

Kongsberg Automotive Investor Presentation

September 2019

Kongsberg Automotive

Forward-Looking Statements and Non-IFRS Measures



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, 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

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
- Diverse customer and end-market exposure

Selected KPIs

Revenue
(2017A / 2018A / 2019Q2 LTM)

1,057mm / €1,123 mm / €1,148mm

Revenue growth / Adj. EBIT growth
(2017A-2018A & 2018Q2 LTM-
2019Q2 LTM)

6% / 49% & 6% / 23%

Adj. EBIT
(2017A / 2018A / 2019Q2 LTM)

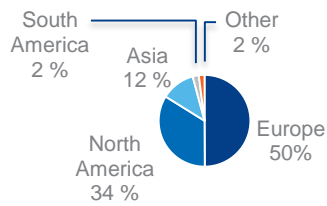
€50mm / €75mm / €76mm

Booked business / Revenue
(avg. 2016A, 2017A, 2019Q2 LTM)

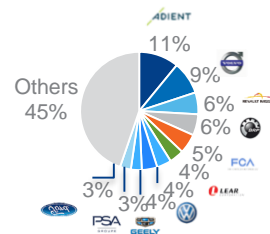
1.4x

2018A revenue breakdown

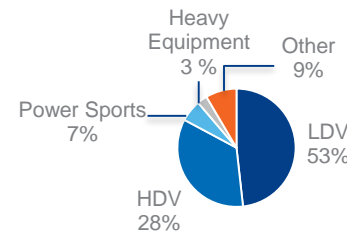
By geography



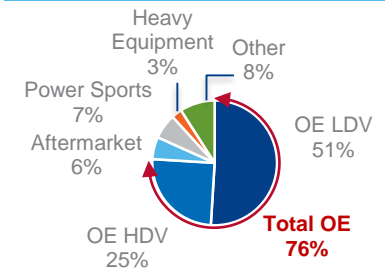
By customer



By end-market

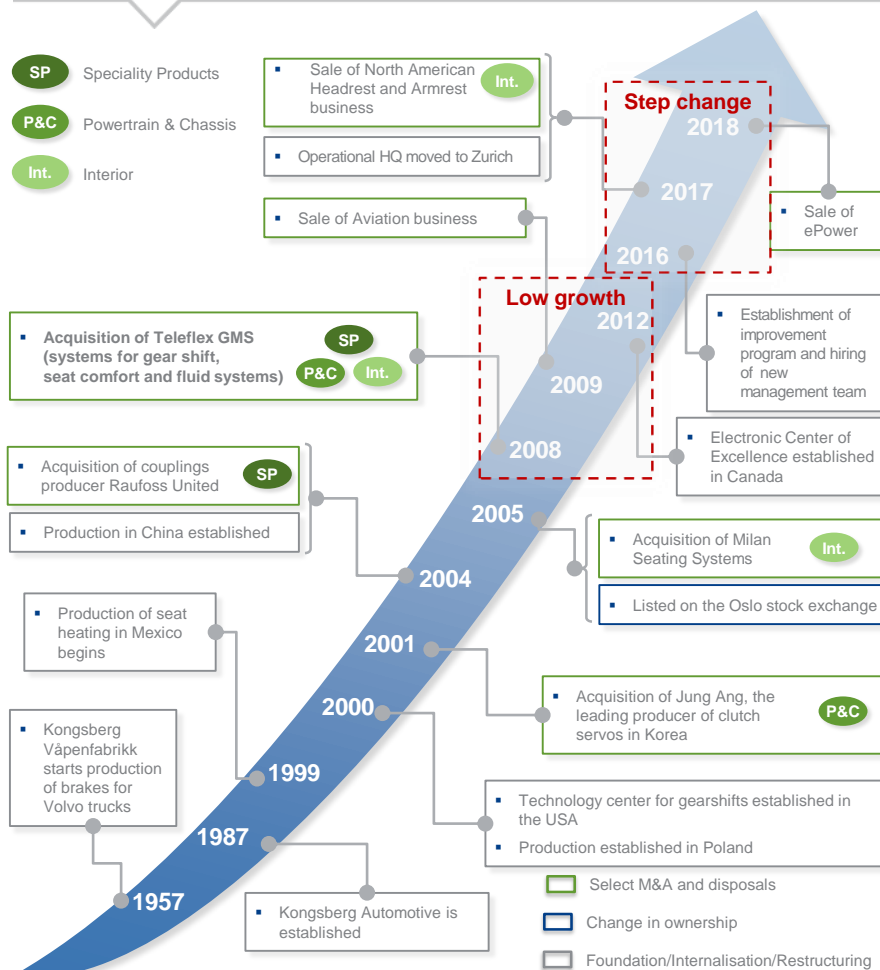


By channel



Total revenue 2018A: €1,123mm

Kongsberg Automotive history



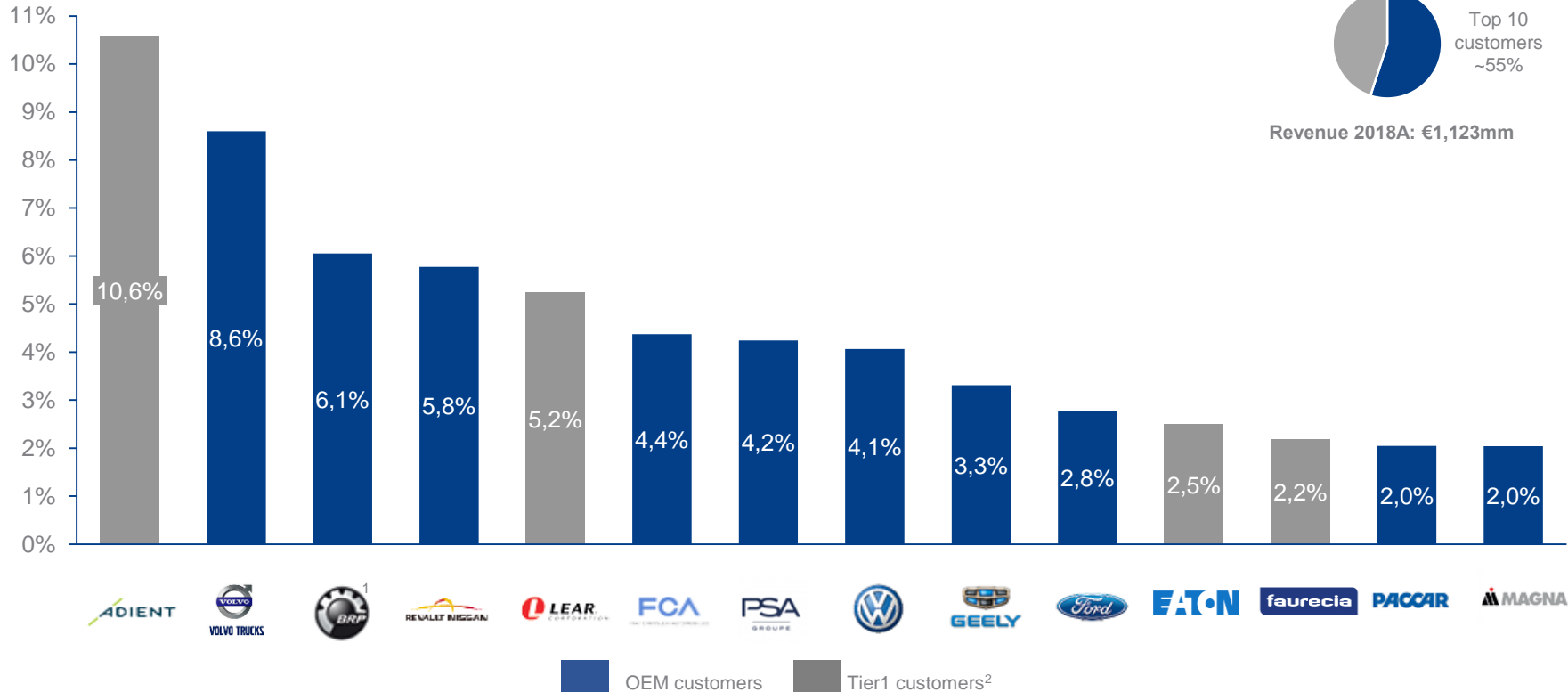
2016 the major turning point

- Starting from a period of low growth post Teleflex acquisition, Kongsberg Automotive initiated a number of changes in 2016
 - Elected New Board of Directors
 - Changed majority of senior management
 - Initiated operational improvements taking out costs and planning closure of plants
 - Implemented organizational changes creating a new structure
 - Focused market approach
 - Cleaned up product portfolio
 - Changed the legal structure
 - Moved the headquarters
 - Started the transition to become a company with a performance based culture

Kongsberg Automotive is on track to deliver on its targets

Kongsberg Automotive benefits from a well diversified customer base

Share of KA's Total Revenue



Contribution of top 10 customers



Revenue 2018A: €1,123mm

Single customer exposure is limited

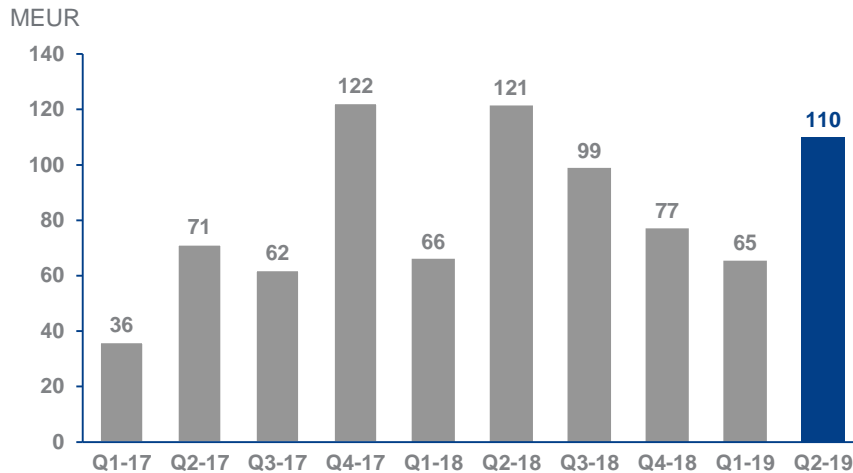
¹ Product portfolio of Bombardier Recreational Products (BRP) includes snowmobiles, watercrafts, on-and off-road vehicles and engines for karts, motorcycles and recreational aircrafts

² For Tier 1 customers the products go to a wide variety of OEMs

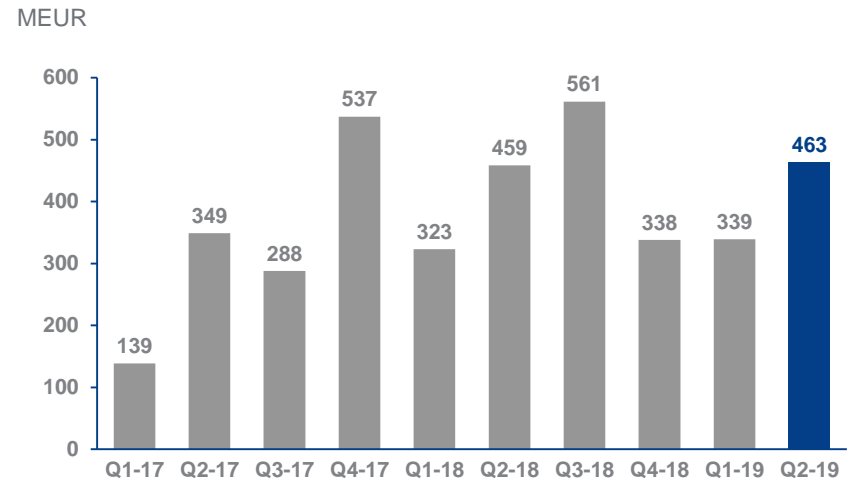
New business wins - Group

Booking momentum remains despite softening markets

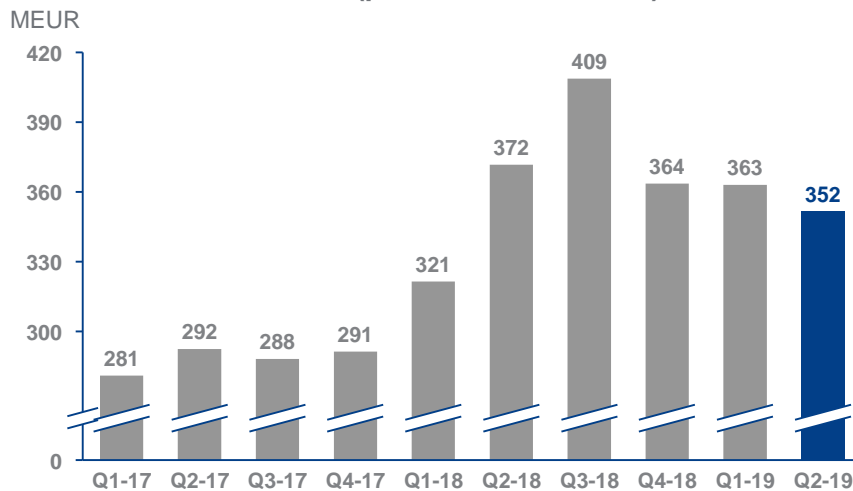
New business wins per quarter (per annum revenues)



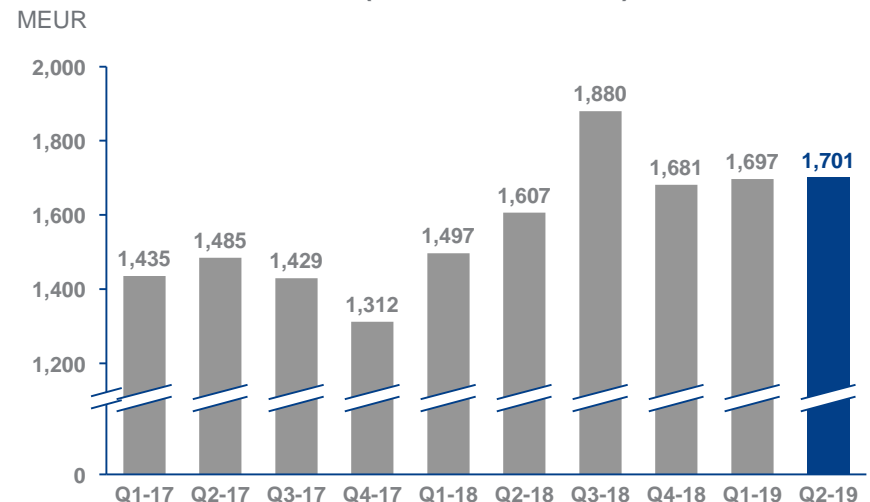
New business wins per quarter (lifetime revenues*)



New business wins LTM (per annum revenues)



New business wins LTM (lifetime revenues*)

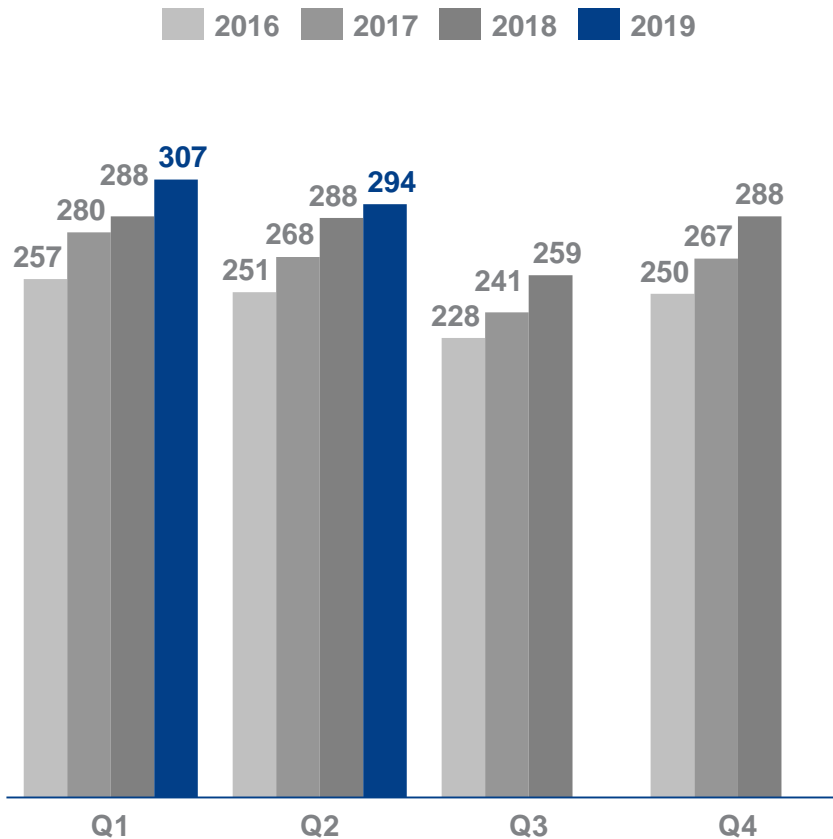


*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

Revenues and Adjusted EBIT

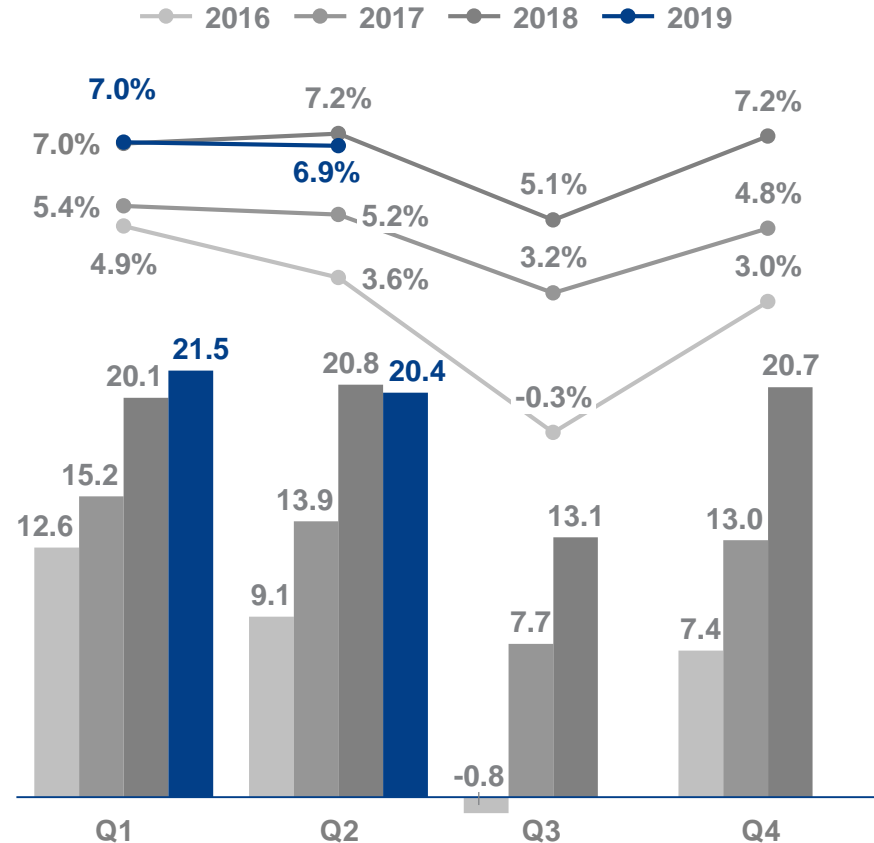
Revenue and adj. EBIT figures have improved substantially over the last years

Revenues
MEUR



Revenues including HRAR

Adjusted EBIT
MEUR and percent



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

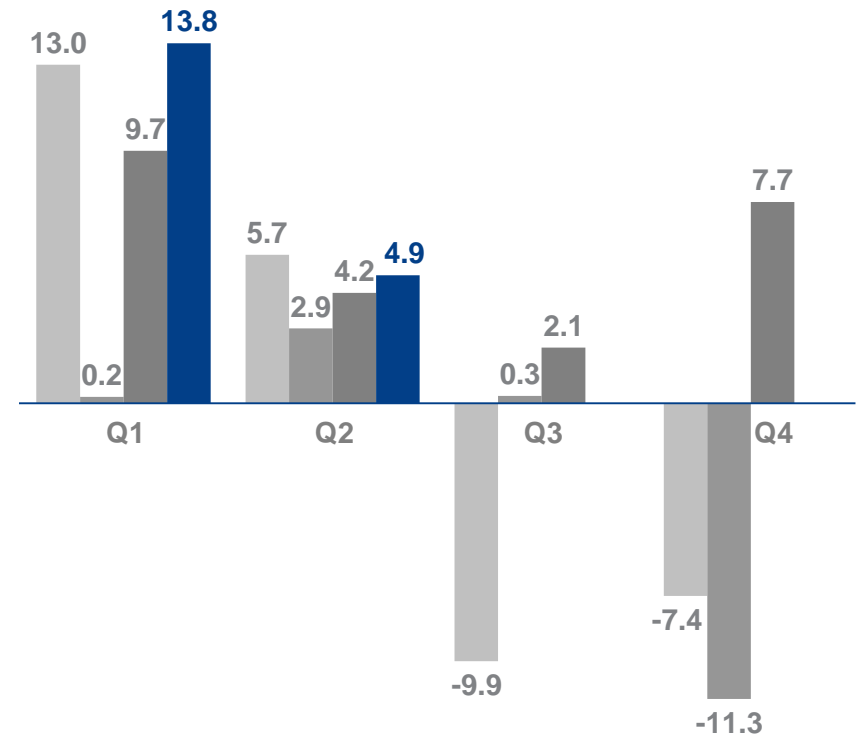
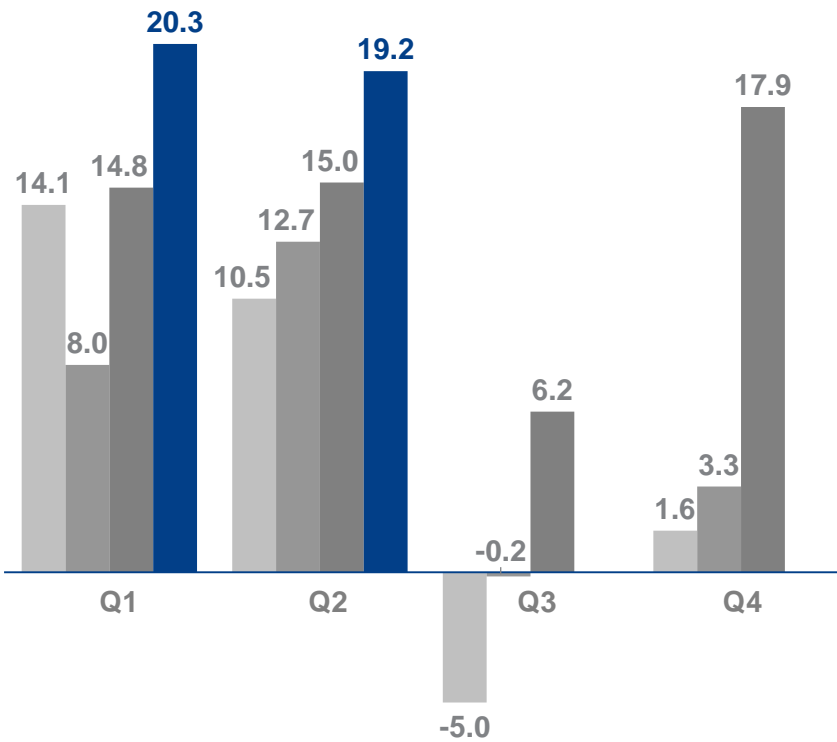
EBIT and Net Income

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

EBIT
MEUR

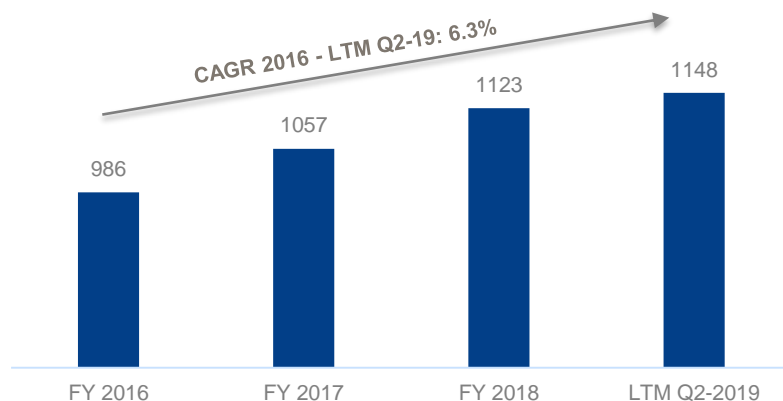
Net Income
MEUR

2016 2017 2018 2019



Historical financials overview

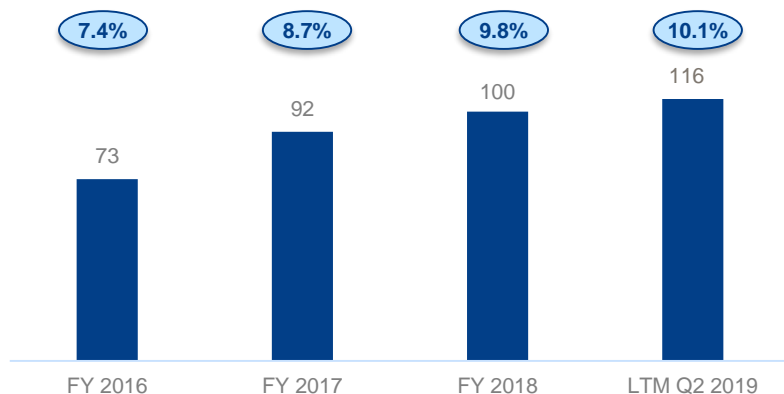
Revenue performance (€mm)



Key financials (€mm)

P&L	Actuals			
	FY 2016	FY 2017	FY 2018	LTM Q2 2019
Revenue	986	1,057	1,123	1,148
% growth	(3.0%)	7.2%	6.2%	NA
Adj. EBITDA	73	92	110	116
% margin	7.4%	8.7%	9.8%	10.1%
Adj. EBIT	28	50	75	76
% margin	2.9%	4.7%	6.7%	6.6%
Capex	(51)	(53)	(68)	(69)
% of revenue	(5.2%)	(5.0%)	(6.1%)	(5.9%)
Adj. EBITDA - Capex	22	40	42	47
% cash conversion	29.7%	43.0%	38.0%	40.5%
Change in NWC ¹	(3)	(27)	(17)	(49)

Adj. EBITDA performance (€mm)

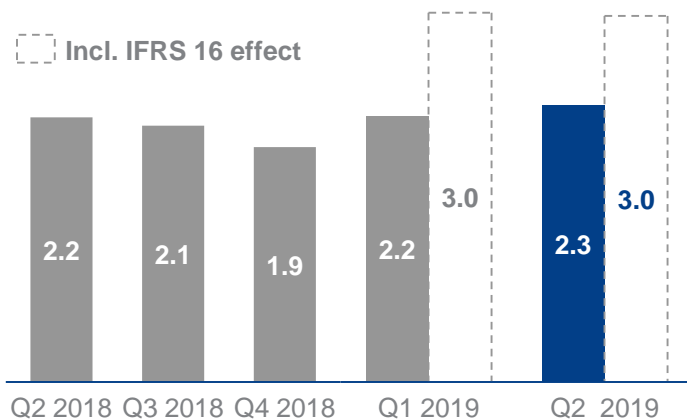


% EBITDA margin (%)

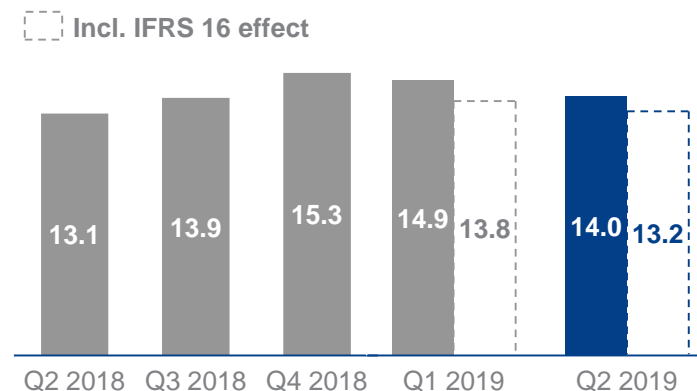
¹ Defined as Trade receivable + Inventories – Trade payable; ² Includes the divested HRAR business accounting for €42mm revenue in 2016 and one quarter of €10mm revenue in 2017

Financial ratios

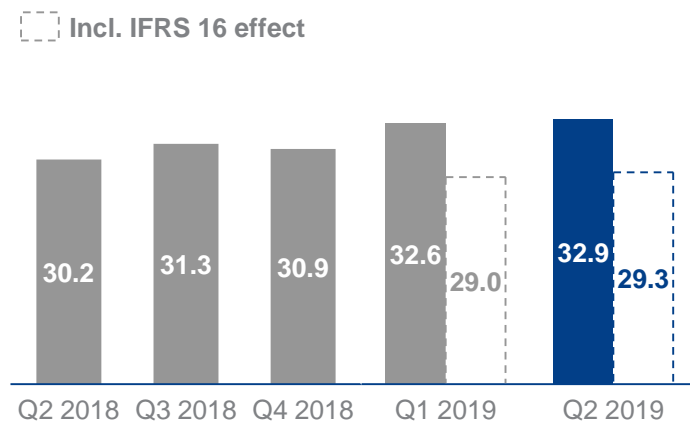
Adjusted gearing ratio (NIBD/EBITDA, LTM*)



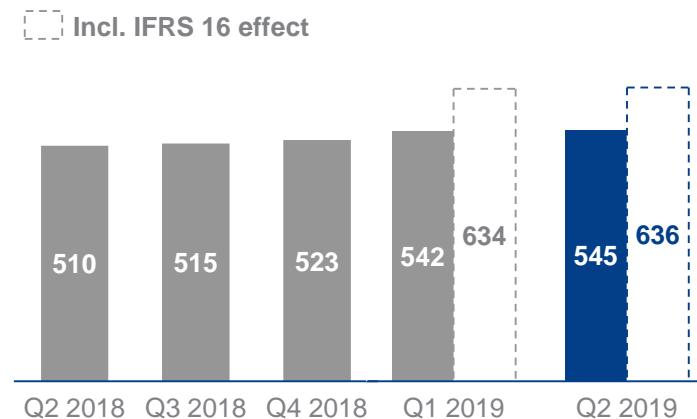
Adjusted ROCE* (% , LTM)



Equity Ratio** (%)



Capital Employed (MEUR)***



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

Bond pricing and summary

Bond price development



Bond summary

Issuer:	Kongsberg Actuation Systems B.V.
Issue:	Senior secured notes ("the Notes")
Amount:	€275mm
Maturity:	7 years
Expected corporate // issue ratings:	Ba3 / B+ // Ba3 / BB-
Call protection:	Non-callable for 3 years
Optional redemption:	<ul style="list-style-type: none"> ■ T + 50 bps make whole during non-call period ■ Equity claw-back allowing redemption of up to 40% of the Notes, at a premium equal to par plus the coupon, with the proceeds of an equity issue during NC period
Use of proceeds:	Refinance existing indebtedness, transaction fees and expenses and general corporate purposes (which may include acquisitions)
Ranking:	The Notes will be senior obligations of the Company and will rank pari passu with all present and future senior indebtedness (provided that the SSRCF and certain hedging obligations will receive proceeds from enforcement on the collateral in priority to the Notes under the Intercreditor Agreement)
Security:	Pledges over the shares of the Issuer and all Guarantors (other than Kongsberg Automotive ASA), as well as a security assignment of intercompany loan receivables by the Issuer and the Guarantors
Covenants:	<p>The Notes will contain customary covenants for corporate bond financings. Covenants will particularly include:</p> <ul style="list-style-type: none"> ■ Limitation on Indebtedness ■ Limitation on Liens ■ Limitation on Restricted Payments ■ Limitations on Payment Restrictions Affecting Restricted Subsidiaries ■ Limitation on Sales of Assets ■ Limitation on Affiliate transaction
Distribution:	Reg S, 144A for life
Governing law:	New York law
Listing:	The International Stock Exchange
Sole Global Coordinator and Physical Bookrunner:	J.P. Morgan Securities plc
Joint Bookrunner:	Danske Bank

2019 Outlook

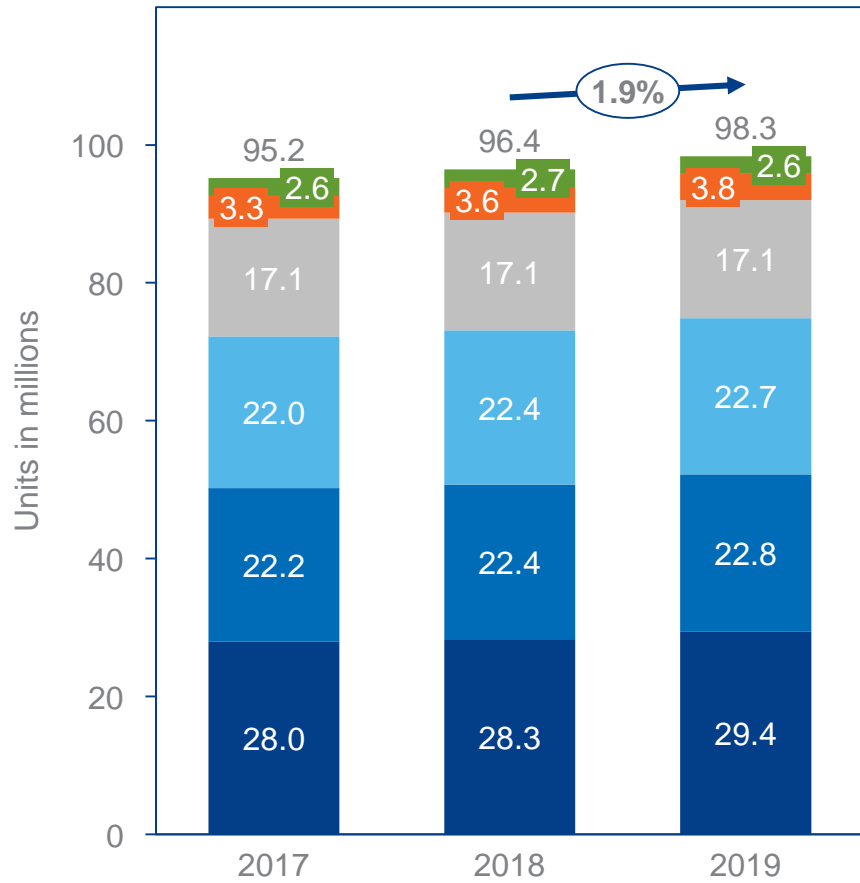


Passenger Car Unit production estimates are declining

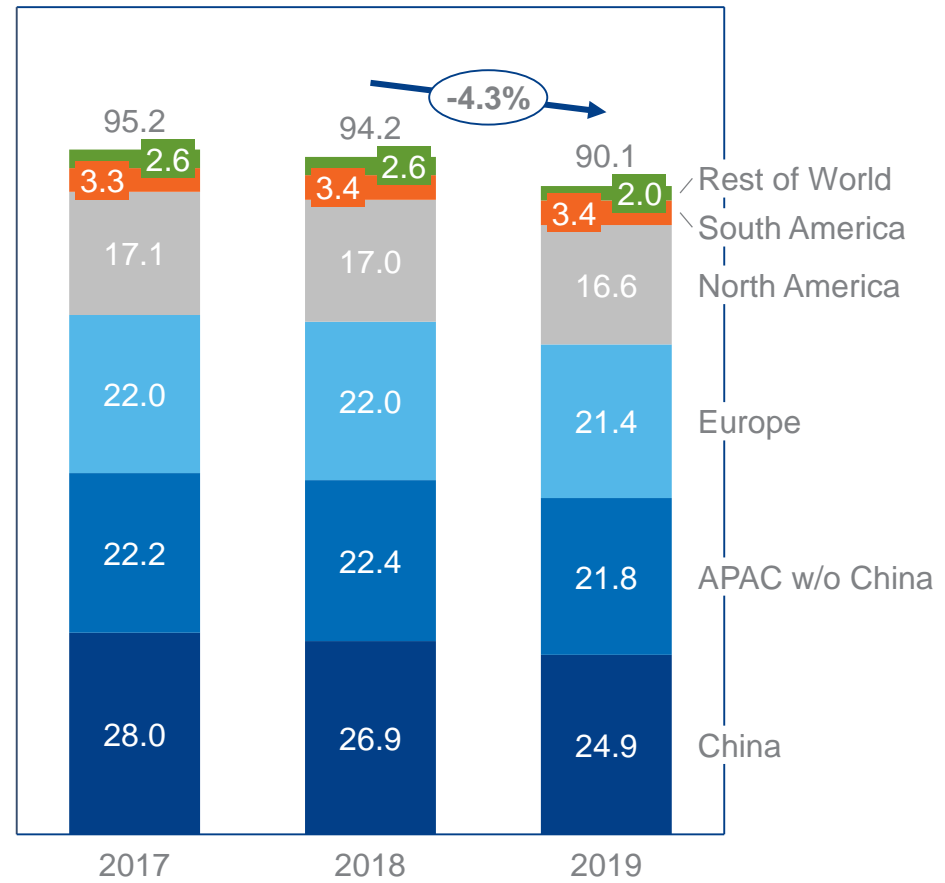
The main driver is the Chinese market

CMD 2018

September 2019



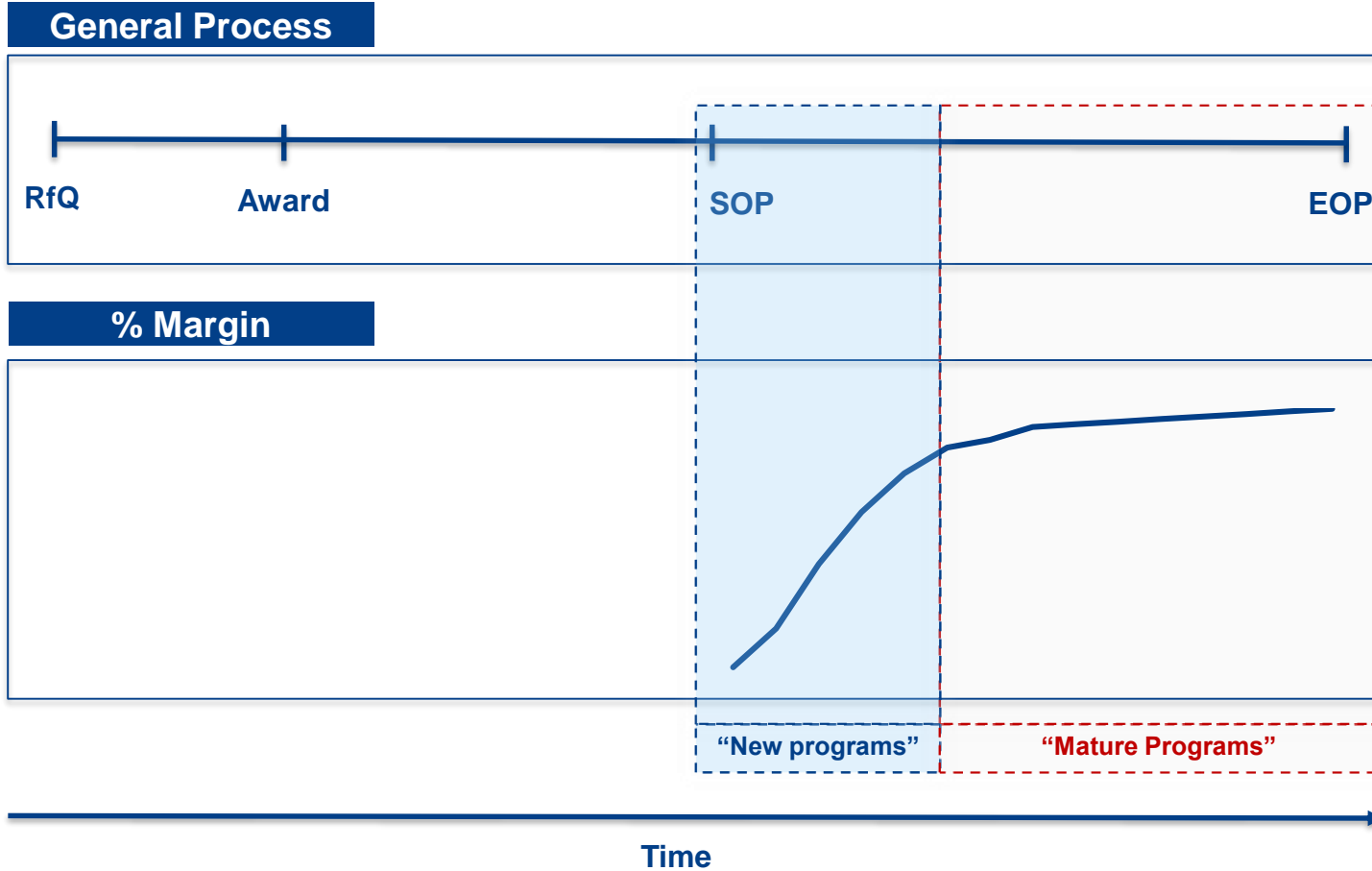
Source: IHS September 2019



Source: IHS August 2019

-8.3%

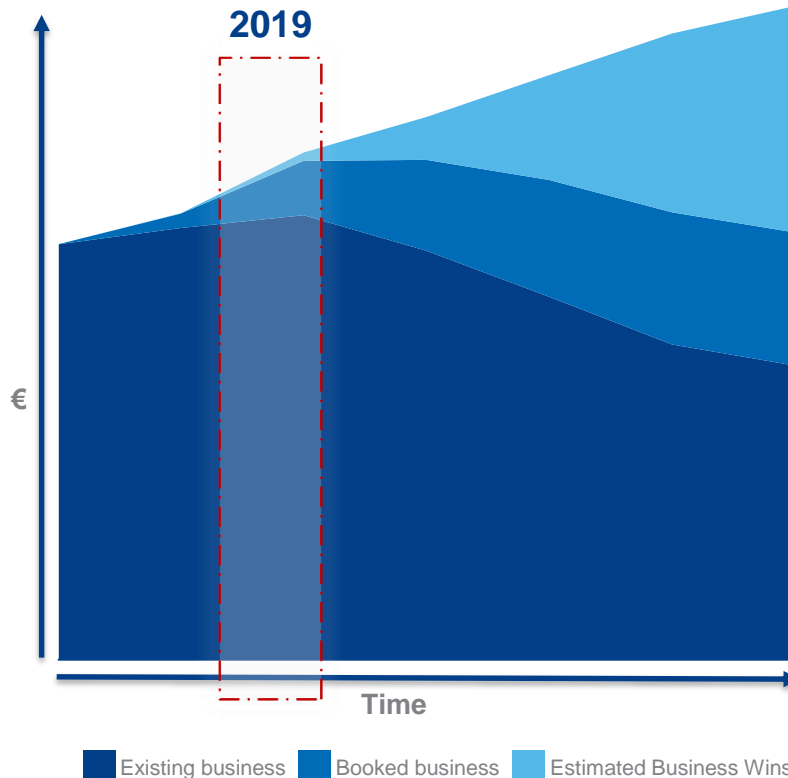
How our business works – margin perspective



(Illustrative example)

Revenue Projections

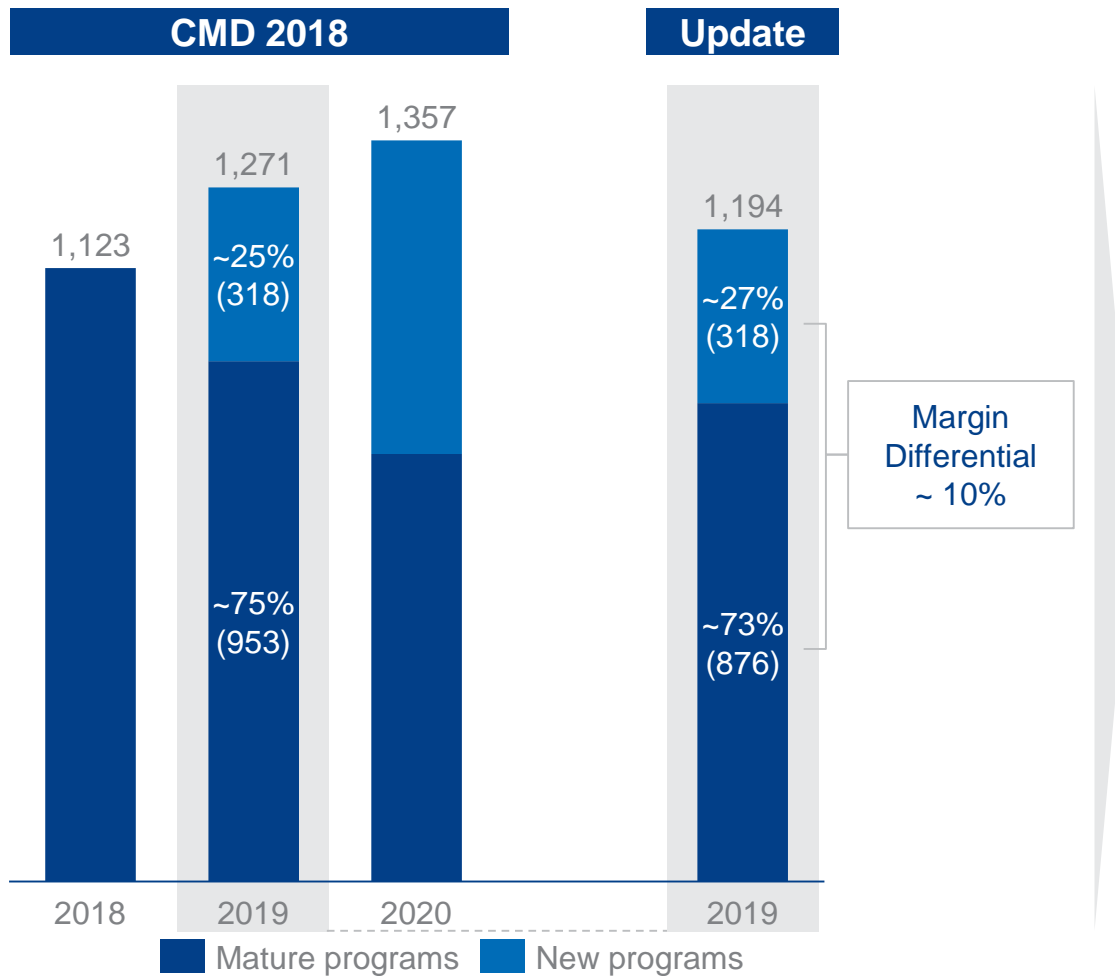
KA Group Revenue– Illustrative example by product status



- 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 revenue with delay of up to two to three years, depending on the customer nomination process and development requirement.
- Given the current 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 out years includes business not yet booked which we will compete for. However, such non-booked projected revenues have been dicounted with a success factor.

A high level of revenue projections are backed up by current and booked programs

Market decline leads to an increasing share of “new programs”



Impact on KA Financials

- Declining markets typically affect mature programs rather than new programs
- Unusual high share of “new programs” offsets the market driven decline in the mature products. However, this leads to an unfavorable mix effect on margin.
- We estimate the margin impact to be €3m from 2018-2019.

Financial overview

2019 Outlook Development

	2018 CMD			In Mill. Euro	2019 AGM / May 15 Update			In Mill. Euro	Current outlook / Sept 4 Update		
	2017	2018	2019		2017	2018	2019		2017	2018	2019
In Mill. Euro											
Sales	1,057	1,128	1,271	Sales	1,057	1,123	1,220	Sales	1,057	1,123	1,194
EBIT adj.	50	75	97	EBIT adj.	50	75	82	EBIT adj.	50	75	78
<i>% of sales</i>	<i>4,7%</i>	<i>6,6%</i>	<i>7,6%</i>	<i>% of sales</i>	<i>4,7%</i>	<i>6,7%</i>	<i>6,8%</i>	<i>% of sales</i>	<i>4,7%</i>	<i>6,7%</i>	<i>6,5%</i>
Restructuring & One Off cost	-26	-20	-7	Restructuring & One Off cost	-26	-21	-7	Restructuring & One Off cost	-26	-21	-7
EBIT	24	55	90	EBIT	24	54	75	EBIT	24	54	71
<i>% of sales</i>	<i>2,2%</i>	<i>4,9%</i>	<i>7,1%</i>	<i>% of sales</i>	<i>2,2%</i>	<i>4,8%</i>	<i>6,2%</i>	<i>% of sales</i>	<i>2,2%</i>	<i>4,8%</i>	<i>5,9%</i>
Financial Items	-17	-14	-15	Financial Items	-17	-15	-16	Financial Items	-17	-15	-18
Profits Before Taxes	6	42	75	Profits Before Taxes	6	39	59	Profits Before Taxes	6	39	53
Taxes	-14	-17	-20	Taxes	-14	-15	-16	Taxes	-14	-15	-18
<i>% of PBT</i>	<i>-225,0%</i>	<i>-42,0%</i>	<i>-26,5%</i>	<i>% of PBT</i>	<i>-225,0%</i>	<i>-38,0%</i>	<i>-26,5%</i>	<i>% of PBT</i>	<i>-225,0%</i>	<i>-38,0%</i>	<i>-33,1%</i>
Net Income	-8	24	55	Net Income	-8	24	44	Net Income	-8	24	35
EPS (NOK)	-0,19	0,51	1,17	EPS (NOK)	-0,19	0,53	0,94	EPS (NOK)	-0,19	0,53	0,79

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

- Revenue growth of +71. Expected Adj. EBIT Effect: +15
- Margin decline due to change in growth mix. Expected Adj. EBIT Effect: (3)
- Fixed cost absorption effect due to lower than planned revenues. EBIT Effect: (8)
- Increase in Mexican labor rates. Expected Adj. EBIT Effect: (3)
- Increase in raw material prices and tariffs. Expected Adj. EBIT Effect: (4)
- FX effects drive an increase in revenues of +2. Expected Adj. EBIT Effect: (2)
- Effect from implementing IFRS 16. Expected Adj. EBIT Effect: +3
 - Note that the IFRS16 implementation negatively affects net income by (1)
- Launch issues with a new program in the P&C segment. Expected Adj. EBIT Effect: (3)
- Erosion and economics offset by cost savings. Expected Adj. EBIT Effect: +9

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

- top line growth of ~ 6%,
- adj. EBIT growth of ~ 4%, and
- NI growth of ~45% in 2019

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: €30mm
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

Kongsberg Automotive – Key highlights & Conclusion



- Kongsberg Automotive – truly global mid-sized automotive supplier with diversified customer base
 - Kongsberg Automotive is a manufacturer and supplier of components, systems and aftermarket products primarily for the automotive (light duty and heavy duty vehicle) markets. We also serve the power sports and heavy equipment industries, with leadership positions in niche markets
- Diversified revenue base with ~75% from OE auto and ~25% from non-auto markets including aftermarket
- Strong and improving financial performance driven by the improvement program initiated in 2016
- Kongsberg Automotive is outperforming the general automotive supplier market from a top line and bottom line perspective. In 2019, we plan to deliver:
 - top line growth of ~ 6%,
 - adj. EBIT growth of ~ 4%, and
 - NI growth of ~60%”
- Even in this challenging macro environment (trade wars, raw material price increases, overall market declines), we continue to deliver YoY earnings growth.
 - Strong recent business wins ensures high degree of short and medium term top line confidence.

Backup Slides

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

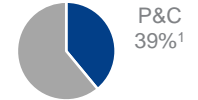
- Exclusively focused on LDV market
- Cables represent core competence
 - Strong product technology and knowledge base
 - Traditional LDC applications moving towards actuators
 - Uses actuator designs from other business units, thus offering competitive benefits vs other pure LDC players

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
<p>Transmission control</p> <ul style="list-style-type: none"> ➤ Technology shift from mechanically based systems towards electronically controlled actuation systems ➤ Product range include: <ul style="list-style-type: none"> – AMT Actuators and PRND Actuators – Clutch Actuation Modules – Shift-By-Wire Shifters and Manual Gear Shifters – Shift Cables ➤ Focus: <ul style="list-style-type: none"> – Profitable growth for new technology – Maintain share in conventional mechanical systems ➤ Well positioned on both HDV and LDV actuators 	86%	<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 10px;">  <p>ATrAct™ Gear Control Unit</p> </div> <div style="text-align: center; margin: 10px;">  <p>Gear shift cables</p> </div> <div style="text-align: center; margin: 10px;">  <p>AT Shifter</p> </div> <div style="text-align: center; margin: 10px;">  <p>Shift by Wire</p> </div> </div>	<div style="display: flex; flex-direction: column; align-items: center;">   </div>
<p>Vehicle dynamics</p> <ul style="list-style-type: none"> ➤ Product range consists of 3 technologies <ul style="list-style-type: none"> – Chassis Stabilizer – V-Stays – Cabin Anti-roll Bar ➤ Well positioned in the market ➤ No ICE exposure 	11%	<div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center; margin: 10px;">  <p>Cabin Anti-roll Bar</p> </div> <div style="text-align: center; margin: 10px;">  <p>V-stays</p> </div> </div>	<div style="display: flex; flex-direction: column; align-items: center;">  </div>

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 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 Tilt & Telescope Columns KAntrak 1700</p>	

¹ % 2018 revenue

Glossary

Term	Meaning
AMT	Automated Manual Transmission
CMD	Capital Markets Day
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