

KONGSBERG AUTOMOTIVE

Q4 2023

MARCH 12, 2024



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
CEO & PRESIDENT



FRANK HEFFTER
CFO

AGENDA

EXECUTIVE SUMMARY

MARKET UPDATE

FINANCIAL UPDATE

EXTENDED SECTION

Q&A

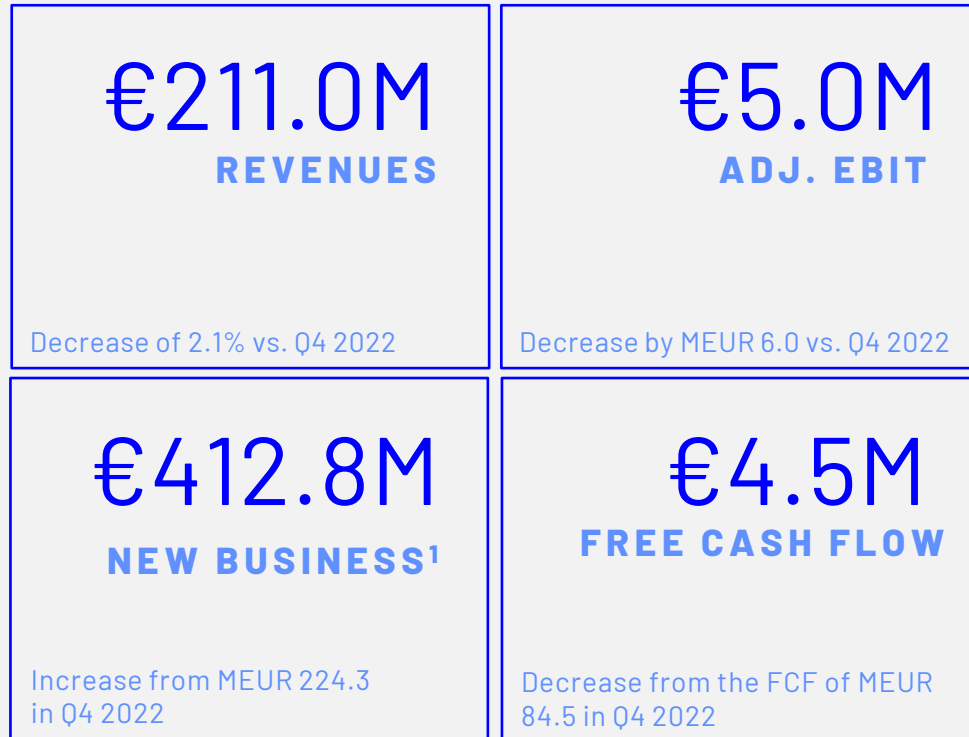


EXECUTIVE SUMMARY



EXECUTIVE SUMMARY – Q4 2023

REVENUES AND EARNINGS IN LINE WITH ANNUAL PERFORMANCE



¹ Lifetime revenue of business wins during the quarter

REVENUES

- > At constant currencies revenues amounted to MEUR 220.0 in Q4 2023, an increase of MEUR 4.7. The above market growth in the commercial vehicle segment especially in China and Europe was partially offset by the declining revenues in the passenger car markets in all regions, mainly in China.

ADJUSTED EBIT

- > The earnings from the positive development in the Commercial vehicle markets in China and Europe could not fully compensate the missing fall through from the declining revenues in the passenger car markets, especially in China.
- > In Q4 2022 KA benefitted from higher one-time customer reimbursements and retroactive price increases than this year' quarter.

FREE CASH FLOW

- > Q4 2022 included proceeds received from the sale of tangible and intangible assets to BRP (MEUR 62.9) as well as for inventory and other NWC items (MEUR 19.1).

NEW BUSINESS WINS

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

EXECUTIVE SUMMARY – FY 2023

DELIVERED ON FULL YEAR GUIDANCE WITH ALL-TIME HIGH NEW BUSINESS WINS

€884.9M
REVENUES

Decrease of 2.3% vs. 2022

€23.7M
ADJ. EBIT

Decreased by MEUR 11.9 vs. 2022

€-34.9M
FREE CASH FLOW

Decrease from the FCF of
MEUR 76.5 in 2022

1.8x
LEVERAGE RATIO^{1,2}

Up from 0.8x in Q4 2022

€100.2M
NIBD⁴

Deteriorated from MEUR 54.7 as of
31/12/2022

€989.4M
NEW BUSINESS³

Increase from MEUR 760.2
in 2022

REVENUES

- > Excluding revenues of MEUR 88.1 divested to BRP in 2022, annual revenues grew by 12.9% at constant currency rates.

ADJUSTED EBIT

- > Supported by price increases, partially offset by the increase of warranty expenses and significantly declining performance in the passenger car market.
- > In 2022, adjusted EBIT from the divested business to BRP amounted to MEUR 14.5. Excluding those earnings in 2022, adjusted EBIT increased by MEUR 2.6.

FREE CASH FLOW

- > Free cash flow in 2022 included MEUR 82.0 related to the divestiture of the Powersports business to BRP.

NEW BUSINESS WINS

- > Significant increase of MEUR 229.2 especially due to significant contracts in the commercial vehicle market being awarded to P&C.

¹ Includes IFRS 16; excluding IFRS 16, leverage ratio is equal to 0.6x in 2023 compared to (0.3)x in 2022

² NIBD / Adjusted EBITDA (LTM)

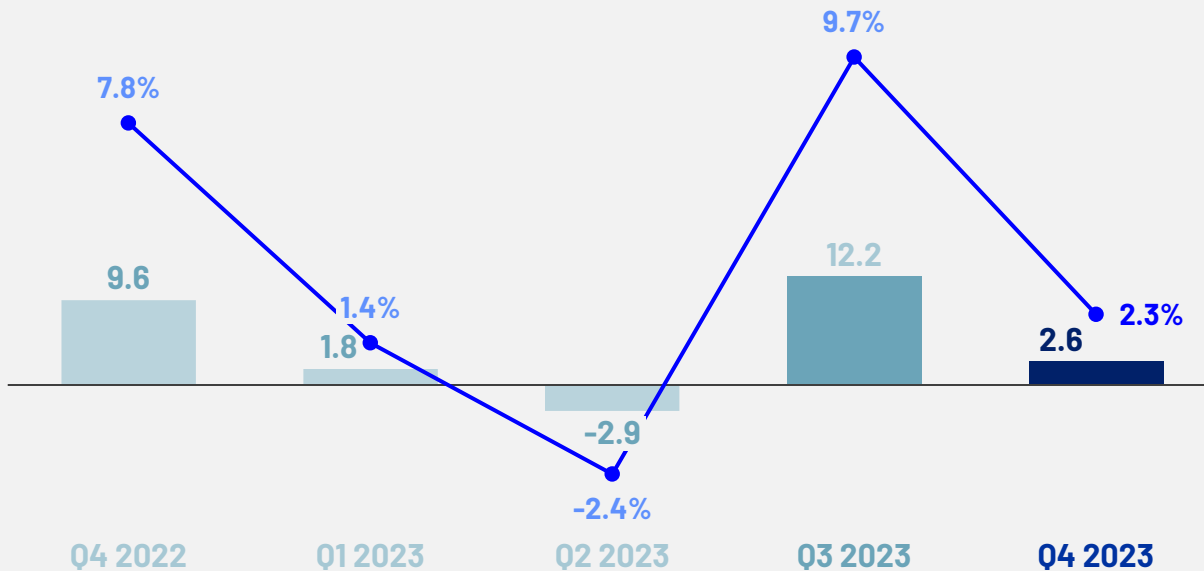
³ Lifetime revenue of business wins during the quarter

⁴ Net Interest-Bearing Debt

POWERTRAIN & CHASSIS

BUSINESS SEGMENT UPDATE

ADJUSTED EBIT MARGIN, %
ADJUSTED EBIT, MEUR



Q4 2023

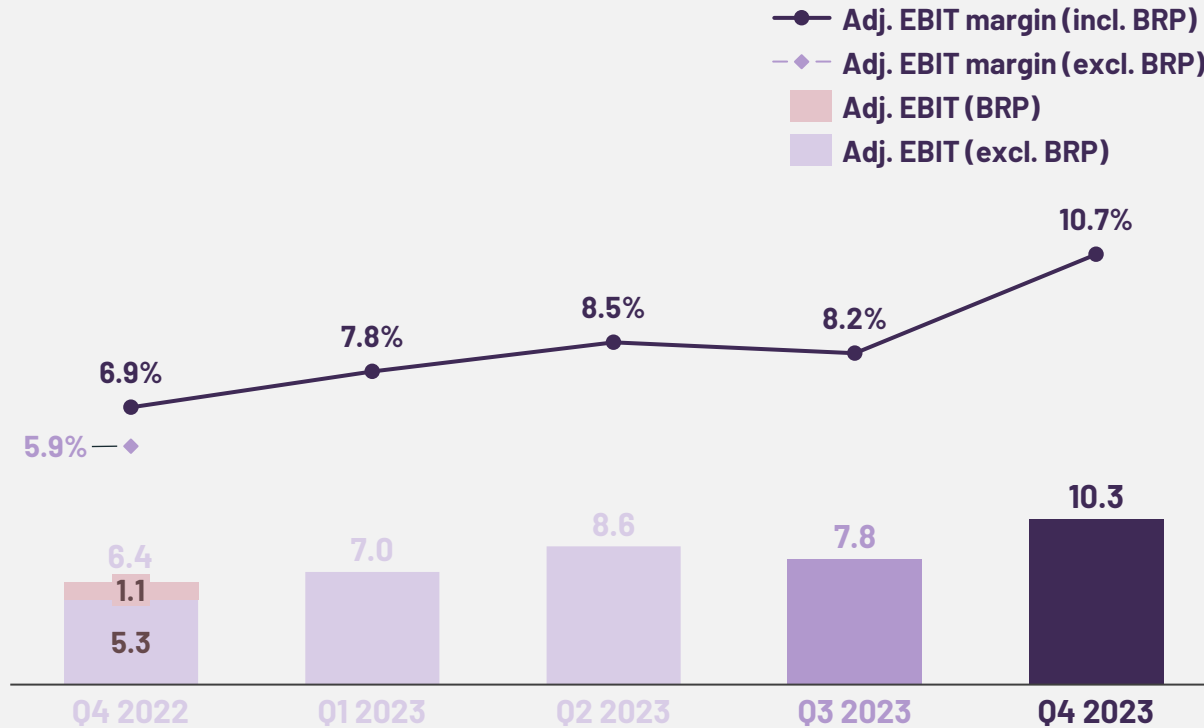
- Significantly growing sales in the commercial vehicles market by 67.1% in Asia and 18.2% in Europe (at constant currency rates) with relatively low margins.
- Substantially declining sales in passenger car markets in all key regions (Europe: ↓21.6%; Americas: ↓8.9%; Asia: ↓41.7%) resulting in erosion of segment's margin (especially in Asia).
- In Q3 2023, one-time net effects of MEUR 4.0 positively contributed to the adj. EBIT, mainly related to retroactive price increases, one-time reimbursements from customers, release of provisions for customer claims, and others.

SPECIALTY PRODUCTS

BUSINESS SEGMENT UPDATE

ADJUSTED EBIT MARGIN, %

ADJUSTED EBIT, MEUR



Q4 2023

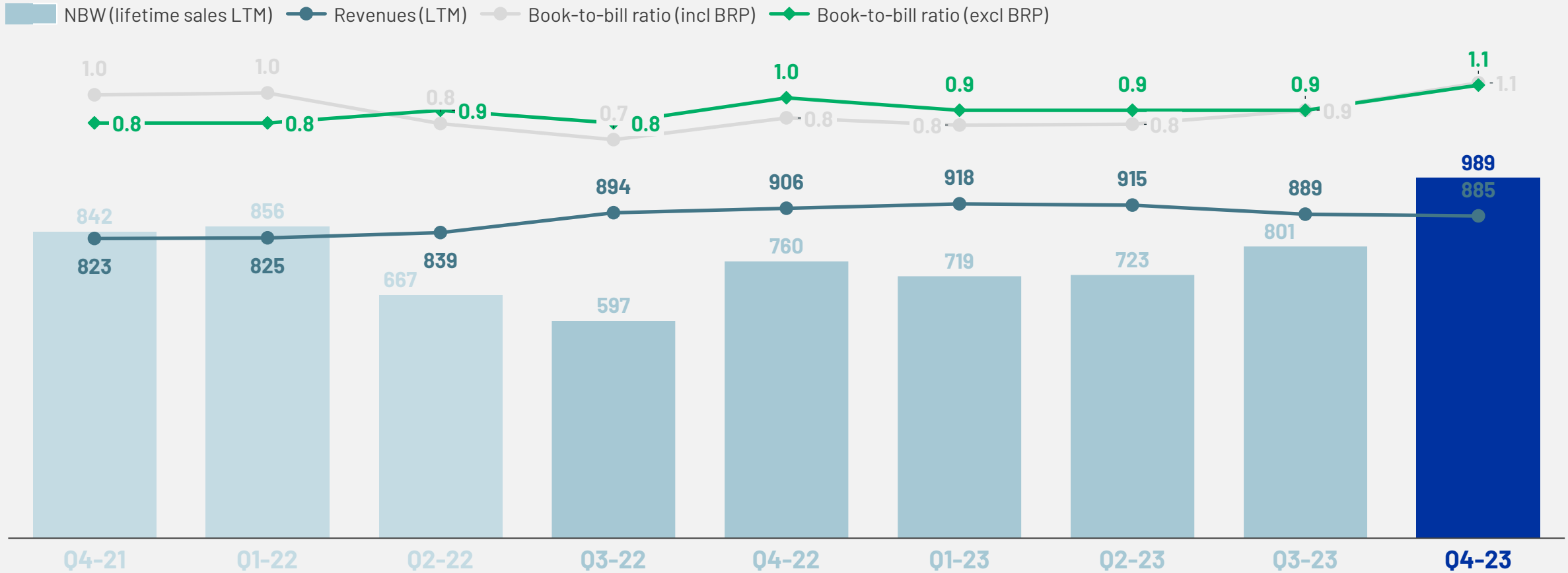
Growth Quarter over Quarter was mainly attributable to:

- > Price recovery of up to MEUR 1.4.
- > Positive inventory valuation effects.
- > Positive operational variances of MEUR 2.1.
- > Lost earnings related to the business divested to BRP (Q4 2022 at MEUR 1.1).

BOOK-TO-BILL

BOOK-TO-BILL RATIO ABOVE 1 AS GUIDED
SECURING FUTURE GROWTH

BOOK-TO-BILL PERFORMANCE, MEUR

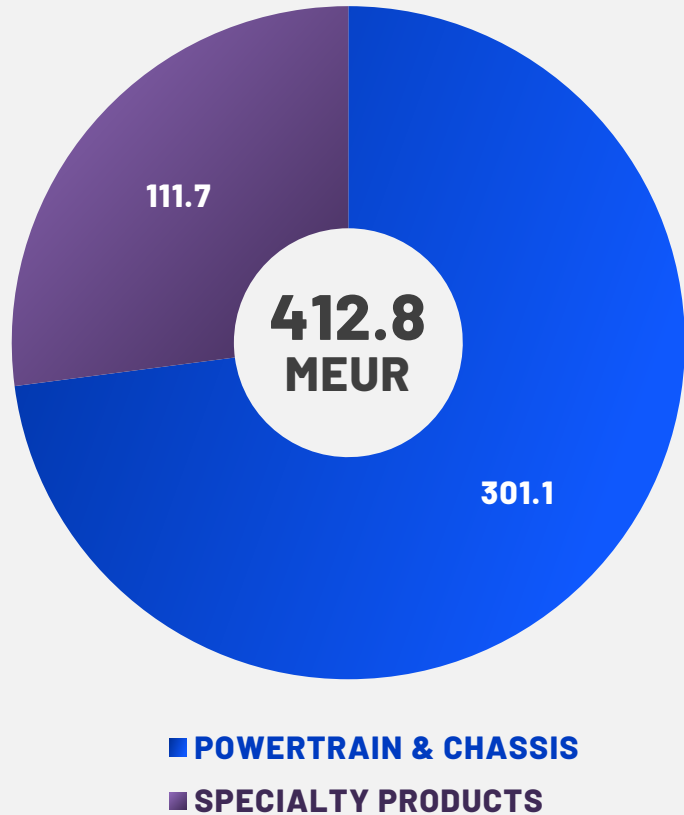


1. Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking

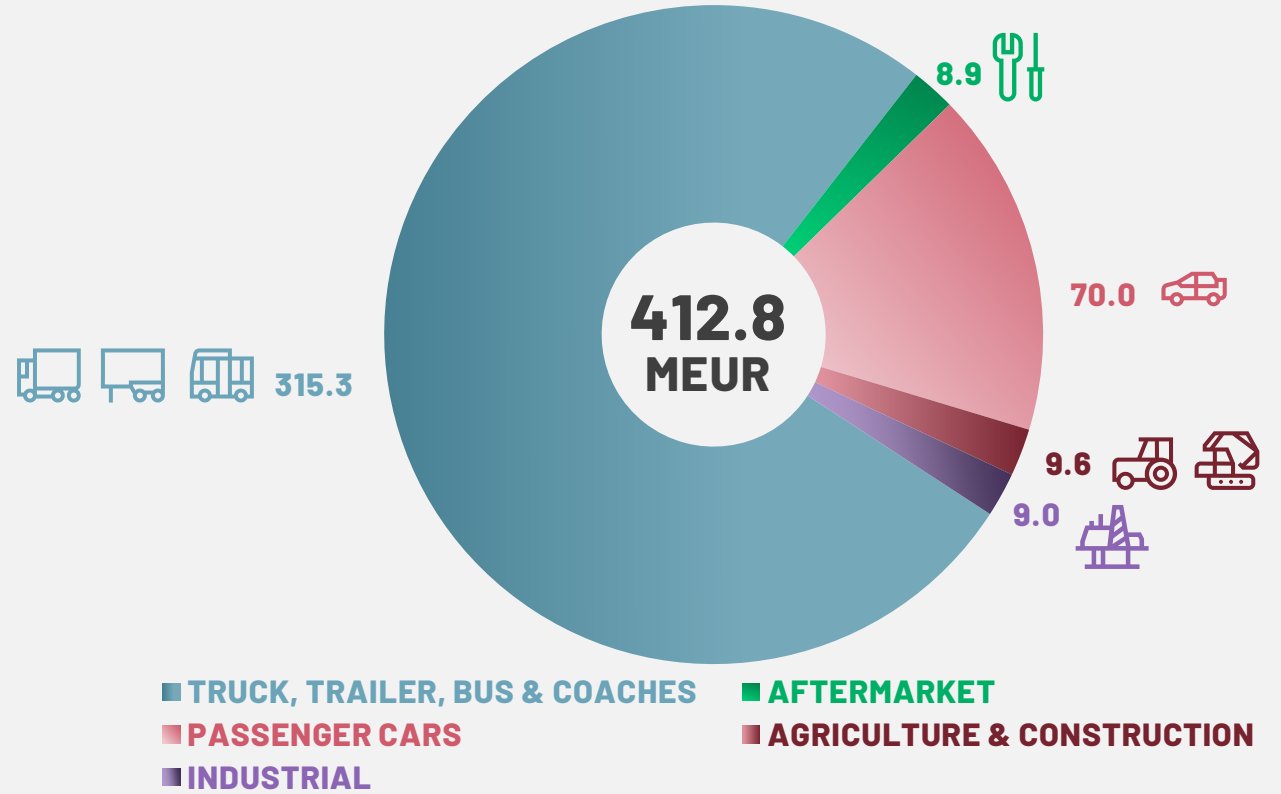
NEW BUSINESS WINS - Q4 2023

LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT

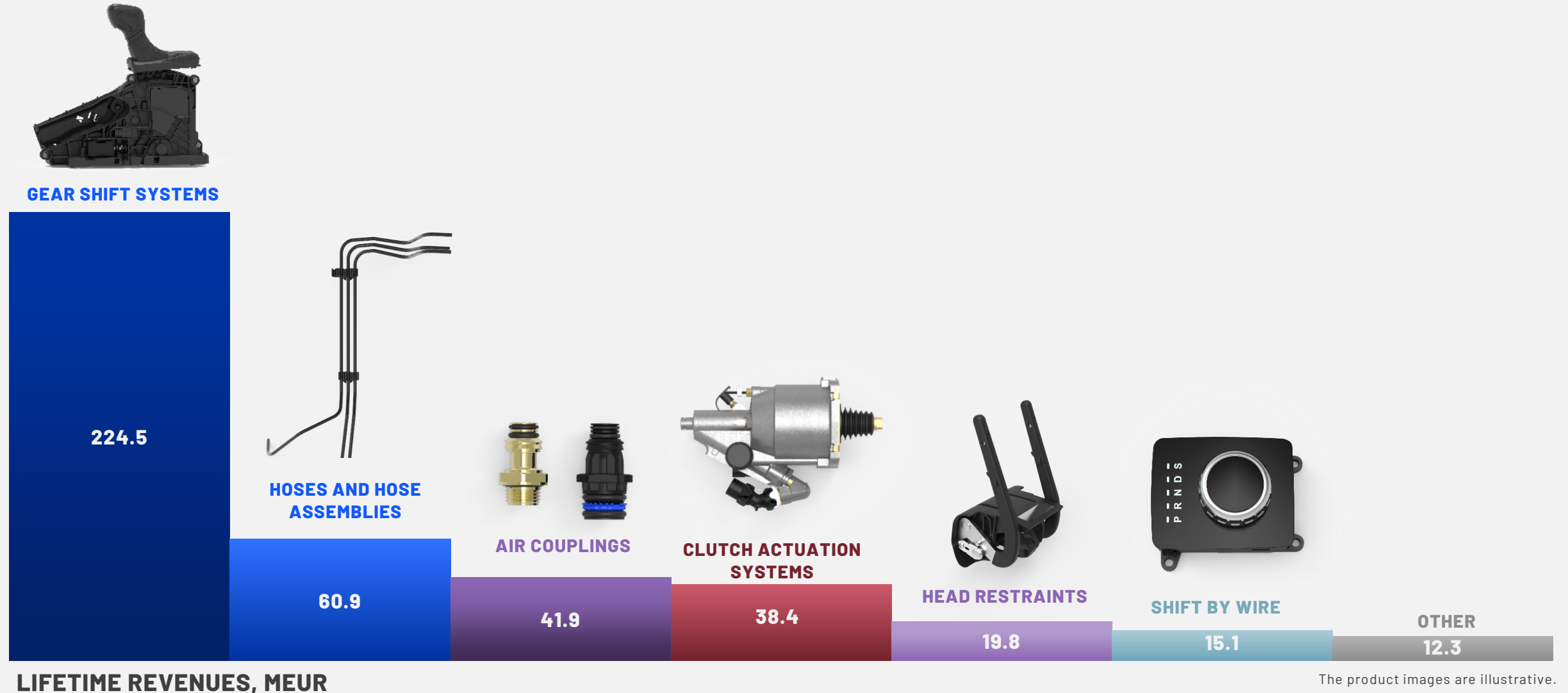


PER AREA



NEW BUSINESS WINS - Q4 2023

PRODUCT RANGES OVERVIEW

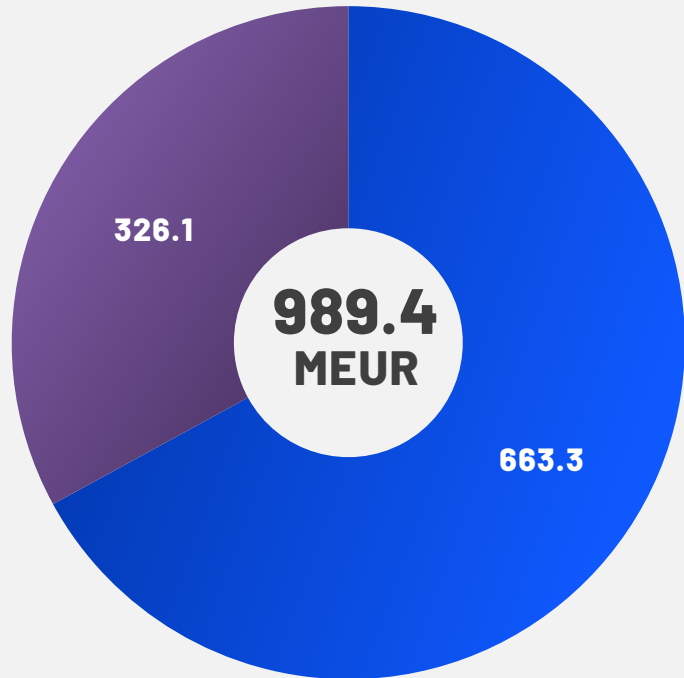


The product images are illustrative.

NEW BUSINESS WINS - FY 2023

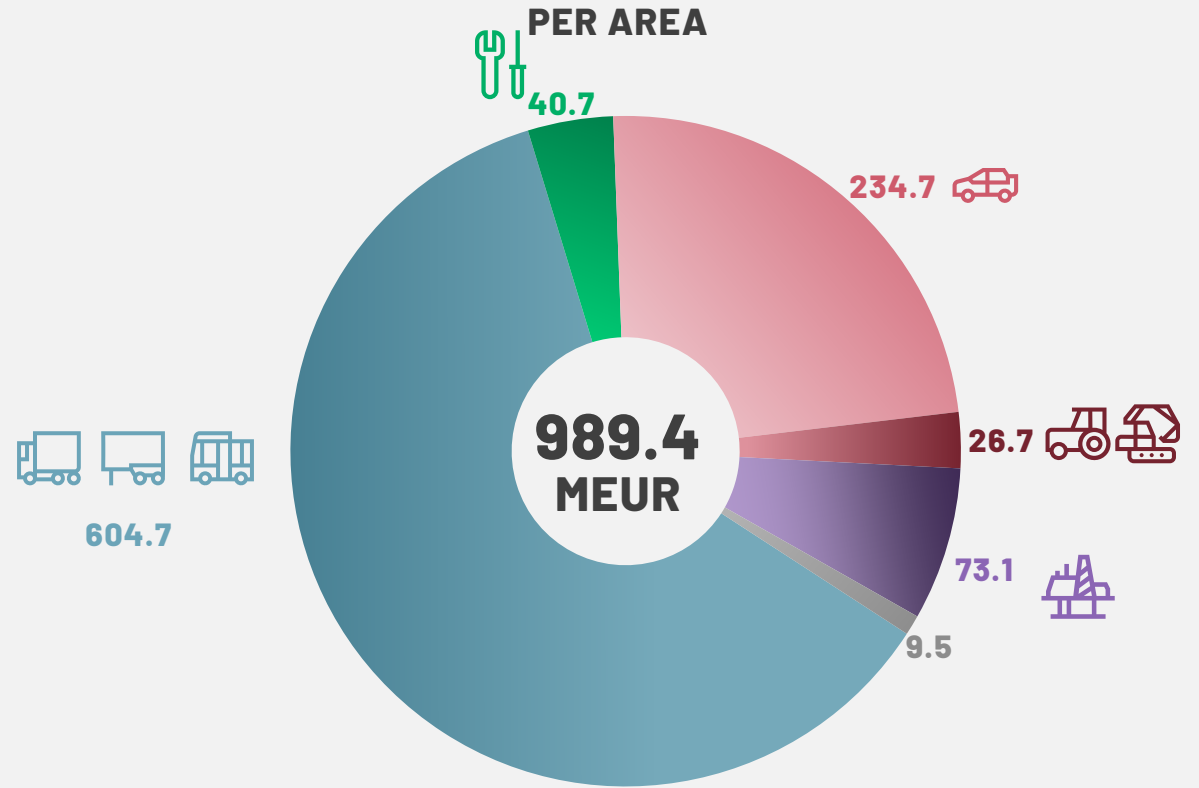
LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT



- POWERTRAIN & CHASSIS
- SPECIALTY PRODUCTS

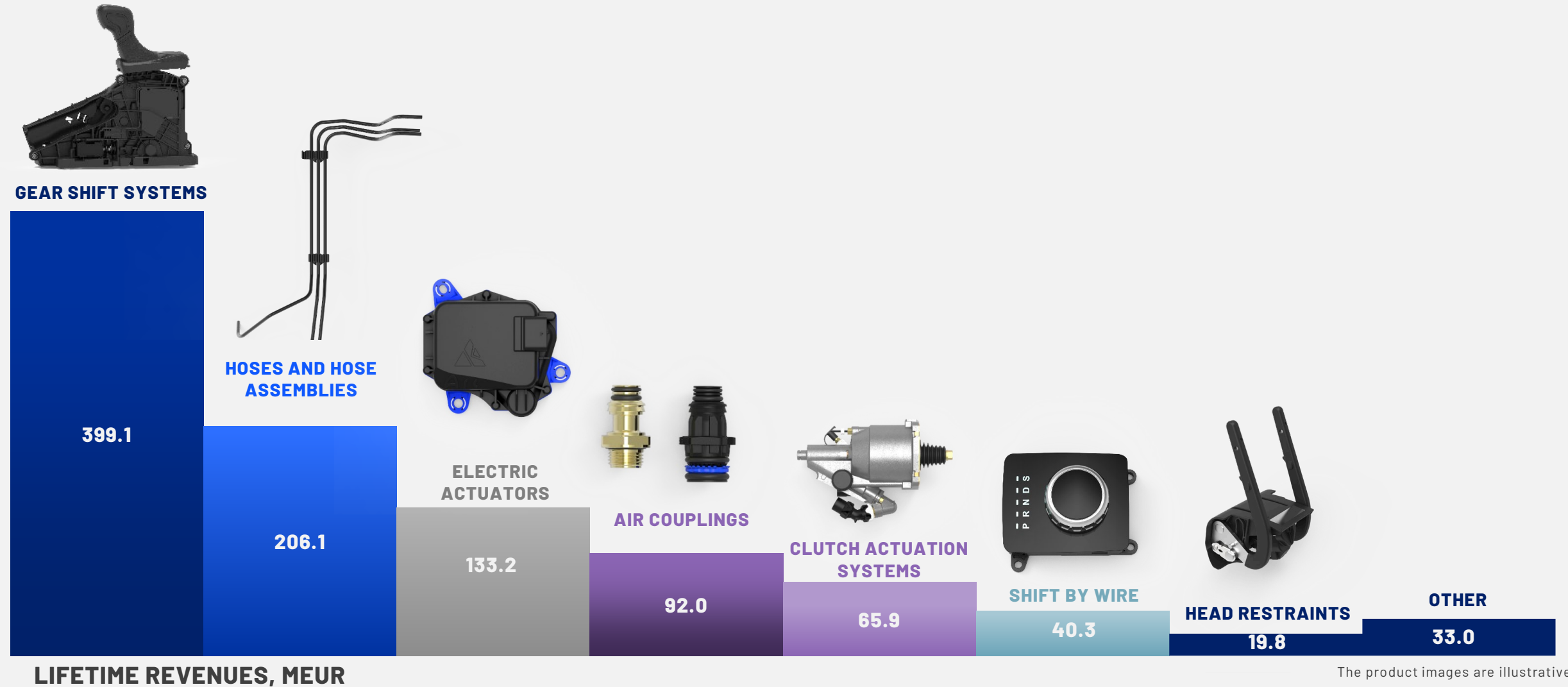
PER AREA



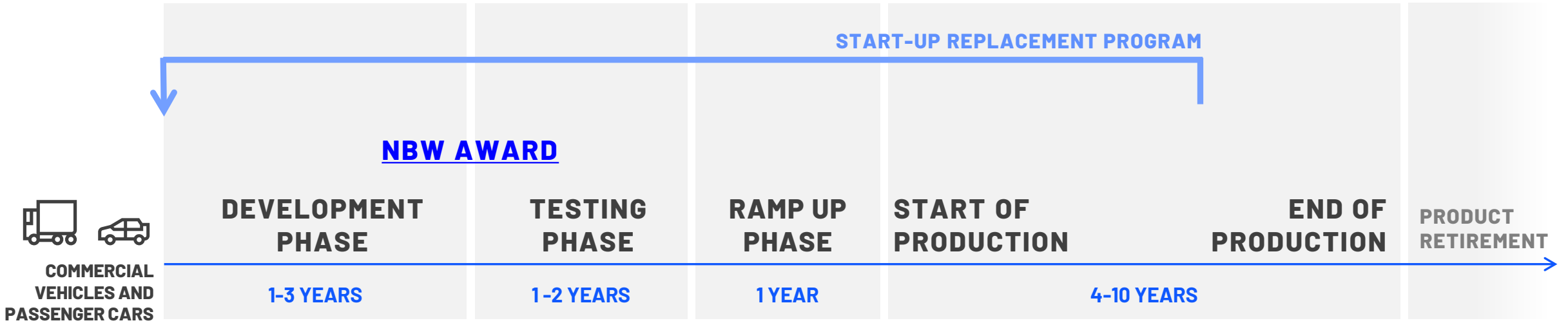
- TRUCK, TRAILER, BUS & COACHES
- PASSENGER CARS
- AFTERMARKET
- AGRICULTURE & CONSTRUCTION
- INDUSTRIAL
- NEW GROWTH MARKETS

NEW BUSINESS WINS - FY 2023

PRODUCT RANGES OVERVIEW



NEW BUSINESS WINS LIFECYCLE

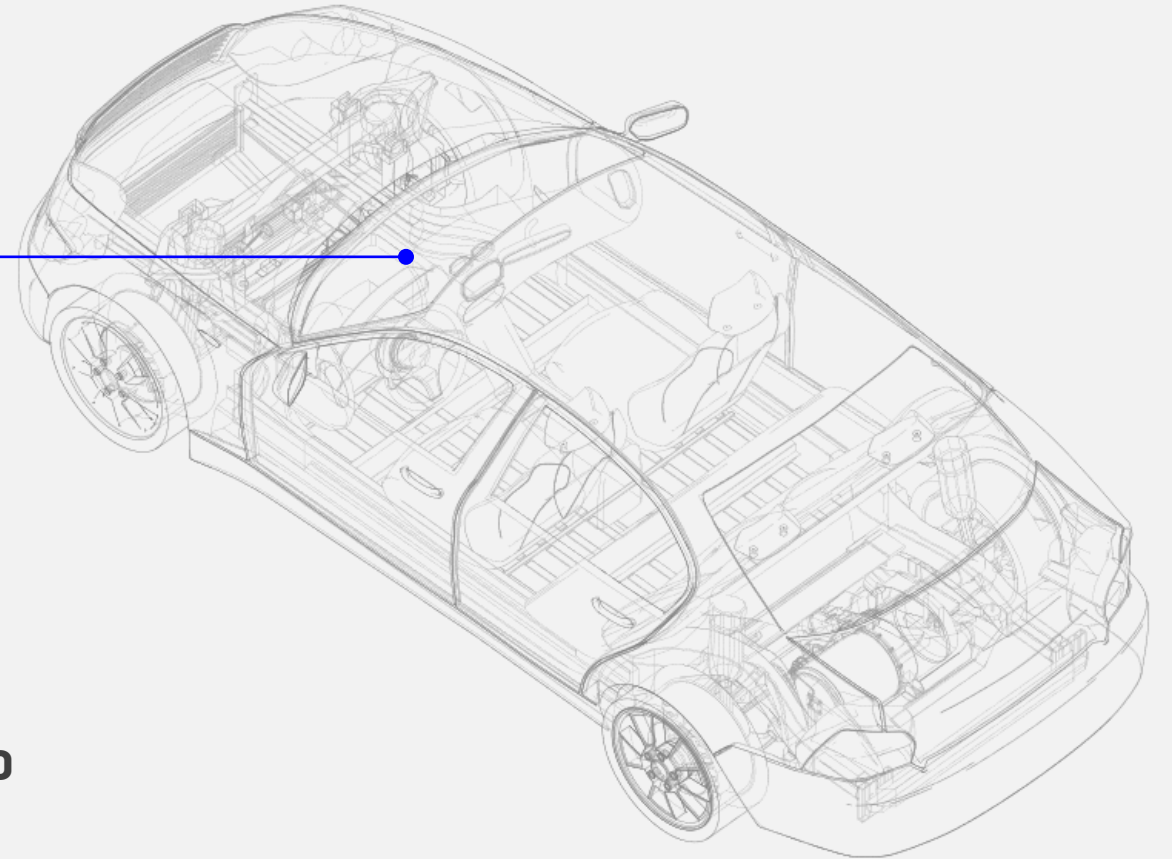


Executive summary

NEW BUSINESS WIN ON ELECTRIC ROTARY ACTUATOR

OVER **MEUR 22** IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON MARCH 11, 2024



- **COMPACT AND LIGHT**
- **ROBUST WITH MODULAR DESIGN**
- **PREMIUM PERFORMANCE**
- **HIGH POSITION ACCURACY**
- **CAN BE SUPPLIED WITH OR W/O KA-DEVELOPED CONTROL LOGICS**

The product shown is only a visual representation for reference. Actual product developed may slightly vary.



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**
- Around 150 positions were affected, 40 are replaced in best cost locations
- KA continues to **evaluate its global footprint**
 - KA **closed** its Dortmund, Germany office effective January 2024
 - KA **closed** its Tokyo, Japan office effective February 2024
- KA will realize **saving of MEUR 17** during 2024

EFFECTIVE MEASURES



OPTIMIZE COST



**RIGHT-SIZING THE
COMPANY**



**OPTIMIZE THE GLOBAL
PRESENCE**



**WORKFORCE
REDUCTION**



**EXPLORE ALL
OPPORTUNITIES**

ACQUISITION OF SKRIVERFORM



- On November 8, 2023, KA signed an agreement to purchase **100% of the share capital of Skriverform AS**
- Skriverform **is based in Norway** and designs and manufactures tools for **injection molding (IM)**
- The acquisition is motivated by KA's desire to achieve **vertical integration** and gain a better control of **our supply chain**
- With this acquisition, KA's will **streamline operations** and **optimize efficiency** benefiting KA's bottom line, and the company's customers
- **12 highly skilled employees** who are experts on IM have joined KA



MARKET UPDATE

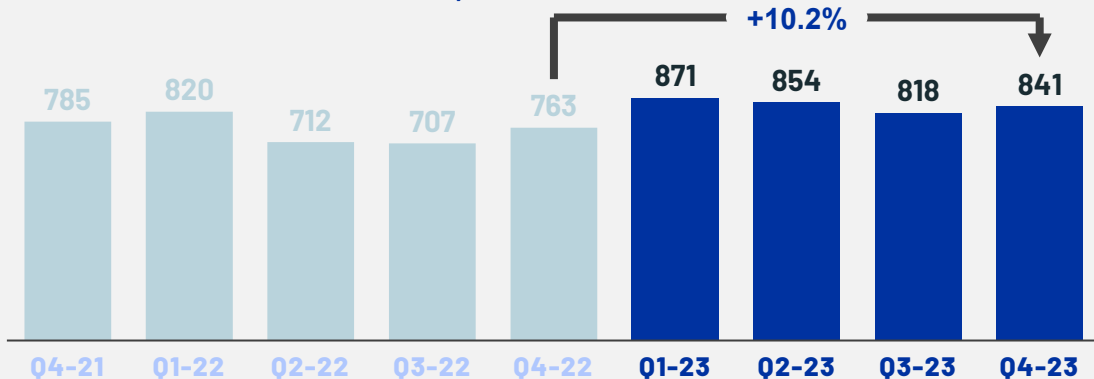


MARKET TRENDS

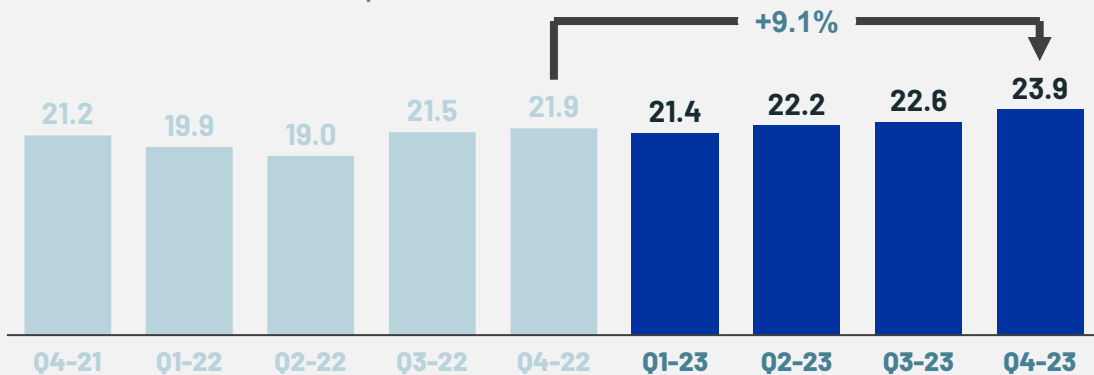
STRONG GROWTH IN THE CHINESE COMMERCIAL VEHICLE MARKET

MARKET DEVELOPMENT

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



GLOBAL PASSENGER CAR PRODUCTION, million units

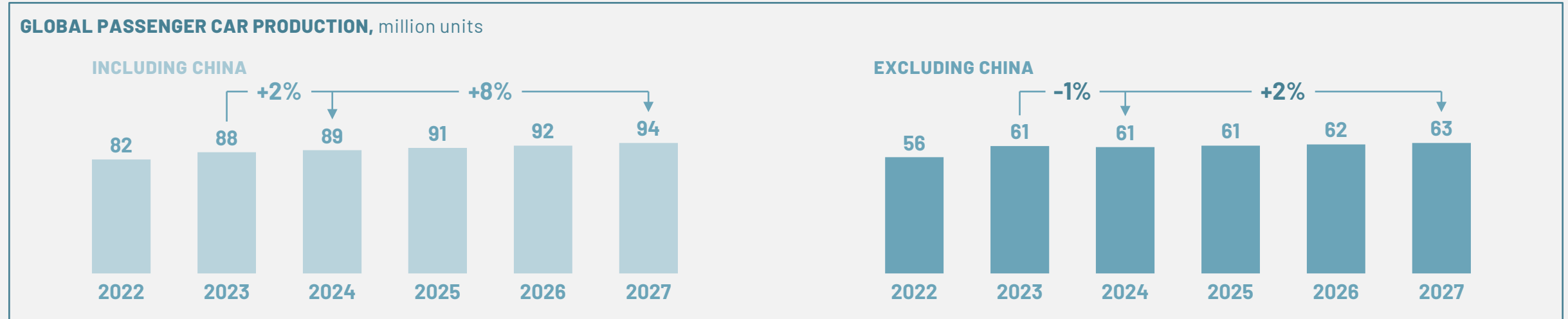
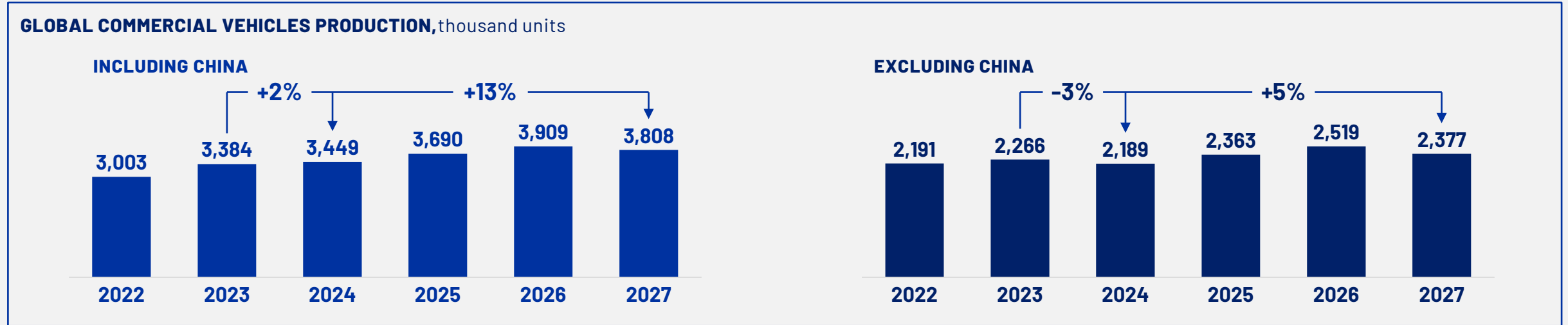


REGION	Δ Q4-23 vs. Q4-22	Δ 2023 vs. 2022
China	+54.8%	+37.6%
APAC w/o China	-2.4%	+2.5%
Europe	-0.4%	+12.8%
North America	+2.9%	+8.4%
South America	-34.8%	-36.7%
Rest of World	-17.0%	+10.0%
Total	+10.2%	+12.7%
Total (excl. China)	-3.5%	+3.4%
China	+18.8%	+9.4%
APAC w/o China	+2.6%	+8.5%
Europe	+6.6%	+12.6%
North America	+5.1%	+9.5%
South America	-4.0%	+3.1%
Rest of World	+11.2%	+2.1%
Total	+9.1%	+9.4%
Total (excl. China)	+4.3%	+9.3%



MARKET FORECASTS

GROWTH IN THE COMMERCIAL VEHICLE MARKET DEPENDS ON CHINA



Source: LMC Global Commercial Vehicle Forecast (Jan 2024); IHS Light Vehicle Production Base (Jan 2024)

MACROECONOMIC STABILIZATION

POSITIVE DEVELOPMENT FOR KA WITHIN COMMERCIAL VEHICLES IN KEY REGIONS

REVENUE GROWTH VS MARKET GROWTH IN Q4 23 vs. Q4 22¹

GLOBAL			CHINA		
	KA	MARKET		KA	MARKET
COMMERCIAL VEHICLES	+14.4%	+10.1%	COMMERCIAL VEHICLES	+103.3%	+54.8%
PASSENGER VEHICLES	-14.2%	+9.1%	EUROPE		
OTHER (ONLY KA)	+10.9% ²		COMMERCIAL VEHICLES	+11.2%	-0.4%

¹Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q4 2022 to Q4 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 3.3 in Q4 2022

Source: LMC Global Commercial Vehicle Forecast (Jan 2024); IHS Light Vehicle Production Base (Jan 2024)

OUTPERFORMANCE IN KEY MARKETS

- > **KA's total revenues from the commercial vehicle market outperformed the market.**
 - » Revenues from the commercial vehicle market in China have doubled compared to Q4 2022 (in the second consecutive QtQ comparison), due to the increased sales to one of the biggest customers
 - » KA significantly outperformed the commercial vehicle market in Europe with an increase of 11.2% QtQ, despite the declining market
 - » In the Americas, KA's sales in Q4 slightly increased while the market's production output declined

- > **KA's passenger vehicle revenues declined in Q4 2023 while the market grew.**
 - » This was mainly due to shrinking revenues in the Chinese passenger car market to two main customers
 - » The decrease in the Chinese market could not be fully offset by the increased revenues in the European passenger car market.





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
CUSTOMER DEMAND		Limited ability of KA to influence short-term demand, high dependency on large customer programs



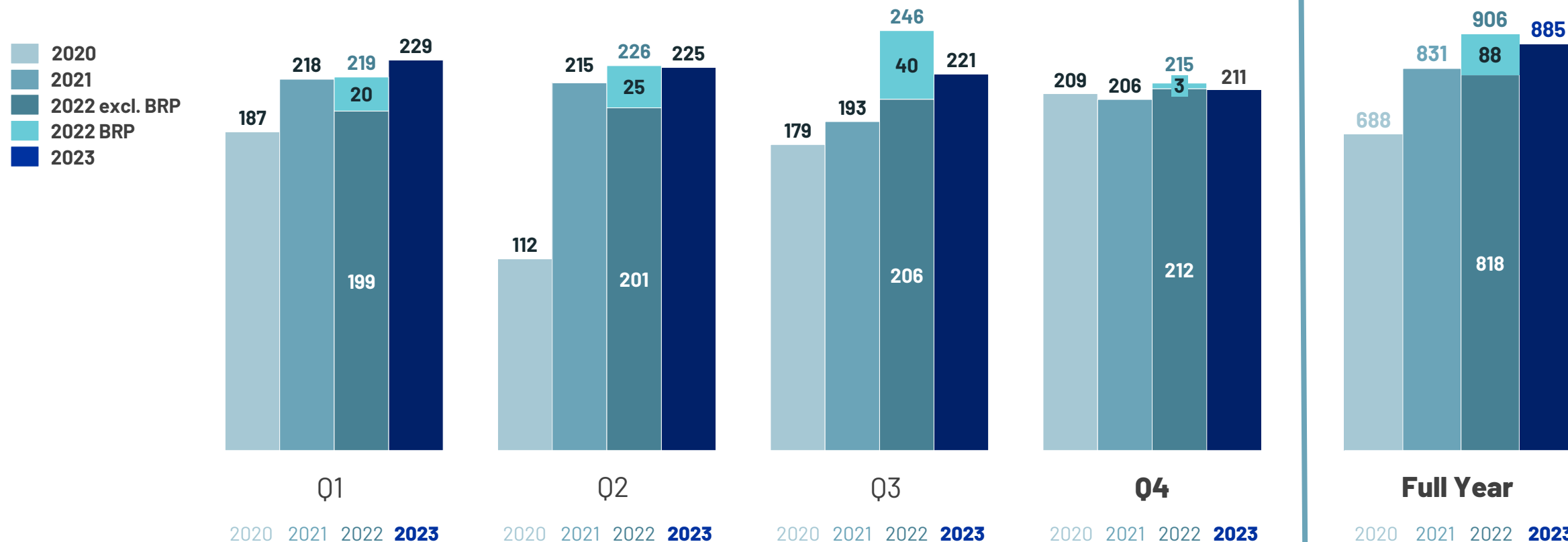
FINANCIAL UPDATE



REVENUES

SOLID UNDERLYING REVENUE GROWTH

REVENUES (continuing operations), MEUR



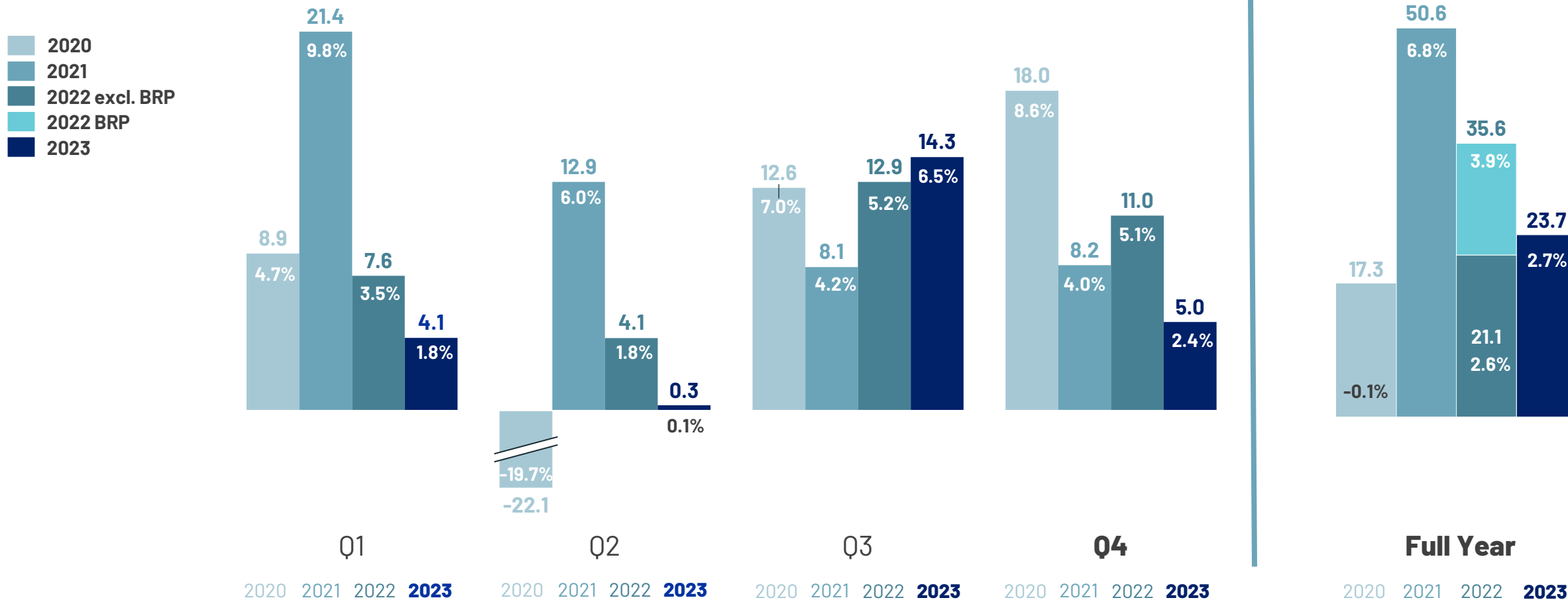
Quarterly revenues in 2023 include significant negative translation effects. On the current currency basis, quarterly revenues are as follows:

- Q1 2023: MEUR 226 (negative translation effects of MEUR 3)
- Q2 2023: MEUR 235 (negative translation effects of MEUR 11)
- Q3 2023: MEUR 236 (negative translation effects of MEUR 15)
- Q4 2023: MEUR 220 (negative translation effects of MEUR 9)

ADJUSTED EBIT

POSITIVE EARNINGS REPRESENT UNDERLYING INCREASE

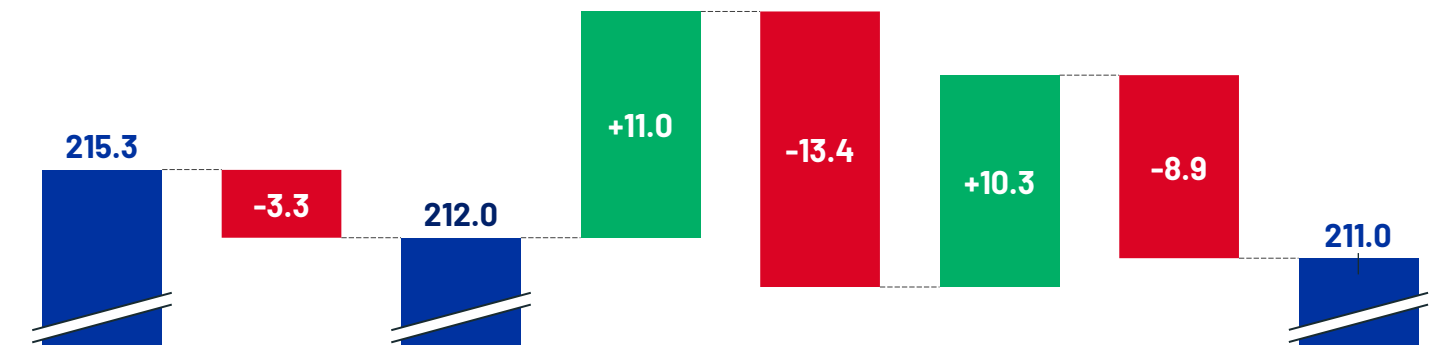
ADJ. EBIT (continuing operations), MEUR and % of revenues



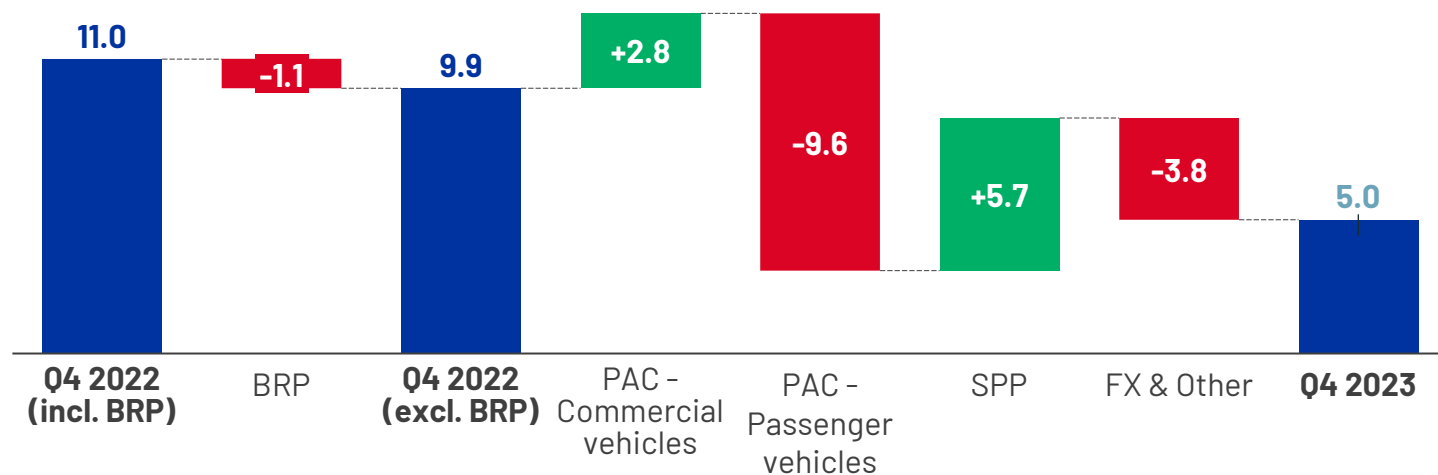
ADJUSTED EBIT BRIDGE

FAVOURABLE PERFORMANCE IN COMMERCIAL VEHICLES MARKET
PARTIALLY OFFSET BY DECLINING PASSENGER CAR MARKET

REVENUES, MEUR



ADJUSTED EBIT (continuing operations), MEUR



P&C

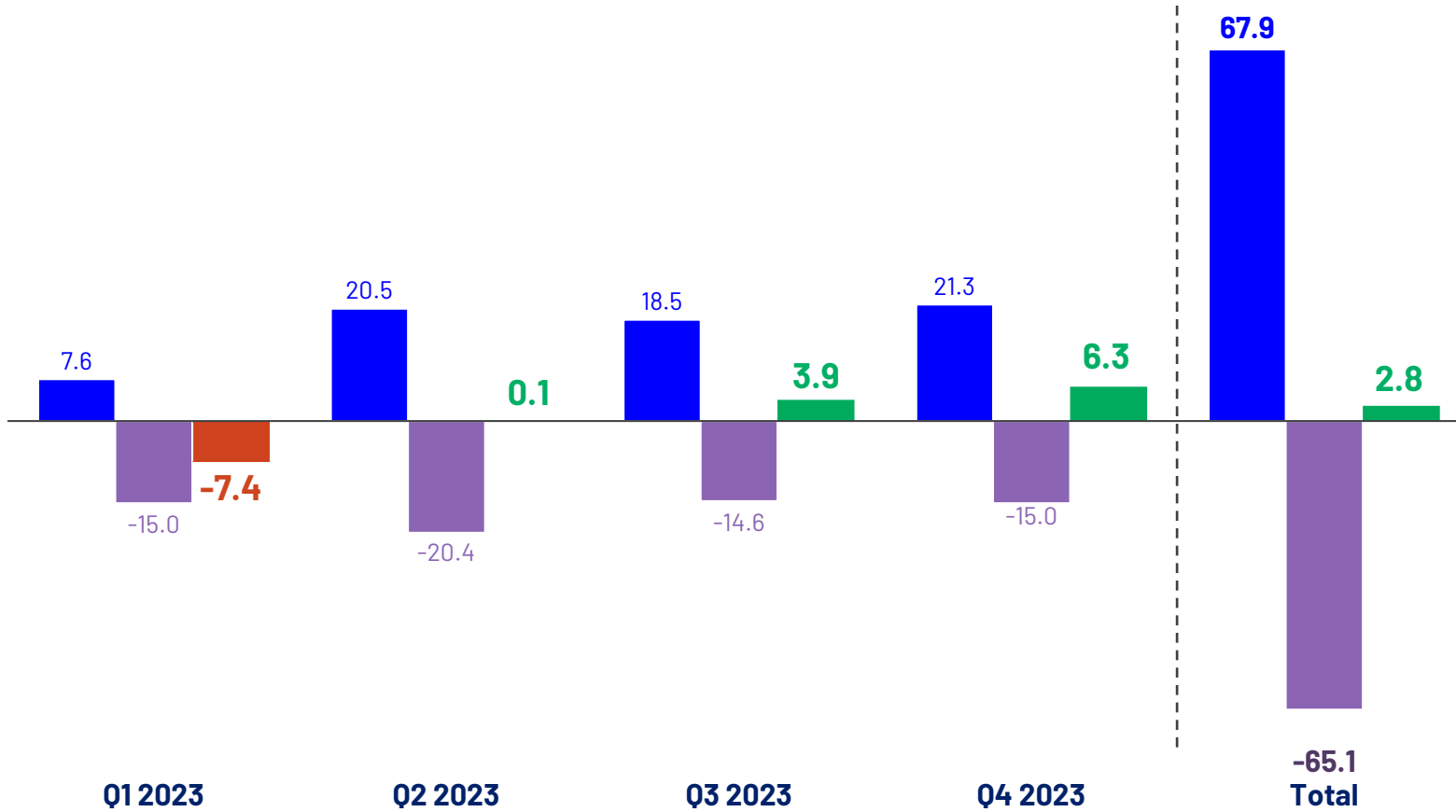
- > Sales and adjusted EBIT in the commercial vehicles market significantly increased at constant currency by MEUR 11.0 and MEUR 2.8, respectively, especially in Europe and Asia.
- > Sales and adjusted EBIT in the passenger car market substantially decreased at constant currency by MEUR 13.4 and MEUR 9.6, respectively. This decrease in profitability was mainly driven by the loss of projects in the Chinese passenger car market.

SPP

- > Sales and adj. EBIT of FCS grew at constant currency by MEUR 3.6 and MEUR 5.3, respectively, mainly due to favorable product mix in the couplings business
- > Excluding the sales from the business divested to BRP (MEUR 3.3 with adj. EBIT of MEUR 1.1), OFH sales and adj. EBIT grew by MEUR 6.7 and MEUR 0.4 at constant currency.

SHIFT GEAR I > PERFORMANCE IMPROVEMENT

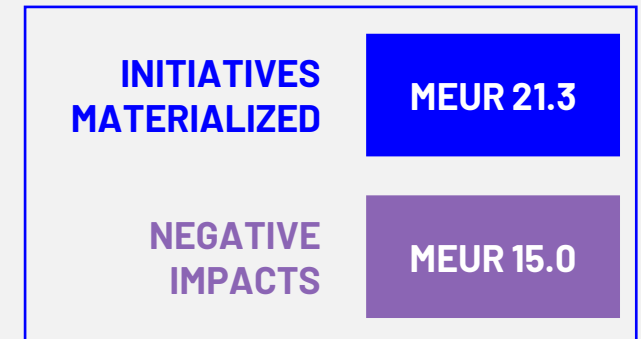
FULL-YEAR 2023 RESULTS, MEUR



■ INITIATIVES MATERIALIZED ■ NEGATIVE IMPACTS ■ NET EFFECT

- Overall, Q4 result has delivered a net positive effect of MEUR 6.3
- Major positive contributions from ComX and Operational Improvements
- Around 50% of the negative Q4 impacts are related to Material Cost and Labor Inflation
- UAW strike in the US further negatively impacted Q4
- Additional warranty accruals were more than offset by positive inventory impacts

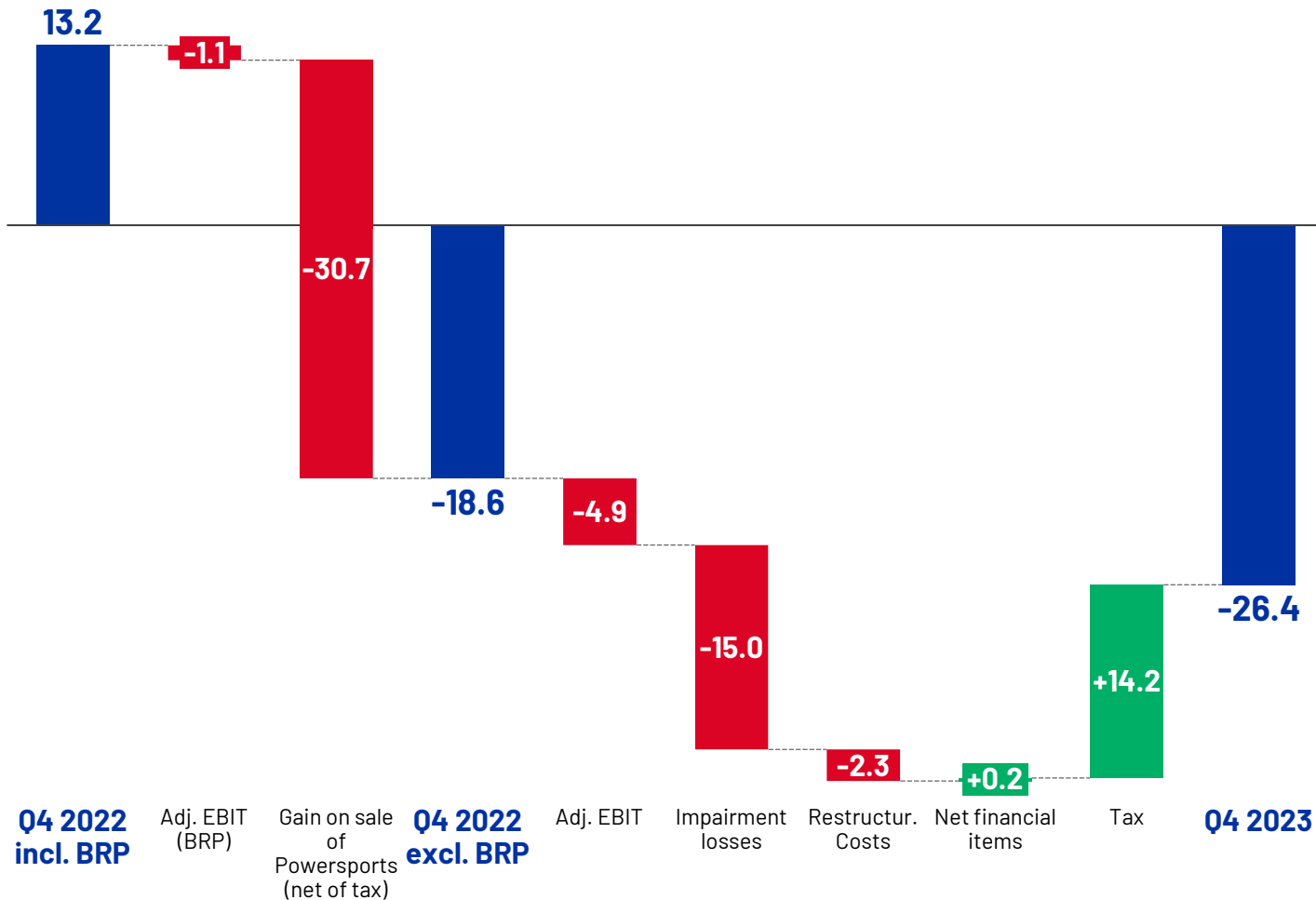
Q4 2023 RESULTS:



NET INCOME BRIDGE

IMPAIRMENT AFFECTS THE QUARTERLY NET RESULTS

NET INCOME, MEUR



IMPAIRMENT LOSSES (NON-CASH ITEM)

- > It reflects the BoD decision to commence the wind down process of the Driveline (passenger car) business worldwide.

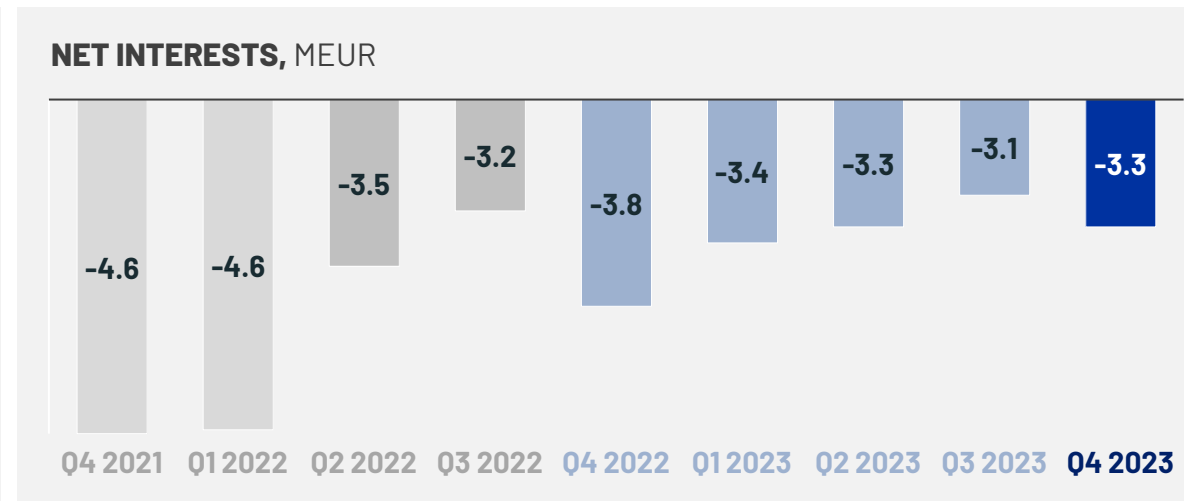
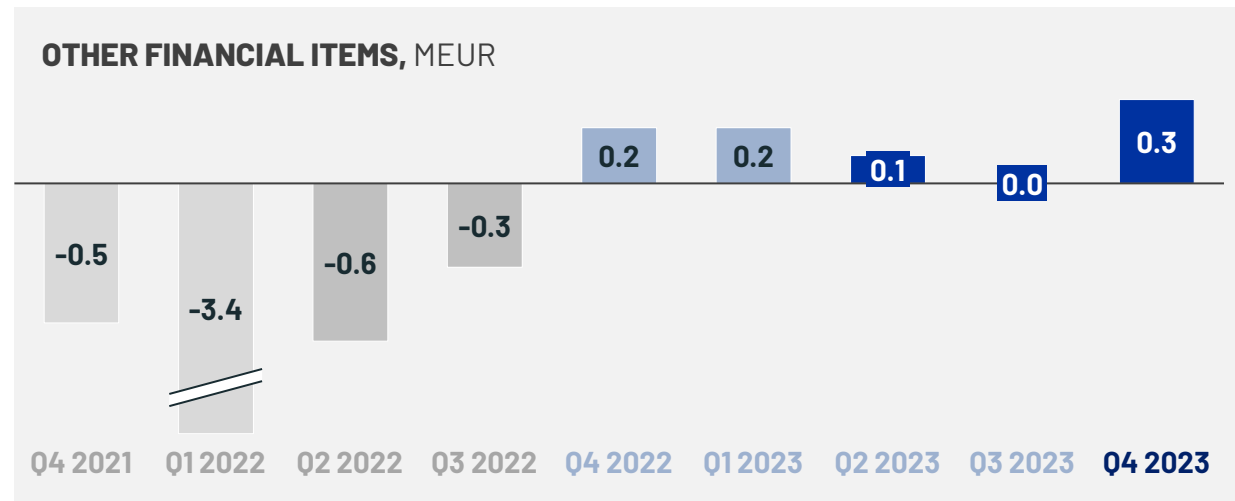
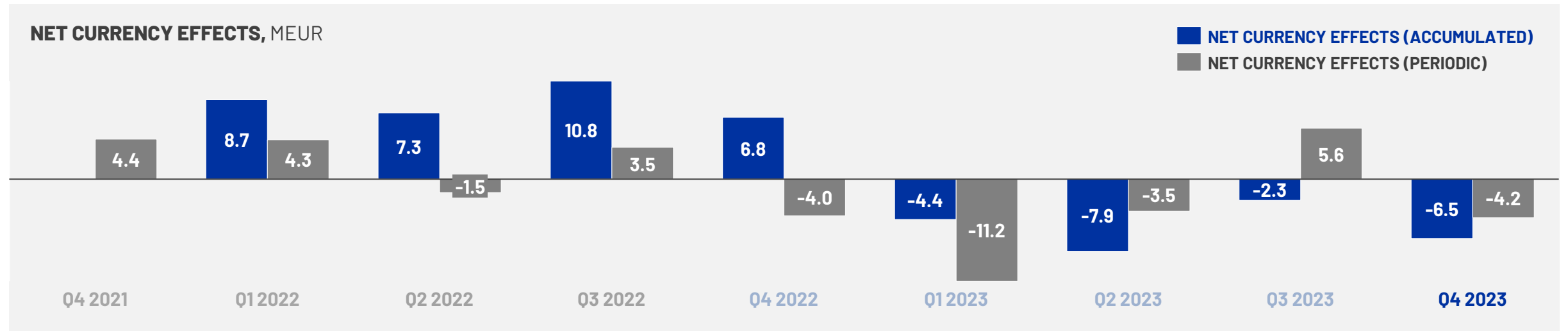
RESTRUCTURING COSTS

- > Change in restructuring costs is mainly related to provisions for severance payments and other restructuring costs related to the cost optimization program initiated in 2023.
- > In Q4 2022 consultancy fees were incurred in relation to the Company's transformation program.

TAX

- > The decrease in income tax expense in Q4 2023 compared to Q4 2022, excluding taxes on the gain on the sale to BRP, is mainly due to a significant decrease of deferred tax expense.

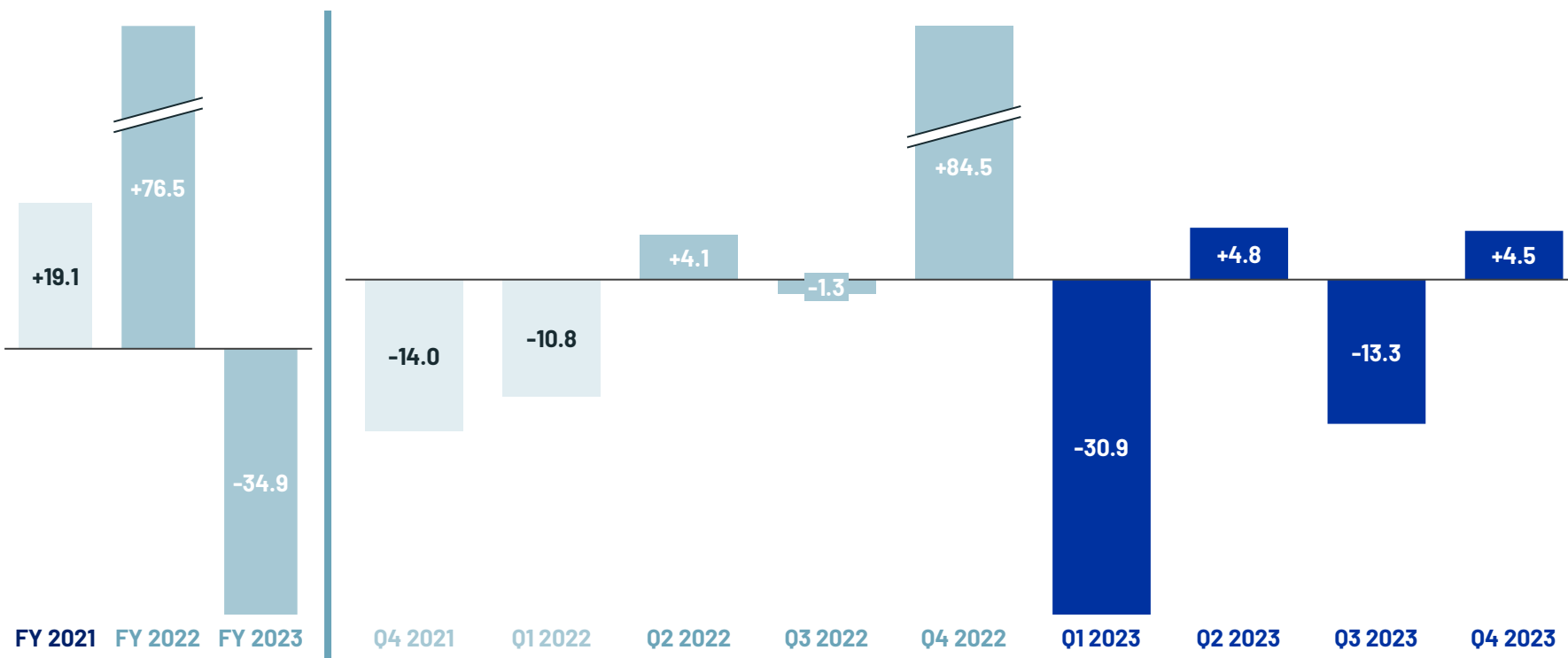
NET FINANCIAL ITEMS



FREE CASH FLOW

INCREASE IN FREE CASH FLOW DUE TO IMPROVED NWC MANAGEMENT

FREE CASH FLOW¹, MEUR



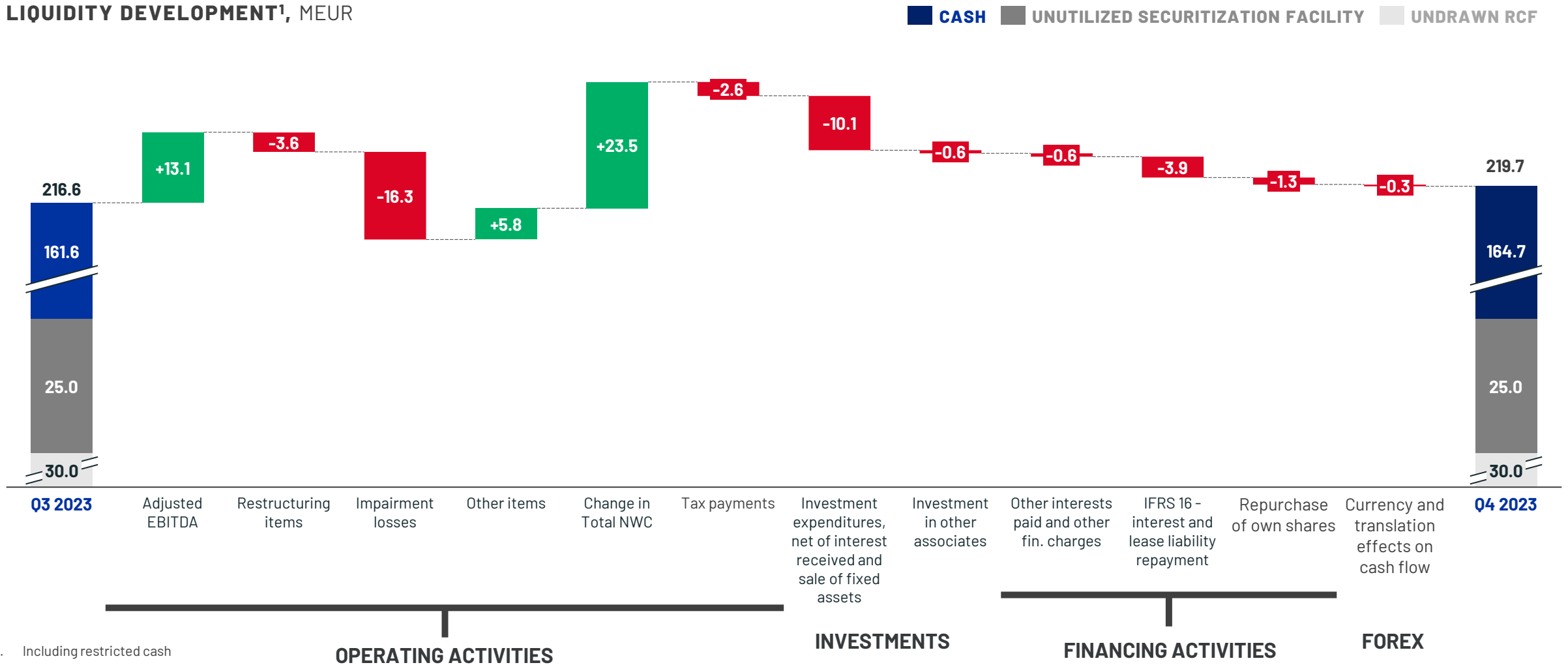
Q4 2023 FCF DETAILS

Operating activities	+19.8
Investing activities	-10.7
Financing activities	-5.7
Currency and translation effects on cash flow	-0.3
Total	+3.1
excluding repurchase of own shares	+1.4
FCF	+4.5

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, proceeds received from capital increase and purchase of treasury shares.

Q4 2023 LIQUIDITY DEVELOPMENT

LIQUIDITY DEVELOPMENT¹, MEUR

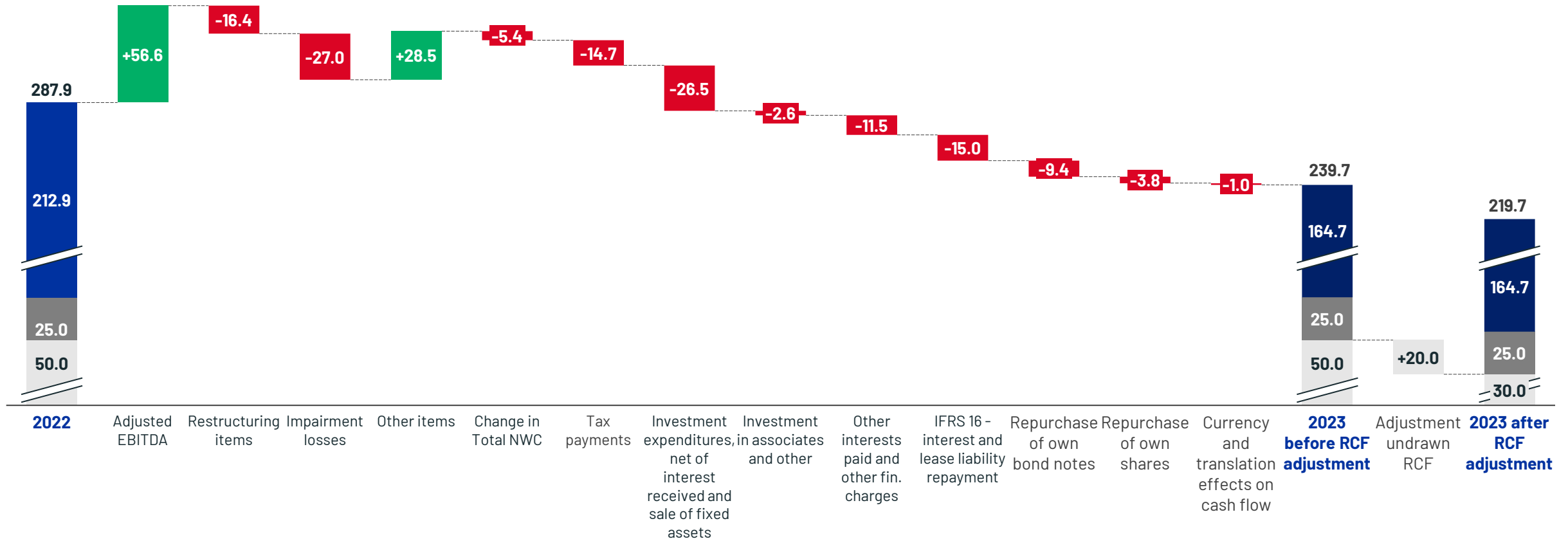


1. Including restricted cash

FY 2023 - LIQUIDITY DEVELOPMENT

LIQUIDITY DEVELOPMENT¹, MEUR

■ CASH ■ UNUTILIZED SECURITIZATION FACILITY ■ UNDRAWN RCF



1. Including restricted cash

OPERATING ACTIVITIES

INVESTMENTS

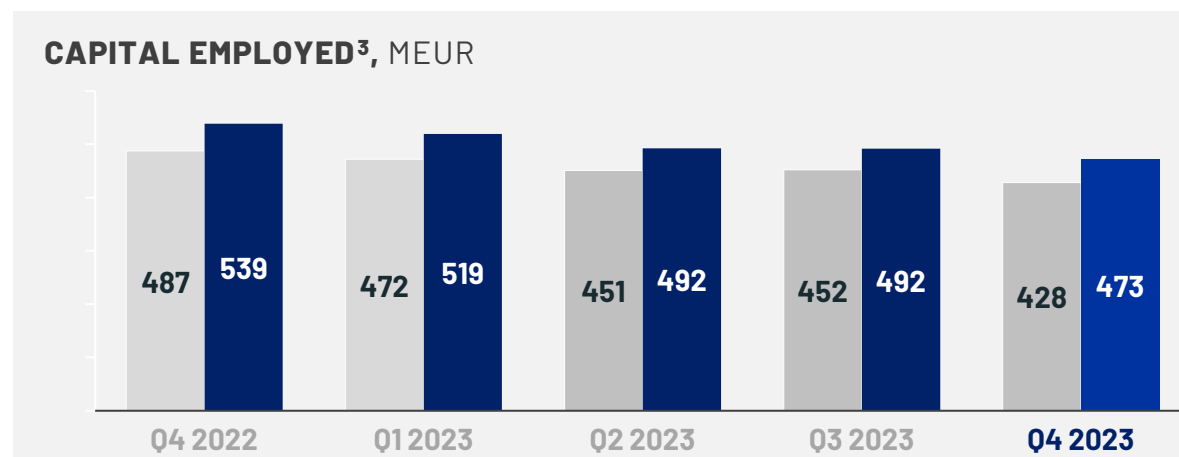
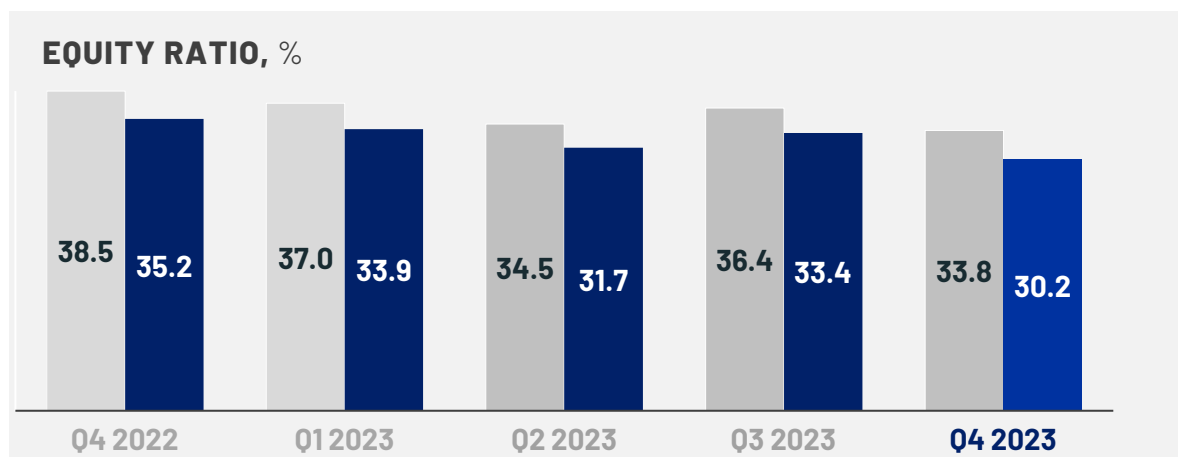
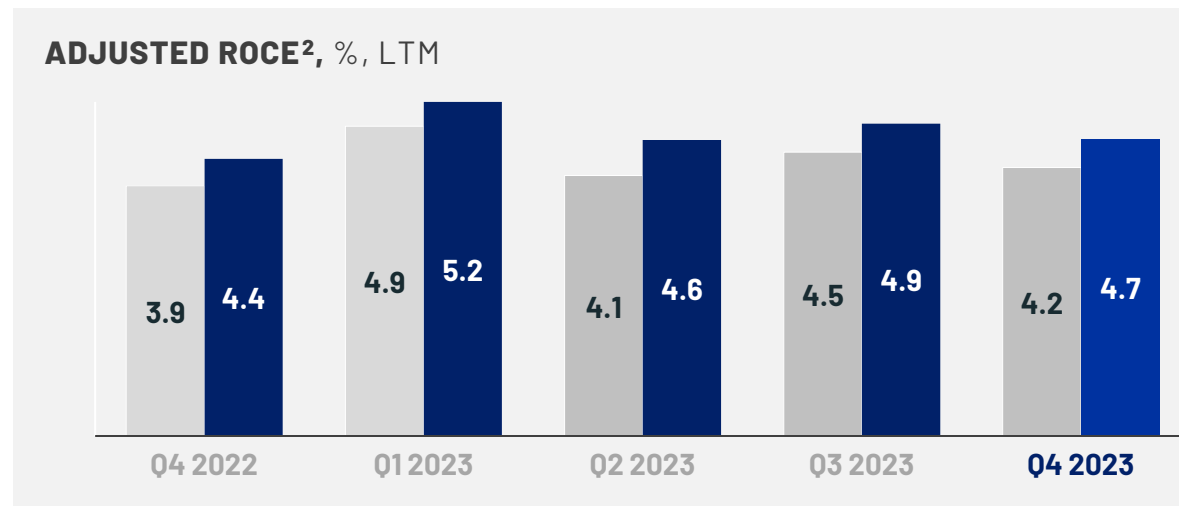
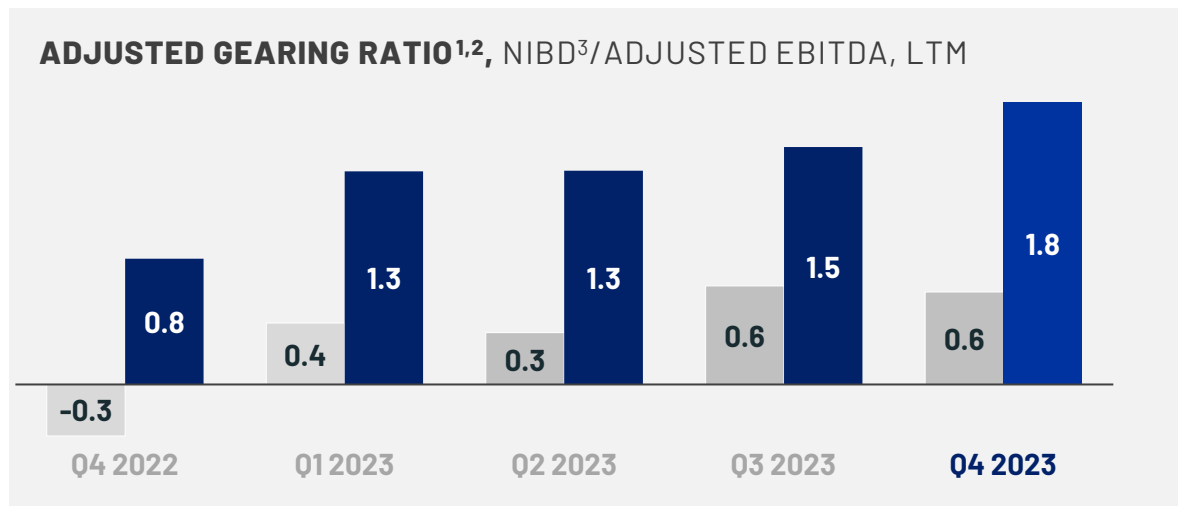
FINANCING ACTIVITIES

FOREX

FINANCIAL RATIOS

CONTINUING AND DISCONTINUED OPERATIONS

■ EXCLUDING IFRS16
■ INCL. IFRS 16 EFFECT



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

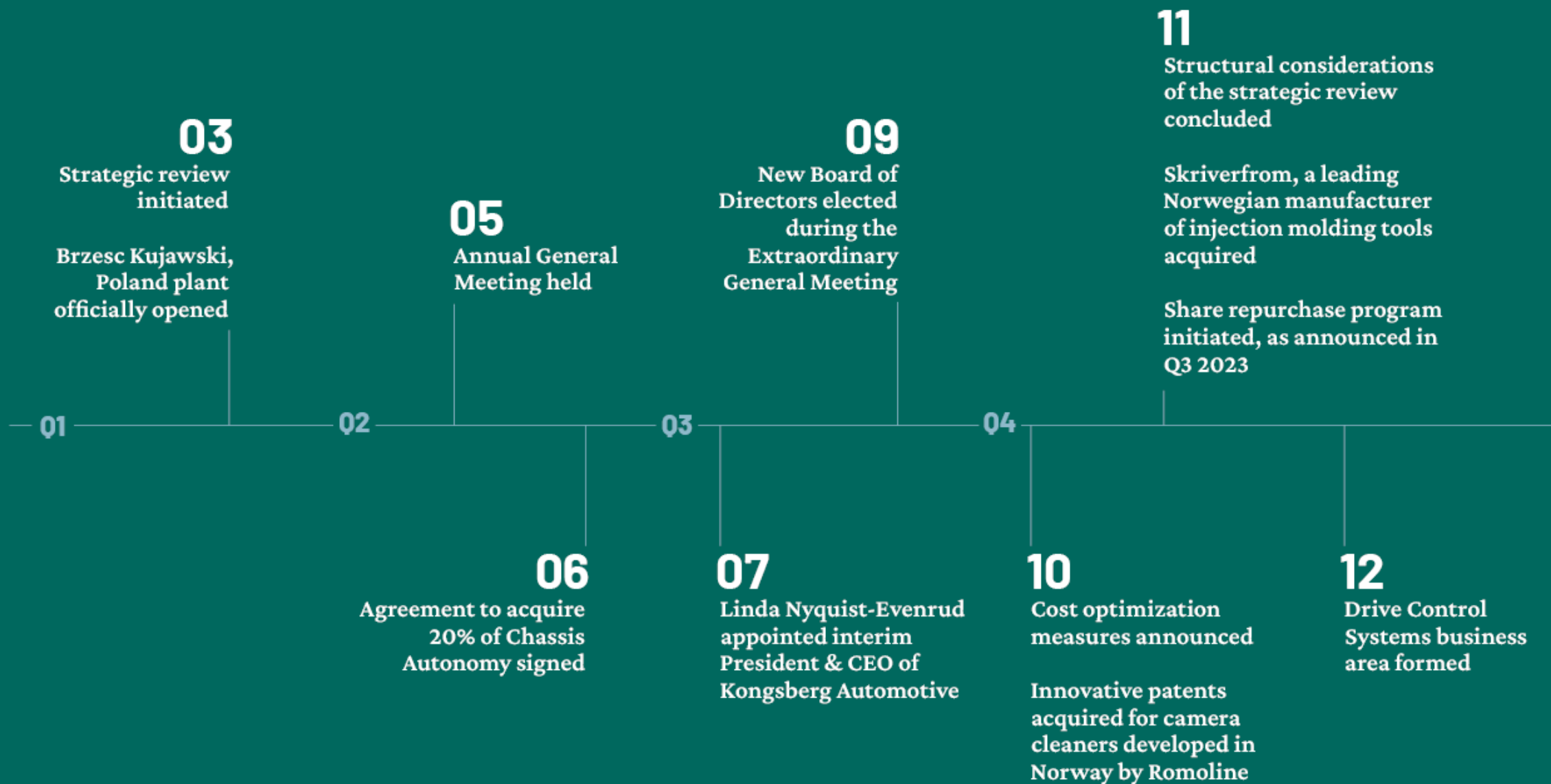


EXTENDED SECTION

- > 2023 IN SUMMARY**
- > COMPANY STRUCTURE**
- > REFINANCE**
- > GUIDANCE AND ON THE
AGENDA FOR 2024**



2023 IN SUMMARY



Extended section

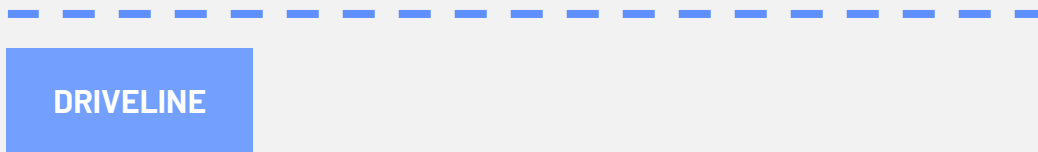
NEW COMPANY STRUCTURE FOCUSING ON CORE BUSINESS



KA CORE



OTHER OPERATIONS



 = BUSINESS AREA
 = PROFIT CENTERS



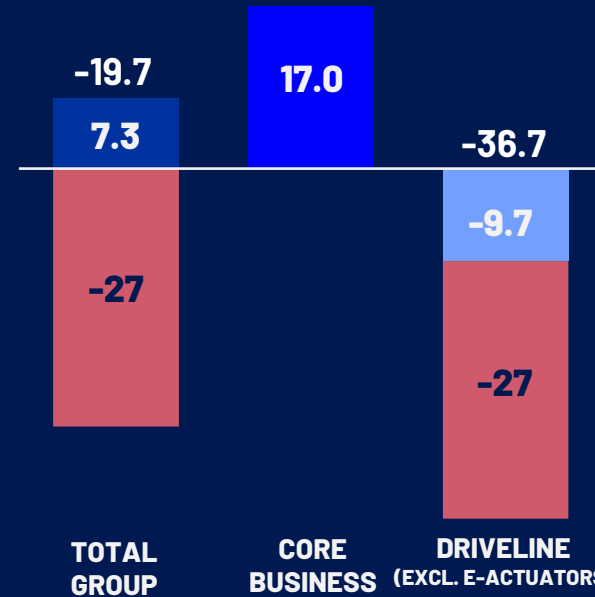
FOCUSING ON OUR CORE BUSINESS

REVENUE SPLIT 2023, MEUR



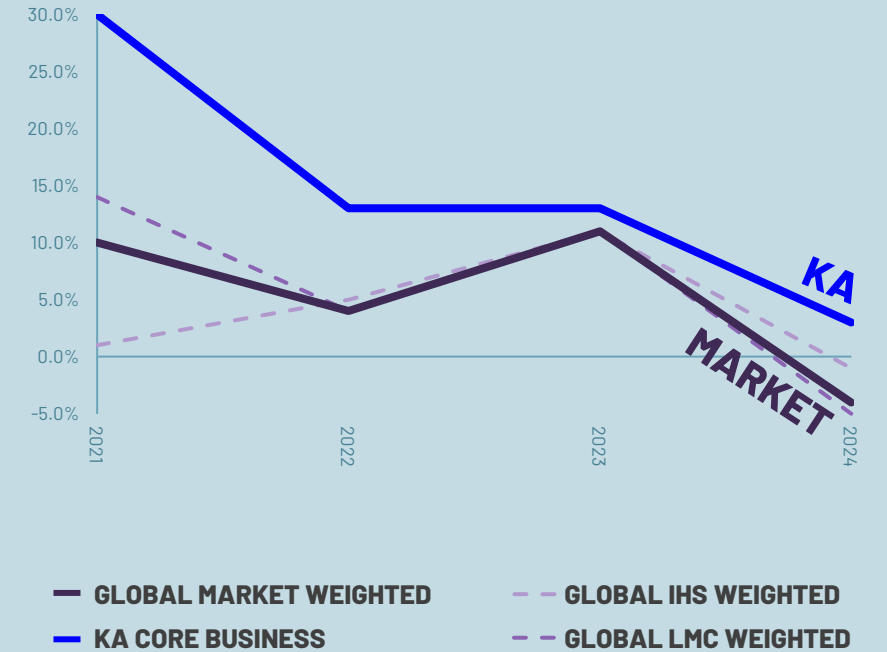
- CORE BUSINESS
- DRIVELINE (EXCL. E-ACTUATORS)

EBIT 2023, MEUR



- EBIT (BEFORE IMPAIRMENT LOSSES)
- IMPAIRMENT LOSSES

EXPECTED MARKET DEVELOPMENT



*Market calculation based on IHS and LMC data per region for PV and CV revenue



REFINANCING

CONSIDERATIONS AND TIMELINE FOR REFINANCING

CONSIDERATIONS

- Reduce Main Facility to base requirements
MEUR 100 – 140
- Flexibility through RCF (and ARS/Factoring)
~20–30% of Main Facility
- Main Facility – dual track Nordic Bond / Bank Loan
- Tenure: 3–5 years
- Target: Annual interest costs equal or lower than today
- KA intends to mandate the following investment banks: Danske Bank and ABG Sundal Collier as global coordinator for the bond, and UBS AG for the bank loan

TIMELINE

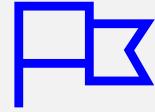
- Preparation until May
- Go to market either pre or post summer break
- Refinancing concluded in 2024

**A year of consolidation –
no further share buy back**



GUIDANCE AND ON THE AGENDA FOR 2024

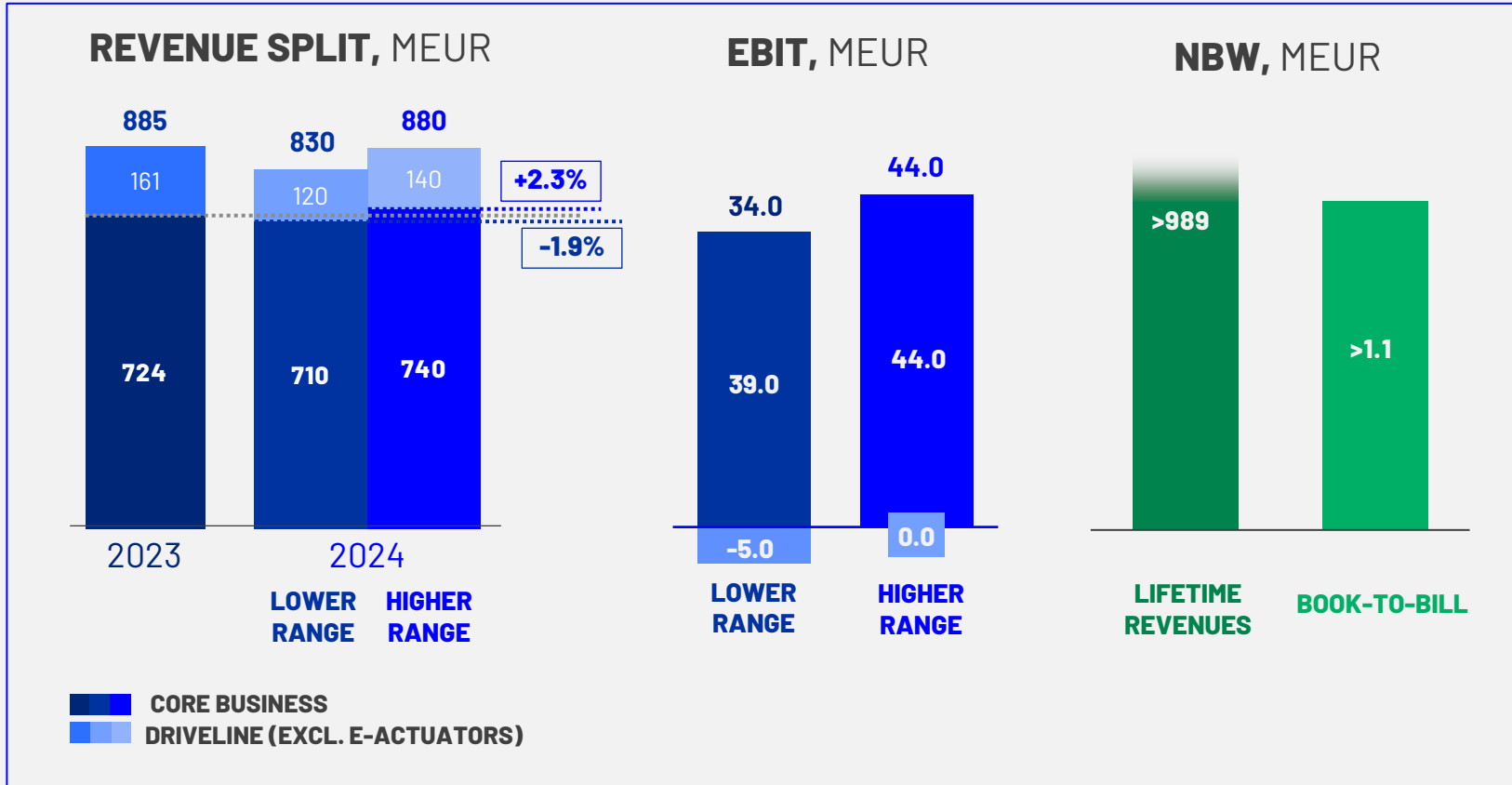
- IMPROVE PROFITABILITY AND REGAIN POSITIVE FREE CASH FLOW



GUIDANCE FOR 2024



ON THE AGENDA FOR 2024



- Assess manufacturing footprint
- Further cost optimization
- Develop product portfolio
- Policy deployment
- Refinance
- Capital Markets Day, May 13
- Continuous work on shareholder structure



Q&A





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