

Componenta Corporation Financial Statements Bulletin 1 January - 31 December 2013

Operating profit improved clearly, demand outlook improved but still uncertain for 2014

October - December 2013 in brief

- Net sales in October - December totalled EUR 124 million, which is 5% more than in the same period in the previous year (EUR 117 million).
- The fourth quarter operating profit excluding one-time items improved from the previous year to EUR 3.7 million, or 3.0% of net sales (EUR -3.5 million; -3.0%). The operating profit after one-time items was EUR 2.1 million or 1.7% of net sales (EUR -9.2 million; -7.9%). The fourth quarter operating profit improved as the result of higher volumes than in the previous year, through the cost savings obtained in the efficiency improvement program, and through the weakening of the Turkish lira.
- The one-time costs of EUR -1.5 million included in the fourth quarter operating profit relate to the current reorganization of operations at the Pietarsaari foundry and at the Wirsbo forges.
- The fourth quarter result after financial items excluding one-time items improved from the corresponding period in the previous year to EUR -2.5 million (EUR -9.5 million). The result after financial items after one-time items was EUR -4.0 million (EUR -16.9 million).
- The loss attributable to shareholders for the fourth quarter excluding one-time items was EUR -8.1 million (EUR -10.0 million) or EUR -0.31 (EUR -0.47) per share, and after one-time items EUR -9.8 million (EUR -16.2 million) or EUR -0.37 (EUR -0.75) per share.
- Net cash flow from operations in the October - December period was EUR 14.8 million (EUR 3.8 million).

January - December 2013 in brief

- Order book rose 5% to MEUR 87 (MEUR 83).
- Consolidated net sales in the financial year totalled MEUR 511 (MEUR 545).
- Operating profit excluding one-time items was MEUR 18.2 (MEUR 10.0) and after one-time items MEUR 14.9 (MEUR 4.0). The operating profit improved clearly thanks to greater efficiency in operations and the weakening of the Turkish lira, despite 6% lower net sales than in the previous year.
- Result after financial items, excluding one-time items was MEUR -6.2 (MEUR -17.6) and after one-time items MEUR -9.6 (MEUR -25.4).
- Earnings per share excluding one-time items were EUR -0.55 (EUR -0.92) and after one-time items EUR -0.75 (EUR -1.22).
- Capacity utilization rate weakened to 59% (63%).
- Net cash flow from operations was MEUR 2.2 (MEUR -8.7).
- The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2013 financial year.

Business environment

The demand outlook in all the Group's customer sectors remains uncertain.

At year end the order book for Componenta's heavy trucks customer sector was 9% higher than in the previous year. Demand for heavy trucks in Europe is expected to decrease in 2014. Componenta's sales to heavy trucks customer segment is expected to increase due to the growing market share.

The order book for Componenta's construction and mining customer sector was 6% higher at year end than at the same time in the previous year. Demand is expected to remain at the same level as in the previous year. Customers reduced their stocks during 2012 and 2013 due to weaker prospects in particular for mining machinery industry. Demand prospects for Componenta are stable.

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The order book for Componenta's machine building customer segment was 17% higher at year end than at the same time in the previous year. Componenta's sales outlook for machine building customer segment is expected to improve during the first half of 2014.

The order book for Componenta's agricultural machinery customer sector was 2% lower at year end than at the same time in the previous year. Demand for agricultural machinery is expected to remain stable in 2014. Componenta's sales to agricultural machinery customer sector is expected to remain at the same level as in the previous year or to increase due to growing market share.

The order book for Componenta's automotive customer sector was 9% lower at year end than at the same time in the previous year. The demand for automotive industry improved towards the end of the year 2013 compared with the same period a year earlier. In 2014, the demand for automotive industry is expected to improve from the previous year. Componenta's sales are expected to increase during the first half of the year even though the increased demand is not yet visible in Componenta's order book.

Prospects 2014

The prospects for Componenta in 2014 are based on general external economic indicators, delivery forecasts given by customers, and on Componenta's order intake and order book.

Componenta's order book at year end was EUR 87 (83) million. Based on the order book and production forecasts given by customers, Componenta's first quarter net sales in 2014 are expected to be higher than in the corresponding period in the previous year. Thanks to structural efficiency measures and cost savings the the first quarter operating profit excluding one-time items is expected to improve from the previous year.

In consequence of the higher volumes and the structural efficiency measures being carried out, the operating profit for the full year excluding one-time items is expected to improve from the previous year.

Key figures

| | 9-12/2013 | 9-12/2012 | 1-12/2013 | 1-12/2012 |
|---|-----------|-----------|-----------|-----------|
| Order book, MEUR | 87 | 83 | 87 | 83 |
| Net sales, MEUR | 124 | 117 | 511 | 545 |
| Operating profit excl. one-time items, MEUR | 3.7 | -3.5 | 18.2 | 10.0 |
| Operating profit excl. one-time items, % | 3.0 | -3.0 | 3.6 | 1.8 |
| Result after financial items excl. one-time items, MEUR | -2.5 | -9.5 | -6.2 | -17.6 |
| One-time items, MEUR | -1.5 | -7.4 | -3.4 | -7.8 |
| Taxes, MEUR | -6.0 | 0.5 | -6.0 | 1.4 |
| Net result for the period, MEUR | -10.0 | -16.4 | -15.5 | -24.0 |
| Earnings per share excl. one time items, EUR | -0.31 | -0.47 | -0.55 | -0.92 |
| Net gearing, % | | | 270 | 284 |
| Return on investment, excl. one-time items, % | | | 5.9 | 4.0 |
| Return on equity, excl. one-time items, % | | | -12.8 | -24.8 |
| Number of personnel at period end, incl. leased personnel | | | 4,431 | 4,277 |

President and CEO Heikki Lehtonen comments on 2013:

"As a whole, 2013 was a satisfactory year for Componenta. The operating profit improved considerably from the previous year as a result of the achieved efficiency improvement and the weakening of the Turkish lira, even though net sales remained lower than in the previous year.

Our sales grew towards the end of the year especially thanks to the increased demand from the customers in the heavy trucks and agricultural machinery industry. At year end our order book was 5% higher than in the previous year.

Componenta's group-wide efficiency improvement program made progress in 2013 according to plan. The program initially started in October 2012 was expanded with new development projects in September 2013. The target of the program is a result improvement of EUR 35 million in total by boosting efficiency and profitability and decreasing the structural costs. The run rate impact of the development projects and measures carried out by now on EBITDA is estimated to be in total EUR 26.8 million.

As many economic indicators are heading in a better direction, the beginning of 2014 looks brighter than one year ago. Based on forecasts given by customers we expect our sales to develop favourably during the next few months. At the same time we continue our efficiency improvement program having good progress to realize the costs savings."

Dividend proposal

The Board of Directors proposes to the Annual General Meeting to be held on 13 March 2014 that, in accordance with the Group's current dividend policy, no dividend be paid for the 1 January - 31 December 2013 financial period. On 31 December 2013 the parent company had distributable equity of EUR 102.3 (87.6) million.

Componenta's 2013 Financial Statements Bulletin in PDF format is attached to this release.

Helsinki, 17 February 2014

COMPONENTA CORPORATION

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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 511 million in 2013 and its share is listed on the NASDAQ OMX Helsinki. The Group employs approx. 4,400 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.