

PKC Group Plc

Interim Statement

4 May 2016

8.15 a.m.

PKC Group Q1/2016 Interim Statement

Good first quarter in Wiring Systems business, Joint venture development for Electronics business started, Electronics business classified as discontinued operations and outlook updated accordingly.

Key figures (from continuing operations unless otherwise noted)	1-3/16	1-3/15	Change %	1-12/15
EUR 1,000 (unless otherwise noted)				
Revenue	212,719	205,851	+3.3	847,338
EBITDA*	15,821	13,904	+13.8	59,528
% of revenue	7.4	6.8		7.0
Items affecting comparability	-	-582		-8,782
Operating profit	7,986	6,161	+29.6	20,230
% of revenue	3.8	3.0		2.4
Earnings per share (EPS), EUR	0.13	0.11	+18.7	0.23
Revenue by geographical locations				
Europe	75,859	54,013	+40.4	253,581
North America	120,170	138,159	-13.0	539,078
South America	6,643	12,335	-46.1	35,430
APAC	10,047	1,344	+647.7	19,250
Net cash from operating activities**	-33,981	-29,661		14,813
Working capital**	122,436	103,539		92,711
Net debt**	88,743	15,533		49,375
ROCE, % **	9.7	9.8		9.9
Gearing, %**	56.4	8.8		31.4
Equity ratio, %**	29.7	35.8		29.0
Average headcount	21,294	19,854	+7.2	20,855

* before items affecting comparability

** comparison periods include assets and liabilities of discontinued operations

In accordance with Section 5c of Chapter 2 of the Securities Markets Act, PKC Group will publish interim statements for the first three and nine months of the year instead of interim reports. The information presented in this statement is unaudited.

Matti Hyytiäinen, President & CEO:

"PKC's continuing operations developed favourably in the first quarter of the year and EBITDA improved by 14% year on year.

Demand for our products varied by market.

- In Europe, the demand for trucks weakened temporarily in the final quarter of last year, but began to recover early this year. In the first quarter, production volumes for trucks were 15%

higher than in the comparison period, but about 6% below the final quarter of 2015.

- In China, truck production volumes began cautious growth over the comparison period and the previous quarter.
- In North America, the situation in the transport sector was weaker than the general economic situation and, as a result, production volumes for trucks declined by 12% over the comparison period and fell 10% short of the production volumes in the final quarter of 2015. The fall in production mainly concerned heavy-duty trucks.
- In Brazil, economic and political uncertainty reduced the willingness to invest and production volumes for trucks continued to fall. The

production of heavy-duty trucks decreased by 40% over the comparison period.

- Order books of our rolling stock customers were on a good level and demand for our products increased.

PKC's continuing operations operating profit developed positively and increased over the comparison period by 30% and was EUR 8.0 million (EUR 6.2 million). Operating profit was improved by better productivity in Europe which improved due to production arrangements as well as increased production in China and in the rolling stock segment. The Brazilian operating loss decreased slightly. On the other hand, operating profit in North America declined, owing to weakened utilisation rates and an unfavourable product mix.

The implementation of PKC's growth strategy is proceeding. During the period, we signed an agreement on establishment of a joint venture with a Chinese JAC. PKC is a reliable partner and we believe that we will be able to continue strengthening our position in the Chinese truck market and with rolling stock customers globally.

At the beginning of May, we announced signing an agreement to start negotiations on creating a joint venture in Electronics business where PKC would become a minority shareholder. Electronics business classified as a non-current asset held for sale and reported as discontinued operations as of Q1 2016 Interim Statement.

PKC employs more than 20,000 professionals representing more than 10 nationalities. We can be proud of PKC's workforce, which once again has succeeded excellently in its work with our customers."

Discontinued Operations

In 2015, the discontinued operations (Electronics business) revenue was EUR 61.5 million, net profit was EUR 1.5 million and total assets were EUR 37.7 million. PKC will publish comparison figures related to continued operations and additional information on discontinued operations in connection with its Half-Yearly report due August 10, 2016.

Market outlook

In 2016 the production of heavy-duty and medium-duty trucks in Europe is expected to increase by about 7% and about 5% in China respectively compared to 2015.

In 2016 the production of heavy-duty and medium-duty trucks in North America is expected to decrease by about 17% compared to 2015 and decrease is expected mainly to take place in heavy-duty trucks. In 2016 the production of heavy-duty and medium-duty trucks in Brazil is expected to continue to decrease. The demand for the rolling stock is expected to continue to grow steadily.

PKC Group's outlook for 2016

PKC Group estimates that with prevailing exchange rates 2016 revenue from continuing operations (i.e. excluding Electronics business) will be at or above previous year level and comparable EBITDA from continuing operations will be higher than previous year level. In 2015, PKC's revenue from continuing operations was EUR 847.3 million and comparable EBITDA from continuing operations was EUR 59.5 million.

Outlook includes higher than average uncertainty related to the North American heavy-duty truck production volumes during rest of the year.

Previous outlook:

PKC Group estimates that with prevailing exchange rates 2016 revenue will be at or above previous year level and comparable EBITDA will be higher than previous year level. Revenue and comparable EBITDA improvement is to take place in the second half of the year. In 2015, PKC's revenue was EUR 908.0 million and comparable EBITDA before non-recurring items was EUR 63.9 million.

PKC Group Plc Board of Directors

Matti Hyttiäinen
President & CEO

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Press conference

A press conference on the interim statement will be arranged for analysts and investors today, 4 May 2016, at 10.00 a.m., at the address Event Arena Bank, Unioninkatu 20, Helsinki.

Distribution

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