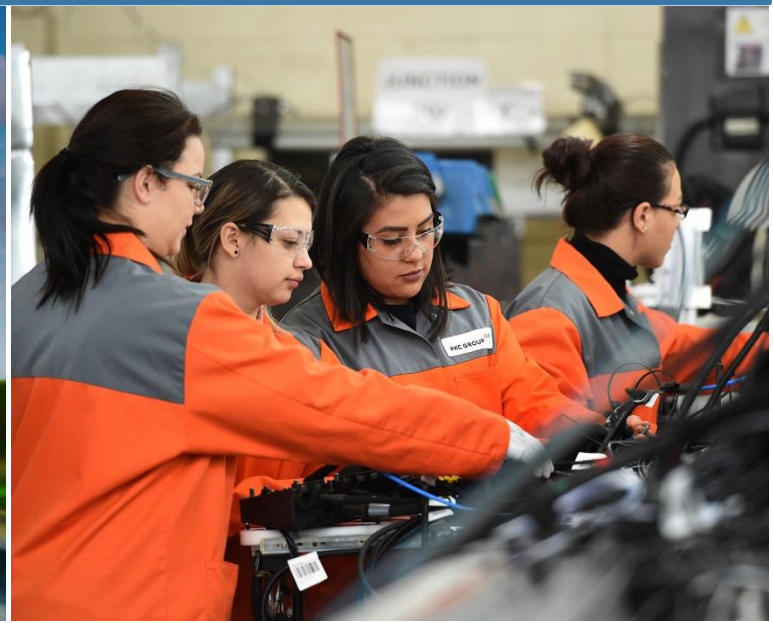


# Financial Statements Release January 2017 – March 2018



**PKC Group Financial Statement release January 2017 - March 2018**
**January 2017 - March 2018 highlights**

- PKC Group Ltd's financial period has been changed from calendar year to 1.4.-31.3. As a consequence of the financial period change, the financial period which started at 1.1.2017 continued until 31.3.2018. Financial period was 15 months while the comparison period was 12 months.
- Revenue from continuing operations totalled EUR 1,281.9 million (EUR 845.7 million).
- Comparable EBITDA from continuing totalled EUR 94.2 million (EUR 64.4 million) and 7.4% (7.6%) of revenue.
- Net cash from operating activities was EUR -2.2 million (EUR 35.5 million) from continuing operations
- MSSL Estonia WH OÜ has gained title to all shares in PKC Group Ltd and PKC Group Ltd's shares were de-listed on 6 October 2017. PKC Group Notes continue to be listed on Nasdaq Helsinki Ltd until their maturity in September 2018.
- The company no longer publishes outlook or guidance

**Dividend proposal**

- Dividend proposal is EUR 0.70 per share.

<b>Key figures<sup>1)</sup></b> (from continuing operations)	<b>1/17-3/18</b> <b>(15 mon.)</b>	<b>1-12/16</b> <b>(12 mon.)</b>
EUR 1,000 (unless otherwise noted)		
Revenue	1,281,946	845,672
EBITDA <sup>2)</sup>	94,224	64,357
% of revenue	7.4	7.6
Items affecting comparability	-13,035	-5,353
Operating profit	41,776	26,537
% of revenue	3.3	3.1
Earnings per share (EPS), EUR	1.04	0.43
<b>Revenue by geographical locations</b>		
Europe	442,792	301,571
North America	597,480	458,942
South America	75,626	36,591
APAC	166,049	48,568
Net cash from operating activities	-2,212	35,464
Working capital	140,542	89,880
Net debt	110,755	46,591
Gearing, %	66.7	30.2
Equity ratio, %	28.9	27.4
Average headcount	23,511	21,920

<sup>1)</sup> current period figures are for 15 months hence not comparable

<sup>2)</sup> before items affecting comparability

**Pankaj Mital, President & CEO**

“In January 2017 Motherson Sumi Systems Limited (MSSL) published a voluntary public tender offer for all PKC shares and option rights. By combining both companies the target is to create world leading wiring harness and component company to serve transportation industry. This is exciting development for our company and employees, offering us new opportunities in many areas. MSSL gained title to all shares in PKC Group Ltd and PKC Group Ltd’s shares were de-listed on 6 October 2017.

In the financial year, PKC improved its performance at many fronts. Revenue grew organically in all geographical areas and growth was accelerated by some inorganic measures. For example, a rolling stock electrical distribution system company Fortitude Industries Inc., in the state of New York (USA) was acquired in March 2017 and a second joint venture in China commenced its full-scale operations in the fall of 2017.

Operations continued to be improved and integrated into MSSL. Numerous improvement and synergy initiatives were implemented e.g. in the areas of material sourcing, manufacturing best practises and quality. These initiatives are to bring further benefits for the combined entity and to strengthen the combined entity’s position in the market place.

PKC’s market position continued to be strong in all product and geographical areas. During the financial period, customers honoured PKC with several quality awards. The strong position and recognitions by customers would not be possible without the commitment, professional skills and diligent work of PKC’s personnel. For this, I express my warmest gratitude to each and every employee at PKC.”

**Operating environment**

Majority of PKC Group’s key customers operate in the commercial vehicle industry which products are investment goods and as such their demand is highly correlated to the general economic development. Economic activity in North America underperformed somewhat in 2016 whereafter the economy has performed on a higher level. The modest growth of the European economy has continued to pick up and in Brazil and Russia, the economies have started to slowly recover from recession. Growth in China has continued at a level expected and the outlook has improved.

PKC’s product program life cycles are long, therefore PKC’s market share variations in the short term are mainly explained by changes in customers’ market share. During the reporting period, PKC’s regional market shares in truck production fluctuated somewhat from quarter to quarter mainly depending on the changes of PKC’s customers’ market shares.

PKC Group’s functional currency the euro appreciated against the US dollar during the reporting period and on average was also on a stronger level. Towards the end of the reporting period the Brazilian real has continued to depreciate in relation to the euro but on average was on a stronger level than in the comparison period. US dollar depreciated against Mexican peso, but in average it was slightly stronger than in the comparison period. The price of key raw material, copper, has increased significantly during the reporting period even though it was relatively stable during the last few months of the period. On average the customer sales prices are updated with a 3-5 month delay on the basis of copper price changes.

Vehicle production, units	1/17-3/18 (15 mon.)	1-12/17 (12 mon.)	1-12/16 (12 mon.)	Change % (12 mon.)
<b>North America</b>				
Heavy duty trucks	331,451	255,950	228,707	11.9%
Medium duty trucks	327,050	261,103	241,760	8.0%
Light vehicles (Pick-up & SUV)	13,161,048	10,390,200	9,990,075	4.0%
<b>Europe</b>				
Heavy duty trucks	506,141	407,410	390,113	4.4%
Medium duty trucks	93,917	75,490	74,538	1.3%
<b>Brazil</b>				
Heavy duty trucks	69,584	56,232	38,386	46.5%
Medium duty trucks	30,237	24,431	19,863	23.0%
<b>China</b>				
Heavy duty trucks	1,493,878	1,149,664	741,362	55.1%
Medium duty trucks	294,943	234,013	231,437	1.1%

Source: LMC Automotive March 2018

During the reporting period, European truck demand has continued to recover and production volumes increased. In North America, the demand for heavy duty trucks decreased significantly in 2016 but has recovered clearly during the reporting period. In Brazil, the economic situation has improved somewhat and production volumes have increased substantially including the impact of clearly higher export volumes. In China, economic situation has improved and truck production has grown partly also due to market adjusting itself into new emission standards. The demand for the rolling stock has continued to grow steadily.

### Revenue and profitability from continuing operations

Revenue in financial period amounted to EUR 1,281.9 million (EUR 845.7 million) equaling to a growth of 52% compared to a 25% longer financial period (15 months vs 12 months). The revenue grew in all geographical areas and the strongest relative growth took place in APAC where the second joint venture commenced full scale operations during fall of 2017. Revenue grew also organically in all geographical areas.

The financial period comparable EBITDA before items affecting comparability was EUR 94.2 million (EUR 64.4 million 12 months for previous year numbers) and 7.4% (7.6%) of revenue. During the financial period items affecting the comparability amounted to EUR -13.0 million (EUR -5.4 million). Items affecting comparability

in the financial period consist mainly of expenses related to MSSL Estonia WH OÜ's public tender offer on PKC's shares and options.

The comparable EBITDA grew mainly by increased revenue. The financial period operating profit before items affecting comparability and PPA depreciation and amortisation related to acquisitions totalled EUR 66.5 million (EUR 42.5 million), accounting for 5.2% of revenue (5.0%). The financial period Group depreciation, amortisation and impairment losses amounted to EUR 39.4 million (EUR 32.6 million) equaling to 3.1% of revenue (3.9%). Excluding PPA related depreciation and amortisation, and impairment losses it amounted to EUR 27.7 million (EUR 21.9 million).

During the financial period the Group's operating profit totalled EUR 41.8 million (EUR 26.5 million), accounting for 3.3% of revenue (3.1%).

### Financial items and net profit from continuing operations

Financial items were EUR -8.4 million (EUR -6.0 million) during the financial period. Financial items include foreign exchange differences totalling EUR -2.0 million (EUR -1.5 million) during the financial period.

Profit before taxes during the financial period was EUR 33.4 million (EUR 20.6 million). Income tax in the financial period amounted to EUR 2.5 million (EUR 8.4 million). Net



profit for the financial period totalled EUR 30.9 million (EUR 12.2 million). The financial period earnings per share were EUR 1.04 (EUR 0.43).

### Cash flow, financial position and financing from continuing operations

During the financial period net cash from operating activities was EUR -2.2 million (EUR 35.0 million) and cash flow after investments was EUR -55.4 million (EUR 17.0 million). During the financial period, net cash from operating activities was negatively impacted by the increase of working capital due to higher revenue and seasonality, and by expenses related to MSSL Estonia WH OÜ's public tender offer on PKC's shares and options.

Working capital (inventories, trade receivables and trade payables) increased from the end of previous financial period by EUR 50.7 million amounting to EUR 140.5 million at the end March. Total net working capital (including all current non-interest-bearing items) at the end of financial period was EUR 114.7 million (EUR 40.8 million at the end of previous financial period). Total net working capital increased EUR 73.9 million during the financial period, while in the comparison financial period the decrease was EUR 14.3 million.

During the financial period, the Group's gross capital expenditure totalled EUR 67.4 million (EUR 24.4 million), representing 5.3% of revenue (2.9%). Gross capital expenditure is geographically divided as follows: Europe 42.2% (39.5%), APAC 30.2% (6.8%), North America 24.0% (46.9%) and South America 3.6% (4.2%). The capital expenditure consisted of regular maintenance investments into production machinery and equipment during the report period. In addition, it included the impact of the acquisition of Fortitude Industries Inc. in the USA, execution of a call option liability (related to the acquisition of Groclin's Wiring & Controls business, including Kabel-Technik-Polska Sp. z o. o ("KTP") in Poland) and the impact of establishing joint ventures in China.

At the end of financial period cash and cash equivalents amounted to EUR 74.3 million (EUR 130.1 million) and interest-bearing liabilities totalled EUR 185.1 million (EUR 176.6 million). Interest-bearing liabilities consisted of non-current interest-bearing debt of EUR 0.1 million and current interest-bearing debt of EUR 185.0 million. Current interest-bearing liabilities consist mainly of outstanding commercial papers, bank loans and notes (bond) which are maturing in September, 2018. PKC

Group has a Finnish commercial paper program whereby PKC Group regularly issues short-term notes. PKC Group selectively utilizes also non-recourse factoring arrangements with some customers. At the end of financial period, the outstanding amount of such arrangements was EUR 44.8 million (EUR 27.4 million).

The effective average interest rate of the interest-bearing debt was at the close of the financial period 2.5% (2.8%). Minority of the noteholders representing less than 3% of the nominal amount of PKC Group Ltd Notes due 2018 used the right to redeem their notes due to change of control event published in March 2017. The Group's equity ratio was 28.9% (27.4%). Net interest-bearing liabilities totalled EUR 110.8 million (EUR 46.6 million) and gearing was 66.7% (30.2%).

### Discontinued operations

PKC Group announced on 27 January 2017 that it divests 100% of PKC Electronics Oy shares to Enics, one of the biggest Electronics Manufacturing Service (EMS) providers in the world focusing on industrial electronic. The requirements of closing have been fulfilled and the closing became effective and ownership and control transferred on 28 February 2017. As a consequence of the sale transaction, a loss of EUR 2.3 million has been recognised in profit for the reporting period from the discontinued operations.

Electronics business had been classified as a non-current asset held for sale and reported as discontinued operations as of 31 March 2016. After this change PKC Group has only one primary reporting operating segment which also includes Group functions and other items.

### Research & development in continuing operations

Research and development costs during the financial period totalled EUR 7.4 million (EUR 6.0 million), representing 0.6% (0.7%) of the consolidated revenue. At the end of financial year 73 (84) people worked in product development, excluding production development and process development personnel.

### Personnel, quality and the environment in continuing operations

The Group had an average payroll of 23,511 employees (21,920) including temporary employees during the financial period. At the end of the financial period, the

Group's personnel including temporary employees totalled 25,510 employees (20,426), of whom 25,462 (20,372) worked abroad and 48 (54) in Finland. Geographically personnel was divided at the end of the financial period as follows: North America 46.6% (48.8%), Europe 37.7% (41.4%), South America 5.7% (5.3%) and Asia 10.6% (4.5%).

More information about personnel, quality and the environment can be found from the Corporate Responsibility report to be published by MSSL at a later date.

### Governance structure

The Annual General Meeting held on 5 April 2017, re-elected Robert Remenar and Matti Ruotsala and elected Vivek Chaand Sehgal, Andreas Heuser, Pankaj Mital and Gaya Nand Gauba as new members. In the Board's organisation meeting, Matti Ruotsala was elected as Chairman of the Board and Pankaj Mital as Vice-Chairman.

Matti Ruotsala was elected as the chairman of the Audit Committee and Pankaj Mital and Gaya Nand Gauba as members. The Board elected Andreas Heuser as chairman of the Remuneration Committee and Robert Remenar and Pankaj Mital as members.

The Annual General Meeting resolved, selected Authorised Public Accountants Ernst & Young Oy as audit

firm, which has announced Jari Karppinen, Authorized Public Accountant, to be the Auditor with principal responsibility.

At the end of the March the Group's Executive Board consists of the following persons: Pankaj Mital, Chairman (President & CEO), Julie Bellamy (Group Senior Vice President, Human Resources), Andre Gerstner (President, Rolling Stock Business), Jyrki Keronen (President, Wiring Systems, APAC), Jani Kiljala (President, Wiring Systems, Europe and South America), Frank Sovis (President, Wiring Systems, North America), Juha Torniaainen (CFO), Deepak Tyagi (Chief Technical Officer) and Vesa Vähämöttönen (Group Senior Vice President, Business Development).

### MSSL Estonia WH OÜ's public tender offer

Following the completion of the voluntary public tender offer for all outstanding shares and stock options in PKC, MSSL Estonia WH OÜ, a wholly-owned indirect subsidiary of Motherson Sumi Systems Limited has on 6 October 2017 posted a security in connection with the redemption of the minority shares in PKC and thus acquired title to all the minority shares in PKC in accordance with chapter 18, section 6 of the Finnish Companies Act after which MSSL Estonia WH OÜ owns 100 per cent of the shares of PKC. PKC's shares have been delisted and shares were listed for the last day on 6 October 2017.

### Share turnover and shareholders

Trading of shares on Nasdaq Helsinki	1-9/17	1-12/16
Turnover in shares	33,230,281	9,940,968
Share turnover, EUR million	775.3	158.2
Turnover in shares per average number of shares, %	137.7	41.4

Shares and market value on Nasdaq Helsinki	9/17	12/16
Number of shares	24,125,387	24,125,387
Lowest share price during the reporting period, EUR	15.51	12.90
Highest share price during the reporting period, EUR	24.42	18.80
Share price at close of the reporting period, EUR	-	15.81
Average share price of the reporting period, EUR	23.02	15.91
Market capitalisation, EUR million	578.0	381.4

The shares held by Executive Board members, Board members, their closely associated persons and

corporations in which they have a controlling interest accounted for 0.0% (0.3%) of the total number of shares

at the end of the financial period. PKC Group Ltd had a total of 1 shareholders (8,988) at the end of financial period. The shares held by foreigners and through nominee registrations at the close of the financial period totalled 100.0% of the share capital (32.3%). At the end of financial period PKC Group Ltd does not have any own shares (treasury shares) in its possession.

### Flaggings

On 13 January 2017 the share of votes and share capital in PKC Group Plc owned by Lannebo Fonder AB (Orgnr 556584-7042) fell below the limit of 5%. Following the transaction Lannebo Fonder AB owned 1,171,928 PKC Group Plc shares and votes, i.e. 4.86% of the share capital and votes.

On 27 March 2017 the share of votes and share capital in PKC Group Plc owned by Ilmarinen Mutual Pension Insurance Company fell below the limit of 5%. Following the transaction Ilmarinen Mutual Pension Insurance Company owned 0 PKC Group Plc shares and votes, i.e. 0.00% of the share capital and votes.

On 27 March 2017 the share of votes and share capital in PKC Group Plc owned by MSSL Estonia WH OÜ exceeded the limit of 90%. Following the transaction MSSL Estonia WH OÜ owned 23,065,057 PKC Group Plc shares and votes, i.e. 95.6% of the share capital and votes.

On 29 March 2017 the share of votes and share capital in PKC Group Plc held directly by Nordea Funds Oy (1737785-9) through its controlled funds fell below the limit of 5%. Following the transaction Nordea Funds Oy owned 0 PKC Group Plc shares and votes, i.e. 0.00% of the share capital and votes.

### Number of shares

The Company's registered share capital is divided into 24,125,387 shares i.e. no change compared to the end of year 2016.

### The Board's authorisations

The Board of Directors was granted authorisation by the Annual General Meeting on 3 April 2014 to decide on one or more share issues 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 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 revoked the authorisation granted on 30 March 2011.

### Key strategic highlights 2017-2018

PKC Group announced on 27 January 2017 that it divests 100% of PKC Electronics Oy shares to Enics, one of the biggest Electronics Manufacturing Service (EMS) provider in the world focusing on industrial electronic. The requirements of closing have been fulfilled and the closing became effective and ownership and control transferred on 28 February 2017.

PKC Group announced on 9 February 2017 that it was negotiating on establishing a company into China with a Chinese wiring harness manufacturer. It was estimated that the company would generate annual sales of about EUR 40 million and that the negotiations would be completed during the financial year. The 60/40 company was accomplished through a new company named Hubei Zhenggao PKC Automotive Wiring Company Ltd that was established by Hubei Zhenggao Automotive Accessories Co., Ltd. and PKC in city of Shiyan in Hubei province in China with an equity value of RMB 150 million (about EUR 20 million at current exchange rate). PKC will contribute RMB 60 million (about EUR 8 million at current exchange rate) via equity to be financed from PKC's cash resources. The company has commenced operations during the financial year.

PKC Group signed and closed a contract to buy the rolling stock electrical distribution system company Fortitude Industries Inc., in the state of New York (USA), which was announced on 31 March 2017.

On 1 October 2017 PKC Group acquired from the former Huber+Suhner rolling stock electrical distribution system operations in Tczew (Poland). According to the agreement PKC Group acquired assets together with the transfer of agreements and related liabilities. PKC Group has recognised this transaction as assets acquisition (as at the closing date it was amounted to about EUR 2 million).

### Short-term risks and uncertainties

The demand for PKC's products is dependent especially on the volatility of the global commercial vehicle industry as well as the development of PKC's customers' businesses. Rolling stock programs are typically publicly funded and therefore subject to risks in execution schedules.

Uncertainty related to emerging markets' political or economic development especially in China, Brazil and Russia has stabilized or reduced but is higher than the long-term average.

Consolidation of the customer base and changes in customers' relative market shares and sourcing strategies may affect demand of PKC's products.

Weakening of the US dollar against the Mexican peso as well as the weakening of the euro against the Polish zloty and the Russian rouble may increase PKC's processing costs. Strengthening of the euro against the Brazilian real may increase PKC's material costs in the short term. A significant increase in copper price may weaken PKC Group's profit in short term. The customer prices are updated on average with a 3-5 month delay on the basis of copper price changes.

The price of copper increased significantly during the reporting period even though it was relatively stable towards the end of the period.

### The Board of Directors' proposal for the disposals of profits

The parent company's distributable funds are EUR 121.6 million, of which EUR 49.9 million is distributable as dividends, including the net profit (loss) for the financial year EUR -9.5 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.70 per share be paid for a total of EUR 16.9 million and that the remainder of the distributable funds be transferred to shareholders' equity. The dividend payment will be settled at the Annual General Meeting held after the end of the financial year. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

### Financial and Corporate Governance Statement

PKC Group Ltd will publish its Financial Statements and Corporate Governance Statement 2017-2018 latest end of June 2018. Statements will be published on the PKC Group website.

The text section of this release focuses on the financial statement. Comparisons have been made to the figures of the financial period 2016, unless otherwise mentioned. The figures presented in the tables are independently rounded figures.



## Tables

This financial statement release has been prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The financial statement release has been prepared in accordance with the same principles as the annual financial statements for 2016. The year 2017 IFRS standard changes have no significant effect on the financial statement release. The financial statement release is audited.

### New IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018)

The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognize revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. The impacts of IFRS 15 on PKC's consolidated financial statements have been assessed so far as follows:

- Essential concepts in IFRS 15 have been analysed per revenue stream. PKC's revenue streams consist of contracts with customers in its wiring systems business. Current revenue recognition in PKC is based on transfer of risks and rewards to customer. PKC has frame agreements with its major customers, while separate purchase orders are covered by the frame agreements and as a rule they form a separate performance obligation. Revenue for performance obligations is recognised also in the future at a point in time. Part of the agreements include variable considerations, but based on current analysis timing of their revenue recognition is not expected to change significantly. Warranties given by PKC are more statutory in nature thus accounting for such warranties corresponds with current practice.
- PKC has continued the analysis in more detailed level. The IFRS 15 project and the impact evaluation will continue on certain individual customer contract details. Based on current analysis, timing of revenue recognition is not expected to have significant changes. Furthermore, the standard will increase disclosure information related to revenue recognition. PKC will implement the standard during the year 2018.

<b>Consolidated statement of comprehensive income (EUR 1,000)</b>	<b>1/17-3/18 15 mon.</b>	<b>1-12/16 12 mon.</b>
<b>Revenue</b>	<b>1,281,946</b>	<b>845,672</b>
Production for own use	111	32
Other operating income	1,245	6,106
Increase (+) / decrease (-) in stocks of finished goods and work in progress	6,762	4,057
Materials and services	-805,768	-507,368
Employee benefit expenses	-300,292	-211,766
Depreciation, amortisation and impairment	-39,383	-32,568
Other operating expenses	-102,846	-77,628
<b>Operating profit (loss)</b>	<b>41,776</b>	<b>26,537</b>
Interest and other financial income and expenses	-6,402	-4,420
Foreign currency exchange differences	-1,994	-1,530
<b>Profit (loss) before taxes</b>	<b>33,379</b>	<b>20,588</b>
Income taxes	-2,476	-8,352
<b>Net profit (loss) for the report period from continuing operations</b>	<b>30,903</b>	<b>12,235</b>
<b>Net profit (loss) for the period from discontinued operations</b>	<b>-2,595</b>	<b>-7,356</b>
<b>Net profit (loss) for the period</b>	<b>28,308</b>	<b>4,880</b>
	<b>1/17-3/18 15 mon.</b>	<b>1-12/16 12 mon.</b>

**Other comprehensive income**

Items that may be reclassified subsequently to profit or loss

Foreign currency translation differences - foreign operations	-25,281	2,699
Foreign currency translation differences from discontinued operations	0	-59
Cash flow hedges	3,471	1,210
Taxes related to cash flow hedges	-1,093	-438
Items that will not be reclassified to profit or loss		
Actuarial gains and losses on defined benefit plans	120	0
<b>Total comprehensive income for the period</b>	<b>5,526</b>	<b>8,292</b>

**Net profit (loss) attributable to**

Shareholders of the parent company	22,560	3,075
Non-controlling interests	5,748	1,805

**Total comprehensive income attributable to**

Shareholders of the parent company	148	6,857
Non-controlling interests	5,378	1,435

**Total comprehensive income attributable to shareholders of the parent company divides as follows**

Continuing operations	2,743	14,271
Discontinued operations	-2,595	-7,414

**Attributable to equity holders of the parent company**

**Including discontinued operations**

Basic earnings per share (EPS), EUR	0.94	0.13
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**From continuing operations**

Basic earnings per share (EPS), EUR	1.04	0.43
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Consolidated statement of financial position (EUR 1,000)	3/18	12/16
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	40,263	35,837
Intangible assets	46,719	57,770
Property, plant and equipment	67,533	61,105
Available-for-sale financial assets	713	713
Investment in associated companies	8,076	0
Other receivables	8,341	5,439
Deferred tax assets	19,772	20,839
<b>Total non-current assets</b>	<b>191,418</b>	<b>181,703</b>
<b>Current assets</b>		
Inventories	116,974	99,039
Trade receivables	168,308	115,377
Other receivables	23,274	17,123
Current tax assets	210	245
Cash and cash equivalents	74,333	130,052
<b>Total current assets</b>	<b>383,099</b>	<b>361,837</b>
<b>Assets classified as held for sale</b>		<b>20,156</b>
<b>Total assets</b>	<b>574,516</b>	<b>563,695</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Total equity attributable to the equity holders of the parent company	140,044	137,656
Non-controlling interests	25,921	16,742
<b>Total equity</b>	<b>165,966</b>	<b>154,399</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing financial liabilities	106	141,326
Provisions	233	973
Other liabilities	7,353	5,805
Deferred tax liabilities	21,794	24,752
<b>Total non-current liabilities</b>	<b>29,487</b>	<b>172,857</b>
<b>Current liabilities</b>		
Interest-bearing financial liabilities	184,982	35,316
Trade payables	144,739	124,537
Other non-interest-bearing liabilities	44,471	65,629
Current tax liabilities	4,871	822
<b>Total current liabilities</b>	<b>379,064</b>	<b>226,304</b>
<b>Liabilities classified as held for sale</b>		<b>10,136</b>
<b>Total liabilities</b>	<b>408,551</b>	<b>409,297</b>
<b>Total equity and liabilities</b>	<b>574,516</b>	<b>563,695</b>

<b>Consolidated statement of cash flows (EUR 1,000)</b>	<b>1/17-3/18</b>	<b>1-12/16</b>
	<b>15 mon.</b>	<b>12 mon.</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,208,114	827,461
Cash receipts from other operating income	455	4,140
Cash paid to suppliers and employees	-1,184,940	-783,400
<b>Cash flows from operations before financial income and expenses and taxes</b>	<b>23,629</b>	<b>48,200</b>
Interest paid and other financial expenses	-5,765	-7,939
Effects of exchange rate changes	-3,622	-1,710
Interest received	649	6,931
Income taxes paid	-17,103	-10,017
<b>Net cash from operating activities (A) from continuing operations</b>	<b>-2,212</b>	<b>35,464</b>
Net cash from operating activities (A) from discontinued operations		-280
<b>Net cash from operating activities (A)</b>	<b>-2,212</b>	<b>35,183</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	-35,750	-25,713
Proceeds from sale of property, plant and equipment and intangible assets	1,786	7,038
Acquisitions of subsidiary shares, net of cash acquired	-24,345	0
Acquisition of associated company	-7,329	0
Disposals of subsidiary shares	12,240	0
Dividends received from investments	243	241
<b>Net cash used in investment activities (B)</b>	<b>-53,155</b>	<b>-18,434</b>
<b>Cash flows after investments</b>	<b>-55,367</b>	<b>17,030</b>
<b>Cash flows from financing activities</b>		
Share issue and subscriptions of options	0	455
Proceeds from current borrowings	229,329	135,000
Proceeds from non-current borrowings	0	128
Repayment of current/non-current borrowings	-220,110	-125,506
Change of treasury shares	2,747	0
Dividends paid	-1,337	-17,206
<b>Net cash used in financing activities (C)</b>	<b>10,630</b>	<b>-7,128</b>
<b>Net increase (+) or decrease (-) in cash and equivalents (A+B+C)</b>	<b>-44,736</b>	<b>9,902</b>
Cash and cash equivalents in the beginning of the period	130,052	118,287
Effect of exchange rate changes	-10,982	1,863
Cash and cash equivalents in the end of the period	74,333	130,052



<b>Key financial indicators from continuing operations</b>	<b>1/17-3/18</b>	<b>1-12/16</b>
	<b>15 mon.</b>	<b>12 mon.</b>
Revenue, EUR 1,000	1,281,946	845,672
Comparable EBITDA*, EUR 1,000	94,224	64,357
% of revenue	7.4	7.6
Comparable EBITA*, EUR 1,000	66,498	42,504
% of revenue	5.2	5.0
Comparable operating profit*, EUR 1,000	54,811	31,890
% of revenue	4.3	3.8
Operating profit (loss), EUR 1,000	41,776	26,537
% of revenue	3.3	3.1
Profit (loss) before taxes, EUR 1,000	33,379	20,588
% of revenue	2.6	2.4
Net profit (loss) for the period, EUR 1,000	30,903	12,235
% of revenue	2.4	1.4
Annualized return on equity (ROE), %	15.4	7.9
Annualized return on investments (ROI), %	12.9	10.7
Annualized return on capital employed (ROCE), %	12.9	9.7
Net working capital, EUR 1,000	114,684	40,797
Working capital, EUR 1,000	140,542	89,880
Net liabilities, EUR 1,000	110,755	46,591
Gearing, %	66.7	30.2
Equity ratio, %	28.9	27.4
Current ratio	1.0	1.6
Net cash from operating activities	-2,212	35,464
Gross capital expenditure, EUR 1,000	67,417	24,484
% of revenue	5.3	2.9
R&D expenditures, EUR 1,000	7,392	5,985
% of revenue	0.6	0.7
Personnel (temporary included) average	23,511	21,920

\* see note 6

<b>Per-share key indicators</b>	<b>1/17-3/18</b>	<b>1-12/16</b>
	<b>15 mon.</b>	<b>12 mon.</b>
Earnings per share (EPS) including discontinued operations, EUR	0.94	0.13
Earnings per share (EPS) from continuing operations, EUR	1.04	0.43
Equity per share, EUR	5.80	5.71
Cash flow per share, EUR	-0.09	1.48
Dividend per share, EUR *)	0.70	0.00
Dividend per earnings, % *)	74.86	0,00
Dividend per earnings, % *) from continuing operations	67.13	0,00
Price/earnings ratio (P/E)		123.36
Price/earnings ratio (P/E) from continuing operations		36.37
Share price at close of period, EUR		15.81
Lowest share price, EUR		12.90
Highest share price, EUR		18.80
Average share price, EUR		15.91
Turnover in shares, 1,000 shares	33,230	9,941
Turnover in shares per (share issue adjusted) share capital, %	137.7	41.4
Average number of shares, 1,000 shares	24,125	23,992
Average number of shares, diluted, 1,000 shares		23,911
Shares at end of period, 1,000 shares	24,125	24,125
Market capitalisation, EUR 1,000		381,422

\*) The figures of 2017-18 are based on the Board of Director's proposal

	<b>1/17-3/18</b>	<b>1-12/16</b>
<b>1. Revenue from continuing operations geographical locations (EUR 1,000)</b>	<b>15 mon.</b>	<b>12 mon.</b>
Europe	442,792	301,571
North America	597,480	458,942
South America	75,626	36,591
APAC	166,049	48,568
<b>Total</b>	<b>1,281,946</b>	<b>845,672</b>

**2. Consolidated statement of changes in equity (EUR million)**

A = Share capital  
 B = Treasury shares  
 C = Share premium account  
 D = Invested non-restricted equity fund  
 E = Other reserves  
 F = Translation difference  
 G = Retained earnings  
 H = Equity attributable to shareholders of the parent company  
 I = Non-controlling interests  
 J = Total equity

	A	B	C	D	E	F	G	H	I	J
<b>Equity at 1.1.2016</b>	<b>6.2</b>	<b>-2.3</b>	<b>11.3</b>	<b>82.9</b>	<b>-2.8</b>	<b>-2.9</b>	<b>54.1</b>	<b>146.6</b>	<b>10.7</b>	<b>157.3</b>
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	-17.2	-17.2	0.0	-17.2
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.3	0.0	1.3
Exercise of options	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Comprehensive income for the period	0.0	0.0	0.0	0.0	0.8	2.6	3.1	6.5	1.8	8.3
Other changes	0.0	0.3	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
<b>Change in ownership interest</b>										
Establishment of subsidiary with non-controlling interest									4.2	4.2
<b>Equity at 31.12.2016</b>	<b>6.2</b>	<b>-2.0</b>	<b>11.3</b>	<b>83.4</b>	<b>-2.0</b>	<b>-0.3</b>	<b>41.0</b>	<b>137.7</b>	<b>16.7</b>	<b>154.3</b>
<b>Equity at 1.1.2017</b>	<b>6.2</b>	<b>-2.0</b>	<b>11.3</b>	<b>83.4</b>	<b>-2.0</b>	<b>-0.3</b>	<b>41.0</b>	<b>137.7</b>	<b>16.7</b>	<b>154.4</b>
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.3	-1.3
Change of treasury shares	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0
Comprehensive income for the period	0.0	0.0	0.0	0.4	2.4	-25.1	22.7	0.4	5.5	5.9
<b>Change in ownership interest</b>										
Establishment of subsidiary with non-controlling interest									5.0	5.0
<b>Equity 31.3.2018</b>	<b>6.2</b>	<b>0.0</b>	<b>11.3</b>	<b>83.8</b>	<b>0.4</b>	<b>-25.4</b>	<b>63.7</b>	<b>140.0</b>	<b>25.9</b>	<b>166.0</b>

<b>3. Intangible assets and property, plant and equipment (EUR 1,000)</b>	<b>3/18</b>	<b>12/16</b>
<b>Intangible assets and goodwill</b>		
<b>Carrying amount 1.1.2017/1.1.2016</b>	<b>93,607</b>	<b>103,726</b>
Currency translation differences	-3,189	-170
Additions	2,442	3,944
Acquisitions	9,696	0
Amortisation and impairment	-13,718	-12,014
Disposals and reclassifications	-1,857	-1,724
Discontinued operations		-155
<b>Carrying amount 31.3.2018/31.12.2016</b>	<b>86,981</b>	<b>93,607</b>
<b>Property, plant and equipment</b>		
<b>Carrying amount 1.1.2017/1.1.2016</b>	<b>61,105</b>	<b>73,046</b>
Currency translation differences	-5,075	673
Additions	35,116	20,593
Acquisitions	294	0
Amortisation and impairment	-18,221	-14,374
Disposals and reclassifications	-5,687	-13,531
Discontinued operations		-5,300
<b>Carrying amount 31.3.2018/31.12.2016</b>	<b>67,532</b>	<b>61,105</b>

#### 4. Fair values of financial instruments (EUR 1,000)

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 March 2018

<b>As of March 31, 2018</b>	<b>Carrying amounts of balance sheet items</b>	<b>Fair values of balance sheet items</b>
Other non-current financial assets	713	713
<b>Total non-current financial assets</b>	<b>713</b>	<b>713</b>
Currency derivatives	2,128	2,128
<b>Total current financial assets</b>	<b>2,128</b>	<b>2,128</b>
<b>Total financial assets</b>	<b>2,841</b>	<b>2,841</b>
Non-current interest-bearing liabilities	106	106
<b>Total non-current financial liabilities</b>	<b>106</b>	<b>106</b>
Current interest-bearing liabilities	184,983	188,330
Copper derivatives	150	150
<b>Total current financial liabilities</b>	<b>185,133</b>	<b>188,480</b>
<b>Total financial liabilities</b>	<b>185,238</b>	<b>188,586</b>

The valuation of derivatives is based on market data (level 2 IFRS 7:27A). The valuation of available-for-sale shares (Other non-current financial assets, EUR 713 thousand) is based on the acquisition cost (level 3, IFRS 7:27A) as the fair value of the shares cannot be determined reliably.



<b>5. Contingent liabilities at the end of period (EUR 1,000)</b>	<b>3/18</b>	<b>12/16</b>
<b>Leasing liabilities</b>	<b>28,456</b>	<b>40,466</b>
<b>Liabilities for derivative instruments</b>		
<b>Nominal values</b>		
Currency derivatives	52,535	63,197
Copper derivatives	2,862	2,295
<b>Total</b>	<b>55,397</b>	<b>65,492</b>
<b>Fair values</b>		
Currency derivatives	2,128	-3,935
Copper derivatives	-150	318
<b>Total</b>	<b>1,978</b>	<b>-3,618</b>

Derivatives are used to hedge risks from changes in interest rates, currencies and copper prices. PKC Group does not apply hedge accounting to copper derivative instruments in accordance with IAS 39. Fair values of copper derivatives are recognised through profit and loss. PKC Group applies hedge accounting to currency derivatives.

<b>6. Measures of profit and items affecting comparability from continuing operations (EUR 1,000)</b>	<b>1/17-3/18 15 mon.</b>	<b>1-12/16 12 mon.</b>
<b>Comparable EBITDA</b>	<b>94,224</b>	<b>64,357</b>
Depreciation, amortisation and impairments*)	-27,726	-21,853
<b>Comparable EBITA</b>	<b>66,498</b>	<b>42,504</b>
PPA depreciation and amortisation	-11,687	-10,615
<b>Comparable operating profit</b>	<b>54,811</b>	<b>31,890</b>
<b>Items affecting comparability:</b>		
Employee benefit expenses	-9,804	-5,577
Impairment of PPE and intangible assets	30	-100
Other items affecting comparability	-3,262	325
<b>Total items affecting comparability</b>	<b>-13,035</b>	<b>-5,353</b>
<b>Operating profit</b>	<b>41,776</b>	<b>26,537</b>

\*) excluding PPA depreciation and amortisation and impairment of PPE and intangible assets affecting comparability

## Business Combinations

On April 1, 2017 PKC Group acquired Fortitude Industries, Inc. (dba Advanced Transit Manufacturing, or ATM) in the United States. The consideration of the transaction is EUR 11.2 million. ATM develops and manufactures electrical distribution systems for rolling stock manufacturers.

The acquisition has been consolidated into PKC Group as of April 1, 2017.

The following table summarizes the amounts for the consideration paid for ATM, the cash flow from the acquisition and the amounts of the assets acquired and liabilities recognized at the acquisition date:

<b>Consideration</b>	<b>EUR million</b>
Consideration transferred	8.9
Contingent consideration	2.3
<b>Total consideration transferred</b>	<b>11.2</b>
<hr/>	
<b>Cash flow from the acquisition</b>	<b>EUR million</b>
Consideration paid in cash	8.9
<b>Total cash flow from the acquisition</b>	<b>8.9</b>
<hr/>	
<b>Values of the assets and liabilities arising from the acquisition</b>	<b>EUR million</b>
Intangible assets	4.8
Property, plant and equipment	0.4
Inventories	1.9
Trade and other receivables	1.4
<b>Total assets</b>	<b>8.5</b>
Trade payables and other liabilities	1.5
Deferred taxes	2.0
<b>Total liabilities</b>	<b>3.5</b>
<b>Total net assets</b>	<b>5.0</b>
<b>Goodwill</b>	<b>6.2</b>

The goodwill reflects the value of know-how and expertise in rolling stock business.

### Calculation of indicators

Calculation of indicators are presented in the financial statements, which can be found from company's webpage [www.pkcgroup.com/financial-information/reports-and-presentations.html](http://www.pkcgroup.com/financial-information/reports-and-presentations.html).

All the future estimates and forecasts presented in this stock exchange release are based on the best current knowledge of the company's management and information published by market research companies and customers. The estimates and forecasts contain certain elements of risk and uncertainty which, if they materialise, may lead to results that differ from present estimates. The main factors of uncertainty are related, among other things, to the general economic situation, the trend in the operating environment and the sector as well as the success of the Group's strategy.

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PKC Group is a global partner, designing, manufacturing and integrating electrical distribution systems, electronics and related architecture components for the commercial vehicle industry, rolling stock manufacturers and other selected segments. The Group has production facilities in Brazil, China, Germany, Lithuania, Mexico, Poland, Russia, Serbia and the USA. The Group's revenue from continuing operations in 2017-2018 totalled EUR 1,282 million.