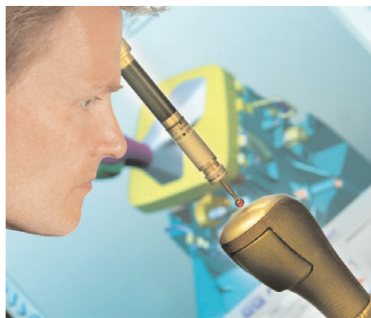


Kongsberg Automotive Holding ASA 4th Quarter report 2006



Kongsberg 31. January 2007

KONGSBERG AUTOMOTIVE GROUP

Interim report 4th Quarter 2006

(The report is based on IFRS)

Key points

- Growth in revenues quarter over quarter 22 %.
- EBITA at 70 MNOK, in line with estimates.
- EBITA quarter over quarter down 1,6 %.
- Higher raw material prices.
- Capacity cost due to high volumes.

Key figures KA Group

1000 NOK	4th quarter		YTD	
	2006	2005	2006	2005
Product Sales	731 231	628 433	2 695 461	2 385 956
Other Sales	71 706	28 828	167 910	139 284
Total Operating revenues	802 937	657 261	2 863 371	2 525 240
Cost of Goods sold	(506 460)	(376 239)	(1 746 937)	(1 426 979)
Contribution	296 477	281 022	1 116 434	1 098 261
Contribution margin	36,9 %	42,8 %	39,0 %	43,5 %
R&D and Marketing	(49 483)	(55 853)	(203 713)	(214 688)
Other Operating expenses	(152 508)	(133 189)	(537 639)	(501 132)
EBITDA	94 486	91 980	375 082	382 441
Depreciation	(24 198)	(20 553)	(88 460)	(79 679)
EBITA	70 288	71 427	286 622	302 762
EBITA %	8,8 %	10,9 %	10,0 %	12,0 %
Amortisation	(2 506)	(2 625)	(10 871)	(10 552)
EBIT	67 782	68 802	275 751	292 210
EBIT %	8,4 %	10,5 %	9,6 %	11,6 %
Profit before taxes	47 780	79 602	213 329	240 313
Net Profit	37 640	58 884	157 863	177 810
Capital employed	936 289	757 023	936 289	832 829
Capex	41 550	40 431	147 029	140 850
Net interest-bearing debt	745 920	657 076	745 920	657 076
Equity	549 853	489 483	549 853	489 483
Total assets	2 077 224	1 830 312	2 077 224	1 830 312
Equity ratio	26,5 %	26,7 %	26,5 %	26,7 %

Revenues

- The Kongsberg Automotive Group continued the positive development from 4th quarter 2005 into 4th quarter 2006.
- The Operating revenues increased with 146 MNOK (22,2 %) in the fourth quarter 2006 compared to same period 2005.
- Product sales are up by 103 MNOK, while other sales are up by 43 MNOK.
- Due to weaker NOK the currency conversion has the effect of increasing the total revenue recorded in 4th quarter 2006 with 26 MNOK compared to 4th quarter 2005.
- The volume growth corrected for the currency effect and price reductions is 15,5 %.

Profit

- The lower EBITA margin is due to raw materials 11 MNOK, capacity cost of 12 MNOK and other elements of 12 MNOK. The other elements mainly consist of product mix and year end dispositions.
- EBITA is 1 MNOK lower in 4th quarter 2006 compared to same period 2005.

Accounting principles

Goodwill

Kongsberg has made use of the option in IFRS 1 not to retrospectively account for business combinations. Goodwill from acquisitions made before 1 January 2004 will therefore remain unchanged as of 1 January 2004.

Goodwill (IAS 38) arising from business combinations needs to be tested for impairment (IAS36) at the transition days and successive year-end. There has been no indication for a need for write down of goodwill through impairment tests.

Pensions

The accumulated unrecognised effect of changes in estimates and differences between actual and expected return on pension assets must be derecognised in the opening balance, in accordance with IAS 19. This has been done in the IFRS opening balance as of 1 January 2004.

Research and development costs

IFRS opens for capitalisation of the development costs within R&D, given fulfilment of certain criteria (IAS 38) Kongsberg Automotive has gone through each project and found that some of the project phases fulfil the criteria and has therefore capitalised part of the total development costs. After capitalisation the development costs will be amortised to P&L over the life-span of the product.

Fixed assets

The Company has found the established principles of recognition to be in line with IFRS (IAS 16, 15). Kongsberg Automotive has chosen to apply the historic cost model. This model requires the fair value to be estimated at regular intervals depending on the nature of the assets (IAS 16, 31). The assets are depreciated over their useful life as in the historic cost model.

The Company must evaluate the option to use cost less accumulated depreciation in its opening balance or to use fair value at that date for selected items of PPE as deemed cost (IFRS 1, 16).

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item shall be depreciated separately (IAS 16, 43). The Company has decomposed assets to single items and has therefore not seen a need for further decomposing.

The depreciation amount of an asset shall be allocated on a systematic basis over its useful life (IAS 16, 50). This agrees with the group's current principle.

There are no indications that the recoverable amount of an asset is impaired, and therefore the values on fixed assets are kept equal under IFRS.

Deferred taxation

Under IFRS there is a stricter demand for documentation of future utilisation of deferred tax assets related to taxable loss carry-forwards. The analysis performed by Kongsberg Automotive does not give rise to any reduction of the book value of deferred tax assets.

Business area results

Seat Comfort

Business area Seat Comfort designs and manufactures various seat comfort products including seat heating and ventilation systems, powered seat support systems, head restraints and arm rests. The company is a market leader in the area of seat comfort. Customers include both car manufacturers and automotive seat suppliers in Europe, Asia and North America.

1000 NOK	4th quarter		YTD	
	2006	2005	2006	2005
Product Sales	362 663	318 727	1 337 898	1 116 246
Other Sales	20 031	(1 589)	51 337	25 186
Total Operating revenues	382 694	317 138	1 389 235	1 141 432
Cost of Goods sold	(240 462)	(183 133)	(825 042)	(620 586)
Contribution	142 232	134 005	564 193	520 846
Contribution margin	37,2 %	42,3 %	40,6 %	45,6 %
R&D Marketing	(23 807)	(25 143)	(97 730)	(90 952)
Other Operating expenses	(72 805)	(47 945)	(258 571)	(202 764)
EBITDA	45 620	60 917	207 892	227 130
Depreciation	(8 858)	(7 311)	(31 297)	(25 835)
EBITA	36 762	53 606	176 595	201 295
EBITA %	9,6 %	16,9 %	12,7 %	17,6 %
Capital employed	396 985	297 213	396 985	338 613
Capex	11 031	14 302	45 724	41 521

Financials

- The operating revenues are up in 4th quarter 2006 compared to same period 2005. Product sales increased by 44 MNOK and other sales were up 22 MNOK. The volume growth corrected for currency effects and price reductions is 12 %.
- The main factors for the increase in product sales are higher sales of Head Rests and Seat Heating to Audi as well as Seat Support to BMW and a growth in Seat Heaters in China. The sales in North America are down as a consequence of a weaker market in general.
- The EBITA is down 17 MNOK, adjusted for a positive year end adjustment in 2005 of 10 MNOK, the EBITA is down 7 MNOK. The main factors explaining the lower result are increase in raw material prices (2 MNOK) and capacity cost (6 MNOK), and product mix (4 MNOK). There is also year-end adjustment in the 4th quarter of 6 MNOK which is mainly due to inventory adjustments.
- EBITA 4th quarter was 37 MNOK compared to 54 MNOK in same period 2005.

Market

- The market has been good in Europe, the North American market still weak and uncertain.
- Still pressure on margins from competitors.

Operations

- High focus on bringing new program introductions on track.
- Top line growth challenging on capacity.

Commercial Vehicle Systems (CVS)

The Commercial Vehicles Systems Business area of Kongsberg Automotive designs and manufactures a range of products for use in commercial vehicles, such as trucks and buses. The product range includes clutch actuation systems, gearshift systems, air couplings and stabilizing rods. The company supplies products to commercial vehicle manufacturers in Europe, the Americas and Asia. The products manufactured are technologically advanced and recognized by truck manufacturers for their reliability and contribution to driver safety and comfort.

1000 NOK	4th quarter		YTD	
	2006	2005	2006	2005
Product Sales	282 634	234 695	1 045 788	954 062
Other Sales	17 035	13 991	58 005	51 518
Total Operating revenues	299 669	248 686	1 103 793	1 005 580
Cost of Goods sold	(185 914)	(138 614)	(681 299)	(570 361)
Contribution	113 755	110 072	422 494	435 219
Contribution margin	38,0 %	44,3 %	38,3 %	43,3 %
R&D Marketing	(19 713)	(19 498)	(77 529)	(73 810)
Other Operating expenses	(60 491)	(74 220)	(212 711)	(239 417)
EBITDA	33 551	16 354	132 254	121 992
Depreciation	(11 410)	(10 132)	(43 604)	(41 849)
EBITA	22 141	6 222	88 650	80 143
EBITA %	7,4 %	2,5 %	8,0 %	8,0 %
Capital employed	389 802	364 960	389 802	382 390
Capex	19 838	18 677	67 111	70 224

Financials

- Total revenue is 51 MNOK higher (20,5 %) in 4th quarter 2006 compared to 4th quarter 2005. Product sales are up 48 MNOK and other sales are up by 3 MNOK.
- The increase in product sales relates to a better market for Couplings and Hydraulic Gearshift Systems.
- The contribution is up 4 MNOK from 4th quarter 2005 to 4th quarter 2006. Raw material prices 9 MNOK, cost of capacity 6 MNOK, as well as a reclassification between operating expenses and cost of goods sold of 5 MNOK offsets the effect of higher sales.
- R&D and marketing is at same level in 4th quarter 2006, reflecting the activity level on R&D projects. The capitalized R&D is at the same level as in 4th quarter 2005.
- EBITA is up 16 MNOK from comparable period in 2005.

Market

- High demand for new Couplings program.
- Market in general looks strong.
- New price increases from 2007 to compensate for raw material prices.

Operations

- High focus on improving product robustness and quality.
- Capacity constraints due to high volumes.

Gearshifts

Kongsberg Automotive's business area Gearshifts designs and manufactures floor and instrument panel mounted gearshifts for passenger cars with automatic, manual, automated-manual and continuously-variable transmissions. The product lines include all gearshift components, from gearshift levers and knobs through to mechanical and electronic linkages, including Shift by Wire (SBW) functions, to the gearbox. The company supplies these products as individual components or as complete assemblies to its European OEM customers (vehicle producers).

1000 NOK	4th quarter		YTD	
	2006	2005	2006	2005
Product Sales	85 934	75 011	311 775	315 648
Other Sales	34 640	16 426	58 568	62 580
Total Operating revenues	120 574	91 437	370 343	378 228
Cost of Goods sold	(80 084)	(54 492)	(240 596)	(236 032)
Contribution	40 490	36 945	129 747	142 196
Contribution margin	33,6 %	40,4 %	35,0 %	37,6 %
R&D Marketing	(5 963)	(11 212)	(28 454)	(49 926)
Other Operating expenses	(19 212)	(11 024)	(66 357)	(58 951)
EBITDA	15 315	14 709	34 936	33 319
Depreciation	(3 930)	(3 110)	(13 559)	(11 995)
EBITA	11 385	11 599	21 377	21 324
EBITA %	9,4 %	12,7 %	5,8 %	5,6 %
Capital employed	149 502	94 850	149 502	111 826
Capex	10 681	7 452	34 194	29 105

Financials

- The total revenues of BA Gearshift are up 29 MNOK (31,9 %) in the 4th quarter 2006 compared to 4th quarter 2005.
- Product sales are up 11 MNOK and other sales are up 18 MNOK due to high invoicing of tooling projects.
- The contribution margin is lower due to high level of other sales with low margin.
- R&D and marketing is down by 5 MNOK due to a reduction of the total cost level as a consequence of lower number of consultants compared to own employees and 1,2 MNOK higher capitalization of R&D.
- Other expenses are up 8 MNOK compared to same period in 2005.
- The EBITA stable at MNOK 11 comparing 4th quarter 2006 and 4th quarter 2005.

Market

- Focus on Asian opportunities.
- New program introductions in 2007.

Operations

- High focus on cost reductions.
- Successful implementation of automatization projects in production.
- Improved productivity and quality.

Other items for Group

Capital expenditures

The capex for the KA Group is for 4th quarter 2006 42 MNOK compared to 40 millions in same period last year. The total for the year was 147 which are NOK 7 mill higher than the same period in 2005.

Financial items

The market value of the group's currency and material contracts has in total a lower positive effect in the 4th quarter than at 30.09.06 and consequently there is a loss on these contracts at 31.12.06 with an effect of NOK 4,2 mill. The net interest expenses were NOK 7 mill in 4th quarter 2006 compared to 11 mill in same period 2005. This is the effect of refinancing of the loan terms.

Currency

As an international group Kongsberg Automotive is exposed to currency rates fluctuations. The main exposure is towards the Euro. Approximately 50 % of the Euro sales are secured through forward contracts which significantly reduce the exposure for the KA Group. Due to the weakening of the Norwegian kroner isolated in 4th quarter 2006 compared to 4th quarter 2005 the conversion effect on sales is positive 26 MNOK in the quarter.

Taxes

The Group is reporting a tax cost percentage of 26 % YTD in 2006. The tax cost is around 28 % for most of the countries where Kongsberg Automotive operates, except for Poland where the tax rate is 19 % and the USA where the tax rate is around 33 %. There are no taxes payable for the Norwegian operations due to significant tax loss carry-forward related to the Raufoss acquisition.

Balance sheet

The total assets are 2.070 MNOK at 31.12.06, an increase of 247 MNOK compared to 31.12.05. This is a consequence of increase in fixed assets and capitalized R&D and generally higher activity level.

The increase in the Group's net interest-bearing debt compared to the 2005 levels reflects the currency rate increase and the purchase of own shares and the free cash generation in the period.

Personnel

The number of employees is 2.758 at the end of the 4th quarter 2006 compared to 2.629 at 31.12. 2005. The main factors explaining the increase are the establishment in China and an increase in Poland. The number of employees in low cost areas has increased over the same period from 942 at 31.12.05 to 995 at 31.12.06. The explanation here is the same as above, the effect of increase in our operation in China and Poland.



Shareholder	No of shares	Percentage	Country	Account
FSN CAPITAL LIMITED	7 492 836	16,90 %	NOR	Ordinary
STATE STREET BANK AND TRUST	4 594 906	10,36 %	USA	Nominee
GOLDMAN SACHS INTERN	3 833 721	8,64 %	GBR	Nominee
INVESTORS BANK & TRUST	3 527 500	7,95 %	USA	Nominee
ORKLA ASA	3 288 400	7,41 %	NOR	Ordinary
VERDIPAPIRFOND ODIN	2 075 000	4,68 %	NOR	Ordinary
VERDIPAPIRFOND ODIN	2 005 100	4,52 %	NOR	Ordinary
FSN CAPITAL HOLDING	1 282 011	2,89 %	NOR	Ordinary
EBITEC INVEST AS	1 254 315	2,83 %	SWE	Ordinary
BANK OF NEW YORK	1 182 800	2,67 %	BEL	Nominee
MELLON BANK AS AGENT	1 009 525	2,28 %	USA	Nominee
KONGSBERG AUTOMOTIVE HLD AS/	1 000 000	2,25 %	NOR	Ordinary
VOLLDAL INVEST AS	807 663	1,82 %	NOR	Ordinary
FORTIS BANK LUXEMBOURGH	746 513	1,68 %	LUX	Ordinary
HOLBERG NORDEN	631 200	1,42 %	NOR	Ordinary
VERDIPAPIRFONDET	505 100	1,14 %	NOR	Ordinary
FRENCH RES TREATY	420 000	0,95 %	GBR	Ordinary
STATE STREET BANK AND TRUST	400 000	0,90 %	USA	Nominee
THE NORTHERN TRUST COMPANY	339 800	0,77 %	GBR	Nominee
SKANDINAVISKA ENSKILDA	337 255	0,76 %	SWE	Nominee
Total number of shares	44 348 397			
Number of shareholders	570			
%- of foreign ownership	51 %			



KONGSBERG AUTOMOTIVE GROUP
INCOME STATEMENT

Amounts in NOK 1 000

	2006	2005	2006	2005
	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
OPERATING REVENUES	<u>802 937</u>	<u>657 261</u>	<u>2 863 371</u>	<u>2 525 240</u>
Operating expenses :				
Raw materials and consumables used	(399 395)	(284 182)	(1 384 585)	(1 140 185)
Salaries and social expenses	(226 602)	(199 233)	(755 460)	(668 936)
Other operating expenses	(82 454)	(81 866)	(348 243)	(333 678)
Depreciation	(24 199)	(20 553)	(88 461)	(79 679)
Amortization	(2 505)	(2 625)	(10 871)	(10 552)
Total operating expenses	<u>(735 155)</u>	<u>(588 459)</u>	<u>(2 587 620)</u>	<u>(2 233 030)</u>
OPERATING PROFIT	<u>67 782</u>	<u>68 802</u>	<u>275 751</u>	<u>292 210</u>
Financial items				
Financial income	823	475	2 510	2 608
Financial expenses	(16 617)	(4 019)	(68 117)	(40 996)
Change in valuation currency contracts	(4 207)	14 344	3 186	8 891
Expense for the IPO	0	0	0	(22 400)
Net financial items	<u>(20 001)</u>	<u>10 800</u>	<u>(62 421)</u>	<u>(51 897)</u>
PROFIT BEFORE TAXES	<u>47 780</u>	<u>79 602</u>	<u>213 329</u>	<u>240 313</u>
Taxes on ordinary profit	(10 140)	(20 718)	(55 466)	(62 503)
NET PROFIT	<u><u>37 641</u></u>	<u><u>58 884</u></u>	<u><u>157 864</u></u>	<u><u>177 810</u></u>

Key figures

EBITDA margin	11,8 %	14,0 %	13,1 %	15,1 %
EBITA margin	8,8 %	10,9 %	10,0 %	12,0 %
EBIT margin	8,4 %	10,5 %	9,6 %	11,6 %
Net profit margin	4,7 %	9,0 %	5,5 %	7,0 %

KONGSBERG AUTOMOTIVE GROUP
BALANCE SHEET

Amounts in NOK 1 000

NON CURRENT ASSETS	31.12.06	31.12.05
Deferred tax assets	56 225	52 558
Intangible assets	93 772	75 806
Goodwill	414 127	412 276
Plant, buildings and other property	459 007	421 003
Other receivable	1 593	1 545
Shares	2 060	2 060
Pension assets	0	3 779
TOTAL NON CURRENT ASSETS	1 026 784	969 027
CURRENT ASSETS		
Inventories	220 659	179 138
Accounts receivable	487 141	376 034
Forward contracts	18 696	13 527
Other short term receivables	116 663	76 905
Cash and short term deposits *	207 281	215 681
TOTAL CURRENT ASSETS	1 050 440	861 285
TOTAL ASSETS	2 077 224	1 830 312

KONGSBERG AUTOMOTIVE GROUP

EQUITY	31.12.06	31.12.05
Share capital	21 660	22 146
Share premium reserve	13 438	12 492
Other equity	514 755	454 845
TOTAL EQUITY	549 853	489 483
LIABILITIES		
Deferred tax liabilities	45 329	36 987
Pension liability	28 152	26 240
Interest bearing loans and borrowings	812 032	644 425
TOTAL LONG TERM LIABILITY	885 513	707 652
Bank overdraft *	124 593	81 843
Other short term liabilities, interest bearing	20 184	151 052
Accounts payable	324 290	219 154
Tax payable	11 201	20 637
Other short term liabilities	161 590	160 491
TOTAL SHORT TERM LIABILITY	641 858	633 177
TOTAL LIABILITIES	1 527 371	1 340 829
TOTAL LIABILITIES AND EQUITY	2 077 224	1 830 312

* Bank overdraft is booked gross in comparable figures

KONGSBERG AUTOMOTIVE GROUP

CASH FLOW	2006	2005	2006	2005
Amounts in NOK 1 000	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec
Profit before tax	47 780	79 602	213 329	240 313
Tax payable	(17 235)	(16 918)	(63 000)	(52 143)
Depreciation and amortization	26 704	23 178	99 332	90 231
Change in Working Capital	21 987	58 647	(47 492)	3 591
Change in other items *	9 316	19 325	(4 384)	15 046
Cash flow from operations	88 552	163 834	197 785	297 038
Cash flow from investing activities	(41 550)	(40 431)	(147 029)	(309 926)
Cash flow from financing activities	(10 584)	(106 453)	(59 156)	66 044
Net change in cash	36 418	16 950	(8 400)	53 156
* incl. Exchange rate differences				

STATEMENTS OF CHANGES IN EQUITY

Amounts in NOK 1 000	2006	2006
	Jan - Dec	Jan - Dec
Equity as of start of period	489 483	390 280
Net profit for the period	157 864	177 810
Foreign currency translation	13 040	(1 467)
Dividend paid	(66 439)	
Group contribution paid		(74 000)
Purchase own shares	(48 336)	
Issued new shares *	1 800	
Opsjons booked against equity	2 441	
IAS 39 and other adjustment against equity		(3 140)
Equity as of end of period	549 853	489 483

* 840 t nok will be registered in 2007.

Secondary segment reporting

Amounts in NOK 1 000

OPERATING REVENUES BY GEOGRAPHY

	2006		2005		2006		2005	
	Oct - Dec	%	Oct - Dec	%	Jan - Dec	%	Jan - Dec	%
Sweden	223 383	28 %	164 321	25,0 %	720 149	25,2 %	672 829	26,6 %
Germany	144 125	18 %	126 723	19,3 %	539 387	18,8 %	515 564	20,4 %
Rest of Europe	247 678	31 %	184 208	28,0 %	879 134	30,7 %	785 437	31,1 %
North America	119 998	15 %	128 910	19,6 %	486 314	17,0 %	361 732	14,3 %
Other	67 753	8 %	53 099	8,1 %	238 387	8,3 %	189 678	7,5 %
Operating revenues	802 937	100 %	657 261	100,0 %	2 863 371	100,0 %	2 525 240	100,0 %

CAPEX BY GEOGRAPHY

	2006		2005		2006		2005	
	Oct - Dec	%	Oct - Dec	%	Jan - Dec	%	Jan - Dec	%
Norway	16 148	38,9 %	7 794	19,3 %	58 921	40,1 %	39 920	28,3 %
Sweden	14 048	33,8 %	8 967	22,2 %	47 560	32,3 %	38 577	27,4 %
North America	7 318	17,6 %	10 424	25,8 %	14 673	10,0 %	14 002	9,9 %
Great Britain	1 866	4,5 %	1 525	3,8 %	8 256	5,6 %	11 532	8,2 %
Other	2 170	5,2 %	11 721	29,0 %	17 619	12,0 %	36 819	26,1 %
Total Capex	41 550	100,0 %	40 431	100,0 %	147 029	100,0 %	140 850	100,0 %

ASSETS BY GEOGRAPHY

	31.12.06	%	31.12.05	%
Norway	520 248	25,0 %	406 052	22,2 %
Sweden	436 797	21,0 %	394 644	21,6 %
North America	314 667	15,1 %	299 446	16,4 %
Great Britain *	446 282	21,5 %	410 234	22,4 %
Other	359 229	17,3 %	319 936	17,5 %
Total Assets	2 077 224	100,0 %	1 830 312	100,0 %

* incl. Excess value