



PKC GROUP 

Investor Presentation Q3 2015

EBITDA remained stable

October 29, 2015

Matti Hyytiäinen, President & CEO

Q3 2015 Highlights

Business Environment

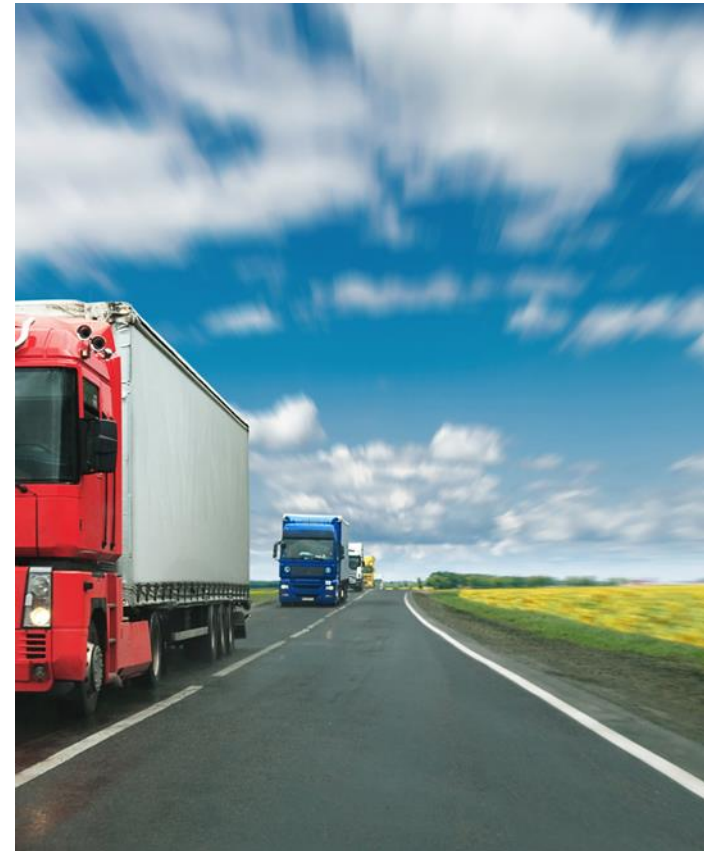
- New truck order activity slowed slightly in North America, but production volumes have continued on a healthy level
- Truck demand in Europe continued to recover while Brazilian market deteriorated even further

PKC's Operations

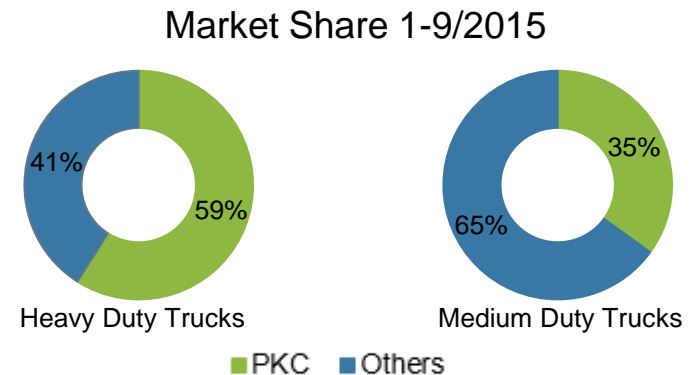
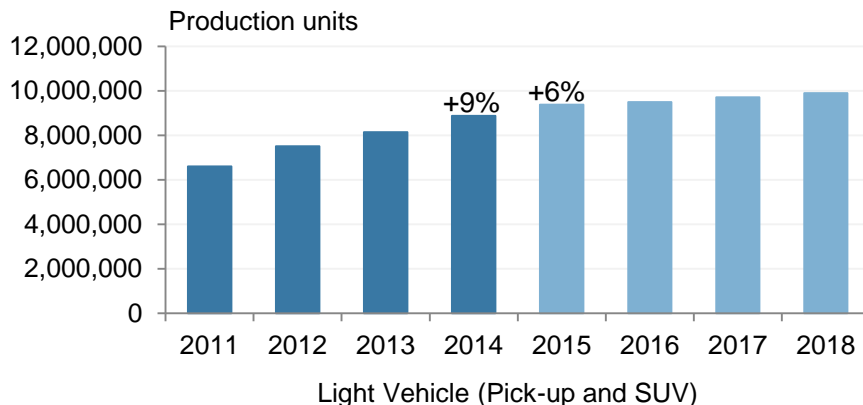
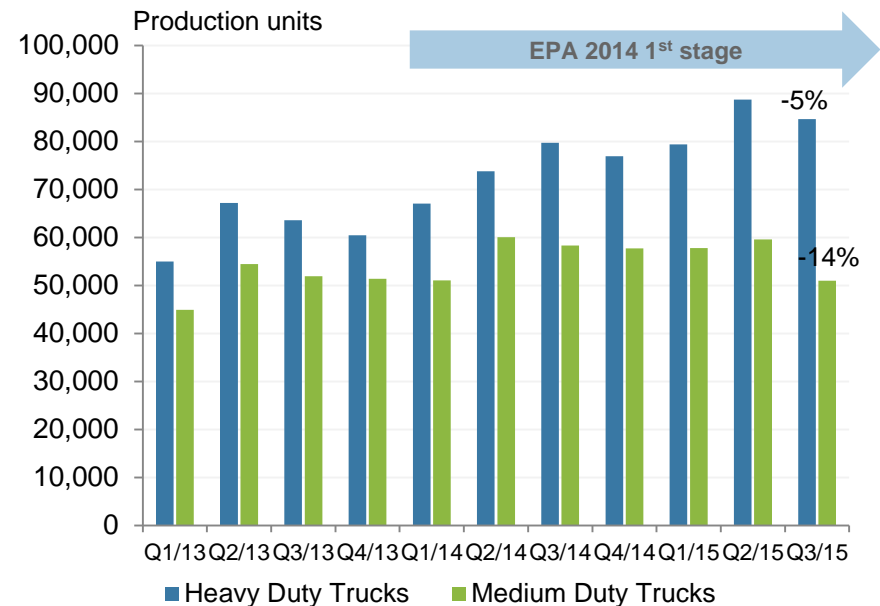
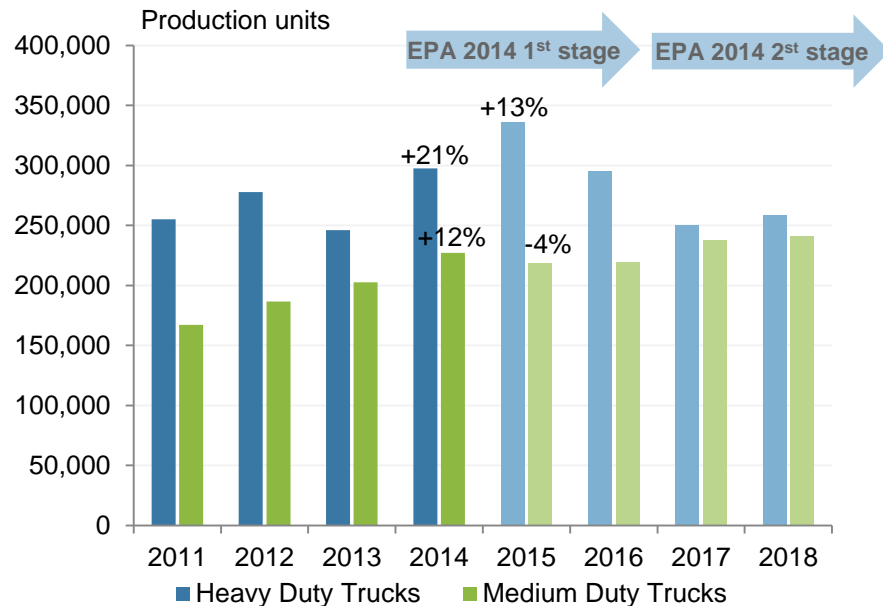
- Overheated Mexican job market's negative impact has eased up somewhat
- Curitiba, Brazil factory to be closed by end of 1st quarter of 2016

PKC's Financial Performance

- Wiring Systems segment's comparable EBITDA continued to improve
- Balance sheet includes rolling stock acquisition values and Chinese JV start-up impact

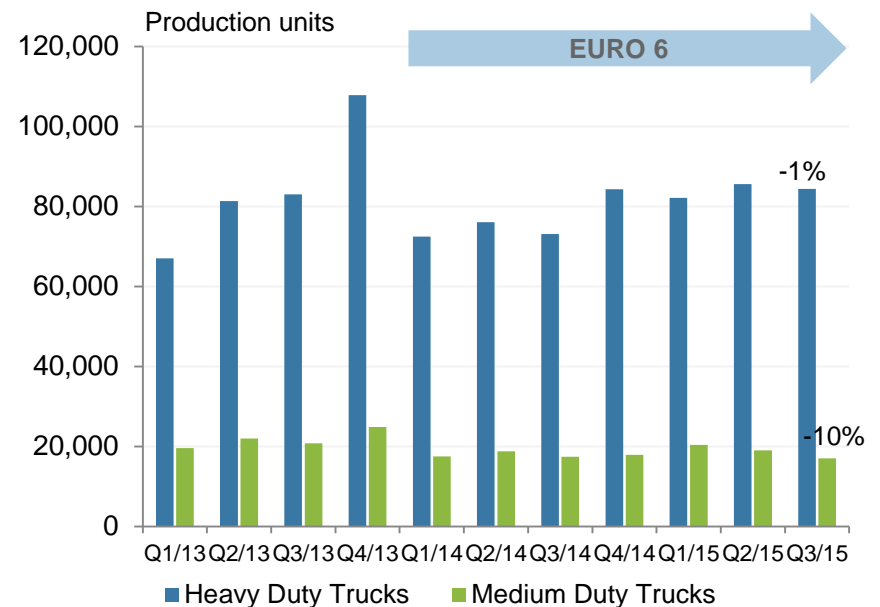
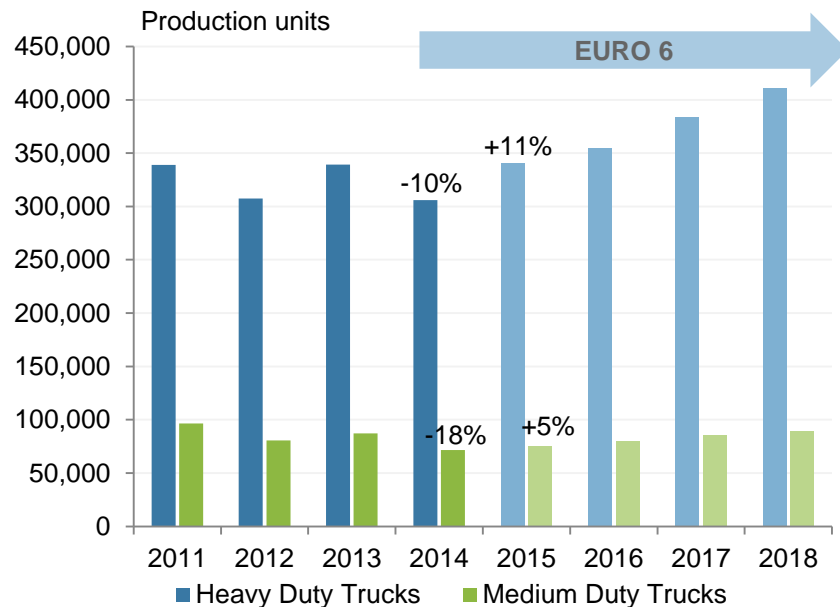


North American Market

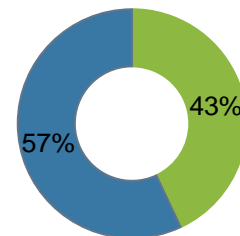


Source: LMC Automotive forecasting Q3/2015, ACT Build History October 2015, PKC Group

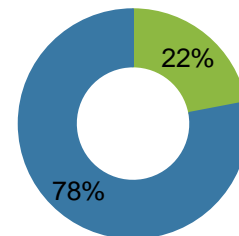
EU27 + EFTA Market



Market Share 1-9/2015



Heavy Duty Trucks

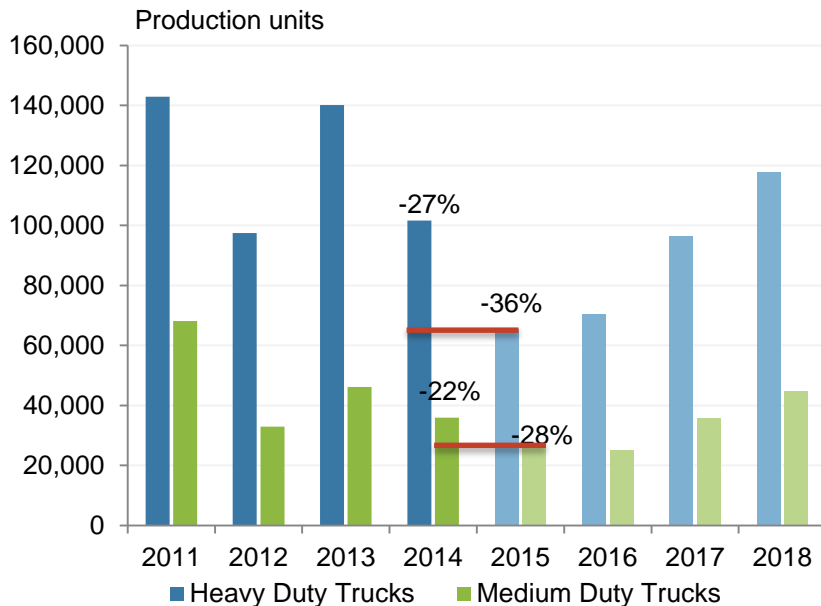


Medium Duty Trucks

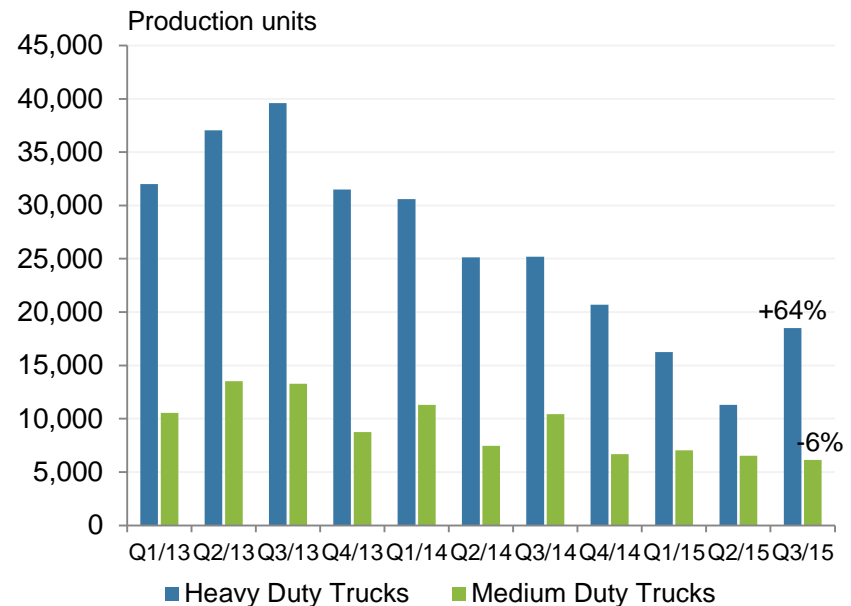
■ PKC ■ Others

Source: LMC Automotive forecasting Q3/2015, PKC Group

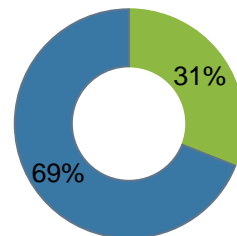
Brazilian Market



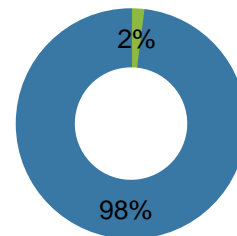
PKC estimates production volume to be clearly lower than previous year



Market Share 1-9/2015



Heavy Duty Trucks

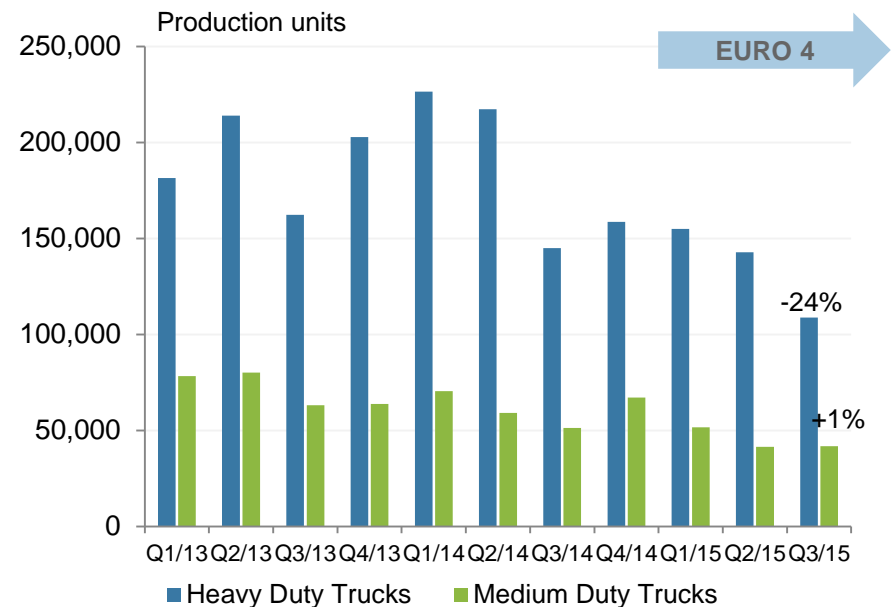
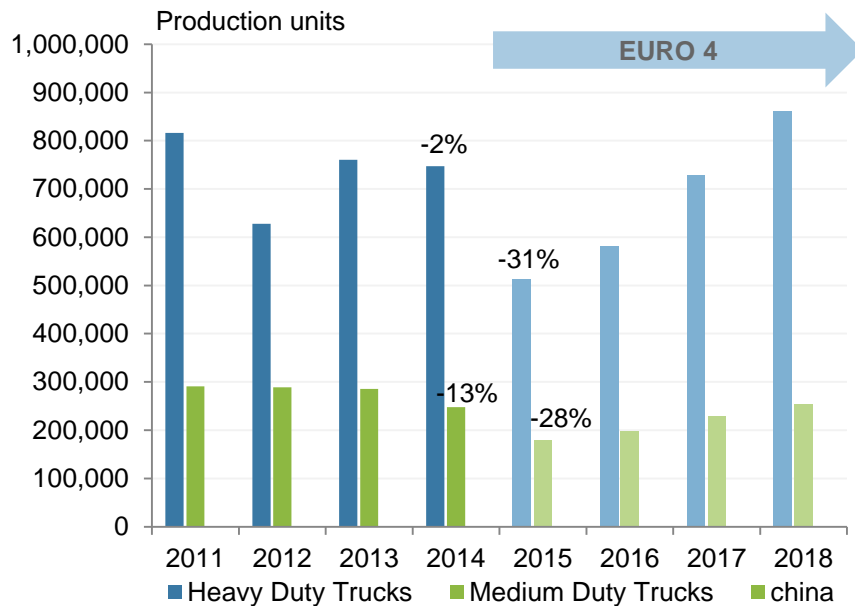


Medium Duty Trucks

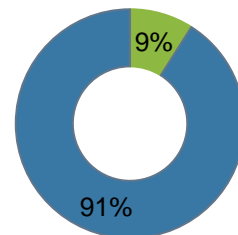
■ PKC ■ Others

Source: LMC Automotive forecasting Q3/2015, PKC Group

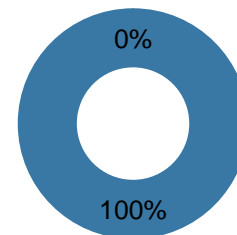
China Market



Market Share 1-9/2015



Heavy Duty Trucks



Medium Duty Trucks

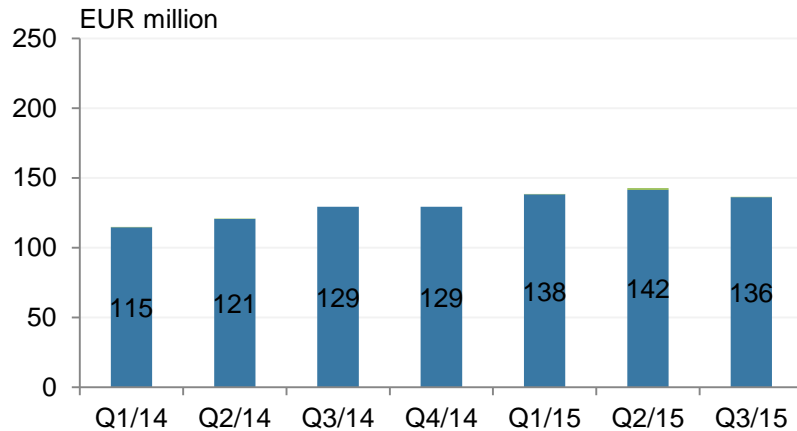
■ PKC ■ Others

Source: LMC Automotive forecasting Q3/2015, PKC Group

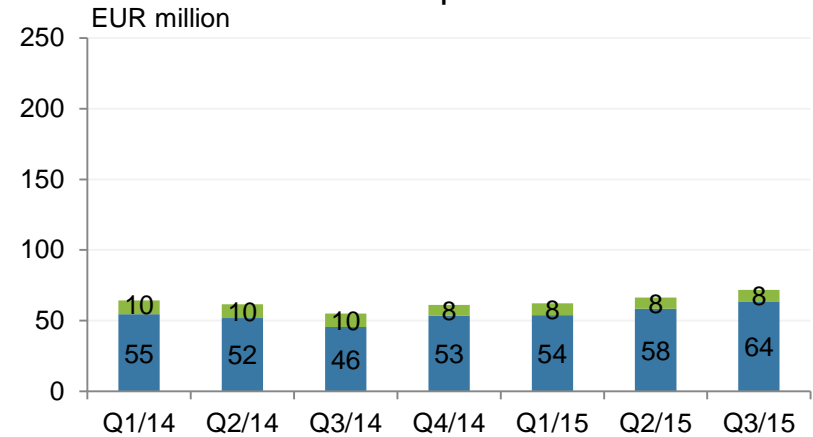
China market share since September 2015, joint venture started operations

Revenue

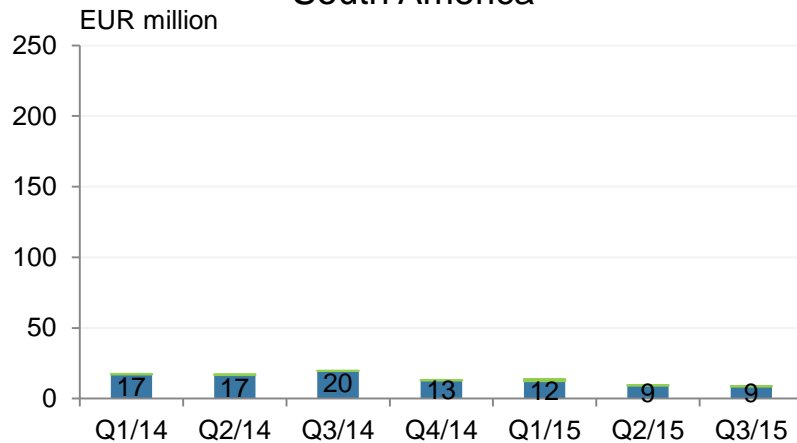
North America



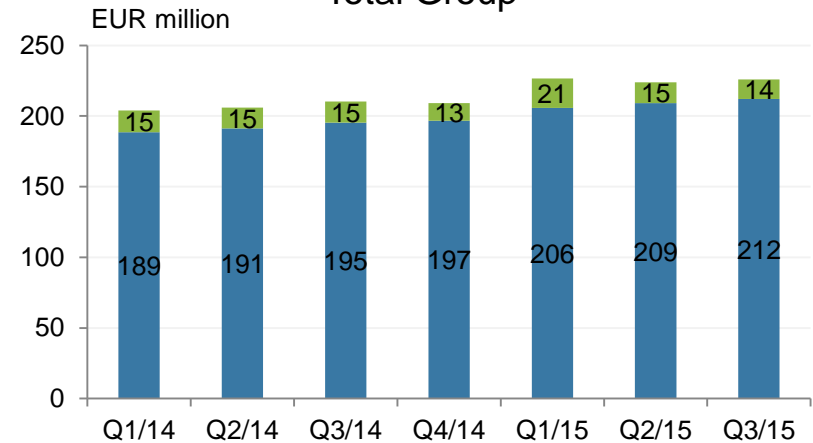
Europe



South America



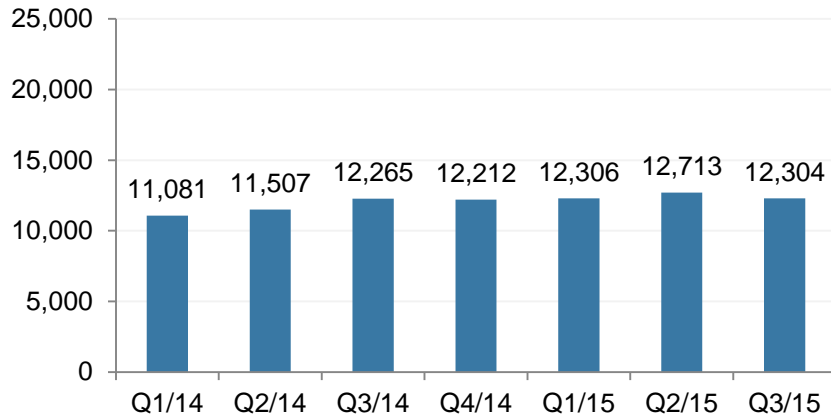
Total Group



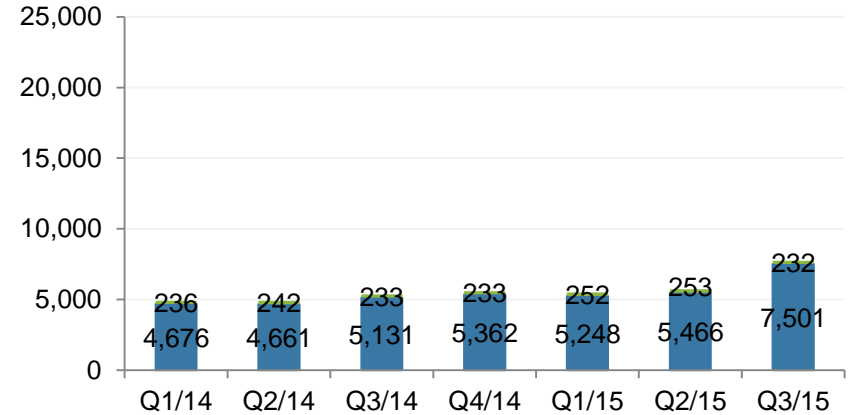
■ Wiring Systems ■ Electronics

Average Number of Personnel

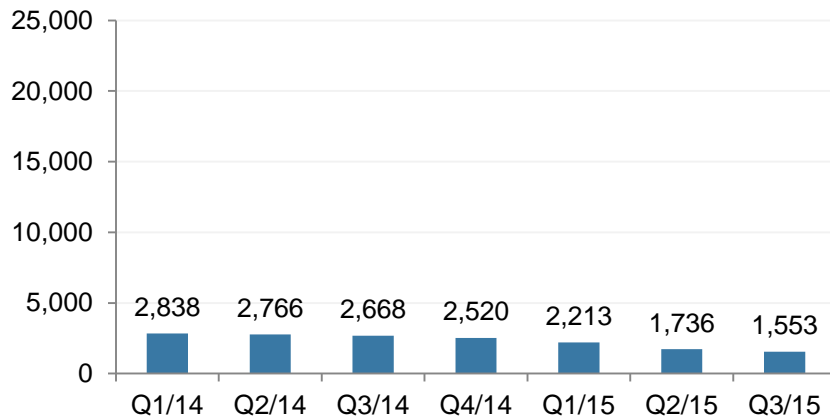
North America



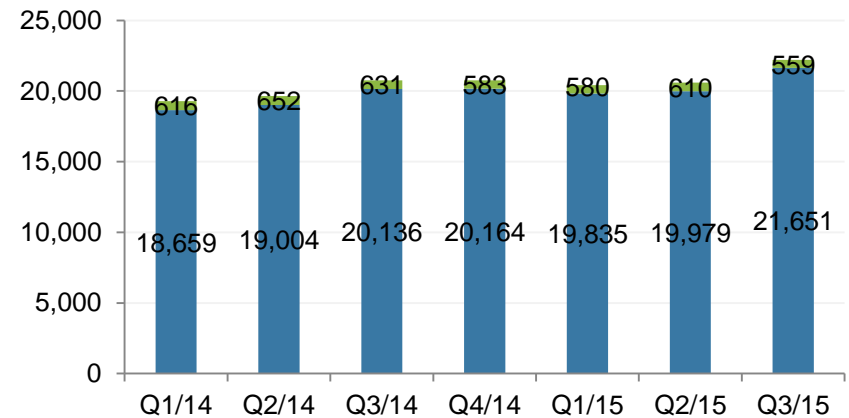
Europe



South America



Total Group



■ Wiring Systems ■ Electronics

Market Outlook – Full Year 2015



- European heavy-duty and medium-duty truck production is estimated to grow by 10% compared to previous year's level.
- North American heavy-duty and medium-duty truck production is estimated to grow by 6% compared to previous year's level.
- 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 remain on the current level at the most.

PKC Group's Outlook

- PKC Group estimates that with prevailing exchange rates 2015 revenue will be higher than 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	7-9/15	7-9/14	Change %	1-9/15	1-9/14	Change %	1-12/14
Revenue	225.9	210.2	+7.4	676.3	620.3	+9.0	829.5
EBITDA ¹⁾	15.9	15.2	+4.1	48.3	40.0	+20.9	48.6
EBITDA % ¹⁾	7.0	7.2		7.1	6.4		5.9
Non-recurring items	-1.8	-12.4		-7.7	-16.6		-28.4
Operating profit (loss)	5.6	-4.0		16.9	3.2	+429.1	-7.0
EPS (EUR)	0.08	-0.73		0.21	-0.59		-1.21

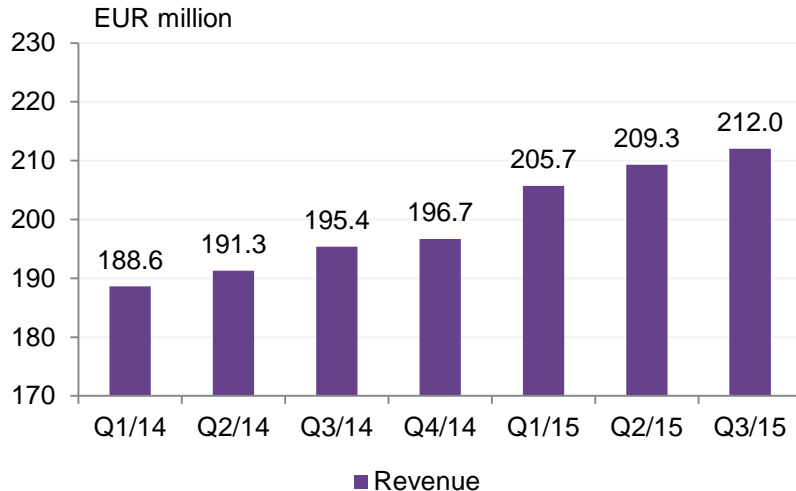
Cash flow from operations	-13.6	6.5		-38.7	6.6		41.0
Gross capital expenditure	26.9	4.4	+504.9	32.3	16.0	+102.2	19.9
Core working capital ²⁾	124.5	99.8	+29.0	124.5	99.8	+29.0	70.2
ROCE, % ³⁾				11.2	9.2		7.7
Gearing, %				65.0	12.9		-5.6

¹⁾ Excluding non-recurring items

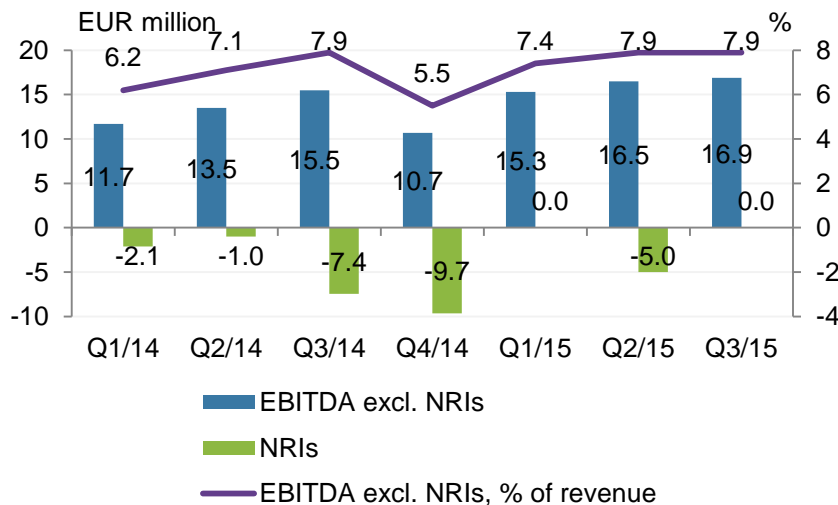
²⁾ Inventories + trade receivables - trade payables

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

Wiring Systems Segment, Q3 2015

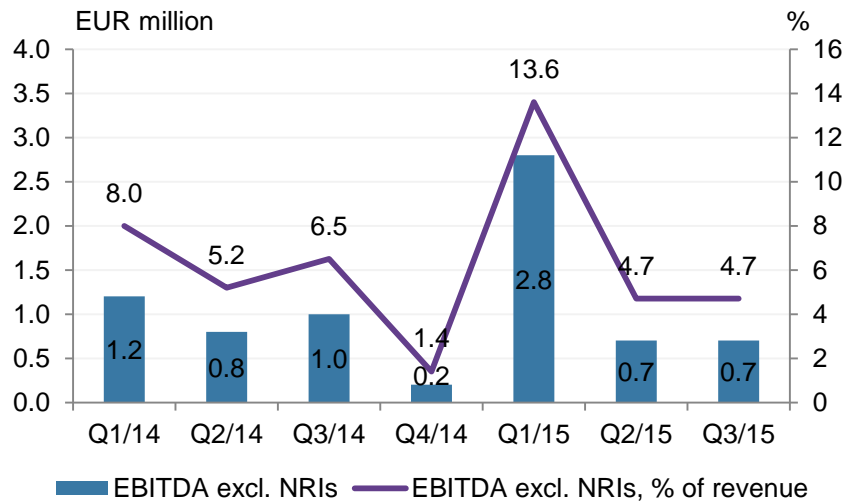
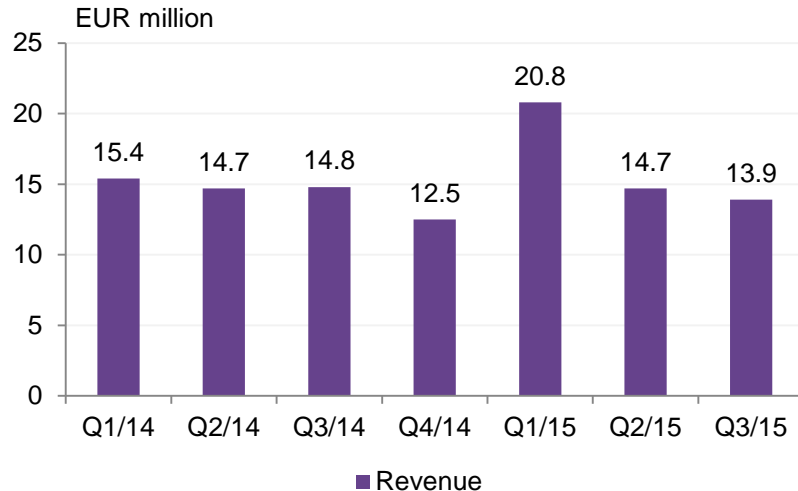


- Revenue increased +9% including FX impact of +9%
 - Light-vehicle build-outs reduced revenue in North America while truck revenue grew
 - European revenue grew while revenue in Brazil decreased substantially due to poor market conditions
 - KTP acquisition increased revenue by 7.4% while Chinese JV impact was not significant

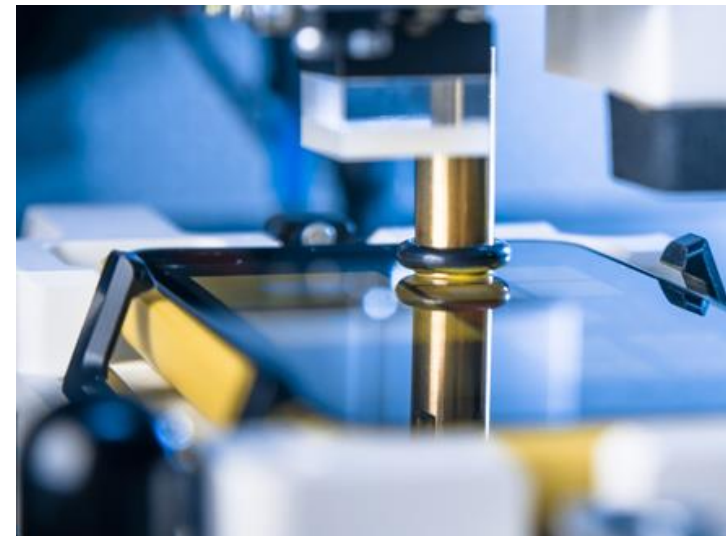


- Adjusted EBITDA continued to improve
 - Lower losses in Brazil and favorable FX translation impact
 - Development program in Europe and Brazil continuing
 - The recent transactions in Poland and China included in Wiring Systems segment

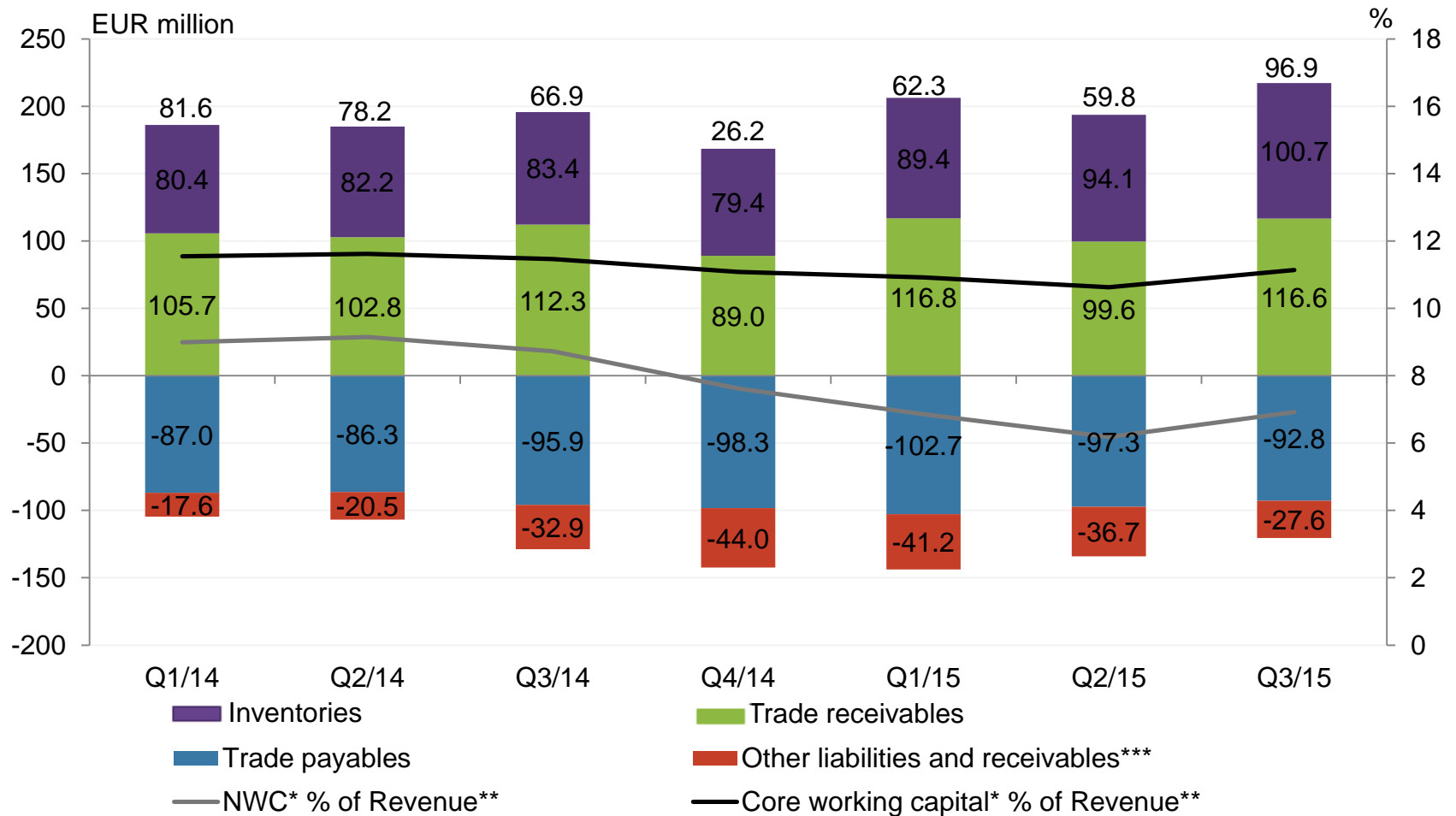
Electronics Segment, Q3 2015



- Revenue was down 7% in the quarter, but up 10% YTD
- Lower quarterly EBITDA impacted by unfavorable product mix of ODM products due to a change in a customer's product strategy



Net Working Capital



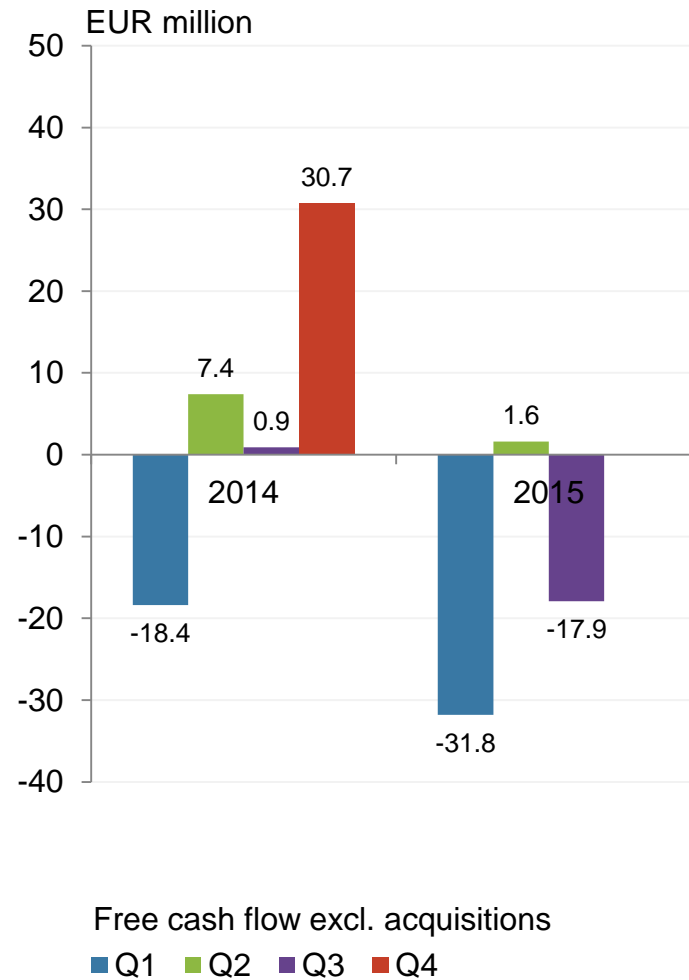
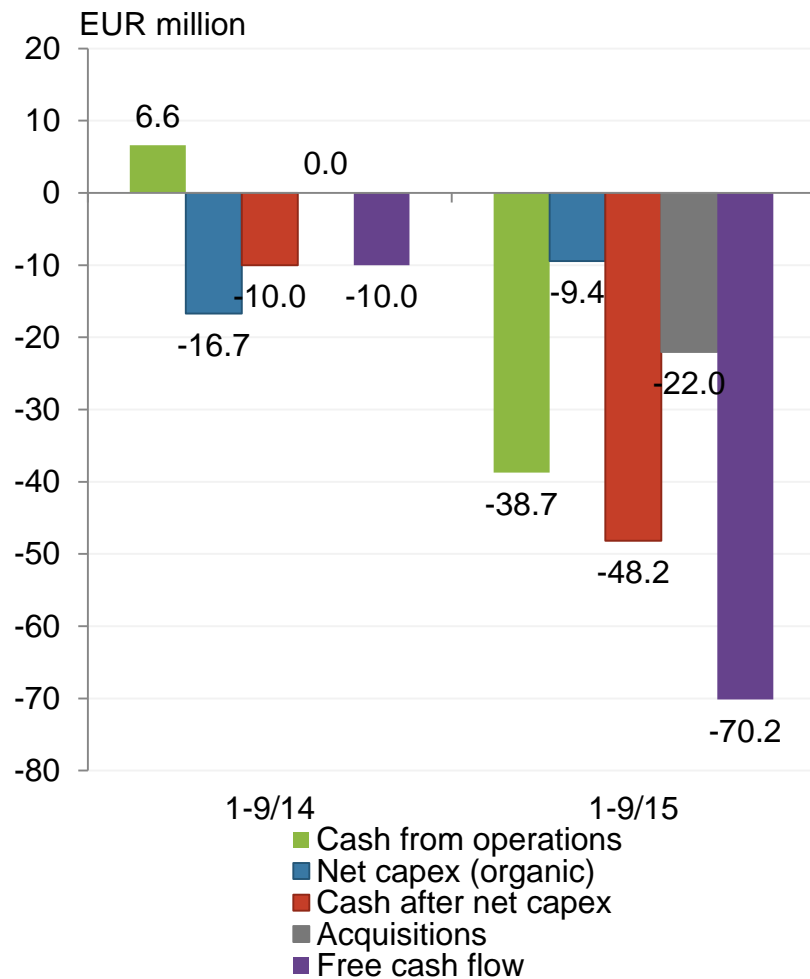
* Average of previous four quarters

** Revenue of previous 12 months

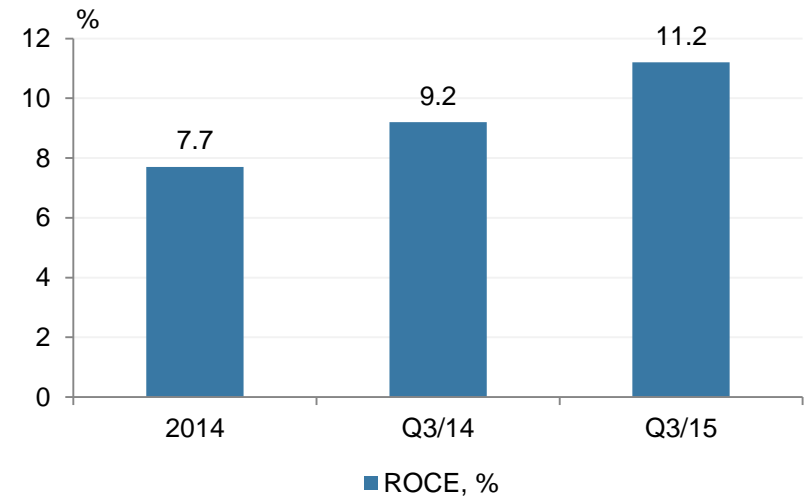
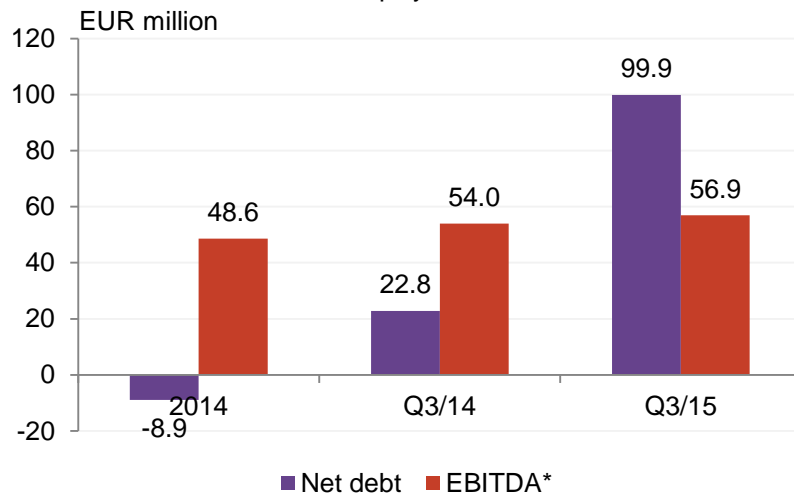
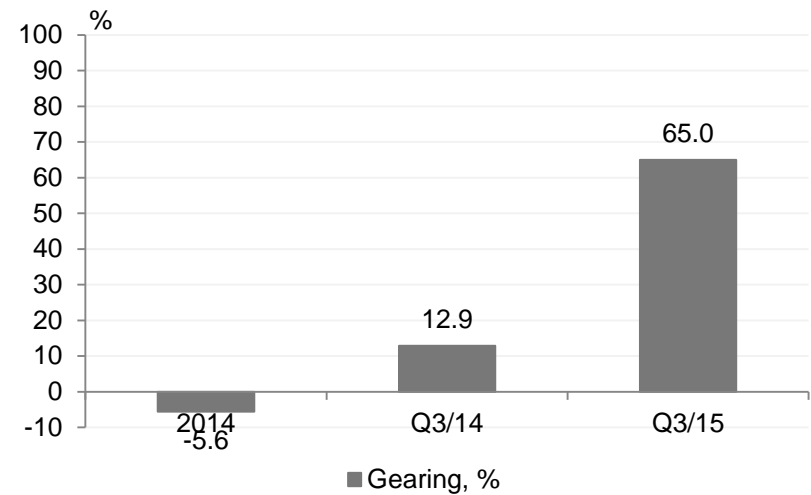
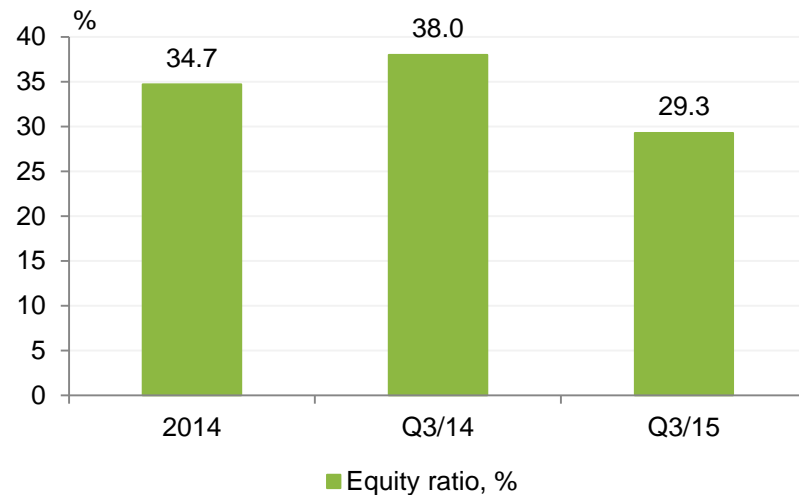
*** Related to employee benefits, taxes and financial items. Since Q3/14 includes additional tax liability of EUR 8.3 million and non-recurring items booked, but not paid.

Core working capital = Inventories + trade receivables – trade payables

Cash Flow



Balance Sheet and Return



*EBITDA of previous 12 months excl. NRIs

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

KTP Acquisition

- Integration Executed as Planned



- Commercial activities for worldwide expansion started.
- Great feedback from rolling stock customers.
- Sourcing synergies identified and future savings assumed.
- Supply chain and technology best practices in implementation.

KTP Acquisition 1st of July

	MEUR
Preliminary consideration transferred	36.6
Consideration paid in cash	22.4
Cash and cash equivalents of the acquired companies	-0.5
Total cash flow from the acquisition	22.0
Provisional values of assets	67.3
Provisional values of liabilities	36.6
Total net assets	30.8
Preliminary goodwill	5.8

- KTP develops and manufactures electrical cabinets, power packs and electrical distribution systems for rolling stock manufacturers.
- The acquisition has been consolidated into PKC Group as of 1 July 2015 according to the so-called anticipated acquisition method.
- The acquired Wiring & Controls business is included into PKC Group's Wiring Systems business segment.
- The enterprise value was EUR 50 million.
- The preliminary goodwill EUR 5.8 million reflects the value of know-how and expertise in rolling stock business.
- Group 1-9/2015 proforma revenue EUR 702 million and EBITDA EUR 50 million.
- PPA assets total EUR 22.9 million and related depreciation and amortization equal to EUR 3.2 million per year in the beginning.

PKC's Strategy Captures Growth Opportunities

VISION

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

STRATEGIC INITIATIVES

Managing the Complexity

Developing
PKC
Uniqueness
further

Maximizing
current
PKC set-up

Penetrating
into
APAC

Exploring
opportunities
to expand within
Transportation
Industry

Developing Electronics business as a stand alone within PKC Group

Long-term Financial Targets

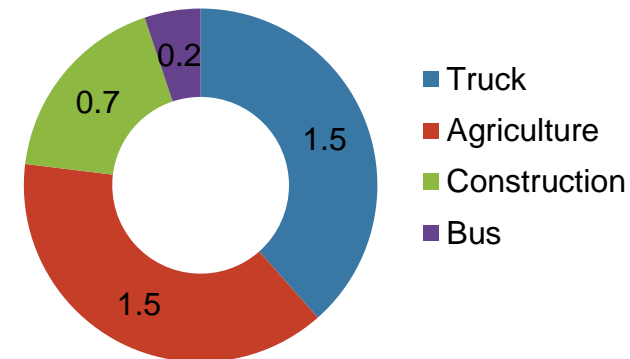
Annual Revenue EUR 1.4 Billion by 2018
EBITDA > 10% Gearing < 75%
Dividends 30–60% of Free Cash Flow

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

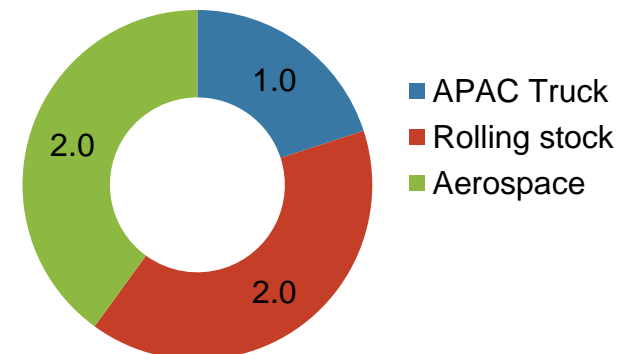
Existing market
about EUR 4 billion



New market opportunities equal 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



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 recently closed acquisition
- First breakthrough into China EDS market through joint venture which commenced operations during Q3
- Entry into rolling stock and China JV provide opportunities to further organic and inorganic growth





MANAGING THE COMPLEXITY

PKC GROUP 

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