

Casting Future **SOLUTIONS**

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Componenta Corporation Interim Report 1 January - 30 September 2013

Heikki Lehtonen
President and CEO

21 October 2013



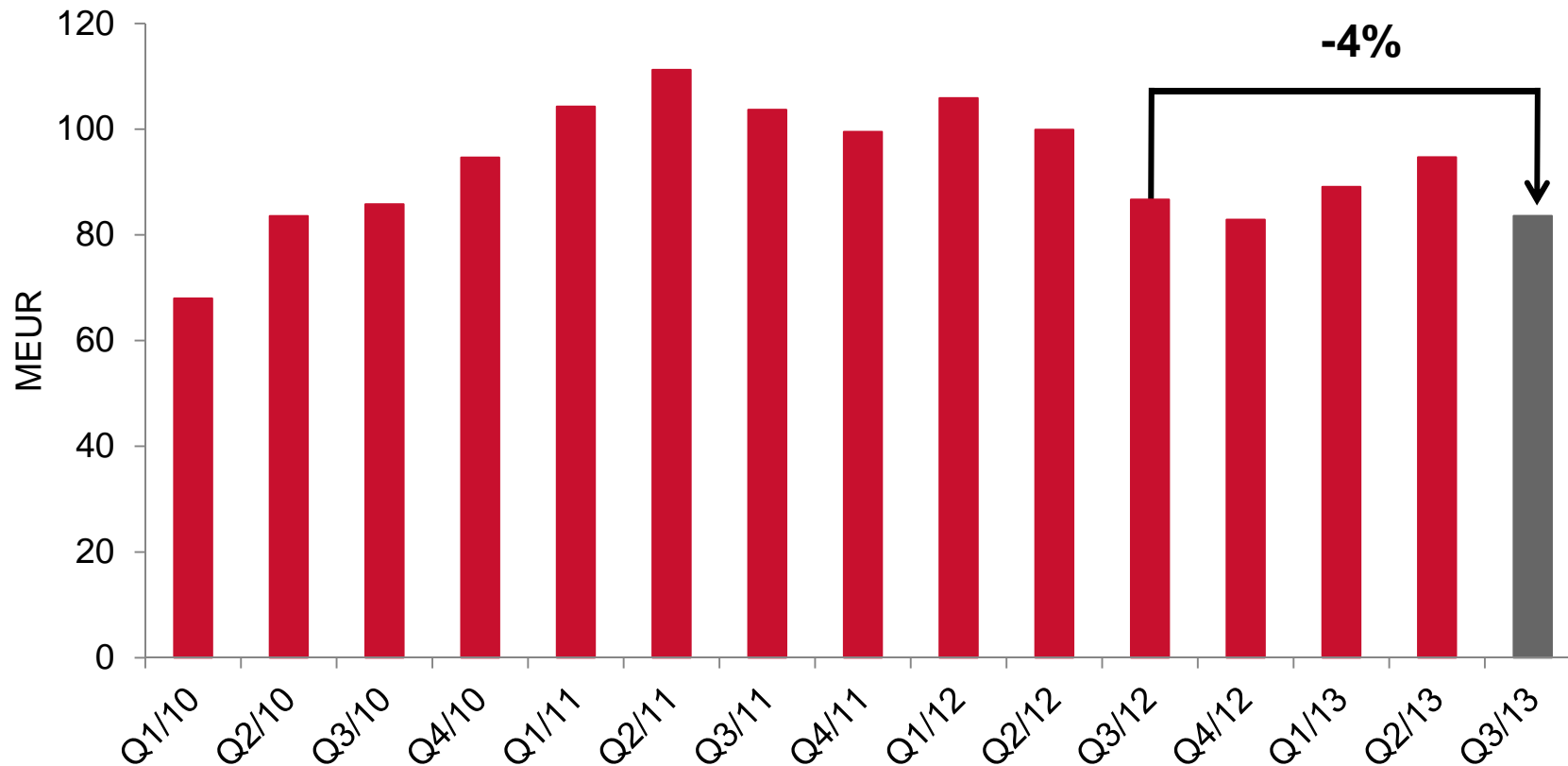
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Income statement

MEUR	Q3 2013	Q3 2012	Change	Q1-Q3 2013	Q1-Q3 2012	Change
Order book	83.6	86.7	-4%	83.6	86.7	-4%
Net sales	119.0	120.7	-1%	387.0	427.5	-9%
EBITDA, excl. one-time items	6.6	-2.0	425%	28.0	25.3	11%
Operating profit, excl. one-time items	2.2	-5.5	140%	14.6	13.6	7%
Financial income and expenses	-6.7	-7.0	-4%	-18.3	-21.8	-16%
Profit after financial items, excl. one-time items	-4.4	-12.4	64%	-3.7	-8.2	54%
One-time items	-0.8	-0.1	728%	-1.8	-0.3	458%
Net profit	-6.0	-9.8	39%	-5.6	-7.6	27%
Earnings/share, excl. one-time items EUR	-0.18	-0.46	61%	-0.19	-0.43	56%
Cash flow from operations	-21.7	-18.0	-21%	-12.6	-12.4	-1%
Cash funds and committed unused credit facilities	12.2	11.9	3%	12.2	11.9	3%

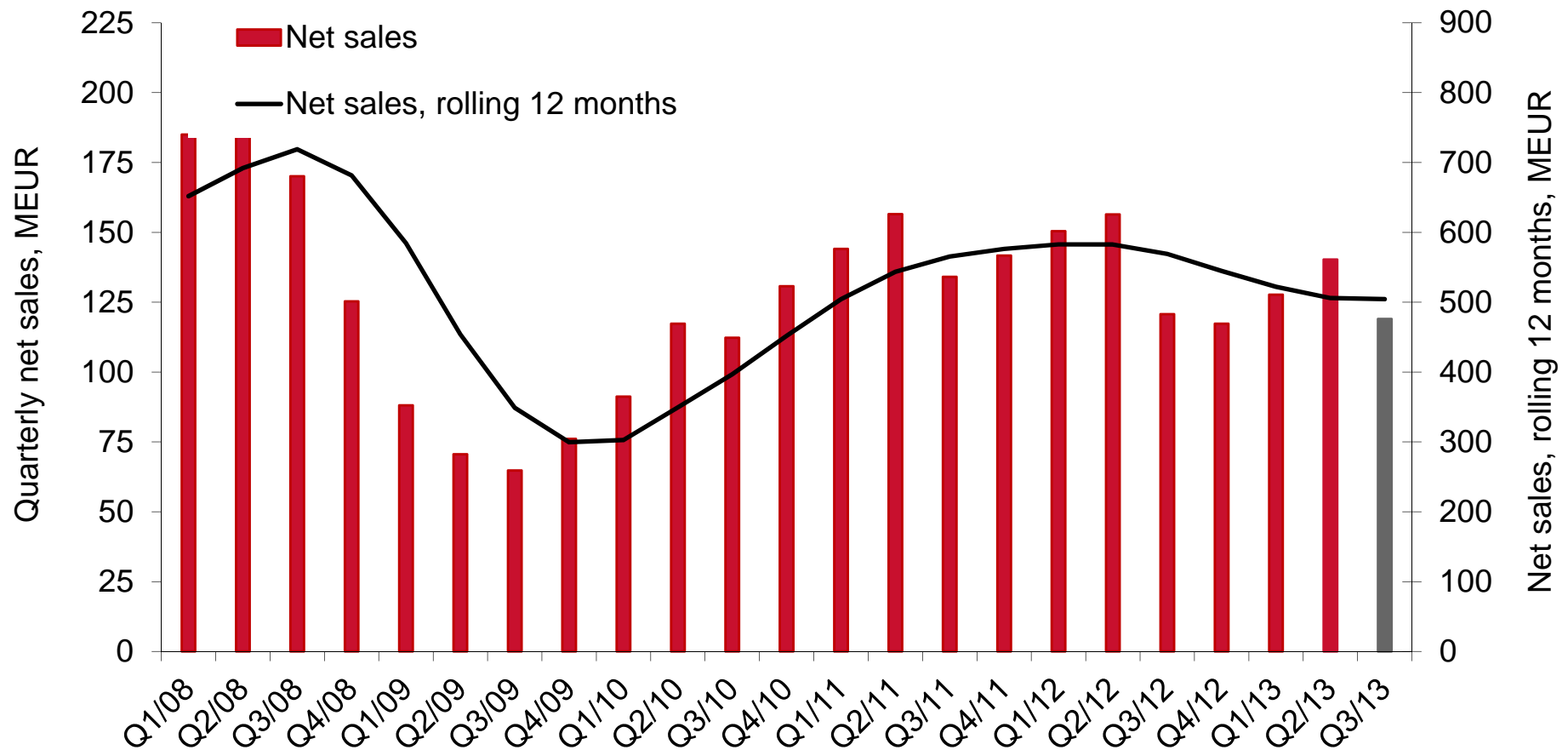
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Quarterly development of order book (incl. orders for next two months)



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Quarterly development of net sales 2008 – Q3 2013



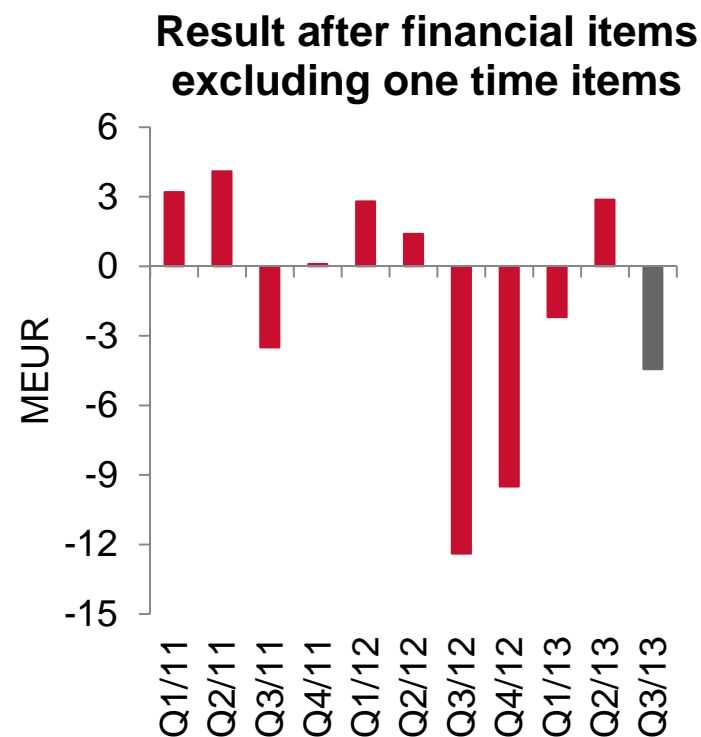
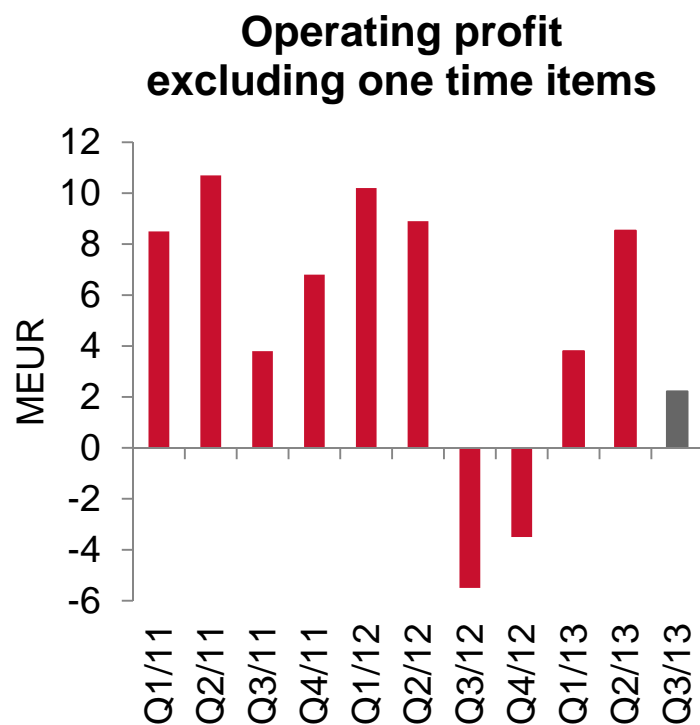
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Analysis of changes in income statements excluding one-time items

MEUR	Q3 2013	Q3 2012	Change	Q1-Q3 2013	Q1-Q3 2012	Change
Net sales	119.0	120.7	-1%	387.0	427.5	-9%
Value of production	117.9	119.9	-2%	393.4	432.7	-9%
Materials	-49.9	-50.9	-2%	-160.8	-180.9	-11%
Direct wages and external services	-26.9	-29.3	-8%	-89.0	-96.6	-8%
Other variable and fixed costs	-34.4	-41.8	-18%	-115.6	-129.9	-11%
Total costs	-111.3	-121.9	-9%	-365.4	-407.4	-10%
EBITDA	6.6	-2.0	425%	28.0	25.3	11%

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



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Key ratios

MEUR	30.9.2013	30.9.2012	31.12.2012
Equity ratio, %	21.0	16.5	18.1
Equity ratio, preferred capital notes as equity, %	21.6	21.7	23.2
Return on equity, excluding one-time items, %	-3.9	-13.9	-24.8
Return on equity, %	-8.9	-14.4	-32.9
Return on investment, excluding one-time items, %	6.2	6.3	4.0
Return on investment, %	5.5	6.2	2.0
Net interest bearing debt, MEUR	238	235	236
Net gearing, preferred capital notes as debt, %	241	321	284
Order book, MEUR	83.6	86.7	82.9
Investments in production facilities, MEUR	12.4	14.3	19.2
Personnel at the end of period, including leased personnel	4,561	4,544	4,277

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Capital market transactions carried out in August 2013

- Share issue, hybrid bond and two senior bonds, altogether approximately EUR 77.3 million.
- IFRS classified equity capital altogether some EUR 28.8 million.
- New funds invested in the company, excluding the capital conversions, totalled some EUR 22.6 million, which includes altogether EUR 4 million invested in the company in June by the two largest shareholders.
- Use of the funds: refinancing and repayment of the bond issued in 2010, due on 29 September 2013, partial repayment of other existing interest bearing debt and general corporate financial purposes.

SHARE ISSUE

- Share issue directed for subscription by shareholders and public.
- 7,038,051 new shares, subscription price 1.60 EUR, total EUR 11.3 million.
- Total amount of Componenta shares increased to 29,269,224.
- Trading of the new shares started on 5 September 2013.

HYBRID BOND

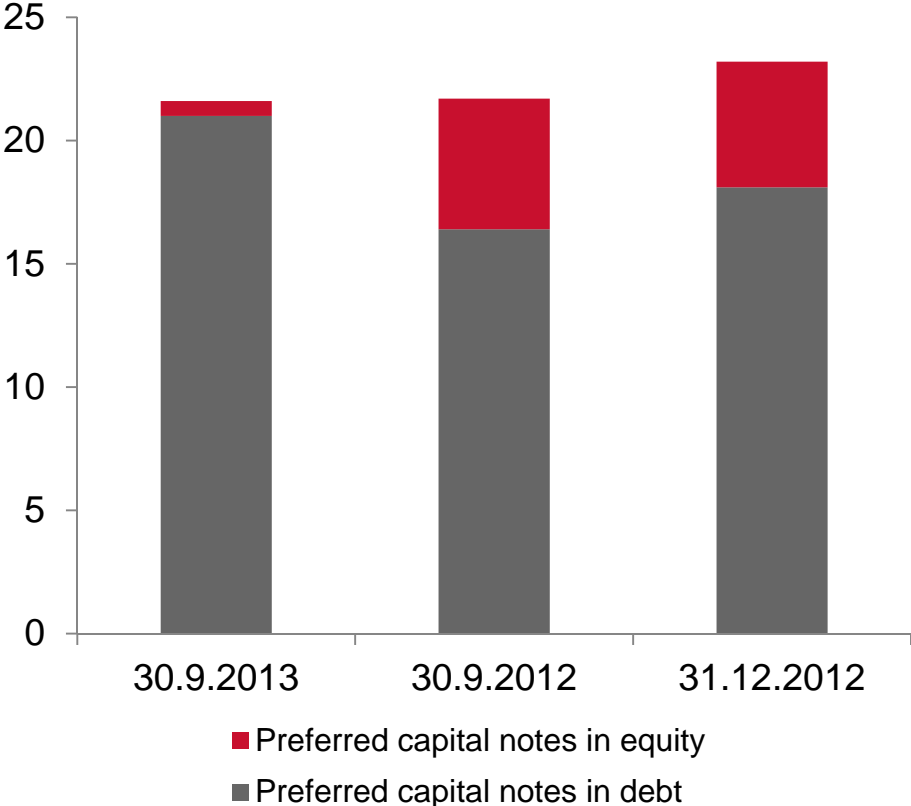
- For subscription by a limited group of selected investors.
- Subscriptions EUR 33.7 million.
- Interest rate: 12.2%.
- First possible repayment on 29 March 2016.

SENIOR BONDS

- Unsecured senior bond directed to qualified investors and holders of the Company's existing bond 2010.
- Subscriptions EUR 22.3 million
- Interest rate 10.75%. Maturity 3.5 years.
- The bond was listed on the Helsinki stock exchange on 17 October 2013.
- Secured senior bond subscribed by a Finnish institutional investor.
- Amount EUR 10 million. Maturity 3 years.

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Equity ratio, %



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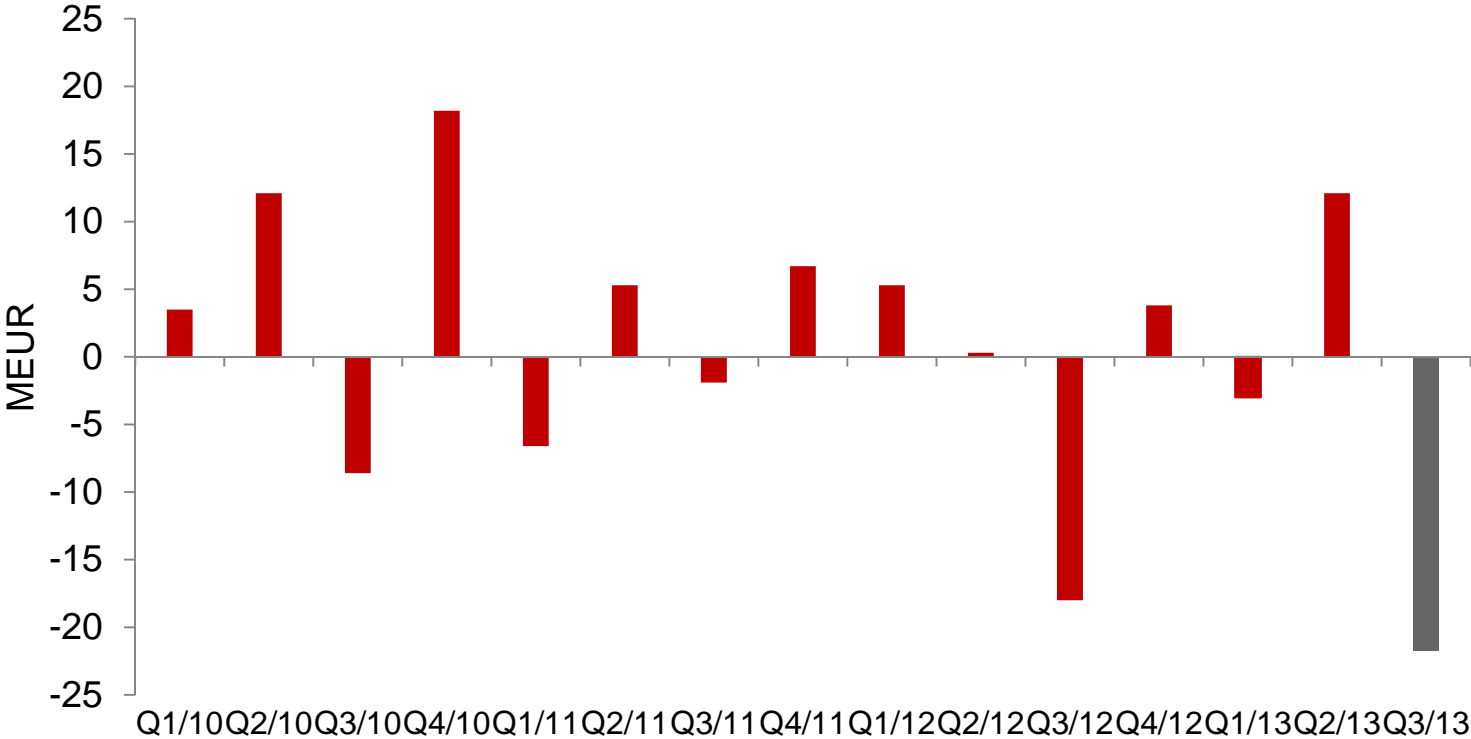
Cash flow statement

MEUR	1-9/2013	1-9/2012	1-12/2012
Cash flow from operations before change in net working capital, financing and taxes	23.1	25.7	22.7
Change in net working capital	-13.5	-15.6	-1.0
Cash flow from operations before financing and taxes	9.6	10.1	21.7
Cash flow from operations	-12.6	-12.4	-8.7
Cash flow from investments	-11.6	-15.1	-19.2
Cash flow from financing activities	10.7	-3.3	5.9
Change in liquid assets	-13.4	-30.8	-22.0

The increase in working capital during the third quarter was exceptionally high. The company has taken measures that aim to normalize the need for working capital during the final quarter of the year.

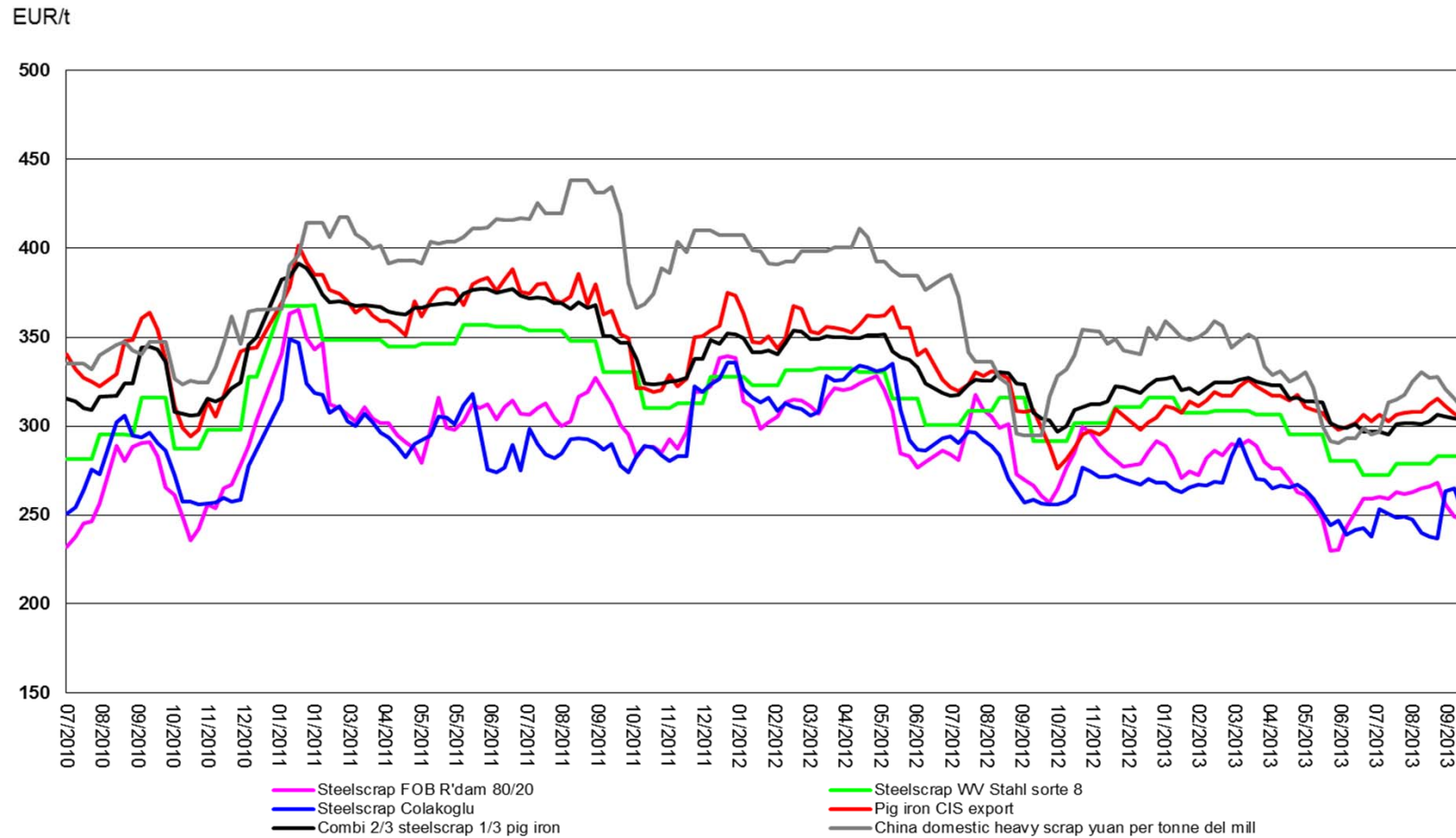
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Development of cash flow from operations



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Pig iron and steel scrap indexes



Sources: Reuters Metal Bulletin, WV Stahl

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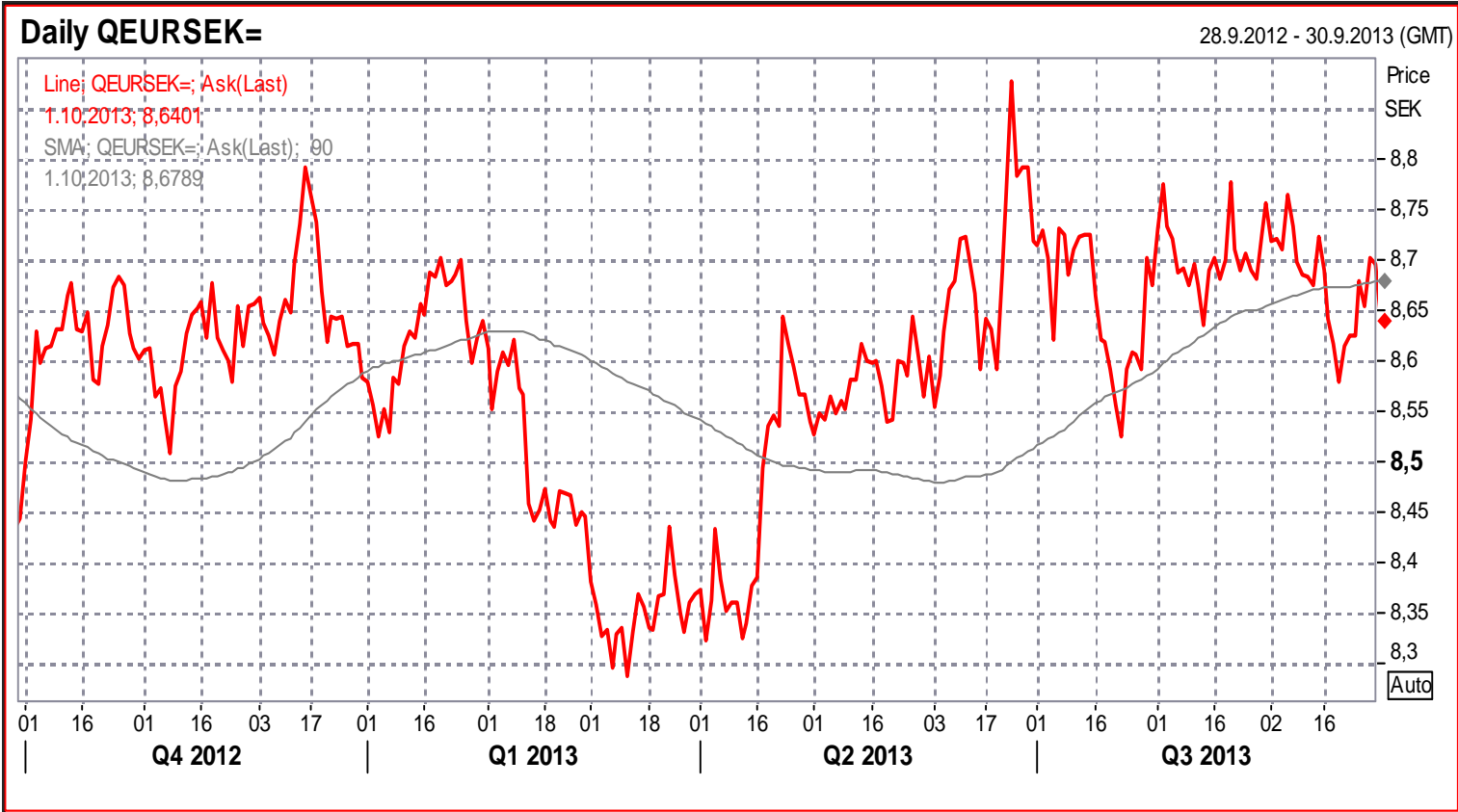
Development of exchange rates Turkish lira



Source: Reuters

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Development of exchange rates Swedish krona



Source: Reuters



Efficiency program

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Efficiency improvement program continues (1)

- The program launched in October 2012 has made progress in accordance with targets and the Group is set to achieve the annual cost savings of EUR 25 million by the end of 2014.
- Some 60% of the savings are expected to affect the result already in 2013.

Country, unit	Measures carried out during Q1 - Q3 2013	Total savings
TURKEY Orhangazi foundry	Progress has been made as planned under the organization that was renewed at the end of 2012. Many measures have been carried out to increase efficiency in the foundry, and overall productivity has improved in line with the targets set.	9 MEUR by the end of 2014.
Netherlands All units	The restructuring of the production units in the Netherlands and the cutting of 55 jobs were finalized during the first quarter. Productivity has been raised in all production lines. The efficiency improvement program was widened during the second and third quarters.	5 MEUR by the end of 2014.
SWEDEN Främmestad Machine shop	The machining operations for long series will be concentrated in the Orhangazi machine shop where the works for expansion were completed in September 2013. The product transfers will mainly take place during Q4 2013 and Q1 2014.	3 MEUR by the end of 2014.

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Efficiency improvement program continues (2)

Country, unit	Measures carried out during Q1 - Q3 2013	Total savings
FINLAND Pietarsaari foundry	The operations of the large DISA production line at the Pietarsaari foundry are being terminated as planned. Measures to carry out the product transfers to the foundries in Orhangazi, Turkey and Pori, Finland have made progress on schedule.	3 MEUR by the end of 2014.
GROUP Administration, sales and engineering	Measures to raise efficiency of the functions and cut fixed costs were carried out during Q1 2013.	3 MEUR in 2013.
SWEDEN Wirsbo forges	The running down of the forge in Smedjebacken and the transfer of products to the Arvika forge were started in the first quarter. Altogether 41 jobs have been cut in the forge business during 2013.	2 MEUR in 2013.

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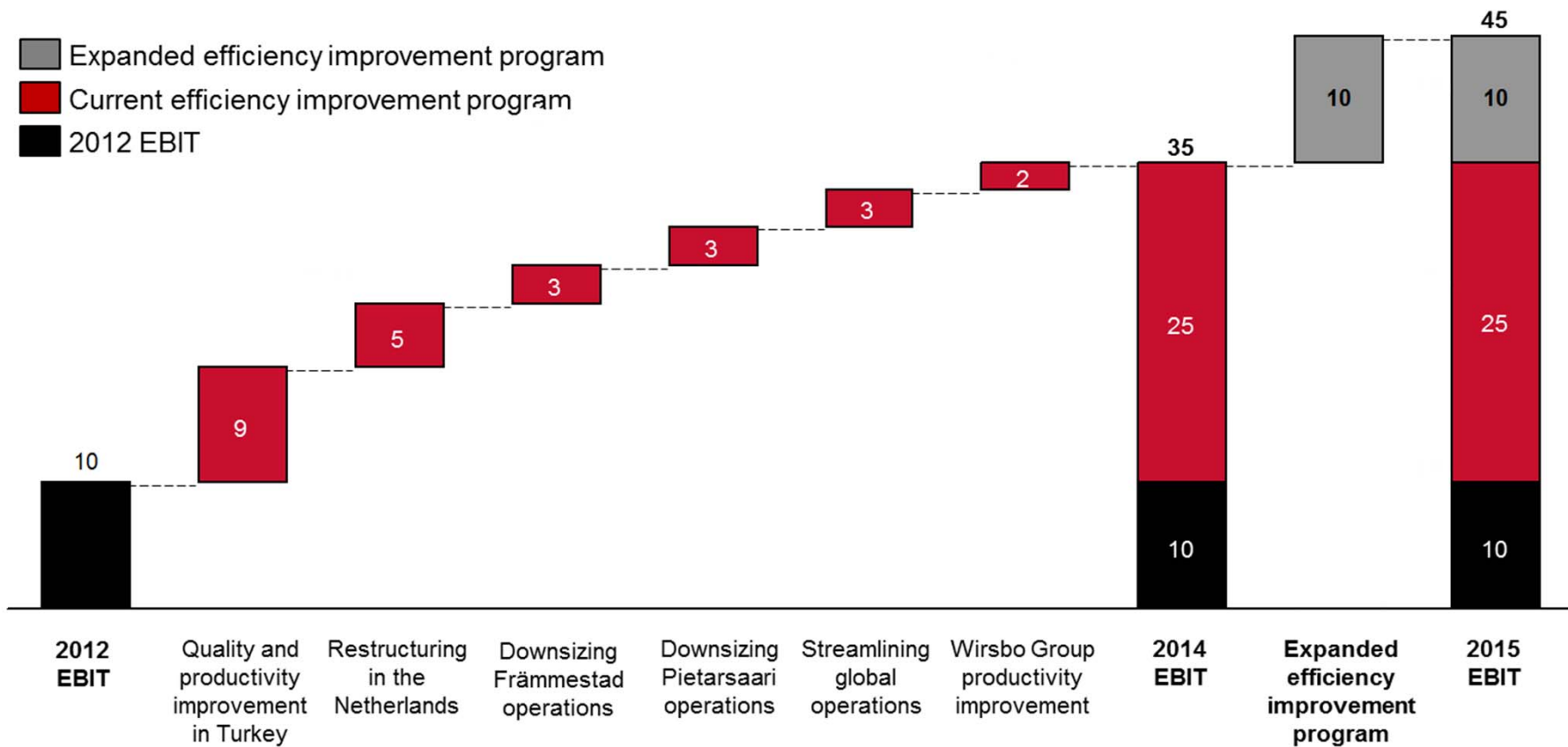
Expansion to efficiency improvement program

- In September 2013 the efficiency improvement program was expanded, aiming to further improve profitability by EUR 10 million in 2015.

Country, unit	New development projects and measures	Total saving
TURKEY Orhangazi foundry	Process improvements in melting operations and the foundry sand system. Productivity and quality are improved and uses of raw materials in the production processes are minimized. These measures are carried out by utilizing the Group's best practices.	altogether EUR 10 million in 2015
HOLLAND Heerlen furan foundry	Capacity utilization rate improvements and further development of productivity through better production planning and management and faster throughput times, and improving the quality. Boosting new sales.	
FINLAND All foundries	Capacity utilization rate improvement and fixed cost reductions. The possible merger of the Pietarsaari foundry with the Pori foundry would strengthen the Group's competitive edge in serving Nordic customers flexibly and cost efficiently.	
TURKEY, SWEDEN Orhangazi, Främmestad	Expansion of the cost efficiency and productivity improvement project. Internal product transfers from Främmestad to Orhangazi will continue. Further development of productivity in Orhangazi machine shop to ensure the cost benefits are achieved from the transferred volumes.	

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Target of 35 MEUR result improvement



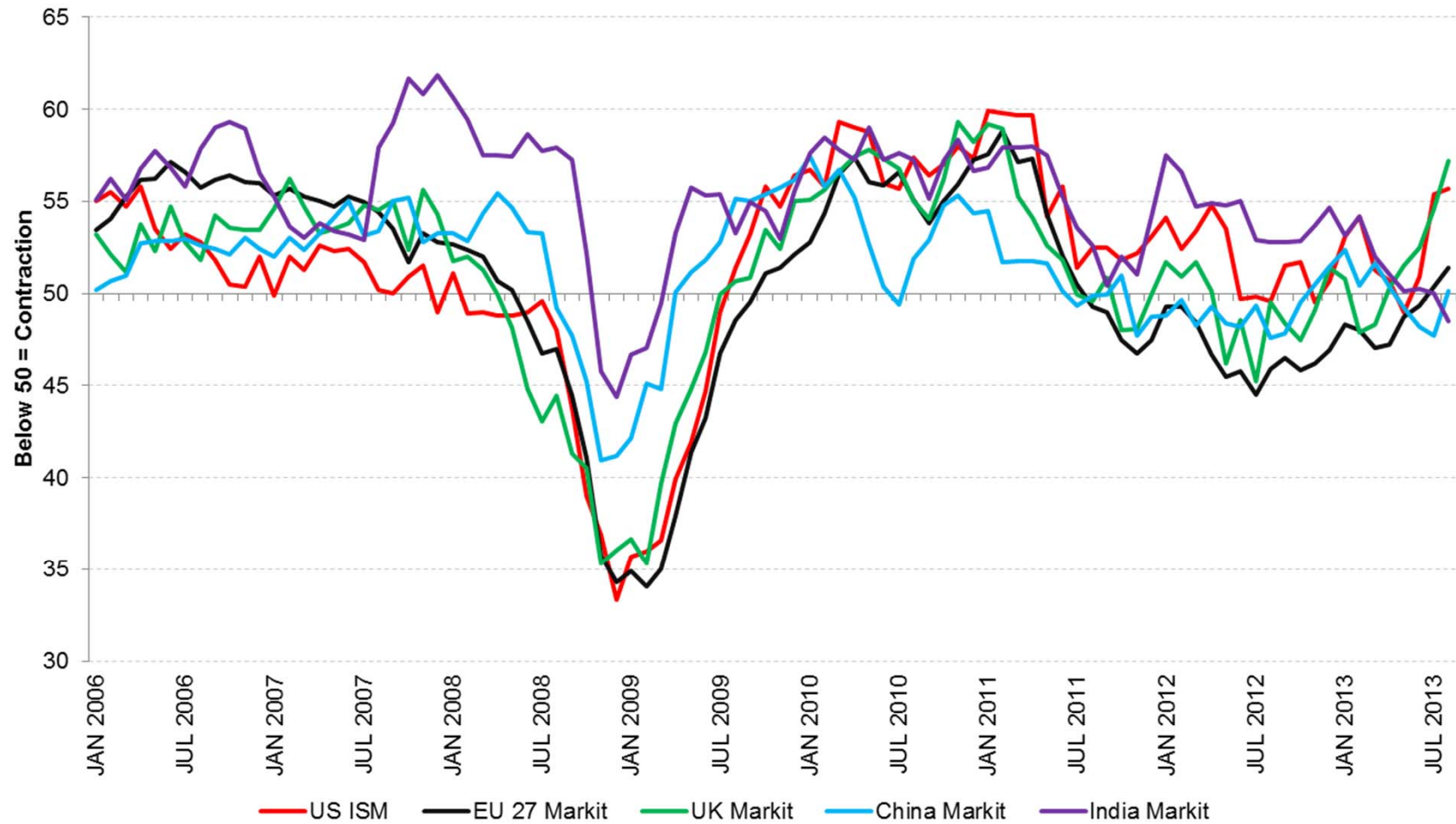
The above figures describe only the impact of the efficiency improvement program and do not take into account developments in volumes.



Indicators of economy

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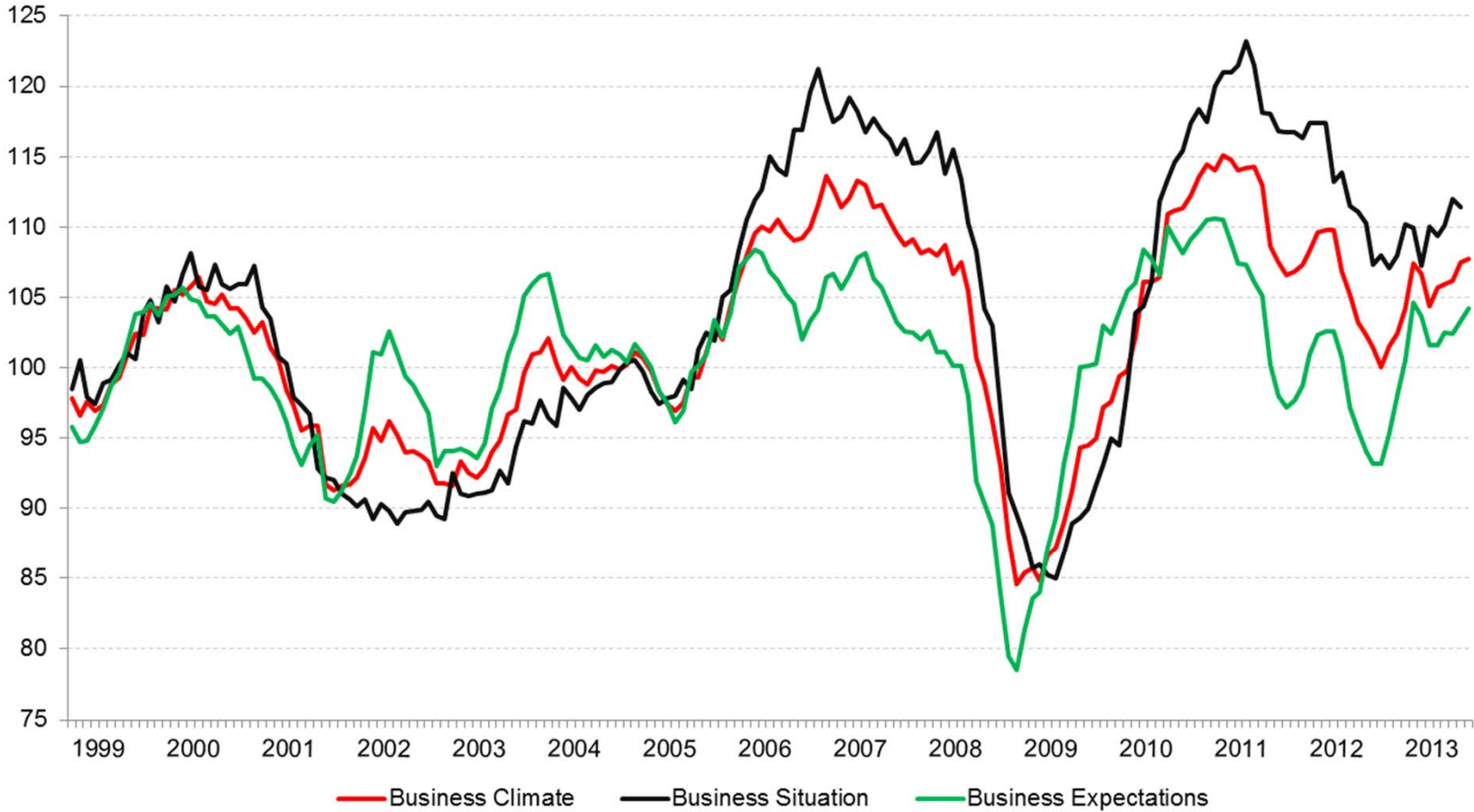
Manufacturing Purchasing Manager Indices



Source: Reuters

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IFO expectations



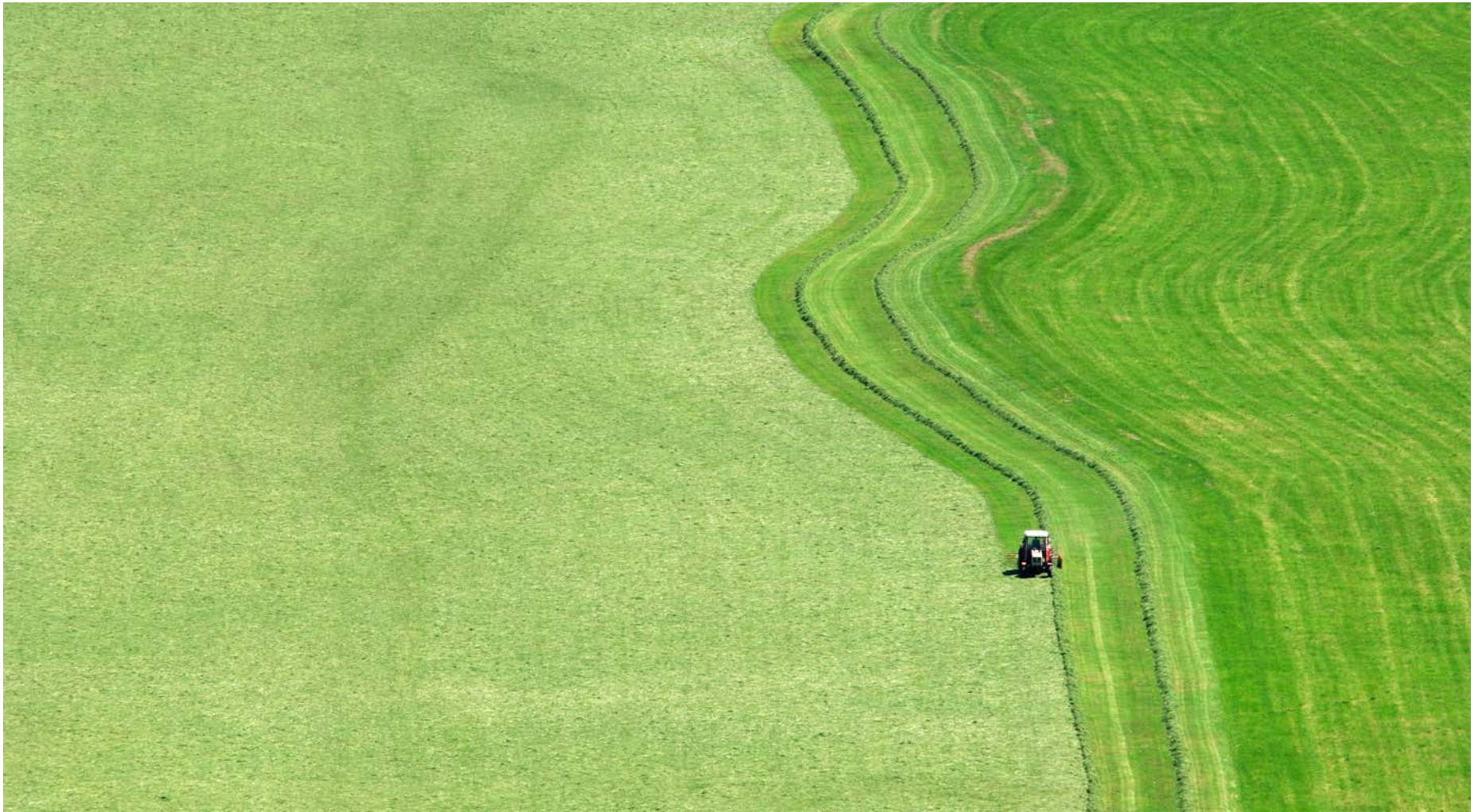
Source: IFO

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CDS Index



Source: Reuters

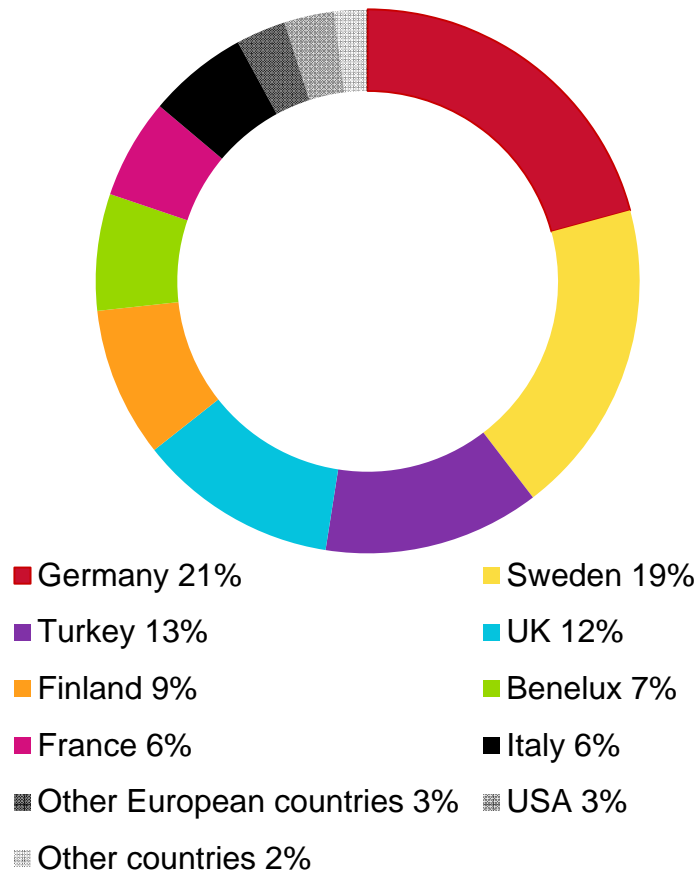


Development of sales and order book

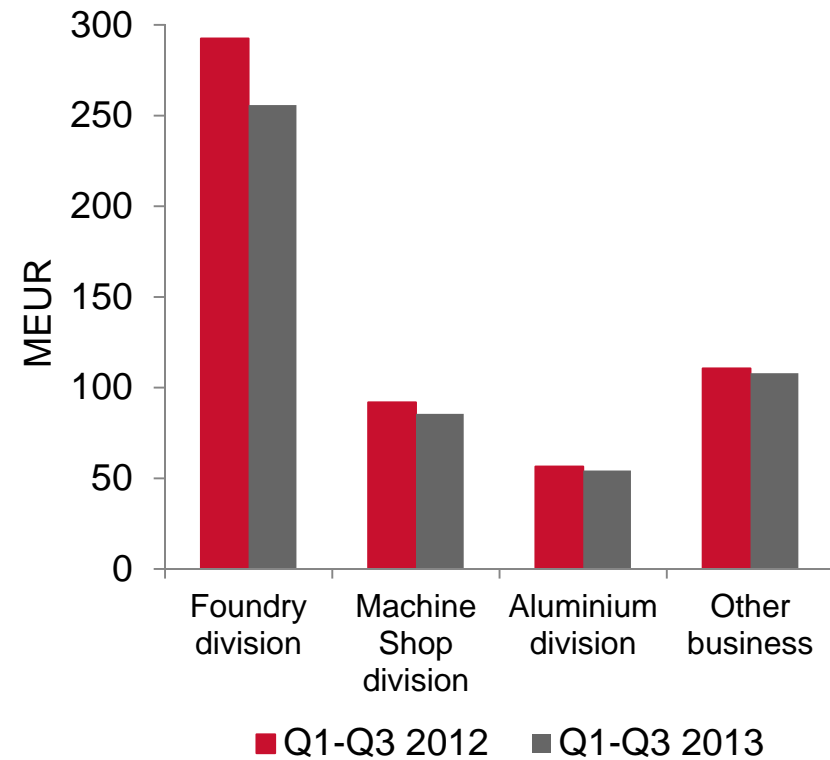
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Sales distribution

Sales by market area Q1-Q3 2013



Sales by business segment *)
Q1-Q3 2012 vs. Q1-Q3 2013



*) Figures excluding internal eliminations

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Sales by customer industry Q1 - Q3 2013



**Heavy
Trucks**

31%

(28%)

**Construction
and Mining**

19%

(24%)

**Machine
Building**

17%

(19%)

**Agricultural
Machinery**

18%

(15%)

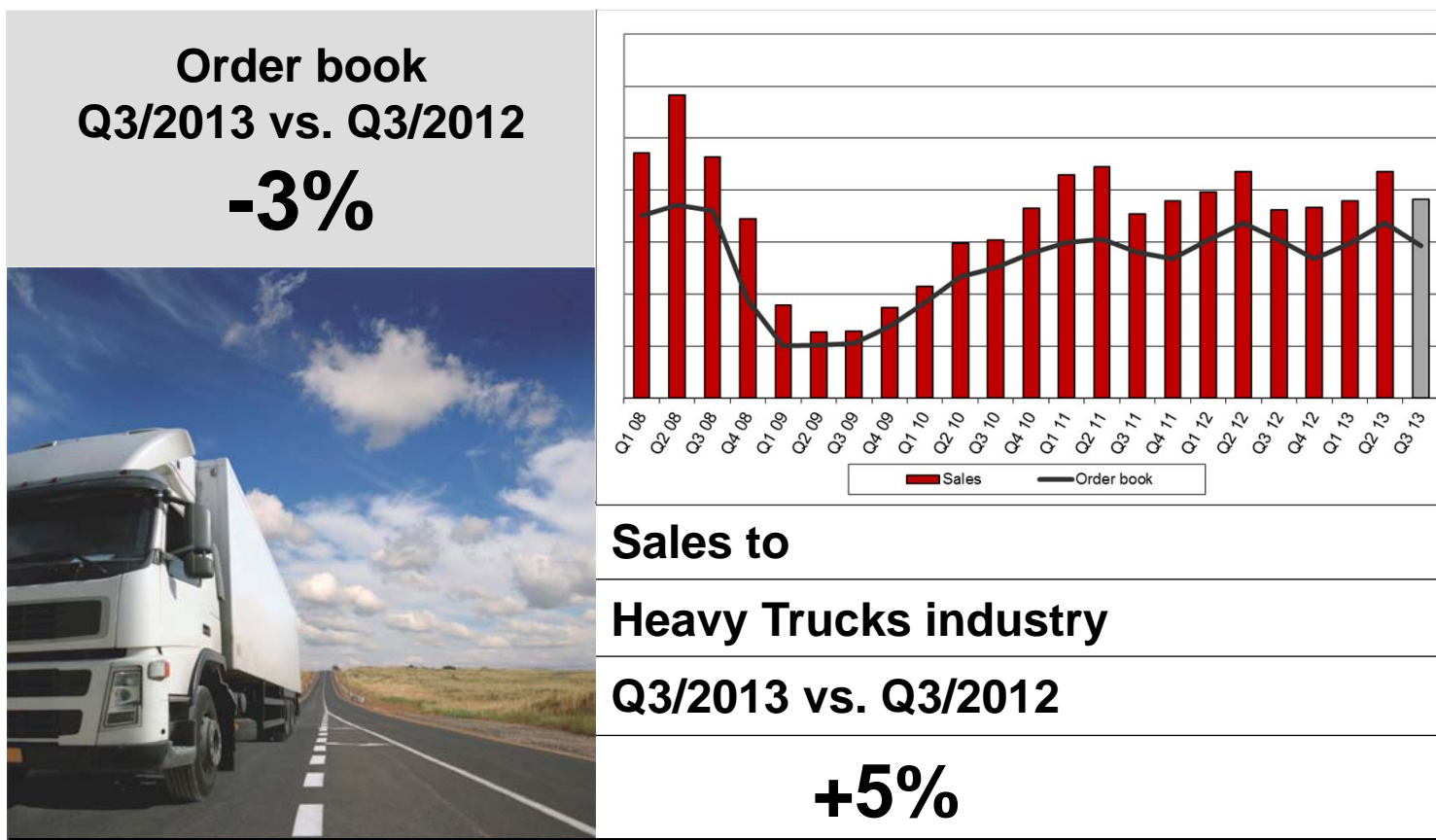
Automotive

15%

(14%)

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Development of sales and order book in Heavy Trucks industry



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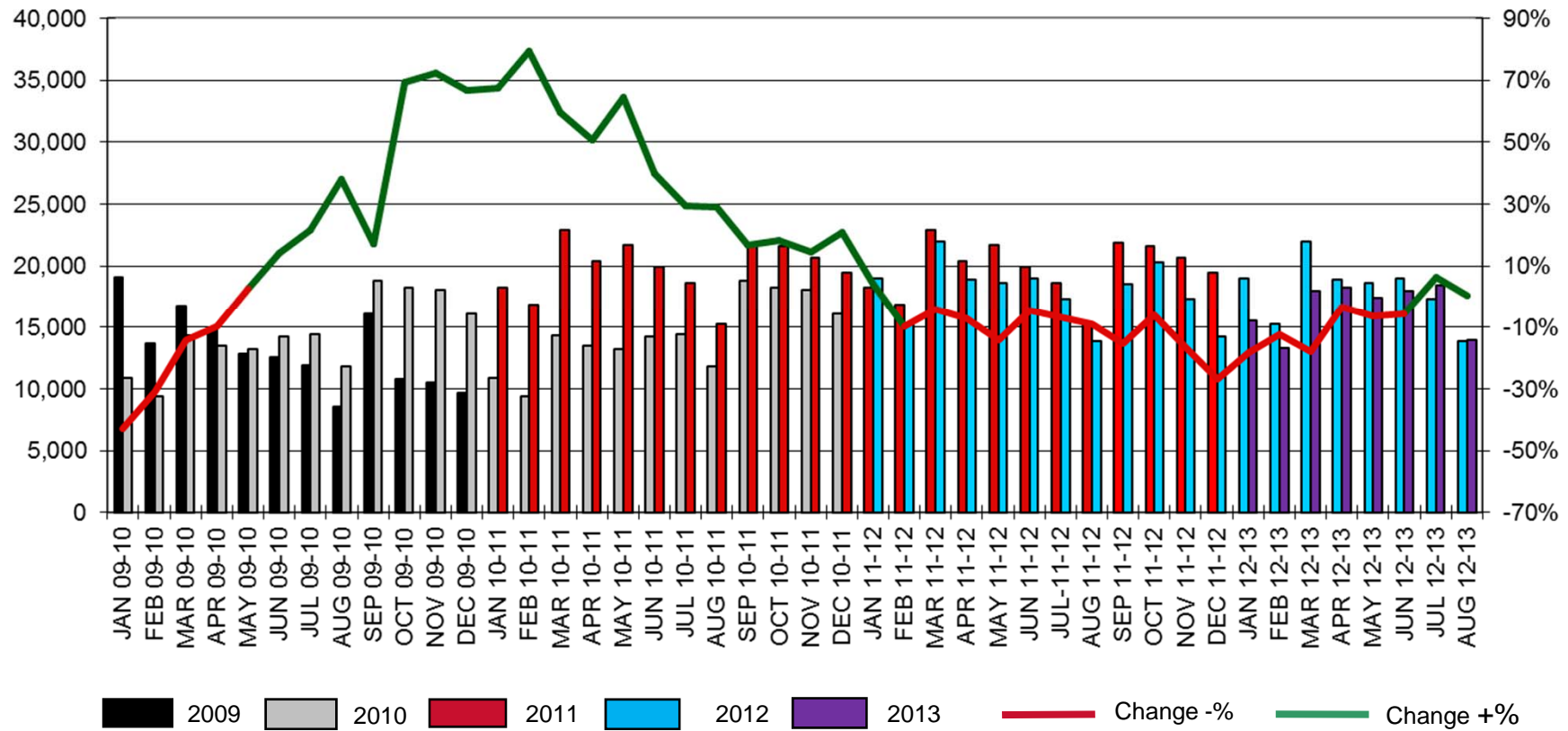
Development of supply chain in Heavy Trucks industry compared to previous year



Sources: Volvo web pages, ACEA

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Registrations of new heavy trucks in Europe (EU27)

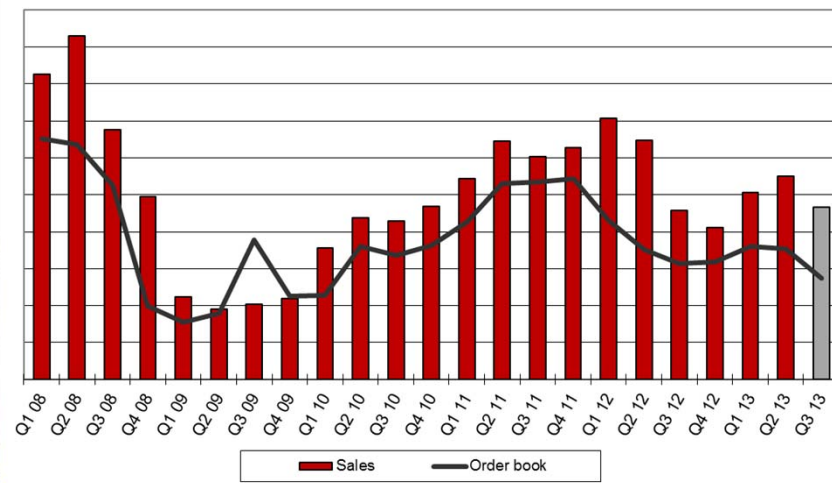


Source: ACEA

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Development of sales and order book in Construction and Mining industry

Order book
Q3/2013 vs. Q3/2012
-13%



Sales to

Construction and Mining industry

Q3/2013 vs. Q3/2012

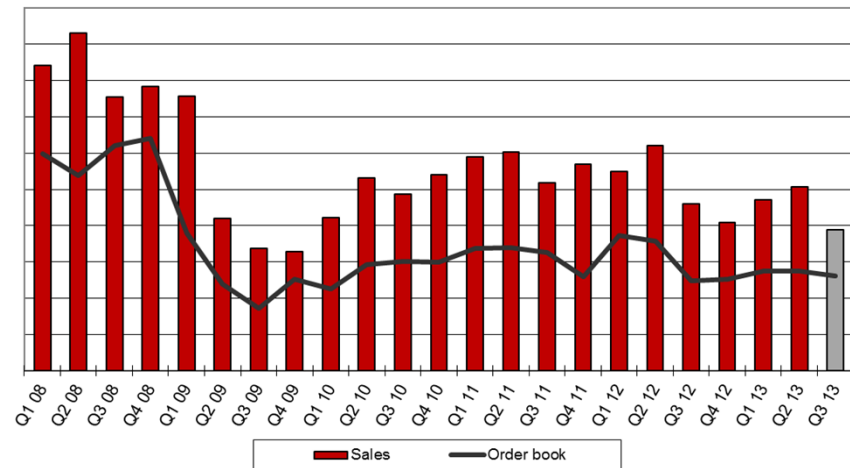
+1%

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Development of sales and order book in Machine Building industry

Order book
Q3/2013 vs. Q3/2012

+4%



Sales to

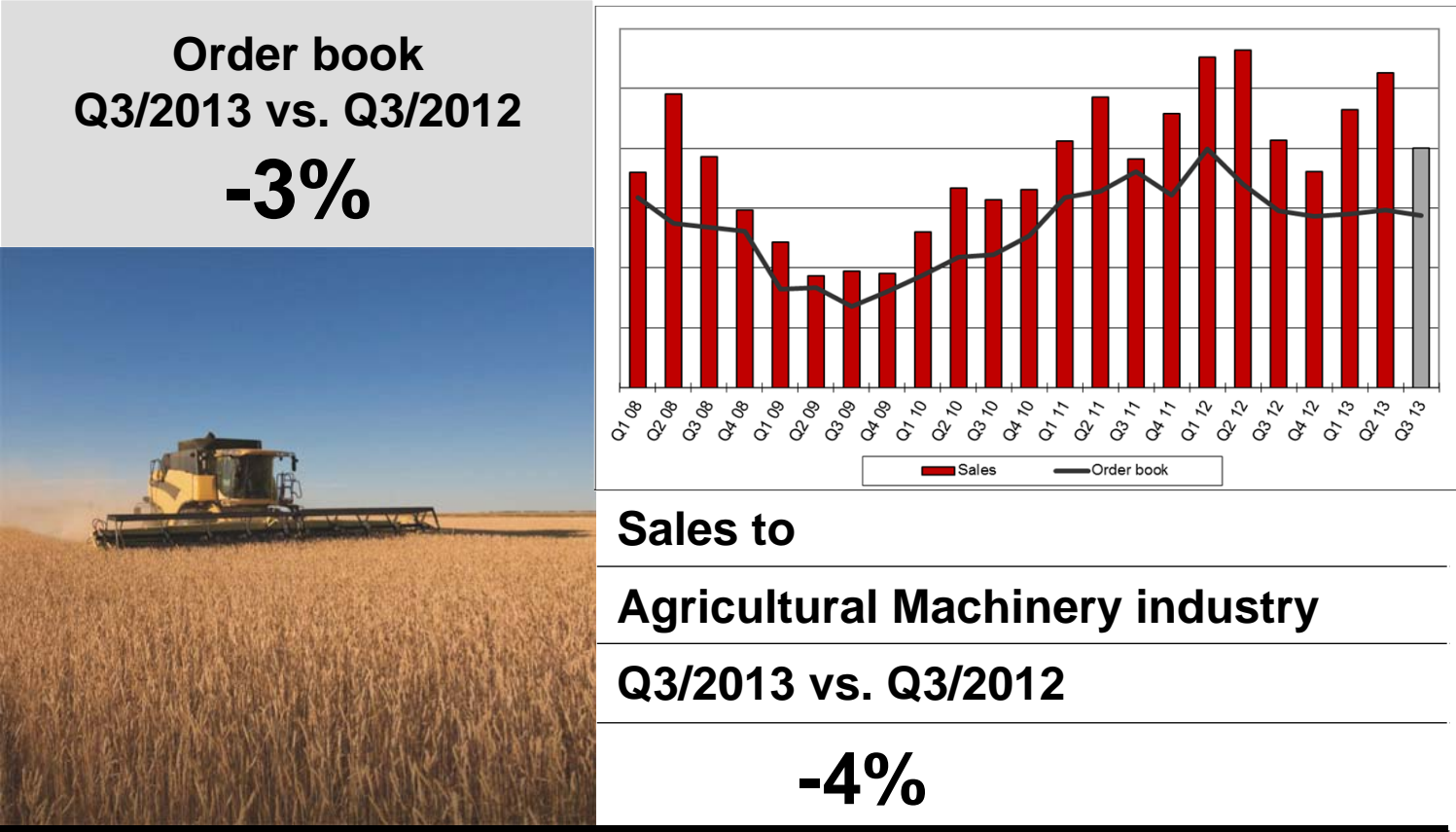
Machine Building industry

Q3/2013 vs. Q3/2012

-16%

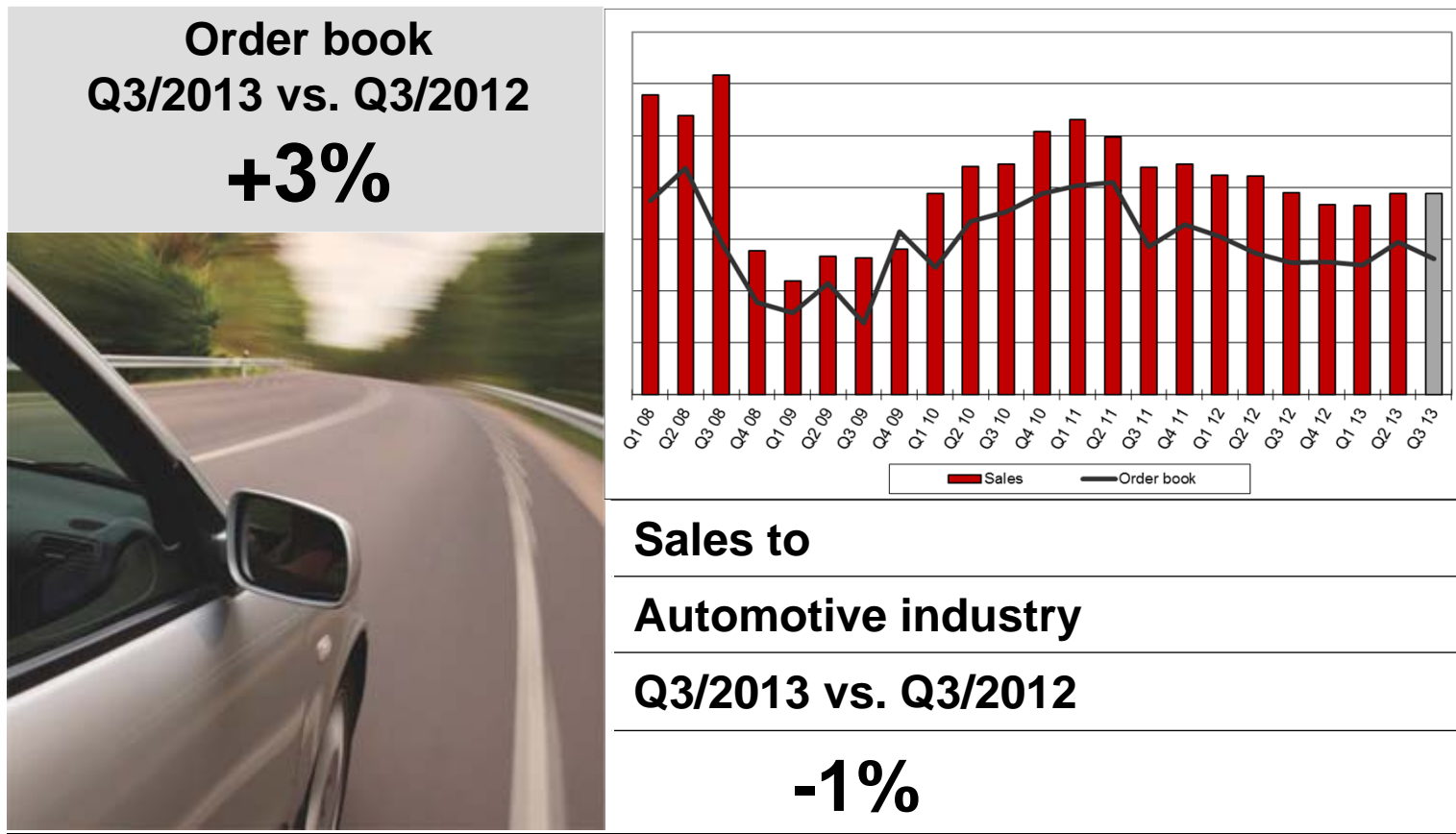
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Development of sales and order book in Agricultural Machinery industry



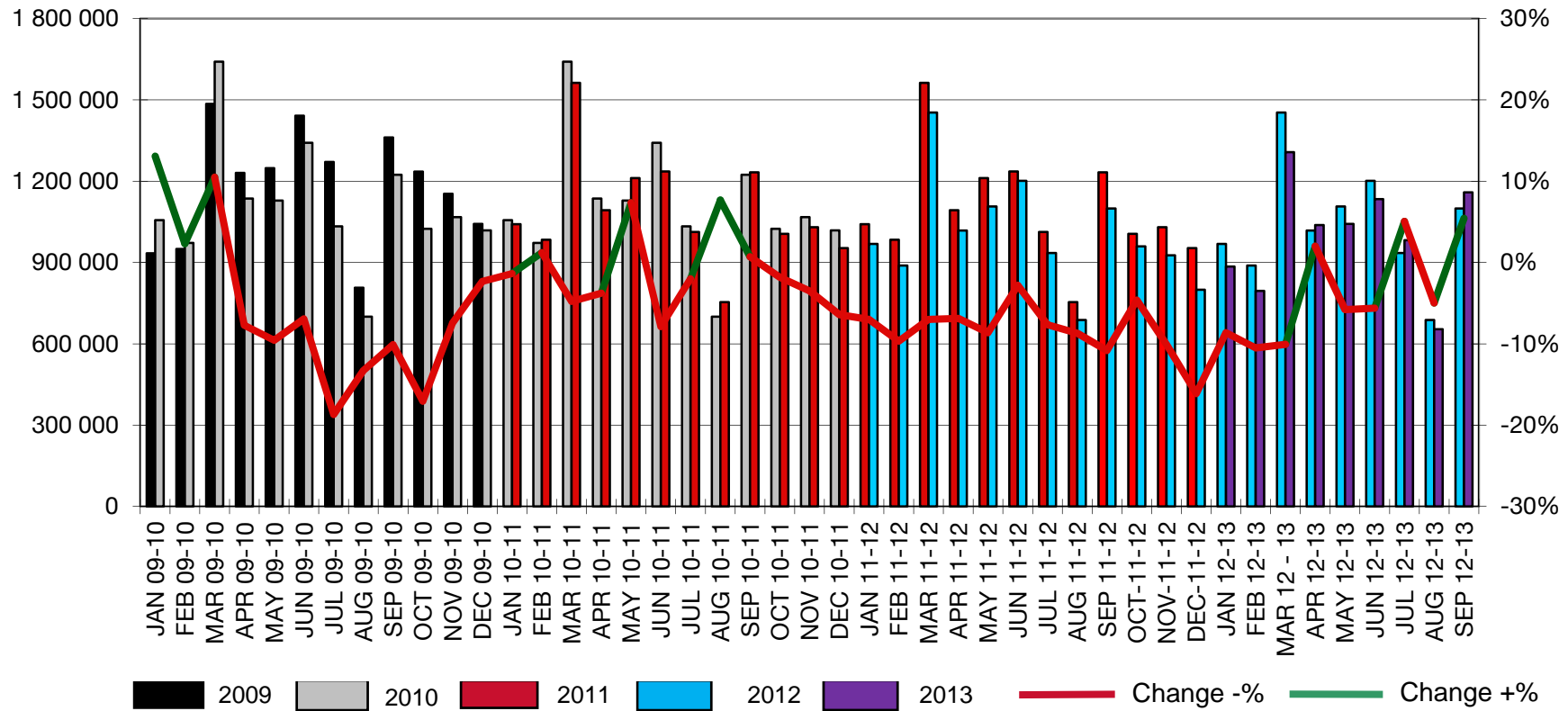
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Development of sales and order book in Automotive industry



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Registrations of new passenger cars in Europe (EU27)



Source: ACEA

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Offers and new sales



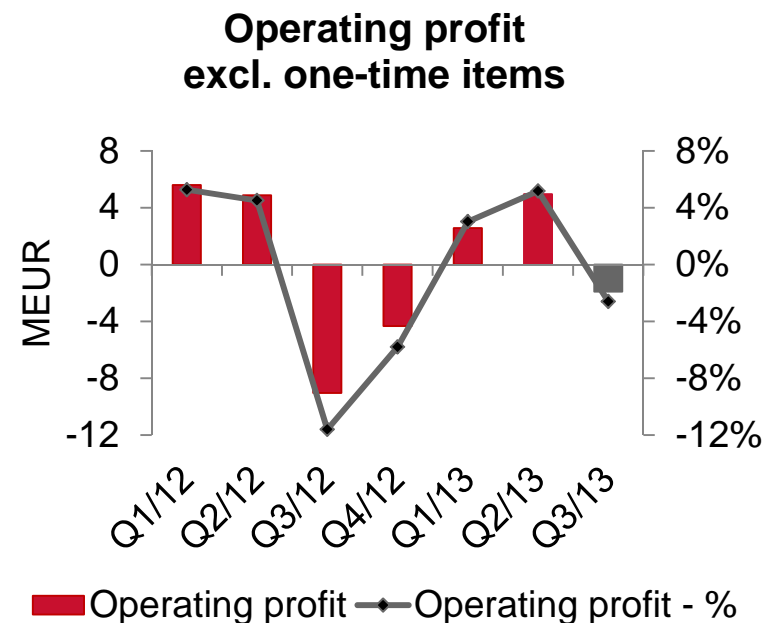
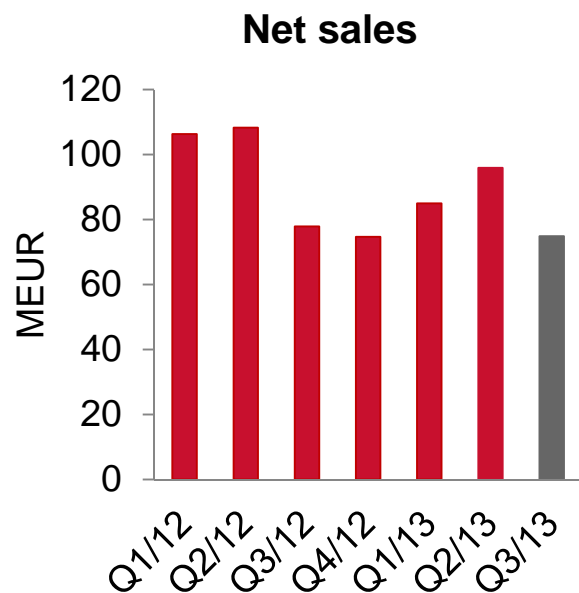
- The offers submitted by the Group during Q1 - Q3/2013 have been at slightly higher level than during the past three years.
- Componenta's new sales has continued as expected in 2013.



Development of business segments

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Development of Foundry Division

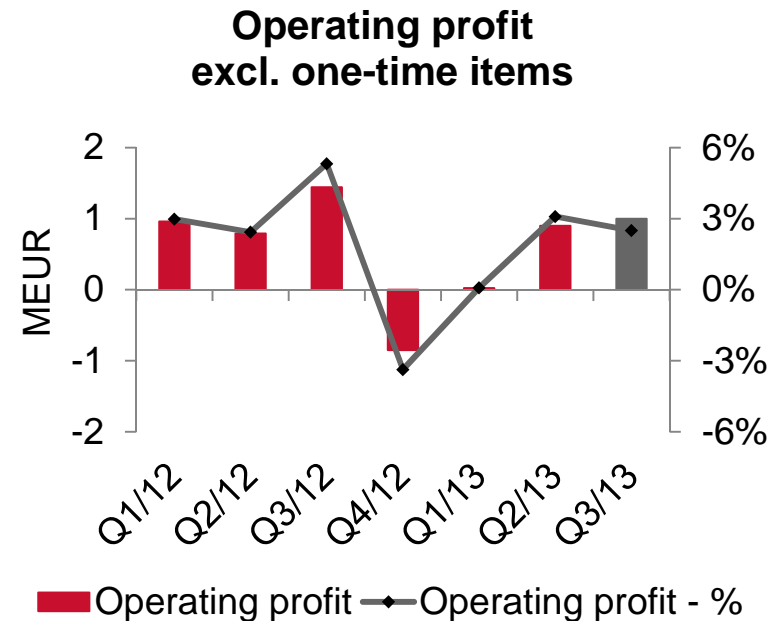
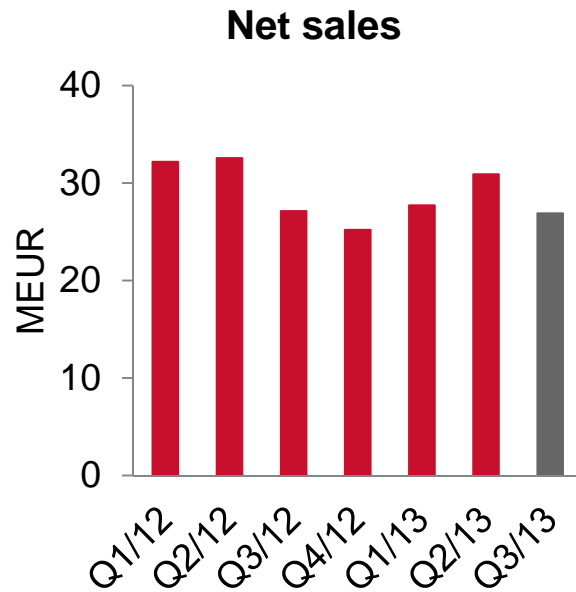


MEUR	Q1-Q3 2013	Q1-Q3 2012	Change
Order book	46.7	56.4	-17%
Net sales	255.8	292.5	-13%
Operating profit	5.6	1.4	+286%
Personnel	2,920	3,017	-3%

- Net sales for Foundry division decreased 4% in July - September compared to the same period last year.
- Operating profit in July - September rose from the previous year thanks to greater efficiency in operations, the cost savings and the weakening of the Turkish lira.

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Development of Machine Shop Division

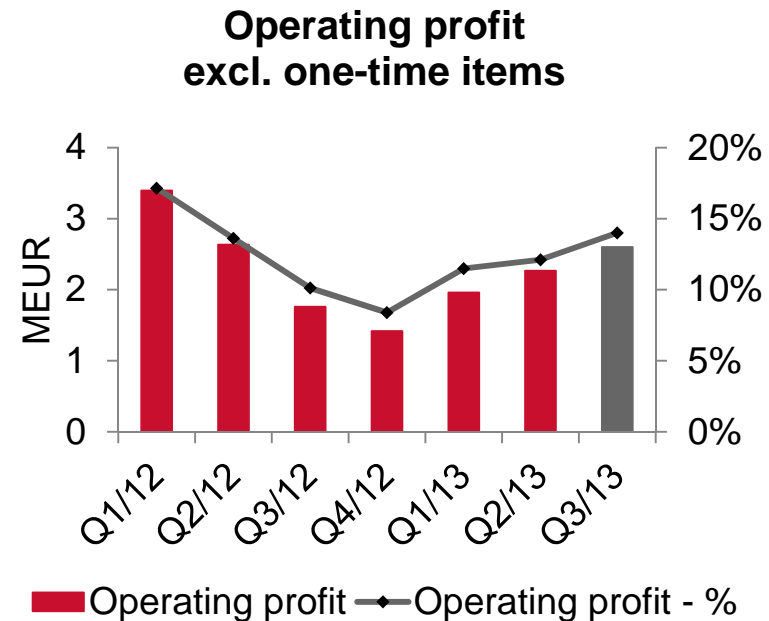
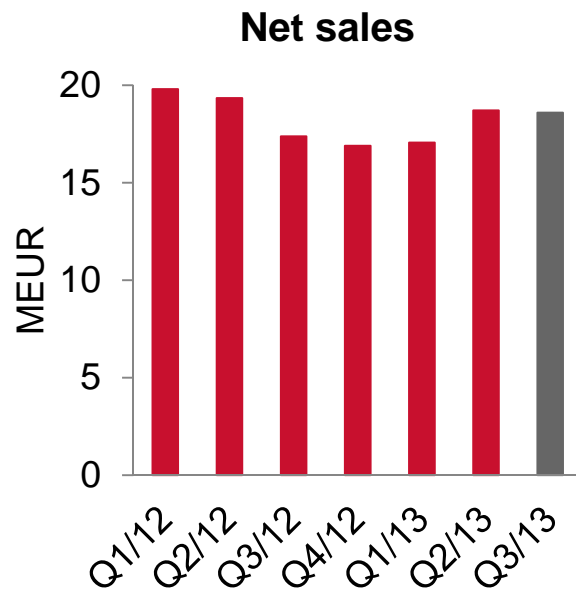


MEUR	Q1-Q3 2013	Q1-Q3 2012	Change
Order book	19.2	18.9	+1%
Net sales	85.3	91.9	-7%
Operating profit	1.8	3.2	-43%
Personnel	396	406	-2%

- Net sales for Machine Shop Division decreased 1% from the same period a year before.
- Operating profit in July - September declined from the previous year due to lower volumes and productivity problems.

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Development of Aluminium Division



MEUR	Q1-Q3 2013	Q1-Q3 2012	Change
Order book	13.0	11.4	+14%
Net sales	54.3	56.5	-4%
Operating profit	6.8	7.8	-12%
Personnel	786	692	+14%

- Net sales for Aluminium Division grew 7% on Q3/2013 compared to same period in previous year.
- Operating profit in July – September increased from the corresponding quarter in the previous year because of higher volumes and the weakening of the Turkish lira.



Prospects 2013

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Business environment 2013



Demand outlook improving



At the end of September the order book for Componenta's heavy trucks customer sector was 3% down on the corresponding time in the previous year.

Demand for heavy trucks is expected to be higher in the final quarter of the year than in the same period in the previous year.



Demand outlook decreasing



The order book for Componenta's construction and mining customer sector was 13% lower at the end of September than at the same time in the previous year.

Demand for construction and mining machinery is expected to decline slightly during the final quarter of 2013 as customers prepare for end of year stoppages.

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Business environment 2013



Demand outlook improving



At the end of the review period, the order book for Componenta's machine building customer segment was 4% higher than at the same time in the previous year.

Prospects in the machine building industry are expected to improve in the final quarter compared to the same period in the previous year.



Demand outlook stable



The order book for Componenta's agricultural machinery customer sector was 3% lower at the end of September than at the same time in the previous year.

Demand for agricultural machinery is expected to remain stable in the final part of 2013.



Demand outlook improving



The order book for Componenta's automotive customer sector was 3% higher at the end of September than at the same time in the previous year.

Componenta's deliveries to the automotive industry are expected to increase in the final quarter from the previous year.

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Prospects for Componenta in 2013

- The prospects for Componenta for the rest of 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 investment in Componenta's customer sectors. Componenta's order book declined 4% from the corresponding period in the previous year to EUR 84 (87) million.
- Net sales in 2013 are expected to remain at the same level as in the previous year and, 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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