



PKC GROUP 

Investor Presentation Q4 2016

Financial Statement

February 9, 2017

Matti Hyytiäinen, President & CEO

Q4 2016 Highlights

Business Environment

- North American heavy-duty truck production was on a low level and Brazilian market in recession
- Truck demand continued to recover in Europe whereas in China strong growth due to overload regulations
- Demand for rolling stock electrical commodity was strong

PKC's Operations

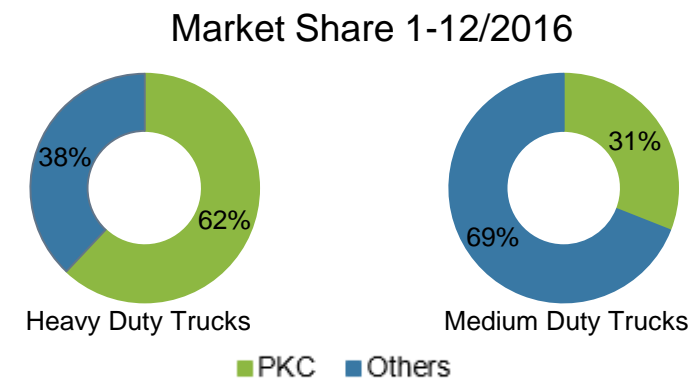
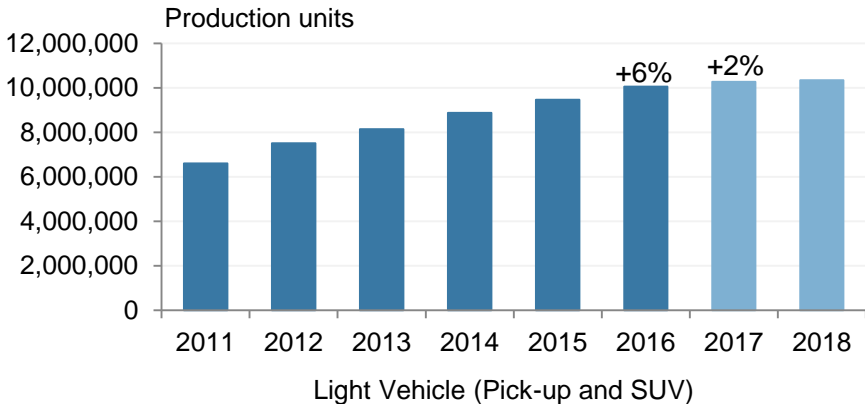
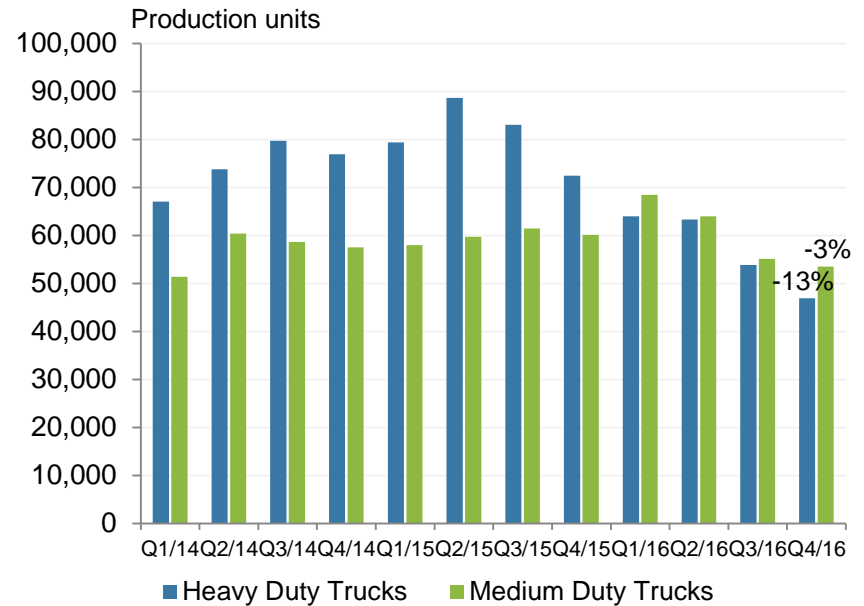
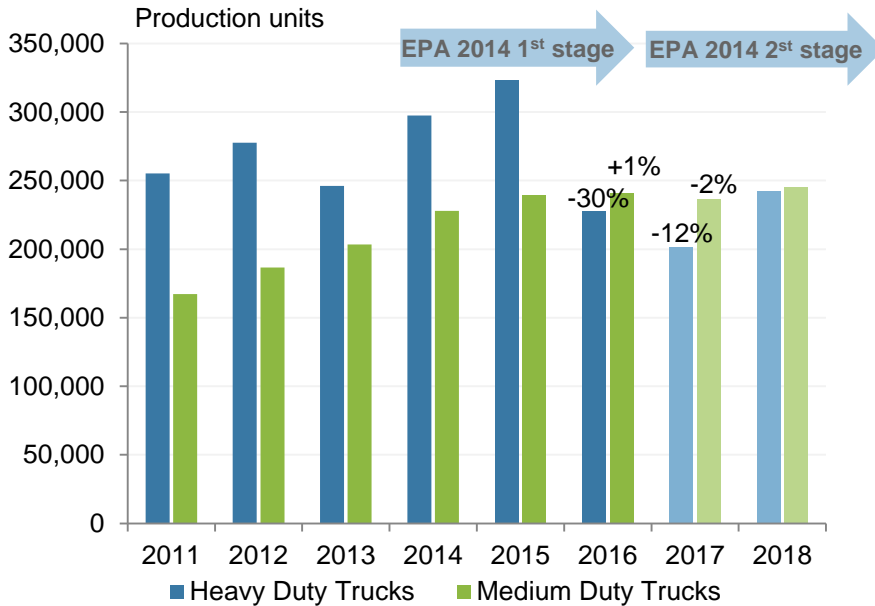
- North American operations recovered during Q4
- European manufacturing footprint improvement and program transfers continue, Estonia factory was closed
- Volumes, quality and productivity continued to improve in China
- SPG transfers continued to free up capacity for rolling stock operations

PKC's Financial Performance

- FY EBITDA of 7.6% improved from previous year
- FY cash flow from operations improved significantly from previous year
- Conditional dividend proposal of 0.70 Euros per share

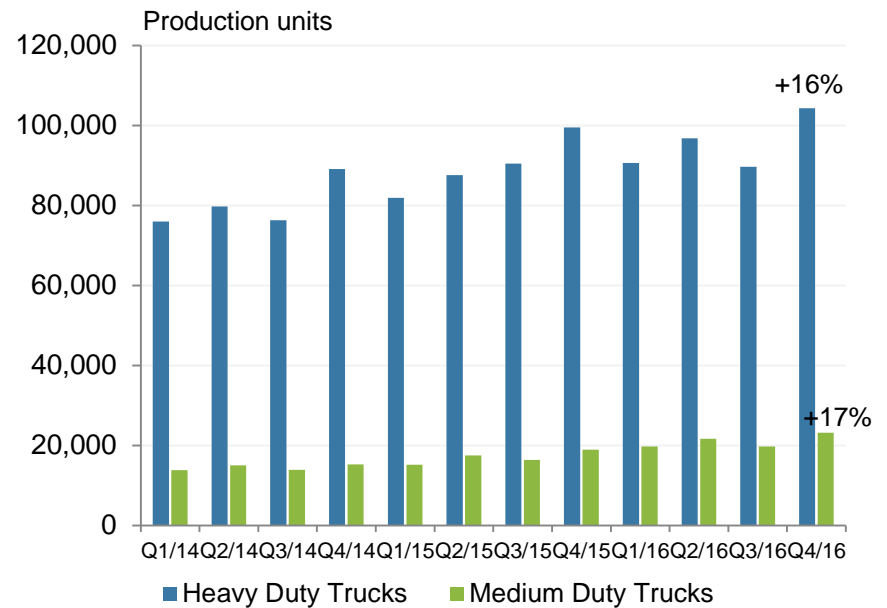
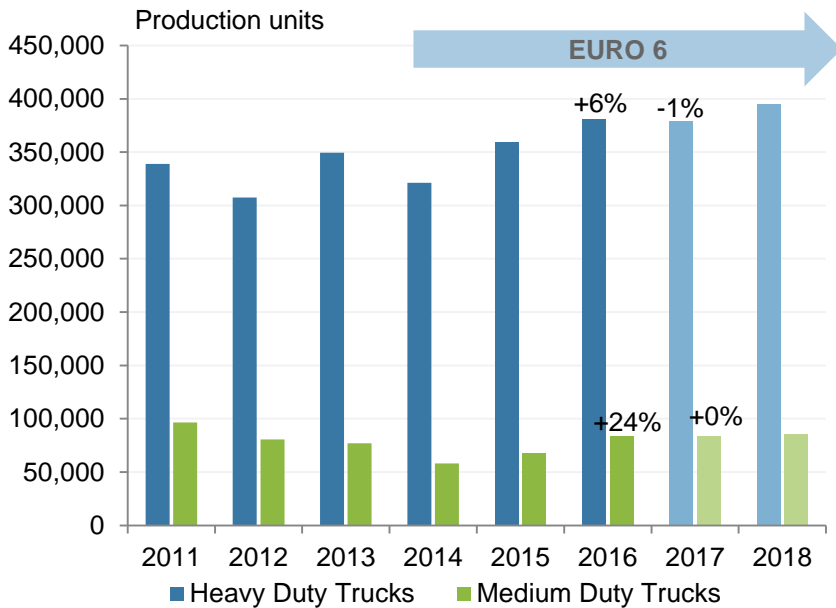


North America Market

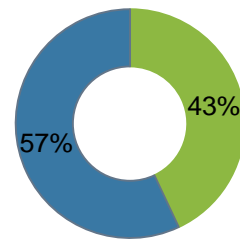


Source: LMC Automotive forecasting Q4/2016, ACT Build History January 2017, PKC Group

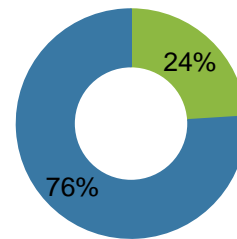
EU + 2 Market



Market Share 1-12/2016



Heavy Duty Trucks

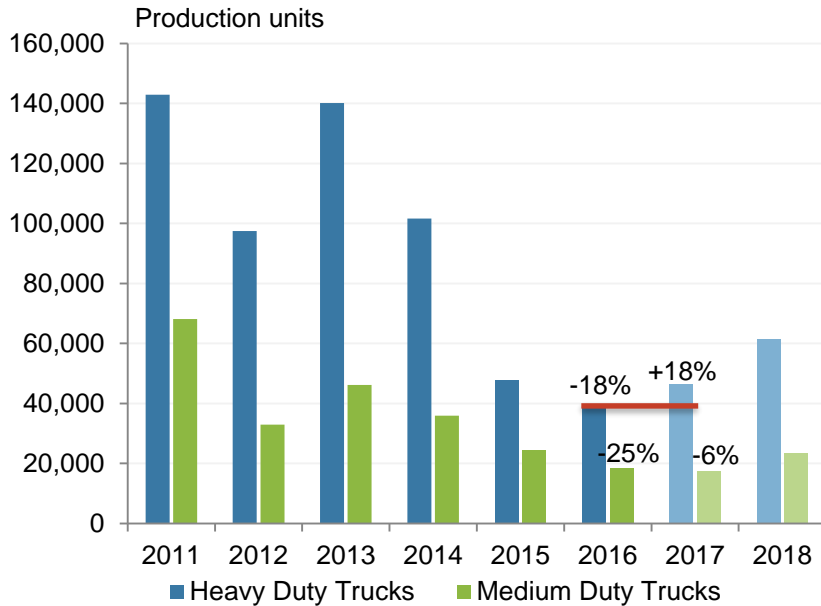


Medium Duty Trucks

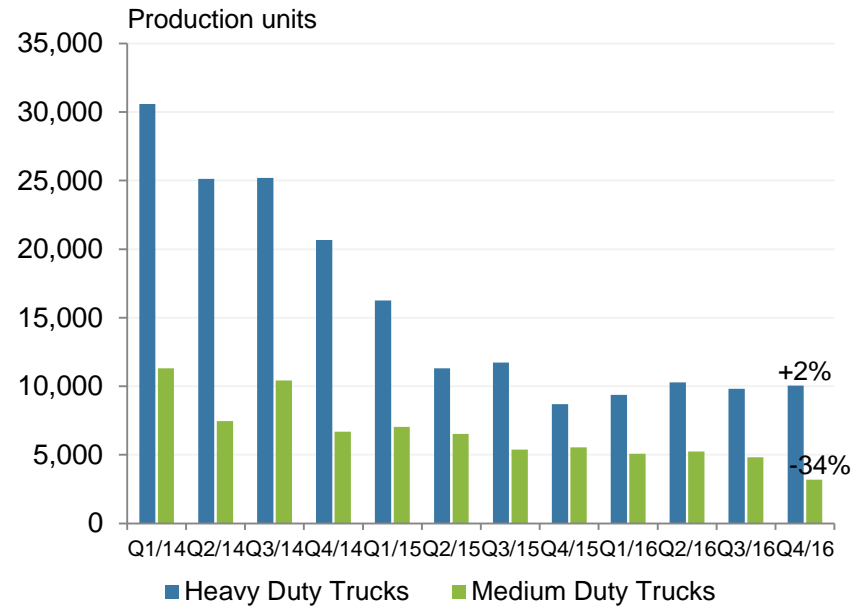
■ PKC ■ Others

Source: LMC Automotive forecasting Q4/2016, PKC Group

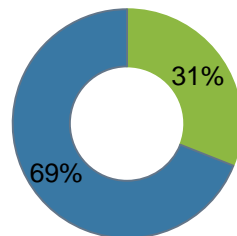
Brazil Market



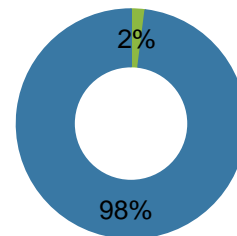
— PKC estimates production volume to remain on the level of 2016



Market Share 1-12/2016



Heavy Duty Trucks

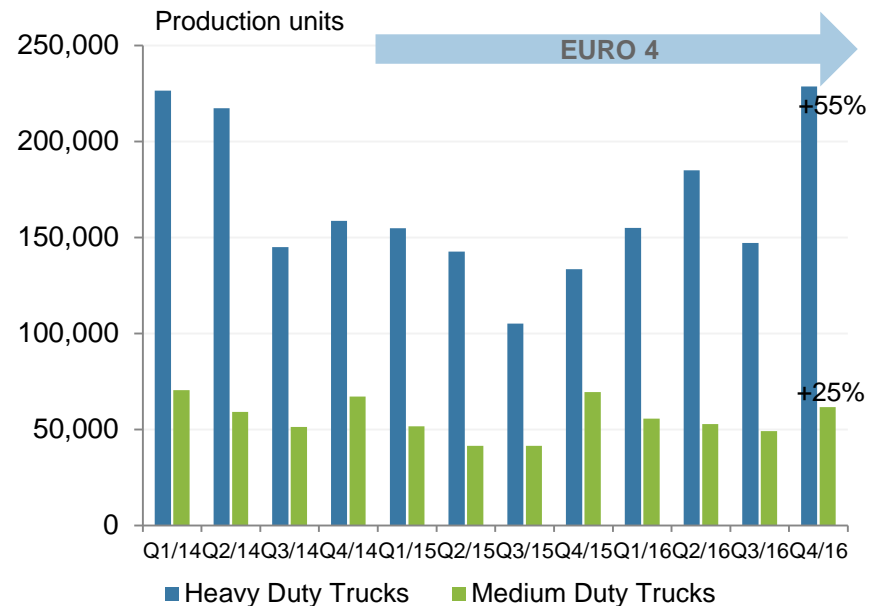
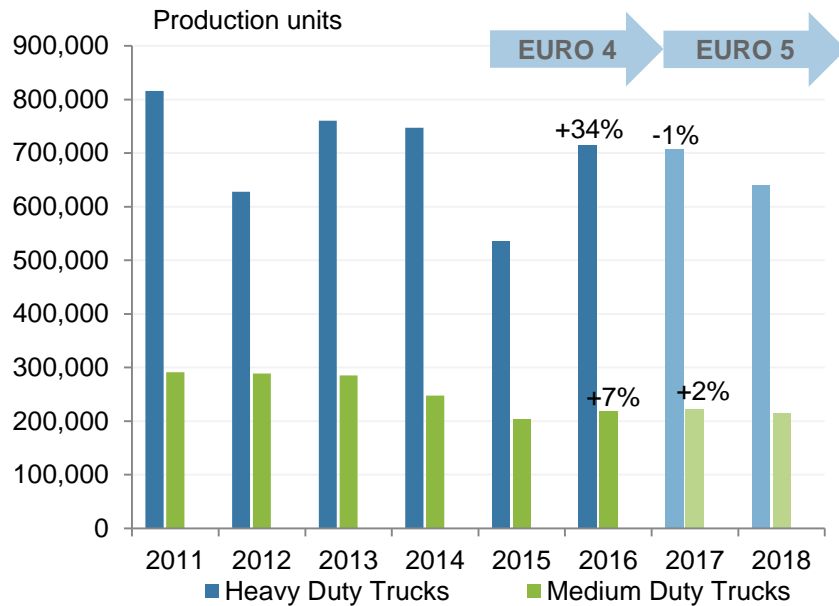


Medium Duty Trucks

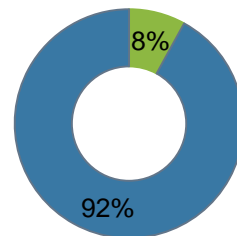
■ PKC ■ Others

Source: LMC Automotive forecasting Q4/2016, PKC Group

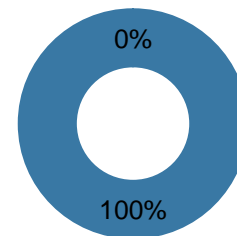
China Market



Market Share 1-12/2016



Heavy Duty Trucks

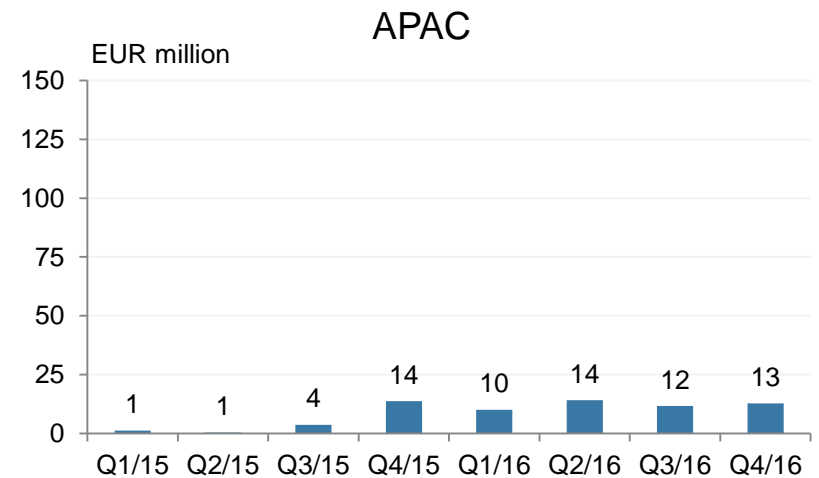
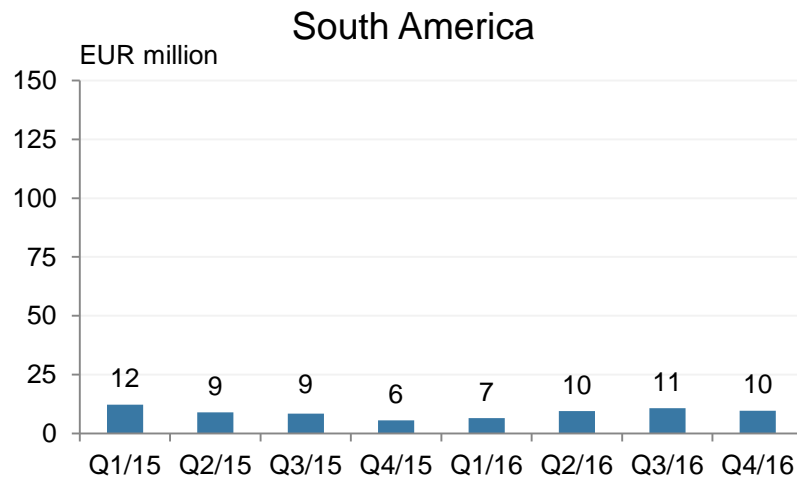
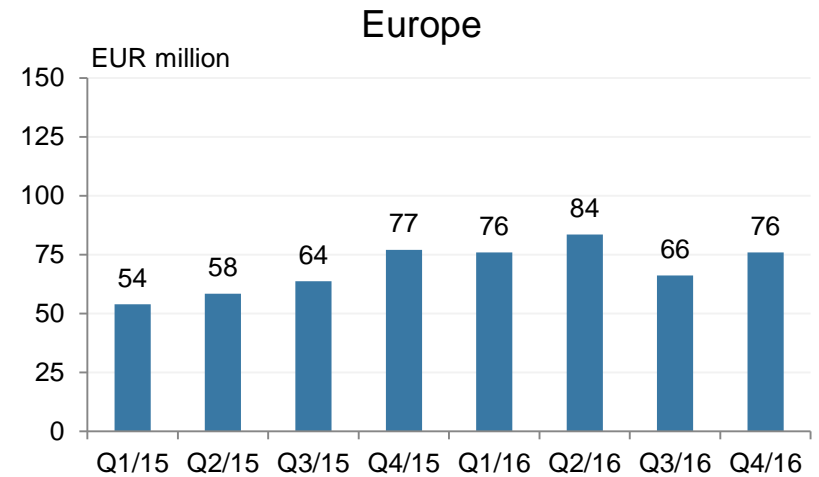
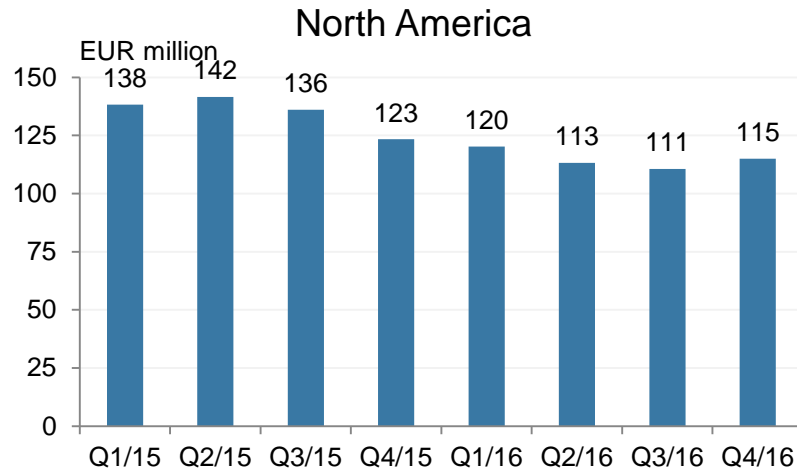


Medium Duty Trucks

■ PKC ■ Others

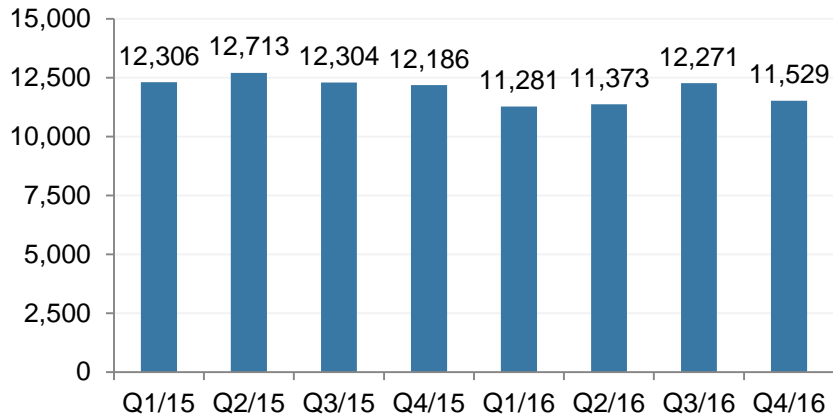
Source: LMC Automotive forecasting Q4/2016, PKC Group

Revenue from Continuing Operations

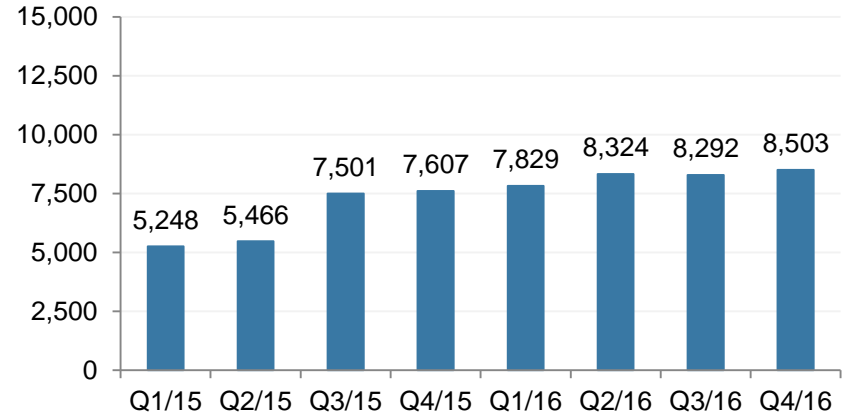


Headcount, Average in Continuing Operations

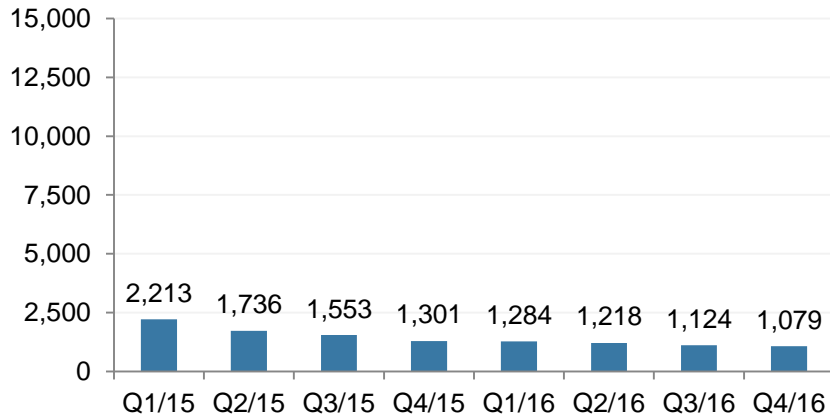
North America



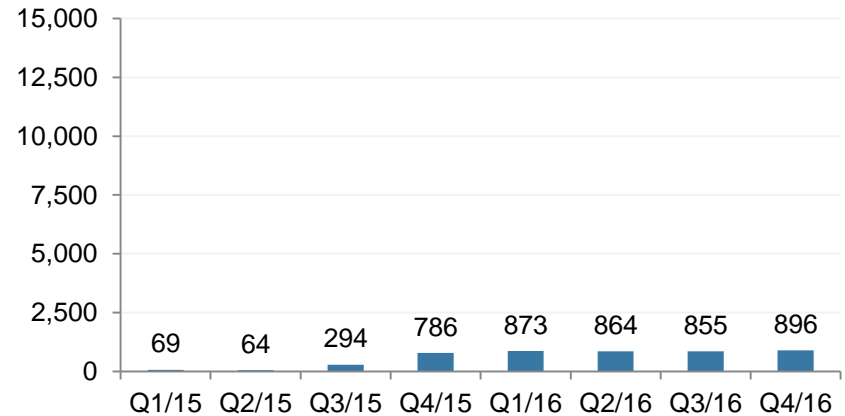
Europe



South America



APAC



Market Outlook – Full Year 2017



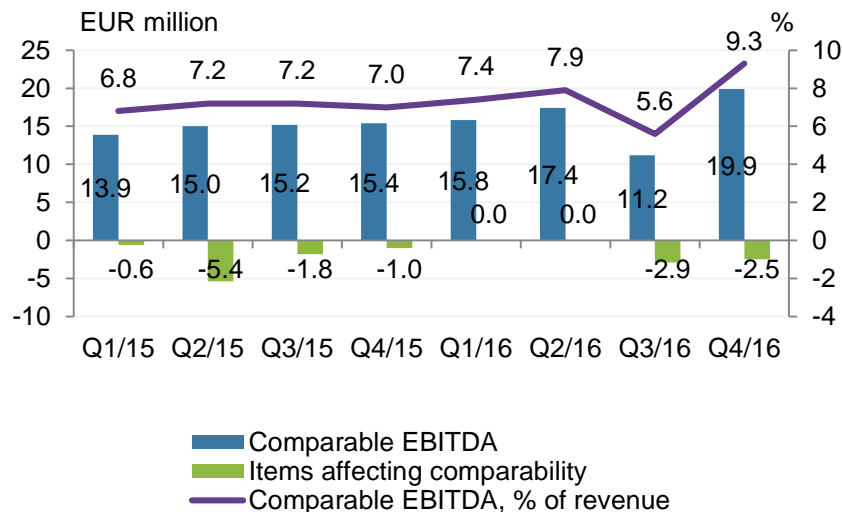
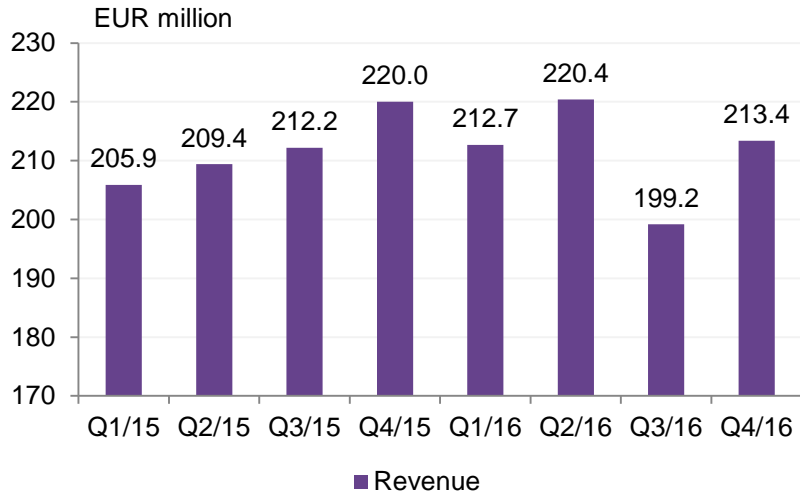
- North American heavy-duty and medium-duty truck production is estimated to decrease by 7% compared to previous year's level
- European heavy-duty and medium-duty truck production is estimated to remain on the previous year's level
- Brazilian heavy-duty and medium-duty truck production is expected to remain on the previous year's level
- Chinese heavy-duty and medium-duty truck production is expected to remain on the 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 2017 revenue and comparable EBITDA will be in the same order of magnitude as in 2016
- This estimate includes the negative impact of lower North American heavy duty truck volumes and the divestment of some light vehicle programs which took place in fourth quarter of 2016.
- In 2016, PKC's revenue from continuing operations was EUR 845.7 million and comparable EBITDA from continuing operations was EUR 64.4 million



Revenue and EBITDA, Q4 2016



- YTD revenue from continuing operations close to previous year level
 - Neutral full year translation FX impact
 - Revenue in North America declined significantly due to lower heavy-duty truck volumes
 - European truck revenue grew
 - Increased production in China and in the rolling stock segment
- Comparable EBITDA recovered from Q3 and FY improved from 7.0% in 2015 to 7.6%
 - Approximately EUR 2.5 million of extra ramp-down and ramp-up expenses related to a light vehicle program in Q3 were recovered in Q4
 - EBITDA in North America declined owing to lower volumes, weakened utilization rates and unfavourable product mix
 - Better productivity and production arrangements in Europe
 - The recent transactions in Poland and China have a positive contribution to EBITDA
 - Brazil profitability improving even though it was still negative on a full year level
 - Items affecting comparability relate mainly to North American organization and production capacity adjustment

Key Figures

EUR million (from continuing operations unless otherwise noted)	10-12/16	10-12/15	Change %	1-12/16	1-12/15	Change %
Revenue	213.4	220.0	-3.0	845.7	847.3	-0.2
EBITDA ¹⁾	19.9	15.4	+29.4	64.4	59.5	+8.1
EBITDA % ¹⁾	9.3	7.0		7.6	7.0	
Items affecting comparability ²⁾	-2.5	-1.0		-5.4	-8.8	
Operating profit	8.4	6.2	+36.4	26.5	20.2	+31.2
EPS (EUR)	0.16	0.09	+81.3	0.43	0.23	+92.9
Net cash from operating activities ³⁾	75.0	53.6	+40.1	35.5	14.8	+139.4
Working capital ³⁾⁴⁾	89.9	92.7	-3.1	89.9	92.7	-3.1
ROCE, % ⁵⁾				9.7	9.9	
Gearing, % ³⁾				30.2	31.4	
Average headcount	22,027	21,898	+0.6	21,920	20,855	+5.1

¹⁾ Excluding items affecting comparability

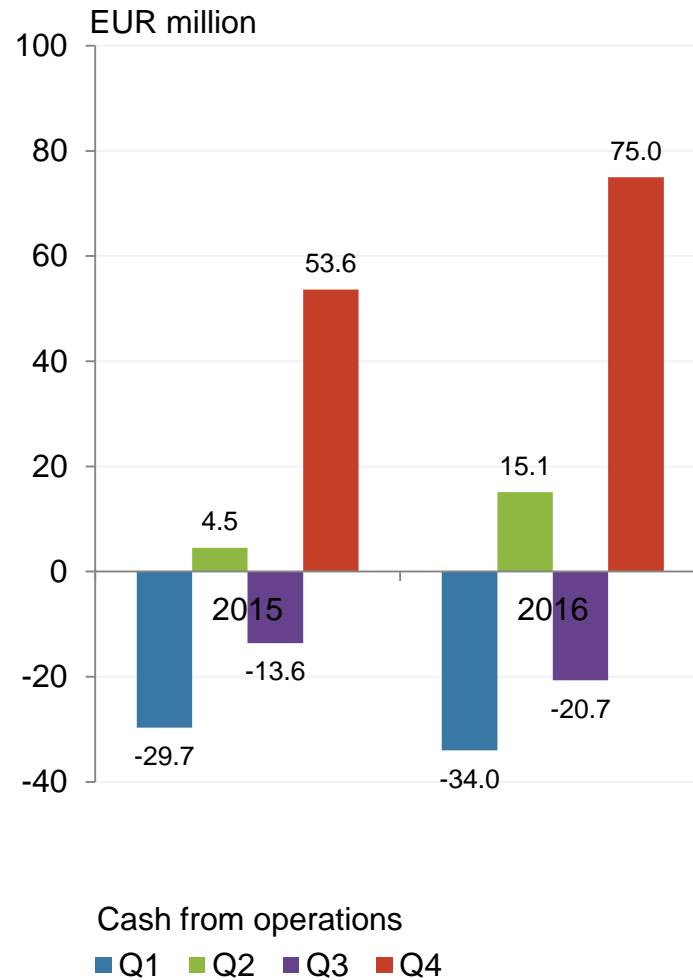
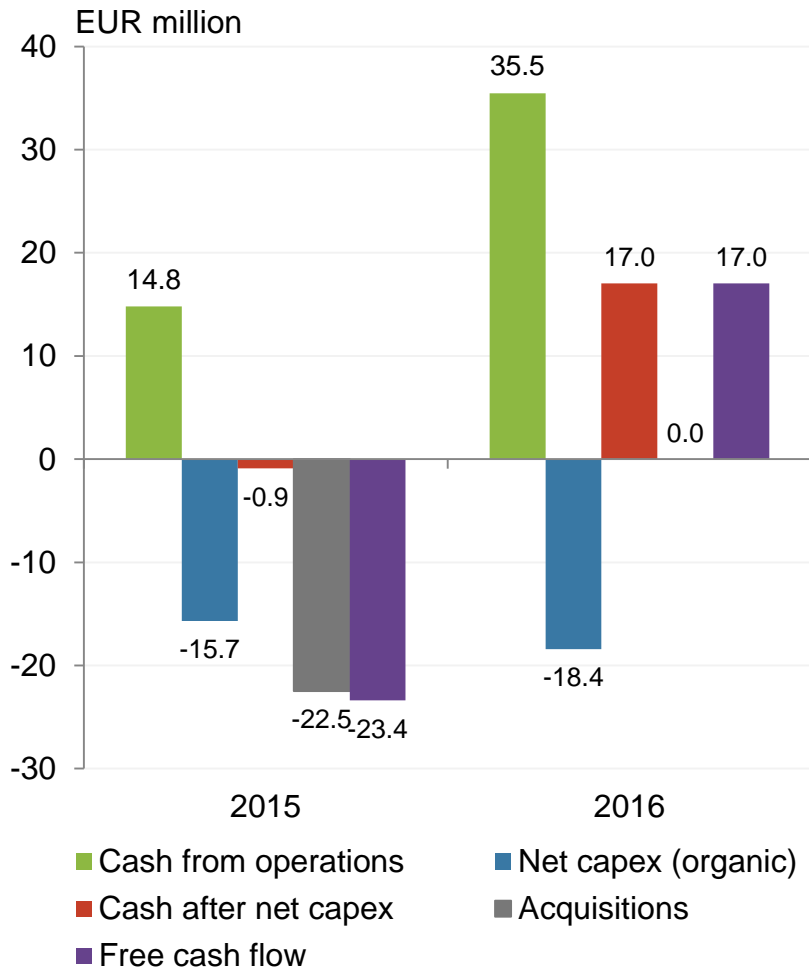
²⁾ 2016: expenses related to North American organization and production capacity being adjusted to medium term demand outlook

³⁾ Comparison periods include discontinued operations

⁴⁾ Inventories + trade receivables - trade payables

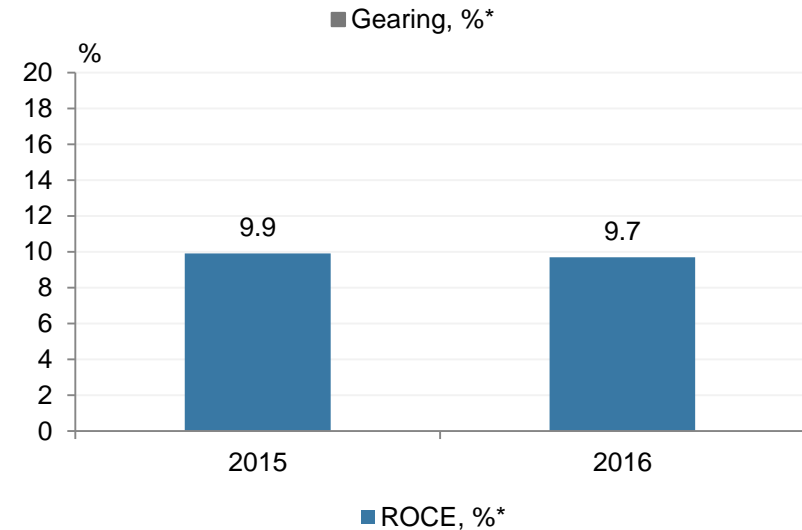
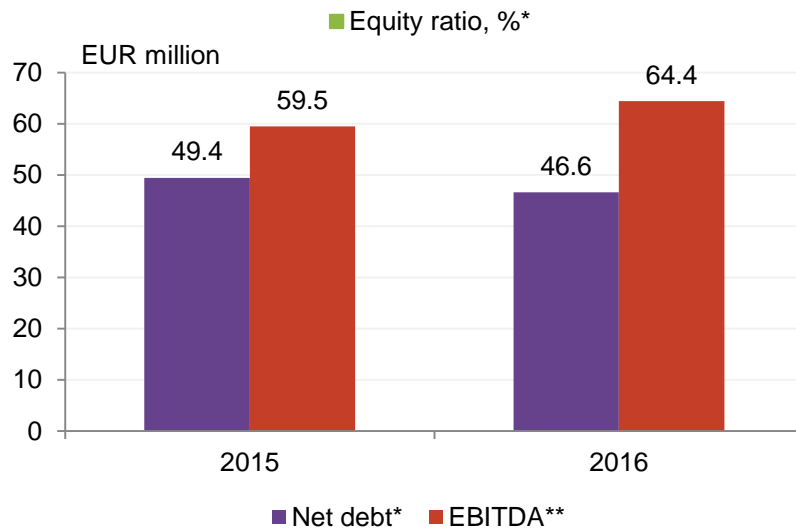
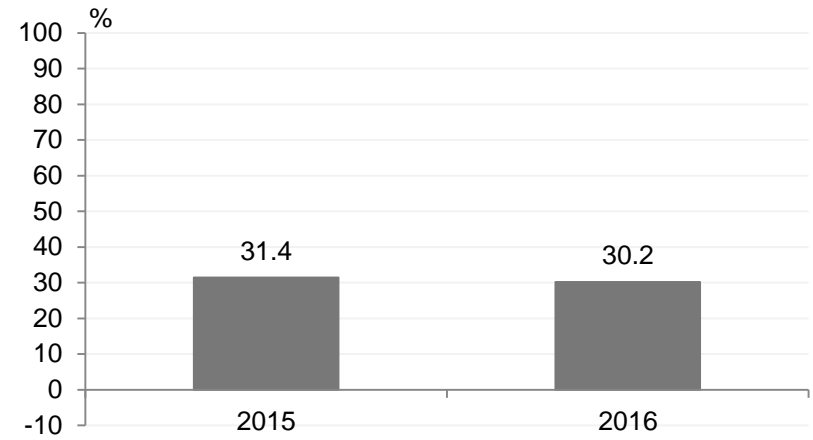
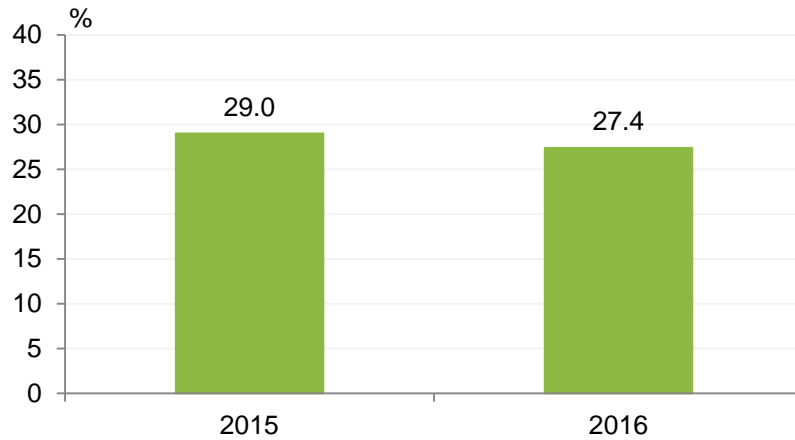
⁵⁾ ROCE, % = Adjusted operating profit (excl. items affecting comparability) / ((Total equity + interest-bearing liabilities)(average))

Cash Flow



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

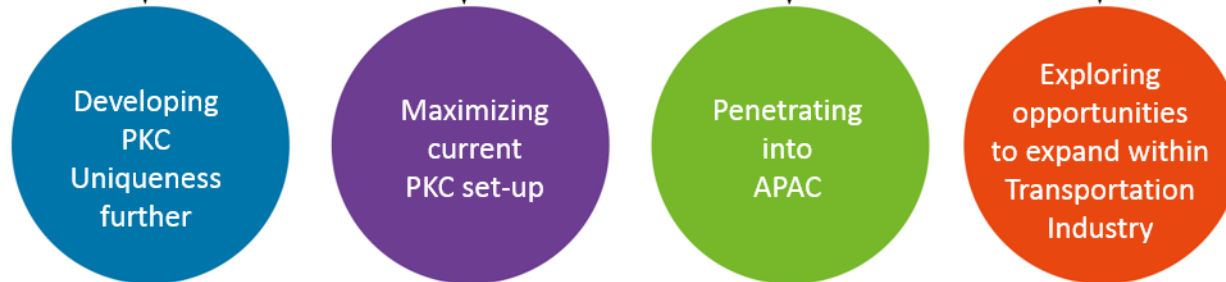
PKC's Strategy Captures Growth Opportunities

VISION

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

STRATEGIC INITIATIVES

Managing the Complexity

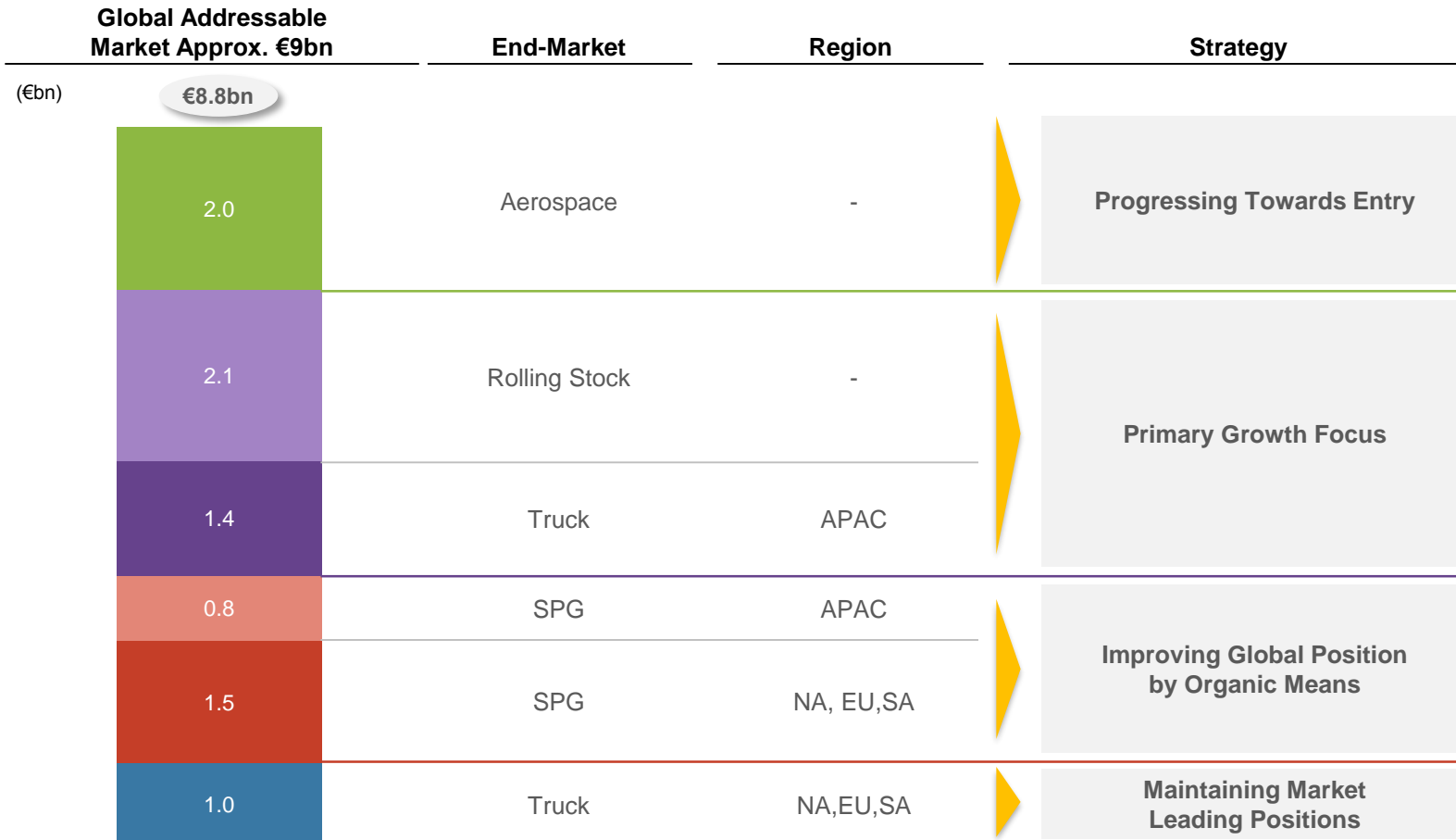


Developing Electronics business as a stand alone within PKC Group

Long-term Financial Targets

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

PKC Global Addressable Market Totals EUR 9 billion



Strategy Execution Proceeding

- PKC strong market leading position in truck segment continues. Scania has selected PKC as their main supply partner for harnesses to new generation truck program for years 2019-2022
- PKC continues to expand its footprint in China by commencing 2nd Chinese JV operations Q2/17
- PKC rolling stock has major organic growth opportunities. Concrete actions by some RS OEMs to further outsource their in-house production taking place
- In Europe, PKC now has at its disposal a competitive and modern production network to serve the needs of its customers
- Divestment of some LV business in NA executed in Q4 2016 and divestment of 100% of PKC Electronics expected to be completed during Q1 of 2017



MSSL Tender Offer

- Motherson Sumi Systems Limited launches a voluntary recommended public tender offer for all shares and stock options in PKC Group Plc. The target is to combine the two companies and create a leading supplier of wiring systems and components for the worldwide transportation industry.
- The offer period for the Tender Offer will commence on February 6, 2017 and expire on March 21, 2017 unless the offer period is extended or any extended offer period is discontinued.
- The offer price is EUR 23.55 in cash for each Share and the Share Offer Price represents a premium of:
 - 51.1 percent to the closing price of the Share on Nasdaq Helsinki Ltd (“Nasdaq Helsinki”) on January 19, 2017, i.e. the last day of trading before the announcement of the Offer; and
 - 53.1 percent to the three month volume-weighted average price on Nasdaq Helsinki up to and including January 19, 2017.
- The PKC Board has unanimously decided to recommend the Securities holders to accept the Offer.



MANAGING THE COMPLEXITY

PKC GROUP 

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