



ANNUAL GENERAL MEETING 2014
APRIL 3, 2014
PÖRSSITALO, HELSINKI

PKC GROUP 

PKC GROUP PLC'S ANNUAL GENERAL MEETING

Time: 3 April 2014 at 1.00 p.m.

Place: Pörssitalo, at the address: Fabianinkatu 14, Helsinki

AGENDA

Calling the meeting to order

- 1 Opening of the meeting**
- 2 Calling the meeting to order**
- 3 Election of persons to scrutinize the minutes and to supervise the counting of votes**
- 4 Recording the legality of the meeting**
- 5 Recording the attendance at the meeting and adoption of the list of votes**
 - Shareholder and share list as well as list of shareholders, who have informed of their attendance before the last notification date are available at the meeting

Financial statements, use of profit and discharge from liability

- 6 Presentation of the annual accounts, the report of the Board of Directors and the Auditor's report**
 - Review by the President & CEO
 - The Company's annual report, which includes the Company's financial statements and consolidated financial statements, the report of the Board of Directors and the Auditor's report, is available at the meeting
 - Auditor's report attached hereto
- 7 Adoption of the annual accounts**
- 8 Resolution on the use of the profit shown on the balance sheet and the payment of dividend**
 - Board's proposal for disposal of profits attached hereto
- 9 Resolution on the discharge of the members of the Board of Directors and the CEO from liability**

Auditor and Board of Directors

- Board's proposals attached hereto
- 10 Resolution on the remuneration of the members of the Board of Directors and the auditor**
 - 11 Resolution on the number of members of the Board of Directors and the auditors**
 - 12 Election of members of the Board of Directors**
 - 13 Election of auditor**

Other proposals

- 14 Authorisation to the Board of Directors to decide on share issue**

Closing of the meeting

- 15 Closing of the Meeting**



ANNUAL GENERAL MEETING 2014

April 3, 2014
Pörsitalo, Helsinki

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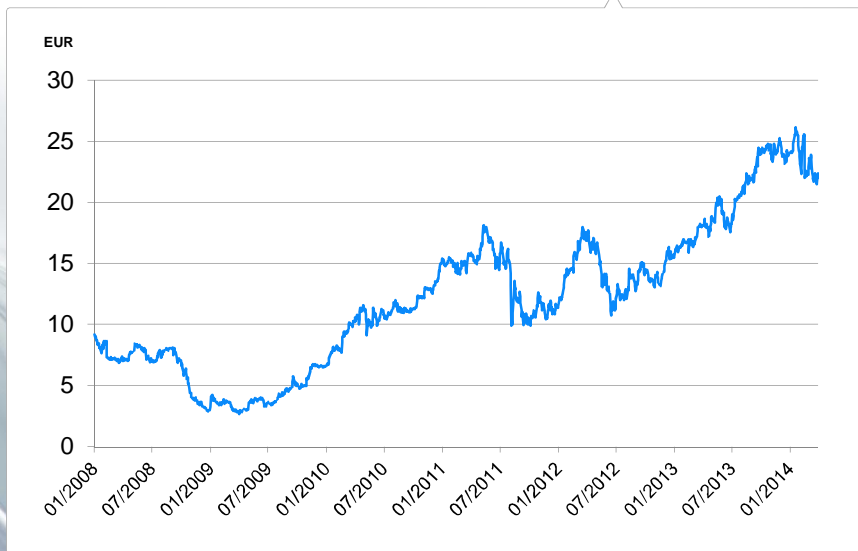
Annual General Meeting 2014

Matti Ruotsala

Chairman of the Board of Directors

Share Price Development 1.1.2008 – 28.3.2014

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PKC's Current Board of Directors 1/2

PKC GROUP 



Matti Ruotsala

- b. 1956
- Chairman from 2008
- Chairman of the Nomination and Remuneration Committee
- Member of the Board of Directors from 2006
- M.Sc.(Eng.)

Wolfgang Diez

- b. 1953
- Member of the Audit Committee
- Member of the Board of Directors since 2013
- Diplom-Kaufmann in Business Administration

Outi Lampela

- b. 1949
- Member of the Audit Committee
- Member of the Board of Directors since 2009
- M.Sc.(Eng.)

Shemaya Levy

- b. 1947
- Chairman of the Audit Committee
- Member of the Board of Directors from 2012
- Graduate of ENSAE (Ecole Nationale de la Statistique et de l'Administration Economique)

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PKC's Current Board of Directors 2/2



Robert J. Remenar

- b. 1955
- Vice-Chairman of the Board of Directors since 2013
- Member of the Nomination and Remuneration Committee
- Member of the Board of Directors from 2012
- MBA



Harri Suutari

- b. 1959
- Member of the Nomination and Remuneration Committee
- Member of the Board of Directors from 2012
- Engineer



Jyrki Tähtinen

- b. 1961
- Member of the Audit Committee
- Member of the Board of Directors from 1999
- LL.M, MBA, Attorney at Law

Meetings of the Board and Committees in 2013

Board

| | meetings | attendance % |
|-------------------------------|----------|--------------|
| Average attendance of members | 13 | 97.8 |

Audit Committee

| | meetings | attendance % |
|-------------------------------|----------|--------------|
| Average attendance of members | 6 | 91.7 |

Nomination and Remuneration Committee

| | meetings | attendance % |
|-------------------------------|----------|--------------|
| Average attendance of members | 3 | 100 |

Proposed New Board Members

PKC GROUP 



Reinhard Buhl (b. 1952)

- **M.Sc. (Mechanical Engineering)**
- **Member of the Board of Management, ZF Friedrichshafen AG**
- Previously ZF Group Car Chassis Technology Division Group Executive, ZF Lemförder GmbH (2004-2011), Car Chassis Technology Executive Vice President, ZF Lemförder Fahrwerktechnik GmbH (2003-2004), General Manager and Head of Business Unit Commercial Vehicle Axle Systems of Off-Road Driveline Technology and Axle Systems Division, ZF Passau GmbH (2000-2003), Deputy Group Vice President and Member of the Management Team and Head of Development Steering/Chassis Components Passenger Cars, ZF Lemförder Fahrwerktechnik GmbH & Co. KG (1996-2000), before that several executive and managerial positions within Lemförder Metallwaren Jürgen Ulderup AG & Co.
- Member of the Board of Trustees, Foundation for Applied Sciences Osnabrück, Member of the Board of Trustees, Dr. Jürgen and Irmgard Ulderup Foundation
- Independent of Company and of its significant shareholders



Mingming Liu (b. 1951)

- **C-MBA**
- **President and CEO, Voith Paper Asia**
- Previously President, Voith Paper Asia (2009-2010), President, Voith Paper China (2002-2009), Chief Representative, Voith Paper China (1998-2002), General Manager, Sino German joint venture Yunnan Hongta Blue Eagle (1994-1998), Director, Sales and Marketing, Beijing Sitong Computer Software Company (1987-1989).
- Member of the Executive Board of Directors, Voith Industrial Service China
- Independent of Company and of its significant shareholders

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Thank You!

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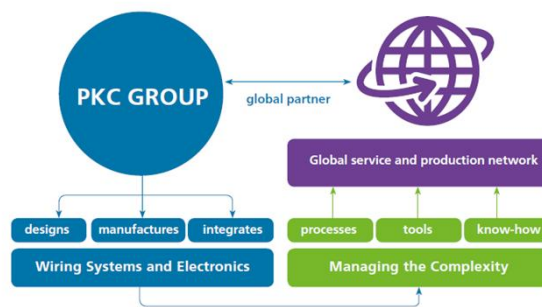
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Review of President & CEO

Matti Hyytiäinen

President & CEO

PKC in Brief



- Main products electrical distribution systems, electronics and architecture components for commercial vehicles
- Main customers the commercial vehicle industry and other transportation industry
- Revenue in 2013 EUR 884 million, 19 000 employees
- Locations in Europe, North and South America and Asia, headquarters in Finland
- Listed on the NASDAQ OMX Helsinki Ltd

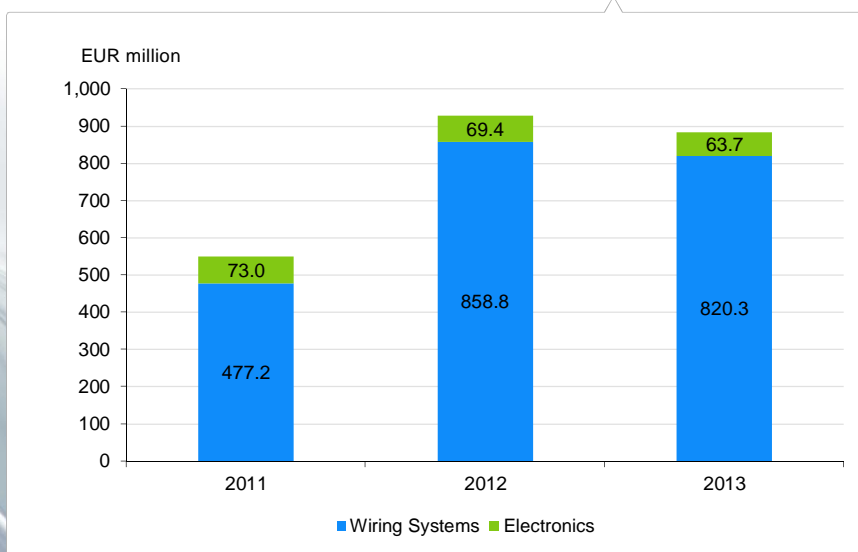
2013 – Year of New Growth Strategy

Highlights of the Financial Year

- Growth strategy until 2018 was announced
- Market position remained strong in all operating regions
- In Europe production competitiveness and efficiency was developed by establishing a factory in Serbia and closing factories in Ukraine and Ireland
- Brazilian operations remained in the negative
- First significant step to Asia was taken by concluding a framework agreement on strategic cooperation with Sinotruk
- Measures for improving profitability in Electronics business were successful
- Due to positive cash flow and directed share issue PKC is free of net liabilities
- Market capitalisation of the company grew during the financial year EUR 243 million totalling EUR 576 million at the end of the financial year

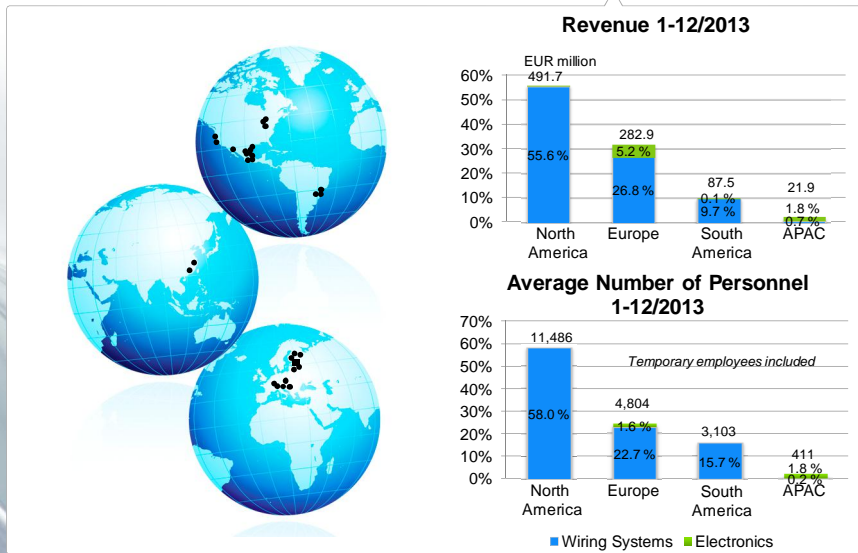


Revenue



Global Partner

PKC GROUP 



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Key Figures, 1-12/2013

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| EUR million | 1-12/13 | 1-12/12 | Change % |
|---|---------|---------|----------|
| Revenue | 884.0 | 928.2 | -4.8 |
| EBITDA | 70.3 | 83.0 | -15.2 |
| Depreciation and amortisation ¹⁾ | 17.9 | 17.6 | 1.6 |
| EBITA | 52.5 | 65.4 | -19.7 |
| PPA depreciation and amortisation | 11.6 | 13.9 | -16.5 |
| Operating profit | 40.9 | 51.5 | -20.6 |
| Non-recurring items | 10.4 | 8.0 | 29.7 |
| Operating profit after non-recurring items | 30.5 | 43.5 | -29.9 |
| Financial items | -8.9 | -8.5 | 4.7 |
| Taxes | -7.6 | -10.9 | -30.4 |
| Net profit | 13.9 | 24.0 | -41.9 |
| EPS (EUR) | 0.62 | 1.12 | -44.5 |

¹⁾ Excluding PPA depreciation and amortisation and non-recurring asset impairment

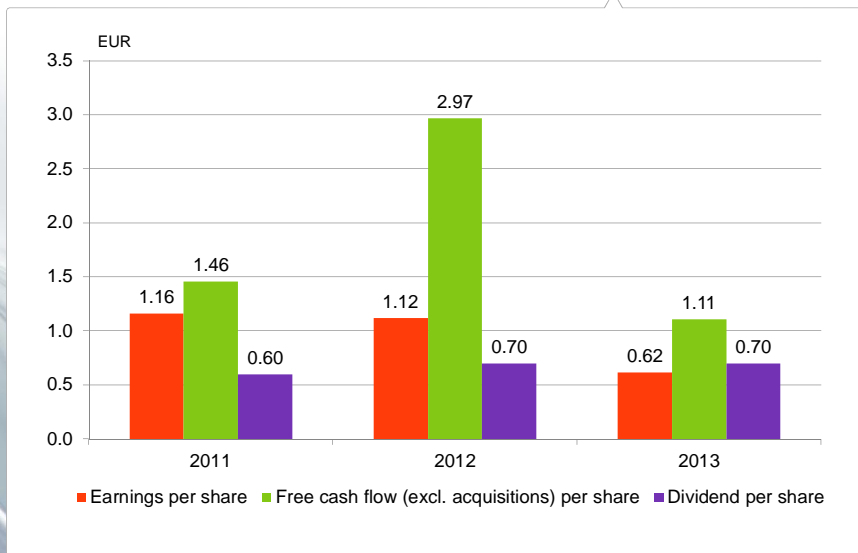
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Earnings, Cash Flow and Dividend per Share

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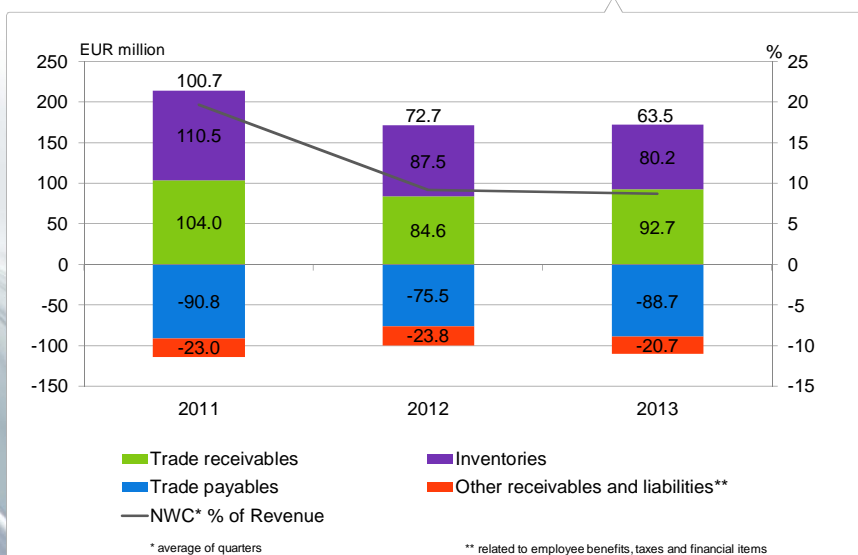
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Net Working Capital

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* average of quarters

** related to employee benefits, taxes and financial items

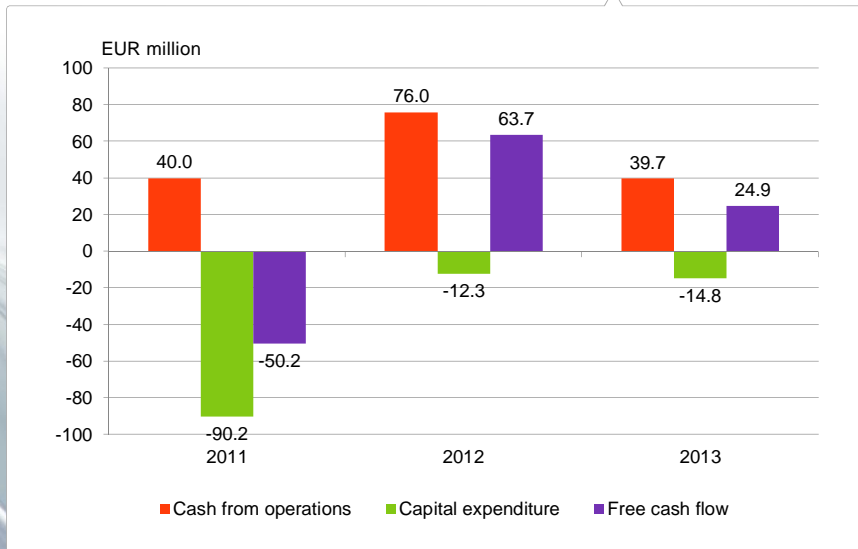
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Cash Flow

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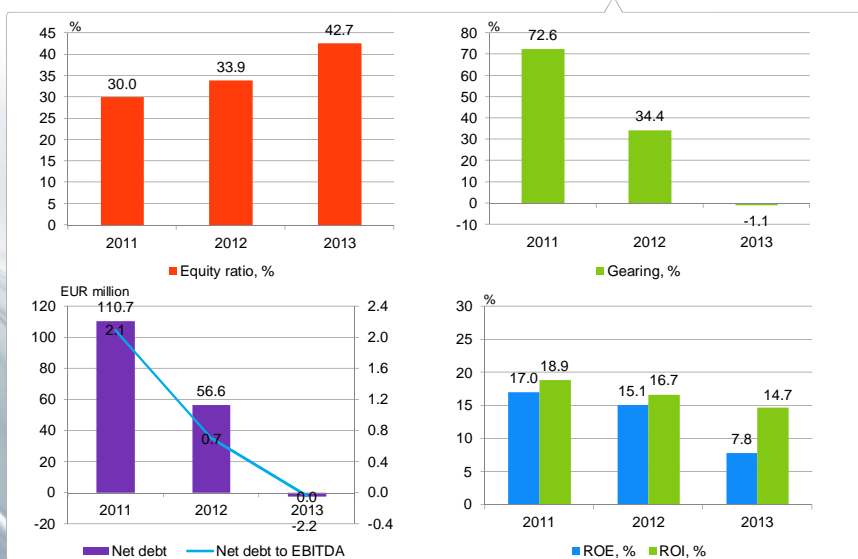
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Balance Sheet and Returns

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Wiring Systems Business Segment

Market Outlook

Expert in Electrical Distribution Systems



PKC delivers Nerve Systems to vehicles

PKC in Transportation Industry

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Trucks & buses
(HCV & MCV)



Light commercial
vehicles (LCV)



Construction
equipment



Recreational
vehicles



Agriculture
and forestry



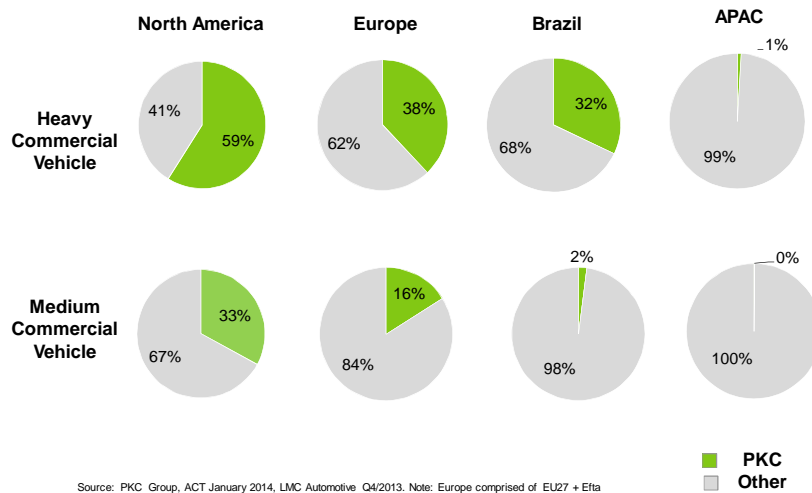
Engines

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PKC EDS (Electrical Distribution Systems) Market Share 1-12/2013

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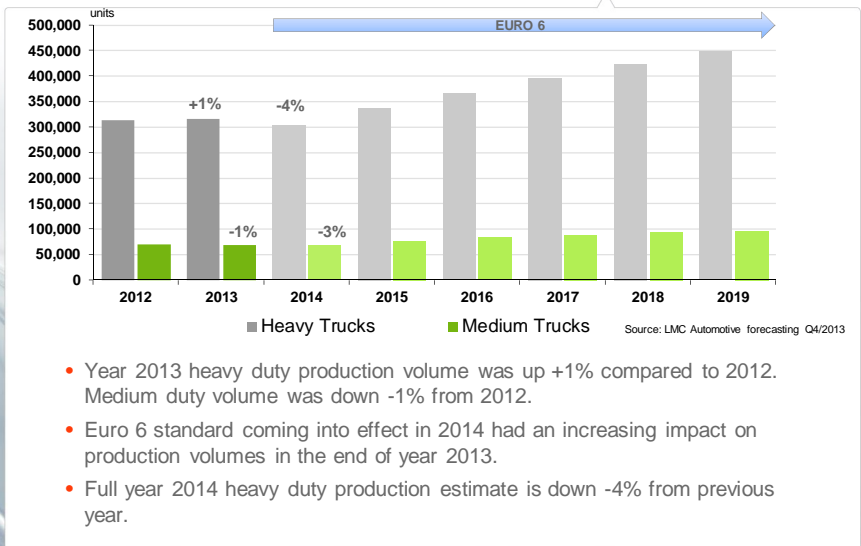


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EU27+ EFTA Truck Production

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- Year 2013 heavy duty production volume was up +1% compared to 2012. Medium duty volume was down -1% from 2012.
- Euro 6 standard coming into effect in 2014 had an increasing impact on production volumes in the end of year 2013.
- Full year 2014 heavy duty production estimate is down -4% from previous year.

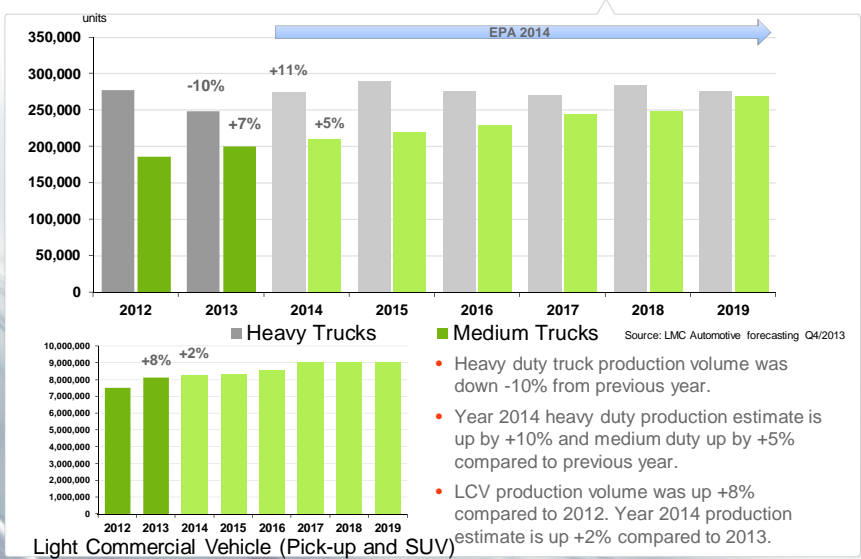
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North America Vehicle Production

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Light Commercial Vehicle (Pick-up and SUV)

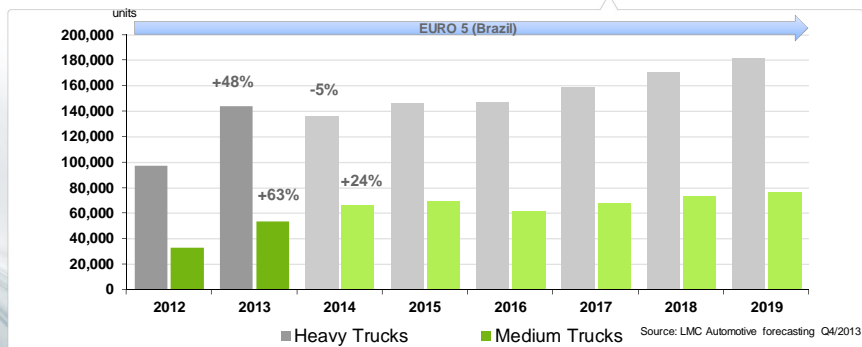
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Brazil Truck Production

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- Year 2013 heavy duty truck production volume was up +48% year-on-year.
- The governmental incentive program to support the purchase of new trucks continues to be valid until further notice, although the terms have been weakened somewhat.
- In full year 2014 estimates heavy duty production is forecasted to be down -5% and medium duty to be up +24%.

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Electronics Business Segment

Market Outlook

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Electronics Business

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- Electronics business offers innovative turn-key solutions for production testing, power management and electronics manufacturing creating added value for customers throughout their product lifecycle
- Own OEM-products (OEM = Original Equipment Manufacturer):
 - Chameleon™ product family offers electronics business's customers extensive testing possibilities for electronic devices from early R&D phase to mass production
 - Flexibility of Chameleon™ platforms enables long lifecycle of test equipment – same platforms are suitable for various products and product families
- During 2013 Electronics business productised its solution services and launched a global marketing



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Electronics Business, Market in 2013

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- Economic uncertainty in Europe and global caution among companies towards industrial investment exerted a negative impact on the demand for electronics products
- The demand for renewable-energy and energy saving products including smart grid solutions on the market fell short of the level of the previous year
- The market demand for telecommunications-related products increased slightly from previous year



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Outlook for the Future

Market Outlook

- European heavy truck production is estimated to decrease by 4% and medium duty truck production by 3% from 2013 level
- North American heavy duty truck production is estimated to increase by 10%, medium duty truck production by 5% and light vehicle production by 2% from 2013 level
- Brazilian heavy duty truck production is estimated to decrease by 5% and medium duty truck production to increase by 24% compared to 2013



PKC Group's Outlook

PKC GROUP 

- PKC Group estimates that 2014 revenue and comparable EBITDA will be lower than in 2013
- Revenue estimate is based on current business structure. Revenue will be affected by light vehicle build-outs in North America and by changes in exchange rates
- Comparable EBITDA in 2014 will also be affected by reorganisation and program transfers in Europe and expenditures related to the implementation of PKC's growth strategy
- In 2013, PKC's revenue was EUR 884.0 million and comparable EBITDA before non-recurring items was EUR 70.3 million



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Events after the Financial Year

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- In January 2014 PKC decided to close the factory in Nogales, Mexico in order to further adapt and align its manufacturing capacity to the North American customer base
- On 6 March 2014 PKC celebrated the opening of the new factory and the start of production in Smederevo, Serbia

In the picture PKC's President & CEO Matti Hyytiäinen and the Serbian First Deputy Prime Minister Aleksandar Vucic are cutting the inaugural ribbon of the factory in Smederevo.

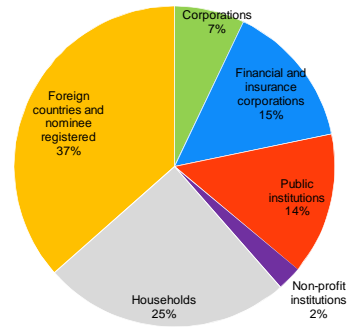
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Shareholders 31.12.2013

| Major shareholders | % |
|--|-------------|
| Ilmarinen Mutual Pension Insurance Company | 11.0 |
| AS Harju Elekter | 5.4 |
| Varma Mutual Pension Insurance Company | 2.4 |
| OP-Focus Non-UCITS Fund | 2.2 |
| Fondita Nordic Micro Cap | 2.1 |
| OP-Finland Small Firms Fund | 1.6 |
| ODIN Finland | 1.5 |
| Laakkonen Mikko | 1.4 |
| Mutual Fund Evli Finnish Equity | 1.3 |
| Takanen Jorma | 1.2 |
| OP-Delta Fund | 1.2 |
| Suomi Mutual Life Assurance Company | 1.1 |
| Savings Bank Finland Fund | 1.1 |
| Tukinvest Oy | 0.9 |
| Mutual Fund Evli Select | 0.8 |
| Total | 35.3 |

Shareholders categories 31.12.2013



8,413 owners

Financial Targets

PKC's Strategy Captures Growth Opportunities

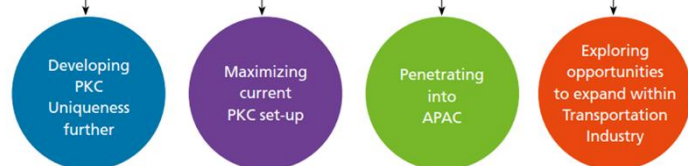
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VISION 2020

PKC is the Preferred Supplier in Electrical Distribution Systems for Transportation Industry globally.

STRATEGIC INITIATIVES

Managing the Complexity



Developing Electronics business as a stand alone within PKC Group

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Long-Term Financial Targets

PKC GROUP 

Annual Revenue EUR 1.4 Billion by 2018

EBITDA > 10%

Gearing < 75%

Dividends 30 – 60% of Free Cash Flow

Developing PKC Uniqueness further

Maximizing current PKC set-up

Penetrating into APAC

Exploring opportunities to expand within Transportation Industry

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PKC – Excellent Investment Opportunity

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- A growth-driven company with global market status
- PKC's unique technological expertise provides significant added value to our customers
- In 2013 the cash flow after capital expenditure was clearly positive, financial position remained stable and gearing decreased
- Strong financial position and excellent ability to pay dividends

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Thank You!

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MANAGING THE COMPLEXITY

PKC GROUP 

PKC Group Plc
Unioninkatu 20-22
FI-00130 Helsinki, Finland
www.pkcgroup.com

AUDITOR'S REPORT

To the Annual General Meeting of PKC Group Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of PKC Group Plc for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Other opinions

We recommend that the Members of the Board of Directors and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, February 13, 2014
KPMG Oy Ab

Virpi Halonen
Authorized Public Accountant

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

The Board of Directors' Proposal for the Disposal of Profits

The parent company's distributable funds are EUR 139.0 million, of which EUR 70.3 million is distributable as dividends, including the net profit for the financial year EUR 21.6 million. The Board of Directors will propose to the Annual General Meeting to be held on 3 April 2014 that a dividend of EUR 0.70 per share be paid for a total of EUR 16.7 million and that the remainder of the distributable funds be transferred to shareholders' equity. The number of shares may change due to share subscriptions registered before the record date. The record date for the dividend pay-out is 8 April 2014 and the payment date is 15 April 2014. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

Auditors and Board of Directors

Resolution on the remuneration of the members of the Board of Directors and the auditor

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that

- the annual remuneration payable to the members of the Board of Directors to be elected for a term of office ending at the end of the next Annual General Meeting shall be the following: Chairman of the Board EUR 60,000, Vice Chairman of the Board EUR 45,000 and other Board members EUR 30,000;
- the Chairmen of the Board Committees shall be paid an additional annual remuneration of EUR 10,000 and the other committee members EUR 5,000;
- the meeting fee for attending the Board and Committee meetings shall be the following: Chairmen EUR 1,200 per meeting and other members EUR 800 per meeting. The meeting fees will be doubled in case member physically participates in a meeting held in a country, where member is not resident. No meeting fee shall be paid for the decision minutes drafted without holding a meeting;
- in addition, the travel and accommodation expenses related to the board and committee meetings shall be paid.

The Board of Directors proposes, upon Audit Committee's proposal, that the remuneration and travel expenses for the auditor to be elected be paid according to the auditor's reasonable invoice.

Resolution on the number of members of the Board of Directors and the auditors

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that seven members shall be elected to the Board of Directors and, upon Audit Committee's proposal, that one authorised public accounting firm shall be elected as auditor.

Election of members of the Board of Directors

The Board of Directors proposes, upon Nomination and Remuneration Committee's proposal, that Wolfgang Diez, Shemaya Levy, Robert Remenar, Matti Ruotsala and Jyrki Tähtinen shall be re-elected as Board members and Reinhard Buhl and Mingming Liu shall be elected as new Board members.

The proposed new Board members are presented in more detail in the attachment.

Outi Lampela and Harri Suutari have informed that they shall not be available for re-election to the Board of Directors.

Election of auditor

The Board of Directors proposes, upon Audit Committee's proposal, that authorised public accounting firm KPMG Oy Ab, which has announced Virpi Halonen, APA, to be the Auditor with principal responsibility, shall be selected as auditor.

ATTACHMENT: PRESENTATION OF THE PROPOSED NEW BOARD MEMBERS (1/2)

Buhl, Reinhard (b. 1952)



- M.Sc. (Mechanical Engineering)
- Member of the Board of Management of ZF Friedrichshafen AG
- Previously ZF Group Car Chassis Technology Division Group Executive, ZF Lemförder GmbH (2004-2011), Responsible for Car Chassis Technology Executive Vice President, ZF Lemförder Fahrwerktechnik GmbH (2003-2004), General Manager and Head of Business Unit Commercial Vehicle Axle Systems of Off-Road Driveline Technology and Axle Systems Division, ZF Passau GmpH (2000-2003), Deputy Group Vice President and Member of the Management Team and Head of Development Steering / Chassis Components Passenger Cars, ZF Lemförder Fahrwerktechnik GmbH & Co. KG (1996-2000), before that several executive and managerial positions within Lemförder Metallwaren Jürgen Ulderup AG & Co.
- Member of the Board of Trustees at Foundation for Applied Sciences Osnabrück and member of the Board of Trustees at Dr. Jürgen and Irmgard Ulderup Foundation
- Independent of Company and of its significant shareholders

ATTACHMENT: PRESENTATION OF THE PROPOSED NEW BOARD MEMBERS (2/2)

Liu, Mingming (b. 1951)



- C-MBA
- President and CEO, Voith Paper Asia
- Previously President, Voith Paper Asia (2009-2010), President, Voith Paper China (2002-2009), Chief Representative, Voith Paper China (1998- 2002), General Manager, Sino German joint venture Yunnan Hongta Blue Eagle (1994-1998), Director, Sales and Marketing, Beijing Sitong Computer Software Company (1987-1989).
- Member of the Executive Board of Directors at Voith Industrial Service China
- Independent of Company and of its significant shareholders

THE BOARD OF DIRECTORS' PROPOSALS FOR THE ANNUAL GENERAL MEETING

Other Proposals

Authorisation to the Board of Directors to decide on share issue

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to decide on one or more share issue and granting of special rights defined in Chapter 10, Section 1 of the Companies Act and all the terms and conditions thereof. A maximum total of 4,750,000 shares may be issued or subscribed for on the basis of authorisation. The authorisation includes the right to decide on directed share issue. The authorisation is in force for five years from the date of the Annual General Meeting's decision. At Board of Directors' discretion the authorisation may be used e.g. in financing possible corporate acquisitions, inter-company co-operation or similar arrangement, or strengthening Company's financial or capital structure. The authorisation revokes the authorisation granted on 30 March 2011.