2nd Quarter Report 2017

Kongsberg Automotive

Enhancing the driving experience

2017

CONTENTS

HIGHLIGHTS 2ND QUARTER 2017

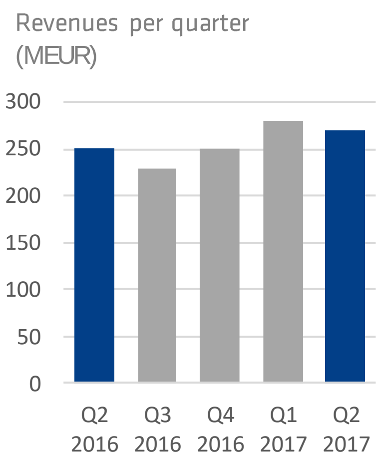
- Revenues were MEUR 268.1 in the second quarter, MEUR 27.1 (11.2%) above the second quarter last year, including positive currency translation effects of MEUR 0.6.
- Adjusted EBIT amounted to MEUR 13.9 in the second quarter, MEUR 4.9 (54.8%) above the second quarter last year.
- During the second quarter the closure of the Basildon plant (UK) was completed.
- Annualized business wins in the second quarter amounted to MEUR 70 bringing the total business wins for the last twelve months to MEUR 290.
- The adjusted gearing ratio (NIBD/EBITDA) was 2.5 at the end of second quarter excluding discontinued operations.

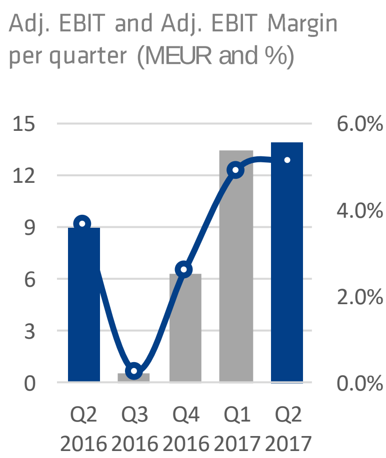
KEY FIGURES

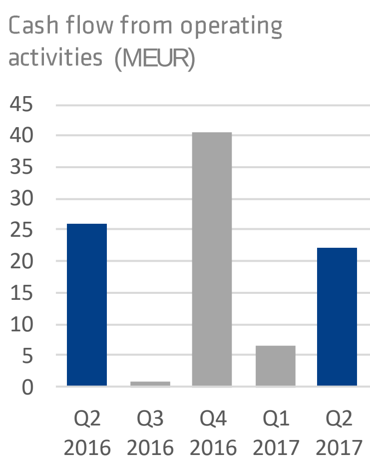
MEUR	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenues	268.1	241.0	538.8	484.8	943.8
EBITDA	23.2	19.3	41.2	41.2	60.1
EBITDA %	8.7%	8.0%	7.7%	8.5%	6.4%
Adjusted EBIT*	13.9	9.0	27.4	20.7	27.7
Adjusted EBIT (%)*	5.2%	3.7%	5.1%	4.3%	2.9%
EBIT	12.7	9.0	19.6	20.7	17.6
EBIT (%)	4.7%	3.7%	3.6%	4.3%	1.9%
Net profit continuing operations	2.9	5.7	2.0	17.9	2.7
Net profit discontinued operations**	0.0	0.0	1.1	0.8	(1.4)
Total net profit	2.9	5.7	3.1	18.7	1.3
Adj. NIBD/ EBITDA (LTM) cont. op.	2.5	2.4	2.5	2.4	2.9
Equity ratio (%)	29.4%	32.7%	29.4%	32.7%	30.2%

* Adjusted for restructuring costs, see section APM for the reconciliation.

** Discontinued operations refer to the Headrest and Armrest business in North America, which was sold during the first quarter 2017. See note 6 for more information.







The above graphs show continuing business only, except cash flow from operation activities.

All amounts in the report represent MEUR unless otherwise noted and have been rounded to the nearest hundred thousand.

CEO LETTER

For the second quarter of 2017, we experienced satisfactory growth, mainly as a result of the platforms where we supply parts to having higher production volumes than last year. As opposed to Q1, we had a better earnings "fall-through" of these additional revenues partly attributable to mix, but also due to some improvements in our operations. On an overall performance basis, at constant FX rates, our revenues are up significantly (11%) compared to Q2 2016. Our adjusted EBIT is up more than 54%, mainly driven by volume, but also by slightly better performance and lower engineering costs. The incremental earnings are somewhat short of what one would normally expect from such volume increase, primarily due to increased commodity prices.

On the restructuring front, we closed our Basildon facility. For a while, we will be supplying our customers out of our inventory banks that we built up prior to closing the Basildon facility. Late in Q3 2016, after we have received customer approvals for the new manufacturing processes and locations, we will start producing the "Basildon parts" in our receiving plants. For the Heiligenhaus facility, we concluded negotiations with the local works council, which enables us to go to the next step, which is to prepare for the transfers and build inventory banks for the transfer period. For the Rollag closure, we are slightly behind plan as one of our customers has unexpectedly increased volume demands, which reduces our ability to build safety stock for the transfer period.

The closing of the sale of our North American head- and armrest business as well as selling our small Basildon based architectural business practically concludes our portfolio "pruning".

Overall Performance and Market Conditions

Our overall Q2 revenues grew by MEUR 27.1 from MEUR 241.0 in the prior year to MEUR 268.1, a growth rate of 11.2% driven by volume increases, slightly and favorable currency translation effects partially offset by negative seasonality effects. The seasonality effect was driven by a reduced number of working days due to the timing of the Easter holidays compared to last year.

Adjusted EBIT for Q2 2017 vs. Q2 2016 grew by MEUR 4.9, a fall through of 18.1%. The fall through percentage was negatively impacted by increased commodity and raw material costs and certain ramp up costs related to our footprint consolidation activities that are not classified as restructuring costs.

Our overall market growth expectations for 2017 and 2018 as presented during our Capital Markets' Day in November 2016 were again largely confirmed in Q2 2017.

The quarterly global light vehicle production increased in H1 by 2.6% vs. prior year, mainly driven by the European 1.2% and Chinese +3.1% markets. North America decreased slightly by – 0.5%, South America was up by 15%.

Global Commercial Vehicle production up 20% in H1 2017, cooling down for H2, with a full year forecast for 2017 of 5% vs. prior year. Full year growth is mainly driven by the Chinese +5% and European +6% markets, in North America (class 8, > 15 tons) is slightly up +2.5%, class 4-7 is also expected to improve over 2017; South America will grow by 3%.

OUTLOOK

The underlying assumptions for our outlook is that there are no significant changes in market conditions and foreign exchange rates.

For the remainder of the year, we expect revenues 2-4% above last year's revenues. This is not an indication of volumes slowing down. Rather, it reflects that the market started ramping in the second half of last year and as we progress through the year, the year over year growth rates will decline somewhat. From an earnings standpoint, we remain committed to the CMD plan from November 2016.

THE BOARD OF DIRECTORS FIRST HALF-YEAR REPORT

Kongsberg Automotive continues to implement the Improvement Plan that was introduced at the 2016 Capital Markets Day and updated at the 2017 Annual General Meeting.

The objectives of this important initiative are to lower the company's structural costs, increase focus on individual product lines, and improve overall operational effectiveness. The board closely monitors progress and is pleased with the pace of implementation. The board would also like to thank the shareholders for the support expressed at the AGM for the many initiatives.

Although the near term focus is on implementing the Improvement Plan, Kongsberg Automotive remains committed to profitable growth. Profitable growth is the key to creating sustainable shareholder value. The reorganization was designed to improve business unit focus on growth opportunities in each of the product businesses. The business unit leaders are developing their plans.

The AGM approved a resolution authorizing a 15% increase in share capital in addition to the customary 10%. The purpose of this is to provide financing flexibility to support growth in the event that a highly strategic and accretive acquisition prospect should materialize. The additional 15% share increase would be used exclusively for acquisitions.

FINANCIALS

The revenues in the first half-year of 2017 amounted to MEUR 538.8 compared to MEUR 484.8 in the same period 2016, including positive currency translation effects of MEUR 6.0.

EBIT was MEUR 19.6 versus MEUR 20.7 in the same period last year. Considering restructuring cost of MEUR -7.8 adjusted EBIT for the first half-year of 2017 was MEUR 27.4, an increase of MEUR 6.7 compared to the first half-year of 2016. A negative swing in net financial cost mainly due to currency effects and an increase in income taxes lead to net profit of MEUR 3,1 versus MEUR 18.7 last year.

OUR MARKETS

Macroeconomic Summary

The global economy remains on course for an acceleration in growth this year: GDP growth could rise to 2.7%, from 2.3% in 2016. We assume that this improvement will continue into 2018, with a 3% rate of growth a central projection. The US economy passed through a soft patch in the first quarter of the year, but looks well placed to improve beyond the second quarter as consumers begin to drive progress. Economic activity in Europe has continued to surprise on the upside recently, leading to upward adjustments from a range of economic forecasters. The macroeconomic outlooks in both China and India have improved marginally during the quarter.

Global Light Vehicle production

The first half year was up by +2.6% (4.3 million vehicles) in 2017 versus 2016 (46.9). This is due to growth in Europe +1.2%, growth in China +3.1% and a slight decline in North America -0.5%. South America is up by +15%.

Expected global growth for FY 2017 is 1.8% YoY, from 93.1 million units to 94.8. This means for Europe +2.8%, China +1.0%, Japan/Korea +4%, North America -1.6% and South America +10%.

Source: IHS LV Production Forecast, June 2017

Commercial Vehicles – Key Developments

Global CV demand is expected to rise by 5%. The regional balance continues to shift towards the emerging markets with a solid start to the year in Asia, combined with emerging recoveries in Latin America and Eastern Europe.

The first half year was up 20% , cooling down for H2, with a full year forecast for 2017 of 5% versus prior year.

Expected FY growth is mainly driven by the Chinese (+5%) and European (+6%) market, in North America class 8 (> 15 tons) is slightly up (+2.5%), class 4-7 is also expected to improve over 2017; South America will grow by 3%.

Source: LMC Automotive Executive Summary, 2nd quarter 2017

RISKS

Kongsberg Automotive continuously monitors its risk factors. The most important risk exposure is end market demand for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, interest rates, raw material prices, and credit risks. Because Kongsberg Automotive operates in many countries, it is vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with EUR and USD exchange rates. The greatest material exposures are within plastic resin, copper, zinc, aluminum and steel. Credit risk depends on the financial health of vehicle manufacturers and their tier-1 and -2 suppliers.

SHARE AND SHAREHOLDERS

During the first half year, the share price has increased from NOK 5.67 to 7.40. The total number of shareholders is 3,569. The total number of shares is 406.8 million. 55% of the shares were held by foreign shareholders.

GROUP FINANCIALS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

MEUR	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenues	268.1	241.0	538.8	484.8	943.8
Opex	(244.9)	(221.7)	(497.5)	(443.6)	(883.7)
EBITDA	23.2	19.3	41.2	41.2	60.1
EBITDA (%)	8.7%	8.0%	7.7%	8.5%	6.4%
Depreciation and amortization/impairment	(10.5)	(10.3)	(21.7)	(20.5)	(42.5)
EBIT	12.7	9.0	19.6	20.7	17.6
EBIT (%)	*4.7%*	*3.7%*	*3.6%*	*4.3%*	*1.9%*
Adjusted EBIT*	13.9	9.0	27.4	20.7	27.7
*Adjusted EBIT (%)**	*5.2%*	*3.7%*	*5.1%*	*4.3%*	*2.9%*
Net financial items	(5.4)	(0.5)	(8.1)	6.6	1.0
Profit before taxes	7.3	8.5	11.5	27.3	18.6
Income taxes	(4.4)	(2.8)	(9.5)	(9.4)	(15.9)
Net profit continuing operations	2.9	5.7	2.0	17.9	2.7
Net profit discontinued operations**	0.0	0.0	1.1	0.8	(1.4)
Total net profit	2.9	5.7	3.1	18.7	1.3

* See section APM for the reconciliation.

** See note six for more information.

REVENUES

Revenues for the Group amounted to MEUR 268.1 in the second quarter of 2017. The revenues were MEUR 27.1 (11.2%) above the comparable period last year, including positive currency translation effects of MEUR 0.6. The higher revenues related to both product and non-product revenues. All three segments contributed to that increase in revenues.

In the Interior Systems segment, which serves the passenger car end market, revenues increased by MEUR 4.8 (8.1%) compared to the second quarter of 2016, including positive currency translation effect of MEUR 1.5. The revenue increase was due to growth in both the European and Chinese Comfort business, partly offset by a decrease in the North American Light Duty Cable business.

In the Powertrain & Chassis segment, which serves both the passenger car and commercial vehicle end markets, revenues increased by MEUR 14.4 (16.0%) compared to the same quarter in 2016, including positive currency translation effect of MEUR 0.1. The revenue increase came from the European, American and Chinese business. The sales growth in Europe is mainly related to programs for shift systems in the passenger car business, the vehicle dynamics business and commercial vehicle business. The sales growth in China is mainly related to new programs for shift systems for the passenger car business.

In the Specialty Products segment, which serves both the passenger car and commercial vehicle end markets, revenues increased by MEUR 7.3 (7.9%) compared to the same quarter in 2016, including negative currency translation effect of MEUR -1.0. Growth in the fluid handling systems, for the automotive and commercial vehicle business in Europe, and for industrial business in the Americas, as well as couplings sales in the commercial vehicle business contributed to that. The off-highway sales increased mainly related to the North American Construction & Agriculture, and Power Sports markets.

EBIT

Adjusted EBIT for the Group was MEUR 13.9 in the second quarter of 2017, an increase of MEUR 4.9 (54.8%) compared to the second quarter of 2016. The effects of higher volumes and lower R&D costs (EUR 2.2 MEUR) were partially offset by increased raw material costs, production relocation costs and start-up costs.

NET FINANCIAL ITEMS

Net financial costs (see note 4.1) were MEUR -5.4 in the second quarter of 2017, compared to MEUR -0.5 in the same period in 2016, an increase of MEUR 4.9. Unrealized and realized currency effects and increased interest expenses due to the new banker waiver contributed to the change.

PROFIT BEFORE TAX / NET PROFIT

Profit before tax amounted to MEUR 7.3 in the second quarter of 2017, a decrease of MEUR 1.2 compared to the same quarter in 2016. The positive change in operating profit was more than offset by the negative change in net financial items. The income tax reflects the expectation that losses due to restructuring expenses will not be tax deductible in their full amounts.

Note

All "Group Financials" tables refer to total Kongsberg Automotive Group incl. continuing and discontinued operations, if not otherwise stated.

GROUP FINANCIALS

CONDENSED STATEMENT OF CASH FLOW

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Cash flow from operating activities	22.2	25.9	28.6	29.3	70.8
Cash flow from investing activities	(11.2)	(11.6)	(19.2)	(19.9)	(50.5)
Cash flow from financing activities	(9.7)	(11.3)	(10.3)	(21.7)	(26.4)
Currency effects on cash	(1.1)	0.3	(1.4)	(0.1)	0.8
Change in cash	0.1	3.3	(2.3)	(12.5)	(5.3)
Cash at beginning period	32.2	24.0	34.6	39.9	39.9
Cash at period end	32.3	27.4	32.3	27.4	34.6
Of this, restricted cash	0.4	0.4	0.4	0.4	0.4

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities decreased by MEUR 3.7 to MEUR 22.2 in the second quarter of 2017 compared to the same quarter last year. The decrease was primarily driven by increased net working capital and an increase in taxes paid, partially offset by the increase in EBITDA. Restructuring costs had little cash effect in the quarter.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounted to MEUR -11.2 in the second quarter of 2017, MEUR 0.4 less than the comparable quarter last year. MEUR 11.9 were invested in capacity expansions to accommodate current and future manufacturing requirements and maintenance investments. This was partially offset by the proceeds from sale of assets of MEUR 0.7.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash flow from financing activities was MEUR -9.7 in the second quarter, compared to MEUR -11.3 in the comparable quarter last year. The decrease was driven by lower debt repayments, partially offset by purchase of treasury shares (as opposed to proceeds from sale of treasury shares last year), and higher interest payments.

Net repayment of debt amounted to MEUR 6.3 in the second quarter, compared to net repayment of debt of MEUR 9.8 in the same period last year. Interest payments in the second quarter was MEUR 2.4, an increase of MEUR 0.6 compared to MEUR 1.8 in the same period last year. The increased interest margins due to the new bank waiver drove the change in interest payments. Purchase of treasury shares amounted to MEUR 1.0 compared to sale of treasury shares of MEUR 0.3 in the second quarter last year.

CHANGE IN CASH

Cash increased by MEUR 0.1 during the second quarter, resulting in cash of MEUR 32.3 at the end of the quarter.

LIQUIDITY RESERVE

The liquidity reserve was MEUR 138.3 at the end of the second quarter, compared to MEUR 140.8 at year-end 2016. The change relates to negative currency effects, partially offset by a positive free cash flow. See note 3.4 for more information.

GROUP FINANCIALS

CONDENSED STATEMENT OF FINANCIAL POSITION

MEUR	30.06.2017	30.06.2016	31.12.2016
Non-current assets	361.6	366.9	376.0
Cash and cash equivalents	32.3	27.4	34.6
Other current assets	308.5	287.6	281.0
Non-current assets held for sale*	0.0	1.9	0.0
Total assets	702.4	683.8	691.6
Equity	206.7	223.5	208.6
Interest bearing debt	225.9	233.2	238.4
Other liabilities	269.8	227.0	244.5
Total equity and liabilities	702.4	683.8	691.6
NIBD	193.6	205.9	203.9
Equity ratio	29.4%	32.7%	30.2%

* Non-current assets related to discontinued business, which was written off to zero in the third quarter 2016.

ASSETS

Total assets were MEUR 702.4 at the end of the second quarter, an increase of MEUR 10.8 from year-end 2016. The increase was due to an increase in working capital and net investments, partially offset by amortization of intangible assets. Seasonality and a higher level of revenues were the main driver behind the increase in net working capital.

EQUITY

From year-end equity decreased by MEUR 1.9 to MEUR 206.7. The main drivers were net negative currency translation effects of MEUR 4.3 and purchase of treasury shares, partially offset by the positive net profit for the period of MEUR 3.1. The equity ratio decreased by 0.7 percentage points to 29.4%..

INTEREST BEARING DEBT

Long-term interest bearing debt amounted to MEUR 225.9 at the end of the second quarter, a decrease of MEUR 12.5 compared to year-end 2016. Net debt repayments and positive currency translation effects of MEUR 6.0, contributed to that decrease.

NET INTEREST BEARING DEBT

At the end of the second quarter 2017, net interest bearing debt amounted to MEUR 193.6, a decrease of MEUR 10.3 compared to year-end 2016. This is due to positive currency effects and a positive free cash flow (free cash flow before debt repayment).

INTERIOR

Segment Reporting

INTERIOR SYSTEMS

Interior Systems 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 and head restraints.

Interior Systems addresses the passenger car market, with particularly strong positions on premium car platforms in Europe and North America. The product penetration for products such as seat heating, seat ventilation and massage systems are especially high in medium to higher end cars, while headrests and light duty cables are found in all ranges of cars. Customers include all major European and North American car and seat manufacturers and most premium OEMs such as Adient, Magna, Faurecia, Lear, Jaguar Land-Rover, Audi, Volvo Cars, Daimler and BMW.

KEY FIGURES

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Revenues	63.3	58.6	129.4	120.4	235.8
Adjusted EBITDA continuing operations	4.3	6.3	11.6	13.8	20.8
Adjusted EBITDA (%) continuing operations	*6.8 %*	*10.7 %*	*9.0 %*	*11.4 %*	*8.8 %*
Adjusted EBIT continuing operations	1.8	4.0	6.6	9.2	11.5
Adjusted EBIT (%) continuing operations	*2.9 %*	*6.9 %*	*5.1 %*	*7.7 %*	*4.9 %*
Restructuring	0.2	0.0	0.3	0.0	(0.7)
EBIT	2.0	4.0	6.9	9.2	10.8
EBIT (%)	*3.2 %*	*6.9 %*	*5.3 %*	*7.7 %*	*4.6 %*
Investments	(4.5)	(3.0)	(8.7)	(5.9)	(19.3)
Capital Employed *	147.6	140.0	147.6	140.0	147.1

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

FINANCIAL UPDATE

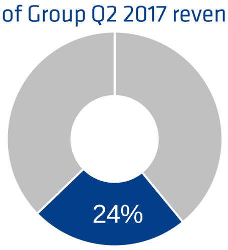
Revenues in Interior Systems increased by MEUR 4.8 (8.1%) to MEUR 63.3 in the second quarter 2017 compared to the same quarter in 2016, including a positive currency effect of MEUR 1.5. The increase was mainly related to growth in both the European and Chinese Interior Comfort business, partly offset by a decrease in the North American Light Duty Cable business. Revenues for the first half year amounted to MEUR 129.4, an increase of 7.5% from 2016.

Adjusted EBIT was MEUR 1.8 in the second quarter, a decrease of MEUR -2.2 compared to the second quarter 2016. The adjusted EBIT margin decreased by -4.0 percentage points to 2.9%. The negative change in EBIT was related to increased industrialization costs, additional sales givebacks and rebates, as well as one-off costs related to suppliers issues, partially offset by the higher sales volume, operational improvements and lower R&D expense (MEUR 1.4). Adjusted EBIT for the first half year decreased by MEUR 2.6 (-28.0%) over last year.

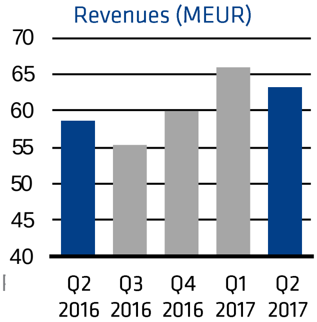
COMMERCIAL & OPERATIONAL UPDATE

The second quarter total business wins amounted to MEUR 5.6 in annual sales for the Interior Comfort Systems business unit, and to MEUR 6.4 for the Light Duty Cable business. New capacity for Seat Support valves was installed in Europe delivering higher volumes to a successful premium OEM customer.

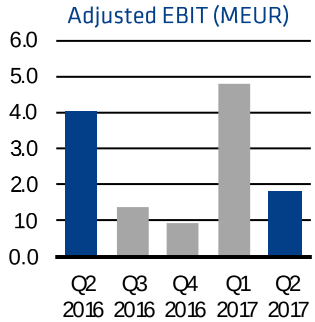
Share of Group Q2 2017 revenues



Revenues (MEUR)



Adjusted EBIT (MEUR)



POWERTRAIN & CHASSIS PRODUCTS

Segment Reporting

POWERTRAIN & CHASSIS PRODUCTS

Powertrain & Chassis Products is a global Tier 1 supplier of driver control and driveline products into the passenger and commercial vehicle automotive markets. The portfolio includes custom-engineered cable controls and complete shift systems, clutch actuation systems, vehicle dynamics, shift cables and shift towers for transmissions.

Powertrain & Chassis Products serves the passenger car and the commercial vehicle market, with particularly strong positions in Europe and the Americas. With a global footprint, Powertrain & Chassis is able to support customers worldwide. Key customers include Ford, General Motors, FCA, Volvo, Scania, DAF, John Deere, PSA and Renault-Nissan.

KEY FIGURES

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Revenues	104.5	90.1	206.8	174.6	350.4
Adjusted EBITDA	4.3	2.9	7.4	4.6	14.2
Adjusted EBITDA (%)	*4.1%*	*3.2 %*	*3.6 %*	*2.6 %*	*4.0 %*
Adjusted EBIT	0.1	(1.3)	(1.1)	(3.5)	(3.2)
Adjusted EBIT (%)	*0.1%*	*-1.5 %*	*-0.6 %*	*-2.0 %*	*-0.9 %*
Restructuring	(0.5)	0.0	(5.0)	0.0	(4.7)
EBIT	(0.3)	(1.3)	(6.2)	(3.5)	(7.9)
EBIT (%)	*-0.3 %*	*-1.5 %*	*-3.0 %*	*-2.0 %*	*-2.3 %*
Investments	(5.2)	(6.9)	(10.1)	(10.8)	(19.6)
Capital Employed *	152.0	147.7	152.0	147.7	140.4

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

FINANCIAL UPDATE

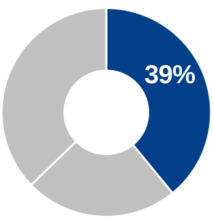
Revenues in Powertrain & Chassis increased by MEUR 14.4 (16.0%) to MEUR 104.5 in the second quarter 2017 compared to the same quarter in 2016, including a positive currency effect of MEUR 0.1. The revenue increase came from the European, American and Chinese business. The sales growth in Europe is mainly related to programs for shift systems in the passenger car business, the vehicle dynamics business and commercial vehicle business. The sales growth in China mainly related to new programs for shift systems for the passenger car business. Revenues for the first half year amounted to MEUR 206.8, an increase of 18.4% compared to second quarter last year.

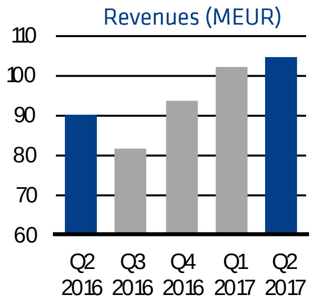
Adjusted EBIT was MEUR 0.1 in the second quarter, an increase of MEUR 1.4 compared to the second quarter 2016. The adjusted EBIT margin increased by 1.6 percentage points to 0.1%. The main drivers for the increase were higher sales volumes, partially off-set by plant and product start-up costs (MEUR 2.2). Adjusted EBIT for the first half year increased by MEUR 2.4 over last year.

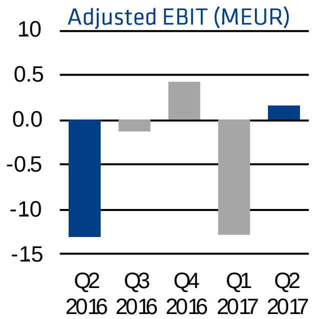
COMMERCIAL & OPERATIONAL UPDATE

Overall project activity continues on a high level with strong new business win opportunities. Business wins for the second quarter amounted to MEUR 29.4 in annual sales. Engineering activity remains high to support upcoming product launches and will continue through 2017. The main focus remains on the preparation of customer product introductions along with operational efficiency improvement measures and fixed costs reductions. The processes to close the Heiligenhaus (Germany) and Rollag (Norway) facilities, to sustainably enhance efficiency and reduce fixed cost levels, are progressing. For Heiligenhaus, we are on plan. For Rollag we are slightly behind plan due to increased customer volume demands.

Share of Group Q2 2017 revenues







SPECIALTY PRODUCTS

Segment Reporting

SPECIALTY PRODUCTS

The Specialty Products segment designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, couplings systems for compressed-air circuits in heavy-duty vehicles, operator control systems for power sports construction, agriculture, outdoor power equipment, power electronics and MRF technology based products.

Key customers include Volvo Trucks/Group, Scania, Navistar, Paccar/DAF, Ford, Jaguar Land Rover, Club Car, John Deere, CAT, Husqvarna, CNH and BRP and several Tier 1 customers in addition to an industrial customer base.

KEY FIGURES

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Revenues	99.6	92.3	202.5	189.7	357.5
Adjusted EBITDA	18.3	14.2	36.8	30.7	50.5
Adjusted EBITDA (%)	*18.4 %*	*15.4 %*	*18.2 %*	*16.2 %*	*14.1 %*
Adjusted EBIT	14.6	10.5	29.4	23.4	36.0
Adjusted EBIT (%)	*14.6 %*	*11.4 %*	*14.5 %*	*12.3 %*	*10.1 %*
Restructuring	(0.6)	0.0	(2.8)	0.0	(4.4)
EBIT	13.9	10.5	26.7	23.4	31.6
EBIT (%)	*14.0 %*	*11.4 %*	*13.2 %*	*12.3 %*	*8.8 %*
Investments	(1.9)	(1.6)	(2.7)	(2.9)	(9.9)
Capital Employed *	177.3	182.4	177.3	182.4	175.0

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

FINANCIAL UPDATE

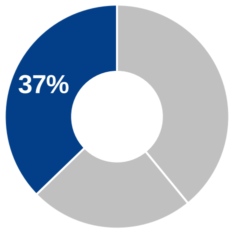
Special Products Revenues increased by MEUR 7.3 (7.9%) to MEUR 99.6 in the second quarter 2017 compared to the same quarter in 2016, including a negative currency effect of MEUR -1.0. The revenue increase was due to growth in Europe for the fluid handling systems, both for the automotive and commercial vehicle business, and couplings sales in the commercial vehicle business. The off-highway sales increased mainly related to the North American Construction & Agriculture, and Power Sports markets. Revenues for the first half year amounted to MEUR 202.5, an increase of 6.8% from 2016.

Adjusted EBIT was MEUR 14.6 in the second quarter, an increase of MEUR 4.1 compared to the second quarter 2016. The adjusted EBIT margin increased by 3.3 percentage points to 14.6%.
The increase reflects the higher sales volume, a favorable product mix, positive impact from sale of assets, a reduction in fixed costs and lower R&D costs (MEUR 1.3), partially offset by increased raw material costs.

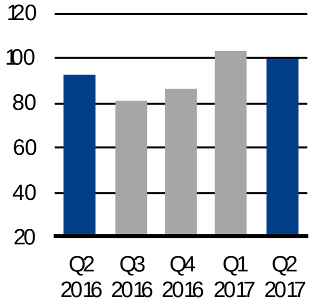
COMMERCIAL & OPERATIONAL UPDATE

In the second quarter total business awards amounted to MEUR 28.1 in annual sales. Sales opportunities and quoting activity remain robust. To sustainably enhance efficiency and reduce fixed cost levels the closure and transfer of activities from the Heiligenhaus (Germany) facility continues. In addition, the closure of the Basildon (UK) facility was completed during the quarter. In course of the closure of the Basildon facility the architectural business representing about MEUR 1.0 in annual sales was sold for MGBP 0.6.

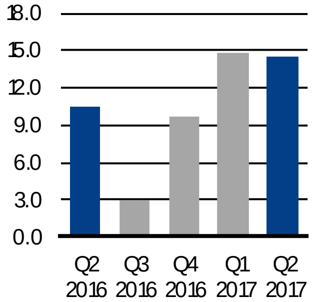
Share of Group Q2 2017 revenues



Revenues (MEUR)



Adjusted EBIT (MEUR)



CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

MEUR	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016
Revenues	268.1	241.0	538.8	484.8	943.8
Opex	(244.9)	(221.7)	(497.5)	(443.6)	(883.7)
EBITDA	23.2	19.3	41.2	41.2	60.1
EBITDA (%)	*8.7%*	*8.0%*	*7.7%*	*8.5%*	*6.4%*
Depreciation and amortization/impairment	(10.5)	(10.3)	(21.7)	(20.5)	(42.5)
EBIT	12.7	9.0	19.6	20.7	17.6
EBIT (%)	*4.7%*	*3.7%*	*3.6%*	*4.3%*	*1.9%*
Adjusted EBIT*	13.9	9.0	27.4	20.7	27.7
*Adjusted EBIT (%)**	*5.2%*	*3.7%*	*5.1%*	*4.3%*	*2.9%*
Net financial items	(5.4)	(0.5)	(8.1)	6.6	1.0
Profit before taxes	7.3	8.5	11.5	27.3	18.6
Income taxes	(4.4)	(2.8)	(9.5)	(9.4)	(15.9)
Net profit continuing operations	2.9	5.7	2.0	17.9	2.7
Net profit discontinued operations**	0.0	0.0	1.1	0.8	(1.4)
Total net profit	2.9	5.7	3.1	18.7	1.3
Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods):					
Translation differences	(8.3)	(0.5)	(6.0)	(13.5)	(8.5)
Tax on translation differences	1.4	(0.8)	1.7	3.4	1.5
Other comprehensive income (Items that will not be reclassified to profit or loss in subsequent periods):					
Remeasurement of the net PBO	0.0	0.0	0.0	0.0	(1.2)
Tax on remeasurement of the net PBO	0.0	0.0	0.0	0.0	0.3
Other comphrehensive income	(6.9)	(1.3)	(4.3)	(10.0)	(7.8)
Total comprehensive income	(4.0)	4.4	(1.1)	8.7	(6.5)
Net profit attributable to:					
Equity holders (parent comp)	2.8	5.7	3.1	18.7	1.3
Non-controlling interests	0.0	0.0	0.0	0.0	0.1
Total	2.9	5.7	3.1	18.7	1.3
Total comprehensive income attributable to:					
Equity holders (parent comp)	(4.1)	4.3	(1.2)	8.7	(6.6)
Non-controlling interests	0.0	0.0	0.0	0.0	0.1
Total	(4.0)	4.4	(1.1)	8.7	(6.5)
Earnings per share:					
Basic earnings per share, EUR	0.01	0.01	0.01	0.05	0.00
Diluted earnings per share, EUR	0.01	0.01	0.01	0.04	0.00

* Discontinued operations refer to the Headrest and Armrest business in North America, which was sold during the first quarter 2017. See note 6 for more information.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

MEUR	Note	30.06.2017	30.06.2016	31.12.2016
Deferred tax assets		28.7	40.0	32.4
Intangible assets		169.8	183.5	182.3
Property, plant and equipment		162.1	144.3	160.2
Other non-current assets		1.0	1.1	1.1
Non-current assets		361.6	368.8	376.0
Inventories		88.7	82.1	78.6
Accounts receivable		177.5	162.1	155.2
Other short term receivables		42.3	41.5	47.3
Cash and cash equivalents		32.3	27.4	34.6
Current assets		340.8	313.1	315.6
Non-current assets held for sale*		0.0	1.9	0.0
Continued assets		702.4	681.9	691.6
Total assets		702.4	683.8	691.6
Share capital		21.2	21.9	22.4
Share premium reserve		175.2	181.3	185.6
Other equity		6.7	16.7	(3.1)
Non-controlling interests		3.6	3.7	3.8
Total equity		206.7	223.5	208.6
Interest bearing loans and borrowings	3	225.8	233.2	238.4
Deferred tax liabilities		24.9	30.5	27.1
Other long term liabilities		20.6	18.0	20.7
Non-current liabilities		271.4	281.8	286.2
Bank overdraft		(0.0)	(0.0)	0.0
Other short term liabilities, interest bearing		0.1	0.0	0.0
Accounts payable		120.4	100.8	111.0
Other short term liabilities		103.9	77.7	85.8
Current liabilities		224.3	178.5	196.8
Total liabilities		495.7	460.3	483.0
Total equity and liabilities		702.4	683.8	691.6

* Non-current assets related to discontinued business, which was written down to zero in the third quarter 2016.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CHANGE IN EQUITY

MEUR	30.06.2017	30.06.2016	31.12.2016
Equity as of start of period	208.6	214.2	214.2
Net profit for the period	3.1	18.7	1.3
Translation differences	(6.0)	(13.5)	(8.5)
Tax on translation differences	1.7	3.4	1.5
Remeasurement of the net pension benefit obligation	0.0	0.0	(1.2)
Tax on remeasurement of the net pension benefit obligation	0.0	0.0	0.3
Total comprehensive income	(1.1)	8.7	(6.5)
Options contracts (employees)	0.3	0.3	0.5
Treasury shares	(1.0)	0.3	0.4
Other changes in non-controlling interests	(0.0)	0.0	0.0
Other changes in equity	(0.1)	0.0	(0.0)
Equity as of end of period	206.7	223.5	208.6

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CASH FLOW

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Operating activities					
(Loss) / profit before taxes	7.3	8.6	12.6	28.3	19.3
Depreciation	7.1	7.0	14.4	13.9	30.4
Amortization/ impairment	3.4	3.6	7.2	7.3	14.7
Interest income	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)
Interest expenses	2.4	1.8	4.8	3.5	6.9
Taxes paid	(2.2)	(1.5)	(3.8)	(3.8)	(6.9)
(Gain) / loss on sale of non-current assets	(0.6)	0.0	(1.1)	0.0	0.0
Changes in receivables	9.5	0.9	(22.4)	(17.5)	(10.6)
Changes in inventory	(1.0)	(1.1)	(11.9)	(1.6)	2.0
Changes in payables	(6.4)	1.9	9.4	(0.2)	10.0
Currency (gain)/ loss	2.3	(0.4)	1.9	(8.0)	(5.4)
Changes in value fin. derivatives	0.4	(1.0)	0.6	(2.4)	(3.4)
Changes in other items	0.0	6.3	16.9	9.9	14.1
Cash flow from operating activities	22.2	25.9	28.6	29.3	70.8
Investing activities					
Investments	(11.9)	(11.7)	(22.3)	(20.2)	(51.3)
Sale of fixed assets/ business	0.7	0.0	2.9	0.0	0.4
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.1	0.2
Proceeds from sale of subsidiaries	0.0	0.0	0.2	0.2	0.2
Cash flow from investing activities	(11.2)	(11.6)	(19.2)	(19.9)	(50.5)
Financing activities					
Sale/ purchase of treasury shares	(1.0)	0.3	(1.0)	0.3	0.4
Net repayment of debt	(6.3)	(9.8)	(4.6)	(18.5)	(19.8)
Interest paid	(2.4)	(1.8)	(4.7)	(3.6)	(6.9)
Dividends paid*	0.0	0.0	0.0	0.0	0.0
Other financial charges	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Cash flow from financing activities	(9.7)	(11.3)	(10.3)	(21.7)	(26.4)
Currency effects on cash	(1.1)	0.3	(1.4)	(0.1)	0.8
Change in cash	0.1	3.3	(2.3)	(12.5)	(5.3)
Cash at beginning period	32.2	24.0	34.6	39.9	39.9
Cash at period end	32.3	27.4	32.3	27.4	34.6
Of this, restricted cash	0.4	0.4	0.4	0.4	0.4

* Dividend to JV partner in Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd (China)

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Alternative Performance Measures (APM)

This section describes the non-GAAP financial measures that are used in this report and in the quarterly presentation.
The following measures are not defined or specified in the applicable financial reporting framework, the IFRS GAAP. They may be considered non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS GAAP.

- **EBIT/Adjusted EBIT**
- **EBITDA/Adjusted EBITDA**
- **Free Cash Flow**
- **NIBD**
- **Capital Employed**
- **ROCE**
- **Gearing Ratio/Adjusted Gearing Ratio**
- **Restructuring per segment**

EBIT/Adjusted EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects from how the operations were financed, taxed and excluding foreign exchange gains & losses. EBIT adjusted is defined as EBIT excluding restructuring. Restructuring costs is defined, as any incurred costs of an unusual or non-recurring nature in connection with the contemplated restructuring of the activities of the Group.

Why we measure

EBIT is used as a measure to view the Group's operational profitability. In order to view the running business, as usual, the Group also lists the adjusted EBIT, the EBIT excluding restructuring costs.

Reconciliation

See the section Condensed Financial Statements for a reconciliation of the EBIT measure. See below for a reconciliation of the adjusted EBIT.

Adjusted EBIT	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
EBIT (1)	12.7	9.0	19.6	20.7	17.6
Restructuring costs (2)	1.2	0.0	7.8	0.0	10.0
Adjusted EBIT, (1) + (2)	13.9	9.0	27.4	20.7	27.7

The table shows continuing business only.

EBITDA/Adjusted EBITDA

Earnings before interest expenses and interest income, tax, depreciation, amortization and excluding foreign exchange gains and losses. EBITDA adjusted is defined as EBITDA excluding restructuring costs.

Why we measure

EBITDA is used as an additional measure the view the Group's operational profitability, excluding the timing impact from depreciations and amortizations.

Reconciliation

See the section Condensed Financial Statements for a reconciliation of the measure. See below for the reconciliation of the adjusted EBITDA.

Adjusted EBITDA	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
EBITDA (1)	23.2	19.3	41.2	41.2	60.1
Restructuring costs (2)*	1.2	0.0	7.5	0.0	9.6
Adjusted EBITDA, (1) + (2)	24.4	19.3	48.7	41.2	69.7

The table shows continuing business only.

* Excluding impairment, depreciation and amortization.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Free Cash Flow

Free cash flow from operations (FCF), investments and finance excluding debt repayments.

Why we measure

Free Cash Flow is used in order to measure the Group's ability to generate cash. It allows the Group to view how much cash it generates from its operations after subtracting the cash flow from investing activities and financing excluding debt repayments. We believe this shows how much money the Group has to pursue additional investments or to repay debt.

Reconciliation

Free Cash Flow (MEUR) from reported cash flow statement	30.06.2017	30.06.2016	31.12.2016
Cash flow from operating activities	28.6	29.3	70.8
Cash flow from investing activities	(19.2)	(19.9)	(50.5)
Cash flow from financing activities	(10.3)	(21.7)	(26.4)
Net repayment of debt	4.6	18.5	19.8
Free Cash Flow	3.7	6.1	13.7

NIBD

Net interesting bearing debt (NIBD), consists of interest-bearing liabilities less cash and cash equivalents.

Why we measure

The Group risk of default and financial strength is measured by the net interesting bearing debt, it shows the Group's financial position and leverage. Since the cash can be used to repay debt, the interest-bearing liabilities less cash shows the net overall financial position. The measure is useful information for investors as well as the Group.

Reconciliation

Net Interest Bearing Debt (MEUR) from reported balance sheet	30.06.2017	30.06.2016	31.12.2016
Interest bearing loans and borrowings	225.8	233.2	238.4
Other short term liabilities, interest bearing	0.1	0.0	0.0
Bank overdraft	(0.0)	(0.0)	0.0
Cash and cash equivalents	32.3	27.4	34.6
Net Interesting Bearing Debt	193.6	205.9	203.9

Capital Employed

Capital Employed (CE) is equal to operating assets less operating liabilities. Operating assets and liabilities are assets which are involved in the process of selling goods and services, the business. Financial assets and obligations are excluded, these assets are involved in raising cash for operations and disbursing excess cash from operations.

Why we measure

Capital employed is measured in order to assess how much capital is needed for the operations/business to function. In order to evaluate if the capital employed can be utilized more efficient and if operations should be discontinued. The capital employed is also used to measure the profitability of the operations compared to the capital employed.

Reconciliation (The table shows continuing business only.)

Capital Employed (MEUR) from reported balance sheet	30.06.2017	30.06.2016	31.12.2016
Total assets	702.4	681.9	691.6
Deferred tax liabilities	(24.9)	(30.5)	(27.1)
Other long term liabilities	(20.6)	(18.0)	(20.7)
Current liabilities incl. other short-term interest bearing liabilities	(224.3)	(178.5)	(196.8)
Other short term liabilities, interest bearing	0.1	0.0	0.0
Capital Employed	432.6	454.9	447.0

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

ROCE (Last twelve Months)

Return on Capital Employed (ROCE) is equal to EBIT for the last twelve months divided by the average of capital employed at beginning period and period end.

Why we measure

Return on Capital Employed is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The Group believes this is a good measure for the results from the period.

Reconciliation

Return on Capital Employed		30.06.2017
Capital Employed at period beginning (1)	30.06.2016	454.9
Capital Employed at period end (2)	30.06.2017	432.6
Adjusted EBIT last twelve months (3)		34.3
ROCE, (3) / ((1) + (2)/2)		7.7%

The table shows continuing business only.

Gearing ratio / Adjusted Gearing Ratio

Gearing ratio is calculated as the net interest bearing debt divided by the last twelve months EBITDA, adjusted for restructuring costs.

Why we measure

Gearing ratio is a covenant from the Group's lenders which sets the interest margin on the Group's debt. The Group also believe this is a good measure of the Groups financial gearing and financial position.

Reconciliation – incl. all restructuring costs LTM

Adjusted Gearing Ratio	30.06.2017
EBITDA last twelve months (1)	60.1
Restructuring costs last twelve months (2)*	17.1
EBITDA last twelve months adjusted for restructuring costs (3), (1) + (2)	77.3
NIBD (4)	193.6
Adjusted Gearing Ratio (4)/ (3)	2.5

The table shows continuing business only.

* Excluding impairment, depreciation and amortization.

Reconciliation – Gearing Ratio according to bank covenants

Adjusted Gearing Ratio	30.06.2017
EBITDA last twelve months (1)	60.1
Restructuring costs last twelve months (2)*	14.0
EBITDA last twelve months adjusted for restructuring costs (3), (1) + (2)	74.2
NIBD (4)	193.6
Adjusted Gearing Ratio (4)/(3)	2.6

The table shows continuing business only.

* Excluding impairment, depreciation and amortization.

Refer to the annual report for further information on covenants.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Restructuring costs per segment

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Interior	0.2	-	0.3	-	(0.7)
Powertrain & Chassis Products	(0.5)	-	(5.0)	-	(4.7)
Specialty Products	(0.6)	-	(2.8)	-	(4.4)
Others	(0.3)	-	(0.3)	-	(0.2)
Group continuing business	(1.2)	-	(7.8)	-	(10.0)
Group discontinued business	-	-	(0.6)	-	-
Group total	(1.2)	-	(8.4)	-	(10.0)

The restructuring costs in 2017 mainly relates to the closure and transfer of activities in the Heiligenhaus facility within the Powertrain & Chassis and Specialty Products segments.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Note 1 – Disclosures

GENERAL INFORMATION

Kongsberg Automotive ASA and its subsidiaries develop, manufacture and sell products to the automotive industry globally. Kongsberg Automotive 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 June 30, 2017, and 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 December 31, 2016, 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 December 31, 2016, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

RISK

Kongsberg Automotive continuously monitors its risk factors. Our activities are exposed to different types of risk.

The single most important risk that Kongsberg Automotive is exposed to is the development of demand in the end markets for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, interest rates, raw material prices, and credit risks. As we operate in many countries, we are vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with MEUR and USD exchange rate. The greatest raw material exposures are for copper, zinc, aluminum and steel. As most of our revenues are earned from automotive OEMs and automotive tier-1 and -2 customers, the financial health of these automotive companies is critical to our credit risk.

SEASONALITY

The Group quarterly results are to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the third quarter and December each year having lower sales. Also, year-over-year seasonality differences may occur as a result of varying number of working days in each quarter.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 2 – Segment Reporting

2.1 OPERATING REPORTABLE SEGMENTS

H1 2017 MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	129.4	206.8	202.5	0.0	538.8	9.7	548.5
Adjusted EBITDA	11.6	7.4	36.8	(7.1)	48.7	1.7	50.5
Adjusted depreciation	(3.7)	(6.4)	(3.8)	(0.3)	(14.1)	(0.0)	(14.1)
Adjusted amortization	(1.3)	(2.2)	(3.6)	(0.2)	(7.2)	0.0	(7.2)
Adjusted EBIT	6.6	(1.1)	29.4	(7.6)	27.4	1.7	29.1
Assets and liabilities							
Goodwill	57.9	22.9	68.8	0.0	149.7	0.0	149.7
Other intangible assets	2.4	10.1	6.2	1.5	20.2	0.0	20.2
Property, plant and equipment	51.2	65.6	44.0	1.3	162.1	0.0	162.1
Inventories	14.1	36.8	39.1	(1.4)	88.7	0.0	88.7
Trade receivables	52.4	64.2	60.9	(0.0)	177.5	0.0	177.5
Segment assets	178.1	199.5	219.1	1.4	598.1	0.0	598.1
Unallocated assets	0.0	0.0	0.0	104.3	104.3	0.0	104.3
Total assets	178.1	199.5	219.1	105.7	702.4	0.0	702.4
Trade payables	30.5	47.5	41.8	0.6	120.4	0.0	120.4
Unallocated liabilities	0.0	0.0	0.0	375.3	375.3	0.0	375.3
Total liabilities	30.5	47.5	41.8	375.9	495.7	0.0	495.7
Capital expenditure	8.7	10.1	2.7	(1.5)	20.0	0.0	20.0

The column others includes corporate cost, transactions and balance sheet items related to tax, pension and financing. See next section for specification of unallocated assets and liabilities.

The sale of the headrest/armrest business was comprised of the fixed assets and inventories, while all other current assets and liabilities remain with the Group. For this reason, these figures are included in the respective line items in the Interior segment in the table above.

For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The EBIT is thus excluding IC profit.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

H1 2016 MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	120.4	174.6	189.7	0.1	484.8	23.1	507.9
Adjusted EBITDA	13.8	4.6	30.7	(7.9)	41.2	1.7	42.9
Adjusted depreciation	(3.4)	(5.9)	(3.6)	(0.3)	(13.2)	(0.7)	(13.9)
Adjusted amortization	(1.2)	(2.2)	(3.8)	(0.1)	(7.3)	0.0	(7.3)
Adjusted EBIT	9.2	(3.5)	23.4	(8.3)	20.7	1.0	21.7
Assets and liabilities							
Goodwill	57.4	23.4	70.3	0.0	151.1	0.0	151.1
Other intangible assets	4.6	12.9	13.6	1.2	32.3	0.0	32.3
Property, plant and equipment	36.1	63.2	43.4	1.6	144.3	1.9	146.2
Inventories	14.1	32.3	36.7	(1.0)	82.1	0.0	82.1
Trade receivables	54.5	54.3	53.3	0.0	162.1	0.0	162.1
Segment assets	166.7	186.0	217.4	1.9	571.9	1.9	573.9
Unallocated assets	0.0	0.0	0.0	109.9	109.9	0.0	109.9
Total assets	166.7	186.0	217.4	111.8	681.9	1.9	683.8
Trade payables	26.6	38.3	35.0	0.9	100.8	0.0	100.8
Unallocated liabilities	0.0	0.0	0.0	359.5	359.5	0.0	359.5
Total liabilities	26.6	38.3	35.0	360.3	460.3	0.0	460.3
Capital expenditure	5.9	10.8	2.9	(0.4)	19.2	0.1	19.2

Q1 2016 MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	61.9	84.5	97.4	0.1	243.8	13.4	257.2
Adjusted EBITDA	7.5	1.7	16.5	(3.9)	21.9	1.2	23.1
Adjusted depreciation	(1.7)	(2.9)	(1.8)	(0.1)	(6.5)	(0.4)	(6.9)
Adjusted amortization	(0.6)	(1.1)	(1.9)	(0.1)	(3.6)	0.0	(3.6)
Adjusted EBIT	5.2	(2.2)	12.8	(4.1)	11.7	0.8	12.6
Assets and liabilities							
Goodwill	57.7	23.3	69.6	0.0	150.7	0.0	150.7
Other intangible assets	5.1	14.0	15.4	1.3	35.8	0.0	35.8
Property, plant and equipment	35.3	59.1	43.8	1.6	139.8	2.2	141.9
Inventories	13.4	31.0	37.5	(0.9)	81.0	0.0	81.0
Trade receivables	57.6	51.4	54.0	(0.0)	162.9	0.0	162.9
Segment assets	169.1	178.8	220.3	2.1	570.2	2.2	572.4
Unallocated assets	0.0	0.0	0.0	105.1	105.1	0.0	105.1
Total assets	169.1	178.8	220.3	107.2	675.4	2.2	677.5
Trade payables	26.9	34.2	37.1	0.7	98.9	0.0	98.9
Unallocated liabilities	0.0	0.0	0.0	359.8	359.8	0.0	359.8
Total liabilities	26.9	34.2	37.1	360.5	458.8	0.0	458.8
Capital expenditure	2.9	3.9	1.2	(0.5)	7.6	(0.0)	7.6

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Q2 2016 MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	58.6	90.1	92.3	0.0	241.0	9.7	250.7
Adjusted EBITDA	6.3	2.9	14.2	(4.0)	19.3	0.5	19.8
Adjusted depreciation	(1.7)	(3.0)	(1.8)	(0.1)	(6.7)	(0.4)	(7.0)
Adjusted amortization	(0.6)	(1.1)	(1.9)	(0.1)	(3.6)	0.0	(3.6)
Adjusted EBIT	4.0	(1.3)	10.5	(4.2)	9.0	0.1	9.1
Assets and liabilities							
Goodwill	57.4	23.4	70.3	0.0	151.1	0.0	151.1
Other intangible assets	4.6	12.9	13.6	1.2	32.3	0.0	32.3
Property, plant and equipment	36.1	63.2	43.4	1.6	144.3	1.9	146.2
Inventories	14.1	32.3	36.7	(1.0)	82.1	0.0	82.1
Trade receivables	54.5	54.3	53.3	0.0	162.1	0.0	162.1
Segment assets	166.7	186.0	217.4	1.9	571.9	1.9	573.9
Unallocated assets	0.0	0.0	0.0	109.9	109.9	0.0	109.9
Total assets	166.7	186.0	217.4	111.8	681.9	1.9	683.8
Trade payables	26.6	38.3	35.0	0.9	100.8	0.0	100.8
Unallocated liabilities	0.0	0.0	0.0	359.5	359.5	0.0	359.5
Total liabilities	26.6	38.3	35.0	360.3	460.3	0.0	460.3
Capital expenditure	3.0	6.9	1.6	7.7	19.2	0.1	19.2

Q3 2016 MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	55.3	81.9	81.1	0.0	218.3	9.7	228.0
Adjusted EBITDA	3.7	4.3	6.7	(3.5)	11.2	0.6	11.8
Adjusted depreciation	(1.7)	(3.2)	(1.8)	(0.1)	(6.9)	(1.9)	(8.8)
Adjusted amortization	(0.6)	(1.2)	(1.8)	(0.1)	(3.7)	0.0	(3.7)
Adjusted EBIT	1.4	(0.1)	3.0	(3.6)	0.6	(1.4)	(0.8)
Assets and liabilities							
Goodwill	58.0	23.3	69.8	0.0	151.1	0.0	151.1
Other intangible assets	4.1	11.4	11.6	1.2	28.4	0.0	28.4
Property, plant and equipment	37.9	63.7	42.8	1.6	146.0	0.0	146.0
Inventories	14.8	31.1	36.1	(1.2)	80.9	0.0	80.9
Trade receivables	54.0	52.1	50.8	(0.0)	156.9	0.0	156.9
Segment assets	168.8	181.7	211.1	1.8	563.3	0.0	563.3
Unallocated assets	0.0	0.0	0.0	112.2	112.2	0.0	112.2
Total assets	168.8	181.7	211.1	113.9	675.5	0.0	675.5
Trade payables	23.9	35.0	33.1	1.4	93.5	0.0	93.5
Unallocated liabilities	0.0	0.0	0.0	372.6	372.6	0.0	372.6
Total liabilities	23.9	35.0	33.1	374.0	466.1	0.0	466.1
Capital expenditure	3.4	3.4	1.7	19.1	27.5	(0.0)	27.5

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Q4 2016

MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	60.0	93.9	86.7	0.0	240.6	9.1	249.8
Adjusted EBITDA	3.3	5.3	13.1	(4.4)	17.3	1.0	18.4
Adjusted depreciation	(1.7)	(3.9)	(1.6)	(0.1)	(7.3)	(0.0)	(7.3)
Adjusted amortization	(0.6)	(1.1)	(1.9)	(0.1)	(3.7)	(0.0)	(3.7)
Adjusted EBIT	0.9	0.4	9.6	(4.6)	6.4	1.0	7.4
Assets and liabilities							
Goodwill	59.1	23.6	72.3	0.0	155.0	0.0	155.0
Other intangible assets	3.7	10.7	10.2	2.8	27.3	0.0	27.3
Property, plant and equipment	45.3	65.9	47.3	1.6	160.2	0.0	160.2
Inventories	14.6	29.8	35.6	(1.4)	78.6	0.0	78.6
Trade receivables	54.5	51.8	48.1	0.8	155.2	0.0	155.2
Segment assets	177.1	181.7	213.5	3.8	576.2	0.0	576.2
Unallocated assets	0.0	0.0	0.0	115.4	115.4	0.0	115.4
Total assets	177.1	181.7	213.5	119.2	691.6	0.0	691.6
Trade payables	30.1	41.3	38.5	1.0	111.0	0.0	111.0
Unallocated liabilities	0.0	0.0	0.0	372.0	372.0	0.0	372.0
Total liabilities	30.1	41.3	38.5	373.0	483.0	0.0	483.0
Capital expenditure	10.0	5.4	5.4	27.4	48.1	(0.0)	48.1

Full year 2016

MEUR	Interior	Powertrain & Chassis	Speciality Products	Others	Continuing operations Group	Discontinued operations	Total Group
Revenues	235.8	350.4	357.5	0.1	943.8	41.9	985.7
Adjusted EBITDA	20.8	14.2	50.5	(15.7)	69.7	3.3	73.0
Adjusted depreciation	(6.9)	(13.0)	(7.0)	(0.6)	(27.4)	(2.6)	(30.0)
Adjusted amortization	(2.4)	(4.4)	(7.5)	(0.3)	(14.7)	0.0	(14.7)
Adjusted EBIT	11.5	(3.2)	36.0	(16.6)	27.7	0.6	28.3
Assets and liabilities							
Goodwill	59.1	23.6	72.3	0.0	155.0	0.0	155.0
Other intangible assets	3.7	10.7	10.2	2.8	27.3	0.0	27.3
Property, plant and equipment	45.3	65.9	47.3	1.6	160.2	0.0	160.2
Inventories	14.6	29.8	35.6	(1.4)	78.6	0.0	78.6
Trade receivables	54.5	51.8	48.1	0.8	155.2	0.0	155.2
Segment assets	177.1	181.7	213.5	3.8	576.2	0.0	576.2
Unallocated assets	0.0	0.0	0.0	115.4	115.4	0.0	115.4
Total assets	177.1	181.7	213.5	119.2	691.6	0.0	691.6
Trade payables	30.1	41.3	38.5	1.0	111.0	0.0	111.0
Unallocated liabilities	0.0	0.0	0.0	372.0	372.0	0.0	372.0
Total liabilities	30.1	41.3	38.5	373.0	483.0	0.0	483.0
Capital expenditure	19.3	19.6	9.9	(0.8)	48.1	0.0	48.1

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

2.2 SALES AND NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

2.2.1 Sales to customers by geographical location

	2017		2016		2016	
MEUR	Jan - June	%	Jan - June	%	Jan - Dec	%
Sweden	57.4	10.6 %	45.7	9.4 %	91.4	9.7 %
Germany	42.6	7.9 %	42.3	8.7 %	83.4	8.8 %
France	40.5	7.5 %	41.7	8.6 %	74.0	7.8 %
United Kingdom	32.5	6.0 %	34.4	7.1 %	64.7	6.9 %
Other EUR	114.7	21.3 %	95.9	19.8 %	172.3	18.3 %
Total EUR	287.5	53.4 %	260.0	53.6 %	485.8	51.5 %
USA	122.2	22.7 %	118.9	24.5 %	235.6	25.0 %
Canada	18.9	3.5 %	25.8	5.3 %	46.4	4.9 %
NA other	36.6	6.8 %	30.0	6.2 %	61.4	6.5 %
Total NA	177.7	33.0 %	174.6	36.0 %	343.4	36.4 %
Brazil	8.0	1.5 %	6.0	1.2 %	12.3	1.3 %
SA other	2.6	0.5 %	1.5	0.3 %	4.2	0.4 %
Total SA	10.5	2.0 %	7.5	1.6 %	16.5	1.7 %
China	46.1	8.6 %	29.7	6.1 %	66.5	7.0 %
Asia Other	12.7	2.4 %	10.5	2.2 %	23.3	2.5 %
Total Asia	58.9	10.9 %	40.2	8.3 %	89.7	9.5 %
Other countries	4.2	0.8 %	2.4	0.5 %	8.3	0.9 %
Revenues total	538.8	100 %	484.8	100 %	943.8	100 %

The table shows continuing business only.

2.2.2 Non-current assets by geographical location

	2017		2016		2016	
MEUR	Jan - June	%	Jan - June	%	Jan - Dec	%
USA	90.8	27.4 %	101.9	31.1 %	105.5	30.8 %
UK	9.8	2.9 %	11.6	3.5 %	10.9	3.2 %
Norway	25.4	7.7 %	26.0	7.9 %	27.6	8.1 %
Germany	13.3	4.0 %	14.3	4.4 %	13.8	4.0 %
Sweden	27.6	8.3 %	30.3	9.2 %	29.5	8.6 %
Poland	65.2	19.6 %	45.9	14.0 %	56.9	16.6 %
Other	99.8	30.1 %	97.8	29.8 %	98.2	28.7 %
Total Non-Current Assets*	331.9	100 %	327.7	100 %	342.5	100.0 %

* Includes intangible assets, property, plant and equipment for continued business

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 3 – Interest-bearing loans and borrowings

3.1 Interest-bearing liabilities as presented in statement of financial position

MEUR	30.06.2017	31.12.2016
Non current interest-bearing loans and borrowings	227.5	240.0
Other current interest-bearing liabilities	0.1	0.0
Capitalized arrangement fees*	(1.7)	(1.7)
Total interest-bearing liabilities	225.9	238.4

MEUR	30.06.2017	31.12.2016
EUR	157.0	120.0
USD	69.2	118.6
Other currencies	1.4	1.5
Capitalized arrangement fee*	(1.7)	(1.7)
Total interest-bearing liabilities	225.9	238.4

* The fee relates to borrowing costs, and amortized over the duration of the loan period.

3.2 Specification of interest-bearing loans and borrowings (in local currencies)

Facilities	Currency	Total amounts	Maturity/ date	Drawn amount	Interest rate (incl margin)
Tranche EUR*	EUR	182.0	01.03.2020	157.0	3.00%
Tranche USD	USD	172.0	01.03.2020	79.0	4.23%

* The EUR facility will be reduced by 10.8 MEUR and the USD facility by 11.5 MUSD from 01.03.2019 to 01.03.2020.

The Group has a short-term bank overdraft facility of MEUR 20.0. Nothing was drawn against the overdraft facility at 30.06.17.

3.3 Facility reduction schedule - Interest-bearing loans and borrowings (in local currencies)

Year	EUR	USD
2017	-	-
2018	-	-
2019	10.8	11.5
2020	171.2	160.5
Total	182.0	172.0

In the first quarter the Group exercised an option to extend the termination date of the revolving credit facility by one year, from 01.03.2019 to 01.03.2020. The available facility will be slightly reduced in the extension period.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3.4 The liquidity reserve of KA Group consists of cash equivalents in addition to undrawn credit facilities.

MEUR	30.06.2017	31.12.2016
Cash reserve, excl. restricted cash	31.9	34.2
Undrawn facility*	106.5	106.6
Total (before bank overdraft)	138.3	140.8
Bank overdraft	0.0	(0.0)
Liquidity reserve	138.3	140.8

*Including a short-term overdraft facility of MEUR 20.0, which can be renewed each year.

Note 4 – Net financial items

4.1 Net financials

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Interest income	0.0	0.0	0.0	0.1	0.2
Interest expenses	(2.4)	(1.8)	(4.7)	(3.5)	(6.9)
Foreign currency gains (losses)*	(2.3)	0.4	(1.9)	8.0	5.4
Change in valuation currency contracts	(0.4)	1.0	(0.6)	2.4	3.4
Other financial items**	(0.4)	(0.3)	(0.9)	(0.4)	(1.1)
Net financial items	(5.4)	(0.5)	(8.1)	6.6	1.0

* Includes unrealized currency losses of MEUR -1.2 and realized currency losses of MEUR -1.1 in Q2 2017 (Q2 2016: unrealized gains of MEUR 0.5 and realized losses of MEUR -0.1)
** Other financial items include arrangement fees, interest component on pension liability, and other fees and charges.

Note 5 – Other events

Heiligenhaus Restructuring
On June 27, 2017, KA management and the works council of Kongsberg Actuation Systems GmbH, Heiligenhaus finalized negotiations relating to the proposed closure by agreeing to a social plan with all its components (“Sozialplan” and “Interessenausgleich”). This enables us to move forward with the operational part of the closure and transfer plans from an operational perspective.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 6 – Sale of North American Headrest and Armrest business

The sale of the North American Headrest and Armrest was concluded on March 17, 2017. The Group will continue to supply various components and provide some services to the buyer during a transition period not to exceed 9 months. All 170 employees within our North American Headrest and Armrest factory location in Milan, USA transitioned over to the buyer.

As a result of the sale, the North American Headrest and Armrest business has been classified and is reported as discontinued business according to IFRS 5.

STATEMENT OF INCOME FOR DISCONTINUED BUSINESS

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Revenues	0.0	9.7	9.7	23.1	41.9
Opex	0.0	(9.2)	(8.6)	(21.4)	(38.6)
EBITDA	0.0	0.5	1.1	1.7	3.3
EBITDA (%)	*0.0 %*	*5.0 %*	*11.3 %*	*7.3 %*	*7.9 %*
Depreciation and amortization/impairment	0.0	(0.4)	(0.0)	(0.7)	(2.6)
EBIT	0.0	0.1	1.1	1.0	0.6
EBIT (%)	*0.0 %*	*1.4 %*	*11.3 %*	*4.2 %*	*1.5 %*
Adjusted EBIT*	0.0	0.1	1.7	1.0	0.6
Adjusted EBIT (%)*	0.0%	1.4 %	17.7 %	4.2%	1.5%
Net financial items	0.0	0.0	0.0	0.0	0.0
Profit before taxes	0.0	0.1	1.1	1.0	0.6
Income taxes	0.0	(0.1)	0.0	(0.2)	(2.0)
Net profit	0.0	0.0	1.1	0.8	(1.4)

STATEMENT OF INCOME DISCONTINUED BUSINESS
The statement of income for discontinued business includes the business operations and the sales transaction.

STATEMENT OF CASH FLOW FOR DISCONTINUED BUSINESS

MEUR	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Cash flow from operating activities	0.0	(0.7)	0.4	(0.8)	(3.4)
Cash flow from investing activities	0.0	(0.1)	2.2	(0.1)	(0.0)
Cash flow from financing activities	0.0	0.0	0.0	0.0	0.0
Currency effects on cash	0.0	0.0	0.0	0.0	0.0
Change in cash	0.0	(0.7)	2.6	(0.9)	(3.4)

STATEMENT OF CASH FLOW DISCONTINUED BUSINESS
The statement of cash flow for discontinued business includes the running business and the sale of the business.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statement for the period 1 January to 30 June 2017 has been prepared in accordance with IAS34 – Interim Financial Reporting, and gives a true and fair view of Kongsberg Automotive Holding ASA and group companies' assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year 2017 and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Kongsberg 27th July 2017

Bruce E. Taylor
Chairman
(Sign.)

Thomas Falck
(Sign.)

Gunilla Nordstrom
(Sign.)

Ellen M. Hanetho
(Sign.)

Jon Ivar Jørnby
(Sign.)

Ernst Kellermann
(Sign.)

Kari Brænden Aaslund
(Sign.)

Bjørn Ivan Ødegård
(Sign.)

Henning E. Jensen
President and CEO
(Sign.)

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS:

Bruce E. Taylor	Chairman
Thomas Falck	Shareholder elected
Malin Persson	Shareholder elected (until May 2017)
Gunilla Nordstrom	Shareholder elected (since June 2017)
Ellen M. Hanetho	Shareholder elected
Ernst Kellermann	Shareholder elected (since June 2017)
Jon Ivar Jørnby	Employee elected
Bjørn Ivan Ødegård	Employee elected (since May 2017)
Kari Brænden Aaslund	Employee elected
Kjell Kristiansen	Employee elected (until May 2017)

EXECUTIVE COMMITTEE:

Henning E. Jensen	President & CEO
Norbert Loers	Executive Vice President & CFO
Anders Nyström	Executive Vice President, Interior Systems
Geert Quaegebeur	Executive Vice President, Powertrain & Chassis
Henning E. Jensen	Executive Vice President, Specialty Products (acting)
Lovisa Söderholm	Executive Vice President, Purchasing
Staffan Spethz	Director Marketing
Helga Bollmann Leknes	Executive Vice President, Human Resources & Communications
Jon Munthe	General Counsel

CORPORATE COMMUNICATIONS:

Anke Niemann	+41 43 508 6561
Fredrik Tangeraas	+47 982 14 021

FINANCIAL CALENDAR:

Publication of the quarterly financial statements:

	Interim reports	Presentation
2nd quarter 2017	28 July 2017	28 July 2017
3rd quarter 2017	8 November 2017	8 November 2017
4th quarter 2017	TBD	TBD

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