

Componenta Corporation

Interim Report 1 January - 30 September 2010

Review period in brief

- Net sales increased 44% to MEUR 321 (MEUR 223).
- Value of production rose 58% and was MEUR 326 (MEUR 207).
- Operating profit was MEUR 7.7 (MEUR -13.7).
- Result after financial items was MEUR -9.9 (MEUR -30.7), weakened by rapid increase in raw material prices and exchange rate losses in the beginning of year, by MEUR 8.0 in total.
- Order book rose 75% and was MEUR 86 (MEUR 49).
- Capacity utilisation rate was 52% (37%).
- Cash flow from operations was MEUR 7.0 (MEUR 6.1). Change in net working capital was positive regardless of the increasing sales volumes.
- In September, new capital of MEUR 39 was obtained from the capital market by issuing a capital loan with a maturity of five years and an unsecured bond with a maturity of three years.
- Unused, committed credit facilities and cash in bank at the end of the review period were MEUR 67.

COMPONENTA

Income statement 1 - 9/2010

MEUR	2010	2009	2009
	1 - 9	1 - 9	1 - 12
Net sales	320.9	223.5	299.6
Operating profit	7.7	-13.7	-15.4
Financial income and expenses	-17.6	-16.9	-21.8
Result after financial items	-9.9	-30.7	-37.2
Net result	-7.0	-23.3	-28.7
Basic earnings per share, EUR	-0.42	-2.11	-2.30

Q3/2010 in brief

- Net sales increased 73% to MEUR 112 (MEUR 65).
- Value of production rose 73% and was MEUR 113 (MEUR 65).
- Operating profit was MEUR 3.4 (MEUR -3.2).
- Result after financial items was MEUR -2.1 (MEUR -9.7), which was improved by decrease in raw material prices and exchange rate gains by MEUR 0.4 in total.
- Capacity utilisation rate was 55% (37%).
- Cash flow from operations was MEUR -8.6 (MEUR -4.4).

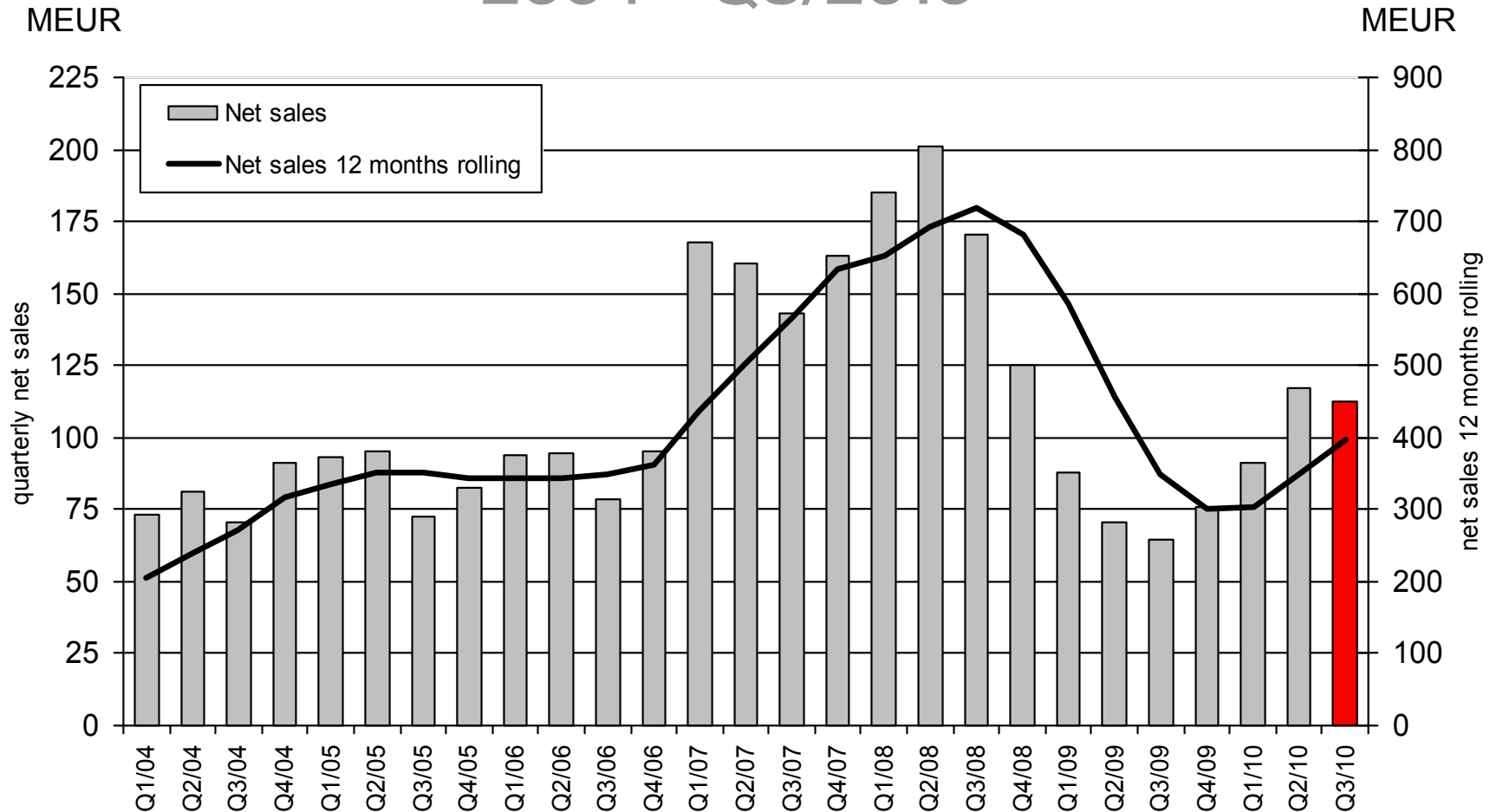
COMPONENTA

Income statement 7 - 9/2010

MEUR	2010	2009	2009
	7 - 9	7 - 9	1 - 12
Net sales	112.3	64.8	299.6
Operating profit	3.4	-3.2	-15.4
Financial income and expenses	-5.5	-6.5	-21.8
Result after financial items	-2.1	-9.7	-37.2
Net result	-1.3	-7.5	-28.7
Basic earnings per share, EUR	-0.09	-0.68	-2.30

COMPONENTA

Quarterly net sales development 2004 - Q3/2010



Key ratios

	30.9.2010	30.9.2009	31.12.2009
Equity ratio, % (preferred capital note in equity)	26.0	25.6	26.5
Return on equity, %	-12.7	-49.8	-45.1
Return on investment, %	3.9	-4.9	-4.1
Net interest bearing debt, MEUR (preferred capital note in equity)	205.9	213.3	206.5
Net gearing, % (preferred capital note in equity)	179.4	199.5	200.8
Order book, MEUR	85.8	49.0	58.8
Investments in production facilities, MEUR	5.9	10.9	15.5
Personnel at the end of period (incl. leased personnel)	4,363	3,734	3,698

COMPONENTA

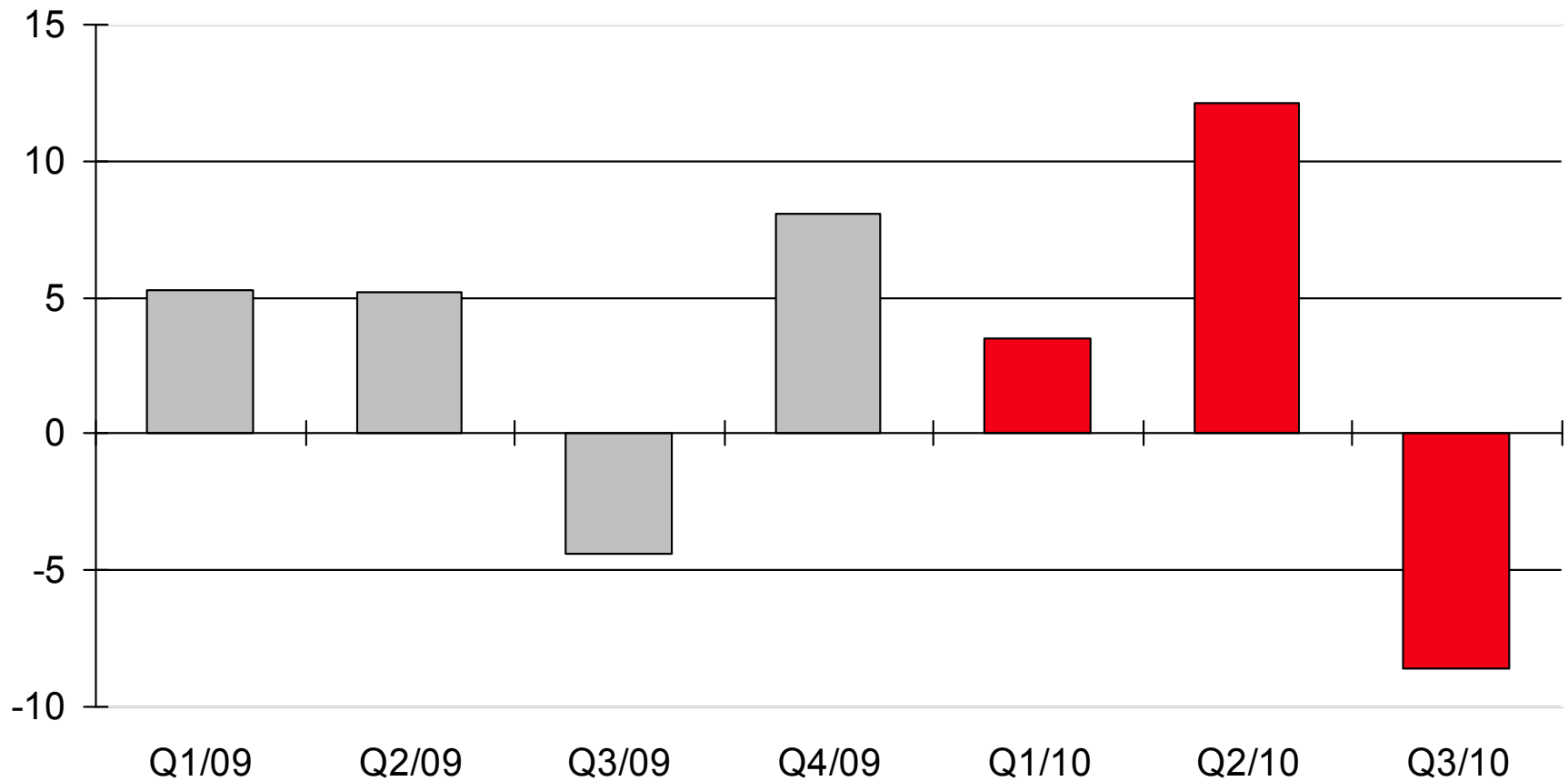
Cash flow statement

MEUR	2010 1 – 9	2009 1 – 9	2009 1 – 12
Cash flow from operations before change in net working capital, financing and taxes	22.1	-4.8	-2.5
Change in net working capital	1.2	24.3	37.5
Cash flow from operations before financing and taxes	23.3	19.5	35.0
Cash flow from operations	7.0	6.1	14.2
Cash flow from investments	-8.0	-9.8	-12.6
Cash flow from financing activities	10.7	5.4	0.9
Change in liquid assets	9.6	1.7	2.5

COMPONENTA

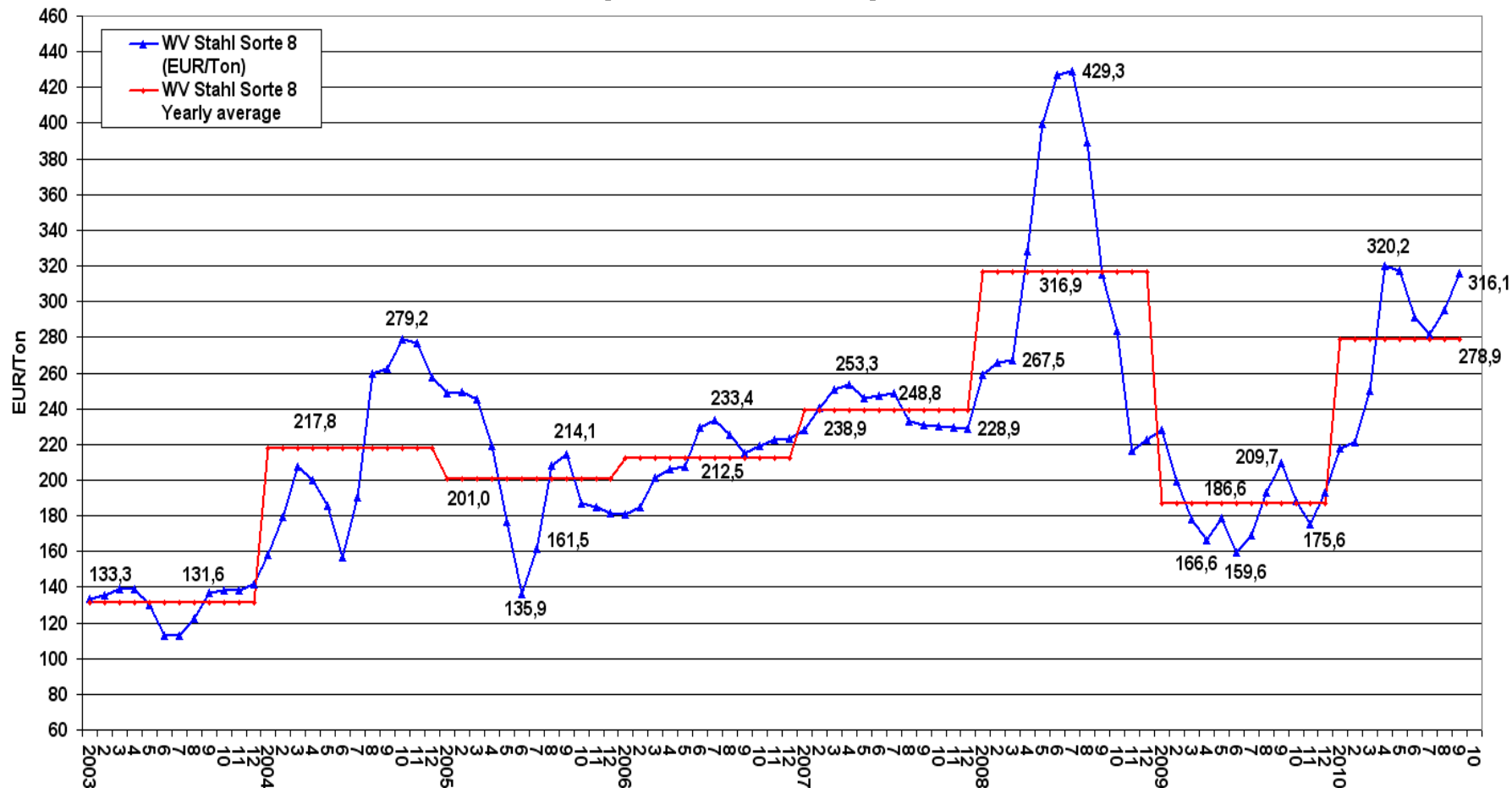
Development of cash flow from operations

MEUR



COMPONENTA

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



Source: WV Stahl

COMPONENTA

Development in exchange rates Turkish lira



Source: Reuters

COMPONENTA

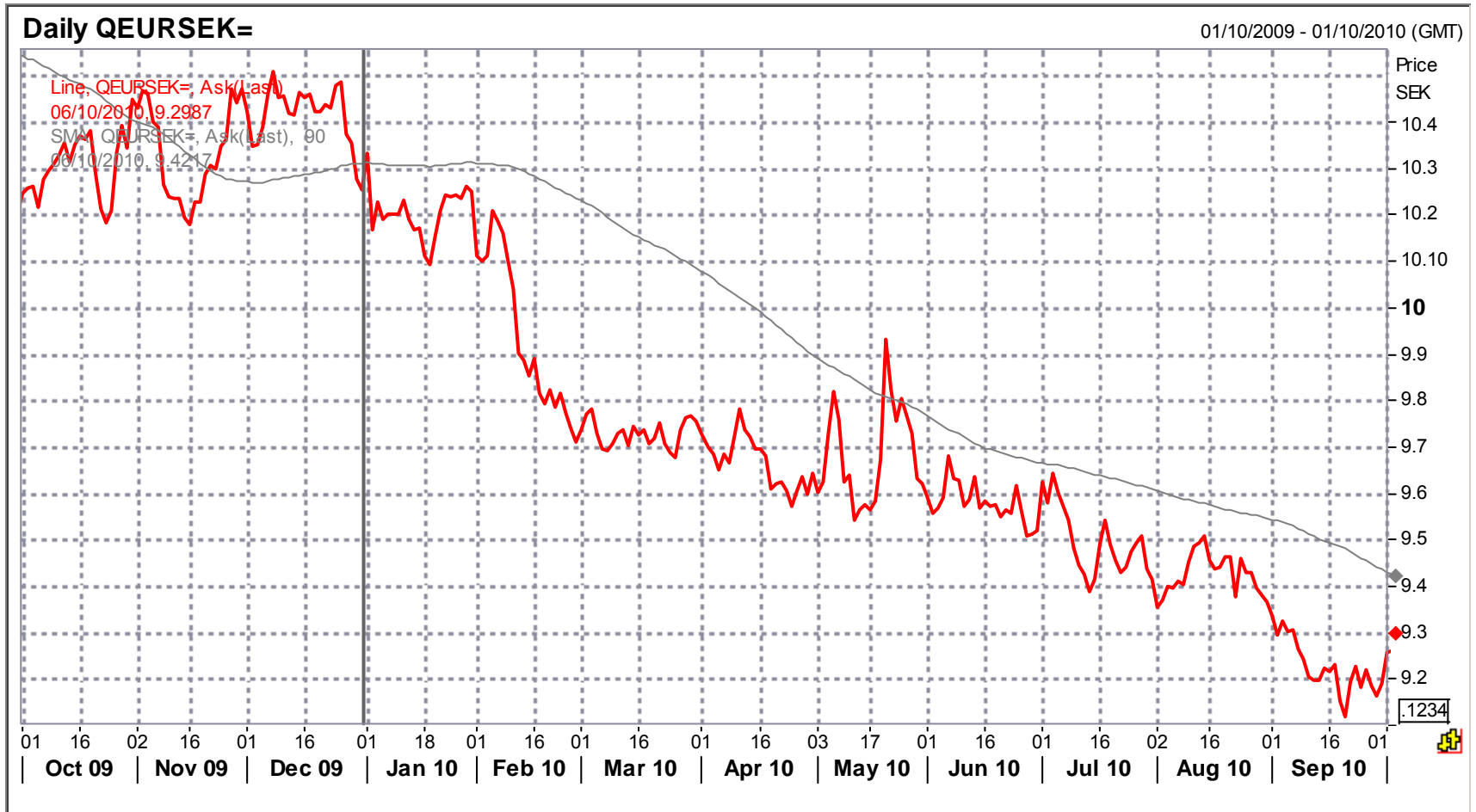
Development in exchange rates Great Britain pound



Source: Reuters

COMPONENTA

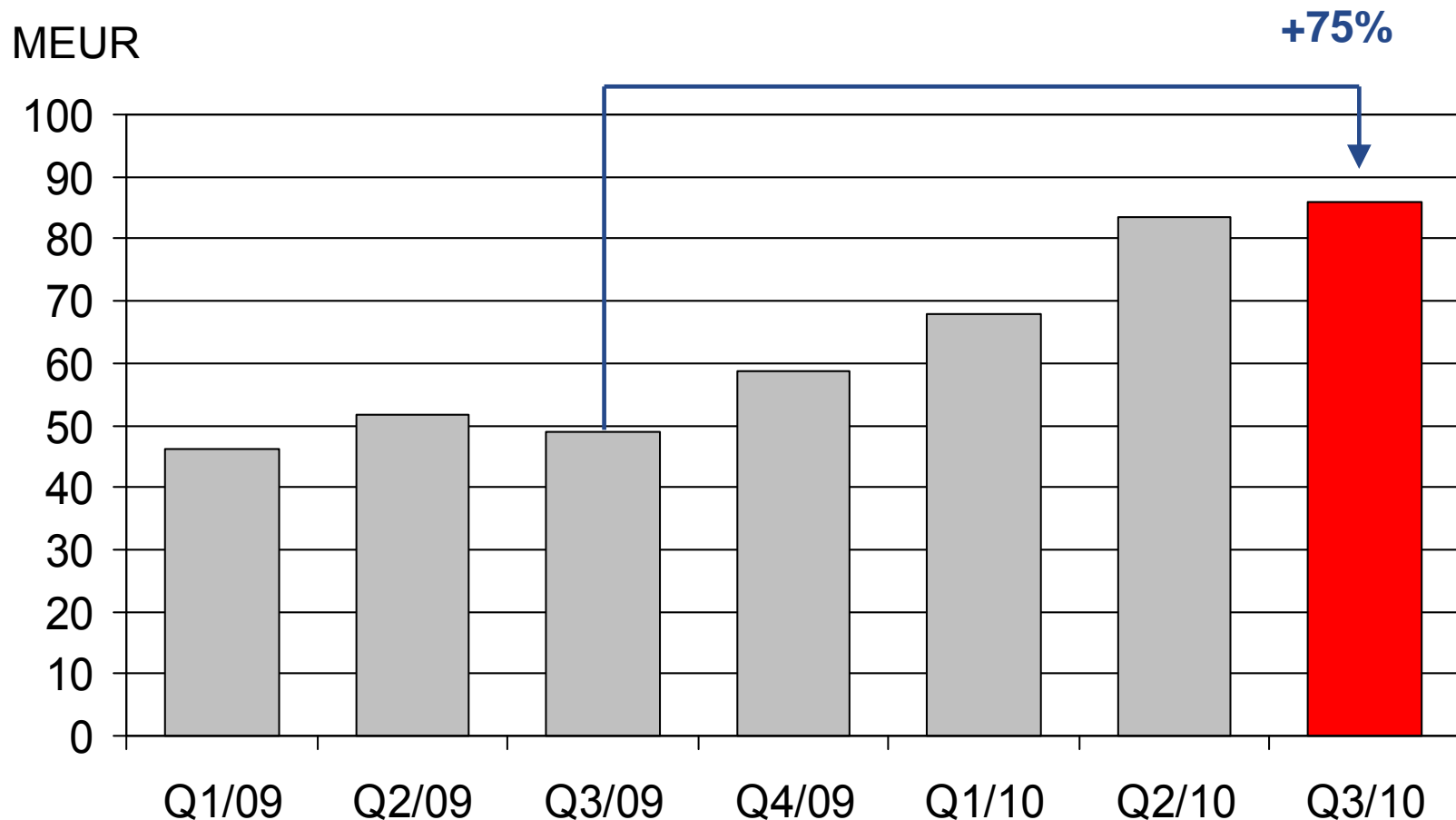
Development in exchange rates Swedish krona



Source: Reuters

COMPONENTA

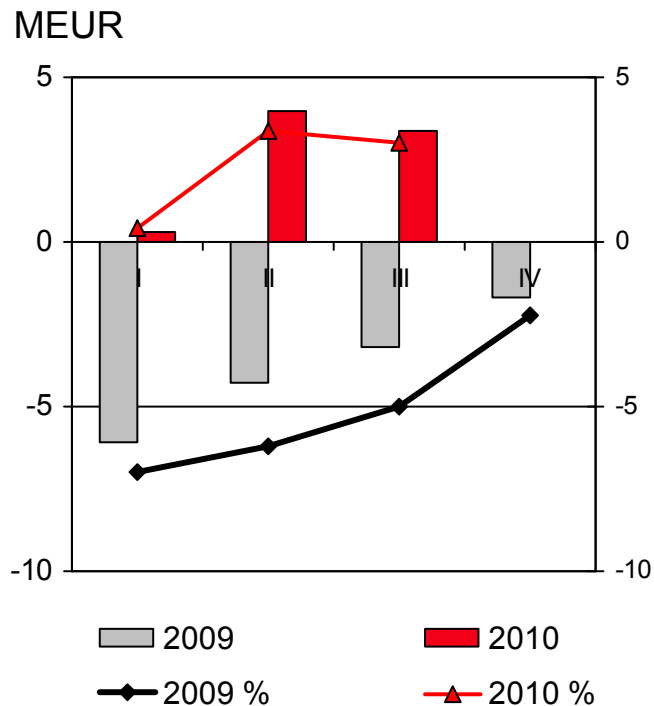
Quarterly development of order book
(includes orders for coming two months)



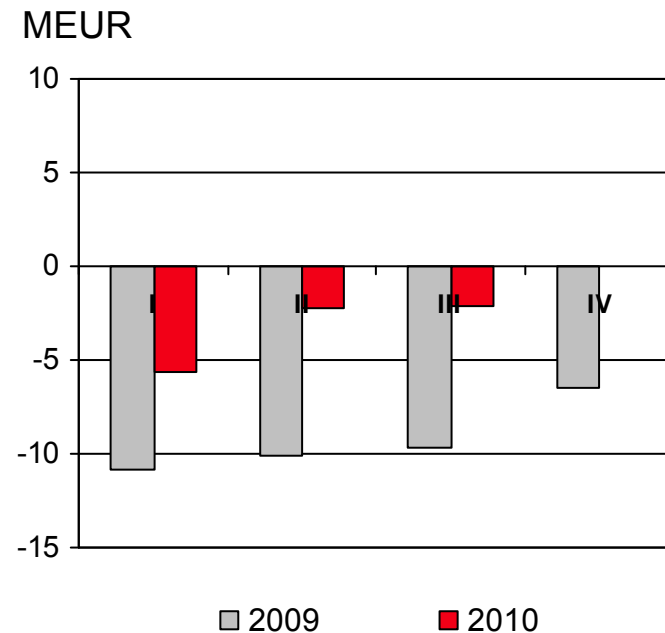
COMPONENTA

Quarterly operating profit and result after financial items

Operating profit

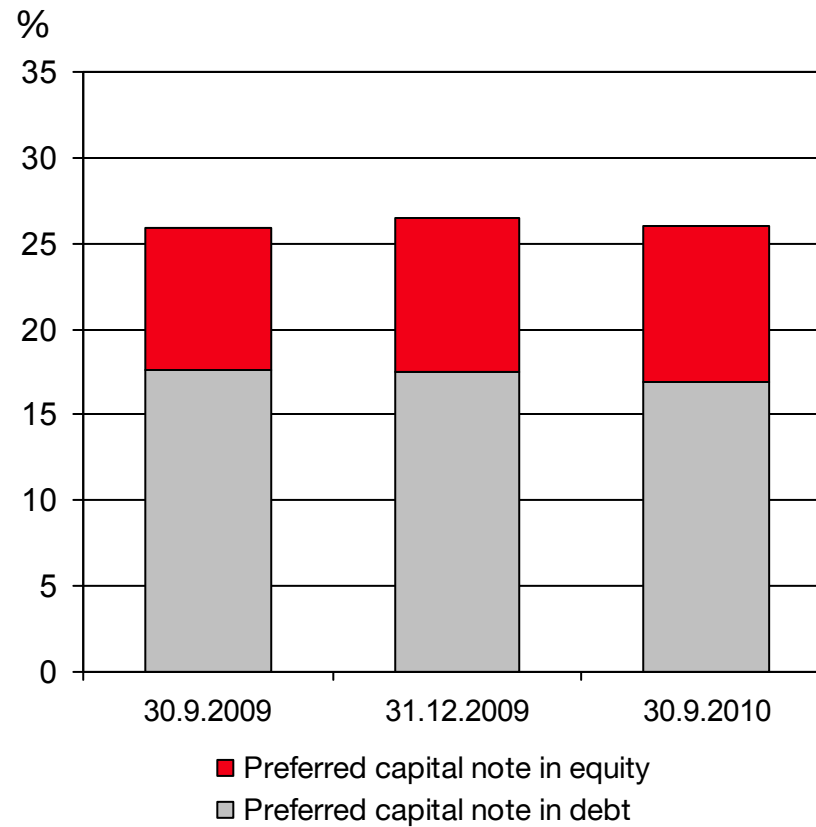


Result after financial items



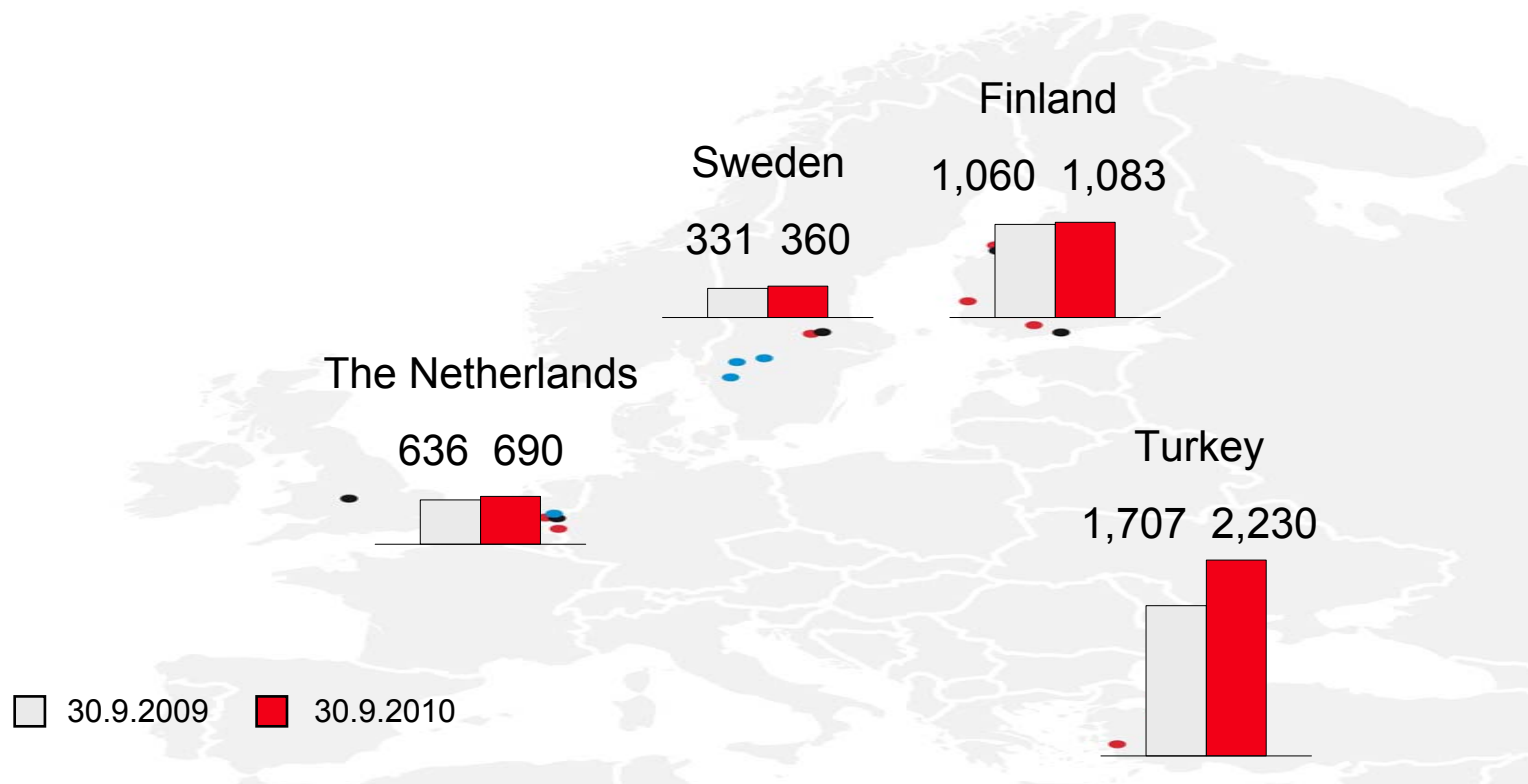
COMPONENTA

Equity ratio



COMPONENTA

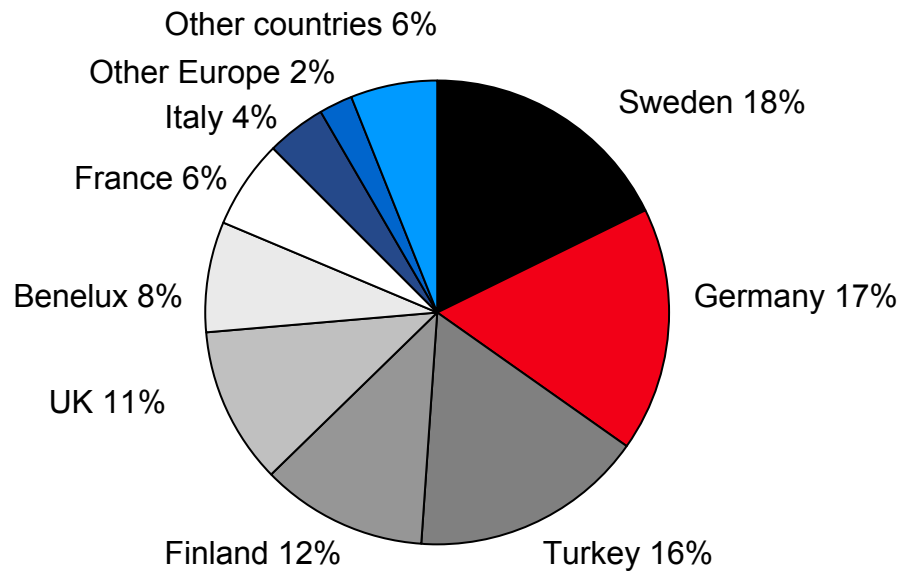
Personnel by country including leased personnel



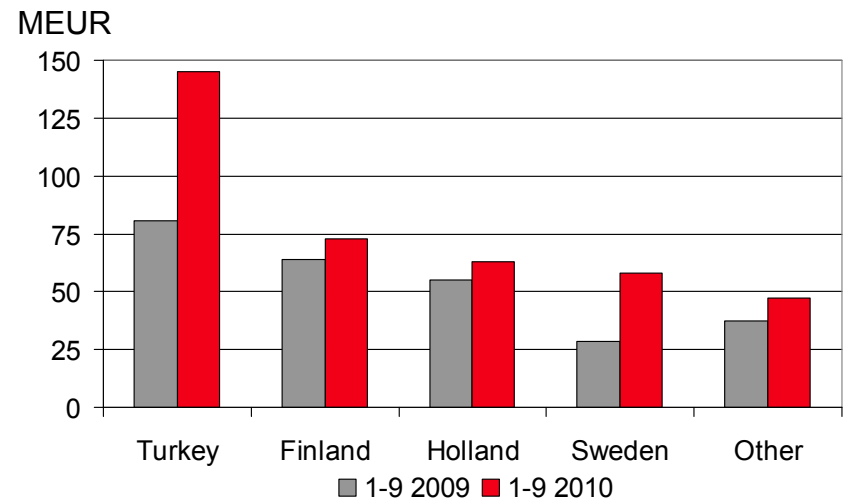
COMPONENTA

Distribution of sales

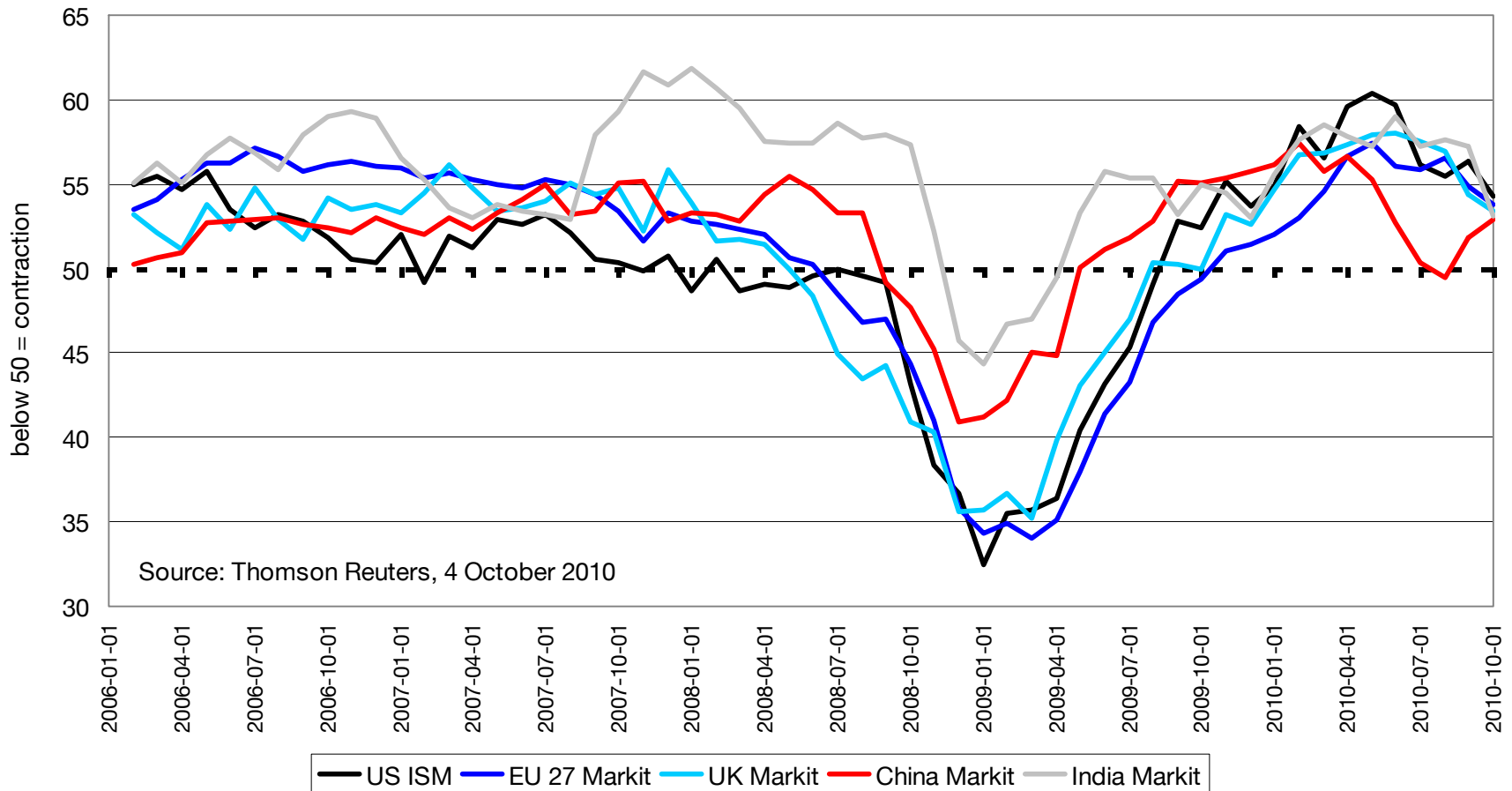
Sales by market area Q1 - Q3/2010



Sales by operations Q1 - Q3/2010

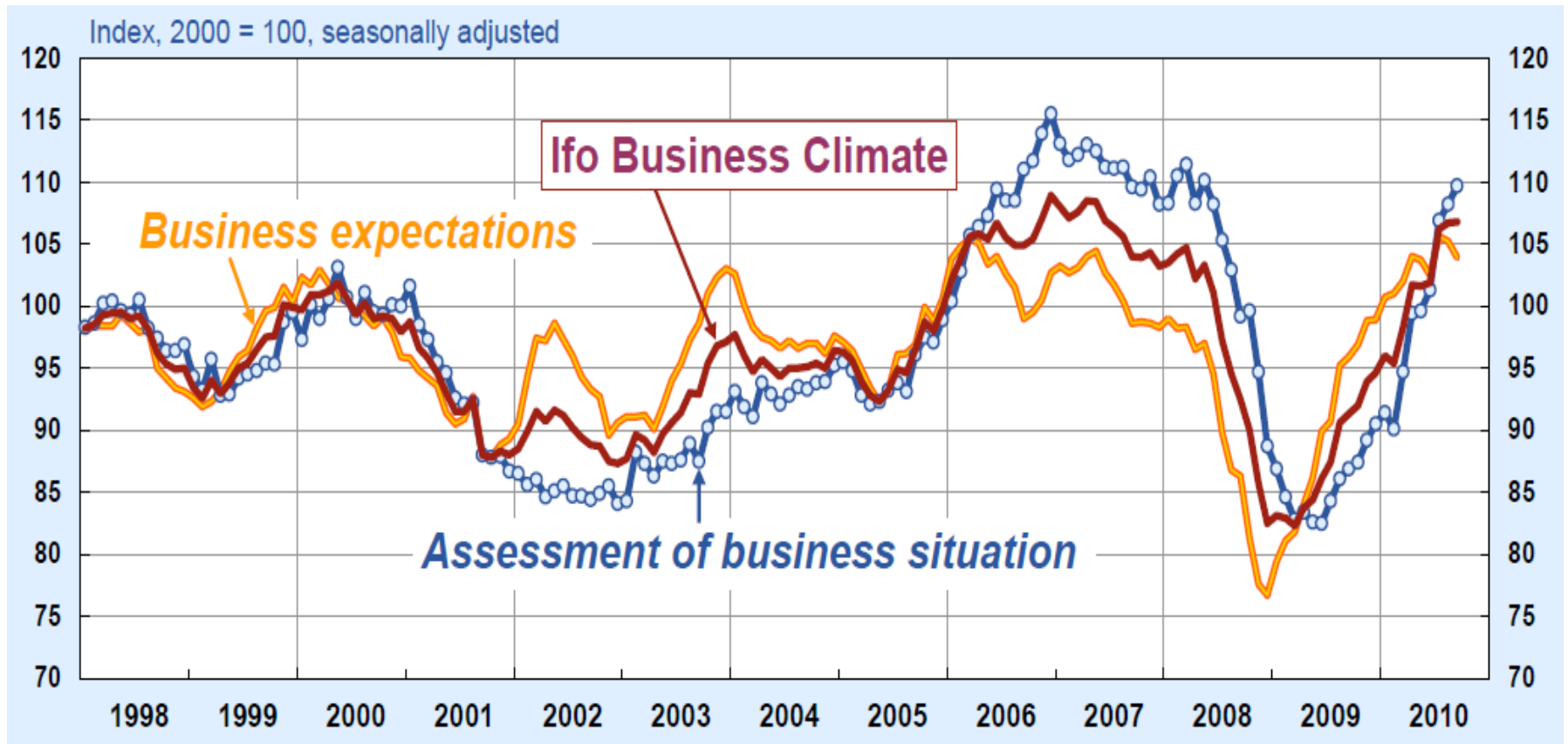


Manufacturing Purchasing Manager Indices



COMPONENTA

IFO expectations September 2010



Source: IFO

COMPONENTA

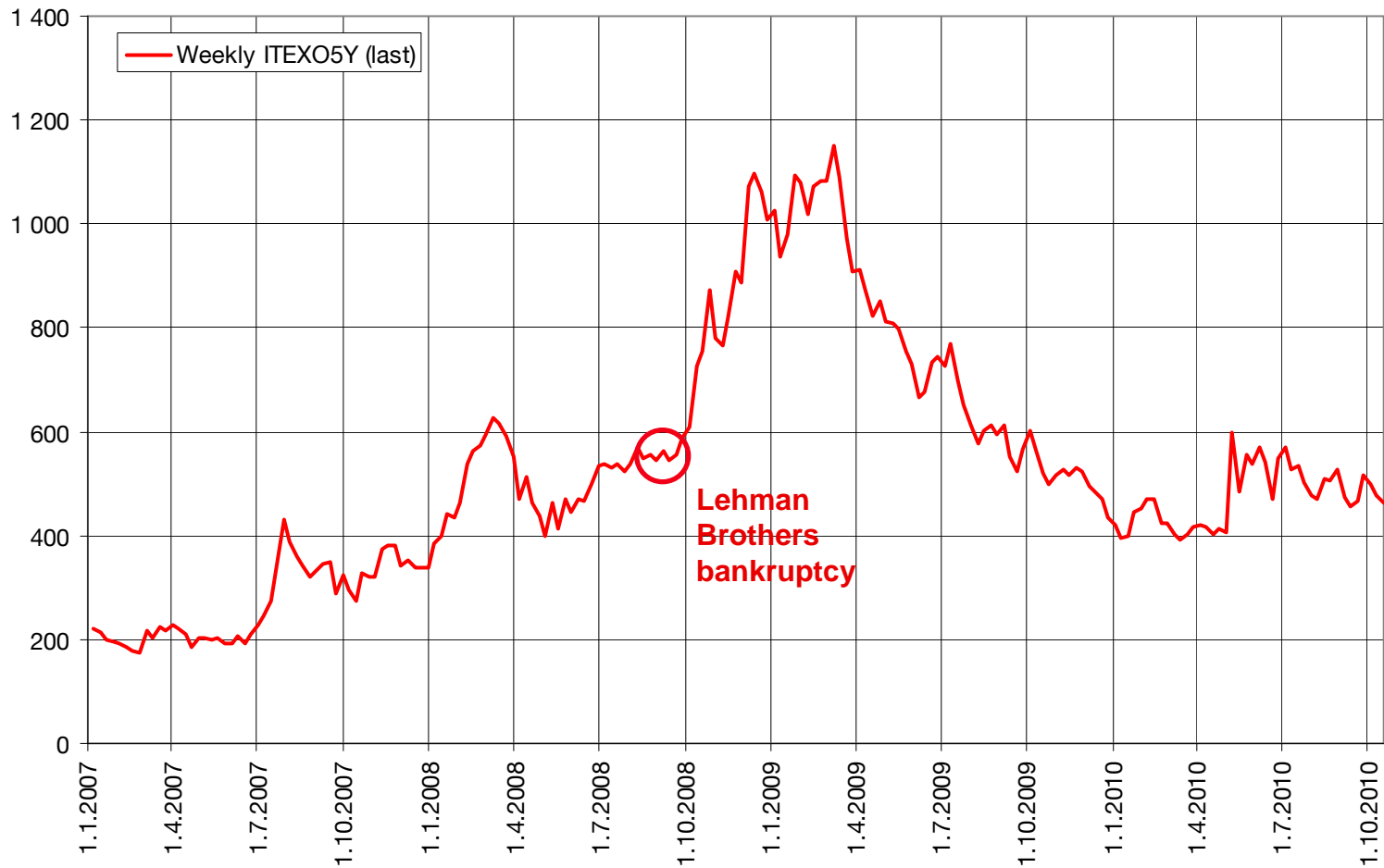
Investor Confidence Index



Source: SSaA

COMPONENTA

CDS index



Source: Reuters

COMPONENTA

Comparable sales to customer industries



Heavy trucks

25% (19%)



Construction and mining

21% (15%)



Machine building

20% (30%)



Automotive

20% (19%)



Agriculture

12% (13%)



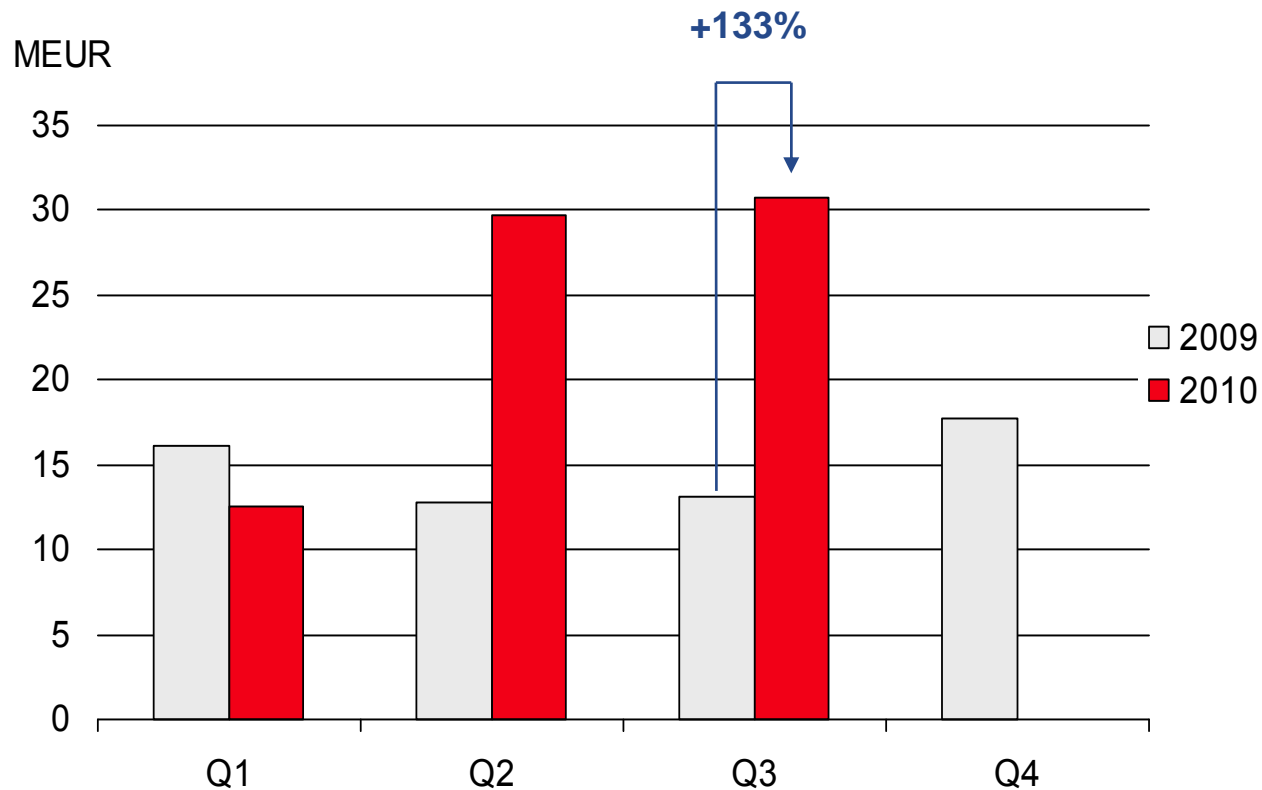
Wind power

2% (3%)

Note: Other sales 1% (1%)

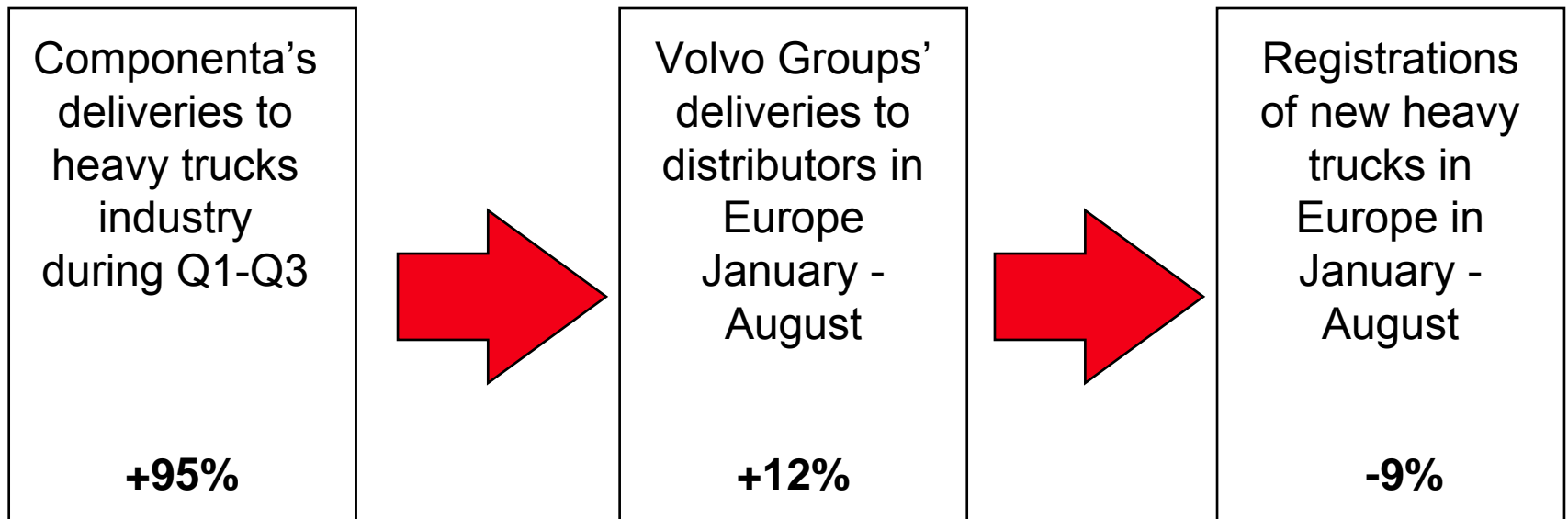
COMPONENTA

Comparable sales to heavy trucks industry quarterly



COMPONENTA

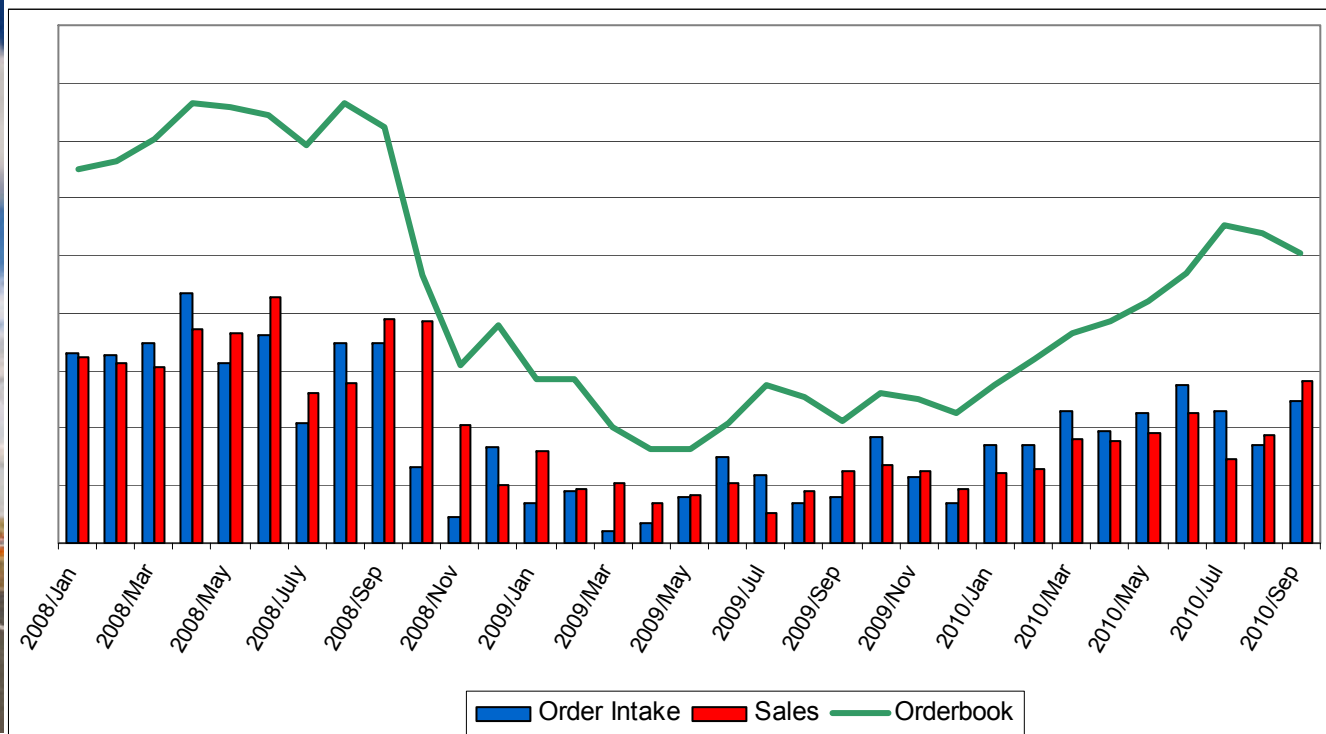
Development of supply chain in heavy trucks industry



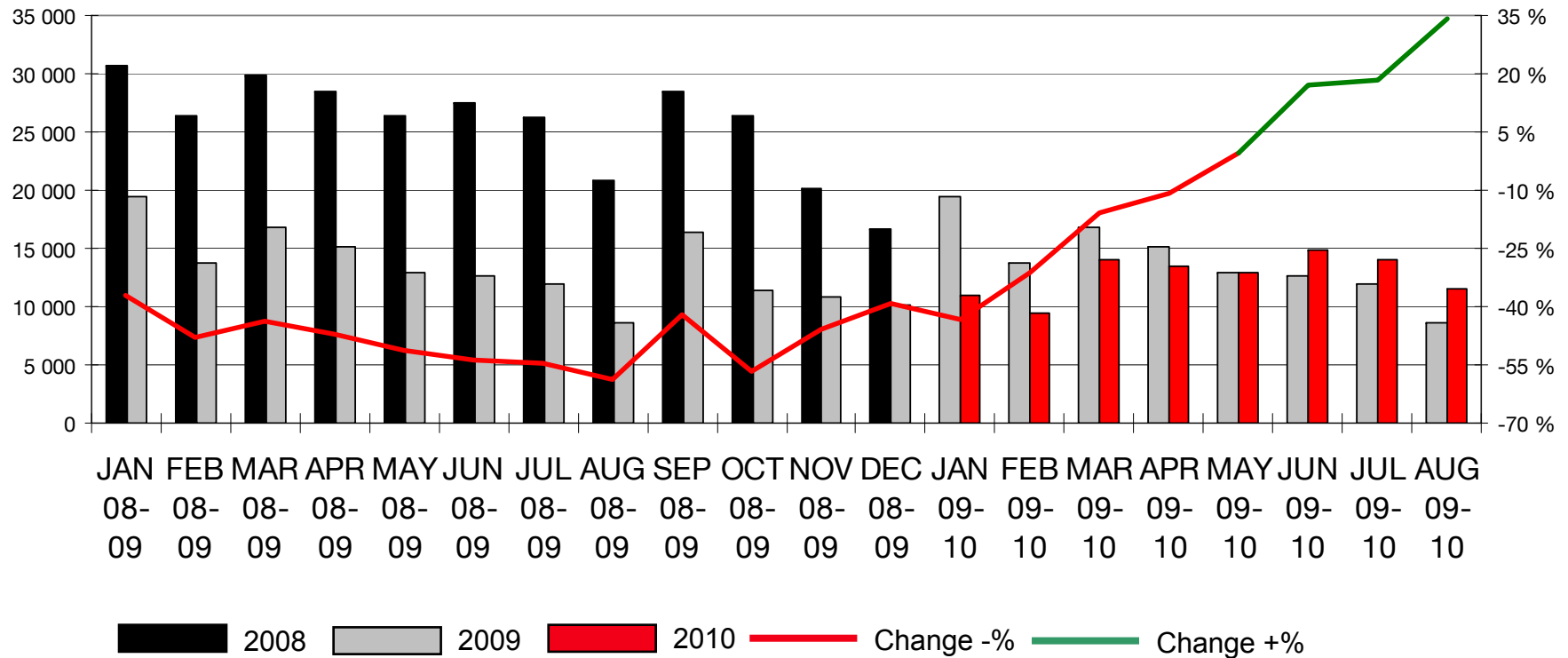
Sources: Volvo web pages, ACEA

COMPONENTA

Development of order book and sales in heavy trucks industry



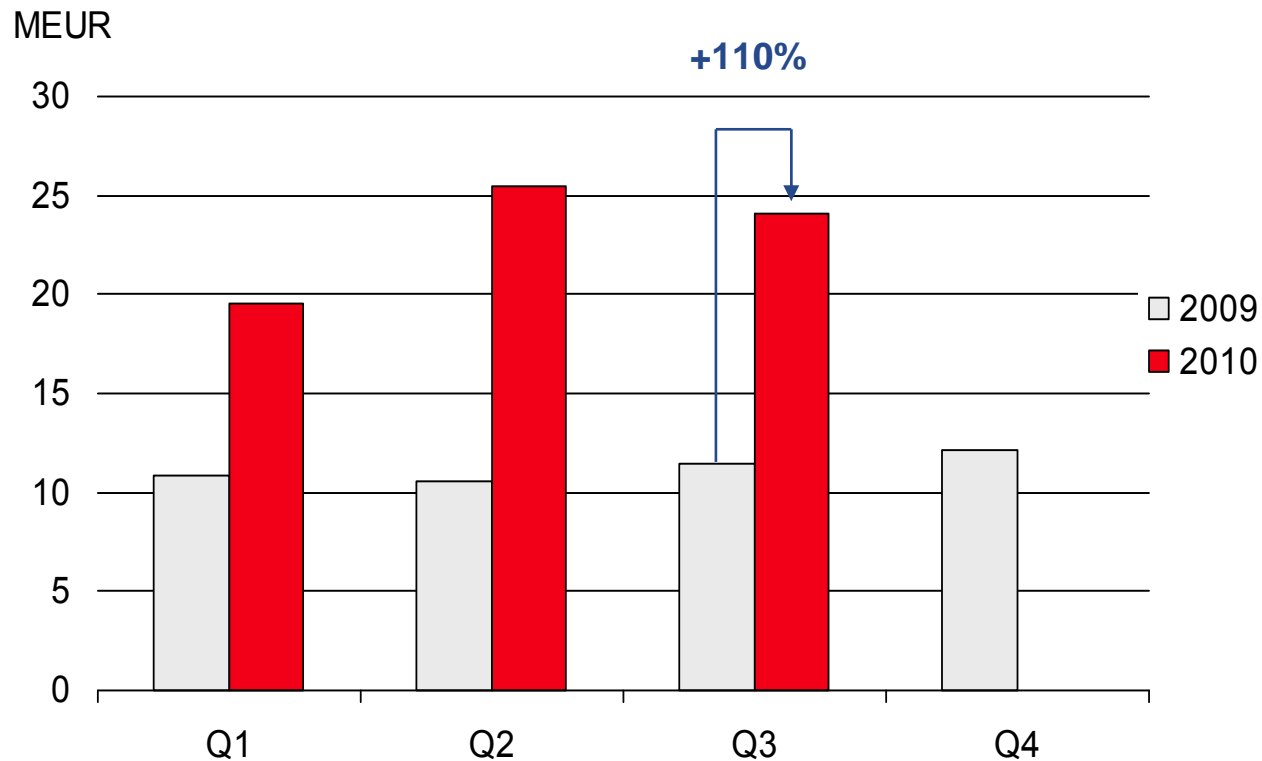
Registrations of new heavy trucks in Europe (EU27)



Source: ACEA

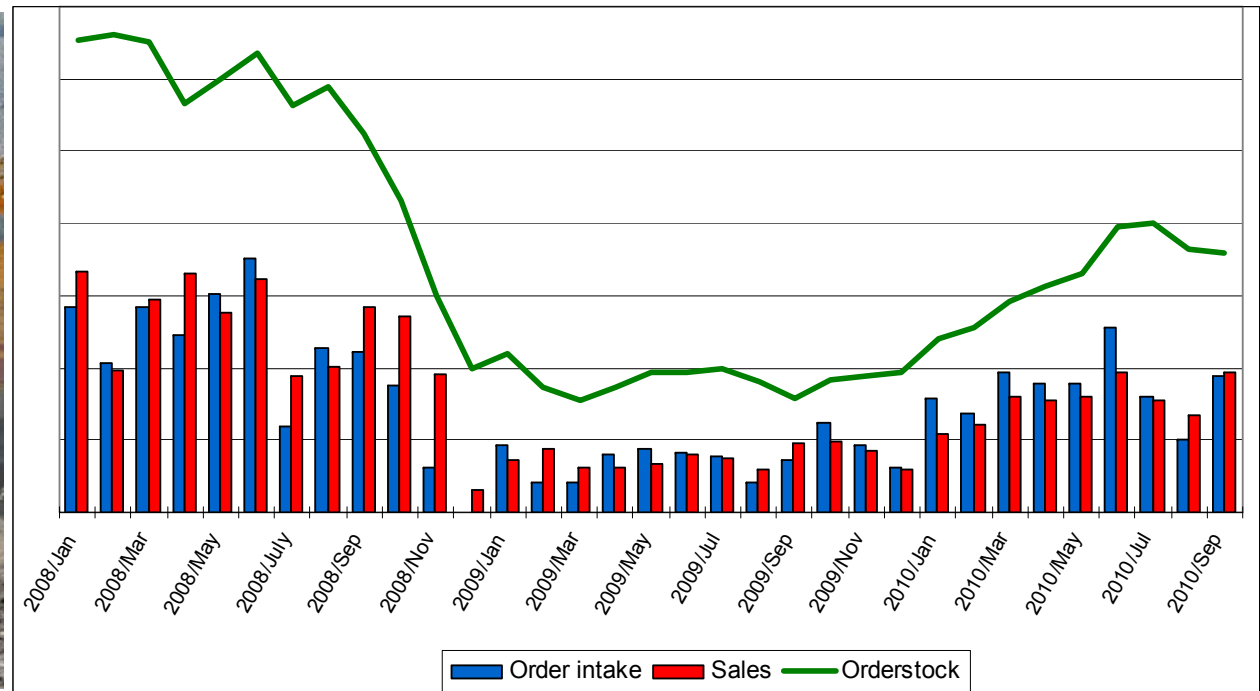
COMPONENTA

Comparable sales to construction and mining industry quarterly



COMPONENTA

Development of order book and sales in construction and mining industry



COMPONENTA

Demand for construction and mining machinery recovering

Worldwide Machine Industry

Machines (Units) – All Regions

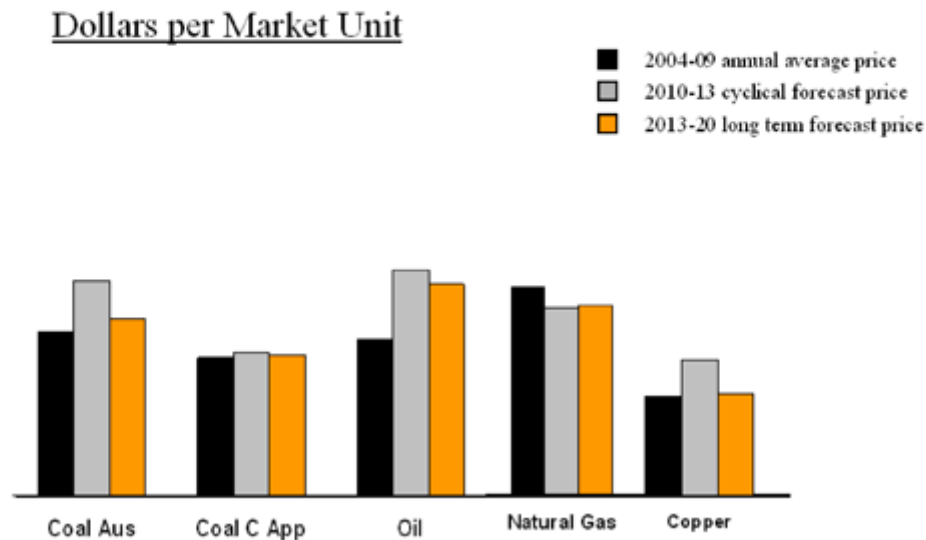


Source: Caterpillar

COMPONENTA

Demand for construction and mining industry equipment is strengthened by increased prices of raw materials

Commodity Growth Remains Positive A Positive Outlook for Commodities



Source: Caterpillar

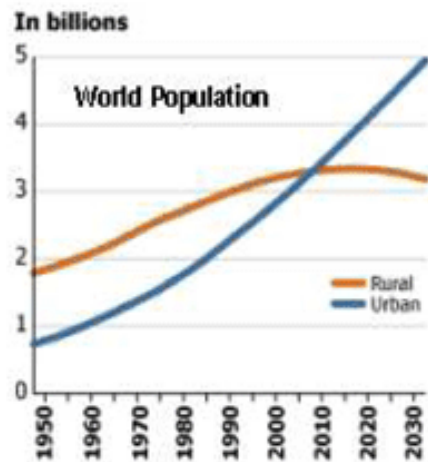
COMPONENTA

Demand for construction and mining industry equipment increases due to population growth and urbanization

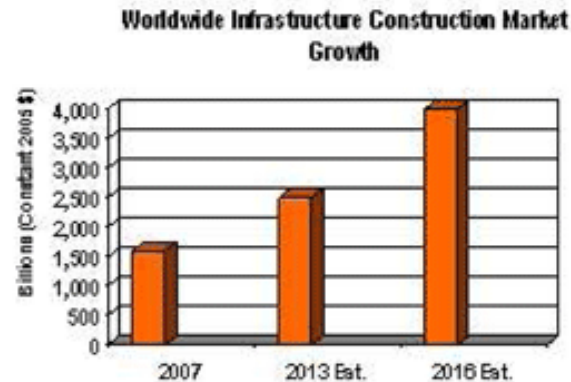
Long-Term Industry Attractiveness

Indicated by Trends

Urbanization → Construction Growth → Metals/Aggregate Demand



Source: UN, World Urbanization Prospects: The 2003 Revision (2004)

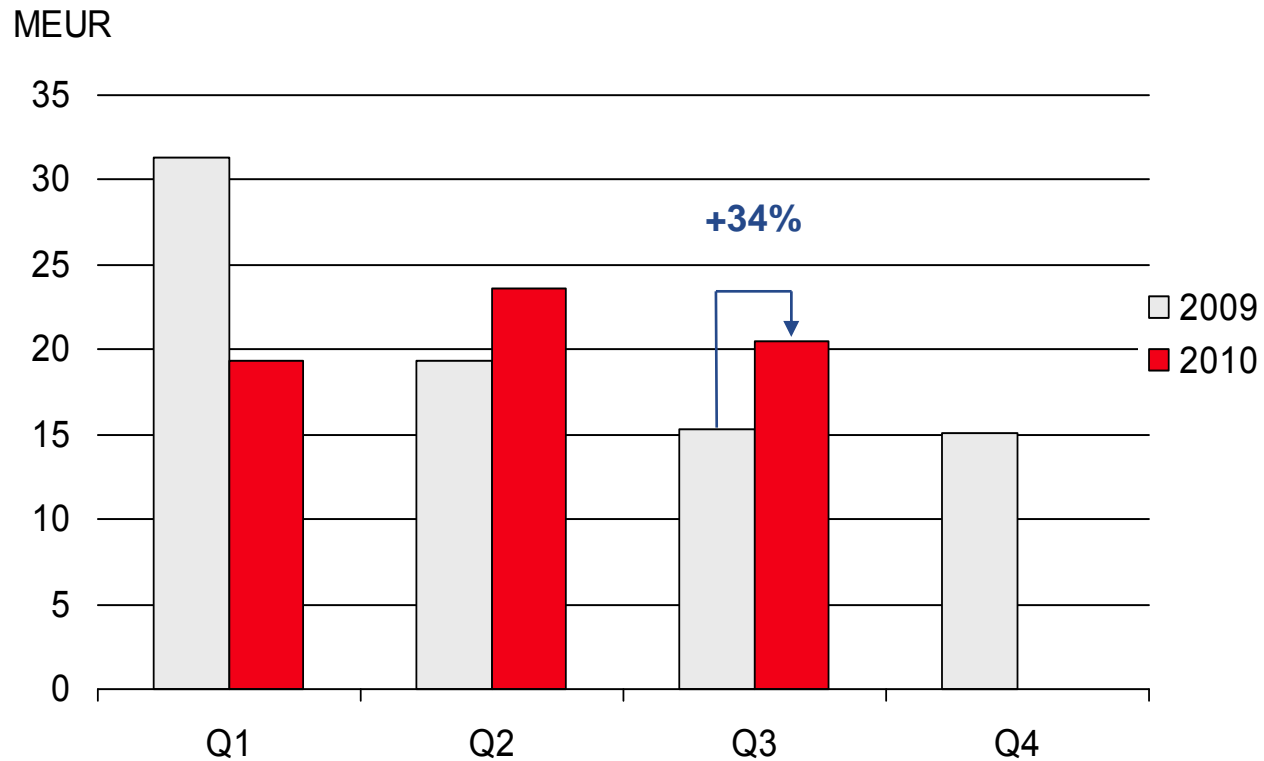


Source: Bernstein, Industry: Chinese Infrastructure - Causes, Potential and Implications, 2010

Source: Caterpillar

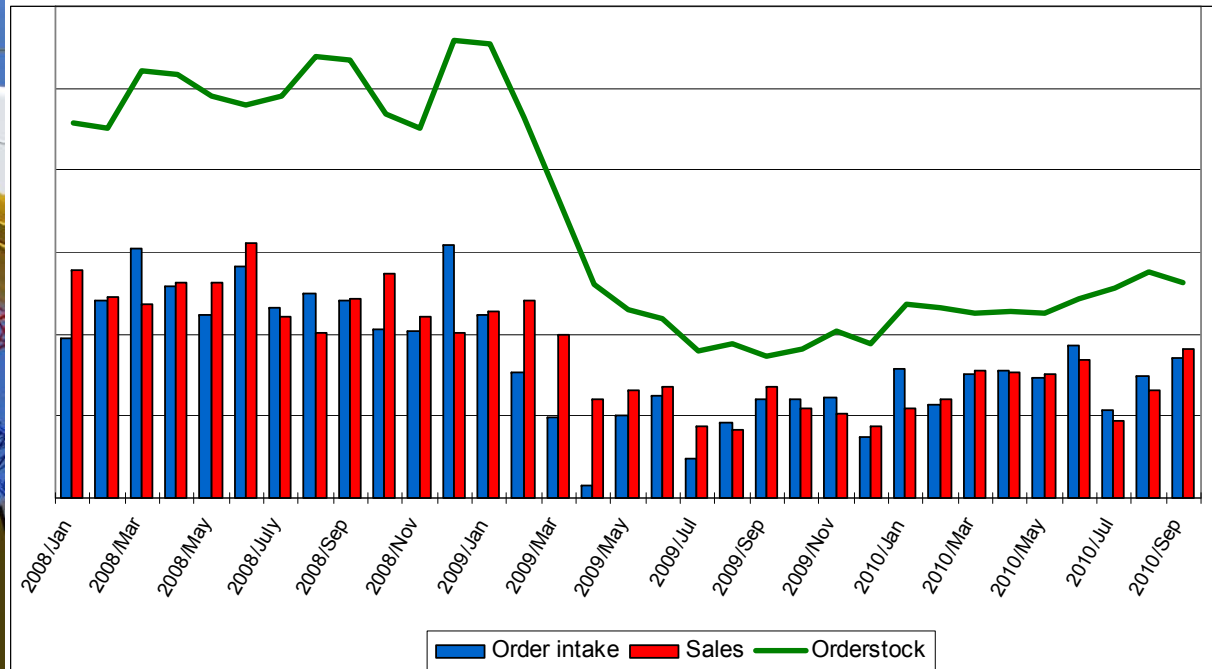
COMPONENTA

Comparable sales to machine building industry quarterly



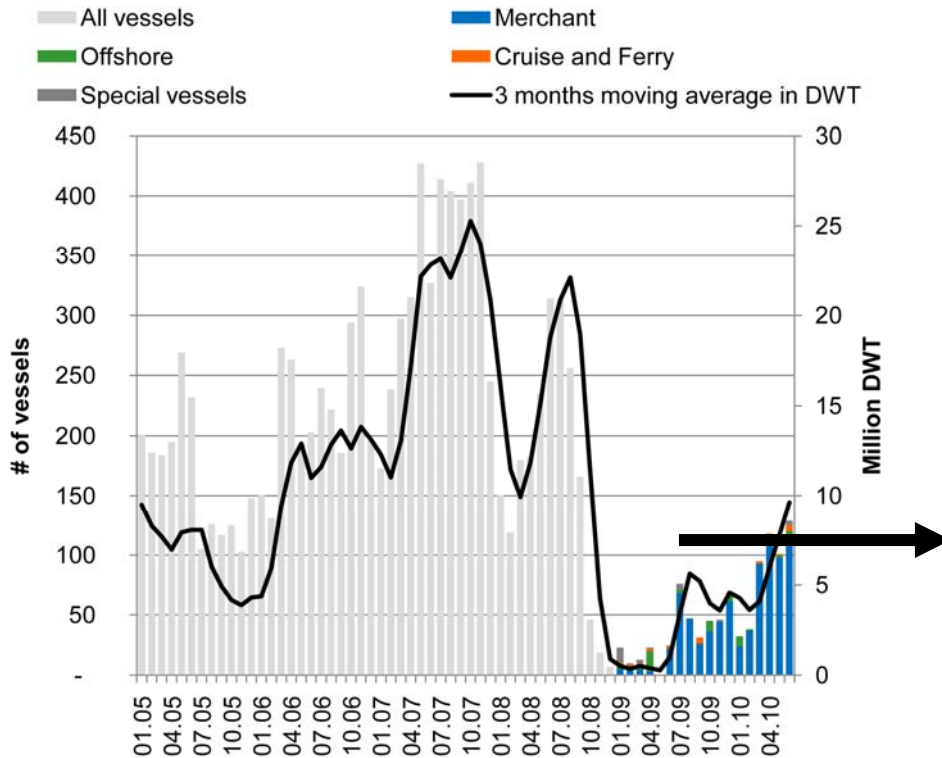
COMPONENTA

Development of order book and sales in machine building industry

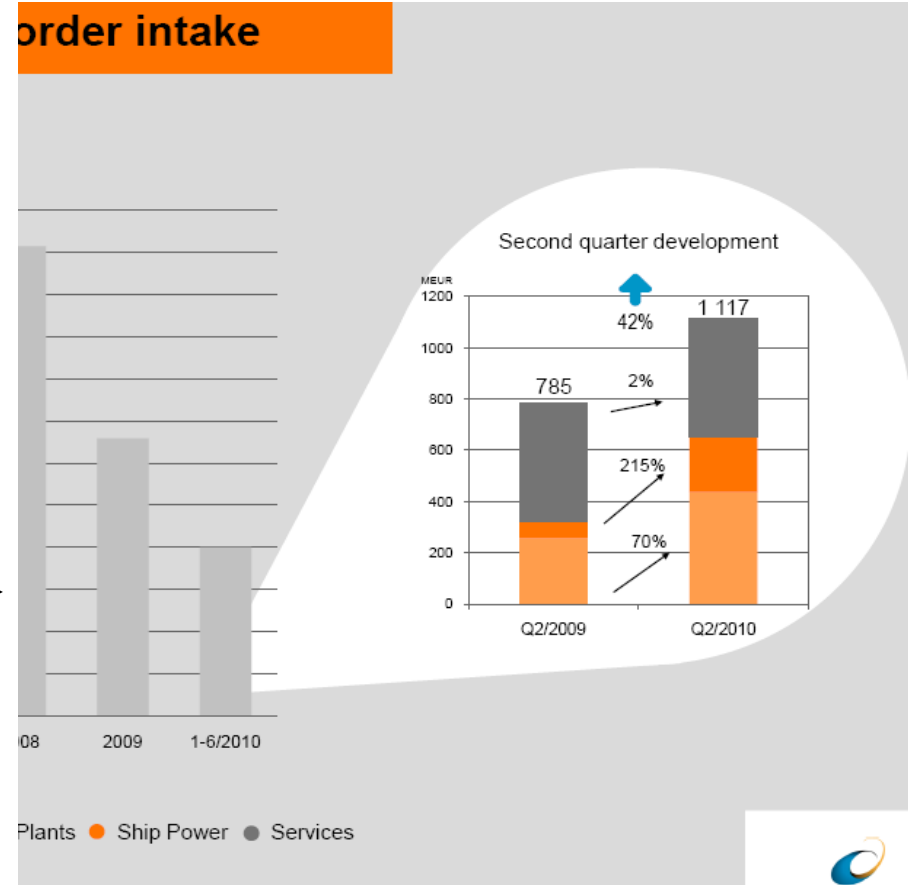


COMPONENTA

New ship orders in machine building industry have started to increase

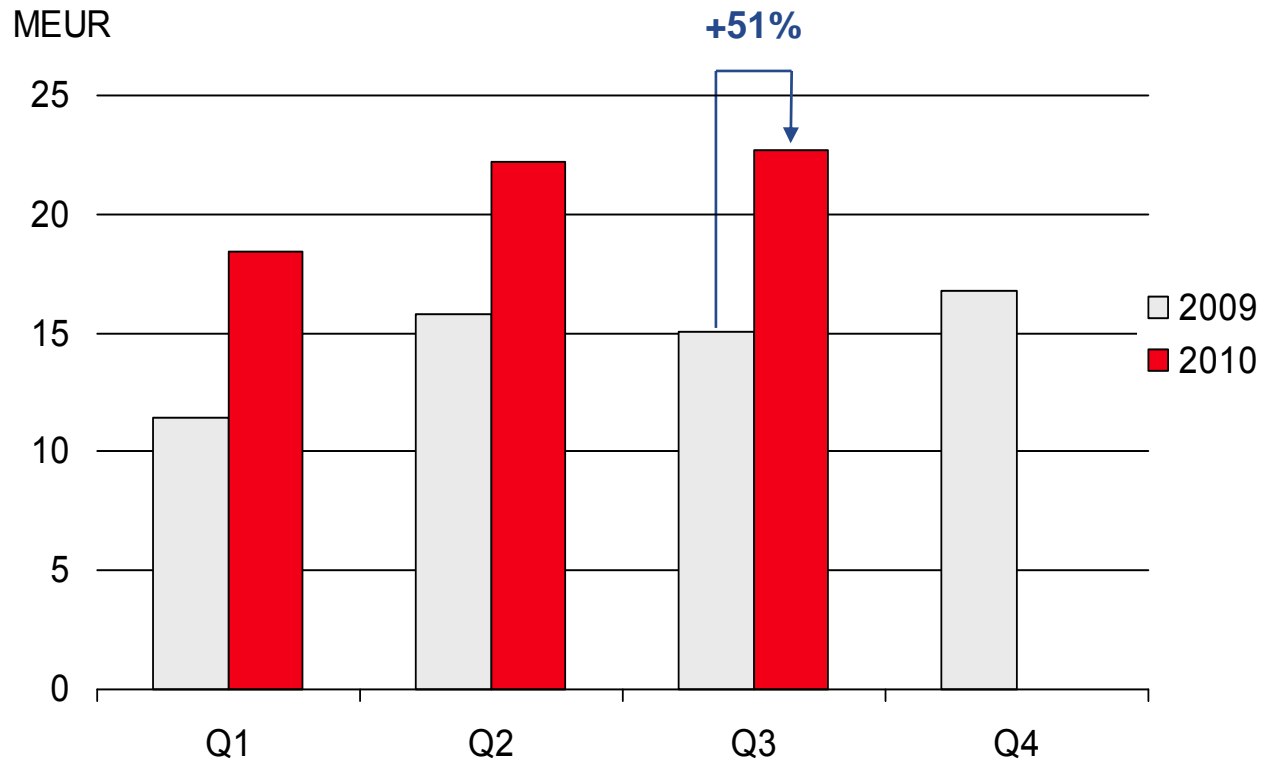


Source: Wärtsilä

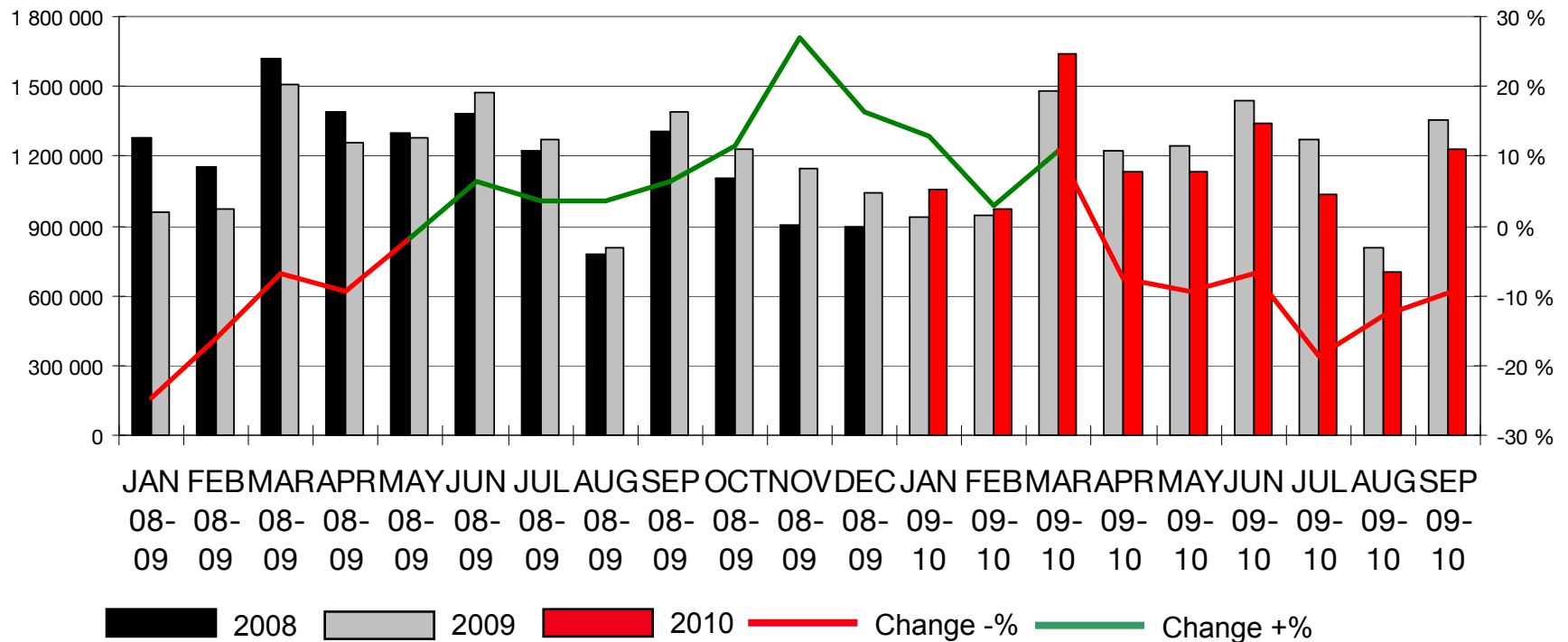


COMPONENTA

Comparable sales to automotive industry quarterly



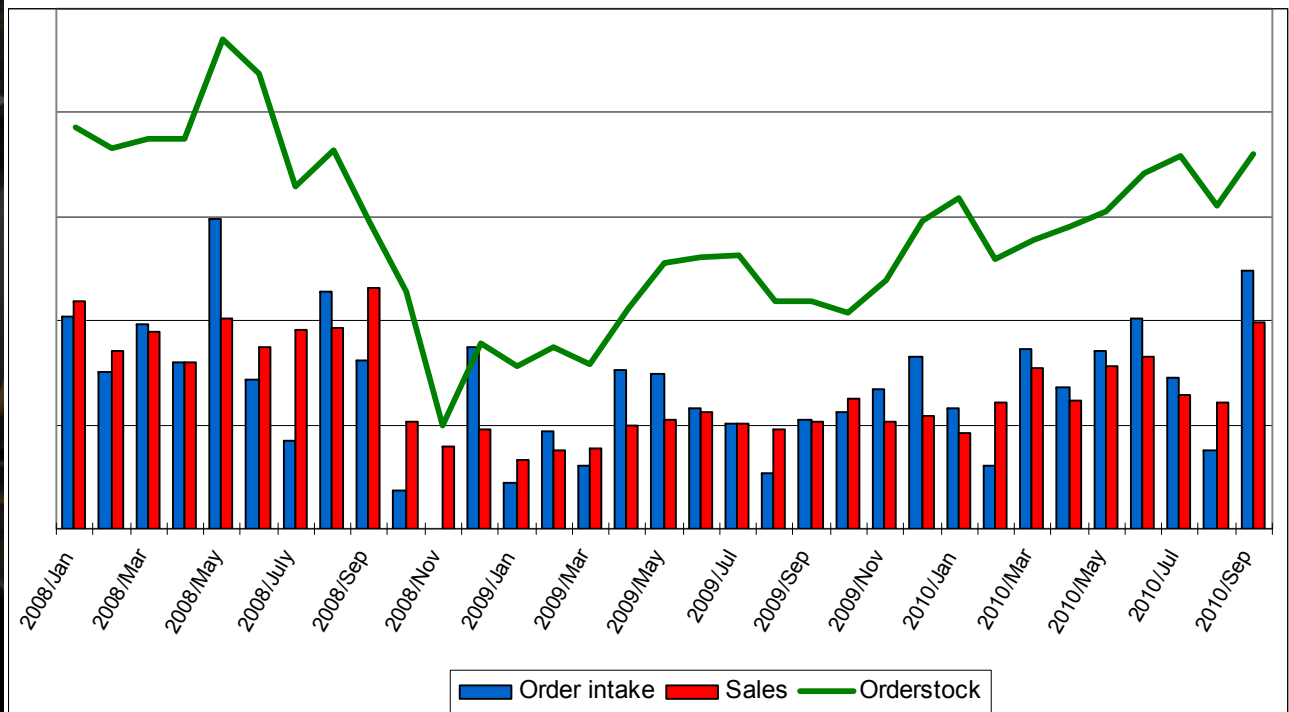
Registrations of new passenger cars in Europe (EU27)



Source: ACEA

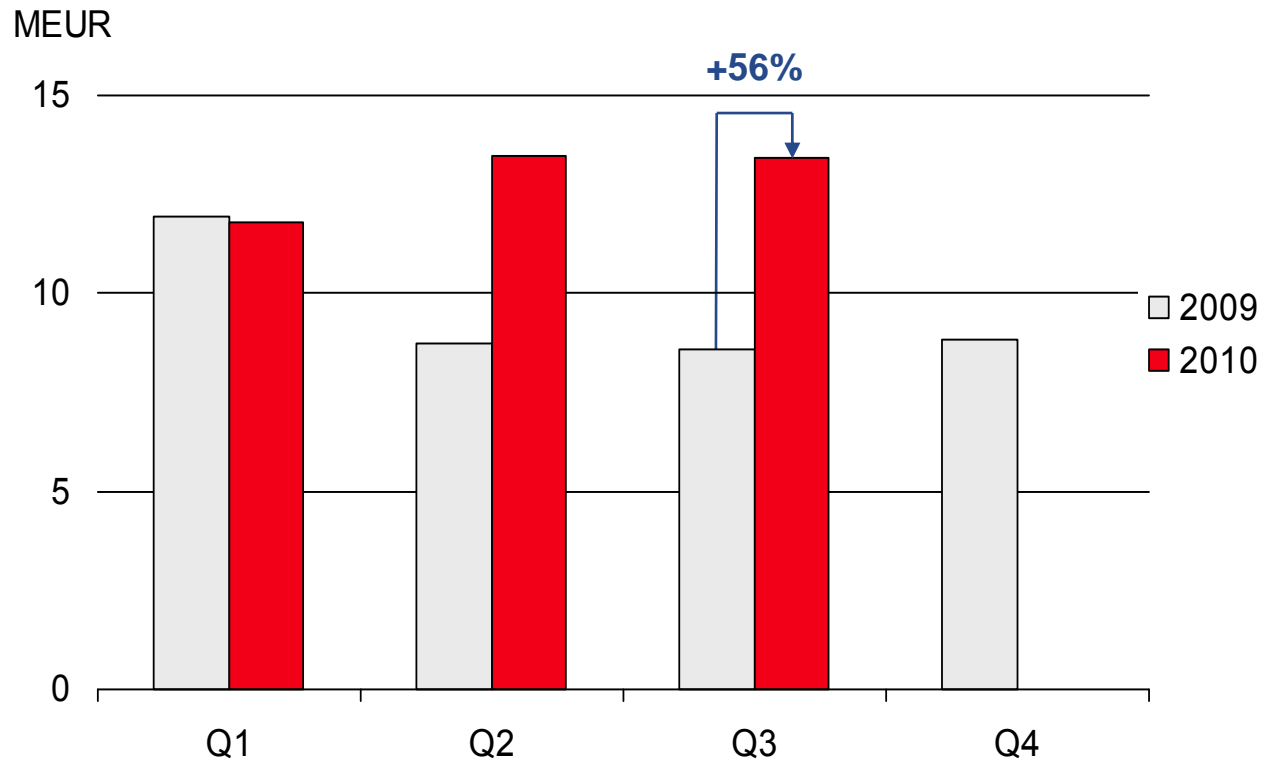
COMPONENTA

Development of order book and sales in automotive industry



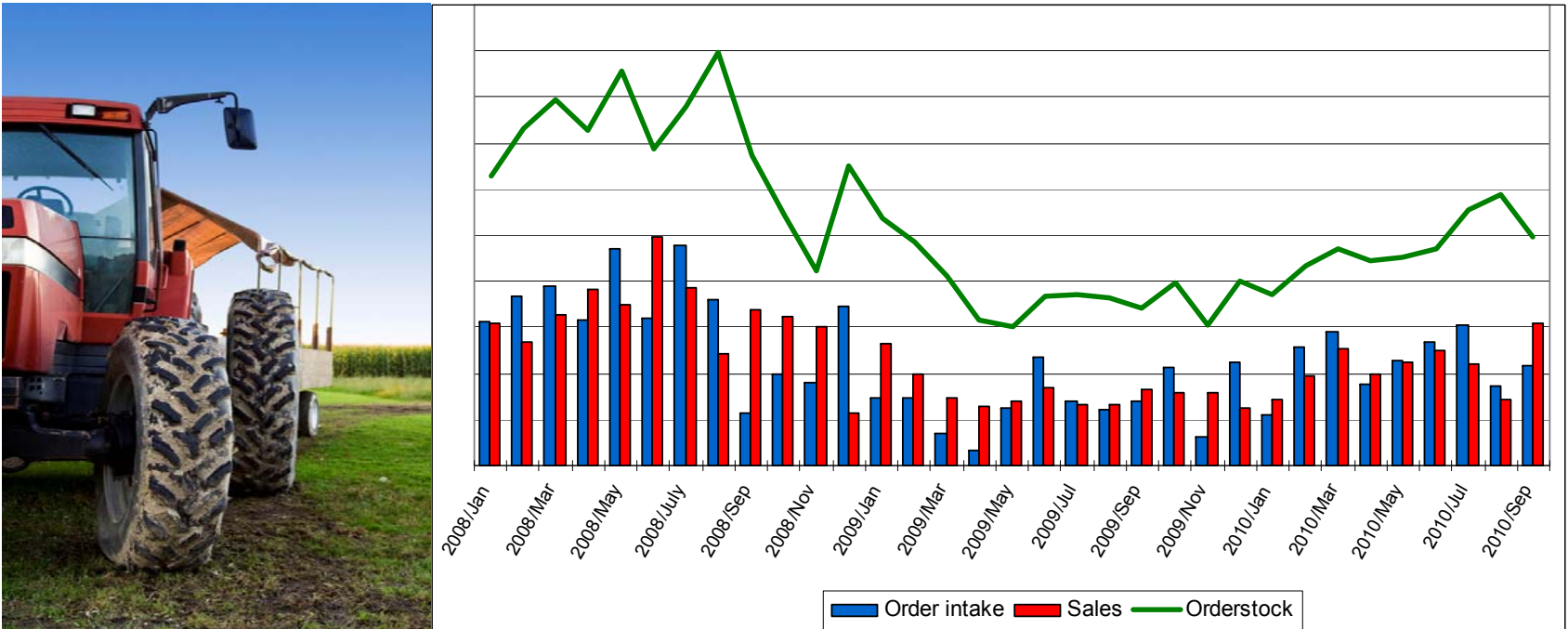
COMPONENTA

Comparable sales to agriculture industry quarterly



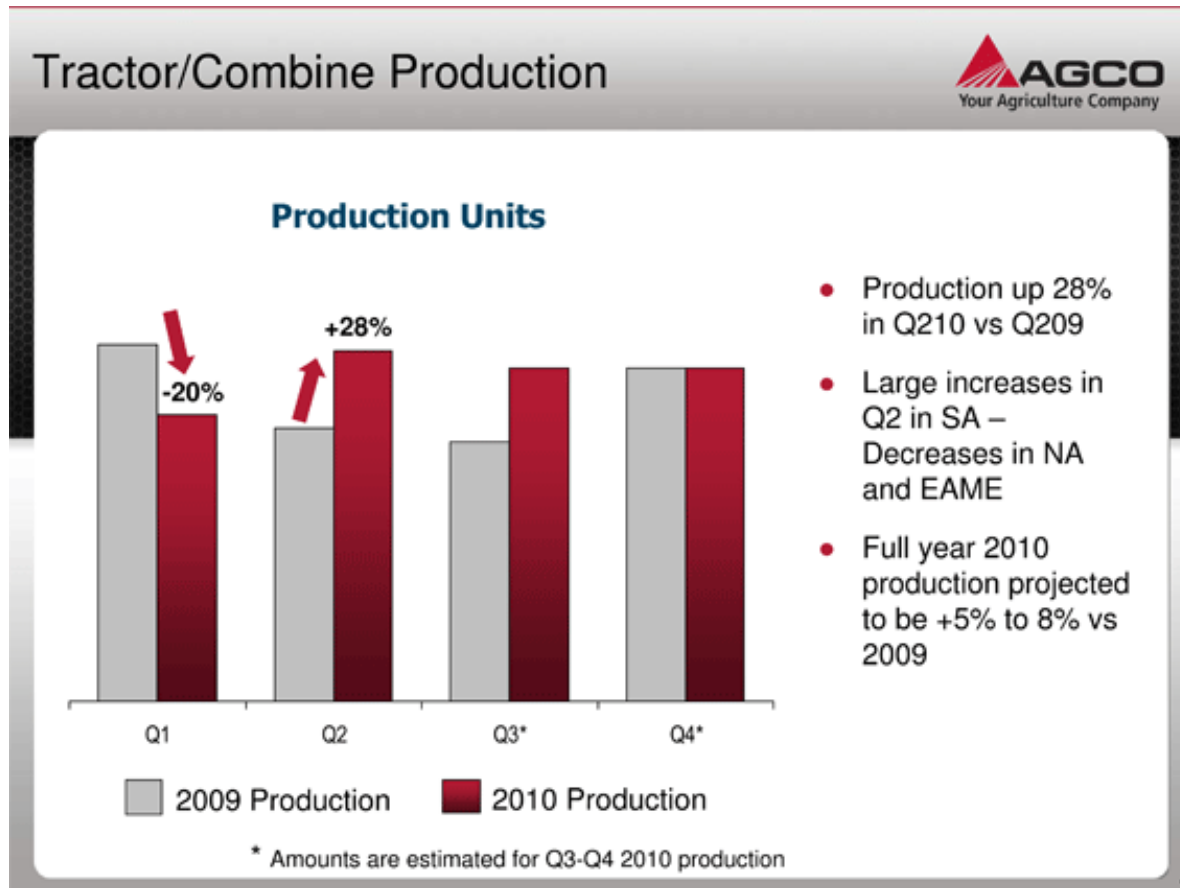
COMPONENTA

Development of order book and sales in agriculture industry



COMPONENTA

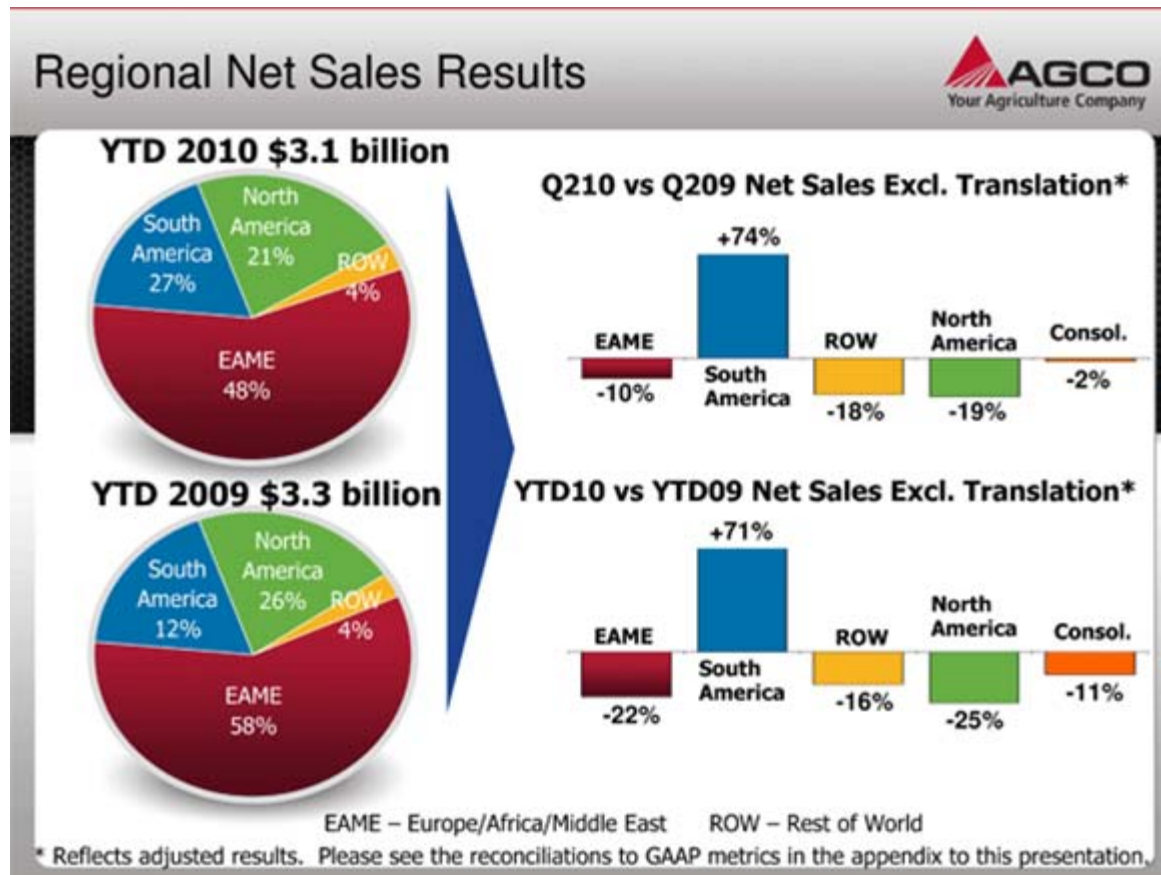
Production volumes of agricultural machinery increasing



Source: AGCO

COMPONENTA

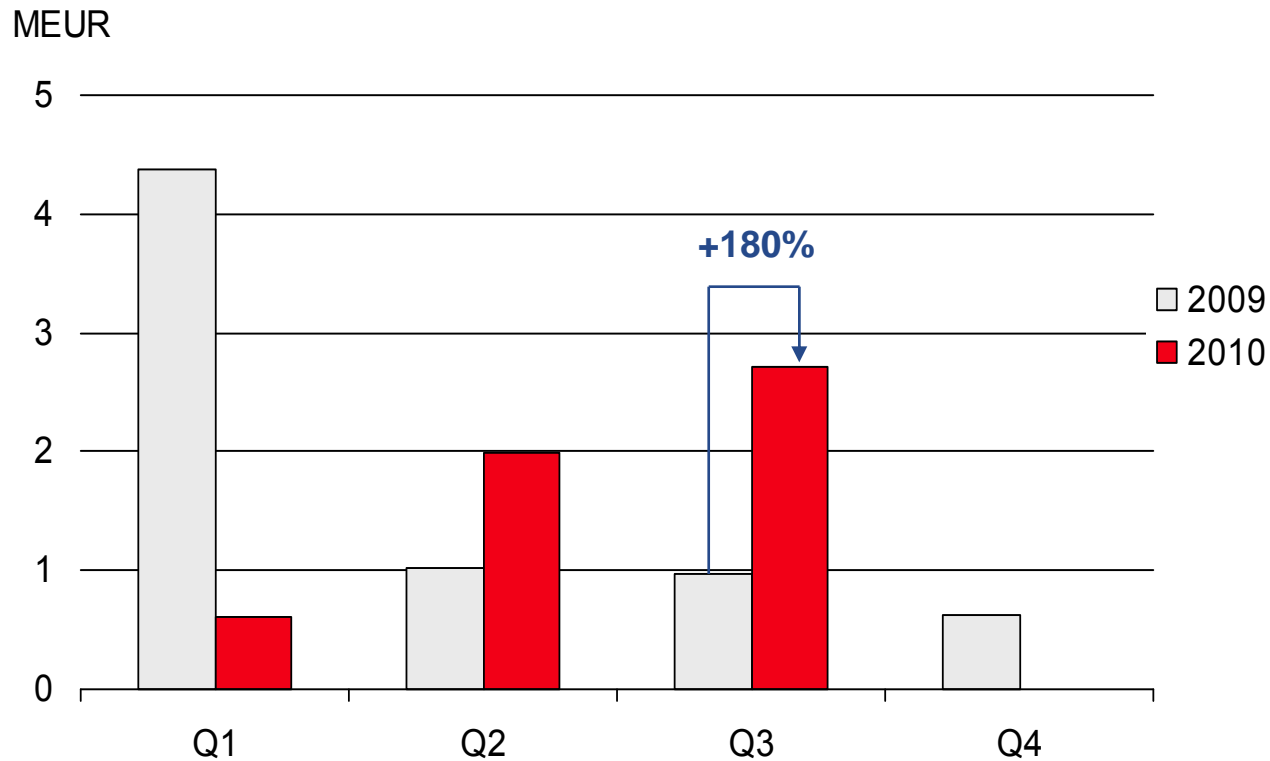
Demand for agricultural machinery increasing



Source: AGCO

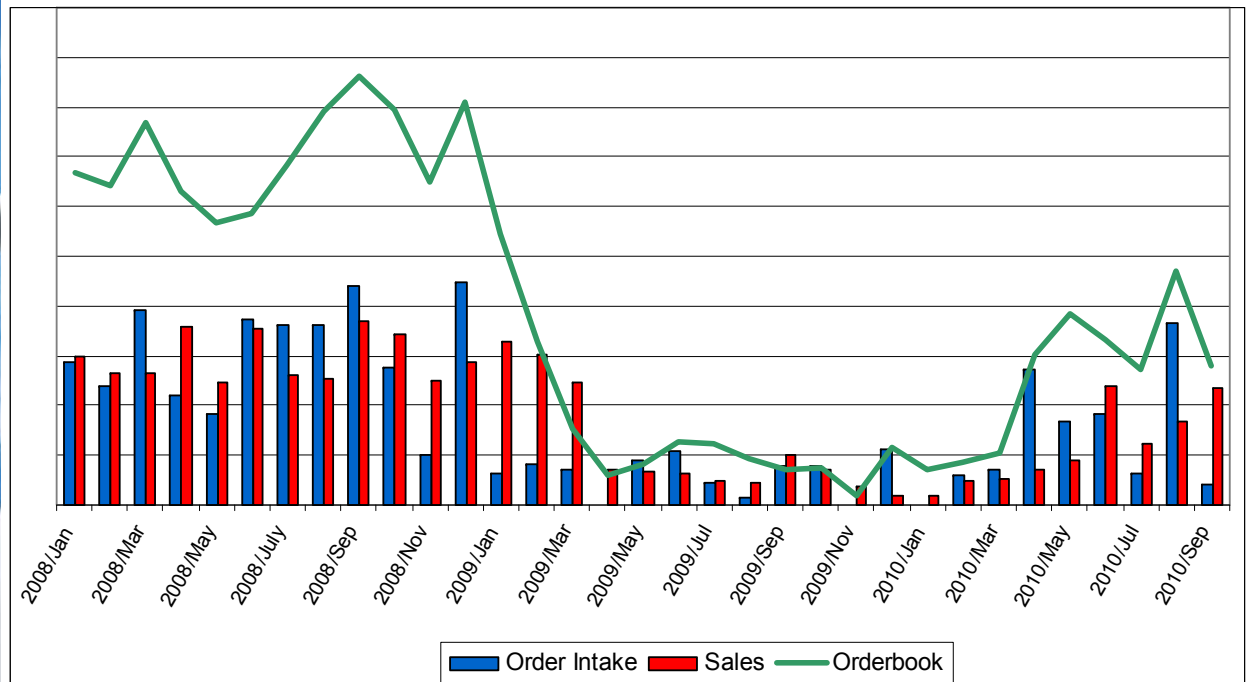
COMPONENTA

Comparable sales to wind power industry quarterly



COMPONENTA

Development of order book and sales in wind power industry

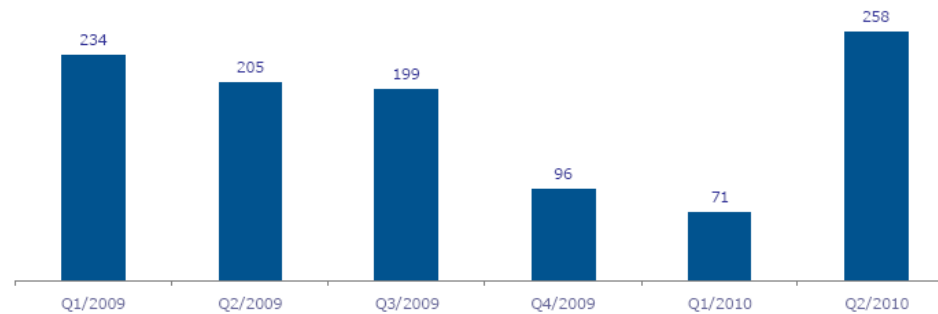


Orders of wind power industry have started to increase

Order intake



Development of firm order intake 2009 – H1 2010 in EUR mn



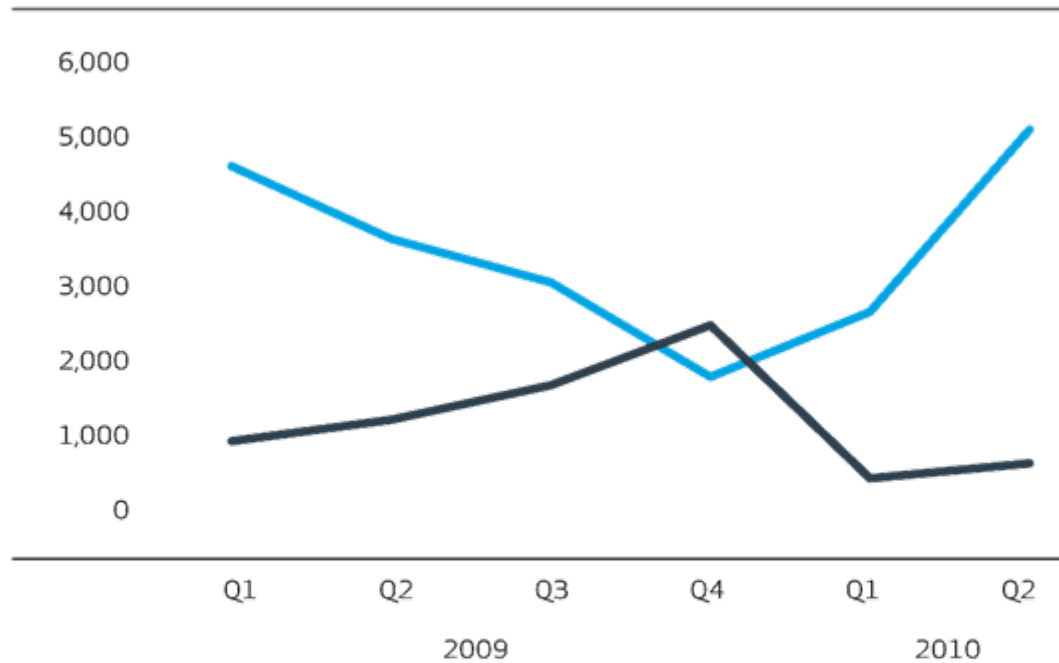
- Successful rebound in order intake development (+ 263% q-o-q), Strongest quarter since H1 2008
- Firm order intake: Europe (64%), Asia (22%), USA (14%)

Source: Nordex

COMPONENTA

Demand for wind power industry increasing

The tide has turned (MW)



The grey curve shows the extent to which we have shipped turbines, whilst the blue curve shows how many turbines we need to deliver – both measured in terms of megawatt. As appears from the chart, the picture has changed noticeably, as shipments obviously reflect the order shortage in 2009. Inevitably, it adversely affect the results for 2010.

Source: Vestas

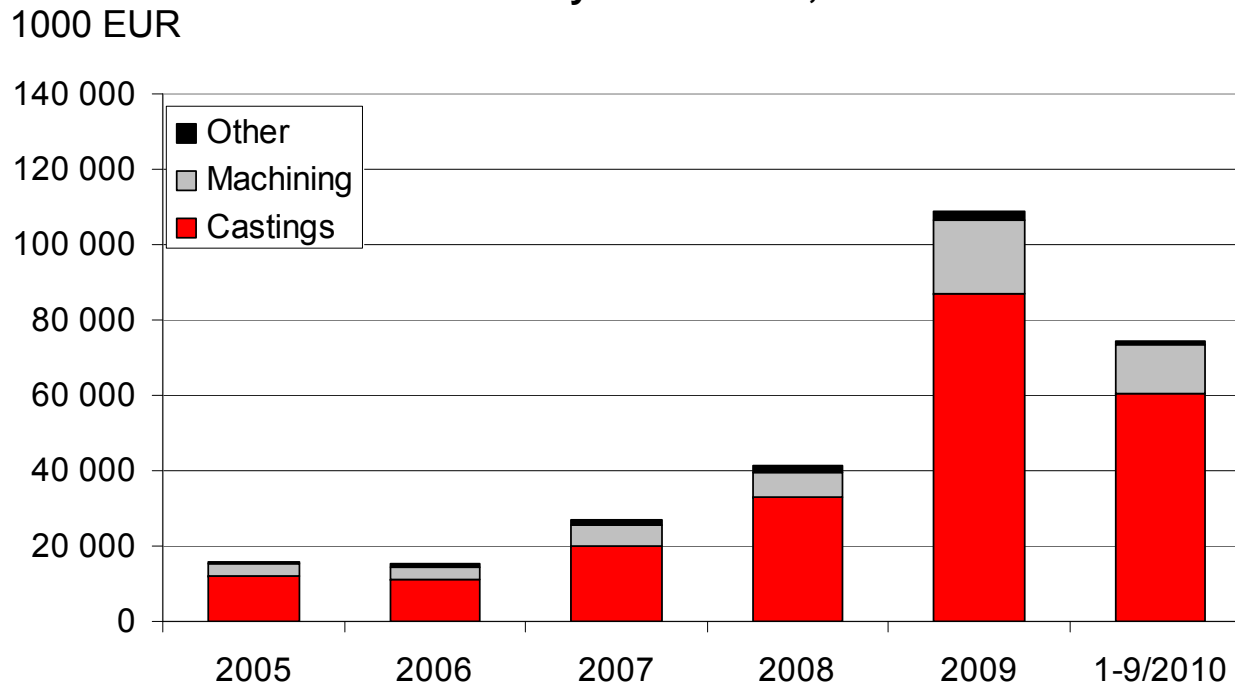
COMPONENTA

Analysis of changes in income statement Q1-Q3/2010 vs. Q1-Q3/2009

MEUR	Q1/10	Q1/09	Diff %	Q2/10	Q2/09	Diff %	Q3/10	Q3/09	Diff %
Net Sales	91,2	88,1	4 %	117,3	70,6	66 %	112,3	64,8	73 %
Value of production	94,4	75,3	25 %	119,0	66,1	80 %	113,0	65,3	73 %
Materials	-34,3	-24,1	43 %	-45,5	-20,6	121 %	-43,4	-23,3	87 %
Direct wages and external services	-24,2	-25,0	-3 %	-29,3	-21,4	37 %	-27,6	-18,7	48 %
Other variable and fixed costs	-32,3	-29,3	10 %	-35,6	-25,5	40 %	-34,5	-23,5	47 %
Costs total	-90,8	-78,3	16 %	-110,4	-67,5	64 %	-105,6	-65,5	61 %
EBITDA	3,6	-3,0		8,6	-1,4		7,4	-0,2	
Delay effect in updating the material surcharges	-2,0			-4,6			+0,2		

Offers and new sales

Monthly offers > 100,000 EUR

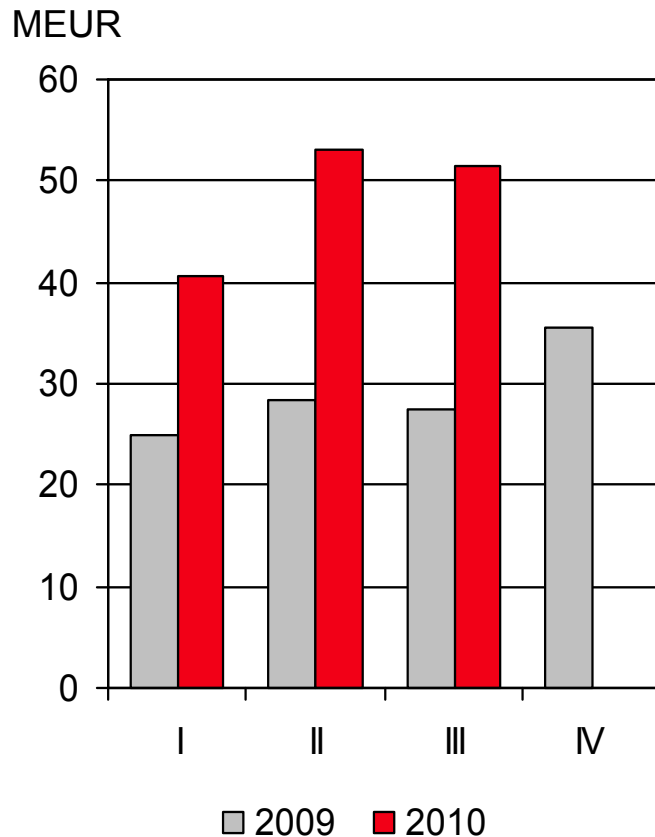


- The offers submitted by the Group have stayed at high level in 2010.
- Componenta's new sales have developed well during the first three quarters of 2010.

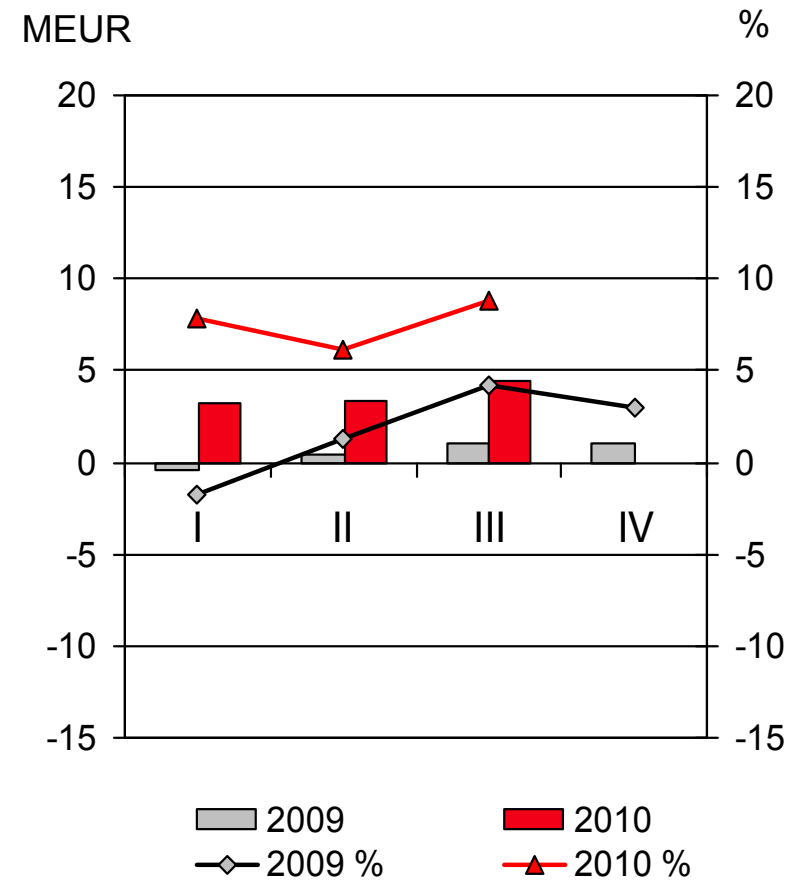
COMPONENTA

Turkey operations

Net sales



Operating profit



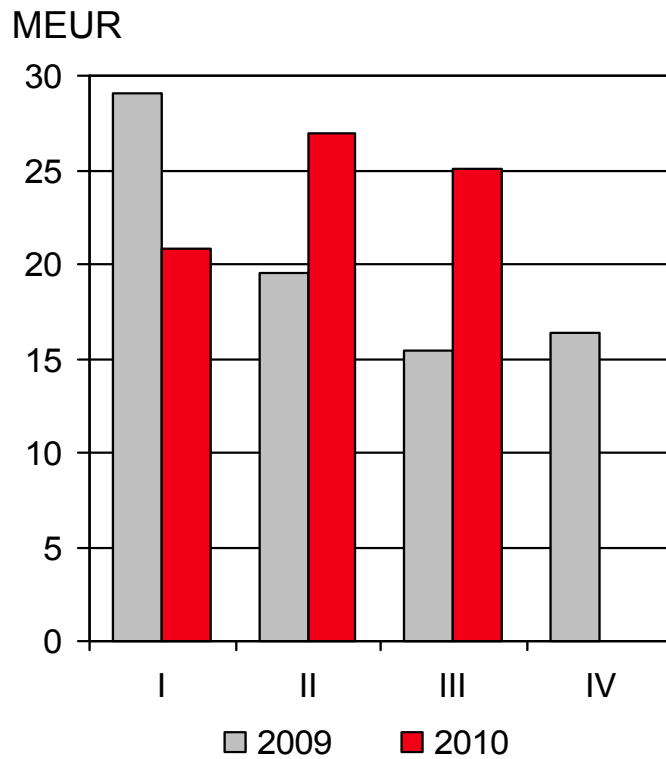
Performance of the Turkey operations

- 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 80% and were MEUR 145.2 (MEUR 80.6). Operating profit was MEUR 10.9, corresponding to 7.5% of net sales (MEUR 1.1; 1.4%).
- 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 3.0) and exchange rate losses (MEUR 0.9).
- Net sales in the third quarter were MEUR 51.5 (MEUR 27.4) and operating profit MEUR 4.5, corresponding to 8.8% of net sales (MEUR 1.1; 4.2%). Third quarter operating profit improved MEUR 0.3 due to decreased raw material prices and exchange rate gains.
- The order book at the end of September increased 92% and was MEUR 42.5 (MEUR 22.2).

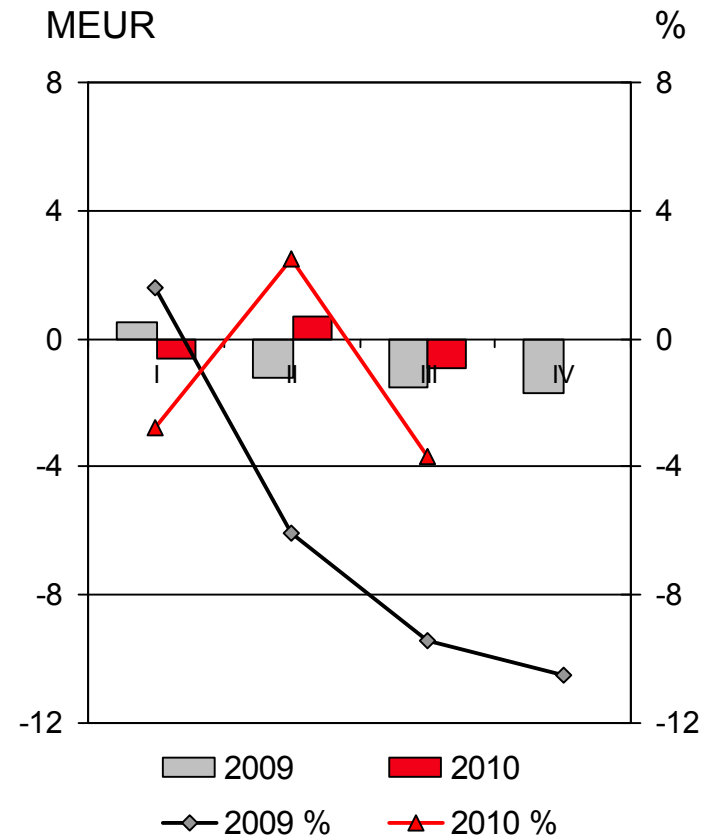
COMPONENTA

Finland operations

Net sales



Operating profit



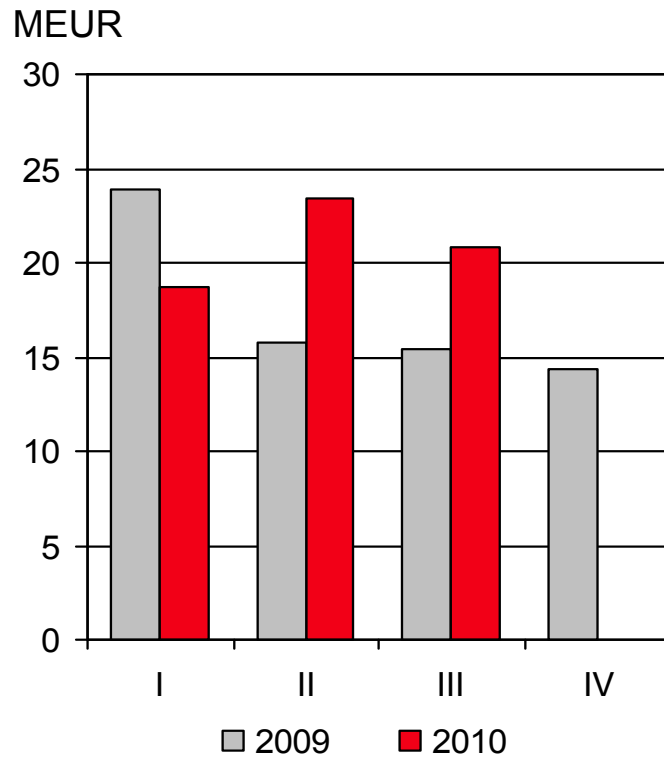
Performance of the Finland operations

- 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 73.0 (MEUR 64.0) and operating profit MEUR -0.8 or -1.2% of net sales (MEUR -2.2; -3.4%).
- 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 third quarter were MEUR 25.1 (MEUR 15.4) and operating profit MEUR -0.9, corresponding to -3.7 % of net sales (MEUR -1.5; -9.4%). Changes in raw material prices did not have any material impact on the third quarter operating profit.
- The order book at the end of September increased 69% and was MEUR 16.7 (MEUR 9.9).

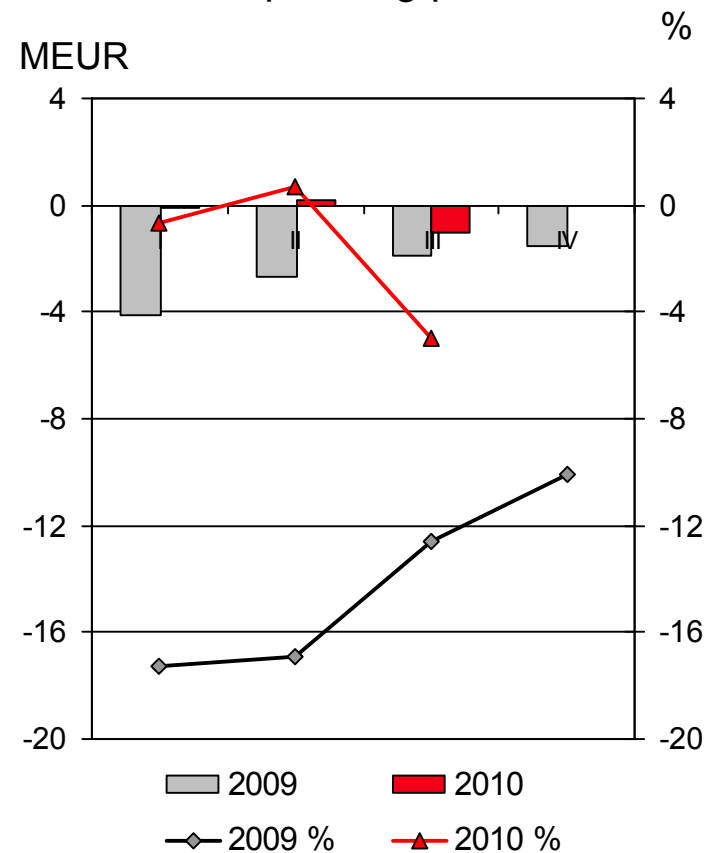
COMPONENTA

Holland operations

Net sales



Operating profit



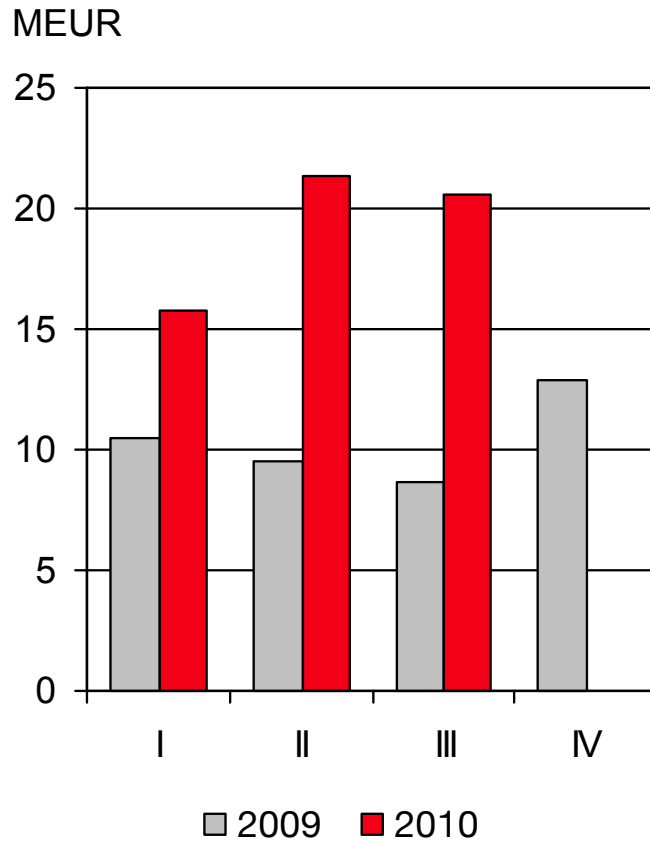
Performance of the Holland operations

- 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 62.9 (55.1) and operating profit was MEUR -1.0 or -1.6% of net sales (MEUR -8.8; -15.9%).
- 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 third quarter were MEUR 20.8 (15.4) and operating profit MEUR -1.0, corresponding to -5.0% of net sales (MEUR -1.9; -12.6%). Changes in raw material prices did not have an essential impact on the third quarter operating profit.
- The order book at the end of September increased 39% from the previous year and was MEUR 14.7 (10.6).

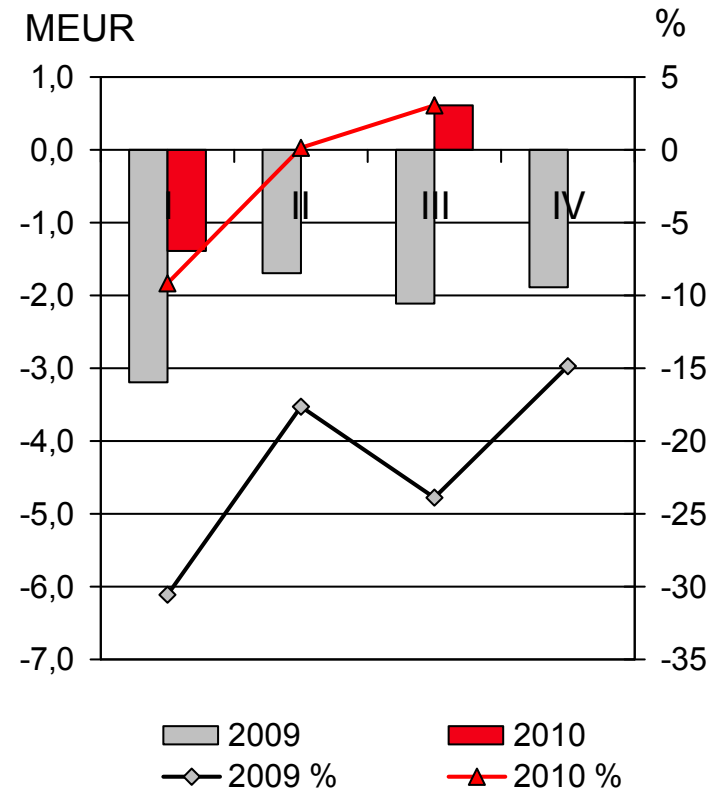
COMPONENTA

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 increased 102% and were MEUR 57.8 (MEUR 28.6) and the operating profit was MEUR -0.8, or -1.3% of net sales (MEUR -6.9; -24.2%).
- 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 increases in energy prices during first quarter.
- Net sales in the third quarter were MEUR 20.6 (MEUR 8.7) and operating profit MEUR 0.6, corresponding to 3.1% of net sales (MEUR -2.1; -23.9%).
- The order book at the end of September increased 100% and was MEUR 18.7 (MEUR 9.3).

Prospects for 2010

- Componenta's prospects for the remaining part of 2010 are based on general external economic indicators, delivery 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 stayed good compared to the beginning of the year 2010. Production volumes have improved also due to the fact that customers' inventory levels have normalized.
- The demand for components of construction and mining industry has developed well during the review period. This development is expected to continue in the last quarter of 2010 due to rise in raw material prices and economic recovery.
- The demand for agricultural machinery is expected to increase towards the end of the year especially due to emerging markets.

Prospects for 2010 (cont.)

- Componenta's deliveries to 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 last quarter of the year.
- The number of passenger cars registered in Europe in January – September declined 4.3% compared to previous year. The registrations in 2010 are expected to remain below the level of 2009. Due to the increase in the export of Turkish automotive industry and good development in the demand for aluminium wheels, Componenta's deliveries to the automotive industry are expected to further increase during the last quarter of 2010.
- Demand in the wind power industry turned positive during the second quarter of the year. The demand is expected to develop well towards the end of the year 2010 despite the continuous problems related to the financing of new projects.
- Demand in the machine building industry has started to recover gradually.

Prospects for 2010 (cont.)

- Componenta's order book at the end of the third quarter in 2010 was 75% higher than at the same time in the previous year.
- The rapid increase in raw material prices and exchange rate losses in the review period affected the result after financial items negatively, by EUR 8.0 million in total.
- 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.
- Last quarter profit after financial items is expected to be positive.
- The Group's cash flow from operations is expected to remain positive and only moderate changes in the net working capital are expected.