Creating leading partner in the worldwide transportation component solutions market

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Today’s presenters

V C Sehgal
Chairman
Motherson Sumi Systems Ltd

Matti Ruotsala
Chairman
PKC Group Plc
The journey to Preferred Supplier in global transportation industry

1969-1980 PKC was born as Pohjolan Kaapeli

1997 PK Cables listed in Helsinki Stock Exchange
Annual revenue EUR 66 million

1998 Brazilian factory opened

2002 Acquisition of Estonian production

2003 Acquisition of Russian production

2005 First factory in China

2008 Acquisition of MAN wire harness

2011 Acquisition of SEGU
2011 Acquisition of AEES, strongly established in North-America
2013 Serbian factory opened

2015 Acquisition of Groclin’s rolling stock business
2015 Joint Venture Jiangsu Huakai Wire Harness Co. Ltd. in China
Annual revenue EUR 847m

2016 Joint Venture JAC in China
2016 Bombardier Transportation, global framework agreement

2014 Acquisition of Lithuanian production

2015 Annual revenue EUR 847m
MSSL public offer to the shareholders of PKC

Motherson Sumi Systems Limited (MSSL) is making a voluntary, recommended tender offer to acquire all the issued and outstanding shares and options rights in PKC.

- Tender offer price of EUR 23.55 in cash per PKC share listed on Nasdaq Helsinki
- Combination of MSSL and PKC will create leading partner in the worldwide transportation component solutions market
- Combination with Motherson will strengthen the competitive position of PKC and accelerate its growth initiatives
- Combination Agreement signed
- MSSL’s intention is to acquire the entire share capital of PKC and delist the shares from Helsinki Stock Exchange
- Closing of the transaction is conditional upon anti-trust and other regulatory approvals
Introduction to Motherson Sumi Systems Limited (MSSL)

- Established in 1986 as a wiring harness company
- Grew to become the largest automotive wiring harness maker in India and an established player in the global market
- MSSL is a specialised automotive component solutions provider for a diverse global customer base comprising of almost all leading automobile manufacturers
- Strong relationships with OEMs globally
- Flagship Company of USD 7.2 billion Samvardhana Motherson Group (ranked 31st among the global automotive suppliers\(^1\))
- Growing with a CAGR of over 40% in the last 10 years MSSL has a consolidated turnover of EUR 5.7 billion (2015-16)
- Listed on stock exchanges in India since 1993 having a market cap of EUR 6.7 billion\(^2\)

\(^1\) Source: Automotive News
\(^2\) As on January 18, 2017
**MSSL – Core business**

**Wiring Harnesses**
- Market leader in wiring harness for automotive applications in India
- Full system solutions provider to all automotive segments
- High degree of vertical integration for products and processes
- Strong design and IT base with global knowledge sharing platforms

**Modules and Polymer Products**

**Rear View Mirrors**

**Wiring Harness Business**

**Global Operations**
- Operations in 13 countries
- Strong presence in Asia Pacific region
- Over 46 manufacturing facilities globally
- Global network of design centres, marketing and logistics hubs
Vision and Philosophy

Vision.

Vision 2020 (Our 5th five-year plan)

01

$18 billion FY19-20.
(in Revenues)

02

40% ROCE (consolidated).

03

3C × 15
(No country, customer or component should be more than 15% of our total turnover)

04

40% of consol. profit as dividend.

Motherson Value Creation Philosophy.

03. CUSTOMER VALUE
Trust

04. CUSTOMER RESPONSE
Asking Motherson to do more

05. INCREASE CONTENT/VALUE PER VEHICLE
Play a bigger part in the success of our customers

01. PURPOSE
Proud to be part of the world’s most admired companies

02. OUTSTANDING PERFORMANCE
A relentless focus on QCDDMSES

1) Quality, Cost, Delivery, Design, Management, Safety, Environment, Sustainability
Proud to be part of world's leading automotive brands
MSSL acquisition experience

14 Acquisitions since 2002

2002
- Wexford Electronics Ireland (Wiring harness) Asset purchase
- Reiner Precision Germany (Machined metal components) Asset purchase
- G & S Kunststofftechnik GmbH Germany (Plastic injection moulding) Company purchase
- F.P. Formagrau Czech Republic (Plastic injection moulding company) Company purchase

2005
- Huon Corporation Australia (Door trim business) Asset purchase
- ASL Systems UK (Wiring harness) Asset purchase
- Empire Rubber Australia (Rubber moulding business) Asset purchase

2006
- Minda Schenk Germany (Plastic molding) Asset purchase
- F.P. Formagrau Czech Republic (Plastic injection moulding company) Company purchase

2007
- Scherer & Trier Germany (Extruded plastic parts) Asset Purchase
- Rear View Mirror business of Visiocorp UK (Rear view mirrors)
- Peguform, Germany (Interior & exterior polymer modules)

2009
- Minda Schenk Germany (Plastic molding) Asset purchase
- Vacuform 2000 (Pty) Limited South Africa (Thermoformed polyethylene components and blow moulded components)

2011
- ASL Systems UK (Wiring harness) Asset purchase
- Huon Corporation Australia (Door trim business) Asset purchase
- Wexford Electronics Ireland (Wiring harness) Asset purchase

2014
- Wiring Harness Business of Stoneridge Inc USA (Wiring harness)
- Abraham and Co Ltd Hungary (Plastic molding Automotive Business Unit)

2016

Acquisitions timeline from 2002 to 2016.
Combination rationale

- Combination of MSSL and PKC is highly synergistic
  - Minimal overlap in terms of both geographical presence and product segment
  - Both companies share similar values and corporate cultures

- The combination will:
  - Create a strong player within the worldwide transportation component solutions market with the ability to create more value for customers
  - Combine leading and supplementary product and geographical positions
  - Capture growth opportunities from a broader addressable market
  - Have great advantage from being able to leverage both managements’ knowhow
  - Take advantage of an improved diversification of the customer base
  - Have significant benefits from reaching greater critical mass
Excellence in managing complexity, supported by complementary synergies

- Complexity as a trend will prevail, increased need for:
  - Individualisation, applies to all transportation segments
  - Strict standards worldwide (i.e. emissions)
  - Disruptive technologies (electric vehicles, control of vehicles, robotics)
  - Evolving supplier-manufacturer interfaces (rolling stock)

- Complementary synergies:
  - Larger offer portfolio to the customers, new partnerships
  - Larger scale in purchasing
  - Knowledge sharing in supply and product development
  - Access to new markets
  - Financial strength
  - Similar values and group culture
Combining forces – Logical step in implementing PKC’s strategy

Leading partner for international transportation industry:

• Well positioned for growth

• Ready for growing Indian and Chinese markets

• Financial strength to grow
Board recommendation

• The Board of Directors of PKC has unanimously decided to recommend its shareholders to accept the Offer

• Attractive premium offered compared to current share price and underlying broker consensus
  • 51.1% of the closing price on January 19, 2017
  • 53.1% to the 3 month volume-weighted average price

• All cash offer
Summary – Main points of the offer

• The combination creates leading partner in the worldwide transportation component solutions market
• Offer provides an attractive premium to share price
• Leverages the expertise of both companies to continue exceeding customer requirements
• Creates an industry champion
Indicative timetable

- Combination agreement signed: January 19, 2017
- Announcement of the Tender Offer: January 19, 2017
- Publication of Offer Document (on or about): February 6, 2017
- Acceptance period commences (on or about): February 6, 2017
- Board Statement
- Acceptance period closes (on or about): March 21, 2017
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Questions and Answers