

KONGSBERG AUTOMOTIVE Q3 2024

NOVEMBER 05, 2024



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 2023 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 PRESENTERS



LINDA NYQUIST-EVENRUD
CEO & PRESIDENT



CHRISTIAN JOHANSSON
CFO

AGENDA

EXECUTIVE SUMMARY

MARKET UPDATE

FINANCIAL UPDATE

SUMMARY

Q&A



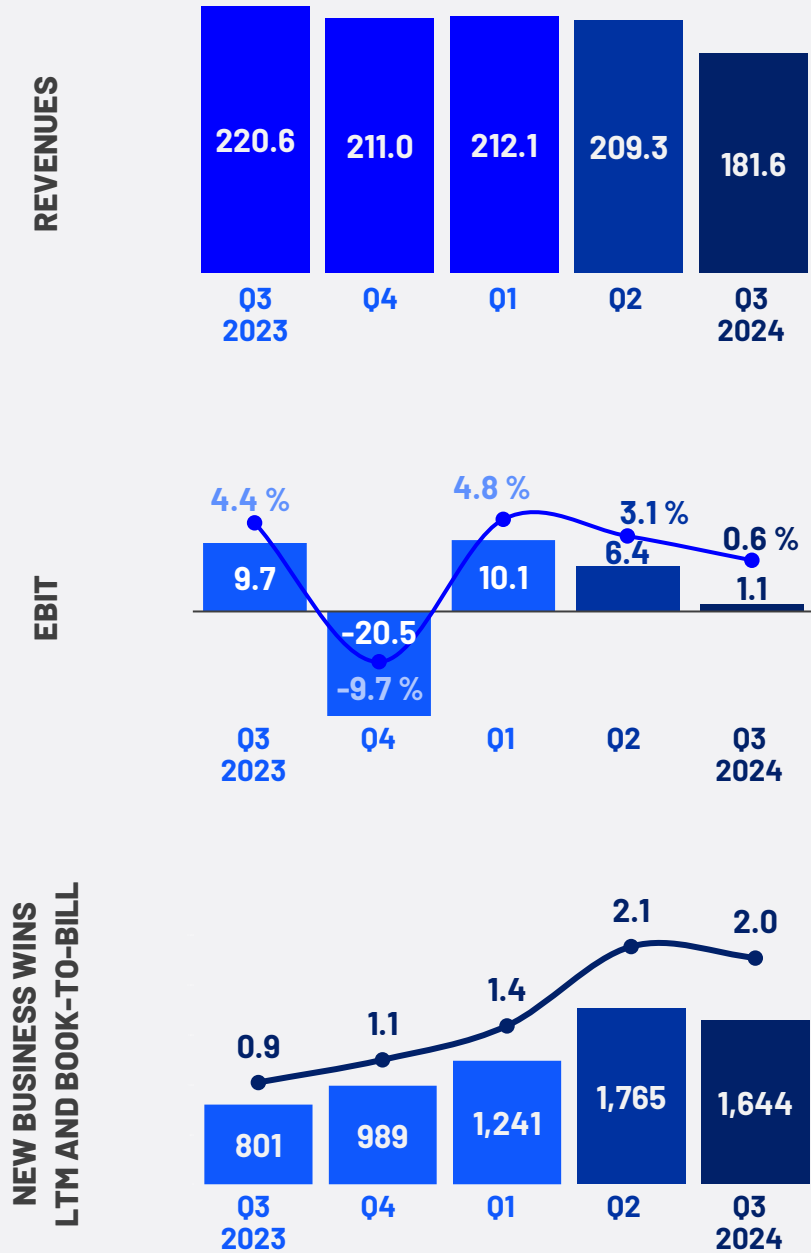
EXECUTIVE SUMMARY



INCREASED EFFICIENCY OFFSETTING LOWER VOLUMES

- Q3 revenues down 16.9%¹ from Q3 2023 due to lower demand in automotive markets
- Lost contribution due to lower volumes and higher warranty expenses mitigated by reduced overhead costs
- YTD 2024 EBIT margin of 2.9%, up from 0.1% in 2023, as cost initiatives materialize
- Revised guidance and new initiatives to reduce cost and increase efficiency
- Positive cash flow from operations in Q3 and YTD reflects attention to cash generation and working capital reduction
- YTD New Business Wins at record MEUR 1,231 supporting KA's 2028 ambitions

¹At constant currencies



REVENUES YEAR-TO-DATE IMPACTED BY WEAK AUTOMOTIVE MARKETS

EUROPE 47%*

284.1 MEUR
-13.2%

NORTH AMERICA 37%*

222.3 MEUR
-9.8%

SOUTH AMERICA 4%*

24.1 MEUR
+19.9%

CHINA 9%*

56.1 MEUR
-11.2%

ASIA (EXCL. CHINA) 3%*

16.4 MEUR
+10.0%

*OF KA REVENUES
CHANGE IN REVENUES AT CONSTANT CURRENCIES



INCREASED OPERATIONAL EFFICIENCY

MEASURES FOR 2024

IMPROVING EARNINGS

>17 M€

- > OVERHEAD COST REDUCTION
- > SUPPORT FUNCTION OPTIMIZATION
- > GLOBAL FOOTPRINT ADJUSTMENT



ONGOING MEASURES

IMPROVING EARNINGS

~10 M€

- > REDUCTION OF ~150 POSITIONS
- > ADDITIONAL ANNUAL SAVINGS OF AT LEAST MEUR 10 WITH FULL EFFECT FROM Q3 2025

OFFSETTING NEGATIVE EFFECTS

>10 M€

- > DIRECT MATERIAL COST OPTIMISATION & RESOURCING
- > VA/VE (VALUE ANALYSIS & VALUE ENGINEERING)

>10 M€

- > OPERATIONAL EXCELLENCE
- > FOOTPRINT OPTIMIZATION



ASSESSING FURTHER OPTIMIZATION MEASURES

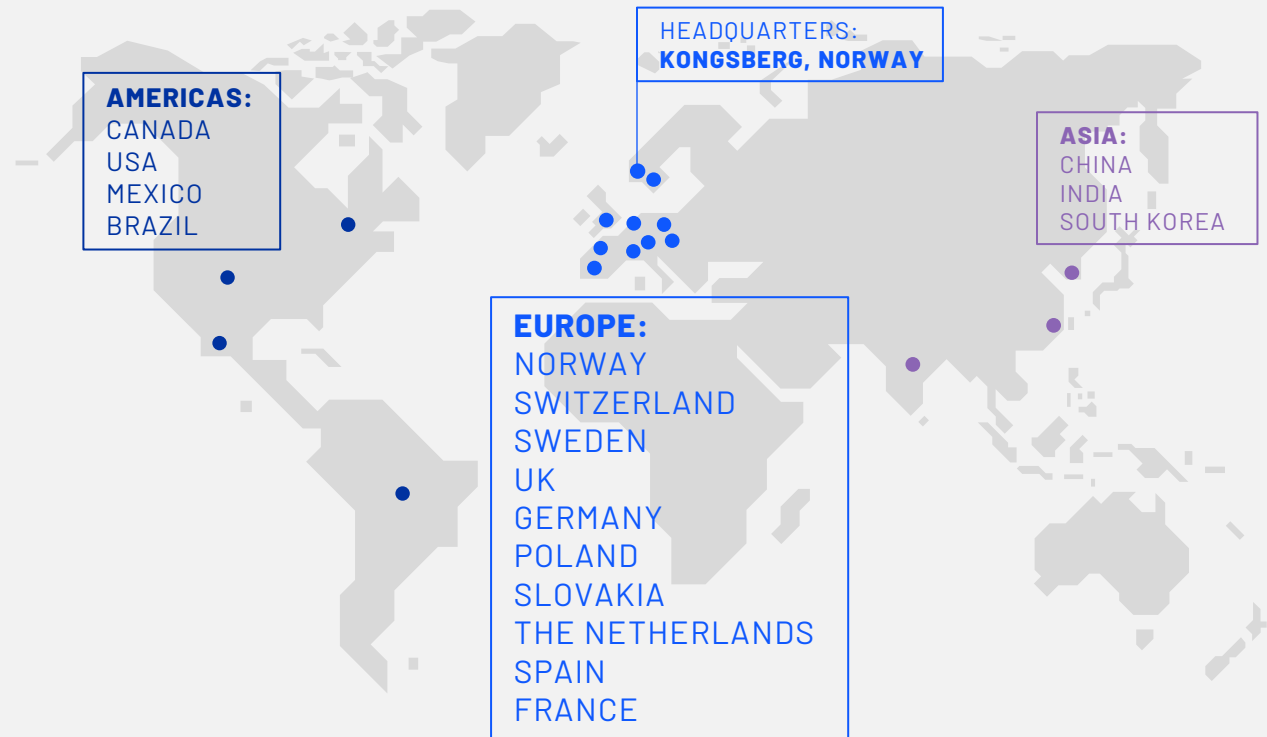
REVIEWING GLOBAL FOOTPRINT

- >Europe ✓
- >APAC - H1 2025 ...
- >Americas - H2 2025 ...

CONTINUED GLOBAL AND REGIONAL REBALANCING

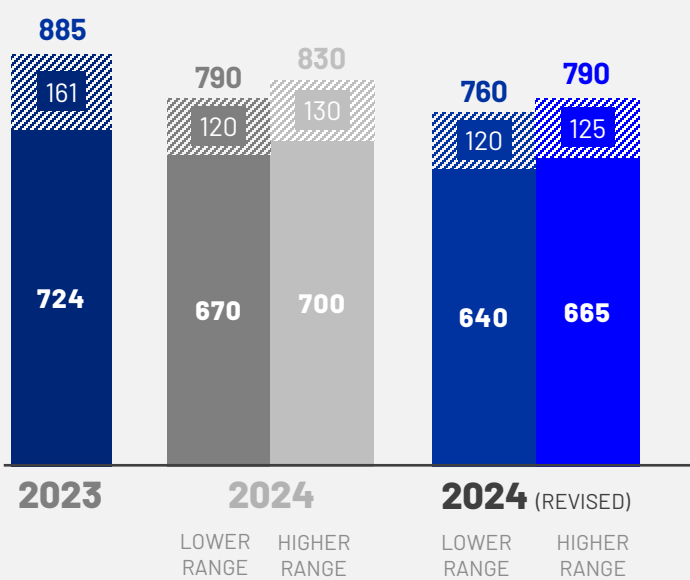
- >Production – move to best-cost countries
- >Consolidation
 - » After-effects of Driveline wind down
 - » Technology and infrastructure
 - » R&D and knowledge
- >Moving production closer to the market/customers

ASSESSMENT ONGOING, POTENTIAL MEASURES TO BE DECIDED IN 2025

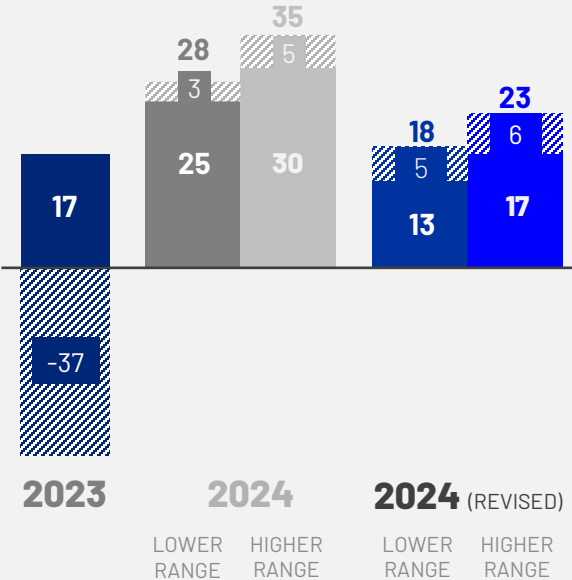


REVENUES AND EBIT GUIDANCE FOR 2024 REVISED, NEW BUSINESS WINS GUIDANCE MAINTAINED

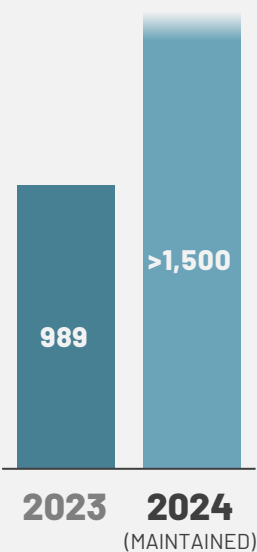
REVENUES, MEUR



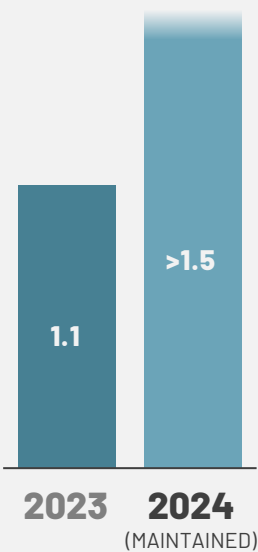
EBIT, MEUR



NBW, MEUR



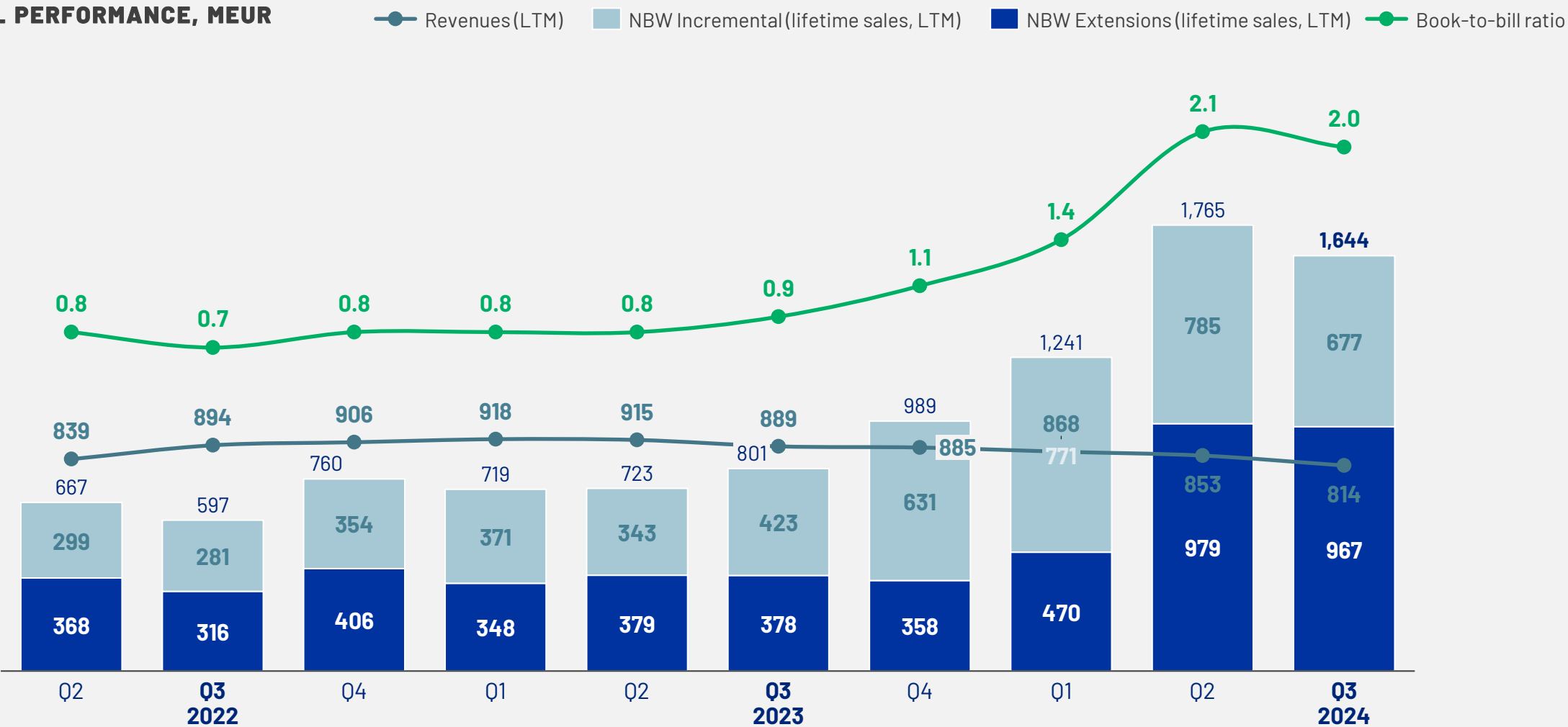
BOOK-TO-BILL



■ ■ ■ CORE ■ ■ ■ OTHER OPERATIONS ■ ■ ■ PREVIOUS GUIDANCE

NEW BUSINESS WINS OF EUR 1.23BN YEAR TO DATE SUPPORTING LONG-TERM AMBITIONS

BOOK-TO-BILL PERFORMANCE, MEUR

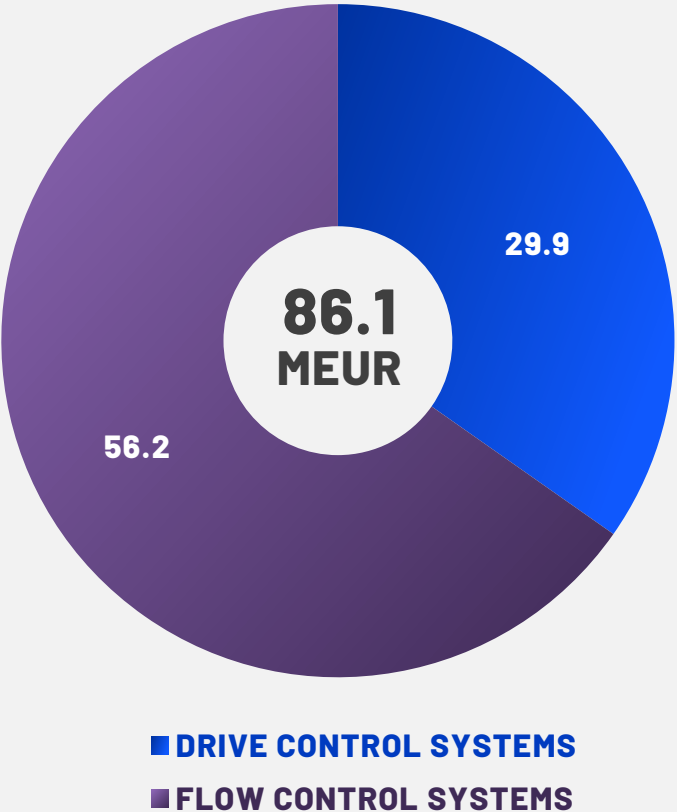


1.Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking

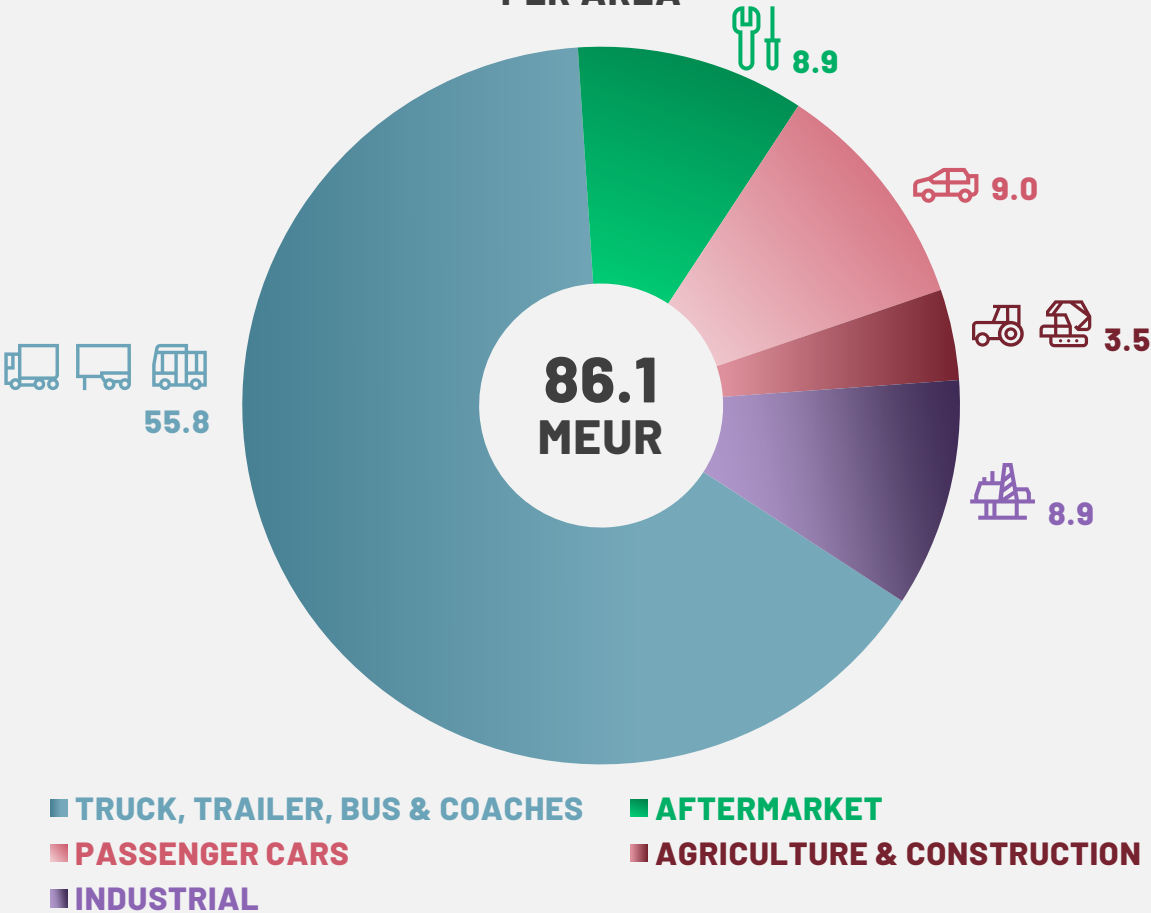
NEW BUSINESS WINS Q3 2024

LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT



PER AREA



Q3 NEW BUSINESS WIN ON RAUFOSS ABC™ SYSTEM AIR COUPLINGS OVER MEUR 13.5 IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON AUGUST 29, 2024

SUSTAINABILITY

- > 100% RECYCLABLE COMPOSITE MATERIALS
- > PRODUCED WITH 100% RENEWABLE ENERGY



ASSEMBLY SECURITY

- INTEGRATED ASSEMBLY SIGNAL FOR OPERATOR AND SAFETY
- FEATURE FOR EOL-TEST

REDUCTION OF WEIGHT AND DIMENSIONS



EFFICIENCY

- OPTIMIZED FLOW - IMPROVED REACTION TIME AND REDUCED PRESSURE LOSS



SYSTEM COST REDUCTION

- > DESIGN FLEXIBILITY AND MODULARITY
- > TOTAL INSTALLATION COST REDUCTION AND LIFETIME COST REDUCTION



€ 13.5 MILLION
IN ESTIMATED LIFETIME REVENUE



**MANUFACTURED
IN NORWAY AND FRANCE**



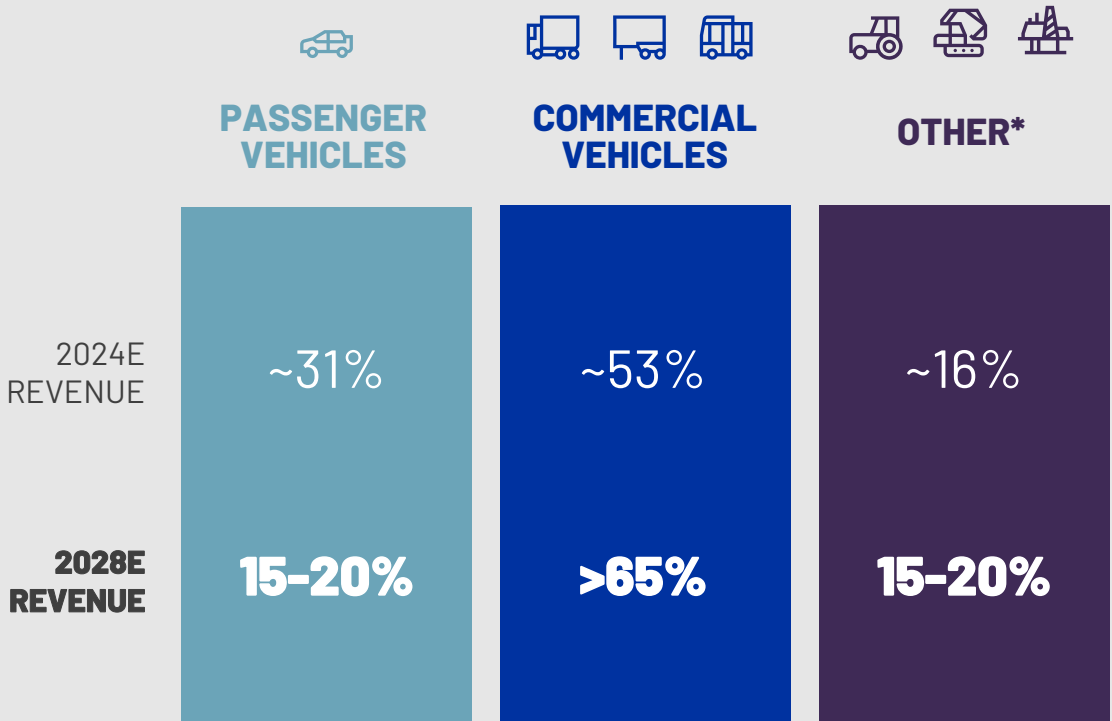
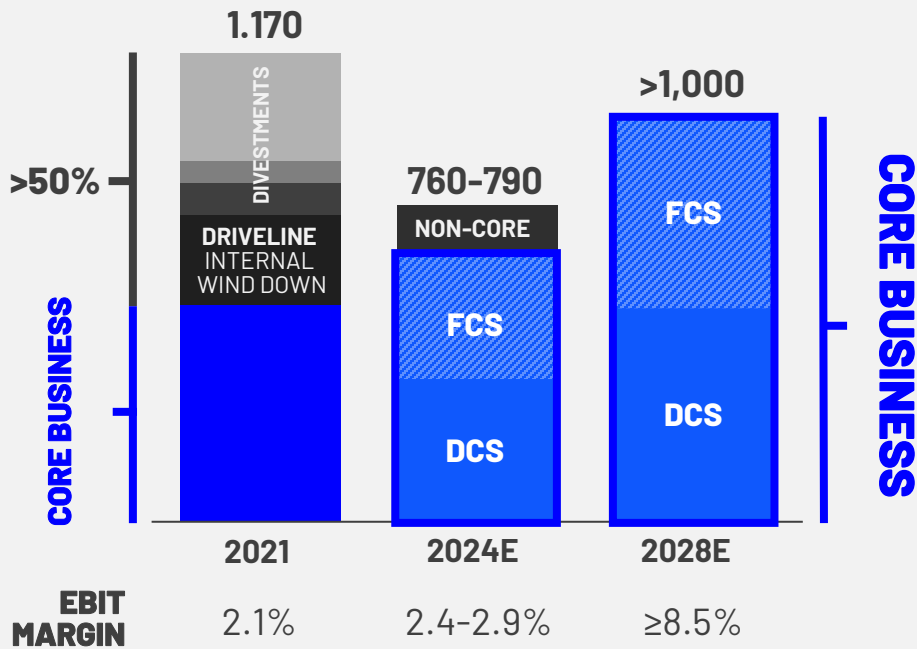
**SUPPLY
THROUGH 2028**



**BUSINESS RETENTION CRITICAL
TO DRIVE GROWTH**

STRATEGY FOR PROFITABLE GROWTH

REVENUES, MEUR



*Industrial & Off-Highway

HIGHER-MARGIN PRODUCTS DRIVING PROFITABILITY



AIR COUPLINGS

- > Safe, flexible, and sustainable system
- > Expanding the technology to other applications like air suspension and thermal management
- > Next generation under development
- > New fir-tree product line growing in emerging markets



GEAR CONTROL UNITS

- > Proven track record and very successful order intake
- > Technology quickly scalable to emerging markets
- > Competitive technology and implementation quick enough to outperform Chinese competitors



ELECTRIC ACTUATORS

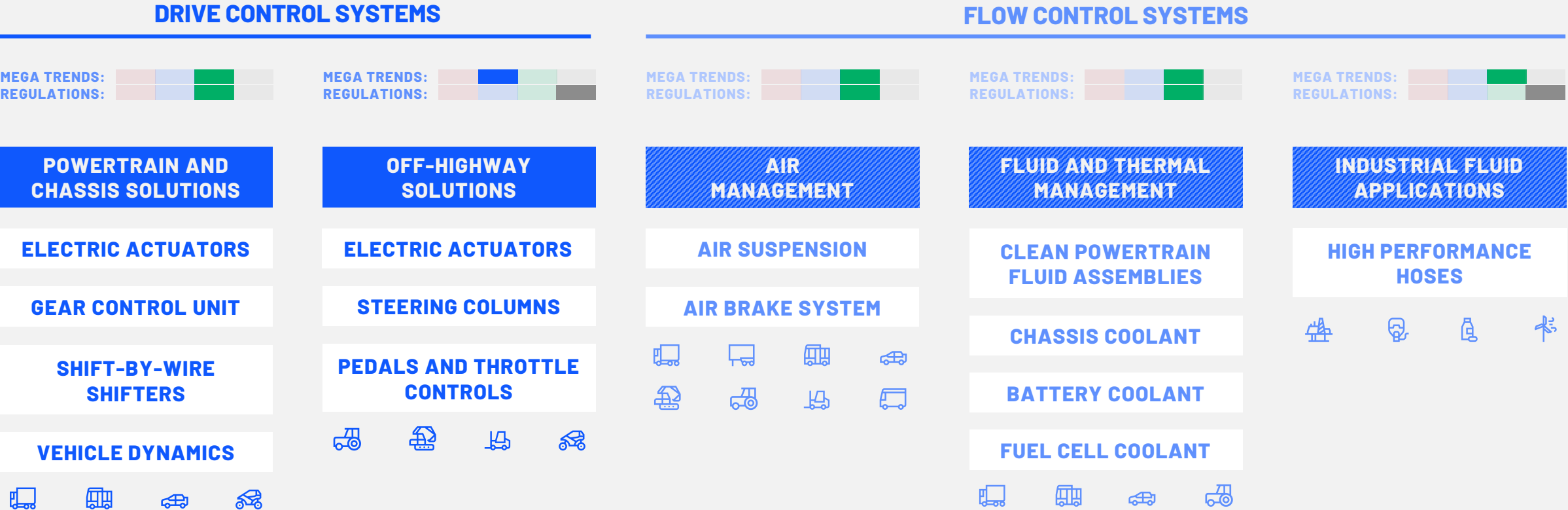
- > Scaling the existing know-how to PV, CV and Off-highway applications
- > Unique expertise to design customized products based on proven building blocks



>40% OF 2028 REVENUE



PRODUCT PORTFOLIO WELL-ALIGNED WITH MARKET TRENDS

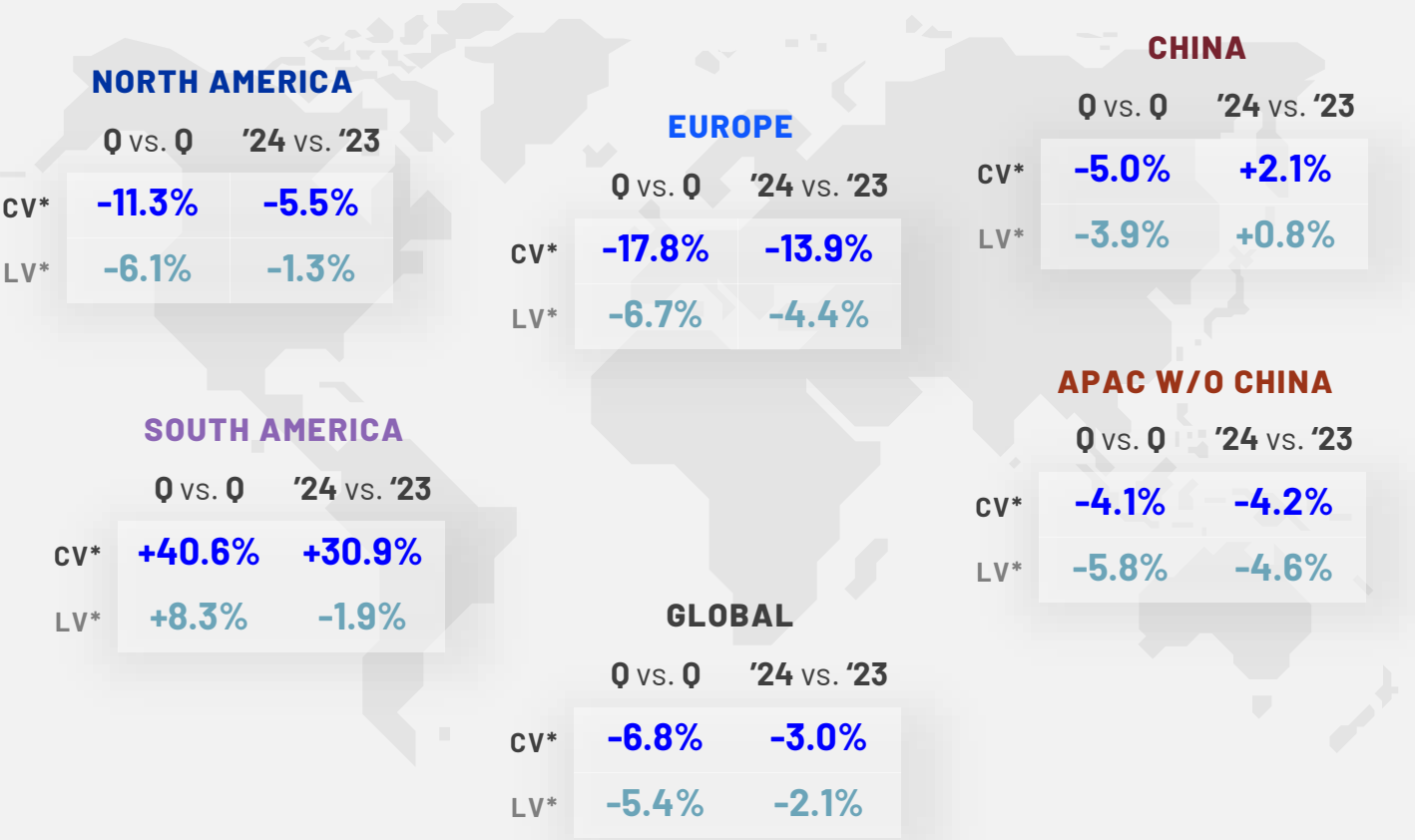


MARKET UPDATE



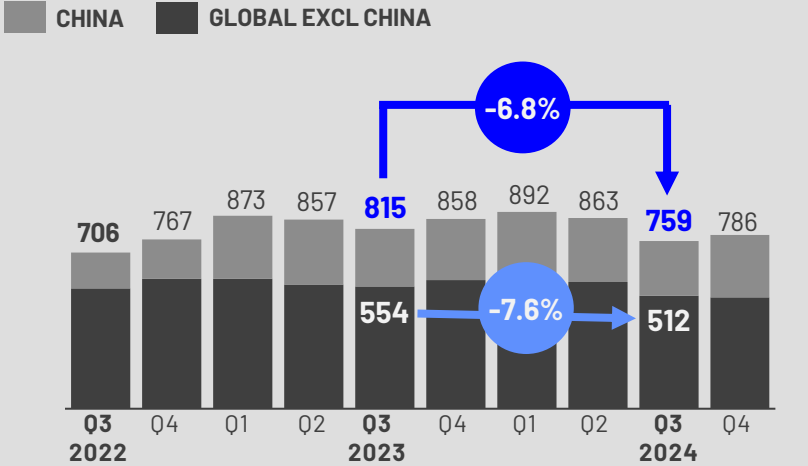
MARKET DEVELOPMENT

COMMERCIAL VEHICLE AND PASSENGER CAR MARKET ARE PRESENTLY WEAK

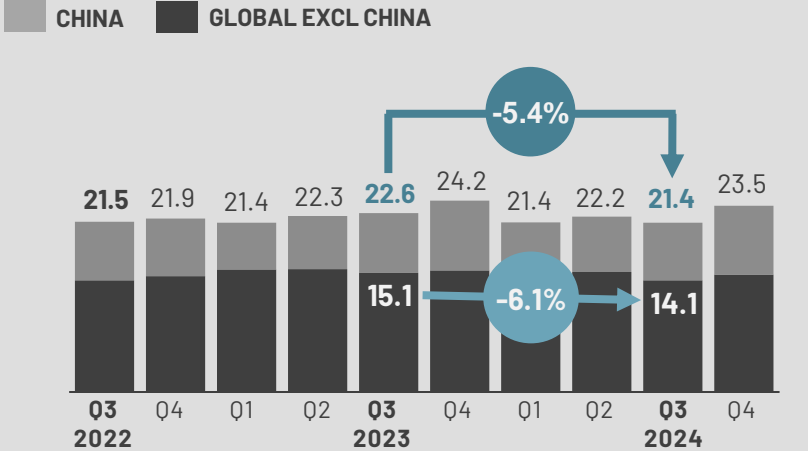


* CV: Commercial vehicles; LV: Passenger cars
Source: LMC Global Commercial Vehicle Forecast (September 2024); IHS Light Vehicle Production Base (September 2024)

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units

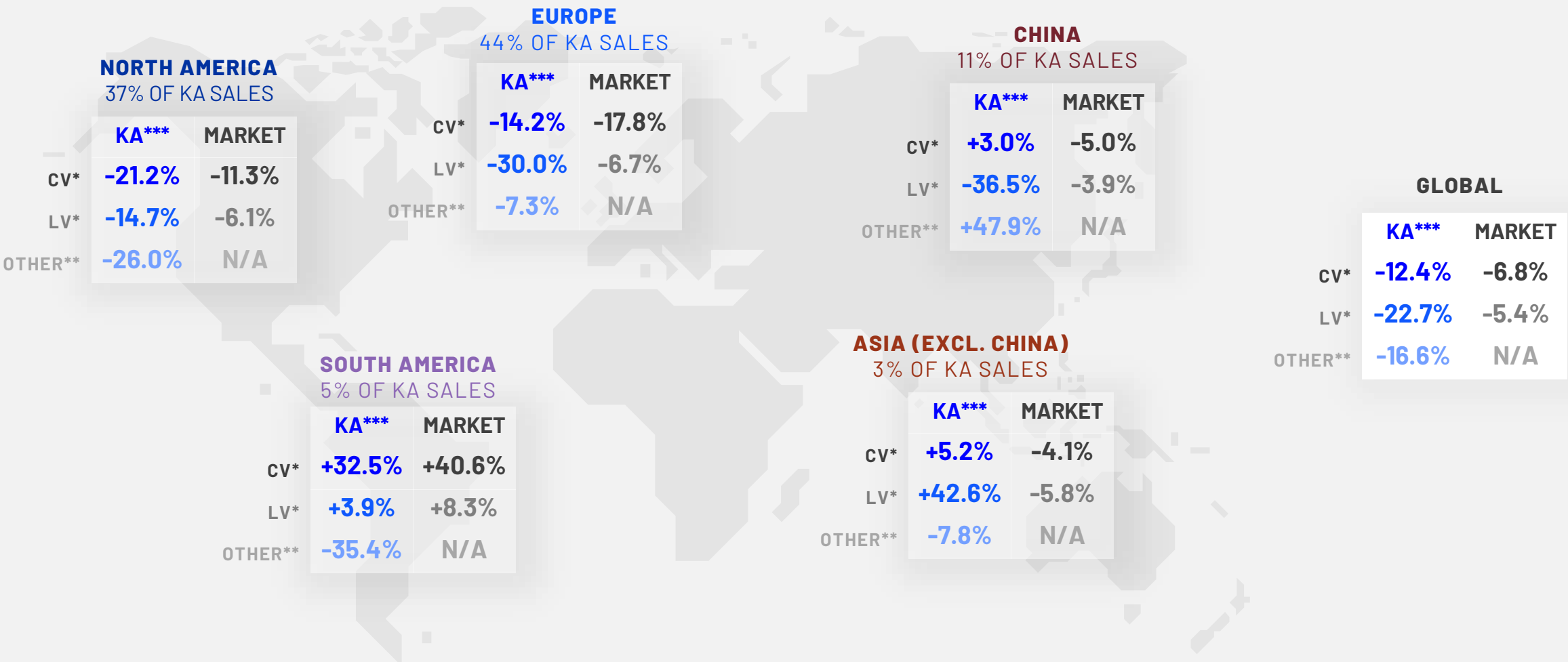


GLOBAL PASSENGER CAR PRODUCTION, million units



Q3 2024 VS Q3 2023: KA V. MARKET

HEADWINDS FROM DECLINING GLOBAL COMMERCIAL VEHICLES PRODUCTION IN KA'S KEY REGIONS

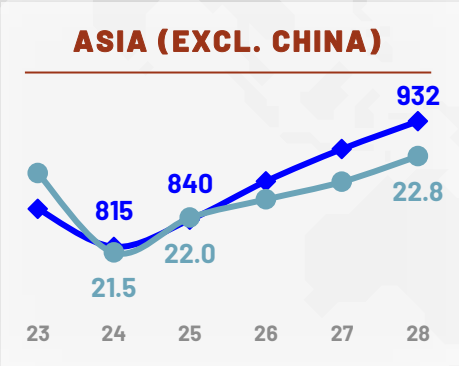
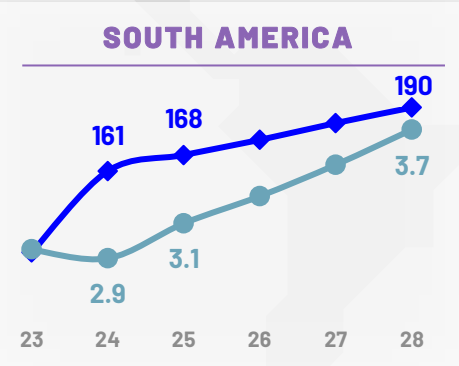
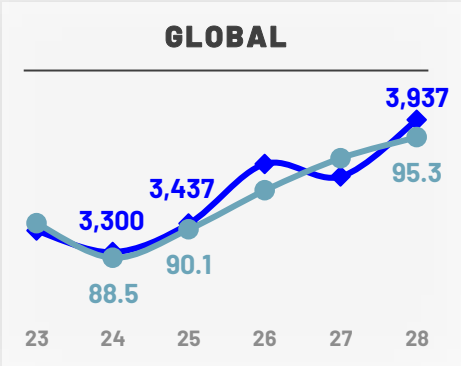
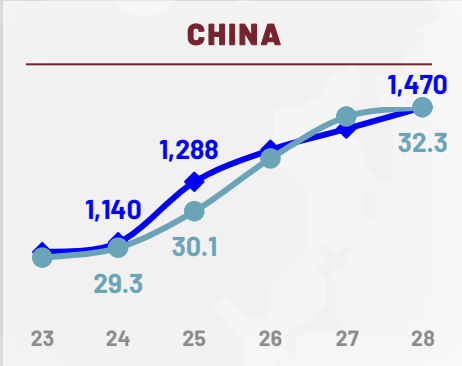
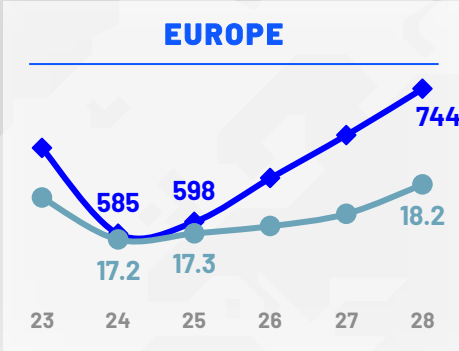
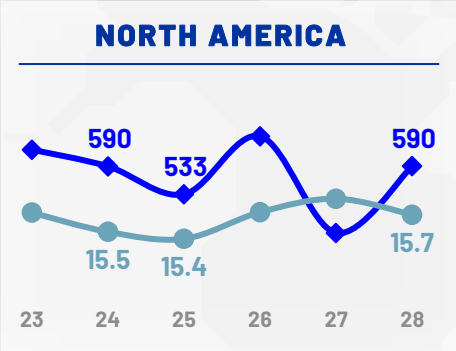


* CV: Commercial vehicles; LV: Passenger cars
** Other: mainly off-road applications for various industries and industrial business
*** Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q3 2023 to Q3 2024. The split across vehicle types does not correspond to our business unit segments
Source: LMC Global Commercial Vehicle Forecast (September 2024); IHS Light Vehicle Production Base (September 2024)



MARKET FORECASTS

FOLLOWING NEGATIVE DEVELOPMENT IN 2024, KA KEY MARKETS WILL REMAIN FLAT IN 2025, THERAFTER UNDERLYING GROWTH IN THE COMMERCIAL VEHICLE MARKET WILL RETURN



◆ COMMERCIAL VEHICLES [THOUSAND UNITS]
● PASSENGER CARS [MILLION UNITS]

FINANCIAL UPDATE



REVENUES

LOWER DEMAND IN COMMERCIAL VEHICLE MARKET DAMPEN LAST YEARS GROWTH IN CORE BUSINESS

REVENUES¹, MEUR

CORE² 12M Trend 12M Trend (CORE excl. BRP)
NON-CORE 12M Trend (excl. BRP)

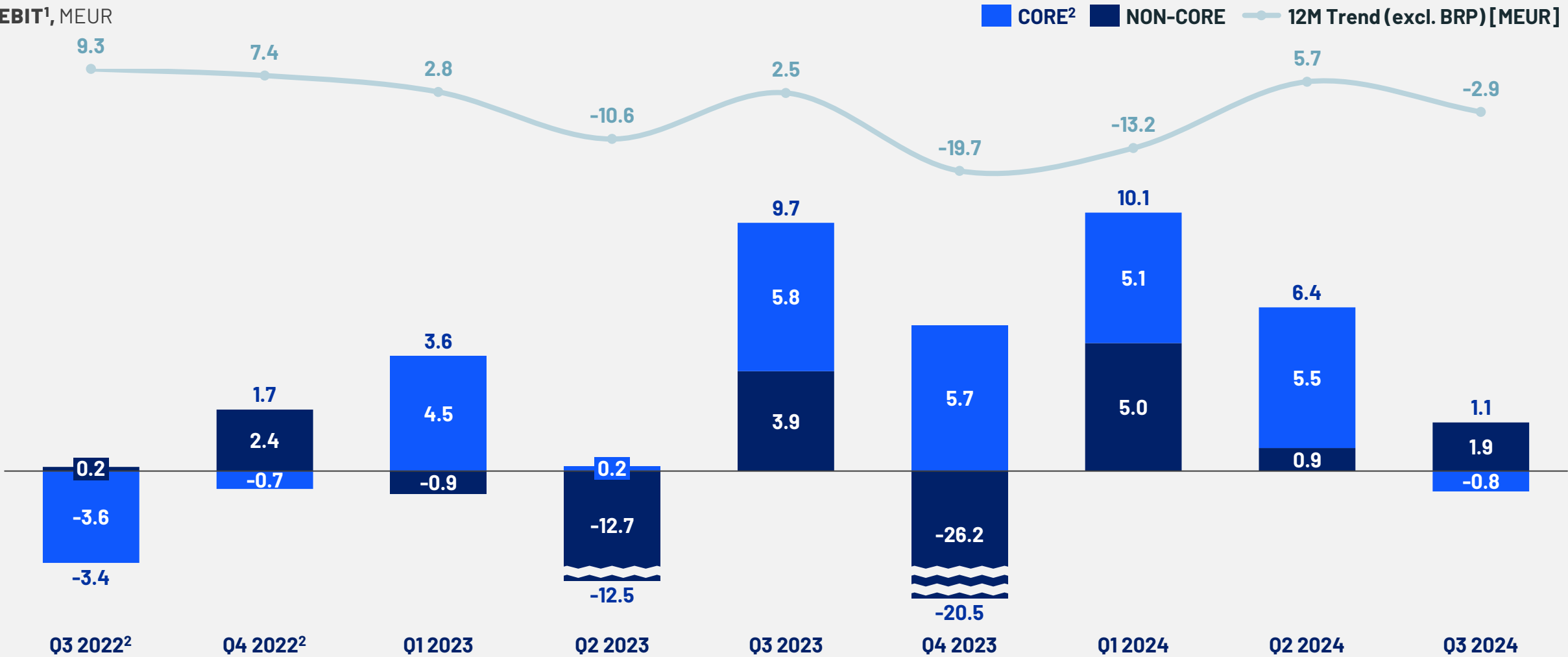


1. Revenues from discontinued operations (related to the divested business) were excluded in 2021 and 2022 accordingly.
2. Excludes Revenues from ordinary business with BRP in Q3 and Q4 2022



EBIT

EARNINGS IMPROVEMENT TREND REVERSED WITH A DIFFICULT Q3 AND ONE-TIME EFFECTS IN Q3 2023

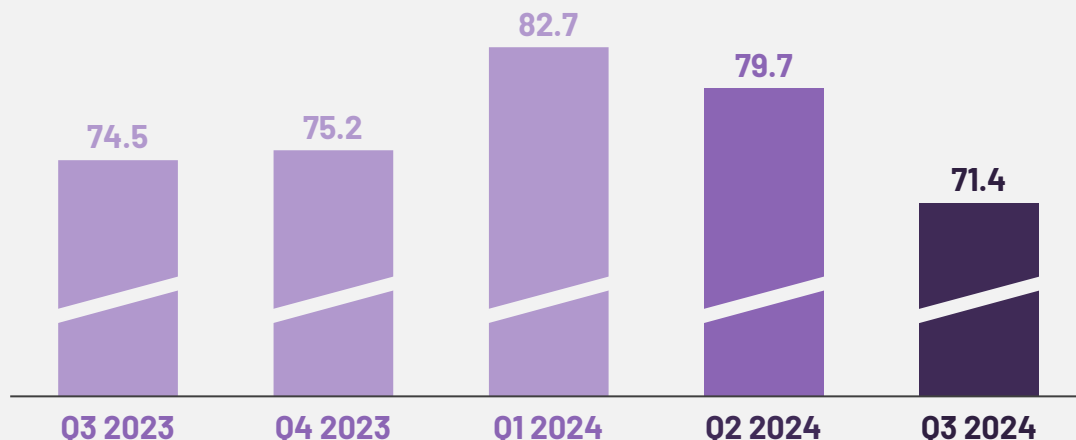


1. EBIT from discontinued operations (related to the divested business) was excluded in 2021 and 2022 accordingly.
2. Excludes EBIT from ordinary business with BRP in Q3 and Q4 2022 as well as gain from sale of the Powersports business to BRP recorded in Q4 2022

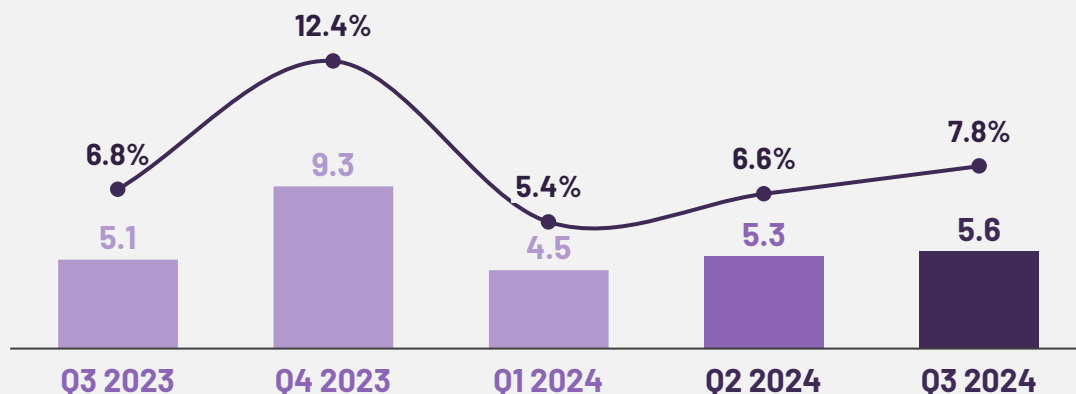


FLOW CONTROL SYSTEMS BUSINESS AREA UPDATE

REVENUES, MEUR



EBIT MARGIN, % EBIT, MEUR



Q3 2024

> Revenues:

- > FTS revenues held up well in a weak market
- > Couplings' revenues in Europe, coming off high levels in 2023 due to inventory build-up, partially offset by higher volumes in Asia and Americas

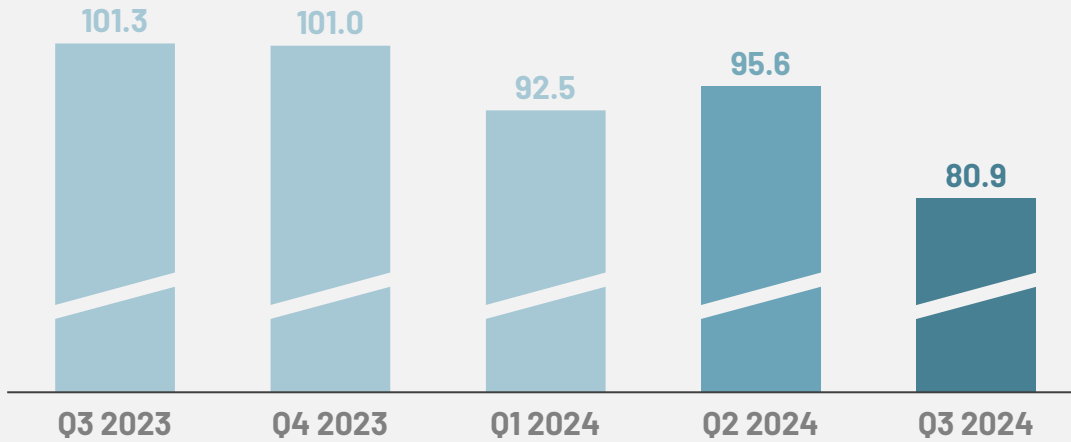
> EBIT:

- > Reduced volumes and unfavorable product mix effects
- > Successfully offset by operational improvements



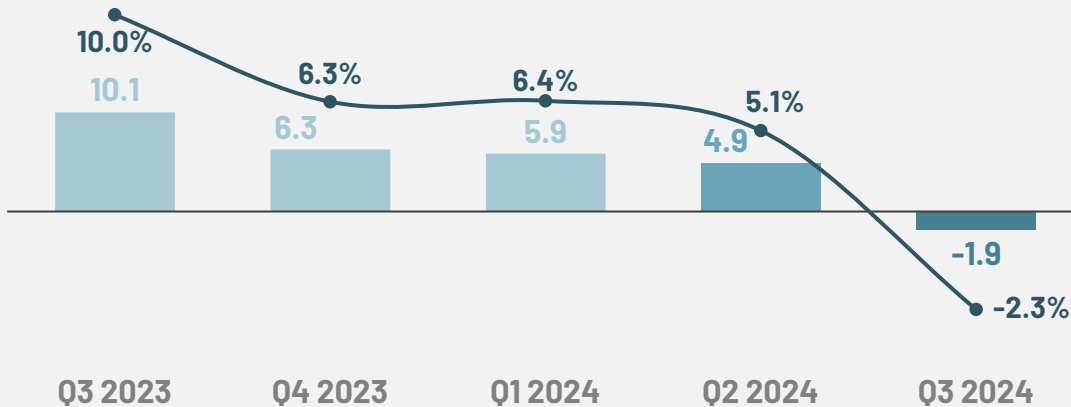
DRIVE CONTROL SYSTEMS BUSINESS AREA UPDATE

REVENUES, MEUR



EBIT MARGIN, %

EBIT, MEUR



Q3 2024

> Revenues:

- > Revenues down -19,4 % versus high levels in Commercial vehicle deliveries in Q3 2023
- > Significant inventory adjustments made by Tier 1 customers in North America due to market uncertainty

> EBIT:

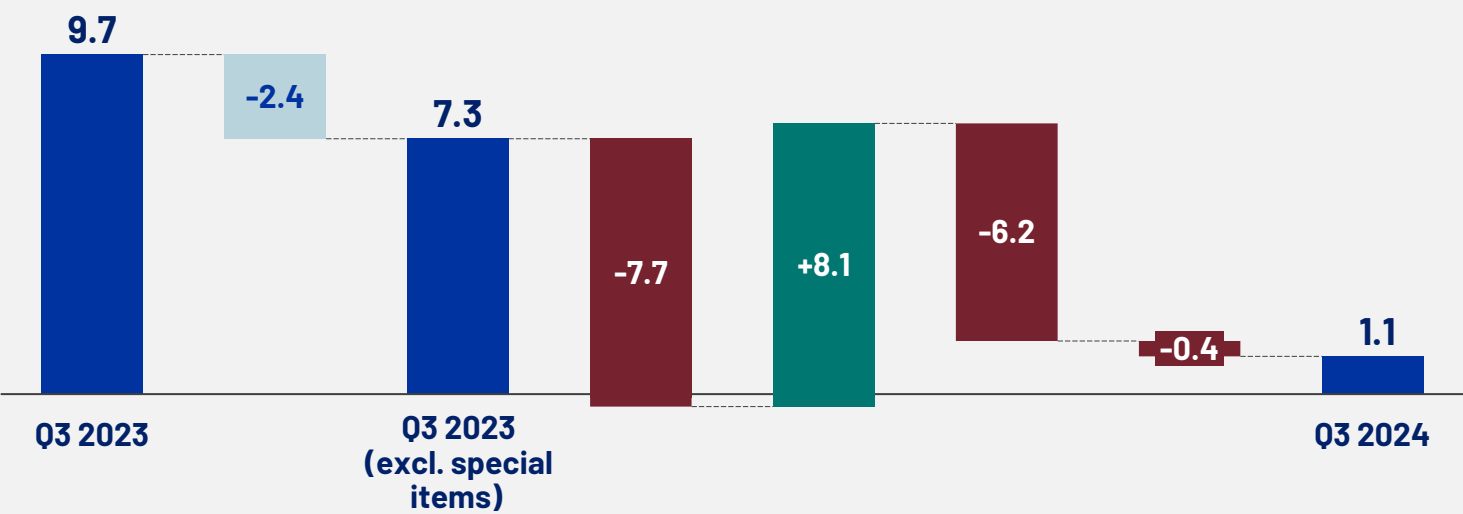
- > Lost contribution margins partially mitigated by reduced manufacturing and overhead costs
- > Q3 2023 positively impacted by MEUR 5.7 one-time effects related to prior periods
- > Warranty expenses higher by MEUR 6.2 versus Q3 2023



EBIT BRIDGE (Q3 & YTD)

SAVINGS IN ADMIN EXPENSES & REDUCTION IN FIXED COSTS FULLY OFFSET LOWER MARKET DEMAND

EBIT (Q3), MEUR



EBIT (YTD), MEUR



2023 SPECIAL ITEMS (ONE-OFF ITEMS)

- > Q3: MEUR 5.7 of retrospective customer reimbursements partially offset by a one-time adjusting item of MEUR 3.3
- > YTD: in addition to the above, MEUR 10.7, impairment in non-Core and MEUR 0.9 one-time item, both in Q2 2023

VOLUME, PRICE & MIX

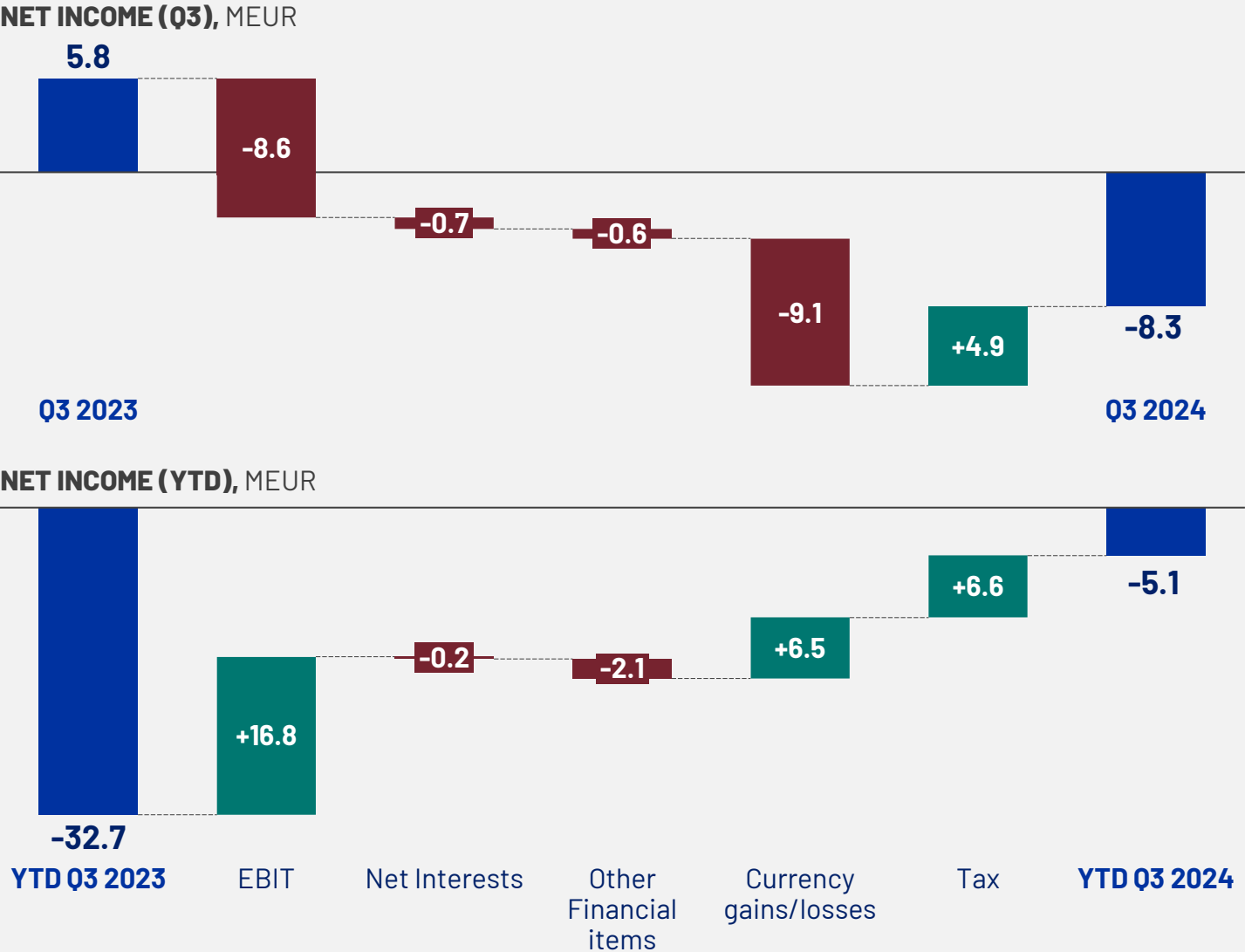
- > Mainly related to volume decline and Driveline wind-down
- > Price & mix better in 2024 than in 2023, partially offsetting the year-over-year volume decline

COSTS

- > Q3: manufacturing costs lower by MEUR 2.4 and savings in SG&A costs at MEUR 5.7
- > YTD: manufacturing costs lower by MEUR 6.6 and savings in SG&A costs at MEUR 15.4
- > Warranty expenses (Q3/YTD) include MEUR 4.0 higher than expected costs on a DCS product (as communicated in the latest guidance update)

NET INCOME BRIDGE (Q3 & YTD)

STRONG IMPROVEMENT YEAR TO DATE, NEGATIVE IMPACT FROM EXCHANGE RATE EFFECTS IN Q3



NET INTERESTS

- > Q3 & YTD: Interests on Account Receivables Securitization facility and less interest income

OTHER FINANCIAL ITEMS

- > YTD: Upon settlement of old bond notes in Q2 2024 remaining capitalized fees were expensed

CURRENCY GAINS/LOSSES

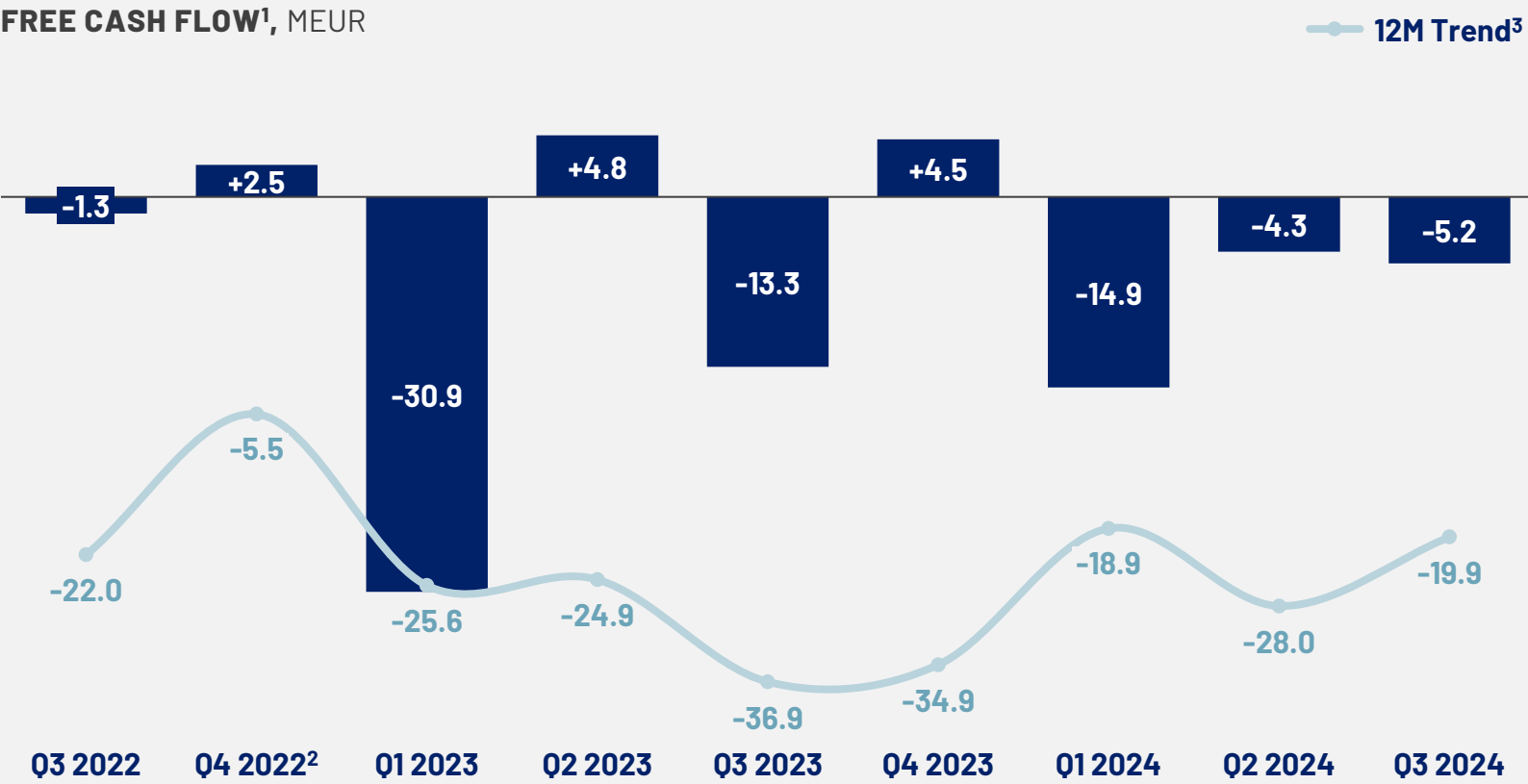
- > Mainly unrealized, development of NOK in different periods
 - > Q3 2024 NOK weakened by 3.3%, while Q3 2023 NOK appreciated by 3.8% vs EUR.
 - > YTD 2024 NOK lost 4.7% of its value, whereas in the same period of 2023 NOK lost 7.0% of its value (EOP)

TAX

- > Q3 / YTD: Total tax expense improved despite higher withholding taxes. This is due to lower deferred tax expenses resulting from lower losses not capitalizable.

FREE CASH FLOW

CASH FLOW FROM OPERATIONS STRONGLY IMPROVED
NEGATIVE CURRENCY EFFECTS IMPACT Q3



FREE CASH FLOW		
	Q3 2024	YTD 2024
Operating activities	+11.9	+18.7
Investing activities	-5.1	-14.5
Financing activities	-7.6	-83.8
Currency and translation effects on cash flow	-4.7	-4.8
Total	-5.5	-84.4
Add back / less:		
Refinancing related activities	+0.4	+57.6
Purchase of treasury shares and others	-0.1	+2.3
Free Cash Flow	-5.2	-24.5

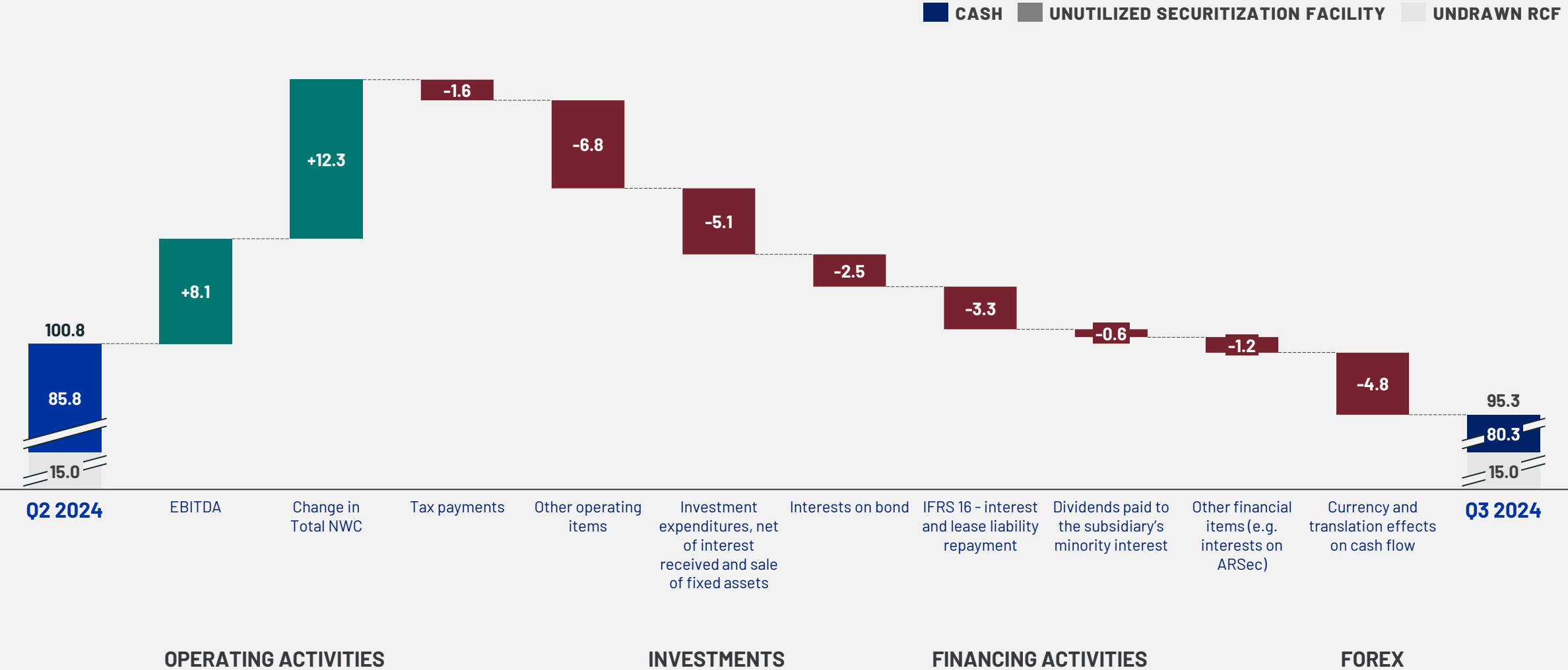
1. Free Cash Flow is measured based on sum of cash flow from operating activities, investing activities, financial activities and currency effects on cash (together described as change in cash), excluding net draw-down/repayment of debt, net effects of repayment of old bond and issuing new bond, proceeds received from capital increase and purchase of treasury shares. Thus, it includes payments for interests.

2. Excludes proceeds of MEUR 82.0 received for the sale of the Powersports business to BRP in Q4 2022

3. 12M Trend for Q3-Q4 2022 and Q1-Q3 2023 excludes proceeds of MEUR 82.0 received for the sale of the Powersports business to BRP in Q4 2022, however includes the cash flow received from ordinary business with BRP

Q3 2024 LIQUIDITY DEVELOPMENT

LIQUIDITY DEVELOPMENT¹, MEUR



OPERATING ACTIVITIES

INVESTMENTS

FINANCING ACTIVITIES

FOREX

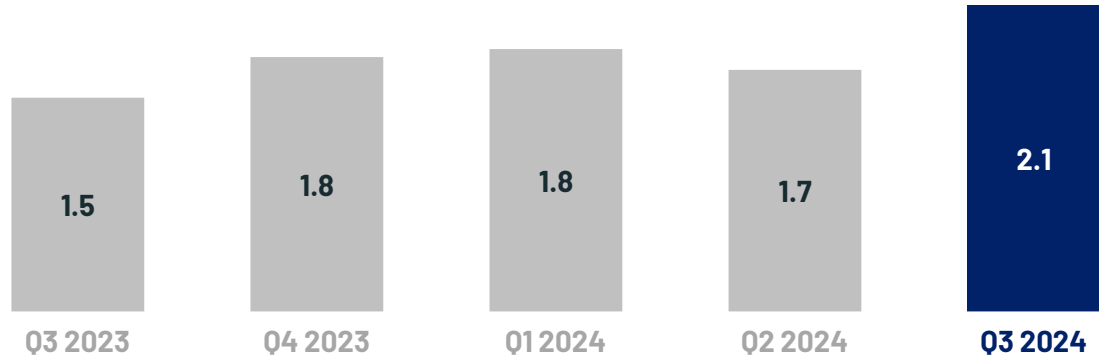
1. Including restricted cash (MEUR 0.1)



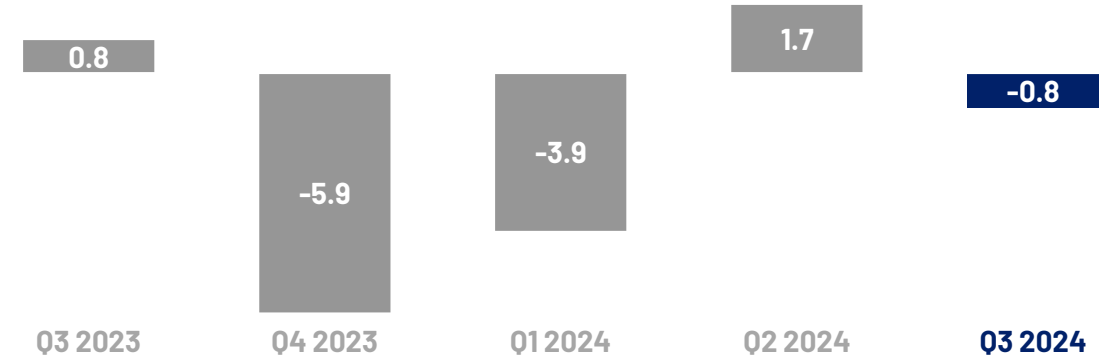
FINANCIAL RATIOS

Incl. IFRS 16 effect

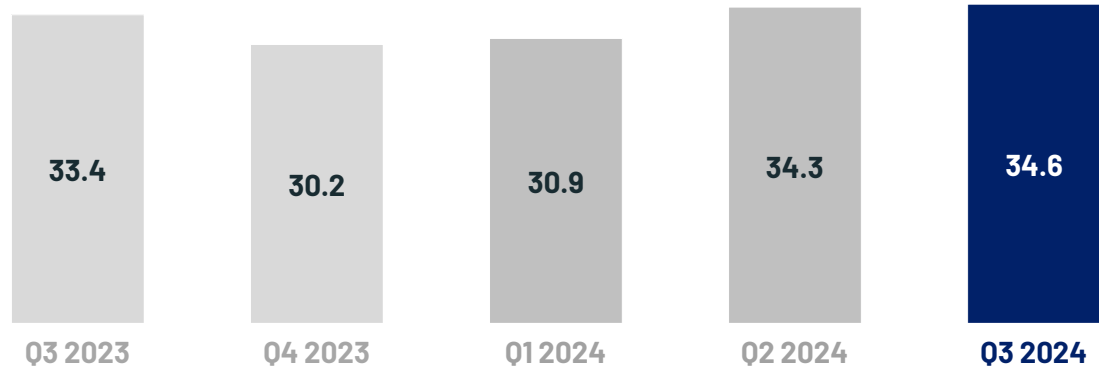
LEVERAGE RATIO, NIBD¹/ ADJUSTED EBITDA, LTM



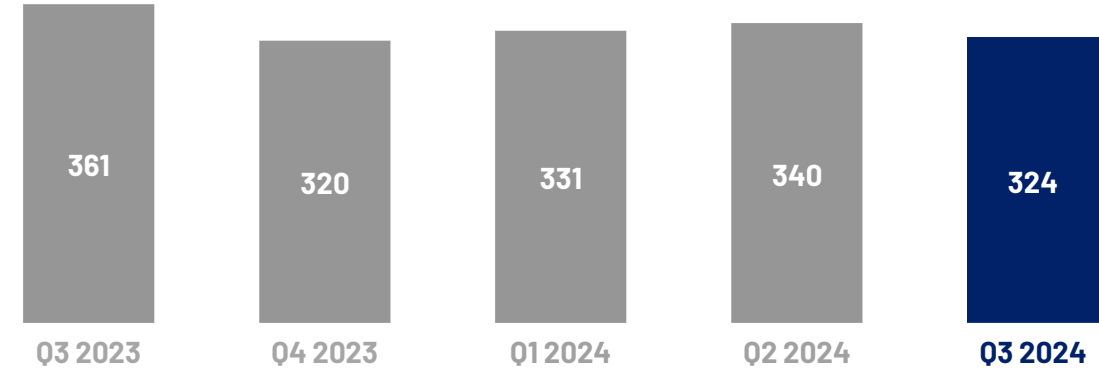
ROCE², %, LTM



EQUITY RATIO, %



CAPITAL EMPLOYED³, MEUR



1. Net interest-bearing debt
2. EBIT (LTM) / Average capital employed; EBIT used to calculate ROCE in Q3 2023 does not include the gain on sale of the Powersports business to BRP recorded in Q4 2022
3. Capital employed consists of Intangible Assets, PPE's, Right-of-use assets, Net Working Capital less Lease liabilities at quarter end



SUMMARY





SUMMARY

- Cost initiatives helping offset lower demand
- Further steps to improve efficiency, profitability, and competitiveness
- Record New Business Wins YTD with higher-margin products
- Positioned in markets with strong underlying growth
- Well prepared to navigate the current market uncertainties and deliver on the 2028 financial ambitions





Q&A

ON THE AGENDA FOR Q4 2024 AND Q1 2025:

- Breakfast meeting December 17, 2024
- Q4 report 2024, February 25, 2025
- Annual Report 2024, March 27, 2025





KONGSBERG
AUTOMOTIVE

MOBILITY SOLUTIONS FOR THE FUTURE