other items affecting comparability as a net totalled EUR –0.8 million. Consolidation of the Turkey sub-group in the Group financial statements ended on 31 December 2016. Derecognition from Componenta Group's statement of financial position has been made by using the 31 Dcember 2016 balance sheet values. The value of Componenta Turkey's shares in consolidated statement of financial position is 1 euro. In the consolidated statement of financial position there is liabilities towards not consolidated Turkey sub-group of some EUR 137.3 million, of which some EUR 110 million are liabilities under restructuring processes.

Fair values of derivative instruments

MEUR	31.12.2016 Fair value, positive	31.12.2016 Fair value, negative	31.12.2016 Fair value, net	31.12.2015 Fair value, net
Currency derivatives				
Foreign exchange forwards	–	–	–	–0.2
Currency swaps	–	–	–	–0.4
Interest rate derivatives				
Interest rate swaps	–	–	–	–
Commodity derivatives				
Electricity price forwards	–	–	–	–0.8
Total	**0.0**	**0.0**	0.0	–1.4

Nominal values of derivative instruments

MEUR	31.12.2016 Nominal value	31.12.2015 Nominal value
Currency derivatives *)		
Foreign exchange forwards	–	7.5
Currency swaps	–	9.8
Foreign exchange options	–	–
Interest rate derivatives		
Interest rate swaps		
Maturity in less than a year	–	–
Maturity after one year and less than five years	–	–
Commodity derivatives		
Electricity price forwards		
Maturity in less than a year	–	1.3
Maturity after one year and less than five years	–	1.7
Total	**0.0**	20.3

*) Currency derivatives mature in less than a year.

Classification of fair value of financial assets and liabilities

Financial assets and liabilities that are valued at fair value, are classified on three levels depending on the estimated reliability of the valuation method:

LEVEL 1:
A reliable quoted market price exists for identical instruments quoted on an active market. Electricity price forwards are classified on this level, as their valuations are based on market prices for Nord Pool's similar standardized products.

LEVEL 2:
A market price quoted on the active market exists for similar but not identical instruments. The price may, however, be derived from observable market information. The fair values of interest rate and currency derivatives are calculated by deriving them from price information obtained on the active market and using valuation techniques that are commonly applied in the market.

LEVEL 3:
There is no active market for the instrument, a fair market price cannot be reliably derived, and defining the fair value requires significant assumptions.

Fair values by classification of valuation method Q4 / 2016

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	–	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	–	–	–
Available-for-sale investments	–	–	–

Fair values by classification of valuation method Q4 / 2015

MEUR	LEVEL 1	LEVEL 2	LEVEL 3
Foreign exchange rate derivatives (OTC)	–	-0.6	–
Interest rate derivatives (OTC)	–	–	–
Commodity derivatives	-0.8	–	–
Available-for-sale investments	–	–	0.8

No financial assets or liabilities were transferred from one level to another during the financial year.

The fair value of forward rate agreements is the profit or loss that would occur from closing the agreement, calculated at the market price on the balance sheet date. The fair value of interest rate and currency options is measured using commonly known option pricing models. The fair value of interest rate swaps is calculated by discounting future cash flows at current interest rates at the balance sheet date. Foreign exchange forwards and swaps are valued at forward prices on the balance sheet date. The fair value of electricity price forwards is the estimated profit or loss that would derive from closing the contracts at market prices on the balance sheet date.

Contingent liabilities

MEUR	31.12.2016	31.12.2015
Real-estate mortgages		
For own debts	7.8	8.1
Business mortgages		
For own debts	53.3	114.5
Pledges		
For own debts	4.0	458.2
Other leasing commitments	3.4	4.1
Other commitments	80.9	1.2
Total	149.4	586.0

On 31 December 2016 Componenta had contingent financial leasing liabilities, from not yet started contracts, amounting to EUR 0.0 million (EUR 3.7 million). Financial leasing liability and the investment capitalization is recorded in the statement of financial position when the financial leasing contract begins and when the financial leasing underlying machinery etc. object is received.

Key exchange rates for the Euro

	Closing rate		Average rate	
One Euro is	31.12.2016	31.12.2015	31.12.2016	31.12.2015
SEK	9.5525	9.1895	9.4689	9.3528
USD	1.0541	1.0887	1.1069	1.1095
GBP	0.8562	0.7340	0.8195	0.7259
TRY (Turkish central bank)	3.7099	3.1776	3.3413	3.0167
RUB	64.3000	80.6736	74.1446	68.1066

Calculation of key financial ratios

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

Componenta Corporation

Panuntie 4

FI–00610 Helsinki

Finland

Tel. +358 10 403 00

Fax +358 10 403 2721

www.componenta.com