

KONGSBERG AUTOMOTIVE

Q3 2023

NOVEMBER 7, 2023



KONGSBERG
AUTOMOTIVE

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

EXECUTIVE SUMMARY

MARKET UPDATE

FINANCIAL UPDATE

STRATEGIC REVIEW

OUTLOOK

Q&A



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY – Q3 2023

STABLE REVENUES AND STRONG EARNINGS

CASH FLOW DEVELOPMENT UNDER ASSESSMENT

€220.6M
REVENUES

Decrease of 10.3% vs. Q3 2022

€14.3M
ADJ. EBIT

Increase by MEUR 1.4 vs. Q3 2022

€-13.4M
FREE CASH FLOW

Decrease from the FCF of
MEUR -1.4 in Q3 2022

1.4x
LEVERAGE RATIO^{1,2}

Improved from 2.0x in Q3 2022

€89.2M
NIBD⁴

Improved from MEUR 132.6 as of
30/09/2022

€207.1M
NEW BUSINESS³

Increase from MEUR 128.9
in Q3 2022

REVENUES

- > Excluding revenues of MEUR 40.2 divested to BRP from Q3 2022, quarterly revenues grew by 14.8% at constant currency rates

ADJUSTED EBIT

- > Supported by positive operational effects of MEUR 5.7, partly related to retroactive price increases and one-time compensations from customers
- > In Q3 2022, the divested business to BRP amounted to MEUR 12.6

FREE CASH FLOW

- > Impacted by increase in NWC to support future growth and to facilitate footprint optimization

LEVERAGE RATIO / NIBD

- > Improved due to the proceeds received from the divestment to BRP in Q4 2022

NEW BUSINESS WINS

- > Significant increase especially due to substantial contracts being awarded to P&C

¹ Includes IFRS 16; excluding IFRS 16, leverage ratio is equal to 0.6x in Q3 2023 compared to 1.1x in Q3 2022

² NIBD / Adjusted EBITDA (LTM)

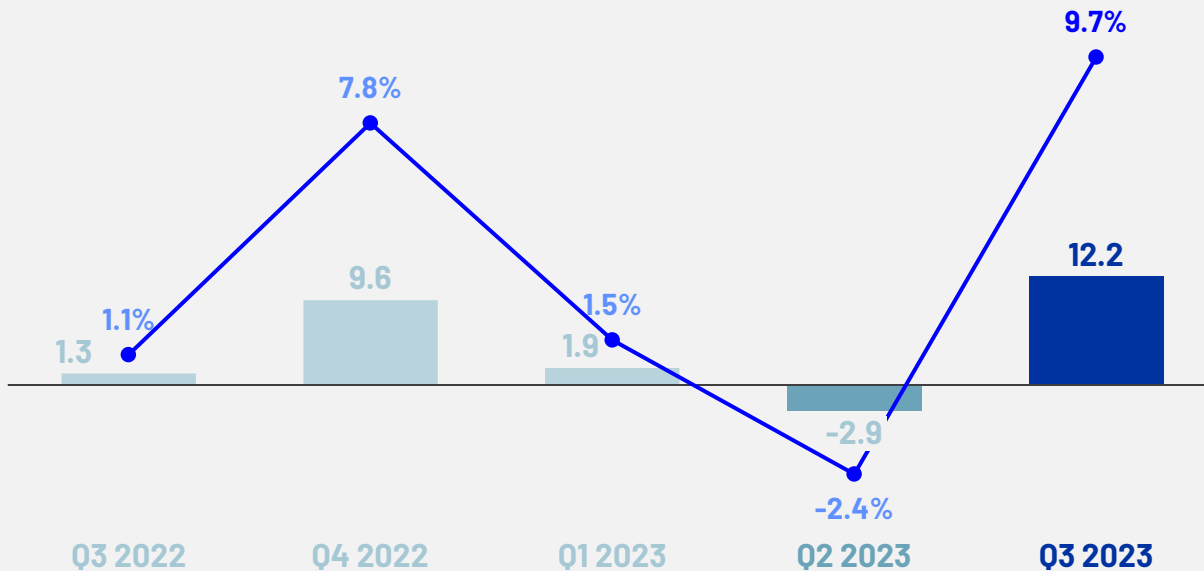
³ Lifetime revenue of business wins during the quarter

⁴ Net Interest-Bearing Debt

POWERTRAIN & CHASSIS

BUSINESS SEGMENTS UPDATE

ADJUSTED EBIT MARGIN, %
ADJUSTED EBIT, MEUR



Q3 2023

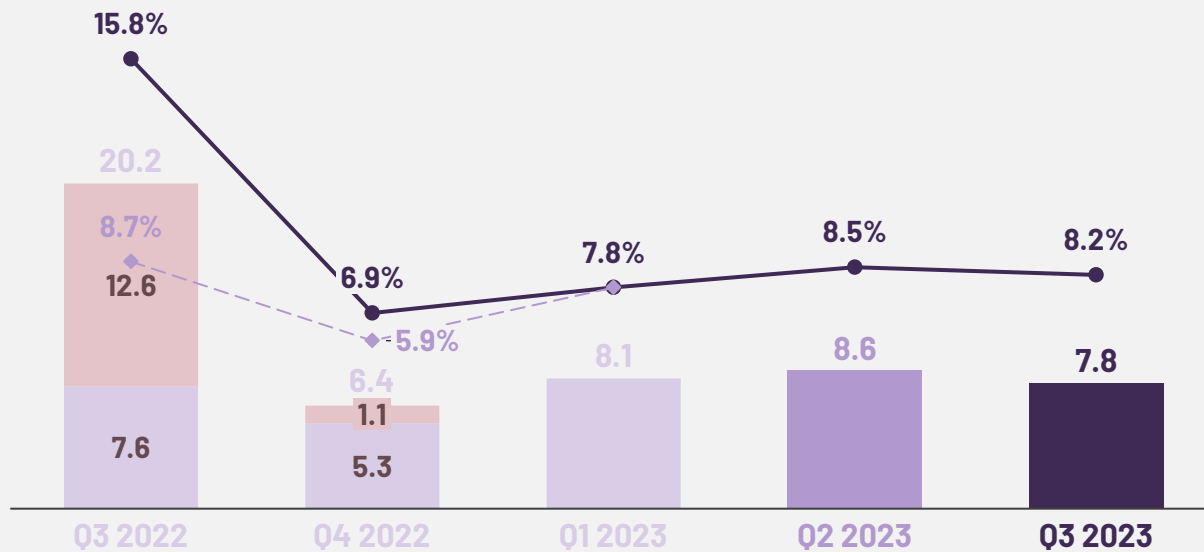
- Growing business in the commercial vehicles market in all regions (Europe, the Americas and China) with relatively low margins
- Declining sales in the Chinese and European passenger car markets were positively offset by the growing sales in the passenger car market in the Americas
- One-time net effects of MEUR 4.0 positively contributed to the adj. EBIT, mainly related to retroactive price increase, one-time reimbursements from customers, release of provision for customer claims, and others

SPECIALTY PRODUCTS

BUSINESS SEGMENTS UPDATE

ADJUSTED EBIT MARGIN, %
ADJUSTED EBIT, MEUR

—●— Adj. EBIT margin (incl. BRP)
 -◆- Adj. EBIT margin (excl. BRP)
 ■ Adj. EBIT (BRP)
 ■ Adj. EBIT (excl. BRP)



Q3 2023

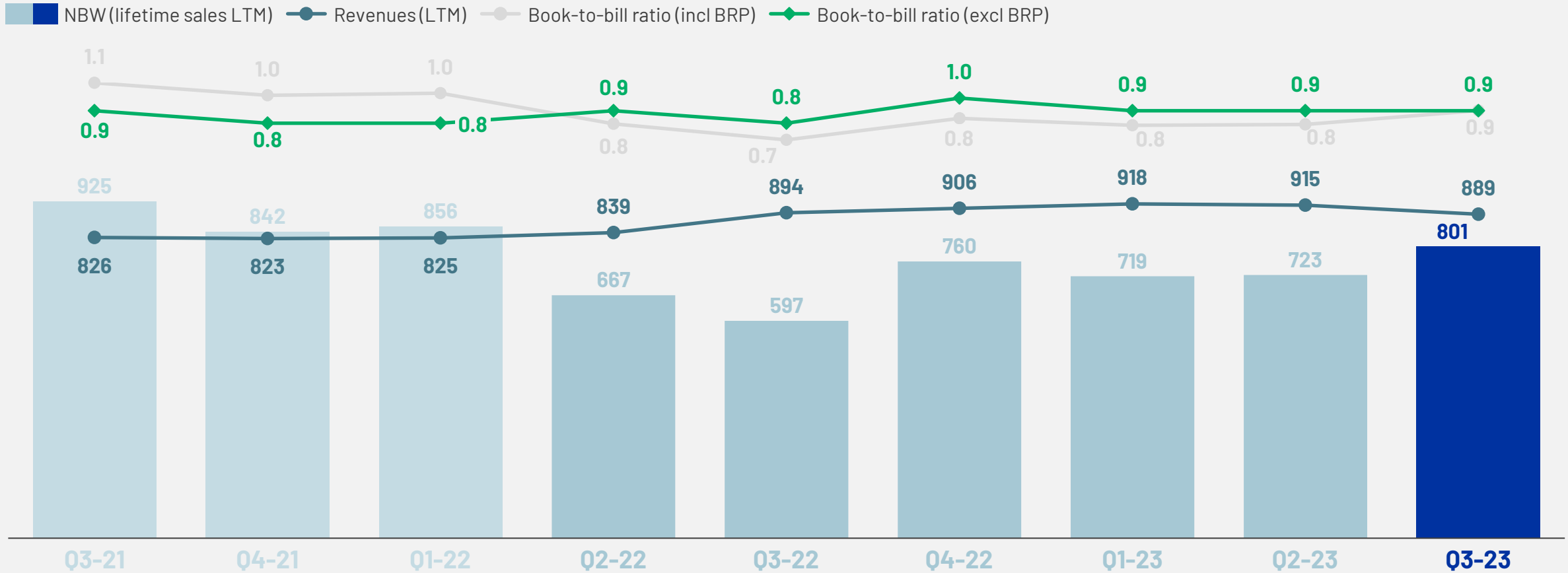
Decline Quarter over Quarter was mainly attributable to:

- Less favorable product mix
- Lost earnings related to the business divested to BRP (Q3 2022 at MEUR 12.6 including the reimbursement of MEUR 8.2 for spot-buy costs incurred in prior periods)
- In Q3 2023, adjusted EBIT benefitted from retroactive price increases and one-time reimbursements from customers of MEUR 1.7

BOOK-TO-BILL

MAINTAINING STABLE BOOK TO BILL RATIO
TARGET RATIO ABOVE 1 FOR FY2023

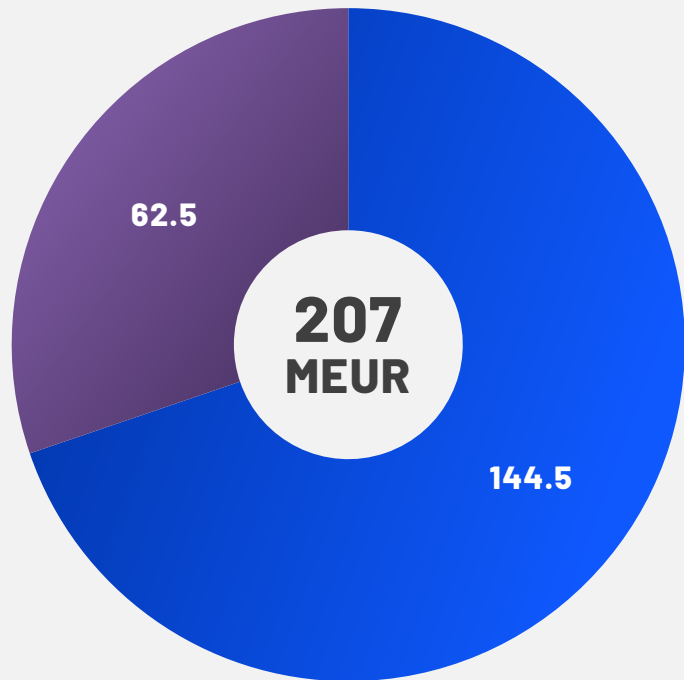
BOOK-TO-BILL PERFORMANCE, MEUR



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

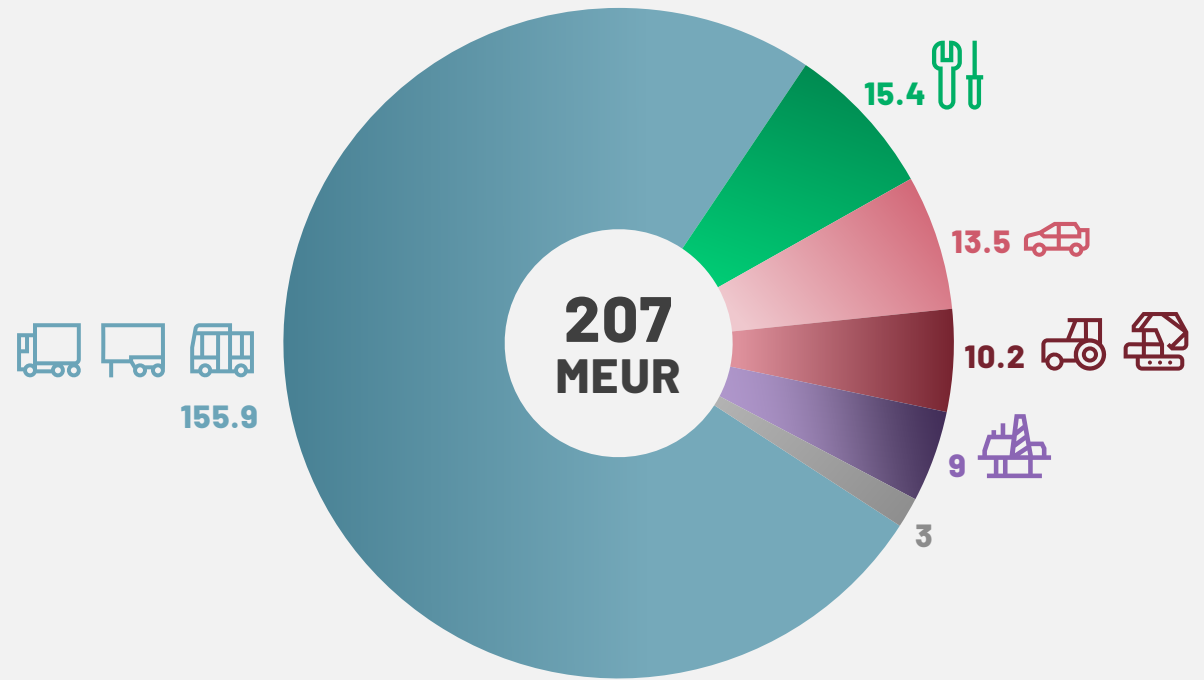
NEW BUSINESS WINS Q3 LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT



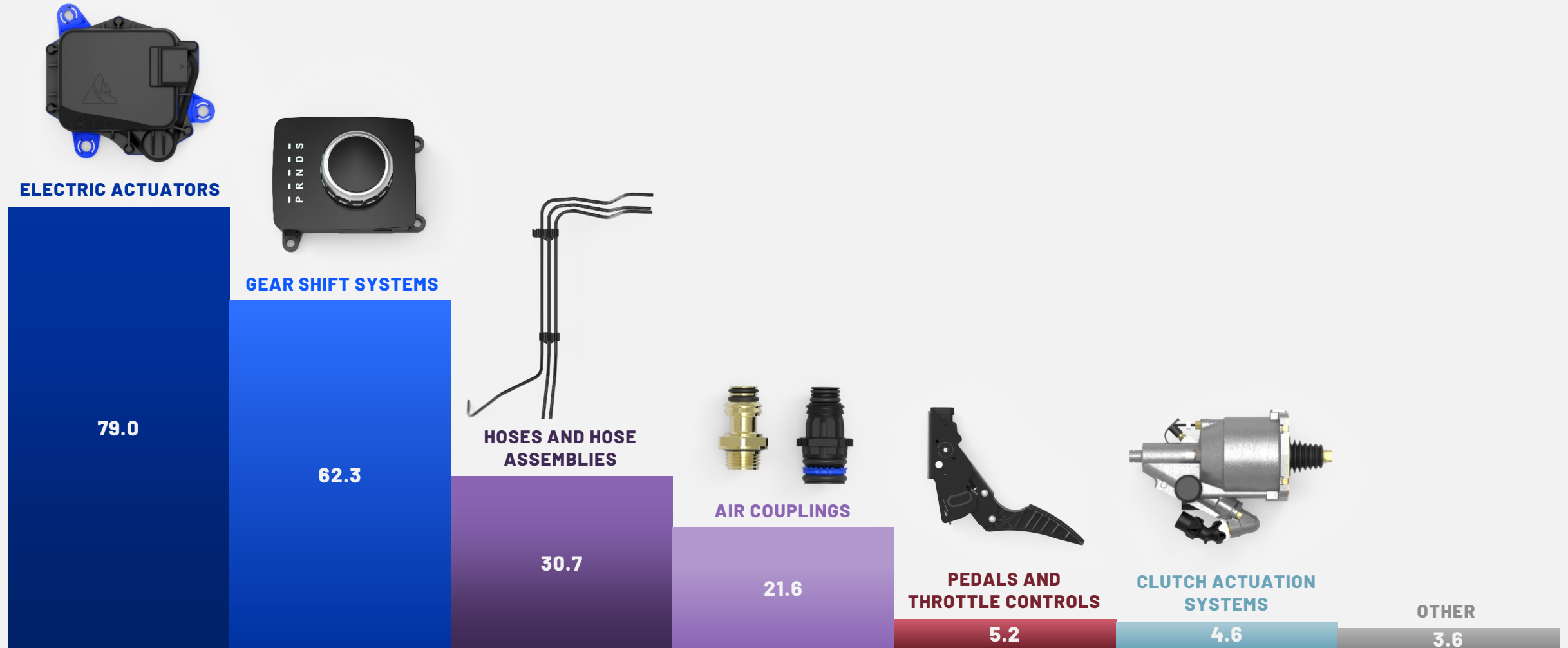
- POWERTRAIN & CHASSIS
- SPECIALTY PRODUCTS

PER AREA



- TRUCK, TRAILER, BUS & COACHES
- AFTERMARKET
- PASSENGER CARS
- AGRICULTURE & CONSTRUCTION
- INDUSTRIAL
- NEW GROWTH MARKETS

NEW BUSINESS WINS Q3 PRODUCT RANGES OVERVIEW



LIFETIME REVENUES, MEUR

The product images are illustrative.

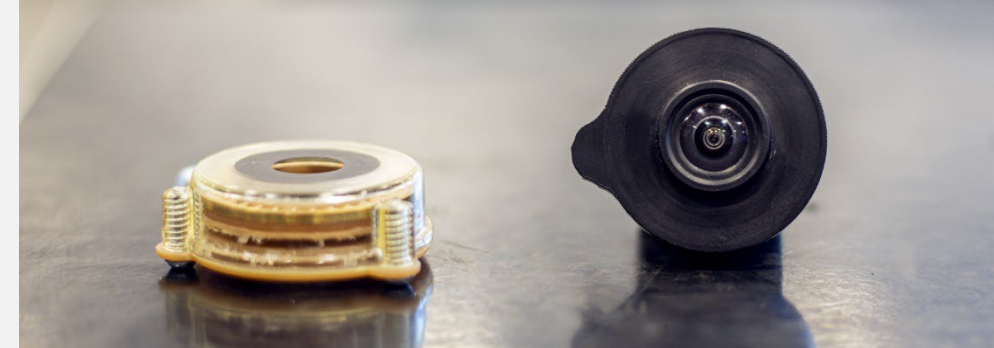


KA'S SECOND INVESTMENT INTO AUTONOMOUS DRIVING TECHNOLOGY



- KA has acquired **innovative patents** from Romoline for camera cleaners, developed in Norway
- KA's **second investment** into a technology that will be used in **autonomous driving** and is also used in **present day vehicles**
- Unlike traditional nozzle cleaners, this technology uses less fluid and sprays **away from the camera lens** leading to optimal cleaning. The product's intention is to improve **functionality, quality, environmental impact, customer satisfaction, and cost of use.**
- Next steps for KA to **expand** in this product area will be to develop the product into complete systems and sensor cleaning solutions
- KA expects **revenues in a 2-3 years time frame**

With this acquisition, KA now directly and indirectly **controls 28 patents** for technologies relevant to autonomous vehicles.



KA'S COST OPTIMIZATION MEASURES

Long term-viability and profitability of the company is KA's top priority

- On October 23, 2023, KA announced measures to **optimize costs, right size the company** and **enhance competitiveness**
- As a part of this initiative KA will reduce its workforce by an estimated 150-200 employees globally
- KA continues to **evaluate its global footprint**. As a first step, KA **will close** its Dortmund, Germany office effective January 1, 2024,
- KA expects annualized **saving of MEUR 15-20** during 2024
- The initiatives taken will **not change the guidance** given for the fiscal year 2023

EFFECTIVE MEASURES



OPTIMIZE COST



**RIGHT-SIZING THE
COMPANY**



**OPTIMIZE THE GLOBAL
PRESENCE**



**WORKFORCE
REDUCTION**



**EXPLORE ALL
OPPORTUNITIES**

MARKET UPDATE

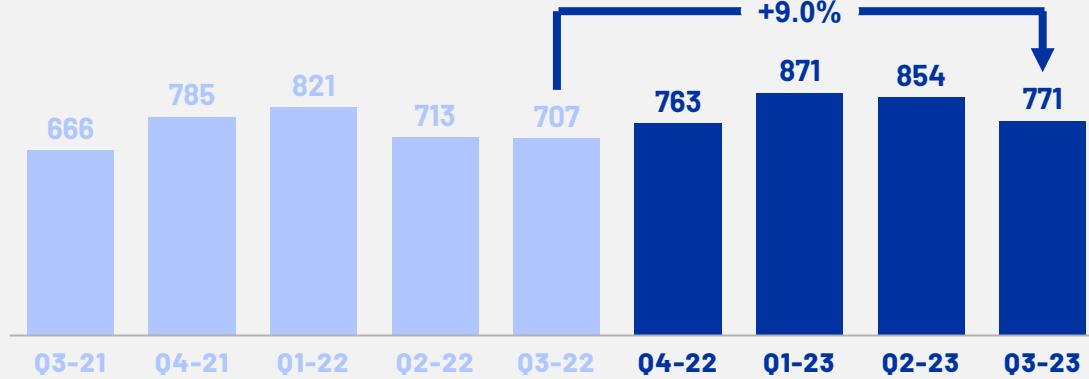


MARKET TRENDS

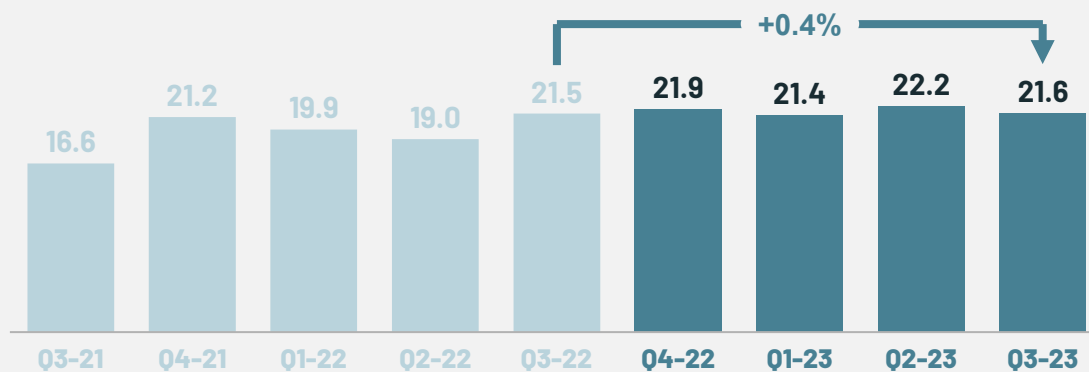
STRONG GROWTH IN THE CHINESE COMMERCIAL VEHICLE MARKET

MARKET DEVELOPMENT

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



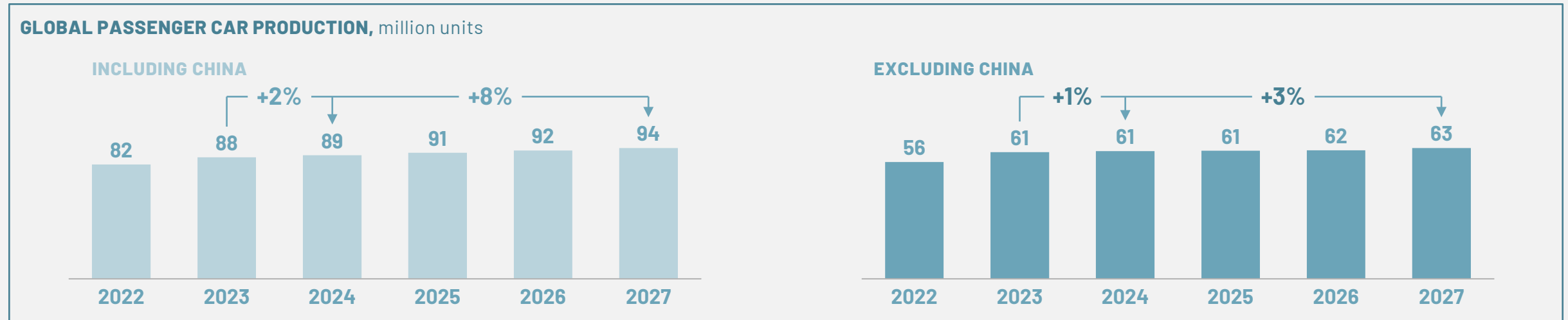
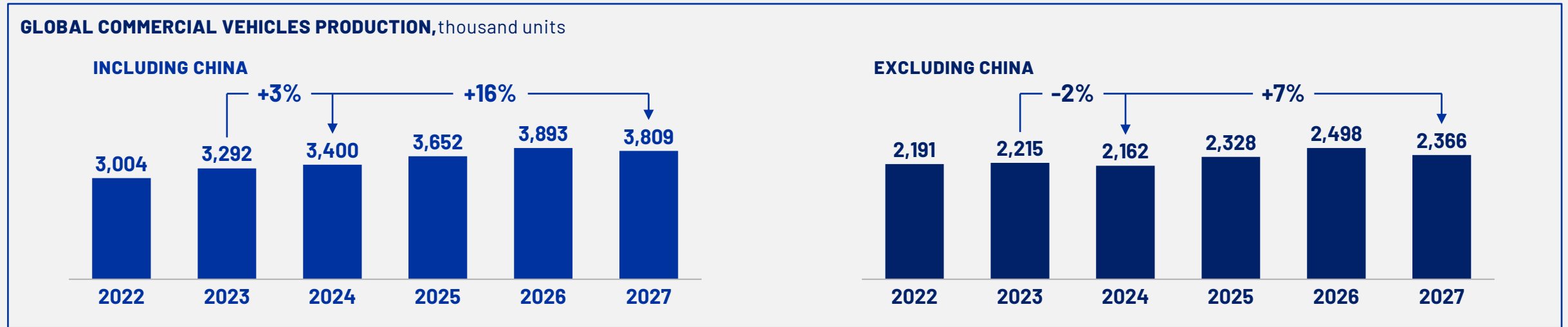
GLOBAL PASSENGER CAR PRODUCTION, million units



REGION	Δ Q3-23 vs. Q3-22	Δ 2023 vs. 2022
China	+43.9%	+32.4%
APAC w/o China	-8.1%	-2.6%
Europe	+18.9%	+12.9%
North America	+3.3%	+6.6%
South America	-38.7%	-35.8%
Rest of World	+9.4%	+10.0%
Total	+9.0%	+9.6%
Total (excl. China)	+8.6%	+1.1%
China	-8.4%	+2.0%
APAC w/o China	+4.6%	+8.2%
Europe	+8.5%	+12.6%
North America	+4.7%	+5.9%
South America	-3.8%	+2.3%
Rest of World	+1.5%	+1.9%
Total	+0.4%	+6.3%
Total (excl. China)	+1.7%	+8.3%

MARKET FORECASTS

GROWTH IN THE COMMERCIAL VEHICLE MARKET DEPENDS ON CHINA



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

MACROECONOMIC STABILIZATION

POSITIVE DEVELOPMENT FOR KA WITHIN COMMERCIAL VEHICLES IN KEY REGIONS

REVENUE GROWTH VS MARKET GROWTH IN Q3 23 vs. Q3 22¹

GLOBAL			CHINA		
	KA	MARKET		KA	MARKET
COMMERCIAL VEHICLES	+20.6%	+9.0%	COMMERCIAL VEHICLES	+146.4%	+43.9%
PASSENGER VEHICLES	+10.2%	+0.4%	AMERICAS		
OTHER (ONLY KA)	+7.9% ²		COMMERCIAL VEHICLES	+12.2%	-8.2%

OUTPERFORMANCE IN KEY MARKETS

- > **KA's total revenues from the commercial vehicle market outperformed the market.**
 - » Revenues from the commercial vehicle market in China has more than doubled compared to Q3 2022, due to the increased sales to one of the biggest customers
 - » KA significantly outperformed the commercial vehicle market in the Americas with an increase of 12.2% QtoQ, despite the declining market
 - » In Europe, KA's sales in Q3 were slightly below market growth

- > **KA's sales also outperformed the passenger vehicle market.**
 - » This is mainly due to the growth in sales of the Fuel Systems to one of the major European car manufacturer
 - » Revenues from the passenger vehicle market in China were negatively impacted by increasing local competition

¹Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q3 2022 to Q3 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.

²excluding revenues divested to BRP of MEUR 40.2 in Q3 2022







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		Energy prices are flattening while prices for raw material are showing further reduction



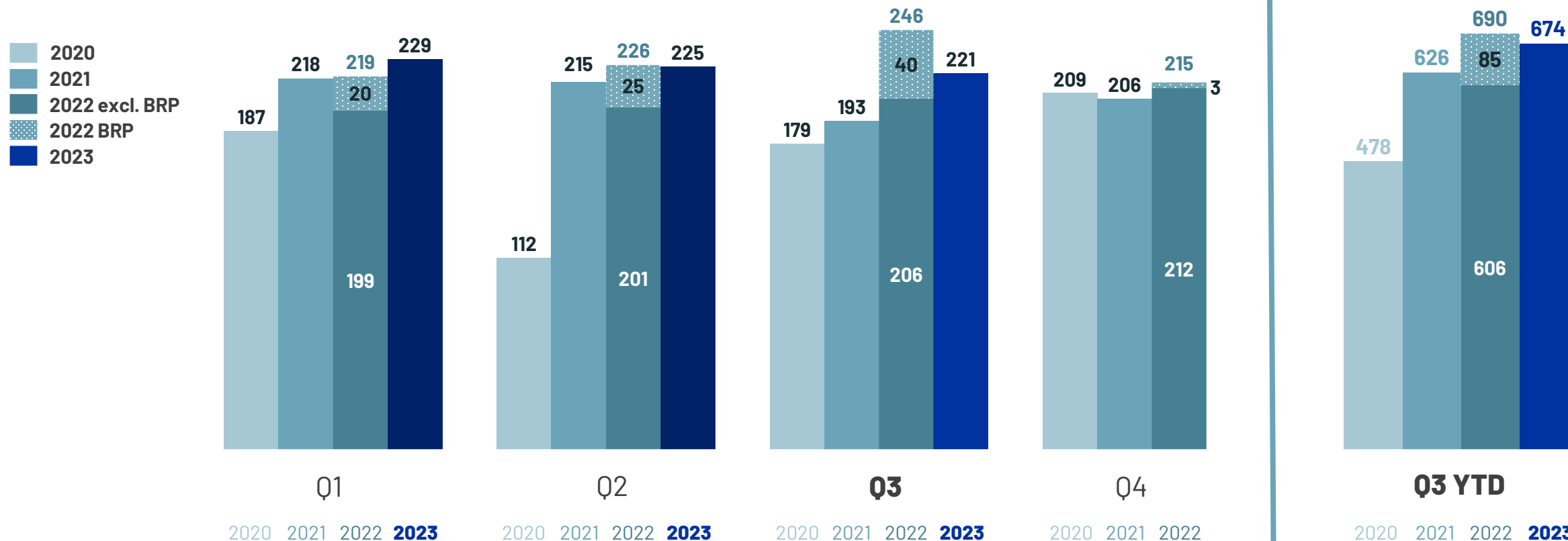
FINANCIAL UPDATE



REVENUES

SOLID REVENUES DRIVEN BY SEASONALITY AND EXTRAORDINARY ITEMS

REVENUES (continuing operations), MEUR



Quarterly revenues in 2023 include significant negative translation effects. On the current currency basis, quarterly revenues are as follows:

- Q1 2023: MEUR 226 (positive translation effects of MEUR 3)
- Q2 2023: MEUR 235 (negative translation effects of MEUR 10)
- Q3 2023: MEUR 236 (negative translation effects of MEUR 15)

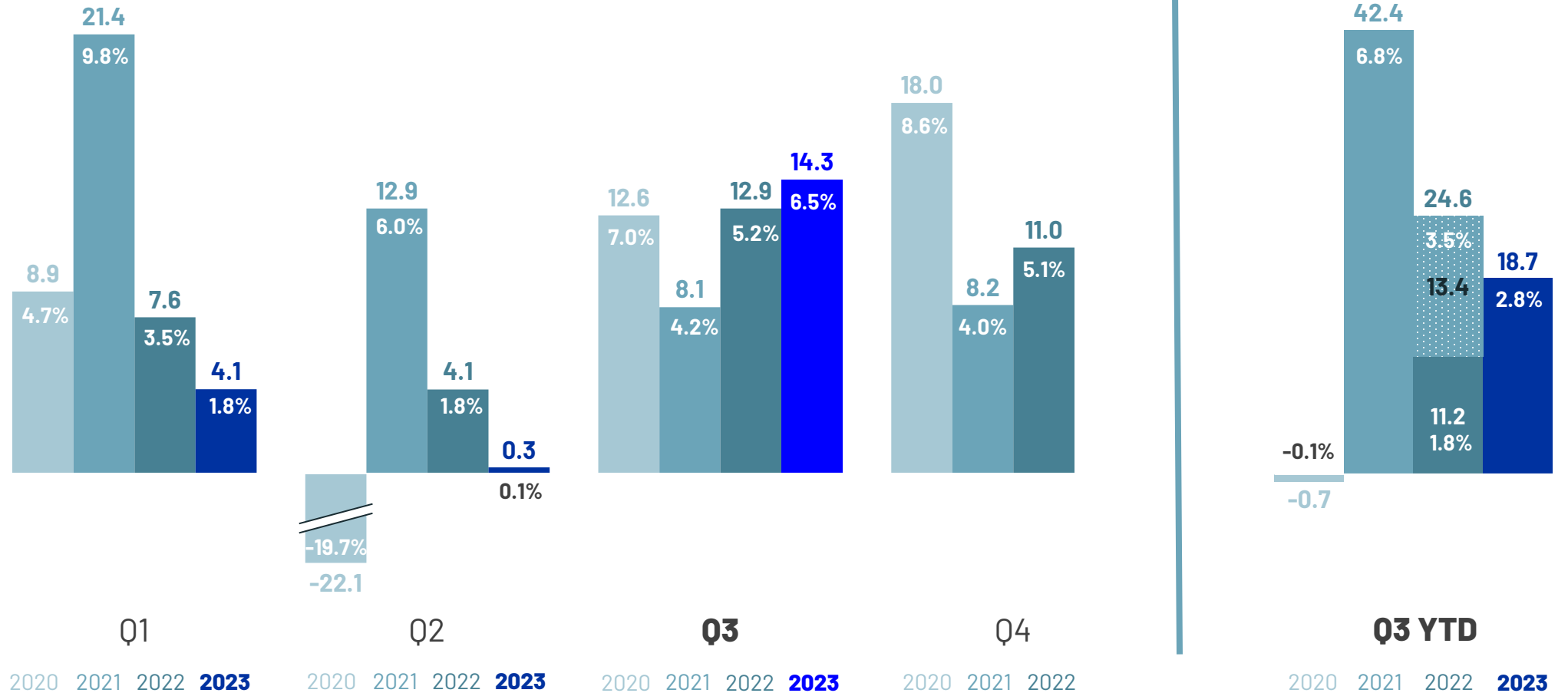


ADJUSTED EBIT

POSITIVE EARNINGS PARTIALLY DRIVEN BY OPERATIONAL ONE-TIME EFFECTS

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

- 2020
- 2021
- 2022 excl. BRP
- 2022 BRP
- 2023

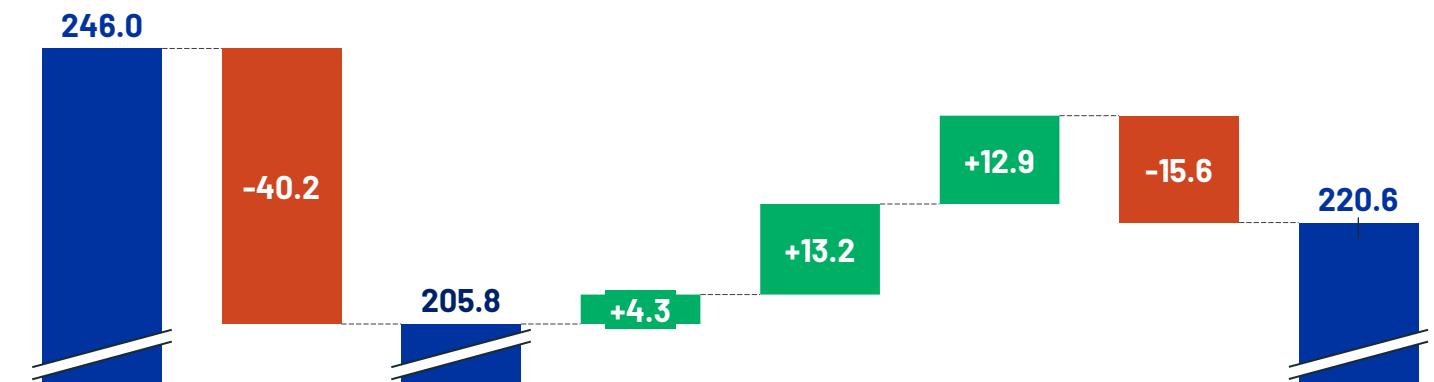


ADJUSTED EBIT BRIDGE

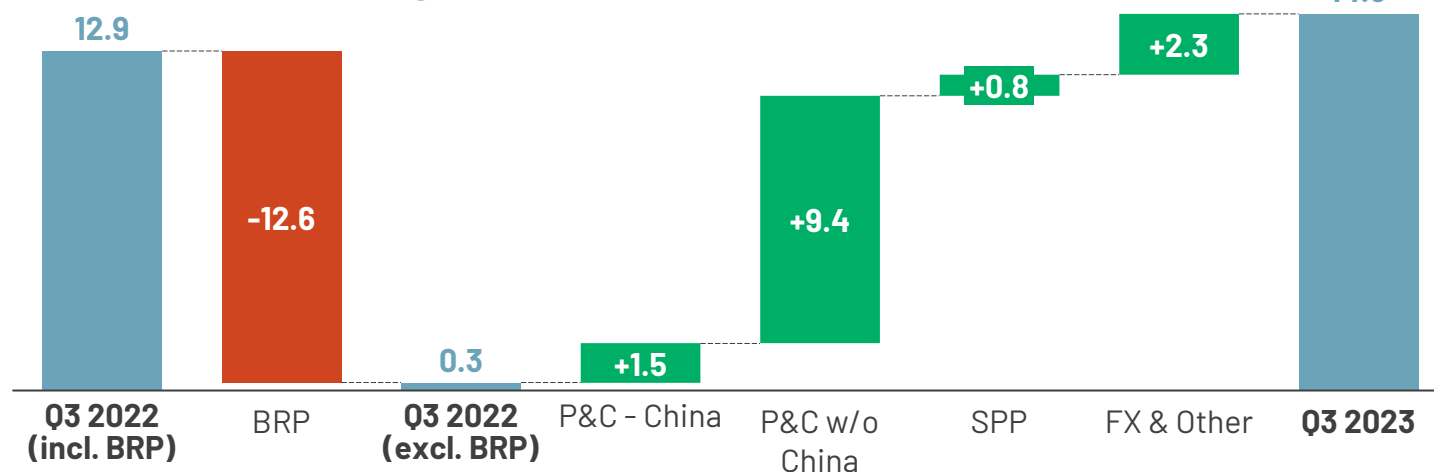
POSITIVELY DRIVEN BY ONE-TIME EFFECTS

NEGATIVELY IMPACTED BY UNFAVOURABLE REGIONAL PRODUCT MIX

REVENUES (continuing operations), MEUR



ADJUSTED EBIT (continuing operations), MEUR



P&C

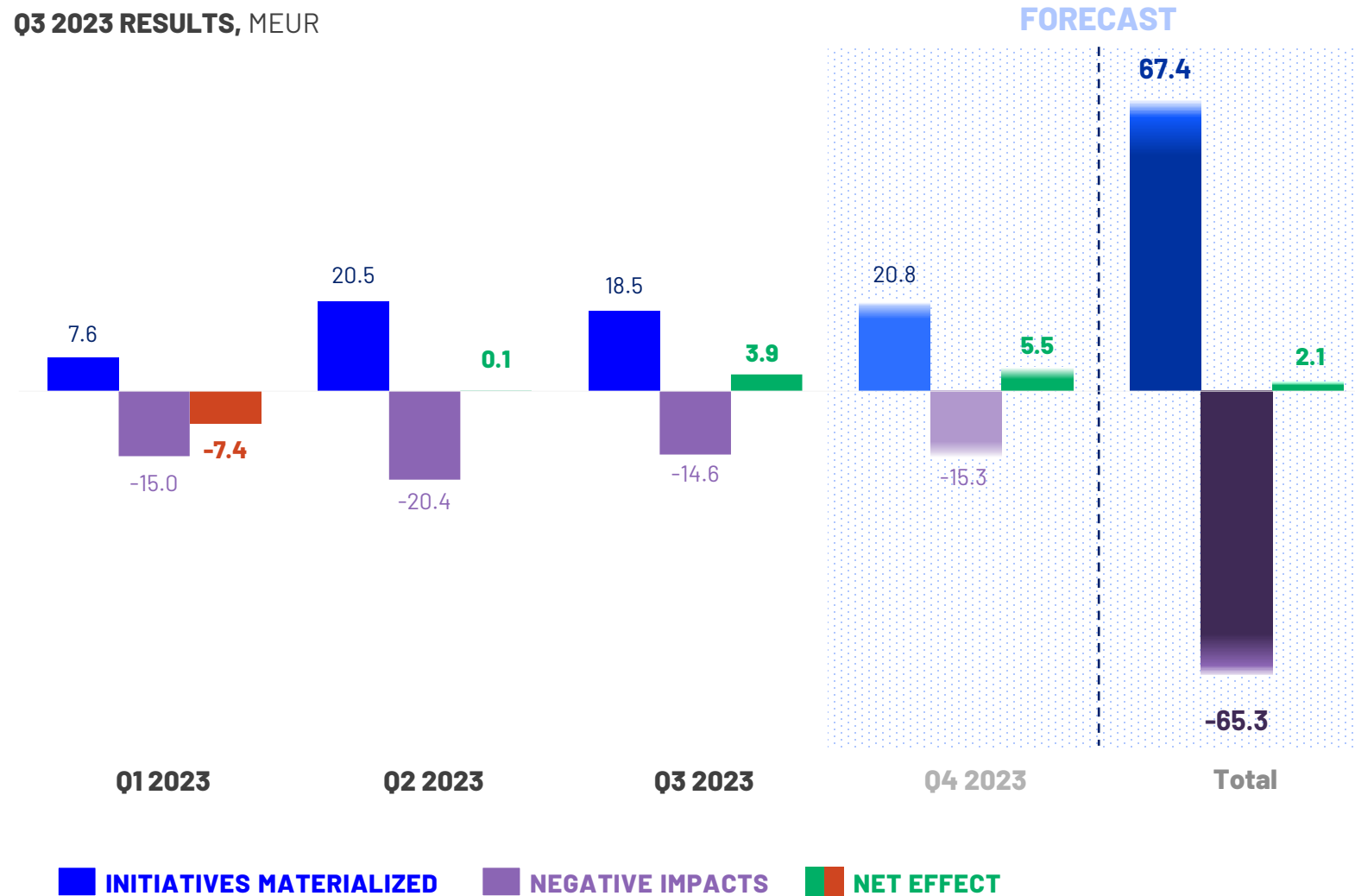
- > Sales in Europe and the Americas increased by MEUR 12.2; adj. EBIT grew by MEUR 9.0. This was mainly driven by the positive one-time effects of MEUR 4.0, predominantly related to one-time reimbursements from customers and release of provision for customer claims
- > Sales and adj. EBIT in APAC (excl. China) grew by MEUR 1.0 and MEUR 0.4, respectively
- > Sales in China increased by MEUR 4.3, and adj. EBIT increased by MEUR 1.5, mainly in the commercial vehicles market

SPP

- > Sales of FCS grew by MEUR 8.6; adj. EBIT decreased by MEUR 0.3, mainly due to less favorable product mix in the fluid transfer systems business
- > Excluding the sales from the business divested to BRP (MEUR 40.2 with adj. EBIT of MEUR 12.6), OFH sales grew by MEUR 4.3, of which MEUR 1.7 related to retroactive price increases and one-time reimbursements from customers

SHIFT GEAR I PERFORMANCE IMPROVEMENT

Q3 2023 RESULTS, MEUR



- > Overall, Q3 result has delivered a net positive effect of MEUR 3.9
- > Major positive contributions from ComX and Operational Improvements
- > Positive one-time effects reduced impact of forecasted risks
- > Full year net effect forecast increased from MEUR 0.7 to MEUR 2.1

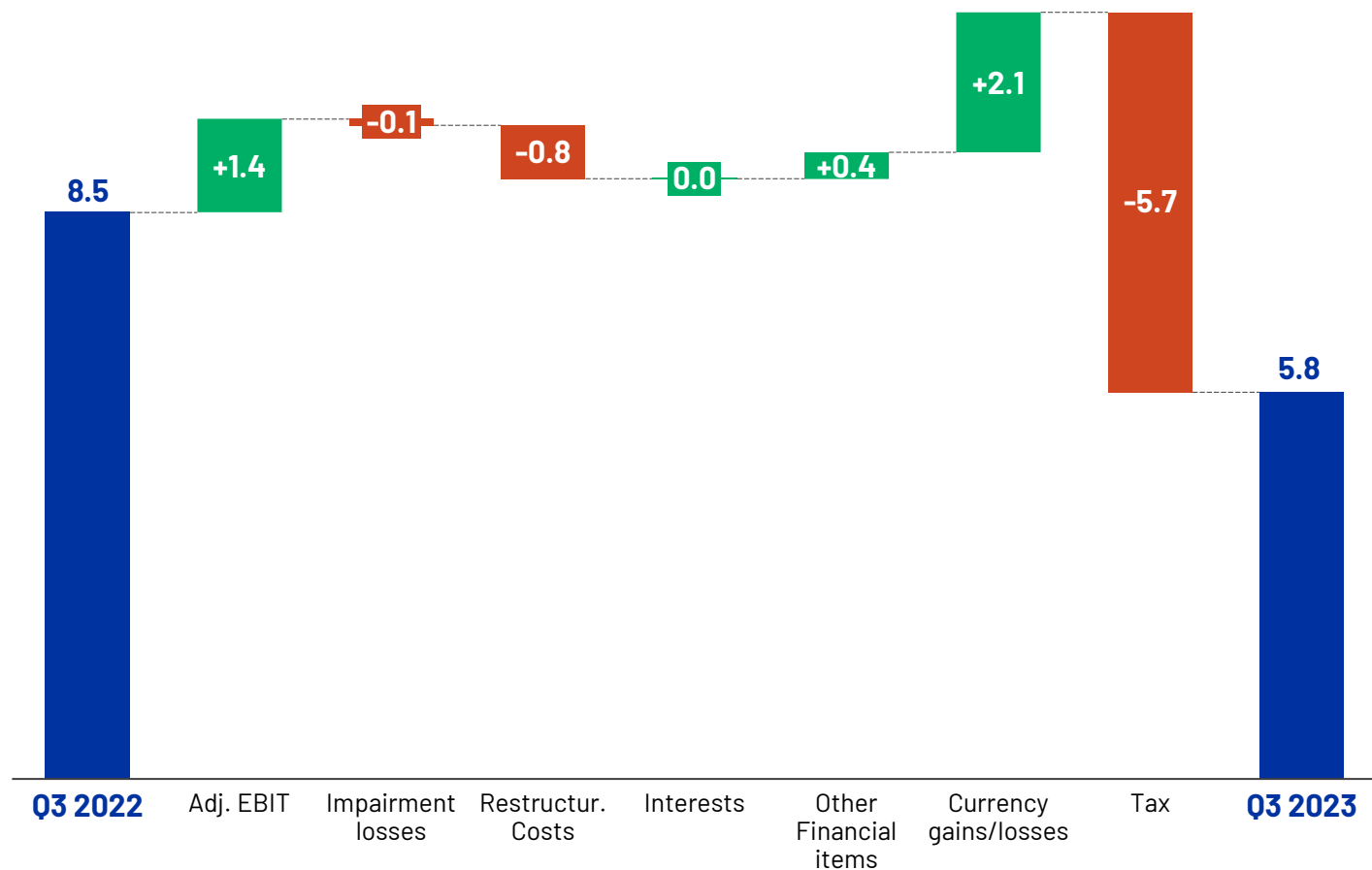
Q3 2023 RESULTS:

INITIATIVES MATERIALIZED	MEUR 18.5
NEGATIVE IMPACTS	MEUR 14.6

NET INCOME BRIDGE

HIGHER TAX EXPENSE OFFSET POSITIVE DEVELOPMENT

NET INCOME (continuing operations), MEUR



NET INTERESTS AND OTHER FINANCIAL ITEMS

- Net interests remained stable compared to Q3 2022
- Other financial items in Q3 2023 include the change in expenses related to the securitization of MEUR 0.1 and other financial items of MEUR 0.3

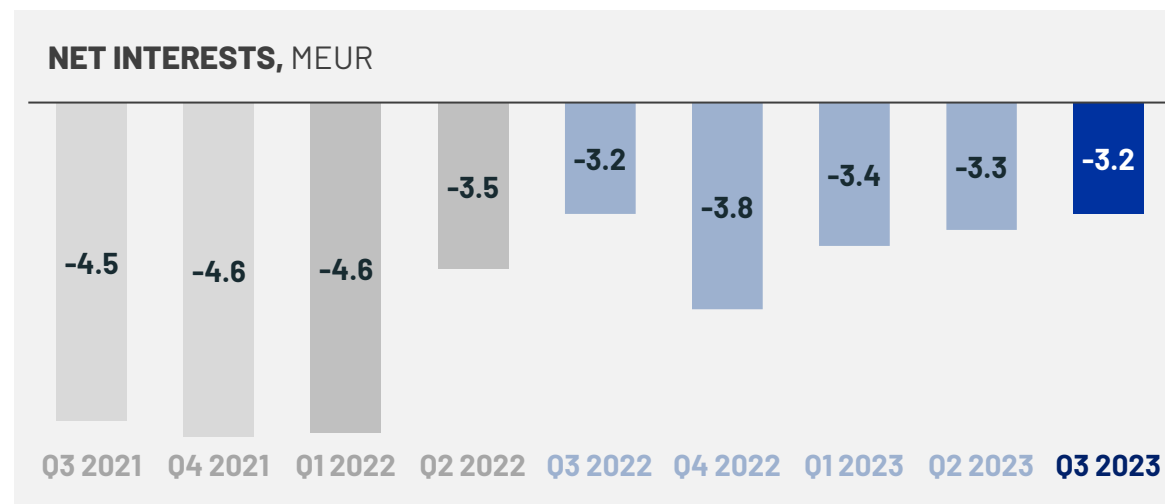
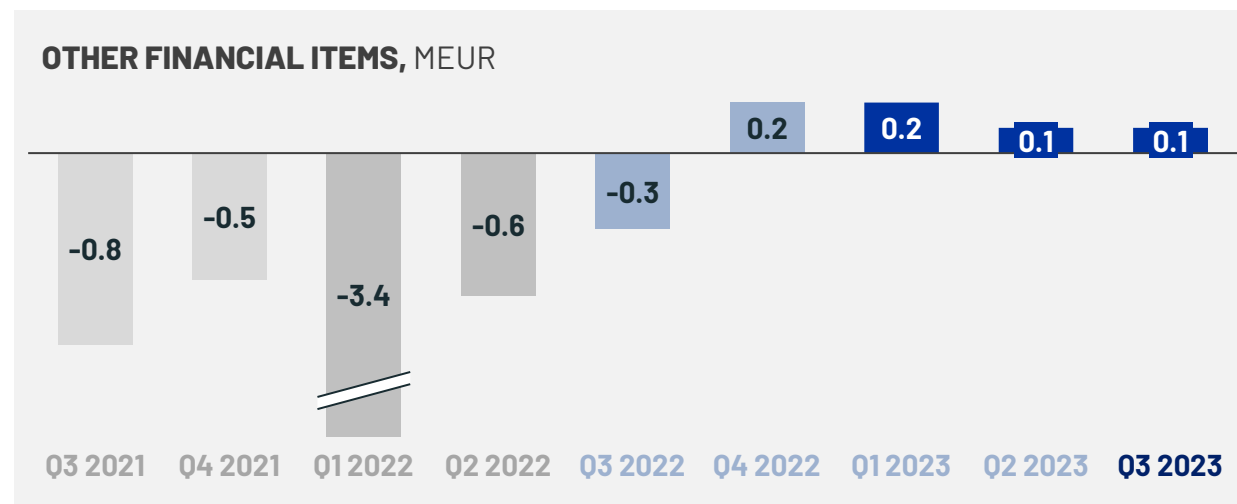
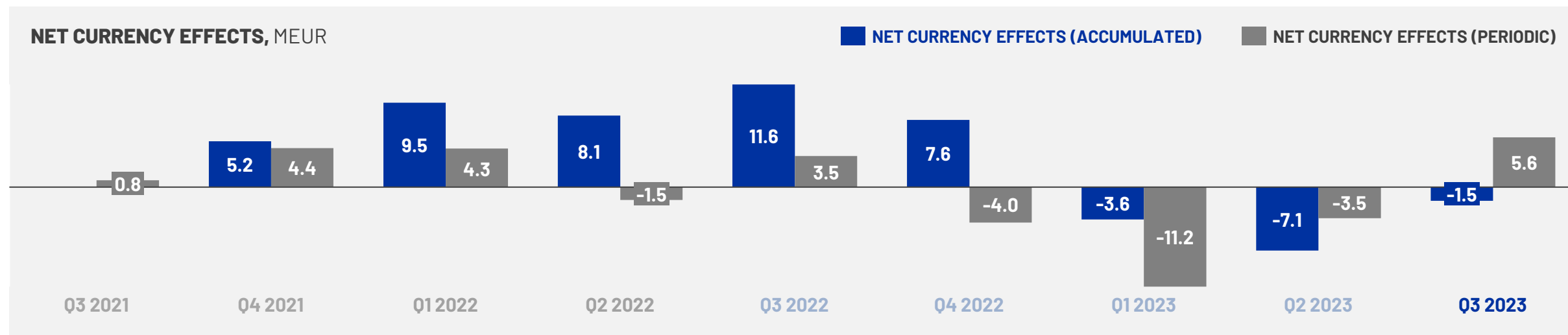
CURRENCY GAINS

- Currency gains amounted to MEUR 5.6 in Q3 2023 vs. MEUR 3.5 in Q3 2022
- Currency translation effects are made up of realized currency loss of MEUR 0.1 and unrealized currency gains of MEUR 5.7 in Q3 2023 (Q3 2022: realized gains of MEUR 1.6 and unrealized gains of MEUR 1.9)

TAX

- Change in tax expenses was predominantly impacted by the losses considered not to be usable in the foreseeable future and therefore not capitalizable as DTA in Q3 2023 as well as prior year tax effects

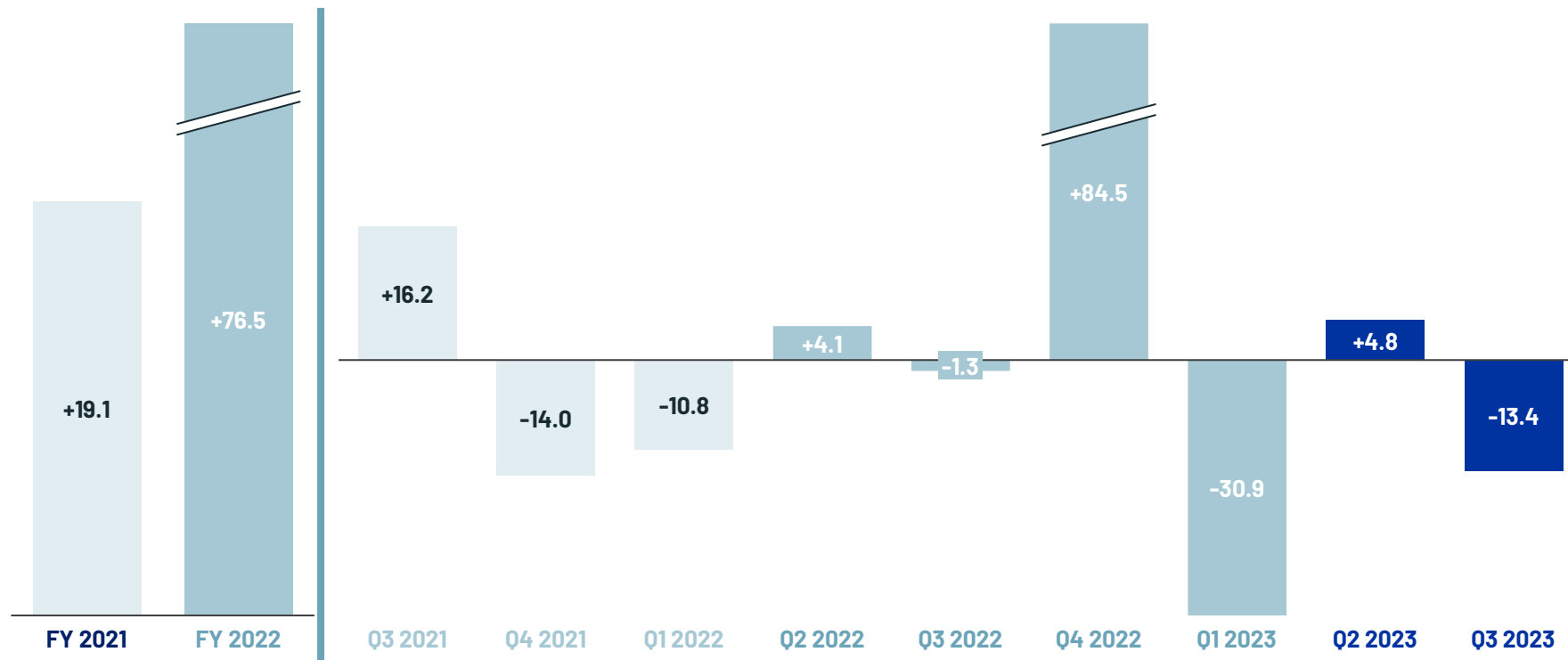
NET FINANCIAL ITEMS



FREE CASH FLOW

DECLINE IN FREE CASH FLOW DUE TO NWC INCREASE

FREE CASH FLOW¹, MEUR



Q3 2023 FCF DETAILS

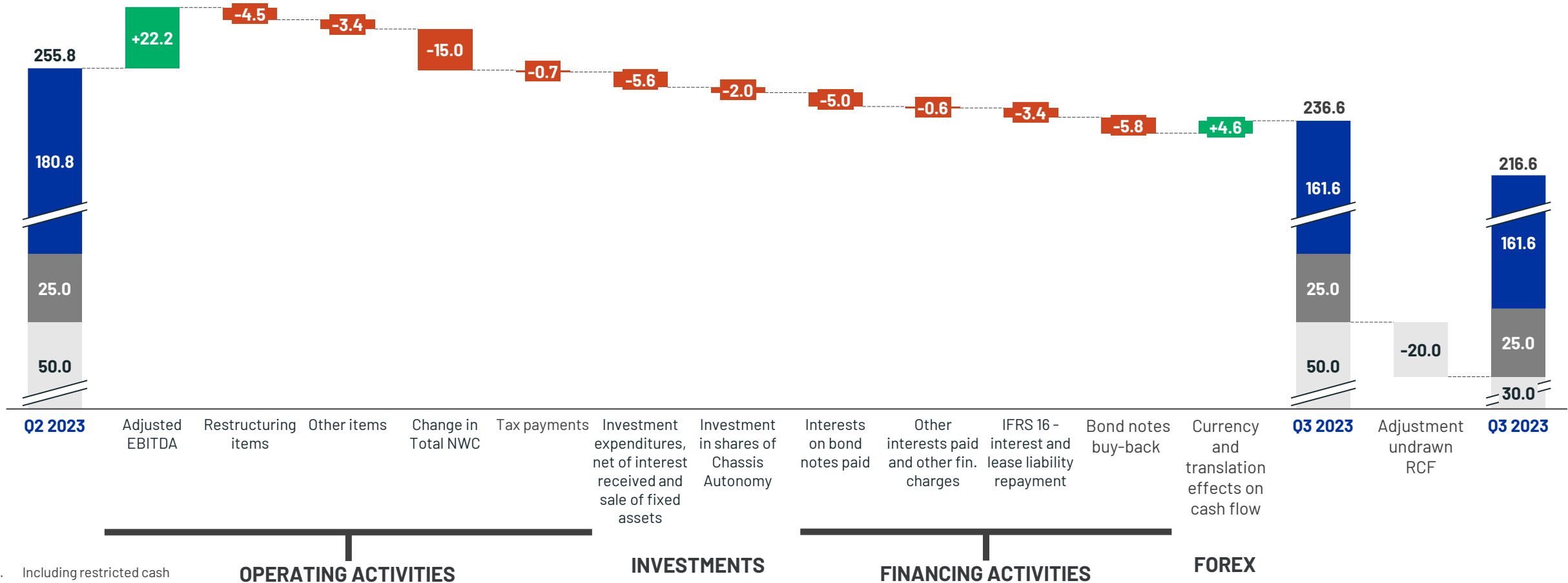
Operating activities	-1.4
Investing activities	-7.6
Financing activities	-14.8
Currency and translation effects on cash flow	+4.6
Total	-19.2
excluding repurchase of own bond notes	+5.8
FCF	-13.4

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 DEVELOPMENT¹, MEUR

■ CASH ■ UNUTILIZED SECURITIZATION FACILITY ■ UNDRAWN RCF



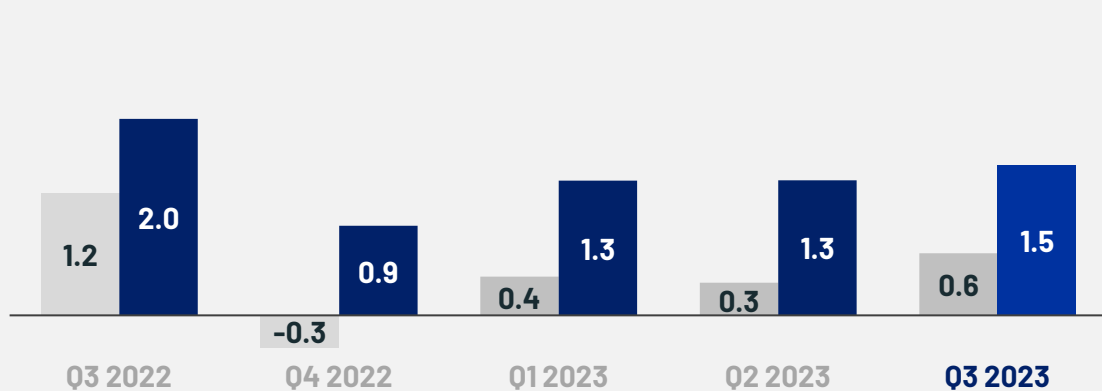
1. Including restricted cash

FINANCIAL RATIOS

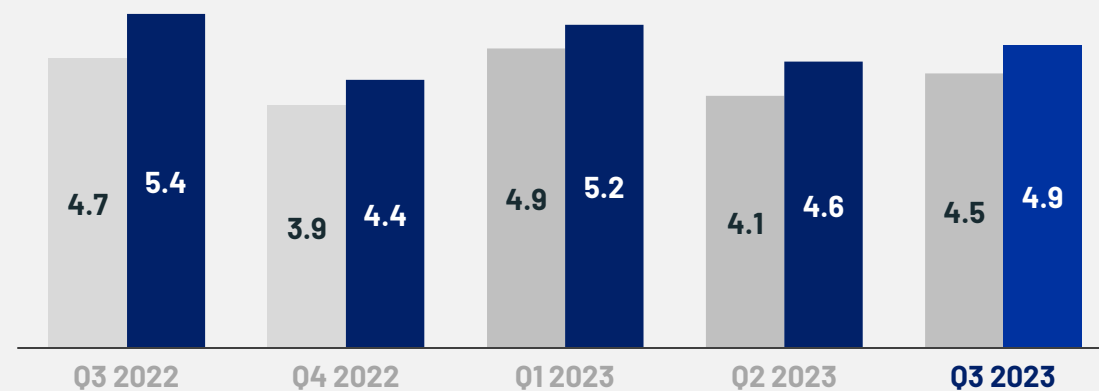
CONTINUING AND DISCONTINUED OPERATIONS

■ EXCLUDING IFRS16
■ INCL. IFRS 16 EFFECT

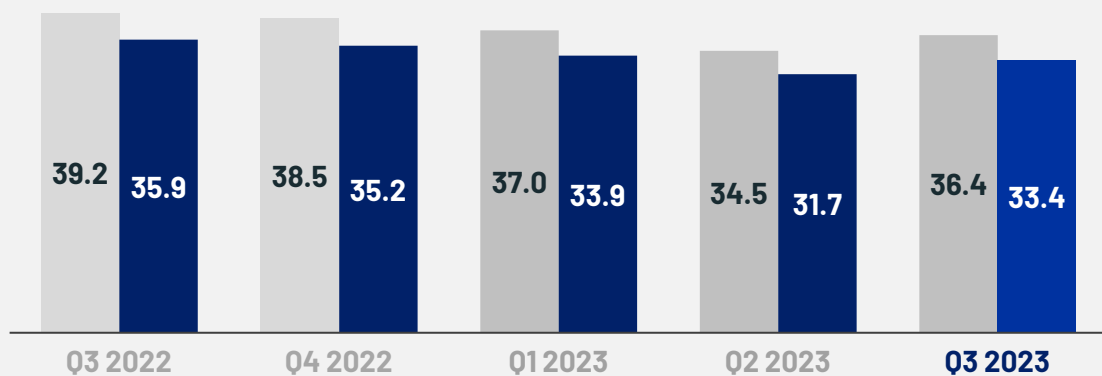
ADJUSTED GEARING RATIO^{1,2}, NIBD³/ADJUSTED EBITDA, LTM



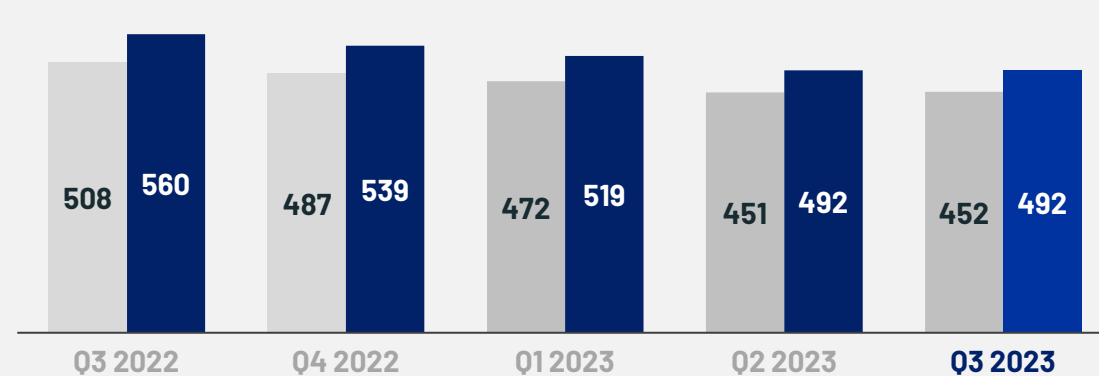
ADJUSTED ROCE², %, LTM



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



STRATEGIC REVIEW



STRATEGIC REVIEW OVERVIEW



INITATED BY: FORMER BOARD OF DIRECTORS AND FORMER CEO/MANAGEMENT

INITATED IN: MARCH 2023

ADVISORS: ROTHSCHILD AND ABG SUNDAL COLLIER (STRUCTURAL CONSIDERATIONS)

PURPOSE:

- > EVALUATE OPTIONS TO MAXIMIZE FUTURE SHAREHOLDER VALUE
- > UNLOCK THE FULL POTENTIAL OF KA BEYOND THE CURRENT PERFORMANCE
- > RIGHTSIZING, IMPROVING ORGANIZATIONAL AND OPERATIONAL EFFICIENCY

AREAS OF FOCUS

ACQUISITIONS
PARTNERSHIPS &
COLLABORATIONS

DIVESTMENTS

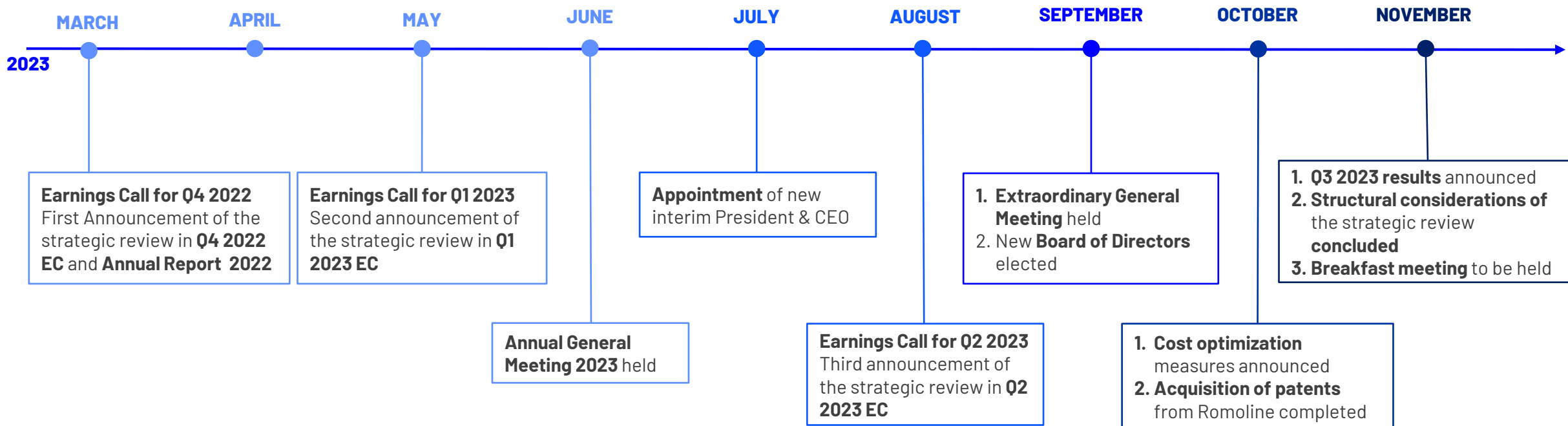
CAPITAL
MEASURES

COST
OPTIMIZATION
MEASURES

STRUCTURAL CONSIDERATIONS



STRATEGIC REVIEW TIMELINE



MARCH - OCTOBER 2023 DISCUSSIONS AND ACTIVITIES ON KA'S STRATEGIC REVIEW CONTINUED WITH ROTHSCHILD AND ABG SUNDAL COLLIER



CONCLUSIONS

THE BOARD OF DIRECTORS AND KA MANAGEMENT ARRIVED AT THE FOLLOWING CONCLUSIONS:

- > **Retaining and developing the current activities would create the highest value** for KA and its shareholders
- > **Focus on growth areas** where KA is well-positioned
- > Focus on the next year's main **effort on regaining** acceptable levels of **profitability and securing a positive cash flow**
- > Continue to **explore options** for mitigating the earnings pressure deriving from the business units in the declining segments
- > **Allow for bolt-on acquisitions** in the coming year, so KA can **strengthen businesses** in areas where the company is well-positioned



KA'S BOARD OF DIRECTORS AND MANAGEMENT HAVE DECIDED TO CONCLUDE THE STRUCTURAL CONSIDERATION OF THE STRATEGIC REVIEW.

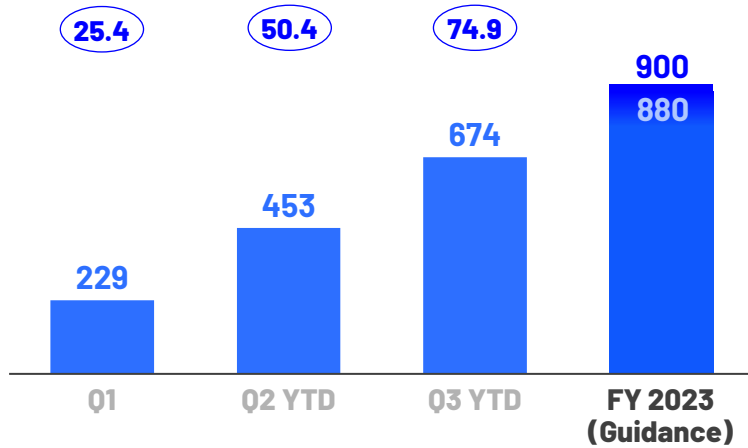


OUTLOOK



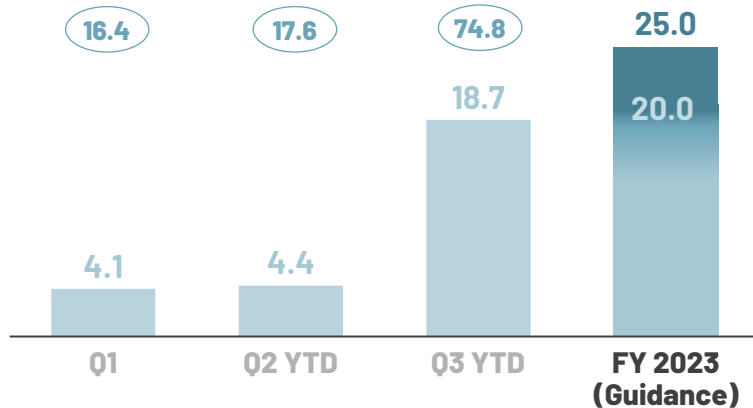
ON TRACK TO DELIVER ON GUIDANCE

REVENUES, MEUR % DELIVERY OF FY GUIDANCE (%)



**FY 2023 GUIDANCE
MEUR 880-900**

ADJ. EBIT, MEUR % DELIVERY OF FY GUIDANCE (%)

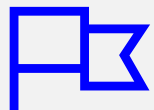


**FY 2023 GUIDANCE
MEUR 20-25**

Based on YTD Q3 2023, KA maintains the full year 2023 guidance for both revenues and adjusted EBIT.



OUTLOOK



TARGETS AND INITIATIVES

SHARE BUYBACK

2.5% OR UP TO MEUR 4.2

BOOK TO BILL

ABOVE 1 FOR 2023



UPCOMING EVENTS

BREAKFAST MEETING with the new CEO in Oslo, Norway on November 9, 2023, at Danske Bank in Oslo, Norway

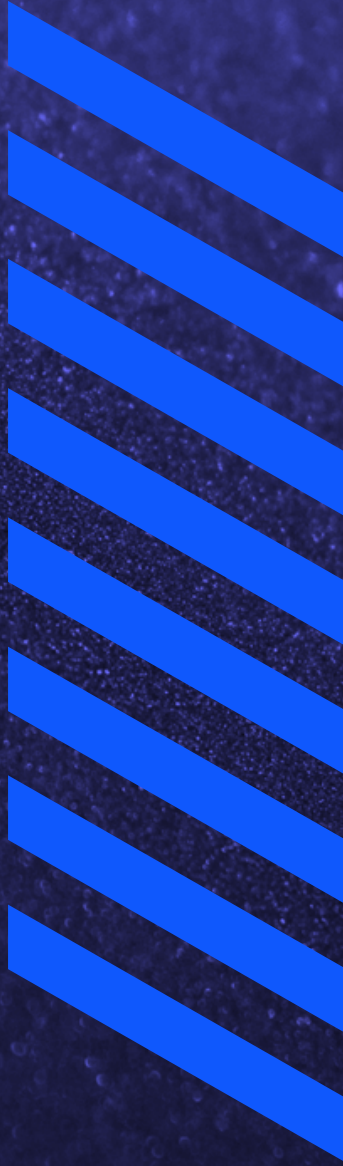
KA exhibits at **AGRITECHNICA** in Hanover, Germany from November 12 -18, 2023

Q4 RELEASE AND ANNUAL REPORT PUBLICATION on March 12, 2024

CAPITAL MARKETS DAY in Q1 2024



Q&A





KONGSBERG
AUTOMOTIVE

MOBILITY SOLUTIONS FOR THE FUTURE