

TRANSACTION DETAILS

SHAWINIGAN PLANT IN CANADA

Kongsberg Automotive and **BRP** have entered into a definitive agreement for the sale of a part of KA's Shawinigan operations on August 9, 2022.

TOTAL ENTERPRISE VALUE

CAD 136M // EUR 104M



With this sale approximately 300 employees will be integrated into **BRP**

KA will establish Shawinigan Tech Center, which will serve as a center of competence in electronics and software





WORLDWIDE





LOCATIONS
IN 18 COUNTRIES
WORLDWIDE

OPTIMIZING CAPACITY GROWTH AND COST ACROSS ALL REGIONS

OVERVIEW OF TRANSACTION

RATIONALE

- > CLEAR TREND: We see a clear trend of **vertical integration** by our customers and have been open when **BRP approached us**. The transaction will leverage growth and allow BRP to sustain their competitive position in the premium powersports segment. KA components are an integral part of many BRP products, and, with this transaction, we are pleased to enable them to integrate this business.
- > FINAL PRICE: KA achieved a fair and attractive price (EV of 104 MEUR)
- > SHIFT GEAR: Initiated in 2021, the Shift Gear program has allowed KA improve operationally and allows the company to review and adapt its strategy dynamically by reacting properly changing market and customer trends. This includes but not limited to, reducing exposures towards the global semi-conductor disruptive supply situation and reduce dependencies, vulnerabilities and risks. The divested business unit does not fit long-term with our aim to be a top global, scalable supplier who doesn't depends on single customers in the areas we operate
- > FURTHER STEP: The step allows KA to even stronger focus its resources to actively scale up its presence in agriculture, and construction sectors within the Off-Highway business unit, in on-highway, as well as the segments we excel at including Couplings, Fluid Transfer Systems, and Powertrain & Chassis
- > **CANADA**: KA stays in Canada with a brand-new Technical Center which will be an integrated part of our electrification strategy
- > STRONG POSITION: This transaction will provide additional net proceeds, which will allow KA to explore new markets, drive innovation, and invest into growth

IMPACT OF DIVESTMENT

FULL YEAR FORECAST RESULTS

€~74M

€9M

UNIT REVENUE (FY22 EST)

ADJ. EBIT (FY22 EST)

€104M

€around 90M

TRANSACTION VALUE

EXPECTED NET PROCEEDS

€-125M down to -35M

NET DEBT LEVEL





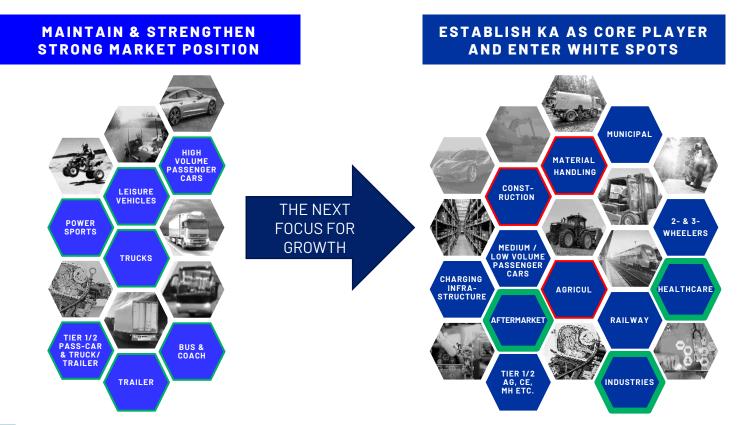
OUTLOOK **BUILDING THE NEW KA**

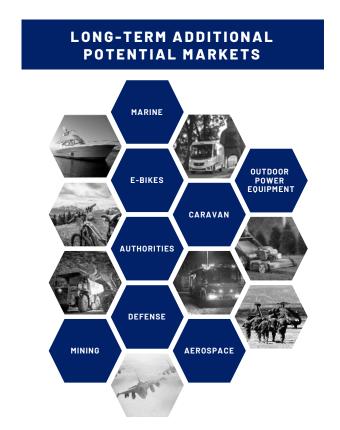


- > This transaction will provide additional net proceeds, which will allow KA to explore new markets, drive innovation, and invest in growth.
- > More latitude to **diversify** and **innovate**
- Focus our resources to actively scale up our presence in on-highway, agriculture, and construction sectors within the Off-Highway business unit, and the segments KA excels at including Couplings, Fluid Transfer Systems, and Powertrain & Chassis.



WE WILL FOCUS ON HIGHLY PROFITABLE SPECIALTY PRODUCTS IN NICHE MARKET SEGMENTS WITH A REGIONAL PRESENCE (GLOBAL)





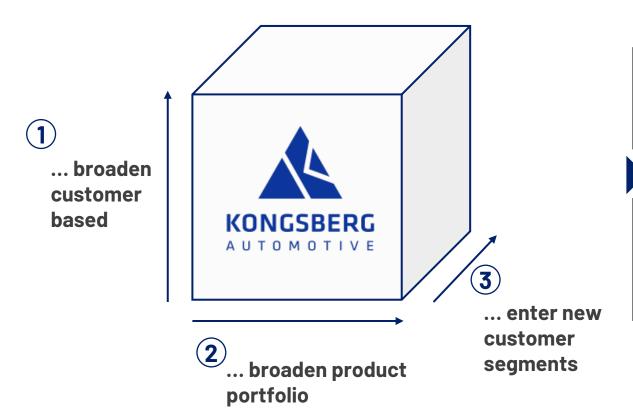


KA is in the process to set up regional sales companies target customers in our adapted operating model based on regional market knowledge and the full KA product portfolio



KA WILL LEVERAGE STRENGTHS IN MORE PROFITABLE SPECIALTY PRODUCT SEGMENT (SPP) BASED ON 3 GROWTH PILLARS:

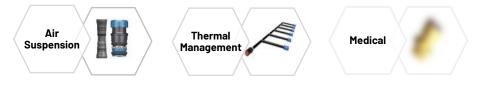
Systematic approach too...



1 Broaden customer based in current application fields



2 Broaden Product Portfolio for <u>selected</u> applications – e.g. for Couplings



3 Enter new customer segments – to raise for potentials e.g. in:









WE STREAMLINED OUR INNOVATION AND R&D PROCESSES TO SHORTEN TIME-TO-MARKET SIGNIFICANTLY

- > The newly defined innovation processes provides clear structure for
 - » Agile and Focused innovations to shorten Time-to-Market and
 - » for selected M&A activities
- > Structured Gate Releases to ensure needed maturity levels
- > Our approach is to grow majorly intrinsically but selectively also via M&A in case of product/ technological gaps

