

Casting Future **SOLUTIONS**

COMPONENTA

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Componenta Corporation Financial Statements 1 January - 31 December 2012

Heikki Lehtonen
President and CEO

28 February 2013



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Year 2012 briefly

MEUR	1-12/2012	1-12/2011	Change
Order book	83	100	-17%
Net sales	545	576	-5%
EBITDA, excluding one-time items	26.1	47.2	-45%
Operating profit, excluding one-time items	10.0	29.8	-66%
Financial income and expenses, excluding one-time items	-27.7	-25.9	7%
Result after financial items, excluding one-time items	-17.6	3.9	n/m
One-time items	-7.8	-7.4	5%
Net result, excluding one-time items	-17.6	2.7	n/m
Earnings/share, excluding one-time items, EUR	-0.92	0.09	n/m
Cash flow from operations	-8.7	3.6	n/m
Capacity utilization rate, %	63%	68%	-7%
Cash funds and committed un-used credit facilities	43.9	41.6	6%

- **The Board of Directors proposes to the AGM that no dividend is distributed from the financial year.**

Operational efficiency program 2012 - 2014

- Corporate-wide efficiency program to boost competitiveness and profitability was started in October 2012
 - Savings of 25 MEUR by 2013 - 2014 through carrying out five sub-programs.
 - Most of the cost savings by reducing personnel in all operating countries throughout Componenta with an estimated reduction in personnel of 550 people.
- Operations in Finland
 - One of the two production lines at the Pietarsaari foundry will be closed down by the end of September 2013 and the products transferred mainly to the Group's other foundries. Reasons were that the capacity utilization rate at the foundry and its profitability have remained poor for a long time.
 - Annual cost savings are expected to be 3 MEUR by end of 2014.
 - One-time costs from shutting down the big Disa production line at the foundry, 1.2 MEUR in 2013 and the write-down of operations at 1.3 MEUR were both recorded as one-time costs in the final quarter of 2012.
- Operations in Holland
 - Restructuring of all our units in the Netherlands, including reduction of 55 jobs.
 - Annual cost savings to be achieved will be 2.6 MEUR. The cost savings target for the whole program in the Netherlands is 5 MEUR annually by the end of 2014.
 - One-time costs of 1.4 MEUR due to these actions and changes were recorded in the final quarter of 2012.

Operational efficiency program 2012 - 2014

- Operations in Sweden

- Wirsbo

- Restructuring of forging operations and reduction of fixed costs at Componenta Wirsbo. The actions concern business units in Wirsbo, Smedjebacken and Arvika.
 - The restructuring and proposed reduction of 41 jobs are expected to boost the operative result in the forging business some 2 MEUR.
 - One-time costs of 0.9 MEUR arising from the changes were recorded in the final quarter of 2012.

- Främmestad

- Främmestad will focus on machining middle and short series. Long series machining operations to be concentrated in Orhangazi MS.
 - Componenta will strengthen its competitive advantage in machining operations.
 - Annual cost savings are expected to be 3 MEUR through product transfers and improved productivity.

- Operations in Turkey

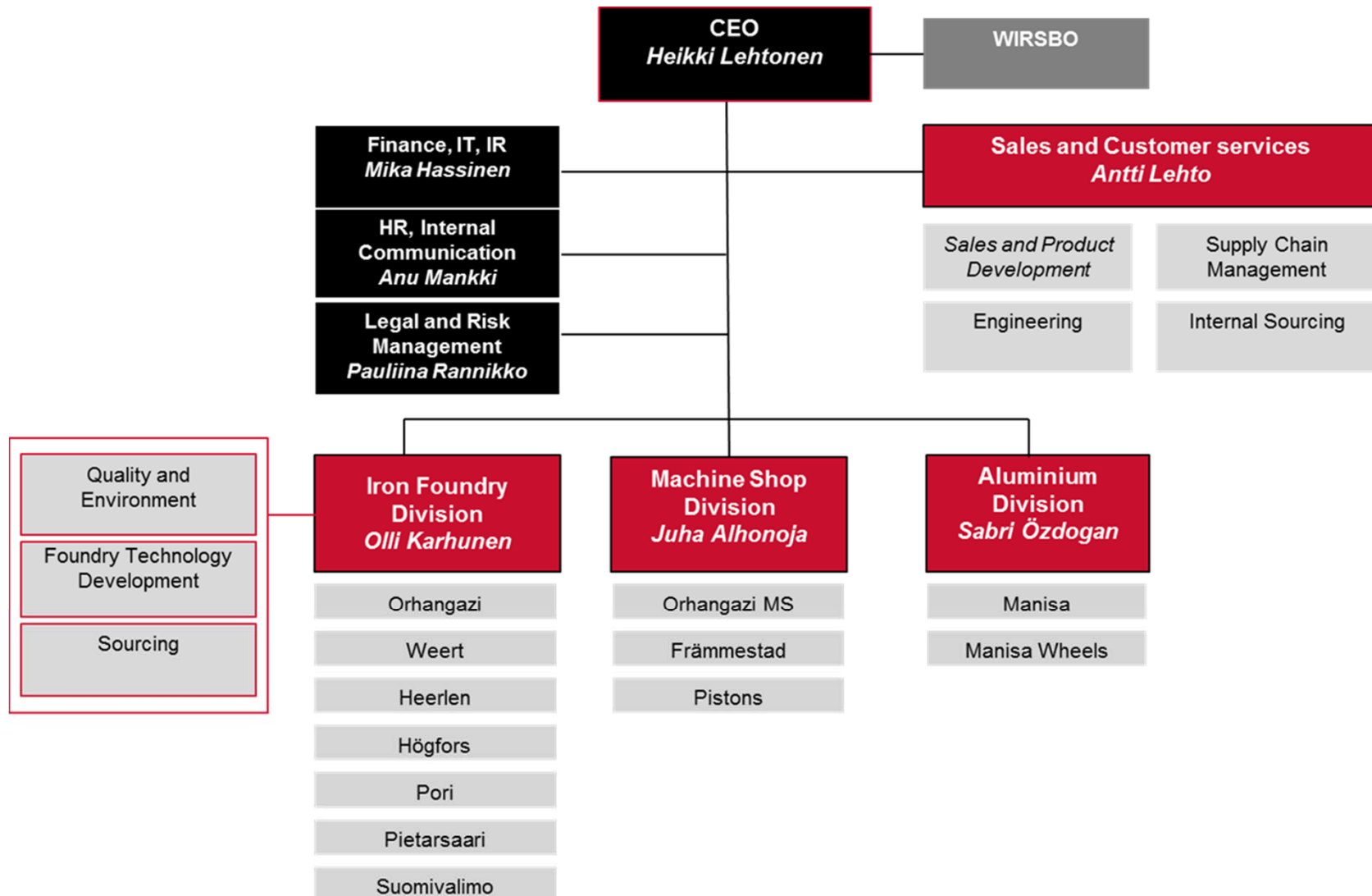
- Project to boost productivity at the Orhangazi iron foundry, including many actions to improve production management and productivity.
 - Cost savings are expected to be 9 MEUR annually by the end of 2014.
 - One-time costs of 0.7 MEUR caused by the restructuring actions at the Orhangazi business units were recorded in the final quarter of 2012.

- Actions to improve efficiency and to cut costs in the Group's administration, sales and engineering functions mainly finalized. They will bring annual cost savings of 3 MEUR by the end of 2013.

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New operating structure and organization

To support implementation of the efficiency program and to clarify the management processes



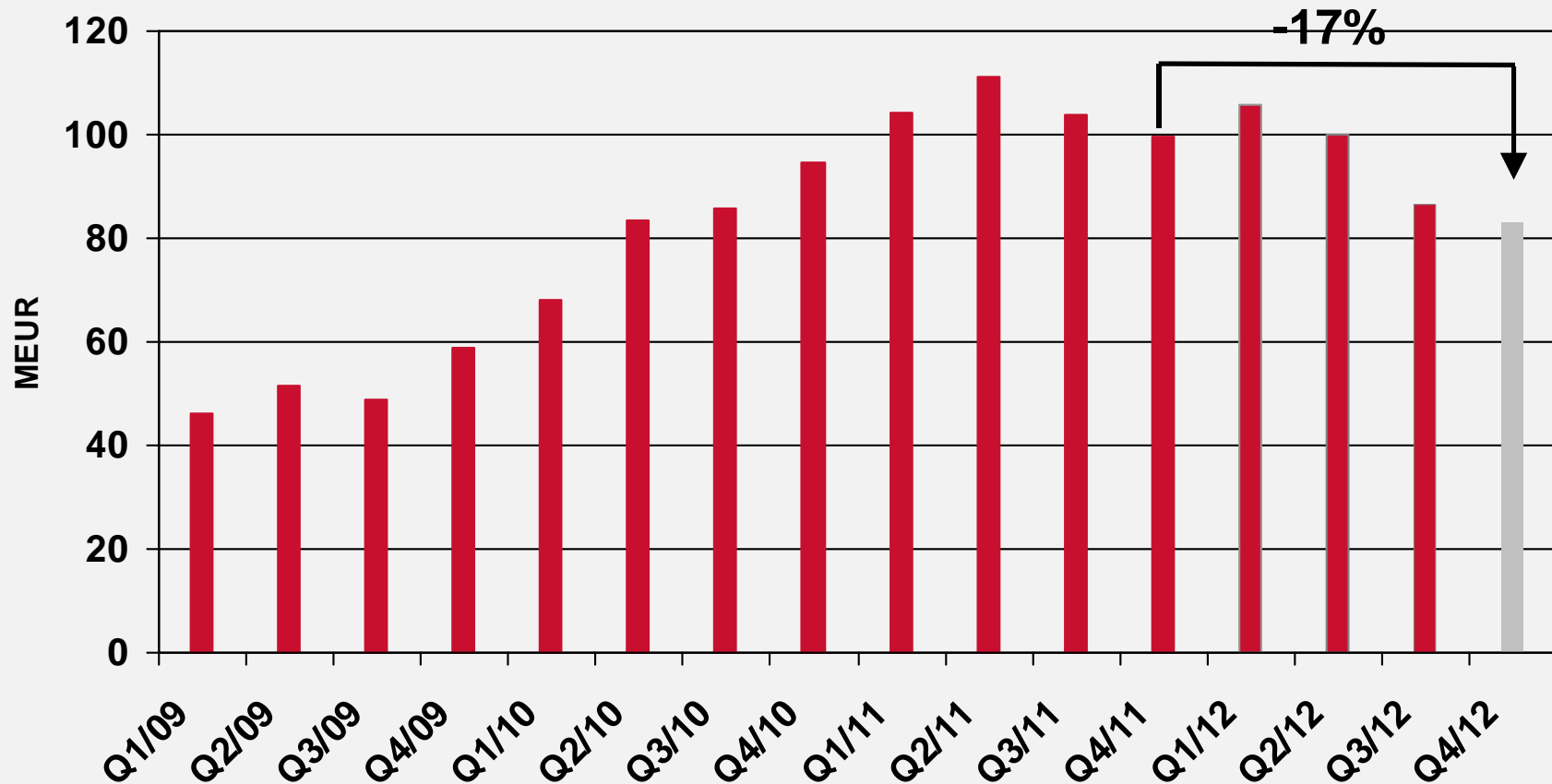
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Q4/2012 briefly

MEUR	Q4/2012	Q4/2011	Change
Net sales	117	142	-17%
EBITDA, excluding one-time items	0.9	10.4	-92%
Operating profit, excluding one-time items	-3.5	6.8	n/m
Financial income and expenses, excluding one-time items	-5.9	-6.7	-11%
Result after financial items, excluding one-time items	-9.5	0.1	n/m
One-time items	-7.4	-3.5	112%
Net result, excluding one-time items	-10.2	-1.0	n/m
Earnings/share, excluding one-time items, EUR	-0.47	-0.07	n/m
Cash flow from operations	3.8	6.7	-44%

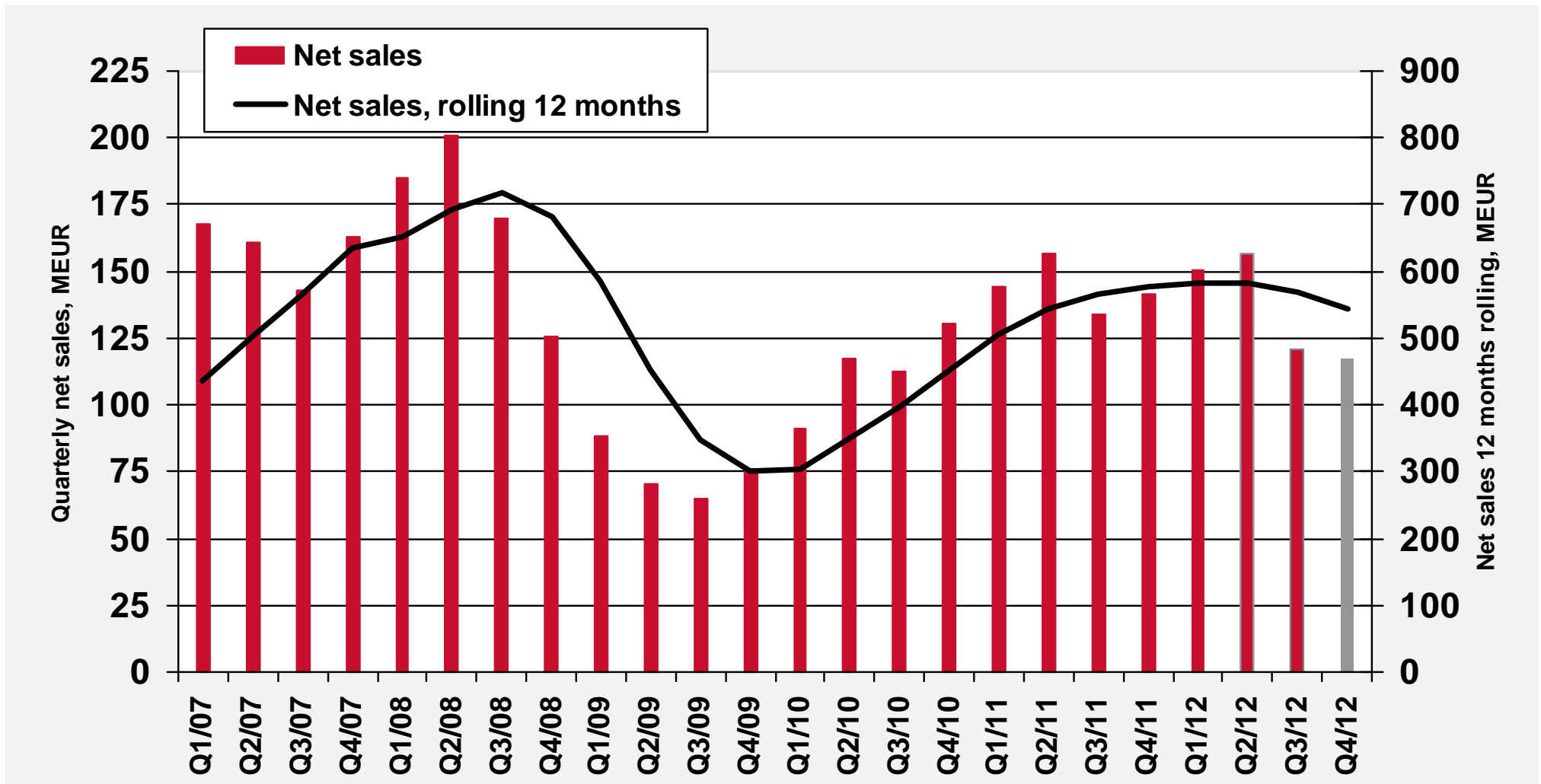
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Quarterly development of order book (incl. orders for coming two months)



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Quarterly development of net sales 2007 - 2012

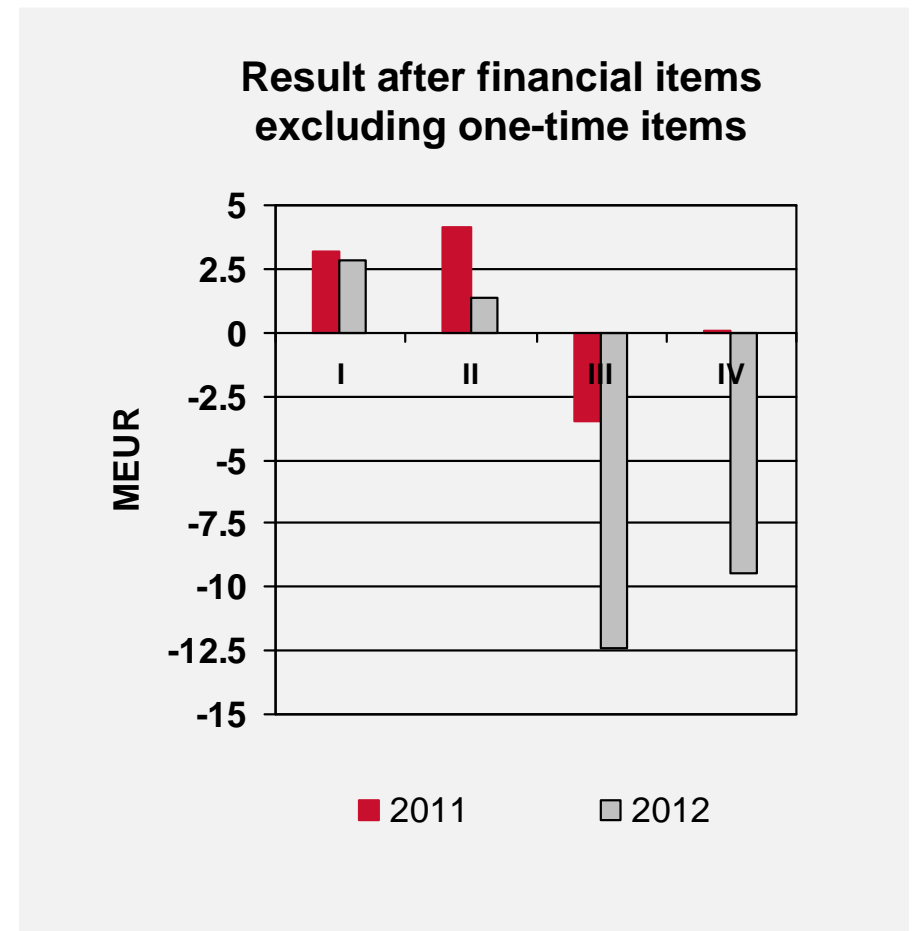
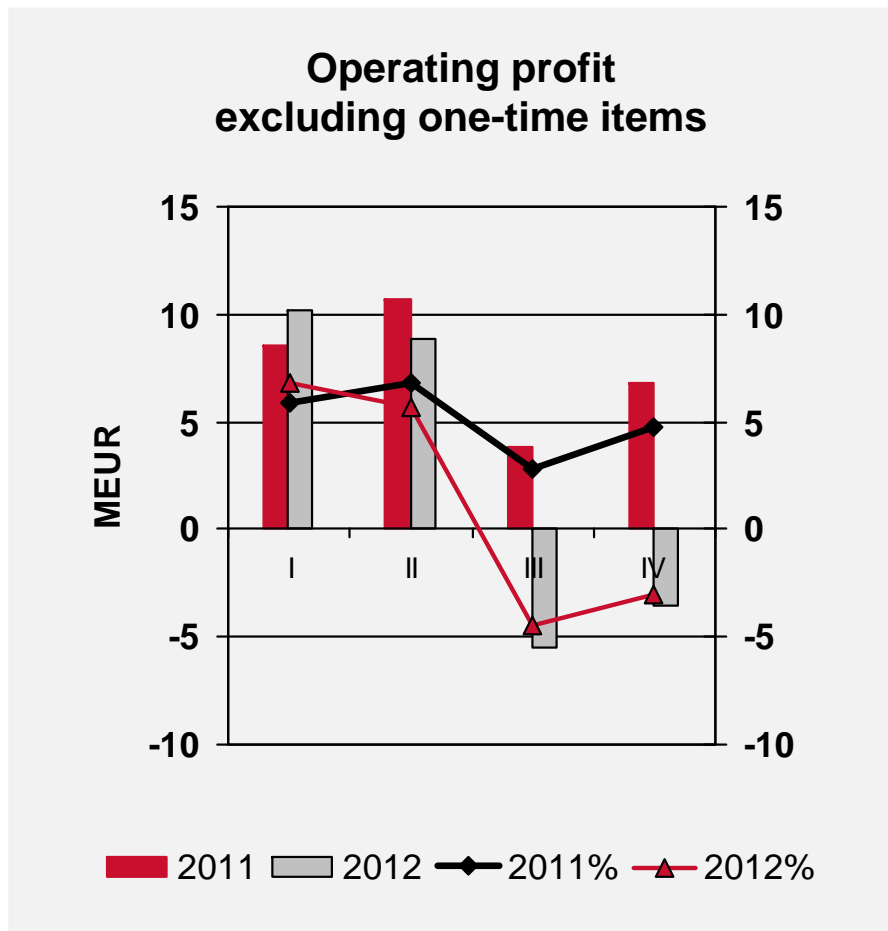


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Analysis of changes in income statements excluding one-time items Q1-Q4/2012 vs. Q1-Q4/2011

MEUR	Q1/12	Q1/11	Diff.	Q2/12	Q2/11	Diff.	Q3/12	Q3/11	Diff.	Q4/12	Q4/11	Diff.
Net sales	150.4	144.1	4%	156.4	156.5	0%	120.7	134.1	-10%	117.3	141.7	-17%
Value of production	154.3	150.0	3%	158.5	159.1	0%	119.9	132.3	-9%	113.4	136.5	-17%
Materials	-64.0	-62.5	2%	-66.1	-65.5	1%	-50.9	-55.2	-8%	-51.6	-58.8	-12%
Direct wages and external services	-31.8	-32.6	-2%	-35.5	-35.1	1%	-29.3	-28.4	3%	-25.5	-29.0	-12%
Other variable and fixed costs	-44.1	-41.6	6%	-44.1	-43.1	3%	-41.8	-40.7	3%	-35.5	-38.3	-7%
Costs total	-139.8	-136.7	2%	-145.7	-143.6	1%	-121.9	-124.3	-2%	-112.6	-126.1	-11%
EBITDA	14.5	13.3	9%	12.8	15.5	-17%	-2.0	8.0	-126%	0.9	10.4	-92%

Quarterly operating profit and result after financial items excl. one-time items



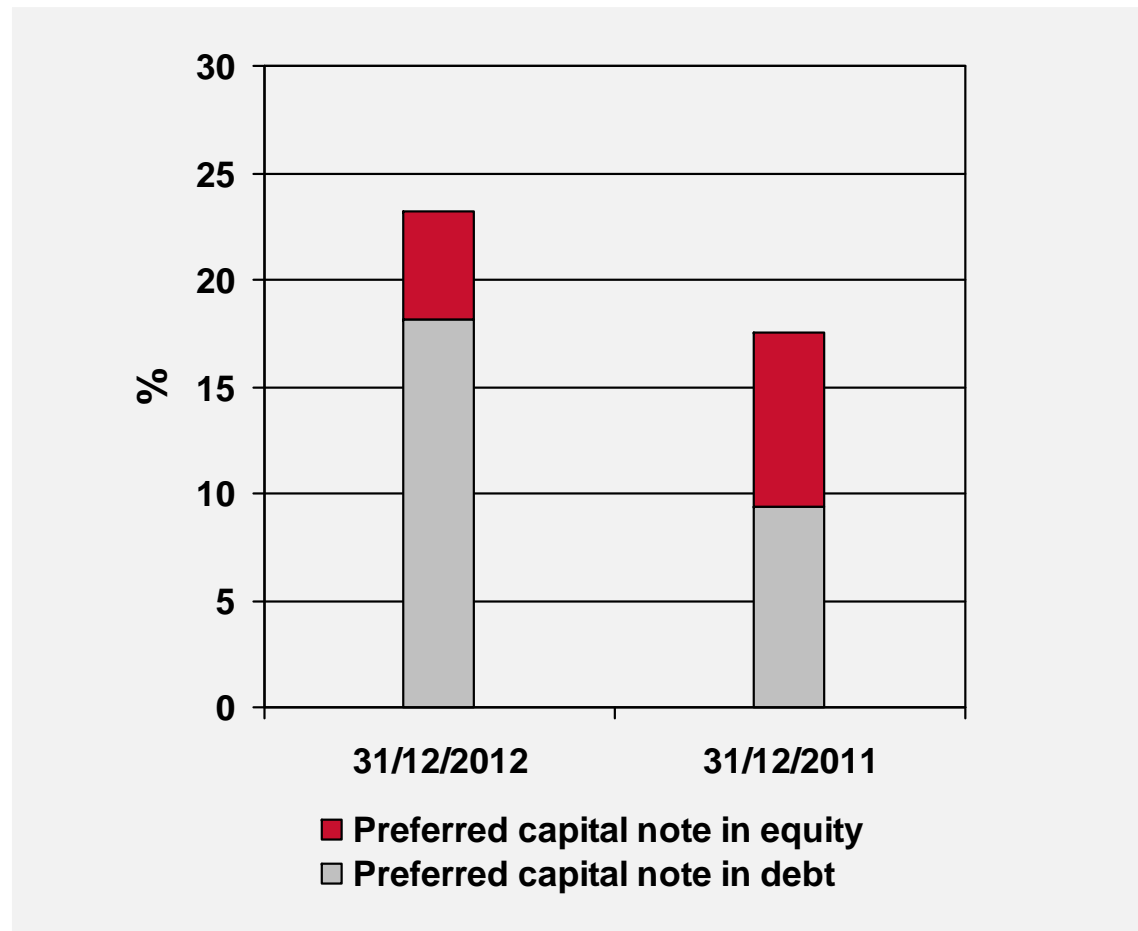
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Key ratios

	31.12.2012	31.12.2011
Equity ratio, preferred capital note in equity, %	23.2	17.5
Return on equity, excluding one-time items, %	-24.8	5.1
Return on equity, %	-32.9	-5.8
Return on investment, excluding one-time items, %	4.0	10.2
Return on investment, %	2.0	7.8
Net interest bearing debt, preferred capital note in equity, MEUR	213.0	207.5
Net gearing, preferred capital notes in equity, %	199.6	271.2
Investments in production facilities, MEUR	19.2	21.8
Personnel at the end of period , including leased personnel	4,277	4,665

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Equity ratio, %



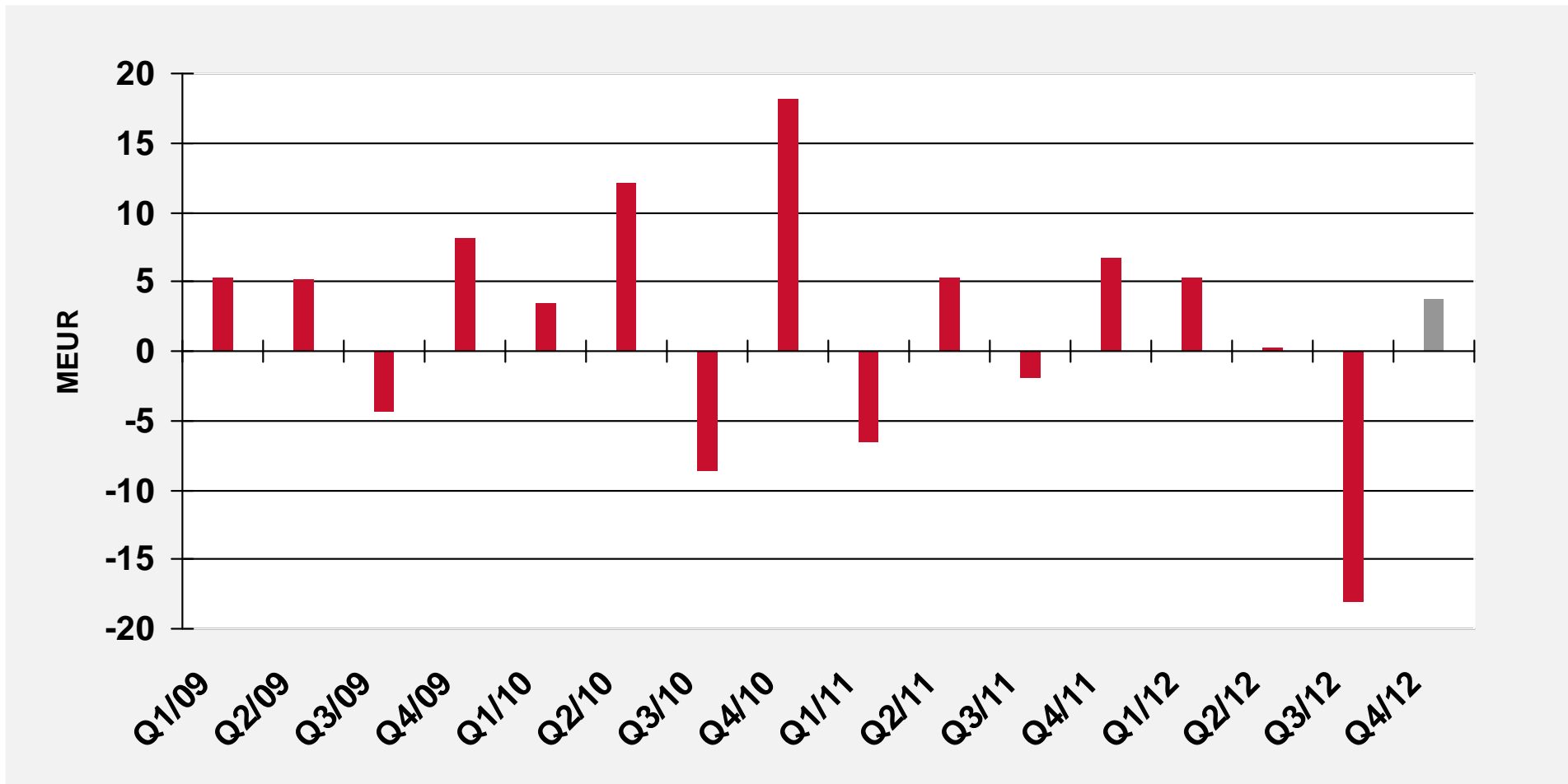
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Cash flow statement

MEUR	1-12/2012	1-12/2011
Cash flow from operations before change in net working capital, financing and taxes	22.7	42.2
Change in net working capital	-1.0	-10.0
Cash flow from operations before financing and taxes	21.7	32.2
Cash flow from operations	-8.7	3.6
Cash flow from investments	-19.2	-12.7
Cash flow from financing activities	5.9	41.0
Change in liquid assets	-22.0	31.9

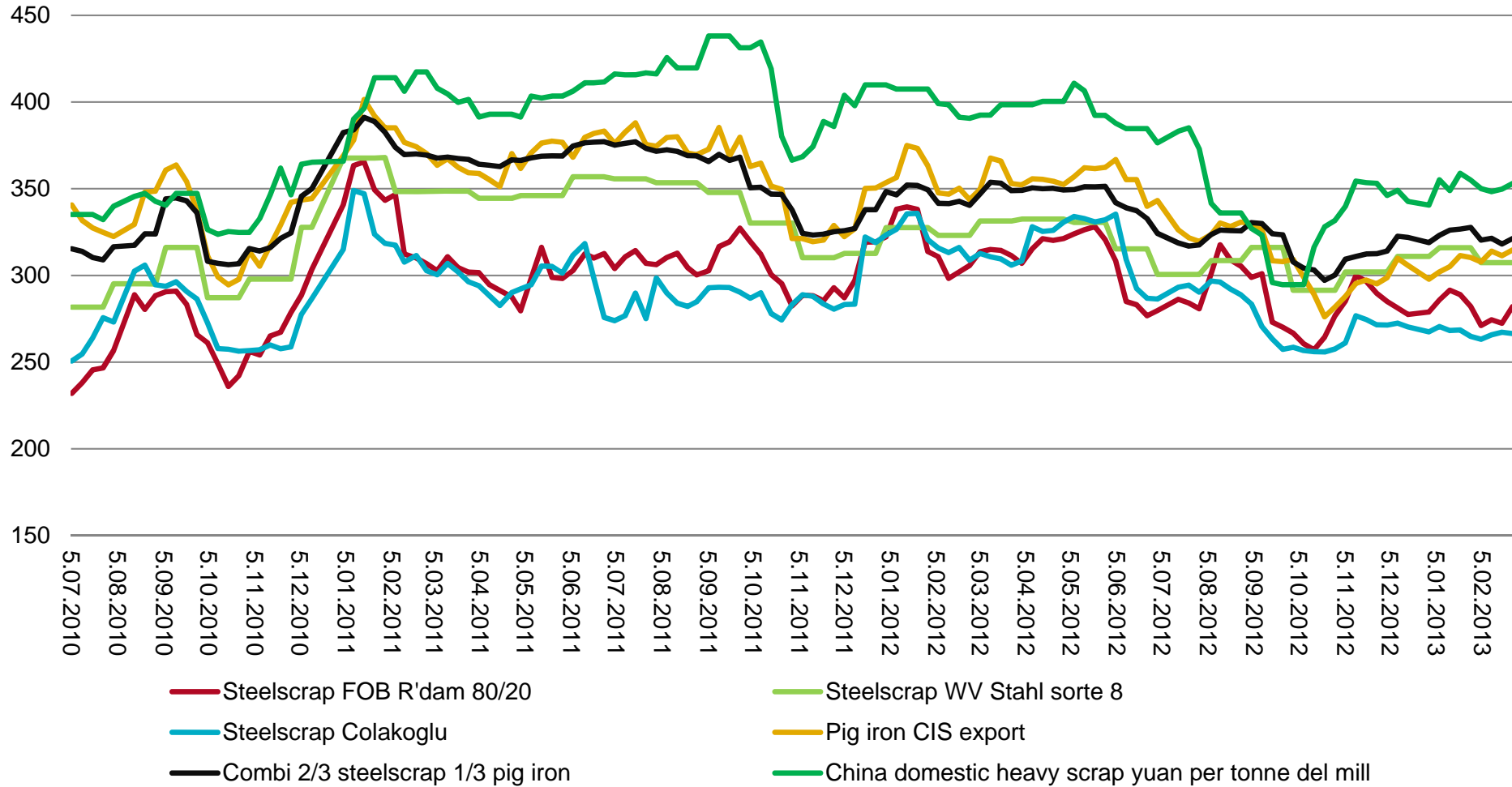
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Development of net cash flow from operations



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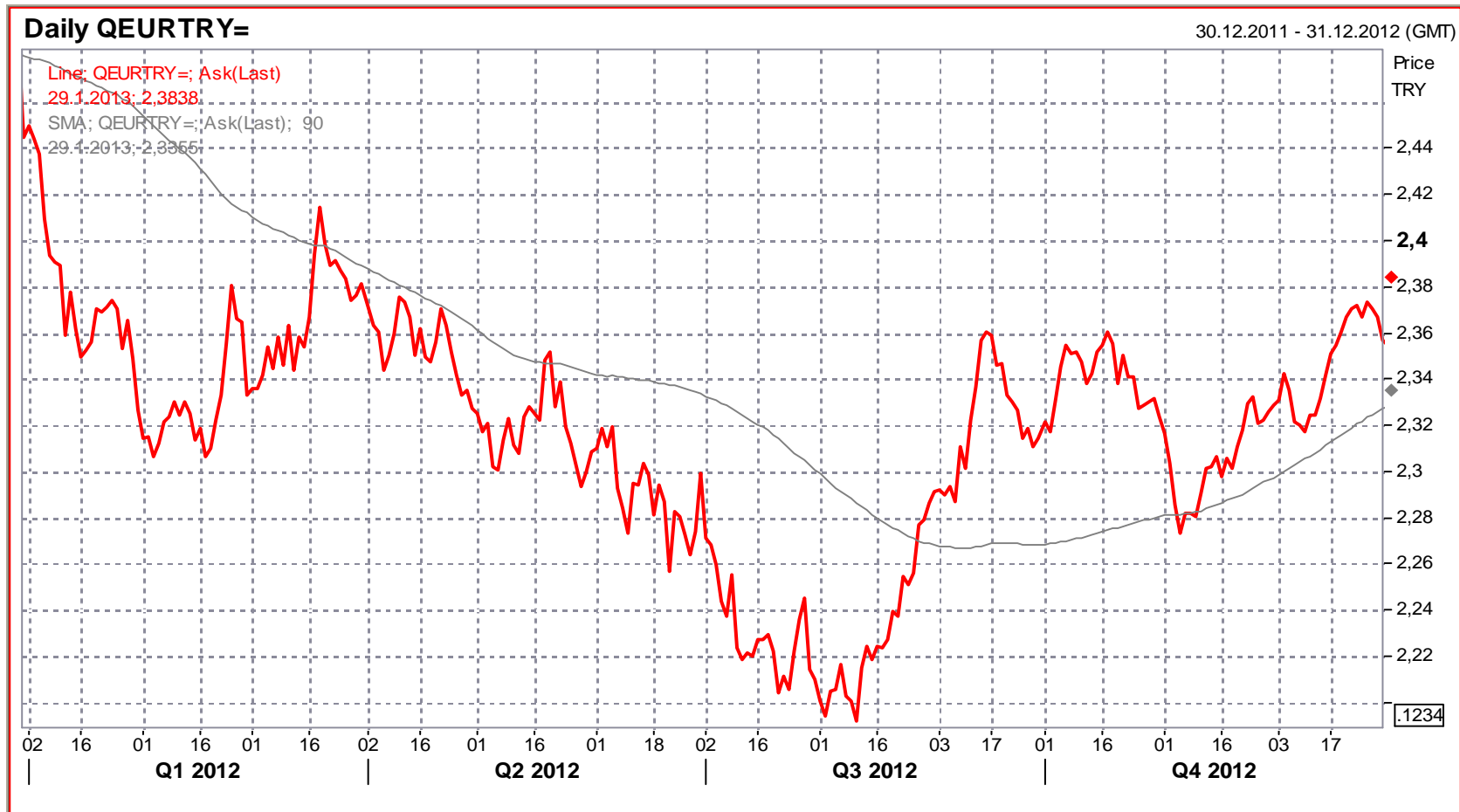
Pig iron and steel scrap indexes



Source: Reuters Metal Bulletin and WV Stahl

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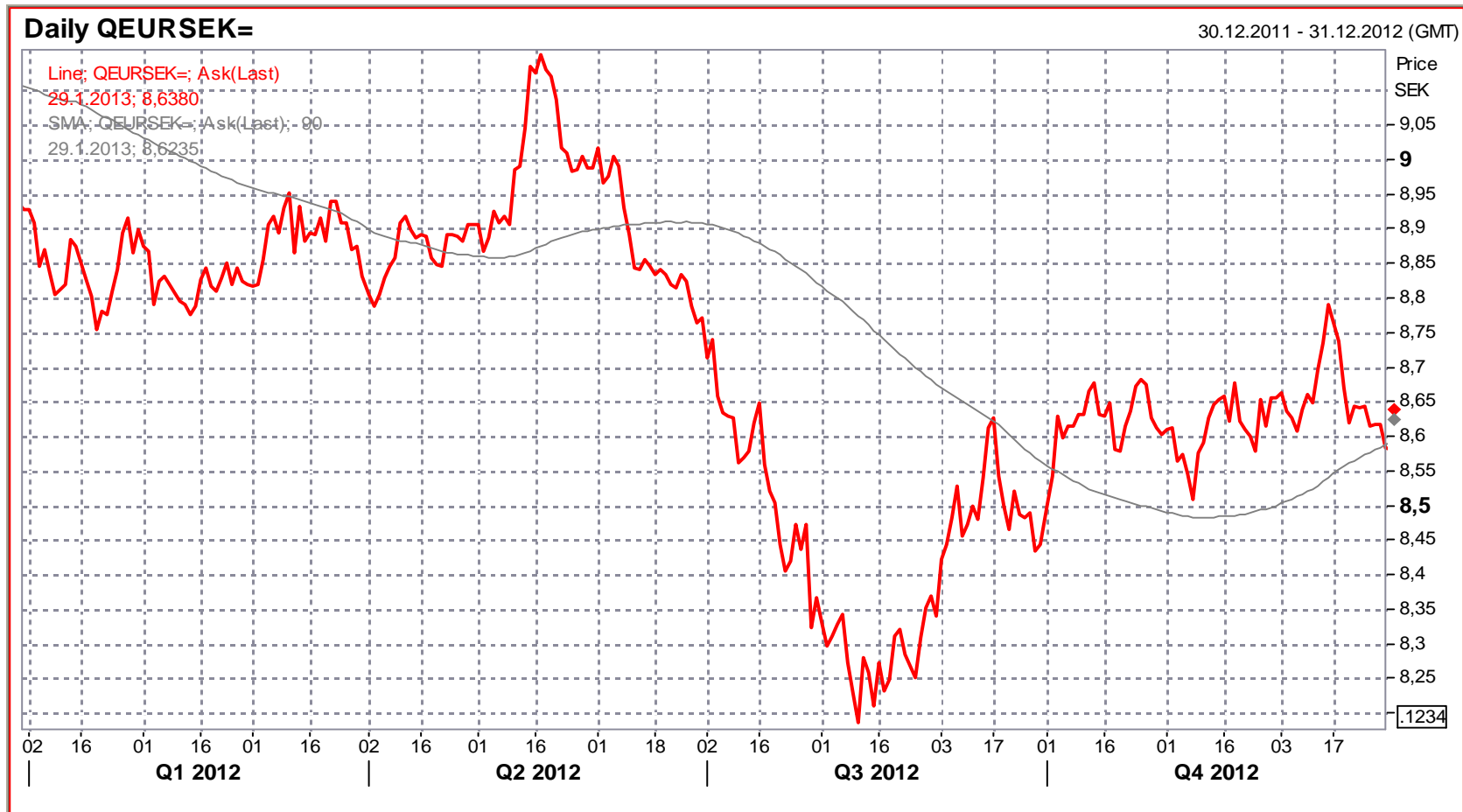
Development of exchange rates Turkish lira



Source: Reuters

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Development of exchange rates Swedish krona

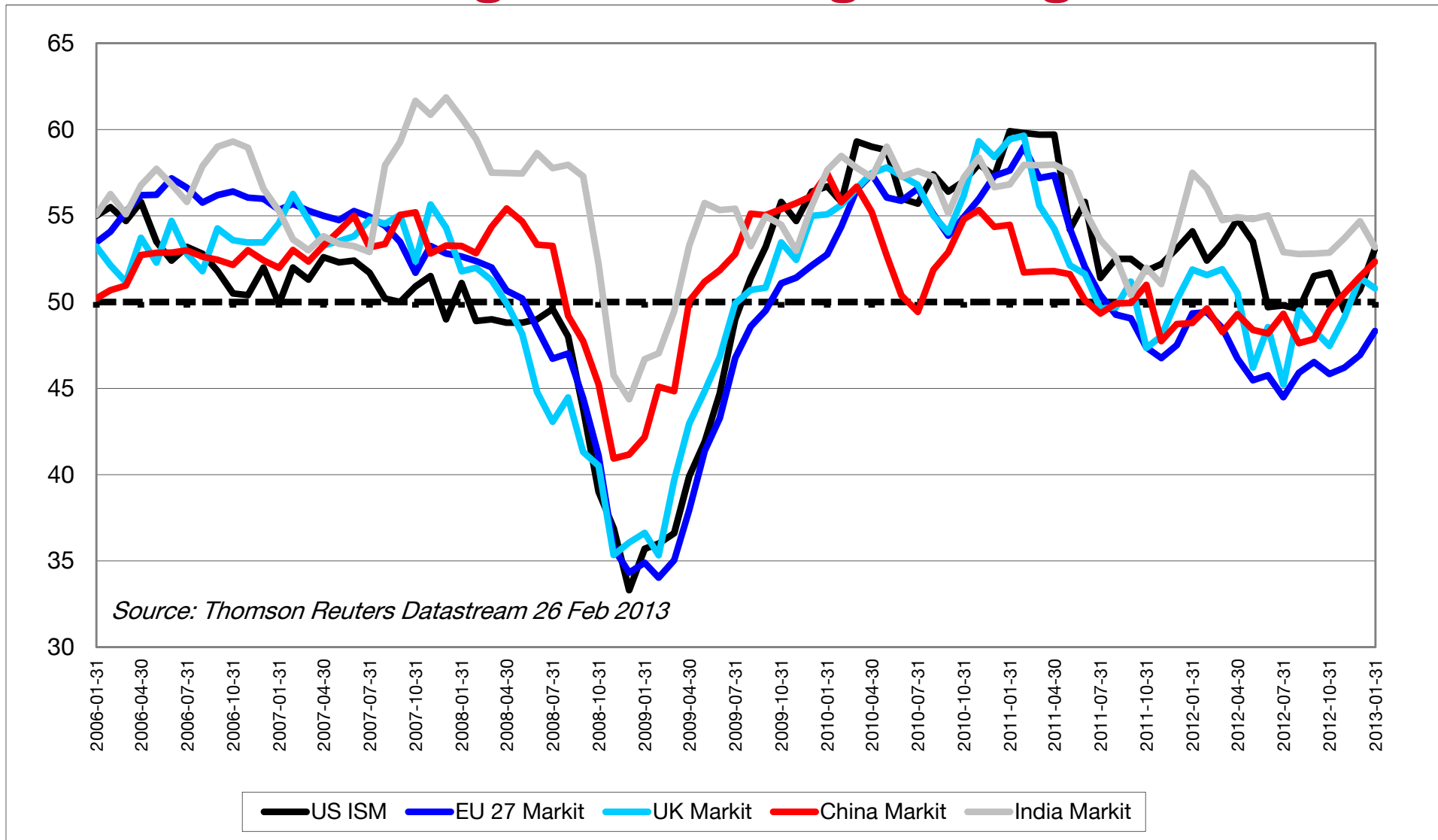


Source: Reuters



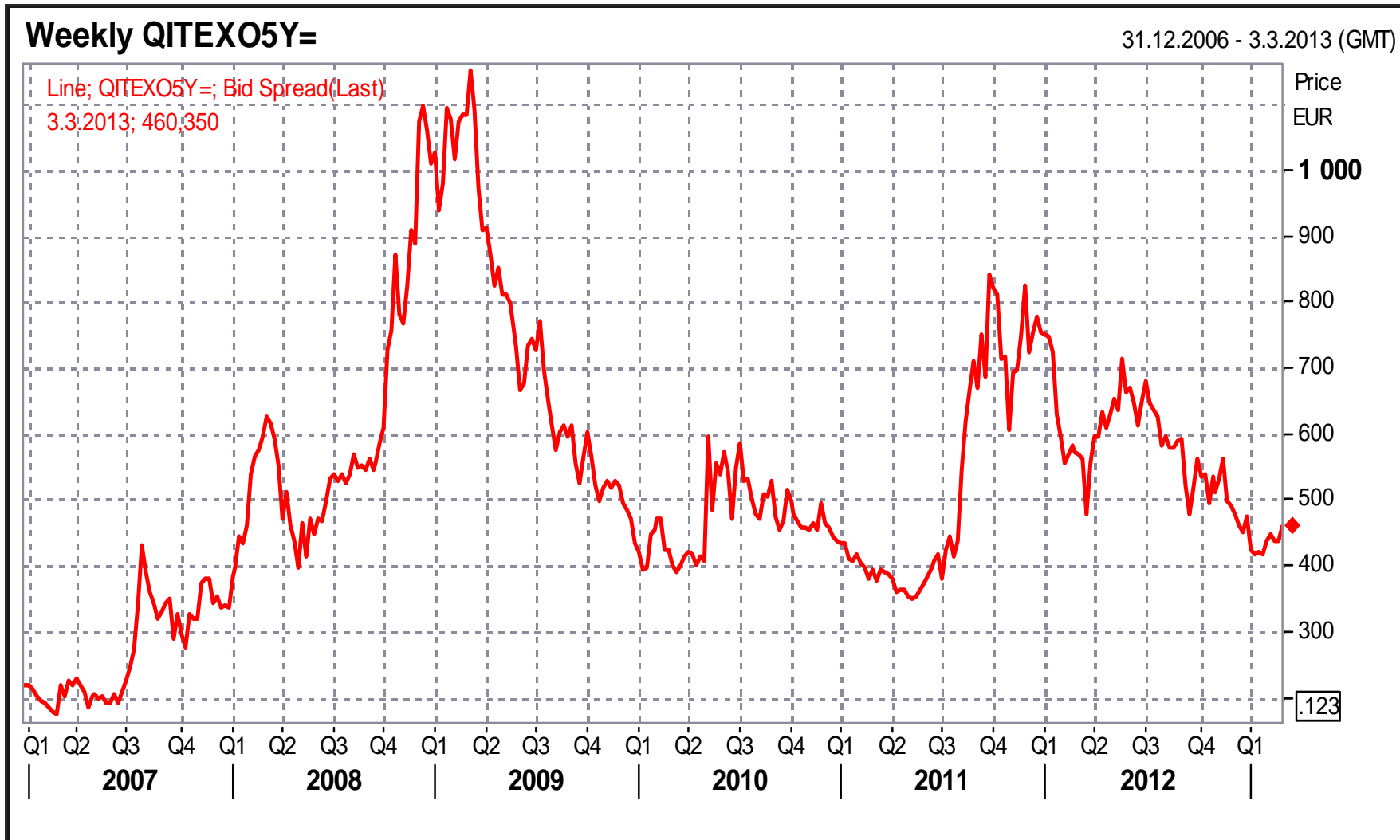
Indicators of economy

Manufacturing Purchasing Manager Indices

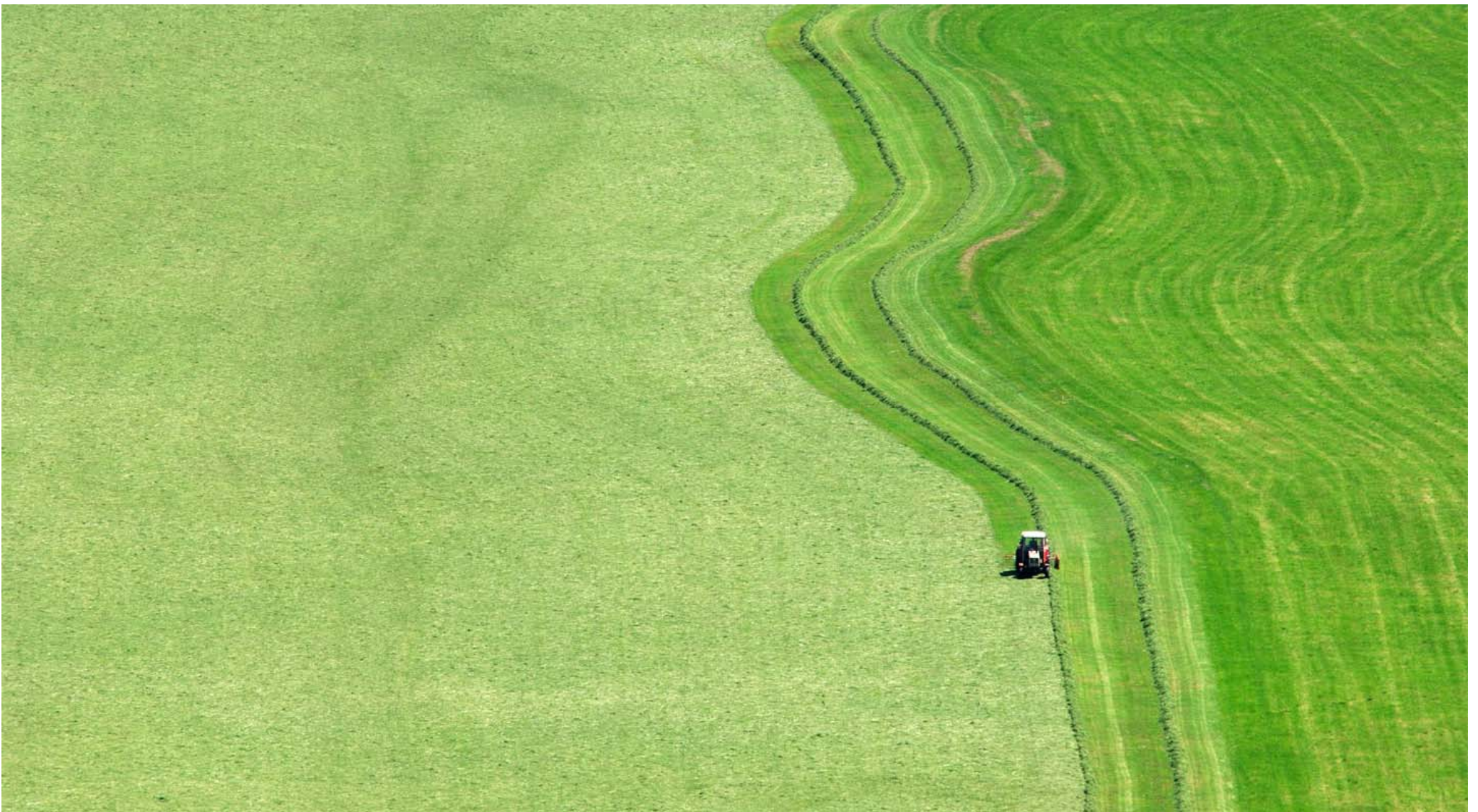


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CDS-index



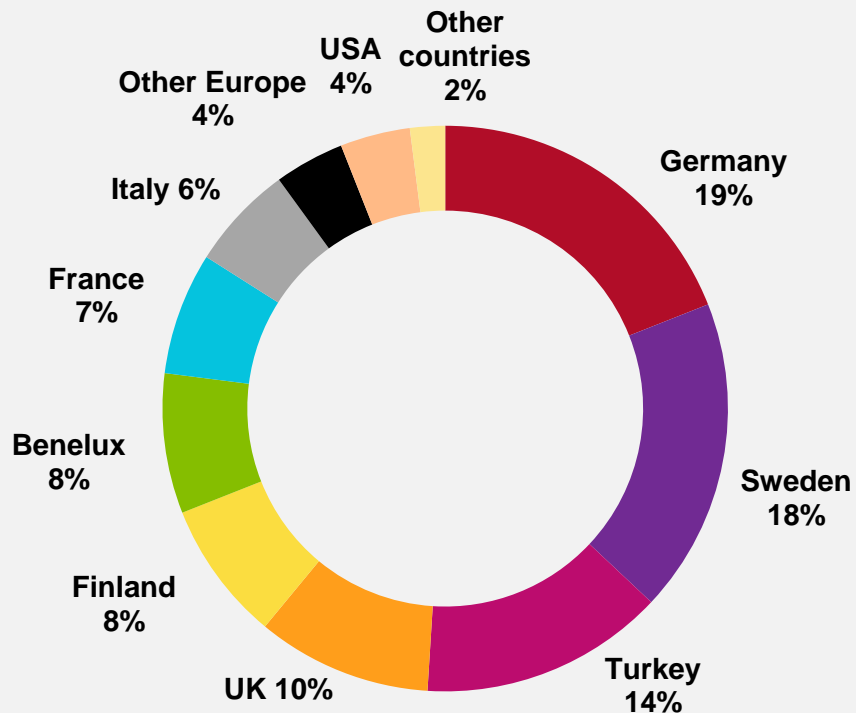
Source: Reuters



Development of sales and order book

Distribution of sales

Sales by market area 2012



Sales by business segment 2012



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Sales by customer industry 2012



Heavy trucks

28%
(28%)

Construction and mining

23%
(23%)

Machine building

19%
(20%)

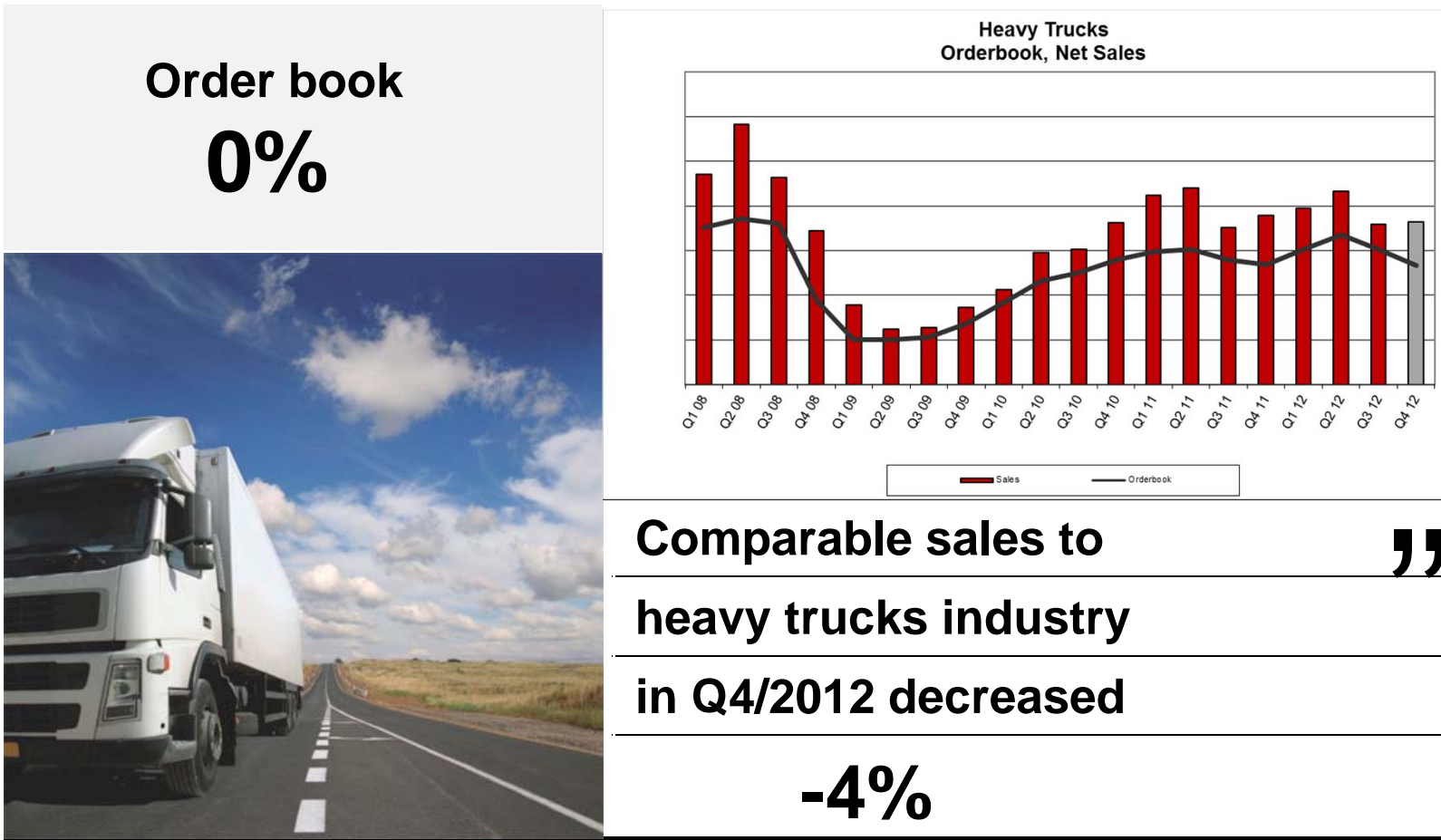
Agricultural machinery

15%
(12%)

Automotive

15%
(17%)

Development of sales and order book in heavy trucks industry



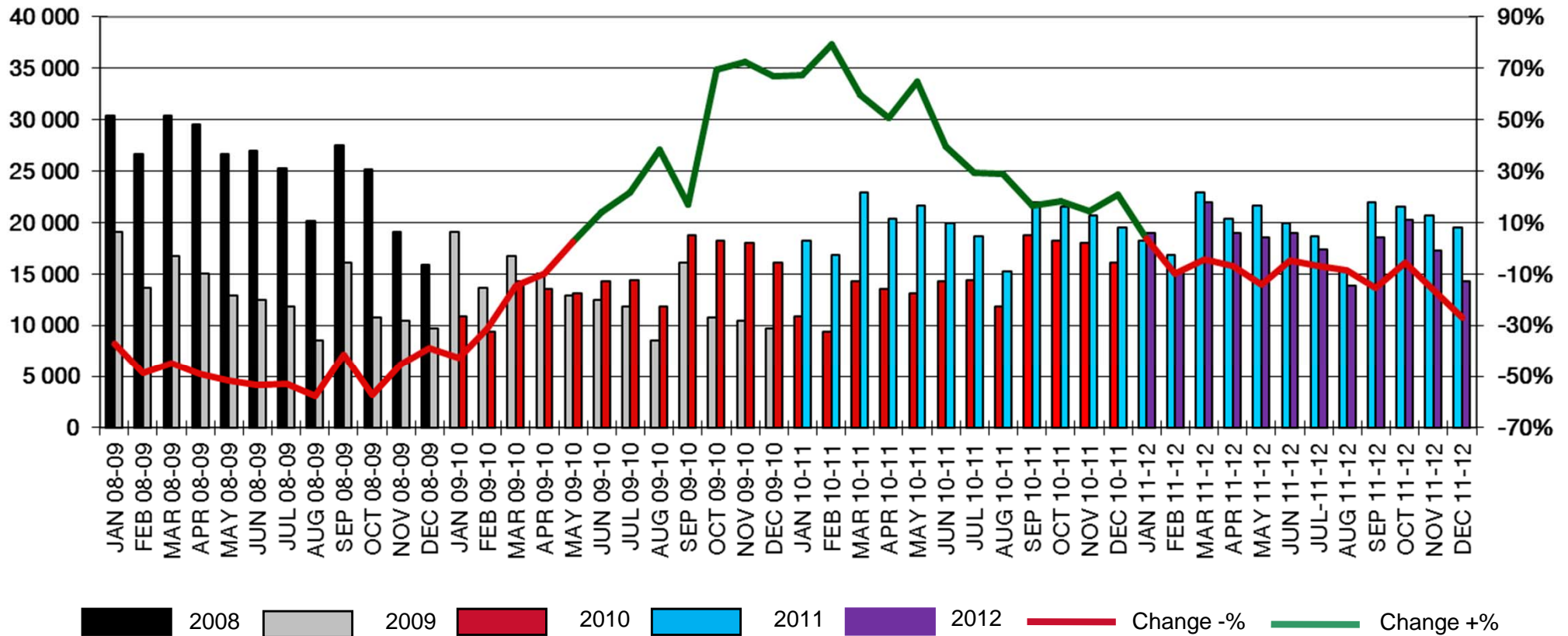
Development of supply chain in heavy trucks industry



Source: Volvo website, ACEA

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Registrations of new heavy trucks in Europe (EU27)

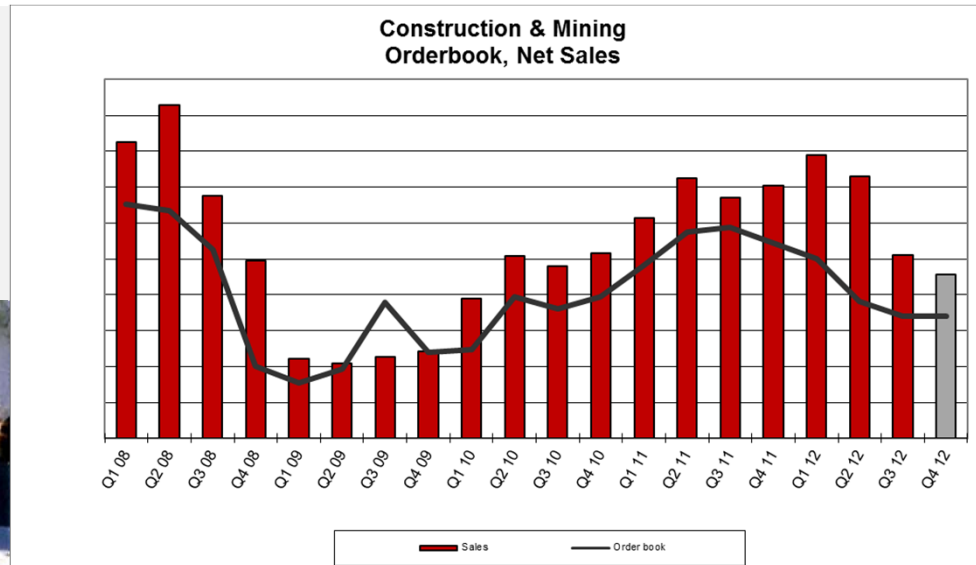


Source: ACEA

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Development of sales and order book in construction and mining industry

Order book
-37%

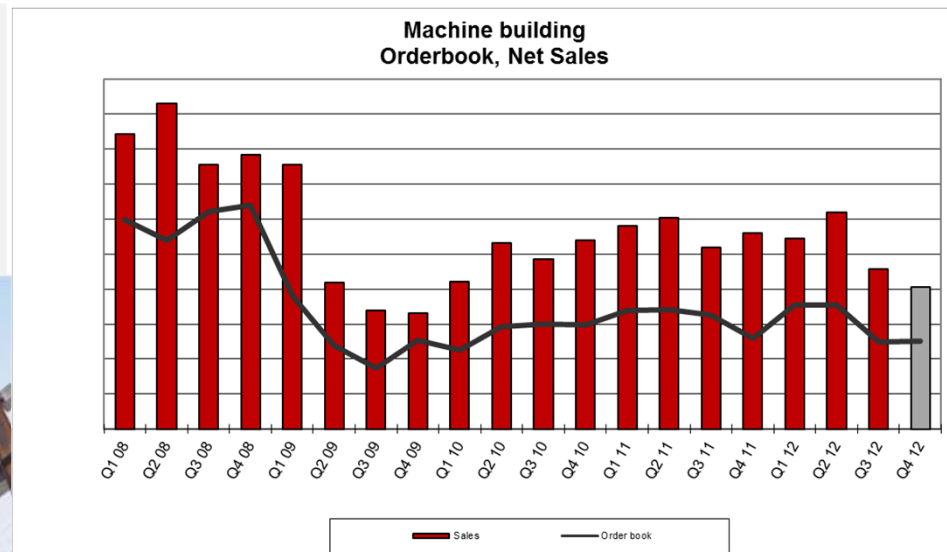


Comparable sales to ”
construction and mining industry
in Q4/2012 decreased

-35%

Development of sales and order book in machine building industry

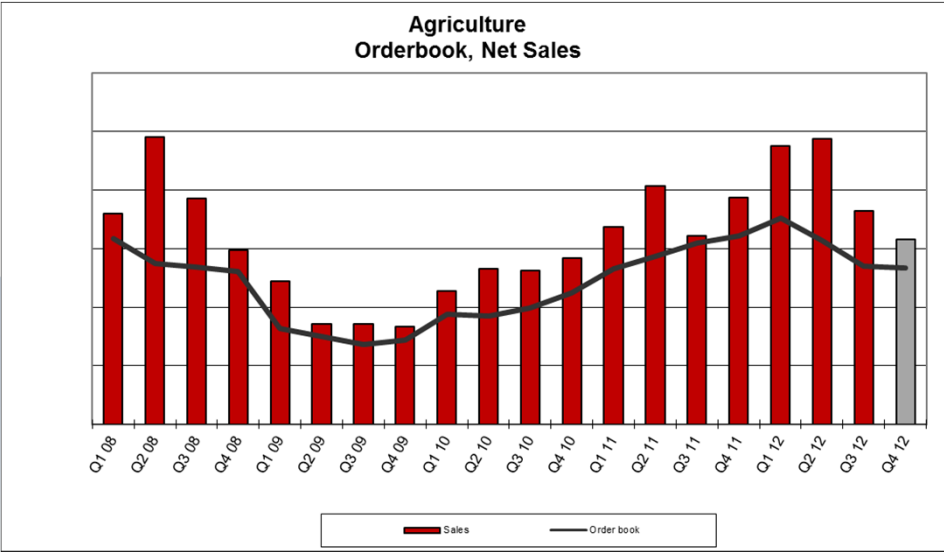
Order book
-3%



Comparable sales to ”
machine building industry
in Q4/2012 decreased

-28%

Development of sales and order book in agricultural machinery industry



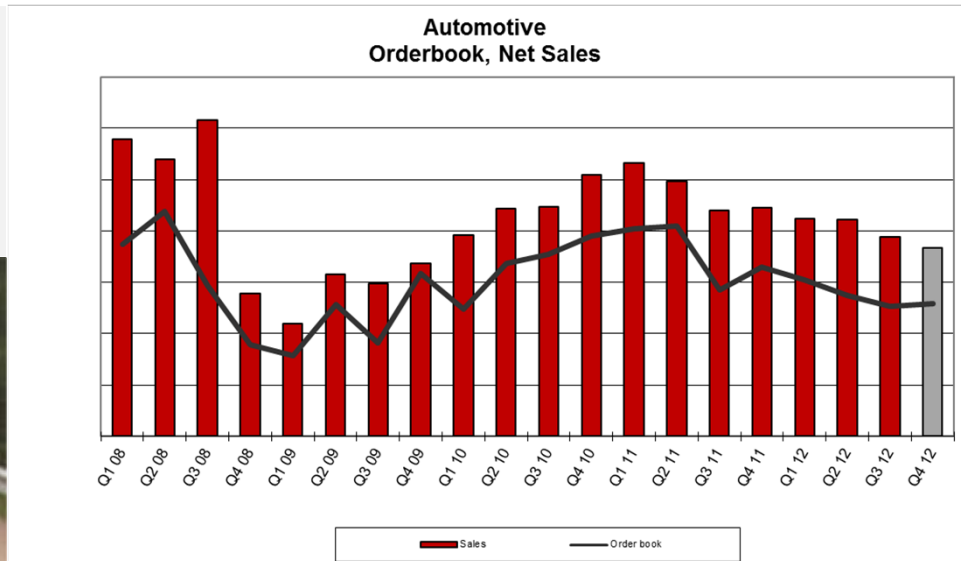
Comparable sales ”
to agricultural machinery industry
in Q4/2012 decreased

-18%

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Development of sales and order book in automotive industry

Order book
-22%



Comparable sales to

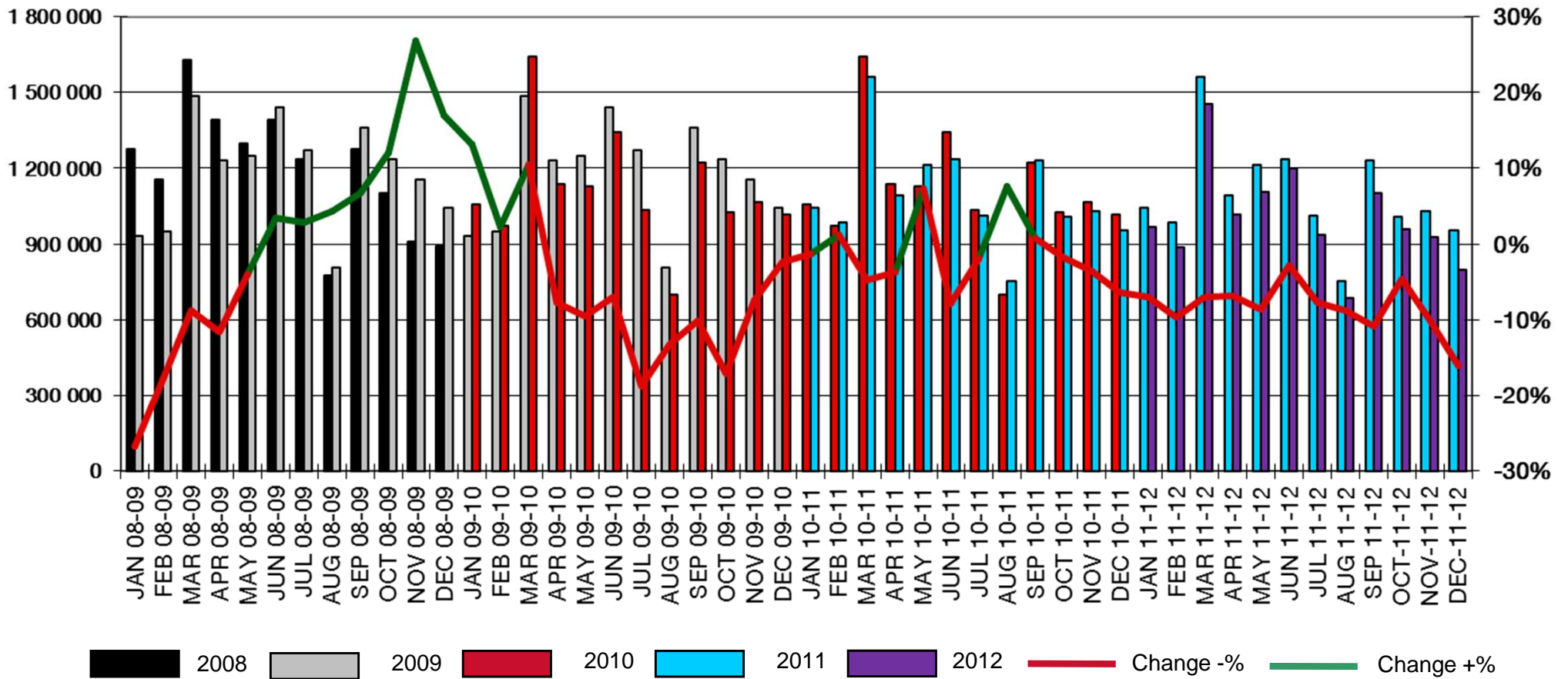
”

automotive industry

in Q4/2012 decreased

-18%

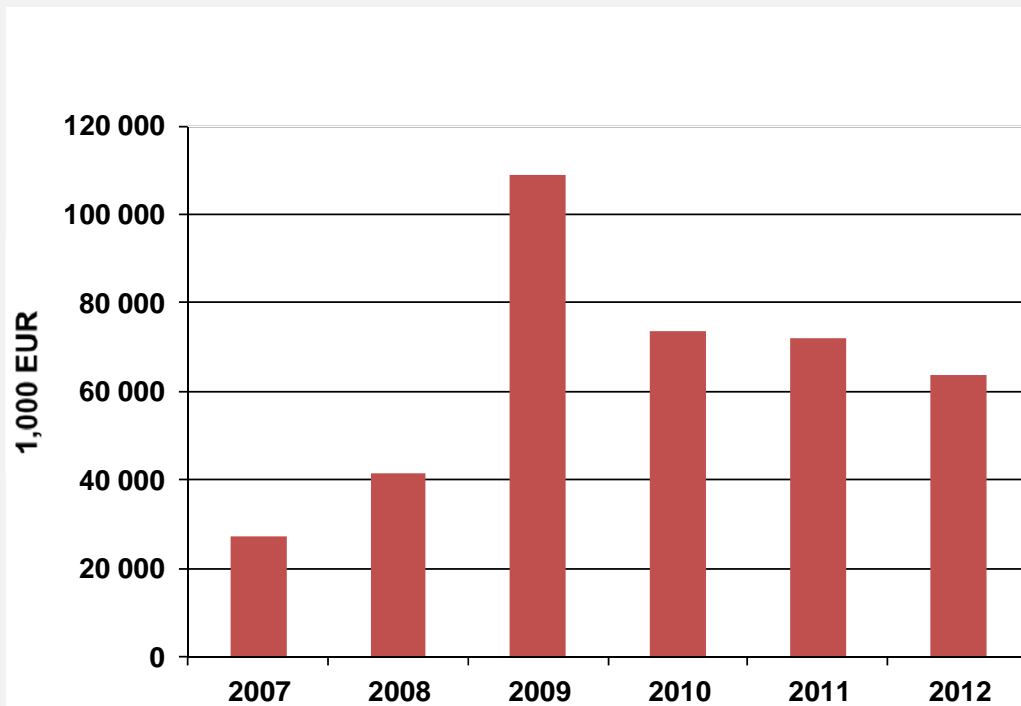
Registrations of new passenger cars in Europe (EU27)



Source: ACEA

Offers and new sales

Average monthly offers > 100,000 EUR



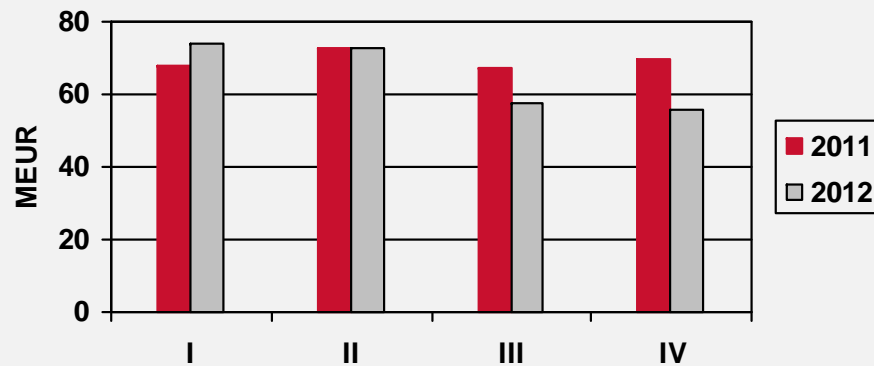
- The offers submitted by the Group have stayed on relatively high level.
- Componenta's new sales in 2012 slowed down clearly after favorable development in the beginning of the year.



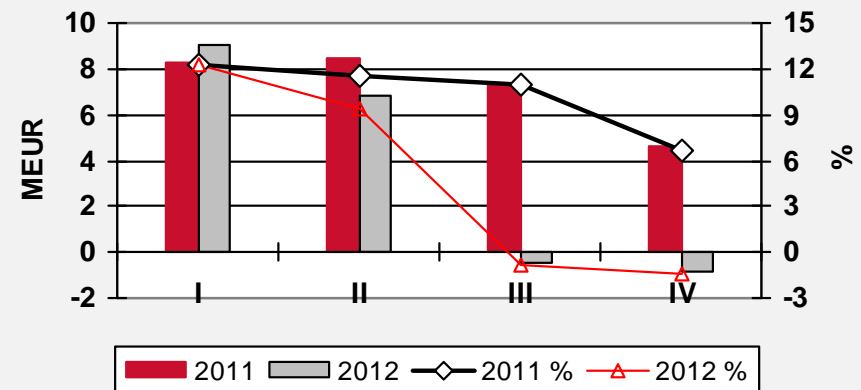
Development of business segments

Performance of the Turkey operations

Net sales



Operating profit excluding one-time items



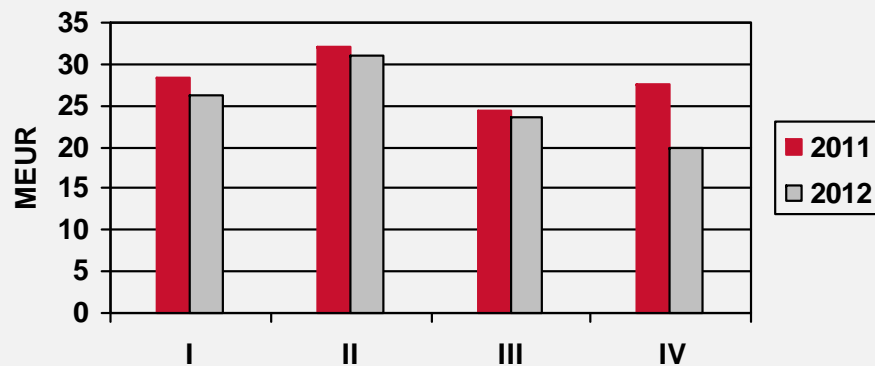
MEUR	Q1-Q4 2012	Q1-Q4 2011	Change
Order book *)	39.9	52.9	-25%
Net sales	260	277	-6%
Operating profit	14.5	28.7	-49%
Personnel	2,478	2,542	-3%

*) At the beginning of January 2013

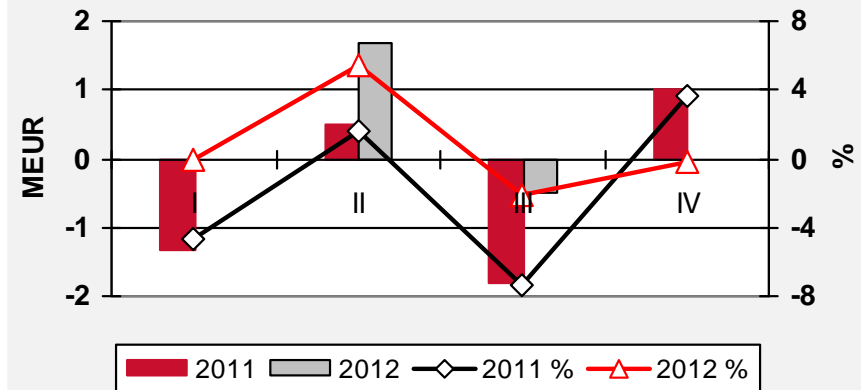
- The operating profit for the year was weakened by the rapid decrease in volumes towards the end of the year and by productivity problems at Orhangazi.
- In addition, strengthening of the Turkish lira against the euro combined with clearly faster cost development in Turkey affected negatively the operating profit.

Performance of the Finland operations

Net sales



Operating profit excluding one-time items

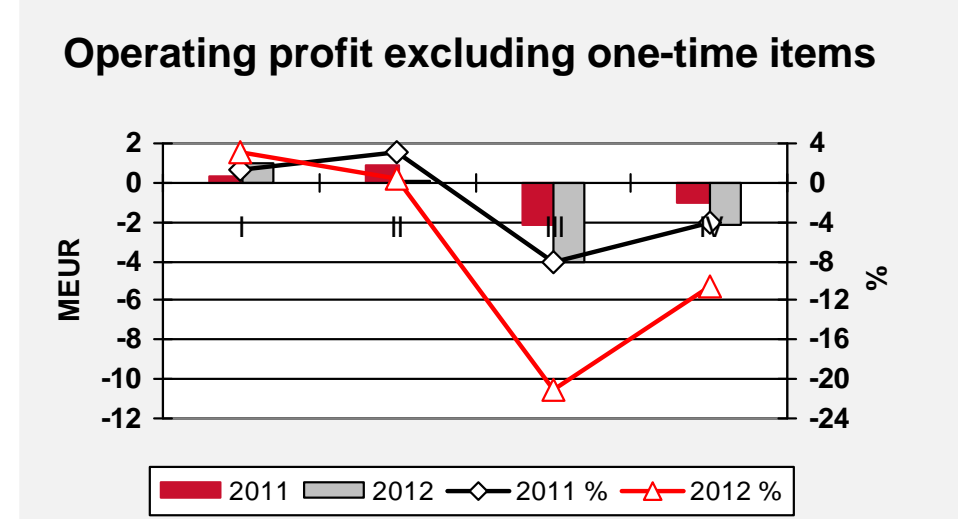
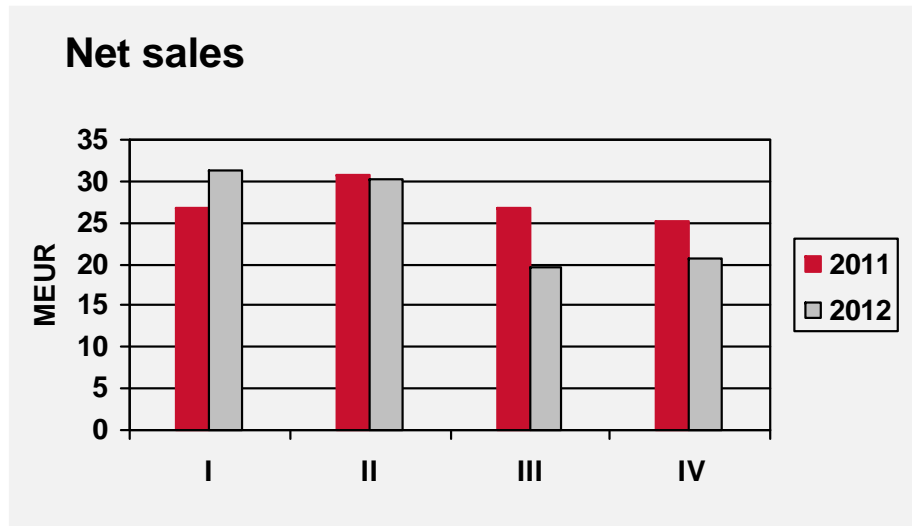


MEUR	Q1-Q4 2012	Q1-Q4 2011	Change
Order book *)	13.8	13.8	0%
Net sales	101	113	-11%
Operating profit	1.1	-1.6	n/m
Personnel	865	963	-10%

*) At the beginning of January 2013

- The operating profit for the year improved from the previous year in consequence of closing down the unprofitable operations of the Pietarsaari machine shop and the sale of the unprofitable operations of the Nisamo machine shop.

Performance of the Holland operations



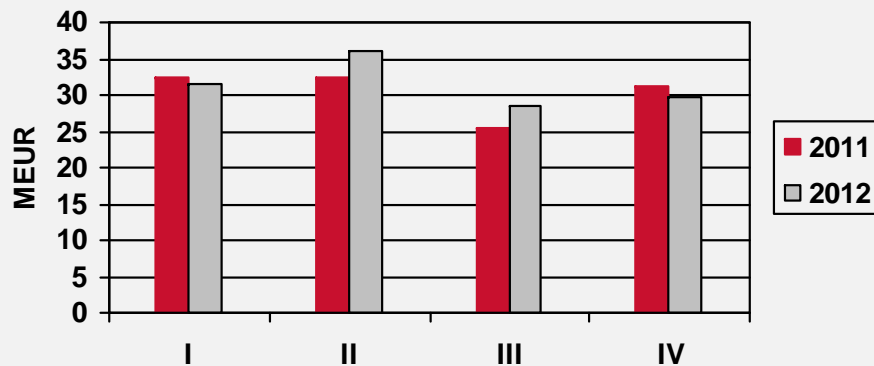
MEUR	Q1-Q4 2012	Q1-Q4 2011	Change
Order book *)	14.7	20.1	-27%
Net sales	102	109	-7%
Operating profit	-5.2	-1.9	173%
Personnel	571	757	-25%

*) At the beginning of January 2013

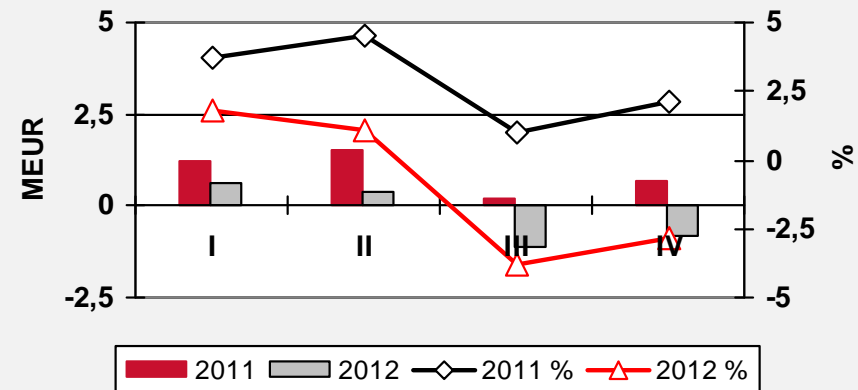
- The rapid fall in volumes in the latter part of the year, poor productivity and increased maintenance costs were particular factors affecting the operating loss compared to the previous year.

Performance of the Sweden operations

Net sales



Operating profit excluding one-time items



MEUR	Q1-Q4 2012	Q1-Q4 2011	Change
Order book *)	21.8	19.8	10%
Net sales	126	122	4%
Operating profit	-1.0	3.6	n/m
Personnel	363	403	-10%

*) At the beginning of January 2013

- The operating profit declined significantly from the previous year mainly due to low productivity, significantly increased freight costs and increased fixed costs at Främmestad.



Events after the review period

Events after the review period

- In February Componenta decided to postpone the publishing of the financial statements for 2012 due to the change of the accounting principles. In the financial statements for the year 2012 Componenta will apply the re-valuation of the properties according to IAS 16 instead of historical book values. The change in the accounting principles had a positive impact of 25.7 MEUR on the Group's shareholders' equity in 2012.
- After the end of financial year Componenta renegotiated certain terms of syndicate loan due to earlier mentioned change in accounting principles among others and at the same time committed itself to an additional repayment of 5 MEUR on 30 June 2013.



Business environment 2013

Business environment 2013



**Demand
outlook
uncertain**



Demand prospects in the truck industry are uncertain.

At the beginning of January the order book for Componenta's heavy trucks customer sector was at the same level as in the previous year.

Demand in the first quarter of 2013 will be weaker than in the previous year, but demand is expected to improve from the second quarter onwards.



**Demand
outlook
uncertain**



The order book for Componenta's construction and mining customer sector was 37% lower at the beginning of January than in the previous year.

Customers reduced their stock levels significantly during the second half of 2012.

Demand is, however, expected to improve during the second half of 2013.

Business environment 2013



**Demand
outlook
uncertain**



At the beginning of January, the order book for Componenta's machine building customer segment was 3% lower than at the same time in the previous year.

Prospects for 2013 in the machine building industry are uncertain.



**Demand
outlook
uncertain**



The order book for Componenta's agricultural machinery customer sector was 17% lower at the beginning of January compared to the previous year.

Demand for agricultural machinery is expected to pick up in the first half of the year since food prices have remained at a relatively high level.



**Demand
outlook
uncertain**



The order book for Componenta's automotive customer sector was 21% lower at the beginning of January than at the same time in the previous year.

Demand in the automotive industry declined 8% in Europe in 2012.

Demand in 2013 is estimated to stay at the same level as in the previous year.



Componenta prospects 2013

Prospects for Componenta in 2013

- The prospects for Componenta in 2013 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.
- The continuing uncertainty in the European and global economy has weakened demand for investments in Componenta's customer industries. Componenta's order book at the beginning of January was EUR 83 (100) million.
- Based on the order book and production forecasts given by customers, Componenta's net sales in the first quarter of 2013 will be less than in the corresponding period in the previous year. As the result of improving demand towards the end of the year, full year net sales in 2013 are expected to remain at the same level as in the previous year.
- In consequence of the structural efficiency measures being carried out, the operating profit excluding one-time items is expected to improve from the previous year.



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