

# 2nd Quarter Report 2016

Kongsberg Automotive



Enhancing the driving experience

2016



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# HIGHLIGHTS 2ND QUARTER 2016

## HIGHLIGHTS

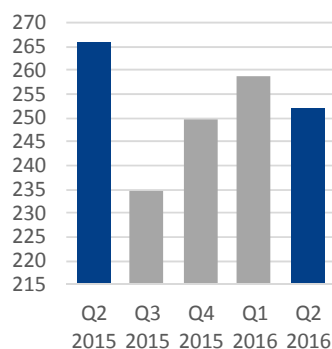
- Henning Jensen started as CEO at the end of Q2, Bruce Taylor replaced him as Chairman of the Board
- Revenues were EUR 252.1 million in the second quarter, EUR 2.9 million below the second quarter last year before negative currency effects of EUR 11.0 million.
- EBIT was EUR 10.5 million (4.2%) in the second quarter, versus an adjusted EBIT of EUR 14.7\* million (5.5%) in the second quarter last year.
- The financial gearing ratio was at 2.2 times at the end of second quarter 2016 versus 2.4 in the second quarter 2015.
- Annualized business wins in the quarter amounted to EUR 60 million bringing the last twelve month run rate to EUR 290 million.
- The company is undergoing a thorough review of its structural costs with the goal of sustainably improving operating margin and EPS performance.

## KEY FIGURES

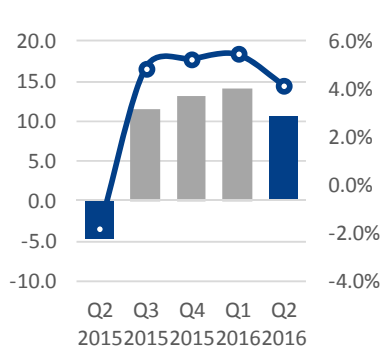
MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	252.1	266.0	510.9	536.0	1020.1
EBITDA	21.2	26.1	45.8	55.2	102.6
EBITDA %	8.4%	9.8%	9.0%	10.3%	10.1%
EBIT	10.5	(4.8)	24.6	11.9	36.5
EBIT (%)	4.2%	-1.8%	4.8%	2.2%	3.6%
Net profit	5.7	(9.6)	18.7	(3.6)	(8.3)
NIBD/ EBITDA (LTM)	2.2	2.4	2.2	2.4	2.1
Equity ratio (%)	32.7%	30.7%	32.7%	30.7%	31.3%

\*Includes write off of EUR 19.5 million related to the headrest/armrest business in Q2 2015.

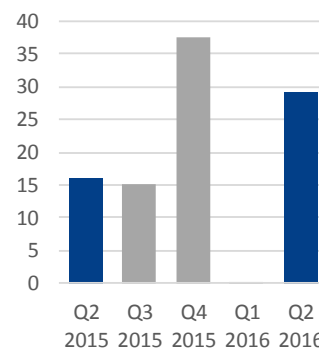
Revenues per quarter  
(EUR million)



EBIT and EBIT Margin per  
quarter (EUR million and %)



Cash flow from operating  
activities (EUR million)



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

# CEO Letter

First of all, I would like to express my enthusiasm over taking over as CEO of Kongsberg Automotive in mid-June. It has been an exciting couple of weeks since then. To me it is clear that Kongsberg Automotive has significant potential – both on the top line and on the bottom line. However, our current performance is not at a satisfactory level. The goals of the company must be to improve significantly through realizing more of Kongsberg Automotive's potential. I look very much forward to leading this process in close cooperation with our board and the entire Kongsberg Automotive team.

## FINANCIAL PERFORMANCE

The revenues in the first half year of 2016 amounted to EUR 510.9 million compared to EUR 536.0 million in the same period 2015. This includes negative FX effects of EUR 16.9 million. In other words, on a constant currency basis the sales declined by approximately 1.5%.

Excluding FX impacts, the sales decline was mainly attributable to Driveline and Driver Controls. Fluid Transfer had minor growth on a constant currency basis. In Driveline, we benefitted from a one-time increased demand in the NA passenger car market last year due to a non Kongsberg Automotive related recall where Kongsberg Automotive, on a one time basis, supplied a significant portion of the replaced products. In Driver Controls, weaker sales in the South American, Chinese, and European markets were partly offset by stronger sales in recreational vehicles in the first quarter. Most of these topline developments took place in the first quarter; the second quarter is relatively stable versus last year from a top line perspective.

EBIT for the first half year was EUR 24.6 million, a decrease of EUR 6.8 million compared to the adjusted first half of 2015. This decline was mostly driven by the volume reduction as well as by increased R&D spending.

## CORRECTIVE MEASURES AND INITIATIVES

We believe it is clear that we need to significantly improve our company's performance. We will no longer mainly rely on future growth in order to improve our operating performance. As a result of this we have initiated deep studies related to all aspects of our business. This includes strategic considerations as well as examining our structural costs. The target of this activity is to create a clear and executable path to sustainably higher operating margin and

EPS performance through the cycle. These activities will include restructuring actions. Our goal remains to better position the company for long term earnings growth. We will continue to build on the company's existing customer and product portfolio and engineering skills and to balance short term financial performance with restructuring initiatives, continued investments in R&D, and pursuit of new business opportunities.

We expect to be able to communicate more details around this in our capital market day event which will take place in the second half of November.

We have already begun some restructuring actions in the third quarter.

These operational improvements will not only improve our performance, but also significantly improve our ability to be less sensitive to the cyclicity of our industry.

## BOOKINGS OF NEW PROGRAMS

We continue to book important business wins. At the end of the first half of 2016, we had in the last 12 months booked business that represent annualized future revenues of EUR 290 million. In particular, bookings were strong in our Interior Comfort Systems segment. This will help us strengthen our top line, although these programs will not start phasing in before the 2018/2019 timeframe.

## UPDATE ON DIVESTITURES

As previously announced, we are in the process of divesting two of our product lines; the light duty cables and the headrest/armrest businesses. These processes are proceeding along the expected timelines with multiple interested parties participating. At this time we do not have any further information as to these divestitures.

## OUTLOOK

For the next two quarters we expect both the third quarter and fourth quarter to be relatively flat compared to last year with combined 2016 second half revenues of around EUR 480 million. The market assumptions for the outlook is that there will be no dramatic changes in our end markets or FX rates as compared to the first half of 2016.

# THE BOARD OF DIRECTORS FIRST HALF YEAR REPORT

For the last several years, Kongsberg Automotive have focused on restarting its growth through investment in new products. Concurrently, we have improved financial gearing and have announced the divestiture of two non-core product lines. However, growth and margins continued to lag the industry.

A new board was elected at the March AGM and began a review of the company's operations and direction in April. After discussions with the board, the CEO decided it was time to pass the leadership and tendered his resignation in June. Subsequently, the board appointed Henning E. Jensen, who had been the board Chairman, as CEO of the company.

Kongsberg Automotive's management team, led by Mr. Jensen and supported by the board, is recalibrating the company strategy and will present its program on Capital Markets Day in late November.

The board remains comfortable with the general strategy outline presented at the 2015 Capital Markets Day. However, to support profitable growth, the company needs an increased emphasis on improving its cost structure and increasing the speed and effectiveness of its operational execution. Growth, backed up by competitive costs, is the key to creating sustainable shareholder value in the highly cyclical vehicle industry.

## FINANCIALS

The revenues in the first half year of 2016 amounted to EUR 510.9 million compared to EUR 536.0 million in the same period 2015, including negative FX effects of EUR 16.9 million. EBIT for the first half year was EUR 24.6 million, an increase of EUR 12.7 million compared to the first half 2015. Excluding the write-off last year, of EUR 19.5 million, the EBIT decreased by EUR 6.8 million compared to the first half of 2015. Net profit was EUR 18.7 million compared to a loss of EUR 3.6 million in the first six months last year, the increase reflects the positive change in EBIT including the effect of the write off last year and net financial items.

## OUR MARKETS

The global Light Vehicle Production (LVP) in the first half of 2016, ended 1.8 % higher than compared to the first half of 2015. This was mainly driven by higher growth in China (5.2%) and to a lesser degree North America (4.3%) and Europe (2.7%). The estimated production for the full year 2016 is expected to be 91.5 million vehicles, a growth rate of 3.2% compared to 2015.

In Europe (including Russia and CIS), there has been a steady growth of around 2.5% the first half year. This is forecasted to continue throughout the year, although the BREXIT decision could change this somewhat.

The Chinese production was up by 5.2% in the first half of 2016, driven mainly by tax incentives for the lower segment vehicles.

North American production grew by 4.3% in the first half of 2016, and the full-year sales forecast is 18 million

vehicles, with indications of slowing growth the coming months.

South America continues to decline. The market decline for the first half of 2016 was at 21.3%, driven by the decline in Brazil. The production is expected to decline even further in the second half of 2016.

The global Commercial Vehicle Production (CVP) grew by 7.2% in the first half of 2016 compared to the same period last year. This was driven by the growth in Asia and Europe. The estimated production for the full year 2016 is expected to grow by 1.5%.

The European production increased 6.3% in the first half of 2016 mainly driven by Western Europe.

North America experienced a production decline of -11% in the first half of 2016 while the production in China grew by 18.5 % in the same period.

In South America the Commercial vehicles production continues to decline and experienced a decline of 35% in the first half of 2016. The full year forecast is, however, a decline of 20% compared to 2015.

*Data Source: LMC Automotive July 4<sup>th</sup>, 2016*

Market Outlook for the remainder of 2016:

The US automotive market is forecasted to level off to a slower growth. There are uncertainties associated with the BREXIT impact on the EU economy, and how it may influence the market demand. However, based on currently available information Kongsberg Automotive does not see signs of major changes in the overall trend lines for the industry.

## RISKS

We continuously monitor our 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. The most significant currency exposure for Kongsberg Automotive is associated with EUR and USD cross 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.

## SHARE AND SHAREHOLDERS

During the first half year the share price has decreased from NOK 6.23 to 5.45. The total number of shareholders in KOA is 4.412. The total number of shares is 406.8 million, of those 48% were held by non-Norwegian shareholders.



# GROUP FINANCIALS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	252.1	266.0	510.9	536.0	1020.1
Opex	(230.9)	(239.9)	(465.1)	(480.9)	(917.5)
EBITDA	21.2	26.1	45.8	55.2	102.6
EBITDA (%)	8.4 %	9.8 %	9.0 %	10.3 %	10.1 %
Depreciation and amortization/impairment	(10.7)	(30.9)	(21.2)	(43.3)	(66.1)
EBIT	10.5	(4.8)	24.6	11.9	36.5
EBIT (%)	4.2 %	-1.8 %	4.8 %	2.2 %	3.6 %
Net financial items	(1.9)	(2.1)	3.7	(9.8)	(32.8)
Profit before taxes	8.6	(6.9)	28.3	2.1	3.7
Income taxes	(2.9)	(2.6)	(9.6)	(5.7)	(12.0)
Net profit	5.7	(9.6)	18.7	(3.6)	(8.3)

### REVENUES

Revenues for the Group amounted to EUR 252.1 million in the second quarter of 2016. Revenues were EUR -13.9 million (-5.2%) below the comparable period last year, including a negative currency effect of EUR 11.0 million. On a constant currency basis, this means that revenues decreased by approximately 1%.

In the passenger car segments revenues decreased by EUR 9.8 million (6.6%) compared to the second quarter of 2015. Interior Comfort Systems had EUR 4.2 million (-5.2%) lower revenues in the second quarter compared to the same period last year, including a negative currency effect of EUR 3.2 million. Lower sales in the Outdoor Power Equipment segment impacted negatively the North American Light Duty Cables business in the second quarter compared to last year relating to lower business levels at one specific customer. Revenues in the European premium car seat comfort segment was still strong. Revenues in Driveline decreased by EUR 5.6 million (8.2%) compared to the same quarter last year, including a negative currency effect of EUR 0.9 million. The decline in Driveline revenues was due to lower sales across all regions, especially in North America and Europe due to one-time effect in 2015 and also some programs reaching end of production.

Revenues from the commercial vehicle segments decreased by EUR 4.7 million (3.7%) compared to the same quarter in 2015. Revenues in Fluid Transfer decreased by EUR 2.6 million (4.6%), including a negative currency effect of EUR 2.8 million. Excluding the currency effects, the weakness in the North American industrial business and other North American businesses were offset by strength in Europe for air coupling systems to the commercial vehicle market. Revenues in Driver Control decreased by EUR 2.1 million (3.1%), including a negative currency effect of EUR 4.3 million.

The change in revenues, excluding the currency effects, reflects stronger sales in both the North American recreational vehicle business and European business.

### EBIT

EBIT for the Group was EUR 10.5 million in the second quarter of 2016, a decrease of EUR 4.2 (28.3%) million compared to the adjusted second quarter of 2015. Increased R&D activity and investments (EUR 3.6 million including e-Power business unit), increased fixed costs to support operational improvements, the effect of lower volumes and some minor severance costs were partially offset by operational improvements. The latter was primarily driven by costly launch issues in the comparable quarter last year. Net translation FX effects were EUR -0.8 million.

### NET FINANCIALS

Net financials (see note 4.1) were EUR 1.9 million in the second quarter of 2016, compared to EUR -2.1 million in the same period in 2015. The decrease in net financial items was driven by a positive change in valuation of currency contracts and lower other financial expenses, partially offset by higher unrealized currency losses.

### PROFIT BEFORE TAX / NET PROFIT

Profit before taxes amounted to EUR 8.6 million in the second quarter of 2016, an increase of EUR 15.5 million compared to the same period in 2015. The increase reflects the positive change in operating profit and net financials. Net profit was EUR 5.7 million in the second quarter of 2016, compared to loss of EUR 9.6 million in the comparable quarter last year. Income tax in the second quarter last year was impacted by losses not being capitalized and de-recognition of deferred tax assets.

# GROUP FINANCIALS

## CONDENSED STATEMENT OF CASH FLOW

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Cash flow from operating activities	29.1	15.9	29.3	20.8	73.5
Cash flow from investing activities	(11.6)	(7.1)	(19.9)	(11.7)	(43.5)
Cash flow from financing activities	(11.3)	(12.0)	(21.7)	(16.9)	(26.3)
Currency effects on cash	0.3	(0.6)	(0.1)	1.3	1.5
Change in cash	6.5	(3.8)	(12.5)	(6.5)	5.2
Cash at beginning period	20.8	31.9	39.9	34.6	34.6
Cash at period end	27.4	28.1	27.4	28.1	39.9
Of this, restricted cash	0.4	0.3	0.4	0.3	0.3

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by EUR 13.2 million to EUR 29.1 million in the second quarter of 2016 compared to the comparable quarter last year. The increase was primarily driven by a positive change in net working capital, partially offset by the decrease in EBITDA. The net working capital development in the comparable period last year was negatively impacted by a one-time event.

### CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounted to EUR -11.6 million in the second quarter of 2016, EUR 4.5 million higher than in the comparable period in 2015.

The increase was mainly due to investments in production facilities and equipment for the coming launch of new business. These investments were mainly related to significant contracts awarded over the last couple of years.

### CASH FLOW FROM FINANCING ACTIVITIES

Net cash outflows from financing activities was EUR -11.3 million in the second quarter, compared to EUR -12.0 million in the comparable quarter last year. The decrease was driven by proceeds from sale of treasury shares, as opposed to purchase of treasury shares last year associated with our stock option program, and lower interest payments were partially offset by debt repayments.

Net repayment of debt and bank overdraft amounted to EUR 9.8 million in the second quarter of 2016 compared to repayments of EUR 7.1 million in the same period last year.

Second quarter interest payments, of EUR 1.8 million, decreased by EUR 0.3 million compared to the same quarter last year. The lower interest expenses are driven by the reduced debt level.

### CHANGE IN CASH

Change in cash was EUR 6.5 million in the second quarter of 2016, resulting in cash of EUR 27.4 million at the end of the quarter. The change in cash reflects the positive free cash flow (before repayment), partially offset by debt repayments during the quarter.

### LIQUIDITY RESERVE

The liquidity reserve was EUR 130.5 million at the end of the second quarter, compared to EUR 125.2 million at year end 2015. The change relates to the positive free cash flow, partially offset by negative currency effects. See note 3.4 for more information.

# GROUP FINANCIALS

## CONDENSED STATEMENT OF FINANCIAL POSITION

MEUR	30.06.16	30.06.15	31.12.15
Non-current assets	370.7	371.5	379.7
Cash and cash equivalents	27.4	28.1	39.9
Other current assets	285.7	295.7	264.5
<b>Total assets</b>	<b>683.8</b>	<b>695.4</b>	<b>684.1</b>
Equity	223.5	213.4	214.2
Interest bearing debt	233.2	255.7	253.9
Other liabilities	227.0	226.3	216.0
<b>Total equity and liabilities</b>	<b>683.8</b>	<b>695.4</b>	<b>684.1</b>
<hr/>			
NIBD	205.9	227.6	214.0
Equity ratio	32.7%	30.7%	31.3%

### ASSETS

Total assets were EUR 683.8 million at the end of the second quarter, a slight decrease from year end 2015. The decrease was due to debt repayments, currency translation effects, partially offset by positive profits and increased net working capital. Seasonality was the main driver behind the increase in working capital.

The cash pool overdraft has been retroactively reclassified as a reduction of cash.

### EQUITY

From year end 2015 equity increased by EUR 9.3 million to EUR 223.5 million. The increase was driven by a positive net profit for the period of EUR 18.7 million, partially offset by negative currency translation effects. The equity ratio increased by 1.4 percentage points to 32.7%.

### INTEREST BEARING DEBT

Long-term interest bearing debt amounted to EUR 233.2 million at the end of the second quarter, a decrease of EUR 20.6 million since year end 2015. The change reflects primarily debt repayments and positive currency effects of EUR 2.4 million.

Net interest bearing debt amounted to EUR 205.9 million at the end of the second quarter, a decrease of EUR 8.1 million compared to EUR 214.0 million at year end 2015. The increase was due to a positive free cash flow and positive currency effects.



# INTERIOR COMFORT SYSTEMS

## Segment Reporting

### INTERIOR COMFORT SYSTEMS

Interior Comfort 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, armrests and head restraints.

Interior Comfort Systems products address the passenger car market, with particularly strong positions in the

European and North American markets. Market 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 can be found in all ranges of cars. Customers include all major European and North American car and seat manufacturers and most premium OEMs such as Johnson Controls, Faurecia, Audi, Volvo and BMW. In addition the division is a market leader in the supply of light-duty cables to the Outdoor Power Equipment market globally and several other niche industrial market sectors

### KEY FIGURES

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	77.3	81.6	164.9	165.0	330.1
EBITDA	7.8	8.5	18.5	17.8	39.0
EBITDA (%)	10.1%	10.4%	11.2%	10.8%	11.8%
Depreciation	(2.2)	(2.2)	(4.5)	(4.4)	(8.8)
Amortization/impairment*	(0.6)	(20.1)	(1.3)	(20.6)	(21.9)
EBIT	5.0	(13.8)	12.6	(7.2)	8.4
EBIT (%)	6.4%	-16.9%	7.7%	-4.4%	2.5%
Investments	(3.1)	(1.6)	(6.0)	(3.0)	(15.8)
Capital Employed **	151.9	151.3	151.9	151.3	151.2

\* Includes write-off of EUR 19.5 million related to the Armrest and Headrest business in Q2 2015

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

### FINANCIAL UPDATE

Revenues in Interior decreased by EUR -4.2 million (-5.2%) to EUR 77.3 million in the second quarter 2016 compared to the same quarter in 2015, including negative currency effect of EUR -3.2 million. Lower sales in the Outdoor Power Equipment (OPE) segment impacted the North American Light Duty Cables business negatively in the second quarter compared to last year. Revenues in the European premium car seat comfort segment were still strong. Revenues for the first half year amounted to EUR 164.9 million, a decrease of EUR -0.1 million from 2015, including a negative currency effect of EUR -3.6 million. Revenues in the second quarter came down from the first quarter reflecting seasonal effects in the OPE segment and lower sales in the North American head-restraint business.

EBIT was EUR 5.0 million in the second quarter, adjusted for the write-off last year the EBIT decreased by EUR -0.7 million compared to the second quarter 2015, a reduction of -0.5 percentage points to 6.4%. The change in EBIT was related to lower sales volume and increased R&D efforts to support

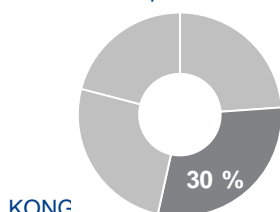
innovations, new programs and future growth opportunities partially offset by operational improvements. EBIT for the first half year, adjusted for the write-off, increased by EUR 0.4 million (2.9%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

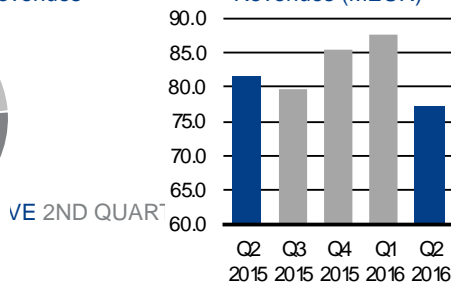
The second quarter total business wins for the Comfort and Climate business unit amounted to EUR 10.7 million in annual sales, while business wins for the Light Duty Cable business segment amounted to EUR 10.2 million in annual sales. First half business wins amounted to EUR 26.1 million in annual sales.

Noteworthy awards came from climatization products for the premium European OEMs as well as high volume platforms with launches commencing in 2017. Additionally, a North American brand utilizing Kongsberg Automotive product will be the first to market utilizing a unique and innovative pneumatic seat support and massage system with functionality and comfort levels not present in the US market today.

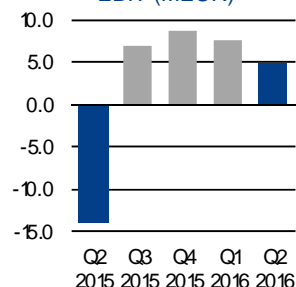
Share of Group Q2 2016 revenues



Revenues (MEUR)



EBIT (MEUR)



# DRIVELINE

## Segment Reporting

### 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 for transmissions.

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

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	62.3	67.9	123.9	136.5	253.9
EBITDA	2.4	3.4	5.3	7.0	13.2
EBITDA (%)	3.9 %	5.0 %	4.3 %	5.1 %	5.2 %
Depreciation	(1.8)	(1.9)	(3.6)	(3.8)	(8.0)
Amortization	(0.8)	(0.7)	(1.5)	(1.5)	(3.0)
EBIT	(0.2)	0.7	0.3	1.7	2.2
EBIT (%)	-0.3 %	1.1 %	0.2 %	1.3 %	0.9 %
Investments	(2.4)	(1.9)	(4.2)	(3.0)	(9.6)
Capital Employed *	80.7	73.0	80.7	73.0	73.3

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

### FINANCIAL UPDATE

Revenues in Driveline decreased by EUR -5.6 million (-8.2%) to EUR 62.3 million in the second quarter 2016 compared to the same quarter in 2015, including a negative currency effect of EUR -0.9 million. The majority of the decline in revenues was due to a benefit last year from an increased demand in the NA passenger car market due to a non-Kongsberg Automotive related recall where Kongsberg Automotive supplied a significant portion of the replaced products. The remainder of the decline was attributable to declining volumes across our old programs affecting all regions. Revenues for the first half year amounted to EUR 123.9 million, a decrease of -9.2% from 2015. The trends for the first half year are consistent with the trends of the second quarter.

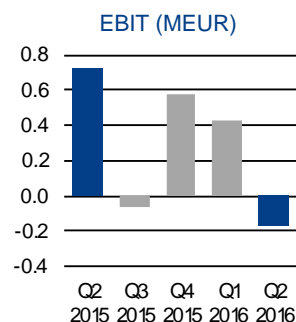
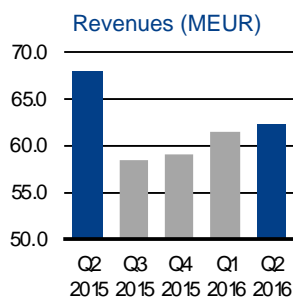
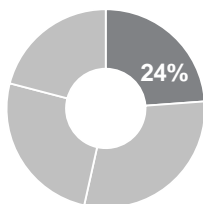
EBIT was EUR -0.2 million in the second quarter, a decrease of EUR -0.9 million compared to the second quarter 2015. The main drivers for the decrease in EBIT were the effect of lower volumes partially offset by operational improvements. The second quarter EBIT margin decreased by -1.3 percentage points to -0.3%.

EBIT for the first half year decreased by EUR -1.5 million (-85.3%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

Overall project activity remains high and new business opportunities remain strong. Business awards in the second quarter amounted to EUR 13.0 million in annual sales, and year to date is the same. The majority of the new awards was in the SBW (shift by wire) product area.

### Share of Group Q2 2016 revenues



# FLUID TRANSFER

## Segment Reporting

### FLUID TRANSFER

Fluid Transfer designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, and coupling systems for compressed-air circuits in heavy duty trucks. The business area provides completely engineered flexible fluid assemblies for all market segments in which it operates. The business area is also specialized in manufacturing tube and hose assemblies for harsh environments.

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

Key customers in commercial vehicles include Volvo Trucks, Navistar and Paccar. Key OEM automotive customers are 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.

### KEY FIGURES

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	54.6	57.3	108.3	113.0	215.0
EBITDA	10.7	10.8	21.0	21.9	41.2
EBITDA (%)	19.7%	18.9%	19.4%	19.3%	19.1%
Depreciation	(1.2)	(1.5)	(2.4)	(3.1)	(6.0)
Amortization	(0.9)	(1.0)	(1.9)	(1.9)	(3.9)
EBIT	8.6	8.3	16.8	16.9	31.3
EBIT (%)	15.8%	14.5%	15.5%	14.9%	14.6%
Investments	(1.4)	(2.2)	(2.0)	(2.7)	(8.1)
Capital Employed *	123.1	126.4	123.1	126.4	125.4

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

### FINANCIAL UPDATE

Revenues in Fluid Transfer decreased by EUR -2.6 million (-4.6%) to EUR 54.6 million in the second quarter 2016 compared to the same quarter in 2015, including a negative currency effect of EUR -2.8 million. Revenues for the first half year amounted to EUR 108.3 million, a decrease of -4.2% from 2015, including a negative currency effect of EUR -4.4 million. The decrease in revenues in the second quarter was driven by unfavorable currency effects and broad-based weakness across the North American businesses partially offset by strength in Europe for air coupling systems to the commercial vehicle market.

On a constant currency basis, for both Q2 and the first half of the year, FTS revenues were slightly up versus prior year with some upside in the European heavy duty truck markets partly offset by declines in the industrial markets.

The EBIT amounted EUR 8.6 million in the second quarter, an increase of EUR 0.3 million compared to the quarter 2015. The second quarter EBIT margin increased by 1.3 percentage points to 15.8%.

EBIT for the first half year decreased by EUR -0.1 million (-0.6%) over last year. The first half year EBIT margin increased by 0.6 percentage points to 15.5%.

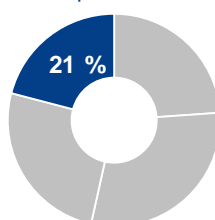
The EBIT margin, both for the quarter and for the first half year, increased primarily due to material cost reduction and productivity improvements partially offset by an increase in fixed costs to support our future growth.

### COMMERCIAL & OPERATIONAL UPDATE

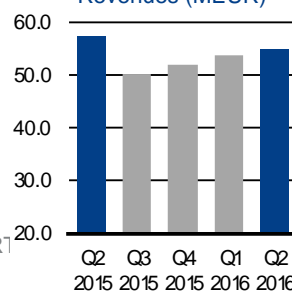
Second quarter business awards were EUR 20.0 million in annual sales. The sales opportunities pipeline and quoting activity remain robust.

During the second quarter our manufacturing facility in Normanton, UK received the prestigious JLRQ award from Jaguar Land Rover. This accreditation is awarded to recognize those suppliers who are consistently meeting Jaguar Land Rover's exacting quality and delivery standards.

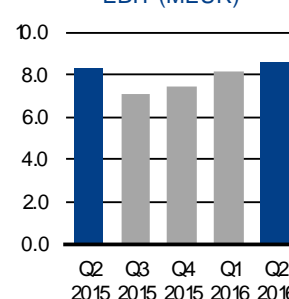
Share of Group Q2 2016 revenues



Revenues (MEUR)



EBIT (MEUR)



# DRIVER CONTROL

## Segment Reporting

### DRIVER CONTROL

Driver Control is a global leader in the development, design and manufacturing of operator control systems for both on- and off-highway commercial vehicles. Driver Control is offering a robust product portfolio of clutch actuation systems, gearshift systems, and vehicle dynamics for commercial vehicles. Driver Control also supplies steering columns, pedal systems and electronic displays for offroad applications in agriculture and recreational applications.

Driver Controls' products and services have particularly strong positions in European, North American, Brazilian, and South Korean markets. Key customers include Volvo Group, Scania, MAN, Daimler, Hyundai, DAF/PACCAR, John Deere, CAT and BRP.

### KEY FIGURES

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	66.8	68.9	131.8	140.0	256.1
EBITDA	7.2	8.8	14.1	17.9	30.9
EBITDA (%)	10.8 %	12.7 %	10.7 %	12.8 %	12.1 %
Depreciation	(1.7)	(1.7)	(3.3)	(3.5)	(6.6)
Amortization	(1.2)	(1.7)	(2.5)	(4.3)	(7.5)
EBIT	4.3	5.5	8.4	10.2	16.8
EBIT (%)	6.4 %	7.9 %	6.4 %	7.3 %	6.5 %
Investments	(4.7)	(1.5)	(7.4)	(3.0)	(10.1)
Capital Employed *	117.4	120.3	117.4	120.3	111.1

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

### FINANCIAL UPDATE

Revenues in Driver Control Systems decreased by EUR -2.1 million (-3.1%) to EUR 66.8 million in the second quarter 2016 compared to the same quarter in 2015, including a negative currency effect of EUR -4.3 million. Exclusive of currency the increase in revenues were driven by improvement in the both the North American recreational vehicle business and the European commercial vehicle business. Revenues for the first half year amounted to EUR 131.8 million, a decrease of -5.9% from 2015. Excluding a negative currency effect of EUR -8.3 million revenues in the first half year are comparable to last year. Increased sales in the North American recreational vehicle business were offset by reductions in South America, North America and Asia.

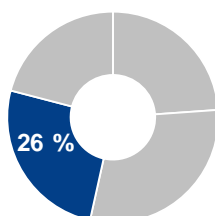
EBIT was EUR 4.3 million in the second quarter, a decrease of EUR -1.2 million compared to the second quarter 2015. The second quarter EBIT margin decreased by -1.5 percentage points to 6.4%. The change is mainly reflective of an unfavorable product mix. EBIT for the first half year decreased by EUR -1.8 million (-17.6%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

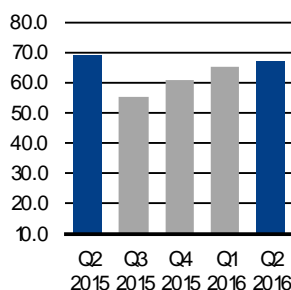
R&D project activity continues high and this will be maintained through 2016. The R&D spend is directed towards the development of a new Automated Manual Transmission (AMT) system where significant contracts were announced in the fourth quarter of 2014 and 2015. Deliveries on these new contracts will start in 2017.

Business wins in the quarter amounted to EUR 5.9 million with the majority coming from China.

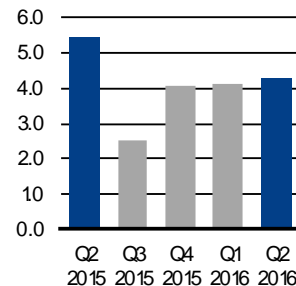
Share of Group Q2 2016 revenues



Revenues (MEUR)



EBIT (MEUR)



# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF COMPREHENSIVE INCOME

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
Revenues	252.1	266.0	510.9	536.0	1020.1
Opex	(230.9)	(239.9)	(465.1)	(480.9)	(917.5)
EBITDA	21.2	26.1	45.8	55.2	102.6
<i>EBITDA (%)</i>	8.4 %	9.8 %	9.0 %	10.3 %	10.1 %
Depreciation and amortization/ impairment	(10.7)	(30.9)	(21.2)	(43.3)	(66.1)
EBIT	10.5	(4.8)	24.6	11.9	36.5
<i>EBIT (%)</i>	4.2 %	-1.8 %	4.8 %	2.2 %	3.6 %
Net financial items	(1.9)	(2.1)	3.7	(9.8)	(32.8)
Profit before taxes	8.6	(6.9)	28.3	2.1	3.7
Incometaxes	(2.9)	(2.6)	(9.6)	(5.7)	(12.0)
Net profit	5.7	(9.6)	18.7	(3.6)	(8.3)
Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods):					
Translation differences	(0.5)	(9.3)	(13.5)	12.7	25.6
Tax on translation differences	(0.8)	2.1	3.4	(3.7)	(11.2)
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)	0.2
Tax on remeasurement of the net PBO	0.0	0.0	0.0	0.0	(0.1)
Other comprehensive income	(1.3)	(7.2)	(10.0)	9.1	14.5
Total comprehensive income	4.3	(16.8)	8.7	5.5	6.2
Net profit attributable to:					
Equity holders (parent comp)	5.6	(9.8)	18.7	(3.9)	(8.4)
Non-controlling interests	0.0	0.3	0.0	0.3	0.0
Total	5.7	(9.6)	18.7	(3.6)	(8.3)
Total comprehensive income attributable to:					
Equity holders (parent comp)	4.3	(17.0)	8.6	5.2	6.2
Non-controlling interests	0.0	0.3	0.0	0.3	0.0
Total	4.3	(16.8)	8.7	5.5	6.2
Earnings per share:					
Basic earnings per share, EUR	0.01	(0.02)	0.05	(0.01)	(0.02)
Diluted earnings per share, EUR	0.01	(0.02)	0.04	(0.01)	(0.02)



# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF FINANCIAL POSITION

MEUR	Note	30.06.16	30.06.15	31.12.15
Deferred tax assets		40.0	41.8	41.8
Intangible assets		183.5	199.8	193.5
Property, plant and equipment		146.2	128.1	143.3
Other non-current assets		1.1	1.9	1.1
<b>Non-current assets</b>		<b>370.7</b>	<b>371.5</b>	<b>379.7</b>
Inventories		82.1	86.0	80.5
Accounts receivable		162.1	166.4	144.6
Other short term receivables		41.5	43.4	39.4
Cash and cash equivalents		27.4	28.1	39.9
<b>Current assets</b>		<b>313.1</b>	<b>323.8</b>	<b>304.4</b>
<b>Total assets</b>		<b>683.8</b>	<b>695.4</b>	<b>684.1</b>
Share capital		21.9	22.9	21.2
Share premium reserve		181.3	191.8	175.6
Other equity		16.7	(5.9)	13.6
Non-controlling interests		3.7	4.6	3.9
<b>Total equity</b>		<b>223.5</b>	<b>213.4</b>	<b>214.2</b>
Interest bearing loans and borrowings	3	233.2	255.7	253.9
Deferred tax liabilities		30.5	19.1	30.8
Other long term liabilities		18.0	18.5	17.9
<b>Non-current liabilities</b>		<b>281.8</b>	<b>293.2</b>	<b>302.5</b>
Bank overdraft		(0.0)	0.0	0.0
Other short term liabilities, interest bearing		0.0	0.0	0.0
Accounts payable		100.8	108.6	101.0
Other short term liabilities		77.7	80.1	66.3
<b>Current liabilities</b>		<b>178.5</b>	<b>188.8</b>	<b>167.3</b>
<b>Total liabilities</b>		<b>460.2</b>	<b>482.0</b>	<b>469.9</b>
<b>Total equity and liabilities</b>		<b>683.8</b>	<b>695.4</b>	<b>684.1</b>

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF CHANGE IN EQUITY

MEUR	30.06.16	30.06.15	31.12.15
Equity as of start of period	214.2	210.3	210.3
Net profit for the period	18.7	(3.6)	(8.3)
Translation differences	(13.5)	12.7	25.6
Tax on translation differences	3.4	(3.7)	(11.2)
Remeasurement of the net PBO	0.0	(0.0)	0.2
Tax on remeasurement of the net PBO	0.0	0.0	(0.1)
Total comprehensive income	8.7	5.5	6.2
Options contracts (employees)	0.3	0.3	0.7
Treasury shares	0.3	(2.7)	(2.6)
Other changes in non-controlling interests	0.0	0.0	(0.0)
Other changes in equity	0.0	0.0	(0.4)
Equity as of end of period	223.5	213.4	214.2

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF CASH FLOW

MEUR	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015
<i>Operating activities</i>					
(Loss)/ profit before taxes	8.6	(6.9)	28.3	2.1	3.7
Depreciation	7.0	7.4	13.9	14.8	29.6
Amortization/ impairment	3.6	23.5	7.3	28.4	36.5
Interest income	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Interest expenses	1.8	1.8	3.5	4.4	8.2
Taxes paid	(1.5)	(2.3)	(3.8)	(4.6)	(11.2)
(Gain)/ loss on sale of non-current assets	0.0	0.0	0.0	0.0	0.0
Changes in receivables	0.9	9.5	(17.5)	(26.3)	(4.5)
Changes in inventory	(1.1)	0.7	(1.6)	(9.2)	(3.7)
Changes in payables	1.9	(5.9)	(0.2)	9.5	1.9
Currency (gain)/ loss	1.0	(0.1)	(5.1)	3.7	22.5
Changes in value fin. derivatives	(1.0)	(0.4)	(2.4)	(1.3)	(1.0)
Changes in other items	8.0	(11.6)	7.0	(0.7)	(8.2)
<b>Cash flow from operating activities</b>	<b>29.1</b>	<b>15.9</b>	<b>29.3</b>	<b>20.8</b>	<b>73.5</b>
<i>Investing activities</i>					
Investments	(11.7)	(7.2)	(20.2)	(12.1)	(43.9)
Sale of fixed assets	0.0	0.1	0.0	0.1	0.1
Investments in subsidiaries	0.0	0.0	0.0	0.0	0.0
Interest received	0.0	0.0	0.1	0.0	0.1
Proceeds from sale of subsidiaries	0.0	0.0	0.2	0.3	0.3
<b>Cash flow from investing activities</b>	<b>(11.6)</b>	<b>(7.1)</b>	<b>(19.9)</b>	<b>(11.7)</b>	<b>(43.5)</b>
<i>Financing activities</i>					
Proceeds from sale/ purchase of treasury shares	0.3	(2.7)	0.3	(2.7)	(2.6)
Repayment of debt	(9.8)	(7.1)	(18.5)	(8.2)	(13.6)
Interest paid	(1.8)	(2.1)	(3.6)	(4.7)	(8.5)
Dividends paid*	0.0	0.0	0.0	0.0	(0.4)
Other financial charges	(0.0)	(0.0)	(0.0)	(1.3)	(1.3)
<b>Cash flow from financing activities</b>	<b>(11.3)</b>	<b>(12.0)</b>	<b>(21.7)</b>	<b>(16.9)</b>	<b>(26.3)</b>
<b>Currency effects on cash</b>	<b>0.3</b>	<b>(0.6)</b>	<b>(0.1)</b>	<b>1.3</b>	<b>1.5</b>
<b>Change in cash</b>	<b>6.5</b>	<b>(3.8)</b>	<b>(12.5)</b>	<b>(6.5)</b>	<b>5.2</b>
<b>Cash at beginning period</b>	<b>20.8</b>	<b>31.9</b>	<b>39.9</b>	<b>34.6</b>	<b>34.6</b>
<b>Cash at period end</b>	<b>27.4</b>	<b>28.1</b>	<b>27.4</b>	<b>28.1</b>	<b>39.9</b>
<b>Of this, restricted cash</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>

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

# 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, 2016, 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, 2015, 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, 2015, 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 EUR and USD cross 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. Obviously, Kongsberg Automotive is not exempted from any possible effects of the BREXIT referendum in the United Kingdom. At this time, it is difficult to estimate what the effects of this decision by the British voters will be. However, in the short term, the BREXIT referendum has led to significant currency fluctuations for both the GBP and the EUR against the USD which does impact Kongsberg Automotive.

#### SEASONALITY

The Group is 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.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## Note 2 – Segment Reporting

### 2.1 OPERATING REPORTABLE SEGMENTS

YTD 2016

MEUR	Interior	Driveline	Fluid Transfer	Driver Controls	Elim & other	Group
Operating Revenues	164.9	123.9	108.3	131.8	(17.9)	510.9
EBITDA	18.5	5.3	21.0	14.1	(13.2)	45.8
Depreciation	(4.5)	(3.6)	(2.4)	(3.3)	(0.1)	(13.9)
Amortization	(1.3)	(1.5)	(1.9)	(2.5)	(0.1)	(7.3)
EBIT	12.6	0.3	16.8	8.4	(13.4)	24.6
<i>Assets and liabilities</i>						
Goodwill	58.7	6.6	54.5	31.4	0.0	151.1
Other intangible assets	4.9	8.2	6.7	11.4	1.2	32.3
Property, plant and equipment	40.6	35.2	30.0	39.6	0.8	146.2
Inventories	17.7	18.4	18.6	28.3	(1.0)	82.1
Trade receivables	59.3	37.9	32.8	32.2	0.0	162.1
Segment assets	181.1	106.3	142.6	142.8	1.1	573.9
Unallocated assets	0	0	0	0	109.9	109.9
Total assets	181.1	106.3	142.6	142.8	111.0	683.8
Trade payables	29.2	25.6	19.5	25.5	1.0	100.8
Unallocated liabilities	0	0	0	0	359.4	359.4
Total liabilities	29.2	25.6	19.5	25.5	360.5	460.2
Capital expenditure	6.0	3.9	2.0	7.2	0.1	19.2



# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

YTD 2015

MEUR	Interior	Driveline	Fluid Transfer	Driver Controls	Elim & other	Group
Operating Revenues	165.0	136.5	113.0	140.0	(18.5)	536.0
EBITDA	17.8	7.0	21.9	17.9	(9.4)	55.2
Depreciation	(4.4)	(3.8)	(3.1)	(3.5)	(0.1)	(14.8)
Amortization/impairment	(20.6)	(1.5)	(1.9)	(4.3)	(0.2)	(28.4)
EBIT	(7.2)	1.7	16.9	10.2	(9.7)	11.9

## Assets and liabilities

Goodwill	59.8	6.7	54.6	32.8	0.0	153.8
Other intangible assets	6.9	10.5	11.2	16.3	1.1	45.9
Property, plant and equipment	33.1	33.0	28.5	32.8	0.7	128.1
Inventories	18.7	18.9	19.6	29.3	(0.6)	86.0
Trade receivables	60.7	33.2	36.6	35.9	(0.0)	166.4
Segment assets	179.1	102.3	150.5	147.1	1.2	580.2
Unallocated assets	0	0	0	0	115.1	115.1
Total assets	179.1	102.3	150.5	147.1	116.4	695.4
Trade payables	27.8	29.2	24.1	26.8	0.6	108.6
Unallocated liabilities	0	0	0	0	373.4	373.4
Total liabilities	27.8	29.2	24.1	26.8	374.0	482.0
Capital expenditure	3.0	2.3	2.7	2.5	0.0	10.5

Full year 2015

MEUR	Interior	Driveline	Fluid Transfer	Driver Controls	Elim & other	Group
Operating Revenues	330.1	253.9	215.0	256.1	(35.0)	1,020.1
EBITDA	39.0	13.2	41.2	30.9	(21.7)	102.6
Depreciation	(8.8)	(8.0)	(6.0)	(6.6)	(0.2)	(29.6)
Amortization/impairment	(21.9)	(3.0)	(3.9)	(7.5)	(0.3)	(36.5)
EBIT	8.4	2.2	31.3	16.8	(22.2)	36.5

## Assets and liabilities

Goodwill	60.2	6.7	55.6	31.9	0.0	154.5
Other intangible assets	6.1	9.5	8.8	13.9	0.8	39.0
Property, plant and equipment	41.1	35.3	31.2	35.0	0.8	143.3
Inventories	18.3	16.9	19.1	27.0	(0.8)	80.5
Trade receivables	56.8	28.9	30.6	28.4	(0.0)	144.6
Segment assets	182.4	97.3	145.3	136.2	0.8	562.0
Unallocated assets	-	-	-	-	122.1	122.1
Total assets	182.4	97.3	145.3	136.2	122.9	684.1
Trade payables	31.2	24.0	19.9	25.1	0.8	101.0
Unallocated liabilities	-	-	-	-	368.9	368.9
Total liabilities	31.2	24.0	19.9	25.1	369.7	469.9
Capital expenditure	15.5	8.4	7.9	9.2	0.1	41.0

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## 2.2 SEGMENTS BY GEOGRAPHICAL LOCATION

### 2.2.1 Sales to customers by geographical location

MEUR	2016		2015		2015	
	Jan - June	%	Jan - June	%	Jan - Dec	%
Sweden	45.7	8.9 %	42.8	8.0 %	83.0	8.1 %
Germany	42.3	8.3 %	54.8	10.2 %	96.6	9.5 %
France	41.7	8.2 %	39.8	7.4 %	70.5	6.9 %
Other EUR	130.4	25.5 %	135.1	25.2 %	252.1	24.7 %
Total EUR	260.0	50.9 %	272.4	50.8 %	502.2	49.2 %
USA	134.0	26.2 %	156.2	29.1 %	296.1	29.0 %
NA other	66.7	13.0 %	54.8	10.2 %	113.7	11.1 %
Total NA	200.7	39.3 %	211.0	39.4 %	409.7	40.2 %
China	29.7	5.8 %	30.6	5.7 %	65.8	6.4 %
Asia Other	10.5	2.0 %	11.3	2.1 %	21.5	2.1 %
Total Asia	40.2	7.9 %	41.8	7.8 %	87.2	8.6 %
Other countries	10.0	1.9 %	10.8	2.0 %	20.9	2.0 %
Operating revenues	510.9	100 %	536.0	100 %	1,020.1	100.0 %

### 2.2.2 Non-current assets by geographical location

MEUR	2016		2015		2015	
	Jan - June	%	Jan - June	%	Jan - Dec	%
USA	103.8	31.5 %	107.5	32.8 %	107.5	31.9 %
UK	11.6	3.5 %	13.8	4.2 %	13.8	4.1 %
Norway	26.0	7.9 %	25.6	7.8 %	25.2	7.5 %
Germany	14.3	4.3 %	14.9	4.5 %	14.8	4.4 %
Sweden	30.3	9.2 %	30.0	9.1 %	30.8	9.1 %
Poland	45.9	13.9 %	36.1	11.0 %	43.3	12.8 %
Other	97.8	29.6 %	99.9	30.5 %	101.5	30.1 %
Total Non-Current Assets*	329.7	100 %	327.9	100 %	336.8	100.0 %

\* Includes intangible assets, property, plant and equipment

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## Note 3 – Interest-bearing loans and borrowings

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

MEUR	30.06.16	31.12.15
Non current interest-bearing loans and borrowings	234.4	254.8
Capitalized arrangement fees	(1.1)	(1.0)
Total interest-bearing liabilities	233.2	253.9
	30.06.16	31.12.15
EUR	110.0	123.0
USD	123.4	131.3
Other currencies	1.0	0.5
Capitalized arrangement fee	(1.1)	(1.0)
Total interest-bearing liabilities	233.2	253.9

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

Facilities	Currency	Total amounts	Maturity/ date	Drawn amount	Interest rate (ind margin)
Tranche EUR	EUR	162.0	02.03.19	110.0	1.50%
Tranche USD	USD	172.0	02.03.19	137.0	1.95%

The Group has a short-term bank overdraft facility of MEUR 20.0. Nothing was drawn against the overdraft facility at 30.06.16.

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

Year	EUR	USD
2016	-	-
2017	-	-
2018	-	-
2019	162.0	172.0
Total	162.0	172.0

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

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

MEUR	30.06.16	31.12.15
Cash reserve, exd. restricted cash	27.0	39.6
Undrawn facility*	103.5	85.6
Total (before bank overdraft)	130.5	125.2
Bank overdraft	0.0	(0.0)
Liquidity reserve	130.5	125.2

\*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 2016	Q2 2015	YTD 2016	YTD 2015	2015
Interest income	0.0	0.0	0.1	0.0	0.1
Interest expenses	(1.8)	(1.8)	(3.5)	(4.4)	(8.2)
Foreign currency gains (losses)	(1.0)	0.1	5.1	(3.7)	(22.5)
Change in valuation currency contracts	1.0	0.4	2.4	1.3	1.0
Other financial items*	(0.3)	(0.7)	(0.4)	(3.1)	(3.3)
Net financial items	(1.9)	(2.1)	3.7	(9.8)	(32.8)

\* Other financial items include arrangement fees, interest component on pension liability, and other fees and charges.

## Note 5 – Subsequent events

### Sale of North American headrest business

Non binding letter of intent has been signed for the sale of the headrest business in North America. The exact financial impact is yet to be established; however, the transaction could generate an accounting loss in the range of EUR 3 to 5 million related to compensation for potential future losses and restructuring activities. The transaction is following the strategic decision to exit the headrest business and is considered a favorable option to gradually winding down the business. The transaction is subject to reaching an acceptable agreement and final board approval. Assumptions regarding the transaction has not changed since year end.

## Note 6 – Contingent Liabilities

### MTD Products Inc. vs. Kongsberg Power Products Systems I Inc. (US)

With reference to note 27 in the 2015 annual report, we are entering into an arbitration process in the MTD Products Inc vs. Kongsberg Power Products Systems I Inc. (US). The arbitration process is starting in Q3, 2016 and the outcome is uncertain. MTD seeks USD 6.0 in compensation, which KA disputes.



## Note 7 – Free Cash Flow error in Q1

### **Q1 2016 Free Cash Flow figures had an error**

In Q1, 2016 Free cash flow was reported as EUR -10.4 million. The correct figure should have been EUR -6.9 million. As a result of this, the free cash flow figures for Q1 were understated by EUR 3.5 million and, correspondingly, the Q2 free cash flow figures are overstated by EUR 3.5 million. For the first half of 2016, the free cash flow figure is accurately reported.



# 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 2016 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 2016 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 13th July 2016

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**Bruce E. Taylor**

Chairman  
(Sign.)

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**Thomas Falck**

(Sign.)

---

**Malin Persson**

(Sign.)

---

**Ellen M. Hanetho**

(Sign.)

---

**Jon Ivar Jørnby**

(Sign.)

---

**Kjell Kristiansen**

(Sign.)

---

**Kari Brænden Aaslund**

(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
Ellen M. Hanetho	Shareholder elected
Jon Ivar Jørnby	Employee elected
Kari Brænden Aaslund	Employee elected
Kjell Kristiansen	Employee elected

### EXECUTIVE COMMITTEE:

Henning E. Jensen	President & CEO
Trond Stabekk	Executive Vice President & CFO
Anders Nyström	Executive Vice President, Interior
Jonathan Day	Executive Vice President, Driveline
Scott Paquette	Executive Vice President, Driver Control
David Redfearn	Executive Vice President, Fluid Transfer
Lovisa Söderholm	Executive Vice President, Purchasing
Philippe Toth	Executive Vice President Business Development & IR

### INVESTOR RELATIONS:

Trond Stabekk	+47 982 14 054
Philippe Toth	+47 982 14 021

### FINANCIAL CALENDAR:

Publication of the quarterly financial statements:

	Interim reports	Presentation
3rd Quarter 2016	31 October 2016	1 November 2016

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