

# Kongsberg Automotive

Third quarter 2014 | October 17, 2014



# Group highlights for Q3 2014

## REVENUES

- ▶ Revenues of EUR 228.6 million in third quarter, EUR 6.2 (-2.6%) million below third quarter last year and in line with guiding
- ▶ Market outlook for Q4 indicates revenue level of EUR 235 million

## FINANCIALS

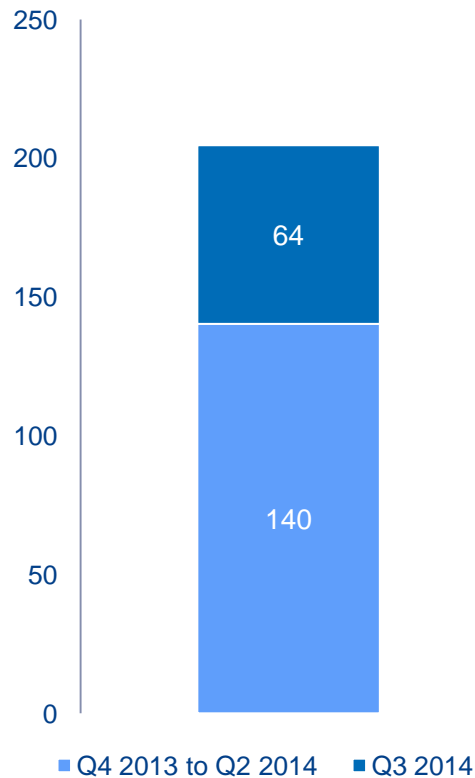
- ▶ EBIT was EUR 13.2 million in Q3 with EBIT margin 5,8% in line with Q3 2013
- ▶ Financial gearing ratio at 2.3X NIBD/EBITDA

## MARKETS

- ▶ Europe: Light vehicle & commercial vehicle segment down due to Russia/Ukraine crisis
- ▶ North America: Steady growth in Commercial vehicle segment
- ▶ South America/Brazil: Continue at a very low level

# New business wins

**New business wins LTM**  
EUR Million



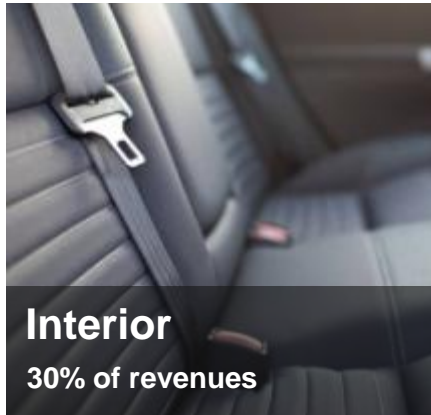
- ▶ EUR 64 million per annum of new business booked in Q3 2014
- ▶ After a period of strong operational focus, the attention needs to move more towards growth
- ▶ Increased focus on BRIC and innovations are key levers to strengthen our growth momentum





**Hans Peter Havdal, President & CEO**  
**OPERATIONAL REVIEW**

# Q3 2014: Business areas overview



**Interior**  
30% of revenues

**MARKET**

Safety and comfort related products for vehicle interiors



**Driveline**  
26% of revenues

**MARKET**

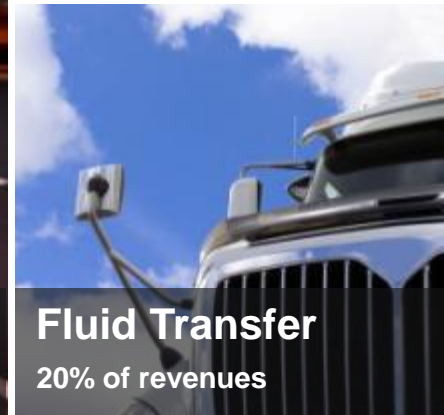
Gear shift systems for light duty vehicles



**Driver Control**  
24% of revenues

**MARKET**

Driver control systems, cabin suspension and vehicle dynamics for commercial vehicles



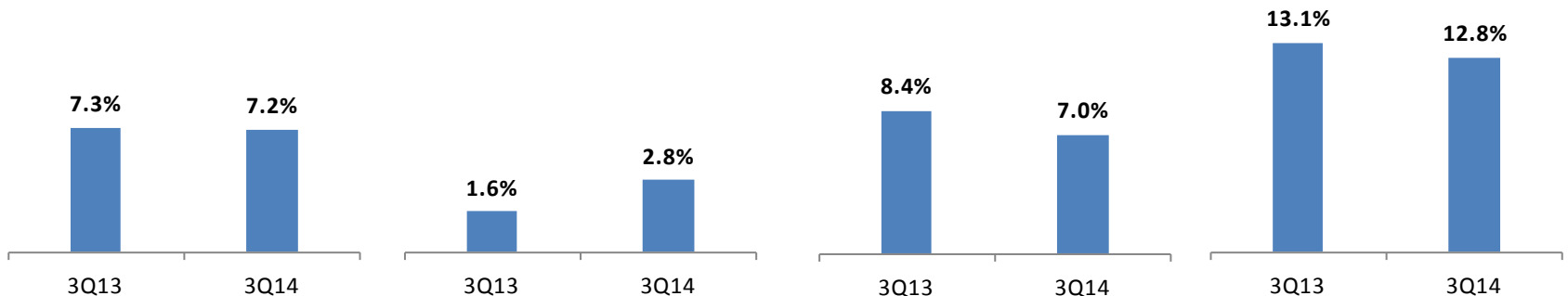
**Fluid Transfer**  
20% of revenues

**MARKET**

Fluid handling systems for commercial vehicles and passenger cars



EBIT-margin



COMMERICAL VEHICLES

## Operational update

- Increased R&D effort in Driver Control on developing Automated Manual Transmission (AMT) technology which is growing in mature markets
- Increased R&D spend will continue
- KA to downscale the activity in the Rollag plant in Norway
  - Revenue of EUR 17.5M with 87 employees
  - Made a EUR 3M loss in 2013
  - Key products are stabilizers for truck cabins and axles
  - Operations will be moved to another KA facility by 2018



PASSENGER CARS

## Operational update

- Driveline continues to further improve margins & focus on profitable growth
- New program launch for Volvo Car for seat heaters
  - Volume 31.000 units annually from Wuxi (China) facility
- New program launch for Ford for window cables
  - Volume 400.000 units annually from Matamoros (Mexico) facility








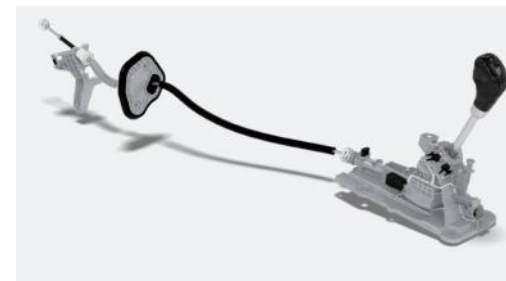
**COMMERCIAL WINS & CUSTOMER MARKETING IN Q3**



## Substantial commercial wins in North American market

- Est. annual value 64 million EUR in Q3 2014 total; 44 mill. EUR in North America

Business Area	Per Annum Value	Product	Market	Segment	SoP	Production location
Fluid Transfer	6.2M EUR	Fluid assemblies		Truck, bus & passenger car	2014	Easley & Suffield USA
Driveline	8.9M EUR	AT shift cables		B, C segment cars	Q3 2016	Nuevo Laredo, Mexico & Wuxi, China
Driveline	17.4M EUR	AT shifters		Passenger car (CUV)	Q1 2016	Wuxi, China, Nuevo Laredo, Mexico



# KA ramping up sales & marketing activities to fuel future growth

## Kongsberg Automotive & Daimler Future



Kongsberg Automotive is the only global supplier to offer complete range of seat comfort solutions – lumbar, lateral and thigh support, massage, ventilation and heat

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



www.kongsbergautomotive.com

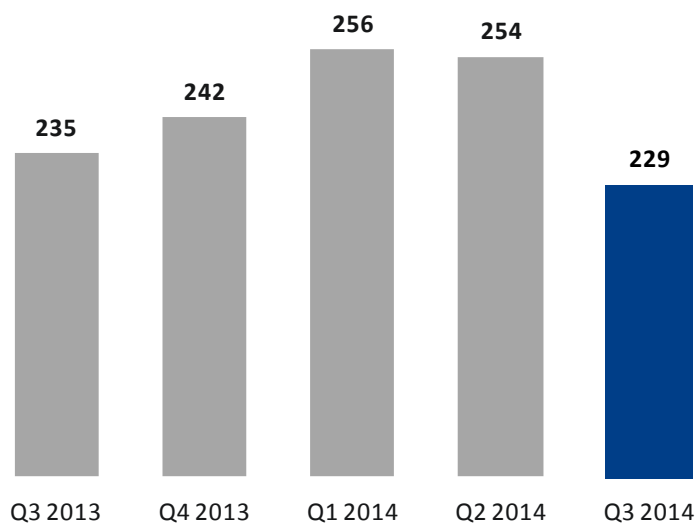




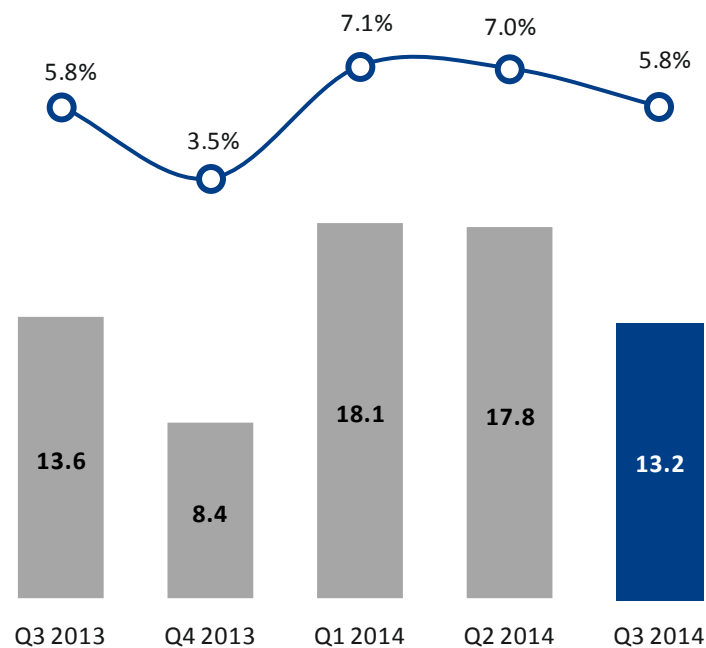
**Trond Stabekk EVP & CFO**  
**FINANCIAL UPDATE**

# Revenue and EBIT

**Revenues**  
EUR million



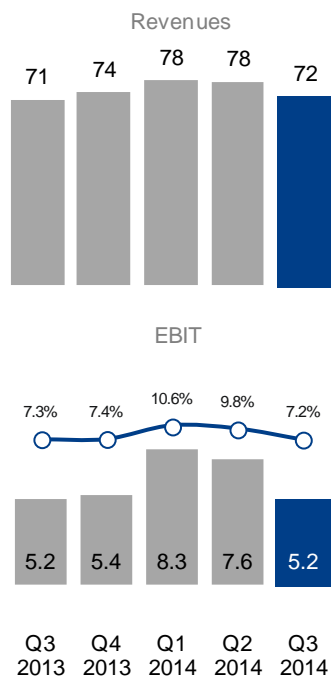
**EBIT and EBIT margin**  
EUR million and percent



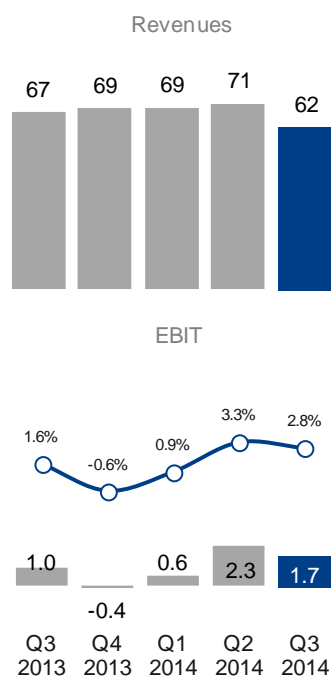
# Segment financials 3<sup>rd</sup> quarter

Revenues and EBITDA margin  
EUR million and percent

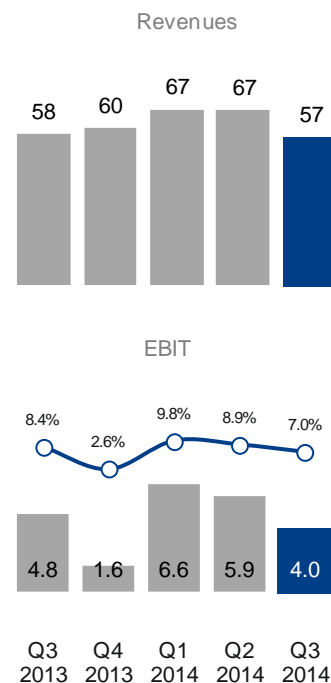
## Interior



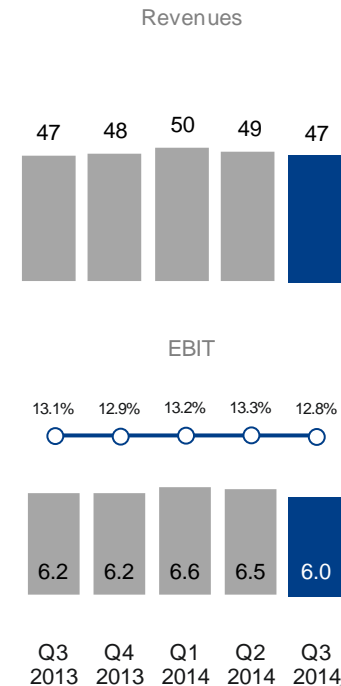
## Driveline



## Driver Control



## Fluid



## Consolidated income statement

EUR Million	Twelve months ending				
	30.09.13	31.12.13	31.03.14	30.06.14	30.09.14
<b>Revenues</b>	<b>981.5</b>	<b>990.9</b>	<b>994.5</b>	<b>987.0</b>	<b>980.8</b>
OPEX	-884.5	-893.8	-894.0	-887.1	-881.8
<b>EBITDA</b>	<b>97.0</b>	<b>97.1</b>	<b>100.5</b>	<b>99.9</b>	<b>99.0</b>
EBITDA (%)	9.9%	9.8%	10.1%	10.1%	10.1%
D&A	-44.6	-43.9	-42.7	-41.9	-41.4
<b>EBIT</b>	<b>52.5</b>	<b>53.2</b>	<b>57.8</b>	<b>57.9</b>	<b>57.6</b>
EBIT (%)	5.3%	5.4%	5.8%	5.9%	5.9%
Financial items	-35.3	-40.4	-32.7	-29.4	-23.8
<b>Profit before taxes</b>	<b>17.2</b>	<b>12.8</b>	<b>25.1</b>	<b>28.5</b>	<b>33.8</b>
Tax	-8.1	-6.2	-9.4	-12.3	-14.5
<b>Net profit</b>	<b>9.1</b>	<b>6.6</b>	<b>15.7</b>	<b>16.2</b>	<b>19.3</b>

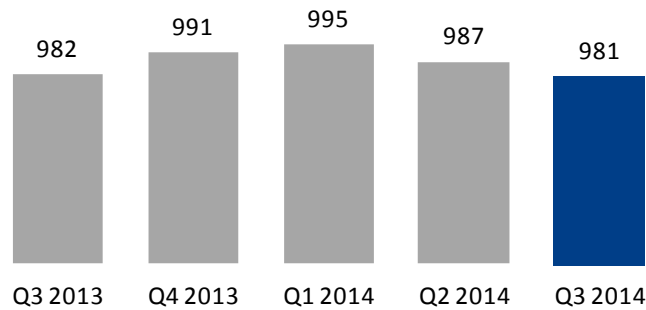
▶ **REVENUE** run rate in line with full year guiding.

▶ **EBIT** run rate kept despite lower revenues

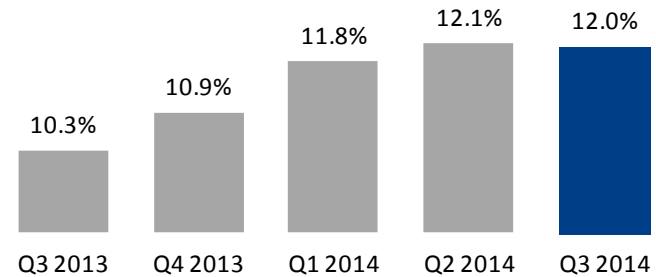
▶ **Improved NET PROFIT**

# Financial KPIs

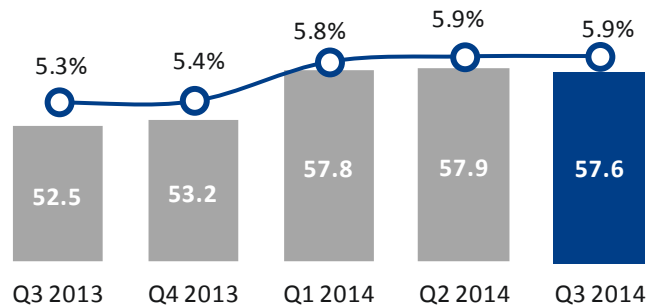
**Revenues (Ltm)**  
EUR million



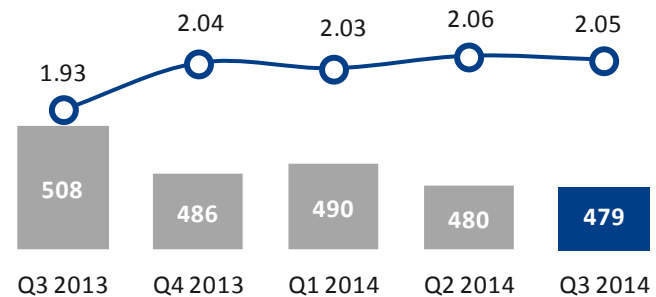
**ROCE (Ltm)**  
Percent



**EBIT and EBIT margin (Ltm)**  
EUR million and percent



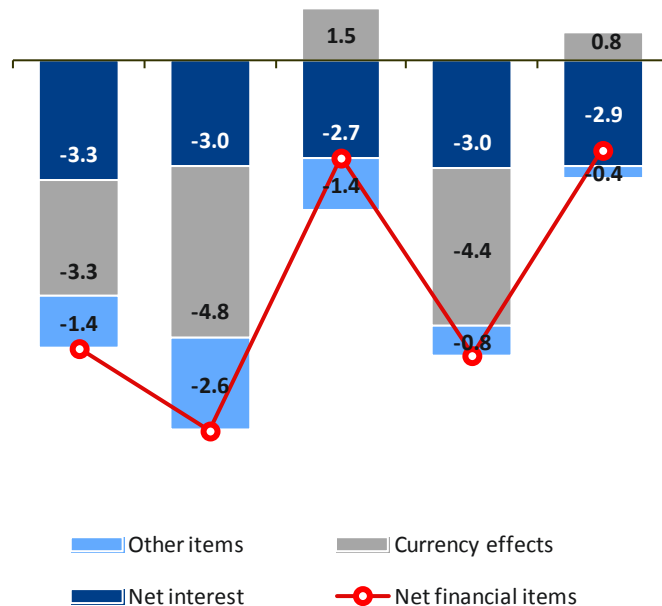
**Avg. Capital Employed and turnover (Ltm)**  
EUR million and Times



# Financial items

**Net financial items**  
EUR million

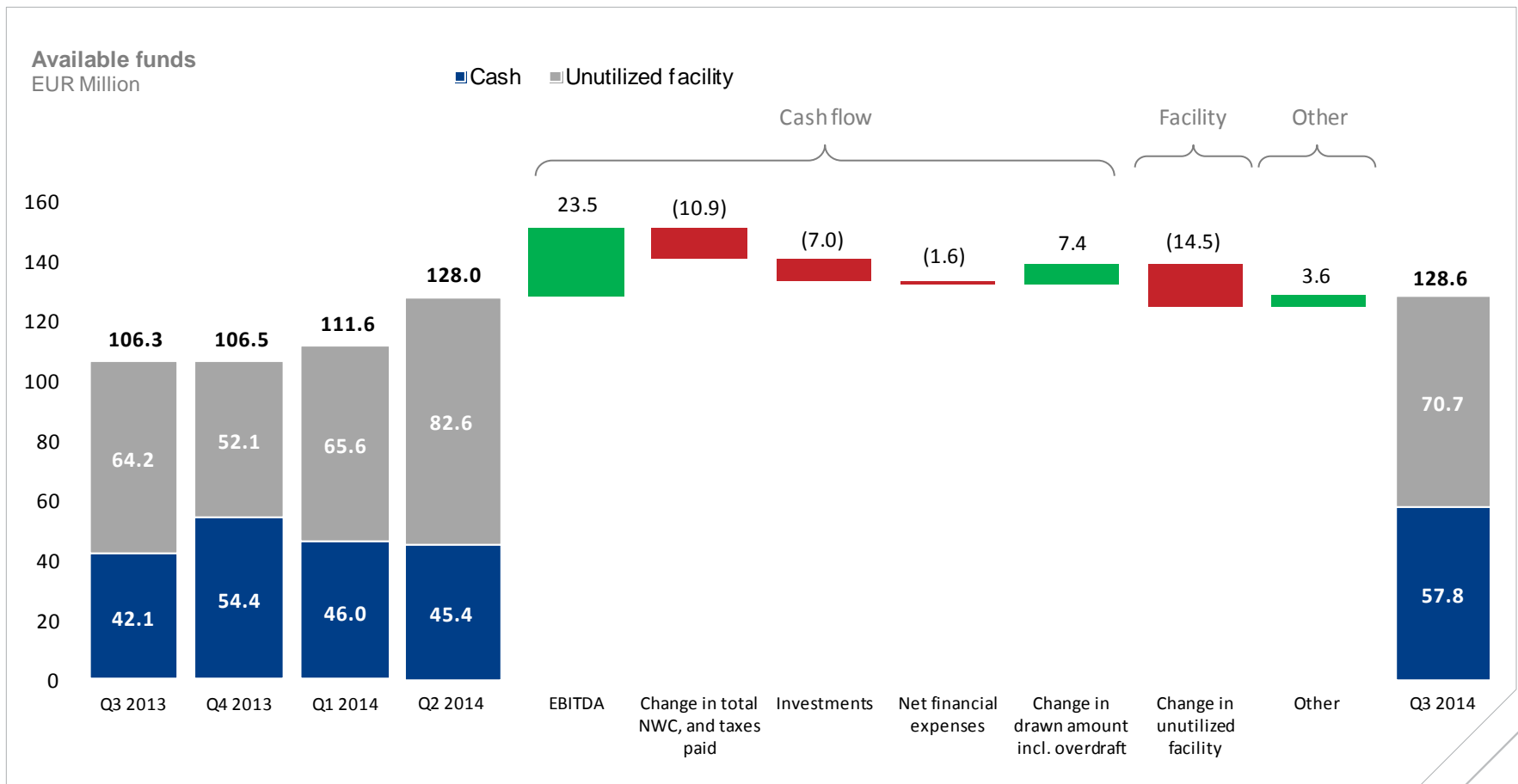
Q3 2013    Q4 2013    Q1 2014    Q2 2014    Q3 2014



- ▶ **Interest expenses reduced**
  - Lower debt level
  - Lower interest margin

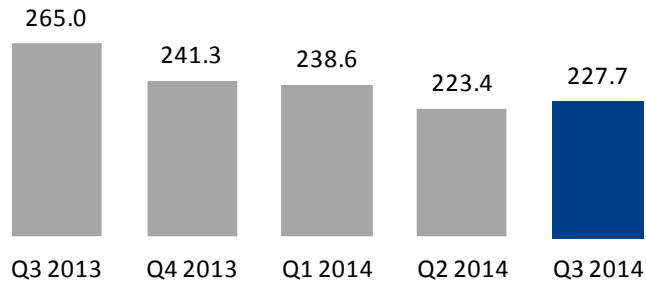


# Cash flow and facility development

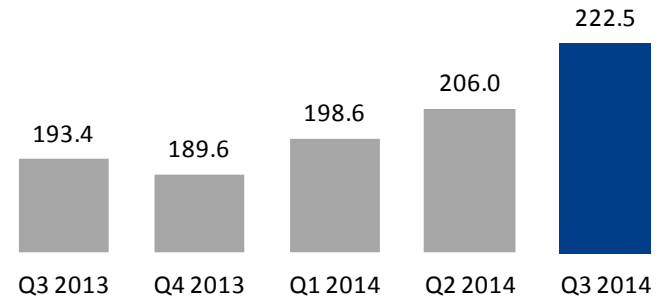


# Financial ratios

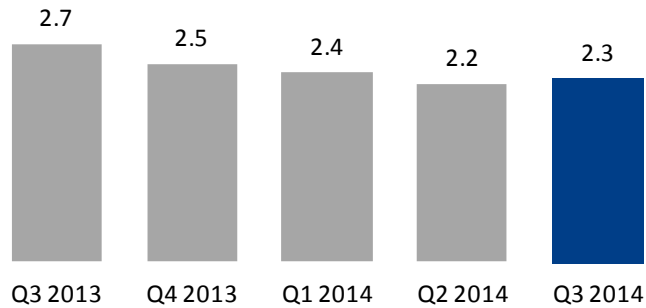
**NIBD**  
EUR million



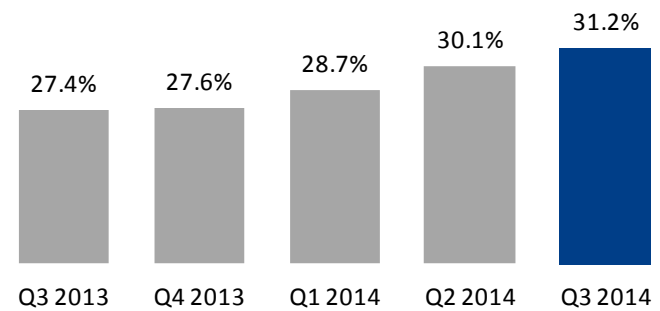
**Equity**  
EUR million



**NIBD/EBITDA**  
Times



**Equity ratio**  
Percent

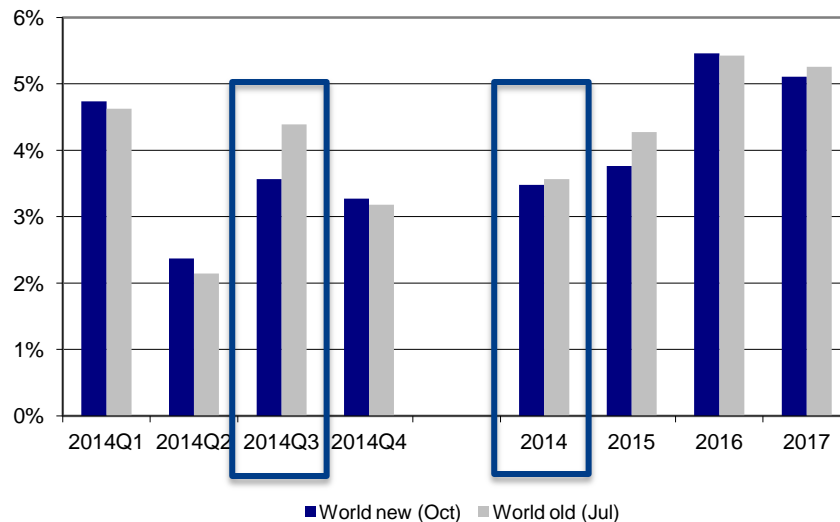




**Philippe Toth, VP Investor Relations and M&A**  
**MARKET UPDATE**

# Light vehicle production – LMC Automotive Oct 2014

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



**-0,9%**  
 Europe: Strong premium export. Spain and France is on the way back, but Russia is pulling the total down

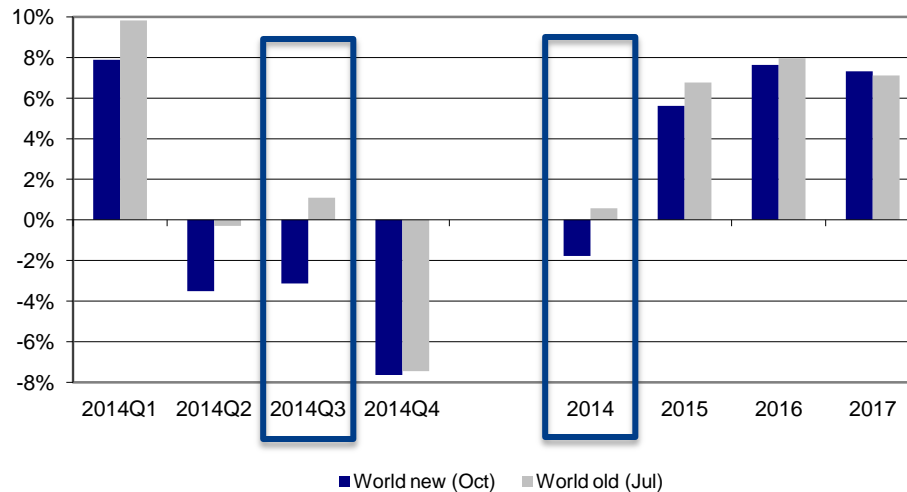
**7,4%**  
 North America: Good credit availability in USA helps fast growth.

**8,1%**  
 China: Continue strong positive growth, even when GDP growth is leveling of to 7-8%

**3,6%**  
 Total production: Q3-14 3,6% higher than Q3-13, mainly driven by growth in China and US. Total 2014 production is expected to be around 87,7 million Light Duty Vehicles

# Commercial vehicle production – LMC Automotive Oct 14

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



**-7,4%**  
Europe: Decline in both E27 and Russia.

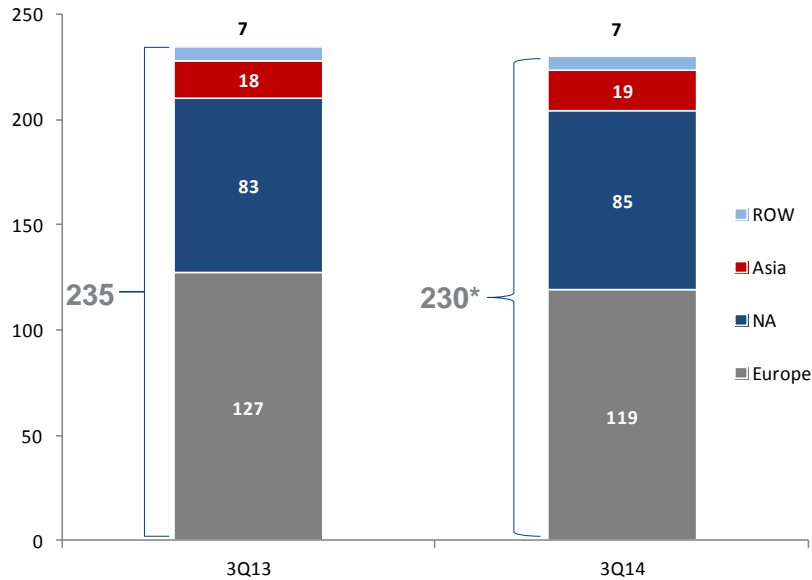
**9,3%**  
North America: Continue growth, mainly from Class8 segment

**-14%**  
China: Slowing down. "New normal" sees cut in construction activity

**-3,1%**  
World Wide: Decline in South America, Europe and China, with only North America growing, will see 2014 more than 3% below 2013. For 2014 the world production is expected to be 2.76 million vehicles.

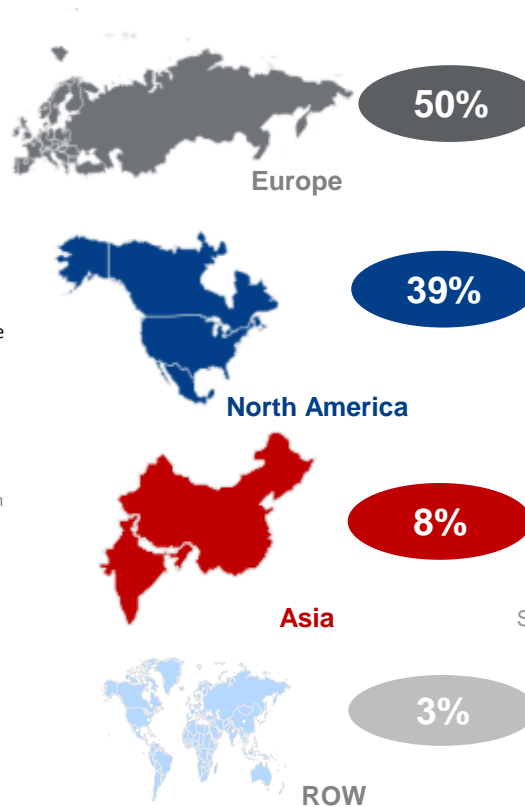
# Sales by region

Sales in MEUR by region\*



\* Adjusted for currency effect

Sales in % by region



LMC Automotive – October 2014

Expected 2014 growth



Segment	Expected 2014 Growth
Europe (Car)	2.7%
Europe (Truck)	- 9%
North America (Car)	4%
North America (Truck)	12%
Asia (Car)	5.4%
Asia (Truck)	-2.2%

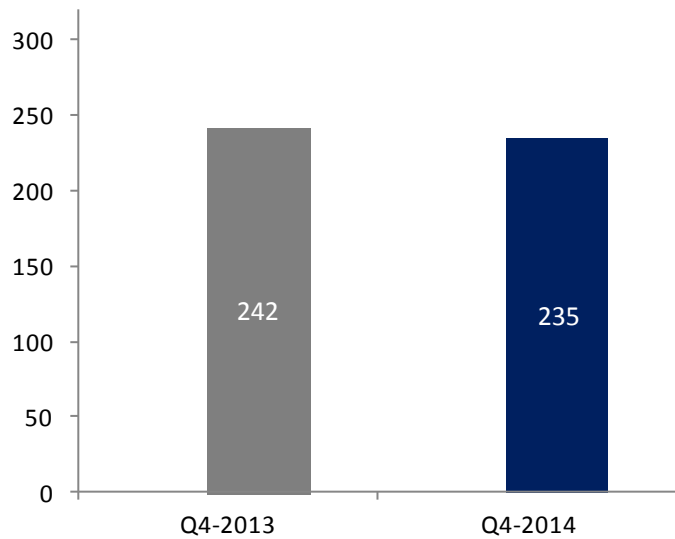
Source: LMC Automotive – October 2014



**Hans Peter Havdal**  
**SUMMARY & OUTLOOK**

## Summary and outlook

Company outlook for Q4 2014  
EUR Million



- ▶ **Operating profit in line with last year, despite 2.6% lower revenues, due to operational improvements**
- ▶ **Markets: North America and China passenger cars remain positive while European outlook is still uncertain**
- ▶ **KA expects Q4 2014 revenues of approx. EUR 235 million**



**Save the date:**

**CAPITAL MARKETS DAY ON DEC. 3, 2014**

**PLACE: LYSAKER TORG 35**

**TIMING: 09-12**



**Thank you for your attention!**  
**QUESTIONS & ANSWERS**



## Our values



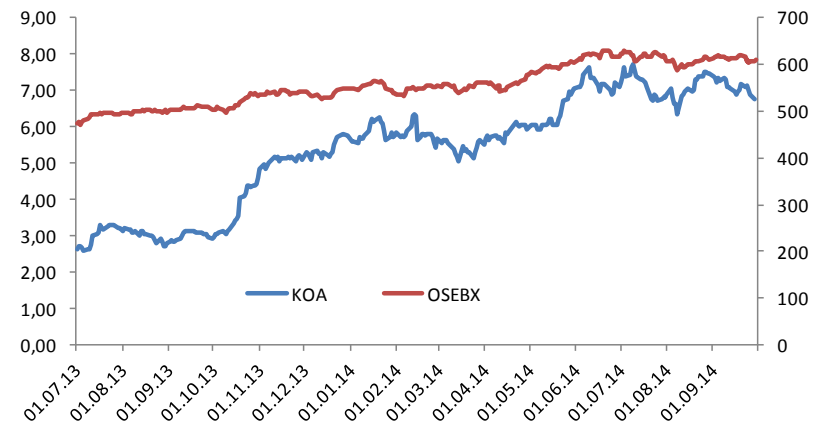


# APPENDIX

# Share price and shareholders

Data: 30.09.2014

Current Position	% Share Outstanding	Investor Name	Nationality
12.830.505	3,15	THE NORTHERN TRUST C NON-TREATY ACCOUNT	GBR
10.942.752	2,69	FOLKETRYGDFONDET	NOR
10.460.360	2,57	EUROCLEAR BANK S.A./ 25% CLIENTS	BEL
10.167.813	2,50	CITIBANK, N.A. S/A DFA-INTL SML CAP	USA
9.603.387	2,36	MP PENSJON PK	NOR
8.906.658	2,19	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	NOR
8.671.425	2,13	Swedbank AB (publ) CLIENTS ACCOUNT	SWE
8.660.347	2,13	KLP AKSJE NORGE VPF	NOR
8.495.329	2,09	JP Morgan Chase Bank HANDELSBANKEN NORDIC	SWE
8.146.092	2,00	J.P. Morgan Chase Ba NORDEA RE:NON-TREATY	GBR
7.872.339	1,94	LANDSDOWNE INVESTMENT	CYM
7.466.885	1,84	JPMORGAN CHASE BANK, S/A ESCROW ACCOUNT	GBR
7.294.807	1,79	CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	GBR
7.056.922	1,73	The Bank of New York NON-TREATY BNY Mello	LUX
6.950.000	1,71	VERDIPAPIRFONDET DNB	NOR
6.500.000	1,60	ERLING NEBY AS	NOR
6.150.000	1,51	VICAMA AS	NOR
6.028.692	1,48	VERDIPAPIRFONDET DEL JPMORGAN EUROPE LTD,	NOR
5.813.618	1,43	KOMMUNAL LANDSPENSJO	NOR
5.036.253	1,24	STATE STREET BANK & A/C CLIENT FUND NUMB	USA
<b>163.054.184</b>	<b>40,1</b>		



## The Board of Directors of Kongsberg Automotive Holding ASA



Ulla-Britt Fräjdin-Hellqvist

- *Chairwoman of the Board since 2010*
- *Other Corporate Affiliations:*
  - *Chairman of Data Respons ASA and SinterCast AB*
  - *Board member, Castellum, e-man, Fouriertransform, MicronicMydata, SEI and Tallberg Foundation*



Thomas Falck

- *Member of the Board since 2010*
- *Other Corporate Affiliations:*
  - *Chairman of Making Waves AS and Filmparken AS*
  - *Board member, EMS Seven Seas ASA, Vizrt ASA*
  - *Board of several fund-of-fund investment companies*



Halvor Stenstadvold

- *Member of the Board since 2011*
- *Other Corporate Affiliations:*
  - *Chairman of SOS barnebyerNorge, Henie OnstadKunstsenter and Civita AS*
  - *Board member, Storebrand ASA, Statkraft SF/Statkraft AS, Navamedic ASA, SosChildrens Villages International and SOS CV USA*



Eivind Holvik

- *Member of the Board (Employee representative)*
- *Manager Research and Development, Kongsberg Automotive*



Malin Persson

- *Member of the Board since 2014*
- *Other Corporate Affiliations:*
  - *President and CEO of Chalmers University Foundation*
  - *Board member, Kone Cranes Plc, Helsinki, Hexpol AB, Stockholm and Becker Industrial Coating, Berlin*



Tonje Sivesindtjæet

- *Member of the Board (Employee representative)*
- *Measuring Operator, Kongsberg Automotive*



Magnus Jonsson

- *Member of the Board since 2011*
- *Other Corporate Affiliations:*
  - *Board member, Powercell AB, LeanNova AB and Senseair AB*



Kjell Kristiansen

- *Member of the Board (Employee representative)*
- *HSE, Kongsberg Automotive*

## Financial calendar and Investor Relations contacts

### Financial calendar 2014/2015

	Interim Reports	Presentation
Q4 2014	16 <sup>th</sup> of February	17 <sup>th</sup> of February
Q1 2015	16 <sup>th</sup> of April	17 <sup>th</sup> of April
Q2 2015	9 <sup>th</sup> of July	10 <sup>th</sup> of July
Q3 2015	14 <sup>th</sup> of October	15 <sup>th</sup> of October

Capital Market Day on 3<sup>rd</sup> December 2014

### IR contacts

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For more information, see: <http://www.kongsbergautomotive.com/investor-relations/>

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