KONGSBERG
AUTOMOTIVE

First nine months & 3rd quarter report

Kongsberg Automotive Holding ASA

October 2008

CONTENTS

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- **Sales outperforming the general market**

- **Revenues Q3 2008 MEUR 208,3**
  - Adjusted for negative currency effects of MEUR 7,6 revenues are down MEUR 13,3 (6%) compared to Q3 2007

- **EBITDA Q3 2008 MEUR 7,3 (margin 3,5 %)**
  - Adjusted for restructuring costs (MEUR 4,3) the margin is 5,6 %.

- **A positive dialog with the banks regarding covenants and amortization schedule – conclusion expected in due time before end of 2008**

- **Weak market outlook**

- **Aggressive actions introduced to improve margins**
  - Ahead of synergy targets
  - New cost cuts initiated
  - Will reduce NWC and Capex
  - Improve operations

- **Our strategic direction remains the same**

Financials
3rd quarter report KA Group

Income statement	3rd quarter		YTD		YTD	
MEUR	2008	2007	2008	2007	2007 PF	2007
Revenues	**208,3**	**87,8**	**726,3**	**290,6**	**782,1**	**398,8**
Opex	(201,0)	(78,8)	(671,8)	(258,8)	(704,8)	(357,7)
EBITDA	**7,3**	**9,0**	**54,5**	**31,8**	**77,3**	**41,1**
EBITDA %	*3,5%*	*10,2%*	*7,5%*	*10,9%*	*9,9%*	*10,3%*
Depreciation and amortisation	(11,0)	(3,8)	(34,1)	(10,6)	(27,0)	(14,7)
EBIT	**(3,7)**	**5,2**	**20,4**	**21,2**	**50,3**	**26,4**
EBIT %	*-1,8 %*	*5,9 %*	*2,8 %*	*7,3 %*	*6,4 %*	
Financial items	(36,3)	3,7	(53,3)	2,6		(5,1)
Profit before taxes	**(40,0)**	**8,8**	**(32,9)**	**23,7**		**21,3**
Taxes on ordinary profit	12,0	(2,4)	9,8	(6,5)		(5,7)
Net Profit	**(28,0)**	**6,5**	**(23,1)**	**17,3**		**15,6**

Revenues for the 3rd quarter of 2008 for the total Group were MEUR 208,3 Adjusted for the negative currency effects of MEUR 7,6, revenues were at MEUR 13,3 (6%) below proforma revenues for 3rd quarter 2007. Taken the price reductions and the weak market into consideration this means that there is an underlying growth in fitment rates for the company's product portfolio combined with taking market shares.

EBITDA for the Group is MEUR 7,3 (3,5%). Adjusted for restructuring costs of MEUR 4,3 the EBITDA margin is 5,6 % in the 3rd quarter. The reduction compared to the same period in 2007 reflects the weak market. Net financials have increased compared to the 3rd quarter 2007 as a consequence of the acquisition of GMS. The tax level for the combined Group is approximately 30%. Net profit after interest and tax is MEUR (-28,0). The 3rd quarter is influenced by a negative currency effect of MEUR 28,8.

Financial income and expenses	3rd quarter		YTD		
MEUR	2008	2007	2008	2007	2007
Interest income	0,2	0,1	0,5	0,5	0,7
Interest expenses	(8,8)	(1,5)	(28,1)	(3,9)	(5,9)
Foreign currency gains/losses	(27,0)	4,9	(21,8)	5,5	2,3
Change in valuation currency contracts	(1,8)	0,6	(2,7)	1,6	(0,2)
Other financial items	1,1	(0,5)	(1,2)	(1,2)	(1,9)
Net financial items	**(36,3)**	**3,7**	**(53,3)**	**2,6**	**(5,1)**

Interest expenses have increased in the 3rd quarter of 2008 compared to the same period in 2007. The increase is related to the debt financing of the acquisition of GMS. The debt is drawn up in a combination of NOK, EUR and USD to match the underlying cash flow of the business. There is a negative currency effect of MEUR 28,8 in the 3rd quarter, mainly related to the conversion of the USD debt.

Key figures MEUR	**3rd quarter** 2008	2007	**YTD** 2008	2007	2007
Earnings per share (in euro)	-0,430	0,142	-0,354	0,388	0,352
Capital employed	620,6	133,2	620,6	133,2	587,9
Capex	10,9	7,2	31,8	19,9	411,9
Net interest-bearing debt/EBITDA (4	5,7	2,4	5,7	2,4	4,8
Net interest-bearing debt	440,7	104,1	440,7	104,1	481,3
Equity	134,2	68,2	134,2	68,2	63,8
Total assets	839,7	257,9	839,7	257,9	777,0
Equity ratio	16,0 %	26,4 %	16,0 %	26,4 %	8,2 %

The EPS in 3rd quarter 2008 is EUR -0,43 compared to EUR 0,14 in the same period 2007.
Capex is MEUR 10,9 compared to MEUR 7,2 in the same period in 2007. This represents a level of 5,2% of sales vs. 8,2 % in the same period in 2007. YTD the capex is 4,3% of sales compared to 6,9 % during the first 9 months of 2007. The NIBD/EBITDA ratio is 5,7 at the end of the 3rd quarter 2008, up from 4,7 in the 2nd quarter 2008. The increase from the 2007 level reflects the debt financing of the acquisition of GMS at the end of 2007. The equity ratio is at 16,0 %, increased by 7,8 % - points since 31st of December 31st 2007 due to the share issue in May 2008.

Financing

Given the existing covenants and the updated business plan, we would have been in breach of our covenants from Q3 2008 and throughout 2009. We have over the last quarter proactively approached the Banks regarding this issue. So far the banks have given a waiver for the 3rd quarter covenants. We have presented an action program to address the situation. No further actions asked for. A share issue is not a part of the plan presented to the banks. A business case is developed based on the current market outlook. The parties are analyzing sensitivities and assumptions for the model. There is a positive dialog between the parties and we are confident that we will find a solution involving:

- Re-setting of covenants based on a common business case
- Amortization schedule linked to the new business case

The new business plan is based on the existing strategic direction. We expect to get an agreement in place in due time prior to year end.

Outlook

It is difficult to predict the market forward due to the global economic turbulence.

Our **planning assumptions** based on the latest input from our customers show a reduction in sales for our automotive related products in the area of 10 % the coming 12 months compared to the last four quarter. This figure is a weighted average for all markets and includes new orders and changes in portfolio.

We further assume that the sales of our products for the commercial vehicles will be down 15 % based on the same calculation and methodology as described above.

The corresponding outlook for the non-highway markets is rather stable due to won orders.

Over the last period we have seen that the market forecast has changed dramatically. We will continuously adjust our resources to the market conditions.

Initiatives

In a declining market the need to **win new orders** with acceptable margins is even more important than under normal conditions. We have a strong focus both to win new orders and have successful launches. So far this year new orders have partly compensated for the general decline in the market and we plan for the same effects forward.

To maintain and improve the margins requires that the costs are reduced at least proportional to the drops in sales. During the year we have continuously **reduced our direct cost** in all units where we have seen declining revenues. Despite that the time lag between reduced revenues and the full effects of the reductions has hurt the gross margins during the year. We will be even more proactive in our approach forward.

The **synergies from combining KA and GMS** will exceed the set targets and partly align indirect and overhead costs with the reduced revenues. These targets are now fully integrated in the operational plans that are reviewed on a monthly basis. No further decisions are required achieve the new goals.

Given the market conditions we experience, KA has launched a **Phase 2 cost reduction program.** The purpose is to cut indirect and overhead costs in line with the reductions we will see in topline. In Q4 2008 we will have some non-recurring costs related to severance for people that have to leave.

As announced earlier we have decided to **combine** the **two divisions** Driveline Systems and Interior Systems into one named Automotive Systems. That change was driven both from a market focus perspective as well as from cost saving arguments. The number of high level officers has been reduced with 40 % and we will achieve substantial savings also in operations, R&D, marketing and support. Some organization adjustments at business unit level will give positive effects as well.

Raw material prices have over a period hurt our margins. Given that the reductions we have seen lately will continue, we will partly be compensated for the costs we have absorbed in the past.

The company has committed plans to reduce **Net Working Capital**. The net effects YTD are limited partly due to building transfer stocks for moving productions from units that will be closed. Most of these effects will be eliminated when we get to the end of 2008. We have renegotiated payment terms and increased our efforts to collect all receivables when they are due. The target is to reduce NWC with 20 % measured as percent of revenues.

We have guided **capex** in percent of revenues at 4 % over a business period. Until the market gets back to a normal level we plan for 3 %.

As presented in the Q2 presentation we consider **selling non-strategic activities**. The target is to get proceeds to match the bridge loan of 240 MNOK that is due in December 2009. Several initiatives have been launched and the progress so far is in line with expectations. The ongoing processes should be concluded no later than Q1 2009. We will not sell unless we get acceptable prices.

From history we can learn that downturns in the market will be followed by growth. We need to prepare to take advantage of the boom when it comes. In parallel to all cost savings we will intensify our programs to **permanently improve operations and to reduce time to market through R&D improvements**. Our programs are based on Toyota's well proven LEAN principles.

Based on the assumptions we have today and the initiatives taken the target is to get back to an **EBITDA margin above 10 % in second half 2009**.

Segments

Kongsberg Automotive is divided into 4 Divisions.

Driveline Systems
Driveline Systems vision is to be our customers preferred choice for driver controls in the global light vehicle automotive market. We are a Tier 1 global supplier of custom-engineered cable controls and complete shift systems, as well as fluid bulk hoses, and engineered hose assemblies.

Interior Systems
Interior Systems is a global leader in the design, development and manufacture of mechanical and electro-mechanical light-duty motion comfort and seat comfort systems to Tier 1 and Tier 2 customers.

Power Products Systems
Power Products Systems is a global leader in the design, manufacture and supply of vehicle control systems, providing quality engineered pedal systems, steering systems, electronic displays and cable controls to the world´s foremost manufacturers of commercial, industrial, agricultural and construction vehicles.

Actuation Systems
Actuation Systems is a global developer and manufacturer of operator control systems for industrial vehicle markets, offering a robust product portfolio backed by the expertise and commitment to support our customers. We strive to add value by listening, identifying and understanding needs, and working to provide innovative solutions that benefit our valued customers.

Segment reporting 3rd quarter 2008

Revenues

Revenues	3rd quarter		YTD	
Mill EUR	2008	2007*	2008	2007*
Driveline Systems	69,3	74,8	243,1	256,9
Interior Systems	49,1	62,0	181,7	202,8
Actuation Systems	64,3	63,5	217,5	216,6
Power Products Systems	33,2	28,9	113,6	105,8
Elim & other	(7,6)	0,0	(29,6)	
Group	**208,3**	**229,2**	**726,3**	**782,1**

For Driveline Systems (DS) revenues are down MEUR 5,5 compared to 3rd quarter 2007, including a negative currency effect of MEUR 1,4. DS is being impacted by a declining North American market in addition to a weaker European market. The market in Asia is still positive.
Interior Systems (IS) revenues are down MEUR 12,9 compared to 3rd quarter 2007, including a negative currency effect of MEUR 1,7. The declining North American market as well as a weaker European market has also significantly affected revenues in this Division.
Actuation Systems (AS) revenues are up MEUR 0,8 despite a negative currency effect of MEUR 2,0. The commercial market has remained strong in the 3rd quarter, but the business unit Fluid is facing a challenging North American market.
The Power Products Systems Division (PPS) revenues are up MEUR 4,3 despite a negative currency effect of MEUR 2,5 and significant exposure to the North American market.

Profit

EBITDA Mill EUR	3rd quarter 2008		2007*		YTD 2008		2007*	
Driveline Systems	(1,4)	-2,0 %	1,7	2,3 %	2,9	1,2 %	5,9	2,3 %
Interior Systems	0,7	1,4 %	4,8	7,7 %	16,3	9,0 %	25,1	12,4 %
Actuation Systems	8,0	12,4 %	10,3	16,2 %	28,4	13,1 %	35,0	16,2 %
Power Products Systems	0,6	1,8 %	1,8	6,2 %	8,2	7,2 %	11,4	10,8 %
Elim & other	(0,6)	7,9 %	(0,1)		(1,3)	4,4 %	(0,1)	
Group	**7,3**	3,5 %	**18,5**	8,1 %	**54,5**	7,5 %	**77,3**	9,9 %

* all 2007 figures are pro forma figures

EBITDA for Driveline Systems is MEUR (1,4). Adjusted for restructuring costs the EBITDA is break even.
EBITDA for Interior Systems is MEUR 0,7. Adjusted for restructuring costs EBITDA is MEUR 2,2 which equals a margin of 4,5%. The margin is hurt by the weak markets.

EBITDA for Actuation Systems is MEUR 8 which equals a margin of 12,4%. The margin is lower than last years margin due to a change in the product mix.
EBITDA for Power Products Systems is MEUR 0,6, including a restructuring cost of 1,4. Adjusted for restructuring the margin is in line with 3rd quarter 2007.

Oslo 27th of October 2008

Board of Directors
Kongsberg Automotive Holding ASA

BALANCE SHEET MEUR	30.09.08	30.09.07	31.12.07
Deferred tax assets	23,0	7,0	11,7
Intangible assets	294,1	59,8	257,4
Plant, property and equipment	171,8	64,8	165,7
Other financial assets	6,3	0,5	2,6
NON CURRENT ASSETS	**495,2**	**132,1**	**437,4**
Inventories	113,5	33,7	108,7
Accounts receivable	156,6	63,2	167,8
Other short term receivables	28,7	15,3	20,4
Cash and short term deposits	45,7	13,6	42,7
CURRENT ASSETS	**344,5**	**125,9**	**339,6**
ASSETS	**839,7**	**257,9**	**777,0**
Share capital	4,0	2,9	2,8
Share premium reserve	68,4	1,7	1,7
Other equity	61,8	63,6	59,3
EQUITY	**134,2**	**68,2**	**63,8**
Interest bearing loans and borrowings	394,5	98,4	405,2
Other long term liabilities	59,2	9,0	35,2
LONG TERM LIABILITY	**453,7**	**107,4**	**440,4**
Bank overdraft	27,8	15,3	7,8
Other short term liabilities, interest bearing	64,1	4,0	111,2
Accounts payable	101,1	38,5	106,9
Other short term liabilities	58,8	24,5	47,0
SHORT TERM LIABILITY	**251,8**	**82,3**	**272,8**
LIABILITIES	**705,5**	**189,7**	**713,1**
LIABILITIES AND EQUITY	**839,7**	**257,9**	**777,0**

CASH FLOW MEUR	2008 Jul - Sep	2007 Jul - Sep	2008 Jan - Sep	2007 Jan - Sep	2007 Jan - Dec
EBITDA	7,3	9,0	54,5	31,8	41,2
Net cash effect financial items	(7,1)	(1,8)	(28,4)	(4,5)	(7,2)
Tax payable	(1,6)	(2,3)	0,0	(4,7)	(6,6)
Change in Working Capital	1,0	2,8	0,6	(8,4)	(12,0)
Change in other items*)	(8,0)	(8,2)	(22,3)	(1,3)	16,4
Cash flow from operations	**(8,5)**	**(0,6)**	**4,6**	**12,8**	**31,7**
Cash flow from investing activities	**(10,9)**	**(7,2)**	**(31,8)**	**(19,9)**	**(411,9)**
Cash flow from financing activities	**19,7**	**(4,6)**	**30,2**	**(6,3)**	**394,3**
Net change in cash	**0,3**	**(12,4)**	**3,0**	**(13,4)**	**14,1**
* incl. Exchange rate differences					

STATEMENTS OF CHANGES IN EQUITY MEUR	2008 Jan - Sep	2007 Jan - Sep	2007 Jan - Dec
Equity as of start of period	**63,8**	**68,9**	**68,9**
Net profit for the period	(23,1)	17,3	15,6
Foreign currency translation	25,2	(11,4)	(13,9)
Dividend paid	0,0	(6,8)	(6,8)
Issued new shares	67,9	0,0	0,0
Options contracts booked against equity	0,4	0,3	0,0
Equity as of end of period	**134,2**	**68,2**	**63,8**

KONGSBERG AUTOMOTIVE

Appendix

Secondary segment reporting

OPERATING REVENUES BY GEOGRAPHY						
million euros	2008		2007		2007	
	Jan - Sep	%	Jan - Sep	%	Jan - Dec	%
Sweden	83,5	11,5 %	69,4	23,9 %	95,9	24,1 %
Germany	101,2	13,9 %	49,6	17,1 %	67,3	16,9 %
Rest of Europe	234,6	32,3 %	103,5	35,6 %	140,0	35,1 %
North America	233,4	32,1 %	46,4	16,0 %	67,6	16,9 %
Other	73,6	10,1 %	21,7	7,5 %	28,0	7,0 %
Operating revenues	**726,3**	100 %	**290,6**	100,0 %	**398,8**	100,0 %

CAPEX BY GEOGRAPHY						
million euros	2008		2007		2007	
	Jan - Sep	%	Jan - Sep	%	Jan - Dec	%
Norway	11,5	36,2 %	13,0	65,2 %	16,4	4,0 %
Sweden	3,7	11,7 %	3,3	16,5 %	26,7	6,5 %
North America	4,8	15,1 %	0,7	3,6 %	171,8	41,7 %
Great Britain	0,9	2,8 %	1,1	5,7 %	42,6	10,3 %
Other	10,9	34,2 %	1,8	8,9 %	154,3	37,5 %
Total Capex	**31,8**	100,0 %	**19,9**	100,0 %	**411,9**	100,0 %

ASSETS BY GEOGRAPHY						
million euros	30.09.08	%	30.09.07	%	31.12.07	%
Norway	83,1	9,9 %	62,8	24,4 %	77,7	10,0 %
Sweden	49,0	5,8 %	52,7	20,4 %	81,3	10,5 %
North America	187,2	22,3 %	37,7	14,6 %	262,2	33,8 %
Great Britain	60,3	7,2 %	55,0	21,3 %	103,0	13,3 %
Other	460,1	54,8 %	49,8	19,3 %	252,7	32,5 %
Total Assets	**839,7**	100,0 %	**257,9**	100,0 %	**777,0**	100,0 %

Note 1 Disclosures

General information

Kongsberg Automotive Holding ASA and its subsidiaries develop, manufacture and sell products to the automotive industry all over the world. Kongsberg Automotive Holding ASA is a limited liability company which is listed on the Oslo Stock Exchange.

In 2007 the Kongsberg Automotive Group acquired Global Motion Systems (GMS). The Group obtained control over GMS on 27 December 2007 and with accounting effect from 31 December 2007. In the annual financial statements for 2007 and in the interim financial report for the first quarter the purchase price allocation had not been finalized, and non-identified added value had been classified as goodwill pending the outcome of the purchase price allocation. The non-identified added value has now been preliminarily allocated based on the purchase price allocation. However, as the allocation is preliminary changes may occur at a later stage.

Basis of preparation

This condensed consolidated interim financial information for the nine months ended 30 September 2008 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 31 December 2007, 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 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Risks

The Group's activities are exposed to different types of risks. Some of the most important factors are foreign-exchange rates, interest rates, raw material prices and credit risks, as well as liquidity risk. As the Company operates in many countries, it is vulnerable to currency risk. The greatest currency exposure is associated with EUR and USD, while raw material exposure is greatest in copper, zinc, aluminum and steel. The gearing level in the company is high, which influences the liquidity situation in the Group. A potential further drop in sales of vehicles is considered to be the biggest risk factor at the moment. The management continuously monitors the risk factors.

Seasonality

The KA Group is to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the 3rd quarter each year having lower sales.

Other company information

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Curt Germundsson	(Chairman)
Bente Rathe	(Deputy Chairman)
Jan Peter Sunde	(Shareholder elected)
Jürgen Harnisch	(Shareholder elected)
Ulla-Britt Fäjdin-Hellqvist	(Shareholder elected)
Kevin Burrell	(Employee representative)
Siv Midtskogen	(Employee representative)
Leif H. Strømhaug	(Employee representative)

Executive Committee:

Olav Volldal	President & CEO
Trond Stabekk	Group Executive & CFO
Hans Peter Havdal	Group Executive & President of Interior Systems
Bård Klungseth	Group Executive & President of Actuation Systems
Jim Ryan	Group Executive & President of Power Product System

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Financial Calendar

Publication of the quarterly financial statements in 2008:

3rd quarter 28th of October 2008

4th quarter 5th of February 2009