Agenda

09:00  Achievements, strategy for growth & targets
09:30  Financial review
09:50  Automotive market outlook
10:05  Break
10:25  Automated Transmission trends in the Commercial Vehicle segment
11:00  Comfort feature trends in the Automotive seating segment
11:35  Summary and closing remarks
11:45  Lunch
Who we are

*Enhancing the driving experience*

Hans Peter Havdal, President & CEO
A true global supplier

World class products to the global vehicle industry

Revenues of ca. EUR 1 Billion

Global presence 40 locations in 20 countries

Global R&D and testing capabilities

More than 10,000 employees
2014 KEY EVENTS

**Market**
- Market still weak in Europe
- NA remains healthy. SA is very challenging for CV segment
- China at more normalized growth, but increasingly important for KA going forward

**Finance**
- Continued company deleverage and financial improvements
- Delivering good cash flow
- Secured new loan agreement

**Operational**
- Increased focus on innovation
- Starting to pay off in new business wins
- Continue to secure global contracts
Changes to senior management team

- **Lovisa Söderholm, EVP Purchasing**
  Lovisa comes from the role as Chief Purchasing Officer at SKF. Has solid automotive experience from Ford of Europe, Volvo, Jaguar and Aston Martin

- **Interior : EVP, Anders Nyström (formerly EVP Purchasing)**
  Anders moves from Purchasing to run KA's Interior business bringing solid OEM experience from Ford and Volvo Cars

- **Driver Control: EVP, Scott Paquette, (formerly EVP Interior)**
  Scott Paquette moves from KA's Interior business to head DCS. With his strong automotive experience, Scott will drive continuous improvements in operations and quality

- **Business Development & IR: SVP, Philippe Toth**
  As business development & new growth opportunities become increasingly important, this role has been included in KA's Exec. Committee.

---

**Executive Committee 2015**

- Hans Peter Havdal, CEO
- Trond Stabekk, CFO
- Lovisa Söderholm, EVP Purchasing
- Jarle Nymoen, EVP Human Resources
- Philippe Toth, SVP Business Dev. & IR
- Anders Nyström, EVP Interior
- Joachim Magnusson, EVP Driveline
- Scott Paquette, EVP Driver Control
- Jonathan Day, EVP Fluid Transfer
Recap from 2012 CMD

<table>
<thead>
<tr>
<th>Group Targets</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Selective growth focus</td>
</tr>
<tr>
<td>Margin</td>
<td>Gradually improving margin</td>
</tr>
<tr>
<td>ROCE</td>
<td>15% by 2015</td>
</tr>
<tr>
<td>NIBD/EBITDA</td>
<td>&lt; 2x by 2015</td>
</tr>
</tbody>
</table>
2015 Business environment

- We continue to see a challenging market in 2015, main concerns are EU and Brazil
- At the same time we need to build a platform for growth through increased innovation efforts
- R&D and Sales & Marketing efforts increasing, but new programs launching in 1 to 2 years
- Strong growth opportunities identified within comfort systems and efficient powertrains
Weaker Market than we expected in 2012
Increased investments in R&D

- Increased R&D effort on developing new technology
- Supporting future growth plans
The increased innovation efforts are starting to pay off

Expected business awards in 2014

- Order intake increasing, fueling future organic growth
- Expected new business account for about 22% of 2014 estimated revenue

* Expected per annum value
## Revised 2015 targets

<table>
<thead>
<tr>
<th>Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>In line with 2014</td>
</tr>
<tr>
<td>ROCE</td>
<td>13% in 2015</td>
</tr>
<tr>
<td>NIBD/EBITDA</td>
<td>&lt; 2x by 2015</td>
</tr>
</tbody>
</table>

Delivering 15% ROCE would require cut backs in R&D, hurting growth potential
NEXT MOVES
Platform in place to capture future growth

Enabling the driving experience

Entering the automotive market
Establishing top three positions in attractive segments
Consolidation and recovery
Operational improvements
Growth

Profitable Growth
Key growth trends

ACTIVE SAFETY
- Zero casualty vision
- Focus on accident avoidance
- Driver Assistance
- Self driving cars

CONNECTED VEHICLES
- Always connected
- Information & Entertainment
- Self driving cars, road use optimization
- Software upgrades on the run

COMFORT
- Adaptive driver assistance
- Increased comfort features in 2nd row
- More features in lower segments
- Aging population willing to spend more on features

EFFICIENCY & EMISSIONS
- CO2 / Fuel Economy
- Downsizing
- Electrification
- Total cost of ownership

GLOBALIZATION BRIC
- Fewer, but bigger global platforms
- Customers expect to source where they build
- Size is getting increasingly important to afford global set up
Key businesses growth trends – KA well positioned

- SAFETY
- CONNECTED VEHICLES
- COMFORT
- EFFICIENCY & EMISSIONS
- GLOBALIZATION BRIC

- INTERIOR
- DRIVELINE
- DRIVER CONTROL
- FLUID TRANSFER
**Interior**

### 2014 estimated sales

- **Comfort**: 22%
- **Non Auto**: 21%
- **HR&AR**: 13%
- **LDC Auto**: 44%
- **Total**: 290 MEUR

### Product lines

- **Comfort** part of the business will grow above the global light vehicle production due to increased fitment rates of support and climate systems in cars.
- **Light duty cables for automotive business** will grow in line with global light vehicle production.
- **Head & Arm rest** will decline over the period as Interior will prioritize its comfort segment.

### KA growth expectations

- **Above market**
- **In line with market**
- **Below market**
Driveline

2014 estimated sales

- SbW share of AT segment is expected to grow above average due to more electronic controlled transmissions
- MT segment would grow at par with Global industry average as DS would increase its market share in B(RI)C countries

Product lines

- SbW
- Powertrain
- AT
- Other

LVP CAGR (2014-2020); 3%

KA growth expectations

- Above market
- In line With market
**Driver Control**

**2014 estimated sales**

- **Powertrain**: 84%
- **35%**
- **13%**
- **47%**

**Product lines**

- AMT segment is expected to grow above the global CVP growth
- HMI should enjoy an average industry growth rate
- MT segment will slow down as AMT penetration rate is increasing globally

**KA growth expectations**

- **Above market**
- **In line With market**
- **Below market**

**CVP CAGR (2014-2020): 6%**

**240 MEUR**
Fluid

2014 estimated sales

- Couplings 40%
- Industrial 38%
- Tube assemblies 22%

190 MEUR

Product lines

- CV OEMs further adoption of lightweight couplings should yield an above average global CVP growth for this segment
- Dedicated sales organization for the Industrial business should allow for a doubling in sales over a 5-year period
- Niche player in high temperature materials

KA growth expectations

- Above market
- Above market
- Below market

CVP CAGR (2014-2020): 6%
PCP CAGR (2014-2020): 3%
KOA favours debt repayment and solidity
Company targets a gearing ratio of 1.5
Dividend Policy for Kongsberg Automotive ASA

- Kongsberg Automotive shall create good value for its shareholders, employees and society

- Returns to shareholders will be a combination of changes in share price and dividends

- The Board of Directors’ intention is that dividends will be approximately 30% of the company’s net income provided that the gearing ratio is below 1.5 and the company has an efficient capital structure
Beyond 2015 targets

<table>
<thead>
<tr>
<th>KPI</th>
<th>Targets</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>3 – 5% annually</td>
<td>KA expects an organic growth ratio of 3 – 5% annually given the present market outlook</td>
</tr>
<tr>
<td>ROCE</td>
<td>&gt; 13%</td>
<td>KA have the ambition to deliver above 13% ROCE</td>
</tr>
<tr>
<td>NIBD/EBITDA</td>
<td>&lt; 1.5</td>
<td>KA will continue to deleverage to increase financial robustness</td>
</tr>
</tbody>
</table>

- Our ambition is to continue to grow earnings, improve our return on capital, and enhance our financial flexibility
Financials

Trond Stabekk, EVP & CFO
Since last capital markets day......

- Strengthened profit margins
- Improved return on capital employed
- Reduced debt further through solid cash flow
Group revenue and EBIT  (LTM=last twelve months)

Revenues
EUR Million

Q3 13  |  Q4 13  |  Q1 14  |  Q2 14  |  Q3 14  |
---     | ---     | ---     | ---     | ---     |
982     | 991     | 995     | 987     | 981     |

EBIT and EBIT Margin
EUR Million and percent

Q3 13  |  Q4 13  |  Q1 14  |  Q2 14  |  Q3 14  |
---     | ---     | ---     | ---     | ---     |
52.5    | 53.2    | 57.8    | 57.9    | 57.6    |
5.3%    | 5.4%    | 5.8%    | 5.9%    | 5.9%    |
## Free cash flow (LTM=last twelve months)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Free cash flow (EUR Million)</th>
<th>Free cash flow yield (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 13</td>
<td>41</td>
<td>13%</td>
</tr>
<tr>
<td>Q4 13</td>
<td>43</td>
<td>13%</td>
</tr>
<tr>
<td>Q1 14</td>
<td>51</td>
<td>16%</td>
</tr>
<tr>
<td>Q2 14</td>
<td>48</td>
<td>15%</td>
</tr>
<tr>
<td>Q3 14</td>
<td>44</td>
<td>13%</td>
</tr>
</tbody>
</table>
SEGMENTS
Revenues and EBIT margin per segment (LTM)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Driveline</td>
<td>282</td>
<td>270</td>
<td>1,0%</td>
<td>1,6%</td>
</tr>
<tr>
<td>Interior</td>
<td>297</td>
<td>302</td>
<td>7,7%</td>
<td>8,8%</td>
</tr>
<tr>
<td>Fluid Transfer</td>
<td>184</td>
<td>194</td>
<td>10,9%</td>
<td>13,0%</td>
</tr>
<tr>
<td>DCS</td>
<td>253</td>
<td>251</td>
<td>9,4%</td>
<td>9,2%</td>
</tr>
</tbody>
</table>
GEARING, ROCE, LIQUIDITY & FUNDING
Continue focus on reducing gearing level

- Gearing significantly reduced over the last years
- Trend towards target of Net Debt/EBITDA ratio below 2x by 2015 on track
- Focus: continue to reduce the gearing ratio towards below 1.5 times
Targeting > 13% ROCE by 2015 and beyond

- Multiple levers for improvement

  - **Revenue growth** in high-margin segments
  - **Improved margins** in currently low-yielding segments
  - **Higher capital efficiency**, i.e. maintaining capital expenditure below D&A
Liquidity situation further improved

- Liquidity reserve strengthened
- Debt level further reduced
# A new revolving facility

<table>
<thead>
<tr>
<th>Existing facility</th>
<th>New facility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total size</strong></td>
<td></td>
</tr>
<tr>
<td>315 MEUR RCF + 35 MEUR Overdraft</td>
<td>300 MEUR RCF+ 20 MEUR Overdraft</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td></td>
</tr>
<tr>
<td>March 2017</td>
<td>January 2018 + extension options to 2019 and 2020</td>
</tr>
<tr>
<td><strong>Lenders</strong></td>
<td></td>
</tr>
<tr>
<td>DNB / Nordea</td>
<td>DNB / Danske Bank/ BNP Paribas</td>
</tr>
<tr>
<td><strong>Margin in % p.a.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>NIBD/EBITDA</strong></td>
<td></td>
</tr>
<tr>
<td>&gt;4.0x</td>
<td>4.75%</td>
</tr>
<tr>
<td>3.25x-4.0x</td>
<td>4.25%</td>
</tr>
<tr>
<td>2.5x-3.25x</td>
<td>3.50%</td>
</tr>
<tr>
<td>1.75x-2.50x</td>
<td>2.75%</td>
</tr>
<tr>
<td>&lt;1.75x</td>
<td>2.25%</td>
</tr>
</tbody>
</table>

| **Financial covenants** |                     |
| ✓ Equity Ratio > 25% | ✓ Equity Ratio > 25% |
| ✓ Min Liquidity: 50MEUR | ✓ Min Liquidity: 50MEUR |
| ✓ NIBD/EBITDA < 2.5x | ✓ NIBD/EBITDA: |
| **NIBD/EBITDA** |                     |
| Until 31.12.2015 | 3.0x |
| Until 31.12.2017 | 2.75x |
| Thereafter | 2.5x |

| **Repayment** | No amortizations |

Based on current gearing - saving of approx EUR 3 mill in interest p.a.
Summary

▸ Have delivered on the path towards the targets
  – Operational margins improved
  – Increased the return on capital employed
  – Reduced the gearing on the balance sheet

▸ Growth in revenues important factor in improving the return on capital employed further long term

▸ Financing further improved
Market Outlook

Philippe Toth, VP M&A and Investor Relations
Agenda

- KA regional exposure to end-markets segment
- Some macro economic drivers
- Regional Light Vehicle and Commercial Vehicle market
- Regional new business wins
- Summary
Group exposure by end-markets & regions

- CV segment is mainly exposed toward European underlying growth
- LDV segment is fairly balanced between North America and Europe
- Off-highway and RV segment is mainly driven by North American growth
Drivers for LDV demand

- GDP growth & Consumer Price Index drives scrapping and replacement rate
- In mature economies very little growth in vehicle densities, but growth comes mainly from demographic growth or..
- ...Increased vehicle density in developing markets
- Credit availability
- Oil prices
- Local governmental stimulus packages also influence market short term
Drivers for CV demand

- Growth in Heavy Duty (>15t) trucks follows GDP growth closely, but w. scaling factor
- Credit availability
- Oil prices influence positively fleet owner profitability
- Local governmental stimulus packages also influence market short term
- Demand also strongly related to freight volumes and industrial production
- Fleet age and replacement need?
- Emission deadlines generate short term pre-buy
- For developing markets: strong correlation between truck sales and express highway expansion
GDP growth – in large economies

- Slower growth in China a new reality?
- North America shows improvement
- Eurozone still subdued

Source: LMC & WorldBank
Will this price change impact the demand?

Brent Crude Price (USD)

Source: Thomson Reuters
Average fleet age (CV) increasing…should trigger replacement?

Ref: EUROSTAT, ACT Reasearch Co.LLC
Light Vehicle density development should sustain demand in emerging market

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0%</td>
<td>316 m</td>
</tr>
<tr>
<td>-0.9%</td>
<td>504 m</td>
</tr>
<tr>
<td>20.3%</td>
<td>1357 m</td>
</tr>
<tr>
<td>13.9%</td>
<td>1252 m</td>
</tr>
</tbody>
</table>

- USA and Europe should mainly see replacement demand
- Density increase in emerging country will drive expansion
At a crossroads

- Recovery is slowing down…
  ……but when will aging truck fleet be replaced?

- Global environment more complex & hard to predict

- Volatility in macro economic outlook remains high
MARKET OUTLOOK - PASSENGER VEHICLES
Triad markets LDV production

EU production is experiencing slow turn around in 2014. Pre-crisis level will not be reached until 2018/19

North American production is leveling off

Source: IHS
Emerging markets LDV production

Production growth in emerging markets slower than before crisis

Production growth in Brazil has continuously slowed down since 2000
Automotive represents 45% of KA BRIC revenue

<table>
<thead>
<tr>
<th>Supplied vehicle examples</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
<td></td>
</tr>
<tr>
<td>Ford Kuga</td>
<td>Brake vaccum</td>
</tr>
<tr>
<td>Volvo S60</td>
<td>Seat Heat</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td></td>
</tr>
<tr>
<td>VW Amarok</td>
<td>Manual Shifter</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td></td>
</tr>
<tr>
<td>Nissan Pulsar</td>
<td>Shift tower</td>
</tr>
<tr>
<td><strong>Russia</strong></td>
<td></td>
</tr>
<tr>
<td>VW Polo</td>
<td>Seat Heat</td>
</tr>
</tbody>
</table>
MARKET OUTLOOK – COMMERCIAL VEHICLES
Europe rebounds slowly…2015 will not be up to 13 level
US demand supported by healthy macro
Chinese market is volatile, but variety of factors will support demand.
Commercial vehicles represent 55% of KA BRIC revenue

<table>
<thead>
<tr>
<th>Supplied vehicle examples</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>China, DFV, Daimler-Benz, Foton, MAN, Volvo, Ashok Leyland, KAMAZ</td>
<td></td>
</tr>
</tbody>
</table>
TOP KA CUSTOMERS
Top Customers (KA Group) a mixed growth picture

Percentage of total KA sales

<table>
<thead>
<tr>
<th>Customer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo Group</td>
<td>9%</td>
</tr>
<tr>
<td>Ford</td>
<td>9%</td>
</tr>
<tr>
<td>FCA</td>
<td>7%</td>
</tr>
<tr>
<td>GM</td>
<td>6%</td>
</tr>
<tr>
<td>RSA/Nissan</td>
<td>5%</td>
</tr>
<tr>
<td>JLR</td>
<td>4%</td>
</tr>
<tr>
<td>Geely/VCC</td>
<td>4%</td>
</tr>
<tr>
<td>PSA</td>
<td>4%</td>
</tr>
<tr>
<td>Scania</td>
<td>3%</td>
</tr>
<tr>
<td>VW</td>
<td>3%</td>
</tr>
</tbody>
</table>

Customer 2015 expected growth

<table>
<thead>
<tr>
<th>Customer</th>
<th>Expected Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo Group</td>
<td>5%</td>
</tr>
<tr>
<td>Ford</td>
<td>4,5%</td>
</tr>
<tr>
<td>FCA</td>
<td>-1%</td>
</tr>
<tr>
<td>GM</td>
<td>-1%</td>
</tr>
<tr>
<td>RSA/Nissan</td>
<td>3%</td>
</tr>
<tr>
<td>JLR</td>
<td>14%</td>
</tr>
<tr>
<td>Geely/VCC</td>
<td>3%</td>
</tr>
<tr>
<td>PSA</td>
<td>1%</td>
</tr>
<tr>
<td>Scania</td>
<td>2%</td>
</tr>
<tr>
<td>VW</td>
<td>1%</td>
</tr>
</tbody>
</table>

Customer CAGR (14-20)

<table>
<thead>
<tr>
<th>Customer</th>
<th>CAGR (14-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volvo Group</td>
<td>5%</td>
</tr>
<tr>
<td>Ford</td>
<td>3%</td>
</tr>
<tr>
<td>FCA</td>
<td>2%</td>
</tr>
<tr>
<td>GM</td>
<td>1%</td>
</tr>
<tr>
<td>RSA/Nissan</td>
<td>4%</td>
</tr>
<tr>
<td>JLR</td>
<td>9%</td>
</tr>
<tr>
<td>Geely/VCC</td>
<td>7%</td>
</tr>
<tr>
<td>PSA</td>
<td>2%</td>
</tr>
<tr>
<td>Scania</td>
<td>5%</td>
</tr>
<tr>
<td>VW</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: KA 2014 expected sales

LVP: 3.4%
CVP: 5.6%
NEW BUSINESS WINS
Significant business awards last twelve months

- Continue trend toward booking more business in BRIC than current revenue exposure
SUMMARY & OUTLOOK
Agenda

09:00  Achievements, strategy for growth & targets
09:30  Financial review
09:50  Automotive market outlook
10:05  Break
10:25  Automated Transmission trends in the Commercial Vehicle segment
11:00  Comfort feature trends in the Automotive seating segment
11:35  Summary and closing remarks
11:45  Lunch
# Market summary and outlook

<table>
<thead>
<tr>
<th>Country/region</th>
<th>Expected 2015 growth rate</th>
<th>Outlook</th>
<th>CAGR 2014-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>2.2%</td>
<td>• Slow turn around</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>6.4%</td>
<td>• Gradual recovery driven by replacement demand</td>
<td>7%</td>
</tr>
<tr>
<td>USA</td>
<td>2.2%</td>
<td>• Leveling off of production after recovery</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>5.5%</td>
<td>• Strength in North America</td>
<td>2%</td>
</tr>
<tr>
<td>China</td>
<td>8.2%</td>
<td>• Production will remain relatively strong despite ”plate limitations”</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>4.4%</td>
<td>• Market volatility</td>
<td>7%</td>
</tr>
<tr>
<td>Brazil</td>
<td>4.2%</td>
<td>• High uncertainty market, but new foreign OEM facilities will be build in late 2014.</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>2.5%</td>
<td>• Market volatility due economical and political issues</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: LMC Automotive – Oct/Nov 2014
Automated Transmission trends in the Commercial vehicles segment
Agenda

▸ Market trends & automated manual transmissions (AMT) in the commercial vehicles industry

▸ Our AMT ambitions

▸ Our strategic enablers and product offering
MARKET TRENDS & AUTOMATED MANUAL TRANSMISSIONS IN THE COMMERCIAL VEHICLES INDUSTRY
# Overview of Driver Control Systems

<table>
<thead>
<tr>
<th>2014 estimated sales</th>
<th>Product lines</th>
<th>KA growth expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ AMT 5%</td>
<td>▶ AMT segment is expected to grow above the global CVP growth</td>
<td>Above market</td>
</tr>
<tr>
<td>□ HMI 240 MEUR</td>
<td>▶ MT segment will decline as AMT penetration rate is increasing globally</td>
<td>Below market</td>
</tr>
<tr>
<td>□ Other 47%</td>
<td>▶ HMI should enjoy an average industry growth rate</td>
<td>In line With Market</td>
</tr>
<tr>
<td>□ MT 13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Powertrain 40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Truck & bus customers

- Volvo
- Scania
- Daimler
- MAN
- DAF
- Navistar
- Paccar
- Dongfeng Trucks
- Hyundai
- Yutong
Commercial vehicle industry

Heavy duty truck characteristics

- Price of ca EUR 100 K
- Engine size of 400 to 750 hp
- Hard working machines
  - 150K km per year and ca. 2 mill. km over lifetime
- Strong focus on vehicle uptime and predictable cost per km
- Increasing challenge to find enough skilled drivers
KA ambitions in AMT

- KA target is to become a significant supplier of AMT actuator solutions to the global CV industry within the next 10 years
  - 1-2 major AMT business wins per year over the next 3-5 years
  - Market share above 10% by 2025
Key growth trends

ACTIVE SAFETY
- Zero casualty vision
- Focus on accident avoidance
- Driver Assistance
- Self driving cars

CONNECTED VEHICLES
- Always connected
- Information & Entertainment
- Self driving cars, road use optimization
- Software upgrades on the run

COMFORT
- Advanced driver assistance
- Increased comfort features in 2nd row
- More features in lower segments
- Aging population willing to spend more on features

EFFICIENCY & EMISSIONS
- CO₂ / Fuel Economy
- Downsizing
- Electrification
- Total cost of ownership

GLOBALIZATION BRIC
- Fewer, but bigger global platforms
- Customers expect to source where they build
- Size is getting increasingly important to afford global set up

Trends with most impact on DCS business
From manual to automated transmissions in the truck industry

<table>
<thead>
<tr>
<th>Trends</th>
<th>Market solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel efficiency</td>
<td>From <strong>manual transmissions</strong>...</td>
</tr>
<tr>
<td>Lower emissions</td>
<td>![Image]</td>
</tr>
<tr>
<td>Driver comfort</td>
<td>![Image]</td>
</tr>
<tr>
<td>Safety</td>
<td>![Image]</td>
</tr>
</tbody>
</table>

**Benefits of automated transmissions**
- Computer operated clutch and gearing => no clutch pedal
- Higher fuel efficiency
- Increased driver comfort and safety
AMT share of production in key truck markets

- **Europe** to stabilize on high AMT level
- **Americas** have been slow to follow, but AMT shares rising sharply in recent years
- **China** will follow, but timing is still uncertain

We are at a global transition point from MT to AMT

Note: For heavy duty trucks with GVW>15 ton, Source: LMC, KA analysis
Impact of higher AMT share on KA’s MT business

- MT volumes still significant due to overall market growth
- KA to benefit from a significant aftermarket

Note: For trucks with GVW>6 tons, Source: LMC, KA analysis
Our customers position in AMT segment

- European truck OEMs are AMT leaders
- Chinese truck AMT volumes remain low
  - Will they develop AMT themselves or thru partnerships with Western OEMs?
- Transmission OEMs like ZF (EU), Eaton (US) & Fast Gear (China) are potential KA customers

Source: LMC, KA analysis
Market value of AMT actuation systems

- Estimated market potential of EUR 1.5 bill. by 2025
- Major value within clutch & gear box actuation
- Key suppliers in the market currently:
  - Wabco
  - ZF Sachs
  - Knorr-Bremse

Note: For trucks with GVW>6 ton, Source: LMC, KA analysis
Our product strategy
WELL POSITIONED FOR GROWTH
Strategic growth enablers

Excellence in execution
- Knowledge based product development
- Customer responsiveness and service

Product engineering expertise
- Clutch and gear box actuation
- Electronics

AMT actuation solutions

Global presence & local support
- Presence in all regions
- Local customer teams

Modular product concepts
- For scalability, cost efficiency and speed to market

Strong customer relations
- With leading AMT truck manufacturers
AMT product areas

**Gear shifters**
- Lever with knob
- Stalk shifter
- Button/switch

**Gear box actuation**
- Gear Control Unit
- Electronic Control Unit

**Clutch actuation**
- Concentric slave cylinder
- External actuators

Enhancing the driving experience
AMT shifter solutions

Current AMT shifter supplied by KA to Volvo Truck

Future AMT shifter development in collaboration with DS

KA unique features

- Leveraging DS passenger car technology to enable cost efficiency and speed to market
- In-house competence to meet customer specific needs and ergonomic solutions
- In-house electronics development
AMT clutch actuation solutions

> Best in class actuation speed for quicker gear shift, better fuel efficiency
> Robust design for higher reliability and reduced total cost of ownership
> Meeting future demands of Hybrid vehicles

KA unique features

> Excellent knowledge in Electric motor technology to meet future needs of electrification
> In-house electronics/software development & production
AMT gear box actuation solutions

*KA unique features*

- Innovative solutions, unique in the market place
- Unique integration of KA’s best in class clutch actuator
- Robust & reliable gear actuator design
- Minimized weight & cost through composite design solutions

Total system(*) value per vehicle: ca EUR 600-1100

(*) Including shifter, clutch actuation and gear box actuation
Summary

▸ AMT market segment will grow significantly the next 5-10 years

▸ KA aims to be a significant supplier of AMT actuation solutions

▸ KA is well positioned to capture this growth opportunity

▸ Several ongoing product developments are expected to materialize into business wins
THANK YOU FOR YOUR ATTENTION
Future look: Seat comfort & climate

Hans Jørgen Mørland, VP Sales & Marketing, Interior
Daniel Josefson, New Business Development, Interior
**Interior**

**2014 estimated sales**

- **290 MEUR**
  - 22% Comfort
  - 44% Non Auto
  - 13% LDC Auto
  - 21% HR&AR

**Product lines**

- Comfort part of the business will grow above the global light vehicle production due to increased fitment rates of support and climate systems in cars
- Light duty cables for automotive business will grow in line with global light vehicle production
- Head & Arm rest will decline over the period as Interior will prioritize its comfort segment

**KA growth expectations**

- Above market
- In line with market
- Below market

LVP CAGR (2014-2020); 3%
Our ambition

“Develop and deliver the best seat comfort solutions available on the market”

Within 2016:

- Recognized as the technology leader in the seat comfort market
- Develop the best, most motivated seat comfort team in the world
Strategic growth enablers

- Innovative products
- Scalable features
- Measureable performance data
- Dedicated local customer teams
- Providing systems, not components
- Global footprint
Driving the growth

TRENDS & CUSTOMER NEEDS
Increasing fitment rates of all comfort systems

- Examples of seat heat fitment rates:

  - **E-Segment**: 75% → 95%
  - **C-Segment**: 30% → 50%
  - **A-Segment**: 10% → 25%
More luxury and premium features being added

Bundling of premium options

Electronic controls add content
Japanese & North American OEMs adapting EU premium standards

- Increasing customer interest in pneumatic seat support technology
- Increasing interest in luxury and comfort features like massage
- Seat ventilation moving from “tick-in-the-box“ option to providing actual function due to negative consumer feedback:

  “Compared to an Audi or a BMW the Tahoe barely cools it down…”

  “The systems barely cools. Dealership states it is working to specs…”

  “I don't feel the coolness at all, although I hear the fan going…”

Source: JD Power IQS study
Reduced size, mass, power and noise requirements

▸ Main drivers:
  – Reducing fuel consumption
  – Electric / alternative fuel vehicles

▸ Consequences:
  – Ever thinner seats with reduced packaging space.
  – At lower engine noise, quiet products are a must
  – Customers honor even minor weight reductions
Our product strategy

WELL POSITIONED FOR GROWTH
KA offers a wide range of comfort features

UNIQUE KNOW HOW IN SYSTEM INTEGRATION AND CO-EXISTENCE IN THE SEAT
- Optimizing total comfort & performance
- Optimizing packaging & weight
- Complete system responsibility

ONE STOP SHOP FOR ALL SEAT COMFORT NEEDS
- Clear roles & responsibilities
- Reduced supplier complexity
- Cost beneficial
Seat support

TWO WAY LUMBAR SUPPORT SYSTEMS

FOUR WAY LUMBAR SUPPORT SYSTEMS

SIDE SUPPORT SYSTEMS

MASSAGE SYSTEMS
Seat climate

SEAT VENTILATION SYSTEMS

SEAT HEATING FOR VOLUME CARS

SEAT HEATING FOR PREMIUM CARS
Why provide complete systems?

SYSTEM INTEGRATOR

▸ “Higher” in the value chain – can add more value
▸ Strategic development partner to the OEMs
▸ Drives innovation and performance on complete system level

ONE-STOP SHOP

▸ Stronger and less complex supply base for the OEMs
Expandable modular systems

- Common building blocks across platforms

- Reducing
  - lead time
  - cost
  - risk
From the Mini to the 7-series…
Modular & scalable comfort features  
*matching a range of vehicle needs*

<table>
<thead>
<tr>
<th>Platform</th>
<th>Seat Heat</th>
<th>Seat Ventilation</th>
<th>Lumbar &amp; bolster systems</th>
<th>Massage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mini</td>
<td><img src="image" alt="Mini" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-series X1</td>
<td><img src="image" alt="1-series X1" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-series X3/4</td>
<td><img src="image" alt="3-series X3/4" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-series X5/6</td>
<td><img src="image" alt="5-series X5/6" /></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 &amp; 7 series Rolls Royce</td>
<td><img src="image" alt="6 &amp; 7 series Rolls Royce" /></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Maximizing the growth potential

BEING WITH THE RIGHT CUSTOMERS
Premium OEMs

- Premium OEMs deliver high content & fitment rates for comfort products and have strong and reliable sales.
- KA’s comfort products are well positioned with premium OEMs today (sales>35% tot revenue) & we plan to capitalize further on this.

![Est. share of 2014 revenue Interior Systems](chart)
Selected growth with volume OEMs

- Increasing penetration by seat comfort products into mid and low segments (A, B & C) and vehicle price classes (Mid & Entry)

- Modular and scalable products will support this growth by offering more standardized options for the volume market

- KA is targeting selected growth with volume OEMs
Catching the growth in Japan, China and North America

**North America:**
- Comfort is lagging towards EU premium cars
- Catch up efforts in achieving best seat comfort is driving market demand for KA systems

**Japan:**
- Increasing customer interest in high-end pneumatic systems

**China:**
- High market growth rates
- EU premium OEMs carry over comfort features into China models

▶ Well positioned to catch increasing market demand in these regions with our global footprint
Questions?

THANK YOU FOR YOUR ATTENTION
Hans Peter Havdal, President & CEO

SUMMARY: KA – BEYOND 2015
Our business foundation

Vision
- Enhancing the driving experience

Mission
- Provide world-class products to the global vehicle industry to enhance the driving experience, making it safer, more comfortable and sustainable

Objectives
- Growth between 3 to 5%
- ROCE > 13%
- Gearing < 1.5

Strategic focus
- Innovation
- Customers
- People

Values
- Passionate
- Accountable
- Prepared