

Componenta Corporation Interim Report 1 January - 30 June 2002

Componenta Group had net sales during the first six months of 2002 of EUR 97.2 million (net sales of EUR 107.8 million in the same period in the previous year). The Group had an operating profit of EUR 4.2 (7.8) million and a loss after financial items of EUR 0.3 million (profit of EUR 4.2 million). The Group's operating profit developed positively compared with the first quarter. The earnings per share were EUR 0.03 (0.41). The Group's equity ratio, including the preferred capital notes in equity, was 30.1% (32.0% on 31 December 2001). Net sales are expected to increase in the third quarter of the year and the profit after financial items is expected to improve compared to the corresponding period in the previous year. The Group's order book at the end of the review period stood at EUR 29.9 million (EUR 26.5 million on 31 December 2001).

Markets

Judging from recent economic indicators, growth prospects for the global economy are uncertain and the differences between industries and companies are considerable.

Demand for heavy trucks in Europe took a downward turn last year, and this trend has continued this year. Demand in the first half of this year was below that in the same period in the previous year. However, volumes supplied by Componenta to heavy truck manufacturers in the second quarter exceeded those in the same period last year. This performance, contrasting with general market trends, was due in part to sales contracts signed in 2000, which have started to have an impact during the current year, and in part to a favourable customer base.

Demand for wind turbine generator components and deliveries increased significantly during the second quarter from the first quarter. Demand in other parts of the power and transmission industries showed signs of recovery in the second quarter.

Output by Nordic machinery and equipment manufacturers has fallen in the current year in consequence of the decline in industrial investments and the decrease in export orders. Order books have remained at a low level in the sector. Demand is expected to have stopped falling, but because of the low capacity usage in manufacturing industry and the general economic uncertainty, any growth is expected to start slowly or not until next year.

Demand from European off-road manufacturers has continued to be weak. However, deliveries to off-road manufacturers increased in the second quarter from the level in the first quarter.

Net sales

The Group had net sales in the review period of January - June of EUR 97.2 million (EUR 107.8 million). The Group's order book on 30 June 2002 stood at EUR 29.9 (31.0) million (EUR 26.5 million on 31 December 2001). Net sales in the second quarter totalled EUR 50.1 (51.5) million.

Exports and foreign operations accounted for 73% (73%) of net sales. Componenta Corporation's net sales by market area were as follows: Finland 27% (27%), other Nordic countries 53% (53%), Central Europe 17% (18%) and other countries 3% (2%).

Result and Financing

Componenta Group made an operating profit of EUR 4.2 (7.8) million during the first six months of the year, and the loss after financial items was EUR 0.3 million (profit of EUR 4.2 million). The result does not include net profits from the sale of non-current assets or other non-recurring items (in the corresponding period in 2001 these accounted for

EUR 1.2 million). The Group's financial costs amounted to EUR 4.5 (3.6) million. The increase on the previous year is mainly due to exchange rate differences. The Group's net result was EUR 0.3 (4.0) million.

Income taxes during the review period were EUR 0.6 million positive. Taxes of EUR -0.5 million have been recorded based on the profits of the Finnish group companies. The deferred taxes are positive mainly because of the losses sustained by the Swedish group companies (EUR 1.1 million).

Low sales in the first quarter of this year, exchange rate losses and the lack of non-recurring net income reduced the Group's result compared to the previous year.

The costs for running down the Osby unit exceeded by EUR 0.5 million the estimate made in 2001.

The operating profit in the second quarter totalled EUR 3.1 (4.0) million, showing an improvement as expected on the first quarter. The profit after financial items in the second quarter was EUR 0.7 (2.3) million.

The preferred capital notes issue and exchange that took place in February and are effective at the latest until 2009, considerably reinforce the Group's financing structure. The Group had EUR 33 million in unused committed credit facilities at the end of the review period.

Including the preferred capital notes and the negative goodwill in shareholders' equity, the equity ratio was 30.4% (32.5%). Including the preferred capital notes in shareholders' equity, the equity ratio was 30.1% (26.9%).

Cast and Other Components

The Cast and Other Components business group supplies ready to install cast and machined components to the heavy truck industry, the power and transmission industries, other machine building industry and the off-road industry.

Cast and Other Components had net sales in the period January-June of EUR 79.9 (86.8) million and an operating profit of EUR 4.7 (7.3) million. The order book stood at EUR 23.8 (25.9) million on 30 June 2002 (EUR 22.0 million on 31 December 2001).

Net sales in the second quarter totalled EUR 41.1 (41.6) million and the operating profit was EUR 3.3 (3.7) million.

Component deliveries to the heavy truck industry in the first half of the year were still 5% down on the corresponding period in the previous year. Delivery volumes in the second quarter exceeded sales in the second quarter of the previous year.

Deliveries to customers in the power and transmission industries were 16% up on the first half of last year. Componenta Nisamo, which was acquired in summer 2001, has contributed to this development. Uncertainty in the US energy markets postponed component orders and deliveries from the first to the second quarter of this year, and sales in the second quarter increased from the level at the start of the year. The order book has picked up considerably compared to the previous quarter.

Component deliveries to manufacturers of machinery and equipment increased in the second quarter compared to the first quarter, but were considerably lower than in the second quarter of last year. In total, deliveries in the first half of the year were some 20 per cent lower than in the corresponding period last year.

Deliveries to the off-road industry showed an increase on the first quarter of this year but were still 5% lower than in the second quarter of last year.

Production at the Osby machine shop ended in March and operations ceased entirely in May.

Other Business and associated companies

Componenta's Other Business comprises mainly the Wirsbo forges and the Traryd copper and aluminium foundry.

Net sales for Other Business totalled EUR 16.4 (17.1) million in the period January-June and the operating profit was EUR 0.4 (0.5) million. The order book stood at EUR 6.1 (5.2) million on 30 June 2002 (EUR 4.6 million on 31 December 2001). Net sales in the second quarter were EUR 8.5 (8.2) million and the operating profit was EUR 0.2 (0.2) million.

The fall in demand in the heavy truck industry also affected the volumes of forged products supplied by Componenta Wirsbo. These were lower in the first half of the year than in the corresponding period of the previous year. Sales in the second quarter matched those in the same period of the previous year. Demand for the aluminium and copper components made by Componenta Traryd remained strong, and the unit's sales rose from the previous year's level.

Componenta's associated companies have been formed in consequence of Componenta concentrating on its core operations. From companies that belonged to the Group but were not part of its core operations Componenta has together with partners formed even more competitive businesses. In January Componenta raised its holding in the associated company Thermia AB from 30 per cent to 36 per cent.

Componenta Group's share of the result of the associated companies was EUR -0.1 (-0.5) million. The result was improved by the improved performance of Thermia. Ulefos NV improved its result in the second quarter of the year.

Investments

Investments in production facilities during the review period totalled EUR 3.7 (7.6) million. The most significant of these were the new production lines at Albin and Nisamo and the pressing line for forged components at Wirsbo, which was started in 2001 and taken into production use towards the end of the review period. In addition to these production investments, the Group raised its holding in Thermia AB. The Group's gross investments totalled EUR 4.8 (42.3) million.

Componenta Group's investments in production facilities for the whole year are estimated to be EUR 7.5 million.

Share capital and shares

The shares of Componenta Corporation are quoted on the main list of the Helsinki Exchanges. At the end of the review period the company's share capital stood at EUR 19.2 million. The shares have a nominal value of 2 euros. At the end of the review period on 30 June 2002 the quoted price of Componenta Corporation shares stood at EUR 2.30. The lowest quoted price during the review period was EUR 2.13 and the highest was EUR 2.70. The share capital had a market value of EUR 22.1 million on 30 June 2002 and the volume of shares traded during the review period was equivalent to 4.9% of the share stock.

Authorization for share issues and purchasing own shares

The company's Board of Directors has no authorization for share issues or for purchasing the company's own shares.

Preferred capital notes

Componenta Corporation offered holders of the preferred capital notes issued in 1997 by its subsidiary Componenta Finance Corporation the opportunity to exchange their notes for new preferred capital notes issued by Componenta Corporation. The preferred capital notes issued by Componenta Finance Corporation were in their entirety in the possession of Componenta Corporation at the end of March. The preferred capital notes issued by Componenta Corporation had a principal of EUR 25.1 million and the loan period is 15 February 2002 - 19 March 2009. Annual interest is paid on the loan, at a rate 4% above the 12-month Euribor interest rate. The company will repay 10% of the principal annually and the first installment was repaid on 19 March 2002. Componenta Corporation also has the right to pay off more than 10% of the loan on the annual interest payment date.

On 30 June 2002 Componenta Corporation had preferred capital notes with a total value of EUR 28.6 million.

Changes in Group Management

Senior Vice President and COO Yrjö Julin left to work for another company at the beginning of May.

Prospects

Several industrial sectors have unused production capacity, which is likely to reduce the immediate need for capital expenditure by industry. If the forecast growth in economy takes place and capacity usage by industry rises, investments in machinery and equipment may increase slowly towards the end of the year.

Judging from Componenta's order intake and order books, demand for heavy truck components started to pick up during the second quarter. This positive trend is expected to continue in the second half of the year.

The strong growth in the construction of wind turbine generators is forecast to continue in the latter part of the year. Demand in the Nordic machine building industry is believed to have stopped falling, but any growth is expected to take place slowly or not until next year.

Based on the order books and the order intake, Componenta Group's net sales in the third quarter of the year are expected to increase and its result is expected to improve on the third quarter of last year.

Income statement

M€	1.1.-30.6.2002	1.1.-30.6.2001	1.1.-31.12.2001
Net sales	97.2	107.8	193.8
Other operating income (*)	0.5	3.4	4.1
Share of the associated companies' result	-0.1	-0.5	-0.5
Operating expenses	87.7	98.7	184.1
Depreciation and write-downs	6.2	5.7	17.3
Negative goodwill recognised as income	-0.4	-1.5	-12.3
Operating profit	4.2	7.8	8.3
% of net sales	4.3	7.3	4.3
Financial income and expenses	-4.5	-3.6	-6.0
Profit after financial items	-0.3	4.2	2.3
% of net sales	-0.3	3.9	1.2
Income taxes	0.6	-0.2	5.0
Minority interest and conversion difference	0.0	0.0	0.0
Net profit	0.3	4.0	7.4

(* 2001 figures include profit from sold businesses)

Balance sheet

M€	30.6.2002	30.6.2001	31.12.2001
Assets			
Non-current assets	150.8	151.7	151.4
Current assets			
Inventories	21.5	21.6	20.5
Receivables	52.1	49.8	42.8
Cash and bank accounts	1.2	0.8	1.7
Total current assets	74.9	72.2	65.1
Total assets	225.7	223.9	216.5
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2	19.2	19.2
Other equity	18.1	15.9	19.2
Preferred capital notes	28.6	22.7	28.7
Total shareholders' equity	65.9	57.8	67.1
Minority interest	2.1	2.5	2.1
Negative goodwill	0.5	12.5	0.7
Provisions	0.0	0.0	2.0
Liabilities			
Non-current liabilities			
Interest bearing	78.9	72.9	80.0
Interest free	0.0	2.1	0.0
Current liabilities			
Interest bearing	45.2	40.2	34.1
Interest free	33.0	35.9	30.4
Total liabilities	157.2	151.1	144.6
Total liabilities and shareholders' equity	225.7	223.9	216.5

Key ratios

	31.3.2002	31.3.2001	31.12.2001
Equity ratio, %	17.5	16.8	18.7
Equity ratio, %, preferred capital notes and negative goodwill in equity	30.4	32.5	32.3
Earnings per share, €	0.03	0.41	0.77
Equity per share, €	3.88	3.65	4.00

Net interest bearing debt, M€	115.9	105.1	105.3
Net interest bearing debt, M€, preferred capital notes in debt	144.5	127.8	134.0
Net gearing, %, preferred capital notes and negative goodwill in equity	169.2	144.4	150.6
Net gearing, %, preferred capital notes in debt	367.0	340.4	330.5
Order book, M€	29.9	31.0	26.5
Investments in non-current assets, M€	4.8	42.3 (*)	53.1 (*)
Investments in non-current assets, % of net sales	4.9	39.2	27.4
Average number of personnel	1,722	1,858	1,810
Number of personnel at the end of the period	1,752	1,872	1,741
Share of export and foreign activities in net sales, %	73.0	73.0	72.0
Contingent liabilities, M€	47.9	76.3 (**)	51.1

(*) Investments in year 2001 included the acquisition of Componenta Finance Corporation shares.

(**) The contingent liabilities in June 2001 included EUR 32.8 million Componenta Finance Corporation shares which had been pledged. The amount of debts secured by the pledge was EUR 3 million.

Derivative instruments

M€	30.6.2002		30.6.2001		31.12.2001	
	Nominal value	Current value	Nominal value	Current value	Nominal value	Current value
Interest derivatives						
Interest rate swaps	18.0	-0.1	32.3	0.1	27.2	0.1
Future agreements	-	-	-	-	-	-
Currency derivatives						
Forward exchange agreements	36.9	0.0	40.2	0.3	47.1	-1.0
Currency swaps	0.4	0.0	-	-	0.6	0.0

Derivative instruments are used to hedge the Group's foreign exchange and interest rate risks.

Corporate development

Net sales (M€)	1.1.-30.6.2002	1.1.-30.6.2001	1.1.-31.12.2001
Cast and Other Components	79.9	86.8	158.4
Other Business	16.4	17.1	30.6
Divested operations	-	3.1	3.2
Others and internal sales	0.9	0.8	1.6
Componenta Group total	97.2	107.8	193.8

Operating profit (M€)	1.1.-30.6.2002	1.1.-30.6.2001	1.1.-31.12.2001
Cast and Other Components	4.7	7.3	8.7
Other Business	0.4	0.5	0.4
Divested operations	-0.5	-0.9	-1.9
Others and internal sales	-0.4	0.9	1.1
Componenta Group total	4.2	7.8	8.3

Order book (M€)	30.6.2002	30.6.2001	31.12.2001
Cast and Other Components	23.8	25.9	22.0

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Other Business	6.1	5.2	4.6
Divested operations	-	-	-
Others and internal sales	0.0	-0.1	-0.1
Componenta Group total	29.9	31.0	26.5

Corporate quarterly development (MEUR)

	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Net sales	50.1	47.1	46.2	39.8	51.5	56.3
Operating profit	3.1	1.1	1.1	-0.6	4.0	3.8
Net financial items	-2.4	-2.1	-0.6	-1.8	-1.7	-1.9
Profit/loss after financial items	0.7	-1.0	0.6	-2.5	2.3	1.9

Quarterly development by business group

Net sales (M€)	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Cast and Other Components	41.1	38.8	38.5	33.1	41.6	45.2
Other Business	8.5	7.9	7.2	6.3	8.2	8.9
Divested operations	-	-	-	0.1	1.3	1.8
Others and internal sales	0.5	0.4	0.5	0.3	0.4	0.4
Componenta Group total	50.1	47.1	46.2	39.8	51.5	56.3

Operating profit (M€)	4-6/2002	1-3/2002	10-12/2001	7-9/2001	4-6/2001	1-3/2001
Cast and Other Components	3.3	1.4	1.1	0.3	3.7	3.7
Other Business	0.2	0.3	-0.1	0.0	0.2	0.3
Divested operations	-0.5	-	-0.4	-0.6	-0.5	-0.4
Others and internal sales	0.2	-0.6	0.5	-0.3	0.6	0.3
Componenta Group total	3.1	1.1	1.1	-0.6	4.0	3.8

Order book (M€)	30.6.2002	31.3.2002	31.12.2001	30.9.2001	30.6.2001	31.3.2001
Cast and Other Components	23.8	22.9	22.0	26.3	25.9	27.0
Other Business	6.1	5.4	4.6	5.6	5.2	5.8
Divested operations	-	-	-	-	-	0.8
Others and internal sales	0.0	-0.1	-0.1	-0.2	-0.1	-0.1
Componenta Group total	29.9	28.2	26.5	31.7	31.0	33.5

Largest registered shareholders on 30 June 2002

Shareholder	Shares	Share of total voting rights %
1 Lehtonen Heikki	3,681,731	38.29
Lehtonen Heikki	3,336,731	
Helsingin Santapaperi Oy	340,000	
Oy Högfors-Trading Ab	5,000	
2 Etra Invest Oy	959,200	9.98
3 Ilmarinen Mutual Pension Insurance Company	457,600	4.76
4 Sampo Group	437,800	4.55
Sampo Life Insurance Company Ltd	237,800	
If Insurance Company Ltd	200,000	
5 Phalanx Special Investment Fund	286,200	2.98

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6 Inkinen Simo-Pekka	200,044	2.08
7 Lehtonen Anna-Maria	178,823	1.86
8 Local Government Pension Institution Finland	150,000	1.56
9 Lehtonen Yrjö M	131,040	1.36
10 Federation of Finnish Metal Engineering and Electrotechnical Industries	126,000	1.31
11 Insurance Company Suomi	116,800	1.21
12 Alfred Berg Finland Investment Fund	102,700	1.07
13 Alfred Berg Portfolio Investment Fund	98,400	1.02
14 Finnish National Fund for Research and Development (Sitra)	91,400	0.95
15 Bergholm Heikki	90,000	0.94
16 Other shareholders	<u>2,507,571</u>	<u>26.08</u>
<u>Total</u>	<u>9,615,309</u>	<u>100.00</u>

The members of the Board of Directors own 40.1% of the shares. All shares have equal voting rights.
The members of the Board of Directors hold 13.0% of the outstanding warrants. If all the warrants were converted to shares, the holding of shares by the members of the Board of Directors would decrease to 38.6%.

Componenta Finance Corporation, a subsidiary of Componenta Corporation, will publish its own interim report for the first half of the year by the end of September 2002.

Helsinki, 11 July 2002

COMPONENTA CORPORATION

Board of Directors

Further information:

Heikki Lehtonen
President and CEO
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Sirpa Koskinen
CFO
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Componenta is a metal sector company with international operations and production plants located in Finland and Sweden. The company's net sales exceed EUR 194 million and the group employs about 1,750 people. Componenta's shares are quoted on

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the Main List of the Helsinki Exchanges. The group's customers operate in the heavy truck, power and transmission, machine building and off-road industries. Componenta specializes in supplying ready-to-install cast, geared and machined components directly to the customer's assembly line.

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