



PKC GROUP 

Investor Presentation Q1 2015

Profitability improved significantly,
strategy execution proceeding

May 6, 2015

Matti Hyytiäinen, President & CEO

Q1 2015 Highlights

Business Environment

- Record freight demand and expansion of fleet capacity continue to drive class 8 truck demand in North America
- More optimism in Europe emerging while Brazilian market deteriorating further

PKC's Operations

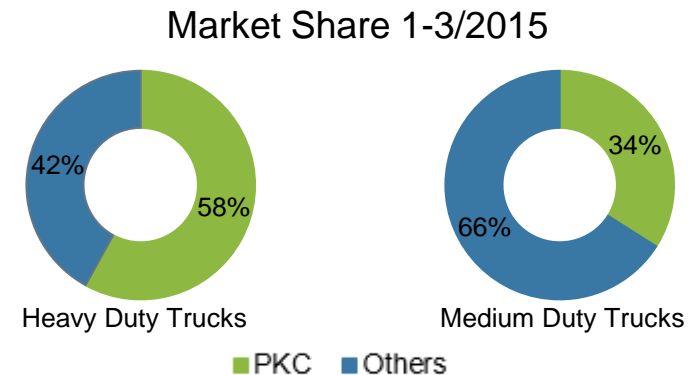
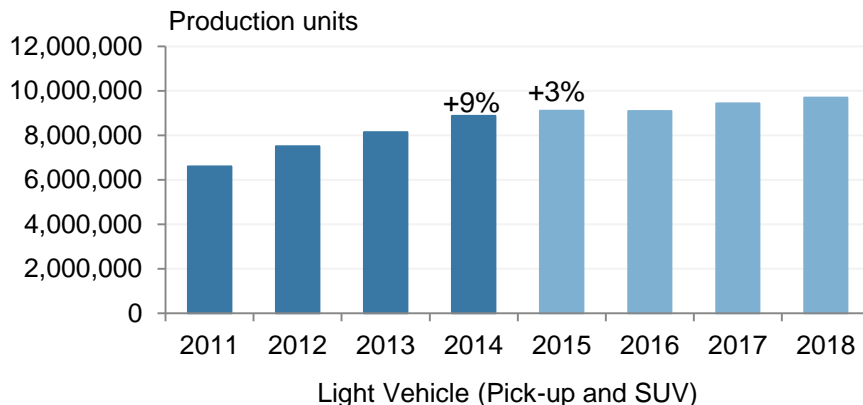
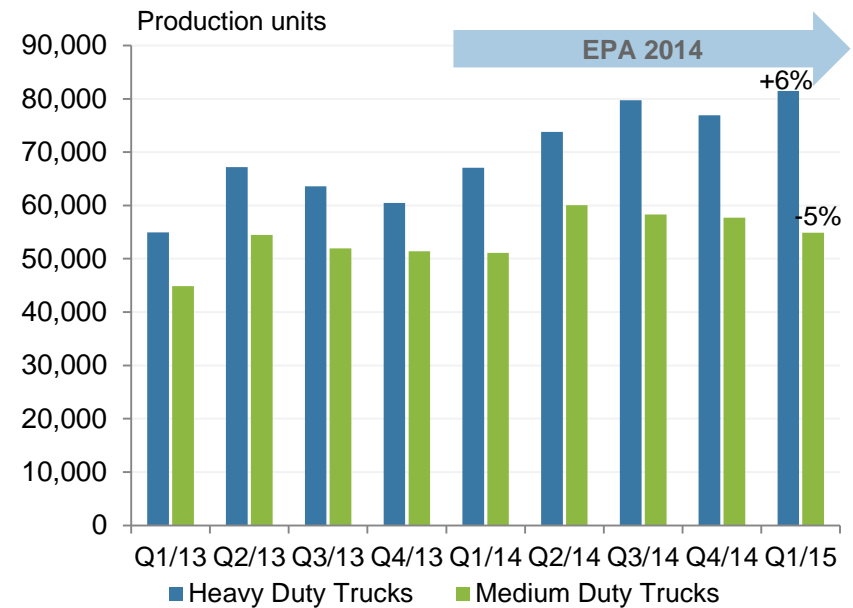
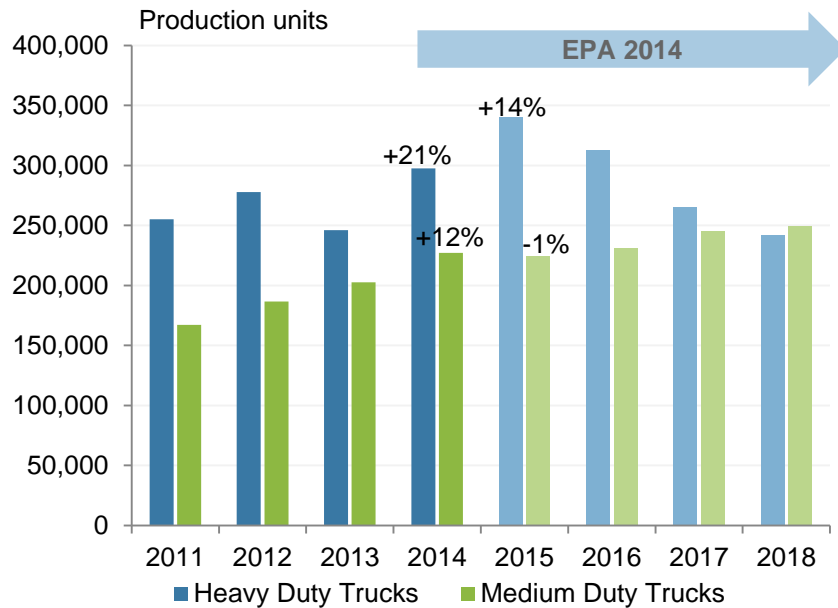
- Increased labor force within an overheated job market in North America resulted in suboptimal productivity and premium freight expenses
- Development program progressing in Europe and South America

PKC's Financial Performance

- Comparable EBITDA increased substantially
- Negative cash flow due to seasonally increased working capital

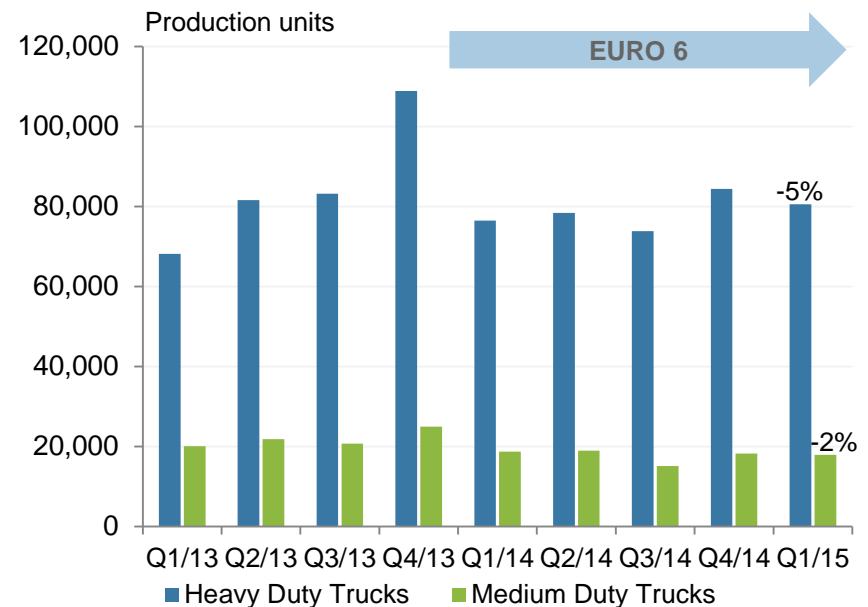
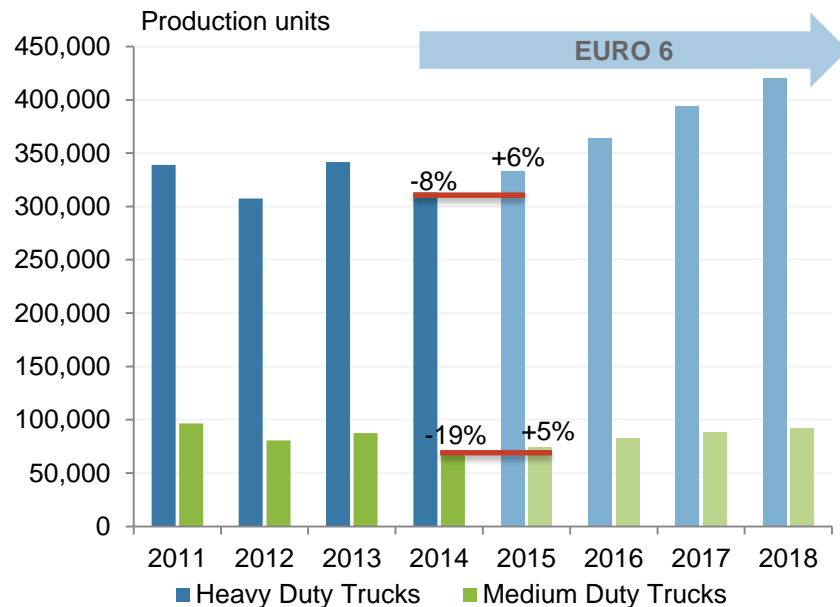


North American Market

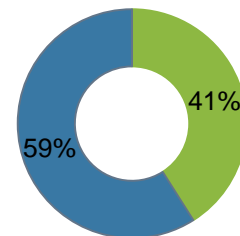


Source: LMC Automotive forecasting Q1/2015, ACT Build History April 2015, PKC Group

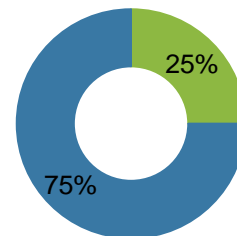
EU27 + EFTA Market



Market Share 1-3/2015



Heavy Duty Trucks

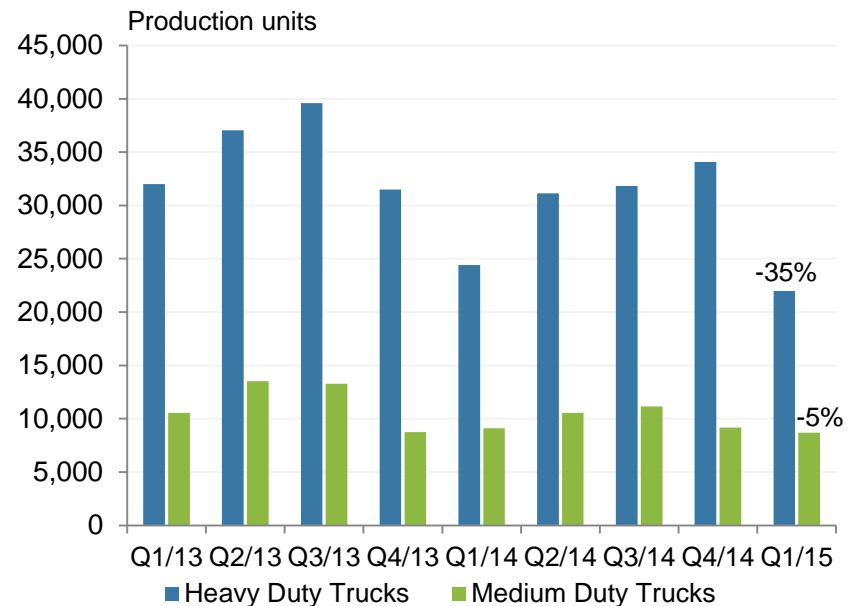
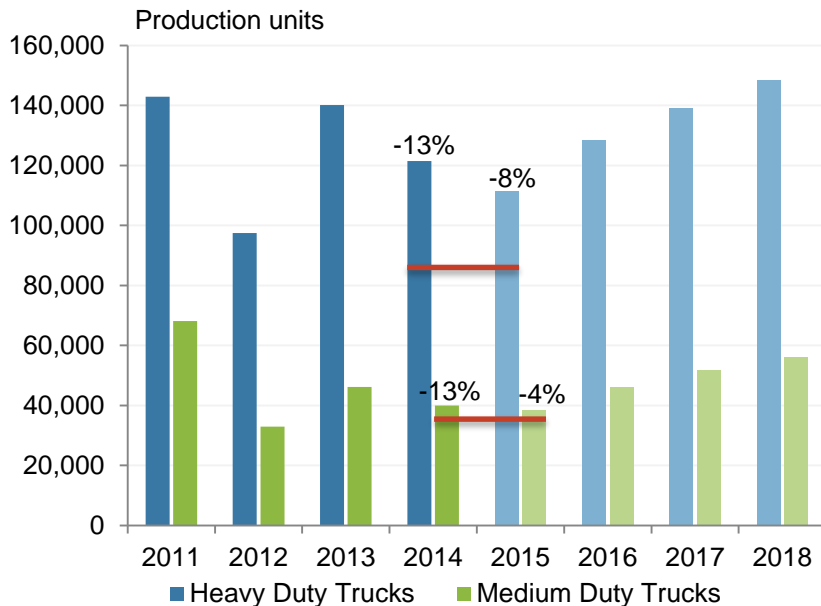


Medium Duty Trucks

■ PKC ■ Others

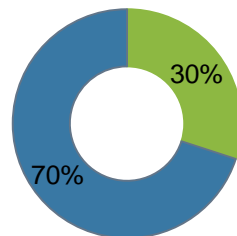
Source: LMC Automotive forecasting Q1/2015, PKC Group

Brazilian Market

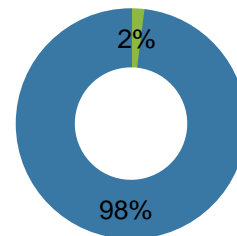


PKC estimates production volume to be clearly lower than previous year

Market Share 1-3/2015



Heavy Duty Trucks

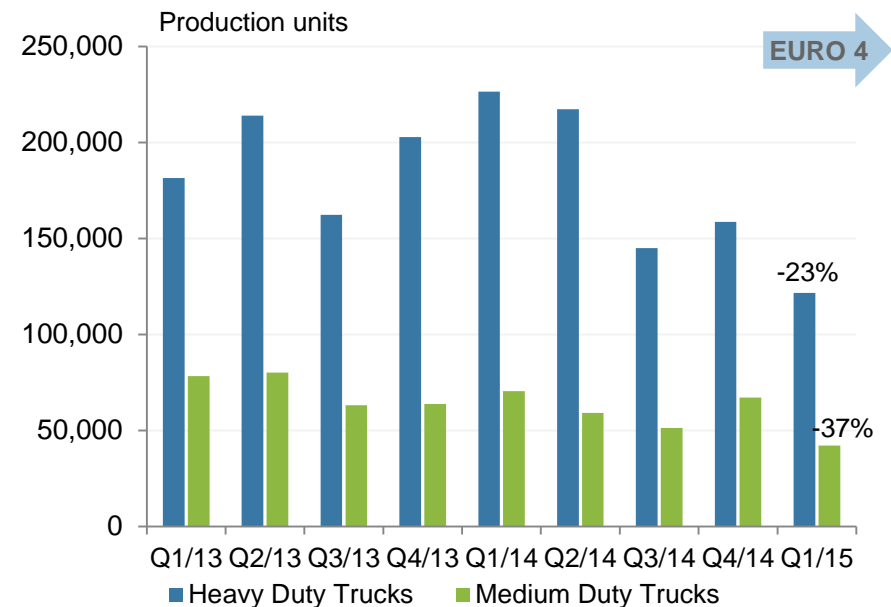
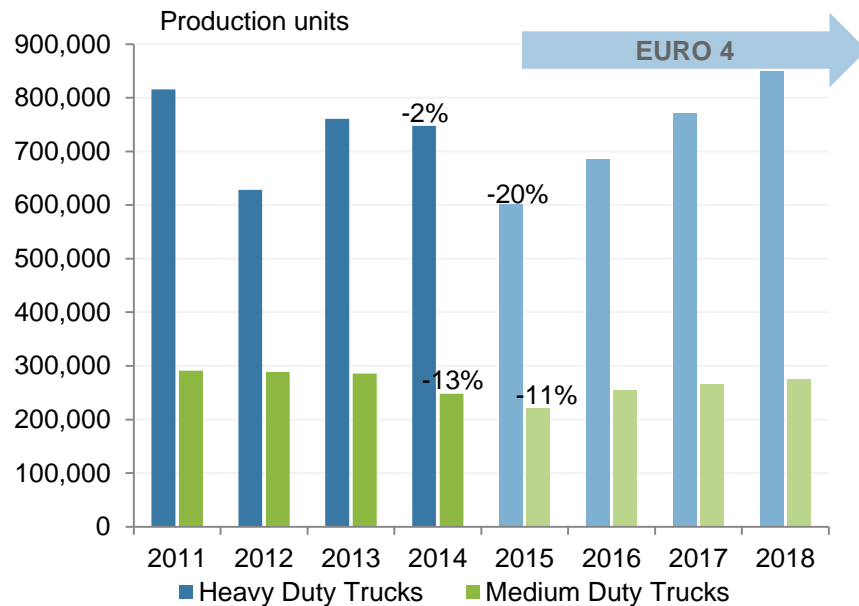


Medium Duty Trucks

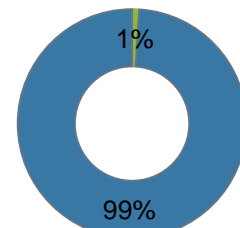
■ PKC ■ Others

Source: LMC Automotive forecasting Q1/2015, PKC Group

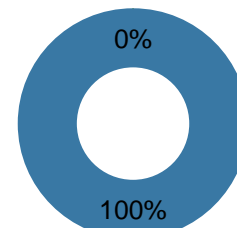
China Market



Market Share 1-3/2015



Heavy Duty Trucks



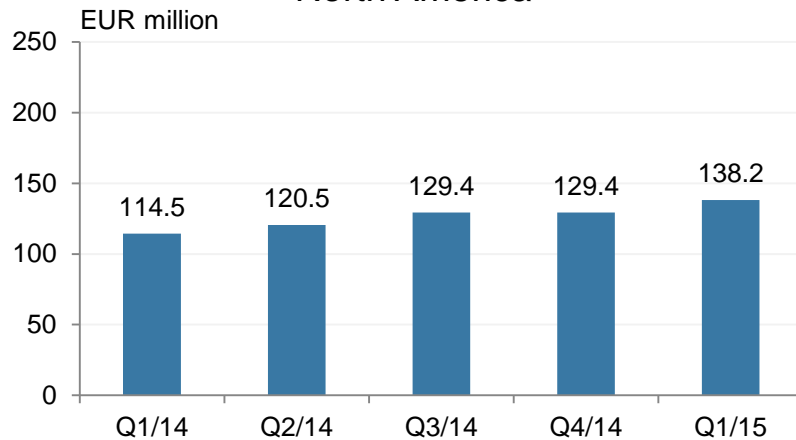
Medium Duty Trucks

■ PKC ■ Others

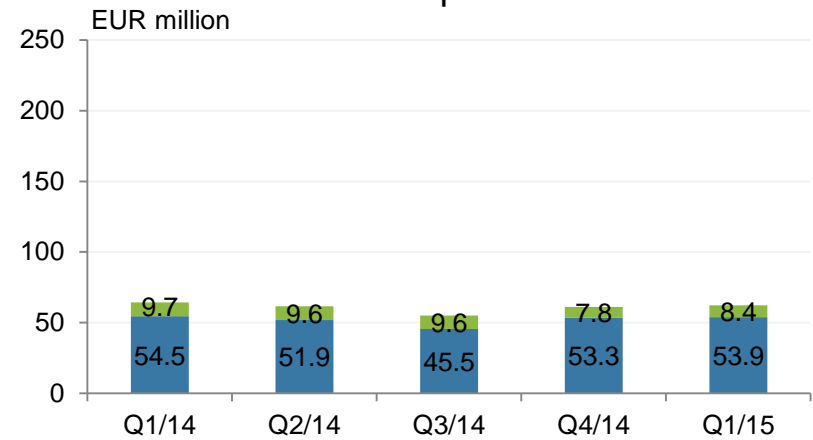
Source: LMC Automotive forecasting Q1/2015, PKC Group

Revenue

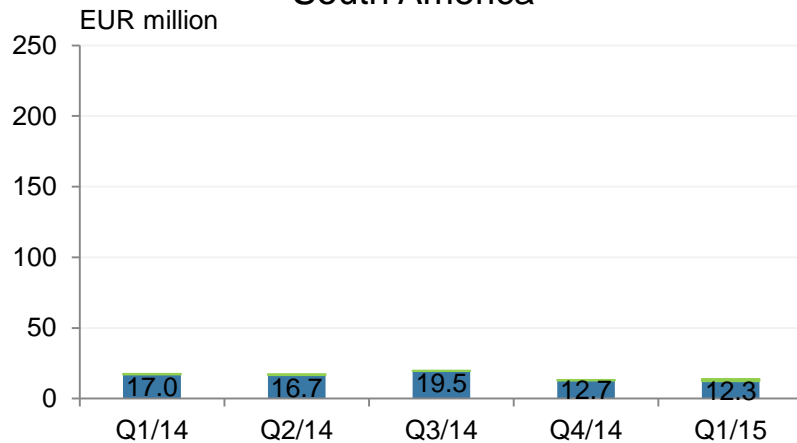
North America



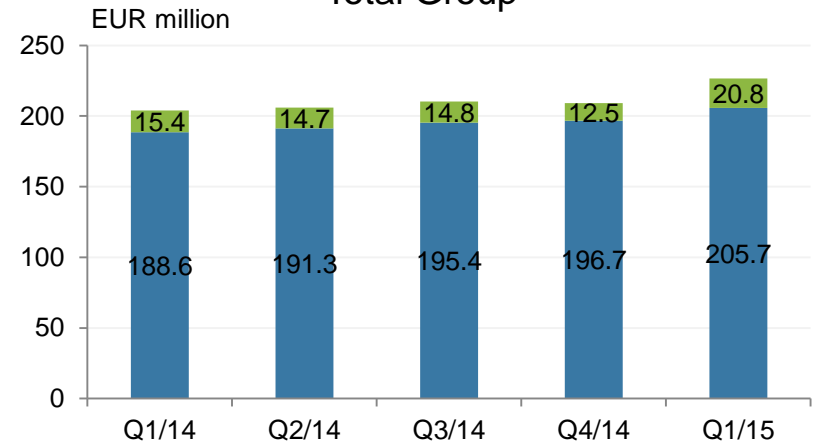
Europe



South America



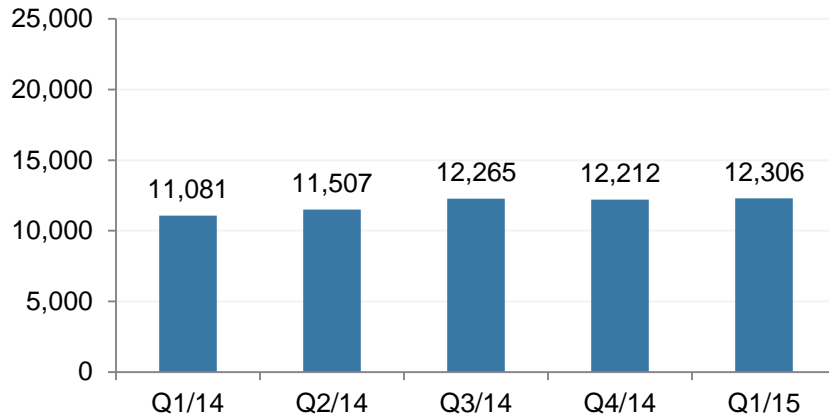
Total Group



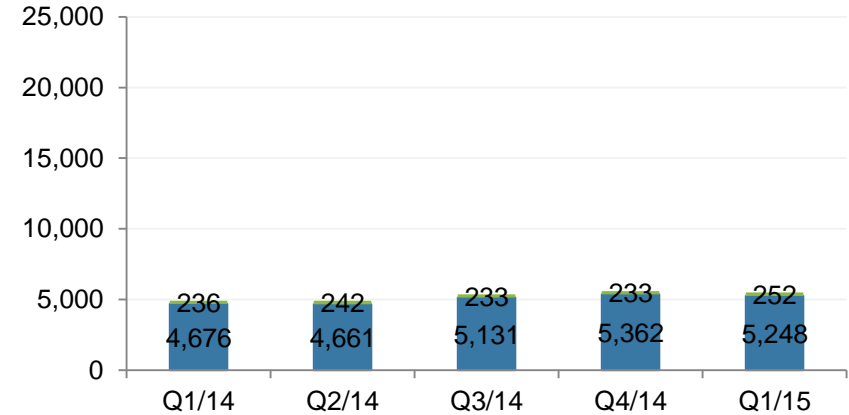
■ Wiring Systems ■ Electronics

Average Number of Personnel

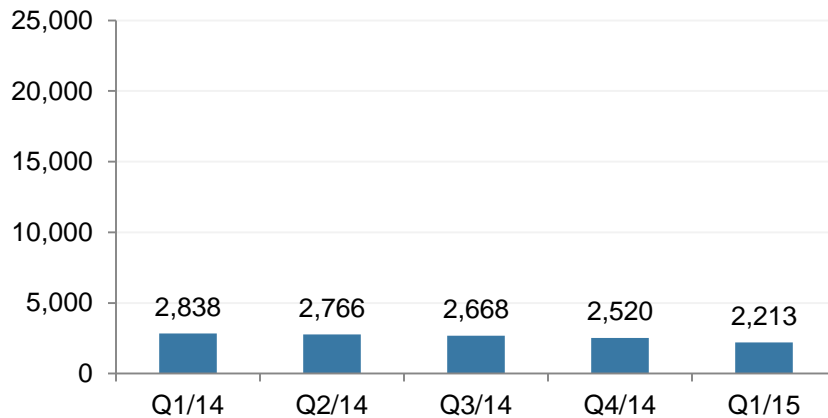
North America



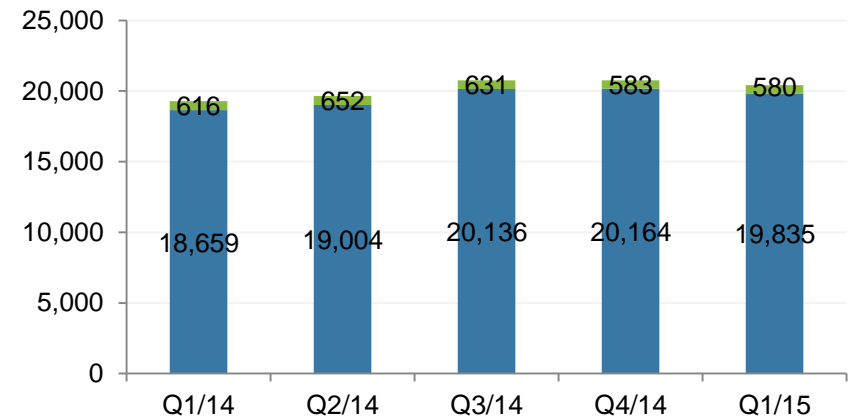
Europe



South America



Total Group



■ Wiring Systems ■ Electronics

Market Outlook – Full Year 2015

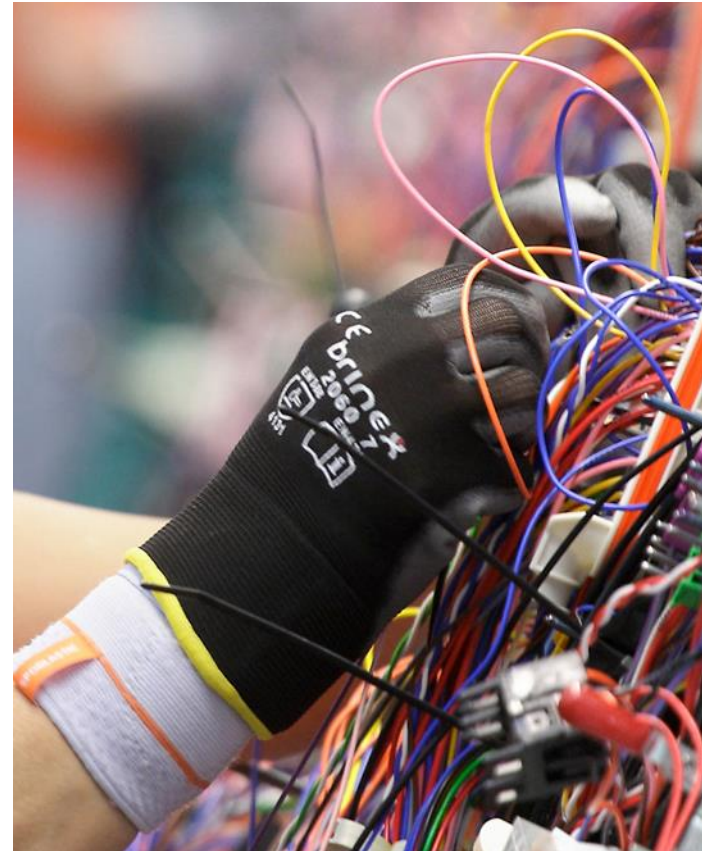


- European heavy-duty and medium-duty truck production is estimated to remain on previous year's level.
- North American heavy-duty truck production is estimated to increase by 14% and medium-duty truck production to decline by 1% compared to 2014.
- Brazilian heavy-duty and medium-duty truck production is estimated to be clearly lower than previous year.
- The market demand for Electronics segment's products is expected to slightly decrease compared to the current level.

PKC Group's Outlook

- PKC Group estimates that with prevailing exchange rates 2015 revenue will be close to previous year level, and that comparable EBITDA will be higher than in 2014.
- Revenue and EBITDA estimates are based on current business structure.
- In 2014, PKC's revenue was EUR 829.5 million and comparable EBITDA before non-recurring items was EUR 48.6 million.

PKC Group has reclassified certain financial items and operating expenses as of the beginning of 2015. The changes are minor and comparison periods have been adjusted accordingly.



Key Figures

EUR million	1-3/15	1-3/14	Change %	1-12/14
Revenue	226.5	204.1	+11.0	829.5
EBITDA ¹⁾	16.7	11.8	+41.7	48.6
EBITDA ¹⁾ %	7.4	5.8		5.9
Non-recurring items	-0.6	-2.7		-28.4
Operating profit (loss)	8.6	2.6	+230.7	-7.0
EPS (EUR)	0.18	0.04	+379.3	-1.21

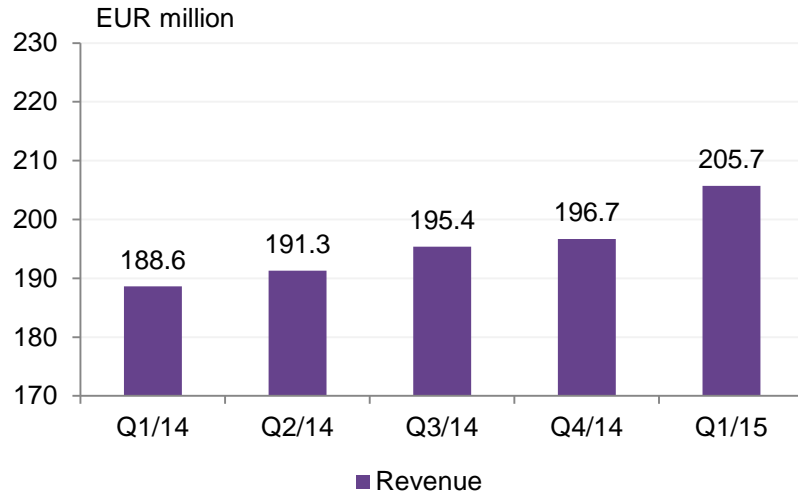
Cash flow from operations	-29.7	-12.8		41.0
Gross capital expenditure	2.4	6.5	-63.4	19.9
Core working capital ²⁾	103.5	99.2	+4.4	70.2
ROCE, % ³⁾	13.3	7.2		7.7
Gearing, %	8.8	8.6		-5.6

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

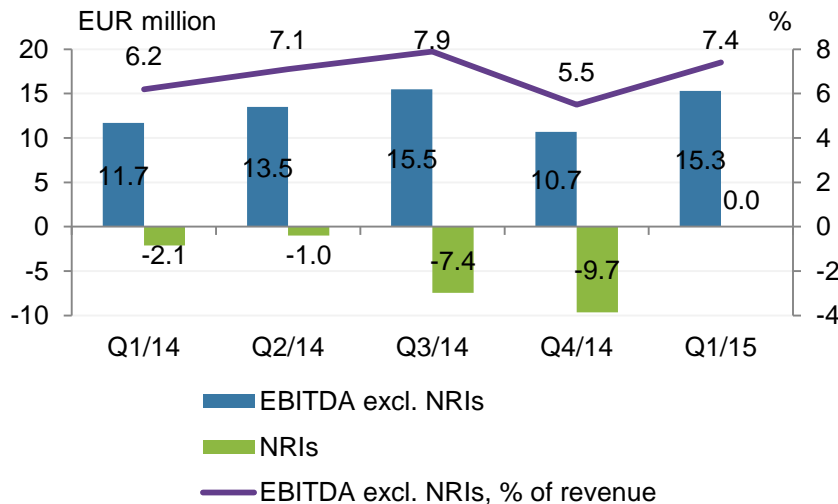
²⁾ Inventories + trade receivables - trade payables

³⁾ ROCE, % = Adjusted operating profit (excl. NRIs) / (Total equity + interest-bearing liabilities)(average))

Wiring Systems Segment, Q1 2015

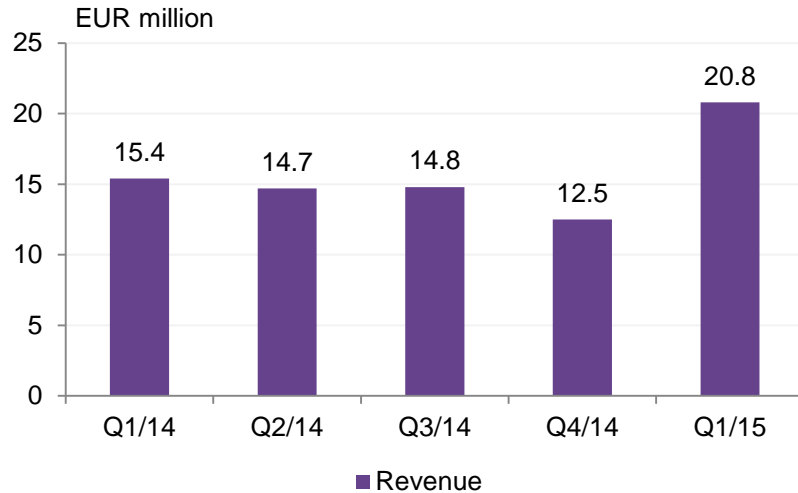


- Revenue increased +9% including FX impact of +13%
 - Light-vehicle build-outs reduced revenue in North America which was compensated by higher truck revenue
 - Europe close to previous year level
 - Revenue in Brazil decreased due to poor market conditions

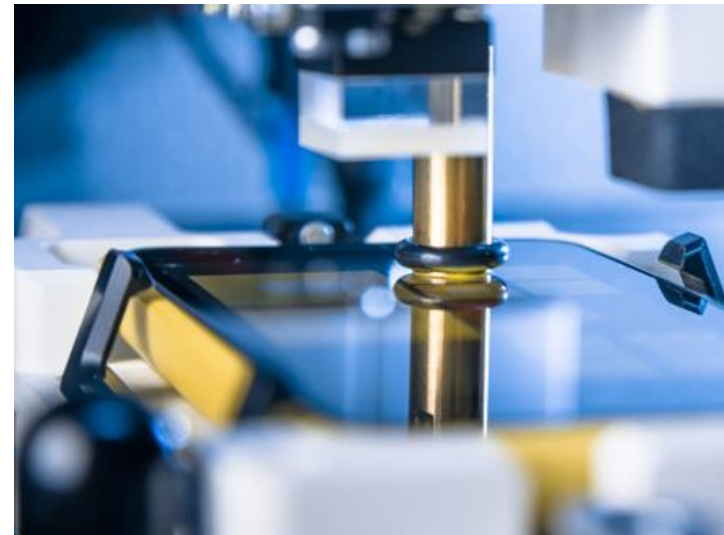
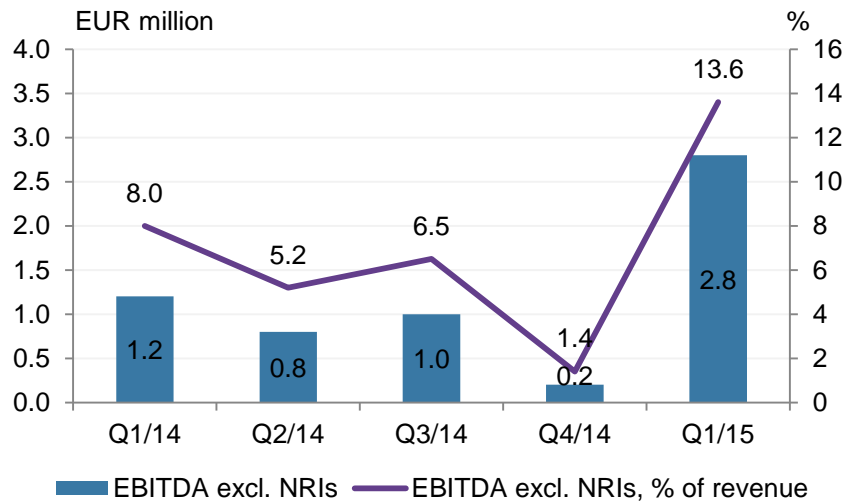


- Adjusted EBITDA improved clearly
 - Lower losses in Brazil and favorable FX translation impact
 - Additional expenses in North America to meet increased demand of trucks
 - Development program in Europe and Brazil continuing as planned

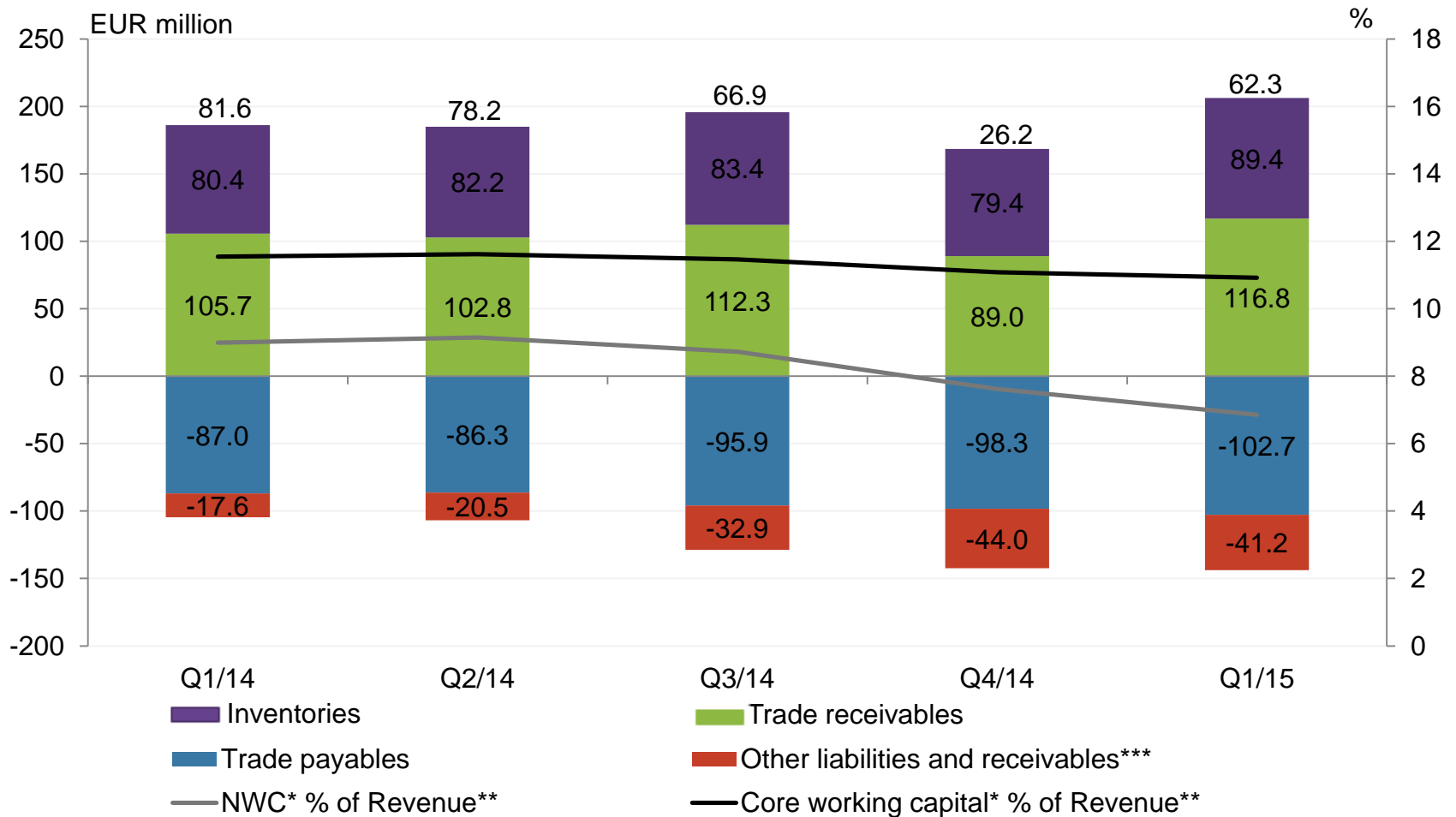
Electronics Segment, Q1 2015



- Revenue increased 35% from comparison period
- Increased revenue of own products had a favorable impact on profitability



Net Working Capital



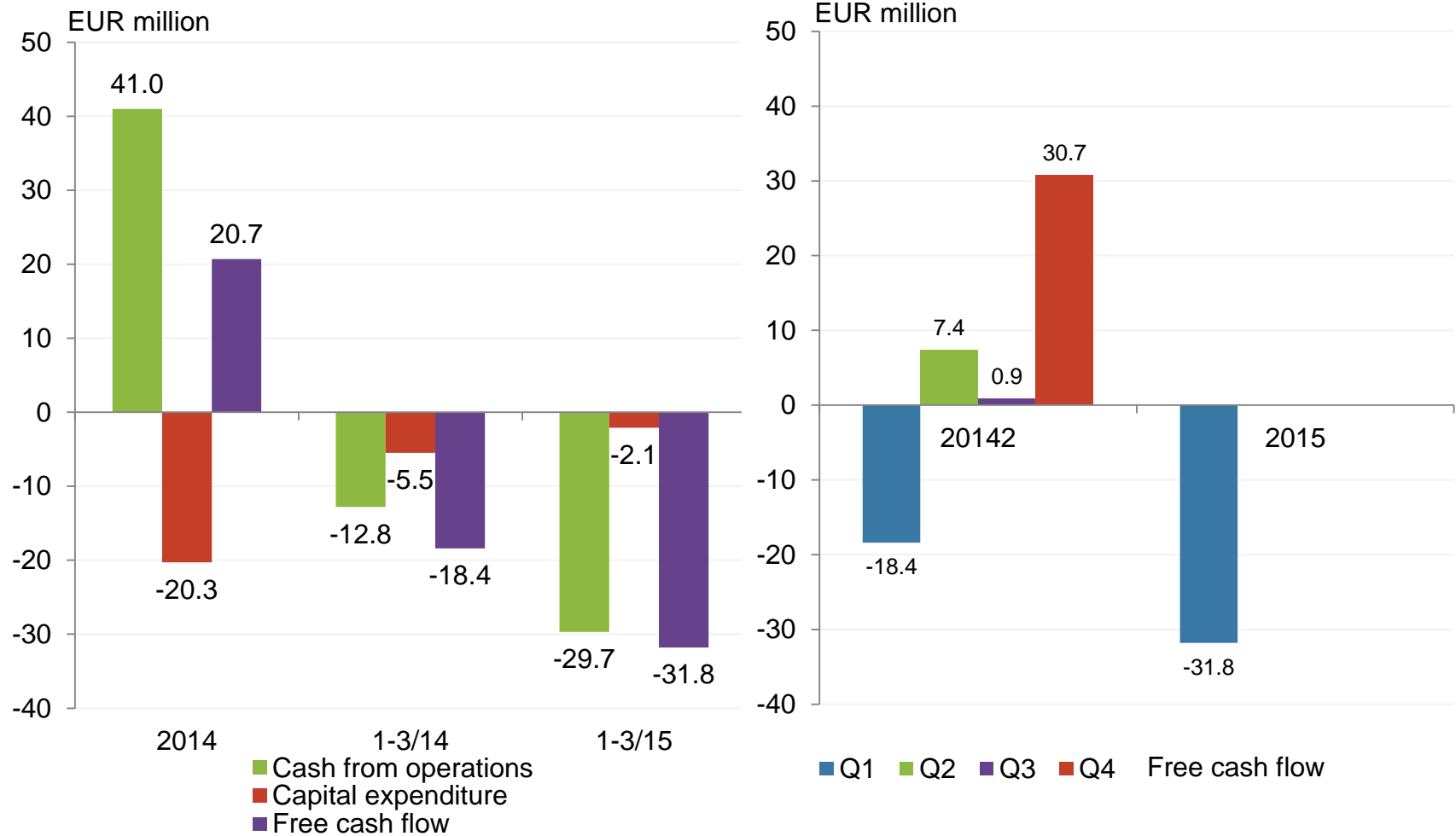
* Average of previous four quarters

** Revenue of previous 12 months

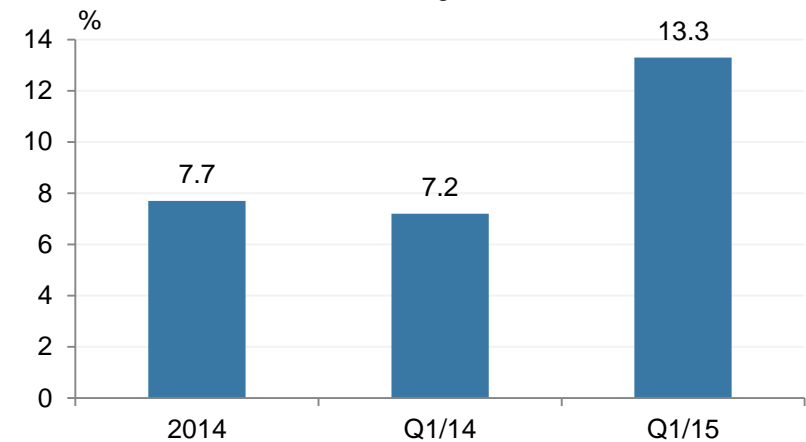
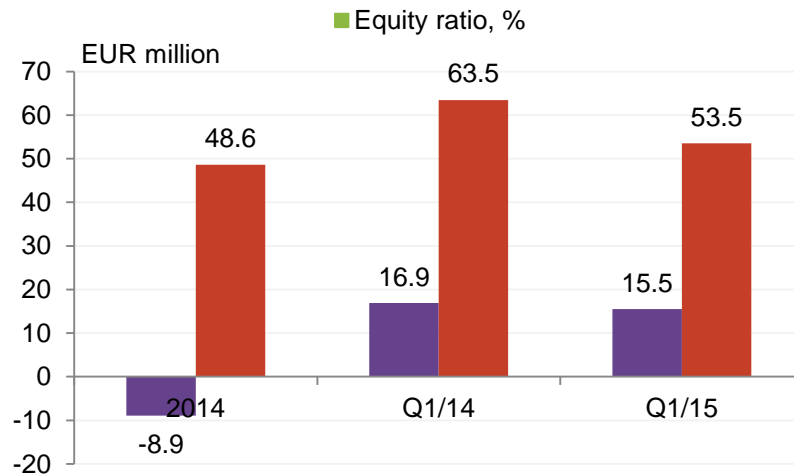
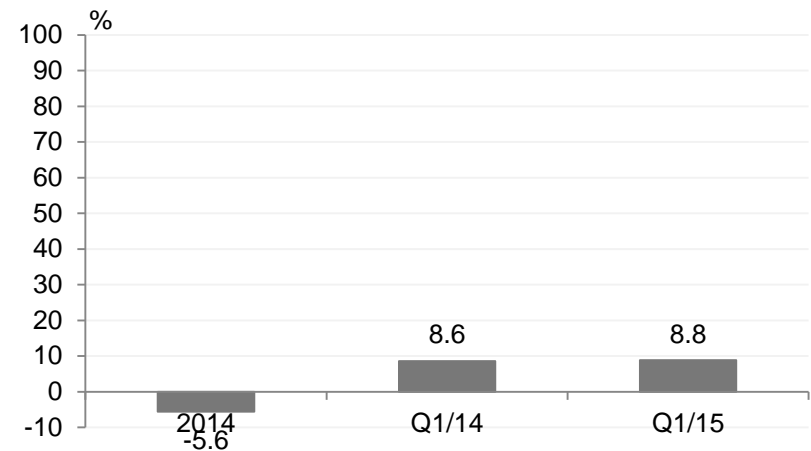
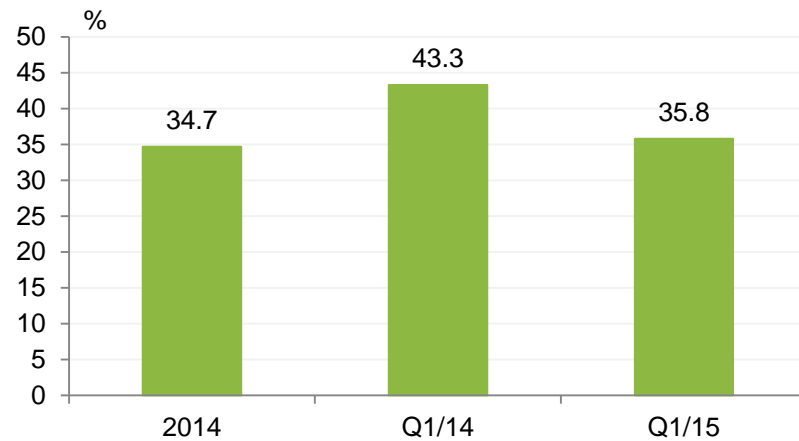
*** Related to employee benefits, taxes and financial items. Since Q3/14 includes additional tax liability of EUR 8.3 million and non-recurring items booked, but not paid.

Core working capital = Inventories + trade receivables – trade payables

Cash Flow



Balance Sheet and Return



■ Net debt ■ EBITDA*

*EBITDA of previous 12 months excl. NRIs

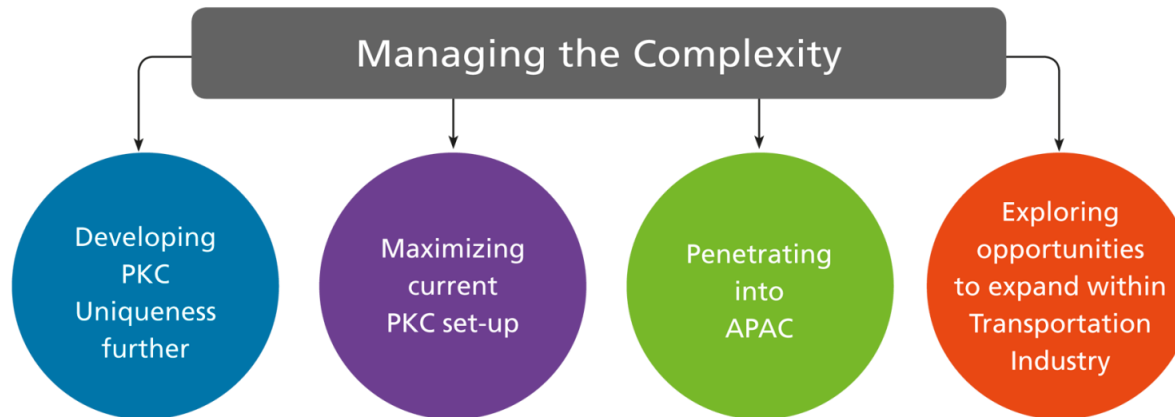
ROCE % = Adjusted operating profit (excl. NRIs) / (Total equity + interest-bearing liabilities)(average))

PKC's Strategy Captures Growth Opportunities

VISION 2020

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

STRATEGIC INITIATIVES



Developing Electronics business as a stand alone within PKC Group

Long-term Financial Targets

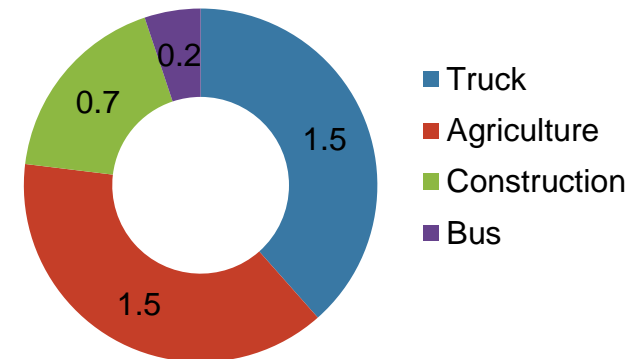
Annual Revenue EUR 1.4 Billion by 2018
 EBITDA > 10% Gearing < 75%
 Dividends 30–60% of Free Cash Flow

PKC Strategy 2018 – Doubling the Addressable Market

PKC's existing addressable market amounts to about EUR 4 billion

- Trucks in North America, Europe and South America EUR 1.5 billion
- Construction equipment globally EUR 0.7 billion
- Agriculture equipment globally EUR 1.5 billion
- Buses globally EUR 0.2 billion

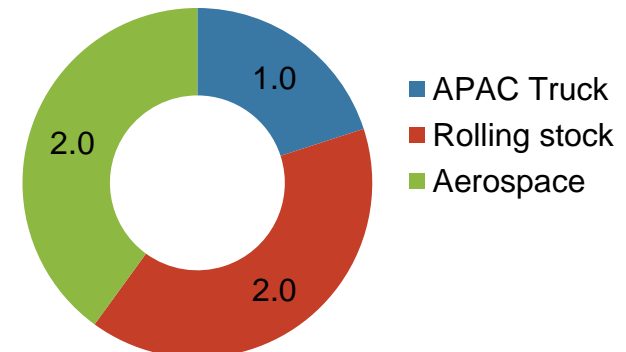
Existing market
about EUR 4 billion



New market opportunities equals to addressable market growth by about EUR 5 billion by 2018

- APAC truck wiring harnesses EUR 1 billion
- Rolling stock control panels, power packs and wiring harnesses globally EUR 2 billion
- Aerospace wiring harnesses globally EUR 2 billion

New market opportunities
about EUR 5 billion



PKC to acquire Wiring & Controls business of Grocling S.A. and enters rolling stock business

The business to be acquired manufactures electrical cabinets, power packs and wire harnesses to leading rolling stock, on/off highway commercial vehicle and energy OEMs. All factories are in Poland.

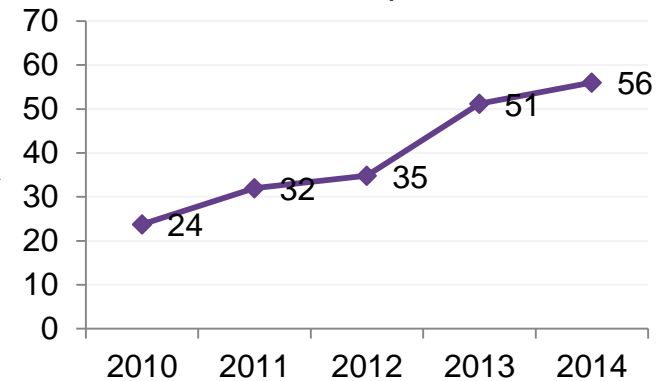
Acquisition is in line with PKC strategy and adds rolling stock (RS) business segment to PKC portfolio.

- Sizeable global RS market of EUR 2 billion
- RS customers globalising operations – PKC's capacity footprint to be utilised
- Good European market prospects – Business to be acquired has good standalone growth prospects

Transaction EV totals EUR 50 million. The deal was signed on 12 Feb 2015 and the closing is expected on 30 Jun 2015.

Andre Gerstner, the current president of Groclin S.A., will continue managing the business to be acquired.

Revenue Development of Business to be Acquired, EUR million



PKC establishes 50-50% joint venture with Jiangsu Huakai Wire Harness Co. Ltd.

Huakai manufactures wire harnesses to leading Chinese truck, construction vehicle and bus OEMs. Huakai's biggest customer Foton (and Beijing Foton Daimler Automotive) is #4 biggest truck manufacturer in China. Huakai factories are in Danyang and Beijing.

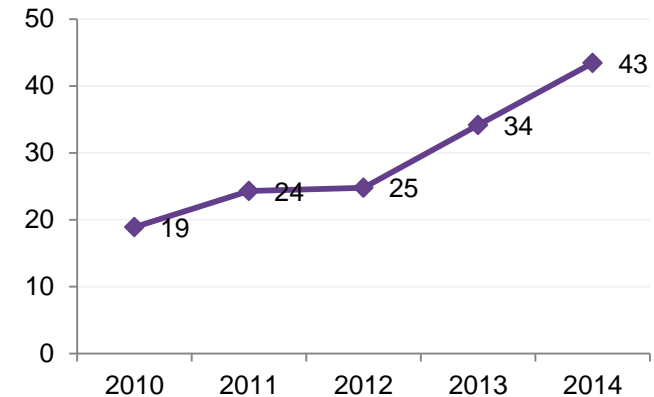
The joint venture is in line with PKC strategy and strengthens PKC's presence in China.

- China is the world's biggest trucks market – PKC's market share in medium and heavy trucks in China rises by 8%-points
- Government regulation and higher customer demands raise wire harness content – The sales price impact totals 30%. PKC shall provide required technology and knowhow
- Good Chinese market outlook – The joint venture has good prospects to expand to new customers / product categories

The joint venture equity value totals EUR 44 million. The frame agreement was signed on 28 March 2015 and the finalisation of the joint venture is expected in the latter part of 2015.

Gu Weikai, the current majority share holder and Vice President, will continue managing the joint venture.

Revenue development, EUR million*



* Latest RMB/EUR exchange rate

Strategy Execution Proceeding

- Doubling the addressable market
- Strong market position in western truck markets and improving manufacturing footprint
- New business awards from global customers
- Expanding into rolling stock segment through recent published acquisition
- First breakthrough into China EDS market through recent published joint venture agreement





MANAGING THE COMPLEXITY

PKC GROUP 

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