



INTERIM REPORT  
JANUARY-DECEMBER 2014

**PKC GROUP** 

PKC Group Plc

FINANCIAL STATEMENT RELEASE

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**PKC GROUP Q4/2014:**

**STRONG CASH FLOW, LOWER COMPARABLE EBITDA AND REVENUE**

**OCTOBER - DECEMBER 2014 HIGHLIGHTS**

- Revenue decreased 1.7% on the comparison period (10-12/2013), totalling EUR 208.5 million (EUR 212.1 million).
- EBITDA before non-recurring items was EUR 9.1 million (EUR 13.9 million) and 4.4% (6.6%) of revenue.
- EBITA\*\* was EUR 4.2 million (EUR 9.8 million) and 2.0% (4.6%) of revenue. During the report period PPA depreciation and amortisation totalled EUR 2.1 million (EUR 3.2 million).
- Operating profit before non-recurring items was EUR 2.1 million (EUR 6.7 million) and 1.0% (3.1%) of revenue.
- Earnings per share were EUR -0.63 including the impact of EUR -11.7 million non-recurring items in operating profit (EUR 0.08).
- Cash flow after investments was EUR 30.7 million (EUR 18.5 million).

**JANUARY - DECEMBER 2014 HIGHLIGHTS**

- Revenue decreased 6.2% on the comparison period (1-12/2013), totalling EUR 829.2 million (EUR 884.0 million).
- EBITDA before non-recurring items was EUR 48.9 million (EUR 70.3 million) and 5.9% (8.0%) of revenue.
- EBITA\*\* was EUR 29.8 million (EUR 52.5 million) and 3.6% (5.9%) of revenue. During the financial year PPA depreciation and amortisation totalled EUR 8.2 million (EUR 11.6 million).
- Operating profit before non-recurring items was EUR 21.7 million (EUR 40.9 million) and 2.6% (4.6%) of revenue.
- Earnings per share were EUR -1.21 including the impact of EUR -28.4 million non-recurring items in operating profit and of EUR 8.3 million additional taxes (EUR 0.63).
- Cash flow after investments was EUR 20.7 million (EUR 24.9 million).
- Dividend proposal is EUR 0.70 per share (EUR 0.70 per share).

**PKC GROUP'S OUTLOOK FOR 2015**

- 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. In 2014, PKC's revenue was EUR 829.2 million and comparable EBITDA before non-recurring items was EUR 48.9 million. Revenue and EBITDA estimates are based on current business structure.

| <b>KEY FIGURES</b>                      | <b>10-12/14</b> | <b>10-12/13</b> | <b>Change<br/>%</b> | <b>1-12/14</b> | <b>1-12/13</b> | <b>Change<br/>%</b> |
|---|-----------------|-----------------|---------------------|----------------|----------------|---------------------|
| EUR 1,000 (unless otherwise noted)      |                 |                 |                     |                |                |                     |
| Revenue                                 | 208,532         | 212,109         | -1.7                | 829,219        | 883,986        | -6.2                |
| EBITDA*                                 | 9,137           | 13,946          | -34.5               | 48,865         | 70,341         | -30.5               |
| % of revenue                            | 4.4             | 6.6             |                     | 5.9            | 8.0            |                     |
| EBITA**                                 | 4,189           | 9,813           | -57.3               | 29,833         | 52,461         | -43.1               |
| % of revenue                            | 2.0             | 4.6             |                     | 3.6            | 5.9            |                     |
| Operating profit*                       | 2,095           | 6,661           | -68.5               | 21,677         | 40,873         | -47.0               |
| % of revenue                            | 1.0             | 3.1             |                     | 2.6            | 4.6            |                     |
| Non-recurring items                     | -11,739         | -2,061          | 469.5               | -28,362        | -10,409        | 172.5               |
| Operating profit (loss)                 | -9,644          | 4,599           | -309.7              | -6,685         | 30,463         | -121.9              |
| % of revenue                            | -4.6            | 2.2             |                     | -0.8           | 3.4            |                     |
| Profit (loss) before taxes              | -11,160         | 1,942           | -674.7              | -10,528        | 21,562         | -148.8              |
| Net profit (loss) for the report period | -14,992         | 1,783           | -941.0              | -29,051        | 13,947         | -308.3              |
| Earnings per share (EPS), EUR           | -0.63           | 0.08            | -882.3              | -1.21          | 0.63           | -293.7              |
| Cash flow after investments             | 30,737          | 18,513          | 66.0                | 20,699         | 24,941         | -17.0               |
| ROI,%                                   |                 |                 |                     | 5.3            | 14.7           |                     |
| Gearing, %                              |                 |                 |                     | -5.6           | -1.1           |                     |
| Average number of personnel             | 20,165          | 18,946          | 6.4                 | 19,640         | 19,206         | 2.3                 |

\* before non-recurring items

\*\* operating profit before PPA depreciation and amortisation and non-recurring items

#### **MATTI HYYTIÄINEN, PRESIDENT & CEO:**

"PKC's revenue was EUR 829.2 million. PKC's market position remained strong in all central product and geographical operating areas throughout the financial year. The number of trucks manufactured in Europe and Brazil fell short of the level of the previous year. Due to decreased production volumes, our revenue in Europe and Brazil fell. In North America, the production volumes of trucks exceeded the volumes of the previous year. Despite the positive truck market, PKC's revenue in North America remained at the level of the previous year, as revenue was decreased by some product programmes of light vehicles and components reaching the end of their lifecycle. The revenue for PKC's Electronics segment decreased in comparison to the previous year due to weakened demand in the EMS product area.

PKC's operating profit before non-recurring items was EUR 21.7 million. The operating profit was unsatisfactory as a result of significant losses sustained in Brazil. Furthermore, investment in implementing strategy added the company's expenses in the financial year.

Cash flows from operations was at the level of previous financial year, totalling EUR 41.0 million. The company is free of net liabilities, with gearing at -5.6%.

I want to warmly thank all PKC employees for the fact that once again we have succeeded in serving our customers in an excellent fashion. Several recognitions we have received during the financial year are a token of this.

In 2015, we expect the market environment to be fluctuating. The production of trucks in North America is forecast to grow from the level of 2014. On the other hand, we forecast the production of trucks in Europe to remain at the level of the previous year at most and the production in Brazil to decrease from the level of previous year. The demand for the products of PKC's electronics segment is estimated to remain at the current level."

## OPERATING ENVIRONMENT

### Wiring Systems Business

PKC's key customers operate in the commercial vehicle industry which products are investment goods and as such their demand is highly correlated to the general economic situation. Economic activity continued to improve in North America during the fourth quarter. The growth of the European economy has been anemic and the inflation has continued to decrease. Events in Ukraine continued to maintain uncertainty in Europe. In Brazil, the economic growth has slowed down and the inflation has continued to increase. China's economic indicators have been slightly weaker recently.

PKC's product program life cycles are long, therefore PKC's market share variations in the short term are mainly explained by changes in customers' market share. During 2014, PKC's regional market shares in truck production fluctuated somewhat from quarter to quarter. The largest fluctuation occurred in the market shares of the European heavy duty truck markets (38%-42%) and medium duty truck markets (20%-23%) and Brazilian heavy duty markets (30%-36%). In Brazilian medium duty truck market and North American truck market the market share development was relatively stable during 2014.

The weakening of PKC Group's functional currency euro against US dollar started on second quarter and continued during the fourth quarter. Brazilian real weakened significantly during the fourth quarter. US dollar strengthened against Mexican peso and was on a stronger level than in the comparison period. The Russian ruble depreciated substantially during the fourth quarter and has remained clearly weaker than in the comparison period. Majority of PKC's Russian manufacturing output is being exported. The price of key raw material, copper, decreased during the quarter ending up on a lower level than year ago. On average the customer sales prices are updated with a 3-5 month delay on the basis of copper price changes.

| Vehicle production,<br>Europe, units |          |          | Change |        | Change |         | Change  |       |
|--------------------------------------|----------|----------|--------|--------|--------|---------|---------|-------|
|                                      | 10-12/14 | 10-12/13 | %      | 7-9/14 | %      | 1-12/14 | 1-12/13 | %     |
| Heavy duty trucks                    | 84,694   | 108,862  | -22.2  | 74,848 | 13.2   | 314,419 | 341,770 | -8.0  |
| Medium duty trucks                   | 18,632   | 24,970   | -25.4  | 15,406 | 20.9   | 71,681  | 87,414  | -18.0 |

Source: LMC Automotive Q4/2014

Transition to Euro 6 emission standard at the beginning of 2014 has kept the demand of trucks below the level of previous year especially in the fourth quarter where comparison figures include substantial pre-buy impact. The economic environment especially in the southern parts of Europe has suppressed truck demand.

| Vehicle production,<br>North America, units |           |           | Change |           | Change |           | Change    |      |
|---|-----------|-----------|--------|-----------|--------|-----------|-----------|------|
|   | 10-12/14  | 10-12/13  | %      | 7-9/14    | %      | 1-12/14   | 1-12/13   | %    |
| Heavy duty trucks                           | 77,821    | 60,463    | 28.7   | 79,734    | -2.4   | 298,417   | 246,186   | 21.2 |
| Medium duty trucks                          | 56,181    | 51,420    | 9.3    | 58,299    | -3.6   | 225,606   | 202,701   | 11.3 |
| Light vehicles<br>(Pick-up & SUV)           | 2,133,807 | 2,090,024 | 2.1    | 2,220,468 | -3.9   | 8,799,306 | 8,146,722 | 8.0  |

Source: LMC Automotive Q4/2014

The conditions have remained favourable for strong truck demand in North America. The transportation companies' profitability has remained good and readiness to buy has increased. The increased volumes are resulting from both replacement sales and expansion of the market due to strong economic growth in USA.



| Vehicle production,<br>Brazil, units | Change   |          |     | Change |       |         | Change  |       |  |
|--------------------------------------|----------|----------|-----|--------|-------|---------|---------|-------|--|
|                                      | 10-12/14 | 10-12/13 | %   | 7-9/14 | %     | 1-12/14 | 1-12/13 | %     |  |
| Heavy duty trucks                    | 34,082   | 31,498   | 8.2 | 31,842 | 7.0   | 121,464 | 140,158 | -13.3 |  |
| Medium duty trucks                   | 9,162    | 8,761    | 4.6 | 11,138 | -21.3 | 39,963  | 46,115  | -13.3 |  |

Source: LMC Automotive Q4/2014

In Brazil the current economic situation has had a negative impact on the demand for trucks. However, there has been seasonal volatility from one quarter to another. The reduction in terms of governmental incentives to support truck markets has had an adverse impact to demand.

### Electronics Business

Economic uncertainty in Europe and global caution among companies towards industrial investment exerted a negative impact on the demand for electronics products. The demand for renewable-energy and energy saving products including smart grid solutions on the market fell short of the level of the previous year. The market demand for telecommunications and telecommunications network related products increased from the previous year.

## REVENUE AND FINANCIAL PERFORMANCE

### October-December 2014

Revenue in October-December amounted to EUR 208.5 million (EUR 212.1 million), down 1.7% on the same period a year earlier. Calculated with comparison period's exchange rates the revenue declined by approximately 6% on the same period a year earlier. The revenue in North America included some negative impact due to light vehicle program build-outs where a major individual program ended in early December. The effect of consolidation exchange rate changes increased the North American revenue by approximately +5% in the fourth quarter. In Europe lower truck production volumes decreased revenue significantly and a customer's decision to insource a bus wiring harness program has also continued to impact negatively. In Europe the revenue has also been impacted by changes in the product portfolio whereby some programs have ended while new programs are ramping up, the net effect of which has decreased the revenue slightly.

During the report period EUR -11.7 million (EUR -2.1 million) in non-recurring items were recognised. Non-recurring items consist mainly of restructuring expenses related to development program in Europe and South America which was announced in August 2014, and of non-recurring items related to the closure of Nogales, Mexico factory which was announced in January, 2014. Non-cash non-recurring items were EUR -4.2 million (EUR -0.5 million). EBITDA before non-recurring items was EUR 9.2 million (EUR 13.9 million) and 4.4% (6.6%) of revenue. Operating profit before non-recurring items and PPA depreciation and amortisation related to acquisitions totalled EUR 4.2 million (EUR 9.8 million), accounting for 2.0% of revenue (4.6%). Operating profit (loss) totalled EUR -9.6 million (EUR 4.6 million), accounting for -4.2% of revenue (2.2%). Operating profit was negatively impacted by lower utilization rates in Europe and by losses of the Brazilian unit. The increased demand and production volume of heavy and medium duty trucks in North America has temporarily had a negative impact on profitability due to labour shortages, increased labour costs due the excessive overtime and due to higher other expenses. In addition, profitability was negatively impacted by reorganisation and program transfers in Europe and expenditures related to the implementation of PKC's growth strategy. Total depreciation and amortisation amounted to EUR 8.7 million (EUR 7.8 million), including EUR 1.7 million in non-recurring items (EUR 0.5 million). PPA depreciation and amortisation amounted to EUR 2.1 million (EUR 3.2 million).

Financial items were EUR -1.5 million (EUR -2.7 million). Financial items include foreign exchange differences totalling EUR -1.0 million (EUR -0.9 million). Profit (loss) before taxes was EUR -11.2 million (EUR 1.9 million). Income tax of the report period amounted to EUR 3.8 million (EUR 0.2 million). Net profit (loss) for the report period totalled EUR -15.0 million (EUR 1.8 million). Earnings per share were EUR -0.63 (EUR 0.08).

## Wiring Systems Business

Revenue generated by the Wiring Systems business in the report period amounted to EUR 195.9 million (EUR 198.4 million), or 1.3% less than in the comparison period. Calculated with comparison period's exchange rates the revenue declined by approximately 6% on the same period a year earlier. The revenue in North America included some negative impact due to light-vehicle program build-outs where a major individual program ended in early December. The effect of consolidation exchange rate changes increased the North American revenue by approximately +5% in the fourth quarter. In Europe lower truck production volumes decreased revenue significantly and a customer's decision to insource a bus wiring harness program has also continued to impact negatively. In Europe the revenue has also been impacted by changes in the product portfolio whereby some programs have ended while new programs are ramping up, the net effect of which has decreased the revenue slightly. The segment's share of the consolidated revenue was 93.9% (93.5%).

During the report period EUR -11.4 million (EUR -1.7 million) in non-recurring items were recognised and they consist mainly of restructuring expenses related to development program in Europe and South America which was announced in August 2014 and of non-recurring items related to the closure of Nogales, Mexico factory which was announced in January, 2014. Non-cash non-recurring items were EUR -4.2 million (EUR -0.6 million). EBITDA before non-recurring items was EUR 11.2 million (EUR 15.2 million) and 5.7% (7.7%) of revenue. Operating profit before non-recurring items was EUR 4.6 million (EUR 8.3 million), equivalent to 2.3% of the segment's revenue (4.2%). Operating profit (loss) was EUR -6.8 million (EUR 6.6 million), equivalent to -3.5% of the segment's revenue (3.3%). Operating profit was negatively impacted by lower utilization rates in Europe and by losses of the Brazilian unit. The increased demand and production volume of heavy and medium duty trucks in North America has temporarily had a negative impact on profitability due to labour shortages, increased labour costs due the excessive overtime and due to higher other expenses. In addition, profitability was negatively impacted by reorganisation and program transfers in Europe and expenditures related to the implementation of PKC's growth strategy.

## Electronics Business

Revenue generated by the Electronics business decreased by 8.0% to EUR 12.6 million (EUR 13.7 million). The segment's share of the consolidated revenue was 6.1% (6.5%). During the report period no non-recurring items were recognised (EUR 0.1 million). EBITDA before non-recurring items was EUR 0.2 million (EUR 0.6 million) and 1.8% (4.2%) of revenue. Operating profit (loss) before non-recurring items was EUR -0.2 million (EUR 0.2 million), equivalent to -1.3% of the segment's revenue (1.6%). Operating profit (loss) was EUR -0.2 million (EUR 0.3 million), equivalent to -1.3% of the segment's revenue (2.2%).

## January-December 2014

Revenue in January-December amounted to EUR 829.2 million (EUR 884.0 million), down 6.2% from the previous financial year. The effect of exchange rate changes on consolidated revenue was about -1%. The revenue continued to be affected by some light vehicle build-outs in North America. Revenue was also impacted by a customer's decision to insource a bus wiring harness program in Europe. In addition European and South American truck market production volumes decreased from previous year which had an influence on revenue. In Europe the revenue has also been impacted by changes in the product portfolio whereby some programs have ended while new programs are ramping up, the net effect of which has decreased the revenue slightly.

During the financial year EUR -28.4 million (EUR -10.4 million) in non-recurring items were recognised. Non-recurring items include restructuring expenses related to development program in Europe and South America in the amount of EUR 20.2 million, restructuring expenses in North America related to light vehicle build-outs in the amount of EUR 6.0 million and expenses related to Group's strategic reorganization in the amount of EUR 1.9 million. Non-cash non-recurring items were EUR -11.3 million (EUR -3.7 million). EBITDA before non-recurring items was EUR 48.9 million (EUR 70.3 million) and 5.9% (8.0%) of revenue. Operating profit before non-recurring items and PPA depreciation and amortisation related to acquisitions totalled EUR 29.8 million

(EUR 52.5 million), accounting for 3.6% of revenue (5.9%). Operating profit (loss) totalled EUR -6.7 million (EUR 30.5 million), accounting for -0.8% of revenue (3.4%). Operating profit was negatively impacted by lower utilization rates in Europe and by deeper losses of the Brazilian unit. In addition, profitability was negatively impacted by reorganisation and program transfers in Europe and expenditures related to the implementation of PKC's growth strategy. Total depreciation and amortisation amounted to EUR 33.5 million (EUR 32.9 million), including EUR 6.3 million in non-recurring items (EUR 3.4 million). PPA depreciation and amortisation amounted to EUR 8.2 million (EUR 11.6 million).

Financial items were EUR -3.8 million (EUR -8.9 million). Financial items include foreign exchange differences totalling EUR 0.1 million (EUR -2.2 million). Profit (loss) before taxes was EUR -10.5 million (EUR 21.6 million). Income tax of the financial year amounted to EUR 18.5 million (EUR 7.6 million). Tax reassessment decision from Finnish tax administration in relation to the Wiring Systems business restructuring carried out in 2009 was received in September 2014. The decision obliges PKC Group to pay EUR 8.3 million additional taxes, punitive tax increases and interests, which company recorded in the third quarter results. PKC Group has appealed the decision to the Board of Adjustment and has been granted a postponement of the payment of the taxes until end of September 2015. Net profit (loss) for the financial year totalled EUR -29.1 million (EUR 13.9 million). Earnings per share were EUR -1.21 (EUR 0.63).

#### Wiring Systems Business

Revenue generated by the Wiring Systems business in the financial year amounted to EUR 771.4 million (EUR 820.3 million), or 6.0% less than in the previous financial year. The effect of exchange rate changes on consolidated revenue was about -1%. The revenue continued to be affected by some light vehicle build-outs in North America. Revenue was also impacted by a customer's decision to insource a bus wiring harness program in Europe. In addition European and South American truck market production volumes decreased from previous year which had an influence on revenue. In Europe the revenue has also been impacted by changes in the product portfolio whereby some programs have ended while new programs are ramping up, the net effect of which has decreased the revenue slightly. The segment's share of the consolidated revenue was 93.0% (92.8%).

During the financial year EUR -26.5 million (EUR -8.4 million) in non-recurring items were recognised and they include restructuring expenses related to development program in Europe and South America in the amount of EUR 20.2 million and restructuring expenses in North America related to light vehicle build-outs in the amount of EUR 6.0 million. Non-cash non-recurring items were EUR -11.3 million (EUR -3.5 million). EBITDA before non-recurring items was EUR 51.4 million (EUR 70.5 million) and 6.7% (8.6%) of revenue. Operating profit before non-recurring items was EUR 25.7 million (EUR 42.9 million), equivalent to 3.3% of the segment's revenue (5.2%). Operating profit was EUR -0.7 million (EUR 34.5 million), equivalent to -0.1% of the segment's revenue (4.2%). Operating profit was negatively impacted by lower utilization rates in Europe and by deeper losses of the Brazilian unit. In addition, profitability was negatively impacted by reorganisation and program transfers in Europe and expenditures related to the implementation of PKC's growth strategy.

#### Electronics Business

Revenue generated by the Electronics business decreased by 9.1% to EUR 57.8 million (EUR 63.7 million). The revenue for PKC's Electronics segment decreased in comparison to the previous year due to weakened demand in the EMS product area. The segment's share of the consolidated revenue was 7.0% (7.2%). During the financial year no non-recurring items were recognised (EUR -0.2 million). EBITDA before non-recurring items was EUR 3.5 million (EUR 5.8 million) and 6.0% (9.2%) of revenue. Operating profit before non-recurring items was EUR 2.0 million (EUR 4.3 million), equivalent to 3.5% of the segment's revenue (6.7%). Operating profit was EUR 2.0 million (EUR 4.1 million), equivalent to 3.5% of the segment's revenue (6.5%). Due to lower and more volatile revenue the profitability was lower than in the previous year.

## FINANCIAL POSITION AND CASH FLOW

Consolidated total assets on 31 December 2014 amounted to EUR 456.3 million (EUR 455.6 million). At the close of the financial year, interest-bearing liabilities totalled EUR 101.4 million (EUR 100.4 million), which consisted of non-current interest-bearing debt.

PKC Group Plc signed on 30.10.2014 a new five year revolving credit facility agreement of EUR 90.0 million and a domestic commercial paper program of EUR 90.0 million. The new revolving credit facility replaced the previous revolving credit facility of EUR 30.0 million. The restructuring of financing was executed to ensure funding for investments, working capital and refinancing and to diversify the funding sources of PKC Group Plc.

The effective average interest rate of the interest-bearing debt including un-utilized credit facility was at the close of the financial year 4.4 % (3.8 %). The Group's equity ratio was 34.7% (42.7%) which was negatively influenced by large non-recurring items and additional taxes during 2014. Net interest-bearing liabilities totalled EUR -8.9 million (EUR -2.2 million) and gearing was -5.6% (-1.1%).

PKC Group uses derivatives to hedge risks arising from changes in key foreign exchange rates, interest rates and copper price. At the end of the financial year nominal value of copper derivatives (forward contracts) was EUR 3.7 million (EUR 8.1 million). The Group utilizes euro-denominated interest rate swaps to maintain the targeted level for interest rate fixing term. Based on these interest rate swaps the Group receives fixed rate interest until September 2018 and pays floating interest based on Euribor six months rate. The nominal value of these interest rate swaps was EUR 50.0 million (EUR 75.0 million) at the close of the financial year. At the end of financial year the nominal amount of currency forwards was EUR 63.0 million (EUR 18.2 million).

Inventories amounted to EUR 79.4 million (EUR 80.2 million). Current receivables totalled EUR 107.1 million (EUR 110.4 million). Net cash from operating activities was EUR 41,0 million (EUR 39.7 million) and cash flow after investments during the financial year was EUR 20.7 million (EUR 24.9 million). The core net working capital (inventories, trade receivables and trade payables) decreased significantly from end of previous quarter due to lower volumes around the year-end shutdown period. Net working capital at the end of December 2014 totalled EUR 26.2 million (EUR 63.5 million) representing a decrease of EUR 40.7 million during the quarter, while in the comparison period the decrease was EUR 37.3 million. Total net working capital was reduced by the recording of additional EUR 8.3 million tax liability in the third quarter and by liabilities related to non-recurring items in Europe, South America and North America which are to be paid during 2015. Cash and cash equivalents amounted to EUR 110.3 million (EUR 102.7 million).

## CAPITAL EXPENDITURE

During the financial year, the Group's gross capital expenditure totalled EUR 19.9 million (EUR 14.6 million), representing 2.4% of revenue (1.7%). Gross capital expenditure is geographically divided as follows: North America 40.7% (44.3%), Europe 40.4% (27.8%), South America 9.6% (22.7%) and APAC 9.2% (5.2%). The capital expenditure consisted mainly of production machinery and equipment during the financial year. Investments into Serbia, Lithuania and China new wiring harness production facilities increased the capital expenditure from the comparison period.

PKC estimates that in the medium term, the Group's replacement investment level is close to its annual depreciation and amortisation level excluding PPA related depreciation and amortization, and impairment losses. The Group's depreciation, amortisation and impairment losses amounted to EUR 33.5 million (EUR 32.9 million) in the financial year. Excluding PPA related depreciation and amortisation, and impairment losses it amounted to EUR 19.0 million (EUR 17.9 million).



## **RESEARCH & DEVELOPMENT**

Research and development costs totalled EUR 8.2 million (EUR 8.5 million), representing 1.0% (1.0%) of the consolidated revenue. At the end of financial year 149 (156) people worked in product development, excluding production development and process development personnel.

In its product strategy, product development in PKC's Wiring Systems business takes into consideration the long- and short-term product development needs of PKC's customers and the latest development trends in the automotive industry.

PKC's main products are individually tailored electrical distribution systems, in addition to which PKC's product development is a pioneer in the application of new solutions for the needs of its customers. A growing part of PKC's global product range is vehicle electronics, through which PKC can offer its customers more thoroughly optimised electrical distribution systems.

Through active technological development, improvement is constantly being sought in product quality and performance: alternative materials are researched and utilised, and new innovative solutions are developed for the vehicle electrical distribution systems architecture. Improvements are being implemented cost-effectively with the aim of minimising the overall costs of the customer's product.

The strong areas of expertise of PKC's Electronics business product development are test and power management solutions.

## **PERSONNEL**

During the financial, the Group had an average payroll of 19,640 employees (19,206). At the end of the financial year, the Group's personnel totalled 19,437 employees (18,644), of whom 19,141 (18,338) worked abroad and 296 (306) in Finland. In addition the Group had at the end of the financial year 605 (613) temporary employees. In the financial year 97.0% of the personnel were employed by the wiring systems business segment and 2.9% by the electronics business segment. Geographically personnel was divided at the end of the financial year as follows: North America 58.4%, Europe 27.4%, South America 12.2% and Asia 2.1%. Total amount of financial year's employee benefit expenses was EUR 216.6 million (EUR 201.2 million) including EUR 12.2 million (EUR 5.3 million) classified as non-recurring expenses.

Majority of PKC's manufacturing is labour intensive and the Group's competitiveness is based on its skilled personnel. In order to maintain a skilled and engaged workforce, PKC focuses on developing its employees' competences. PKC takes a systematic approach to labour protection and frequently follows e.g. injury and occupational disease rates and absentee rates which are reported also in PKC Group's corporate responsibility report.

## **QUALITY AND THE ENVIRONMENT**

Almost all of the Group's factories are certified in accordance with requirements of the ISO/TS16949 quality standard for the automotive industry excluding factory in Traverse City (USA) and Raahe (Finland) electronics factory, which are certified in accordance with requirements of ISO9001 standard. In addition the new wiring systems factories in Panevezys (Lithuania) and Smederevo (Serbia) have not yet been certified according to ISO/TS16949 quality standard requirements. Electronics factory in Raahe (Finland) is also certified according to ISO13485 quality standard for medical equipment manufacturing. All of the Group's factories are certified in accordance with the ISO14001 environmental standard and all factories operate in accordance with the ISO9001 quality standard except the new wiring systems factory in Panevezys (Lithuania) which has not yet been certified. Preparations to recertify Curitiba (Brazil) factory according to ISO14001 environmental standard is on-going. Preparation to certify wiring systems factory in Panevezys (Lithuania) according to ISO/TS16949 and ISO9001 quality standard and ISO14001 environmental standard and factory in Smederevo (Serbia) according to ISO/TS16949 quality standard are on-going. The ISO/TS16949 certification transfer to the wiring systems factory in Suzhou (China) has been completed in 2014. Certification process for ISO9001 and

ISO14001 in Smederevo (Serbia) and for ISO14001 in the wiring systems factory in Suzhou (China) has been completed after the period and the locations are now certified.

Production units in Acuna (Mexico), Juarez (Mexico), Piedras Negras (Mexico), Torreon (Mexico), Keila (Estonia), Haapsalu (Estonia), Itajuba (Brazil), Raahe (Finland) and Suzhou Electronics (China) have also certification in accordance with the OHSAS18001 occupational health and safety management system standard.

PKC wants to take responsibility for the well-being of the environment by developing energy-saving solutions and by designing products where emissions and material usage are minimised. The environmental impact of manufacturing will be reduced by optimizing deliveries, improving energy efficiency of production facilities and the efficient management of materials.

## MANAGEMENT

The Annual General Meeting held on 3 April 2014, re-elected Wolfgang Diez, Shemaya Levy, Robert Remenar, Matti Ruotsala and Jyrki Tähtinen as Board members and elected Reinhard Buhl and Mingming Liu as new Board members. In the Board's organisation meeting, Matti Ruotsala was elected as Chairman of the Board and Robert Remenar as Vice-Chairman.

Shemaya Levy was elected as the chairman of the Audit Committee and Wolfgang Diez, Mingming Liu and Jyrki Tähtinen as members. The Board elected Matti Ruotsala as chairman of the Nomination and Remuneration Committee and Reinhard Buhl and Robert Remenar as members.

KPMG Oy Ab, which has announced Virpi Halonen, APA, to be the Auditor with principal responsibility, was selected as auditor.

At the end of the financial year the Group's Executive Board consisted of the following persons Matti Hyytiäinen, Chairman (President & CEO), Jyrki Keronen (Senior Vice President, Business Development & APAC), Jani Kiljala (President, Wiring Systems, Europe and South America), Sanna Raatikainen (General Counsel), Jarmo Rajala (President, Electronics), Frank Sovis (President, Wiring Systems, North America) and Juha Torniainen (CFO).

## SHARE TURNOVER AND SHAREHOLDERS

| <b>Trading of shares on Nasdaq Helsinki</b>        | <b>1-12/14</b> | <b>1-12/13</b> |
|--|----------------|----------------|
| Turnover in shares                                 | 12,100,818     | 8,962,859      |
| Share turnover, EUR million                        | 238.4          | 184.3          |
| Turnover in shares per average number of shares, % | 50.5           | 40.2           |

PKC's shares are also traded on alternative exchanges (such as Chi-X, BATS and Turquoise). The total trading volume on these particular alternative exchanges was 1,232,226 shares (570,904 shares) during the financial year.

| <b>Shares and market value on Nasdaq Helsinki</b>                     | <b>1-12/14</b> | <b>1-12/13</b> |
|---|----------------|----------------|
| Number of shares at the close of the financial year                   | 23,970,504     | 23,905,887     |
| Lowest share price during the financial year, EUR                     | 13.13          | 15.00          |
| Highest share price during the financial year, EUR                    | 26.33          | 25.31          |
| Share price at close of the financial year, EUR                       | 17.58          | 24.19          |
| Average share price of the financial year, EUR                        | 19.69          | 20.47          |
| Market capitalisation at the close of the financial year, EUR million | 421.4          | 576.1          |

The shares held by Executive Board members, Board members, their closely associated persons and corporations in which they have a controlling interest accounted for 0.1% (0.2%) of the total number of shares at the end of the financial year. PKC Group Plc had a total of 8,811 shareholders (8,413) at the end of financial year. The shares held by foreigners and through nominee registrations at the close of the financial year totalled 30.5% of the share capital (36.5%).

### Flaggings

On 24 January 2014 the share of votes and share capital in PKC Group Plc held by funds (OP-Focus Non-UCITS Fund, OP-Delta Fund and OP-Finland Small Firm Fund) managed by OP Fund Management Company Ltd (0743962-2) fell below the limit of 5%. Following the transaction the funds managed by OP Fund Management Company Ltd owned 1,096,908 shares i.e. 4.59% of the shares and votes.

On 26 March 2014 the share of votes and share capital in PKC Group Plc held by funds (OP-Focus Non-UCITS Fund, OP-Delta Fund, OP-Finland Small Firm Fund and OP-Nordic Plus Fund (NON-UCITS)) managed by OP Fund Management Company Ltd (0743962-2) exceeded the limit of 5%. Following the transaction the funds managed by OP Fund Management Company Ltd owned 1,213,161 shares i.e. 5.07% of the shares and votes.

On 9 April 2014 the share of votes and share capital in PKC Group Plc held by Lannebo Fonder AB and possible future ownership (stock borrowing agreements), in total exceeded the limit of 5%. Following the transaction on 9 April 2014 Lannebo Fonder AB's total number of shares and votes were as follows: 857,016 PKC Group Plc's shares and votes and 400,000 lent shares and votes, which return 10 April 2014, in total 1,257,016 PKC Group Plc shares and votes i.e. 5.25% of the share capital and votes.

On 10 April 2014 the share of votes and share capital in PKC Group Plc held by Lannebo Fonder AB exceeded the limit of 5%. Following the transaction Lannebo Fonder AB owned 1,572,016 PKC Group Plc shares and votes, i.e. 6.57% of the share capital and votes.

On 5 May 2014 the share of votes and share capital in PKC Group Plc held by AS Harju Elekter (10029524) fell below the limit of 5%. Following the transaction AS Harju Elekter owned 1,194,641 PKC Group Plc shares and votes, i.e. 4.99% of the share capital and votes.

On 16 December 2014 the share of votes and share capital in PKC Group Plc held by Nordea Funds Oy (1737785-9) exceeded the limit of 5%. Following the transaction Nordea Funds Oy owned 1,212,010 PKC Group Plc shares and votes, i.e. 5.06% of the share capital and votes.

On 12 January 2015 the share of votes and share capital in PKC Group Plc held by Nordea Funds Oy (1737785-9) fell below the limit of 5%. Following the transaction Nordea Funds Oy owned 1,183,325 PKC Group Plc shares and votes, i.e. 4.94% of the share capital and votes.

### NUMBER OF SHARES

PKC Group Plc's number of shares has changed during the financial year and after the financial year as follows:

| <b>Registrations of new shares corresponding to subscriptions</b> | <b>2009A options</b> | <b>2009B options</b> | <b>2009C options</b> | <b>Number of shares after subscriptions</b> |
|---|----------------------|----------------------|----------------------|---|
| 21.2.2014   | 11,850               | 7,500                | -                    | 23,925,237                                  |
| 2.4.2014  | 14,400               | 3,450                | -                    | 23,943,087                                  |
| 16.5.2014   | 9,950                | 7,467                | 9,500                | 23,970,004                                  |
| 7.10.2014   | -                    | -                    | 500                  | 23,970,504                                  |
| 29.1.2015   | -                    | 5,000                | -                    | 23,975,504                                  |

## THE BOARD'S AUTHORISATIONS

The Board of Directors was granted authorisation by the Annual General Meeting on 3 April 2014 to decide on one or more share issues and granting of special rights defined in Chapter 10, Section 1 of the Companies Act and all the terms and conditions thereof. A maximum total of 4,750,000 shares may be issued or subscribed for on the basis of authorisation. The authorisation includes the right to decide on directed share issues. The authorisation is in force for five years from the date of the General Meeting's decision. At Board of Directors' discretion the authorisation may be used e.g. in financing possible corporate acquisitions, inter-company co-operation or similar arrangement, or strengthening Company's financial or capital structure. The authorisation revoked the authorisation granted on 30 March 2011.

The Board of Directors does not possess a valid authorisation to acquire company's own shares, and the company does not have any own shares (treasury shares) in its possession.

## STOCK OPTION SCHEMES

### 2009 options

|  | 2009A              | 2009B                  | 2009C                  |
|--|--------------------|------------------------|------------------------|
| Subscription period                                      | ended<br>30.4.2014 | 1.4.2013-<br>30.4.2015 | 1.4.2014-<br>30.4.2016 |
| Current subscription price, EUR                          | -                  | 10.71                  | 16.58                  |
| Total amount of options                                  | 200,000            | 200,000                | 200,000                |
| Held by PKC or non-allocated                             | -                  | 19,478                 | 57,500                 |
| Exercised  | 195,500            | 129,832                | 10,000                 |
| Expired  | 4,500              | -                      | -                      |
| Outstanding  | -                  | 50,690                 | 132,500                |
| Invested non-restricted equity fund can increase by, EUR | -                  | 751,499                | 3,150,200              |

The key personnel stock option scheme initiated in 2009 comprises a total of 600,000 options divided into A, B and C warrants. The stock options entitle their owners to subscribe for a maximum total of 600,000 new shares in the company or existing shares held by the company. After the beginning of the subscription period options will no longer be distributed to key personnel. The subscription price for shares through the exercise of the 2009 stock options is the volume-weighted average price of the PKC Group Plc share on Nasdaq Helsinki for April 2009, 2010 and 2011 +20% with dividend adjustments. After the registration made on January 2015, 134,832 2009B warrants are exercised. 45,690 2009B warrants are outstanding. Invested non-restricted equity fund can further increase by EUR 697,949 as a result of the exercise of 2009B warrants.



## 2012 options

|  | 2012A(i)               | 2012A(ii)              | 2012B(i)               | 2012B(ii)              | 2012C(i)               | 2012C(ii)              |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Subscription period                                      | 1.4.2015-<br>30.4.2017 | 1.4.2015-<br>30.4.2017 | 1.4.2016-<br>30.4.2018 | 1.4.2016-<br>30.4.2018 | 1.4.2017-<br>30.4.2019 | 1.4.2017-<br>30.4.2019 |
| Current subscription price, EUR                          | 15.31                  | 15.31                  | 16.65                  | 16.65                  | 23.28                  | 23.28                  |
| Total amount of options                                  | 170,000                | 170,000                | 170,000                | 170,000                | 170,000                | 170,000                |
| Held by PKC or non-allocated                             | 5,000                  | 5,000                  | 5,000                  | 5,000                  | 20,500                 | 20,500                 |
| Outstanding  | 165,000                | 165,000                | 165,000                | 165,000                | 149,500                | 149,500                |
| Invested non-restricted equity fund can increase by, EUR | 2,602,700              | 2,602,700              | 2,830,500              | 2,830,500              | 3,957,600              | 3,957,600              |

The key personnel stock option scheme initiated in 2012 comprises a total of 1,020,000 options. The stock options are marked with the symbol 2012A(i) and 2012A(ii); 2012B(i) and 2012B(ii); as well as 2012C(i) and 2012C(ii). A total of 170,000 stock options are included in each stock option class. The stock options entitle their owners to subscribe for a maximum total of 1,020,000 new shares in the company or existing shares held by the company. The subscription price for shares through the exercise of the 2012 stock options is the volume-weighted average price of the PKC Group Plc share on Nasdaq Helsinki during first quarter in 2012, 2013 and 2014.

The share subscription period for stock options 2012A(ii), 2012B(ii) and 2012C(ii) shall, however, not commence, unless certain operational or financial targets of the Group established for the exercise of stock options and determined by the Board of Directors have been attained. The Board of Directors shall annually decide on targets separately for each stock option class in connection with the distribution of stock options. Those stock options, for which the targets determined by the Board of Directors have not been attained, shall expire in the manner decided by the Board of Directors. 2012A(ii), 2012B(ii) and 2012C(ii) options have been initially allocated to the key personnel.

## CORPORATE RESPONSIBILITY

Corporate responsibility is a key element in PKC's operations. PKC operates with ethical business practice, takes responsibility for the operating environment and strives to minimize any harm caused to the environment, and respects and promotes human rights and fair workplace practices, equal opportunities, and zero-tolerance policy on bribery and corruption. PKC Group's Board of Directors has ratified the Code of Conduct covering the whole group. The Code of Conduct sets principles for ethical business practice and is based on the highest ethical standards. Compliance with legislation, regulations and international norms is a fundamental requirement, from which it is not possible to deviate in any circumstances.

PKC's Corporate Responsibility report for 2014 will be published on 10 March 2015.

## STRATEGY 2018

Strategic objectives have been announced in the capital market day held 3 April 2013.

PKC is a global partner, designing, manufacturing and integrating electrical distribution systems for the commercial vehicle industry and other selected segments. PKC is seeking growth within its current Commercial Vehicle markets and customers as well as in the growing markets of Asia. In addition, PKC is studying growth opportunities in expanding its business further within Transportation Industry. This is a segment where PKC can further utilize its unique knowhow as a global supplier of electrical distribution systems.

The long-term financial targets of PKC Group Plc is to reach EUR 1.4 billion revenue by 2018 and at least 10% EBITDA, while maintaining gearing below 75%. The targeted dividend payout is 30 - 60% of the cash flow after

investments.

### **Key strategic highlights of 2014**

On 7 January 2014 PKC Group Plc announced to optimise its manufacturing footprint in North America. PKC decided to close the factory in Nogales, Mexico in order to further adapt and align its manufacturing capacity to the North American customer base. In addition PKC has established a wiring systems company in Lithuania.

On 7 August 2014 PKC Group Plc announced to start a development program as a continuation for the consolidation of the wiring systems business in Europe and South America. The development program is started due to the expected change in the business environment where consolidation of customers will result in change in purchasing behaviour that requires new production structure and model in Europe and South America. Program shall bring growth opportunities also through benefits of scale and redirecting resources.

### **EVENTS AFTER THE FINANCIAL YEAR**

PKC Group announced three new share-based incentive plans for the Group key personnel approved by the Board of Directors.

### **SHORT-TERM RISKS AND UNCERTAINTIES**

The demand for PKC's products is dependent especially on the volatility of the global commercial vehicle industry as well as the development of PKC's customers' businesses.

Uncertainty related to emerging markets' economic development has increased. Especially in Brazil higher inflation as well as economic and political uncertainty has continued. The growth of the European economy has not accelerated and the inflation has continued to decrease.

Consolidation of the customer base and changes in customers' relative market shares and sourcing strategies may affect demand of PKC's products.

Weakening of the US dollar against the Mexican peso as well as the weakening of the euro against the Polish zloty and the Russian rouble may increase PKC's processing costs. Strengthening of the euro against the Brazilian real may increase PKC's material costs. A significant increase in copper price may weaken PKC Group's profit in short term. The customer prices are updated on average with a 3-5 month delay on the basis of copper price changes.

The objective of PKC Group's risk management is to identify risks relevant to business operations, and to determine the measures, responsibilities and schedules required for efficient risk management. The comprehensive risk management process is implemented across the whole PKC Group with the aim of establishing uniform procedures for the analysis and measurement of risks, taking into consideration the geographical differences between units. PKC's risks are classified into strategic, operational and financial risks. More information about PKC's risks is presented in the annual report and Corporate Governance Guidelines.

### **MARKET OUTLOOK**

#### **Wiring Systems Business**

In 2015 the production of heavy-duty and medium-duty trucks in Europe is expected to remain on previous year's level at the most.

Production of heavy-duty trucks in North America is expected to increase by about 14%, production of medium-duty trucks to decline by about 3% and production of light vehicles to increase by about 1% compared to 2014.

In 2015 the production of heavy-duty and medium-duty trucks in Brazil is expected to be lower than previous

year. The governmental incentive program to support the purchase of new trucks continues to be valid until further notice, although the terms have been weakened significantly. The weakened terms and both economic and political uncertainty in Brazil bear a considerable risk for Brazilian truck sales for 2015.

### **Electronics Business**

The market demand for Electronics segment's products is expected to remain at the current level.

### **PKC GROUP'S OUTLOOK FOR 2015**

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. In 2014, PKC's revenue was EUR 829.2 million and comparable EBITDA before non-recurring items was EUR 48.9 million. Revenue and EBITDA estimates are based on current business structure.

### **THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISPOSAL OF PROFITS**

The parent company's distributable funds are EUR 112.7 million, of which EUR 43.6 million is distributable as dividends, including the net profit (loss) for the financial year EUR -9.9 million. The Board of Directors will propose to the Annual General Meeting to be held on 1 April 2015 that a dividend of EUR 0.70 per share be paid for a total of EUR 16.8 million and that the remainder of the distributable funds be transferred to shareholders' equity. The number of shares may change due to share subscriptions registered before the record date. The record date for the dividend pay-out is 7 April 2015 and the payment date is 14 April 2015. In the view of the Board of Directors, the proposed dividend pay-out will not put the company's liquidity at risk.

### **ANNUAL REPORT 2014 AND CORPORATE GOVERNANCE STATEMENT**

PKC Group Plc will publish the Annual Report 2014, which contains the report by the Board of Directors and financial statements, auditor's report and a separate corporate governance statement on Tuesday, March 10, 2015. The Annual Report will be published on the PKC Group website.

### **ANNUAL GENERAL MEETING AND FINANCIAL REPORTS IN 2015**

The Annual General Meeting will be held on Wednesday, April 1, 2015.

In 2015, the Interim Reports will be published as follows:

- Interim Report 1-3/2015 Wednesday, May 6, 2015 at about 8.15 a.m.
- Interim Report 1-6/2015 Thursday, August 6, 2015 at about 8.15 a.m.
- Interim Report 1-9/2015 Thursday, October 29, 2015 at about 8.15 a.m.

The text section of this release focuses on the annual accounts. Comparisons have been made to the figures of the corresponding period in 2013, unless otherwise mentioned. The figures presented in the tables are independently rounded figures.

## TABLES

This financial statement release has been prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The financial statement release has been prepared in accordance with the same principles as the annual financial statements for 2013. The year 2014 IFRS standard changes have no significant effect on the financial statement release. IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities as well as the related amendments to IAS 27 and IAS 28: The standards have no significant impact on the Group's consolidated financial statements. Amendments to IAS 32 Financial Instruments: Presentation: The amendments provide clarifications on the application of requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amended standard is to be applied retrospectively. The amendment does not have a significant impact on the Group's consolidated financial statements. The annual figures in the financial statement release are audited.

| <b>CONSOLIDATED STATEMENT OF<br/>COMPREHENSIVE INCOME (EUR 1,000)</b>        | <b>10-12/14<br/>3 mon.</b> | <b>10-12/13<br/>3 mon.</b> | <b>1-12/14<br/>12 mon.</b> | <b>1-12/13<br/>12 mon.</b> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Revenue</b>   | <b>208,532</b>             | <b>212,109</b>             | <b>829,219</b>             | <b>883,986</b>             |
| Production for own use   | -69                        | 185                        | 53                         | 315                        |
| Other operating income   | 1,069                      | 705                        | 4,311                      | 1,982                      |
| Increase (+) / decrease (-) in stocks of finished goods and work in progress | 492                        | -553                       | 1,211                      | -3,235                     |
| Materials and services   | -128,164                   | -128,783                   | -504,680                   | -533,004                   |
| Employee benefit expenses  | -59,592                    | -50,533                    | -216,596                   | -201,170                   |
| Depreciation, amortisation and impairment                                    | -8,745                     | -7,783                     | -33,476                    | -32,860                    |
| Other operating expenses   | -23,167                    | -20,749                    | -86,727                    | -85,551                    |
| <b>Operating profit (loss)</b>   | <b>-9,644</b>              | <b>4,599</b>               | <b>-6,685</b>              | <b>30,463</b>              |
| Items affecting comparability  | -11,739                    | -2,061                     | -28,362                    | -10,409                    |
| <b>Comparable operating profit</b>   | <b>2,095</b>               | <b>6,661</b>               | <b>21,677</b>              | <b>40,873</b>              |
| Interest and other financial income and expenses                             | -568                       | -1,796                     | -3,944                     | -6,670                     |
| Foreign currency exchange differences  | -948                       | -861                       | 101                        | -2,231                     |
| <b>Profit (loss) before taxes</b>  | <b>-11,160</b>             | <b>1,942</b>               | <b>-10,528</b>             | <b>21,562</b>              |
| Income taxes   | -3,832                     | -159                       | -18,523                    | -7,615                     |
| <b>Net profit (loss) for the report period</b>                               | <b>-14,992</b>             | <b>1,783</b>               | <b>-29,051</b>             | <b>13,947</b>              |
| <b>Other comprehensive income</b>  |                            |                            |                            |                            |
| Items that may be reclassified subsequently to profit or loss                |                            |                            |                            |                            |
| Foreign currency translation differences - foreign operations                | -3,674                     | -5,318                     | 8,452                      | -16,905                    |
| Cash flow hedges   | -1,443                     | 0                          | -1,443                     | 0                          |
| Taxes related to cash flow hedges  | 529                        | 0                          | 529                        | 0                          |
| Interest derivatives   | 0                          | 0                          | 0                          | 970                        |
| Taxes related to interest derivatives  | 0                          | 0                          | 0                          | -238                       |
| <b>Total comprehensive income for the period</b>                             | <b>-19,580</b>             | <b>-3,535</b>              | <b>-21,514</b>             | <b>-2,226</b>              |
| <b>Attributable to equity holders of the parent company</b>                  |                            |                            |                            |                            |
| Basic earnings per share (EPS), EUR  | -0.63                      | 0.08                       | -1.21                      | 0.63                       |
| Diluted earnings per share (EPS), EUR  | -0.63                      | 0.08                       | -1.21                      | 0.62                       |



| <b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)</b> | <b>12/14</b>   | <b>12/13</b>   |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| <b>Non-current assets</b>                                       |                |                |
| Goodwill  | 30,348         | 29,486         |
| Intangible assets   | 36,035         | 34,694         |
| Property, plant and equipment                                   | 68,539         | 76,026         |
| Available-for-sale financial assets                             | 720            | 56             |
| Other receivables   | 6,541          | 5,671          |
| Deferred tax assets   | 17,300         | 16,443         |
| <b>Total non-current assets</b>                                 | <b>159,483</b> | <b>162,376</b> |
| <b>Current assets</b>   |                |                |
| Inventories   | 79,390         | 80,237         |
| Receivables   |                |                |
| Trade receivables   | 89,033         | 92,704         |
| Other receivables   | 18,052         | 17,649         |
| Current tax assets  | 3              | 2              |
| Total receivables   | 107,088        | 110,356        |
| Cash and cash equivalents                                       | 110,321        | 102,665        |
| <b>Total current assets</b>                                     | <b>297,379</b> | <b>293,257</b> |
| <b>Total assets</b>   | <b>456,282</b> | <b>455,634</b> |
| <b>EQUITY AND LIABILITIES</b>                                   |                |                |
| <b>Equity</b>   |                |                |
| Share capital   | 6,218          | 6,218          |
| Share premium account   | 11,282         | 11,282         |
| Invested non-restricted equity fund                             | 81,256         | 81,033         |
| Share-based payments  | 5,369          | 3,857          |
| Other reserves  | -914           | 0              |
| Translation difference  | -3,673         | -12,323        |
| Retained earnings   | 87,598         | 90,411         |
| Net profit (loss) for the financial year                        | -29,051        | 13,947         |
| <b>Total equity</b>   | <b>158,085</b> | <b>194,425</b> |
| <b>Liabilities</b>  |                |                |
| <b>Non-current liabilities</b>                                  |                |                |
| Interest-bearing financial liabilities                          | 101,446        | 99,763         |
| Provisions  | 1,619          | 1,064          |
| Other liabilities   | 9,260          | 8,722          |
| Deferred tax liabilities  | 25,593         | 23,929         |
| <b>Total non-current liabilities</b>                            | <b>137,918</b> | <b>133,478</b> |
| <b>Current liabilities</b>                                      |                |                |
| Interest-bearing financial liabilities                          | 0              | 677            |
| Trade payables  | 98,251         | 88,695         |
| Other non-interest-bearing liabilities                          | 62,013         | 38,209         |
| Current tax liabilities   | 15             | 149            |
| <b>Total current liabilities</b>                                | <b>160,279</b> | <b>127,730</b> |
| <b>Total liabilities</b>  | <b>298,197</b> | <b>261,208</b> |
| <b>Total equity and liabilities</b>                             | <b>456,282</b> | <b>455,634</b> |

| <b>CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)</b>                          | <b>10-12/14<br/>3 mon.</b> | <b>10-12/13<br/>3 mon.</b> | <b>1-12/14<br/>12 mon.</b> | <b>1-12/13<br/>12 mon.</b> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Cash flows from operating activities</b>                                      |                            |                            |                            |                            |
| Cash receipts from customers   | 234,372                    | 221,778                    | 836,731                    | 876,460                    |
| Cash receipts from other operating income  | 2,886                      | 230                        | 3,647                      | 785                        |
| Cash paid to suppliers and employees   | -212,983                   | -196,696                   | -794,399                   | -819,256                   |
| <b>Cash flows from operations before financial income and expenses and taxes</b> | <b>24,274</b>              | <b>25,312</b>              | <b>45,979</b>              | <b>57,989</b>              |
| Interest paid and other financial expenses                                       | -1,394                     | -34                        | -8,227                     | -5,851                     |
| Effects of exchange rate changes   | 11,043                     | -323                       | 7,909                      | 680                        |
| Interest received  | 1,055                      | 90                         | 3,846                      | 153                        |
| Income taxes paid  | -567                       | -2,091                     | -8,468                     | -13,258                    |
| <b>Net cash from operating activities (A)</b>                                    | <b>34,411</b>              | <b>22,953</b>              | <b>41,038</b>              | <b>39,714</b>              |
| <b>Cash flows from investing activities</b>                                      |                            |                            |                            |                            |
| Acquisition of property, plant and equipment and intangible assets               | -3,674                     | -4,135                     | -19,772                    | -15,103                    |
| Proceeds from sale of property, plant and equipment and intangible assets        | 0                          | -305                       | 42                         | 329                        |
| Acquisitions of available-for-sale assets  | 0                          | 0                          | -610                       | 0                          |
| Dividends received from investments  | 0                          | 0                          | 1                          | 0                          |
| <b>Net cash used in investment activities (B)</b>                                | <b>-3,674</b>              | <b>-4,440</b>              | <b>-20,339</b>             | <b>-14,773</b>             |
| <b>Cash flows after investments</b>  | <b>30,737</b>              | <b>18,513</b>              | <b>20,699</b>              | <b>24,941</b>              |
| <b>Cash flows from financing activities</b>                                      |                            |                            |                            |                            |
| Share issue and subscriptions of options   | 8                          | 987                        | 422                        | 46,342                     |
| Proceeds from non-current borrowings   | 0                          | 31                         | 0                          | 99,531                     |
| Repayment of current/non-current borrowings                                      | 15                         | -44,238                    | -660                       | -138,645                   |
| Dividends paid   | 0                          | 0                          | -16,760                    | -15,122                    |
| <b>Net cash used in financing activities (C)</b>                                 | <b>23</b>                  | <b>-43,219</b>             | <b>-16,998</b>             | <b>-7,893</b>              |
| <b>Net increase (+) or decrease (-) in cash and equivalents (A+B+C)</b>          | <b>30,760</b>              | <b>-24,706</b>             | <b>3,701</b>               | <b>17,047</b>              |
| Cash and cash equivalents in the beginning of the period                         | 78,703                     | 128,014                    | 102,665                    | 87,222                     |
| Effect of exchange rate changes  | 858                        | -643                       | 3,956                      | -1,604                     |
| Cash and cash equivalents in the end of the period                               | 110,321                    | 102,665                    | 110,321                    | 102,665                    |

| <b>KEY FINANCIAL INDICATORS</b>             | <b>1-12/14<br/>12 mon.</b> | <b>1-12/13<br/>12 mon.</b> |
|---|----------------------------|----------------------------|
| Revenue, EUR 1,000                          | 829,219                    | 883,986                    |
| Operating profit (loss), EUR 1,000          | -6,685                     | 30,463                     |
| % of revenue                                | -0.8                       | 3.4                        |
| Profit (loss) before taxes, EUR 1,000       | -10,528                    | 21,562                     |
| % of revenue                                | -1.3                       | 2.4                        |
| Net profit (loss) for the period, EUR 1,000 | -29,051                    | 13,947                     |
| % of revenue                                | -3.5                       | 1.6                        |
| Return on equity (ROE), %                   | -16.5                      | 7.8                        |
| Return on investments (ROI), %              | 5.3                        | 14.7                       |
| Net working capital, EUR 1,000              | 26,199                     | 63,540                     |
| Net liabilities, EUR 1,000                  | -8,875                     | -2,225                     |
| Gearing, %                                  | -5.6                       | -1.1                       |
| Equity ratio, %                             | 34.7                       | 42.7                       |
| Current ratio                               | 1.9                        | 2.3                        |
| Gross capital expenditure, EUR 1,000        | 19,908                     | 14,620                     |
| % of revenue                                | 2.4                        | 1.7                        |
| R&D expenditures, EUR 1,000                 | 8,164                      | 8,503                      |
| % of revenue                                | 1.0                        | 1.0                        |
| Personnel average                           | 19,640                     | 19,206                     |

| <b>PER-SHARE KEY INDICATORS</b>                                | <b>1-12/14<br/>12 mon.</b> | <b>1-12/13<br/>12 mon.</b> |
|--|----------------------------|----------------------------|
| Earnings per share (EPS), EUR                                  | -1.21                      | 0.63                       |
| Earnings per share (EPS), diluted, EUR                         | -1.21                      | 0.62                       |
| Equity per share, EUR  | 6.59                       | 8.13                       |
| Cash flow per share, EUR                                       | 0.86                       | 1.11                       |
| Dividend per share, EUR *)                                     | 0.70                       | 0.70                       |
| Dividend per earnings, % *)                                    | -57.72                     | 111.82                     |
| Effective dividend yield, % *)                                 | 3.98                       | 2.89                       |
| Price/earnings ratio (P/E)                                     | -14.49                     | 38.64                      |
| Share price at close of period, EUR                            | 17.58                      | 24.19                      |
| Lowest share price, EUR  | 13.13                      | 15.00                      |
| Highest share price, EUR                                       | 26.33                      | 25.31                      |
| Average share price, EUR                                       | 19.69                      | 20.47                      |
| Turnover in shares, 1,000 shares                               | 12,101                     | 8,963                      |
| Turnover in shares per (share issue adjusted) share capital, % | 50.5                       | 40.2                       |
| Average number of shares, 1,000 shares                         | 23,953                     | 22,280                     |
| Average number of shares, diluted, 1,000 shares                | 24,098                     | 22,454                     |
| Shares at end of period, 1,000 shares                          | 23,971                     | 23,906                     |
| Market capitalisation, EUR 1,000                               | 421,401                    | 576,103                    |

\*) The figures of 2014 are based on the Board of Director's proposal

## 1. OPERATING SEGMENTS

Segment assets and liabilities include only those assets and liabilities that can be directly allocated to the respective segments. Group's unallocated expenses and income, and eliminations between segments are included in unallocated items of comprehensive income. Unallocated assets include mainly items related to Group management and also taxes and loan receivables. Unallocated liabilities include current and non-current loans and tax liabilities.

| 1.10.-31.12.2014 (EUR 1,000)                              | Wiring Systems | Electronics   | Total reportable segments | Unallocated amounts and eliminations | Total Group    |
|---|----------------|---------------|---------------------------|--------------------------------------|----------------|
| Segment revenue   | 196,055        | 12,724        | 208,779                   | 77                                   | 208,856        |
| of which inter-segment revenue                            | 144            | 104           | 247                       | 77                                   | 324            |
| <b>External revenue</b>                                   | <b>195,912</b> | <b>12,620</b> | <b>208,532</b>            | <b>0</b>                             | <b>208,532</b> |
| <b>EBITDA</b>   | <b>11,203</b>  | <b>232</b>    | <b>11,436</b>             | <b>-2,299</b>                        | <b>9,137</b>   |
| <b>% of revenue</b>                                       | <b>5.7</b>     | <b>1.8</b>    |                           |                                      | <b>4.4</b>     |
| Depreciation, amortisation and impairments *)             | -4,557         | -394          | -4,951                    | 3                                    | -4,948         |
| <b>EBITA</b>  | <b>6,646</b>   | <b>-161</b>   | <b>6,485</b>              | <b>-2,296</b>                        | <b>4,189</b>   |
| <b>% of revenue</b>                                       | <b>3.4</b>     | <b>-1.3</b>   |                           |                                      | <b>2.0</b>     |
| PPA depreciation and amortisation                         | -2,094         | 0             | -2,094                    | 0                                    | -2,094         |
| <b>Operating profit (loss) before non-recurring items</b> | <b>4,552</b>   | <b>-161</b>   | <b>4,321</b>              | <b>-2,296</b>                        | <b>2,095</b>   |
| <b>% of revenue</b>                                       | <b>2.3</b>     | <b>-1.3</b>   |                           |                                      | <b>1.0</b>     |
| Non-recurring employee benefit expenses                   | -5,208         | 0             | -5,208                    | 0                                    | -5,208         |
| Impairment of PPE and intangible assets                   | -1,704         | 0             | -1,704                    | 0                                    | -1,704         |
| Other non-recurring income and expenses                   | -4,444         | 0             | -4,444                    | -383                                 | -4,827         |
| <b>Total non-recurring items</b>                          | <b>-11,356</b> | <b>0</b>      | <b>-11,356</b>            | <b>-383</b>                          | <b>-11,739</b> |
| <b>Operating profit (loss)</b>                            | <b>-6,804</b>  | <b>-161</b>   | <b>-6,965</b>             | <b>-2,679</b>                        | <b>-9,644</b>  |
| <b>% of revenue</b>                                       | <b>-3.5</b>    | <b>-1.3</b>   |                           |                                      | <b>-4.6</b>    |
| Financial income and expenses                             | 0              | 0             | 0                         | -1,516                               | -1,516         |
| <b>Profit (loss) before taxes</b>                         | <b>-6,804</b>  | <b>-161</b>   | <b>-6,965</b>             | <b>-4,195</b>                        | <b>-11,160</b> |
| Income taxes  | 0              | 0             | 0                         | -3,832                               | -3,832         |
| <b>Net profit (loss) for the period</b>                   | <b>-6,804</b>  | <b>-161</b>   | <b>-6,965</b>             | <b>-8,027</b>                        | <b>-14,992</b> |
| Goodwill  | 29,139         | 1,209         | 30,348                    | 0                                    | 30,348         |
| Other segment assets                                      | 348,723        | 39,484        | 388,207                   | 37,727                               | 425,934        |
| <b>Total assets</b>                                       | <b>377,862</b> | <b>40,693</b> | <b>418,555</b>            | <b>37,727</b>                        | <b>456,282</b> |
| Segment liabilities                                       | 262,547        | 27,658        | 290,205                   | 7,993                                | 298,197        |
| <b>Total liabilities</b>                                  | <b>262,547</b> | <b>27,658</b> | <b>290,205</b>            | <b>7,993</b>                         | <b>298,197</b> |

\*) excluding PPA depreciation and amortisation and non-recurring asset impairment



| 1.10.-31.12.2013 (EUR 1,000)                           | Wiring<br>Systems | Electronics   | Total<br>reportable<br>segments | Unallocated<br>amounts<br>and<br>eliminations | Total<br>Group |
|--|-------------------|---------------|---------------------------------|---|----------------|
| Segment revenue  | 198,457           | 13,761        | 212,218                         | 97  | 212,315        |
| of which inter-segment revenue                         | 65                | 45            | 109                             | 97  | 206            |
| <b>External revenue</b>                                | <b>198,392</b>    | <b>13,717</b> | <b>212,109</b>                  | <b>0</b>                                      | <b>212,109</b> |
| <b>EBITDA</b>  | <b>15,197</b>     | <b>575</b>    | <b>15,771</b>                   | <b>-1,825</b>                                 | <b>13,946</b>  |
| <b>% of revenue</b>                                    | <b>7.7</b>        | <b>4.2</b>    |                                 |   | <b>6.6</b>     |
| Depreciation, amortisation and<br>impairments *)       | -3,768            | -351          | -4,119                          | -14   | -4,133         |
| <b>EBITA</b>   | <b>11,429</b>     | <b>223</b>    | <b>11,652</b>                   | <b>-1,839</b>                                 | <b>9,813</b>   |
| <b>% of revenue</b>                                    | <b>5.8</b>        | <b>1.6</b>    |                                 |   | <b>4.6</b>     |
| PPA depreciation and amortisation                      | -3,153            | 0             | -3,153                          | 0   | -3,153         |
| <b>Operating profit before non-recurring<br/>items</b> | <b>8,276</b>      | <b>223</b>    | <b>8,499</b>                    | <b>-1,839</b>                                 | <b>6,661</b>   |
| <b>% of revenue</b>                                    | <b>4.2</b>        | <b>1.6</b>    |                                 |   | <b>3.1</b>     |
| Non-recurring employee benefit expenses                | -1,323            | -22           | -1,345                          | 0   | -1,345         |
| Impairment of PPE and intangible assets                | -497              | 0             | -497                            | 0   | -497           |
| Other non-recurring income and expenses                | 154               | 100           | 255                             | -474  | -219           |
| <b>Total non-recurring items</b>                       | <b>-1,667</b>     | <b>79</b>     | <b>-1,588</b>                   | <b>-474</b>                                   | <b>-2,061</b>  |
| <b>Operating profit</b>                                | <b>6,609</b>      | <b>302</b>    | <b>6,912</b>                    | <b>-2,312</b>                                 | <b>4,599</b>   |
| <b>% of revenue</b>                                    | <b>3.3</b>        | <b>2.2</b>    |                                 |   | <b>2.2</b>     |
| Financial income and expenses                          | 0                 | 0             | 0                               | -2,657  | -2,657         |
| <b>Profit before taxes</b>                             | <b>6,609</b>      | <b>302</b>    | <b>6,912</b>                    | <b>-4,970</b>                                 | <b>1,942</b>   |
| Income taxes   | 0                 | 0             | 0                               | -159  | -159           |
| <b>Net profit for the period</b>                       | <b>6,609</b>      | <b>302</b>    | <b>6,912</b>                    | <b>-5,129</b>                                 | <b>1,783</b>   |
| Goodwill   | 28,277            | 1,209         | 29,486                          | 0   | 29,486         |
| Other segment assets                                   | 402,246           | 38,215        | 440,461                         | -14,314                                       | 426,147        |
| <b>Total assets</b>                                    | <b>430,524</b>    | <b>39,424</b> | <b>469,948</b>                  | <b>-14,314</b>                                | <b>455,634</b> |
| Segment liabilities                                    | 235,905           | 26,797        | 262,702                         | -1,494  | 261,208        |
| <b>Total liabilities</b>                               | <b>235,905</b>    | <b>26,797</b> | <b>262,702</b>                  | <b>-1,494</b>                                 | <b>261,208</b> |

\*) excluding PPA depreciation and amortisation and non-recurring asset impairment

| 1.1.-31.12.2014 (EUR 1,000)                            | Wiring<br>Systems | Electronics   | Total<br>reportable<br>segments | Unallocated<br>amounts and<br>eliminations | Total<br>Group |
|--|-------------------|---------------|---------------------------------|--|----------------|
| Segment revenue  | 771,991           | 58,109        | 830,100                         | 576  | 830,676        |
| of which inter-segment revenue                         | 607               | 274           | 881                             | 576  | 1,457          |
| <b>External revenue</b>                                | <b>771,384</b>    | <b>57,835</b> | <b>829,219</b>                  | <b>0</b>                                   | <b>829,219</b> |
| <b>EBITDA</b>  | <b>51,396</b>     | <b>3,479</b>  | <b>54,875</b>                   | <b>-6,010</b>                              | <b>48,865</b>  |
| <b>% of revenue</b>                                    | <b>6.7</b>        | <b>6.0</b>    |                                 |  | <b>5.9</b>     |
| Depreciation, amortisation and<br>impairments *)       | -17,490           | -1,473        | -18,964                         | -69  | -19,033        |
| <b>EBITA</b>   | <b>33,905</b>     | <b>2,006</b>  | <b>35,911</b>                   | <b>-6,079</b>                              | <b>29,833</b>  |
| <b>% of revenue</b>                                    | <b>4.4</b>        | <b>3.5</b>    |                                 |  | <b>3.6</b>     |
| PPA depreciation and amortisation                      | -8,156            | 0             | -8,156                          | 0  | -8,156         |
| <b>Operating profit before non-recurring<br/>items</b> | <b>25,749</b>     | <b>2,006</b>  | <b>27,756</b>                   | <b>-6,079</b>                              | <b>21,677</b>  |
| <b>% of revenue</b>                                    | <b>3.3</b>        | <b>3.5</b>    |                                 |  | <b>2.6</b>     |
| Non-recurring employee benefit expenses                | -12,216           | 0             | -12,216                         | 0  | -12,216        |
| Impairment of PPE and intangible assets                | -6,288            | 0             | -6,288                          | 0  | -6,288         |
| Other non-recurring income and expenses                | -7,967            | 0             | -7,967                          | -1,891                                     | -9,858         |
| <b>Total non-recurring items</b>                       | <b>-26,471</b>    | <b>0</b>      | <b>-26,471</b>                  | <b>-1,891</b>                              | <b>-28,362</b> |
| <b>Operating profit (loss)</b>                         | <b>-721</b>       | <b>2,006</b>  | <b>1,285</b>                    | <b>-7,969</b>                              | <b>-6,685</b>  |
| <b>% of revenue</b>                                    | <b>-0.1</b>       | <b>3.5</b>    |                                 |  | <b>-0.8</b>    |
| Financial income and expenses                          | 0                 | 0             | 0                               | -3,843                                     | -3,843         |
| <b>Profit (loss) before taxes</b>                      | <b>-721</b>       | <b>2,006</b>  | <b>1,285</b>                    | <b>-11,813</b>                             | <b>-10,528</b> |
| Income taxes   | 0                 | 0             | 0                               | -18,523                                    | -18,523        |
| <b>Net profit (loss) for the period</b>                | <b>-721</b>       | <b>2,006</b>  | <b>1,285</b>                    | <b>-30,336</b>                             | <b>-29,051</b> |
| Goodwill   | 29,139            | 1,209         | 30,348                          | 0  | 30,348         |
| Other segment assets                                   | 348,723           | 39,484        | 388,207                         | 37,727                                     | 425,934        |
| <b>Total assets</b>                                    | <b>377,862</b>    | <b>40,693</b> | <b>418,555</b>                  | <b>37,727</b>                              | <b>456,282</b> |
| Segment liabilities                                    | 262,547           | 27,658        | 290,205                         | 7,993                                      | 298,197        |
| <b>Total liabilities</b>                               | <b>262,547</b>    | <b>27,658</b> | <b>290,205</b>                  | <b>7,993</b>                               | <b>298,197</b> |

\*) excluding PPA depreciation and amortisation and non-recurring asset impairment

| 1.1.-31.12.2013 (EUR 1,000)                        | Wiring<br>Systems | Electronics   | Total<br>reportable<br>segments | Unallocated<br>amounts<br>and<br>eliminations | Total<br>Group |
|--|-------------------|---------------|---------------------------------|---|----------------|
| Segment revenue                                    | 820,768           | 64,950        | 885,718                         | 425   | 886,143        |
| of which inter-segment revenue                     | 436               | 1,295         | 1,732                           | 425   | 2,157          |
| <b>External revenue</b>                            | <b>820,332</b>    | <b>63,654</b> | <b>883,986</b>                  | <b>0</b>                                      | <b>883,986</b> |
| <b>EBITDA</b>                                      | <b>70,527</b>     | <b>5,837</b>  | <b>76,364</b>                   | <b>-6,023</b>                                 | <b>70,341</b>  |
| <b>% of revenue</b>                                | <b>8.6</b>        | <b>9.2</b>    |                                 |   | <b>8.0</b>     |
| Depreciation, amortisation and impairments *)      | -16,054           | -1,556        | -17,610                         | -270  | -17,881        |
| <b>EBITA</b>                                       | <b>54,473</b>     | <b>4,281</b>  | <b>58,754</b>                   | <b>-6,293</b>                                 | <b>52,461</b>  |
| <b>% of revenue</b>                                | <b>6.6</b>        | <b>6.7</b>    |                                 |   | <b>5.9</b>     |
| PPA depreciation and amortisation                  | -11,588           | 0             | -11,588                         | 0   | -11,588        |
| <b>Operating profit before non-recurring items</b> | <b>42,885</b>     | <b>4,281</b>  | <b>47,166</b>                   | <b>-6,293</b>                                 | <b>40,873</b>  |
| <b>% of revenue</b>                                | <b>5.2</b>        | <b>6.7</b>    |                                 |   | <b>4.6</b>     |
| Non-recurring employee benefit expenses            | -4,459            | -853          | -5,312                          | 0   | -5,312         |
| Impairment of PPE and intangible assets            | -3,391            | 0             | -3,391                          | 0   | -3,391         |
| Other non-recurring income and expenses            | -507              | 700           | 194                             | -1,900  | -1,707         |
| <b>Total non-recurring items</b>                   | <b>-8,356</b>     | <b>-153</b>   | <b>-8,509</b>                   | <b>-1,900</b>                                 | <b>-10,409</b> |
| <b>Operating profit</b>                            | <b>34,529</b>     | <b>4,128</b>  | <b>38,657</b>                   | <b>-8,193</b>                                 | <b>30,463</b>  |
| <b>% of revenue</b>                                | <b>4.2</b>        | <b>6.5</b>    |                                 |   | <b>3.4</b>     |
| Financial income and expenses                      | 0                 | 0             | 0                               | -8,902  | -8,902         |
| <b>Profit before taxes</b>                         | <b>34,529</b>     | <b>4,128</b>  | <b>38,657</b>                   | <b>-17,095</b>                                | <b>21,562</b>  |
| Income taxes                                       | 0                 | 0             | 0                               | -7,615  | -7,615         |
| <b>Net profit for the period</b>                   | <b>34,529</b>     | <b>4,128</b>  | <b>38,657</b>                   | <b>-24,710</b>                                | <b>13,947</b>  |
| Goodwill   | 28,277            | 1,209         | 29,486                          | 0   | 29,486         |
| Other segment assets                               | 402,246           | 38,215        | 440,461                         | -14,314                                       | 426,147        |
| <b>Total assets</b>                                | <b>430,524</b>    | <b>39,424</b> | <b>469,948</b>                  | <b>-14,314</b>                                | <b>455,634</b> |
| Segment liabilities                                | 235,905           | 26,797        | 262,702                         | -1,494  | 261,208        |
| <b>Total liabilities</b>                           | <b>235,905</b>    | <b>26,797</b> | <b>262,702</b>                  | <b>-1,494</b>                                 | <b>261,208</b> |

\*) excluding PPA depreciation and amortisation and non-recurring asset impairment

| REVENUE BY GEOGRAPHICAL LOCATIONS (EUR 1,000) | 10-12/14<br>3 mon. | 10-12/13<br>3 mon. | 1-12/14<br>12 mon. | 1-12/13<br>12 mon. |
|---|--------------------|--------------------|--------------------|--------------------|
| Finland                                       | 11,004             | 13,470             | 50,781             | 57,184             |
| Other Europe                                  | 49,648             | 61,408             | 190,589            | 225,701            |
| North America                                 | 129,079            | 111,636            | 493,985            | 491,704            |
| South America                                 | 13,213             | 20,560             | 67,874             | 87,461             |
| APAC  | 5,588              | 5,036              | 25,990             | 21,936             |
| <b>Total</b>                                  | <b>208,532</b>     | <b>212,109</b>     | <b>829,219</b>     | <b>883,986</b>     |

## 2. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR MILLION)

A = Share Capital

B = Share premium account

C = Invested non-restricted equity fund

D = Other reserves

E = Translation difference

F = Retained earnings

G = Equity attributable to shareholders of the parent company

|                                     | A          | B           | C           | D           | E            | F            | G            |
|-------------------------------------|------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Equity at 1.1.2013</b>           | <b>6.2</b> | <b>10.6</b> | <b>35.4</b> | <b>-0.7</b> | <b>4.6</b>   | <b>108.5</b> | <b>164.5</b> |
| Dividends                           | 0.0        | 0.0         | 0.0         | 0.0         | 0.0          | -15.1        | -15.1        |
| Share-based payments                | 0.0        | 0.0         | 0.0         | 0.0         | 0.0          | 0.9          | 0.9          |
| Share issue, exercise of options    | 0.0        | 0.7         | 45.7        | 0.0         | 0.0          | 0.0          | 46.4         |
| Comprehensive income for the period | 0.0        | 0.0         | 0.0         | 0.7         | -16.9        | 13.9         | -2.3         |
| <b>Equity at 31.12.2013</b>         | <b>6.2</b> | <b>11.3</b> | <b>81.0</b> | <b>0.0</b>  | <b>-12.3</b> | <b>108.2</b> | <b>194.4</b> |
| <b>Equity at 1.1.2014</b>           | <b>6.2</b> | <b>11.3</b> | <b>81.0</b> | <b>0.0</b>  | <b>-12.3</b> | <b>108.2</b> | <b>194.4</b> |
| Dividends                           | 0.0        | 0.0         | 0.0         | 0.0         | 0.0          | -16.8        | -16.8        |
| Share-based payments                | 0.0        | 0.0         | 0.0         | 0.0         | 0.0          | 1.5          | 1.5          |
| Exercise of options                 | 0.0        | 0.0         | 0.4         | 0.0         | 0.0          | 0.0          | 0.4          |
| Comprehensive income for the period | 0.0        | 0.0         | -0.2        | -0.9        | 8.7          | -29.1        | -21.5        |
| <b>Equity 31.12.2014</b>            | <b>6.2</b> | <b>11.3</b> | <b>81.3</b> | <b>-0.9</b> | <b>-3.7</b>  | <b>63.9</b>  | <b>158.1</b> |

| <b>3. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)</b>           | <b>12/14</b>   | <b>12/13</b>   |
|---|----------------|----------------|
| <b>Acquisition cost 1.1.</b>                                  | <b>146,679</b> | <b>150,212</b> |
| +/- Currency translation differences                          | -128           | -11,867        |
| + Additions   | 15,672         | 13,186         |
| - Disposals   | -5,516         | -1,715         |
| +/- Reclassifications   | -441           | -1,139         |
| +/- Other changes   | -2,768         | -1,998         |
| <b>Acquisition cost 31.12.</b>                                | <b>153,498</b> | <b>146,679</b> |
| <b>Accumulated depreciation 1.1.</b>                          | <b>70,652</b>  | <b>55,906</b>  |
| +/- Currency translation differences                          | -2,172         | -5,668         |
| - Accumulated depreciation on disposals and reclassifications | -5,222         | -811           |
| +/- Other changes   | 150            | 1,985          |
| + Depreciation and impairment                                 | 21,551         | 19,240         |
| <b>Depreciation 31.12.</b>                                    | <b>84,958</b>  | <b>70,652</b>  |
| <b>Carrying amount 31.12.</b>                                 | <b>68,539</b>  | <b>76,026</b>  |
| <b>4. INTANGIBLE ASSETS (EUR 1,000)</b>                       | <b>12/14</b>   | <b>12/13</b>   |
| <b>Acquisition cost 1.1.</b>                                  | <b>106,508</b> | <b>108,306</b> |
| +/- Currency translation differences                          | 3,992          | -3,188         |
| + Additions   | 4,230          | 1,434          |
| - Disposals   | -23            | -39            |
| +/- Reclassifications   | 440            | -5             |
| +/- Other changes   | 1,265          | 0              |
| <b>Acquisition cost 31.12.</b>                                | <b>116,411</b> | <b>106,508</b> |
| <b>Accumulated amortisation 1.1.</b>                          | <b>42,328</b>  | <b>34,445</b>  |
| +/- Currency translation differences                          | -290           | -466           |
| + Amortisation  | 7,990          | 8,350          |
| <b>Amortisation 31.12.</b>                                    | <b>50,029</b>  | <b>42,328</b>  |
| <b>Carrying amount 31.12.</b>                                 | <b>66,383</b>  | <b>64,180</b>  |



## 5. FAIR VALUES OF FINANCIAL INSTRUMENTS (EUR 1,000)

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2014

| <b>As of December 31, 2014</b>           | <b>Carrying amounts of<br/>balance sheet items</b> | <b>Fair values of balance<br/>sheet items</b> |
|--|--|---|
| <b>Non-current financial assets</b>      |  |   |
| Other non-current financial assets       | 672  | 672   |
| Total non-current financial assets       | 672  | 672   |
| <b>Current financial assets</b>          |  |   |
| Interest derivatives                     | 2,040  | 2,040   |
| Total current financial assets           | 2,040  | 2,040   |
| <b>Total financial assets</b>            | <b>2,712</b>                                       | <b>2,712</b>                                  |
| <b>Non-current financial liabilities</b> |  |   |
| Non-current interest-bearing liabilities | 101,446  | 112,962                                       |
| Total non-current financial liabilities  | 101,446  | 112,962                                       |
| <b>Current financial liabilities</b>     |  |   |
| Copper derivatives                       | 42   | 42  |
| Currency derivatives                     | 3,931  | 3,931   |
| Total current financial liabilities      | 3,973  | 3,973   |
| <b>Total financial liabilities</b>       | <b>105,419</b>                                     | <b>116,935</b>                                |

The valuation of derivatives is based on market data (level 2 IFRS 7:27A). The valuation of available-for-sale shares (Other non-current financial assets, 672) is based on the acquisition cost (level 3, IFRS 7.27A) as the fair value of the shares cannot be determined reliably.

**6. CONTINGENT LIABILITIES AT END OF PERIOD**      **12/14**      **12/13**  
**(EUR 1,000)**
**Leasing liabilities**      **20,771**      **22,680**
**Liabilities for derivative instruments**
**Nominal values**

|                      |                |                |
|----------------------|----------------|----------------|
| Interest derivatives | 50,000         | 75,000         |
| Currency derivatives | 62,988         | 18,190         |
| Copper derivatives   | 3,708          | 8,056          |
| <b>Total</b>         | <b>116,696</b> | <b>101,245</b> |

**Fair values**

|                      |               |            |
|----------------------|---------------|------------|
| Interest derivatives | 2,191         | 223        |
| Currency derivatives | -3,931        | -86        |
| Copper derivatives   | -42           | -19        |
| <b>Total</b>         | <b>-1,782</b> | <b>118</b> |

Interest rate, currency and copper derivatives are used in hedging currency and copper risks. PKC Group does not apply hedge accounting copper derivative instruments in accordance with IAS 39. Fair values of currency and copper derivatives are recognised through profit and loss. PKC Group applies hedge accounting to currency derivatives and to part of its interest rate swaps.

**7. QUARTERLY KEY INDICATORS, CONSOLIDATED**

|   | <b>7-9/13</b> | <b>10-12/13</b> | <b>1-3/14</b> | <b>4-6/14</b> | <b>7-9/14</b> | <b>10-12/14</b> |
|---|---------------|-----------------|---------------|---------------|---------------|-----------------|
|   | <b>3 mon.</b> | <b>3 mon.</b>   | <b>3 mon.</b> | <b>3 mon.</b> | <b>3 mon.</b> | <b>3 mon.</b>   |
| Revenue, EUR million                            | 211.6         | 212.1           | 203.8         | 206.2         | 210.7         | 208.5           |
| Operating profit (loss), EUR million            | 7.9           | 4.6             | 2.9           | 4.1           | -4.1          | -9.6            |
| % of revenue                                    | 3.8           | 2.2             | 1.4           | 2.0           | -1.9          | -4.6            |
| Profit (loss) before taxes, EUR million         | 5.5           | 1.9             | 1.4           | 3.9           | -4.6          | -11.2           |
| % of revenue                                    | 2.6           | 0.9             | 0.7           | 1.9           | -2.2          | -5.4            |
| Equity ratio, %                                 | 39.1          | 42.7            | 43.3          | 41.9          | 38.0          | 34.7            |
| Earnings per share (EPS), diluted (EUR)         | 0.14          | 0.08            | 0.04          | 0.11          | -0.73         | -0.63           |
| Equity per share, EUR                           | 8.26          | 8.13            | 8.20          | 7.79          | 7.39          | 6.59            |
| Net cash from operating activities, EUR million | 8.4           | 23.0            | -12.8         | 12.9          | 6.5           | 34.4            |
| Cash flow after investments, EUR million        | 5.1           | 18.5            | -18.4         | 7.4           | 0.9           | 30.7            |

**QUARTERLY KEY INDICATORS, WIRING SYSTEMS**

|                                      |       |       |       |       |       |       |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Revenue, EUR million                 | 196.4 | 198.4 | 188.4 | 191.5 | 195.6 | 195.9 |
| Operating profit (loss), EUR million | 8.5   | 6.6   | 3.8   | 5.7   | -3.3  | -6.8  |
| % of revenue                         | 4.3   | 3.3   | 2.0   | 3.0   | -1.7  | -3.5  |

**QUARTERLY KEY INDICATORS, ELECTRONICS**

|                                      |      |      |      |      |      |      |
|--------------------------------------|------|------|------|------|------|------|
| Revenue, EUR million                 | 15.3 | 13.7 | 15.4 | 14.7 | 15.1 | 12.6 |
| Operating profit (loss), EUR million | 0.9  | 0.3  | 0.9  | 0.4  | 0.8  | -0.2 |
| % of revenue                         | 5.9  | 2.2  | 5.8  | 3.0  | 5.6  | -1.3 |

## CALCULATION OF INDICATORS

Return on equity (ROE), %

= 100 x Net profit (loss) for the report period / Total equity (average)

Return on investments (ROI), %

= 100 x (Profit (loss) before taxes + financial expenses) / (Total equity + interest-bearing financial liabilities (average))

Net liabilities

= Interest bearing liabilities – cash and cash equivalents

Gearing, %

= 100 x (Interest-bearing financial liabilities – cash and cash equivalents) / Total equity

Equity ratio, %

= 100 x Total equity / (Total of the statement of financial position – advance payments received)

Current ratio

= Total current assets / Total current liabilities

Earnings per share (EPS), EUR

= Net profit (loss) for the report period attributable to equity holders of the parent company / Average share issue-adjusted number of shares

Equity per share, EUR

= Equity attributable to equity holders of the parent company / Share issue-adjusted number of shares at the date of the statement of financial position

Cash flow per share, EUR

= Cash flows after investments / Average share issue-adjusted number of shares

Market capitalisation

= Number of shares at the end of the report period x the last trading price of the report period

EBITDA

= Operating profit (loss) + non-recurring items + depreciation, amortisation and impairments

EBITA

= Operating profit (loss) + non-recurring items + PPA depreciation and amortisation

Net working capital

= Inventories + current non-interest-bearing receivables – current non-interest-bearing liabilities

All the future estimates and forecasts presented in this stock exchange release are based on the best current knowledge of the company's management and information published by market research companies and customers. The estimates and forecasts contain certain elements of risk and uncertainty which, if they materialise, may lead to results that differ from present estimates. The main factors of uncertainty are related, among other things, to the general economic situation, the trend in the operating environment and the sector as well as the success of the Group's strategy.

**PKC GROUP PLC**  
**Board of Directors**

**Matti Hyytiäinen**  
**President & CEO**

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**PRESS CONFERENCE**

A press conference on the financial statement will be arranged for analysts and investors today, 12 February 2015, at 10.00 a.m., at the address Event Arena Bank, Unioninkatu 20, Helsinki.

**DISTRIBUTION**

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PKC Group is a global partner, designing, manufacturing and integrating electrical distribution systems, electronics and related architecture components for the commercial vehicle industry and other selected segments. The Group has production facilities in Brazil, China, Estonia, Finland, Germany, Lithuania, Mexico, Poland, Russia, Serbia and the USA. The Group's revenue in 2014 totalled EUR 829.2 million. PKC Group Plc is listed on Nasdaq Helsinki.



MANAGING THE COMPLEXITY

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