

3rd Quarter Report 2014

Kongsberg Automotive



Enhancing the driving experience

2014

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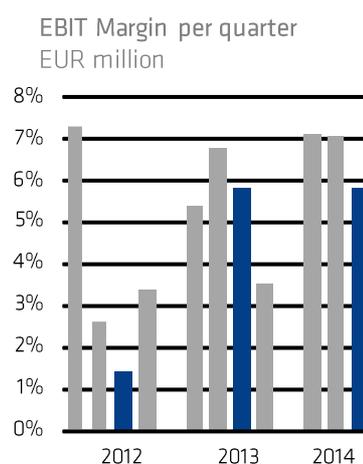
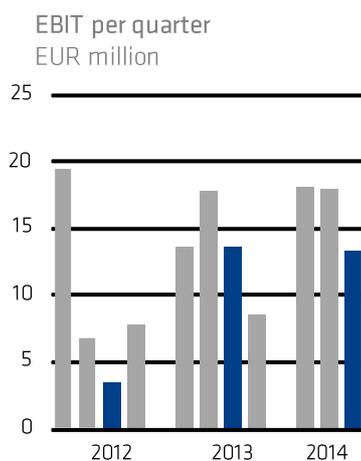
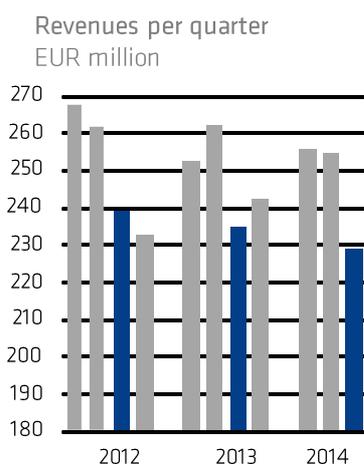
HIGHLIGHTS 3RD QUARTER 2014

HIGHLIGHTS

- ▶ Revenues were EUR 228.6 million in the third quarter, EUR 6.2 (-2.6 %) million below third quarter last year and in line with guiding.
- ▶ EBIT was EUR 13.2 million in the third quarter, slightly below the third quarter last year.
- ▶ The financial gearing ratio at 2.3 times NIBD/EBITDA.
- ▶ Annualized business wins in the quarter amounted to EUR 64 million.
- ▶ Revenues for the fourth quarter expected to be approximately EUR 235 million.

KEY FIGURES

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	228.6	234.8	738.8	748.9	990.9
EBITDA	23.5	24.4	80.0	78.1	97.1
EBITDA %	10.3 %	10.4 %	10.8 %	10.4 %	9.8 %
EBIT	13.2	13.6	49.2	44.7	53.2
EBIT (%)	5.8 %	5.8 %	6.7 %	6.0 %	5.4 %
Net profit	7.1	4.1	23.5	10.9	6.6
NIBD/EBITDA (LTM)	2.3	2.7	2.3	2.7	2.5
Equity ratio (%)	31.2 %	27.4 %	31.2 %	27.4 %	27.6 %



GROUP FINANCIALS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	228.6	234.8	738.8	748.9	990.9
Opex	(205.1)	(210.4)	(658.8)	(670.8)	(893.8)
EBITDA	23.5	24.4	80.0	78.1	97.1
<i>EBITDA (%)</i>	<i>10.3 %</i>	<i>10.4 %</i>	<i>10.8 %</i>	<i>10.4 %</i>	<i>9.8 %</i>
Depreciation and amortization	(10.3)	(10.8)	(30.9)	(33.4)	(43.9)
EBIT	13.2	13.6	49.2	44.7	53.2
<i>EBIT (%)</i>	<i>5.8 %</i>	<i>5.8 %</i>	<i>6.7 %</i>	<i>6.0 %</i>	<i>5.4 %</i>
Net financial items	(2.5)	(8.1)	(13.5)	(30.0)	(40.4)
Profit before taxes	10.7	5.5	35.7	14.7	12.8
Income taxes	(3.6)	(1.4)	(12.1)	(3.8)	(6.2)
Net profit	7.1	4.1	23.5	10.9	6.6

REVENUES

Revenues for the Group amounted to EUR 228.6 million in the third quarter of 2014. The revenues were EUR -6.2 million (-2.6%) below the comparable period last year, including an unfavorable currency effect of EUR -1.7 million.

Revenues related to the commercial vehicle market decreased by EUR 1.4 million (-1.3 %) compared to the third quarter of 2013. Revenues in Driver Control decreased by EUR 1.0 million (-1.8 %) due to an unfavorable currency effect of EUR 1.0 million. The third quarter strength in the North American business was offset by a weaker Brazilian market and a trend shift towards more fuel efficient automated manual transmissions in Europe and Brazil. Fluid Transfer decreased its revenues by EUR 0.3 million (-0.7 %). The revenue decrease was primarily related to the European commercial vehicle business as revenues in the third quarter last year were impacted by Euro 6 pre-buy effects.

In the segments exposed to the passenger car market the revenues decreased by EUR 4.6 million (-3.3 %) compared to the same quarter in 2013. Revenues in Driveline decreased by EUR 5.6 million (-8.4 %) compared to the same quarter last year, including unfavorable currency effects of EUR 0.9 million. The decline in revenues was mainly due to some programs reaching end of production, and an overall decrease of sales in the European business. Interior Systems delivered revenues of EUR 1.0 million (1.4 %) above the same period last year, primarily driven by higher revenues in the Chinese business.

EBIT

The EBIT for the Group was EUR 13.2 million in the third quarter of 2014, a decrease of EUR -0.3 (-2.4%) million compared to third quarter of 2013. The operating margin was unchanged as higher marketing and development activities, to support future growth opportunities and volume effects were offset by operational improvements and fixed costs reductions. The depreciation and amortization last year was influenced negatively by a write off related to a discontinued customer contract.

NET FINANCIALS

Net financials (see note 4.1) were EUR -2.5 million in the third quarter of 2014, compared to EUR -8.1 million in the same period in 2013. Lower unrealized currency losses and lower interest expenses drove the reduction in the net financial items. The lower interest is driven by reduced debt level and lower interest rate margin as a consequence of the lower gearing ratio.

PROFIT BEFORE TAX / NET PROFIT

Profit before tax increased from EUR 5.5 million to EUR 10.7 in the third quarter, supported by the lower net financial items. Net profit was EUR 7.1 million in the third quarter, compared to EUR 4.1 million in the comparable quarter last year.

GROUP FINANCIALS

CONDENSED STATEMENT OF CASH FLOW

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Cash flow from operating activities	12.6	15.1	53.8	51.3	87.6
Cash flow from investing activities	(7.0)	(3.6)	(20.1)	(17.2)	(27.2)
Cash flow from financing activities	(6.9)	(27.2)	(40.3)	(45.7)	(60.2)
Currency effects on cash	1.2	(0.3)	1.4	(0.3)	(0.9)
Net change in cash	(0.0)	(16.0)	(5.2)	(11.9)	(0.7)
Net cash at beginning period *	27.6	37.6	32.7	33.5	33.5
Net cash at period end *	27.6	21.6	27.6	21.6	32.7
Of this, restricted cash	1.1	2.1	1.1	2.1	2.7

* Includes bank overdraft

CASH FLOW FROM OPERATING ACTIVITIES

A strong third quarter EBITDA partially offset by increased working capital resulted in a cash flow from operating activities of EUR 12.6 million in the third quarter.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities amounted to EUR -7.0 million in the third quarter of 2014, an increase of EUR 3.4 million compared to the third quarter in 2013.

The increased investments in the third quarter were primarily related to the construction of a technical center in Sweden, some capacity investments and rationalization investments.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was EUR -6.9 million in the third quarter, EUR 20.4 million below comparable period last year, primarily due to lower debt repayments.

Repayment of loans amounted to EUR 5.2 million in the third quarter of 2014 compared to repayments of EUR 22.5 million in the same period last year. YTD repayments were EUR 30.1 million compared to EUR 32.0 million in the same period last year.

Third quarter interest payments, of EUR 3.0 million, decreased by EUR 1.1 million compared to the same quarter last year. Reduced debt level and lower interest rate margin drove the reduction.

NET CHANGE IN CASH

The net cash, including bank overdraft, was unchanged since last quarter. Net change in cash was negative by EUR 5.2 million YTD, compared to a negative change of EUR 11.9 million last year.

LIQUIDITY RESERVE

Liquidity reserve (see note 3.5) was EUR 128.6 million at the end of the third quarter, compared to EUR 106.5 million at year end, primarily due to positive free cash flow and no facility reduction. The liquidity reserve was approximately unchanged since last quarter, as cash from operation was used to reduce Innovation Norway loan, from 130.5 MNOK to 72.0 MNOK.

GROUP FINANCIALS

CONDENSED STATEMENT OF FINANCIAL POSITION

MEUR	30.09.14	30.09.13	31.12.13
Non-current assets	386.9	398.6	384.5
Cash and cash equivalents	58.9	44.2	57.1
Other current assets	267.5	262.2	245.7
Total assets	713.3	705.0	687.3
Equity	222.5	193.4	189.6
Interest bearing debt	255.3	286.6	274.0
Other liabilities	235.5	225.0	223.6
Total equity and liabilities	713.3	705.0	687.3
NIBD	227.7	265.0	241.3
Equity ratio	31.2%	27.4%	27.6%

ASSETS

Total assets were EUR 713.3 million as of 30th of September 2014, an increase of EUR 25.9 million from year end 2013, driven by an increase in other current assets, particularly working capital.

EQUITY

From year end 2013 equity increased by EUR 32.8 million to EUR 222.5 million. The increase was mainly driven by a positive net profit for the period of EUR 23.5 million and positive currency translation effects. The equity ratio improved by 3.6 percentage points to 31.2%.

INTEREST BEARING DEBT

Gross interest bearing debt amounted to EUR 255.3 million at the end of the third quarter 2014, a reduction of EUR 18.8 million since year end 2013. The net change reflects

debt repayments, partially offset by amortization of capitalized arrangement fees and negative currency effects of EUR 9.9 million.

Net interest bearing debt was reduced by EUR 13.6 million to EUR 227.7 million since year end 2013. The reduction was driven by a strong operational cash flow partly offset by payment of interest, financial charges, and negative currency effects.

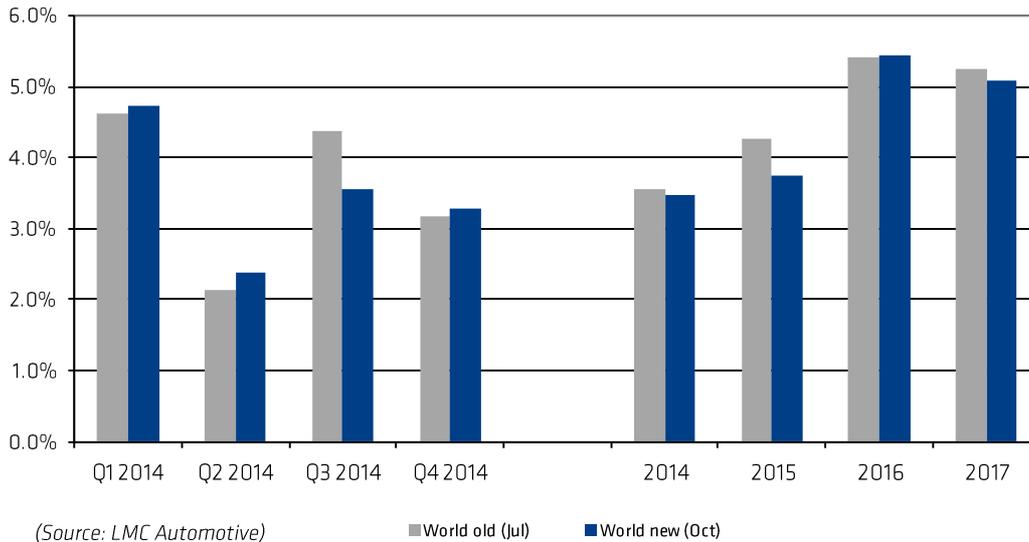
The company secured further financial flexibility in the last quarter of 2013 by freezing the revolver at the level as of 31.12.2013. The use of cash to repay debt in 2014 confirms the trend towards the Group's target of a gearing ratio below 2.0 times NIBD/EBITDA by 2015.

MARKET OUTLOOK

LIGHT VEHICLE PRODUCTION (LVP) ESTIMATES

Year-on-year change in production growth rate:

Light vehicle production growth: revised world estimates (ch Y/Y)



GLOBAL LIGHT VEHICLE PRODUCTION

Light Vehicle Production (LVP) in the third quarter of 2014 ended 3.6% higher than compared to the third quarter of 2013. This was mainly driven by higher than expected growth in China and North America.

The estimated growth rate for Europe is close to -1% in the third quarter 2014 compared to the same quarter last year, however for the full year the forecast is 2.7% growth. European export has never been higher than now, however it is overshadowed by the decrease in the Russian market.

North American production experience high growth and the third quarter grew by over 7% compared to same quarter last year. Easily available credits encourage sales and the estimated growth rate for the full year 2014 is close to 4%.

South America continues to decline, with -14% in the third quarter, and the full year forecast is estimated to be 12% lower than 2013.

The previous high growth in China earlier this year is reduced to 8.1% in the third quarter, which is also close to the growth rate for the full year 2014.

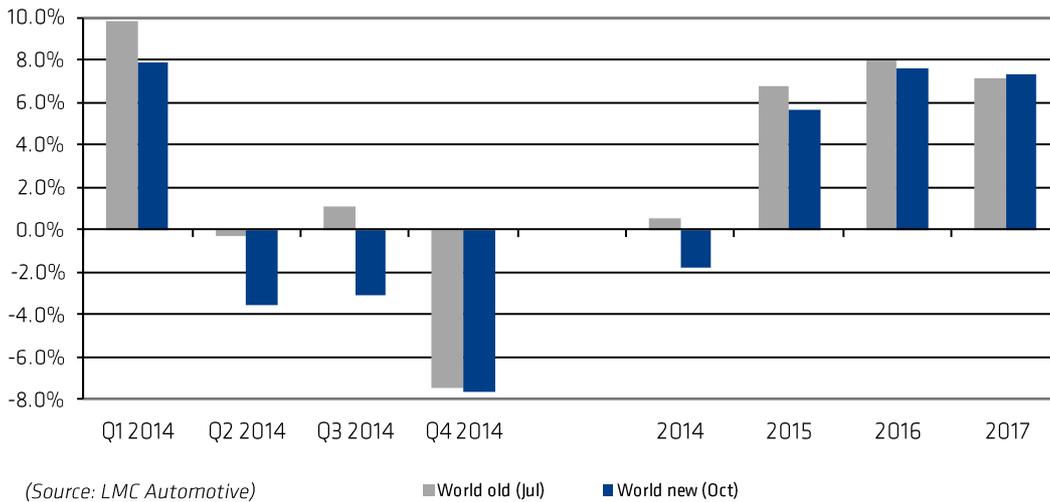
The global production growth in 2014 is expected to be approximately 3.5%, resulting in a production volume of 87.7 million vehicles.

MARKET OUTLOOK

COMMERCIAL VEHICLE PRODUCTION (CVP) ESTIMATES

Year-on-year change in production growth rate:

Medium and heavy duty truck production growth: revised world estimates (ch Y/Y)



GLOBAL COMMERCIAL VEHICLE PRODUCTION

The Commercial Vehicle Production in the third quarter of 2014 was down by -1.8% compared to same quarter last year.

The European Commercial Vehicle Production is still retracting, and the third quarter was down 7.4%. For the full year we are looking at around -9% compared to 2013. Close to 20% of the European production reduction this year is due to reduced sales in Russia.

In China we can see the effect of the “New Normal” which includes reduced construction activity. Compared with the third quarter last year the production was reduced by 14% and the estimate for the full year 2014 is a reduction of more than 6%.

North America continues the high growth rate with a rate above 9% compared to same period last year. The growth rate for 2014 is still estimated to be close to 12 %, coming mainly from Heavy Duty trucks.

South America continues the trend and falls further with -17% in third quarter.

Growth in North America was offset by the decline in South America, Europe and China, and sets 2014 world production on a path to a decline of -1.8% compared to 2013. The 2014 world production is expected to be 2.76 million vehicles, down 1.8 % compared to last year.

INTERIOR

Segment Reporting

INTERIOR SYSTEMS

Interior is a global leader in the development, design and manufacture of seat comfort systems and mechanical and electro-mechanical light-duty motion controls to Tier 1 and OEM customers. The product range includes; seat adjuster cables and other cabling systems, lumbar support and side bolsters, seat heating, ventilation and massage systems, arm rests and head restraints.

The Interior products address the passenger car market, with particularly strong positions in the European and North American

markets. Market penetration for products such as seat heating, seat ventilation and massage systems is especially high in medium to higher end cars, whereas headrests and light duty cables can be found in all ranges of cars. Customers include all major European and North American car and seat manufacturers such as Johnson Controls, Faurecia, Audi, Volvo and BMW. In addition the division is a market leader in the supply of light-duty cables to the Outdoor Power Equipment market globally and several other niche industrial market sectors

KEY FIGURES

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	71.9	70.9	227.8	225.5	299.0
EBITDA	7.5	7.9	28.0	26.6	34.7
EBITDA (%)	10.4 %	11.1 %	12.3 %	11.8 %	11.6 %
Depreciation	(1.8)	(2.2)	(5.3)	(7.4)	(9.5)
Amortization	(0.5)	(0.5)	(1.5)	(1.6)	(2.1)
EBIT	5.2	5.2	21.1	17.7	23.1
EBIT (%)	7.2 %	7.3 %	9.3 %	7.8 %	7.7 %
Investments	(2.8)	(1.5)	(5.6)	(3.9)	(7.2)
Capital Employed *	158.1	147.8	158.1	147.8	148.4

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Interior increased by EUR 1.0 million (1.4%) to EUR 71.9 million in the third quarter 2014 compared to the same quarter 2013. Higher volumes reflect increased sales in China and North America, partially offset by lower automotive sales in Europe. Revenues for the first nine months amounted to EUR 227.8 million, an increase of 1.0% from 2013.

EBIT was EUR 5.2 million in the third quarter and in line with the third quarter 2013. The third quarter EBIT margin decreased by -0.1 percentage points to 7.2%. The EBIT margin decreased primarily as the operational gearing effects of the higher top line were offset by a negative sales mix, and an increase in fixed costs primarily related to higher marketing and development activities to support future growth opportunities. Third quarter last year carried higher depreciations as a consequence of a discontinued customer contract. EBIT for the first nine months increased by EUR 3.4 million (19.2%) over last year.

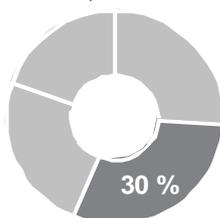
COMMERCIAL & OPERATIONAL UPDATE

In the third quarter Interior Systems had two major business awards of head restraints with an estimated lifetime value of EUR 45 million. The most significant of these two awards, is for a crossover vehicle to a premium European OEM with SOP in 2016.

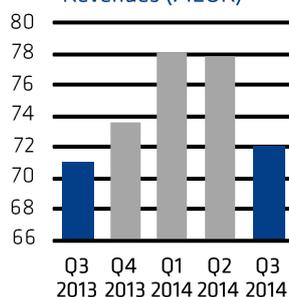
The Light Duty Cable business unit had new business wins in the third quarter which included automotive seat cables in Europe worth EUR 4.6 million over the lifetime and in the small engine business, there were significant wins for cables on handheld products for two key global customers, one in China and one in North America, worth a combined EUR 6.5 million over the lifetime.

The business area continues to realize benefits from efforts within innovation and product development. Industrialization and launch of the next generation electromechanical seat actuator is underway and will be a key feature of a premium European OEM vehicle introduced in the late part of the fourth quarter 2014.

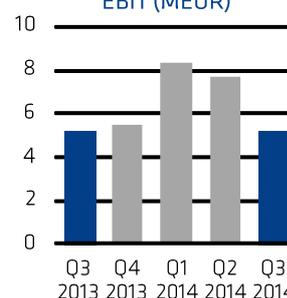
Share of Group Q3 2014 revenues



Revenues (MEUR)



EBIT (MEUR)



DRIVELINE

Segment Reporting

DRIVELINE

Driveline is a global Tier 1 supplier of driver controls in the automotive market. The portfolio includes custom-engineered cable controls and complete shift systems, including shifter modules, shift cables and shift towers.

The Driveline products address the passenger car market, with particularly strong positions in Europe. With a global footprint, Driveline is able to support customers worldwide. Key customers include Ford, General Motors, Volvo and Renault-Nissan.

KEY FIGURES

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	61.5	67.2	201.2	211.0	279.8
EBITDA	4.3	3.7	12.4	10.7	12.8
EBITDA (%)	7.0 %	5.5 %	6.2 %	5.1 %	4.6 %
Depreciation	(1.8)	(1.9)	(5.5)	(5.9)	(7.7)
Amortization	(0.8)	(0.8)	(2.3)	(2.3)	(3.0)
EBIT	1.7	1.0	4.7	2.6	2.1
EBIT (%)	2.8 %	1.6 %	2.3 %	1.2 %	0.8 %
Investments	(2.0)	(0.6)	(5.1)	(3.0)	(6.1)
Capital Employed *	79.8	85.9	79.8	85.9	77.7

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Driveline decreased by EUR -5.6 million (-8.4%) to EUR 61.5 million in the third quarter 2014 compared to the same quarter 2013, including an unfavorable currency effect of EUR -0.9 million. The decline in revenues was mainly due to some major programs reaching end of production and an overall decrease in Europe. Revenues for the first nine months amounted to EUR 201.2 million, a decrease of -4.7% from 2013.

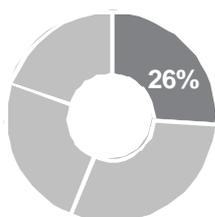
EBIT was EUR 1.7 million in the third quarter, an increase of EUR 0.7 million compared to the third quarter 2013. Continued rightsizing of the business, margin improvements on existing business, and fixed cost reductions contributed to the overall improved profitability of the business area. The third quarter EBIT margin increased by 1.3 percentage points to 2.8%. EBIT for the first nine months increased by EUR 2.1 million (83.1%) over last year.

COMMERCIAL & OPERATIONAL UPDATE

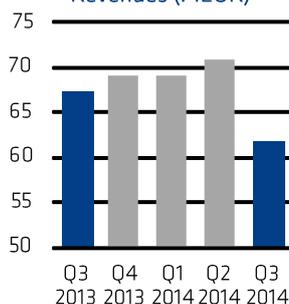
Efforts are concentrated on securing new contracts for future growth, with strengthened resources on the research and development activities to achieve this. The business area continues to work further on improving margins as well as maintaining the focus on future profitable growth.

In the third quarter Driveline was awarded contracts for supply of automatic and manual gear shifter systems to major OEMs. The estimated total value of the contracts is EUR 256 million. Major part of the new wins is in the automatic shifter segment, for the North American market.

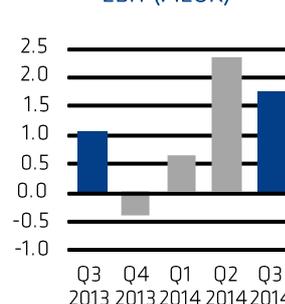
Share of Group Q3 2014 revenues



Revenues (MEUR)



EBIT (MEUR)



FLUID TRANSFER

Segment Reporting

FLUID TRANSFER

Fluid Transfer designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, as well as coupling systems for compressed-air circuits in heavy trucks. The business area provides completely engineered flexible fluid assemblies for all market segments in which it operates. The business area is also specialized in manufacturing tube and hose assemblies for difficult environments.

Fluid Transfer products primarily address the commercial vehicle

market, with particularly strong positions in the United States and in Western Europe.

Key customers in commercial vehicles include Volvo Trucks and Navistar. OEM automotive customers are Volvo Cars, Ford and Jaguar Land Rover. Key Tier 1 automotive customers include TI Automotive, Cooper Standard Automotive and Martinrea in addition to an industrial customer base primarily in North America and Europe.

KEY FIGURES

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	46.8	47.2	146.0	140.8	189.0
EBITDA	8.6	8.8	27.0	24.3	33.1
EBITDA (%)	18.4 %	18.7 %	18.5 %	17.2 %	17.5 %
Depreciation	(1.7)	(1.8)	(5.4)	(5.4)	(7.2)
Amortization	(0.9)	(0.8)	(2.5)	(2.6)	(3.4)
EBIT	6.0	6.2	19.1	16.3	22.5
EBIT (%)	12.8 %	13.1 %	13.1 %	11.6 %	11.9 %
Investments	(1.1)	(1.4)	(3.6)	(4.4)	(6.1)
Capital Employed *	115.7	114.4	115.7	114.4	109.4

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Fluid Transfer decreased by EUR -0.3 million (-0.7%) to EUR 46.8 million in the third quarter 2014 compared to the same quarter 2013. Revenues for the first nine months amounted to EUR 146.0 million, an increase of 3.7% from 2013.

The decrease in revenues in the third quarter was driven by weakness in the commercial vehicle business. This was partially offset by continued strength in our North American industrial portfolio. It should be noted that the commercial vehicle business in 2013 was positively impacted by the Euro 6 pre-buy effect in the third and fourth quarter last year.

EBIT was EUR 6.0 million in the third quarter, a decrease of EUR -0.2 million compared to the third quarter 2013. The third quarter EBIT margin decreased by -0.2 percentage points to 12.8% primarily due to a negative product mix and new plant start-up costs to increase manufacturing capacity in Europe.

EBIT for the first nine months increased by EUR 2.8 million (17.2%) over last year based on favorable product mix and the operational gearing effects from higher sales.

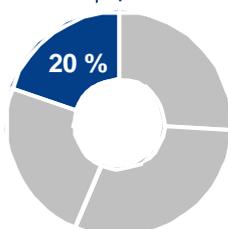
COMMERCIAL & OPERATIONAL UPDATE

During the third quarter Fluid Transfer secured two contract awards totaling an estimated EUR 24 million over the lifetime.

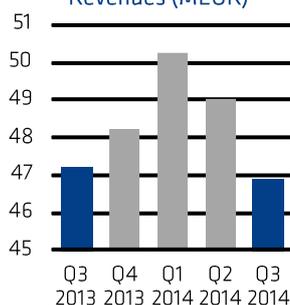
The first contract is worth an estimated EUR 19 million to supply one of North America's largest manufacturers of heavy duty trucks with our high temperature fluid assembly portfolio with supply to begin in 2014 and continue through 2018.

The second contract is worth an estimated EUR 5 million to supply our high temperature fuel lines, Fluorocomp®, to one of the world's largest providers of fuel systems for passenger cars between 2014 and 2017.

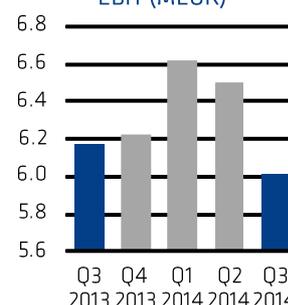
Share of Group Q3 2014 revenues



Revenues (MEUR)



EBIT (MEUR)



DRIVER CONTROL

Segment Reporting

DRIVER CONTROL

Driver Control is a global leader in the development, design and manufacturing of operator control systems for both on- and off-highway commercial vehicles. Driver Control is offering a robust product portfolio of clutch actuation systems, gearshift systems, vehicle dynamics, steering columns, pedal systems and electronic displays.

Driver Controls' products and services have particularly strong positions in European, North American, Brazilian, and South Korean markets. Key customers include Volvo Group, Scania, MAN, Daimler, Hyundai, DAF/PACCAR, John Deere, CAT and BRP.

KEY FIGURES

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	56.6	57.7	190.5	197.3	257.2
EBITDA	6.7	7.5	24.7	28.9	33.1
EBITDA (%)	11.8 %	13.0 %	12.9 %	14.6 %	12.9 %
Depreciation	(1.5)	(1.5)	(4.6)	(4.7)	(6.3)
Amortization	(1.2)	(1.1)	(3.5)	(3.4)	(4.6)
EBIT	4.0	4.8	16.5	20.7	22.3
EBIT (%)	7.0 %	8.4 %	8.7 %	10.5 %	8.7 %
Investments	(1.0)	(1.5)	(5.1)	(7.6)	(9.5)
Capital Employed *	122.8	124.2	122.8	124.2	114.4

* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Driver Control Systems decreased by EUR -1.0 million (-1.8%) to EUR 56.6 million in the third quarter 2014 compared to the same quarter 2013, including an unfavorable currency effect of EUR -1.0 million.

Revenues are affected by the slowdown in the Brazilian market and a trend shift towards more fuel efficient automated manual transmissions in Europe and Brazil, partially offset by increased sales in North America. Revenues for the first nine months amounted to EUR 190.5 million, a decrease of -3.5% from 2013.

EBIT was EUR 4.0 million in the third quarter, a decrease of EUR -0.8 million compared to the third quarter 2013. The decrease in EBIT was primarily driven by lower sales and an increase in fixed cost primarily related to increased marketing and development activities to address future growth opportunities.

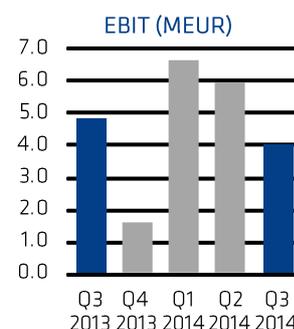
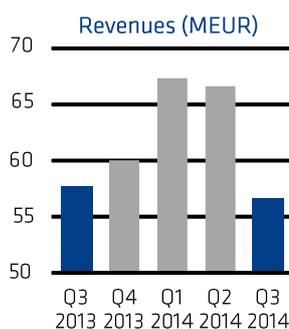
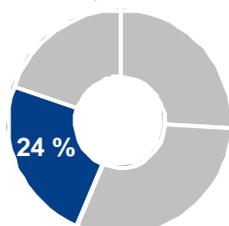
The third quarter EBIT margin decreased by -1.3 percentage points to 7.0%. EBIT for the first nine months decreased by EUR -4.2 million (-20.2%) over last year.

COMMERCIAL & OPERATIONAL UPDATE

Revenue volumes lagged in the quarter, primarily due to demanding economic environments in particularly the poor economic situation in Brazil.

Research and development expenditures have been increased to regain the growth momentum. Higher research and development spend will continue in the fourth quarter in order to be able to meet project demands. New business wins exceeded EUR 36.8 million year to date with 42.2% coming from BRIC.

Share of Group Q3 2014 revenues



CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Revenues	228.6	234.8	738.8	748.9	990.9
Opex	(205.1)	(210.4)	(658.8)	(670.8)	(893.8)
EBITDA	23.5	24.4	80.0	78.1	97.1
<i>EBITDA (%)</i>	<i>10.3 %</i>	<i>10.4 %</i>	<i>10.8 %</i>	<i>10.4 %</i>	<i>9.8 %</i>
Depreciation and amortization	(10.3)	(10.8)	(30.9)	(33.4)	(43.9)
EBIT	13.2	13.6	49.2	44.7	53.2
<i>EBIT (%)</i>	<i>5.8 %</i>	<i>5.8 %</i>	<i>6.7 %</i>	<i>6.0 %</i>	<i>5.4 %</i>
Net financial items	(2.5)	(8.1)	(13.5)	(30.0)	(40.4)
Profit before taxes	10.7	5.5	35.7	14.7	12.8
Income taxes	(3.6)	(1.4)	(12.1)	(3.8)	(6.2)
Net profit	7.1	4.1	23.5	10.9	6.6
Other comprehensive income (Items that will be reclassified subsequently to profit or loss):					
Translation differences	10.9	(0.1)	11.4	5.6	7.3
Tax on translation differences	(2.9)	(0.0)	(3.5)	(5.6)	(6.7)
Other comprehensive income (Items that will not be reclassified subsequently to profit or loss):					
Remeasurement of the net PBO	0.0	0.0	0.0	0.0	(3.2)
Tax on remeasurement of the net PBO	0.0	0.0	0.0	0.0	0.9
Other comprehensive income	8.1	(0.2)	7.9	(0.1)	(1.6)
Total compr income	15.2	3.9	31.4	10.8	5.0
Net profit attributable to:					
Equity holders (parent comp)	7.1	4.0	23.5	10.8	6.3
Non-controlling interests	(0.0)	0.1	0.1	0.1	0.2
Total	7.1	4.1	23.5	10.9	6.6
Total comprehensive income attributable to:					
Equity holders (parent comp)	15.2	3.8	31.3	10.7	4.7
Non-controlling interests	(0.0)	0.1	0.1	0.1	0.2
Total	15.2	3.9	31.4	10.8	5.0
Earnings per share:					
Basic earnings per share, EUR	0.02	0.01	0.06	0.03	0.02
Diluted earnings per share, EUR	0.02	0.01	0.06	0.03	0.02

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

MEUR	30.09.14	30.09.13	31.12.13
Deferred tax assets	46.9	56.5	46.8
Intangible assets	215.5	219.3	214.5
Property, plant and equipment	122.6	121.4	122.0
Other non-current assets	1.8	1.3	1.1
Non-current assets	386.9	398.6	384.5
Inventories	83.3	77.8	77.3
Accounts receivable	150.0	149.2	136.4
Other short term receivables	34.2	35.2	32.0
Cash and cash equivalents	58.9	44.2	57.1
Current assets	326.4	306.4	302.8
Total assets	713.3	705.0	687.3
Share capital	24.8	24.6	23.9
Share premium reserve	207.7	207.8	201.2
Other equity	(13.7)	(41.8)	(38.1)
Non-controlling interests	3.7	2.7	2.8
Total equity	222.5	193.4	189.6
Interest bearing loans and borrowings	254.2	286.6	273.0
Deferred tax liabilities	15.8	14.4	14.1
Other long term liabilities	17.2	16.5	17.4
Non-current liabilities	287.2	317.5	304.5
Bank overdraft	31.4	22.6	24.3
Other short term liabilities, interest bearing	1.1	0.0	1.0
Accounts payable	93.6	95.1	100.3
Other short term liabilities	77.6	76.4	67.5
Current liabilities	203.6	194.1	193.2
Total liabilities	490.8	511.6	497.7
Total equity and liabilities	713.3	705.0	687.3

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CHANGE IN EQUITY

MEUR	30.09.14	30.09.13	31.12.13
Equity as of start of period	189.6	184.7	184.7
Net profit for the period	23.5	10.9	6.6
Translation differences	11.4	5.6	7.3
Tax on translation differences	(3.5)	(5.6)	(6.7)
Remeasurement of the net PBO	0.0	0.0	(3.2)
Tax on remeasurement of the net PBO	0.0	0.0	0.9
Total comprehensive income	31.4	10.8	5.0
Options contracts (employees)	0.4	0.3	0.4
Treasury shares	1.5	0.0	0.2
Other changes in non-controlling interests	(0.4)	(0.6)	(0.7)
Other changes in equity	(0.0)	(1.9)	0.1
Change pension debt- corridor	0.0	0.0	0.0
Equity as of end of period	222.5	193.4	189.6

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CASH FLOW

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
<i>Operating activities</i>					
(Loss) / profit before taxes	10.7	5.5	35.7	14.7	12.8
Depreciation	6.8	7.5	20.9	23.4	30.7
Amortization	3.4	3.3	10.0	10.0	13.2
Interest income	(0.1)	(1.0)	(0.1)	(1.2)	(2.1)
Interest expenses	3.0	4.4	8.8	13.4	17.3
Taxes paid	(1.9)	(2.7)	(5.8)	(5.9)	(8.5)
(Gain) / loss on sale of non-current assets	0.0	0.0	0.0	0.0	0.0
Changes in receivables	0.3	7.9	(13.6)	(19.8)	(7.0)
Changes in inventory	(2.4)	0.8	(5.9)	1.0	1.5
Changes in payables	(6.2)	(10.9)	(6.7)	(0.8)	4.4
Currency (gain)/ loss	(0.3)	3.2	2.4	15.3	19.7
Changes in value fin. derivatives	(0.5)	0.1	(0.3)	(1.5)	(1.2)
Changes in other items	(0.3)	(3.0)	8.5	2.7	6.8
Cash flow from operating activities	12.6	15.1	53.8	51.3	87.6
<i>Investing activities</i>					
Investments	(7.1)	(5.3)	(19.8)	(19.0)	(29.4)
Sale of fixed assets	0.0	0.0	0.0	0.0	0.1
Investments in subsidiaries***	0.0	0.0	(0.4)	0.0	0.0
Interest received	0.1	1.7	0.1	1.8	2.1
Cash flow from investing activities	(7.0)	(3.6)	(20.1)	(17.2)	(27.2)
<i>Financing activities</i>					
Proceeds from sale of treasury shares	1.2	0.0	1.4	0.0	0.2
Repayment of external loans	(5.2)	(22.5)	(30.1)	(32.0)	(42.0)
Interest paid	(3.0)	(4.0)	(9.4)	(12.7)	(15.9)
Dividends paid*	0.0	(0.6)	0.0	(0.6)	(0.7)
Other financial charges	0.1	(0.2)	(2.2)	(0.4)	(1.8)
Cash flow from financing activities	(6.9)	(27.2)	(40.3)	(45.7)	(60.2)
Currency effects on cash	1.2	(0.3)	1.4	(0.3)	(0.9)
Net change in cash	(0.0)	(16.0)	(5.2)	(11.9)	(0.7)
Net cash at beginning period **	27.6	37.6	32.7	33.5	33.5
Net cash at period end **	27.6	21.6	27.6	21.6	32.7
Of this, restricted cash	1.1	2.1	1.1	2.1	2.7

* Dividend to JV partner in Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd (China).

** Includes bank overdraft *** Acquisition of the remaining 39.8 % share of ePower

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Note 1 – Disclosures

GENERAL INFORMATION

Kongsberg Automotive ASA and its subsidiaries develop, manufacture and sell products to the automotive industry all over the world. Kongsberg Automotive ASA is a limited liability company which is listed on the Oslo Stock Exchange. The consolidated interim financial statements are not audited.

BASIS OF PREPARATION

This condensed consolidated interim financial information, ended 30th September 2014, and 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 2013, 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 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the estimated effective tax rate.

RISK

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 risk, as well as liquidity risk. As the Company operates in many countries, it is influenced by currency risk. The greatest currency exposure is associated with EUR and USD, while raw material exposure is greatest in copper, zinc, aluminum and steel. Uncertainty in the market development is still a risk factor. The Board of Directors and management continue to proactively address the risk factors described above.

SEASONALITY

The Group is to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the third quarter and December each year having lower sales.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 2 – Segment Reporting

2.1 OPERATING REPORTABLE SEGMENTS

YTD 2014

MEUR	Driveline	Interior	Driver Controls	Fluid Transfer	Elim & other	Group
Operating Revenues	201.2	227.8	190.5	146.0	(26.7)	738.8
EBITDA	12.4	28.0	24.7	27.0	(12.0)	80.0
Depreciation	(5.5)	(5.3)	(4.6)	(5.4)	(0.0)	(20.9)
Amortization	(2.3)	(1.5)	(3.5)	(2.5)	(0.2)	(10.0)
EBIT	4.7	21.1	16.5	19.1	(12.2)	49.2
<i>Assets and liabilities</i>						
Goodwill	6.3	74.3	33.4	49.7	0.0	163.7
Other intangible assets	11.5	7.9	19.1	12.2	1.1	51.7
Property, plant and equipment	31.5	31.0	33.3	26.2	0.6	122.6
Inventories	19.3	18.3	28.5	17.8	(0.6)	83.3
Trade receivables	35.7	52.6	32.0	29.0	0.8	150.0
Segment assets	104.3	184.0	146.3	134.9	1.9	571.4
Unallocated assets	-	-	-	-	141.9	141.9
Total assets	104.3	184.0	146.3	134.9	143.8	713.3
Trade payables	24.5	25.9	23.5	19.2	0.4	93.6
Unallocated liabilities	-	-	-	-	397.2	397.2
Total liabilities	24.5	25.9	23.5	19.2	397.6	490.8
Capital expenditure	4.3	5.6	4.6	3.6	(0.0)	18.1

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

YTD 2013

MEUR	Driveline	Interior	Driver Controls	Fluid Transfer	Elim & other	Group
Operating Revenues	211.0	225.5	197.3	140.8	(25.8)	748.9
EBITDA	10.7	26.6	28.9	24.3	(12.4)	78.1
Depreciation	(5.9)	(7.4)	(4.7)	(5.4)	(0.0)	(23.4)
Amortization	(2.3)	(1.6)	(3.4)	(2.6)	(0.1)	(10.0)
EBIT	2.6	17.7	20.7	16.3	(12.5)	44.7
<i>Assets and liabilities</i>						
Goodwill	6.1	71.4	33.6	47.0	0.0	158.2
Other intangible assets	13.5	9.6	22.9	14.5	0.6	61.1
Property, plant and equipment	30.8	28.8	34.0	27.3	0.5	121.4
Inventories	21.8	15.1	25.8	15.7	(0.6)	77.8
Trade receivables	39.6	48.5	31.9	29.1	0.0	149.2
Segment assets	111.9	173.4	148.2	133.7	0.5	567.7
Unallocated assets	-	-	-	-	137.3	137.3
Total assets	111.9	173.4	148.2	133.7	137.8	705.0
Trade payables	26.0	25.6	24.0	19.3	0.3	95.1
Unallocated liabilities	-	-	-	-	416.5	416.5
Total liabilities	26.0	25.6	24.0	19.3	416.7	511.6
Capital expenditure	3.0	3.9	7.0	4.4	(0.1)	18.2

Full year 2013

MEUR	Driveline	Interior	Driver Controls	Fluid Transfer	Elim & other	Group
Operating Revenues	279.8	299.0	257.2	189.0	(34.1)	990.9
EBITDA	12.8	34.7	33.1	33.1	(16.7)	97.1
Depreciation	(7.7)	(9.5)	(6.3)	(7.2)	(0.0)	(30.7)
Amortization	(3.0)	(2.1)	(4.6)	(3.4)	(0.2)	(13.2)
EBIT	2.1	23.1	22.3	22.5	(16.9)	53.2
<i>Assets and liabilities</i>						
Goodwill	6.0	71.2	33.3	46.4	0.0	156.8
Other intangible assets	12.8	9.0	21.5	13.6	0.8	57.7
Property, plant and equipment	32.1	29.8	32.8	26.8	0.5	122.0
Inventories	18.8	16.4	26.3	16.4	(0.6)	77.3
Trade receivables	33.5	47.4	27.3	28.3	(0.1)	136.4
Segment assets	103.2	173.8	141.1	131.5	0.6	550.3
Unallocated assets	-	-	-	-	137.1	137.1
Total assets	103.2	173.8	141.1	131.5	137.7	687.3
Trade payables	25.4	25.4	26.7	22.1	0.7	100.3
Unallocated liabilities	-	-	-	-	397.3	397.3
Total liabilities	25.4	25.4	26.7	22.1	398.0	497.7
Capital expenditure	6.0	7.2	8.8	6.0	(0.1)	27.9

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

2.2 SEGMENTS BY GEOGRAPHICAL LOCATION

2.2.1 Sales to customers by geographical location

MEUR	2014		2013		2013	
	Jan - Sept	%	Jan - Sept	%	Jan - Dec	%
Sweden	66.3	9.0 %	65.4	8.7 %	88.6	8.9 %
Germany	80.6	10.9 %	87.8	11.7 %	109.7	11.1 %
France	57.0	7.7 %	57.1	7.6 %	81.3	8.2 %
Other EUR	186.4	25.2 %	187.1	25.0 %	253.0	25.5 %
Total EUR	390.2	52.8 %	397.4	53.1 %	532.6	53.7 %
USA	188.4	25.5 %	190.8	25.5 %	246.9	24.9 %
NA other	83.8	11.3 %	75.3	10.1 %	96.4	9.7 %
Total NA	272.2	36.9 %	266.2	35.5 %	343.3	34.6 %
China	39.8	5.4 %	41.0	5.5 %	56.2	5.7 %
Asia Other	17.4	2.4 %	15.9	2.1 %	24.6	2.5 %
Total Asia	57.2	7.7 %	56.8	7.6 %	80.8	8.1 %
Other countries	19.1	2.6 %	28.5	3.8 %	34.3	3.5 %
Operating revenues	738.8	100.0 %	748.9	100.0 %	990.9	100.0 %

2.2.2 Non-current assets by geographical location

MEUR	2014		2013		2013	
	Jan - Sept	%	Jan - Sept	%	Jan - Dec	%
USA	116.3	34.4 %	113.0	33.2 %	109.7	32.6 %
UK	12.2	3.6 %	12.4	3.6 %	12.0	3.6 %
Norway	26.7	7.9 %	28.7	8.4 %	27.6	8.2 %
Germany	15.7	4.6 %	15.9	4.7 %	15.8	4.7 %
Sweden	30.6	9.0 %	31.7	9.3 %	31.9	9.5 %
Poland	35.5	10.5 %	34.9	10.2 %	35.8	10.6 %
Other	101.1	29.9 %	104.2	30.6 %	103.9	30.9 %
Total Non-Current Assets*	338.1	100.0 %	340.9	100.0 %	336.7	100.0 %

* Includes intangible assets, property, plant and equipment

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 3 – Interest-bearing liabilities

3.1 SPECIFICATION OF TOTAL INTEREST-BEARING LIABILITIES

MEUR	30.09.14	31.12.13
Non current interest-bearing loans and borrowings	256.5	276.0
Other current interest-bearing liabilities*	1.1	1.0
Capitalized arrangement fees	(2.4)	(3.0)
Total interest-bearing liabilities	255.3	274.0

* These comprise accrued interest and capital repayments on long-term loans payable within twelve months of the balance sheet date, as well as certain other short-term interest-bearing liabilities.

MEUR	30.09.14	31.12.13
EUR	137.0	146.0
USD	111.3	115.4
NOK	8.9	15.7
Other currencies	0.5	0.0
Capitalized arrangement fee	(2.4)	(3.0)
Total interest-bearing liabilities	255.3	274.0

3.2 SPECIFICATION OF INTEREST-BEARING LOANS AND BORROWINGS (in local currencies)

Facilities	Currency	Total amounts	Maturity/ date	Drawn amount	Interest rate (incl margin)
DNB / Nordea EUR*	EUR	206.0	30.03.17	137.0	3.00%
DNB / Nordea USD	USD	181.7	30.03.17	140.0	3.00%
Innovasjon Norge	NOK	72.0	10.12.21	72.0	4.90%

*including an overdraft facility of MEUR 35.0 which fall due in 2017. Any use of this facility is expected to be repaid within one year. Nothing was drawn against this facility at 30.09.14.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3.3 MATURITY SCHEDULE INTEREST-BEARING LOANS AND BORROWINGS (in local currencies)

Year	EUR	USD	NOK
Facility/debt reductions			
Fourth quarter 2014			4.8
2015			9.6
2016			9.6
2017	206.0	181.7	9.6
2018 and later			38.4
Total	206.0	181.7	72.0

3.4 LIQUIDITY RESERVE

The liquidity reserve of KA group consists of cash equivalents in addition to undrawn credit facilities.

MEUR	30.09.14	31.12.13
Cash reserve, excl. restricted cash	57.8	54.4
Undrawn facility	102.1	76.4
Total (before bankoverdraft)	159.9	130.8
Bank overdraft	(31.4)	(24.3)
Liquidity reserve	128.6	106.5

Note 4 – Net financial items

4.1 NET FINANCIALS

MEUR	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013
Interest income	0.1	1.0	0.1	1.2	2.1
Interest expenses	(3.0)	(4.4)	(8.8)	(13.4)	(17.3)
Foreign currency gains (losses)	0.3	(3.1)	(2.4)	(15.2)	(19.7)
Change in valuation currency contracts	0.5	(0.1)	0.3	1.5	1.2
Other financial items*	(0.4)	(1.4)	(2.6)	(4.1)	(6.7)
Net financial items	(2.5)	(8.1)	(13.5)	(30.0)	(40.4)

* Other financial items include arrangement fees, interest component on pension liability, and other fees and charges.

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS:

Ulla-Britt Fräjdin-Hellqvist	Chairman
Thomas Falck	Shareholder elected
Malin Persson	Shareholder elected
Magnus Jonsson	Shareholder elected
Halvor Stenstadvold	Shareholder elected
Eivind Holvik	Employee elected
Tonje Sivesindtjet	Employee elected
Kjell Kristiansen	Employee elected

EXECUTIVE COMMITTEE:

Hans Peter Havdal	President & CEO
Trond Stabekk	Executive Vice President & CFO
Jarle Nymoen	Executive Vice President, Human Resources
Anders Nyström	Executive Vice President, Purchase
Joachim Magnusson	Executive Vice President, Driveline
Scott Paquette	Executive Vice President, Interior
Jonathan Day	Executive Vice President, Fluid Transfer
James G. Ryan	Executive Vice President, Driver Control

INVESTOR RELATIONS:

Hans Peter Havdal	+47 920 65 690
Trond Stabekk	+47 982 14 054
Philippe Toth	+47 982 14 021

FINANCIAL CALENDAR:

Publication of the quarterly financial statements:

	Interim reports	Presentation
3rd Quarter 2014	16 October 2014	17 October 2014
4th Quarter 2014	16 February 2015	17 February 2015
1st Quarter 2015	16 April 2015	17 April 2015
2nd Quarter 2015	9 July 2015	10 July 2015

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