

## **Motherson Sumi Systems Ltd. launches a voluntary recommended public tender offer for acquisition of the entire outstanding share capital and voting rights of PKC Group Plc**

**Noida, 19 Jan, 2017.**

At a meeting of its Board of Directors held on 19 January, 2017, Motherson Sumi Systems Limited (MSSL) has approved a proposal to launch a voluntary, recommended public tender offer for the acquisition of the outstanding share capital and voting rights of PKC Group Plc (PKC), Finland. The highlights of the proposed transaction are as follows:

### **Transaction Highlights**

- MSSL and PKC have on January 19, 2017 entered into a combination agreement for the proposed transaction
- MSSL will make a voluntary, recommended public tender offer to acquire all the issued and outstanding shares and option rights in PKC. The shares of PKC are currently listed on the Nasdaq Helsinki stock exchange
- Headquartered in Helsinki, Finland, PKC is a global tier 1 supplier of wiring harness and associated components to Original Equipment Manufacturers (OEMs) in the Heavy & Medium Duty Commercial Vehicles and Locomotive segments across North America, Europe, Brazil and China
- PKC shareholders are being offered a cash consideration of EUR 23.55 for each share/options in PKC representing an aggregate equity purchase price of approximately EUR 571 million in an open tender offer
- The transaction is subject to the completion of closing conditions and receipt of necessary regulatory approvals
- The transaction is expected to be completed by end of March 2017
- The acquisition will be made through a 100% subsidiary\* of MSSL, to be setup for the purpose

### **Brief about PKC**

PKC ([www.pkcgroup.com](http://www.pkcgroup.com)) established its first wiring harness factory in 1969, and is a trusted and acknowledged partner in the global commercial vehicle industry. PKC designs, manufactures and integrates tailored electrical distribution systems and related architecture components, vehicle electronics, wires and cables especially for trucks and buses, light and recreational vehicles, construction equipment and agricultural and forestry equipment. In addition, PKC designs and manufactures electrical cabinets, power packs and electrical distribution systems for leading rolling stock manufacturers. PKC's strengths, mass customisation and the excellent skill to integrate into the customer's operating environment, provide a unique competitive advantage in the market. Product design and effective supply chain management are carried out in close cooperation with customers and in accordance with their requirements.

PKC has a market leading presence in the wiring harnesses for commercial vehicles in the North America and Europe markets. Apart from these geographies, PKC has a significant presence in Brazil and, a growing presence in China. PKC had over 22,000 employees and estimated revenue of approximately € 846 million for the year 2016.

*\*to be held directly/indirectly*

## Rationale for the Acquisition

The proposed acquisition of PKC supports MSSL in expanding its presence in the niche market of global wiring harness business for commercial vehicles. The combination is expected to be highly value accretive as there is minimal overlap between their existing operations in terms of geographical presence and great synergies in product segments which will unlock the true potential of the combined entity. PKC has a strong presence in American & European wiring harness market for commercial vehicle segment which will provide new opportunities for MSSL to grow in these geographies. This will be in line with MSSL's stated Vision 2020. MSSL also believes it can help PKC in achieving its expansion opportunities given MSSL's strong market position in the Asia Pacific region which is a highly attractive market for almost all leading commercial vehicle manufacturers. Based on the analysis of MSSL, all the leading global commercial vehicle manufacturers and component suppliers are increasingly focused on establishing a presence and gaining market share in the Asian transportation market. MSSL had stated direction to grow more in the commercial vehicle segment and this step is in the right direction. Leveraging these opportunities and the capabilities, the combined company will accelerate growth and profitability improvement. By offering a larger product portfolio as well as enhanced capabilities and scale, the combined entity will add more value to its customers and suppliers.

MSSL's success in managing wiring harness business with focus on training its' people, managing multiple plants with high degree of vertical integration from design to modules will help unlock the potential of PKC. It would leverage knowhow of both companies' management teams to enhance and grow businesses with customers globally. While supporting PKC to accomplish its expansion opportunities, the combined entity will further invest in new technologies which would be required to maintain market leadership and in achieving its goal as the preferred solutions provider for the global automotive industry.

"Wiring harnesses are ever more important to the products of our customers and hold a special place within our hearts at MSSL, because it is our company's genesis", said Vivek Chaand Sehgal, MSSL's Chairman. "The prospect of two global teams coming together and the synergies that will be brought about, is very exciting to us. It will allow us to create huge value for our customers and to service our customers in additional locations in the world."

MSSL has appointed Motilal Oswal Investment Advisors Pvt. Ltd and Nordea Corporate & Investment Banking as financial advisers and White & Case as legal adviser in connection with the transaction.

## About Motherson Sumi Systems Limited

Motherson Sumi Systems Limited (MSSL) is one of the world's fastest growing specialised automotive component manufacturing company for OEMs. It was established in 1986 and is a joint venture between Samvardhana Motherson Group and Sumitomo Wiring Systems (Japan). MSSL is a focused, dynamic and progressive company providing customers with innovative and value-added products, services and solutions. With a diverse global customer base comprising of almost all leading automobile manufacturers globally, the company has a presence in 26 countries across six continents. The company reported a turnover of USD 5.7 billion for FY16. MSSL is currently the largest auto ancillary in India and among the Fab 50 companies of India by Forbes magazine. MSSL is the flagship company of the Samvardhana Motherson Group (SMG) which is ranked 31<sup>st</sup> among global automotive suppliers by Automotive News. For more details about company, please visit [www.motherson.com](http://www.motherson.com) (CIN - L34300MH1986PLC284510)

**For other details on Motherson Sumi Systems Limited, please contact:**

### Mr. G. N. Gauba

CFO, Motherson Sumi Systems Limited  
Telephone: +91-120-6679500  
[mediarelations@mssl.motherson.com](mailto:mediarelations@mssl.motherson.com)

### Mr. Pankaj Mital

COO, Motherson Sumi Systems Limited  
Telephone: +91-120-6679500  
[mediarelations@mssl.motherson.com](mailto:mediarelations@mssl.motherson.com)

### Mr. Dharmanshu Chaturvedi / Mr. Rahul Deep

Corporate Communications,  
Motherson Sumi Systems Limited  
Telephone: +91 9873662460 / +91 9910085201  
Email - [mediarelations@mssl.motherson.com](mailto:mediarelations@mssl.motherson.com)

### Mr Saurabh Saxena / Mr Abhishek Bose

Adfactors PR Pvt. Ltd.  
Telephone: +91 9810233370/ +91 9910049234  
Email - [motherson@adfactorspr.com](mailto:motherson@adfactorspr.com)

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