

Componenta Corporation Interim Report 1 January - 30 September 2012 : Operating profit clearly lower than in previous year, actions to boost efficiency started

July - September 2012 in brief

- Net sales in the July - September period declined 10% from the previous year to EUR 120.7 (134.1) million.
- Third quarter operating profit excluding one-time items weakened from the previous year standing at EUR -5.5 (3.8) million.
- Third quarter operating profit declined from the previous year mainly due to poor productivity at the Orhangazi foundry, high energy costs and weakening of the euro against the Turkish lira and a significant decline in outlook and volumes of the industry producing investments goods during the third quarter.
- The third quarter result after financial items excluding one-time times declined from the previous year to EUR -12.4 (-3.5) million.
- The profit attributable to shareholders for the third quarter excluding one-time items was EUR -9.8 (-2.1) million or EUR -0.46 (-0.14) per share.

January - September 2012 in brief

- Net sales in the review period declined 2% to MEUR 427 (MEUR 435).
- EBITDA excluding one-time items was MEUR 25.5 (MEUR 36.9).
- Operating profit excluding one-time items was MEUR 13.6 (MEUR 23.0) and after one-time items MEUR 13.3 (MEUR 19.1).
- The result after financial items excluding one-time items was MEUR -8.2 (MEUR 3.8) and after one-time items MEUR -8.5 (MEUR -0.1).
- Earnings per share excluding one-time items was EUR -0.43 (EUR 0.16) and after one-time items EUR -0.44 (EUR -0.02).
- Order book declined from the previous year, standing at MEUR 87 (MEUR 104) at the end of September.
- Efficiency program started to improve competitiveness and profitability aiming to achieve savings of EUR 25 million, mainly by reducing personnel during 2013 - 2014.

Business environment 2012

The demand outlook has weakened in almost all customer sectors of the Group.

Demand prospects for the rest of year in the heavy trucks industry continue to be uncertain. At the end of the review period, the order book for Componenta's heavy trucks customer sector was 8% higher than at the same time in the previous year. Demand in the heavy trucks industry is expected to be impacted by the low level of registrations of new heavy trucks during several past years which has resulted in an ageing fleet of heavy trucks and new environmental regulations coming into force in Europe at the beginning of 2014.

The order book for Componenta's construction and mining customer sector was 42% lower at the end of the period than in the previous year. Customers started to minimize their stock levels during the summer and early autumn. Their production is at the moment at a clearly lower level than normal. The fall in demand is expected to stabilize at the latest in the first part of 2013.

At the end of the review period, the order book for Componenta's machine building customer segment was 23% lower than at the same time in the previous year. Demand prospects in the machine building industry during the rest of 2012 are uncertain and many customers are reducing their stocks.

Casting Future **SOLUTIONS**

COMPONENTA CORPORATION

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The order book for Componenta's agricultural machinery customer sector was 13% lower at the end of the review period compared to the same time in the previous year. Customers in this customer segment have also started to minimize their stocks after the summer. Demand for agricultural machinery is supported by relatively high food prices.

The order book for Componenta's automotive customer sector was 11% lower at the end of the review period than at the same time in the previous year. Demand in the automotive industry in Europe is estimated to decline 5-10% in 2012.

Componenta prospects for 2012

The continuing uncertainty in the European and world economy has further decreased the demand for investment goods in Componenta's customer industries. Componenta's order book on 30 September 2012 was EUR 87 (104) million. The order book has declined in almost all customer segments and the decrease of the order book during the last quarter of the year will be impacted significantly by the adjustments to production and stocks started by many customers. Based on the order book and production estimates given by customers, Componenta's net sales in 2012 are expected to decline from the previous year.

The operating profit excluding one-time items is expected to decline clearly from the previous year. The notable change in prospects during the third quarter is caused by clearly lower net sales estimate, the weakness of the euro against Turkish lira and Swedish krona, and structural inefficiency in the Orhangazi foundry in Turkey, in operations in the Netherlands and at the Främmestad machine shop in Sweden. The result after financial items, excluding one-time items is expected to show a clear loss.

Componenta started an efficiency program to improve competitiveness and profitability in October. Five sub-programs are estimated to bring in savings of EUR 25 million during 2013 - 2014 (corresponding to a full year impact in 2014). Most of the savings will be achieved by reducing personnel in all countries where Componenta has operations. As a result of the efficiency program the number of personnel is estimated to reduce by 550 persons in total.

Because of the low delivery volumes during the last quarter of the year, the working capital is expected to decrease significantly. As a result, the net cash flow from operations is expected to be clearly positive on the fourth quarter.

Key figures

	1-9/2012	1-9/2011	1-12/2011
Order book at end of review period, MEUR	87	104	100*)
Net sales, MEUR	427	435	576
Operating profit before one-time items, MEUR	13,6	23,0	29,8
Operating profit before one-time items, %	3,2	5,3	5,2
Result after financial items excl. one-time items, MEUR	-8,2	3,8	3,9
One-time items, MEUR	-0,3	-3,9	-7,3
Taxes, MEUR	0,9	0,7	0,3
Net result for the period, MEUR	-7,6	0,7	-3,1
Earnings per share excl. one time items, EUR	-0,43	0,16	0,09
Net gearing, preferred capital notes as equity, %	219,0	248,1	271,2
Return on investment, excl. one-time items, %	6,3	10,6	10,2
Return on equity, excl. one-time items, %	-13,9	8,8	5,1
Number of personnel at period end, incl. leased personnel	4 544	4 726	4 665

*) 12 January 2012

Heikki Lehtonen, President and CEO:

“During the third quarter we faced a significant change in demand from the industry producing investment goods in Europe. Based on that Componenta’s net sales in July - September was 10% lower than in the previous year. The Group’s operating profit remained clearly lower than in the corresponding period last year, which was a result of a clear decline in volumes started during the summer and partly of poor productivity as an outcome of that especially in Orhangazi, Turkey, in the Netherlands and in Främmestad, Sweden.

The Group’s order book at the end of September declined 16% from the previous year. The order book is affected by the continuous uncertainty of European and the world economy which has decreased the demand for investment goods in Componenta’s customer industries. Many of our customers have started to minimize their stock levels during the summer and early autumn. The past development of business environment and more un-predictable and cautious behaviour of our customers have led to continuously low capacity utilization. The average capacity utilization rate in January - September was 66% compared to 71% in the previous year.

We started in October a two-year efficiency program to improve productivity and profitability. This program includes several sub-programs in all countries where Componenta has operations, and carrying out them will improve capacity utilization rates and bring in savings of estimated EUR 25 million in 2014. Changes in the Group’s business structure and in top management, valid as of 1 November 2012, support implementing the efficiency program.”

Componenta’s interim report for the period January - September 2012 as a PDF is as an attachment of this release. The interim report is also available on the Componenta’s website at www.componenta.com.

Press conference to analysts and media representatives at 12.00 (EEST)

A press conference will be arranged in Käpylä, in auditorium of the Sato house, at the address Panuntie 4, 00610 Helsinki starting at 12.00 (EEST). The press conference will be webcast simultaneously via internet. Link can be found on Componenta’s Internet pages at www.componenta.com.

Helsinki, 23 October 2012

COMPONENTA CORPORATION

Heikki Lehtonen
President and CEO

ENCL. Interim Report 1 January - 30 September 2012

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Componenta is a metal sector company with international operations and production plants located in Finland, Turkey, the Netherlands and Sweden. The net sales of Componenta were EUR 576 million in 2011 and its share is listed on the NASDAQ OMX Helsinki. The Group employs approx. 4,700 people. Componenta specializes in supplying cast and machined components and total solutions made of them to its global customers who are manufacturers of vehicles, machines and equipment.