

Kongsberg Automotive ASA

Second quarter 2015 | July 10, 2015



Group highlights Q2

REVENUES

- ▶ Q2 2015 revenues of EUR 266.0 million, above guiding
- ▶ Revenues in the quarter were 4.6% above Q2 2014, including favorable currency effects of EUR 21.6 million

FINANCIALS

- ▶ EBIT was EUR -4.8 million in Q2 2015, negatively impacted by a EUR 19.5 million goodwill write-off related to a strategic decision to wind down our head- and armrest business
 - Excluding the write-off Q2 2015 EBIT was EUR 14.7 million versus EUR 17.8 million in Q2 2014
 - Impacted by volume effects and increased R&D activity (EUR 2.9 million) to address future growth opportunities
- ▶ Gearing ratio at 2.4x NIBD/EBITDA

MARKET

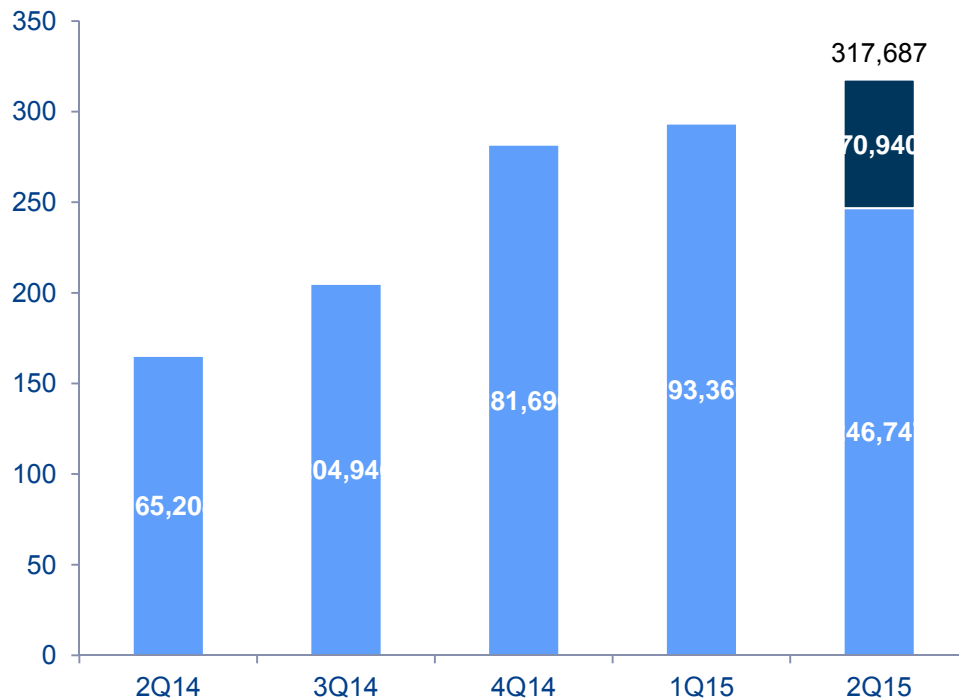
- ▶ Europe: No growth for light vehicles and decline in commercial vehicle segment due to drop in Russia
- ▶ North America: Steady growth in light- & commercial vehicle segment

New business wins (LTM)

- ▶ **EUR 71 million per annum of new business wins booked in Q2 2015, confirms good order intake**

New business wins (LTM per annum value)

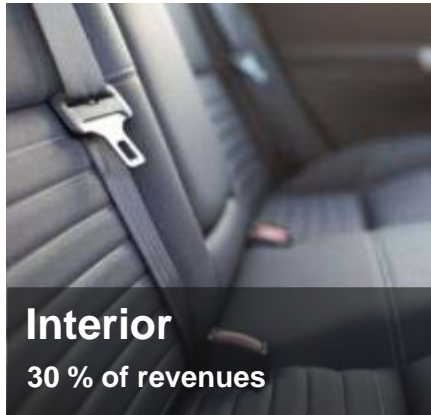
EUR Million





Hans Peter Havdal, CEO
OPERATIONAL REVIEW

Q2 2015: Business areas overview



Interior
30 % 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



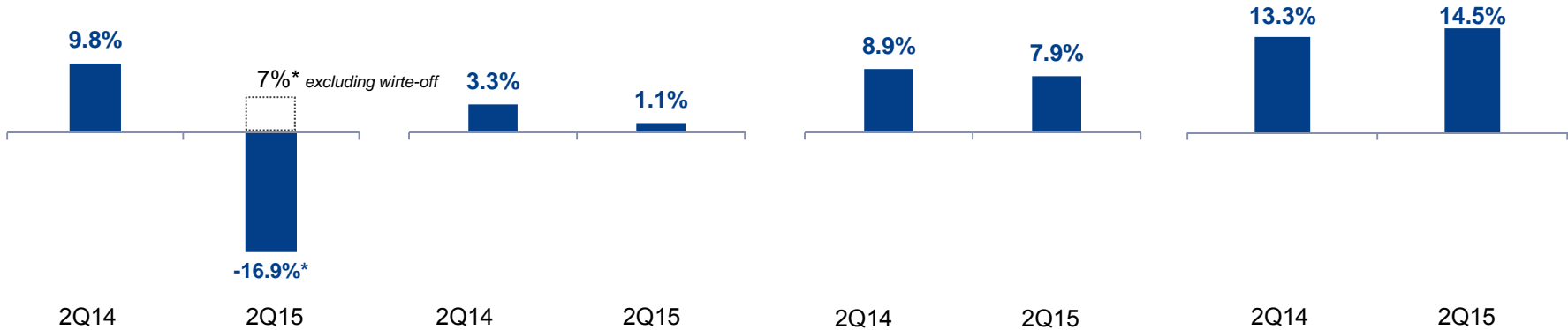
Fluid Transfer
20% of revenues

MARKET

Fluid handling systems for commercial vehicles and passenger cars



EBIT-margin



* Includes the write-off of EUR 19.5 million related to head & arm rest business

COMMERICAL VEHICLES

Operational update

- Operational improvement plans have been initiated to compensate for lower sales in Diver Control business area
- Higher research and development cost as planned, to address future growth opportunities within Automated Manual Transmissions (AMT)
- New program launch for Fluid Transfer
 - Couplings for DAF Truck delivered from Raufoss (Norway) facility, with 350 000 in annual volume



New contract worth an estimated EUR 45 million within commercial vehicle segment

- ▶ Fluid Transfer will deliver Air Brake Couplings system to one of the largest truck manufacturers
- ▶ The life time of this contract is 3 years, with start of production next year
- ▶ Production will take place from KA's facility in Raufoss, Norway



Advanced Fluid Handling

Confirms positive growth trend for Fluid Transfer within commercial vehicles

PASSENGER CARS

Operational update

- Decision to wind down head- & armrest business.
 - A fragmented market with competitive pressure from local regional suppliers and declining volumes for KA
 - Business with below Group average profitability & market growth
 - Will allocate more resources to the attractive seat comfort segment, where growth is above the global light vehicle production, and providing higher return on capital
- Non-cash 19.5 MEUR goodwill write-down on head- & armrest business
- Continued focus on R&D to support future new business



Rear seat head rests

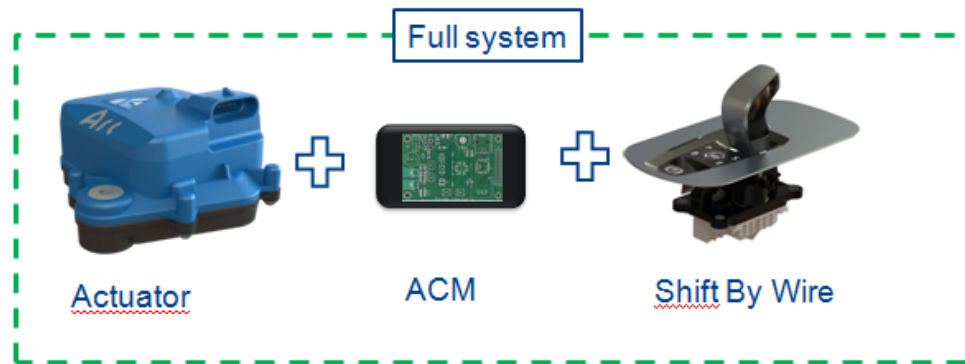


Rear seat center arm rest



Captain's chair arm rest

First Shift-by-Wire system development contract



- ▶ Driveline business area recently booked first win for a complete Shift-by-Wire system
 - Strategically important contract to maintain full system responsibility in next generation shift systems
 - Customer is Chinese automotive manufacturing group
- ▶ Estimated value of EUR 5 million over 5 years

Important strategic breakthrough in prioritized segment and growth area

Key Marketing & Events in Q2

- ▶ **Auto Shanghai 2015 - among world's biggest car shows with over 800k visitors**
 - Showcasing technologies & building brand identity in China, with stand presenting:
 - State-of-the-art **Seat Comfort Systems**
 - System capabilities in **Shift-By-Wire**
 - Power electronics from **ePower**
 - **Fluid Transfer** products covering **powertrain applications**
 - Quality of domestic cars is increasing fast, providing **increased potential** and addressable market for KA products

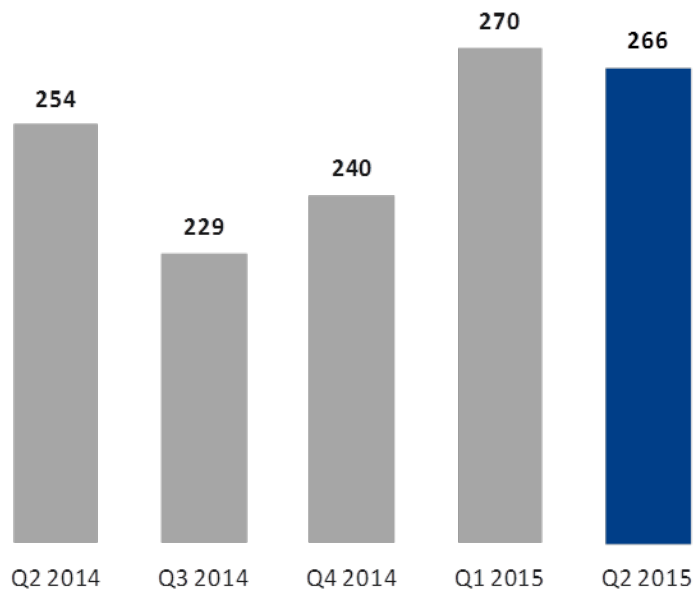




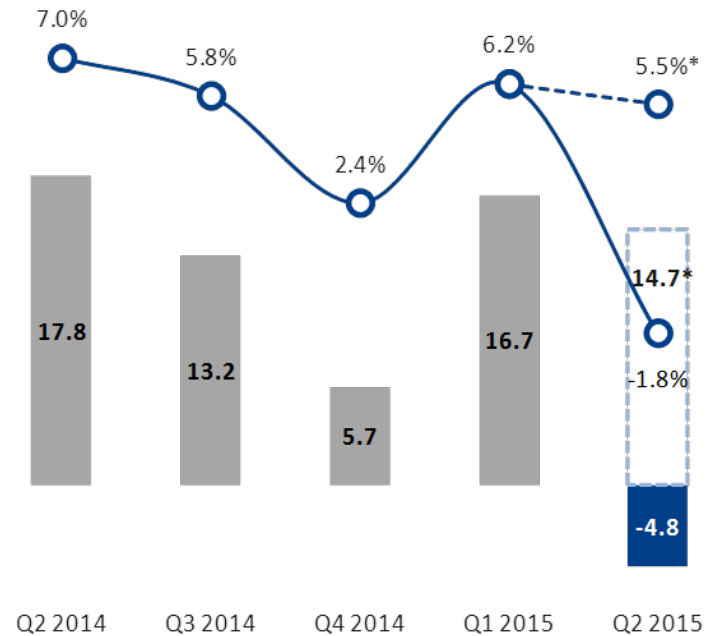
Trond Stabekk, CFO
FINANCIAL UPDATE

Revenue and EBIT

Revenues
EUR million



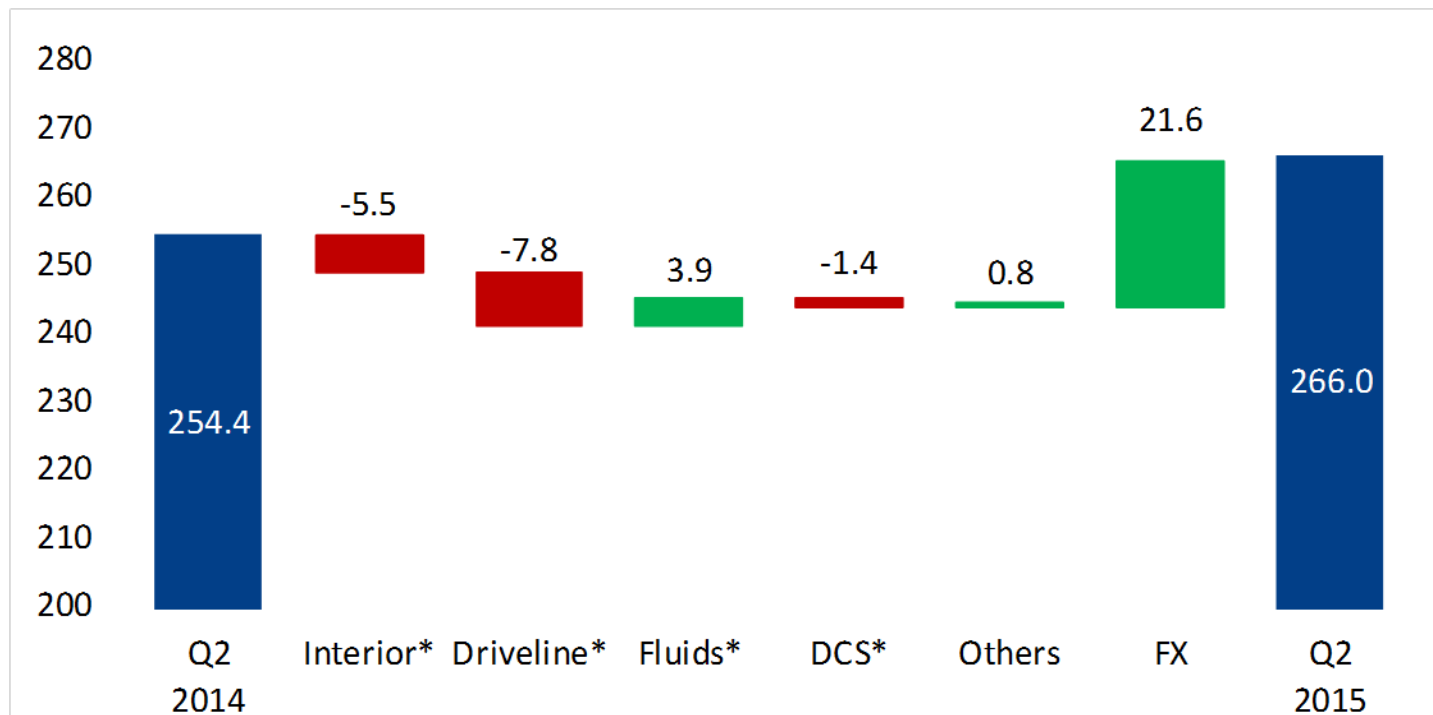
EBIT and EBIT margin
EUR million and percent



* Adjusted results

Revenue still highly influenced by FX

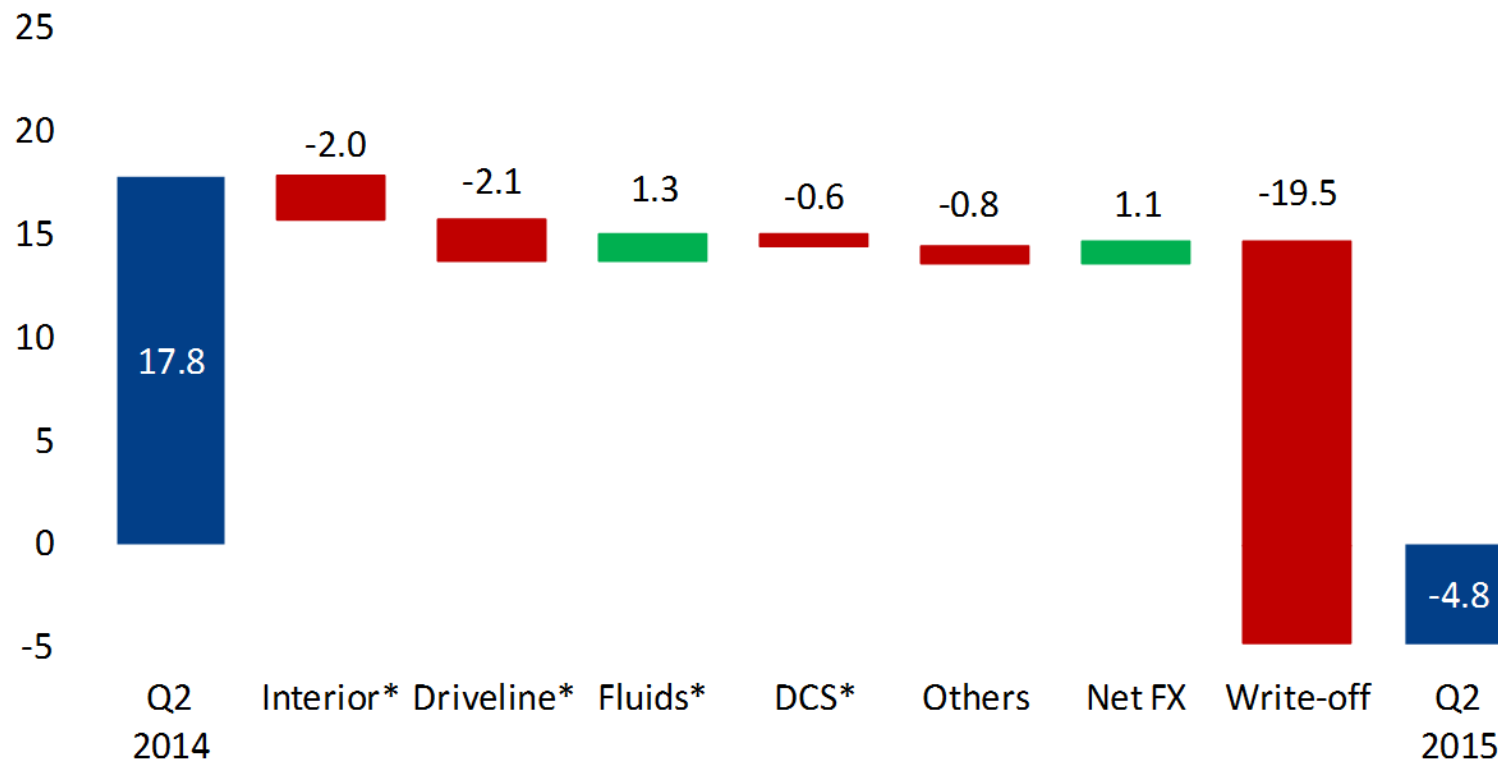
Revenues
EUR million



* Variances excluding FX effects

Underlying EBIT influenced by volume and R&D cost

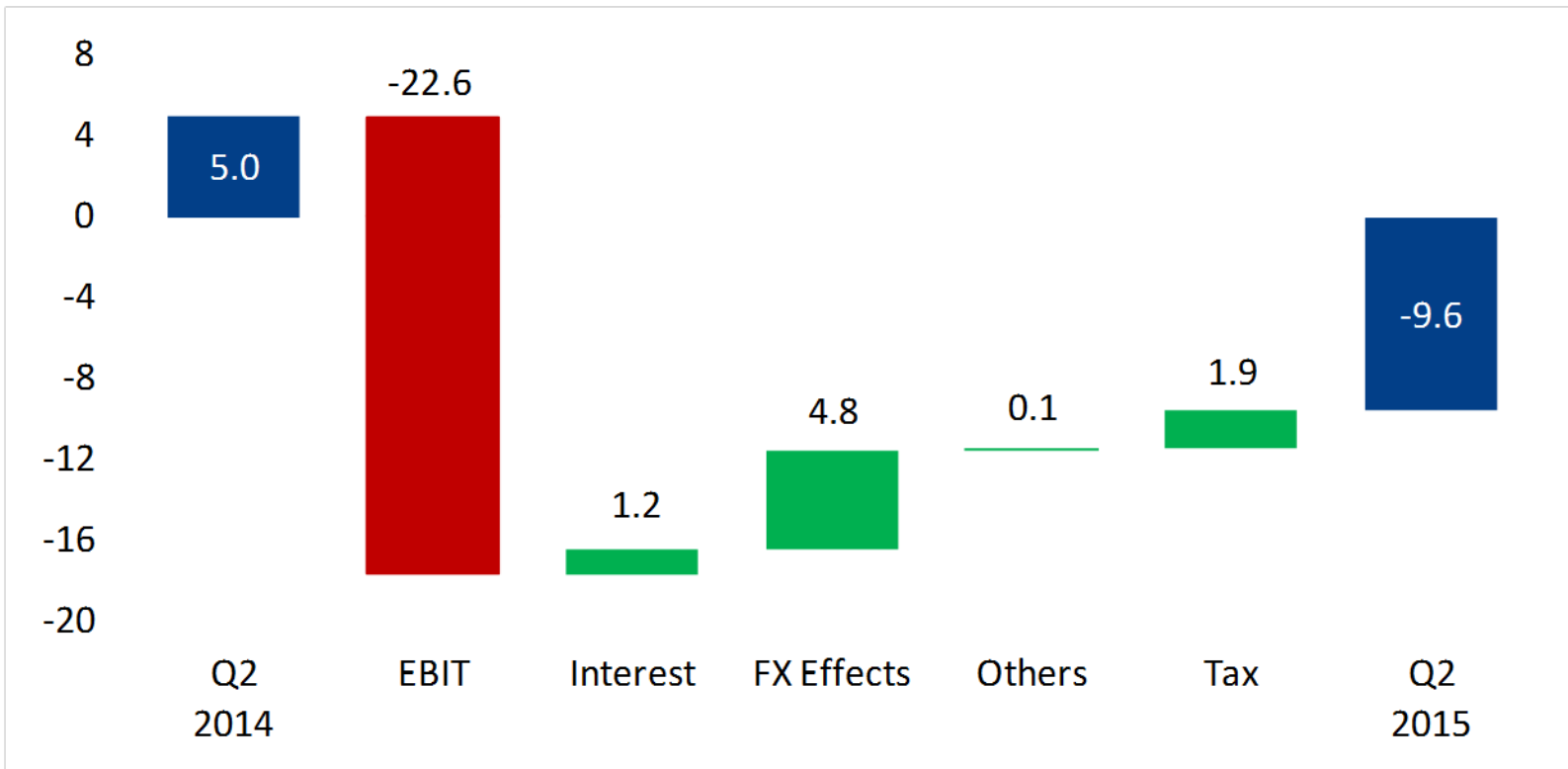
EBIT
EUR million



* Variances excluding FX effects

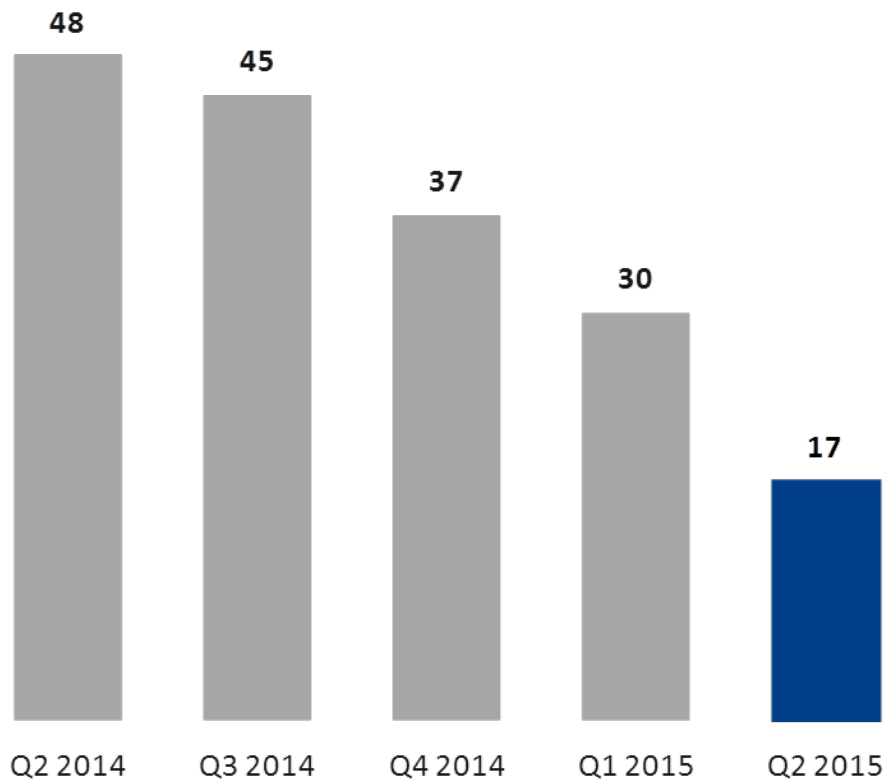
Net Profit positively influenced by net financials

Net Profit
EUR million



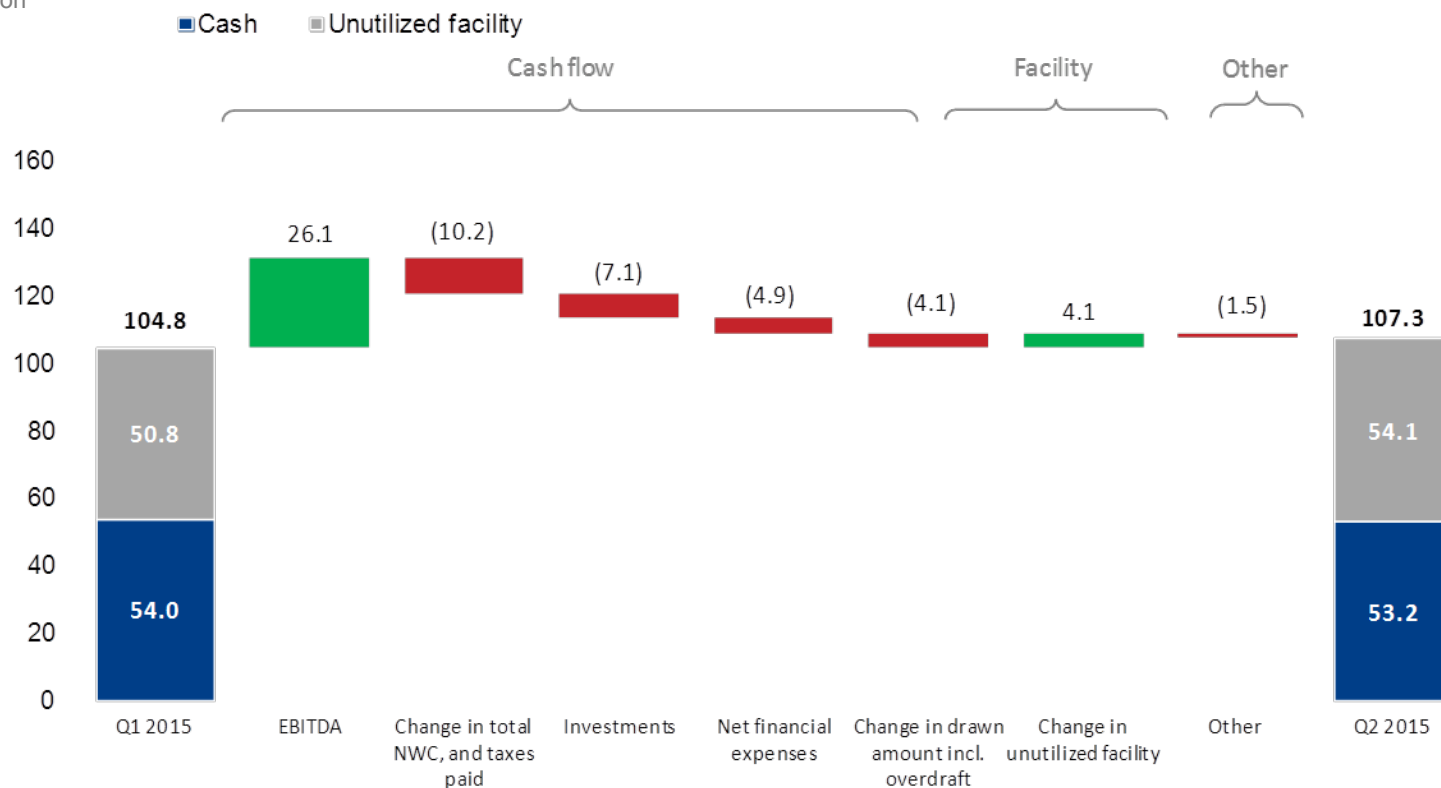
Free Cash Flow expected to improve in 2nd half

Free Cash Flow (LTM)
EUR million



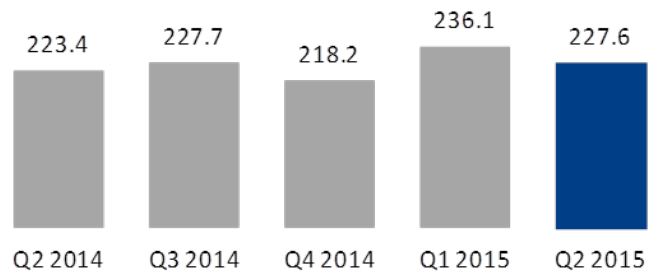
Cash flow and facility development

Available funds
EUR million

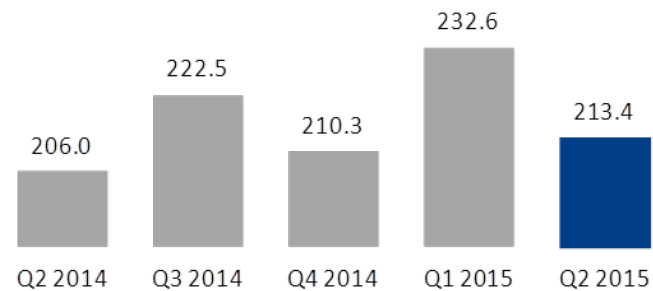


Financial ratios

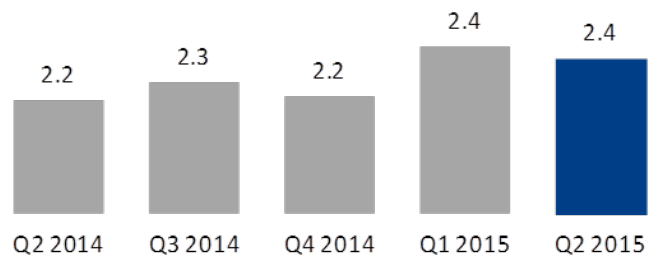
NIBD
EUR million



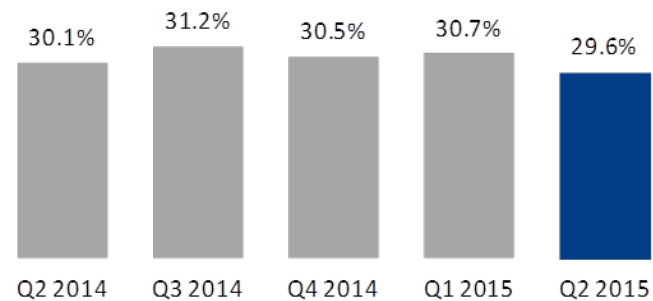
Equity
EUR million



NIBD/EBITDA
Times

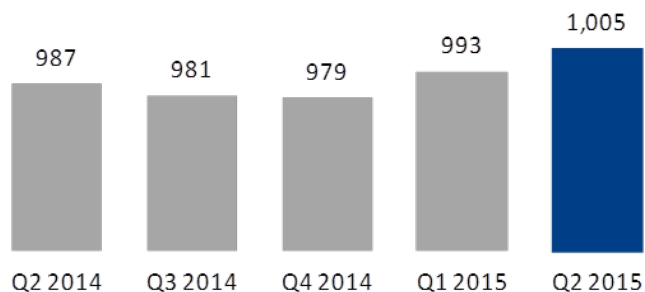


Equity ratio
Percent

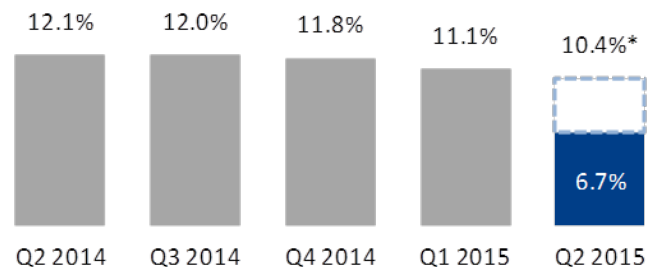


Financial KPIs

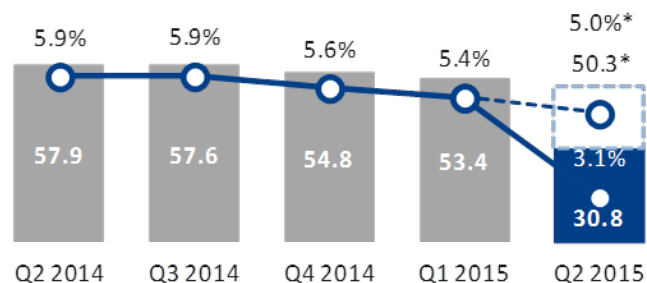
Revenues (Ltm)
EUR million



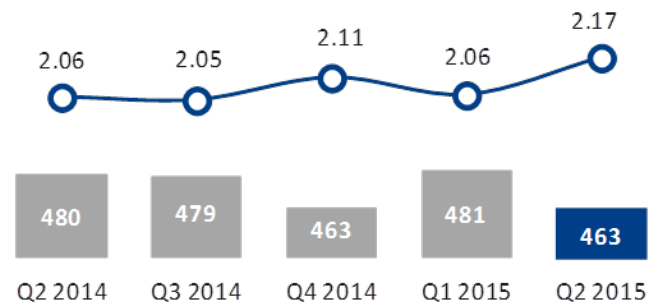
ROCE (Ltm)
Percent



EBIT and EBIT margin (Ltm)
EUR million and percent



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



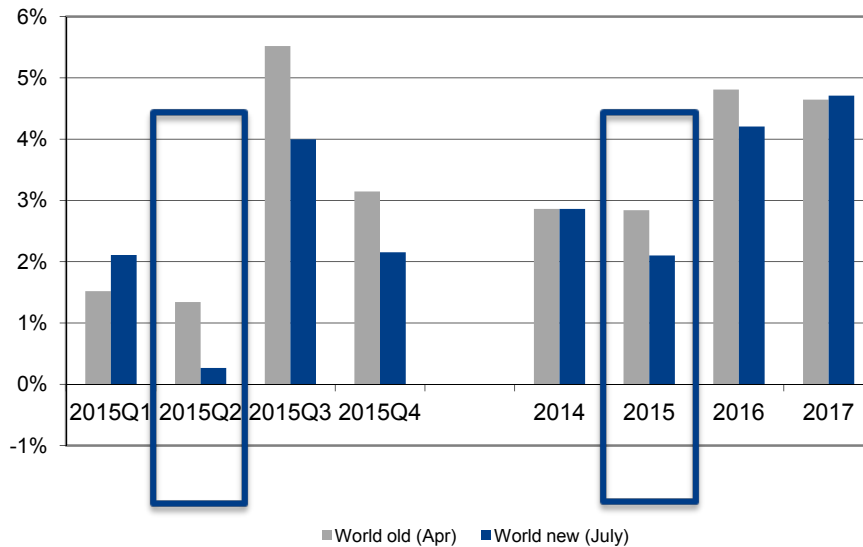
* Adjusted results



Philippe Toth, SVP Business Development & IR
MARKET UPDATE

Light vehicle production – LMC Automotive Q2 2015

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



-0.6%

Europe: Good growth in Western Europe, but continued downturn in Russia and CIS give a low total. Still less than 90% of previous production level of 1999 to 2007

3.6%

North America: Steady growth, will probably reach 17.5 Mill units in 2015

2.9%

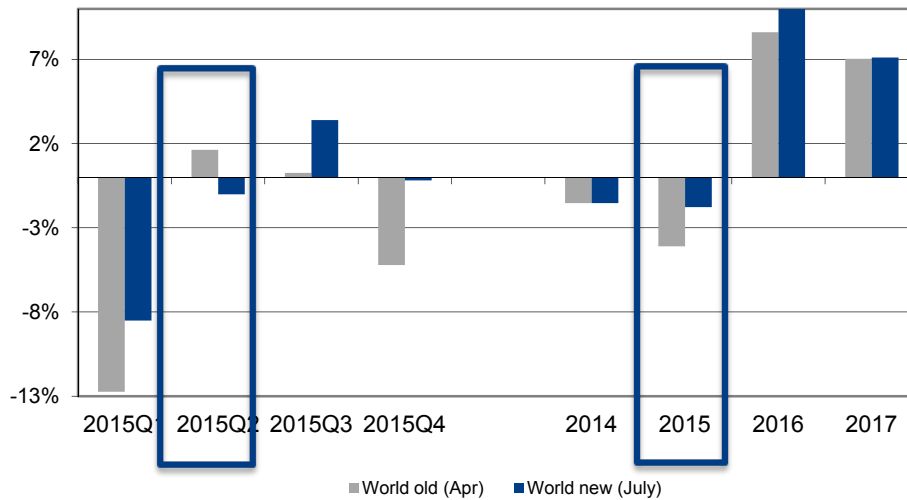
China: Growth has now cooled down a bit mainly due to high retail inventory and previous pre-buy effects to the inclusion of registration restrictions in additional 8 large cities.

0.3%

Global production in Q2 2015, ended 0.3% higher than Q2 of 2014, mainly driven by North American & Chinese growth. Forecasted 2.1% growth for whole year to 89.2 million vehicles

Commercial vehicle production – LMC Automotive Q2-15

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



Europe: Western Europe is picking up sales, but Russia and CIS pull the total down again

-3.3%

North America: Main growth region now. Near full production capacity utilization

9.8%

China: Shift from investment to consumer spending economic growth and emission regulation payback are still taking their toll










-3.0%

Global production in Q2 2015, ended -1% down compared to Q2 of 2014, mainly driven by a weak Chinese CV market, but compensated by good growth in North America.
2015 is expected to decline by 1.8% compared to 2014

-1.0%

Market summary and outlook

Global industry growth

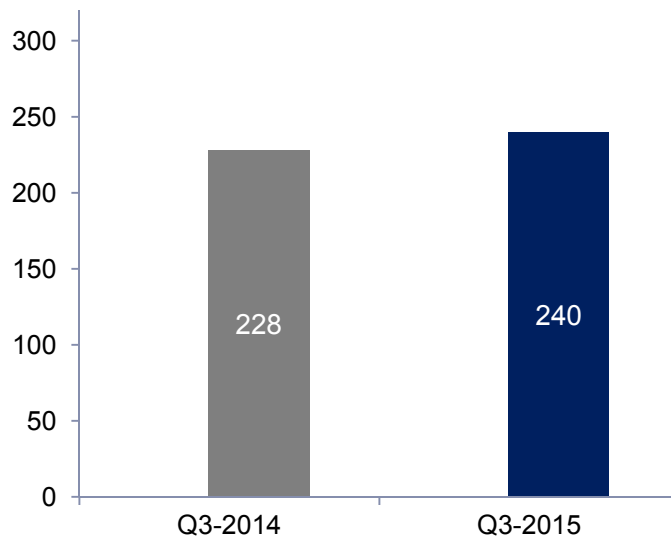
Country/region	2015	Outlook
	 →  →	<ul style="list-style-type: none"> • Good growth in some Western European countries. Russia pulls down • Western Europe is still below 90% of the 1999-2007 levels • Growth is picking up in Western Europe, but even sharper decline in Russia and CIS
	 →  →	<ul style="list-style-type: none"> • Stable growth of around 3% for 2015 • North American market continue strong growth. Could continue for a while due to production capacity limits
	 →  →	<ul style="list-style-type: none"> • China still growing, but at lower rates than expected • Slowing investments (shift from investment driven to consumer spending economy) and emission regulation payback cause decline



Hans Peter Havdal
SUMMARY & OUTLOOK

Summary and outlook

Company outlook for Q3 2015
EUR Million



- ▶ KA expects Q3 2015 revenues of approx. EUR 240million
- ▶ For the full year 2015, KA expects revenues in line with 2014 revenues, based on the current market assumptions
- ▶ The Group maintains its focus on reaching the financial targets, but recognizes that current volumes and R&D investments versus our growth ambitions make it a balancing act



Thank you for your attention!
QUESTIONS & ANSWERS



“Enhancing the driving experience”

Passionate

Accountable

Prepared

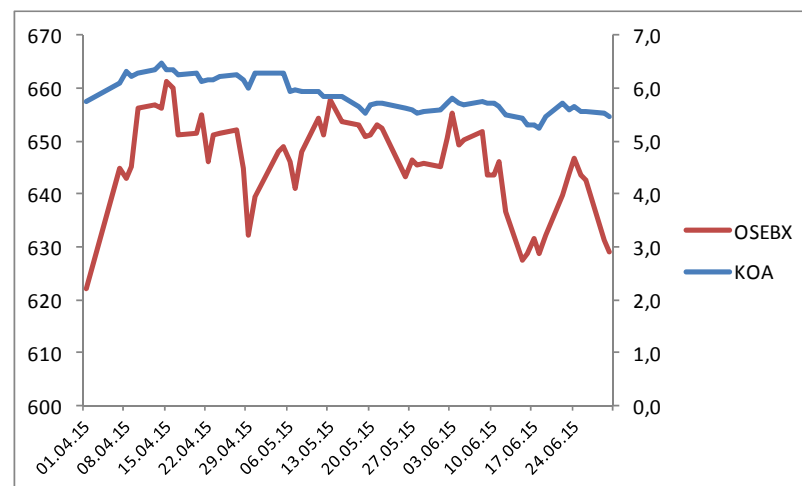


Appendix

Share price and shareholders

Data: 30.06.2015

Current Position	% Share Outstanding	Investor Name	Nationality
17.171.873	4,22	CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	GBR
15.604.970	3,84	KLP AKSJIE NORGE VPF	NOR
14.254.943	3,50	THE NORTHERN TRUST C NON-TREATY ACCOUNT	GBR
14.115.265	3,47	J.P. Morgan Chase Ba NORDEA RE:NON-TREATY	GBR
12.153.323	2,99	Swedbank AB (publ) CLIENTS ACCOUNT	SWE
11.577.732	2,85	FOLKETRYGDFONDET	NOR
10.114.336	2,49	KOMMUNAL LANDSPENSJO	NOR
10.041.550	2,47	JP Morgan Chase Bank HANDELSBANKEN NORDIC	SWE
10.030.448	2,47	CITIBANK, N.A. S/A DFA-INTL SML CAP	USA
9.603.387	2,36	MP PENSJON PK	NOR
9.284.958	2,28	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	NOR
9.222.206	2,27	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	NOR
7.667.749	1,89	UBS AG, LONDON BRANC A/C CLIENT IPB	GBR
7.075.000	1,74	VERDIPAPIRFONDET DNB	NOR
7.000.000	1,72	ERLING NEBY AS	NOR
5.495.704	1,35	EUROCLEAR BANK S.A./ 25% CLIENTS	BEL
4.832.772	1,19	STATE STREET BANK & A/C CLIENT FUND NUMB	USA
4.831.460	1,19	KONGSBERG AUTOMOTIVE	NOR
4.393.683	1,08	JPMORGAN CHASE BANK, S/A ESCROW ACCOUNT	GBR
4.074.127	1,00	Goldman Sachs Intern SECURITY CLIENT SEGR	GBR
188.545.486	46,4		



Financial calendar and Investor Relations contacts

Financial calendar 2015

	Interim Reports	Presentation
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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