KONGSBERG
AUTOMOTIVE

# 1st Quarter Report 2012

## Kongsberg Automotive Group

Enhancing the driving experience

2012

# Contents

# Highlights for the first quarter 2012

- Revenues of EUR 267 million in line with the first quarter last year
- EBITDA of EUR 23.2 million and Net Profit of EUR 10.9 million
- Improved cash flow from operating activities
- Signed formal loan agreement for new 5 year credit facility agreement
- The market outlook for the second quarter indicates a revenue level of approximately EUR 260 million

# Key figures

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenues | 267.8 | 267.4 | 999.7 |
| **EBITDA** | **23.2** | **29.8** | **82.0** |
| EBITDA % | 8.7 % | 11.1 % | 8.2 % |
| **Net profit** | **10.9** | **14.3** | **7.8** |
| | | | |
| NIBD/EBITDA | 4.1 | 4.2 | 3.9 |
| Equity ratio (%) | 23.8 % | 22.9 % | 23.3 % |

# Financials & segments KA Group

## First quarter 2012

### Condensed consolidated statement of profit and loss

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 267.8 | 267.4 | 999.7 |
| Opex | (244.6) | (237.6) | (917.7) |
| **EBITDA** | **23.2** | **29.8** | **82.0** |
| *EBITDA (%)* | *8.7 %* | *11.1 %* | *8.2 %* |
| Depreciation and amortization | (10.4) | (10.4) | (43.5) |
| **EBIT** | **12.8** | **19.4** | **38.5** |
| *EBIT (%)* | *4.8 %* | *7.2 %* | *3.9 %* |
| Net financial items | 1.9 | (0.6) | (30.4) |
| **Profit before taxes** | **14.7** | **18.8** | **8.2** |
| Income taxes | (3.2) | (2.3) | (8.6) |
| Change in deferred tax | (0.6) | (2.2) | 8.2 |
| **Net profit** | **10.9** | **14.3** | **7.8** |

### Revenues

Group revenues amounted to EUR 267.8 million in the first quarter of 2012, including a positive currency effect of EUR 3.8 million. This was in line with the first quarter last year.

Higher volumes and price increases generated higher revenue in Interior- and Fluid Transfer business areas compared to the first quarter last year. However these effects were offset by lower revenues in Driveline due to weak performance of the French OEMs and in Actuation & Chassis due to general weaker European truck market.

### EBITDA

Group EBITDA was EUR 23.2 million in the first quarter of 2012, a reduction of EUR 6.6 million compared to first quarter 2011. The EBITDA margin declined 2.4 % points to 8.7%.

The EBITDA margin has improved in Interior, Fluid Transfer and PPS due to the effects of improvement actions done throughout 2011. These business areas continue the positive trend seen over the last quarters. However, these effects were more than offset by operational issues, sales mix and material cost increase in Driveline, as well as higher cost and negative sales mix in Actuation & Chassis. The higher cost in A&C reflects a higher project base for future opportunities.

### Net financials

Net financials (see note 3) were EUR 1.9 million in the first quarter of 2012, compared to EUR -0.6 million in the same period 2011. Lower interest expenses and foreign currency gain due to favorable currency conversion of group loans, were only partly offset by lower values of currency contracts.

### Profit before tax

Profit before tax was EUR 14.7 million in the first quarter of 2012. This was a reduction of EUR 4.1 million from the first quarter 2011.

# Statement of cash flow and financial position

## Condensed statement of cash flow

| MEUR | 31.03.12 | 31.03.11 | 31.12.11 |
|---|---|---|---|
| | | | |
| Cash flow from operating activities | 10.4 | (5.1) | 41.2 |
| Cash flow from investing activities | (7.2) | (7.4) | (35.4) |
| Cash flow from financing activities | (14.4) | (27.1) | (55.3) |
| Currency effects on cash | (2.3) | (6.8) | 0.7 |
| | | | |
| Net change in cash | (13.5) | (46.5) | (48.7) |
| Net cash at 01.01 (incl bank overdraft) | 52.3 | 101.0 | 101.0 |
| **Net cash at period end (incl bank overdraft)** | **38.7** | **54.5** | **52.3** |
| Of this, restricted cash | 2.6 | 1.5 | 3.0 |

Net cash flow from operating activities amounted to EUR 10.4 million in the first quarter 2012, compared to EUR -5.1 million in the corresponding period in 2011.

The increase in Net Working Capital (EUR -13.7 million) in first quarter 2012 was lower compared to same period last year (EUR -36.1 million). Accounts receivables increased by EUR 23.1 million to EUR 168.8 million during the first quarter of 2012 reflecting higher activity in the beginning of the year compared to December last year. Accounts payables increased by EUR 7.2 million to EUR 116.6 million and inventories declined EUR 2.2 million to EUR 92.2 million in the same period.

Net working capital in percent of revenues was reduced by 0.1 % points from 14.5 % in first quarter last year to 14.4 % in first quarter this year.

The main driver in investing activities (EUR -7.2 million)  was capital expenditure of EUR -7.3 million in the first quarter 2012 which was on the same level as the same period in 2011 (EUR -7.5 million).

Net cash flow from financing activities was EUR -14.4 million in first quarter 2012, compared to EUR -27.1 million in first quarter 2011. The change primarily reflects a higher reduction in the drawn amounts on the DNB / Nordea facility.

The total net change in cash amounted to EUR -13.5 million since year end 2011. This included a decline in the cash holding from EUR 82.5 million at the beginning of the year to EUR 78.6 million per 31 March 2012, and an increase in bank overdraft from EUR 30.2 million to EUR 39.9 million during the same period.

## Statement of financial position

Total assets were EUR 806.1 million per 31 March 2012, an increase of EUR 12.2 million since year end 2011, mainly due to increased working capital as described above.

Equity amounted to EUR 192.2 million per 31 March 2012, an increase of EUR 7.0 million from the end of 2011, reflecting the positive net profit. The equity ratio was 23.8 %, an increase from 23.3% per 31 December 2011.

Gross interest bearing debt amounted to EUR 393.5 million at the end first quarter 2012, compared to EUR 398.3 million at the end of 2011.

Net interest bearing debt was EUR 314.9 million, reduced by EUR -0.9 million from the end of 2011, including a currency effect of EUR -7.1 million.

For more information see section Consolidated statement of financial position on page 13.

# Financing and funding

The maturity schedule for the new facility agreement is as follows (in local currencies, million):

| Year | EUR | USD |
|---|---|---|
| Repayable during 2012 | 30.0 | |
| Repayable during 2013 | 40.0 | |
| Repayable during 2014 | 40.0 | |
| Repayable during 2015 | 40.0 | |
| Repayable during 2016 | 40.0 | |
| Repayable during 2017 (and later) | 75.8 | 195.1 |
| **Total** | **265.8** | **195.1** |

On 30 March 2012, Kongsberg Automotive Holding signed a new 5 year facility agreement with DNB and Nordea. The facility is composed of two tranches of USD 195.1 million and EUR 265.8 million. The final maturity is 30 March 2017.

Financials covenants are as follows:

- Minimum equity ratio of 20% in 2012 increasing progressively to 25% in 2014.
- Minimum liquidity of EUR 50 million
- Maximum Gearing Ratio of 5x in 2012 decreasing to 3x in June 2014.

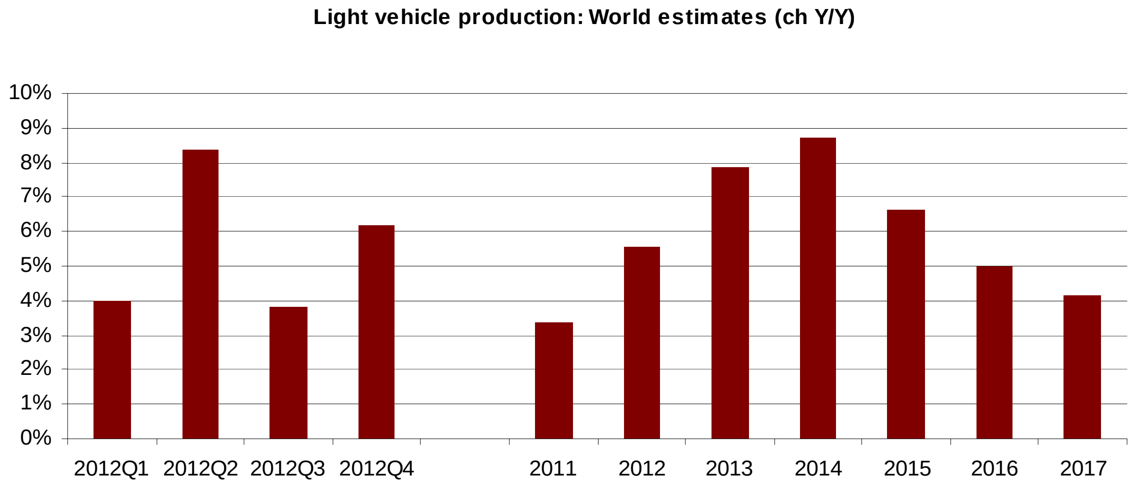
The margin is based on the Gearing Ratio level within a range from 475bps to 225bps.

At the end of the first quarter 2012, the equity ratio was 23.8%, the liquidity reserve EUR 124.0 million. Please see also note 3.

# Market outlook

## Light vehicle production estimates – April 2012

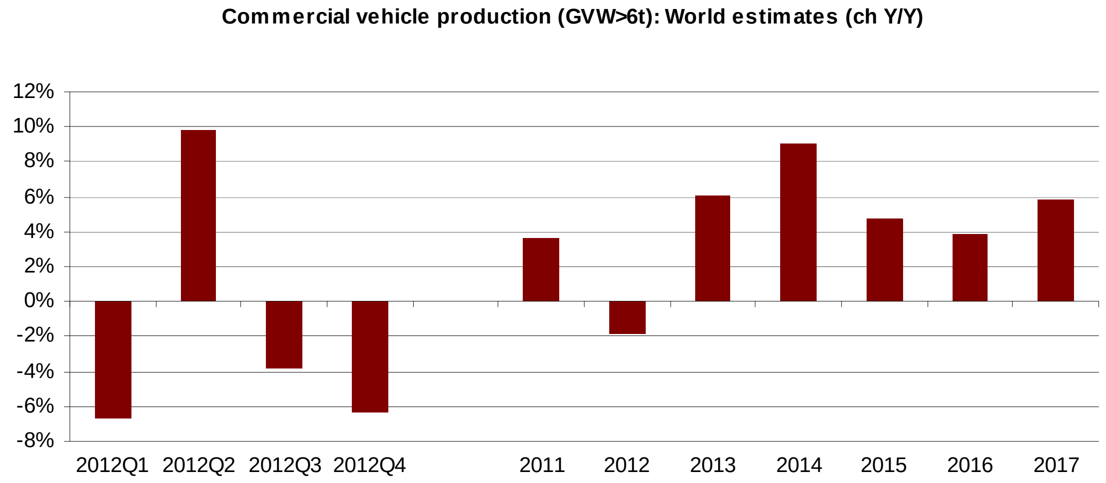
Year-on-year change in production growth rate (source: LMC Automotive):




Light vehicle production (LVP) is expected to grow to approximately 81 million vehicles in 2012. All regions are expected to grow with the exception of Europe which is expected to decline by 5.4%. This downturn is mainly expected in Southern Europe while Northern Europe is expected to stay rather stabile.

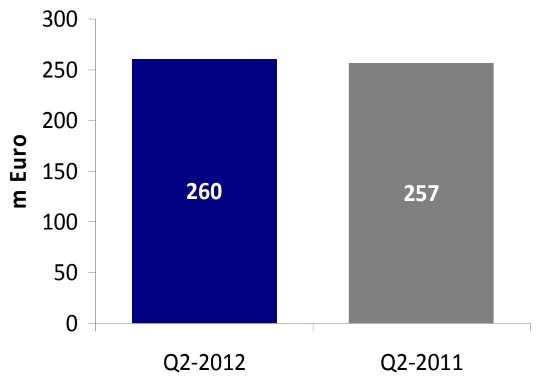
## Commercial vehicle production estimates – April 2012

Year-on-year change in production growth rate (source: LMC Automotive):




Commercial vehicle production (CVP) is expected to reach approximately 2.8 million vehicles in 2012 leading to a decline of approximately 2%. Most of the geographical regions are expected to be negatively affected although North America is still expected to grow around 12% in 2012.

## Revenue outlook for second quarter 2012




The company expects revenue of approximately EUR 260 m for the second quarter 2012, based on underlying production of vehicles and indications from customers.

# Interior

***Interior is*** a global leader in the development, design and manufacture of seat comfort systems and mechanical and electro-mechanical light-duty motion controls to Tier 1 and OEM customers. The product range includes; seat adjuster cables and other cabling systems, lumbar support and side bolsters, seat heating, ventilation and massage systems, arm rests and head restraints.

The *Interior* products address the passenger car and commercial vehicle markets, with particularly strong positions in the European and North American markets. Market penetration for products such as seat heating, seat ventilation and massage systems is especially high in medium to higher end cars, whereas headrests and light duty cables can be found in all ranges of cars. Customers include all major European and North American car and seat manufacturers such as Johnson Controls, Faurecia, Audi, Volvo and BMW.

## Key figures – Interior

| **MEUR** | **Q1 2012** | **Q1 2011** | **2011** |
|---|---|---|---|
| Revenue | 69.0 | 65.5 | 247.9 |
| **EBITDA** | **7.9** | **6.6** | **18.6** |
| *EBITDA (%)* | *11.5 %* | *10.1 %* | *7.5 %* |
| Depreciation | (1.7) | (1.6) | (6.3) |
| Amortization | (0.5) | (0.6) | (2.3) |
| **EBIT** | **5.7** | **4.4** | **10.0** |
| *EBIT (%)* | *8.3 %* | *6.7 %* | *4.0 %* |
| | | | |
| Capex | 2.0 | 3.4 | 9.5 |
| Capital Employed * | 152.4 | 147.4 | 149.7 |

* Include PP&E, intangible assets, inventories, trade receivables and trade payables

## Financial update

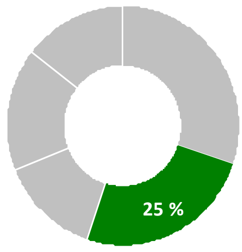
*Interior* revenues increased by EUR 3.5 million (5.3%) to EUR 69.0 million in the first quarter 2012, including a negative currency effect of EUR -0.6 million. Higher revenues were mainly a result of higher volumes due to a strength-ened market in North America.

EBITDA was EUR 7.9 million in the first quarter of 2012, an increase of EUR 1.3 million (19.7%) from the same period last year. EBITDA margin is up 1.4 % points to 11.5 % in first quarter 2011 compared to the same period last year. The EBITDA improvement mainly reflects a conversion of the higher revenue in addition to continued improvement actions which more than offset price reductions and economics.

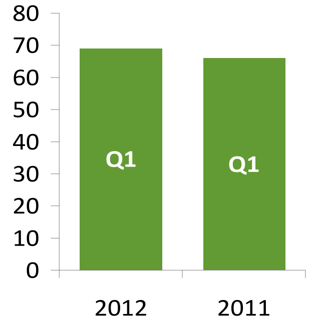
## Operational update

The production has started for the new massage system on front seats in Europe and the rear seats in the Chinese market.
The Burton transfer was executed on time and starting to demonstrate operational benefit.

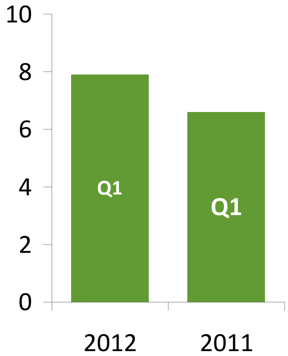
**Share of Q1 2012 revenue**




**Revenue (MEUR)**




**EBITDA (MEUR)**



# Driveline

*Driveline* is a global Tier 1 supplier of driver controls in the automotive market. The portfolio includes custom-engineered cable controls and complete shift systems, including shifter modules, shift cables and shift towers.

The *Driveline* products address the passenger car market, with particularly strong positions in Europe. With a global footprint, Driveline is able to support customers worldwide. Key customers include Ford, General Motors, Volvo and Renault-Nissan.

### Key figures – Driveline

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 84.9 | 87.7 | 327.3 |
| **EBITDA** | **1.2** | **6.8** | **6.4** |
| *EBITDA (%)* | *1.4 %* | *7.8 %* | *2.0 %* |
| Depreciation | (2.1) | (2.0) | (9.9) |
| Amortization | (0.7) | (0.8) | (3.3) |
| **EBIT** | **(1.6)** | **4.0** | **(6.7)** |
| *EBIT (%)* | *-1.9 %* | *4.6 %* | *-2.1 %* |
| Capex | 3.0 | 1.3 | 8.9 |
| Capital Employed * | 105.1 | 98.5 | 104.5 |

* Include PP&E, intangible assets, inventories, trade receivables and trade payables

### Financial update

*Driveline* revenues declined by EUR 2.8 million (3.2%) to EUR 84.9 million in the first quarter 2012, compared to the same quarter 2011, including a positive currency effect of EUR 1.5 million. The decline in revenue was mainly due to a general decline in sales to the French OEMs.

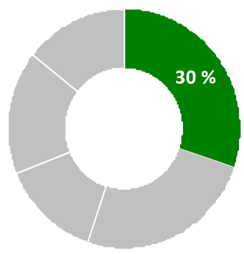
EBITDA was EUR 1.2 million in the first quarter, down with EUR 5.6 million compared with first quarter 2011. EBITDA margin was 1.4 %, down 6.4 % points from the comparable quarter last year, which included profit on tooling of EUR 1.2 million. Lower revenue, higher material cost and continued operational issues are the key elements explaining the lower profitability.

### Operational update

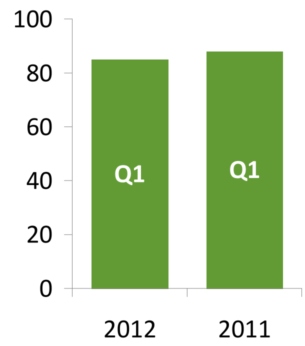
The following actions are being worked on to improve the margin:

- Commercial terms are being negotiated with 3 key customers
- Seeking raw material compensation
- Dassel closing in progress
- Further operational improvements initiated

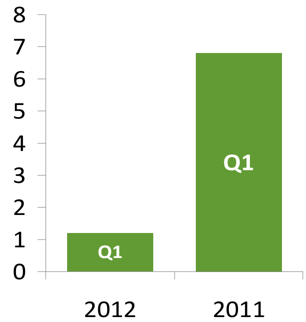
**Share of Q1 2012 revenue**




**Revenue (MEUR)**




**EBITDA (MEUR)**



# Fluid Transfer

*Fluid Transfer* designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, as well as coupling systems for compressed-air circuits in heavy trucks. The business area is also specialized in manufacturing tube and hose assemblies for difficult environments.

Fluid Transfer products primarily address the commercial vehicle market, with particularly strong positions in the United States and Western Europe.

Key customers in commercial vehicles include Volvo Trucks and Navistar. OEM automotive customers are Volvo, Ford and Jaguar Land Rover. Key Tier 1 automotive customers include TI Automotive, Cooper Standard Automotive and Martinrea in addition to an industrial customer base primarily in North America and Europe. The business area provides completely engineered flexible fluid assemblies for all market segments in which it operates.

## Key figures – Fluid Transfer

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 45.4 | 44.3 | 170.9 |
| **EBITDA** | **7.8** | **6.7** | **27.3** |
| *EBITDA (%)* | *17.1 %* | *15.1 %* | *16.0 %* |
| Depreciation | (1.7) | (1.5) | (6.3) |
| Amortization | (0.9) | (0.8) | (3.3) |
| **EBIT** | **5.3** | **4.3** | **17.7** |
| *EBIT (%)* | *11.6 %* | *9.7 %* | *10.4 %* |
| | | | |
| Capex | 0.6 | 0.8 | 5.3 |
| Capital Employed * | 116.7 | 118.8 | 117.8 |

* Include PP&E, intangible assets, inventories, trade receivables and trade payables

## Financial update

*Fluid Transfer* revenue increased by EUR 1.1 million (2.5%) to EUR 45.4 million in the first quarter, including a positive currency effect of EUR 1.1 million.

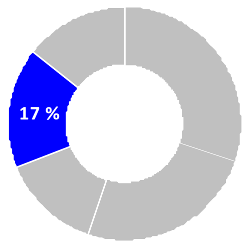
Revenue also reflects pricing actions implemented during the quarter to address significant raw material price increases. Automotive and commercial vehicle strength in North America was offset by weakness in Europe for coupling systems to the truck market.

EBITDA was EUR 7.8 million, an increase of EUR 1.1 million compared with the first quarter 2011. The EBITDA margin increased 2.1 % points to 17.1 %, due to operational improvements and previously mentioned pricing actions in response to commodity inflation.

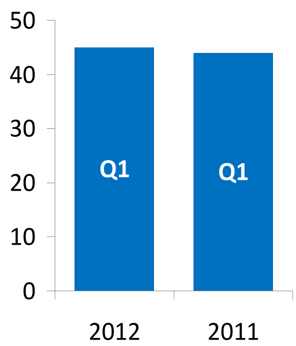
## Operational update

Price compensation secured to address significant raw material price increases.
Potential supply chain disruption: On the 31st March, Evonik Industries'

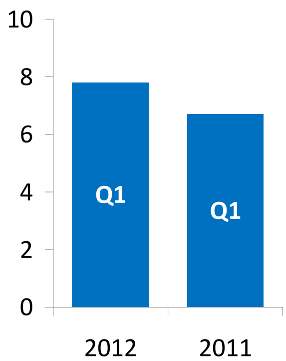
**Share of Q1 2012 revenue**




**Revenue (MEUR)**




**EBITDA (MEUR)**



production site in Germany suffered a major accident. The site produces CDT, a raw material in the production of a plastic resin PA 12.
Evonik is providing 30 % of the global consumption of CDT.
The global supply of PA 12 is at risk for the next 6 months, potentially affecting the plants in Raufoss Norway, Epila Spain and Suffield, USA.
FTS is undertaking the following actions

- Maximizing utilization of existing stock
- Buying available stocks as we can source them.
- Looking for alternative materials jointly with our customers
- We are also working closely with our suppliers and customers

# Actuation & Chassis

*Actuation & Chassis* is a global developer and manufacturer of operator control systems for commercial and industrial vehicle markets, offering a robust product portfolio of clutch actuation systems, gearshift systems, vehicle dynamics and steering columns.

Actuation & Chassis' products address the commercial vehicle market, with particularly strong positions in Europe, Brazil, and Korea. Key customers include Volvo Trucks, Scania, MAN, Hyundai and DAF.

### Key figures – Actuation & Chassis

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 39.2 | 42.0 | 166.0 |
| **EBITDA** | **4.7** | **7.6** | **25.7** |
| *EBITDA (%)* | *12.0 %* | *18.1 %* | *15.5 %* |
| Depreciation | (1.2) | (1.2) | (4.7) |
| Amortization | (0.4) | (0.5) | (1.9) |
| **EBIT** | **3.1** | **5.9** | **19.1** |
| *EBIT (%)* | *7.9 %* | *14.0 %* | *11.5 %* |
| | | | |
| Capex | 0.7 | 1.2 | 5.1 |
| Capital Employed * | 83.8 | 81.1 | 80.0 |

* Include PP&E, intangible assets, inventories, trade receivables and trade payables

### Financial update

*Actuation & Chassis* revenues were down EUR 2.8 million (6.7 %) to EUR 39.2 million in the first quarter 2012 compared to the first quarter 2011, inclusive of a positive currency effect of EUR 1.0 million.

The revenue decline reflects a weak European commercial vehicle market due to the general economic situation. Furthermore, the Brazilian truck market is down due to the introduction of the EURO 5 emission standards in 2012, and the Chinese truck production slowed down, reflecting reduced economic growth.

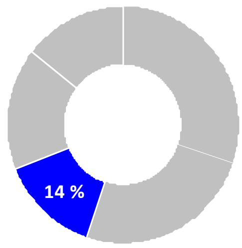
EBITDA was EUR 4.7 million, which was EUR 2.9 million below the first quarter 2011. Lower top-line was accompanied by lower margin performance, and the EBITDA margin declined 6.1% points to 12.0%.

Fixed costs have increased from last year due to increased R&D and new product launch activities. An unfavourable sales mix also contributed to the lower margins.

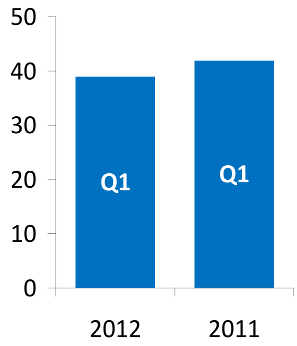
### Operational update

The operational gaps in the Norwegian plants have been reduced. The performance in Rollag (Norway) shows positive improvement based on the agreed turnaround plan.
High R&D activity level due to strong customer interests in A&C product offering.

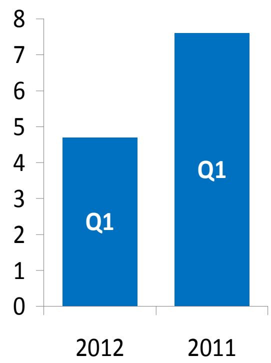
**Share of 2012 revenue**




**Revenue (MEUR)**




**EBITDA (MEUR)**



# Power Products

*Power Products* is one of the global leaders in the design, manufacture and supply of vehicle operator control systems, providing quality engineered pedal systems, electronic displays and a full range or mechanical and electronic controls to the world's foremost manufacturers of industrial, agricultural and construction vehicles.

PPS' products and services support the off-highway vehicle markets of Lawn & Garden, Agriculture, Construction and Power Sports, with particularly strong positions in Europe and North America. Key customers include John Deer, Husqvarna, MTD and BRP.

### Key figures – Power Products Systems

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 40.1 | 39.3 | 133.3 |
| **EBITDA** | **5.8** | **5.5** | **18.5** |
| *EBITDA (%)* | *14.6 %* | *14.1 %* | *13.9 %* |
| Depreciation | (0.4) | (0.4) | (1.7) |
| Amortization | (0.8) | (0.8) | (3.0) |
| **EBIT** | **4.7** | **4.3** | **13.8** |
| *EBIT (%)* | *11.7 %* | *11.0 %* | *10.4 %* |
| | | | |
| Capex | 0.3 | 0.4 | 2.5 |
| Capital Employed * | 57.2 | 59.9 | 53.8 |

* Include PP&E, intangible assets, inventories, trade receivables and trade payables

### Financial update

*Power Products* revenues were up EUR 0.8 million (+2.0%) to EUR 40.1 million in the first quarter, including a positive currency effect of EUR 1.1 million.

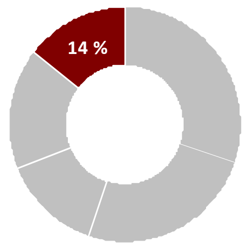
Revenues in Europe are down year-on-year in the agriculture and general industrial sectors, which mirrors the slow European economy. Revenues from the construction sector were strong, driven by new product introductions to meet Tier 4 emission standards. Revenues in North America and China show positive growth compared to 2011.

EBITDA was EUR 5.8 million in the first quarter, which was EUR 0.3 million above first the quarter 2011. This reflects higher revenue, improved operational performance, and positive product mix. Higher revenues and margins are driven by new electronics related products that more than offset a slower European market. Growth in Asia lifted net margins.

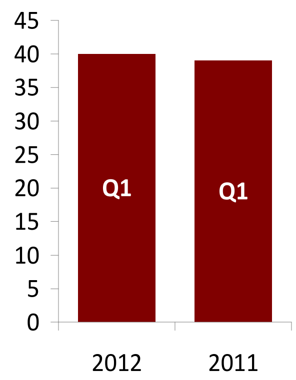
### Operational update

New product launches continue to provide revenue growth.
Consolidation initiatives executed in 2010 - 2011 are giving improved margins.

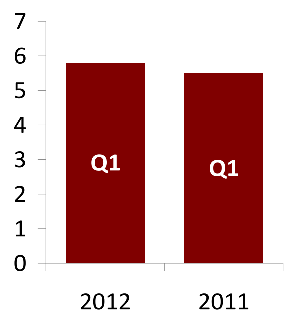
**Share of Q1 2012 revenue**




**Revenue (MEUR)**




**EBITDA (MEUR)**



# Consolidated statement of comprehensive income

| MEUR | Q1 2012 | Q1 2011 | 2011 |
|---|---|---|---|
| Revenue | 267.8 | 267.4 | 999.7 |
| Opex | (244.6) | (237.6) | (917.7) |
| **EBITDA** | **23.2** | **29.8** | **82.0** |
| *EBITDA (%)* | *8.7 %* | *11.1 %* | *8.2 %* |
| Depreciation and amortization | (10.4) | (10.4) | (43.5) |
| **EBIT** | **12.8** | **19.4** | **38.5** |
| *EBIT (%)* | *4.8 %* | *7.2 %* | *3.9 %* |
| Net financial items | 1.9 | (0.6) | (30.4) |
| **Profit before taxes** | **14.7** | **18.8** | **8.2** |
| Income taxes | (3.2) | (2.3) | (8.6) |
| Change in deferred tax | (0.6) | (2.2) | 8.2 |
| **Net profit** | **10.9** | **14.3** | **7.8** |
| Translation differences | (7.2) | (11.4) | 6.5 |
| Tax on translation differences | 4.0 | 3.7 | (3.7) |
| **Total comprehensive income for the period** | **7.7** | **6.6** | **10.5** |
| *Net profit attributable to:* | | | |
| Equity holders (parent company) | 10.9 | 14.1 | 7.5 |
| Non-controlling interests | 0.0 | 0.2 | 0.3 |
| **Total** | **10.9** | **14.3** | **7.8** |
| *Total comprehensive income attributable to:* | | | |
| Equity holders (parent company) | 7.7 | 6.4 | 10.2 |
| Non-controlling interests | 0.0 | 0.2 | 0.3 |
| **Total** | **7.7** | **6.6** | **10.5** |
| *Earnings per share:* | | | |
| Basic earnings per share, Euros | 0.03 | 0.04 | 0.02 |
| Diluted earnings per share, Euros | 0.03 | 0.04 | 0.02 |

# Consolidated statement of financial position

| MEUR | 31.03.12 | 31.03.11 | 31.12.11 |
|---|---|---|---|
| Deferred tax asset | 54.6 | 57.2 | 50.6 |
| Intangible assets | 239.5 | 244.1 | 242.9 |
| Property, plant and equipment | 131.6 | 128.3 | 132.6 |
| Other non-current assets | 3.5 | 2.8 | 3.2 |
| **Total non-current assets** | **429.2** | **432.3** | **429.3** |
| | | | |
| Inventories | 92.2 | 85.8 | 94.4 |
| Account receivables | 168.8 | 168.4 | 145.6 |
| Other short term receivables | 37.2 | 35.7 | 42.0 |
| Cash and cash equivalents | 78.6 | 69.4 | 82.5 |
| **Total current assets** | **376.8** | **358.5** | **364.6** |
| | | | |
| **Total assets** | **806.1** | **791.6** | **793.9** |
| | | | |
| Share capital | 26.3 | 25.5 | 26.2 |
| Share premium reserve | 221.8 | 215.3 | 217.6 |
| Other equity | (61.7) | (65.4) | (65.1) |
| Non-controlling interests | 5.8 | 6.0 | 6.6 |
| **Total equity** | **192.2** | **181.4** | **185.2** |
| | | | |
| Interest bearing loans and borrowings | 312.5 | 338.9 | 326.9 |
| Deferred tax liabilities | 21.7 | 27.5 | 19.7 |
| Other long term liabilities | 14.4 | 15.7 | 14.5 |
| **Total non-current liabilities** | **348.7** | **382.1** | **361.1** |
| | | | |
| Bank overdraft | 39.9 | 15.0 | 30.2 |
| Other short term liabilities, interest bearing | 41.1 | 24.8 | 41.2 |
| Accounts payable | 116.6 | 118.4 | 109.4 |
| Other short term liabilities | 67.6 | 70.0 | 66.7 |
| **Short current liabilities** | **265.2** | **228.1** | **247.5** |
| | | | |
| **Total liabilities** | **613.9** | **610.2** | **608.6** |
| | | | |
| **Total equity and liabilities** | **806.1** | **791.6** | **793.9** |

# Consolidated statement of changes in equity

| MEUR | 31.03.12 | 31.03.11 | 31.12.11 |
|---|---|---|---|
| | | | |
| **Equity as of start of period** | **185.2** | **174.6** | **174.6** |
| | | | |
| Net profit for the period | 10.9 | 14.3 | 7.8 |
| Translation differences | (7.2) | (11.4) | 6.5 |
| Tax on translation differences | 4.0 | 3.7 | (3.7) |
| *Total comprehensive income* | *7.7* | *6.6* | *10.5* |
| | | | |
| Options contracts (employees) | 0.2 | 0.2 | 0.8 |
| Treasury shares | 0.0 | 0.0 | 0.1 |
| Other changes in non-controlling interest | (0.5) | 0.0 | (0.5) |
| Other changes in equity | (0.4) | 0.0 | (0.3) |
| | | | |
| **Equity as of end of period** | **192.2** | **181.4** | **185.2** |

# Consolidated statement of cash flow

| MEUR | 31.03.12 | 31.03.11 | 31.12.11 |
|---|---|---|---|
| | | | |
| *Operating activities* | | | |
| (Loss) / profit before taxes | 14.7 | 18.8 | 8.2 |
| Depreciation | 7.1 | 6.8 | 29.0 |
| Amortization | 3.3 | 3.6 | 14.4 |
| Interest income | (0.1) | (0.1) | (0.5) |
| Interest expenses | 4.0 | 5.0 | 20.0 |
| Taxes paid | (0.6) | (0.3) | (2.0) |
| (Gain) / loss on sale of non-current assets | 0.0 | 0.0 | (0.2) |
| Changes in accounts receivables | (23.1) | (41.8) | (18.1) |
| Changes in inventory | 2.2 | (2.4) | (10.1) |
| Changes in accounts payables | 7.2 | 8.1 | (2.4) |
| Currency differences over P/L | (7.2) | (3.7) | 8.9 |
| Changes in value of financial derivatives | 0.5 | (1.5) | (1.5) |
| Changes in other items | 2.4 | 2.3 | (4.5) |
| **Cash flow from operating activities** | **10.4** | **(5.1)** | **41.2** |
| | | | |
| *Investing activities* | | | |
| Capital expenditures, incl intangible assets | (7.3) | (7.5) | (35.8) |
| Investments in subsidiaries | 0.0 | (0.1) | (0.1) |
| Interest received | 0.1 | 0.1 | 0.5 |
| **Cash flow from investing activities** | **(7.2)** | **(7.4)** | **(35.4)** |
| | | | |
| *Financing activities* | | | |
| Proceeds from sale of treasury shares | 0.0 | 0.0 | 0.1 |
| Repayment of external loans* | 0.0 | 0.0 | (20.0) |
| Changes in drawn facilities* | (10.0) | (22.1) | (12.3) |
| Interest paid | (3.5) | (4.9) | (19.1) |
| Dividends paid** | (0.5) | 0.0 | (0.5) |
| Other financial charges | (0.4) | (0.1) | (3.5) |
| **Cash flow from financing activities** | **(14.4)** | **(27.1)** | **(55.3)** |
| | | | |
| **Currency effects on cash** | **(2.3)** | **(6.8)** | **0.7** |
| | | | |
| Net change in cash | (13.5) | (46.5) | (48.7) |
| Net cash at 01.01 (including bank overdraft) | 52.3 | 101.0 | 101.0 |
| **Net cash at period end (incl bank overdraft)** | **38.7** | **54.5** | **52.3** |
| Of this, restricted cash | 2.6 | 1.5 | 3.0 |

* See note 3 for comments.
** Dividend to JV partner in Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd (China).

# Notes to the consolidated financial statement

## Note 1 - Disclosures

### General information

Kongsberg Automotive Holding ASA and its subsidiaries develop, manufacture and sell products to the automotive industry all over the world. Kongsberg Automotive Holding ASA is a limited liability company which is listed on the Oslo Stock Exchange. The consolidated interim financial statements are not audited.

### Basis of preparation

This condensed consolidated interim financial information, ended 31 March 2012, has been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS.

### Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the estimated effective tax rate.

### Risks

The Group’s activities are exposed to different types of risks. Some of the most important factors are foreign exchange rates, interest rates, raw material prices and credit risks, as well as liquidity risk. As the Company operates in many countries, it is vulnerable to currency risk. The greatest currency exposure is associated with EUR and USD, while raw material exposure is greatest in copper, zinc, aluminum and steel. The gearing level in the company is high, which influences the liquidity situation in the Group. Uncertainty in the market’s development is still a risk factor. The Board of Directors and management continue to proactively address the risk factors described above.

### Seasonality

The KA Group is to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the 3rd quarter each year having lower sales.

# Note 2 - Segment reporting

## 2.1 Operating reportable segments

**31.03.12**

| MEUR | Driveline | Interior | Actuation & Chassis | Fluid Transfer | Power Products | Elim & other | Group |
|---|---|---|---|---|---|---|---|
| Operating Revenues | 84.9 | 69.0 | 39.2 | 45.4 | 40.1 | (10.7) | 267.8 |
| **EBITDA** | **1.2** | **7.9** | **4.7** | **7.8** | **5.8** | **(4.2)** | **23.2** |
| Depreciation | (2.1) | (1.7) | (1.2) | (1.7) | (0.4) | 0.0 | (7.1) |
| Amortization | (0.7) | (0.5) | (0.4) | (0.9) | (0.8) | (0.1) | (3.3) |
| **EBIT** | **(1.6)** | **5.7** | **3.1** | **5.3** | **4.7** | **(4.3)** | **12.8** |
| *Assets and liabilities* | | | | | | | |
| Goodwill | 6.2 | 72.0 | 27.9 | 47.4 | 6.7 | 0.0 | 160.2 |
| Other intangible assets | 17.5 | 11.8 | 12.6 | 19.5 | 17.3 | 0.7 | 79.4 |
| Property, plant and equipment | 38.7 | 29.8 | 23.7 | 29.4 | 9.6 | 0.5 | 131.6 |
| Inventories | 32.0 | 13.0 | 13.8 | 15.7 | 18.4 | (0.6) | 92.2 |
| Trade receivables | 46.7 | 50.5 | 23.3 | 27.3 | 21.0 | 0.0 | 168.8 |
| Segment assets | 141.2 | 177.0 | 101.1 | 139.3 | 72.9 | 0.6 | 632.1 |
| Unallocated assets | | | | | | 174.0 | 174.0 |
| **Total assets** | **141.2** | **177.0** | **101.1** | **139.3** | **72.9** | **174.5** | **806.1** |
| Trade payables | 36.0 | 24.6 | 17.3 | 22.6 | 15.8 | 0.3 | 116.6 |
| Unallocated liabilities | | | | | | 506.6 | 506.6 |
| **Total liabilities** | **36.0** | **24.6** | **17.3** | **22.6** | **15.8** | **506.9** | **623.2** |
| Capital expenditure | 3.0 | 2.0 | 0.7 | 0.6 | 0.3 | 0.0 | 6.4 |

**31.03.11**

| MEUR | Driveline | Interior | Actuation & Chassis | Fluid Transfer | Power Products | Elim & other | Group |
|---|---|---|---|---|---|---|---|
| Operating Revenues | 87.7 | 65.5 | 42.0 | 44.3 | 39.3 | (11.4) | 267.4 |
| **EBITDA** | **6.8** | **6.6** | **7.6** | **6.7** | **5.5** | **(3.5)** | **29.8** |
| Depreciation | (2.0) | (1.6) | (1.2) | (1.5) | (0.4) | 0.0 | (6.8) |
| Amortization | (0.8) | (0.6) | (0.5) | (0.8) | (0.8) | (0.1) | (3.6) |
| **EBIT** | **4.0** | **4.4** | **5.9** | **4.3** | **4.3** | **(3.6)** | **19.4** |
| *Assets and liabilities* | | | | | | | |
| Goodwill | 5.9 | 70.8 | 26.0 | 45.2 | 7.8 | 0.1 | 155.9 |
| Other intangible assets | 18.3 | 13.8 | 12.9 | 21.6 | 20.8 | 0.7 | 88.1 |
| Property, plant and equipment | 38.4 | 25.8 | 24.2 | 30.4 | 8.8 | 0.6 | 128.3 |
| Inventories | 27.3 | 11.9 | 14.4 | 15.1 | 15.9 | 1.1 | 85.8 |
| Trade receivables | 48.5 | 47.6 | 24.5 | 25.4 | 22.5 | 0.0 | 168.4 |
| Segment assets | 138.5 | 169.9 | 102.0 | 137.7 | 75.8 | 2.6 | 626.5 |
| Unallocated assets | | | | | | 165.1 | 165.1 |
| **Total assets** | **138.5** | **169.9** | **102.0** | **137.7** | **75.8** | **167.7** | **791.6** |
| Trade payables | 40.0 | 22.5 | 20.9 | 19.0 | 15.9 | 0.2 | 118.4 |
| Unallocated liabilities | | | | | | 491.8 | 491.8 |
| **Total liabilities** | **40.0** | **22.5** | **20.9** | **19.0** | **15.9** | **491.9** | **610.2** |
| Capital expenditure | 1.3 | 3.4 | 1.2 | 0.8 | 0.4 | 0.0 | 7.0 |

**31.12.11**

| MEUR | Driveline | Interior | Actuation & Chassis | Fluid Transfer | Power Products | Elim & other | Group |
|---|---|---|---|---|---|---|---|
| Operating Revenues | 327.3 | 247.9 | 166.0 | 170.9 | 133.3 | (45.7) | 999.7 |
| **EBITDA** | **6.4** | **18.6** | **25.7** | **27.3** | **18.5** | **(14.6)** | **82.0** |
| Depreciation | (9.9) | (6.3) | (4.7) | (6.3) | (1.7) | (0.2) | (29.0) |
| Amortization | (3.3) | (2.3) | (1.9) | (3.3) | (3.0) | (0.5) | (14.4) |
| **EBIT** | **(6.7)** | **10.0** | **19.1** | **17.7** | **13.8** | **(15.4)** | **38.5** |
| *Assets and liabilities* | | | | | | | |
| Goodwill | 6.2 | 71.2 | 26.7 | 48.5 | 8.0 | 0.0 | 160.6 |
| Other intangible assets | 17.4 | 12.3 | 12.7 | 20.6 | 18.6 | 0.7 | 82.3 |
| Property, plant and equipment | 38.6 | 28.8 | 24.8 | 29.8 | 10.0 | 0.5 | 132.6 |
| Inventories | 34.9 | 14.1 | 13.3 | 14.9 | 17.8 | (0.6) | 94.4 |
| Trade receivables | 42.4 | 45.0 | 21.5 | 22.7 | 13.9 | 0.1 | 145.6 |
| Segment assets | 139.6 | 171.4 | 99.1 | 136.6 | 68.2 | 0.7 | 615.6 |
| Unallocated assets | | | | | | 178.3 | 178.3 |
| **Total assets** | **139.6** | **171.4** | **99.1** | **136.6** | **68.2** | **179.0** | **793.9** |
| Trade payables | 35.2 | 21.7 | 19.1 | 18.8 | 14.3 | 0.4 | 109.4 |
| Unallocated liabilities | | | | | | 499.3 | 499.3 |
| **Total liabilities** | **35.2** | **21.7** | **19.1** | **18.8** | **14.3** | **499.6** | **608.6** |
| Capital expenditure | 8.9 | 9.5 | 5.1 | 5.3 | 2.5 | 0.0 | 31.3 |

## 2.2 Segments by geographical location

### 2.2.1 Sales to customers by geographical location

| MEUR | 2012 Jan - Mar | % | 2011 Jan - Mar | % | 2011 Jan-Dec | % |
|---|---|---|---|---|---|---|
| Sweden | 22.7 | 8.5 % | 26.0 | 9.7 % | 100.2 | 10.0 % |
| Germany | 34.5 | 12.9 % | 30.8 | 11.5 % | 124.3 | 12.4 % |
| France | 23.0 | 8.6 % | 24.5 | 9.2 % | 85.2 | 8.5 % |
| Other EU | 59.7 | 22.3 % | 63.9 | 23.9 % | 216.0 | 21.6 % |
| **Total EUR** | **140.0** | **52.3 %** | **145.2** | **54.3 %** | **525.8** | **52.6 %** |
| USA | 67.8 | 25.3 % | 62.2 | 23.3 % | 230.8 | 23.1 % |
| NA other | 24.6 | 9.2 % | 27.0 | 10.1 % | 93.1 | 9.3 % |
| **Total NA** | **92.5** | **34.5 %** | **89.2** | **33.4 %** | **323.9** | **32.4 %** |
| China | 16.4 | 6.1 % | 15.0 | 5.6 % | 66.8 | 6.7 % |
| Asia Other | 7.2 | 2.7 % | 8.6 | 3.2 % | 41.4 | 4.1 % |
| **Total Asia** | **23.7** | **8.8 %** | **23.6** | **8.8 %** | **108.2** | **10.8 %** |
| Other countries | 11.7 | 4.4 % | 9.4 | 3.5 % | 41.8 | 4.2 % |
| **Operating revenues** | **267.8** | **100.0 %** | **267.4** | **100.0 %** | **999.7** | **100.0 %** |

All contries with identified revenue of more than 5 % of total revenue are split out

### 2.2.2 Non-current assets by geographical location

| MEUR | 2012 Jan - Mar | % | 2011 Jan - Mar | % | 2011 Jan-Dec | % |
|---|---|---|---|---|---|---|
| USA | 136.4 | 36.7 % | 134.5 | 36.1 % | 143.0 | 38.1 % |
| UK | 15.5 | 4.2 % | 42.8 | 11.5 % | 15.9 | 4.2 % |
| Norway | 32.0 | 8.6 % | 33.3 | 8.9 % | 32.3 | 8.6 % |
| Germany | 27.2 | 7.3 % | 31.4 | 8.4 % | 28.0 | 7.5 % |
| Sweden | 32.1 | 8.7 % | 30.8 | 8.3 % | 31.8 | 8.5 % |
| Poland | 34.9 | 9.4 % | 6.4 | 1.7 % | 31.7 | 8.4 % |
| Other | 92.9 | 25.0 % | 93.1 | 25.0 % | 92.8 | 24.7 % |
| **Total Non-Current Assets*** | **371.2** | **100.0 %** | **372.3** | **100.0 %** | **375.5** | **100.0 %** |

* Non-current assets by geographical location includes Intangible assets (incl. goodwill) and property, plant and equipment.

# Note 3 – Interest bearing loans and borrowings

| MEUR | 31.03.12 | 31.12.11 |
|---|---|---|
| *Non-current liabilities* | | |
| Bank loans | 312.5 | 326.9 |
| | | |
| *Current liabilities* | | |
| Bank overdrafts | 39.9 | 30.2 |
| Other current interest-bearing liabilities | 41.1 | 41.2 |
| **Total interest-bearing liabilities** | **393.5** | **398.3** |

## 3.1 Non-current liabilities

The group has outstanding financing facilities as follows (in local currencies, million):

| Facilities | Currency | Total Amounts | Drawn Amounts | Maturity Date | Interest Rate (incl margin) |
|---|---|---|---|---|---|
| DNB / Nordea Reducing Revolving Facility | | | | | |
| Tranche in EUR* | EUR | 211.4 | 196.0 | 29.12.13 | 3.42 % |
| Tranche in USD* | USD | 195.1 | 186.0 | 29.12.13 | 3.24 % |
| Nordea Revolving Facility | NOK | 250.0 | 0.0 | 29.12.13 | 1.20% - 6.30% |
| DNB Overdraft Facility | NOK | 250.0 | 0.0 | 29.12.13 | 0.50% - 6.30% |
| Innovasjon Norge | NOK | 130.5 | 130.5 | 10.12.21 | 4.90% - 6.09% |

* The total undrawn amount is MEUR 22.2 on the DNB / Nordea Facility.

## 3.2 Other current interest-bearing liabilities

These comprise accrued interest and capital repayments on long-term loans payable within twelve months of the balance sheet date, as well certain other short-term interest-bearing liabilities.

## 3.3 Borrowings by currency

| MEUR | 31.03.12 | 31.12.11 |
|---|---|---|
| EUR | 218.0 | 218.3 |
| USD | 144.7 | 146.9 |
| NOK | 23.9 | 27.4 |
| Other currencies | 6.9 | 5.6 |
| **Total interest-bearing liabilities** | **393.5** | **398.3** |

## 3.4 Maturity schedule

The maturity schedule for liabilities is as follows (in local currencies, million):

Before new facility agreement;

| Year | EUR | USD | NOK |
|---|---|---|---|
| Repayable during 2012 | 40.0 | | |
| Repayable during 2013 | 171.4 | 195.1 | 14.5 |
| Repayable during 2014 | | | 29.0 |
| Repayable during 2015 | | | 29.0 |
| Repayable during 2016 | | | 29.0 |
| Repayable during 2017 (and later) | | | 29.0 |
| **Total** | **211.4** | **195.1** | **130.5** |

After new facility agreement;

| Year | EUR | USD | NOK |
|---|---|---|---|
| Repayable during 2012 | 30.0 | | |
| Repayable during 2013 | 40.0 | | 14.5 |
| Repayable during 2014 | 40.0 | | 29.0 |
| Repayable during 2015 | 40.0 | | 29.0 |
| Repayable during 2016 | 40.0 | | 29.0 |
| Repayable during 2017 (and later) | 75.8 | 195.1 | 29.0 |
| **Total** | **265.8** | **195.1** | **130.5** |

## 3.5 Liquidity reserve

The liquidity reserve of KA group consists of:

| MEUR | 31.03.12 | 31.12.11 |
|---|---|---|
| Free cash | 76.0 | 79.4 |
| Undrawn RRCF EUR/USD | 22.2 | 12.2 |
| Undrawn MNOK 500 Facility | 65.8 | 64.5 |
| **Total (before use)** | **163.9** | **156.1** |
| Used (Bank overdraft) | (39.9) | (30.2) |
| **Unused liquidity reserve** | **124.0** | **125.8** |

## 3.6 Net financials

| MEUR | 31.03.12 | 31.03.11 | 31.12.11 |
|---|---|---|---|
| Interest income | 0.1 | 0.1 | 0.5 |
| Interest expenses | (4.0) | (5.0) | (20.0) |
| Foreign currency gains/losses | 7.2 | 3.7 | (8.9) |
| Change in valuation currency contracts | (0.5) | 1.5 | 1.5 |
| Other financial items | (0.9) | (0.9) | (3.5) |
| **Net financial items** | **1.9** | **(0.6)** | **(30.4)** |

## Other company information

Kongsberg Automotive Holding ASA
Dyrmyrgata 48
3601 Kongsberg, Norway
Phone +47 32 77 05 00
www.kongsbergautomotive.com

**The Board of Directors:**

| | |
|---|---|
| Ulla-Britt Fräjdin-Hellqvist | (Chairman) |
| Thomas Falck | (Shareholder elected) |
| Tone Bjørnov | (Shareholder elected) |
| Magnus Jonsson | (Shareholder elected) |
| Halvor Stenstadvold | (Shareholder elected) |
| Eivind Holvik | (Employee elected) |
| Tonje Sivesindtajet | (Employee elected) |
| Kjell Kristiansen | (Employee elected) |

**Executive Committee:**

| | |
|---|---|
| Hans Peter Havdal | President & CEO |
| Trond Stabekk | Executive Vice President & CFO |

**Investor Relations**

| | |
|---|---|
| Hans Peter Havdal | +47 920 65 690 |
| Trond Stabekk | +47 982 14 054 |
| Philippe Toth | +47 982 14 021 |

**Financial Calendar**

Publication of the quarterly financial statements:

| | Interim Reports | Presentation |
|---|---|---|
| 2nd Quarter 2012 | 12 July, 2012 | 13 July, 2012 |
| 3rd Quarter 2012 | 18 October, 2012 | 19 October, 2012 |
| 4th Quarter 2012 | TBD | TBD |

Date for General Meeting; 5 June 2012