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Componenta Corporation Interim Report 1 January - 30 June 2012

Heikki Lehtonen
President and CEO

13 July 2012



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Income statement

MEUR	Q1-Q2/2012	Q1-Q2/2011	Change
Order book	100	111	-10%
Net sales	307	301	2%
EBITDA excluding one-time items	27.3	28.8	-5%
Operating profit, excluding one-time items	19.1	19.2	-1%
Financial income and expenses	-14.8	-11.9	24%
Result after financial items, excluding one-time items	4.3	7.3	-42%
One-time items	-0.2	-3.1	-94%
Net result	2.3	3.3	-32%
Earnings/share, excluding one-time items, EUR	0.07	0.29	-76%
Cash flow from operations	5.6	-1.3	n/m
Capacity utilization rate, %	72	74	n/m
Cash and committed unused credit facilities	38	57	-33%

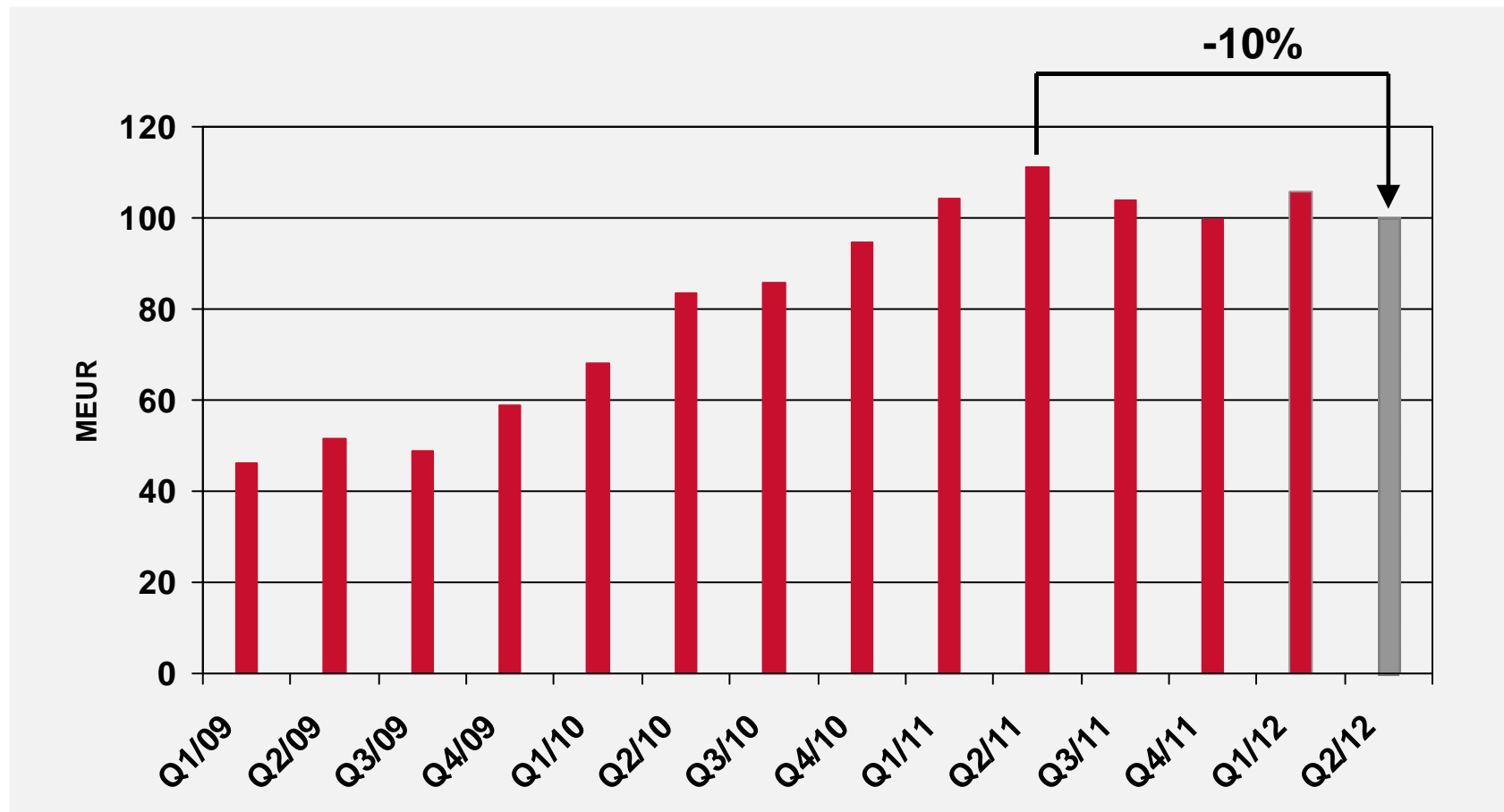
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Q2/2012 briefly

MEUR	Q2/2012	Q2/2011	Change
Net sales	156	156	0%
EBITDA ,excluding one-time items	12.8	15.5	-17%
Operating profit, excluding one-time items	8.9	10.7	-17%
Financial income and expenses	-7.4	-6.6	12%
Result after financial items, excluding one-time items	1.4	4.1	-65%
One-time items	-0.2	-0.6	-83%
Net result	-0.3	2.5	n/m
Earnings/share, excluding one-time items, EUR	-0.04	0.16	-125%
Cash flow from operations	0.3	5.3	n/m
Capacity utilization rate, %	73	76	n/m

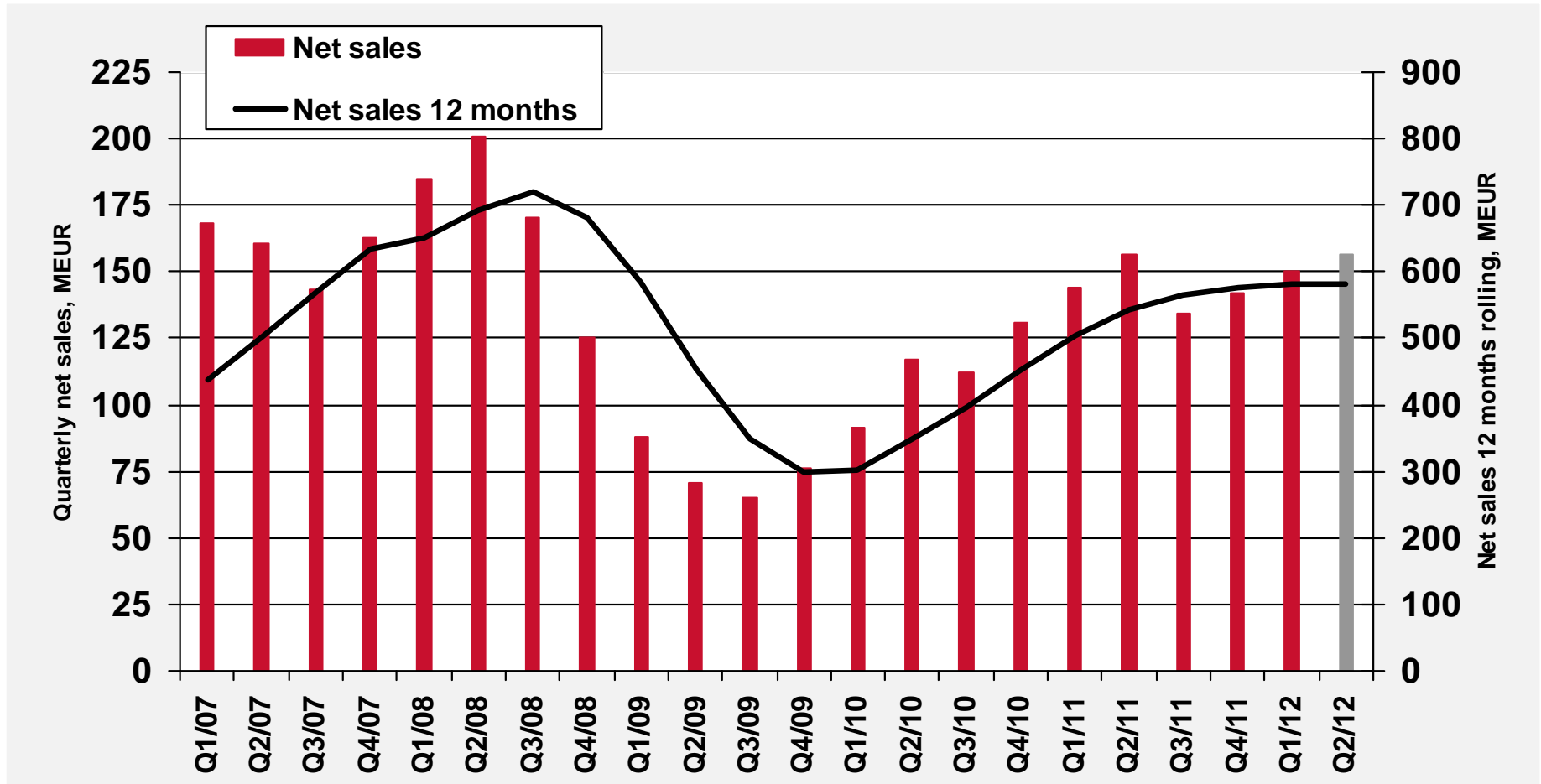
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Quarterly development of order book (incl. orders for coming two months)



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Quarterly development of net sales 2007 – Q2/2012



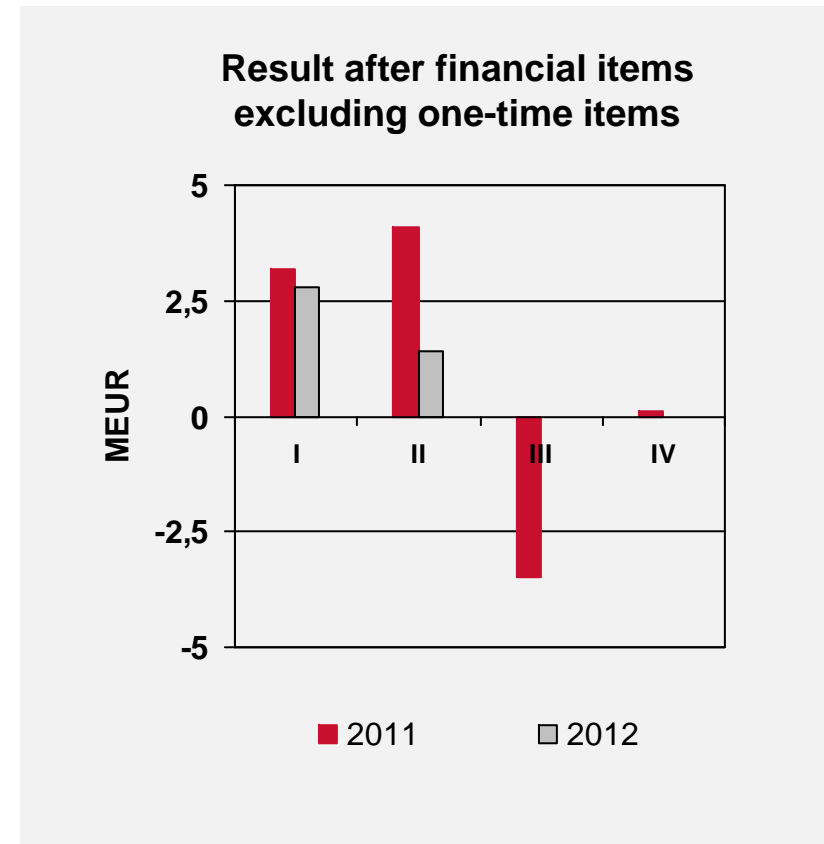
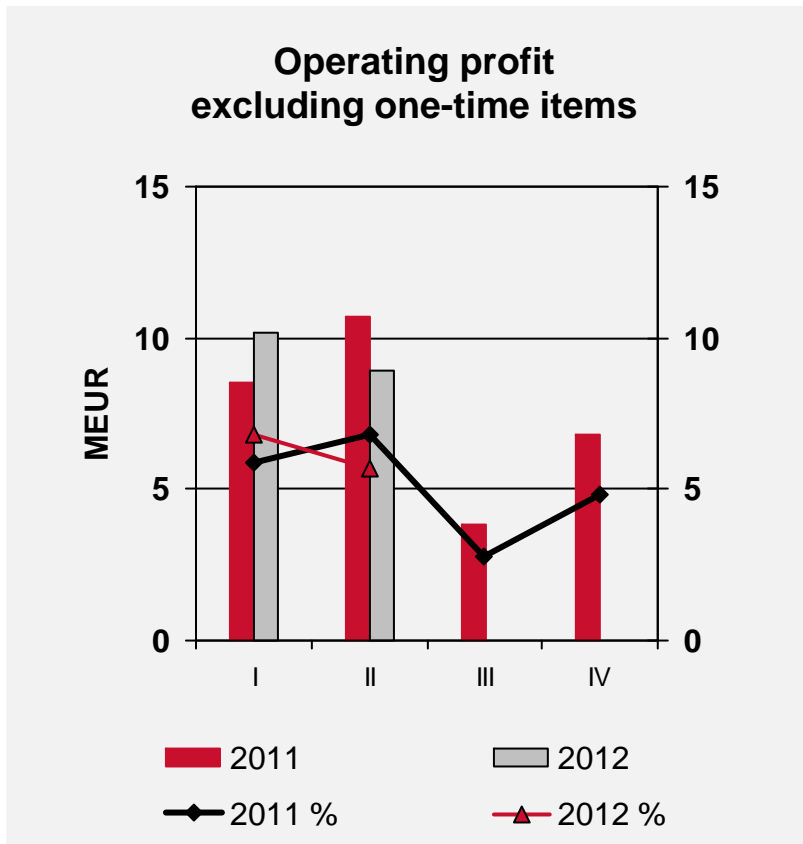
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Analysis of changes in income statements excl. one-time items Q1-Q2/2012 vs. Q1-Q2/2011

MEUR	Q1/2012	Q1/2011	Diff.	Q2/2012	Q2/2011	Diff.
Net sales	150.4	144.1	4%	156.4	156.5	0%
Value of production	154.3	150.0	3%	158.5	159.1	0%
Materials	-62.8	-61.5	2%	-64.9	-64.4	1%
Direct wages and external services	-33.0	-33.6	-2%	-36.7	-36.1	2%
Other variable and fixed costs	-44.1	-41.6	6%	-44.1	-43.0	3%
Costs total	-139.8	-136.7	2%	-145.7	-143.6	1%
EBITDA	14.5	13.3	9%	12.8	15.5	-17%

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



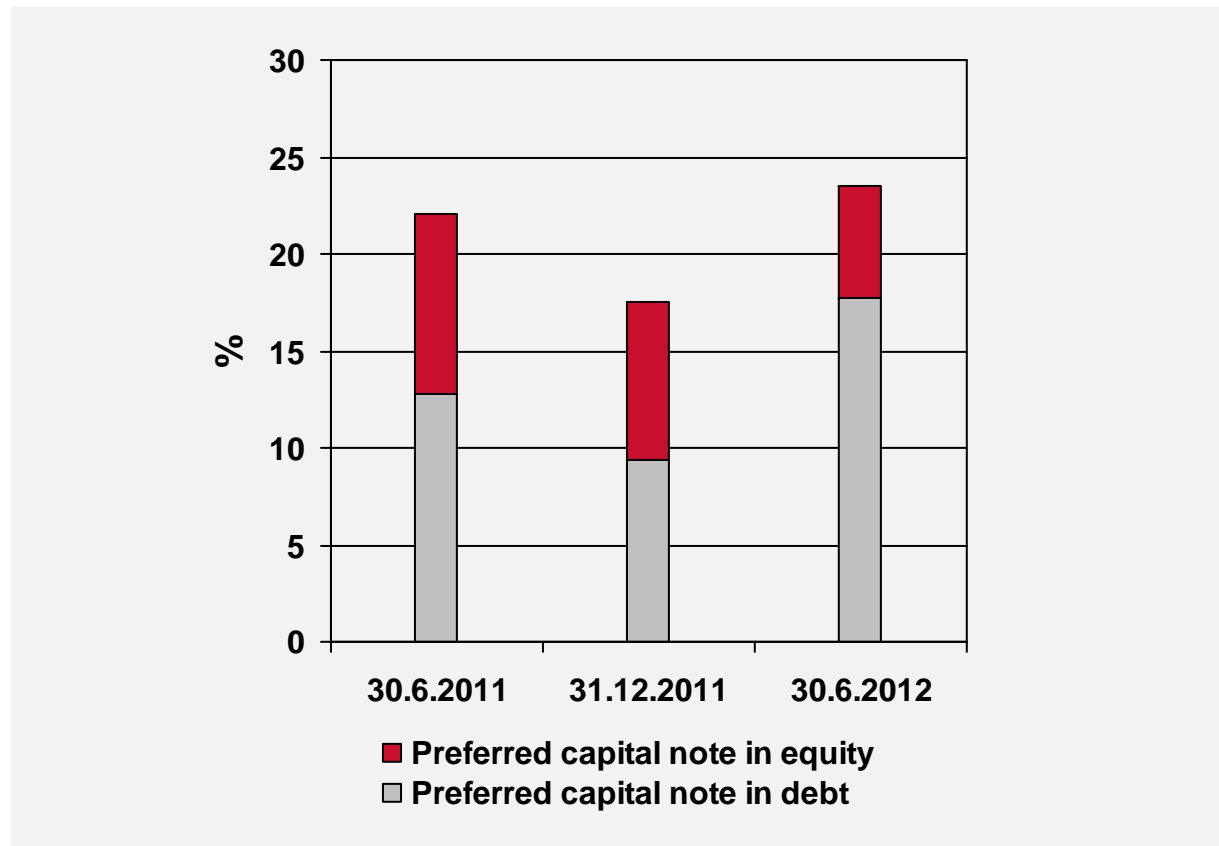
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Key ratios

	30.6.2012	30.6.2011	31.12.2011
Equity ratio, preferred capital note in equity, %	23.5	22.5	17.5
Return on equity, excluding one-time items, %	7.0	18.7	5.1
Return on equity, %	6.5	10.7	-5.8
Return on investment, excluding one-time items, %	12.2	13.1	10.2
Return on investment, %	12.0	11.1	7.8
Net interest bearing debt, preferred capital note in equity, MEUR	183.5	195.8	207.5
Net gearing, preferred capital note in equity, %	167.0	208.8	271.2
Order book, MEUR	99.9	111.2	99.5
Investments in production facilities, MEUR	9.7	7.4	21.8
Personnel at the end of period, including leased personnel	4,842	4,815	4,665

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Equity ratio, %



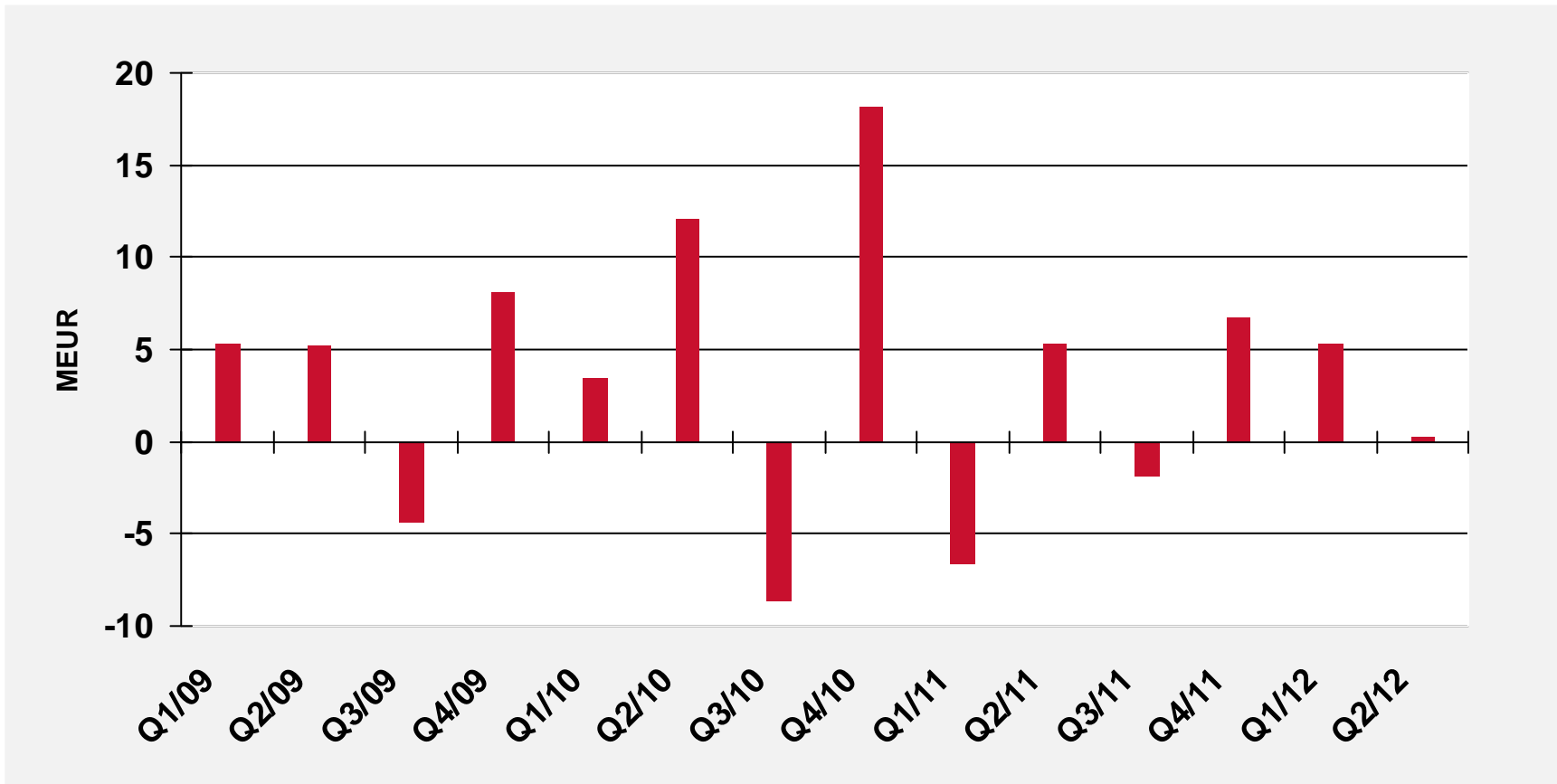
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Cash flow statement

MEUR	1-6/2012	1-6/2011	1-12/2011
Cash flow from operations before change in net working capital, financing and taxes	27.6	27.5	42.2
Change in net working capital	-6.6	-18.5	-10.0
Cash flow from operations before financing and taxes	20.9	9.0	32.2
Cash flow from operations	5.6	-1.3	3.6
Cash flow from investments	-10.3	-7.0	-12.7
Cash flow from financing activities	0.3	4.2	41.0
Change in liquid assets	-4.4	-4.1	31.9

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Development of net cash flow from operations

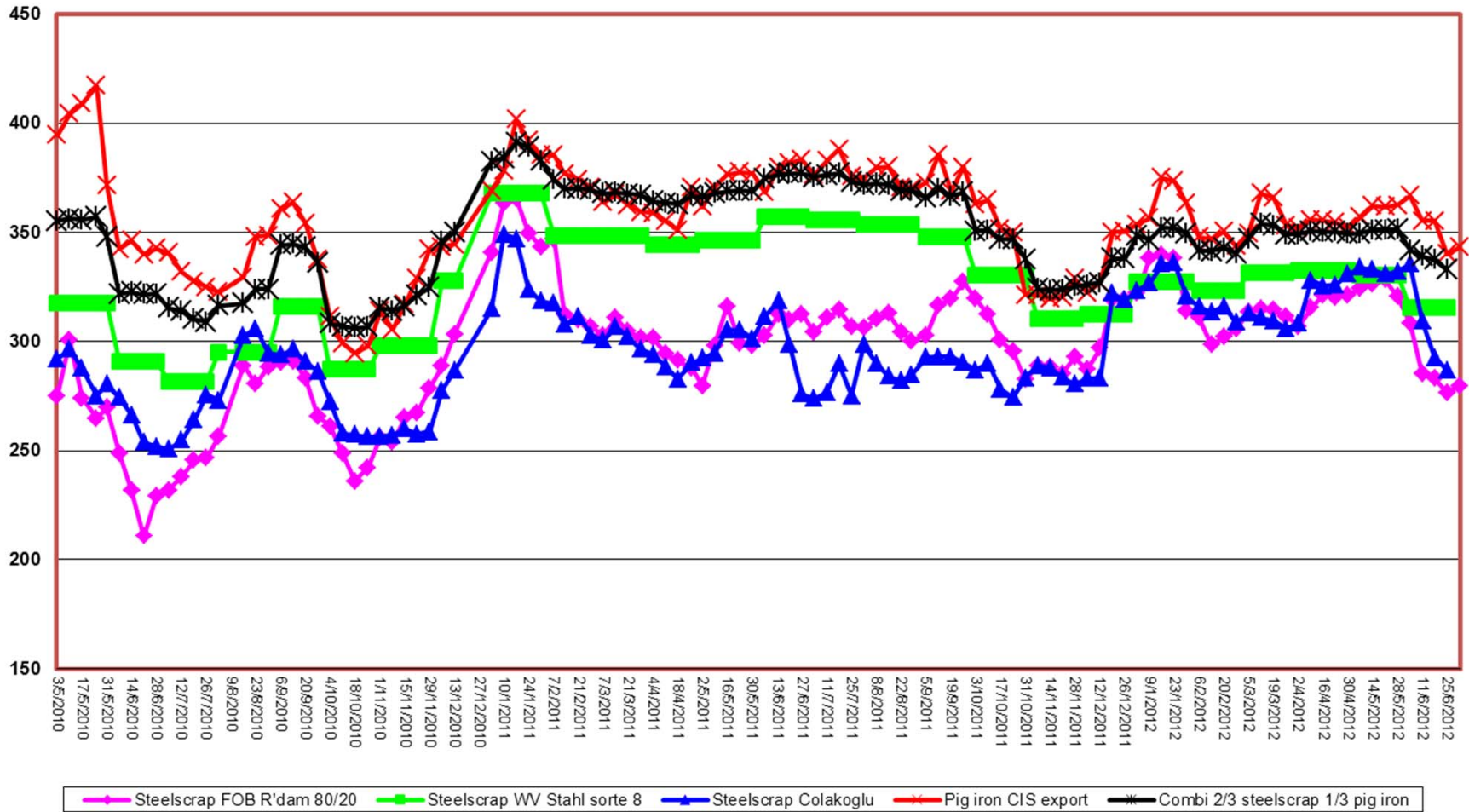


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Pig iron and steelscrap indexes

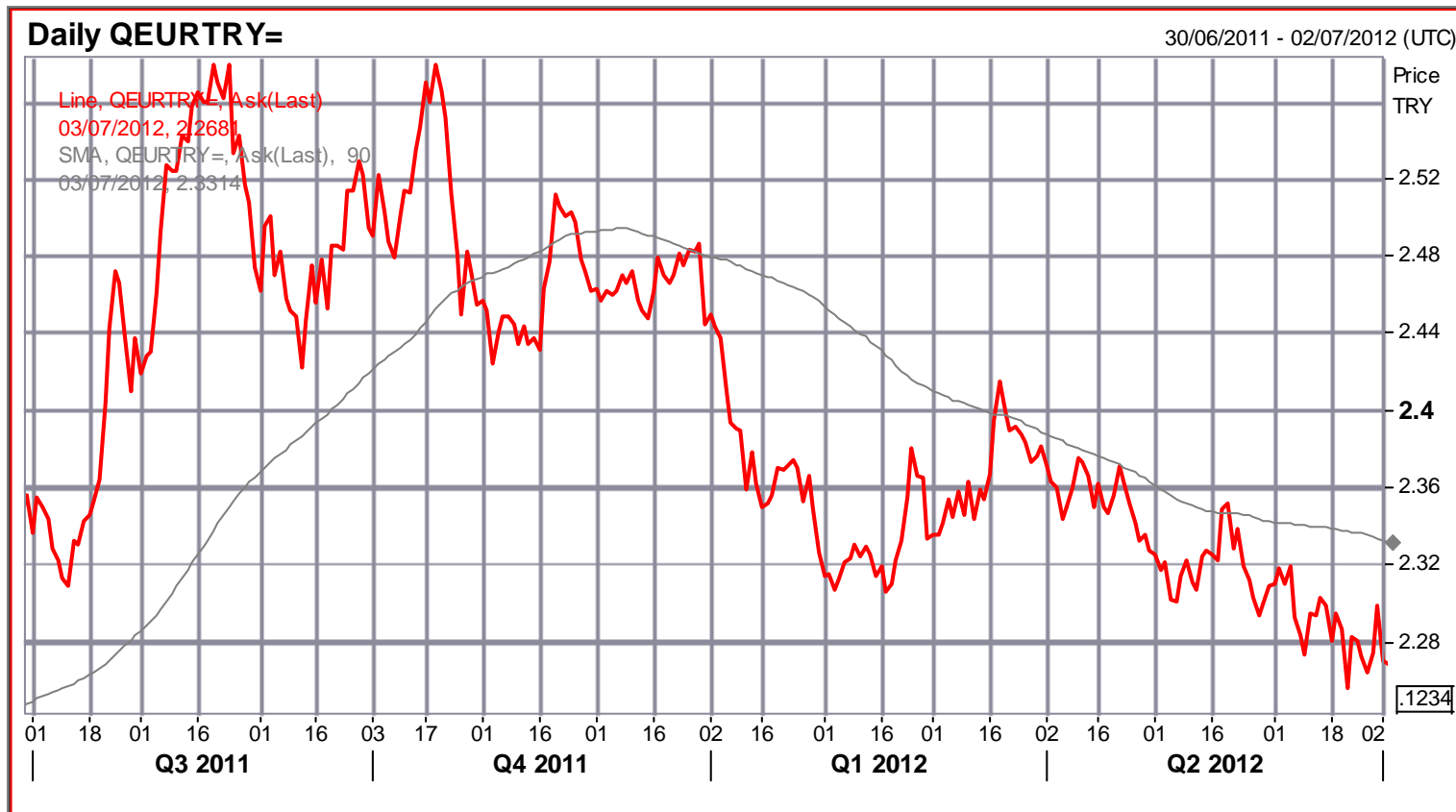
Pig iron and steelscrap indexes

Source: Metal Bulletin and WV Stahl



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Development of exchange rates Turkish lira



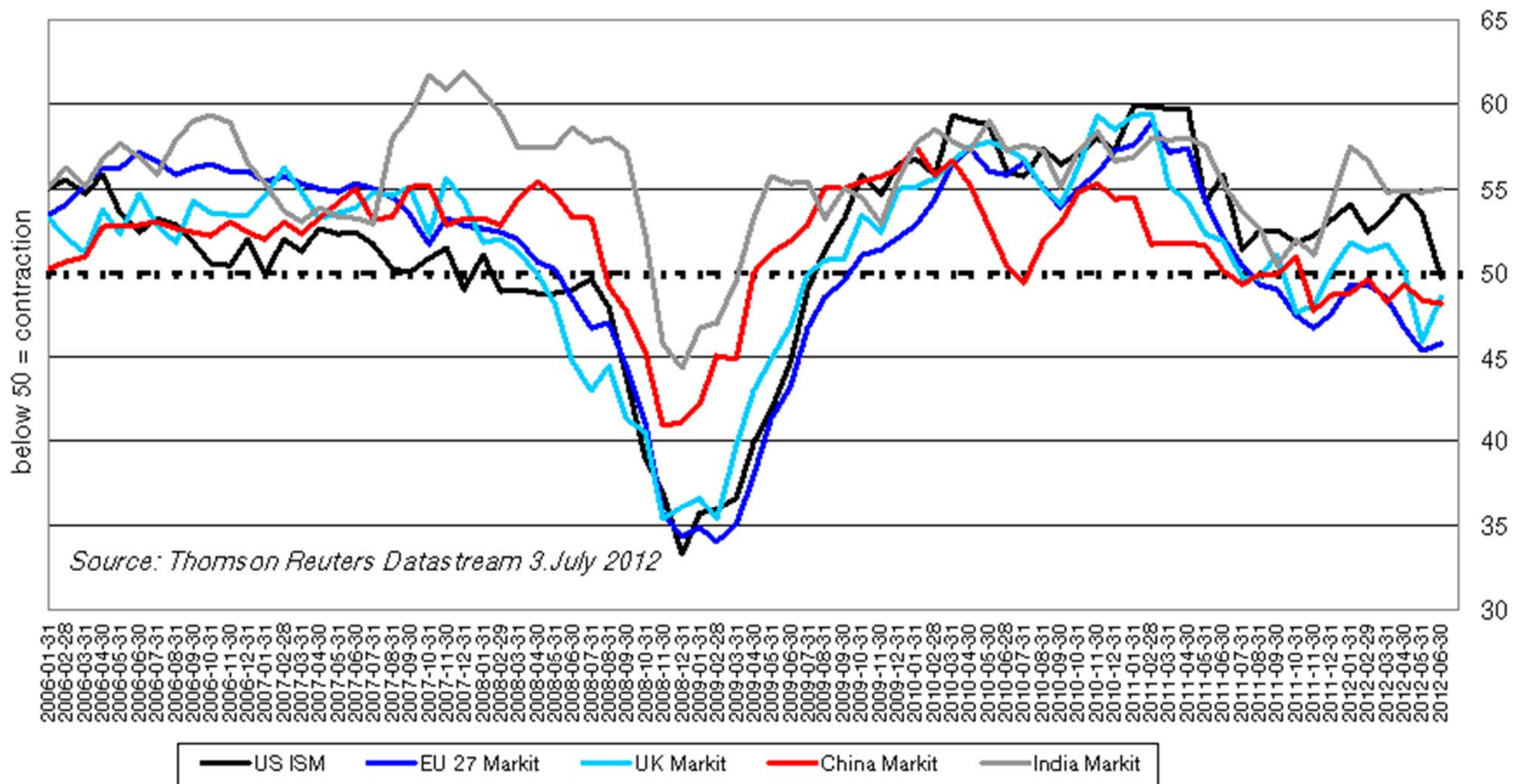
Source: Reuters



Indicators of economy

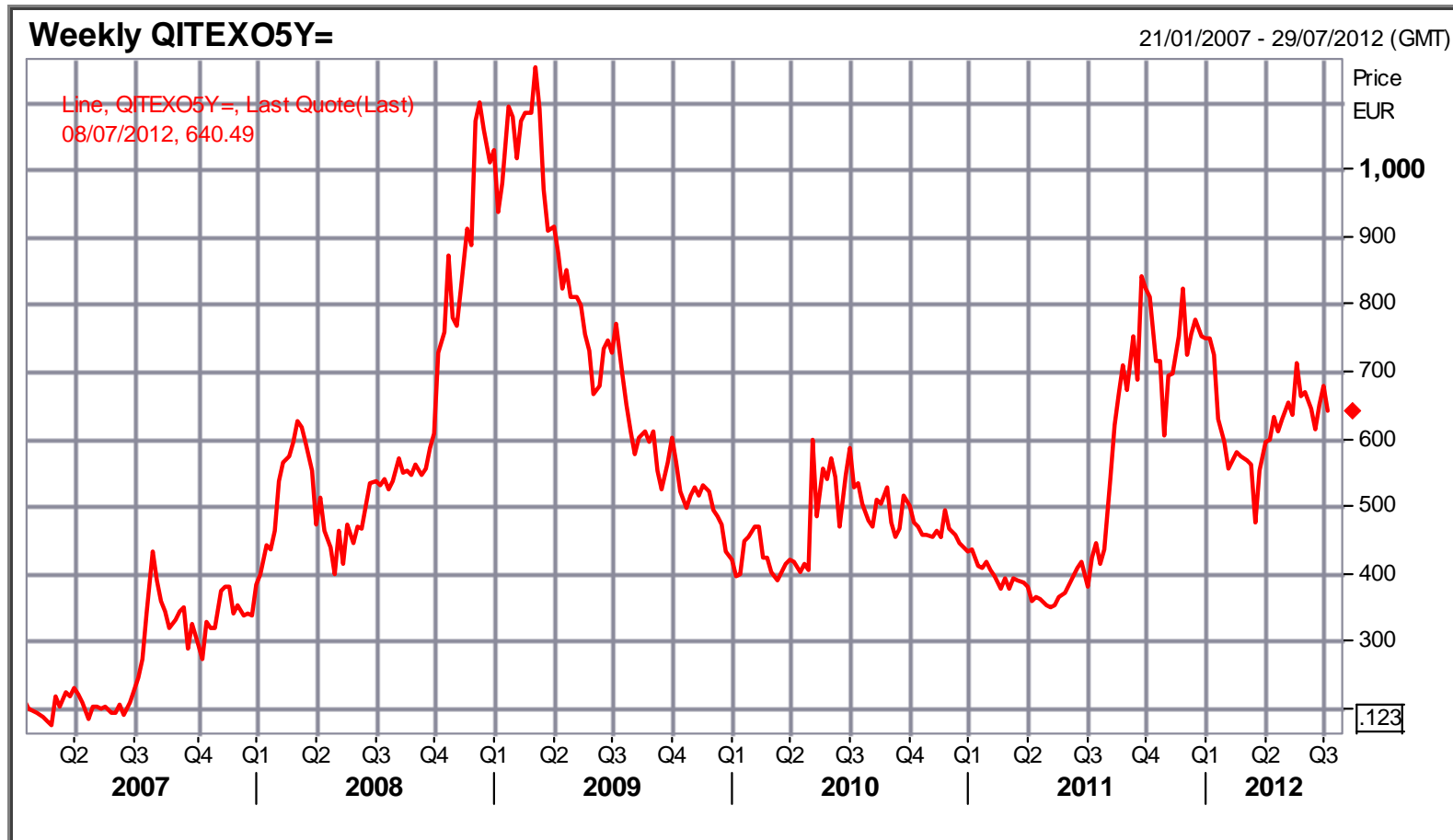
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Manufacturing Purchasing Manager Indices

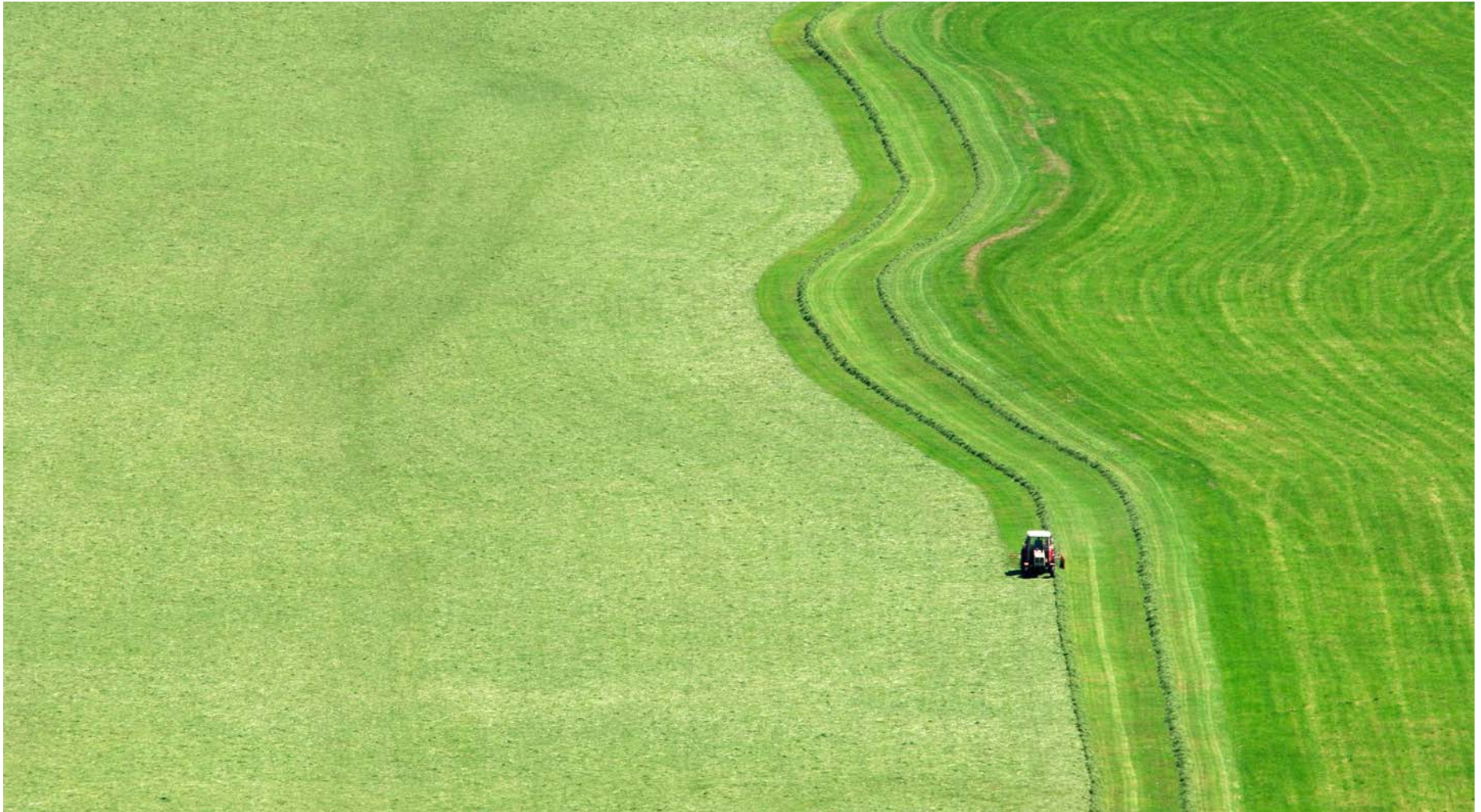


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CDS index



Source: Reuters

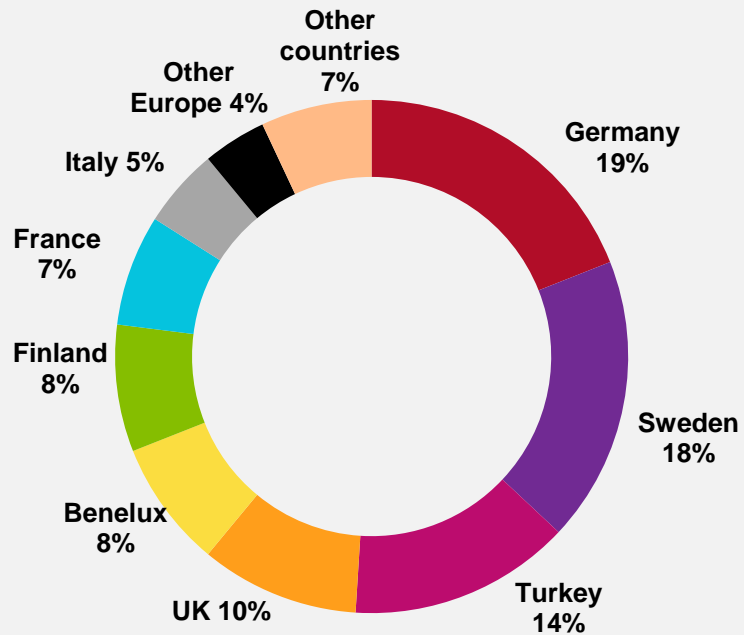


Development of sales and order book

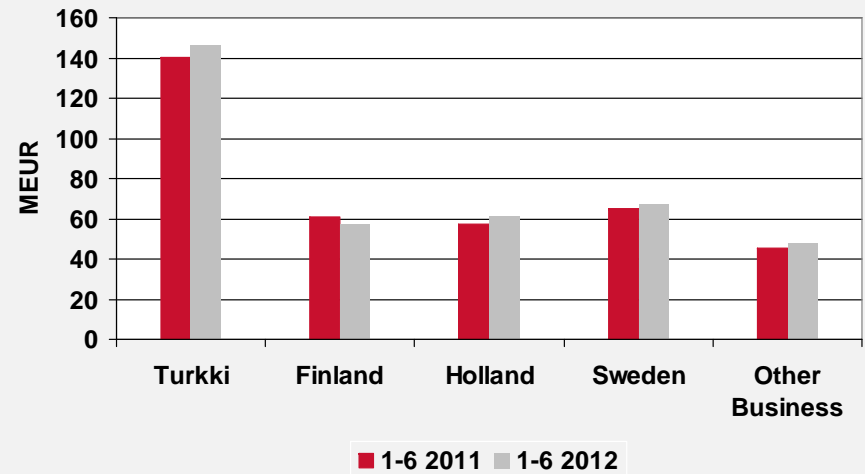
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Distribution of sales

Sales by market area
Q1 - Q2/2012



Sales by business segment
Q1 - Q2/2012



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Sales by customer industry Q1 - Q2/2012



Heavy trucks

27%
(28%)

**Construction
and mining**

25%
(23%)

**Machine
building**

19%
(19%)

**Agricultural
machinery**

16%
(13%)

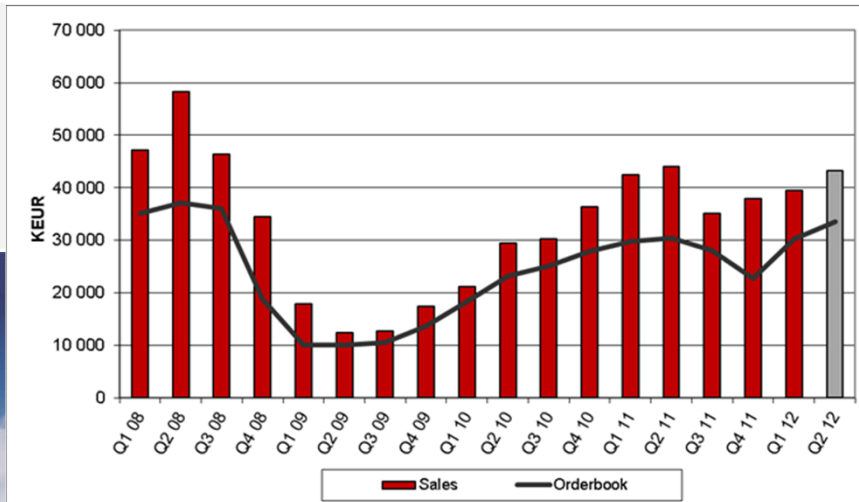
Automotive

14%
(16%)

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Development of sales and order book in heavy trucks industry

Order book
+10%



Comparable sales

”

to heavy trucks industry

in Q2/2012 decreased

-2%

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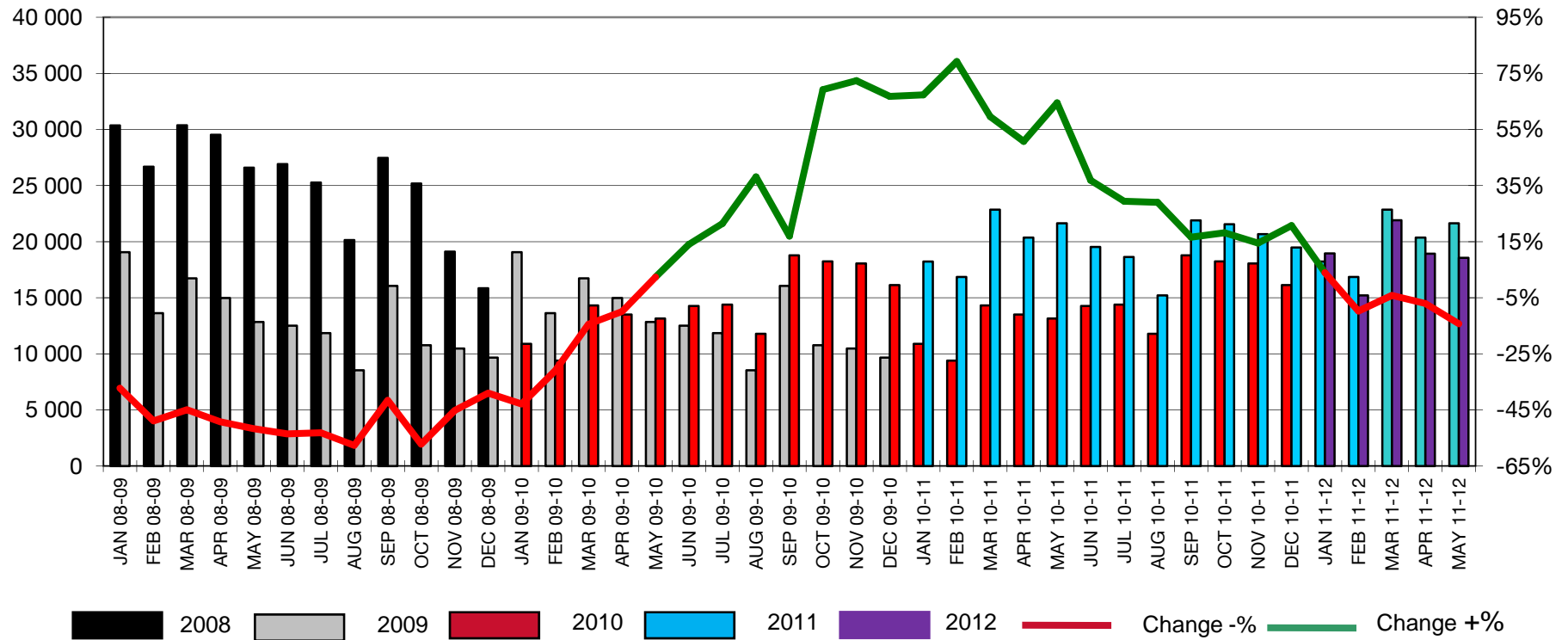
Development of supply chain in heavy trucks industry



Sources: Volvo website, ACEA

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Registrations of new heavy trucks in Europe (EU27)

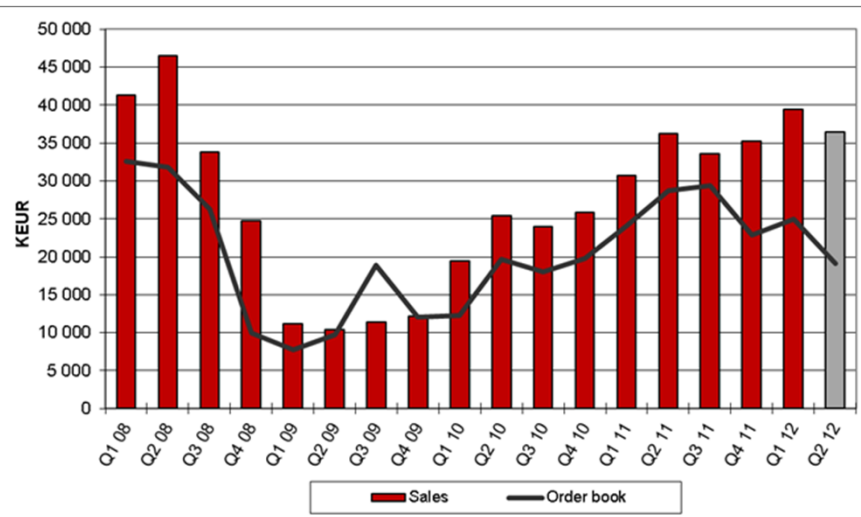


Source: ACEA

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Development of sales and order book in construction and mining industry

Order book
-34%



Comparable sales

”

to construction and mining

industry in Q2/2012 increased

+1%

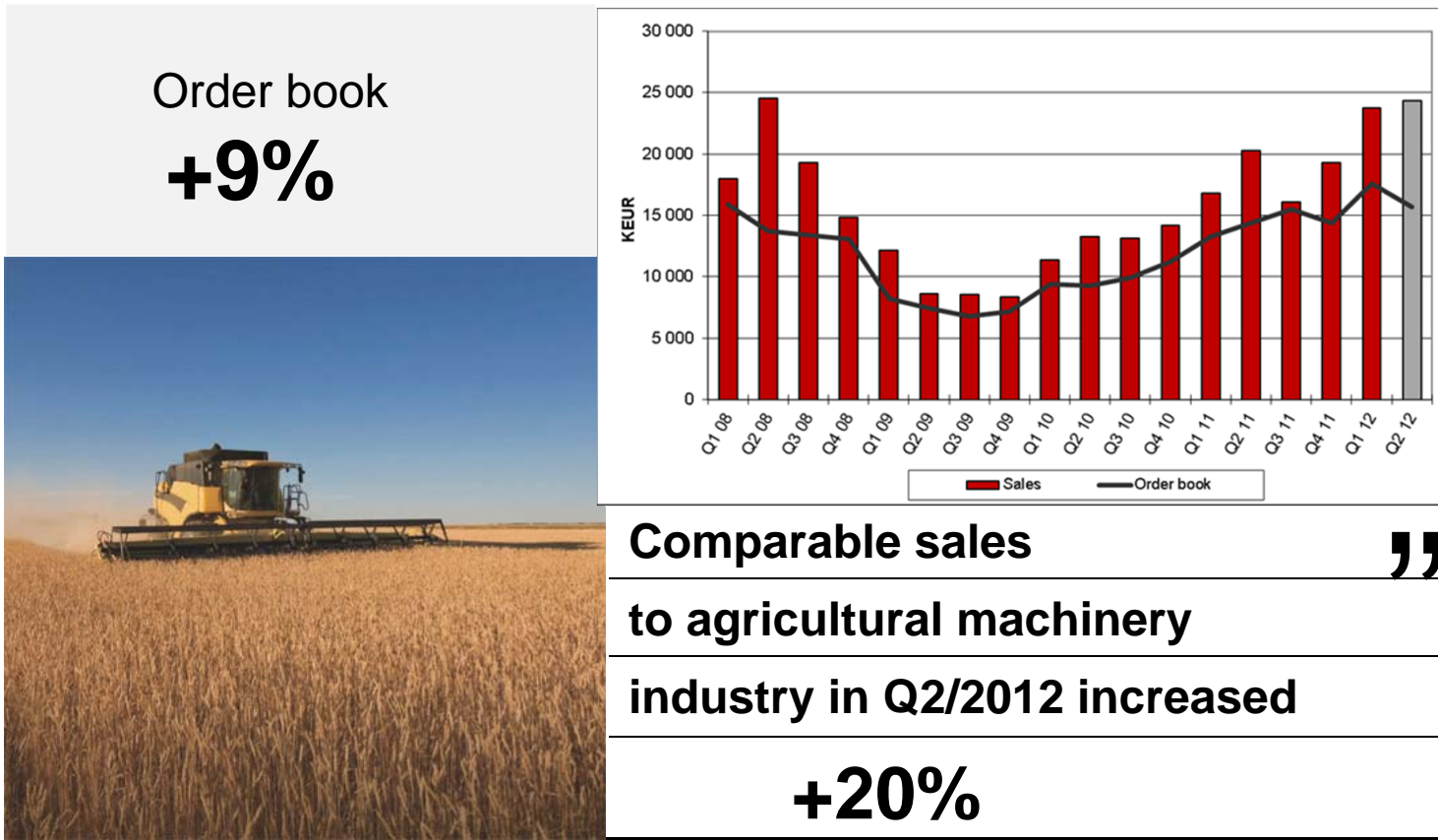
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Development of sales and order book in machine building industry



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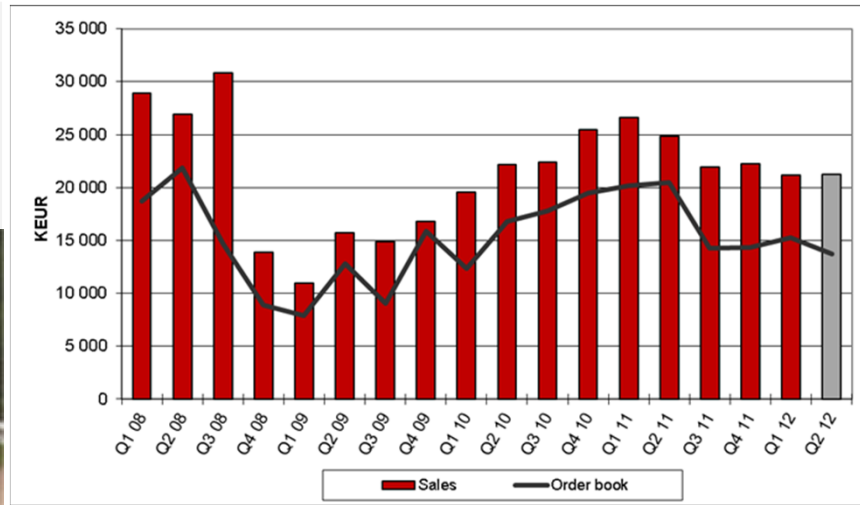
Development of sales and order book in agricultural machinery industry



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Development of sales and order book in automotive industry

Order book
-33%



Comparable sales

”

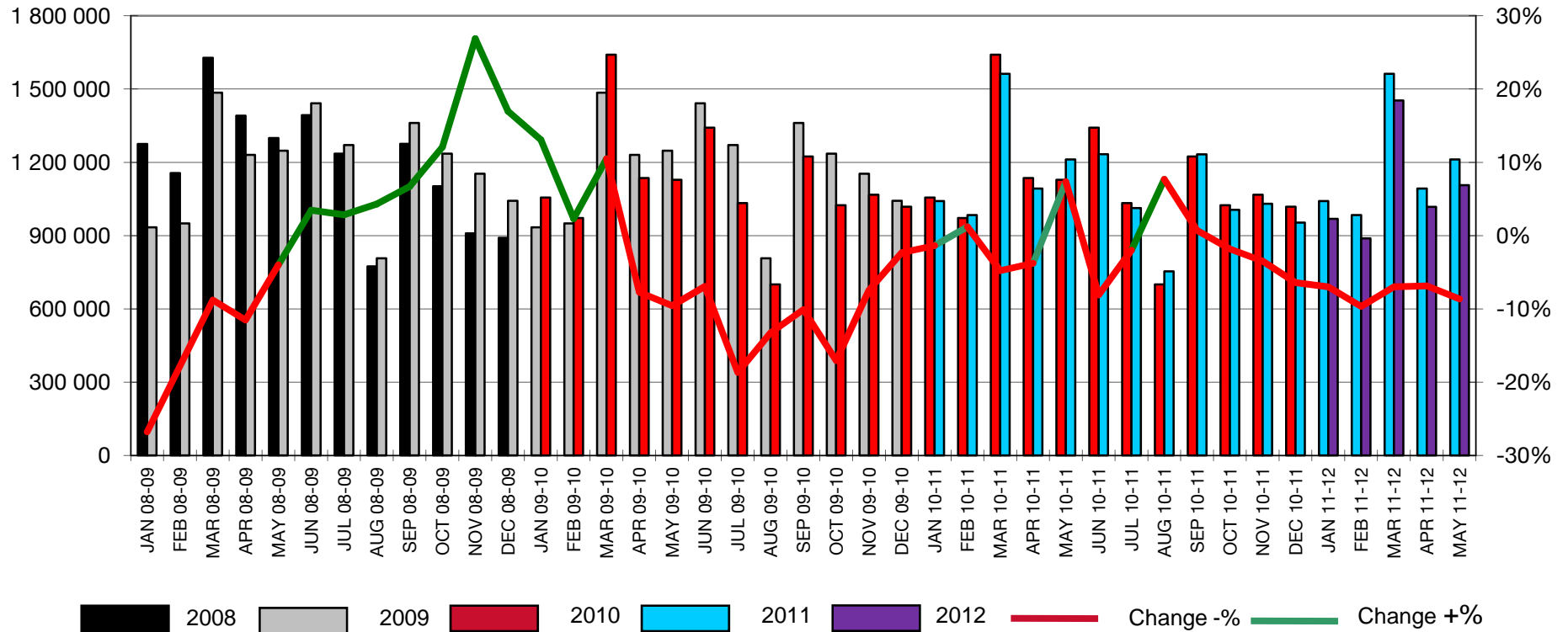
to automotive industry

in Q2/2012 decreased

-14%

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Registrations of new passenger cars in Europe (EU27)

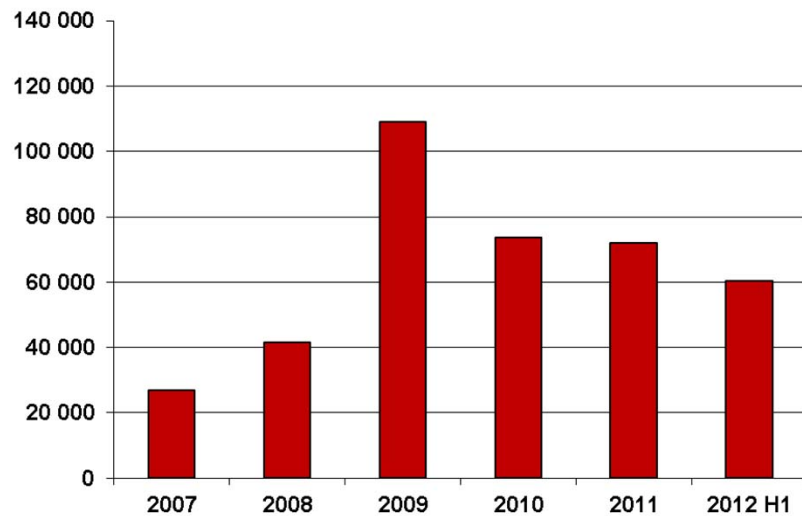


Source: ACEA

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Offers and new sales

Average monthly offers > 100,000 EUR



- The offers submitted by the Group stayed on high level.
- Also Componenta's new sales developed well during the first half of 2012.

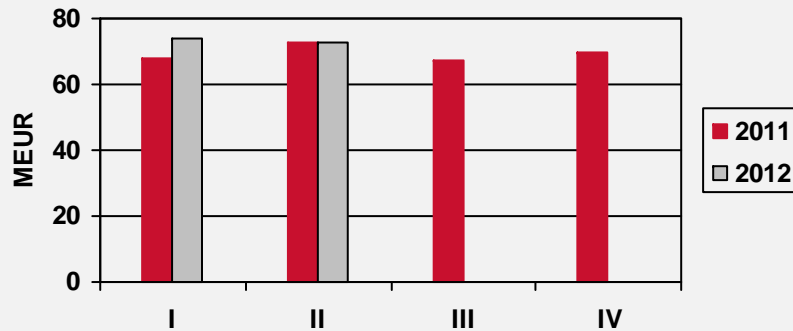


Development of business segments

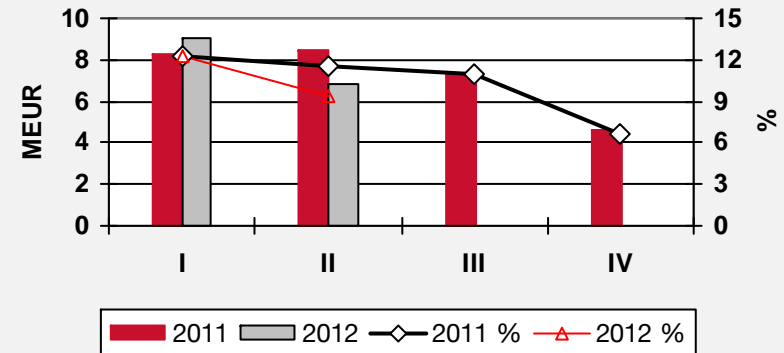
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Performance of the Turkey operations

Net sales



Operating profit excluding one-time items



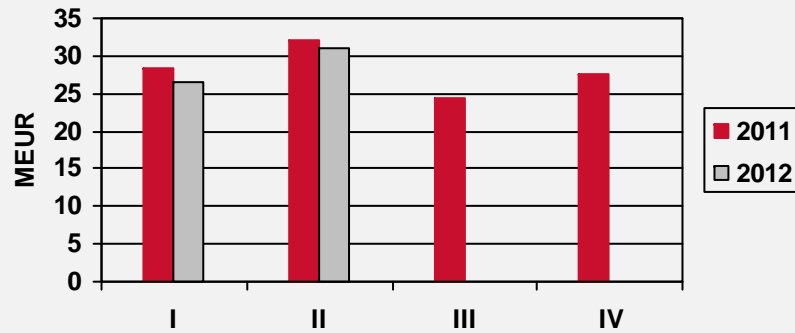
MEUR	Q1-Q2 2012	Q1-Q2 2011	Change
Order book	46.5	53.8	-14%
Net sales	146.5	140.5	4%
Operating profit	15.8	16.8	-6%
Personnel	2,665	2,526	6%

- Operating profit of the Turkey operations in the second quarter compared to previous year was negatively affected by the higher energy costs, the revaluation of Turkish lira and increased regional raw material prices.

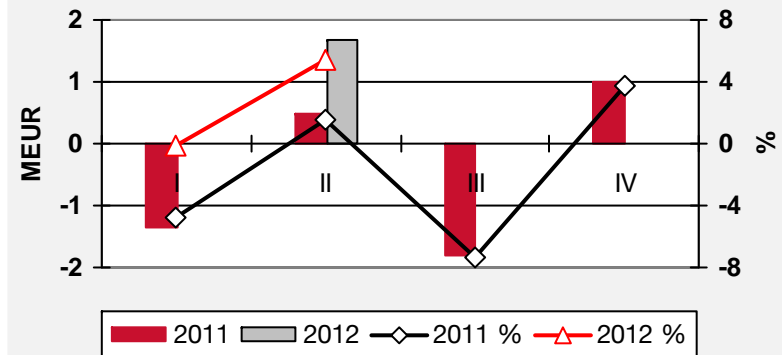
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Performance of the Finland operations

Net sales



Operating profit excluding one-time items



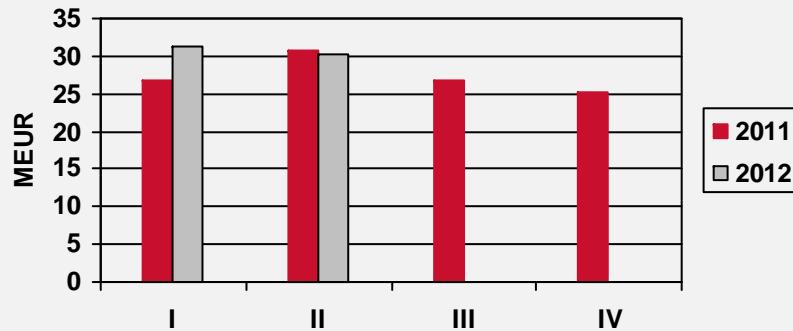
MEUR	Q1-Q2 2012	Q1-Q2 2011	Change
Order book	18.8	16.3	16%
Net sales	57.2	60.7	-6%
Operating profit	1.7	-0.8	n/m
Personnel	914	1,043	-12%

- The review period operating profit of the Finland operations improved clearly from last year mainly because of the operations of two loss making Finnish units were discontinued at the end of 2011.

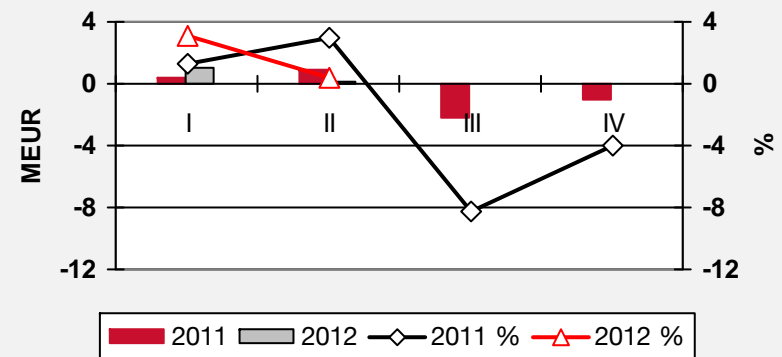
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Performance of the Holland operations

Net sales



Operating profit excluding one-time items

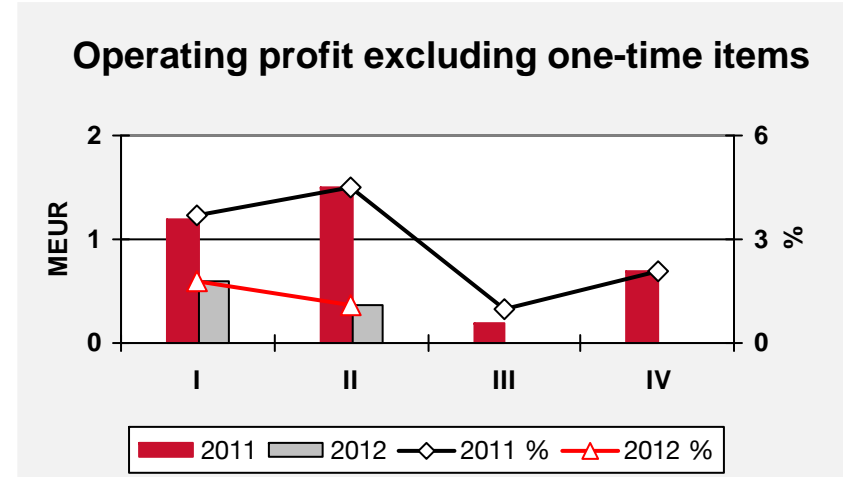
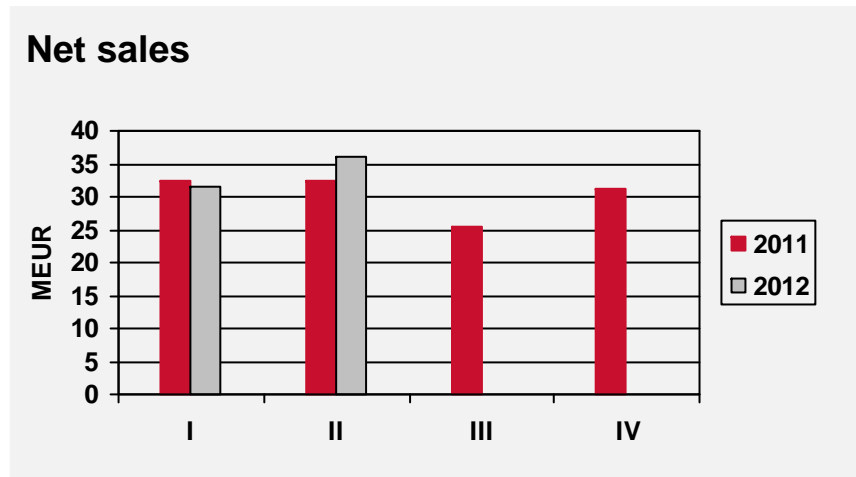


MEUR	Q1-Q2 2012	Q1-Q2 2011	Change
Order book	16.1	21.0	-23%
Net sales	61.5	57.4	7%
Operating profit	1,1	1.3	-12%
Personnel	858	830	3%

- Second quarter operating profit of the Holland operations declined due to several production break-downs in the Heerlen foundry and increased maintenance costs.

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Performance of the Sweden operations



MEUR	Q1-Q2 2012	Q1-Q2 2011	Change
Order book	26.9	22.9	17%
Net sales	67.7	64.8	4%
Operating profit	1,0	2.7	-64%
Personnel	405	416	-3%

- The operating profit of the Sweden operations in the review period reduced from the previous year mainly due to higher raw material prices and freight costs, and lower productivity.



Prospects 2012

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Market outlook 2012



Demand uncertain

Demand prospects in the heavy trucks industry continue to be uncertain at the beginning of the third quarter.

At the end of June, the order book for Componenta's heavy trucks customer sector was 10% higher than at the same time in the previous year. Demand is expected to develop positively during the second half of 2012 and in 2013 because low level of registrations of new heavy trucks during the past years has resulted in ageing fleet of heavy trucks. In addition, new environmental regulations coming into force in Europe at the beginning of 2014 are expected to increase demand.



Demand continues favourably



The order book for Componenta's construction and mining customer sector was 34% lower at the end of the period than in the previous year.

Major customers have started to minimize the stock levels, but the production is expected to normalize towards the year end.

Anyhow, the total market is expected to grow this year.

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Market outlook 2012



**Demand
on the
same level**



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

Demand in the machine building industry is expected to remain at the same level as in the previous year.



**Demand
to grow**



The order book for Componenta's agricultural machinery customer sector was 9% higher at the end of the review period compared to the same time in the previous year.

Demand for agricultural machinery is estimated to rise from its 2011 level mainly due to relatively high food prices.

The market is expected to grow 5-10% in 2012.



**Demand
to decrease**



The order book for Componenta's automotive customer sector was 33% lower at the end of the review period than at the same time in the previous year.

Demand in the automotive industry is estimated to decline 3-10% in 2012.

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Componenta's prospects in 2012

- Componenta's prospects for 2012 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.
- Componenta's order book at the end of the review period was 10% lower level compared with the same time in the previous year.
- Full year net sales in 2012 are expected to remain at the same level as in the previous year or to rise slightly.
- As the result of the price rises that have been implemented and the closing down of three loss-making units, the operating profit is expected to show a clear improvement. Although the operating profit of the review period remained on the same level as in the previous year, the second half of this year is expected to be better than last year. Previous year operating profit was burdened by the quality defects in Orhangazi Turkey and the increase in non-surcharged raw material prices. The result after financial items excluding one-time items is expected to improve significantly, bearing in mind the low level of the figure for comparison.
- Net cash flow from operations is expected to improve clearly and changes in working capital should continue to be moderate. Investments in production facilities in 2012 are expected to be some EUR 15 million.



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