

Kongsberg Automotive ASA

Fourth quarter 2015 | February 12, 2016



Highlights

Q4 2015 financials

- Revenues of EUR 249.5 million, q-on-q growth of 3.8%
- EBIT of EUR 13.1 million (margin 5.3%) vs. Q4 2014 of EUR 5.7 million (margin 2.4%)
- Strong product mix and fixed cost management

Growth in new business

- New business wins in Q4 at EUR 127 million p.a. value
- Two-thirds of the Q4 new business value from Growth Platforms

Market developments

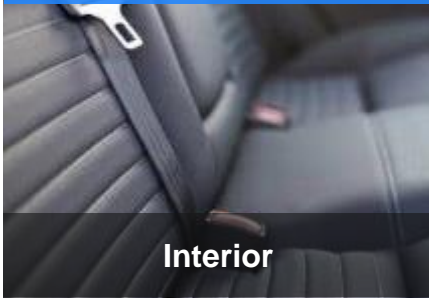
- Europe: Both light & commercial vehicle production increased in 4Q15, but some KA mature products less impacted by this growth
- Brazil & China: Commercial vehicle production continue to be at low level

Foundation for growth

- Focus on core products to build sustainable growth
- R&D investments are high and directed to growth platforms

Progress within growth platforms

Seat Comfort



Interior

- ▶ **Next generation Seat ventilation**
 - European premium OEM
- ▶ **New product area contract**
 - Interior panel heating to Premium SUV
- ▶ **Continue to increase market share in premium car segment**

Efficient Powertrains



Driveline

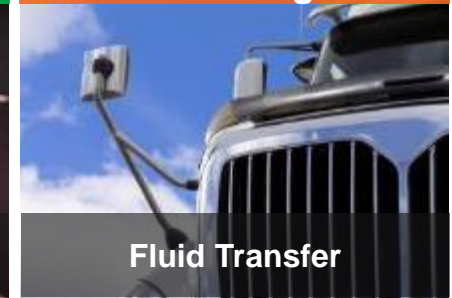
- ▶ **Japanese OEM contract for SBW shifters**
 - B-segment cars in Indian market
- ▶ **OBC for plug in hybrid electric car**
 - Significant break through in Chinese market



Driver Control

- ▶ **Contract for AMT gear shifters to top truck maker**
 - North American market
- ▶ **AMT contract for premium truck OEM**
 - Supply to Europe and the Americas
- ▶ **Significant progress in gaining future market share**

Advanced Fluid Handling

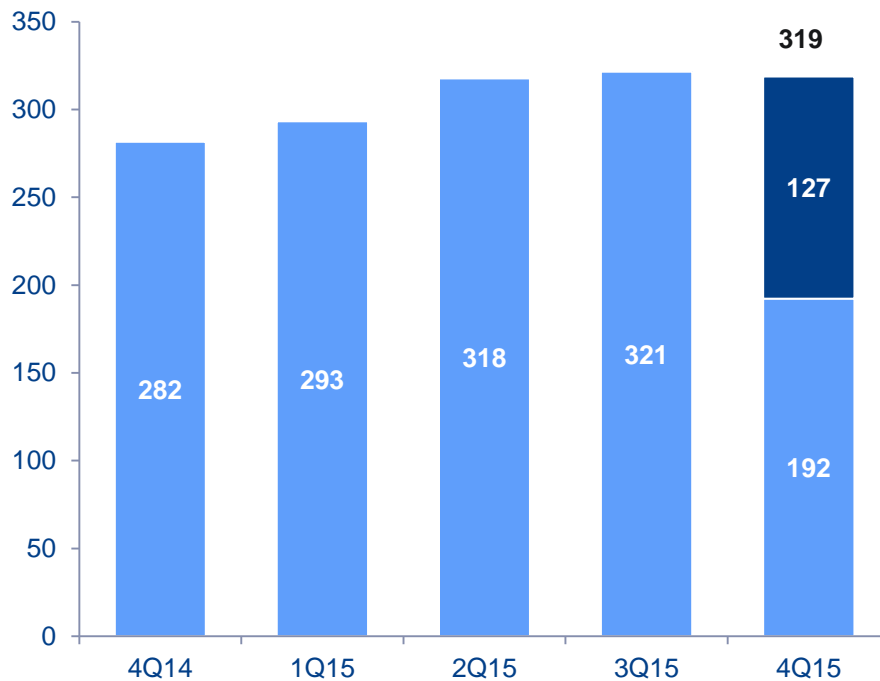


Fluid Transfer

- ▶ **ABC coupling systems**
 - To leading Chinese bus maker and global supplier of truck braking systems

New business wins

New business wins (LTM per annum value)
EUR Million

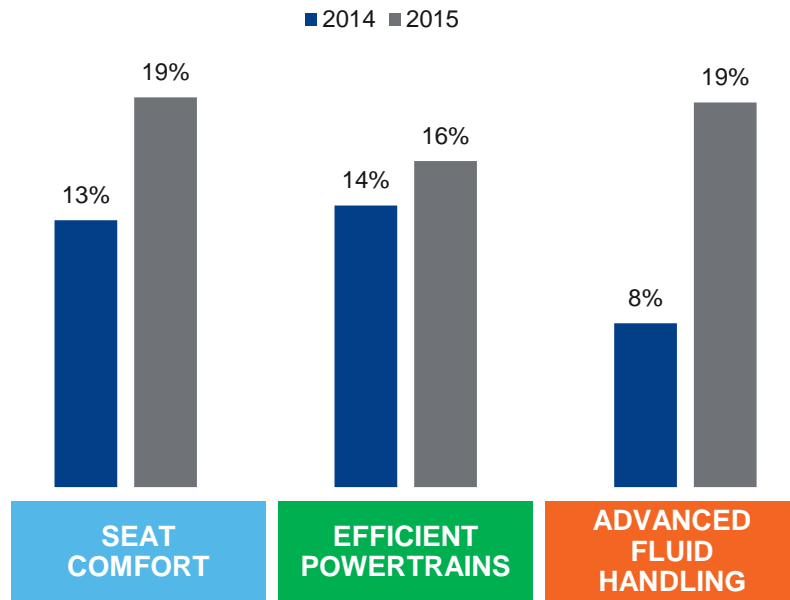


- ▶ **Good order intake: EUR 127 million p.a. of new business wins booked in Q4 2015**
- ▶ **EUR 319 million for new business booked in 2015 – an all time high level**
- ▶ **Approx. 54% in growth platforms**

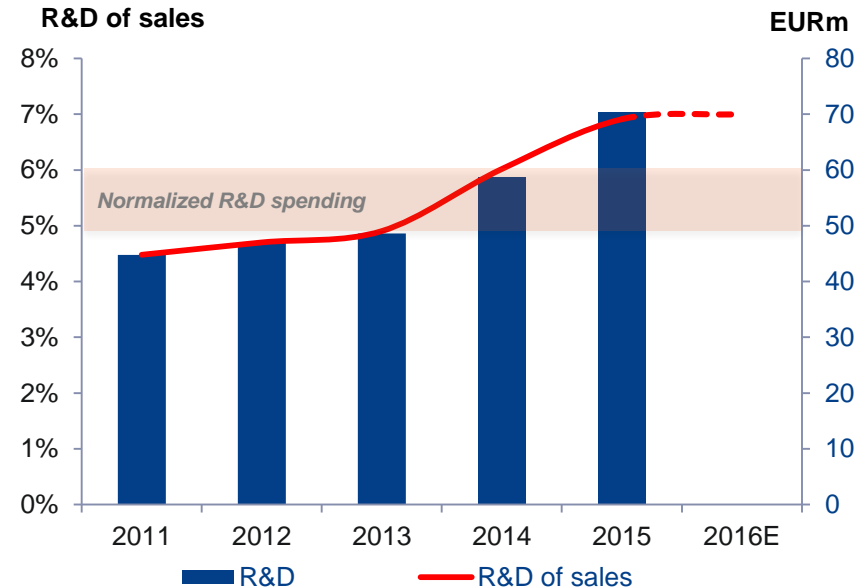


Converting R&D to new business

LTM 4Q15 new business wins



R&D spending



- ▶ New business wins in 2015 accumulated to 319MEUR per annual value
- ▶ Increased proportion of new business related to growth platforms from 2014 (~35%) to 2015 (~54%)

- ▶ Increased R&D to develop new technology
- ▶ Supporting growth platforms
- ▶ Normalized R&D spending expected to fluctuate around 5-6% of sales

Seat comfort

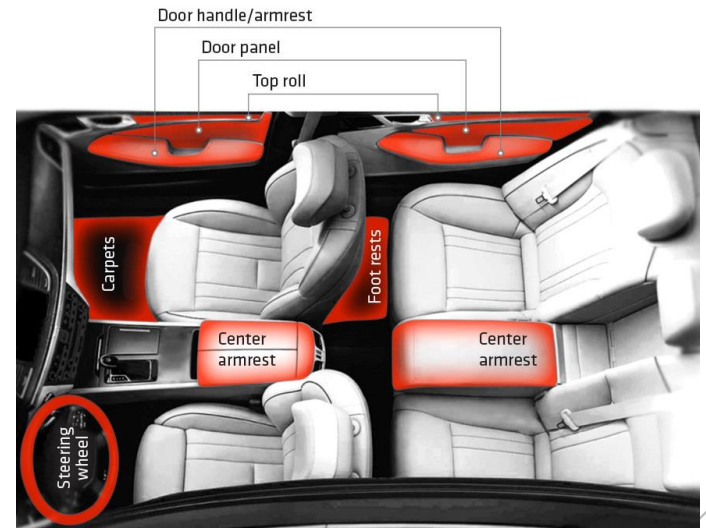


Operational update

- ▶ **Global supply of seat heat and seat ventilation to mid-size luxury vehicles**
 - European premium OEM
 - worth an estimated EUR 76* million over 10 years
 - Production in Pruszkow, Poland, & later Reynosa, Mexico & Wuxi, China



- ▶ **New product area contract: Panel heating**
 - Door panel heating to global European based premium automaker
 - To enhance interior comfort in cold climates and in electrified vehicles with no waste heat from combustion engine
 - Strong growth potential with more electrified vehicles & strong comfort trend in vehicles



*Estimated life time value

Efficient Powertrains

Operational update

- ▶ **Significant AMT segment contract win confirms strategy & ambition**
 - EUR 100m* contract over 5 years
 - Reduces fuel consumption, minimizes maintenance cost & enhances driver comfort
 - Production ramp up in 2020, from KA facilities in Europe & Americas
 - In line with EUR 150 million ambition in annual sales in AMT segment within 10 years

- ▶ **Shift-by Wire**
 - Strategic contract secured with Japanese OEM in Indian market
 - B-segment cars



*Estimated life time value

Advanced Fluid Handling



Operational update

- ▶ **Important Air Handling contracts in China with total lifetime value of EUR 41m**
 - For couplings to leading bus maker
- ▶ **Air couplings to European system supplier**
 - Worth EUR 17m over lifetime

- ▶ **Two product launches in Air Handling segment and strong growth in Q4**
 - Both programs related to Couplings for Scania with annual volumes at 500 000 and 800 000 units of couplings
 - Booked in 2013 and supplied from KA Raufoss

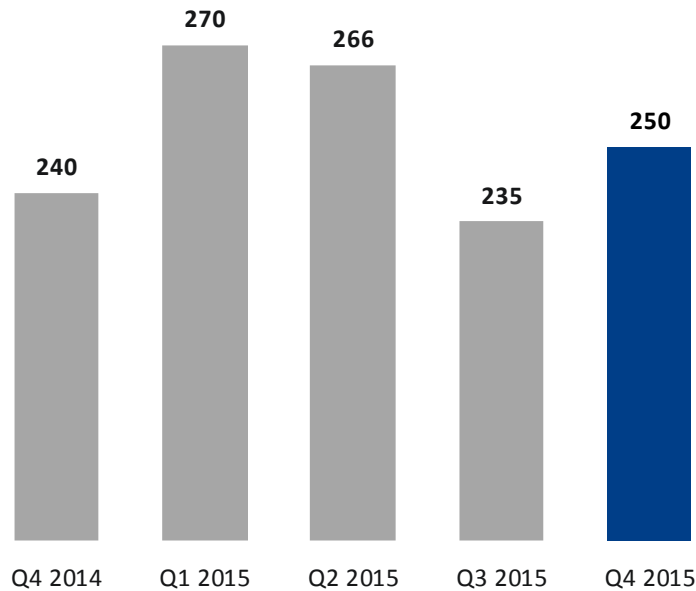




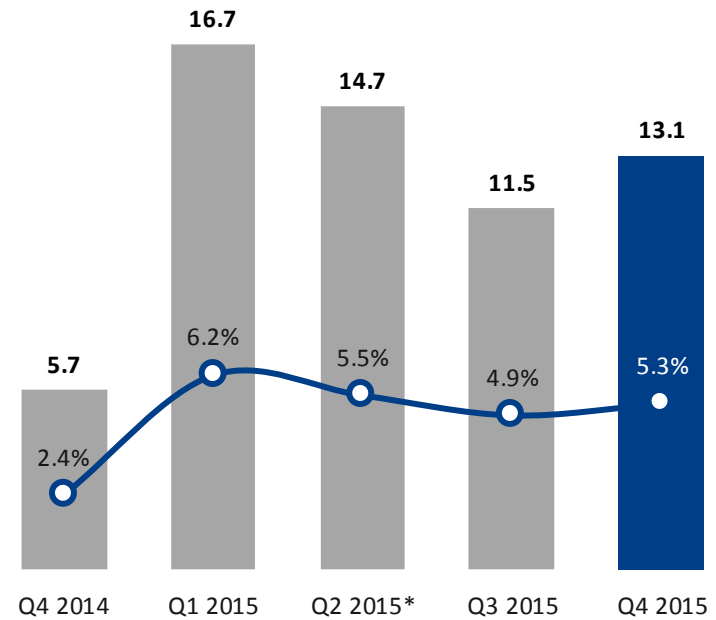
Trond Stabekk
Financial Update

Group Revenue and EBIT

Revenues
EUR million



EBIT and EBIT margin
EUR million and percent



* Excludes EUR 19.5 million in Goodwill write-off

Trend overview of business areas

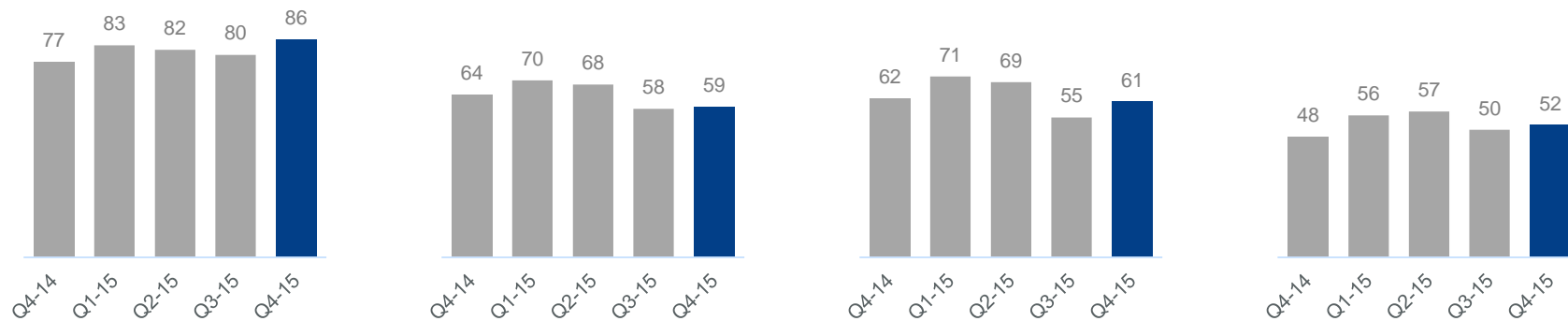
Interior

Driveline

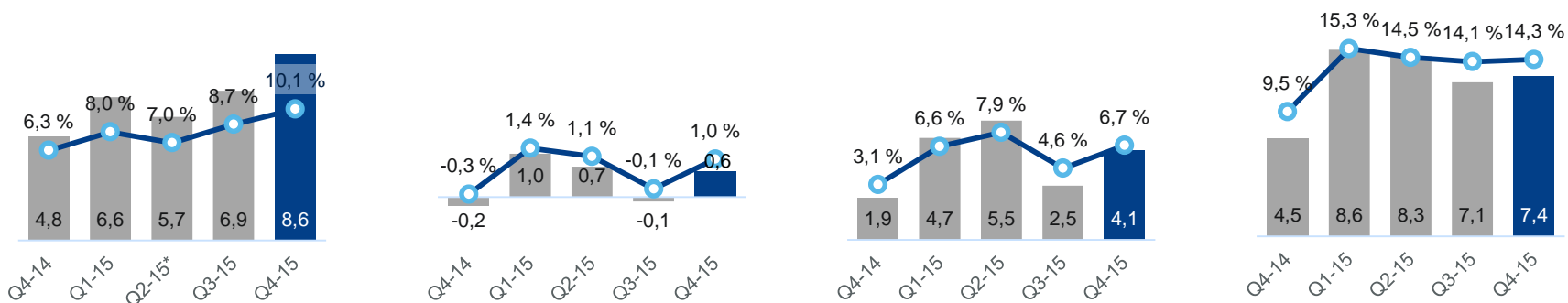
Driver Control

Fluid Transfer

Revenues (EUR million)



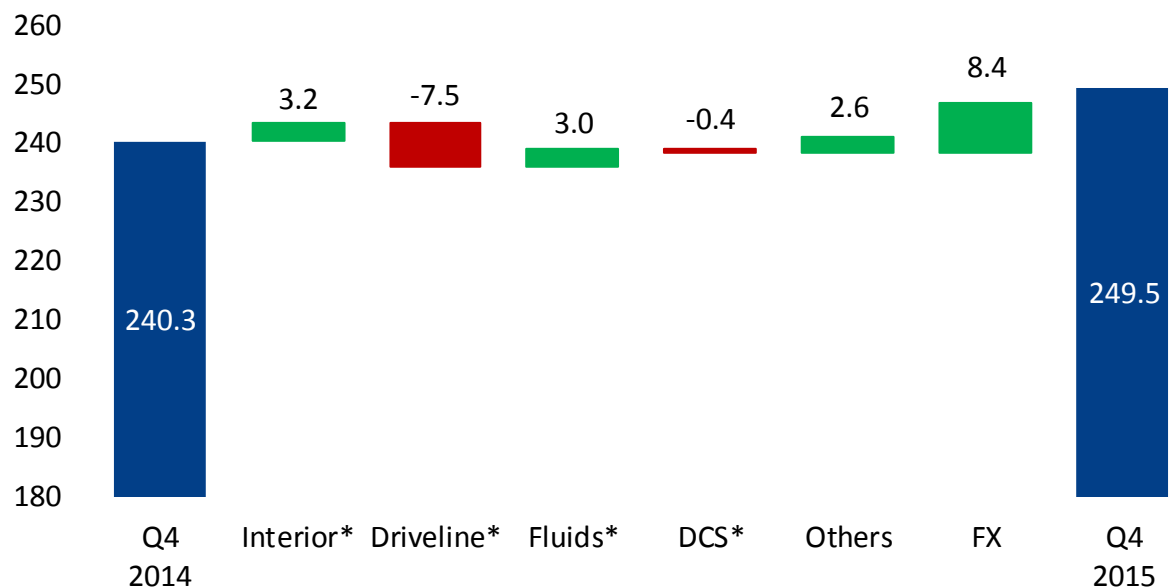
EBIT (EUR million) and EBIT margin (%)



* Excludes EUR 19.5 million goodwill write-off in Q2-15, Interior

Revenue development

Revenues
EUR million



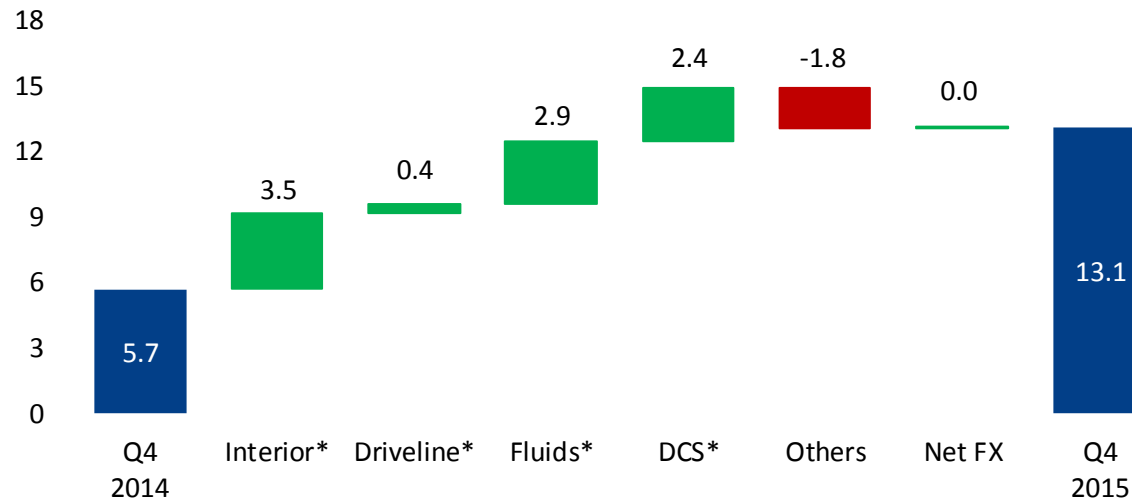
Revenues:

- ▶ EUR 9.2 (3.8 %) million above fourth quarter 2014
- ▶ End of production in Driveline program
- ▶ Exposure to South America and China
- ▶ Run-rate impacted by currency effects

* Variances excluding FX effects

EBIT development

EBIT
EUR million



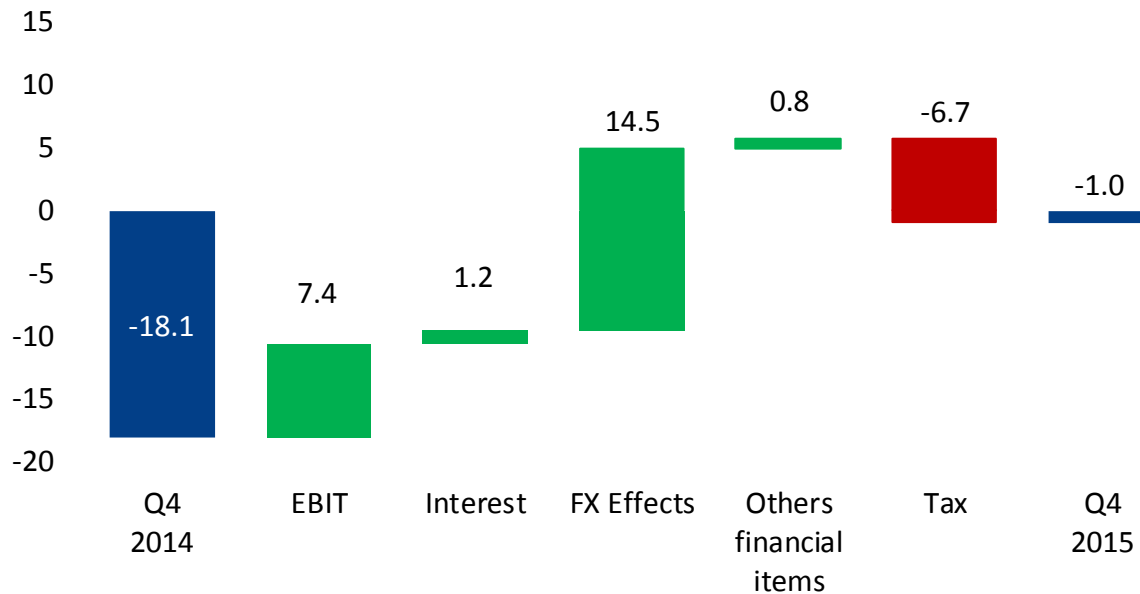
EBIT

- ▶ Favorable changes in product mix
- ▶ Higher volumes
- ▶ Operational improvements
- ▶ Lower net R&D costs

* Variances excluding FX effects

Net Profit development

Net Profit
EUR million

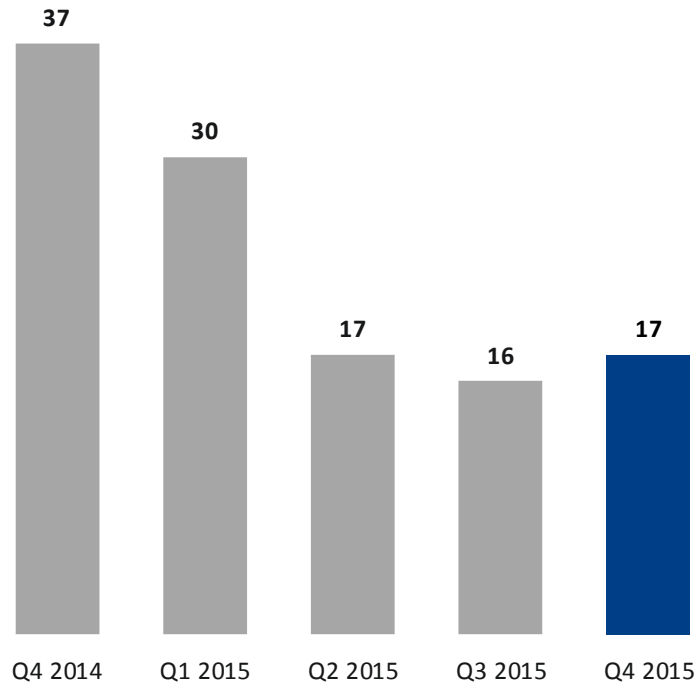


Net profit:

- ▶ Lower interest expenses
- ▶ Positive change in unrealized FX effects
- ▶ Taxes impacted by reduction in deferred taxes and losses not capitalized

Free Cash Flow (LTM)

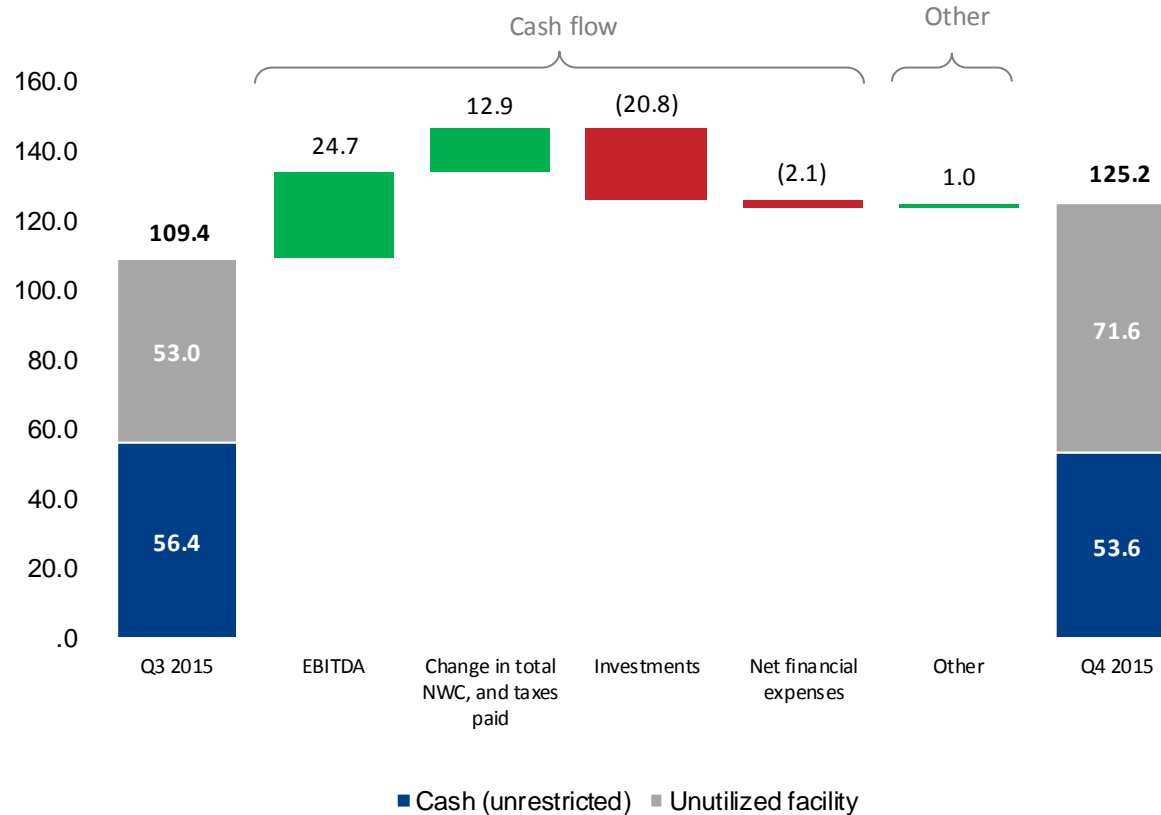
Free Cash Flow (LTM)
EUR million



- ▶ Last Twelve Months Free Cash Flow before repayment of debt
- ▶ 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

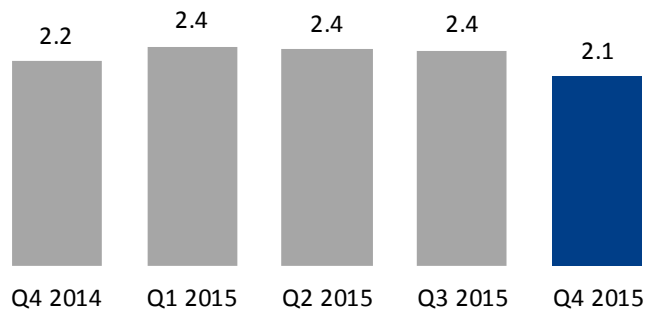
Cash flow and facility development

Available funds
EUR million

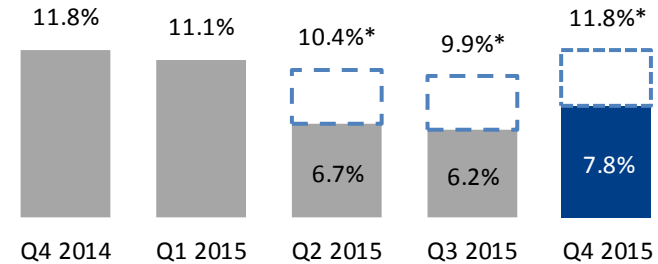


Financial ratios

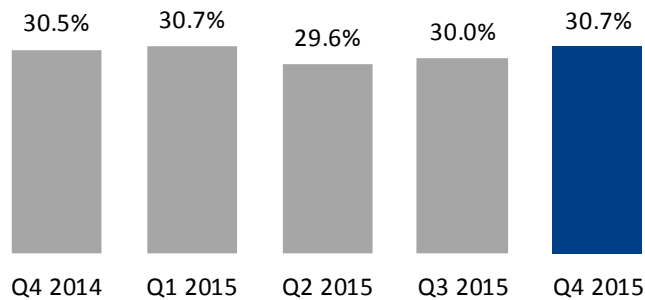
NIBD/EBITDA
Times



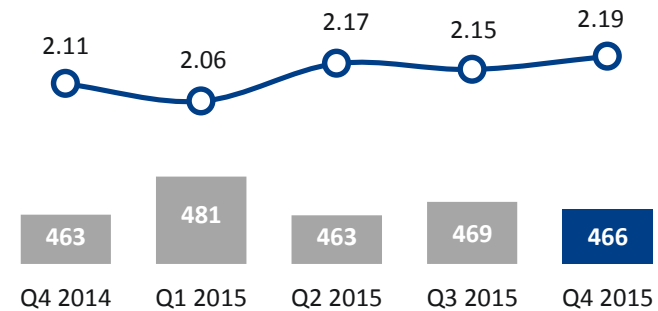
ROCE (Ltm)
Percent



Equity ratio
Percent



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








Philippe Toth, SVP Business Development & IR
MARKET UPDATE

Market summary and outlook

Global industry growth

Country/ region	2016 growth estimate	Outlook
	 + 2.3%  + 1.3%	<p>Modest growth in Europe. Western Europe up, Russia pulls down</p> <p>Modest growth in EU production for both internal sales and export</p>
	 + 2.3%  - <15%	<p>Growth continues in 2016, but trails off around midyear</p> <p>Peak reached in 2015, expects significant decline in 2016</p>
	 + 5.6%  + 5.0%	<p>The Light Duty market in positive development</p> <p>The CV market is also expected to slowly recover</p>

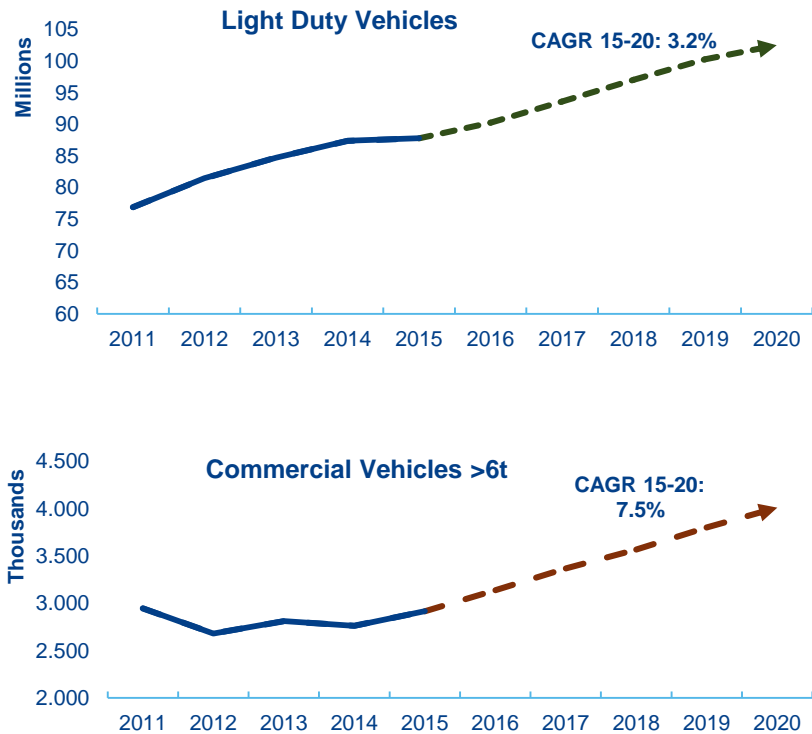
Automotive development trends

Drivers	 <p>Increased user experience Comfort</p>	 <p>Legislation CO2 reduction</p>	 <p>Legislation NOx reduction</p>
End segment	<p>Premium segment & SUVs CAGR 2015-20 ~ 5.4%</p>	<p>EV's & Hybrids CAGR 2015-20 ~ 16%</p>	<p>Trucks CAGR 2015-20 ~ 6%</p>
KA Focus	<ul style="list-style-type: none"> • Full range of premium seat comfort solutions • SBW technology solutions 	<ul style="list-style-type: none"> • Power electronics solutions from ePower 	<ul style="list-style-type: none"> • Light weight couplings • High temperature hoses • AMT solutions

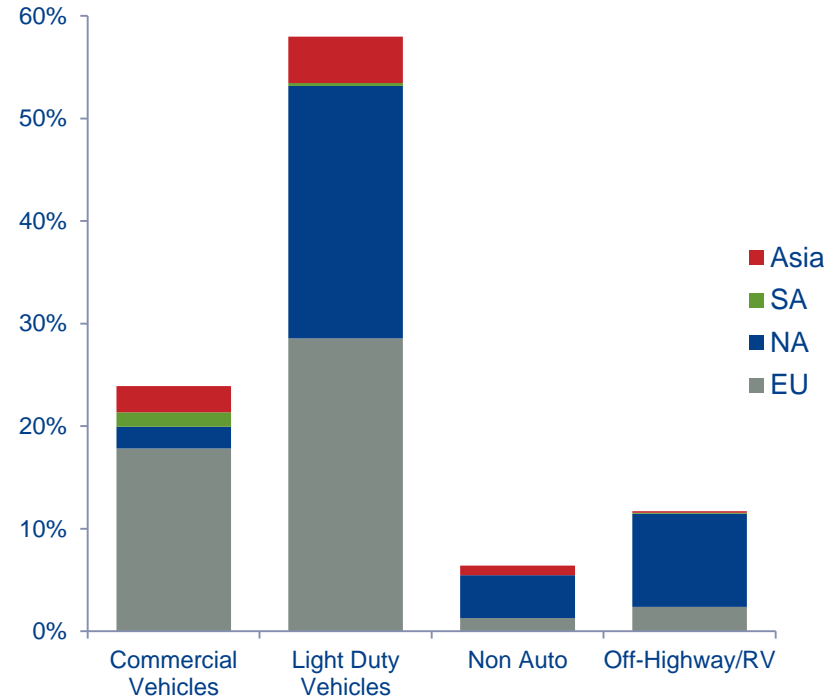


A growing automotive market

Market segment outlook



KA's exposure by end-markets & regions

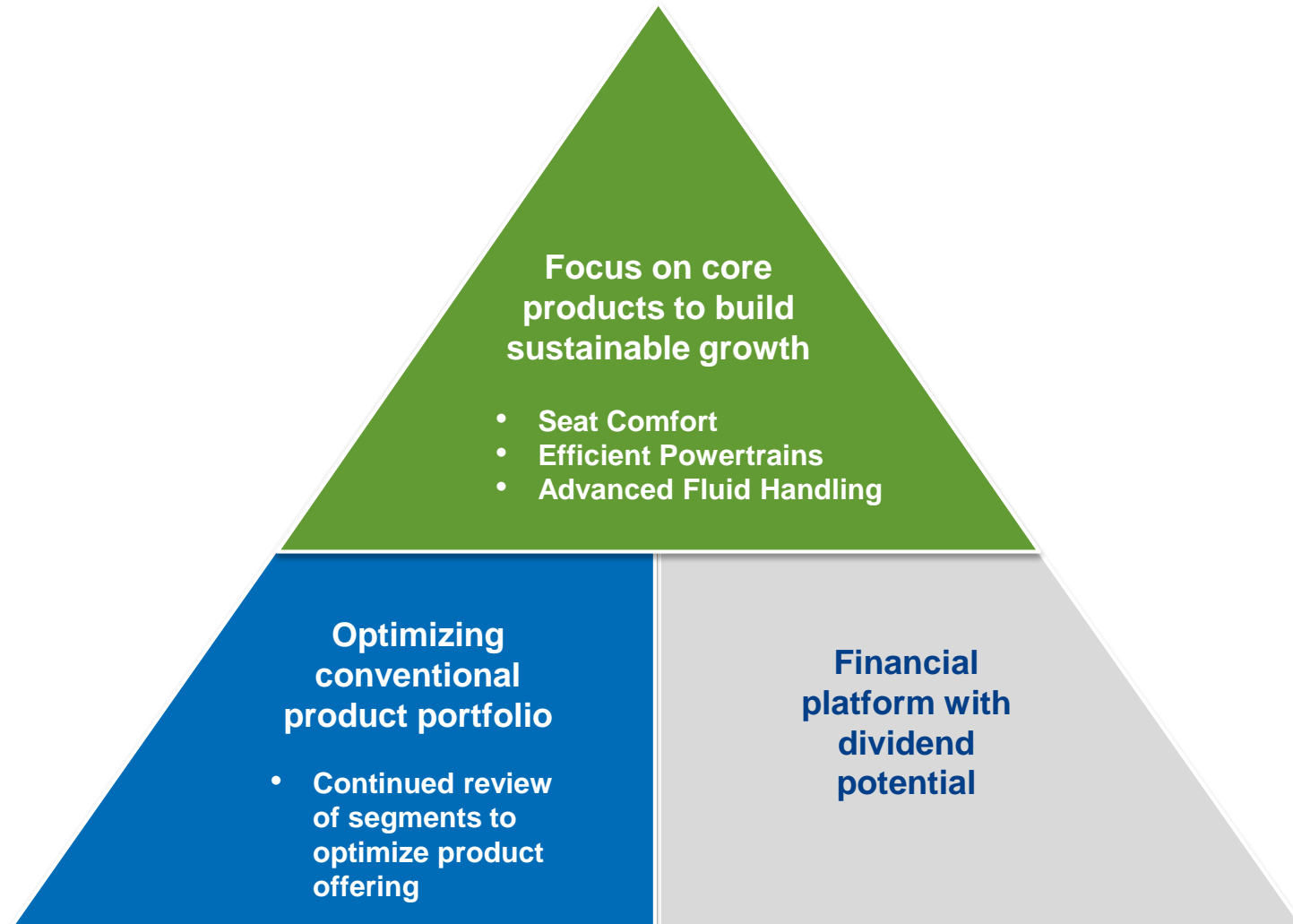


Source: IHS & LMC



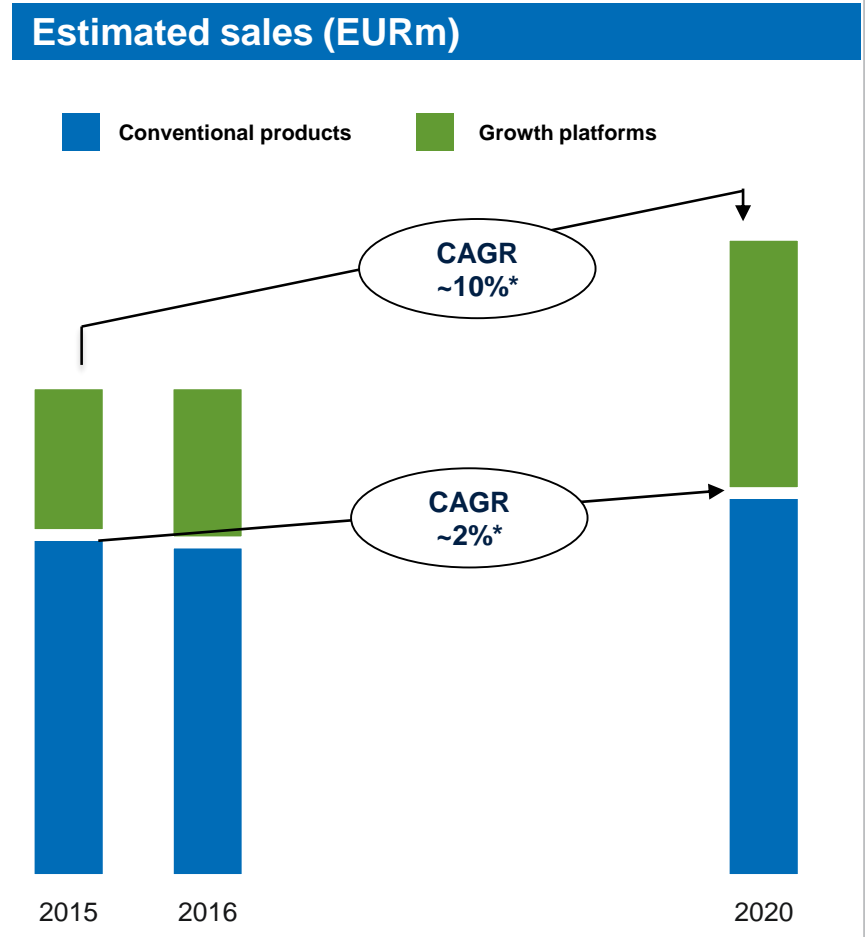
Hans Peter Havdal, CEO
STRATEGY & OUTLOOK

Our strategic priorities



Targeting 3-5% annual growth towards 2020

- ▶ **Growth platforms expected to increase in revenue share from 30% to above 40% next five years**
 - R&D spending and capex will be focused on growth platforms
- ▶ **Conventional products are still key in next 5 year period**
 - Selective growth opportunities for conventional products with limited capex needs will be pursued
- ▶ **Current business mix creates a platform for organic growth and R&D funding**



*Kongsberg Automotive estimates

Summary and outlook

- ▶ **Strong momentum in new business wins in 2015**
 - Booked strategic contracts in growth platforms
 - ~ 54% total new business wins related to growth segments

- ▶ **Outlook for main addressable markets in North America & Europe shows modest growth in 2016**

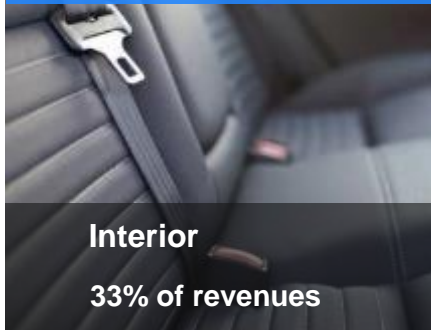
- ▶ **KA expects Q1 2016 revenues of approx. EUR 250 million**





Appendix

Seat Comfort



Interior
33% of revenues



PRODUCTS

- Seat climate systems
- Seat support systems
- Head restraints
- Arm rests
- Light duty cables

Efficient Powertrains



Driveline
24% of revenues



PRODUCTS

- Shift by Wire systems
- Inverters & converters
- On Board Chargers
- Automatic & manual gear shifters
- Shift cables & towers



Driver Control
22% of revenues



PRODUCTS

- AMT systems
- Inverters & converters
- On Board Chargers
- Manual gear- and clutch systems
- Steering columns
- Chassis stabilizers
- Throttle- & brake pedals

Advanced Fluid Handling



Fluid Transfer
21% of revenues



PRODUCTS

- Pipe/hose assemblies for powertrains
- Couplings and manifolds for air distribution systems
- Industrial applications
- Pipe/hose assemblies for chassis systems

Calendar and Investor Relations contacts

Financial calendar 2016

	Interim Reports	Presentation
Q1 2016	14 th of April 2016	15 th of April 2016
Q2 2016	13 th of July 2016	14 th of July 2016
Q3 2016	20 th of October 2016	21 th of October 2016

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

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