



Kongsberg Automotive ASA

First quarter 2016 | April 15, 2016





Highlights for Q1 2016

Operational

- First quarter sales in line with guiding
- Operational improvements partly offset increased R&D spend
- Investments for the future continue in line with the strategy communicated at the capital markets day in December 2015

Financials

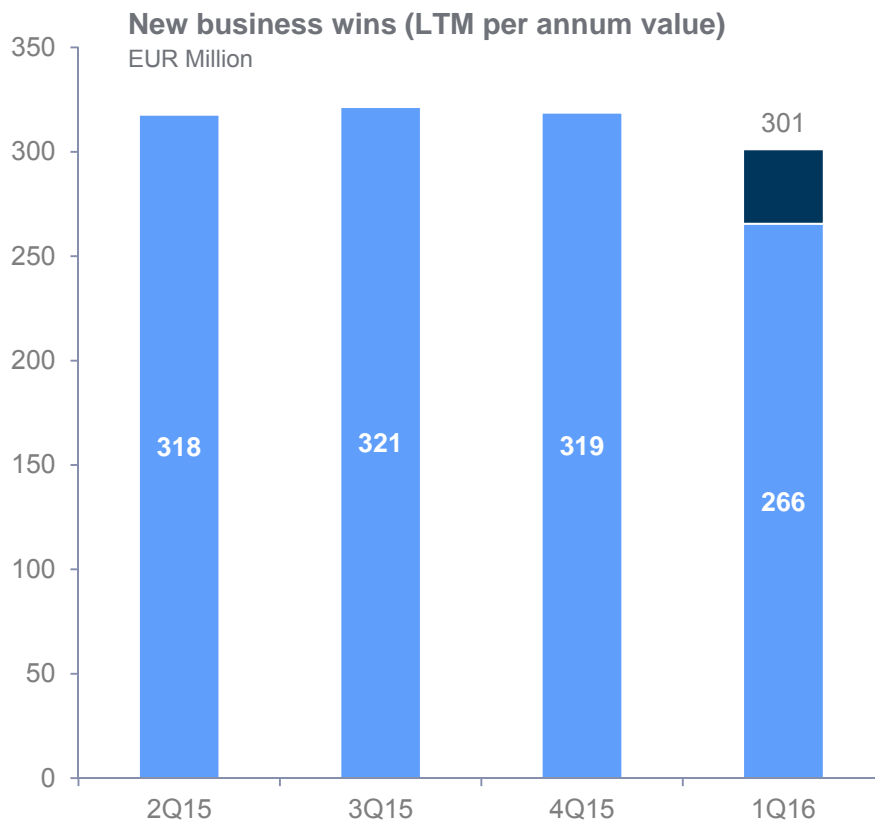
- Revenues of EUR 258.7 million in Q1, EUR 11.3 million below Q1 2015, incl. negative currency effects of EUR 5.9 mill.
- EBIT was EUR 14.1 million (5.4%), vs. EUR 16.7 million (6.2%) in Q1 15
- Gearing ratio at 2.2x NIBD/EBITDA

Update & Outlook

- LDC divestment process on track
- Q2 2016 revenues expected to be in line with Q1 2016

New business wins in Q1

- ▶ Annualized new business wins of EUR 35 million booked in Q1 2016
- ▶ Activity level remains high & significant Q2 pipeline being pursued





Hans Peter Havdal, President & CEO
OPERATIONAL REVIEW

Operational update

Efficient Powertrains

- ▶ **High project activity to continue in 2016**
 - Mainly for AMT system development for Q417 launch
 - Manufacturing location in Mexico and equipment are in preparation phase

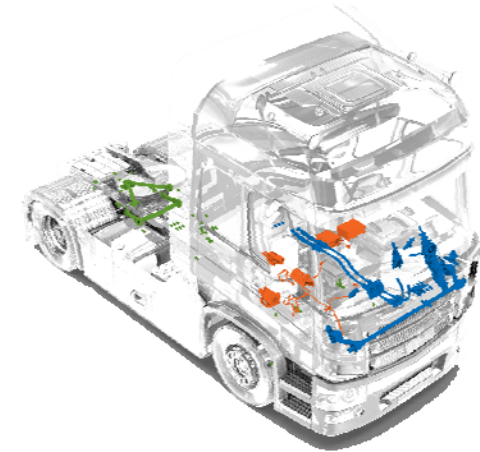
- ▶ **New program launches for DCS & Driveline**
 - Ford in Brazil launched new truck models with AMT shifters from KA
 - Shift by wire & cables for Fiat in Europe from Slovakian & Swedish facilities



Operational update

Advanced Fluid Handling

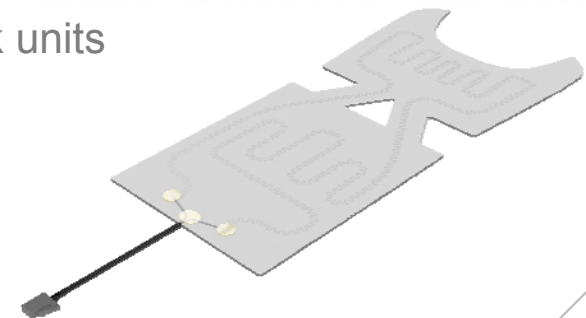
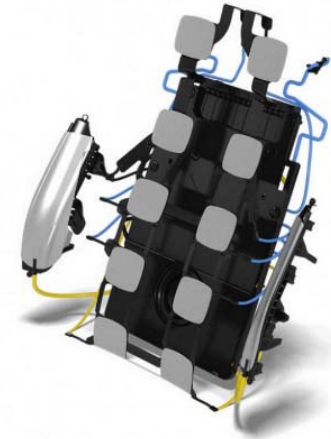
- ▶ **Market leading position in Europe for Air couplings**
 - Working to expand into global market
 - First significant China contract announced in Q415
- ▶ **Sales opportunities in pipeline & quoting activity remain robust within Advanced Fluid Handling**
- ▶ **New program launches**
 - ABC Air Couplings
 - 1.4 mill. units for Leyland from Raufoss facility



Operational update

Seat comfort

- ▶ **Continued solid momentum for Seat Comfort & Climate range in premium segment**
 - Seat heat contract for premium European car maker
 - Life time value EUR 36.7 mill. / 8 yrs; SOP Q3 2017
 - Seat support contract for SUVs of top European OEM
 - Life time value EUR 34.4 mill. /8 yrs; SOP Q3 2018
- ▶ **New program launches for Interior:**
 - Seat heat for FCA from Wuxi; volume 25k units
 - Seat Support for PSA from Pruszkow; volume 45k units



Continued momentum in emerging markets

- ▶ **Recent emerging markets contract wins**
 - **DCS contract for shifter & cables for Chinese truck maker**
 - Life time value EUR 16 mill. / 7 yrs; SOP Q1 2017
 - **DCS contract for shifter & cables for Indian truck maker**
 - Life time value EUR 3 mill. / 7 yrs; SOP Q3 2016
 - **Driveline contract for Automatic Transmission cables for China-based JV**
 - Life time value EUR 5.4 mill. / 7 yrs; SOP Q4 2018

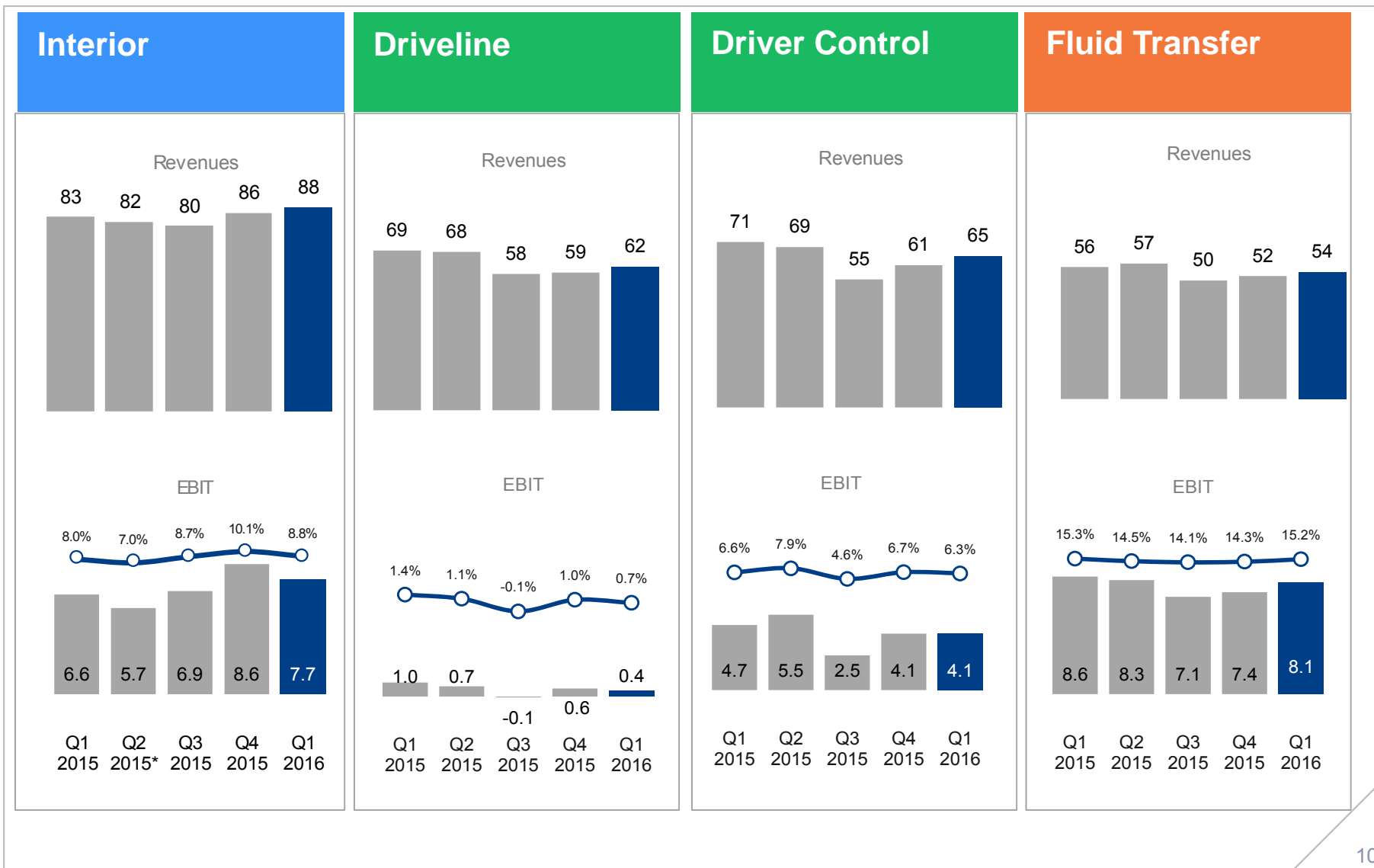
- ▶ **KA strengthening position with domestic brands**





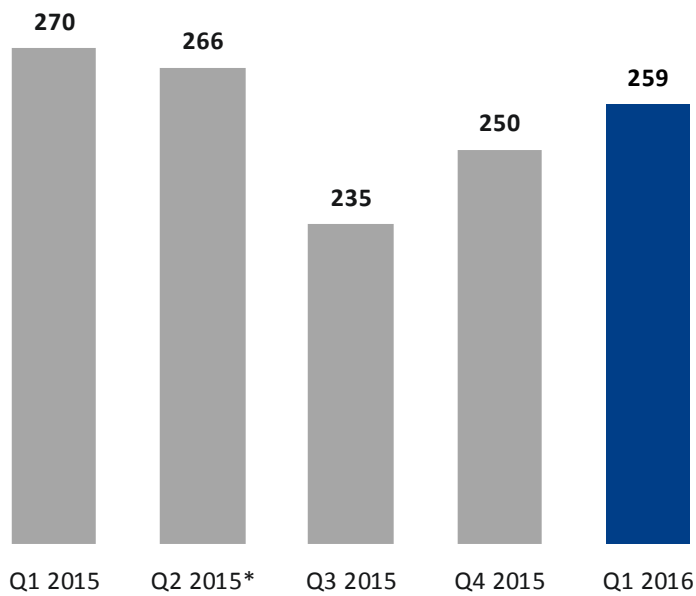
Trond Stabekk, CFO
FINANCIAL UPDATE

Segment financials Q1

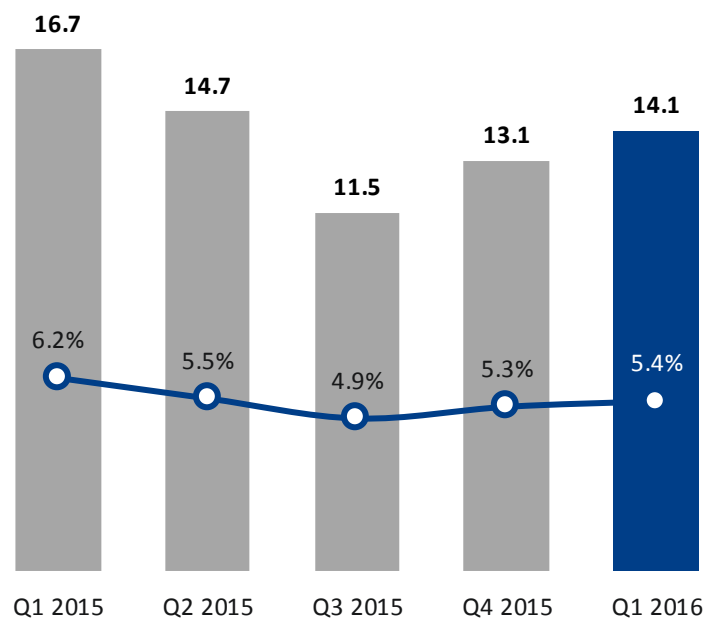


Revenue and EBIT

Revenues
EUR million



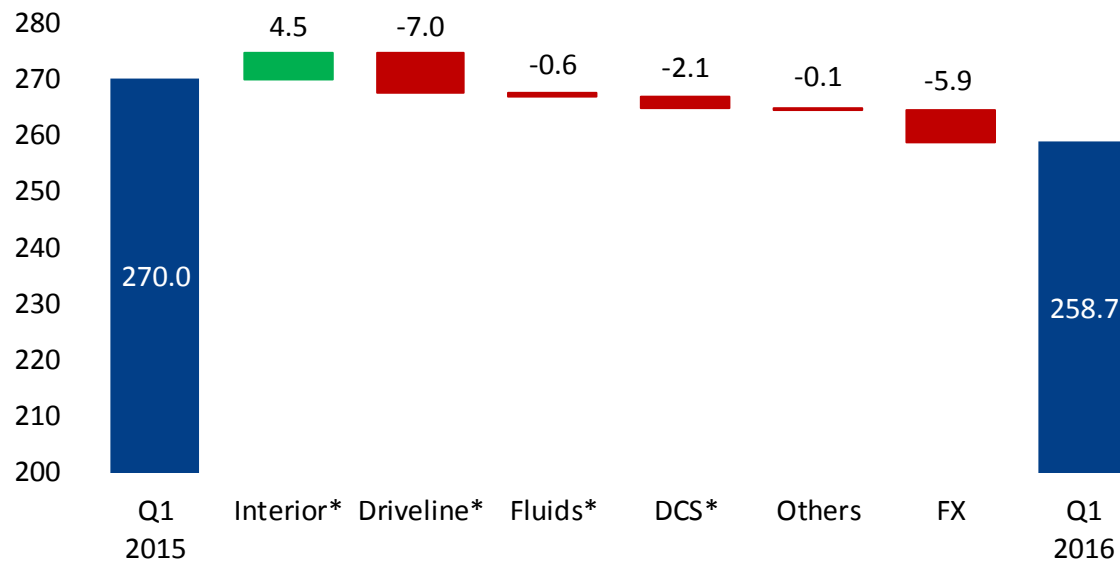
EBIT and EBIT margin
EUR million and percent



* Excludes EUR 19.5 million in Goodwill write-off

Revenue development

Revenues
EUR million



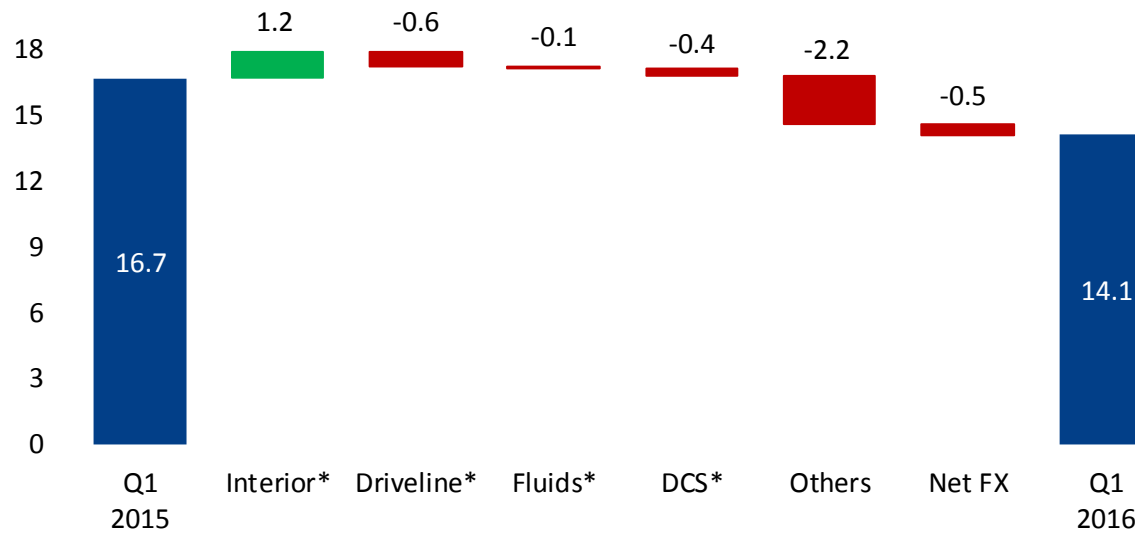
Revenues:

- ▶ EUR 11.3 (-4.2%) million below Q1 2015
- ▶ End of productions
 - Driveline
- ▶ Exposure to South America
 - Driver Control
 - Driveline
- ▶ Good growth momentum in Interior
- ▶ Currency effects

* Variances excluding FX effects

EBIT development

EBIT
EUR million



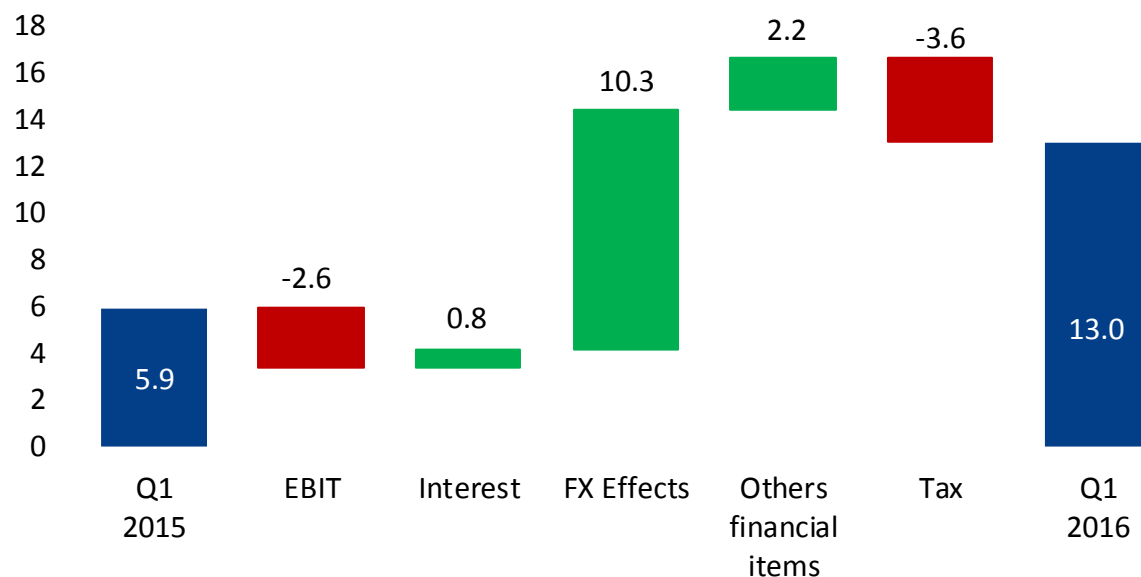
EBIT

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

* Variances excluding FX effects

Net Profit development

Net Profit
EUR million

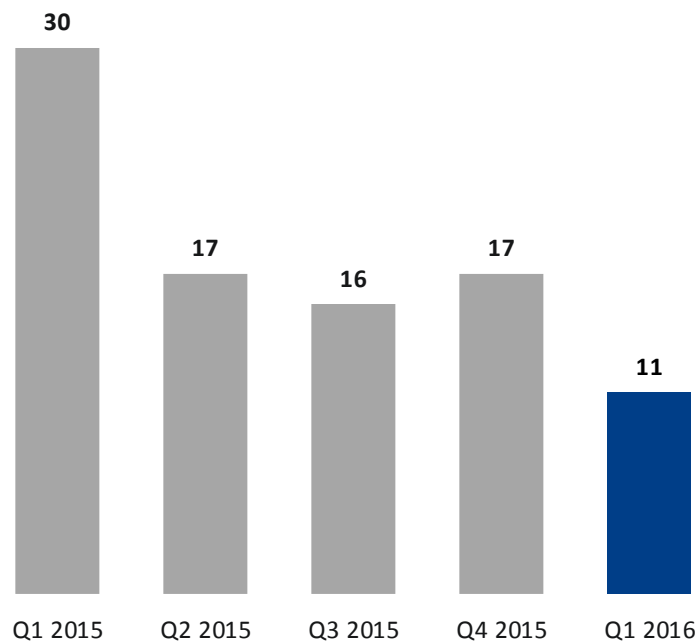


Net profit:

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

Free Cash Flow (LTM)

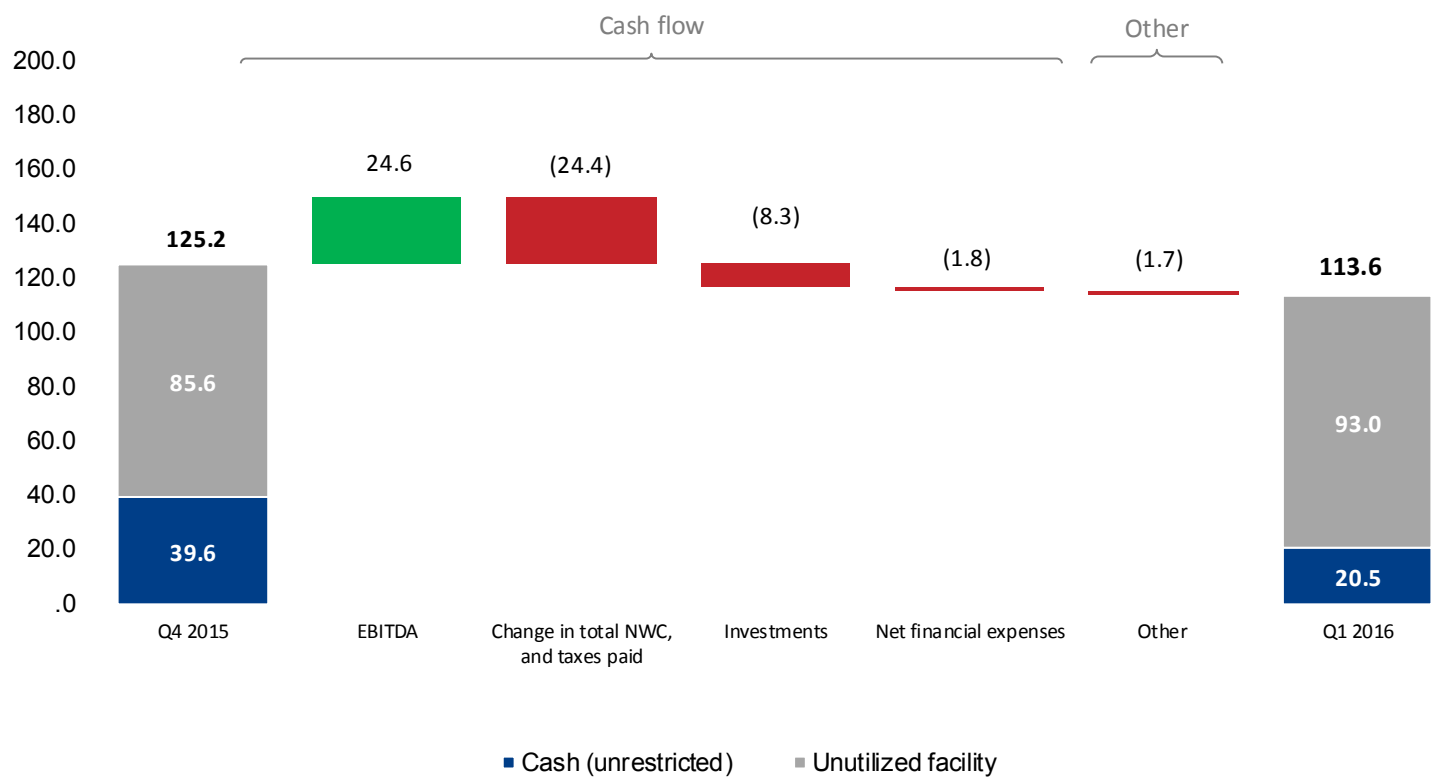
Free Cash Flow (LTM)
EUR million



- ▶ Last Twelve Months Free Cash Flow before repayment of debt
- ▶ Free Cash Flow trend mainly impacted by decreased EBITDA and increased investments

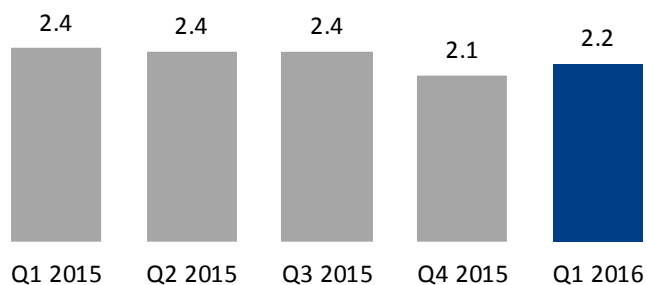
Cash flow and facility development

Available funds
EUR million

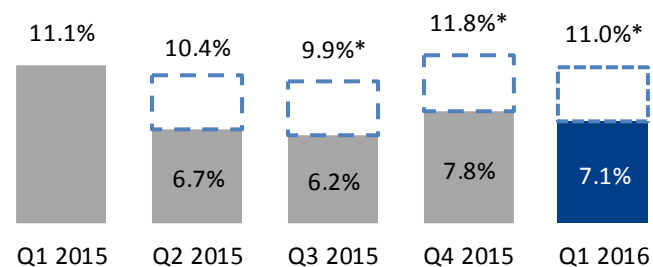


Financial ratios

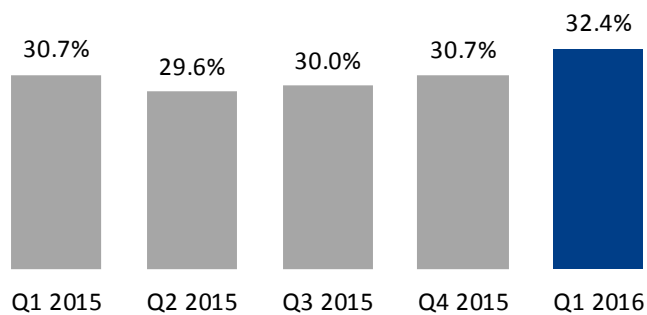
NIBD/EBITDA
Times



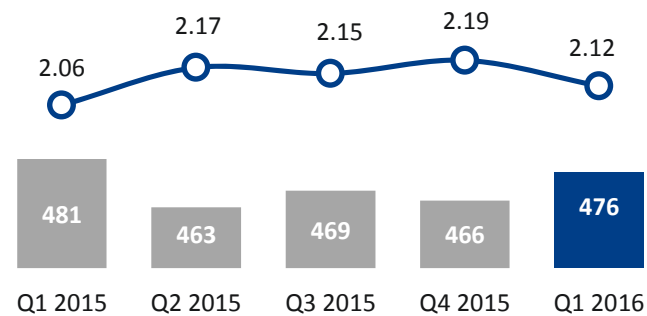
ROCE (Ltm)
Percent



Equity ratio
Percent



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

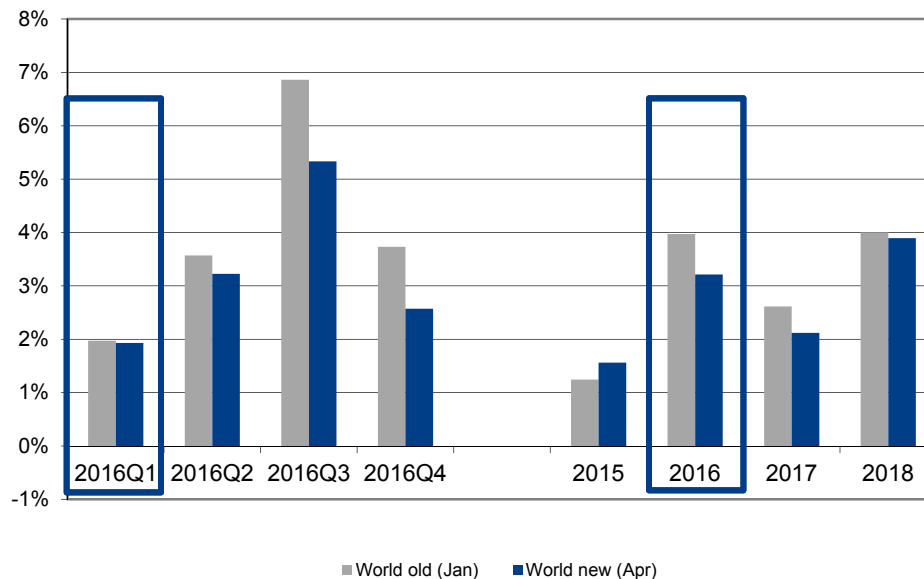




Philippe Toth, SVP Business Development & IR
MARKET UPDATE

Light vehicle production – Q1 2016

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



Europe: Western European market up, but mainly due to heavy discounts and low interest rates. Russia further down.

1.9%

North America: Continue growth, but starts to level off

4.4%

China: Growth in China has picked up again. Some of this caused by lower purchase tax

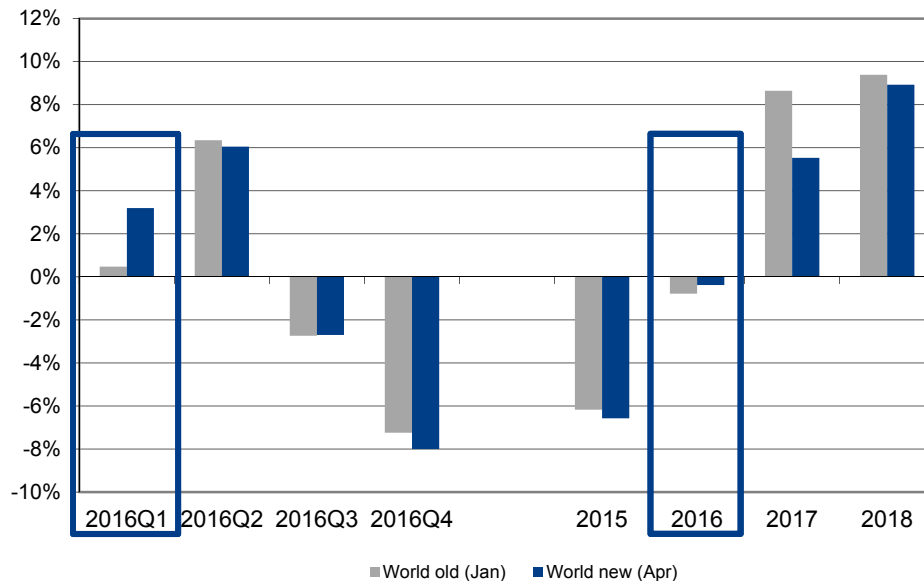
8.6%

Global production in Q1 2016, ended 1.9% higher than Q1 of 2015
Forecasted 3.2% growth for whole year to 91.5 million vehicles

1.9%

Commercial vehicle production – Q1-2016

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



Europe: Production continued the upward trend from end of last year, but Russia also continued to decrease.

7.2%

North America: Has now levelled off & starting to decline

-12.3%

China: Production has now started to increase again after 20 months of decline

1.6%

**Global production in Q1 2016, ended 3.2% up compared to Q1 2015
2016 expected at 2015 levels or slight decline to around 2.55 mill vehicles**

3.2%



Hans Peter Havdal
SUMMARY & OUTLOOK

Summary & outlook



- ▶ High quote- and project activity remains
- ▶ Outlook for addressable markets in Europe and China shows growth ahead
- ▶ LDC sales process on track
- ▶ KA expects Q2 2016 revenues to be in line with Q1 2016



Thank you for your attention!
QUESTIONS & ANSWERS



Disclaimer

This presentation contains certain forward-looking information and statements. Such forward-looking information and statements are based on the current, estimates and projections of the Company or assumptions based on information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof.

By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this presentation. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from that or those described herein as anticipated, believed, estimated or expected.

Any forward-looking information or statements in this presentation speak only as at the date of this presentation. Except as required by the Oslo Stock Exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this presentation, including forward-looking information and statements, whether to reflect changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this presentation is based.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

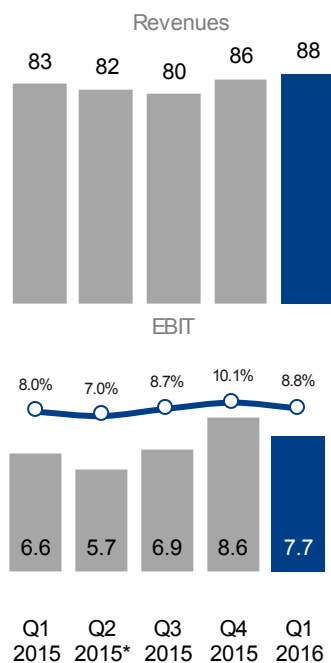


Appendix

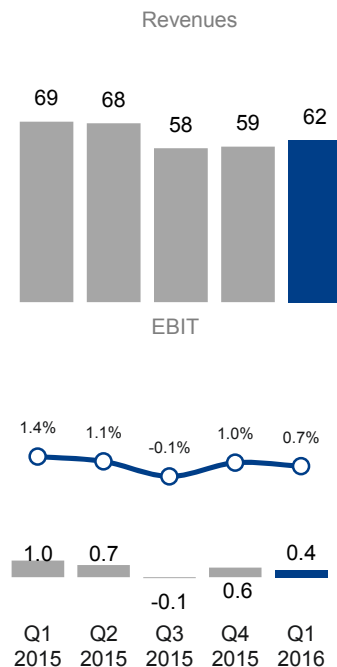
Segment financials 1st quarter

Revenues and EBIT margin
EUR million and percent

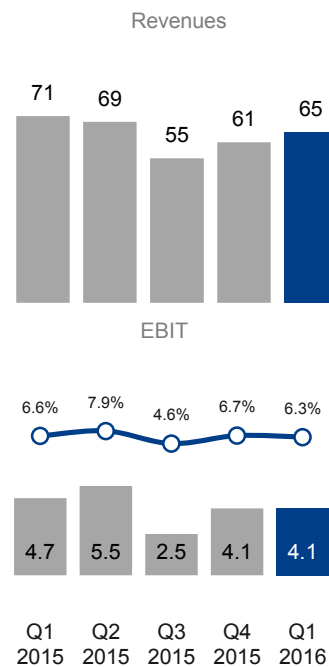
Interior



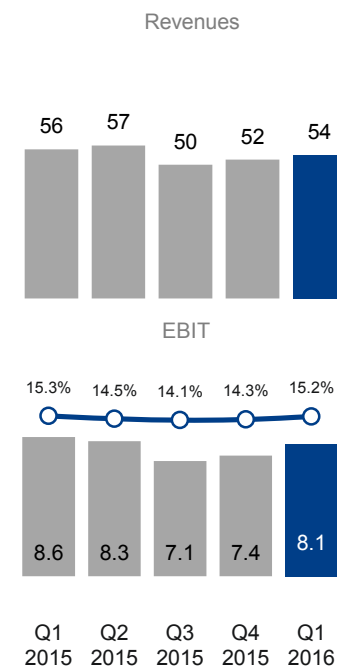
Driveline



Driver Control



Fluid



* Excludes EUR 19.5 million in Goodwill write-off

Consolidated income statement

EUR Million	Twelve months ending				
	31.03.15	30.06.15	30.09.15	31.12.15	31.03.16
Revenues	993.3	1004.9	1010.8	1020.1	1,008.8
OPEX	-895.8	-909.3	-916.0	-917.5	-910.7
EBITDA	97.6	95.6	94.8	102.6	98.1
<i>EBITDA (%)</i>	9.8%	9.5%	9.4%	10.1%	9.7%
D&A	-44.1	-64.8	-65.8	-66.1	-64.2
EBIT	53.4	30.8	29.0	36.5	33.9
<i>EBIT (%)</i>	5.4%	3.1%	2.9%	3.6%	3.4%
Financial items	-40.9	-34.7	-49.2	-32.8	-19.5
Profit before taxes	12.6	-3.9	-20.2	3.7	14.4
Tax	-12.6	-10.7	-5.3	-12.0	-15.7
Net profit	0.0	-14.7	-25.5	-8.3	-1.3

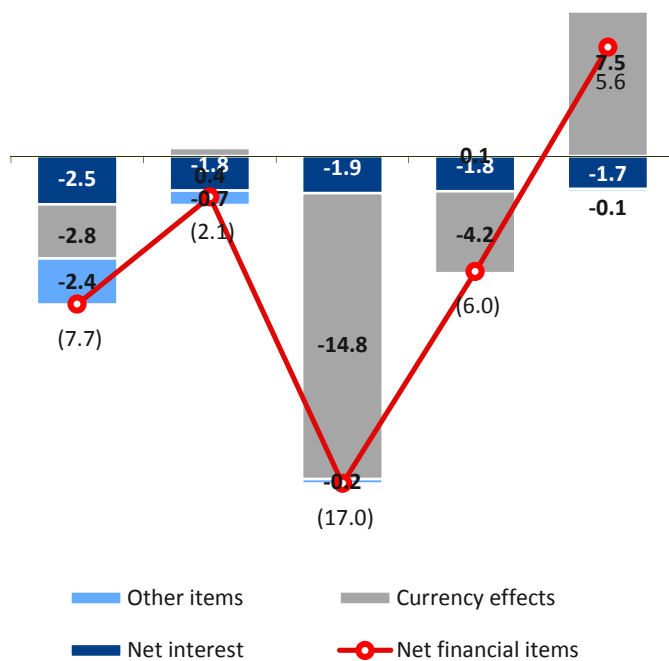
► **REVENUE** run rate impacted by negative currency effects

► **EBIT** run rate impacted lower sales volumes and increased R&D activity to support future growth opportunities

Financial items

Net financial items
EUR million

Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016



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

- ▶ **Unrealized currency gains primarily without cash effect**

Enhancing the driving experience



KONGSBERG
AUTOMOTIVE