

Kongsberg Automotive

Fourth quarter 2014 | February 17, 2015



Group highlights for Q4 and 2014

REVENUES

- ▶ 2014 revenues of EUR 979 million, in line with guiding
- ▶ Q4 revenues of EUR 240.3 million, down EUR 1.7 million from Q4 2013

FINANCIALS

- ▶ 2014 EBIT of EUR 54.8 million (5.6 %), up EUR 1.7 million from 2013 despite lower revenues (EUR 11.8 million)
- ▶ Q4 EBIT of EUR 5.7 million, down EUR 2.8 million from 4Q 2013 due to increased R&D effort and effects from lower volumes
- ▶ Gearing ratio further reduced to 2.2 x NIBD/EBITDA
- ▶ Improved terms in a new revolving facility

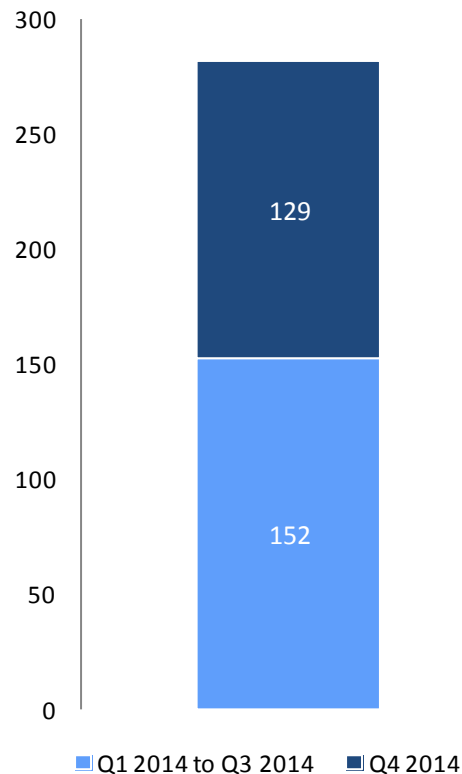
MARKET

- ▶ Europe: Modest growth in Europe for light vehicle and decline in commercial vehicle segment in 2014
- ▶ North America: Steady growth in light- & commercial vehicle segment

New business wins last 4 quarters

New business wins

EUR Million



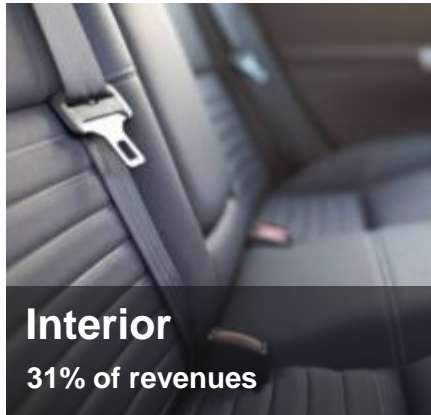
- ▶ EUR 129 million per annum of new business wins booked in Q4 2014, confirms strong order intake
- ▶ EUR 282 million of new business booked in 2014 – an all time high level





Hans Peter Havdal, CEO
OPERATIONAL REVIEW

Q4 2014: Business areas overview



Interior
31% of revenues

MARKET

Safety and comfort related products for vehicle interiors



Driveline
25% of revenues

MARKET

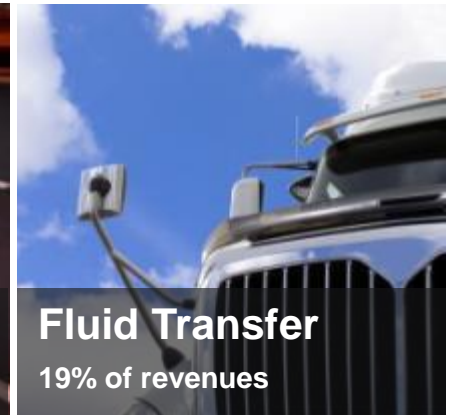
Gear shift systems for light duty vehicles



Driver Control
25% of revenues

MARKET

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



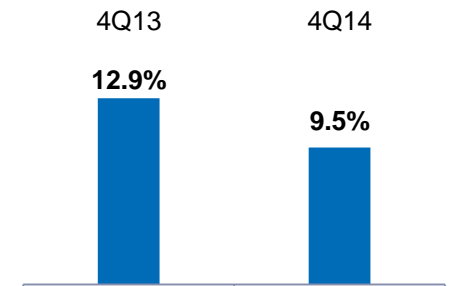
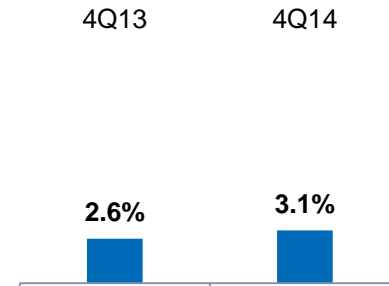
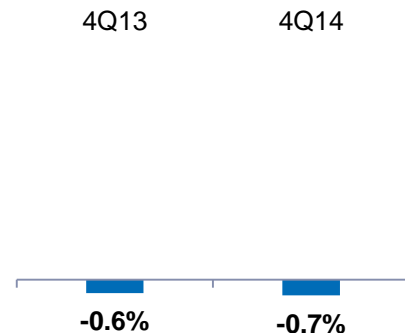
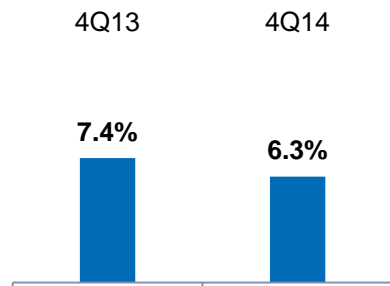
Fluid Transfer
19% of revenues

MARKET

Fluid handling systems for commercial vehicles and passenger cars



EBIT-margin



COMMERICAL VEHICLES

Operational update

- Increased R&D spend within Driver Control in the fourth quarter as planned to support the strategic growth in AMT segment
- Expect to increase the KA Group R&D spend in 2015 to approx 6% - 6.5% of sales
- Fluid's 4Q result impacted by volume effects and negative product mix. Plant start-up cost included to increase manufacturing capacity in Europe

AMT actuation solutions



PASSENGER CARS

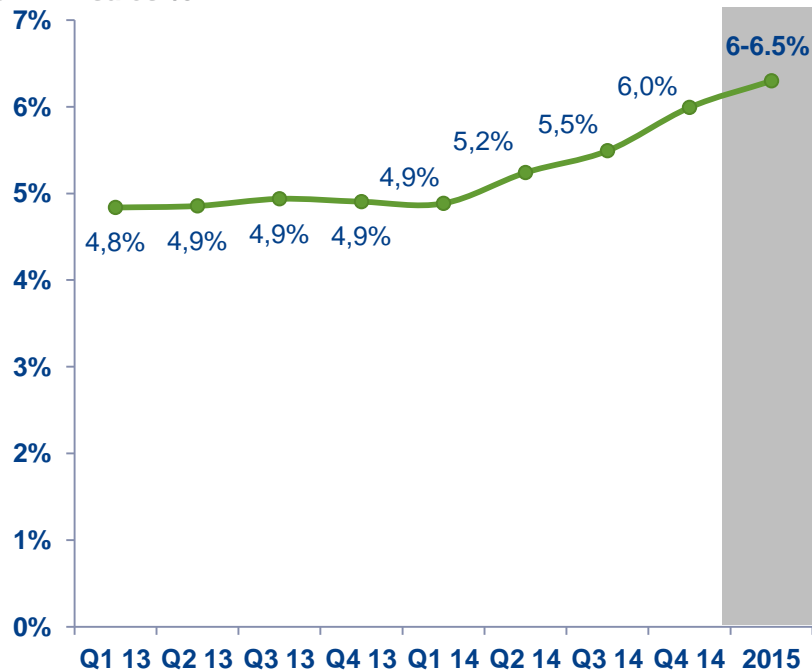
Operational update

- Driveline's shortfall in margin was related to a weak southern European market. PSA decided to close down early in December.
- Increased D&A driven by write off related to customer contract reaching end of production
- Interior results were impacted by higher R&D cost to support new technology and additional maintenance cost in Q4



Increased innovation efforts turning into new business

LTM R&D spend
of LTM sales %



Two significant seat support contracts for premium OEM's with tot. value of 255 M EUR



Three major contracts for SbW & AT with tot. value of 349 M EUR



AMT contracts with tot. value of 110 M EUR



Strategic contract of OBC with tot. value of 40 M EUR

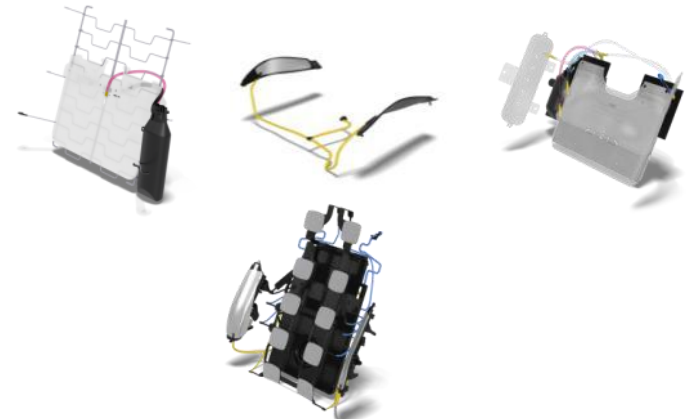


STRATEGIC WINS – BASED ON NEW TECHNOLOGY

INTERIOR

Winning more business with European premium OEM's

- ▶ Supply of pneumatic seat comfort system to two of the worlds leading premium OEM's
- ▶ The life time of this contract is 9 years, with start of production in late 2017, with estimated total value of EUR 250 million
- ▶ KOA will develop & deliver:
 - Pneumatic Lumbar Support
 - Side Support systems
 - Massage function
- ▶ To a total of 19 different vehicles, like;
 - B, C and SUV segments



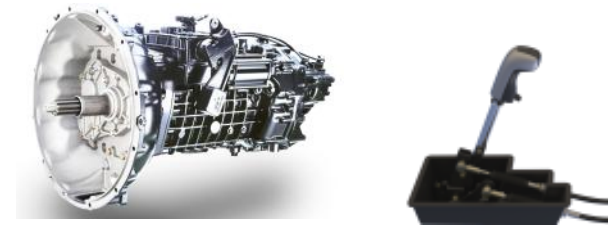
This award shows that Kongsberg Automotive is a leader in premium seat comfort

DRIVER CONTROL

Business wins in strategic segment – Automated Manual Transmission (AMT)

- ▶ Kongsberg Automotive contracted to deliver AMT systems for Commercial vehicles
- ▶ The expected life time value of these contracts are EUR 110 million
- ▶ The production will partly take place in North America and South America
- ▶ The AMT system will contribute to fulfilling the truck OEM's emission standards

From manual transmissions...



...to automated transmissions



The business awards reflect the significant investments and strong focus by KOA

Strategic contract for an On Board Charger in a hybrid vehicle (First quarter win)

- ▶ **On-Board Chargers for global premium OEM**
 - Based on technology developed by ePower
 - For use in Plug-in Hybrid electric vehicles
 - The OBC will be used in C segment cars which will be sold in Europe, North America and China
 - Estimated value EUR 40 million over contract duration
 - Start of production H2 2017 in Wuxi, China
 - This is the second contract secured by KA in the growing hybrid segment

ePower



MEUR 40 value of contract

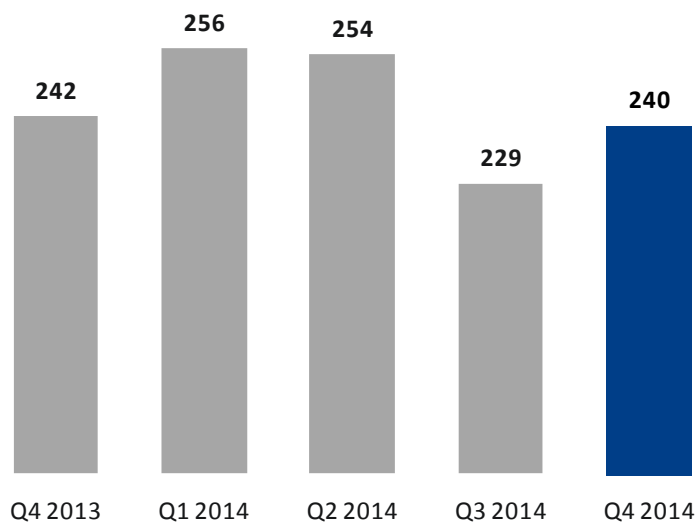




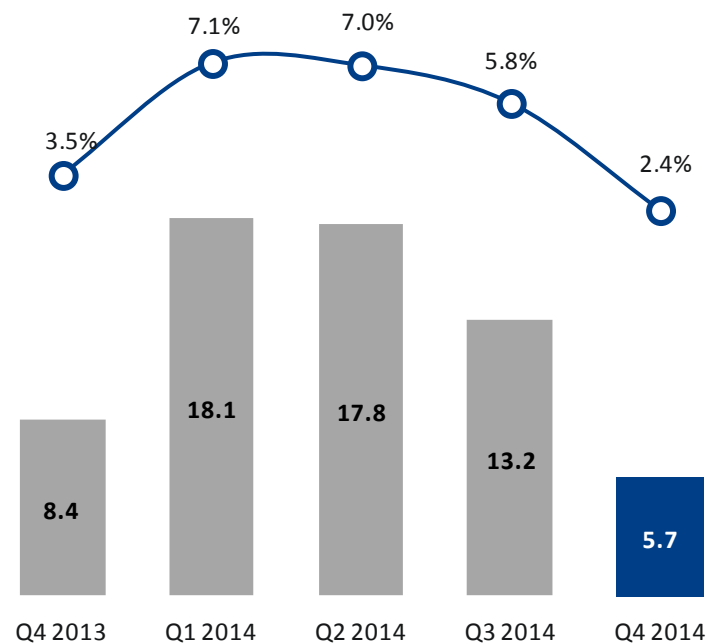
Trond Stabekk, CFO
FINANCIAL UPDATE

Revenue and EBIT

Revenues
EUR million



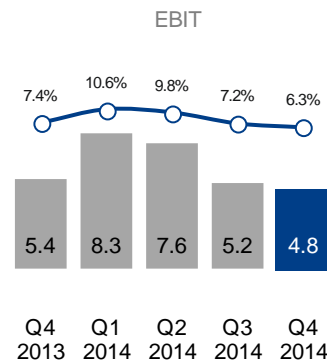
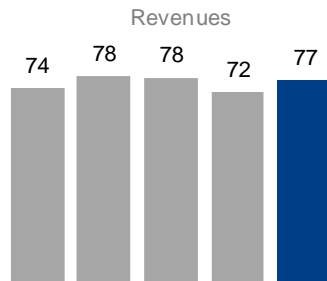
EBIT and EBIT margin
EUR million and percent



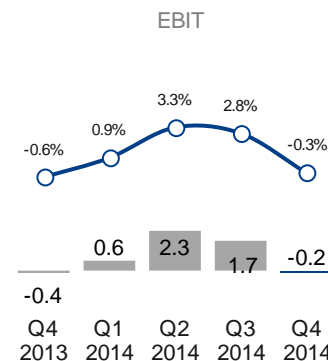
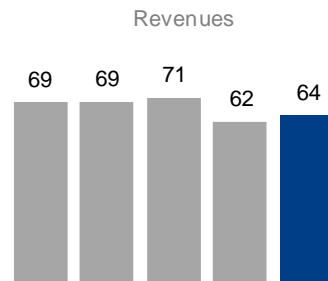
Segment financials 4th quarter

Revenues and EBIT margin EUR million and percent

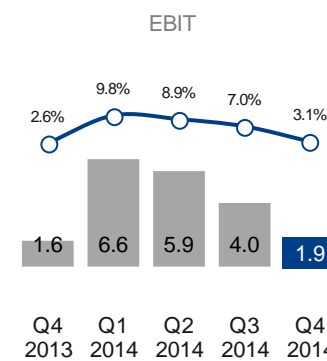
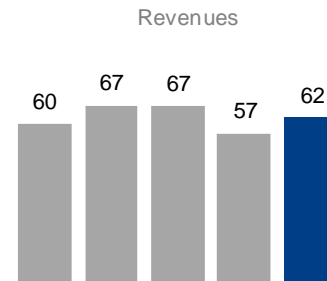
Interior



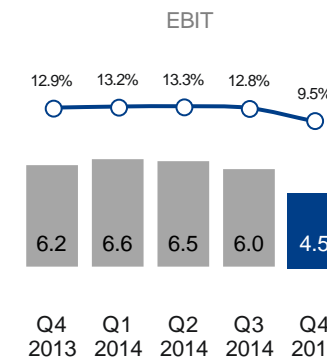
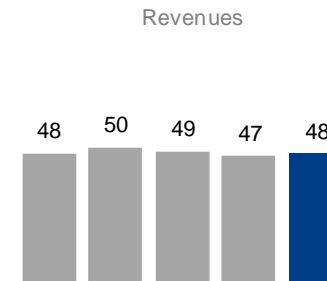
Driveline



Driver Control



Fluid



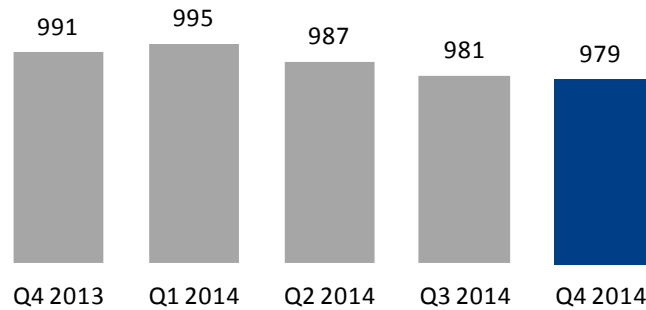
Consolidated income statement

EUR Million	Twelve months ending				
	31.12.13	31.03.14	30.06.14	30.09.14	31.12.14
Revenues	990.9	994.5	987.0	980.8	979.1
OPEX	-893.8	-894.0	-887.1	-881.8	-882.1
EBITDA	97.1	100.5	99.9	99.0	97.0
EBITDA (%)	9.8%	10.1%	10.1%	10.1%	9.9%
D&A	-43.9	-42.7	-41.9	-41.4	-42.1
EBIT	53.2	57.8	57.9	57.6	54.8
EBIT (%)	5.4%	5.8%	5.9%	5.9%	5.6%
Financial items	-40.4	-32.7	-29.4	-23.8	-35.9
Profit before taxes	12.8	25.1	28.5	33.8	18.9
Tax	-6.2	-9.4	-12.3	-14.5	-13.5
Net profit	6.6	15.7	16.2	19.3	5.4

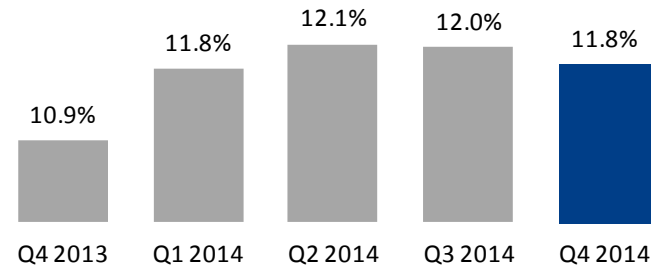
- ▶ REVENUE run rate in line with full year guiding.
- ▶ EBIT run rate slightly reduced mainly due to higher R&D activities

Financial KPIs

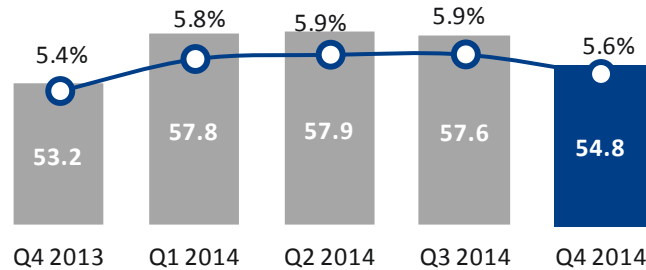
Revenues (Ltm)
EUR million



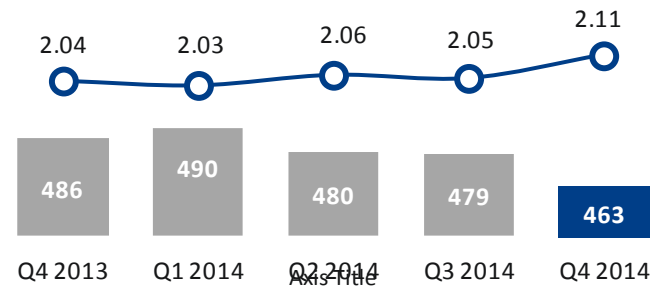
ROCE (Ltm)
Percent



EBIT and EBIT margin (Ltm)
EUR million and percent



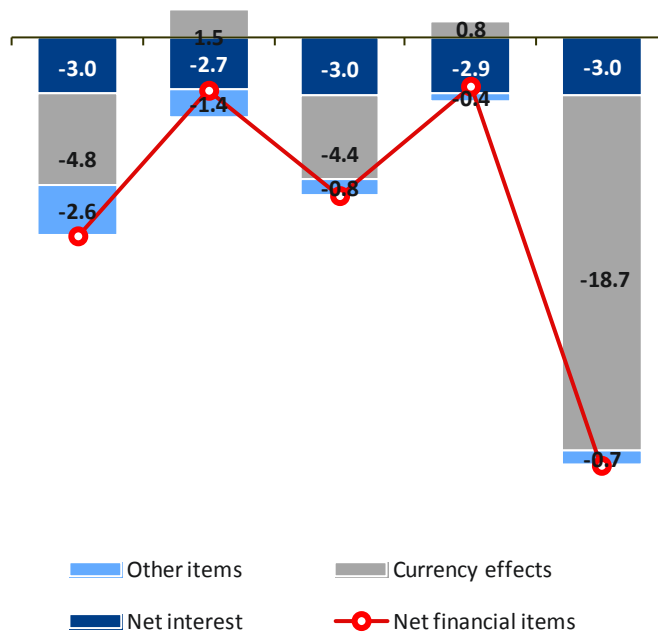
Avg. Capital Employed and turnover (Ltm)
EUR million and Times



Financial items

Net financial items
EUR million

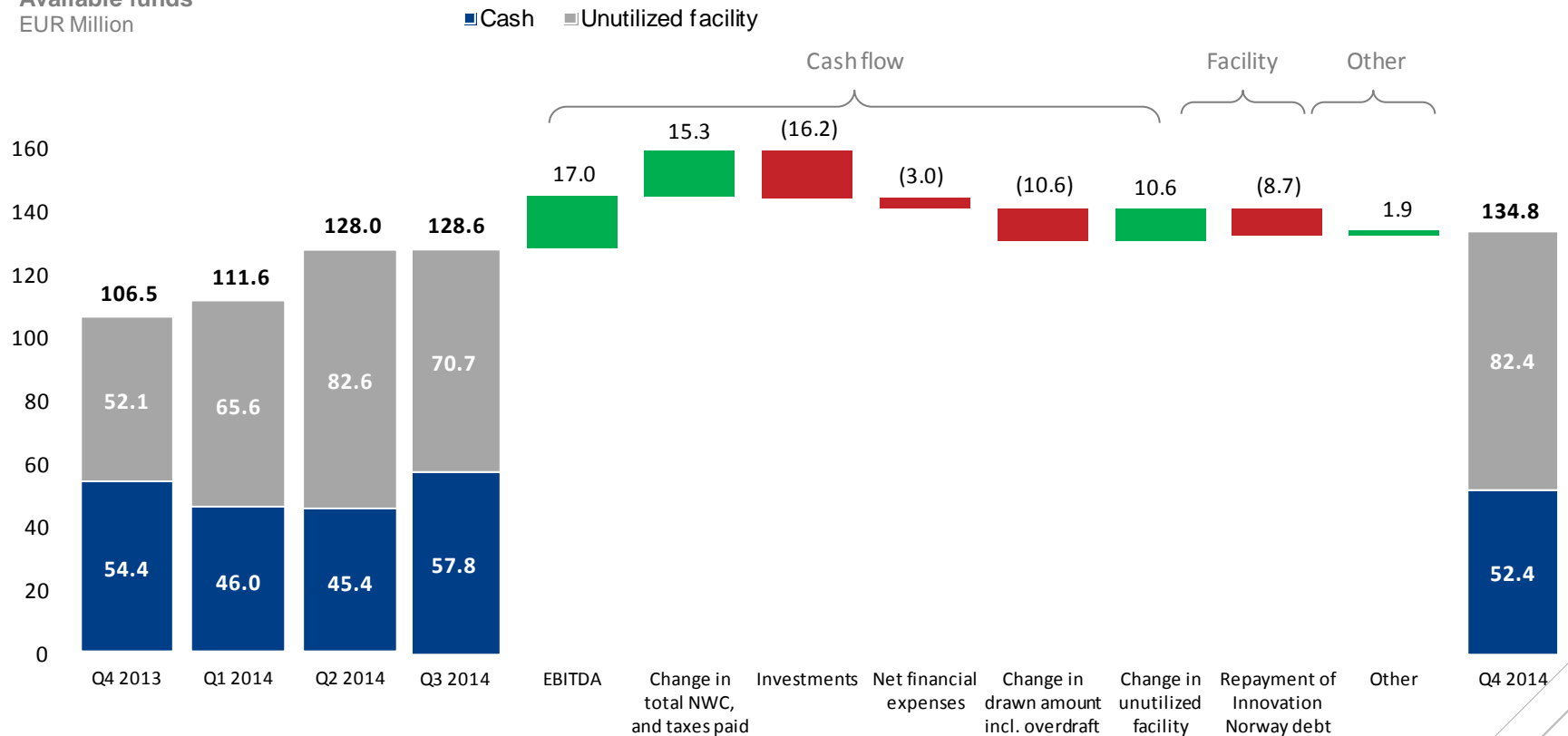
Q4 2013 Q1 2014 Q2 2014 Q3 2014 Q4 2014



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

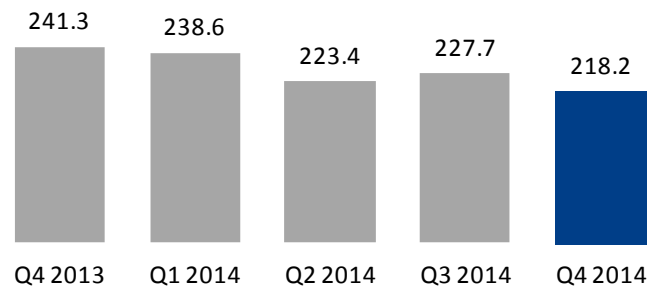
Cash flow and facility development

Available funds
EUR Million

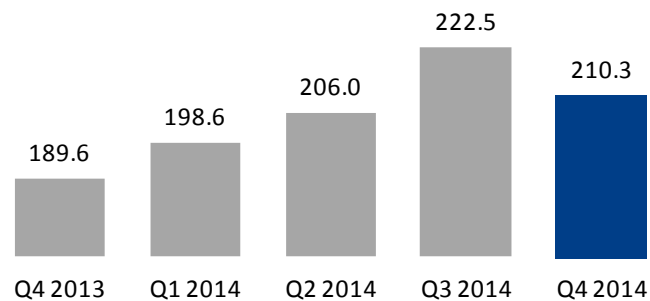


Financial ratios

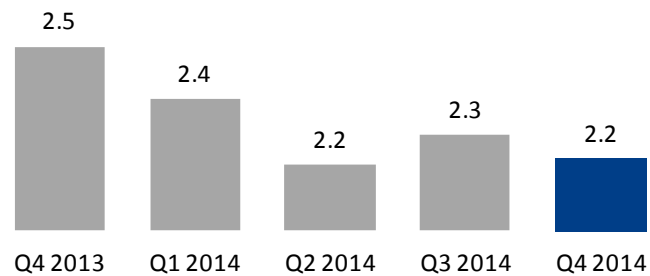
NIBD
EUR million



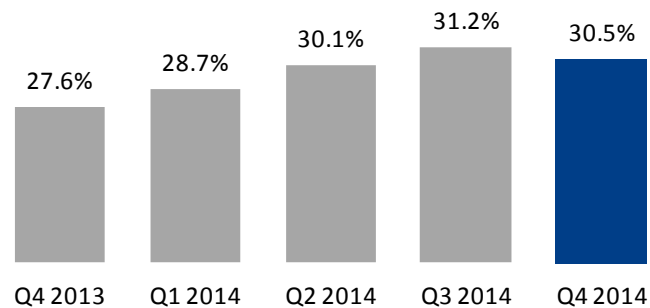
Equity
EUR million



NIBD/EBITDA
Times



Equity ratio
Percent

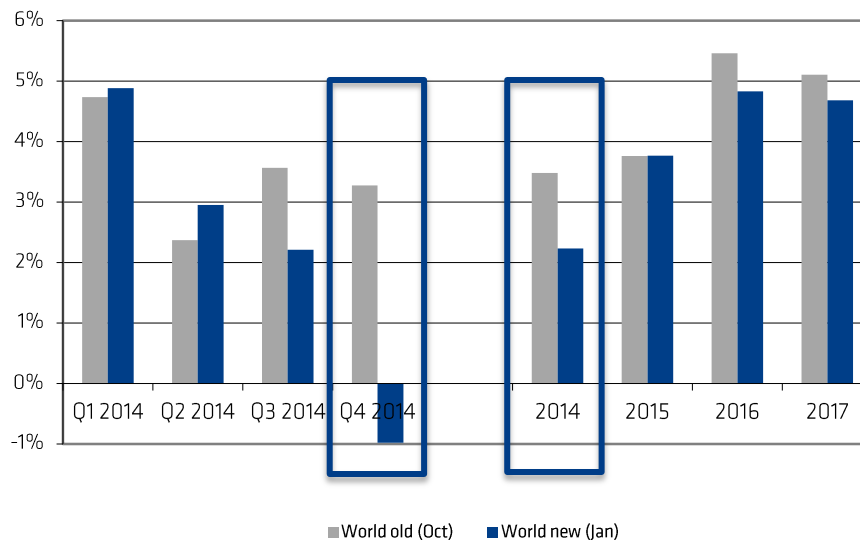




Philippe Toth, SVP Business Development & IR
MARKET UPDATE

Light vehicle production – LMC Automotive Q4 2014

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



-0,1%
Europe: Some growth coming back in western Europe, but Russia is pulling the total down

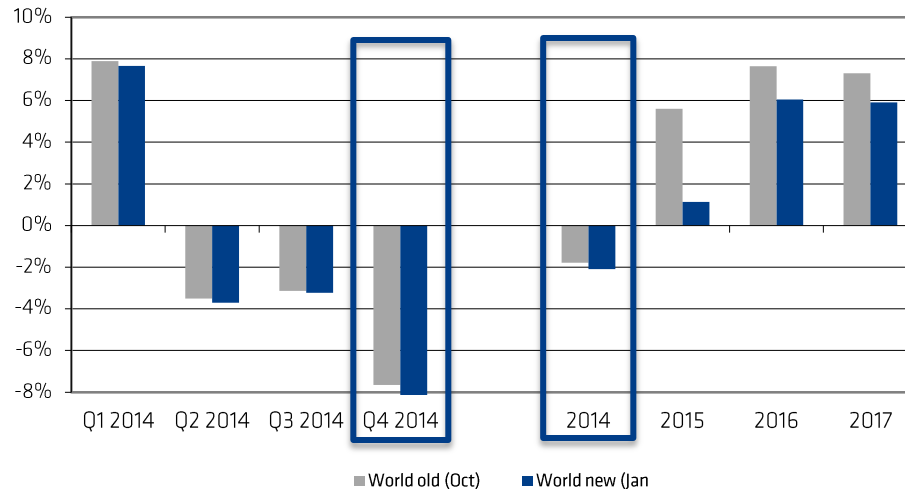
3,3%
North America: Good credit availability and low fuel costs increase sales

0,3%
China: Beginning to level off. GDP growth is around 7%. Production above 22 mill vehicles in 2014

-1,0%
Total production: Q4-14 was 1% lower than Q4-13, mainly driven by stagnation in China and decline in rest of Asia and South America. Total 2014 production became 86,7 million Light Duty Vehicles

Commercial vehicle production – LMC Automotive Q4 14

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



-24%
 Europe: Decline in both E27 and Russia. (especially since q4-13 was high due to pre-buy)

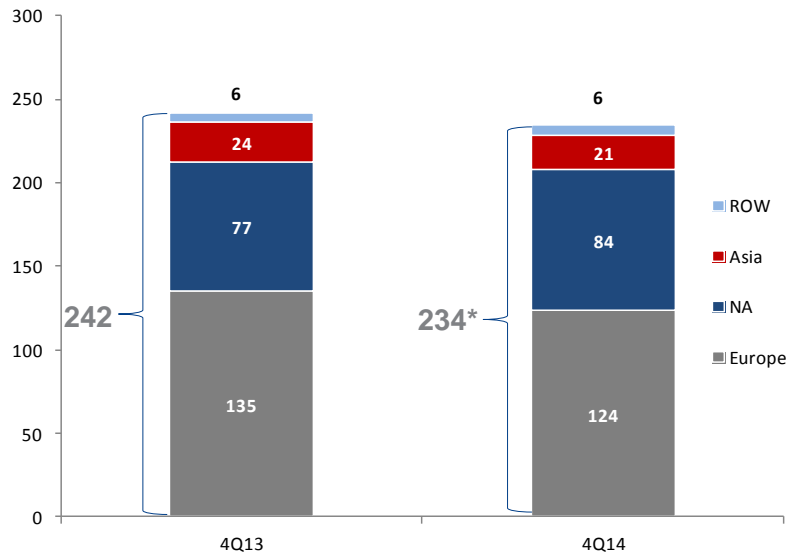
19,8%
 North America: Continue growth, low fuel cost increase transport earnings and enable renewals

-23%
 China: Declining. "New normal" sees cut in construction activity

-8,3%
 World Wide: Decline in Europe and China. 2014 ended 2,1% below 2013.
 For 2015 the world production is expected to be 2.78 million vehicles (just above 2014, only 1% growth)

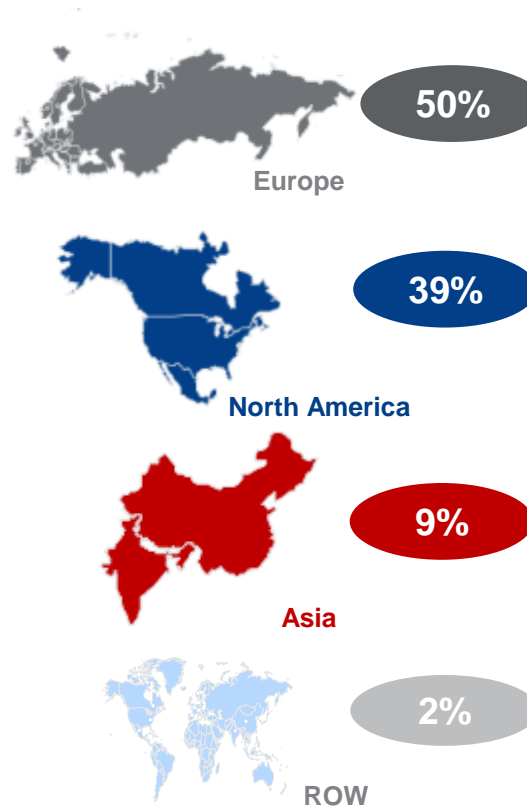
Sales by region

Sales in MEUR by region*



* Adjusted for currency effect

Sales in % by region



LMC Automotive – January 2015










2014 growth



Vehicle Type	2014 Growth
Sedan	2.7%
Truck	-12.2%

Market summary and outlook

Global industry growth

Country/region	2015	Outlook
	 →  →	<ul style="list-style-type: none"> • UK and German market is showing positive signs, but total production is down due to Russia/Ukraine crisis and deflation in several countries. 2015 is expected to be flattish. • Modest growth.
	 →  →	<ul style="list-style-type: none"> • Expected to have stable growth. Driven by low fuel prices, most states in US see less than \$2/gallon in fuel costs • North American market expected to continue good development from 2014, at least the first half of 2015
	 →  →	<ul style="list-style-type: none"> • China still growing, but at a lower rate than before • Removal of governmental growth incentives results in further CV decline in 2015

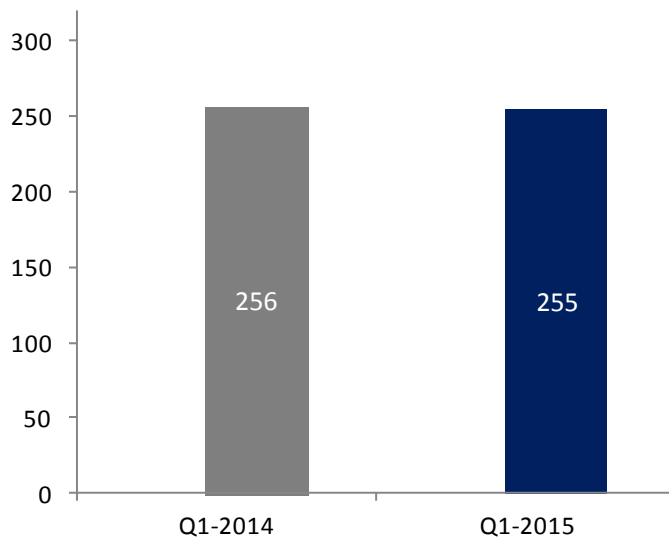


Hans Peter Havdal
SUMMARY & OUTLOOK

Summary and outlook

Company outlook for Q1 2015

EUR Million



- ▶ **KA delivered improved margins and reduced gearing in 2014**
 - Gearing ratio cut from 2.5 to 2.2 x NIBD/EBITDA
- ▶ **Outlook for main addressable markets in North America & Europe shows 1-3% growth in 2015**
- ▶ **KA expects Q1 2015 revenue of approx. EUR 255 million**
- ▶ **Booked strategic contract based on new technology also in Q1**



Questions & Answers

“Enhancing the driving experience”

Passionate

Accountable

Prepared

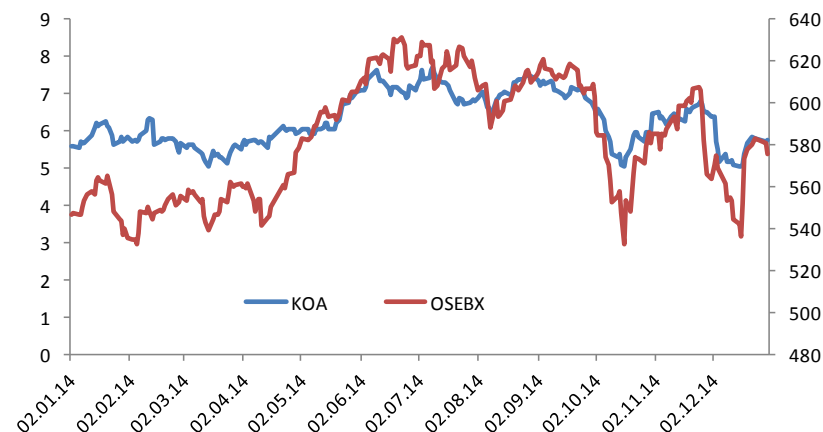


Appendix

Share price and shareholders

Data: 31.12.2014

Current Position	% Share Outstanding	Investor Name	Nationality
14.647.651	3,60	THE NORTHERN TRUST C NON-TREATY ACCOUNT	GBR
12.277.732	3,02	FOLKETRYGDFONDET	NOR
11.593.656	2,85	J.P. Morgan Chase Ba NORDEA RE:NON-TREATY	GBR
11.381.151	2,80	CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	GBR
10.595.152	2,60	KLP AKSJE NORGE VPF	NOR
10.500.000	2,58	VERDIPAPIRFONDET DNB	NOR
10.167.813	2,50	CITIBANK, N.A. S/A DFA-INTL SML CAP	USA
10.161.689	2,50	EUROCLEAR BANK S.A./ 25% CLIENTS	BEL
10.159.385	2,50	Swedbank AB (publ) CLIENTS ACCOUNT	SWE
9.603.387	2,36	MP PENSJON PK	NOR
9.284.958	2,28	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	NOR
8.281.550	2,04	JP Morgan Chase Bank HANDELSBANKEN NORDIC	SWE
6.628.535	1,63	KOMMUNAL LANDSPENSJO	NOR
6.500.000	1,60	ERLING NEBY AS	NOR
6.453.408	1,59	VERDIPAPIRFONDET DEL JPMORGAN EUROPE LTD,	NOR
5.449.029	1,34	JPMORGAN CHASE BANK, S/A ESCROW ACCOUNT	GBR
5.039.957	1,24	STATE STREET BANK & A/C CLIENT FUND NUMB	USA
4.480.330	1,10	UBS AG, LONDON BRANC A/C CLIENT IPB	GBR
4.323.800	1,06	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	NOR
3.841.899	0,94	STATE STREET BANK AN A/C CLIENT OMNIBUS F	USA
171.371.082	42,1		



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*



Maria BorchHelsengreen

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



Magnus Jonsson

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



HalvorStenstadvold

- *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*



TonjeSivesindtjæet

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



Kjell Kristiansen

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

Financial calendar and Investor Relations contacts

Financial calendar 2015

	Interim Reports	Presentation
Q1 2015	16 th of April	17 th of April
Q2 2015	9 th of July	10 th of July
Q3 2015	14 th of October	15 th of October

IR contacts

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

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KONGSBERG
A U T O M O T I V E