

# KONGSBERG AUTOMOTIVE

First Quarter 2012

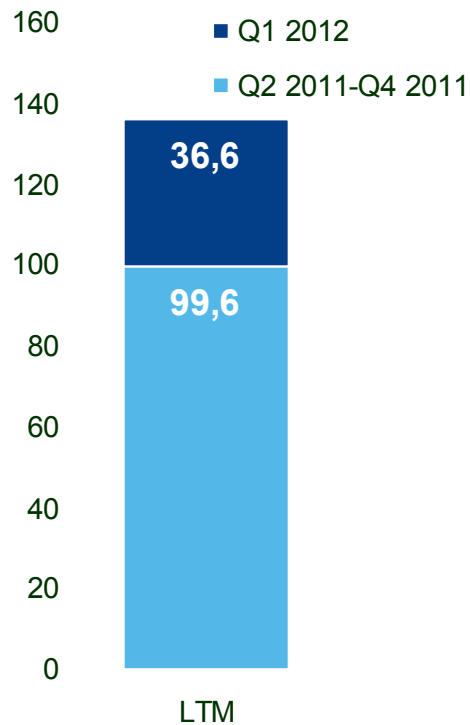


## Group highlights for the first quarter

- ▶ Revenues of EUR 267 million - in line with the first quarter last year
- ▶ EBITDA of EUR 23.2 million and Net Profit of EUR 10.9 million
- ▶ Improved cash flow from operating activities
- ▶ Signed formal loan agreement for new 5 year credit facility agreement
- ▶ The market outlook for the second quarter indicates a revenue level of approximately EUR 260 million

## New business wins

**New business wins**  
EUR Million



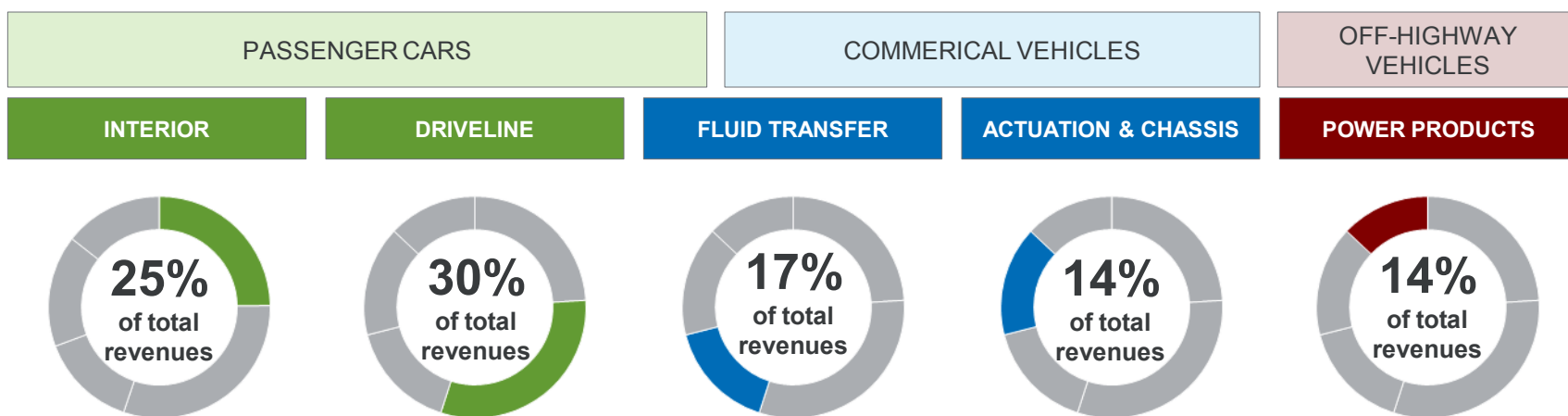
- ▶ **EUR 36,6 million per annum of new business booked in Q1-2012**
- ▶ **KA needs to secure business wins in the area of 15 % of annual revenue to compensate for programs running out**



Hans Peter Havdal

# Operational Review

# Q1 2012: Business area overview



**Market**

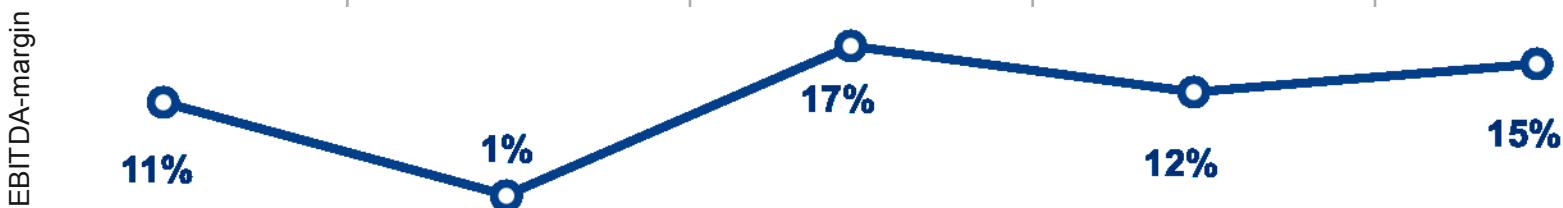
Safety and comfort related products for vehicle interiors

Gear shift systems for light duty vehicles

Fluid handling systems for passenger cars, industrial and commercial vehicles

Driver control systems and chassis related products to commercial vehicles

Vehicle operator systems for the off-highway vehicle market



## Highlights and performance

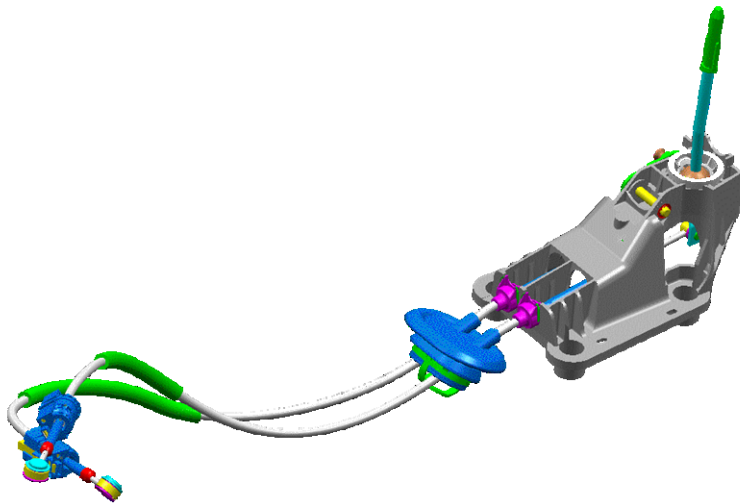
### ▶ Operational update

- Commercial terms are being negotiated with 3 key customers
- Seeking raw material compensation
- Dassel closing in progress
- Further operational improvements initiated

### ▶ Market & Trends

- Both North America and Europe have major launches in Q1 and Q2 to key OEM's.
- Well on its targets on order inflow for the year
- Southern EU OEMs are losing grounds as a consequence of sovereign debt crisis

## EUR 36.5 million contract signed for gear shift cables



- ▶ **Contract details**
  - Gear shift cables for an automatic transmission application
  - Full-size truck and SUV platform (multiple vehicles) in the North American market
  
- ▶ **Timing and volume**
  - Will run over five years
  - Scheduled to launch in April 2013
  - Total vehicle volume is expected to reach between 800,000 and 1 million units annually
  
- ▶ **Production**
  - The shift cables will be produced in the facility in Nuevo Laredo, Mexico

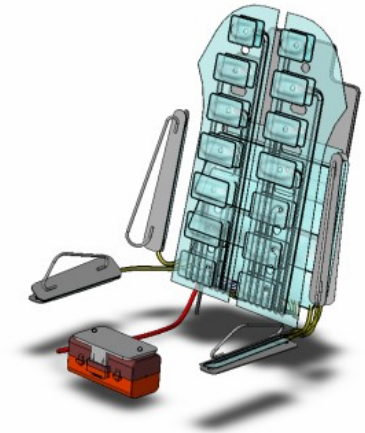
## Highlights and performance

### ▶ Operational update

- Started production of the new massage system on front seats in Europe and the rear seats for the Chinese market
- Burton transfer executed on time and starting to demonstrate operational benefit

### ▶ Market & trends

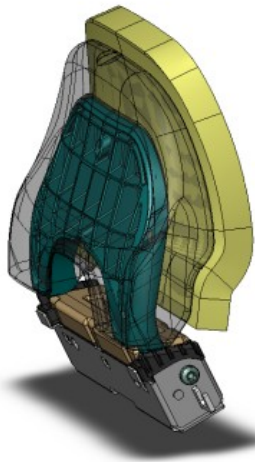
- Increased sales on all product lines
- Less exposure to southern EU OEMs
- Significant exposure to German premium OEMs
- Several new models being introduced with Kongsberg Interior products





INTERIOR

## Two Interior contracts worth EUR 42.5 million with leading US car manufacturers



- ▶ **#1: Seat heat and head rest**
  - An agreement for seat heat systems and second row head rests
  - A leading North American cross over utility vehicle (CUV)
  
- ▶ **#2: Folding head rests**
  - An agreement for second row folding head restraints
  - A leading seven passengers SUV in North America
  
- ▶ **Timing and volume**
  - Scheduled to start production in Q3 2014
  
- ▶ **Production**
  - The systems will be produced in Reynosa, Mexico and Milan, Tennessee

## Highlights and performance

### ▶ Operational update

- The operational gaps in the Norwegian plants have been reduced
- Performance in Rollag (Norway) shows positive improvement based on the agreed turnaround plan
- High R&D activity level due to strong customer interests in A&C product offering

### ▶ Market & Trends

- European commercial vehicle market weak due to general economical situation, but pre-buy effect due to EURO VI introduction is expected to lead to stronger market in 2013
- Brazilian market is significantly down due to EURO V introduction, expect to recover during second half this year
- Chinese market stable and slightly improving

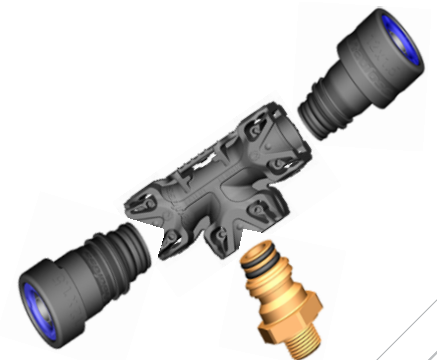
## Highlights and performance

### ▶ Operation update

- Price compensation secured to address significant raw material price increases
- On the 31st March ,**Evonik Industries**' production site in Germany suffered a major accident. The site produces CDT, a raw material in the production of a plastic resin PA 12.
- Evonik is providing 30 % of the global consumption of CDT
- The global supply of PA 12 is at risk for the next 6 months, potentially effecting the plants in Raufoss Norway, Epila Spain and Suffield, USA.
- FTS is undertaking the following actions
  - Maximizing utilization of existing stock
  - Buying available stocks as we can source them.
  - Looking for alternative materials jointly with our customers
  - We are also working closely with our suppliers and customers

### ▶ Market & trends

- Weaker European market as expected
- Negative impact on couplings business with high exposure to Europe
- The North American market remained strong.



**POWER PRODUCTS**

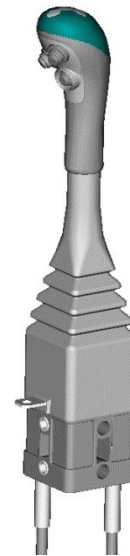
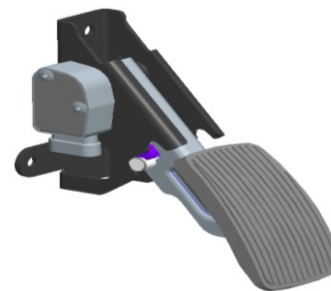
## Highlights and performance

▶ **Operational status**

- New product launches continue to provide revenue growth
- Consolidation initiatives executed in 2010 - 2011 are giving improved margins

▶ **Market & trends**

- Good flow of business opportunities
- KA portfolio is matching trend toward electronic engine control
- Weak European market partly offset by stronger North American market



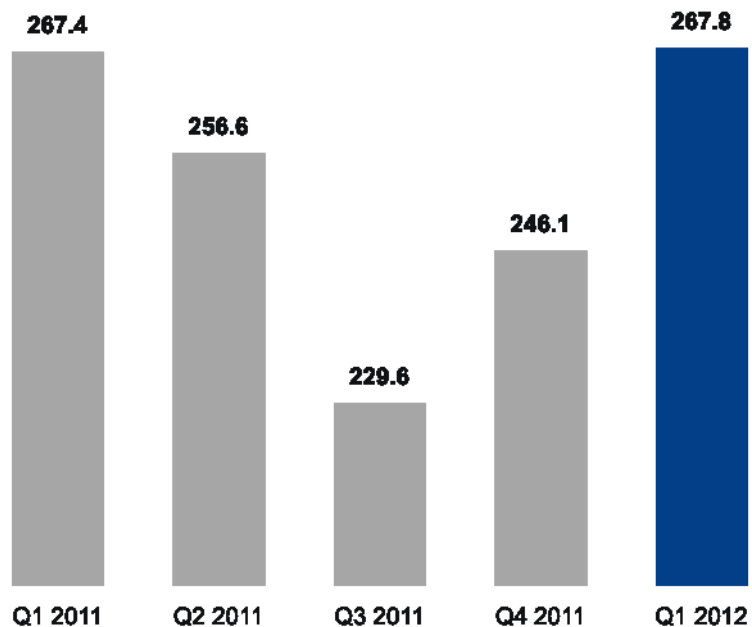


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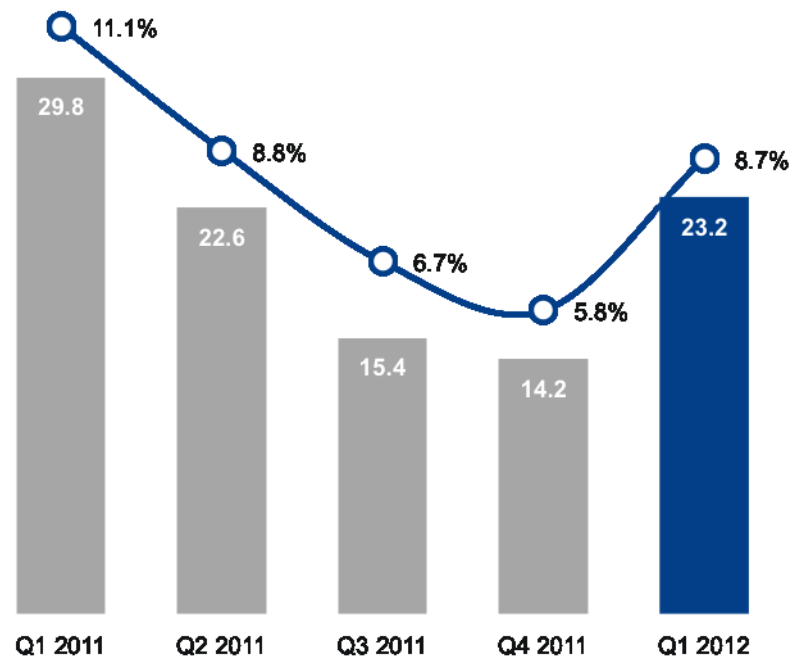
# Financial Update

## Revenue and EBITDA

**Revenues**  
EUR Million



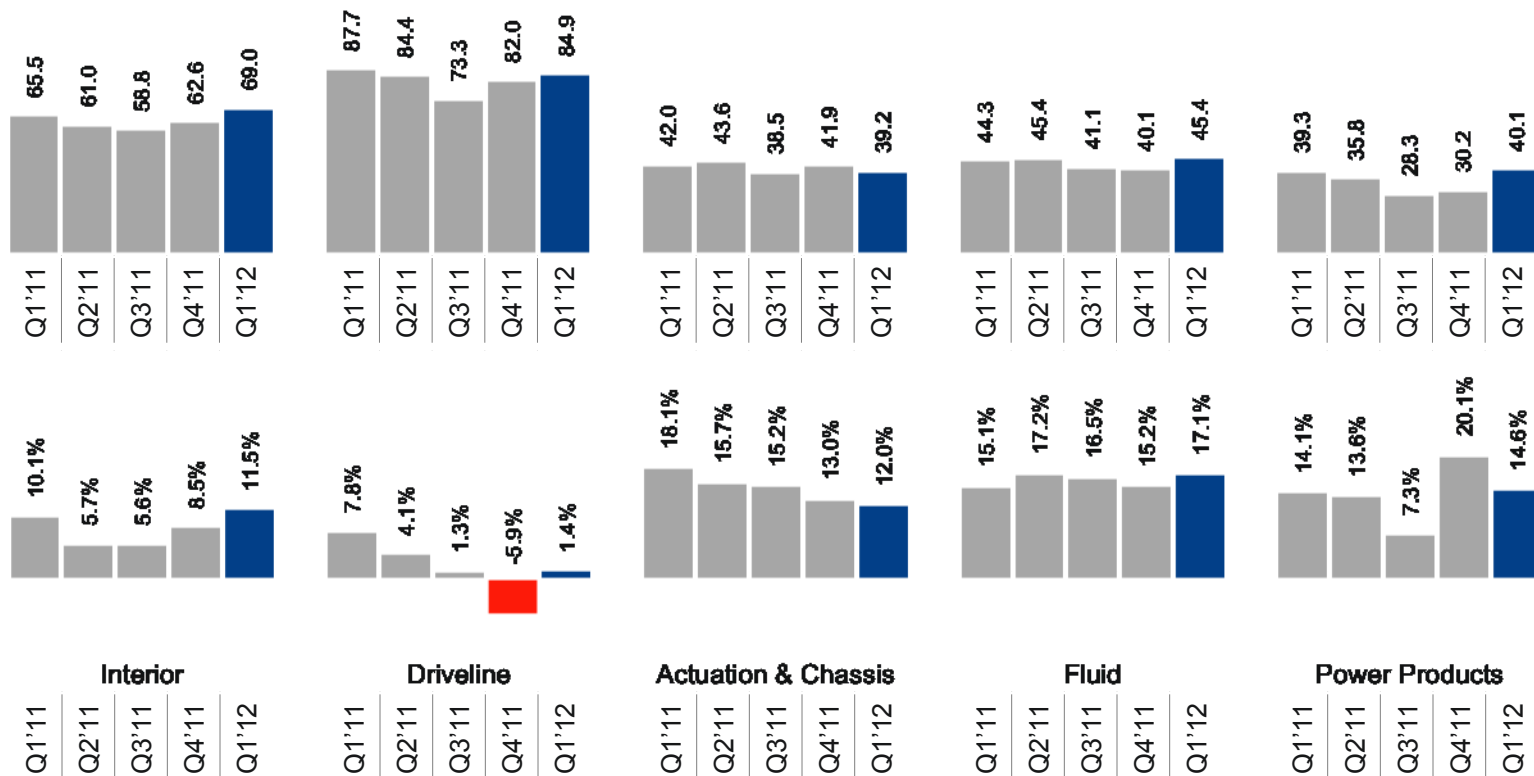
**EBITDA and EBITDA Margin**  
EUR Million and percent



# Segment financials

## Revenues and EBITDA margin

EUR Million and percent



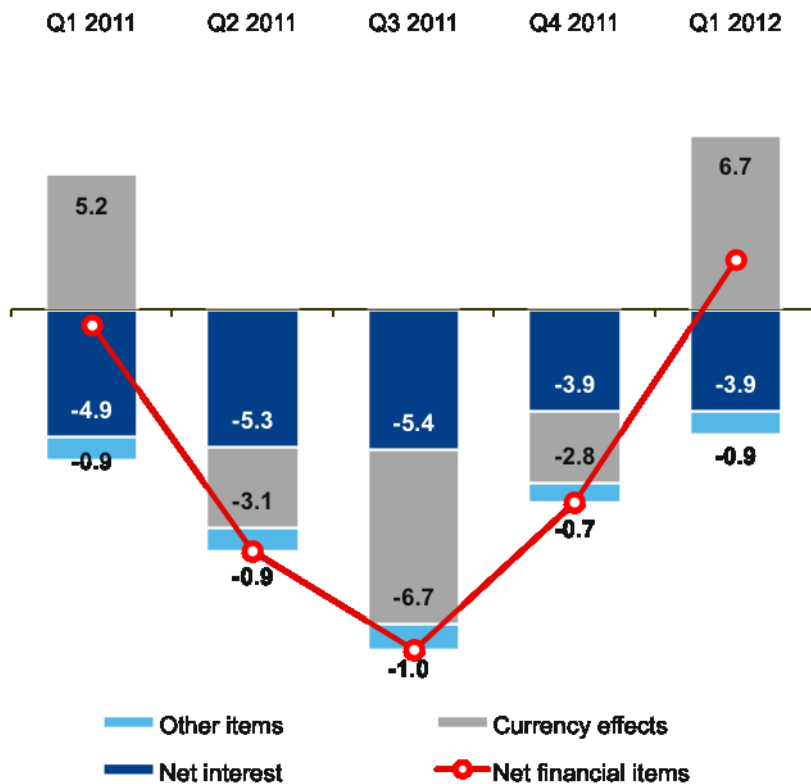
## Consolidated income statement

EUR Million	Quarters					Twelve months ending	
	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	31.03.2012	31.12.2011
<b>Revenues</b>	<b>267.8</b>	<b>246.1</b>	<b>229.6</b>	<b>256.6</b>	<b>267.4</b>	<b>1,000.1</b>	<b>999.7</b>
OPEX	(244.6)	(231.9)	(214.3)	(233.9)	(237.6)	(924.7)	(917.7)
<b>EBITDA</b>	<b>23.2</b>	<b>14.2</b>	<b>15.4</b>	<b>22.6</b>	<b>29.8</b>	<b>75.4</b>	<b>82</b>
EBITDA (%)	8.7%	5.8%	6.7%	8.8%	11.1%	7.5%	8.2%
DD&A	(10.4)	(12.5)	(10.3)	(10.3)	(10.4)	(43.5)	(43.5)
<b>EBIT</b>	<b>12.8</b>	<b>1.7</b>	<b>5.0</b>	<b>12.4</b>	<b>19.4</b>	<b>31.9</b>	<b>38.5</b>
EBIT (%)	4.8%	0.7%	2.2%	4.8%	7.2%	3.2%	3.9%
Financial items	1.9	(7.4)	(13.1)	(9.3)	(0.6)	(27.9)	(30.4)
<b>PBT</b>	<b>14.7</b>	<b>(5.7)</b>	<b>(8.0)</b>	<b>3.1</b>	<b>18.8</b>	<b>4.1</b>	<b>8.2</b>
Tax	(3.8)	2.9	2.4	(1.2)	(4.5)	0.3	(0.4)
<b>Net profit</b>	<b>10.9</b>	<b>(2.8)</b>	<b>(5.6)</b>	<b>1.9</b>	<b>14.3</b>	<b>4.4</b>	<b>7.8</b>



# Financial items

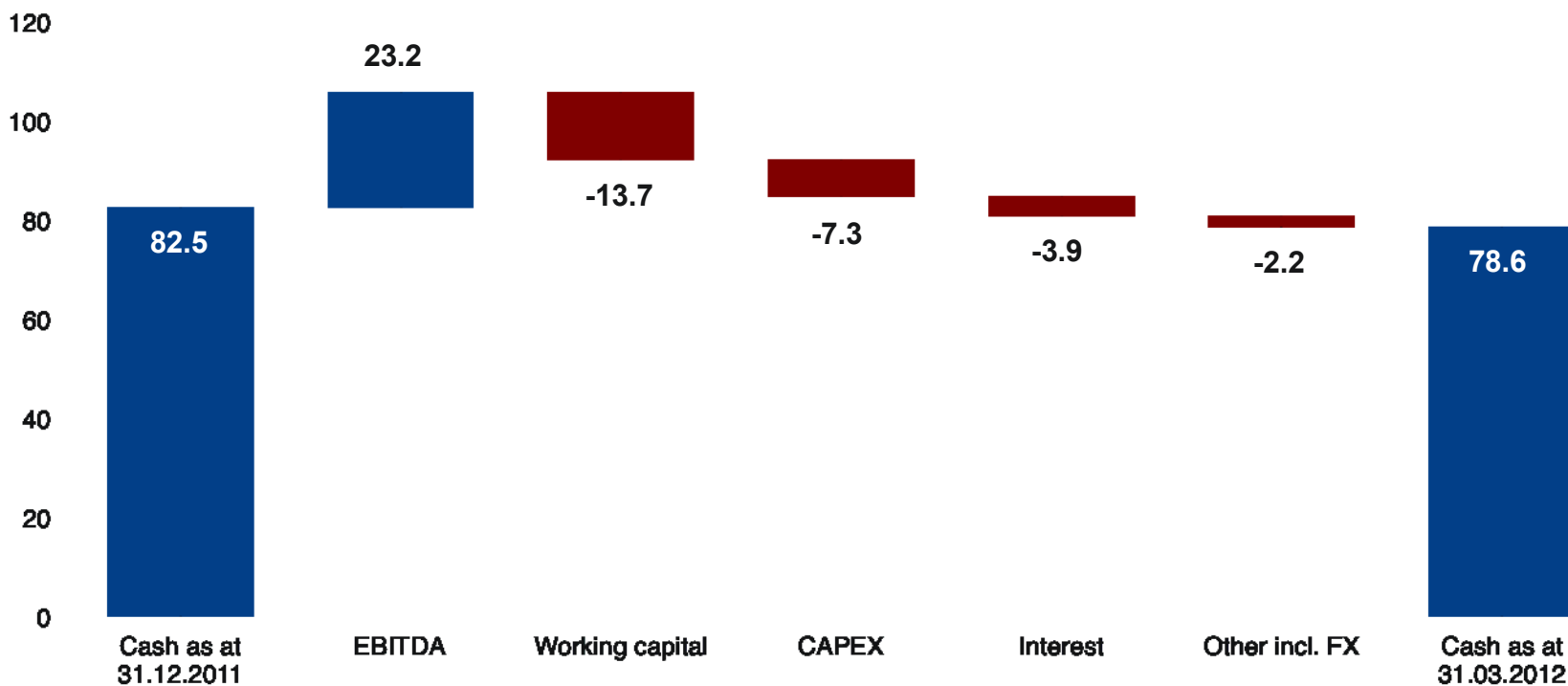
Net financial items  
EUR Million



- ▶ Net interest EUR 1.0 million lower compared to Q1 2011
- ▶ FX effects contributing positively by EUR 6.7 million

# Cash flow development

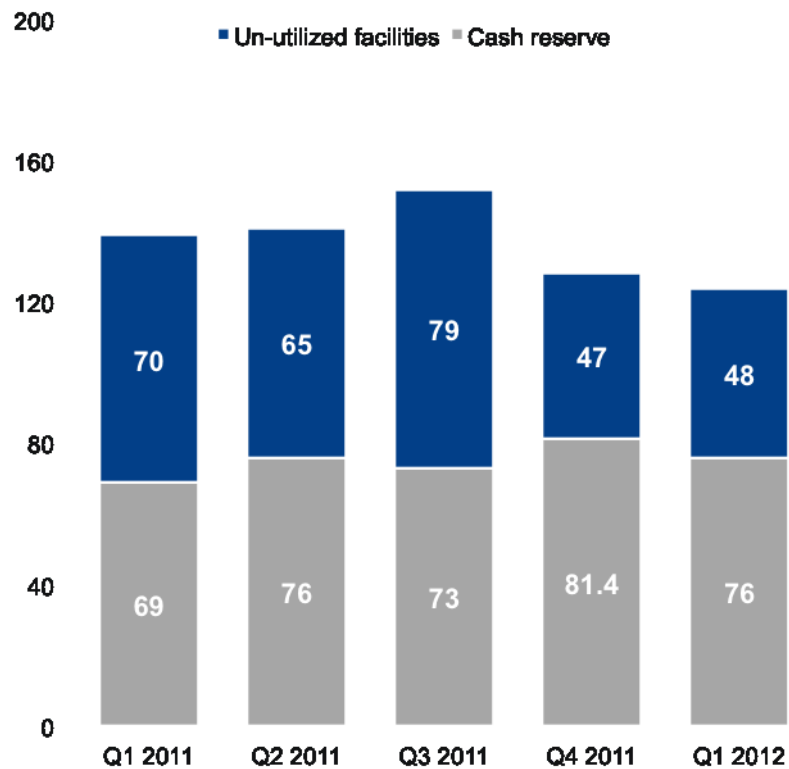
Cash flow  
EUR Million



# Available funds and utilization

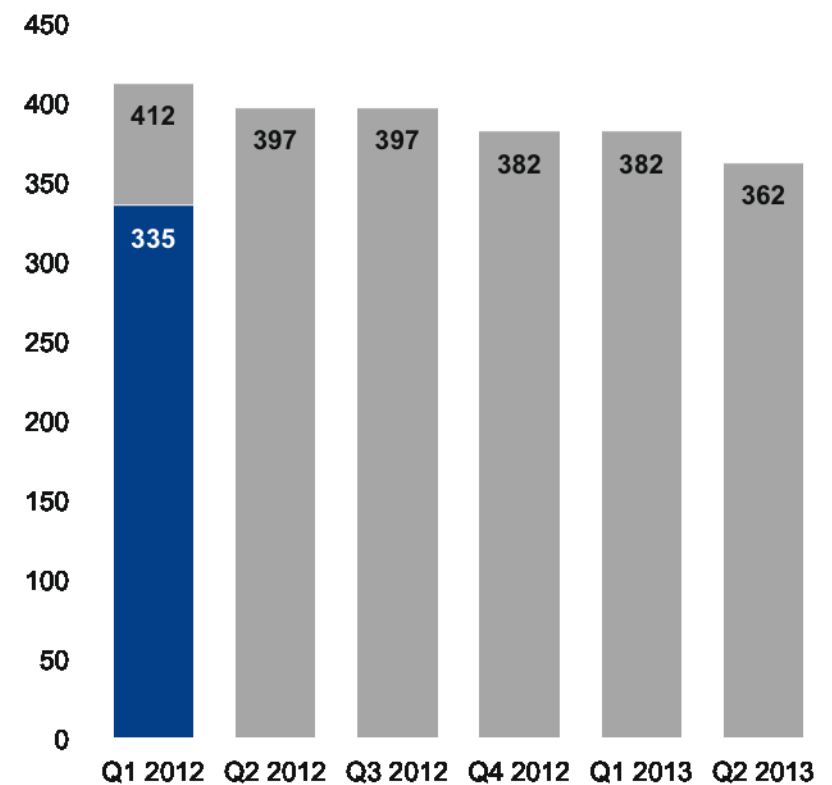
**Available funds**

EUR Million



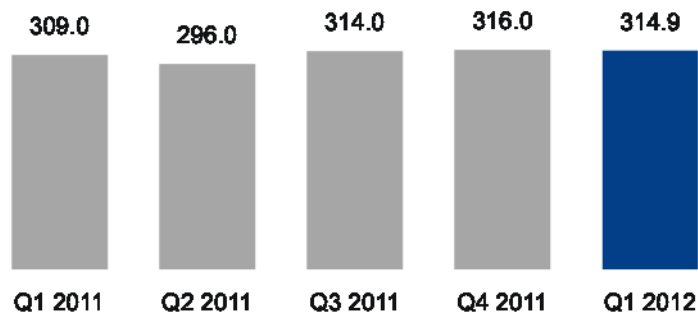
**Credit utilization**

EUR Million

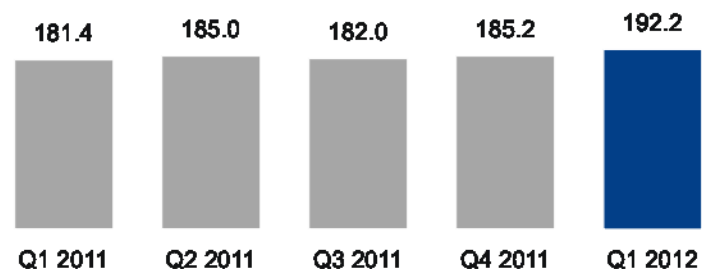


## Financial ratios

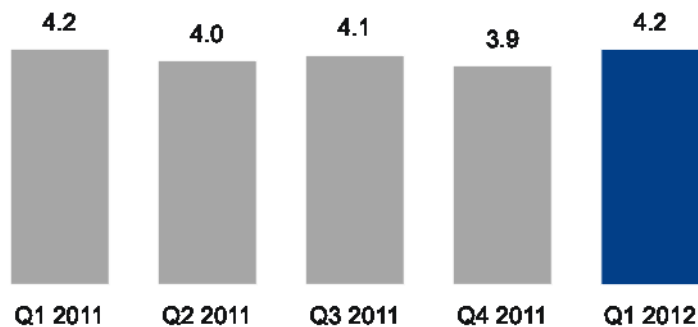
**NIBD**  
EUR Million



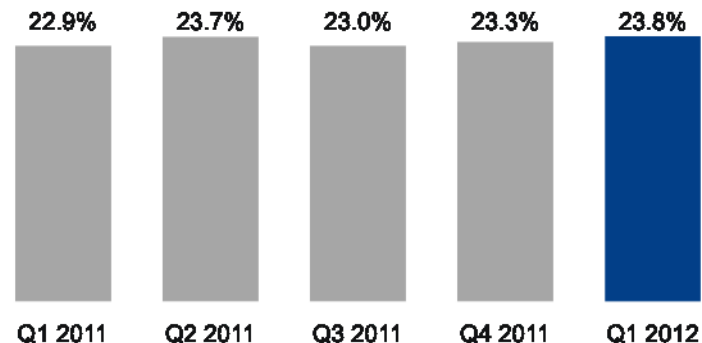
**Equity**  
EUR Million



**NIBD/EBITDA**  
Times



**Equity ratio**  
Percent





Philippe Toth

# Market Update

# Production and revenue growth (YoY change)

North America	
CV production growth *	32.0 %
LV production growth **	15.3 %
KA revenue growth***	-0.2 %

Europe	
CV production growth *	-3.9 %
LV production growth **	-5.2 %
KA revenue growth***	-2.7 %

Worldwide	
CV production growth *	-6.7 %
LV production growth **	4.0 %
KA revenue growth***	-1.2 %

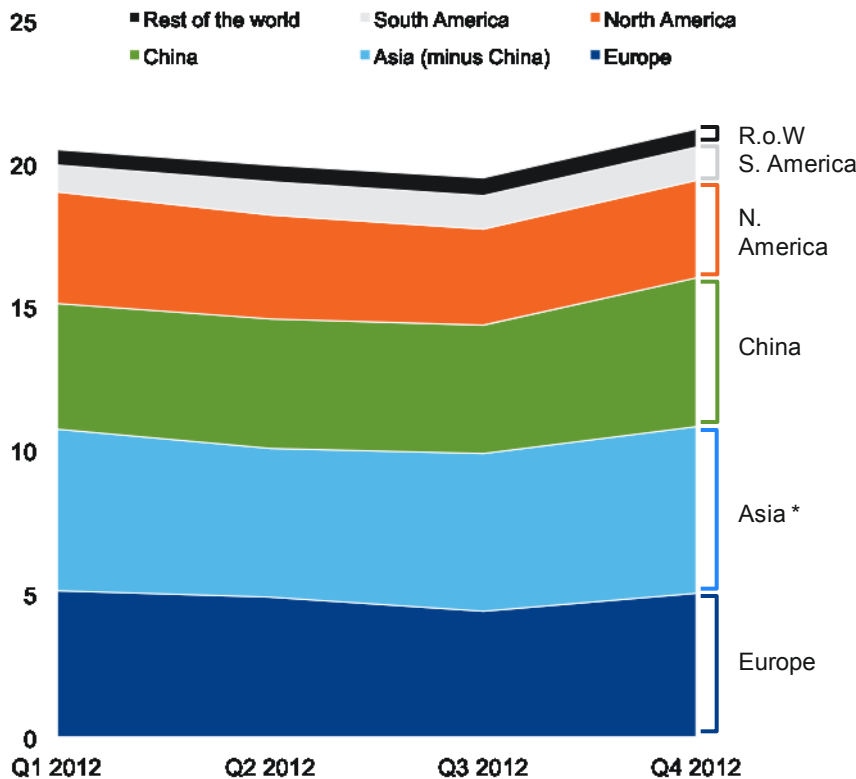
Asia	
CV production growth *	-13,7 %
LV production growth **	7.6 %
KA revenue growth***	-6.7 %

\* CV: Commercial Vehicles (GVW>6t) estimates by LCM  
 \*\* LV: Light Vehicle (GVW<6t) estimates by LCM  
 \*\*\*: adjusted for currency effect

# Light vehicle production – 2012 forecast

## Quarterly production forecast (2012)

Million units



### ▶ Total production

- Total production according LMC Automotive Ltd is estimated to approximately 81 millions units in 2012

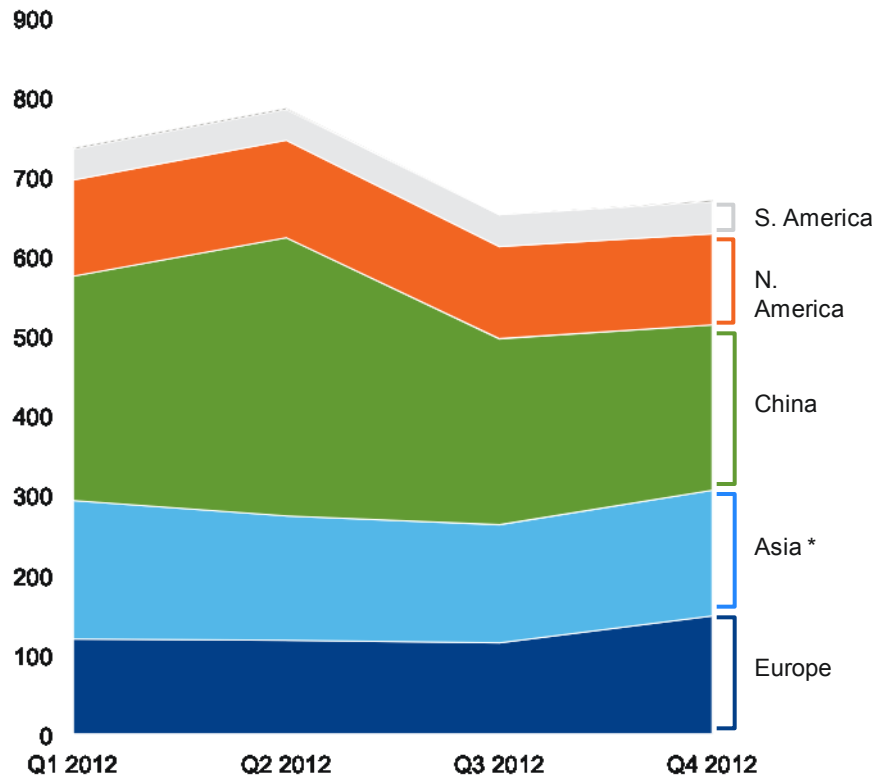
### ▶ Production growth

- The global production of light vehicles is expected to grow by 5 to 6 percent in 2012
- In Europe, LV production in Q2 is expected to decline by 9,5%
- In all other region, LV production in Q2 is expected to grow

# Commercial vehicle production – 2012 forecast

## Quarterly production forecast (2012)

Thousand units



### ▶ Total production

- According to LMC Automotive the total production of commercial vehicles is estimated to reach approximately 2,8 millions units in 2012

### ▶ Production growth

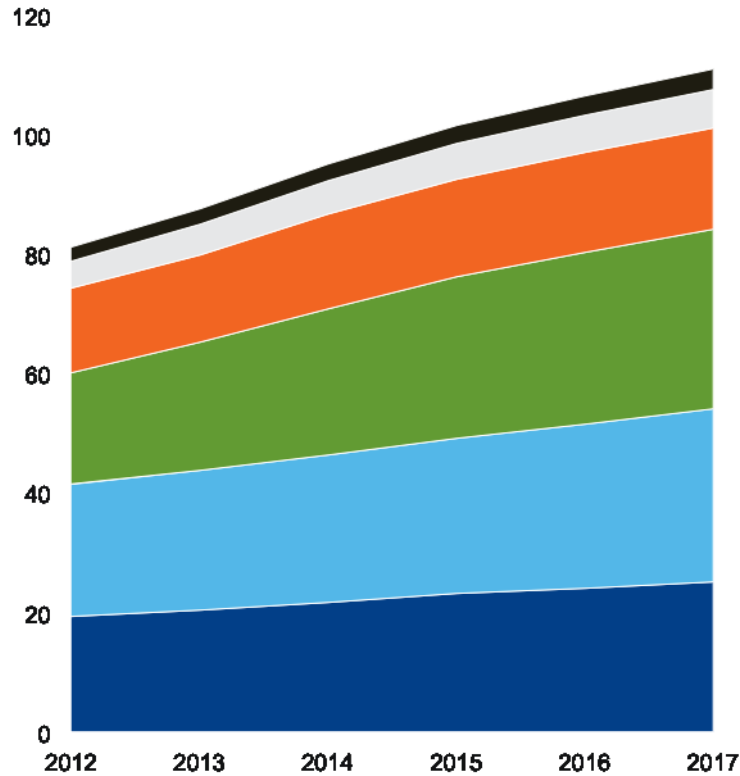
- The commercial vehicle production is expected to slow down between 1 to 2 percent in 2012
- In Europe and South America, CV production in Q2 is expected to decline respectively by 12,2% and 22,3%
- In all other regions, CV production in Q2 is expected to grow



# Long term production forecast

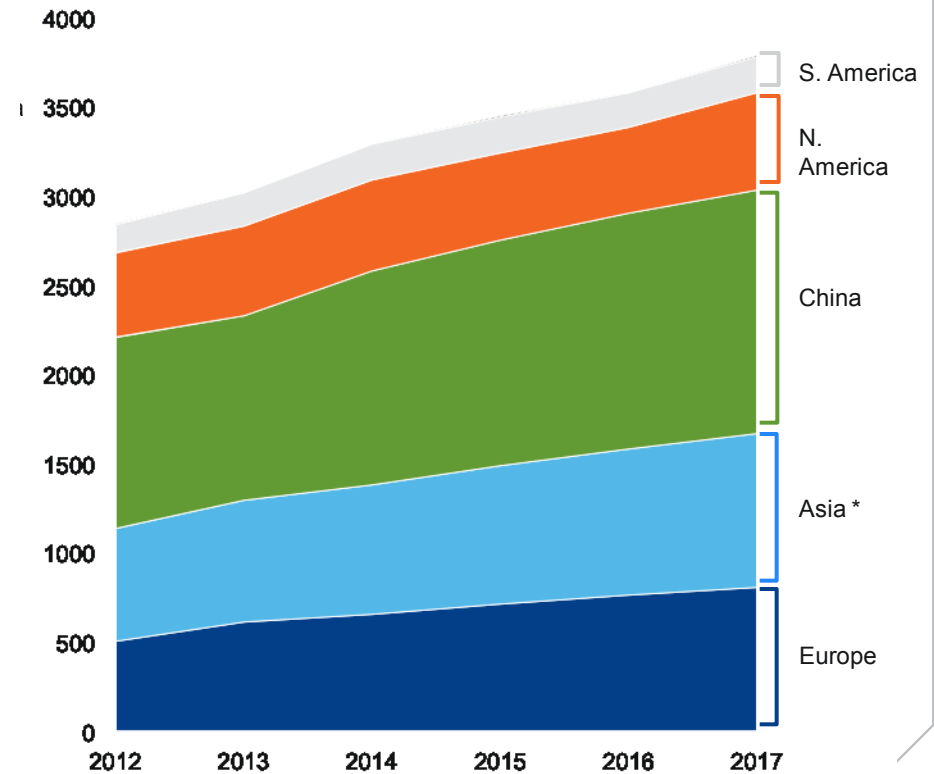
Annual light vehicles production forecast (2012)

Million units



Annual commercial vehicles production forecast (2012)

Thousand units



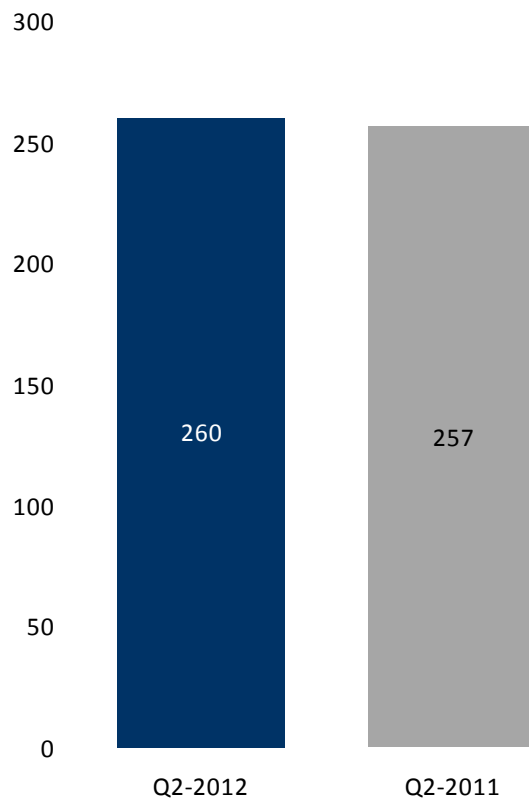


Hans Peter Havdal

# Summary and Outlook

## Summary and outlook

Company outlook for Q2 2012  
EUR Million



- ▶ **The company expects revenue of approx. EUR 260 million for Q2 2012**
  - In line with Q2 2011
  - Customer plans and market data
- ▶ **Four out of five divisions are performing well - with double digit EBITDA margins**
- ▶ **Driveline remains the main focus to secure turnaround**



Questions & Answers