

Casting Future **SOLUTIONS**

COMPONENTA

COMPONENTA

Componenta Corporation Interim Report 1 January - 30 June 2013

Heikki Lehtonen
President and CEO

16 July 2013



COMPONENTA

Q2 income statement

MEUR	Q2/13	Q1/13	Change	Q2/13	Q2/12	Change
Order book	95	89	6%	95	100	-5%
Net sales	140	128	10%	140	156	-10%
EBITDA, excluding one-time items	13.1	8.2	60%	13.1	12.8	3%
Operating profit, excluding one-time items	8.5	3.8	124%	8.5	8.9	-4%
Financial income and expenses	-5.7	-6.0	-5%	-5.7	-7.4	-24%
Result after financial items, excluding one-time items	2.9	-2.2	n/m	2.9	1.4	99%
One-time items	-0.6	-0.5	13%	-0.6	-0.1	303%
Net profit	2.3	-1.9	n/m	2.3	-0.3	n/m
Earnings/share, excluding one-time items EUR	0.09	-0.09	n/m	0.09	-0.04	n/m
Cash flow from operations	12.1	-3.0	n/m	12.1	0.3	n/m
Cash funds and committed unused credit facilities	41	37	10%	41	38	8%

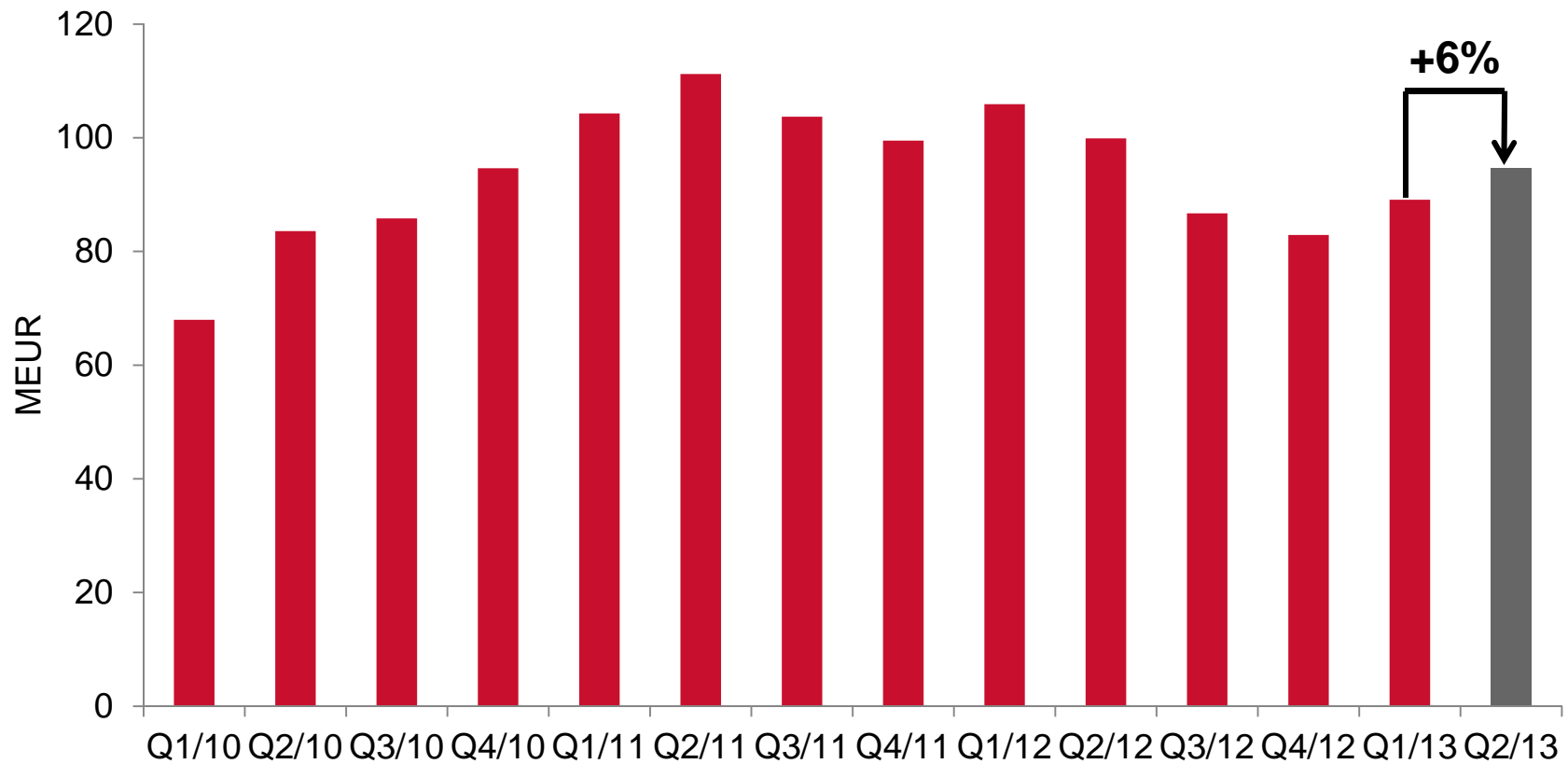
COMPONENTA

Q1 - Q2 income statement

MEUR	Q1-Q2/13	Q1-Q2/12	Change
Net sales	268	307	-13%
EBITDA, excluding one-time items	21.3	27.3	-22%
Operating profit, excluding one-time items	12.3	19.1	-35%
Financial income and expenses	-11.6	-14.8	21%
Result after financial items, excluding one-time items	0.7	4.3	-84%
One-time items	-1.1	-0.2	-354%
Net profit	0.4	2.3	-83%
Earnings/share, excluding one-time items EUR	0.00	0.07	-97%
Cash flow from operations	9.1	5.6	64%
Capacity utilization rate, %	62%	72%	n/m

COMPONENTA

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



COMPONENTA

Quarterly development of net sales 2008 - Q2 2013



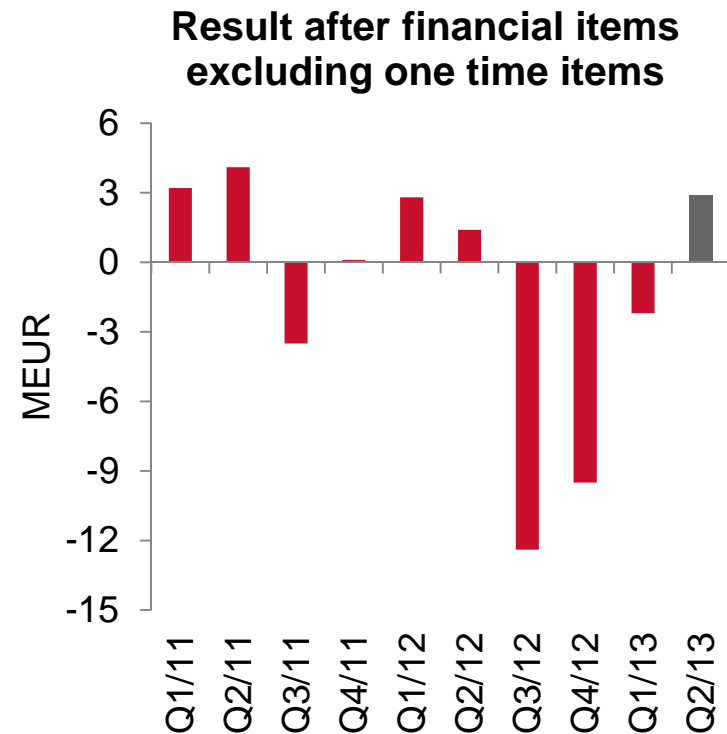
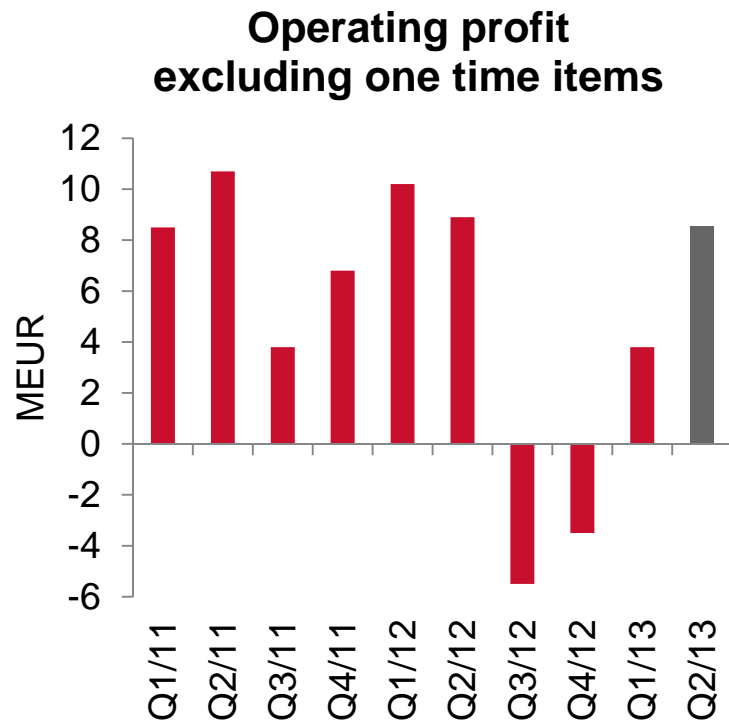
COMPONENTA

Analysis of changes in income statements excluding one-time items

MEUR	Q2/13	Q1/13	Change	Q2/13	Q2/12	Change
Net sales	140.3	127.7	10%	140.3	156.4	-10%
Value of production	145.1	130.4	11%	145.1	158.5	-8%
Materials	-57.0	-53.9	6%	-57.0	-66.1	-14%
Direct wages and external services	-33.0	-29.0	14%	-33.0	-35.5	-7%
Other variable and fixed costs	-41.9	-39.3	7%	-41.9	-44.1	-5%
Total costs	-132.0	-122.2	8%	-132.0	-145.7	-9%
EBITDA	13.1	8.2	61%	13.1	12.8	3%

COMPONENTA

Quarterly operating profit and result after financial items excluding one-time items



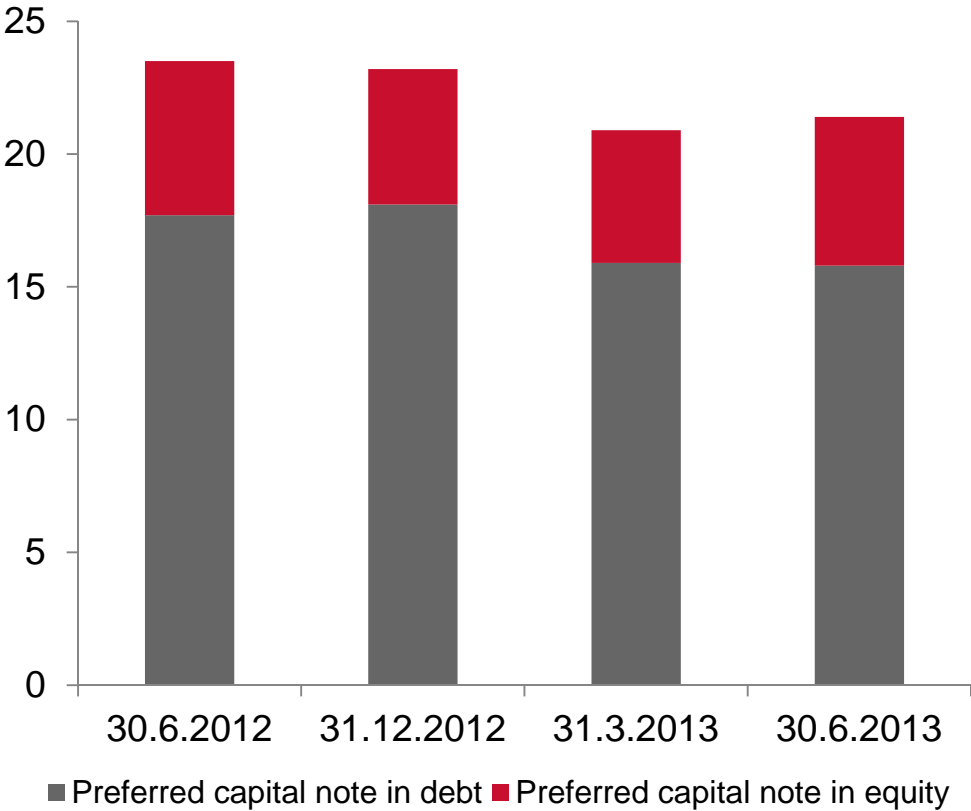
COMPONENTA

Key ratios

MEUR	30.6.2013	31.3.2013	31.12.2012	30.6.2012
Equity ratio, preferred capital note in equity, %	21.4	20.8	23.2	23.5
Return on equity, excluding one-time items, %	3.4	-7.2	-24.8	7.0
Return on equity, %	1.0	-9.7	-32.9	6.5
Return on investment, excluding one-time items, %	7.7	4.9	4.0	12.2
Return on investment, %	7.1	4.4	2.0	12.0
Net interest bearing debt, preferred capital note in equity, MEUR	214	224	213	184
Net gearing, preferred capital note in equity, %	205	228	200	167
Order book, MEUR	95	89	83	100
Investments in production facilities, MEUR	7.9	3.4	19.2	9.7
Personnel at the end of period, including leased personnel	4,606	4,313	4,277	4,842

COMPONENTA

Equity ratio, %



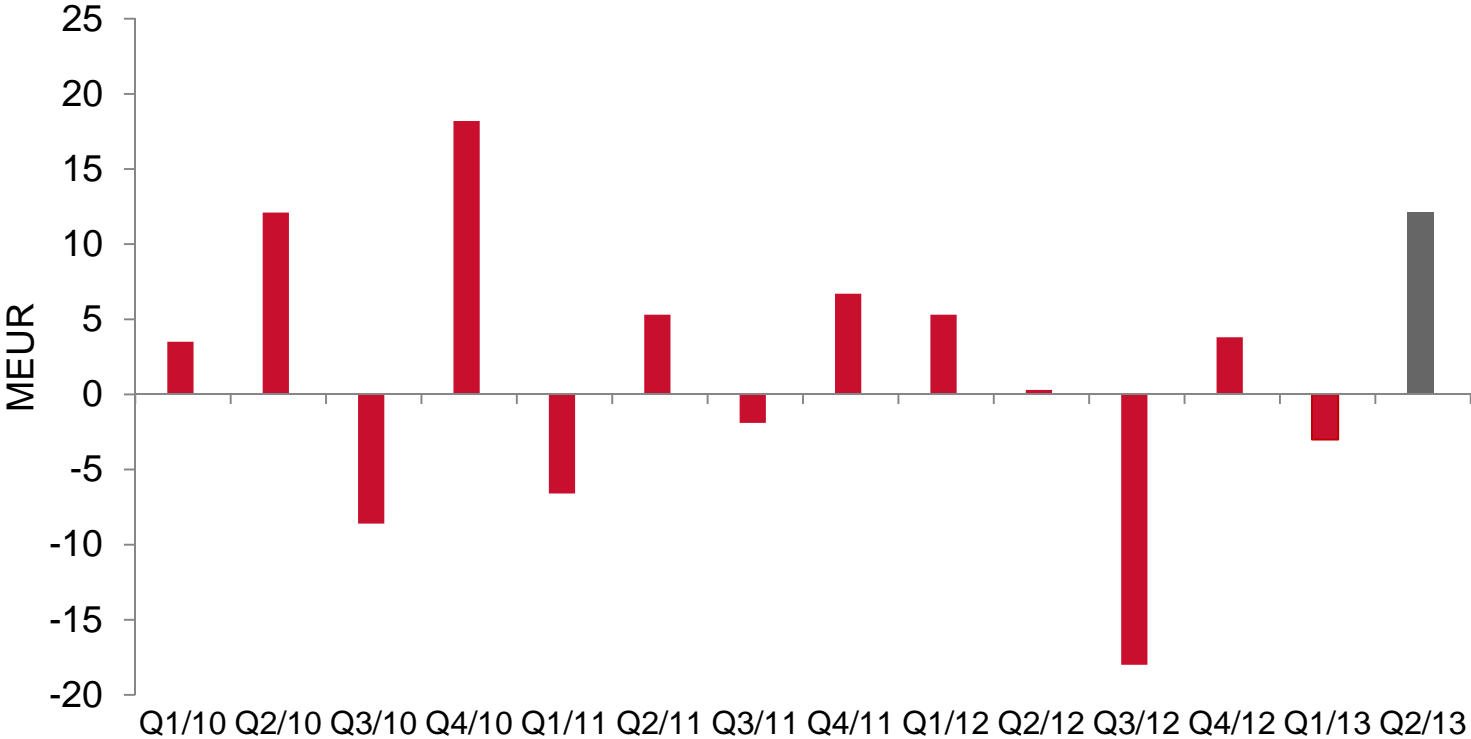
COMPONENTA

Cash flow statement

MEUR	1-6/2013	1-6/2012	1-12/2012
Cash flow from operations before change in net working capital, financing and taxes	19.0	27.6	22.7
Change in net working capital	1.6	-6.6	-1.0
Cash flow from operations before financing and taxes	20.7	20.9	21.7
Cash flow from operations	9.1	5.6	-8.7
Cash flow from investments	-7.0	-10.3	-19.2
Cash flow from financing activities	-2.0	0.3	5.9
Change in liquid assets	0.1	-4.4	-22.0

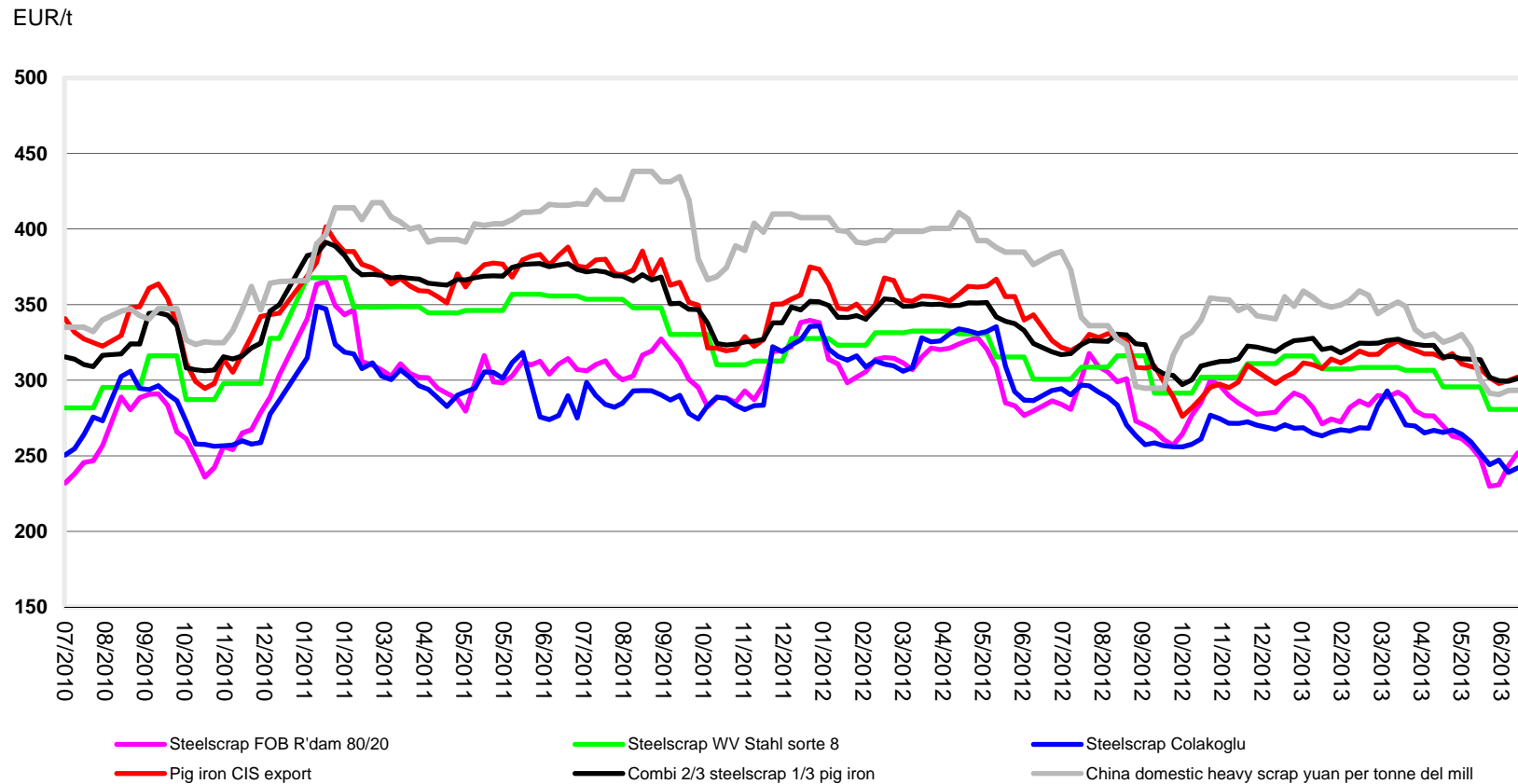
COMPONENTA

Development of cash flow from operations



COMPONENTA

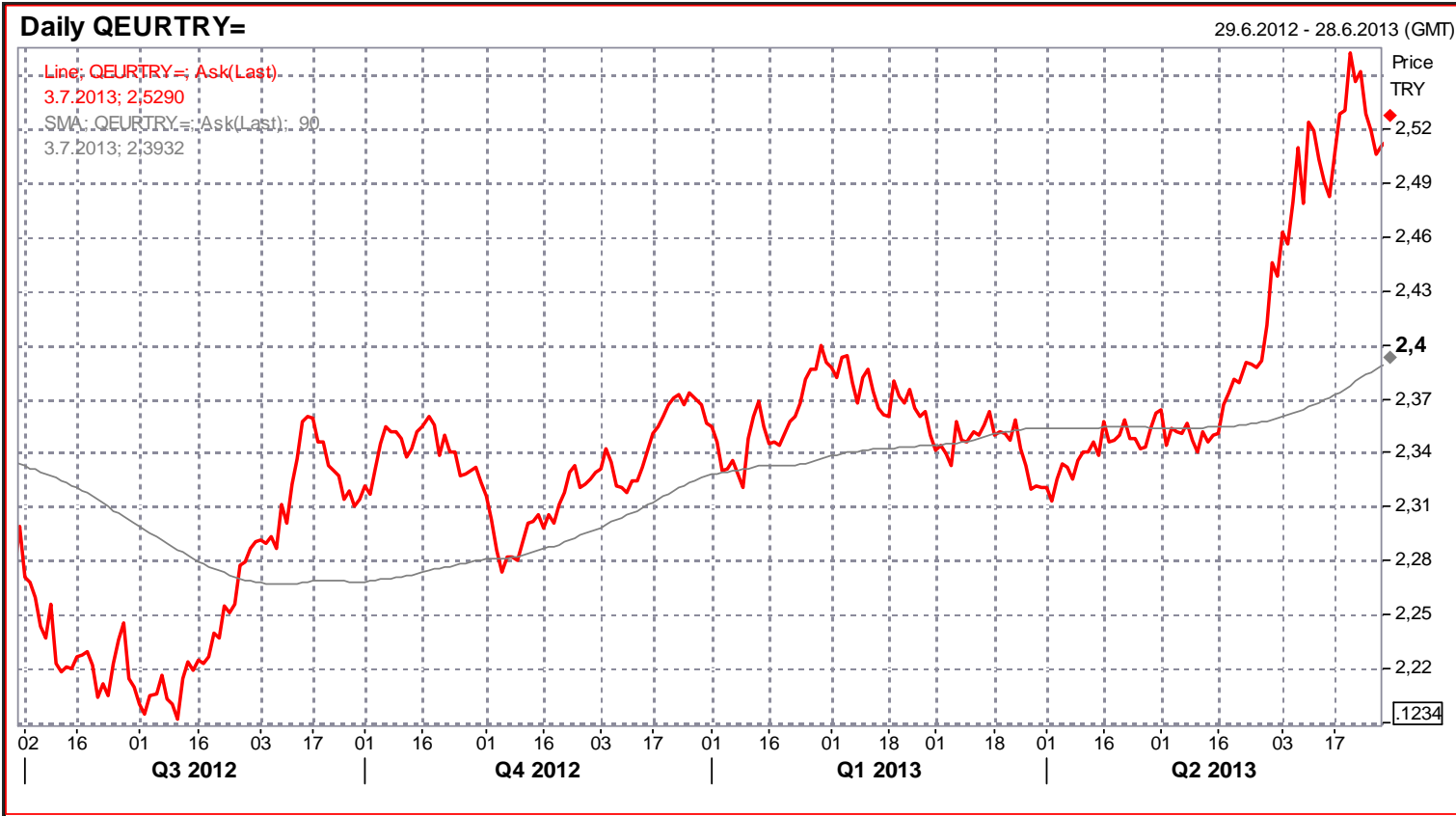
Pig iron and steel scrap indices



Source: Reuters Metal Bulletin and WV Stahl

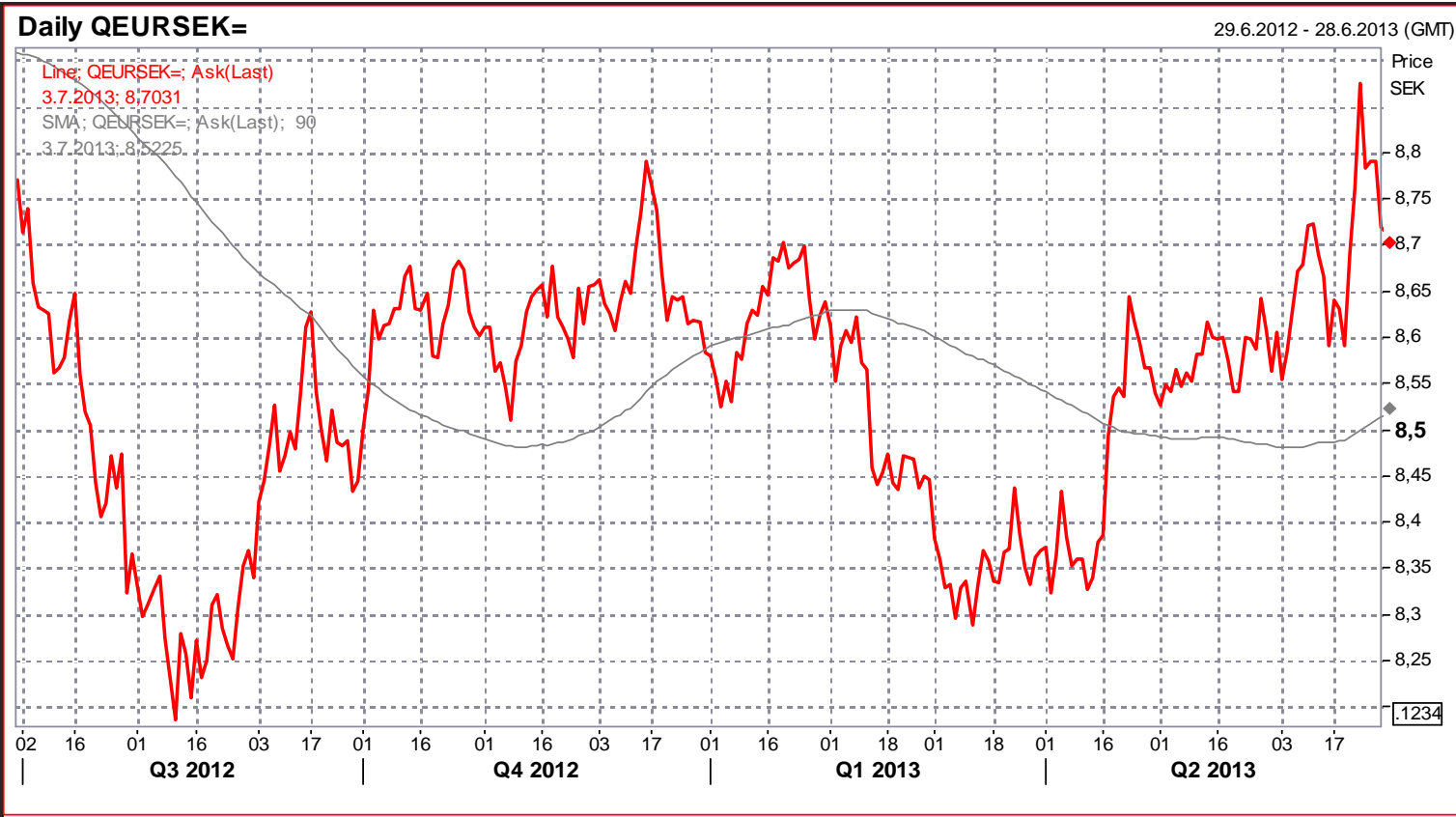
COMPONENTA

Development of exchange rates Turkish lira



COMPONENTA

Development of exchange rates Swedish krona



Source: Reuters



Efficiency program 2012 - 2014

COMPONENTA

Efficiency program to boost operations (1)

- The program started in October 2012 and has progressed according to plan. The target has been to improve profitability by EUR 25 million by the end of 2014.
- Some 60% of the savings will be reached already in 2013.

Country, unit	Q2 2013 measures	Total savings
1. TURKEY Orhangazi foundry	Improvement program has made progress as planned. Numerous actions carried out in different phases of production process and overall productivity has developed in line with the targets set.	9 MEUR by the end of 2014.
2. NETHERLANDS All units	Restructuring of the production units and cut of 55 jobs finalized during Q1 2013. Productivity has been raised in all production lines and the efficiency program was expanded during Q2 2013.	5 MEUR by the end of 2014.
3. SWEDEN Främmestad machine shop	Finishing work of the Orhangazi machine shop expansion and installation of machinery will be finalized by end of Sept 2013. Transfer of long series products mainly during Q4 2013 and Q1 2014.	3 MEUR by the end of 2014.

COMPONENTA

Efficiency program to boost operations (2)

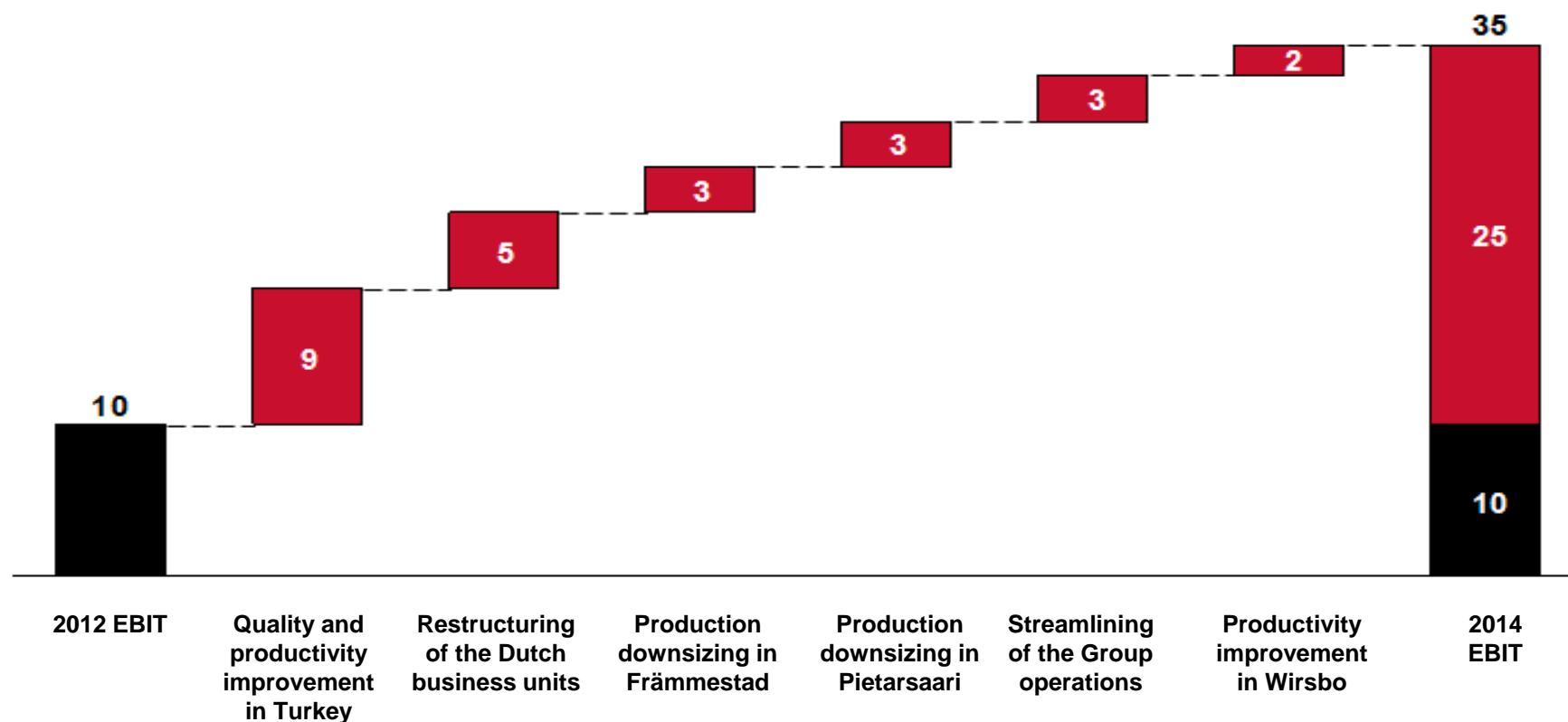
	Country, unit	Q2 2013 measures	Total savings
4.	FINLAND Pietarsaari foundry	One DISA production line will be closed by the end of Q3 2013. Product transfers to the Group's foundries in Pori and Orhangazi progress as planned.	3 MEUR by the end of 2014.
5.	GROUP Administration, sales and engineering	Measures to raise efficiency of the functions and cut fixed costs were carried out already during Q1 2013.	3 MEUR in 2013.
6.	SWEDEN Wirso forges	Running down of the forge in Smedjebacken and transfer of products to Arvika were started in Q1 2013. Cut of 41 jobs completed.	2 MEUR in 2013.

COMPONENTA

Target of 25 MEUR result improvement

■ Efficiency and productivity improvement

■ EBIT 2012

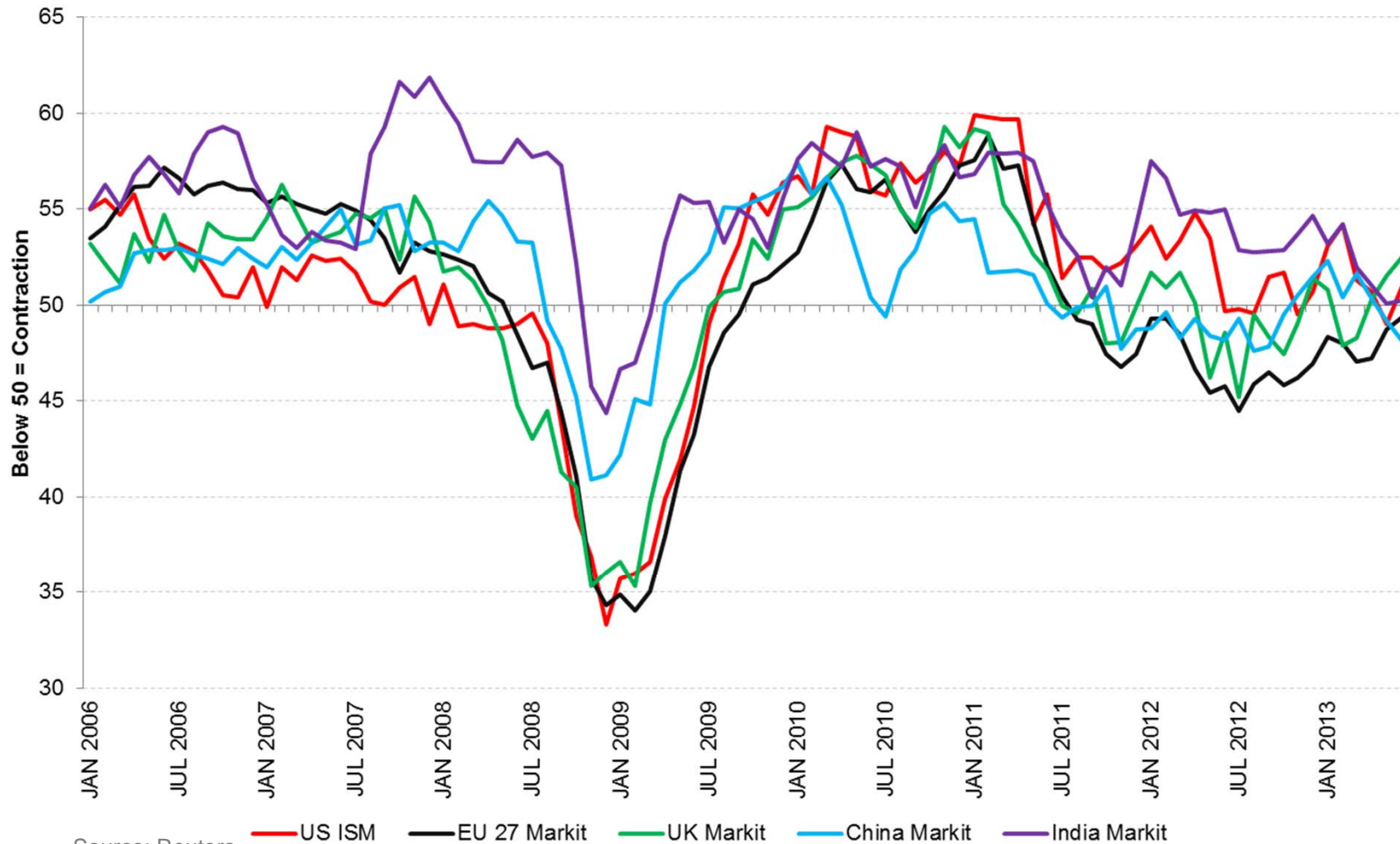




Indicators of economy

COMPONENTA

Manufacturing Purchasing Manager Index

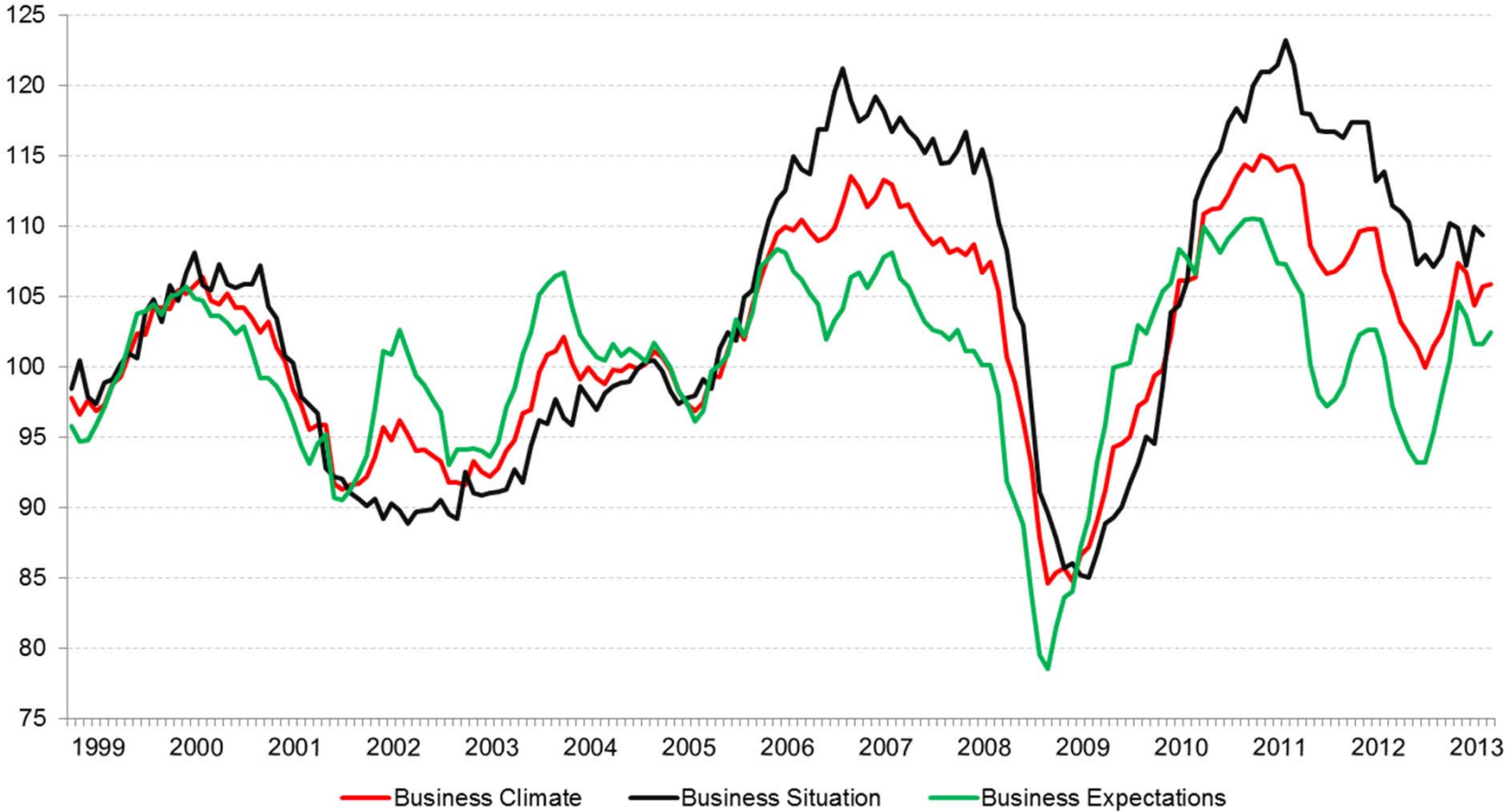


Source: Reuters

— US ISM — EU 27 Markit — UK Markit — China Markit — India Markit

COMPONENTA

IFO expectations



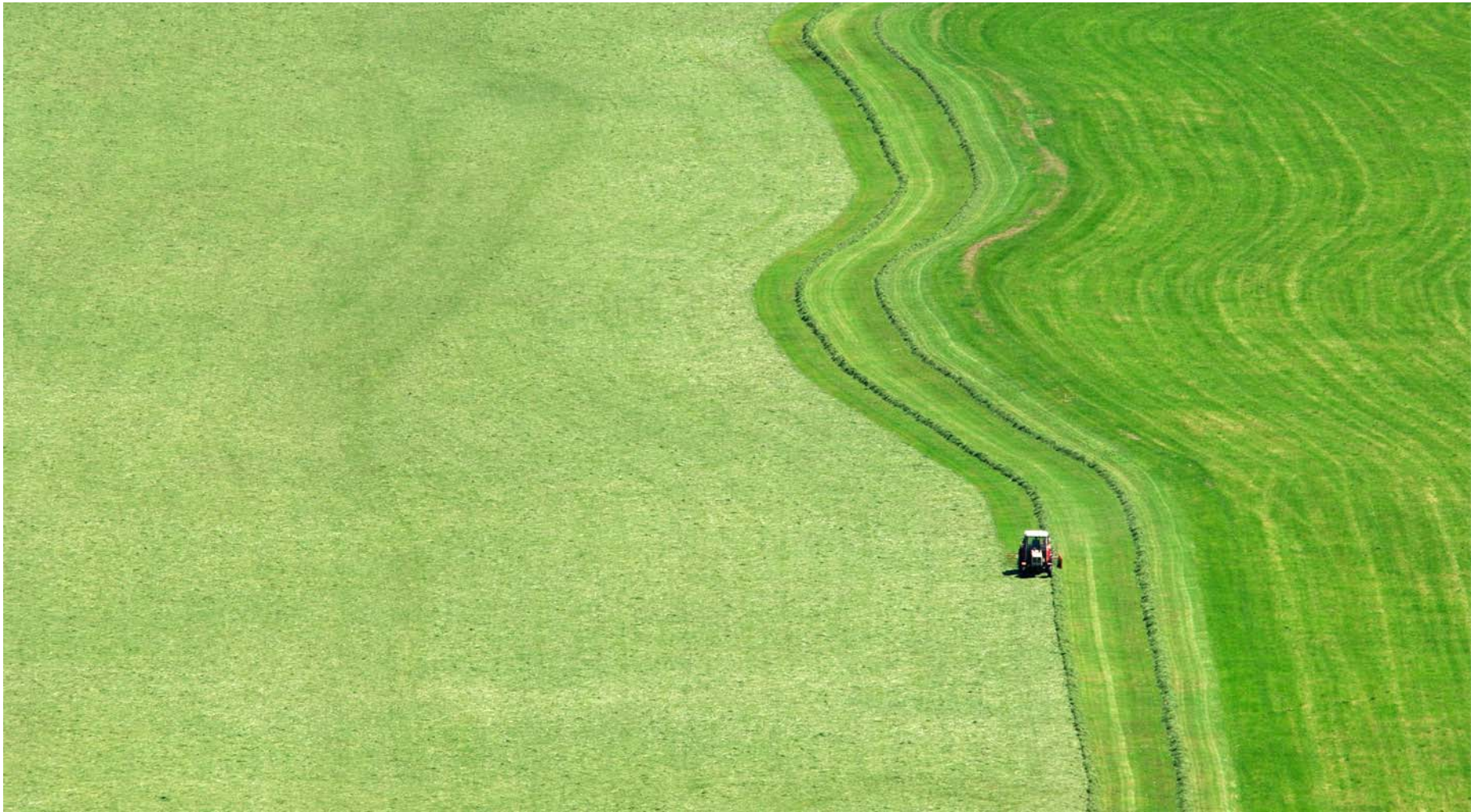
Source: IFO

COMPONENTA

CDS index



Source: Reuters

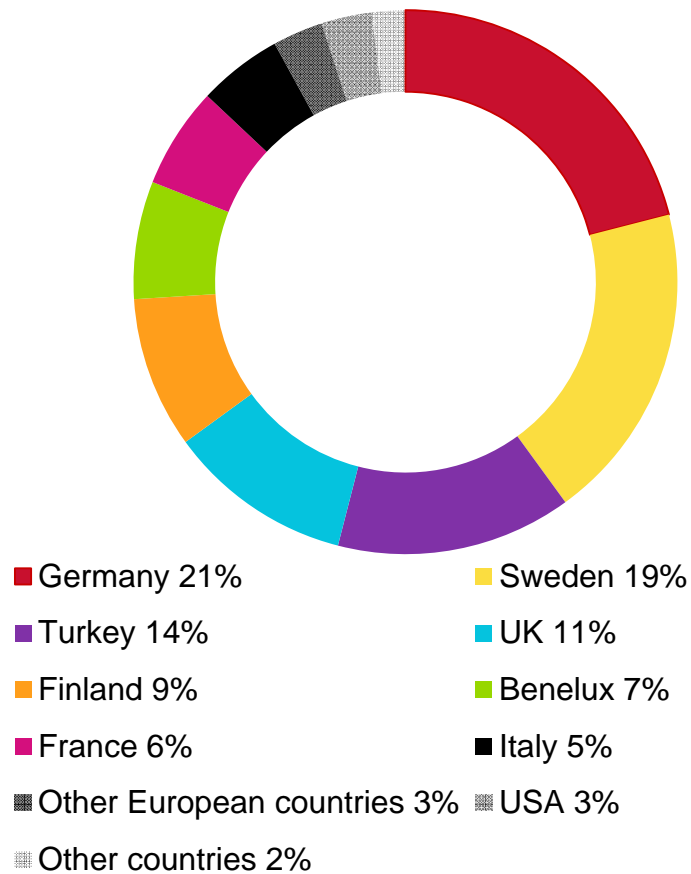


Development of sales and order book

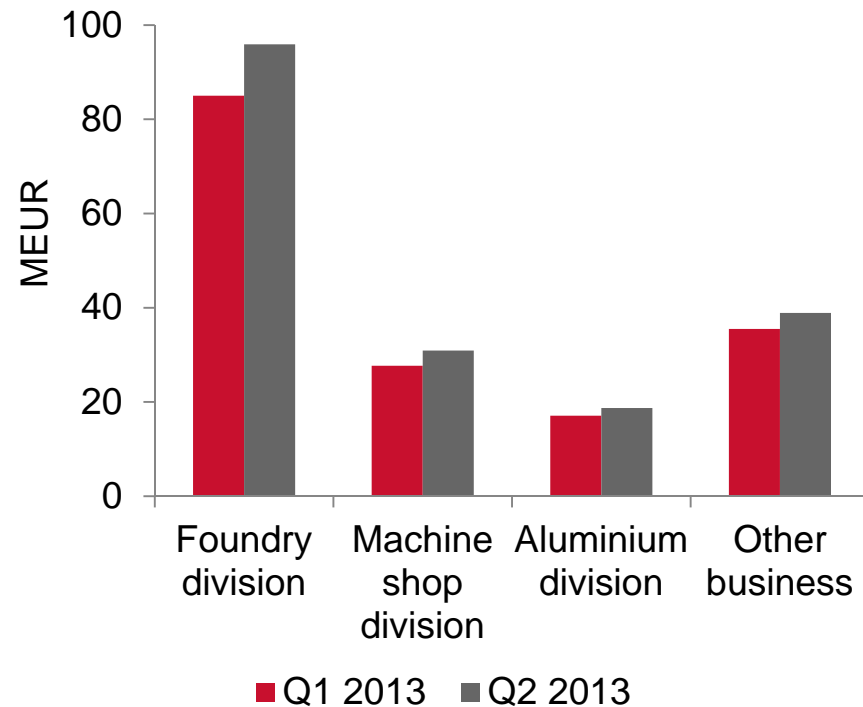
COMPONENTA

Distribution of sales

Sales by market area Q1 - Q2 2013



Sales by business segment
Q1 2013 vs. Q2 2013



COMPONENTA

Sales by customer industry Q1 - Q2 2013



**Heavy
Trucks**

30%

(27%)

**Construction
and Mining**

20%

(25%)

**Machine
Building**

18%

(19%)

**Agricultural
Machinery**

19%

(16%)

Automotive

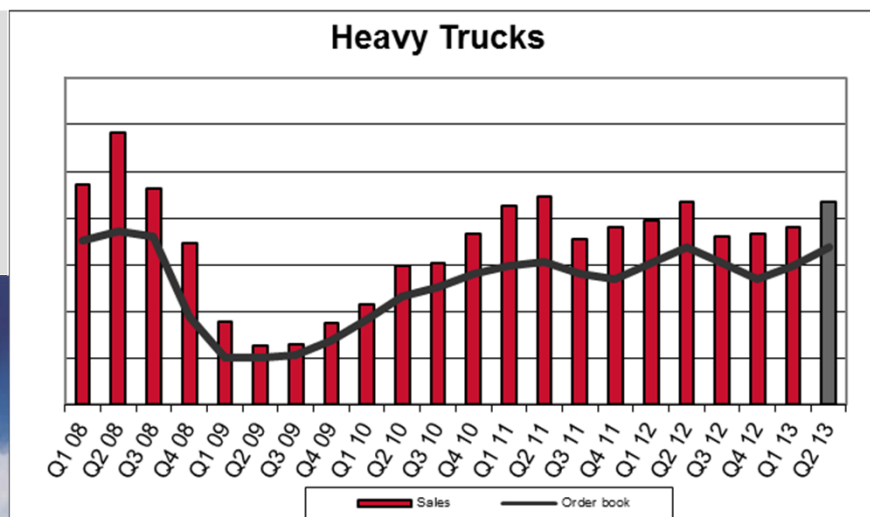
13%

(14%)

COMPONENTA

Development of sales and order book in Heavy Trucks industry

Order book
Q2/2013 vs. Q1/2013
+13%



Sales to

Heavy Trucks industry

Q2/2013 vs. Q1/2013

+14%

COMPONENTA

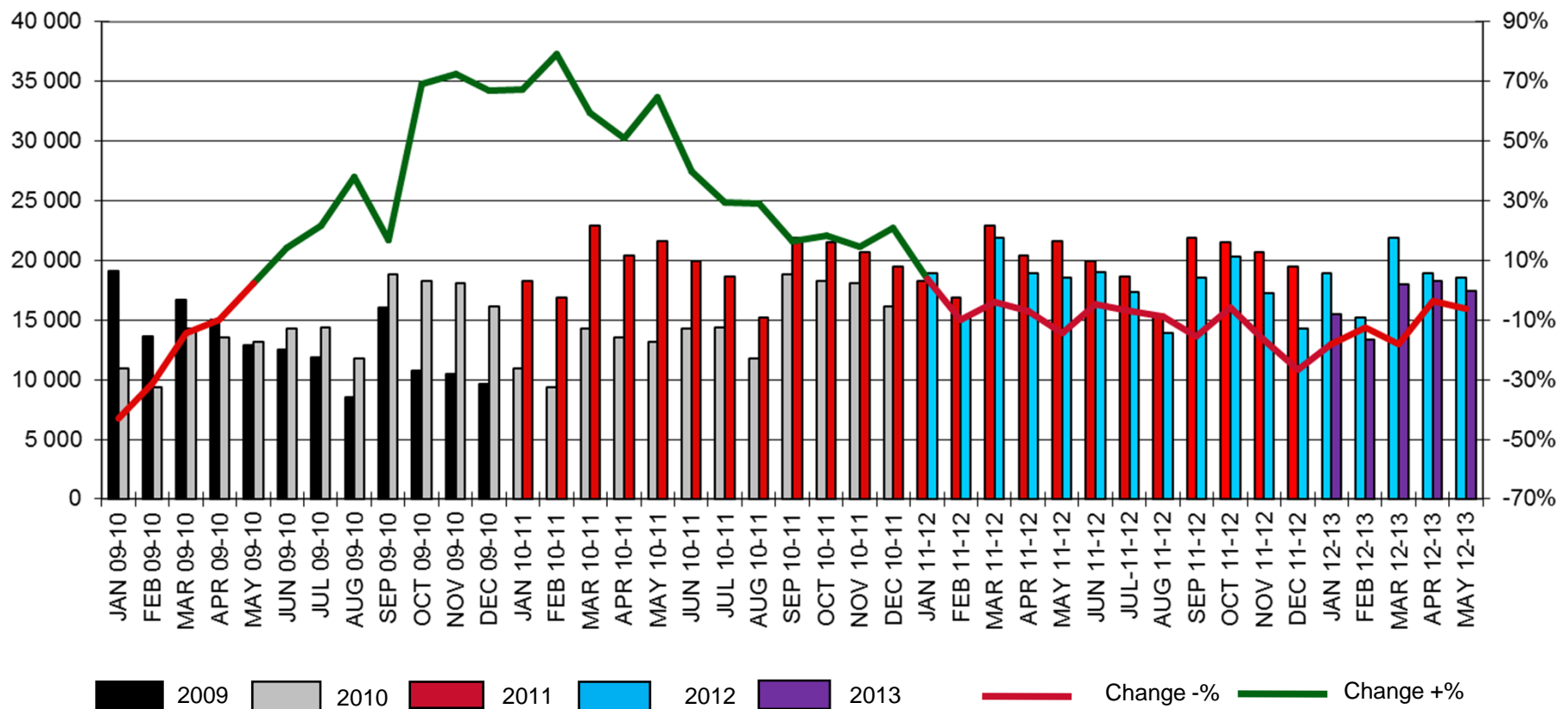
Development of supply chain in Heavy Trucks industry compared to previous year



Source: Volvo website, ACEA

COMPONENTA

Registrations of new heavy trucks in Europe (EU27)

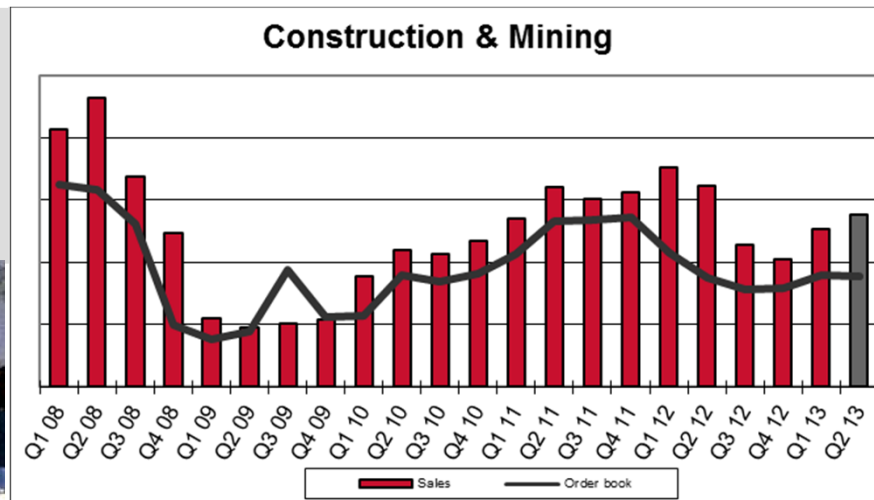


Source: ACEA

COMPONENTA

Development of sales and order book in Construction and Mining industry

Order book
Q2/2013 vs. Q1/2013
-2%



Sales to

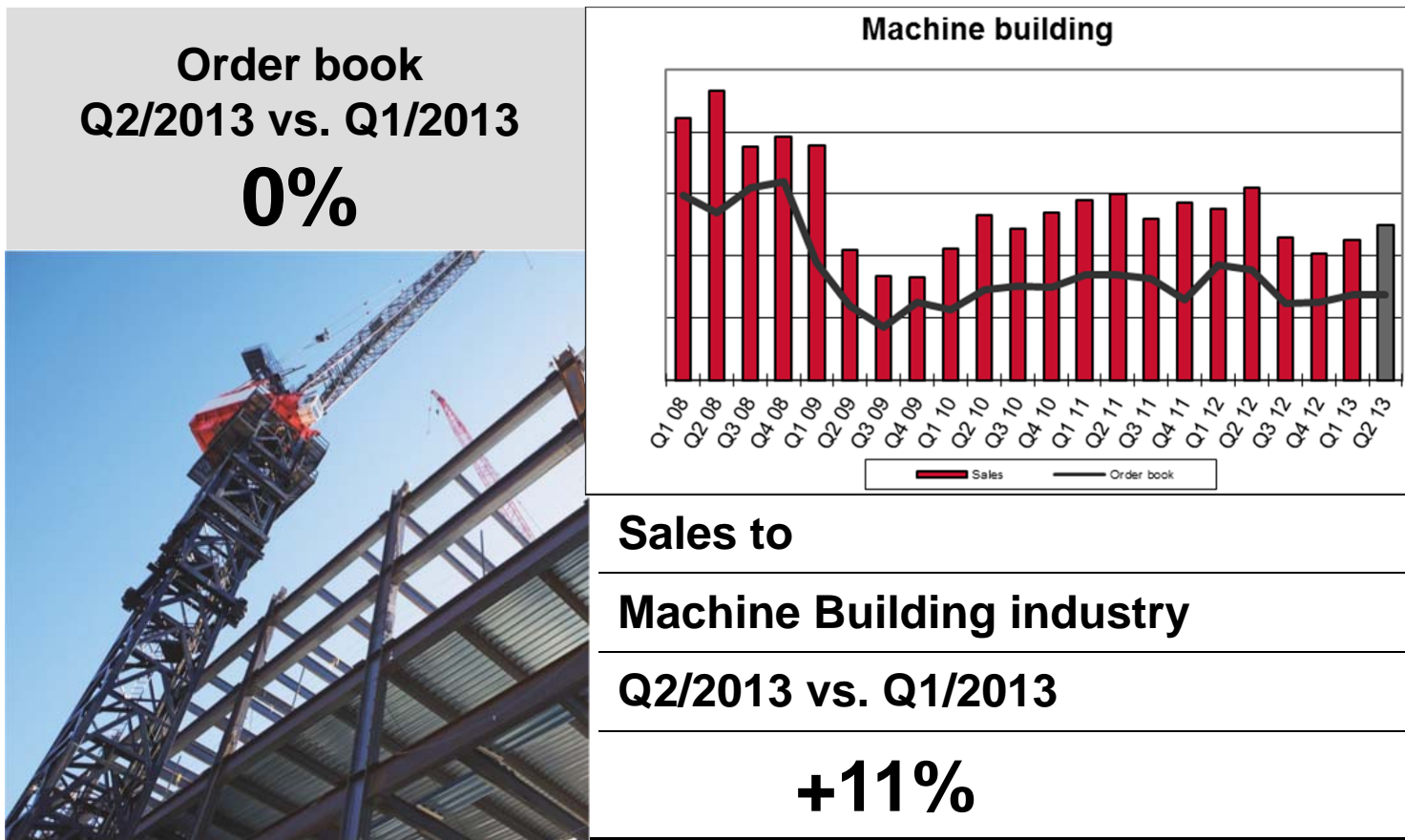
Construction and Mining industry

Q2/2013 vs. Q1/2013

+9%

COMPONENTA

Development of sales and order book in Machine Building industry



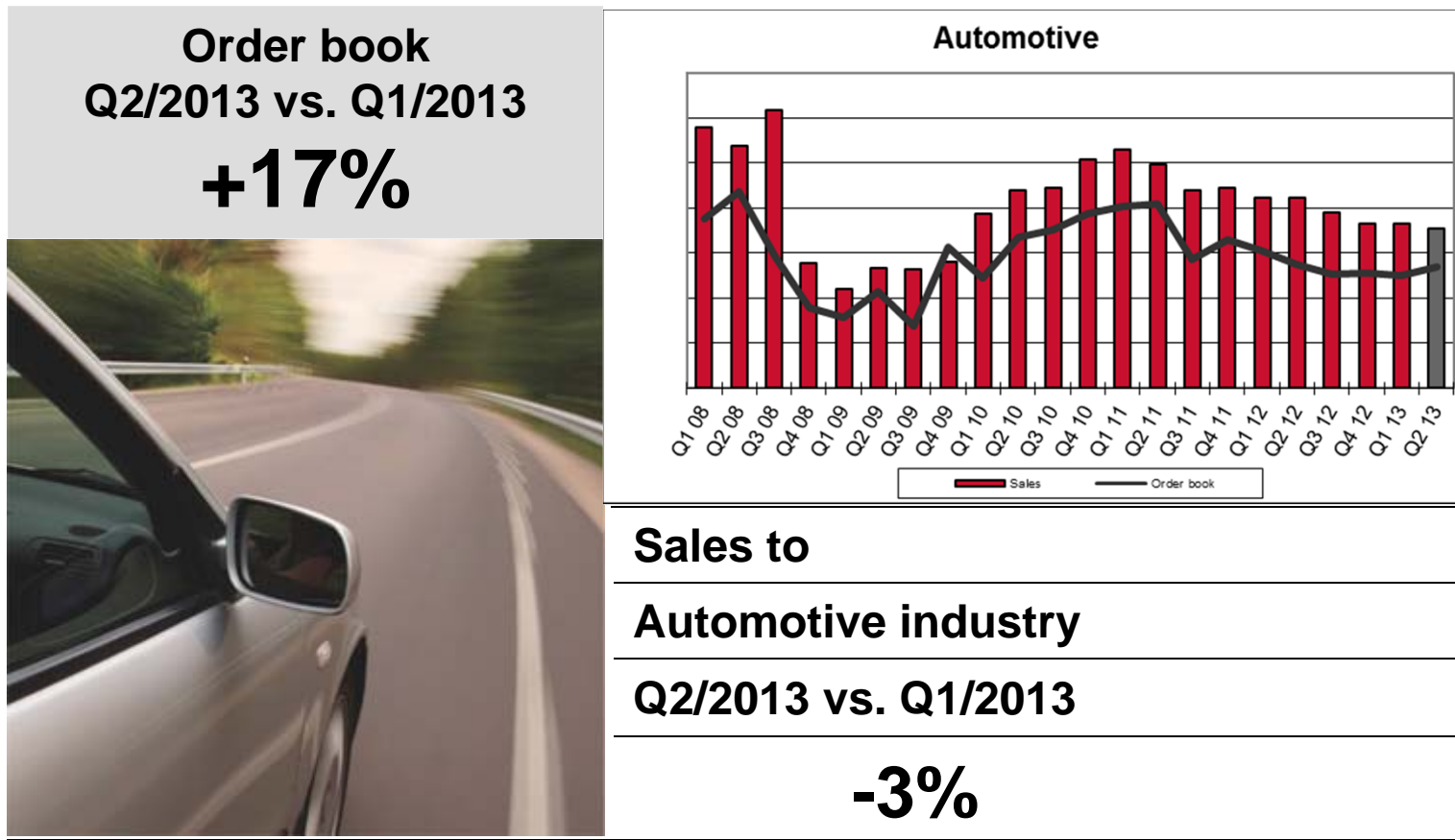
COMPONENTA

Development of sales and order book in Agricultural Machinery industry



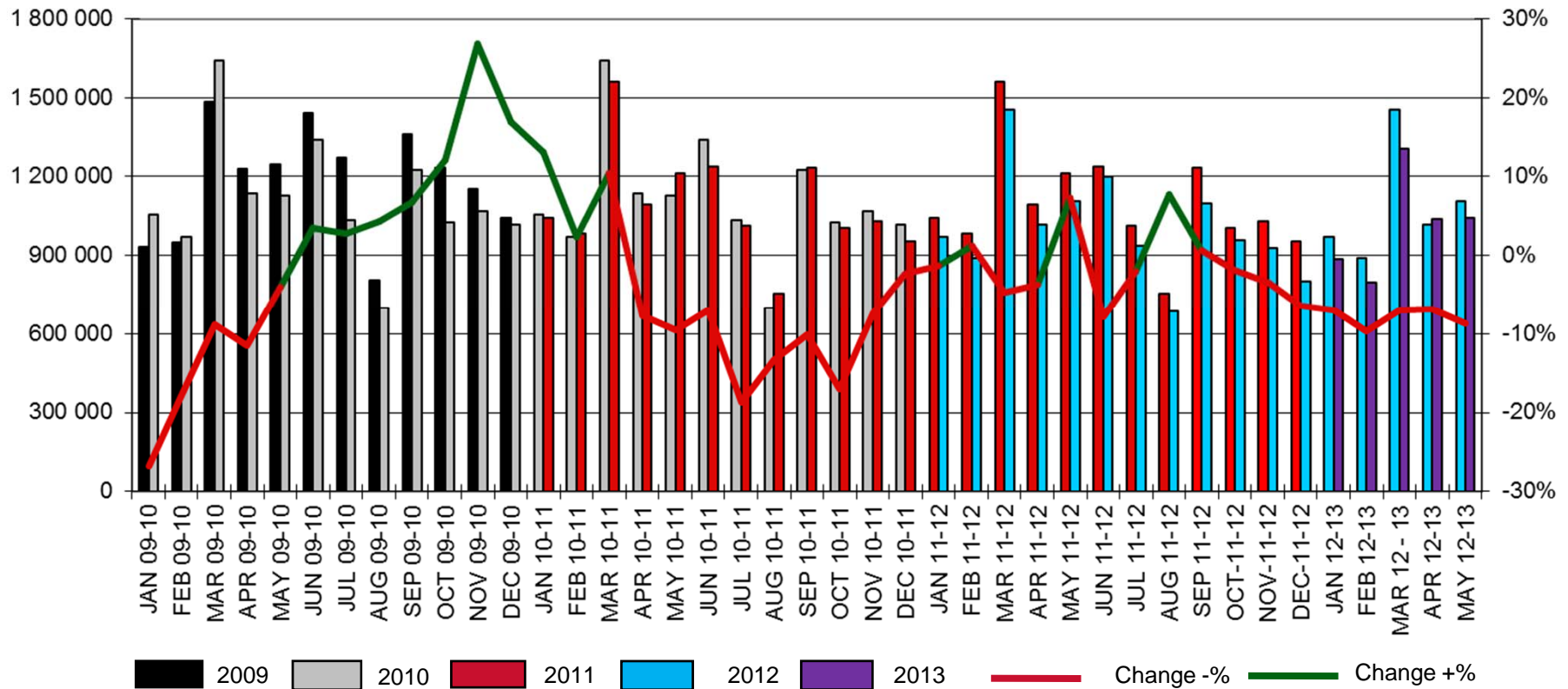
COMPONENTA

Development of sales and order book in Automotive industry



COMPONENTA

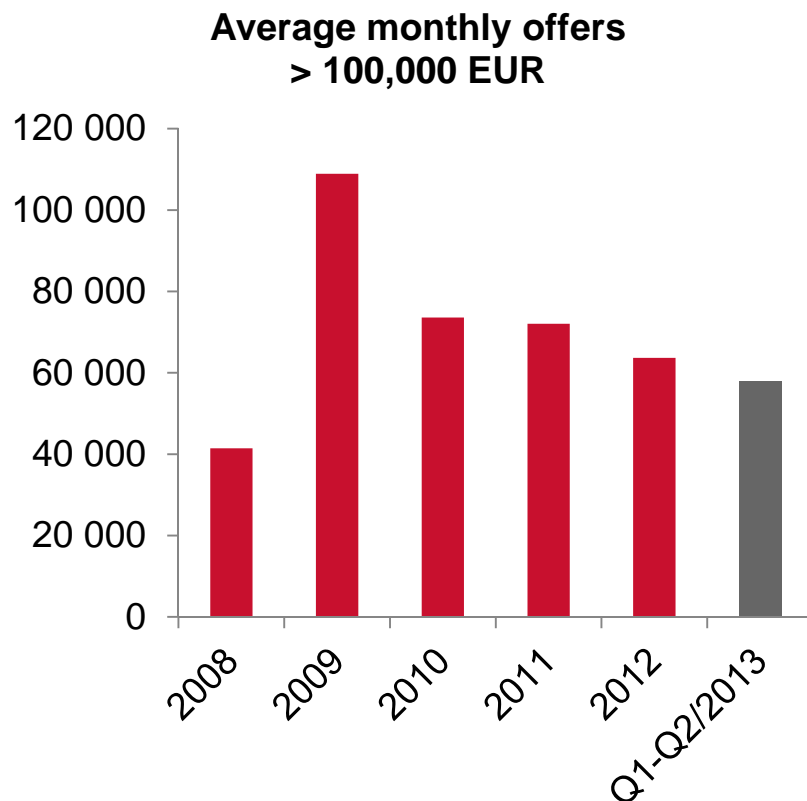
Registrations of new passenger cars in Europe (EU27)



Source: ACEA

COMPONENTA

Offers and new sales



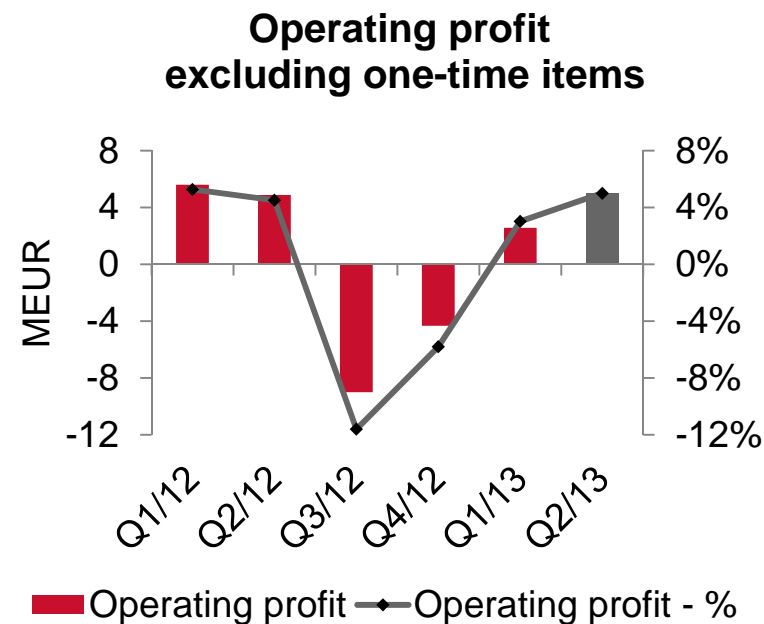
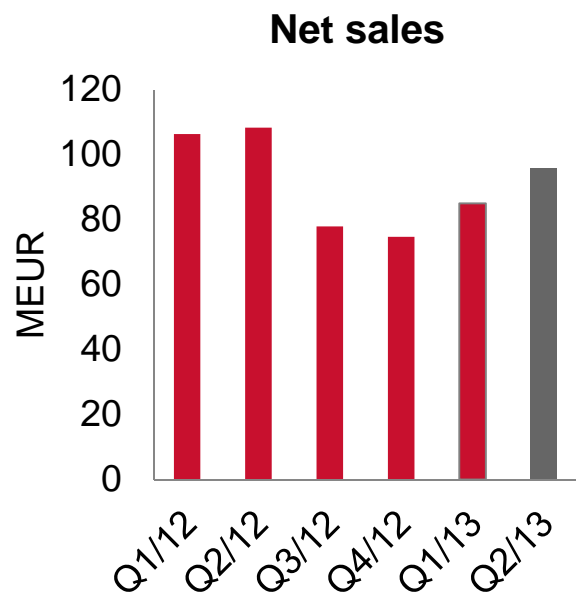
- The offers submitted by the Group during Q1-Q2/ 2013 have been almost at the same level as during the past three years.
- Componenta's new sales has started as expected in 2013.



Development of business segments

COMPONENTA

Development of Foundry division

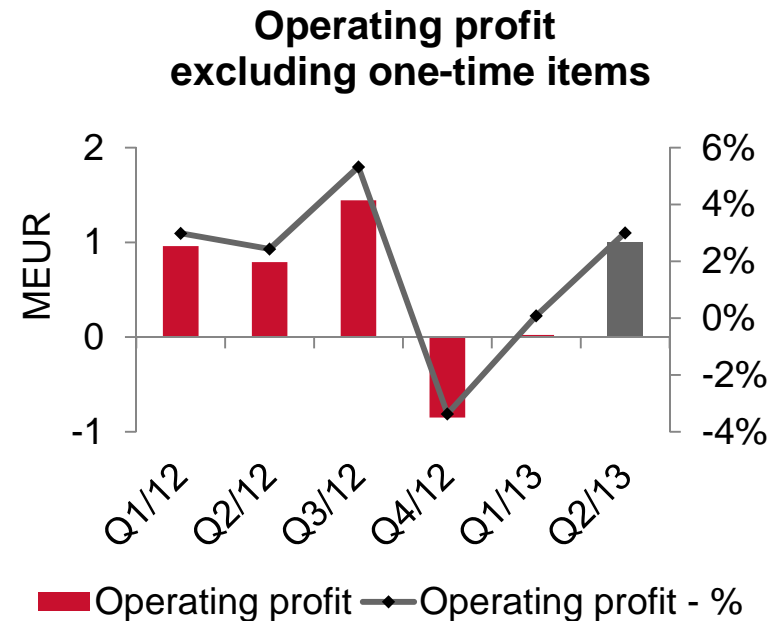
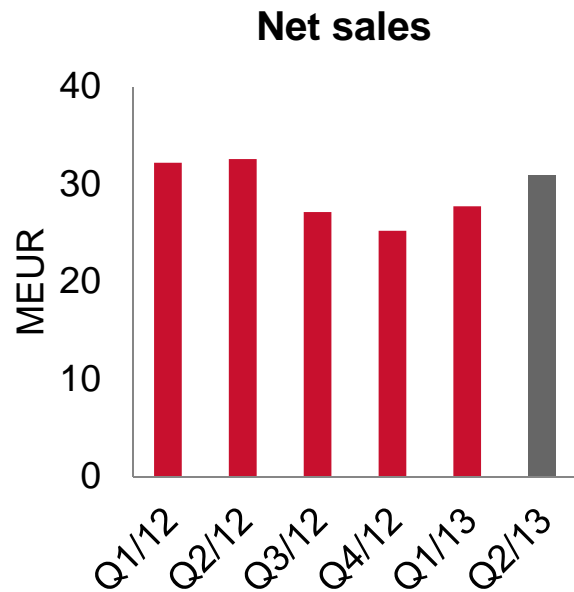


MEUR	Q2 2013	Q1 2013	Change
Order book	54.6	58.7	-7%
Net sales	95.9	85.0	13%
Operating profit	5.0	2.6	93%
Personnel	2,969	2,818	5%

- Foundry division net sales rose 13% from the previous quarter.
- Foundry division operating profit increased from the previous quarter due to higher volumes and improved productivity.

COMPONENTA

Development of Machine shop division

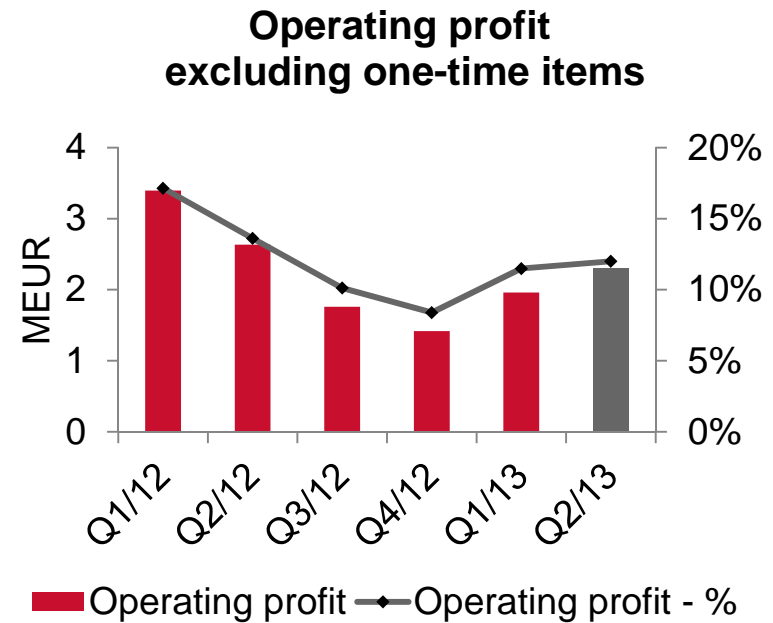
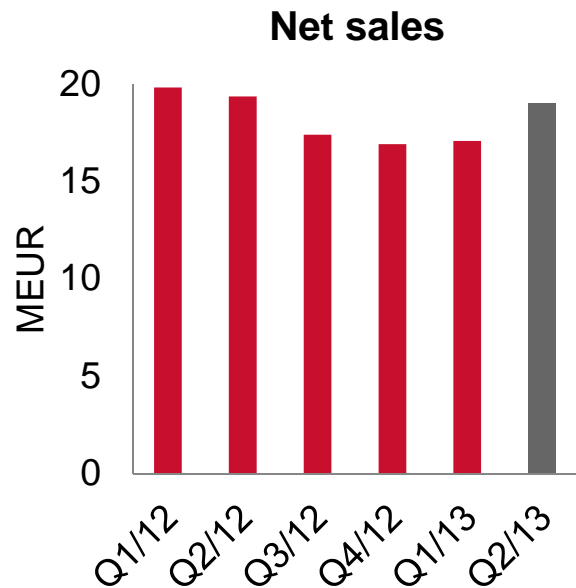


MEUR	Q2 2013	Q1 2013	Change
Order book	24.3	20.4	19%
Net sales	30.9	27.7	12%
Operating profit	0.9	0.0	n/m
Personnel	398	372	7%

- Machine shop division net sales rose 12% from the previous quarter.
- Machine shop division operating profit increased from the previous quarter due to higher volumes and improved productivity.

COMPONENTA

Development of Aluminium division



MEUR	Q2 2013	Q1 2013	Change
Order book	14.1	12.4	14%
Net sales	18.7	17.1	10%
Operating profit	2.3	2.0	16%
Personnel	762	671	14%

- Aluminium division net sales rose 10% from the previous quarter.
- Aluminium division operating profit increased from the previous quarter due to higher volumes.



Prospects 2013

COMPONENTA

Business environment 2013



Demand outlook improved



At the end of June the order book for Componenta's heavy trucks customer sector was 13% higher than at the end of the previous quarter.

Demand for heavy trucks is expected to continue to rise in the second half of the year.



Demand outlook uncertain



The order book for Componenta's construction and mining customer sector was 2% lower at the end of June than at the end of the previous quarter.

Demand for construction and mining machinery is expected to pick up during the second half of 2013 compared to the first half mainly due to normalization of customers' inventory levels.

COMPONENTA

Business environment 2013



Demand outlook uncertain



At the end of the review period, the order book for Componenta's machine building customer segment was similar to that at the end of the previous quarter.

Prospects in the machine building industry for the rest of 2013 remain uncertain.



Demand outlook improved



The order book for Componenta's agricultural machinery customer sector was 2% higher at the end of June than at the end of the previous quarter.

Demand for agricultural machinery started to pick up after the first quarter and is expected to improve further in the second half of 2013.



Demand outlook improved



The order book for Componenta's automotive customer sector was 17% higher at the end of June than at the end of the previous quarter.

Componenta's deliveries to the automotive industry are expected to increase during the latter part of the year.

COMPONENTA

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 demand outlook for the Group remains uncertain, although there are signs of a turn for the better in some customer sectors.
- The continuing uncertainty in the European and global economy has weakened demand for investments in Componenta's customer sectors. Componenta's order book, however, increased 6% to EUR 95 million from the end of the previous quarter (EUR 89 million).
- Full year prospects remain unchanged. Year 2013 net sales 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.



COMPONENTA