

# 3rd Quarter Report 2009

Kongsberg Automotive Holding ASA



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## Highlights

- ▶ **Positive EBITDA (MEUR 5.4) for the first time since 3rd quarter 2008 due to the effects from continuous cost improvements during 2009 supported by higher revenues.**
- ▶ **Revenues at MEUR 157 were above previous two quarters due to stronger growth in several market segments partly driven by incentive programs. Low stock levels in the market have pushed the production volumes to fill the pipelines.**
- ▶ **Continue to improve net working capital ratio**
- ▶ **Refinancing of the balance sheet completed. Raised MEUR 159 in gross proceeds from share issues.**
- ▶ **Expect 4th quarter revenues to be around MEUR 165**

## Our business



*Kongsberg Automotive* is a global provider of engineering, design, and manufacture for seat comfort, driver and motion control systems, fluid assemblies, and industrial driver interface products.

Our product line includes systems for seat comfort, clutch actuation, cable actuation, gear shifters, transmission control systems, stabilizing rods, couplings, electronic engine controls, specialty hoses, tubes and fittings.

We target the automotive, commercial vehicle and industrial markets.

### Automotive Systems



*Automotive Systems* consists of two business units.

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

*Interior Systems* is a global leader in the design, development and manufacture of mechanical and electro-mechanical light-duty motion comfort and seat comfort systems to Tier 1 and Tier 2 customers. Product range includes seat adjusters, seat recline, side bolsters and lumbar support, cables, seat heating, -ventilation and -massage systems, arm rests and head restraints. *Kongsberg Automotive* is the only supplier in the world

currently delivering a complete range of seat comfort products.

### Commercial Vehicles Systems (former Actuation Systems)



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

### Power Products Systems



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



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## Financials Kongsberg Automotive Group

### 3rd quarter 2009

Income statement MEUR	3rd Quarter		YTD		31.12.08
	2009	2008	2009	2008	
Revenue	156.6	208.3	445.9	726.3	905.9
Opex	(151.1)	(201.0)	(449.3)	(671.8)	(860.1)
<b>EBITDA</b>	<b>5.4</b>	<b>7.3</b>	<b>(3.4)</b>	<b>54.5</b>	<b>45.8</b>
<b>EBITDA %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>-0.8 %</b>	<b>7.5 %</b>	<b>5.1 %</b>
Depreciation and Amortization	(12.0)	(11.0)	(35.2)	(34.1)	(46.9)
<b>EBIT</b>	<b>(6.6)</b>	<b>(3.7)</b>	<b>(38.6)</b>	<b>20.4</b>	<b>(1.1)</b>
<b>EBIT %</b>	<b>-4.2 %</b>	<b>-1.8 %</b>	<b>-8.7 %</b>	<b>2.8 %</b>	<b>-0.1 %</b>
Financial items	25.3	(36.3)	33.7	(53.3)	(141.1)
<b>Profit before taxes</b>	<b>18.7</b>	<b>(40.0)</b>	<b>(5.0)</b>	<b>(32.9)</b>	<b>(142.2)</b>
Taxes on ordinary profit	(7.1)	12.0	(4.9)	9.8	47.9
<b>Net profit</b>	<b>11.6</b>	<b>(28.0)</b>	<b>(9.9)</b>	<b>(23.1)</b>	<b>(94.3)</b>

**Revenues** in the 3rd quarter of 2009 for the Group were MEUR 156.6. Adjusted for the negative currency effects of MEUR 3.4, revenues were MEUR 48.3 (- 23 %) below revenues for 3rd quarter of 2008. The reduction in revenues reflects the weaker markets for automotive and commercial vehicles.

**EBITDA** for the Group was MEUR 5.4 (3.5 %) in the 3rd quarter. The EBITDA margin was at the same level as the comparable period last year. Adjusted for negative

currency effect of MEUR 1.0, the EBITDA was down by MEUR 0.9 compared to the 3rd quarter 2008. The effect of lower revenues was consequently close to fully offset by cost reductions.

Positive currency effects on net financial items more than offset the interest charge of MEUR 7.2 in the 3rd quarter.

Net profit in the 3rd quarter after interest and tax was MEUR 11.6.

Financial income and expenses MEUR	3rd Quarter		YTD		31.12.08
	2009	2008	2009	2008	
Interest income	0.6	0.2	1.3	0.5	1.5
Interest expenses	(7.2)	(8.8)	(34.6)	(28.1)	(38.9)
Foreign currency gains/losses	28.6	(27.0)	56.6	(21.8)	(89.5)
Change in valuation currency contracts	3.4	(1.8)	10.1	(2.7)	(12.7)
Other financial items	(0.1)	1.1	0.3	(1.2)	(1.5)
<b>Net financial items</b>	<b>25.3</b>	<b>(36.3)</b>	<b>33.7</b>	<b>(53.3)</b>	<b>(141.1)</b>

Interest expenses in the 3rd quarter of 2009 were slightly below the same period in 2008. The debt is drawn up in a combination of NOK, EUR and USD to match the underlying

cash flow of the business. There were positive currency effects of MEUR 56.6 in the first nine months of 2009.

### Financing

The company has raised equity with net proceeds of MEUR 151 at a share price of NOK 4.00 in the 3rd quarter. The purpose of the share issue was to improve the capital structure. This will enable the company to take advantage of new market opportunities. As a part of the refinancing, new terms for the loans were agreed. Based on the

retained liquidity from the share issues and the new loan terms the company has improved its liquidity situation by MEUR 153 over the next two years. This is a consequence of lower interest, no amortization schedule and retained cash from the share issues. The equity will be officially registered in October.



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## Financials Divisions

3rd quarter 2009

Revenues MEUR	3rd Quarter		YTD		31.12.08
	2009	2008	2009	2008	
Automotive Systems	99.2	118.4	270.9	424.8	528.6
Commercial Vehicles Systems	38.6	64.3	105.1	217.5	267.7
Power Products Systems	22.9	33.2	83.1	113.6	145.7
Elim & other	(4.1)	(7.6)	(13.2)	(29.6)	(36.1)
<b>Group</b>	<b>156.6</b>	<b>208.3</b>	<b>445.9</b>	<b>726.3</b>	<b>905.9</b>

For Automotive Systems (AS) revenues were down MEUR 19.2 (- 16 %) compared to 3rd quarter 2008, including a negative currency effect of MEUR 2.0. Governmentally backed incentive schemes in Europe and North America have had positive effects on new vehicle sales in the 3rd quarter, and good domestic markets in Asia were offsetting reduced export volumes.

Commercial Vehicles Systems (CVS) revenues were down MEUR 25.7 (- 40 %),

reflecting a substantially weaker market, especially in Europe. There was a negative currency effect of MEUR 1.5.

The Power Products Systems Division (PPS) revenues were down MEUR 10.3 (- 31 %) compared to 3rd quarter 2008. This includes a negative currency effect of MEUR 0.1. All product segments were affected by the current weak market situation. The markets for the PPS portfolio have shown a declining trend through the 3rd quarter.

EBITDA MEUR	3rd Quarter				YTD					
	2009		2008		2009		2008		31.12.08	
Automotive Systems	2.8	2.8 %	(0.7)	-0.6 %	(5.6)	-2.1 %	19.2	4.5 %	5.4	1.0 %
Commercial Vehicles Systems	3.0	7.8 %	8.0	12.4 %	(0.4)	-0.4 %	28.4	13.1 %	30.3	11.3 %
Power Products Systems	(0.1)	-0.2 %	0.6	1.8 %	4.0	4.9 %	8.2	7.2 %	10.5	7.2 %
Elim & other	(0.3)		(0.6)		(1.4)		(1.3)		(0.4)	
Group	5.4	3.5 %	7.3	3.5 %	(3.4)	-0.8 %	54.5	7.5 %	45.8	5.1 %

EBITDA for Automotive Systems was MEUR 2.8 in the 3rd quarter 2009, which is MEUR 3.5 above comparable period last year. A higher EBITDA despite lower sales was primarily a result of the cost reduction programs carried out in all regions over the last year.

EBITDA for Commercial Vehicles Systems was MEUR 3.0, which is MEUR 5.0 below

comparable period last year. Lower revenues were almost offset by cost reductions. The EBITDA margin in the 3rd quarter is 7.8%.

EBITDA for Power Products Systems was MEUR -0.1, a reduction of MEUR 0.7 compared to 3rd quarter 2008. The reduced profit from lower revenues was partly compensated by reduced costs.

# Balance Sheet, Statement of changes in Equity and Cash Flow

3rd quarter 2009



Balance Sheet MEUR	30.09.09	Effect of share issues	Proforma 30.09.09	30.09.08	31.12.08
Deferred tax asset	52,1		52,1	23,0	44,3
Intangible assets	257,6		257,6	294,1	282,8
Plant, building, and property	146,1		146,1	171,8	156,1
Other Non-current Assets	6,5		6,5	6,3	5,2
<b>Total Non-Current Assets</b>	<b>462,2</b>	<b>-</b>	<b>462,2</b>	<b>495,2</b>	<b>488,4</b>
Inventories	67,3		67,3	113,5	84,8
Account receivables	114,3		114,3	156,6	110,5
Other Short term receivables	22,8		22,8	28,7	18,2
Cash and cash equivalents	41,9	51,3	93,2	45,7	47,6
<b>Current assets</b>	<b>246,3</b>	<b>51,3</b>	<b>297,6</b>	<b>344,5</b>	<b>261,1</b>
<b>Assets</b>	<b>708,5</b>	<b>51,3</b>	<b>759,8</b>	<b>839,7</b>	<b>749,5</b>
<b>Total Equity</b>	<b>35,3</b>	<b>151,0</b>	<b>186,3</b>	<b>134,2</b>	<b>90,7</b>
Interest bearing loans and borrowings	425,8	(39,2)	386,6	394,5	420,6
Other long term liabilities	56,6		56,6	59,2	58,1
<b>Total Long term liability</b>	<b>482,4</b>	<b>(39,2)</b>	<b>443,2</b>	<b>453,7</b>	<b>478,7</b>
Bank overdraft	24,7	(24,7)	(0,0)	27,8	24,4
Other short term liabilities, interest bearing	35,8	(35,8)	0,0	64,1	36,0
Accounts payable	74,4		74,4	101,1	67,9
Other short term liabilities	56,0		56,0	58,8	51,8
<b>Short Term Liability</b>	<b>190,8</b>	<b>(60,5)</b>	<b>130,3</b>	<b>251,8</b>	<b>180,1</b>
<b>Total liability</b>	<b>673,2</b>	<b>(99,7)</b>	<b>573,5</b>	<b>705,5</b>	<b>658,8</b>
<b>Total Equity and Liabilities</b>	<b>708,5</b>	<b>51,3</b>	<b>759,8</b>	<b>839,7</b>	<b>749,5</b>

## Key figures

NIBD	444,4	293,4	440,7	433,4
Equity ratio	5,0%	24,5%	16,0%	12,1%

Total assets are reduced by MEUR 41 since year end 2008. High focus on minimizing net working capital has resulted in a reduction in inventory of MEUR 17.5. There has been a reduction in intangibles due to the divestiture of Aviation in March (MEUR 16). Equity is reduced due to negative net profit and currency effect YTD 2009. The equity ratio

per September is 5 %. Based on the completed share issue, which was closed after the balance sheet date, the proforma equity ratio would be 24,5 %. Cash reserves are reduced by MEUR 5.7 since year end.

<b>Cash Flow</b> <b>MEUR</b>	<b>YTD</b>		
	<b>30.09.09</b>	<b>30.09.08</b>	<b>31.12.08</b>
<b>EBITDA</b>	<b>(3.4)</b>	<b>54.5</b>	<b>45.8</b>
Net cash effect financial items	(21.1)	(28.4)	(37.4)
Tax Payable	(3.0)	-	0.3
Change in Working Capital	20.2	0.6	28.4
Change in other items (*)	(3.0)	(22.3)	(9.5)
<b>Cash Flow from Operations</b>	<b>(10.3)</b>	<b>4.6</b>	<b>27.6</b>
<b>Cash Flow from investing activities</b>	<b>(11.5)</b>	<b>(31.8)</b>	<b>(39.3)</b>
<b>Cash Flow from financing activities</b>	<b>16.1</b>	<b>30.2</b>	<b>16.2</b>
<b>Net change in cash</b>	<b>(5.7)</b>	<b>3.0</b>	<b>4.5</b>

(\*) incl exchange rate differences

<b>Statement of changes in Equity</b> <b>MEUR</b>	<b>YTD</b>		
	<b>30.09.09</b>	<b>30.09.08</b>	<b>31.12.08</b>
<b>Equity as of start of period</b>	<b>90.7</b>	<b>68.5</b>	<b>68.5</b>
Net profit for the period	(9.9)	(23.1)	(94.3)
Foreign currency translation	(47.3)	20.5	60.6
Issued new shares	-	67.9	55.0
Options contracts booked against equity	1.8	0.4	0.9
<b>Equity as of end of period</b>	<b>35.3</b>	<b>134.2</b>	<b>90.7</b>

<b>Statement of recognised income and expenses</b> <b>MEUR</b>	<b>YTD</b>		
	<b>30.09.09</b>	<b>30.09.08</b>	<b>31.12.08</b>
Currency translation differences during the period	(107.9)	32.7	72.8
Tax on items taken directly to or transferred from equity	10.6	0.0	(13.8)
<b>Net income recognised directly in equity</b>	<b>(97.4)</b>	<b>32.7</b>	<b>59.0</b>
Net profit for the period	(9.9)	(23.1)	(94.3)
<b>Total recognised income and expense for the period</b>	<b>(107.2)</b>	<b>9.6</b>	<b>(35.3)</b>
<b>Attributable to:</b>			
Shareholders of Kongsberg Automotive Holding ASA	(107.1)	10.0	(38.0)
Minority interests	(0.1)	(0.4)	2.7
<b>Total</b>	<b>(107.2)</b>	<b>9.6</b>	<b>(35.3)</b>



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## Secondary segment reporting

Operating revenues by geography						
MEUR	2009	Jan - Sept			Full year	
		%	2008	%	2008	%
Sweden	35.4	8.0 %	83.5	11.5 %	95.1	10.5 %
Germany	39.6	8.9 %	101.2	13.9 %	127.7	14.1 %
Rest of Europe	171.1	38.4 %	234.6	32.3 %	306.2	33.8 %
North America	142.0	31.8 %	233.4	32.1 %	281.7	31.1 %
Other	57.7	12.9 %	73.6	10.1 %	95.1	10.5 %
Operating revenues	445.9	100.0 %	726.3	100.0 %	905.9	100.0 %

Capex by geography						
MEUR	2009	Jan - Sept			Full year	
		%	2008	%	2008	%
Norway	3.5	30.3 %	11.5	36.2 %	14.0	35.6 %
Sweden	0.6	5.5 %	3.7	11.6 %	4.4	11.2 %
North America	2.8	24.2 %	4.8	15.1 %	5.5	14.0 %
Great Britain	0.1	0.9 %	0.9	2.8 %	1.0	2.5 %
Other	4.5	39.1 %	10.9	34.3 %	14.4	36.6 %
Total Capex	11.5	100.0 %	31.8	100.0 %	39.3	100.0 %

Assets by geography						
MEUR	2009	3rd Quarter			Full year	
		%	2008	%	2008	%
Norway	90.3	12.7 %	83.1	9.9 %	83.1	11.1 %
Sweden	48.3	6.8 %	49	5.8 %	52.6	7.0 %
North America	236.6	33.4 %	187.2	22.3 %	269.6	36.0 %
Great Britain	60.9	8.6 %	60.3	7.2 %	60.3	8.0 %
Other	272.5	38.5 %	460.1	54.8 %	283.9	37.9 %
Total Assets	708.5	100.0 %	839.7	100.0 %	749.5	100.0 %

## Note 1 Disclosures

### General information

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

### Basis of preparation

This condensed consolidated interim financial information for the nine months ended 30 September 2009 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 2008, 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 2008, as described in those annual financial statements.

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

### Risks

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

### Seasonality

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

## Other company information

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### The Board of Directors:

Curt Germundsson	(Chairman)
Tone Bjørnov	(Shareholder elected)
Jürgen Harnisch	(Shareholder elected)
Ulla-Britt Fäjdin-Hellqvist	(Shareholder elected)
Eivind Holvik	(Employee representative)
Tonje Sivesindtjet	(Employee representative)
Kjell Kristiansen	(Employee representative)

### Executive Committee:

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

### Investor Relations

Contact:

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### Financial Calendar

Publication of the quarterly financial statements in 2009:

3<sup>rd</sup> quarter 23<sup>rd</sup> of October 2009

4<sup>th</sup> quarter 11 of February 2010