

# Kongsberg Automotive ASA

Third quarter 2015 | October 15, 2015



## Group highlights Q3

### REVENUES

- ▶ Q3 2015 revenues of EUR 234.5 million
- ▶ Q3 revenues were EUR 5.9 (2.6%) million above Q3 2014, including favorable currency effects of EUR 12.2 mill.

### FINANCIALS

- ▶ EBIT was EUR 11.5 million in Q3 2015, EUR 1.8 million below Q3 2014
  - Impacted by lower sales volumes, increased R&D activity to address future growth opportunities (EUR 2.5 mill.)
- ▶ Gearing ratio at 2.4x NIBD/EBITDA

### MARKET

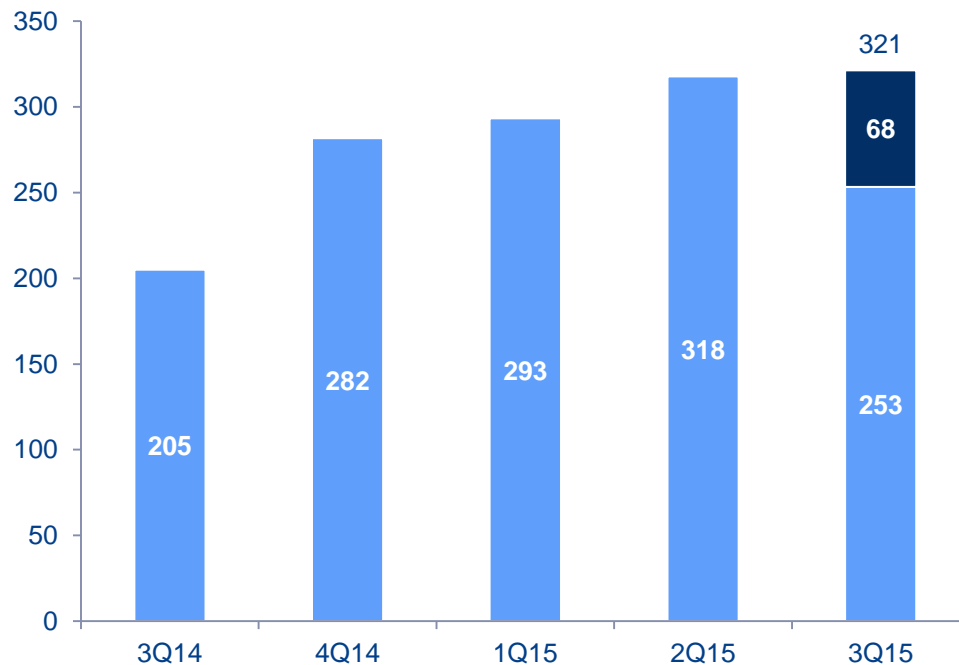
- ▶ Europe: Western Europe showing healthy growth both in light & commercial vehicle segments, but some KA mature products less impacted by the growth
- ▶ China: High volatility in light & commercial segments

# New business wins (LTM)

- ▶ **EUR 68 million p.a. of new business wins booked in Q3 2015, confirms good order intake**

**New business wins (LTM per annum value)**

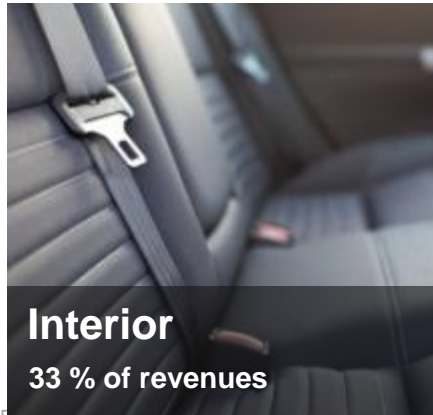
EUR Million





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

# Q3 2015: Business areas overview



**Interior**  
33 % of revenues

**MARKET**

Safety & comfort related products for vehicle interiors



**Driveline**  
24 % of revenues

**MARKET**

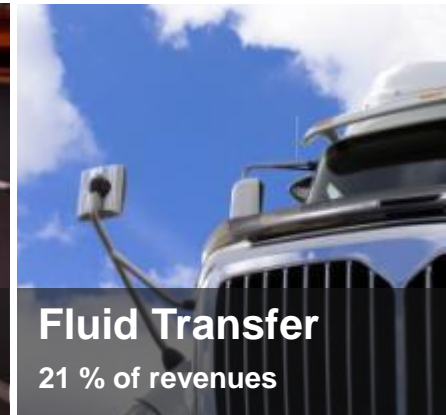
Gear shift systems for light duty vehicles



**Driver Control**  
22 % of revenues

**MARKET**

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



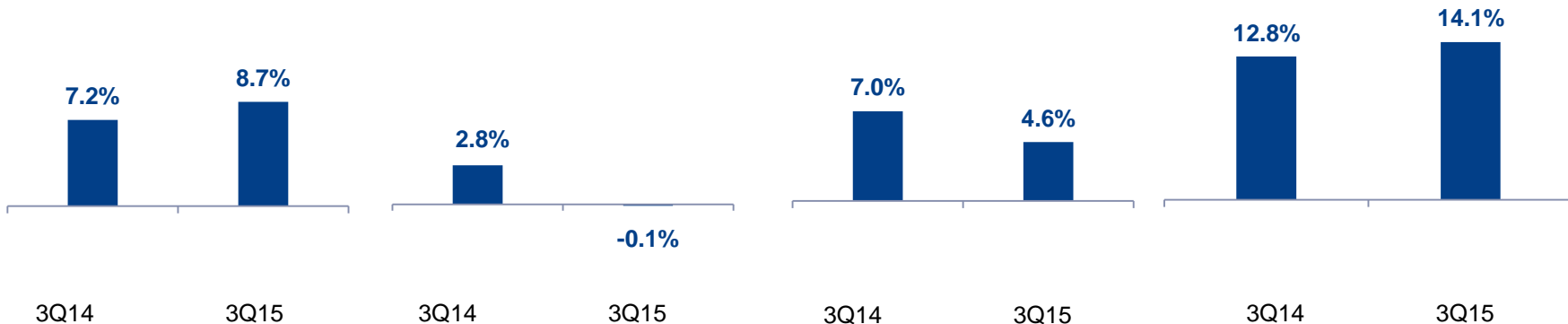
**Fluid Transfer**  
21 % of revenues

**MARKET**

Fluid handling systems for commercial vehicles & passenger cars



EBIT-margin



COMMERCIAL VEHICLES

## Operational update

- Overall project activity is high with increased R&D spend as stated
- Higher R&D spend mainly for development of an Automated Manual Transmission (AMT) system to be launched in 2017
- New program launch for Driver Control with increased market share in China
  - Cable gear shift to DF Liuzhou Motors for their new truck; Delivery from SKADFM (Shanghai, CN) facility



PASSENGER CARS

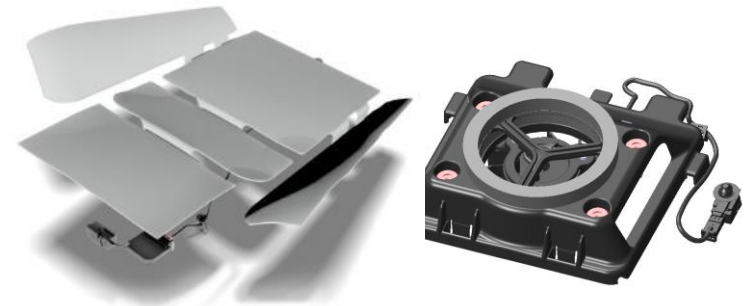
## Operational update

- Good momentum in Seat comfort, with increasing demand for features in premium segment
- Seat massage program launch for Volvo Cars for their SPA platform, from Pruszkow (Poland) plant; Estimated annual volume of 45 000
- Continuing focus on improving margins in Driveline
- R&D effort focused on developing new concepts for electronically controlled transmissions
- Expected limited exposure on KA from VW Group emission issue



## Key global Seat Comfort wins

- ▶ **Four contracts in Q3**
  - Combined lifetime value ca. EUR122 M
- ▶ **Seat comfort solutions**
  - Seat heat
  - Massage
  - Ventilation
  - Cushion length adjustment
  - Lumbar support
- ▶ **Leading & premium customers**
  - European & North American OEMs
  - Sedans to luxury SUVs
- ▶ **Utilizing global manufacturing footprint**
  - Production in China, Mexico, & Poland



**Premium technology & innovation leadership**



# Automotive development trends at IAA

## - Confirms Kongsberg Automotive's focus areas



### IAA trends

### Premium segment & SUVs

### Push for EV's & Hybrids

### Connectivity & User experience

### Key launches/ technologies

- Bentley Bentayga
- Jaguar F-Pace
- Lexus RX 450h (4gen)
- Audi Q7 e-tron TDI Q

- BMW & Mercedes range of PHVs
- Porsche Mission E
- Audi e-tron Q Concept
- Peugeot 308R Hybrid

- Intelligent safety & comfort technologies
- User customization
- Driver assistance
- Smartphone apps

### KA Focus

*Full range of premium seat comfort solutions  
SBW technology solutions*

*Power electronics solutions from ePower*

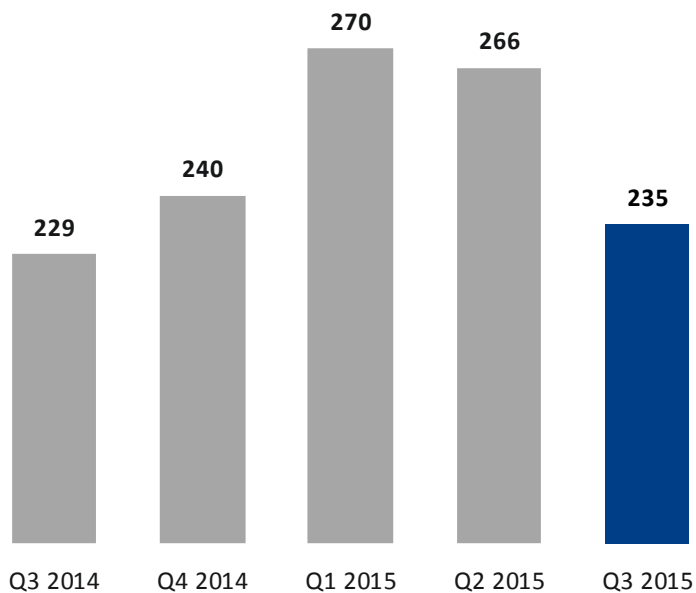
*Upgradeable and adaptive functionality*



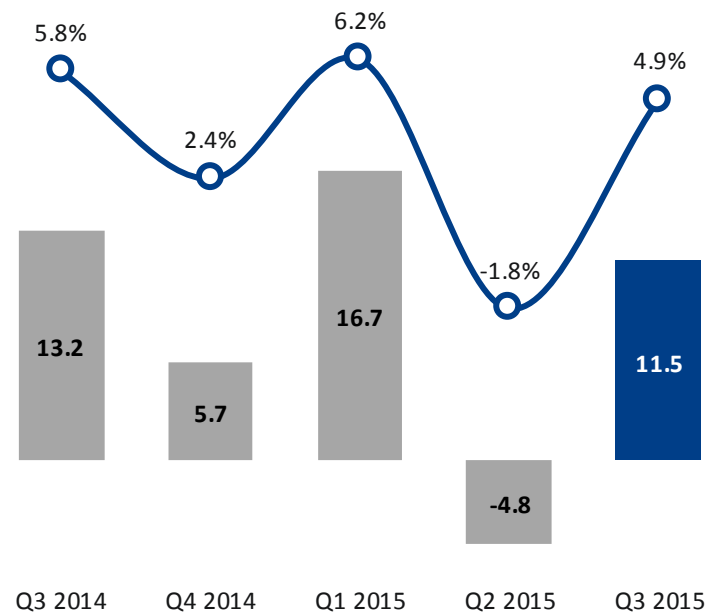
**Trond Stabekk, CFO**  
**FINANCIAL UPDATE**

# Revenue and EBIT

**Revenues**  
EUR million



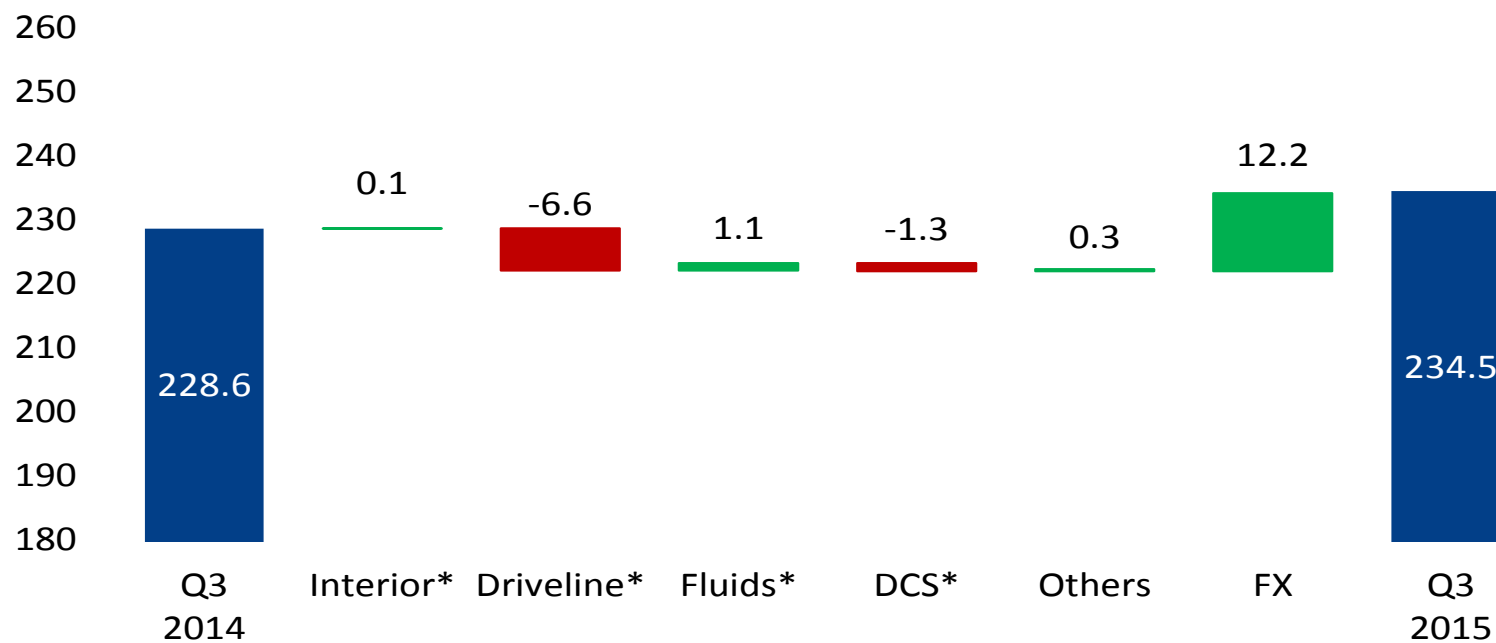
**EBIT and EBIT margin**  
EUR million and percent



\* Adjusted results

## Revenues EUR 5.9 million (2.6%) above Q3 14

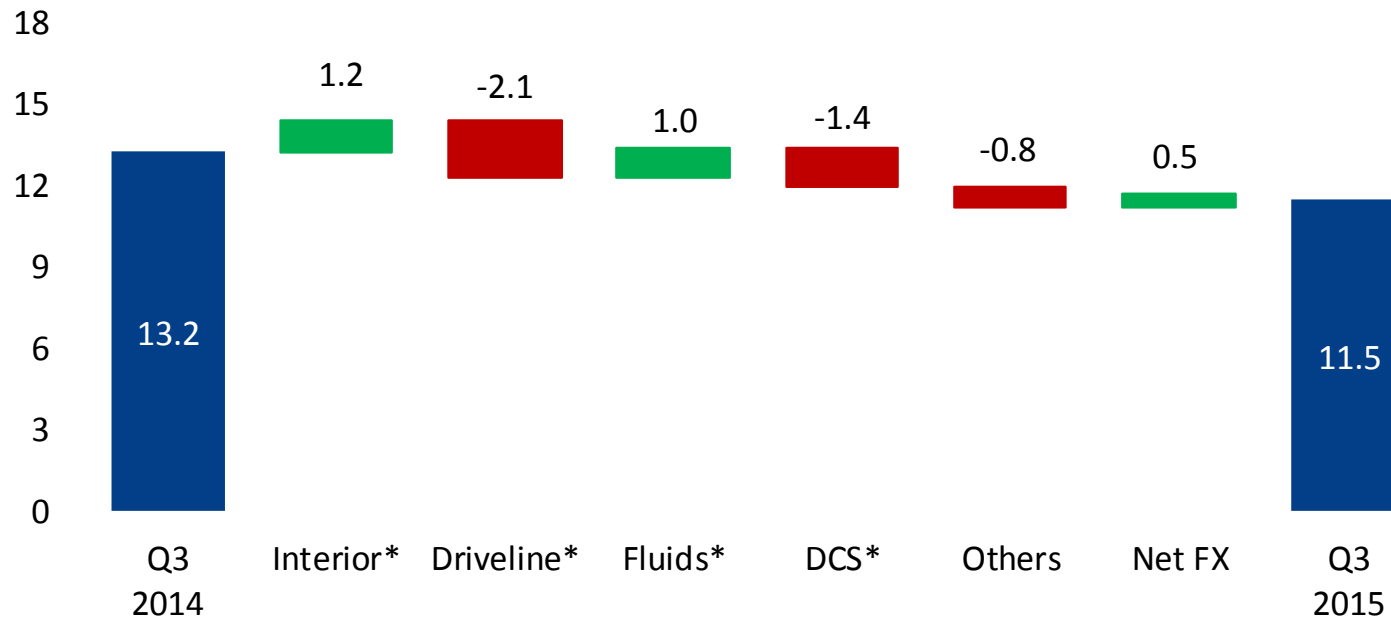
Revenues  
EUR million



\* Variances excluding FX effects

## EBIT still influenced by R&D and operational issues

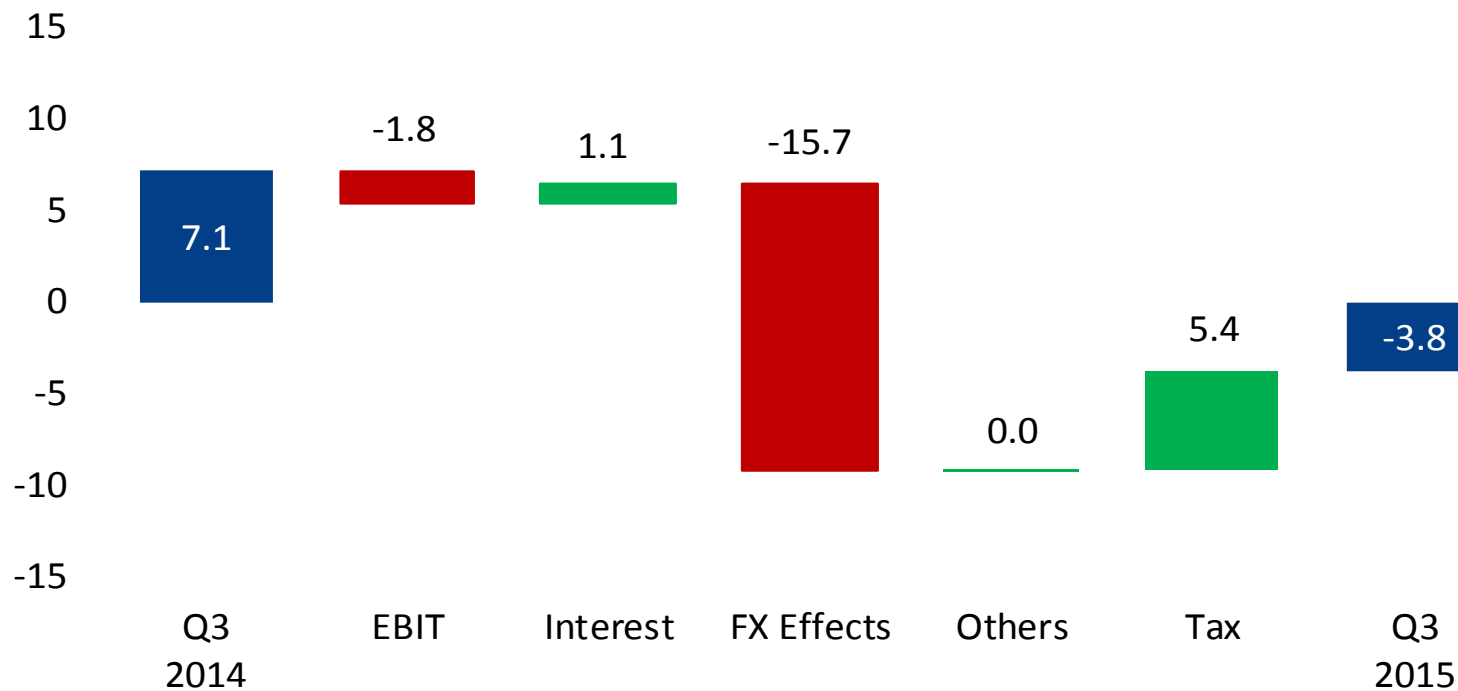
EBIT  
EUR million



\* Variances excluding FX effects

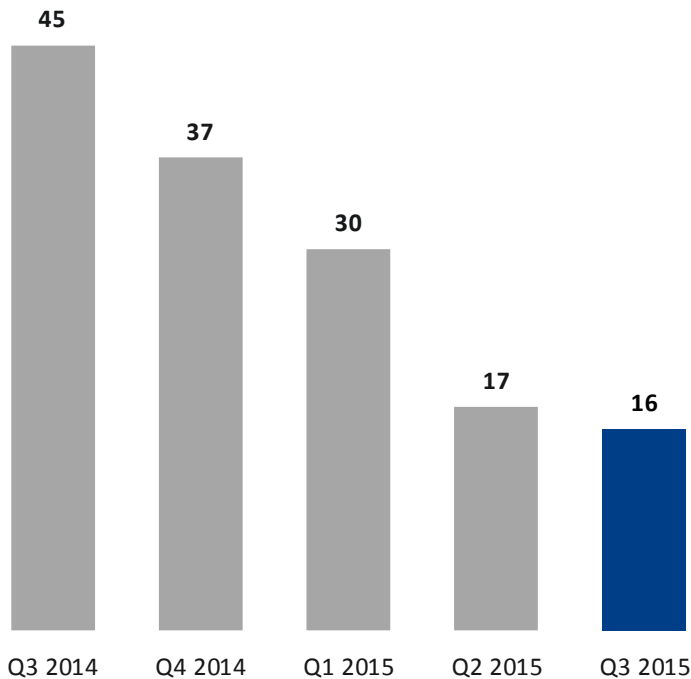
# Net Profit development

Net Profit  
EUR million



## Free Cash Flow (LTM)

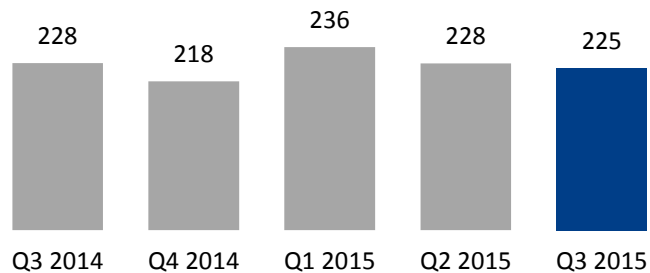
Free Cash Flow (LTM)  
EUR million



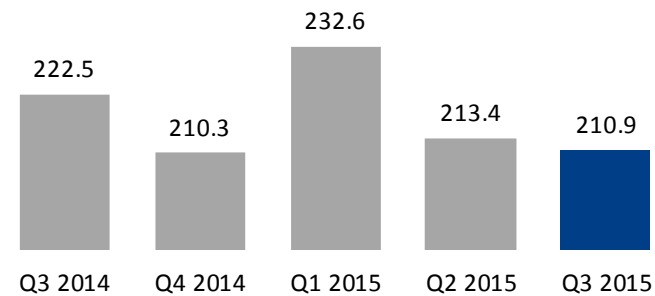
- ▶ Free Cash Flow trend impacted by increased net working capital, investments and purchase of treasury shares as apposed to sale of treasury shares last year

# Financial ratios

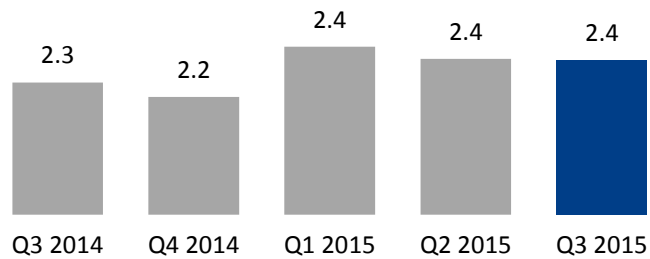
**NIBD**  
EUR million



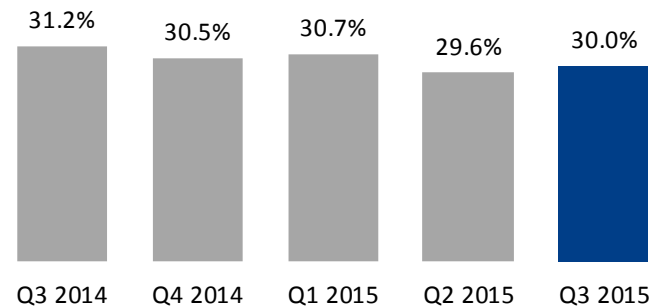
**Equity**  
EUR million



**NIBD/EBITDA**  
Times



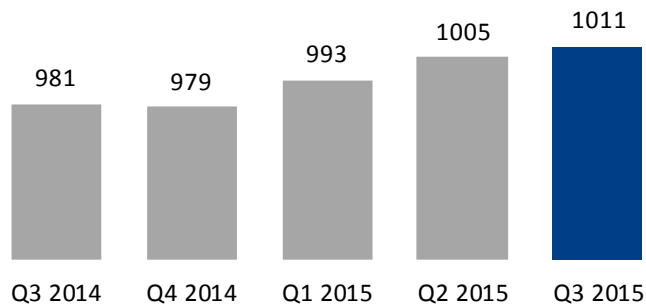
**Equity ratio**  
Percent



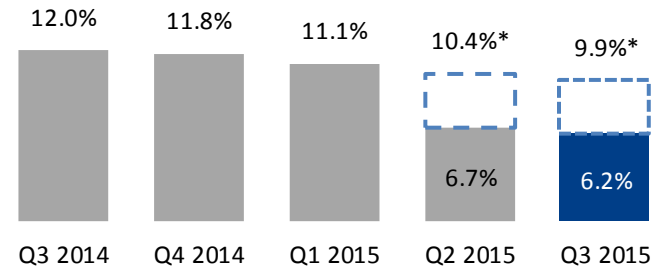


# Financial KPIs

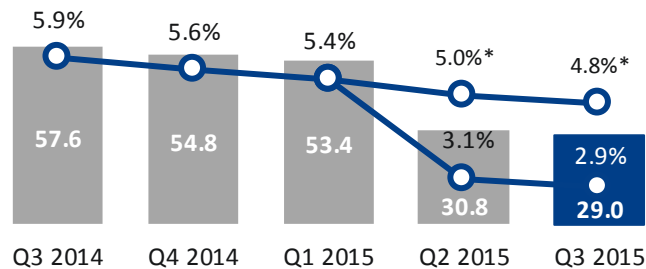
**Revenues (Ltm)**  
EUR million



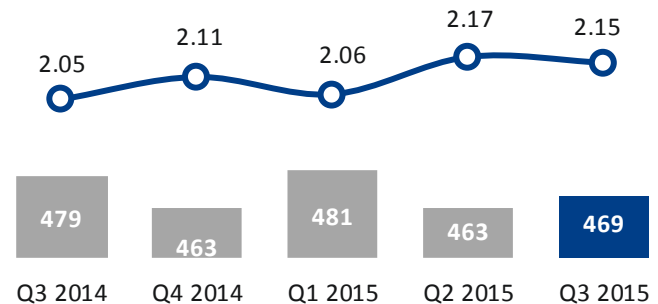
**ROCE (Ltm)**  
Percent



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



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



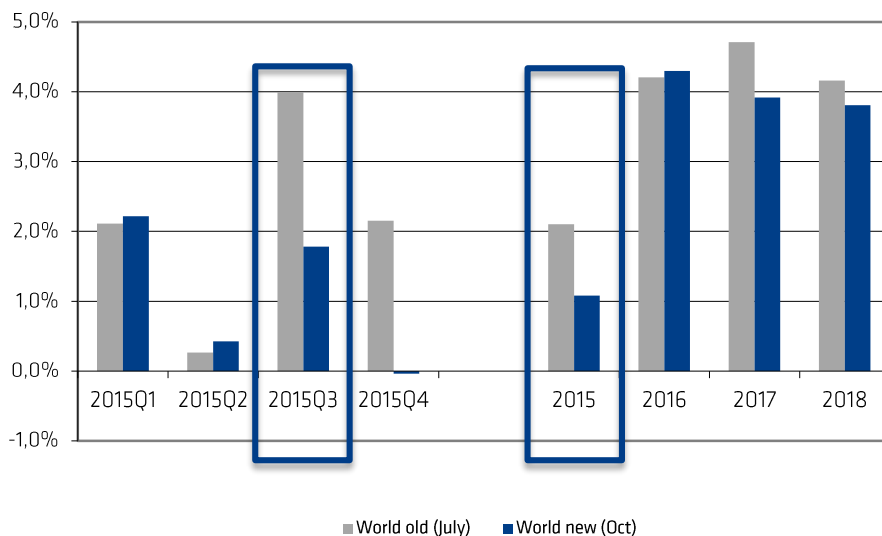
\* Adjusted results



**Philippe Toth, SVP Business Development & IR**  
**MARKET UPDATE**

# Light vehicle production – LMC Automotive Q3 2015

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



4.8%

**Europe: Western European market is growing well. YTD selling rate now at 8% above 2014 YTD for Western Europe. Russia still continues downwards.**

6.8%

**North America: Continues strong growth, will probably reach 17.5 Mill units in 2015**

-1.6%

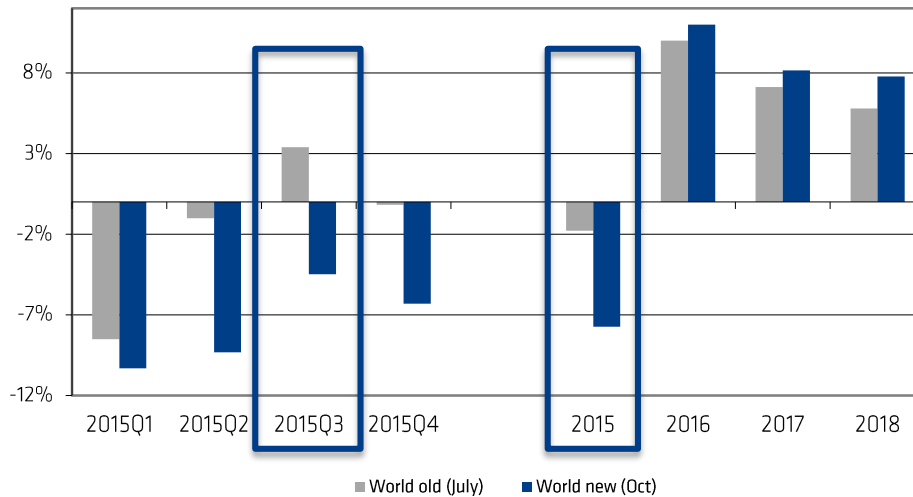
**China: Contraction seen in the commercial vehicle market in China has now spread to light vehicle market also. Unrest in stock market spread to vehicle sales.**

1.8%

**Global production in Q3 2015, ended 1.8% higher than Q3 of 2014, mainly driven by North American and Western European growth. Forecasted 1.1% growth for whole year to 88.3 million vehicles**

# Commercial vehicle production – LMC Automotive Q3-15

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



Europe: Strong growth in EU production for both internal sales and export drives total upwards

6.7%

North America: North America stagnated in Q3. Heavy Duty (Class8) segment is still growing. However, decline in the Medium Duty segment caused the total to drop

-0.8%

China: Governmental spending in infrastructure building has dried up & the CV market in China will drop close to 30% for the whole year

-19.6%










Global production in Q3 2015, ended -4.5% down compared to Q3 2014, mainly driven by a weak Chinese CV market.

2015 is expected to decline by 7.7% compared to 2014, to 2.52 Mill vehicles

-4.5%

# Market summary and outlook

## Global industry growth

Country/region	2015	Outlook
	 →	<ul style="list-style-type: none"> <li>• Good growth in Western Europe. Russia pulls down.</li> <li>• Western Europe YTD selling rate is +8%</li> </ul>
	 →	<ul style="list-style-type: none"> <li>• Strong growth in EU production for both internal sales and export, +12% for W. Europe in Q3</li> </ul>
	 →	<ul style="list-style-type: none"> <li>• Stable growth of around 3% for 2015</li> </ul>
	 →	<ul style="list-style-type: none"> <li>• Strong growth in 1H15, expected muted growth in 2H15</li> </ul>
	 →	<ul style="list-style-type: none"> <li>• Decline in general macro indicators (GDP, stock market) spread to car sales</li> </ul>
	 →	<ul style="list-style-type: none"> <li>• Slowing investments (shift from investment driven to consumer spending economy) &amp; emission regulation payback cause decline</li> </ul>

## Limited exposure to VW emission issue

- ▶ Existing and upcoming VW business:
  - Approx. 3% of KA's sales are represented by VW Group
  - Most of this business is related to our seat comfort business for the premium segment of VW in Europe
    - Could see lower revenue due to drop in volumes
  - According to iHS, most of the VW brands will have a drop in production in 2016, but premium brands like Audi and Porsche will still deliver positive production growth



### Affected VW brands



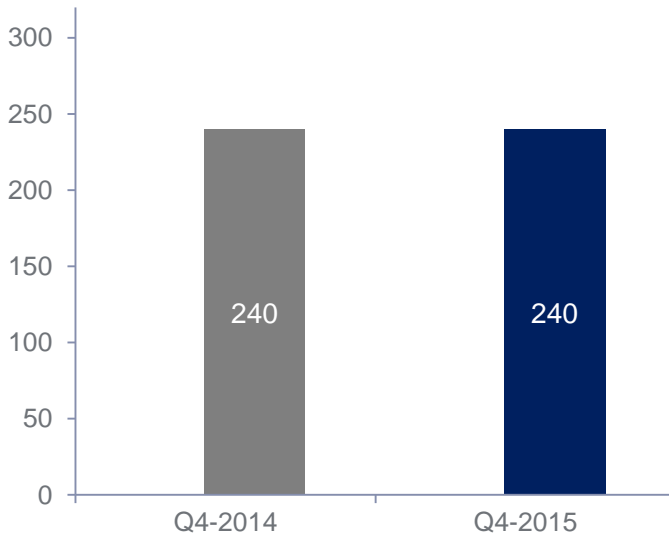


**Hans Peter Havdal**  
**SUMMARY & OUTLOOK**

## Summary and outlook

### Company outlook for Q4 2015

EUR Million



- ▶ **KA expects Q4 2015 revenues of approx. EUR 240 million**
- ▶ **For the full year 2015, KA expects revenues in line with 2014 revenues, based on the current market assumptions**
- ▶ **KA in a transition phase with decline in mature product while investing in new technologies**



**Save the date:**

**CAPITAL MARKETS DAY ON DEC. 2, 2015**

**PLACE: LYSAKER TORG 35**

**09:00 – 12:00**



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



# *“Enhancing the driving experience”*

**Passionate**

**Accountable**

**Prepared**

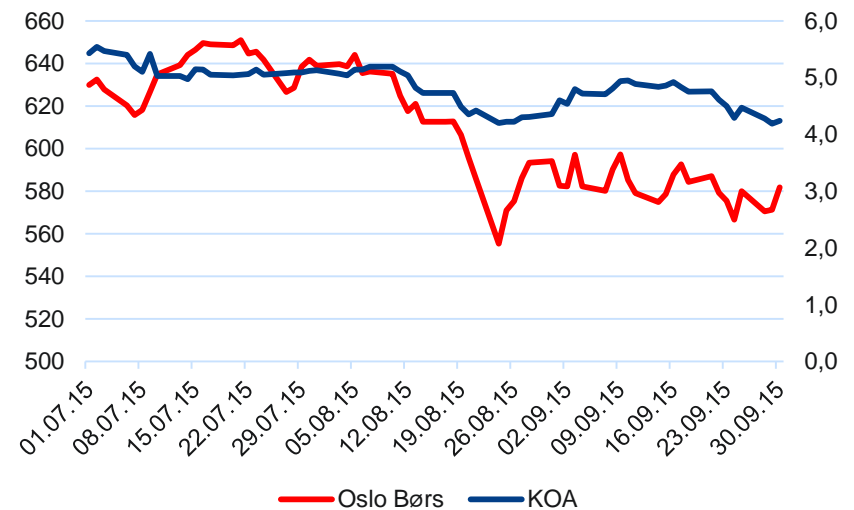


# Appendix

# Share price and shareholders

Data: 30.09.2015

Current Position	% Share Outstanding	Investor Name	Nationality
22.176.116	5,45	CREDIT SUISSE SECURI (EUROPE) PRIME BROKE	GBR
17.246.095	4,24	J.P. Morgan Chase Ba NORDEA RE:NON-TREATY	GBR
16.423.552	4,04	THE NORTHERN TRUST C NON-TREATY ACCOUNT	GBR
15.604.970	3,84	KLP AKSJE NORGE VPF	NOR
10.997.468	2,70	Swedbank AB (publ) CLIENTS ACCOUNT	SWE
10.598.211	2,61	KOMMUNAL LANDSPENSJO	NOR
9.862.674	2,42	CITIBANK, N.A. S/A DFA-INTL SML CAP	USA
9.603.387	2,36	MP PENSJON PK	NOR
9.327.732	2,29	FOLKETRYGDFONDET	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
8.891.550	2,19	JP Morgan Chase Bank HANDELSBANKEN NORDIC	SWE
7.425.000	1,83	VERDIPAPIRFONDET DNB	NOR
7.000.000	1,72	ERLING NEBY AS	NOR
5.677.717	1,40	PICTET & CIE BANQUIE	CHE
5.095.685	1,25	Morgan Stanley & Co. MS & CO INTL PLC MSI	GBR
5.000.000	1,23	CIPI LAMP UCITS SWED	IRL
4.986.475	1,23	Goldman Sachs Intern SECURITY CLIENT SEGR	GBR
4.637.460	1,14	KONGSBERG AUTOMOTIVE	NOR
3.650.000	0,90	VERDIPAPIRFONDET PAR	NOR
<b>192.711.256</b>	<b>47,4</b>		



## Financial calendar and Investor Relations contacts

### Financial calendar 2015

	Interim Reports	Presentation
Q3 2015	14 <sup>th</sup> of October	15 <sup>th</sup> of October
Q4 2015	13 <sup>th</sup> of February	14 <sup>th</sup> of February

Capital Markets Day – 2nd  
December

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

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