Highlights for Q2 2017

Revenues/Business Wins

- 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.
- Annualized business wins in the second quarter amounted to MEUR 70 bringing the total business wins for the last twelve months to MEUR 290.

Performance

- Adjusted EBIT amounted to MEUR 13.9 in the second quarter, MEUR 4.9 above the second quarter last year.
- During the second quarter the closure of the Basildon plant (UK) was completed.

Gearing

- The adjusted gearing ratio (NIBD/EBITDA) was 2.5 at the end of second quarter excluding discontinued operations.
Market Summary
New business wins in Q2 2017

New business wins per quarter (per annum value)
EUR Million

<table>
<thead>
<tr>
<th></th>
<th>3Q15</th>
<th>4Q15</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
<th>1Q17</th>
<th>2Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q15</td>
<td>68</td>
<td>127</td>
<td>36</td>
<td>59</td>
<td>66</td>
<td>119</td>
<td>36</td>
<td>70</td>
</tr>
<tr>
<td>4Q15</td>
<td>127</td>
<td>36</td>
<td>59</td>
<td>66</td>
<td>119</td>
<td>36</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>1Q16</td>
<td>36</td>
<td>59</td>
<td>66</td>
<td>119</td>
<td>36</td>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q16</td>
<td>59</td>
<td>66</td>
<td>119</td>
<td>36</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q16</td>
<td>66</td>
<td>119</td>
<td>36</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q16</td>
<td>119</td>
<td>36</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q17</td>
<td>36</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q17</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New business wins LTM (per annum value)
EUR Million

<table>
<thead>
<tr>
<th></th>
<th>3Q15</th>
<th>4Q15</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
<th>1Q17</th>
<th>2Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q15</td>
<td>321</td>
<td>319</td>
<td>302</td>
<td>290</td>
<td>288</td>
<td>281</td>
<td>281</td>
<td>290</td>
</tr>
<tr>
<td>4Q15</td>
<td>319</td>
<td>302</td>
<td>290</td>
<td>288</td>
<td>281</td>
<td>281</td>
<td>290</td>
<td></td>
</tr>
<tr>
<td>1Q16</td>
<td>302</td>
<td>290</td>
<td>288</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q16</td>
<td>290</td>
<td>288</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q16</td>
<td>288</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q16</td>
<td>281</td>
<td>281</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q17</td>
<td>281</td>
<td>290</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q17</td>
<td>290</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Market summary

Global Light Vehicle production
- H1 is up by +2.6% (4.3 million vehicles) in 2017 versus 2016 (46.9). 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%.

Global Commercial Vehicle production
- H1 was up 20% in H1 2017, with a full year forecast for 2017 of 5% vs. prior year. The growth rates are dominated by the Chinese market.
- Expected FY growth 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%.

Source: LMC Automotive – March -2017
Operational Summary
Initiatives taken in H1 2017

- KA’s cost restructuring plan closing 6 facilities is progressing as planned
  
  - **Cost Competitiveness:**
    - In Q1 KA announced that the Heiligenhaus plant in Germany will be among the production facilities that will be closed. During Q2 we finalized negotiations with the works council which enables us to focus on the operational closing of this facility.
    - During the second quarter the closure of the Basildon plant (UK) was completed
    - The transfer of business and closure of manufacturing at Rollag (Norway) is in progress
  
  - **Portfolio:** KA completed the sales of its North American Headrest/Armrest business
    - KA sold the HR/AR business to Futuris Group: all contracts, employees, fixed assets and inventory were transferred to Futuris at the closing in mid March.
      - The sale enables KA to focus its Interior segment on the seat climate and support systems and Light Duty Cable products
  
  - **Organization:**
    - The Swiss based, operational headquarter in Zürich continued to be staffed up. We envision a target of 25-30 employees by year-end.
Operational update

Interior Systems

- Revenues of MEUR 63.3 in Q2, up MEUR 4.8 compared to Q2 2016
  - Positive currency translation effects of MEUR 1.5
  - The increase was mainly related to growth in both the European and Chinese comfort business, partly offset by a decrease in the North American Light Duty Cable business

- Adjusted EBIT was MEUR 1.8 in Q2, down MEUR 2.2 compared to Q2 2016
  - The decline in EBIT was related to increased industrialization costs, one-off costs related to supplier issues and additional sales givebacks and rebates. The negative impact was partially offset by higher sales volume, some operational improvements, and lower R&D expense.

- New business wins worth a total of MEUR 12.0 in annualized revenues
  - Light Duty Cable contract awarded from a major Japanese car manufacturer
    - Est. annual value of MEUR 3.5
    - SOP in late 2018; to be manufactured in Mexico
Operational update

Revenues of MEUR 104.5 in Q2, up MEUR 14.5 compared to Q2 2016
- The revenue increase came across all our businesses
- The sales growth in Europe is mainly related to both, the passenger car business and the commercial vehicle business.
- The sales growth in China mainly related to new programs for shift systems for the passenger car business.

Adjusted EBIT was MEUR 0.1 in Q2, up MEUR 1.4 compared to Q2 2016
- 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)

New business wins worth a total of MEUR 20.9 in annual value
- Supply of Gear Shift Systems to a major transmission maker, with est. annual value of MEUR 14.6
  - SOP in 2018 from KA’s manufacturing facility in Nuevo Laredo, Mexico

Restructuring
- Basildon (UK) is closed
- Heiligenhaus (Germany) is progressing according to plan and in the phase of planning the operational transfers and subsequent closing
- Rollag (Norway) is progressing slightly behind plan due to unexpected volume increases from the main customer.
Operational update

Revenues of MEUR 99.6 mill. in Q2, up MEUR 5.6 from Q2 2016
- Negative currency effect of MEUR -1.0
- The revenue increase was due to growth globally for the FTS business unit, both in the automotive and commercial vehicle markets, and in the Couplings business unit.
- Off-highway sales increased slightly, mainly related to the Outdoor Power Equipment and the 1North American recreational vehicle business
- Off-highway sold non-core industrial cable business for MGBP 0.6 in the course of the Basildon plant closure

Adjusted EBIT increased by MEUR 4.1 to MEUR 14.6 in Q2 2017
- Higher sales volume and a favorable product mix

New business wins worth a total of MEUR 28.1 in annual value
- Supply of PTFE hose to a major tier 1 customer with estimated annual revenues of MEUR 15
  - Supply from KA’s Grand River and Suffield facilities (U.S), with initial ramp-up in the second half of 2017
Norbert Loers

Financial Update
Revenue and Adjusted EBIT, continuing business

Revenues* MEUR

241 Q2 2016
218 Q3 2016
241 Q4 2016
271 Q1 2017
268 Q2 2017

Adjusted EBIT and Adjusted EBIT margin* MEUR and percent

3.7% Q2 2016
0.3% Q3 2016
2.6% Q4 2016
9.0 Q1 2017
5.0% Q2 2017
13.9

* Revenues from continued business and EBIT adjusted for restructuring. See details in the quarterly report.
Revenue development

Revenues continued business (MEUR)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 2016</th>
<th>Interior*</th>
<th>PAC*</th>
<th>SPR*</th>
<th>Others*</th>
<th>FX 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interior</td>
<td>241.0</td>
<td>3.2</td>
<td>14.3</td>
<td>8.3</td>
<td>0.6</td>
<td>268.1</td>
</tr>
<tr>
<td>PAC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue:
- MEUR 27.1 (11.2%) above the second quarter 2016
- Growth of all segments
- Growth across all regions: China, Europe and America
- New programs
- New launches

* Variances excluding FX effects
Adjusted EBIT development

Adjusted EBIT continued business
MEUR

Adjusted EBIT:
- MEUR 4.9 (54.8%) above second quarter last year
- Interior: one-off impacts
- PAC: higher volume
- SPR: higher volume, favorable product mix
- Overall efficiency improvements

* Variances excluding FX translation effects and restructuring costs
Net Profit development

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.7</td>
<td>4.9</td>
<td>-1.2</td>
<td>-0.6</td>
<td>-4.1</td>
<td>-0.2</td>
<td>0.0</td>
<td>-1.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Net profit:
- Influenced by unrealized and realized FX effects
- Interest expenses impacted by new bank waiver
- Increased taxes

*Including change in valuation of currency contracts
Free Cash Flow (Q2) before debt repayments:

- Cash Flow from operating activities: 22
- Cash Flow from investing activities: <11>
- Purchase of treasury shares: <1>
- Interest payments: <2>

Free Cash Flow is defined as CF from operating activities, minus investing activities, purchase of treasury shares and cash finance cost.
## Cash flow and facility development

### Available funds

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash (unrestricted)</td>
<td>23.2</td>
<td>6.3</td>
</tr>
<tr>
<td>Change in total NWC, and taxes paid</td>
<td>(1.0)</td>
<td>6.3</td>
</tr>
<tr>
<td>Investments</td>
<td>(11.2)</td>
<td>(5.1)</td>
</tr>
<tr>
<td>Net financial expenses</td>
<td>(3.4)</td>
<td>104.2</td>
</tr>
<tr>
<td>Change in drawn amount incl. overdraft</td>
<td>(6.3)</td>
<td>135.9</td>
</tr>
<tr>
<td>Change in unutilized facility</td>
<td>6.3</td>
<td>138.3</td>
</tr>
<tr>
<td>Other</td>
<td>(5.1)</td>
<td>106.5</td>
</tr>
</tbody>
</table>

- **Cash (unrestricted)**
- **Unutilized facility**
Financial ratios

Adjusted NIBD/EBITDA* (Ltm) Times

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.42</td>
<td>2.86</td>
<td>2.92</td>
<td>2.86</td>
<td>2.51</td>
</tr>
</tbody>
</table>

Adjusted ROCE (Ltm)* Percent

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9.3%</td>
<td>7.2%</td>
<td>6.1%</td>
<td>6.5%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Equity ratio Percent

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>32.7%</td>
<td>31.0%</td>
<td>30.2%</td>
<td>29.1%</td>
<td>29.4%</td>
</tr>
</tbody>
</table>

Avg. Capital Employed and turnover* (Ltm)* MEUR and Times

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>460</td>
<td>457</td>
<td>456</td>
<td>449</td>
<td>444</td>
</tr>
</tbody>
</table>

*Continued business and excludes restructuring costs, see details in the quarterly report.
Segment financials 2\textsuperscript{nd} quarter, continued business

Revenues and Adjusted EBIT
MEUR and percent

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
</table>
| **Interior**
| Revenues            | 59      | 55      | 60      | 66      | 63      |
| Adjusted EBIT       | 4.0     | 1.4     | 0.9     | 4.8     | 1.8     |
| **Powertrain & Chassis**
| Revenues            | 90      | 82      | 94      | 102     | 105     |
| Adjusted EBIT       | -1.3    | -0.1    | 0.4     | -1.3    | 0.1     |
| **Specialty Products**
| Revenues            | 92      | 81      | 87      | 103     | 100     |
| Adjusted EBIT       | 10.5    | 3.0     | 9.6     | 14.8    | 14.6    |
Financial items

Net financial items:
- Change in currency effects drove the increase in net finance costs
- Increased interest expenses due to new waiver agreement
Summary & Outlook
Summary

- Restructuring program continues in 2017 as planned
- Initiatives taken according to plan outlined at CMD
  - The Basildon (UK) Closure is completed
  - Closure of the manufacturing facility in Heiligenhaus (Germany) is progressing according to plan
  - Transfer of business to prepare for the closure of the manufacturing plant in Rollag (Norway) is in progress, but slightly behind plan.
- Underlying market in H2 2017 is expected to be stable
  - Commercial vehicle segment expected to be slightly down vs. Q3 16
  - Modest growth (1.0%) in the Passenger vehicle segment expected
- Revenues in Q3 2017 are expected to be MEUR 225, up MEUR 7 compared to Q3 2016