

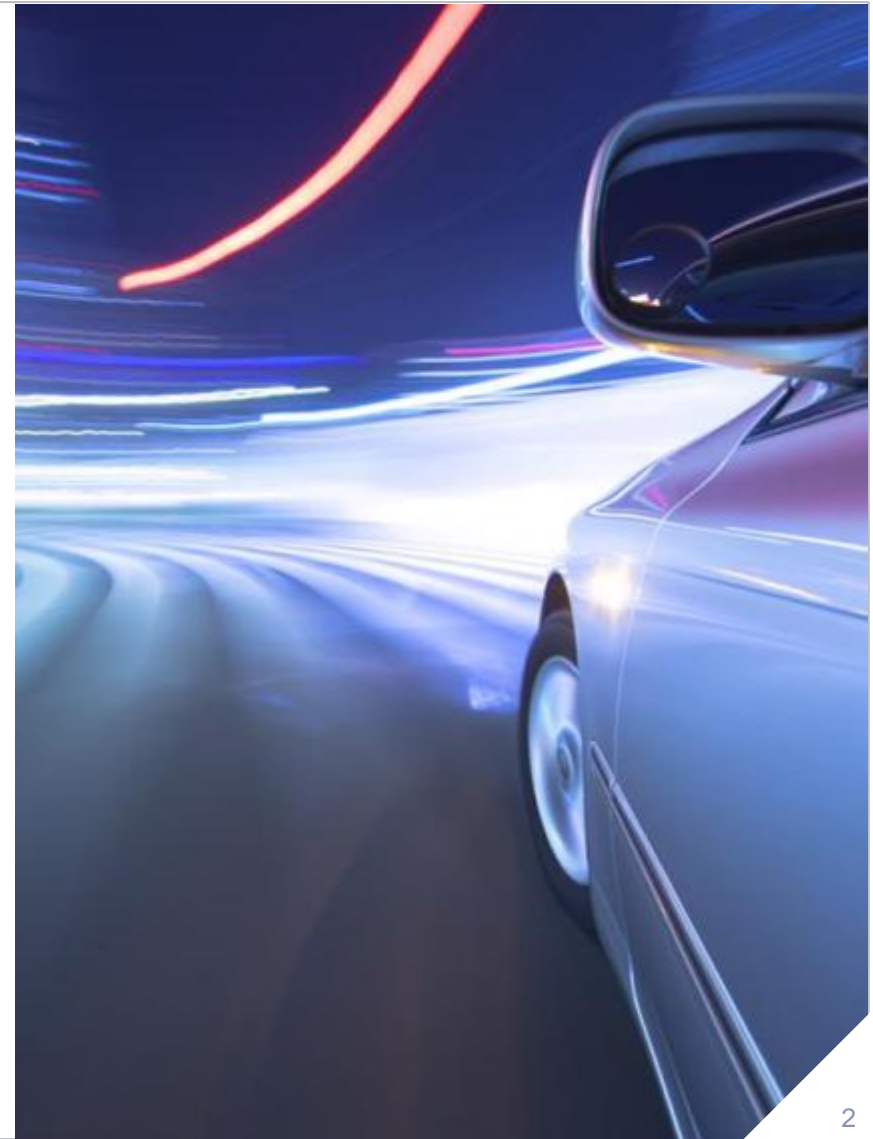
Capital Markets Day 2014

Kongsberg Automotive ASA, December 3, 2014



Agenda

- 09:00** Achievements, strategy for growth & targets
- 09:30** Financial review
- 09:50** Automotive market outlook
- 10:05** Break
- 10:25** Automated Transmission trends in the
Commercial Vehicle segment
- 11:00** Comfort feature trends in the Automotive
seating segment
- 11:35** Summary and closing remarks
- 11:45** Lunch



Who we are

Enhancing the driving experience

Hans Peter Havdal, President & CEO



A true global supplier



World class products to the global vehicle industry



Revenues of ca. EUR 1 Billion

Global presence 40 locations in 20 countries



Global R&D and testing capabilities



More than 10 000 employees



2014 KEY EVENTS

Market

- ▶ Market still weak in Europe
- ▶ NA remains healthy. SA is very challenging for CV segment
- ▶ China at more normalized growth, but increasingly important for KA going forward



Finance

- ▶ Continued company deleverage and financial improvements
- ▶ Delivering good cash flow
- ▶ Secured new loan agreement



Operational

- ▶ Increased focus on innovation
- ▶ Starting to pay off in new business wins
- ▶ Continue to secure global contracts



Changes to senior management team

- ▶ **Lovisa Söderholm, EVP Purchasing**
Lovisa comes from the role as Chief Purchasing Officer at SKF. Has solid automotive experience from Ford of Europe, Volvo, Jaguar and Aston Martin
- ▶ **Interior : EVP, Anders Nyström (formerly EVP Purchasing)**
Anders moves from Purchasing to run KA's Interior business bringing solid OEM experience from Ford and Volvo Cars
- ▶ **Driver Control: EVP, Scott Paquette, (formerly EVP Interior)**
Scott Paquette moves from KA's Interior business to head DCS. With his strong automotive experience, Scott will drive continuous improvements in operations and quality
- ▶ **Business Development & IR: SVP, Philippe Toth**
As business development & new growth opportunities become increasingly important, this role has been included in KA's Exec. Committee.

Executive Committee 2015

Hans Peter Havdal, CEO

Trond Stabekk, CFO

**Lovisa Söderholm,
EVP Purchasing**

**Jarle Nymoen,
EVP Human Resources**

**Philippe Toth,
SVP Business Dev. & IR**

**Anders Nyström,
EVP Interior**

**Joachim Magnusson,
EVP Driveline**

**Scott Paquette,
EVP Driver Control**

**Jonathan Day,
EVP Fluid Transfer**

Recap from 2012 CMD

Group Targets	
Revenue	Selective growth focus
Margin	Gradually improving margin
ROCE	15% by 2015
NIBD/EBITDA	< 2x by 2015



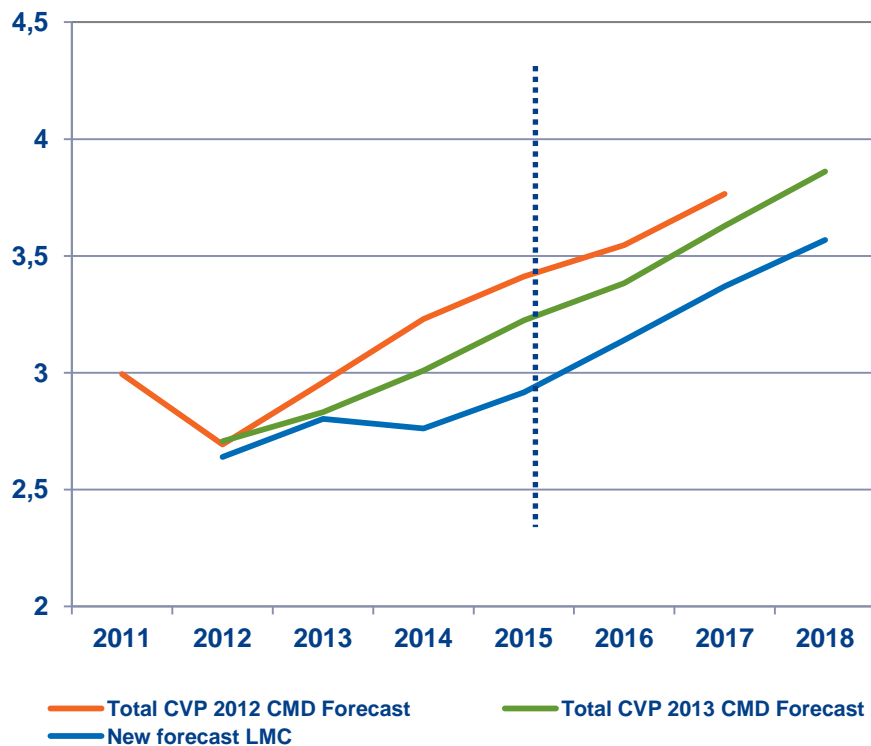
2015 Business environment

- ▶ We continue to see a challenging market in 2015, main concerns are EU and Brazil
- ▶ At the same time we need to build a platform for growth through increased innovation efforts
- ▶ R&D and Sales & Marketing efforts increasing, but new programs launching in 1 to 2 years
- ▶ Strong growth opportunities identified within comfort systems and efficient powertrains

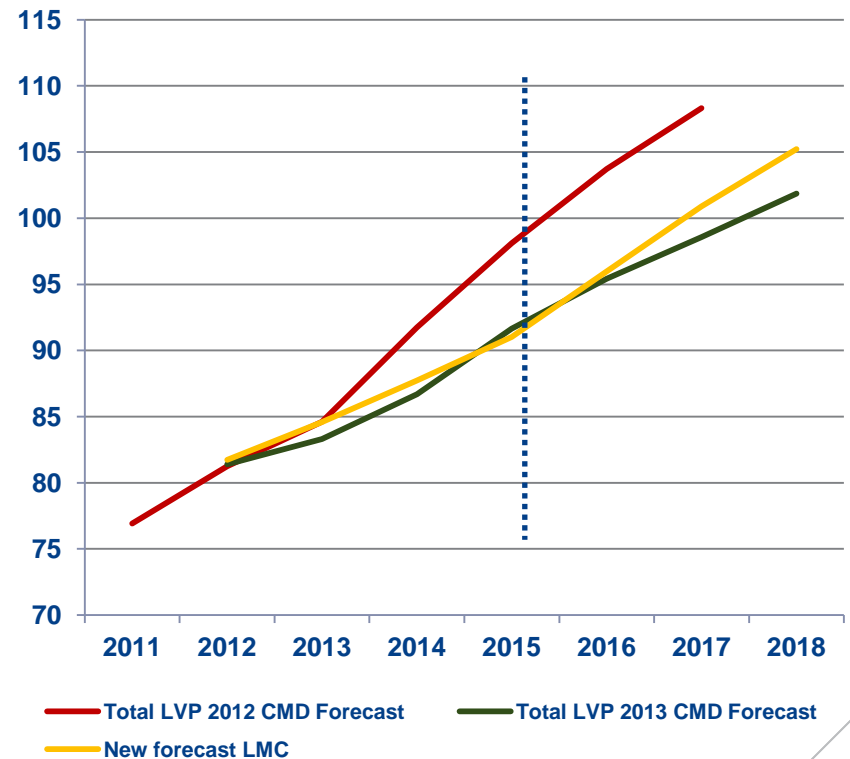


Weaker Market than we expected in 2012

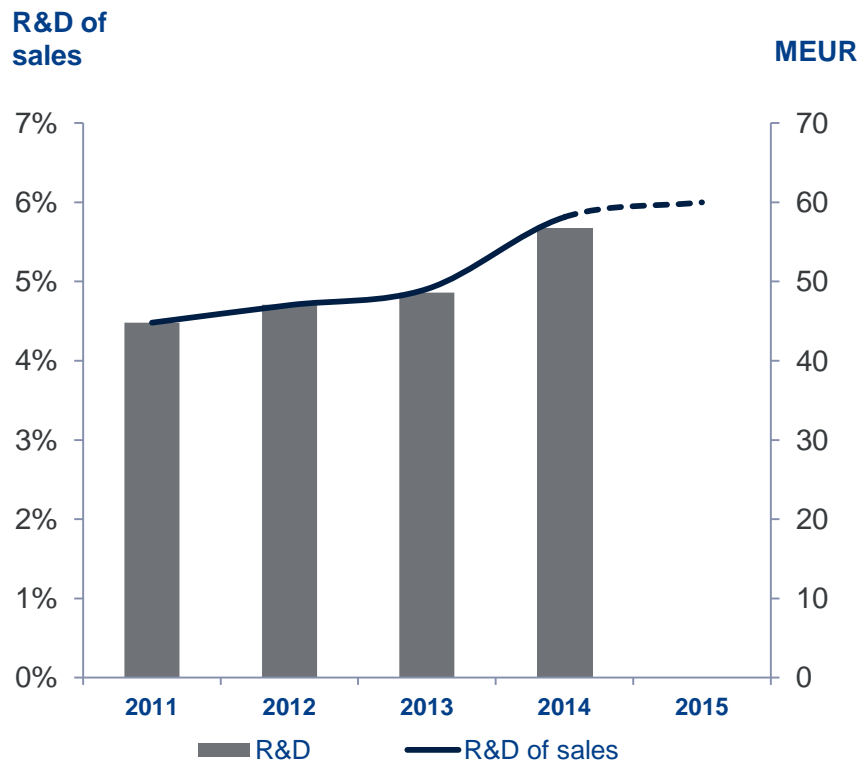
CVP in Million Units



LVP in Million Units



Increased investments in R&D

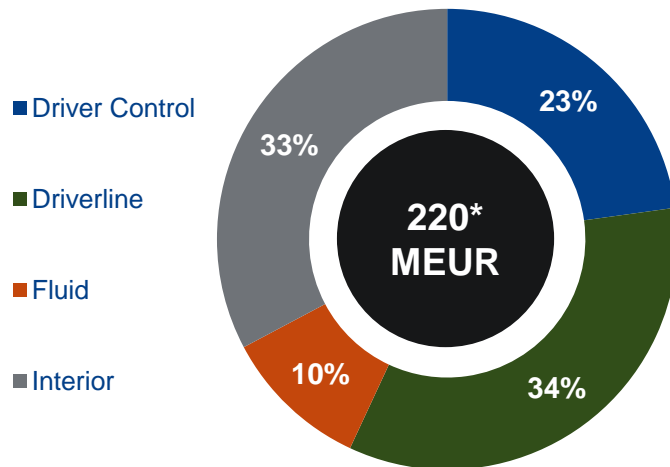


- ▶ Increased R&D effort on developing new technology
- ▶ Supporting future growth plans



The increased innovation efforts are starting to pay off

Expected business awards in 2014



* Expected per annum value

- ▶ Order intake increasing, fueling future organic growth
- ▶ Expected new business account for about 22 % of 2014 estimated revenue



Revised 2015 targets

	Group
Revenue	In line with 2014
ROCE	13% in 2015
NIBD/EBITDA	< 2x by 2015

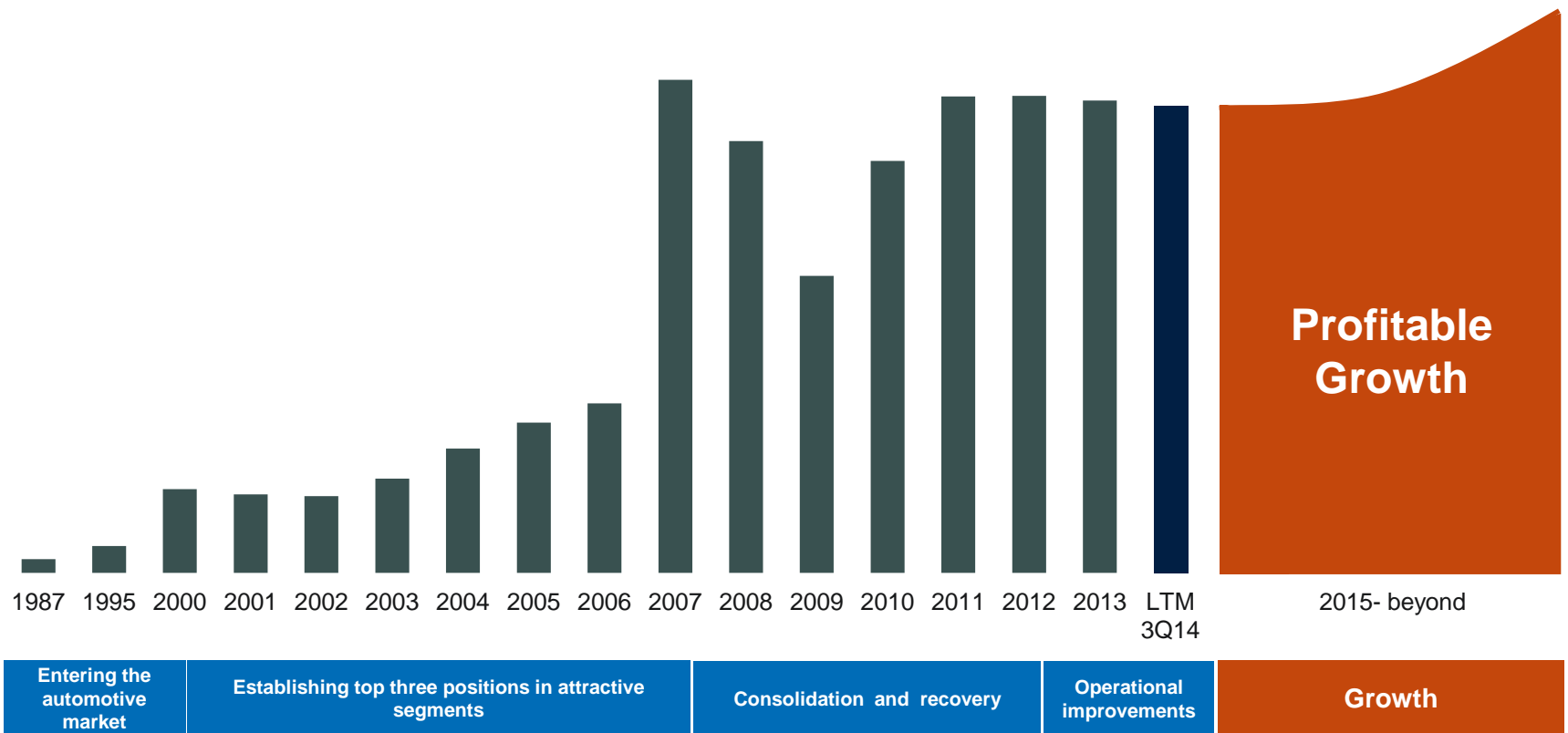
Delivering 15% ROCE would require cut backs in R&D, hurting growth potential





NEXT MOVES

Platform in place to capture future growth



Key growth trends



ACTIVE SAFETY

- Zero casualty vision
- Focus on accident avoidance
- Driver Assistance
- Self driving cars



CONNECTED VEHICLES

- Always connected
- Information & Entertainment
- Self driving cars, road use optimization
- Software upgrades on the run



COMFORT

- Adaptive driver assistance
- Increased comfort features in 2nd row
- More features in lower segments
- Aging population willing to spend more on features



EFFICIENCY & EMISSIONS






- CO2 / Fuel Economy
- Downsizing
- Electrification
- Total cost of ownership



GLOBALIZATION BRIC

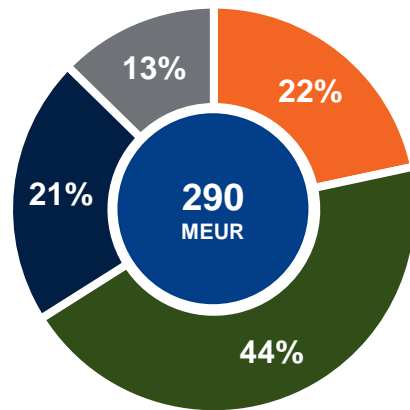
- Fewer, but bigger global platforms
- Customers expect to source where they build
- Size is getting increasingly important to afford global set up

Key businesses growth trends – KA well positioned

	 SAFETY	 CONNECTED VEHICLES	 COMFORT	 EFFICIENCY & EMISSIONS	 GLOBALIZATION BRIC
INTERIOR					
DRIVELINE					
DRIVER CONTROL					
FLUID TRANSFER					

Interior

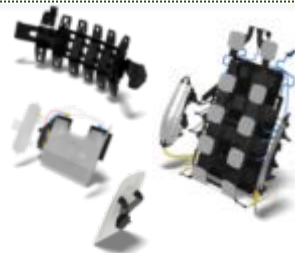
2014 estimated sales



- HR&AR
- LDC Auto
- Comfort
- Non Auto

LVP CAGR (2014-2020); 3%

Product lines



- ▶ Comfort part of the business will grow above the global light vehicle production due to increased fitment rates of support and climate systems in cars



- ▶ Light duty cables for automotive business will grow in line with global light vehicle production



- ▶ Head & Arm rest will decline over the period as Interior will prioritize its comfort segment

KA growth expectations

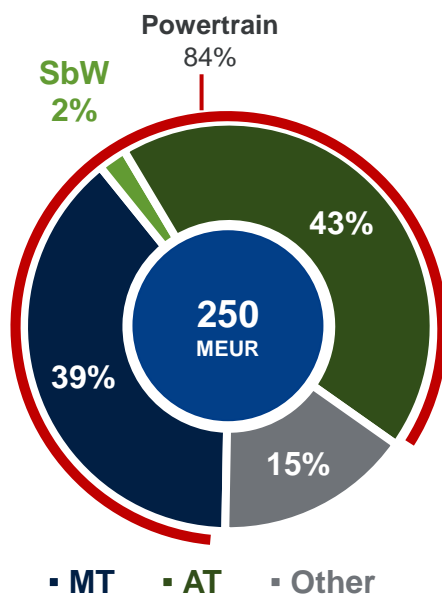
Above market

In line With market

Below market

Driveline

2014 estimated sales



LVP CAGR (2014-2020); 3%

Product lines



- ▶ SbW share of AT segment is expected to grow above average due to more electronic controlled transmissions



- ▶ MT segment would grow at par with Global industry average as DS would increase its market share in B(RI)C countries

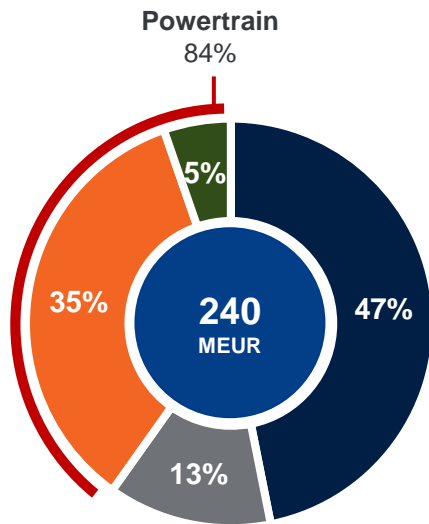
KA growth expectations

Above market

In line With market

Driver Control

2014 estimated sales



▪ HMI ▪ Other ▪ MT ▪ AMT

CVP CAGR (2014-2020); 6%

Product lines



- ▶ AMT segment is expected to grow above the global CVP growth



- ▶ HMI should enjoy an average industry growth rate



- ▶ MT segment will slow down as AMT penetration rate is increasing globally

KA growth expectations

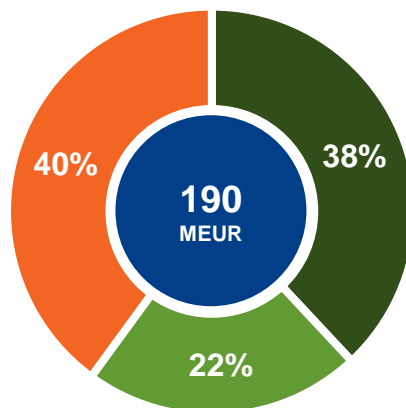
Above market

In line With market

Below market

Fluid

2014 estimated sales



- Couplings
- Industrial
- Tube assemblies

CVP CAGR (2014-2020); 6%
PCP CAGR (2014-2020): 3%

Product lines



- ▶ CV OEMs further adoption of lightweight couplings should yield an above average global CVP growth for this segment

KA growth expectations

Above market



Performance Hose
Fluo-comp® - UltraNet® - Ultra-Tech® - Adapter

- ▶ Dedicated sales organization for the Industrial business should allow for a doubling in sales over a 5-year period

Above market



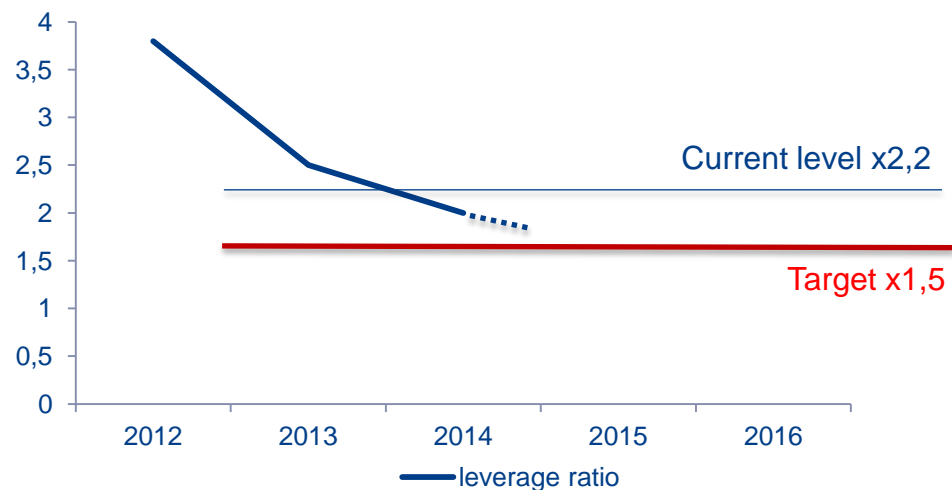
- ▶ Niche player in high temperature materials

Below market

Financials

CAPITAL STRUCTURE, DIVIDENDS & TARGETS

Capital structure target



- ▶ KOA favours debt repayment and solidity
- ▶ Company targets a gearing ratio of 1.5



Dividend Policy for Kongsberg Automotive ASA

- ▶ Kongsberg Automotive shall create good value for its shareholders, employees and society
- ▶ Returns to shareholders will be a combination of changes in share price and dividends
- ▶ The Board of Directors' intention is that dividends will be approximately 30% of the company's net income provided that the gearing ratio is below 1.5 and the company has an efficient capital structure



Beyond 2015 targets

KPI	Targets	
Organic growth	3 – 5% annually	KA expects an organic growth ratio of 3 – 5 % annually given the present market outlook
ROCE	> 13%	KA have the ambition to deliver above 13 % ROCE
NIBD/ EBITDA	< 1.5	KA will continue to deleverage to increase financial robustness

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

Financials

Trond Stabekk, EVP & CFO

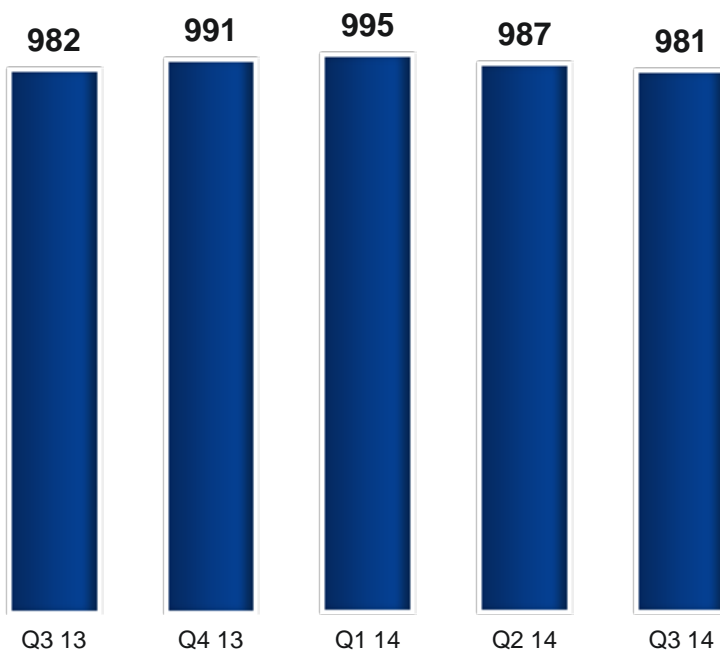


Since last capital markets day.....

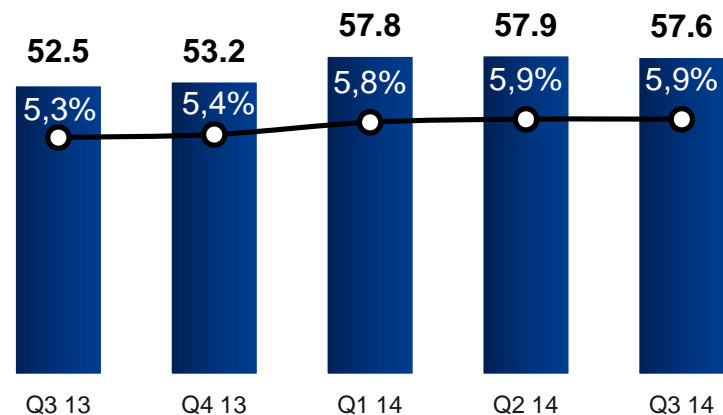
- ▶ **Strengthened profit margins**
- ▶ **Improved return on capital employed**
- ▶ **Reduced debt further through solid cash flow**

Group revenue and EBIT (LTM=last twelve months)

Revenues
EUR Million

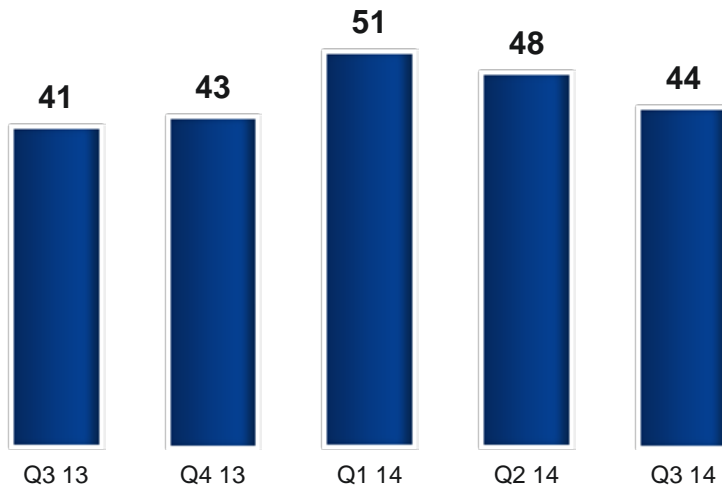


EBIT and EBIT Margin
EUR Million and percent

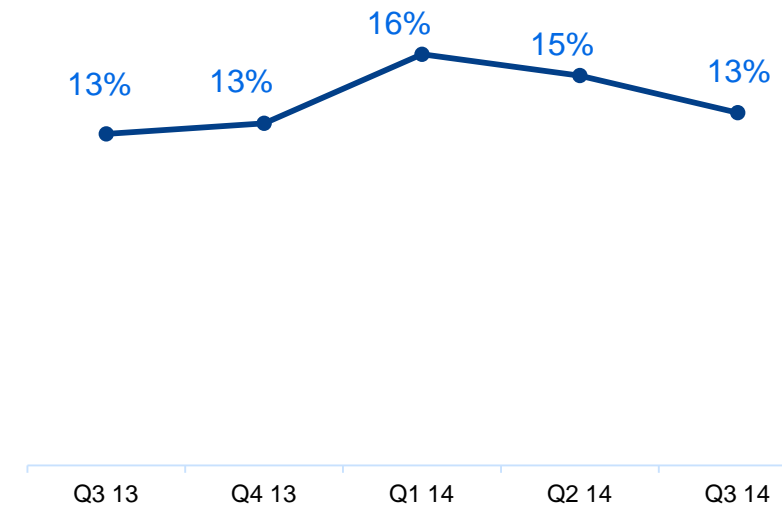


Free cash flow (LTM=last twelve months)

Free cash flow
EUR Million



Free cash flow yield
Percent

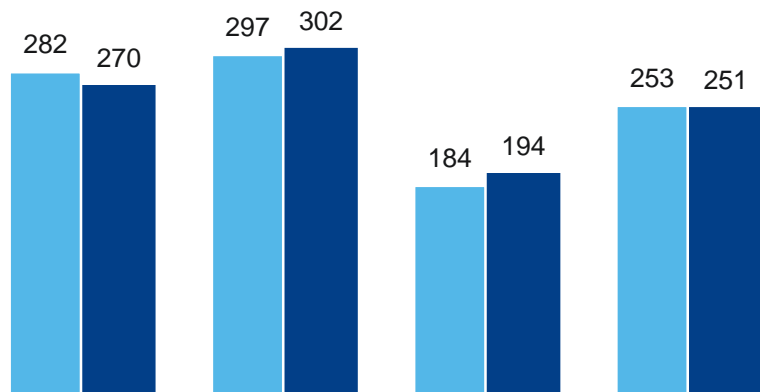




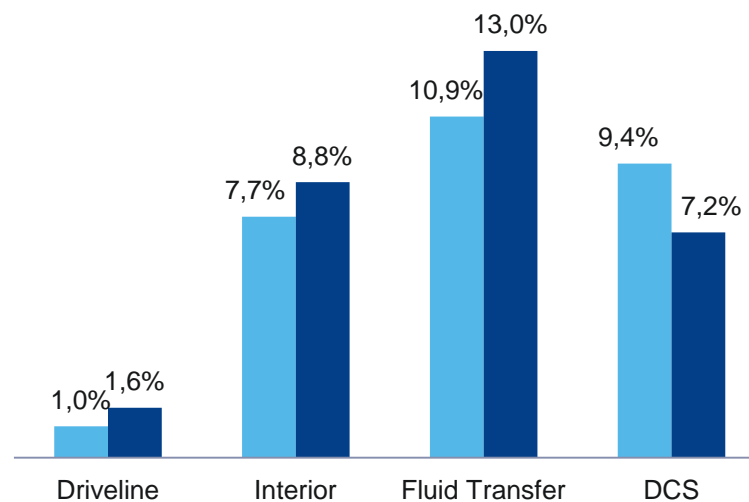
SEGMENTS

Revenues and EBIT margin per segment (LTM)

Revenues
EUR Million



EBIT Margin
percent



■ Revenues LTM 2013

■ Revenues LTM 2014

■ EBIT (margin) 2013

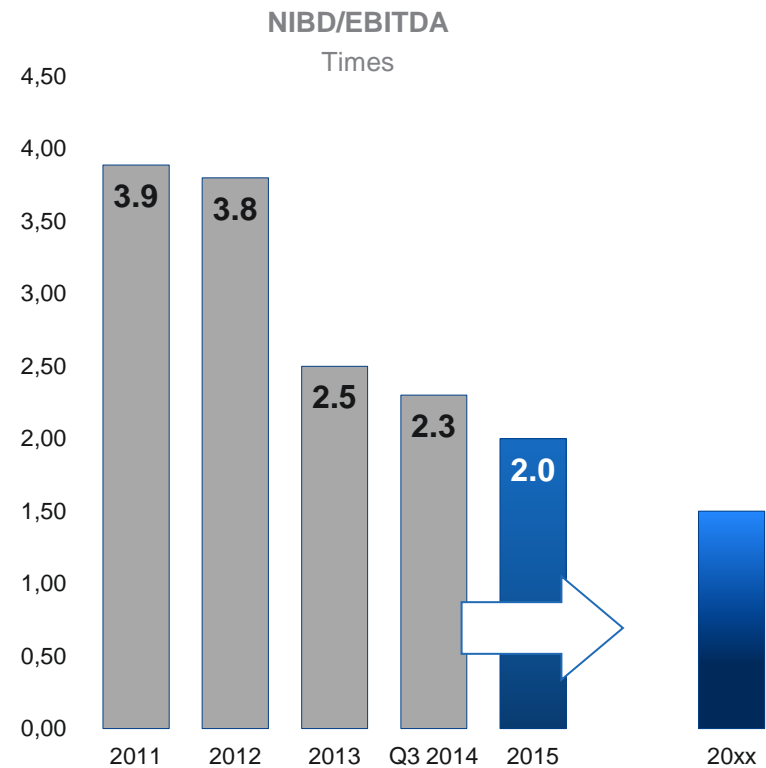
■ EBIT margin 2014



GEARING, ROCE, LIQUIDTY & FUNDING

Continue focus on reducing gearing level

- ▶ Gearing significantly reduced over the last years
- ▶ Trend towards target of Net Debt/EBITDA ratio below 2x by 2015 on track
- ▶ Focus: continue to reduce the gearing ratio towards below 1.5 times



Targeting > 13% ROCE by 2015 and beyond

► Multiple levers for improvement



Revenue growth in high-margin segments



Improved margins in currently low-yielding segments

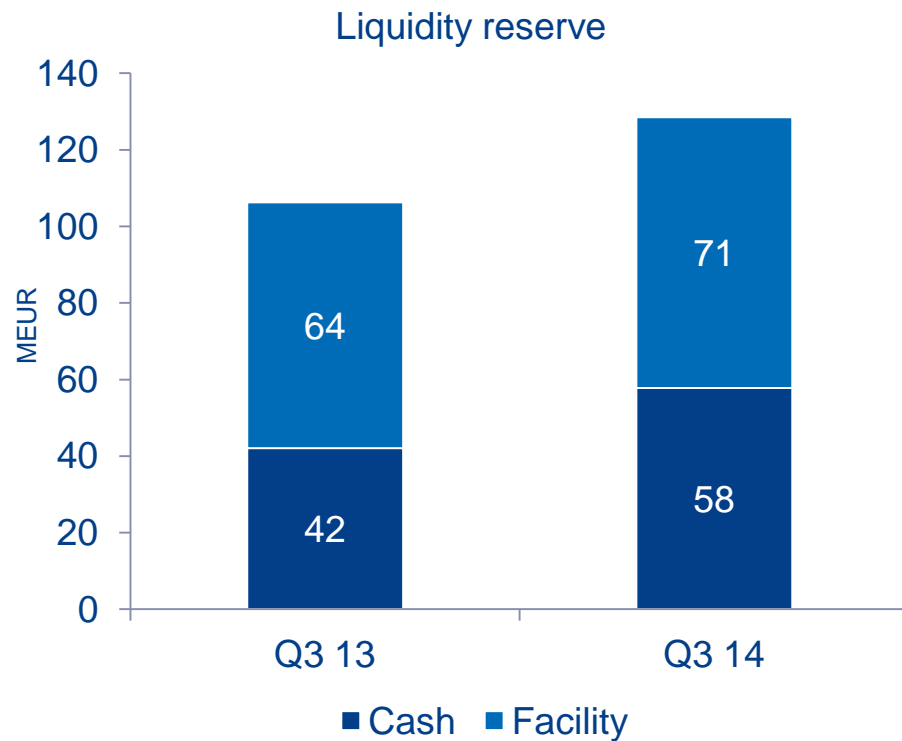


Higher capital efficiency, i.e. maintaining capital expenditure below D&A

Return on Capital Employed (ROCE)
Percent



Liquidity situation further improved



- ▶ Liquidity reserve strengthened
- ▶ Debt level further reduced

A new revolving facility

	Existing facility	New facility																						
Total size	315 MEUR RCF + 35 MEUR Overdraft	300 MEUR RCF+ 20 MEUR Overdraft																						
Maturity	March 2017	January 2018 + extension options to 2019 and 2020																						
Lenders	DNB / Nordea	DNB / Danske Bank/ BNP Paribas																						
Margin in % p.a.	<table border="1"> <thead> <tr> <th>NIBD/EBITDA</th> <th></th> </tr> </thead> <tbody> <tr> <td>>4.0x</td> <td>4.75%</td> </tr> <tr> <td>3.25x-4.0x</td> <td>4.25%</td> </tr> <tr> <td>2.5x-3.25x</td> <td>3.50%</td> </tr> <tr> <td>1.75x-2.50x</td> <td>2.75%</td> </tr> <tr> <td><1.75x</td> <td>2.25%</td> </tr> </tbody> </table>	NIBD/EBITDA		>4.0x	4.75%	3.25x-4.0x	4.25%	2.5x-3.25x	3.50%	1.75x-2.50x	2.75%	<1.75x	2.25%	<table border="1"> <thead> <tr> <th>NIBD/EBITDA</th> <th></th> </tr> </thead> <tbody> <tr> <td>>2.5x</td> <td>2.25%</td> </tr> <tr> <td>2.0x-2.5x</td> <td>1.50%</td> </tr> <tr> <td>1.5x-2.0x</td> <td>1.25%</td> </tr> <tr> <td><1.5x</td> <td>1.00%</td> </tr> </tbody> </table>	NIBD/EBITDA		>2.5x	2.25%	2.0x-2.5x	1.50%	1.5x-2.0x	1.25%	<1.5x	1.00%
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Financial covenants	<ul style="list-style-type: none"> ✓ Equity Ratio > 25% ✓ Min Liquidity: 50MEUR ✓ NIBD/EBITDA < 2.5x 	<ul style="list-style-type: none"> ✓ Equity Ratio > 25% ✓ Min Liquidity: 50MEUR ✓ NIBD/EBITDA: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>NIBD/EBITDA</th> <th></th> </tr> </thead> <tbody> <tr> <td>Until 31.12.2015</td> <td>3.0x</td> </tr> <tr> <td>Until 31.12.2017</td> <td>2.75x</td> </tr> <tr> <td>Thereafter</td> <td>2.5x</td> </tr> </tbody> </table> 	NIBD/EBITDA		Until 31.12.2015	3.0x	Until 31.12.2017	2.75x	Thereafter	2.5x														
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Until 31.12.2017	2.75x																							
Thereafter	2.5x																							
Repayment	No amortizations																							

Based on current gearing - saving of approx EUR 3 mill in interest p.a.

Summary

- ▶ **Have delivered on the path towards the targets**
 - Operational margins improved
 - Increased the return on capital employed
 - Reduced the gearing on the balance sheet
- ▶ **Growth in revenues important factor in improving the return on capital employed further long term**
- ▶ **Financing further improved**

Market Outlook

Philippe Toth, VP M&A and Investor Relations

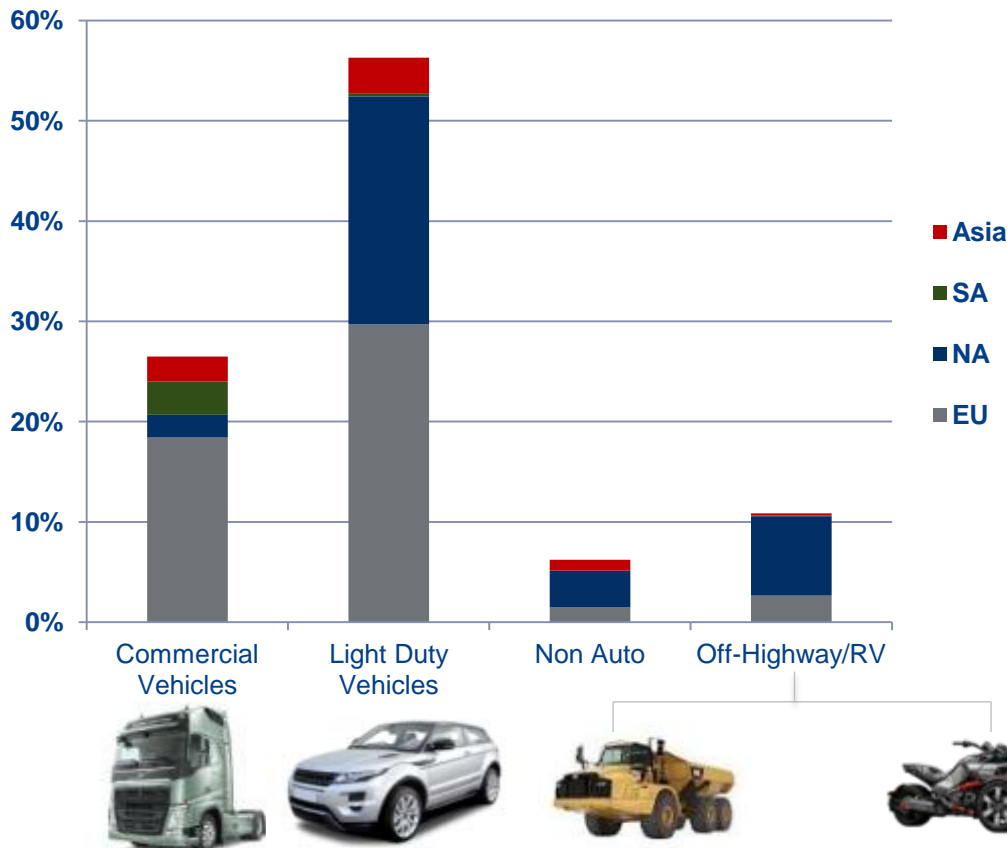


Agenda

- ▶ **KA regional exposure to end-markets segment**
- ▶ **Some macro economic drivers**
- ▶ **Regional Light Vehicle and Commercial Vehicle market**
- ▶ **Regional new business wins**
- ▶ **Summary**



Group exposure by end-markets & regions



- ▶ CV segment is mainly exposed toward European underlying growth
- ▶ LDV segment is fairly balanced between North America and Europe
- ▶ Off-highway and RV segment is mainly driven by North American growth

Drivers for LDV demand

- ▶ GDP growth & Consumer Price Index drives scrapping and replacement rate
- ▶ In mature economies very little growth in vehicle densities, but growth comes mainly from demographic growth or..
- ▶ ...Increased vehicle density in developing markets
- ▶ Credit availability
- ▶ Oil prices
- ▶ Local governmental stimulus packages also influence market short term

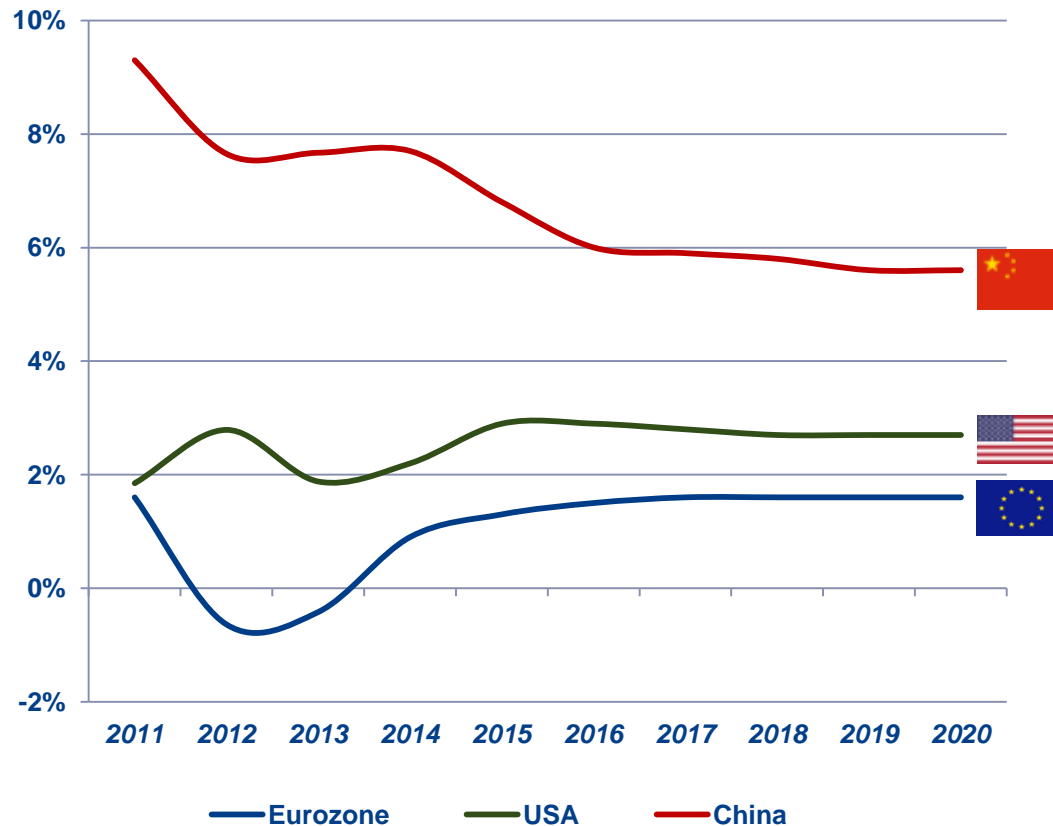


Drivers for CV demand

- ▶ Growth in Heavy Duty (>15t) trucks follows GDP growth closely , but w. scaling factor
- ▶ Credit availability
- ▶ Oil prices influence positively fleet owner profitability
- ▶ Local governmental stimulus packages also influence market short term
- ▶ Demand also strongly related to freight volumes and industrial production
- ▶ Fleet age and replacement need?
- ▶ Emission deadlines generate short term pre-buy
- ▶ For developing markets : strong correlation between truck sales and express highway expansion

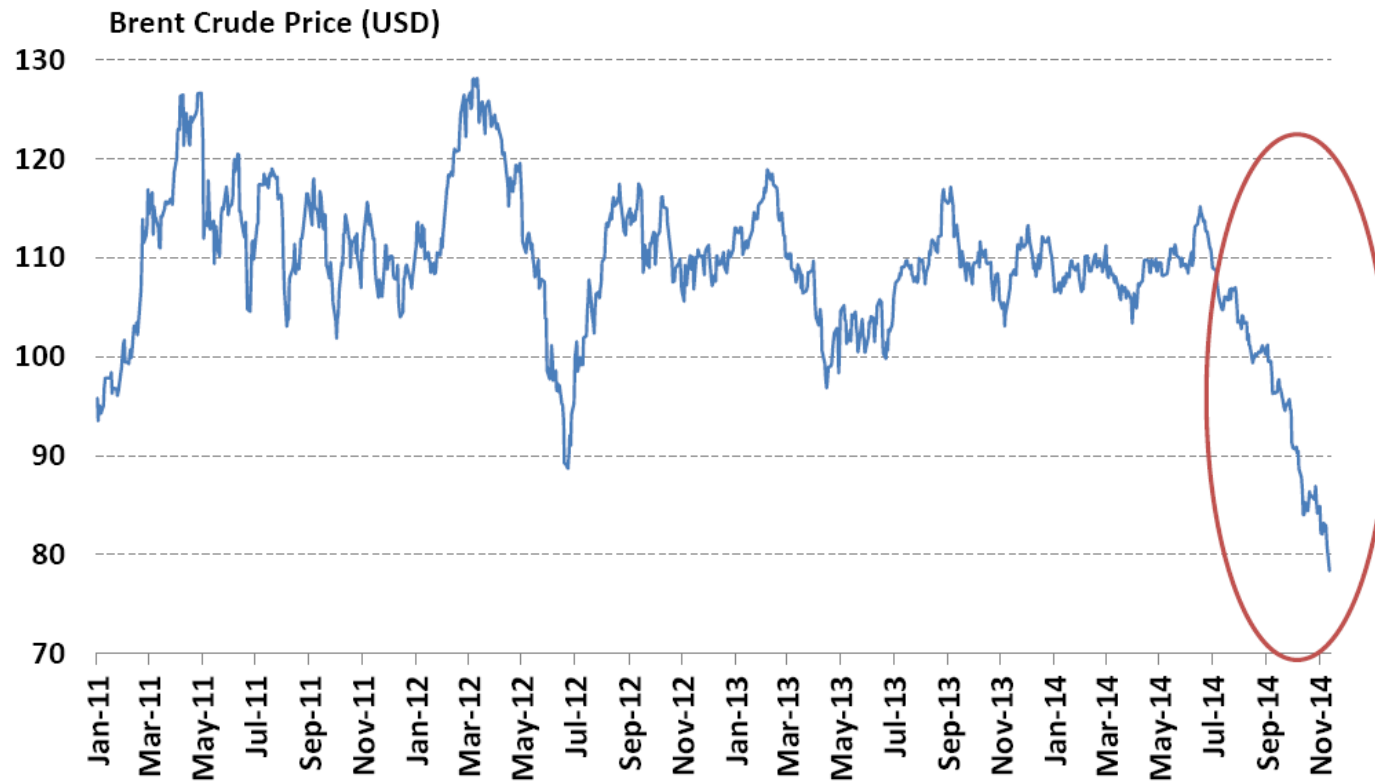


GDP growth – in large economies



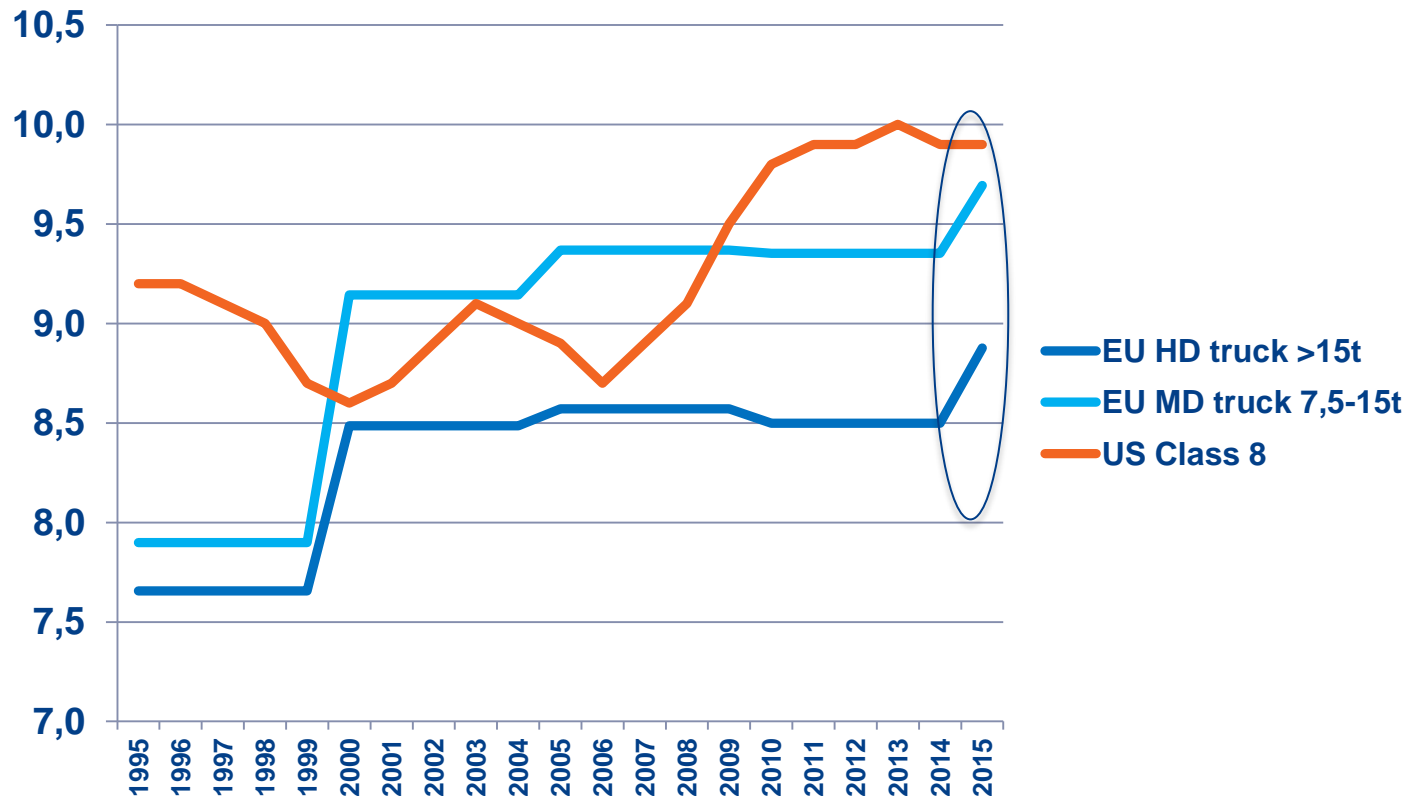
- ▶ Slower growth in China a new reality?
- ▶ North America shows improvement
- ▶ Eurozone still subdued

Will this price change impact the demand?







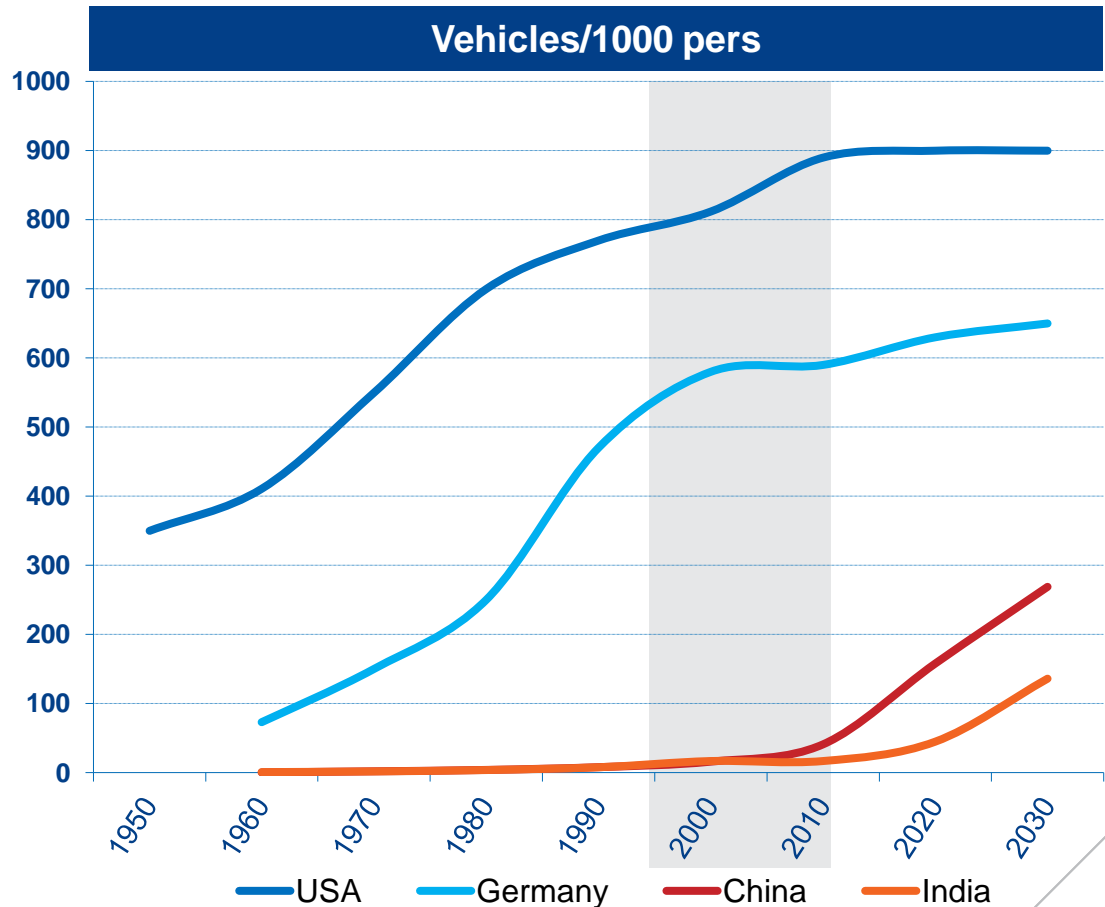
Source: Thomson Reuters

Average fleet age (CV) increasing...should trigger replacement?



Light Vehicle density development should sustain demand in emerging market

	LVP CAGR (2001-2013)	Population 2013
	3.0%	316 m
	-0.9%	504 m
	20.3%	1357 m
	13.9%	1252 m



- ▶ USA and Europe should mainly see replacement demand
- ▶ Density increase in emerging country will drive expansion

At a crossroads

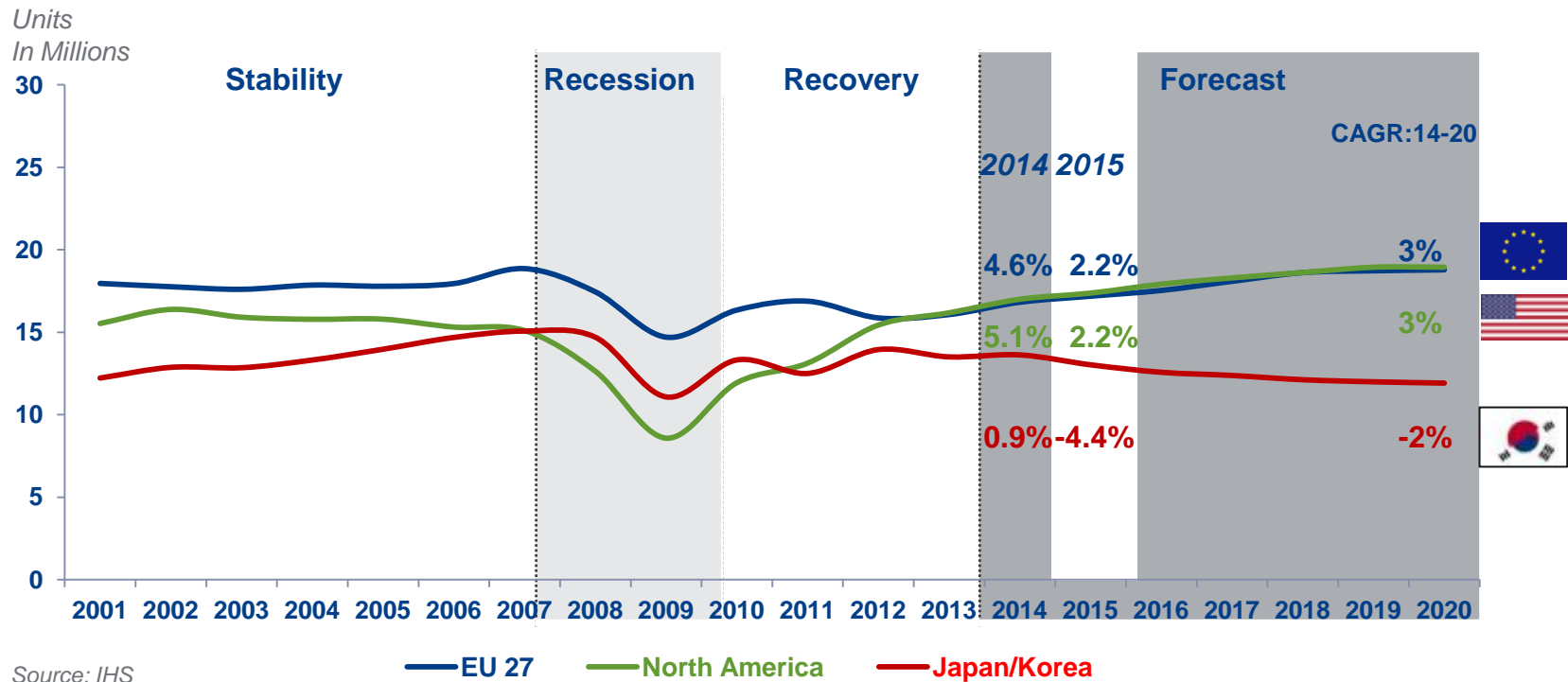
- ▶ Recovery is slowing down...
.....but when will aging truck fleet be replaced?
- ▶ Global environment more complex & hard to predict
- ▶ Volatility in macro economic outlook remains high





MARKET OUTLOOK - PASSENGER VEHICLES

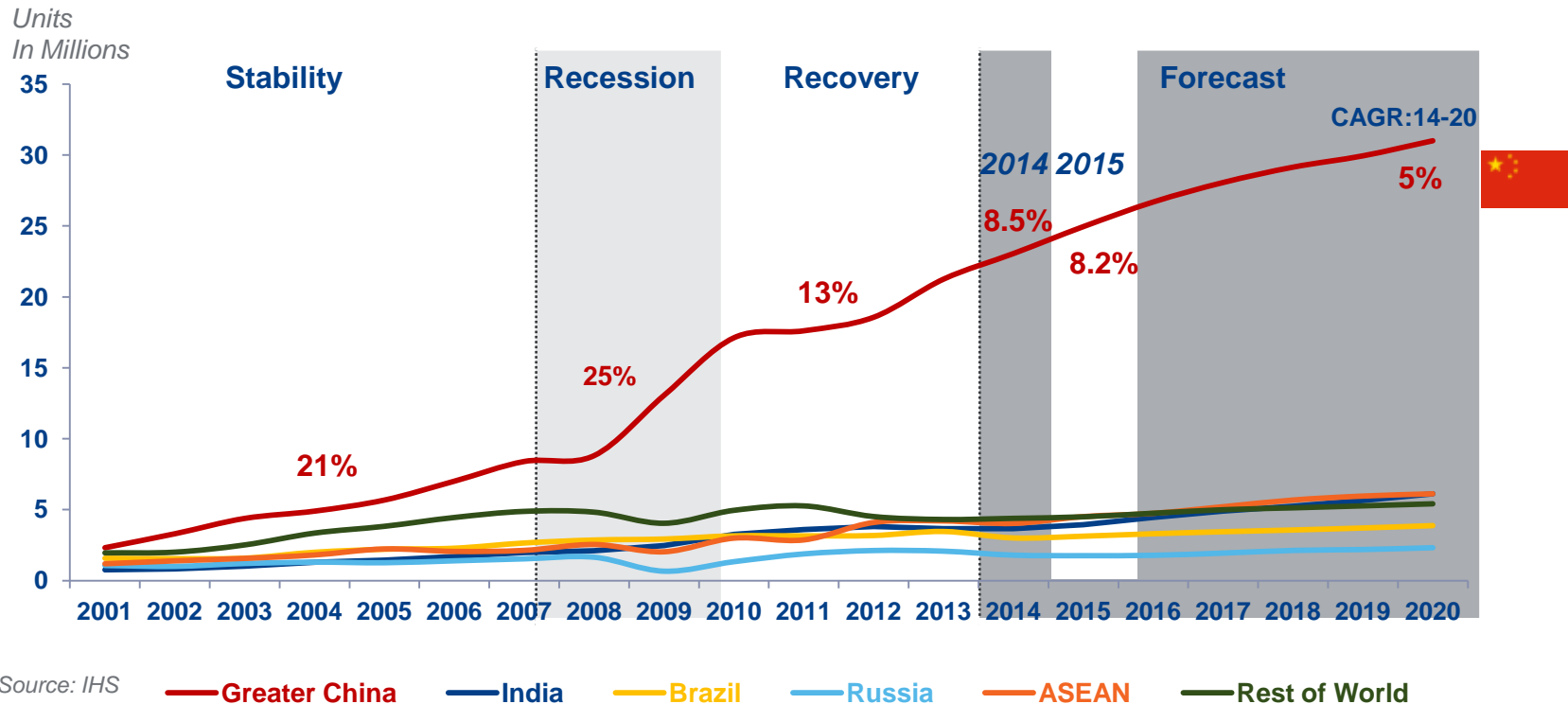
Triad markets LDV production



EU production is experiencing slow turn around in 2014. Pre-crisis level will not be reached until 2018/19

North American production is leveling off

Emerging markets LDV production



Production growth in emerging markets slower than before crisis

Production growth in Brazil has continuously slowed down since 2000

Automotive represents 45% of KA BRIC revenue

Supplied vehicle examples

Products



Ford Kuga



Volvo S60



Brake vacuum



Seat Heat



AT Shifter



VW Amarok



Manual Shifter



Nissan Pulsar



Shift tower



VW Polo

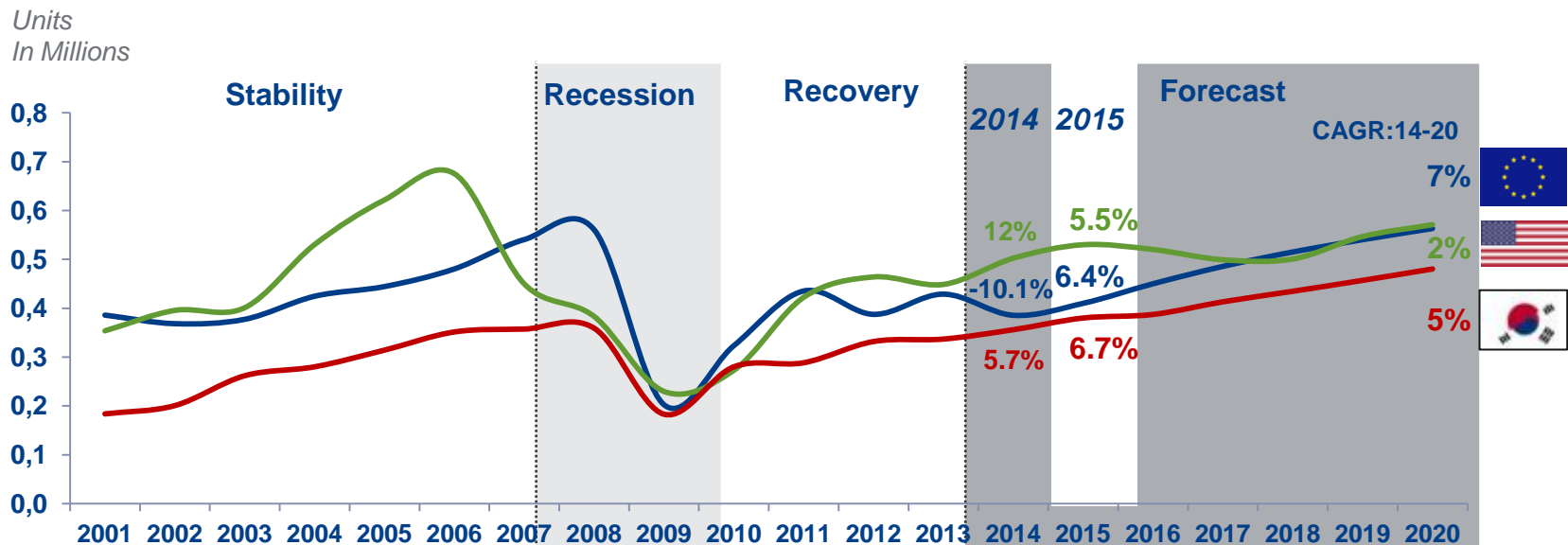


Seat Heat



MARKET OUTLOOK – COMMERCIAL VEHICLES

Triad markets CV production



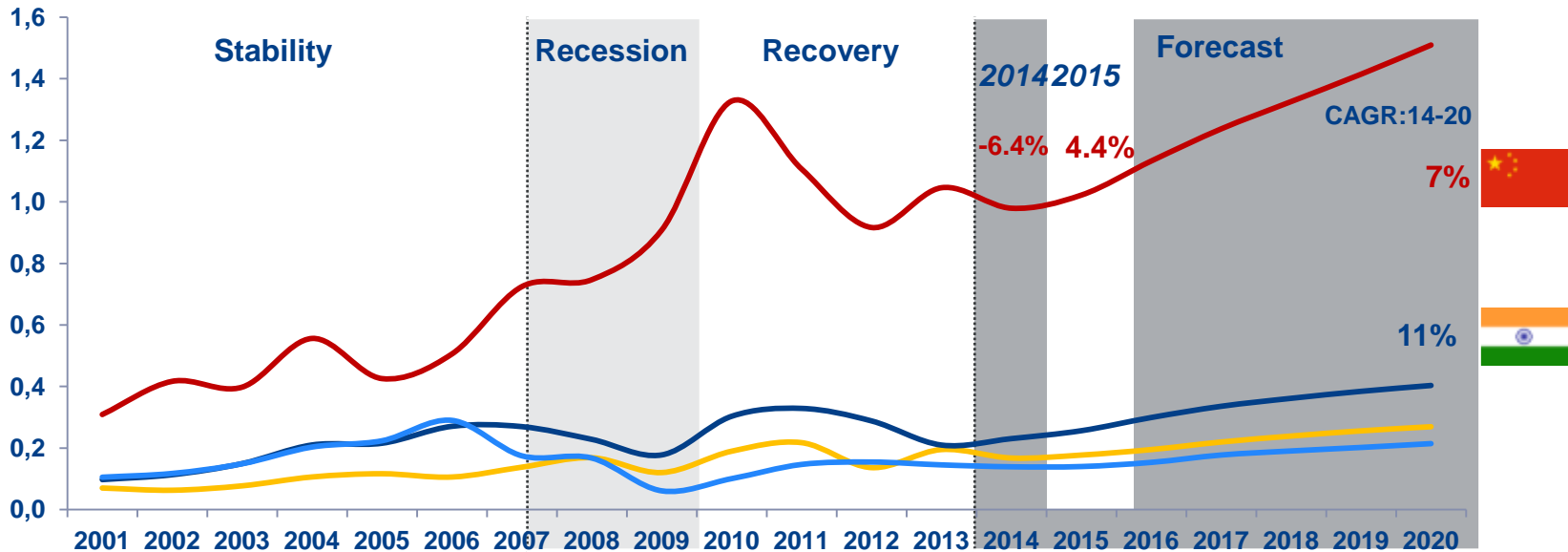
Source: LMC

— EU 27 — North America — Japan/Korea

Europe rebounds slowly...2015 will not be up to 13 level
US demand supported by healthy macro

Emerging markets CV production

Units
In Millions



Source: LMC

— South America — China — India — Russia, Turkey and CIS, OPEC, Africa

Chinese market is volatile, but variety of factors will support demand

Commercial vehicles represent 55% of KA BRIC revenue

Supplied vehicle examples

Products

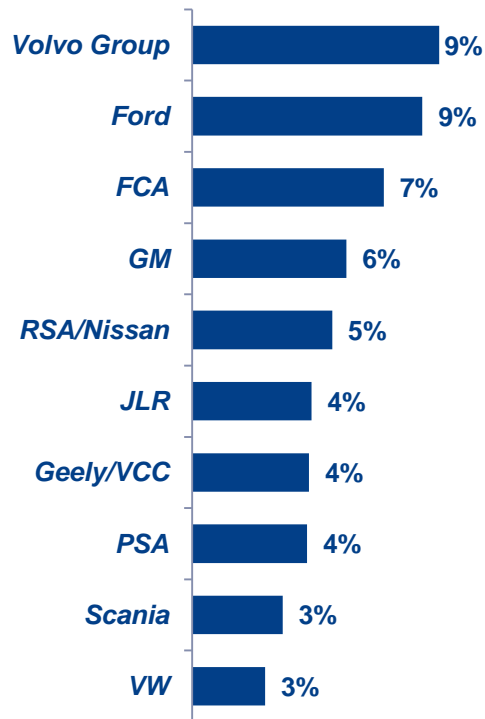




TOP KA CUSTOMERS

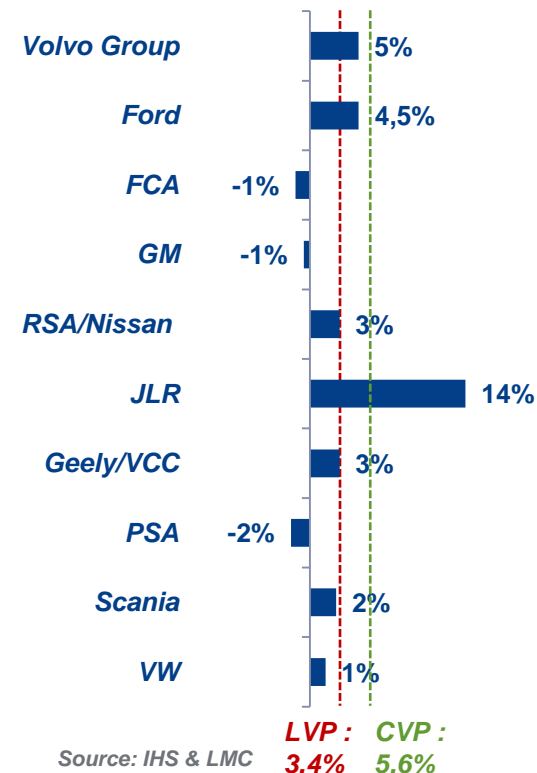
Top Customers (KA Group) a mixed growth picture

Percentage of total KA sales



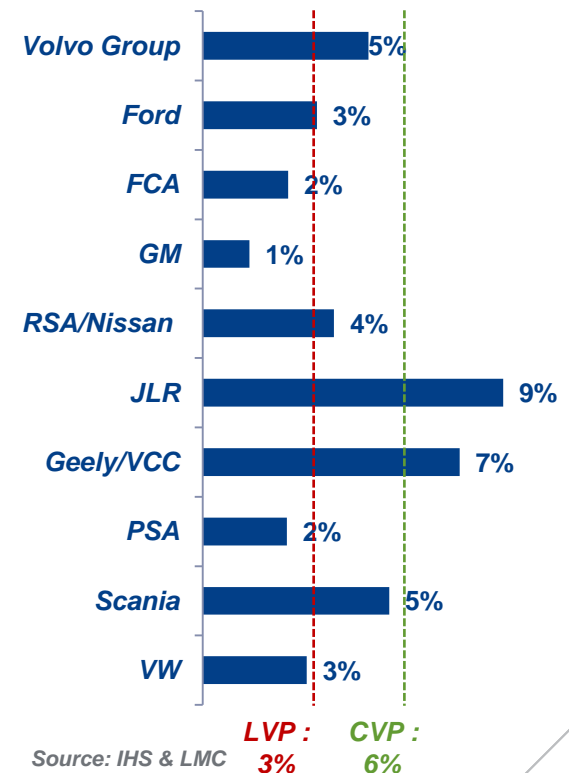
Source: KA 2014 expected sales

Customer 2015 expected growth



Source: IHS & LMC

Customer CAGR (14-20)

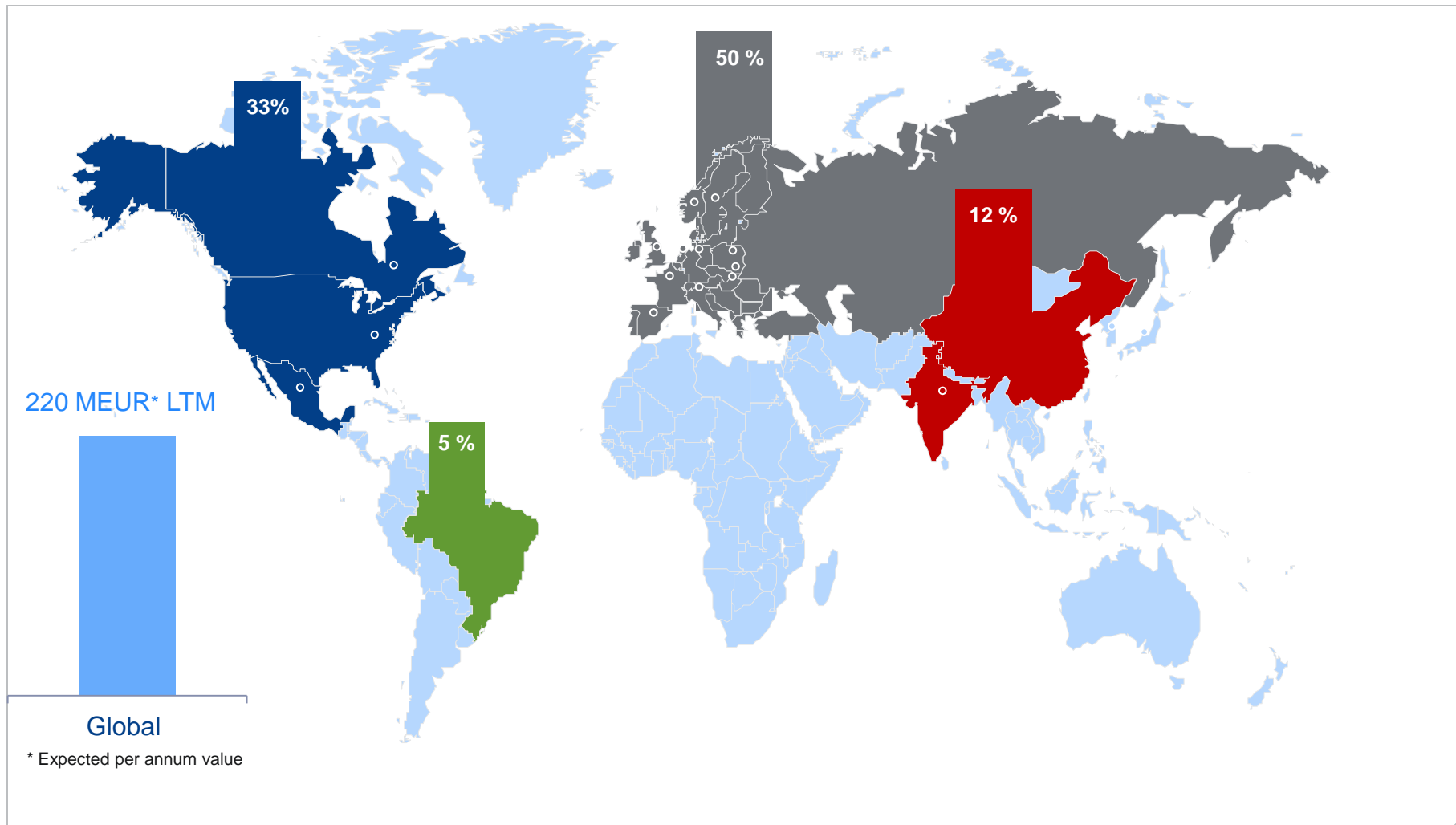


Source: IHS & LMC



NEW BUSINESS WINS

Significant business awards last twelve months



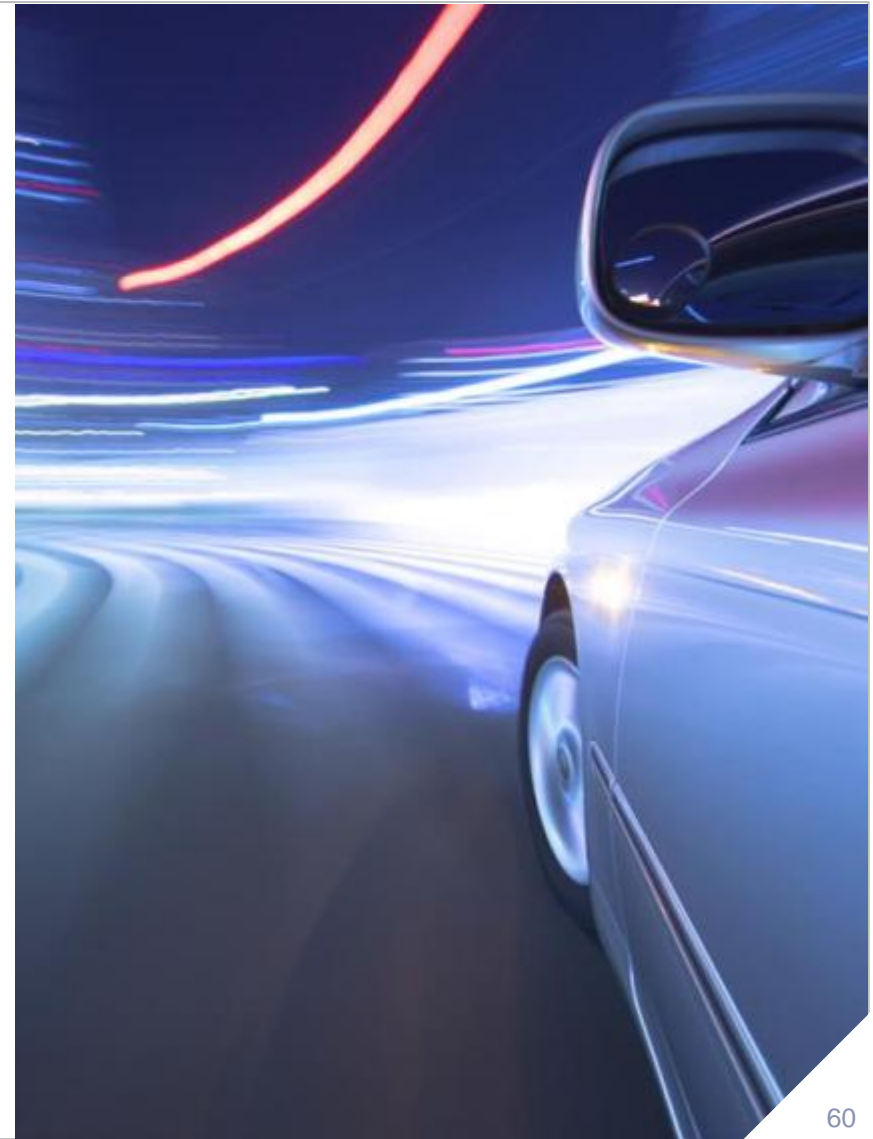
► Continue trend toward booking more business in BRIC than current revenue exposure



SUMMARY & OUTLOOK

Agenda

- 09:00** Achievements, strategy for growth & targets
- 09:30** Financial review
- 09:50** Automotive market outlook
- 10:05** Break
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Market summary and outlook

Country/region	Expected 2015 growth rate	Outlook	CAGR 2014 -2020
	 2.2%	<ul style="list-style-type: none"> • Slow turn around • Gradual recovery driven by replacement demand 	3%
	 6.4%		7%
	 2.2%	<ul style="list-style-type: none"> • Leveling off of production after recovery • Strength in North America 	3%
	 5.5%		2%
	 8.2%	<ul style="list-style-type: none"> • Production will remain relatively strong despite "plate limitations" • Market volatility 	5%
	 4.4%		7%
	 4.2%	<ul style="list-style-type: none"> • High uncertainty market, but new foreign OEM facilities will be build in late 2014. • Market volatility due economical and political issues 	4%
	 2.5%		8%

Automated Transmission trends in the Commercial vehicles segment

Capital Markets Day, 3.12.2014, Trond Fiskum & Espen Moe



Agenda

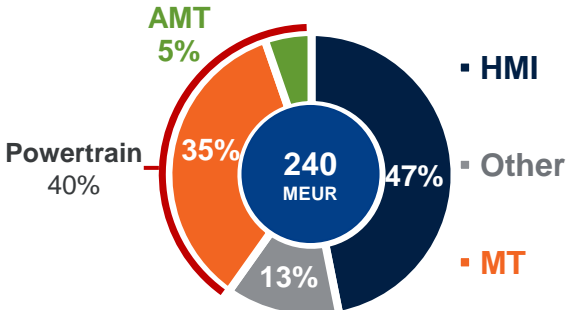



- ▶ **Market trends & automated manual transmissions (AMT) in the commercial vehicles industry**
- ▶ **Our AMT ambitions**
- ▶ **Our strategic enablers and product offering**





**MARKET TRENDS & AUTOMATED MANUAL TRANSMISSIONS
IN THE COMMERCIAL VEHICLES INDUSTRY**

Overview of Driver Control Systems

2014 estimated sales	Product lines	KA growth expectations
 <p>240 MEUR</p> <ul style="list-style-type: none"> Powertrain 40% AMT 5% HMI 47% Other 13% MT 13% 	<ul style="list-style-type: none">  <p>▶ AMT segment is expected to grow above the global CVP growth</p>  <p>▶ MT segment will decline as AMT penetration rate is increasing globally</p>  <p>▶ HMI should enjoy an average industry growth rate</p> 	<ul style="list-style-type: none"> Above market Below market In line With Market

Truck & bus customers



Commercial vehicle industry

Heavy duty truck characteristics

- ▶ Price of ca EUR 100 K
- ▶ Engine size of 400 to 750 hp
- ▶ Hard working machines
 - 150K km per year and ca. 2 mill. km over lifetime
- ▶ Strong focus on vehicle uptime and predictable cost per km
- ▶ Increasing challenge to find enough skilled drivers



KA ambitions in AMT

- ▶ KA target is to become a significant supplier of AMT actuator solutions to the global CV industry within the next 10 years
 - 1-2 major AMT business wins per year over the next 3-5 years
 - Market share above 10% by 2025



Key growth trends



ACTIVE SAFETY

- Zero casualty vision
- Focus on accident avoidance
- **Driver Assistance**
- Self driving cars

CONNECTED VEHICLES

- Always connected
- Information & Entertainment
- Self driving cars, road use optimization
- Software upgrades on the run

COMFORT

- **Advanced driver assistance**
- Increased comfort features in 2nd row
- More features in lower segments
- Aging population willing to spend more on features

EFFICIENCY & EMISSIONS

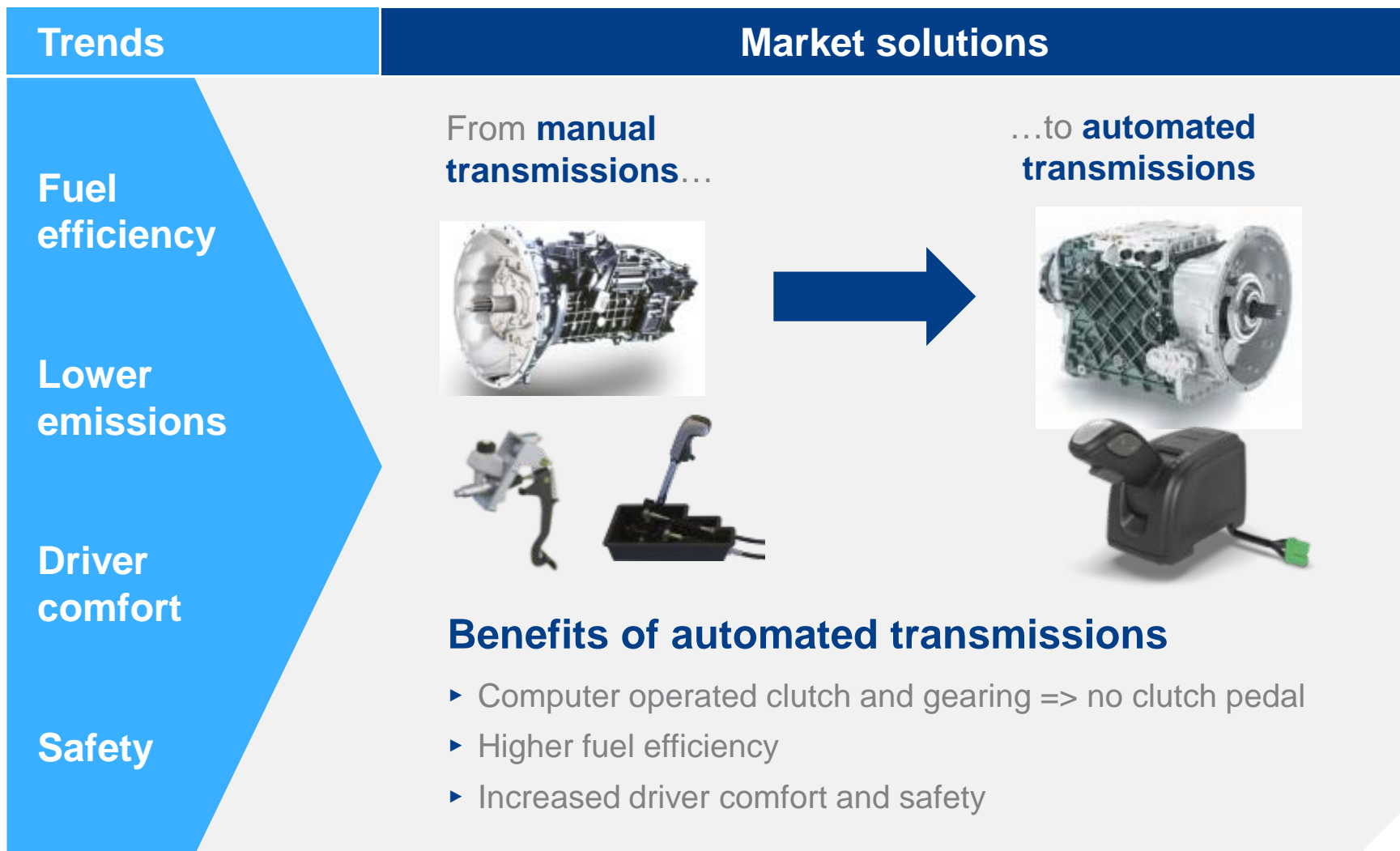
- **CO₂ / Fuel Economy**
- Downsizing
- **Electrification**
- **Total cost of ownership**

GLOBALIZATION BRIC

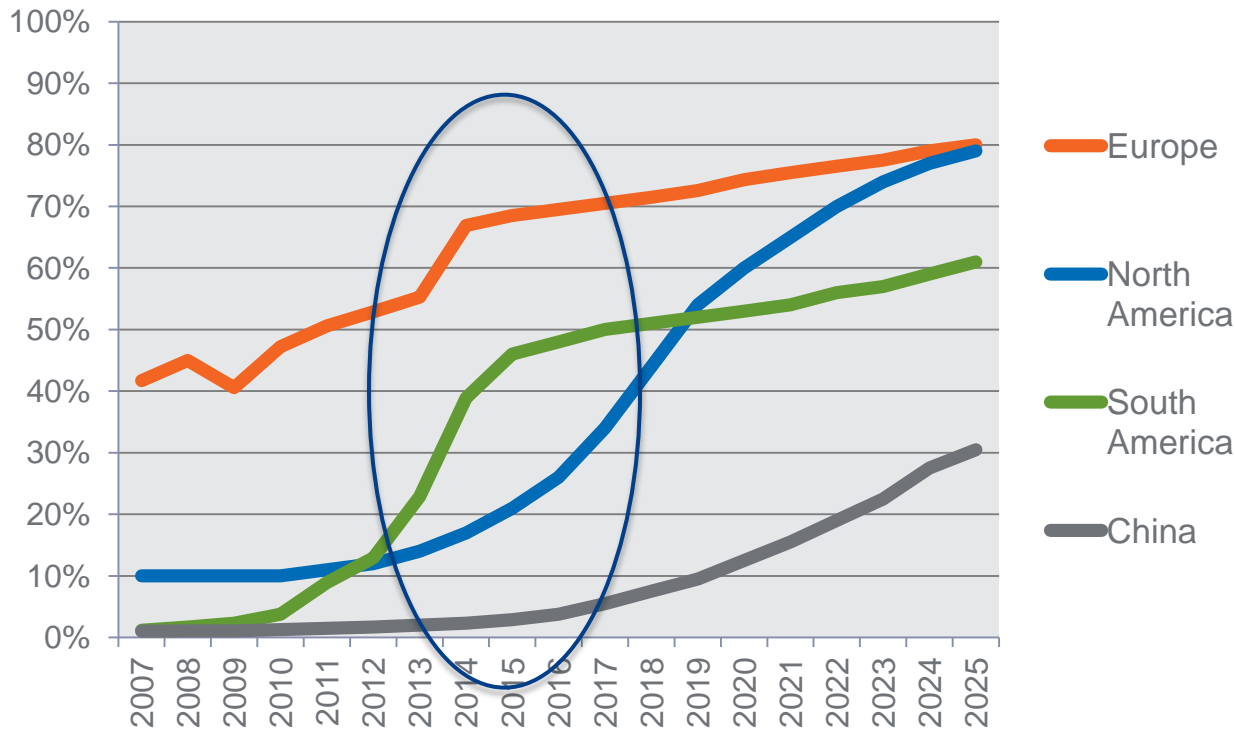
- **Fewer, but bigger global platforms**
- **Customers expect to source where they build**
- Size is getting increasingly important to afford global set up

Trends with most impact on DCS business

From manual to automated transmissions in the truck industry



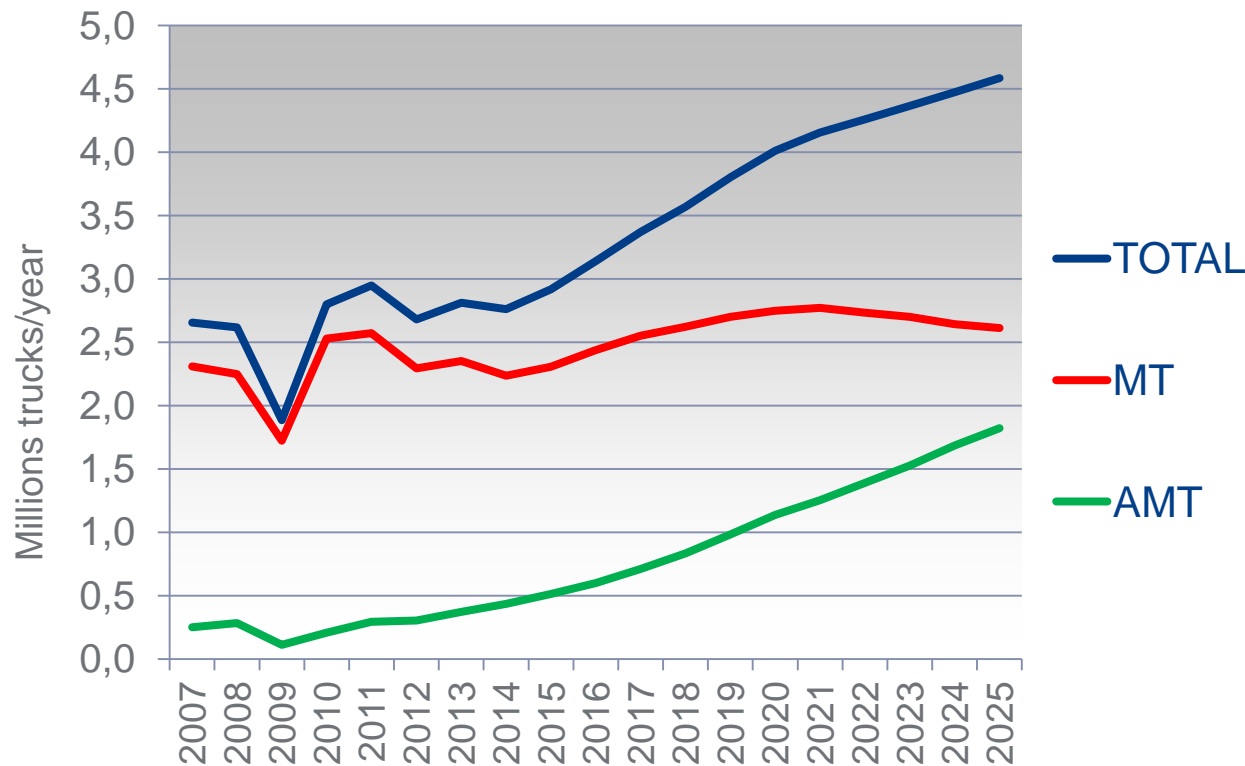
AMT share of production in key truck markets



- ▶ **Europe** to stabilize on high AMT level
- ▶ **Americas** have been slow to follow, but AMT shares rising sharply in recent years
- ▶ **China** will follow, but timing is still uncertain

We are at a global transition point from MT to AMT

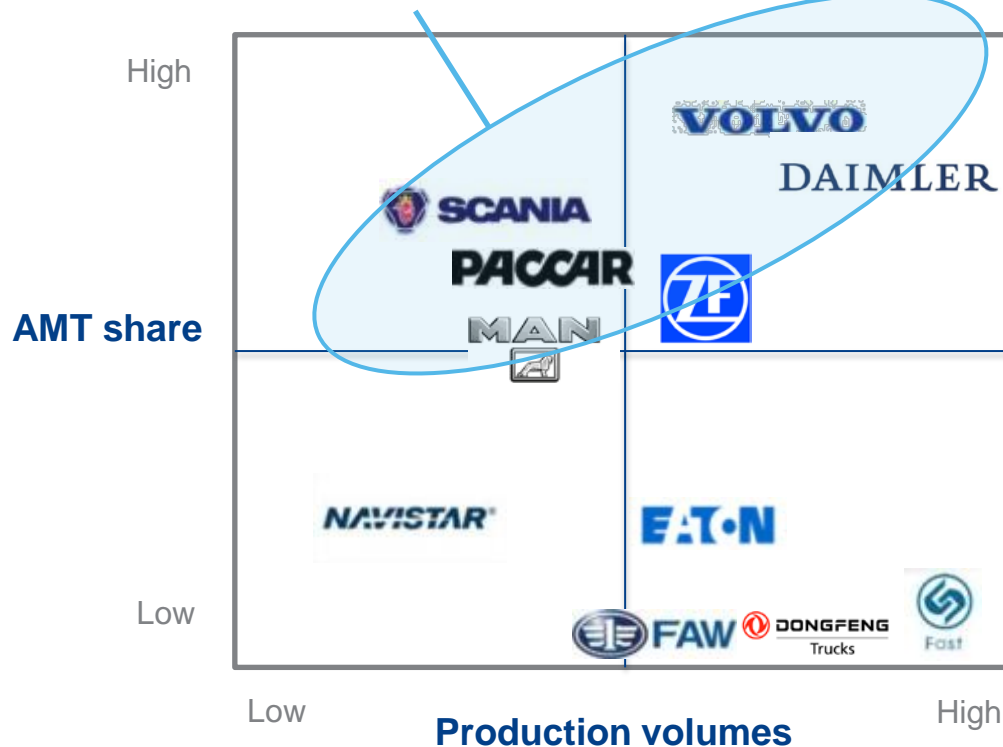
Impact of higher AMT share on KA's MT business



- ▶ MT volumes still significant due to overall market growth
- ▶ KA to benefit from a significant aftermarket

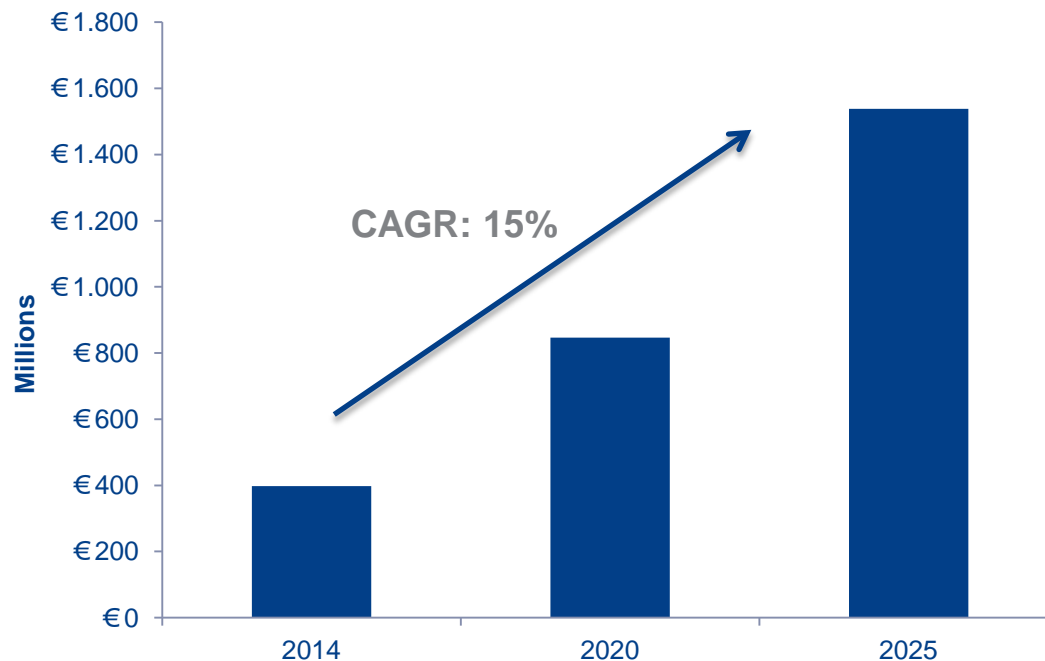
Our customers position in AMT segment

Key KA customers



- ▶ European truck OEMs are AMT leaders
- ▶ Chinese truck AMT volumes remain low
 - Will they develop AMT themselves or thru partnerships with Western OEMs?
- ▶ Transmission OEMs like ZF (EU), Eaton (US) & Fast Gear (China) are potential KA customers

Market value of AMT actuation systems



- ▶ Estimated market potential of EUR 1.5 bill. by 2025
- ▶ Major value within clutch & gear box actuation
- ▶ Key suppliers in the market currently:
 - Wabco
 - ZF Sachs
 - Knorr-Bremse



Our product strategy
WELL POSITIONED FOR GROWTH

Strategic growth enablers

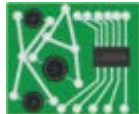


Excellence in execution

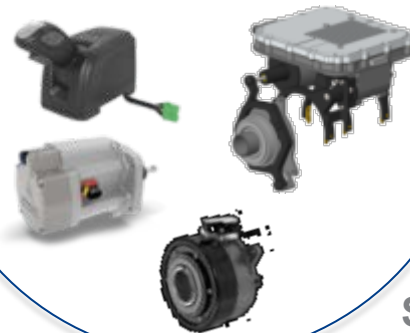
- Knowledge based product development
- Customer responsiveness and service

Product engineering expertise

- Clutch and gear box actuation
- Electronics



AMT actuation solutions



Global presence & local support

- Presence in all regions
- Local customer teams



Modular product concepts

- For scalability, cost efficiency and speed to market

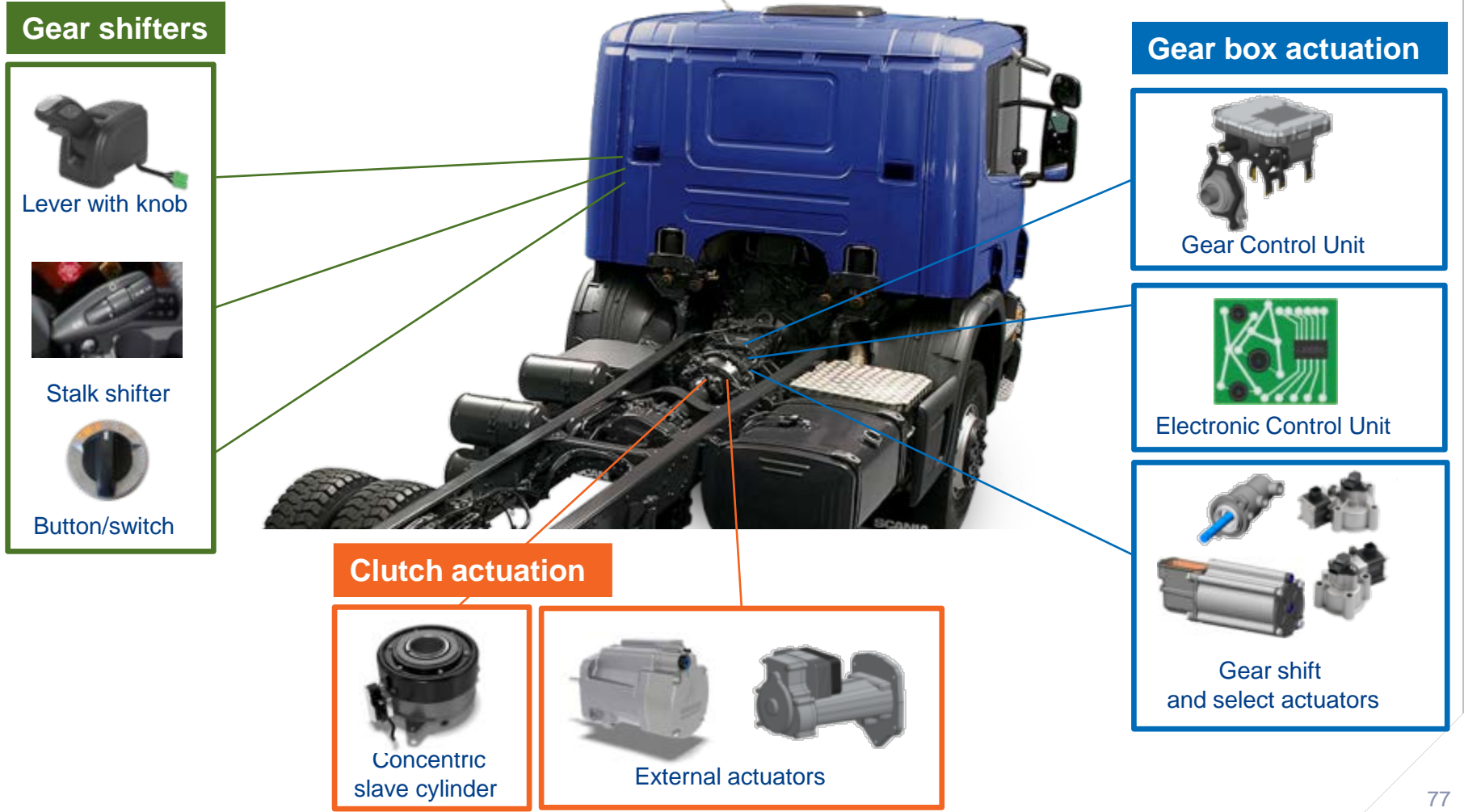


Strong customer relations

- With leading AMT truck manufacturers



AMT product areas



AMT shifter solutions



Current AMT shifter supplied by KA to Volvo Truck



Future AMT shifter development in collaboration with DS

KA unique features

- ▶ Leveraging DS passenger car technology to enable cost efficiency and speed to market
- ▶ In-house competence to meet customer specific needs and ergonomic solutions
- ▶ In-house electronics development

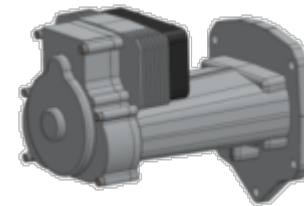
AMT clutch actuation solutions



External pneumatic clutch actuator



Concentric (internal) clutch actuator

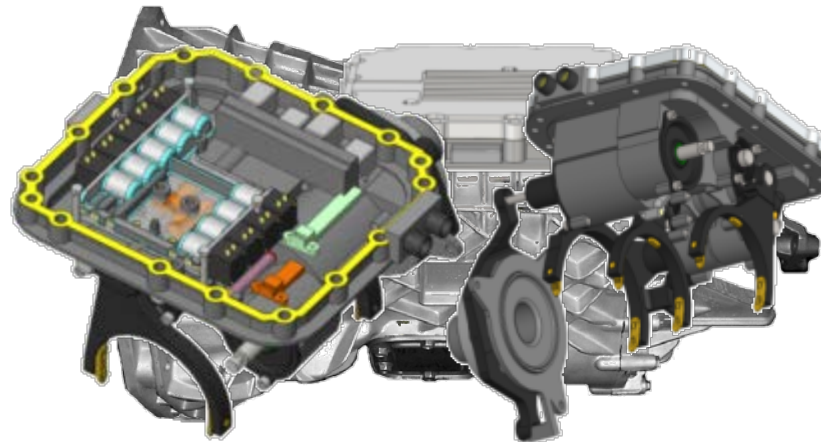


External electric clutch actuator

KA unique features

- ▶ Best in class actuation speed for quicker gear shift, better fuel efficiency
- ▶ Robust design for higher reliability and reduced total cost of ownership
- ▶ Meeting future demands of Hybrid vehicles
- ▶ Excellent knowledge in Electric motor technology to meet future needs of electrification
- ▶ In-house electronics/software development & production

AMT gear box actuation solutions



Complete gear control unit

KA unique features

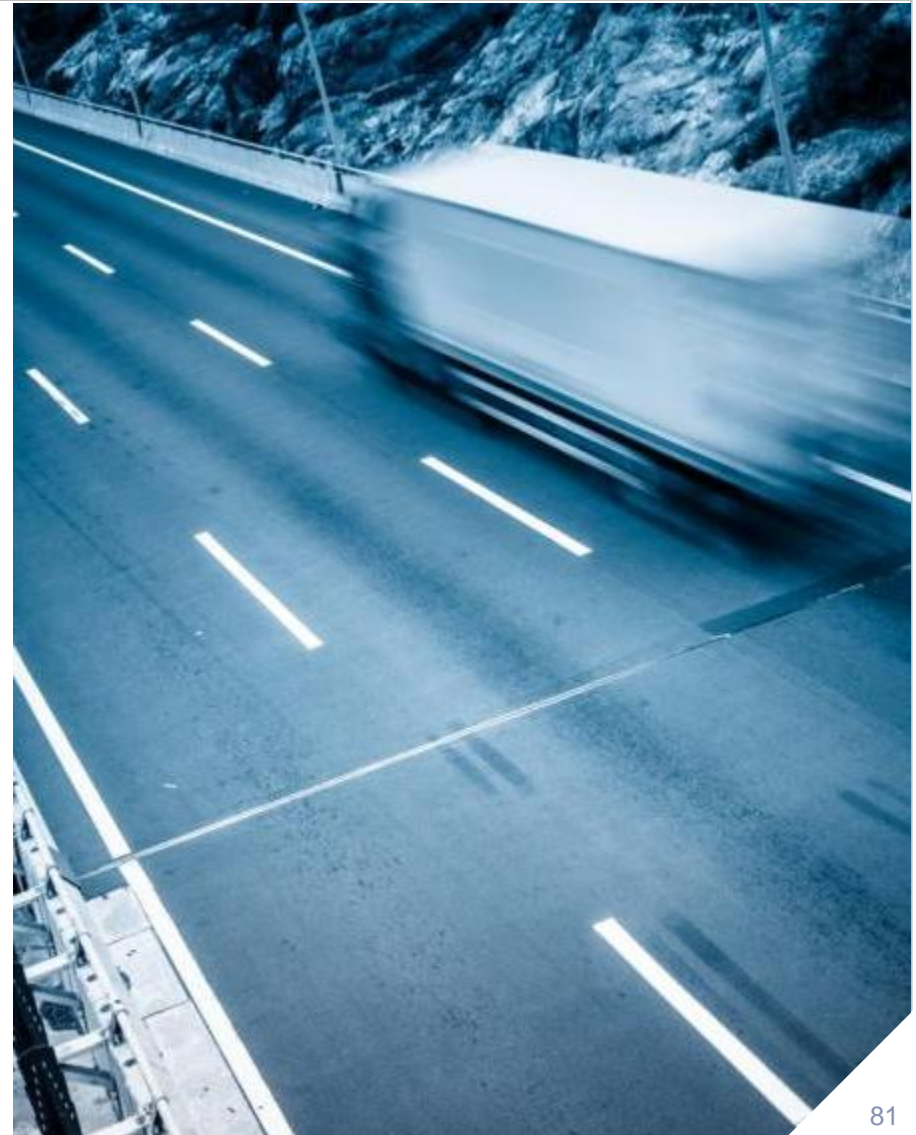
- ▶ Innovative solutions, unique in the market place
- ▶ Unique integration of KA's best in class clutch actuator
- ▶ Robust & reliable gear actuator design
- ▶ Minimized weight & cost through composite design solutions

Total system(*) value per vehicle: ca EUR 600-1100

(*) Including shifter, clutch actuation and gear box actuation

Summary

- ▶ AMT market segment will grow significantly the next 5-10 years
- ▶ KA aims to be a significant supplier of AMT actuation solutions
- ▶ KA is well positioned to capture this growth opportunity
- ▶ Several ongoing product developments are expected to materialize into business wins





THANK YOU FOR YOUR ATTENTION

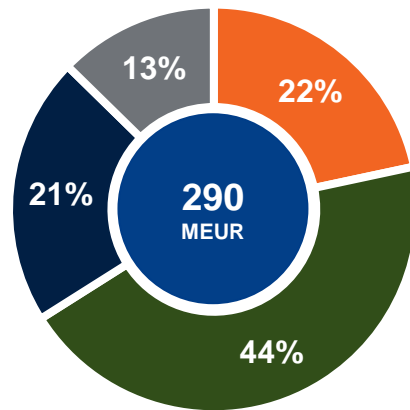
Future look: Seat comfort & climate

Hans Jørgen Mørland, VP Sales & Marketing, Interior
Daniel Josefson, New Business Development, Interior



Interior

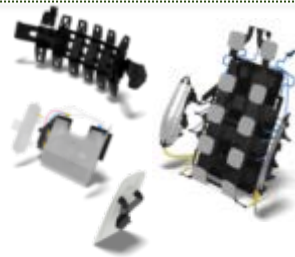
2014 estimated sales



- HR&AR
- LDC Auto
- Comfort
- Non Auto

LVP CAGR (2014-2020); 3%

Product lines



- ▶ Comfort part of the business will grow above the global light vehicle production due to increased fitment rates of support and climate systems in cars



- ▶ Light duty cables for automotive business will grow in line with global light vehicle production



- ▶ Head & Arm rest will decline over the period as Interior will prioritize its comfort segment

KA growth expectations

Above market

In line With market

Below market

Our ambition



“Develop and deliver the best seat comfort solutions available on the market”

Within 2016:

- Recognized as the technology leader in the seat comfort market
- Develop the best, most motivated seat comfort team in the world

Strategic growth enablers

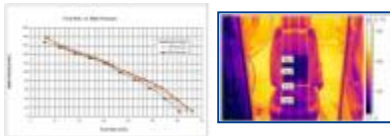
Innovative products



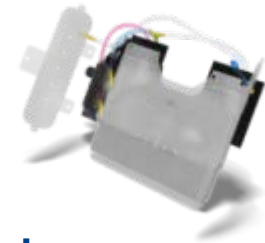
Global footprint



Measureable performance data



Providing systems, not components



Scalable features



Dedicated local customer teams





Driving the growth
TRENDS & CUSTOMER NEEDS

Increasing fitment rates of all comfort systems



Popular

Winter Pack
£310

Less ▲

Winter Pack

Heated front seats, electrically heated and adjustable door mirrors and front fog lights.



Down segment

► Examples of seat heat fitment rates:

E-Segment



75 % → 95%

C-Segment



30 % → 50%

A-Segment



10 % → 25%

More luxury and premium features being added



The active multicontour front seats each feature adjustable lumbar supports, side bolsters and shoulder supports, for custom-tailored support. Active side bolsters can be set to automatically increase lateral support in cornering maneuvers, or even in the event of a potential accident. Six massage programs can soothe and rejuvenate the lower back, including two modes combining massage and heat for a "hot stone" effect worthy of a high-end spa.

Bundling of premium options

Electronic controls add content



Japanese & North American OEMs adapting EU premium standards

- ▶ Increasing customer interest in pneumatic seat support technology
- ▶ Increasing interest in luxury and comfort features like massage
- ▶ Seat ventilation moving from “tick-in-the-box“ option to providing actual function due to negative consumer feedback:



“Compared to an Audi or a BMW the Tahoe barely cools it down...”

“The systems barely cools. Dealership states it is working to specs...”

“I don't feel the coolness at all, although I hear the fan going...”

Reduced size, mass, power and noise requirements

▶ Main drivers:

- Reducing fuel consumption
- Electric / alternative fuel vehicles

▶ Consequences:

- Ever thinner seats with reduced packaging space.
- At lower engine noise, quiet products are a must
- Customers honor even minor weight reductions





Our product strategy
WELL POSITIONED FOR GROWTH

KA offers a wide range of comfort features

UNIQUE KNOW HOW IN SYSTEM INTEGRATION AND CO-EXISTENCE IN THE SEAT

- Optimizing total comfort & performance
- Optimizing packaging & weight
- Complete system responsibility

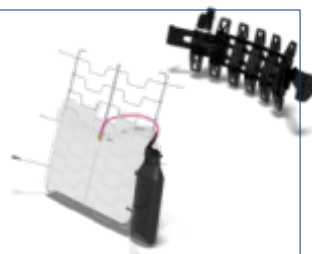
ONE STOP SHOP FOR ALL SEAT COMFORT NEEDS

- Clear roles & responsibilities
- Reduced supplier complexity
- Cost beneficial



Seat support

TWO WAY LUMBAR SUPPORT SYSTEMS



FOUR WAY LUMBAR SUPPORT SYSTEMS



SIDE SUPPORT SYSTEMS



MASSAGE SYSTEMS

Seat climate



**SEAT VENTILATION
SYSTEMS**



SEAT HEATING FOR VOLUME CARS



SEAT HEATING FOR PREMIUM CARS

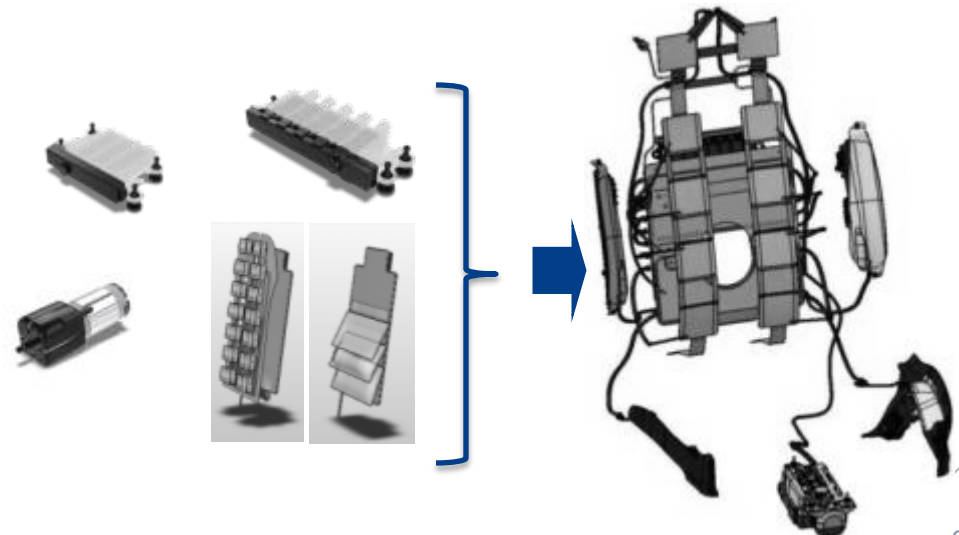
Why provide complete systems?

SYSTEM INTEGRATOR

- ▶ “Higher” in the value chain – can add more value
- ▶ Strategic development partner to the OEMs
- ▶ Drives innovation and performance on complete system level

ONE-STOP SHOP

- ▶ Stronger and less complex supply base for the OEMs



Expandable modular systems



▶ **Common building blocks across platforms**



- ▶ **Reducing**
- lead time
 - cost
 - risk








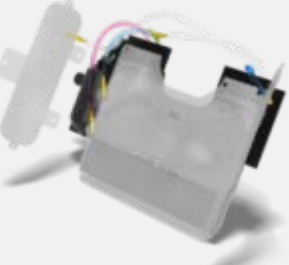





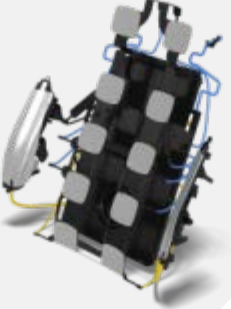


From the Mini to the 7-series...



Modular & scalable comfort features

- matching a range of vehicle needs

	Platform	Seat Heat	Seat Ventilation	Lumbar & bolster systems	Massage
	Mini				
	1-series X1				
	3-series X3/4				
	5-series X5/6				
	6 & 7 series Rolls Royce				

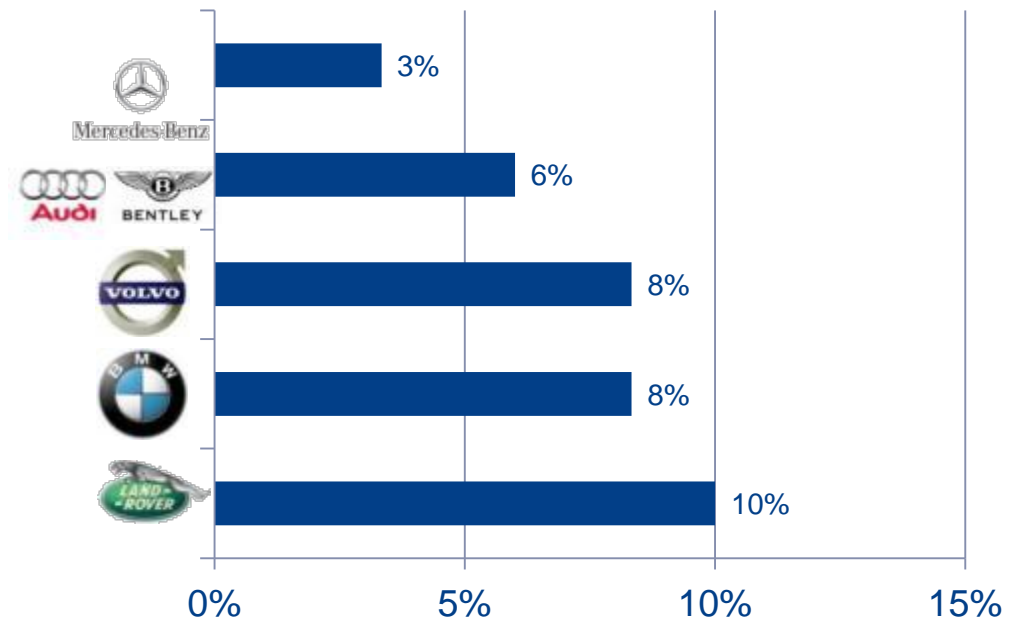


Maximizing the growth potential
BEING WITH THE RIGHT CUSTOMERS

Premium OEMs

- ▶ Premium OEMs deliver high content & fitment rates for comfort products and have strong and reliable sales
- ▶ KA's comfort products are well positioned with premium OEMs today (sales > 35% tot revenue) & we plan to capitalize further on this

Est. share of 2014 revenue Interior Systems



Selected growth with volume OEMs

- ▶ Increasing penetration by seat comfort products into mid and low segments (A, B & C) and vehicle price classes (Mid & Entry)
- ▶ Modular and scalable products will support this growth by offering more standardized options for the volume market
- ▶ KA is targeting selected growth with volume OEMs



Catching the growth in Japan, China and North America

North America:

- Comfort is lagging towards EU premium cars
- Catch up efforts in achieving best seat comfort is driving market demand for KA systems



Japan:

- Increasing customer interest in high-end pneumatic systems

China:

- High market growth rates
- EU premium OEMs carry over comfort features into China models


- ▶ Well positioned to catch increasing market demand in these regions with our global footprint



Questions?

THANK YOU FOR YOUR ATTENTION





Hans Peter Havdal, President & CEO
SUMMARY: KA – BEYOND 2015

Our business foundation

