

Kongsberg Automotive

Investor Presentation

February 26, 2021



KONGSBERG
AUTOMOTIVE

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 2020 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



Norbert Loers

Co-CEO, CFO

Zurich (Switzerland)

-
- > Interim Co-CEO and CFO responsible for Group finance since joining in 2017
 - > 15+ years in executive positions in the automotive industry with deep expertise in finance
 - > Graduated from University of Bonn with a MSc degree in Economics



Robert Pigg

Co-CEO, SVP Off-Highway

Wilis (USA)

-
- > Interim Co-CEO and SVP Off-Highway responsible for Specialty products segment
 - > 15+ years experience with Kongsberg and Off-Highway segment
 - > Holds a BA in Mechanical Engineering from Auburn University and a BA in Physical Sciences from Freed-Hardeman University



Kongsberg Automotive provides world-class products to the global Light and Commercial Vehicle industry and beyond

We have a high-caliber, experienced team



Experienced and dedicated leadership team with on average **20+** years of industry expertise

We manage the COVID-19 crisis successfully



KA successfully managed COVID-19 downturn by ensuring operational stability, maintaining customer satisfaction and employee safety while completing equity refinancing

We deliver strong profitable growth

Strong profitable growth since 2016 impacted by COVID-19 downturn – successful crisis management resulted in **positive adj. EBIT in 2020**

We are steadily improving Free Cash Flow



Despite significant COVID-19 sales and margin impact, **Free Cash Flow improved by +7 MEUR compared to 2019** while taking a through-cycle perspective with continued CapEx spend

We operate a diversified, resilient business model

Resilient business model building on **diversified product portfolio, broad customer base** in Light and Commercial Vehicle, recreational, and off-highway markets **worldwide**

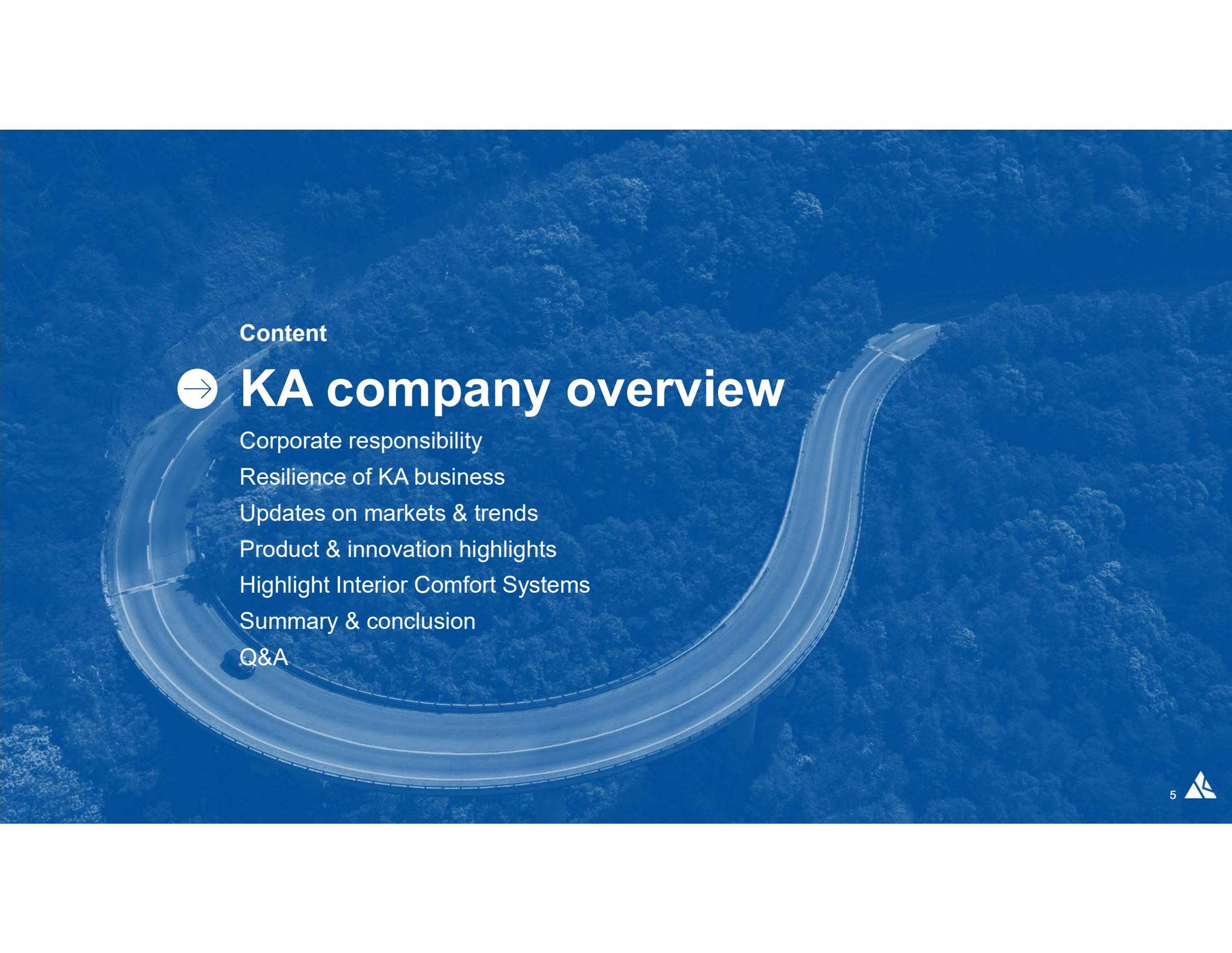
We are a trusted partner to our customers

Trusted relationship of 30+ years to major Automotive OEMs and blue-chip companies with recognition of KA as a partner from the early development on

We are ready for EV with cutting-edge technologies



Continuous investment and industrialization of **cutting-edge technologies** and products resulting in **future-proof portfolio for vehicle electrification**



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The KA leadership team has on average 20+ years of industry experience and 7+ years of KA tenure

		Norbert Loers Co-CEO & CFO		Robert Pigg Co-CEO & SVP Off-Highway		Bob Riedford President Powertrain & Chassis		David Redfean EVP Fluid Transfer Systems (FTS)		Linda Nyquist-Evenrud SVP Couplings		Scott Paquette EVP Interior
Joined KA	2017		2006	2016	2016	1993	2008	2008	2008		2008	
Experience	CFO, Hay Group/Musashi Automotive (2013-2016) CFO, Neumayer Tekfor Holding Int. (2007-2013)	VP Driver Interface (2015-2016) VP Program Management, FTS (2013-2015) Engineering Director (2008-2013)	Automotive Consultant, Cary (2012-2017)	VP Sales, FTS (2013-2016) Sales Director, FTS (2008-2013)	Sales & Marketing Director, Couplings (2016-2017) Sales & Marketing Manager, Couplings (2008-2016)	EVP, DCS (2014-2017) EVP, Interior (2011-2014) EVP, FTS (2010-2011)						
Education	University of Bonn, Master of Economics	Auburn University, BA Mech. Eng.; FHU, BA-Physical Sciences	University of Evansville, BS Electrical Engineering	Stockholm School of Economics, MBA	Halmstad University, BA Product, Innovation, Int. Mgmt.	Eastern Michigan University, BBA Operations Research						
		Dzeki Mackinovski EVP Purchasing		Virginia Grando EVP Quality		Jon Munthe General Counsel		Marcus von Pock EVP HRM/ Comm./ HSE		Doug Tushar VP of IS&T Corporate		
Joined KA	2019		2017	2008	2008	2017	2008	2008				
Experience	SVP Global Purchasing, Knorr-Bremse (2014-2019) VP Purchasing Projects & Operations APAC & GM, Volvo Trucks (2009-2014)	Head of Corporate Quality Planning, MAHLE Group (2013-2017) Quality Manager, MAHLE Powertrain Ltd. (2005-2013)	Chief Legal Counsel, Aibel (2003-2008) Corporate Legal Counsel, ABB (1992-2002)	SVP HR & Head of Corporate Academy, FLG Group (2014-2017) Head of Corporate HRM, Kardex AG (2010-2014)	Global Director IT, Teleflex Automotive (2006-2008) Global Business Process Analyst, Teleflex Corp. (2004-2006)							
Education	IHM Business School, Business Administration Courses	Politecnico di Torino, Master Engineering	University of Oslo, Law School	University of Mittweida, Germany, Master in International Management	Kent State University, SBA Business Accounting							



KA, a world-class supplier to the global automotive industry and beyond

Selected KPIs, MEUR

	Sales	Adj. EBIT	Free Cash Flow ¹
2020	969	11 (1%)	-37
2019	1,161	71 (6%)	-44



Selected key facts

Every 5th Light or Commercial Vehicle globally contains KA products

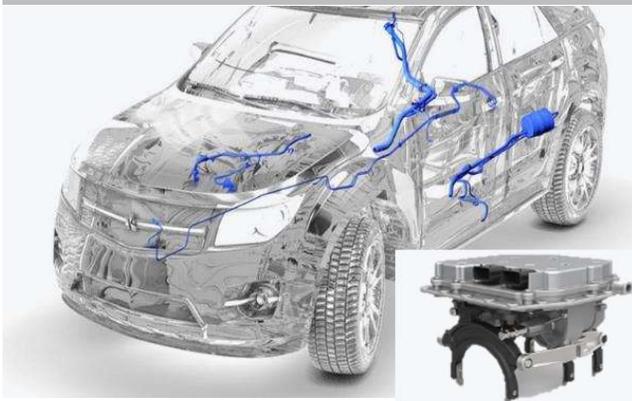
Global production footprint with ~11k employees

Diversified, global blue-chip customer base in Light Vehicles, Commercial Vehicles, and Specialty Products² markets



Mission & purpose

To be the global partner of choice for our customers, employees and stakeholders, by providing advantageous solutions that enhance the driving experience



1. As defined in APM section in annual report – 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 drawdown/ repayment of debt and proceeds received from capital increase/ purchase of treasury shares.
2. Industrial, agriculture & construction, recreational markets



KA operates in three segments: Interior, Powertrain & Chassis and Specialty Products

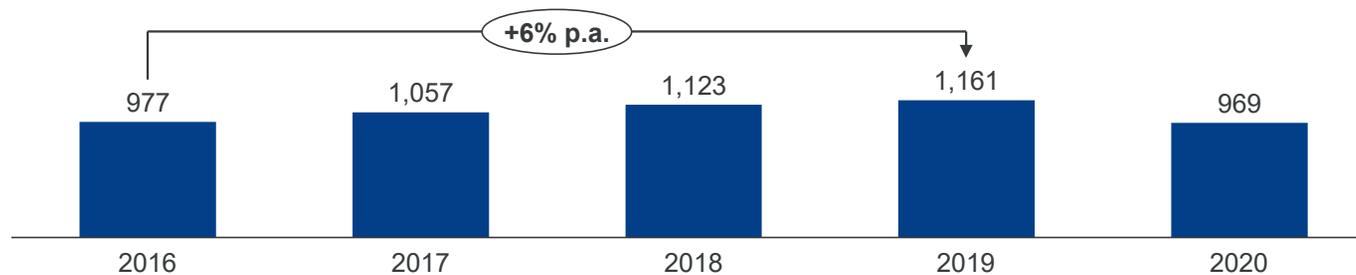
	Interior		Powertrain & Chassis		Specialty Products		
	Light Duty Cables	Interior Comfort Systems	Driveline	On-Highway	Couplings	Fluid Transfer Systems	Off-Highway
Market position	Leading position	Top 3 in all product categories	Strong position in actuation systems		#1 / #2 in Europe	#1 in PTFE hoses	Top 3 in all product categories ¹
Products	Mechanical cables Electric actuators	Seat heat/ ventilation Lumbar support Massage systems Head restraints	Gear shift systems Shifter/MPR cables Shift by wire systems Electric actuators	Gear shift systems Mechanical cables Shift by wire Pedals/throttle control Clutch actuation systems Vehicle dynamics	ABC brass ABC buildingblocks ABC complements ABC KArtridge/man. Old brass range	Hoses and tubes Hose/tubing assembly	Steering systems HMI/electronics Pedals/el. controls Mech. cables/cont.
End-markets	 Passenger vehicles	 Passenger vehicles	 Passenger vehicles	 Commercial vehicles	 Commercial vehicles	 Diverse	 Power Sports, Outdoor Power Equipment, Agri., Constr., Industrial

1. Except HMI

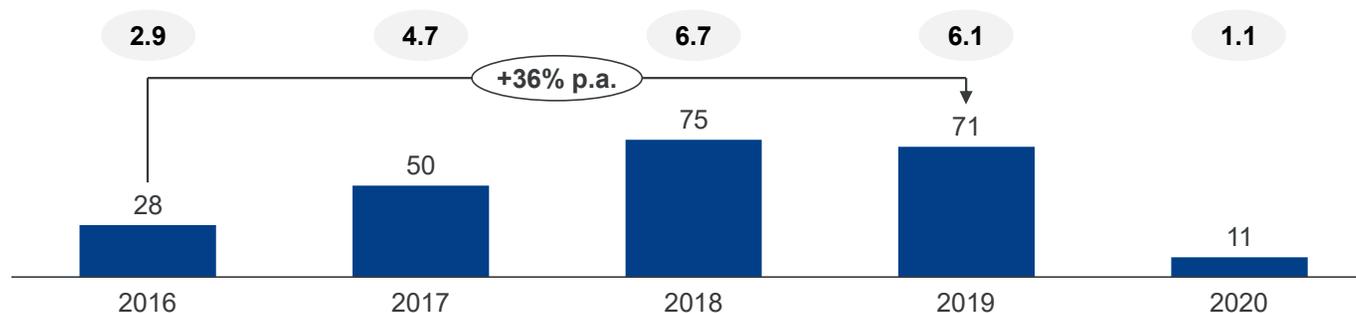
Historical financials overview (1/2)

% Adj. EBIT margin (%)

Sales performance, MEUR



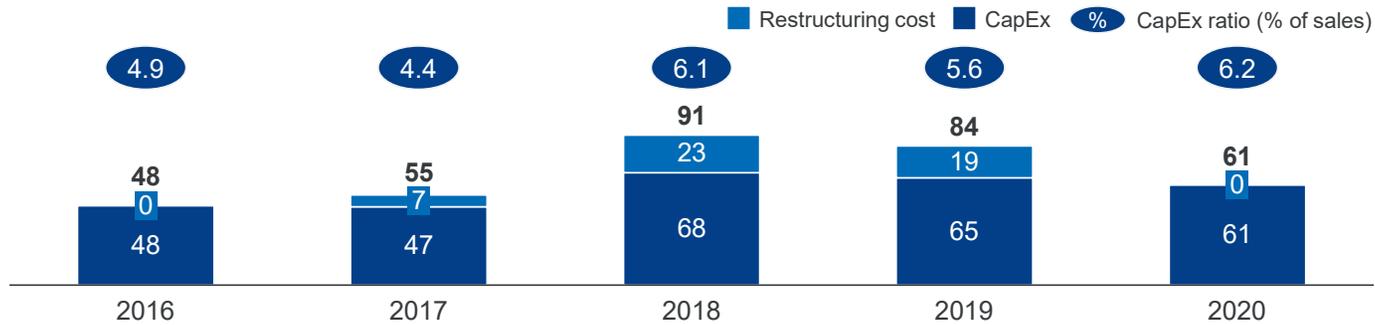
Adj. EBIT performance, MEUR



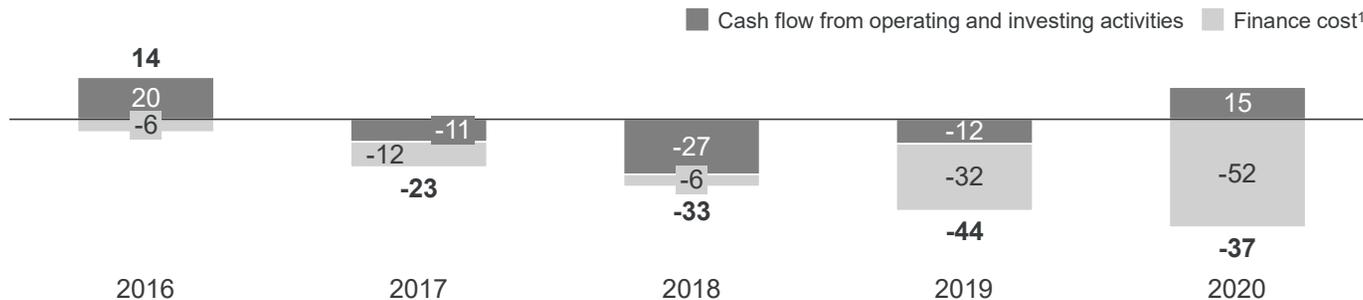
- > **KA outgrew its markets** since the turnaround in 2016
- > **Strong, consistent sales and EBIT growth** from 2016 to 2019
- > **Active management during COVID-19** crisis to stabilize EBIT despite 17% decrease in sales

Historical financials overview (2/2)

CapEx and restructuring cost (excl. provisions), MEUR



Free Cash Flow, MEUR

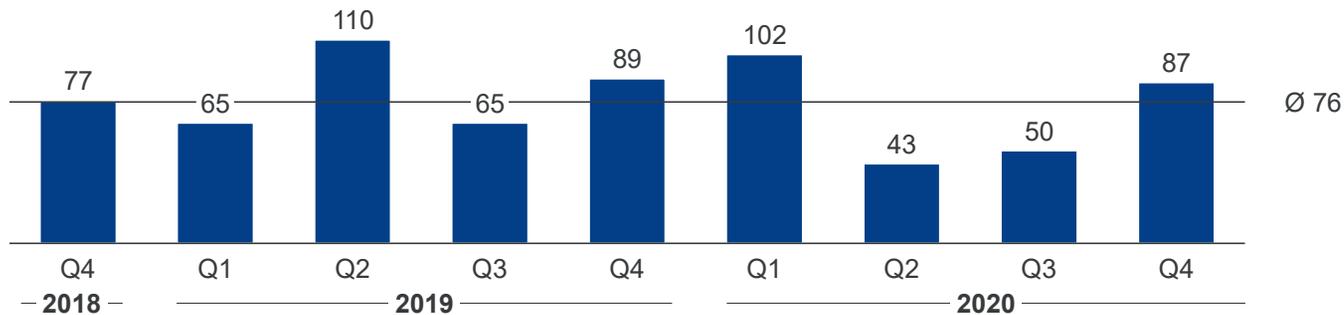


1. Finance cost related to debt services, lease repayments/IFRS16, and realized Fx gains/losses

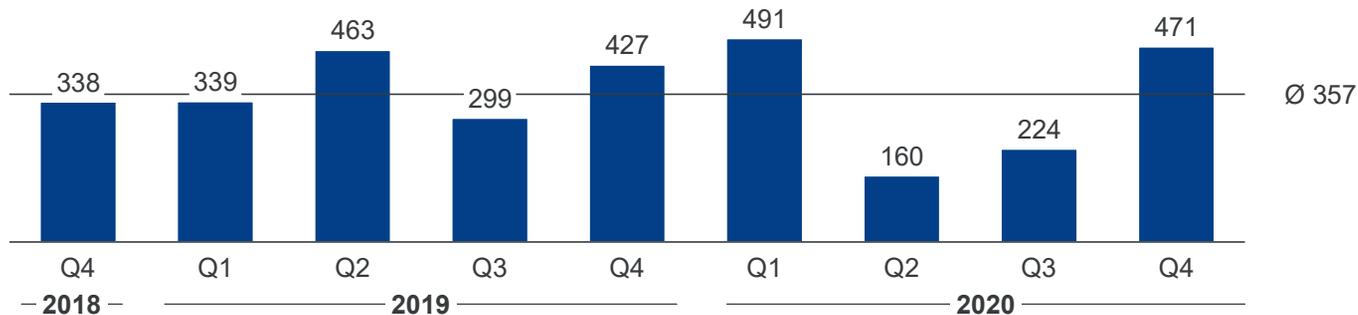
- > **Through-cycle perspective with continuous investments** to sustain future growth despite sales drop (CapEx ratio 6.2%)
- > **Cash optimization levers in 2020** improved Free Cash Flow by +7 MEUR
- > **In position to deliver positive Free Cash Flow** after years of investing in restructuring and CapEx

New business wins: Strong recovery after COVID-19 impact in Q2 2020

New business wins, per annum sales, MEUR



New business wins, lifetime sales, MEUR

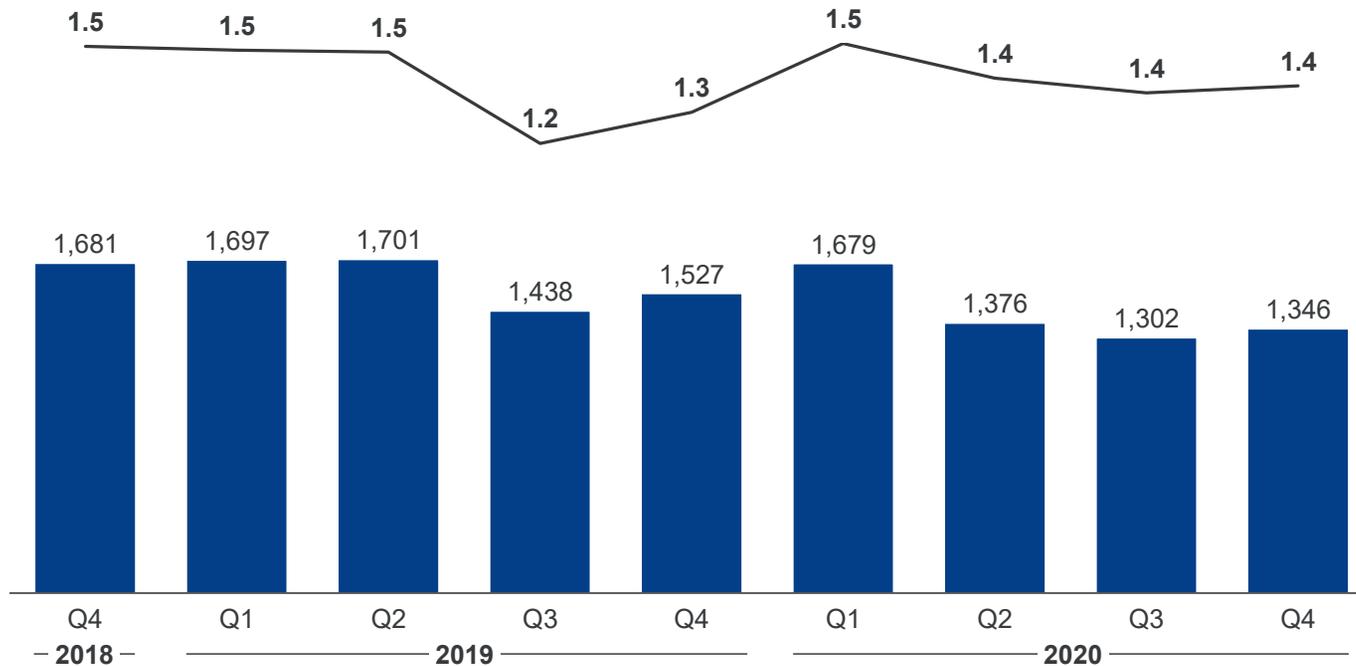


- > New business wins impacted by reduced customer sourcing activities due to COVID-19 in Q2 & Q3 2020
- > Start of recovery in Q3 and strong new business wins in Q4 2020

Book-to-bill performance: High ratio supporting strong future growth

■ Booked business¹ (MEUR) — Book-to-bill ratio²

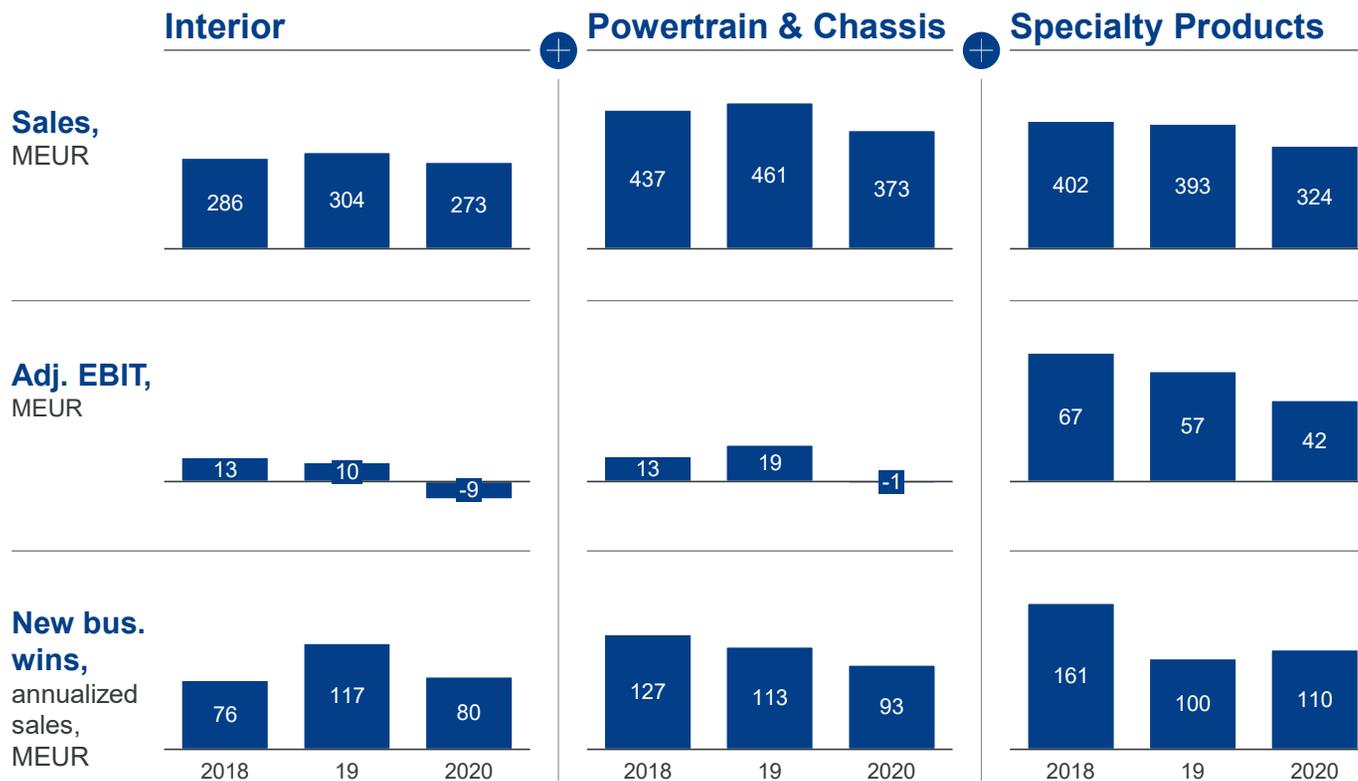
Book-to-bill performance, LTM, MEUR



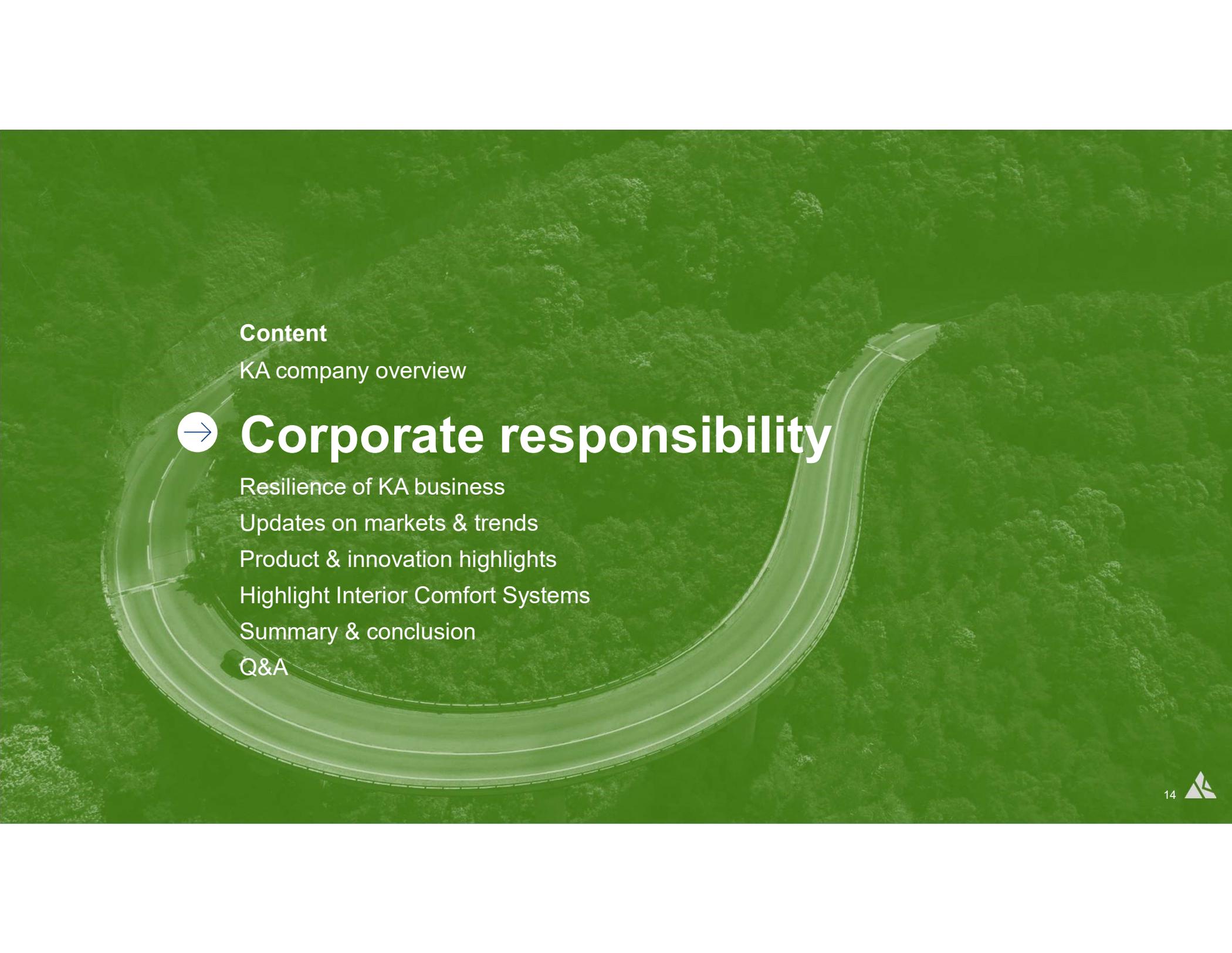
1. New business wins (expected lifetime sales) over last 12 months
 2. Booked business (last 12 months) divided by sales (last 12 months)

- > **High book-to-bill ratio in 2020 despite crisis** with booked business volumes exceeding sales to support strong future growth
- > **Positive business pipeline** bolstered by **growing market segments** and **strong competitive positioning**

Segment financials: Specialty business showed most resistant to COVID-19 crisis



- > 2020 heavily impacted by COVID-19 crisis across segments
- > **Crisis-resistant recreational business** with strong operational performance in 2020



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Guiding principles for Corporate Responsibility



Leadership & Talent

We aim to develop our employees in an inclusive culture that respects diversity and exemplifies our values



Human Rights & Labor Practices

We advance initiatives which respect human rights and fair labor practices within our organization and throughout our supply chain



Supply Chain Management

We implement practices that consider and support responsible and sustainable sourcing



Environmental Performance

We commit to minimizing the use of natural resources and hazardous materials in the development and manufacture of our products



Integrity & Ethics

We require all employees to comply with applicable laws and observe the highest standards of business and personal ethics in the conduct of duties and responsibilities



Community Engagement

We contribute our time and financial support to the communities where we work and live

Corporate Responsibility Strategy based on three defined areas:

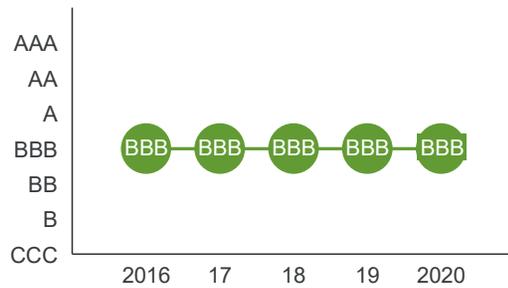
- > **People**
Health & safety, employee training & development, local communities
- > **Planet**
Climate change, energy usage, waste
- > **Products & supply chains**
Working practices in supply chains, product materials compliance with environmental legislation



KA contributes to improving the long-term environmental health of the planet

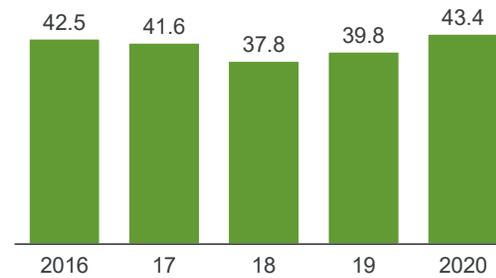
MSCI ESG Rating

Only 30% of automotive suppliers with better rating



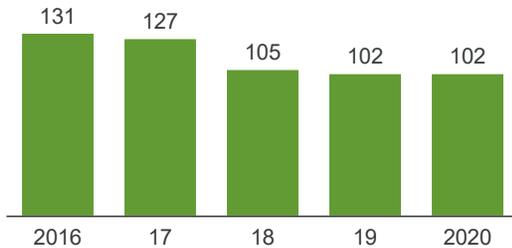
CO₂ Emission Intensity, tons per MEUR sales

Increase at lower capacity utilization due to COVID-19



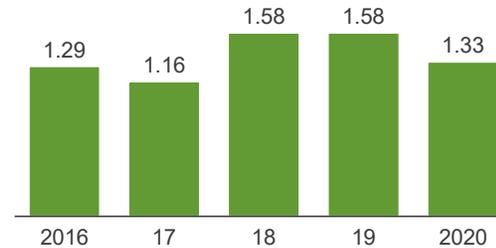
Energy Intensity, kWh per 1,000 EUR sales

Constant energy usage per EUR of production



Waste Index, kg per 1,000 EUR sales

16% improvement vs. 2019 due to decreased scrap rate



Selected green initiatives



Increase renewable energy at all KA facilities



Accelerate energy reduction program



Reduce waste in KA plants



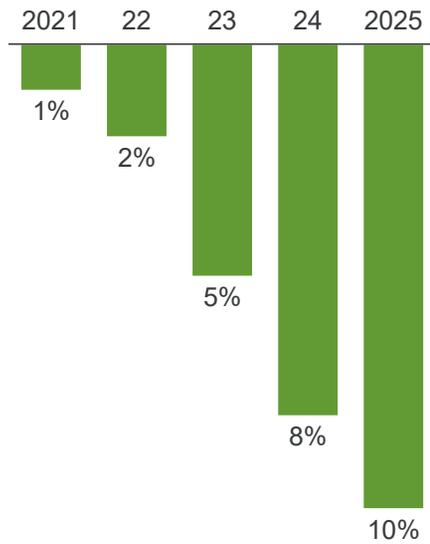
Improve environmental data reporting

KA strives for carbon neutrality

KA targets

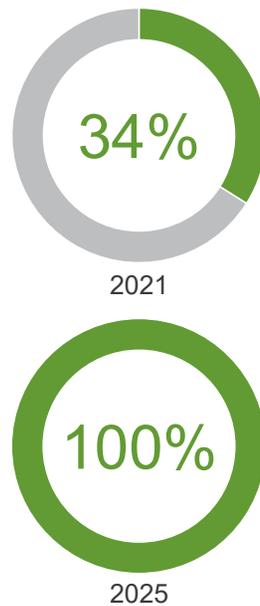
Energy reduction

Y-o-y reduction vs. 2019 baseline



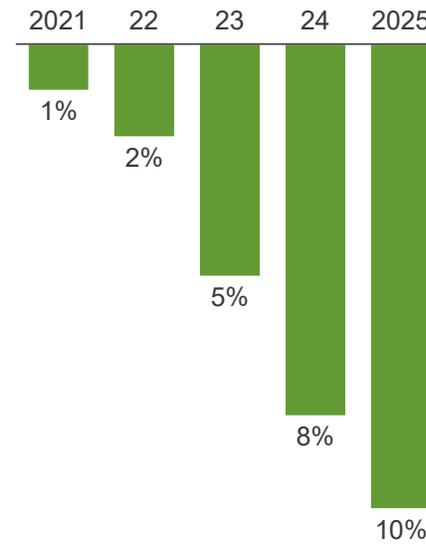
Renewable energy

Share of renewable energy



Landfill waste reduction

Y-o-y reduction vs. 2019 baseline



Path to carbon neutrality

- > KA is committed to reduce its overall carbon footprint
- > Currently, KA is developing a holistic concept to achieve carbon neutrality



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COVID-19 shock

COVID-19 is, first and foremost, a humanitarian challenge

Solving the humanitarian challenge is the top priority

Stabilizing business and preparing for next normal is key

COVID-19: Active crisis management enabled KA to address needs of all major stakeholder groups

Management of the crisis-induced downturn



Ensured operational stability



Strong

performance on reliable on-time in-full shipments to customers



Maintained customer satisfaction



7/8

dimensions of customer quality improved in 2020



Protected employees' health



All

locations with comprehensive protection concept



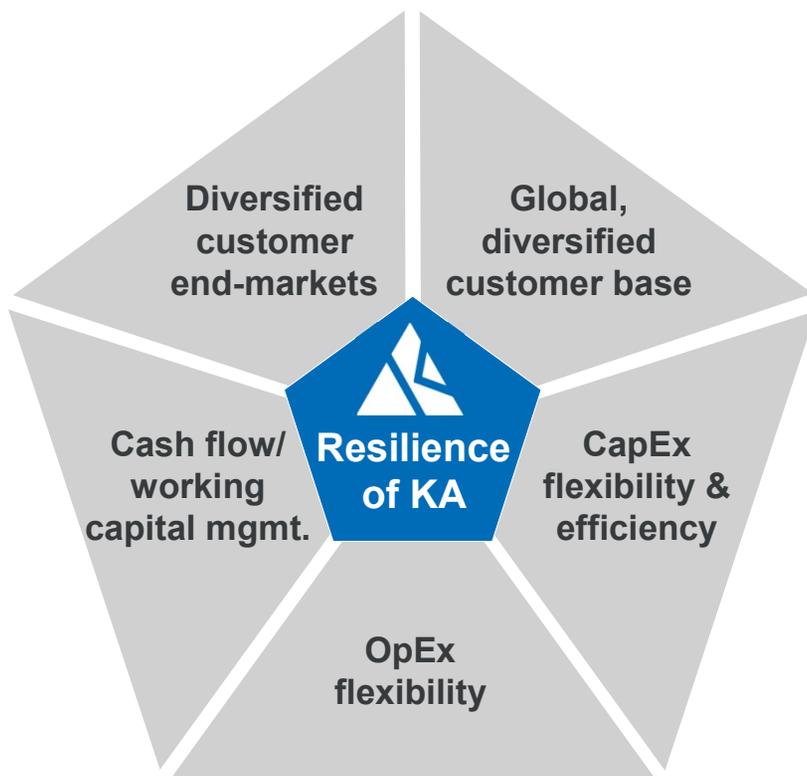
Completed equity refinancing



~90

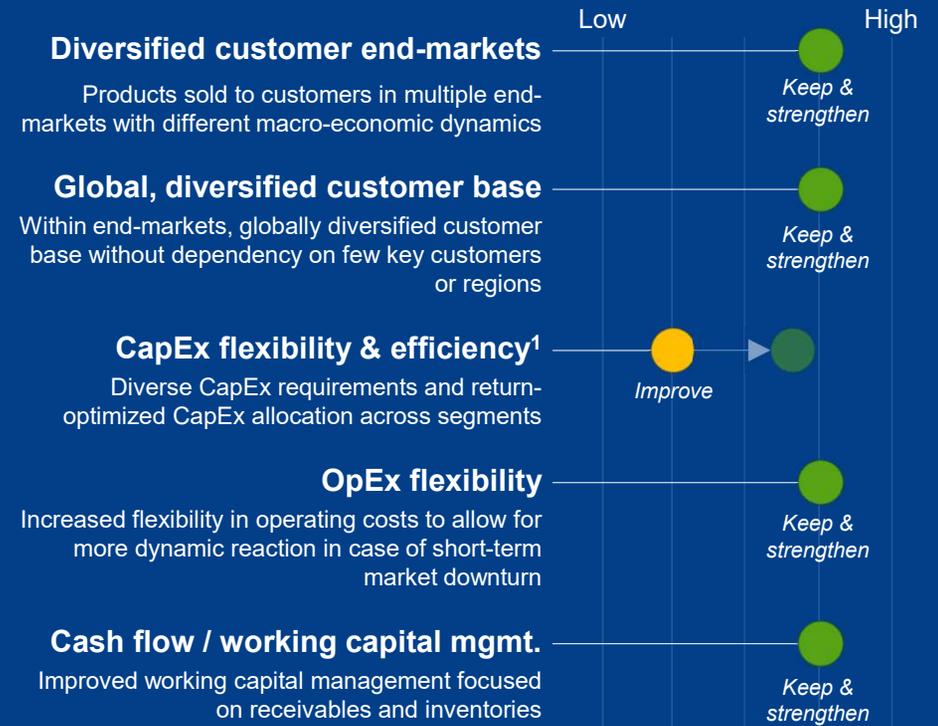
MEUR volume throughout 2020

5 resilience factors at KA



1. Efficiency defined as CapEx ratio (= CapEx / max. annual capacity) and RoI-optimized CapEx allocation

Status-quo assessment and ambition

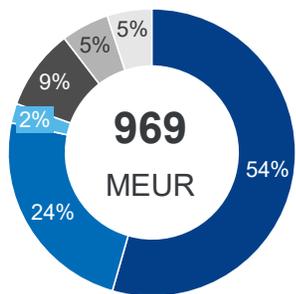


Diversified end-markets: Diversified customer base within Light and Commercial Vehicle segment



End markets and top 5 customers, % of total sales in 2020 incl. indirect sales

Top end-markets

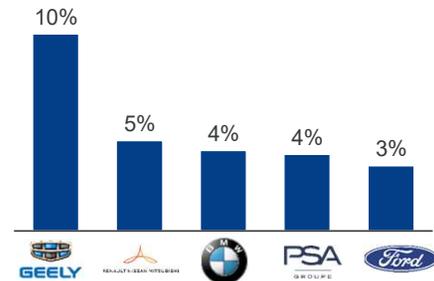


- Light Vehicle
- Commercial Vehicle
- Agriculture & Construction
- Power Sports & Outdoor Power Equipment
- Aftermarket
- Other incl. Industrial

1. Including sales through Tier1



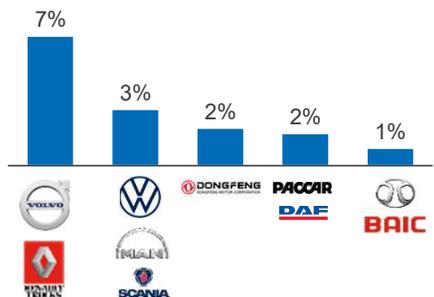
Top 5 Light Vehicle OEM customers¹



Further customers



Top 5 Commercial Vehicle OEM customers¹



Further customers

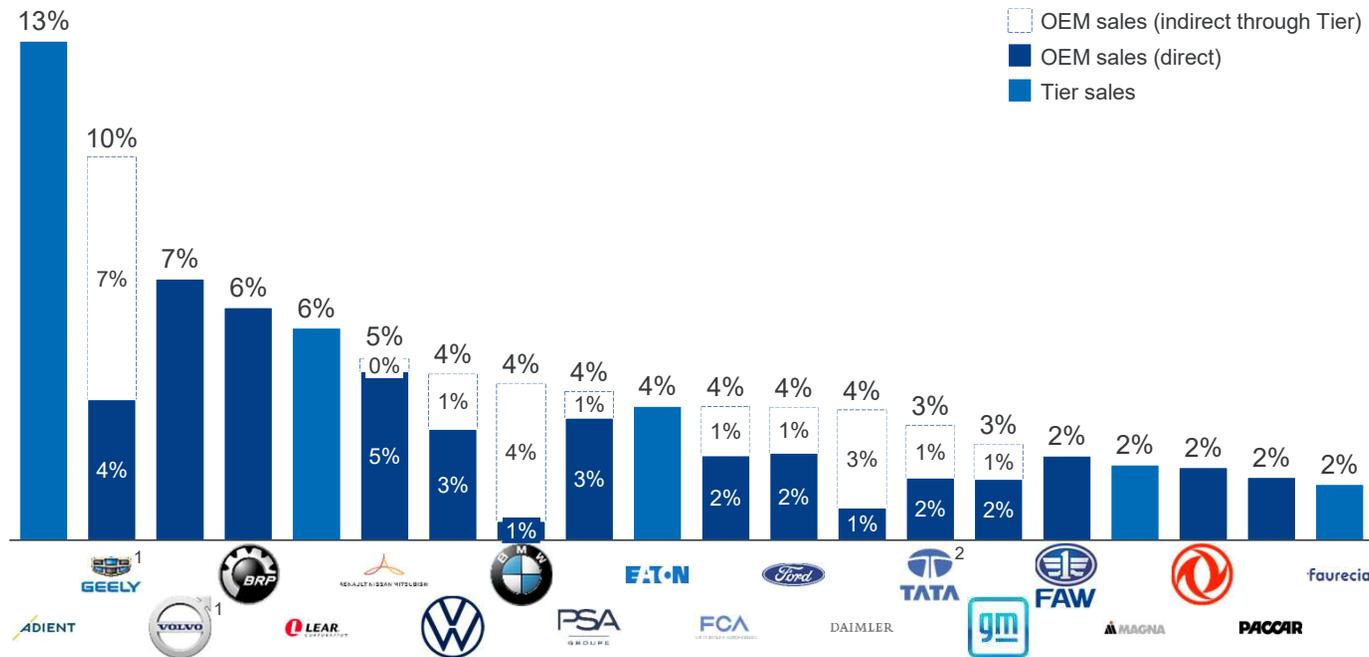


- > No single OEM customer with more than 10% sales volume
- > Top5 customers with sales volume of
 - Light Vehicles: ~27%
 - Commercial V.: ~14%
- > Non-automotive business proved resilient in times of automotive downturns

Global diversified customer base: Prevention of any dominant single customer dependency



Top 20 customers, sorted by % of sales in 2020 incl. indirect sales



1. Volvo passenger cars included in Geely Group
 2. Land Rover passenger cars included in Tata Motors

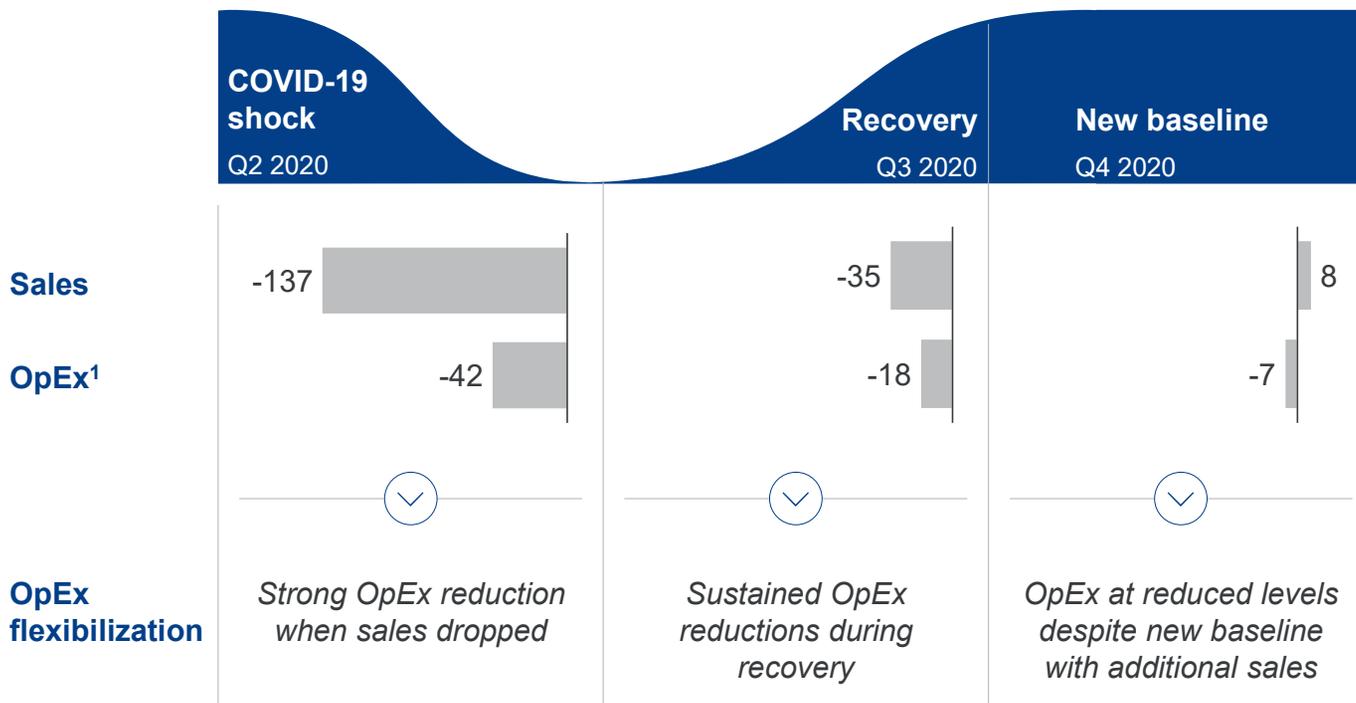
- > Broad customer base prevents any dominant single customer
- > Top 10 direct customers contribute to only 53% of sales



OpEx flexibility: High degree of cost flexing during COVID-19 shock, recovery and new baseline in 2020



OpEx flexibilization, delta of Qx 2020 and avg. quarter 2019, MEUR



1. OpEx = Fixed production cost, direct and indirect labor (incl. overheads), freight, utilities, rent, services

Dynamic reaction with high OpEx flexibility

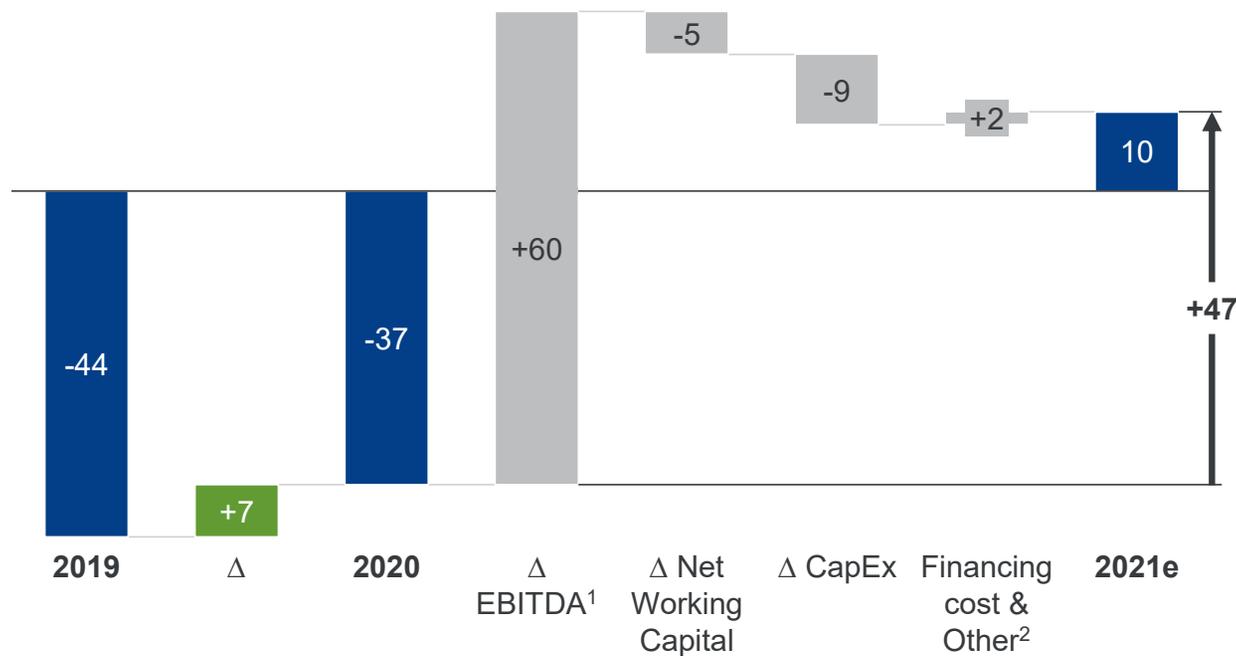
Application of flexibility levers during COVID-19 shock, recovery, and new baseline (selection only):

- > Continuation of **operational improvement programs**
- > Adjustment of **production capacities** (e.g., shifts)
- > **Headcount flexibilization** incl. insourcing of leased labor, manning reductions, short-time labor, cutting/insourcing of services
- > Reduction of **discretionary spending**

Free Cash Flow: COVID-19 recovery and further improvements will turn FCF positive



Free Cash Flow incl. 2021 improvements, MEUR



1. EBITDA net of impairment
 2. Δ other assets and receivables, Δ other liabilities, project and financing cost, restructuring

Key levers going forward



Further recovery from COVID-19 downturn



Stringent optimization of top line growth while protecting contribution margins



Continuous improvement of working capital management and cash conversion



Clean-up of CapEx pipeline without risking investments for future growth



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Highlight Interior Comfort Systems

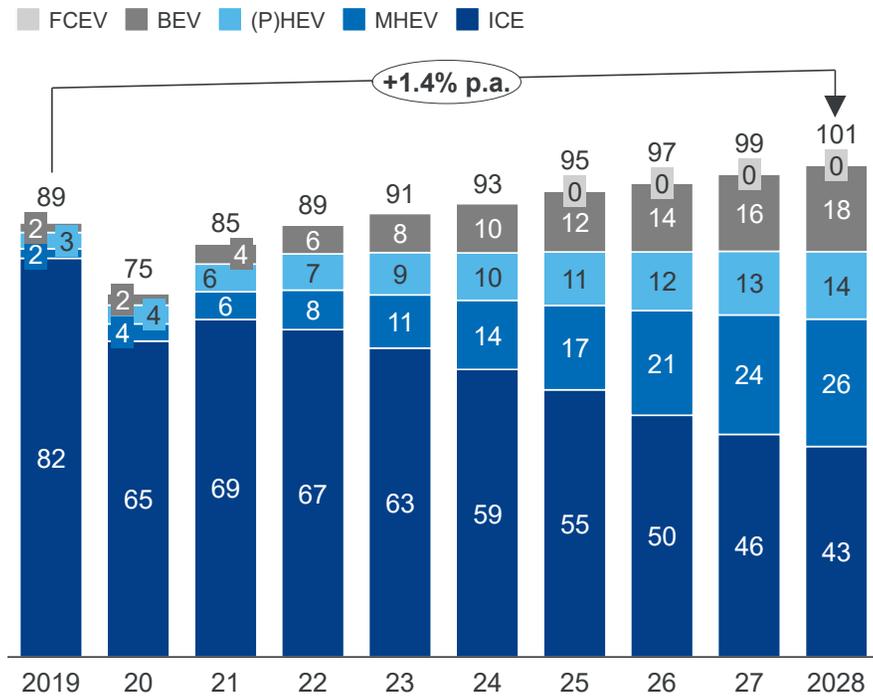
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Light Vehicles market: Growth expectation after COVID-19 crisis

Light Vehicle market size, production volume in mn



1. Environmental, social, and corporate governance

Source: IHS (Feb 10, 2021)



Overarching Light Vehicle trends

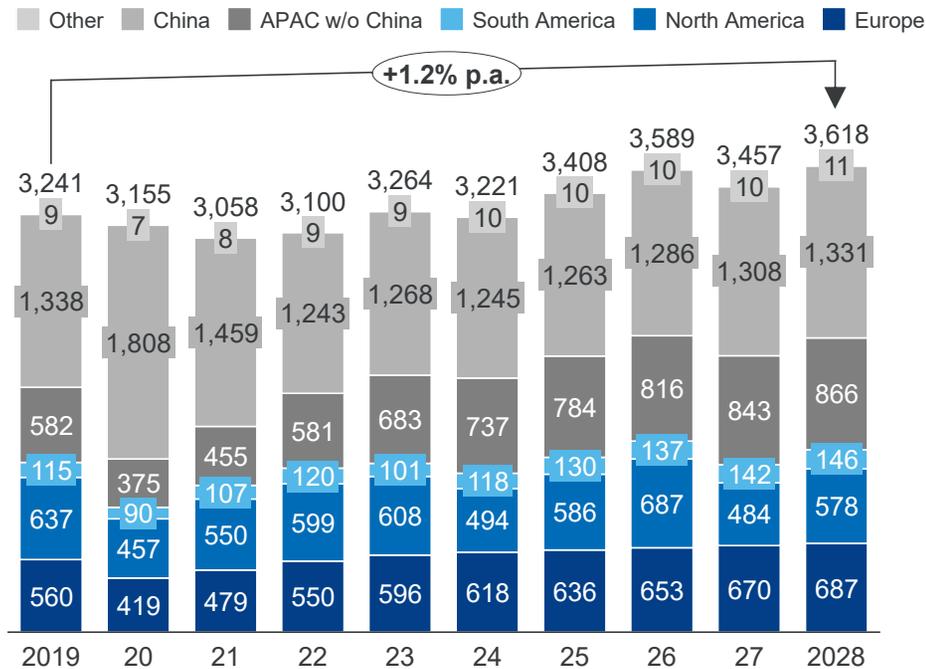
- Powertrain electrification
- Autonomous driving
- Vehicle connectivity
- Shared mobility
- Safer and cleaner regulation
- Sustainability and ESG¹

Specific trends relevant to KA

- Shift from premium to mass market for vehicle comfort, driving performance, and safety features
- Higher customer expectations regarding convenience and interior comfort features
- Emergence of new automotive players and shift of regional centers of gravity

Commercial Vehicles market: Slow recovery to 2019 levels

Commercial Vehicle¹ market size, production volume in k



1. Medium and heavy trucks
2. Environmental, social, and corporate governance

Source: LMC (Q4 2020)



Overarching Commercial Vehicle trends

- Alternative power-trains: Electrification & fuel cells**
- Autonomous driving**
- Autonomous driving**
- Total Cost of Ownership (incl. fuel economy & efficiency)**
- Safer and cleaner regulation**
- Sustainability and ESG²**

Specific trends relevant to KA

- Value chain depth (incl., modularization and outsourcing from OEMs to suppliers)**
- New chassis and air suspension technologies**
- More complex compressed air infrastructure**

Specialty Products: Similar trends as in Light and Commercial Vehicles markets

Key trends in specialty products



Trend impact on take/fitment rate: → not significant → moderately positive ↗ highly positive

Overarching

Electrification

Increased use of electronic controls and motors with lower prices and improved robustness

GDP growth

Economic recovery with additional spend on recreational activities and investment in commercial equipment – GDP growth (2021/2022 vs. 2020):

US +3.5%/+3.3%
Euro area +3.6%/+4.0%
China +7.9%/+5.2%



Outdoor Power Equipment



Commercial segment growth

Move to urban areas and increased wealth drive commercial Outdoor Power Equipment with more demand for electronic features (e.g., throttle control due to emission regulation)



Autonomous

Adoption of robots (esp. lawn mowers) increases demand for electronic components

Power Sports



Reduced international travel

Triggered by COVID-19, more local holidays driving sales of power sports equipment



Digitization

Higher demand for technical features (e.g., smart keys and immobilizers, displays)

Construction and Agriculture



Emission regulation

Low regulation countries catch up to EU/NA's adoption of electronic throttle



Connectivity

Demand for seamless integration of machines and connected services in-/outside of the vehicle drive use of electronic components



Autonomous

Faster adoption of autonomous driving due controlled/bound environment requires fully electronic controls



Rising competition

PTFE¹ hose products remain the product of choice in various technical markets including Pharmaceutical and Semi-Conductor Manufacturing



1. Polytetrafluoroethylene

Source: World Bank Group (Global Economic Prospects, January 2021) for GDP growth

Market trends: KA well positioned to benefit from current market trends

Selected trends with implication on KA segments

KA segments	Electrification/ CO ₂ regulation/ fuel economy	Autonomous/ connectivity/ digitalization	Premium-to-mass/ higher interior comfort expectations	Air suspension and compressed air systems
Interior	<p>Shift from cables to electric actuators¹</p> <p>Quieter, more energy efficient components</p>	<p>Shift of focus from powertrain to interior comfort</p>	<p>Higher take/fitment rate with standardization of seat comfort features</p> <p>Limited exposure to cost pressure and commoditization with innovative product portfolio and clear USPs</p>	
Powertrain & Chassis	<p>Higher demand for shift-by-wire and electric actuators</p> <p>Fast adoption of automated manual transmission systems</p>	<p>Mitigation of technological change away from mechanical shift systems by development of shift-by-wire products</p>		<p>Change from hydraulics to compressed air systems in Asia</p> <p>Increasing market for air suspensions (PC / CV)</p>
Specialty Products	<p>Enhanced outperforming couplings system</p> <p>More hoses for EV heat mgmt., turbos</p> <p>Uptake of electric throttle control</p>	<p>Adoption of autonomous equipment with high electric content</p> <p>Integration of machines and connected services in-/outside of the vehicle</p>	<p>More technical features (e.g., smart key)</p> <p>More functions and features managed by compressed air</p> <p>El. power steering as standard in power sports</p>	<p>More complex couplings with integrated features (e.g. sensors)</p> <p>Increased Air Suspension fitment rates providing more opportunities for hose assemblies</p>

1. Most often, the electrically actuated products consist of a hybrid design with an actuator and a [shorter] physical cable

Impact on KA

Interior products as key differentiator for OEMs leading to expansion of features and comfort into new vehicle segments

KA well prepared due to improved operations, engineering, and innovation-backed order pipeline

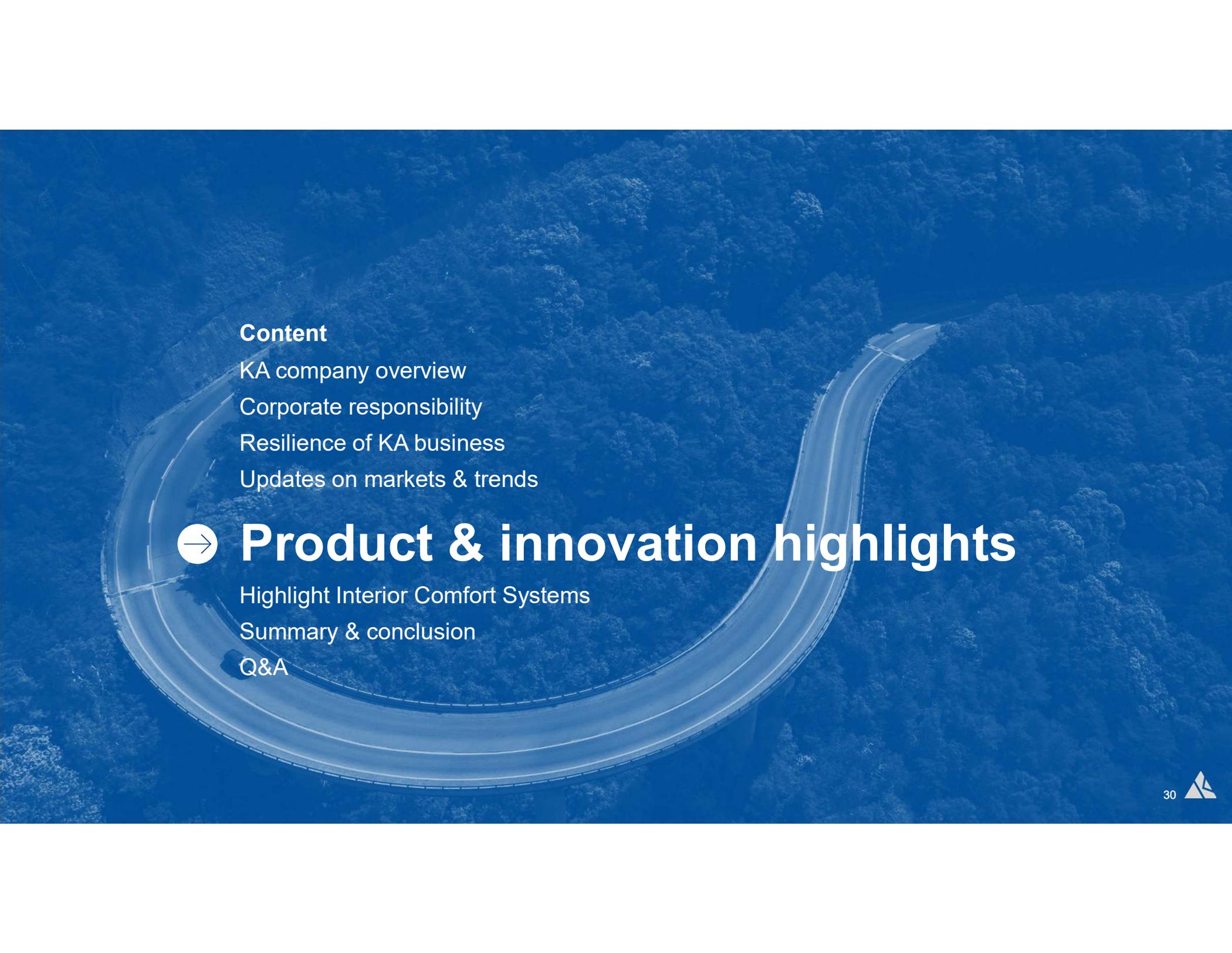
Electrification of powertrain and autonomous vehicles lead to different product requirements

KA well positioned as cost/tech leader in ICE business while growing market share in EV market

Emission, safety, and performance requirements lead to higher quality standards and differentiation potential

KA with strong position to capture projected growth with new technologies and global scale





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Couplings: Attractive, increasing market demand with further differentiation potential

Market dynamics

	<p>Higher penetration and more complex compressed air systems</p>		<p>Increased performance requirements</p>
	<p>Increased focus on total installed cost and lifetime cost in the market</p>		<p>Next generation braking system</p>

KA competitive positioning



Strong
position in
actuation systems

Realize future differentiation potential through customized, high-quality and high performing solutions

Enter in new business field and extend current product line (e.g., TwistLock)

Leverage key customer acquisitions and global footprint to enhance and exploit local customer relationships



Product highlights

ABC Brass



ABC Building Blocks™



ABC Twistlock™



ABC KARtridge and Manifolds™



 Light weight

 Installation cost benefits

 Performance benchmarking

Fluid Transfer Systems: Growing business benefiting from EV transition

Market dynamics

 <p>Shift from ICE to electric vehicles (BEV, PHEV, and FCEV)</p>	 <p>Safety regulations</p>
 <p>CO₂/Emission legislations for ICE vehicles</p>	 <p>Miles-per-gallon legislation driving new engine technology</p>

KA competitive positioning



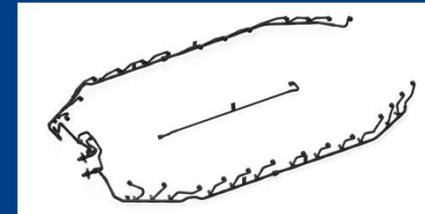
#1
in PTFE hoses

- Maximize capacity utilization and fully leverage scale effects
- Improve assembly margins by continuing backward integration
- Gain market share in future EV coolant market
- Benefit from extra features on new engine developments



Product highlights

Electrical Vehicle coolant nylon lines assemblies



Battery coolant lines
 Chassis coolant lines to the electrical modules
 Light weight, tight packaging, leak-tight, serviceable
 OEM's exploring various design concepts and philosophies
 FTS in/depth vehicle hose competencies are key

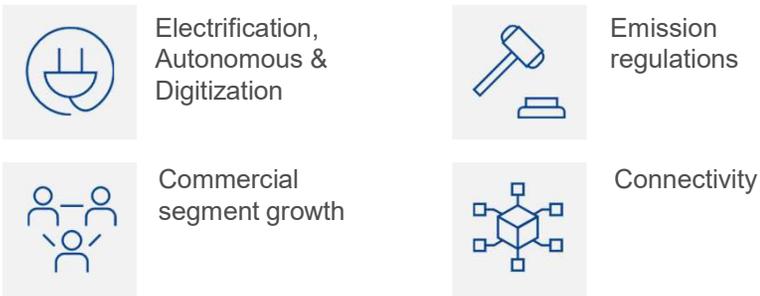
High performing PTFE cut pieces and assemblies



Unique hose design
 Weight saving vs. metal tubes
 Resistance to all bio-fluids
 Superior durability
 Enables engine downsizing
 Superior temperature resistance
 High temperature fuel hose
 Ultiflex Hose for Pharmaceutical

Off-Highway: Diverse segment with strong product portfolio

Market dynamics



KA competitive positioning

TOP 3
in all product categories except HMI

Grow with targeted investments while continuously improving current operational performance

Expand customer base in power sports, agriculture, and construction markets

Defend current niches and define new applications for base technologies



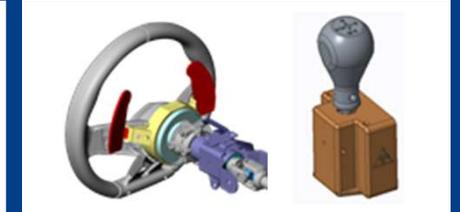
Product highlights

Electric power steering



- Contactless torque sensor with a rigid shaft
- Optional integrated torque sensor
- Multi-mode capability
- Designed specifically for utility and powersport applications

Electronic shifters



- Contactless electronic paddle shifter
- Electronic console shifter with customizable positions and user efforts
- Detent or Momentary positions are available in either X or Y axis

Driveline: Segment with high market dynamic and new emerging customers

Market dynamics



Shift from ICE to xEV



Shift in car parc mix



Transfer to drive- and shift-by-wire systems



Market consolidation

KA competitive positioning



Build upon 15% shift-by-wire market share in China with innovative products for shift-by-wire shifters and actuators

Continue winning new BEV-related applications

Sustainably improve customer relationship with existing OEMs

Double-down on patents in application process



Product highlights

Shift-by-wire



Toggle Shifter

Small packaging & compact design

Low noise level vs. competition

Designed for BEV and ICE vehicles

Rotary Shifter

New locking mechanism w/ low current consumption and quick response

Low noise level
Designed for BEV and ICE vehicles

Electric actuators



Dog Clutch Actuator

Complete gearshift actuator for BEV T/M

Incl. spring assistance and shift fork

High performance
Compact design

Decoupling Unit

Actuator to decouple eAWD to save energy when in 2WD mode

Incl. spring assistance

On-Highway: High performing transmission business

Market dynamics

 <p>Shift to electric powertrain</p>	 <p>Increasing modularization</p>	 <p>Adoption of air suspension yields opportunities</p>
 <p>Fuel economy and energy savings driving AMT¹ demand</p>	 <p>Increasing total cost of ownership consciousness</p>	

KA competitive positioning



Strong
position in actuation systems

- Further enhance system supplier capabilities
- Leverage significant transmission knowledge
- Push high performance actuators
- Double-down on systems applicable for MD and HD commercial vehicles

1. Automated manual transmission

Interior		Powertrain & Chassis		Specialty Products		
Light Duty Cables	Interior Comfort Systems	Driveline	On-highway	Couplings	Fluid Transfer Systems	Off-Highway

Product highlights

Gear actuation systems



Pneumatic actuation can also be used for BEV trucks in addition to ICE based powertrains like AMT

Full electric actuator solutions based on existing technology in development

High performance and precise actuation

Clutch actuation systems



First high performance full electric clutch actuator for HD transmissions launched

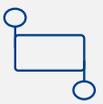
Qualified for extreme requirements related to robustness and durability to secure uptime for the vehicles

Spin off and knowledge can be utilized for other actuators as gear actuation etc.

Can be used for hybrid trucks

Light Duty Cables: KA with leading market position

Market dynamics

	<p>Shift from mechanical cables to electric actuators & electronic controls</p>		<p>Cost pressure</p>
	<p>Commoditization in seat market driving need for further innovation</p>		<p>Growing SUV segment increases penetration of mech. and electric cable systems</p>

KA competitive positioning



Leading
market position

- Further drive cost excellence
- Industrialize new product pipeline
- Further expand customer base



Product highlights

Electric actuators



EMA systems with flexible packaging and convenient remote actuation

Various EMA offerings allow for packaging in various applications with limited space

Used to replace multiple controls for even more cost effective packaging

Unique solutions



Cabling systems for all aspects of the vehicle where movement or release is a function of the system

Manual release cabling systems have multiple input options to provide comfort, convenience, styling, and mechanical advantage

ICS: Growing market position in favorable environment

Market dynamics

	<p>Increasing focus on comfort and technification of seats</p>		<p>Seat features as pay-as-a-service</p>
	<p>Directed buy towards Tier-2 suppliers</p>		<p>Premium to mass market leading to uptake in take-/fitment rates</p>

KA competitive positioning

Top 3
market position in all product categories

Leverage favorable market trends towards comfort and climate systems
 Benefit from cross-selling between the products and standardization
 Continue expansion of customer base esp. with “new” OEMs and new vehicle segments



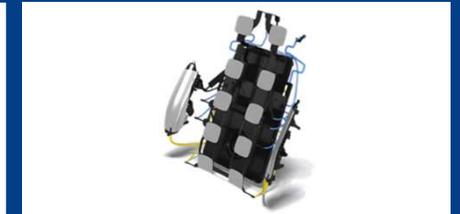
Product highlights

Seat ventilation



Vent incorporates highly modular KA fan (Njord blower – gen3)
 Made to be adaptable to many seat types
 Aerodynamic (slim) design for best in class performance and fast cooling

Massage systems



Design offers scalability of the system (basic lumbar to adding multiple massage cells + vent into 1 system)
 Can use Small Modular Valve (SMV) with best-in-class package size and weight



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Highlight Interior Comfort Systems

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Interior Comfort Systems is a market-leading supplier of seat climate and support systems

Seat comfort systems



All product categories among **Top 3** market positions

KA as world-class supplier with competitive advantages and growth opportunities in market with only few specialist players

Our customers (selection only)



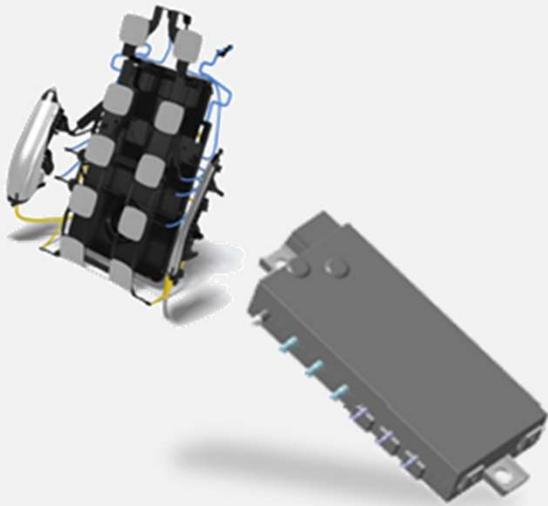
4,127
FTE

5
sites

190
patents

ICS is technology leader

Advanced valve technologies for pneumatic comfort systems



Value propositions

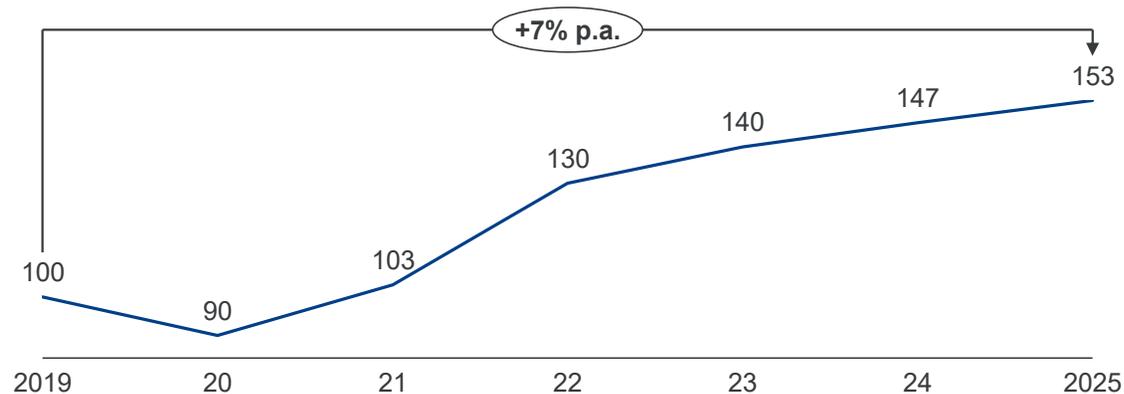
Key improvements vs. previous product

	Lower noise	-3 dB
	Lower weight	-46 %
	Smaller package size	-65 %
	Higher power efficiency	+5 %

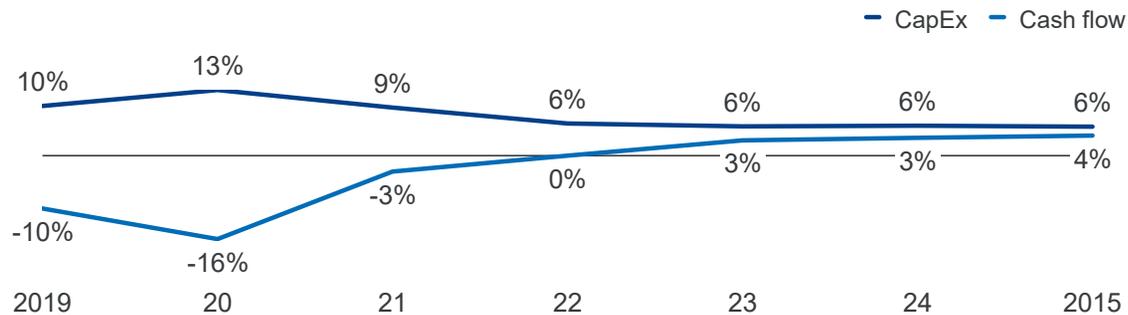
- > Can support bolster, lumbar, and massage functions
- > Best-in-class package size for optimal application footprint
- > Best-in-class weight per function
- > Scalable product enabling 2-24 functions per valve block

ICS with clear path toward cash flow generation

Sales
indexed to 2019



CapEx and cash flow
% of sales



Expected development

- > **Strong sales growth** in coming years with newly developed products
- > **Cash flow positive from 2022 onwards** due to better Capex efficiency and capacity utilization
- > CapEx efficiency
 - In **2019 and 2020 still investments in industrialization of new technologies** and capacity extension
 - **2022 onwards reduction of investments to maintenance and product adaptation** for new customers

Most of ICS components' markets expected to grow with 2-3% CAGR until 2025

Strategic ambition by product line

● Market size of product line in MEUR

Ventilation

Focus on **higher usage of existing solutions** and **potential new fan technology** for further value-add



Lumbar support

Leverage **cutting-edge valve technology** to address premium OEMs' expanding customer base and drive broader technology adaption



Seat heating

Focus on **quality and endurance as differentiator**



Massage system

Further build on **technology advantage** to scale new products

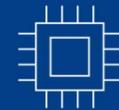


- > All ICS product lines, except seat heating, in **growing markets**
- > Ventilation, lumbar support, massage system **markets expected to grow with ~3% CAGR**
 - Market growth in Ventilation and Seat Heat is tempered by overall declining market prices
 - Solid growth for lumbar support and massage systems of which KA ICS is well positioned to generate returns for its investors

ICS is a market-leading supplier of interior comfort products



ICS value proposition

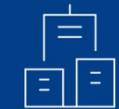


Technology leader providing high-end products with excellent quality



Well positioned provider of fully integrated solutions of Seat Support, Seat Heat, and Seat Cooling

Strong growth as a result of market share gains and market growth



Improved operative performance establishing solid foundation for further growth



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Investor highlights KA

We have a high-caliber, experienced team



Experienced and dedicated leadership team with strong industry track-record

We manage the COVID-19 crisis successfully



Active COVID-19 crisis management enabled KA to address needs of all stakeholder groups

We deliver strong profitable growth



Strong profitable growth since 2016 impacted by COVID-19 downturn – favorable market outlook in all our end-markets

We are steadily improving our Free Cash Flow



Free Cash Flow improvement of +7 MEUR in 2020 while continuously investing in growth

We operate a diversified, resilient business model



Resilient business model building on diversified product portfolio and global customer base

We are a trusted partner to our customers

Long-standing trusted partner with major automotive OEMs and large blue-chip companies

We are ready for EV with cutting-edge technologies

Future-proof portfolio that is largely powertrain independent and EV-ready for our powertrain related products

Management priorities for 2021

We have a high-caliber, experienced team

Strengthen KA executive team with **Jörg Buchheim as new CEO** and drive **people agenda priorities**

We manage the COVID-19 crisis successfully

Continue to prioritize **employee safety** while ensuring **supply chain resilience**

We deliver strong profitable growth

Defend strong position in existing and double-down on **growing segments** incl. EV-related products, OFH & electronics

We are steadily improving our Free Cash Flow

Generate cash with a **positive Free Cash Flow** in H1 2021 and in each following half-year

We operate a diversified, resilient business model

Further build on **operational improvements** initiated in 2020 and deliver positive Free Cash Flow performance

We are a trusted partner to our customers

Further strengthen **global customer base** and expand to new segments (e.g., new entrants) and regions

We are ready for EV with cutting-edge technologies

Drive **innovation projects** to support planned new product launches with focus on electrification

Outlook 2021

These forward-looking statements are based on several key assumptions incl.:

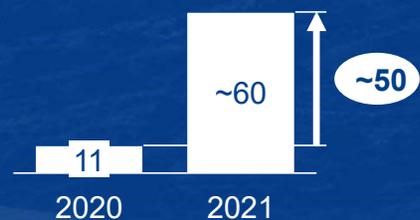
- > FX rates
- > Market demand
- > Electronics availability

Sales



- > Defend strong position and build on our strong book-to-bill ratio in all segments incl. EV-related products, OFH & electronics
- > Further expand our global customer base and continue to gain market shares

Adj. EBIT



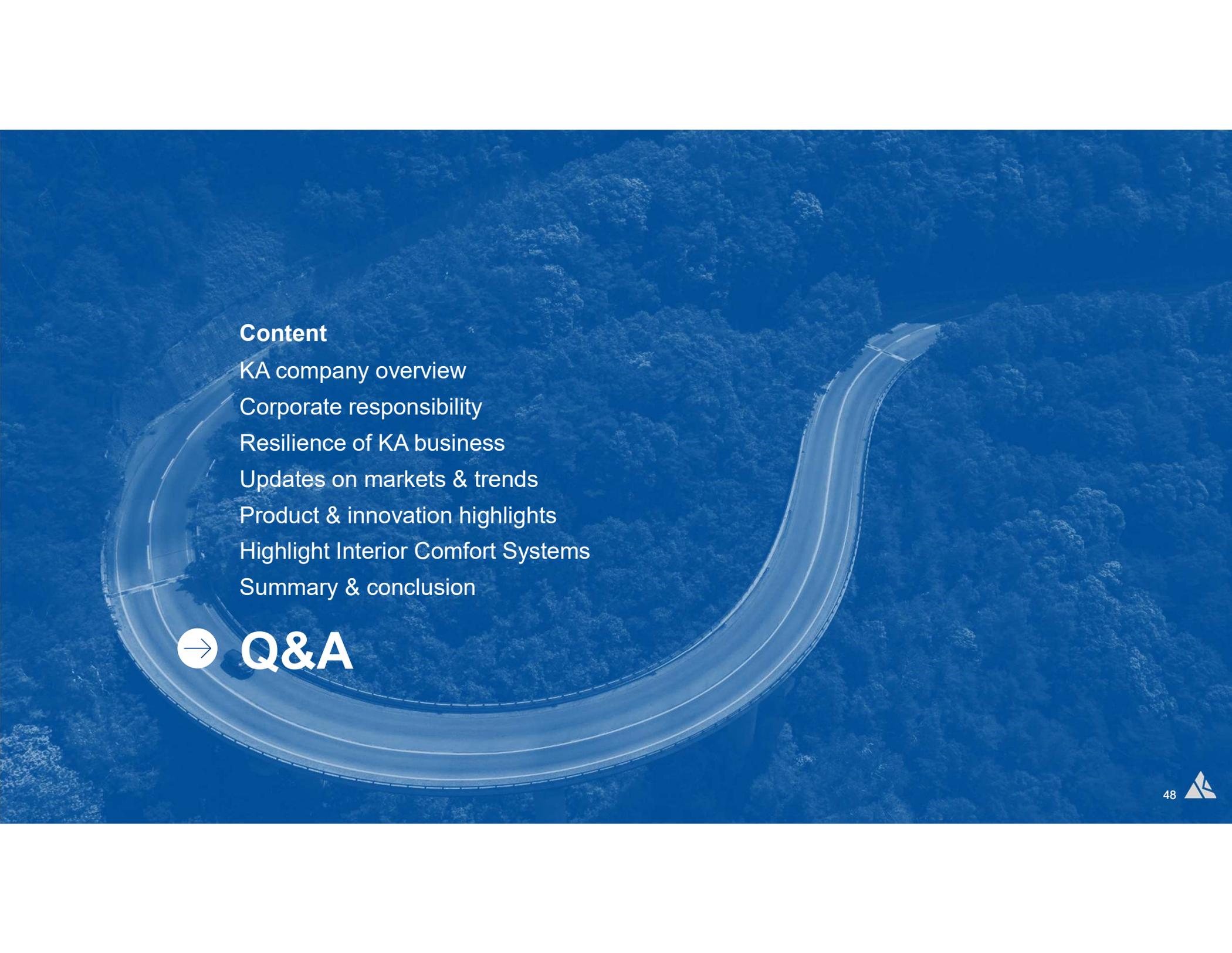
- > Further build on operational improvements and stability achieved in the last years and continue to improve overall profitability
- > Effectively manage increasing shortages of electronics components while keeping additional costs to a minimum

Free Cash Flow¹



- > Generate cash with a positive Free Cash Flow in H1 2021 and in each following half-year
- > Capitalize on effective working capital mgmt. and realize CapEx efficiency improvements
- > Harvest cash generation from prior investments in restructuring, products, and growth

1. As defined in APM section in annual report – 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 drawdown/ repayment of debt and proceeds received from capital increase/ purchase of treasury shares.



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KONGSBERG
AUTOMOTIVE