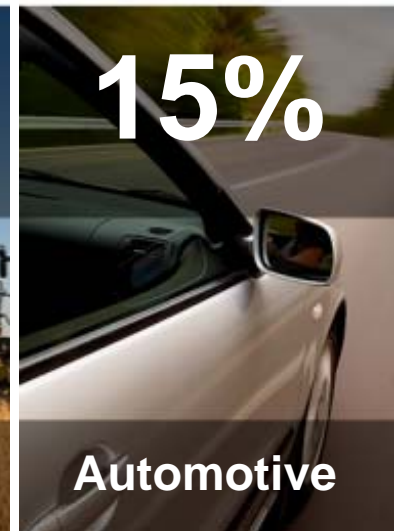


A man with short brown hair and a slight smile, wearing a blue work vest over a black t-shirt, stands in a red-lit industrial environment. The background shows large, rectangular objects, possibly machinery or components, under a strong red light. The text is overlaid on the left side of the image.

# YLIMÄÄRÄINEN YHTIÖKOKOUS 27.6.2014

Heikki Lehtonen  
toimitusjohtaja

# Our Broad Customer Base Supports Stability and Innovation



DAIMLER



CATERPILLAR®



BOMBARDIER  
the evolution of mobility

Gardner  
Denver



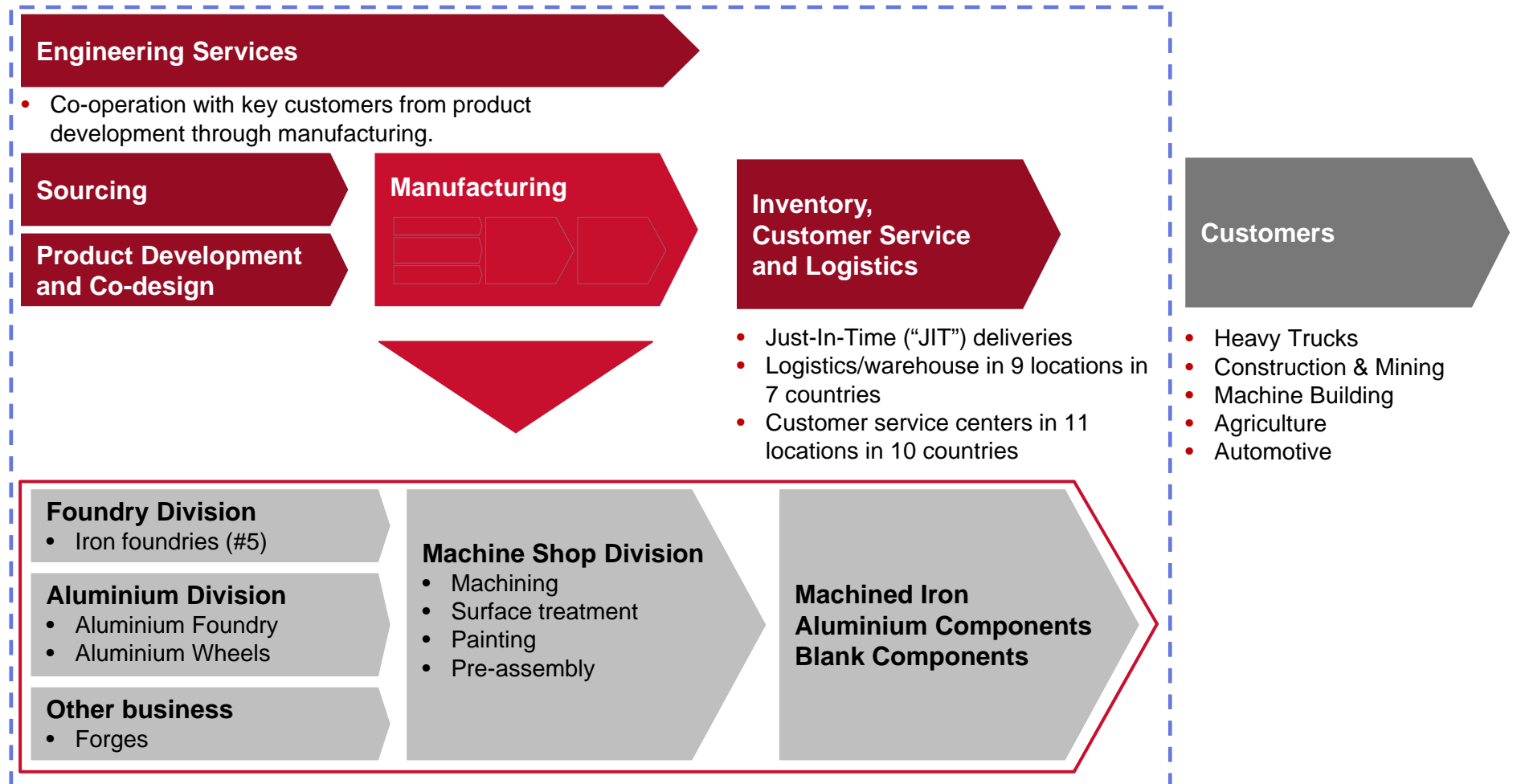
COMPONENTA  
Casting Future Solutions

AGCO  
Your Agriculture Company





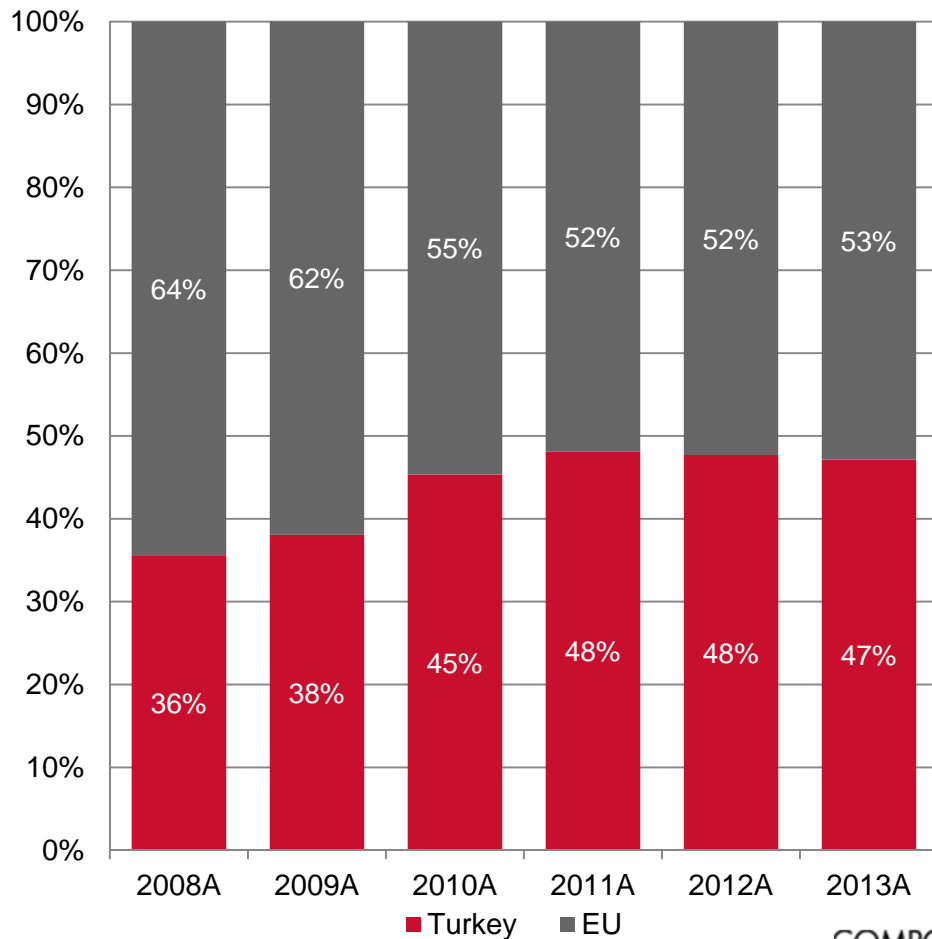
# Our Value-Adding Supply Chain Forms a Key Competitive Edge



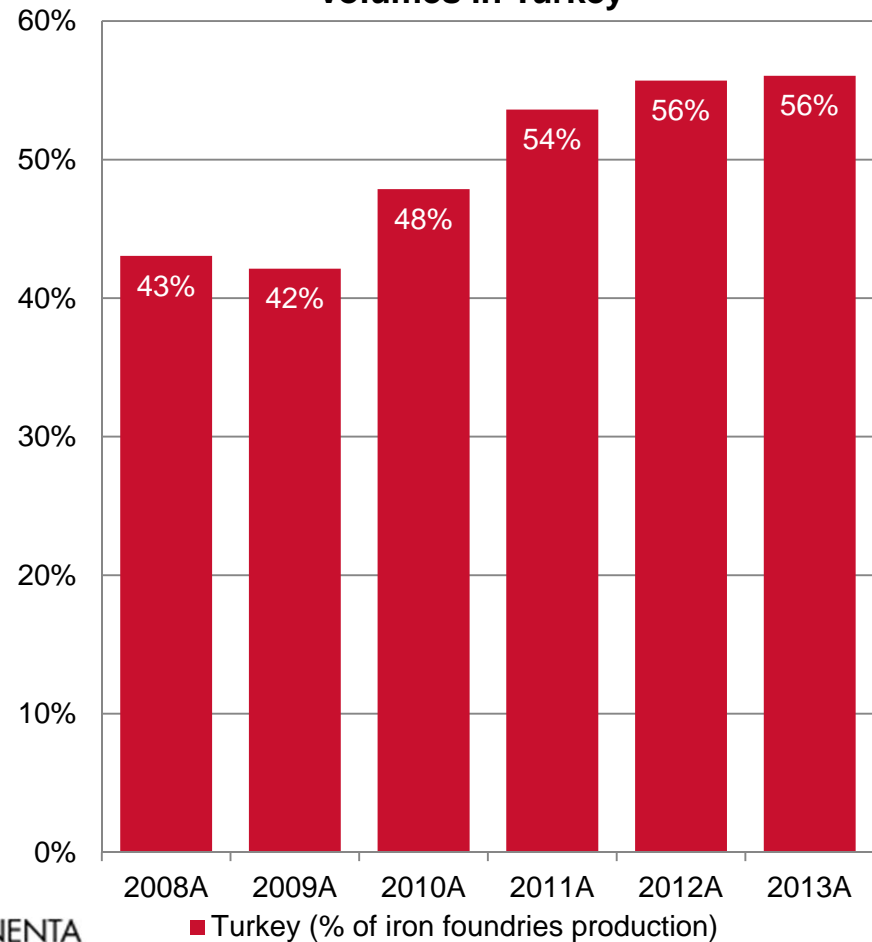
# Shifting Production to Low Cost Location

Continuous shift to Turkey significantly improves cost structure

Revenue Breakdown – Europe vs Turkey



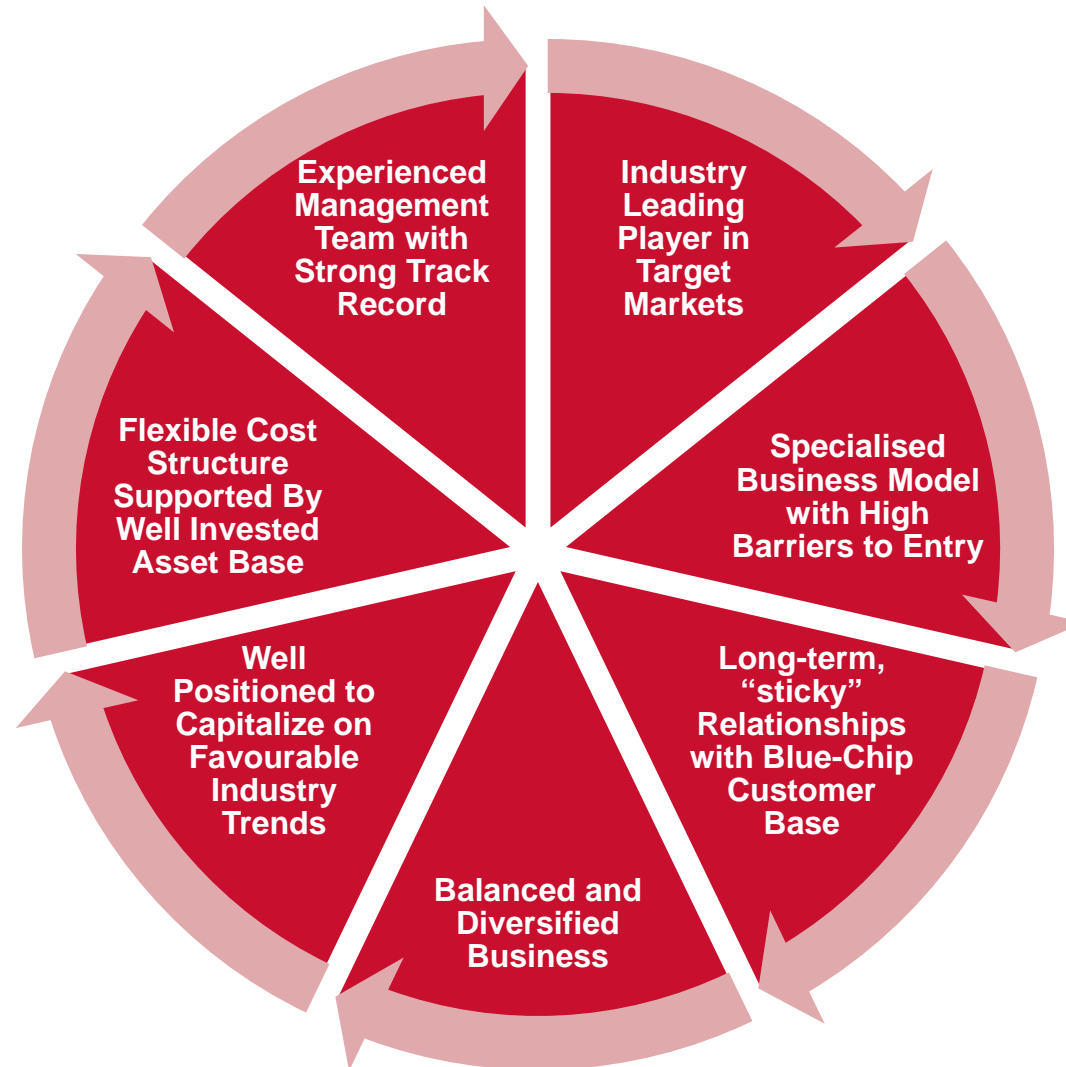
Development of Iron Production Volumes in Turkey



A woman with short brown hair, wearing a dark blue blazer over a light blue collared shirt, stands in a red-tinted office. She is smiling and holding a silver tablet in her right hand, with her left hand on her hip. The background features a red wall with a framed picture and a window with blinds. The floor is tiled.

# COMPONENTA'S CYCLE OF SUCCESS

# Componenta's Cycle of Success

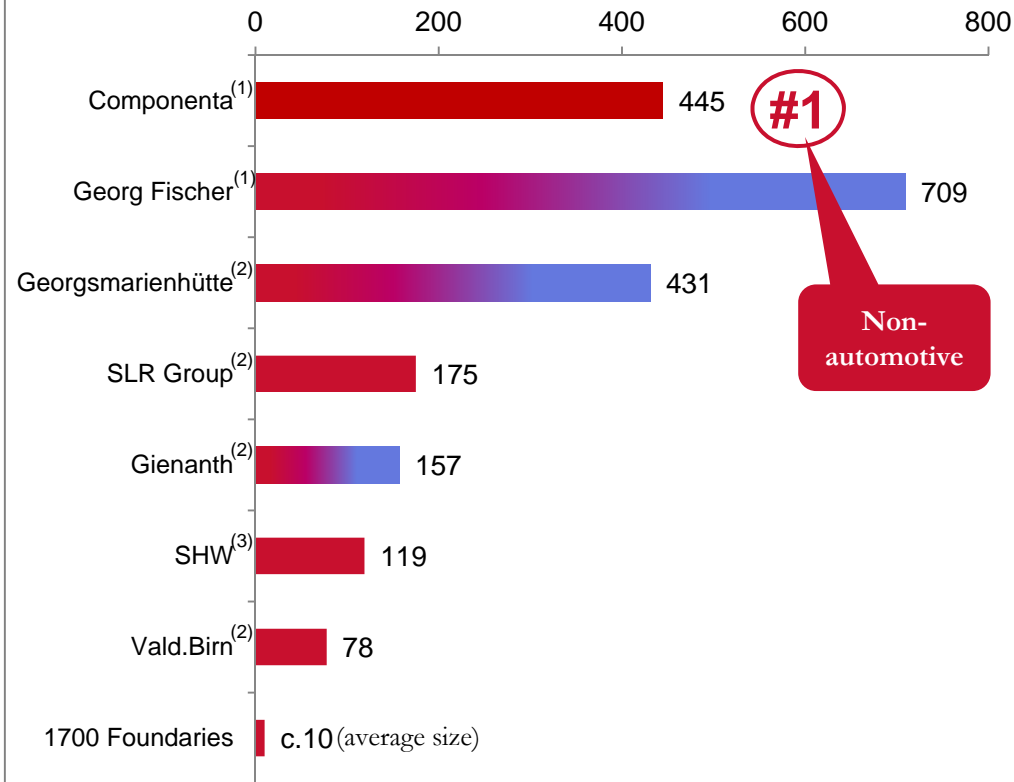




# Industry Leading Player in Target Markets

Componenta is the European market leader for small-mid series, complex iron castings

**Position in European Iron Castings Target Market**  
(Revenue in €m)



## Componenta's Position

- Focus on complex, safety critical parts
- Significant scale advantage vs regional players drives increased profitability
- One of few preferred suppliers with whom customers seek to concentrate their sourcing across product categories
  - More competitive bundled offering
  - Reduced sourcing complexity
  - A certified supplier ensuring best practices and quality control
- Full service development partner with differentiated high value added product offering
- Multinational operations and global delivery capability
- Market fragmentation creates opportunity to take share from smaller players
  - Non profitable foundries gradually exiting market
  - Unable to compete effectively in high-end segment

(1) FY 2013  
(2) FY 2012  
(3) FY 2011

■ Focus on Small / Medium Batch Sizes (Non-Automotive: Heavy Trucks, Agriculture, Machine Building, Construction & Mining)  
■ Focus on Large Batch Sizes (Automotive)

# Specialised Business Model with High Barriers to Entry

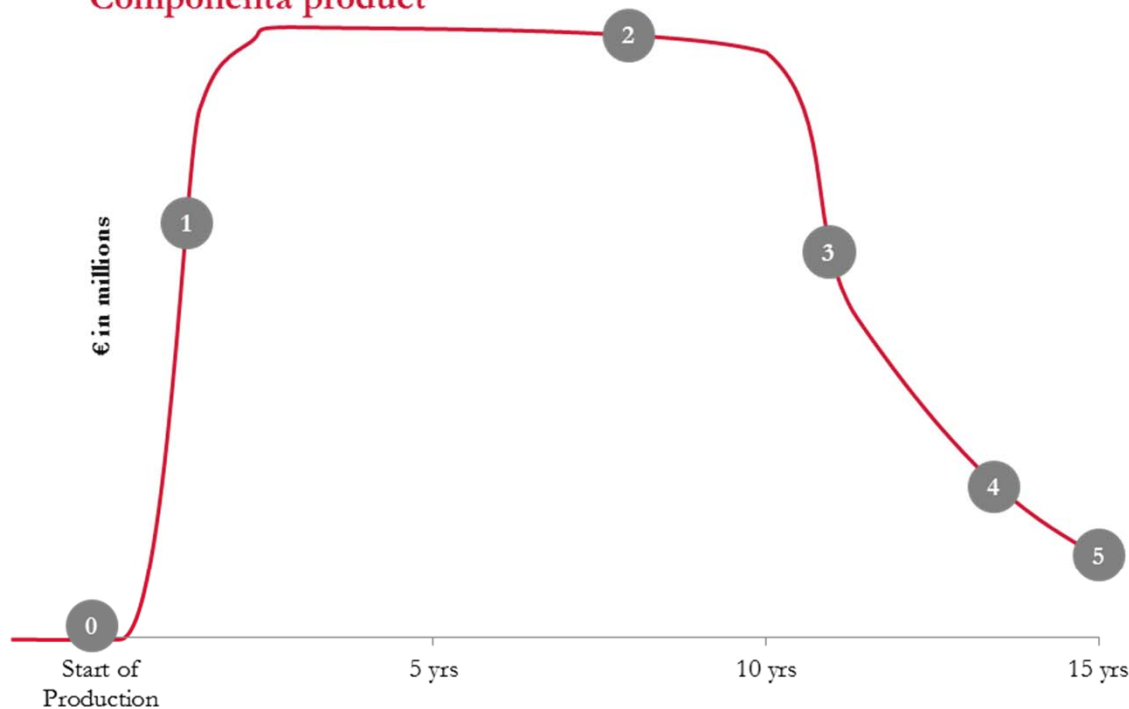
1	<b>Technical know-how and expertise</b>	<ul style="list-style-type: none"><li>• Focus on high end products requires substantial application, process and material know-how and years of experience</li><li>• Entrenched development partnerships with customers</li></ul>
2	<b>High Initial Investment</b>	<ul style="list-style-type: none"><li>• <b>Significant initial investment for setting up a modern iron foundry</b></li><li>• In addition significant investment in logistics and inventory</li></ul>
3	<b>JIT delivery requirements</b>	<ul style="list-style-type: none"><li>• Requires a broad production footprint close to customers as well as a global service &amp; logistics network</li><li>• Emerging market players not able to meet just-in-time requirements of customers</li></ul>
4	<b>Economies of Scale</b>	<ul style="list-style-type: none"><li>• Substantial economies of scale in production, sourcing and product development</li><li>• Size a competitive advantage as customers increasingly looking to consolidate their supply base via “bundling”</li></ul>
5	<b>High switching costs</b>	<ul style="list-style-type: none"><li>• Technological interdependence in development and high tooling investment of customer (up to €1.5m per part)</li><li>• Designed into customers platforms – useful lives of c. 8-14 years</li></ul>
6	<b>Required certification</b>	<ul style="list-style-type: none"><li>• Customers have a mandatory, increasingly strict supplier certification process for each project</li><li>• Customer requirements for complex safety critical parts are significantly higher than on simpler parts</li></ul>



# Specialised Business Model with High Barriers to Entry

Revenue streams are characterised by long product lifecycles

Illustration of sales pipeline development for typical Componenta product



## Lead Times to Production

- 0 **Customer Design Phase:**  
6-18 months – average lead time to design product and manufacturing process
- 1 **Client Ramp-up Phase:**  
6-18 months – Initial roll out of products / introduction to market
- 2 **Primary Production Phase:**  
Sales of customer platform reach peak
- 3 **Sales Erosion:**  
Customer platform sales slow; re-negotiations with customers for higher prices
- 4 **Up to 15 years:**  
Component life time within Heavy Truck, Agriculture, Construction & Mining stretching the contract revenue stream
- 5 **Phasing Out:**  
After a component is phased out there is still a smaller spare part revenue stream

Limited ability to replace once designed into platforms and competitive advantage to design into and take further share of future platforms

# Well Positioned to Capitalize on Favourable Industry Trends

1

## Recovery in global markets

- European market is recovering and forecasts within Componenta's customer segments show strong market growth for the coming years
  - Construction & Mining and Heavy Truck underlying markets are forecast to grow at a CAGR of c. 5% and 9% respectively until 2016

2

## Market consolidation

- Number of foundries decreased by 25% between 2008-12
- Downturn impacted smaller players, who lack scale to provide sufficient service quality and maintain profitability
- Customers are seeking to consolidate suppliers to achieve both innovation and cost savings, and focus on financially stable suppliers
  - Componenta is one of only a few providers, given their scale and capabilities, with whom customers can concentrate their exposure / sourcing across product categories

3

## Trend to total solution

- Increased focus by customers on solution sourcing in form of complementary services such as design, colouring and machining are getting common
  - Opportunity for Componenta to increase its share of wallet with existing customers by effectively offering solutions including more value added processes

4

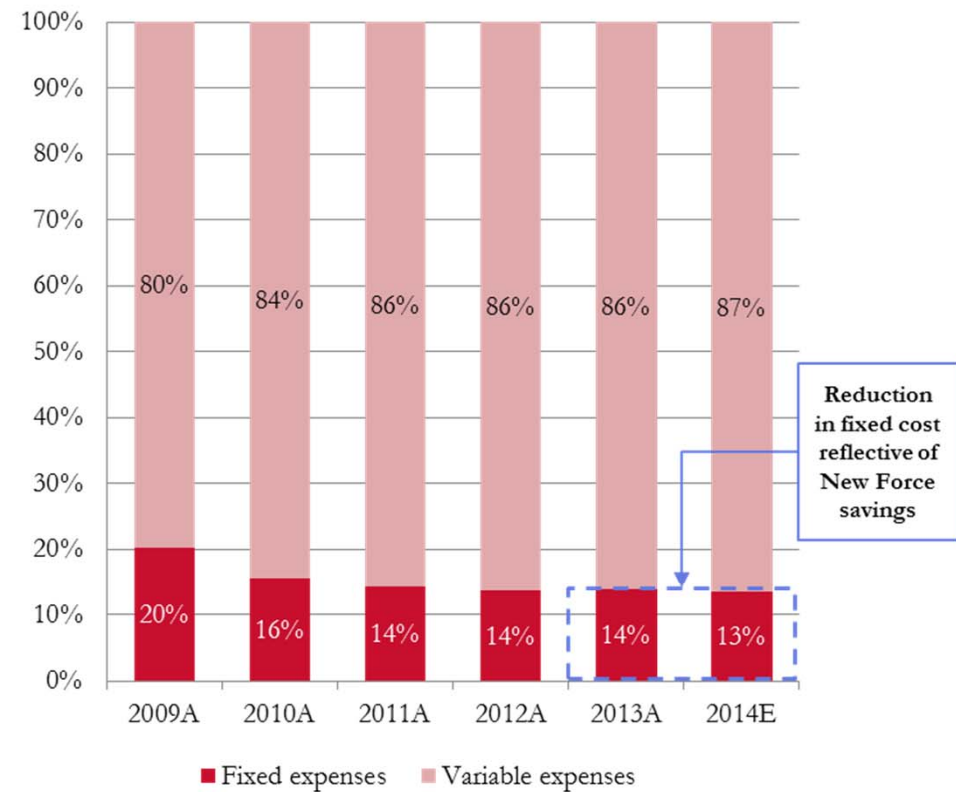
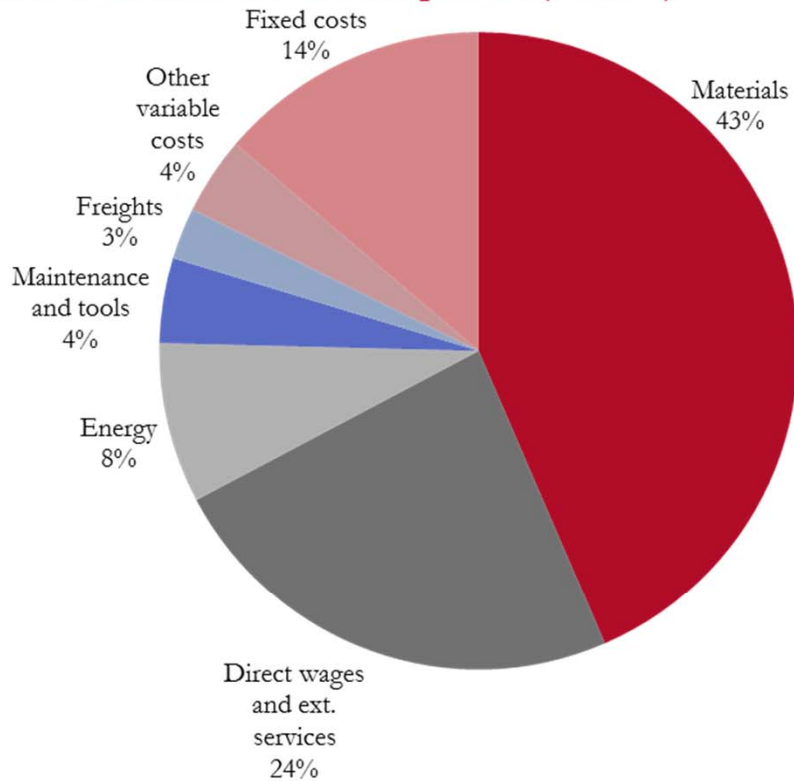
## Industry de-stocking and move to just-in-time processes

- Previous downturn in 2008-2010 was characterised by significant over-stocking of products by end-customers, which amplified the down-turn for casting products suppliers
- Customers have significantly de-stocked since 2009 downturn and moved to a just-in-time model
- Today casting industry is more insulated to market cyclicity

# Flexible Cost Structure Supported by Well Invested Asset Base

## Increased flexibility in Componenta's cost structure

Breakdown of Variable Expenses (FY2013)



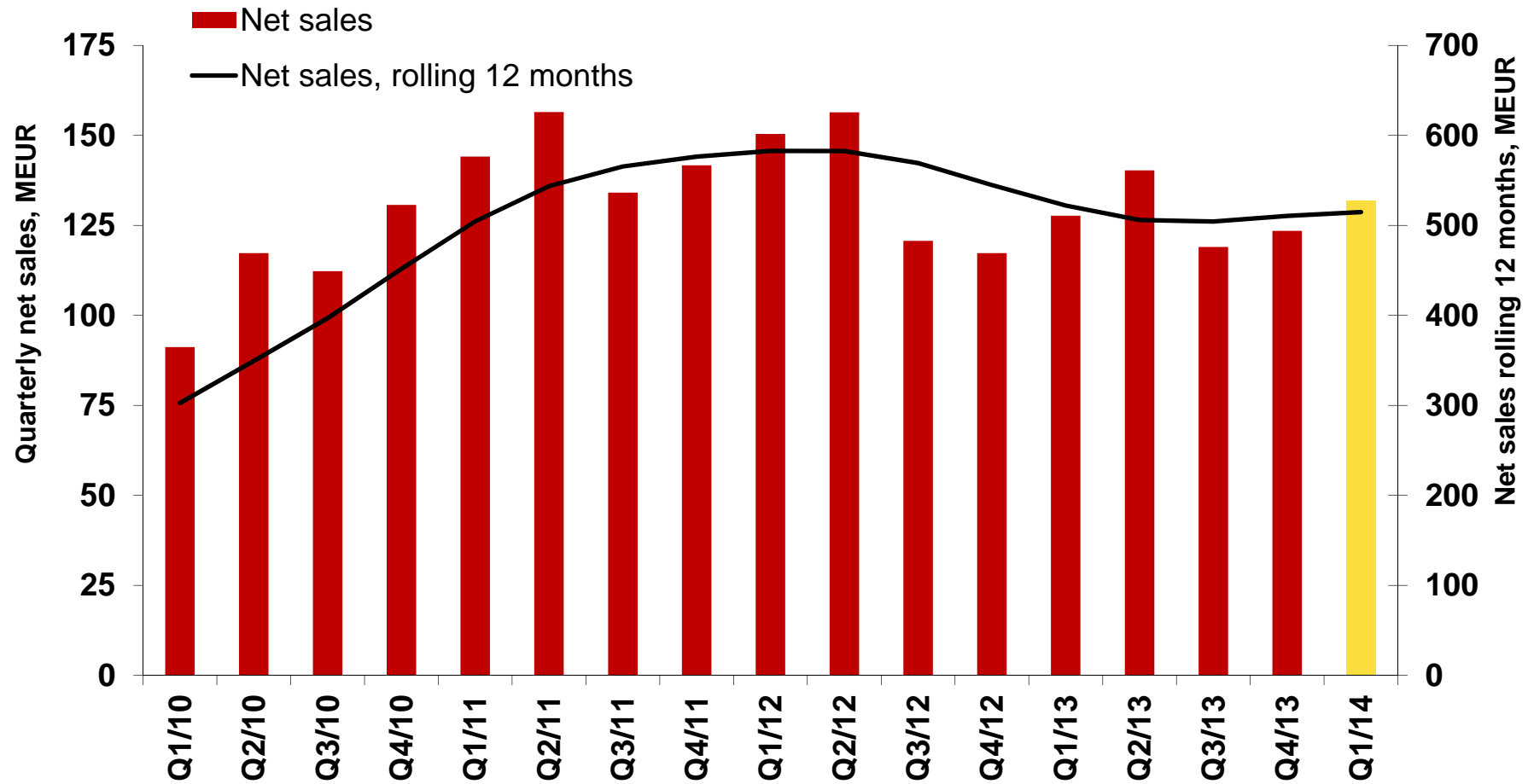
Ability to also address fixed cost base to mitigate volume reductions



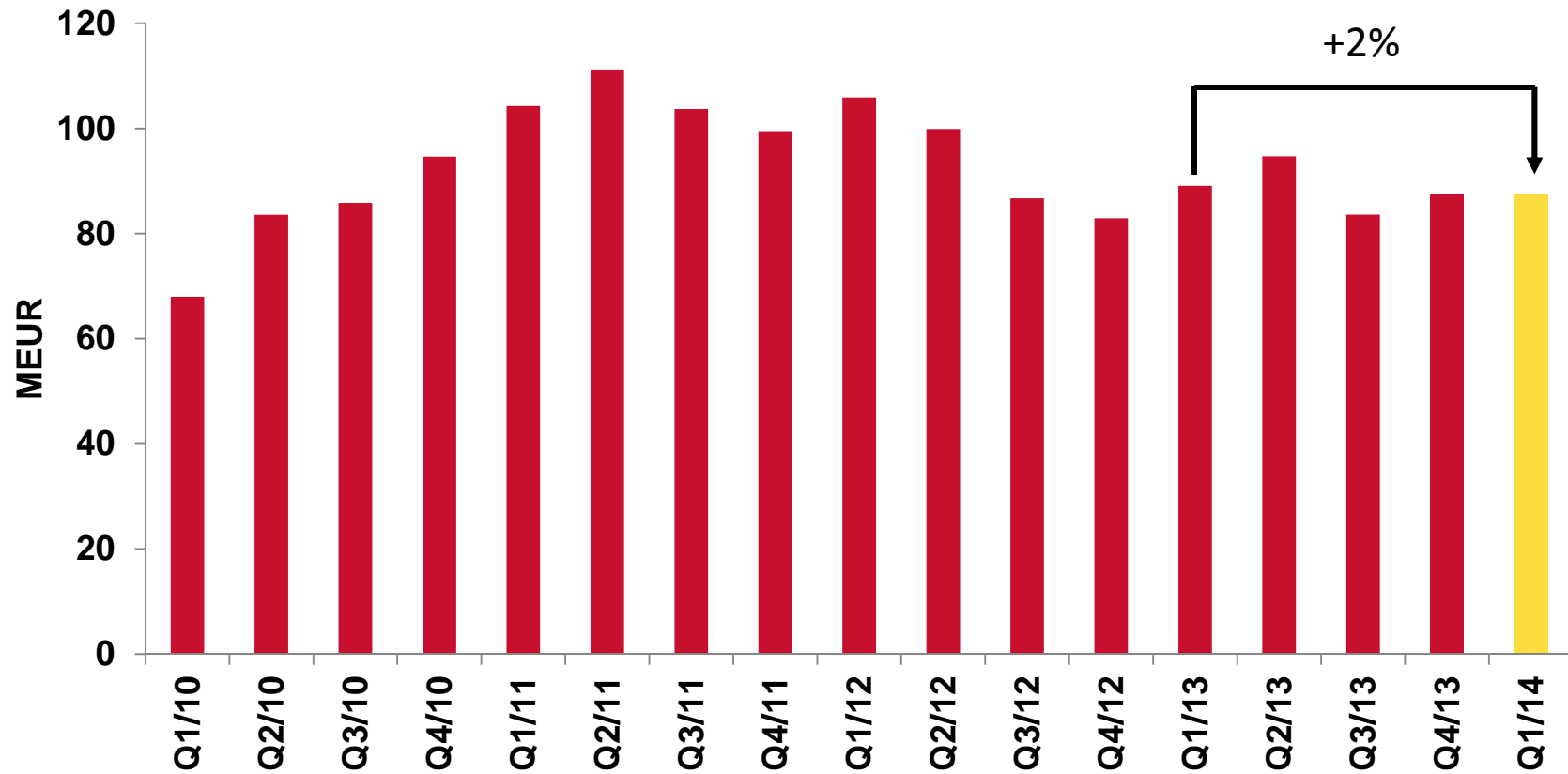
A man with a shaved head and a light beard, wearing a blue denim work jacket with orange accents on the sleeves and collar, stands with his arms crossed in a factory setting. The background is filled with industrial machinery and metal structures, all overlaid with a semi-transparent red filter. The word "FINANCIALS" is written in large, white, bold, sans-serif capital letters across the middle of the image. A thin white vertical line is positioned to the left of the text.

# FINANCIALS

# Quarterly Development of Net Sales 2010 - Q1 2014

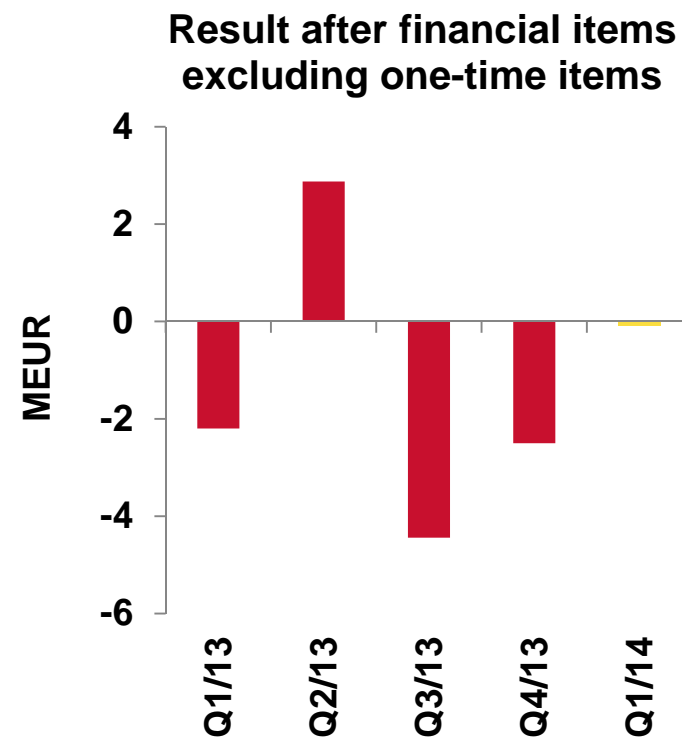
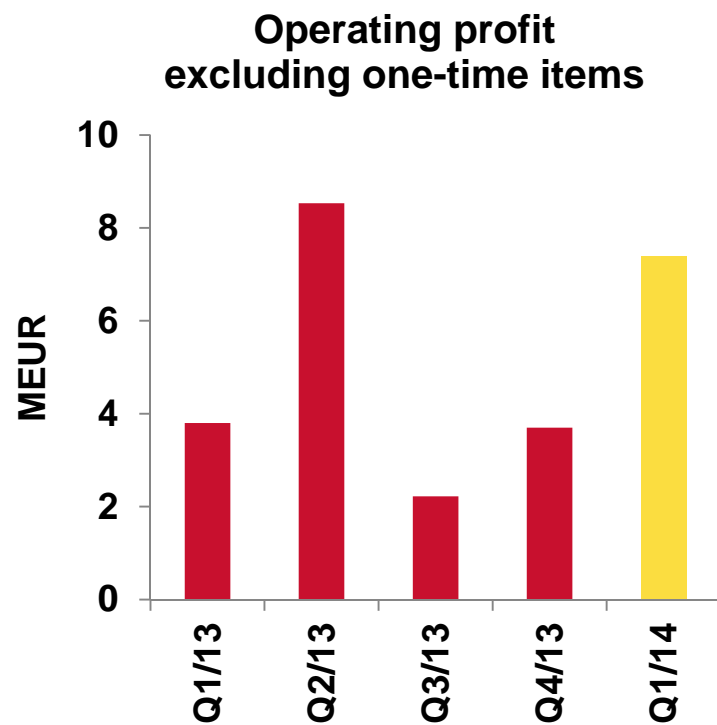


# Quarterly Development of Order Book (including orders for the next two months)

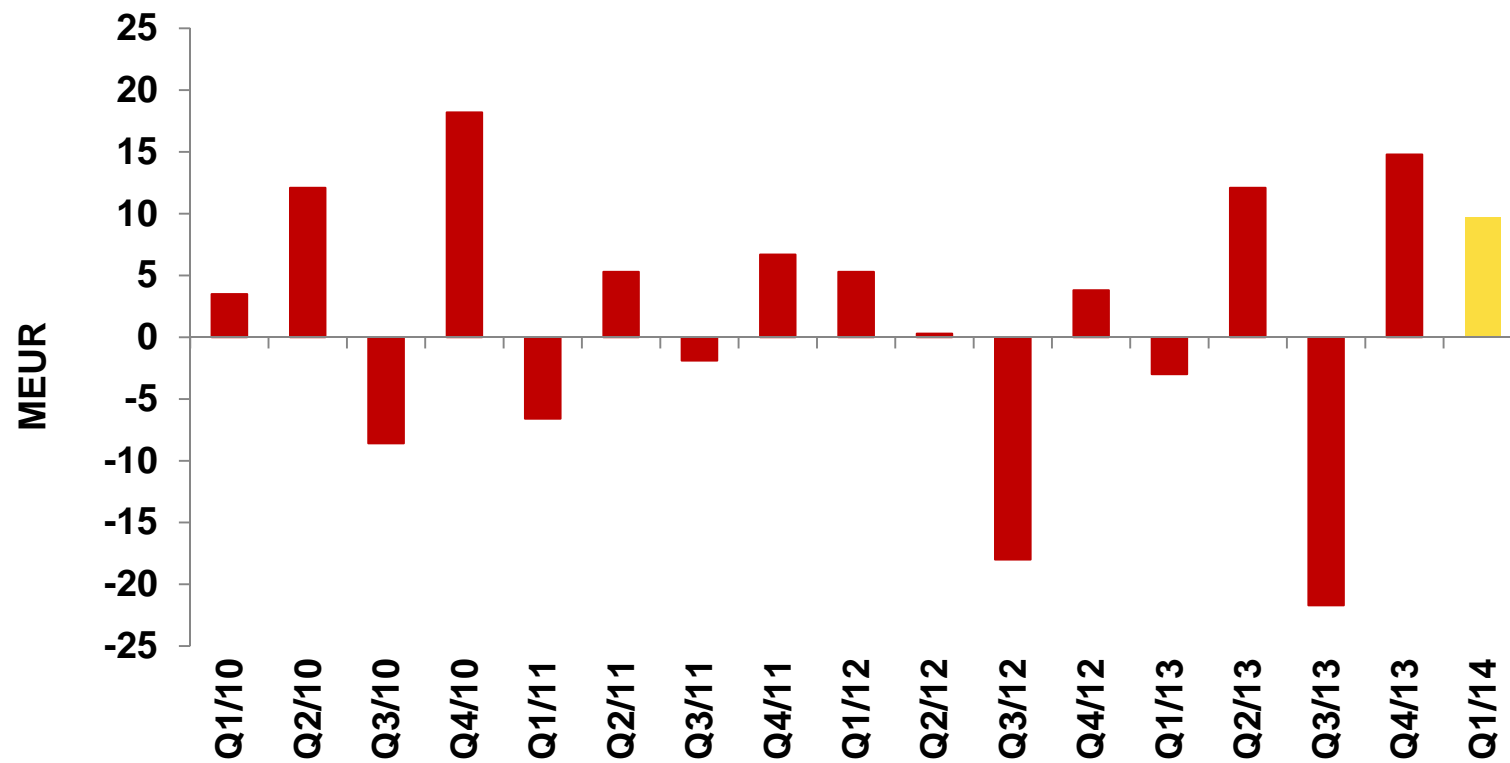




# Quarterly Operating Profit and Result After Financial Items (excluding one-time items)



# Development of Cash Flow from Operations



A man with a short haircut, wearing a light blue button-down shirt, stands in a hallway with red walls and ceiling. He is holding a tablet computer in his left hand and gesturing with his right hand. The hallway has a door in the background and a potted plant on the wall. The entire image has a red color overlay.

# STRATEGY 2014



# Business Strategy for 2014 and Beyond

1

**Improving productivity and quality, and profitability of production footprint**

- Continued improvement in profitability is our number one priority in the short-term
- New Force program is key in strategy implementation in 2014, in order to build on realised savings already achieved in 2013

2

**Growing together with our strong customer base**

- Well positioned to take advantage of consolidation trends and gain share from smaller distressed competitors as customers focus on larger, more financially stable suppliers
- Strong customer base offers growth opportunities both in Europe and other continents

3

**Strengthening position as full solution provider**

- Enhance full solution capabilities to maintain differentiation to competitors
- Focus on Engineering and PDM / PDE resources

4

**One Componenta**

- Transparent and unified management systems and group wide processes and tools in place
- Focus on quality, health and safety, customer service network, brand/marketing, and SAP development
- Enhanced leadership capabilities to ensure organisational performance and One Componenta way to operate

A man and a woman in business attire are looking at a laptop together in a red-walled office. The man is pointing at the screen while the woman looks on. In the background, there is a framed picture on the wall and a window with blinds.

# PROSPECTS 2014

# Business Environment 2014



## Componenta's demand prospects improving

At the end of first quarter the order book for Componenta's Heavy Trucks customer industry was **1% lower** than in the previous year.

Demand for heavy trucks in Europe is expected to decrease in 2014.

Componenta's sales to heavy trucks customer segment is expected to stay similar to last year or to increase due to the growing market share.



## Componenta's demand prospects stable

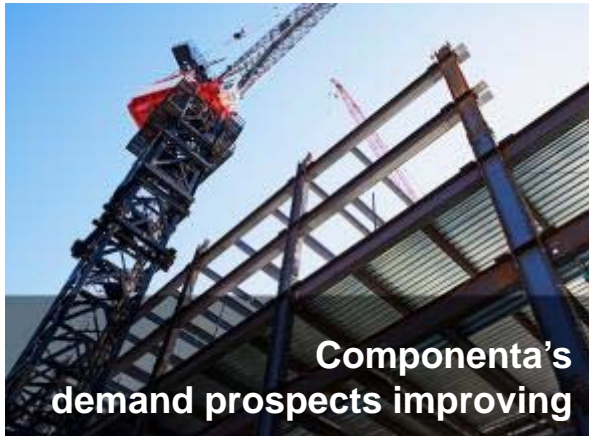
The order book for Componenta's Construction and Mining customer industry was **3% higher** at the end of first quarter than at the same time in the previous year.

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

Customers reduced their stocks during 2012 and 2013 due to weaker prospects in particular for mining machinery industry. Demand prospects for Componenta are stable due to higher demand from end customers.



# Business Environment 2014 (cont'd)



## Componenta's demand prospects improving

The order book for Componenta's Machine building customer segment was **10% higher** at the end of first quarter than at the same time in the previous year.

Componenta's sales to machine building customer segment are expected to increase in 2014.



## Componenta's demand prospects stable

The order book for Componenta's Agricultural machinery customer sector was **1% higher** at the end of first quarter than at the same time in the previous year.

Demand for agricultural machinery is expected to remain stable in 2014.

Componenta's sales to agricultural machinery customer sector is expected to remain at the same level as in the previous year or to increase due to growing market share.



## Componenta's demand prospects stable

The order book for Componenta's Automotive customer sector was **2% higher** at the end of first quarter than at the same time in the previous year.

In 2014, the market is expected to improve from the previous year.

Componenta's sales are expected to stay similar to last year or to increase in 2014.



## Prospects for Componenta in 2014

- The prospects for Componenta in 2014 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.
- In consequence of the structural efficiency measures being carried out, the operating profit for the full year excluding one-time items is expected to improve from the previous year.

A woman with short brown hair, wearing a dark blue blazer over a light blue shirt, stands in a red-tinted office. She is holding a silver tablet in her right hand and has her left hand on her hip. The background features a framed picture on the wall and a window with blinds. The overall scene is bathed in a strong red light.

# OSAKEANTIVALTUUTUS JA RAHOITUSJÄRJESTELYT



# Hallituksen valtuuttaminen päättämään osakeannista sekä osakkeisiin oikeuttavien erityisten oikeuksien antamisesta

- Hallitus ehdottaa ylimääräiselle yhtiökokoukselle, että yhtiökokous valtuuttaa hallituksen päättämään osakeannista sekä osakeyhtiölain 10 luvun 1 §:n tarkoittamien osakkeisiin oikeuttavien erityisten oikeuksien antamisesta yhdessä tai useammassa erässä, joko maksua vastaan tai maksutta
- Annettavien osakkeiden määrä ylimääräisen yhtiökokouksen valtuutuksella enintään 9 000 000 osaketta
- Valtuutuksen ehdotetaan olevan voimassa seuraavaan varsinaiseen yhtiökokoukseen saakka. Valtuutus ei kumoja aikaisempaa varsinaisen yhtiökokouksen 13.3.2014 hallitukselle antamaa valtuutusta päättää osakeannista
- Tämä valtuutus, yhdessä varsinaisen yhtiökokouksen 13.3.2014 hallitukselle antaman 6 000 000 osakkeen valtuutuksen kanssa, vastaa noin 51 prosenttia yhtiön kaikista osakkeista

# Osakeantivaltuutus osana yhtiön rahoitusjärjestelyjä

- Osakeantivaltuutuksia on tarkoitus käyttää osana yhtiön jo aiemmin ilmoittamaa rahoituksen uudelleenjärjestelyä
- Näiden tarkoituksena on:
  - vähentää yhtiön velkaisuutta,
  - pidentää velkarahoituksen keskimääräistä juoksuaikaa merkittävästi,
  - pienentää yhtiön rahoituksen kustannuksia,
  - turvata yhtiön kehityksen kannalta riittävä rahoitus ja maksuvalmius.
- Rahoituksen uudelleenjärjestely on edennyt suunnitelmien mukaisesti ja neuvottelut on tarkoitus saattaa päätökseen heinäkuussa

Casting Future  
**SOLUTIONS**

COMPONENTA

