

# Kongsberg Automotive Investor Presentation

*April 2020*

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## 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 the annual report.

# Today's Presenter

## Henning Jensen, President and Chief Executive Officer



### Professional experience

**Kongsberg Automotive Oslo, Norway & Zürich, Switzerland June 2016 - Present**  
*President and Chief Executive Officer*

**Kistefos AS Oslo, Norway 2011 - 2015**  
*Chief Executive Officer*

**RHI AG Vienna, Austria 2010 – 2011**  
*Chief Executive Officer, Chief Financial Officer and Chairman*

**Tyco Electronics / TE Connectivity Frankfurt, Germany and US 2001 – 2009**  
*SVP, Divisional Head (Automotive),  
Chief Financial Officer (Electronic Components) and  
other executive positions*

**General Motors / Delphi Automotive Systems Germany and US 1995 – 2001**  
*Various management and executive positions*

### Education

**Hochschule St. Gallen (Switzerland)**  
*Doctoral Studies*

**University of San Francisco (USA)**  
*BA & MBA*

# Kongsberg Automotive

## Key investment highlights



- Kongsberg Automotive – a truly global mid-sized automotive supplier with a diversified customer base
- Diversified revenue base with ~75% from OE-automotive (LD&HD) and ~25% from non-automotive markets including aftermarket
- Strong market positions in our segments with leadership positions in attractive niche markets
- Strong and improving financial performance driven by the improvement program initiated in 2016
- Since 2016, following a turn-around, Kongsberg Automotive developed into a healthy business and achieved
  - above-market revenue growth through strong new business wins
  - doubling of adj. EBIT margins through operational improvements
  - improvements of virtually all KPIs
- In FY 2019, Kongsberg Automotive
  - achieved above-market revenue growth, maintained an adjusted EBIT margin greater than 6% and increased Net Income.
    - The main drivers were a very challenging macro environment that was more than offset by the reduction in restructuring costs.
  - had significant negative cash flow due to high investments and increases in working capital mainly driven by growth / new business wins.
- With the consequences of the Corona virus on the automotive industry, as is the case with most automotive suppliers, Kongsberg Automotive is facing a shortage of liquidity.

# Kongsberg Automotive

Management team



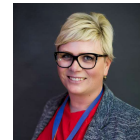
**Virginia Grando, EVP Quality, Zürich, Switzerland**

With KA since: November 2017  
 Head of Corporate Quality Planning, MAHLE Group, Stuttgart, Germany, 2013-2017  
 Quality Manager, MAHLE Powertrain Ltd, Northampton, UK, 2005-2013  
**Education:** Politecnico di Torino, Italy, Master Engineering



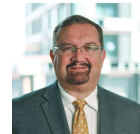
**Linda Nyquist-Evenrud, SVP Couplings, Raufoss, Norway**

With KA since: January 2008  
 Sales & Marketing Director, Couplings, Raufoss, 2016-2017  
 Sales & Marketing Manager, Couplings, Raufoss, 2008-2016  
 Market & Project Coordinator, Raufoss Technology AS, 2004-2007  
**Education:** Halmstad University, BA- Product development and innovation management



**Bob Riedford, President P&C, Zürich, Switzerland**

With KA since: January 2016  
 VP Americas, P&C, Novi, Michigan, USA; 2016-2017  
 Automotive Consultant, Cary, NC, Aug. 2012-Jan. 2017  
 President Buehler Motor US, 2007-2012  
 Various positions Delphi Automotive Systems 1986-2007  
**Education:** University of Evansville, BS-Electrical Engineering



**Norbert Loers, CFO, Zürich, Switzerland**

With KA since: January 2017  
 CFO-Hay Group/Musashi Automotive, Bad Sobernheim, Germany, 2013-2016  
 CFO-Neumayer Tekfor Holding Int., Offenburg, Germany, 2007-2013  
**Education:** University of Bonn, Master of Economics



**Robert Pigg, SVP Off-Highway, Willis, Texas, USA**

With KA since: May 2006,  
 Several leadership functions within KA  
 Engineering Manager - Briggs & Stratton, Tennessee, US 2005-2006  
 Category Manager, Murray, Incorporated, Tennessee, US, 2002-2005  
 Senior Project Engineer, Husqvarna Group, Georgia, US, 2002  
**Education:** Auburn University, BA Mechanical Engineering, Freed-Hardeman University, BA-Physical Sciences



**Doug Tushar, VP of IS&T Corporate, Novi, Michigan, USA**

With KA since: January 2008,  
 Global Director Information Technology, Teleflex Automotive, Detroit MI, US, 2006-2008,  
 Global Business Process Analyst at Teleflex Corp, Limerick Pennsylvania, US, 2004-2006,  
 Business Logistics and Operations Manager at Teleflex Electronics, Sarasota Florida, US, 2002-2004,  
 Business Logistics Manager at Morse Hynautic, Sarasota Florida, US, 2001-2002  
 Plant Manager at Morse Marine, Clearwater Florida, US, 2000-2001  
**Education:** SBA Business Accounting, Kent State University



**Dzeki Mackinowski, EVP Purchasing, Zürich, Switzerland**

With KA since: May 2019  
 SVP- Global Purchasing, Knorr-Bremse, Munich, Germany, 2014- 2019  
 VP Purchasing Projects & Operations APAC and GM, Volvo Trucks, Shanghai, China, 2009-2014  
 Several leadership function within Volvo 1998-2009  
**Education:** Business Administration Courses, IHM Business School



**Marcus von Pock, EVP HRM/Communication/HSE, Zurich, Switzerland**

With KA since: November 2017  
 SVP HR and Head of Corporate Academy, FLG Group, Haiger, Germany, 2014-2017  
 Head of Corporate HRM, Kardex AG, Zurich, Switzerland, 2010-2014  
 Director HR Carl Zeiss AG, Oberkochen, Germany, 1998-2010  
**Education:** University of Mittweida, Germany, Master in International Management



**Dr. Ralf Voss, President Interior, Zürich, Switzerland**

With KA since: March 2018  
 Interim Management, 2015-2017  
 Member of the management board, Knorr-Bremse, Systems Rail Vehicles GmbH (SfS), Munich, Germany, 2009-2015  
 EVP, Division Electronics, Hella KGaA, Lippstadt, Germany, 2005-2009  
 Director Vehicle Engineering, Daimler Benz AG, International USA, 1989-2005  
**Education:** Ludwig-Maximilians Universität, Munich, Master Crystallography and Mineralogy



**Jon Munthe, General Counsel, Oslo, Norway**

With KA since: March 2008  
 Chief Legal Counsel, Aibel, Oslo, Norway, 2003-2008  
 Corporate Legal Counsel, ABB, 1992-2002  
 Lawyer, Wikborg Rein, Oslo, Norway, 1989-1992  
**Education:** University of Oslo, Norway, Law School



**David Redfearn, EVP Fluid Transfer Systems (FTS), Gothenburg, Sweden**

With KA since: 1993  
 Vice President Of Sales, FTS, Gothenburg, Sweden, March 2013-April 2016  
 Sales Director - FTS, Gothenburg, Sweden, Apr. 2008-June 2013  
 Several leadership functions within KA & Teleflex Incorporated (Merger with KA)  
**Education:** Stockholm School of Economics, MBA



**Henning Jensen, CEO & President, Zürich, Switzerland**



The Kongsberg Automotive (KA) management is an experienced team with on average more than 20 years of industry experience and around 7 years of KA tenure.

# Kongsberg Automotive at a glance (1/2)

## Overview

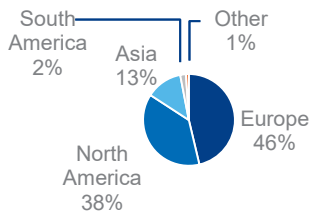
- Listed on Oslo Stock Exchange, parent company in Norway.
- 3 segments: Interior, Powertrain & Chassis, Specialty Products
  - Interior: interior comfort systems and light duty cables
  - Powertrain & Chassis: gearshift systems and vehicle dynamics applications
  - Specialty Products: air couplings, FTS and off-highway applications
- We estimate that approximately one out of five LD or HD vehicles contain our products globally
- Diverse customer and end-market exposure with strong market positions

## Selected KPIs

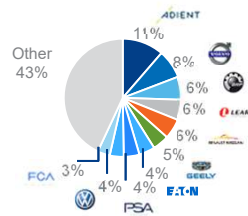
<b>Revenue</b> (2016A/2017A / 2018A / 2019A)	<b>Adjusted EBIT</b> (2016A/2017A / 2018A / 2019A)
<b>€986m / €1,057m / €1,123m / €1,161m</b>	<b>€28 m / €50 m / €75 m / €71 m</b>
<b>Revenue growth / Adj. EBIT growth</b> (2016-2017A, 2017A-2018A & 2018A-2019A)	<b>Booked business / Revenue</b> (avg. 2017A, 2018A, 2019A)
<b>7% / 78%, 6% / 49% &amp; 3% / -5%</b>	<b>1.4x</b>

## 2019A revenue breakdown

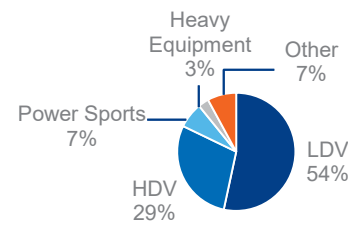
### By geography



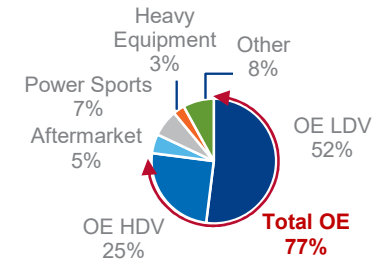
### By customer



### By end-market



### By channel



**Total revenue 2019A: €1,161 m**



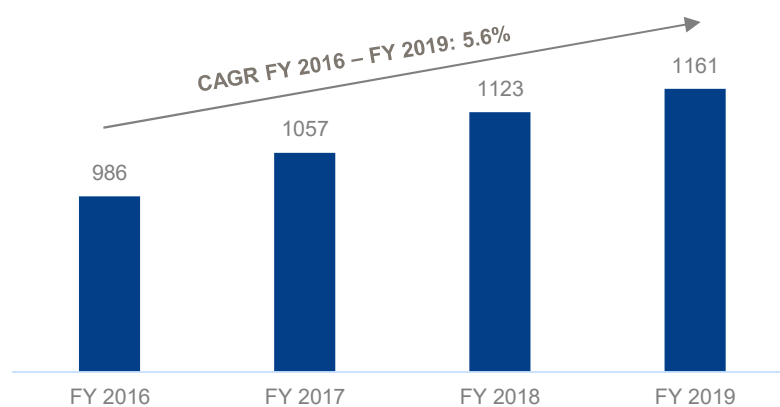
# Kongsberg Automotive at a glance (2/2)

	Interior		Powertrain & Chassis Products		Specialty Products		
	Light Duty Cables	Interior Comfort Systems	Transmission Control	Vehicle Dynamics	Air Couplings	FTS	Off Highway
Revenue % 2019A	5%	21%	36%	4%	9%	11%	14%
Market position	Fragmented market with no dominant player	#1 / #2 in integrated comfort systems	Strong position in actuation systems		#1 / #2 (Europe)	#1 in PTFE hoses	Top 3 in pedals and electronic controls
% LDV/HDV/ Non-Auto/ Aftermarket	98% / 2% / 0% / 0%		55% / 34% / 1% / 10%		15% / 34% / 48% / 3%		
Key customers							
Key competitors							
Kongsberg Automotive Value Proposition	<ul style="list-style-type: none"> <li>➤ Broadest capabilities in the market</li> <li>➤ Strong underlying addressable market growth driven by trend towards premiumisation, comfort and convenience</li> <li>➤ Trickle down from premium segment into volume segments</li> <li>➤ Strong customer relationships</li> <li>➤ Sophisticated cable design and high quality</li> <li>➤ One-stop shop for systems</li> </ul>		<ul style="list-style-type: none"> <li>➤ Strong product development capabilities in a market moving from mechanical to electronically controlled automated actuation</li> <li>➤ Well positioned on truck and LV actuators</li> <li>➤ High design flexibility through standardized modules, adaptable to OEM preferences</li> <li>➤ Significant business booked in US and China</li> <li>➤ Complete shifter systems</li> <li>➤ Long design and manufacturing expertise</li> </ul>		<ul style="list-style-type: none"> <li>➤ Deep vertical integration and full capability in-house, hereunder strong electronic engineering capabilities</li> <li>➤ Strong growth driven by innovative products and capturing market share: couplings (HDV, aftermarket), FTS (LDV, HDV, industrial), off-highway (power sports, construction, agriculture)</li> <li>➤ Growth potential in North America and Asia</li> <li>➤ OEM advancement through better TCO</li> <li>➤ Bringing automotive scale and efficiency to industrial customers</li> <li>➤ Market leader in niche markets</li> </ul>		

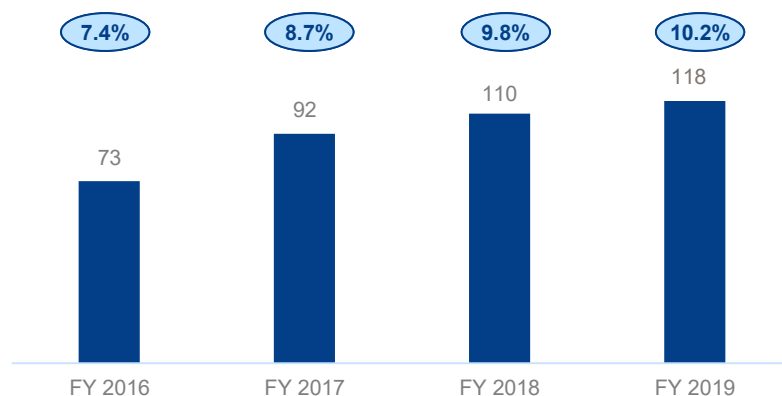
# Historical financials overview

The growth in top-line and profitability is a result of the changes initiated in 2016

## Revenue performance (€m)



## Adj. EBITDA performance (€m)



% EBITDA margin (%)

Revenues including HRAR

## Key financials (€m)

### P&L

€m	FY 2016*	FY 2017*	FY 2018*	FY 2019
<b>Revenue</b>	<b>986</b>	<b>1,057</b>	<b>1,123</b>	<b>1,161</b>
% growth	(3.0%)	7.2%	6.2%	3.4%
<b>Adj. EBITDA</b>	<b>73</b>	<b>92</b>	<b>110</b>	<b>118</b>
% margin	7.4%	8.7%	9.8%	10.2%
<b>Adj. EBIT</b>	<b>28</b>	<b>50</b>	<b>75</b>	<b>71</b>
% margin	2.9%	4.7%	6.7%	6.1%
<b>Capex</b>	<b>(51)</b>	<b>(53)</b>	<b>(68)</b>	<b>(65)</b>
% of revenue	(5.2%)	(5.0%)	(6.1%)	(5.6%)
<b>Adj. EBITDA - Capex</b>	<b>22</b>	<b>40</b>	<b>42</b>	<b>53</b>

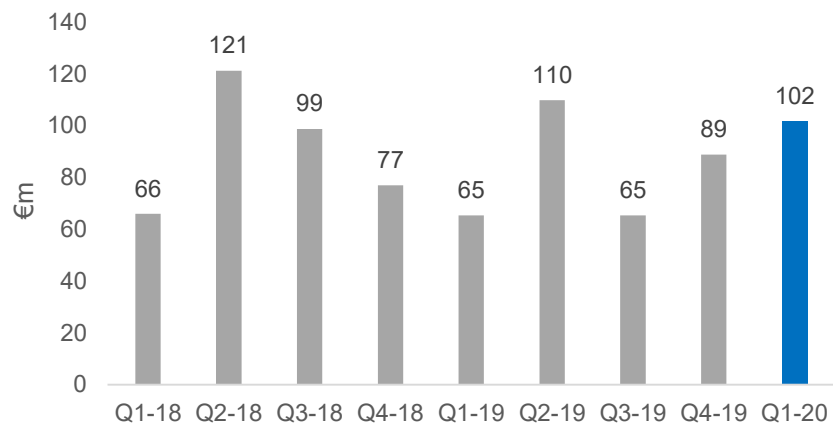
\*Excluding IFRS 16 effects



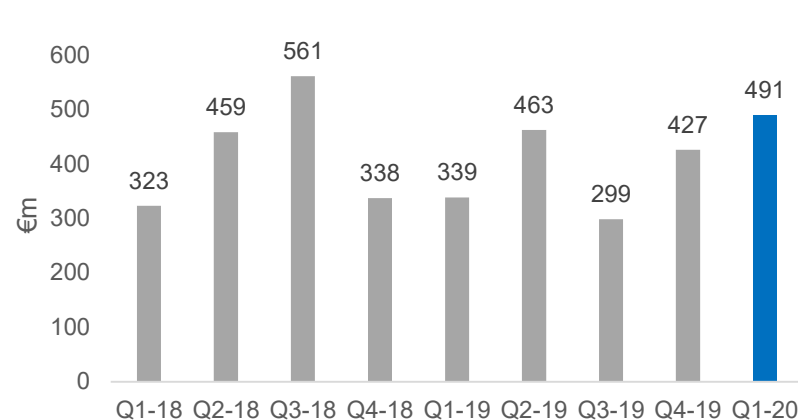


## New Business Wins – KA Group

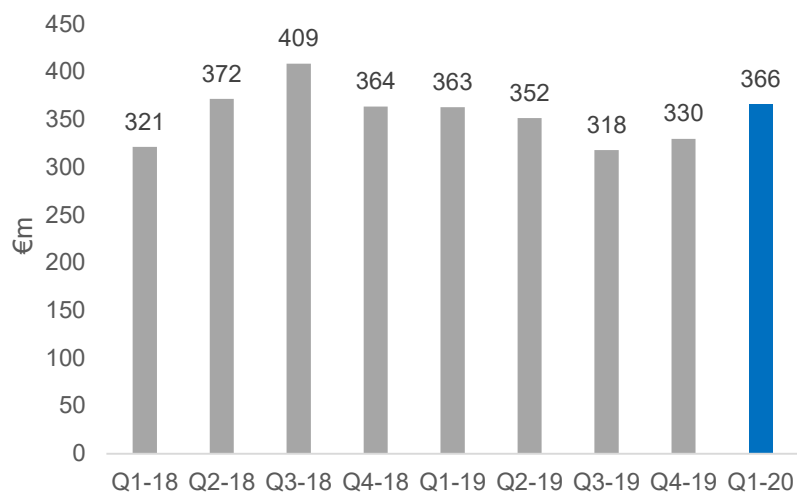
New business wins per quarter (Annualized revenues)



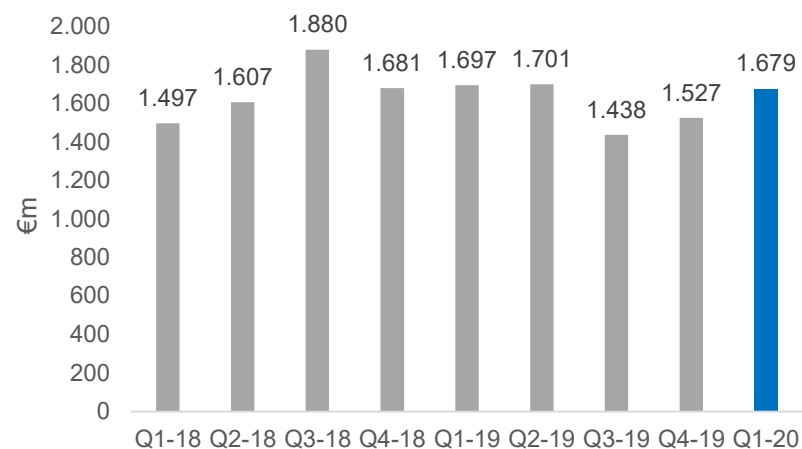
New business wins per quarter (Lifetime revenues)



New business wins LTM (Annualized revenues)

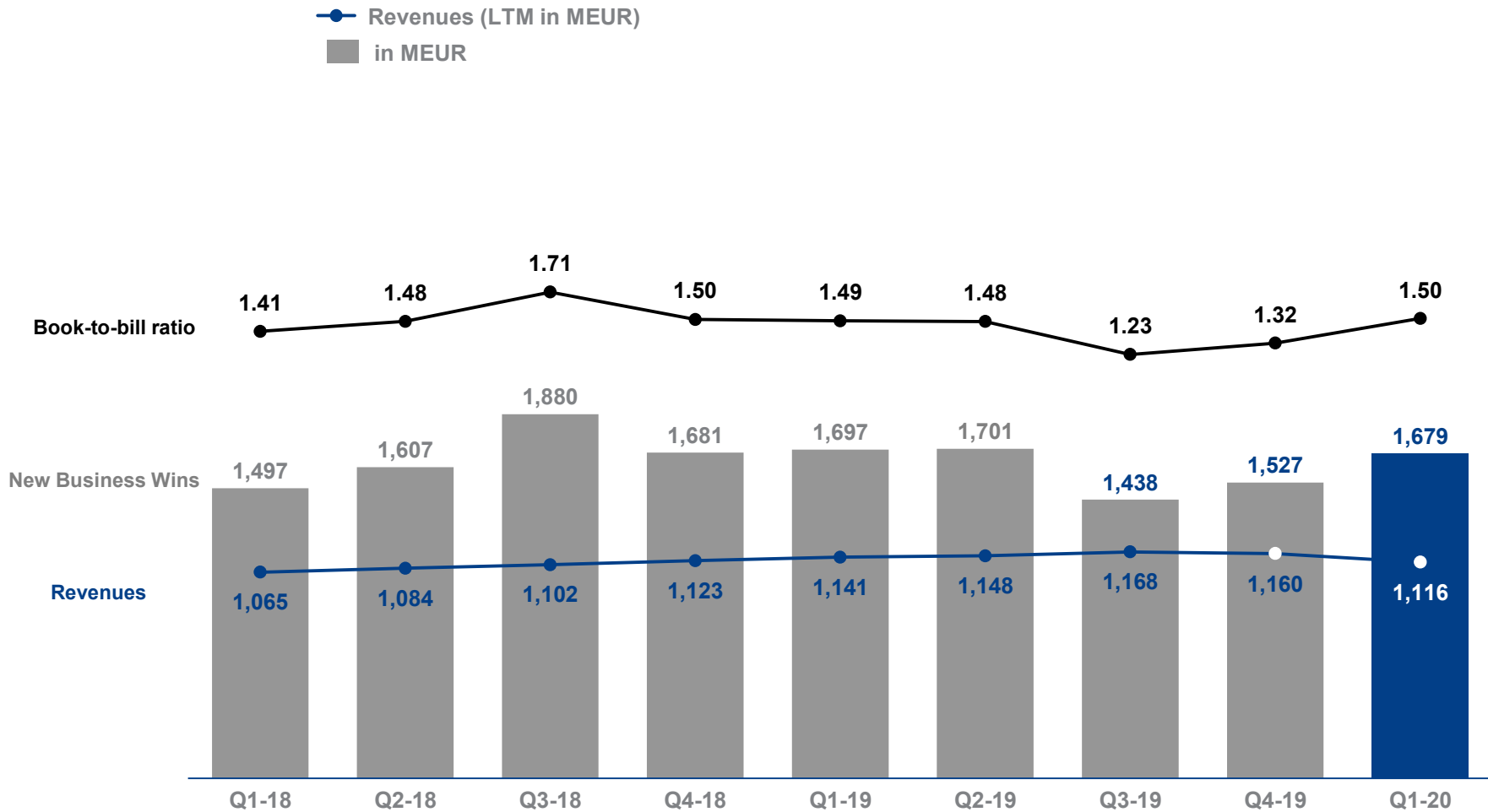


New business wins LTM (Lifetime revenues)



# Book-to-bill performance

High number of new business wins over the last 2 years ensure long term growth relative to the market



\*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

## Corona Virus and its impact on the automotive industry

- The corona virus (Corona) has impacted the automotive industry significantly.
  - The Corona outbreak started in China slightly before the Chinese new year vacation
    - This led to shutdowns in China extending beyond the normal new year shut down periods.
    - Due to very strict and effective measures, China has returned to somewhat normal automotive operations in early April.
  - As we all have since learned, the economic impact outside of China has been much stronger as the Corona virus has spread rapidly throughout the world.
  - As the first countries European countries started “shutting down”, essentially the entire global automotive industry shut down. The shutdowns are both health and supply chain related.
    - The supply chains in the automotive industry are very global, complex, and intertwined.
    - Under normal circumstances, these automotive supply chains are very “well oiled machines”. However, when shock is inserted into the system, it stops functioning.
  - For all practical purposes, the automotive industry has shut down outside of China and portions of Japan and South Korea.
    - This has led to sudden and very sharp declines in revenues for all automotive suppliers.
  - There is great uncertainty as to how long the current situation will last and also at what level the economy will “restart” following the reopening of operations.
    - There is a general expectation, that we will have a recession following the Corona related shutdowns. There is great uncertainty as to whether the recovery from the Corona effects will follow the patterns of other downcycles.
  - The automotive industry is in general considered by most large industrial nations as “too big to fail” and will receive significant support from governments. Such efforts, though, will mostly focus on the OEMs, not on the suppliers.



## The impact on the Corona virus on Kongsberg Automotive

KONGSBERG  
AUTOMOTIVE

- In Q1, 2020, Kongsberg Automotive (KA) saw revenues decline of more than 15% YoY to €262 million. This was driven by a combination of declines in China following the Chinese new year shutdown extension and the almost complete shutdown of Western OEMs in the last 10 days of March.
  - KA's Q1 2020 adjusted EBIT declined by almost 75% to slightly less than €8 million.
  - In the seasonally weak first quarter, we had a negative cash flow of around €8 million. The cash flow performance was strengthened primarily by strong working capital measures..
  - Paradoxically enough, we had strong new business wins (NBW) in Q1 2020 of around €100 million in annualized business, above the levels of previous years' Q1 NBWs (as seen on slides 9 and 10). It should, however, be noted that we saw almost no NBWs in March.
    - As has been the case over the last years, these strong NBWs should enable Kongsberg Automotive to outperform the automotive sector in top line growth.
- For the remainder of 2020, and for that matter also for 2021, there is great uncertainty. There are three key questions:
  - How long will the current shutdowns last?
  - When, at what pace and to what level will the restart take place?
  - Following 2020, at what level will the business levels be in 2021?
- In order to plan for the future, KA has developed various scenarios for 2020 and 2021 which are based mainly on management estimates. These scenarios do not reflect any guidance or forecasts and the actual results for 2020 and 2021 could differ from the scenario outputs. These are described on the next slide.
  - Each scenario models the expected P&L performance, working capital levels, capex, and cash flow.
  - Many scenarios have been worked out. For simplicity purposes, this presentation covers three scenarios; high case, medium case, and low case where the "high case" represents the most favorable outcome and the low case represents the least favorable outcome among the scenarios. The difference between the various scenarios is the underlying market assumptions which ultimately drive the revenues of the company and which the company does not control.
- All the scenarios lead to a significant need for additional liquidity.

## Three Scenarios – Revenue impact for Kongsberg Automotive

- As mentioned, we have modeled three scenarios:

Revenues	High case	Medium Case	Low case
2019 (for reference)	€1,161 million	€1,161 million	€1,161 million
2020	€ 914.6 million This assumes shutdowns as we currently experience through April with a quick ramp up in the first two weeks of May.	€877.9 million This assumes shutdowns as we currently experience through April with a slow ramp up in May and the first week of June.	€818.2 million This assumes shutdowns as we currently experience through May with a slow ramp up in June and the first week of July.
2021	€1,091 million This assumes 2021 revenue levels of around 6% less than in 2019.	€1,068 million This assumes 2021 revenue levels of around 8% less than in 2019.	€1,043 million This assumes 2021 revenue levels of around 10% less than in 2019.

- We believe that the “High case” is probably overly optimistic, as the challenges surrounding a quick restart in 2020 are large and the recovery speed for 2021 under this scenario would be aggressive.
- We believe that the “Low case” is probably overly pessimistic, particularly for 2020 as such a long shutdown period will almost be unbearable for an industry that is broadly seen as “too big to fail”.
- Consequently, we believe that the most likely outcome is somewhere between the “High” and “Low” cases. This is what the “Medium case” represents.
- Note that for the revenue assumptions for 2021 one should bear in mind that due to KA’s strong business wins, we have typically outperformed the market in top line growth by around 3-5% points. Taking this into account, the assumptions for the 2021 revenues reflect underlying market declines of 13-15%, 11-13% and 9-11% for the Low, Medium and High scenarios, respectively. This would represent a drop larger than in previous downcycles/recessions.



## Revenue assumptions used for the “Medium” and “Low” scenarios: **KONGBERG** AUTOMOTIVE

- The below table illustrates the China & South Korea revenue developments during Q1:

China & South Korea (Euro 000)	Jan	Feb	Mar	Q1
2019 ACT	9,255	6,215	9,327	24,796
2020 ACT	9,321	4,903	9,355	23,579
% decline YoY	1%	-21%	0%	-5%

- As can be derived from the table, the decline in China and South Korea in February was smaller than could be expected and the recovery was faster than what one might have expected.
- The below table gives an overview of the assumed % declines in 2020 vs. 2019 under the “medium” and “low” scenarios grouped by end markets we have assumed have unique behaviors:

### Assumptions used for the Medium Scenario

2020 vs 2019 revenue levels by month, quarter and FY

(Euro 000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	FY
China	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-5%	-10%	-10%	-10%	-9%
Off Highway*	-60%	-50%	-30%	-10%	-10%	-10%	-5%	-5%	-5%	-7%	-48%	-10%	-5%	-18%
Industrial & Aftermarket*	-2%	-2%	-2%	0%	0%	0%	0%	0%	0%	-2%	-2%	0%	0%	-1%
OEM AUT*	-88%	-80%	-48%	-19%	-17%	-12%	-10%	-10%	-10%	-18%	-72%	-16%	-10%	-30%
KA Total	-73%	-66%	-40%	-16%	-14%	-11%	-9%	-9%	-9%	-17%	-60%	-13%	-9%	-24%

\* excludes China and South Korea revenues

OEM Automotive accounts for approximately 77% of our business

### Assumptions used for the Low Scenario

2020 vs 2019 revenue levels by month, quarter and FY

(Euro 000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	FY
China	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-5%	-10%	-10%	-10%	-9%
Off Highway*	-60%	-60%	-50%	-30%	-10%	-10%	-10%	-10%	-10%	-7%	-57%	-16%	-10%	-23%
Industrial & Aftermarket*	-2%	-2%	-2%	-2%	0%	0%	0%	0%	0%	-2%	-2%	-1%	0%	-1%
OEM AUT*	-88%	-88%	-80%	-48%	-19%	-17%	-12%	-10%	-10%	-18%	-85%	-27%	-11%	-36%
KA Total	-73%	-74%	-65%	-39%	-16%	-15%	-11%	-9%	-9%	-17%	-71%	-22%	-10%	-30%

\* excludes China and South Korea revenues

OEM Automotive accounts for approximately 77% of our business

- The recovery speed for the non China and South Korea markets are assumed to be significantly slower than China and South Korea.
- We have assumed that the Chinese market will decline somewhat from what we assume was a catch-up effect in March

## Three Scenarios – KPI impact for Kongsberg Automotive

- The below table provides the expected liquidity needs from the various scenario models:

(Euro 000)	2020 High	2021 High	2020 Medium	2021 Medium	2020 Low	2021 Low
Revenues	914,616	1,091,390	877,662	1,068,169	818,231	1,043,000
EBITDA	15,774	90,098	-3,072	81,721	-26,812	72,642
EBITDA%	1.7%	8.3%	-0.4%	7.7%	-3.3%	7.0%
Adj. EBIT	-36,613	34,476	-55,459	26,099	-79,198	17,020
Adj EBIT %	-4.0%	3.2%	-6.3%	2.4%	-9.7%	1.6%
Net Income	-76,845	9,629	-95,691	-421	-119,430	-9,501
EBITDA	15,774	90,098	-3,072	81,721	-26,812	72,642
Δ Net Working Capital	1,000	22,000	10,000	16,000	8,000	22,000
Capex	-63,000	-58,000	-63,000	-58,000	-61,000	-55,000
Taxes & Interest	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000
Other non CF EBITDA items incl IFRS 16	-28,000	-20,000	-28,000	-20,000	-28,000	-20,000
Cash Flow (all in)	-99,226	9,098	-109,072	-5,279	-132,812	-5,358
<u>Highest cumulative liquidity need in period</u>	<u>-91,000</u>	<u>-105,000</u>	<u>-100,000</u>	<u>-116,000</u>	<u>-126,000</u>	<u>-136,000</u>

- The liquidity need is calculated on the basis of not utilizing the RCF more than 40% thus not triggering covenant testing.
  - The RCF increase of €20 million in April 2020 and the RCF reduction of €20 million (due in October 2021) have been considered in the model above.
- The liquidity need is smaller than the cumulative cash flow due to liquidity reserves at the beginning of 2020.
  - The highest cumulative liquidity need in the period is generally higher than the end of year need due to large intra-year liquidity variation driven mostly by working capital swings due to intra-year volume swings.
- The above includes furlough and short time work actions in place for the duration of shutdowns.
- The cash burn rate for an extra month of shutdowns is around €30 million.
- The cash breakeven point for the KA operations in a steady state is at an annual revenue level of around €1,080 million at low growth and around €1,150 million in the previous growth mode.
- In order to fully fund the Corona related downturn and the following expected recession, according to the model parameters, we need to secure additional liquidity of around €120-150 million. This leaves some safety margin. See the next page.
- Please note that the actual figures for 2020 and 2021 may be outside of the ranges of the high-medium-low scenarios above.
- Even in the low scenario, Kongsberg Automotive would return to positive EBITDA figures in 2021.**

## Sources of funding

### Potentially likely sources of Funds in € 000:

Capital raise	Gross amount: 110,000-120,000*	108,000	expenses deducted
Government loan Program (CH + smaller amounts from others)		450	potential for more
Loan backed with Guarantor Assets		17,250	under negotiation
Supply Chain financing net		7,900	under negotiation
Factoring NA		29,200	under negotiation
Factoring EMEA		19,400	following NA
<u>Total "likely" Funding sources</u>		<u>182,200</u>	

- Sources of funding does not include any proceeds from potential divestitures
- Under the assumption that €150 million in liquidity is needed by the end of 2021, the net debt of the company would be between €200 million and €240 million depending on scenario.
- We believe KA should get back to and surpass the historical adjusted EBITDA levels (2019: €118 million) following the Corona recovery in the medium to long term.
- In order to be fully funded (€120-150 million), we need to secure all but one of the items in the above table, in line with the model parameters.
- We have additional sources of funding that have not been included in this overview due to the greater uncertainty in timing and size. See the overview in the backup section (slide 25).

\* Teleios, the 23% owner of Kongsberg Automotive, has decided to participate in the capital raise with a subscription of € 28m if the capital raise is €120 m.



## Debt overview and Bond & RCF Indentures

- 2019 Year End NIBD amounted to €256 million of which €271 million Bond, €10 million RCF, €25 million cash excluding IFRS16 related liabilities
- Bond and RCF maturity: July 2025
  - €20 million out of the €70 million RCF matures in October 2021
- Bond Coupon: 5% payable in Q1 and Q3, RCF interest rate: EURIBOR + 2.25 % pts
- Undertaking of additional debt
  - Total super senior RCF is capped at € 80 million of which we currently have an RCF credit line of € 70 million.
  - Up to € 20 million in additional guaranteed debt may be undertaken with guarantor assets
  - Up to € 20 million in additional guaranteed debt may be undertaken with non-guarantor assets
  - Additional unsecured debt may be undertaken as long as the LTM EBITDA/Interest cost > 2.0 at the time of undertaking the additional unsecured debt
- Covenants:
  - Covenant testing takes place if >40% of the RCF is drawn at quarter end.
    - The covenant is  $LTM\ NetDebt/EBITDA^* < 3.5$  in additional guaranteed debt may be undertaken with guarantor assets
    - This is a springing RCF covenant

\* "Normalized EBITDA"

## Conclusion

- Since 2016, following a turn-around, Kongsberg Automotive (KA) developed into a healthy business and achieved above-market revenue growth through strong new business wins, more than doubling of adj. EBIT margins and tripling of absolute adj. EBIT amounts through operational improvements.
- Through improved focus and increased competitiveness, we have built a strong book of business evidenced by our strong new business wins and better than the sector revenue growth. Our current book to bill ratio has been around 1.2-1.5X over the past years.
  - Strong growth in Sales and adj. EBIT 2017-2019 – better than sector
- Virtually all the significant global automotive OEMs are KA's end customers. These are critical operations in the economy and considered "too big to fail". If needed, they will receive the required financial support from governments to not fail.
- Although the Corona situation is currently overwhelming to most parts of society, it will not last forever. We believe KA is well positioned following the "Corona recovery".
  - However, the Corona disruption has led to a shortage of liquidity for KA which we plan to fund through a capital raise of €110-120 million. Combined with other sources of liquidity, this should fully fund KA through the Corona crisis according to the scenario parameters.
- Corona will not last forever – we will get back to normal. And normal is pretty attractive to KA! We believe KA should get back to and surpass the historical adjusted EBITDA levels following the Corona recovery in the medium to long term.

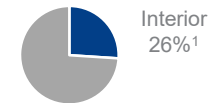
# Backup Slides

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# Interior Segment

Revenue 2019A:  
€304mm



Description	% of Interior revenue	Products	End-markets
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## Interior Comfort Systems

- Exclusively focused on LDV market
- Core Interior Comfort Systems – strong market growth
  - Technology leader in integration of the various seat functionalities
  - Ability to offer full models or individual products

81%



## Light Duty Cables

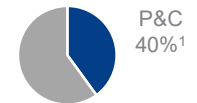
- Exclusively focused on LDV market
- Cables represent core competence
  - Strong product technology and knowledge base
  - Traditional LDC applications moving towards actuators
  - Uses actuator designs from other business units, thus offering competitive benefits vs other pure LDC players

19%

<sup>1</sup> % 2019 revenue

# Powertrain & Chassis Segment

Revenue 2019A:  
€461mm



Description	% of P&C revenue	Products	End-markets
-------------	------------------	----------	-------------

Transmission control

- Technology shift from mechanically based systems towards electronically controlled actuation systems
- Product range include:
  - AMT Actuators and PRND Actuators
  - Clutch Actuation Modules
  - Shift-By-Wire Shifters and Manual Gear Shifters
  - Shift Cables
- Focus:
  - Profitable growth for new technology
  - Maintain share in conventional mechanical systems
- Well positioned on both HDV and LDV actuators

90%



ATrAct™ Gear Control Unit



Gear shift cables



AT Shifter



Shift by Wire



Vehicle dynamics

- Product range consists of 3 technologies
  - Chassis Stabilizer
  - V-Stays
  - Cabin Anti-roll Bar
- Well positioned in the market
- No ICE exposure

10%



Cabin Anti-roll Bar



V-stays










<sup>1</sup> % 2019 revenues

# Specialty Products segment

Revenue 2019A:  
€396mm

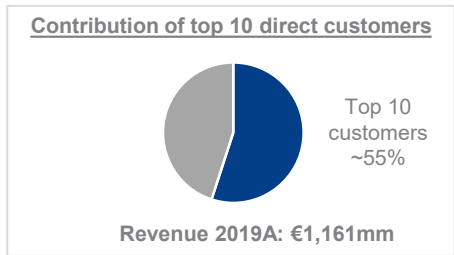
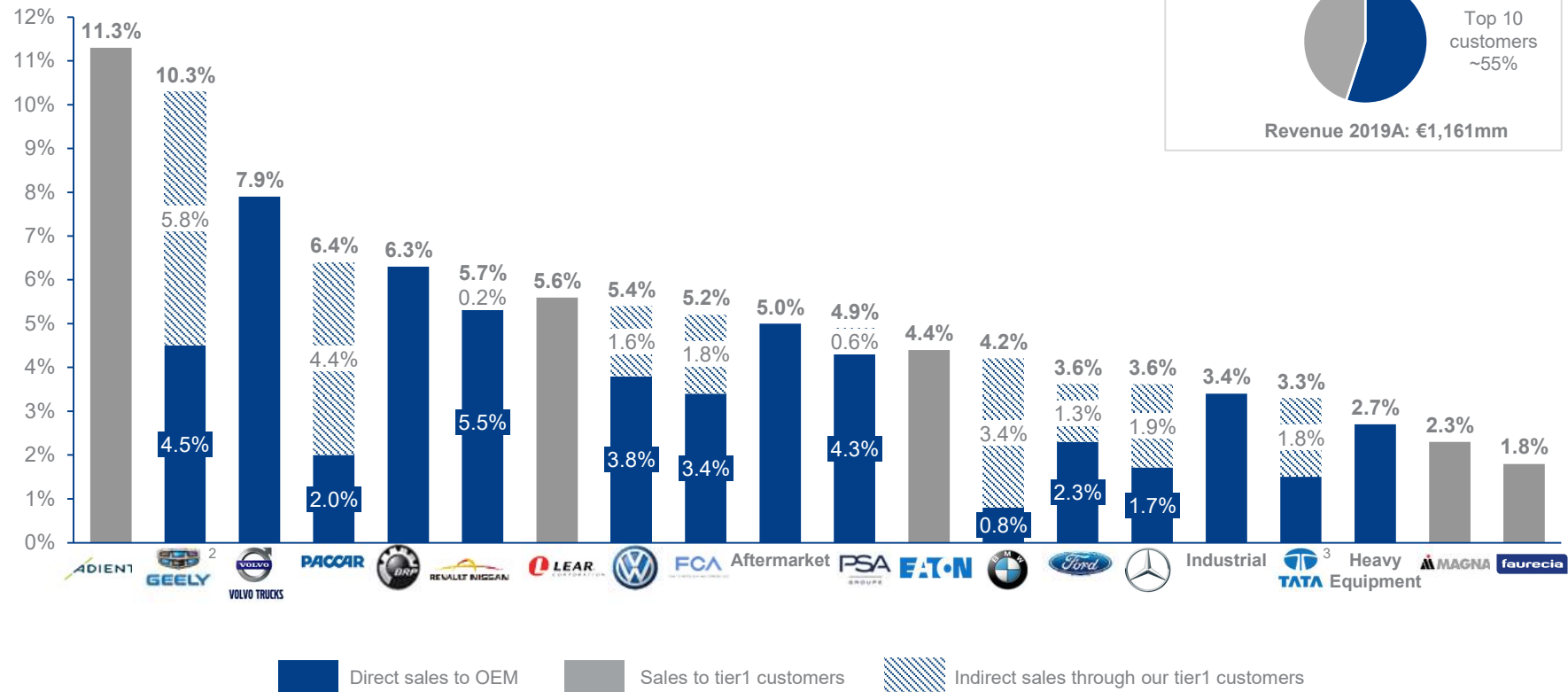


Description	% of SP revenue	Products	End-markets
<p><b>Air Couplings</b></p> <ul style="list-style-type: none"> <li>➤ Focused on air brake applications for HDVs</li> <li>➤ Technology leader with growing market share                             <ul style="list-style-type: none"> <li>– Premium priced products</li> <li>– Savings to OEMs through simplified processes</li> <li>– Potential for growth in NA and Asia</li> </ul> </li> </ul>	26%	 <p>Raufoss ABC™ Couplings System</p>	
<p><b>Fluid Transfer Systems</b></p> <ul style="list-style-type: none"> <li>➤ Specialty hoses for harsh applications</li> <li>➤ Market and technology leader in PTFE hoses</li> <li>➤ Growing market with strong competition in assemblies</li> <li>➤ Focus on product differentiation and scale benefits</li> <li>➤ Fragmented market in assemblies' segment</li> </ul>	33%	 <p>Twin Turbo Drain</p> <p>Twin Turbo Feed</p>	  
<p><b>Off Highway</b></p> <ul style="list-style-type: none"> <li>➤ Target: become largest supplier of steering system products for the Power Sports, Agriculture, and Construction markets</li> <li>➤ Steering columns, displays, pedals and hand controls</li> <li>➤ Supplier of HMI and custom electronic products</li> </ul>	41%	 <p>Pedal Box</p> <p>Tilt &amp; Telescope Columns</p> <p>KAntrak 1700</p>	

<sup>1</sup> % 2019 revenues

# Kongsberg Automotive benefits from a well diversified customer base<sup>1</sup>

Share of KA's Total Revenue



**Our broad customer base prevents any dominant single customer dependency**

<sup>1</sup> This graphical overview represents approximately 78% of our total end customer revenues.

<sup>2</sup> The Volvo passenger car brand is included in the Geely Group.

<sup>3</sup> The Land Rover passenger car is included in the Tata Motors Group.

# Corporate Responsibility

We commit to operate in an economically, socially & environmentally responsible manner

## Guiding Principles



### Leadership & Talent

We aim to develop our employees in an inclusive culture that respects diversity and exemplifies our values.



### Human Rights & Labor Practices

We advance initiatives which respect human rights and fair labor practices within our organization and throughout our supply chain.



### Supply-chain Management

We implement practices that consider and support responsible and sustainable sourcing.



### Environmental Performance

We commit to minimizing the use of natural resources and hazardous materials in the development and manufacture of our products.



### Integrity & Ethics

We require all employees to comply with applicable laws and observe the highest standards of business and personal ethics in the conduct of duties and responsibilities.



### Community Engagement

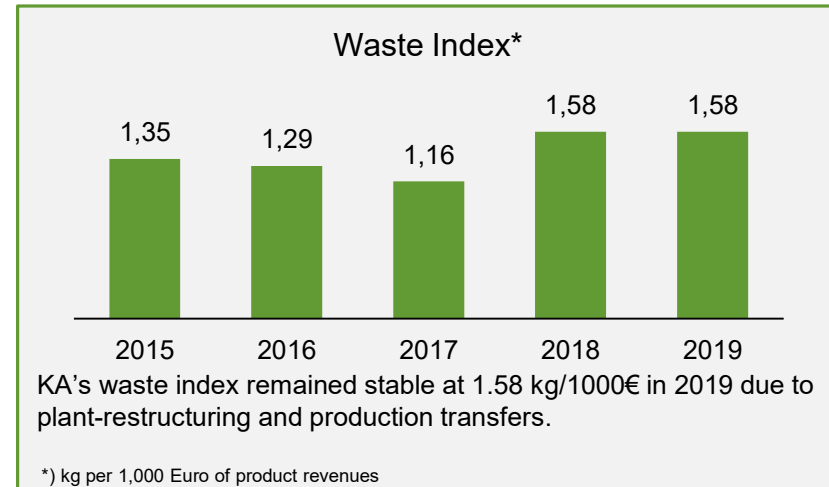
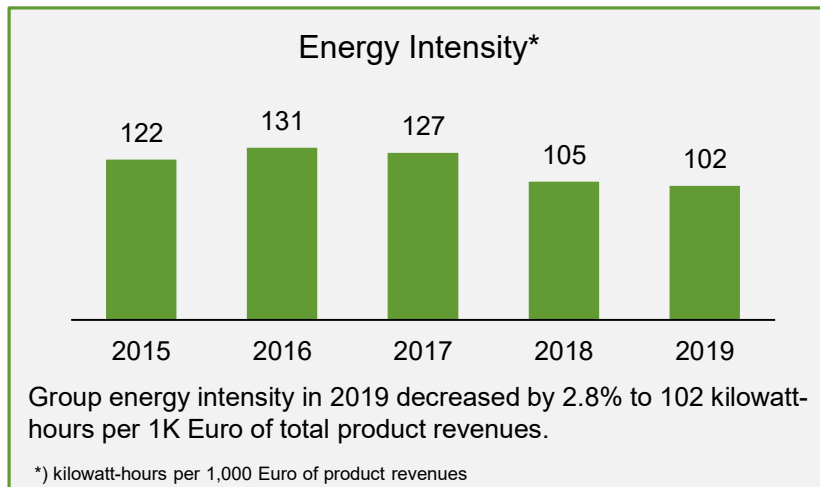
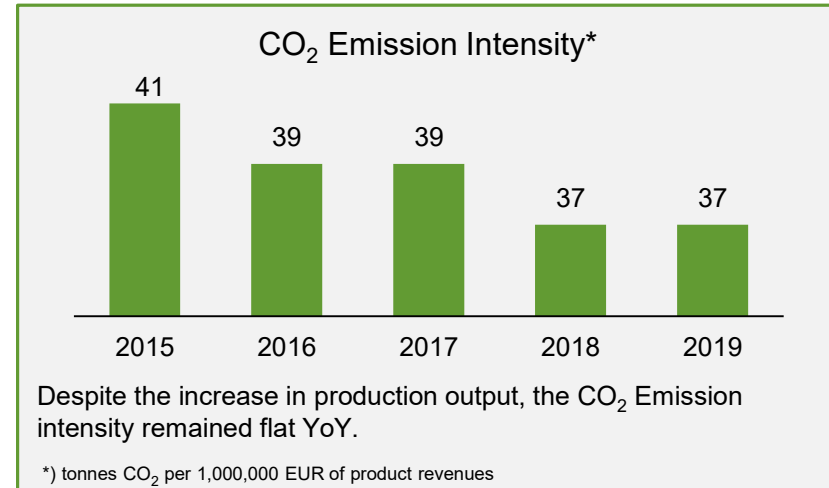
We contribute our time and financial support to the communities where we work and live.

**For Kongsberg Automotive, Corporate Responsibility means to manage our operations so that we achieve an overall positive impact on society**



# Corporate Responsibility

## Highlights and Key Figures



## Additional Sources of funding

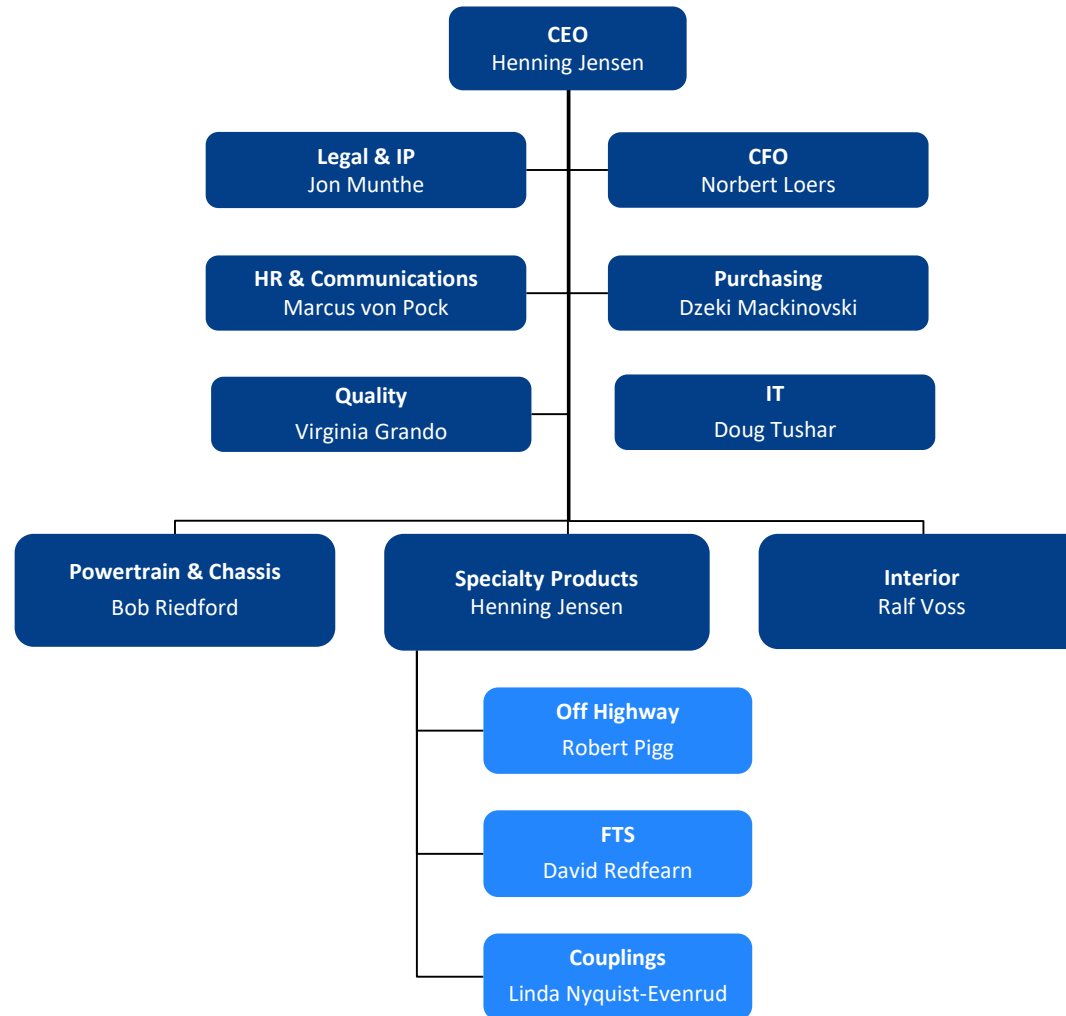
### Additional sources of Funds (in Euro millions):

Subsidies/loans from governments	4.5-10.0	(CH/NO/DE/US)
Loan backed with Guarantor Assets	10.0-20.0	
RCF increase	0.0-10.0	
Norwegian "Statens Obligasjonsfond" bonds	50.0-70.0	Expensive debt
Divestitures (1 or 2 non-core business units)	30.0-120.0	
<u>Total additional funding sources</u>	<u>94.5 – 230.0</u>	

- The additional sources of funding above have not been included in the "base case" as there is uncertainty regarding timing and size. Also, particularly for the Statens Obligasjonsfond bonds, the pricing is not attractive from a relative standpoint.

# Kongsberg Automotive

Leadership team



# Glossary



Term	Meaning
AMT	Automated Manual Transmission
EV	Electric Vehicle
FTS	Fluid Transfer System
HDV	Heavy Duty Vehicle
HMI	Human Machine Interface
HR / AR	Headrest / Armrest
ICE	Internal Combustion Engine
LDC	Light Duty Cable
LDV	Light Duty Vehicle
OE	Original Equipment
OEM	Original Equipment Manufacturer
PRND	Park Reverse Neutral Drive