

Second Quarter Report 2019



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HIGHLIGHTS SECOND QUARTER 2019

- > Revenues were **MEUR 294.3** in the second quarter, MEUR 6.8 (+2.4%) above the second quarter last year, including positive currency translation effects of MEUR 3.7.
- > Adjusted EBIT amounted to **MEUR 20.4** in the second quarter, MEUR (0.4) below the second quarter last year.
- > Lifetime revenues business wins in the second quarter amounted to **MEUR 462.8** (MEUR 110.1 in annualized revenue).
- > The adjusted gearing ratio (NIBD/adj. EBITDA) was 3.0 for the second quarter 2019, including 0.7 negative effect of IFRS 16 implementation.

KEY FIGURES

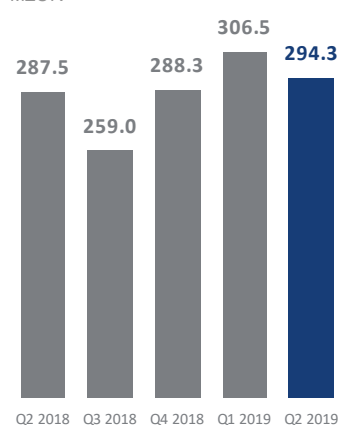
| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Revenues | 294.3 | 287.5 | 600.8 | 575.8 | 1,123.1 |
| EBITDA ¹ | 29.8 | 22.3 | 61.9 | 47.3 | 89.3 |
| <i>in % revenues</i> | <i>10.1%</i> | <i>7.8%</i> | <i>10.3%</i> | <i>8.2%</i> | <i>8.0%</i> |
| Adjusted EBIT² | 20.4 | 20.8 | 41.9 | 40.9 | 74.7 |
| <i>in % revenues</i> | <i>6.9%</i> | <i>7.2%</i> | <i>7.0%</i> | <i>7.1%</i> | <i>6.7%</i> |
| Operating profit / EBIT | 19.2 | 15.0 | 39.5 | 29.7 | 53.7 |
| <i>in % revenues</i> | <i>6.5%</i> | <i>5.2%</i> | <i>6.6%</i> | <i>5.2%</i> | <i>4.8%</i> |
| Net Profit / (Loss) | 4.9 | 4.2 | 18.7 | 13.9 | 23.8 |
| NIBD / Adjusted EBITDA (LTM) | 3.0 | 2.2 | 3.0 | 2.2 | 1.9 |
| <i>excluding IFRS 16³</i> | <i>2.3</i> | <i>2.2</i> | <i>2.3</i> | <i>2.2</i> | <i>1.9</i> |
| Equity ratio | 29.3% | 30.2% | 29.3% | 30.2% | 30.9% |
| <i>excluding IFRS 16³</i> | <i>32.9%</i> | <i>30.2%</i> | <i>32.9%</i> | <i>30.2%</i> | <i>30.9%</i> |

¹ Includes MEUR 3.8 positive impact of the implementation of IFRS 16 in Q2 2019 and MEUR 7.6 YTD 2019 (see Note 2)

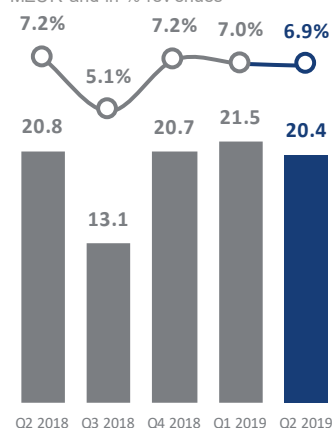
² Adjusted for restructuring costs (see section APM), includes MEUR 0.8 IFRS 16 positive impact in Q2 2019 and MEUR 1.7 YTD 2019 (see Note 2)

³ Excludes MEUR 102.2 additional interest-bearing liabilities resulting from the implementation of IFRS 16 (see Note 2)

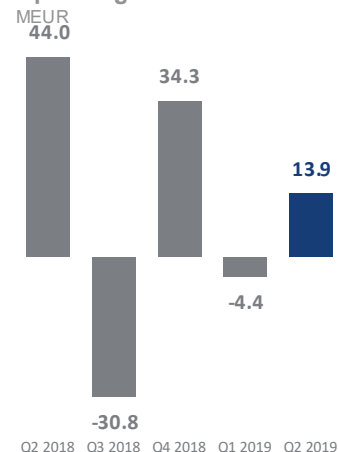
Revenues
MEUR



Adjusted EBIT
MEUR and in % revenues



Operating Cash Flow
MEUR



GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – PROFIT AND LOSS

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|---|--------------|--------------|--------------|--------------|----------------|
| Revenues | 294.3 | 287.5 | 600.8 | 575.8 | 1,123.1 |
| OPEX | (264.5) | (265.2) | (538.9) | (528.5) | (1,033.8) |
| EBITDA | 29.8 | 22.3 | 61.9 | 47.3 | 89.3 |
| <i>in % revenues</i> | <i>10.1%</i> | <i>7.8%</i> | <i>10.3%</i> | <i>8.2%</i> | <i>8.0%</i> |
| Depreciation, amortization and impairment | (10.6) | (7.3) | (22.4) | (17.6) | (35.6) |
| Operating profit / EBIT | 19.2 | 15.0 | 39.5 | 29.7 | 53.7 |
| <i>in % revenues</i> | <i>6.5%</i> | <i>5.2%</i> | <i>6.6%</i> | <i>5.2%</i> | <i>4.8%</i> |
| Adjusted EBIT¹ | 20.4 | 20.8 | 41.9 | 40.9 | 74.7 |
| <i>in % revenues</i> | <i>6.9%</i> | <i>7.2%</i> | <i>7.0%</i> | <i>7.1%</i> | <i>6.7%</i> |
| Net financial items | (5.8) | (7.6) | (7.0) | (6.6) | (15.2) |
| Profit / (loss) before taxes | 13.5 | 7.3 | 32.5 | 23.1 | 38.5 |
| Income taxes | (8.5) | (3.1) | (13.8) | (9.2) | (14.7) |
| Net profit / (loss) | 4.9 | 4.2 | 18.7 | 13.9 | 23.8 |

¹ See section APM for the reconciliation

REVENUES

Revenues for the Group amounted to MEUR 294.3 in the second quarter of 2019, and were MEUR 6.8 (+2.4%) above the same period last year, including positive currency translation effects of MEUR 3.7. This increase was driven by both Interior Comfort Systems and Powertrain & Chassis.

In the Interior segment, which serves the passenger car end markets, revenues increased by MEUR 3.5 (+4.9%) compared to the second quarter of 2018, including positive currency translation effects of MEUR 1.1. The revenue growth was driven by the Interior Comfort System business, which grew by 9.9% in comparison with Q2 2018, mainly due to new programs in North America. However, this increase was partially offset by a market-driven decline in the Light Duty Cable business across all regions.

In the Powertrain & Chassis segment, which serves the passenger car and commercial vehicle end markets, revenues increased by MEUR 3.3 (+2.9%) compared to the same quarter in 2018, including positive currency translation effects of MEUR 1.1. The growth was mainly driven by the sales to the Chinese OEMs despite the recent overall decline in the Chinese passenger car market.

In the Specialty Products segment, which serves the passenger car, commercial vehicle end markets and general industrial customers, revenues were at the same level as in the second quarter 2018, including positive currency translation effects of MEUR 1.5.

ADJUSTED EBIT / EBIT

Adjusted EBIT for the Group was MEUR 20.4 in the second quarter of 2019, a decrease of MEUR 0.4 compared to the second quarter of 2018. The effects of higher volumes and operational improvements were offset by increased Mexican labor cost, increased custom duties, in addition to unfavorable product and market mix.

Including restructuring cost of MEUR 1.2, operating profit in Q2 2019 amounted to MEUR 19.2, compared to MEUR 15.0 in Q2 2018.

First adoption of the new IFRS 16 standard had a positive impact of MEUR 0.8 on the Group operating profit in Q2 2019 (see Note 2).

NET FINANCIAL ITEMS

Net financial items came to an expense of MEUR 5.8 in the second quarter of 2019, compared to an expense of MEUR 7.6 in the same period in 2018 (see Note 7).

The main driver was higher refinancing-related interest expenses of MEUR 3.9 following the issuance of the bond in July 2018, compared to MEUR 2.6 during the same period last year. The adoption of the new IFRS 16 standard also resulted in MEUR 1.2 additional interest expenses (see Note 2).

PROFIT BEFORE TAX / NET PROFIT

Profit before tax amounted to MEUR 13.5 in the second quarter of 2019, an improvement of MEUR 6.1 compared to the same quarter in 2018. Net profit increased by MEUR 0.7 and amounted to MEUR 4.9 as per Q2 2019. Income tax expense was heavily impacted by prior year effects.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – CASH FLOW

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Cash flow - Operating activities | 13.9 | 44.0 | 9.6 | 39.9 | 43.2 |
| Cash flow - Investing activities | (16.3) | (18.3) | (29.9) | (26.4) | (70.0) |
| Cash flow - Financing activities | 6.3 | (13.1) | (4.9) | 0.5 | 44.9 |
| Currency effects on cash | (1.0) | 0.3 | 1.5 | (0.2) | 1.6 |
| Change in cash | 3.0 | 12.9 | (23.6) | 13.8 | 19.8 |
| Cash as of beginning of period | 32.6 | 40.4 | 59.2 | 39.5 | 39.5 |
| Cash as of end of period | 35.6 | 53.3 | 35.6 | 53.3 | 59.2 |
| <i>Of this, restricted cash</i> | <i>0.4</i> | <i>0.3</i> | <i>0.4</i> | <i>0.3</i> | <i>0.1</i> |

CASH FLOW FROM OPERATING ACTIVITIES

Cash from by operating activities decreased by MEUR 30.0 in comparison with the same quarter last year. The decrease was primarily driven by tax payments and an increase of net working capital due to sales growth.

Restructuring had a negative cash effect of MEUR 1.3 in the quarter.

In connection with first adoption of IFRS 16 the lease payments are split into interest and reduction of lease liabilities, negatively impacting the financing cash flow but positively impacting operating cash flow by MEUR 3.8 during the quarter (see Note 2).

CASH FLOW USED IN INVESTING ACTIVITIES

Cash used in investing activities amounted to MEUR 16.3 in the second quarter of 2019, MEUR 2.0 less than the same quarter last year. Investments continued to be made in capacity expansions to accommodate current and future business growth, along with some maintenance investments.

CASH FLOW FROM FINANCING ACTIVITIES

Cash generated by financing activities was MEUR 6.3 in the second quarter, compared to MEUR 13.2 used in the same quarter last year.

The net draw of debt in the second quarter amounted to MEUR 10.0, compared to a repayment of MEUR 10.3 in the same period last year.

Interest payments in the second quarter of 2019 amounted to MEUR 1.8, whereas interest payments amounted to MEUR 2.7 last year for the same period. Those payments include IFRS 16 lease interest payments of MEUR 1.2 (see Note 2).

CHANGE IN CASH

Cash increased by MEUR 3.0 during the second quarter, resulting in a cash position of MEUR 35.6 at the end of the quarter, compared to the balance at the end of last year of MEUR 59.2.

LIQUIDITY RESERVE

The liquidity reserve was MEUR 75.2 at the end of the second quarter, compared to MEUR 109.1 at year-end 2018. As at June 30, 2019, an amount of MEUR 10.0 was drawn under the revolving credit facility after a temporary utilization of MEUR 15.0 during the quarter.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – FINANCIAL POSITION

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|-------------------------------------|--------------|--------------|--------------|
| Non-current assets | 502.0 | 365.8 | 388.6 |
| Cash and cash equivalents | 35.6 | 53.3 | 59.2 |
| Other current assets | 395.7 | 379.0 | 372.4 |
| Total assets | 933.3 | 798.2 | 820.2 |
| Equity | 273.7 | 241.0 | 253.5 |
| Interest-bearing liabilities | 382.3 | 269.2 | 269.5 |
| Other liabilities | 277.3 | 288.0 | 297.2 |
| Total equity and liabilities | 933.3 | 798.2 | 820.2 |
| NIBD | 346.7 | 215.8 | 210.2 |
| Equity ratio | 29.3% | 30.2% | 30.9% |

ASSETS

Total assets were MEUR 933.3 at the end of the second quarter, an increase of MEUR 113.1 from year-end 2018.

The significant growth in assets is mainly resulting from the adoption of the new IFRS 16 standard with MEUR 101.3 additional right-of-use assets (see Note 2).

EQUITY

Equity as of June 30, 2019 increased by MEUR 20.2 (8.0%) to MEUR 273.7 in comparison with December 31, 2018.

The net profit for the year of MEUR 18.7 contributed to the equity increase.

The share capital increase by NOK 273.034,5 as resolved by Annual General Meeting 15 May 2019 had not been registered yet.

The equity ratio decreased by 1.6 percentage points to 29.3% mainly due to the first adoption of IFRS 16.

INTEREST BEARING LIABILITIES

Interest-bearing liabilities amounted to MEUR 382.3 comprising the issued bond of MEUR 275.0, the capitalized fees of MEUR 6.3, IFRS 16 lease interest-bearing liabilities of MEUR 102.2 and MEUR 10.0 drawn under the revolving facility.

As at December 31, 2018, long-term interest-bearing debt amounted to MEUR 269.5 after netting of MEUR 6.7 capitalized arrangements fees.

NET INTEREST BEARING DEBT

At the end of the second quarter 2019, net interest-bearing debt amounted to MEUR 346.7, an increase of MEUR 136.5 compared to year-end 2018 mainly driven by IFRS 16 additional liabilities.

INTERIOR

SEGMENT REPORTING

Interior 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 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, BMW and Tesla.

KEY FIGURES

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------|-------------|-------------|--------------|--------------|--------------|
| Revenues | 75.4 | 71.9 | 152.7 | 142.1 | 285.6 |
| Adjusted EBITDA | 5.5 | 5.3 | 11.1 | 11.0 | 23.4 |
| <i>in % revenues</i> | <i>7.3%</i> | <i>7.4%</i> | <i>7.3%</i> | <i>7.8%</i> | <i>8.2%</i> |
| Adjusted EBIT | 2.5 | 4.2 | 4.6 | 5.8 | 12.5 |
| <i>in % revenues</i> | <i>3.3%</i> | <i>5.9%</i> | <i>3.0%</i> | <i>4.1%</i> | <i>4.4%</i> |
| Restructuring | 0.0 | (1.1) | (0.0) | (2.2) | (4.2) |
| Operating profit / EBIT | 2.5 | 3.1 | 4.6 | 3.6 | 8.3 |
| <i>in % revenues</i> | <i>3.3%</i> | <i>4.4%</i> | <i>3.0%</i> | <i>2.6%</i> | <i>2.9%</i> |
| Investments | (5.8) | (7.8) | (11.6) | (11.0) | (26.3) |
| Capital employed ¹ | 193.1 | 160.6 | 193.1 | 160.6 | 178.5 |

¹ Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in interior increased by MEUR 3.5 (+4.9%) compared to the second quarter of 2018, including positive currency translation effects of MEUR 1.1. The revenue growth was driven by the Interior Comfort System (ICS) business, which grew by 9.9% in comparison with Q2 2018, mainly due to new programs in North America. However, this increase was partially offset by a market-driven decline in the Light Duty Cable (LDC) business across all regions.

Adjusted EBIT was MEUR 2.5 in the second quarter, a decrease of MEUR 1.7 compared to the second quarter 2018. The second quarter adjusted EBIT margin decreased by 2.6 percentage points to 3.3%. The positive effect of higher ICS volume and the corresponding fall through was outweighed by an increase in

Mexican labor and tariff costs in addition to the sales decrease in the LDC business.

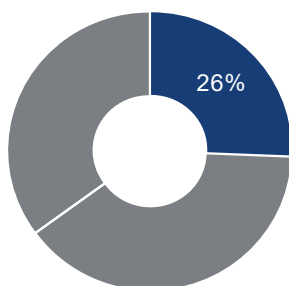
The adoption of the new IFRS 16 standard had a positive impact of MEUR 0.2 on the Adjusted EBIT in the second quarter 2019 (see Note 2).

COMMERCIAL AND OPERATIONAL UPDATE

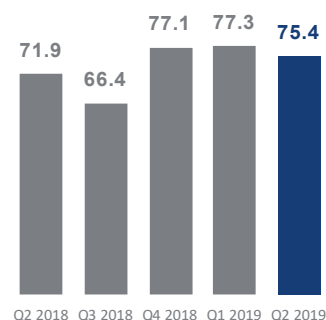
The business wins for the second quarter amounted to MEUR 255.4 in lifetime revenue for the Interior segment (MEUR 57.5 in annualized revenue), a significant increase compared to the second quarter of 2018 mainly driven the ICS business,

Those figures include an awarded business to supply Seat Support systems to a major European premium OEM with lifetime revenue estimated at approximately MEUR 134.

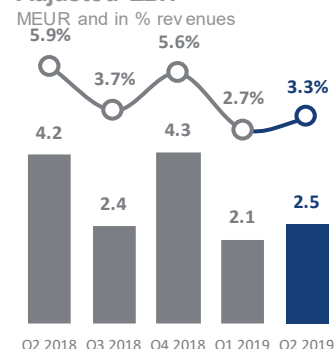
Group revenue share
Q2 2019



Revenues
MEUR



Adjusted EBIT



POWERTRAIN AND CHASSIS

SEGMENT REPORTING

Powertrain & Chassis 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 serves the passenger car and the commercial vehicle markets, 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, Renault-Nissan and Geely.

KEY FIGURES

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 115.8 | 112.4 | 234.7 | 221.0 | 437.1 |
| Adjusted EBITDA | 9.7 | 6.7 | 17.6 | 12.9 | 28.2 |
| <i>in % revenues</i> | 8.4% | 5.9% | 7.5% | 5.8% | 6.4% |
| Adjusted EBIT | 5.7 | 2.9 | 8.5 | 5.4 | 13.0 |
| <i>in % revenues</i> | 4.9% | 2.5% | 3.6% | 2.4% | 3.0% |
| Restructuring | (0.1) | (1.7) | (0.1) | (3.9) | (5.1) |
| Operating profit / EBIT | 5.5 | 1.1 | 8.5 | 1.3 | 7.9 |
| <i>in % revenues</i> | 4.8% | 1.0% | 3.6% | 0.6% | 1.8% |
| Investments | (7.3) | (5.8) | (14.1) | (10.5) | (21.5) |
| Capital employed ¹ | 189.0 | 159.5 | 189.0 | 159.5 | 169.2 |

¹ Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Powertrain & Chassis increased by MEUR 3.3 (+2.9%) to MEUR 115.8 in the second quarter 2019 compared to the same quarter in 2018, including positive currency translation effects of MEUR 1.1. The growth was driven by an increase of our market share in the Chinese passenger car market and AMT actuator revenues in North America.

Adjusted EBIT was MEUR 5.7 in the second quarter, an increase of MEUR 2.8 compared to the second quarter 2018. The second quarter adjusted EBIT margin increased by 2.4 percentage points to 4.9%.

The increased profitability was mainly driven by the fall through from the additional revenues in North America and China in

conjunction with operational improvements in our European plants and seasonality effects.

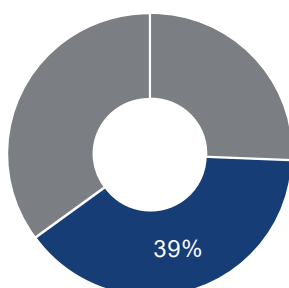
The adoption of the new IFRS 16 standard had a positive impact of MEUR 0.4 on the Adjusted EBIT during the second quarter 2019 (see Note 2).

COMMERCIAL AND OPERATIONAL UPDATE

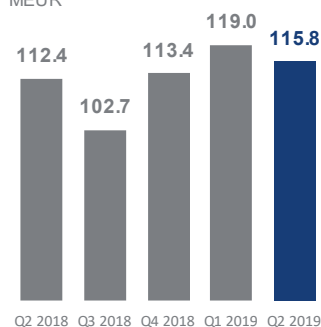
Business wins amounted to MEUR 114.2 lifetime revenue (MEUR 24.5 in annualized revenue) in the second quarter 2019, which is at a more normal level compared to the Q2 2018 record level when significant programs were awarded.

Those figures include an awarded business to supply Gear Shift Systems to a major global OEM with lifetime revenue estimated at approximately MEUR 71.

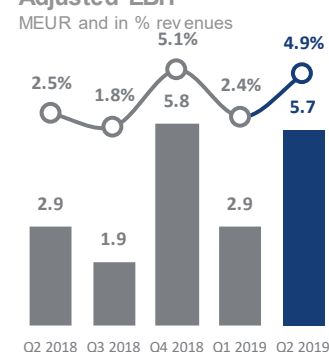
Group revenue share Q2 2019



Revenues MEUR



Adjusted EBIT



SPECIALTY PRODUCTS

SEGMENT REPORTING

Specialty Products 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, and power electronics 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 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 103.1 | 103.1 | 213.4 | 212.5 | 400.2 |
| Adjusted EBITDA | 19.0 | 19.2 | 41.1 | 41.3 | 75.1 |
| <i>in % revenues</i> | <i>18.4%</i> | <i>18.6%</i> | <i>19.3%</i> | <i>19.4%</i> | <i>18.8%</i> |
| Adjusted EBIT | 16.1 | 17.1 | 35.6 | 37.0 | 66.6 |
| <i>in % revenues</i> | <i>15.6%</i> | <i>16.6%</i> | <i>16.7%</i> | <i>17.4%</i> | <i>16.6%</i> |
| Restructuring | 0.1 | (1.9) | 0.3 | (2.9) | (7.2) |
| Operating profit / EBIT | 16.2 | 15.2 | 35.8 | 34.1 | 59.4 |
| <i>in % revenues</i> | <i>15.7%</i> | <i>14.8%</i> | <i>16.8%</i> | <i>16.1%</i> | <i>14.8%</i> |
| Investments | (3.3) | (5.9) | (5.1) | (8.1) | (19.3) |
| Capital employed ¹ | 196.6 | 174.0 | 196.6 | 174.0 | 183.7 |

¹ Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Specialty Products at MEUR 103.1 in second quarter 2019 remain stable compared to the same quarter in 2018, including positive currency translation effects of MEUR 1.5. Overall revenues in the segment were flat with small variations between the different business units.

Adjusted EBIT was MEUR 16.1 in the second quarter, a decrease of MEUR 0.9 compared to the same quarter 2018. The second quarter adjusted EBIT margin decreased by 0.9 percentage points to 15.6%. The profitability decrease was mainly due to slightly unfavorable product mix and increased Mexican labor cost but was partially offset by good performance.

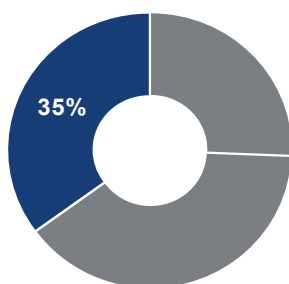
The adoption of the new IFRS 16 standard had a positive impact of MEUR 0.2 on the Adjusted EBIT during the second quarter 2019 (see Note 2).

COMMERCIAL AND OPERATIONAL UPDATE

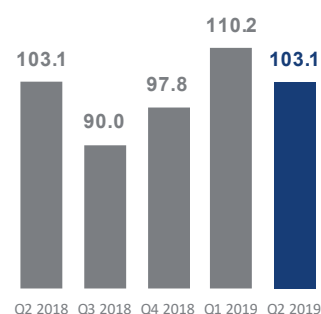
During the second quarter 2019, total business wins amounted to MEUR 93.1 in lifetime revenue (MEUR 28.0 in annualized revenue).

Those figures include an awarded business to supply assembled products to a major European truck manufacturer with lifetime revenue estimated at approximately MEUR 24.

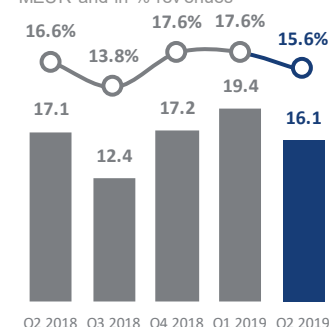
Group revenue share
Q2 2019



Revenues
MEUR



Adjusted EBIT
MEUR and in % revenues



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--|--------------|--------------|--------------|--------------|----------------|
| Revenues | 294.3 | 287.5 | 600.8 | 575.8 | 1,123.1 |
| OPEX | (264.5) | (265.2) | (538.9) | (528.5) | (1,033.8) |
| EBITDA | 29.8 | 22.3 | 61.9 | 47.3 | 89.3 |
| <i>in % revenues</i> | 10.1% | 7.8% | 10.3% | 8.2% | 8.0% |
| Depreciation, amortization and impairment | (10.6) | (7.3) | (22.4) | (17.6) | (35.6) |
| Operating profit / EBIT | 19.2 | 15.0 | 39.5 | 29.7 | 53.7 |
| <i>in % revenues</i> | 6.5% | 5.2% | 6.6% | 5.2% | 4.8% |
| Adjusted EBIT¹ | 20.4 | 20.8 | 41.9 | 40.9 | 74.7 |
| <i>in % revenues</i> | 6.9% | 7.2% | 7.0% | 7.1% | 6.7% |
| Net financial items | (5.8) | (7.6) | (7.0) | (6.6) | (15.2) |
| Profit / (loss) before taxes | 13.5 | 7.3 | 32.5 | 23.1 | 38.5 |
| Income taxes | (8.5) | (3.1) | (13.8) | (9.2) | (14.7) |
| Net profit / (loss) | 4.9 | 4.2 | 18.7 | 13.9 | 23.8 |
| <i>Other comprehensive income (items that may be reclassified to profit or loss in subsequent periods):</i> | | | | | |
| Translation differences on foreign operations | (1.7) | (8.2) | (11.5) | (16.9) | 7.5 |
| Tax on translation differences | 0.5 | (2.0) | 1.1 | 0.3 | (3.1) |
| <i>Other comprehensive income (items that will not be reclassified to profit or loss in subsequent periods):</i> | | | | | |
| Translation differences on non-foreign operations | (1.6) | 10.5 | 11.5 | 11.8 | (7.2) |
| Remeasurement of net pension benefit obligation | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) |
| Tax on net pension benefit obligation remeasurement | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other comprehensive income | (2.9) | 0.3 | 1.1 | (4.7) | (3.0) |
| Total comprehensive income | 2.1 | 4.5 | 19.8 | 9.2 | 20.8 |
| Net profit attributable to: | | | | | |
| Equity holders (parent company) | 4.9 | 4.2 | 18.7 | 13.9 | 23.7 |
| Non-controlling interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Total | 4.9 | 4.3 | 18.7 | 13.9 | 23.8 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders (parent company) | 2.1 | 4.5 | 19.7 | 9.2 | 20.7 |
| Non-controlling interests | (0.1) | 0.0 | 0.1 | 0.0 | 0.0 |
| Total | 2.1 | 4.5 | 19.8 | 9.2 | 20.8 |
| Earnings per share (EUR): | | | | | |
| Basic earnings per share | 0.01 | 0.01 | 0.04 | 0.03 | 0.06 |
| Diluted earnings per share | 0.01 | 0.01 | 0.04 | 0.03 | 0.06 |

¹ Adjusted for restructuring costs, see section APM for the reconciliation

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|--|--------------|--------------|--------------|
| Intangible assets | 162.3 | 162.0 | 162.2 |
| Property, plant and equipment | 212.7 | 176.6 | 196.3 |
| Right-of-use assets ¹ | 101.3 | 0.0 | 0.0 |
| Deferred tax assets | 15.8 | 20.7 | 20.1 |
| Other non-current assets | 9.9 | 6.5 | 10.1 |
| Non-current assets | 502.0 | 365.8 | 388.6 |
| Inventories | 117.0 | 104.2 | 120.4 |
| Accounts receivable | 227.7 | 191.5 | 210.7 |
| Other short-term receivables | 51.1 | 83.3 | 41.2 |
| Cash and cash equivalents | 35.6 | 53.3 | 59.2 |
| Current assets | 431.3 | 432.3 | 431.6 |
| Total assets | 933.3 | 798.2 | 820.2 |
| Share capital | 23.2 | 21.4 | 22.6 |
| Share premium reserve | 211.2 | 177.3 | 205.8 |
| Other equity | 35.7 | 38.7 | 21.5 |
| Non-controlling interests | 3.7 | 3.7 | 3.6 |
| Total equity | 273.7 | 241.0 | 253.5 |
| Long-term interest-bearing liabilities ² | 362.1 | 269.1 | 269.4 |
| Deferred tax liabilities | 18.9 | 17.5 | 23.6 |
| Other long-term liabilities | 22.0 | 19.3 | 21.9 |
| Non-current liabilities | 403.0 | 305.8 | 314.9 |
| Short-term interest-bearing liabilities ³ | 20.2 | 0.1 | 0.1 |
| Accounts payable | 141.9 | 142.0 | 159.7 |
| Other short-term liabilities | 94.5 | 109.2 | 92.0 |
| Current liabilities | 256.6 | 251.4 | 251.8 |
| Total liabilities | 659.6 | 557.2 | 566.7 |
| Total equity and liabilities | 933.3 | 798.2 | 820.2 |

¹ resulting from the adoption of the new IFRS 16 standard (see Note 2)

² includes MEUR 91.9 resulting from the adoption of the new IFRS 16 standard (see Note 2)

³ includes MEUR 10.2 resulting from the adoption of the new IFRS 16 standard (see Note 2)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGE IN EQUITY

| <i>(MEUR)</i> | 30.06.19 | 30.06.18 | 31.12.18 |
|---|-----------------|-----------------|-----------------|
| Equity as of start of period | 253.5 | 190.7 | 190.7 |
| Net profit for the period | 18.7 | 13.9 | 23.8 |
| Translation differences | (0.0) | (5.0) | 0.3 |
| Tax on translation differences | 1.1 | 0.3 | (3.1) |
| Remeasurement of the net pension benefit obligation | 0.0 | 0.0 | (0.2) |
| Tax on remeasurement of the net pension benefit obligation | 0.0 | 0.0 | 0.1 |
| Total comprehensive income | 19.8 | 9.2 | 20.8 |
| Stock based compensation | 0.4 | 0.1 | 0.6 |
| Increase in equity | (0.0) | 0.0 | 39.7 |
| Other changes in non-controlling interests | 0.0 | 0.0 | 0.0 |
| Non-registered capital increase | | 40.3 | |
| IFRS 15 and IFRS 9 first adoption ¹ | | 0.7 | 0.7 |
| Net result of treasury shares sale/purchase and other changes in equity | 0.0 | 0.0 | 0.9 |
| Equity as of end of period | 273.7 | 241.0 | 253.5 |

¹ Adjustments of the 2018 opening balance due to first time adoption of IFRS 15 (MEUR +2.5) and IFRS 9 (MEUR -1.8)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--|---------------|---------------|---------------|---------------|---------------|
| <i>Operating activities</i> | | | | | |
| Profit / (loss) before taxes | 13.5 | 7.3 | 32.5 | 23.1 | 38.5 |
| Depreciation | 9.5 | 6.2 | 20.3 | 15.2 | 30.9 |
| Amortization | 1.1 | 1.2 | 2.2 | 2.4 | 4.7 |
| Interest income | (0.1) | (0.1) | (0.4) | (0.2) | (0.6) |
| Interest and other financial expenses ¹ | 1.8 | 2.7 | 4.0 | 5.5 | 6.0 |
| Taxes paid | (4.9) | (1.5) | (5.4) | (2.7) | (8.9) |
| (Gain) / loss on sale of non-current assets | (0.5) | 0.3 | (0.5) | (1.0) | 2.0 |
| Changes in receivables | (2.1) | 13.7 | (17.0) | (11.4) | (30.7) |
| Changes in inventory | 7.9 | 2.5 | 3.5 | 0.4 | (15.8) |
| Changes in payables | (10.2) | 8.2 | (17.8) | 11.4 | 29.0 |
| Currency (gain) / loss | 0.5 | 5.0 | (3.3) | 1.4 | 3.0 |
| Changes in other items | (2.5) | (1.7) | (8.5) | (4.1) | (15.0) |
| Cash flow - Operating activities | 13.9 | 44.0 | 9.6 | 39.9 | 43.2 |
| <i>Investing activities</i> | | | | | |
| Investments | (16.6) | (19.5) | (30.8) | (30.3) | (68.2) |
| Sale of fixed assets | 0.2 | 1.0 | 0.6 | 3.6 | 3.2 |
| Interest received | 0.1 | 0.1 | 0.4 | 0.2 | 0.6 |
| Proceeds from sale of subsidiaries | 0.0 | (0.0) | 0.0 | 0.2 | (0.0) |
| Net payments for other long-term investments | (0.1) | 0.0 | 0.0 | (0.0) | (5.5) |
| Cash flow - Investing activities | (16.3) | (18.3) | (29.9) | (26.4) | (70.0) |
| <i>Financing activities</i> | | | | | |
| Proceeds from increases in equity | 0.0 | 0.0 | 0.0 | 0.0 | 41.2 |
| Net draw down of debt | 10.0 | (10.3) | 10.3 | 6.0 | 11.2 |
| Interest paid | (1.8) | (2.7) | (10.0) | (5.5) | (6.5) |
| Repayment of lease liabilities and other | (1.9) | (0.0) | (5.2) | (0.0) | (1.1) |
| Cash flow - Financing activities | 6.3 | (13.1) | (4.9) | 0.5 | 44.9 |
| Currency effects on cash | (1.0) | 0.3 | 1.5 | (0.2) | 1.6 |
| Change in cash | 3.0 | 12.9 | (23.6) | 13.8 | 19.8 |
| Cash as of beginning of period | 32.6 | 40.4 | 59.2 | 39.5 | 39.5 |
| Cash as of end of period | 35.6 | 53.3 | 35.6 | 53.3 | 59.2 |
| <i>Of this, restricted cash</i> | <i>0.4</i> | <i>0.3</i> | <i>0.4</i> | <i>0.3</i> | <i>0.1</i> |

¹ Includes Other financial items - See Note 7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, for the six months ended June 30, 2019, 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, 2018, 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, 2018, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

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, raw material prices, credit risks, and an increasing tariffs risk. As we operate in many countries, we are vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with EUR, NOK 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 Tier 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.

NOTE 2 – NEW AND AMENDED STANDARDS AND INTERPRETATIONS

IMPACT OF INITIAL APPLICATION OF IFRS 16 LEASES

In the context of the transition to IFRS 16, right-of-use assets of MEUR 106.3 were recognized as property, plant and equipment as at January 1, 2019. Accordingly, lease liabilities of MEUR 106.6 were recognized under other long-term liabilities as at January 1, 2019. The Group transitioned to IFRS 16 in accordance with the modified retrospective approach therefore the prior year figures have not been adjusted.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- > the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- > reliance on previous assessments on whether leases are onerous

- > the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- > the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- > the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease..

In addition, as allowed by the standards optional exemptions, the Group has elected to not apply the new guidance to leases of low value assets. Lease payments under these contracts are generally recognized on a straight-line basis of the lease term as other operating expenses.

The weighted average incremental borrowing rate for the lease liabilities initially recognized as at January 1, 2019 was 4.7%.

Reconciliation of Lease Liabilities as at January 1, 2019

| | |
|---|--------------|
| Minimum lease payments under operating leases as of December 31, 2018 | 119.7 |
| <i>Recognition exemption</i> | |
| for leases ending within 12 months | (0.4) |
| for leases of low value assets | (2.0) |
| Adjustments as a result of a different treatment of extension options | 16.8 |
| Effect from discounting at the incremental borrowing rate as at January 1, 2019 | (27.5) |
| Liabilities from leases as at January 1, 2019 | 106.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

IMPACT OF INITIAL APPLICATION OF IFRS 16 LEASES (CONTINUED)

Recognized right-of-use assets

The recognized right-of-use assets relate to the following types of assets as at January 1, 2019:

| | |
|--------------|--------------|
| Buildings | 103.3 |
| Equipment | 3.0 |
| TOTAL | 106.3 |

Effect in 2019

EBITDA, segment assets and segment liabilities in 2019 increased as a result of the change in accounting policy.

The following tables show how the reporting segments were affected by the change in policy, including any new leases that have been entered into during the year, as at June 30, 2019:

| (MEUR) | Interior | Powertrain & Chassis | Specialty Products | Other | Group |
|--|--------------|----------------------|--------------------|--------------|--------------|
| Statement of financial position | | | | | |
| Right-of use assets | 20.3 | 38.6 | 29.1 | 13.3 | 101.3 |
| Deferred tax assets | 0.0 | 0.0 | 0.1 | 0.0 | 0.2 |
| Total assets | 20.4 | 38.7 | 29.2 | 13.3 | 101.5 |
| Result of the year | (0.1) | (0.2) | (0.3) | (0.1) | (0.6) |
| Total equity | (0.1) | (0.2) | (0.3) | (0.1) | (0.6) |
| Long-term interest-bearing liabilities | 17.6 | 34.7 | 27.7 | 11.9 | 91.9 |
| Short-term interest-bearing liabilities | 2.8 | 4.2 | 1.7 | 1.5 | 10.2 |
| Total liabilities | 20.4 | 38.9 | 29.5 | 13.4 | 102.2 |
| Total equity and liabilities | 20.4 | 38.7 | 29.2 | 13.3 | 101.5 |
| Statement of comprehensive income - YTD | | | | | |
| EBITDA | 2.0 | 3.0 | 1.5 | 1.1 | 7.6 |
| Depreciation, amortization | (1.5) | (2.3) | (1.2) | (0.8) | (5.9) |
| Operating profit / EBIT | 0.4 | 0.7 | 0.3 | 0.2 | 1.7 |
| Adjusted EBIT | 0.4 | 0.7 | 0.3 | 0.2 | 1.7 |
| Net financial items | (0.5) | (0.9) | (0.7) | (0.3) | (2.5) |
| Profit / (loss) before taxes | (0.1) | (0.2) | (0.4) | (0.1) | (0.8) |
| Deferred taxes | 0.0 | 0.0 | 0.1 | 0.0 | 0.2 |
| Net profit / (loss) | (0.1) | (0.2) | (0.3) | (0.1) | (0.6) |
| Total comprehensive income | (0.1) | (0.2) | (0.3) | (0.1) | (0.6) |
| Statement of cash flow - YTD | | | | | |
| Cashflow from operating activities | 2.0 | 3.0 | 1.5 | 1.1 | 7.6 |
| Cashflow from financing activities | (2.0) | (3.0) | (1.5) | (1.1) | (7.6) |
| Net change in cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

IMPACT OF INITIAL APPLICATION OF IFRS16 LEASES (CONTINUED)

| <i>(MEUR)</i> | Interior | Powertrain & Chassis | Specialty Products | Other | Group |
|--|--------------|-------------------------|-----------------------|--------------|--------------|
| Statement of comprehensive income - QTD | | | | | |
| EBITDA | 1.0 | 1.5 | 0.8 | 0.5 | 3.8 |
| Depreciation, amortization | (0.8) | (1.2) | (0.6) | (0.4) | (3.0) |
| Operating profit / EBIT | 0.2 | 0.4 | 0.2 | 0.1 | 0.8 |
| Adjusted EBIT | 0.2 | 0.4 | 0.2 | 0.1 | 0.8 |
| Net financial items | (0.3) | (0.5) | (0.4) | (0.2) | (1.2) |
| Profit / (loss) before taxes | (0.0) | (0.1) | (0.2) | (0.0) | (0.4) |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Net profit / (loss) | (0.0) | (0.1) | (0.2) | (0.0) | (0.3) |
| Total comprehensive income | (0.0) | (0.1) | (0.2) | (0.0) | (0.3) |
| Statement of cash flow - QTD | | | | | |
| Cashflow from operating activities | 1.0 | 1.5 | 0.8 | 0.5 | 3.8 |
| Cashflow from financing activities | (1.0) | (1.5) | (0.8) | (0.5) | (3.8) |
| Net change in cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SEGMENT REPORTING (SECOND QUARTER 2019)

| Q2 2019 (MEUR) | Interior | Powertrain & Chassis | Speciality Products | Other ¹ | Total Group |
|---|--------------|-------------------------|------------------------|--------------------|----------------|
| Revenues² | 75.4 | 115.8 | 103.1 | 0.0 | 294.3 |
| Adjusted EBITDA | 5.5 | 9.7 | 19.0 | (3.2) | 31.0 |
| Depreciation ³ | (2.9) | (3.5) | (2.6) | (0.5) | (9.5) |
| Amortization ³ | (0.2) | (0.6) | (0.2) | (0.1) | (1.1) |
| Adjusted EBIT | 2.5 | 5.7 | 16.1 | (3.9) | 20.4 |
| <i>Timing of revenue recognition</i> | | | | | |
| Ownership transferred at a point in time | 75.4 | 115.8 | 103.1 | 0.0 | 294.3 |
| <i>Assets and liabilities</i> | | | | | |
| Goodwill | 57.4 | 22.9 | 67.9 | 0.0 | 148.2 |
| Other intangible assets | 0.5 | 11.7 | 1.1 | 0.8 | 14.1 |
| Property, plant and equipment | 82.2 | 75.4 | 53.8 | 1.4 | 212.7 |
| Right-of-use assets | 20.3 | 38.6 | 29.1 | 13.3 | 101.3 |
| Inventories | 22.5 | 43.1 | 52.6 | (1.3) | 117.0 |
| Trade receivables | 63.9 | 93.0 | 70.5 | 0.3 | 227.7 |
| Segment assets | 246.8 | 284.8 | 274.9 | 14.6 | 821.0 |
| Unallocated assets | | | | 112.3 | 112.3 |
| Total assets | 246.8 | 284.8 | 274.9 | 126.9 | 933.3 |
| Trade payables | 33.4 | 57.1 | 49.2 | 2.3 | 141.9 |
| Lease interest-bearing liabilities | 20.4 | 38.9 | 29.5 | 13.4 | 102.2 |
| Unallocated liabilities | | | | 415.5 | 415.5 |
| Total liabilities | 53.8 | 96.0 | 78.7 | 431.2 | 659.6 |
| Capital expenditure | (5.8) | (5.8) | (3.2) | (0.2) | (15.1) |

¹The column Other includes corporate costs, transactions and balance sheet items related to tax, pension and financing

²For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The adjusted EBIT is thus excluding IC profit

³Excluding restructuring costs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SEGMENT REPORTING (SECOND QUARTER 2018)

| Q2 2018 (MEUR) | Interior | Powertrain & Chassis | Speciality Products | Other ¹ | Total Group |
|---|--------------|-------------------------|------------------------|--------------------|----------------|
| Revenues² | 71.9 | 112.4 | 103.1 | 0.1 | 287.5 |
| Adjusted EBITDA | 5.3 | 6.7 | 19.2 | (3.1) | 28.1 |
| Depreciation ³ | (0.9) | (3.2) | (1.8) | (0.2) | (6.1) |
| Amortization ³ | (0.2) | (0.6) | (0.3) | (0.1) | (1.2) |
| Adjusted EBIT | 4.2 | 2.9 | 17.1 | (3.4) | 20.8 |
| <i>Timing of revenue recognition</i> | | | | | |
| Ownership 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 | 33.5 | 53.5 | 51.7 | 3.2 | 142.0 |
| Unallocated liabilities | | | | 415.2 | 415.2 |
| Total liabilities | 33.5 | 53.5 | 51.7 | 418.4 | 557.2 |
| Capital expenditure | (7.9) | (3.5) | (5.7) | (0.1) | (17.2) |

¹ The column Other includes corporate costs, transactions and balance sheet items related to tax, pension and financing

² For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The adjusted EBIT is thus excluding IC profit

³ Excluding restructuring costs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SALES AND NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

4.1 SALES TO CUSTOMERS BY GEOGRAPHICAL LOCATION

| (MEUR) | 2019 | | 2018 | |
|---------------------------------|--------------|-----|--------------|-----|
| | YTD June | % | YTD June | % |
| Europe | 298.0 | 50% | 303.5 | 53% |
| Northern America | 219.5 | 37% | 189.2 | 33% |
| Southern America | 11.9 | 2% | 13.4 | 2% |
| Asia | 66.6 | 11% | 69.4 | 12% |
| Other | 4.8 | 1% | 0.2 | 0% |
| Total operating revenues | 600.8 | | 575.8 | |

4.2 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT (PP&E) AND RIGHT-OF USE ASSETS BY GEOGRAPHICAL LOCATION

| (MEUR) | 30.06.19 | | 30.06.18 | |
|------------------|--------------|-----|--------------|-----|
| | | % | | % |
| Europe | 289.1 | 61% | 191.4 | 57% |
| Northern America | 146.0 | 31% | 117.1 | 35% |
| Southern America | 3.9 | 1% | 1.7 | 0% |
| Asia | 37.4 | 8% | 28.4 | 8% |
| Total | 476.3 | | 338.6 | |

As at June 30, 2019, right-of-use assets relating to the adoption of IFRS 16 standard amounted to MEUR 101.3 (see Note 2).

NOTE 5 – IMPACT OF IFRS 15 ON THE CONSOLIDATED FINANCIAL STATEMENTS

| (MEUR) | 31.12.18 | Activity YTD 2019 | 30.06.19 |
|--|------------|----------------------|--------------|
| Statement of financial position | | | |
| Total non-current assets | 4.1 | (0.9) | 3.2 |
| Total current assets | 1.2 | 0.5 | 1.6 |
| Total assets | 5.3 | (0.5) | 4.9 |
| Prior retained earnings | 2.5 | | 3.8 |
| Result of the year | 1.3 | (0.4) | (0.4) |
| Total equity | 3.8 | (0.4) | 3.4 |
| Total non-current liabilities | 1.1 | (0.1) | 1.1 |
| Total current liabilities | 0.4 | 0.0 | 0.4 |
| Total liabilities | 1.5 | (0.1) | 1.5 |
| Total equity and liabilities | 5.3 | (0.5) | 4.9 |
| Statement of comprehensive income - YTD | | | |
| Operating revenues | 2.6 | | (0.5) |
| Profit / (loss) before taxes | 1.7 | | (0.5) |
| Income taxes | (0.4) | | 0.1 |
| Net profit / (loss) | 1.3 | | (0.4) |
| Total comprehensive income | 1.3 | | (0.4) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – INTEREST-BEARING LOANS AND BORROWINGS

6.1 INTEREST-BEARING LIABILITIES AS PRESENTED IN STATEMENT OF FINANCIAL POSITION

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|---|--------------|--------------|--------------|
| Long-term interest-bearing loan and borrowing | 276.5 | 270.1 | 276.1 |
| IFRS 16 long-term lease liabilities | 91.9 | 0.0 | 0.0 |
| Capitalized arrangement fees ¹ | (6.3) | (1.1) | (6.7) |
| Current interest-bearing liabilities | 20.2 | 0.1 | 0.1 |
| Total interest-bearing liabilities | 382.3 | 269.2 | 269.5 |

¹ As at June 30, 2019 and December 31, 2018, the fees relate to the bond emission and are amortized over the 7-years period of the bond

Long-term interest-bearing loan and borrowing by currency

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|--|--------------|--------------|--------------|
| EUR | 275.0 | 162.0 | 275.0 |
| USD | 0.0 | 105.1 | 0.0 |
| Other currencies | 1.5 | 1.2 | 1.1 |
| IFRS 9 - First time adoption | 0.0 | 1.9 | 0.0 |
| Total long-term interest-bearing loan and borrowing | 276.5 | 270.1 | 276.1 |

6.2 LIQUIDITY RESERVE

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

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|--------------------------|-------------|--------------|--------------|
| Cash reserve | 35.6 | 53.3 | 59.2 |
| Restricted cash | (0.4) | (0.3) | (0.1) |
| Undrawn facility | 40.0 | 62.5 | 50.0 |
| Liquidity reserve | 75.2 | 115.4 | 109.1 |

NOTE 7 – NET FINANCIAL ITEMS

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--|--------------|--------------|--------------|--------------|---------------|
| Interest income | 0.1 | 0.1 | 0.4 | 0.2 | 0.6 |
| Interest expenses | (5.2) | (2.6) | (10.3) | (5.2) | (12.8) |
| Foreign currency gains (losses) ¹ | (0.5) | (5.0) | 3.3 | (1.4) | (3.0) |
| Other financial items | (0.2) | (0.1) | (0.4) | (0.2) | 0.0 |
| Net financial items | (5.8) | (7.6) | (7.0) | (6.6) | (15.2) |

¹ Includes unrealized currency loss of MEUR 0.8 and realized currency gain of MEUR 0.3 in Q2 2019 (Q2 2018: unrealized loss MEUR 5.3 and realized gain MEUR 0.3)

The adoption of the new IFRS 16 standard resulted in MEUR 1.2 additional interest expenses in Q2 2019 and MEUR 2.5 YTD 2019 (see Note 2).

NOTE 8 – SUBSEQUENT EVENTS

No significant subsequent event occurred.

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 neither 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.

- > Operating profit - EBIT/Adjusted EBIT
- > EBITDA/Adjusted EBITDA
- > Restructuring per segment
- > Free cash flow
- > NIBD
- > Capital employed
- > ROCE (last twelve months)

OPERATING PROFIT - EBIT/ADJUSTED EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. As such IFRS 16 effect in 2019 has not been excluded from this measurement however 2018 figures have not been restated. 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 considered restructuring of the activities of the Group.

EBIT is used as a measure of operational profitability. In order to exclude restructuring one timers, the Group also reports the adjusted EBIT, which is the EBIT excluding restructuring items.

| <i>(MEUR)</i> | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------------|----------------|----------------|-----------------|-----------------|----------------|
| Operating profit / EBIT ¹ | 19.2 | 15.0 | 39.5 | 29.7 | 53.7 |
| Restructuring items ² | 1.2 | 5.9 | 2.4 | 11.2 | 21.0 |
| Adjusted EBIT¹⁺² | 20.4 | 20.8 | 41.9 | 40.9 | 74.7 |

EBITDA/ADJUSTED EBITDA

EBITDA is defined as EBIT (previously defined) before depreciation and amortization. Adjusted EBITDA is therefore EBITDA excluding restructuring items. As such IFRS 16 effect in 2019 has not been excluded from this measurement however 2018 figures have not been restated.

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

| <i>(MEUR)</i> | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|--------------------------------------|----------------|----------------|-----------------|-----------------|----------------|
| Operating profit / EBIT | 19.2 | 15.0 | 39.5 | 29.7 | 53.7 |
| Depreciation | 9.5 | 6.1 | 20.2 | 15.1 | 30.9 |
| Amortization | 1.1 | 1.2 | 2.2 | 2.4 | 4.7 |
| EBITDA¹ | 29.8 | 22.3 | 61.9 | 47.3 | 89.3 |
| Restructuring items ² | 1.2 | 5.8 | 2.4 | 11.2 | 21.0 |
| Adjusted EBITDA¹⁺² | 31.0 | 28.1 | 64.3 | 58.5 | 110.3 |

² Excluding impairment, depreciation and amortization

ALTERNATIVE PERFORMANCE MEASURES (APM)

RESTRUCTURING ITEMS PER SEGMENT

| (MEUR) | Q2 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|----------------------|------------|------------|------------|-------------|-------------|
| Interior | (0.0) | 1.1 | 0.0 | 2.2 | 4.2 |
| Powertrain & Chassis | 0.1 | 1.7 | 0.1 | 3.9 | 5.1 |
| Specialty Products | (0.1) | 1.9 | (0.3) | 2.9 | 7.2 |
| Other | 1.1 | 1.2 | 2.6 | 2.2 | 4.6 |
| Group total | 1.2 | 5.9 | 2.4 | 11.2 | 21.0 |

The restructuring items in Q2 2019 mainly relate to corporate systems transition costs.

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 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 2019 | Q2 2018 | YTD 2019 | YTD 2018 | FY 2018 |
|-------------------------------------|--------------|-------------|---------------|------------|------------|
| Cash flow - Operating activities | 13.9 | 44.0 | 9.6 | 39.9 | 43.2 |
| Cash flow - Investing activities | (16.3) | (18.3) | (29.9) | (26.4) | (70.0) |
| Cash flow - Financing activities | 6.3 | (13.2) | (4.9) | 0.5 | 44.9 |
| Net (draw down) / repayment of debt | (10.0) | 10.3 | (10.3) | (6.0) | (11.2) |
| Free Cash Flow | (6.1) | 22.9 | (35.5) | 8.1 | 6.9 |

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) | 30.06.19 | 30.06.18 | 31.12.18 |
|--|--------------|--------------|--------------|
| Long-term interest-bearing liabilities ¹ | 362.1 | 269.1 | 269.4 |
| Other short-term interest-bearing liabilities ² | 20.2 | 0.1 | 0.1 |
| Cash and cash equivalents | (35.6) | (53.3) | (59.2) |
| Net Interesting Bearing Debt | 346.7 | 215.8 | 210.2 |

¹ as at June 30, 2019, includes MEUR 91.9 resulting from the adoption of the new IFRS 16 standard (see Note 2)

² as at June 30, 2019, includes MEUR 10.2 resulting from the adoption of the new IFRS 16 standard (see Note 2)

ALTERNATIVE PERFORMANCE MEASURES (APM)

CAPITAL EMPLOYED

Capital Employed 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. Long-term financial assets and obligations are excluded, as those 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 and/or if operations should be discontinued.

| (MEUR) | 30.06.19 | 30.06.18 | 31.12.18 |
|-----------------------------|--------------|--------------|--------------|
| Total assets | 933.3 | 798.2 | 820.2 |
| Deferred tax liabilities | (18.9) | (17.5) | (23.6) |
| Other long-term liabilities | (22.0) | (19.3) | (21.9) |
| Current liabilities | (256.6) | (251.4) | (251.8) |
| Capital employed | 635.8 | 510.0 | 522.9 |

As at June 30, 2019, the capital employed includes MEUR 91.3 resulting from the adoption of IFRS 16 (see Note 2).

ROCE (LAST TWELVE MONTHS)

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

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 2019 | | Q2 2018 | FY 2018 |
|---|------------|--------------|------------|--------------|--------------|
| Capital employed beginning ¹ | 01.07.2018 | 509.6 | 01.07.2017 | 432.5 | 450.8 |
| Capital employed at end ² | 30.06.2019 | 635.8 | 30.06.2018 | 510.0 | 522.9 |
| Adjusted EBIT last twelve months ³ | | 75.7 | | 61.6 | 74.7 |
| ROCE ^{3 / (1+2) * 200%} | | 13.2% | | 13.1% | 15.3% |

¹ Capital employed beginning Full Year 2018 as at January 1, 2018 includes adjustments due to the first adoption of IFRS 15 of MEUR 2.3

² Capital employed at end as at June 30, 2019 includes MEUR 91.3 resulting from IFRS 16 adoption (see Note 2)

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period January 1, 2019 to June 30, 2019 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 2019 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 July 25, 2019

Firas Abi-Nassif
Chairman
(Sign.)

Peter Schmitt
Board member
(Sign.)

Jon-Ivar Jørnby
Employee representative
(Sign.)

Emese Weissenbacher
Board member
(Sign.)

Bjørn Ivan Ødegård
Employee representative
(Sign.)

Ellen M. Hanetho
Board member
(Sign.)

Gerard Cordonnier
Board member
(Sign.)

Tonje Sivesindtjet
Employee representative
(Sign.)

Henning E. Jensen
President and CEO
(Sign.)

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS

| | |
|---------------------|---------------------|
| Firas Abi-Nassif | Chairman |
| Emese Weissenbacher | Shareholder elected |
| Peter Schmitt | Shareholder elected |
| Ellen M. Hanetho | Shareholder elected |
| Gerard Cordonnier | Shareholder elected |
| Jon-Ivar Jørnby | Employee elected |
| Bjørn Ivan Ødegård | Employee elected |
| Tonje Sivesindtjet | 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) |
| Dzeki Mackinowski | Executive Vice President, Purchasing |
| Virginia Grando | Executive Vice President, Quality |
| Marcus von Pock | Executive Vice President, Human Resources & Communications |
| Jon Munthe | General Counsel |

CORPORATE COMMUNICATION

| | | |
|--------------------|--------------------|------------------|
| 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 |
|------------------------------|-------------------|-------------------|
| 3 rd quarter 2019 | November 7, 2019 | November 7, 2019 |
| 4 th quarter 2019 | February 28, 2020 | February 28, 2020 |

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