

Enhancing the driving experience



Kongsberg Automotive ASA

Fourth quarter 2016 | February 28, 2017



Highlights for Q4 2016

Revenues

- Revenues of MEUR 249.8 in Q42016, up MEUR 1.5 from Q4 2015, including negative translation currency effects of MEUR 1.8
 - Annualized business wins in the fourth quarter amounted to MEUR 118 bringing the total business wins for 2016 to MEUR 282.
-

Performance

- Adjusted EBIT was MEUR 7.4 in Q4, down MEUR 4.5 (-37.7%) from Q4 2015
 - Q4 EBIT was impacted by restructuring costs for MEUR 5.8
-

Gearing

- The adjusted gearing ratio at the end of Q4 2016 was 2.8 X NIBD/EBITDA
 - We have received a waiver from our banks, valid until first quarter 2018, securing flexibility for the Group to continue with our restructuring plans.
-

Enhancing the driving experience

A nighttime cityscape featuring several tall, illuminated skyscrapers. The foreground shows a road with colorful light trails from moving vehicles, suggesting a busy urban environment. The overall color palette is dominated by blues and purples.

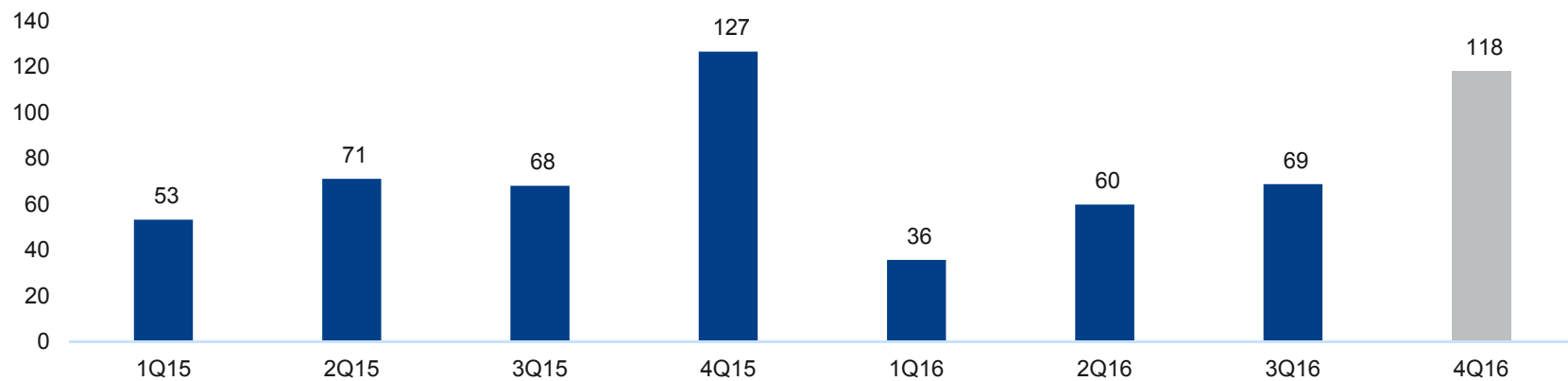
Market Summary

New business wins in Q4 2016

- Continued good order intake

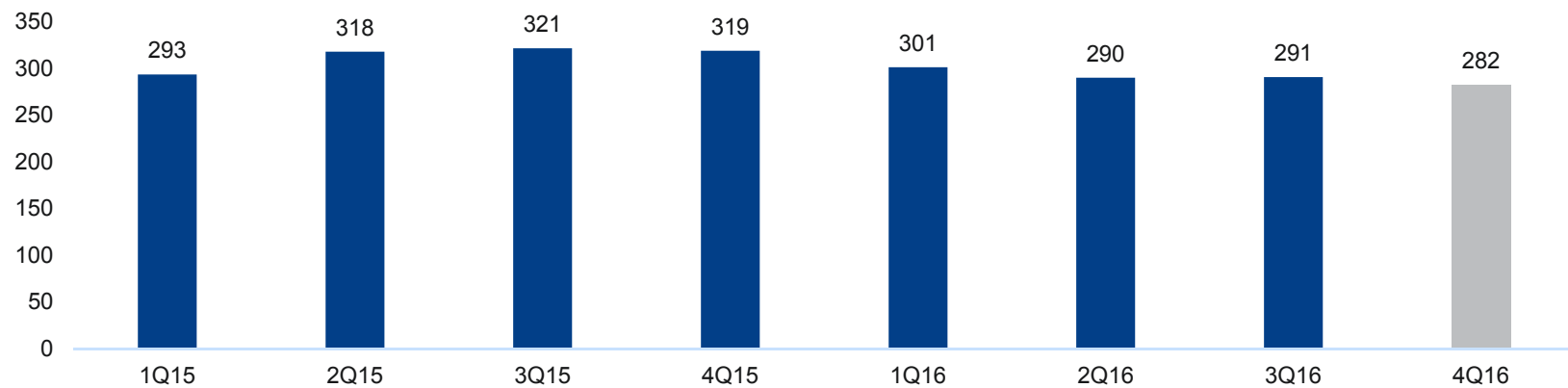
New business wins per quarter (per annum value)

EUR Million



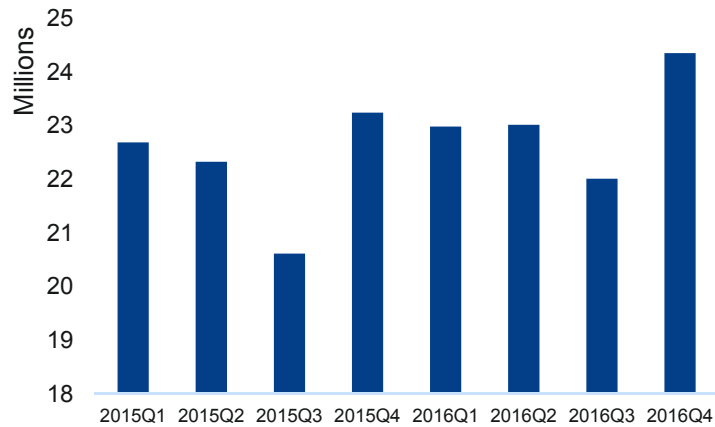
New business wins LTM (per annum value)

EUR Million



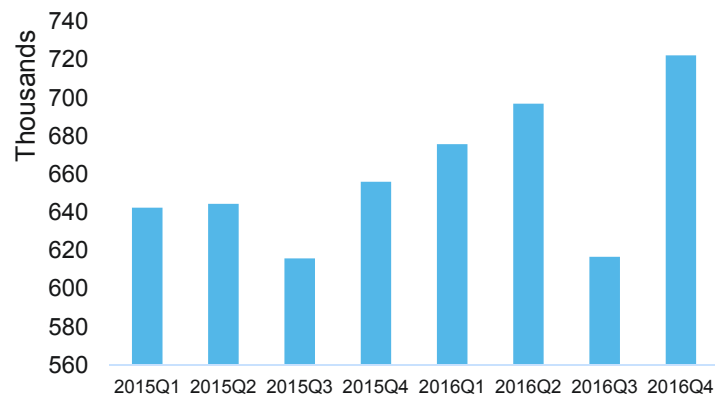
Market summary

Global Light Vehicle production



- ▶ Light Vehicle production up 4.8% in Q4 2016
 - Growth in China (+10.1%) , in Europe (+2.6%) and in North America (+1.9%)
 - 3.9% growth in FY2016 to 92.4 million vehicles
 - Expected growth for FY2017 is 1.6% YoY (approx. 93.8 million vehicles)

Global Commercial Vehicle production



- ▶ Commercial Vehicle (CV) production up 10.1% in Q4 2016
 - High growth in China (+42.9%), but decline in North America (-24.2%) and South America (-9.1%). Slight growth in Europe (+1.4%)
 - 6.0% growth for FY2016 to 2.71 million vehicles
 - CV production is expected to be flat next year, approx. 2.7 million vehicles

Enhancing the driving experience

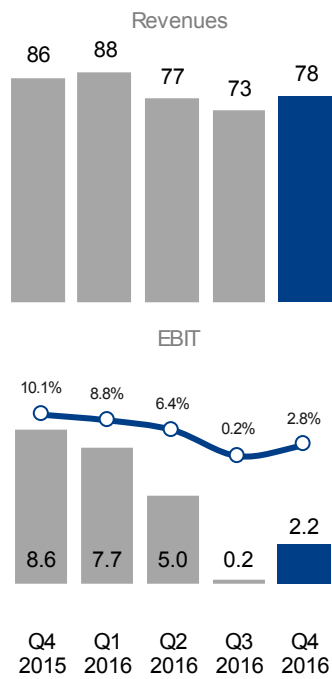
A nighttime cityscape with several tall, illuminated skyscrapers. The foreground shows a road with light trails from moving vehicles, creating a sense of motion and energy. The overall color palette is dominated by blues and purples.

Operational Summary

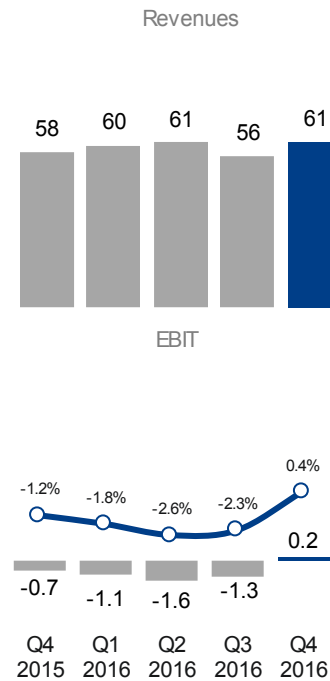
Segment financials Q4 2016

Revenues and EBIT margin MEUR and percent

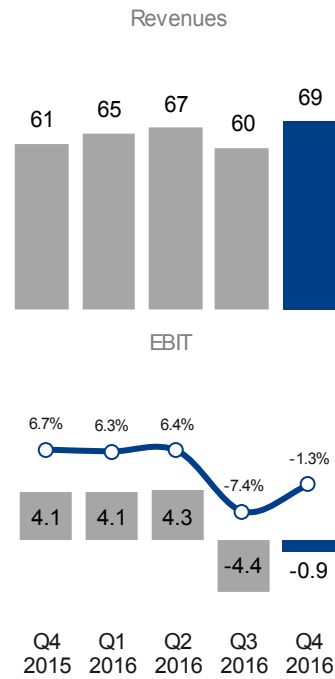
Interior



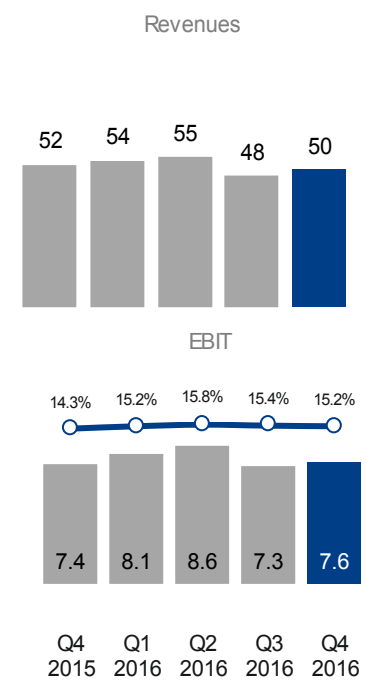
Driveline



Driver Control



Fluid



Initiatives taken in Q4 2016

- ▶ KA outlined its plan, among other initiatives, to improve its performance and substantially reduce costs at its CMD in November 2016. We are progressing nicely.
 - The plan has three pillars:
 - Organizational Structure, Centralization
 - Improve Cost Competiveness
 - Actively manage our Portfolio
- ▶ Organizational Structure, Centralization
 - 3 distinct segments established:
 - Interior, Powertrain & Chassis Systems, Specialty Products
 - Leadership teams and organizations in place
 - Operational HQ established in Switzerland
- ▶ Cost Competiveness

This plan includes a reduction in the number of manufacturing facilities, from 31 to 25, mainly within the Powertrain and Chassis products segment in Europe

 - KA has initiated consultations relating to closing its production facility in Basildon, UK
 - The Basildon facility manufactures vehicle control systems, engineered pedals, electronic displays, cables and hand controls for the world's top makers of commercial, industrial, agricultural and construction vehicles.
 - More to come
- ▶ Portfolio

We entered into an agreement to divest our NA head and armrest business in early January 2017

Operational update

Interior Systems

- ▶ Revenues of MEUR 78.1 in Q4, down MEUR 7.4 compared to 4Q15
 - Negative currency effects of MEUR 0.6
 - Lower sales in global headrests due to programs phasing out and the Outdoor Power Equipment (OPE) segments
- ▶ EBIT was MEUR 2.2 in Q4, down MEUR 6.5 compared to 4Q15
 - Including restructuring cost of MEUR 0.5 and one-off of MEUR 3.1 related to a loss making contracts
 - Lower sales volume & additional engineering spend to support innovations, new programs and future growth opportunities (MEUR 2.0)
- ▶ Interior booked MEUR 8.2 in annual value of new business Q4 2016
- ▶ Seat support contract awarded from a major German premium car manufacturer
 - Est. annual value of EUR 1.2 mill,
 - SOP in late 2020; To be manufactured in Poland
- ▶ We have entered into an agreement to sell our North American Head and Armrest business – closing expected before the end of Q2, 2017.

Operational update

Driveline

- ▶ Revenues of MEUR 61.3 in Q4, up MEUR 3.6 from 4Q15
 - Negative currency effects of MEUR 0.4
 - Higher sales in China and Europe business partially offset by North American business that declined
 - Driving the increase in revenues was a higher level of new programs coming in that old programs phasing out

- ▶ EBIT was MEUR 0.2 in Q4, up MEUR 0.9 from 4Q15
 - Including restructuring costs of MEUR 0.9
 - Increased in EBIT was due to higher sales volume and cost improvements, partially offsets by increased engineering cost (MEUR 0.7)

- ▶ Driveline booked MEUR 4.0 in annual value of new business in fourth quarter
 - Won SBW contract for a Chinese OEM, with est. annual value of MEUR 2.3
 - SOP in second half 2018 from our manufacturing location in Wuxi, China

Operational update

Fluid Transfer

- ▶ Revenues of MEUR 50.0 in Q4, down EUR 1.9 mill. from 4Q15
 - Negative currency effects of EUR 0.9 million
 - Weakness in the North American and Europe partially offset by higher tooling sales
- ▶ EBIT was MEUR 7.6 in Q4, up EUR 0.2 mill compared to 4Q15
 - Lower fixed and material cost
- ▶ Fluid Transfer booked a total of MEUR 63.6 in annual value of new business in Q4 2016
 - Major couplings contract from key customer in the commercial vehicle segment
 - Est. annual sales of MEUR 26.8, to be supplied from various manufacturing locations

Operational update

Driver Control

- ▶ Revenues of MEUR 69.2 mill. in Q4, up MEUR 8.1 compared to 4Q15
 - The increases in sales was driven by other revenues and growth in vehicle dynamics in both Europe and Asia

- ▶ EBIT declined MEUR 5.0 in Q4, to MEUR - 0.9 in 4Q15
 - Restructuring costs of MEUR 4.1
 - Unfavorable mix effect, partially offset by volume effects

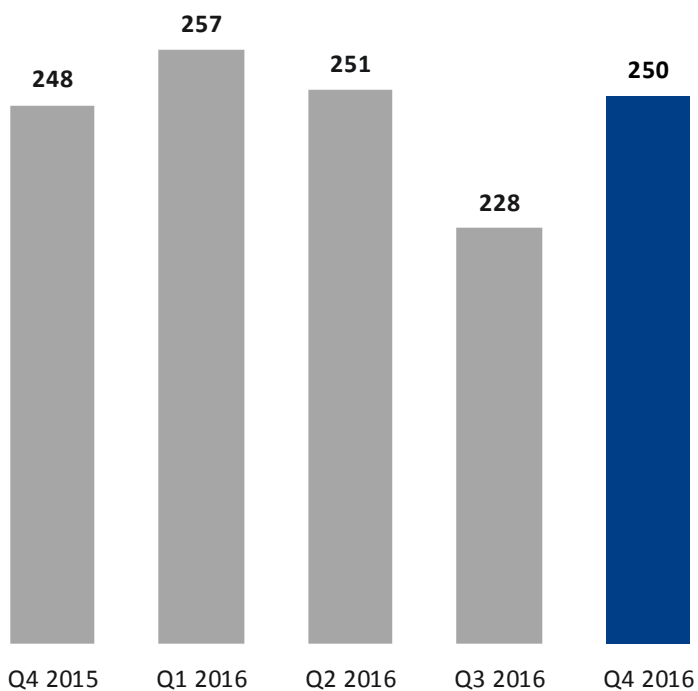
- ▶ Driver Control booked MEUR 42.6 in annual value of new business in Q4 2016
 - Major AMT contract with est. annual revenue of MEUR 25
 - Supply from Nuevo Laredo facility (Mexico), with SOP from second half 2019



Norbert Loers
Financial Update

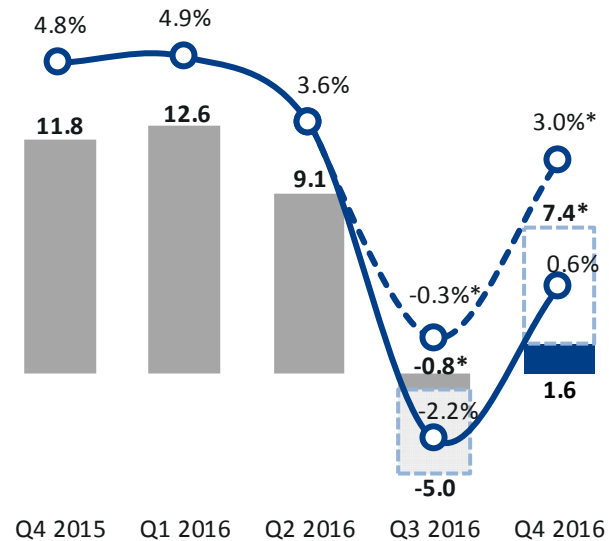
Revenue and EBIT

Revenues
MEUR



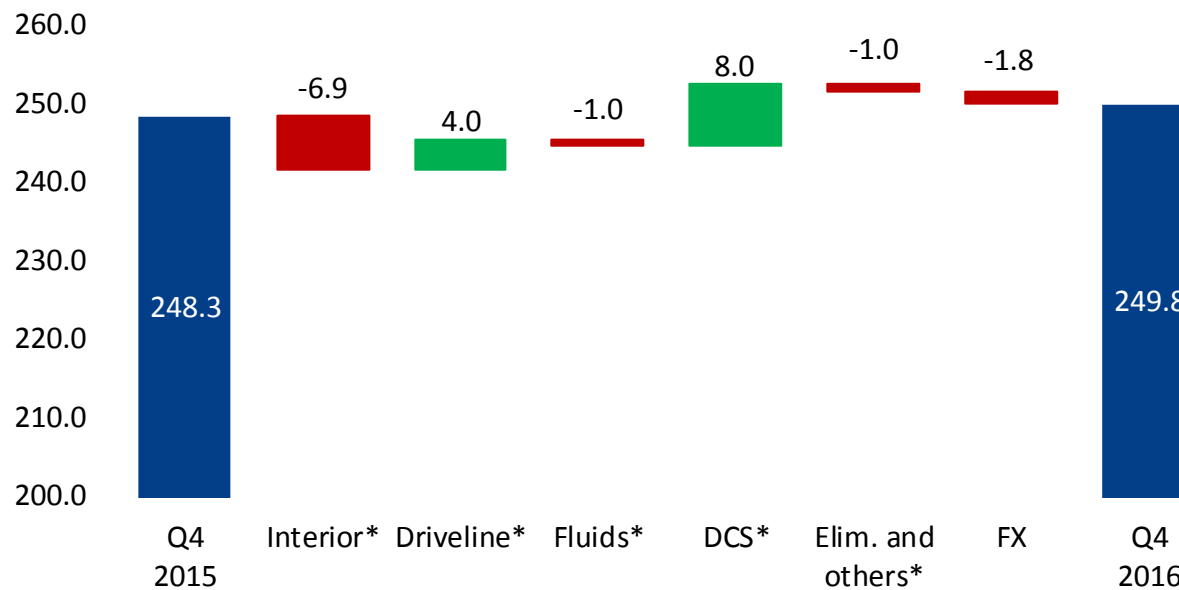
* Results adjusted for restructuring costs (see details in the quarterly report)

Adjusted EBIT and Adjusted EBIT margin
MEUR and percent



Revenue development

Revenues
MEUR



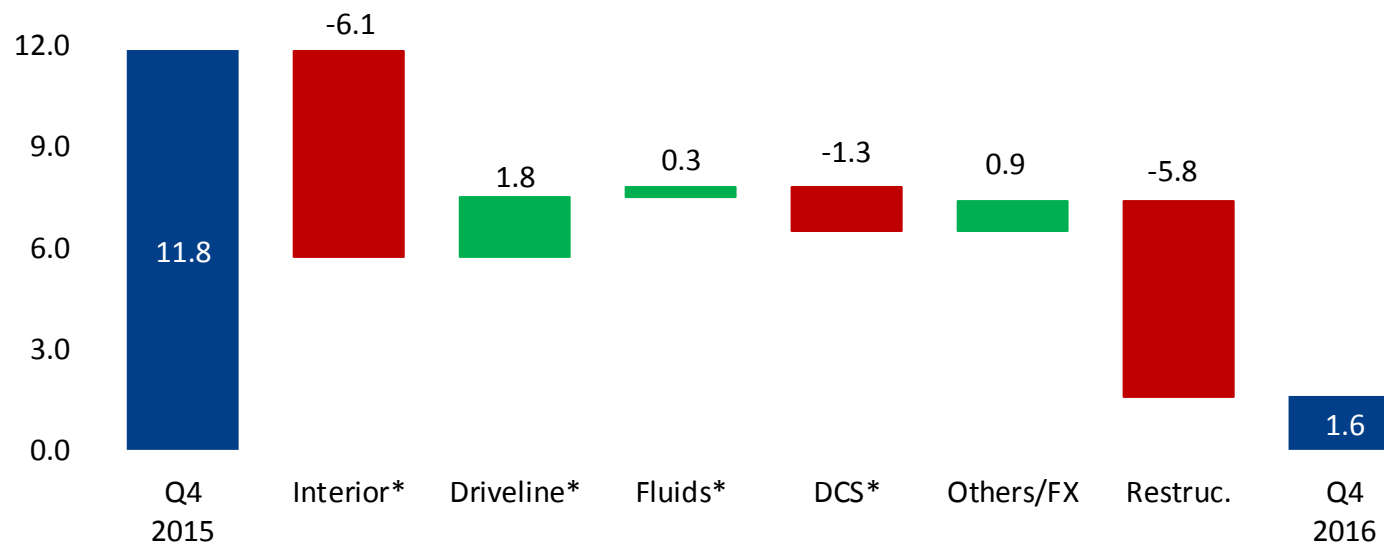
Revenue:

- ▶ MEUR 1.5 (0.6%) above the fourth quarter 2015
- ▶ Higher other revenues offset by lower product sales
- ▶ Head-restraint and Outdoor Power Equipment
- ▶ New programs
- ▶ Vehicle dynamics

* Variances excluding FX effects

EBIT development

EBIT
MEUR

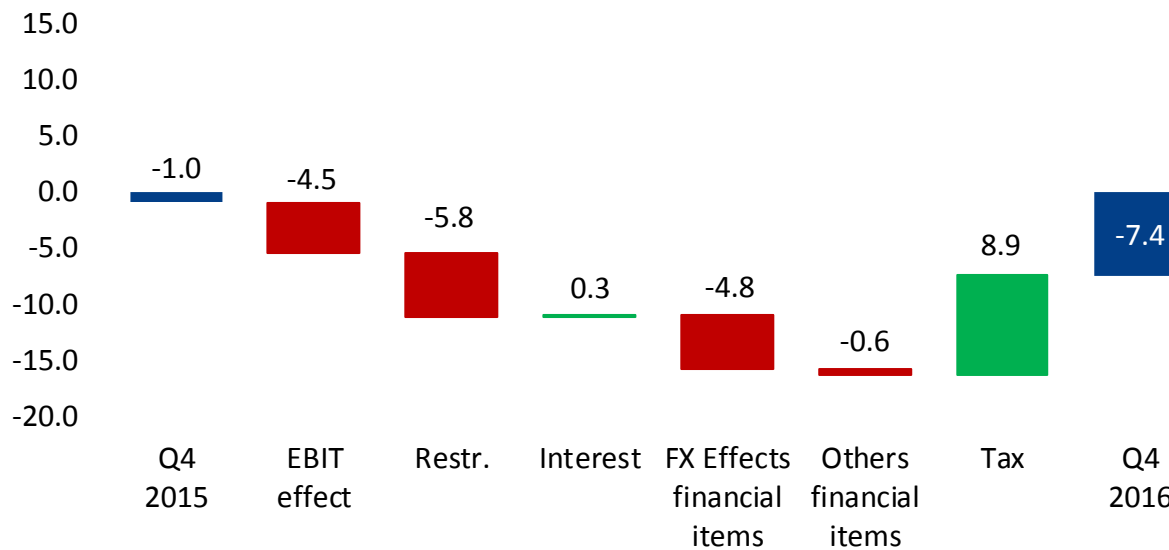


Adjusted EBIT: MEUR 7.4, MEUR 4.5 (-37.7%) below fourth quarter 2015

* Variances excluding FX translation effects and restructuring costs

Net Profit development

Net Profit
MEUR



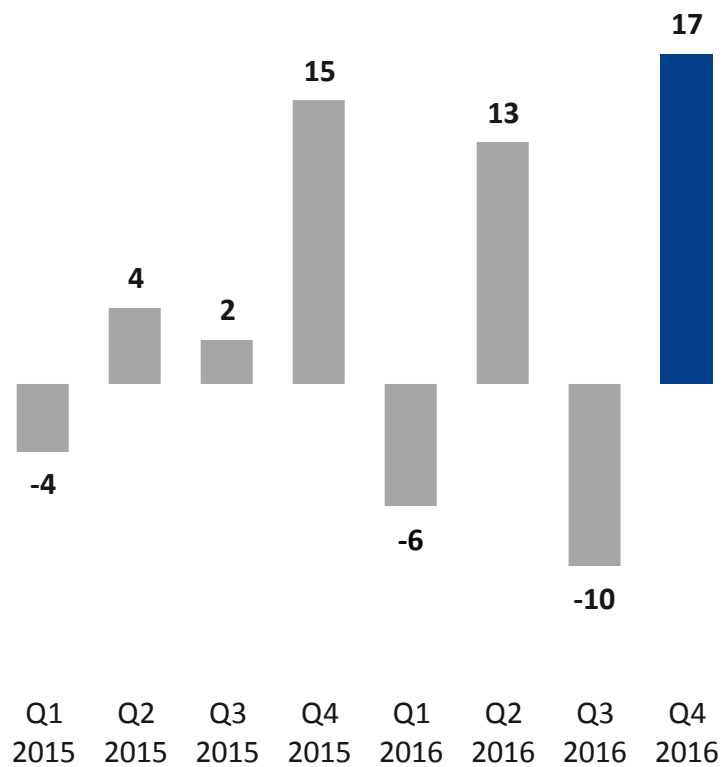
Net profit:

- ▶ Influenced by lower EBIT and unrealized and realized FX effects
- ▶ Positive tax development reflecting a lower profit before tax and net difference in derecognition of deferred tax assets

*Including change in valuation of currency contracts

Free Cash Flow

Free Cash Flow
MEUR

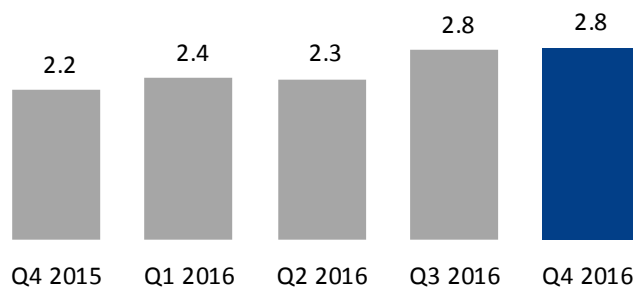


Fourth quarter Free Cash Flow before debt repayments:

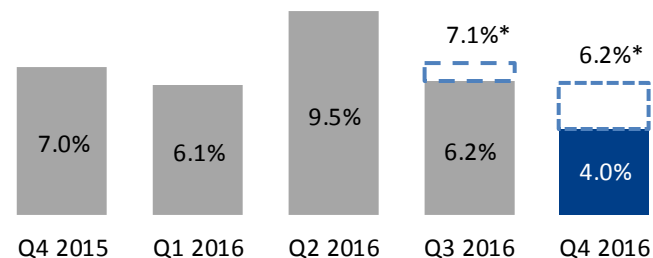
- ▶ Positive change in net working capital
- ▶ Decrease in taxes paid
- ▶ Investments

Financial ratios

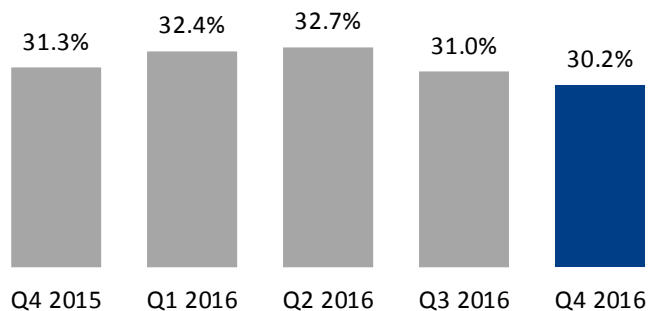
Adjusted NIBD/EBITDA* (Ltm)
Times



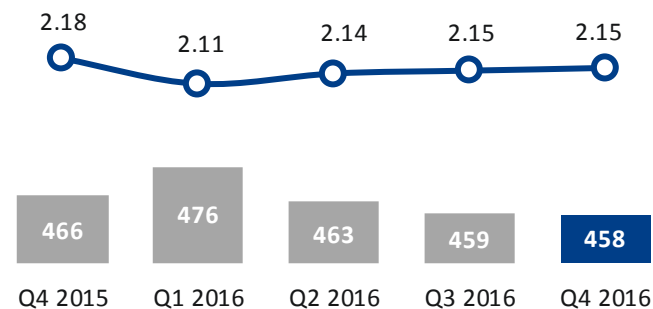
ROCE (Ltm)
Percent



Equity ratio
Percent



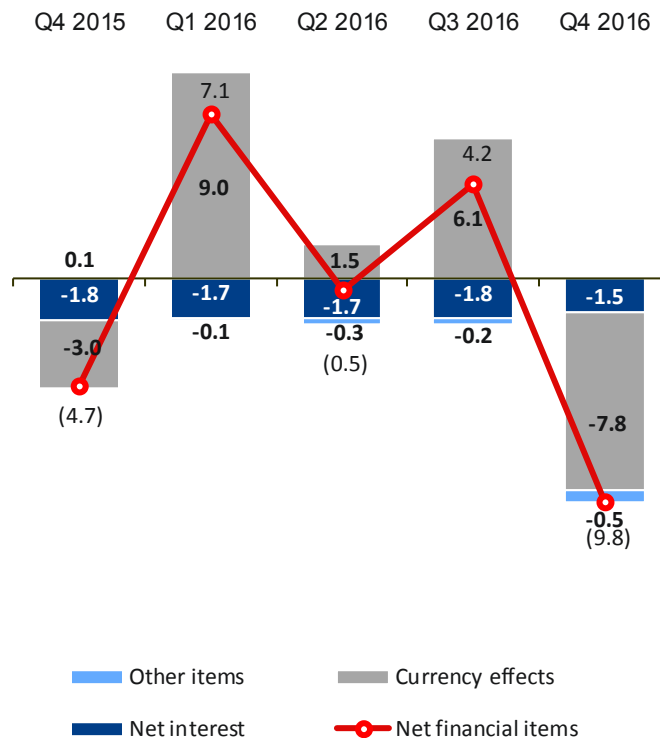
Avg. Capital Employed and turnover (Ltm)
MEUR and Times



*Excludes restructuring costs, see details in the quarterly report

Financial items

Net financial items
MEUR



Net financial items:

- ▶ Unfavorable currency effects drove the increase in net finance costs
- ▶ Lower interest bearing debt and interest rates drove the positive development in interest expenses. The maturing of interest rate swaps in early October contributed to the latter.

Enhancing the driving experience

A nighttime cityscape with illuminated skyscrapers and light trails from traffic on a road in the foreground. The scene is dominated by blue and white light trails, with some red and yellow light trails from cars. The buildings are lit up with blue and white lights, and the sky is dark blue.

Summary & Outlook

Summary

- ▶ Initiatives taken according to plan outlined at CMD
 - 3 distinct segments established; leadership teams & organizations in place
 - Closure of the manufacturing facility in Basildon, UK
 - Headquarters established in Zürich (Switzerland)
 - Divestiture of the North American Head and Armrest business
- ▶ Restructuring program continues in 2017 as planned
- ▶ Underlying market in 2017 is expected to be stable
 - Commercial vehicle segment expected to be flat
 - Passenger vehicle segment expected to have modest growth at 1.6%
- ▶ Revenues in Q1 2017 are expected to be MEUR 270, up 5% compared to Q1 2016

