Kongsberg Automotive
Third quarter 2019 - November 7, 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 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.
In a challenging market environment, we again grew our revenues:
- YoY revenue growth of 7.8% from MEUR 259 to MEUR 279 including positive FX effects of MEUR 4.
- Excluding FX effects, our growth rate was 6% compared to a decline in the passenger car and truck markets of -3% and -4%, respectively.
- We were awarded new business totaling MEUR 65 on an annualized basis, corresponding to MEUR 299 in expected lifetime revenues.

The adjusted EBIT margin was flat YoY, growing in line with revenue by MEUR 0.8 to MEUR 13.9. This includes unfavorable FX effects of MEUR 0.3.
- As has been the case in the previous quarters, the fall through from additional volume was partly offset by macro factors.
- EBIT for the quarter amounted to MEUR 11.9 versus MEUR 6.2 in Q3 2018. This improvement is mainly driven by the reduction in restructuring costs complemented by the positive business development.

Free cash flow was MEUR -8 in Q3 2019.
- Our total liquidity reserve at the end of the quarter amounted to MEUR 64.5 of which MEUR 23.4 as unrestricted cash on hand.

Excluding IFRS 16 effects, our LTM adjusted gearing ratio (NIBD/Adj. EBITDA) was 2.4X, which is 0.3X higher than in Q3 2018. Including IFRS 16 effects, our adjusted gearing ratio was 3.0X.
Revenues and Adjusted EBIT
Revenue and adjusted 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

Ongoing YoY growth driven by positive performance & lower restructuring costs

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT MEUR</td>
<td>14.1</td>
<td>14.8</td>
<td>15.0</td>
<td>17.9</td>
<td>13.0</td>
<td>13.8</td>
<td>13.0</td>
<td>17.9</td>
</tr>
<tr>
<td>Net Income MEUR</td>
<td>14.1</td>
<td>14.8</td>
<td>15.0</td>
<td>17.9</td>
<td>13.0</td>
<td>13.8</td>
<td>13.0</td>
<td>17.9</td>
</tr>
</tbody>
</table>

2016 | 2017 | 2018 | 2019
New Business Wins
New business wins – KA Group
Solid future growth potential despite weaker momentum due to market development

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.
Enhancing the driving experience

New business wins by segment
New business wins secure future growth development in all segments

New business wins per quarter (per annum revenues)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SPP (MEUR)</th>
<th>PAC (MEUR)</th>
<th>INT (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-17</td>
<td>36</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Q2-17</td>
<td>28</td>
<td>29</td>
<td>14</td>
</tr>
<tr>
<td>Q3-17</td>
<td>62</td>
<td>34</td>
<td>16</td>
</tr>
<tr>
<td>Q4-17</td>
<td>66</td>
<td>30</td>
<td>16</td>
</tr>
<tr>
<td>Q1-18</td>
<td>62</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>Q2-18</td>
<td>99</td>
<td>33</td>
<td>21</td>
</tr>
<tr>
<td>Q3-18</td>
<td>77</td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>Q4-18</td>
<td>65</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Q1-19</td>
<td>110</td>
<td>28</td>
<td>17</td>
</tr>
<tr>
<td>Q2-19</td>
<td>65</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td>Q3-19</td>
<td>58</td>
<td>32</td>
<td>17</td>
</tr>
</tbody>
</table>

New business wins per quarter (lifetime revenues*)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SPP (MEUR)</th>
<th>PAC (MEUR)</th>
<th>INT (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-17</td>
<td>139</td>
<td>42</td>
<td>74</td>
</tr>
<tr>
<td>Q2-17</td>
<td>349</td>
<td>151</td>
<td>143</td>
</tr>
<tr>
<td>Q3-17</td>
<td>288</td>
<td>135</td>
<td>62</td>
</tr>
<tr>
<td>Q4-17</td>
<td>237</td>
<td>157</td>
<td>151</td>
</tr>
<tr>
<td>Q1-18</td>
<td>323</td>
<td>302</td>
<td>57</td>
</tr>
<tr>
<td>Q2-18</td>
<td>148</td>
<td>271</td>
<td>136</td>
</tr>
<tr>
<td>Q3-18</td>
<td>537</td>
<td>323</td>
<td>131</td>
</tr>
<tr>
<td>Q4-18</td>
<td>561</td>
<td>459</td>
<td>124</td>
</tr>
<tr>
<td>Q1-19</td>
<td>463</td>
<td>338</td>
<td>339</td>
</tr>
<tr>
<td>Q2-19</td>
<td>93</td>
<td>185</td>
<td>114</td>
</tr>
<tr>
<td>Q3-19</td>
<td>299</td>
<td>103</td>
<td>118</td>
</tr>
</tbody>
</table>

*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.
Book-to-bill performance
High number of new business wins over the last 2+ years ensure long term growth

*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking."
Market Summary
Q3 2019 market summary
Declining passenger car and truck markets in all major regions

Global Passenger Car Production, Units in millions

<table>
<thead>
<tr>
<th>Region</th>
<th>YoY</th>
<th>Change</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>-0.5%</td>
<td>-2.7%</td>
<td>-22k</td>
</tr>
<tr>
<td>North America</td>
<td>+2.0%</td>
<td>+83k</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>-0.8%</td>
<td>-7k</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>-7.0%</td>
<td>-433k</td>
<td></td>
</tr>
<tr>
<td>APAC w/o China</td>
<td>-18.0%</td>
<td>-124k</td>
<td></td>
</tr>
<tr>
<td>RoW</td>
<td>-22.1%</td>
<td>-135k</td>
<td></td>
</tr>
</tbody>
</table>

Source: IHS Light Vehicle Production Base, Q3 2019

Global Truck Production, Units in thousands

<table>
<thead>
<tr>
<th>Region</th>
<th>YoY</th>
<th>Change</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>+0.5%</td>
<td>+1k</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>-3.1%</td>
<td>-5k</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>+21.2%</td>
<td>+5k</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>+1.1%</td>
<td>+3k</td>
<td></td>
</tr>
<tr>
<td>APAC w/o China</td>
<td>-20.6%</td>
<td>-36k</td>
<td></td>
</tr>
<tr>
<td>RoW</td>
<td>Unchanged</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: LMC Global Commercial Vehicle Forecast, Q3 2019

Global Passenger Car Production
Production Volumes:
Europe        -0.5%  YoY  or  -22k units
North America +2.0%  YoY  or  +83k units
South America -0.8%  YoY  or  -7k units
China         -7.0%  YoY  or  -433k units
APAC w/o China -18.0%  YoY  or  -124k units
RoW           -22.1%  YoY  or  -135k units

Global Truck Production
Production Volumes:
Europe        +0.5%  YoY  or  +1k units
North America -3.1%  YoY  or  -5k units
South America +21.2%  YoY  or  +5k units
China         +1.1%  YoY  or  +3k units
APAC w/o China -20.6%  YoY  or  -36k units
RoW           Unchanged
Segment Highlights
Segment financials last five quarters

**Interior**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues MEUR</td>
<td>66</td>
<td>77</td>
<td>77</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Adjusted EBIT*</td>
<td>3.7%</td>
<td>5.6%</td>
<td>2.7%</td>
<td>3.3%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues MEUR</td>
<td>103</td>
<td>113</td>
<td>119</td>
<td>116</td>
<td>113</td>
</tr>
<tr>
<td>Adjusted EBIT*</td>
<td>1.8%</td>
<td>5.1%</td>
<td>2.4%</td>
<td>4.9%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

**Powertrain & Chassis**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues MEUR</td>
<td>90</td>
<td>98</td>
<td>110</td>
<td>103</td>
<td>91</td>
</tr>
<tr>
<td>Adjusted EBIT*</td>
<td>13.8%</td>
<td>17.6%</td>
<td>17.6%</td>
<td>15.6%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

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

Revenues

The overall YoY increase was driven by Interior Comfort Systems (ICS) with a growth rate in the mid teens as volumes of new programs in Europe and North America ramped up.

The overall segment growth was, however, partially offset by lower sales in LDC (Light Duty Cables).

Adj. EBIT

The Interior segment consists of two business units; Interior Comfort Systems (ICS) and Light Duty Cables (LDC). In ICS, revenues grew by 18% and adj. EBIT grew by 47% YoY. In LDC, revenues declined by 5% and adj. EBIT sharply decreased by 120% YoY. The LDC performance was mainly driven by the impact of the Mexican labor increase, and to a certain extent by volume decreases.

Operations

The segment continues to drive operational improvements in all its plants. Reduction in force will be made in plants with volume declines.

New Business Wins

Following very strong Q3 2018 booking levels, Q3 2019 new business wins were lower.

ICS was awarded a contract to supply Seat Heat Systems to a premium US OEM customer worth MEUR 10 in annualized revenues or MEUR 69 in expected lifetime revenues.

LDC won a contract to supply Actuation Cables to a European premium OEM customer.
Powertrain and Chassis (P&C)

Revenues

The commercial vehicle business in North America and passenger car business in China continue to be the YoY growth drivers in the segment. Despite traditional seasonal effects, we grew our China revenues both sequentially and YoY driven by program ramp ups. This was offset by lower sales in Europe.

Operations

The new product launch challenges of the first half of the year were successfully resolved. Our Chinese operations benefitted from successful product launches and high loads.

Adj. EBIT

Higher profit contribution from additional revenues in North America and China and cost improvements as a result of past restructuring activities were the biggest drivers to the overall YoY performance improvement.

New Business Wins

Within the quarter, P&C was awarded business with a US based OEM worth MEUR 8 in annualized revenues or MEUR 38 in expected lifetime revenues.
# Specialty Products Segment

## Revenues

Although overall sales were flat, there was growth in Off-highway and a market-driven decline in Couplings.

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>90</td>
<td>91</td>
</tr>
</tbody>
</table>

## Adj. EBIT

Overall adj. EBIT levels remained relatively stable in the segment with adj. EBIT of around MEUR 12.

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBIT</td>
<td>12.4</td>
<td>11.9</td>
</tr>
</tbody>
</table>

## Operations

Couplings started insourcing activities for some outsourced manufacturing activities, in order to compensate for the market decline.

## New Business Wins

Most of the segment’s new business wins was Couplings products to a major Tier1 CAM.

<table>
<thead>
<tr>
<th>Lifetime revenues</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>135</td>
<td>103</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annualized revenues</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36</td>
<td>32</td>
</tr>
</tbody>
</table>

All figures in MEUR
Q3 2019 - Revenue development
Interior and Powertrain & Chassis segments driving revenue growth

- **Group**
  Revenues of MEUR 279.2, which is a YoY growth of +7.8%, without FX +6.2%

- **Business segments**
  Interior’s positive YoY development was driven by volume growth in ICS business, offset by a decline in LDC.
  Powertrain & Chassis revenue increase was driven by the Chinese passenger car and North American commercial vehicle programs.
  Specialty Products revenue remained stable

* Variances excluding FX translation effects
**Q3 2019 - Adjusted EBIT development**

- **Group**
  Adjusted EBIT MEUR 13.9, MEUR 0.8 higher than Q3 2018.

- **Business Segments**
  - + volume increase
  - + cost improvements
  - - higher tariffs
  - - unfavorable product mix
  - - higher Mexican labor cost
  - - generally higher share of new programs compared to mature programs

*Variance excluding FX translation effects*
Q3 2019 - Net Profit development

- **Group**
  
  Net Profit was MEUR 2.3 above Q3 2018 mainly driven by lower restructuring costs.

- **Restructuring costs**
  
  Restructuring costs were reduced by MEUR 6.9 following the completion of the production transfer projects from Germany, the UK, the US and Norway.

  The Q3 2019 restructuring costs (MEUR 1.9) were related to corporate systems transition costs.

- **Interest**
  
  IFRS 16 adoption resulted in MEUR 1.2 additional interest expenses.

  Financing related interest expenses were in-line with increased level of the bond interest rate fixed at 5.0%, RCF borrowing interest and RCF commitment fees.

- **Other financial items**
  
  Included MEUR 1.0 of unrealized currency losses in Q3 2019 vs. MEUR 0.4 gain in Q3 2018.
Free Cash Flow*

- **Operating cash flow MEUR 16.3**
  - Overall NWC increase by MEUR 1.9
  - Cash out related to restructuring activities amounted to MEUR -2.1 for Q3 2019.

- **Investment cash flow MEUR -16.4**
  - Investments mainly to support current and future business growth.

- **Cash flow from financing\(^1\) MEUR -8.2**
  - Interest bearing debt related interest payments: MEUR 7.0
  - IFRS 16 interest payments: MEUR 1.2

*Free Cash Flow = Cash flow from operating activities ± cash flow from investments ± cash flow from financing excluding net draw down / repayment of debt

\(^1\) Excluding IFRS 16 repayments of lease liabilities
\(^2\) Not excluding IFRS 16 repayments of lease liabilities
Q3 2019 - Liquidity development

MEUR

- **Cash**
- **Unutilized RCF**

### Operating activities

- **25.4**
- **-1.9**
- **-2.1**
- **-3.9**
- **-1.2**

### Investments

- **-16.4**

### Financials & FX

- **-10.7**
- **-0.3**

### Items

- **75.6**
- **35.6**
- **40.0**
- **40.0**
- **22.0**
- **24.5**
- **64.5**

- **Q2 2019**
  - Adjusted EBITDA
  - Change in Total NWC
  - Cash restructuring payments
  - Tax payments
  - Other receivables and liabilities
  - Net Investments
  - Interest paid, repayment of lease liabilities and other
  - Currency effect on cash

- **Q3 2019**
  - Unutilized RCF

Enhancing the driving experience
Net financial items - Breakdown

**Currency effects**
The currency loss of MEUR -1.0 consisted of unrealized FX losses.

**Interest**
Main elements were the IFRS16 interest cost of MEUR -1.2 and accrued interest expense for the bond of MEUR -4.0.
Financial ratios

Adjusted gearing ratio (NIBD/EBITDA, LTM*)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>2.1</td>
<td>1.9</td>
<td>2.2</td>
<td>2.3</td>
<td>2.4</td>
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</table>

Incl. IFRS 16 effect

Adjusted ROCE* (%, LTM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
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<tbody>
<tr>
<td>ROCE</td>
<td>13.9</td>
<td>15.3</td>
<td>14.9</td>
<td>13.8</td>
<td>13.9</td>
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</tbody>
</table>

Incl. IFRS 16 effect

Equity Ratio (%)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
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</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>31.3</td>
<td>30.9</td>
<td>32.6</td>
<td>32.9</td>
<td>33.6</td>
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Incl. IFRS 16 effect

Capital Employed (MEUR)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Employed (MEUR)**</td>
<td>515</td>
<td>523</td>
<td>542</td>
<td>635</td>
<td>552</td>
</tr>
</tbody>
</table>

Incl. IFRS 16 effect

* Excluding restructuring costs; ** Capital employed at quarter end
Summary
Summary & Conclusion

- Global market conditions continue to deteriorate.
- Q3 revenue and earnings growth achieved.
- Due to our strong new business wins over the past years, we believe we can continue to deliver above-market top line performance in the coming quarters.
- We expect Q4 2019 revenues to be around MEUR 293 with an adjusted EBIT of MEUR 19.
- This leads to an expectation for the full year 2019 of revenues around MEUR 1,173 and adjusted EBIT at approximately MEUR 75.