



**PKC GROUP** 

# Investor Presentation Q4 2014

Strong cash flow,  
lower comparable EBITDA and revenue

February 12, 2015

Matti Hyytiäinen, President & CEO

# Q4/2014 Highlights

## Business Environment

- European truck production decreased significantly from previous year
- North American truck production increased from previous year driven by replacement and expansion sales

## PKC's Operations

- Utilization rates improved in North America, but with additional costs
- Development program progressing in Europe and South America

## PKC's Financial Performance

- Strong cash flow after capex of EUR 30.7 million in the fourth quarter
- Comparable EBITDA and revenue decreased from previous quarter
- Dividend proposal is EUR 0.70 per share



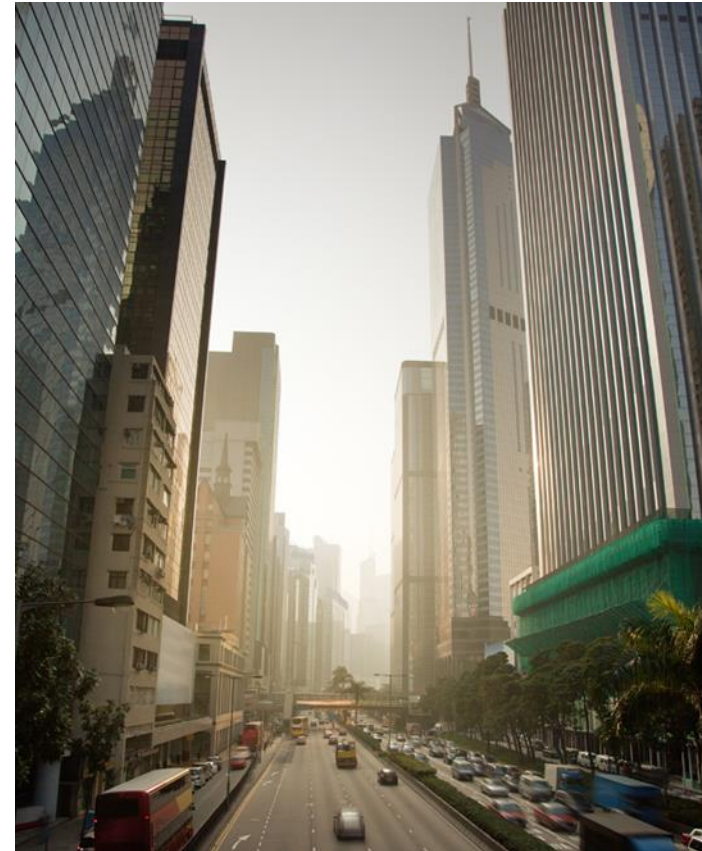
# Strategy 2018 Update

## Maximizing current PKC set-up

- Nogales (Mexico), Sosnowiec (Poland), Haapsalu (Estonia) and Itajuba (Brazil) factories practically closed by year end of 2014
- New flexible and cost-efficient factories in Lithuania and Serbia are in production and continue to be further ramped up

## Penetrating into APAC

- Quotation activities are on a high level in China
- Implementation of the strategy is proceeding, and focus has been on several projects during the quarter



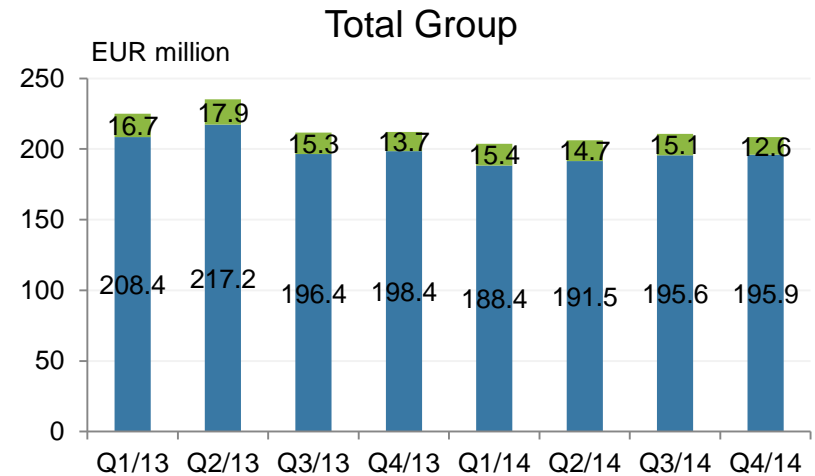
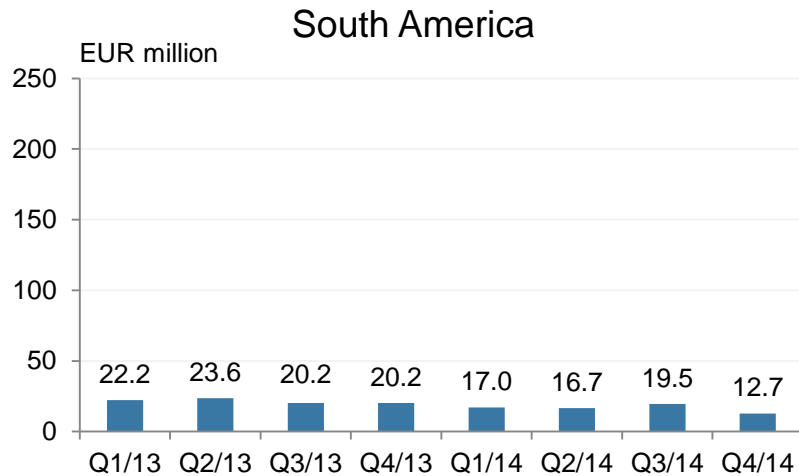
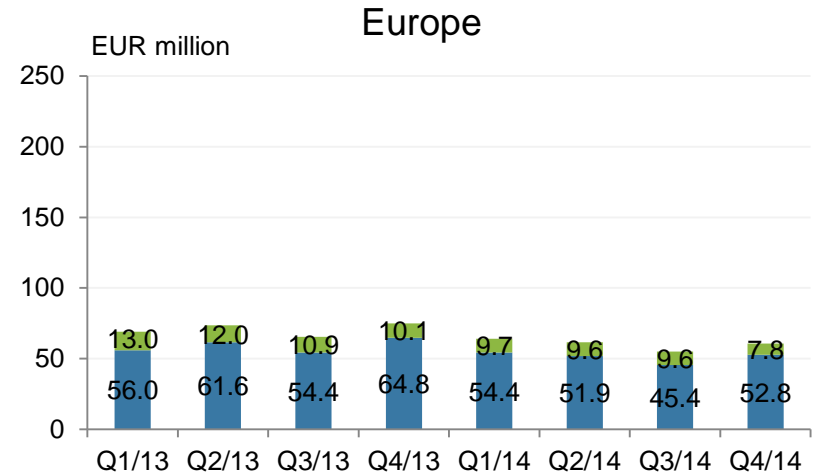
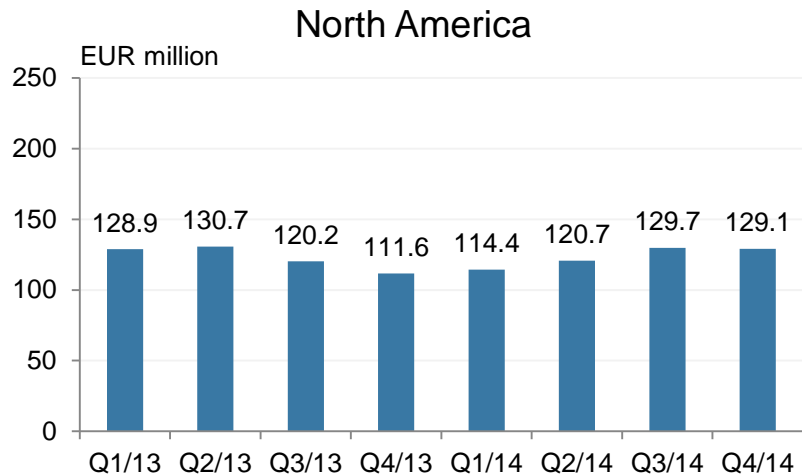
# Key Figures

EUR million	10-12/14	10-12/13	Change %	1-12/14	1-12/13	Change %
Revenue	208.5	212.1	-1.7	829.2	884.0	-6.2
EBITDA <sup>1)</sup>	9.1	13.9	-34.5	48.9	70.3	-30.5
EBITDA <sup>1)</sup> %	4.4	6.6		5.9	8.0	
Non-recurring items	-11.7	-2.1		-28.4	-10.4	
Operating profit (loss)	-9.6	4.6		-6.7	30.5	
EPS (EUR)	-0.63	0.08		-1.21	0.63	
Cash flow from operations	34.4	23.0		41.0	39.7	
Gross capital expenditure	4.0	4.1		19.9	14.6	
Net working capital <sup>2)</sup>	26.2	63.5		26.2	63.5	
Total assets	456.3	455.6		456.3	455.6	
Gearing, %	-5.6	-1.1		-5.6	-1.1	

<sup>1)</sup> Excluding PPA depreciation and amortisation and non-recurring asset impairment and write-downs

<sup>2)</sup> Includes additional tax liability of EUR 8.3 million

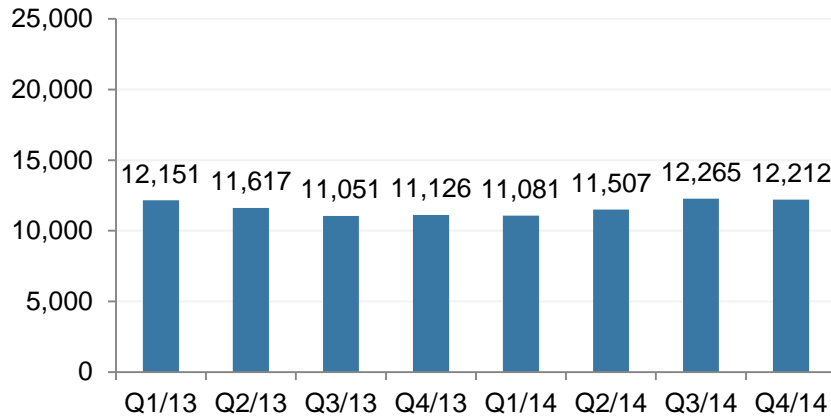
# Revenue



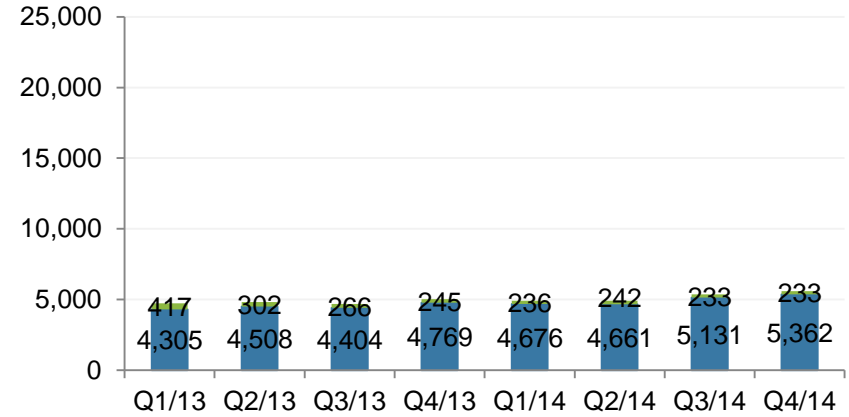
■ Wiring Systems ■ Electronics

# Average Number of Personnel

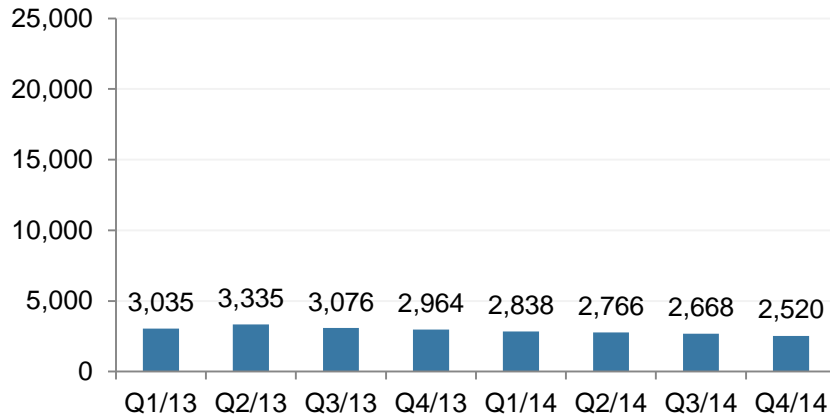
North America



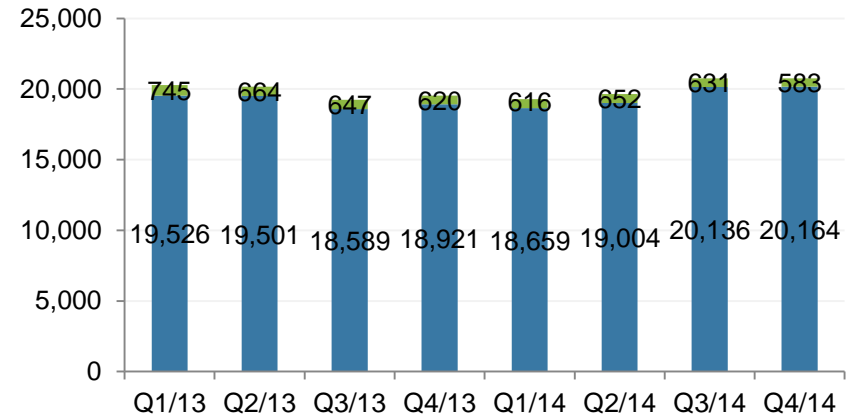
Europe



South America

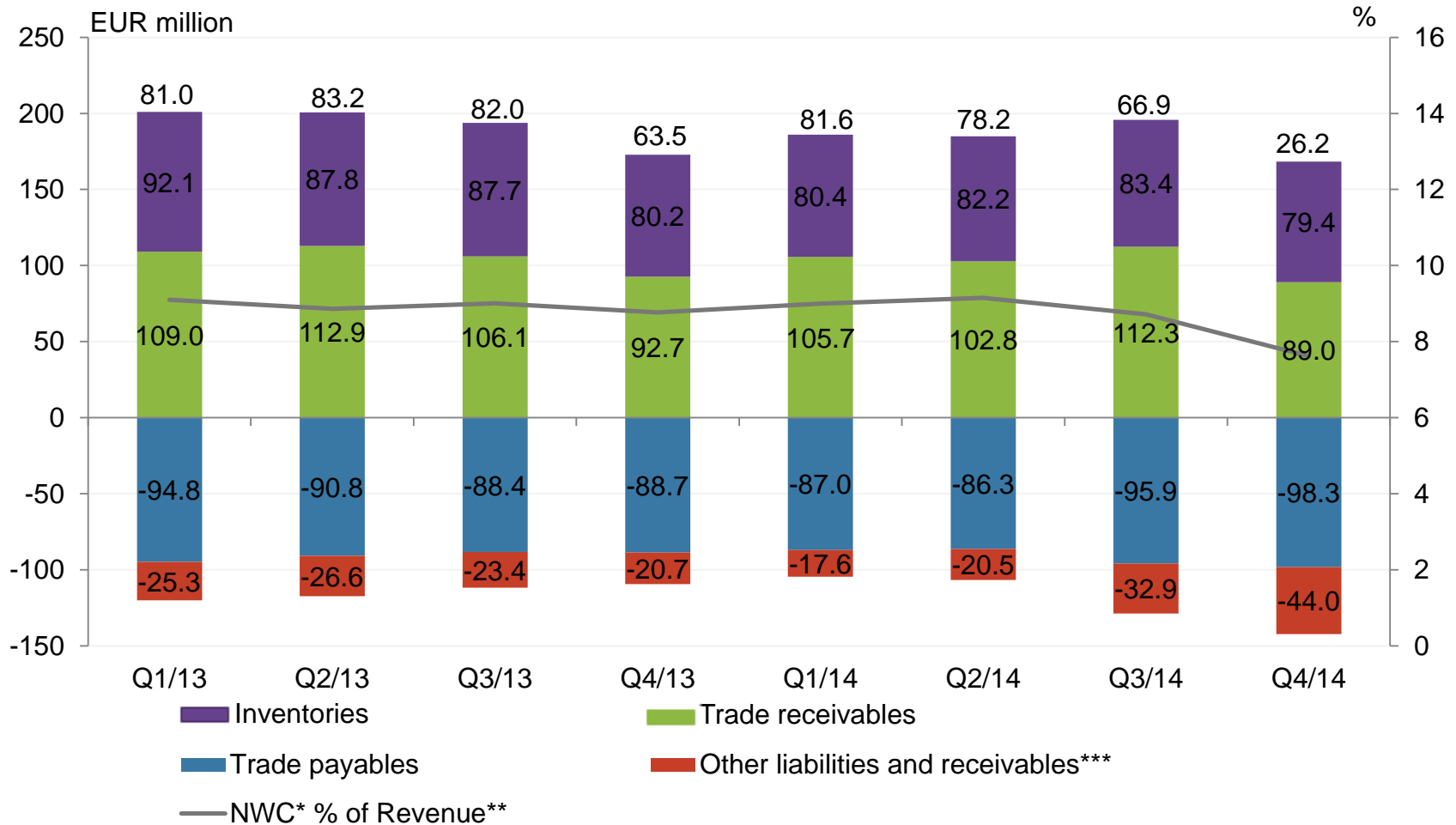


Total Group



■ Wiring Systems ■ Electronics

# Net Working Capital

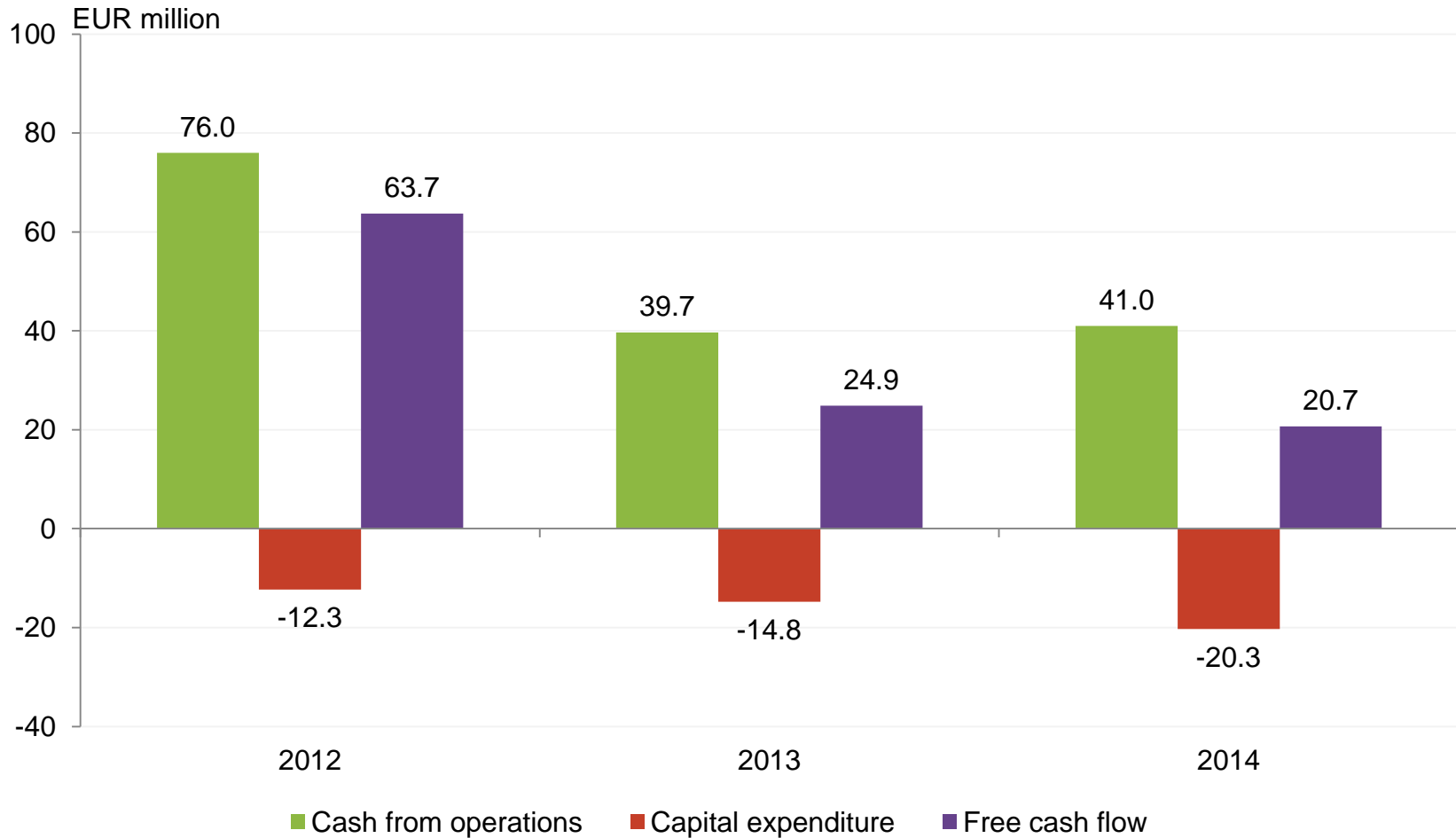


\* Average of previous four quarters

\*\* Revenue of previous 12 months

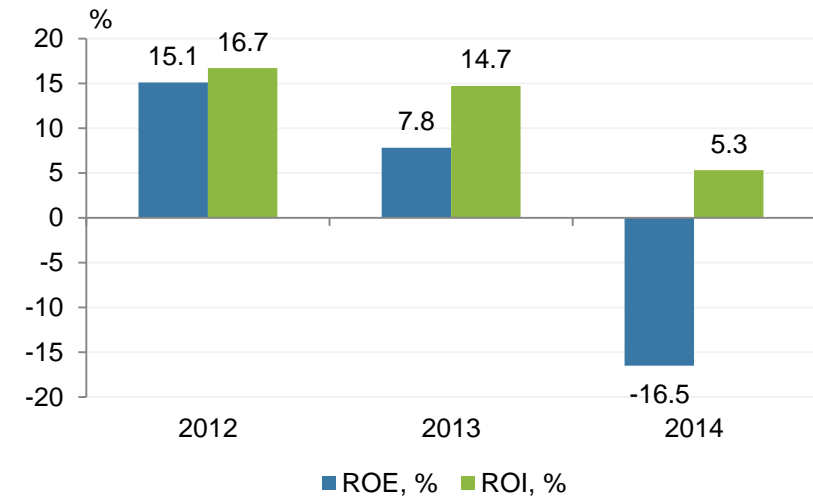
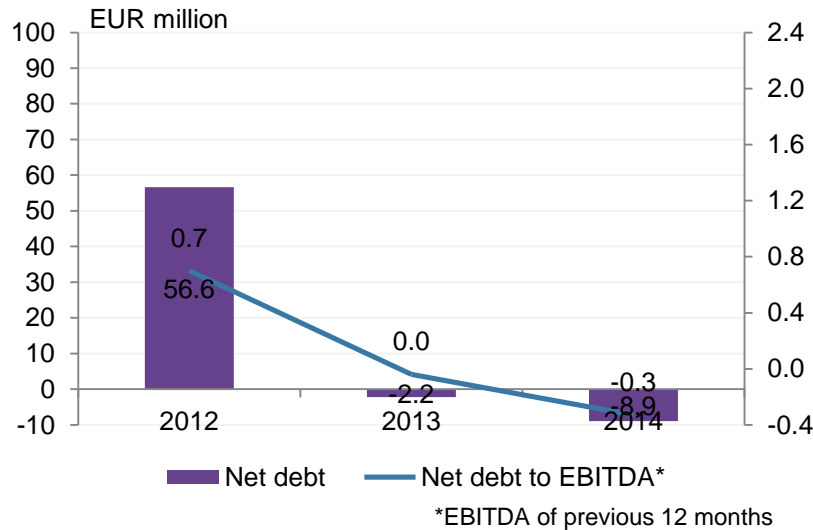
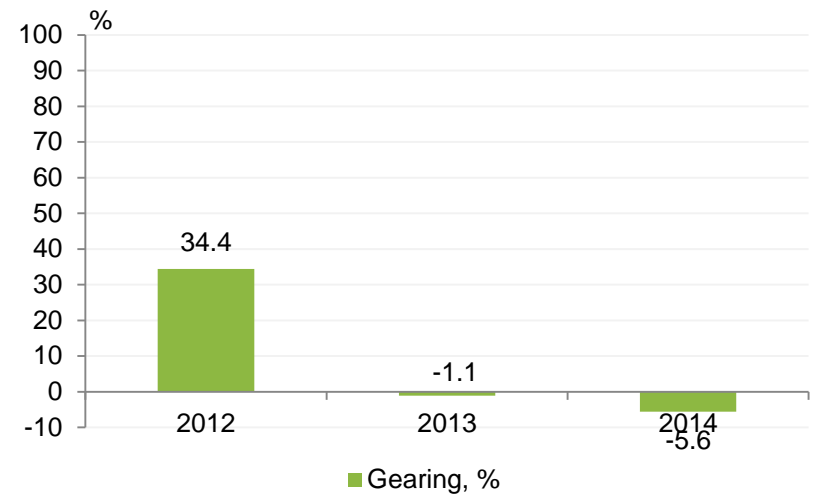
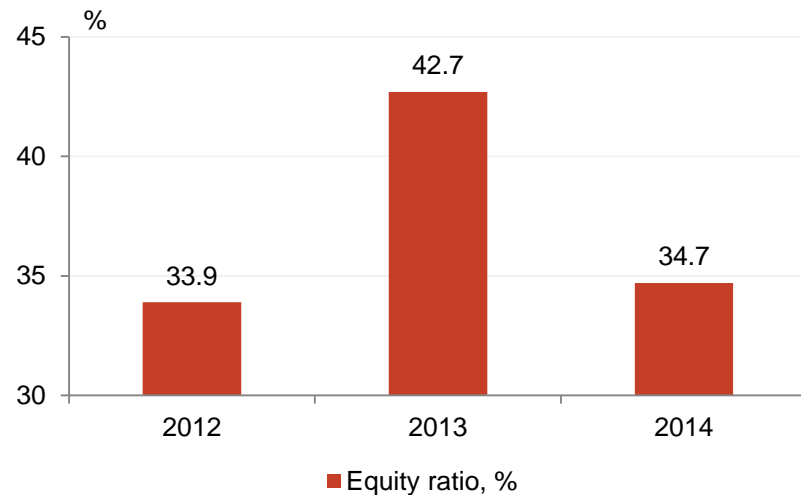
\*\*\* Related to employee benefits, taxes and financial items. Since Q3/14 includes additional tax liability of EUR 8.3 million and non-recurring items booked, but not paid.

# Cash Flow



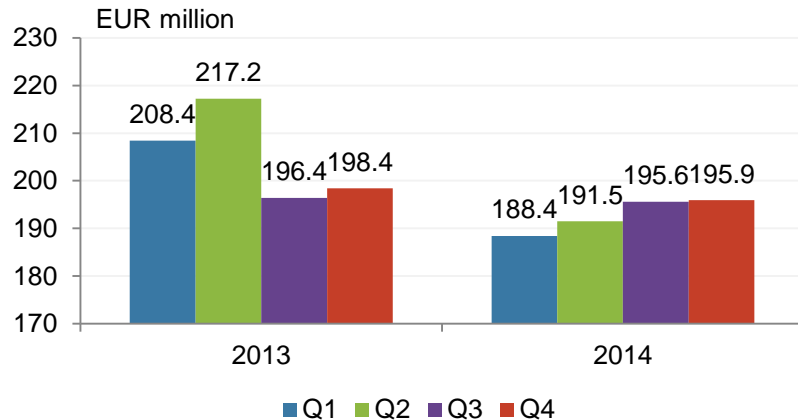


# Balance Sheet and Returns



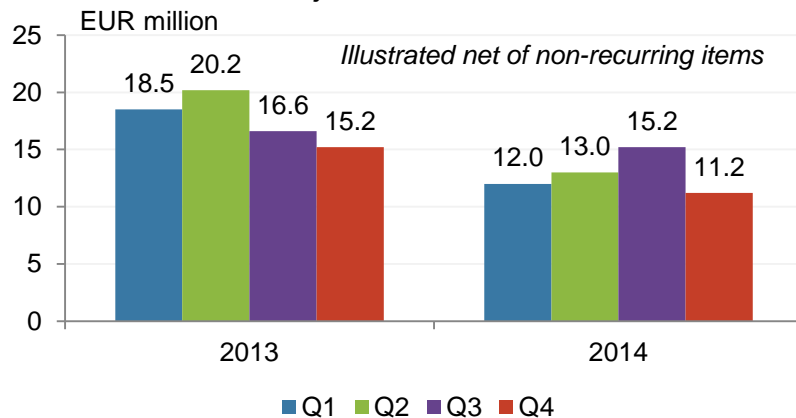
# Wiring Systems Segment, Q4/2014

## Revenue



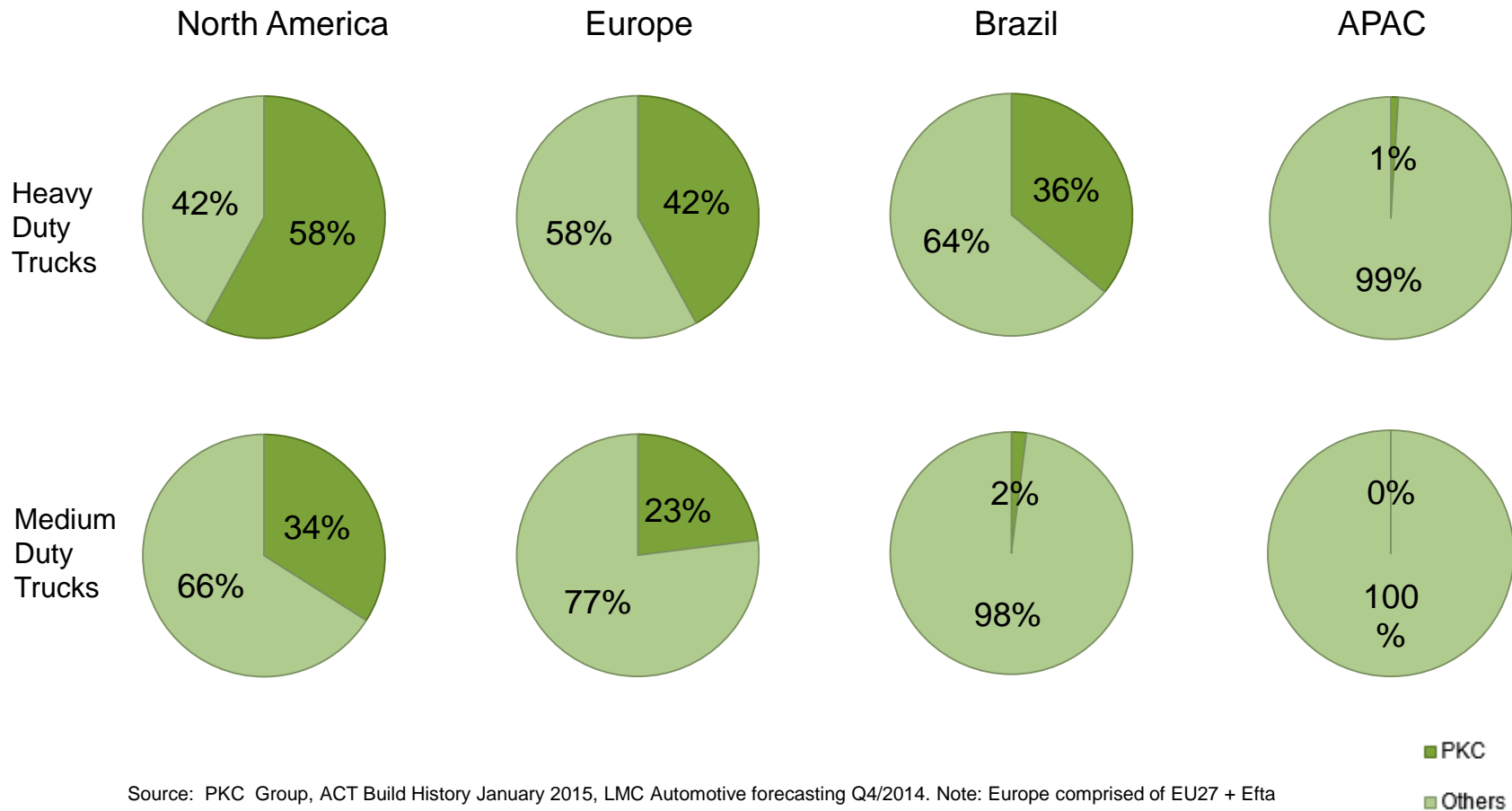
- With constant FX rates revenue decreased 6% from comparison period and 3% from previous quarter
  - European and South American truck production volumes clearly lower
  - Light-vehicle build-outs reduced revenue in North America
  - In Europe, the revenue has also been impacted by changes in the product portfolio

## Adjusted EBITDA



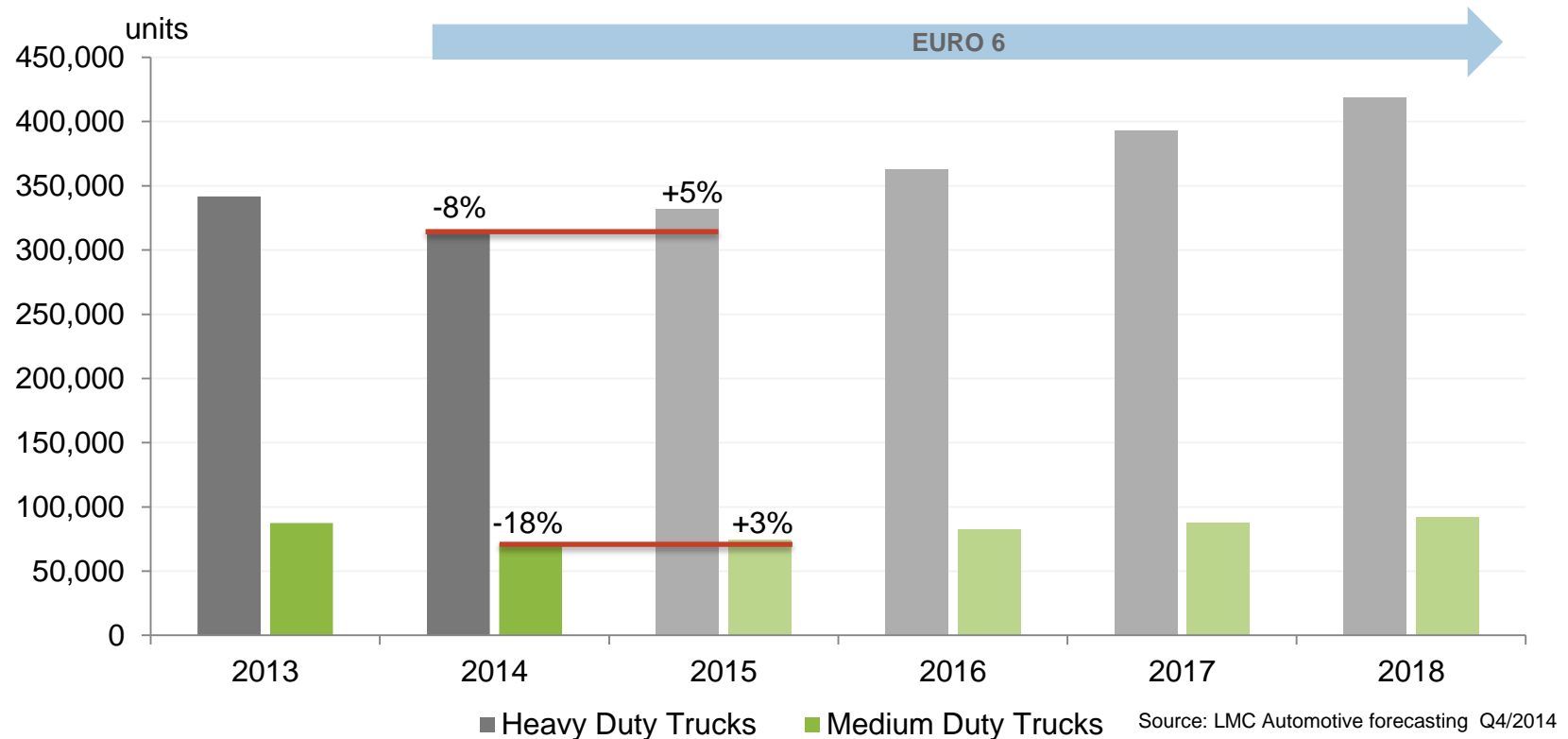
- Adjusted EBITDA down from previous quarter and comparison period
  - Additional expenses in North America to meet increased demand of trucks
  - Losses continued in Brazil
  - Reorganisation and program transfers in Europe

# PKC Market Share 1-12/2014



Source: PKC Group, ACT Build History January 2015, LMC Automotive forecasting Q4/2014. Note: Europe comprised of EU27 + Efta

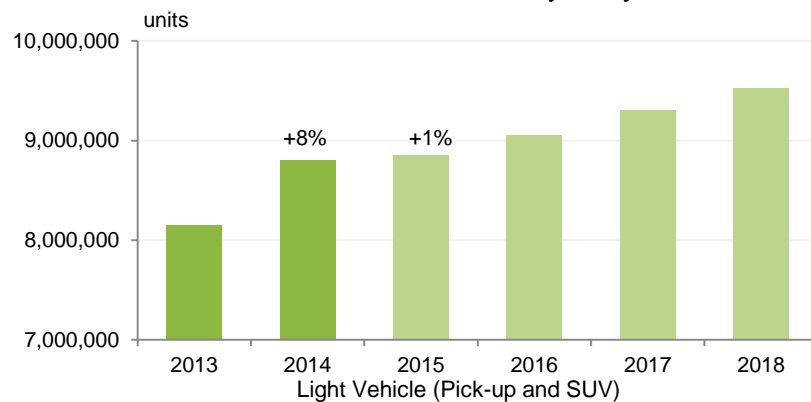
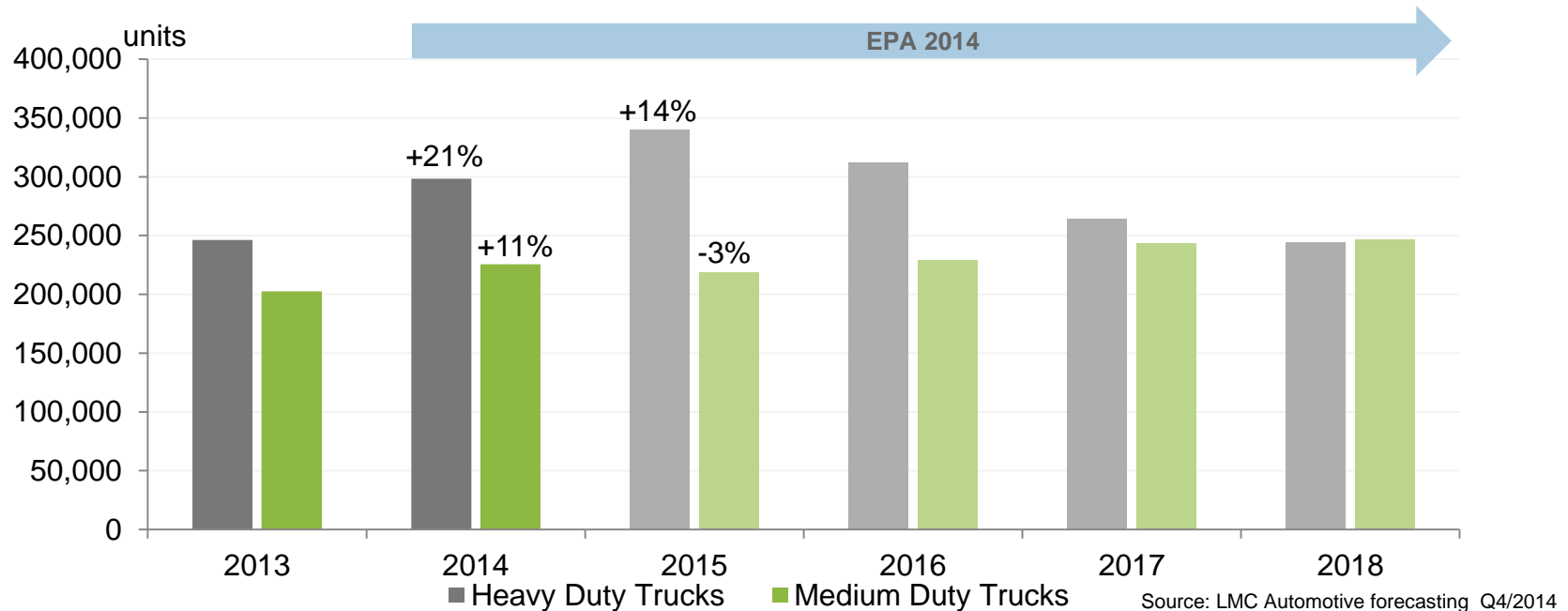
# EU27+ EFTA Truck Production



- Transition to Euro 6 emission standard at the beginning of 2014 has kept the demand of trucks below that of previous year, especially in the fourth quarter
- The economic environment especially in the southern parts of Europe has suppressed truck demand

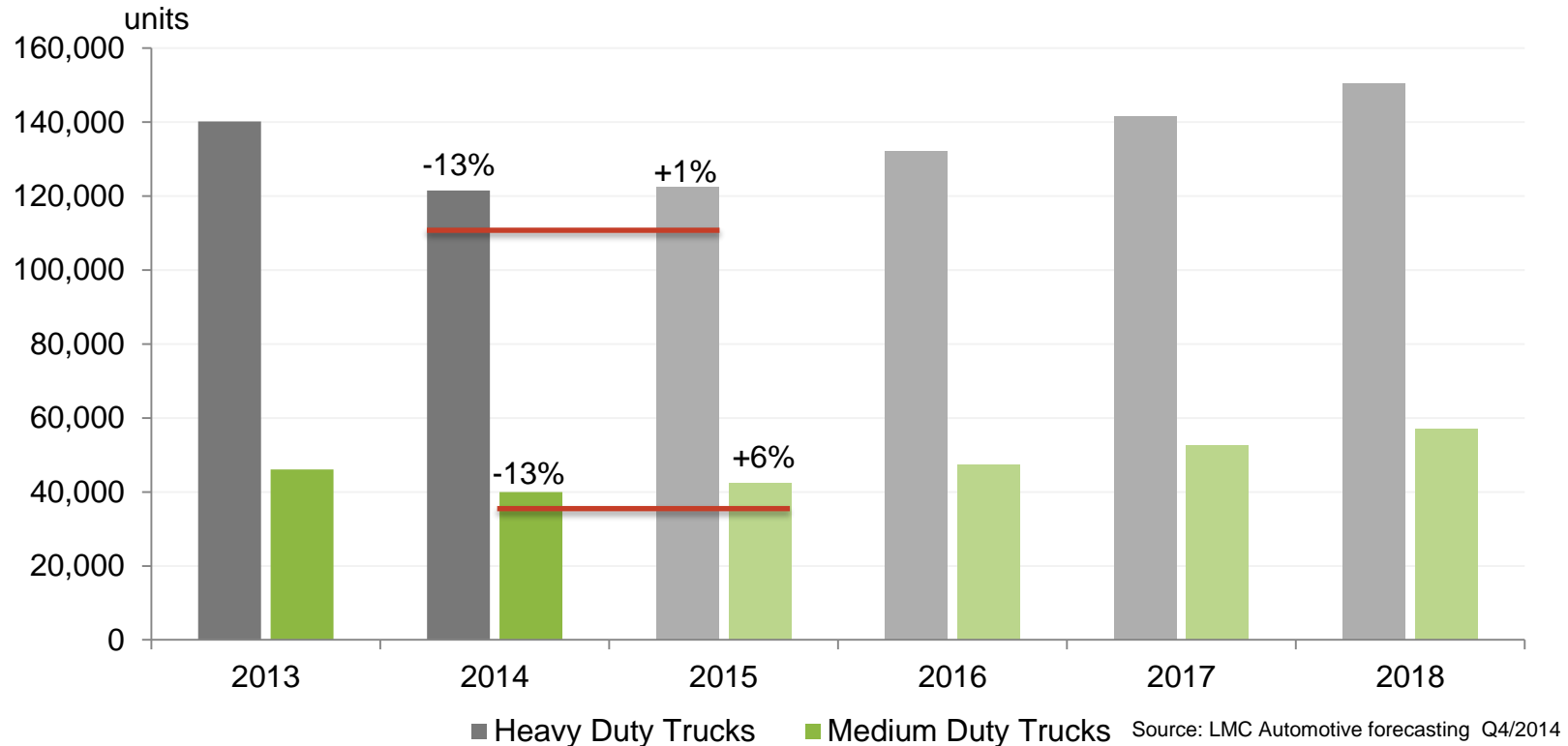
 PKC estimates production volume to remain on previous year's level at the most

# North America Production



- The conditions continue to be favourable for healthy truck demand in North America
- The growth is related both to replacement and expansion sales

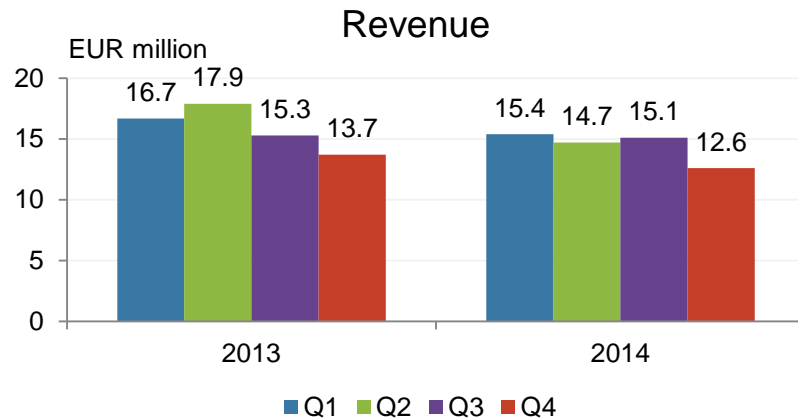
# Brazil Truck Production



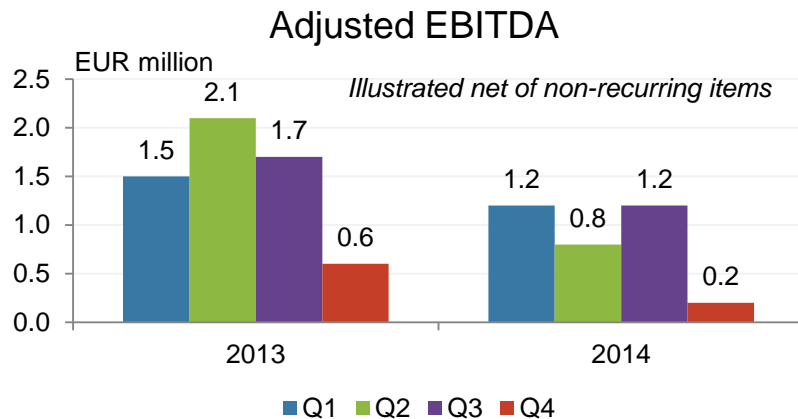
- In Brazil the current economic situation and reduced governmental incentives have had a negative impact on the demand for trucks
- Increased volatility and additional customer shut-downs taking place within the industry

 PKC estimates production volume to be lower than previous year

# Electronics Segment, Q4/2014



- Revenue decreased 8% from comparison period
- Due to lower and more volatile revenue the profitability was lower than in the comparison period



# Market Outlook – Full Year 2015



- European heavy-duty and medium-duty truck production is estimated to remain on previous year's level at the most.
- North American heavy-duty truck production is estimated to increase by 14% and medium-duty truck production to decline by 3% compared to 2014.
- Brazilian heavy-duty and medium-duty truck production is estimated to be lower than previous year.
- The market demand for Electronics segment's products is expected to remain at the current level.

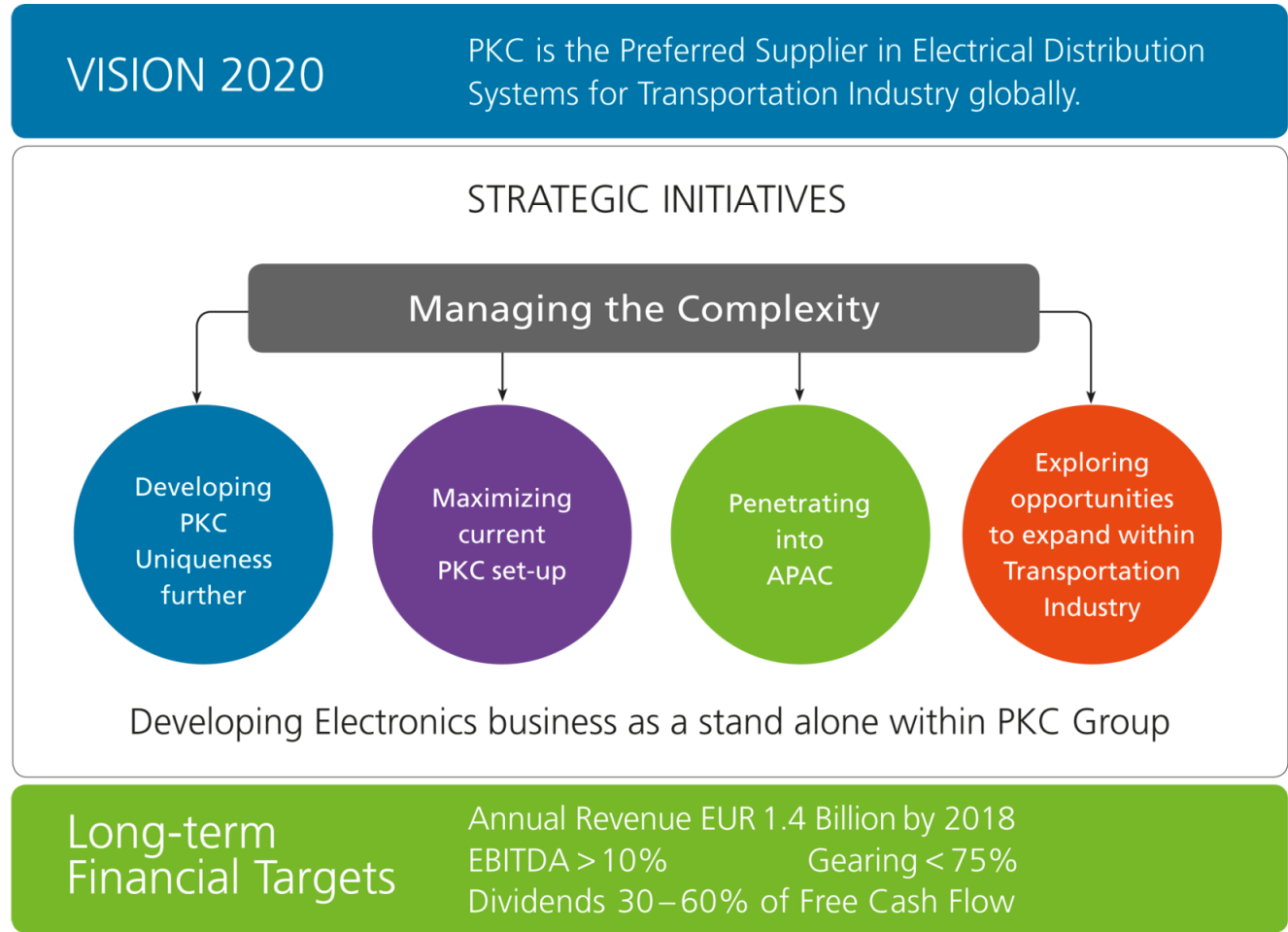


# PKC Group's Outlook

- 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 829.2 million and comparable EBITDA before non-recurring items was EUR 48.9 million.



# PKC's Strategy Captures Growth Opportunities





MANAGING THE COMPLEXITY

**PKC GROUP** 

PKC Group Plc  
Unioninkatu 20-22  
FI-00130 Helsinki, Finland

[www.pkcgroup.com](http://www.pkcgroup.com)