

A close-up, high-angle photograph of several interlocking metal gears, rendered in a monochromatic red color. The gears are arranged in a cluster, with some in sharp focus and others blurred in the background, creating a sense of depth and mechanical complexity.

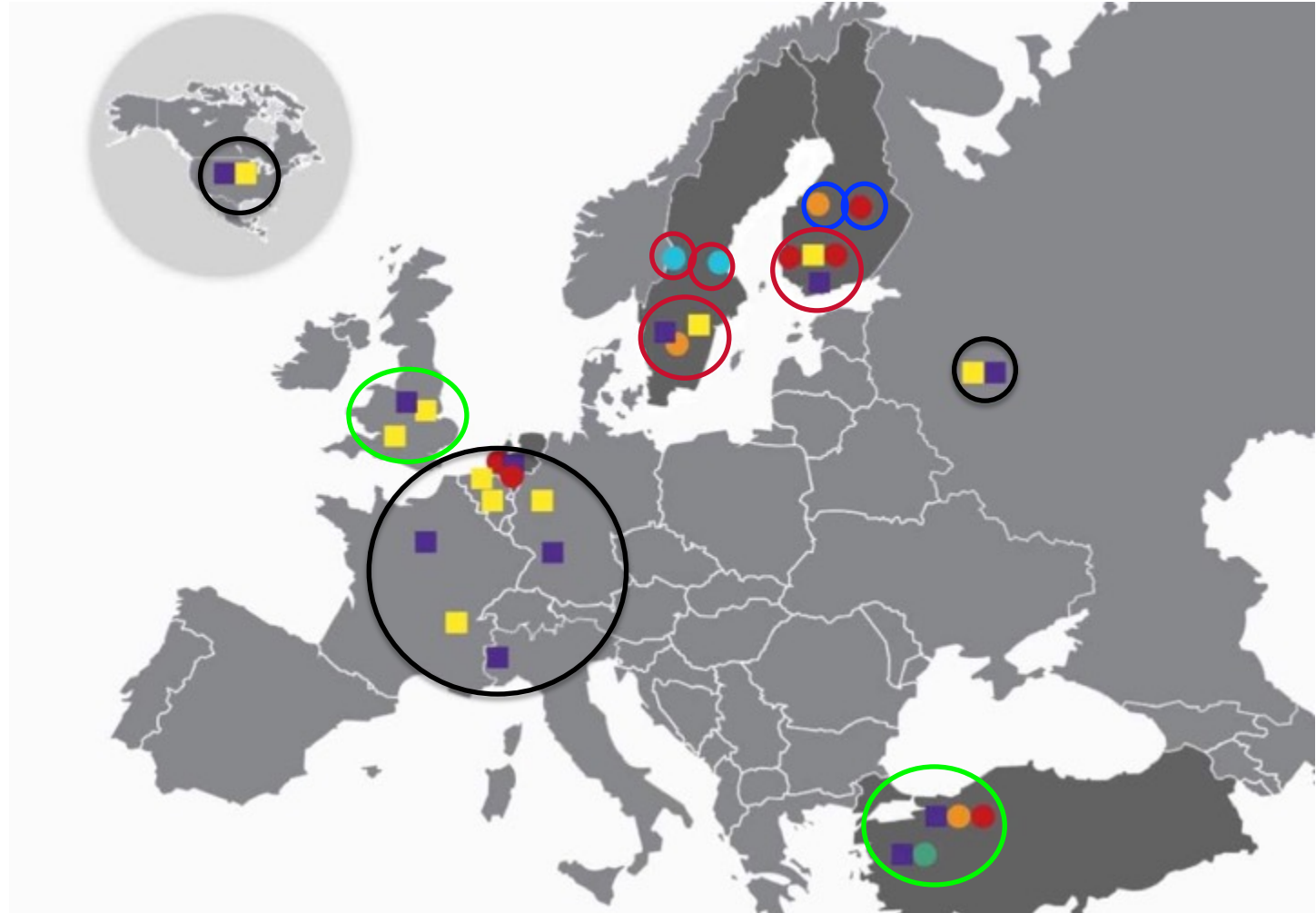
**Componenta  
Corporation  
Annual General  
Meeting  
16 May 2019**

# **CEO's Review**

**Harri Suutari  
President and CEO**

# Operations contracted due to restructuring

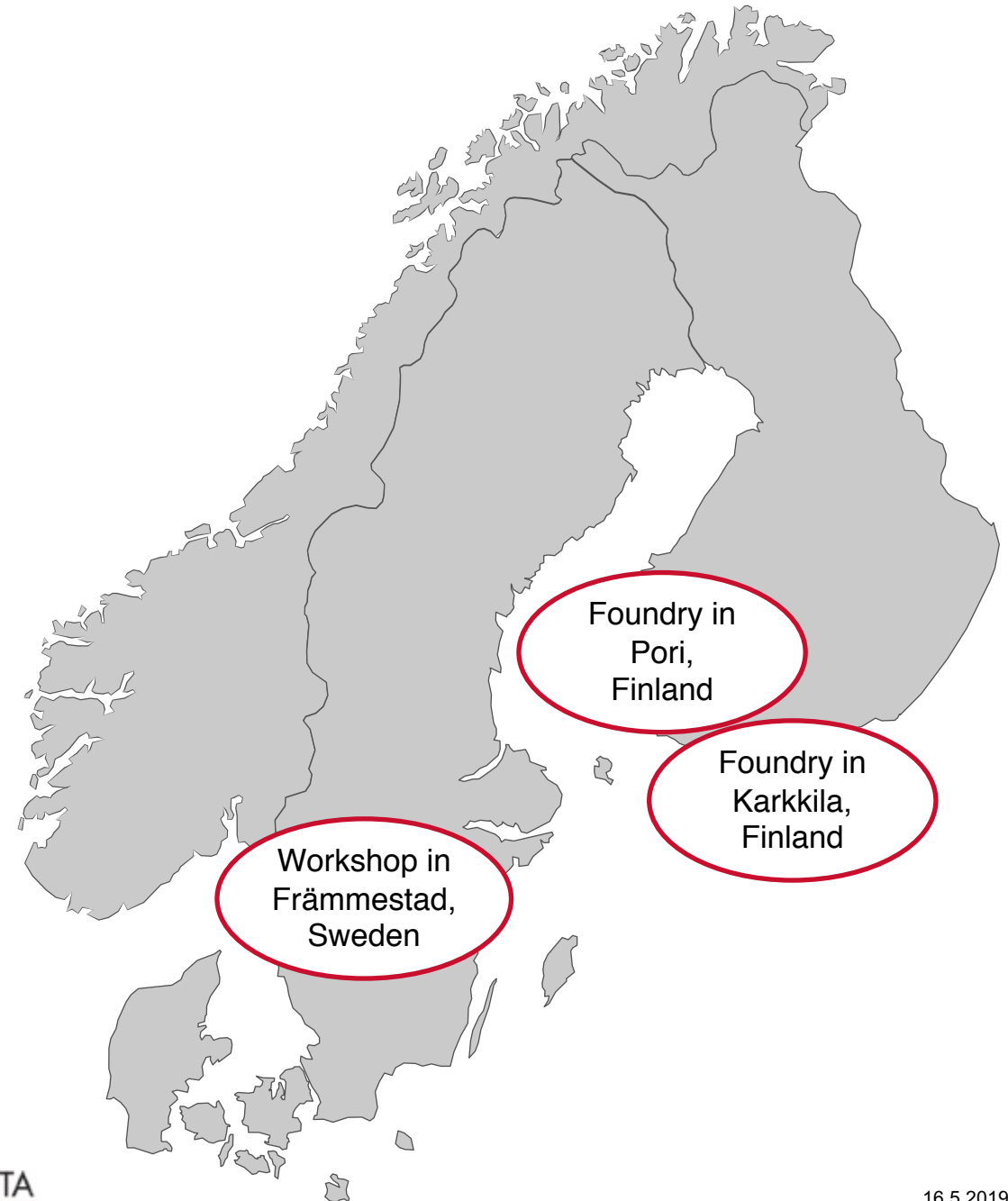
- Iron foundry
- Forge
- Machine shop
- Aluminium foundry
- Sales
- Warehouse
- Divested in 2016
- Declared bankrupt in 2016\*
- Filed for corporate restructuring
- Loss of control in 2016 and divested in 2017



\*) The shares of the French company are under the control of Dutch company's bankruptcy estate and the Russian company has been dissolved through liquidation process in 2017.

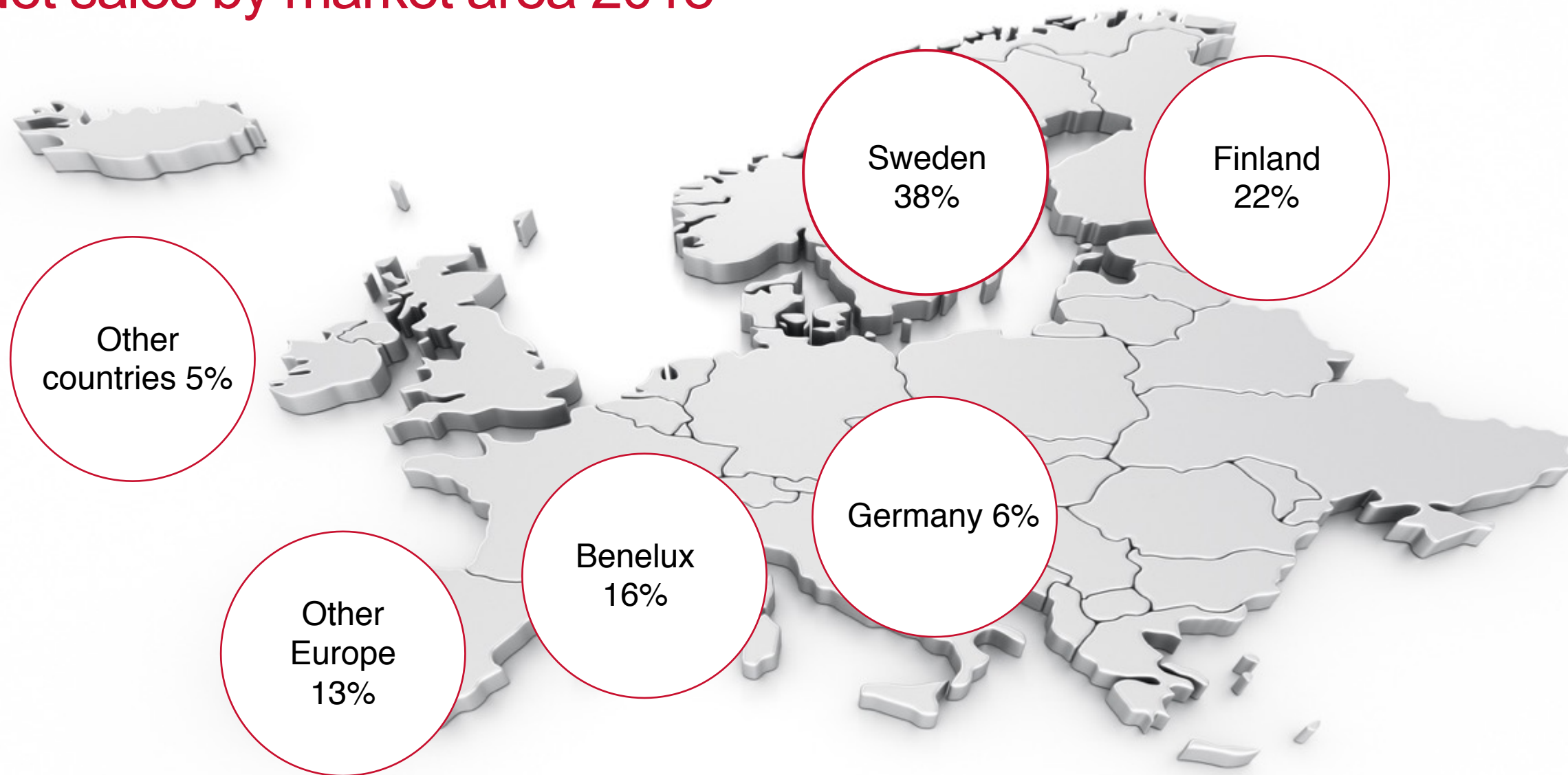
# Business in 2018

- Net sales: 120.7 MEUR
- Adjusted EBITDA: 4.9 MEUR  
(IFRS: 3.7 MEUR)
- Adjusted operating profit: 2.9 MEUR  
(IFRS: 1.2 MEUR)
- Average number of personnel: ~700



\*) adjusted

# Net sales by market area 2018<sup>\*)</sup>



<sup>\*)</sup> continued operations

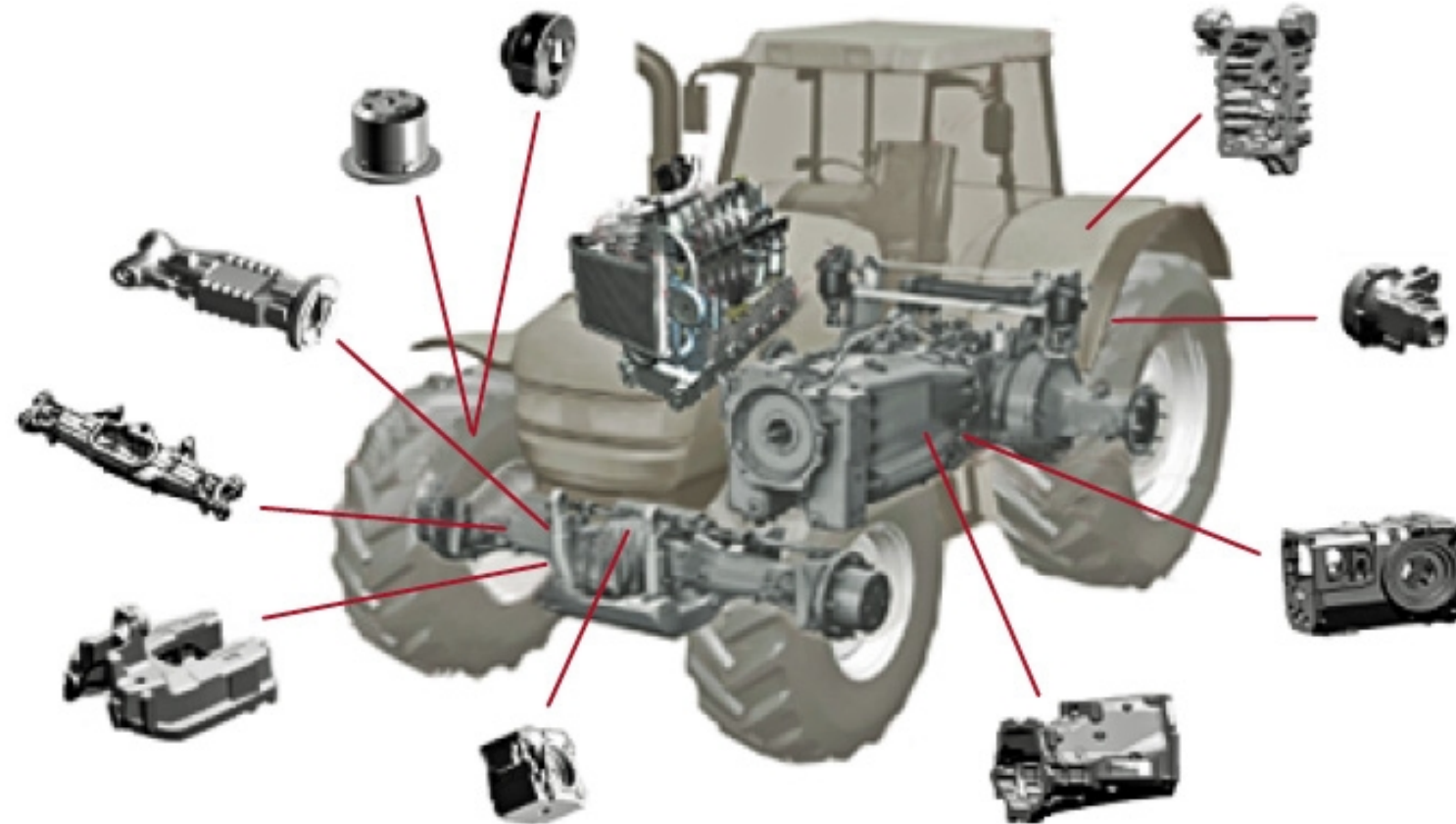
# Componenta – European technology company

- Componenta specializes in supplying cast and machined components to manufacturers of vehicles, machines and equipment
- Our business idea is based on a deep understanding of our clients' business
- We want to support our clients through the whole process, from design and production all the way to deliveries



# Machined and painted cast iron components

- Componenta focuses on manufacturing, assembly and distribution of machined and painted cast iron components
- Our focus is on mid-range production series, which gives us flexibility to serve customers also in time-sensitive circumstances.



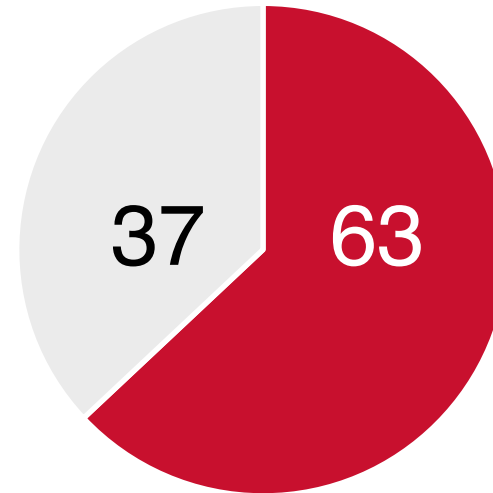
Cast iron components in a tractor, for example.

# Examples of customer base 2018

## Others



## Net sales by business area, %



## Heavy Trucks



# Continued operations, adjustments and comparability in the financial statements 2018

- Continued operations in the review period were the foundry operations in Pori and Karkkila, Finland, and the machine shop in Främmestad, Sweden
- For the comparison periods, Componenta publishes alternative key figures to describe the financial development of the business and to improve the comparability between different periods
- In comparable key figures, certain value adjustment items not related to the ordinary business, items related to the sold and discontinued operations and other items with impact on comparability, have been adjusted
- Net sales in the comparable period include administration service fees charged from Wirsbo sub-group, which was diluted from the Group in 2017 because of the filing for bankruptcy



# Business developed as planned in 2018

- Business development was hindered (due to corporate restructuring status) by lack of external financing and possible hesitation of customers in relation to supplier risk
- Period of no valid contract with Döktas Metal, a significant supplier, continued resulting in uncertainty in Sweden's business
- Situation in Karkkila foundry was especially improved and significant new orders were obtained there
- Net sales were at the same level as in previous year and adjusted net sales improved slightly
- Measures to improve the profitability were continued: costs were reduced, productivity of the factories was improved and prices were increased
- One significant but weakly profitable customer agreement was discontinued. The impact is seen in 2019
- In Finland real estate properties unrelated to the core business were divested

# Consolidated income statement

MEUR	2018 <sup>(1)</sup>	2018 <sup>(2)</sup>	2017 <sup>(1)</sup>	2017 <sup>(2)</sup>
Net sales	120.7	120.7	122.4	122.4
EBITDA	3.7	4.9	29.8	4.8
Operating result	1.2	2.9	26.3	2.9
Operating result margin, %	1.0	2.4	21.5	2.3
Result for the period	1.0	2.7	128.8	2.7
Earnings per share:				
Group, undiluted, eur	0.01	0.02	0.70	0.02

- 1) Continued operations, total
- 2) Continued operations, adjusted

# Consolidated balance sheet

<b>Assets, MEUR</b>	<b>31.12. 2018</b>	<b>31.12. 2017</b>	<b>Liabilities and shareholders' equity, MEUR</b>	<b>31.12. 2018</b>	<b>31.12. 2017</b>
Intangible and tangible assets	20.8	21.2	Share capital	1.0	1.0
Investment properties	0.0	0.5	Other equity	18.2	17.3
Other non-current assets	0.3	0.4	Non-current interest bearing	1.5	1.4
Current assets	22.5	23.6	Non-current interest free	15.1	16.6
Cash and cash equivalents	5.3	5.5	Current interest bearing	0.5	1.1
Assets classified as held for sale	0.0	1.5	Current interest free	12.6	15.4
<b>Total assets</b>	<b>48.9</b>	<b>52.8</b>	<b>Total liabilities and shareholders' equity</b>	<b>48.9</b>	<b>52.8</b>

# Group key ratios

	1.1.–31.12. 2018	1.1.–31.12. 2017
Net interest bearing debt, MEUR	-3.4	-3.0
Invested capital, MEUR	21.2	20.8
Equity ratio, %	39.3	34.8
Net gearing, %	-17.5	-16.2
Earnings per share (EPS), EUR (diluted)	0.01	0.70
Cash flow per share, EUR	0.02	0.02
Equity per share, EUR	0.11	0.10

# Group cash flow from operations

MEUR	1.1.–31.12. 2018	1.1.–31.12. 2017
Cash flow from Continued operations	3.5	2.8
Cash flow from Discontinued operations	0.0	1.3
<b>Net cash flow from operations</b>	<b>3.5</b>	<b>4.1</b>
Net cash flow from investing activities, continued operations	-0.2	-1.4
Net cash flow from investing activities, discontinued operations	0.0	-1.2
<b>Net cash flow from investing activities</b>	<b>-0.2</b>	<b>-2.6</b>
Net cash flow from financing activities, continued operations	-3.5	0.0
Net cash flow from financing activities, discontinued operations	0.0	-0.5
<b>Net cash flow from financing activities</b>	<b>-3.5</b>	<b>-0,4</b>
<b>Change in liquid assets</b>	<b>-0.2</b>	<b>1.1</b>

# Group personnel

<b>Personnel in average</b>	<b>1.1.–31.12. 2018</b>	<b>1.1.–31.12. 2017</b>
Continued operations, excl. leased personnel	596	567
Discontinued operations, excl. leased personnel		106
Group total, excl. leased personnel	596	673
<b>Group total, continued operations, incl. leased personnel</b>	<b>703</b>	<b>680</b>
<b>Personnel at end of financial year</b>	<b>2018</b>	<b>2017</b>
<b>Group total, continued operations, incl. leased personnel</b>	<b>668</b>	<b>691</b>

## Detailed repayment schedule for external restructuring debts to be paid

MEUR	2019	2020	2021	2022	2023	2024	Total
Componenta Corporation	0.6	0.7	0.7	0.7	5.2	-	<b>7.8</b>
Componenta Finland Ltd	0.9	1.0	0.9	0.9	1.9	-	<b>5.7*</b>
Componenta Främmestad AB	0.4	0.4	0.4	0.4	0.4	0.4	<b>2.5**</b>
<b>Total</b>	<b>1.9</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>7.5***</b>	<b>0.4</b>	<b>16.0</b>

\*) Componenta Finland Ltd's restructuring debts round to 5.7 MEUR

\*\*\*) The remaining Componenta Främmestad AB's debt to Componenta's former Turkish company will be paid back within a period of six years. The repayment is tied to the EBITDA of Componenta Främmestad AB

\*\*\*\*) The reason for the larger last instalment of Componenta Corporation and Componenta Finland Ltd is that the income from the sales of properties, which are not part of the core business, have been taken into account in the payment program. The generated income will be used to repay debts during the end of the payment program. The last instalment also includes a supplementary payment obligation of 3.2 MEUR incurred by the discharge of 80 MEUR loan guarantee

# Business Review Q1/2019: Decline in delivery volumes in Sweden weakened the operating result

MEUR	Q1/ 2019	Q1/ 2018	Change %
Net sales	31.0	33.3	-6.8
EBITDA	1.2	1.4	-17.3
Operating result	0.7	0.9	-22.1

The financial information is unaudited

- Business at Finnish foundries proceeded better than before in terms of its scope and profitability
- The volumes and profitability of machining, painting and castings sold as agency products and profitability in Sweden declined
  - Componenta aims to improve profitability and reduce capital employed in business operations by reducing some of the weakest customer relationships
  - Manufacturing costs are decreasing more slowly than net sales
  - Profitability in Sweden is currently poor, and will continue to be so for the rest of the year
- The Group's liquidity continued to develop very positively
  - The reduction in working capital in Sweden will continue to support this trend for the rest of the year



Componenta has signed an agreement on purchasing the shares and capital loans of Komasa Oy from funds managed by CapMan, Fortaco Oy and certain private persons

# Key information of transaction

<b>Target and parties</b>	<ul style="list-style-type: none"> <li>• Target: the shares and capital loans of Komasa Oy</li> <li>• Buyer: Componenta Corporation</li> <li>• Sellers: funds managed by CapMan, Fortaco Oy and certain private persons</li> </ul>
<b>Purchase price</b>	<ul style="list-style-type: none"> <li>• The entire purchase price is paid with the shares of the Componenta Corporation             <ul style="list-style-type: none"> <li>• Purchase price:                 <ul style="list-style-type: none"> <li>• 60 million new shares issued by Componenta, which is approximately 25.3% of issued Componenta Corporation shares after the share issue or 24.3%, if all rights and privileges attached to shares are considered</li> <li>• EUR 6.6 million, if EUR 0.11 is used as share price (the closing price of Componenta's share on 15 May 2019)</li> <li>• The final purchase price is determined in accordance with the share price on the closing date</li> </ul> </li> </ul> </li> </ul>
<b>Share issue</b>	<ul style="list-style-type: none"> <li>• Componenta is planning to issue shares for the sellers of Komasa as a form of paying the purchase price</li> <li>• For this purpose, the company will convene an Extraordinary General Meeting in order to authorise the Board of Directors to decide on the share issue</li> </ul>
<b>Closing</b>	<ul style="list-style-type: none"> <li>• The closing of the transaction depends on the usual terms of business acquisitions, including any possible approvals from authorities and the decision on the share issue by the Extraordinary General Meeting</li> <li>• It is the intention of the parties to conclude the transaction on 1 July 2019 and to consolidate Komasa and Componenta on the date of closing the transaction</li> </ul>
<b>Impact on Componenta</b>	<ul style="list-style-type: none"> <li>• The transaction is estimated to increase Componenta's net sales by approximately EUR 20 million in 2019, provided that the closing of the transaction on 1 July 2019</li> <li>• The transaction is also estimated to have a positive impact on Componenta's EBITDA</li> </ul>

# Komas in brief

Komas is a manufacturer of machined components, forged blanks, hydraulic pipes and plate cuttings. Key customers of Komas include major international OEMs of machinery and equipment.

## Key figures 2018

- Net sales: 44.9 MEUR (FAS)
- EBITDA: 2.0 MEUR (FAS)
- Number of employees: 313



## History

- |      |   |
|------|---|
| 2002 | Komas is founded by Midinvest Management when operations of Patria Comas Oy are spun off                              |
| 2007 | CapMan acquires Komas from Midinvest Management   |
| 2012 | CapMan establishes Fortaco by merging Ruukki Engineering and parts of Komas - remaining units are left in new Komas   |
| 2015 | Komas acquires Fortaco's machining business in Kurikka  |
| 2017 | Komas acquires Fortaco's machining business in Härmä and Sastamala, and Fortaco becomes minority shareholder in Komas |

# Componenta to become the leading metal component manufacturer in Finland

## Strategic reasoning

1

Extending the product and service portfolio of Componenta would improve customer service by creating a one-stop-shop for industries purchasing cast and machined components

- Customers have indicated preference to purchase cast components and machining services from a single supplier
- Machining services will strengthen Componenta's competitiveness

2

Redirection of machining services from the external machining service provider network to in-house provides possibility to enhance service levels

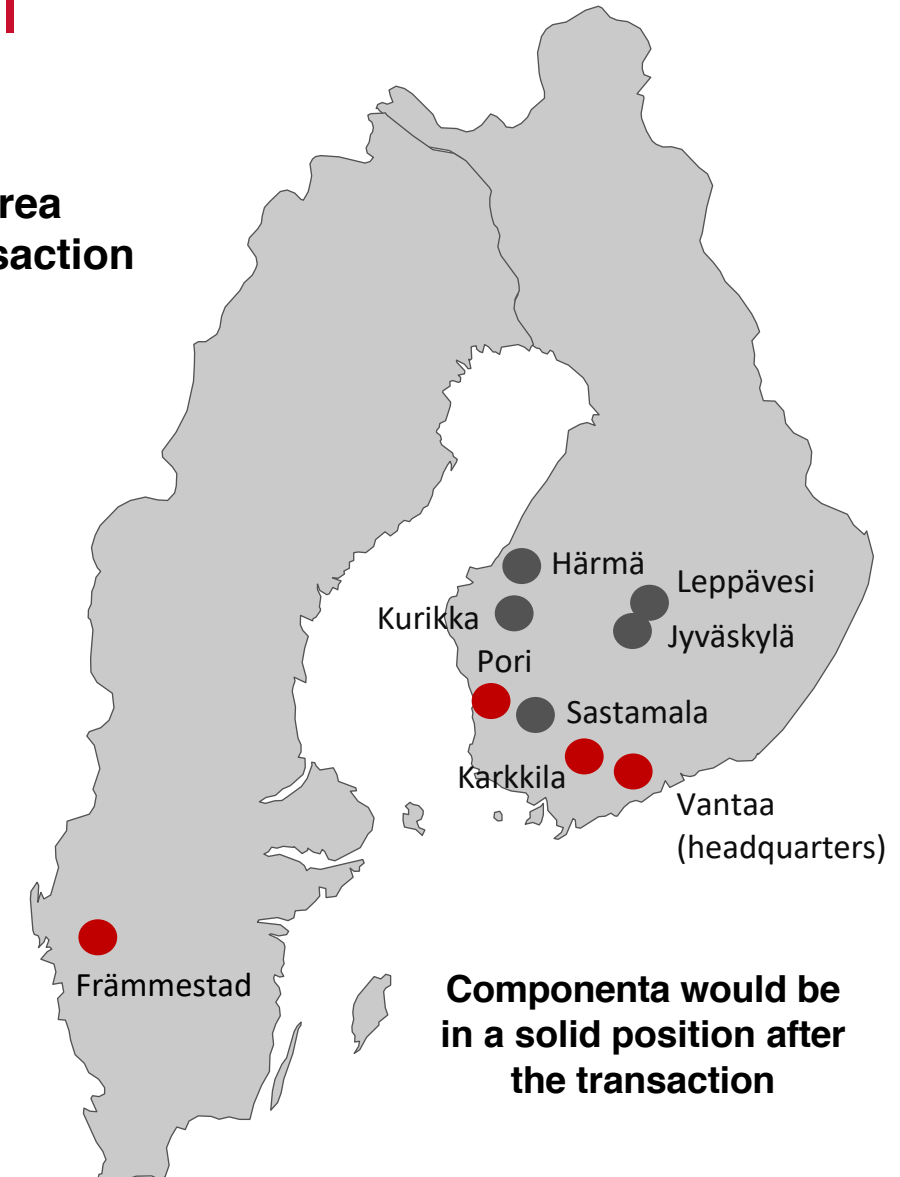
- Improved basis for customer retention and acquisition in the long-term

3

Broader presence in industrial centres of Finland

- Ability to provide services to wider customer base locally

## Geographic area after the transaction



**Componenta would be in a solid position after the transaction**

# Guidance for 2019

# Guidance for 2019

- Due to the announcement (16 May 2019) of the corporate acquisition, Componenta updates its result guidance for 2019:
  - Componenta expects net sales to be EUR 90–110 million in 2019
  - EBITDA is expected to remain positive
  - Net sales in 2018 were EUR 120.7 million and EBITDA EUR 3.7 million
- Previous guidance: Componenta expects net sales to be EUR 70–90 million in 2019. Adjusted EBITDA without items affecting comparability is expected to remain positive.
- The new result guidance is based on the assumption that the acquisition of Komasa Oy will take place on 1 July 2019. In addition, possible fluctuations in exchange rates, higher raw material prices and the general competitive climate may affect the business outlook. Changes in new accounting principles are not expected to have a significant impact on the upcoming financial statements.



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**Thank you!**