



HALF YEAR FINANCIAL REPORT  
JANUARY – JUNE 2017

**PKC GROUP** 

**PKC Group Half Year Financial Report January-June 2017**
**January-June 2017 highlights**

- Revenue from continuing operations increased 12.4% on the comparison period (1-6/2016), totalling EUR 486.7 million (EUR 433.1 million).
- Comparable EBITDA from continuing operations increased 10.4% on the comparison period (1-6/2016), totalling EUR 36.7 million (EUR 33.3 million) and 7.5% (7.7%) of revenue.
- Net cash from operating activities was EUR -45.7 million (EUR -18.9 million) from continuing operations
- Following the completion of the voluntary public tender offer for all outstanding shares and stock options in PKC, MSSL Estonia WH OÜ, a wholly-owned indirect subsidiary of Motherson Sumi Systems Limited ("MSSL") has obtained ownership of over 90 per cent in the shares of PKC. MSSL Estonia WH OÜ has commenced redemption proceedings in respect of PKC's minority shares.

**PKC Group's outlook for 2017**

Following the completion of MSSL Estonia WH OÜ's public tender offer for all outstanding shares and stock options in PKC Group Plc, the company no longer publishes outlook or guidance.

<b>Key figures</b> (from continuing operations)	<b>1-6/17</b>	<b>1-6/16</b>	<b>Change %</b>	<b>1-12/16</b>
EUR 1,000 (unless otherwise noted)				
Revenue	486,689	433,090	+12.4	845,672
EBITDA*	36,699	33,253	+10.4	64,357
% of revenue	7.5	7.7		7.6
Items affecting comparability	-10,060	-		-5,353
Operating profit	9,987	17,634	-43.4	26,537
% of revenue	2.1	4.1		3.1
Earnings per share (EPS), EUR	0.06	0.31	-80.6	0.43
<b>Revenue by geographical locations</b>				
Europe	169,897	159,475	+6.5	301,571
North America	249,935	233,326	+7.1	458,942
South America	26,225	16,168	+62.2	36,591
APAC	40,633	24,120	+68.5	48,568
Net cash from operating activities	-45,737	-18,883		35,464
Working capital	146,659	122,345		89,880
Net debt	100,998	91,202		46,591
Gearing, %	66.7	62.7		30.2
Equity ratio, %	29.0	27.3		27.4
Average headcount	21,994	21,545	+2.1	21,920

\* before items affecting comparability

**Operating environment**

Majority of 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 in North America underperformed

somewhat in 2016 whereafter the development has slightly improved. The modest growth of the European economy has recently picked up and in Brazil and Russia, the economies have started to slowly recover from recession. Growth in China has continued at a level expected and the outlook has improved marginally.

PKC Group's functional currency the euro appreciated against the US dollar during the end of the reporting period but on average it was weaker than on the comparison period. Towards the end of the reporting period the Brazilian real depreciated in relation to the euro but on average was on a stronger level than in the comparison period. US dollar depreciated against Mexican peso, but in average it was stronger than in the

corresponding period a year earlier. The price of key raw material, copper, was relatively stable during the reporting period even though it was on a clearly higher level than during the comparison period. On average the customer sales prices are updated with a 3-5 month delay on the basis of copper price changes.

<b>Vehicle production, units</b>	<b>1-6/2017</b>	<b>1-6/2016</b>	<b>Change %</b>	<b>1-12/2016</b>
<b>North America</b>				
Heavy duty trucks	112,684	127,298	-11.5%	228,707
Medium duty trucks	131,403	131,929	-0.4%	241,760
Light vehicles (Pick-up & SUV)	5,332,339	5,046,784	5.7%	10,054,907
<b>Europe</b>				
Heavy duty trucks	194,820	187,778	3.8%	382,899
Medium duty trucks	39,104	36,914	5.9%	74,799
<b>Brazil</b>				
Heavy duty trucks	20,760	19,658	5.6%	38,378
Medium duty trucks	8,935	10,256	-12.9%	19,859
<b>China</b>				
Heavy duty trucks	589,994	339,917	73.6%	741,362
Medium duty trucks	117,663	108,346	8.6%	231,437

Source: LMC Automotive Q2/2017

European truck demand has continued to recover approaching normal long-term replacement level. European truck production volumes include also export volumes to EMEA, e.g. Russia. In North America, the demand for heavy duty trucks decreased significantly in 2016, but has started to recover thereafter. In Brazil, the weak economic situation has kept the production volumes on a low level. 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 486.7 million (EUR 433.1 million), up 12.4% on the same period a year earlier. The changes in consolidation exchange rates increased the consolidated revenue by about 2%.

The January-June comparable EBITDA before items affecting comparability was EUR 36.7 million (EUR 33.3

million) and 7.5% (7.7%) of revenue. During the reporting period items affecting the comparability amounted to EUR -10.1 million (EUR 0.0 million). Items affecting comparability in January-June 2017 consist mainly of expenses related to MSSL Estonia WH OÜ's public tender offer on PKC's shares and options.

The comparable EBITDA grew mainly by increased revenue. January-June operating profit before items affecting comparability and PPA depreciation and amortisation related to acquisitions totalled EUR 25.3 million (EUR 22.9 million), accounting for 5.2% of revenue (5.3%). January-June Group depreciation, amortisation and impairment losses amounted to EUR 16.6 million (EUR 15.8 million). Excluding PPA related depreciation and amortisation, and impairment losses it amounted to EUR 11.4 million (EUR 10.4 million).

During January-June the Group's operating profit totalled EUR 10.0 million (EUR 17.6 million), accounting for 2.1% of revenue (4.1%).

## Financial items and net profit from continuing operations

Financial items were EUR -3.5 million (EUR -3.6 million) during January-June. Financial items include foreign exchange differences totalling EUR -1.4 million (EUR -1.6 million) during January-June.

Profit before taxes during January-June was EUR 6.5 million (EUR 14.0 million). Income tax in January-June amounted to EUR 3.9 million (EUR 5.6 million). Net profit for the reporting period totalled EUR 2.6 million (EUR 8.4 million). January-June earnings per share were EUR 0.06 (EUR 0.31).

## Cash flow, financial position and financing from continuing operations

During January-June net cash from operating activities was EUR -45.7 million (EUR -18.9 million) and cash flow after investments was EUR -51.0 million (EUR -24.0 million). During the reporting period, net cash from operating activities was negatively impacted by the increase of working capital due to higher revenue and seasonality.

Working capital (inventories, trade receivables and trade payables) increased from the end of previous year by EUR 56.8 million amounting to EUR 146.7 million at the end June. Total net working capital (including all current non-interest bearing items) at the end of June was EUR 102.5 million (EUR 87.9 million a year earlier). Total net working capital increased EUR 61.7 million during January-June, while in the comparison period the increase was EUR 32.7 million. Total net working capital includes a call option liability (related to the acquisition of Groclin's Wiring & Controls business, including Kabel-Technik-Polska Sp. z o. o ("KTP") in Poland).

During January-June, the Group's gross capital expenditure totalled EUR 18.3 million (EUR 7.6 million), representing 3.7% of revenue (1.8%). Gross capital expenditure is geographically divided as follows: North America 62.7% (51.2%), Europe 20.7% (38.8%), APAC 10.3% (6.2%) and South America 6.3% (3.9%). The capital expenditure consisted of regular maintenance investments into production machinery and equipment during the report period. In addition, it included the impact of the acquisition of Fortitude Industries Inc. in the USA in the amount of EUR 8.4 million.

At the end of June cash and cash equivalents amounted to EUR 77.5 million (EUR 101.0 million) and interest-bearing liabilities totalled EUR 178.5 million (EUR 192.2 million). Interest-bearing liabilities consisted of non-current interest-bearing debt of EUR 98.3 million and current interest-bearing debt of EUR 80.2 million. Current interest-bearing liabilities consist mainly of outstanding commercial papers and bank loans. PKC Group has a Finnish commercial paper program whereby PKC Group regularly issues short-term notes. 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 34.5 million (EUR 31.7 million).

The effective average interest rate of the interest-bearing debt was at the close of the reporting period 2.7% (2.6%). Minority of the noteholders representing less than 3% of the nominal amount of PKC Group Plc Notes due 2018 used the right to redeem their notes due to change of control event published on March. The Group's equity ratio was 29.0% (27.3%). Net interest-bearing liabilities totalled EUR 101.0 million (EUR 91.2 million) and gearing was 66.7% (62.7%).

## Discontinued operations

PKC Group announced on 27 January 2017 that it divests 100% of PKC Electronics Oy shares to Enics, one of the biggest Electronics Manufacturing Service (EMS) providers in the world focusing on industrial electronic. The requirements of closing have been fulfilled and the closing became effective and ownership and control transferred on 28 February 2017. As a result of the sale transaction, a loss of EUR 1.3 million has been recognised in profit for the reporting period from the discontinued operations.

Electronics business had been 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 reporting operating segment which also includes Group functions and other items.

## Research & development in continuing operations

Research and development costs during January-June totalled EUR 3.1 million (EUR 3.0 million), representing 0.6% (0.7%) of the consolidated revenue. At the end of June 77 (80) 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 21,994 employees (21,545) including temporary employees during the reporting period. At the end of June, the Group's personnel including temporary employees totalled 23,400 employees (21,878), of whom 23,348 (21,816) worked abroad and 52 (62) in Finland. Geographically personnel was divided at the end of the June as follows: North America 54.4% (52.3%), Europe 35.3% (38.5%), South America 5.8% (5.3%) and Asia 4.6% (3.8%).

More information about personnel, quality and the environment can be found from the Corporate Responsibility report published 14 March 2017.

### Governance structure

The Annual General Meeting held on 5 April 2017, re-elected Robert Remenar and Matti Ruotsala and elected Vivek Chaand Sehgal, Andreas Heuser, Pankaj Mital and Gaya Nand Gauba as new members. In the Board's organisation meeting, Matti Ruotsala was elected as Chairman of the Board and Pankaj Mital as Vice-Chairman.

Matti Ruotsala was elected as the chairman of the Audit Committee and Pankaj Mital and Gaya Nand Gauba as members. The Board elected Andreas Heuser as chairman of the Remuneration Committee and Robert Remenar and Pankaj Mital as members.

The Annual General Meeting resolved, selected audit firm Ernst & Young Oy, which has announced Jari

Karppinen, Authorized Public Accountant, to be the Auditor with principal responsibility.

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 Tornainen (CFO) and Vesa Vähämöttönen (Group Senior Vice President, Business Development).

### Dividend for 2016

As a result of the fulfilment of all conditions to complete MSSL Estonia WH OÜ's [a wholly-owned indirect subsidiary of Motherson Sumi Systems Limited] voluntary recommended public tender offer, the Board's conditional dividend proposal had lapsed and the Annual General Meeting resolved on 5 April 2017 not to pay dividend.

### MSSL Estonia WH OÜ's public tender offer

Following the completion of the voluntary public tender offer for all outstanding shares and stock options in PKC, MSSL Estonia WH OÜ, a wholly-owned indirect subsidiary of Motherson Sumi Systems Limited has obtained ownership of over 90 per cent in the shares of PKC. Application with the Redemption Committee of the Finland Chamber of Commerce to initiate compulsory redemption proceedings was filed on 11 April 2017. The Redemption Committee of the Finland Chamber of Commerce has on 9 June 2017 appointed an Arbitral Tribunal consisting of three arbitrators for the redemption proceedings.

### Share turnover and shareholders

Trading of shares on Nasdaq Helsinki	1-6/17	1-6/16
Turnover in shares	33,202,074	5,838,561
Share turnover, EUR million	774.6	90.8
Turnover in shares per average number of shares, %	137.6	24.4

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 1,319,489 shares (1,199,203 shares) during January-June.

<b>Shares and market value on Nasdaq Helsinki</b>	<b>6/17</b>	<b>6/16</b>
Number of shares	24,125,387	24,125,387
Lowest share price during the reporting period, EUR	15.51	12.90
Highest share price during the reporting period, EUR	24.27	18.11
Share price at close of the reporting period, EUR	23.55	16.93
Average share price of the reporting period, EUR	23.02	15.54
Market capitalisation, EUR million	568.2	408.4

The shares held by Executive Board members, Board members, their closely associated persons and corporations in which they have a controlling interest accounted for 0.0% (0.3%) of the total number of shares at the end of the June. PKC Group Plc had a total of 694 shareholders (9,068) at the end of June. The shares held by foreigners and through nominee registrations at the close of the reporting period totalled 98.6% of the share capital (29.5%). At the end of reporting period PKC Group Plc does not have any own shares (treasury shares) in its possession.

#### Flaggings

On 13 January 2017 the share of votes and share capital in PKC Group Plc owned by Lannebo Fonder AB (Orgnr 556584-7042) fell below the limit of 5%. Following the transaction Lannebo Fonder AB owned 1,171,928 PKC Group Plc shares and votes, i.e. 4.86% of the share capital and votes.

On 27 March 2017 the share of votes and share capital in PKC Group Plc owned by Ilmarinen Mutual Pension Insurance Company fell below the limit of 5%. Following the transaction Ilmarinen Mutual Pension Insurance Company owned 0 PKC Group Plc shares and votes, i.e. 0.00% of the share capital and votes.

On 27 March 2017 the share of votes and share capital in PKC Group Plc owned by MSSL Estonia WH OÜ exceeded the limit of 90%. Following the transaction MSSL Estonia WH OÜ owned 23,065,057 PKC Group Plc shares and votes, i.e. 95.6% of the share capital and votes.

On 29 March 2017 the share of votes and share capital in PKC Group Plc held directly by Nordea Funds Oy (1737785-9) through its controlled funds fell below the limit of 5%. Following the transaction Nordea Funds Oy owned 0 PKC Group Plc shares and votes, i.e. 0.00% of the share capital and votes.

#### Number of shares

The Company's registered share capital is divided into 24,125,387 shares i.e no change compared to the end of year 2016.

#### 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.

#### Stock option and share-based incentive plans

At the end of June 2017, PKC Group Plc's outstanding valid stock option schemes 2012B and 2012C (in total 451,300 options) are held by MSSL Estonia WH OÜ.

In total, the outstanding share-based incentive plans, Restricted Share Plans 2015 and 2016 correspond to the value of an approximate maximum total of 85,700 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](http://www.pkcgroup.com/investors).

### Key strategic highlights 2017

PKC Group announced on 27 January 2017 that it divests 100% of PKC Electronics Oy shares to Enics, one of the biggest Electronics Manufacturing Service (EMS) provider in the world focusing on industrial electronic. The requirements of closing have been fulfilled and the closing became effective and ownership and control transferred on 28 February 2017.

PKC Group announced on 9 February that it was negotiating on the establishment of a joint venture with a Chinese wiring systems manufacturer. Parties have since completed negotiations and signed joint venture agreement during Q2.

PKC Group signed and closed a contract to buy the rolling stock electrical distribution system company Fortitude Industries Inc., in the state of New York (USA), which was announced on 31 March 2017.

### Short-term risks and uncertainties

The company's short-term risks and uncertainties are detailed in the Financial Statement Release 2016. The company does not consider there to have been any material changes during the report period in the risks and factors of uncertainty presented in the Financial Statement Release.

### Financial information in 2017

As announced on 6 April 2017, as a result of MSSL Estonia WH OÜ's having gained ownership of over 90 percent and having informed its intentions to initiate arbitral proceedings to complete the redemption of the shares and stock options held by minority shareholders, board of directors of PKC has resolved that the company will not publish interim statement for Q3.

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 2016, unless otherwise mentioned. The figures presented in the tables are independently rounded figures.

## 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 2016. The year 2017 IFRS standard changes have no significant effect on the half year financial report. The half year financial report is unaudited.

### New IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018)

The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognize revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. The impacts of IFRS 15 on PKC's consolidated financial statements have been assessed so far as follows:

- Essential concepts in IFRS 15 have been analysed per revenue stream. PKC's revenue streams consist of contracts with customers in its wiring systems business. Current revenue recognition in PKC is based on transfer of risks and rewards to customer. PKC has frame agreements with its major customers, while separate purchase orders are covered by the frame agreements and as a rule they form a separate performance obligation. Revenue for performance obligations is recognised also in the future at a point in time. Part of the agreements include variable considerations, but based on current analysis timing of their revenue recognition is not expected to change significantly. Warranties given by PKC are more statutory in nature thus accounting for such warranties corresponds with current practice.
- Currently, PKC plans to apply IFRS 15 standard retrospectively possibly using practical expedients for presenting comparative information.
- During the first half of year 2017 PKC has continued the analysis in more detailed level. The IFRS 15 project and the impact evaluation will continue during the rest of the year focusing on certain individual customer contract details. Based on current analysis, timing of revenue recognition is not expected to have significant changes. Furthermore, the standard will increase disclosure information related to revenue recognition. PKC will implement the standard during the year 2017.

<b>Consolidated statement of comprehensive income (EUR 1,000)</b>	<b>1-6/17 6 mon.</b>	<b>1-6/16 6 mon.</b>	<b>1-12/16 12 mon.</b>
<b>Revenue</b>	<b>486,689</b>	<b>433,090</b>	<b>845,672</b>
Production for own use	23	19	32
Other operating income	405	3,953	6,106
Increase (+) / decrease (-) in stocks of finished goods and work in progress	-301	796	4,057
Materials and services	-300,690	-260,114	-507,368
Employee benefit expenses	-115,588	-107,185	-211,766
Depreciation, amortisation and impairment	-16,622	-15,819	-32,568
Other operating expenses	-43,929	-37,104	-77,628
<b>Operating profit (loss)</b>	<b>9,987</b>	<b>17,634</b>	<b>26,537</b>
Interest and other financial income and expenses	-2,126	-2,017	-4,420
Foreign currency exchange differences	-1,370	-1,588	-1,530
<b>Profit (loss) before taxes</b>	<b>6,491</b>	<b>14,029</b>	<b>20,588</b>
Income taxes	-3,910	-5,612	-8,352
<b>Net profit (loss) for the report period from continuing operations</b>	<b>2,581</b>	<b>8,417</b>	<b>12,235</b>
<b>Net profit (loss) for the period from discontinued operations</b>	<b>-1,544</b>	<b>-3,806</b>	<b>-7,356</b>
<b>Net profit (loss) for the period</b>	<b>1,037</b>	<b>4,612</b>	<b>4,880</b>



	<b>1-6/17</b>	<b>1-6/16</b>	<b>1-12/16</b>
	<b>6 mon.</b>	<b>6 mon.</b>	<b>12 mon.</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	-9,987	-5,448	2,699
Foreign currency translation differences from discontinued operations	0	-55	-59
Cash flow hedges	5,846	1,982	1,210
Taxes related to cash flow hedges	-2,138	-722	-438
<b>Total comprehensive income for the period</b>	<b>-5,242</b>	<b>368</b>	<b>8,292</b>
<b>Net profit (loss) attributable to</b>			
Shareholders of the parent company	-81	3,673	3,075
Non-controlling interests	1,118	939	1,805
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent company	-5,413	-551	6,857
Non-controlling interests	171	919	1,435
<b>Total comprehensive income attributable to shareholders of the parent company divides as follows</b>			
Continuing operations	-3,869	3,310	14,271
Discontinued operations	-1,544	-3,861	-7,414
<b>Attributable to equity holders of the parent company</b>			
<b>Including discontinued operations</b>			
Basic earnings per share (EPS), EUR	0.00	0.15	0.13
Diluted earnings per share (EPS), EUR		0.15	
<b>From continuing operations</b>			
Basic earnings per share (EPS), EUR	0.06	0.31	0.43
Diluted earnings per share (EPS), EUR		0.31	

Consolidated statement of financial position (EUR 1,000)	6/17	6/16	12/16
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	43,082	35,116	35,837
Intangible assets	51,272	58,701	57,770
Property, plant and equipment	58,821	63,775	61,105
Available-for-sale financial assets	713	718	713
Other receivables	6,114	6,739	5,439
Deferred tax assets	20,853	18,673	20,839
<b>Total non-current assets</b>	<b>180,853</b>	<b>183,721</b>	<b>181,703</b>
<b>Current assets</b>			
Inventories	95,205	81,242	99,039
Trade receivables	147,305	125,992	115,377
Other receivables	22,046	17,562	17,123
Current tax assets	10	3	245
Cash and cash equivalents	77,484	101,034	130,052
<b>Total current assets</b>	<b>342,049</b>	<b>325,833</b>	<b>361,837</b>
<b>Assets classified as held for sale</b>		<b>23,202</b>	<b>20,156</b>
<b>Total assets</b>	<b>522,903</b>	<b>532,756</b>	<b>563,695</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Total equity attributable to the equity holders of the parent company	134,228	130,802	137,656
Non-controlling interests	17,302	14,731	16,742
<b>Total equity</b>	<b>151,530</b>	<b>145,533</b>	<b>154,399</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing financial liabilities	98,265	141,850	141,326
Provisions	1,075	1,272	973
Other liabilities	5,587	20,413	5,805
Deferred tax liabilities	24,125	27,404	24,752
<b>Total non-current liabilities</b>	<b>129,052</b>	<b>190,938</b>	<b>172,857</b>
<b>Current liabilities</b>			
Interest-bearing financial liabilities	80,217	50,386	35,316
Trade payables	95,851	84,889	124,537
Other non-interest-bearing liabilities	66,178	51,552	65,629
Current tax liabilities	73	507	822
<b>Total current liabilities</b>	<b>242,320</b>	<b>187,334</b>	<b>226,304</b>
<b>Liabilities classified as held for sale</b>		<b>8,952</b>	<b>10,136</b>
<b>Total liabilities</b>	<b>371,372</b>	<b>387,223</b>	<b>409,297</b>
<b>Total equity and liabilities</b>	<b>522,903</b>	<b>532,756</b>	<b>563,695</b>

<b>Consolidated statement of cash flows (EUR 1,000)</b>	<b>1-6/17</b>	<b>1-6/16</b>	<b>1-12/16</b>
	<b>6 mon.</b>	<b>6 mon.</b>	<b>12 mon.</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	433,306	405,679	827,461
Cash receipts from other operating income	401	548	4,140
Cash paid to suppliers and employees	-472,536	-416,391	-783,400
<b>Cash flows from operations before financial income and expenses and taxes</b>	<b>-38,829</b>	<b>-10,164</b>	<b>48,200</b>
Interest paid and other financial expenses	-381	-6,232	-7,939
Effects of exchange rate changes	1,070	1,467	-1,710
Interest received	559	3,359	6,931
Income taxes paid	-8,156	-7,313	-10,017
<b>Net cash from operating activities (A) from continuing operations</b>	<b>-45,737</b>	<b>-18,883</b>	<b>35,464</b>
Net cash from operating activities (A) from discontinued operations		-1,308	-280
<b>Net cash from operating activities (A)</b>	<b>-45,737</b>	<b>-20,191</b>	<b>35,183</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets	-9,981	-8,615	-25,713
Proceeds from sale of property, plant and equipment and intangible assets	337	3,307	7,038
Acquisitions of subsidiary shares, net of cash acquired	-8,362	0	0
Disposals of subsidiary shares	12,671	0	0
Dividends received from investments	76	207	241
<b>Net cash used in investment activities (B)</b>	<b>-5,259</b>	<b>-5,101</b>	<b>-18,434</b>
<b>Cash flows after investments</b>	<b>-50,996</b>	<b>-23,984</b>	<b>17,030</b>
<b>Cash flows from financing activities</b>			
Share issue and subscriptions of options	0	455	455
Proceeds from current borrowings	70,000	65,003	135,000
Proceeds from non-current borrowings	87	114	128
Repayment of current/non-current borrowings	-67,891	-40,331	-125,506
Change of treasury shares	2,257	0	0
Dividends paid	0	-16,867	-17,206
<b>Net cash used in financing activities (C)</b>	<b>4,453</b>	<b>8,375</b>	<b>-7,128</b>
<b>Net increase (+) or decrease (-) in cash and equivalents (A+B+C)</b>	<b>-46,543</b>	<b>-15,609</b>	<b>9,902</b>
Cash and cash equivalents in the beginning of the period	131,819	118,287	118,287
Effect of exchange rate changes	-7,792	-1,644	1,863
Cash and cash equivalents in the end of the period	77,484	101,034	130,052

<b>Key financial indicators from continuing operations</b>	<b>1-6/17 6 mon.</b>	<b>1-6/16 6 mon.</b>	<b>1-12/16 12 mon.</b>
Revenue, EUR 1,000	486,689	433,090	845,672
Comparable EBITDA*, EUR 1,000	36,699	33,253	64,357
% of revenue	7.5	7.7	7.6
Comparable EBITA*, EUR 1,000	25,291	22,901	42,504
% of revenue	5.2	5.3	5.0
Comparable operating profit*, EUR 1,000	20,047	17,634	31,890
% of revenue	4.1	4.1	3.8
Operating profit (loss), EUR 1,000	9,987	17,634	26,537
% of revenue	2.1	4.1	3.1
Profit (loss) before taxes, EUR 1,000	6,491	14,029	20,588
% of revenue	1.3	3.2	2.4
Net profit (loss) for the period, EUR 1,000	2,581	8,417	12,235
% of revenue	0.5	1.9	1.4
Return on equity (ROE), %	3.4	11.1	7.9
Return on investments (ROI), %	9.6	13.7	10.7
Return on capital employed (ROCE), %	12.1	10.6	9.7
Net working capital, EUR 1,000	102,463	87,851	40,797
Working capital, EUR 1,000	146,659	122,345	89,880
Net liabilities, EUR 1,000	100,998	91,202	46,591
Gearing, %	66.7	62.7	30.2
Equity ratio, %	29.0	27.3	27.4
Current ratio	1.4	1.7	1.6
Net cash from operating activities	-45,737	-18,883	35,464
Gross capital expenditure, EUR 1,000	18,250	7,624	24,484
% of revenue	3.7	1.8	2.9
R&D expenditures, EUR 1,000	3,064	2,995	5,985
% of revenue	0.6	0.7	0.7
Personnel (temporary included) average	21,994	21,545	21,920

\* see note 6

<b>Per-share key indicators</b>	<b>1-6/17 6 mon.</b>	<b>1-6/16 6 mon.</b>	<b>1-12/16 12 mon.</b>
Earnings per share (EPS) including discontinued operations, EUR	0.00	0.15	0.13
Earnings per share (EPS) including discontinued operations, diluted, EUR	-	0.15	-
Earnings per share (EPS) from continuing operations, EUR	0.06	0.31	0.43
Earnings per share (EPS) from continuing operations, diluted, EUR	-	0.31	-
Equity per share, EUR	5.56	5.42	5.71
Cash flow per share, EUR	-1.90	0.63	1.48
Share price at close of period, EUR	23.55	16.93	15.81
Lowest share price, EUR	15.51	12.90	12.90
Highest share price, EUR	24.27	18.11	18.80
Average share price, EUR	23.02	15.54	15.91
Turnover in shares, 1,000 shares	33,202	5,839	9,941
Turnover in shares per (share issue adjusted) share capital, %	137.6	24.4	41.4
Average number of shares, 1,000 shares	24,125	23,975	23,992
Average number of shares, diluted, 1,000 shares		23,880	23,911
Shares at end of period, 1,000 shares	24,125	24,125	24,125
Market capitalisation, EUR 1,000	568,153	408,443	381,422
<b>1. Revenue from continuing operations geographical locations (EUR 1,000)</b>	<b>1-6/17 6 mon.</b>	<b>1-6/16 6 mon.</b>	<b>1-12/16 12 mon.</b>
Europe	169,897	159,475	301,571
North America	249,935	233,326	458,942
South America	26,225	16,168	36,591
APAC	40,633	24,120	48,568
<b>Total</b>	<b>486,689</b>	<b>433,090</b>	<b>845,672</b>

**2. Consolidated statement of changes in equity (EUR million)**

A = Share capital  
 B = Treasury shares  
 C = Share premium account  
 D = Invested non-restricted equity fund  
 E = Other reserves  
 F = Translation difference  
 G = Retained earnings  
 H = Equity attributable to shareholders of the parent company  
 I = Non-controlling interests  
 J = Total equity

	A	B	C	D	E	F	G	H	I	J
<b>Equity at 1.1.2016</b>	<b>6.2</b>	<b>-2.3</b>	<b>11.3</b>	<b>82.9</b>	<b>-2.8</b>	<b>-2.9</b>	<b>54.1</b>	<b>146.6</b>	<b>10.7</b>	<b>157.3</b>
Dividends	0.0	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	0.0	0.9	0.9	0.0	0.9
Exercise of options	0.0	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	0.0	1.6	-5.5	3.7	-0.2	0.0	-0.2
<b>Change in ownership interest</b>										
Establishment of subsidiary with non-controlling interest									4.0	4.0
<b>Equity at 30.6.2016</b>	<b>6.2</b>	<b>-2.3</b>	<b>11.3</b>	<b>83.4</b>	<b>-1.2</b>	<b>-8.4</b>	<b>41.8</b>	<b>130.8</b>	<b>14.7</b>	<b>145.5</b>
<b>Equity at 1.1.2017</b>	<b>6.2</b>	<b>-2.0</b>	<b>11.3</b>	<b>83.4</b>	<b>-2.0</b>	<b>0.1</b>	<b>40.6</b>	<b>137.7</b>	<b>16.7</b>	<b>154.4</b>
Purchase of treasury shares	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0
Comprehensive income for the period	0.0	0.0	0.0	-0.1	3.7	-9.0	-0.1	-5.5	0.2	-5.3
<b>Change in ownership interest</b>										
Establishment of subsidiary with non-controlling interest									0.4	0.4
<b>Equity 30.6.2017</b>	<b>6.2</b>	<b>0.0</b>	<b>11.3</b>	<b>83.4</b>	<b>1.7</b>	<b>-8.9</b>	<b>40.5</b>	<b>134.2</b>	<b>17.3</b>	<b>151.5</b>

3. Intangible assets and property, plant and equipment (EUR 1,000)	6/17	6/16
<b>Intangible assets and goodwill</b>		
<b>Carrying amount 1.1.</b>	<b>93,607</b>	<b>103,726</b>
Currency translation differences	499	-2,862
Additions	1,040	453
Acquisitions	6,412	0
Amortisation and impairment	-5,773	-6,156
Disposals and reclassifications	-1,432	0
Discontinued operations		-1,344
<b>Carrying amount 30.6.</b>	<b>94,354</b>	<b>93,817</b>
<b>Property, plant and equipment</b>		
<b>Carrying amount 1.1.</b>	<b>61,105</b>	<b>73,046</b>
Currency translation differences	-992	-341
Additions	8,810	7,580
Acquisitions	298	0
Amortisation and impairment	-8,599	-7,537
Disposals and reclassifications	-1,802	-4,122
Discontinued operations		-4,850
<b>Carrying amount 30.6.</b>	<b>58,820</b>	<b>63,775</b>

#### 4. 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 2017

As of June 30, 2017	Carrying amounts of balance sheet items	Fair values of balance sheet items
Other non-current financial assets	665	665
<b>Total non-current financial assets</b>	<b>665</b>	<b>665</b>
Currency derivatives	4,094	4,094
<b>Total current financial assets</b>	<b>4,094</b>	<b>4,094</b>
<b>Total financial assets</b>	<b>4,759</b>	<b>4,759</b>
Non-current interest-bearing liabilities	98,265	104,475
<b>Total non-current financial liabilities</b>	<b>98,265</b>	<b>104,475</b>
Current interest-bearing liabilities	80,217	80,217
Copper derivatives	47	47
<b>Total current financial liabilities</b>	<b>80,264</b>	<b>80,264</b>
<b>Total financial liabilities</b>	<b>178,529</b>	<b>184,739</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, EUR 665 thousand) is based on the acquisition cost (level 3, IFRS 7.27A) as the fair value of the shares cannot be determined reliably.

<b>5. Contingent liabilities at the end of period (EUR 1,000)</b>	<b>6/17</b>	<b>6/16</b>	<b>12/16</b>
<b>Leasing liabilities</b>	<b>35,855</b>	<b>30,554</b>	<b>40,466</b>
<b>Liabilities for derivative instruments</b>			
<b>Nominal values</b>			
Currency derivatives	64,010	59,613	63,197
Copper derivatives	1,601	1,061	2,295
<b>Total</b>	<b>65,611</b>	<b>60,673</b>	<b>65,492</b>
<b>Fair values</b>			
Currency derivatives	4,094	-2,656	-3,935
Copper derivatives	-47	29	318
<b>Total</b>	<b>4,047</b>	<b>-2,627</b>	<b>-3,618</b>

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.

<b>6. Measures of profit and items affecting comparability from continuing operations (EUR 1,000)</b>	<b>1-6/17 6 mon.</b>	<b>1-6/16 6 mon.</b>	<b>1-12/16 12 mon.</b>
<b>Comparable EBITDA</b>	<b>36,699</b>	<b>33,253</b>	<b>64,357</b>
Depreciation, amortisation and impairments*)	-11,408	-10,352	-21,853
<b>Comparable EBITA</b>	<b>25,291</b>	<b>22,901</b>	<b>42,504</b>
PPA depreciation and amortisation	-5,244	-5,267	-10,615
<b>Comparable operating profit</b>	<b>20,047</b>	<b>17,634</b>	<b>31,890</b>
<b>Items affecting comparability:</b>			
Employee benefit expenses	-4,464	-1,049	-5,577
Impairment of PPE and intangible assets	30	-200	-100
Other items affecting comparability	-5,625	1,249	325
<b>Total items affecting comparability</b>	<b>-10,060</b>	<b>0</b>	<b>-5,353</b>
<b>Operating profit</b>	<b>9,987</b>	<b>17,634</b>	<b>26,537</b>

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



## Business Combinations

On April 1, 2017 PKC Group acquired Fortitude Industries, Inc. (dba Advanced Transit Manufacturing, or ATM) in the United States. The consideration of the transaction is EUR 8.9 million. ATM develops and manufactures electrical distribution systems for rolling stock manufacturers.

The acquisition has been consolidated into PKC Group as of April 1, 2017.

The following table summarizes the preliminary amounts for the consideration paid for ATM, the cash flow from the acquisition and the amounts of the assets acquired and liabilities recognized at the acquisition date:

<b>Preliminary consideration</b>	<b>EUR million</b>
Consideration transferred	8.9
<b>Total consideration transferred</b>	<b>8.9</b>

<b>Preliminary cash flow from the acquisition</b>	<b>EUR million</b>
Consideration paid in cash	8.9
<b>Total cash flow from the acquisition</b>	<b>8.9</b>

<b>Provisional values of the assets and liabilities arising from the acquisition</b>	<b>EUR million</b>
Property, plant and equipment	0.4
Inventories	1.9
Trade and other receivables	1.4
<b>Total assets</b>	<b>3.7</b>
Trade payables and other liabilities	1.5
<b>Total liabilities</b>	<b>1.5</b>
<b>Total net assets</b>	<b>2.2</b>
<b>Preliminary goodwill</b>	<b>6.7</b>

The preliminary goodwill reflects the value of know-how and expertise in rolling stock business.

## Calculation of indicators

Calculation of indicators are presented in the financial statements, which can be found from company's webpage [www.pkcgroup.com/investors/reports-and-presentations](http://www.pkcgroup.com/investors/reports-and-presentations).

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**

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## 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, rolling stock manufacturers and other selected segments. The Group has production facilities in Brazil, China, Germany, Lithuania, Mexico, Poland, Russia, Serbia and the USA. The Group's revenue from continuing operations in 2016 totalled EUR 846 million. PKC Group Plc is listed on Nasdaq Helsinki.



MANAGING THE COMPLEXITY

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