2018 AGM – Business Update
Kongsberg Automotive

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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 2017 Kongsberg Automotive Annual Report.

Non-IFRS Measures

Where we have used non-IFRS financial measures, reconciliations to the most comparable IFRS measure are provided in our quarterly and annual filings, along with a disclosure on the usefulness of the non-IFRS measure.

Highlights YTD 2018

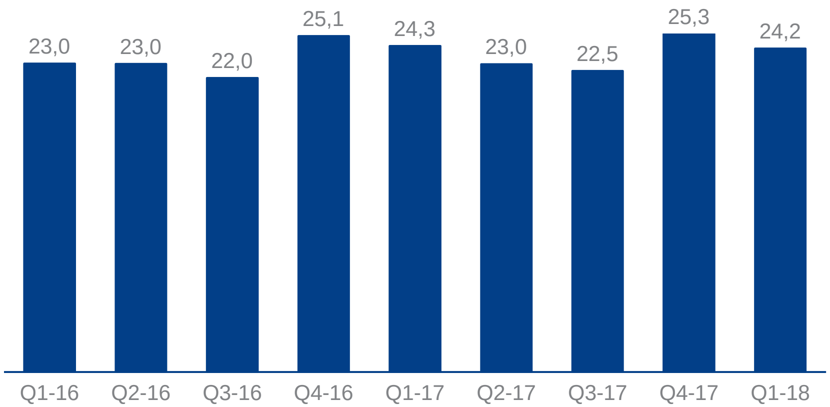
Promising start into 2018 to achieve our 2017 CMD targets

- **The automotive markets are holding up well**
- **In Q1, our New Business Wins (NBW) almost doubled** (+84%) compared to Q1 2017
  - **LTM New Business Wins reached new peak with MEUR 321**
  - **Q2 looks similar to previous years – a sign that the strong Q1 NBW did not come at the cost of Q2 NBW**
- **In line with our 2017 CMD plan, we continue to deliver earnings improvements Year over Year (YoY)**
  - **We have 5 consecutive quarters with strong YoY adjusted EBIT growth including Q1, 2018**
- **On our restructuring plan, we have:**
  - **Closed four plants (Rollag, NOR; Basildon, GBR; Heiligenhaus, GER; and Easley, USA)**
  - **Initiated the closure of Burton, GBR which will close before the end of 2018**
- **Learning from our closure experiences, we will delay further closures somewhat in order to bring all the receiving plants up to the desired performance levels**
  - **This means there will be no more closure announcements in 2018**
- **Specialty Products has performed very well and Powertrain & Chassis has improved steadily (from a low point). Our Interior segment, however has unexpectedly deteriorated due to operational issues.**
- **We continue to commit to our overall 2017 CMD plan**
  - **Due to unfavorable FX rate developments to date, 2018 adj. EBIT will most likely be around €3 million below the 2017 CMD plan (which assumed constant FX rates)**

Q1 Market summary

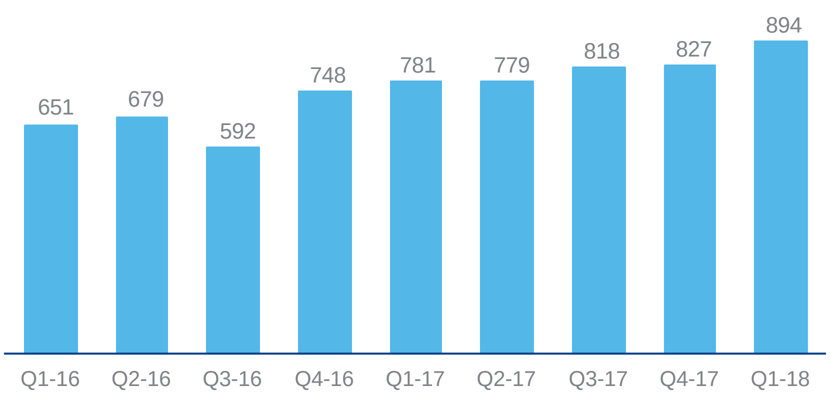
Car market stable – Truck market still growing due to China

Global Passenger Car Production, Units in millions



Source: IHS Light Vehicle Production Base, March 2018

Global Truck Production, Units in thousands



Source: LMC Global Commercial Vehicle Forecast, Q1 2018

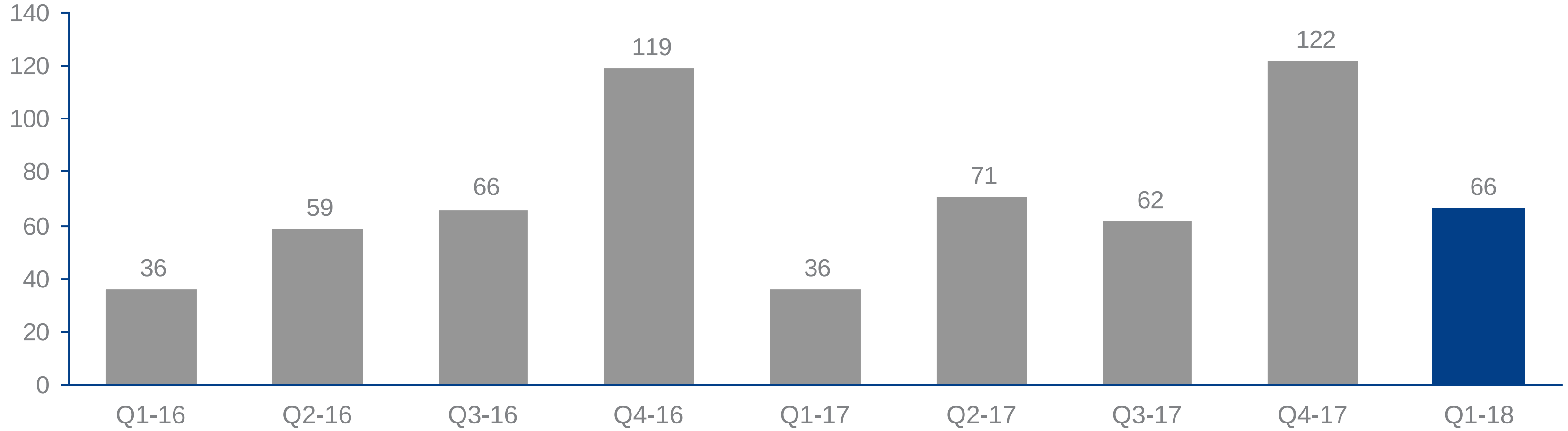
- **Global Passenger Car Production**
  - Global light vehicles production in Q1 2018 was 24.2m, a YoY decrease of 0.7%.
  - The biggest contributor to this decrease was China and North America where production fell with 3.2% and 2.6%, respectively.
    - In North America, the trend to more high content cars is continuing at the cost of fewer low priced cars.
  - Europe and Asia excluding China grew slightly , with YoY growth rates of 0.9% and 0.5%, respectively. The main drivers were Russia and India where production increased by 15% and 6,7%, respectively.
  - South America experienced strong YoY growth at 11.5%, albeit from low levels. The South American growth was primarily driven by Brazil and Argentina.

- **Global Truck & Bus Production**
  - The production of medium and heavy-duty commercial vehicles increased by 14.4% (113k units) in Q1 2018 compared to same quarter last year. The strong growth derived mainly from the Chinese market (+22.9%).
  - Asian production outside of China increased by 5.1% compared to Q1 2017.
  - North and South America continued the strong growth seen in previous quarters with YoY growth rates of 19.4% and 26.4%, respectively
  - In Europe, the truck & bus YoY growth rate came in at a modest 0.9%.

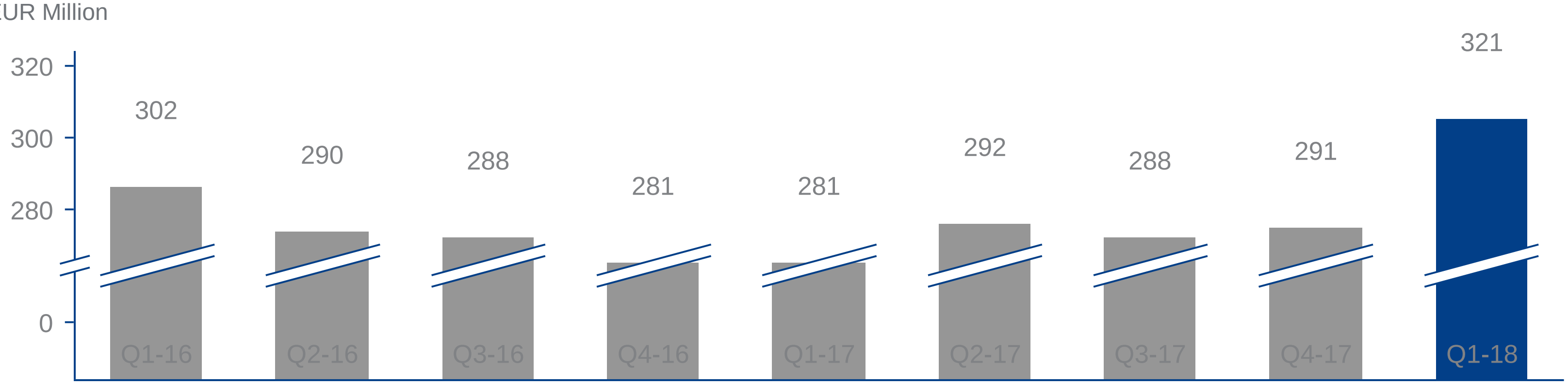
New business wins

Best Q1 results since measuring NBWs

New business wins per quarter (per annum value)
EUR million



New business wins LTM (per annum value)
EUR Million



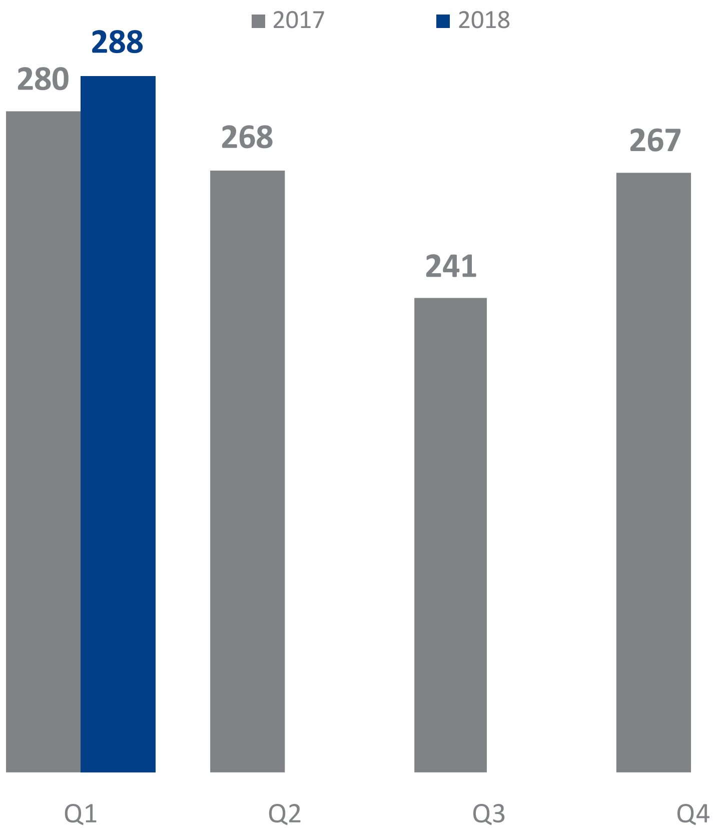
Q2, 2018 looks similar to previous years – a sign that the strong Q1 NBW did not come at the cost of Q2 NBW

Revenue and Adjusted EBIT

Revenues and Profitability are consistently improving YoY

Revenues

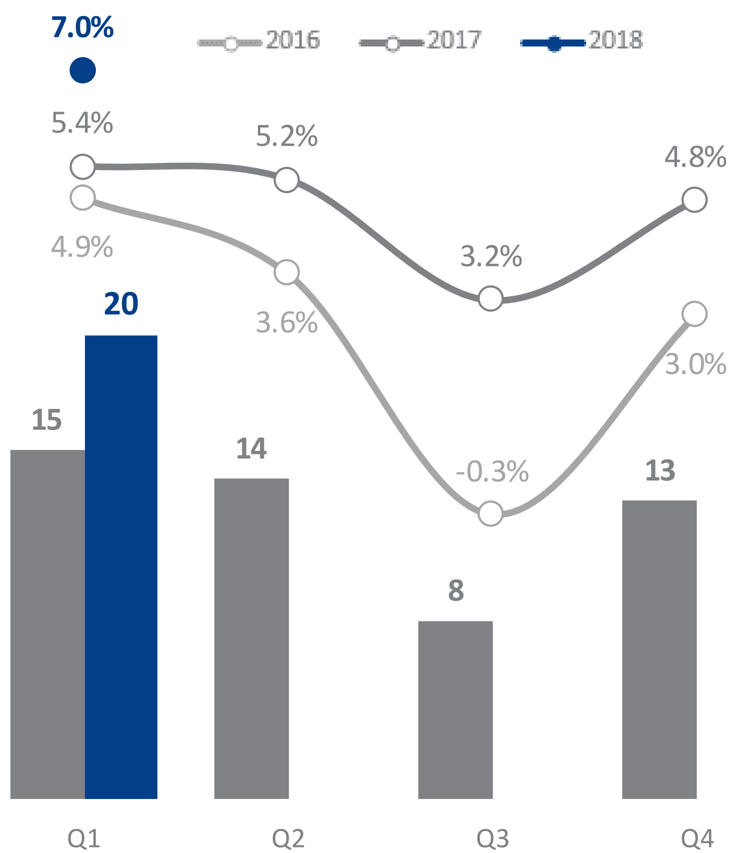
MEUR



Revenue including HRAR

Adjusted EBIT and margin

MEUR and % Revenue



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

Interior

- Over the past year, the operational performance in the Interior segment has deteriorated rather unexpectedly
- The main reason for this deterioration is the ramping up of new programs at increasing volumes. Some of these new programs are based on technologies that are new to Kongsberg Automotive.
  - Unfortunately, these new technologies have posed big technical challenges for Kongsberg Automotive leading to much lower yield rates than acceptable levels (and much lower than industry standards)
    - Although we are steadily improving our yield rates and the corresponding scrap rates, the volumes are increasing at the same time.
  - These new programs have to a certain degree replaced programs based on older technologies more mature to Kongsberg Automotive amplifying the effects.
  - The deterioration has mainly taken place in one plant where we have made organizational changes and put significant resources in place in order to improve the situation.
- The solutions partly involve additional and new equipment with long lead times leading to improvements only to be expected from Q3, 2018 onwards.
- As a lessons learned, we have put in place processes to evaluate technical risks to new technologies before quoting such technologies to customers.

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A brief ReCap from our CMDs in 2016 and 2017

2016 CMD - Our Vision & Objective

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Short to medium term 2019/2020	• Improve the operational platform and structural set-up of the company to secure financial strength and strategic flexibility • Double EBIT margin from 4% to 8% • Improve Net Income from €5-20M to €70 Million and deliver EPS of more than NOK 1.50 in 2019 • Create sustainable competitive advantage by strategically positioning the company for further improvements and profitable growth within KAś core product portfolios
Our Longer Term Goal	• Become a world class company • Double digit EBIT margins • Net Income margins at around 2/3 of EBIT margins • Free Cash Flow similar to Net Income • Sustainable annual growth rates above the underlying market.
Objective	• Create shareholder value

Where are we compared to the 2017 CMD

- 18 months after the launching of "the new KA" we are largely confirming the 2017 CMD outlook
  - We are by and large on plan with our improvement efforts
  - We are experiencing some unfavorable FX effects that will lower our 2018 Adj. EBIT by around €3 million
  - As with all plans, there are some "ups and downs"
  - Most notably, compared to the 2017 CMD, we will probably over perform somewhat in Specialty products and be somewhat behind in Interior. Additionally, we will have lower corporate costs somewhat offset by slightly slower improvements in P&C. Overall, though we foresee that we will remain at 2017 CMD plan levels (with the adjustment for FX)
- The "Oil Tanker" is continuing to turn around in the right direction.

	2017 CMD			
In Mill. Euro	**2017**	**2018**	**2019**	**2020**
Sales	**1.049**	**1.132**	**1.237**	**1.316**
EBIT adj.	**48**	**82**	**108**	**122**
% of sales	***4,6%***	***7,3%***	***8,7%***	***9,3%***
Restructuring & One Off cost	-24	-21	-7	-2
EBIT	25	62	101	120
% of sales	*2,3%*	*5,5%*	*8,2%*	*9,1%*
Financial Items	-10	-9	-8	-7
Profits Before Taxes	15	53	93	113
Taxes	-11	-22	-25	-28
% of PBT	*-73,0%*	*-42,5%*	*-26,5%*	*-25,0%*
Net Income	**4**	**30**	**68**	**85**
EPS (NOK)	**0,09**	**0,71**	**1,60**	**1,98**

We are still as excited about our plan – and we are starting to see some positive results!

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Looking Ahead

Looking Ahead (1/2)

- **We continue to be excited about the untapped potential KA has – and we are starting to realize a small portion of this potential.**
  - **We will get Interior back on track, but it will not be a quick fix**
  - **There is still a lot of work on fixing «the basics»**
- **We stick to our 2017 CMD plan of around €79 million of adjusted EBIT (adjusted for FX changes).**
  - **There is more runway after 2018, particularly in getting the Interior segment «back on track» and on «fixing the «basics»**
- **As a result of prioritizing winning new business at acceptable margins combined with our improvement activities, we are laying a great foundation for future earnings growth**
- **Learning from our closure experiences, we will delay further closures somewhat in order to bring all the receiving plants up to the desired performance levels. This will ensure quicker and better execution of future closures.**

Looking Ahead (2/2)

- **As we said last year, the automotive supplier industry is in a phase of consolidation. There will be many acquisitions of smaller players driven by new technologies and the needs for scale**
  - **Kongsberg Automotive has some capability gaps that we need to fill either organically or through acquisitions**
  - **If the right opportunities become available in the market we will go after acquisitions as long as they make strategic sense and are financially attractive to us. We will only go after opportunities that are accretive to earnings in a short term perspective.**
    - **We will not increase our gearing ratio because of acquisitions.**
    - **This is the rationale for repeating our request to shareholders for a wide authority to issue shares**
      - **These processes go quickly, flexibility is of essence**

- **Through our many actions, we will see substantial economic improvement from KA that all stakeholders will benefit from.**