

# **Componenta Corporation Interim Report**

**1 January - 30 June 2005**

## Income statement

MEUR	2005 1 – 6	2004 1 – 6	2004 1 – 12
<b>Net sales</b>	<b>188.5</b>	<b>154.0</b>	<b>316.0</b>
Operating profit of Cast Components	4.6	6.2	12.4
Operating profit of De Globe	1.7	0.2	-1.7
Operating profit of Other Business	2.3	0.4	1.8
<b>Operating profit (excluding one-time items)</b>	<b>8.5</b>	<b>6.8</b>	<b>12.5</b>
Financial income and expenses	-4.3	-3.6	-7.9
<b>Result after financial items (excluding one-time items)</b>	<b>4.2</b>	<b>3.3</b>	<b>4.6</b>
One-time items	4.0	13.4	13.3
<b>Result after financial items</b>	<b>8.2</b>	<b>16.6</b>	<b>17.9</b>
<b>Net result</b>	<b>8.2</b>	<b>13.7</b>	<b>15.6</b>

## Income statement Q2

MEUR	2005 4 - 6	2004 4 - 6
Net sales	95.3	81.1
Operating profit of Cast and Other Components	3.0	4.2
Operating profit of De Globe	1.0	0.1
Operating profit of Other Business	0.7	0.2
Operating profit (excluding one-time items)	4.7	4.5
Financial income and expenses	-2.2	-1.8
Result after financial items (excluding one-time items)	2.5	2.7
One-time items	3.9	-0.1
Result after financial items	6.4	2.6
Earnings per share, EUR	0.71	0.25

## Key Ratios

	30.6.2005	30.6.2004	31.12.2004
Earnings per share (EPS), EUR	0.85	1.43	1.62
Equity ratio, % (preferred capital note in equity)	33.2	31.4	29.5
Return on equity, %	28.8	56.9	28.1
Return on investment, %	12.7	23.2	14.2
Net interest bearing debt, MEUR (preferred capital note in equity)	109.8	110.5	118.1
Net gearing, % (preferred capital note in equity)	119.8	139.0	147.0
Order book, MEUR	62.4	52.6	59.2
Investments in non-current assets, MEUR	17.3	14.4	37.0
Average number of personnel	2,206	2,371	2,168

# COMPONENTA

## Cash flow

MEUR	1.1.-30.6.2005	1.1.-30.6.2004	1.1.-31.12.2004
Result after financial items	8.2	16.6	17.9
Depreciation, amortization and write-down	3.9	1.4	9.0
Net financial income and expenses	4.3	3.6	8.5
Other income and expenses, adjustments to cash flow	-2.0	-3.8	-15.1
Change in net working capital	-4.2	-10.0	-1.2
<b>Cash flow from operations before financing and income taxes</b>	<b>10.2</b>	<b>7.8</b>	<b>19.0</b>
Interest received and paid and dividends received	-4.4	-4.5	-7.8
<b>Net cash flow from operations</b>	<b>5.7</b>	<b>3.3</b>	<b>11.2</b>
Capital expenditure in tangible and intangible assets	-10.4	-7.4	-27.3
Proceeds from tangible and intangible assets	0.0	0.0	3.3
Other investments and loans granted	-2.9	-4.2	-4.7
Proceeds from other investments and repayments of loan receivables	7.5	15.7	19.3
<b>Net cash flow from investing activities</b>	<b>-5.9</b>	<b>4.1</b>	<b>-9.4</b>
<b>Net cash flow from financing activities</b>	<b>3.3</b>	<b>-6.8</b>	<b>-1.2</b>
<b>Change in liquid assets</b>	<b>3.2</b>	<b>0.6</b>	<b>0.7</b>

## Review period in brief

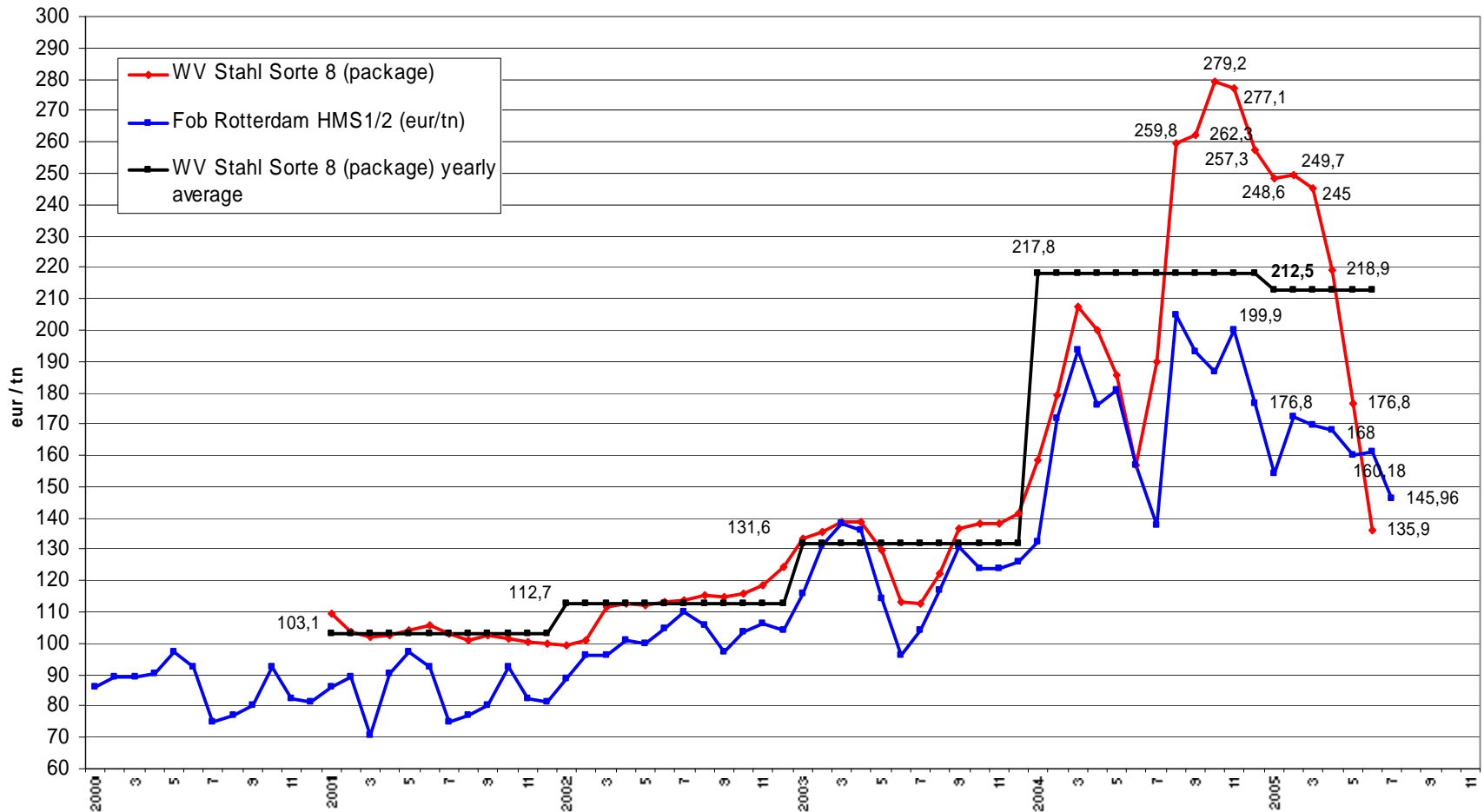
- Net sales and order book increased considerably from previous year.
- The consolidated result after financial items, excluding one-time items, improved from the previous year mainly due to the growth in sales, price adjustments for unprofitable products, and the improvements in the results of De Globe, the Wirsbo forges and associated companies.
- Towards the end of the review period the price of scrap steel came down at least temporarily from its high level early in the year.
- Price adjustments for unprofitable products have been implemented during the first half of the year.
- Running in the new machinery and equipment installed at the Karkkila and Heerlen foundries weakened the result in the first half of the year by a total of EUR 3.1 million.
- One-time items EUR 4.0 (13.4) million consisted mainly of profit of EUR 2.2 million from the sale of Keycast and Profiz shares, the negative goodwill recognized as income of EUR 4.3 million in connection with the purchase of De Globe shares, and one-time costs of EUR 2.4 million for adjustments and restructuring at De Globe and Åmål.

## Review period in brief

- The Board of Directors of Componenta Corporation, under the authorization of the AGM, decided to issue convertible capital notes and on 4 March 2005 approved subscriptions for the Convertible Capital Notes 2005 with a nominal value of EUR 19 million. The exchange rate for the shares is EUR 10.00.
- On 30 March 2005, Componenta sold its 26% holding in IT company Profiz Business Solution Oyj to Skuutinliikki Oy for approximately EUR 0.4 million.
- In a transaction confirmed on 30 June 2005, Componenta sold its 43% holding of the shares of Keycast Oy to a new company established by OKO Venture Capital and Keycast's operational management. The price for the shares was EUR 6.5 million and Componenta recorded a sales profit of EUR 2.1 million on the transaction in the second quarter.
- Under an agreement signed on 30 June 2005, Componenta acquired the remaining 45% of the shares and voting rights of the Dutch company De Globe B.V. The shares were sold by Industriebank LIOF, a Dutch capital investment fund, for a price of EUR 2.3 million. Following the purchase, Componenta owns 100% of De Globe's shares. Componenta recognized as income the EUR 4.3 million in negative goodwill arising from the transaction during the second quarter.

## Wvstahl Sorte 8 package scrap (eur/tn) (Source: Wvstahl)

Updated 05.07.2005



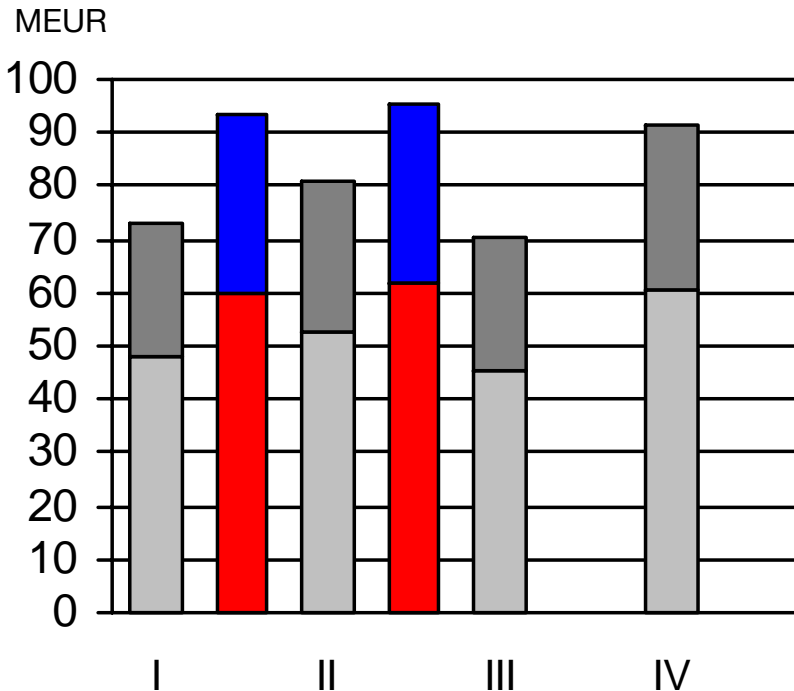


## Net sales and order book

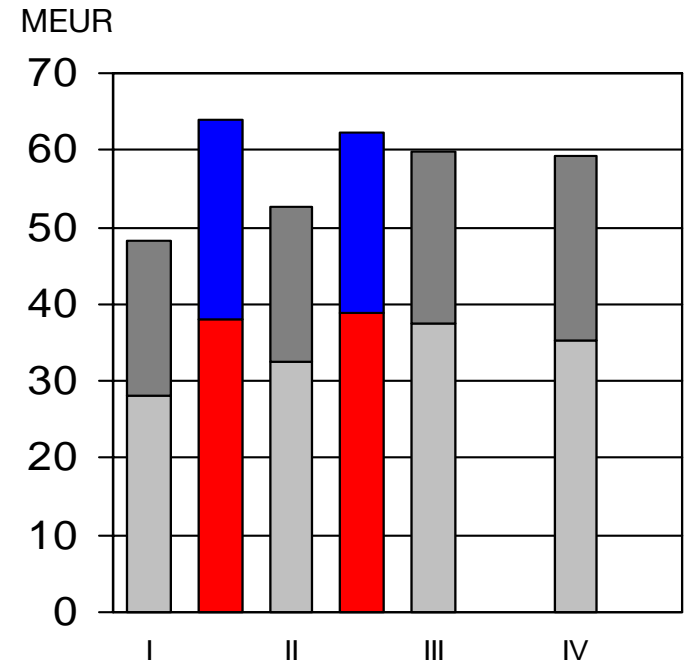
- Componenta's net sales rose 22% to MEUR 188.5.
- Net sales of Cast Components rose 15%, of De Globe 25% and of other business 47%.
- Deliveries by customer sector rose from the previous year as follows.
  - to the heavy truck industry +24%
  - to off-road manufacturers +25%
  - to the machine building industry +21%
  - to the power and transmission industries +20%.
- Componenta's order book stood at MEUR 62.4 (MEUR 52.6) at the end of June.

## Net sales and order book

### Net sales



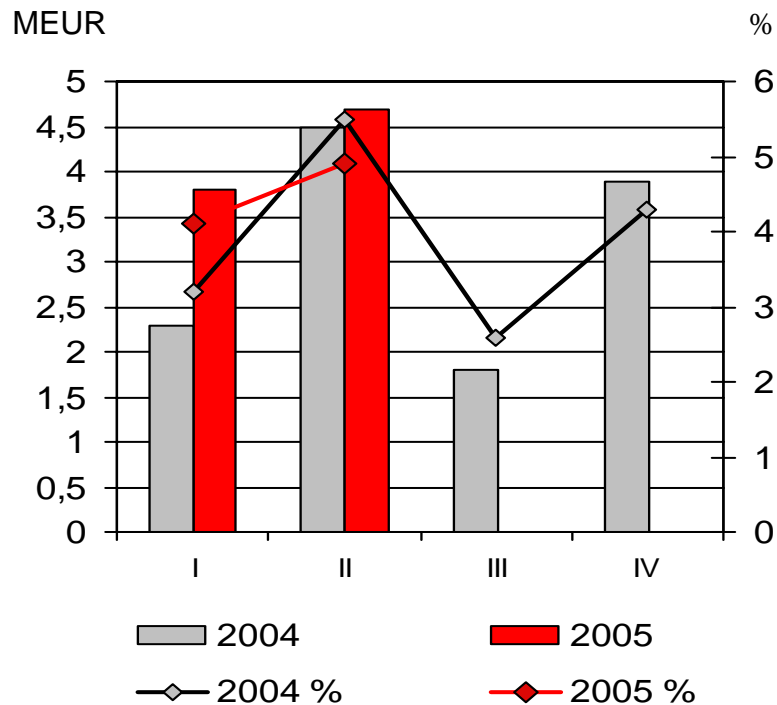
### Order book



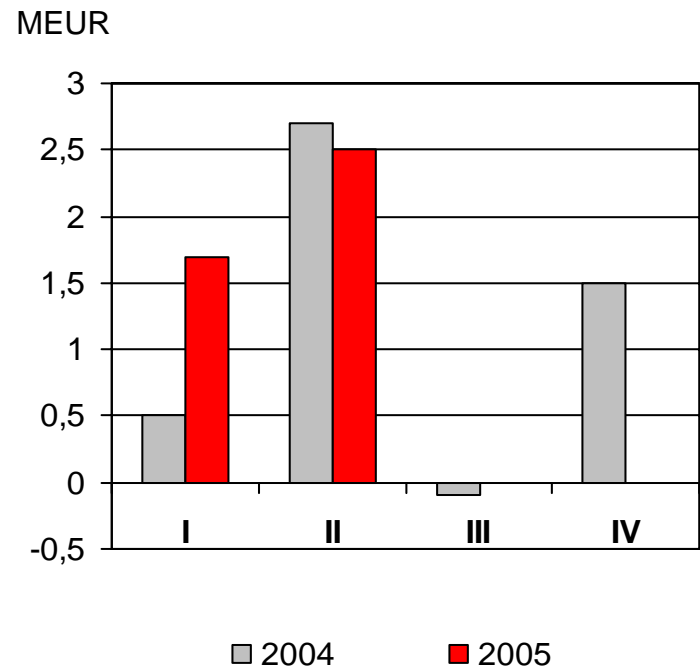
- 2005 De Globe
- 2004 De Globe
- 2005 Componenta Cast Components and Other business
- 2004 Componenta Cast Components and Other business

## Operating profit and result after financial items (excluding one-time items)

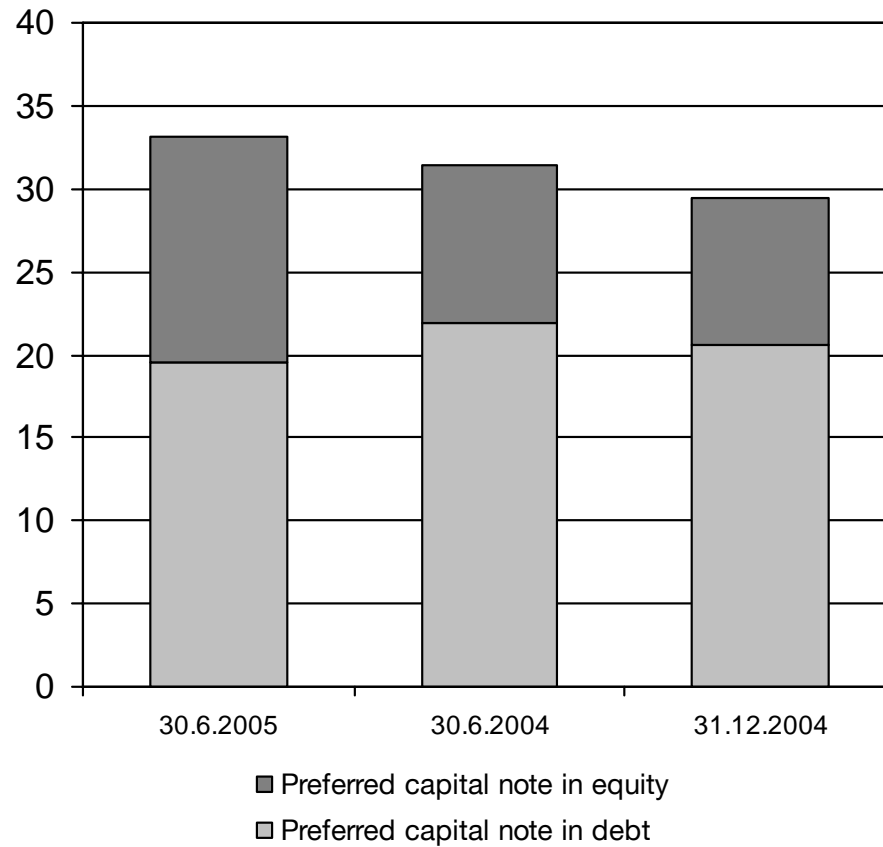
### Operating profit



### Profit/loss after financial items

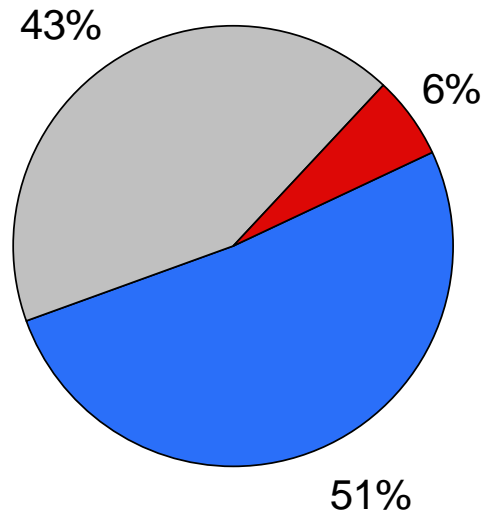


## Equity ratio, %



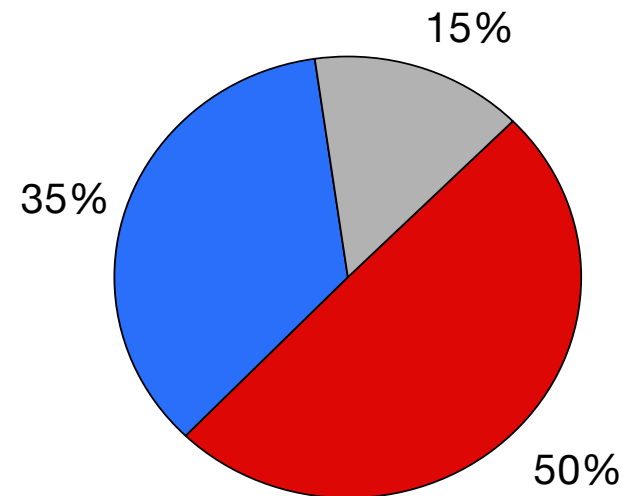
## Division of sales

### Sales by market area



- Nordic Countries
- Other European Countries
- Other Countries

### Sales by business group



- Componenta Cast Components
- De Globe
- Other Business

# COMPONENTA

## Sales to customer industries



**Heavy trucks**

**Off-road**

**Machine building**

**Power and transmission**

**Others**

**47% (46%)**

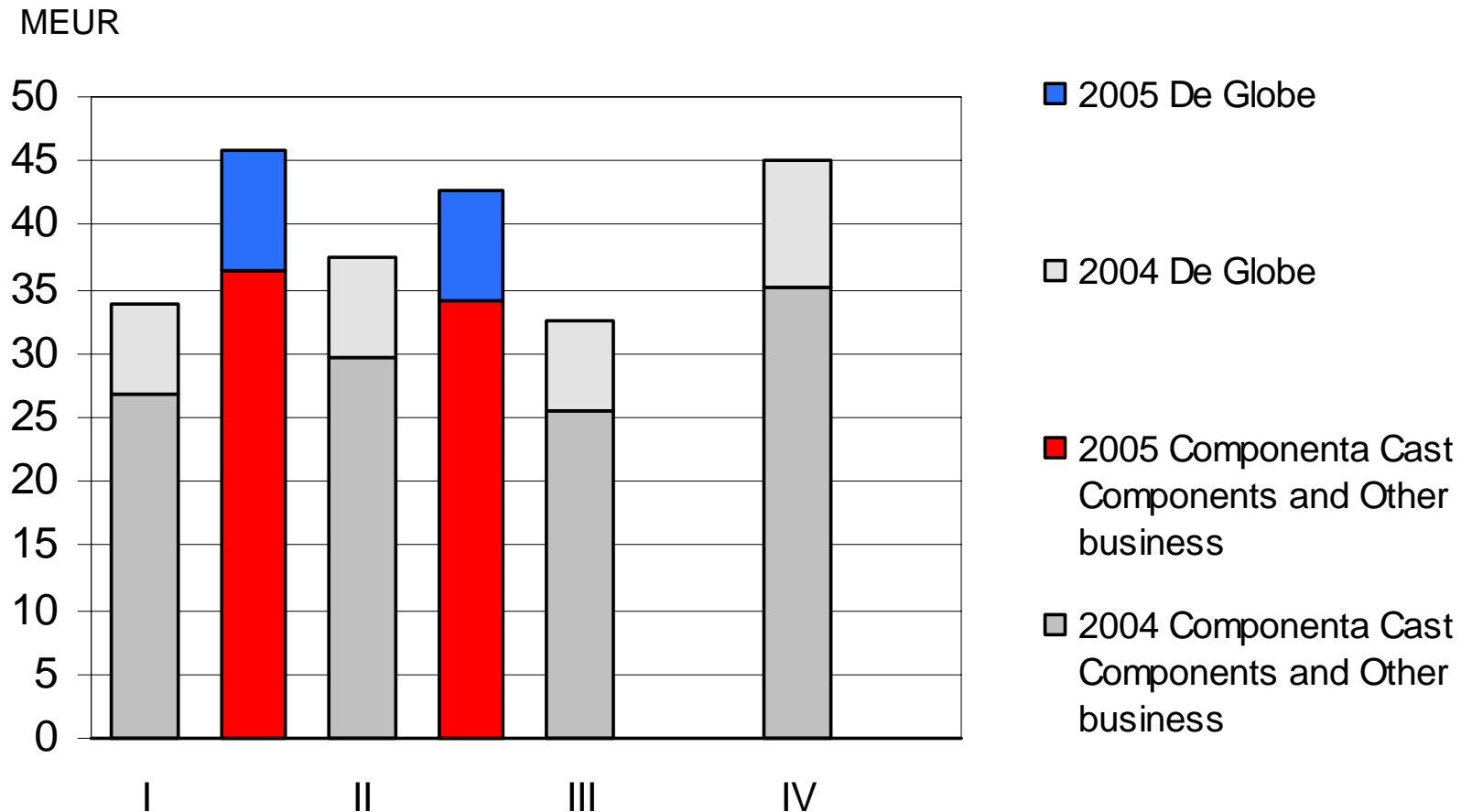
**25% (25%)**

**14% (15%)**

**11% (11%)**

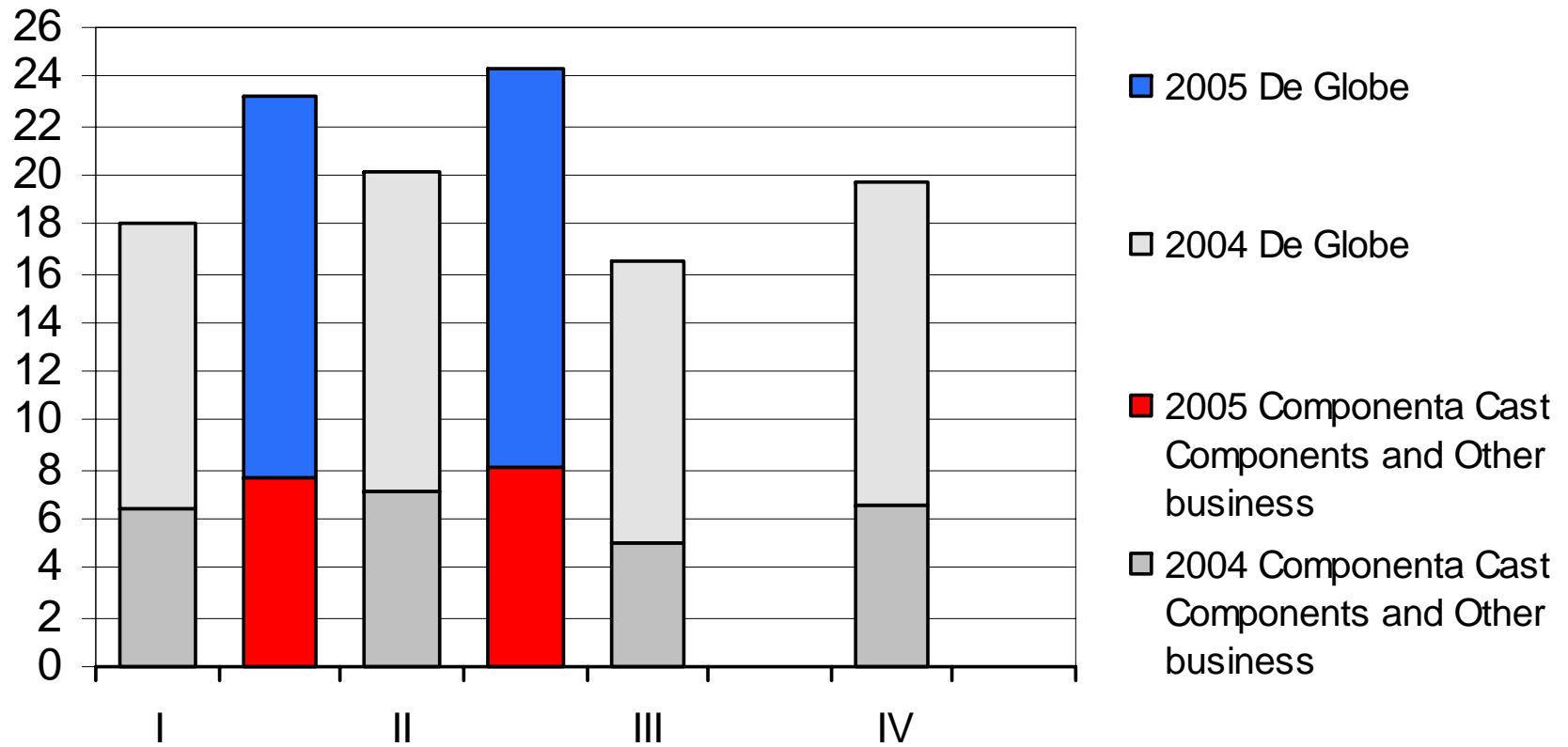
**2% (3%)**

## Sales to heavy truck industry



## Sales to off-road industry

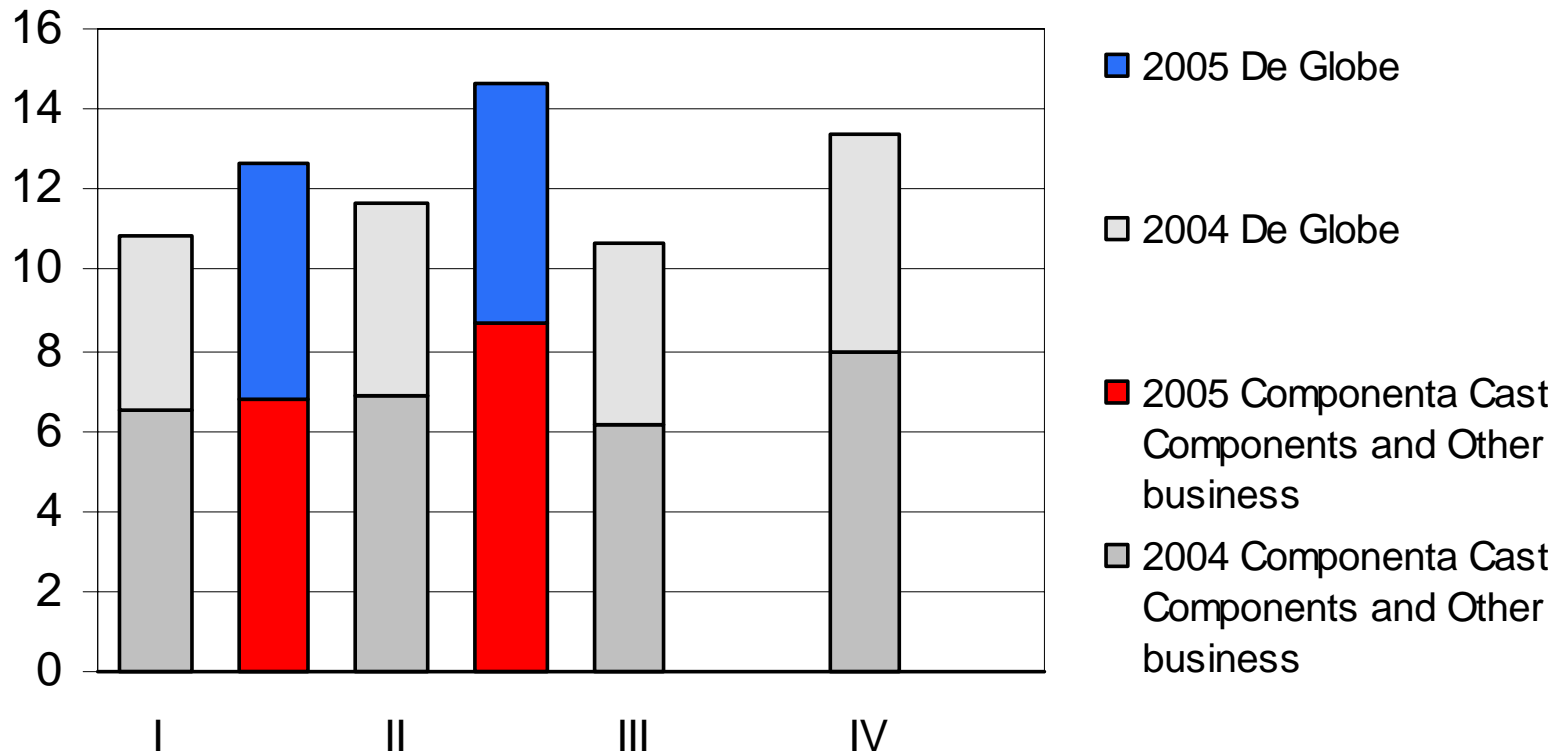
MEUR





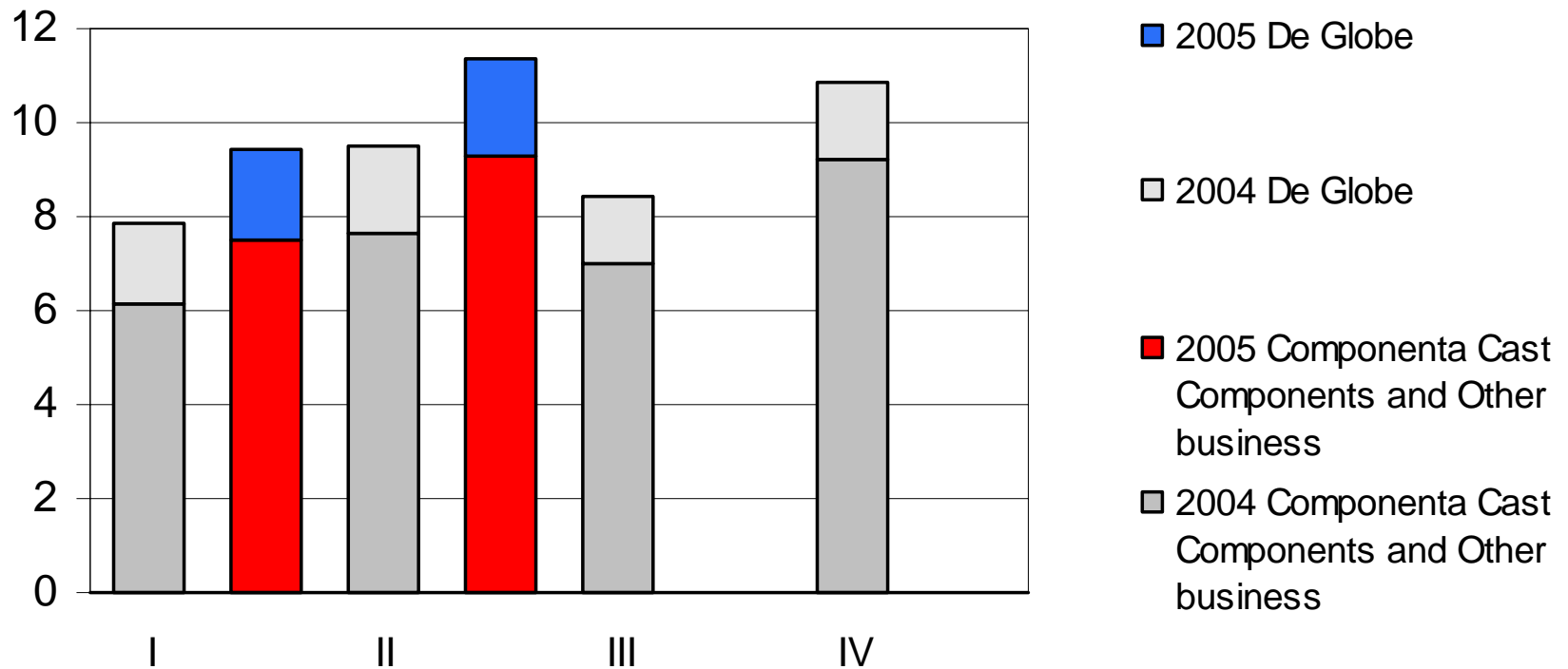
## Sales to machine building industry

MEUR



## Sales to power and transmission industry

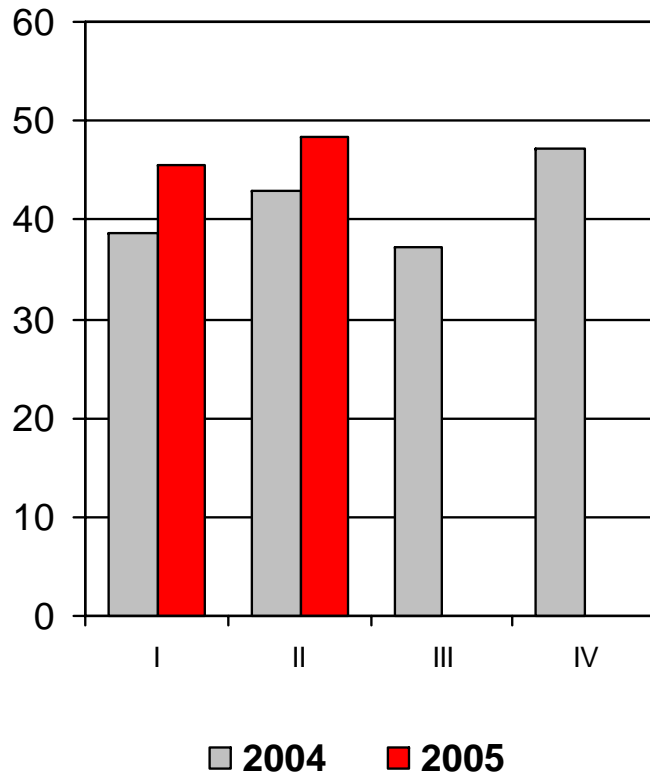
MEUR



## Componenta Cast Components

### Net sales

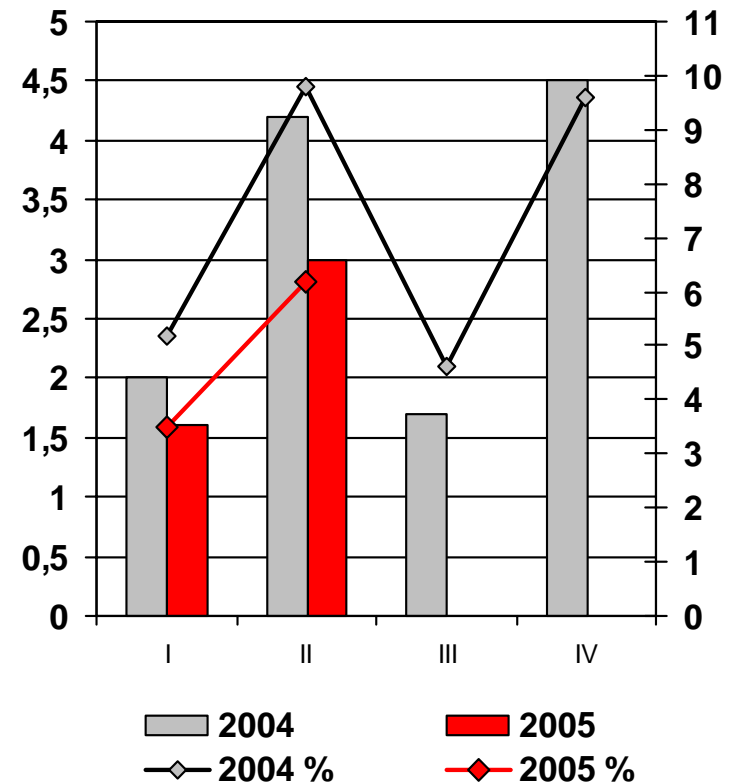
MEUR



### Operating profit

MEUR

%

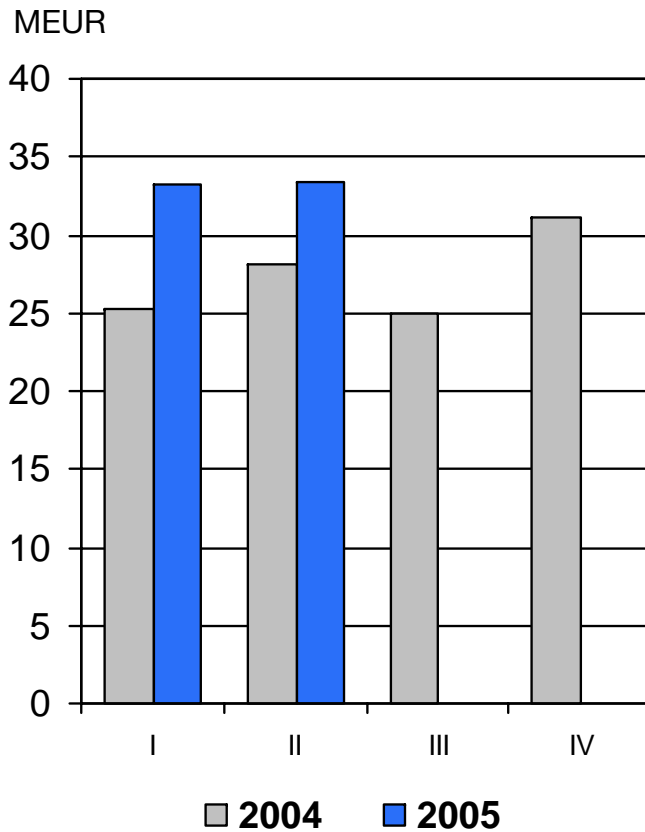


## Performance of Componenta Cast Components

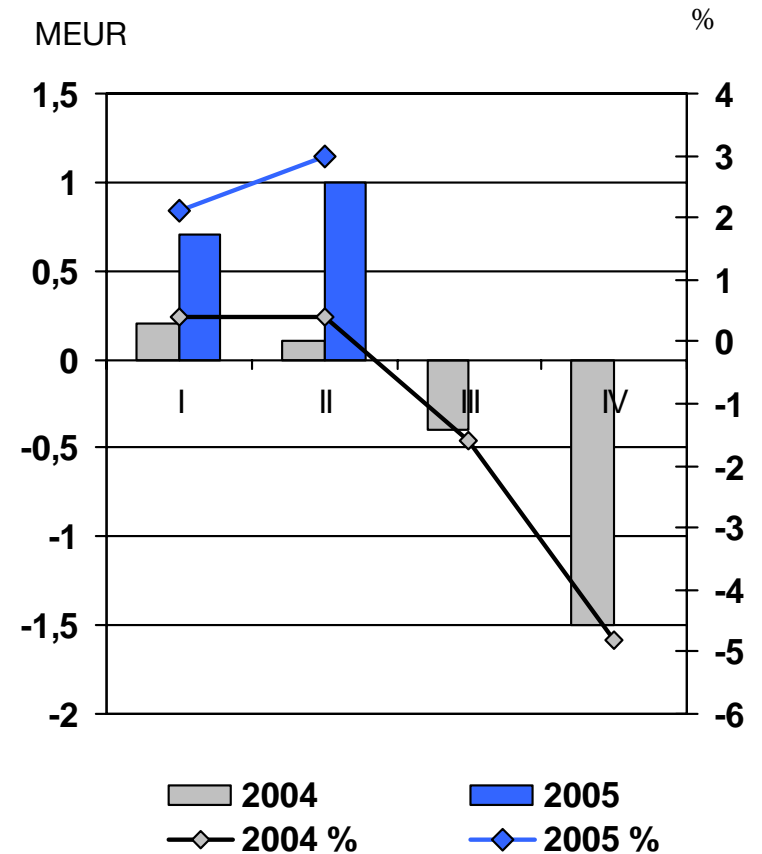
- Strong growth in sales (+15%) and order book at high level (MEUR 31.4).
- Technical problems on the production line at the Karkkila foundry and running in production there weakened the business group's result in the first half of the year by EUR 2.0 million.
- During the first half of June the production organization at Karkkila was restructured and strengthened and a new melting furnace was taken into operation that will boost production capacity.
- At the beginning of June, maintenance at Karkkila was taken over by a combined maintenance organization for the Pori and Karkkila foundries.
- As from 13 June 2005, the Karkkila foundry switched from four shifts to three, which reduced by 40 the number of leased personnel.
- Merging the Karkkila and Alvesta foundries is expected to achieve savings of EUR 5 million a year as from 2006.
- The price level of unprofitable products was corrected during 2005 price negotiations.

## De Globe

### Net sales



### Operating profit



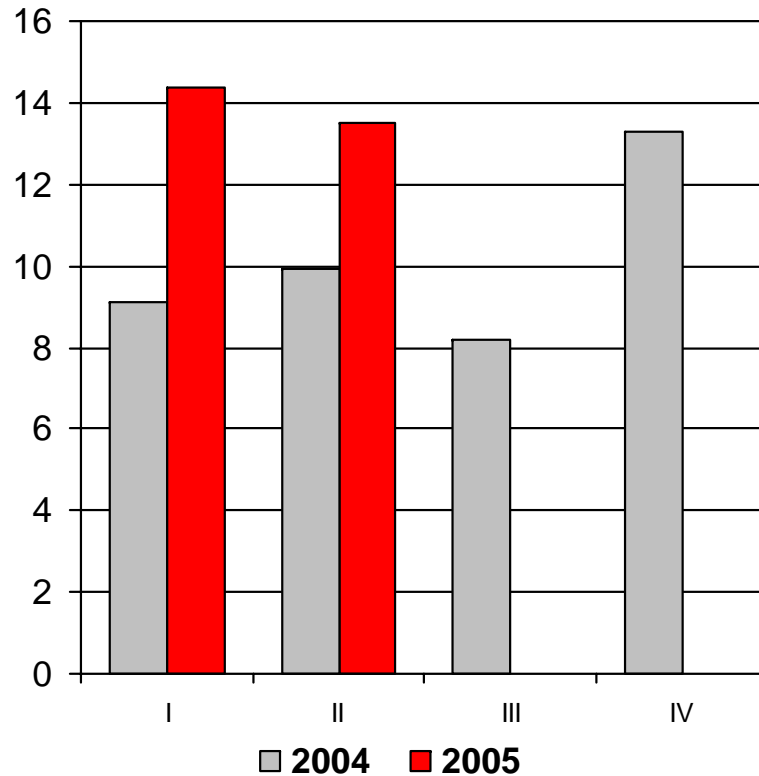
## Performance of De Globe

- Strong growth in net sales (+25%) and order book at high level (MEUR 23.6).
- Growth in sales and correcting the prices of unprofitable products improved the result.
- Transferring the foundry from Belfeld alongside the Heerlen foundry and running in the production line weakened the result in the first half of the year by EUR 1.0 million.
- Merging the foundries is expected to achieve savings of some EUR 1 million in 2005 and annual savings of some EUR 4 million as from 2006.
- De Globe's joint functions moved in February from Belfeld into rented premises, close to the Weert foundry.
- In March 2005, De Globe switched to a profit unit organization, with a director appointed with responsibility for the operations and financial performance of each unit.
- Marc Omes takes up the position of a director at De Globe and becomes a member of the corporate executive team in August 2005.
- Componenta owns 100% of the shares of De Globe.

## Other Business

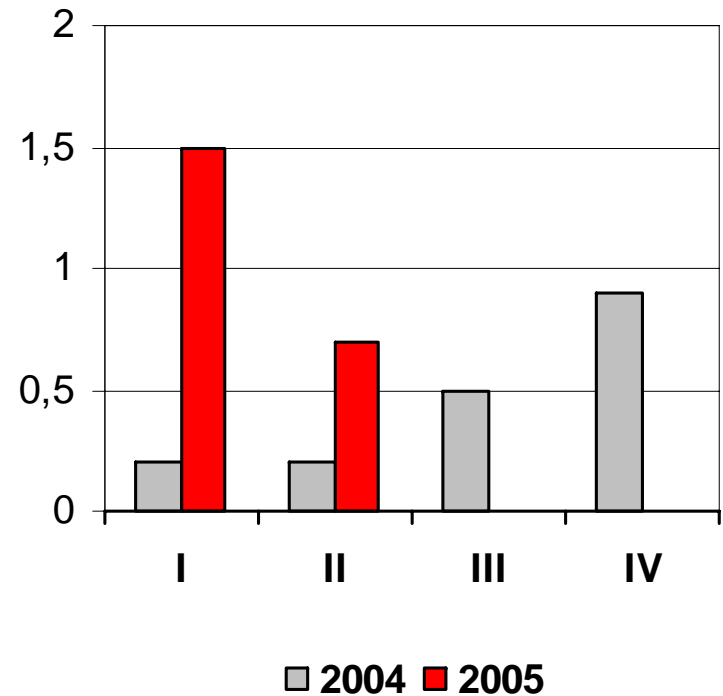
### Net sales

MEUR



### Operating profit (excluding one-time items)

MEUR



## Performance of Other Business

- Sales by the Wirsbo forges increased 52% from the previous year to EUR 27.5 million. The operating profit improved considerably in consequence of the growth in sales and the steps taken to enhance operations.
- The share of the result of the associated companies was MEUR 1.4 (MEUR 1.0).
  - Keycast had net sales of MEUR 20.0 (MEUR 18.1) and a profit after financial items of MEUR 1.4 (MEUR 1.2).
  - Ulefos NV's net sales totalled MEUR 19.4 (MEUR 16.4) million and profit after financial items was MEUR 2.3 (MEUR 1.3).
- Profiz and Keycast shares were sold during the first half of the year.



## Prospects Q3/2005

- Componenta's prospects in 2005 are based on general external financial indicators, order forecasts given by customers, and on Componenta's order intake and order book.
- Demand for components for the heavy truck and off road industries has remained high during the first half of 2005. Growth in demand from the heavy truck industry has stopped.
- Demand for components from the power and transmission industries and from machinery and equipment manufacturers is expected to continue to rise slightly.

## Prospects Q3/2005

- Componenta's order book at the end of June was at a strong level.
- Net sales in the third quarter of 2005 are expected to increase some 10% from the previous year.
- The result after financial items for the third quarter, excluding one-time items, is forecast to be on same level as in the corresponding period of the previous year.