Preliminary information on Componenta's Financial Statements for 1 January - 31 December 2012

# Result weakened significantly, demand outlook uncertain in 2013

- Consolidated net sales in the financial year totalled MEUR 545 (MEUR 576).
- Operating profit excluding one-time items was MEUR 10.5 (MEUR 29.8) and after one-time items MEUR 4.9 (MEUR 22.5).
- Result after financial items, excluding one-time items was MEUR -17.1 (MEUR 3.9) and after one-time items MEUR -24.5 (MEUR -3.4).
- Earnings per share excluding one-time items was EUR -0.90 (EUR 0.09) and after one-time items EUR -1.19 (EUR -0.25).
- Order book fell 17% to MEUR 83 (MEUR 100).
- Capacity utilisation rate weakened to 63% (68%).
- Net cash flow from operations was MEUR -8.7 (MEUR 3.6).
- Cash funds totalled MEUR 21 (MEUR 42) at end of year.
- Componenta's efficiency improvement program is expected to bring in MEUR 25 annual cost savings by the end of 2014

## Summary of Componenta's Q4/2012 interim report

Net sales in October - December totalled EUR 117 million, which was 17% less than in the same period in the previous year (EUR 142 million).

The fourth quarter operating profit excluding one-time items declined to EUR -3.0 million, or -2.6% of net sales (EUR 6.8 million; 4.8%). The operating profit after one-time items was EUR -8.3 million, or -7.1% of net sales (EUR 3.3 million; 2.3%). The fourth quarter operating profit was weakened by considerably lower volumes than in the previous year, by the resulting loss of efficiency, by higher costs for materials, and by the strengthening of the Turkish lira.

The fourth quarter result after financial items excluding one-time items declined from the corresponding period in the previous year to EUR -9.0 million (EUR 0.1 million). The result after financial items after one-time items was EUR -16.0 million (EUR -3.4 million). The fourth quarter result after financial items includes a one-time item for costs of EUR 1.7 million for periodized arrangement fees relating to the previous long-term financing facilities.

The loss attributable to shareholders for the fourth quarter excluding one-time items was EUR -9.7 million (EUR -1.3 million), or EUR -0.46 (EUR -0.07) per share, and after one-time items EUR -15.3 million (EUR -4.0 million) or EUR -0.72 (EUR -0.23) per share.

Net cash flow from operations in the -October – December period was EUR 3.8 million (EUR 6.7 million).

## Events in 2012 - Summary

In January measures were also taken to start the sale of the unit that makes aluminium wheels for private cars in Manisa, Turkey. It was planned to complete the sale of the unit, which employs almost 400 people, during the summer. The sale was broken off in October, however, for the time being due to the economic uncertainty caused by the unstable financial market.

Componenta changed the functional currency of the Turkish subsidiary Componenta Dökümcülük A.S as from the beginning of March to the euro, which had become its main currency for both sales and purchases. This measure reduced the risks from fluctuations in currency exchange rates, and completely removed the translation risk for the Group's equity arising from the translation difference for the Turkish lira.



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In March the Group signed a year's extension with seven European banks to the EUR 164 million syndicated credit facility that it had at the time. In March the Group also made a share issue to the general public and offered a hybrid bond to a limited group of selected investors, which strengthened the company's balance sheet and financial position by a total of EUR 35.8 million. The 4,713,385 new shares subscribed in the share issue were registered in the Trade Register on 3 April 2012.

During the second quarter EUR 76 million of the syndicated credit facility was repaid, partially through the share issue and hybrid bond issued in March and partially through long-term loans arranged during the second quarter with other finance institutions. At the end of June EUR 88 million of the syndicated credit facility remained. In October the syndicated credit facility was replaced by a new long-term EUR 90 million syndicated credit facility.

In October the Group launched a Group-wide efficiency improvement programme to raise competitiveness, aiming to enhance the productivity and profitability of operations through measures and cost savings to be carried out in the period 2012 - 2014. It is estimated that the efficiency programme will achieve annual cost savings of EUR 25 million by the end of 2014, mainly by reducing personnel in all the countries where Componenta has operations.

To support the implementation of the efficiency programme and to clarify management processes, Componenta renewed its operating structure and organisation. In the new structure, instead of the previous country-based structure, the Group's operations were divided into three divisions: the Foundry, Machine Shop and Aluminium divisions, and the profit centre units in different countries will report in accordance with this structure. The new areas of responsibility, the appointment of those in charge of these and the changes in the Corporate Executive Team came into effect on 1 November 2012, and reporting in accordance with the new model began at the beginning of 2013.

## Efficiency improvement program 2012 - 2014

The restructuring of the units in the Netherlands and the proposed reduction of 55 jobs are estimated to bring in annual cost savings of EUR 2.6 million. The cost savings target for the whole program in the Netherlands is EUR 5 million annually by the end of 2014. One-time costs of EUR 1.3 million due to these measures and changes were recorded in the final quarter of 2012.

The efficiency measures in Sweden affected Componenta Wirsbo's operations in Virsbo and Smedjebacken and at Arvika, which was acquired in November. The restructuring and proposed reduction of 41 jobs should boost the operative result in the forging business by some EUR 2.0 million. Costs of EUR 0.9 million arising from the changes and EUR 1.1 million in goodwill on consolidation from the acquisition of Arvika were recorded as one-time items in the final quarter of 2012.

In Främmestad, Sweden, the long series machining operations will be concentrated on Orhangazi machine shop. In the future Främ-mestad will focus on machining only middle and short series. As a result of focusing, the annual cost savings are expected to be approximately EUR 3 million. With these actions, Componenta will strengthen its competitive advantage in machining operations.

In November negotiations at the Pietarsaari foundry were completed, resulting in the decision to close down one of the two production lines at the foundry by the end of September 2013. Factors behind this decision were the poor profitability of the Pietarsaari foundry and weak capacity utilisation over a long period. The closure of the big-Disa production line is estimated to yield annual cost savings of EUR 3 million by the end of 2014. One-time costs arising from closing down the foundry production line are estimated at EUR 1.2 million in 2013 and the write-down on non-current assets at some EUR 1.3 million, and these were both recorded as one-time costs in the final quarter of 2012.

Componenta launched a productivity improvement program in Orhangazi, Turkey. Many actions will be carried out in order to improve production management and productivity. The productivity improvement program is expected to gain altogether EUR 9 million annual cost savings by the end of 2014. Costs related to restructuring of Orhangazi units were EUR -0.7 million. These costs were recorded as one-time costs in the final quarter of 2012.

The restructuring of Group's administration, sales and engineering organisation has mainly been finalised. The purpose was to improve efficiency and cut fixed costs. These saving actions are estimated to bring in approximately EUR 3 million annual cost savings by the end of 2013.

## Net sales and order book

The Group's net sales in 2012 declined 5% from the previous year to EUR 545 (576) million. The Group's capacity utilization rate during the financial year was 63% (68%). The order book at the beginning of January 2013 declined 17% from the corresponding period in the previous year, to EUR 83 (100) million. The order book comprises orders confirmed to customers for the next two months.

Net sales for operations in Turkey declined 6% from the previous year, to EUR 260 (277) million. The order book declined 25% from the previous year, standing at EUR 39.9 (52.9) million at the beginning of 2013. Weaker prospects for construction and mining machinery and in the automotive industry were a factor in the decline in the order book in Turkey.

Net sales for operations in Finland fell 11% from the previous year to EUR 101 (113) million. The order book at the beginning of 2013 remained at the same level as in the previous year, standing at EUR 13.8 (13.8) million.

Net sales for operations in the Netherlands declined 7%, to EUR 102 (109) million. The order book at the beginning of 2013 fell 27% from the previous year, standing at EUR 14.7 (20.1) million. Main factors in the decline in the order book in the Netherlands were reduced orders for construction, mining and agricultural machinery.

Net sales for operations in Sweden rose 4% from the previous year to EUR 126 (122) million. The order book at the beginning of 2013 rose 10% from the previous year and totalled EUR 21.8 (19.8) million. Increased orders from the heavy trucks and machine building industries helped boost the order book in Sweden.

Componenta's net sales in the financial period by customer sector were as follows: heavy trucks 28% (28%), construction and mining 23% (23%), machine building 19% (20%), automotive 15% (17%) and agricultural machinery 15% (12%).

## Result

The Group's EBITDA for the fiscal year excluding one-time items was EUR 26.9 (47.4) million.

| | Q1/12 | Q1/11 | DIFF % | Q2/12 | Q2/11 | DIFF % | Q3/12 | Q3/11 | DIFF % | Q4/12 | Q4/11 | DIFF % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 150.4 | 144.1 | 4% | 156.4 | 156.5 | 0% | 120.7 | 134.1 | -10% | 117.3 | 141.7 | -17% |
| Value of production | 154.3 | 150.0 | 3% | 158.5 | 159.1 | 0% | 119.9 | 132.3 | -9% | 113.5 | 136.5 | -17% |
| Materials | -64.0 | -62.5 | 2% | -66.1 | -65.5 | 1% | -50.9 | -55.2 | -8% | -51.6 | -58.8 | -12% |
| Direct wages and external services | -31.8 | -32.6 | -2% | -35.5 | -35.1 | 1% | -29.3 | -28.4 | 3% | -25.2 | -29.0 | -13% |
| | | | | | | | | | | | | |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other variable and fixed costs | -44.1 | -41.6 | 6% | -44.1 | -43.1 | 3% | -41.8 | -40.7 | 3% | -35.3 | -38.3 | -8% |
| Total costs | -139.8 | -136.7 | 2% | -145.7 | -143.6 | 1% | -121.9 | -124.3 | -2% | -112.1 | -126.1 | -11% |
| EBITDA | 14.5 | 13.3 | 9% | 12.8 | 15.5 | -17% | -2.0 | 8.0 | -126% | 1.4 | 10.4 | -87% |

The consolidated operating profit for the year, excluding one-time items, was EUR 10.5 (29.8) million, and EUR 4.9 (EUR 22.5) million after one-time items. The one-time items included in the operating profit are for write-downs on machinery and equipment arising from the closing down of the machine shop and large Disa production line at the Pietarsaari works (EUR -1.6 million), costs for running down production at the Pietarsaari works (EUR -1.4 million), one-time costs from re-organising the business units in the Netherlands (EUR -1.3 million), one-time costs from reorganising the units in Orhangazi and from impairment of receivables there (EUR -1.3 million), costs from the reorganisation at Wirsbo (EUR -0.9 million), and other one-time costs (EUR -0.3 million). One-time items also include goodwill on consolidation (EUR +1.1 million) from the acquisition of Arvika Smide by Wirsbo.

The operating profit declined significantly from the previous year due to the sharp fall in volumes that began in the second half of 2012 and the resulting decline in productivity. A further factor was the strengthening of the Turkish lira.

The Group's net financial costs for the financial year, excluding one-time items, were EUR -27.7 (-25.9) million, and after one-time items EUR -29.4 (-25.9) million. Net financial costs rose from the previous year mainly because of exchange rate losses and an increase in finance arrangement costs.

The Group's result for the period after financial items, excluding one-time items, was EUR -17.1 (3.9) million, and after one-time items EUR -24.5 (-3.4) million. The result for the period after financial items includes the one-time items already mentioned under the operating profit as well as a one-time item for costs of EUR 1.7 million for periodized arrangement fees relating to the previous long-term financing facilities.

Income taxes calculated from the result for the financial year excluding one-time items totalled EUR -0.1 (-1.2) million and after one-time items EUR 1.2 (0.3) million.

The net result for the financial period excluding one-time items was EUR -17.2 (2.7) million and after one-time items EUR -23.3 (-3.1) million.

Basic earnings per share for the period excluding one-time items was EUR -0.90 (0.09) and after one-time items EUR -1.19 (-0.25).

The return on investment excluding one-time items was 4.0% (10.2%) and after one-time items 2.3% (7.8%). The return on equity ex-cluding one-time items was -24.3% (5.1%) and after one-time items -31.9% (-5.8%).

## Balance sheet, financing and cash flow

On 12 October 2012 Componenta announced that it had signed a new syndicated credit facility of EUR 90 million with three Nordic banks. The facility is valid until 30 June 2015. It replaced Componenta's earlier in March 2012 signed a one-year agreement extension to the previous syndicate loan.

At the end of the financial year, Componenta's cash, bank receivables and unused committed credit facilities totalled EUR 20.6 (41.6) million. Particular factors affecting liquidity at the end of the year were the weak cash flow from operations in the second half of the year, the interest paid on the bond and capital loans maturing in September, and the partial repayment of the principal for the 2009 capital loan. The Group has a EUR 150 million commercial paper programme, but had no debt from this at the end of the year.

The Group’s interest-bearing net debt, excluding the outstanding capital notes of EUR 23.4 (35.4) million as defined in IFRS, totalled EUR 213.0 (207.5) million at the end of the year. The company’s net debt as a proportion of shareholders’ equity, including the capital notes in shareholders’ equity, was 198.3% (271.2%). At the end of the financial year the Group’s equity ratio was 18.3% (9.4%). The Group’s shareholders’ equity at the end of December, including the capital notes in shareholders’ equity, as a proportion of the balance sheet total was 23.4% (17.5%).

The measures initiated by Componenta in January 2012 for selling the production unit for aluminium wheels in Manisa, Turkey have been stopped due to the economic uncertainty caused by the instability in the financial markets. The long-term tangible and intangible assets and inventories of the wheel business unit are no-longer defined as current assets held for sale at the financial statements closing date.

Net cash flow from operations during the financial year was EUR -8.7 (3.6) million, and within this the changes in working capital were EUR -1.9 (-10.0) million.

Componenta makes more efficient use of capital with a programme to sell its trade receivables. Under this arrangement, some of the trade receivables are sold without any right of recourse. At the end of December the company had sold trade receivables totalling EUR 76.5 (89.5) million. Componenta is also making more effective use of capital in Turkey with a financing arrangement for accounts payable.

At the end of 2012, the invested capital of the company was EUR 341.1 (325.6) million.

Loans, commitments and contingent liabilities given by the parent company to Group companies classified as related parties on 31 December 2012 totalled EUR 84.1 (74.9) million. Loans, commitments and contingent liabilities given by the company to private persons classified as related parties on 31 December 2012 totalled EUR 0.4 (0.3) million.

## Investments

Componenta again restricted the volume of investment in production facilities in 2012 due to the under-utilisation of current capacity. Investments in production facilities during the year totalled EUR 19.2 (21.8) million, of which finance lease investments accounted for EUR 0.6 (4.0) million. The net cash flow from investments was EUR -19.2 (-12.7) million, which includes the cash flow from the Group’s investments in tangible and intangible assets, and the cash flow from shares sold and purchased and from the sale of tangible and intangible assets.

## Research and development

At the end of the 2012 financial period, 112 (117) people worked in research and development at Componenta, which corresponds to 3% (3%) of the company’s total personnel. Componenta’s research and development expenses in 2012 totalled EUR 3.2 (2.4) million, the equivalent of 0.6% (0.4%) of the Group’s total net sales.

## Environment

Componenta is committed to continuous improvement and to reducing the environmental impact of its production. The objectives of the Group’s environmental policy are to reduce consumption of energy and raw materials, restrict particle and VOC emissions, reduce environmental noise from its operations, improve the sorting of waste, and reduce the amount of waste that cannot be re-used.

One of the most significant environmental aspects for Componenta Group is the use of energy. In 2012 the Group’s production units used 695 GWh (747 GWh) of energy. Most of the energy used, 67% (67%), was electricity. The foundries consume more than 90% of all the energy, since especially the melting processes at the foundries utilise much energy. In 2012 energy efficiency in proportion to output at Componenta's foundries was similar to that in 2011, even though the capacity utilisation rate declined slightly.

Componenta is not publishing a sustainability report for 2012 but will include the relevant information in its annual report to be pub-lished in March.

## Personnel

The Group had on average 4,642 (4,717) employees during the financial year, including 393 (483) leased employees. The number of Group personnel at the end of the year was 4,277 (4,665), which includes 173 (425) leased employees. At the end of the year 58% (54%) of the personnel were in Turkey, 20% (21%) in Finland, 13% (16%) in the Netherlands and 8% (9%) in Sweden.

## Performance of segments

### Operations Turkey

The operations in Turkey comprise the iron foundry and machine shop in Orhangazi and the aluminium foundry and production unit for aluminium wheels in Manisa.

Net sales for the operations in Turkey declined 6% in the year to EUR 259.9 (277.2) million. The operating profit was EUR 14.5 million, corresponding to 5.6% of net sales (EUR 28.7 million, 10.4%). The operating profit for the year was weakened by the rapid deterioration in volumes towards the end of the year, especially in the construction and mining machinery and automotive customer sectors. The operating profit for the year was also weakened by productivity problems at Orhangazi and a negative impact of strengthening of Turkish lira against euro combined with markedly faster cost inflation compared with Eurozone inflation.

Fourth quarter net sales fell 20% to EUR 55.7 (69.5) million and the operating profit was EUR -0.8 million, corresponding to -1.4% of net sales (EUR 4.6 million, 6.6%). The fourth quarter operating profit was weakened by the rapid decline in volumes and weak productivity at the Orhangazi foundry.

At the beginning of January, the order book for the Turkey operations was 25% down on the previous year, at EUR 39.9 (52.9) million.

### Operations Finland

The operations in Finland consist of the iron foundries in Iisalmi, Karkkila, Pietarsaari and Pori. The operations also include the production unit for pistons in Pietarsaari.

Net sales for the operations in Finland declined 11% in the year to EUR 100.7 (112.8) million. The operating profit was EUR 1.1 million, or 1.1% of net sales (EUR -1.6 million, -1.5%). The operating profit for the year improved from the previous year in consequence of closing down the unprofitable operations of the Pietarsaari machine shop and the sale of the unprofitable operations of the Nisamo machine shop.

Fourth quarter net sales fell 28% to EUR 20.0 (27.6) million, and the operating profit was EUR 0.0 million, corresponding to -0.2% of net sales (EUR 1.0 million, 3.7%). The operating profit declined towards the end of the year from the previous year as the result of the sharp fall in volumes.

At the beginning of January, the order book for the Finland operations was the same as in the previous year, at EUR 13.8 (13.8) million.

**Operations Holland**

The operations in the Netherlands comprise the iron foundries in Weert and Heerlen, the machine shop operations in Weert and the pattern shop in Tegelen.

Net sales for the operations in Holland declined 7% to EUR 101.8 (109.3) million and the operating profit was EUR -5.2 million, or -5.1% of net sales (EUR -1.9 million, -1.7%). The rapid fall in volumes was a particular factor in the increase in the operating loss compared to the previous year. In addition, weak productivity and increased maintenance costs burdened the operating profit.

Fourth quarter net sales fell 17% to EUR 20.8 (25.2) million and the operating profit was EUR -2.2 million, corresponding to -10.6% of net sales (EUR -1.0 million, -4.0%). The operating profit declined towards the end of the year from the previous year as the result of the sharp fall in volumes.

At the beginning of January, the order book for the Holland operations was 27% down on the previous year, at EUR 14.7 (20.1) million.

**Operations Sweden**

The operations in Sweden comprise the Främmestad machine shop and the Wirsbo forges.

Net sales for the operations in Sweden rose 4% in the year to EUR 126.1 (121.5) million, and the operating profit was EUR -1.0 million, corresponding to -0.8% of net sales (EUR 3.6 million, 3.0%). The operating profit declined significantly from the previous year mainly due to weak productivity at Främmestad, significantly increased freight costs and increased fixed costs.

Fourth quarter net sales declined 4% to EUR 29.8 (31.2) million and the operating profit was EUR -0.8 million, corresponding to -2.8% of net sales (EUR 0.7 million, 2.1%).

At the beginning of January, the order book for the Sweden operations was 10% up on the previous year, at EUR 21.8 (19.8) million.

**Other business**

Other business comprises the sales and logistics company Componenta UK Ltd in Great Britain, service and real estate companies in Finland, the Group's administrative functions and the associated company Kumsan A.S. in Turkey.

Other business recorded an operating result for the year of EUR 0.3 (1.2) million. The fourth quarter operating profit for other business was EUR 0.7 (1.2) million.

## Shares and share capital

The shares of Componenta Corporation are quoted on NASDAQ OMX Helsinki. At the end of the financial year the company had a total of 22,231,173 shares and the company's share capital stood at EUR 21.9 (21.9) million. The quoted price on 31 December 2012 stood at EUR 1.94 (3.37). The average price during the year was EUR 2.83, the lowest was EUR 1.85 and the highest EUR 3.84. At the end of the financial year the share capital had a market capitalization of EUR 42.9 (59.0) million and the volume of shares traded during the period was equivalent to 7.2% (17.1%) of the share stock.

## Flagging notices

On 27 March 2013 Componenta Corporation received notification from Heikki Lehtonen in accordance with Section 9 of Chapter 2 of the Securities Markets Act that, in consequence of the Componenta Corporation 2012 share issue the combined holding of Heikki Lehtonen and the companies in which he exercises control had fallen below 30 per cent of the total number of shares and voting rights in Componenta Corporation. The holding of Cabana Trade S.A. of the total number of shares and voting rights in Componenta Corporation had fallen below 20 per cent. After the share issue Heikki Lehtonen and the companies in which he exercises control owned in total 6,248,840 shares, or 28.13% of the total number of shares and voting rights. The holding of Cabana Trade S.A. was 3,501,988 shares, or 15.77%.

On 27 March 2012 Componeta received notification from Suomen Teollisuussijoitus Oy in accordance with Section 9 of Chapter 2 of the Securities Markets Act that, in consequence of the Componenta Corporation 2012 share issue the holding of Suomen Teollisuussijoitus Oy had exceeded 5% of the total number of shares and voting rights in Componenta Corporation. After the share issue Suomen Teollisuussijoitus Oy owned 1,416,666 shares or 6.38% of the shares.

## Share-based incentive scheme 2010 - 2012

The Board of Directors of Componenta Corporation resolved on 10 March 2010 on a long-term share-based bonus and incentive plan for key personnel. The target group for the plan comprises key positions in the Group as determined by the Board of Directors. At the end of 2012 the target group contained 57 people. The plan includes three earning periods, the calendar years 2010, 2011 and 2012. The Board of Directors decides on the earning criteria for each earning period and on the targets for these. The earning criteria for the 2012 earning period were Componenta Group's result after financial items excluding one-time items. The amount of the bonus in the earning period is determined after the end of each period by the extent to which the targets set for the earning criteria have been achieved.

Any bonuses will be paid in 2011, 2012 and 2013 as a combination of company shares and cash. The part to be paid in cash is intended to cover the taxes and tax-related costs arising from the bonus. If shares are paid in the incentive scheme, the shares may not be conveyed, pledged or otherwise used during a two-year restriction period.

The Board of Directors decided not to allocate shares for the 2012 earning period. The scheme's impact on the Group's result before tax at the end of 2012 was EUR 0.0 million.

## Board of Directors and Management

After the AGM on 23 February 2012, the Board of Directors held its organisation meeting and elected Harri Suutari as its Chairman and Juhani Mäkinen as Vice Chairman. The Board met 17 times in 2012. The average attendance rate of Board members at its meetings was 97%. The Board assesses its performance in 2012, under the leadership of its chairman, in February 2013.

At its organisation meeting the Board decided to establish an audit committee, to which it elected Riitta Palomäki as chairman and Marjo Miettinen and Juhani Mäkinen as members.

Heikki Lehtonen is President and CEO of Componenta. The changes made to Componenta's organisation at the beginning of November to support the implementation of the efficiency programme and to clarify management processes also brought changes to the Corporate Executive Team. As of 1 November 2012 this comprises: President and CEO Heikki Lehtonen; Juha Alhonoja, Senior Vice President, Machine Shop Division; CFO Mika Hassinen; Olli Karhunen, Senior Vice President, Foundry Division; Antti Lehto, Senior Vice President, Sales and Customer Services; Anu Mankki, Senior Vice President, HR and Internal Communications; Pauliina Rannikko, Senior Vice President, Legal and Risk Management; and Sabri

-Özdogan, Senior Vice President, Aluminium Division. Communications Director Pirjo Aarniovuori is secretary to the Corporate Executive Team.

The composition of the Corporate Executive Team had already changed at the beginning of March 2012. From 1 March to 31 October 2012 the Corporate Executive Team comprised Heikki Lehtonen, Mika Hassinen, Anu Mankki and Pauliina Rannikko; Hakan Göral, Senior Vice President, Operations, Turkey; Michael Sjöberg, Senior Vice President, Operations, Sweden; Patrick Steensels, Senior Vice President, Operations, Holland; Olli Karhunen, who was appointed Senior Vice President, Operations Development; and two new members: Seppo Erkkilä, appointed Senior Vice President, Operations, Finland, and Antti Lehto, appointed Senior Vice President, Sales and Product Development. Yrjö Julin, COO and deputy to the President and CEO, who was a member of the Corporate Executive Team from 1 January - 29 February 2012, resigned from Componenta on 29 February 2012 on personal grounds.

Hakan Göral, who belonged to the Corporate Executive Team from 1 January - 31 October 2012, resigned from Componenta on 31 October 2012 to take up a position with another employer.

CFO Mika Hassinen was appointed deputy to Componenta's President and CEO on 13 July 2012.

## Risks and business uncertainties

Some of the most significant risks for Componenta's business operations are risks related to the business environment (competition and price risk, commodity and environmental risks), operational risks (customer and supplier risks, productivity, production and process risks, labour market disruptions, contract and product liability risks, personnel risks, and data security risks) as well as financial risks (financing and liquidity risk, currency, interest rate and credit risks).

In order to manage the Group's business operations it is essential to secure the availability of certain raw materials, such as recycled metal and pig iron, and of energy, at competitive prices. The cost risk relating to raw materials is mainly managed with price agreements, under which the prices of products are adjusted in line with the changes in raw material prices. Increases in prices for raw materials may tie up more funds in working capital than estimated.

The financial risks relating to Componenta's business operations are managed in accordance with the treasury policy approved by the Board of Directors. The objective is to protect the Group against unfavourable changes in the financial markets and through this to secure the Group's financial performance and financial position.

## Events after end of period

In February Componenta decided to postpone the publishing of the financial statements for 2012 due to the change of the accounting principles. In the financial statements for the year 2012 the company will apply the re-valuation of the properties according to IAS 16 instead of historical bookkeeping values. High inflation in Turkey and changes in foreign exchange have significantly decreased the value of Group's properties located in Turkey during past years. As a result of applying the re-valuation of the properties according to IAS 16, the Group's shareholders' equity will strengthen approximately EUR 25 million in Financial Statements 2012.

## Business environment

The outlook for 2013 is 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 the Group's customer sectors remains uncertain.

Demand prospects in the truck industry are uncertain. At the beginning of 2013 the order book for Componenta's heavy trucks customer sector was at the same level as in the previous year. Demand in the first quarter of 2013 will be weaker than in the previous year, but demand is expected to improve from the second quarter onwards.

The order book for Componenta's construction and mining customer sector was 37% lower at the beginning of 2013 than in the previous year. Customers reduced their stock levels significantly during the second half of 2012. Demand is, however, expected to improve during the second half of 2013.

At the beginning of 2013, the order book for Componenta's machine building customer segment was 3% lower than at the same time in the previous year. Prospects for 2013 in the machine building industry are uncertain.

The order book for Componenta's agricultural machinery customer sector was 17% lower at the beginning of 2013 compared to the previous year. Demand for agricultural machinery is expected to pick up in the first half of the year since food prices have remained at a relatively high level.

The order book for Componenta's automotive customer sector was 21% lower at the beginning of 2013 than at the same time in the previous year. Demand in the automotive industry declined 8% in Europe in 2012. Demand in 2013 is estimated to stay at the same level as in 2012.

## Prospects for Componenta

The prospects for Componenta in 2013 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.

The continuing uncertainty in the European and global economy has weakened demand for investment in Componenta's customer industries. Componenta's order book at the beginning of 2013 was EUR 83 (100) million. Based on the order book and production forecasts given by customers, Componenta's net sales in the first quarter of 2013 will be less than in the corresponding period in the previous year. As the result of improving demand towards the end of the year, full year net sales in 2013 are expected to remain at the same level as in the previous year.

The efficiency program that was launched in October 2012 is expected to bring in EUR 25 million annual cost savings by the end of 2014. A significant share of these cost savings is expected to realize already in 2013. As a result of this, the operating profit excluding one-time items is expected to improve from the previous year.

The tables relating to the preliminary information on the financial statements 2012 are enclosed to this release. They are also available on the company's website at the address www.componenta.com.

The figures presented in this release are unaudited.

Helsinki, 11 February 2013

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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 545 million in 2012 and its share is listed on the NASDAQ OMX Helsinki. The Group employs approx. 4,300 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.