

Second Quarter Report 2018



CONTENTS

Highlights.....	3
CEO Letter.....	4
Board of Directors first half-year report.....	5
Group Financials.....	6
Segment Reporting.....	9
Interior Systems.....	9
Powertrain & Chassis Products.....	10
Specialty Products.....	11
Condensed Consolidated Financial Statements.....	12
Alternative Performance Measures (APM).....	16
Notes.....	19
Responsability statement.....	26
Other Company Information.....	27

HIGHLIGHTS 2nd QUARTER 2018

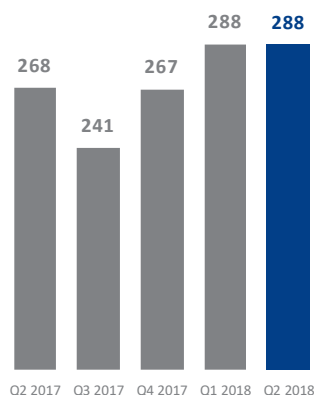
- Revenues were **MEUR 287.5** in the second quarter, MEUR 19.5 (+7.3%) above the second quarter last year, despite negative currency translation effects of MEUR 11.6.
- Adjusted EBIT amounted to **MEUR 20.8** in the second quarter, MEUR 6.9 above the second quarter last year.
- Annualized business wins in the second quarter amounted to **MEUR 121.5** bringing the total annualized business wins for the last twelve months to **MEUR 371.7**.
- The adjusted gearing ratio (NIBD/adj. EBITDA) was 2.2 for the second quarter 2018.

KEY FIGURES

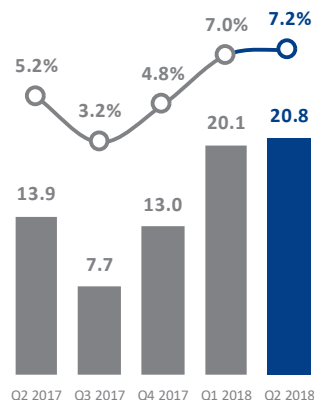
(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	287.5	268.1	575.8	548.5	1056.6
EBITDA	22.3	23.2	47.3	42.3	69.2
<i>in % Revenues</i>	7.8 %	8.7 %	8.2 %	7.7 %	6.5 %
Adjusted EBIT*	20.8	13.9	40.9	29.1	49.8
<i>in % Revenues</i>	7.2 %	5.2 %	7.1 %	5.3 %	4.7 %
EBIT	15.0	12.7	29.7	20.7	23.8
<i>in % Revenues</i>	5.2 %	4.7 %	5.2 %	3.8 %	2.3 %
Net Profit / (Loss)	4.2	2.9	13.9	3.1	(8.0)
Adjusted NIBD / EBITDA (LTM)	2.2	2.5	2.2	2.5	2.4
Equity ratio (%)	30.2%	29.4%	30.2%	29.4%	26.4%

* Adjusted for restructuring costs, see section APM for the reconciliation.

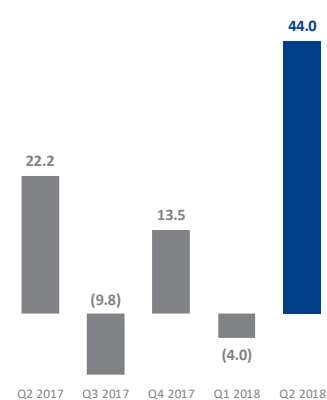
Revenues
MEUR



Adjusted EBIT
MEUR and in % Revenue



Operating Cash Flow
MEUR



CEO Letter

For the second quarter of 2018, we experienced strong growth. The growth is attributable to the platforms where we supply parts having higher production volumes than last year and our new programs ramping up in volumes. Our year over year volume growth at constant exchange rates was around 11%, in actual FX rates, our growth was around 7%. The difference is due to unfavorable FX effects with the Euro strengthening versus many of our main currencies from last year. At actual FX rates, on 7% revenue growth, our adjusted EBIT grew by around 50%. Our “fall-through” positively benefitted from volume and operational savings. However, negative FX effects, increased raw materials costs, and additional tariffs partly offset the positive effects. On an overall performance basis, at constant FX rates, our revenues were up 11% compared to Q2 2017, our adjusted EBIT was up by almost 60%. In the quarter, we also experienced positive seasonality effects, most notably coming from the Easter holidays this year being split between Q1 and Q2 as opposed to 2017 where all the Easter holidays took place in Q2. The seasonality effect led to one more workday in 2018 versus 2017.

On the restructuring front, we closed our Burton and Easley facilities where the production has moved to Poland and Mexico, respectively. The Poland move is going well. The move to Mexico has some challenges as we are moving into a greenfield facility and also transferring the supply chain from South Carolina to Mexico. Especially for the Mexican operations, we expect these transition activities to continue through the remainder of the year. Due to our experiences with our recent plant closures, we are putting further plant closures on hold until we have properly integrated and optimized the receiving facilities. We estimate that this will take place well into 2019. As a result of this, we are currently not planning to announce any further plant closures before at the earliest in the second half of 2019.

NEW BUSINESS WINS

In Q2, 2018, we continued the trend of very strong bookings of new business with quarterly new business wins of MEUR 121.5, an increase of 70% vs Q2 2017. This brings our LTM new business wins to a new all-time high of MEUR 371.7.

CAPITAL STRUCTURE

At the initiative of a major shareholder, a 10% capital increase at premium pricing was completed at the end of Q2 increasing our equity by around 40 MEUR. The capital increase was executed as a private placement. After considering the offer from the major shareholder, we offered all shareholders with more than 1% shareholding in the company to participate in the private placement. Three shareholders participated in the capital increase. The strengthening of our balance sheet through the equity increase provides financial flexibility to further support organic growth and strategic initiatives. The capital increase reconfirms strong support from our largest shareholders who demonstrate support for KA and our improvement plans.

In July, we placed a 7-year MEUR 275 bond with a 5% annual yield rate refinancing our bank debt. For the first time in the company's history, we were credit rated. We achieved bond ratings of Ba3 and BB- from Moody's and S&P, respectively. Our overall corporate ratings were of Ba3 and B+ from Moody's and S&P, respectively. We experienced strong investor interest from reputable debt investors for our bond which was solidly oversubscribed and finally completed on July 23rd.

The combination of the capital increase and the refinancing provides a stable long term capital structure for KA.

MARKET CONDITIONS

Our overall market growth expectations for 2017 and 2018 as presented during our Capital Markets' Day in November 2017 were again largely confirmed in Q2 2018.

Global Passenger Car Production

The global light vehicles production in Q2 2018 was 24m, a YoY increase of 4.0%, equivalent to approx. 1m units. The biggest contributors were China and Europe where production grew with 8.5% and 4.7%, respectively. In North America, the production predictably fell by 1.7% as the trend towards high content cars at the cost of fewer lower priced cars continues. South America continues to experience strong growth with 7.8% YoY, albeit from low levels primarily driven by Brazil.

Global Truck Production

The production of medium and heavy-duty commercial vehicles increased YoY by 7.1% (55k units). The growth was primarily driven by India which produced 64k units more than same quarter last year. This offset the 10.4% production decline in China driven by the significant advancement of production completed in 2017. North and South America continued the strong growth seen in previous quarters with YoY growth rates of 13.7% and 29.3%, respectively. In Europe, the truck YoY growth rate came in at 2.8%.

OUTLOOK

The underlying assumptions for our outlook is that there are no significant changes in market conditions and foreign exchange rates. Based on current information, we reconfirm our 2018 guidance from the 2018 AGM. For Q3, 2018, we expect revenues of MEUR 260.0.

For 2019, we will provide an update at the 2018 Capital Markets Day on November 7, 2018.

THE BOARD OF DIRECTORS FIRST HALF-YEAR REPORT

Kongsberg Automotive continues to implement the Improvement Plan that was introduced at the 2016 Capital Markets Day and updated at the 2017 Capital Market Day and 2018 Annual General Meeting.

The company started to deliver on the objectives of this important initiative, it lowered its company's structural costs, increased focus on individual product lines, and improved overall operational effectiveness. The board closely monitors progress and is pleased with the tangible results of implementation. The board would also like to thank the shareholders for the support expressed at the AGM for the many initiatives.

Although management focus has been on implementing the Improvement Plan, Kongsberg Automotive acquired in the same time very strong new business that enables the company to continue its profitable growth plan. Profitable growth is the key to creating sustainable shareholder value. The reorganization was designed to improve business unit focus on growth opportunities in each of the product businesses. The business unit leaders are executing their plans.

The AGM approved a resolution authorizing a 15% increase in share capital in addition to the customary 10%. The purpose of this is to provide financing flexibility to support growth in the event that a highly strategic and accretive acquisition prospect should materialize. The additional 15% share increase would be used exclusively for acquisitions.

The Board of Directors welcomed the shareholder initiative to increase the share capital by 10% and approved the increase at a premium price in the best interest of the company and all other shareholders. We also believe that the replacement of the existing bank loan financing by a 7 years bond at fixed interest rates provides a very strong overall capital structure going forward.

RISKS

Kongsberg Automotive continuously monitors its risk factors. The most important risk exposure is end market demand for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, interest rates, raw material prices, and credit risks. Because Kongsberg Automotive operates in many countries, it is vulnerable to changes to existing free trade agreements and the imposition of export and import restrictions (such as antidumping duties, tariffs and embargoes), and to currency risks. The most significant currency exposures for Kongsberg Automotive are associated with NOK, EUR and USD exchange rates. The greatest material exposures are within plastic resin, copper, zinc, aluminum and steel. Credit risk depends on the financial health of vehicle manufacturers and their tier-1 and -2 suppliers.

SHARE AND SHAREHOLDERS

During the first half year, the share price has decreased from NOK 11.75 to 9.36, compared to 7.40 at the end of Q2 2017. The recent share price development partially reflects on the increasing overall markets uncertainty for globally acting industrial businesses. The total number of shareholders is 4,214. At the end of Q2 2018, the total number of shares was 406.8 million with 56.3% of the shares held by foreign shareholders. After registration of the share capital increase on July 4, 2018 the total number of shares is 447.4 million.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION - PROFIT AND LOSS

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	287.5	268.1	575.8	548.5	1056.6
OPEX	(265.2)	(244.9)	(528.5)	(506.1)	(987.4)
EBITDA	22.3	23.2	47.3	42.3	69.2
<i>in % Revenues</i>	7.8 %	8.7 %	8.2 %	7.7 %	6.5 %
Depreciation, amortization and impairment	(7.3)	(10.5)	(17.6)	(21.7)	(45.4)
EBIT	15.0	12.7	29.7	20.7	23.8
<i>in % Revenues</i>	5.2 %	4.7 %	5.2 %	3.8 %	2.3 %
Adjusted EBIT *	20.8	13.9	40.9	29.1	49.8
<i>in % Revenues</i>	7.2 %	5.2 %	7.1 %	5.3 %	4.7 %
Net financial items	(7.6)	(5.4)	(6.6)	(8.1)	(17.4)
Profit / (Loss) before taxes	7.3	7.3	23.1	12.6	6.4
Income taxes	(3.1)	(4.4)	(9.2)	(9.5)	(14.4)
Net Profit / (Loss)	4.2	2.9	13.9	3.1	(8.0)

* See section APM for the reconciliation.

REVENUES

Revenues for the Group amounted to MEUR 287.5 in the second quarter of 2018. The revenues were MEUR 19.5 (7.3%) above the comparable period last year, despite negative currency translation effects of MEUR 11.6. Revenue increased in all segments with a strong contribution especially by both Interior Systems and Powertrain & Chassis Products.

In the Interior segment, which serves the passenger car end markets, revenues increased by MEUR 8.6 (+13.6%) compared to the second quarter of 2017, despite negative currency translation effects of MEUR 2.5. The growth was affected by recent launches of SMA and IBK and customer developments but was partially offset by lower sales in the North American Light Duty Cable and Comfort business.

In the Powertrain & Chassis Products segment, which serves the passenger car and commercial vehicle end markets, revenues increased by MEUR 7.9 (+7.6%) compared to the same quarter in 2017, despite negative currency translation effects of MEUR 4.8. The revenue increase has mainly been driven by the commercial vehicle business in North America due to new customers

In the Specialty Products segment, which serves the passenger car, commercial vehicle end markets and general industrial customers, revenues increased by MEUR 3.5 (+3.5%) compared to the same quarter in 2017, despite negative currency translation effects of MEUR 4.2. The growth was mainly driven by the Couplings business in China and Europe and Off Highway business in North America.

ADJUSTED EBIT / EBIT

Adjusted EBIT for the Group was MEUR 20.8 in the second quarter of 2018, an increase of MEUR 6.9 compared to the second quarter of 2017. The effects of higher volumes were partially offset by new products launch costs, ongoing operational optimization projects, costs and unfavorable raw material costs.

Including restructuring cost of MEUR 5.9, EBIT in Q2 2018 amounted to MEUR 15.0, compared to MEUR 12.7 in Q2 2017.

NET FINANCIAL ITEMS

Net financial items (see note 5) were negative at MEUR 7.6 in the second quarter of 2018, compared to negative at MEUR 5.4 in the same period in 2017. The main drivers were the unrealized currency loss of MEUR 5.3 in Q2 2018 compared to MEUR 1.2 in Q2 2017.

PROFIT BEFORE TAX / NET PROFIT

Profit before tax amounted to MEUR 7.3 in the second quarter of 2018, an improvement of MEUR 0.1 compared to the same quarter in 2017. The positive change in EBIT was partially offset by the negative change in net financial items but was strengthened by overall better tax efficiency and reduced tax rate in the US.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION - CASH FLOW

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Cash flow from operating activities	44.0	22.2	39.9	28.6	38.3
Cash flow from investing activities	(18.3)	(11.2)	(26.4)	(19.2)	(49.3)
Cash flow from financing activities	(13.2)	(9.7)	0.5	(10.3)	18.2
Currency effects on cash	0.4	(1.1)	(0.2)	(1.4)	(2.3)
Change in cash	12.9	0.1	13.8	(2.3)	4.9
Cash at beginning period	40.4	32.2	39.5	34.6	34.6
Cash at period end	53.3	32.3	53.3	32.3	39.5
<i>Of this, restricted cash</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>	<i>0.4</i>	<i>1.6</i>

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by MEUR 21.8 in comparison with the same quarter last year. The increase was primarily driven by initiatives to decrease the net working capital and increase of factoring activities.

Restructuring had a negative cash effect of MEUR 6.7 in the quarter.

CASH FLOW FROM INVESTING ACTIVITIES

Cash outflow from investing activities amounted to MEUR -18.3 in the second quarter of 2018, MEUR 7.1 more than the same quarter last year. Investments were made in capacity expansions to accommodate current and future manufacturing requirements, as well as some maintenance investments.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was MEUR -13.2 in the second quarter, compared to MEUR -9.7 in the same quarter last year.

Net repayment of debt amounted to MEUR 10.3 in the second quarter, compared to MEUR 6.3 in the same period last year.

Interest payments in the second quarter were in line with increased borrowing and lower interest rates following the end of the waiver period. Interests paid amounted to MEUR 2.6, an increase of MEUR 0.2 compared to MEUR 2.4 during the same period last year.

No treasury shares have been purchased or sold during the second quarter of 2018.

CHANGE IN CASH

Cash increased by MEUR 12.9 during the second quarter, resulting in a cash position of MEUR 53.3 at the end of the quarter.

LIQUIDITY RESERVE

The liquidity reserve was MEUR 115.4 at the end of the second quarter, compared to MEUR 105.4 at year-end 2017. The negative currency effects on undrawn cash facilities amounted to MEUR 1.2. See note 4.4 for more information.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION - FINANCIAL POSITION

(MEUR)	30.06.18	30.06.17	31.12.2017
Non-current assets	365.8	361.6	358.9
Cash and cash equivalents	53.3	32.3	39.5
Other current assets	379.0	308.5	323.6
Total assets	798.2	702.4	721.9
Equity	241.0	206.7	190.7
Interest bearing debt	269.1	225.8	257.8
Other liabilities	288.1	269.9	273.5
Total equity and liabilities	798.2	702.4	721.9
NIBD	215.8	193.6	218.4
Equity ratio	30.2%	29.4%	26.4%

ASSETS

Total assets were MEUR 798.2 at the end of the second quarter, an increase of MEUR 76.2 from year-end 2017.

This was partially due to the increase of other current assets at MEUR 40.3 in connection with the private placement of 40.676.812 new shares, subscribed in June, registered and paid in July 2018.

Furthermore, the increase of the cash position, net capital expenditures, and trade receivables also contributed to the increase of total assets.

EQUITY

Q2 2018 quarter-end equity increased by MEUR 50.3 to MEUR 241.0 in comparison with December 31, 2017. The main drivers were the increase of the paid-in capital by MEUR 40.3 net of fees as well as the net profit for the period of MEUR 13.9. This was partially offset by negative translation differences after tax of MEUR 4.7.

The equity ratio increased by 3.8 percentage points to 30.2%.

INTEREST BEARING DEBT

Long-term interest bearing debt amounted to MEUR 269.1 at the end of the second quarter, an increase of MEUR 11.3 compared to year-end 2017. The increase in net borrowing by MUS\$ 7.5 was partially offset by positive currency translation effects. The first adoption of IFRS 9 impacted the long-interest bearing debt by MEUR +1.9 (see Note 1).

NET INTEREST BEARING DEBT

At the end of the second quarter 2018, net interest bearing debt amounted to MEUR 215.8, a decrease of MEUR 2.5 compared to year-end 2017.

INTERIOR

SEGMENT REPORTING

Interior Systems is a global leader in the development, design and manufacture of seat comfort systems and mechanical and electro-mechanical light-duty motion controls to Tier 1 and OEM customers. The product range includes seat adjuster cables and other cabling systems, lumbar support and side bolsters, seat heating, ventilation and massage systems and head restraints.

Interior Systems addresses the passenger car market, with

particularly strong positions on premium car platforms in Europe and North America. The product penetration for products such as seat heating, seat ventilation and massage systems are especially high in medium to higher end cars, while headrests and light duty cables are found in all ranges of cars. Customers include all major European and North American car and seat manufacturers and most premium OEMs such as Adient, Magna, Faurecia, Lear, Jaguar, Land Rover, Audi, Volvo Cars, Daimler and BMW.

KEY FIGURES

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	71.9	63.3	142.1	139.1	263.9
Adjusted EBITDA	5.3	4.3	11.0	13.3	20.4
<i>in % Revenues</i>	7.4 %	6.8 %	7.8 %	9.6 %	7.7 %
Adjusted EBIT	4.2	1.8	5.8	8.3	10.1
<i>in % Revenues</i>	5.9 %	2.9 %	4.1 %	6.0 %	3.8 %
Restructuring	(1.1)	0.2	(2.2)	(0.4)	(1.5)
EBIT	3.1	2.0	3.6	7.9	8.6
<i>in % Revenues</i>	4.4 %	3.2 %	2.6 %	5.7 %	3.2 %
Investments	(7.8)	(4.5)	(11.0)	(8.6)	(22.7)
Capital Employed *	160.6	147.6	160.6	147.6	161.3

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Interior Systems increased by MEUR 8.6 (+13.6%) to MEUR 71.9 in the second quarter 2018 compared to the same quarter in 2017, despite negative currency effects of MEUR 2.5. The growth was mainly driven by the European and Chinese Comfort business and customer developments but was partially offset by lower sales in the North American Light Duty Cable and Comfort business.

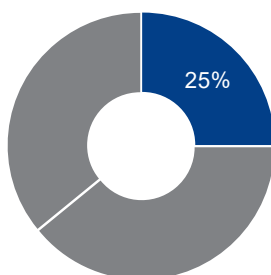
Adjusted EBIT was MEUR 4.2 in the second quarter, an increase of MEUR 2.4 compared to the second quarter 2017.

The positive evolution in EBIT was related to volume increase but was partially offset by increased electronic components costs, as well as ongoing industrialization costs and operational optimization projects,

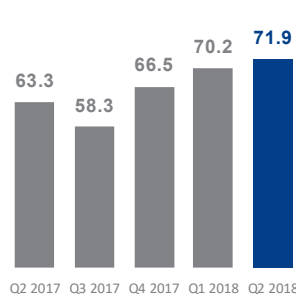
COMMERCIAL & OPERATIONAL UPDATE

The business wins for the second quarter amounted to MEUR 9.4 in annual sales for the Interior Systems segment. The decrease in business wins in comparison to the second quarter 2017 reflect a reduced sourcing activity of OEM customers in the market.

Group revenue share
Q2 2018

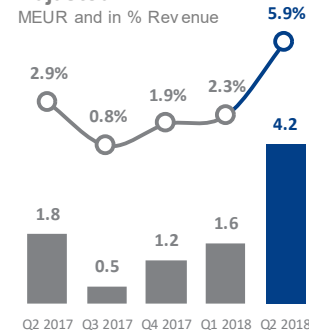


Revenues
MEUR



Adjusted EBIT

MEUR and in % Revenue



POWERTRAIN & CHASSIS PRODUCTS

SEGMENT REPORTING

Powertrain & Chassis Products is a global Tier 1 supplier of driver control and driveline products into the passenger and commercial vehicle automotive markets. The portfolio includes custom-engineered cable controls and complete shift systems, clutch actuation systems, vehicle dynamics, shift cables and shift towers for transmissions.

Powertrain & Chassis Products serves the passenger car and the commercial vehicle market, with particularly strong positions in Europe and the Americas. With a global footprint, Powertrain & Chassis is able to support customers worldwide. Key customers include Ford, General Motors, FCA, Volvo, Scania, DAF, John Deere, PSA and Renault-Nissan.

KEY FIGURES

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	112.4	104.5	221.0	206.8	407.4
Adjusted EBITDA <i>in % Revenues</i>	6.6 5.9 %	4.3 4.1 %	12.8 5.8 %	7.4 3.6 %	18.4 4.5 %
Adjusted EBIT <i>in % Revenues</i>	2.8 2.5 %	0.1 0.1 %	5.3 2.4 %	(1.1) -0.6 %	1.5 0.4 %
Restructuring	(1.7)	(0.5)	(3.9)	(5.0)	(13.1)
EBIT <i>in % Revenues</i>	1.1 1.0 %	(0.3) -0.3 %	1.3 0.6 %	(6.2) -3.0 %	(11.5) -2.8 %
Investments	(5.8)	(5.2)	(10.5)	(10.1)	(19.1)
Capital Employed *	159.5	153.9	159.5	153.9	154.2

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Powertrain & Chassis increased by MEUR 7.9 (+7.6%) to MEUR 112.4 in the second quarter 2018 compared to the same quarter in 2017, despite a negative currency effect of MEUR 4.8. The commercial vehicle business in North America due to new customers and strengthened by the launch of the MTM business.

Adjusted EBIT was MEUR 2.8 in the second quarter, an increase of MEUR 2.7 compared to the second quarter 2017. The second quarter adjusted EBIT margin increased by 2.4 percentage points to 2.5%. The main drivers for the increase

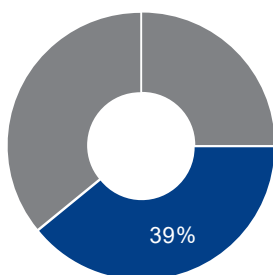
were higher sales volumes, decreased R&D costs, as well as continuing benefits from completed restructuring activities.

COMMERCIAL & OPERATIONAL UPDATE

Business win amounted to MEUR 50.3 in the second quarter 2018, following an already strong first quarter. This figure shows the continuous interest of our customers in our products especially in the SBW line.

Operational efficiency improvement measures, product introduction preparation and continuing ramp up of new manufacturing lines remain under strong focus.

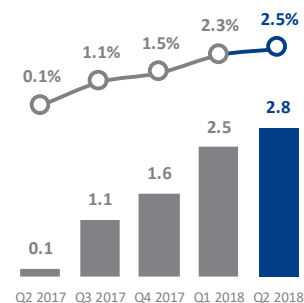
Group revenue share
Q2 2018



Revenues
MEUR



Adjusted EBIT
MEUR and in % Revenue



SPECIALTY PRODUCTS

SEGMENT REPORTING

The Specialty Products segment designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, couplings systems for compressed-air circuits in heavy-duty vehicles, operator control systems for power sports construction, agriculture, outdoor power equipment, power electronics and MRF

technology based products.

Key customers include Volvo Trucks/Group, Scania, Navistar, Paccar/DAF, Ford, Jaguar Land Rover, Club Car, John Deere, CAT, Husqvarna, CNH and BRP and several Tier 1 customers in addition to an industrial customer base.

KEY FIGURES

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	103.1	99.6	212.5	202.5	385.3
Adjusted EBITDA	19.2	18.3	41.3	36.8	65.5
<i>in % Revenues</i>	18.6 %	18.4 %	19.4 %	18.2 %	17.0 %
Adjusted EBIT	17.1	14.6	37.0	29.4	51.1
<i>in % Revenues</i>	16.6 %	14.6 %	17.4 %	14.5 %	13.3 %
Restructuring	(1.9)	(0.6)	(2.9)	(2.8)	(8.7)
EBIT	15.2	13.9	34.1	26.7	42.4
<i>in % Revenues</i>	14.8 %	14.0 %	16.1 %	13.2 %	11.0 %
Investments	(5.9)	(1.9)	(8.1)	(2.7)	(8.3)
Capital Employed *	174.0	177.8	174.0	177.8	171.5

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Specialty Products increased by MEUR 3.5 (+3.5%) to MEUR 103.1 in the second quarter 2018 compared to the same quarter in 2017, despite a negative currency effect of MEUR 4.2. The revenue increase was mainly driven by growth in Couplings sales, especially in the European and Chinese markets. In addition, Off-highway contributed to the increase while FTS revenues presented a slight decrease

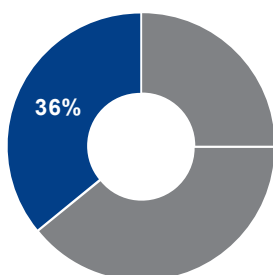
Adjusted EBIT was MEUR 17.1 in the second quarter, an increase of MEUR 2.5 compared to the same quarter 2017. The second quarter adjusted EBIT margin increased by 2.0 percentage points to 16.6%. This was driven by higher sales volumes, improving traction from restructuring actions as well as favorable product mix. The increase was partially offset by increased material costs and freight costs.

COMMERCIAL & OPERATIONAL UPDATE

During the second quarter 2018, total business wins amounted to MEUR 61.7 in annual sales. One of the major awarded business was achieved by Off-highway (estimated annual value of MEUR 40.1). Further sales opportunities and quoting activities remain robust.

The closure of Easley (USA) and Burton (UK) plants were completed in Q2 2018. Further ramp-up and transition activities in the transfer target plants in Mexico and Poland are being performed in order to achieve the productivity improvement target and realign the mutated supply chain relationships.

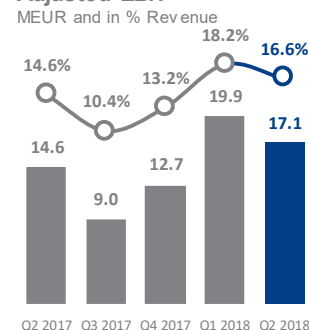
Group revenue share
Q2 2018



Revenues
MEUR



Adjusted EBIT



CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenues	287.5	268.1	575.8	548.5	1056.6
OPEX	(265.2)	(244.9)	(528.5)	(506.1)	(987.4)
EBITDA	22.3	23.2	47.3	42.3	69.2
<i>in % Revenues</i>	7.8 %	8.7 %	8.2 %	7.7 %	6.5 %
Depreciation, amortization and impairment	(7.3)	(10.5)	(17.6)	(21.7)	(45.4)
EBIT	15.0	12.7	29.7	20.7	23.8
<i>in % Revenues</i>	5.2 %	4.7 %	5.2 %	3.8 %	2.3 %
Adjusted EBIT *	20.8	13.9	40.9	29.1	49.8
<i>in % Revenues</i>	7.2 %	5.2 %	7.1 %	5.3 %	4.7 %
Net financial items	(7.6)	(5.4)	(6.6)	(8.1)	(17.4)
Profit / (Loss) before taxes	7.3	7.3	23.1	12.6	6.4
Income taxes	(3.1)	(4.4)	(9.2)	(9.5)	(14.4)
Net Profit / (Loss)	4.2	2.9	13.9	3.1	(8.0)
<i>Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on foreign operations	(8.2)	(13.7)	(16.9)	(10.5)	(3.8)
Tax on translation differences	(2.0)	1.4	0.3	1.7	2.8
<i>Other comprehensive income (Items that will not be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on non-foreign operations	10.5	5.4	11.8	4.5	(6.4)
Remeasurement of the net PBO	0.0	0.0	0.0	0.0	(0.1)
Tax on net PBO remeasurement	0.0	0.0	0.0	0.0	0.0
Other comprehensive income	0.3	(6.9)	(4.7)	(4.3)	(7.5)
Total comprehensive income	4.5	(4.0)	9.2	(1.1)	(15.4)
Net profit attributable to:					
Equity holders (parent comp)	4.2	2.8	13.9	3.1	(8.0)
Non-controlling interests	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total	4.2	2.8	13.9	3.0	(8.0)
Total comprehensive income attributable to:					
Equity holders (parent comp)	4.5	(4.1)	9.2	(1.2)	(15.5)
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Total	4.5	(4.0)	9.2	(1.1)	(15.4)
Earnings per share:					
Basic earnings per share, EUR	0.01	0.01	0.03	0.01	(0.02)
Diluted earnings per share, EUR	0.01	0.01	0.03	0.01	(0.02)

* Adjusted for restructuring costs, see section APM for the reconciliation.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

(MEUR)	30.06.18	30.06.17	31.12.2017
Deferred tax assets	20.7	28.7	23.7
Intangible assets	162.0	169.8	162.0
Property, plant and equipment	176.6	162.1	169.7
Other non-current assets	6.5	1.0	3.5
Non-current assets	365.8	361.6	358.9
Inventories	104.2	88.7	104.7
Accounts receivable	191.5	177.5	180.0
Other short term receivables	83.3	42.3	38.9
Financial instruments	0.0	0.0	0.0
Cash and cash equivalents	53.3	32.3	39.5
Current assets	432.3	340.8	363.1
Total assets	798.2	702.4	721.9
Share capital	21.4	21.2	20.7
Share premium reserve	177.3	175.2	171.4
Other equity	38.7	6.7	(4.9)
Non-controlling interests	3.7	3.6	3.6
Total equity	241.0	206.7	190.7
Interest bearing loans and borrowings	269.1	225.8	257.8
Deferred tax liabilities	17.5	24.9	19.5
Other long term liabilities	19.3	20.6	19.5
Non-current liabilities	305.8	271.4	296.8
Bank overdraft	0.0	(0.0)	(0.0)
Other short term liabilities, interest bearing	0.1	0.1	0.1
Accounts payable	142.0	120.4	130.6
Other short term liabilities	109.2	103.9	103.7
Current liabilities	251.4	224.3	234.5
Total liabilities	557.2	495.7	531.2
Total equity and liabilities	798.2	702.4	721.9

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CHANGE IN EQUITY

<i>(MEUR)</i>	30.06.18	30.06.17	31.12.2017
Equity as of start of period	190.7	208.6	208.6
Net profit for the period	13.9	3.1	(8.0)
Translation differences	(5.0)	(6.0)	(10.2)
Tax on translation differences	0.3	1.7	2.8
Remeasurement of the net pension benefit obligation	0.0	0.0	(0.1)
Tax on remeasurement of the net pension benefit obligation	0.0	0.0	0.0
Total comprehensive income	9.2	(1.1)	(15.4)
Options contracts (employees)	0.1	0.3	0.1
Treasury shares	0.0	(1.0)	(2.5)
Other changes in non-controlling interests	0.0	(0.0)	0.0
Non registered capital increase	40.3	0.0	0.0
IFRS 15 and IFRS 9 first adoption*	0.7	0.0	0.0
Other changes in equity	(0.0)	(0.1)	0.0
Equity as of end of period	241.0	206.7	190.7

* Adjustments of the opening balance due to first time adoption of IFRS 15 (MEUR +2.5) and IFRS 9 (MEUR -1.8), see Note 1 - Disclosure

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CASH FLOW

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
<i>Operating activities</i>					
Profit/(Loss) before taxes	7.3	7.3	23.1	12.6	6.4
Depreciation/impairment	6.2	7.1	15.2	14.4	30.9
Amortization/impairment	1.2	3.4	2.4	7.2	14.5
Interest income	(0.1)	(0.0)	(0.2)	(0.0)	(0.2)
Interest expenses*	2.7	2.4	5.5	4.8	10.1
Taxes paid	(1.5)	(2.2)	(2.7)	(3.8)	(13.0)
(Gain) / loss on sale of non-current	0.3	(0.6)	(1.0)	(1.1)	(1.0)
Changes in receivables	13.7	9.5	(11.4)	(22.4)	(20.5)
Changes in inventory	2.5	(1.0)	0.4	(11.9)	(26.1)
Changes in payables	8.2	(6.4)	11.4	9.4	19.7
Currency (gain)/ loss	5.0	2.3	1.4	1.9	5.4
Changes in value fin. derivatives	0.0	0.4	0.0	0.6	0.7
Changes in other items	(1.7)	0.0	(4.1)	16.9	11.5
Cash flow from operating activities	44.0	22.2	39.9	28.6	38.3
<i>Investing activities</i>					
Investments	(19.5)	(11.9)	(30.3)	(22.3)	(52.7)
Sale of fixed assets/business	1.0	0.7	3.6	2.9	3.0
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0
Interest received	0.1	0.0	0.2	0.0	0.2
Proceeds from sale of subsidiaries	(0.0)	0.0	0.2	0.2	0.2
Cash flow from investing activities	(18.3)	(11.2)	(26.4)	(19.2)	(49.3)
<i>Financing activities</i>					
Sale/purchase of treasury shares	0.0	(1.0)	0.0	(1.0)	(2.5)
Net repayment / drawing down of de	(10.3)	(6.3)	6.0	(4.6)	30.6
Interest paid	(2.7)	(2.4)	(5.5)	(4.7)	(9.9)
Dividends paid	0.0	0.0	0.0	0.0	0.0
Other financial charges	0.0	(0.0)	0.0	(0.0)	(0.0)
Cash flow from financing activities	(13.2)	(9.7)	0.5	(10.3)	18.2
Currency effects on cash	0.4	(1.1)	(0.2)	(1.4)	(2.3)
Change in cash	12.9	0.1	13.8	(2.3)	4.9
Cash at beginning period	40.4	32.2	39.5	34.6	34.6
Cash at period end	53.3	32.3	53.3	32.3	39.5
<i>Of this, restricted cash</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>	<i>0.4</i>	<i>1.6</i>

* Includes Other financial items - See Note 5

ALTERNATIVE PERFORMANCE MEASURES (APM)

This section describes the non-GAAP financial measures that are used in this report and in the quarterly presentation.

The following measures are not defined nor specified in the applicable financial reporting framework of the IFRS GAAP. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS GAAP.

- EBIT/Adjusted EBIT
- EBITDA/Adjusted EBITDA
- Restructuring per segment
- Free Cash Flow
- NIBD
- Capital Employed
- ROCE
- Gearing Ratio/Adjusted Gearing Ratio

EBIT/Adjusted EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects from how the operations were financed, taxed and excluding foreign exchange gains & losses. Adjusted EBIT is defined as EBIT excluding restructuring items, which are defined as any incurred costs or sales reduction of an unusual or non-recurring nature in connection with the contemplated restructuring of the activities of the Group.

EBIT is used as a measure of operational profitability. In order to abstract from restructuring one timers, the Group also lists the adjusted EBIT, the EBIT excluding restructuring items.

Adjusted EBIT reconciliation

<i>(MEUR)</i>	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
EBIT (1)	15.0	12.7	29.7	20.7	23.8
Restructuring items (2)	5.9	1.2	11.2	8.4	26.0
Adjusted EBIT, (1) + (2)	20.8	13.9	40.9	29.1	49.8

EBITDA/Adjusted EBITDA

Earnings before interest expenses and interest income, tax, depreciation, amortization and excluding foreign exchange gains and losses. EBITDA adjusted is defined as EBITDA excluding restructuring items.

EBITDA is used as an additional measure of the Group's operational profitability, excluding the impact from depreciations and amortizations.

Adjusted EBITDA reconciliation

<i>(MEUR)</i>	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
EBITDA (1)	22.3	23.2	47.3	42.3	69.2
Restructuring items (2)*	5.8	1.2	11.2	8.1	23.2
Adjusted EBITDA, (1) + (2)	28.1	24.4	58.5	50.4	92.4

* Excluding impairment, depreciation and amortization.

Restructuring items per segment

<i>(MEUR)</i>	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Interior	1.1	(0.2)	2.2	0.4	1.5
Powertrain & Chassis Products	1.7	0.5	3.9	5.0	13.1
Specialty Products	1.9	0.6	2.9	2.8	8.7
Others	1.2	0.3	2.2	0.3	2.7
Group total	5.9	1.2	11.2	8.4	26.0

The restructuring items in Q2 2018 mainly relate to the transfer of activities from the closed facilities of Easley and Burton to the new sites as well as ongoing restructuring activities.

ALTERNATIVE PERFORMANCE MEASURES (APM)

Free Cash Flow

Free cash flow is measured based on cash flow from operations, investments and financing excluding debt repayments.

Free Cash Flow is used in order to measure the Group's ability to generate cash. It allows the Group to view how much cash it generates from its operations after subtracting the cash flow from investing and financing activities excluding debt repayments. The Group considers that this measurement illustrates the amount of cash the Group has at its disposal to pursue additional investments or to repay debt.

(MEUR)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Cash flow from operating activities	44.0	22.2	39.9	28.6	38.3
Cash flow from investing activities	(18.3)	(11.2)	(26.4)	(19.2)	(49.3)
Cash flow from financing activities	(13.2)	(9.7)	0.5	(10.3)	18.2
Net repayment / drawing down of debt	10.3	6.3	(6.0)	4.6	(30.6)
Free Cash Flow	22.9	7.6	8.1	3.7	(23.4)

NIBD

Net interesting bearing debt (NIBD), consists of interest-bearing liabilities less cash and cash equivalents.

The Group risk of default and financial strength is measured by the net interesting bearing debt. It shows the Group's financial position and leverage. As cash and cash equivalents can be used to repay debt, this measurement shows the net overall financial position of the Group.

(MEUR)	30.06.18	30.06.17	31.12.2017
Interest bearing loans and borrowings	269.1	225.8	257.8
Other short term liabilities, interest bearing	0.1	0.1	0.1
Bank overdraft	0.0	(0.0)	(0.0)
Cash and cash equivalents	(53.3)	(32.3)	(39.5)
Net Interesting Bearing Debt	215.8	193.6	218.4

Capital Employed

Capital Employed (CE) is equal to operating assets less operating liabilities. Operating assets and liabilities are items, which are involved in the process of producing and selling goods and services. Financial assets and obligations are excluded, as these assets are involved in raising cash for operations and disbursing excess cash from operations.

Capital employed is measured in order to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently or/and if operations should be discontinued.

(MEUR)	30.06.18	30.06.17	31.12.2017
Total assets	798.2	702.4	721.9
Deferred tax liabilities	(17.5)	(24.9)	(19.5)
Other long term liabilities	(19.3)	(20.6)	(19.5)
Current liabilities incl. other short-term interest bearing liabilities	(251.4)	(224.3)	(234.5)
Capital Employed	510.0	432.5	448.5

ALTERNATIVE PERFORMANCE MEASURES (APM)

ROCE (Last twelve Months)

Return on Capital Employed (ROCE) is based on EBIT for the last twelve months divided by the average of capital employed at beginning period and period end.

Return on Capital Employed is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The Group considers this ratio as appropriate to measure the return of the period.

(MEUR)		Q2 2018		Q2 2017	FY 2017
Capital Employed at beginning (1)	30.06 2017	432.5	30.06 2016	454.9	447.0
Capital Employed at end (2)	30.06 2018	510.0	30.06 2017	432.5	448.5
Adjusted EBIT last twelve months (3)		61.6		33.5	49.8
ROCE, (3) / ((1) + (2)) * 2		13.1%		7.5%	11.1%

Gearing ratio / Adjusted Gearing Ratio

Gearing ratio is calculated as the net interest bearing debt divided by the last twelve months EBITDA, adjusted for restructuring items.

Gearing ratio is a covenant from the Group's lenders, which sets the interest margin on the Group's debt. It is based on the EBITDA of the continuing business only and sets a limit for restructuring items (MEUR 21.0 for 2017 full year and MEUR 22.8 for 2018 full year)

Adjusted Gearing ratio - according to bank covenants on restructuring items limit and excluding discontinued business

(MEUR)	Q2 2018	Q2 2017	FY 2017
EBITDA last twelve months *	75.5	60.1	72.3
Restructuring items last 12 months **	22.8	14.0	21.0
EBITDA last 12 months adjusted for restructuring costs (1)	98.3	74.2	93.3
NIBD (2) ***	214.0	193.6	218.4
Adjusted Gearing Ratio (2)/(1)	2.18	2.61	2.34

* Excluding impact of the IFRS 15 adoption (MEUR -0.3), see Note 1

** Excluding impairment, depreciation and amortization.

*** Excluding adjustments of the opening balance due to first time adoption of IFRS 9 (MEUR +2.4) and interests costs decrease for Q1 2018 (MEUR -0.5), see Note 1

The Group also considers this ratio as an appropriate measurement of the Group financial gearing and financial position but including all business and restructuring items without limit.

Adjusted Gearing ratio - including all restructuring items of the last twelve months and discontinued business

(MEUR)	Q2 2018	Q2 2017	FY 2017
EBITDA last twelve months	74.1	60.6	69.2
Restructuring items last 12 months *	26.2	17.7	23.2
EBITDA last 12 months adjusted for restructuring costs (1)	100.4	78.3	92.4
NIBD (2)	215.8	193.6	218.4
Adjusted Gearing Ratio (2)/(1)	2.15	2.47	2.36

* Excluding impairment, depreciation and amortization.

Please refer to the annual report for further information on covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 – DISCLOSURES

GENERAL INFORMATION

Kongsberg Automotive ASA and its subsidiaries develop, manufacture and sell products to the automotive industry globally. Kongsberg Automotive ASA is a limited liability company, which is listed on the Oslo Stock Exchange. The consolidated interim financial statements are not audited.

BASIS OF PREPARATION

This condensed consolidated interim financial information, ended June 30, 2018, and has been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year-ended December 31, 2017, which have been prepared in accordance with IFRS.

ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year-ended December 31, 2017, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

IFRS 9 FINANCIAL INSTRUMENTS

The Group adopted IFRS 9 with effect from 1 January 2018 without restating comparative information. Reference is also made to the description in note 5 of the 2017 Annual Report.

Impact on assets, liabilities and retained earnings as of 1 January 2018 are in MEUR:

Assets	
Deferred tax asset	0.5
Total assets	0.5
Liabilities	
Interest-bearing debt (non-current)	2.3
Total liabilities	2.3
Net impact on equity (ret. earnings)	-1.8

The net effect on retained earnings is related to loss on a modification of the terms of the group's long term financing, and will reverse through profit and loss over a 2.25 year period from the beginning of 2017 as a reduction to interest expenses.

The Group uses factoring arrangements to sell certain portfolios of the trade receivables ahead of their due date. These receivables have been determined to be held within a business model where the objective is to collect contractual cash flows and selling the financial asset. The Group has elected to classify this portfolio of factoring receivables at fair value through profit and loss (FVTPL) in accordance with IFRS 9.4.1.4.

RISK

Kongsberg Automotive continuously monitors its risk factors. Our activities are exposed to different types of risk.

The single most important risk that Kongsberg Automotive is exposed to is the development of demand in the end markets for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, interest rates, raw material prices, and credit risks. As we operate in many countries, we are vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with EUR and USD exchange rate. The greatest raw material exposures are for copper, zinc, aluminum and steel. As most of our revenues are earned from automotive OEMs and automotive tier-1 and -2 customers, the financial health of these automotive companies is critical to our credit risk.

SEASONALITY

The Group quarterly results are to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the third quarter and December each year having lower sales. Also, year-over-year seasonality differences may occur as a result of varying number of working days in each quarter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 1 – DISCLOSURES

IFRS 15 REVENUE & CONTRACTS WITH CUSTOMERS

The Group adopted IFRS 15 with effect from 1 January 2018 using the modified retrospective method. This means that the Group applies IFRS 15 to only the most current period presented in these interim financial statements, and recognize the cumulative effect of the initial application as an adjustment to the opening balance of retained earnings at 1 January 2018. Reference is also made to the description in note 5 of the 2017 Annual Report.

Impact on assets, liabilities and retained earnings as of 1 January 2018 are in MEUR:

Assets	
Contract assets (non-current)	2.3
Contract assets (current)	1.0
Total assets	3.3
Liabilities	
Contract liabilities (non-current)	0.0
Contract liabilities (current)	0.3
Deferred tax liabilities	0.5
Total liabilities	0.8
Net impact on equity (ret. earnings)	2.5

The net effect on retained earnings have been reduced compared to the note disclosure in the 2017 Annual Report following further analysis.

The net effect on retained earnings is mainly related to payment for engineering services and tooling equipment that is included as a specific addition to the piece price over a certain specific future sales volume and where delivery to the customer has been determined to have occurred in prior periods.

Quantitative revenue disclosures are presented in the segment section.

Reconciliation of IFRS 15 adoption per main items as of June 30th, 2018

(MEUR)	As reported	Adjustments	Without IFRS 15 adoption
Statement of Financial position			
Total non-current assets	365.8	(2.9)	362.9
Total current assets	432.3	(0.9)	431.4
Total assets	798.2	(3.8)	794.4
Total non-current liabilities	305.8	(0.6)	305.2
Total current liabilities	251.4	(0.4)	251.0
Total liabilities	557.2	(1.0)	556.2
Total equity	241.0	(2.8)	238.2
Statement of comprehensive income - YTD			
Operating revenues	575.8	0.3	576.1
Profit / (Loss) before taxes	23.1	0.3	23.4
Income taxes	(9.2)	(0.1)	(9.3)
Net Profit / (Loss)	13.9	0.2	14.1
Total comprehensive income	9.2	0.2	9.4
Statement of cash-flows - YTD			
Profit / (Loss) before taxes	23.1	0.2	23.3
Cashflow from operating activities	39.9	(0.2)	39.7
Cashflow from investing activities	(26.4)	0.0	(26.4)
Cashflow from financing activities	0.5	0.0	0.5
Currency effects on cash	(0.2)	0.0	(0.2)
Net change in cash	13.8	0.0	13.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2018)

Q2 2018 (MEUR)	Interior	Powertrain & Chassis	Speciality Products	Others *	Total Group
Revenues **	71.9	112.4	103.1	0.1	287.5
Adjusted EBITDA	5.3	6.6	19.2	(3.1)	28.1
Depreciation ***	(0.9)	(3.2)	(1.8)	(0.2)	(6.1)
Amortization ***	(0.2)	(0.6)	(0.3)	(0.1)	(1.2)
Adjusted EBIT	4.2	2.8	17.1	(3.4)	20.8
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	71.9	112.4	103.1	0.1	287.5
<i>Assets and liabilities</i>					
Goodwill	56.0	23.0	67.0	0.0	146.0
Other intangible assets	1.0	12.0	1.9	1.1	16.0
Property, plant and equipment	64.1	64.5	46.1	1.9	176.6
Inventories	19.5	38.4	48.1	(1.8)	104.2
Trade receivables	53.6	75.2	62.6	0.1	191.5
Segment assets	194.1	213.0	225.7	1.4	634.2
Unallocated assets				163.9	163.9
Total assets	194.1	213.0	225.7	165.3	798.2
Trade payables	33.0	57.5	64.2	(12.7)	142.0
Unallocated liabilities				415.2	415.2
Total liabilities	33.0	57.5	64.2	402.5	557.2
Capital expenditure	(7.9)	(3.5)	(5.7)	(0.1)	(17.2)

* The column others includes corporate cost, transactions and balance sheet items related to tax, pension and financing. See next section for specification of unallocated assets and liabilities.

** For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The EBIT is thus excluding IC profit.

*** Excluding restructuring costs already excluded in Adjusted EBITDA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2017)

Q2 2017 (MEUR)	Interior	Powertrain & Chassis	Speciality Products	Others *	Total Group
Revenues **	63.3	104.5	99.6	0.6	268.1
Adjusted EBITDA	4.3	4.3	18.3	(2.4)	24.4
Depreciation ***	(2.0)	(3.0)	(1.9)	(0.1)	(7.1)
Amortization ***	(0.4)	(1.1)	(1.8)	(0.1)	(3.4)
Adjusted EBIT	1.8	0.1	14.6	(2.6)	13.9
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	63.3	104.5	99.6	0.6	268.1
<i>Assets and liabilities</i>					
Goodwill	57.9	22.9	68.8	0.0	149.7
Other intangible assets	2.4	10.1	6.2	1.5	20.2
Property, plant and equipment	51.2	65.6	44.0	1.3	162.1
Inventories	14.1	36.8	39.1	(1.4)	88.7
Trade receivables	52.4	64.2	60.9	(0.0)	177.5
Segment assets	178.1	199.5	219.1	1.4	598.1
Unallocated assets				104.3	104.3
Total assets	178.1	199.5	219.1	105.7	702.4
Trade payables	30.5	47.5	41.8	0.6	120.4
Unallocated liabilities				375.3	375.3
Total liabilities	30.5	47.5	41.8	375.9	495.7
Capital expenditure	(4.6)	(5.6)	(1.9)	1.5	(10.5)

* The column others includes corporate cost, transactions and balance sheet items related to tax, pension and financing. See next section for specification of unallocated assets and liabilities.

** For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The EBIT is thus excluding IC profit.

*** Excluding restructuring costs already excluded in Adjusted EBITDA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 3 - SALES AND NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

3.1 Sales to customers by geographical location

(MEUR)	2018		2017	
	YTD June	%	YTD June	%
Europe	303.5	53%	287.5	52%
Northern America	189.2	33%	187.4	34%
Southern America	13.4	2%	10.5	2%
Asia	69.4	12%	58.9	11%
Other	0.2	0%	4.2	1%
Total operating revenues	575.8		548.5	

3.2 Intangible assets and PP&E by geographical location

(MEUR)	2018		2017	
	YTD June	%	YTD June	%
Europe	191.4	57%	190.9	58%
Northern America	117.1	35%	118.0	36%
Southern America	1.7	0%	1.7	1%
Asia	28.4	8%	21.2	6%
Other	0.0	0%	0.0	0%
Total non-current assets	338.6		331.9	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 4 – INTEREST-BEARING LOANS AND BORROWINGS

4.1 Interest-bearing liabilities as presented in statement of financial position

<i>(MEUR)</i>	30.06 2018	30.06 2017	31.12.2017
Non current interest-bearing loans and borrowings	270.1	227.6	259.2
Capitalized arrangement fees*	(1.1)	(1.7)	(1.4)
Total interest-bearing liabilities	269.1	225.8	257.8

<i>(MEUR)</i>	30.06 2018	30.06 2017	31.12.2017
EUR	162.0	157.0	162.0
USD	105.1	69.2	95.9
Other currencies	1.2	1.3	1.3
Capitalized arrangement fee*	(1.1)	(1.7)	(1.4)
IFRS 9 - First time adoption**	1.9	0.0	0.0
Total interest-bearing liabilities	269.1	225.8	257.8

* The fee relates to borrowing costs, and amortized over the duration of the loan period.

** Adjustments of the opening balance due to first time adoption of IFRS 9 (MEUR +2.4) and corresponding interests costs decrease for H1 2018 (MEUR -0.5), Note 1

4.2 Specification of interest-bearing loans and borrowings (in local currencies)

<i>(in millions)</i>	Total amounts	Drawn amount	Interest rate (incl margin)
Tranche in currency EUR* (Maturity date: 01.03.20)	182.0	162.0	2.25%
Tranche in currency USD* (Maturity date: 01.03.20)	172.0	122.5	4.35%

* The EUR facility will be reduced by 10.8 MEUR and the USD facility by 11.5 MUSD from 01.03.2019 to 01.03.2020 as shown below.

The Group has a short-term bank overdraft facility of MEUR 20.0. Nothing was drawn against this overdraft facility as of 30.06.18.

4.3 Facility reduction schedule - Interest-bearing loans and borrowings (in local currencies)

<i>(in millions)</i>	EUR	USD
2018	0.0	0.0
2019	10.8	11.5
2020	171.2	160.5
Total	182.0	172.0

In Q1 2017, the Group exercised an option to extend the termination date of the revolving credit facility by one year, from 01.03.2019 to 01.03.2020. The available facility will be slightly reduced in the extension period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

NOTE 4 – INTEREST-BEARING LOANS AND BORROWINGS

4.4 The liquidity reserve of KA Group consists of cash equivalents in addition to undrawn credit facilities

<i>(MEUR)</i>	30.06 2018	30.06 2017	31.12.2017
Cash reserve	53.3	32.3	39.5
Restricted cash	(0.3)	(0.4)	(1.6)
Undrawn facility*	62.5	106.5	67.5
Liquidity reserve	115.4	138.3	105.4

*Including a short-term overdraft facility of MEUR 20.0 renewable each year; negative currency translation decreased undrawn facility by MEUR 1.2 vs. 31.12.2017

NOTE 5 – NET FINANCIAL ITEMS

<i>(MEUR)</i>	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Interest income	0.1	0.0	0.2	(0.0)	0.2
Interest expenses	(2.6)	(2.4)	(5.2)	(4.7)	(10.1)
Foreign currency gains (losses)*	(5.0)	(2.3)	(1.4)	(1.9)	(5.4)
Change in valuation currency contracts	0.0	(0.4)	0.0	(0.6)	(0.7)
Other financial items**	(0.1)	(0.4)	(0.2)	(0.9)	(1.5)
Net financial items	(7.6)	(5.4)	(6.6)	(8.1)	(17.4)

* Includes unrealized currency loss of MEUR 5.3 and realized currency gain of MEUR 0.3 in Q2 2018 (Q2 2017: unrealized loss MEUR 1.2 and realized losses MEUR 1.1)

** Other financial items include arrangement fees, interest component on pension liability, and other fees and charges.

NOTE 6 – SUBSEQUENT EVENTS

On June 27, 2018 Kongsberg Automotive ASA (the "Company") announced the successful completion of a private placement, raising MNOK 386.4 in gross proceeds (the "Private Placement"). On July 4, 2018 the share capital increase following from the Private Placement has been registered in the Norwegian Register of Business Enterprises. The Company's share capital has increased with NOK 20,338,406 by issuance of 40,676,812 new shares, each with a nominal value of NOK 0.50. The Company's new registered share capital is NOK 223,722,471.50 divided on 447,444,943 shares, each with a nominal value of NOK 0.50.

On July 12, 2018 Kongsberg Actuation Systems B.V., an indirect wholly owned subsidiary of Kongsberg Automotive ASA successfully placed MEUR 275.0 senior secured notes in the international capital market. The notes have a term of seven years (until 2025) and a yield of 5.0% p.a. The notes are governed by New York law (144A/Reg S) and are listed on The International Stock Exchange in the Channel Islands. The gross proceeds from the notes will be used for the refinancing of the existing MUS\$ 172.0 and MEUR 182.0 revolving credit facilities of Kongsberg Automotive ASA, for general corporate purposes and to pay fees and expenses in connection with offering and the entry into a new MEUR 50.0 revolving credit facility.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statement for the period 1 January to 30 June 2018 has been prepared in accordance with IAS34 – Interim Financial Reporting, and gives a true and fair view of Kongsberg Automotive Holding ASA and group companies' assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year 2018 and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Kongsberg 27th July 2018

Bruce E. Taylor

Chairman
(Sign.)

Gunilla Nordström

Board member
(Sign.)

Ellen M. Hanetho

Board member
(Sign.)

Thomas Falck

Board member
(Sign.)

Ernst Kellermann

Board member
(Sign.)

Kari Brænden Aaslund

Employee representative
(Sign.)

Bjørn Ivan Ødegård

Employee representative
(Sign.)

Jon-Ivar Jørnby

Employee representative
(Sign.)

Henning E. Jensen

President and CEO
(Sign.)

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS

Bruce E. Taylor	Chairman
Thomas Falck	Shareholder elected
Gunilla Nordstrom	Shareholder elected
Ellen M. Hanetho	Shareholder elected
Ernst Kellermann	Shareholder elected
Jon-Ivar Jørnby	Employee elected
Bjørn Ivan Ødegård	Employee elected
Kari Brænden Aaslund	Employee elected

EXECUTIVE COMMITTEE

Henning E. Jensen	President & CEO
Norbert Loers	Executive Vice President & CFO
Ralf Voss	Executive Vice President, Interior Systems
Bob Riedford	Executive Vice President, Powertrain & Chassis
Henning E. Jensen	Executive Vice President, Specialty Products (acting)
Lovisa Söderholm	Executive Vice President, Purchasing
Virginia Grando	Executive Vice President, Quality
Marcus von Pock	Executive Vice President, Human Resources & Communications
Jon Munthe	General Counsel

CORPORATE COMMUNICATIONS

Marcus von Pock	Communications	+41 43 508 94 93
Hallstein Kvam Oma	Investor relations	+41 43 508 89 63

FINANCIAL CALENDAR

Publication of the quarterly financial statements:		
	Interim reports	Presentation
2nd quarter 2018	27 July 2018	27 July 2018
3rd quarter 2018	7 November 2018	7 November 2018

Kongsberg Automotive ASA

Dyrmyrgata 48
3601 Kongsberg, Norway
Phone +47 32 77 05 00

www.kongsbergautomotive.com

Operational Headquarters

KA Group AG
Europaallee 39
8004 Zürich, Switzerland
Phone +41 43 508 65 60



Enhancing the driving experience

Kongsberg Automotive ASA, Dyrmyrgata 48, 3601 Kongsberg, Norway, Phone +47 32 77 05 00

www.kongsbergautomotive.com