

# 4th Quarter Report 2014

Kongsberg Automotive



Enhancing the driving experience

2014

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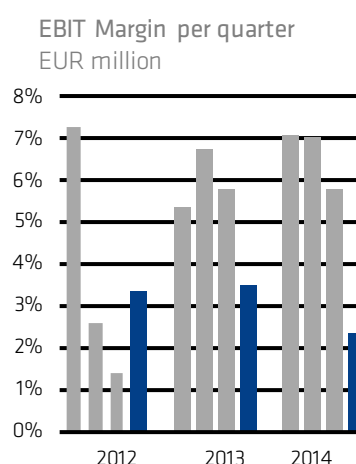
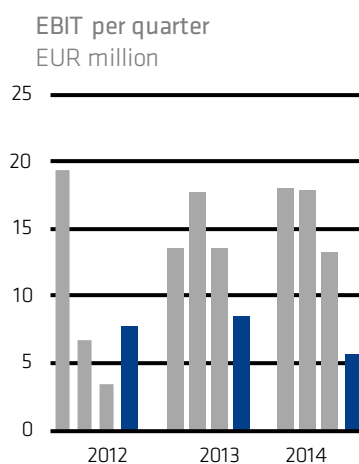
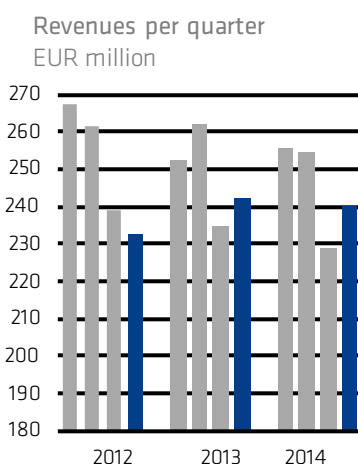
# HIGHLIGHTS 4TH QUARTER 2014

## HIGHLIGHTS

- ▶ Revenues were EUR 240.3 million in the fourth quarter, EUR 1.7 (-0.7 %) million below fourth quarter last year, including favorable currency effects of EUR 6.0 million. For the full year revenues amounted to EUR 979.1 million, EUR 11.9 (-1.2%) million below 2013, including unfavorable currency effects of EUR 18.0 million.
- ▶ The EBIT was EUR 5.7 million in the fourth quarter, EUR 2.8 (-32.7 %) million below the fourth quarter last year. The decrease in EBIT is primarily related to increased activity to address the future growth opportunities and effects from lower volumes. R&D cost in the fourth quarter was EUR 5.5 million higher than in fourth quarter 2013. The EBIT in 2014 was EUR 54.8 million, EUR 1.7 (3.2 %) million above last year.
- ▶ The financial gearing ratio at 2.2 times NIBD/EBITDA.
- ▶ Annualized business wins in the quarter amounted to EUR 129 million.
- ▶ Revenues for the first quarter 2015 are expected to be approximately EUR 255 million.

## KEY FIGURES

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	240.3	242.0	979.1	990.9
EBITDA	17.0	19.0	97.0	97.1
EBITDA %	7.1 %	7.9 %	9.9 %	9.8 %
EBIT	5.7	8.4	54.8	53.2
EBIT (%)	2.4 %	3.5 %	5.6 %	5.4 %
Net profit	(18.1)	(4.3)	5.4	6.6
NIBD/EBITDA (LTM)	2.2	2.5	2.2	2.5
Equity ratio (%)	30.5 %	27.6 %	30.5 %	27.6 %



# GROUP FINANCIALS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	240.3	242.0	979.1	990.9
Opex	(223.4)	(223.0)	(882.1)	(893.8)
<b>EBITDA</b>	<b>17.0</b>	<b>19.0</b>	<b>97.0</b>	<b>97.1</b>
<i>EBITDA (%)</i>	<i>7.1 %</i>	<i>7.9 %</i>	<i>9.9 %</i>	<i>9.8 %</i>
Depreciation and amortization	(11.3)	(10.6)	(42.1)	(43.9)
<b>EBIT</b>	<b>5.7</b>	<b>8.4</b>	<b>54.8</b>	<b>53.2</b>
<i>EBIT (%)</i>	<i>2.4 %</i>	<i>3.5 %</i>	<i>5.6 %</i>	<i>5.4 %</i>
Net financial items	(22.4)	(10.4)	(35.9)	(40.4)
<b>Profit before taxes</b>	<b>(16.7)</b>	<b>(1.9)</b>	<b>18.9</b>	<b>12.8</b>
Income taxes	(1.4)	(2.4)	(13.5)	(6.2)
<b>Net profit</b>	<b>(18.1)</b>	<b>(4.3)</b>	<b>5.4</b>	<b>6.6</b>

### REVENUES

Revenues for the Group amounted to EUR 240.3 million in the fourth quarter of 2014. The revenues were EUR -1.7 million (-0.7%) below the comparable period last year, including a favorable currency effect of EUR 6.0 million.

Revenues related to the commercial vehicle market increased by EUR 1.8 million (1.6%) compared to the fourth quarter of 2013. Revenues in Driver Control increased by EUR 2.4 million (4.1%). The strength in the North American off-highway business was partially offset by lower sales in both the European and South American business. Revenues in Fluid Transfer decreased by EUR 0.7 million (-1.4%), including positive currency effects of EUR 1.1 million. The revenue decrease was primarily related to the commercial vehicle business. It should be noted that the commercial vehicle business in 2013 was positively impacted by the Euro 6 pre-buy effect in the fourth quarter last year.

In the passenger car segments the revenues decreased by EUR 1.7 million (-1.2 %) compared to the same quarter in 2013. Revenues in Driveline decreased by EUR 5.0 million (-7.2 %) compared to the same quarter last year, including positive currency effects of EUR 1.5 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. This was partially offset by higher sales in both the North American and Chinese businesses. Interior Systems delivered revenues of EUR 3.2 million (4.4 %) above the same period last year, due to positive currency effects of EUR 3.2 million.

### EBIT

The EBIT for the Group was EUR 5.7 million in the fourth quarter of 2014, a decrease of EUR -2.8 (-32.7%) million compared to fourth quarter of 2013. The increased R&D and sales activities to support future growth opportunities (EUR 5.5 million), additional maintenance costs (EUR 1.2 million), and volume effects were partially offset by operational improvements and fixed costs reductions. The fourth quarter 2014 carried higher depreciations as a consequence of a discontinued customer contract (EUR 0.6 million).

### NET FINANCIALS

Net financial items (see note 4.1) was EUR -22.4 million in the fourth quarter of 2014, compared to EUR -10.4 million in the same period in 2013. The increase in the net financial items was driven by higher unrealized currency losses (EUR 13.8 million), partially offset by lower interest expenses. Please note that the positive unrealized translation difference recognized in the other comprehensive income increased by EUR 16.5 million (EUR 7.5 million after taxes). The lower interest expenses are 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 decreased from EUR -1.9 million in fourth quarter 2013 to EUR -16.7 in the fourth quarter 2014, strongly impacted by increased negative net financial items. Net profit was EUR -18.1 million in the fourth quarter, compared to EUR -4.3 million in the comparable quarter last year. Income tax expense for the quarter and year was strongly impacted by a net reduction in deferred tax assets driven by changes in tax rates and legislation, and losses not recognized as deferred tax asset.

# GROUP FINANCIALS

## CONDENSED STATEMENT OF CASH FLOW

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Cash flow from operating activities	32.3	36.3	86.1	87.6
Cash flow from investing activities	(16.2)	(10.0)	(36.2)	(27.2)
Cash flow from financing activities	(9.7)	(14.5)	(49.9)	(60.2)
Currency effects on cash	0.6	(0.6)	2.0	(0.9)
Net change in cash	7.1	11.1	1.9	(0.7)
Net cash at beginning period *	27.6	21.6	32.7	33.5
<b>Net cash at period end *</b>	<b>34.6</b>	<b>32.7</b>	<b>34.6</b>	<b>32.7</b>
Of this, restricted cash	1.0	2.7	1.0	2.7

\* Includes bank overdraft

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities was EUR 32.3 million in the fourth quarter, positively influenced by a reduction in net working capital of EUR 21.8 million.

An EBITDA of EUR 97.0 million in 2014, partially offset by increased net working capital and taxes paid, resulted in a cash flow from operating activities of EUR 86.1 million in 2014.

### CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities amounted to EUR 16.2 million in the fourth quarter of 2014, an increase of EUR 6.1 million compared to the fourth quarter in 2013.

Cash flow from investing activities was EUR 36.2 million for the full year, compared to EUR 27.2 million last year. The increase in investments was primarily related to product rationalization, re-investments, a construction of a technical center in Sweden and some capacity investments.

### CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was EUR -9.7 million in the fourth quarter, EUR 4.8 million above the comparable period last year, primarily due to lower debt repayments and lower financial charges.

Repayment of loans amounted to EUR 6.6 million in the fourth quarter of 2014 compared to repayments of EUR 10.0 million in the same period last year. Repayments for the full year 2014 were EUR 36.7 million compared to EUR 42.0 million in the same period last year.

Fourth quarter interest payments, of EUR 3.4 million, increased by EUR 0.2 million compared to the same quarter last year. The increase in interest payments was driven by increased interest cost from factoring. This was partially offset by lower interest payments on the debt.

### NET CHANGE IN CASH

Change in net cash, including bank overdraft, was positive by EUR 7.1 million in the fourth quarter of 2014. Net change in cash was positive by EUR 1.9 million since last year, compared to a negative change of EUR 0.7 million last year.

### LIQUIDITY RESERVE

Liquidity reserve (see note 3.4) was EUR 134.8 million at the end of the fourth quarter, compared to EUR 106.5 million at year end 2013, primarily due to positive free cash flow and no facility reduction. It should be noted that 8.7 MEUR was used to repay the Innovation Norway Loan in the fourth quarter and 15.8 MEUR for the full year.

# GROUP FINANCIALS

## CONDENSED STATEMENT OF FINANCIAL POSITION

MEUR	31.12.14	31.12.13
Non-current assets	386.6	384.5
Cash and cash equivalents	53.5	57.1
Other current assets	249.2	245.7
<b>Total assets</b>	<b>689.2</b>	<b>687.3</b>
Equity	210.3	189.6
Interest bearing debt	252.8	274.0
Other liabilities	226.1	223.6
<b>Total equity and liabilities</b>	<b>689.2</b>	<b>687.3</b>
NIBD	218.2	241.3
Equity ratio	30.5%	27.6%

### ASSETS

Total assets were EUR 689.2 million as of 31<sup>st</sup> of December 2014, an increase of EUR 1.9 million from year end 2013. Increased property, plant and equipment and accounts receivables were partially offset by lower deferred tax assets. The decrease in deferred tax assets reflects change in tax rates and legislation, utilization of positions, and derecognition of some uncertain positions.

### EQUITY

From year end 2013 equity increased by EUR 20.7 million to EUR 217.7 million. The increase was mainly driven by positive currency translation effects and a positive net profit for the period of EUR 5.1 million. The equity ratio improved by 2.9 percentage points to 30.5%.

### INTEREST BEARING DEBT

Gross interest bearing debt amounted to EUR 252.8 million at the end of the fourth quarter 2014, a reduction of EUR 21.3 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 14.2 million.

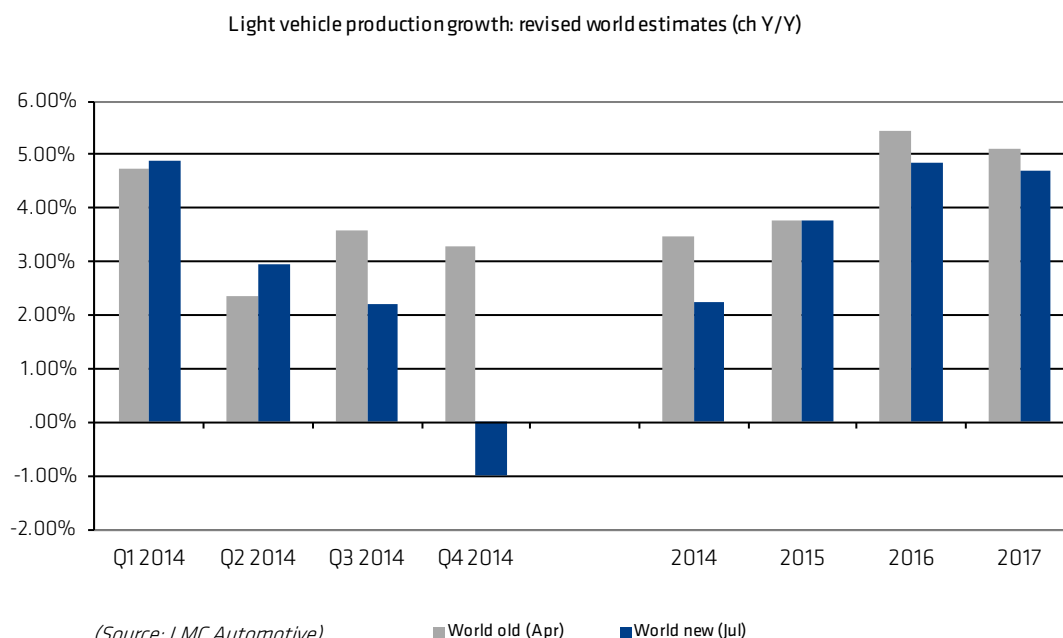
Net interest bearing debt was reduced by EUR 23.1 million to EUR 218.2 million since year end 2013. The reduction was driven by a strong operational cash flow partly offset by payment of interest, financial charges, and negative currency effects.

Kongsberg Automotive has secured a new loan facility with DNB, Danske Bank and BNP Paribas to refinance the existing revolving credit facility provided by DNB & Nordea. The signing of the loan agreement will take place in the first quarter of 2015. This new facility is a 3 year financing with two one-year extension options at the first and second anniversary of the facility. The new facility will establish a new margin structure depending on the net gearing ratio and provides greater flexibility for the company. See the press release for more details.

# MARKET OUTLOOK

## LIGHT VEHICLE PRODUCTION (LVP) ESTIMATES

Year-on-year change in production growth rate:



### GLOBAL LIGHT VEHICLE PRODUCTION

Light Vehicle Production (LVP) in the fourth quarter of 2014 ended 1% lower than compared to the fourth quarter of 2013. This was mainly driven lower growth in Asia (excluding China) and South America in addition to stagnation in China.

China had close to no growth compared to the fourth quarter last year, however for the full year the estimated production growth is 6.4% to just above 22.7 million vehicles.

The production in Asia (excluding China) is reduced by 5.6% in the fourth quarter of 2014 compared to the comparable quarter last year. This is the main contributor to the growth reduction in the world growth, for both the fourth quarter and the full year 2014.

The European production (including Russia) was nearly flat in the fourth quarter of 2014 compared with the fourth quarter of 2013. Please note that the fourth quarter in 2013 was high compared to the rest of 2013.

The estimated figures for 2014 showed a 2.7% growth for the full year. This results in a production volume of 20.1 million vehicles in 2014.

The North American production was reduced to 3.3% growth in the fourth quarter. However this ensured a total of 4.4% growth for the full year 2014. The North American production was close to 16.9 million vehicles in 2014

South America continues to decline, with -16% in the fourth quarter, and the full year forecast is estimated to be 17% lower than 2013, to 3.7 million vehicles for the full year.

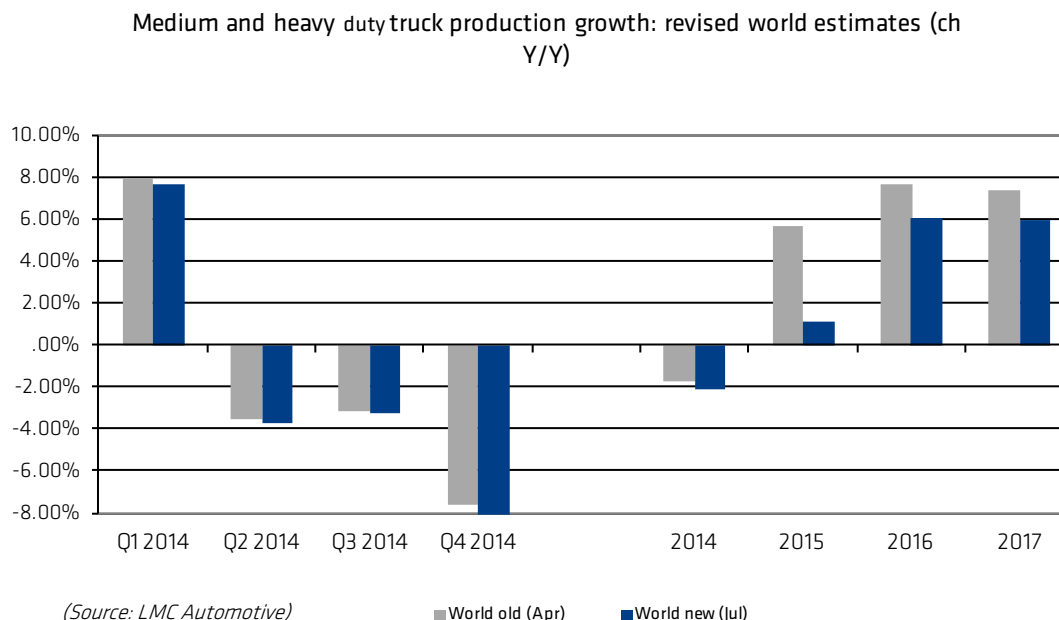
The global production growth in 2014 is expected to be approximately 2.2%, resulting in a production volume of 86.6 million vehicles.



# MARKET OUTLOOK

## COMMERCIAL VEHICLE PRODUCTION (CVP) ESTIMATES

Year-on-year change in production growth rate:



### GLOBAL COMMERCIAL VEHICLE PRODUCTION

The Commercial Vehicle Production in the fourth quarter of 2014 was reduced by -8.3% compared to the fourth quarter of 2013. This contributed highly to the reduced world growth in 2014 of -2.1% to 2.8 million trucks.

The European production declined even further in the fourth quarter and ended up with a decline of -24.5%. For the full year the European production is estimated to have been reduced by -12% from 2013 to 500 thousands trucks. It should be noted that 2013, and especially the fourth quarter of 2013, were highly influenced by the Euro 6 pre-buy effect.

The production in China continues to decline, from a reduction of -13% in third quarter to -23% in the fourth quarter. For the full year 2014, the estimated growth rate in China is -6.8% to 975 thousands trucks.

South America also contribute negatively to the world production in 2014 with a growth rate of -14.7% to 166 thousands trucks, however for the fourth quarter the CV production ended up with a growth rate of 4.8% compared to the (admittedly) low growth in the fourth quarter of 2013.

The North American production had a positive growth rate of close to 20% in the fourth quarter compared to the same quarter last year. This led to a production of 524 thousands trucks for the full year 2014. This is the highest level since 2006 and a total of 16.7% growth for 2014.



# 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	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	76.7	73.5	304.5	299.0
EBITDA	7.4	8.1	35.3	34.7
EBITDA (%)	9.6 %	11.0 %	11.6 %	11.6 %
Depreciation	(2.0)	(2.1)	(7.3)	(9.5)
Amortization	(0.5)	(0.5)	(2.1)	(2.1)
EBIT	4.8	5.4	25.9	23.1
EBIT (%)	6.3 %	7.4 %	8.5 %	7.7 %
Investments	(4.0)	(3.4)	(9.6)	(7.2)
Capital Employed *	156.0	148.4	156.0	148.4

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

### FINANCIAL UPDATE

Revenues in Interior increased by EUR 3.2 million (4.4%) to EUR 76.7 million in the fourth quarter 2014 compared to the same quarter 2013, including a favorable currency effect of EUR 3.2 million. The revenue change, excluding the currency effects, reflects lower sales in the European business (related to a transition between a specific vehicle platform's end of production and start of production), lower tooling and R&D revenue, partially offset by higher automotive sales in the Chinese business. Revenues for the full year amounted to EUR 304.5 million, an increase of 1.8% from 2013.

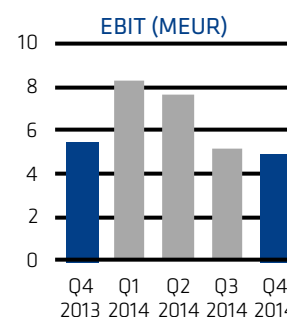
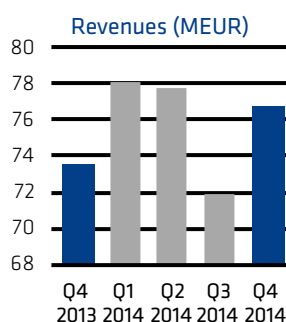
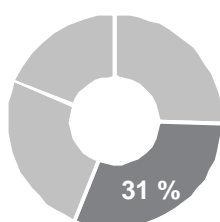
EBIT was EUR 4.8 million in the fourth quarter, a decrease of EUR -0.6 million compared to the fourth quarter 2013. The fourth quarter EBIT margin decreased by -1.1 percentage points to 6.3%. The change in EBIT margin mainly relates to higher maintenance costs of EUR 1.2 million and higher development and sales activities to support future growth opportunities of EUR 1.3 million, partially offset by operational improvements. EBIT for the full year increased by EUR 2.8 million (12.2%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

In the fourth quarter Interior Systems was nominated for the supply of pneumatic seat comfort systems to two German premium OEMs, estimated to be worth approximately EUR 27 million annually. As part of this award, Kongsberg Automotive will develop and deliver pneumatic lumbar and side support systems including massage functionality. This award supports the key product development efforts that have been in process during the past 2.5 years.

In the Light Duty Cable business, business wins in the fourth quarter were EUR 2.0 million annually, with wins in all regions. The industrialization of the next generation electromechanical seat actuator has been successfully launched for a premium European OEM vehicle, in the late part of the fourth quarter 2014. Utilizing the new Shanghai manufacturing facility, all Light Duty Cable automotive operations were consolidated during the fourth quarter to create a Light Duty Cable centre of excellence for Asia to further enhance new business growth and operational synergies.

### Share of Group Q4 2014 revenues



# 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	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	63.8	68.8	265.0	279.8
EBITDA	3.1	2.2	15.6	12.8
EBITDA (%)	4.9 %	3.1 %	5.9 %	4.6 %
Depreciation	(2.6)	(1.8)	(8.1)	(7.7)
Amortization	(0.7)	(0.8)	(3.0)	(3.0)
EBIT	(0.2)	(0.4)	4.5	2.1
EBIT (%)	-0.3 %	-0.6 %	1.7 %	0.8 %
Investments	(5.1)	(3.0)	(10.2)	(6.1)
Capital Employed *	76.6	77.7	76.6	77.7

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

### FINANCIAL UPDATE

Revenues in Driveline decreased by EUR -5.0 million (-7.2%) to EUR 63.8 million in the fourth quarter 2014 compared to the same quarter 2013, including a favorable currency effect of EUR 1.5 million. The decline in revenues was mainly due to some major programs reaching end of production, and an overall decrease in the European business with main impact in the French business. This was partially offset by strength in both the North American and Chinese businesses. Revenues for the full year amounted to EUR 265.0 million, a decrease of -5.3% from 2013.

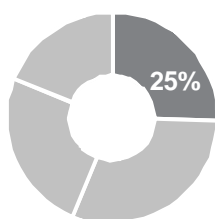
EBIT was EUR -0.2 million in the fourth quarter and line with the fourth quarter 2013. The shortfall in revenues, increase in fixed costs related to increased marketing and development activities EUR 0.8 million and increased depreciation and amortization driven by a discontinued customer contract of EUR 0.6 million was offset by the margin improvements on existing business and fixed costs reductions. The fourth quarter EBIT margin increased by 0.3 percentage points to -0.3%. EBIT for the full year increased by EUR 2.1 million (96.8%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

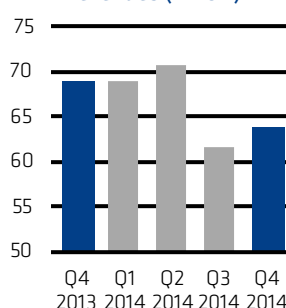
Marketing activities as well as strengthened research and development activities are put in place to address the growth opportunities. At the same time, operational activities are further streamlined in order to afford the increased focus on growth. The business area continues to work further on improving margins as well as reducing the fixed overhead base.

Fourth quarter business awards amounted to EUR 29.5 million annually. Driveline was awarded contracts for supply of automatic and manual gear shifter systems to major OEMs. The manual gear shifter business amounted to EUR 19.8 million annually, and was mainly won in Europe while the remainder in automatic gear shifter systems was won in Asia and America.

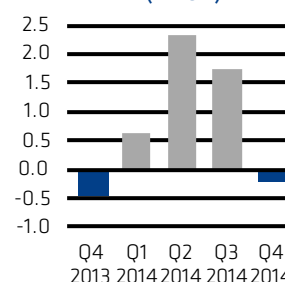
### Share of Group Q4 2014 revenues



### 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	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	47.5	48.2	193.5	189.0
EBITDA	7.1	8.8	34.1	33.1
<i>EBITDA (%)</i>	<i>15.0 %</i>	<i>18.3 %</i>	<i>17.6 %</i>	<i>17.5 %</i>
Depreciation	(1.7)	(1.8)	(7.1)	(7.2)
Amortization	(0.9)	(0.8)	(3.4)	(3.4)
EBIT	4.5	6.2	23.6	22.5
<i>EBIT (%)</i>	<i>9.5 %</i>	<i>12.9 %</i>	<i>12.2 %</i>	<i>11.9 %</i>
Investments	(3.8)	(1.7)	(7.4)	(6.1)
Capital Employed *	111.5	109.4	111.5	109.4

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

### FINANCIAL UPDATE

Revenues in Fluid Transfer decreased by EUR -0.7 million (-1.4%) to EUR 47.5 million in the fourth quarter 2014 compared to the same quarter 2013, including a favorable currency effect of EUR 1.1 million. Revenues for the full year amounted to EUR 193.5 million, an increase of 2.4% from 2013.

The decrease in revenues in the fourth quarter was driven by weakness in the commercial vehicle business. This was partially offset by favorable currency effects in the North American and U.K. businesses. It should be noted that the commercial vehicle business in 2013 was positively impacted by the Euro 6 pre-buy effect in the fourth quarter last year.

EBIT was EUR 4.5 million in the fourth quarter, a decrease of EUR -1.7 million compared to the fourth quarter 2013. The fourth quarter EBIT margin decreased by -3.4 percentage points to 9.5% primarily due to volume effects, negative product mix and new plant start-up costs to increase manufacturing capacity in Europe.

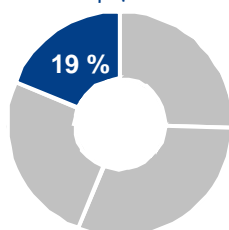
### COMMERCIAL & OPERATIONAL UPDATE

During the fourth quarter Fluid Transfer secured two contract awards totaling an estimated EUR 32 million to supply high temperature hose products.

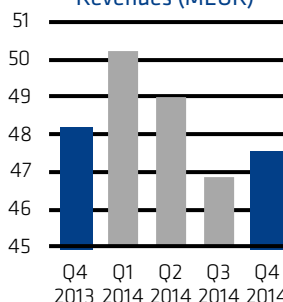
The first contract is worth an estimated EUR 2 million annually to supply high temperature fuel hoses to one of the world's largest fuel system suppliers primarily for the North American passenger car market. Supply will start immediately and will continue through 2017.

The second contract is worth an estimated EUR 8 million annually over the three year lifetime to supply our high temperature hose products to one of the world's largest manufacturers of brake and fuel lines to be used in Europe and China. Supply will commence in January 2015.

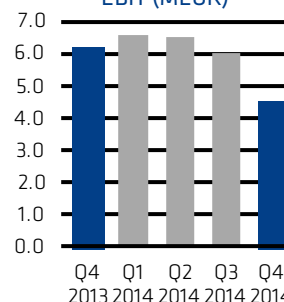
Share of Group Q4 2014 revenues



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	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	62.3	59.8	252.7	257.2
EBITDA	4.7	4.3	29.3	33.1
EBITDA (%)	7.5 %	7.2 %	11.6 %	12.9 %
Depreciation	(1.5)	(1.6)	(6.1)	(6.3)
Amortization	(1.2)	(1.1)	(4.8)	(4.6)
EBIT	1.9	1.6	18.4	22.3
EBIT (%)	3.1 %	2.6 %	7.3 %	8.7 %
Investments	(2.9)	(1.9)	(7.9)	(9.5)
Capital Employed *	116.5	114.4	116.5	114.4

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

### FINANCIAL UPDATE

Revenues in Driver Control Systems increased by EUR 2.4 million (4.1%) to EUR 62.3 million in the fourth quarter 2014 compared to the same quarter 2013, including a favorable currency effect of EUR 0.4 million.

The fourth quarter revenues were driven by stronger sales in the North American business and increased project revenues. This was partially offset by lower sales in both the European and South American business. Revenues for the full year amounted to EUR 252.7 million, a decrease of -1.7% from 2013. Full year revenues were below last year, due to negative currency effects of EUR 11.1 million.

EBIT was EUR 1.9 million in the fourth quarter, an increase of EUR 0.3 million compared to the fourth quarter 2013. The increase was primarily driven by higher sales, partly offset by an increase in fixed cost primarily related to increased development and sales activities to address future growth opportunities of EUR 3.0 million.

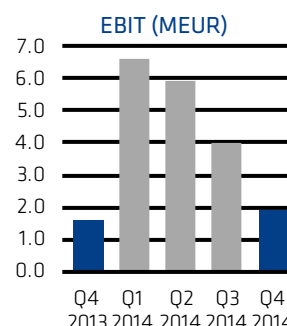
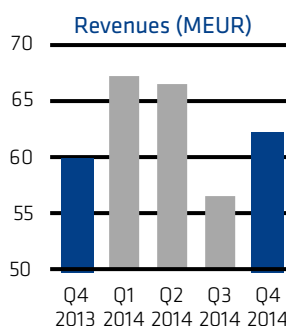
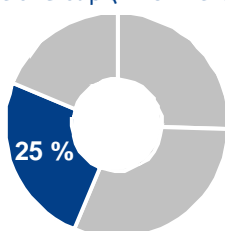
The fourth quarter EBIT margin increased by 0.4 percentage points to 3.1%. EBIT for the full year decreased by EUR -3.9 million (-17.3%) over last year.

### COMMERCIAL & OPERATIONAL UPDATE

Full year revenues were below last year, particularly within the Brazilian and European market. Several key product launches by customers were also delayed and volume ramp ups were slowed due to the economic environments. Overall project activity however has increased and new business opportunities remain strong.

Higher research and development spend continued in the fourth quarter as planned. This is in support of the strategic growth initiatives. As a result, new business awards coming in the fourth quarter. Fourth quarter new business wins exceeded EUR 64 million annually with a full year win total of EUR 101.2 million. The mix of wins includes a range of products with significant gains in the new AMT and power steering products. Business wins through 2014 had a strong geographic distribution of business consisting of 15.5% in BRIC and significant gains in the N.A. truck and recreational vehicle segments.

Share of Group Q4 2014 revenues



# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF COMPREHENSIVE INCOME

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Revenues	240.3	242.0	979.1	990.9
Opex	(223.4)	(223.0)	(882.1)	(893.8)
<b>EBITDA</b>	<b>17.0</b>	<b>19.0</b>	<b>97.0</b>	<b>97.1</b>
<i>EBITDA (%)</i>	<i>7.1 %</i>	<i>7.9 %</i>	<i>9.9 %</i>	<i>9.8 %</i>
Depreciation and amortization	(11.3)	(10.6)	(42.1)	(43.9)
<b>EBIT</b>	<b>5.7</b>	<b>8.4</b>	<b>54.8</b>	<b>53.2</b>
<i>EBIT (%)</i>	<i>2.4 %</i>	<i>3.5 %</i>	<i>5.6 %</i>	<i>5.4 %</i>
Net financial items	(22.4)	(10.4)	(35.9)	(40.4)
<b>Profit before taxes</b>	<b>(16.7)</b>	<b>(1.9)</b>	<b>18.9</b>	<b>12.8</b>
Income taxes	(1.4)	(2.4)	(13.5)	(6.2)
<b>Net profit</b>	<b>(18.1)</b>	<b>(4.3)</b>	<b>5.4</b>	<b>6.6</b>
Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods):				
Translation differences	16.5	1.8	27.9	7.3
Tax on translation differences	(9.0)	(1.0)	(12.6)	(6.7)
Other comprehensive income (Items that will not be reclassified to profit or loss in subsequent periods):				
Remeasurement of the net PBO	(2.7)	(3.2)	(2.7)	(3.2)
Tax on remeasurement of the net PBO	0.8	0.9	0.8	0.9
<b>Other comprehensive income</b>	<b>5.5</b>	<b>(1.5)</b>	<b>13.4</b>	<b>(1.6)</b>
<b>Total compr income</b>	<b>(12.6)</b>	<b>(5.8)</b>	<b>18.8</b>	<b>5.0</b>
Net profit attributable to:				
Equity holders (parent comp)	(18.3)	(4.4)	5.1	6.3
Non-controlling interests	0.2	0.1	0.3	0.2
<b>Total</b>	<b>(18.1)</b>	<b>(4.3)</b>	<b>5.4</b>	<b>6.6</b>
Total comprehensive income attributable to:				
Equity holders (parent comp)	(12.8)	(6.0)	18.5	4.7
Non-controlling interests	0.2	0.1	0.3	0.2
<b>Total</b>	<b>(12.6)</b>	<b>(5.8)</b>	<b>18.8</b>	<b>5.0</b>
Earnings per share:				
Basic earnings per share, EUR	(0.05)	(0.01)	0.01	0.02
Diluted earnings per share, EUR	(0.04)	(0.01)	0.01	0.02

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF FINANCIAL POSITION

MEUR	31.12.14	31.12.13
Deferred tax assets	41.8	46.8
Intangible assets	214.7	214.5
Property, plant and equipment	128.3	122.0
Other non-current assets	1.8	1.1
<b>Non-current assets</b>	<b>386.6</b>	<b>384.5</b>
Inventories	76.8	77.3
Accounts receivable	140.1	136.4
Other short term receivables	32.3	32.0
Cash and cash equivalents	53.5	57.1
<b>Current assets</b>	<b>302.7</b>	<b>302.8</b>
<b>Total assets</b>	<b>689.2</b>	<b>687.3</b>
Share capital	22.3	23.9
Share premium reserve	186.5	201.2
Other equity	(2.5)	(38.1)
Non-controlling interests	4.0	2.8
<b>Total equity</b>	<b>210.3</b>	<b>189.6</b>
Interest bearing loans and borrowings	252.8	273.0
Deferred tax liabilities	17.5	14.1
Other long term liabilities	18.8	17.4
<b>Non-current liabilities</b>	<b>289.0</b>	<b>304.5</b>
Bank overdraft	18.8	24.3
Other short term liabilities, interest bearing	0.0	1.0
Accounts payable	99.1	100.3
Other short term liabilities	72.0	67.5
<b>Current liabilities</b>	<b>189.9</b>	<b>193.2</b>
<b>Total liabilities</b>	<b>478.9</b>	<b>497.7</b>
<b>Total equity and liabilities</b>	<b>689.2</b>	<b>687.3</b>

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF CHANGE IN EQUITY

MEUR	31.12.14	31.12.13
<b>Equity as of start of period</b>	<b>189.6</b>	<b>184.7</b>
Net profit for the period	5.4	6.6
Translation differences	27.9	7.3
Tax on translation differences	(12.6)	(6.7)
Remeasurement of the net PBO	(2.7)	(3.2)
Tax on remeasurement of the net PBO	0.8	0.9
<b>Total comprehensive income</b>	<b>18.8</b>	<b>5.0</b>
Options contracts (employees)	0.4	0.4
Treasury shares	1.9	0.2
Other changes in non-controlling interests	(0.4)	(0.7)
Other changes in equity	0.0	0.1
Change pension debt- corridor	0.0	0.0
<b>Equity as of end of period</b>	<b>210.3</b>	<b>189.6</b>



# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## STATEMENT OF CASH FLOW

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
<i>Operating activities</i>				
(Loss) / profit before taxes	(16.7)	(1.9)	18.9	12.8
Depreciation	7.8	7.3	28.6	30.7
Amortization	3.5	3.3	13.5	13.2
Interest income	(0.0)	(0.9)	(0.2)	(2.1)
Interest expenses	3.0	3.9	11.9	17.3
Taxes paid	(3.3)	(2.6)	(9.1)	(8.5)
(Gain) / loss on sale of non-current assets	0.0	0.0	0.0	0.0
Changes in receivables	9.9	12.8	(3.7)	(7.0)
Changes in inventory	6.5	0.5	0.5	1.5
Changes in payables	5.4	5.2	(1.3)	4.4
Currency (gain)/ loss	18.2	4.4	20.6	19.7
Changes in value fin. derivatives	0.5	0.4	0.2	(1.2)
Changes in other items	(2.5)	4.1	6.0	6.8
<b>Cash flow from operating activities</b>	<b>32.3</b>	<b>36.3</b>	<b>86.1</b>	<b>87.6</b>
<i>Investing activities</i>				
Investments	(16.3)	(10.4)	(36.1)	(29.4)
Sale of fixed assets	0.1	0.1	0.1	0.1
Investments in subsidiaries***	0.0	0.0	(0.4)	0.0
Interest received	0.0	0.2	0.2	2.1
<b>Cash flow from investing activities</b>	<b>(16.2)</b>	<b>(10.0)</b>	<b>(36.2)</b>	<b>(27.2)</b>
<i>Financing activities</i>				
Proceeds from sale of treasury shares	0.5	0.2	1.9	0.2
Repayment of external loans	(6.6)	(10.0)	(36.7)	(42.0)
Interest paid	(3.4)	(3.2)	(12.8)	(15.9)
Dividends paid*	0.0	(0.1)	0.0	(0.7)
Other financial charges	(0.2)	(1.4)	(2.4)	(1.8)
<b>Cash flow from financing activities</b>	<b>(9.7)</b>	<b>(14.5)</b>	<b>(49.9)</b>	<b>(60.2)</b>
<b>Currency effects on cash</b>	<b>0.6</b>	<b>(0.6)</b>	<b>2.0</b>	<b>(0.9)</b>
<b>Net change in cash</b>	<b>7.1</b>	<b>11.1</b>	<b>1.9</b>	<b>(0.7)</b>
Net cash at beginning period **	27.6	21.6	32.7	33.5
<b>Net cash at period end **</b>	<b>34.6</b>	<b>32.7</b>	<b>34.6</b>	<b>32.7</b>
Of this, restricted cash	1.0	2.7	1.0	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 31<sup>st</sup> December 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 2014, 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

#### Full year 2014

MEUR	Interior	Driveline	Fluid Transfer	Driver Controls	Elim & other	Group
Operating Revenues	304.5	265.0	193.5	252.7	(36.8)	979.1
<b>EBITDA</b>	<b>35.3</b>	<b>15.6</b>	<b>34.1</b>	<b>29.3</b>	<b>(17.4)</b>	<b>97.0</b>
Depreciation	(7.3)	(8.1)	(7.1)	(6.1)	(0.0)	(28.6)
Amortization	(2.1)	(3.0)	(3.4)	(4.8)	(0.3)	(13.5)
<b>EBIT</b>	<b>25.9</b>	<b>4.5</b>	<b>23.6</b>	<b>18.4</b>	<b>(17.6)</b>	<b>54.8</b>

#### *Assets and liabilities*

Goodwill	75.1	6.4	51.1	33.3	0.0	165.9
Other intangible assets	7.5	10.9	11.6	17.8	1.0	48.8
Property, plant and equipment	33.2	33.9	28.0	32.6	0.6	128.3
Inventories	17.2	16.9	15.8	27.5	(0.6)	76.8
Trade receivables	49.6	33.6	26.5	30.4	0.0	140.1
Segment assets	182.6	101.7	132.9	141.7	1.0	559.9
Unallocated assets	0	0	0	0	129.3	129.3
<b>Total assets</b>	<b>182.6</b>	<b>101.7</b>	<b>132.9</b>	<b>141.7</b>	<b>130.3</b>	<b>689.2</b>
Trade payables	26.6	25.0	21.4	25.2	0.8	99.1
Unallocated liabilities	0	0	0	0	379.9	379.9
<b>Total liabilities</b>	<b>26.6</b>	<b>25.0</b>	<b>21.4</b>	<b>25.2</b>	<b>380.6</b>	<b>478.9</b>
Capital expenditure	9.5	9.2	7.4	7.4	0.5	34.0

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Full year 2013

MEUR	Interior	Driveline	Fluid Transfer	Driver Controls	Elim & other	Group
Operating Revenues	299.0	279.8	189.0	257.2	(34.1)	990.9
<b>EBITDA</b>	<b>34.7</b>	<b>12.8</b>	<b>33.1</b>	<b>33.1</b>	<b>(16.7)</b>	<b>97.1</b>
Depreciation	(9.5)	(7.7)	(7.2)	(6.3)	(0.0)	(30.7)
Amortization	(2.1)	(3.0)	(3.4)	(4.6)	(0.2)	(13.2)
<b>EBIT</b>	<b>23.1</b>	<b>2.1</b>	<b>22.5</b>	<b>22.3</b>	<b>(16.9)</b>	<b>53.2</b>
<i>Assets and liabilities</i>						
Goodwill	71.2	6.0	46.4	33.3	0.0	156.8
Other intangible assets	9.0	12.8	13.6	21.5	0.8	57.7
Property, plant and equipment	29.8	32.1	26.8	32.8	0.5	122.0
Inventories	16.4	18.8	16.4	26.3	(0.6)	77.3
Trade receivables	47.4	33.5	28.3	27.3	(0.1)	136.4
Segment assets	173.8	103.2	131.5	141.1	0.6	550.3
Unallocated assets	0	0	0	0	137.1	137.1
<b>Total assets</b>	<b>173.8</b>	<b>103.2</b>	<b>131.5</b>	<b>141.1</b>	<b>137.7</b>	<b>687.3</b>
Trade payables	25.4	25.4	22.1	26.7	0.7	100.3
Unallocated liabilities	0	0	0	0	397.3	397.3
<b>Total liabilities</b>	<b>25.4</b>	<b>25.4</b>	<b>22.1</b>	<b>26.7</b>	<b>398.0</b>	<b>497.7</b>
Capital expenditure	7.2	6.0	6.0	8.8	(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	
	Jan - Dec	%	Jan - Dec	%
Sweden	82.6	8.4 %	88.6	8.9 %
Germany	102.4	10.5 %	109.7	11.1 %
France	73.2	7.5 %	81.3	8.2 %
Other EUR	252.3	25.8 %	253.0	25.5 %
<b>Total EUR</b>	<b>510.4</b>	<b>52.1 %</b>	<b>532.6</b>	<b>53.7 %</b>
USA	251.5	25.7 %	246.9	24.9 %
NA other	114.0	11.6 %	96.4	9.7 %
<b>Total NA</b>	<b>365.5</b>	<b>37.3 %</b>	<b>343.3</b>	<b>34.6 %</b>
China	57.0	5.8 %	56.2	5.7 %
Asia Other	22.6	2.3 %	24.6	2.5 %
<b>Total Asia</b>	<b>79.5</b>	<b>8.1 %</b>	<b>80.8</b>	<b>8.1 %</b>
Other countries	23.6	2.4 %	34.3	3.5 %
<b>Operating revenues</b>	<b>979.1</b>	<b>100.0 %</b>	<b>990.9</b>	<b>100.0 %</b>

### 2.2.2 Non-current assets by geographical location

MEUR	2014		2013	
	Jan - Dec	%	Jan - Dec	%
USA	119.9	34.9 %	109.5	32.5 %
UK	12.8	3.7 %	12.4	3.7 %
Norway	25.8	7.5 %	27.6	8.2 %
Germany	15.6	4.5 %	15.8	4.7 %
Sweden	29.8	8.7 %	31.9	9.5 %
Poland	36.0	10.5 %	35.8	10.6 %
Other	103.1	30.0 %	103.6	30.8 %
<b>Total Non-Current Assets*</b>	<b>343.0</b>	<b>100.0 %</b>	<b>336.6</b>	<b>100.0 %</b>

\* Includes intangible assets, property, plant and equipment

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## Note 3 – Interest-bearing liabilities

### 3.1 Interest-bearing liabilities as presented in statement of financial position

MEUR	31.12.14	31.12.13
Non current interest-bearing loans and borrowings	254.9	276.0
Other current interest-bearing liabilities*	0.0	1.0
Capitalized arrangement fees	(2.1)	(3.0)
<b>Total interest-bearing liabilities</b>	<b>252.8</b>	<b>274.0</b>

\* 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.

EUR	135.0	146.0
USD	119.4	115.4
NOK	(0.0)	15.7
Other currencies	0.5	0.0
Capitalized arrangement fee	(2.1)	(3.0)
<b>Total interest-bearing liabilities</b>	<b>252.8</b>	<b>274.0</b>

The remaining 72.0 MNOK under the Innovation Norway loan was fully repaid in the fourth quarter.

### 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	135.0	2.80%
DNB / Nordea USD	USD	181.7	30.03.17	145.0	2.90%

\*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 30.12.2014.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENT

## 3.3 Facility reduction schedule - Interest-bearing loans and borrowings (in local currencies)

Year	EUR	USD
2015	-	-
2016	-	-
2017	206.0	181.7
<b>Total</b>	<b>206.0</b>	<b>181.7</b>

## 3.4 Liquidity reserve

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

MEUR	31.12.14	31.12.13
Cash reserve, excl. restricted cash	52.4	54.4
Undrawn facility	101.2	76.4
<b>Total (before bankoverdraft)</b>	<b>153.6</b>	<b>130.8</b>
Bank overdraft	(18.8)	(24.3)
<b>Liquidity reserve</b>	<b>134.8</b>	<b>106.5</b>

## Note 4 – Net financial items

### 4.1 Net Financials

MEUR	Q4 2014	Q4 2013	YTD 2014	YTD 2013
Interest income	0.0	0.9	0.2	2.1
Interest expenses	(3.0)	(3.9)	(11.9)	(17.3)
Foreign currency gains (losses)	(18.3)	(4.4)	(20.6)	(19.7)
Change in valuation currency contracts	(0.5)	(0.4)	(0.2)	1.2
Other financial items*	(0.7)	(2.6)	(3.3)	(6.7)
<b>Net financial items</b>	<b>(22.4)</b>	<b>(10.4)</b>	<b>(35.9)</b>	<b>(40.4)</b>

\* 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
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
3rd Quarter 2015	14 October 2015	15 October 2015

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