



**KONGSBERG
AUTOMOTIVE**
Q2 2023
EARNINGS CALL
AUGUST 8, 2023



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 2021 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.



TODAY'S PRESENTERS



LINDA NYQUIST-EVENRUD
INTERIM CEO & PRESIDENT



FRANK HEFFTER
CFO

AGENDA

KA IN BRIEF

EXECUTIVE SUMMARY

MARKET UPDATE

FINANCIAL UPDATE

SHIFT GEAR UPDATE

OUTLOOK

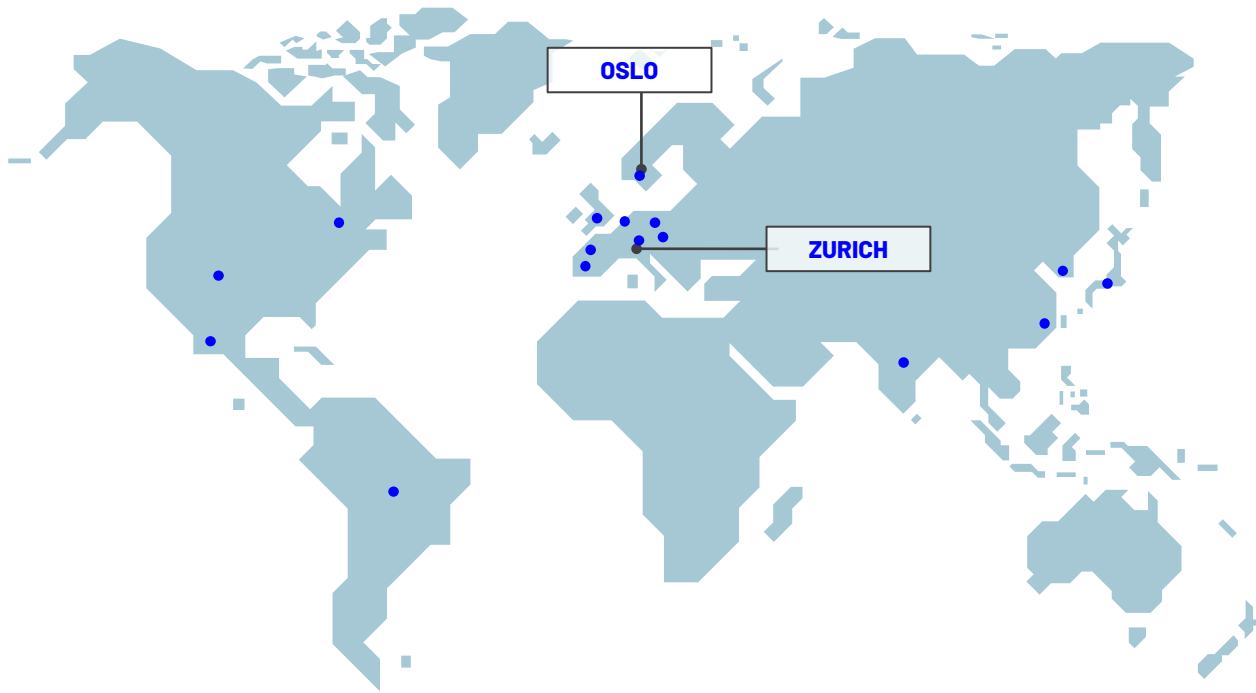
Q&A



KA IN BRIEF



KONGSBERG AUTOMOTIVE IN BRIEF



**HEADQUARTERED
IN ZURICH**



**LISTED ON THE
OSLO STOCK
EXCHANGE**

2

**BUSINESS
SEGMENTS:
POWERTRAIN
& CHASSIS
SPECIALTY
PRODUCTS**

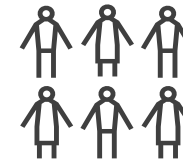


€906 M



REVENUE, 2022

~ 5,500



HIGHLY SKILLED EMPLOYEES

18

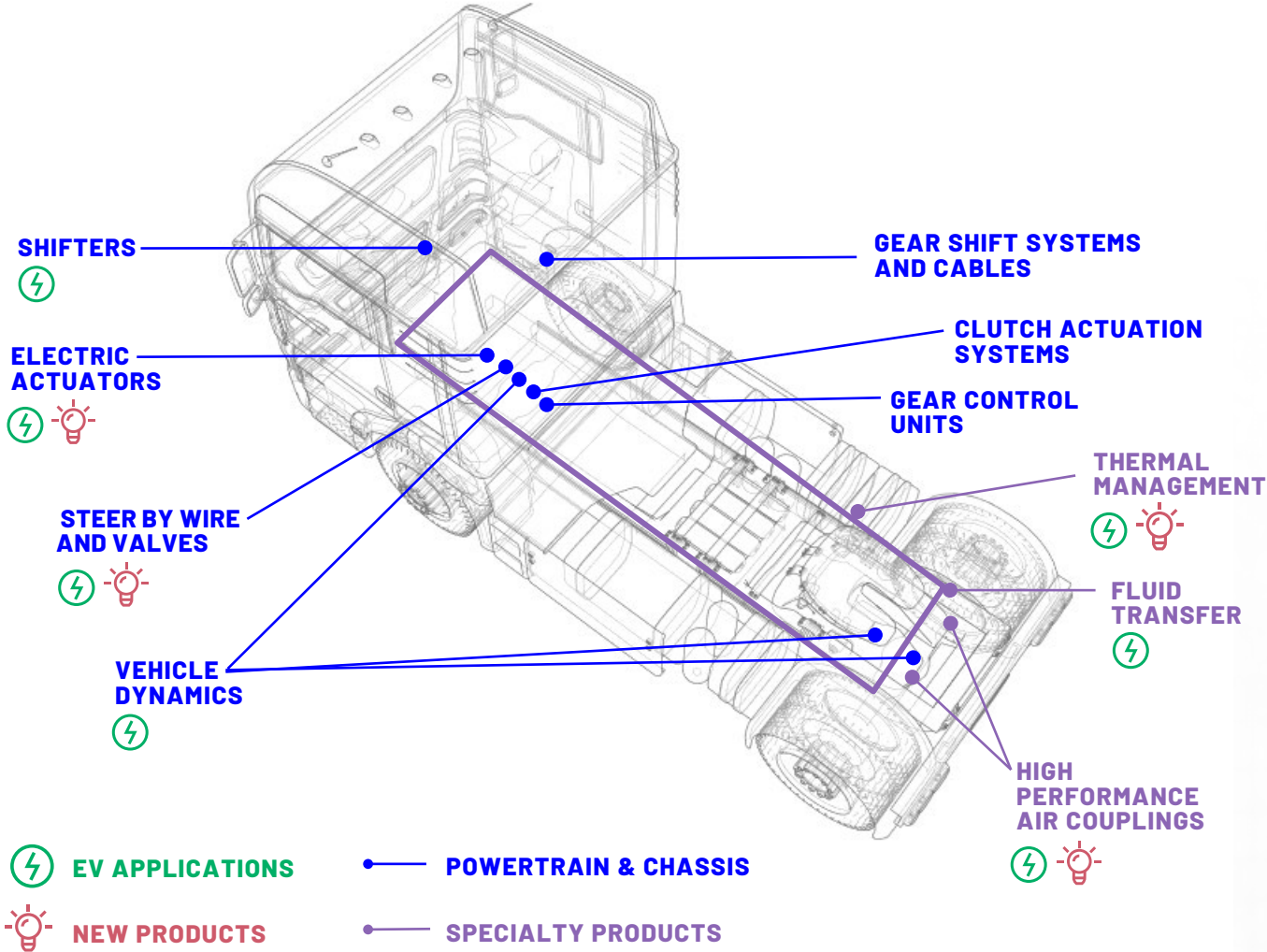


COUNTRIES



INCREASING EXPOSURE TO ELECTRIC VEHICLES

COMMERCIAL VEHICLES



KEY PRODUCTS

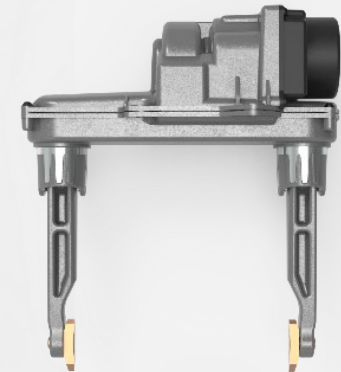
AIR COUPLINGS



STEER BY WIRE AND VALVES



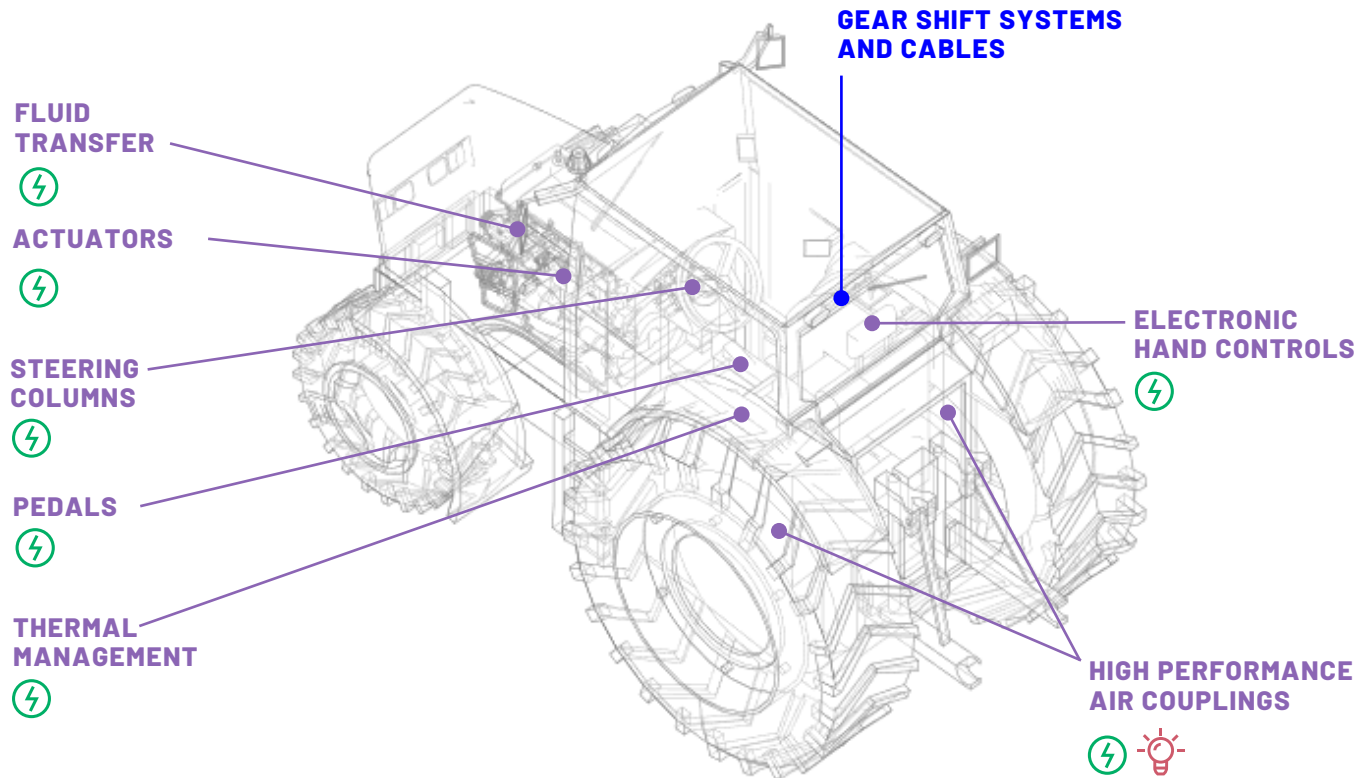
ELECTRIC ACTUATORS



THERMAL MANAGEMENT SYSTEM



INCREASING EXPOSURE TO ELECTRIC VEHICLES OFF-HIGHWAY



⚡ **EV APPLICATIONS**

💡 **NEW PRODUCTS**

— **POWERTRAIN & CHASSIS**

— **SPECIALTY PRODUCTS**

PRODUCTS ALSO SUITABLE FOR
OTHER OFF-HIGHWAY APPLICATIONS



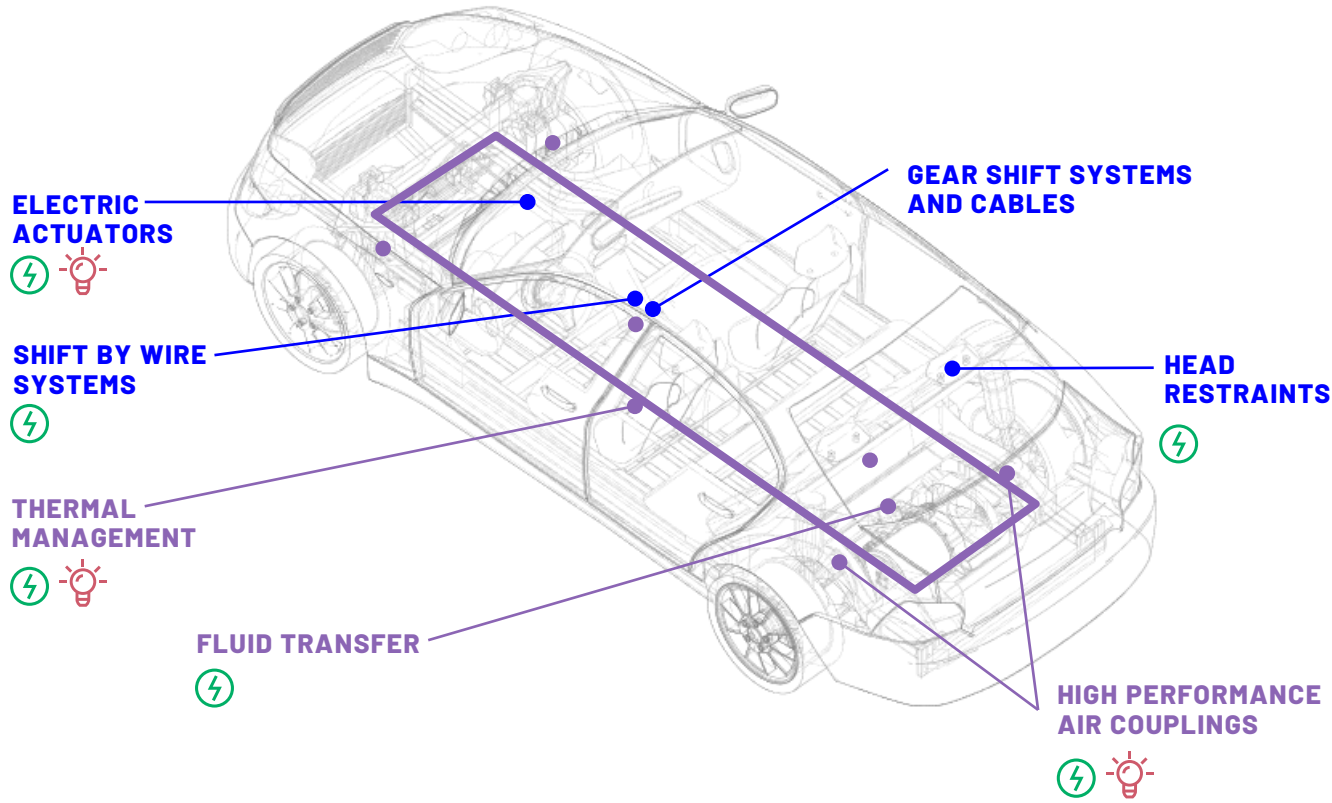
KEY PRODUCTS



FLUID TRANSFER



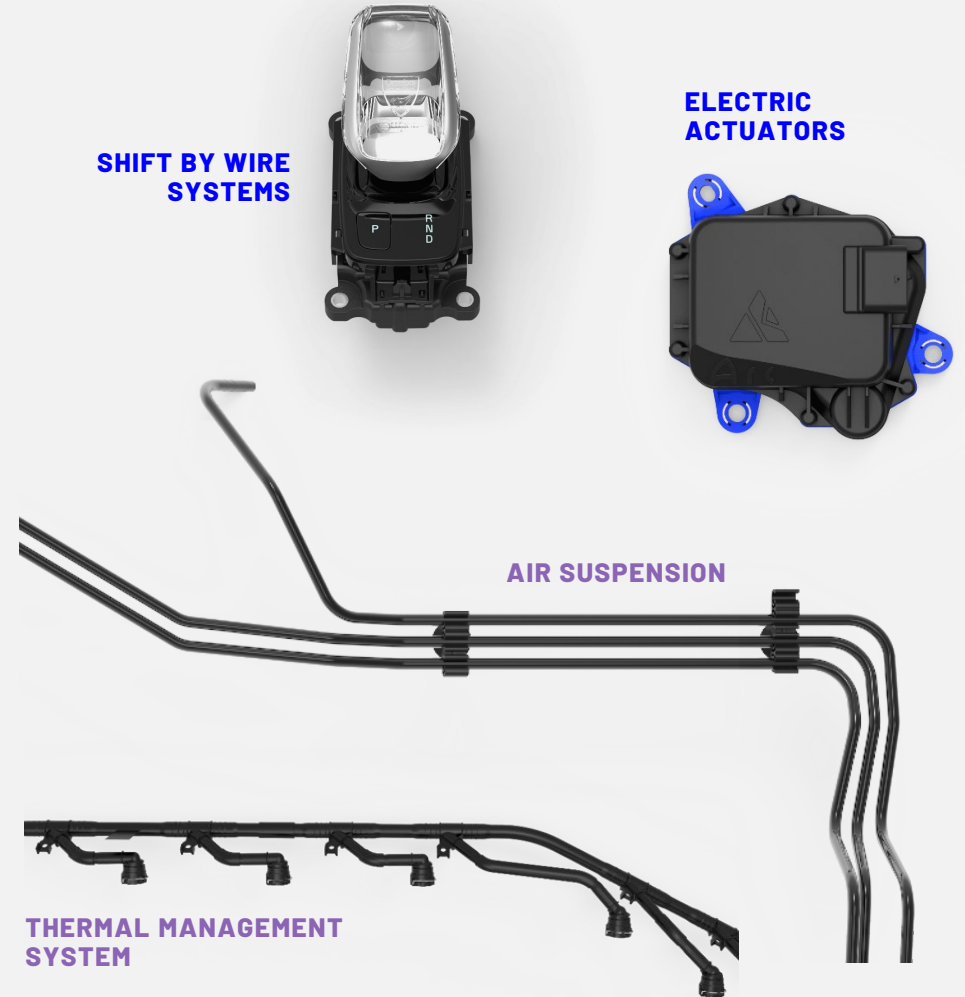
INCREASING EXPOSURE TO ELECTRIC VEHICLES PASSENGER CARS



- ⚡ EV APPLICATIONS
- 💡 NEW PRODUCTS

- POWERTRAIN & CHASSIS
- SPECIALTY PRODUCTS

KEY PRODUCTS





EXECUTIVE SUMMARY

EXECUTIVE SUMMARY – Q2 2023

STRONG REVENUE DEVELOPMENT, EARNINGS AND CASH FLOW
IMPACTED BY DIVESTMENTS AND HIGHER COSTS

<p>€224.5M REVENUES</p> <p>Decrease of 0.5% vs. Q2 2022</p>	<p>€0.3M ADJ. EBIT</p> <p>Decrease by MEUR 3.7 vs. Q2 2022</p>	<p>€4.8M FREE CASH FLOW</p> <p>Increase from the FCF of MEUR 4.0 in Q2 2022</p>
<p>1.2x LEVERAGE RATIO^{1,2}</p> <p>Improved from 2.0x in Q2 2022</p>	<p>€77.4M NIBD⁴</p> <p>Improved from MEUR 125.5 as of 30/06/2022</p>	<p>€171.5M NEW BUSINESS³</p> <p>Increase from MEUR 167.9 in Q2 2022</p>

¹ Includes IFRS 16; excluding IFRS 16, leverage ratio is equal to 0.3x in Q2 2023 compared to 1.1x in Q2 2022

² NIBD / Adjusted EBITDA (LTM)

³ Lifetime revenue of business wins during the quarter

⁴ Net Interest Bearing Debt

- Revenue grew by 17.5% at constant currency rates, excl. revenues divested to BRP of MEUR 24.7 from Q2 2022.
- Quarterly revenues negatively impacted by currency translation effects of MEUR 10.8
- Adjusted EBIT was impacted by:
 - » Divested business to BRP at MEUR 1.1 in Q2 2022
 - » Operational one-time effects of MEUR 5.4 (mainly related to one product warranty case and inventories write-down in North America)
 - » Less favorable product mix (*lower sales of higher margin products*)

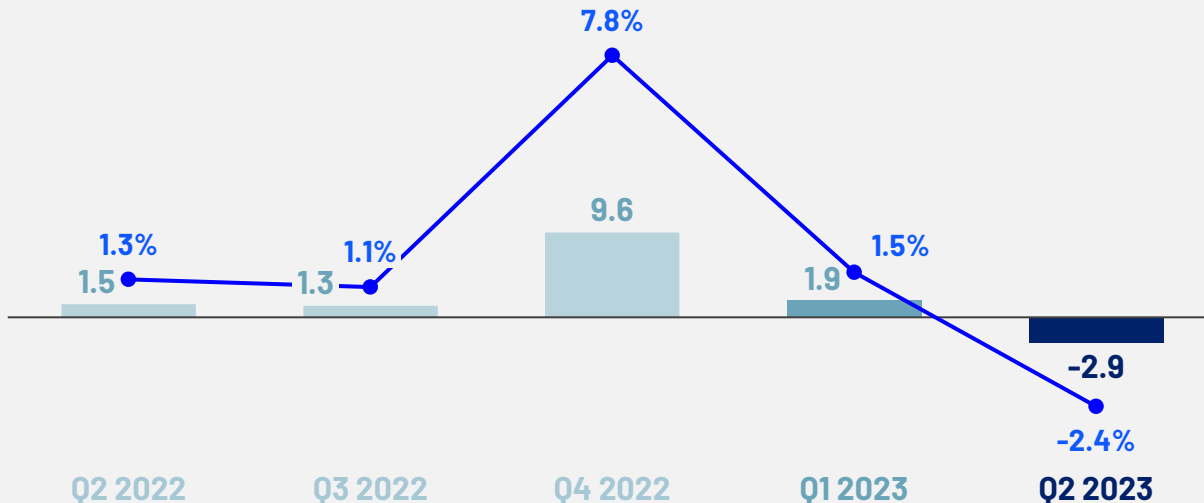
AT A GLANCE

BUSINESS SEGMENTS UPDATE

POWERTRAIN & CHASSIS

ADJUSTED EBIT MARGIN, %

ADJUSTED EBIT¹, MEUR



> **Q4 2022 with high customer compensations**

> **Q2 2023**

- » Growing business in the commercial vehicles market in Europe and the Americas with relatively low margins
- » Significantly declining sales in the Chinese passenger car market with good margins
- » One-time net effects of MEUR 5.4 hit the adjusted EBIT, mainly related to one product warranty case and inventories write-down in North America

> **KA initiatives for value creation**

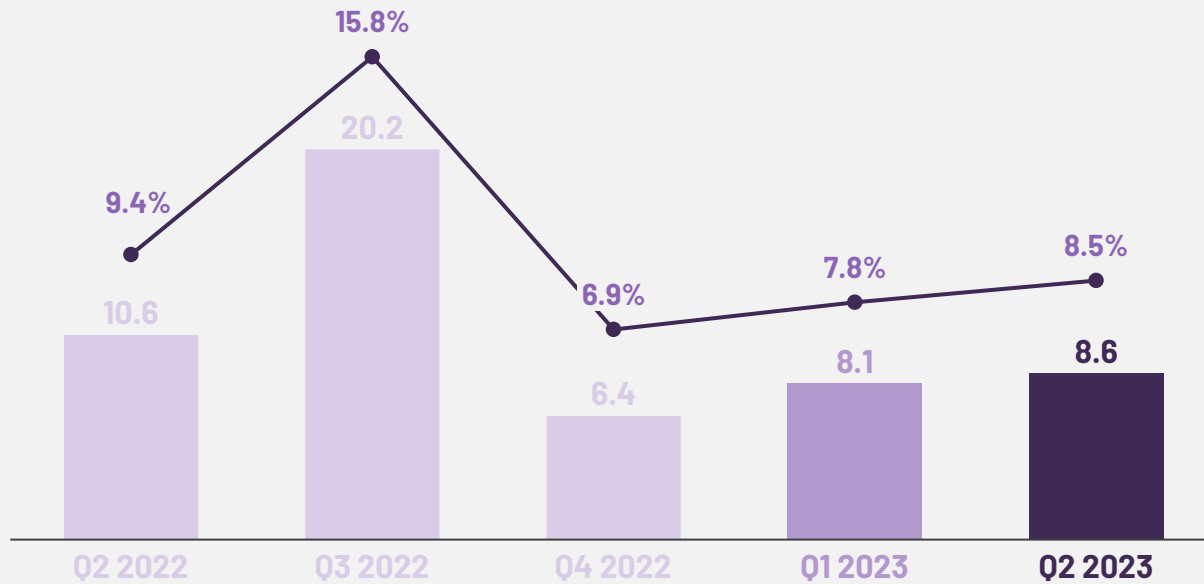
- » Ongoing negotiations to charge out supplier price and labor cost increases to customers (financial impact primarily in Q3-Q4)
- » Rightsizing of organization
- » Promotion of our new SMART Actuator Technology

AT A GLANCE

BUSINESS SEGMENTS UPDATE

SPECIALTY PRODUCTS

ADJUSTED EBIT MARGIN, %
ADJUSTED EBIT¹, MEUR



> **Q3 2022 with high customer compensations**

> **Q2 2023**

Decline Quarter to Quarter was mainly attributable to:

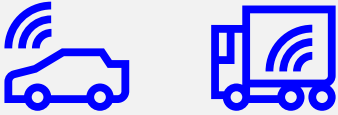
- Less favorable product mix, and
- Lost earnings related to the business divested to BRP (Q2 2022 at MEUR 1.1)

> **KA initiatives for value creation**

- > Ongoing negotiations to charge out supplier price and labour cost increases to customer (financial impact primarily in Q3-Q4)
- > Focus on executing operational continuous improvement programs and cost control in all areas
- > People Development and Commitment Program (HR)

KA EXPANDS TO AUTONOMOUS DRIVING

ACQUISITION OF 20% OF CHASSIS AUTONOMY



KA signed an agreement to acquire 20% of Chassis Autonomy on July 19, 2023.

Chassis Autonomy specializes in design and development of steer-by-wire and brake-by-wire systems for use in highly automated (L3) and fully autonomous (L4 and L5) vehicles and also in sectors that KA is seeking a strong market position.

The agreement includes an option for KA to acquire up to 100% of the total outstanding shares within 2027.

The parties have agreed not to disclose the purchase price.



**MARKET
UPDATE**

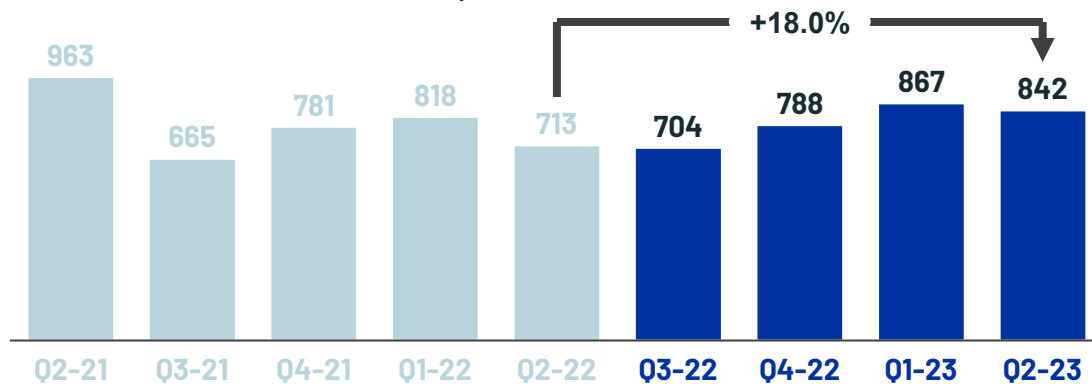


MARKET TRENDS

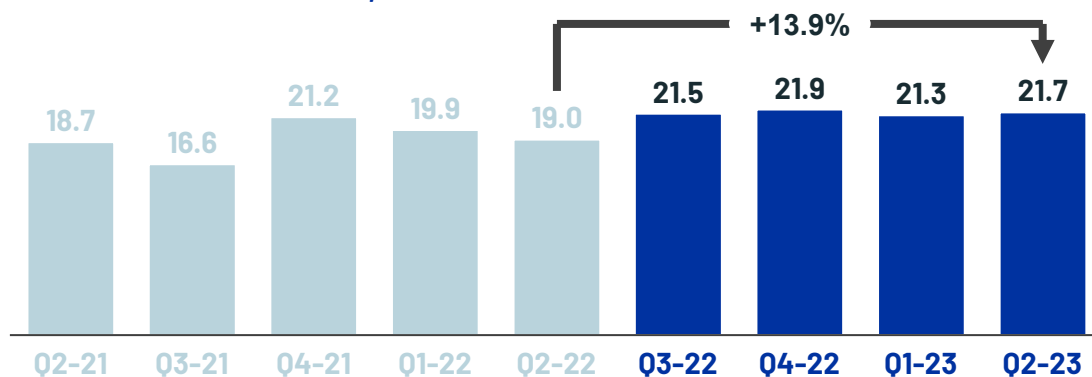
STRONG GROWTH IN CHINA

MARKET DEVELOPMENT

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



GLOBAL PASSENGER CAR PRODUCTION, million units



REGION	Q2-23 vs. Q2-22	2023 vs. 2022
China	+63.6%	+25.4%
APAC w/o China	-2.4%	+1.1%
Europe	+15.4%	+10.0%
North America	+3.6%	+0.9%
South America	-23.3%	-33.3%
Rest of World	+1.9%	+0.5%
Total	+18.0%	+7.3%
Total (excl. China)	+2.2%	+0.4%
China	+18.0%	-0.6%
APAC w/o China	+13.2%	+6.4%
Europe	+11.6%	+8.8%
North America	+13.5%	+7.4%
South America	+9.4%	+2.4%
Rest of World	+4.3%	-1.5%
Total	+13.9%	+4.5%
Total (excl. China)	+12.9%	+6.8%

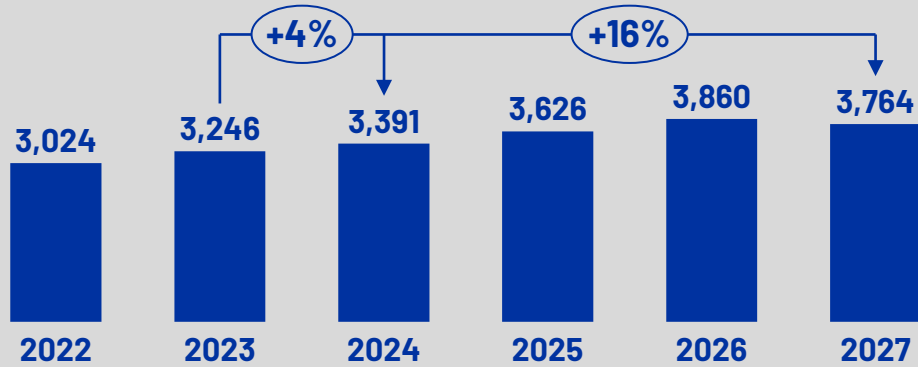
Source: IHS Light Vehicle Production Base (June 2023); LMC Global Commercial Vehicle Forecast (Q2 2023)

MARKET FORECASTS

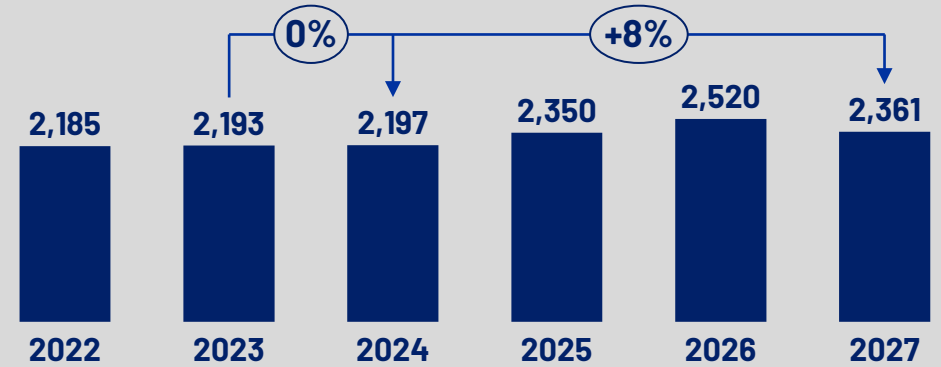
GROWTH IN COMMERCIAL VEHICLE DEPENDS ON CHINA

GLOBAL COMMERCIAL VEHICLES PRODUCTION, sales in thousand units

INCLUDING CHINA

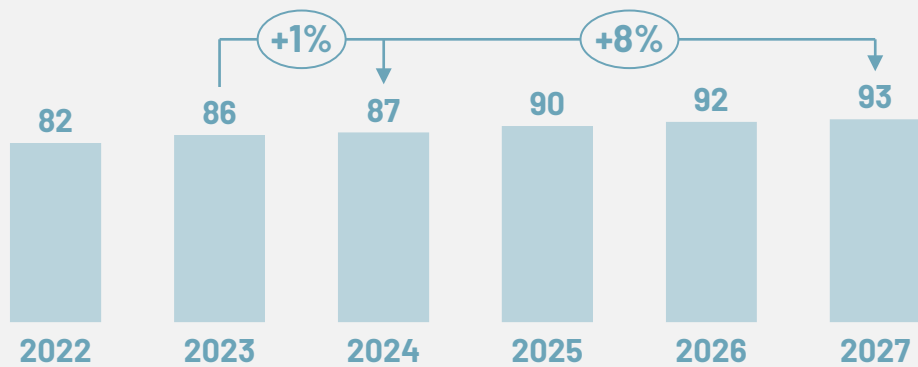


EXCLUDING CHINA

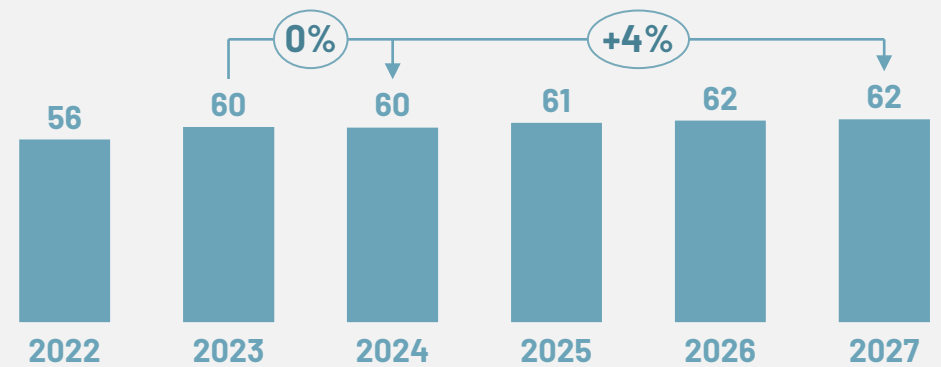


GLOBAL PASSENGER CAR PRODUCTION, sales in million units

INCLUDING CHINA



EXCLUDING CHINA







Source: LMC Global Commercial Vehicle Forecast (Q2 2023); IHS Light Vehicle Production Base (June 2023)

DEVELOPMENT OF THE GLOBAL MARKET SITUATION

LABOR COSTS REMAIN AN ISSUE, SUPPLY MARKET IS GRADUALLY IMPROVING

CURRENT TRIGGERS FOR DISRUPTION

MACROECONOMIC FACTORS AFFECTING GLOBAL MARKET ENVIRONMENT

SEMICONDUCTOR SHORTAGE		Availability is further improving. Shortage limited to individual components only
LABOR COSTS		Increasing substantially in core markets
SUPPLY CHAIN		Freight services and costs are normalizing, while part shortages still require premium shipments
ENERGY/MATERIAL COST		Prices for energy and raw materials shows further reduction



MACROECONOMIC UNCERTAINTY

POSITIVE DEVELOPMENT FOR KA WITHIN COMMERCIAL VEHICLES IN KEY REGIONS

REVENUE GROWTH VS MARKET GROWTH IN Q2*

GLOBAL			CHINA		
	KA	MARKET		KA	MARKET
PASSENGER VEHICLES	-4.6%	+13.9%	COMMERCIAL VEHICLES	+112.4%	+63.6%
COMMERCIAL VEHICLES	+25.1%	+18.0%	AMERICAS		
OTHER (ONLY KA)	-12.7%		COMMERCIAL VEHICLES	+26.3%	-2.8%

OUTPERFORMANCE IN KEY MARKETS

- > KA has outperformed growth in the commercial vehicle market in both Europe and the Americas for a third quarter in a row
- > KA's revenues from the commercial vehicle market in China has more than doubled compared to Q2 2022, as one of the biggest customers has significantly increased its market share and production. KA has significantly outperformed the market
- > KA's revenues within the commercial vehicle segment in the Americas increased by 26.3% and outperformed the market
- > KA's sales in the passenger vehicles market were mainly impacted by increasing local competition in China
- > The decrease in "other" is related to the sale of the Powersport business to BRP completed in Q4 2022, hence it is not included in the Q2 2023 revenues. However, excluding these revenues from Q2 2022, the other revenues would have increased by 25.4% on constant currencies basis

* Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q2 2022 to Q2 2023. The split across vehicle types does not correspond to our business unit segments - see p. 7 and 8 in the quarterly report for details.

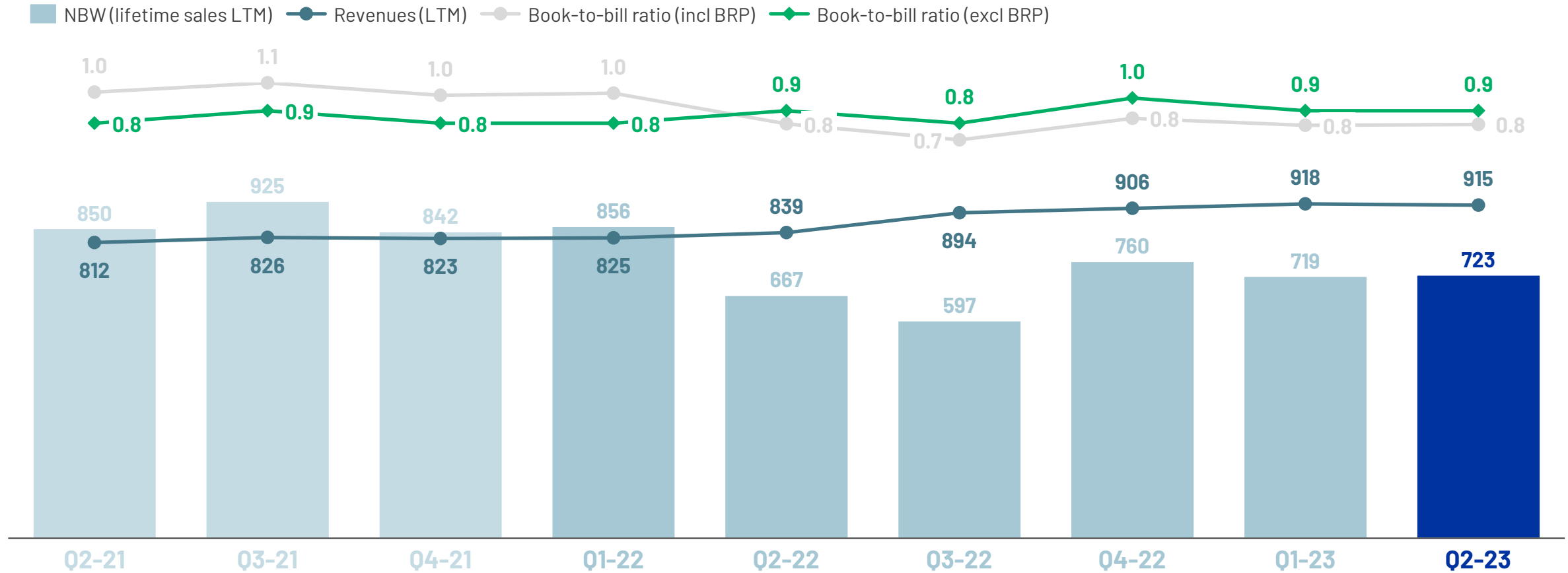
Source IHS and LMC Market Reports as well as Q2 2023 Quarterly Report



BOOK-TO-BILL

MAINTAINING STABLE BOOK TO BILL RATIO
 TARGETS STRONGER BOOKINGS IN COMING QUARTERS

BOOK-TO-BILL PERFORMANCE, MEUR



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



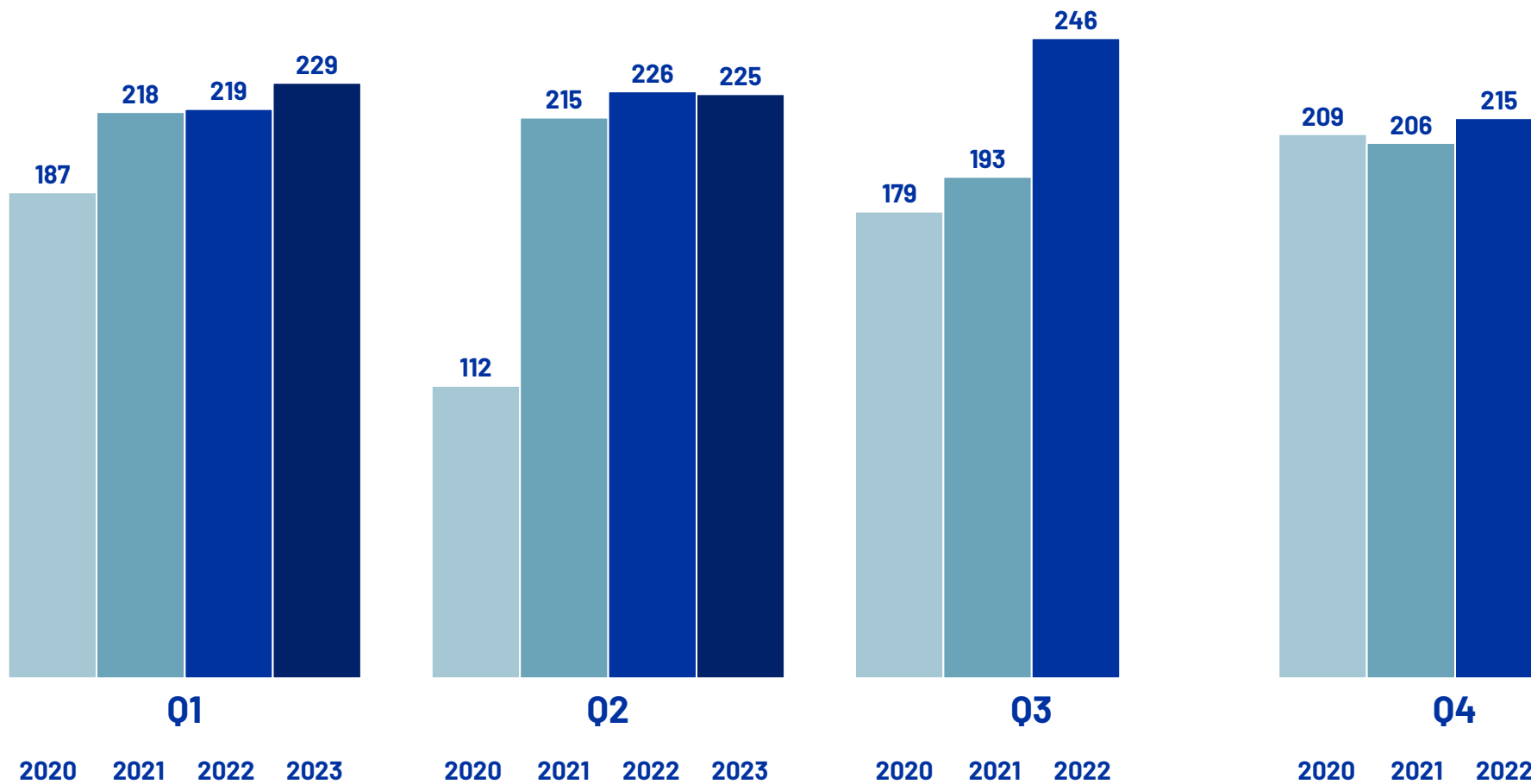
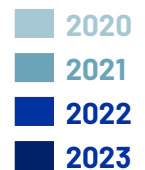
**FINANCIAL
UPDATE**



REVENUES

STABLE Q2 REVENUES

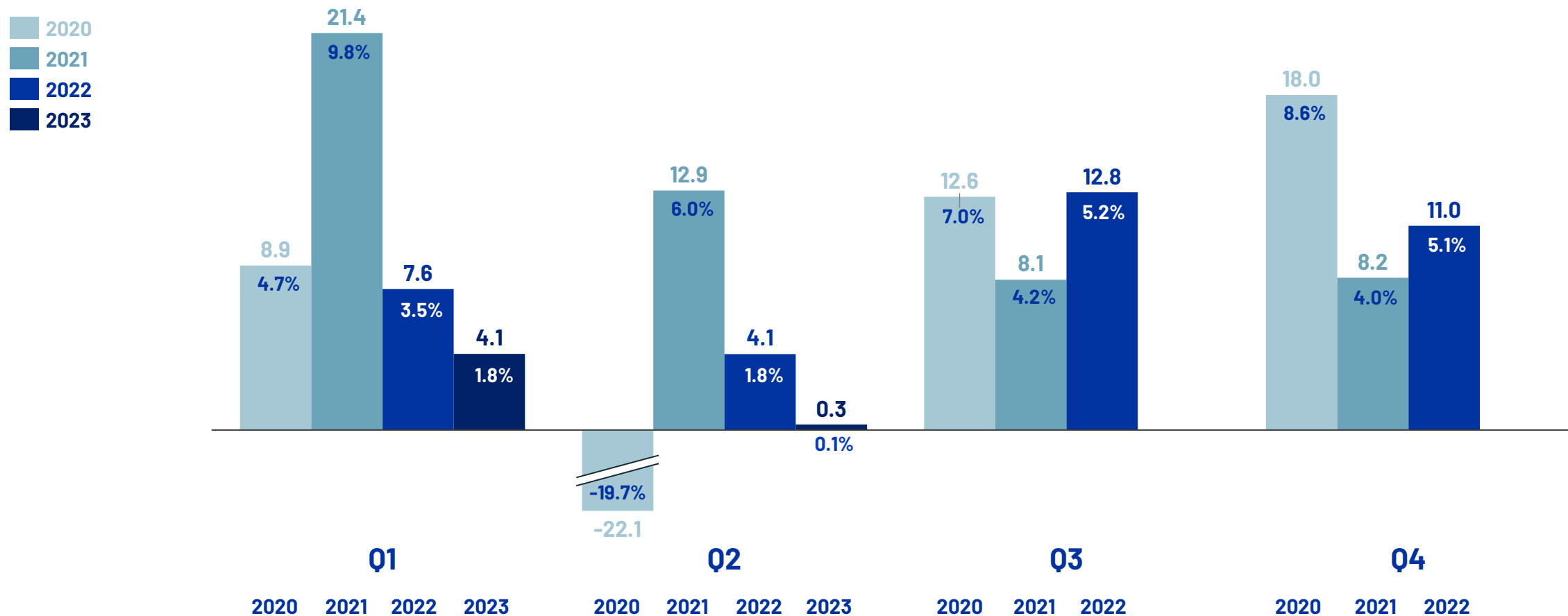
QUARTERLY REVENUES (continuing operations), MEUR



ADJUSTED EBIT

EARNINGS IMPACTED BY OPERATIONAL ONE-TIME EFFECTS AND LESS FAVORABLE PRODUCT MIX

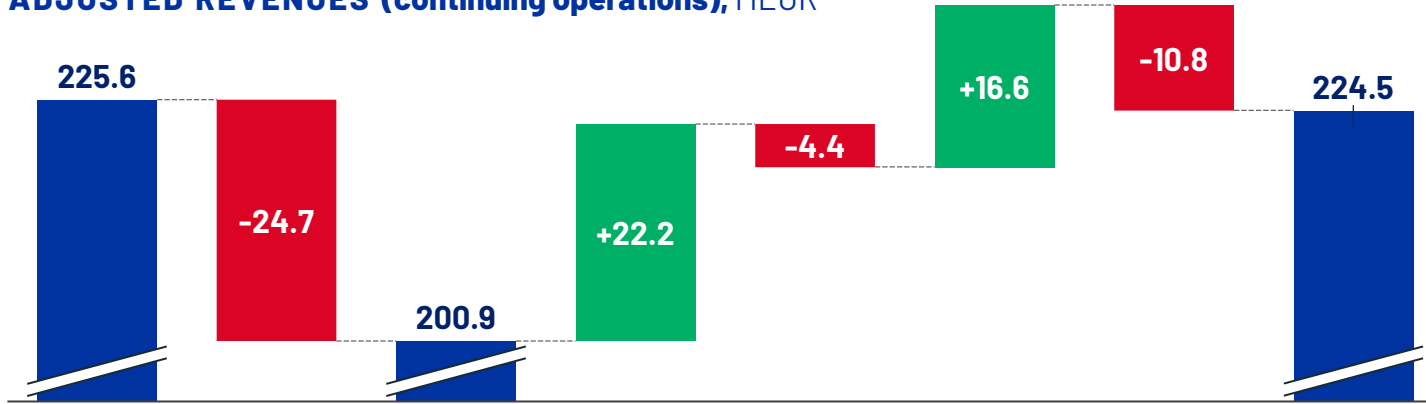
QUARTERLY ADJ. EBIT (continuing operations), MEUR and % of revenues



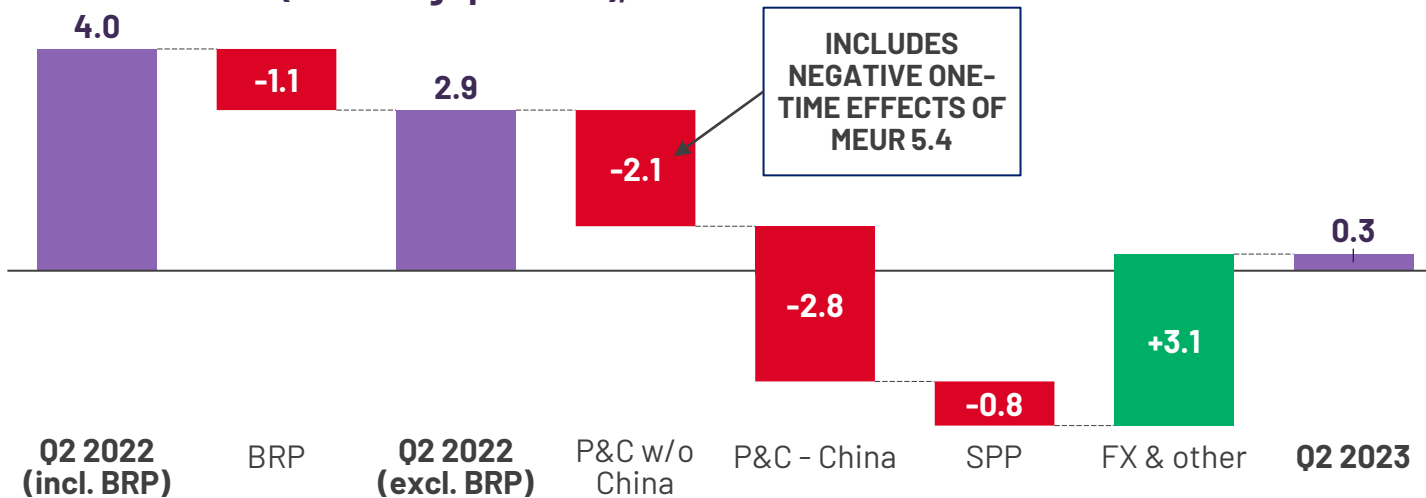
ADJUSTED EBIT BRIDGE FROM Q2 LAST YEAR

IMPACTS FROM UNFAVOURABLE REGIONAL & PRODUCT MIX AND ELEVATED COST

ADJUSTED REVENUES (continuing operations), MEUR



ADJUSTED EBIT (continuing operations), MEUR



P&C

- > Sales in Europe and the Americas increased by MEUR 22.8; adjusted EBIT increased by MEUR 0.8
- > Sales and adjusted EBIT in APAC (excl. China) slightly decreased by MEUR 0.6 and MEUR 0.9, respectively
- > Sales in China declined by MEUR 4.4, and adjusted EBIT decreased by MEUR 2.8
- > Furthermore, one-time net effects of MEUR 5.4 hit the adjusted EBIT, mostly related to the warranty and write-down of inventories in North America

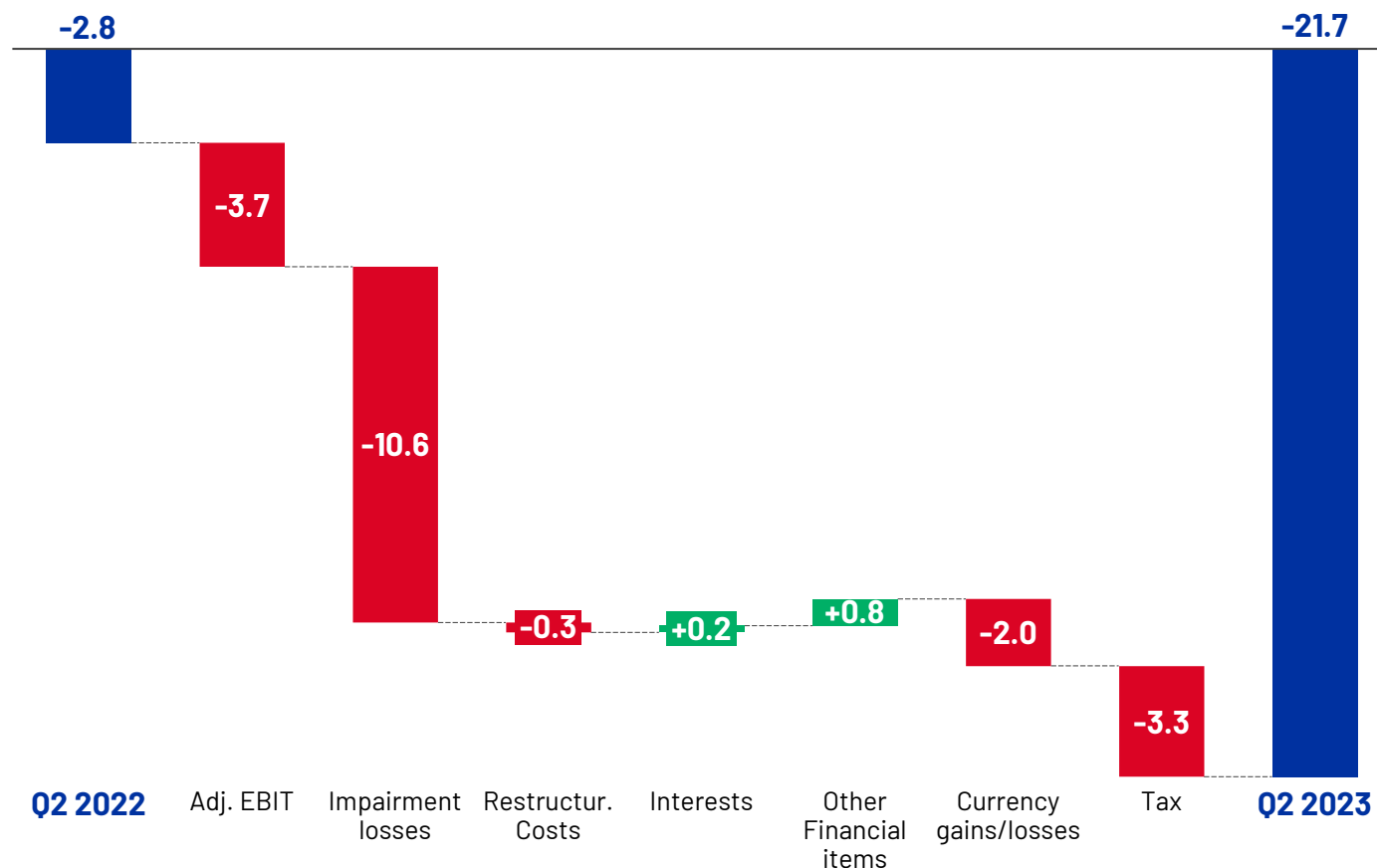
SPP

- > Sales of FCS grew by MEUR 10.2; adjusted EBIT decreased by MEUR 0.5 due to inefficiencies
- > Excluding the sales from the business divested to BRP (MEUR 24.7 with adjusted EBIT of MEUR 1.1), OFH sales grew by MEUR 6.4 with adjusted EBIT declining by MEUR 0.3

NET INCOME BRIDGE

IMPAIRMENT AFFECTS THE QUARTERLY NET RESULTS

NET INCOME (continuing operations), MEUR



IMPAIRMENT LOSSES (NON-CASH ITEM)

- > Impairment losses recorded in Q2 2023 relate to Driveline business in Europe and China

INTERESTS AND OTHER FINANCIAL ITEMS

- > Interest expense remained stable compared to Q2 2022
- > Other financial items in Q3 2023 include the change in fair value of investment in money market fund of MEUR 0.8 in which KA invested in Q4 2022

CURRENCY LOSSES

- > Currency losses amounted to MEUR -3.5 in Q2 2023 vs. MEUR -1.5 in Q2 2022
- > Currency translation effects are made up of realized currency loss of MEUR 3.6 and unrealized currency gains of MEUR 0.1 in Q2 2023 (Q2 2022: realized gain of MEUR 1.9 and unrealized losses of MEUR 3.4)

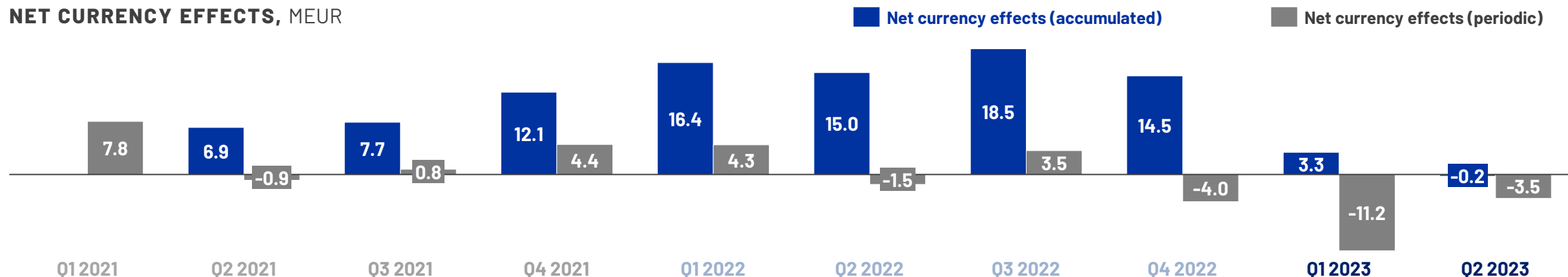
TAX

- > Change in income taxes was predominantly impacted by the losses considered not to be usable in the foreseeable future and therefore not capitalized as DTA in Q2 2023

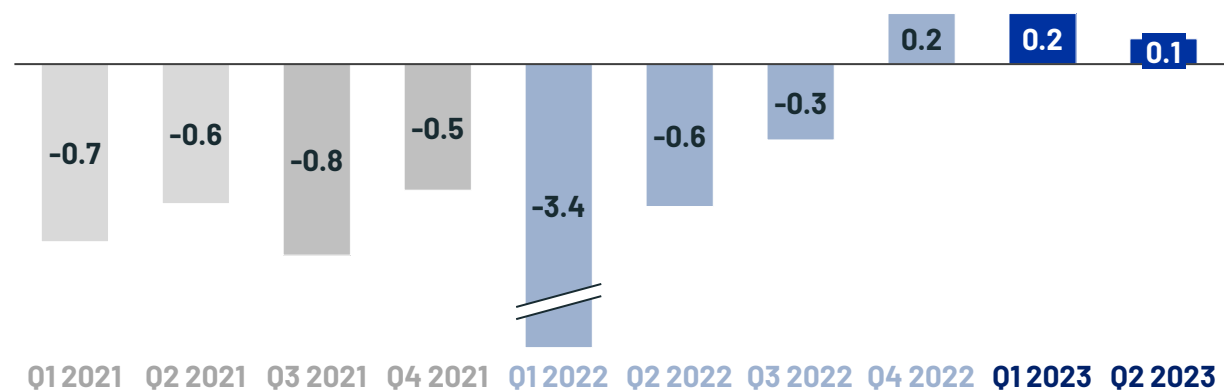


NET FINANCIAL ITEMS

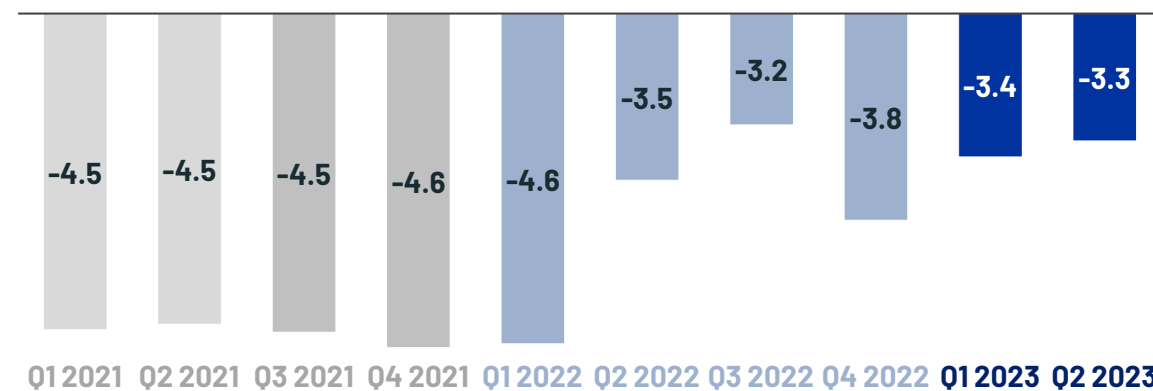
NET CURRENCY EFFECTS, MEUR



OTHER FINANCIAL ITEMS, MEUR



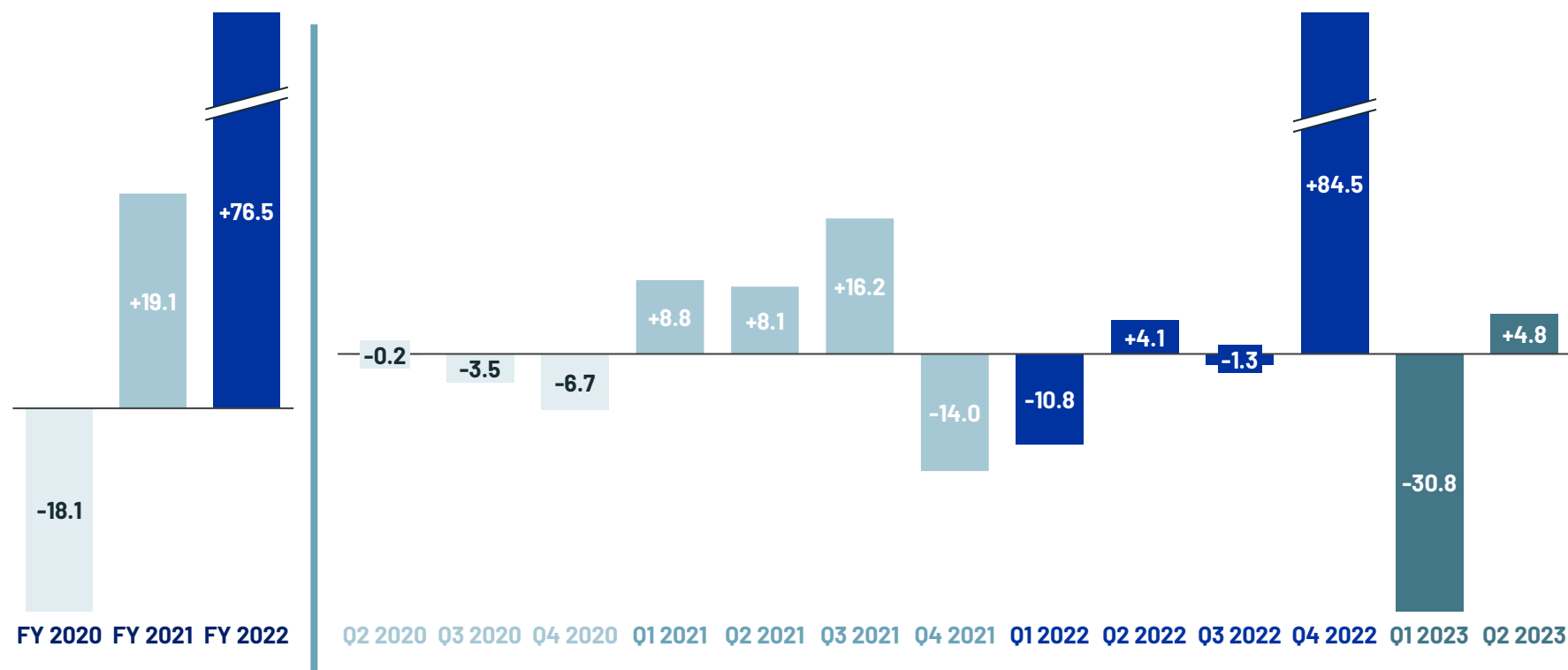
NET INTERESTS, MEUR



FREE CASH FLOW

FREE CASH FLOW SLIGHTLY IMPROVED DUE TO NWC MEASURES

FREE CASH FLOW¹, MEUR



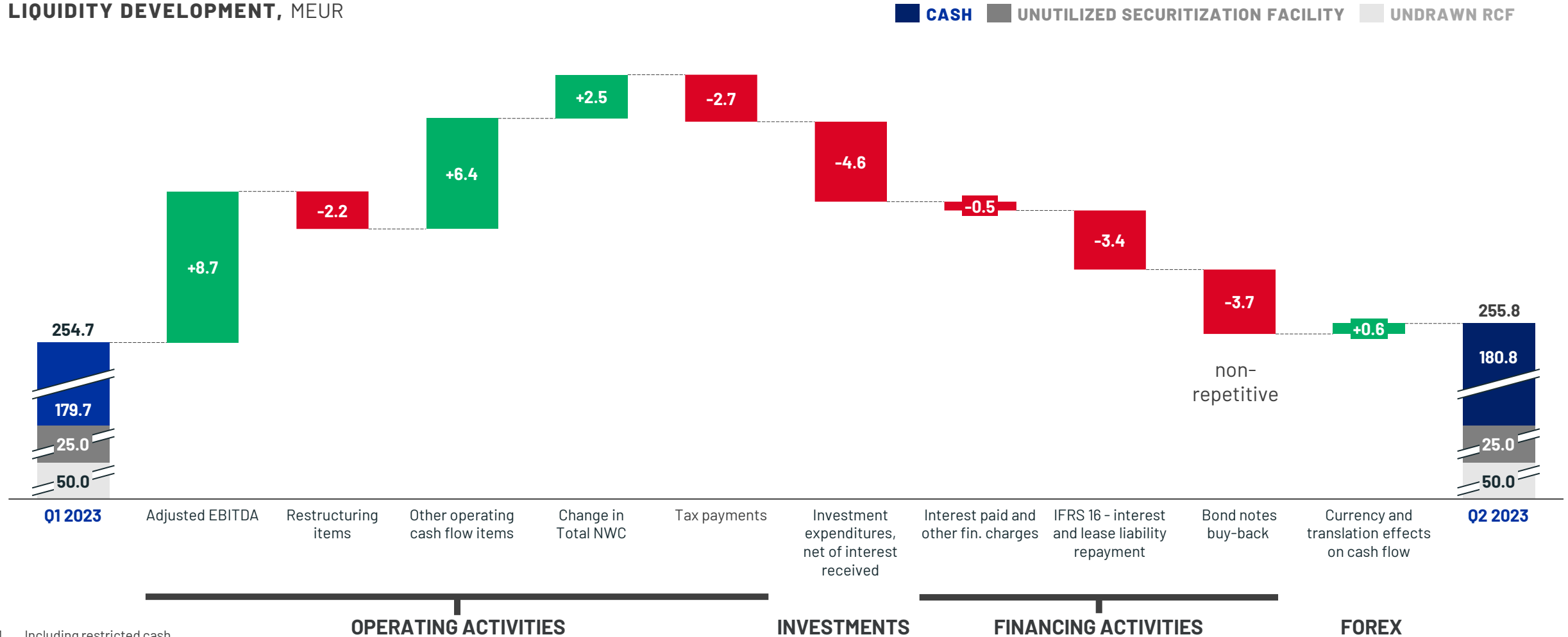
Q2 2023 FCF DETAILS

Operating activities	+12.7
Therein: NWC decrease	+2.5
Investing activities	-4.6
Investment expenditures	-5.1
Financing activities	-7.6
Therein:	
Payments for lease liabilities and interests on lease liabilities	-3.4
Repurchase of own bond notes	-3.5
Currency and translation effects on cash flow	+0.6
Total	+1.1
excluding repurchase of own bond notes & others	+3.7
FCF	+4.8

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.

LIQUIDITY DEVELOPMENT

LIQUIDITY DEVELOPMENT, MEUR



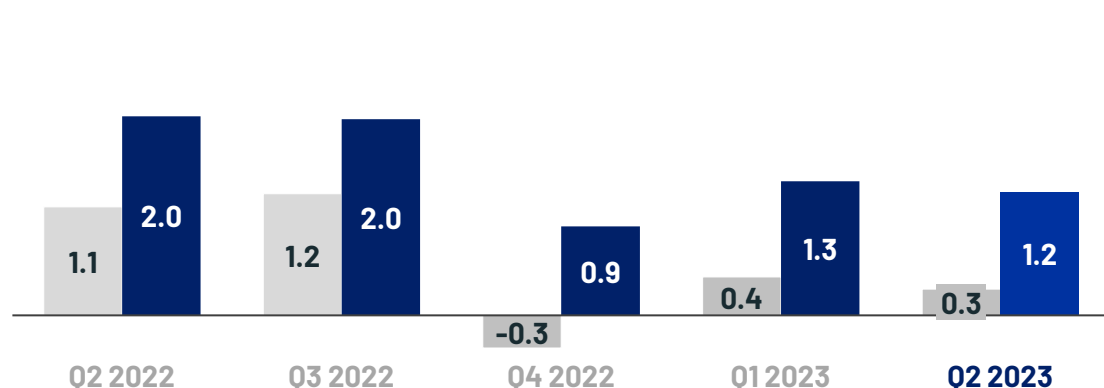
1. Including restricted cash

FINANCIAL RATIOS

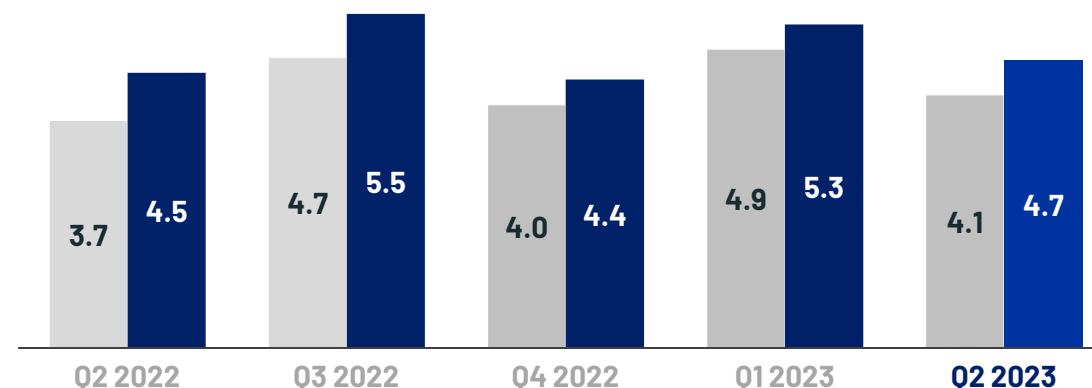
CONTINUING AND DISCONTINUED OPERATIONS

■ EXCLUDING IFRS16
■ INCL. IFRS 16 EFFECT

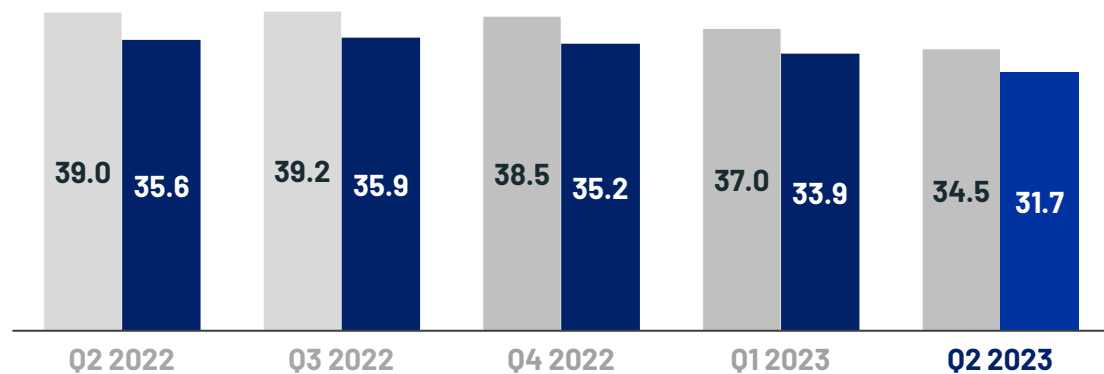
ADJUSTED GEARING RATIO^{1,2}, NIBD³/ADJUSTED EBITDA, LTM



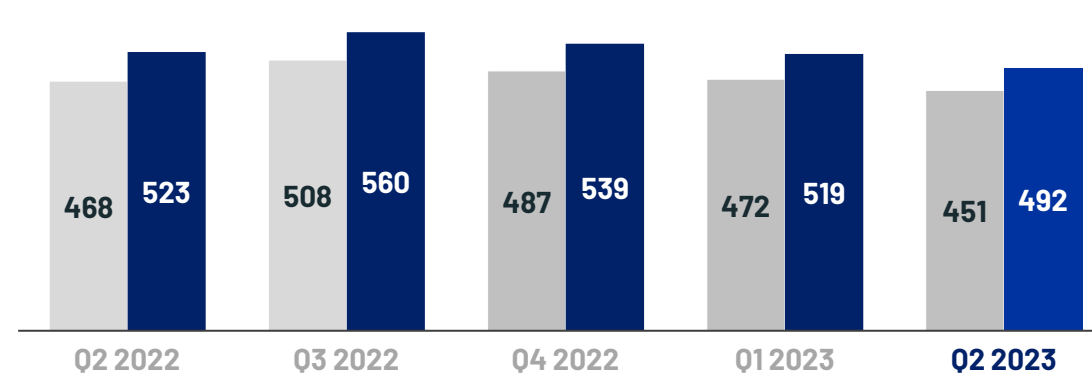
ADJUSTED ROCE², %, LTM



EQUITY RATIO, %

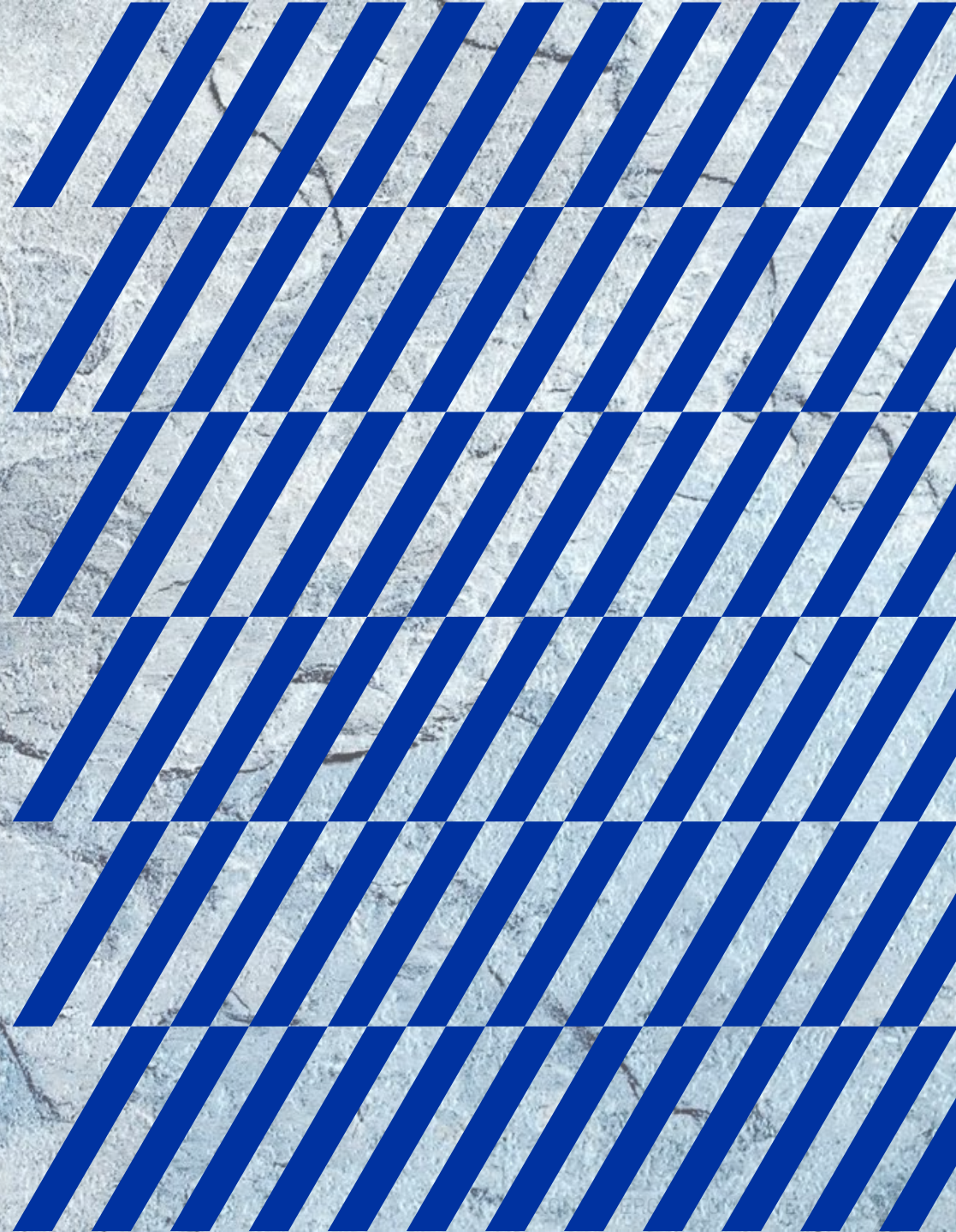


CAPITAL EMPLOYED³, MEUR



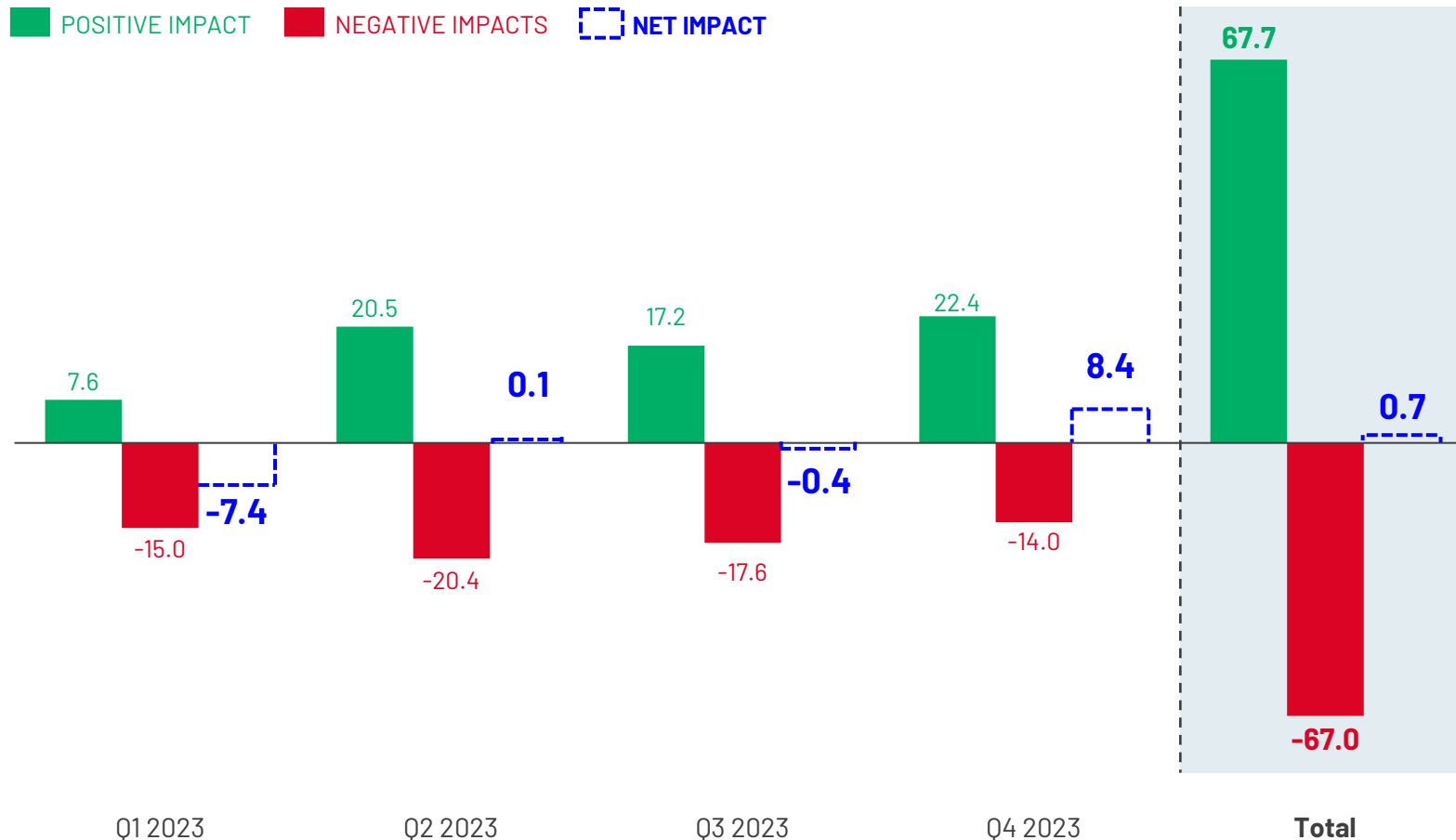
1. Adjusted EBITDA refers to continuing operation only 2.Excluding restructuring costs 3. Net interest-bearing debt
3.Capital employed at quarter end; as the indices are calculated based on the figures from last 12 months

**SHIFT GEAR
UPDATE**



SHIFT GEAR I

Q2 2023 RESULTS IN MEUR



GEAR I
PERFORMANCE
IMPROVEMENT

- > Throughout Q2, the focus was on **customer price negotiations** and **continuous operational improvements**
- > Negative impacts in Q2 were significant, as on top of **supply chain price increases** and **inflation**, also **warranty cost**, **inventory revaluation** and **weaker demand** in Driveline impacted the P&L
- > For Full Year 2023, the **NET Effect** is reduced to **EUR 0.7m**, reflecting **slightly lower revenues in H2 2023**

Q2 RESULTS:

POSITIVE IMPACTS

20.5 MEUR

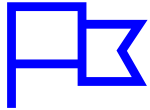
NEGATIVE IMPACTS

-20.4 MEUR

OUTLOOK



OUTLOOK



GUIDANCE

For the full year 2023 KA is confirming the revenue guidance of **MEUR 880 – 900** and updates the adjusted EBIT guidance to **MEUR 20-25**, considering the one-time costs in Q2.



STRATEGIC REVIEW

In Q2 2023, KA initiated a strategic review of the company with the aim of evaluating options to maximize future shareholder value. For this purpose, KA engaged the investment banks Rothschild & Co and ABG Sundal Collier.

Over the coming quarters, KA will inform the market as soon as relevant results of the review are obtained.



UPCOMING EVENTS FOR Q3

Breakfast meeting with the new CEO in Oslo, Norway, targeted for September.

Venue and time to be determined.

Q3 to be released November 7, 2023.



Q&A





KONGSBERG
AUTOMOTIVE

MOBILITY SOLUTIONS FOR THE FUTURE