

COMPONENTA

Componenta Corporation

Interim report 1 January – 30 June 2010

Review period in brief

- Net sales increased 31% to MEUR 209 (MEUR 159).
- Value of production rose 51% and was MEUR 213 (MEUR 141).
- Operating profit was MEUR 4.3 (MEUR -10.5).
- Result after financial items was MEUR -7.8 (MEUR -21.0).
- Order book rose 62% and was MEUR 84 (MEUR 52).
- Capacity utilisation rate was 54% (36%).
- Operating profit improved from the previous year due to significantly higher production volumes and cost adaptation measures implemented earlier.
- The first half year result was weakened by rapid increase in raw material prices (MEUR 6.6) and exchange rate losses (MEUR 2.0).
- Unused, committed credit facilities and cash in bank at the end of the review period were MEUR 37.7.
- Cash flow from operations was MEUR 15.6 (MEUR 10.5). Change in net working capital was clearly positive regardless of the increasing sales volumes.

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Income statement 1-6/2010

MEUR	2010	2009	2009
	1 - 6	1 - 6	1 - 12
Net sales	208.5	158.7	299.6
Operating profit	4.3	-10.5	-15.4
Financial income and expenses	-12.1	-10.5	-21.8
Result after financial items	-7.8	-21.0	-37.2
Net result	-5.7	-15.8	-28.7
Basic earnings per share, EUR	-0.33	-1.43	-2.30

Q2/2010 in brief

- Net sales increased 66% to MEUR 117 (MEUR 71).
- Value of production rose 80% and was MEUR 119 (MEUR 66).
- Operating profit was MEUR 4.0 (MEUR -4.3).
- Result after financial items was MEUR -2.2 (MEUR -10.1).
- Capacity utilisation rate was 58% (33%).
- Operating profit improved from the previous year due to significantly higher production volumes and cost adaptation measures implemented earlier.
- Result was negatively affected by rapid increase in raw material prices (MEUR 4.6) and exchange rate losses (MEUR 1.0).
- Cash flow from operations was MEUR 12.1 (MEUR 5.2).

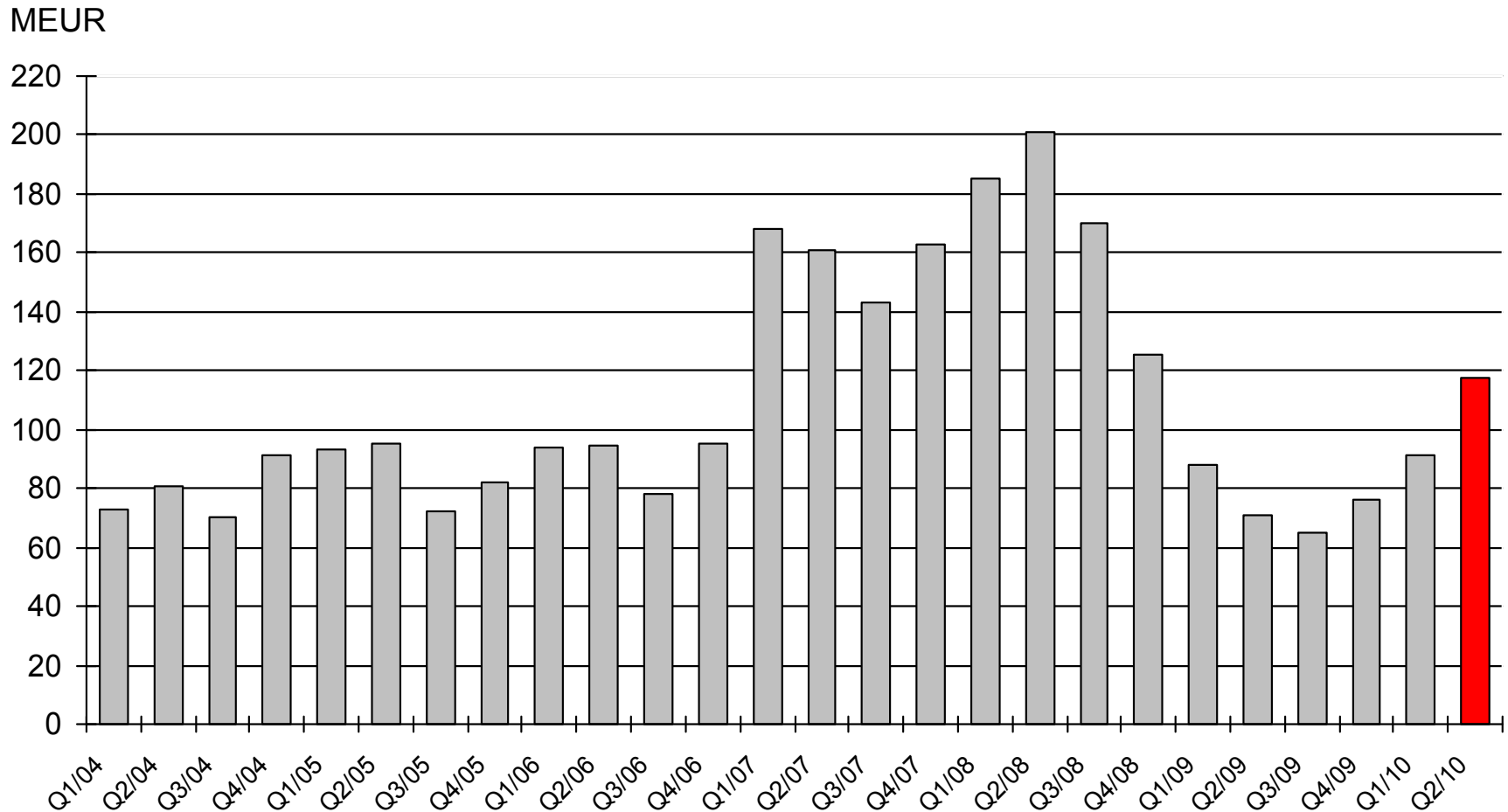
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Income statement 4-6/2010

MEUR	2010	2009	2009
	4 - 6	4 - 6	1 - 12
Net sales	117.3	70.6	299.6
Operating profit	4.0	-4.3	-15.4
Financial income and expenses	-6.2	-5.7	-21.8
Result after financial items	-2.2	-10.1	-37.2
Net result	-1.6	-7.5	-28.7
Basic earnings per share, EUR	-0.10	-0.68	-2.30

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Quarterly net sales development 2004 - Q2/2010



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Key ratios

MEUR	30.6.2010	30.6.2009	31.12.2009
Equity ratio, % (preferred capital note in equity)	24.5	24.1	26.5
Return on equity, %	-15.6	-53.6	-45.1
Return on investment, %	3.4	-5.7	-4.1
Net interest bearing debt, MEUR (preferred capital note in equity)	206.9	221.3	206.5
Net gearing, % (preferred capital note in equity)	192.4	232.9	200.8
Order book, MEUR	83.6	51.7	58.8
Investments in production facilities, MEUR	3.4	7.1	15.5
Personnel at the end of period (incl. leased personnel)	4,261	3,776	3,698

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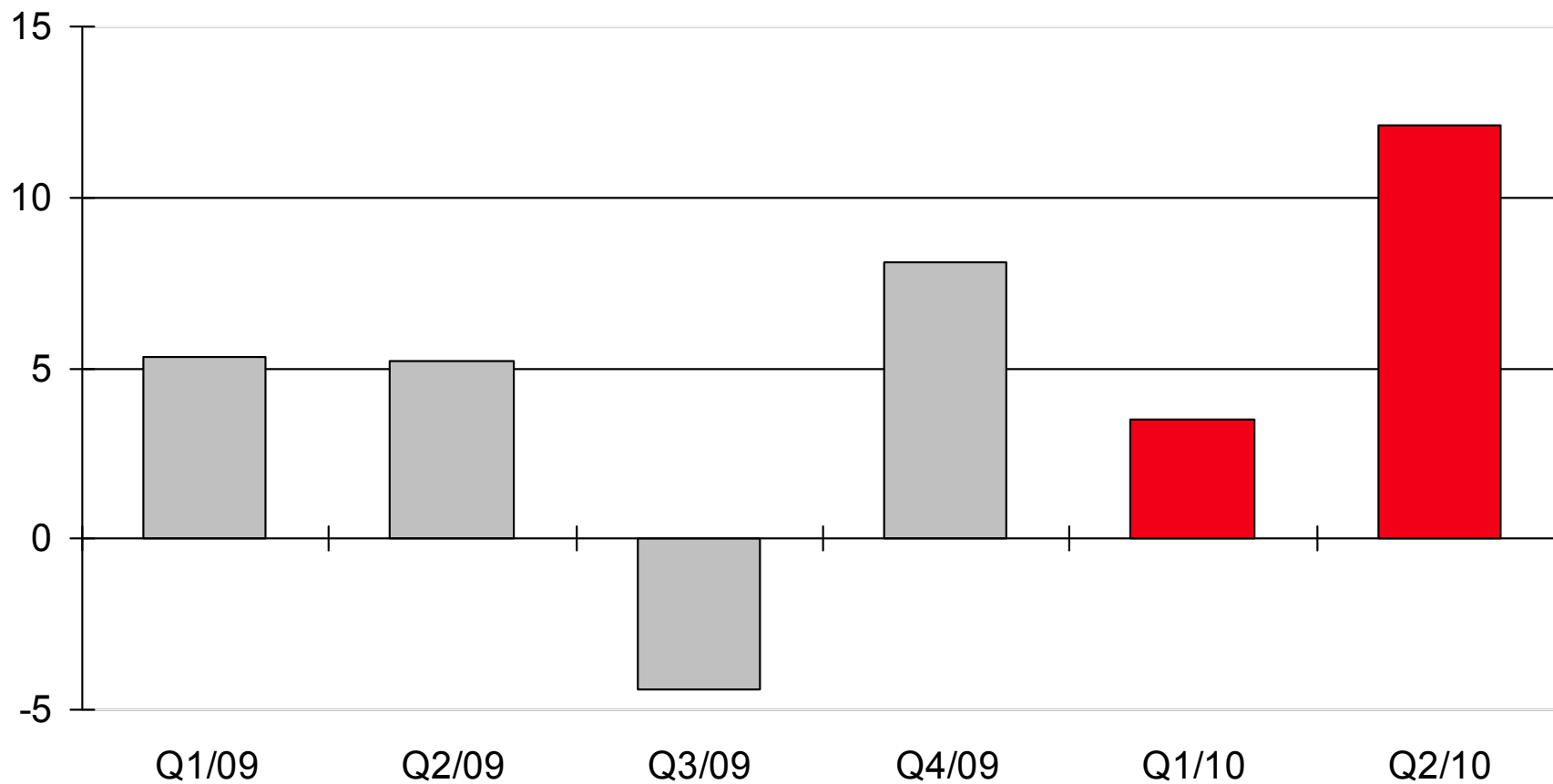
Cash flow statement

MEUR	2010 1 – 6	2009 1 – 6	2009 1 – 12
Cash flow from operations before change in net working capital, financing and taxes	14.5	-4.1	-2.5
Change in net working capital	10.9	22.2	37.5
Cash flow from operations before financing and taxes	25.4	18.1	35.0
Cash flow from operations	15.6	10.5	14.2
Cash flow from investments	-5.5	-6.8	-12.6
Cash flow from financing activities	-3.5	-4.0	0.9
Change in liquid assets	6.5	-0.3	2.5

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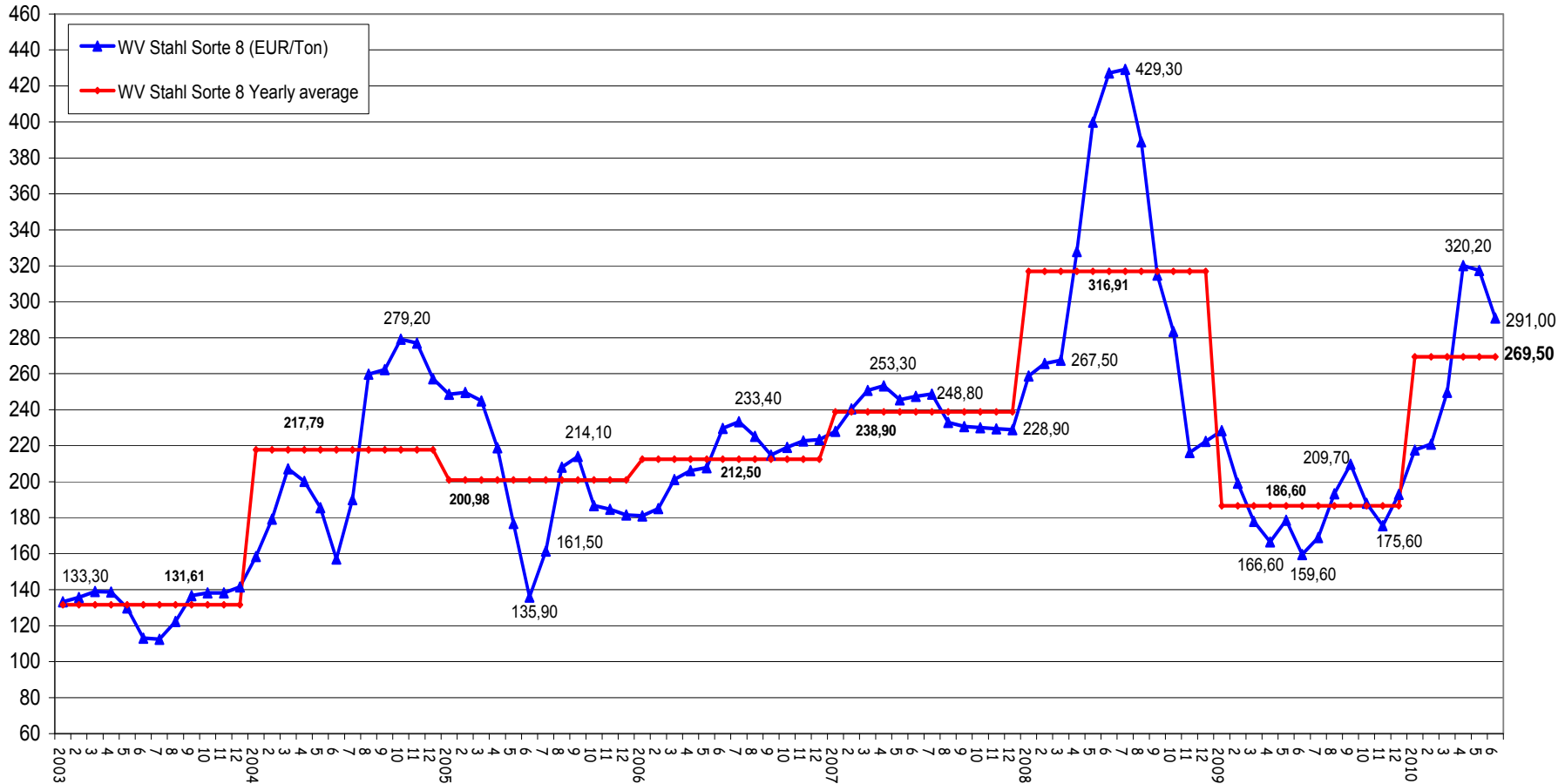
Development of cash flow from operations

MEUR



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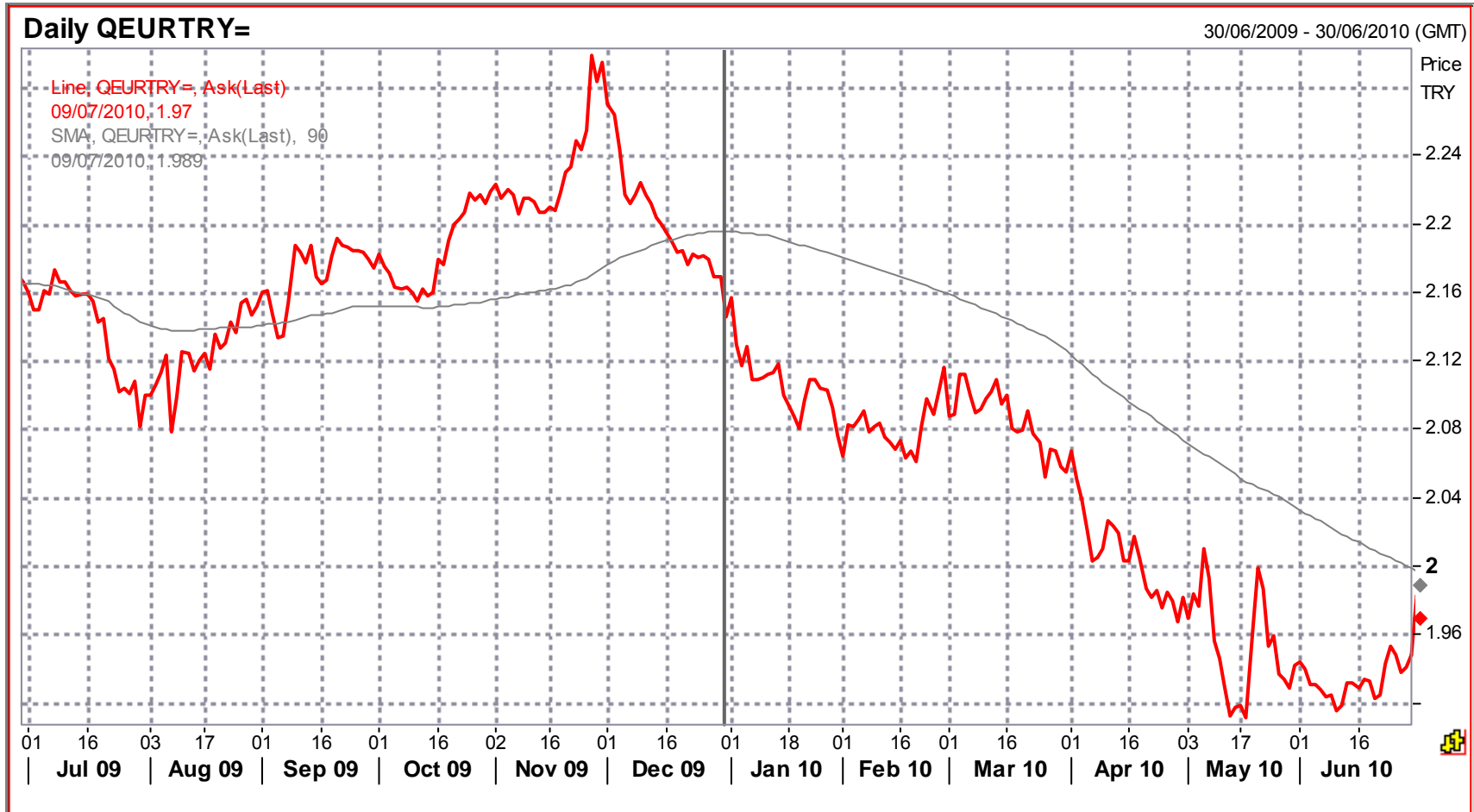
Wvstahl Sorte 8/package recycled metal (EUR/Ton)



Source: WV Stahl

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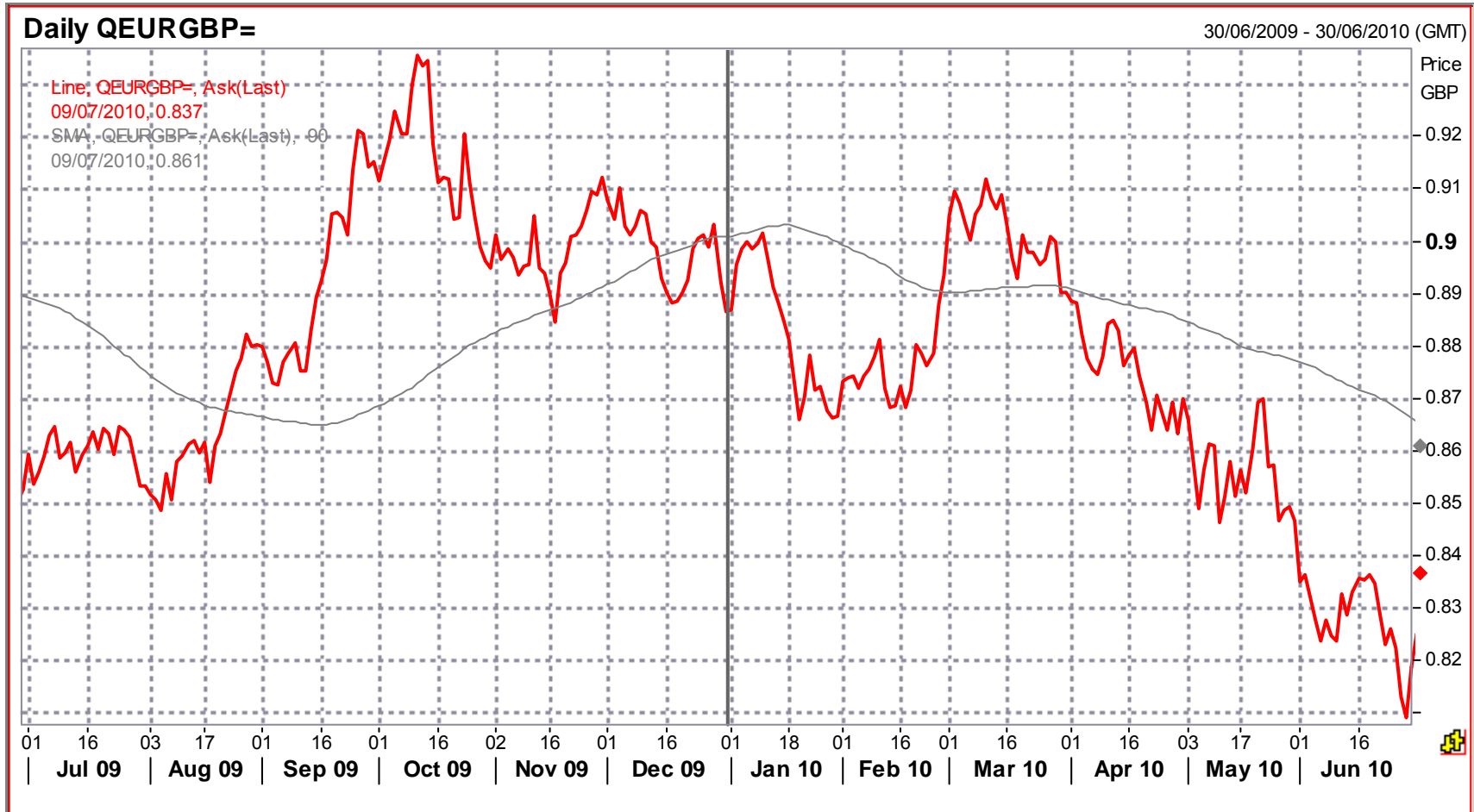
Development in exchange rates Turkish lira



Source: Reuters

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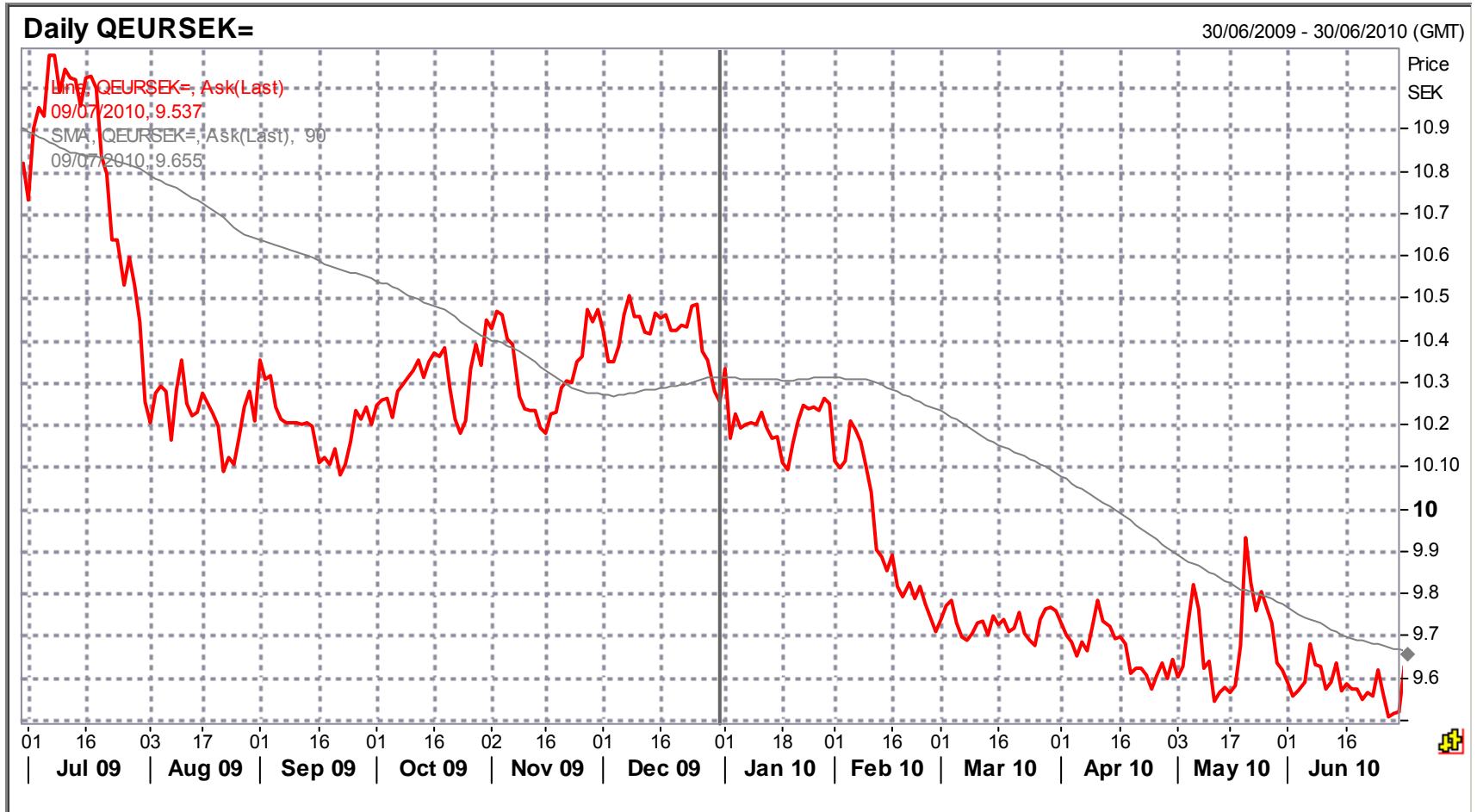
Development in exchange rates Great Britain pound



Source: Reuters

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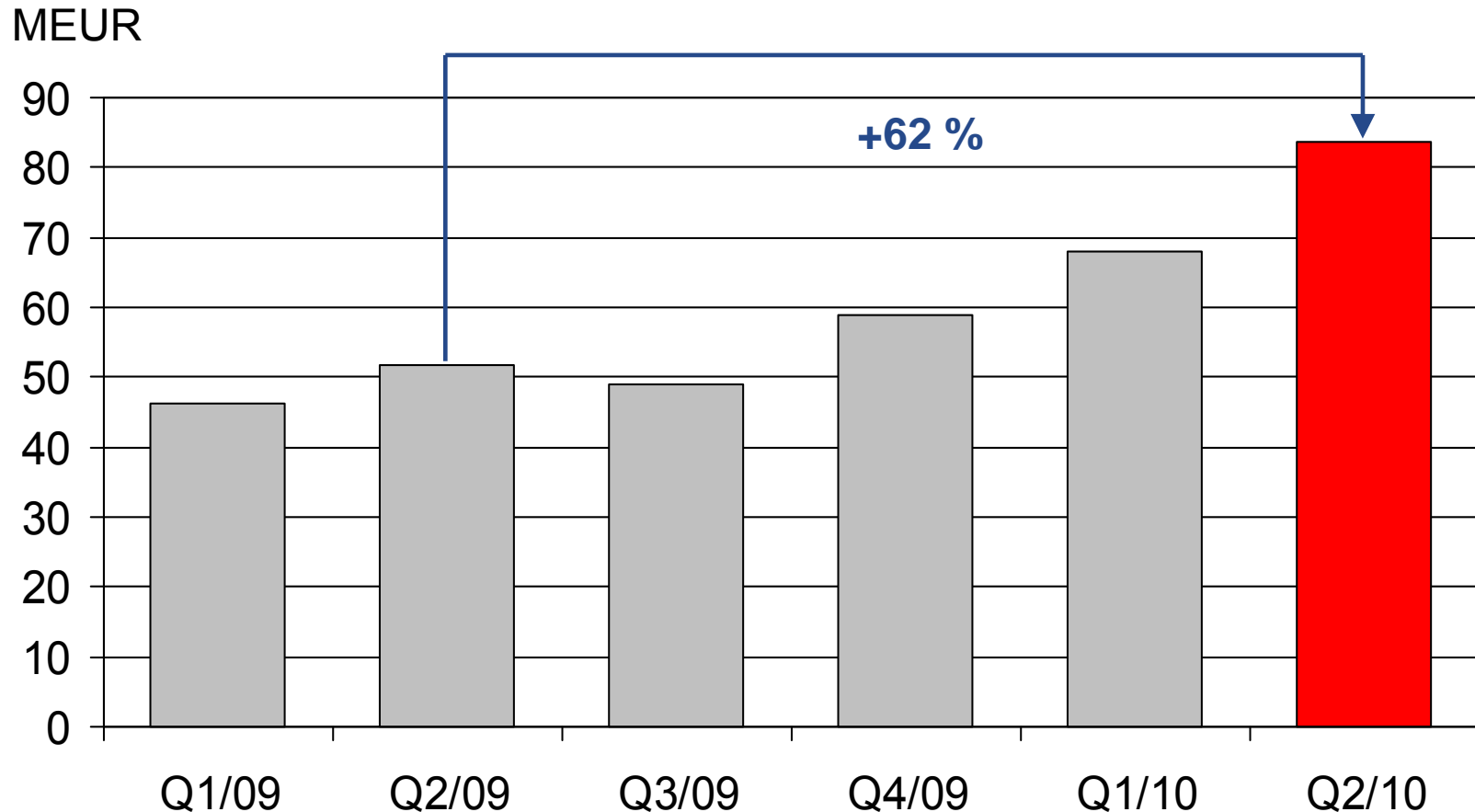
Development in exchange rates Swedish krona



Source: Reuters

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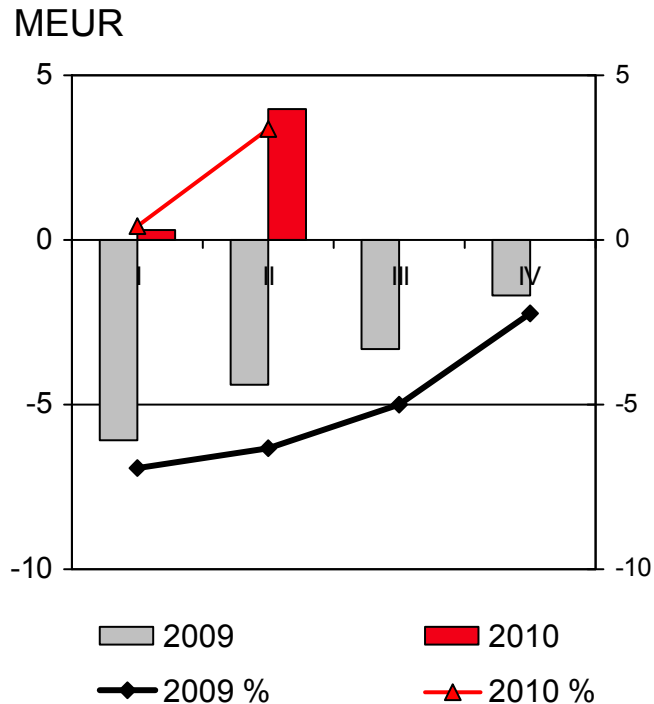
Quarterly development of order book
(includes orders for coming two months)



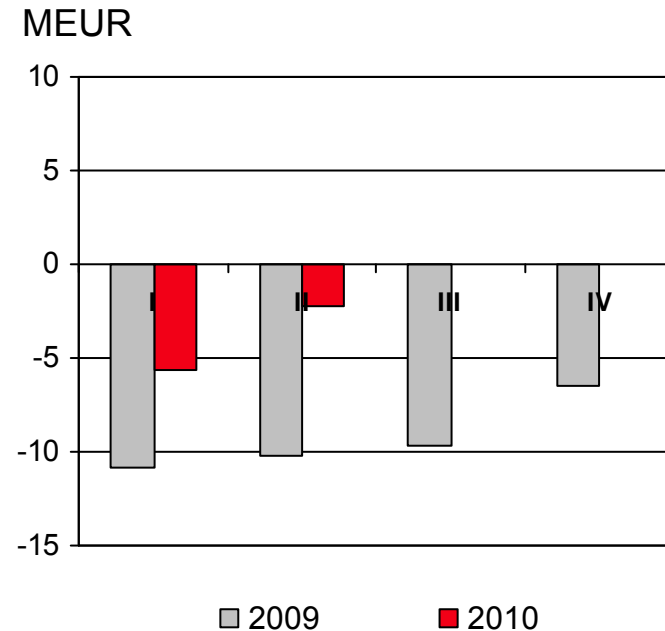
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Quarterly operating profit and result after financial items

Operating profit

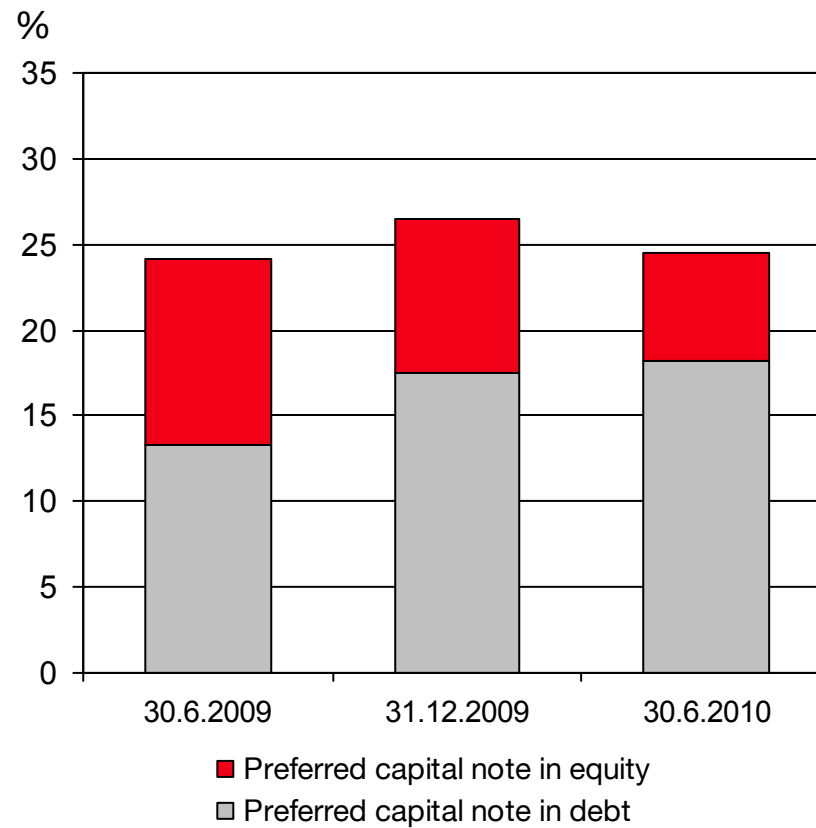


Result after financial items



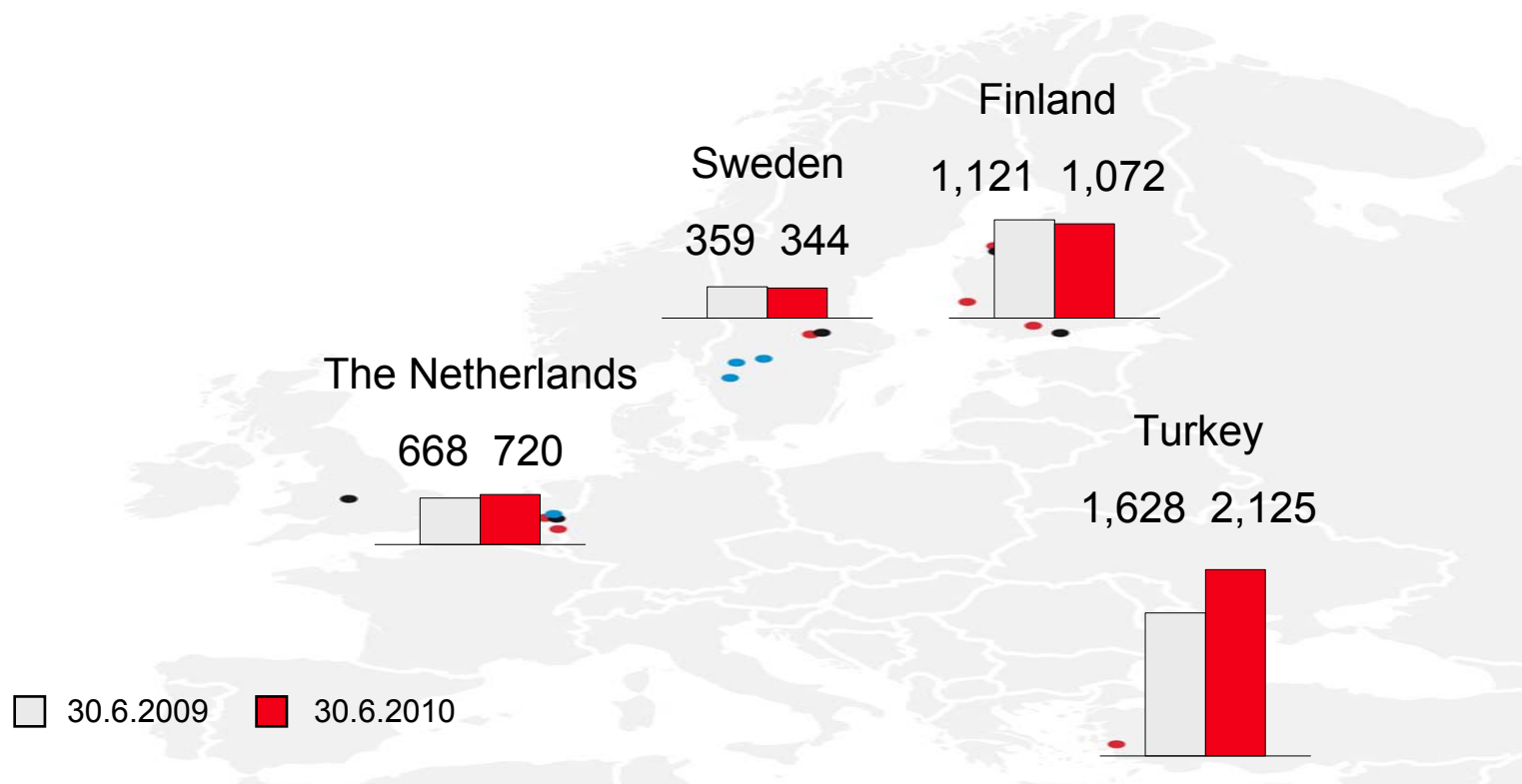
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Equity ratio



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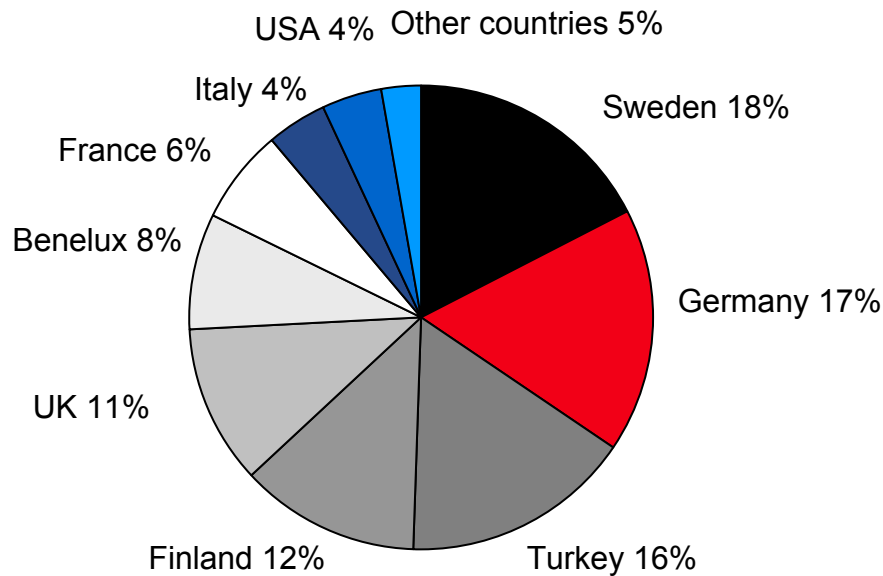
Personnel by country including leased personnel



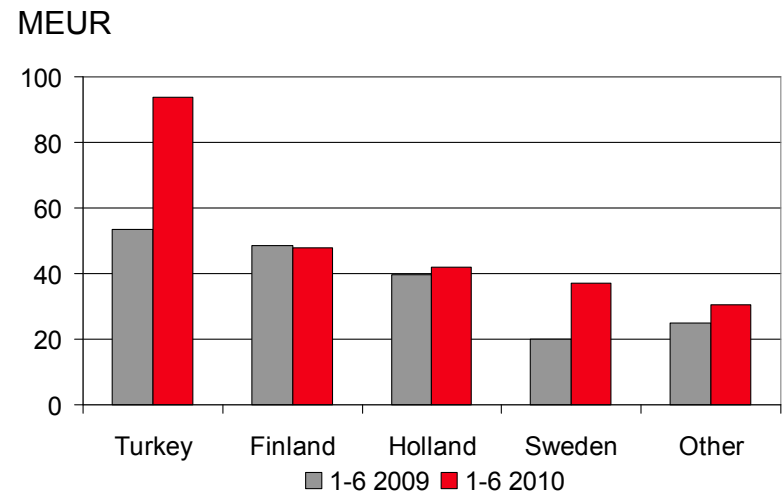
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Distribution of sales

Sales by market area Q1 - Q2/2010

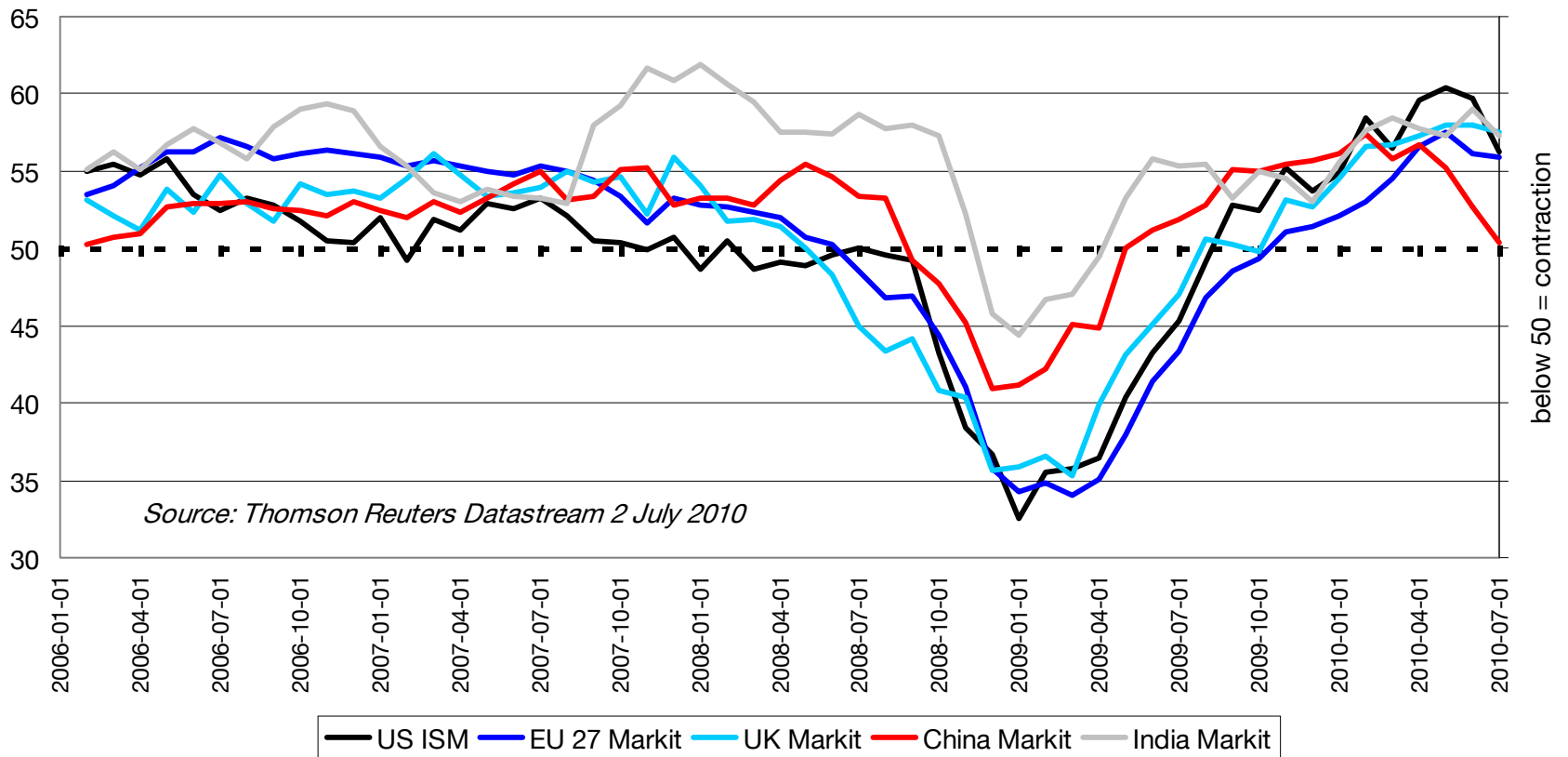


Sales by operations Q1 - Q2/2010



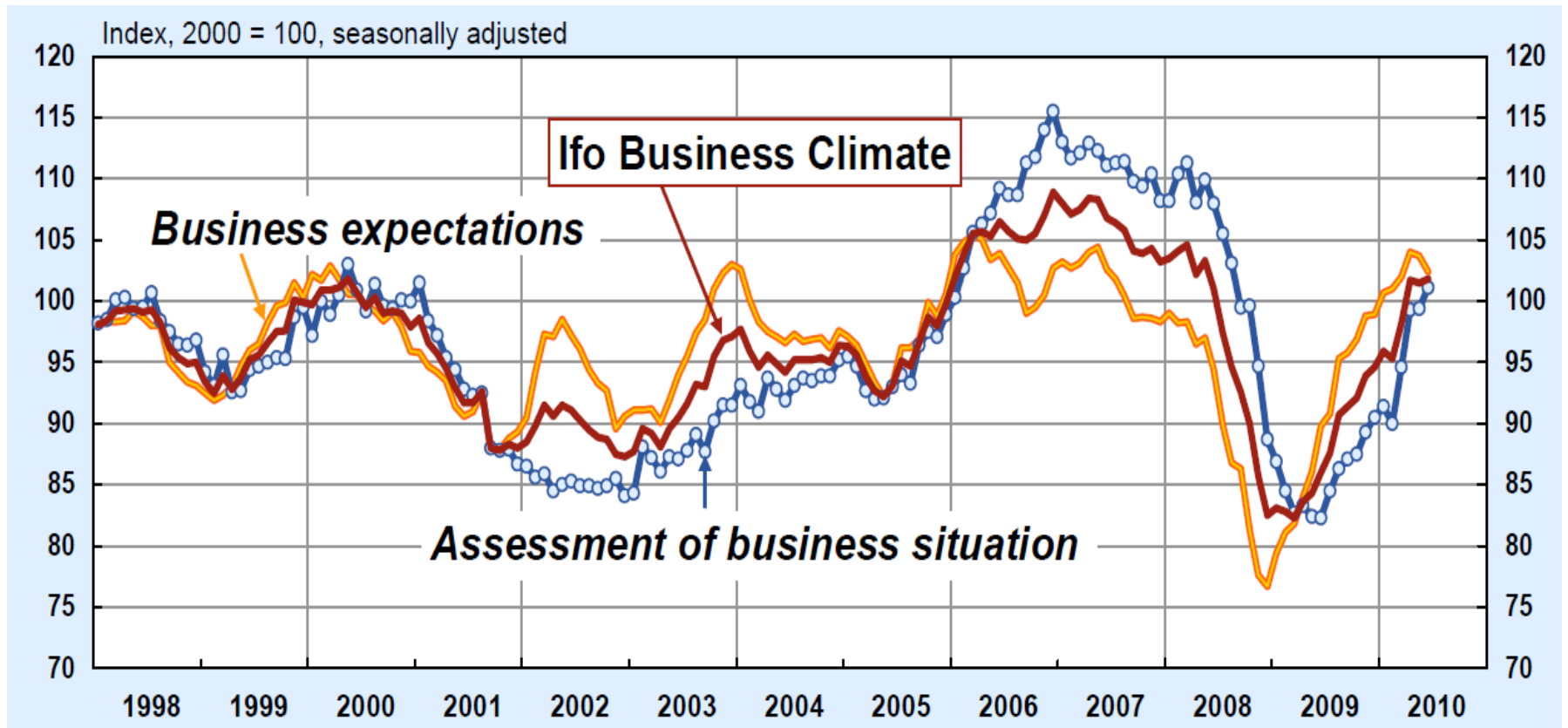
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Manufacturing Purchasing Manager Indices



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Ifo expectations June 2010



Source: IFO

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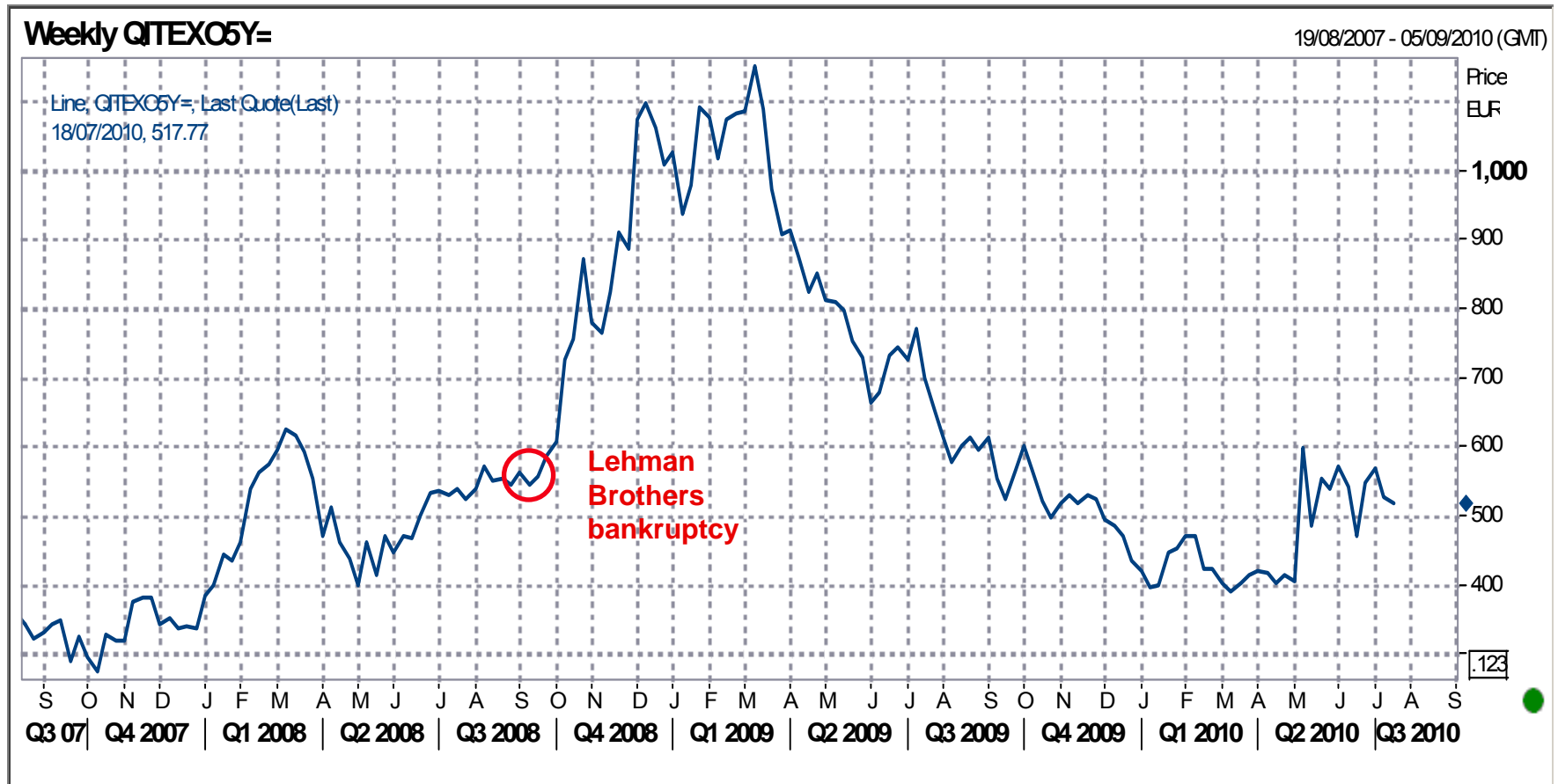
Investor Confidence Index



Source: SSaA

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CDS index



Source: Reuters

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Comparable sales to customer industries



Heavy trucks

25% (19%)



Construction and mining

21% (17%)



Machine building

20% (30%)



Automotive

19% (17%)



Agriculture

12% (13%)



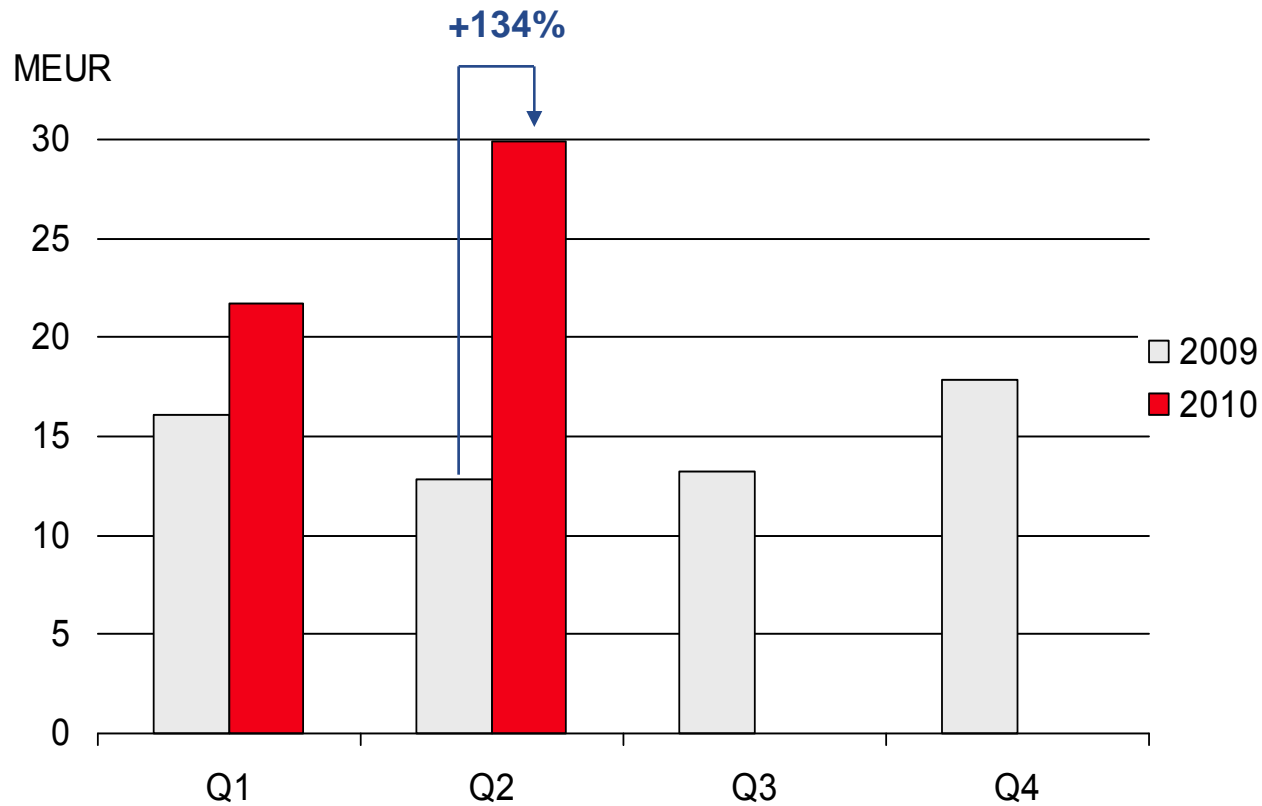
Wind power

1% (3%)

Note: Other sales 1% (1%)

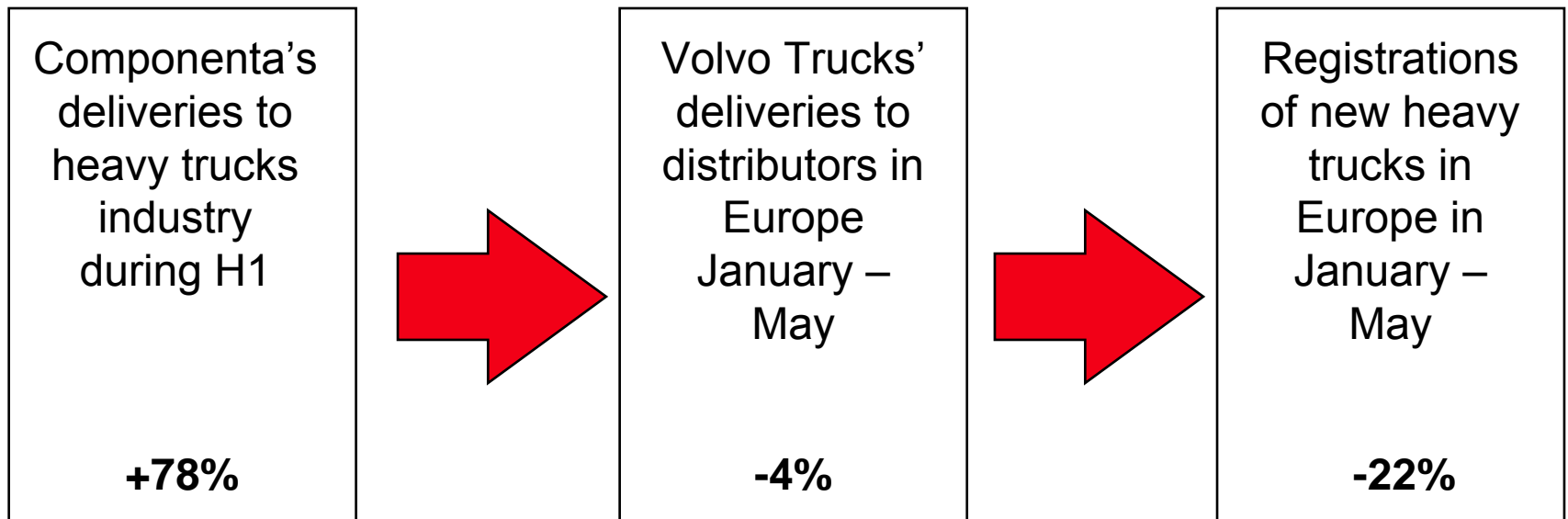
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Comparable sales to heavy trucks industry quarterly



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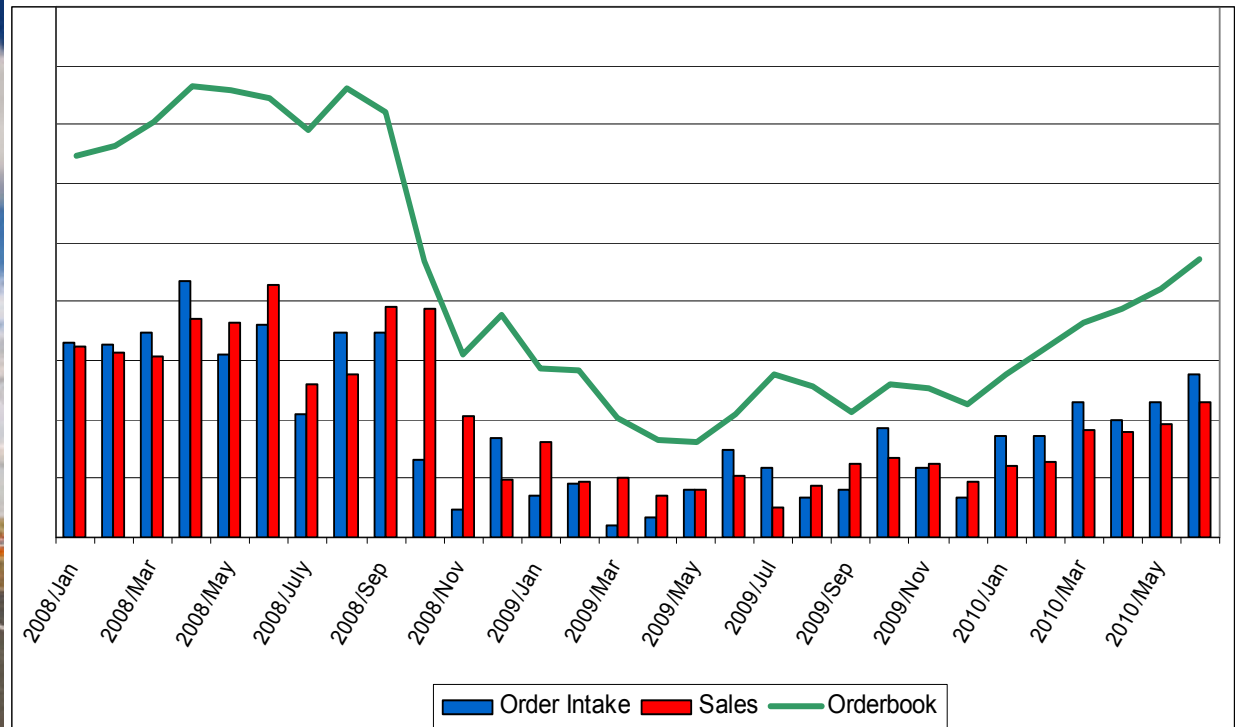
Development of supply chain in heavy trucks industry



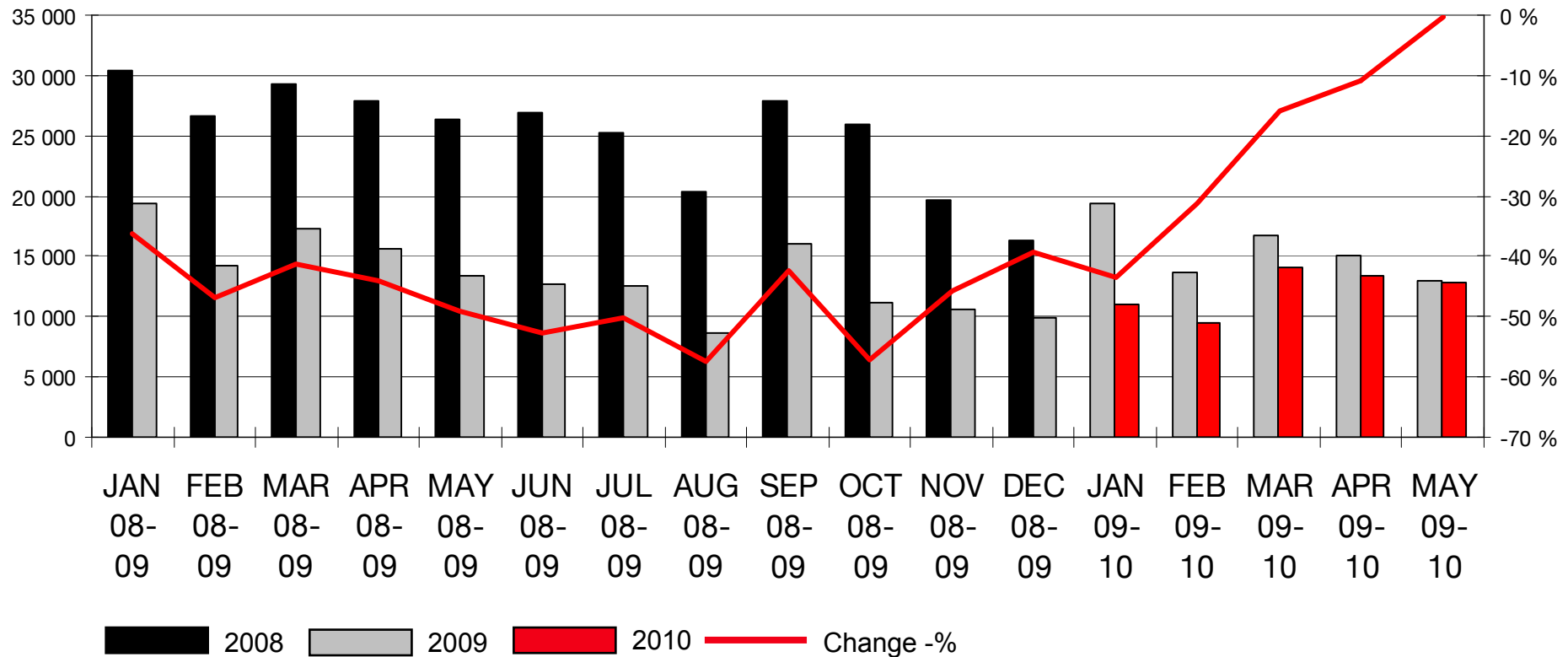
Sources: Volvo web pages, ACEA

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Development of order book and sales in heavy trucks industry



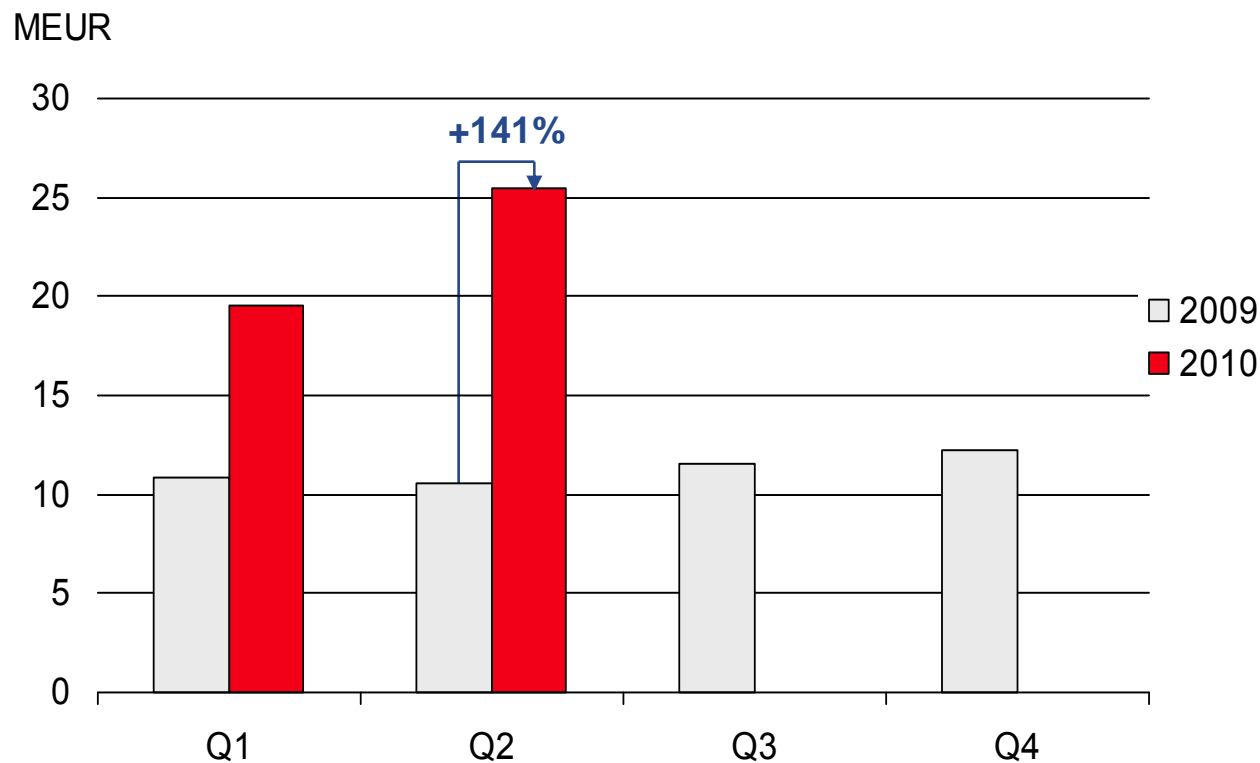
Registrations of new heavy trucks in Europe (EU27)



Source: ACEA

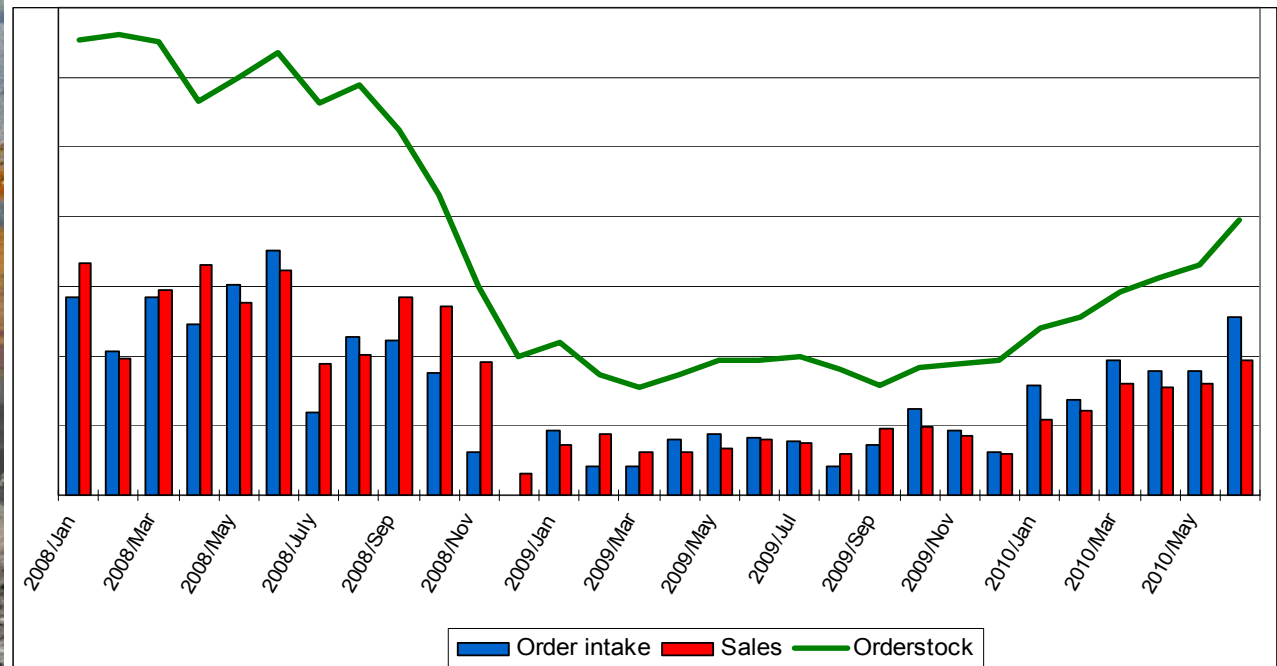
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Comparable sales to construction and mining industry quarterly



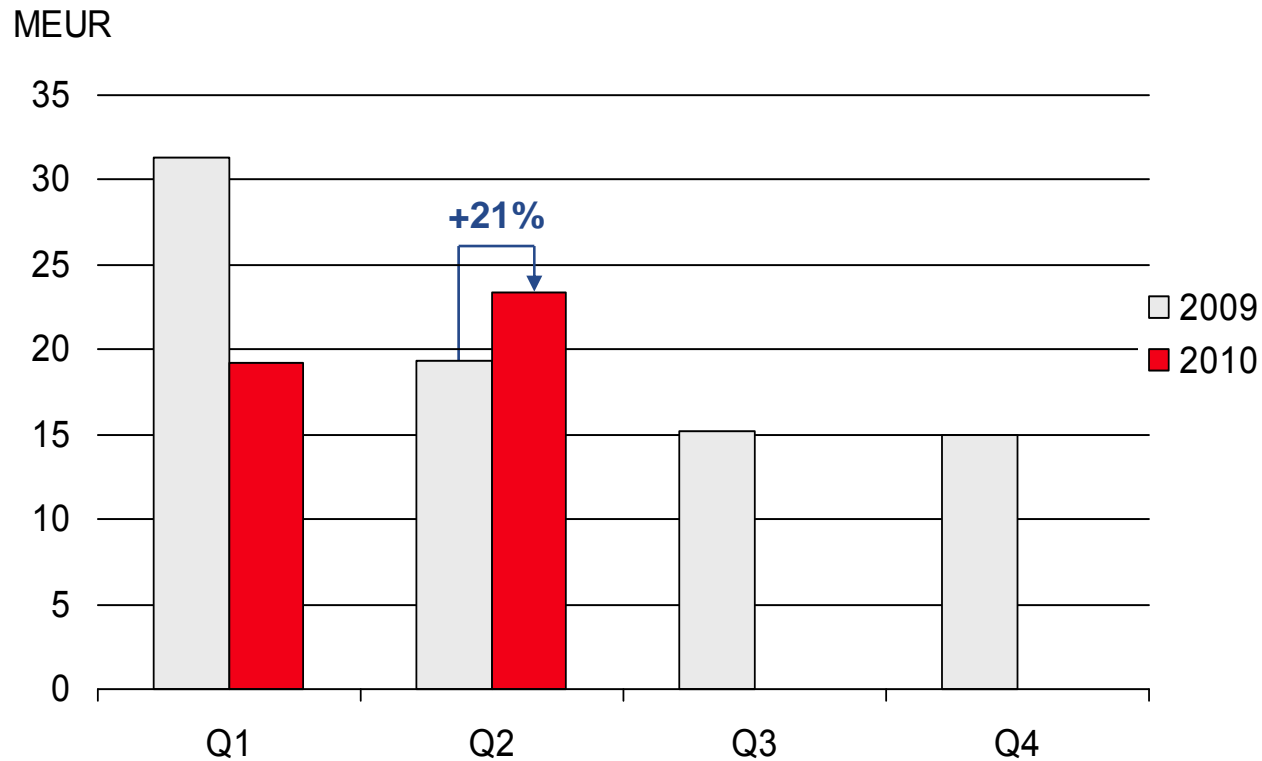
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Development of order book and sales in construction and mining industry



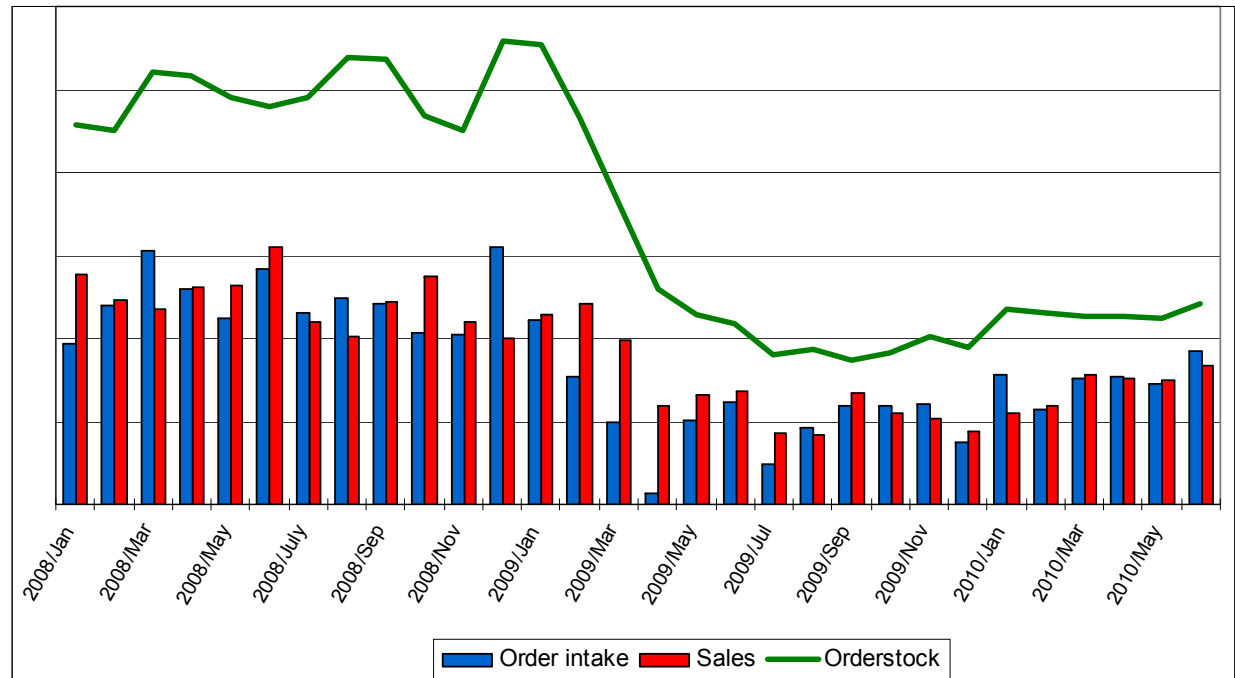
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Comparable sales to machine building industry quarterly



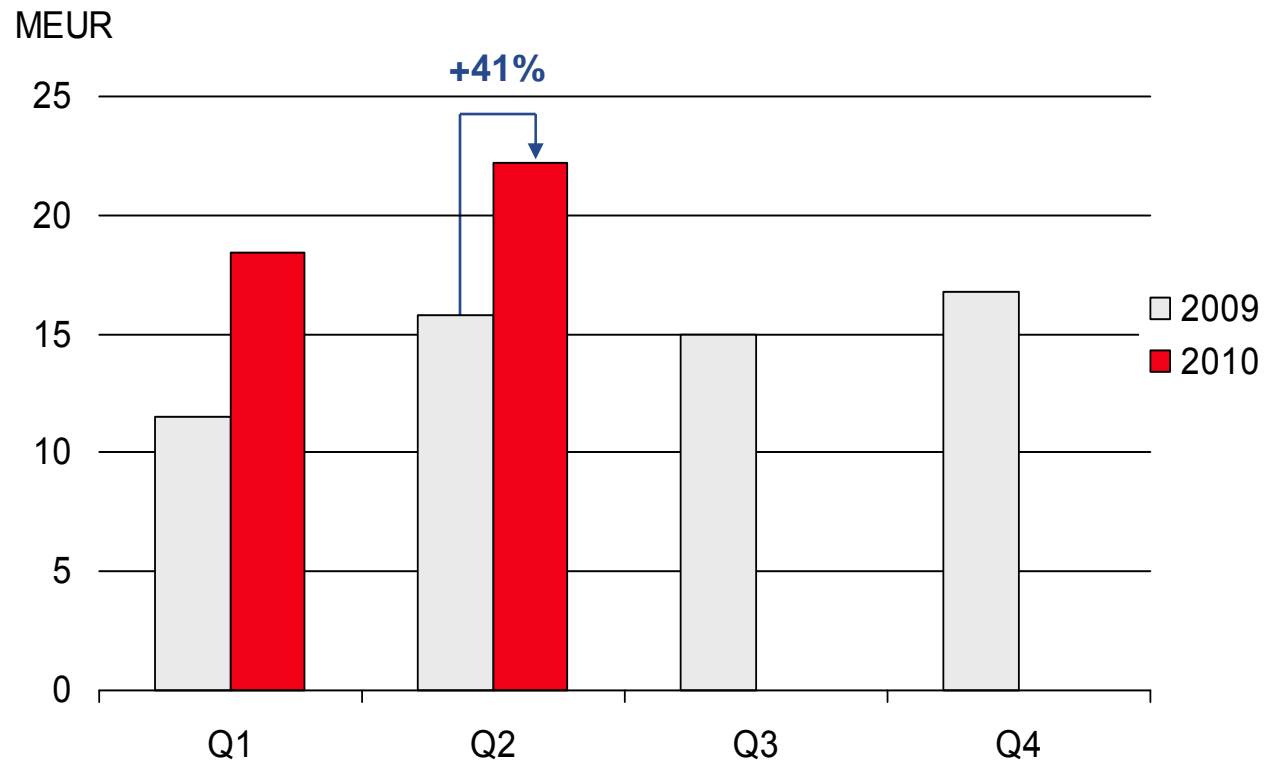
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Development of order book and sales in machine building industry



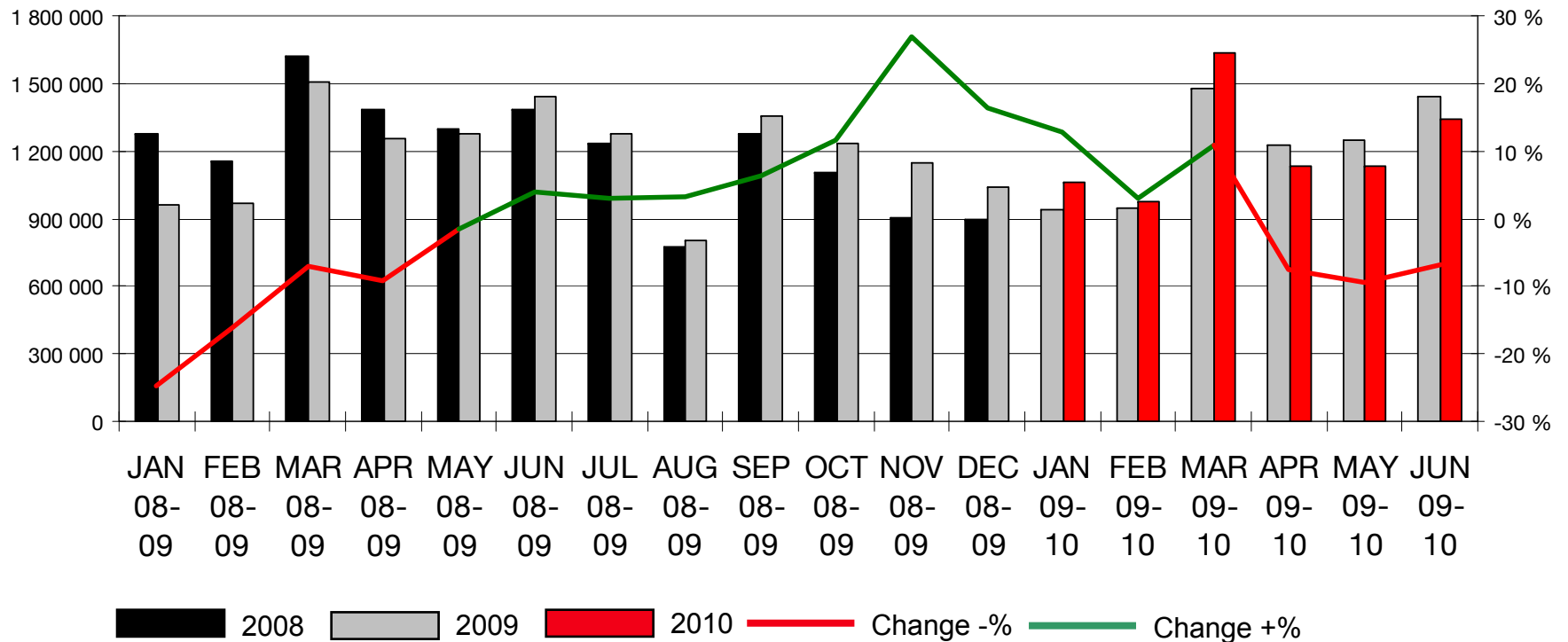
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Comparable sales to automotive industry quarterly



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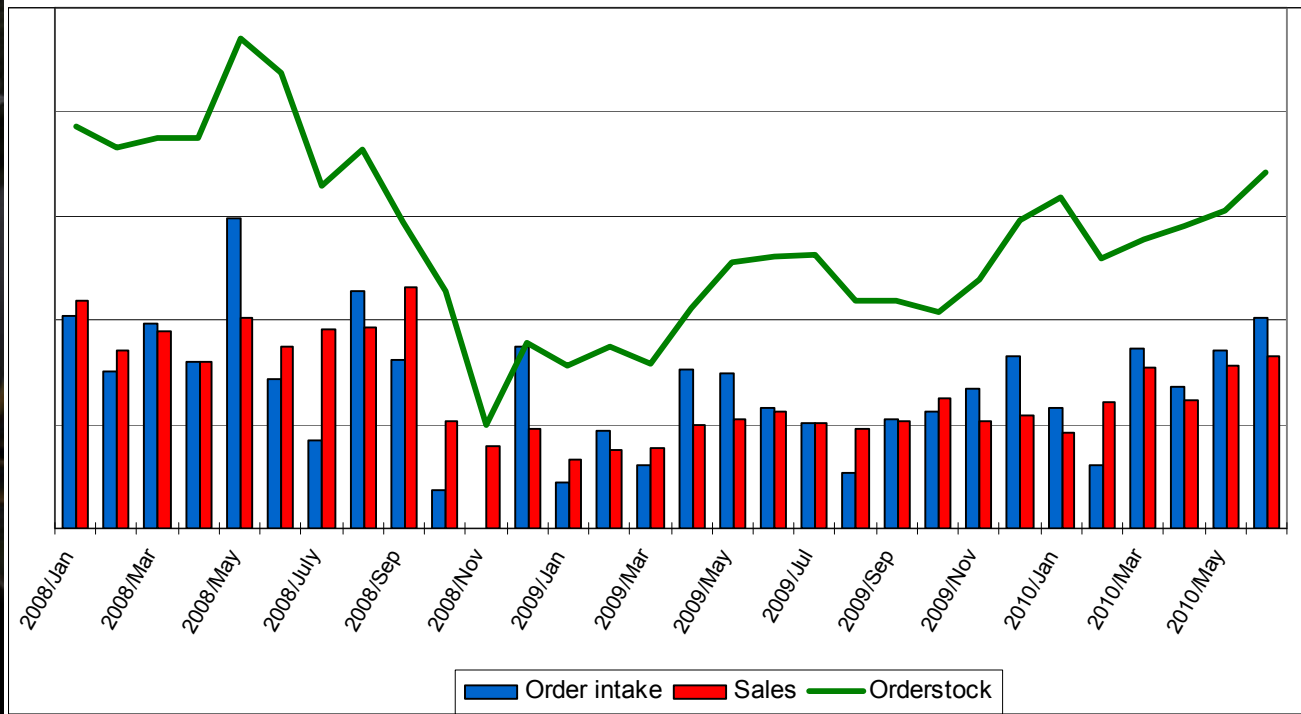
Registrations of new passenger cars in Europe (EU27)



Source: ACEA

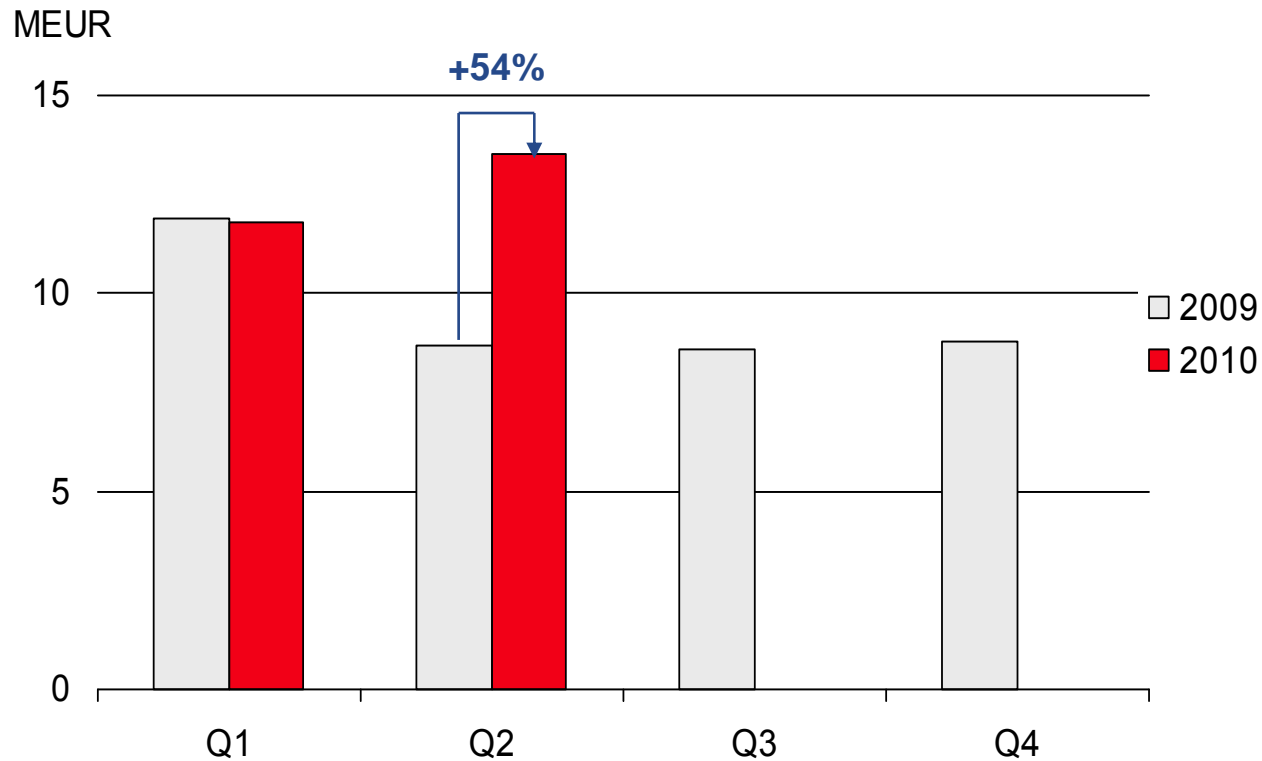
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Development of order book and sales in automotive industry



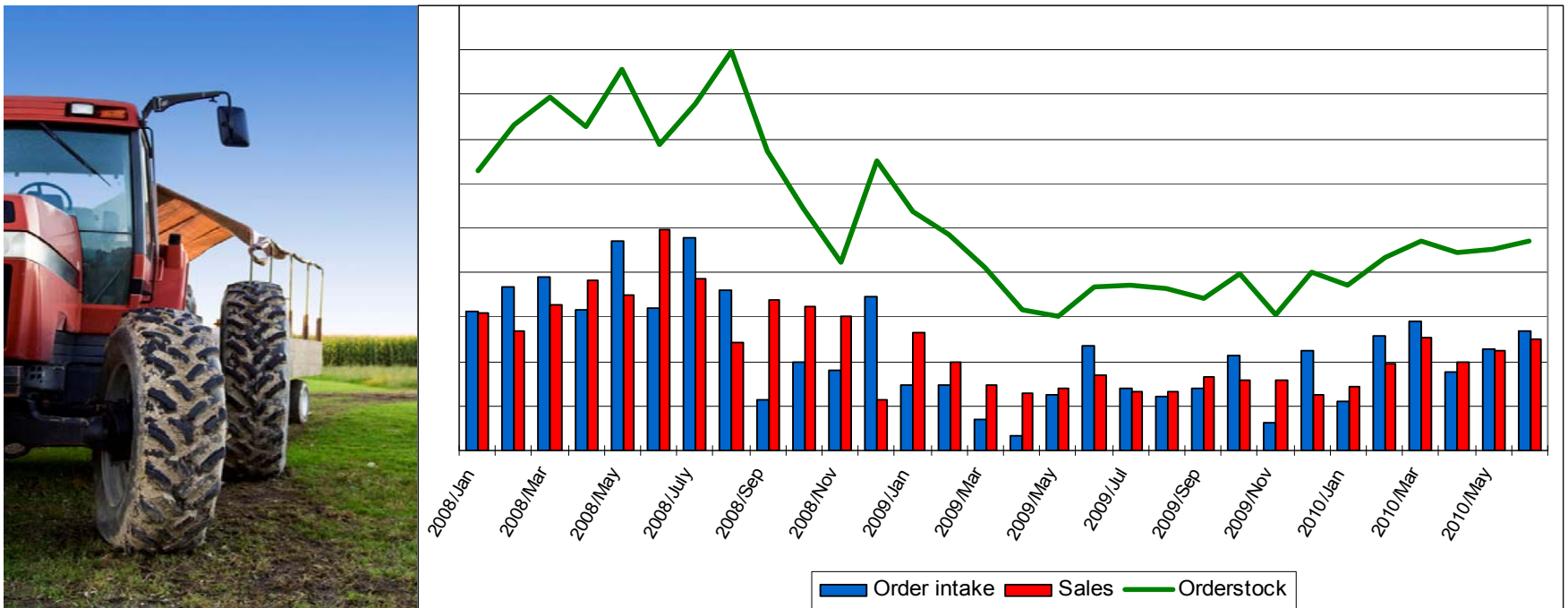
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Comparable sales to agriculture industry quarterly



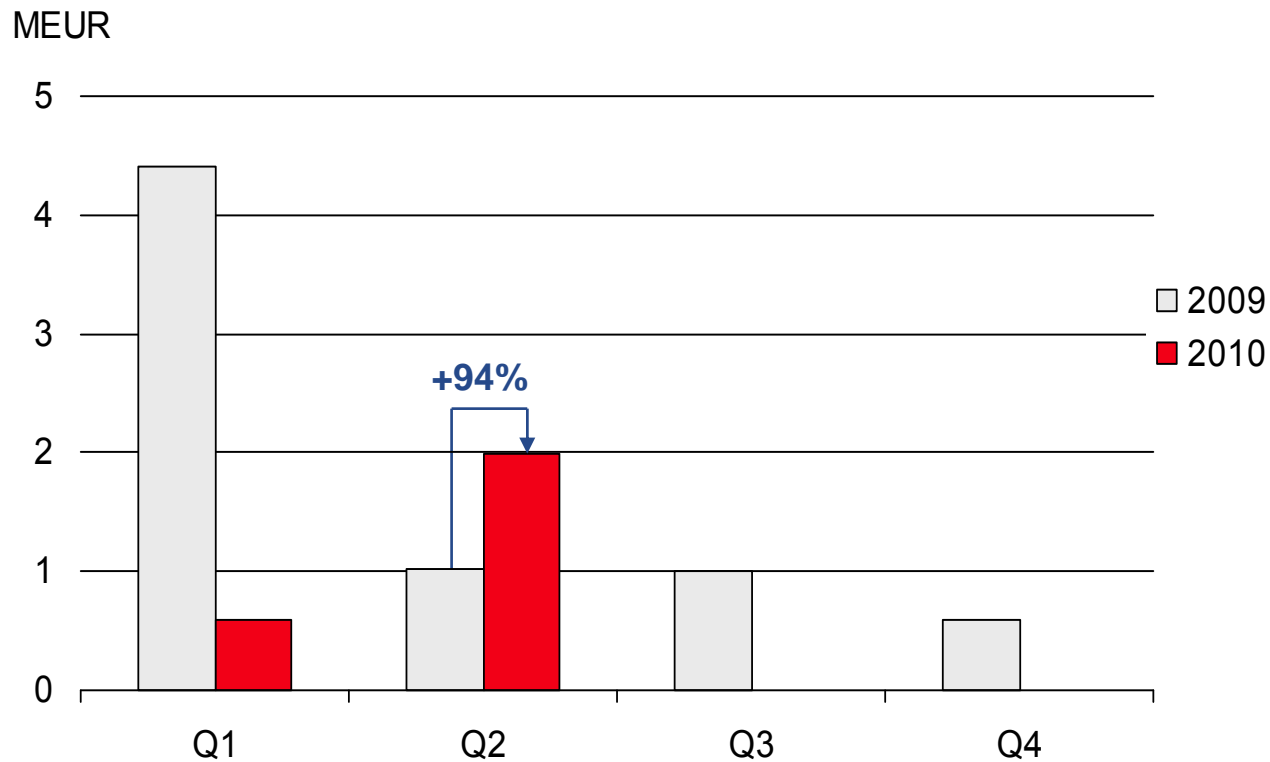
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Development of order book and sales in agriculture industry



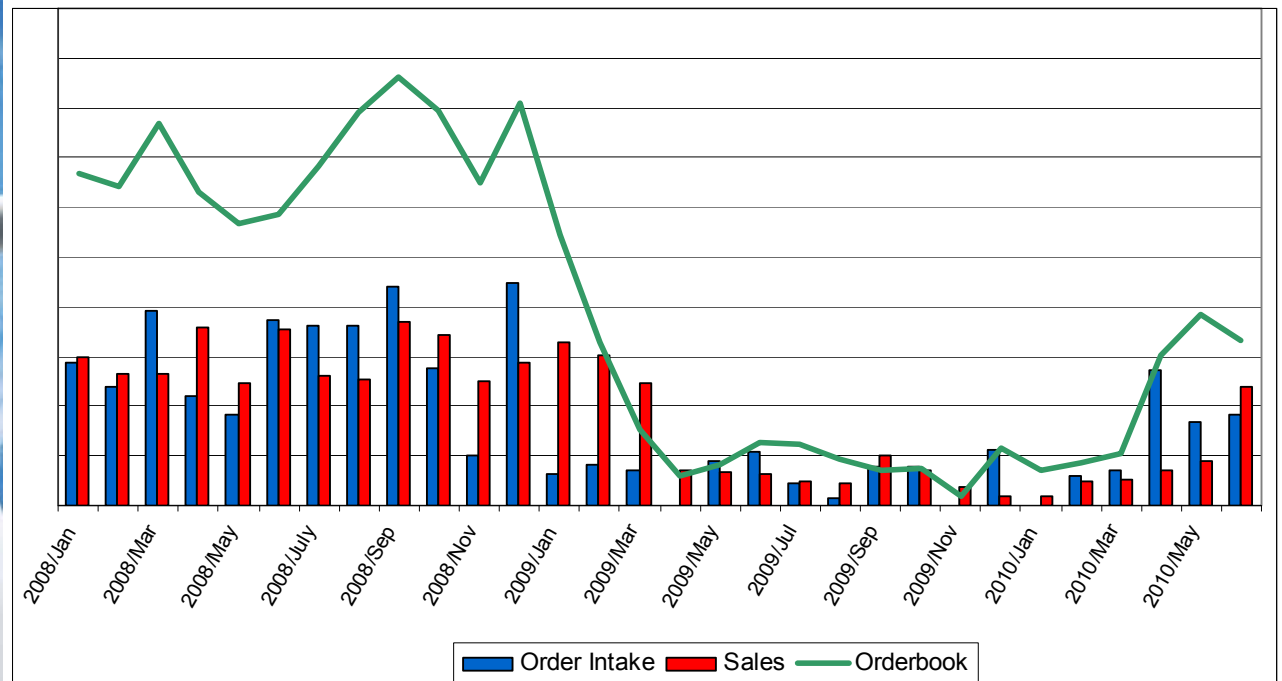
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Comparable sales to wind power industry quarterly



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Development of order book and sales in wind power industry



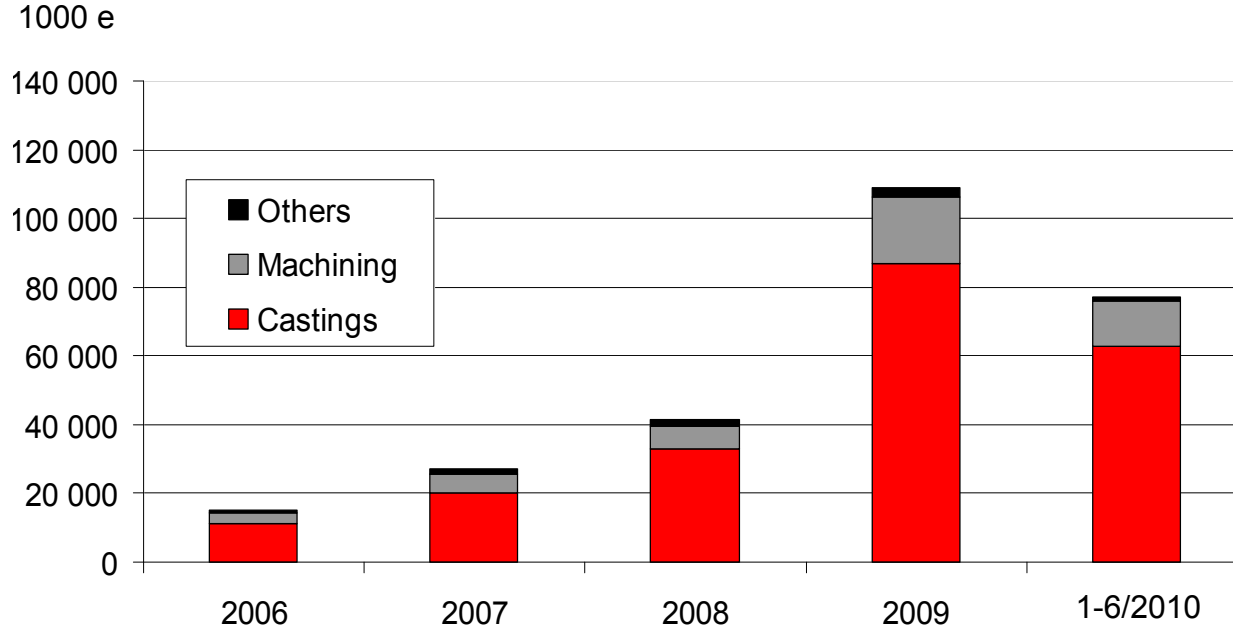
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Analysis of changes in income statement Q1-Q2/2010 vs. Q1-Q2/2009

MEUR	Q1/10	Q1/09	Diff %	Q2/10	Q2/09	Diff %
Net Sales	91,2	88,1	4 %	117,3	70,6	66 %
Value of production	94,4	75,3	25 %	119,0	66,1	80 %
Materials	-34,3	-24,1	43 %	-45,5	-20,6	121 %
Direct wages and external services	-24,2	-25,0	-3 %	-29,3	-21,4	37 %
Other variable and fixed costs	-32,3	-29,3	10 %	-35,6	-25,5	40 %
Costs total	-90,8	-78,3	16 %	-110,4	-67,5	64 %
EBITDA	3,6	-3,0		8,6	-1,4	
Delay effect in updating the material surcharges		-2,0			-4,6	

Offers and new sales

Monthly offers > 100,000 EUR

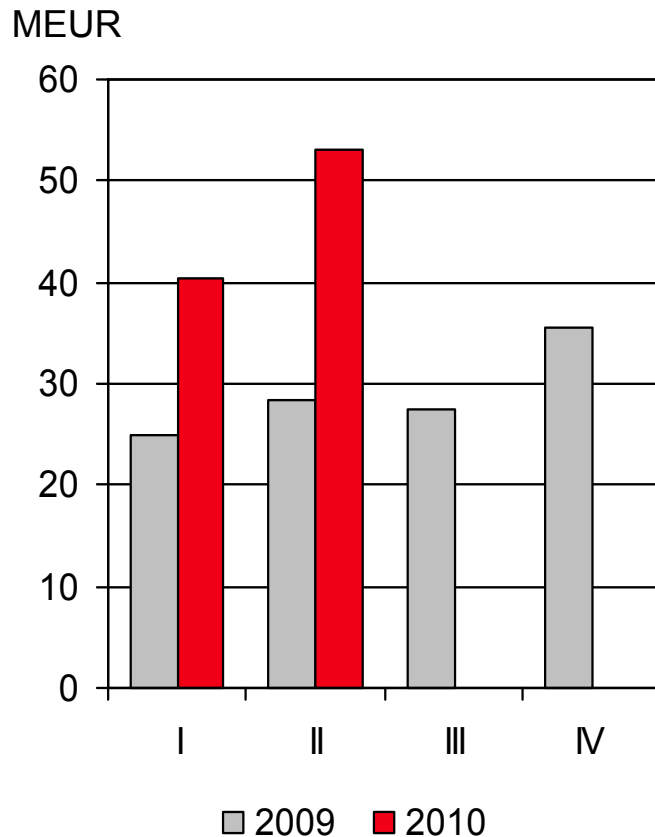


- The offers submitted by the Group have stayed at high level in the first half of 2010.
- Componenta's new sales have developed well during the first half of 2010.

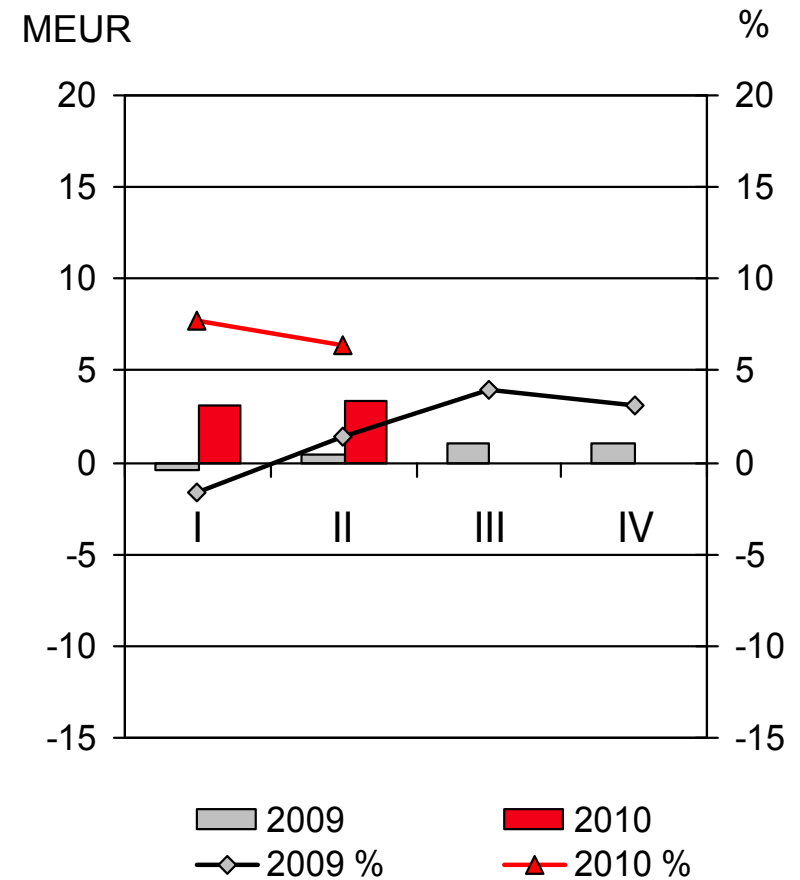
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Turkey operations

Net sales



Operating profit



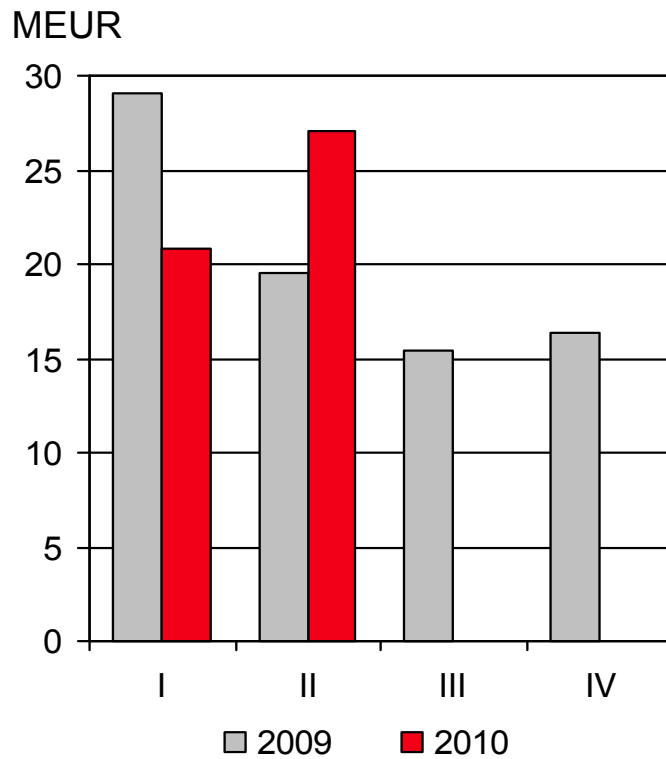
Performance of the Turkey operations

- The Turkey operations comprise the iron foundry and machine shop in Orhangazi and the aluminium foundry and production unit for aluminium wheels in Manisa.
- Net sales in the review period increased 76% and were MEUR 93.7 (MEUR 53.3). Operating profit was MEUR 6.5, corresponding to 6.9% of net sales (MEUR -0.0; -0.1%).
- Operating profit of the review period was boosted by significant volume improvement especially in construction and mining machinery as well as automotive industries. The operating profit however was hurt by rapidly increased raw material prices (MEUR 3.1) and exchange rate losses (MEUR 1.1).
- Net sales in the second quarter were MEUR 53.1 (MEUR 28.4) and operating profit MEUR 3.3, corresponding to 6.2% of net sales (MEUR 0,4; 1,3%). Operating profit was hurt by MEUR 2.8 due to rapidly increased raw material prices and exchange rate losses.
- The order book at the end of June increased 82% and was MEUR 42.4 (MEUR 23.3).

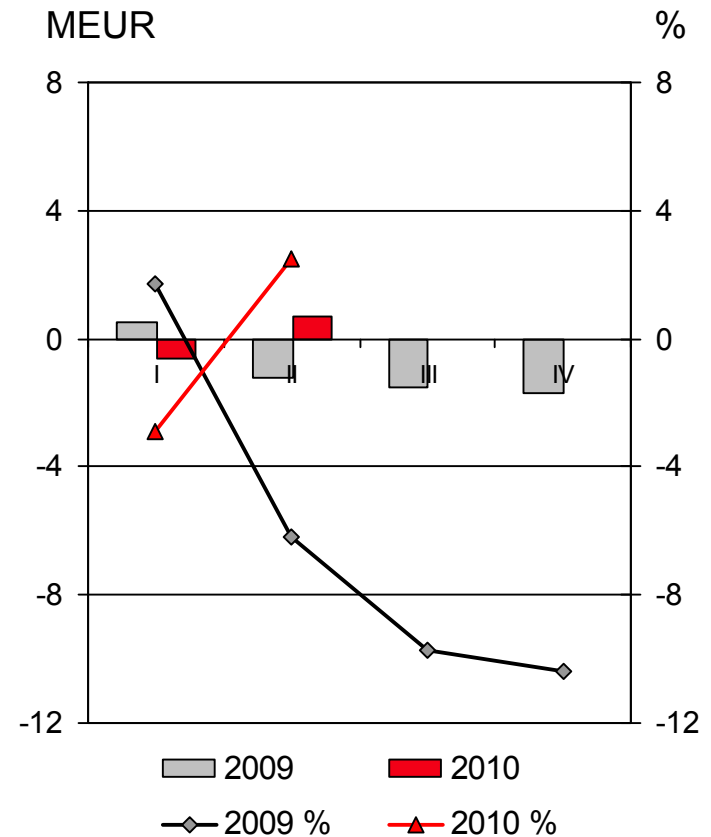
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Finland operations

Net sales



Operating profit



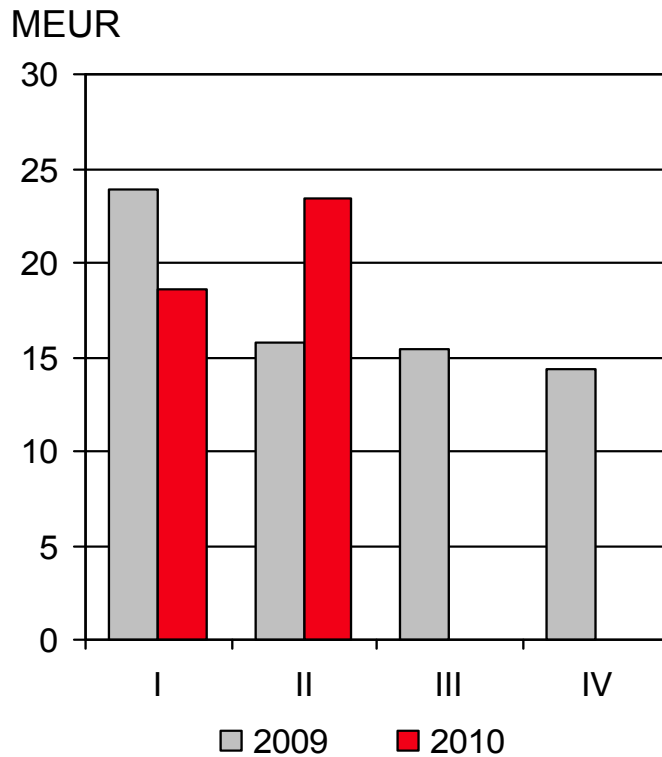
Performance of the Finland operations

- The operations in Finland include the iron foundries in Iisalmi, Karkkila, Pietarsaari and Pori and the machine shops in Lempäälä and Pietarsaari. The operations also include the production unit for pistons in Pietarsaari.
- Net sales in the review period were MEUR 47.9 (MEUR 48.6) and operating profit MEUR 0.1 or 0.2% of net sales (MEUR -0.7; -1.4%).
- Operating profit of the review period improved due to cost adaptation measures that were implemented during the second half of 2009 and rapidly increased production volumes especially in heavy trucks industry. The operating profit however was burdened by the rapid increase in raw material prices (MEUR 1.8).
- Net sales in the second quarter were MEUR 27.0 (MEUR 19.5) and operating profit MEUR 0.7, corresponding to 2.5 % of net sales (MEUR -1.2; -6.1%). Rapidly increased raw material prices affected operating profit by MEUR -1.3.
- The order book at the end of June was MEUR 15.8 (MEUR 10.4).

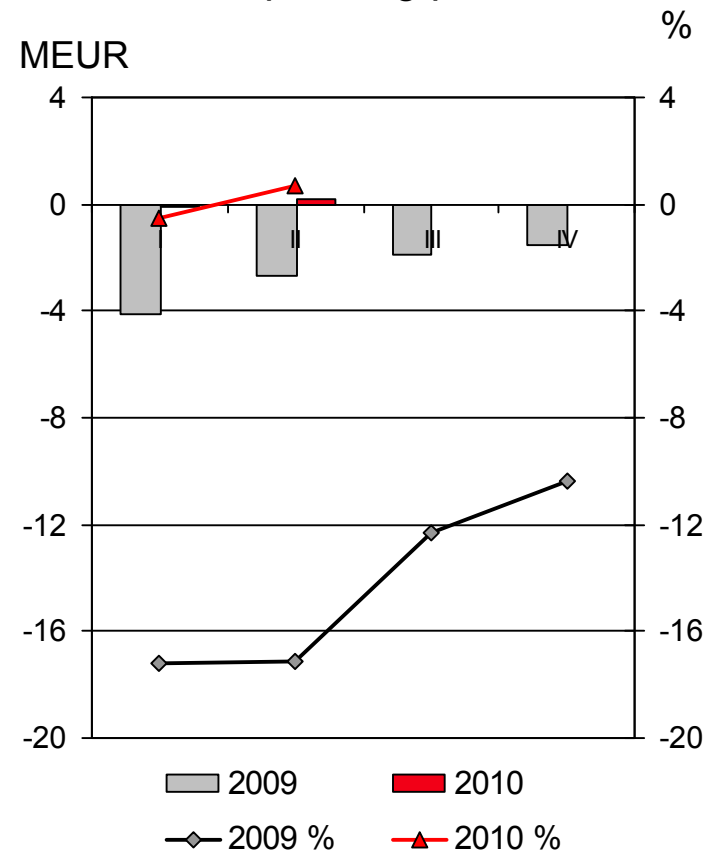
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Holland operations

Net sales



Operating profit



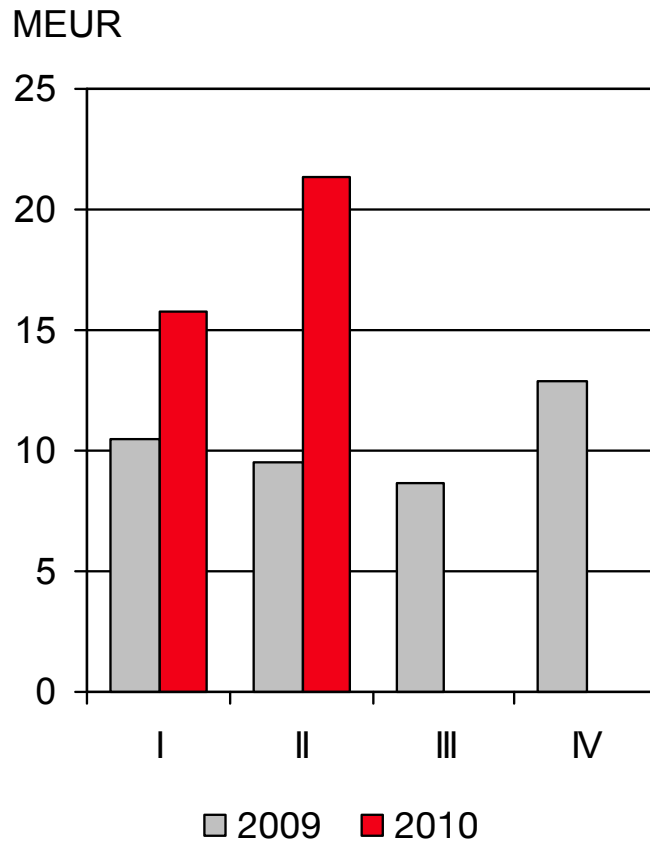
Performance of the Holland operations

- The operations in Holland consist of the iron foundries in Weert and Heerlen, the machine shop operations in Weert and pattern shop in Tegelen.
- Net sales in the review period were MEUR 42.1 (MEUR 39.7) and operating profit was MEUR 0.0 or 0.0% of net sales (MEUR -6.8; -17.2%).
- The improvement in the operating profit for the review period from the previous year was particularly due to cost adaptation measures implemented earlier and increased production volumes. However, the operating profit was affected by MEUR 1.5 due to the rapid increase in raw material prices.
- Net sales in the second quarter were MEUR 23.4 (MEUR 15.8) and operating profit MEUR 0.2, corresponding to 0.7% of net sales (MEUR -2.7; -16.9%). Rapid increase in raw material prices affected the operating profit by MEUR -1.1.
- The order book at the end of June was MEUR 14.6 (MEUR 13.4).

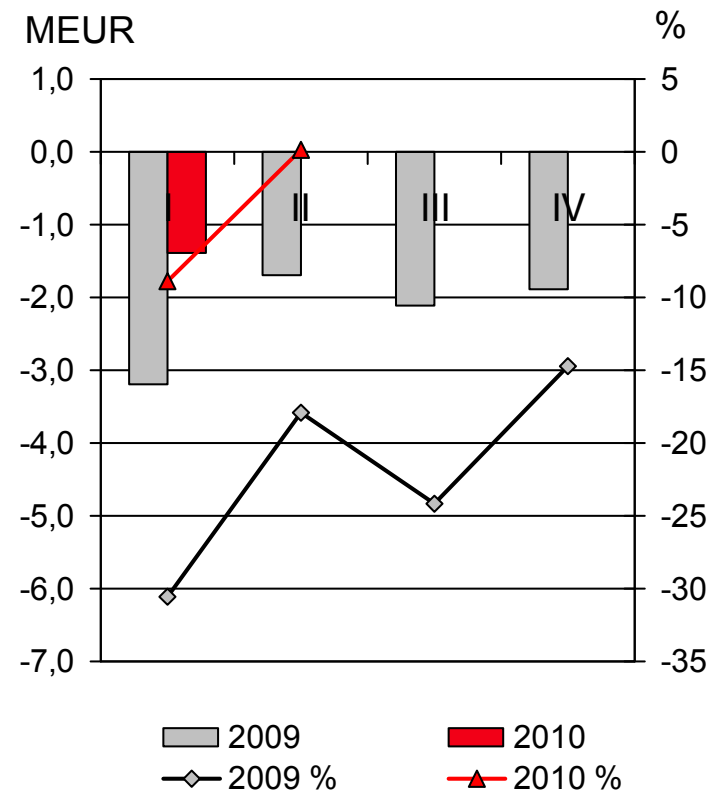
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Sweden operations

Net sales



Operating profit



Performance of the Sweden operations

- The operations comprise the Främmestad machine shop and the Wirsbo forge.
- Net sales in the review period were MEUR 37.1 (MEUR 19.9) and the operating profit was MEUR -1.4, or -3.8% of net sales (MEUR -4.9; -24.3%).
- The operating loss of the Swedish operations decreased from the previous year due to reductions in operative costs and markedly higher production volumes especially in the heavy trucks industry. The operating profit was burdened by the exceptional peaks in energy prices during first quarter.
- Net sales in the second quarter were MEUR 21.3 (MEUR 9.5) and operating profit MEUR 0.0, corresponding to 0.2% of net sales (MEUR -1.7; -17.6%).
- The order book at the end of June was MEUR 16.5 (MEUR 6.4).

Prospects for 2010

- Componenta's prospects for the remaining part of 2010 are based on general external economic indicators, order forecasts given by customers, and on Componenta's order intake and order book.
- The demand outlook in all of the Group's customer industries have further improved compared to the beginning of the year 2010. Customers' production volumes have improved also due to the fact that their inventory levels have normalized.
- The demand for components of construction and mining industry has developed well during the first half of the year. This development is expected to continue in the second half of 2010 due to recent rise in raw material prices and economic recovery.
- The demand for agricultural machinery has started to increase during the first half of the year especially in emerging markets.

Prospects for 2010 (cont.)

- Componenta's deliveries for the heavy trucks industry have significantly increased from the previous year. Volumes have increased due to normalized customer inventory levels and good demand in the emerging markets. Good development is expected to continue during the second half of the year.
- The number of passenger cars registered in Europe in January – June stayed at the same level as in the previous year. The registrations in 2010 are expected to remain below the level of 2009. Due to increase in export of Turkish automotive industry and good volume development in the demand for aluminium wheels, Componenta's deliveries to automotive industry are expected to increase in the last part of 2010.
- Demand in the wind power industry turned positive during the second quarter of the year. The demand is expected to continue good in the second half of 2010.
- Demand in the machine building industry is expected to recover gradually during 2010.

Prospects for 2010 (cont.)

- Componenta's order book at the end of the second quarter in 2010 was 62% higher than at the same time in the previous year.
- Exceptionally fast increases in raw material prices that took place during the first half of 2010 affected the result negatively MEUR 6.6. Raw material prices that started to decrease at the end of the second quarter are expected to improve the Group's third quarter result.
- Componenta Group's net sales in 2010 are expected to increase significantly and the result after financial items is expected to improve clearly from the previous year.
- The Group's cash flow from operations is expected to remain positive. Regardless the significantly increasing sales, only moderate changes in the net working capital are expected.