

4th Quarter Report 2016

Kongsberg Automotive



Enhancing the driving experience

2016



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HIGHLIGHTS 4TH QUARTER 2016

HIGHLIGHTS

- Revenues were MEUR 249.8 in the fourth quarter, MEUR 1.5 (0.6%) above the fourth quarter last year, including negative translation currency effects of MEUR 1.8.
- Adjusted EBIT was MEUR 7.4 in the fourth quarter, MEUR -4.5 (-37.7%) below the fourth quarter last year.
- The adjusted gearing ratio was at 2.8 times at the end of fourth quarter 2016.
- We have received a waiver from our banks, valid until first quarter 2018, securing flexibility for the Group to continue with our restructuring plans.
- Annualized business wins in the fourth quarter amounted to MEUR 118 bringing the total business wins for 2016 to MEUR 282.
- Sale of North American Headrest and Armrest business in North America
Shortly after year-end, a purchase agreement was signed for the North American Headrest and Armrest business held for sale as of 31.12.2016.

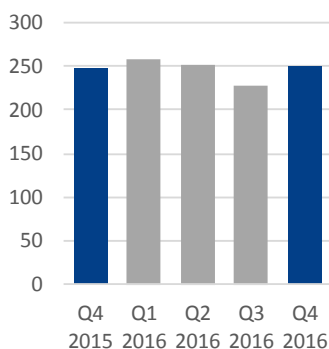
KEY FIGURES

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|-------------------------|---------|---------|---------|---------|
| Revenues | 249.8 | 248.3 | 985.7 | 1016.0 |
| EBITDA | 12.9 | 23.4 | 63.4 | 98.5 |
| EBITDA % | 5.2 % | 9.4 % | 6.4 % | 9.7 % |
| Adjusted EBIT* | 7.4 | 11.8 | 28.3 | 32.4 |
| Adjusted EBIT (%)* | 3.0 % | 4.8 % | 2.9 % | 3.2 % |
| EBIT | 1.6 | 11.8 | 18.3 | 32.4 |
| EBIT (%) | 0.6 % | 4.8 % | 1.9 % | 3.2 % |
| Net profit | (7.4) | (1.0) | 1.3 | (8.3) |
| Adjusted Gearing Ratio* | 2.8 | 2.2 | 2.8 | 2.2 |
| Equity ratio (%) | 30.2 % | 31.3 % | 30.2 % | 31.3 % |

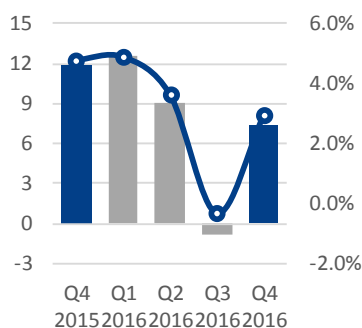
*Adjusted for restructuring costs, see section APM for the reconciliation.

Prior periods have been restated; refer to note six for further information.

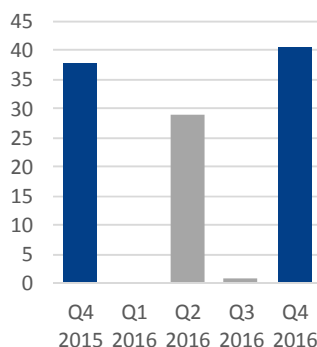
Revenues per quarter
(MEUR million)



Adj. EBIT and Adj. EBIT Margin
per quarter (MEUR and %)



Cash flow from operating
activities (MEUR)



All amounts in the report represent MEUR unless otherwise noted and have been rounded to the nearest hundred thousand.

GROUP FINANCIALS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--|--------------|--------------|--------------|--------------|
| Revenues | 249.8 | 248.3 | 985.7 | 1016.0 |
| Opex | (236.9) | (224.8) | (922.3) | (917.5) |
| EBITDA | 12.9 | 23.4 | 63.4 | 98.5 |
| <i>EBITDA (%)</i> | <i>5.2 %</i> | <i>9.4 %</i> | <i>6.4 %</i> | <i>9.7 %</i> |
| Depreciation and amortization / impairment | (11.3) | (11.6) | (45.1) | (66.1) |
| EBIT | 1.6 | 11.8 | 18.3 | 32.4 |
| <i>EBIT (%)</i> | <i>0.6 %</i> | <i>4.8 %</i> | <i>1.9 %</i> | <i>3.2 %</i> |
| Adjusted EBIT* | 7.4 | 11.8 | 28.3 | 32.4 |
| <i>Adjusted EBIT (%)*</i> | <i>3.0 %</i> | <i>4.8 %</i> | <i>2.9 %</i> | <i>3.2 %</i> |
| Net financial items | (9.8) | (4.7) | 1.0 | (28.7) |
| Profit before taxes | (8.2) | 7.1 | 19.3 | 3.7 |
| Income taxes | 0.8 | (8.1) | (17.9) | (12.0) |
| Net profit | (7.4) | (1.0) | 1.3 | (8.3) |

* See section APM for the reconciliation.

Prior periods have been restated; refer to note six for further information.

REVENUES

Revenues for the Group amounted to MEUR 249.8 in the fourth quarter of 2016. The revenues were MEUR 1.5 (0.6%) above the comparable period last year, including unfavorable currency effects of MEUR 1.8. Higher non-product revenues were offset by lower product sales. On a constant currency basis, product revenues decreased by approximately 1.6% year over year.

In the Interior and Driveline segments, which predominantly serve the passenger car end markets, revenues decreased by MEUR -3.8 (-2.7%) compared to the fourth quarter of 2015. Interior Comfort Systems had MEUR -7.4 (-8.7%) lower revenues in the fourth quarter compared to the same period last year, including a negative currency effect of MEUR -0.6. This decline was attributable to lower sales in the North American head-restraint and Outdoor Power Equipment (OPE) businesses. Revenues in Driveline increased by MEUR 3.6 (6.2%) compared to the same quarter last year, including a negative currency effect of MEUR -0.4. The revenues increase in Driveline came from the Chinese and European businesses, partly offset by a decrease in the North American business.

Revenues in the commercial vehicle segments increased by MEUR 6.2 (5.5%) compared to the same quarter in 2015. Revenues in Fluid Transfer decreased by MEUR -1.9 (-3.7%), including a negative currency effect of MEUR -0.9. The decline in revenues was due to weakness in the North American and European businesses. Revenues in Driver Control (DCS) increased by MEUR 8.1 (13.2%), driven mainly by non-product sales. In addition, DCS saw some

general improvement across all regions, particularly in the Europe.

EBIT

Adjusted EBIT for the Group was MEUR 7.4 in the fourth quarter of 2016, a decrease of MEUR -4.5 (-37.7%) compared to fourth quarter of 2015. A provision of MEUR 3.3 related to loss-making contracts, increased R&D and S&M activity (MEUR 2.8) the effect of lower product volumes, and an unfavorable change in product mix were partially offset by lower incentive plan costs.

NET FINANCIAL ITEMS

Net finance costs (see note 4.1) were MEUR -9.8 in the fourth quarter of 2016, compared to MEUR -4.7 in the same period in 2015. Unrealized currency effects drove the increase in the net financial costs.

PROFIT BEFORE TAX / NET PROFIT

Profit before tax amounted to MEUR -8.2 in the fourth quarter of 2016, a decrease of MEUR -15.3 compared to the same quarter in 2015. The decrease reflects the negative changes in operating profit and net financial items. Net profit was MEUR -7.4 in the fourth quarter, a decrease of MEUR 6.5 compared to the same quarter in 2015. Income tax in the fourth quarter was impacted by de-recognition of deferred tax assets and an expense of current periods losses carried forward.

GROUP FINANCIALS

CONDENSED STATEMENT OF CASH FLOW

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Cash flow from operating activities | 40.6 | 37.6 | 70.8 | 73.5 |
| Cash flow from investing activities | (22.3) | (20.8) | (50.5) | (43.5) |
| Cash flow from financing activities | (16.2) | (2.1) | (26.4) | (26.3) |
| Currency effects on cash | 1.0 | 0.2 | 0.8 | 1.5 |
| Change in cash | 3.1 | 14.9 | (5.3) | 5.2 |
| Cash at beginning period | 31.5 | 24.9 | 39.9 | 34.6 |
| Cash at period end | 34.6 | 39.9 | 34.6 | 39.9 |
| Of this, restricted cash | 0.4 | 0.3 | 0.4 | 0.3 |

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities increased by MEUR 3.0 to MEUR 40.6 in the fourth quarter of 2016 compared to the same quarter last year. The increase was mainly driven by a favorable change in net working capital and a decrease in taxes paid, partly offset by the decrease in EBITDA.

Cash flow from operating activities year to date decreased by MEUR 2.7 to MEUR 70.8 compared to the same period last year. The decrease was driven by the decrease in EBITDA, partially offset by a favorable change in net working capital and a decrease in paid taxes.

CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities amounted to MEUR -22.3 in the fourth quarter of 2016, MEUR 1.5 more than the comparable quarter last year.

Full Year 2016 investing activities increased by MEUR 7.0 to MEUR -50.5. The increase was driven by investments in capacity expansions to accommodate current and future manufacturing requirements and general reinvestment requirements.

CASH FLOW FROM FINANCING ACTIVITIES

Net cash flow from financing activities was MEUR -16.2 in the fourth quarter, compared to MEUR -2.1 in the comparable quarter last year. Increased debt repayments, drove this change.

Repayment of debt amounted to MEUR 15.1 in the fourth quarter, compared to no repayments in the same period last year.

Interest payments in the fourth quarter was MEUR 1.5, compared to MEUR 1.9 in the same period last year. Lower interest bearing debt and interest rates drove the positive development. The maturing of interest rate swaps in early October contributed to the latter.

Cash flow from financing activities year to date decreased by MEUR 0.1 to MEUR -26.4. Higher net debt repayments were offset by a positive change in cash flow from sale of treasury shares, lower interest payments and a positive change in other financial charges.

CHANGE IN CASH

Cash increased by MEUR 3.1 during the fourth quarter, resulting in cash of MEUR 34.6 at the end of the quarter.

LIQUIDITY RESERVE

The liquidity reserve was MEUR 140.8 at the end of the fourth quarter, compared to MEUR 125.2 at year-end 2015. The change relates to the positive free cash flow and positive currency effects. See note 3.4 for more information.

GROUP FINANCIALS

CONDENSED STATEMENT OF FINANCIAL POSITION

| MEUR | 31.12.16 | 31.12.15 |
|-------------------------------------|--------------|--------------|
| Non-current assets | 376.0 | 379.7 |
| Cash and cash equivalents | 34.6 | 39.9 |
| Other current assets | 281.0 | 264.5 |
| Total assets | 691.6 | 684.1 |
| Equity | 208.6 | 214.2 |
| Interest bearing debt | 238.4 | 253.9 |
| Other liabilities | 244.5 | 216.0 |
| Total equity and liabilities | 691.6 | 684.1 |
| NIBD | 203.9 | 214.0 |
| Equity ratio | 30.2% | 31.3% |

ASSETS

Total assets were MEUR 691.6 at the end of the fourth quarter, an increase of MEUR 7.5 from year-end 2015. The increase was due to an increase in working capital and net investments, partially offset by amortization of intangible assets and write-off of deferred tax assets.

EQUITY

Total equity decreased by MEUR 5.6 to MEUR 208.6 in 2016. The main drivers were negative currency translation effects, partially offset by the positive net profit for the period of MEUR 1.3. The equity ratio decreased by 1.2 percentage points to 30.2 percentage points.

INTEREST BEARING DEBT

Long-term interest bearing debt amounted to MEUR 238.4 at the end of the fourth quarter, a decrease of MEUR 15.5 during 2016. The change primarily reflects debt repayments, partially offset by negative currency effects of MEUR 3.8.

At the end of the fourth quarter, 2016, net interest bearing debt amounted to MEUR 203.9, a decrease of MEUR 10.1 compared to year-end 2015. The decrease was due to a positive free cash flow (free cash flow before debt repayment), partially offset by net negative currency effects.

INTERIOR COMFORT SYSTEMS

Segment Reporting

INTERIOR COMFORT SYSTEMS

Interior Comfort Systems 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, armrests and head restraints.

Interior Comfort Systems 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 are especially high in medium to higher end cars, while 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 and most premium OEMs 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 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--------------------------|--------------|---------------|--------------|---------------|
| Revenues | 78.1 | 85.5 | 315.7 | 330.1 |
| EBITDA | 4.8 | 11.5 | 28.0 | 39.0 |
| <i>EBITDA (%)</i> | <i>6.2 %</i> | <i>13.4 %</i> | <i>8.9 %</i> | <i>11.8 %</i> |
| Depreciation | (2.0) | (2.2) | (10.4) | (8.8) |
| Amortization/impairment* | (0.7) | (0.6) | (2.6) | (21.9) |
| EBIT | 2.2 | 8.6 | 15.0 | 8.4 |
| <i>EBIT (%)</i> | <i>2.8 %</i> | <i>10.1 %</i> | <i>4.7 %</i> | <i>2.5 %</i> |
| Investments | (10.0) | (8.9) | (19.5) | (15.8) |
| Capital Employed ** | 156.7 | 151.2 | 156.7 | 151.2 |

* Includes write-off of EUR 19.5 million related to the Armrest and Headrest business in Q2 2015

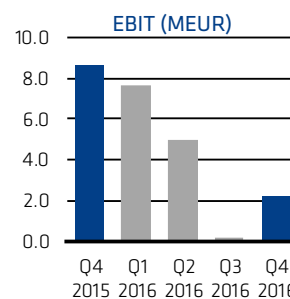
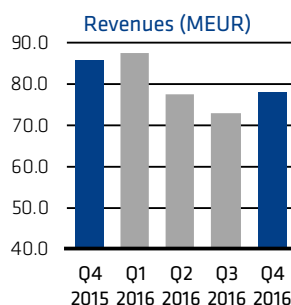
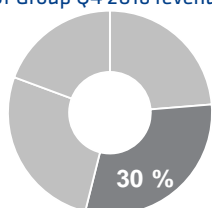
** Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Interior decreased by MEUR -7.4 (-8.7%) to MEUR 78.1 in the fourth quarter 2016 compared to the same quarter in 2015, including a negative currency effect of MEUR -0.6. Declining sales in the global head-restraint business due to programs phasing out and lower sales in the Outdoor Power Equipment business negatively impacted the fourth quarter and full-year compared to last year, partially offset by higher other revenues. Revenues for the full year amounted to MEUR 315.7, a decrease of -4.4% from 2015.

EBIT was MEUR 2.2 in the fourth quarter, a decrease of MEUR -6.5 compared to the fourth quarter 2015, including restructuring costs of MEUR 0.5 and one-offs of MEUR 3.1 mainly related to a provision for loss-making contract. Excluding the aforementioned items, EBIT decreased by MEUR 2.9. the change in EBIT was related to lower sales volume, higher givebacks and rebates of MEUR 1.3 and increased R&D efforts (MEUR 2.0) to support innovations, new business wins and future growth opportunities partially offset by operational improvements and lower bonus accruals. The fourth quarter EBIT margin decreased by -7.3 percentage points to 2.8%.

Share of Group Q4 2016 revenues



EBIT for the full year increased by MEUR 6.6 (78.9%) over last year. Excluding the write-off effects in 2015 (MEUR 19.5) and 2016 (MEUR 1.6), restructuring costs (MEUR 0.7) and the loss related to loss-making business, EBIT decreased by MEUR 7.6 over last year. The full year change in EBIT was related to increased R&D (MEUR 7.7), lower sales volume, givebacks, partially offset by a favorable change in product mix and operational improvements.

COMMERCIAL & OPERATIONAL UPDATE

The fourth quarter total business wins for the Comfort and Climate business unit amounted to MEUR 2.4 in annual sales, while business wins for the Light Duty Cable business unit amounted to MEUR 5.8 in annual sales. Full year business wins amounted to MEUR 74 in annual sales. The new contracts were booked with existing customers in the premium OEM segment, as well as with volume OEM's and makers of electric vehicles, where energy efficient products are a high priority.

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 for transmissions.

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 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--------------------|---------|---------|---------|---------|
| Revenues | 61.3 | 57.7 | 238.3 | 249.8 |
| EBITDA | 3.6 | 2.2 | 7.7 | 9.1 |
| EBITDA (%) | 5.9 % | 3.9 % | 3.2 % | 3.6 % |
| Depreciation | (2.7) | (2.2) | (8.4) | (8.0) |
| Amortization | (0.7) | (0.8) | (3.1) | (3.0) |
| EBIT | 0.2 | (0.7) | (3.7) | (1.9) |
| EBIT (%) | 0.4 % | -1.2 % | -1.6 % | -0.8 % |
| Investments | (2.2) | (4.2) | (8.1) | (9.6) |
| Capital Employed * | 72.7 | 73.3 | 72.7 | 73.3 |

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

Prior periods have been restated; refer to note six for further information.

FINANCIAL UPDATE

Revenues in Driveline increased by MEUR 3.6 (6.2%) to MEUR 61.3 in the fourth quarter 2016 compared to the same quarter in 2015, including a negative currency effect of MEUR -0.4. The increase in sales was mainly due to increased revenues in both the Chinese and European business partially offset by decreased revenues in the North American business. A positive change in rebate accruals also contributed positive to the revenue development. Driving the increase in revenues was a higher level of new programs coming in than old programs phasing out. Revenues for the full year amounted to MEUR 238.3, a decrease of -4.6% from 2015.

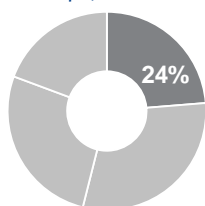
EBIT was MEUR 0.2 in the fourth quarter, an increase of MEUR 0.9 compared to the fourth quarter 2015, including restructuring costs of MEUR 0.9. The fourth quarter EBIT margin increased by 1.6 percentage points to 0.4%. Excluding the restructuring, EBIT increased by MEUR 1.8 compared to the fourth quarter 2015. The main drivers for the increase in EBIT were the rebate effect, higher sales volume and cost improvements, partially offset by increased R&D efforts (MEUR 0.7) to support innovations,

new business wins and future growth opportunities, and write-off of fixed assets (MEUR 0.7). EBIT for the full year decreased by MEUR -1.8 (-97.8%) over last year. The decrease was mainly due to the effect of lower volumes and increased R&D efforts (MEUR 2.7), partially offset by material cost reductions and fixed cost reductions. The EBIT margin for the full year decreased by -0.8 percentage points to -1.6%.

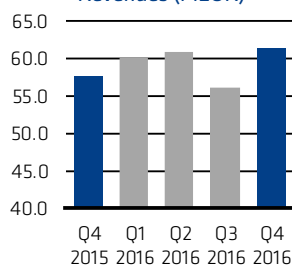
COMMERCIAL & OPERATIONAL UPDATE

Overall project activity remains high and new business opportunities remain strong. Business awards in the fourth quarter amounted to MEUR 4.0 in annual sales, and year to date business awards amounted 41.9 in annual sales. The majority of the new awards this year have been for Shift by Wire products. These business wins are mainly with local OEMs in the Chinese and European markets.

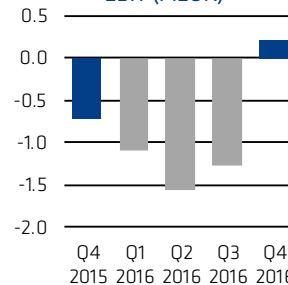
Share of Group Q4 2016 revenues



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, and coupling systems for compressed-air circuits in heavy duty 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 harsh 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, Navistar and Paccar. Key OEM automotive customers are 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 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--------------------|---------|---------|---------|---------|
| Revenues | 50.0 | 51.9 | 206.0 | 215.0 |
| EBITDA | 9.7 | 9.8 | 40.2 | 41.2 |
| EBITDA (%) | 19.5 % | 19.0 % | 19.5 % | 19.1 % |
| Depreciation | (1.2) | (1.4) | (4.8) | (6.0) |
| Amortization | (0.9) | (1.0) | (3.7) | (3.9) |
| EBIT | 7.6 | 7.4 | 31.7 | 31.3 |
| EBIT (%) | 15.2 % | 14.3 % | 15.4 % | 14.6 % |
| Investments | (4.1) | (2.9) | (7.4) | (8.1) |
| Capital Employed * | 122.5 | 125.4 | 122.5 | 125.4 |

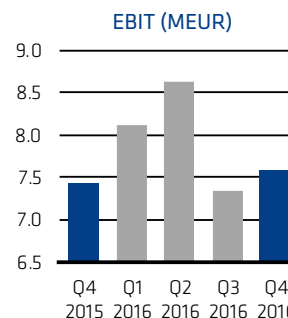
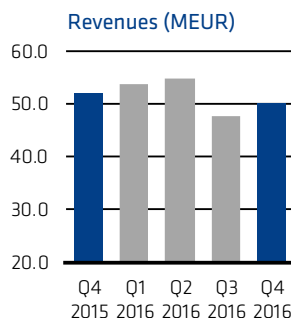
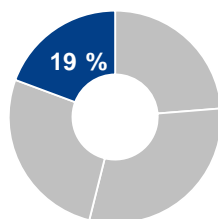
* Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Fluid Transfer decreased by MEUR -1.9 (-3.7%) to MEUR 50.0 in the fourth quarter 2016 compared to the same quarter in 2015, including a negative currency effect of MEUR -0.9. The decrease in revenues in the fourth quarter were driven by weakness in the North American and European businesses partially offset by higher tooling sales. Revenues for the full year amounted to MEUR 206.0, a decrease of -4.2% from 2015. The decrease in revenues for the full year were mainly driven by unfavorable currency effects, lower sales in the North American businesses and the European automotive business, partially offset by strength in Europe for air coupling systems to the commercial vehicle market.

EBIT was MEUR 7.6 in the fourth quarter, an increase of MEUR 0.2 compared to the fourth quarter 2015 including restructuring costs of MEUR 0.3. The fourth quarter EBIT margin increased by 0.9 percentage points to 15.2% primarily due to a reduction in fixed and material cost in addition to lower depreciation expenses.

Share of Group Q4 2016 revenues



Despite lower revenues, EBIT for the full year increased by MEUR 0.3 (1.1%) over last year. The EBIT margin for the full year increased by 0.8 percentage points to 15.4%. The EBIT margin increased primarily due to material cost reductions and lower depreciation expenses, partially offset by an increase in fixed costs to support future growth opportunities.

COMMERCIAL & OPERATIONAL UPDATE

Fourth quarter business awards were MEUR 64 in annual sales highlighted by the signing of a nine-year supply agreement with one of our key customers in the commercial vehicle segment that encompasses our couplings and hose & tube businesses. Year to date business awards amounted MEUR 96 in annual sales.

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, and vehicle dynamics for commercial vehicles. Driver Control also supplies steering columns, pedal systems and electronic displays for off-highway applications in agriculture and recreational applications.

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 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--------------------|---------|---------|---------|---------|
| Revenues | 69.2 | 61.1 | 260.5 | 256.1 |
| EBITDA | 2.1 | 7.3 | 14.7 | 30.9 |
| EBITDA (%) | 3.0 % | 12.0 % | 5.6 % | 12.1 % |
| Depreciation | (1.7) | (1.6) | (6.7) | (6.6) |
| Amortization | (1.3) | (1.6) | (5.0) | (7.5) |
| EBIT | (0.9) | 4.1 | 3.1 | 16.8 |
| EBIT (%) | -1.3 % | 6.7 % | 1.2 % | 6.5 % |
| Investments | (4.2) | (4.8) | (13.5) | (10.1) |
| Capital Employed * | 111.1 | 111.1 | 111.1 | 111.1 |

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

FINANCIAL UPDATE

Revenues in Driver Control Systems increased by MEUR 8.1 (13.2%) to MEUR 69.2 in the fourth quarter 2016 compared to the same quarter in 2015. The increase in revenues was mainly driven by non-product sales and growth in vehicle dynamics in both the European and Asian businesses. Revenues for the full year amounted to MEUR 260.5, an increase of 1.7% from 2015, including negative currency effects of MEUR -9.2. Increased sales in the North American recreational vehicle business, other revenues and vehicle dynamic sales in the European business were the major contributors to the revenue growth.

EBIT was MEUR -0.9 in the fourth quarter, a decrease of MEUR -5.0 compared to the fourth quarter 2015, including restructuring costs of MEUR 4.1. Excluding the restructuring, EBIT decreased by MEUR -0.9 compared to the fourth quarter 2015. The adjusted EBIT margin was 4.6% in the fourth quarter, 2.1 percentage points below the corresponding quarter last year. The change is reflective of an unfavorable mix effect, new plant start-

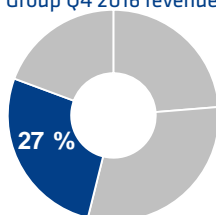
up costs, partially offset by the volume increased volumes.

EBIT for the full year decreased by MEUR -13.7 (-81.7%) over last year, including restructuring costs of MEUR 7.5, mainly related to ongoing plant closures in Rollag (Norway) and Basildon (UK), and legal settlement costs of MEUR 3.9. Excluding the aforementioned items, EBIT decreased by MEUR 2.3 for the full year 2016 compared to the full year 2015.

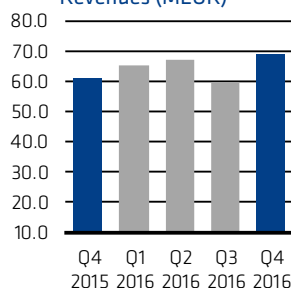
COMMERCIAL & OPERATIONAL UPDATE

R&D project activity continues high and this will be maintained through 2017. The R&D spend is to a large degree directed towards the development of a new Automated Manual Transmission (AMT) system where significant contracts were announced in the fourth quarter of 2014. Deliveries on these new contracts will start in 2017. Business wins in the fourth quarter amounted to MEUR 42.6 in annual sales. Year to date business awards amounted to 70.3 in annual sales, with 38% awarded for AMT products.

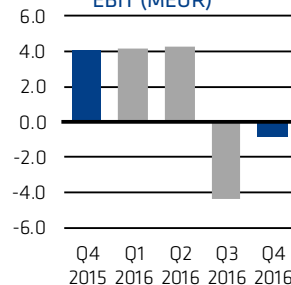
Share of Group Q4 2016 revenues



Revenues (MEUR)



EBIT (MEUR)



CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|---|--------------|--------------|--------------|--------------|
| Revenues | 249.8 | 248.3 | 985.7 | 1016.0 |
| Opex | (236.9) | (224.8) | (922.3) | (917.5) |
| EBITDA | 12.9 | 23.4 | 63.4 | 98.5 |
| <i>EBITDA (%)</i> | <i>5.2 %</i> | <i>9.4 %</i> | <i>6.4 %</i> | <i>9.7 %</i> |
| Depreciation and amortization/impairment | (11.3) | (11.6) | (45.1) | (66.1) |
| EBIT | 1.6 | 11.8 | 18.3 | 32.4 |
| <i>EBIT (%)</i> | <i>0.6 %</i> | <i>4.8 %</i> | <i>1.9 %</i> | <i>3.2 %</i> |
| Net financial items | (9.8) | (4.7) | 1.0 | (28.7) |
| Profit before taxes | (8.2) | 7.1 | 19.3 | 3.7 |
| Income taxes | 0.8 | (8.1) | (17.9) | (12.0) |
| Net profit | (7.4) | (1.0) | 1.3 | (8.3) |
| Other comprehensive income (Items that may be reclassified to profit or loss in subsequent periods): | | | | |
| Translation differences | 11.7 | 6.7 | (8.5) | 25.6 |
| Tax on translation differences | (4.6) | (2.5) | 1.5 | (11.2) |
| Other comprehensive income (Items that will not be reclassified to profit or loss in subsequent periods): | | | | |
| Remeasurement of the net PBO | (1.2) | 0.2 | (1.2) | 0.2 |
| Tax on remeasurement of the net PBO | 0.3 | (0.1) | 0.3 | (0.1) |
| Other comprehensive income | 6.2 | 4.3 | (7.8) | 14.5 |
| Total comprehensive income | (1.3) | 3.4 | (6.5) | 6.2 |
| Net profit attributable to: | | | | |
| Equity holders (parent comp) | (7.5) | (0.9) | 1.3 | (8.4) |
| Non-controlling interests | 0.0 | (0.0) | 0.1 | 0.0 |
| Total | (7.4) | (1.0) | 1.3 | (8.3) |
| Total comprehensive income attributable to: | | | | |
| Equity holders (parent comp) | (1.3) | 3.4 | (6.6) | 6.2 |
| Non-controlling interests | 0.0 | (0.0) | 0.1 | 0.0 |
| Total | (1.3) | 3.4 | (6.5) | 6.2 |
| Earnings per share: | | | | |
| Basic earnings per share, EUR | (0.02) | (0.00) | 0.00 | (0.02) |
| Diluted earnings per share, EUR | (0.02) | (0.00) | 0.00 | (0.02) |

Prior periods have been restated; refer to note six for further information.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION

| MEUR | Note | 31.12.16 | 31.12.15 |
|--|------|--------------|--------------|
| Deferred tax assets | | 32.4 | 41.8 |
| Intangible assets | | 182.3 | 193.5 |
| Property, plant and equipment | | 160.2 | 143.3 |
| Other non-current assets | | 1.1 | 1.1 |
| Non-current assets | | 376.0 | 379.7 |
| Inventories | | 78.6 | 80.5 |
| Accounts receivable | | 155.2 | 144.6 |
| Other short term receivables | | 47.3 | 39.4 |
| Cash and cash equivalents | | 34.6 | 39.9 |
| Current assets | | 315.6 | 304.4 |
| Total assets | | 691.6 | 684.1 |
| Share capital | | 22.4 | 21.2 |
| Share premium reserve | | 185.6 | 175.6 |
| Other equity | | (3.1) | 13.6 |
| Non-controlling interests | | 3.8 | 3.9 |
| Total equity | | 208.6 | 214.2 |
| Interest bearing loans and borrowings | 3 | 238.4 | 253.9 |
| Deferred tax liabilities | | 27.1 | 30.8 |
| Other long term liabilities | | 20.7 | 17.9 |
| Non-current liabilities | | 286.2 | 302.5 |
| Bank overdraft | | 0.0 | 0.0 |
| Other short term liabilities, interest bearing | | 0.0 | 0.0 |
| Accounts payable | | 111.0 | 101.0 |
| Other short term liabilities | | 85.8 | 66.3 |
| Current liabilities | | 196.8 | 167.3 |
| Total liabilities | | 483.0 | 469.8 |
| Total equity and liabilities | | 691.6 | 684.1 |

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CHANGE IN EQUITY

| MEUR | 31.12.16 | 31.12.15 |
|--|----------|----------|
| Equity as of start of period | 214.2 | 210.3 |
| Net profit for the period | 1.3 | (8.3) |
| Translation differences | (8.5) | 25.6 |
| Tax on translation differences | 1.5 | (11.2) |
| Remeasurement of the net pension benefit obligation | (1.2) | 0.2 |
| Tax on remeasurement of the net pension benefit obligation | 0.3 | (0.1) |
| Total comprehensive income | (6.5) | 6.2 |
| Options contracts (employees) | 0.5 | 0.7 |
| Treasury shares | 0.4 | (2.6) |
| Other changes in non-controlling interests | 0.0 | (0.0) |
| Other changes in equity | (0.0) | (0.4) |
| Equity as of end of period | 208.6 | 214.2 |

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

STATEMENT OF CASH FLOW

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--|---------------|---------------|---------------|---------------|
| <i>Operating activities</i> | | | | |
| (Loss) / profit before taxes | (8.2) | 7.1 | 19.3 | 3.7 |
| Depreciation | 7.6 | 7.5 | 30.4 | 29.6 |
| Amortization/impairment | 3.7 | 4.1 | 14.7 | 36.5 |
| Interest income | (0.1) | (0.0) | (0.2) | (0.1) |
| Interest expenses | 1.5 | 1.9 | 6.9 | 8.2 |
| Taxes paid | (1.6) | (4.4) | (6.9) | (11.2) |
| (Gain) / loss on sale of non-current assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Changes in receivables | 1.7 | 12.0 | (10.6) | (4.5) |
| Changes in inventory | 2.3 | 3.9 | 2.0 | (3.7) |
| Changes in payables | 17.4 | 4.8 | 10.0 | 1.9 |
| Currency (gain)/ loss | 7.4 | 4.1 | (5.4) | 18.3 |
| Changes in value fin. derivatives | 0.3 | (1.2) | (3.4) | (1.0) |
| Changes in other items | 8.4 | (2.2) | 14.1 | (4.1) |
| Cash flow from operating activities | 40.6 | 37.6 | 70.8 | 73.5 |
| <i>Investing activities</i> | | | | |
| Investments | (22.5) | (20.8) | (51.3) | (43.9) |
| Sale of fixed assets | 0.1 | (0.0) | 0.4 | 0.1 |
| Investments in subsidiaries | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest received | 0.1 | 0.0 | 0.2 | 0.1 |
| Proceeds from sale of subsidiaries | 0.0 | 0.0 | 0.2 | 0.3 |
| Cash flow from investing activities | (22.3) | (20.8) | (50.5) | (43.5) |
| <i>Financing activities</i> | | | | |
| Proceeds from sale/purchase of treasury shares | 0.4 | 0.1 | 0.4 | (2.6) |
| Net repayment of debt | (15.1) | 0.0 | (19.8) | (13.6) |
| Interest paid | (1.5) | (1.9) | (6.9) | (8.5) |
| Dividends paid* | 0.0 | (0.4) | 0.0 | (0.4) |
| Other financial charges | (0.0) | (0.0) | (0.0) | (1.3) |
| Cash flow from financing activities | (16.2) | (2.1) | (26.4) | (26.3) |
| Currency effects on cash | 1.0 | 0.2 | 0.8 | 1.5 |
| Change in cash | 3.1 | 14.9 | (5.3) | 5.2 |
| Cash at beginning period | 31.5 | 24.9 | 39.9 | 34.6 |
| Cash at period end | 34.6 | 39.9 | 34.6 | 39.9 |
| Of this, restricted cash | 0.4 | 0.3 | 0.4 | 0.3 |

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Alternative Performance Measures (APM)

This section describes the non-GAAP financial measures that are used in this report and in the quarterly presentation.

The following measures are not defined or specified in the applicable financial reporting framework, the IFRS GAAP. They may be considered non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS GAAP.

- **EBIT/Adjusted EBIT**
- **EBITDA/Adjusted EBITDA**
- **Free Cash Flow**
- **NIBD**
- **Capital Employed**
- **ROCE**
- **Gearing Ratio/Adjusted Gearing Ratio**

EBIT/Adjusted EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects from how the operations were financed and taxed. EBIT adjusted is defined as EBIT excluding restructuring. Restructuring costs is defined, as any incurred and payable costs of an unusual or non-recurring nature in connection with the contemplated restructuring of the activities of the Group.

Why we measure

EBIT is used as a measure to view the Group's operational profitability. In order to view the running business, as usual, the Group also lists the adjusted EBIT, the EBIT excluding restructuring costs.

Reconciliation

See the section Condensed Financial Statements for a reconciliation of the EBIT measure. See below for a reconciliation of the adjusted EBIT.

| Adjusted EBIT | Q4 2016 | FY 2016 | FY 2015 |
|--------------------------|---------|---------|---------|
| EBIT (1) | 1.6 | 18.3 | 32.4 |
| Restructuring costs (2) | 5.8 | 10.0 | 0.0 |
| Adjusted EBIT, (1) + (2) | 7.4 | 28.3 | 32.4 |

EBITDA/Adjusted EBITDA

Earnings before interest expenses and interest income, tax, depreciation and amortization. EBITDA adjusted is defined as EBITDA excluding restructuring costs.

Why we measure

EBITDA is used as an additional measure the view the Group's operational profitability, excluding the timing impact from depreciations and amortizations.

Reconciliation

See the section Condensed Financial Statements for a reconciliation of the measure. See below for the reconciliation of the adjusted EBITDA.

| Adjusted EBITDA | Q4 2016 | FY 2016 | FY 2015 |
|----------------------------|---------|---------|---------|
| EBITDA (1) | 12.9 | 63.4 | 98.5 |
| Restructuring costs (2)* | 5.4 | 9.6 | 0.0 |
| Adjusted EBITDA, (1) + (2) | 18.3 | 73.0 | 98.5 |

* Excluding impairment, depreciation and amortization.

Free Cash Flow

Free cash flow from operations (FCF), investments and finance excluding debt repayments.

Why we measure

Free Cash Flow is used in order to measure the Group's ability to generate cash. It allows the Group to view how much cash it generates from its operations after subtracting the cash flow from investing activities and financing excluding debt repayments. We believe this shows how much money the Group has to pursue additional investments or to repay debt.

Reconciliation

| Free Cash Flow (MEUR) from reported balance sheet | 31.12.16 | 31.12.15 |
|---|-------------|-------------|
| Cash flow from operating activities | 70.8 | 73.5 |
| Cash flow from investing activities | (50.5) | (43.5) |
| Cash flow from financing activities | (26.4) | (26.3) |
| Net repayment of debt | 19.8 | 13.6 |
| Free Cash flow | 13.7 | 17.3 |

NIBD

Net interesting bearing debt (NIBD), consists of interest-bearing liabilities less cash and cash equivalents.

Why we measure

The Group risk of default and financial strength is measured by the net interesting bearing debt, it shows the Group's financial position and leverage. Since the cash can be used to repay debt, the interest-bearing liabilities less cash shows the net overall financial position. The measure is useful information for investors as well as the Group.

Reconciliation

| Net Interest Bearing Debt (MEUR) from reported balance sheet | 31.12.16 | 31.12.15 |
|--|--------------|--------------|
| Interest bearing loans and borrowings | 238.4 | 253.9 |
| Other short term liabilities, interest bearing | 0.0 | 0.0 |
| Bank overdraft | 0.0 | 0.0 |
| Cash and cash equivalents | 34.6 | 39.9 |
| Net Interesting Bearing Debt | 203.9 | 214.0 |

Capital Employed

Capital Employed (CE) is equal to operating assets less operating liabilities. Operating assets and liabilities are assets which are involved in the process of selling goods and services, the business. Financial assets and obligations are excluded, these assets are involved in raising cash for operations and disbursing excess cash from operations.

Why we measure

Capital employed is measured in order to assess how much capital is needed for the operations/business to function. In order to evaluate if the capital employed can be utilized more efficient and if operations should be discontinued. The capital employed is also used to measure the profitability of the operations compared to the capital employed.

Reconciliation

| Capital Employed (MEUR) from reported balance sheet | 31.12.16 | 31.12.15 |
|---|--------------|--------------|
| Total assets | 691.6 | 684.1 |
| Deferred tax liabilities | (27.1) | (30.8) |
| Other long term liabilities | (20.7) | (17.9) |
| Current liabilities incl. other short-term interest bearing liabilities | (196.8) | (167.3) |
| Other short term liabilities, interest bearing | 0.0 | 0.0 |
| Capital Employed | 447.0 | 468.1 |

ROCE (Last twelve Months)

Return on Capital Employed (ROCE) is equal to EBIT for the last twelve months divided by the average of capital employed at beginning period and period end.

Why we measure

Return on Capital Employed is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The Group believes this is a good measure for the results from the period.

Reconciliation

| | | |
|--|----------|-----------------|
| Return on Capital Employed | | 31.12.16 |
| Capital Employed at period beginning (1) | 31.12.15 | 468.1 |
| Capital Employed at period end (2) | 31.12.16 | 447.0 |
| Adjusted EBIT last twelve months (3) | | 28.3 |
| ROCE, (3) / ((1) + (2)/2) | | 6.2% |

Gearing ratio / Adjusted Gearing Ratio

Gearing ratio is calculated as the net interest bearing debt divided by the last twelve months EBITDA, adjusted only for restructuring Costs.

Why we measure

Gearing ratio is a covenant from the Group's lenders which sets the interest margin on the Group's debt. The Group also believe this is a good measure of the Groups financial gearing and financial position.

Reconciliation

| | | |
|---|--|-----------------|
| Adjusted Gearing Ratio | | 31.12.16 |
| EBITDA last twelve months (1) | | 63.4 |
| Restructuring costs last twelve months (2)* | | 9.6 |
| EBITDA last twelve months adjusted for restructuring costs (3), (1) + (2) | | 73.0 |
| NIBD (4) | | 203.9 |
| Adjusted Gearing Ratio (4)/(3) | | 2.8 |

* Excluding impairment, depreciation and amortization.



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 globally. 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 December 31, 2016, 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 December 31, 2016, 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 December 31, 2016, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

RISK

Kongsberg Automotive continuously monitors its risk factors. Our activities are exposed to different types of risk.

The single most important risk that Kongsberg Automotive is exposed to is the development of demand in the end markets for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, interest rates, raw material prices, and credit risks. As we operate in many countries, we are vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with MEUR and USD exchange rate. The greatest raw material exposures are for copper, zinc, aluminum and steel. As most of our revenues are earned from automotive OEMs and automotive tier-1 and -2 customers, the financial health of these automotive companies is critical to our credit risk.

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 2016

| MEUR | Interior | Driveline | Fluid Transfer | Driver Controls | Elim & other | Group |
|-------------------------------|--------------|--------------|-------------------|--------------------|-----------------|--------------|
| Operating Revenues | 315.7 | 238.3 | 206.0 | 260.5 | (34.8) | 985.7 |
| EBITDA | 28.0 | 7.7 | 40.2 | 14.7 | (27.2) | 63.4 |
| Depreciation | (10.4) | (8.4) | (4.8) | (6.7) | (0.2) | (30.4) |
| Amortization | (2.6) | (3.1) | (3.7) | (5.0) | (0.3) | (14.7) |
| EBIT | 15.0 | (3.7) | 31.7 | 3.1 | (27.7) | 18.3 |
| <i>Assets and liabilities</i> | | | | | | |
| Goodwill | 60.4 | 6.7 | 56.6 | 31.3 | 0.0 | 155.0 |
| Other intangible assets | 3.9 | 6.3 | 5.0 | 9.3 | 2.7 | 27.3 |
| Property, plant and equipment | 48.0 | 35.1 | 33.5 | 42.3 | 1.3 | 160.2 |
| Inventories | 18.6 | 16.6 | 19.0 | 25.7 | (1.4) | 78.6 |
| Trade receivables | 59.6 | 35.0 | 30.4 | 29.4 | 0.8 | 155.2 |
| Segment assets | 190.5 | 99.7 | 144.5 | 137.9 | 3.5 | 576.2 |
| Unallocated assets | 0.0 | 0.0 | 0.0 | 0.0 | 115.4 | 115.4 |
| Total assets | 190.5 | 99.7 | 144.5 | 137.9 | 118.9 | 691.6 |
| Trade payables | 33.8 | 27.0 | 22.0 | 26.9 | 1.2 | 111.0 |
| Unallocated liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 372.0 | 372.0 |
| Total liabilities | 33.8 | 27.0 | 22.0 | 26.9 | 373.2 | 483.0 |
| Capital expenditure | 19.4 | 7.7 | 7.3 | 13.0 | 0.6 | 48.1 |

The column "Eliminations & other" includes corporate cost, development cost associated with the e-Power business, elimination of intercompany transactions and balance sheet items related to tax, pension and financing. See next section for specification of unallocated assets and liabilities.

Prior periods have been restated; refer to note six for further information.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Full year 2015

| MEUR | Interior | Driveline | Fluid Transfer | Driver Controls | Elim & other | Group |
|-------------------------------|--------------|-------------|-------------------|--------------------|-----------------|--------------|
| Operating Revenues | 330.1 | 249.8 | 215.0 | 256.1 | (35.0) | 1,016.0 |
| EBITDA | 39.0 | 9.1 | 41.2 | 30.9 | (21.7) | 98.5 |
| Depreciation | (8.8) | (8.0) | (6.0) | (6.6) | (0.2) | (29.6) |
| Amortization/impairment | (21.9) | (3.0) | (3.9) | (7.5) | (0.3) | (36.5) |
| EBIT | 8.4 | (1.9) | 31.3 | 16.8 | (22.2) | 32.4 |
| <i>Assets and liabilities</i> | | | | | | |
| Goodwill | 60.2 | 6.7 | 55.6 | 31.9 | 0.0 | 154.5 |
| Other intangible assets | 6.1 | 9.5 | 8.8 | 13.9 | 0.8 | 39.0 |
| Property, plant and equipment | 41.1 | 35.3 | 31.2 | 35.0 | 0.8 | 143.3 |
| Inventories | 18.3 | 16.9 | 19.1 | 27.0 | (0.8) | 80.5 |
| Trade receivables | 56.8 | 28.9 | 30.6 | 28.4 | (0.0) | 144.6 |
| Segment assets | 182.4 | 97.3 | 145.3 | 136.2 | 0.8 | 562.0 |
| Unallocated assets | 0.0 | 0.0 | 0.0 | 0.0 | 122.1 | 122.1 |
| Total assets | 182.4 | 97.3 | 145.3 | 136.2 | 122.9 | 684.1 |
| Trade payables | 31.2 | 24.0 | 19.9 | 25.1 | 0.8 | 101.0 |
| Unallocated liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 368.9 | 368.9 |
| Total liabilities | 31.2 | 24.0 | 19.9 | 25.1 | 369.7 | 469.9 |
| Capital expenditure | 15.5 | 8.4 | 7.9 | 9.2 | 0.1 | 41.0 |

Prior periods have been restated; refer to note six for further information.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

2.2 SEGMENTS BY GEOGRAPHICAL LOCATION

2.2.1 Sales to customers by geographical location

| MEUR | 2016 | | 2015 | |
|---------------------------|--------------|---------------|----------------|---------------|
| | Jan - Dec | % | Jan - Dec | % |
| Sweden | 91.4 | 9.3 % | 83.0 | 8.2 % |
| Germany | 83.4 | 7.8 % | 96.6 | 9.5 % |
| France | 74.0 | 7.5 % | 70.5 | 6.9 % |
| United Kingdom | 64.7 | 6.6 % | 70.7 | 7.0 % |
| Other EUR | 172.3 | 18.1 % | 181.4 | 17.8 % |
| Total EUR | 485.8 | 49.3 % | 502.2 | 49.4 % |
| USA | 257.8 | 26.2 % | 292.0 | 28.7 % |
| Canada | 66.1 | 6.7 % | 36.4 | 3.6 % |
| NA other | 61.4 | 6.2 % | 77.3 | 7.6 % |
| Total NA | 385.3 | 39.1 % | 405.6 | 39.9 % |
| Brazil | 12.3 | 1.2 % | 11.5 | 1.1 % |
| SA other | 4.2 | 0.4 % | 2.1 | 0.2 % |
| Total SA | 16.5 | 1.7 % | 13.6 | 1.3 % |
| China | 66.5 | 6.7 % | 65.8 | 6.5 % |
| Asia Other | 23.3 | 2.4 % | 21.5 | 2.1 % |
| Total Asia | 89.7 | 9.1 % | 87.2 | 8.6 % |
| Other countries | 8.3 | 0.8 % | 7.3 | 0.7 % |
| Operating revenues | 985.7 | 100 % | 1,016.0 | 100 % |

2.2.2 Non-current assets by geographical location

| MEUR | 2016 | | 2015 | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | Jan - Dec | % | Jan - Dec | % |
| USA | 105.5 | 30.8 % | 107.5 | 31.9 % |
| UK | 10.9 | 3.2 % | 13.8 | 4.1 % |
| Norway | 27.6 | 8.1 % | 25.2 | 7.5 % |
| Germany | 13.8 | 4.0 % | 14.8 | 4.4 % |
| Sweden | 29.5 | 8.6 % | 30.8 | 9.1 % |
| Poland | 56.9 | 16.6 % | 43.3 | 12.8 % |
| Other | 98.2 | 28.7 % | 101.5 | 30.1 % |
| Total Non-Current Assets* | 342.5 | 100 % | 336.8 | 100 % |

* Includes intangible assets, property, plant and equipment

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 3 – Interest-bearing loans and borrowings

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

| MEUR | 31.12.16 | 31.12.15 |
|---|--------------|--------------|
| Non current interest-bearing loans and borrowings | 240.0 | 254.8 |
| Capitalized arrangement fees | (1.7) | (1.0) |
| Total interest-bearing liabilities | 238.4 | 253.9 |
| MEUR | 31.12.16 | 31.12.15 |
| EUR | 120.0 | 123.0 |
| USD | 118.6 | 131.3 |
| Other currencies | 1.5 | 0.5 |
| Capitalized arrangement fee* | (1.7) | (1.0) |
| Total interest-bearing liabilities | 238.4 | 253.9 |

*Amendment fee related to the covenant waiver granted in the fourth quarter was capitalized and will be amortized over the duration of the loan period. Refer to the annual report for further information on new covenants

3.2 Specification of interest-bearing loans and borrowings (in local currencies)

| Facilities | Currency | Total amounts | Maturity/ date | Drawn amount | Interest rate (incl margin) |
|-------------|----------|---------------|----------------|--------------|-----------------------------|
| Tranche EUR | EUR | 182.0 | 01.03.19 | 120.0 | 2.25% |
| Tranche USD | USD | 172.0 | 01.03.19 | 125.0 | 3.00% |

The Group has a short-term bank overdraft facility of MEUR 20.0. Nothing was drawn against the overdraft facility at 31.12.16.

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

| Year | EUR | USD |
|--------------|--------------|--------------|
| 2016 | - | - |
| 2017 | - | - |
| 2018 | - | - |
| 2019 | 182.0 | 172.0 |
| Total | 182.0 | 172.0 |

Since the balance sheet date, an extension of the termination date of one year has been agreed with the banks, from 01.03.2019 to 01.03.2020.

CONDENSED CONSOLIDATED FINANCIAL STATEMENT

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

| MEUR | 31.12.16 | 31.12.15 |
|--------------------------------------|--------------|--------------|
| Cash reserve, excl. restricted cash | 34.2 | 39.6 |
| Undrawn facility* | 106.6 | 85.6 |
| Total (before bank overdraft) | 140.8 | 125.2 |
| Bank overdraft | (0.0) | (0.0) |
| Liquidity reserve | 140.8 | 125.2 |

*Including a short-term overdraft facility of MEUR 20.0 which can be renewed each year.

Note 4 – Net financial items

4.1 Net financials

| MEUR | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--|--------------|--------------|------------|---------------|
| Interest income | 0.1 | 0.0 | 0.2 | 0.1 |
| Interest expenses | (1.5) | (1.9) | (6.9) | (8.2) |
| Foreign currency gains (losses) | (7.5) | (4.1) | 5.4 | (18.3) |
| Change in valuation currency contracts | (0.3) | 1.2 | 3.4 | 1.0 |
| Other financial items* | (0.5) | 0.1 | (1.1) | (3.3) |
| Net financial items | (9.8) | (4.7) | 1.0 | (28.7) |

Prior periods have been restated; refer to note seven for further information.

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

Note 5 – Other events

Sale of North American Headrest and Armrest business in North America

Shortly after year-end, a purchase agreement was signed for the North American Headrest and Armrest business held for sale as of 31.12.2016. The sale concludes the board's decision to exit this business, creating a more focused business.

Loan Agreement

After year-end the Group exercised an option to extend the termination date of the revolving credit facility by one year, from 01.03.2019 to 01.03.2020. The available facility will be slightly reduced in the extension period.

Note 6 – Restated income statements Q1 2015 – Q2 2016

In 2015 and in the first and second quarter of 2016 a commercial currency exposure was recognized in the financial items instead of in the revenues within the Driveline business area. The error has been reclassified from financial items to revenues, the reclassification does not impact net profit. The restatement was done in the third quarter 2016.

| MEUR | Q1 15 | Q2 15 | Q3 15 | Q4 15 | Q1 16 | Q2 16 | FY 2015 |
|--|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 269.2 | 265.1 | 233.4 | 248.3 | 257.2 | 250.7 | 1016.0 |
| Opex | (241.0) | (239.9) | (211.8) | (224.8) | (234.2) | (230.9) | (917.5) |
| EBITDA | 28.2 | 25.2 | 21.6 | 23.4 | 23.1 | 19.8 | 98.5 |
| <i>EBITDA (%)</i> | <i>10.5 %</i> | <i>9.5 %</i> | <i>9.3 %</i> | <i>9.4 %</i> | <i>9.0 %</i> | <i>7.9 %</i> | <i>9.7 %</i> |
| Depreciation and amortization/impairment | (12.4) | (30.9) | (11.2) | (11.6) | (10.5) | (10.7) | (66.1) |
| EBIT | 15.9 | (5.7) | 10.4 | 11.8 | 12.6 | 9.1 | 32.4 |
| <i>EBIT (%)</i> | <i>5.9 %</i> | <i>-2.2 %</i> | <i>4.5 %</i> | <i>4.8 %</i> | <i>4.9 %</i> | <i>3.6 %</i> | <i>3.2 %</i> |
| Net financial items | (6.9) | (1.2) | (15.9) | (4.7) | 7.1 | (0.5) | (28.7) |
| Profit before taxes | 9.0 | (6.9) | (5.5) | 7.1 | 19.7 | 8.6 | 3.7 |
| Reclassification amount | -0.8 | -0.9 | -1.1 | -1.3 | -1.5 | -1.4 | -4.1 |

Driveline

| MEUR | Q1 15 | Q2 15 | Q3 15 | Q4 15 | Q1 16 | Q2 16 | FY 2015 |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | 67.8 | 67.0 | 57.3 | 57.7 | 60.0 | 60.9 | 249.8 |
| Opex | (65.0) | (64.5) | (55.7) | (55.5) | (58.6) | (59.9) | (240.7) |
| EBITDA | 2.8 | 2.5 | 1.6 | 2.2 | 1.4 | 1.0 | 9.1 |
| <i>EBITDA (%)</i> | <i>4.1 %</i> | <i>3.7 %</i> | <i>2.8 %</i> | <i>3.9 %</i> | <i>2.3 %</i> | <i>1.7 %</i> | <i>3.6 %</i> |
| Depreciation and amortization/impairment | (2.6) | (2.7) | (2.7) | (3.0) | (2.5) | (2.6) | (11.0) |
| EBIT | 0.2 | (0.2) | (1.1) | (0.7) | (1.1) | (1.6) | (1.9) |
| <i>EBIT (%)</i> | <i>0.3 %</i> | <i>-0.3 %</i> | <i>-2.0 %</i> | <i>-1.2 %</i> | <i>-1.8 %</i> | <i>-2.6 %</i> | <i>-0.8 %</i> |
| Reclassification amount | -0.8 | -0.9 | -1.1 | -1.3 | -1.5 | -1.4 | -4.1 |



OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS:

| | |
|----------------------|---------------------|
| Bruce E. Taylor | Chairman |
| Thomas Falck | Shareholder elected |
| Malin Persson | Shareholder elected |
| Ellen M. Hanetho | Shareholder elected |
| Jon Ivar Jørnby | Employee elected |
| Kari Brænden Aaslund | Employee elected |
| Kjell Kristiansen | Employee elected |

EXECUTIVE COMMITTEE:

| | |
|-------------------|---|
| Henning E. Jensen | President & CEO |
| Norbert Loers | Executive Vice President & CFO |
| Anders Nyström | Executive Vice President, Interior Comfort Systems |
| Geert Quaegebeur | Executive Vice President, Powertrain & Chassis Products |
| Scott Paquette | Executive Vice President, Driver Control |
| David Redfearn | Executive Vice President, Fluid Transfer |
| Lovisa Söderholm | Executive Vice President, Purchasing |
| Philippe Toth | Executive Vice President Business Development & IR |
| Matthias Vogel | Executive Vice President, Quality, HSE & CR |

INVESTOR RELATIONS:

| | |
|---------------|----------------|
| Philippe Toth | +47 982 14 021 |
|---------------|----------------|

CORPORATE COMMUNICATIONS:

| | |
|-------------------|-----------------|
| Fredrik Tangeraas | +47 32 77 05 35 |
|-------------------|-----------------|

FINANCIAL CALENDAR:

Publication of the quarterly financial statements:

| | Interim reports | Presentation |
|------------------|------------------|------------------|
| 4th quarter 2016 | 28 February 2017 | 28 February 2017 |
| 1st quarter 2017 | 8 May 2017 | 9 May 2017 |
| 2nd quarter 2017 | 7 August 2017 | 8 August 2017 |
| 3rd quarter 2017 | 7 November 2017 | 8 November 2017 |

Kongsberg Automotive ASA

Dyrmyrgata 48
3601 Kongsberg, Norway
Phone +47 32 77 05 00

www.kongsbergautomotive.com



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Kongsberg Automotive ASA, Dyrmyrgata 48, 3601 Kongsberg, Norway, Phone +47 32 77 05 00

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