

Kongsberg Automotive Investor Presentation

November 2019

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 2018 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 Presenter

Henning Jensen, President and Chief Executive Officer



Professional experience

Kongsberg Automotive

*President and Chief Executive Officer
June 2016 - Present*

Kistefos AS

*Chief Executive Officer
2011 - 2015*

RHI AG

*Chief Executive Officer, Chief Financial Officer and
Chairman
2010 – 2011*

Tyco Electronics

*SVP, Divisional Head (Automotive), Chief Financial
Officer (Electronic Components) and other senior
level management positions
2001 – 2009*

General Motors

*Managerial and executive positions
1995 – 2001*

Education

Hochschule St. Gallen (Switzerland)

Doctoral Studies

University of San Francisco (USA)

BA & MBA

Kongsberg Automotive at a glance (1/2)

Overview

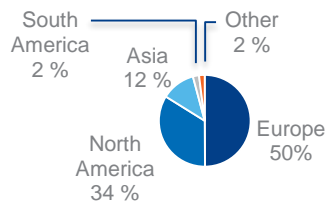
- Headquartered in Zurich, Switzerland and listed on the Oslo Stock Exchange
- 3 segments: Interior, Powertrain & Chassis, Specialty Products
 - Interior: interior comfort systems and light duty cables
 - Powertrain & Chassis: gearshift systems and vehicle dynamics applications
 - Specialty Products: 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

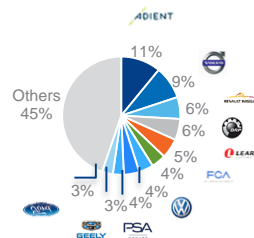
Revenue (2017A / 2018A / Q3 2019 LTM)	Adjusted EBIT (2017A / 2018A / Q3 2019 LTM)
€1,057 m / €1,123 m / €1,168 m	€50 m / €75 m / €77 m
Revenue growth / Adj. EBIT growth (2017A-2018A & Q3 2018 LTM- Q3 2019 LTM)	Booked business / Revenue (avg. 2017A, 2018A, Q3 2019 LTM)
6% / 49% & 6% / 14%	1.3x

2018A revenue breakdown

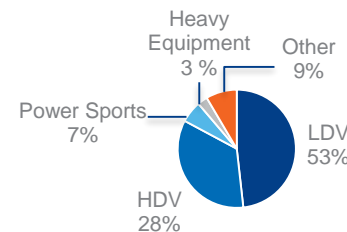
By geography



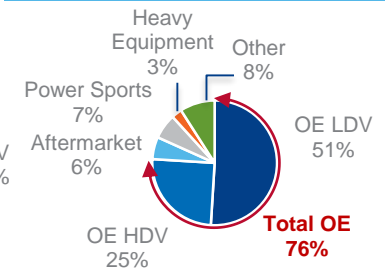
By customer



By end-market









By channel



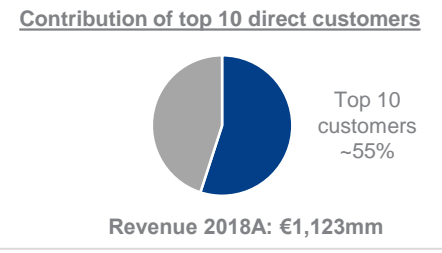
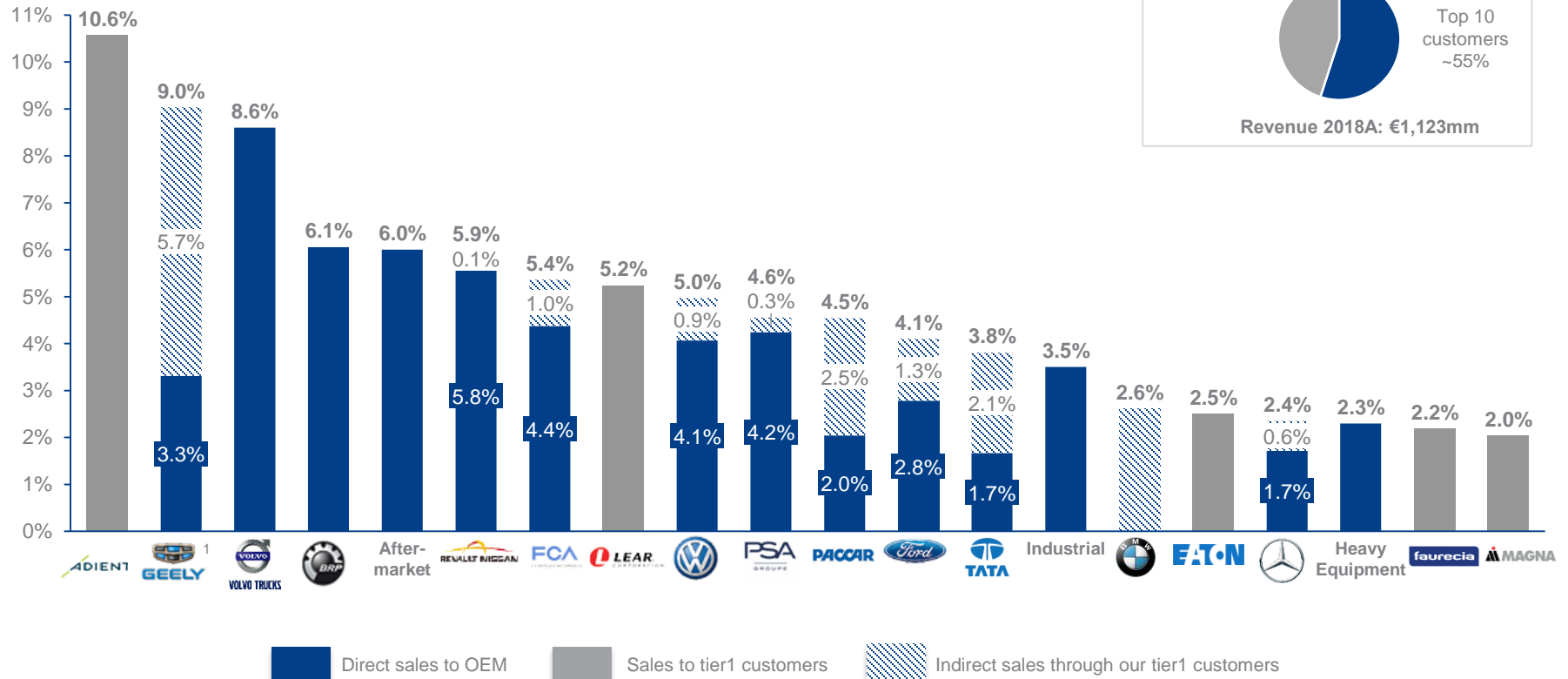
Total revenue 2018A: €1,123 m

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 % 2018A	6%	20%	35%	4%	9%	12%	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	97% / 2% / 1% / 0%		56% / 32% / 1% / 11%		16% / 35% / 47% / 2%		
Key customers							
Key competitors							
Kongsberg Automotive Value Proposition	<ul style="list-style-type: none"> ➤ Broadest capabilities in the market ➤ Strong underlying addressable market growth driven by trend towards premiumisation, comfort and convenience ➤ Trickle down from premium segment into volume segments ➤ Strong customer relationships ➤ Sophisticated cable design and high quality ➤ One-stop shop for systems 		<ul style="list-style-type: none"> ➤ Strong product development capabilities in a market moving from mechanical to electronically controlled automated actuation ➤ Well positioned on truck and LV actuators ➤ High design flexibility through standardized modules, adaptable to OEM preferences ➤ Significant business booked in US and China ➤ Complete shifter systems ➤ Long design and manufacturing expertise 		<ul style="list-style-type: none"> ➤ Deep vertical integration and full capability in-house, hereunder strong electronic engineering capabilities ➤ Strong growth driven by innovative products and capturing market share: couplings (HDV, aftermarket), FTS (LDV, HDV, industrial), off-highway (power sports, construction, agriculture) ➤ Growth potential in North America and Asia ➤ OEM advancement through better TCO ➤ Bringing automotive scale and efficiency to industrial customers ➤ Market leader in niche markets 		

Kongsberg Automotive benefits from a well diversified customer base²

Share of KA's Total Revenue



Our broad customer base prevents any dominant single customer dependency

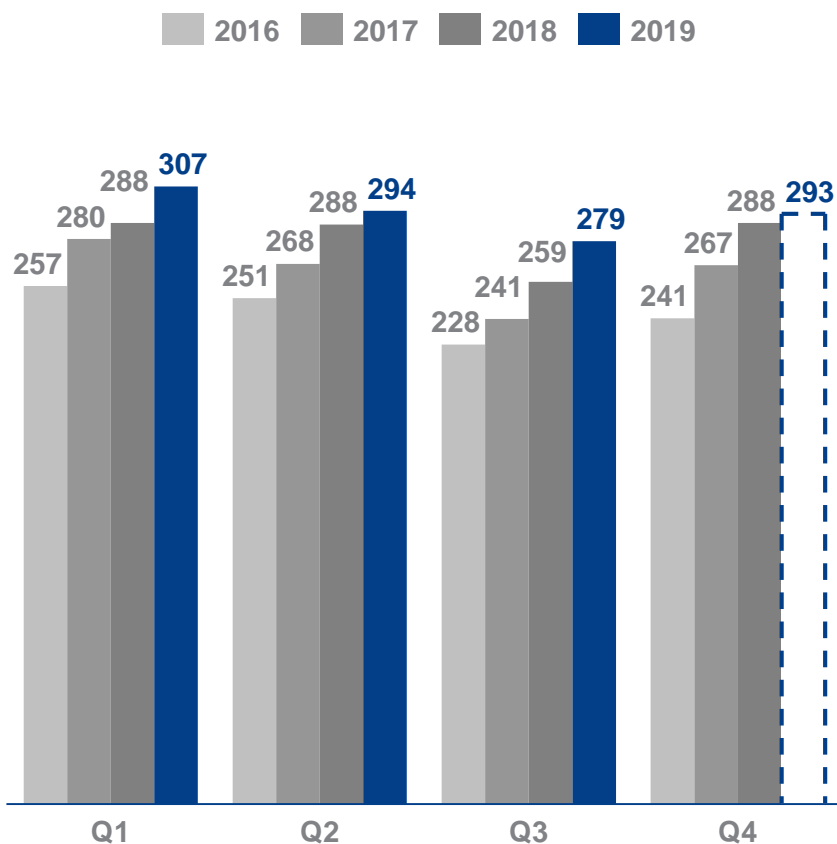
¹ The Volvo passenger car brand is included in the Geely Group.

² This graphical overview represents approximately 67% of our total end customer revenues.

Revenues and adjusted EBIT

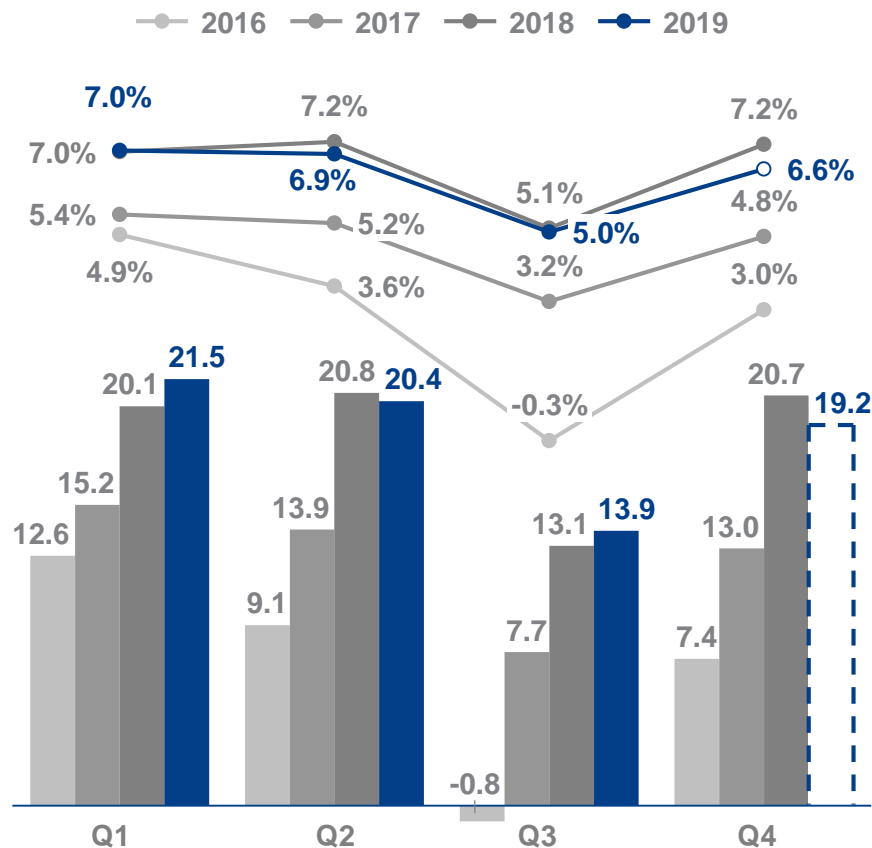
Revenue and adjusted EBIT figures have improved substantially over the last years

Revenues
MEUR



Revenues including HRAR

Adjusted EBIT
MEUR and percent



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

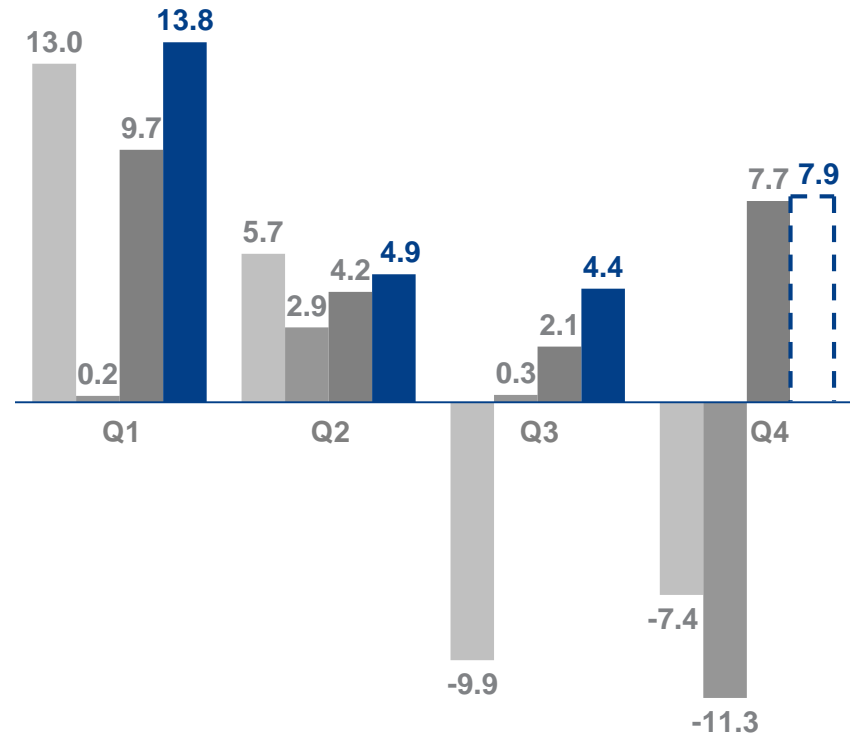
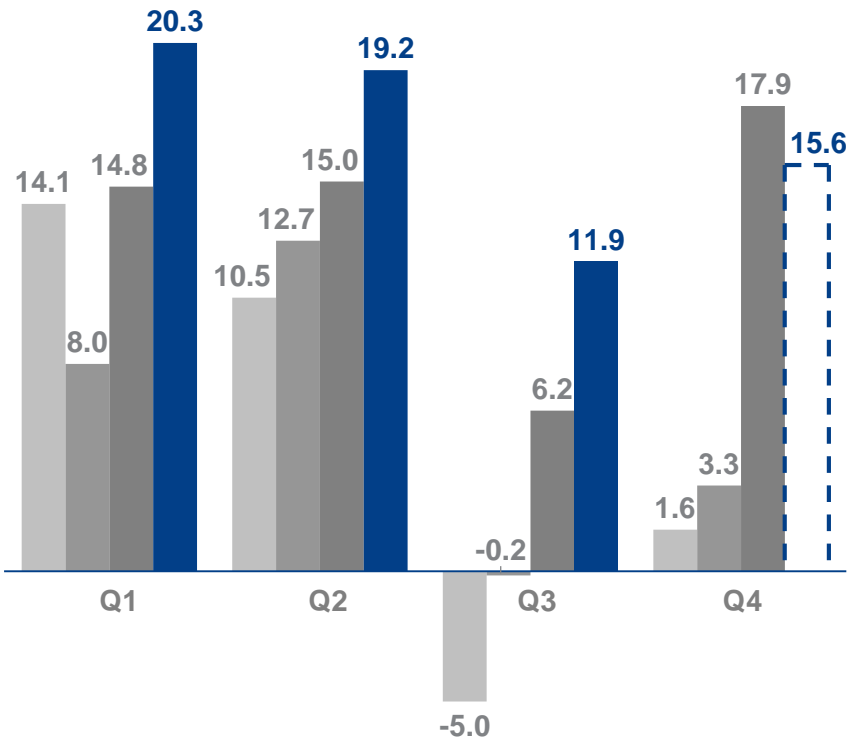
EBIT and net income

Ongoing YoY growth driven by positive performance & lower restructuring costs

EBIT
MEUR

Net Income
MEUR

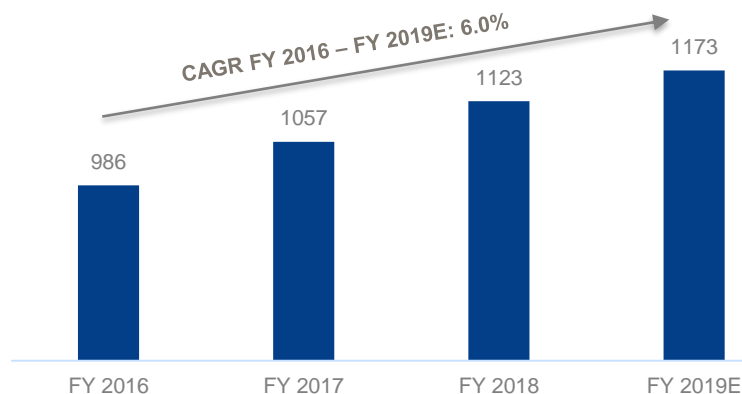
2016 2017 2018 2019



Historical financials overview

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

Revenue performance (€m)

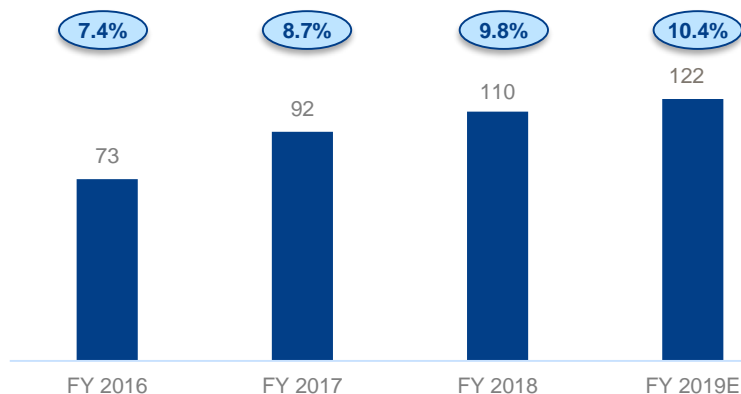


Key financials (€m)

P&L

€m	FY 2016*	FY 2017*	FY 2018*	FY 2019E
Revenue	986	1,057	1,123	1,173
% growth	(3.0%)	7.2%	6.2%	4.5%
Adj. EBITDA	73	92	110	122
% margin	7.4%	8.7%	9.8%	10.4%
Adj. EBIT	28	50	75	75
% margin	2.9%	4.7%	6.7%	6.4%
Capex	(51)	(53)	(68)	(70)
% of revenue	(5.2%)	(5.0%)	(6.1%)	(6.0%)
Adj. EBITDA - Capex	22	40	42	43

Adj. EBITDA performance (€m)



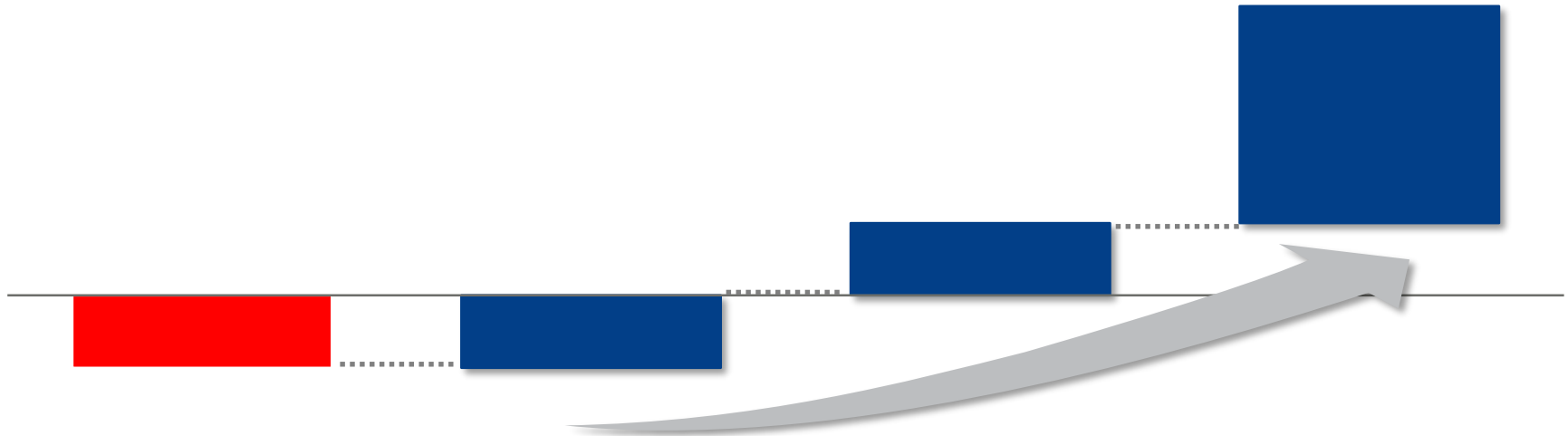
% EBITDA margin (%)

Revenues including HRAR

*Excludes IFRS 16 effects

Main areas of KA's growth potential

In spite of current market headwinds we are still well positioned for future growth



Underlying market decline

- Weighted growth rates in our end markets:
 - LDV, HDV, power sports, heavy equipment and industrial

Premiumization

- Content increase for premium and mass market vehicles hereunder adoption of comfort technologies

OEM outsourcing

- OEMs reducing in-house manufacturing and development

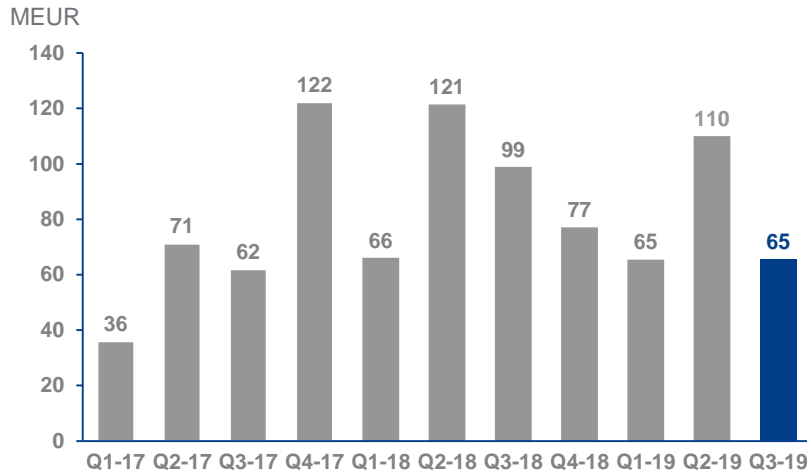
Market share gain

- Focus on white spots
 - China
 - Markets where we are under-represented

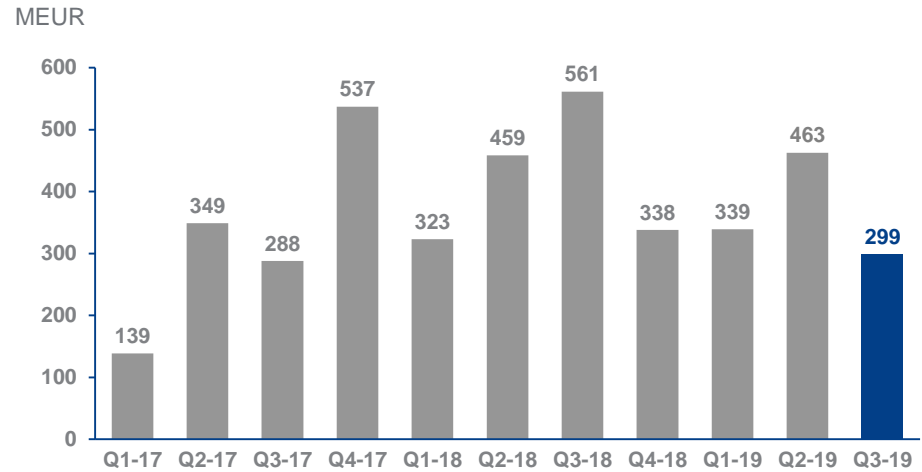
New business wins – KA Group

Solid growth potential despite weaker momentum due to market development

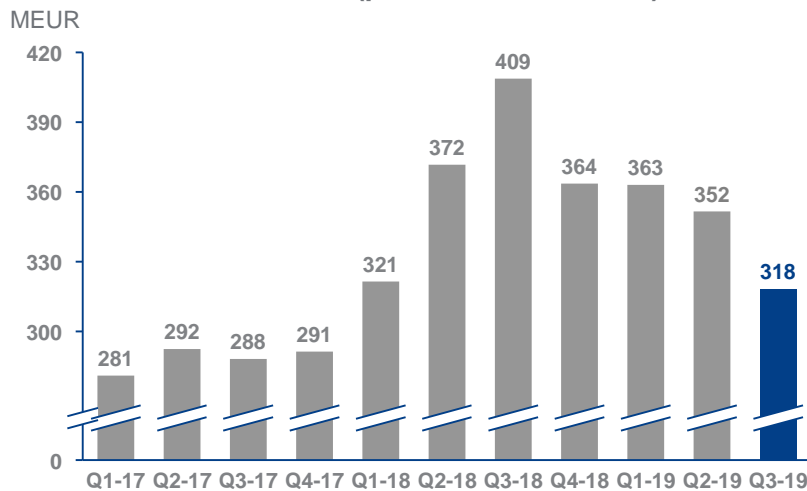
New business wins per quarter (per annum revenues)



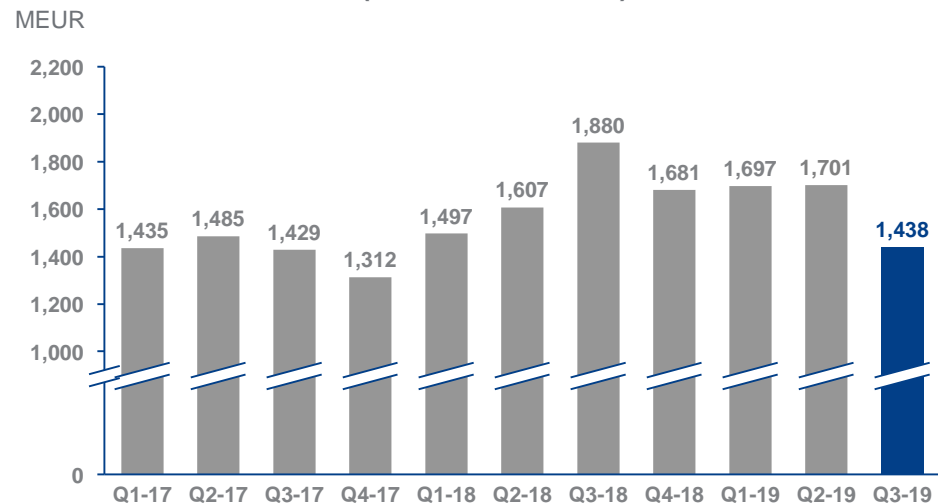
New business wins per quarter (lifetime revenues*)



New business wins LTM (per annum revenues)



New business wins LTM (lifetime revenues*)

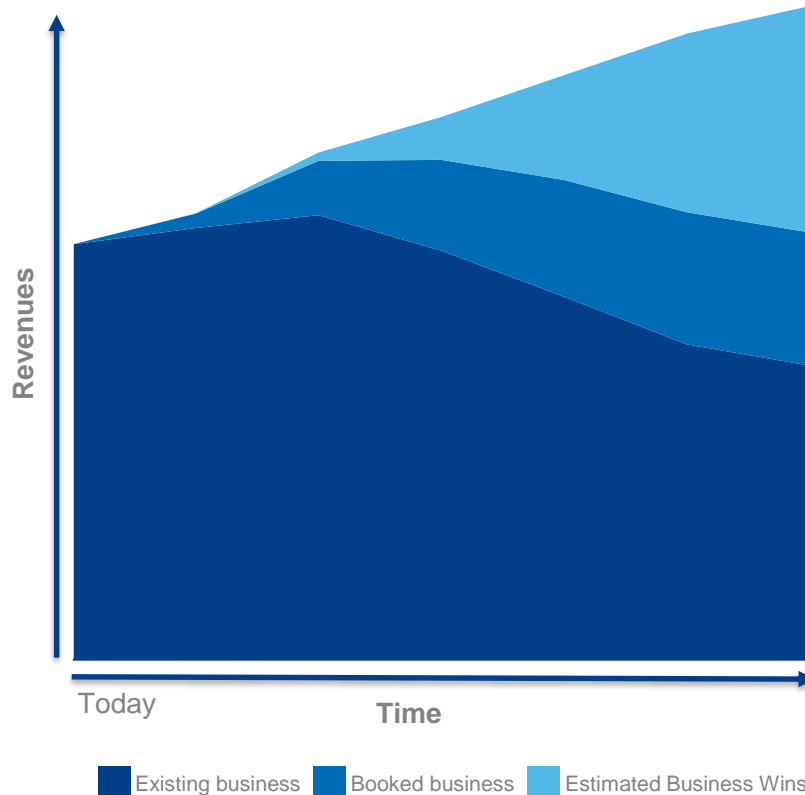


*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

Revenue projections (1/2)

A high level of our revenue projections are supported by existing and booked programs

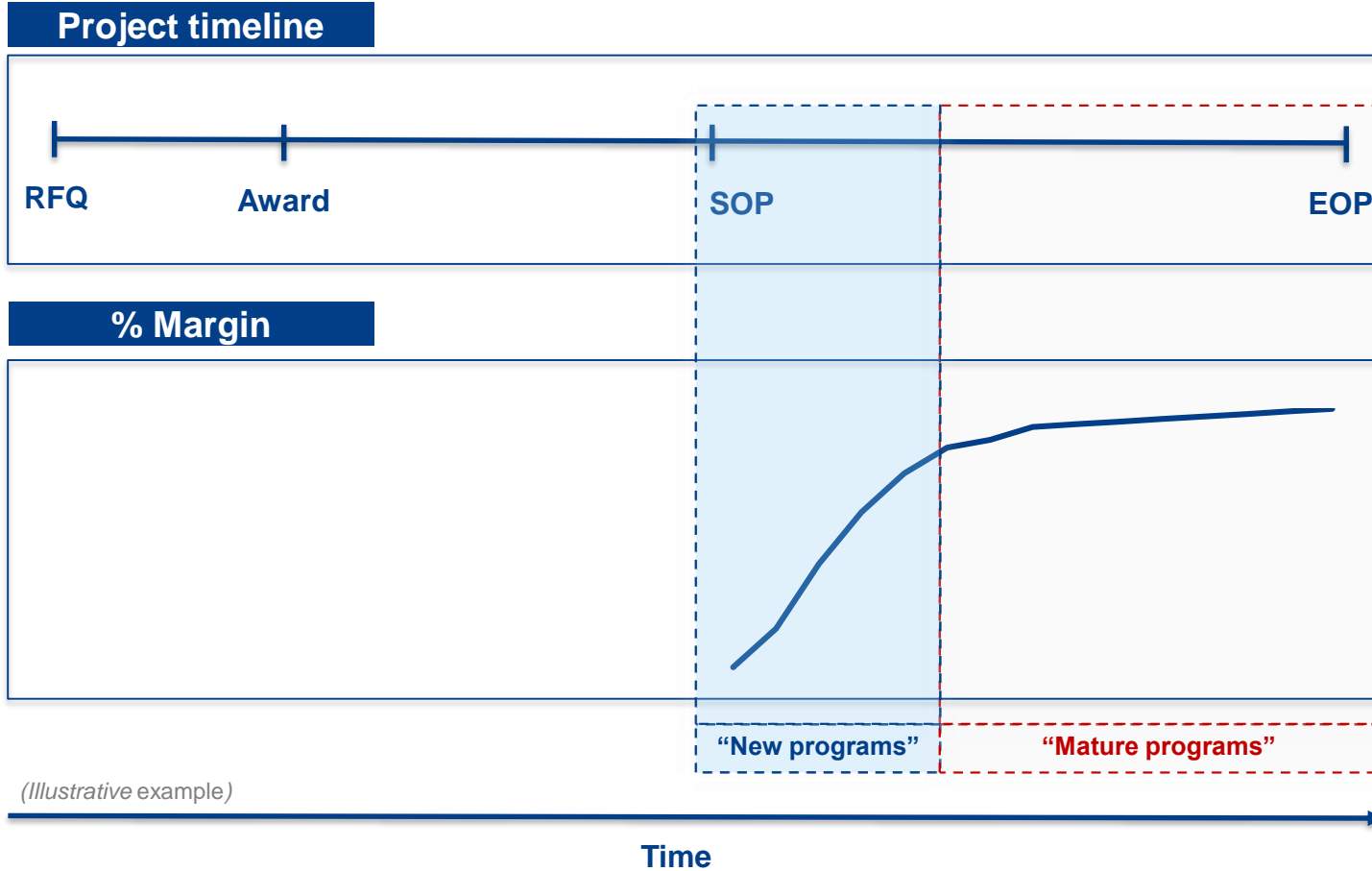
KA Group revenue projections – illustrative example by product status



- The product/model cycles in the automotive industry vary from three to ten years, primarily depending on the end-market. For KA, the average length of a program is somewhere between five to seven years.
- Reported new business wins turn into serial revenues with delay of up to two to three years, depending on the customer nomination process and development requirement.
- Given the existing and booked programs, the revenue is, to a large extent, «set» well ahead in the future, but still depends on market development of end-customers products.
- Our revenue projection for the outer years includes business not yet booked, which we will compete for. However, such non-booked projected revenues are discounted with a success factor.

How our business works (2/2)

Illustrative example of the margin progression through the program life-cycle

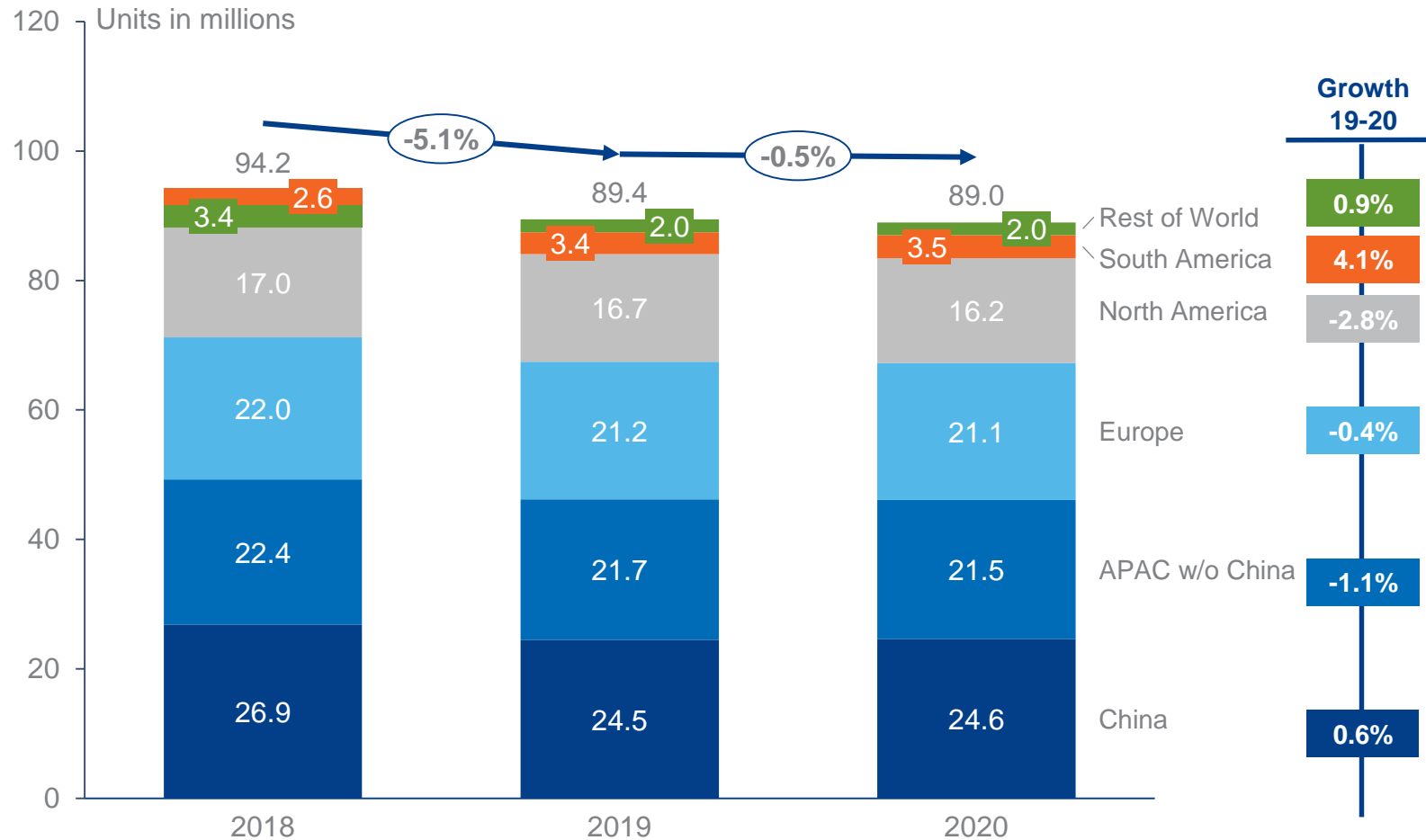


(Illustrative example)

RFQ = Request for Quotation
 SOP = Start of Production
 EOP = End of Production

Passenger car production volumes

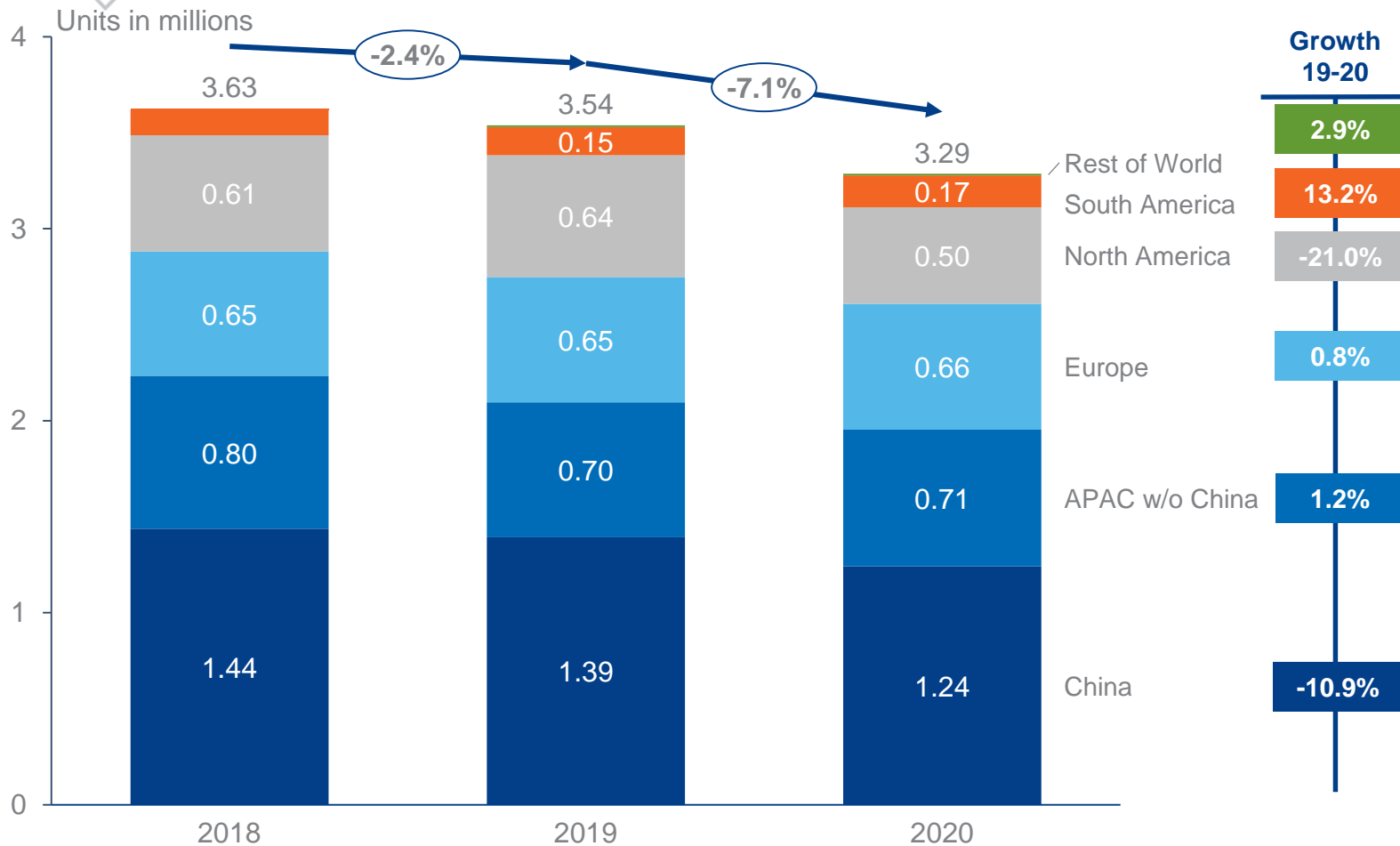
The global passenger car production is forecasted to decrease only slightly in 2020



Due to the negative current market dynamics, these forecast fluctuate significantly.

Truck and bus production volumes

The global commercial vehicle production is forecasted to decrease strongly in 2020



Due to the negative current market dynamics, these forecast fluctuate significantly.

Financial overview

2019 Outlook

Bridging FY 2018 to the FY 2019 outlook, the following account for the main deviations (MEUR):

Revenue growth of +50. Expected Adj. EBIT Effect:	+11	
<i>The following items have the expected effect on Adj. EBIT:</i>		
▪ Margin decline due to change in growth mix:	(3)	
▪ Fixed cost absorption effect due to lower than planned revenues:	(10)	
▪ Increase in Mexican labor rates:	(3)	
▪ Increase in raw material prices and tariffs:	(3)	
▪ FX effects:	(2)	
• Note that these FX effects drive an increase of revenues of +2		
▪ Effect from implementing IFRS 16:	+3	
• Note that the IFRS16 implementation negatively affects net income by (1)		
▪ Launch issues with a new program in the P&C segment:	(3)	
▪ Total cost savings net of price erosion and economics:	+10	

Macro effects: (10)

Accounting effects: +3

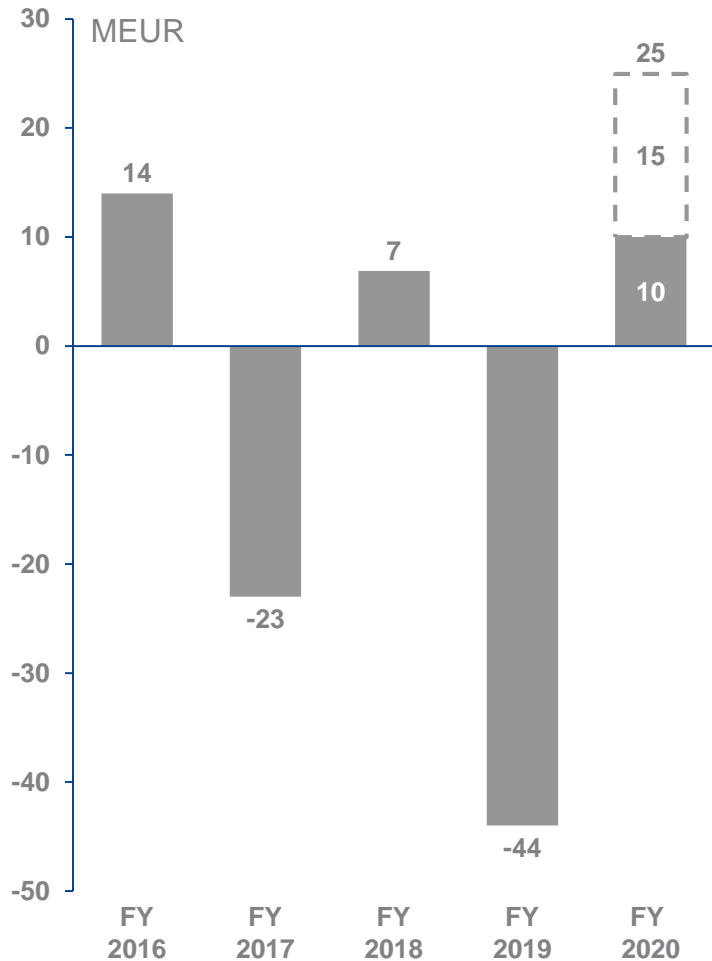
Operational effects: +7

MEUR	Current outlook / November 28, 2019		
	2017	2018	2019
Sales	1.057	1.123	1.173
EBIT adj.	50	75	75
<i>% of sales</i>	<i>4,7%</i>	<i>6,7%</i>	<i>6,4%</i>
Restructuring & One Off cost	-26	-21	-8
EBIT	24	54	67
<i>% of sales</i>	<i>2,2%</i>	<i>4,8%</i>	<i>5,7%</i>
Financial Items	-17	-15	-19
Profits Before Taxes	6	39	48
Taxes	-14	-15	-18
<i>% of PBT</i>	<i>-225%</i>	<i>-38%</i>	<i>-36%</i>
Net Income	-8	24	31
EPS (NOK)	-0,19	0,53	0,70

Even in this challenging macro environment, assuming our Current Macro Expectations remain unchanged, in 2019, we plan to deliver:

- top line growth of 2 - 4%,
- flat adj. EBIT,
- EBIT growth of ~ 25%, and
- NI growth of ~30% in 2019

Free cash Flow*



- 2019 Cash Flow influenced by declining end markets.
- 2019 Working Capital development was unsatisfying due to internal processes.
- 2020 Cash Flow from operations expected to generate MEUR +10 excluding working capital effects. (Grey shaded bar)
 - This includes 2020 Capex of around MEUR 70.
- We seek Working Capital improvements of around MEUR +15 in 2020. (White bar)

*Free Cash Flow = Cash flow from operating activities ± cash flow from investments ± cash flow from financing excluding net draw down / repayment of debt

Kongsberg Automotive

Key investment highlights & outlook

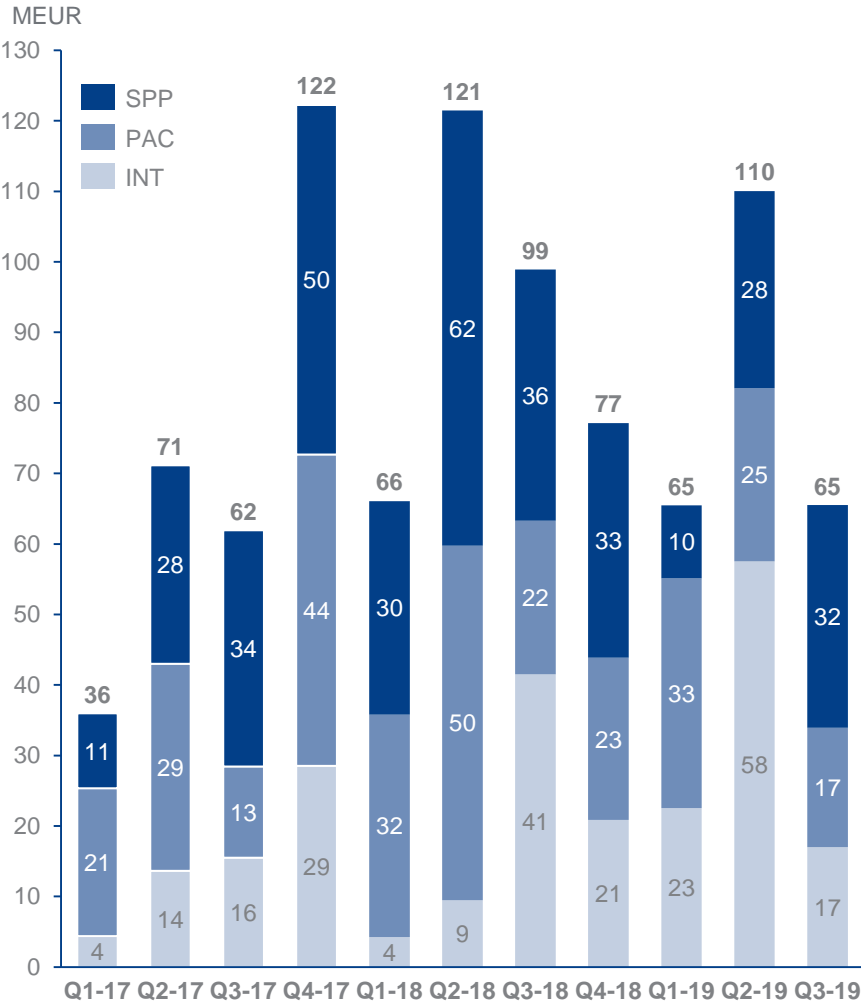
- Kongsberg Automotive – a truly global mid-sized automotive supplier with a diversified customer base
 - Kongsberg Automotive is a manufacturer and supplier of components, systems and aftermarket products, primarily for the automotive (light duty vehicles) and truck/bus (heavy duty vehicles) markets. We also serve the power sports and heavy equipment industries.
- Diversified revenue base with ~75% from OE-auto and ~25% from non-auto markets including aftermarket
- Strong market positions in our segments with leadership positions in attractive niche markets
- Kongsberg Automotive is well positioned to capitalize on growth trends in our end markets
- Strong and improving financial performance driven by the improvement program initiated in 2016
- Due to a capital increase and a debt refinancing in 2018, we have a stable long-term capital structure
- Based on our new business wins over the past years, we are well positioned for future profitable growth
- In FY 2019 Kongsberg Automotive is outperforming the general automotive supplier market from a top-line and bottom-line perspective
- In spite of the challenging macro environment and overall market declines, we expect to continue to deliver above-market revenue growth in fiscal year 2020, albeit at a declining absolute growth rate than in 2019, based on today's market outlook.

Backup Slides

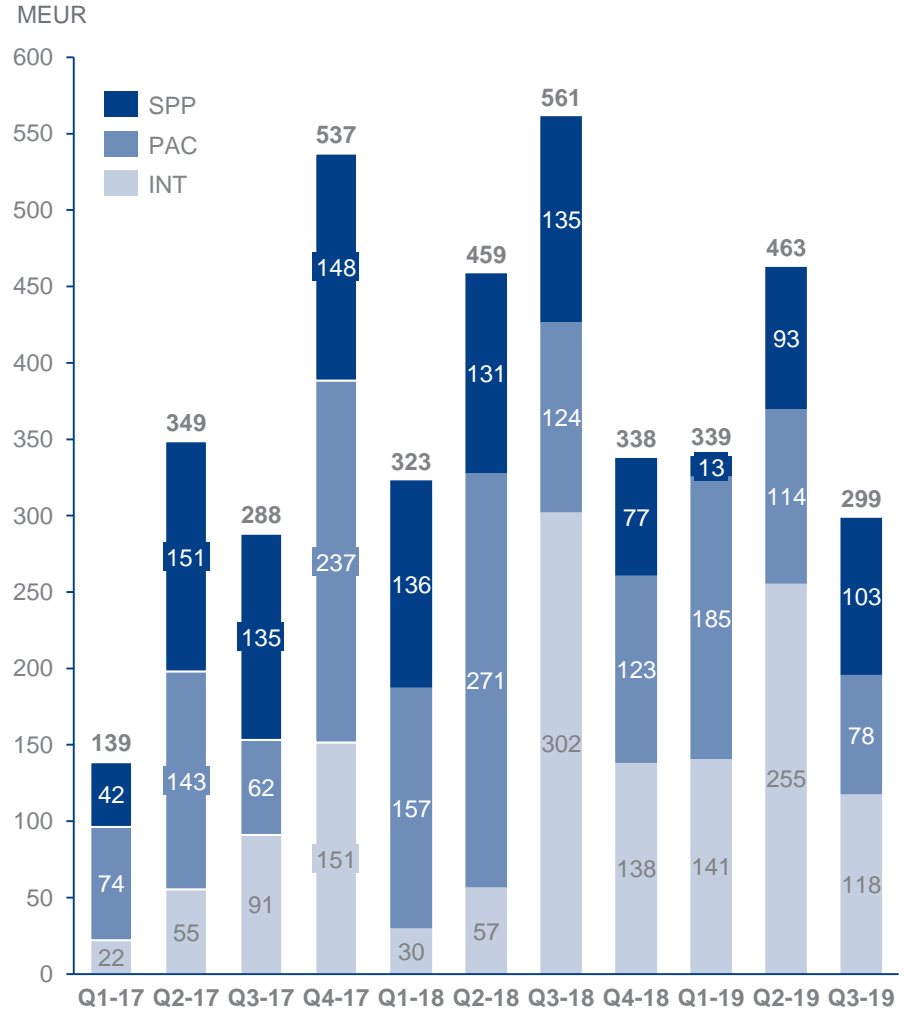
New business wins by segment

New business wins secure future growth development 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.

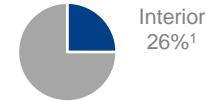
Key financial policies and governance

Leverage targets	<ul style="list-style-type: none"> ▪ Leverage target: 1.5x net debt / EBITDA ▪ Further deleveraging ▪ Target equity ratio¹ of 35%
Liquidity	<ul style="list-style-type: none"> ▪ Minimum operational cash on balance sheet: €20m
Investments	<ul style="list-style-type: none"> ▪ Select investments in key product / niche areas based on strict return performance
Dividend policy	<ul style="list-style-type: none"> ▪ Reinvestment of proceeds and debt reduction to maintain future prospects and achieve leverage targets take priority over dividends / share buy-backs
Liabilities and risk management	<ul style="list-style-type: none"> ▪ Benefits from natural hedging with relatively limited revenue / cost exposure ▪ Currently no use of derivatives
Compliance	<ul style="list-style-type: none"> ▪ Adhere to strict compliance standards
M&A policy	<ul style="list-style-type: none"> ▪ No urgency to do M&A; we will only engage in opportunistic M&A activities <ul style="list-style-type: none"> ▪ No transaction will take place if not accretive to the Company ▪ Criteria for potential M&A targets: <ul style="list-style-type: none"> ▪ Technology based ▪ Enabling stronger vertical integration and synergies ▪ We will continue our portfolio pruning process

¹Defined as Equity / total Assets

Interior Segment

Revenue 2018A:
€286mm



Description	% of Interior revenue ²	Product	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

77%



Light Duty Cables

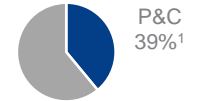
- Exclusively focused on LDV market
- Cables represent core competence
 - Strong product technology and knowledge base
 - Traditional LDC applications moving towards actuators
 - Uses actuator designs from other business units, thus offering competitive benefits vs other pure LDC players

23%

¹ % 2018 revenue; ² Includes other revenue of 3%

Powertrain & Chassis Segment

Revenue 2018A:
€437mm



Description	% of P&C revenue ²	Product	End-markets
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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

86%



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

11%



Cabin Anti-roll Bar



V-stays










¹ % 2018 revenues; ² Includes other revenue of 4%

Specialty Products segment

Revenue 2018A:
€400mm



Description	% of SP revenue	Product	End-markets
<p>Air Couplings</p> <ul style="list-style-type: none"> ➤ Focused on air brake applications for HDVs ➤ Technology leader with growing market share <ul style="list-style-type: none"> – Premium priced products – Savings to OEMs through simplified processes – Potential for growth in NA and Asia 	27%	 <p>Raufoss ABC™ Couplings System</p>	
<p>Fluid Transfer Systems</p> <ul style="list-style-type: none"> ➤ Specialty hoses for harsh applications ➤ Market and technology leader in PTFE hoses ➤ Growing market with strong competition in assemblies ➤ Focus on product differentiation and scale benefits ➤ Fragmented market in assemblies' segment 	34%	 <p>Twin Turbo Drain</p> <p>Twin Turbo Feed</p>	 
<p>Off Highway</p> <ul style="list-style-type: none"> ➤ Target: become largest supplier of steering system products for the Power Sports, Agriculture, and Construction markets ➤ Steering columns, displays, pedals and hand controls ➤ Supplier of HMI and custom electronic products 	39%	 <p>Pedal Box</p> <p>Tilt & Telescope Columns</p> <p>KAntrak 1700</p>	

¹ % 2018 revenue

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