



**KONGSBERG
AUTOMOTIVE**
Q1 2022 EARNINGS CALL

MAY 13, 2022



FORWARD-LOOKING STATEMENTS AND NON-IFRS MEASURES

FORWARD-LOOKING STATEMENTS

This presentation contains certain “forward-looking statements”. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in the 2020 Kongsberg Automotive Annual Report and the Kongsberg Automotive Quarterly Reports.

NON-IFRS MEASURES

Where we have used non-IFRS financial measures, reconciliations to the most comparable IFRS measure are provided, along with a disclosure on the usefulness of the non-IFRS measure, in this presentation.



AGENDA

EXECUTIVE SUMMARY

FINANCIAL HIGHLIGHTS & NBW

MARKET SUMMARY

SEGMENT HIGHLIGHTS

GROUP FINANCIAL UPDATE

OUTLOOK

Q&A

TODAY'S PRESENTERS



JOERG BUCHHEIM

CEO // Zurich (Switzerland)



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CFO // Zurich (Switzerland)

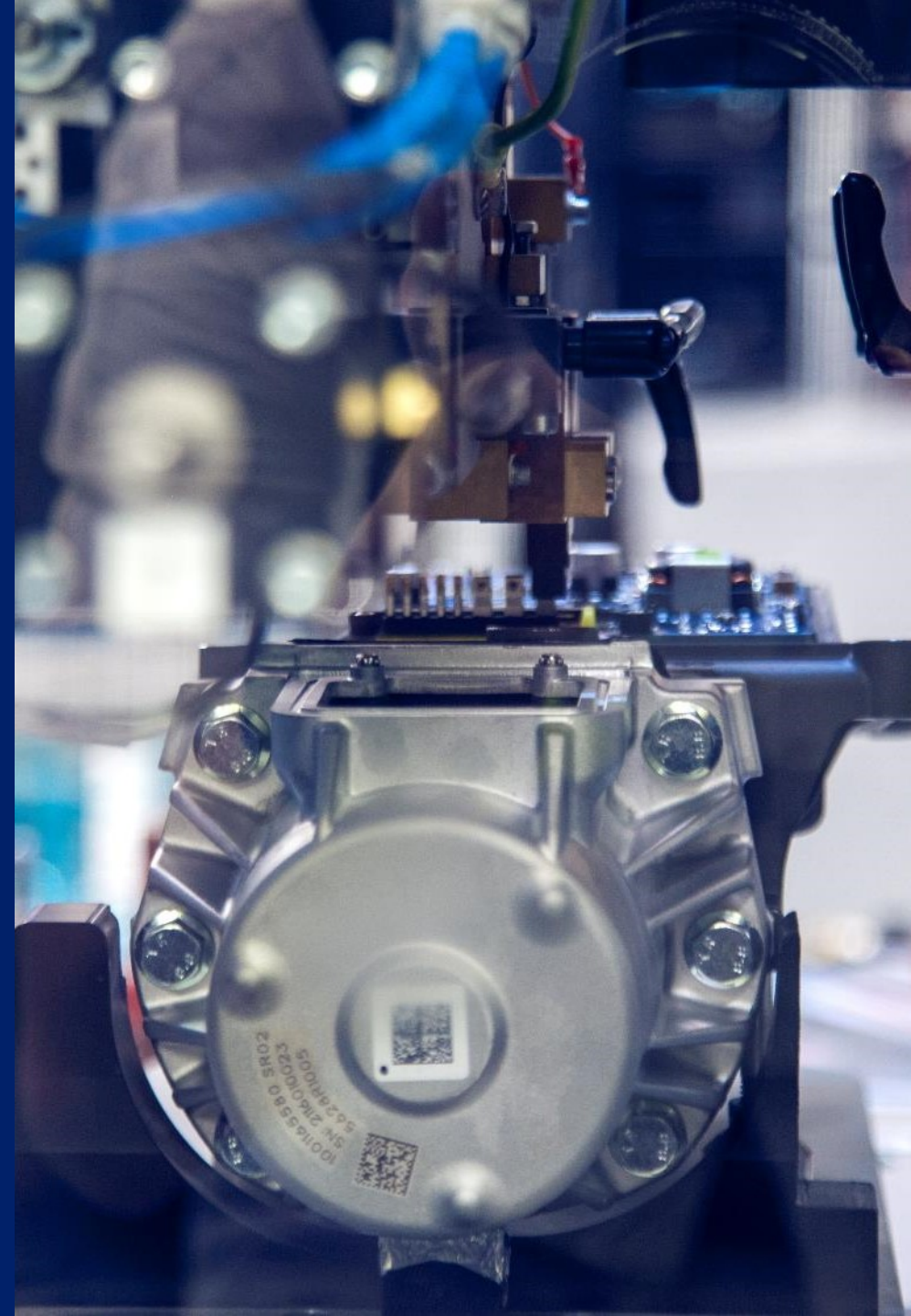


EXECUTIVE SUMMARY

REVENUE MAINTAINED; EARNINGS PRESSURED BY COSTS

Comparisons are to 2021 results restated to exclude discontinued operation

REVENUES €218.8M Increase of 0.6% vs. Q1 2021	ADJ. EBIT €7.6M Impacted by abnormally high costs of raw materials, semiconductors and freight
NEW BUSINESS €239.1M Lifetime revenue of business wins during the quarter	FREE CASH FLOW €-10.8M Decrease from the positive FCF of €3.3m in Q1 2021



AT A GLANCE

NATURE AND IMPACT OF DISRUPTIONS VARIED ACROSS GEOGRAPHIES AND PRODUCTS

REVENUES			
	NORTH AMERICA	EUROPE	ASIA INCL. CHINA
PASSENGER VEHICLES	↑ +16.4%	↓ -23.8%	→ +0.0%
COMMERCIAL VEHICLES	↓ -2.5%	↑ +8.8%	↓ -36.90%
OTHER	↑ +15.3%		

Change in revenue at constant currencies from Q1 2021 to Q1 2022 for selected regions and markets



- > The supply chain situation has impacted both our production volumes and our earnings
- > Earnings were hit by lower volumes, which reduced production efficiency, even though price increases and currency effects meant reported revenues were stable.
- > Earnings were also reduced by increased costs of resin, brass and steel, and semiconductors – as well as increased associated freight costs



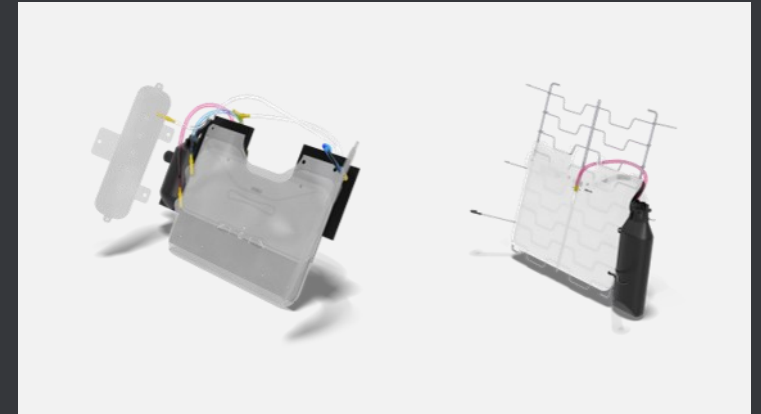
- > Shift Gear contributed MEUR 7.5 in Q1 through operational improvements, purchasing, commercial excellence, cash management and reduced overhead costs.
- > Divestment of Interior Comfort Systems and Light-Duty Cables have both closed successfully as of the reporting date, and these units are reported separately as discontinued operation



EXECUTIVE SUMMARY

DISCONTINUED OPERATION

- On February 28, 2022, Kongsberg Automotive has successfully completed the sale of its Interior Comfort Systems (ICS) business unit to Lear Corporation for an enterprise value of MEUR 175.0.
- Kongsberg Automotive received the initial proceeds of MEUR 165.9 from this sale transaction.
- The net profit from discontinued operation of MEUR 14.6 contains initial net gain on sale of discontinued operation of MEUR 21.5. Net operating loss in Q1 2022 was MEUR 6.5.
- After the balance sheet date, we completed the sale of Light Duty Cables (LDC) to Suprajit Engineering Limited for an enterprise value of MEUR 37.7.



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SEGMENT HIGHLIGHTS

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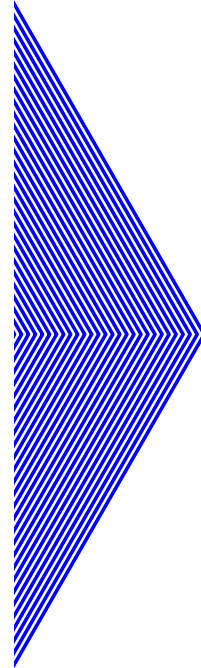
GLOBAL MARKET SITUATION INTENSIFIED DUE TO VARIOUS DISRUPTIVE FACTORS

CURRENT TRIGGERS FOR DISRUPTION

COVID-19
(ESP. SHANGHAI LOCKDOWN)

UKRAINE WAR

SEMICONDUCTOR SHORTAGE



MACROECONOMIC FACTORS AFFECTING GLOBAL MARKET ENVIRONMENT

+13% raw material prices in 2022 so far compared to 2021 averages as a result of the war in Ukraine

\$46bn monthly cost in China due to Shanghai Lockdown as part of China's zero-COVID policy which continues to disrupt global supply chains

+25% p.a. demand increase in response to the semiconductor shortage that keeps causing delays in global supply chains

+8.5% and +7.5 inflation in US and Europe accelerates with energy prices as principal driver while central banks face risk of economic decline and recession as they try to control prices

-1.3 decline of consumer confidence in OECD global consumer confidence index due to intensified inflation pressure (OECD global consumer confidence index fell to 97.7 in March vs. 98.4 in February)

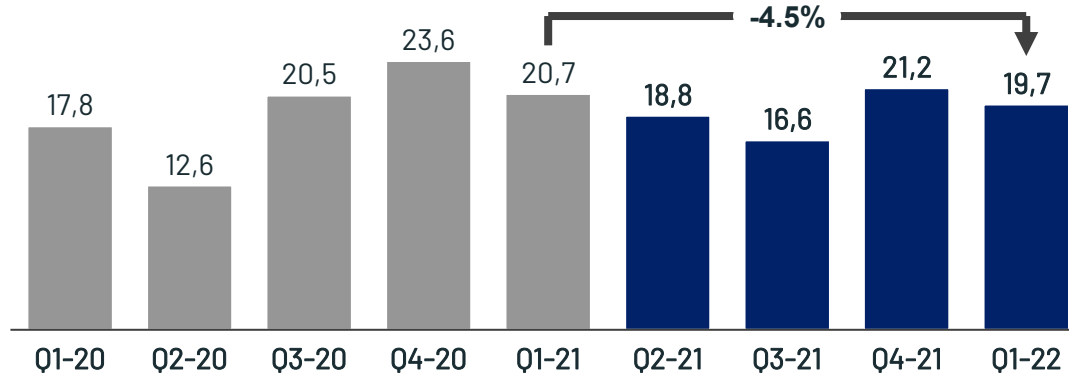


MARKET TRENDS

LOWER ACTIVITY OBSERVED IN ALL MARKETS

MARKET DEVELOPMENT

GLOBAL PASSENGER CAR PRODUCTION, in million units



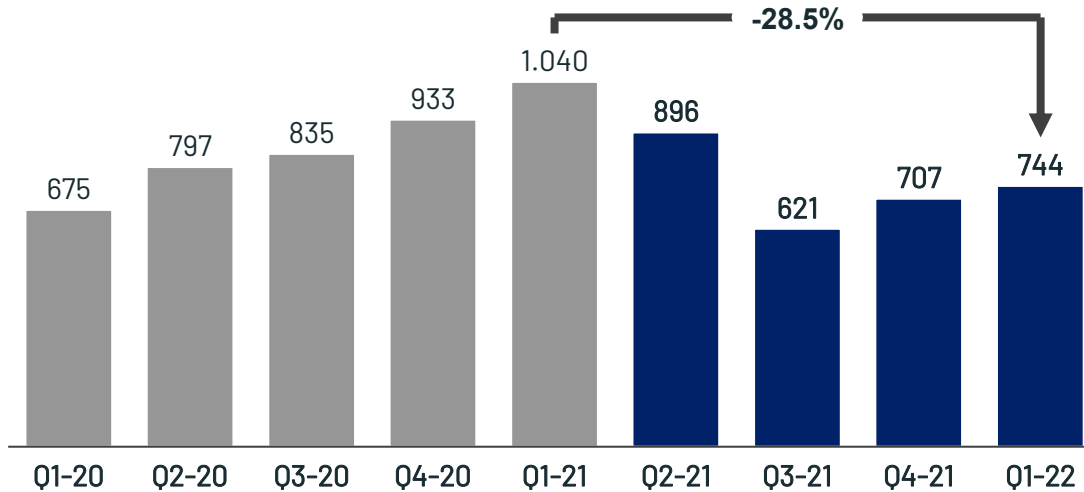
REGION

Q1-22 vs. Q1-21

2022 vs. 2021

China	+5.9%	-0.9%
APAC w/o China	-6.2%	+4.3%
Europe	-18.3%	+3.8%
North America	-1.8%	+13.0%
South America	-12.7%	+10.0%
Rest of World	+13.6%	+13.5%
Total	-4.5%	+4.4%
Total (excl. China)	-8.6%	+6.9%

GLOBAL TRUCK PRODUCTION, in thousand units

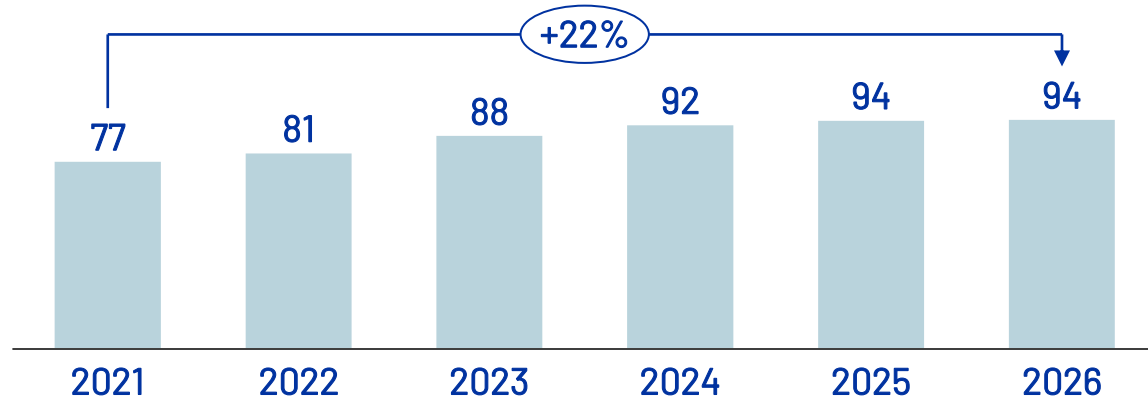


China	-53.0%	-19.7%
APAC w/o China	0.0%	+5.9%
Europe	-4.0%	-4.8%
North America	+4.4%	+10.8%
South America	+8.6%	+3.7%
Rest of World	+18.7%	+20.8%
Total	-28.5%	-6.5%
Total (excl. China)	+0.8%	+4.2%

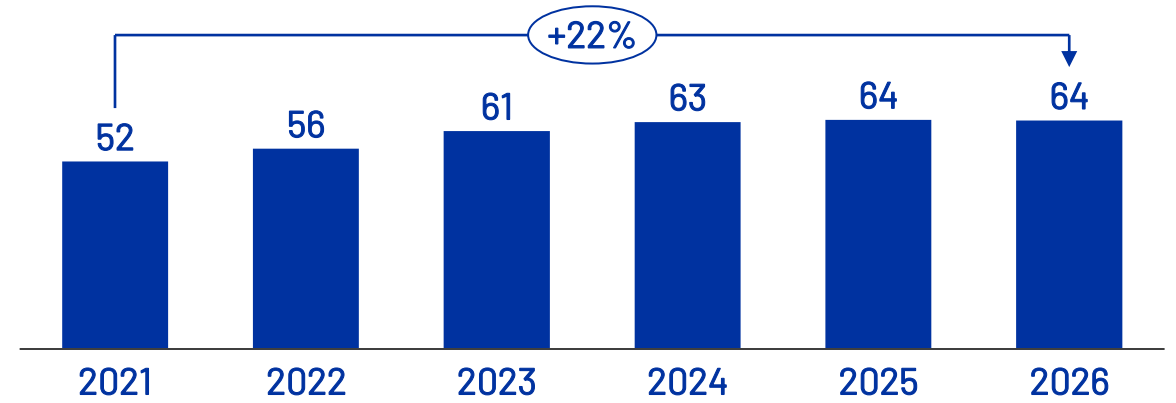
Source: IHS Light Vehicle Production Base (April 2022); LMC Global Commercial Vehicle Forecast (Q1 2022)

MARKET FORECASTS - OUTLOOK

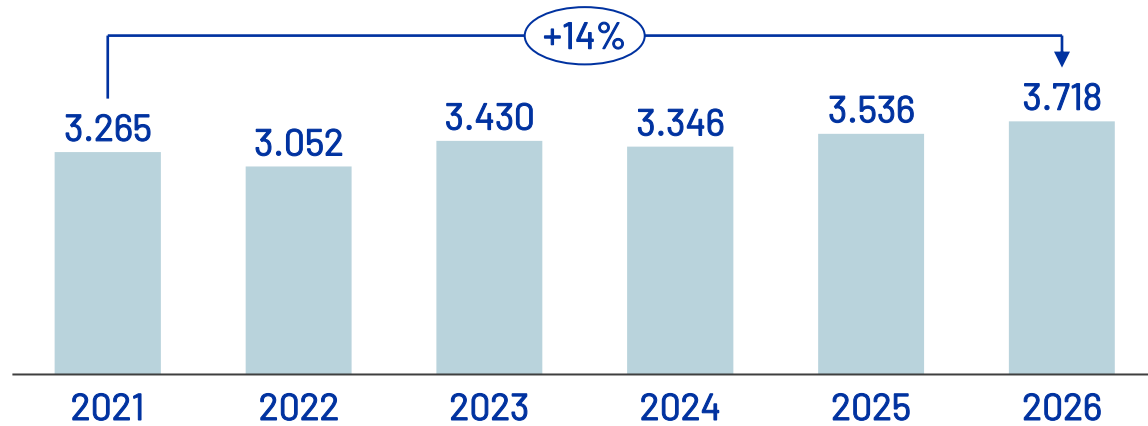
GLOBAL PASSENGER CAR PRODUCTION, SALES IN MILLION UNITS, INCLUDING CHINA



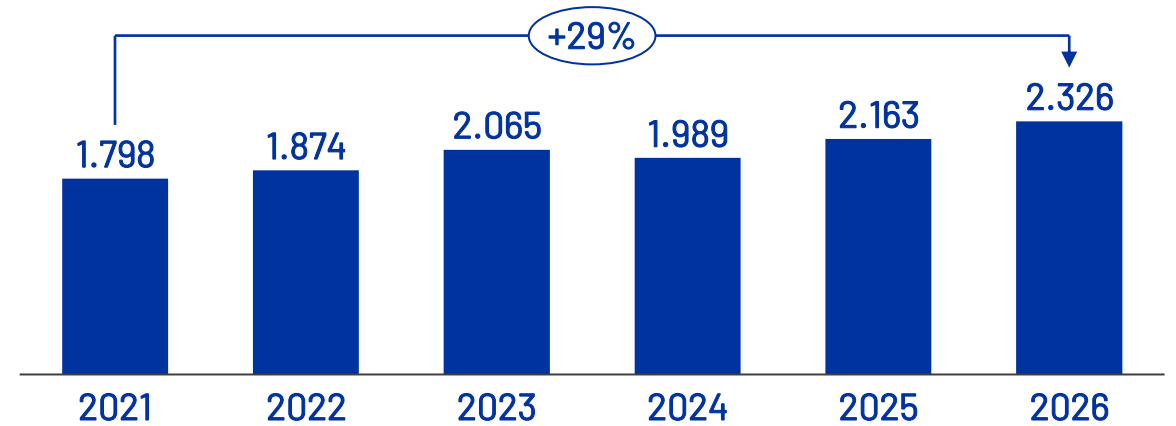
GLOBAL PASSENGER CAR PRODUCTION, SALES IN MILLION UNITS, EXCLUDING CHINA



GLOBAL TRUCK PRODUCTION, SALES IN THOUSAND UNITS, INCLUDING CHINA



GLOBAL TRUCK PRODUCTION, SALES IN THOUSAND UNITS, EXCLUDING CHINA



Source: IHS Light Vehicle Production Base (April 2022); LMC Global Commercial Vehicle Forecast (Q1 2022)





EXECUTIVE SUMMARY

MARKET SUMMARY

**FINANCIAL HIGHLIGHTS &
NEW BUSINESS WINS**

SEGMENT HIGHLIGHTS

GROUP FINANCIAL UPDATE

Q&A



REVENUES: SOLID Q1 IN COMPARISON WITH THE LAST FOUR YEARS

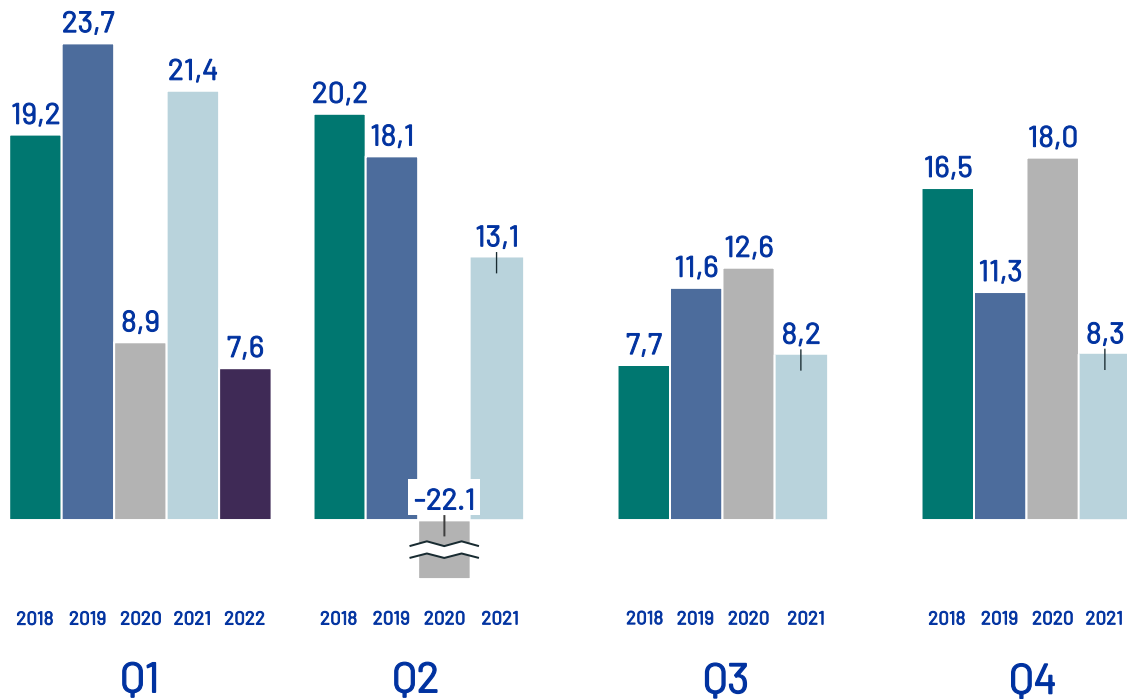
QUARTERLY REVENUES (continuing operations), MEUR



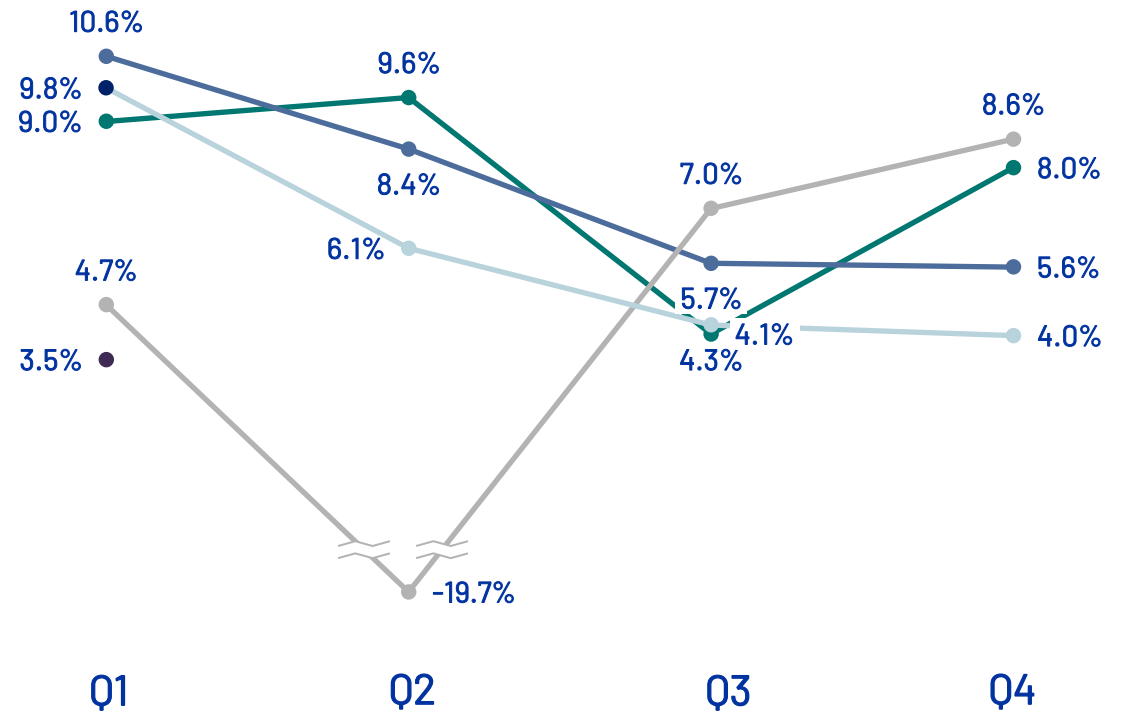
ADJUSTED EBIT: Q1 2022 EARNINGS SEVERELY IMPACTED BY THE EXTRA COSTS RELATED TO THE SEMICONDUCTOR AND RAW MATERIAL CRISIS

QUARTERLY ADJ. EBIT (continuing operations), MEUR AND % OF REVENUES

2018 2019 2020 2021 2022

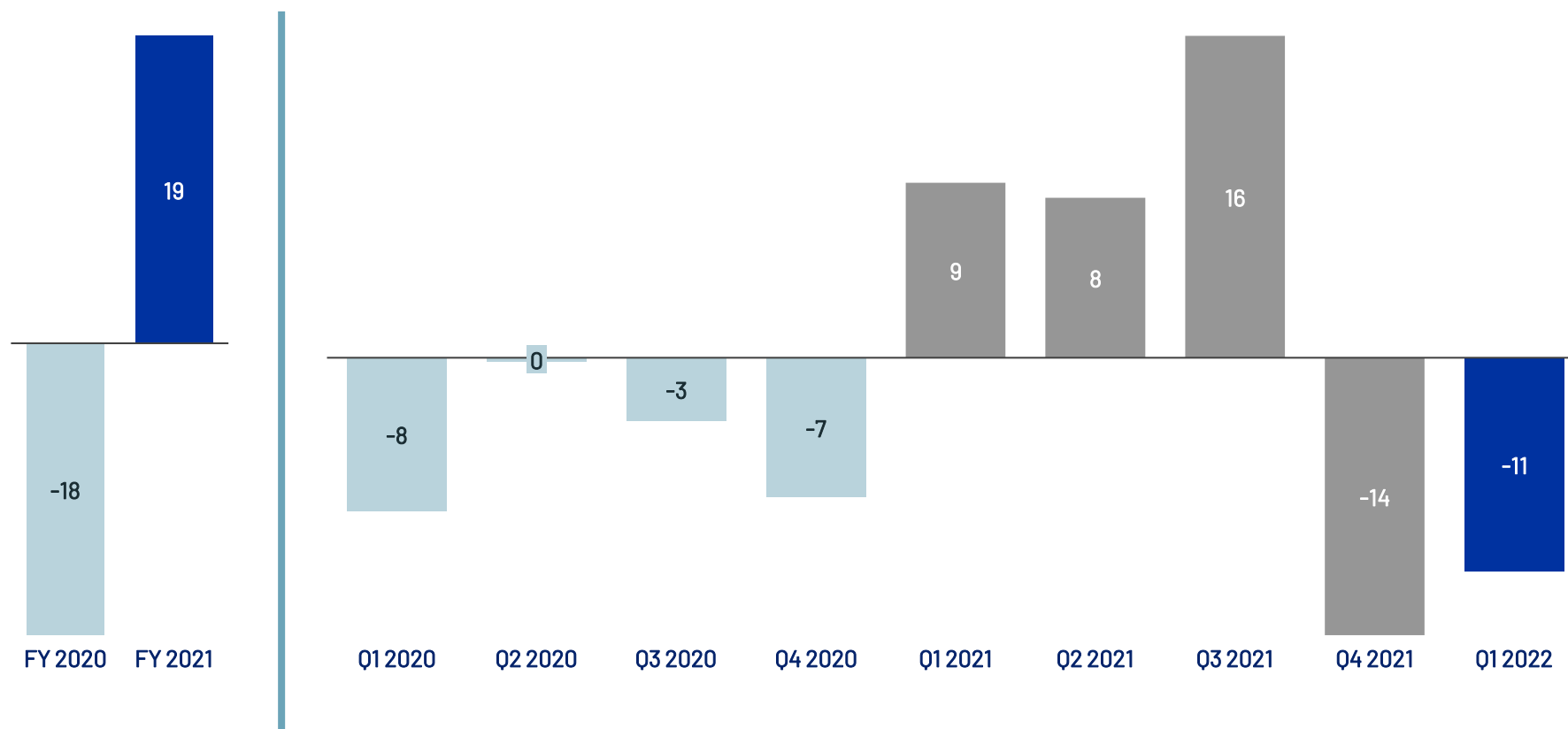


2018 2019 2020 2021 2022



FREE CASH FLOW: STRICT SPEND CONTROL COULD NOT COMPENSATE SEMICONDUCTOR AND RAW MATERIAL SITUATION

FREE CASH FLOW¹ (continuing operations), MEUR



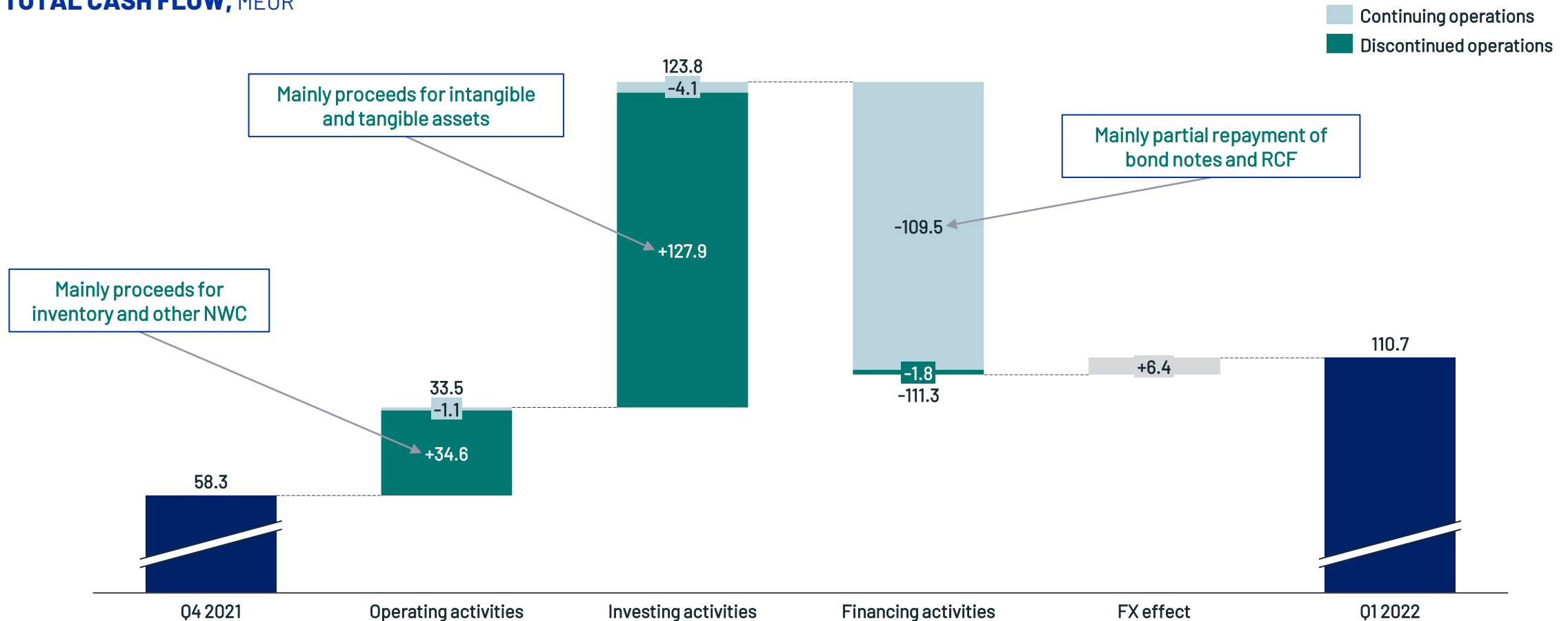
Q1 2022 FCF DETAILS

Operating activities	-1.1
Therein: Overall NWC increase	-13.9
Investing activities	-4.1
Financing activities	-109.5
Therein:	
Payments of interests and lease liabilities	-3.8
Repayment of RCF	-20.0
Redemption of bond notes at premium	-76.9
Currency and translation effects on cash flow	+6.4
Total	-108.3
excluding Net Draw-down and Repayment of debt	+97.6
FCF	-10.8

1. Free Cash Flow is measured based on sum of cash flow from operating activities, investing activities, financial activities and currency effects on cash (together described as Change in cash), excluding net draw-down/repayment of debt and proceeds received from capital increase/purchase of treasury shares.

TOTAL CASH FLOW – CONTINUING AND DISCONTINUED OPERATIONS

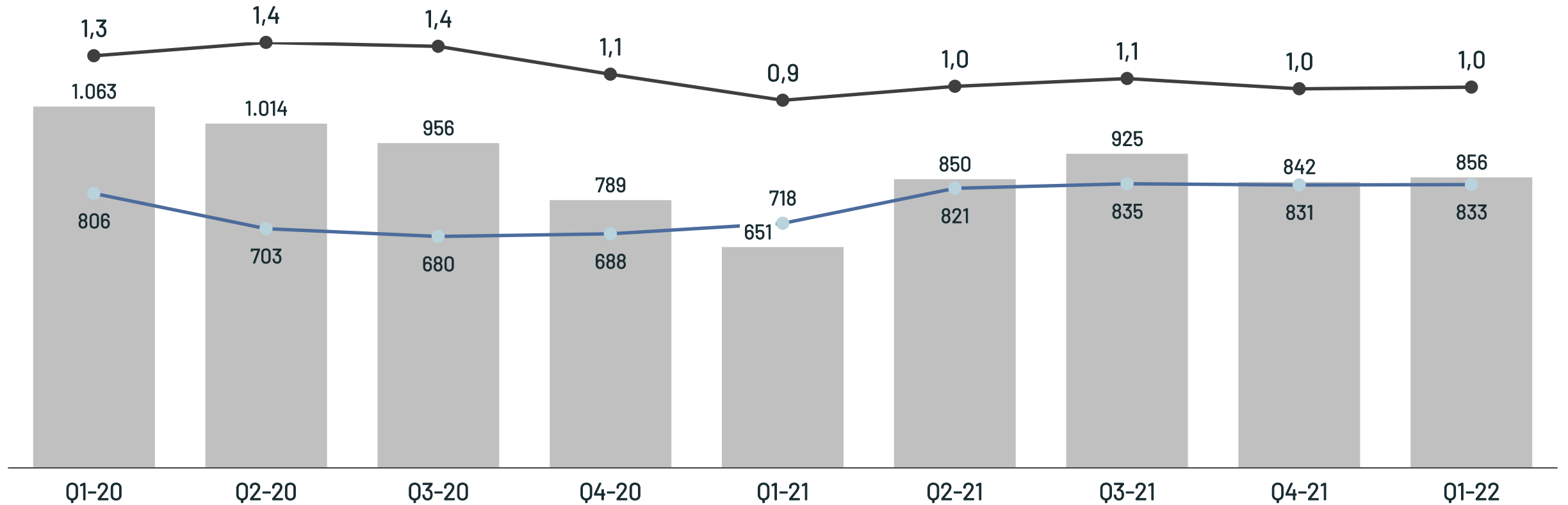
TOTAL CASH FLOW, MEUR



BOOK-TO-BILL PERFORMANCE (CONTINUING OPERATIONS): FAVORABLE BUSINESS VOLUMES SUSTAINED IN Q1 2022

BOOK-TO-BILL PERFORMANCE, MEUR

■ New business wins (lifetime sales¹, last 12 months in EUR) ● Revenues (last 12 months in EUR) ● Book-to-bill ratio



1. Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking



An aerial photograph of a road and forest, overlaid with a semi-transparent blue diamond shape. The road is visible in the top left and bottom right corners, curving through a dense forest. The blue overlay is a large, semi-transparent diamond shape that covers most of the image, with the text positioned on the left side.

EXECUTIVE SUMMARY

MARKET SUMMARY

FINANCIAL HIGHLIGHTS & NBW

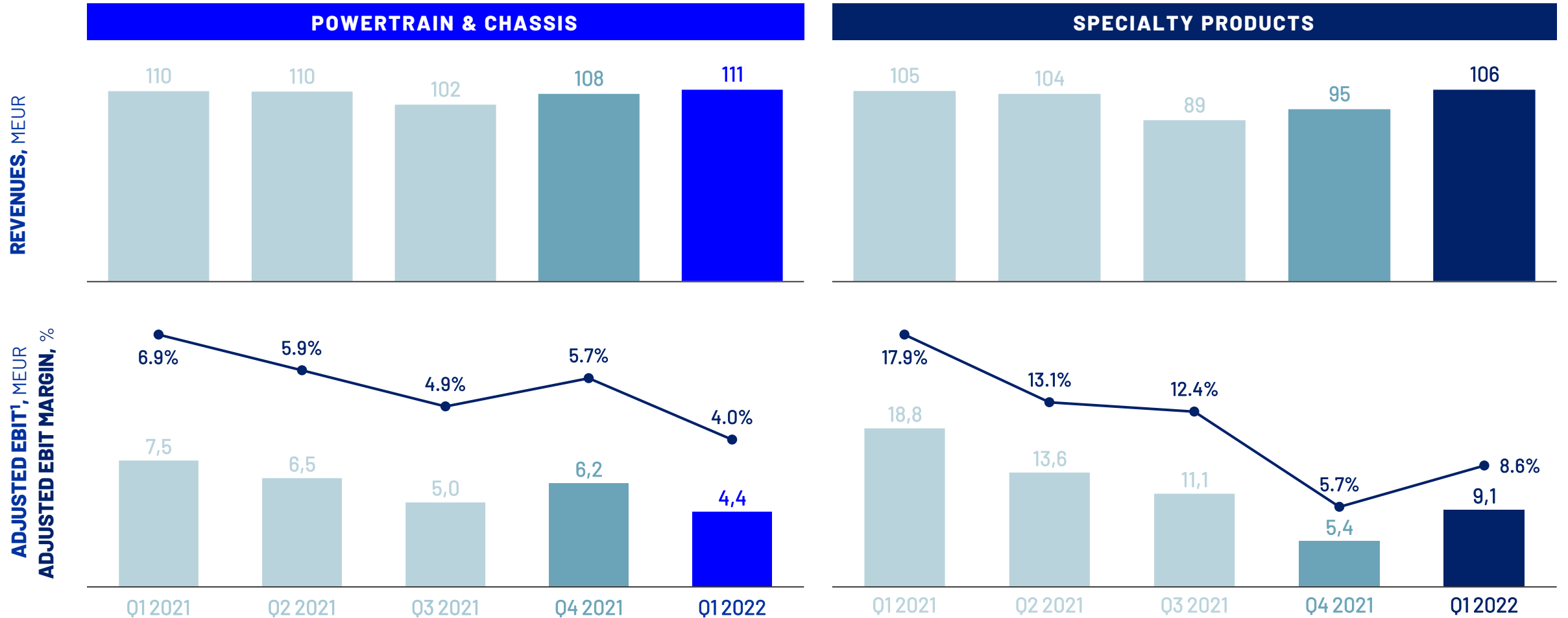
SEGMENT HIGHLIGHTS

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SEGMENT FINANCIALS: SEGMENTS IMPACTED BY SEMICONDUCTOR AND RAW MATERIALS SITUATION

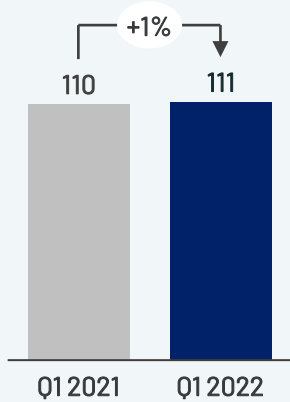


SEGMENT HIGHLIGHTS

POWERTRAIN & CHASSIS

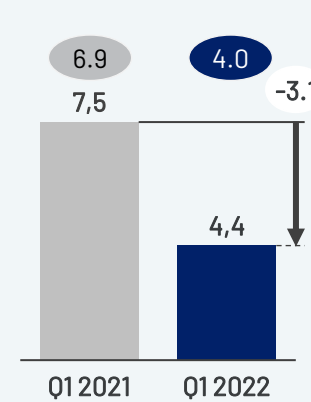
Adj. EBIT margin (%)

REVENUES, MEUR



Revenues in Powertrain & Chassis slightly increased by MEUR 0.8 (+0.7%) to MEUR 110.7 in the first quarter 2022 compared to the same quarter in 2021, including positive currency translation effects of MEUR 5.3. On a constant currency basis, revenues in Q1 2022 decreased by MEUR 4.5 compared to Q1 2021, which was mainly driven by decrease in the European passenger car market and the Chinese commercial vehicles end market (MEUR 5.2 and MEUR 3.8, respectively). This was partially offset by the revenues in passenger car end market in North America, which grew by MEUR 2.2, and revenues in the commercial vehicles end market in Europe, which increased by MEUR 2.8.

ADJ. EBIT, MEUR

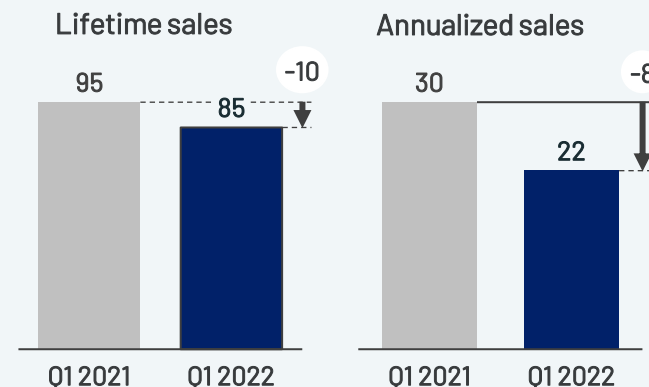


Adjusted EBIT was MEUR 4.4 in the first quarter 2022, a significant decline of MEUR 3.1 (-40.8%) compared to the adjusted EBIT in Q1 last year. This was mainly driven by the highly detrimental material shortages of electronic components, resin, and steel as well as by the strict lockdown restrictions in China. However, this negative impact was partially mitigated by the successful implementation of the Shift Gear measures.

OPERATIONS

P&C operations in Q1 were dramatically impacted by material cost premiums, increases in energy and freight costs as well as delays in sales price increases. Productivity improvements continued to be good and will reap large benefits when sales prices catch up to the costs of materials, labor and energy in subsequent quarters. Large effort was put into resourcing components from troubled suppliers. Slowing truck market in China adversely impacted performance in this key growth market. Shift Gear improvements contributed to mitigate effectively cost increases in all regions.

NEW BUSINESS WINS, MEUR

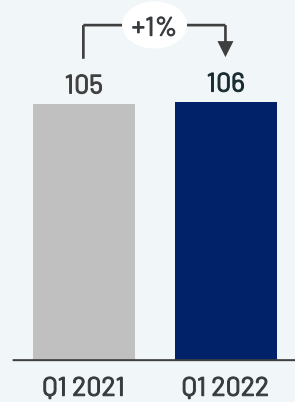


Within the quarter, Powertrain & Chassis was awarded two significant contracts: one to supply Gear Shift Systems to a French automobile manufacturer (MEUR 41.0 in expected lifetime revenue and MEUR 6.0 in expected annualized revenue) and one to supply Electronic Actuators to a Chinese OEM (MEUR 17.4 in expected lifetime revenue and MEUR 4.4 in expected annualized revenue).

SEGMENT HIGHLIGHTS SPECIALTY PRODUCTS

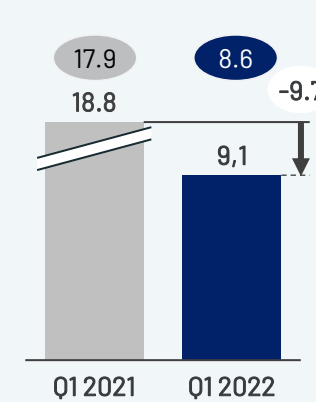
Adj. EBIT margin (%)

REVENUES, MEUR



Excluding the cable-related part of the Off-Highway business, which is included in discontinued operation, revenues in Specialty Products slightly increased by MEUR 0.7 (+0.7%) to MEUR 105.9 compared to the first quarter of 2021, including positive currency translation effects of MEUR 4.9. On the constant currency basis, revenues of the Off-Highway business declined by MEUR 6.8 compared to Q1 2021, which was partially offset by the increase of the Fluid Transfer Systems' revenues of MEUR 3.5 versus the first quarter of previous year. Revenues of the Couplings business remained stable.

ADJ. EBIT, MEUR

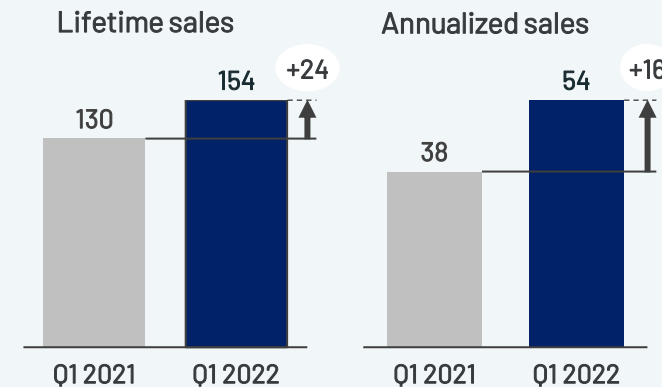


Adjusted EBIT was MEUR 9.1 in the first quarter of 2022, a decrease of MEUR 9.7 (-51.5%) compared to the same quarter of last year. Adjusted EBIT declined mainly due to the disproportional increase in costs related to impacts of the electronic components supply chain crisis and higher raw material cost as well as by the strict lockdown restrictions in China.

OPERATIONS

Coupling's plant operations in Norway were impacted by several covid cases in the beginning of the quarter, generating backlog that were difficult to overcome due to supply chain challenges. Capacity expansion in facilities of FTS in Mexico and Poland are on track and will be in delivered on time and in line with the growth expectations. Material availability for certain products has remained challenging and is expected to continue during the year 2022.

NEW BUSINESS WINS, MEUR



During the first quarter 2022, total business wins amounted to MEUR 154.1 of lifetime revenues (MEUR 53.6 in annualized revenues).

Within the quarter, Couplings was awarded a contract with a major German automobile manufacturer that totals MEUR 14.0 in expected annualized revenue and MEUR 42.1 in expected lifetime revenue.

EXECUTIVE SUMMARY

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GROUP FINANCIAL UPDATE

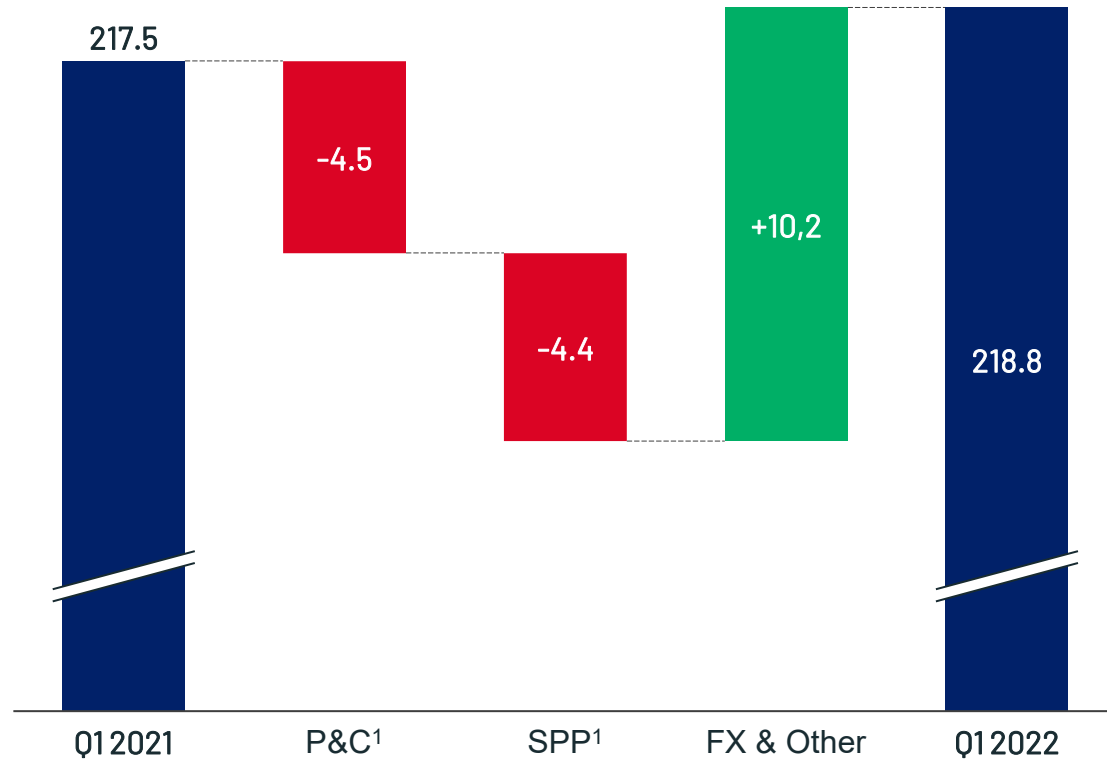
OUTLOOK

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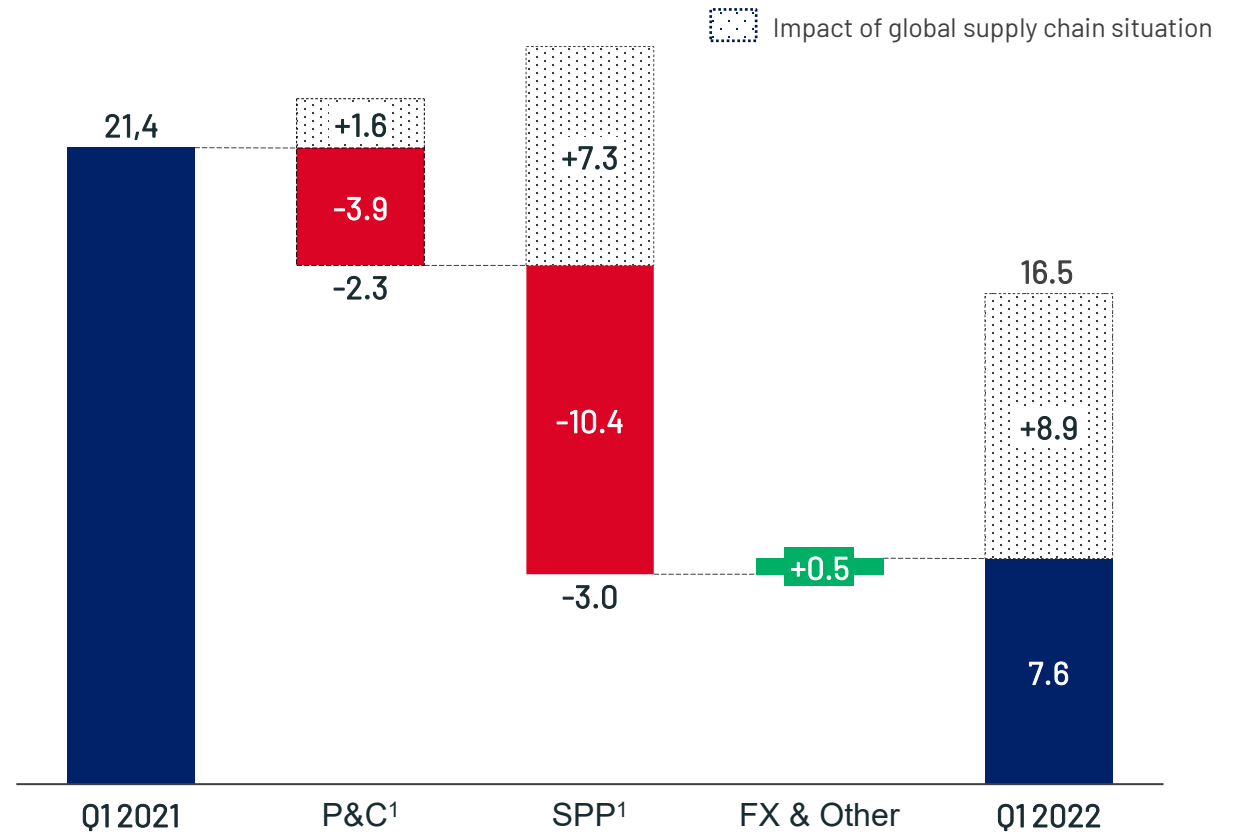


Q1 2022 REVENUES AND ADJ. EBIT: POSITIVE TRANSLATION EFFECTS COMPENSATE DECLINE IN SALES VOLUME; ADJ EBIT IMPACTED BY SUPPLY CHAIN CRISIS

REVENUES (continuing operations), MEUR



ADJ. EBIT (continuing operations), MEUR



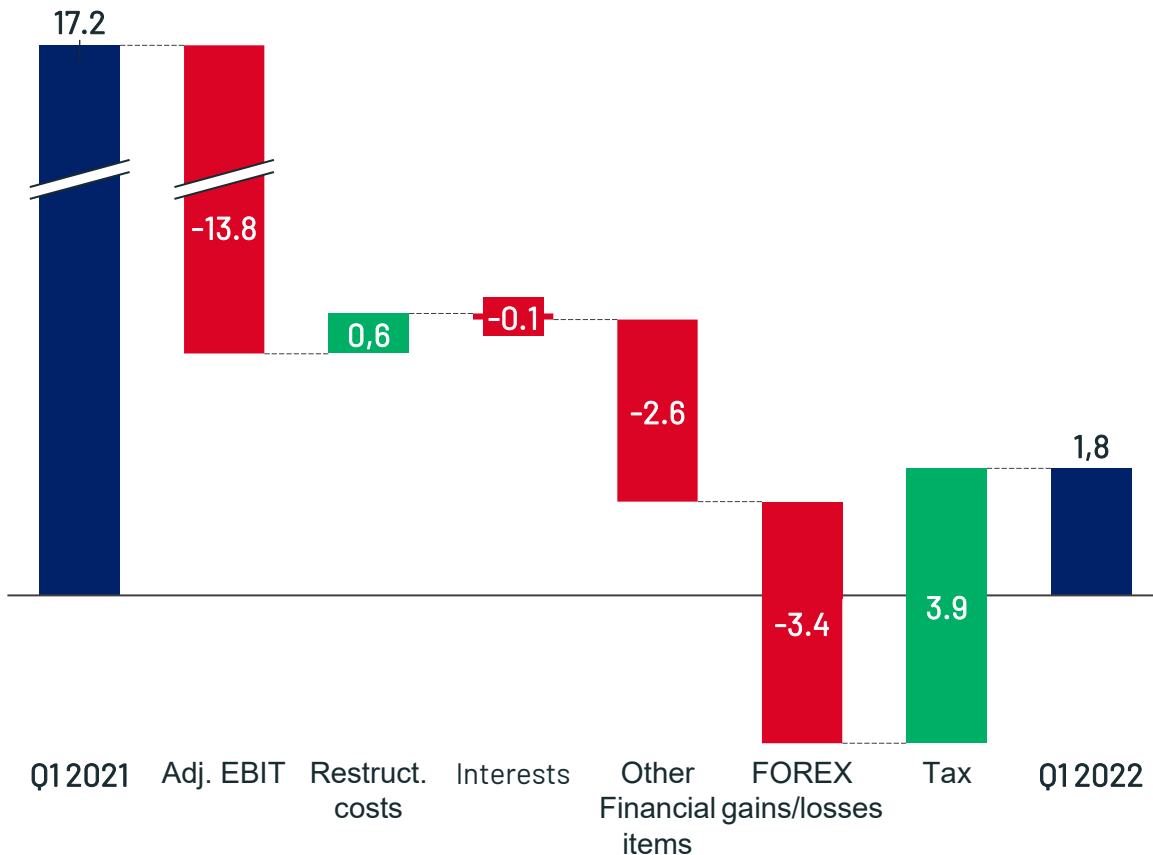
1. Variances excluding FX translation effects



Q1 2021 VS Q1 2022

NET INCOME DEVELOPMENT

NET INCOME DEVELOPMENT (continuing operations), MEUR



ADJUSTED EBIT

- » Adj. EBIT lower by MEUR 13.8 compared to Q1 2021 due to the abnormally significant disruptions in the supply chain throughout the automotive sector.

INTEREST

- » The interest expenses in Q1 2022 were slightly higher than in Q1 2021 (MEUR 4.5 in Q1 2022 vs. MEUR 4.4 in Q1 2021).

FOREX GAINS/LOSSES

- » Foreign currency gains were MEUR 4.3 in Q1 2022 compared to the gains of MEUR 7.8 in Q1 2021.

TAXES

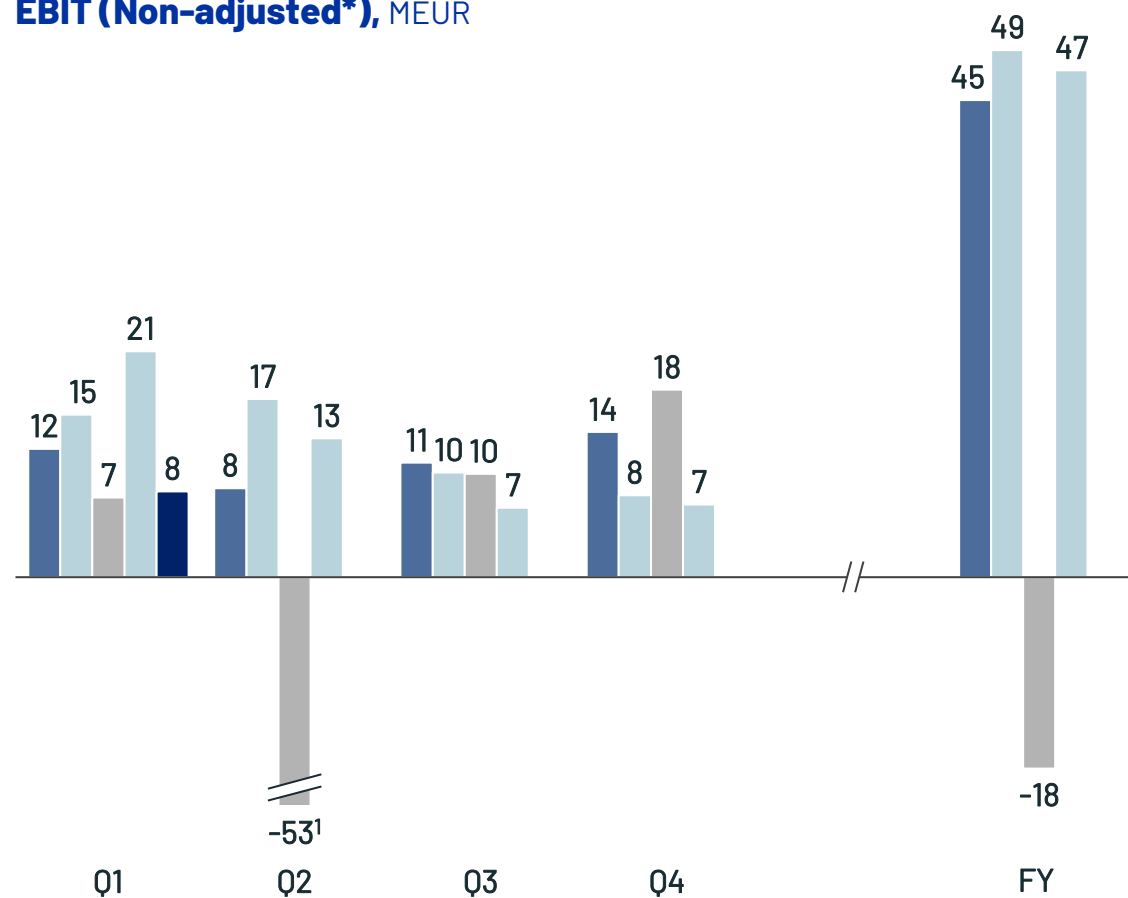
- » Tax expenses in Q1 2022 amounted to MEUR 2.6 compared to MEUR 6.5 in Q1 2021. The tax rate was impacted by prior year adjustment.



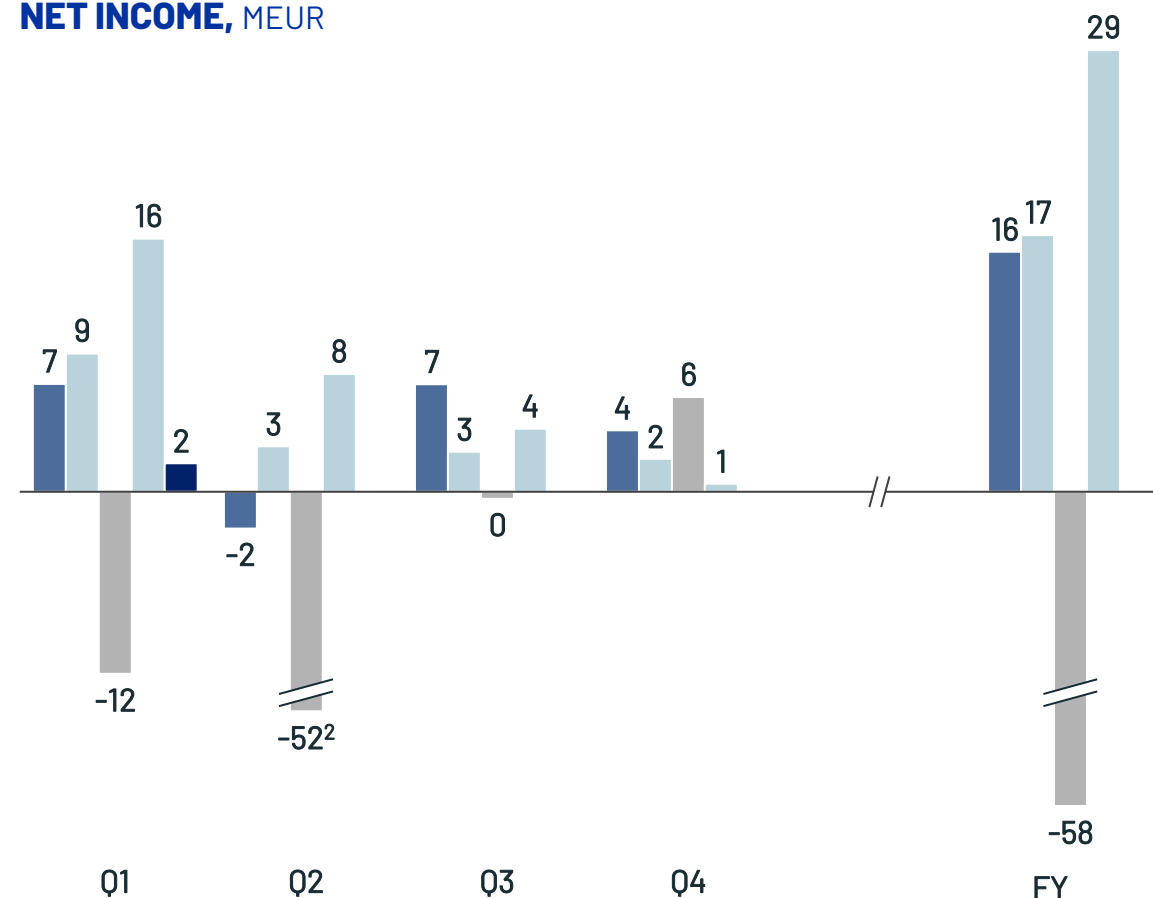
EBIT & NET INCOME (CONTINUING OPERATIONS)

2018 2019 2020 2021 2022

EBIT (Non-adjusted*), MEUR



NET INCOME, MEUR

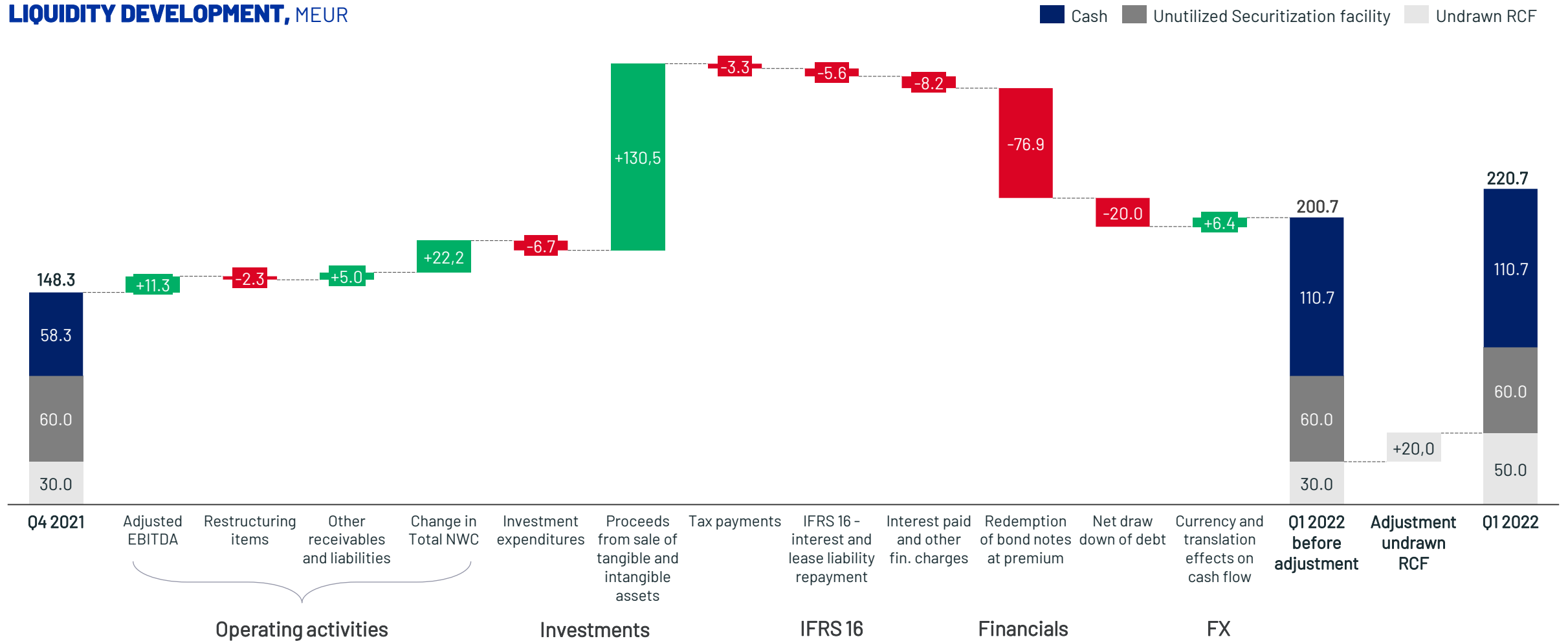


* Adjusted EBIT is EBIT before restructuring costs.



LIQUIDITY DEVELOPMENT FOR THE WHOLE GROUP

LIQUIDITY DEVELOPMENT, MEUR



NET FINANCIAL ITEMS (CONTINUING OPERATIONS)

FOREX GAINS/LOSSES

The foreign exchange effects in Q1 2022 are made up of:

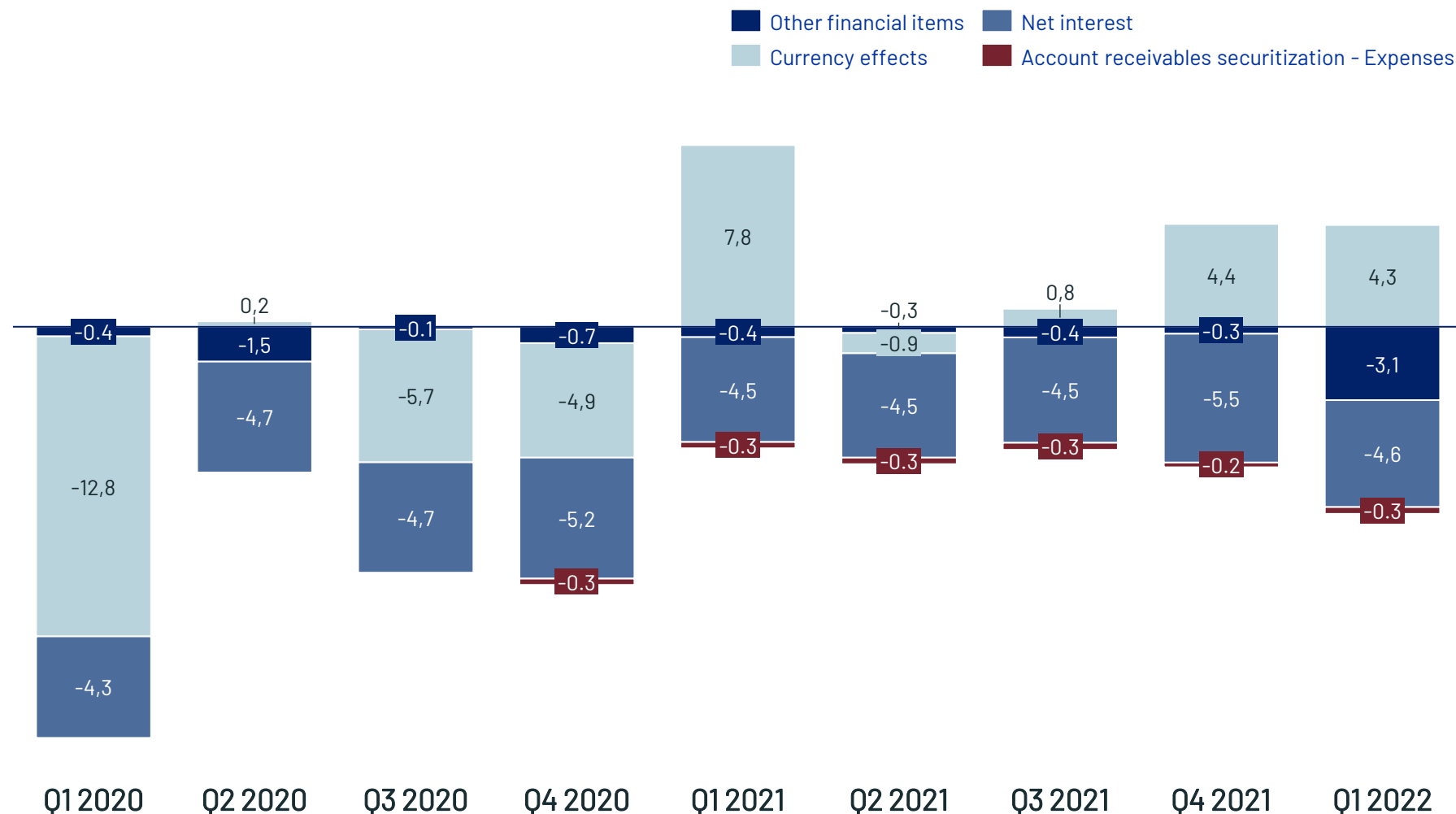
- > realized foreign exchange loss of MEUR 0.1
- > unrealized foreign exchange gain of MEUR 4.4

INTEREST

The main elements were the IFRS16 interest of MEUR 0.9 and accrued interest for the bond and RCF of MEUR 3.7

OTHER FINANCIAL ITEMS

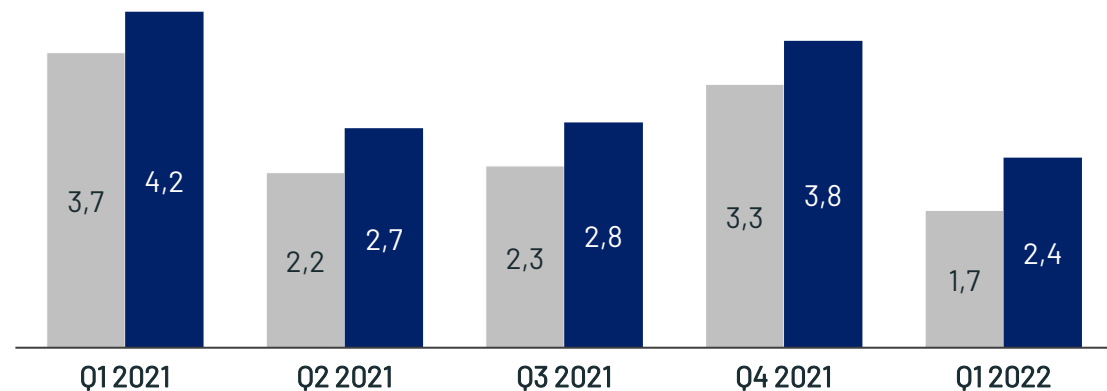
In Q1 2022 this position includes one-time expense of MEUR 2.8 related to related to the partial repayment of the bond notes in March 2022



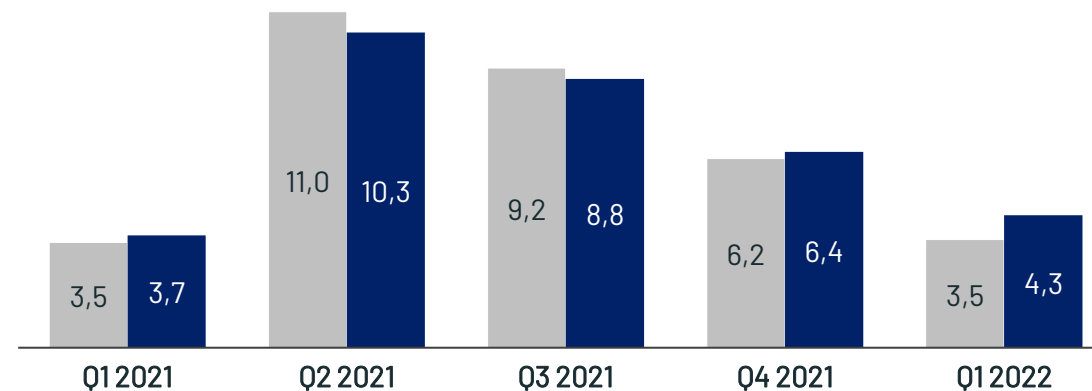
FINANCIAL RATIOS (WHOLE GROUP⁵)

■ Excluding IFRS16
 ■ Incl. IFRS 16 effect

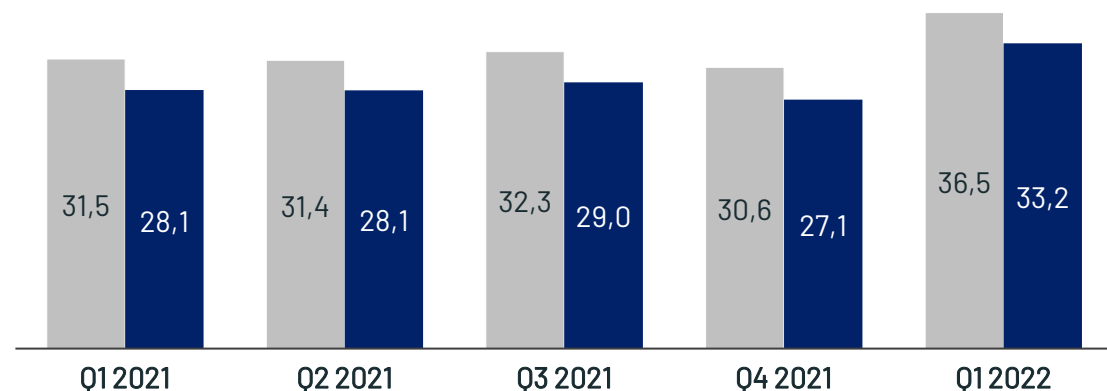
ADJUSTED GEARING RATIO¹, NIBD²/EBITDA, LTM



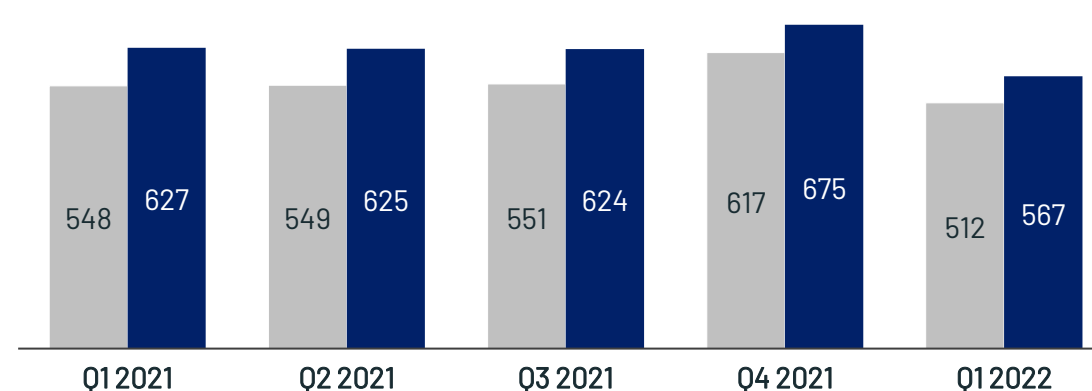
ADJUSTED ROCE¹, %, LTM



EQUITY RATIO⁴, %



CAPITAL EMPLOYED³, MEUR



1. Excluding restructuring costs and impairment losses in Q2 2020

2. Net interest-bearing debt

3. Capital employed at quarter end

4. As the indices are calculated based on the figures from last 12 months, they are impacted by the capital increases in Q2 and Q3 2020

5. Includes continuing and discontinued operations



EXECUTIVE SUMMARY

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FINANCIAL HIGHLIGHTS

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GROUP FINANCIAL UPDATE

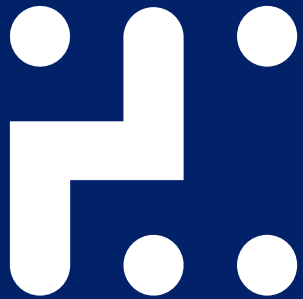
OUTLOOK

Q&A



SHIFT GEAR PROGRAM

PORTFOLIO TRANSFORMATION IS UNDERWAY



**SHIFT
GEAR**



Our portfolio transformation aims to ensure that all our business units are among the top three in their markets with a diversified customer structure and a low-risk exposure



We will consider divestments or investments according to this strategy, as well as investing in organic growth and innovation



Sale of Interior Comfort Systems (ICS) business unit to Lear Corporation completed during the quarter



Sale of Light Duty Cable (LDC) business unit to Suprajit closed after the balance sheet date



OUTLOOK 2022 - 1/2

WE WILL CONTINUE TO EXECUTE ON OUR SHIFT GEAR PROGRAM

GLOBAL SITUATION

- The **indirect impact of the war** combined with the partial COVID-lockdowns in China **remains difficult to disentangle in its full extent** from the overall supply chain and raw material price situation.
- The sum of these effects certainly continues to impact the sector as well as our revenue, but also our earnings, through **reduced production efficiency and higher input costs**
- **However**, based on further insides and trend analysis, **we have gained more information** to quantify these more confidently.

CAUTIOUS GUIDANCE

- The uncertainty of the current global environment means that our guidance is cautious.
- For the full year 2022, we expect:
 - Revenue of between MEUR 900 and 935
 - Adjusted EBIT between MEUR 38 and 44
- We have based these targets on the latest automotive industry production forecasts combined with internal modelling.
- We will continue to monitor the development of the situation closely

NOTE REGARDING GUIDANCE: A prolonged or worsening geopolitical situation could result in further lasting consequences for production, supply chains and demand which are not currently reflected in our forecasts. In addition, the ongoing COVID-19 pandemic and the related supply situation could give rise to further negative effects. Depending on the severity of these disruptions, this may result in lower sales and earnings than currently expected for KA Group.



OUTLOOK 2022 - 2/2

INITIATING THE SHARE BUYBACK TO REWARD ALL OUR STAKEHOLDERS

INITIATING THE SHARE BUYBACK

- We have over the last months gained a better understanding of how the global situation impacts our earnings and cash development.
 - We are therefore confident that our **current cash position protects the company** from adverse liquidity events which could harm shareholder value, and still allows the necessary investment to maintain and improve our operations.
 - The net proceeds out of our successful divestments allowed us to partially redeem our bonds as well to repay the partly drawn revolving credit facility. This has **significantly reduced our leverage and risks associated with this.**
 - Having now completed the two divestments in addition, **we will now initiate our share buyback**, to return funds to shareholders in an efficient way.
- The company will start to purchase up to 10% of the outstanding shares in the open market
 - The company will engage an advisor to conduct the share buyback, and purchases are expected to begin once documentation is complete
 - An initial notice as well as regular updates on amounts and purchase prices will be published to Oslo Børs



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