

An aerial photograph of a blue car driving on a multi-lane bridge over a body of water. The water is a deep blue with white foam from the bridge's supports. The car is positioned in the center-right of the frame, moving away from the viewer.

**KONGSBERG
AUTOMOTIVE**
Q2 2021
EARNINGS CALL
JULY 30, 2021



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 2020 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



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FINANCIAL HIGHLIGHTS & NBW

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EXECUTIVE SUMMARY

Q2 2021



REVENUES

Best Q2 revenues of the last 4 years with **close to 300 MEUR**



ADJ. EBIT

FY 2021 adj. EBIT guidance confirmed;

Adj. EBIT of MEUR 5.2 was massively impacted by the global raw materials supply crisis (negative impact on Q2 earnings of around MEUR 20.0)



FREE CASH FLOW¹

With second consecutive quarter, KA maintained a **positive free cash flow of MEUR 4.0 in Q2**



NEW BUSINESS WINS

Positive book-to-bill ratio maintained in Q2 2021 at a solid **1.3**



LIQUIDITY

Our **liquidity reserve slightly further increased to MEUR >200** driven by positive cash flows

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.



AT GLANCE

Q2 2021



REVENUES

- Q2 2021 revenues amounted to MEUR 295.9, MEUR 142.3 (+92.6%) above Q2 2020 (negative currency translation effects of MEUR 5.3) and MEUR 1.6 above Q2 2019.
- At constant currencies, the YoY growth was around 96.2% which was significantly above the overall market development for the quarter
- The escalating global raw materials crisis impeded significantly our customers and our order conversions



ADJ. EBIT

- Adj. EBIT in Q2 2021 grew significantly amounting to MEUR 5.2 compared to negative adj. EBIT of MEUR 33.5 in Q2 2020. It was lower by MEUR 15.2 than Q2 2019 due to the semicon and raw material shortage crisis of around MEUR 20.
- KA like the whole automotive industry suffered under the ongoing global sub materials crisis in Q2 2021. That concerns foremost semiconductors, but increasingly also resin, metals and transportation capacities. This directly impacted our adj. EBIT by around MEUR 20.0 just in Q2 2021.



FREE CASH FLOW

- In Q2 2021, Free Cash Flow totaled MEUR 4.0 continuing the cash flow improvement we have started to show in Q3 2020
- Positive change in NWC of MEUR 3.1 and strict control over CAPEX contributed to a positive cash flow in Q2 2021.



NEW BUSINESS WINS

- Driven by steadily improving order levels throughout the quarter - volumes of business wins were above the average of the last 3 years
- New business wins in Q2 2021 amounted to MEUR 86.0 on an annualized revenues basis, corresponding to MEUR 455.1 of expected lifetime revenues



GEARING

- The adjusted gearing ratio (NIBD/adj. EBITDA) on LTM basis was 2.7 compared to 6.1 in Q2 2020 representing the return to the pre-COVID-19 levels. The adjusted gearing ratio was 3.0 in Q2 2019.





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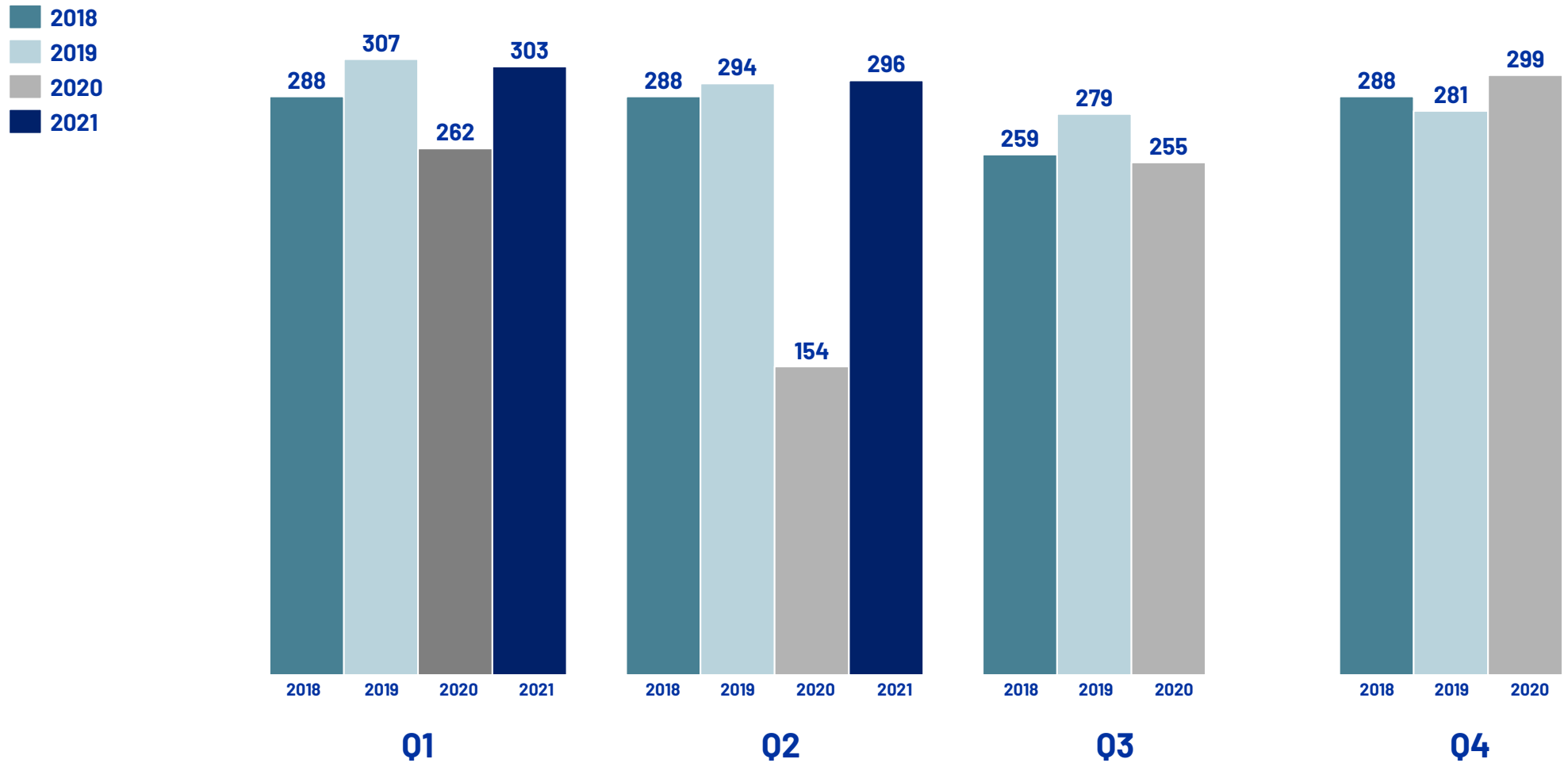
GROUP FINANCIAL UPDATE

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REVENUES: BEST Q2 REVENUES IN THE LAST 4 YEARS

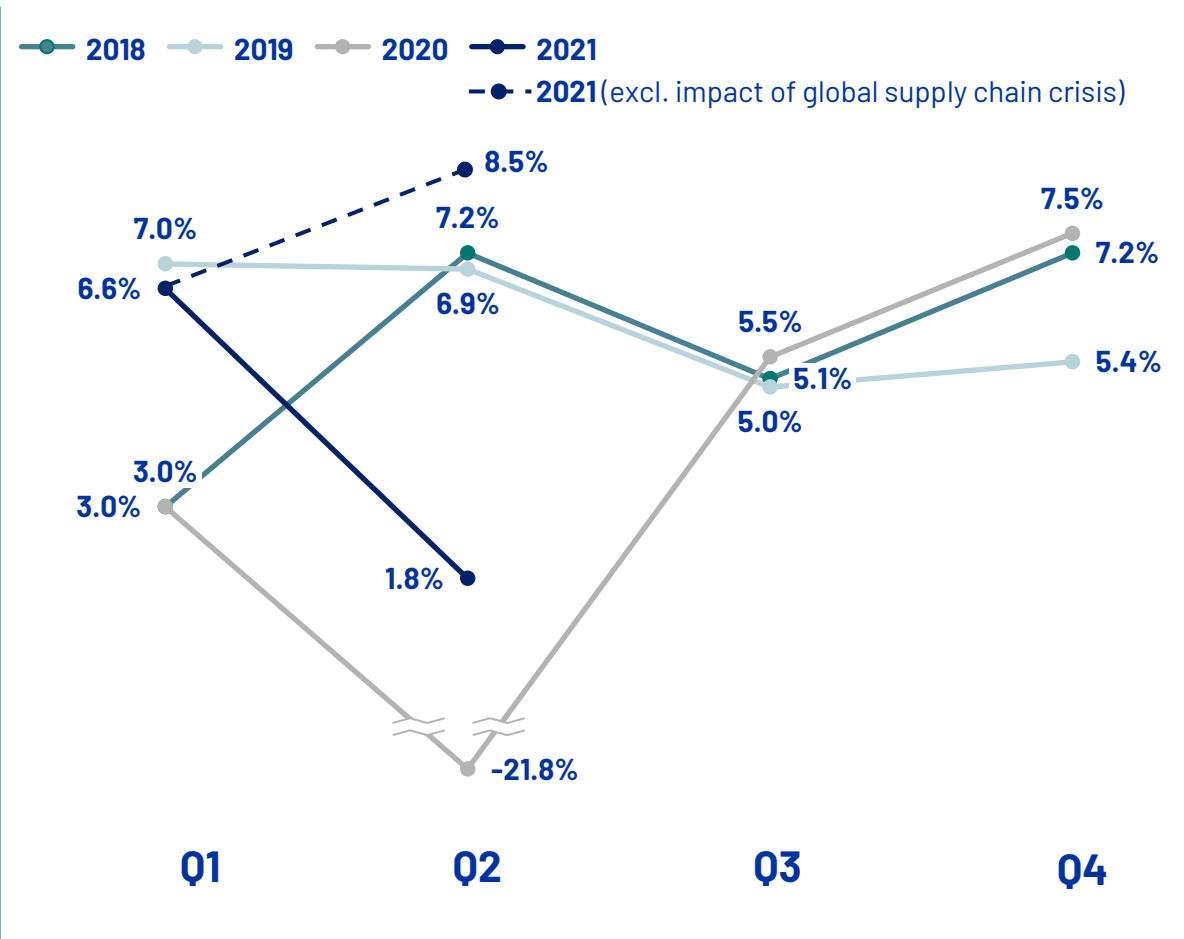
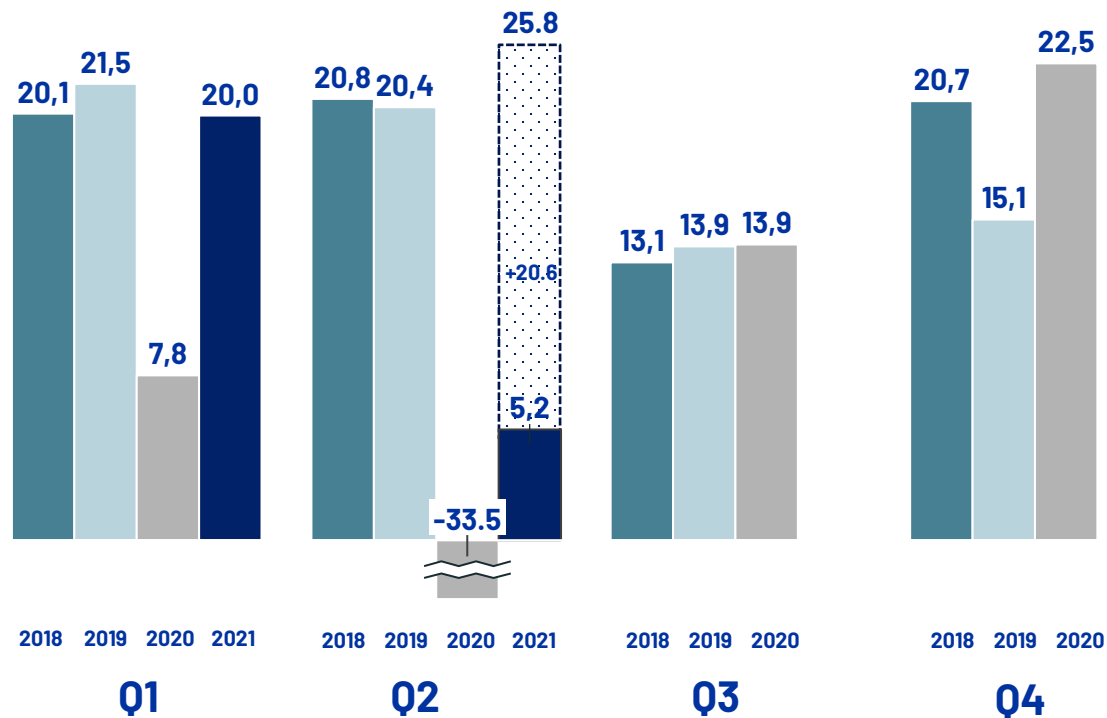
QUARTERLY REVENUES, MEUR



ADJUSTED EBIT: Q2 2021 EARNINGS SEVERELY IMPACTED BY THE EXTRA COSTS RELATED TO THE SEMICON AND RAW MATERIAL CRISIS

QUARTERLY ADJ. EBIT, MEUR AND % OF REVENUES

■ 2018
 ■ 2019
 ■ 2020
 ■ 2021
 □ Impact of global supply chain crisis

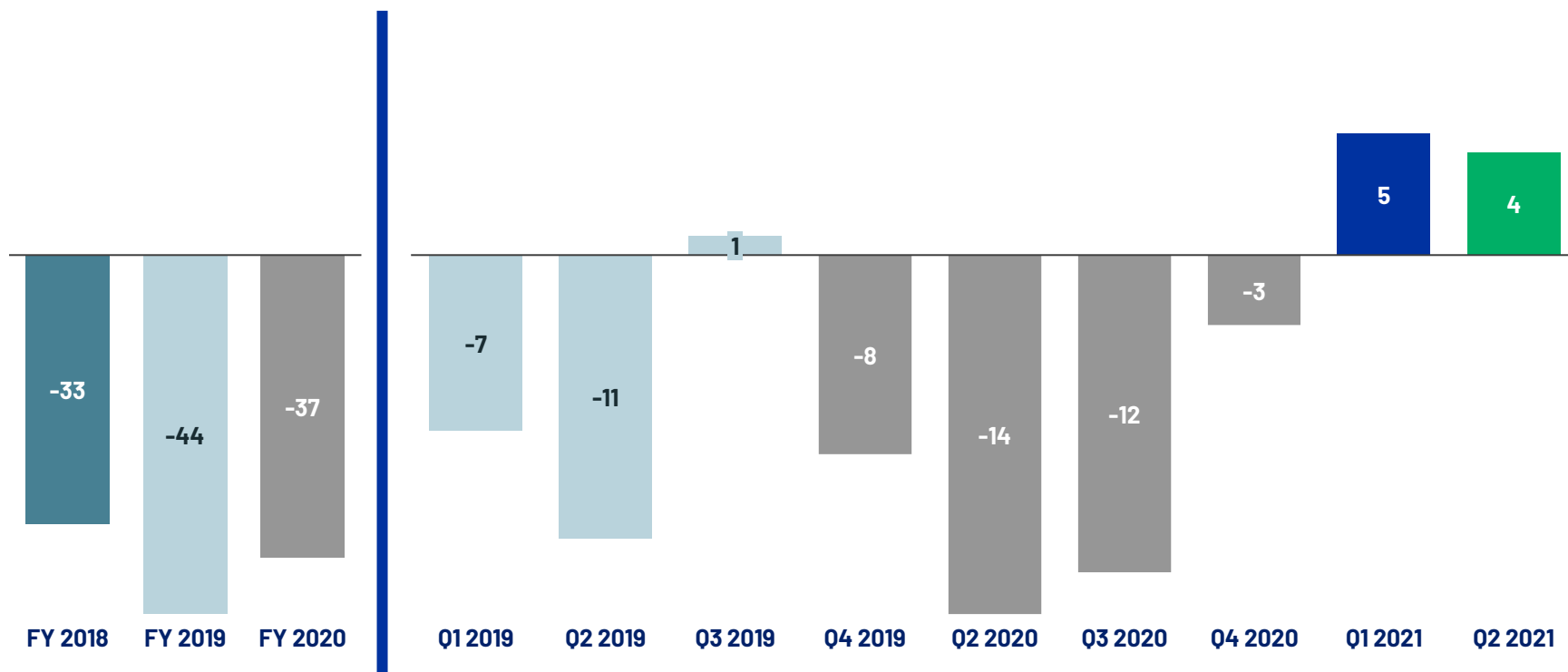


The impact of supply chain crisis on adj. EBIT shown here does not include the shortfall in revenues.



FREE CASH FLOW: POSITIVE CHANGE IN NWC AND STRICT CONTROL OVER CAPEX CONTRIBUTED TO A POSITIVE CASH FLOW

FREE CASH FLOW¹, MEUR



Q2 2021 FCF DETAILS

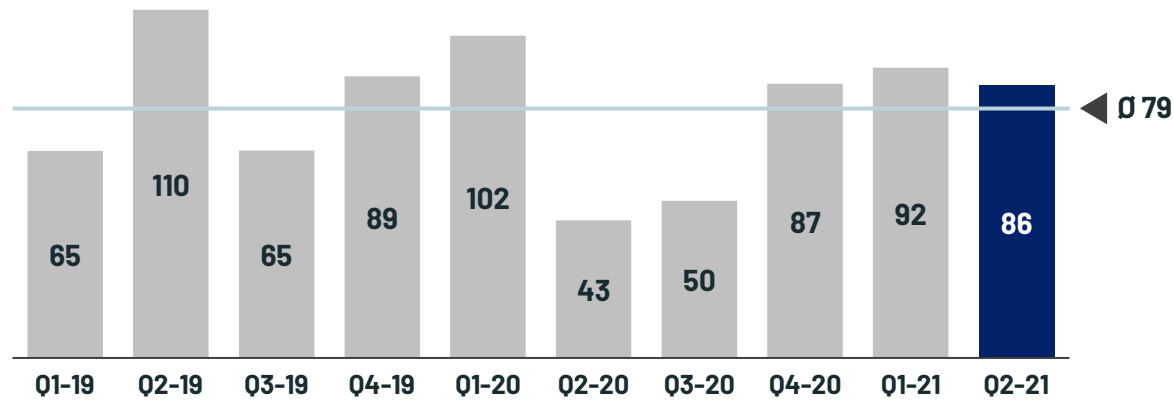
Operating activities	+23
Therein: Overall NWC decrease	+3
Investing activities	-9
Financing activities	-5
Therein: payments of interests on lease liabilities	-1
Therein: Repayment of IFRS 16 lease liabilities	-3
Currency and translation effects on cash flow	-5
Total	+4

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.

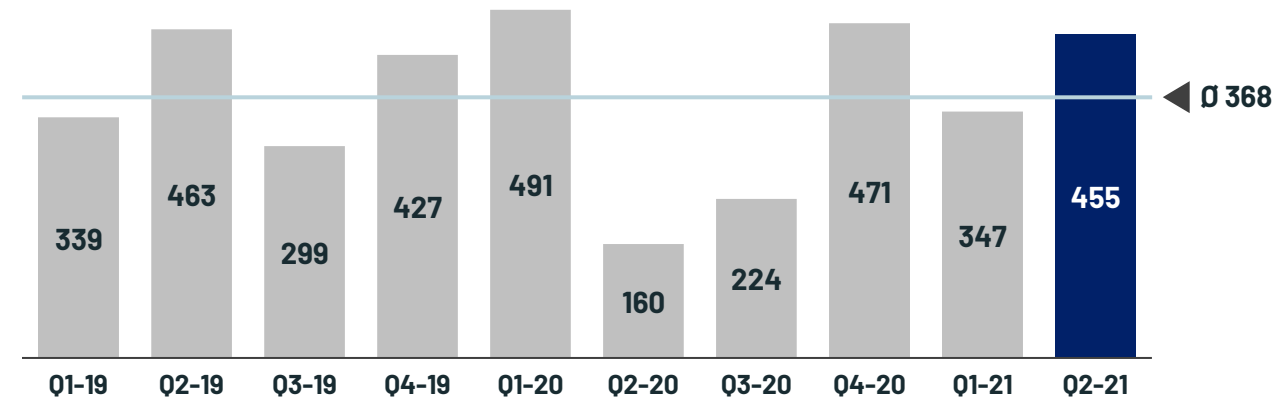


NEW BUSINESS WINS: BOOKINGS IN Q2 2021 REMAINED AT THE AVERAGE PRE-COVID 19 LEVELS

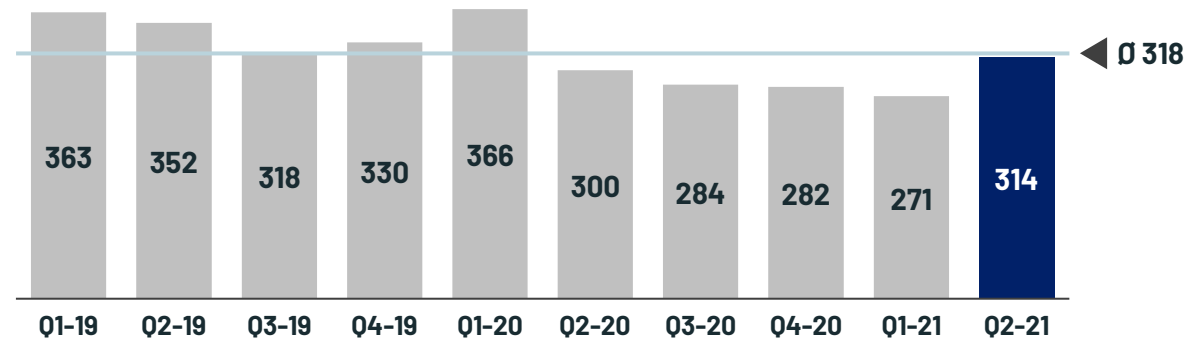
NEW BUSINESS WINS PER QUARTER, PER ANNUM SALES, MEUR



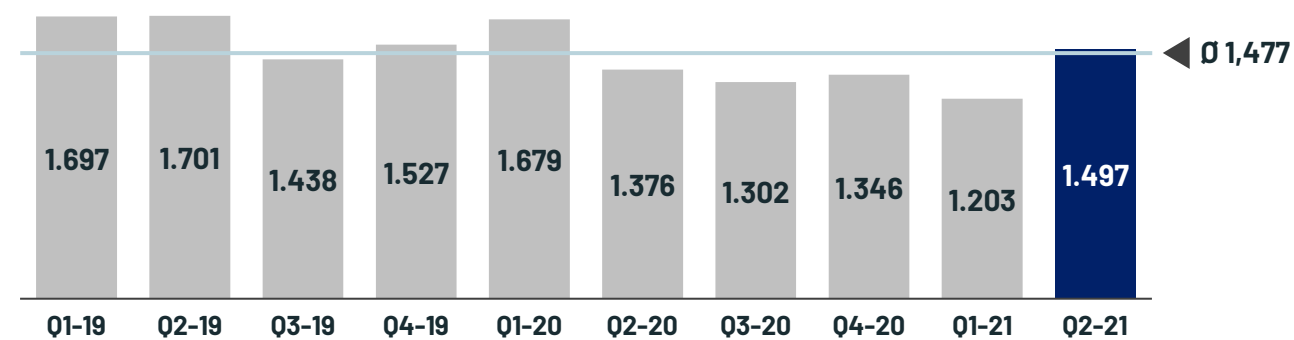
NEW BUSINESS WINS PER QUARTER, LIFETIME SALES¹, MEUR



NEW BUSINESS WINS LTM, PER ANNUM SALES, MEUR



NEW BUSINESS WINS LTM, LIFETIME SALES¹, MEUR



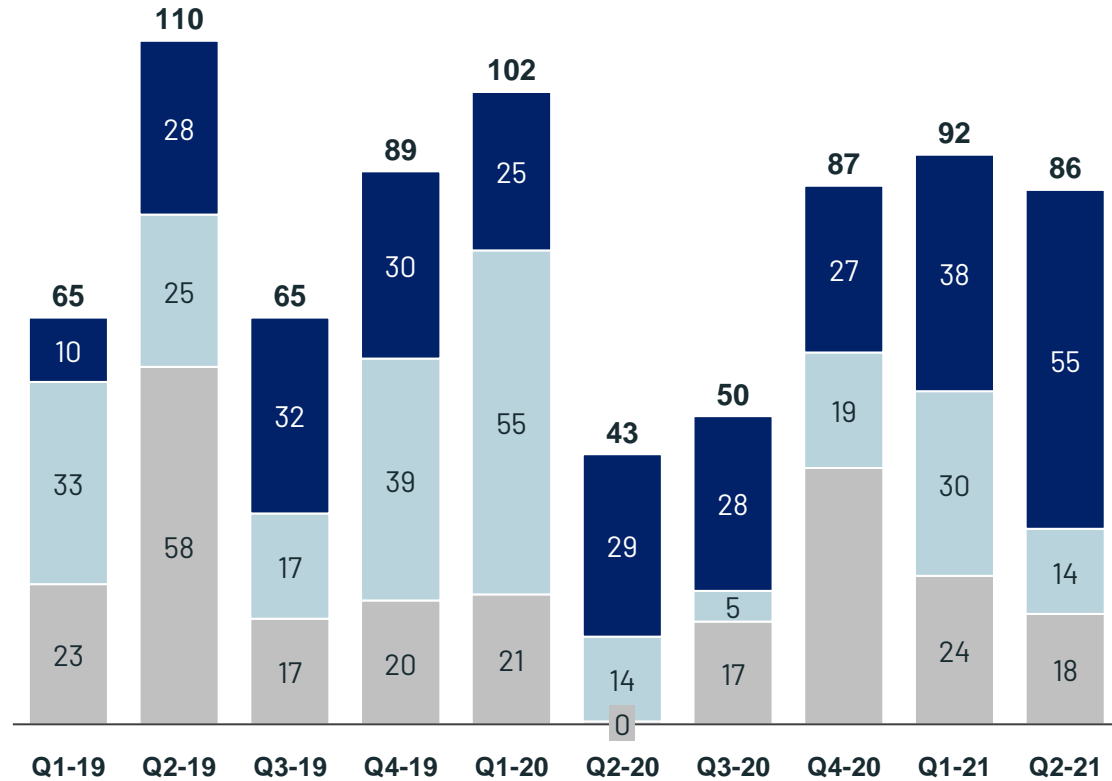
1. Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking



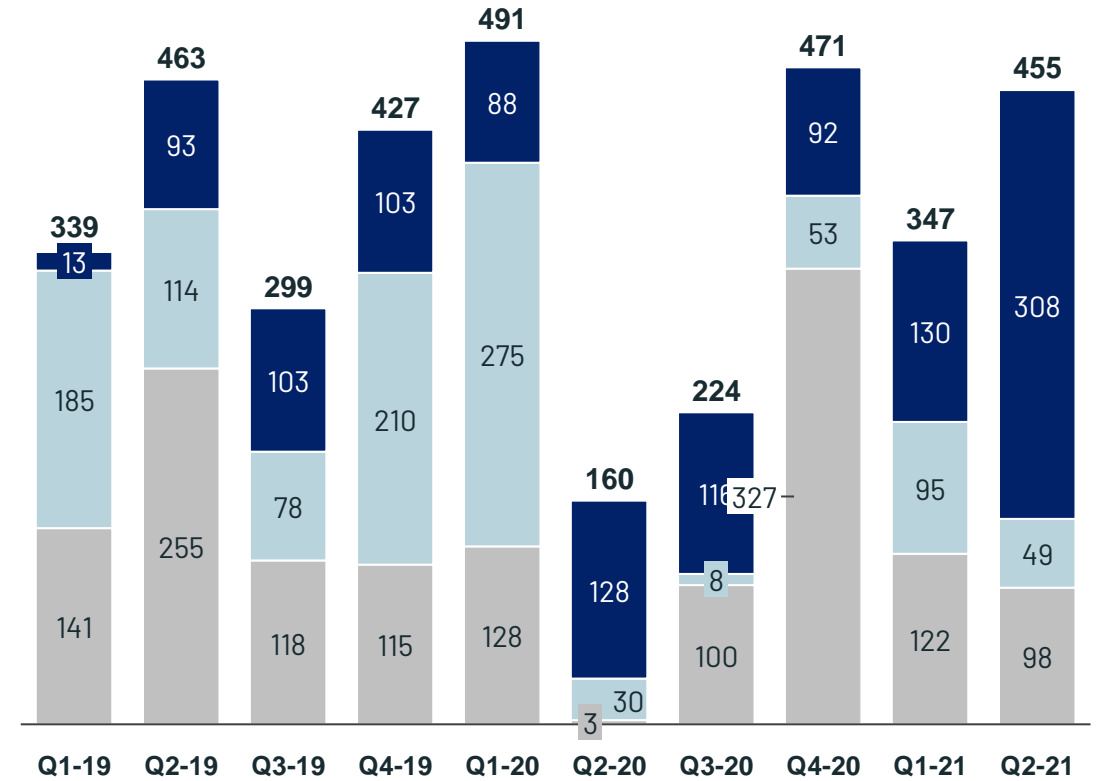
NEW BUSINESS WINS PER SEGMENT: PRE-COVID-19 LEVELS MAINTAINED IN Q2 2021 SECURING FUTURE GROWTH

INT P&C SPP

NEW BUSINESS WINS PER QUARTER, PER ANNUM SALES, MEUR



NEW BUSINESS WINS PER QUARTER, LIFETIME SALES¹, MEUR



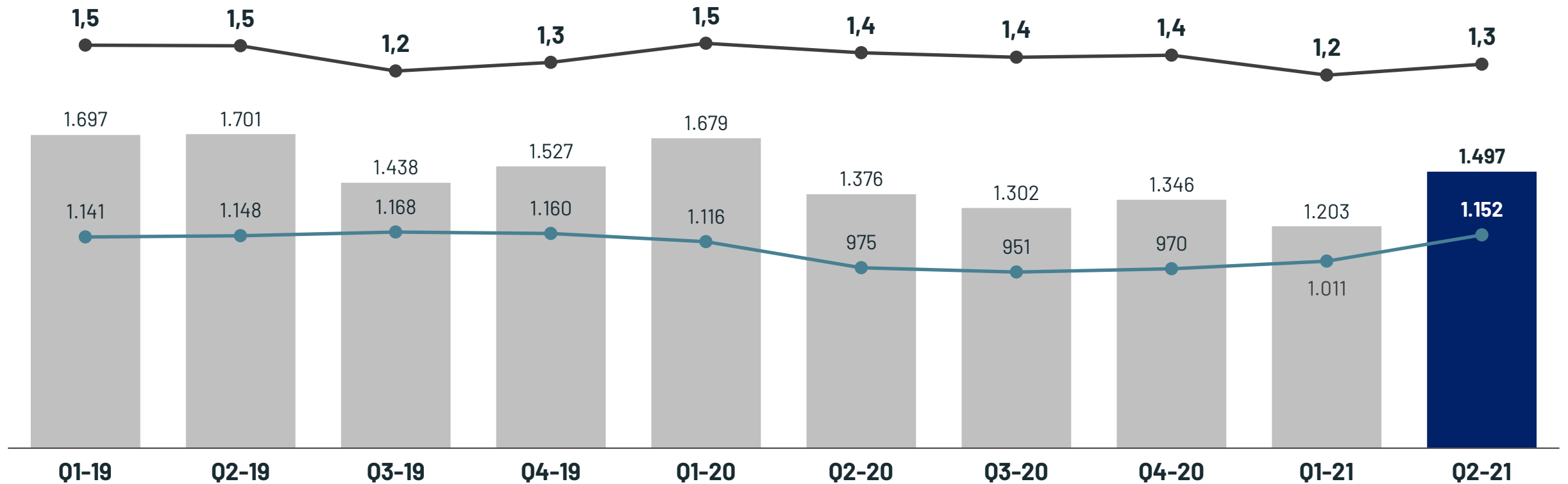
1. Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the bookings



BOOK-TO-BILL PERFORMANCE: BOOKED BUSINESS VOLUMES EXCEEDING REVENUES TO FUEL FUTURE GROWTH

BOOK-TO-BILL PERFORMANCE, MEUR

■ New business wins (lifetime sales¹, last 12 months in EUR) ● Revenues (last 12 months in EUR) ● Book-to-bill ratio



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



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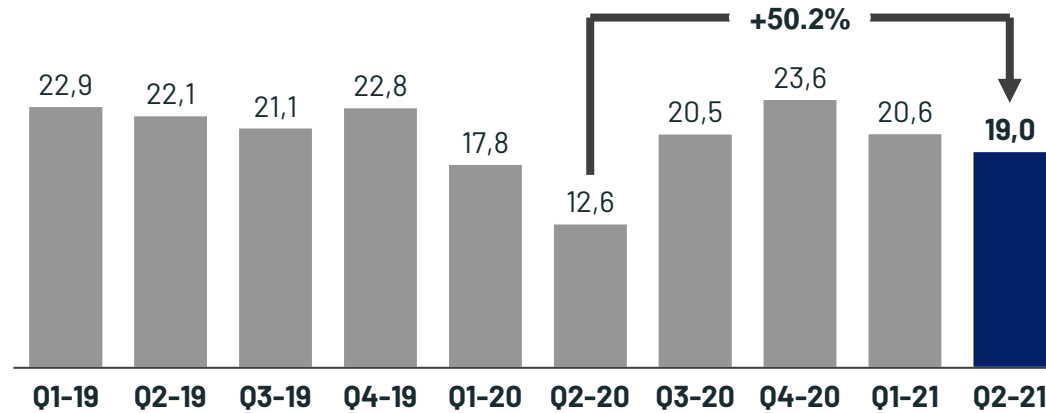
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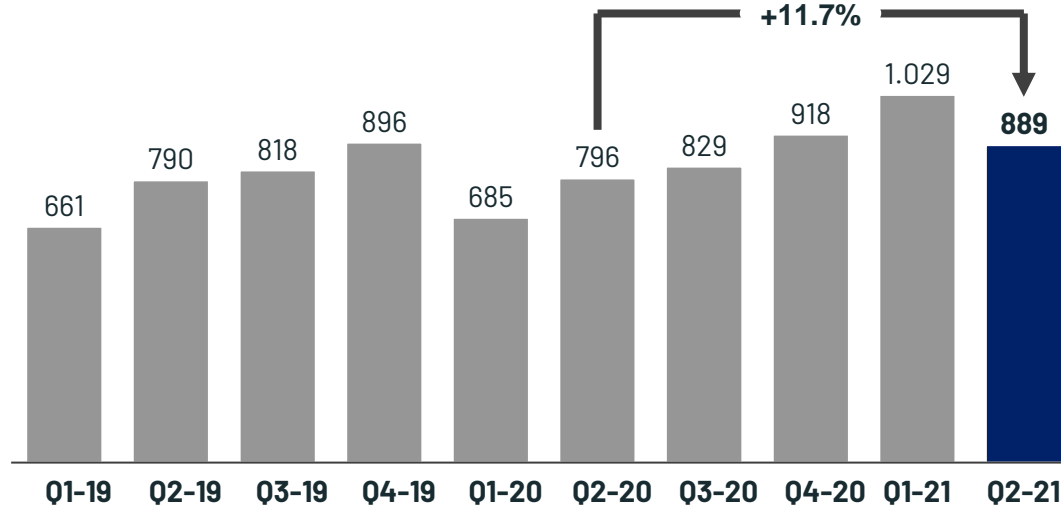
MARKET TRENDS: CHINA RETURNS TO THE NORMAL LEVEL AFTER EXTRAORDINARY Q2 2020 WHEREAS OTHER REGIONS REACHED PRE-COVID 19 LEVELS IN BOTH MARKETS

MARKET DEVELOPMENT

GLOBAL PASSENGER CAR PRODUCTION, in million units



GLOBAL TRUCK PRODUCTION, in thousand units



REGION

Q2-21 vs. Q2-20 2021 vs. 2020 YTD

China	-4.9%	+5.5%
APAC w/o China	+76.0%	+12.3%
Europe	+97.7%	+12.4%
North America	+138.3%	+16.1%
South America	+306.0%	+27.7%
Rest of World	+57.8%	+17.5%
Total	+50.2%	+11.4%
Total (excl. China)	+101.2%	+14.1%

China	-14.0%	-11.6%
APAC w/o China	+50.9%	+30.0%
Europe	+71.5%	20.0%
North America	+93.6%	+27.7%
South America	+210.9%	+41.9%
Rest of World	+14.9%	+15.0%
Total	+11.7%	+5.0%
Total (excl. China)	+77.7%	+26.9%

Source: IHS Light Vehicle Production Base (June 2021); LMC Global Commercial Vehicle Forecast (Q2 2021)

An aerial photograph of a road curving through a dense forest, overlaid with a semi-transparent blue diamond shape. The text is positioned on the left side of the image.

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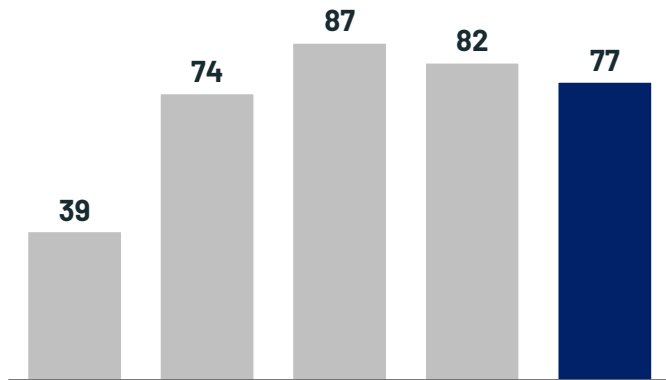


SEGMENT FINANCIALS:

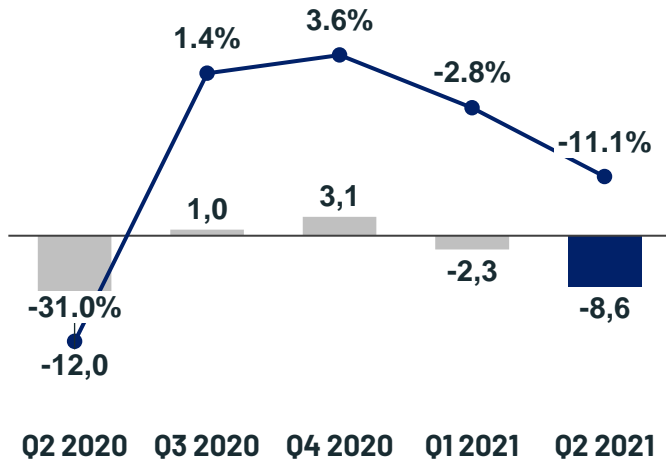
SEGMENTS IMPACTED BY SEMICON CRISIS DIFFERENTLY

INTERIOR (INT)

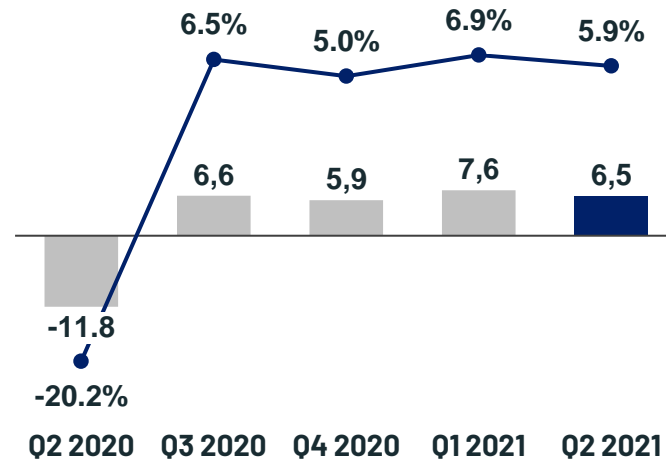
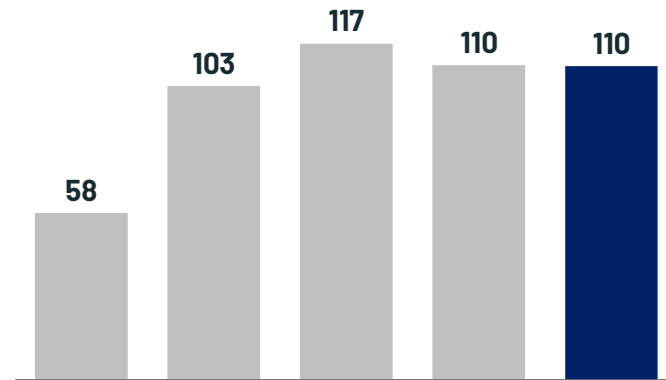
REVENUES,
MEUR



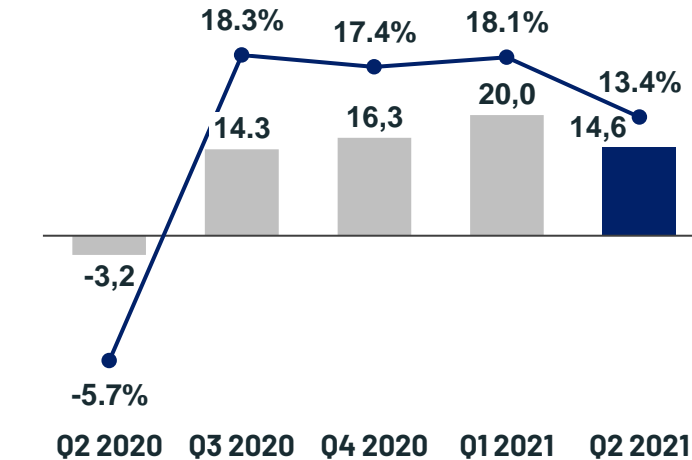
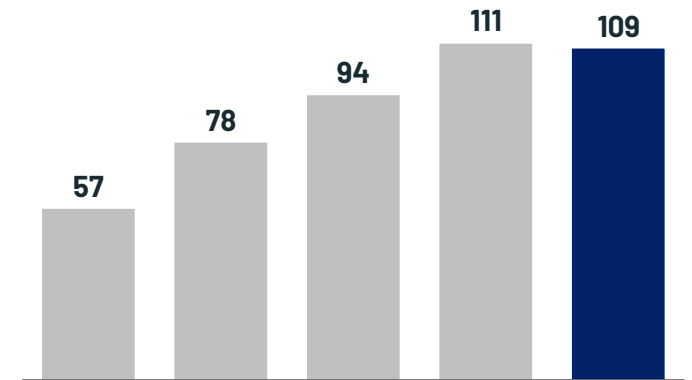
ADJUSTED
EBIT¹, MEUR



POWERTRAIN & CHASSIS (P&C)



SPECIALTY PRODUCTS (SPP)



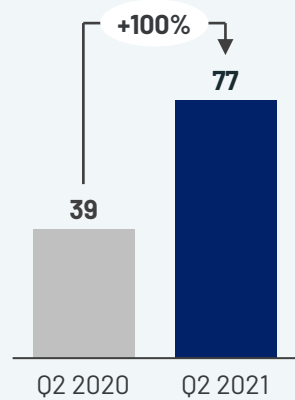
1. Excluding restructuring costs and impairment in Q2 2020, see details in the quarterly report



INTERIOR (INT) SEGMENT: REVENUES AND EARNINGS IN Q2 2021 NEGATIVELY IMPACTED BY SEMICON CRISIS

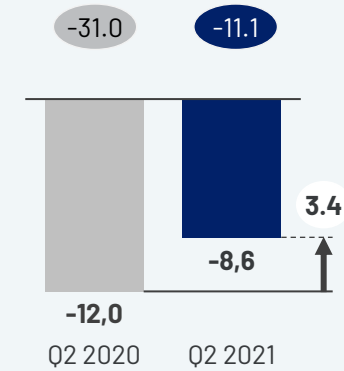
Adj. EBIT margin (%)

REVENUES, MEUR



The Interior segment consists of two business units: Interior Comfort Systems (ICS) and Light Duty Cables (LDC). Revenues of MEUR 77.3 in Q2 2021 significantly exceeded the revenues of Q2 2020 by MEUR 38.7 (+100.3%), despite negative currency translation effects of MEUR 2.7. On a constant currency basis, ICS revenues increased by MEUR 31.9 compared to Q2 2020 and LDC grew by MEUR 9.5. These increases were supported by all regions.

ADJ. EBIT, MEUR



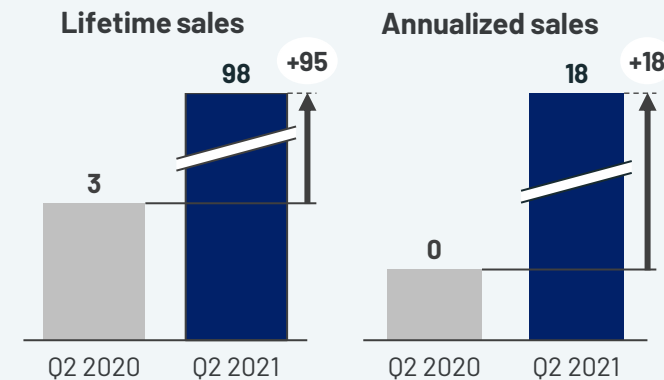
Unrealized revenues and higher operating costs related to the ongoing constraints of the global supply chain crisis resulted in the negative impact of MEUR 11.5 on the adj. EBIT in Q2 2021.

OPERATIONS

In Q2 2021, all Interior plants operated well with high capacity utilization rates and benefitted from the continuous improvement initiatives launched in 2020.

However, the global supply chain crisis hit the Interior segment the hardest, caused by its high share of high-tech products depending on semiconductors.

NEW BUSINESS WINS, MEUR



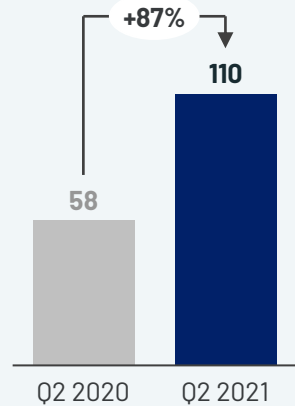
Business wins in Q2 2021 amounted to MEUR 98.2 of lifetime revenues (MEUR 8.9 in annualized revenues) in the second quarter 2021.

Within the quarter, Interior was awarded one large contract to supply seat support systems to a major Chinese automobile manufacturer. The program totals MEUR 3.9 in expected annualized revenues and MEUR 27.0 in expected lifetime revenues.

POWERTRAIN & CHASSIS (P&C) SEGMENT: IMPROVED REVENUES AND ADJ. EBIT PERFORMANCE

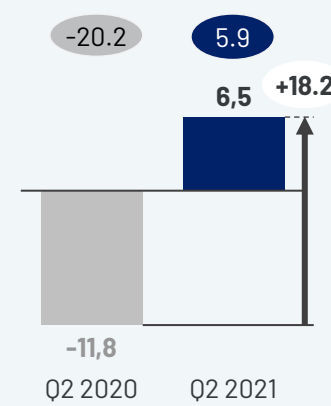
Adj. EBIT margin (%)

REVENUES, MEUR



The Powertrain and Chassis segment consists of two business units: On-Highway (ONH) and Driveline (DRL). Revenues in Powertrain & Chassis increased by MEUR 51.1 (+87.4%) to MEUR 109.6 in the second quarter 2021 compared to the same quarter in 2020, despite negative currency translation effects of MEUR 2.3.

ADJ. EBIT, MEUR



Higher profitability is still driven by solid sales volume and productivity enhancements partially offset by material shortages of electronic components, resin, and steel throughout the automotive sector.

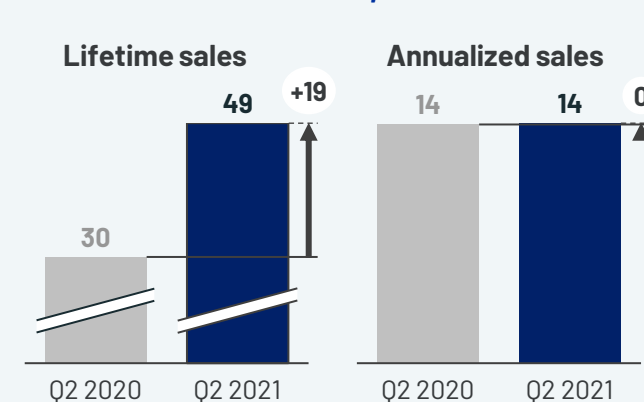
The P&C segment suffered negative impacts of MEUR 4.1 of EBIT effects, caused by the increasing constraints of the global supply chain crisis.

OPERATIONS

In Q2 2021, most P&C plants operated well with high capacity utilization rates. P&C benefitted from the continuous improvement (CI) initiatives launched in 2020 and by flexing direct costs quickly to match variable market demand.

The global supply chain crisis impacted the P&C segment, both by OEM plant downtime (demand) and material availability for raw materials for production.

NEW BUSINESS WINS, MEUR



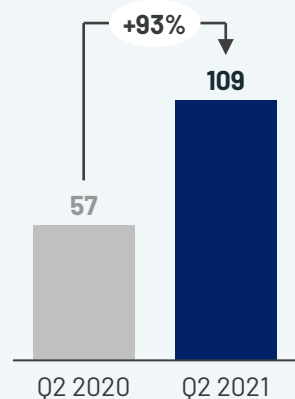
Business wins amounted to MEUR 49.3 of lifetime revenues (MEUR 13.7 in annualized revenues) in the second quarter of 2021.

Within the quarter, Powertrain & Chassis was awarded two significant contracts: one to supply vehicle dynamics to a major European automobile manufacturer and one to supply shift by wire to a Chinese automobile manufacturer with start of production in Q1 2024 and Q4 2021. The programs respectively total MEUR 2.5 and MEUR 1.7 in expected annualized revenues and MEUR 12.5 and MEUR 11.6 in expected lifetime revenues.

SPECIALTY PRODUCTS (SPP) SEGMENT: CRISIS-RESISTANT SEGMENT WITH STRONG REVENUES AND MARGINS

Adj. EBIT margin (%)

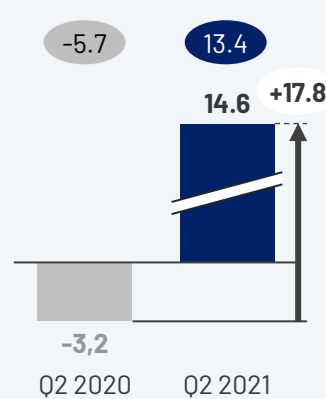
REVENUES, MEUR



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

Revenues in Specialty Products increased by MEUR 52.6 (+93.1%) to MEUR 109.1 compared to the second quarter of 2020, despite negative currency translation effects of MEUR 0.4. This was driven by a strong performance from the Off-Highway with revenues increase of MEUR 20.6 compared to Q2 2020.

ADJ. EBIT, MEUR



The YoY increase of MEUR 17.8 is driven by higher sales volume.

The shortage on semiconductors led to negative effects on adj. EBIT of around MEUR 5.0.

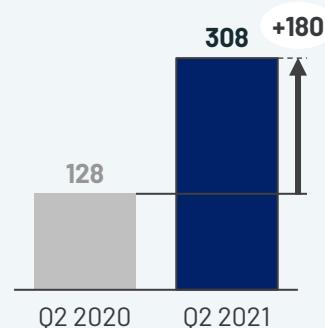
OPERATIONS

All plant operations are “back to normal” and SPP segment is benefiting from the operational improvements and cost control measures put in place earlier in 2020 as well as healthy customer demand.

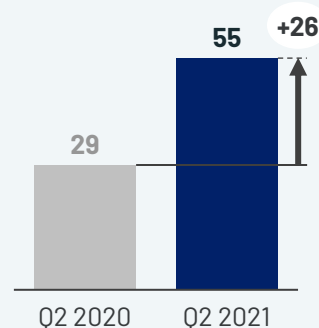
In Q2 2021 the global supply chain crisis started to have notable negative impact on the segment’s operations, especially in Off-Highway.

NEW BUSINESS WINS, MEUR

Lifetime sales



Annualized sales



During the second quarter 2021, total business wins amounted to MEUR 307.6 of lifetime revenues (MEUR 54.5 in annualized revenues).

Within the quarter, Off-Highway was awarded a large contract with a major American OEM. This program totals MEUR 33.7 in expected annualized revenues and MEUR 263.5 in expected lifetime revenues.

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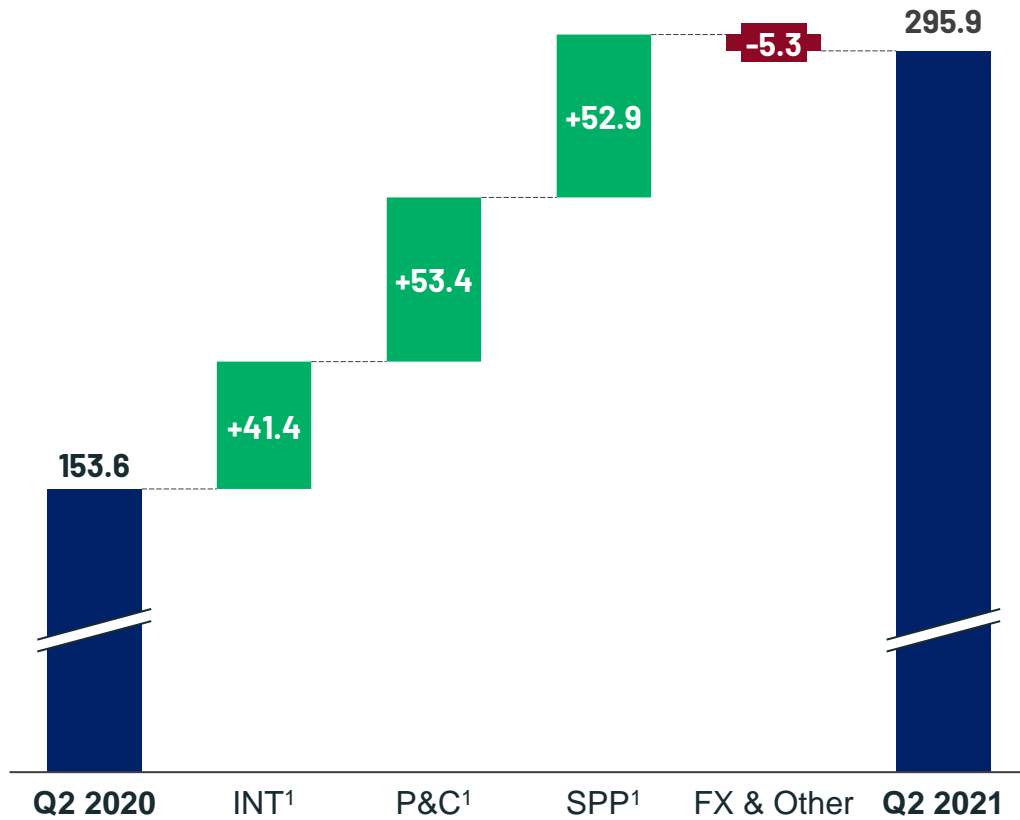
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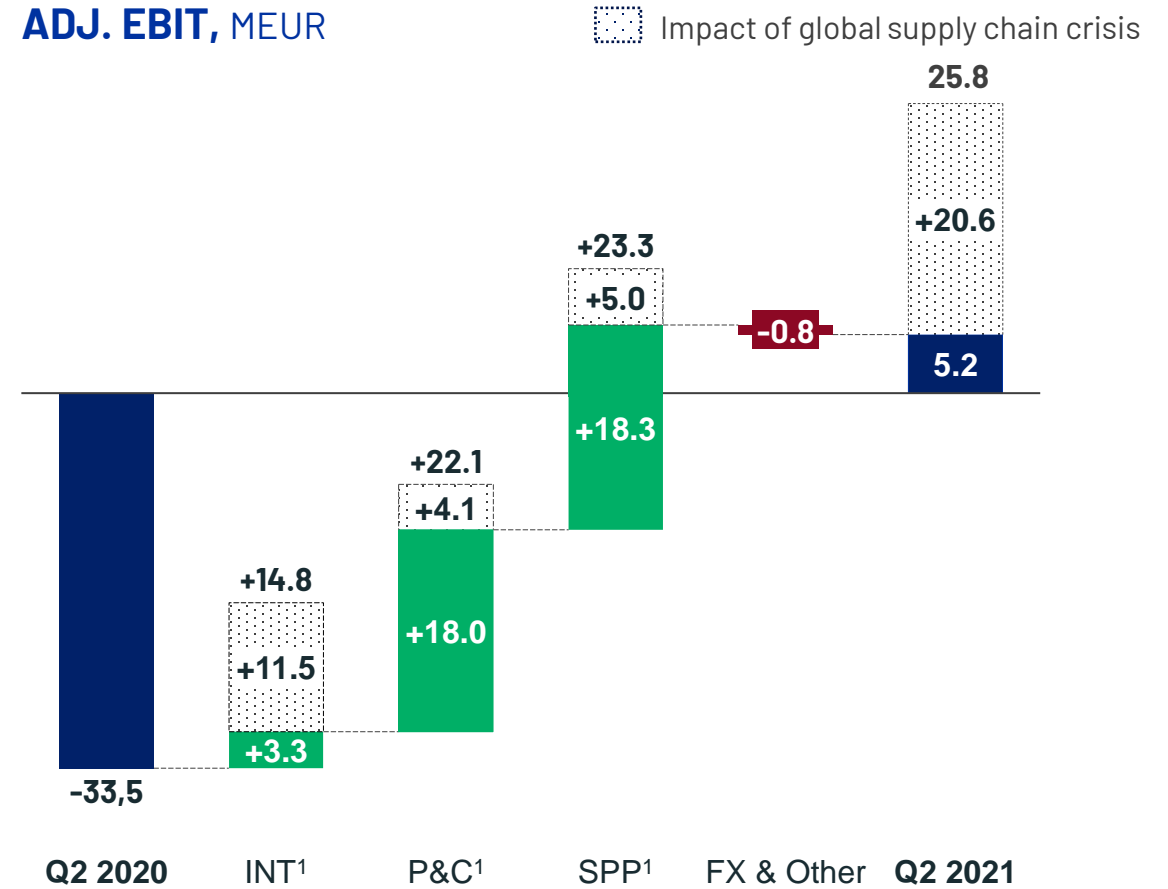
Q2 2021 REVENUES AND ADJ. EBIT: SOLID SALES PERFORMANCE ACROSS SEGMENTS REFLECTED IN ADJ. EBIT COMPARED TO Q2 2020

REVENUES, MEUR



1. Variances excluding FX translation effects

ADJ. EBIT, MEUR

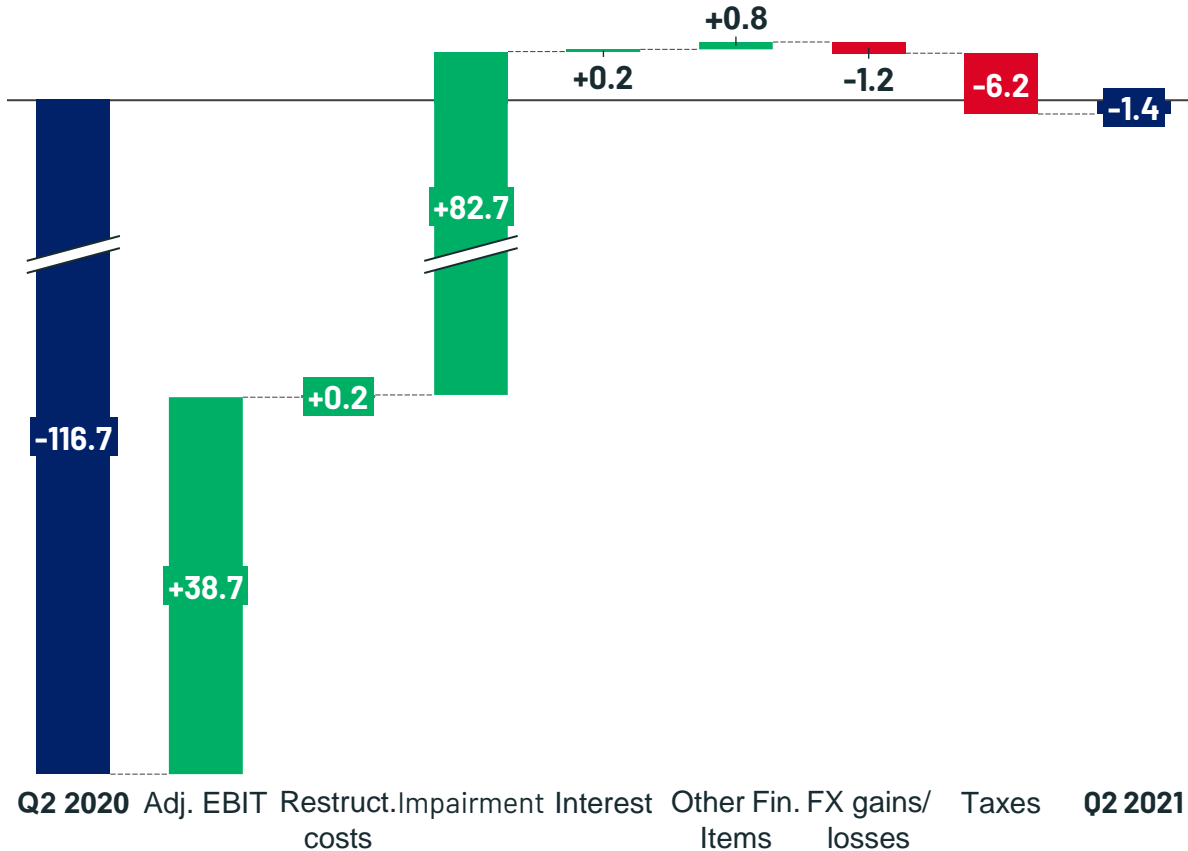


The impact of supply chain crisis on adj. EBIT shown here does not include the shortfall in revenues



Q2 2020 VS Q2 2021 –NET INCOME DEVELOPMENT

NET INCOME DEVELOPMENT, MEUR



ADJUSTED EBIT

- » Adj. EBIT higher by MEUR 38.7 compared to Q2 2020 due to the full recovery from the consequences of the COVID-19 outbreak

IMPAIRMENT

- » In Q2 2020 COVID-19 has been identified as a triggering event, resulting in an impairment of a portion of assets in the amount of MEUR 82.7 (there of MEUR 58.8 allocated to the Goodwill). In Q2 2021, there is no impairment loss.

INTEREST

- » The interest expenses in Q2 2021 remained at the comparable level as in Q2 2020 (MEUR 5.2 in Q2 2021 vs. MEUR 5.0 in Q2 2020)

FOREX GAINS/LOSSES

- » Foreign currency losses were MEUR 1.1 in Q2 2021 compared to the gains of MEUR 0.1 in Q2 2020.

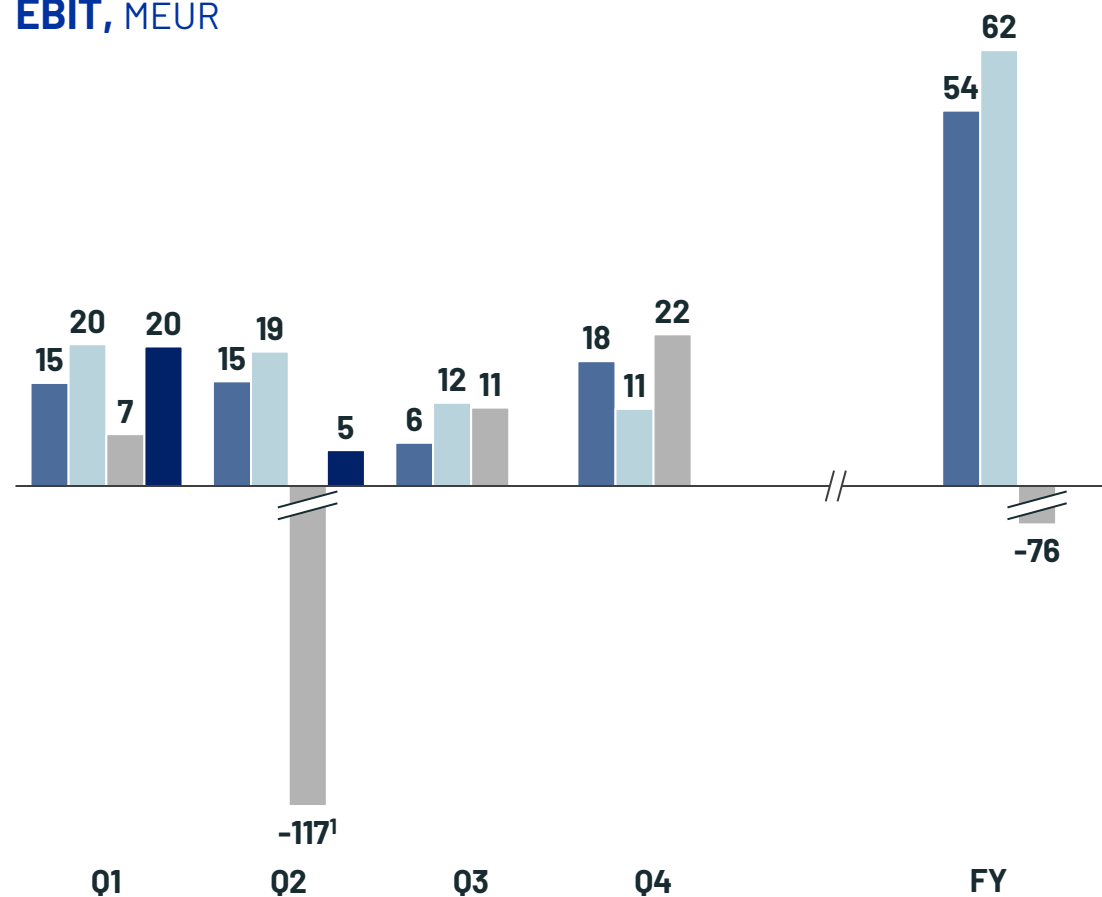
TAXES

- » Tax income in Q2 2021 amounted to MEUR 0.2 compared to MEUR 6.4 in Q2 2020. The tax income in Q2 2021 reflected the expected effective tax rate.

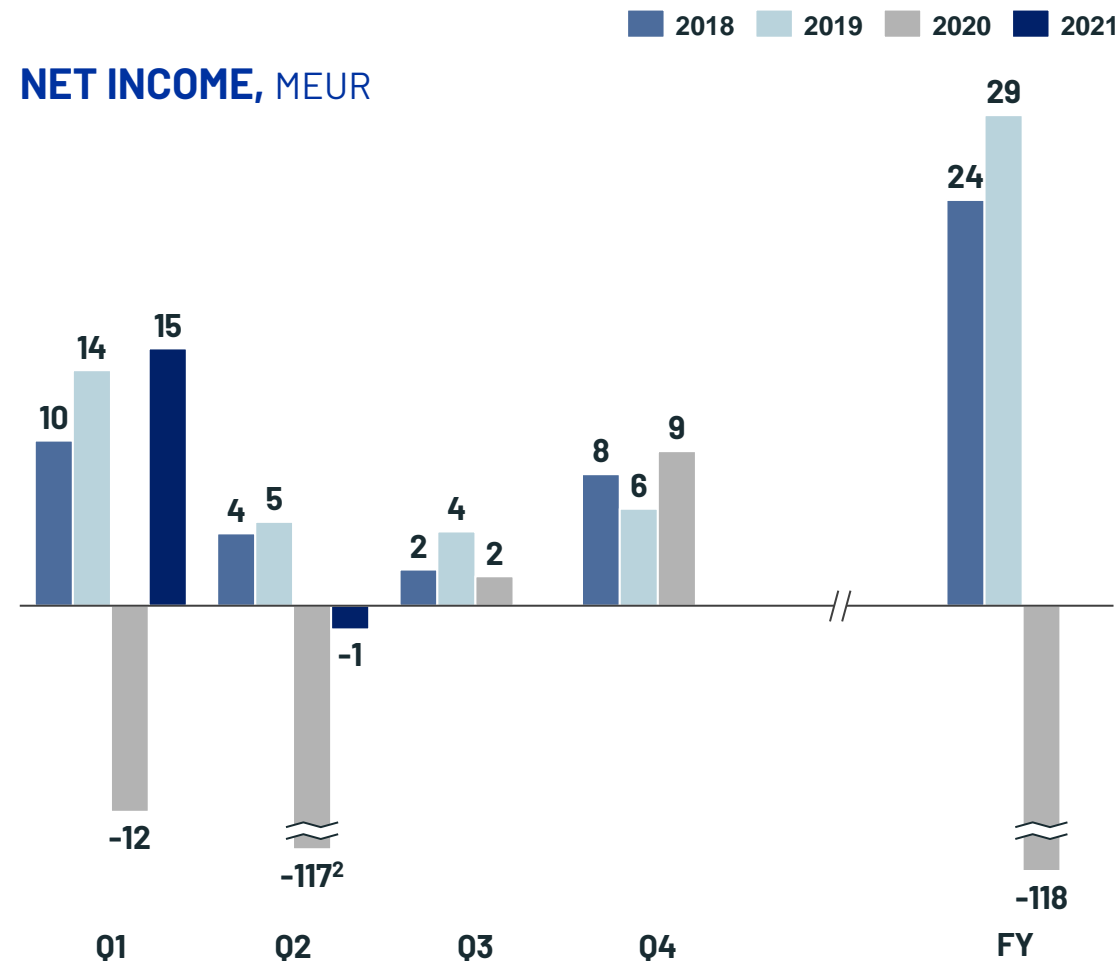


EBIT & NET INCOME

EBIT, MEUR



NET INCOME, MEUR



1. Includes impairment losses of MEUR 82.7
 2. Impacted by impairment losses of MEUR 77.4 (net of tax)



NET FINANCIAL ITEMS

FOREX GAINS/LOSSES

The foreign exchange effects in Q2 2021 are made up of:

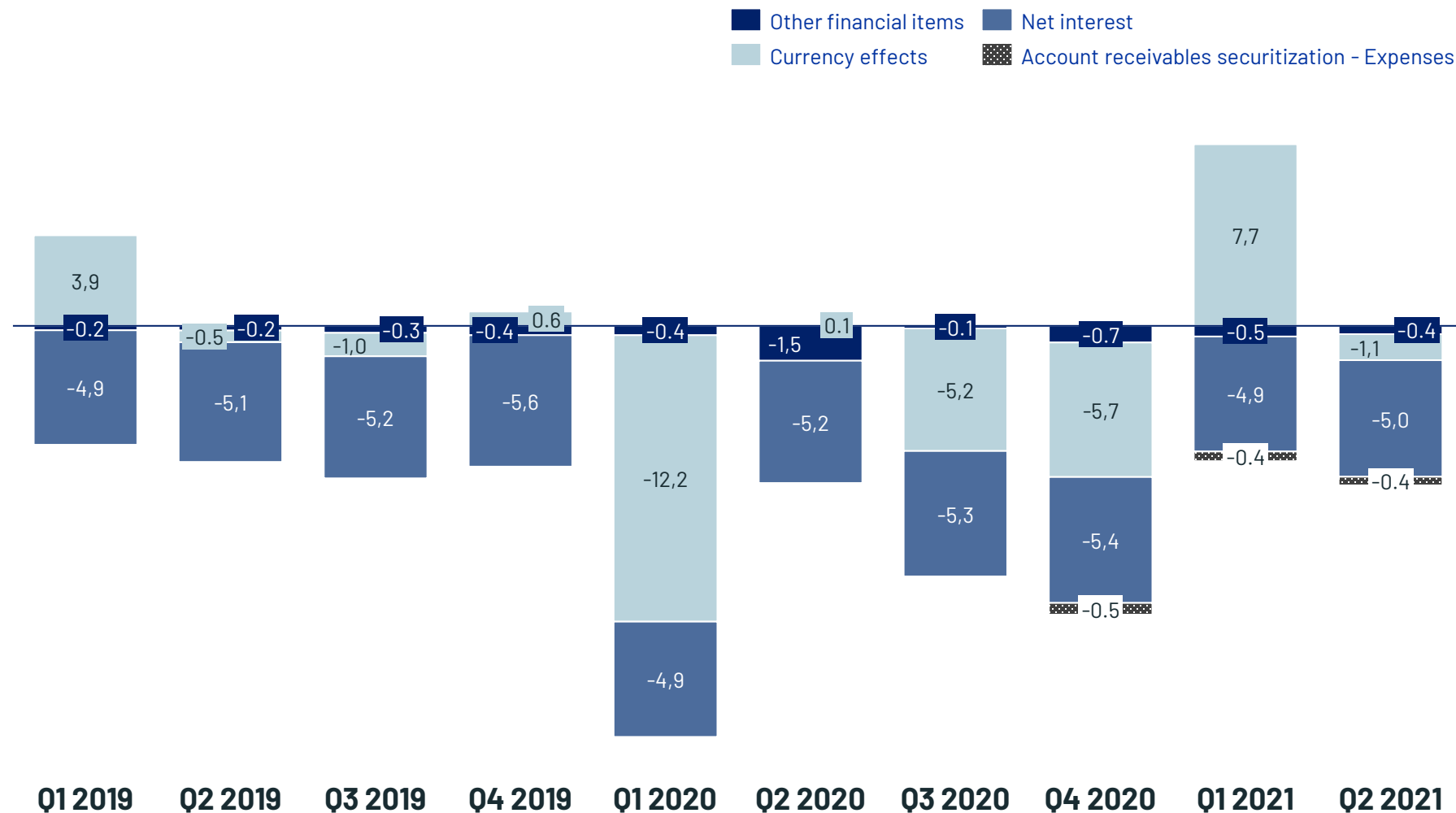
- > realized foreign exchange gains of MEUR 2.8
- > unrealized foreign exchange losses of MEUR 3.9

INTEREST

The main elements were the IFRS16 interest of MEUR 1.2 and accrued interest for the bond and RCF of MEUR 3.7

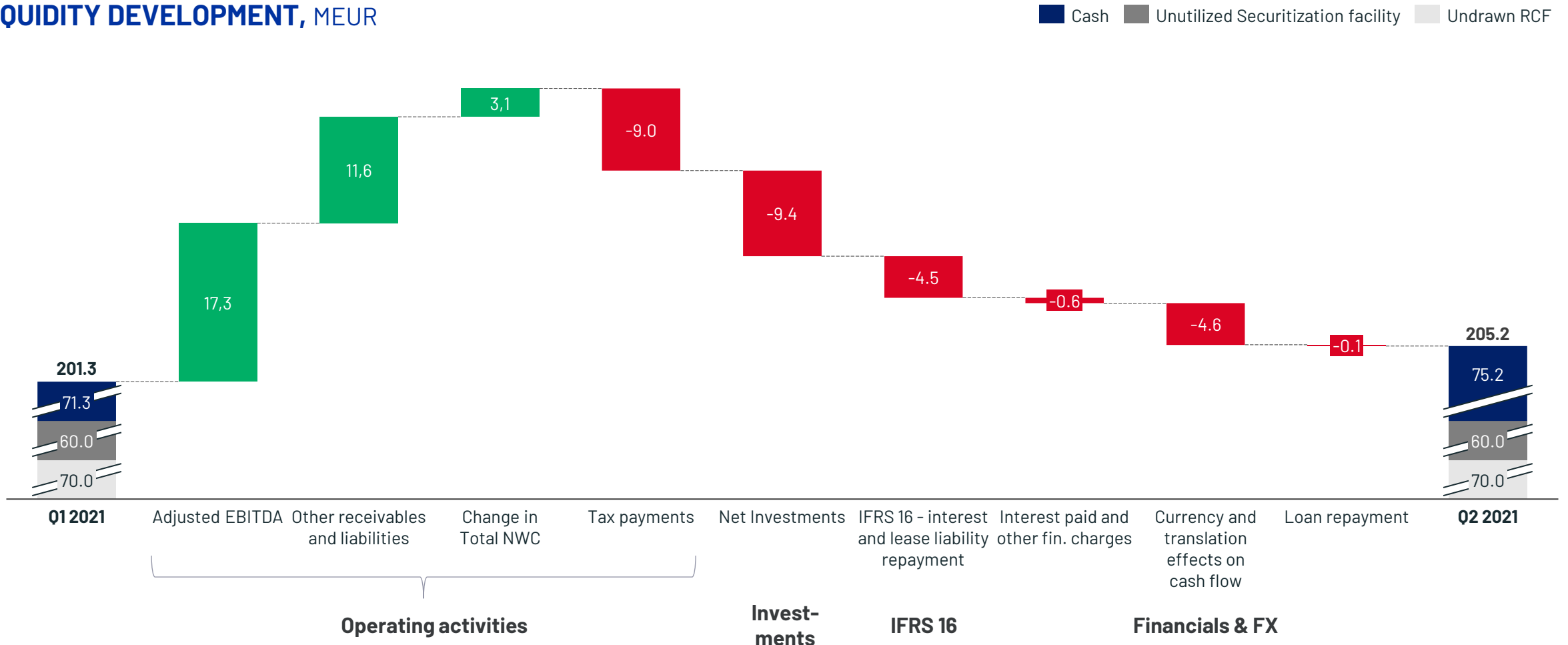
ACCOUNT RECEIVABLES SECURITIZATION - EXPENSES

This position includes expenses related to AR Securitization such as Commitment fees, Administrator fees, Servicing fees



LIQUIDITY DEVELOPMENT: LIQUIDITY RESERVE INCREASED SLIGHTLY FURTHER IN Q2 2021

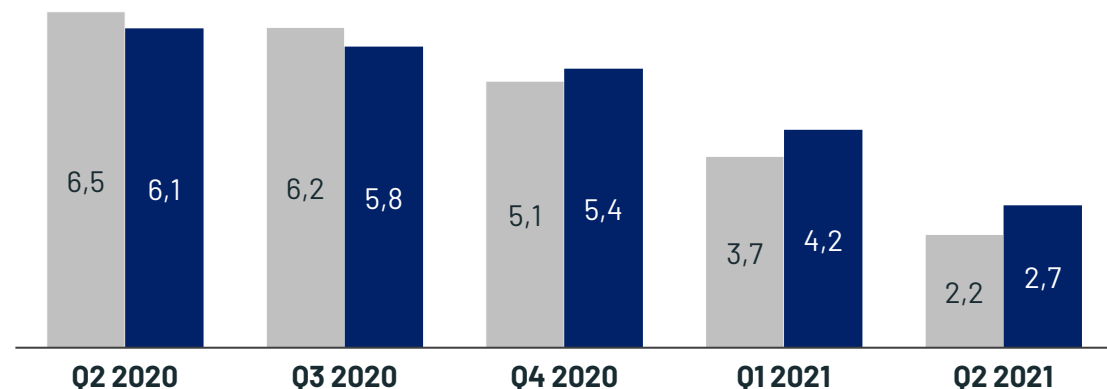
LIQUIDITY DEVELOPMENT, MEUR



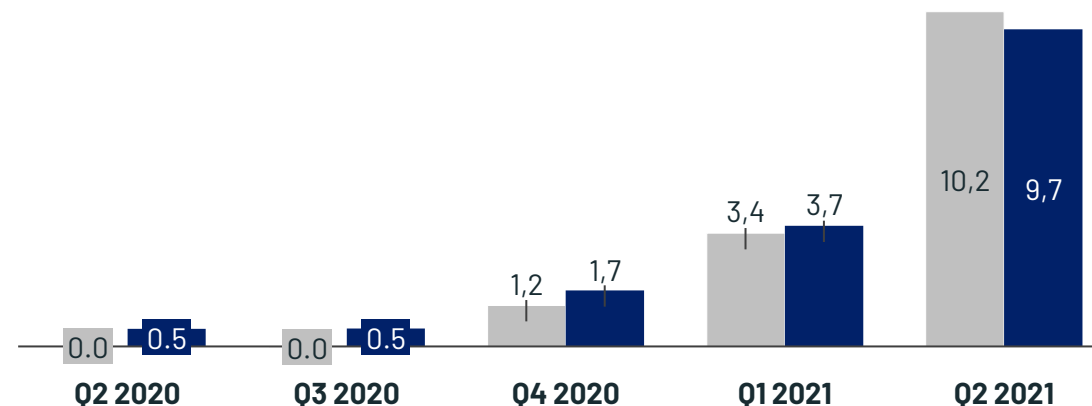
FINANCIAL RATIOS: RECOVERED FROM COVID-19

Excluding IFRS16
Incl. IFRS 16 effect

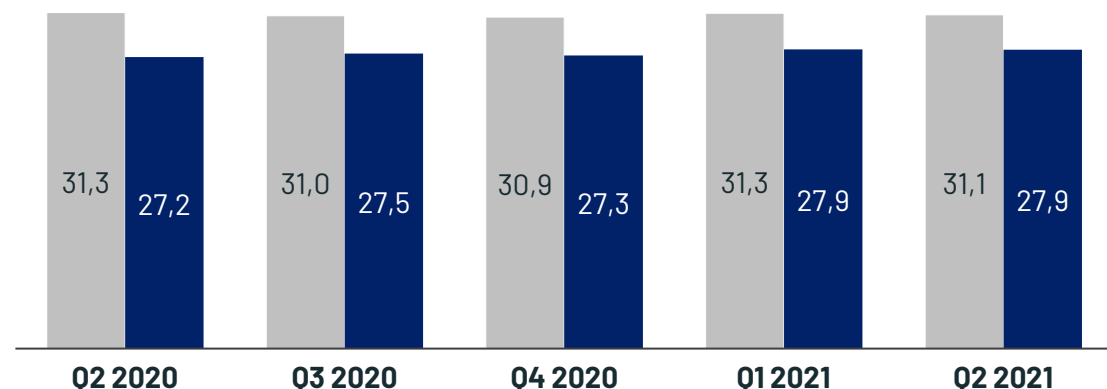
ADJUSTED GEARING RATIO¹, NIBD²/EBITDA, LTM



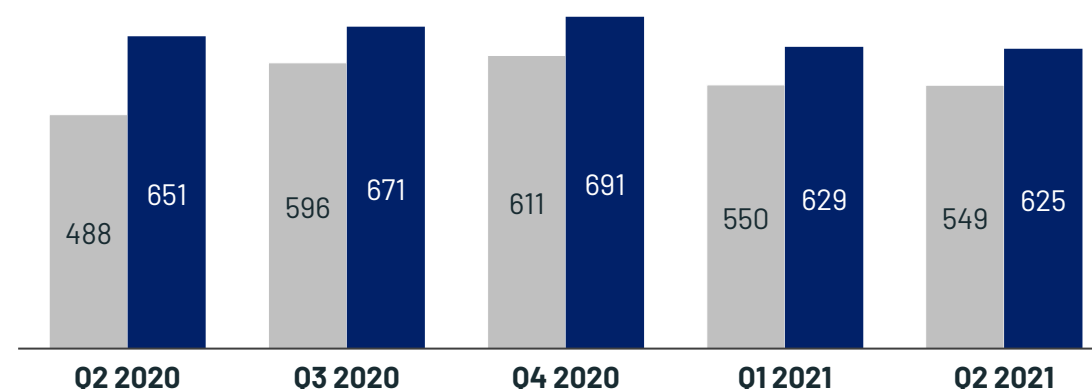
ADJUSTED ROCE¹, %, LTM



EQUITY RATIO⁴, %



CAPITAL EMPLOYED³, MEUR



1. Excluding restructuring costs and impairment losses in Q2 2020

2. Net interest-bearing debt

3. Capital employed at quarter end

4. As the indices are calculated based on the figures from last 12 months, they are impacted by the capital increases in Q2 and Q3 2020





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OUTLOOK

Q&A



OUTLOOK Q3 – Q4 2021

BACKGROUND

ORDER BOOK

- As already demonstrated in Q1, the current order book would enable us to deliver very solid production and topline numbers for the remainder of the year
- Quarterly revenues of ~300 MEUR allow a very efficient capacity utilization.
- But the reliability of our order book is currently significantly affected by the overall lack of availability of raw materials, especially semiconductors, resin and special metals to our customers and their suppliers.
- For Q3, we are expecting to have additional top line risk from parts shortages on top of the normal seasonality.

RAW MATERIAL SUPPLY CRISIS EFFECTS

- The lack of sufficient global semiconductor industry capacity is creating high stress on all automotive suppliers and OEMs who depend on these products.
- For KA, this concerns primarily the Interior Comfort Systems business unit and the P&C passenger car business, which both have a high share of advanced, innovative products containing semiconductors. To a lesser, but still significant degree, this concerns the P&C truck business and the Off Highway business unit.
- The shortage causes much longer lead-times, spot-market purchases at significantly higher costs and eventually own production shortfalls in case the needed materials cannot be secured in time.

FINANCIAL IMPACTS

- In Q2 actuals, the raw material supply crisis already caused around 20 MEUR excess direct material and freight costs.
- For the full year, we do now anticipate in our outlook ~50 MEUR excess direct material and freight cost.
- These negative effects are to be mitigated by a recently launched intensified performance improvement program (Shift Gear) on top of ongoing operational excellence efforts.
- **In balance KA maintains its full year guidance on adjusted EBIT of 60 MEUR.**



KA ON ITS VISION TO BECOME SECOND TO NONE

SHIFT GEAR: 1ST GEAR FULLY SET UP AND RUNNING WITH FULL SPEED AHEAD



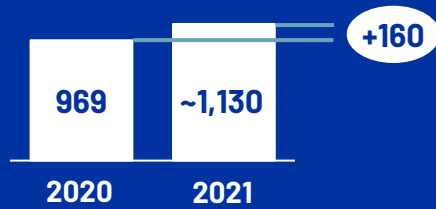
- > **KA-wide PERFORMANCE IMPROVEMENT PROGRAM** launched in May with **central program management office** ensuring BU and central targets are being reached
- > **5 core workstreams:** Commercial Excellence, Direct and Indirect Purchasing, Operations, and Cash Management
- > **Strong performance infrastructure** including a rigorous drumbeat, KA-wide cloud-based measure tracking tool, clear targets, and regular performance reviews
- > **Mobilization of all organizational units**, ensuring KA's full potential is reached, and capabilities are utilized as best as possible
- > **Focus on short-term improvements** (e.g., via implementation spend control tower) as well as **structural measures** (e.g., renegotiation of supplier contracts)



OUTLOOK 2021

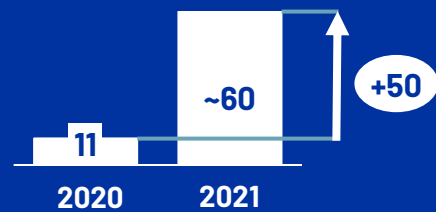
KA's globally and industrially well diversified business model can cope with the double effects of the ongoing Corona crisis and the raw material shortages. We confirm our previous FY guidance for Revenues, Adjusted Ebit and Free Cash Flow.

REVENUES



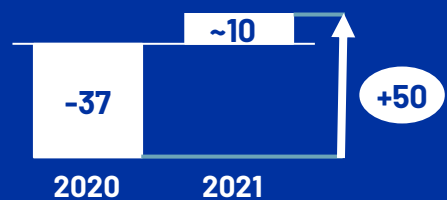
- > Defend strong position and build on our strong book-to-bill ratio in all segments incl. EV-related products, OFH & electronics
- > Further expand our global customer base and continue to gain market shares

ADJ. EBIT



- > Further build on operational improvements and stability achieved in the last years and continue to improve overall profitability
- > Effectively manage increasing shortages of electronics components while keeping additional costs to a minimum

FREE CASH FLOW¹



- > Generate cash with a positive Free Cash Flow in H1 2021 and in each following half-year
- > Capitalize on effective working capital mgmt. and realize CapEx efficiency improvements
- > Harvest cash generation from prior investments in restructuring, products, and growth

These forward-looking statements are based on several key assumptions on:

- > FX rates
- > Market demand
- > Electronics and other key components availability

1. As defined in APM section in annual report – 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 drawdown/ repayment of debt and proceeds received from capital increase/ purchase of treasury shares.



EXECUTIVE SUMMARY

FINANCIAL HIGHLIGHTS & NBW

MARKET SUMMARY

SEGMENT HIGHLIGHTS

GROUP FINANCIAL UPDATE

Q&A





KONGSBERG
AUTOMOTIVE