

KONGSBERG AUTOMOTIVE

Second Quarter 2012



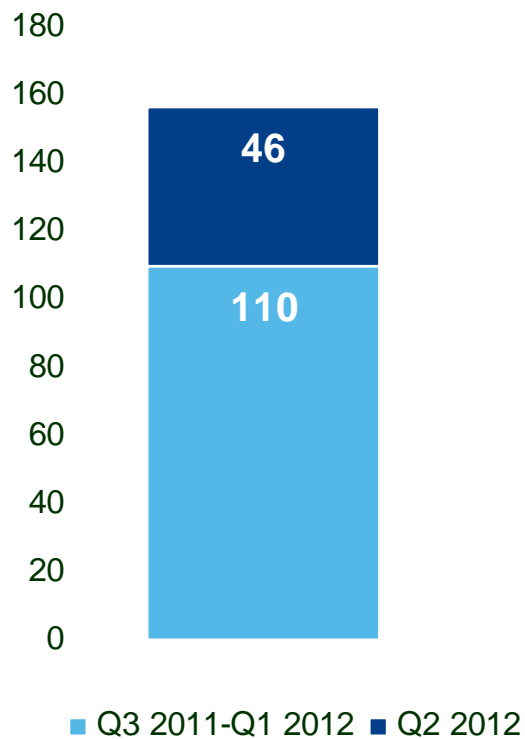
Group highlights for the second quarter

- ▶ Revenues of EUR 262 million (including positive currency effect of EUR 11.5 million), where strong NA market offsets EU shortfall
- ▶ EBITDA of EUR 20.0 million (7.6%)
- ▶ Strong cash flow from operating activities
- ▶ The drawn debt was reduced by EUR 9 million in Q2
- ▶ The market outlook for the third quarter indicates a seasonally lower revenue level of approximately EUR 230 million. Uncertainty about EU market conditions remains high

New business wins last 4 quarters

New business wins

EUR Million

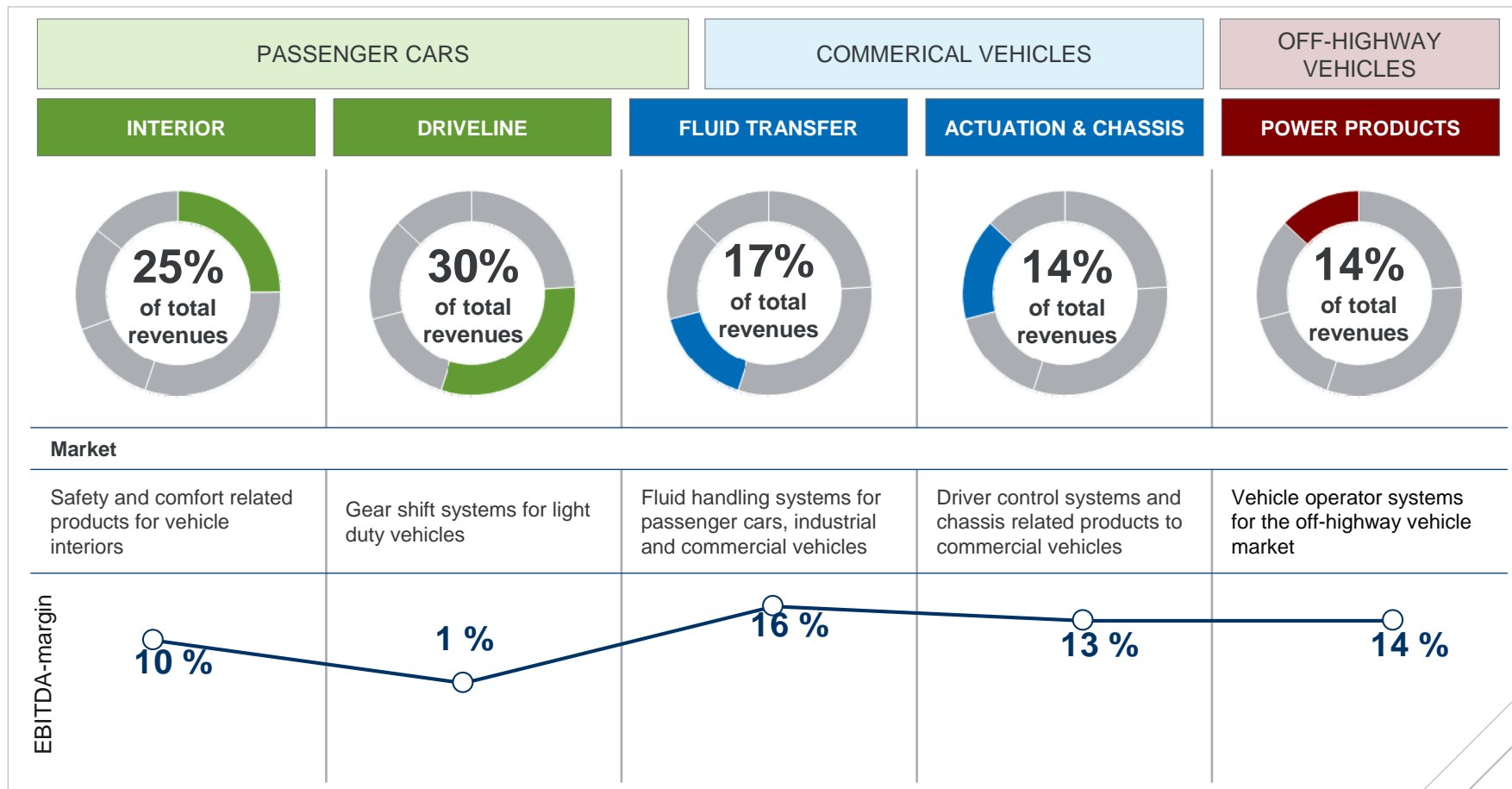


- ▶ EUR 46 million per annum of new business booked in Q2-2012 confirms good order intake trend
- ▶ KA needs to secure business wins in the area of 15 % of annual revenue to compensate for programs running out



Hans Peter Havdal
Operational Review

Q2 2012: Business area overview



Highlights and performance

▶ Operational update

- Launch of a 15% white collar headcount reduction initiative to compensate for lower sales in southern EU and address weak segment margins
- Commercial terms are being negotiated with 3 key customers and we expect to close the discussions in Q3
- Dassel closing in progress, closure expected during Q4-2012
- These initiatives will gradually improve the profitability of the business area during the second half 2012

▶ Market & Trends

- EU market continue to be weak, -7,5% YoY
- Situation is even more critical in southern EU with French market down 17,2% YTD and Italy down 18,9% YTD versus 2011. Peugeot, Citroen, Renault and Fiat are particularly impacted and affecting negatively the Driveline business area.
- New launches in Q2 of global programs will strengthen business going forward:
 - Manual Shifter to Ford with a full year volume of 265.000 vehicles
 - Manual & Automatic Shifter to Volvo cars with a full year volume of 300.000 vehicles

Highlights and performance

- ▶ **Operational update**
 - The advanced product development group has secured a major program with it's new Electro-Mechanical actuation system for the automatic folding and tumbling of seats
- ▶ **Market & trends**
 - Benefited from good North American market
 - Less exposure to southern EU OEMs
 - Significant exposure to German premium OEMs (i.e BMW, Audi)



TWO NEW CONTRACTS WITHIN THE INTERIOR SEGMENT WORTH EUR 10.4 MILLION (NOK 79 MILLION)

- ▶ Lumbar support systems and seat actuation cables for an American and a Japanese OEM respectively
- ▶ On two very popular cars in the North American market
- ▶ Pneumatic lumbar support systems are growing fast in the North American market due to low weight and good functionality in a small package
- ▶ SOP for both vehicles is scheduled for Q1 2013



Highlights and performance

▶ Operational update

- Turnaround program in Rollag plant is executed according to agreed plan
- High R&D activity level due to strong customer interests in A&C product offering
- Local production of clutch actuation system initiated in Wuxi plant (China) for domestic customers

▶ 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 and will be uncertain during the second half year
- Weaker Chinese truck market due to economic slowdown in China, uncertain outlook
- North American market remains strong, but will only benefit this business area from late 2012 due to new product launches

TWO CONTRACTS FOR STEERING COLUMNS WORTH A TOTAL OF EUR 14 MILLION (NOK 106 MILLION)

- ▶ Unique modular steering column system to two global players in the off-highway vehicle segment
- ▶ Modular concept offers customers a choice between different configurations like tilt- or telescopic function
- ▶ KA expects worldwide growth for this product area
- ▶ SOP: Wheel loaders 2013 and tractors 2014



Highlights and performance

▶ Operational update

- 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.
- FTS has been able to mitigate this issue and has only incurred extra cost of EUR 100 thousand during Q2
- The additional exposure is estimated to be around EUR 200 thousand for the remaining year based on current status

▶ Market & trends

- European market remains weak as expected
- Negative impact on couplings business with high exposure to Europe
- The North American market remained strong and partially offset European shortfall
- Continue to win new contracts strengthening our position as an expert supplier



NEW CONTRACTS WORTH EUR 68 MILLION (NOK 518 MILLION) WITHIN FLUID TRANSFER SYSTEMS

- ▶ Fuel, oil, air and turbo drain assemblies for turbo lubrication and cooling for two leading truck manufacturers
- ▶ Dedicated local engineering, unique products and global production capacity were critical success factors
- ▶ Represents exiting growth opportunities within the global commercial vehicle segment
- ▶ One of the contracts is an extension (into 2016) and the other has SOP 2013



POWER PRODUCTS

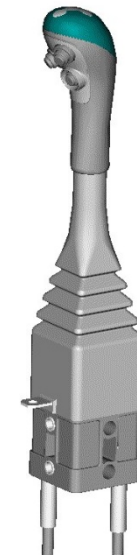
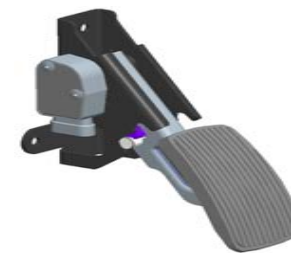
Highlights and performance

▶ **Operational update**

- Restructuring between Italy and Hungary is in the final phase and has been accomplished YTD with minimal negative financial impacts due to strong cost controls and execution

▶ **Market & trends**

- New product launches continue to provide revenue growth within PPS particularly for the electronic Tier 4 emission standards
- Order trend will closely coincide with general economic conditions as it has done historically
- Weak European market offset by stronger North American market

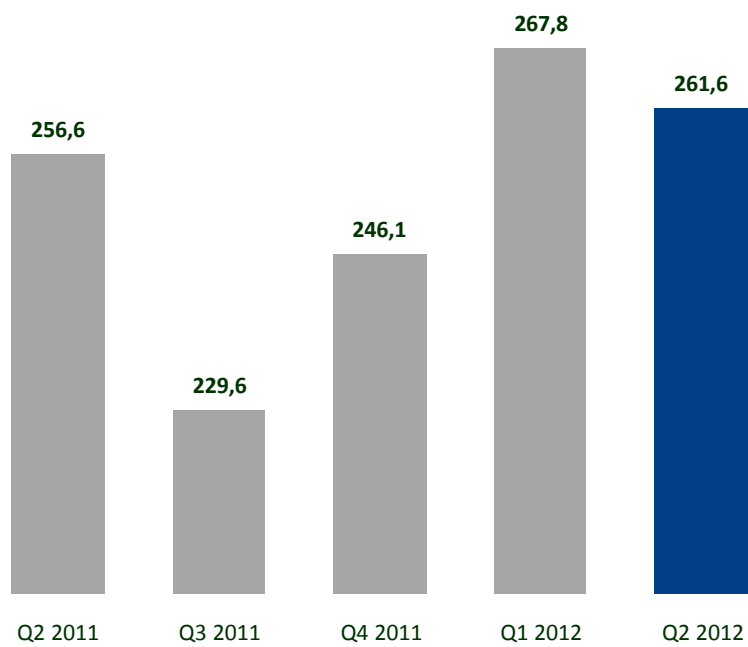




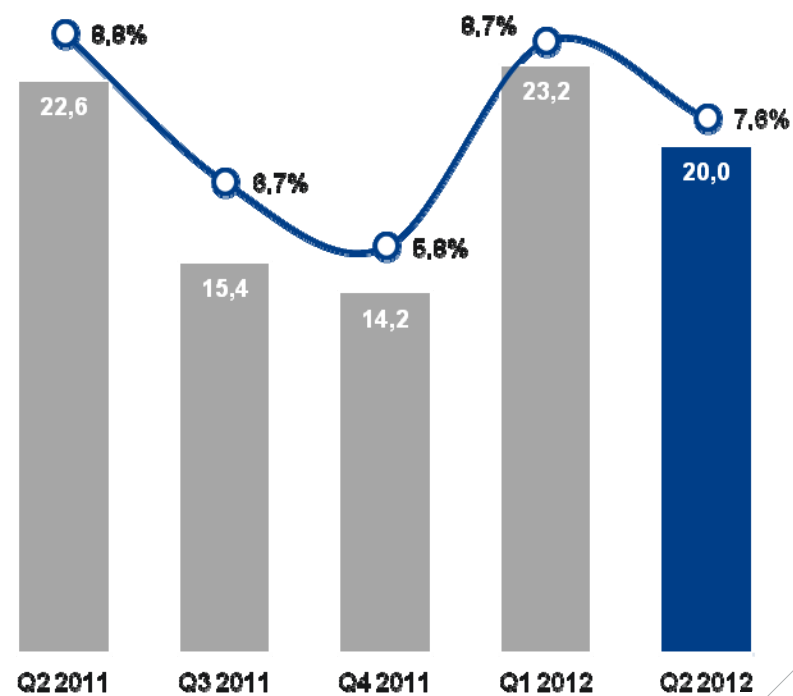
Trond Stabekk
Financial Update

Revenue and EBITDA

Revenues
EUR Million

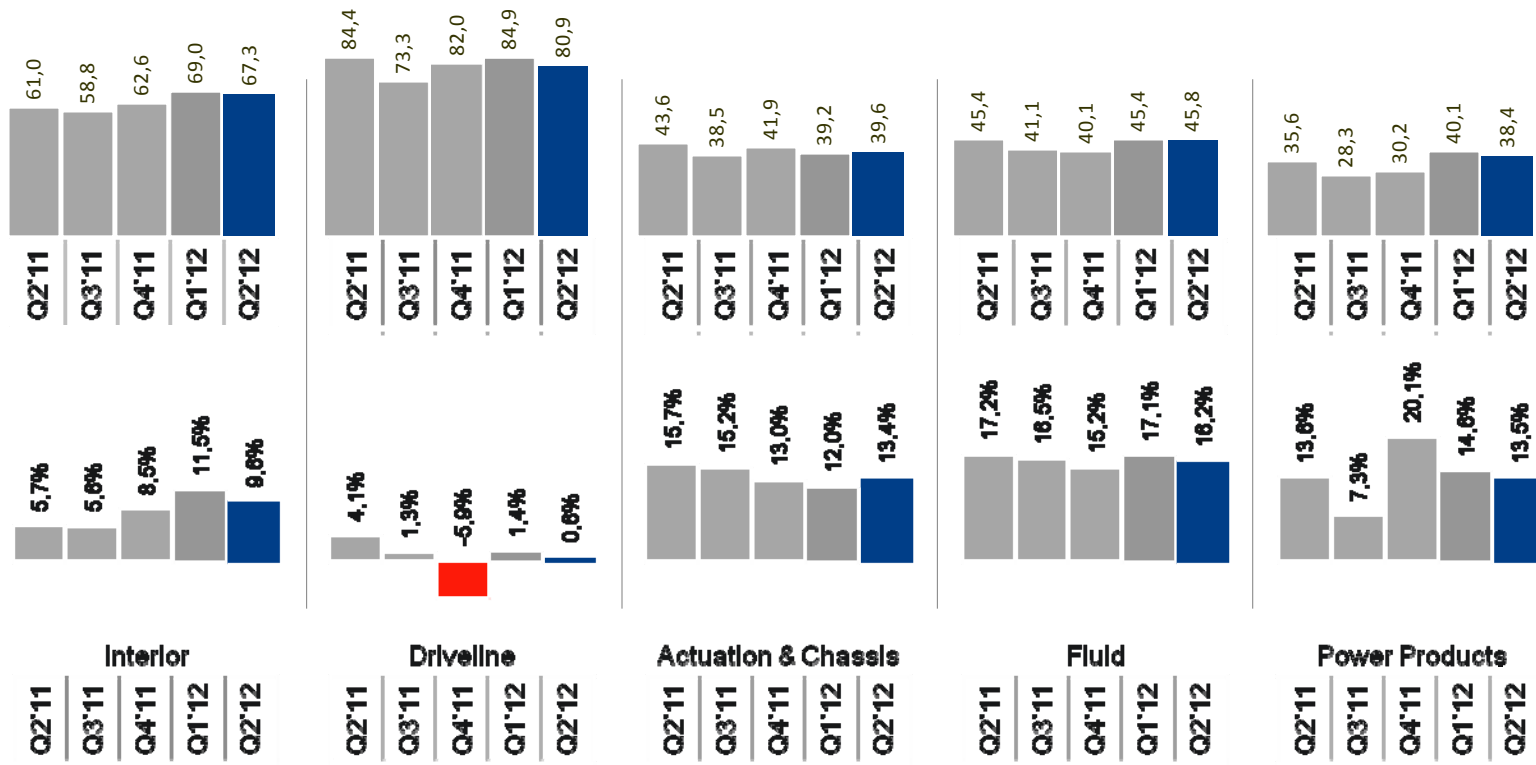


EBITDA and EBITDA Margin
EUR Million and percent



Segment financials 2nd quarter

Revenues and EBITDA margin
EUR Million and percent

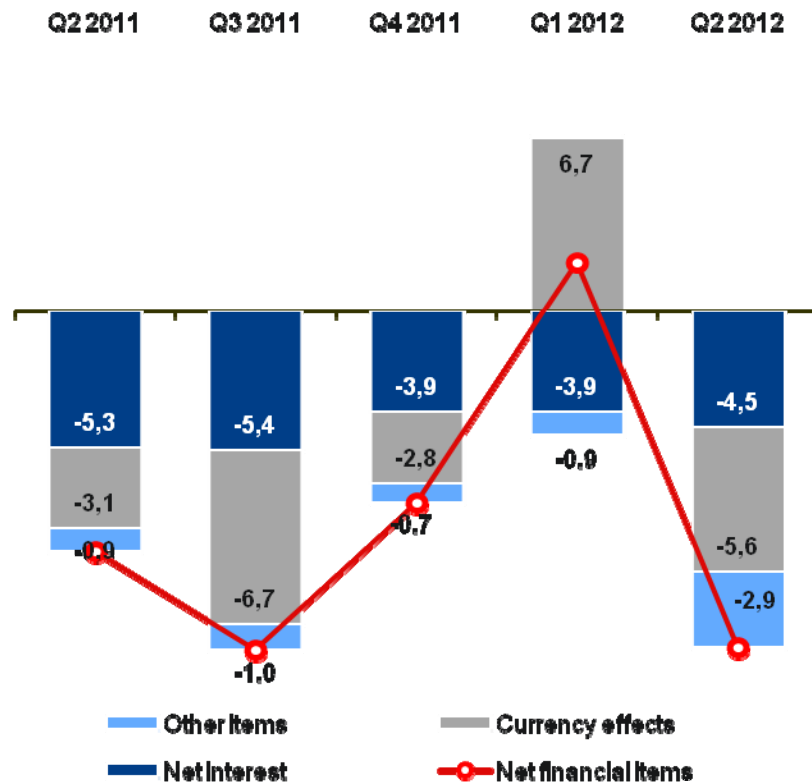


Consolidated income statement

| EUR Million | Quarters | | | | | Twelve months ending | |
|-------------------|--------------|--------------|--------------|--------------|--------------|----------------------|----------------|
| | Q2 2012 | Q1 2012 | Q4 2011 | Q3 2011 | Q2 2011 | 30.06.2012 | 31.03.2012 |
| Revenues | 261.6 | 267.8 | 246.1 | 229.6 | 256.6 | 1,005.1 | 1,000.1 |
| OPEX | (241.6) | (244.6) | (231.9) | (214.3) | (233.9) | (932.4) | (924.7) |
| EBITDA | 20.0 | 23.2 | 14.2 | 15.4 | 22.6 | 72.8 | 75.4 |
| EBITDA (%) | 7.6% | 8.7% | 5.8% | 6.7% | 8.8% | 7.2% | 7.5% |
| D&A | (13.3) | (10.4) | (12.5) | (10.3) | (10.3) | (46.5) | (43.5) |
| EBIT | 6.7 | 12.8 | 1.7 | 5.0 | 12.4 | 26.5 | 31.9 |
| EBIT (%) | 2.6% | 4.8% | 0.7% | 2.2% | 4.8% | 2.6% | 3.2% |
| Financial items | (13.0) | 1.9 | (7.4) | (13.1) | (9.3) | (31.6) | (27.9) |
| PBT | (6.3) | 14.7 | (5.7) | (8.0) | 3.1 | (5.3) | 4.1 |
| Tax | 1.6 | (3.8) | 2.9 | 2.4 | (1.2) | 3.1 | 0.3 |
| Net profit | (4.6) | 10.9 | (2.8) | (5.6) | 1.9 | (2.1) | 4.4 |

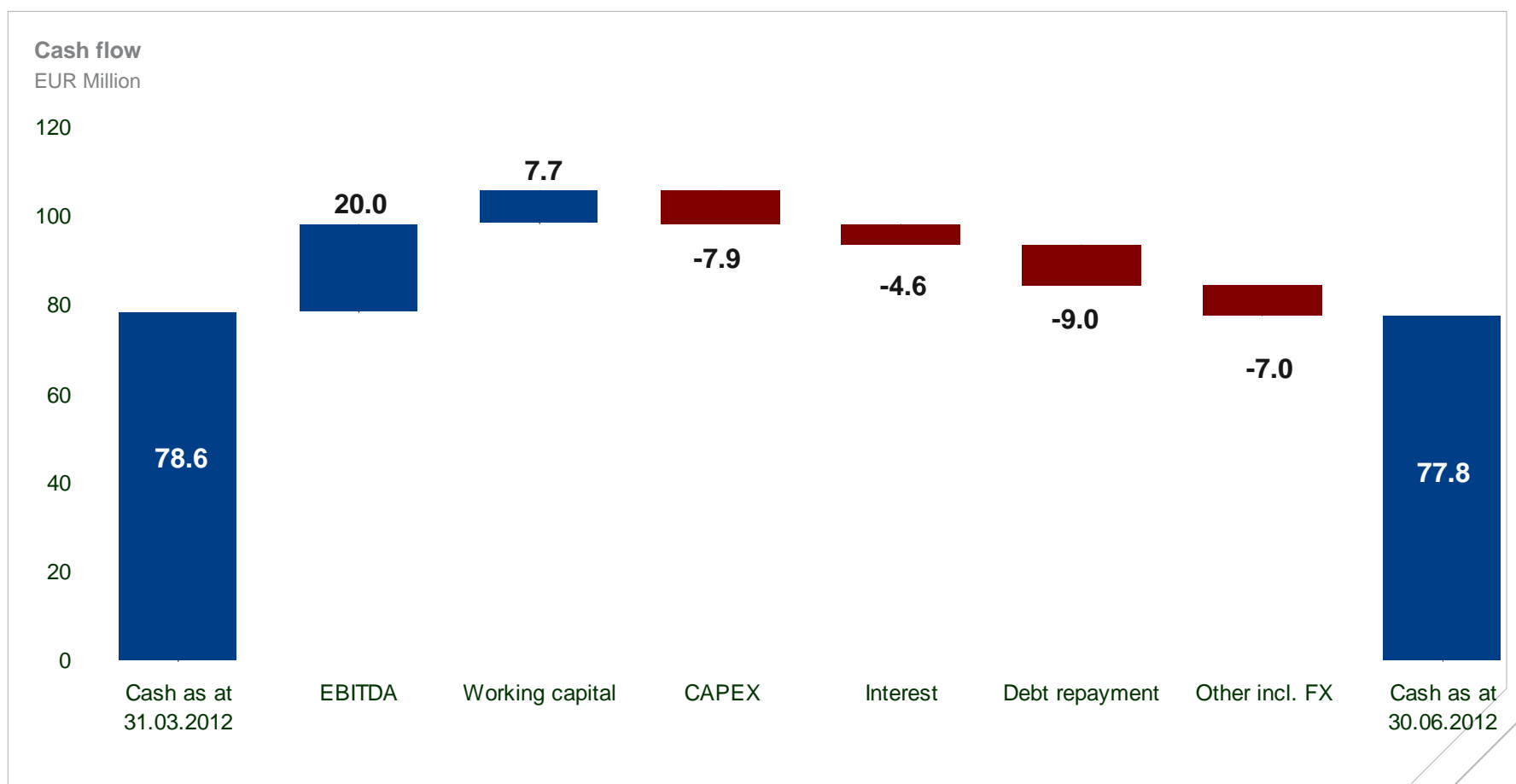
Financial items

Net financial items
EUR Million



- ▶ Net interest EUR 0.8 million lower compared to Q2 2011
- ▶ FX effects contributing negatively by EUR 5.6 million

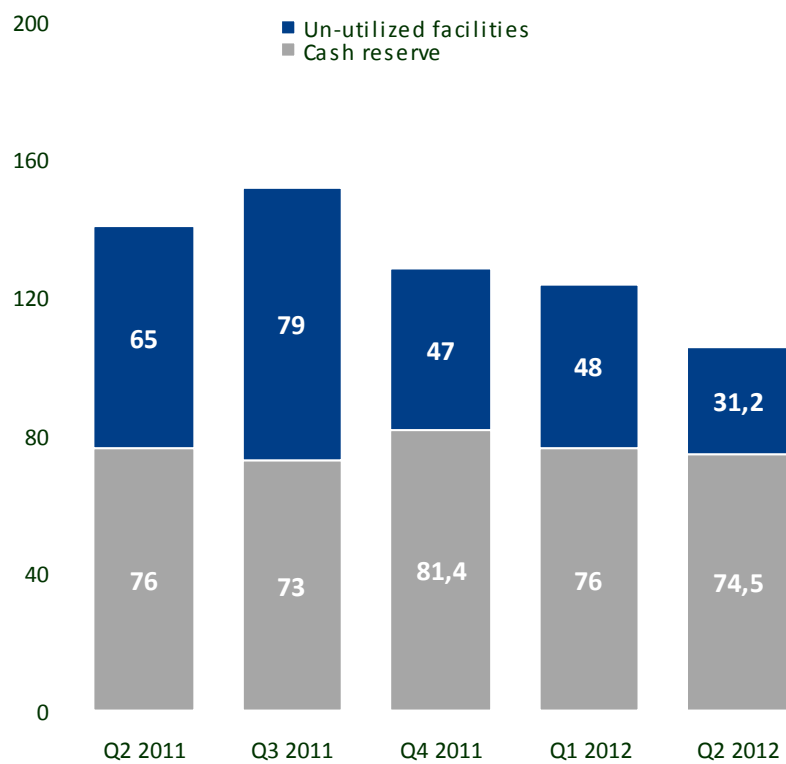
Cash flow development 2nd quarter



Available funds and utilization

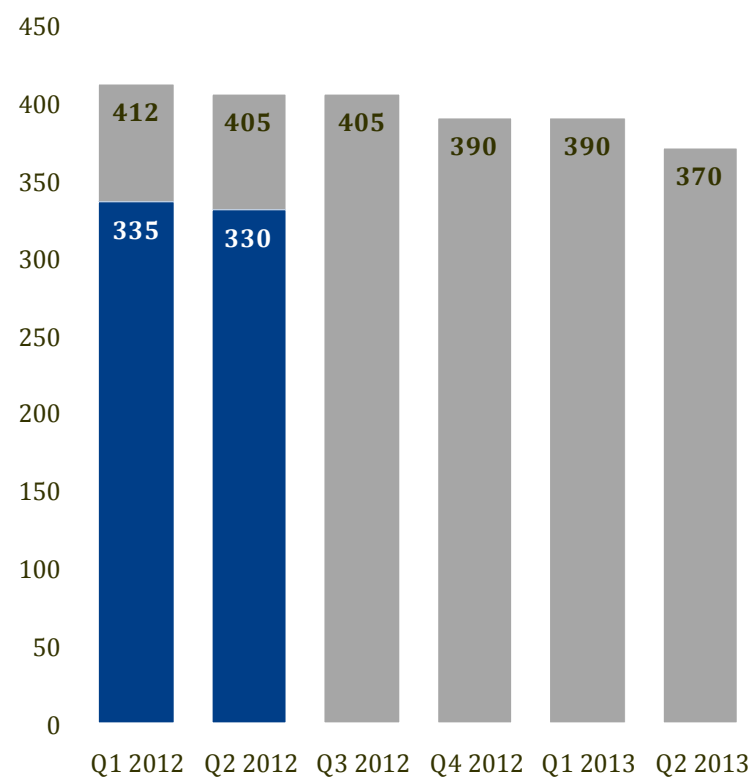
Available funds

EUR Million



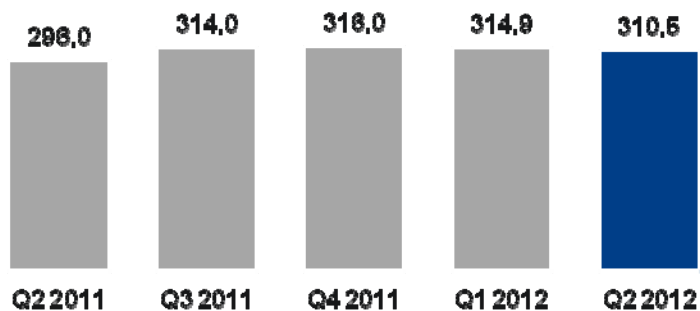
Credit utilization

EUR Million

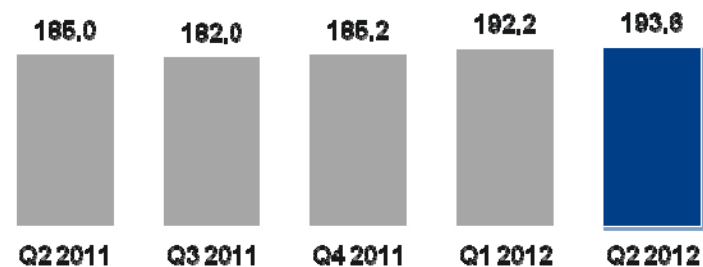


Financial ratios

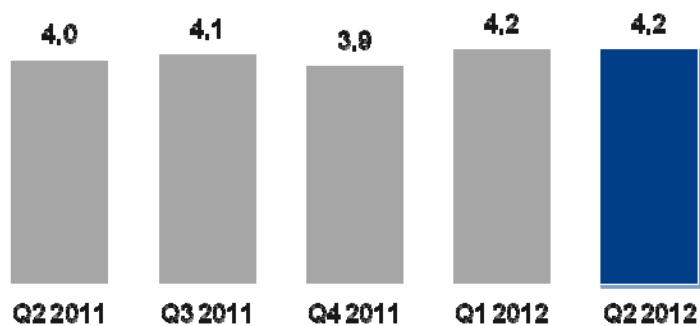
NIBD
EUR Million



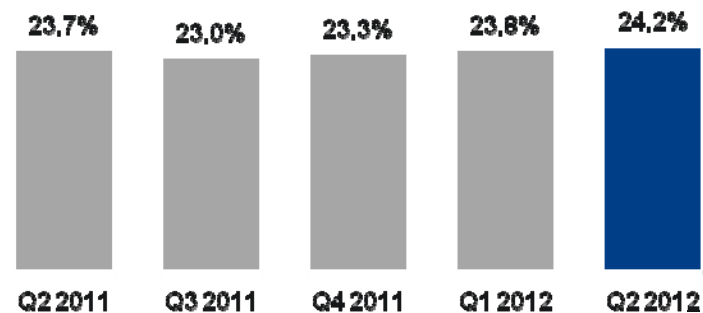
Equity
EUR Million



NIBD/EBITDA
Times



Equity ratio
Percent





Philippe Toth
Market Update

Production and revenue growth (YoY change)

| North America | |
|-------------------------|--------|
| CV production growth * | 16.0 % |
| LV production growth ** | 23.7 % |
| KA revenue growth*** | 6.5 % |

| Europe | |
|-------------------------|--------|
| CV production growth * | -8.3 % |
| LV production growth ** | -7.5 % |
| KA revenue growth*** | -2.2 % |

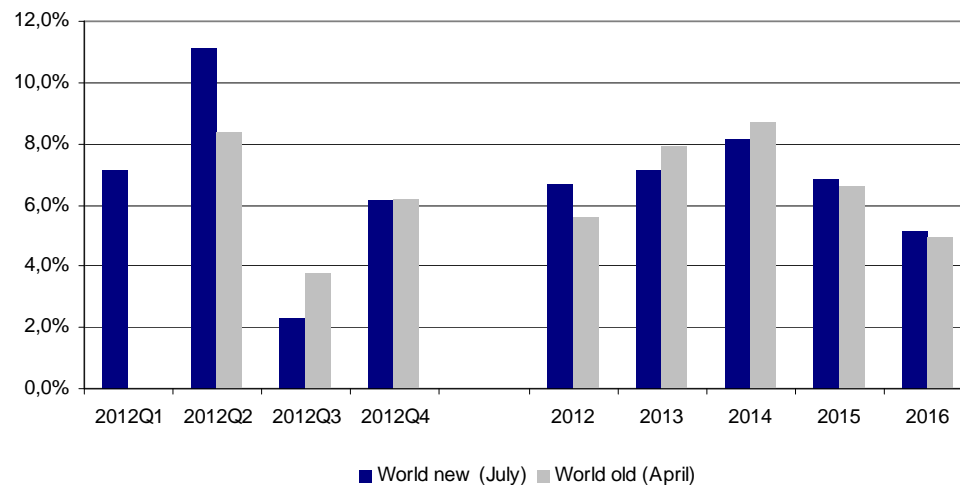
| Worldwide | |
|-------------------------|--------|
| CV production growth * | 4.2 % |
| LV production growth ** | 11.1 % |
| KA revenue growth*** | -2.5 % |

| Asia | |
|-------------------------|--------|
| CV production growth * | 8.0 % |
| LV production growth ** | 21.4 % |
| KA revenue growth*** | -9.5 % |

* 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

Light vehicle production: revised world estimates (ch Y/Y)



► Total production

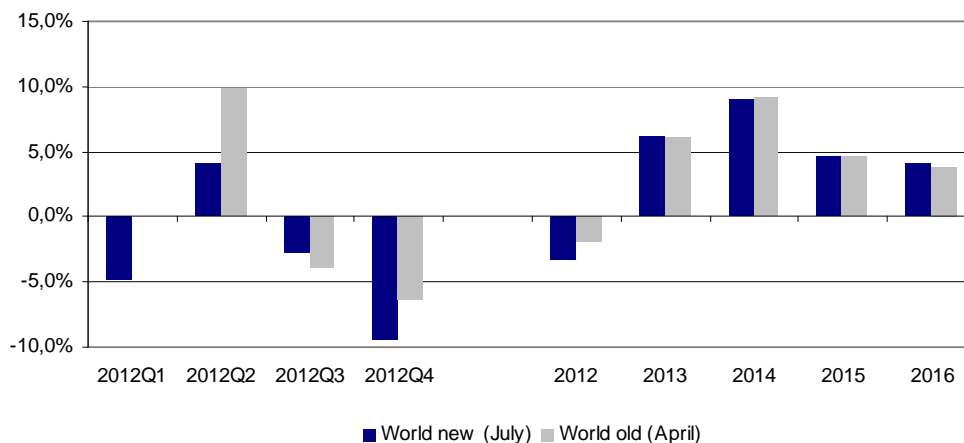
- Total production according LMC Automotive has been revised upward from 81.2 million to 82millions vehicles in 2012 mainly due to the strong North American market

► Production growth

- The global production of light vehicles is expected to grow by 6 to 7 percent in 2012
- In Europe, LV production in Q3 is expected to decline by 8%
- In all other regions, LV production in Q3 is expected to grow

Commercial vehicle production – 2012 forecast

Medium and heavy duty truck production: revised world estimates
(ch Y/Y)



► 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 3 to 4 percent in 2012
- CV production in Q3 is expected to decline in all regions but China
- The biggest drops would be seen In Europe and South America with a decline respectively by 9,5% and 22,8%



Hans Peter Havdal

Summary and Outlook

Summary and outlook

Company outlook for Q3 2012

EUR Million

250

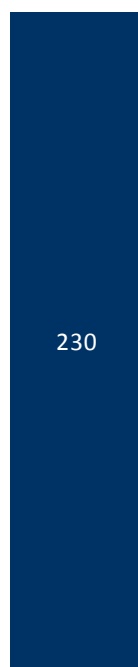
200

150

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50

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Q3-2012



Q3-2011

- ▶ **The company expects revenue of approx. EUR 230 million for Q3 2012**
 - In line with Q3 2011 and customer plans including market data
- ▶ **Four out of five business areas are performing well - with double digit EBITDA margins**
- ▶ **Driveline remains the main focus**
- ▶ **A capital market day will be held on November 6th 2012**



Questions & Answers