Enhancing the driving experience

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Kongsberg Automotive ASA

Fourth quarter 2018 - February 28, 2019

Highlights Q4 2018

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Sales	▪ Revenues grew by MEUR 21 (7.3%) YoY to MEUR 288 including negative FX effects of MEUR 1. ▪ We booked new business with MEUR 77 in expected annual revenues corresponding to MEUR 338 in expected lifetime revenues.
Performance	▪ Adj. EBIT increased YoY by MEUR 8 to 21 MEUR with no FX effects. ▪ In addition to the fall through from the additional revenues, we also saw improvement in our operations. ▪ Increased costs of raw materials and electronic components continued in Q4 2018 with a YoY effect of negative MEUR 2.
Cash Flow	▪ Free cash flow improved by MEUR 13 to MEUR 4 YoY. ▪ Cash on hand at the end of Q4 2018 of MEUR 59.
Gearing	▪ The LTM adjusted gearing ratio (NIBD/Adj. EBITDA) declined from 2.4 in Q4 2017 to 1.9 in Q4 2018.

2018 Capital Markets Day – a confirmation

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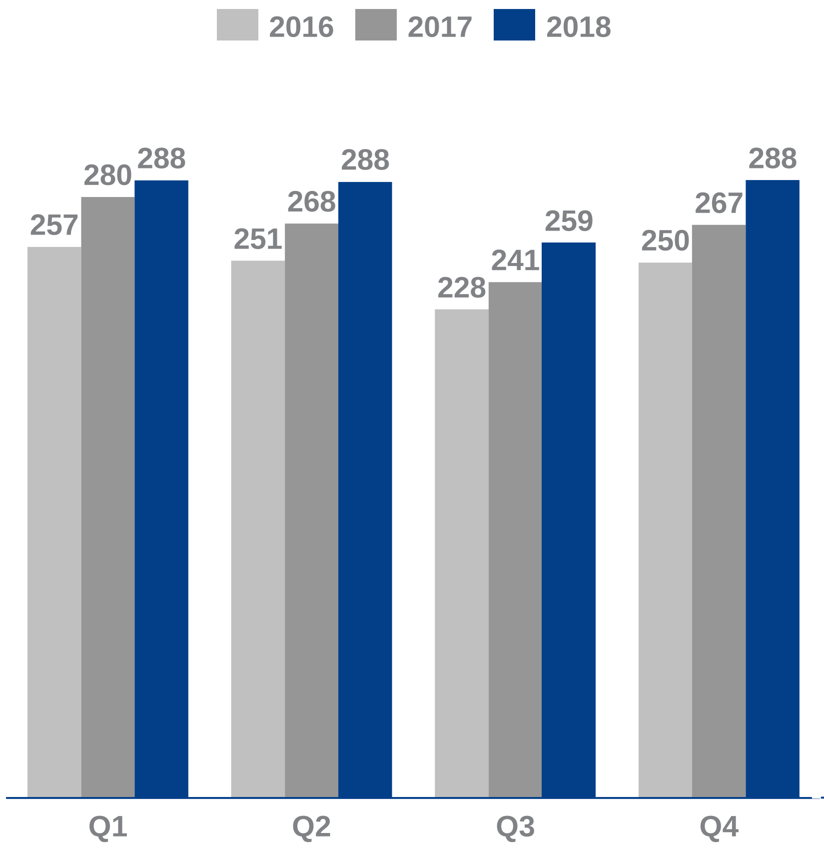
In Mill. Euro	2018 CMD	2018 Actual
Sales	**1.128**	**1.123**
Adj. EBIT	**75**	**75**
% of sales	***6,6%***	***6,7%***
Restructuring & One Off cost	-20	-21
EBIT	55	54
% of sales	*4,9%*	*4,8%*
Financial Items	-14	-15
Profits Before Taxes	42	39
Taxes	-17	-15
% of PBT	*-42,0%*	*-38,2%*
Net Income	**24**	**24**
EPS (NOK)	**0,51**	**0,53**

Revenues and Adjusted EBIT

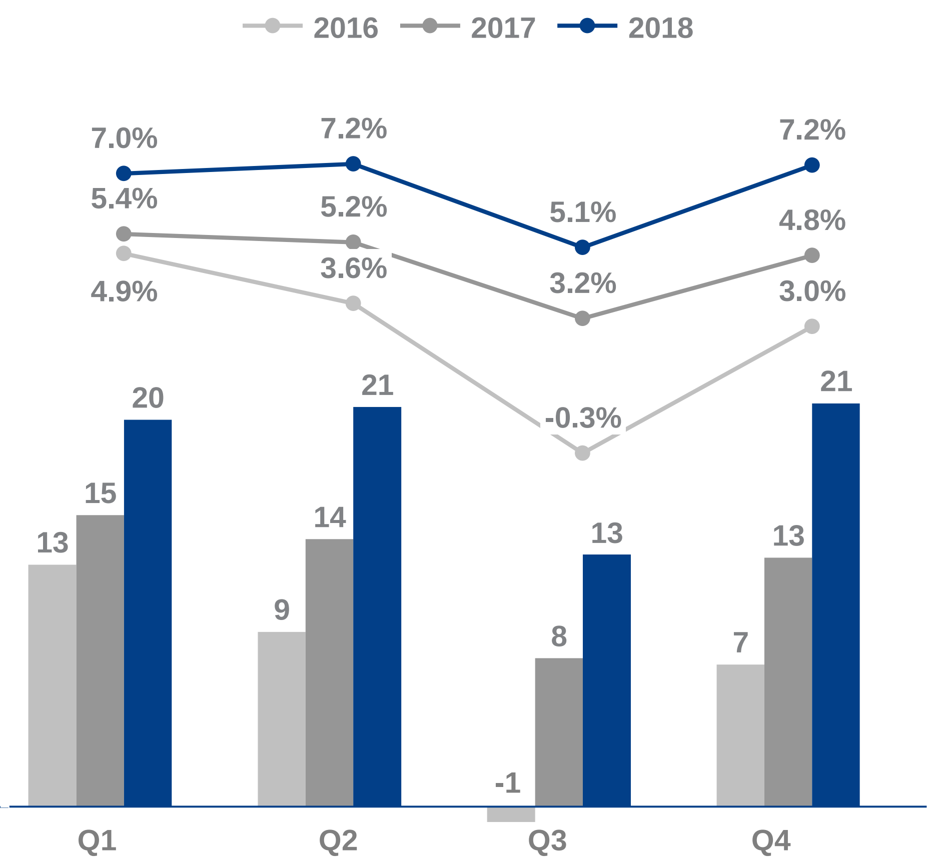
Revenues and profitability continue to consistently improve YoY

Revenues
MEUR



Revenues including HRAR

Adjusted EBIT
MEUR and percent



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

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Market Summary

New business wins

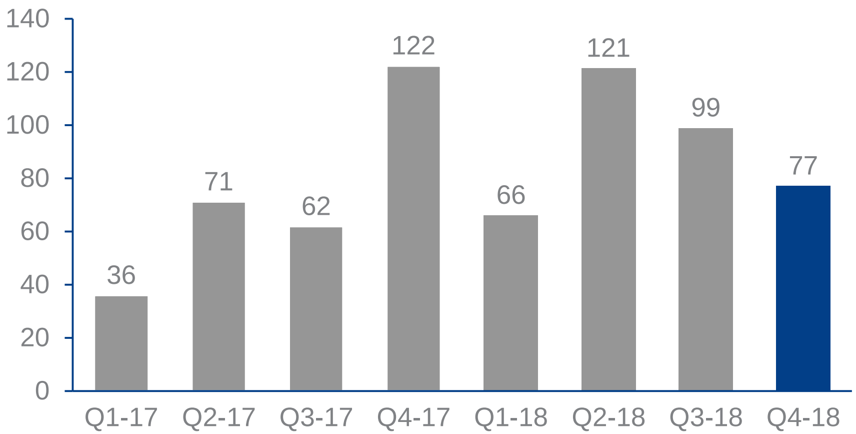
2018 was the strongest booking year in the company's history

Bookings in 2018 were more balanced in 2018 than in previous years.

Expected *annualized and lifetime revenues*

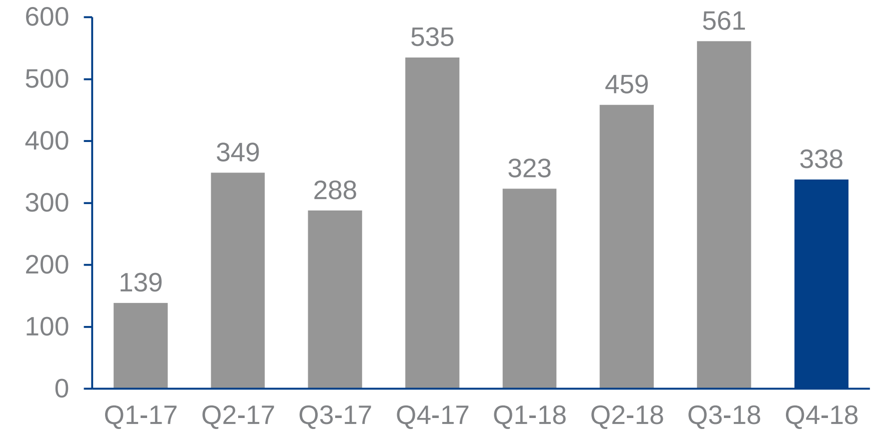
New business wins per quarter (per annum value)

MEUR



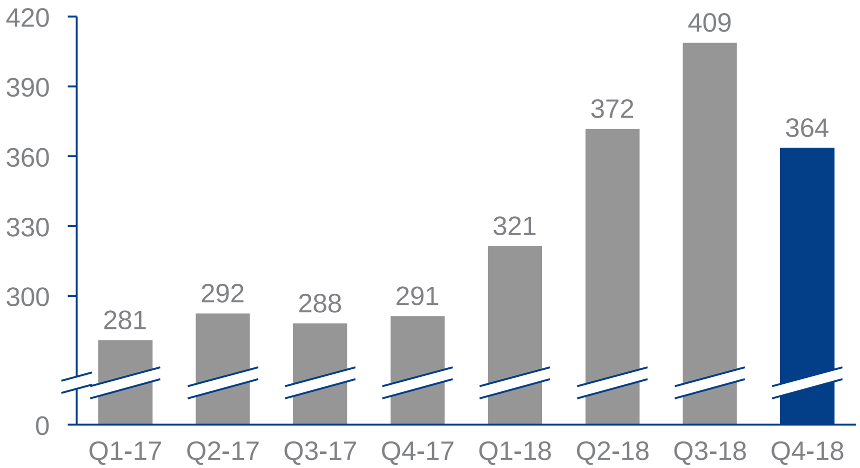
New business wins per quarter (lifetime value)

MEUR



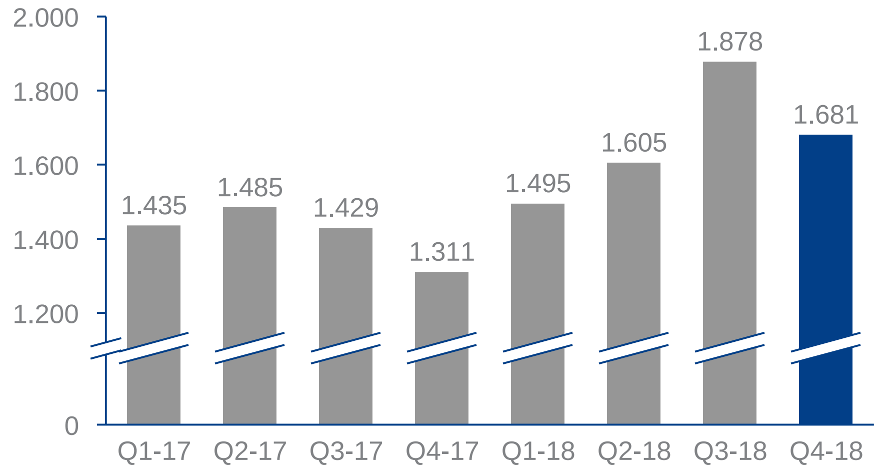
New business wins LTM (per annum value)

MEUR



New business wins LTM (lifetime value)

MEUR



Q4 2018 market summary

Increased levels of uncertainty affected production output in Q4

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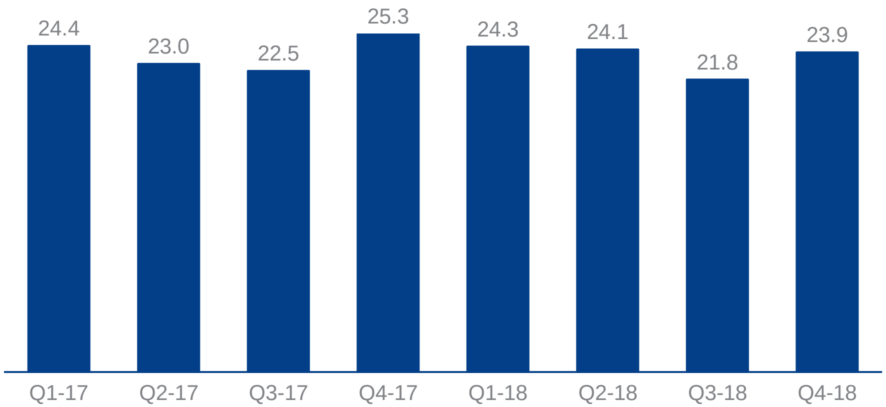
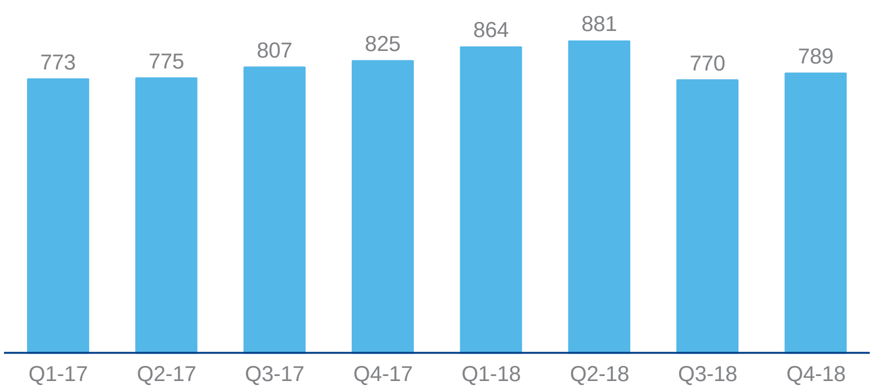
Global Passenger Car Production, Units in millions



Source: IHS Light Vehicle Production Base, January 2019

Global Truck Production, Units in thousands



Source: LMC Global Commercial Vehicle Forecast, Q4 2018

Global Passenger Car Production

- Global light vehicles production in Q4 2018 was 23.9m, a YoY decrease of 5.4%, equivalent to approx. 1.4m units.
- China was the main driver of the global decline in production with a YoY fall of 15.2% or approx. 1.3m units as domestic demand in China has weakened due to concerns about an escalation of the trade war with the United States.
- Production in Europe fell as well with a YoY decrease in output of 4.6% or approx. 260k units. The new WLTP certification process and the uncertainty around Brexit have slowed down production, particularly in Germany and the United Kingdom.
- In North America, production has stabilized and had a YoY growth rate of 2.1% or approx. 90k units.
- In Asia outside of China the YoY growth rate came in at 5.7%.

Global Truck Production

- The production of medium and heavy-duty commercial vehicles fell by 4.6% YoY, equivalent to approx. 40k units.
- A vast majority of this decline was due to China where production YoY declined by 18.3%, equivalent to approx. 63k units, primarily due to the significant advancement of production completed in 2017.
- North and South America continued the strong growth seen in previous quarters with YoY growth rates of 16.8% and 11.8%, respectively as the expansion cycle on the continent continued.
- In Europe, the truck production decreased YoY by 2.8%.

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Segment Highlights

Segment financials last five quarters

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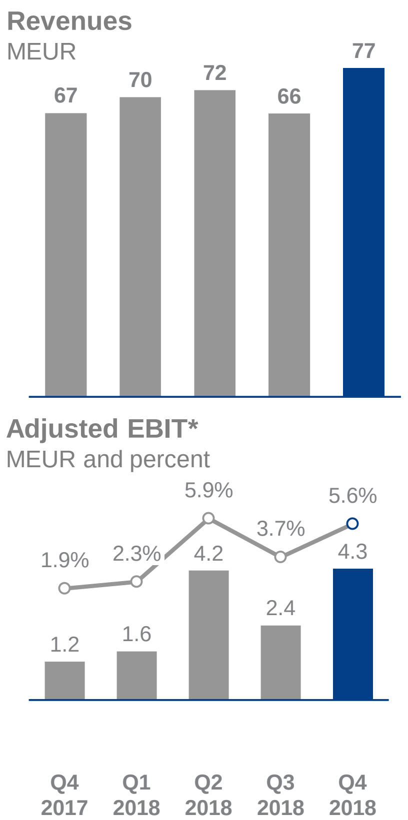
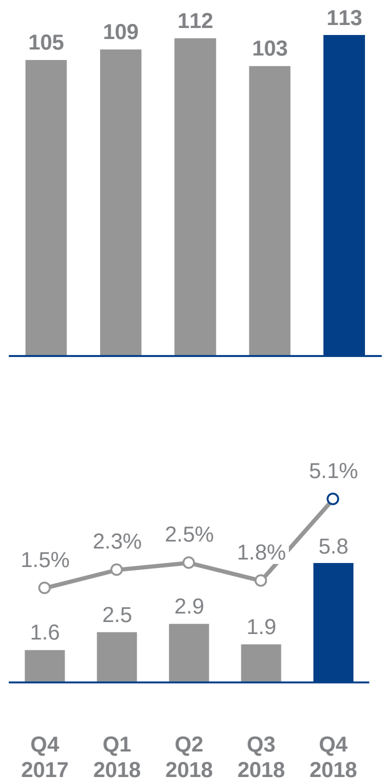
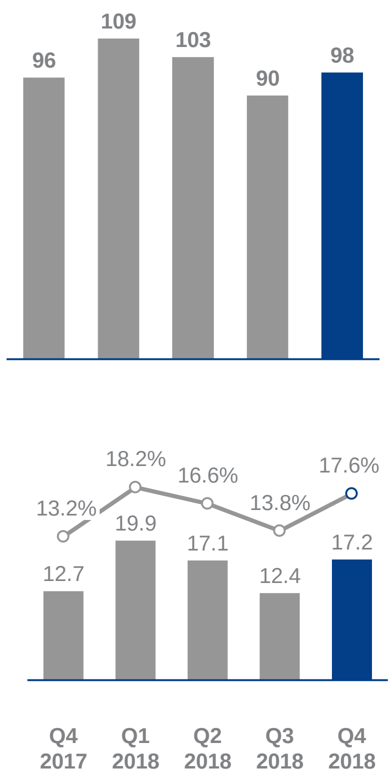
Interior



Powertrain & Chassis



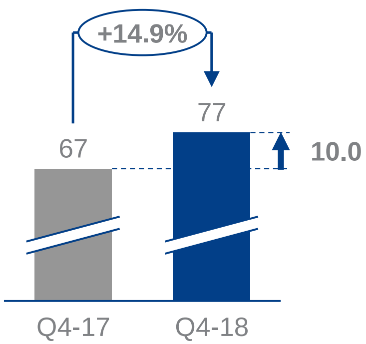
Specialty Products



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

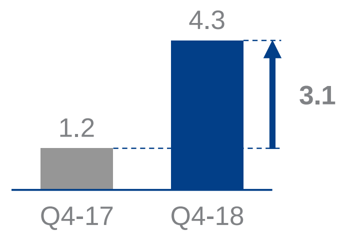
Interior

Revenues



The YoY growth was primarily driven by volume increases in Interior Comfort Systems in North America and China.

Adj. EBIT



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

The result was partly offset by price increases of raw materials and electronic components.

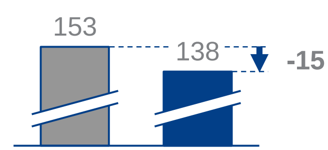
Operations

Operational efficiency improved at the segment's main plant in Poland.

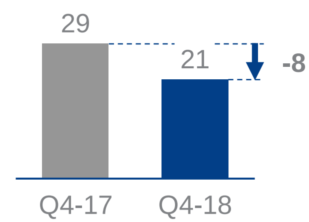
We are still on track with the ramp up of the second Poland plant as we expect completion in Q1/Q2 2019.

New Business Wins

Lifetime revenues



Annualized revenues

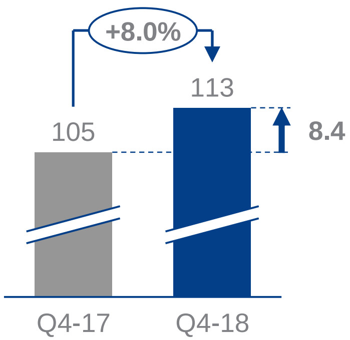


Wins include Seat Support Systems to a major European OEM with lifetime revenues of approximately MEUR 57.

All figures in MEUR

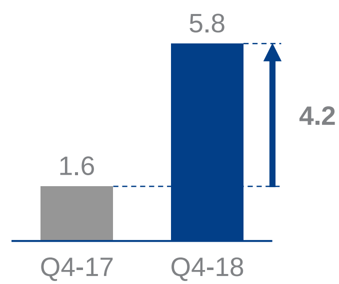
Powertrain and Chassis (P&C)

Revenues



The Commercial Vehicle business in North America continues to be the main YoY growth driver in the segment.

Adj. EBIT



The YoY adj. EBIT increase was driven by an increase in North American volumes, benefits from completed restructuring activities and some other effects.

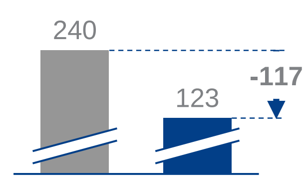
Operations

Successful production ramp up at the Mexican facility to accommodate larger output to American customers within the CV segment.

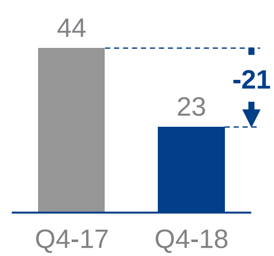
Significant effort was spent on increasing the capacity for a challenging short notice demand increase for a gear shifter to one of our main OEM customers.

New Business Wins

Lifetime revenues



Annualized revenues



Wins includes Clutch Actuation Systems to a major European OEM with lifetime revenues of approximately MEUR 46. SOP is expected to be in 2020.

High sourcing activities among the OEMs during the first nine months affected bookings in Q4.

All figures in MEUR

Specialty Products Segment

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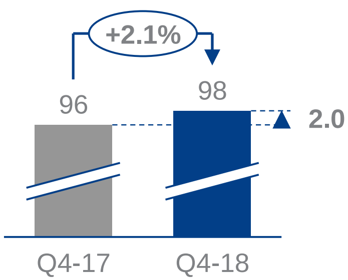
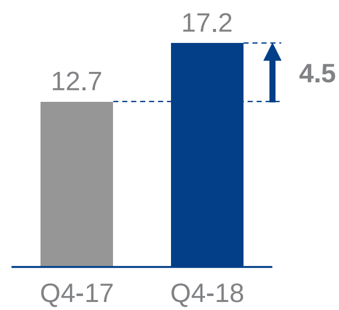
Revenues



Strong markets across all regions in the Couplings business unit as well as the Off Highway business unit in North America were the biggest growth drivers.

Slight decrease in the OPE and North American FTS businesses.

Adj. EBIT



Strong operational performance and fall-through were the main drivers.

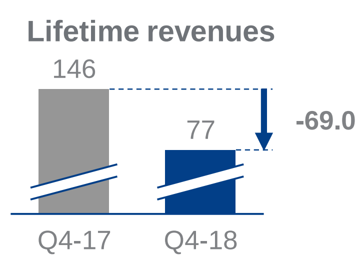
Higher raw material and freight costs negatively impacted adjusted EBIT.

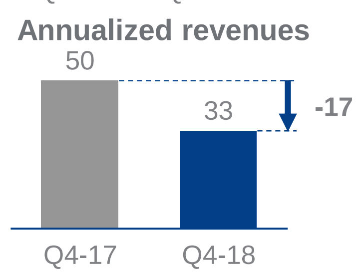
Operations

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

The ramp up at the new FTS facility in Mexico was completed. Certain supply chain transition activities are still work-in progress.

New Business Wins





Significant wins include Air Coupling system to a European OEM with lifetime revenues of approximately MEUR 13.

High sourcing activities among the OEMs during the first nine months negatively affected bookings in Q4.

All figures in MEUR

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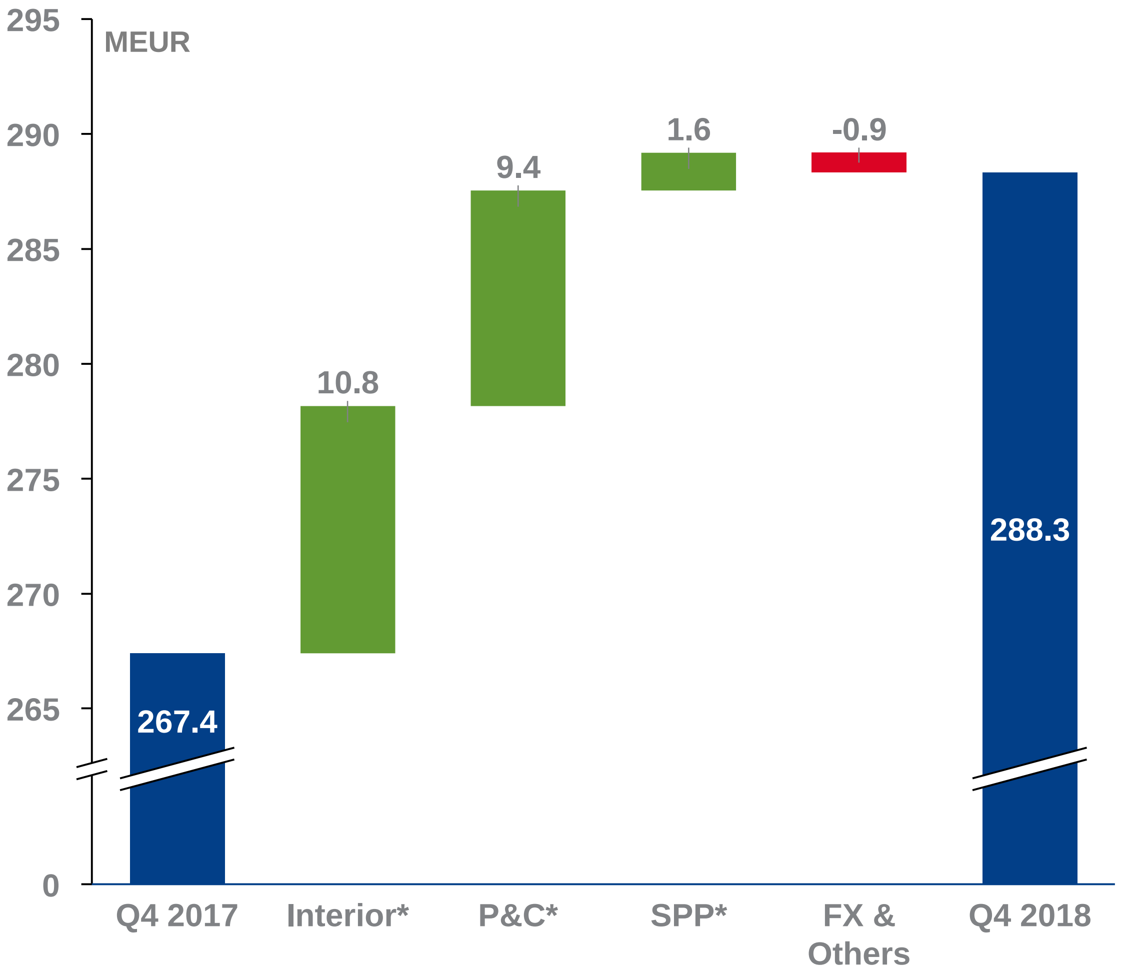
Norbert Loers

Financial Update

Q4 2018 - Revenue development

Revenue growth in all segments

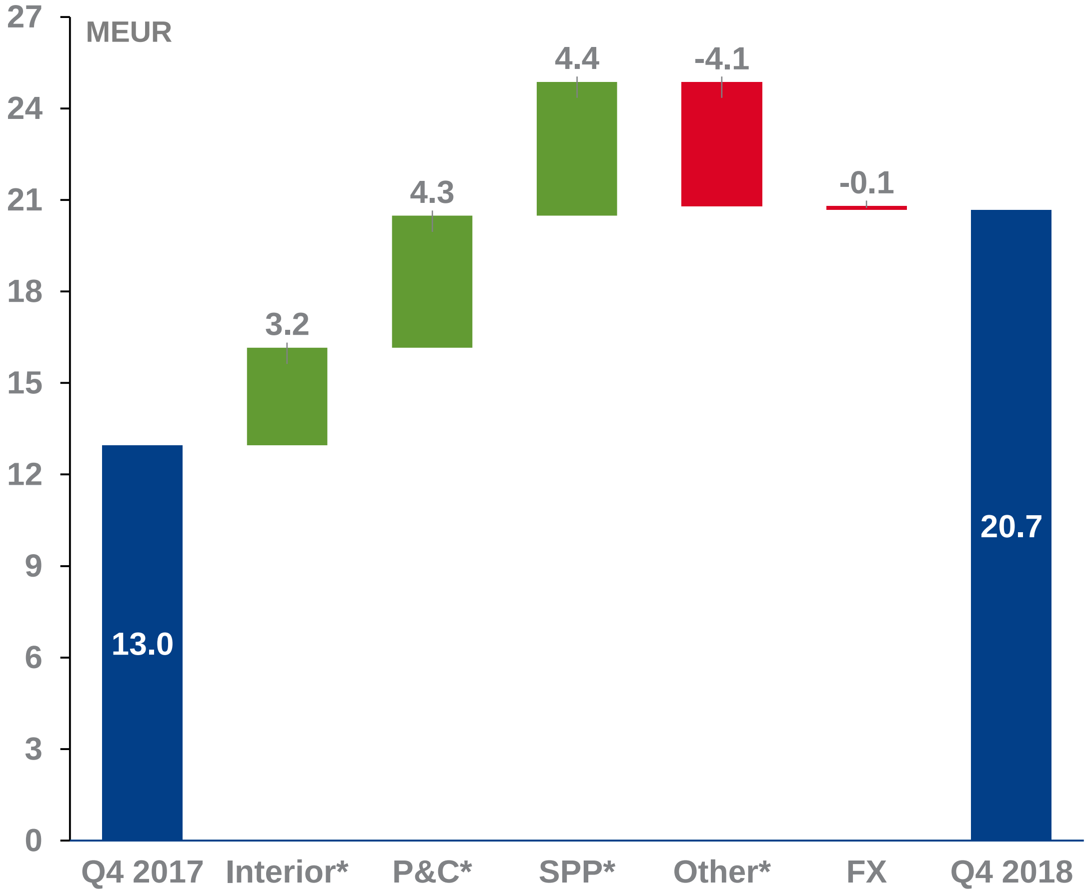


** Variances excluding FX translation effects*

- **Group**
  - Revenues of MEUR 288.3, which is a YoY growth +7.8%.
- **Business segments**
  - All segments contributed to the positive YoY development. General drivers were:
    - Volume growth
    - Strong markets in North America
- **FX translation & Other effects**
  - Interior: MEUR -0.2
  - P&C: MEUR -0.7
  - SPP: MEUR 0.1
  - Others: MEUR -0.1

Q4 2018 - Adjusted EBIT development

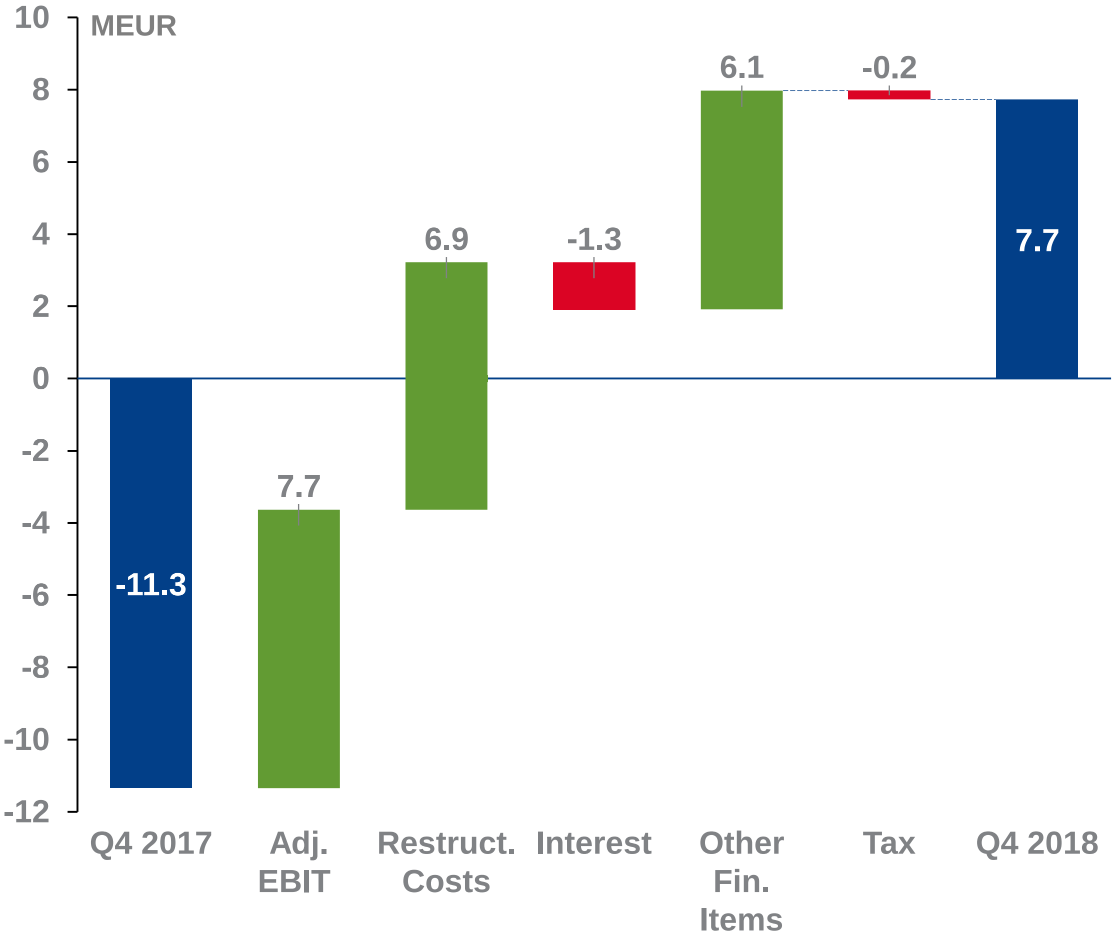
All segments contributing to an increased profitability



- **Group**
  - Adjusted EBIT MEUR 20.7, MEUR 7.7 above Q4 2017.
- **Business Segments**
  - Benefits from improved footprint across the BUs
  - Higher operational efficiency
  - Increased volumes across all segments
  - Costs for new products launches, ongoing operational optimization projects, unfavorable raw material costs and electronic components costs.
  - Partially offset by higher administrative costs and other effects

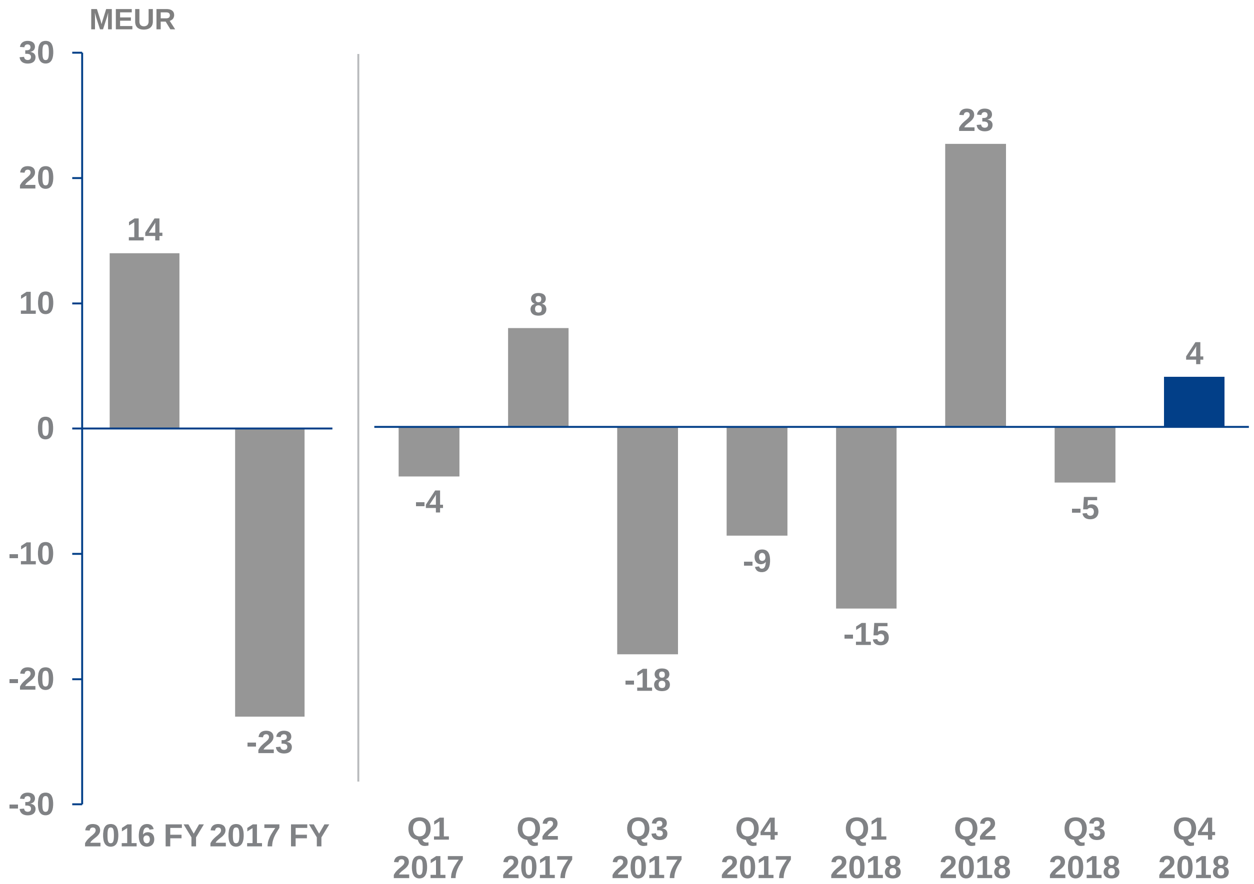
**Variance excluding FX translation effects*

Q4 2018 - Net Profit development



- **Group**
  - Net Profit is MEUR 19.1 above Q4 2017 mainly driven by a significantly reduced effective tax rate.
- **Restructuring costs**
  - Q4 2018 restructuring includes mainly transition costs with continuing integration efforts in the receiving plants MEUR 2.8
  - Q4 2017 higher restructuring cost MEUR 9.7 with the announcements of the Easley and Burton closures.
- **Interest**
  - 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 2.0 in Q4 2018 vs. MEUR 7.4 in Q4 2017.
  - Other financial items include interest component on pension liability and other fees and charges
- **Tax**
  - Absolute number mainly the same, however significantly lower effective tax rates

Free Cash Flow*

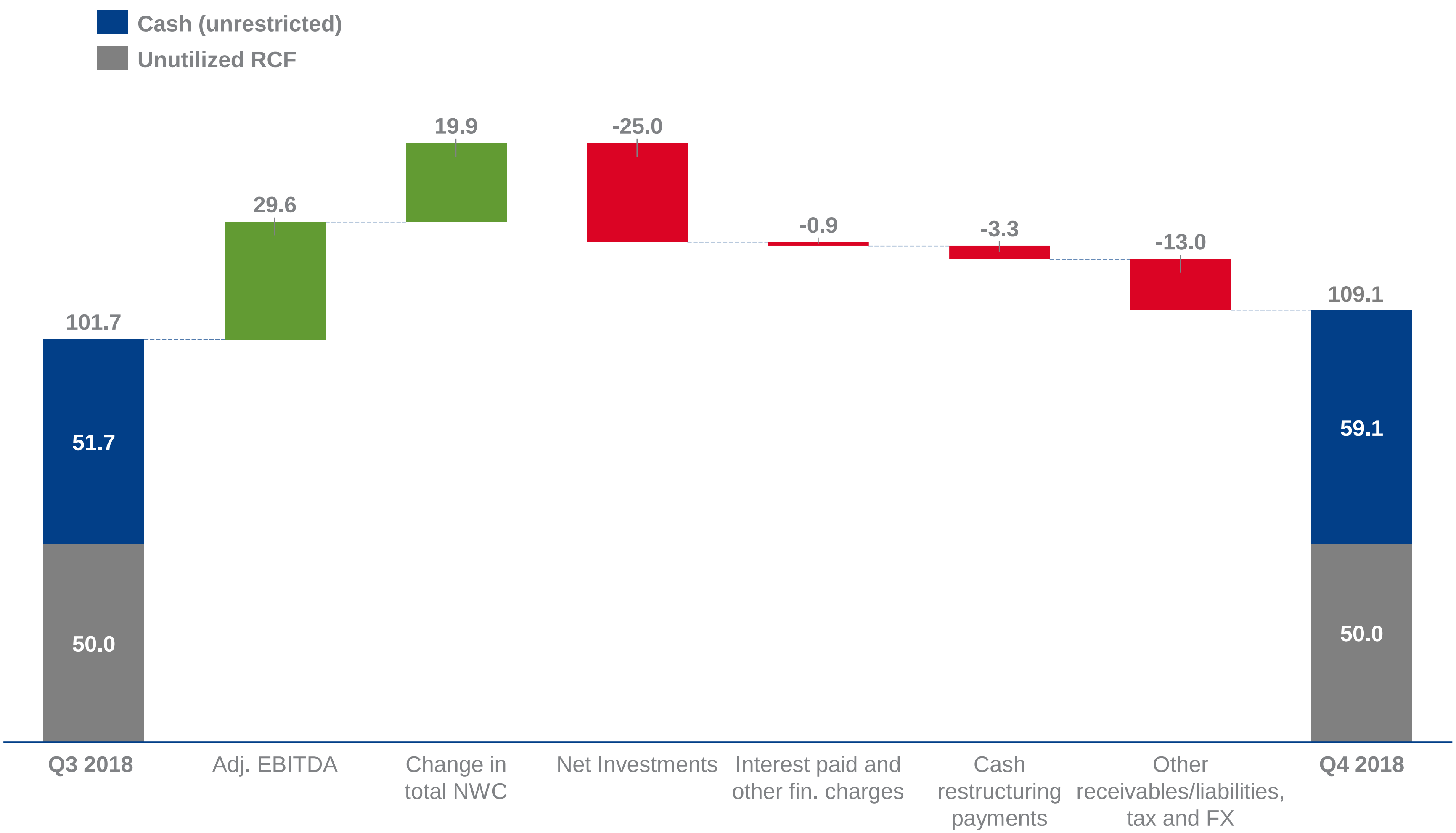


- **Operational cash flow MEUR 34.3**
  - Stronger decrease of NWC of MEUR 8.7 in Q4 2018 compared to Q4 2017.
  - Cash out related to restructuring activities amounted to MEUR 3.3 for Q4 2018.
- **Investing cash flow MEUR -30.2**
  - Investments amounted to MEUR 25.0 mainly to support current and future business growth.
  - The remaining MEUR 5.2 related to development and tooling contract assets (non-current)
- **Financing cash flow MEUR -0.1**
  - No drawing or repayment of additional debt in the fourth quarter
  - Interest for the bond was accrued for in 2018 and will be paid in January 2019

**Cash Flow from operating activities +/- cash flow from investments – interest*

Q4 2018 - Cash development

MEUR



Net financial items - Breakdown

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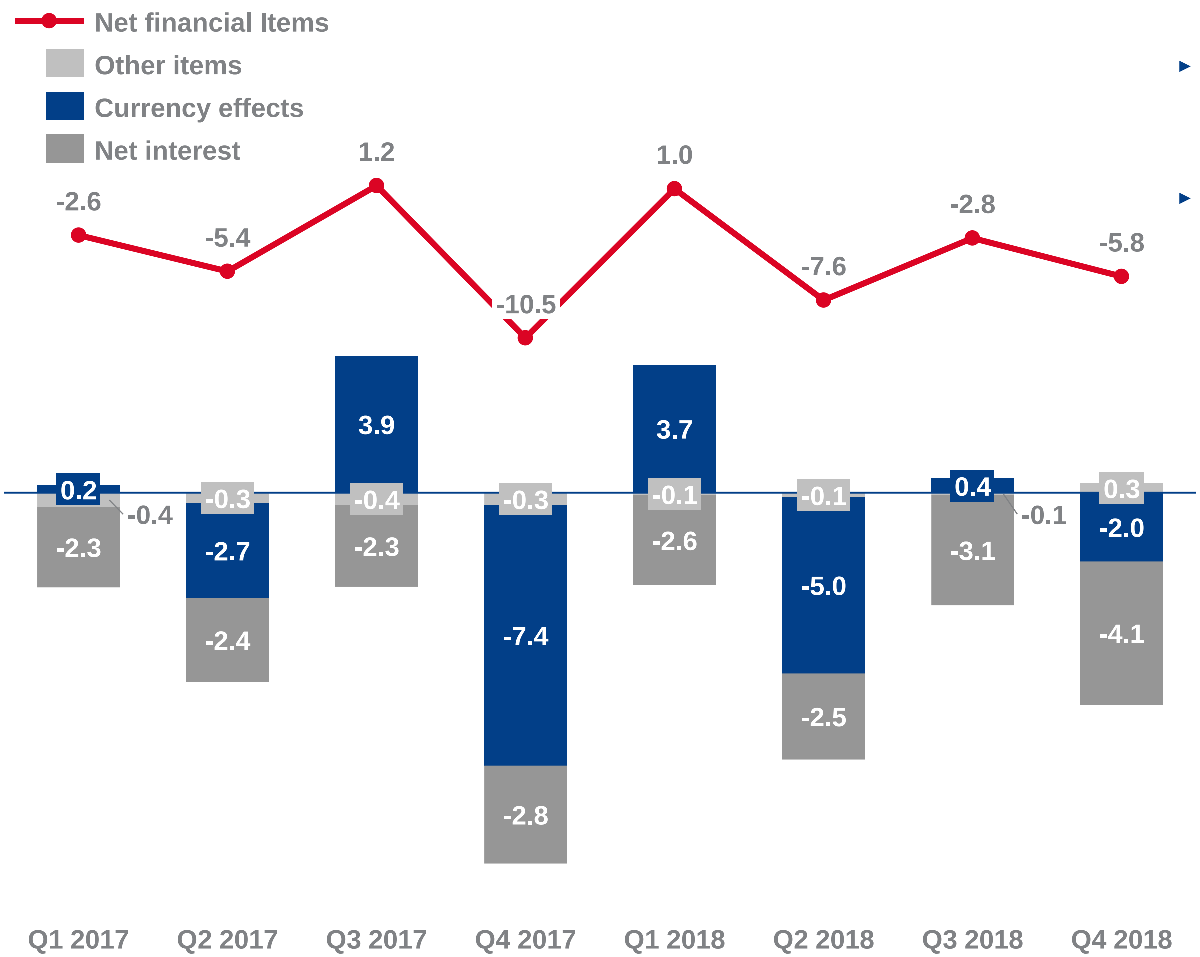
MEUR



- **Currency effects**
  - Decrease in foreign exchange losses for Q4 2018
- **Interest**
  - Higher overall interest expenditure compared to Q4 2017 following the placement of the bond.

Financial ratios

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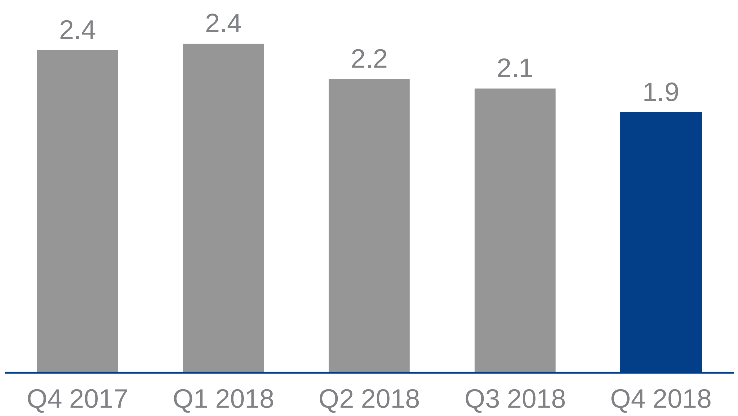
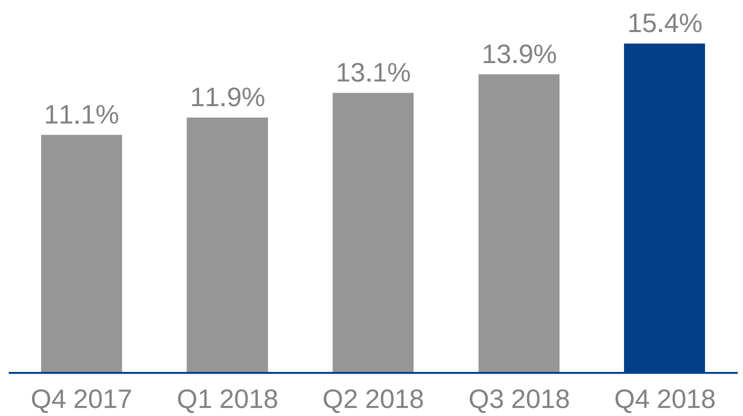
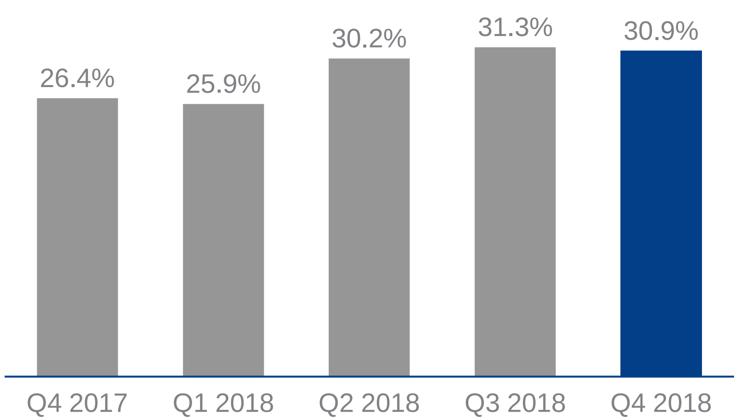
Adjusted gearing ratio (NIBD/EBITDA*)



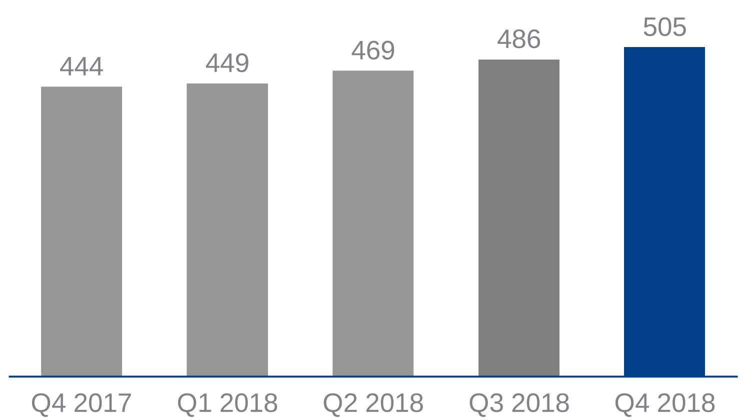
Adjusted ROCE** (LTM)



Equity Ratio***



LTM Capital Employed (MEUR)



Excluding restructuring costs; ** Including IFRS 15 and IFRS 9 adjustments on equities amounting to MEUR +0.7, * Q2 2018 has accounted for the ~MEUR 40 equity increase*

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Summary & Outlook

Summary

- We finished 2018 with a record level of new business wins reducing our sensitivity somewhat to potential market challenges.
- Q4 2018 marks the eighth consecutive quarter with top line, bottom line and margin improvements
- Continuing increases in raw material pricing and high tariffs was a setback in Q4 and continues into Q1 of 2019.
- From a market standpoint, we continue to see high levels of uncertainty. For some of our OEM customers, forecasted volumes have been somewhat reduced for the first quarter of 2019. This is particularly true for the UK based OEMs as well as one big global OEM. Although less of a Q1 growth rate than assumed in our plans, this would still lead to a Q1 2019 topline growth rate of 6% YoY. This leads us to estimate Q1 revenues at a level of around MEUR 306.
  - At this stage, it is difficult to understand the drivers for the slight reduction in anticipated revenues for Q1. We can speculate that at least part of the declines are due to Brexit and WLTP issues. It is too early to say whether these effects will continue into the later quarters of 2019.