

'Wired' for Future, PKC Adding NPI Centers, Closing Unprofitable Plants

Written by Mike Buetow

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HONG KONG -- PKC will establish NPI centers in Estonia and Brazil as it seeks to expand its customer offerings to every major manufacturing region. Separately, the contract electronics assembler announced it would close its operations in Ireland and that company president and chief executive Matti Hyytiäinen would relocate to a newly established subsidiary here on an interim basis to help grow business in Asia and China.

The new NPI centers in Keila, Estonia, and Curitiba, Brazil, are expected to be up and running by the end of 2013.

The firm already operates an NPI center in Acuna, Mexico. "By having separate centers for NPI operations, PKC Group can improve its efficiency in manufacturing, customer service and overall competitiveness," the company said.

The company will close its facility in Ireland and transfer production to existing facilities in Torreón, Mexico and Barchfeld, Germany. In addition, PKC is studying the potential sale of its metal stamping operations in Traverse City, MI. The Ireland and Michigan operations employ about 70 persons, and PLC expects to take one-time charges of EUR 6 million, including EUR 4 million in non-cash charges related to asset write-down and impairment.

PKC is coming off a year in which net sales grew 69% to EUR 928.2 million. Net profits grew only 2.6%, however, rising to EUR 24 million.

Hyytiäinen's move to Hong Kong underscores the company's emphasis on the Asian market. "China is the world's largest commercial vehicle market (and) forecast to continue to grow significantly. PKC's current global customers have actively focused their growth into these markets by e.g. forming joint ventures with the leading Chinese and other Asian truck manufacturers," Hyytiäinen said. PKC, which over the past few years has become a dominant player in the wiring harness area, sees expansion in Asia as "pivotal" to its success.

Besides its wiring harness business, PKC has a traditional contract electronics assembly segment that generated annual revenue of EUR 69.4 million (\$92.6 million) in 2012, down 4.9% year-over-year.

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1 EUR = 1.33429 US\$