


HALF YEAR FINANCIAL REPORT JANUARY – JUNE 2016

PKC GROUP

PKC Group Half Year Financial Report January-June 2016

January-June 2016 highlights

- Revenue from continuing operations increased 4.3% on the comparison period (1-6/2015), totalling EUR 433.1 million (EUR 415.2 million).
- Comparable EBITDA from continuing operations increased 15.0% on the comparison period (1-6/2015), totalling EUR 33.3 million (EUR 28.9 million) and 7.7% (7.0%) of revenue.
- Net cash from operating activities was EUR -18.9 million (EUR -25.2 million) including discontinued operations during the comparison period.

PKC Group slightly adjusts its revenue outlook for 2016

- PKC Group estimates that with prevailing exchange rates 2016 revenue from continuing operations (i.e. excluding Electronics business) will be close to previous year level. PKC's previous outlook for its revenue was to be at or above previous year level. PKC Group's outlook for its comparable EBITDA remains unchanged to be higher than previous year level.

Key figures (from continuing operations unless otherwise noted)	**1-6/16**	**1-6/15**	**Change %**	**1-12/15**
EUR 1,000 (unless otherwise noted)				
Revenue	433,090	415,206	+4.3	847,338
EBITDA*	33,253	28,916	+15.0	59,528
% of revenue	7.7	7.0		7.0
Items affecting comparability	-	-5,943		-8,782
Operating profit	17,634	8,658	+103.7	20,230
% of revenue	4.1	2.1		2.4
Earnings per share (EPS), EUR	0.35	0.06	+533.1	0.23
Revenue by geographical locations				
Europe	159,475	112,502	+41.8	253,581
North America	233,326	279,611	-16.6	539,078
South America	16,168	21,296	-24.1	35,430
APAC	24,120	1,797	+1,242.3	19,250
Net cash from operating activities**	-18,883	-25,167		14,813
Working capital**	122,345	96,491		92,711
Net debt**	91,202	32,168		49,375
ROCE, % **	10.6	10.9		9.9
Gearing, %**	62.7	21.1		31.4
Equity ratio, %**	27.3	32.6		29.0
Average headcount	21,309	19,926	+6.9	20,855

* before items affecting comparability

** comparison periods include assets and liabilities of discontinued operations

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Matti Hyytiäinen, President & CEO:

”PKC's continuing operations developed favourably in the first half of the year and comparable EBITDA improved by 15% over the comparison period.

PKC’s market position continued to strengthen in China and remained stable in other truck markets. The number of trucks manufactured varied by region:

- In North America, demand for heavy-duty trucks continued to decline and, as a result, production volumes were 25% below the comparison period. Demand for medium-duty trucks continued to grow and production volumes increased by 10% over the comparison period.
- In Europe, production of heavy-duty trucks increased by about 14% over the comparison period, but for medium-duty trucks production volumes remained the same.
- In China, production of trucks increased over the comparison period, by about 16% for heavy-duty trucks and about 25% for medium-duty trucks.
- In Brazil, production volumes for heavy-duty trucks fell by about 30% from the comparison period.

Demand in the rolling stock market remained on a good level. During the period, we concluded a significant global partnership agreement with Bombardier Transportation, and its impact was evident in increasing volumes of orders at the end of the period. PKC has today published a press release related to a major order in rolling stock business.

PKC’s operating profit from continuing business operations developed favourably and increased over the comparison period by 103.7%, totalling EUR 17.6 million (EUR 8.7 million). The impact of volumes in China and the rolling stock segment and production arrangements in Europe improved operating profit. The Brazilian unit, which had been loss-making for a long time, achieved a positive result in June. On the other hand, operating profit in North America declined owing to a fall in production volumes and unfavourable product mix.

European production arrangements continued throughout the period. As a result of increasing demand, during the period we decided to increase production capacity for rolling stock products in Poland. In addition to the Drawsko Pomorski factory, the Białogard factory is also now focused on the production of rolling stock products. In connection with this, production at the Grodzisk Wielkopolski factory (Poland) was wound up and its business transferred to other European PKC factories.

The establishment of a joint venture with JAC of China is proceeding as planned. The joint venture is expected to begin operations in the turn of the year.

Owing to the markets and production arrangements, the first half of the year has been a busy time for our personnel all over the world. I would like to thank the skilled personnel of PKC for their positive input for the benefit of our customers and for the company.”

Operating environment

PKC Group’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 development. Economic activity slowed down somewhat in North America during the reporting period and the anticipated interest rate increases have been postponed. The modest growth of the European economy has continued. The European Central Bank’s quantitative easing, lower oil prices and increased export competitiveness have increased the economic activity slightly. However, Great Britain’s referendum to exit the EU has increased uncertainty recently. In Brazil and Russia, the economies continue to be in a recession even though the situation has stabilized. Also in China the economic environment has stabilized to a lower growth level.

PKC Group’s functional currency the euro has appreciated against the US dollar during the reporting period, but on average was on the same level as the comparison period. During the reporting period the Brazilian real has appreciated in relation to the euro but on average was on weaker level than in the comparison period. US dollar has continued to strengthen against Mexican peso and was on a significantly stronger level than in the comparison period. The price of key raw material, copper, was relatively stable during the reporting period. On average the customer sales prices are updated with a 3-5 month delay on the basis of copper price changes.

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Vehicle production, units	1-6/2016	1-6/2015	Change %	1-12/2015
North America				
Heavy duty trucks	124,539	168,070	-25.9	323,634
Medium duty trucks	129,181	117,374	+10.1	238,970
Light vehicles (Pick-up & SUV)	5,085,651	4,696,767	+8.3	9,500,956
Europe				
Heavy duty trucks	184,271	161,780	+13.9	345,050
Medium duty trucks	40,844	40,419	+1.1	82,465
Brazil				
Heavy duty trucks	19,255	27,574	-30.2	48,001
Medium duty trucks	7,574	13,560	-44.1	24,473
China				
Heavy duty trucks	346,462	297,483	+16.5	536,254
Medium duty trucks	116,535	93,140	+25.1	204,029

Source: LMC Automotive Q2/2016

European truck demand has continued to recover and to approach normal long-term replacement level. European truck production volumes include also export volumes to EMEA, e.g. Russia, which have been on a low level, however. In North America, the demand for heavy duty trucks has decreased significantly after the highest production volume for ten years in 2015. The order intake has been on a very low level during the reporting period. The demand has been reduced due to slow-down in manufacturing, oil and gas industries. The production volumes have also been reduced due to inventory reductions and large supply of second hand trucks. In Brazil the weak economic situation continues to have a strong negative impact on the demand for trucks. In China economic situation has stabilized and truck production has grown partly due to market adjusting itself into new emission standards. The demand for the rolling stock has continued to grow steadily.

Revenue and profitability from continuing operations

Revenue in January-June amounted to EUR 433.1 million (EUR 415.2 million), up 4.3% on the same period a year earlier. The changes in consolidation exchange rates decreased the revenue by approximately -2%. Since the beginning of July of 2015 consolidated Group revenue also includes the acquired Groclin’s Wiring & Controls business, including Polish Kabel-Technik-Polska Sp. z o.o. which increased the reporting period revenue by +9% compared to previous year. The Chinese joint venture, Jiangsu Huakai-PKC Wire Harness Co., Ltd., began operations close to the end of September 2015, and its impact to the reporting period revenue was +5% compared to previous year.

The January-June comparable EBITDA before items affecting comparability was EUR 33.3 million (EUR 28.9 million) and 7.7% (7.0%) of revenue. During the reporting period items affecting the comparability amounted to EUR 0.0 million (EUR -5.9 million). In the comparison period, items affecting the comparability consisted of restructuring expenses related mainly to the closure of Curitiba (Brazil) factory and expenses related to Group’s strategic reorganization.

The comparable EBITDA was improved by better productivity in Europe which improved due to production arrangements as well as by increased production in China and in the rolling stock segment. The profitability in Brazil continued to improve even though it was still negative. On the other hand, profitability in North America declined, owing to lower production volumes and an unfavourable product mix. January-June operating profit before items affecting comparability and PPA depreciation and amortisation related to acquisitions totalled EUR 22.9 million (EUR 19.3 million), accounting for 5.3% of revenue (4.6%). January-June Group depreciation, amortisation and impairment losses amounted to EUR 15.8 million (EUR 15.1 million). Excluding PPA related depreciation and amortisation, and impairment losses it amounted to EUR 10.4 million (EUR 9.6 million).

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During January-June the Group's operating profit totalled EUR 17.6 million (EUR 8.6 million), accounting for 4.1% of revenue (2.1%).

Financial items and net profit from continuing operations

Financial items were EUR -3.6 million (EUR -1.4 million) during January-June. Financial items include foreign exchange differences totalling EUR -1.6 million (EUR 0.5 million) during January-June.

Profit before taxes during January-June was EUR 14.0 million (EUR 7.3 million). Income tax in January-June amounted to EUR 5.6 million (EUR 6.0 million). Especially in the comparison period the effective tax rate was impacted by PKC Group's high exposure to North America where the tax rates are higher and by operating losses, including restructuring expenses' impact, in Brazil, whereby no deferred tax assets are currently recognized. Net profit for the reporting period totalled EUR 8.4 million (EUR 1.3 million). January-June earnings per share were EUR 0.35 (EUR 0.06).

Cash flow, financial position and financing

During January-June net cash from operating activities from continuing operations was EUR -18.9 million (EUR -25.2 million including discontinued operations) and cash flow after investments from continuing operations was EUR -24.0 million (EUR -30.2 million including discontinued operations). Net cash from operating activities was impacted by the seasonal build-up of working capital since the beginning of the year which is typical for the automotive industry where working capital levels are at their lowest around the year end production shut-down period.

Working capital (inventories, trade receivables and trade payables) increased from the end of previous year by EUR 29.6 million amounting to EUR 122.3 million at the end June. Total net working capital (including all current non-interest bearing items) at the end of June was EUR 87.9 million (EUR 59.8 million a year earlier). Total net working capital increased EUR 32.7 million during January-June, while in the comparison period the increase was EUR 33.6 million. Working capital and net working capital figures of comparison periods include discontinued operations. Total net working capital includes the recording of additional EUR 8.3 million tax liability in the third quarter 2014. The increase of total net working capital compared to June 2015 is due to the acquisition in July 2015 and new joint venture which commenced operations in September 2015. In addition, the structure of working capital in the acquired business and the new joint venture is somewhat different than rest of the Group.

During January-June, the Group's gross capital expenditure into continuing operations totalled EUR 7.6 million (EUR 5.0 million), representing 1.8% of revenue (1.2%). Gross capital expenditure is geographically divided as follows: North America 51.2% (59.2%), Europe 38.8% (36.4%), APAC 6.2% (1.1%) and South America 3.9% (3.3%). The capital expenditure consisted of regular maintenance investments into production machinery and equipment during the report period.

At the end of June cash and cash equivalents amounted to EUR 101.0 million (EUR 93.5 million) and interest-bearing liabilities totalled EUR 192.2 million (EUR 125.7 million). Interest-bearing liabilities consisted of non-current interest-bearing debt of EUR 141.9 million and current interest-bearing debt of EUR 50.4 million. Current interest-bearing liabilities consist mainly of outstanding commercial papers. PKC Group has a Finnish commercial paper program whereby PKC Group regularly issues short-term notes. In addition, the group has a committed, un-utilized credit facility of EUR 90.0 million. PKC Group selectively utilizes also non-recourse factoring arrangements with some customers. At the end of June the outstanding amount of such arrangements was EUR 31.7 million (EUR 33.9 million).

The effective average interest rate of the interest-bearing debt including the expenses of the unutilized credit facility was at the close of the reporting period 2.6% (3.1%). The change in effective average interest rate is mainly related to increased share of commercial papers and financial institution loans in the total debt portfolio. The Group's equity ratio was 27.3% (32.6%). Net interest-bearing liabilities totalled EUR 91.2 million (EUR 32.2 million) and gearing was 62.7% (21.1%).

Discontinued operations

At 3 May 2016, PKC signed an agreement to start negotiations on creating a joint venture in Electronics business whereby PKC would become a minority shareholder. Electronics business is classified as a non-current asset held for sale and reported as discontinued operations as of 31 March 2016. After this change PKC Group has only one primary business segment which also includes Group functions and other items.

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In January-June the discontinued operations (Electronics business) revenue was EUR 20.0 million and reported operating loss was EUR -3.8 million including items affecting profitability (earlier non-recurring items). At the end of the June the discontinued operations (Electronics business) property, plant and equipment was EUR 4.6 million, intangible assets EUR 1.3 million, inventories EUR 9.3 million, trade and other receivables EUR 7.9 million and trade and other payables EUR 9.0 million.

Research & development in continuing operations

Research and development costs during January-June totalled EUR 3.0 million (EUR 2.6 million), representing 0.7% (0.6%) of the consolidated revenue. At the end of June 80 (76) people worked in product development, excluding production development and process development personnel.

Personnel, quality and the environment in continuing operations

The Group had an average payroll of 21,309 employees (19,926) including temporary employees during the reporting period. At the end of June, the Group's personnel including temporary employees totalled 21,878 employees (19,866), of whom 21,816 (19,799) worked abroad and 62 (67) in Finland. Geographically personnel was divided at the end of the June as follows: North America 52.3%, Europe 38.5%, South America 5.3% and Asia 3.8%.

More information (including discontinued operations) about personnel, quality and the environment can be found from the Corporate Responsibility report published 30 March 2016.

Management

The Annual General Meeting held on 6 April 2016, re-elected Reinhard Buhl, Wolfgang Diez, Shemaya Levy, Mingming Liu, Robert Remenar and Matti Ruotsala as Board members and elected Henrik Lange as new member. 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 Henrik Lange as members. The Board elected Matti Ruotsala as chairman of the Remuneration Committee and Reinhard Buhl and Robert Remenar as members.

The Annual General Meeting resolved, in accordance with Board's proposal, to establish a permanent Shareholders' Nomination Board with the task of preparing the proposals concerning the election and remuneration of the members of the Board of Directors and to adopt the Charter of the Shareholders' Nomination Board. According to the proposal, the Nomination Board shall consist of representatives of the three largest shareholders and the Chairman of the Board of Directors, acting as an expert member. The Nomination Board shall annually submit its proposals to the Board of Directors at the latest on 31 January preceding the Annual General Meeting.

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 June the Group's Executive Board consists of the following persons: Matti Hyytiäinen, Chairman (President & CEO), Julie Bellamy (Group Senior Vice President, Human Resources), Andre Gerstner (President, Rolling Stock Business), Jyrki Keronen (President, Wiring Systems, APAC), Jani Kiljala (President, Wiring Systems, Europe and South America), Frank Sovis (President, Wiring Systems, North America), Juha Torniainen (CFO) and Vesa Vähämöttönen (Group Senior Vice President, Business Development).

Dividend for 2015

The Annual General Meeting held on 6 April 2016 resolved to pay a dividend of EUR 0.70 per share: i.e. a total of about EUR 16.9 million. The dividend was paid out on 15 April 2016.

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Share turnover and shareholders

Trading of shares on Nasdaq Helsinki	1-6/16	1-6/15
Turnover in shares	5,838,561	5,868,509
Share turnover, EUR million	90.8	117.0
Turnover in shares per average number of shares, %	24.4	24.5

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 1,199,203 shares (585,954 shares) during January-June.

Shares and market value on Nasdaq Helsinki	6/16	6/15
Number of shares	24,125,387	24,041,887
Lowest share price during the reporting period, EUR	12.90	16.62
Highest share price during the reporting period, EUR	18.11	23.37
Share price at close of the reporting period, EUR	16.93	19.83
Average share price of the reporting period, EUR	15.54	20.05
Market capitalisation, EUR million	408.4	476.8

The shares held by Executive Board members, Board members, their closely associated persons and corporations in which they have a controlling interest accounted for 0.3% (0.3%) of the total number of shares at the end of the June. PKC Group Plc had a total of 9,068 shareholders (8,425) at the end of June. The shares held by foreigners and through nominee registrations at the close of the reporting period totalled 29.5% of the share capital (36.7%).

Flaggings

On 11 March 2016 the share of votes and share capital in PKC Group Plc held directly by Nordea Funds Oy (1737785-9) through its controlled funds exceeded the limit of 5%. Following the transaction Nordea Funds Oy owned 1,327,174 PKC Group Plc shares and votes, i.e. 5.51% of the share capital and votes.

Number of shares

PKC Group Plc's number of shares has changed during January-June as follows: A total of 30,000 PKC Group Plc's shares have been subscribed for with 2009C options. New shares corresponding to subscriptions have been entered into the Trade Register on 16 May 2016. After the increase the Company's registered share capital is divided into 24,125,387 shares.

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 issue. 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 was granted authorisation by the Annual General Meeting on 6.4.2016 to resolve to repurchase a maximum of 1,200,000 shares in the Company by using funds in the unrestricted shareholders' equity. The number of shares corresponds to about 5 per cent ofall shares of the Company. The price paid for the shares repurchased shall be based on the market price of the Company´s shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period. Own shares can

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be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is used for purposes determined by the Board of Directors, among other things, for the Company's incentive plans. The authorization is effective until next Annual General Meeting of Shareholders, however, at most until 30 September 2017.

Own shares

PKC Group has entered into an agreement with a third-party service provider concerning the management of the share-based incentive program for key personnel. The third party acquires and owns the shares until the shares are given to the participants of the program. In accordance with IFRS accounting principles 116,650 shares have been accounted for as treasury shares in the consolidated statement of financial position at the end of the reporting period. The number of shares equals to 0.5% of the total company shares and voting rights outstanding.

Stock option and share-based incentive plans

At the end of June 2016, PKC Group Plc's valid stock option schemes 2012A, 2012B and 2012C entitled the holders to subscribe to a total of 457,300 shares and these subscriptions may increase the invested non-restricted equity fund by EUR 9.6 million.

On 10 February 2016 PKC Group announced two new share-based incentive plans for the Group key personnel approved by the Board of Directors. In total, the Performance Share Plan 2016 and Restricted Share Plan 2016 correspond to the value of an approximate maximum total of 490,000 PKC Group Plc shares (including also the cash proportion).

In total, the outstanding share-based incentive plans 2015 and 2016 correspond to the value of an approximate maximum total of 1,020,000 PKC Group Plc shares (including also the cash proportion).

The terms and conditions of stock options and share-based incentive plans are available on company's website at www.pkcgroup.com/investors.

Key strategic highlights 2016

PKC Group PKC Group has signed a global partnership agreement with Bombardier Transportation related to electrical systems deliveries, which was announced on 25 May 2016.

PKC Group announced on 3 May that it had signed an agreement to start negotiations on creating a joint venture in Electronics business whereby PKC would become a minority shareholder. Electronics business is classified as a non-current asset held for sale and reported as discontinued operations as of 31 March 2016.

PKC Group signed a joint venture contract with a Chinese JAC, which was announced on 29 March 2016.

Events after the reporting period

On 10 August 2016 PKC Group announced to adjust its North American organization and production capacity to medium term demand outlook.

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. Rolling stock programs are typically publicly funded and therefore subject to risks in execution schedules.

Uncertainty related to emerging markets' economic development especially in China, Brazil and Russia has stabilized but is on a high level.

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 in the short term. 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.

Market outlook

In 2016 the production of heavy-duty and medium-duty trucks in Europe is expected to increase by about 6% and about 7% in China respectively compared to 2015.

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In 2016 the production of heavy-duty and medium-duty trucks in North America is expected to decrease by about 15% 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 slightly adjusts its revenue outlook for 2016:

PKC Group estimates that with prevailing exchange rates 2016 revenue from continuing operations (i.e. excluding Electronics business) will be close to previous year level and comparable EBITDA from continuing operations will be higher than previous year level. 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 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.

Financial information in 2016

In 2016, the financial information will be published as follows:

- Interim Statement 1-9/2016 Thursday, October 27, 2016 at about 8.15 a.m.

The text section of this release focuses on the half year financial report. Comparisons have been made to the figures of the corresponding period in 2015, unless otherwise mentioned. The figures presented in the tables are independently rounded figures.

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Tables

This half year financial report has been prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The half year financial report has been prepared in accordance with the same principles as the annual financial statements for 2015. The year 2016 IFRS standard changes have no significant effect on the half year financial report. PKC Group has classified Electronics business as a non-current asset held for sale and it is reported as discontinued operations as of 31 March 2016. The restated figures for continuing operations for 2015 are presented in detail in a separate stock exchange release on 9 August 2016. The half year financial report is unaudited.

Impact of new ESMA guidelines

In accordance with the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) PKC has as of Q1 2016 interim statement replaced the term non-recurring items (NRI) by the term items affecting comparability. However the definition remains the same. Items affecting comparability (earlier non-recurring items) are exceptional items which are not related to normal business operations. Typically, the items affecting comparability include substantial capital gains and losses; impairment losses or reversals of such impairment; expenses related to restructuring of business operations and strategic reorganisation; and penalties. Alternative performance measures are presented in the table Measures of profit and items affecting comparability on page 16 of this half year financial report. Alternative Performance Measures (APM) are used in order to better describe the operational business performance and to improve comparability between reporting periods.

Consolidated statement of comprehensive income (EUR 1,000)	**1-6/16 6 mon.**	**1-6/15 6 mon.**	**1-12/15 12 mon.**
Revenue	**433,090**	**415,206**	**847,338**
Production for own use	19	2	23
Other operating income	3,953	2,539	4,423
Increase (+) / decrease (-) in stocks of finished goods and work in progress	796	4,515	-9,755
Materials and services	-260,114	-250,261	-492,349
Employee benefit expenses	-107,185	-108,738	-218,357
Depreciation, amortisation and impairment	-15,819	-15,108	-31,308
Other operating expenses	-37,104	-39,497	-79,785
Operating profit	**17,634**	**8,658**	**20,230**
Interest and other financial income and expenses	-2,017	-1,865	-4,285
Foreign currency exchange differences	-1,588	505	915
Profit before taxes	**14,029**	**7,298**	**16,860**
Income taxes	-5,612	-5,967	-10,987
Net profit for the report period from continuing operations	**8,417**	**1,331**	**5,873**
Net profit for the report period from discontinued operations	**-3,806**	**1,641**	**1,451**
Net profit for the report period	**4,612**	**2,972**	**7,324**

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	1-6/16 6 mon.	1-6/15 6 mon.	1-12/15 12 mon.
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	-5,503	9,226	755
Cash flow hedges	1,982	-1,870	-2,891
Taxes related to cash flow hedges	-722	686	1,051
Total comprehensive income for the period	**368**	**11,015**	**6,239**
Net profit (loss) attributable to			
Shareholders of the parent company	3,673	2,972	6,858
Non-controlling interests	939	0	466
Total comprehensive income attributable to			
Shareholders of the parent company	-551	11,015	5,767
Non-controlling interests	919	0	472
Attributable to equity holders of the parent company			
Including discontinued operations			
Basic earnings per share (EPS), EUR	0.15	0.12	0.29
Diluted earnings per share (EPS), EUR	0.15	0.12	0.29
From continuing operations			
Basic earnings per share (EPS), EUR	0.35	0.06	0.23
Diluted earnings per share (EPS), EUR	0.35	0.06	0.23

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Consolidated statement of financial position (EUR 1,000)	6/16	6/15	12/15
Assets			
Non-current assets			
Goodwill	35,116	31,655	37,771
Intangible assets	58,701	35,958	65,956
Property, plant and equipment	63,775	65,390	73,045
Available-for-sale financial assets	718	720	720
Other receivables	6,739	6,725	6,040
Deferred tax assets	18,673	16,699	20,032
Total non-current assets	**183,721**	**157,147**	**203,564**
Current assets			
Inventories	81,242	94,143	94,875
Receivables			
Trade receivables	125,992	99,643	106,807
Other receivables	17,562	23,656	18,425
Current tax assets	3	407	303
Total receivables	143,556	123,706	125,535
Cash and cash equivalents	101,034	93,515	118,287
Total current assets	**325,833**	**311,364**	**338,697**
Assets classified as held for sale	**23,202**	**0**	**0**
Total assets	**532,756**	**468,511**	**542,261**

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	6/16	6/15	12/15
Equity and liabilities			
Equity			
Total equity attributable to the equity holders of the parent company	130,802	152,732	146,584
Non-controlling interests	14,731	0	10,728
Total equity	**145,533**	**152,732**	**157,313**
Liabilities			
Non-current liabilities			
Interest-bearing financial liabilities	141,850	101,183	142,190
Provisions	1,272	1,522	1,224
Other liabilities	20,413	7,762	21,479
Deferred tax liabilities	27,404	22,729	29,305
Total non-current liabilities	**190,938**	**133,197**	**194,199**
Current liabilities			
Interest-bearing financial liabilities	50,386	24,500	25,472
Trade payables	84,889	97,295	108,971
Other non-interest-bearing liabilities	51,552	59,979	56,287
Current tax liabilities	507	809	20
Total current liabilities	**187,334**	**182,583**	**190,750**
Total liabilities	**378,272**	**315,779**	**384,949**
Liabilities classified as held for sale	**8,952**	**0**	**0**
Total equity and liabilities	**532,756**	**468,511**	**542,261**

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Consolidated statement of cash flows (EUR 1,000)	1-6/16 6 mon.	1-6/15 6 mon.	1-12/15 12 mon.
Cash flows from operating activities			
Cash receipts from customers	405,679	444,068	899,682
Cash receipts from other operating income	548	231	4,022
Cash paid to suppliers and employees	-416,391	-450,027	-859,332
Cash flows from operations before financial income and expenses and taxes	**-10,164**	**-5,729**	**44,373**
Interest paid and other financial expenses	-6,232	-3,363	-9,439
Effects of exchange rate changes	1,467	-4,646	-8,047
Interest received	3,359	2,112	4,415
Income taxes paid	-7,313	-13,542	-16,489
Net cash from continuing operations (A)	**-18,883**	**-25,167**	**14,813**
Net cash from discontinued operations (A)	-1,308	0	0
Net cash from operating activities (A)	**-20,191**	**-25,167**	**14,813**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	-8,615	-5,345	-16,128
Proceeds from sale of property, plant and equipment and intangible assets	3,307	168	306
Acquisitions of subsidiary shares, net of cash acquired	0	0	-22,503
Dividends received from investments	207	99	140
Net cash used in investment activities (B)	**-5,101**	**-5,078**	**-38,185**
Cash flows after investments	**-23,984**	**-30,245**	**-23,372**
Cash flows from financing activities			
Share issue and subscriptions of options	455	915	1,736
Proceeds from current borrowings	65,003	24,500	172,500
Proceeds from non-current borrowings	114	0	40,000
Repayment of current/non-current borrowings	-40,331	0	-168,792
Purchase of treasury shares	0	0	-2 257
Dividends paid	-16,867	-16,788	-16,788
Net cash used in financing activities (C)	**8,375**	**8,627**	**26,398**
Net increase (+) or decrease (-) in cash and equivalents (A+B+C)	**-15,609**	**-21,619**	**3,026**
Cash and cash equivalents in the beginning of the period	118,287	110,321	110,321
Effect of exchange rate changes	-1,644	4,808	4,940
Cash and cash equivalents in the end of the period	101,034	93,515	118,287

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Key financial indicators **from continuing operations unless otherwise noted**	**1-6/16** **6 mon.**	**1-6/15** **6 mon.**	**1-12/15** **12 mon.**
Revenue, EUR 1,000	433,090	415,206	847,338
Comparable EBITDA, EUR 1,000	33,253	28,916	59,528
% of revenue	7.7	7.0	7.0
Comparable EBITA, EUR 1,000	22,901	19,274	39,361
% of revenue	5.3	4.6	4.6
Comparable operating profit, EUR 1,000	17,634	14,601	29,012
% of revenue	4.1	3.5	3.4
Operating profit, EUR 1,000	17,634	8,658	20,230
% of revenue	4.1	2.1	2.4
Profit before taxes, EUR 1,000	14,029	7,298	16,860
% of revenue	3.2	1.8	2.0
Net profit for the period, EUR 1,000	8,417	1,331	5,873
% of revenue	1.9	0.3	0.7
Return on equity (ROE), %	11.1	1.7	3.7
Return on investments (ROI)*, %	13.7	11.7	11.4
Return on capital employed (ROCE)*, %	10.6	10.9	9.9
Net working capital**, EUR 1,000	87,851	59,767	55,132
Working capital**, EUR 1,000	122,345	96,491	92,711
Net liabilities**, EUR 1,000	91,202	32,168	49,375
Gearing**, %	62.7	21.1	31.4
Equity ratio**, %	27.3	32.6	29.0
Current ratio**	1.7	1.7	1.8
Gross capital expenditure, EUR 1,000	7,624	5,008	36,932
% of revenue	1.8	1.2	4.4
R&D expenditures, EUR 1,000	2,995	2,581	5,350
% of revenue	0.7	0.6	0.6
Personnel (temporary included) average	21,309	19,926	20,855

* comparison periods include liabilities of discontinued operations

** comparison periods include discontinued operations

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Per-share key indicators	1-6/16 6 mon.	1-6/15 6 mon.	1-12/15 12 mon.
Earnings per share (EPS) including discontinued operations, EUR	0.15	0.12	0.29
Earnings per share (EPS) including discontinued operations, diluted, EUR	0.15	0.12	0.29
Earnings per share (EPS) from continuing operations, EUR	0.35	0.06	0.23
Earnings per share (EPS) from continuing operations, diluted, EUR	0.35	0.06	0.23
Equity per share, EUR	5.42	6.35	6.08
Cash flow per share, EUR (comparison periods include discontinued operations)	0.63	0.19	0.62
Share price at close of period, EUR	16.93	19.83	16.27
Lowest share price, EUR	12.90	16.62	15.51
Highest share price, EUR	18.11	23.37	23.37
Average share price, EUR	15.54	20.05	18.84
Turnover in shares, 1,000 shares	5,839	5,869	11,309
Turnover in shares per (share issue adjusted) share capital, %	24.4	24.5	47.1
Average number of shares, 1,000 shares	23,975	23,994	23,993
Average number of shares, diluted, 1,000 shares	23,880	24,036	24,024
Shares at end of period, 1,000 shares	24,125	24,042	24,095
Market capitalisation, EUR 1,000	408,443	476,751	392,032

1. Measures of profit and items affecting comparability from continuing operations (EUR 1,000)	**1-6/16 6 mon.**	**1-6/15 6 mon.**	**1-12/15 12 mon.**
Comparable EBITDA	**33,253**	**28,916**	**59,528**
Depreciation, amortisation and impairments*)	-10,352	-9,642	-20,167
Comparable EBITA	**22,901**	**19,274**	**39,361**
PPA depreciation and amortisation	-5,267	-4,673	-10,349
Comparable operating profit	**17,634**	**14,601**	**29,012**
Items affecting comparability:			
Employee benefit expenses	-1,049	-3,673	-4,889
Impairment of PPE and intangible assets	-200	-793	-793
Other items affecting comparability	1,249	-1,478	-3,101
Total items affecting comparability	**0**	**-5,943**	**-8,782**
Operating profit	**17,634**	**8,658**	**20,230**

*) excluding PPA depreciation and amortisation and impairment of PPE and intangible assets affecting comparability

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2. Revenue from continuing operations geographical locations (EUR 1,000)	1-6/16 6 mon.	1-6/15 6 mon.	1-12/15 12 mon.
Europe	159,475	112,502	253,581
North America	233,326	279,611	539,078
South America	16,168	21,296	35,430
APAC	24,120	1,797	19,250
Total	**433,090**	**415,206**	**847,338**

3. 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
H = Non-controlling interests
I = Total equity

	A	B	C	D	E	F	G	H	I
Equity at 1.1.2015	**6.2**	**11.3**	**81.3**	**-0.9**	**-3.7**	**63.9**	**158.1**	**0.0**	**158.1**
Dividends	0.0	0.0	0.0	0.0	0.0	-16.8	-16.8	0.0	-16.8
Share-based payments	0.0	0.0	0.9	0.0	0.0	0.9	1.8	0.0	1.8
Comprehensive income for the period	0.0	0.0	0.0	-1.2	9.2	3.0	11.0	0.0	11.0
Other changes	0.0	0.0	-0.2	0.2	0.0	-1.3	-1.3	0.0	-1.3
Equity at 30.6.2015	**6.2**	**11.3**	**82.0**	**-1.9**	**5.5**	**49.7**	**152.7**	**0.0**	**152.7**
Equity at 1.1.2016	**6.2**	**11.3**	**82.9**	**-2.8**	**-2.9**	**51.8**	**146.6**	**10.7**	**157.3**
Dividends	0.0	0.0	0.0	0.0	0.0	-16.9	-16.9	0.0	-16.9
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.9	0.9	0.0	0.9
Exercise of options	0.0	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Comprehensive income for the period	0.0	0.0	0.0	1.6	-5.5	3.7	-0.2	0.0	-0.2
Change in ownership interest									
Establishment of subsidiary with non-controlling interest								4.0	4.0
Equity 30.6.2016	**6.2**	**11.3**	**83.4**	**-1.2**	**-8.4**	**39.5**	**130.8**	**14.7**	**145.5**

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4. Intangible assets and property, plant and equipment (EUR 1,000)	6/16	6/15
Intangible assets and goodwill		
Carrying amount 1.1.	**103,726**	**66,382**
Currency translation differences	-2,862	4,002
Additions	453	935
Amortisation and impairment	-6,156	-3,676
Disposals and reclassifications	0	-28
Discontinued operations	-1,344	0
Carrying amount 30.6.	**93,817**	**67,613**
Property, plant and equipment		
Carrying amount 1.1.	**73,046**	**68,540**
Currency translation differences	-341	3,586
Additions	7,580	4,470
Amortisation and impairment	-7,537	-5,093
Disposals and reclassifications	-4,122	-6,113
Discontinued operations	-4,850	0
Carrying amount 30.6.	**63,775**	**65,390**

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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 30 June 2016

As of June 30, 2016	Carrying amounts of balance sheet items	Fair values of balance sheet items
Other non-current financial assets	670	670
Total non-current financial assets	670	670
Copper derivatives	29	29
Total current financial assets	29	29
Total financial assets	**699**	**699**
Non-current interest-bearing liabilities	141,424	150,765
Total non-current financial liabilities	141,424	150,765
Current interest-bearing liabilities	50,386	50,386
Currency derivatives	2,656	2,656
Total current financial liabilities	53,042	53,042
Total financial liabilities	**194,466**	**203,807**

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, EUR 670 thousand) is based on the acquisition cost (level 3, IFRS 7.27A) as the fair value of the shares cannot be determined reliably.

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6. Contingent liabilities at the end of period (EUR 1,000)	6/16	6/15	12/15
Leasing liabilities	**30,554**	**23,994**	**30,647**
Liabilities for derivative instruments			
Nominal values			
Interest derivatives	0	50,000	50,000
Currency derivatives	59,613	93,310	87,038
Copper derivatives	1,061	3,397	2,379
Total	**60,673**	**146,707**	**139,417**
Fair values			
Interest derivatives	0	1,780	1,822
Currency derivatives	-2,656	-4,945	-5,968
Copper derivatives	29	80	-226
Total	**-2,627**	**1,855**	**-4,372**

Derivatives are used to hedge risks from changes in interest rates, currencies and copper prices.PKC Group does not apply hedge accounting to copper derivative instruments in accordance with IAS 39. Fair values of copper derivatives are recognised through profit and loss. PKC Group applies hedge accounting to currency derivatives.

7. Quarterly key indicators, consolidated, from continuing operations unless otherwised noted	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Revenue, EUR million	209.4	212.2	220.0	212.7	220.4
Comparable EBITDA, EUR 1,000	15.0	15.2	15.4	15.8	17.4
% of revenue	7.2	7.2	7.0	7.4	7.9
Items affecting comparability	-5.4	-1.8	-1.0	0.0	0.0
Operating profit (loss), EUR million	2.5	5.4	6.2	8.0	9.6
% of revenue	1.2	2.5	2.8	3.8	4.4
Earnings per share (EPS), (EUR)	-0.06	0.08	0.09	0.13	0.21
Net cash from operating activities*, EUR million	4.5	-13.6	53.6	-34.0	15.1
Working capital*, EUR million	96.5	124.5	92.7	122.4	122.3
Net liabilities*, EUR million	32.2	99.9	49.4	88.7	91.2
ROCE*, %	10.9	9.9	9.9	9.7	10.6
Gearing*, %	21.1	65.0	31.4	56.4	62.7
Equity ratio*, %	32.6	29.3	29.0	29.7	27.3
Personnel (temporary included) average	19,988	21,671	21,898	21,294	21,330

* comparison periods (2015) include assets and liabilities of discontinued operations

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Calculation of indicators

Calculation of indicators are presented in the annual report, which can be found from company's webpage www.pkcgroup.com/investors/reports-and-presentations.

During 2016 the following change to the calculation of indicators has been made:

Working Capital
= Inventories + trade receivables – trade payable

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

For additional information, contact:
Matti Hyytiäinen, President & CEO,
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Press conference

A press conference on the half year financial report will be arranged for analysts and investors today, 10 August 2016, at 10.00 a.m., at the address Event Arena Bank, Unioninkatu 20, Helsinki.

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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, rolling stock manufacturers 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 from continuing operations in 2015 totalled EUR 847 million. PKC Group Plc is listed on Nasdaq Helsinki.

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MANAGING THE COMPLEXITY

PKC GROUP

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