FY 2019 Revised Outlook
2019 AGM, May 15th, 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.

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.
Outlook: an introduction

- Since our 2018 CMD, many of our underlying assumptions have changed.
  - The most prominent change is the downturn in some of our markets compared to our 2018 CMD assumptions.
    - Most significantly, we are seeing a decline in the light duty vehicles/passenger car markets.
    - The commercial vehicle market is holding up and our capital market assumptions are still largely valid for this end market. We see a slight upside in this market segment compared to our 2018 CMD assumptions.
    - In other markets that we serve, primarily industrial applications, we also see a decline compared to our 2018 CMD assumptions.
  
  More details on these changes in macro assumptions can be found in the next slides

- In addition to the end market driven changes in assumptions, other assumptions have also taken place:
  - Development of Labor rates in Mexico
  - Further increases in raw material pricing and increase in Tariffs
  + FX developments
  ± IFRS 16 effects

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

- top line growth of ~ 8%,
- adj. EBIT growth of ~ 10%, and
- NI growth of ~80% in 2019
Market Perspective

- Since our 2018 CMD, many of our underlying market assumptions have changed.
  - Light Duty Vehicle/Passenger Car Market *
    - For the 2018 CMD, we assumed that the market would grow by 2%. According to the latest IHS data, the market is forecasted to decline by 1%.
    - In our 2018 CMD assumptions, we based our assumptions on Q3 and Q4 2018 IHS estimates. These Q3 and Q4 estimates were higher than the actual 2018 Q3 and Q4 figures.
      - Adjusting for the IHS overestimation of the 2018 Q3 and Q4 figures, our 2019 market assumptions were overestimated by slightly more than 5%.
      - Q1 YoY market decline was almost 7%, a much stronger decline than the now forecasted full year weakening of 1%.
  - Heavy Duty/Commercial Vehicle Market **
    - Compared to the 2018 CMD assumptions we are pretty much on track from an absolute volume basis. This is being driven by 2018 being stronger than we anticipated at the 2018 CMD and despite the growth rate declining, the forecasted absolute number of commercial vehicles to be produced for 2019 represents a marginal upside to our 2018 CMD estimates. This does however imply that the commercial vehicle market is forecasted to decline by 2% in 2019.
  - Other markets - Industrial
    - Relative to 2018 CMD assumptions, this channel shows a decline of around 4%.
      - On a weighted basis, this means that our current market estimate is around 4% weaker than the underlying 2018 CMD assumptions.

In spite of this negative market development, based on our strong book of business, we are still forecasting a (constant currency) growth rate of around 8% for 2019 outgrowing the market by around 10% points.

- Relative to the market, this is in accordance with our 2018 CMD guidance.

Sources:
* IHS
** LMC
Unit production estimates are significantly lower than at the 2018 CMD

Source: IHS April 2019

Outlook: Markets

CMD 2018

AGM May 2019

-5.1%
Commercial/Heavy Duty vehicles unit production forecasts are slightly higher than anticipated at the 2018 CMD

Source: LMC Q1-2019
Non market related changes in 2019 assumptions

- Macro driven changes in assumptions
  - Increase in Mexican labor rates above and beyond the 2018 CMD Assumptions.
    - As a consequence of the renegotiated NAFTA agreement, the Presidential election campaign promised significant increases to the minimum wage level in Mexico. Although Kongsberg Automotive hardly has minimum wage employees in Mexico, we were hit hard by the remainder of the Mexican workforce, especially in the US/Mexico border area, striking and demanding significant wage raises. Effectively, our Mexican labor rates increased by around 15%. Compared to our 2018 CMD assumptions this represents an additional spend of Euro 3M to Kongsberg Automotive.
  - Increase in raw material prices and tariffs.
    - Following our 2018 CMD, both raw material prices and tariffs have continued to increase. We have been hit particularly hard by certain plastic resin prices.
  - FX effects
    - In Q1, 2019 we saw significant FX effects of EUR +5M at the revenue and EUR +1M at the adj. EBIT levels. In April, we are not seeing this effect being significant. The primary driver behind this effect was the USD/EUR exchange rate.
    - As announced at the 2018 CMD, we expected our adj. EBIT to be positively affected by EUR +3M although our NI was expected to be negatively affected by EUR <1>M. These assumptions have held up and these figures are now incorporated into our financial outlook.
- Kongsberg Automotive driven performance issues with further effects:
  - Launch issues with a new program in the P&C segment are causing significant additional costs. We expect these costs to negatively affect our adj. EBIT with EUR <3>M
  - As a consequence of the market downturn, we have initiated additional improvement and cost saving projects: We expect this to generate additional adj. EBIT of EUR +8 for 2019, mostly in Q3 and Q4.
New business wins
Q1 2019 was again a strong 1st booking quarter
Expected annualized and lifetime revenues

New business wins per quarter (per annum value)

New business wins per quarter (lifetime value)

New business wins LTM (per annum value)

New business wins LTM (lifetime value)
### New business wins per segment

**Expected annualized and lifetime revenues**

#### New business wins per quarter (per annum value)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SPP</th>
<th>INT</th>
<th>PAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>36</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>11</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>71</td>
<td>62</td>
<td>44</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>50</td>
<td>29</td>
<td>22</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>66</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>62</td>
<td>30</td>
<td>41</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>99</td>
<td>36</td>
<td>23</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>77</td>
<td>33</td>
<td>23</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>65</td>
<td>10</td>
<td>21</td>
</tr>
</tbody>
</table>

#### New business wins per quarter (lifetime value)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SPP</th>
<th>INT</th>
<th>PAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017</td>
<td>139</td>
<td>55</td>
<td>22</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>42</td>
<td>151</td>
<td>74</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>143</td>
<td>288</td>
<td>143</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>237</td>
<td>151</td>
<td>62</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>237</td>
<td>30</td>
<td>271</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>157</td>
<td>459</td>
<td>302</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>135</td>
<td>561</td>
<td>338</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>135</td>
<td>131</td>
<td>339</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>141</td>
<td>141</td>
<td>185</td>
</tr>
</tbody>
</table>

**Outlook:** NBW
In spite of market headwinds, based on our strong new business wins, Kongsberg Automotive is still positioned for growth.

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

**Premiumization**
- Content increase for premium and mass market vehicles hereunder adoption of comfort technology

**OEM outsourcing**
- OEMs reducing in-house manufacturing and development

**Market share gain**
- Focus on white spots
  - China
  - Markets where we are under-represented
Revenues and Adjusted EBIT
Revenues and profitability continue to consistently improve YoY

Revenues
MEUR

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>257</td>
<td>251</td>
<td>241</td>
<td>250</td>
</tr>
<tr>
<td>2017</td>
<td>280</td>
<td>268</td>
<td>259</td>
<td>267</td>
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<tr>
<td>2018</td>
<td>288</td>
<td>288</td>
<td>288</td>
<td>288</td>
</tr>
<tr>
<td>2019</td>
<td>307</td>
<td>261</td>
<td>261</td>
<td>261</td>
</tr>
</tbody>
</table>

Adjusted EBIT
MEUR and percent

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>13</td>
<td>15</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Q2</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Q3</td>
<td>14</td>
<td>14</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Q4</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

Outlook: Financials

Revenues including HRAR
EBIT adjusted for restructuring - see details in the quarterly report.
Assumptions for the 2019 financials

- For the remainder of 2019, we have assumed the following (Current Macro Expectations):
  - Raw Material prices, tariffs, and FX rates will remain at current (March/April 2019) levels which have been used in order to estimate the remainder of 2019.
  - No “hard Brexit” will take place
  - The overall automotive markets will perform at the levels currently (April 2019) forecasted by major industry analysts (HIS, LMC, etc)
## Financial overview
### 2019 Current Outlook compared to 2018 CMD

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2019 AGM / May 15 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In Mill. Euro</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1.057</td>
<td>1.128</td>
<td>1.271</td>
<td>1.057 1.123 1.220</td>
</tr>
<tr>
<td>EBIT adj.</td>
<td>50</td>
<td>75</td>
<td>97</td>
<td>50 75 82</td>
</tr>
<tr>
<td>% of sales</td>
<td>4,7%</td>
<td>6,6%</td>
<td>7,6%</td>
<td>4,7% 6,7% 6,8%</td>
</tr>
<tr>
<td>Restructuring &amp; One Off cost</td>
<td>-26</td>
<td>-20</td>
<td>-7</td>
<td>-26 -21 -7</td>
</tr>
<tr>
<td>EBIT</td>
<td>24</td>
<td>55</td>
<td>90</td>
<td>24 54 75</td>
</tr>
<tr>
<td>% of sales</td>
<td>2,2%</td>
<td>4,9%</td>
<td>7,1%</td>
<td>2,2% 4,8% 6,2%</td>
</tr>
<tr>
<td>Financial Items</td>
<td>-17</td>
<td>-14</td>
<td>-15</td>
<td>-17 -15 -16</td>
</tr>
<tr>
<td>Profits Before Taxes</td>
<td>6</td>
<td>42</td>
<td>75</td>
<td>6 39 59</td>
</tr>
<tr>
<td>Taxes</td>
<td>-14</td>
<td>-17</td>
<td>-20</td>
<td>-14 -15 -16</td>
</tr>
<tr>
<td>% of PBT</td>
<td>-225,0%</td>
<td>-42,0%</td>
<td>-26,5%</td>
<td>-225,0% -38,0% -26,5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>-8</td>
<td>24</td>
<td>55</td>
<td>-8 24 44</td>
</tr>
<tr>
<td>EPS (NOK)</td>
<td>-0,19</td>
<td>0,51</td>
<td>1,17</td>
<td>-0,19 0,53 0,94</td>
</tr>
</tbody>
</table>

The primary macro drivers for the variances to the 2018 CMD are the following at the adj. EBIT level:
- Decline in expected revenues of <56>. Expected Adj. EBIT Effect: <18>
- Increase in Mexican labour rates above and beyond the 2018 CMD Assumptions. Expected Adj. EBIT Effect: <3>
- Increase in raw material prices and tariffs. Expected Adj. EBIT Effect: <3>
- FX effects drive an increase in revenues of +5. Expected Adj. EBIT Effect: +1
- Effect from implementing IFRS 16. Expected Adj. EBIT Effect: +3
  - Note that the IFRS16 implementation negatively affects net income by <1>

In addition to the above macro effects, we have Kongsberg Automotive driven performance issues with further effects:
- Launch issues with a new program in the P&C segment. Expected Adj. EBIT Effect: <3>
- Additional improvement and cost saving initiatives: Expected Adj. EBIT Effect: +8

Even in this challenging macro environment, assuming our Current Macro Expectations remain unchanged, in 2019, we plan to deliver:
- top line growth of ~ 8%,
- adj. EBIT growth of ~ 10%, and
- NI growth of ~80% in 2019
In Q1, we continued the trend of strong new business wins. Also, Q1 represented the ninth consecutive quarter with top line, bottom line and margin improvements, although the Q1 YoY improvements were small.

- Increasing margin pressure due to material pricing, tariffs and Mexican labor rates.

- We expect Q2, 2019 revenues to have the similar YoY growth rate as we did in this Q1, which leads us to a revenue estimate of MEUR 305.

- For the full year 2019, we are reducing our estimate to revenues of EUR 1.220 Million with a corresponding adjusted EBIT of EUR 82 million.

- Fueled by our strong book of business and new business wins, we are still able to grow in a declining market.

- Headwinds from raw materials, tariffs, and labor rates cause the fall through from the additional sales to be lower than expected.