

Componenta Främmestad takes action to adjust costs

Componenta Främmestad AB is a machine shop belonging to Componenta Group located in the municipality of Essunga in Sweden. The company's operations expanded considerably during the 1990s. In 2003 three of Främmestad's major customers have simultaneously made significant changes to their production strategies. These customers operate in the heavy truck and power and transmission industries and supply their products mainly in Europe.

The changes mean an annual reduction of some SEK 75 million in production at Främmestad. According to the contracts, deliveries of products will cease at the end of August 2003.

The reasons for the reductions affecting Främmestad are the uncertain state of the world economy and increasing global competition. One German customer, for example, has decided to remove its products from Främmestad and transfer production to its own production work, since this is suffering from a lack of work. Several Scandinavian customers have begun to purchase components from countries with lower costs, such as Brazil.

When volumes decline, the company also has to adjust its costs. To cut personnel costs and improve competitiveness, notice of possible redundancy has been given to 50 persons at Componenta Främmestad.

The redundancy negotiations will be completed with the assistance of trade unions during the coming month. At the same time decisions will be made about investments in training, so that in the future, when obtaining new orders, the company is better equipped

Componenta Främmestad had net sales in 2002 of about SEK 290 million. At present the company has 172 employees.

Information about Componenta Group is available at www.componenta.com

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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 180 million and the group employs about 1,700 people. Componenta's shares are quoted on 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.