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Kongsberg Automotive ASA

Second quarter 2019 - July 26, 2019

Highlights Q2 2019

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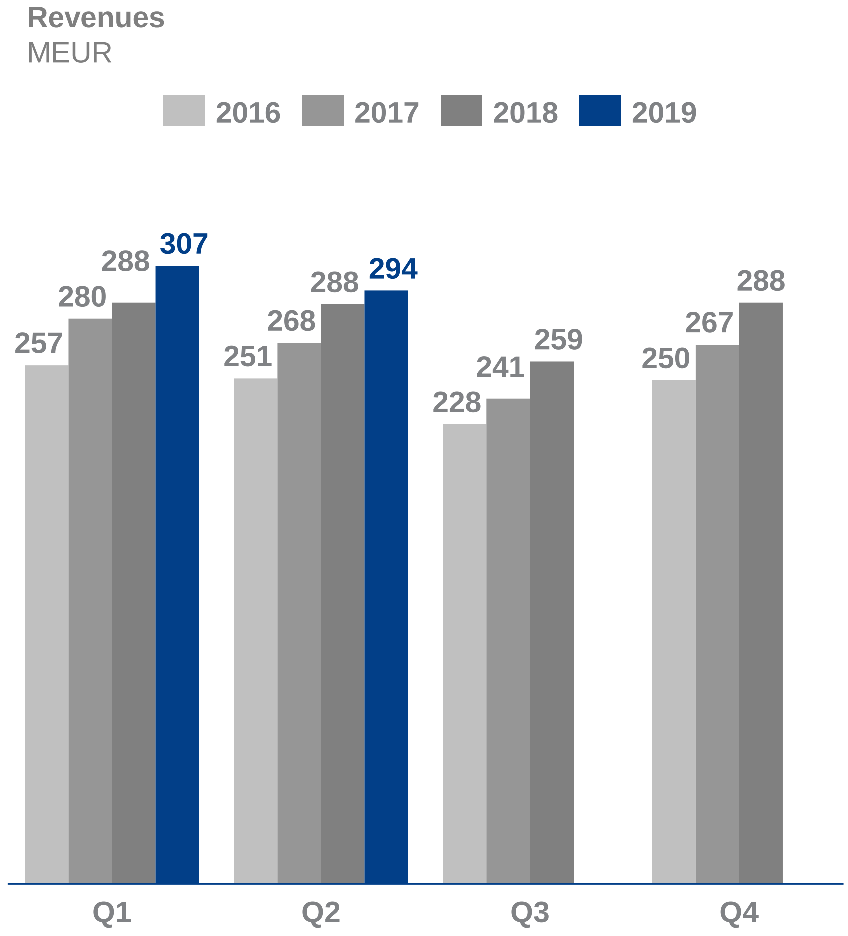
Sales	▪ Revenues grew by MEUR 6 (2.0%) YoY to MEUR 294 including positive FX effects of MEUR 4. This despite a declining market. ▪ Excluding FX effects, our growth rate was 1% compared to a passenger car market decline of 6%. ▪ We were awarded new business worth MEUR 110 in annual revenues which corresponds to MEUR 463 in expected lifetime revenues.

Performance	▪ Adj. EBIT amounted to MEUR 20.4 with no FX effects; MEUR 0.4 lower than Q2 2018.
	    ▪ The mostly macro related unfavorable impacts continued from Q1 into Q2. (Raw material prices, Mexican labor, Tariffs)
	    ▪ Due to smaller YoY topline growth than in Q1, this growth was, contrary to Q1, not sufficient to offset the macro effects above.
	▪ EBIT improved YoY by 28% due to a significant reduction in restructuring costs.

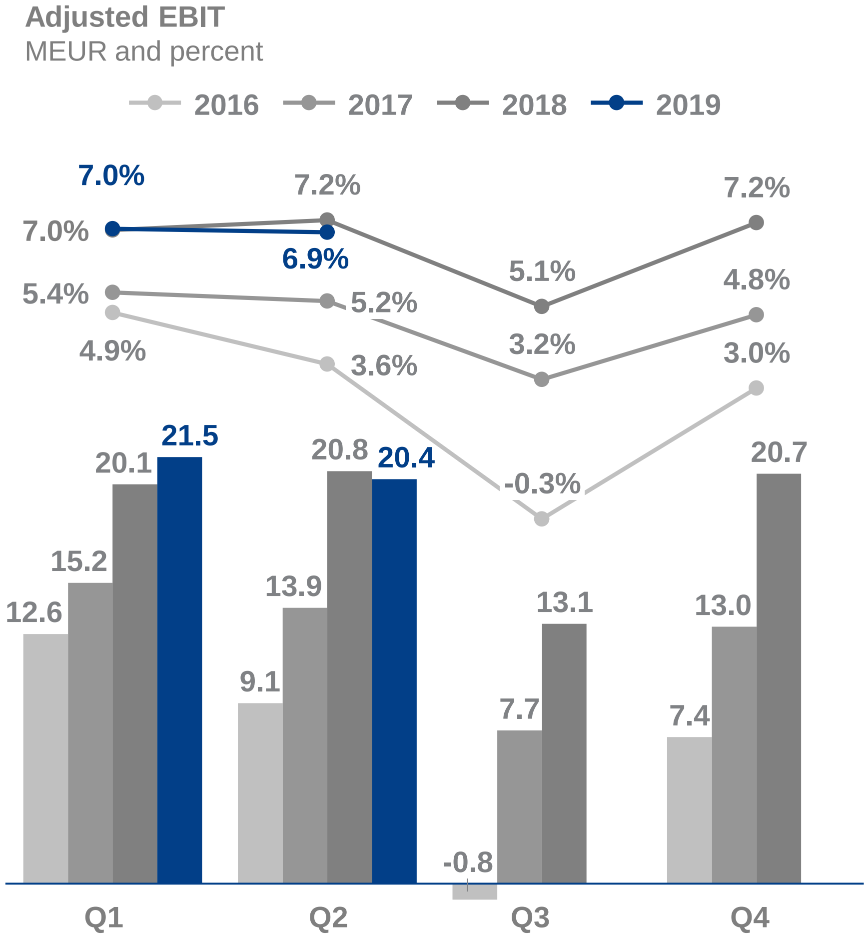
Cash Flow	▪ Free cash flow was negative MEUR 6.1 driven by capital investments and cash tax payments. ▪ Cash on hand at the end of the quarter was MEUR 35.6.
Gearing	▪ On a non IFRS 16 adjusted basis, our LTM adjusted gearing ratio (NIBD/Adj. EBITDA) was 2.3X, which is 0.1X higher than in Q2 2018. After the IFRS 16 adjustments, our gearing ratio was 3.0X.

Revenues and Adjusted EBIT

Revenue and adj. EBIT figures have improved substantially over the last years



Revenues including HRAR

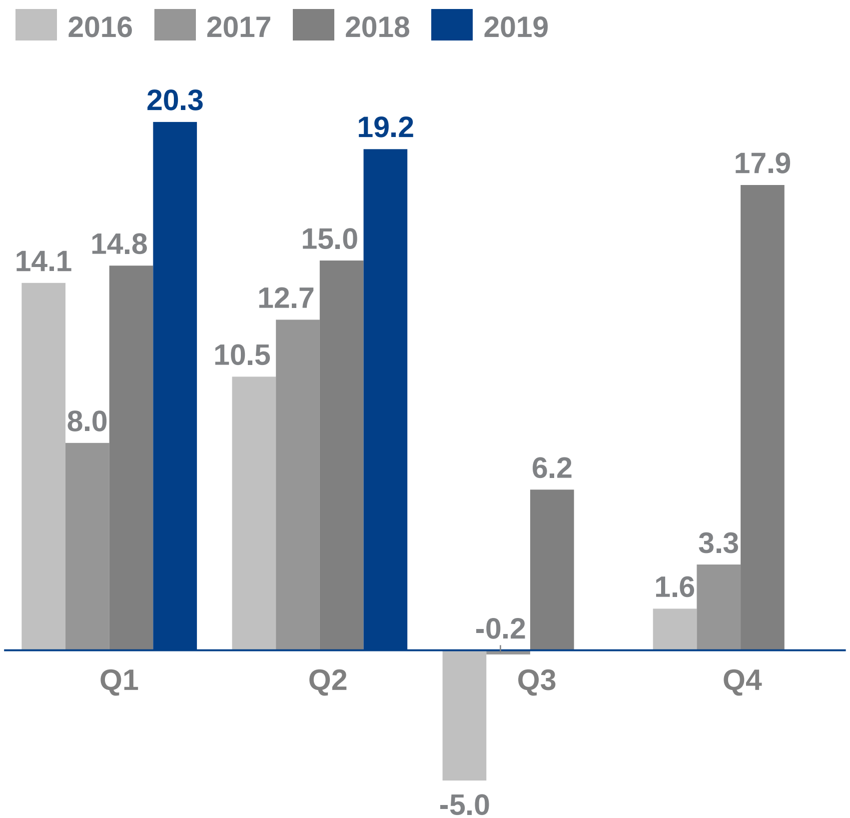


EBIT adjusted for restructuring - see details in the quarterly report.

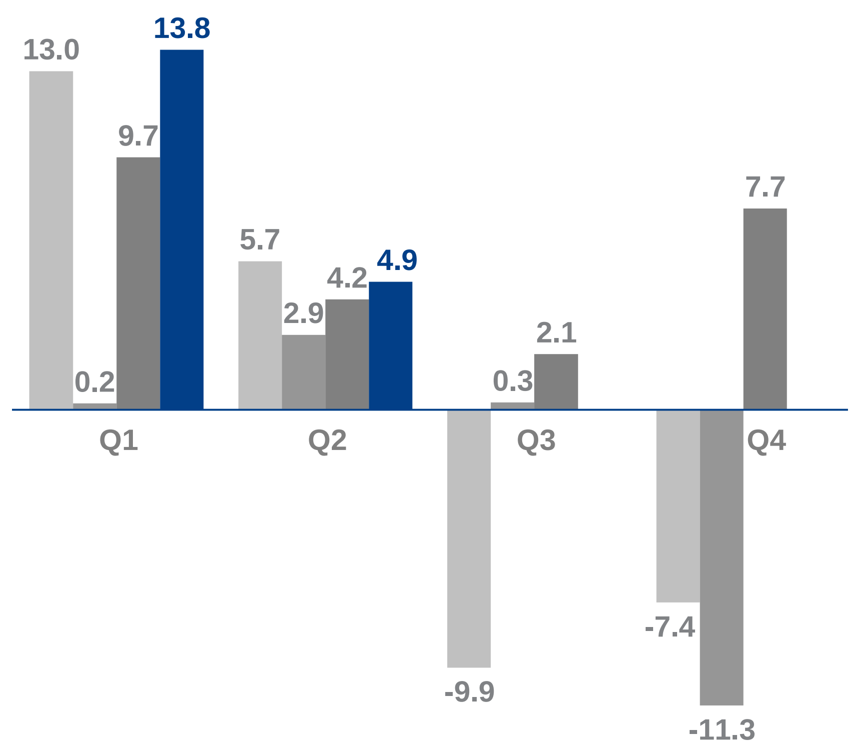
EBIT and Net Income

Net Income continues to grow YoY driven by fundamentals and reduction of restructuring expenses

EBIT
MEUR



Net Income
MEUR



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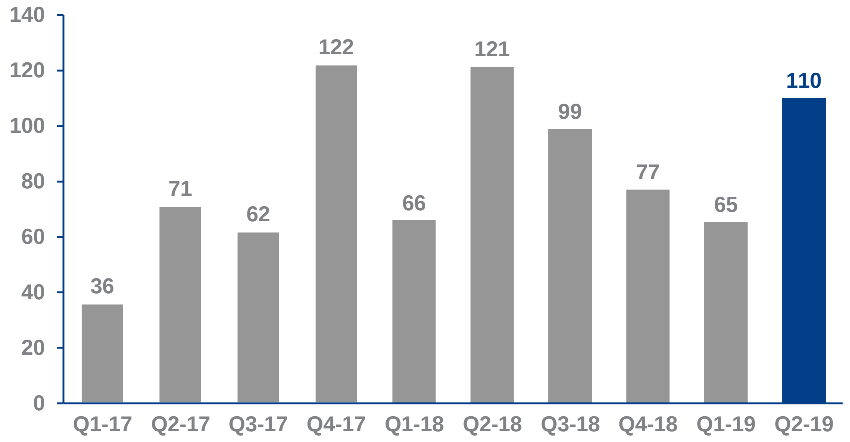
New Business Wins

New business wins - Group

Booking momentum remains despite softening markets

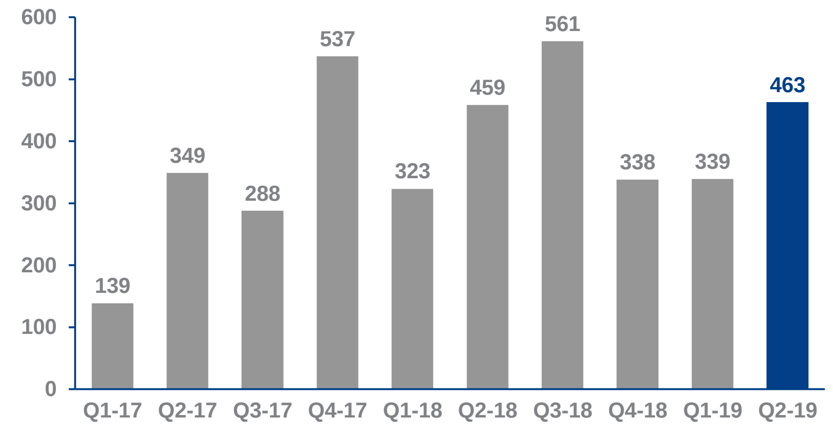
New business wins per quarter (per annum revenues)

MEUR



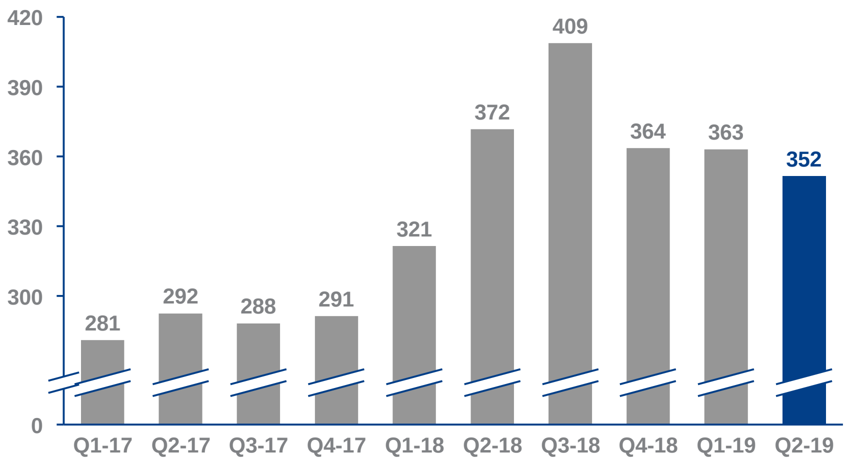
New business wins per quarter (lifetime revenues*)

MEUR



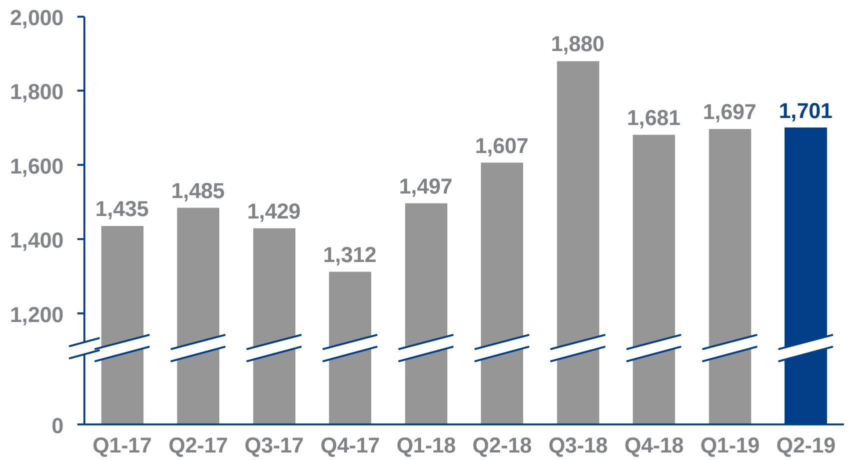
New business wins LTM (per annum revenues)

MEUR



New business wins LTM (lifetime revenues*)

MEUR



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

New business wins by segment

Awards in Specialty products and Interior are picking up again

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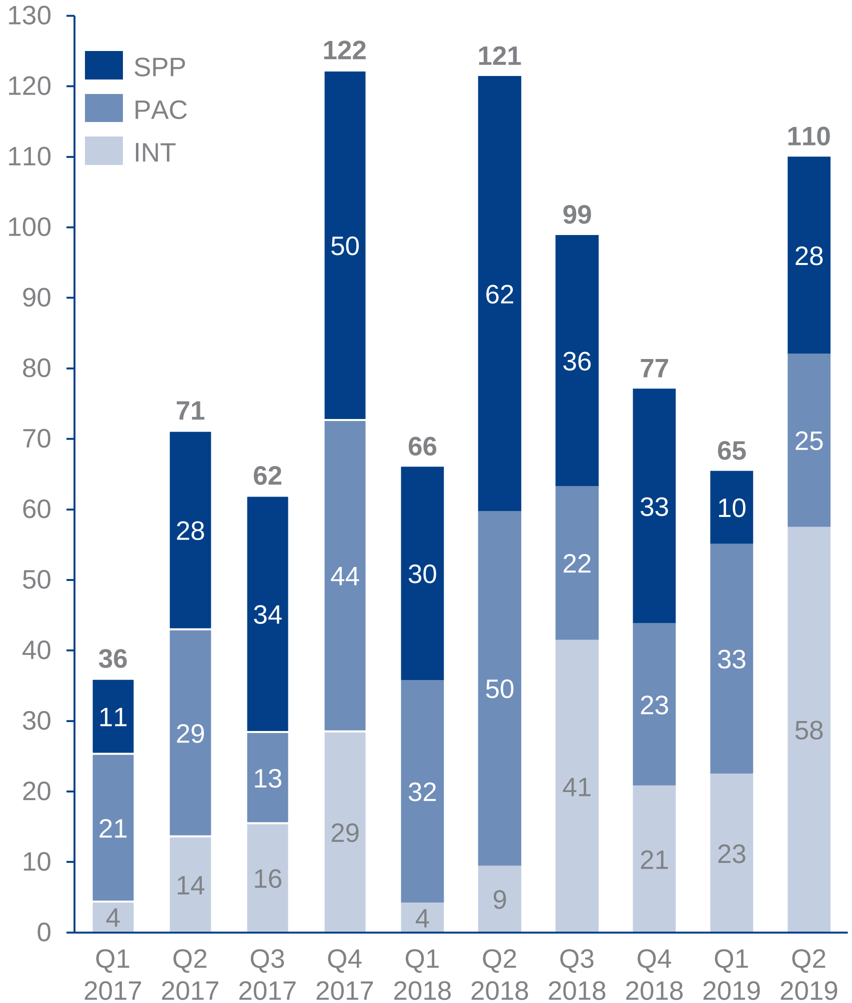
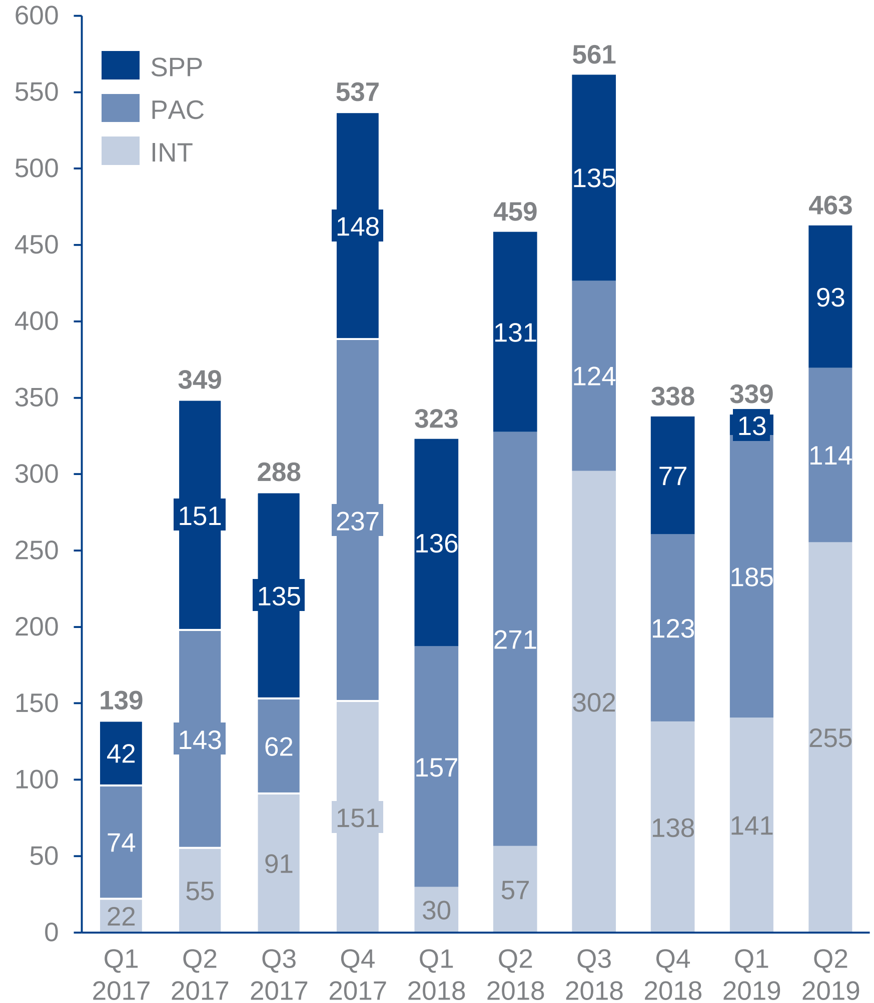
New business wins per quarter (per annum revenues)

MEUR



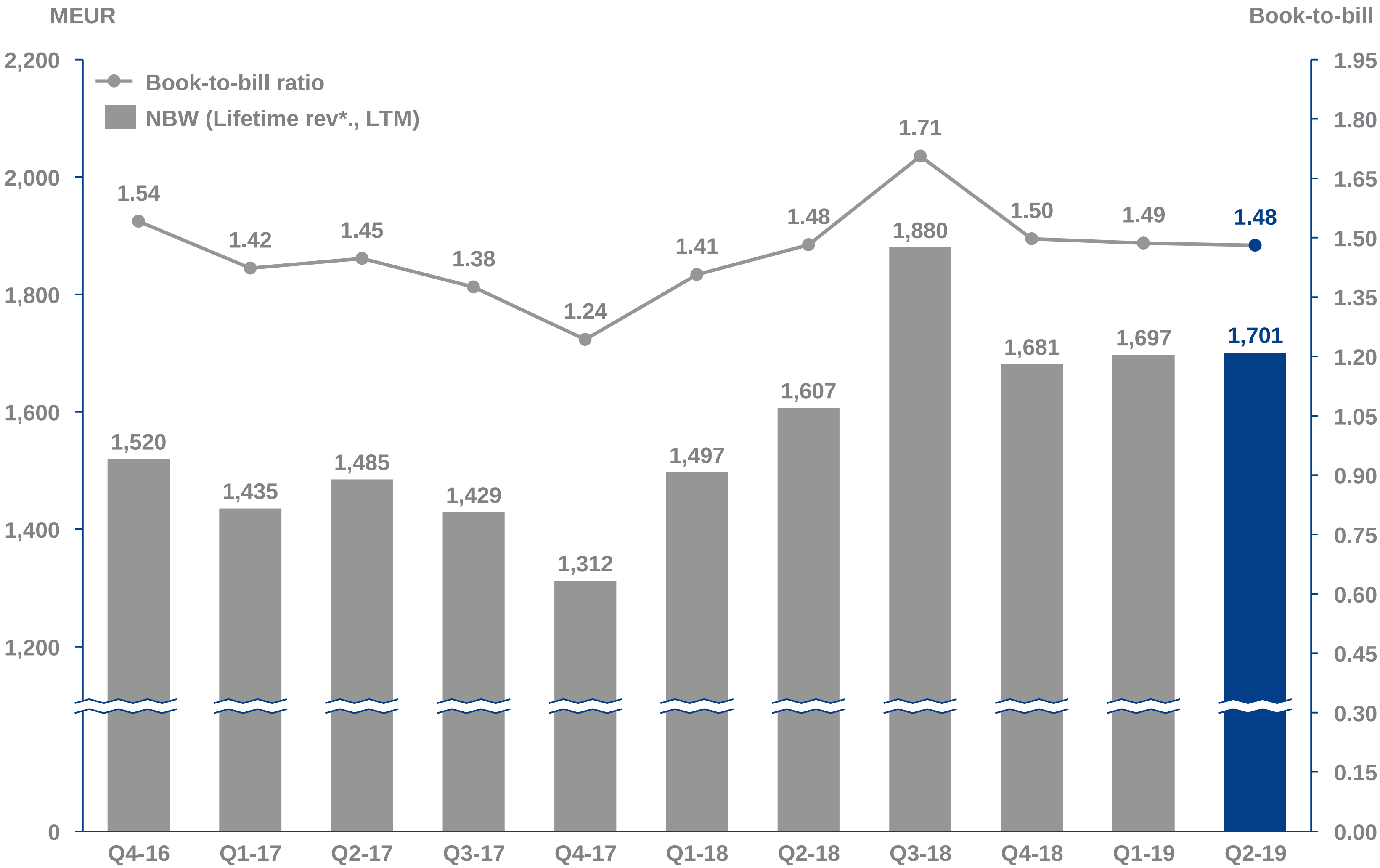
New business wins per quarter (lifetime revenues*)

MEUR



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

Strong book-to-bill performance over the last 2+ years ensures long-term growth



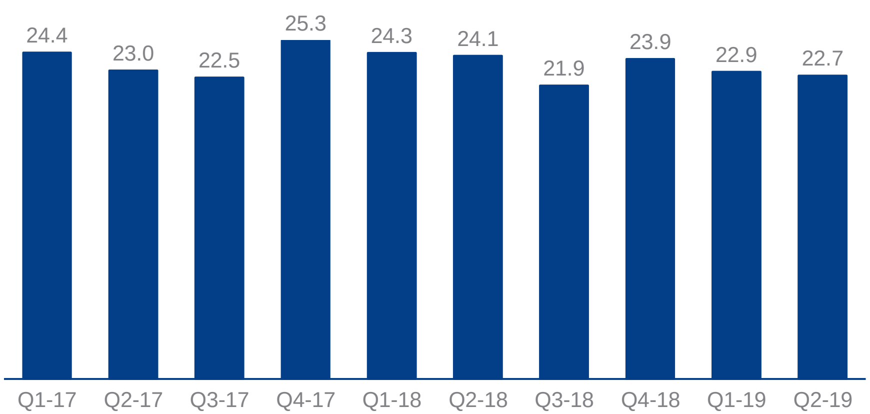
*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

Market Summary

Q2 2019 market summary

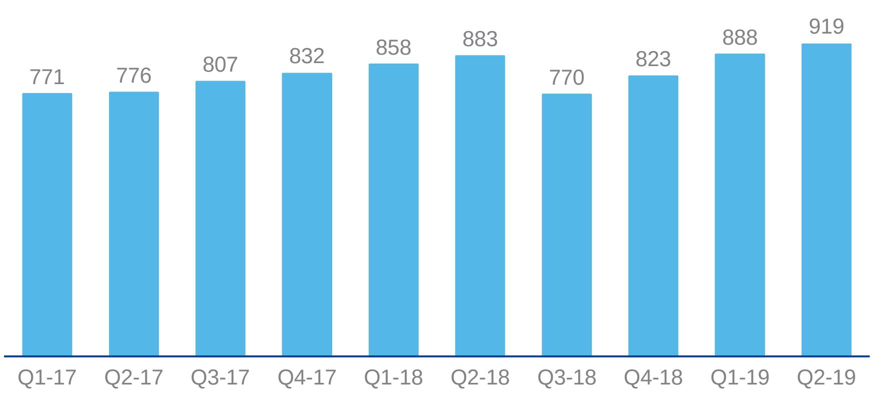
The decline in the passenger car market is hardly offset by the increase in the truck market

Global Passenger Car Production, Units in millions



Source: IHS Light Vehicle Production Base, Q2 2019

Global Truck Production, Units in thousands



Source: LMC Global Commercial Vehicle Forecast, Q2 2019

Global Passenger Car Production

- Global light vehicles production in Q2 2019 was 22.7m, a YoY decrease of 6.1%, or approx. 1.5m units.
- For the fourth consecutive quarter, China was the main driver of the reduction in global production with a YoY decline of 10.7% or approx. 0.7m units. Early implementation of new emission standards and the threat of an escalation of the U.S/China trade conflict are attributable to the decline in the Chinese market.
- Production in Europe decreased by 6.9% YoY or approx. 0.4m units mainly driven by Germany and the U.K.
- In North America and Asia without China production declined YoY by 2.6% and 0.1%, respectively.
- Finally, the production in South America increased by 3.4% YoY or approx. 30k cars.

Global Truck Production

- The production of medium and heavy-duty commercial vehicles increased by 4.1% YoY, equivalent to approx. 36k units. Thus, Q2-19 concludes another quarter above the Q2-18 peak levels.
- North America and China where the main drivers of the overall growth, with YoY rates of 7.8% and 6.2%, respectively.
- Production levels in Europe and Asia without China were unchanged.

China dominated the decline in global car production

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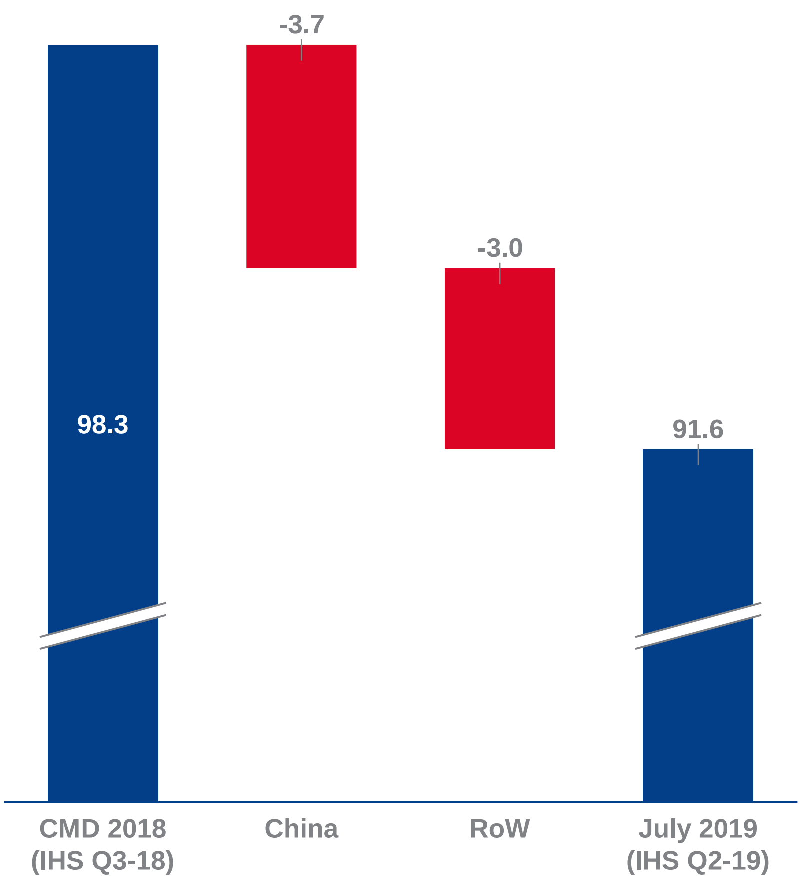
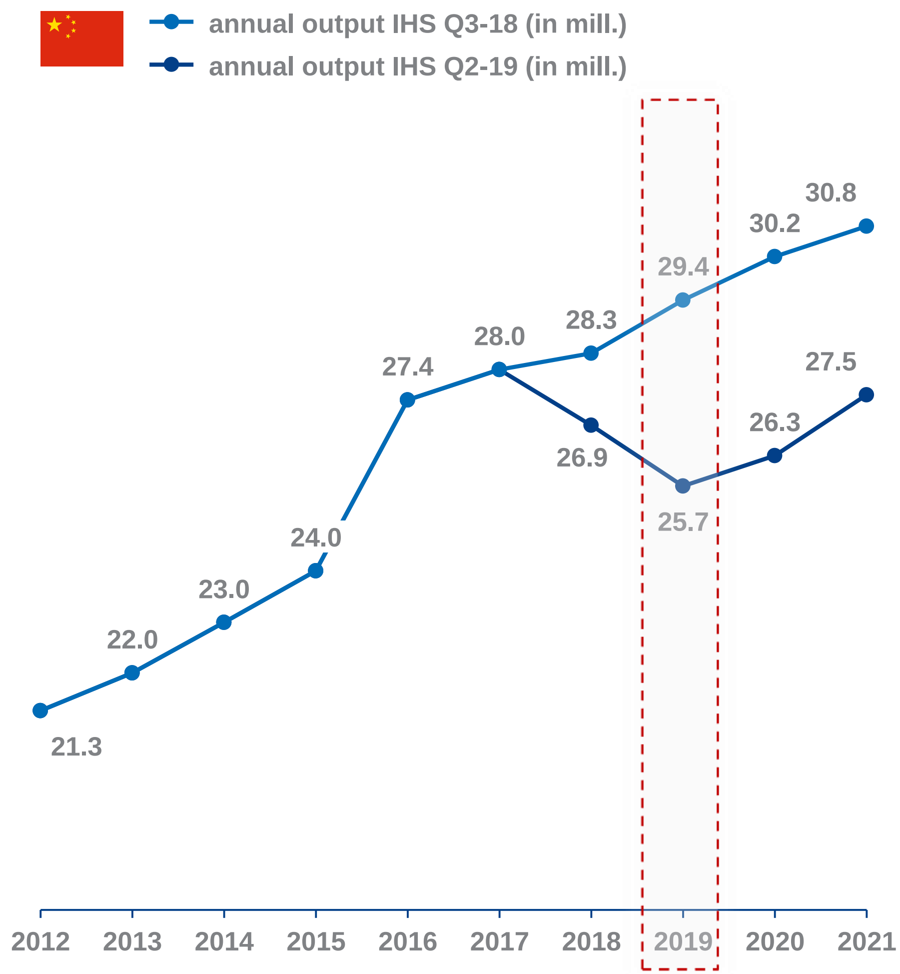
FY 2019 LDV output forecast (in mill.)



Annual China LDV output forecast



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Segment Highlights

Segment financials last five quarters

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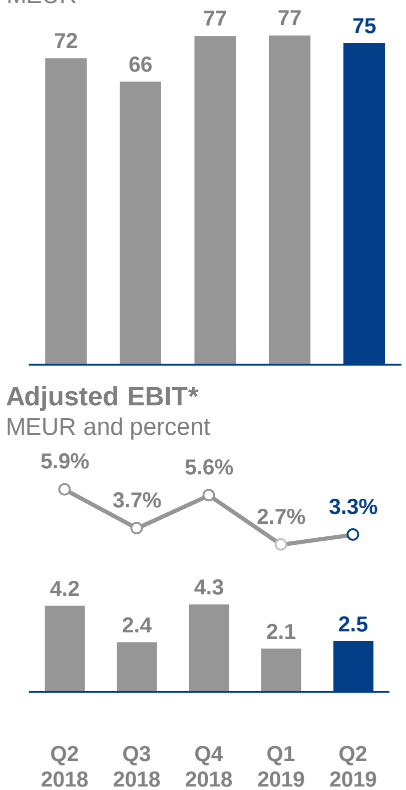
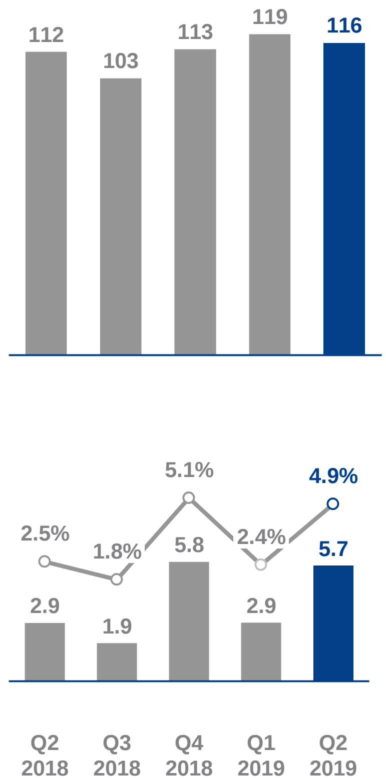
Interior

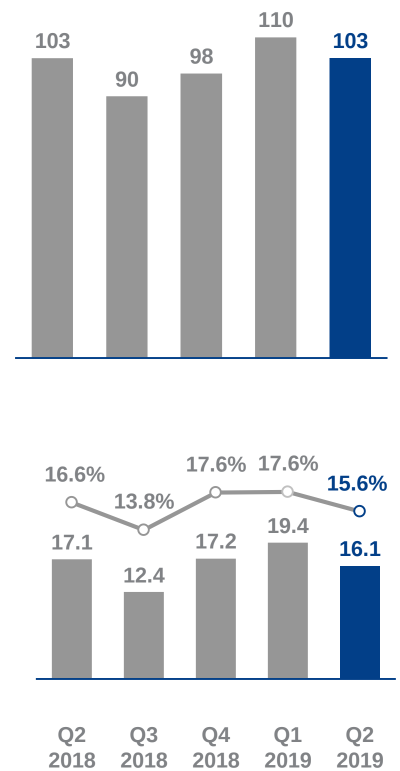
Revenues
MEUR



Powertrain & Chassis



Specialty Products



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

Interior

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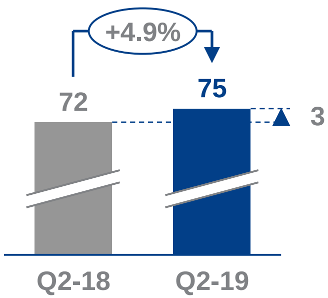
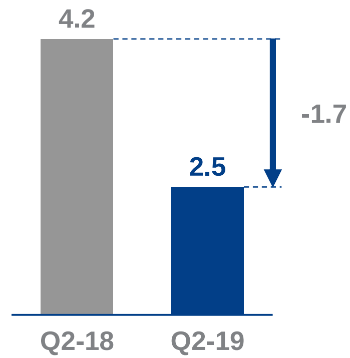
Revenues



The increase was driven by a 10% YoY growth in ICS*. This was offset by a 9% market driven decline in the LDC* business.

Volume increase from new programs in North America was the main driver in ICS whereas in LDC we saw a decline across all regions.

Adj. EBIT



The fall through from the overall revenues in ICS was satisfactory. However, the revenue decline and the additional Mexican labor cost in LDC more than offset this positive ICS effect.

Operations

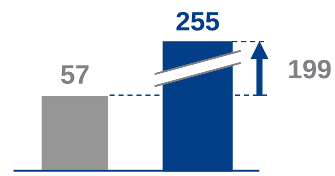
Operational efficiencies continued to improve YoY at the segment's main plants in Poland.

As expected, the increased labor rates in Mexico and higher tariff costs impacted operational performance negatively and will continue in Q3 and Q4.

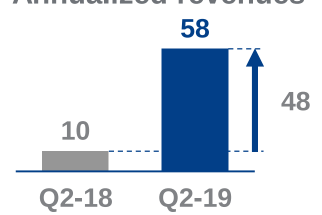
* ICS – Interior Comfort Systems
* LDC – Light Duty Cables

New Business Wins

Lifetime revenues



Annualized revenues



Interior had another strong booking quarter, primarily driven by ICS.

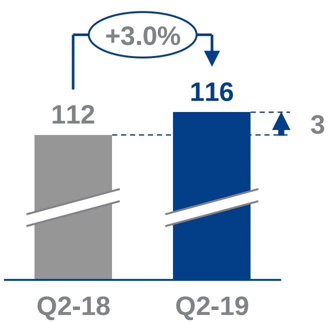
ICS was awarded a contract to supply Seat Support systems to a premium European OEM customer worth MEUR 19 in annualized revenues or MEUR 134 in lifetime revenues.

For LDC, bookings are at low levels. LDC won a contract to supply Actuation Cables to a North American tier 1 supplier worth MEUR 2 in annualized revenues or approx. MEUR 13 in lifetime revenues.

All figures in MEUR

Powertrain and Chassis (P&C)

Revenues

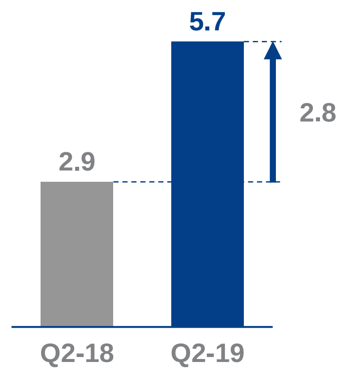


In Q2, P&C grew in both, the passenger car and the truck & bus markets.

The passenger car growth was driven by an increase of our market share in China.

The truck & bus growth was mainly driven by our increasing AMT actuator revenues in North America.

Adj. EBIT



Most of the YoY increase was attributed to the fall through from the additional revenues in North America and Asia.

Furthermore, operational improvements in the European plants and seasonality effects contributed to the increase.

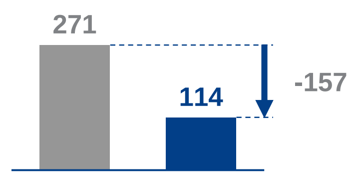
Operations

Although, P&C was also negatively affected by the increased labor rates in Mexico, operational cost improvements and completed capacity increase projects contributed to the YoY EBIT improvements.

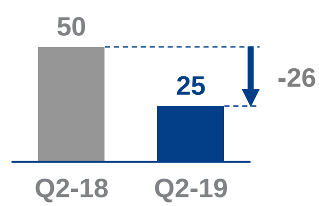
The segment continued to improve underlying plant performance in its European plants which were included in the prior years restructuring program and to overcome the extraordinary capacity increase cost we did report in the last 2 quarters.

New Business Wins

Lifetime revenues



Annualized revenues



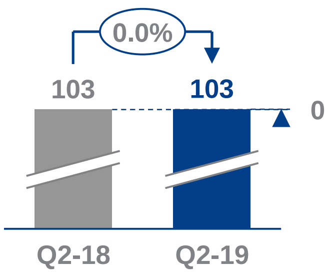
The Q2 2019 NBW in P&C were at more normal levels compared to the record levels in 2018, when we were awarded very significant programs.

The largest win in the quarter was a Gear Shift System project to a major global OEM worth MEUR 18 in annualized revenues of or MEUR 71 in lifetime revenues.

All figures in MEUR

Specialty Products Segment

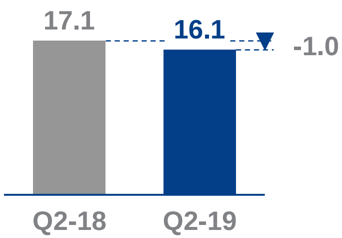
Revenues



The YoY revenues in the segment were flat with small variations in between the different business units.

A challenging market for the outdoor power equipment was offset by other products.

Adj. EBIT



A slightly unfavorable product mix and the increased Mexican labor rates negatively impacted profitability.

Generally, the second quarter continued to perform strongly. The incremental Mexican labor cost were offset by good performance.

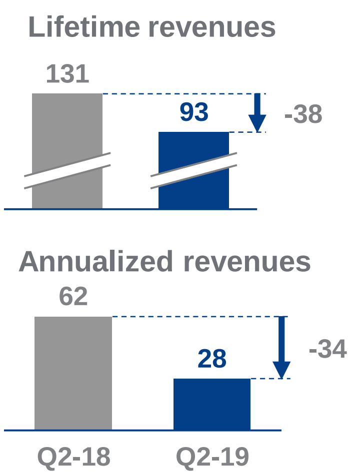
Operations

The capacity expansion projects for Couplings in Europe and Asia are progressing according to plan, from an timing and cost perspective.

The new FTS plant in Mexico surpassed first time the performance of the closed predecessor facility.

As Off-highway shares a plant with LDC in Mexico, this business unit has also been negatively impacted by the increased costs of Mexican labor.

New Business Wins



The segment's new business wins include assembled products to a major European truck manufacturer worth approx. MEUR 8 in annualized revenues or MEUR 24 in lifetime revenues.

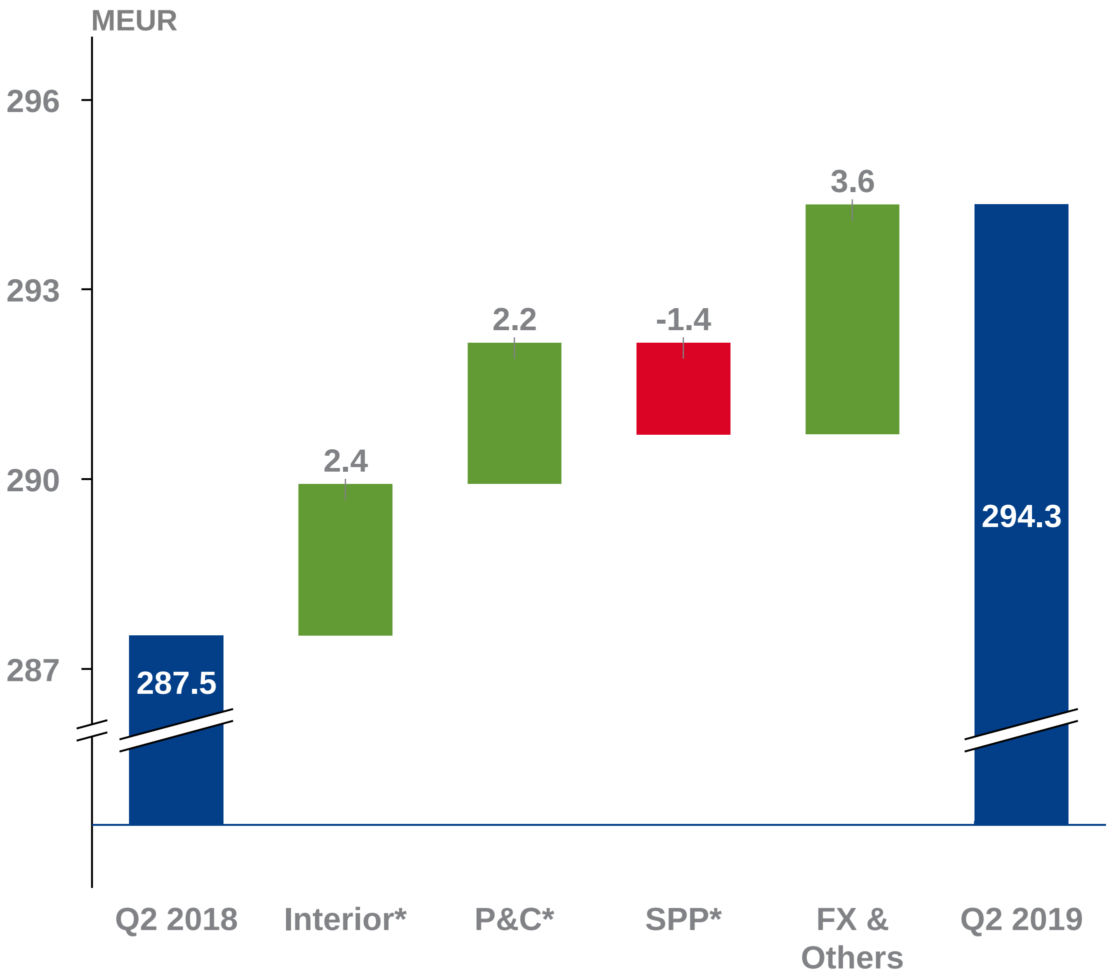
All figures in MEUR

Norbert Loers

Financial Update

Q2 2019 - Revenue development

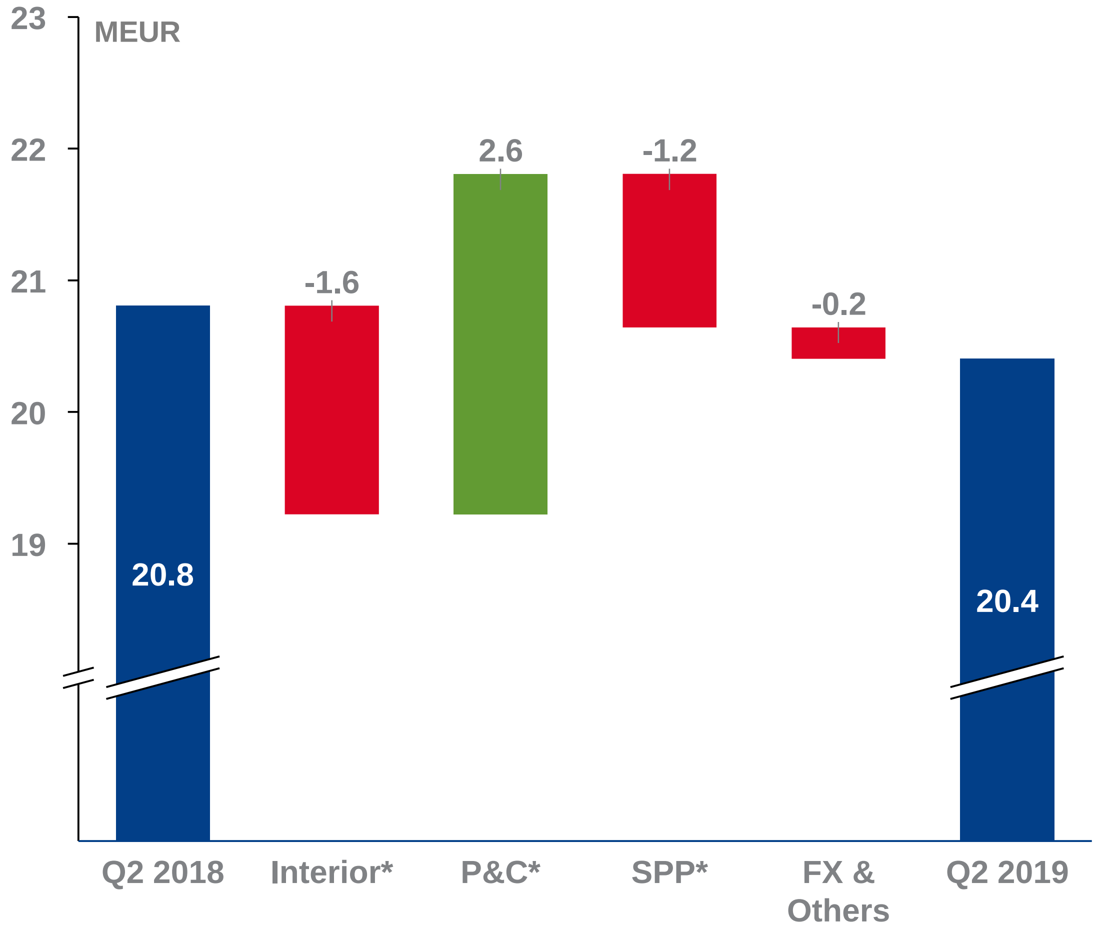
Interior and Powertrain & Chassis segments driving revenue growth



** Variances excluding FX translation effects*

- **Group**
  - Revenues of MEUR 294.3, which is a YoY growth of +2.4%.
- **Business segments**
  - Interior's positive YoY development was driven by volume growth in ICS business, but offset by a decline in LDC.
  - Powertrain & Chassis revenue increase driven by the Chinese passenger car and North American Commercial vehicles applications.
  - Specialty Products revenue excl. FX effects declined marginally.
- **FX translation & Other effects**
  - Interior: MEUR +1.1
  - P&C: MEUR +1.1
  - SPP: MEUR +1.5

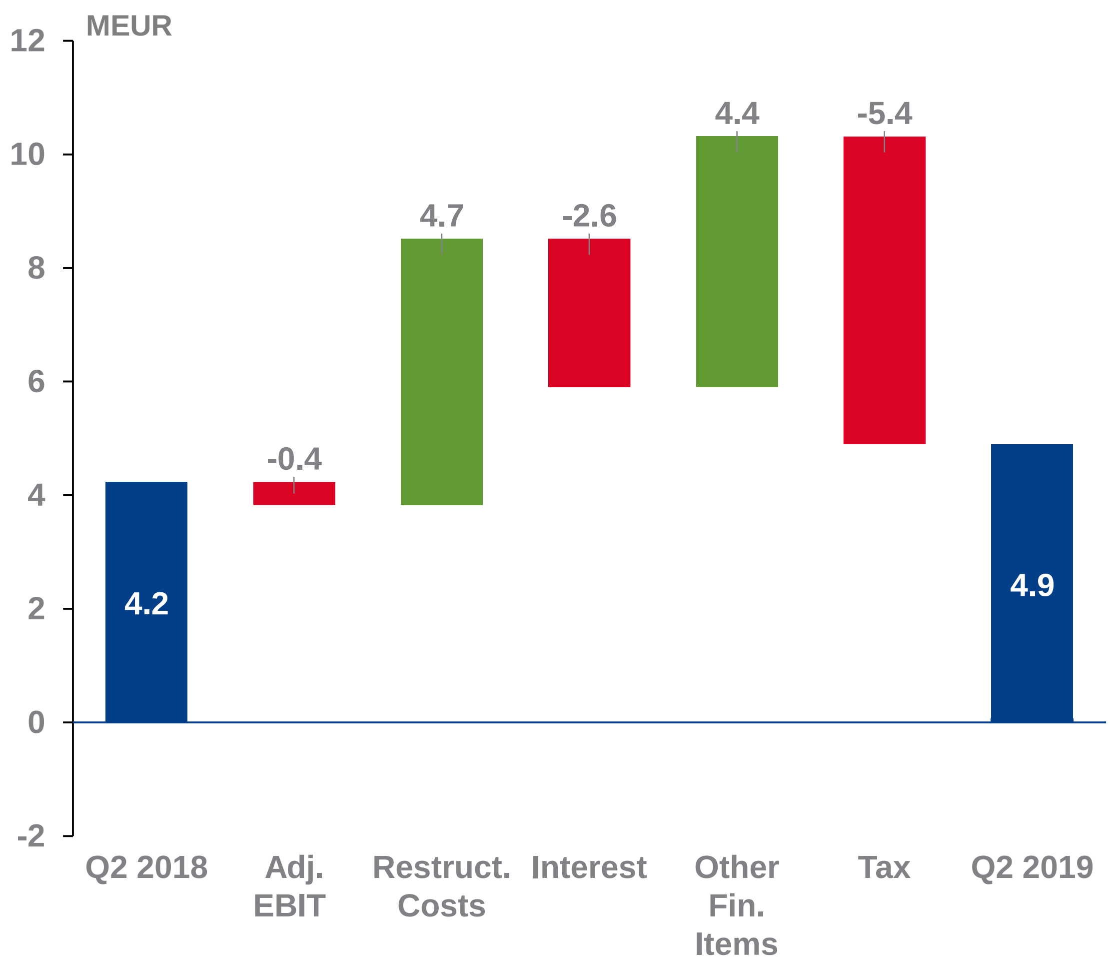
Q2 2019 - Adjusted EBIT development



- **Group**
  - Adjusted EBIT MEUR 20.4, MEUR 0.4 lower than Q2 2018.
- **Business Segments**
  - Fall through from increased volumes offset by:
    - Increased custom duties
    - Unfavorable product mix
    - Increased Mexican labor cost
- **FX and Other**
  - 0.3 MEUR FX effects and -0.5 MEUR other effects.

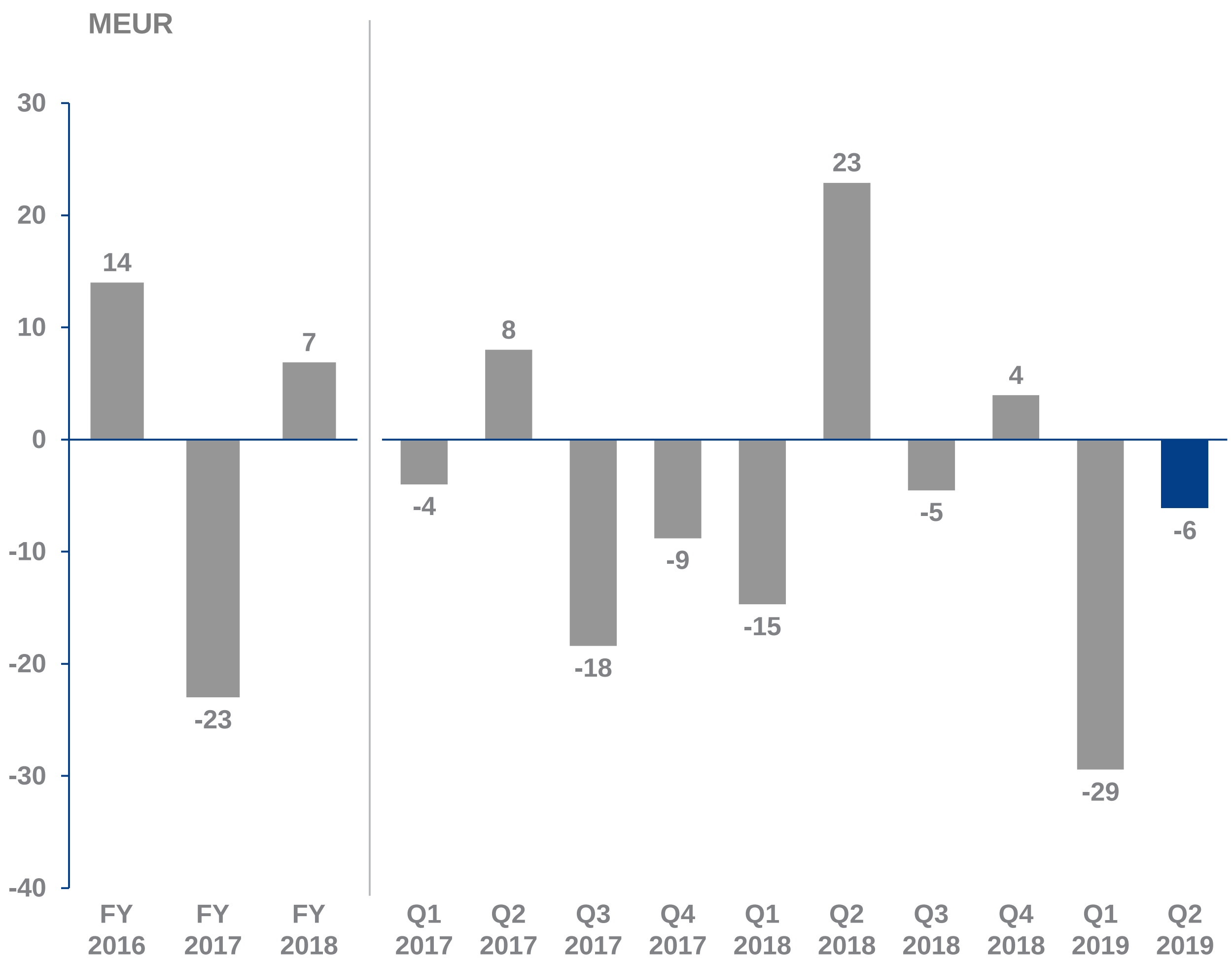
**Variance excluding FX translation effects*

Q2 2019 - Net Profit development



- **Group**
  - Net Profit was MEUR 0.6 above Q2 2018 mainly driven by lower restructuring costs, but strongly impacted by prior year tax adjustments.
- **Restructuring costs**
  - Prior year restructuring cost (MEUR 5.9) related to the transfer of activity from Heiligenhaus, Rollag and Easley.
  - Restructuring cost were reduced following the completion of the production transfer projects.
  - Q2 2019 were related to corporate systems transition costs.
- **Interest**
  - IFRS 16 adoption resulting in MEUR 1.2 additional interest expenses.
  - Refinancing related interests in line with increased level of borrowing and bond interest rate fixed at 5.00%.
- **Other financial items**
  - Consist of unrealized and realized currency losses amounting to MEUR 0.5 in Q2 2019 vs. losses of MEUR 5.0 in Q2 2018.
- **Tax**
  - Impacted by MEUR 3.5 prior year tax adjustments negative effects.

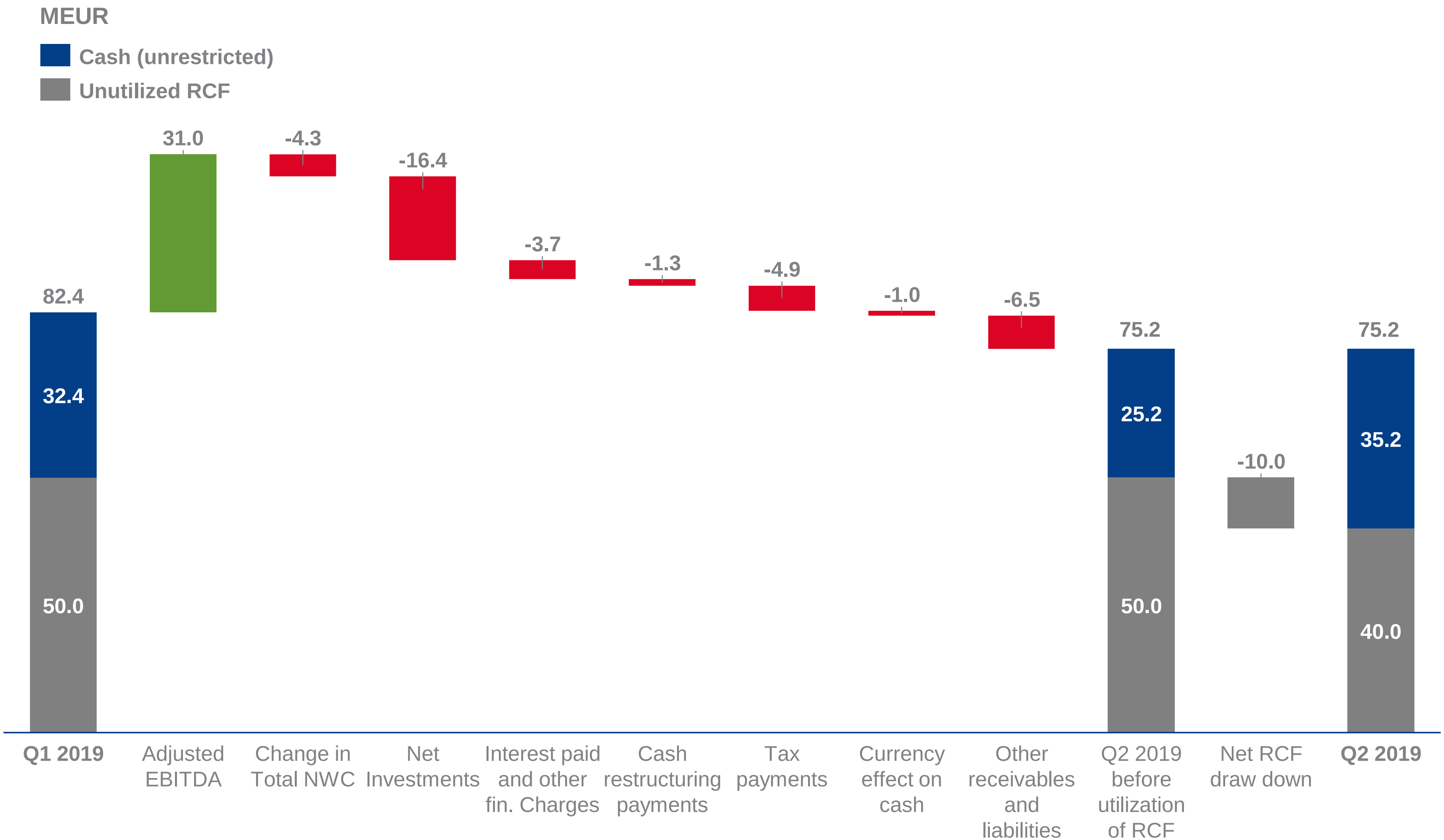
Free Cash Flow*



- **Operational cash flow MEUR 13.9**
  - Overall NWC increase in line with seasonality effects.
  - Inventory decreased by MEUR 7.9.
  - Cash out related to restructuring activities amounted to MEUR -1.3 for Q2 2019.
  - IFRS 16 effects on reduced leasing cost as offset in the financing cash flow
- **Investing cash flow MEUR -16.3**
  - Investments mainly to support current and future business growth.
- **Financing cash flow MEUR -3.7****
  - IFRS 16 lease payments now reported as financing activities for a total amount of MEUR -3.8, comprising MEUR -1.2 of interest paid.

**Cash Flow from operating activities +/- cash flow from investments – net draw down / repayment of debt*
*** Excludes Net draw down of debt of MEUR 10.0*

Q2 2019 - Liquidity development



Net financial items - Breakdown

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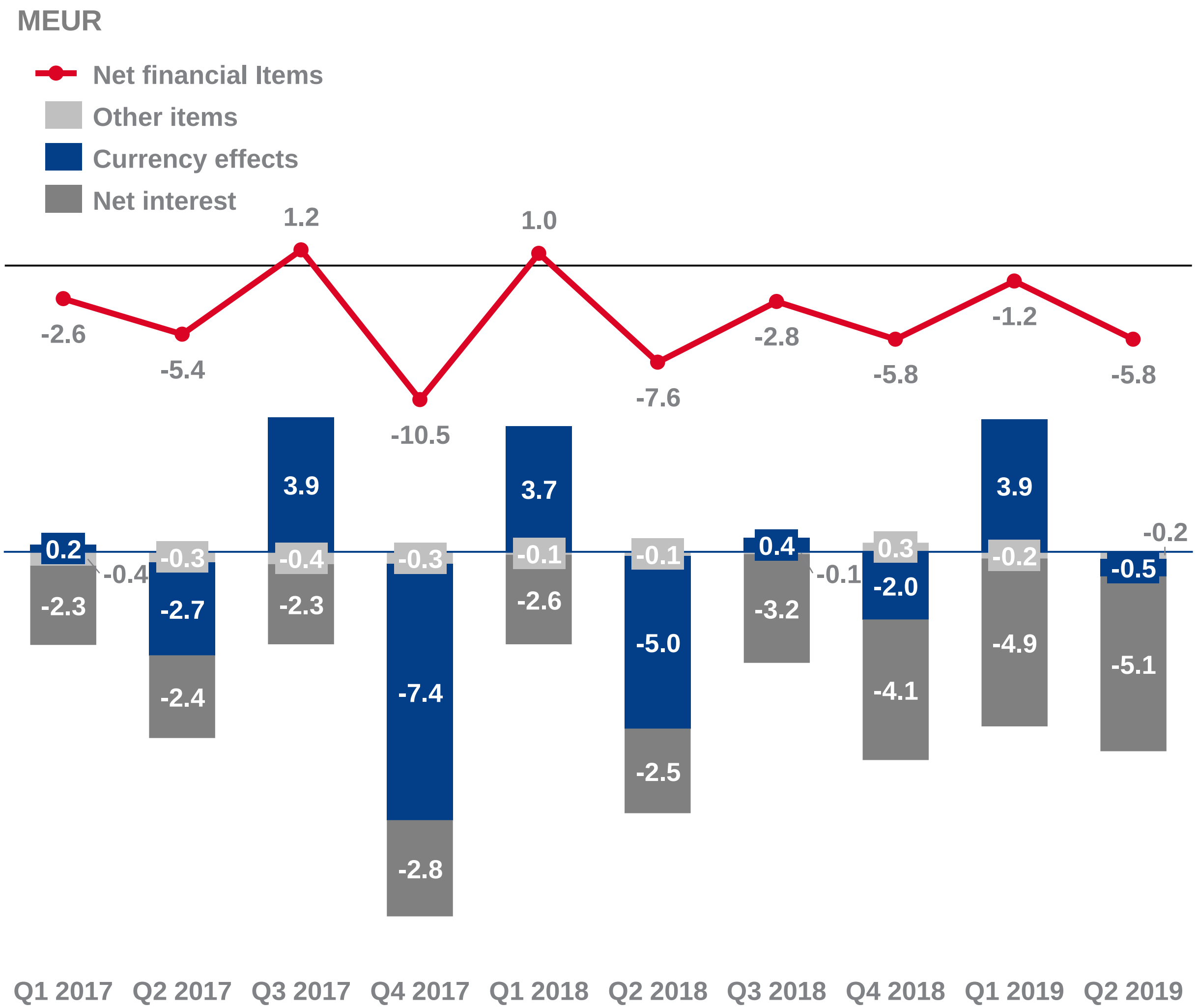
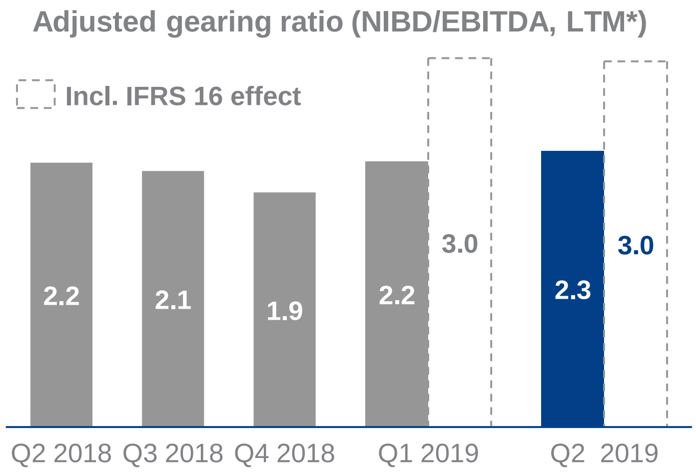
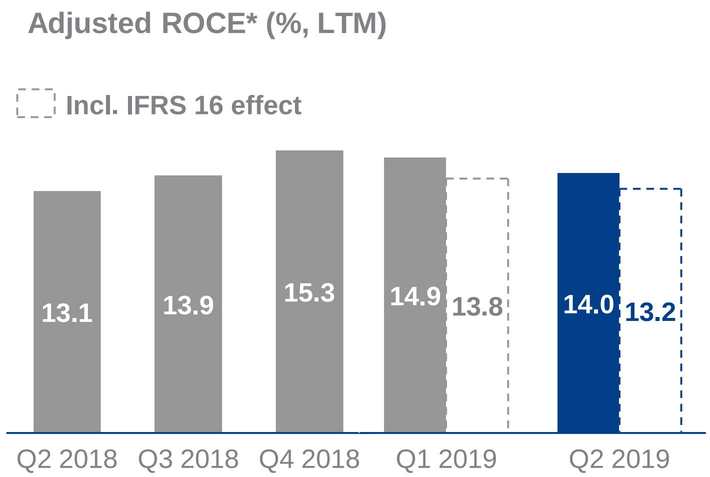
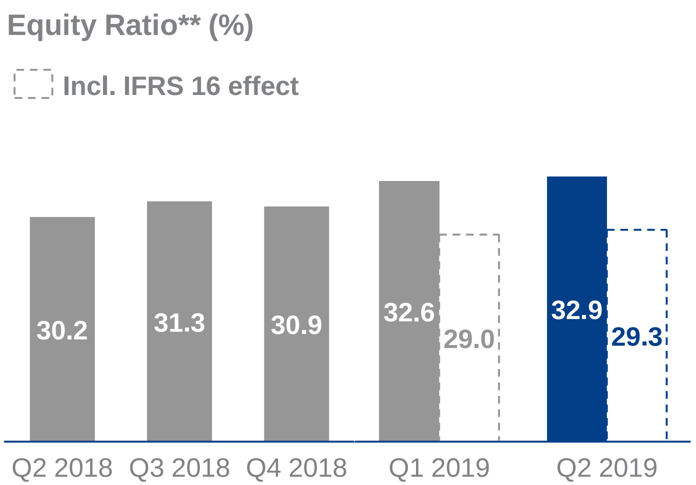


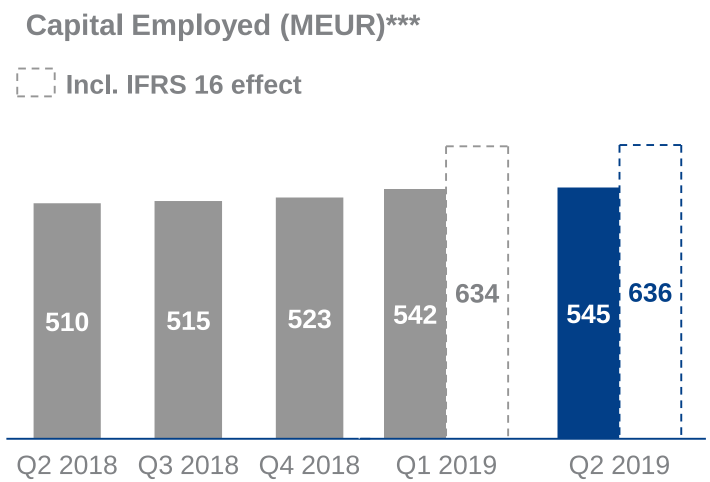
- **Currency effects**
  - The currency loss of MEUR 0.5 consisted of MEUR 0.3 realized FX gains and MEUR 0.8 unrealized FX loss.
- **Interest**
  - Main elements were the IFRS16 interest cost of MEUR 1.2 and accrued interest expense for the bond of MEUR 3.7.

Financial ratios









** Excluding restructuring costs; ** Q2 2018 has accounted for the ~MEUR 40 equity increase; *** Capital employed at the date of the closing*

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Summary

Summary & Conclusion

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- Continuing strong topline performance in a declining market.
  - Supported by strong new business wins.
- On an adjusted EBIT level, we perform at the levels outlined during the Q1 Earnings Announcement which are slightly below prior year due mainly to macro effects.
- At the EBIT and Net Income levels, we improve significantly versus prior year.
- We expect Q3 2019 revenues to be around MEUR 280.