

Kongsberg Automotive

First quarter 2020 – April 23, 2020



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 2019 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.

Corona Virus pandemic and Q1 2020

- Since the global spread of the corona virus, the automotive industry faces an unprecedented crisis. After emerging in mainland China, the corona virus has developed into a global pandemic with severe impact on the global health and economy; the automotive industry is very affected among other factors because of its complex global supply chains.
- Towards the end of Q1, virtually all OEM vehicle assembly operations across Europe and North America were suspended.
 - many OEM assembly plants in Asia were also closed down towards the end of March with the exception of China and South Korea.
 - The OEM assembly plants in China and South Korea resumed operations in March after shutdown periods in February.
- Although we expect the impact from the OEM shutdowns to be significantly greater following Q1, our Q1-results were already negatively affected by the corona virus pandemic.
 - KA's revenue decline in Q1 2020 is driven by corona virus related OEM shutdowns in China and Korea in February and in the rest of the world in March.
- As communicated in various press and stock exchange communications, we have initiated a set of actions in response to the unprecedented situation caused by the corona virus pandemic. We have:
 - stopped orders and incoming material flows
 - reduced and or delayed CapEx
 - reduced personnel costs through terminations of agency and temporary workers and furloughs. Our current headcount is around one third of the active headcount as of January 1, 2020.
 - increased our credit facility by €20 million
 - Presented an overview of our anticipated liquidity needs as a result of the corona virus "crisis" and defined an action plan for how to mitigate this expected liquidity gap.
 - This includes a capital raise; the capital raise process was started by inviting for an EGM (extraordinary general meeting) to seek approval for a capital increase. Investor presentations and road show activities have already been initiated.

Highlights Q1 2020

Sales

- Revenues declined by MEUR 45 (-15 %) YoY to MEUR 262. There were no significant FX effects. The revenue shortfall to the guidance of MEUR 278 for Q1 2020 was primarily driven by corona virus related North American and European revenue declines.
 - Revenues in China, South Korea, Off Highway, Industrial and the aftermarket were down by around 5% YoY
 - OEM Automotive revenues outside of China and South Korea declined by around 18% YoY
- Despite greater uncertainty around future customer demand, we were awarded new business totaling MEUR 102 on an annualized basis, corresponding to MEUR 491 in expected lifetime revenues.

Performance

- Adj. EBIT amounted to MEUR 7.8 which was MEUR 13.7 lower than in Q1 2019. There were no significant translational FX impacts on EBIT.

Cash Flow

- Total cash flow for the quarter was MEUR -6, an improvement vs. our previous guidance. The primary driver was working capital which benefitted from a reduction in overdue receivables and lower sales than expected.
- Our total liquidity reserve at the end of the quarter amounted to MEUR 57.

Gearing

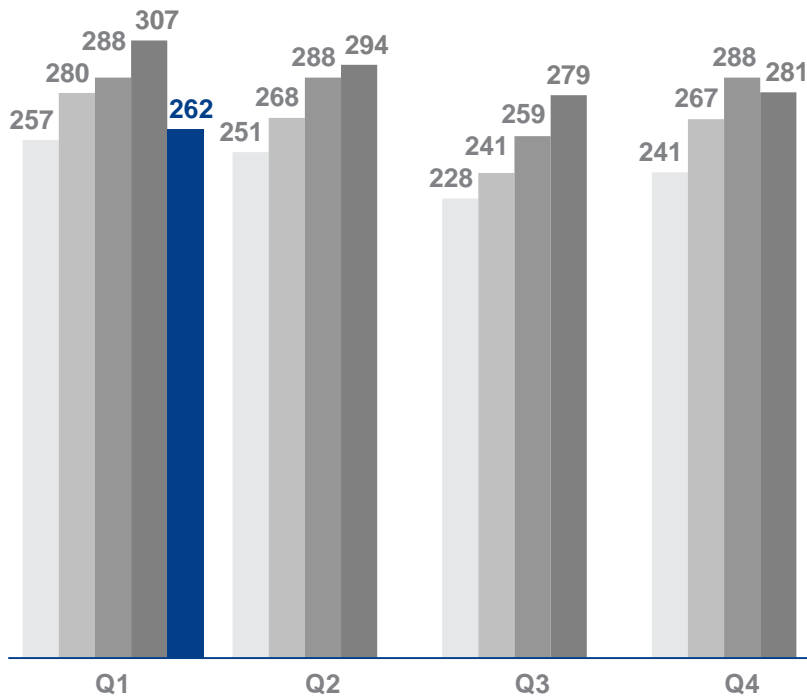
- As expected, due to corona virus effects, our adjusted gearing ratio (NIBD/Adj. EBITDA) deteriorated; from 3.0X in Q1-19 to 3.5X. Excluding IFRS 16 effects, our LTM adjusted gearing ratio was 3.0X; a YoY increase of 0.8X.

Revenues and Adjusted EBIT

Q1 2020 revenue and adjusted EBIT figures were impacted by corona virus-effects

Revenues MEUR

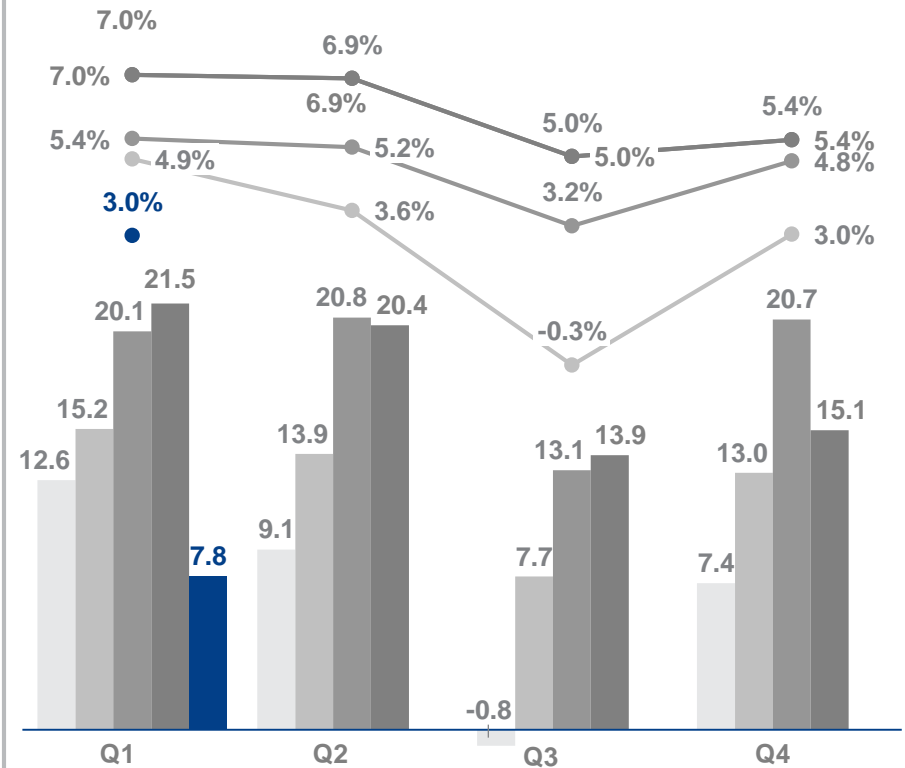
2016 2017 2018 2019 2020



Revenues including HRAR

Adjusted EBIT MEUR and percent

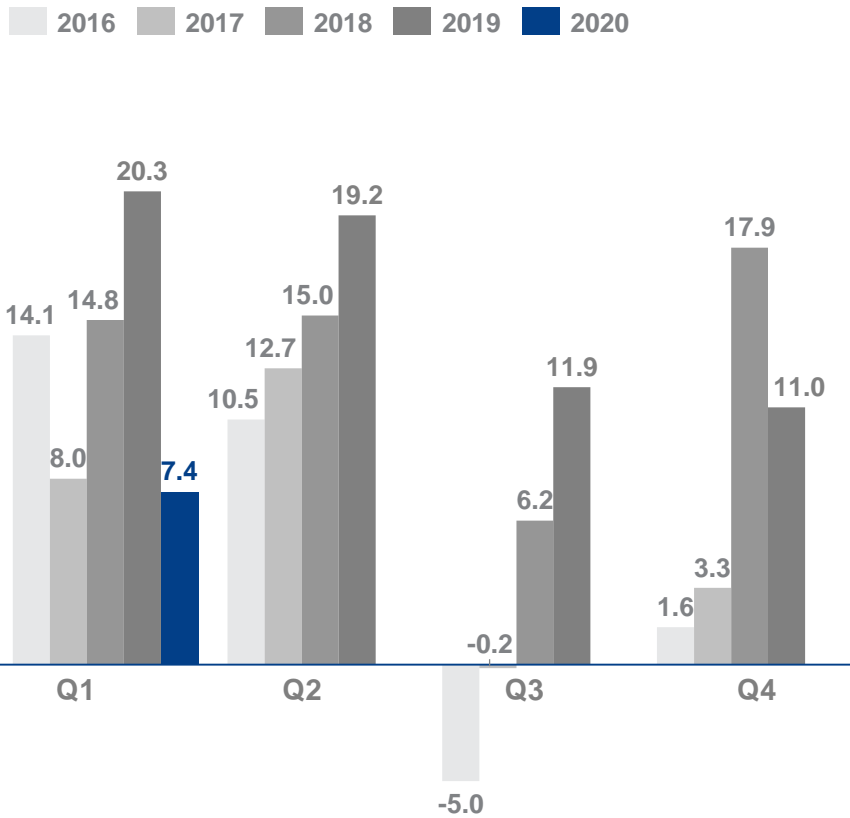
2016 2017 2018 2019 2020



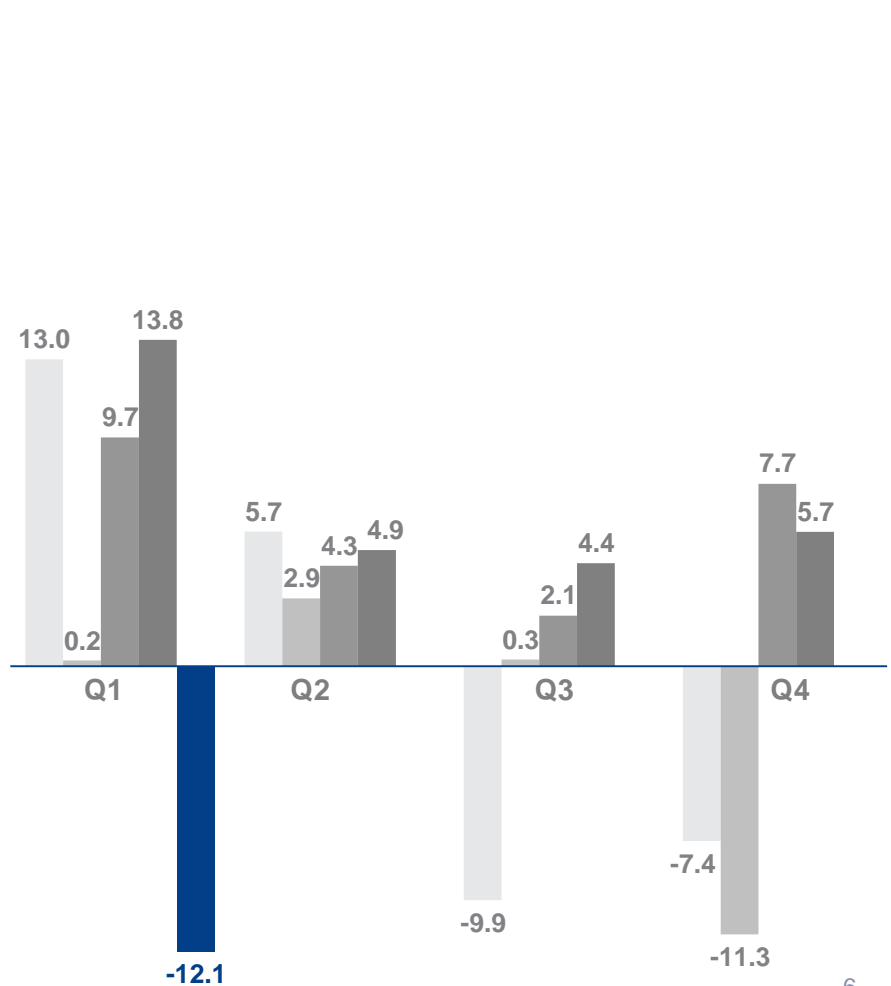
EBIT adjusted for restructuring - see details in the quarterly report.

EBIT and Net Income

EBIT
MEUR



Net Income
MEUR



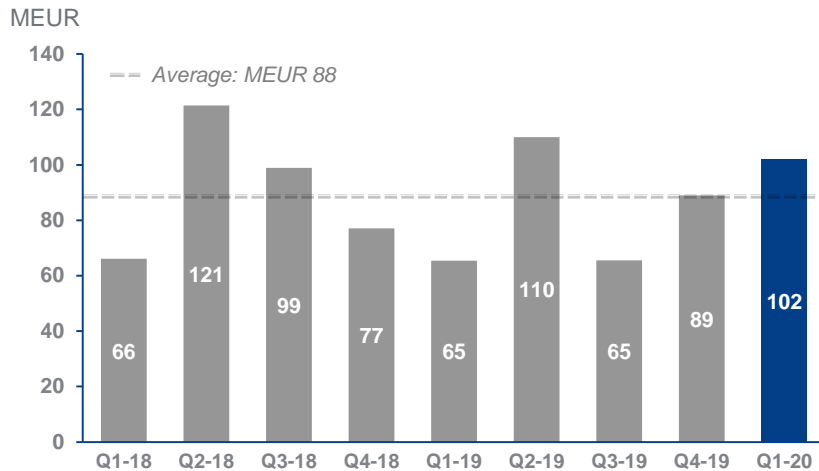


New Business Wins

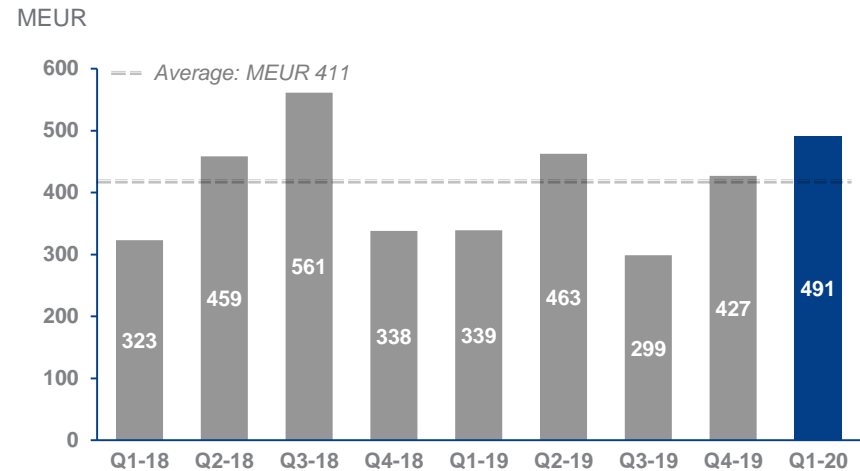
New business wins – KA Group

Strong Q1 2020 bookings despite significant market uncertainties

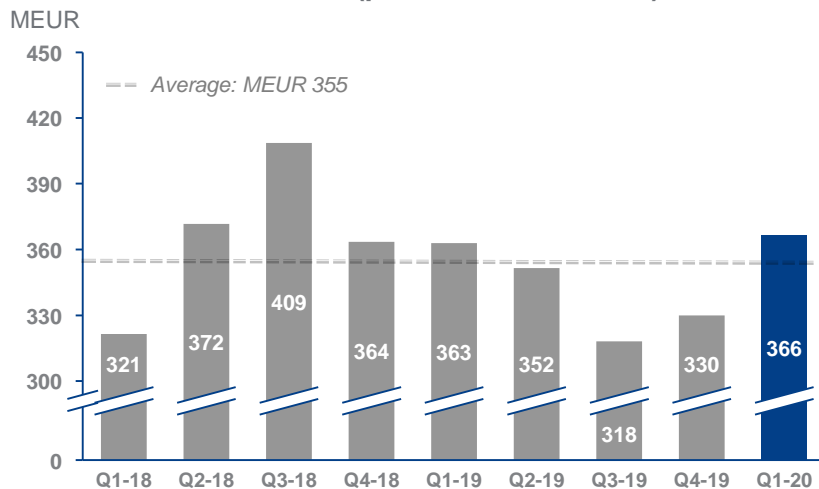
New business wins per quarter (per annum revenues)



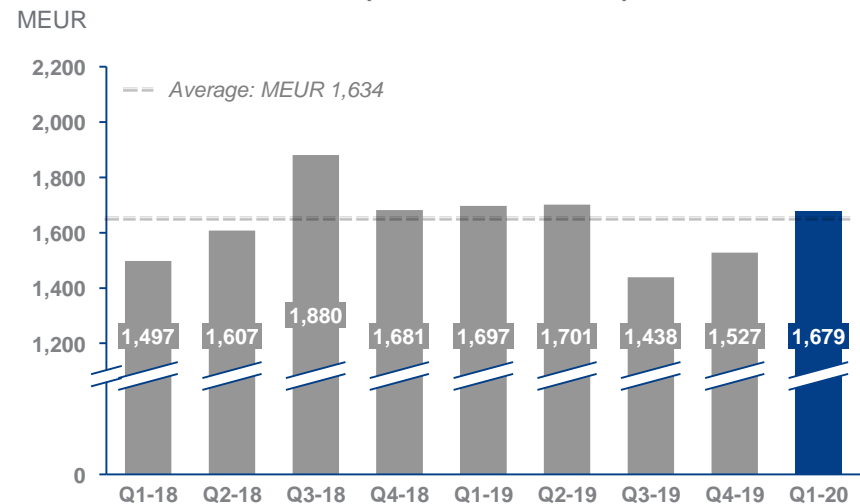
New business wins per quarter (lifetime revenues*)



New business wins LTM (per annum revenues)



New business wins LTM (lifetime revenues*)

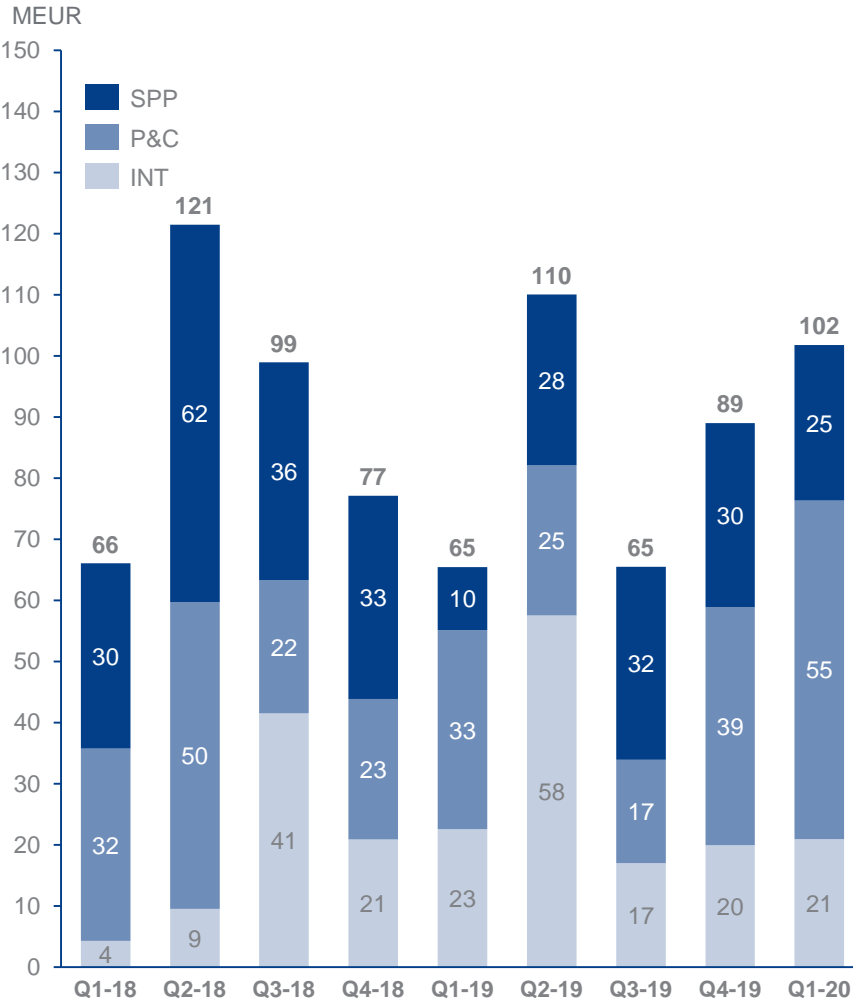


*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

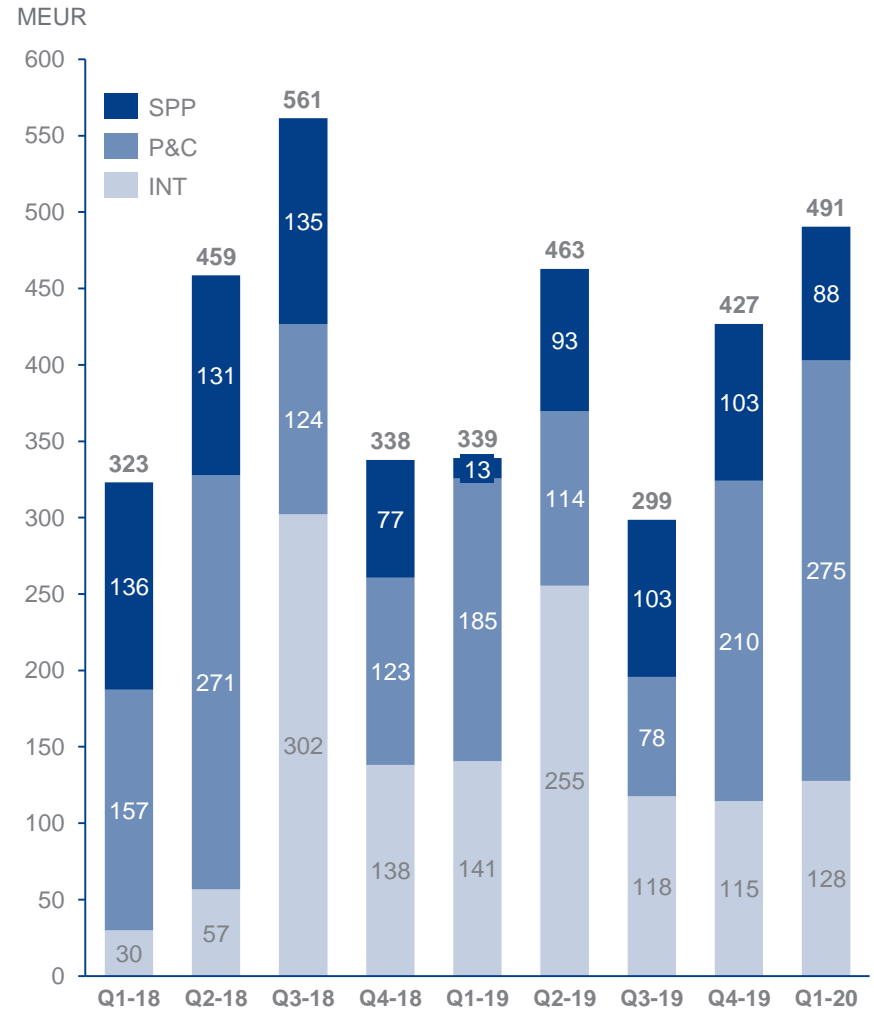
New business wins by segment

New business wins secure future growth in all segments

New business wins per quarter (per annum revenues)



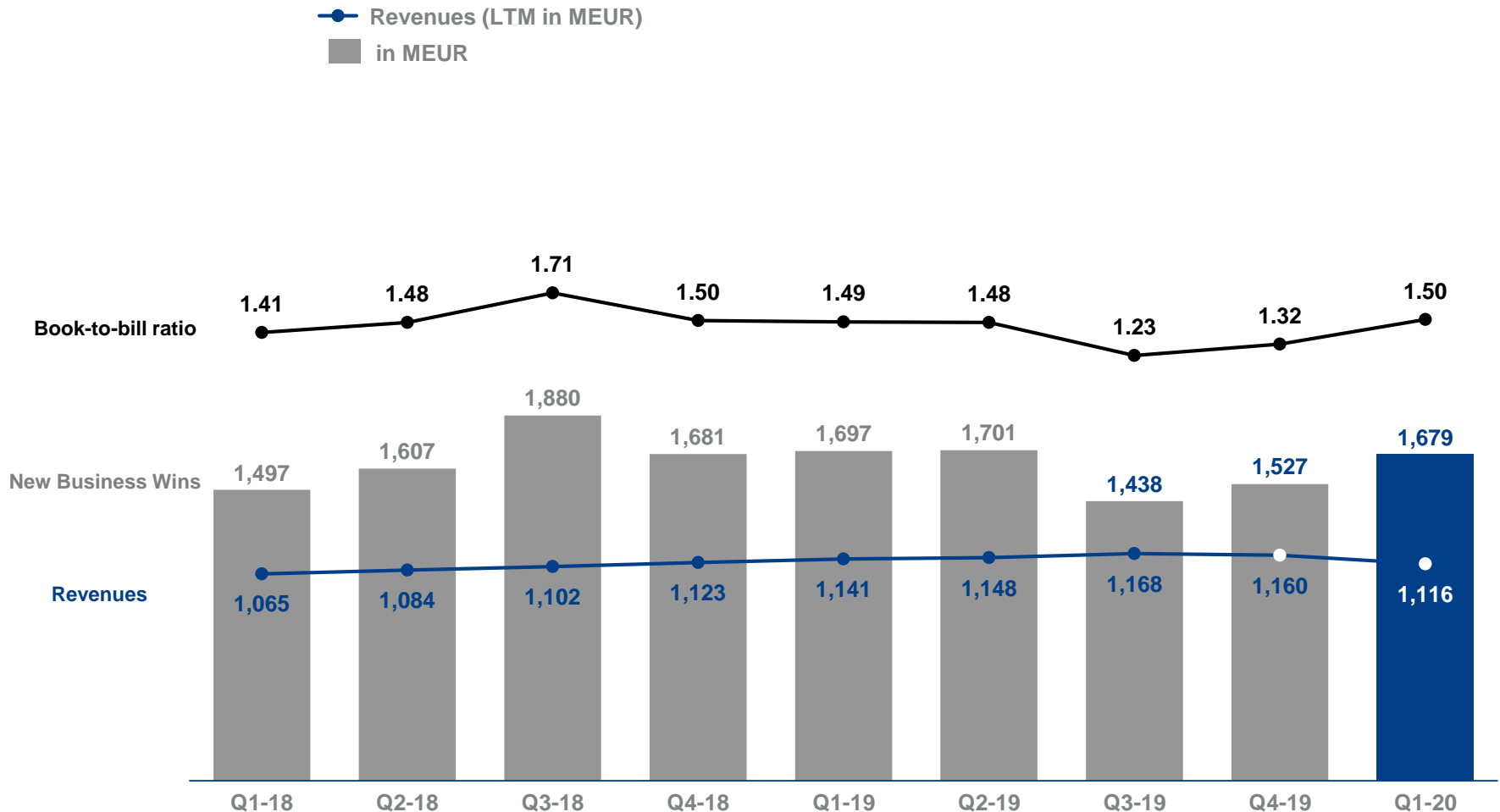
New business wins per quarter (lifetime revenues*)



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

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.

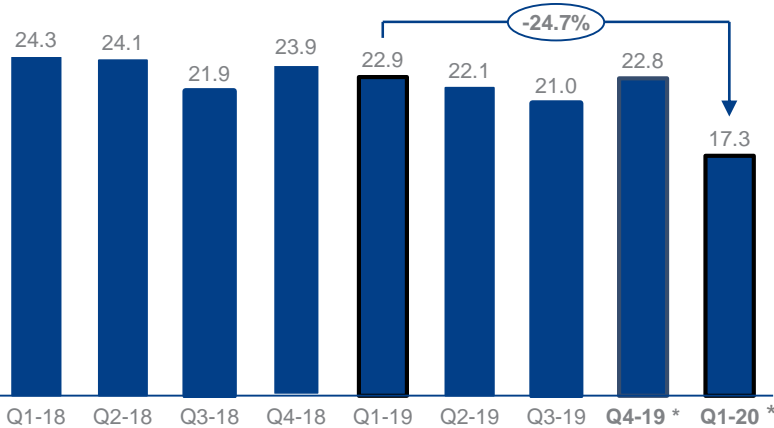


Market Summary

Q1 2020 market summary

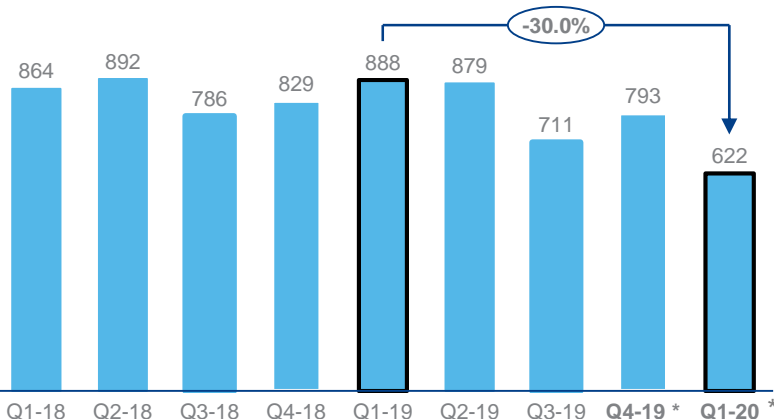
The market decline has accelerated significantly

Global Passenger Car Production, Units in millions



Source: IHS Light Vehicle Production Base, March 27th, 2020

Global Truck Production, Units in thousands



Source: LMC Global Commercial Vehicle Forecast, Q1 2020

Global Passenger Car Production

Production Volumes	Q1-20 vs. Q1-19
Europe	-20.7% (-1.2m units)
North America	-12.4% (-0.5m units)
South America	-18.7% (-150k units)
China	-48.5% (-2.9m units)
APAC w/o China	-14.0% (-0.8m units)
RoW	-21.0% (-0.1m units)
Total	-24.7% (-5.6m units)

Global Truck Production

Production Volumes	Q1-20 vs. Q1-19
Europe	-28.2% (-42k units)
North America	-20.3% (-33k units)
South America	-19.5% (-5k units)
China	-31.6% (-112k units)
APAC w/o China	-38.3% (-75k units)
RoW	38.0% (1k units)
Total	-30.0% (-266k units)

*) IHS and LMC estimates. The actual production figures for Q4 2019 and Q1 2020 are not finalized and are still estimates. Updates will take place in the May-July timeframe.

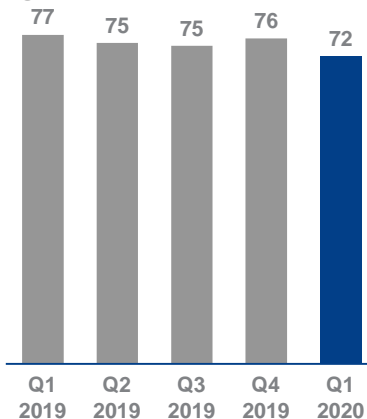


Segment Highlights

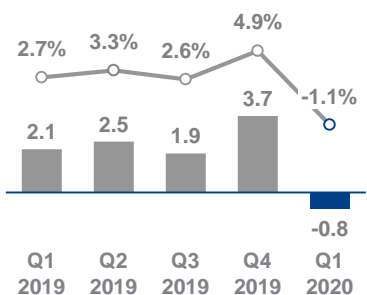
Segment financials last five quarters

Interior

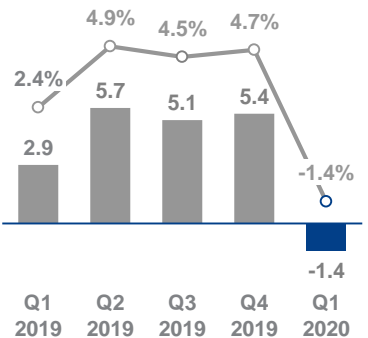
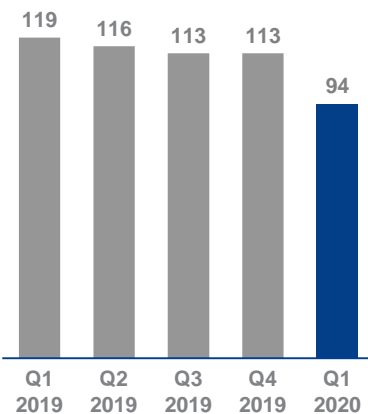
Revenues
MEUR



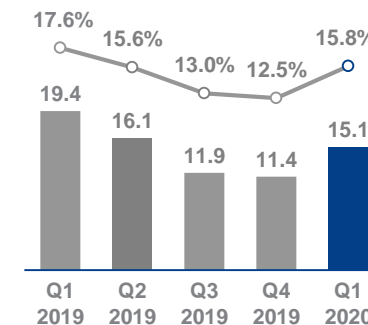
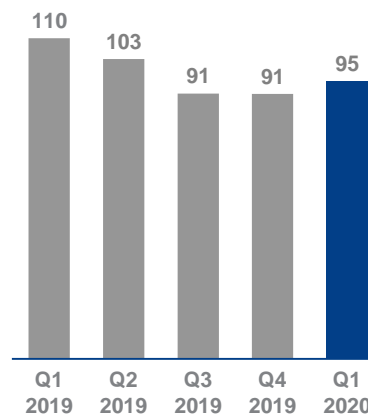
Adjusted EBIT*
MEUR and percent



Powertrain & Chassis



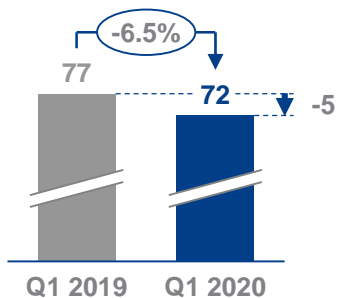
Specialty Products



*Excluding restructuring costs, see details in the quarterly report.

Interior

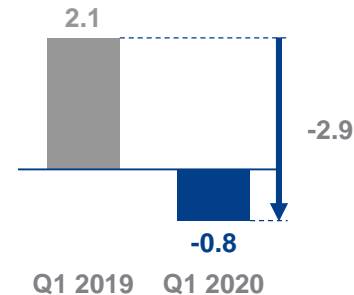
Revenues



The Interior segment consists of two business units; Interior Comfort Systems (ICS) and Light Duty Cables (LDC).

With a significant share of the business in Europe, customer shutdowns in this region contributed the most to the unfavorable revenue development.

Adj. EBIT



Beyond the fall through from lower revenues, ICS was impacted by extraordinary ramp-up costs for the new plant in China and higher fixed cost from increased depreciation.

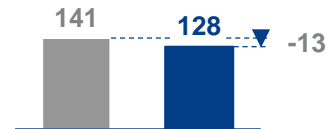
It should also be noted that Chinese legislation led to full payment of salaries and wages in China during the corona virus related shutdown period.

Operations

Due to corona virus outbreak, our plants in China were shut down for around four weeks from the end of January. The production restart and supply chain activities in March were well-controlled. By the end of March, the Chinese production output had almost recovered to pre-corona virus levels.

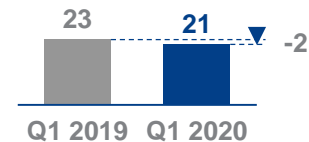
New Business Wins

Lifetime revenues



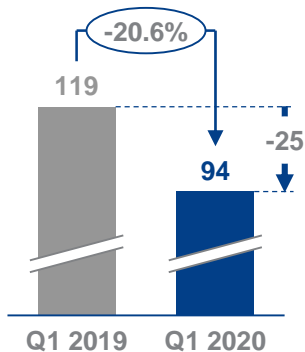
Within the quarter, Interior was awarded a contract to supply seat support systems to a major premium European car maker. The program totals MEUR 4 in expected annualized revenues and MEUR 34 in expected lifetime revenues with start of production in 2022.

Annualized revenues



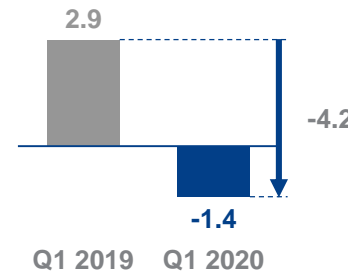
Powertrain and Chassis (P&C)

Revenues



Similar to Interior, P&C saw the largest revenue decline in the Europe due to plant shutdowns at our major customers.

Adj. EBIT



The adj. EBIT fall through of 17% was moderate due to a combination of better operational performance and stronger revenue declines of the lower margin products. Q1 2019 was negatively impacted by launch issues which did not occur this year.

It should also be noted that Chinese legislation led to full payment of salaries and wages in China during the corona virus related shutdown period.

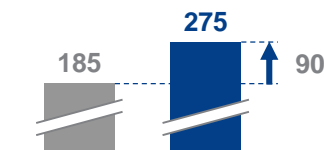
Operations

Similar to Interior, our plants in China were shutdown for around four weeks from the end of January. The production restart and supply chain activities in March were well-controlled. By the end of March, the Chinese production output had almost recovered to pre-corona virus levels.

In Q1, P&C was the hardest hit segment by the corona virus related closures due to its higher concentration of Chinese, Italian and French OEMs than our other segments.

New Business Wins

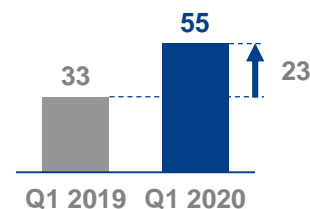
Lifetime revenues



P&C sustained solid booking figures.

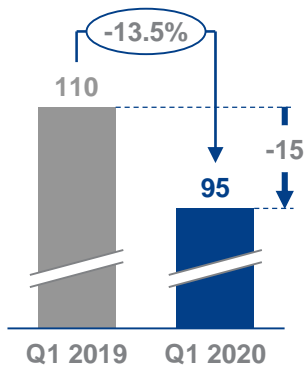
New Business Wins included a heavy-duty truck Gear Shift System project to a North American tier 1 supplier with Expected annualized revenues of MEUR 35 or MEUR 175 in expected lifetime revenues.

Annualized revenues



Specialty Products Segment

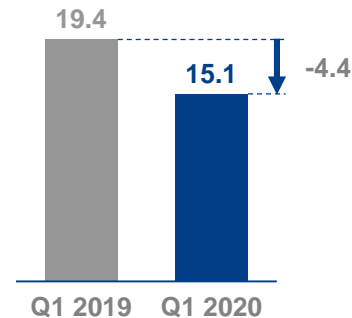
Revenues



The Specialty Products segment consists of three business units; Couplings (COU), Fluid Transfer Systems (FTS) and Off-Highway (OFH).

Couplings had the strongest revenue declines in this segment driven by corona virus related OEM declines combined with a very good revenue quarter in Q1 2019. In our non-automobile business, we saw strong performance in our Industrial sales.

Adj. EBIT



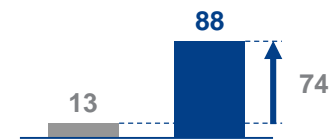
The YoY decline in Adj. EBIT was in line with the expected fall through caused by the overall revenue decline.

Operations

Generally speaking, due to the broader end markets served by Specialty Products and the geographic locations of the segment plants, we had less closures and furloughs in Specialty Products than in our other segments. We also had a heroic end to the quarter with shipping non-automotive products out before some of our specialty products plants were shut down by the local authorities due to the corona virus.

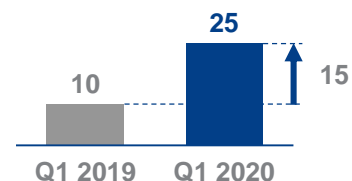
New Business Wins

Lifetime revenues



The new business wins include fluid transfer systems to a premium European OEM. This program accounts for approximately MEUR 3 in annualized revenues, or MEUR 32 in expected lifetime revenues as the program length is approximately ten years.

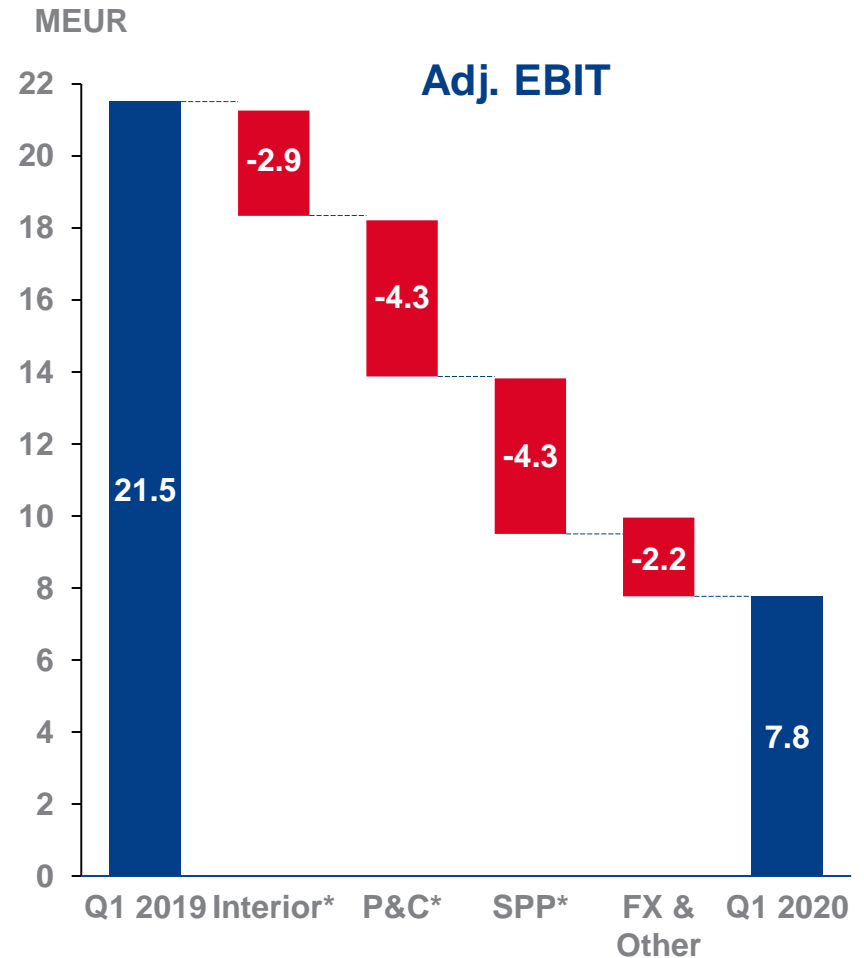
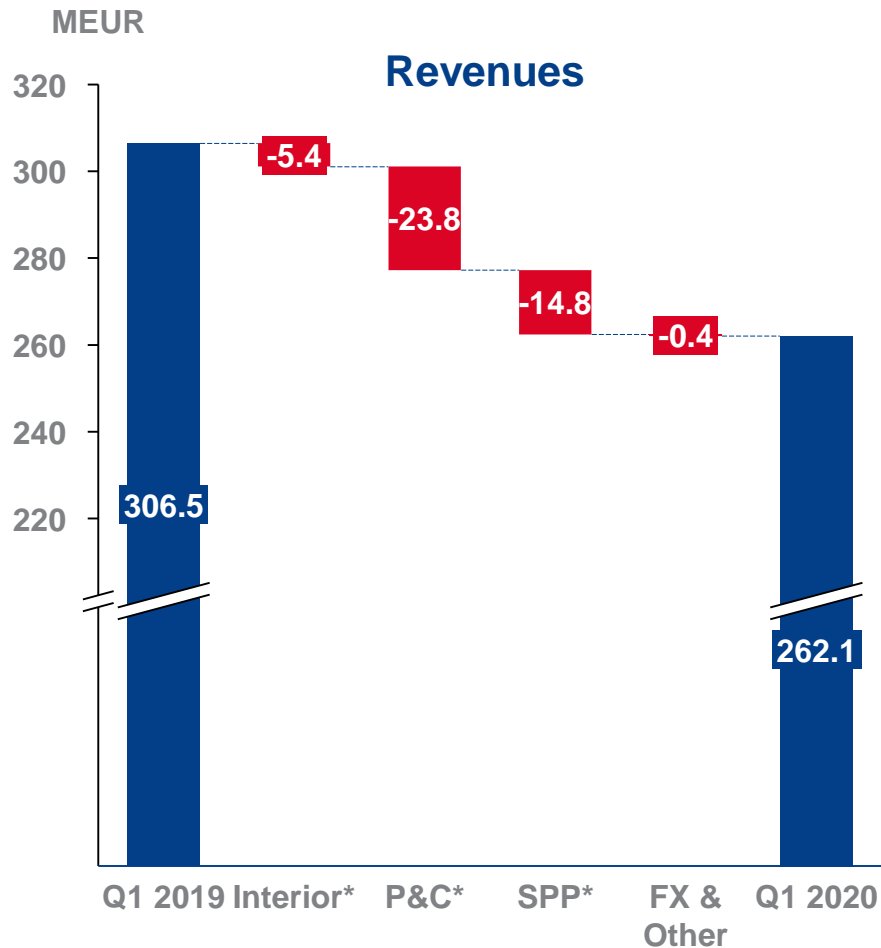
Annualized revenues



Norbert Loers

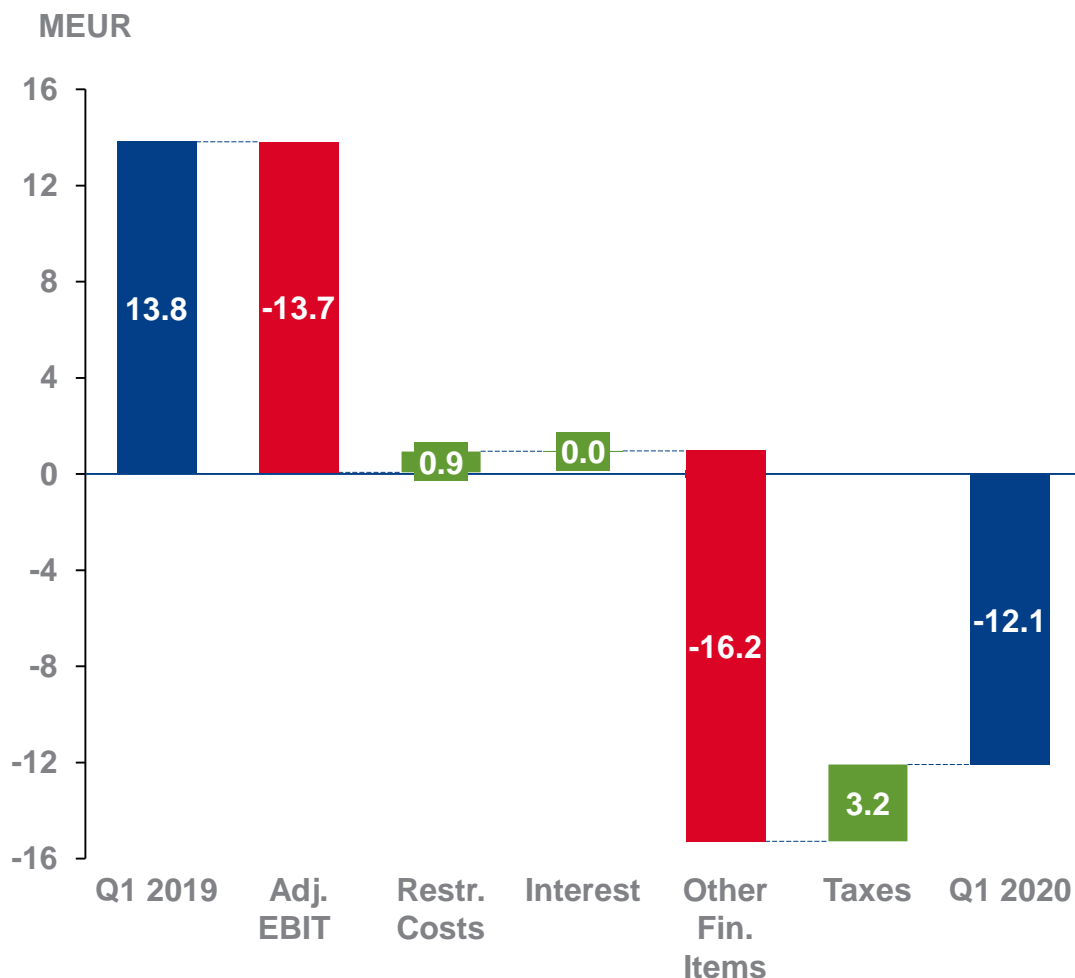
Financial Update

Q1 2020 - Revenue and adjusted EBIT development



* Variances excluding FX translation effects

Q1 2020 – Net Income development



▶ **Adj. EBIT**

Significant lower Adj. EBIT levels driven by lower volumes caused by the outbreak of COVID-19

▶ **Restructuring costs**

Restructuring costs amounted to MEUR 0.4 in Q1 2020, which is a decrease of MEUR 0.9 compared to Q1 2019.

▶ **Other financial items**

This mainly consists of unrealized FX losses (loss of MEUR 12.2 in Q1 2020 vs. gain of MEUR 3.9 in Q1 2019), mainly due to the weakened NOK at the end of March 2020.

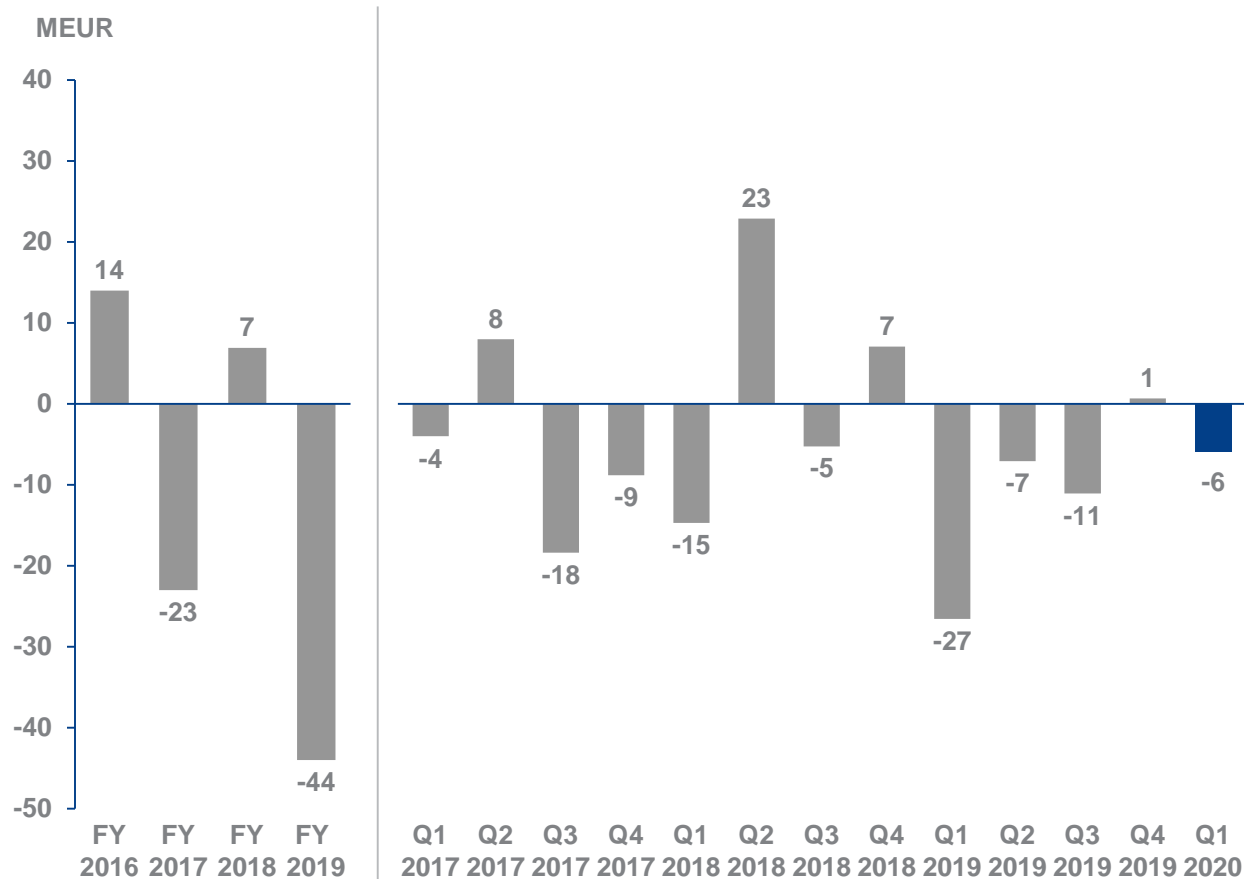
▶ **Interest**

The interest expenses remained relatively stable (MEUR 4.9 in Q1 2020 vs. MEUR 5.1 in Q1 2019)

▶ **Taxes**

Income tax expense in Q1 2020 amounting to MEUR 2.0 is impacted by the valuation allowances on deferred tax assets at MEUR 6.3.

Q1 2020 Total Cash Flow*



► **Operating cash flow MEUR 18.8**

NWC reduction of MEUR 3. In Q1, as opposed to normal seasonality, NWC decreased due mainly to declining revenues from Q4 to Q1.

► **Investment cash flow MEUR -13.0**

- Proceeds from sale of assets: MEUR +1.9
- Investments in tangible assets: MEUR -14.9

► **Cash flow from financing** MEUR -11.7**

- Bond related interest payment: MEUR -6.9
- Other interest & financial items: MEUR -0.9
- IFRS 16 interest payments: MEUR -1.3
- Repayment of IFRS 16 lease liabilities MEUR -3.1

Cash balance FX effects of MEUR -1.9 are not included in the figures shown in the chart

*Total Cash Flow = Cash flow from operating activities ± cash flow from investments ± cash flow from financing excluding net draw of RCF

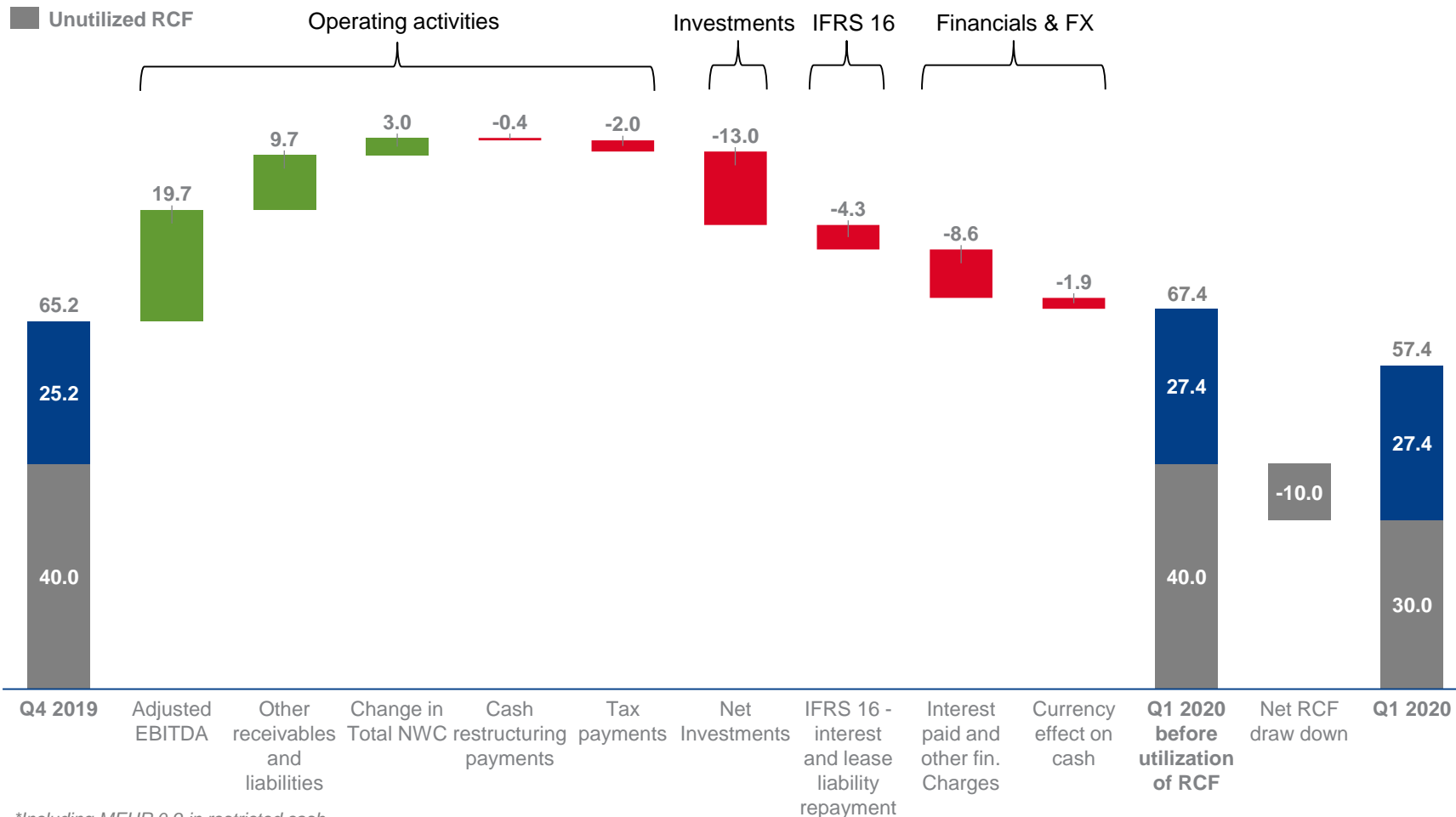
** Excludes changes in amount drawn from the RCF

Q1 2020 - Liquidity development

MEUR

■ Cash*

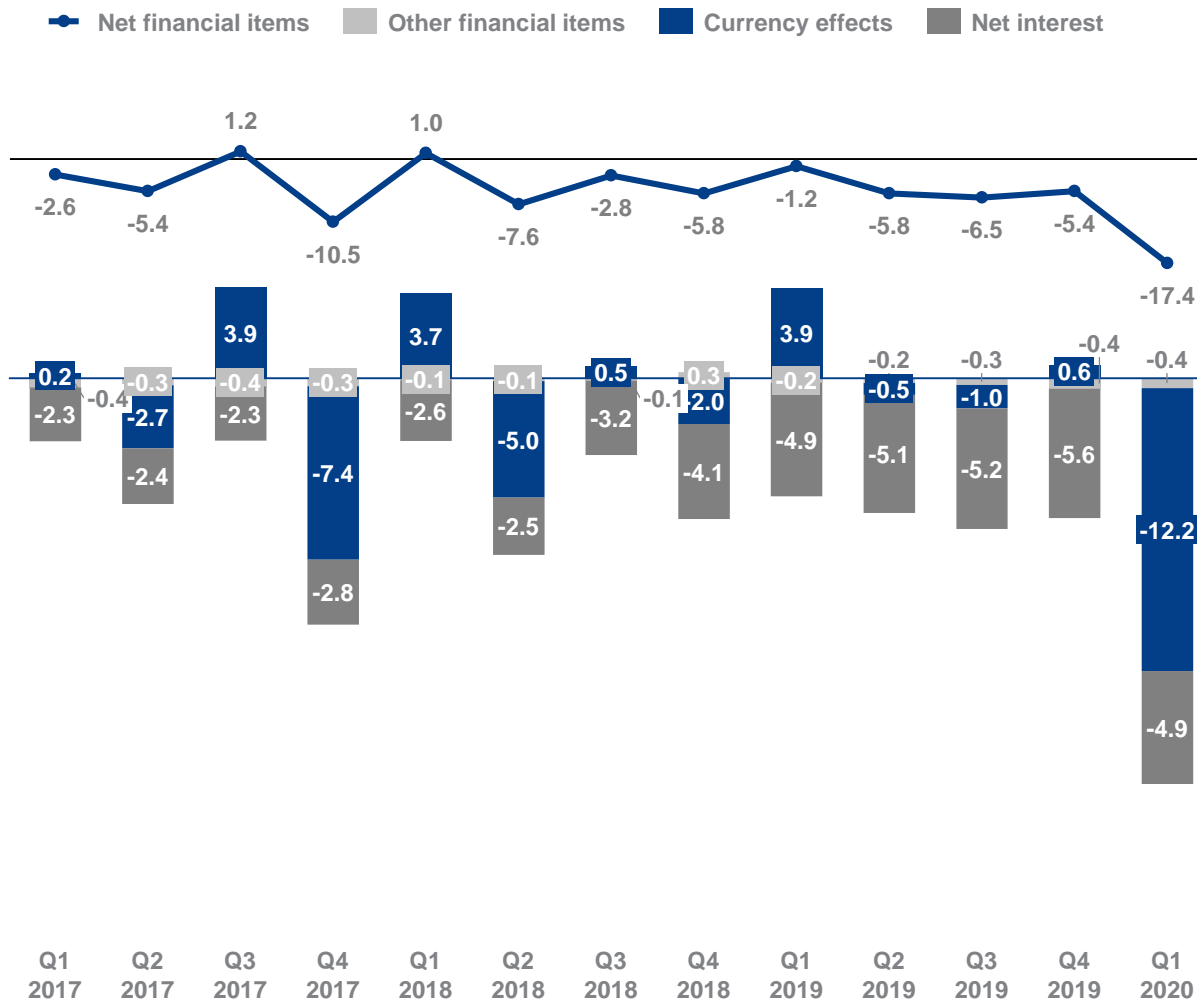
■ Unutilized RCF



*Including MEUR 0.9 in restricted cash.

Net financial items - Breakdown

MEUR



► Currency effects

The currency effects in Q1 2020 are made up of:

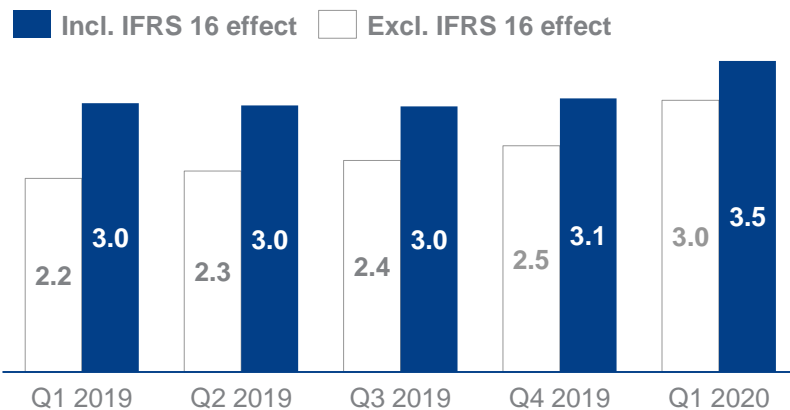
- realized currency gain of MEUR 0.7
- Unrealized and non-cash currency loss of MEUR 12.9 caused by the effects on intercompany loans from the Q1 appreciation of 10% and 9% of the EUR and USD vs the NOK, respectively.

► Interest

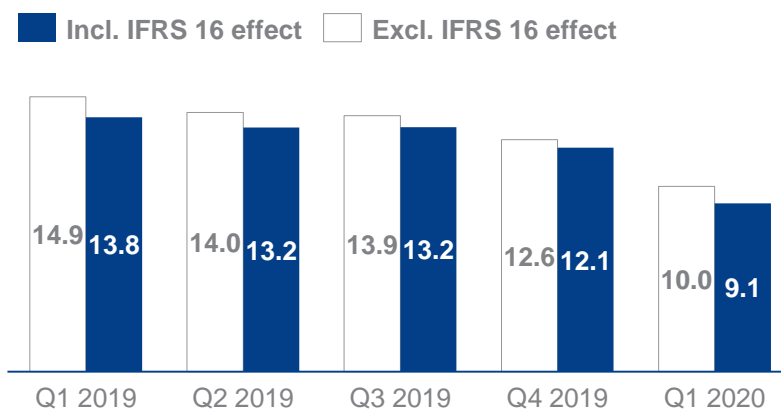
The main elements were the IFRS16 interest cost of MEUR - 1.3 and accrued interest expense for the bond and RCF of MEUR - 3.9.

Financial ratios

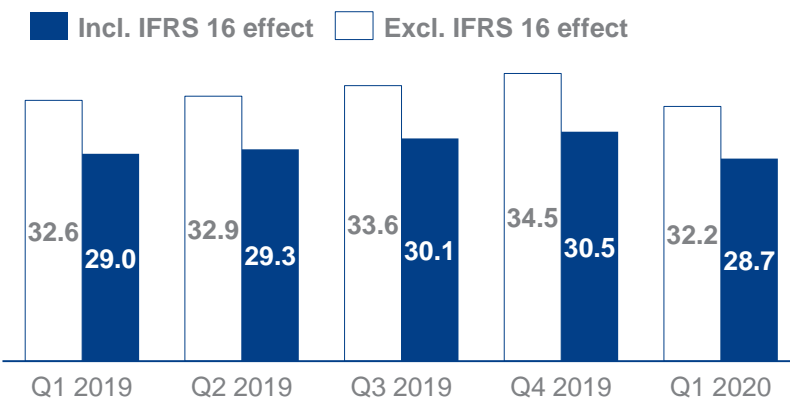
Adjusted gearing ratio* (NIBD/EBITDA, LTM)



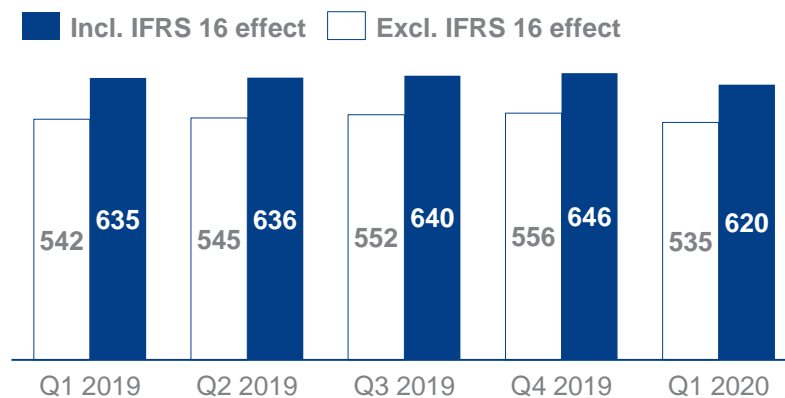
Adjusted ROCE* (% , LTM)



Equity Ratio (%)



Capital Employed (MEUR)**



* Excluding restructuring costs ** Capital employed at quarter end



Summary and Conclusion

Summary & Conclusion

- Q1 2020 was the first quarter where we were negatively impacted by the corona virus effects. We expect the corona virus to further deteriorate our financial performance in the coming quarters.
- Consequently, we expect to have a liquidity need of between around €90–140 million through the end of 2021 caused by the economic effects caused by the corona virus. Consequently we have developed and initiated a liquidity plan to fill this expected liquidity gap including a buffer. This includes a capital raise of €110-120 million combined with other sources of liquidity. Please see our April 2020 Investor presentation for more information on this.
- Due to the considerable uncertainties regarding the course and duration of the corona virus pandemic, we cannot provide an updated outlook for 2020 for the time being.
- Although the corona virus situation is currently overwhelming to most parts of society, this 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 our historical adjusted EBITDA levels following the corona virus recovery in the medium to long term and that we will be well positioned following the execution of our liquidity plan.

