



PKC GROUP 
Investor Presentation
January-June 2016
Half Year Financial Report

August 10, 2016

Matti Hyytiäinen, President & CEO

H1 2016 Highlights

Business Environment

- North American heavy-duty truck market has continued on a down-slope
- Heavy-duty truck demand in Europe has continued to recover while Brazilian market is in recession. In China truck demand and production have grown

PKC's Operations

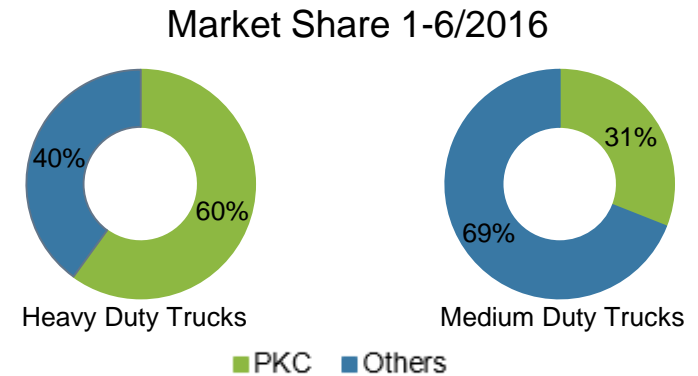
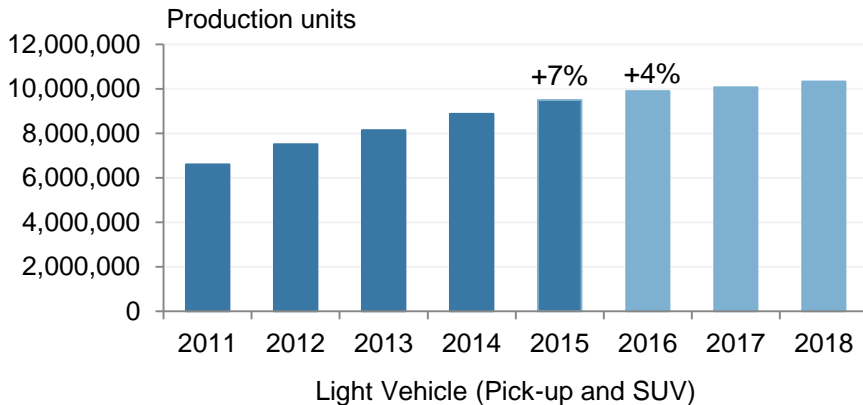
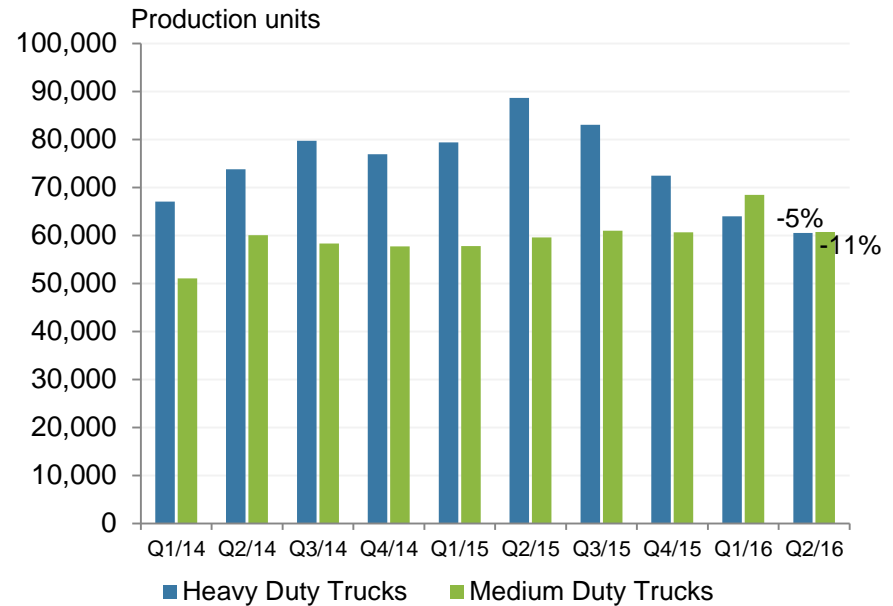
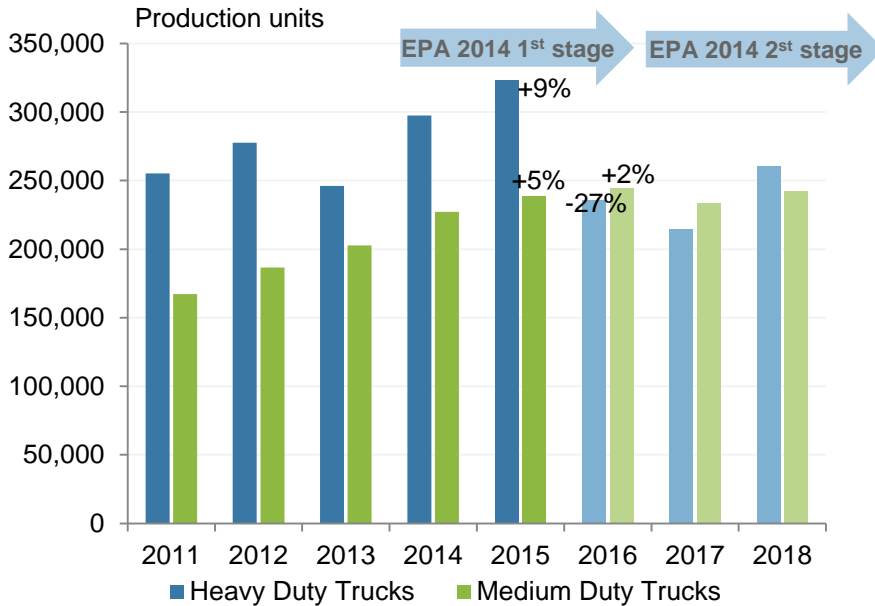
- European manufacturing footprint improvement and program transfers continue including freeing up capacity for higher rolling stock volumes
- North American capacity is to be adjusted to a lower level for the medium term

PKC's Financial Performance

- EBITDA improved q-to-q and y-on-y
- H1 cash flow negative due to seasonality, but improved from year earlier

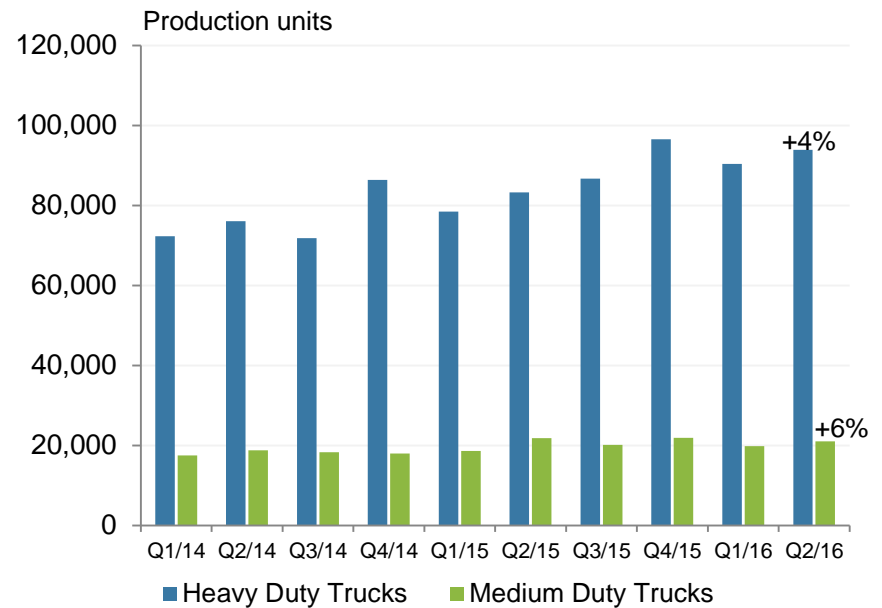
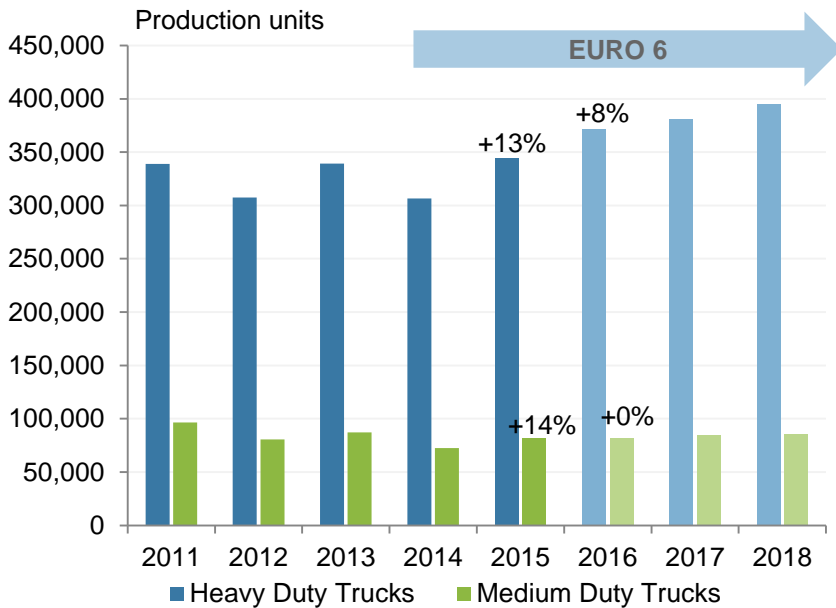


North America Market

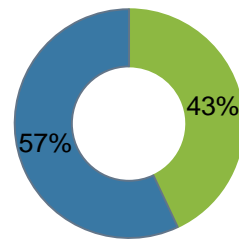


Source: LMC Automotive forecasting Q2/2016, ACT Build History July 2016, PKC Group

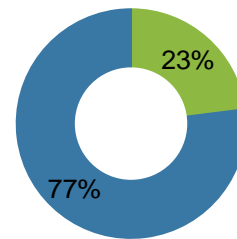
EU + 2 Market



Market Share 1-6/2016



Heavy Duty Trucks

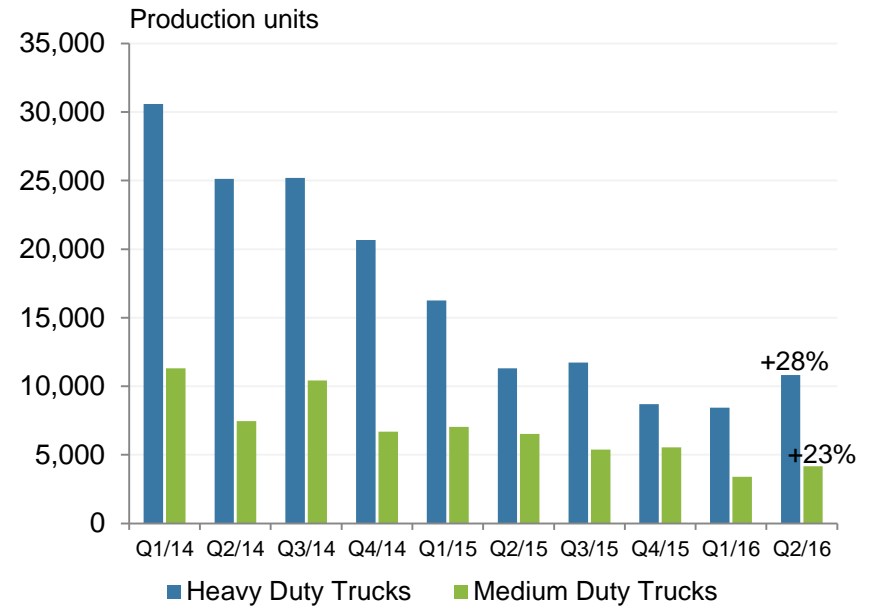
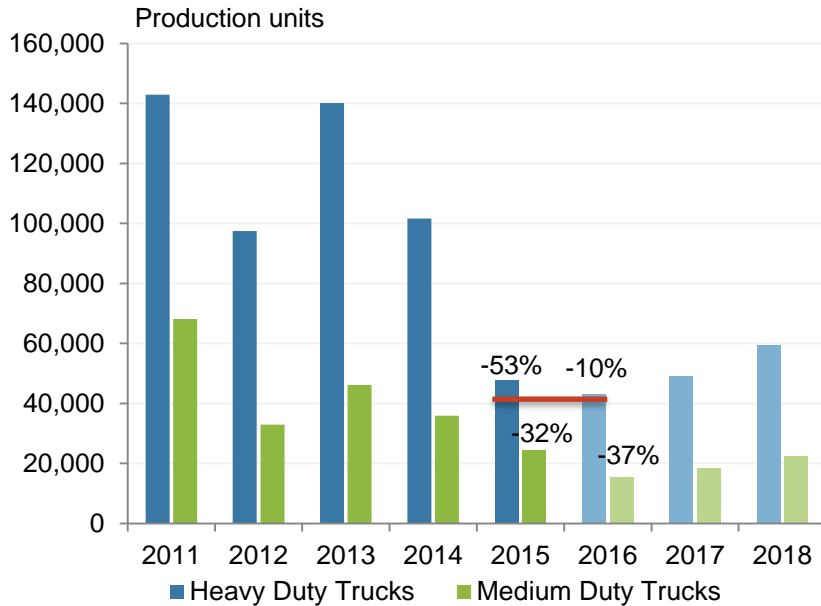


Medium Duty Trucks

■ PKC ■ Others

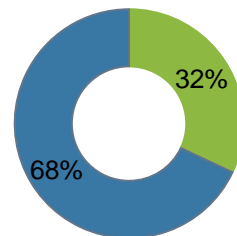
Source: LMC Automotive forecasting Q2/2016, PKC Group

Brazil Market

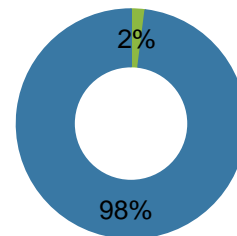


 PKC estimates production volume to continue to decrease

Market Share 1-6/2016



Heavy Duty Trucks

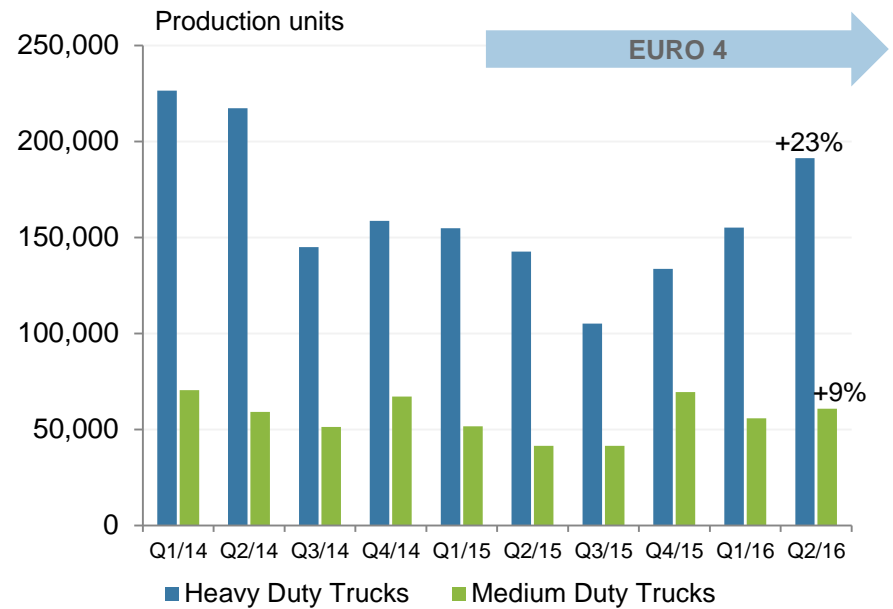
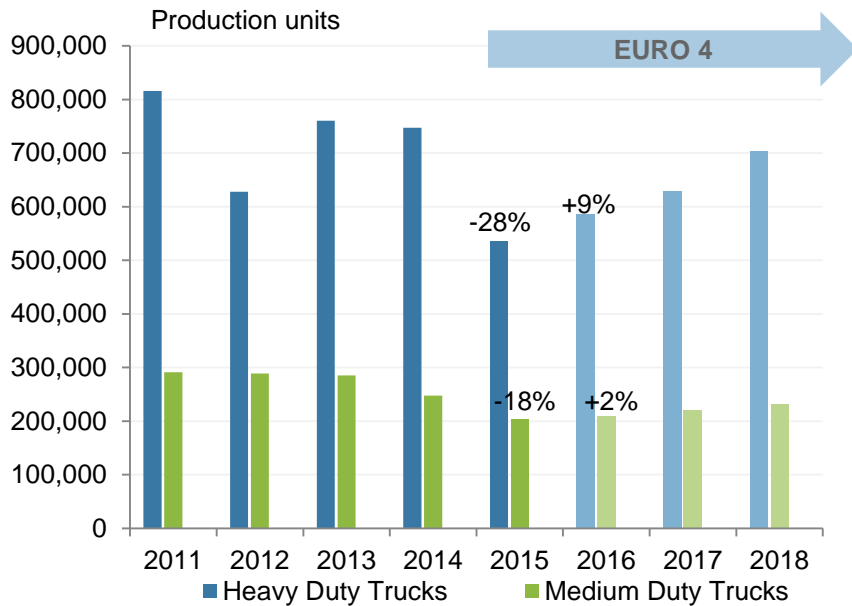


Medium Duty Trucks

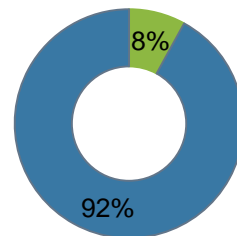
■ PKC ■ Others

Source: LMC Automotive forecasting Q2/2016, PKC Group

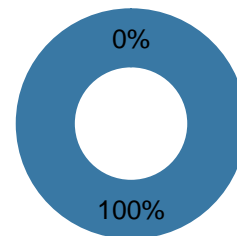
China Market



Market Share 1-6/2016



Heavy Duty Trucks

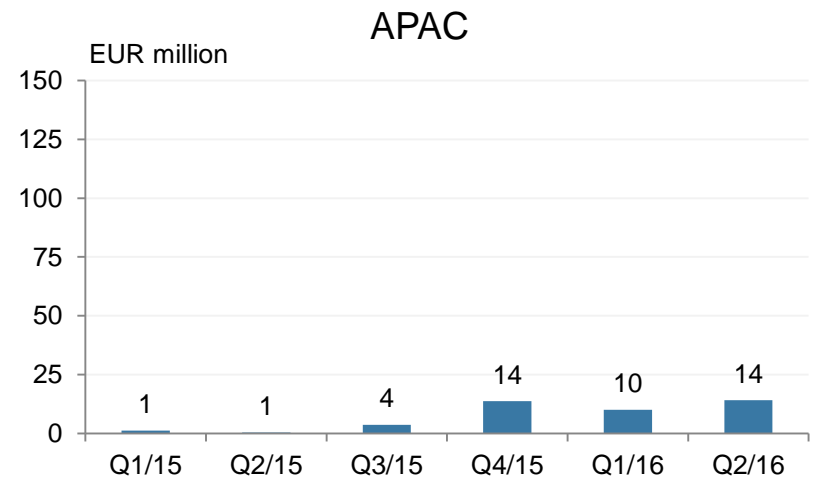
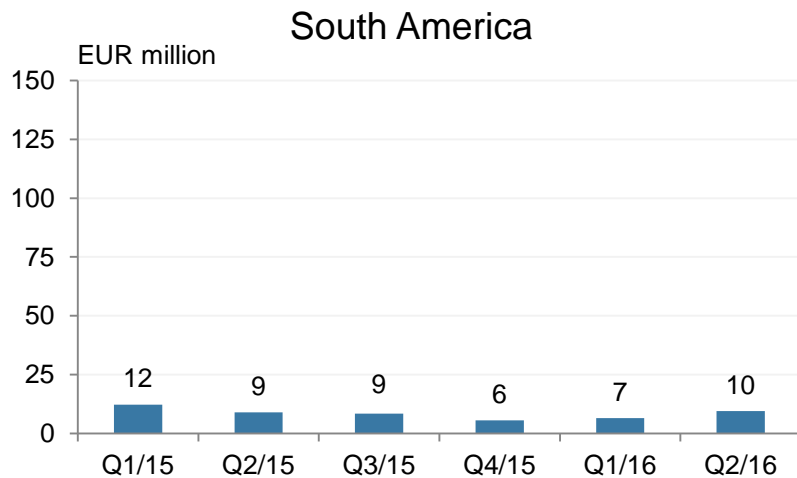
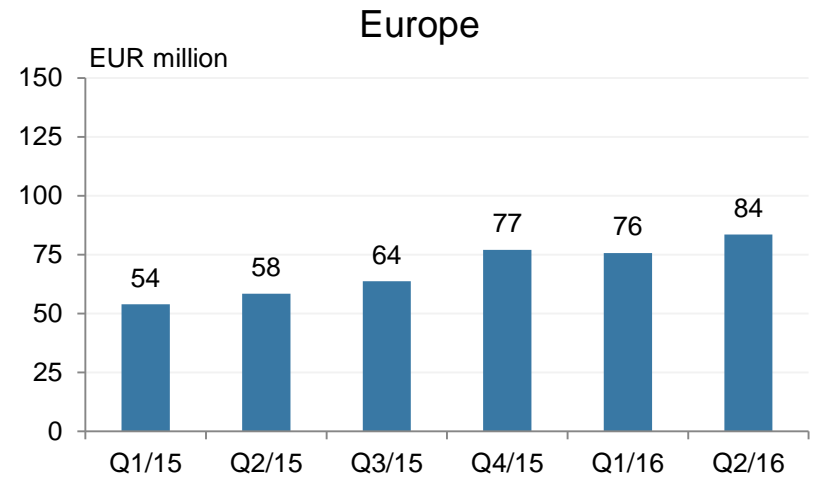
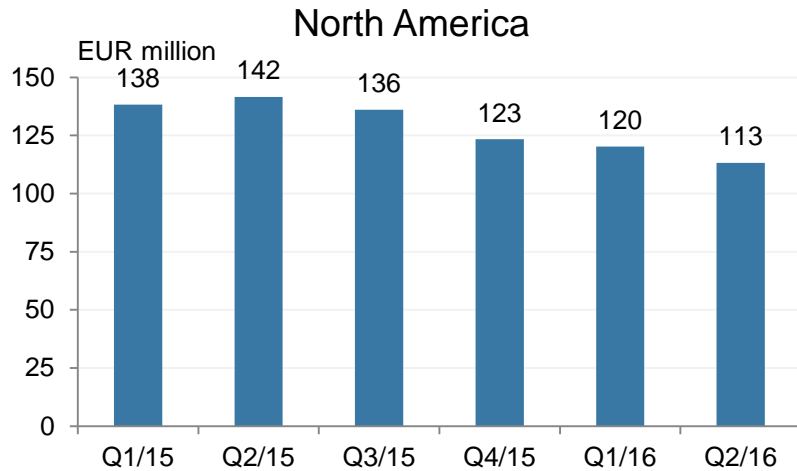


Medium Duty Trucks

■ PKC ■ Others

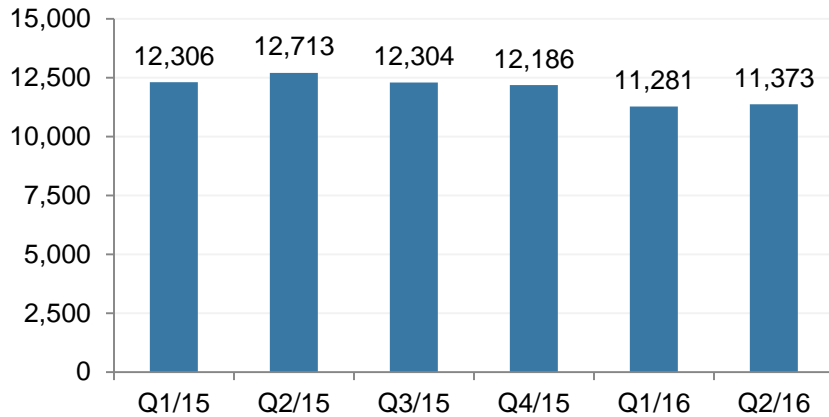
Source: LMC Automotive forecasting Q2/2016, PKC Group

Revenue from Continuing Operations

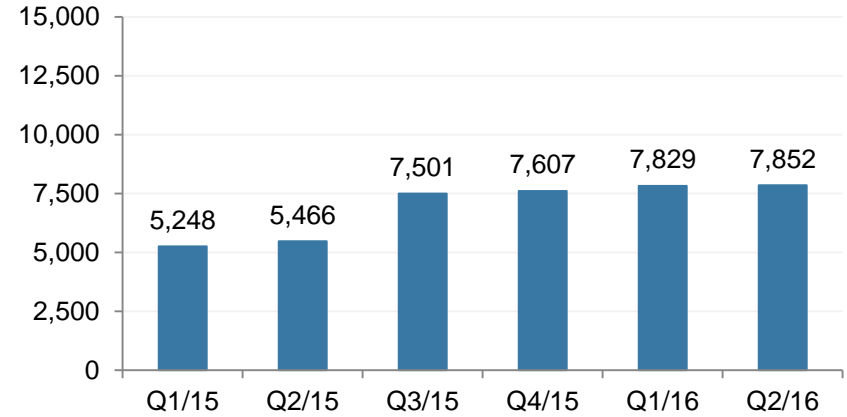


Headcount, Average in Continuing Operations

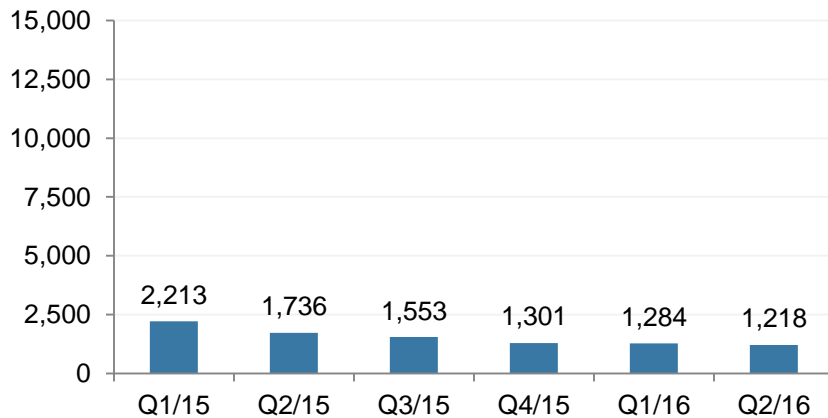
North America



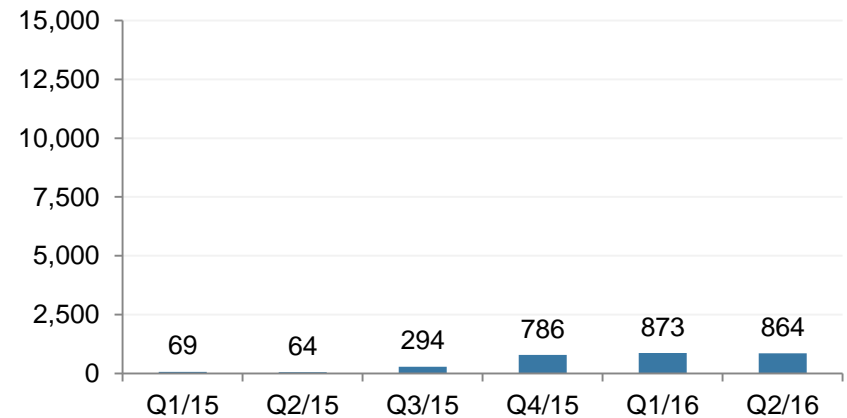
Europe



South America



APAC



Market Outlook – Full Year 2016



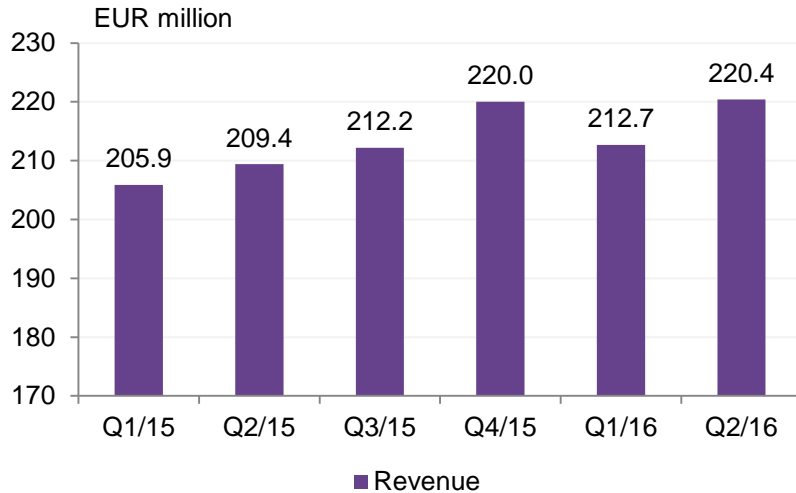
- North American heavy-duty and medium-duty truck production is estimated to decrease by 15% compared to previous year's level
- European heavy-duty and medium-duty truck production is estimated to increase by 6% compared to previous year's level
- Brazilian heavy-duty and medium-duty truck production is expected to continue to decrease
- Chinese heavy-duty and medium-duty truck production is expected to grow by about 7% compared to previous year's level
- The demand for the rolling stock is expected to continue to grow steadily

PKC Group's Outlook

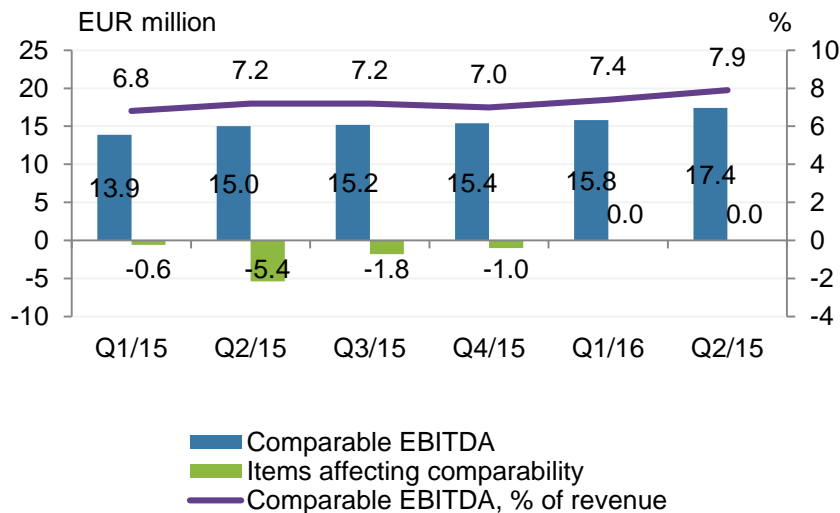
- PKC Group estimates that with prevailing exchange rates 2016 revenue from continuing operations (i.e. excluding Electronics business) will be close to previous year level and comparable EBITDA from continuing operations will be higher than previous year level.
- Outlook includes higher than average uncertainty related to the North American heavy-duty truck production volumes during rest of the year
- In 2015, PKC's revenue from continuing operations was EUR 847.3 million and comparable EBITDA from continuing operations was EUR 59.5 million



Revenue and EBITDA, Q2 2016



- YTD revenue from continuing operations increased +4%
 - YTD negative FX impact of -2%
 - Revenue in North America declined due to lower heavy-duty truck volumes
 - European truck revenue grew
 - Increased production in China and in the rolling stock segment
- Comparable EBITDA from continuing operations improving
 - Better productivity and production arrangements in Europe
 - EBITDA in North America declined owing to lower volumes, weakened utilization rates and unfavourable product mix
 - The recent transactions in Poland and China contributed to EBITDA
 - Brazil achieved positive result in June



Key Figures

EUR million (from continuing operations unless otherwise noted)	4-6/16	4-6/15	Change %	1-6/16	1-6/15	Change %	1-12/15
Revenue	220.4	209.4	+5.3	433.1	415.2	+4.3	847.3
EBITDA ¹⁾	17.4	15.0	+16.1	33.3	28.9	+15.0	59.5
EBITDA % ¹⁾	7.9	7.2		7.7	7.0		7.0
Items affecting comparability	0.0	-5.4		0.0	-5.9		-8.8
Operating profit	9.6	2.5	+286.4	17.6	8.7	+103.7	20.2
EPS (EUR)	0.21	-0.06		0.35	0.06	+533.1	0.23
Net cash from operating activities ²⁾	15.1	4.5	+236.0	-18.9	-25.2		14.8
Working capital ²⁾³⁾	122.3	96.5	+26.8	122.3	96.5	+26.8	92.7
ROCE, % ⁴⁾				10.6	10.9		9.9
Gearing, % ²⁾				62.7	21.1		31.4
Average headcount	21,330	19,988	+6.7	21,309	19,926	+6.9	20,855

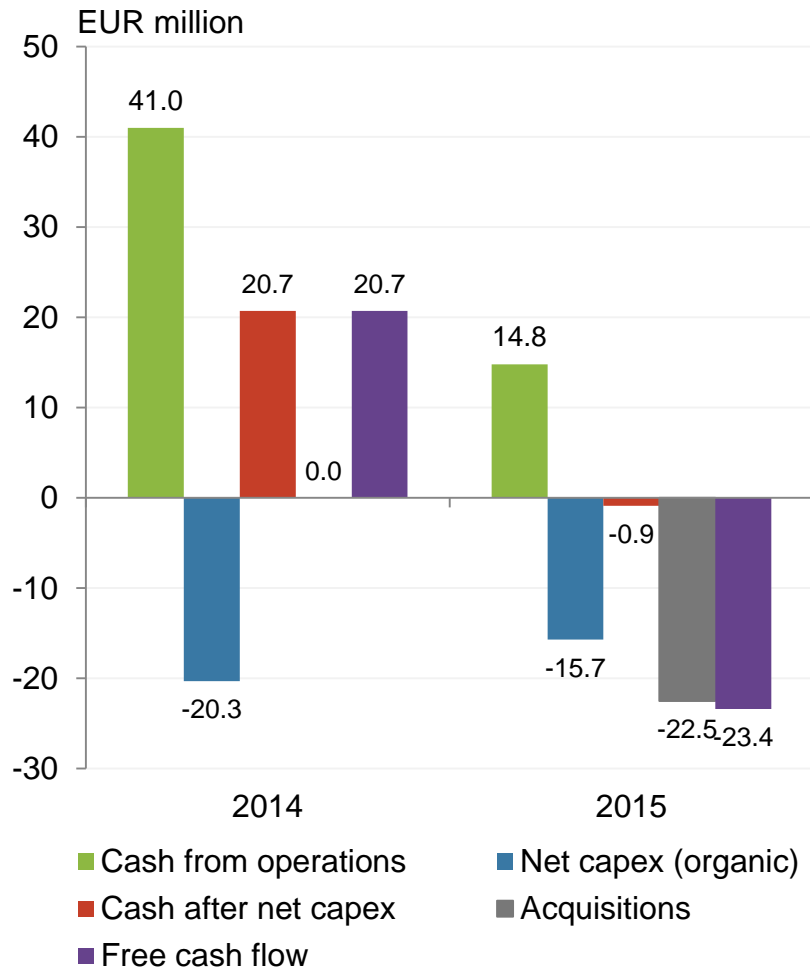
¹⁾ Excluding items affecting comparability

²⁾ Comparison periods include discontinued operations

³⁾ Inventories + trade receivables - trade payables

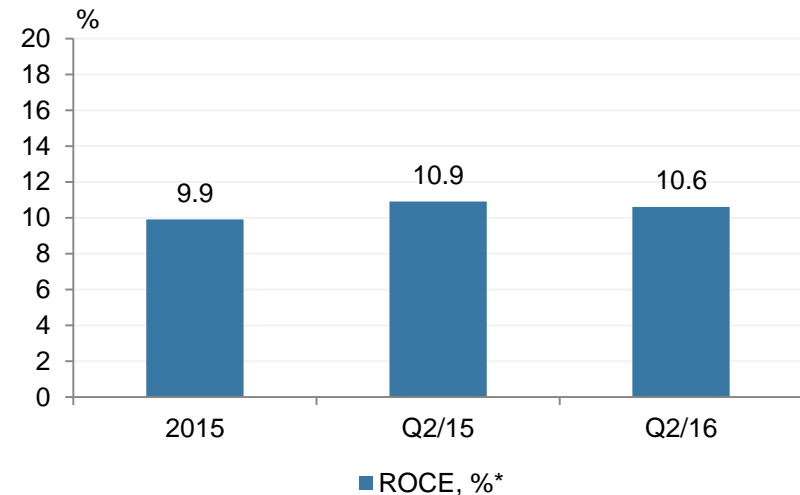
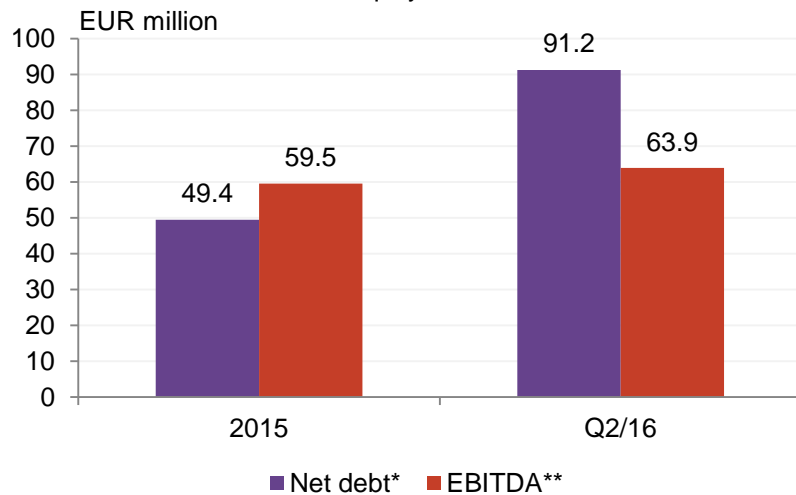
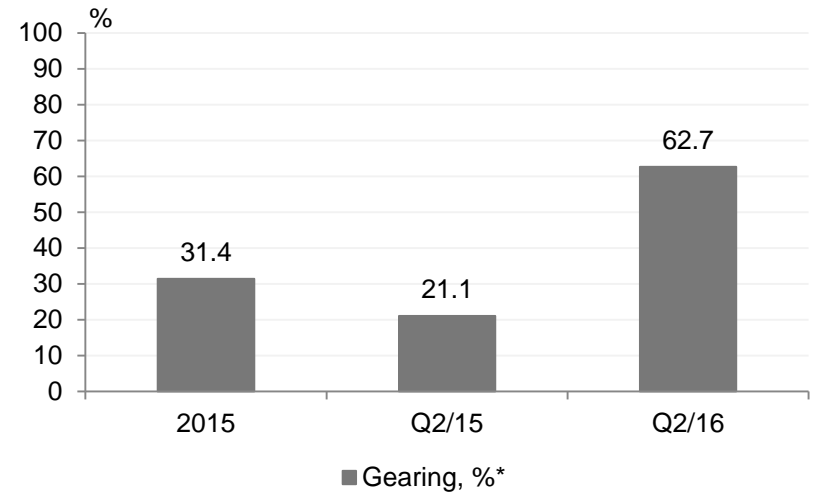
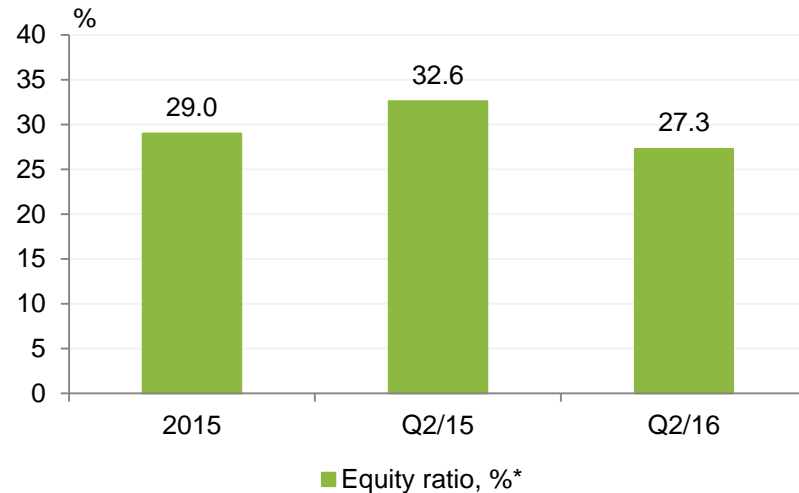
⁴⁾ ROCE, % = Adjusted operating profit (excl. items affecting comparability) / ((Total equity + interest-bearing liabilities)(average))

Cash Flow



Q1 and Q2 2016 from continuing operations

Balance Sheet and Return



**EBITDA of previous 12 months excl. items affecting comparability

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

* Comparison periods include assets and liabilities of discontinued operations

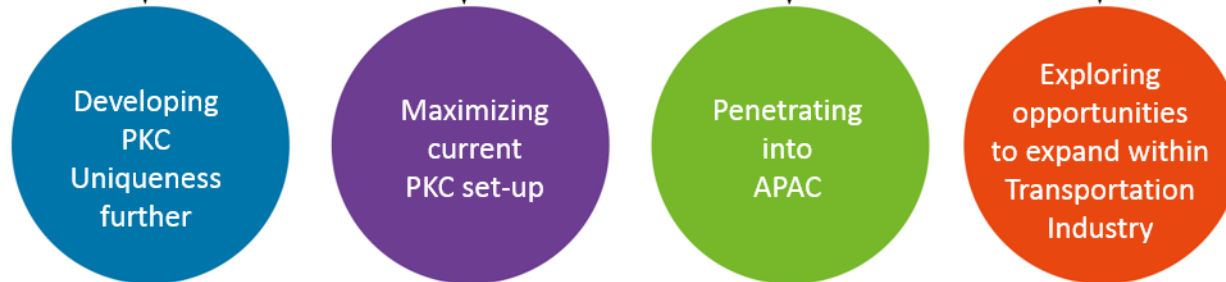
PKC's Strategy Captures Growth Opportunities

VISION

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

STRATEGIC INITIATIVES

Managing the Complexity



Developing Electronics business as a stand alone within PKC Group

Long-term Financial Targets

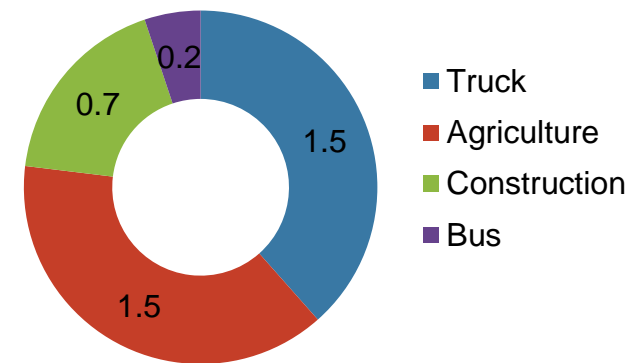
Annual Revenue EUR 1.4 Billion by 2018
 EBITDA > 10% Gearing < 75%
 Dividends 30–60% of Free Cash Flow

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

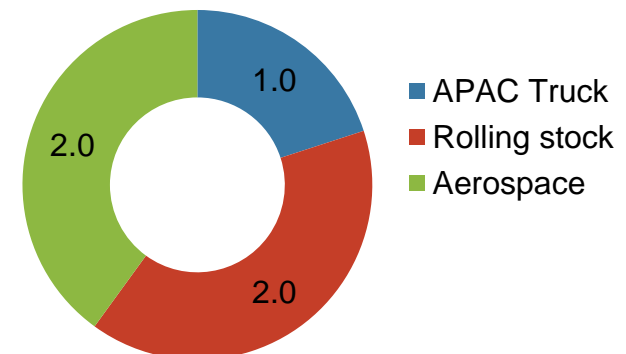
Existing market about EUR 4 billion



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
- Westerns truck markets entering new phase. OEMs are launching or planning to launch new generation trucks. PKC's capability aligned with customers future requirements.
- Expansion into rolling stock market well received by the customers. Global Partnership Agreement signed with Bombardier, followed by some major new contracts in the size of EUR 200 million. Other opportunities in progress
- 2nd Chinese PKC joint venture signed. PKC knowhow recognized by the market and further organic and inorganic opportunities identified and in progress





MANAGING THE COMPLEXITY

PKC GROUP 

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