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.
In spite of a generally declining market, revenues grew by MEUR 18 (6.3%) YoY to MEUR 307 including positive FX effects of MEUR 5.

We had another strong booking quarter as we won new business worth MEUR 65 in annual revenues which corresponds to MEUR 339 in expected lifetime revenues.

Adj. EBIT improved YoY by more than 6% with margins slightly up, which represents a YoY increase by MEUR 1 to MEUR 22.

However, the fall through of the additional revenues was limited due to:
- Increased costs of raw materials and custom duties in Q1 2019 with a YoY effect of negative MEUR 3.
- Unfavorable product mix effects as well as segment and market mix effects
- Unexpected increase in Mexican labor costs of MEUR 1.
- Positive FX effects of 1 MEUR
- We had YoY 80% lower restructuring costs which improved our EBIT significantly

Free cash flow was negative MEUR 29 primarily driven by working capital increase primarily due to seasonality which should largely be reversed in Q2.
Cash on hand at the end of Q1 2019 of MEUR 32.

On a non IFRS adjusted basis, the LTM adjusted gearing ratio (NIBD/Adj. EBITDA) improved from 2.4X in Q1 2018 to 2.2X in Q1 2019. After the IFRS 16 adjustments, our gearing ratio is 3.0X.
Revenues and Adjusted EBIT
Revenues and profitability continue to consistently improve YoY

Revenues
MEUR

Adjusted EBIT
MEUR and percent

Revenues including HRAR

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

Q1 2019 was again a strong 1\textsuperscript{st} booking quarter

Expected annualized and lifetime revenues

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

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>71</td>
<td>62</td>
<td>66</td>
<td>122</td>
<td>121</td>
<td>99</td>
<td>77</td>
<td>65</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>139</td>
<td>349</td>
<td>288</td>
<td>537</td>
<td>459</td>
<td>537</td>
<td>561</td>
<td>338</td>
<td>339</td>
<td></td>
</tr>
</tbody>
</table>

**New business wins LTM (per annum value)**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>281</td>
<td>292</td>
<td>288</td>
<td>291</td>
<td>321</td>
<td>372</td>
<td>364</td>
<td>363</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New business wins LTM (lifetime value)**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1-17</th>
<th>Q2-17</th>
<th>Q3-17</th>
<th>Q4-17</th>
<th>Q1-18</th>
<th>Q2-18</th>
<th>Q3-18</th>
<th>Q4-18</th>
<th>Q1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.435</td>
<td>1.485</td>
<td>1.429</td>
<td>1.312</td>
<td>1.497</td>
<td>1.607</td>
<td>1.880</td>
<td>1.681</td>
<td>1.697</td>
<td></td>
</tr>
</tbody>
</table>
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>71</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>62</td>
<td>66</td>
<td>29</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>50</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>36</td>
<td>62</td>
<td>29</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>121</td>
<td>62</td>
<td>30</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>122</td>
<td>50</td>
<td>33</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>121</td>
<td>33</td>
<td>33</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>4</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>14</td>
<td>32</td>
<td>16</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>29</td>
<td>34</td>
<td>13</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>29</td>
<td>44</td>
<td>13</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>41</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>99</td>
<td>36</td>
<td>22</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>77</td>
<td>77</td>
<td>23</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>65</td>
<td>10</td>
<td>23</td>
</tr>
</tbody>
</table>

Note: The data represents the expected annualized and lifetime revenues for new business wins per quarter for different segments (SPP, INT, PAC). The values are in MEUR.
Global Passenger Car Production

- Global light vehicles production in Q1 2019 was 22.7m, a YoY decrease of 6.6%, or approx. 1.6m units.
- China was the main driver of the global decline in production with a YoY fall of 13.5% or approx. 0.9m units as domestic demand in China continues to be weak.
- Production in Europe decreased by 4.9% YoY or 300k units. Most of the European decline is attributable to end-market uncertainties in UK and Germany.
- In North America and Asia outside of China production declined YoY by 2.5% and 0.4%, respectively.

Global Truck Production

- The production of medium and heavy-duty commercial vehicles increased by 3.9% YoY, equivalent to approx. 34k units.
- Basically, all major production regions contributed to that growth with the exception of India.
- However, major growth market was North America with 13% growth YoY, whereas the other markets grew predominantly with lower single digit growth rates.
- After the decline in Q3-18 driven by the Chinese market, the overall truck production increased again above the Q2-18 peak level.
Segment Highlights
Segment financials last five quarters

Revenues (MEUR)

<table>
<thead>
<tr>
<th>Interior</th>
<th>Powertrain &amp; Chassis</th>
<th>Specialty Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>72</td>
<td>112</td>
<td>103</td>
</tr>
<tr>
<td>66</td>
<td>103</td>
<td>90</td>
</tr>
<tr>
<td>77</td>
<td>113</td>
<td>98</td>
</tr>
<tr>
<td>77</td>
<td>119</td>
<td>110</td>
</tr>
</tbody>
</table>

Adjusted EBIT* (MEUR and percent)

<table>
<thead>
<tr>
<th>Interior</th>
<th>Powertrain &amp; Chassis</th>
<th>Specialty Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6</td>
<td>2.3%</td>
<td>18.2%</td>
</tr>
<tr>
<td>2.4</td>
<td>3.7%</td>
<td>16.6%</td>
</tr>
<tr>
<td>4.3</td>
<td>5.6%</td>
<td>13.8%</td>
</tr>
<tr>
<td>2.1</td>
<td>2.7%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

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

Revenues

The YoY growth was primarily driven by volume increases in ICS across all regions. ICS was benefiting from ramp-ups of SOPs which have taken place during 2018.

On the other hand, LDC declined YoY due to lower business wins in 2018 compared to previous periods.

Operations

Operational efficiency continues to improve YoY at the segment’s main plant in Poland.

On the other hand, in Mexico Interior had an unforeseen increase in labor rates. This effect will continue throughout the year.

In addition, higher costs of raw materials and custom duties continue to impact the segment negatively.

Adj. EBIT

Operational improvement in combination with overall volume increase were the main YoY growth drivers.

The result was partly offset by unfavorable market mix effects including lower share of LDC business, raw material headwinds and increased Mexican labor rates.

New Business Wins

Interior maintains its strong booking momentum.

ICS was awarded a contract to supply Seat Heat, Ventilation and Massage Systems to a European tier 1 supplier worth MEUR 18 in annualized revenues or MEUR 107 in lifetime revenues.

For LDC, bookings were picking up again. The business unit won a contract to supply Electromechanical Cables to a European tier 1 supplier worth MEUR 3 in annualized revenues or approx. MEUR 21 in lifetime revenues.

All figures in MEUR
Powertrain and Chassis (P&C)

Revenues

Revenue growth driven by European passenger car applications and North American Commercial vehicle applications.

Operations

P&C continued operational improvement programs specifically around the restructured parts of the business, however were partly delayed due to the efforts to increase capacity in our European facilities as described last quarter.

Similar to Interior, P&C was negatively affected by increased costs for raw materials and custom duties and also an unforeseen increase of labor rates in Mexico, which will continue throughout the year.

Adj. EBIT

Disappointing fall through due to launch issues, Mexican labor rate increase and raw material headwinds.

New Business Wins

P&C sustains solid booking figures. New Business Wins include a Gear Shift System project to a North American tier 1 supplier with annualized revenues of MEUR 18 or MEUR 124 in lifetime revenues.

All figures in MEUR
**Specialty Products Segment**

**Revenues**

The Couplings business continues to be the main growth driver in the segment, as sales volumes increased across all regions. This was, however, partly offset by a decrease in areas of the FTS business.

![Graph showing revenue comparison between Q1-18 and Q1-19 with a +0.9% increase.]

**Adj. EBIT**

Slightly lower margins YoY driven primarily by unfavorable product mix effects in FTS. Increased Mexican labor costs impacted our Off-Highway business negatively.

![Graph showing Adj. EBIT comparison between Q1-18 and Q1-19 with a -0.5 decrease.]

**Operations**

The expansion of the main Couplings facility in Raufoss, Norway is progressing according to plan.

Similar to Interior and P&C, raw material pricing as well as custom duties negatively had negative impact on the Specialty Products Segment.

In Mexico, the Specialty Products Segment also had to face an unforeseen increase in labor rates. This effect will continue throughout the year.

**New Business Wins**

Low new business wins in Specialty Products are mainly related to lower quoting decisions by our customers in Q1.

We expect an increase of scheduled business award decisions by customers in the next quarters again.

![Graph showing lifetime revenues and annualized revenues comparison between Q1-18 and Q1-19.]

All figures in MEUR
Norbert Loers

Financial Update
Q1 2019 - Revenue development
Interior and Powertrain & Chassis segments driving revenue growth

- **Group**
  - Revenues of MEUR 306.5, which is a YoY growth +6.3%.

- **Business segments**
  - Interior positive YoY development driven by volume growth in ICS business in all regions resulting from the ramp-ups of 2018 SOPs.
  - Powertrain & Chassis revenue increase driven by the European passenger car and North American Commercial vehicles applications.
  - In the Specialty Products segment, Couplings business sales volumes increasing in all regions offset by lower FTS sales.

- **FX translation & Other effects**
  - Interior: MEUR +0.7
  - P&C: MEUR +1.7
  - SPP: MEUR +2.5

* Variances excluding FX translation effects
Q1 2019 - Adjusted EBIT development

► Group
- Adjusted EBIT MEUR 21.5, MEUR 1.4 above Q1 2018.

► Business Segments
- Fall through from increased volumes offset by:
  - Unfavorable raw material cost development.
  - Increased custom duties.
  - Unfavorable product and market mix
  - Extraordinary costs for new product launches.
  - Increased Mexican labor cost.

► FX and Other
- 1.3 MEUR FX effects and 0.8 MEUR other effects.

*Variance excluding FX translation effects
Q1 2019 - Net Profit development

- **Group**
  - Net Profit is MEUR 4.1 above Q1 2018 mainly driven by lower restructuring costs and a significantly reduced effective tax rate.

- **Restructuring costs**
  - Restructuring cost reduced following the completion of the production transfer projects.
  - Q1 2019 related to corporate systems transition costs.
  - Q1 2018 higher restructuring cost (MEUR 5.4) related to the transfer of activity from Heiligenhaus, Rollag and Easley.

- **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 gains amounting to MEUR 3.9 in Q1 2019 vs. MEUR 3.7 in Q1 2018.

- **Tax**
  - Reduced effective tax rate.
Free Cash Flow*

► Operational cash flow MEUR -4.5
- Seasonal NWC increase in line with increased volume sales.
- Inventory increase mostly driven by Brexit buildup.
- Cash out related to restructuring activities amounted to MEUR 3.4 for Q1 2019.

► Investing cash flow MEUR -13.5
- Investments mainly to support current and future business growth.

► Financing cash flow MEUR -11.1
- Interest paid in Q1 2019 include the interests on the new notes from its date of issuance on July 23, 2018 to the first interest payments on January 15, 2019 for a total amount of MEUR 6.5.
- 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 – interest
Q1 2019 - Cash development

MEUR

- Cash (unrestricted)
- Unutilized RCF

<table>
<thead>
<tr>
<th>Component</th>
<th>Q4 2018</th>
<th>Adj. EBITDA</th>
<th>Change in total NWC</th>
<th>Net Investments</th>
<th>Interest paid and other fin. charges</th>
<th>Cash restructuring payments</th>
<th>Other receivables/liabilities, tax and FX</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>109.1</td>
<td>59.1</td>
<td>33.4</td>
<td>-26.9</td>
<td>-13.8</td>
<td>-11.7</td>
<td>-3.4</td>
<td>-4.6</td>
<td>82.4</td>
</tr>
<tr>
<td>59.1</td>
<td>50.0</td>
<td></td>
<td></td>
<td></td>
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<td>50.0</td>
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<tr>
<td>50.0</td>
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<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Change in total NWC = 13.8 MEUR
Net Investments = 109.1 - 59.1 = 50.0 MEUR
Interest paid and other fin. charges = 33.4 - 13.8 = 19.6 MEUR
Cash restructuring payments = -11.7 MEUR
Other receivables/liabilities, tax and FX = -4.6 MEUR
Adj. EBITDA = 32.4 MEUR
Net financial items - Breakdown

- **Currency effects**
  - Mainly consisting of unrealized FX gains of MEUR 4.1.

- **Interest**
  - Higher overall interest expenditure compared to Q1 2018 following the placement of the bond.
  - IFRS 16 adoption resulting in MEUR 1.2 additional interest expenses.
Financial ratios

Adjusted gearing ratio (NIBD/EBITDA LTM*)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>2.4</td>
<td>2.2</td>
<td>2.1</td>
<td>1.9</td>
<td>2.2</td>
</tr>
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</table>

Equity Ratio**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019 incl. IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>11.9%</td>
<td>13.1%</td>
<td>13.9%</td>
<td>15.3%</td>
<td>13.8% incl. IFRS 16</td>
</tr>
</tbody>
</table>

Adjusted ROCE* (LTM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019 incl. IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>30.9%</td>
<td>31.3%</td>
<td>30.9%</td>
<td>29.0%</td>
<td>32.6% incl. IFRS 16</td>
</tr>
</tbody>
</table>

Capital Employed (MEUR)***

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019 incl. IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>470</td>
<td>510</td>
<td>515</td>
<td>523</td>
<td>522 incl. IFRS 16</td>
</tr>
</tbody>
</table>

* Excluding restructuring costs; ** Q2 2018 has accounted for the ~MEUR 40 equity increase; *** New ratio: Capital employed at the date of the closing (previously LTM Capital employed = average last 4 quarters)
FY 2019 Revised Outlook
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

---

**Units in millions**

**CMD 2018**

- **2017**: 28.0, 22.2, 3.3
- **2018**: 28.3, 22.4, 3.6
- **2019**: 29.4, 22.8, 3.8

**AGM May 2019**

- **2017**: 28.0, 22.2, 3.3
- **2018**: 26.9, 22.4, 3.4
- **2019**: 26.9, 22.5, 3.6

- **Rest of World**: 22.2
- **South America**: 22.4
- **North America**: 17.1
- **Europe**: 22.0
- **APAC w/o China**: 22.2
- **China**: 28.3

- **28.3%**

Source: IHS September 2019

Outlook: Markets

**AGM May 2019**

- **2017**: 95.2, 96.4, 98.3
- **2018**: 95.2, 96.4, 98.3
- **2019**: 94.2, 96.4, 93.3

- **Rest of World**: 22.0
- **South America**: 22.0
- **North America**: 17.1
- **Europe**: 22.0
- **APAC w/o China**: 22.5
- **China**: 28.3

- **29.4%**

Source: IHS April 2019

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

<table>
<thead>
<tr>
<th>Source: LMC Q3-2018</th>
<th>Source: LMC Q1-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units in millions</td>
<td>Units in millions</td>
</tr>
<tr>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>0.0</td>
<td>0.0</td>
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<td>1.4</td>
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<td>2017</td>
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<td>0.7</td>
<td>0.6</td>
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<td>2019</td>
<td>2019</td>
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<tr>
<td>-1.6%</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>

Outlook: Markets

Rest of World
South America
North America
Europe
China
APAC w/o China

Source: LMC Q3-2018

AGM May 2019

27
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.
In spite of market headwinds, based on our strong new business wins, Kongsberg Automotive is still positioned for growth.
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 (IHS, LMC, etc.)
### Financial overview

#### 2019 Current Outlook compared to 2018 CMD

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<tr>
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<tbody>
<tr>
<td><strong>Sales</strong> (In Mill. Euro)</td>
<td>1,057</td>
<td>1,128</td>
<td>1,271</td>
<td>1,057</td>
<td>1,123</td>
<td>1,220</td>
</tr>
<tr>
<td><strong>EBIT adj.</strong></td>
<td>50</td>
<td>75</td>
<td>97</td>
<td>50</td>
<td>75</td>
<td>82</td>
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<tr>
<td><strong>% of sales</strong></td>
<td>4,7%</td>
<td>6,6%</td>
<td>7,6%</td>
<td>4,7%</td>
<td>6,7%</td>
<td>6,8%</td>
</tr>
<tr>
<td><strong>Restructuring &amp; One Off cost</strong></td>
<td>-26</td>
<td>-20</td>
<td>-7</td>
<td>-26</td>
<td>-21</td>
<td>-7</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>24</td>
<td>55</td>
<td>90</td>
<td>24</td>
<td>54</td>
<td>75</td>
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<tr>
<td><strong>% of sales</strong></td>
<td>2,2%</td>
<td>4,9%</td>
<td>7,1%</td>
<td>2,2%</td>
<td>4,8%</td>
<td>6,2%</td>
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<tr>
<td><strong>Financial Items</strong></td>
<td>-17</td>
<td>-14</td>
<td>-15</td>
<td>-17</td>
<td>-15</td>
<td>-16</td>
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<tr>
<td><strong>Profits Before Taxes</strong></td>
<td>6</td>
<td>42</td>
<td>75</td>
<td>6</td>
<td>39</td>
<td>59</td>
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<tr>
<td><strong>Taxes</strong></td>
<td>-14</td>
<td>-17</td>
<td>-20</td>
<td>-14</td>
<td>-15</td>
<td>-16</td>
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<tr>
<td><strong>% of PBT</strong></td>
<td>-225,0%</td>
<td>-42,0%</td>
<td>-26,5%</td>
<td>-225,0%</td>
<td>-38,0%</td>
<td>-26,5%</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>-8</td>
<td>24</td>
<td>55</td>
<td>-8</td>
<td>24</td>
<td>55</td>
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<tr>
<td><strong>EPS (NOK)</strong></td>
<td>-0,19</td>
<td>0,51</td>
<td>1,17</td>
<td>-0,19</td>
<td>0,53</td>
<td>0,94</td>
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</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
Summary & Conclusion

➢ 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.