

# Kongsberg Automotive

Presentation to DNB Market SME Conference



## A brief introduction

- ▶ **Kongsberg Automotive provides world class products to the global vehicle industry**
- ▶ **Our products enhance the driving experience**
  - making it safer, more comfortable and sustainable
- ▶ **Revenues of close to EUR 1.0 billion**
- ▶ **Over 10.000 employees**
- ▶ **Global presence**
  - Over 40 locations in 20 countries worldwide
- ▶ **Listed on the Oslo Stock Exchange**
  - Ticker symbol (KOA)



## Our mission statement

**Kongsberg Automotive provides world class products to  
the global vehicle industry**  
**Our products are *enhancing the driving experience,*  
making it *safer, more comfortable and sustainable***

# Our Business Concept

## Three levers to create stakeholder value



Financials and history

## **KEY FIGURES**

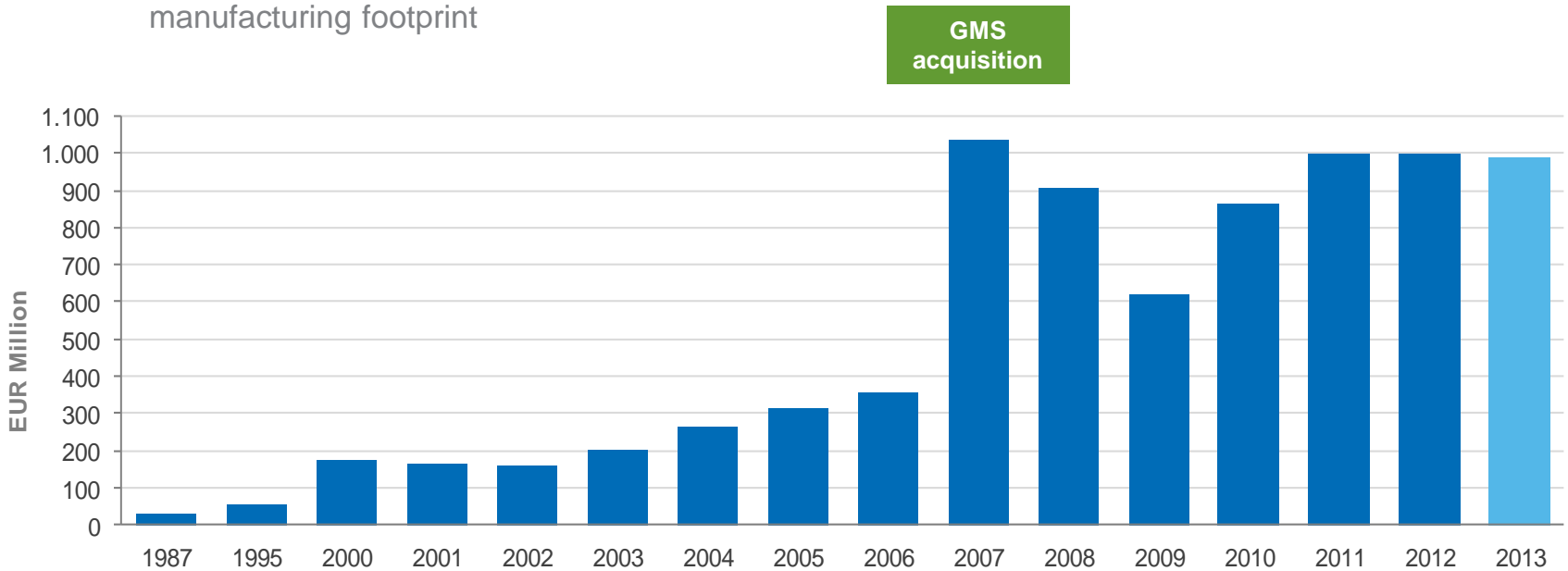
## 2013 Group financial highlights

- ▶ **2013 revenues of EUR 991 million**
- ▶ **EBITDA of EUR 97 million (9.8%)**
  - up EUR 21 mill. from 2012, despite lower revenues
- ▶ **Gearing ratio further reduced**
  - to 2.5 x NIBD/EBITDA
- ▶ **Improved financial flexibility**



# Historical sales development

**Since 1996: 7 strategic acquisitions**  
Strengthening portfolio and market share,  
while expanding a global low cost  
manufacturing footprint



## Broad global customer base



DAIMLER



NAVISTAR®



IVECO

DAF



PACCAR



faurecia



MAGNA



LEXUS



STIHL®



McLaren

CAT®



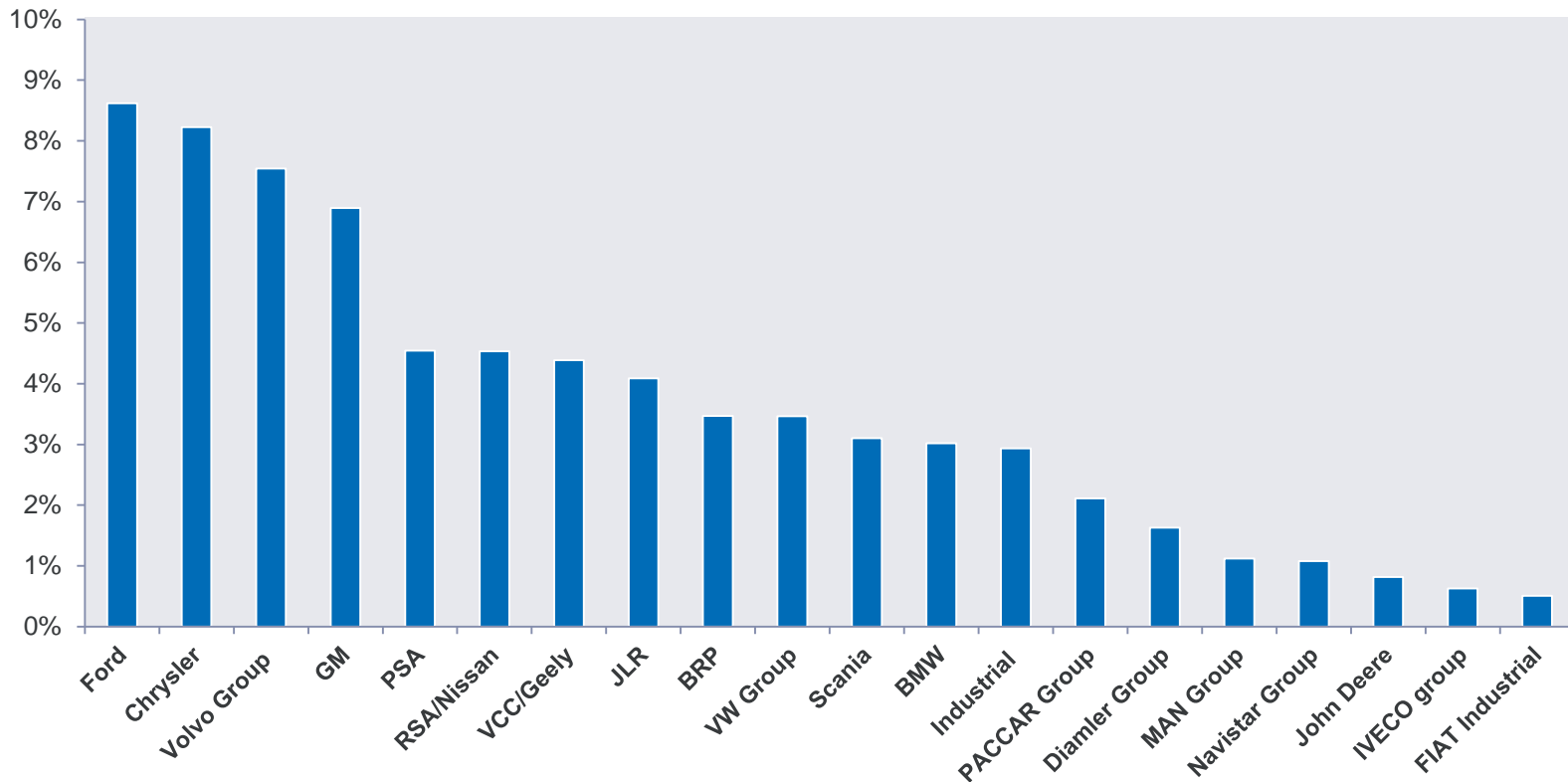
KIA



RECARO



## Top 20 Customers (KA Group)

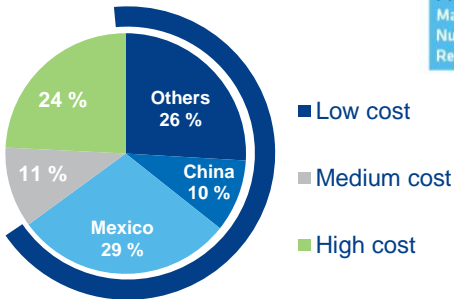


Figures are percentage of total KA sales in 2013

# Combining global reach with local support



Employees by area % of total

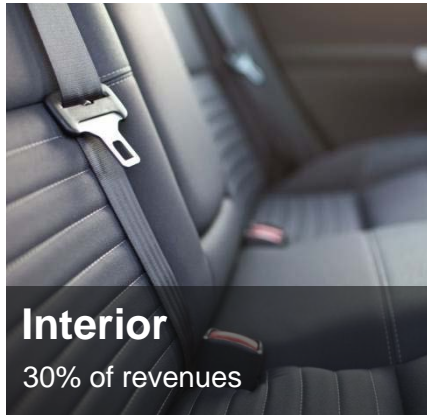


10.100 employees



Markets and Products  
**OUR BUSINESS**

# Business areas



## Interior

30% of revenues

### MARKET

Safety and comfort related products for vehicle interiors



## Driveline

28% of revenues

### MARKET

Gear shift systems for light duty vehicles



## Fluid Transfer

17% of revenues

### MARKET

Fluid handling systems for commercial vehicles and passenger cars

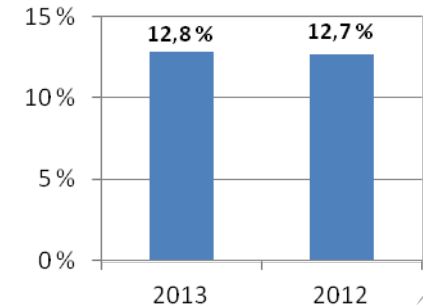
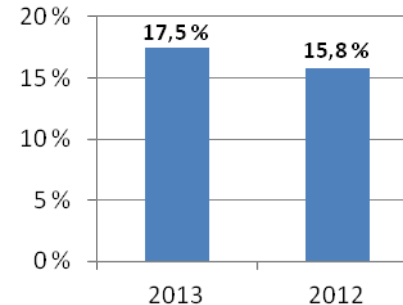
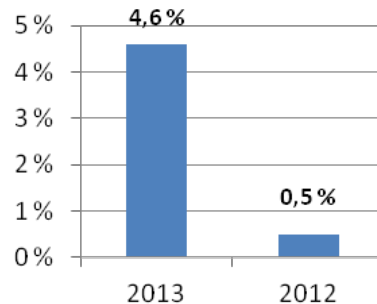
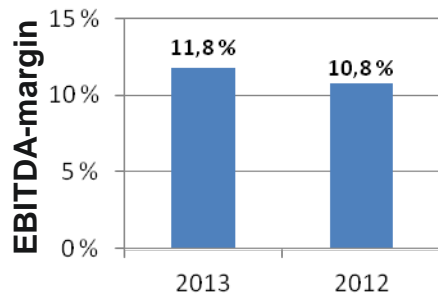


## Driver Control

25% of revenues

### MARKET

Driver control systems, cabin suspension and vehicle dynamics for commercial vehicles



## DRIVELINE

Gear shift systems for light duty vehicles



### Segment position

#Top 3 globally  
Gear shift systems

#2 in Europe  
Automatic shifters

#1 in North America  
Shift cables

### Main competitors



## INTERIOR

Safety and comfort related products for vehicle interiors



### Segment position

**#1 global supplier**  
**Seat comfort features**

**# 1 in Europe**  
**Pneumatic seat support**

**#2 globally**  
**Seat climate systems**

### Main competitors



## DRIVER CONTROL

Driver control systems and chassis related products to commercial- and off-highway vehicles



## Segment position

**#1 in Europe**  
Clutch actuation  
manual  
transmissions

**#1 in Europe**  
Gearshift systems  
manual  
transmissions

## Main competitors

**WABCO**



**VOLVO**

**DAF**  
A **PACCAR** COMPANY



## FLUID TRANSFER

Fluid handling systems for light duty, industrial and commercial vehicles



## Segment position

**# 1 in Europe**  
**Air brake couplings**

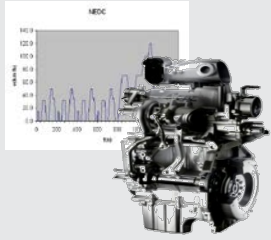
**#1 in North America**  
**High temperature oil-  
and fuel line**

## Main competitors





# Key growth trends



**Reduced fuel consumption**



**Safety**



**Comfort**



**BRIC/  
Globalization**



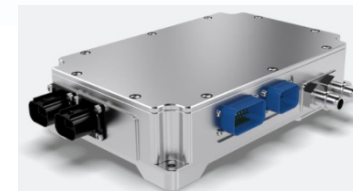
**Connectivity**



## Energy efficient drivelines - Hybrid systems

- ▶ **Bringing innovations to the market**
- ▶ **First contract for On-Board Chargers to European OEM**
  - Based on technology developed by JV company e-Power
  - For use in in Plug-in Hybrid City Buses, later other vehicles to be sold worldwide
  - Value 10 million Euros, SOP Q4 2015 in Mullsjö, Sweden
  - e-Power focuses on power electronics for hybrid and electric vehicles

epower



## Energy efficient drivelines - Shift by wire for Volvo Cars Concept Estate

- ▶ Innovative KA technology and expertise in Shift by wire systems for VCC's Concept Estate
- ▶ Shifter equipped with state of the art technology. Sets a new standard in terms of
  - safety,
  - weight
  - packaging
  - styling



# Comfort products

- ▶ Lower segment cars taking more and more comfort features (heat and support)
- ▶ Improved standard seat content and features in mid segment vehicles (heat, ventilation and support)
- ▶ EU OEMs setting the standard for comfort innovations (BMW, JLR, VCC, Audi and Daimler). Seat and interior features being real differentiators in the premium market

## Seat Comfort Systems – selected programs

### BMW 7 Series



### Chevrolet Malibu

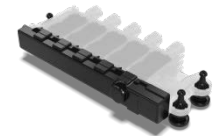


### Audi A6 & A7

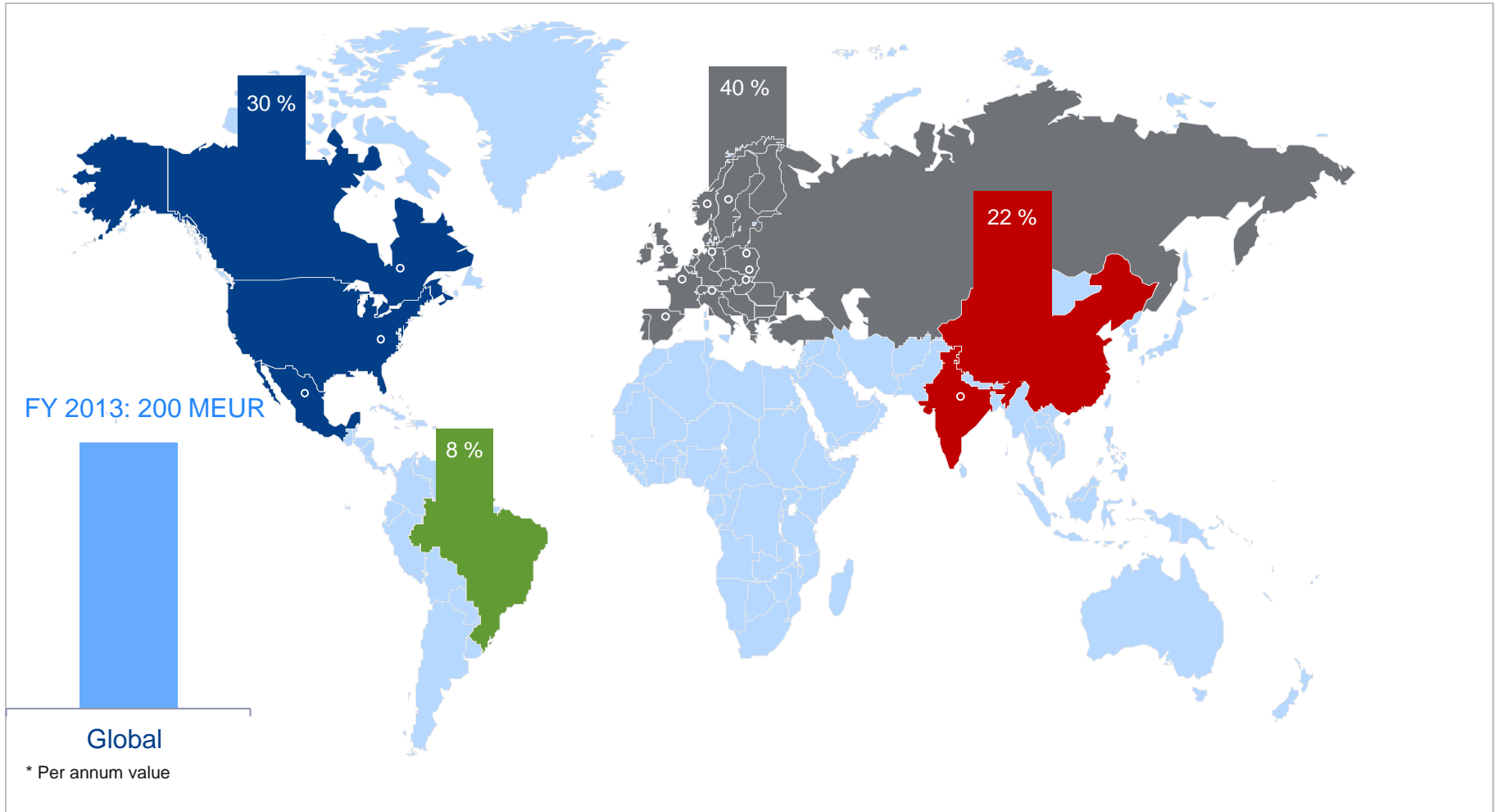


## Ultimate comfort systems across platforms through scalability & modularity

- ▶ Based on in-house developed and manufactured standardized building blocks; *pumps, valves, seat heat elements, fans etc.*
- ▶ All are scalable for ultimate comfort control, cost and packaging needs
- ▶ Fully programmable features
- ▶ Can be fitted to any type of seat



# Significant booked business in BRIC in 2013



- ▶ 30 % of total new business in last 12 months booked in BRIC countries vs. current BRIC revenue of MEUR 90
- ▶ KA continues to grow in the emerging markets

## KA an innovative technology partner for global OEMs

- ▶ KA providing SBW solutions to both the Automotive and Truck OEMs
- ▶ KA focuses on power electronics for hybrid and electric vehicles
- ▶ Providing leading safety and comfort features within our segments
- ▶ Developing strong global teams to grow with its customer

### OEM growth

- TRIAD OEMs to turn attention to emerging market to capture growth



### Total cost of ownership

- Reducing fuel consumption is key



### Environmental pressure

- Emission legislation in all markets requires OEMs to invest in more R&D



### Comfort & safety

- Stricter safety regulations in TRIAD & emerging markets
- Comfort features to increase in emerging markets



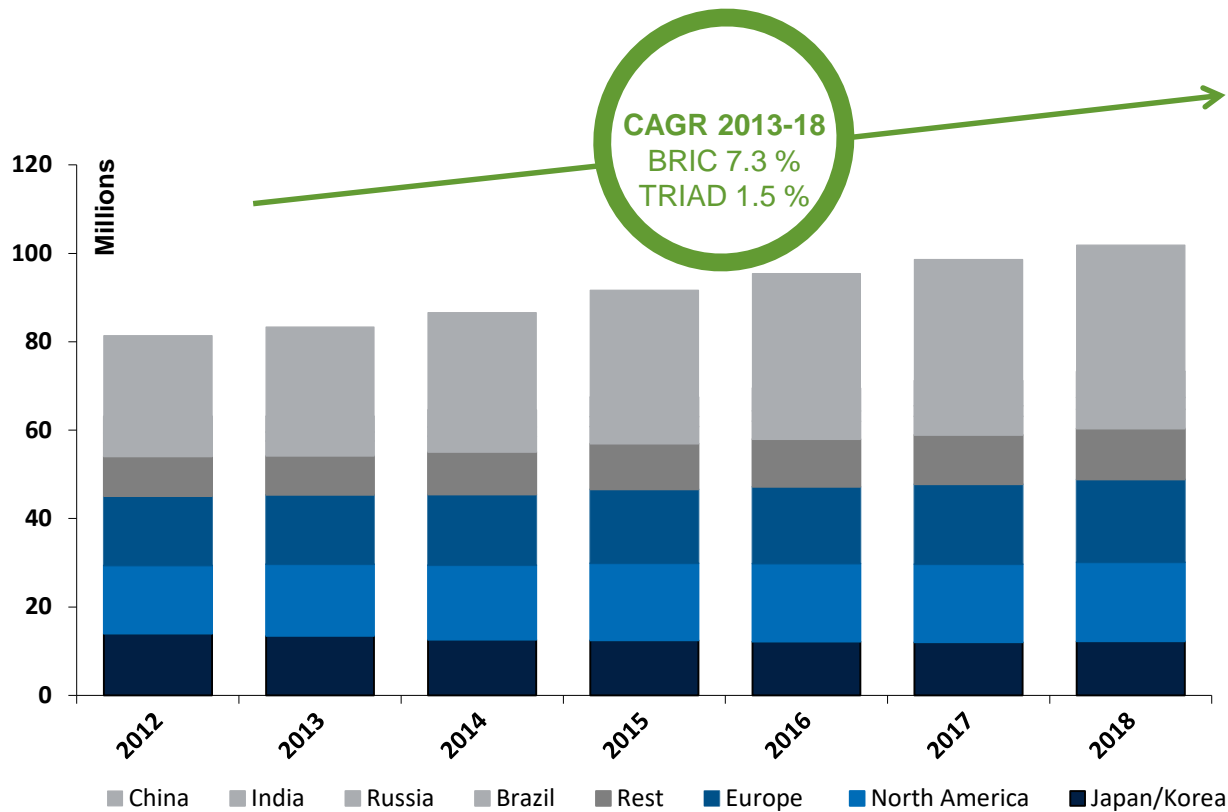


**MARKET & TRENDS**



# Global passenger car - production per region

## Near-term volatility, Long-term growth trajectory



Source: IHS

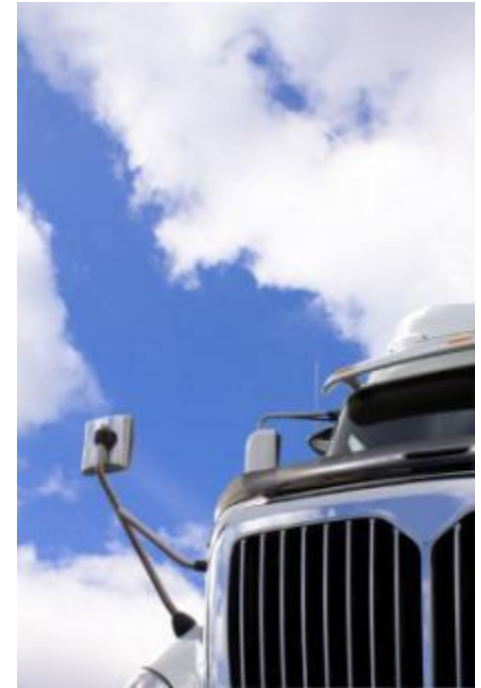
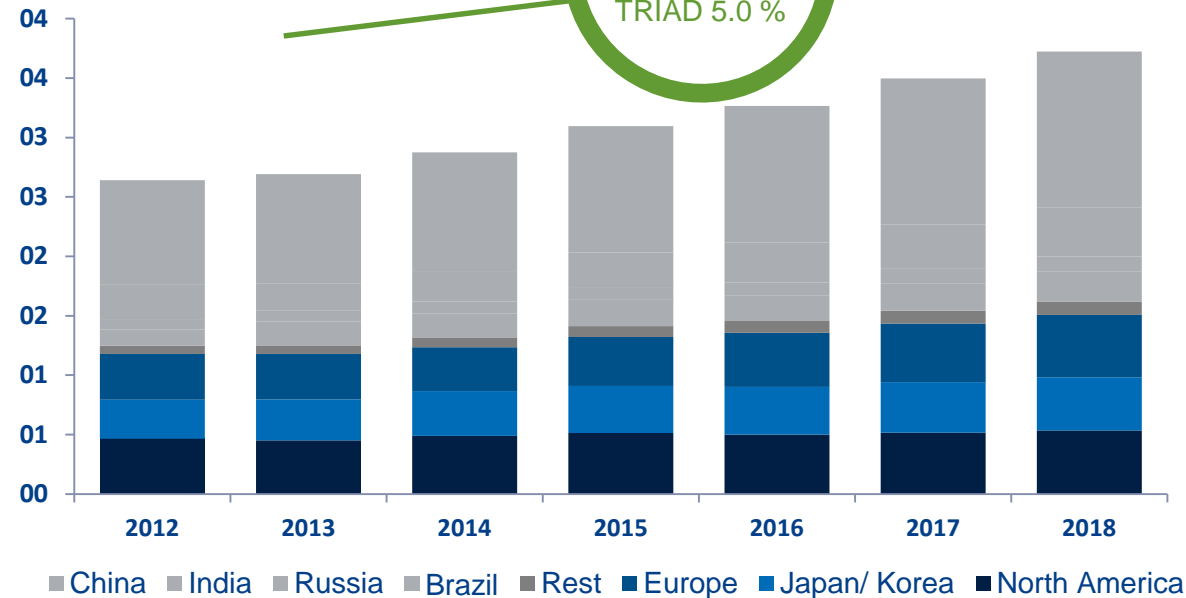
- ▶ Weak growth in TRIAD markets (Europe, North America and Japan/Korea)
- ▶ Growing industry in BRIC countries & emerging markets (Thailand, Indonesia, Iran and Turkey)

# Global Commercial Vehicle production per region

## Growth industry in spite of temporary market fluctuations

Trucks with GVW above 6t

Millions












Source: L.M.C.

Growth of global CV market is going to accelerate compared to last decade

# Market summary and outlook

## Global industry growth

Country/region	Expected 2014 growth rate	Outlook
	 →  →	<ul style="list-style-type: none"> <li>• Europe looks to be turning the corner, but some time before reaching 2008 levels</li> <li>• With the positive turn of GDP growth, we expect a slightly positive development, but still far off reaching 2008 levels.</li> </ul>
	 →  →	<ul style="list-style-type: none"> <li>• Favorable outlook but various threats to the forecast remain</li> <li>• North American market expected to continue good development from H2-13 into 2014.</li> </ul>
	 →  →	<ul style="list-style-type: none"> <li>• China outlook is good with some risks linked to ownership level restriction</li> <li>• Forecasted GDP growth to be similar to 2013, combined with increased need for replacements, should see good growth in 2014</li> </ul>



**FINANCIALS**

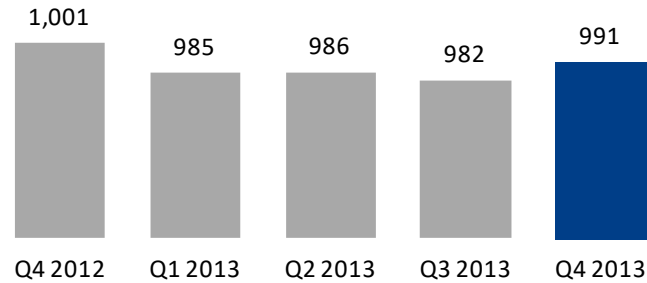
## Consolidated income statement

EUR Million	Twelve months ending				
	31.12.12	31.03.13	30.06.13	30.09.13	31.12.13
<b>Revenues</b>	<b>1001.1</b>	<b>985.4</b>	<b>985.8</b>	<b>981.5</b>	<b>990.9</b>
OPEX	-924.1	-906.6	-898.3	-884.5	-893.8
<b>EBITDA</b>	<b>77.0</b>	<b>78.9</b>	<b>87.5</b>	<b>97.0</b>	<b>97.1</b>
EBITDA (%)	7.7%	8.0%	8.9%	9.9%	9.8%
D&A	-46.3	-47.5	-45.2	-44.6	-43.9
<b>EBIT</b>	<b>30.7</b>	<b>31.4</b>	<b>42.3</b>	<b>52.5</b>	<b>53.2</b>
EBIT (%)	3.1%	3.2%	4.3%	5.3%	5.4%
Financial items	-18.7	-31.1	-29.6	-35.3	-40.4
<b>Profit before taxes</b>	<b>11.9</b>	<b>0.3</b>	<b>12.7</b>	<b>17.2</b>	<b>12.8</b>
Tax	-6.7	-3.6	-6.9	-8.1	-6.2
<b>Net profit</b>	<b>5.3</b>	<b>-3.4</b>	<b>5.8</b>	<b>9.1</b>	<b>6.6</b>

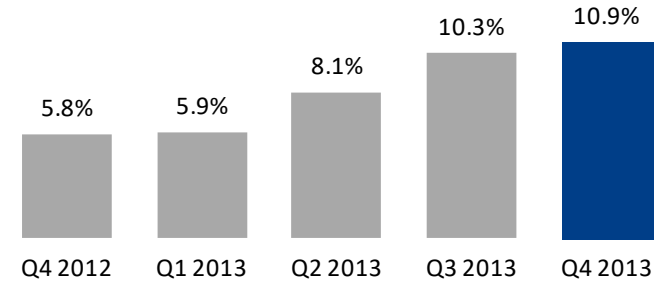
- ▶ Revenue run rate in line with full year guiding
- ▶ EBITDA for the year improved by EUR 20 million, despite lower sales
- ▶ Net profit influenced by unrealized FX effects

# ROCE (Ltm)

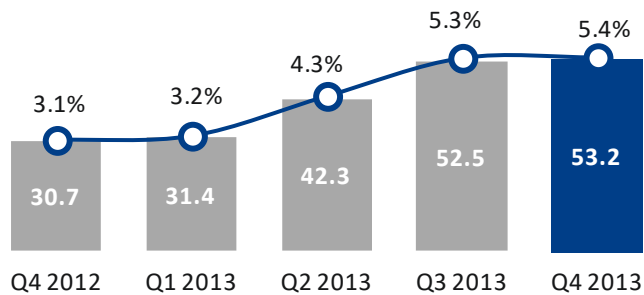
**Revenues (Ltm)**  
EUR million



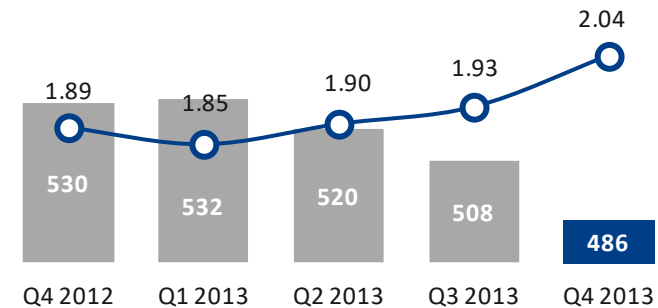
**ROCE (Ltm)**  
Percent



**EBIT and EBIT margin (Ltm)**  
EUR million and percent

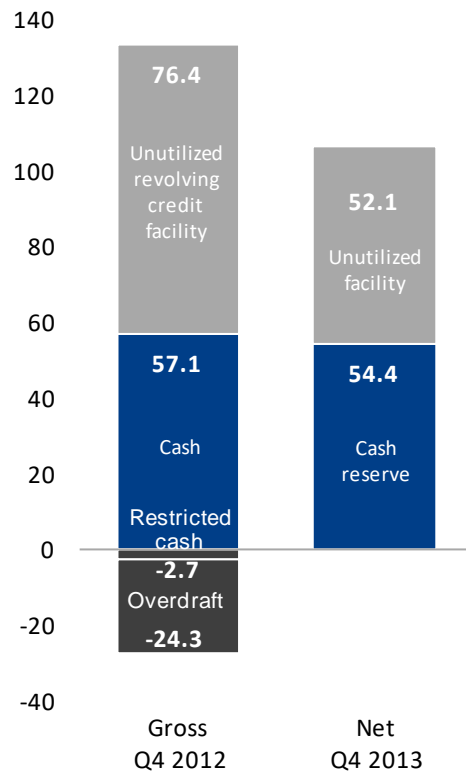


**Avg. Capital Employed and turnover (Ltm)**  
EUR million and Times

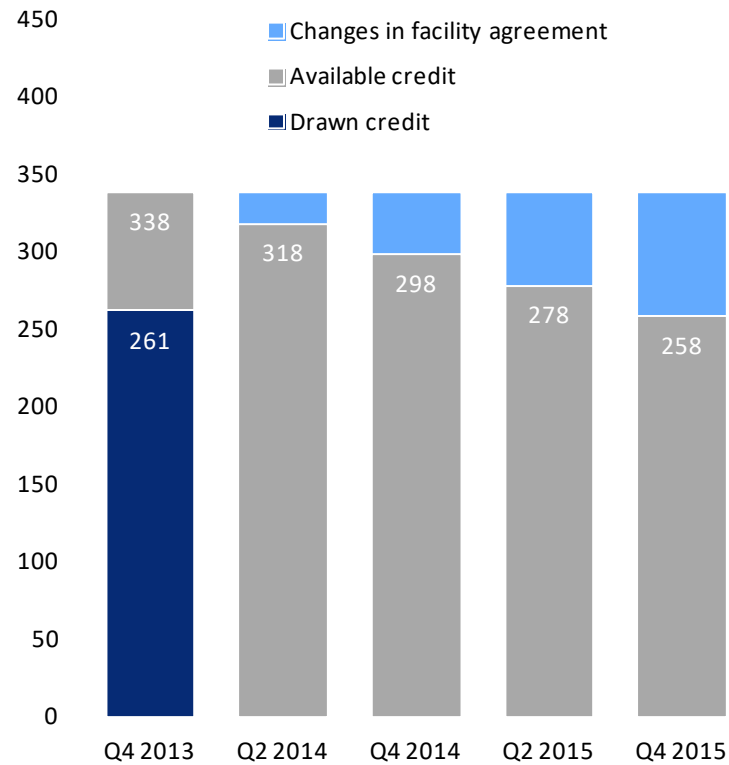


# Available funds and utilization

**Liquidity reserve**  
EUR million

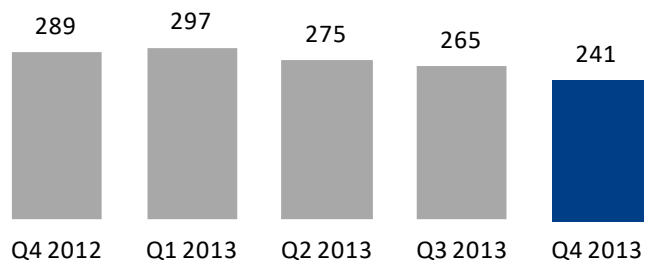


**Credit utilization RRCF**  
EUR Million

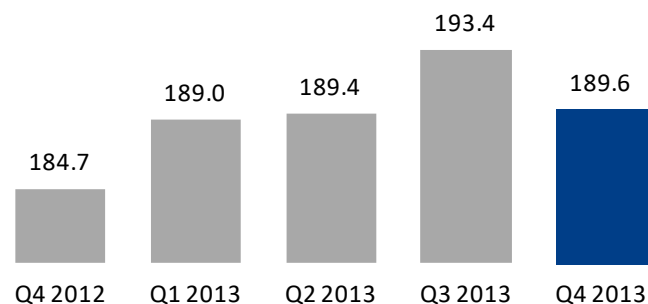


## Financial ratios

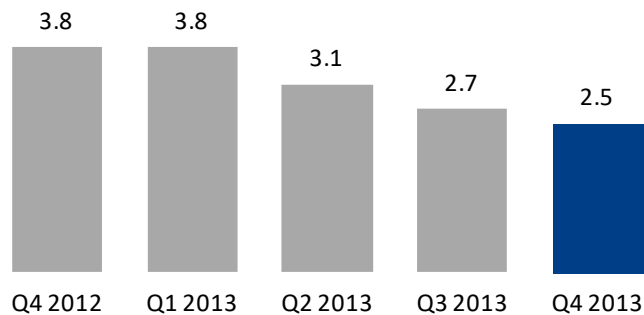
**NIBD**  
EUR million



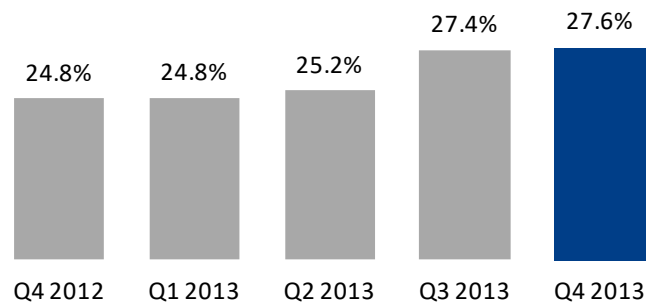
**Equity**  
EUR million



**NIBD/EBITDA**  
Times



**Equity ratio**  
Percent





## Our ambitions

	Automotive	Commercial Vehicle
Revenue	Profit before growth	Grow
Margin	Improve	Sustain
Group		
Revenue	Selective growth focus	
Margin	Gradually improving margin	
ROCE	> 15% by 2015	
NIBD/EBITDA	< 2x by 2015	

- ▶ **Our ambition is to grow earnings, sharply improve our return on capital, and greatly enhance our financial flexibility**