

KONGSBERG AUTOMOTIVE

Q4 2024

FEBRUARY 25, 2025



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 PRESENTER



CHRISTIAN JOHANSSON
PRESIDENT & CEO AND CFO

AGENDA

EXECUTIVE SUMMARY

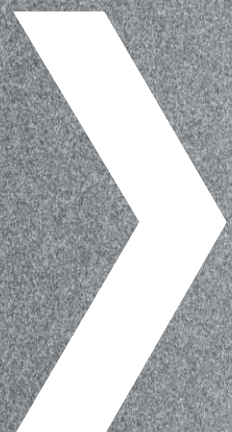
MARKET UPDATE

FINANCIAL UPDATE

SUMMARY & OUTLOOK

Q&A





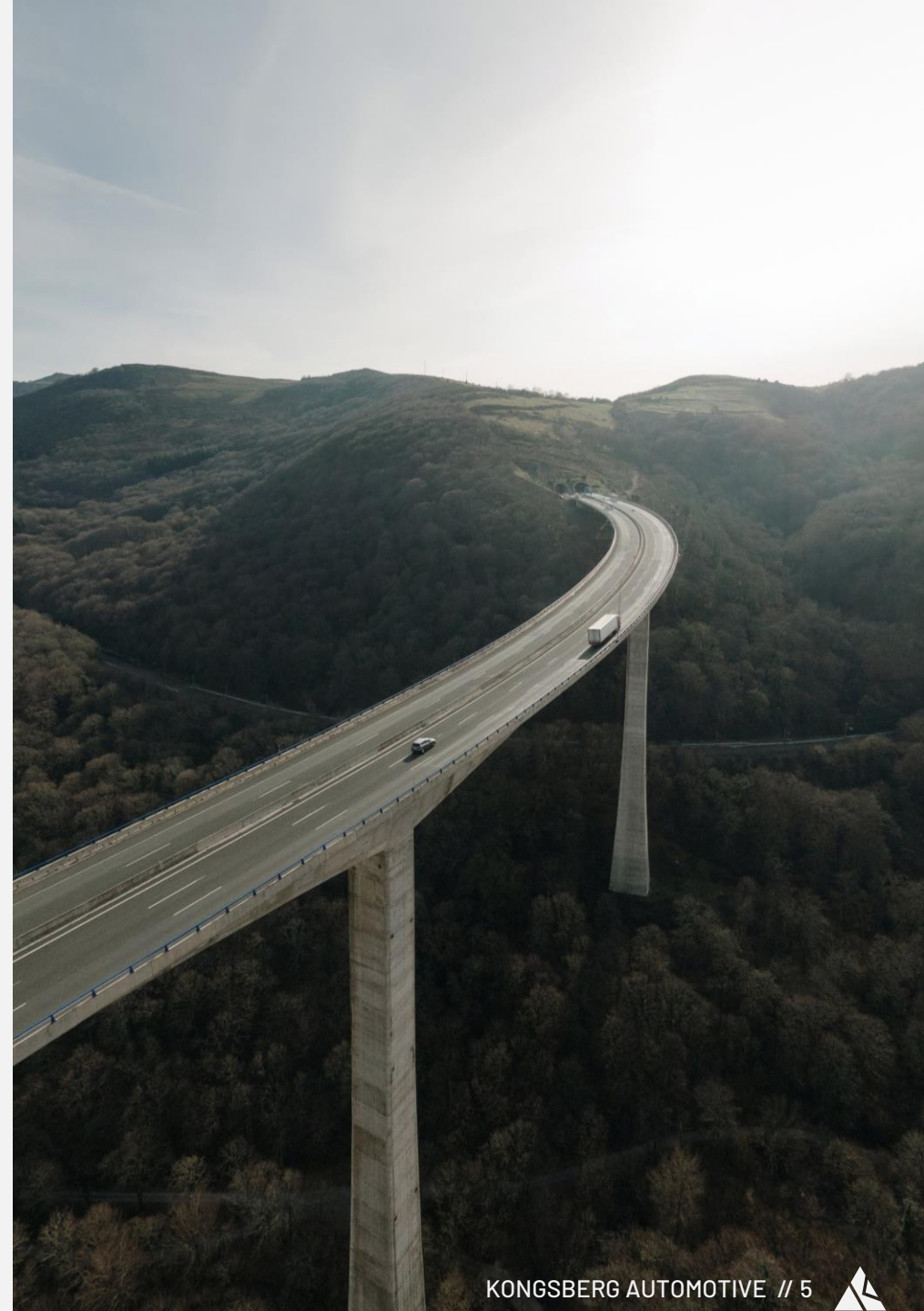
EXECUTIVE SUMMARY



FULL YEAR 2024

IMPROVED FINANCIAL PERFORMANCE DESPITE WEAK MARKET DEMAND

	FY 2023		FY 2024
REVENUES MEUR	884.9	↓	788.2
EBIT MEUR	-19.7	↑	18.7
EBIT MARGIN %	-2.2	↑	2.4
RETURN ON CAPITAL EMPLOYED %	-5.9	↑	+5.8
FREE CASH FLOW MEUR	-34.9	↑	-20.3
BUSINESS WINS MEUR	989.4	↑	1,526.0



REVENUES FULL YEAR 2024 WEAK AUTOMOTIVE AND OFF-ROAD MARKETS PARTICULARLY IN H2 2024

	EUROPE 47%*	NORTH AMERICA 37%*	ASIA (INCL. CHINA) 12%*	SOUTH AMERICA 4%*	TOTAL KA
FULL YEAR 2024 VS 2023	-13.8%	-9.4%	-9.9%	+20.2%	-10.7%
H2 2024 VS 2023	-16.5%	-14.4%	-16.6%	+19.2%	-14.5%

*OF KA REVENUES
CHANGE IN REVENUES AT CONSTANT CURRENCIES



PERFORMANCE EXCELLENCE



HEALTH AND SAFETY IMPROVEMENT

- > Plants with Zero Accidents >1 year stable at 80 %
- > First aid cases reduced by -35%

OPERATIONAL COSTS IMPROVEMENT

OFFSETTING NEGATIVE EFFECTS AND IMPROVE PROFITABILITY

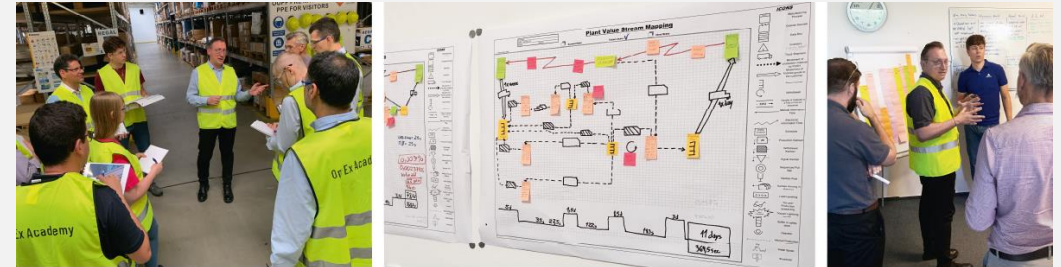
Headcount reduction of 570 FTE, -11 % in 2024

- > >300 FTE positions, -13 %, in Manufacturing Overhead, Engineering, Sales, and General Administration reduced by Q3 2025
- > Resource transfers to best cost countries
- > Office footprint optimization, manufacturing footprint priorities set
- > Indirect purchasing savings
- > Direct material cost optimization and resourcing
- > Operational excellence (OpEx)
- > >300 improvement initiatives implemented across all plants through Lean, Six Sigma and VAVE
- > Product line profitability improvement actions launched



SUPPLY CHAIN IMPROVEMENT

- > Reduced inventory days by 9 days at yearend
- > Focus on lead time reduction by increased local sourcing, reduction of minimum order quantity, and better delivery
- > Transport and warehouse cost optimization



More than 200 employees trained in LEAN and Six Sigma in KA's OpEx Academy and workshops



SUSTAINABILITY 2024 HIGHLIGHTS

WE SUPPORT



**JOINED THE UNITED
NATIONS GLOBAL
COMPACT**



**IMPROVED ECOVADIS
SUSTAINABILITY RATING
TO 60 SCORE**

TOP 14% IN AUTOMOTIVE
INDUSTRY

ESG STRATEGY

DEFINED TARGETS AND ACTIONS FOR
KEY SUSTAINABILITY TOPICS FOR KA

- ✓ **HUMAN RIGHTS**
- ✓ **SUSTAINABLE PROCUREMENT**
- ✓ **PRODUCT QUALITY**
- ✓ **OCCUPATIONAL SAFETY**
- ✓ **SCOPE 1 AND 2 EMISSIONS REDUCTION**



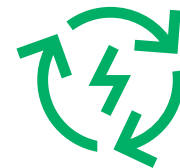
57%

**SHARE OF RENEWABLE
RESOURCES IN TOTAL
ENERGY CONSUMPTION**
COMPARED TO 52% IN 2023



15%

**APPROX. REDUCTION IN
SCOPE 1 AND 2 CO₂e
EMISSIONS**
COMPARED TO 2023



10

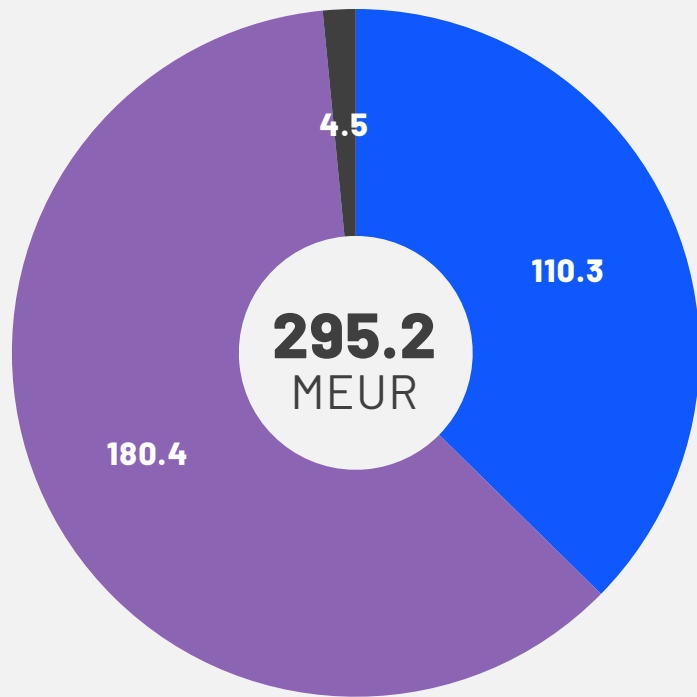
**PLANTS USING
100% RENEWABLE
ELECTRICITY**



BUSINESS WINS Q4 2024

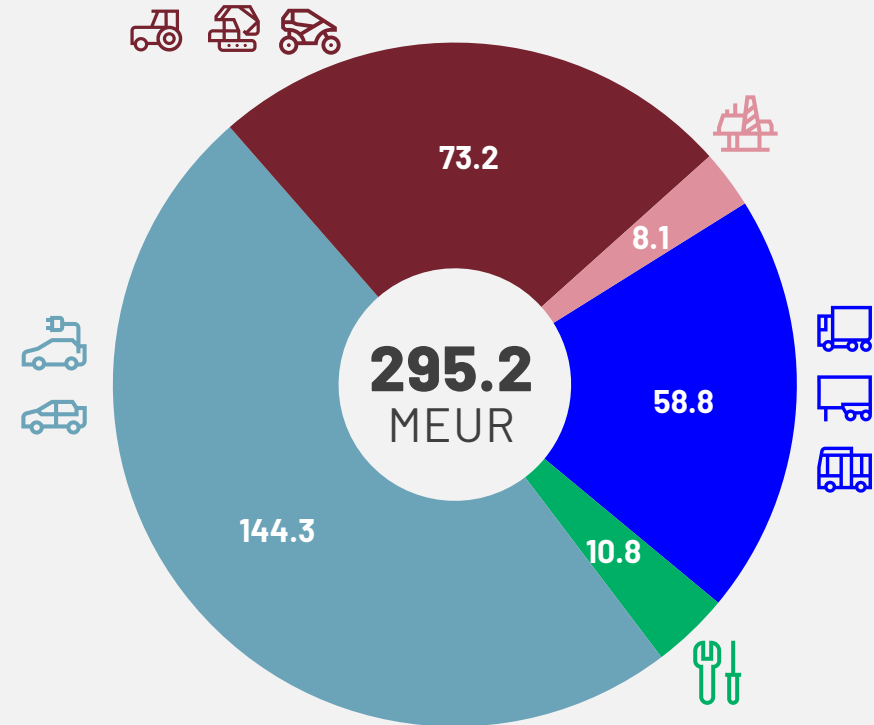
LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT



- DRIVE CONTROL SYSTEMS
- FLOW CONTROL SYSTEMS
- DRIVELINE

PER AREA



- TRUCK, TRAILER, BUS & COACHES
- PASSENGER CARS
- INDUSTRIAL
- AFTERMARKET
- OFF ROAD*

* Includes Agriculture, Construction, Power Sports & Leisure Vehicles

Executive summary

FLOW CONTROL SYSTEM BUSINESS WINS



THERMAL MANAGEMENT SYSTEMS

OVER MEUR 24

IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON DECEMBER 13, 2024

**NYLON COOLANT SYSTEM ASSEMBLIES
USED IN EV**



AIR SUSPENSION LINES

OVER MEUR 25.5

IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON DECEMBER 17, 2024

NYLON LINES AND CONNECTORS



CONTRACT EXTENSION FOR FLUORO-COMP® AND STAINLESS-STEEL BRAIDED HOSES

OVER MEUR 56

IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON DECEMBER 20, 2024

**NON-METALLIC REINFORCED PTFE HOSE
USED FOR MULTIPLE AUTOMOTIVE OR
COMMERCIAL VEHICLE APPLICATIONS**



Executive summary

DRIVE CONTROL SYSTEM BUSINESS WINS



CONTRACT EXTENSION FOR PEDAL GROUP SYSTEMS

OVER MEUR 47

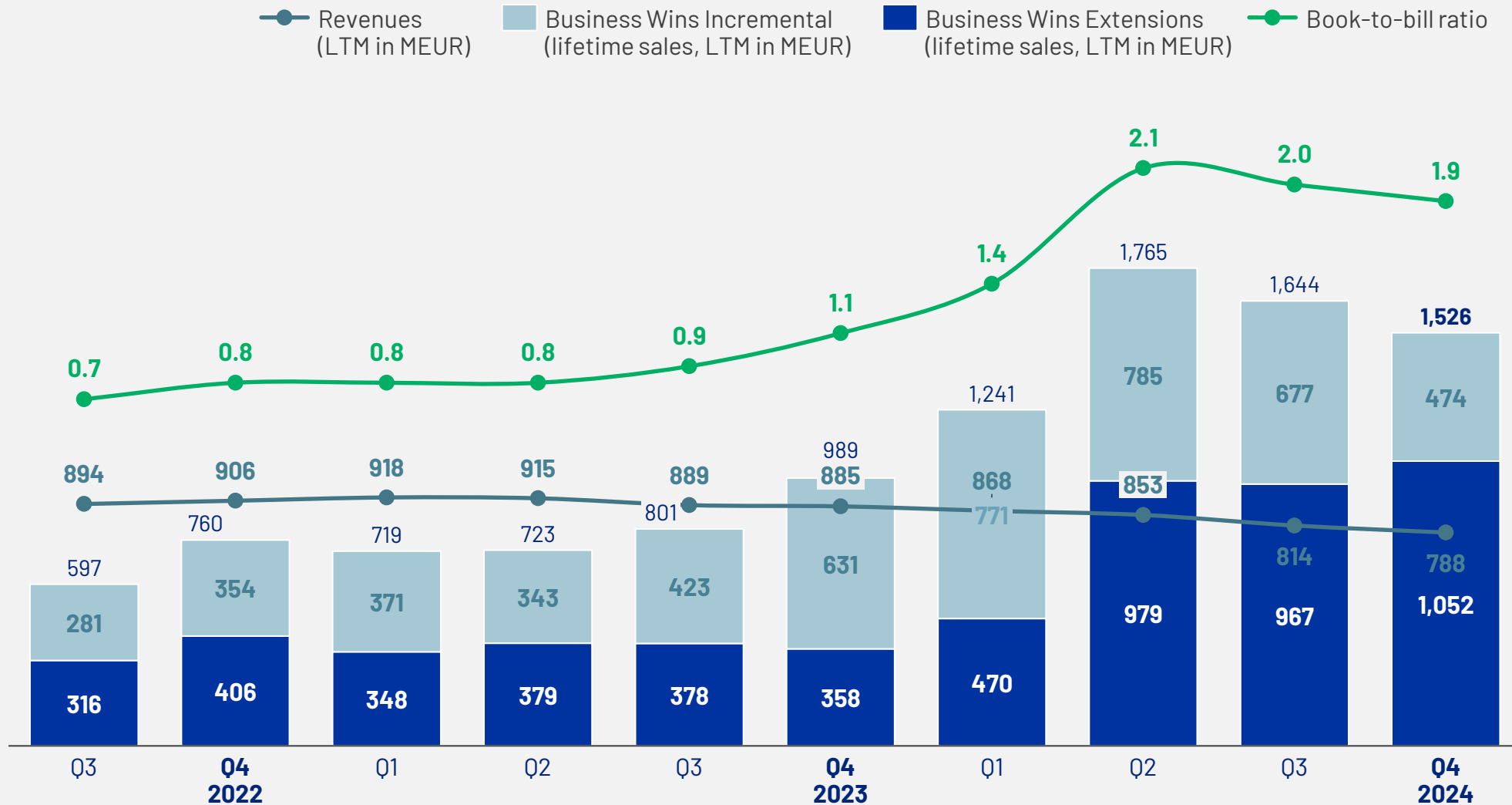
IN ESTIMATED LIFETIME REVENUE

ANNOUNCED ON DECEMBER 23, 2024

- > **BRAKE AND THROTTLE PEDAL COMBINED SYSTEMS USED IN GOLF CARTS AND UTILITY VEHICLES**
- > **PEDAL BOXES ARE DESIGNED WITH DIFFERENT RETURN SPRING SOLUTIONS, WHICH ENSURE HIGH PEDAL COMFORT**



BUSINESS WINS LAY A FOUNDATION FOR PROFITABLE GROWTH



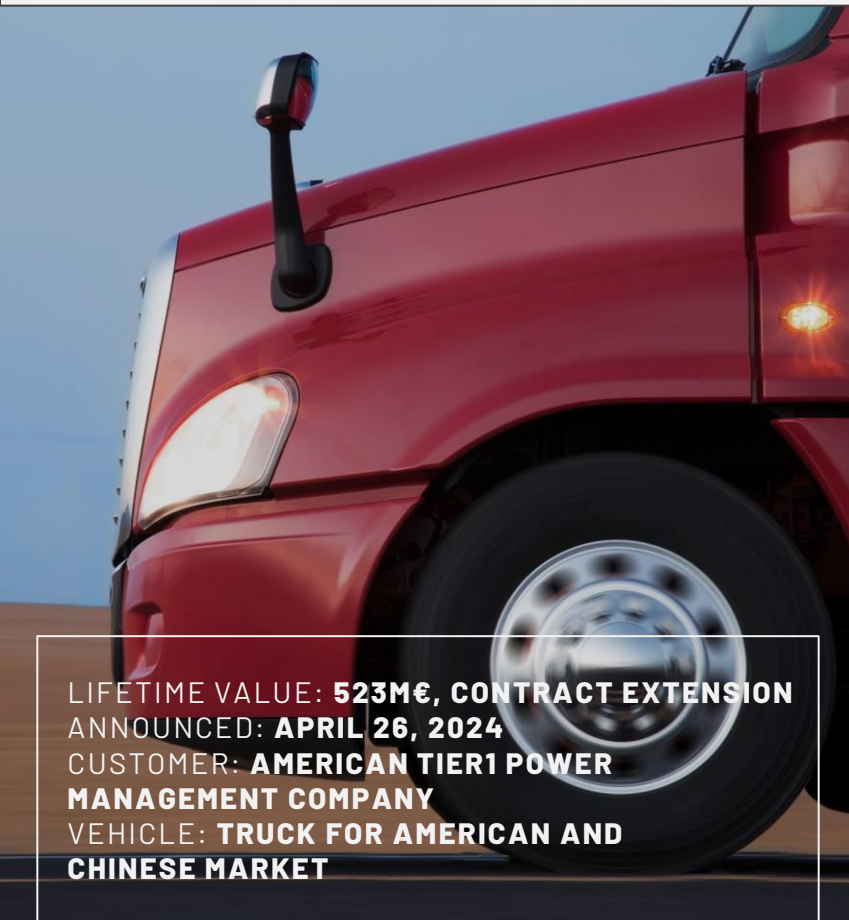
LTM: last twelve months
 Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking

PRODUCTS THAT HIT THE ROAD IN 2024

GEAR CONTROL UNIT

ARC ROTARY ACTUATOR

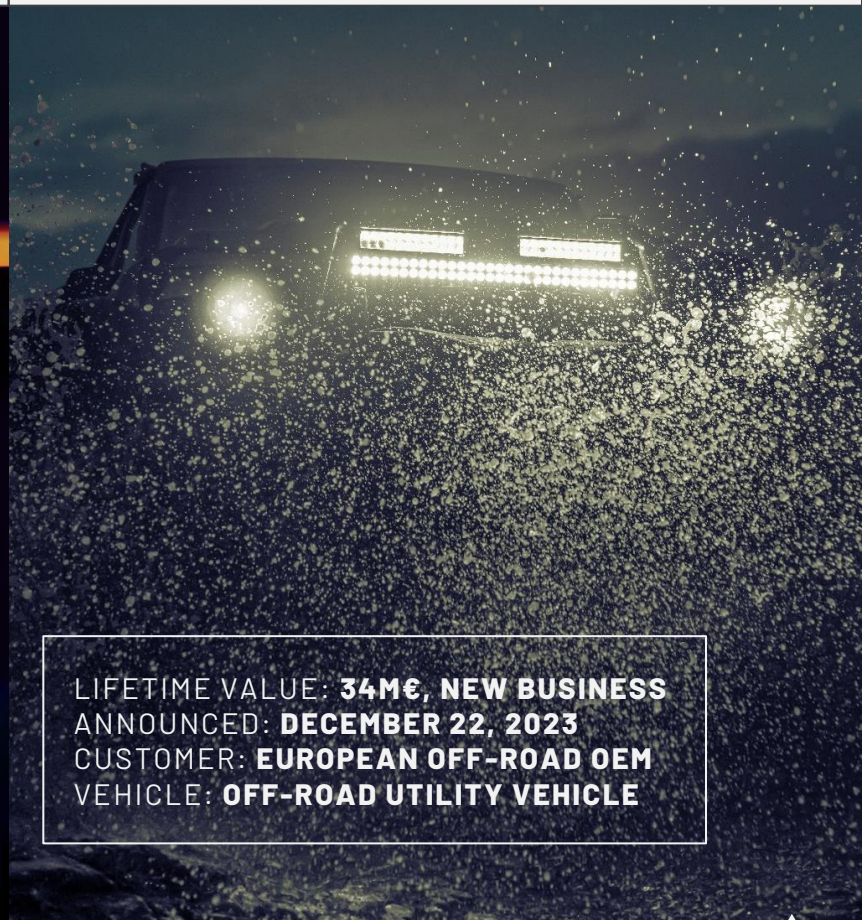
FLUID TRANSFER ASSEMBLIES



LIFETIME VALUE: **523M€**, CONTRACT EXTENSION
ANNOUNCED: **APRIL 26, 2024**
CUSTOMER: **AMERICAN TIER1 POWER
MANAGEMENT COMPANY**
VEHICLE: **TRUCK FOR AMERICAN AND
CHINESE MARKET**



LIFETIME VALUE: **26M€**, NEW BUSINESS
ANNOUNCED: **MARCH 10, 2023**
CUSTOMER: **CHINESE ELECTRIC CAR OEM**
VEHICLE: **ELECTRIC PASSENGER CAR**



LIFETIME VALUE: **34M€**, NEW BUSINESS
ANNOUNCED: **DECEMBER 22, 2023**
CUSTOMER: **EUROPEAN OFF-ROAD OEM**
VEHICLE: **OFF-ROAD UTILITY VEHICLE**



COMMERCIAL VEHICLE MARKET TRENDS

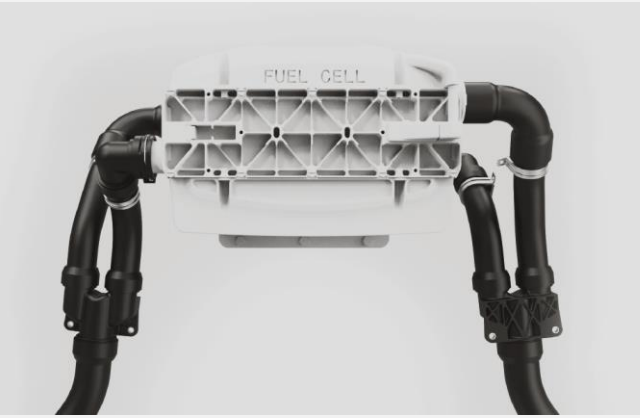
KA WELL POSITIONED FOR FURTHER GROWTH

Commercial Vehicle Market Trends - Leading Global OEMs:

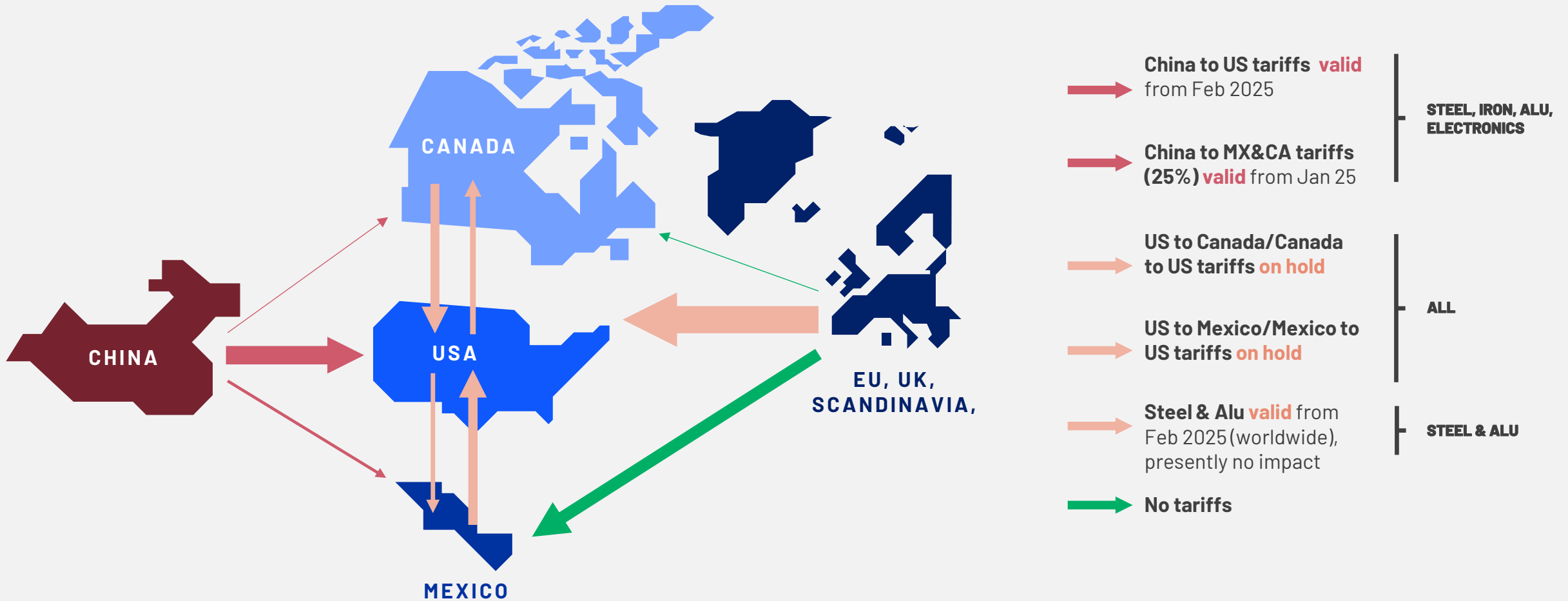
- Common group vehicle platforms and shared technology
- Localization
- Revised electrification strategies

KA response to Commercial Vehicle Market Trends:

- Scalable Existing Solutions (Raufoss ABC Couplings)
- Manufacturing Footprint across 3 Continents
- KA Core powertrain offers are well positioned to drive further ICE efficiency



CURRENT TARIFF SITUATION FOR INBOUND SUPPLY IN NORTH AMERICA



KEY PRIORITIES 2025



**CONTINUE STRONG FOCUS ON COST, EFFICIENCY,
PERFORMANCE EXCELLENCE AND CASH**



**DELIVER BUSINESS WINS AT TARGETED PROFITABILITY AT
CUSTOMERS' START OF PRODUCTION**

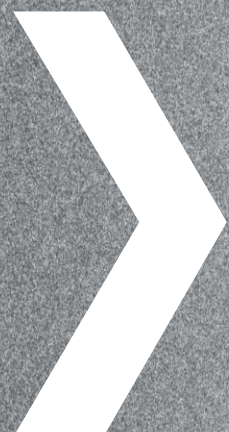


**THE IMPORTANCE OF FLEXIBILITY AND DECISIVE ACTIONS
WITH NO DELAY**



WIN BUSINESS



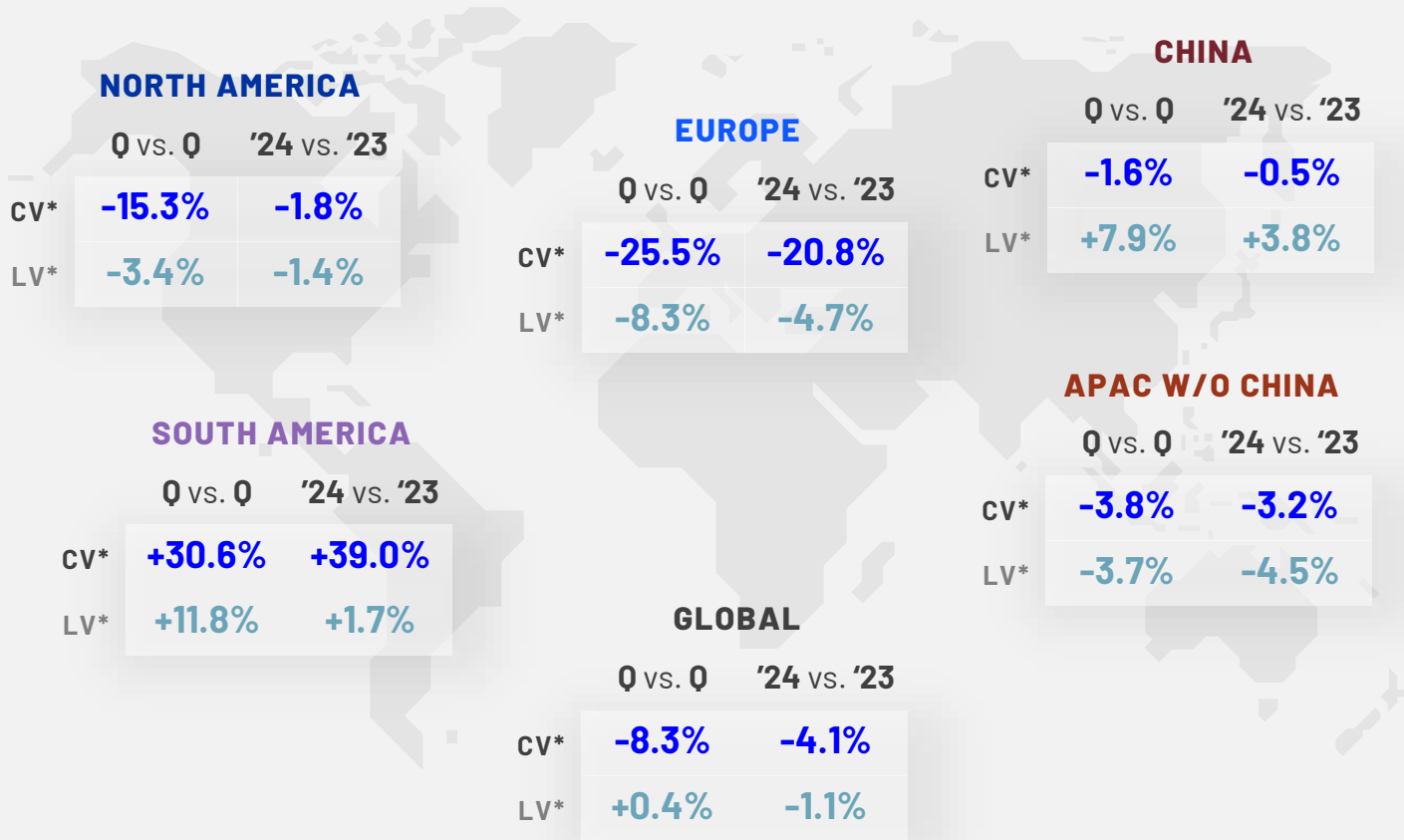


MARKET UPDATE

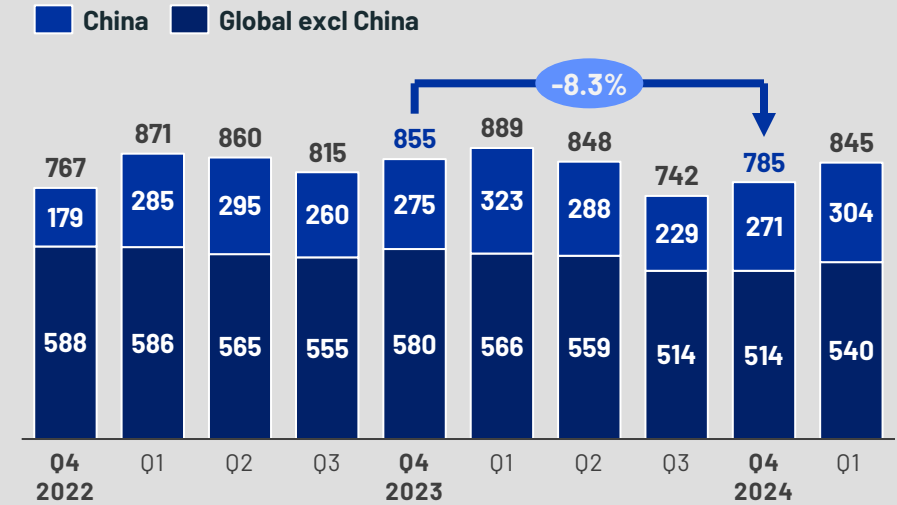


MARKET DEVELOPMENT

WEAK DEMAND IN BOTH COMMERCIAL VEHICLE AND PASSENGER CAR MARKETS IN Q4 AND IN FY 2024



GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



GLOBAL PASSENGER CAR PRODUCTION, million units

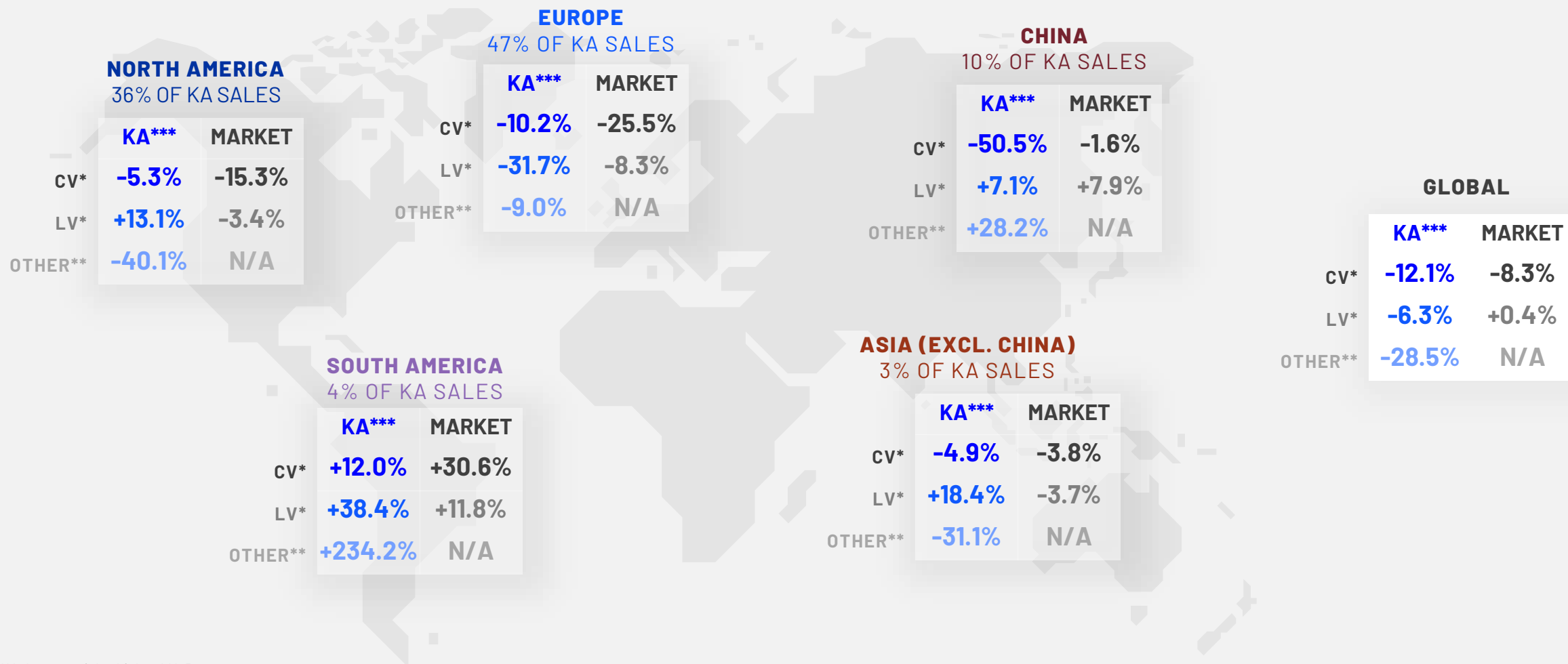


* CV: Commercial vehicles; LV: Passenger cars

Source: LMC Global Commercial Vehicle Forecast (January 2025); IHS Light Vehicle Production Base (January 2025)

Q4 2024 VS Q4 2023: KA VERSUS MARKET

KA PERFORMED BETTER THAN OVERALL MARKET IN EUROPE AND NORTH AMERICA



* CV: Commercial vehicles; LV: Passenger cars

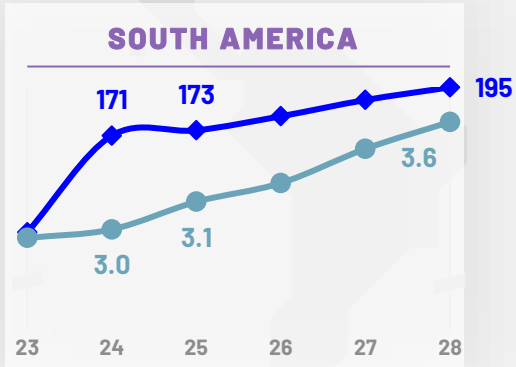
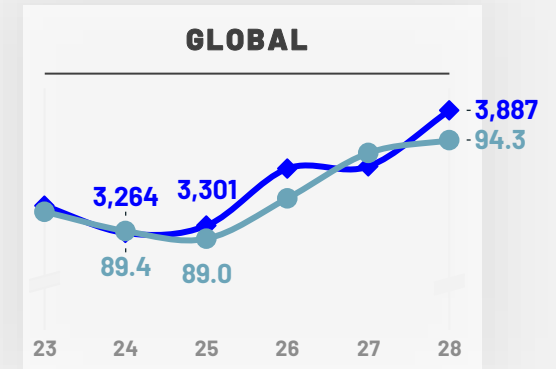
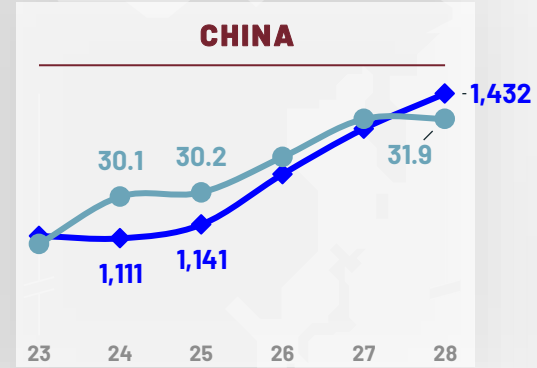
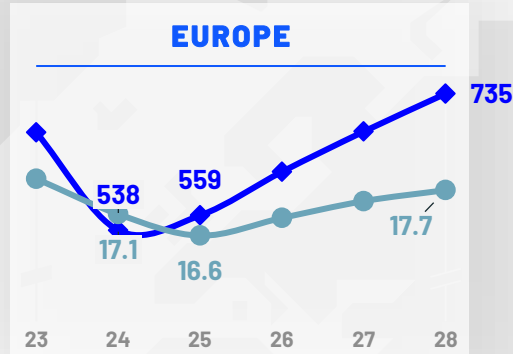
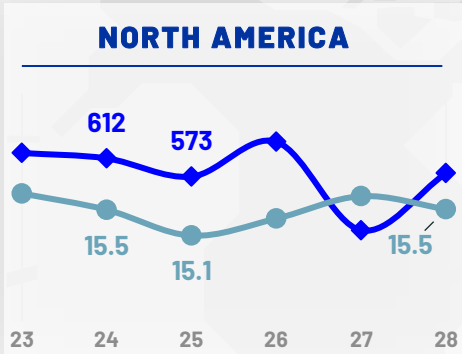
** Other: mainly off-road applications for various industries and industrial business

*** Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q4 2023 to Q4 2024. The split across vehicle types does not correspond to our business unit segments

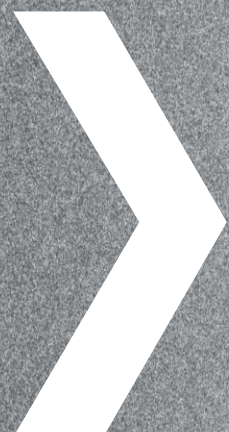


MARKET FORECASTS

COMMERCIAL VEHICLES AND PASSENGER CARS MARKETS FORECASTED TO REMAIN FLAT IN 2025
 UNDERLYING MARKET GROWTH PUSHED OUT IN TIME, FORECASTED GROWTH RATE IN 2026 INCREASED



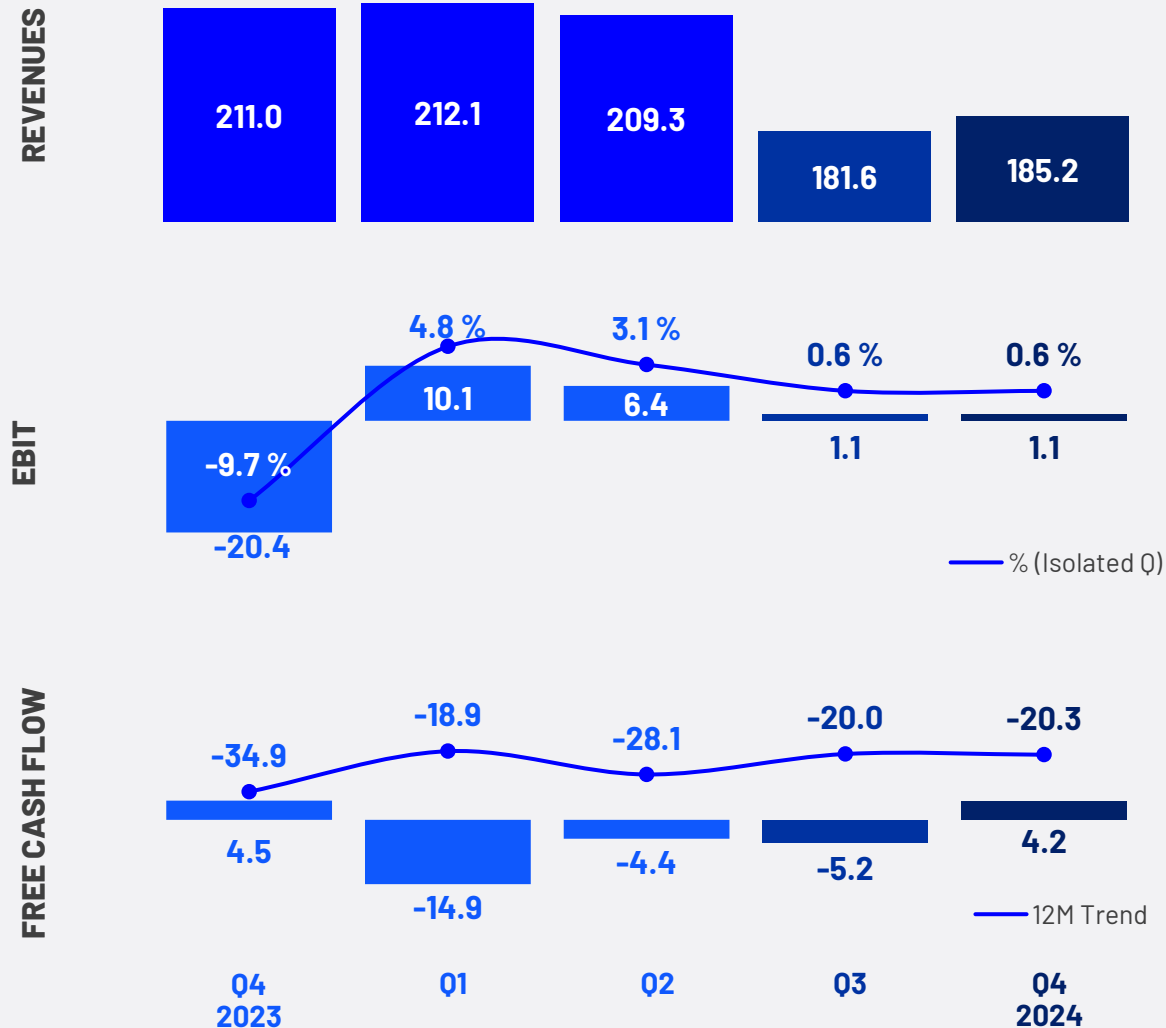
◆ COMMERCIAL VEHICLES [THOUSAND UNITS]
 ● PASSENGER CARS [MILLION UNITS]



FINANCIAL UPDATE



COST REDUCTIONS OFFSET LOST CONTRIBUTION FROM WEAKER MARKET DEMAND



- Q4 revenues down 12.1%¹ from Q4 2023 driven by lower demand in Europe, North America and China
- Lower volumes and unfavorable mix effects impact EBIT in Q4 (and Q3)
- Cost reduction measures help sustain EBIT despite higher warranty costs
- Efficient net working capital management led to improved Free Cash Flow

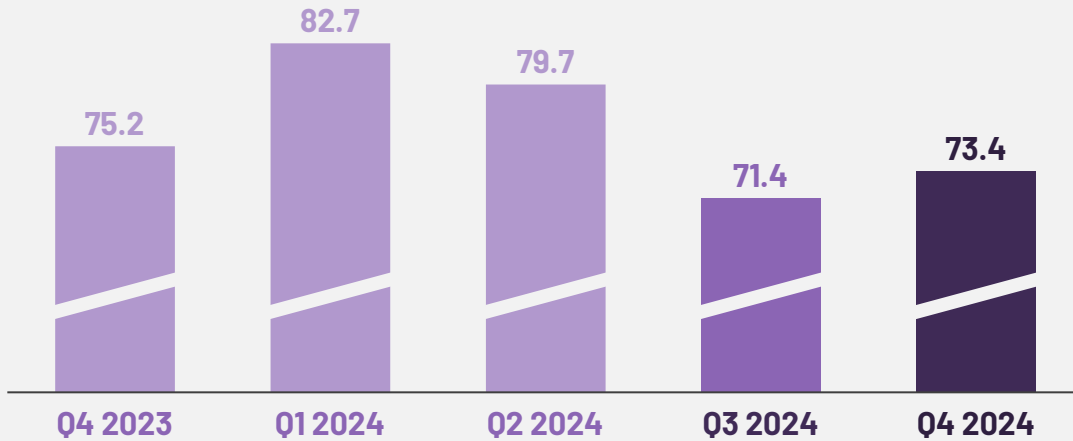
¹At constant currencies



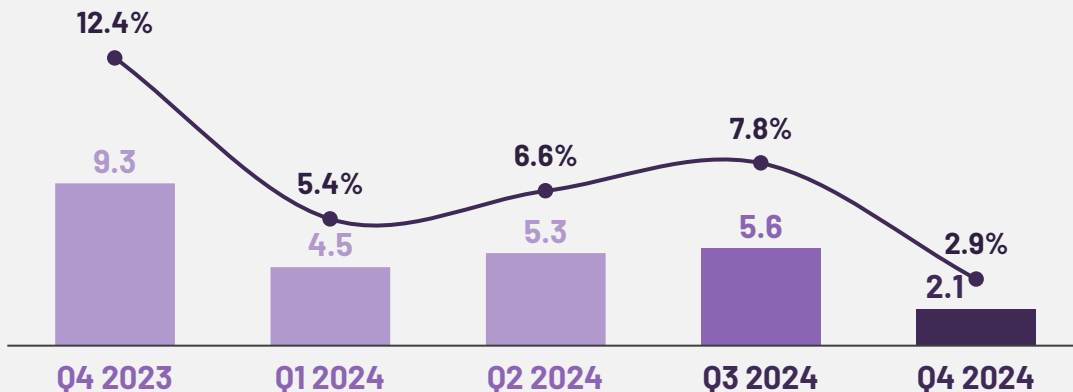
FLOW CONTROL SYSTEMS

BUSINESS AREA UPDATE

REVENUES, MEUR



EBIT MARGIN, % EBIT, MEUR



Q4 2024 vs. Q4 2023

> Revenues:

- > Lower sales in European commercial vehicle market due to weak market
- > Lower sales of industrial applications in North America
- > Positive development in North America's commercial vehicles and passenger cars markets

> EBIT:

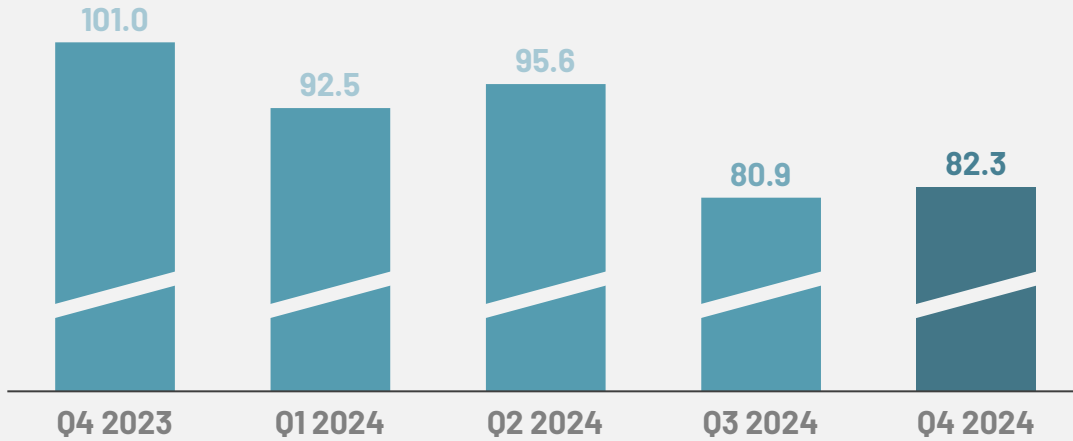
- > Lost volumes on high-margin products
- > Unfavorable product mix effects
- > Negative inventory revaluation effects in Q4 2024 versus positive ones in Q4 2023



DRIVE CONTROL SYSTEMS

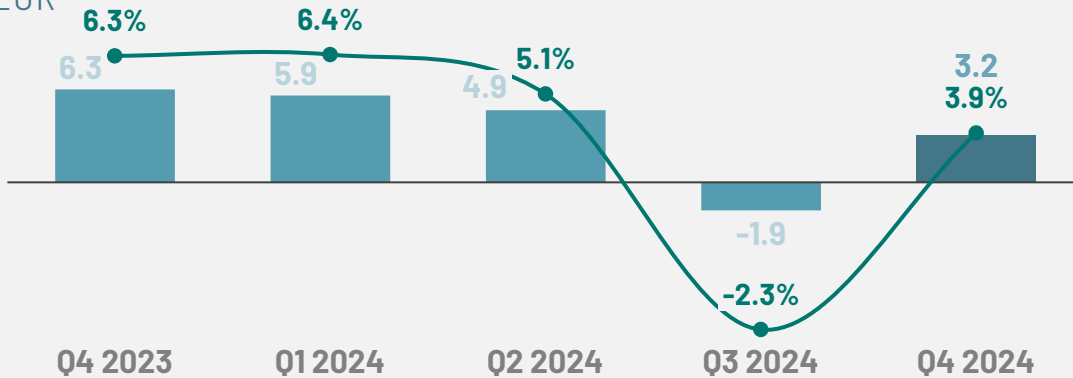
BUSINESS AREA UPDATE

REVENUES, MEUR



EBIT MARGIN, %

EBIT, MEUR



Q4 2024 vs. Q4 2023

> Revenues:

- > Declining revenues in commercial vehicle markets in Europe and North America
- > Significant revenues drop in weak agriculture and construction market in North America

> EBIT:

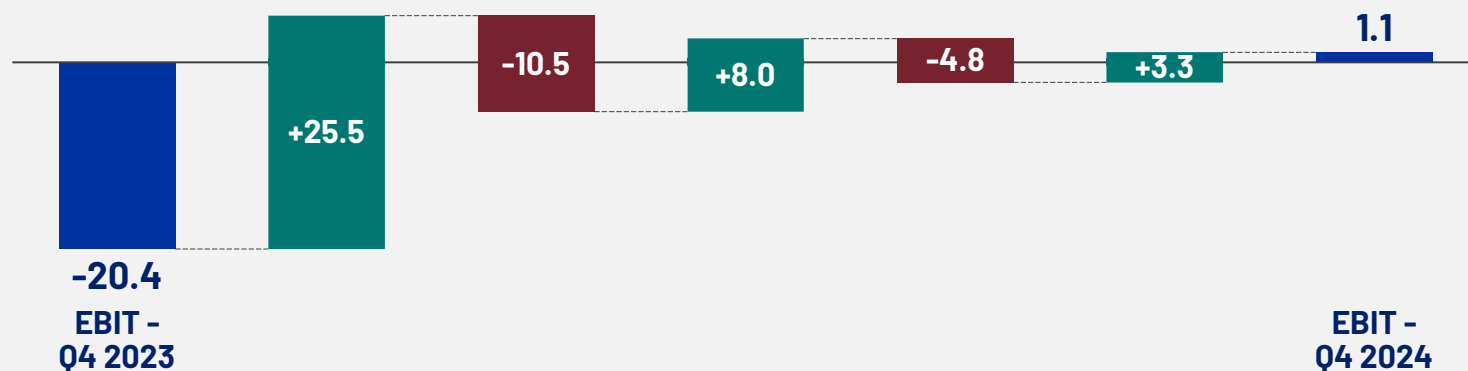
- > Lost volumes
- > Higher warranty expenses
- > Strict cost control



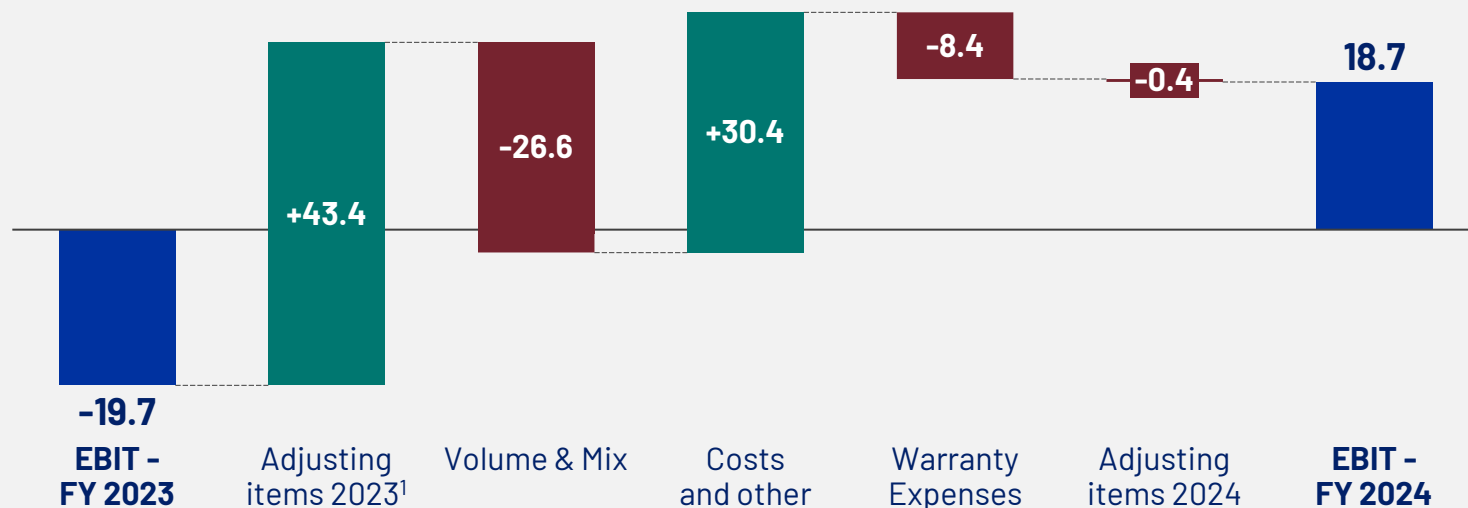
EBIT BRIDGE (Q4 & FY)

SAVINGS IN ADMIN EXPENSES & REDUCTION IN FIXED COSTS, COMPENSATE FOR LOST CONTRIBUTION

EBIT (Q4), MEUR



EBIT (FY), MEUR



VOLUME & MIX

- > Lost volume mainly in H2 2024
- > Driveline wind-down
- > Unfavorable mix effects in FCS

COSTS AND OTHER

- > Reduction of administrative cost
- > Reduction of manufacturing overhead cost

Higher **warranty expenses relate** to a DCS product (as announced in Q3 2024)

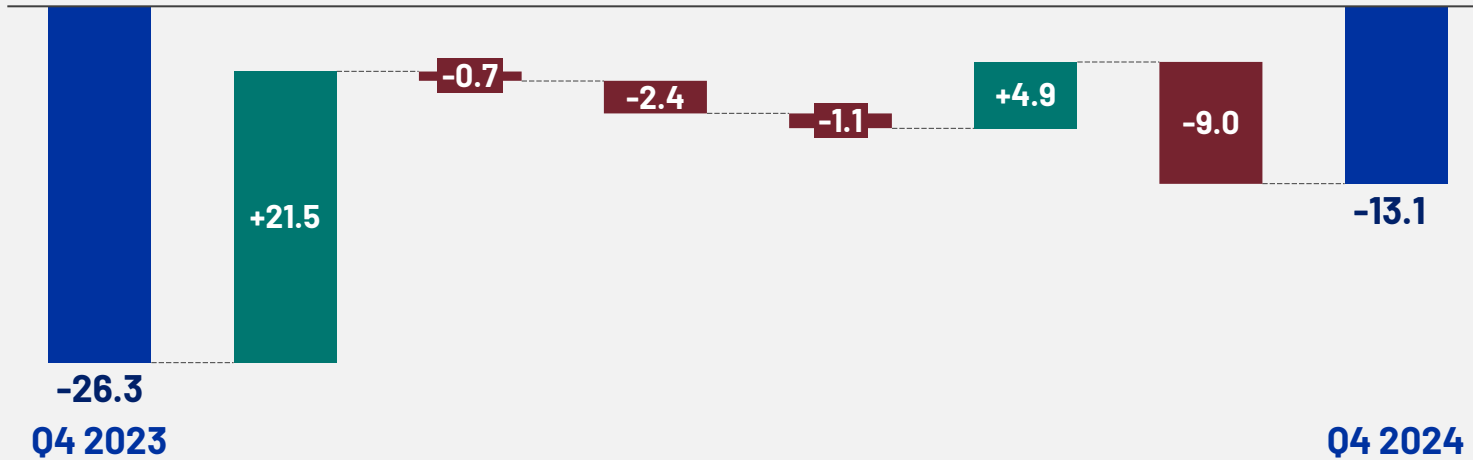
¹As explained in the Q4 2024 Quarterly Report (page 6 and the APM section)



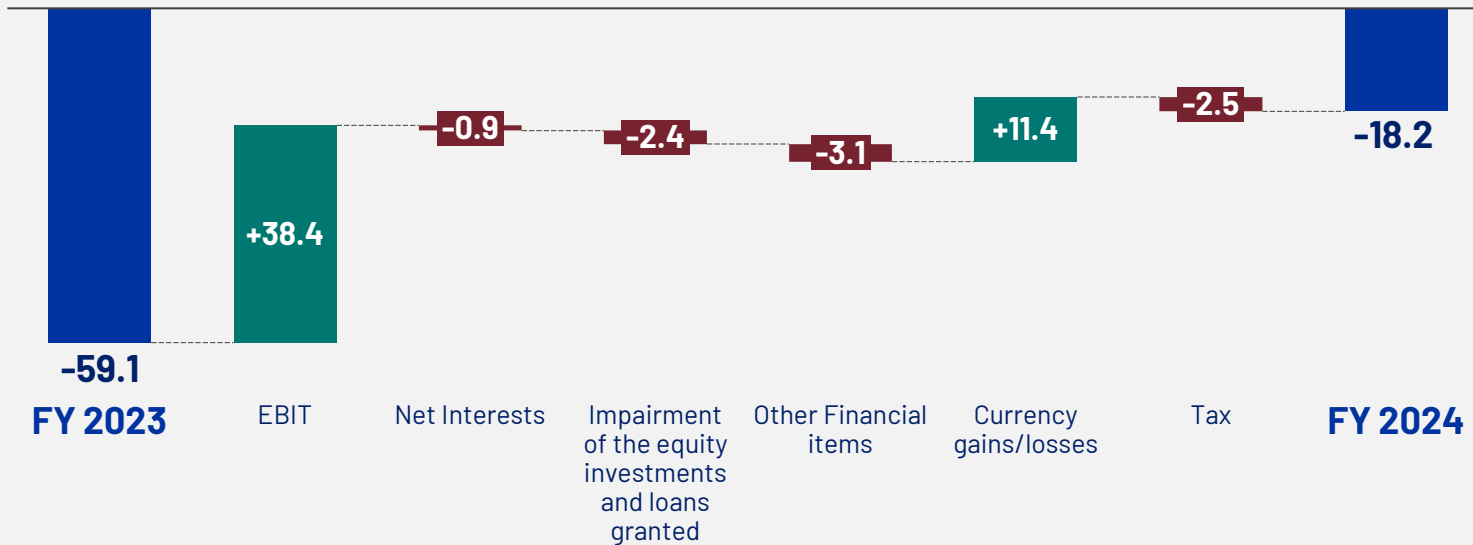
NET INCOME BRIDGE (Q4 & FY)

EBIT IMPROVEMENT, POSITIVE IMPACT FROM EXCHANGE RATE EFFECTS

NET INCOME (Q4), MEUR



NET INCOME (Full Year), MEUR



NET INTERESTS

- > Q4 & FY: Interests on Account Receivables Securitization facility in H2 2024, less interest income

CURRENCY GAINS/LOSSES

- > Q4 2024 vs Q4 2023, the NOK / EUR was more stable, but weakened towards USD.
- > More favorable development of NOK / EUR in FY 2024: NOK lost 4.9% of its value, whereas in FY 2023 NOK lost 7.0% of its value (EOP)

TAX

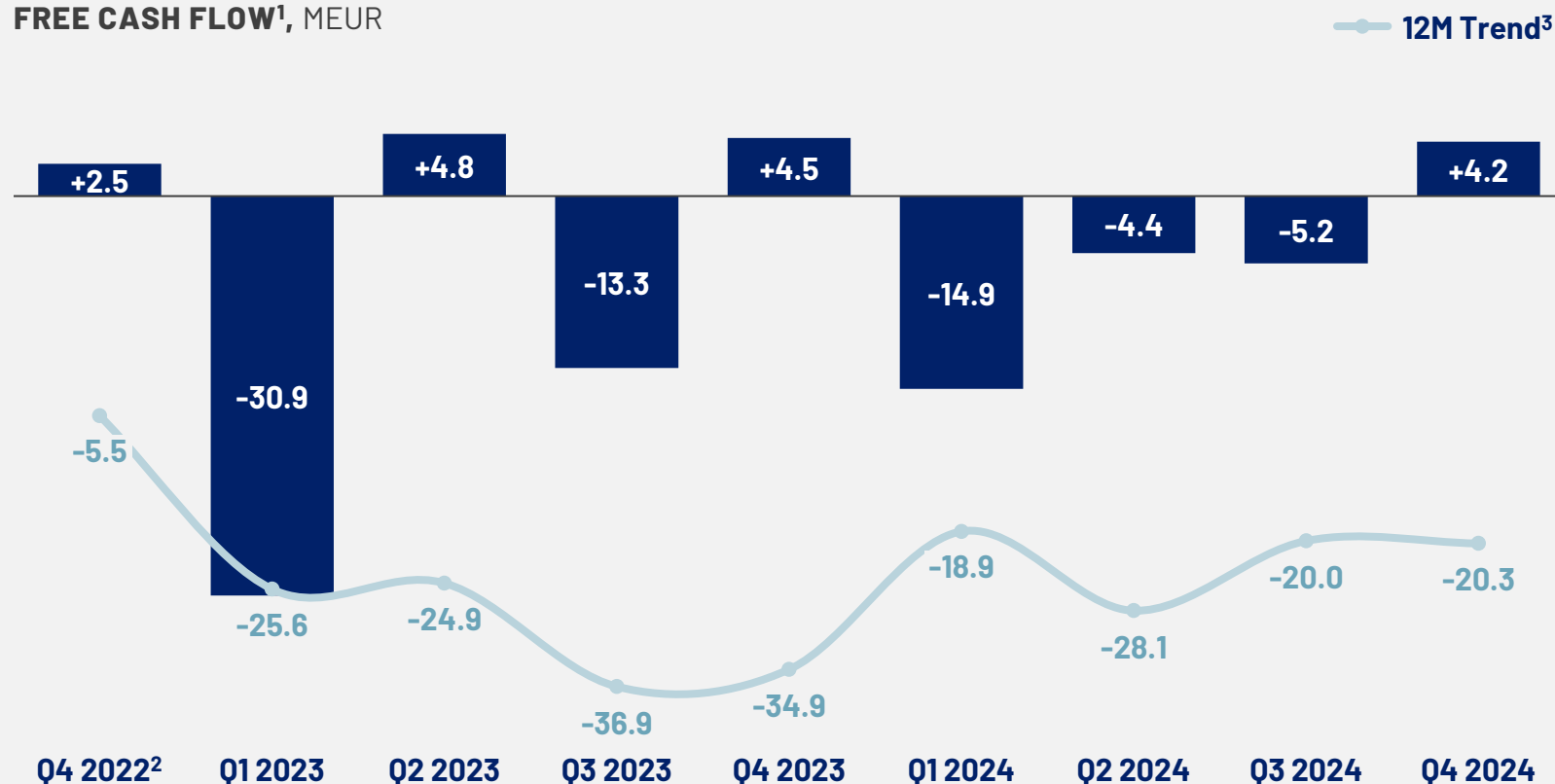
- > FY: Current tax being at comparable level despite higher withholding taxes. Effective tax expense in 2024 is less impacted by losses not capitalizable / write down of DTA than in 2023.
- > Q4: Total tax expense impacted by MEUR -2.4 charge due to revaluation of a DTA and other permanent differences (MEUR -3.1)



FREE CASH FLOW

POSITIVE FREE CASH FLOW IN Q4, FULL YEAR IMPROVED VS LAST YEAR, BUT STILL NEGATIVE

FREE CASH FLOW¹, MEUR



FREE CASH FLOW

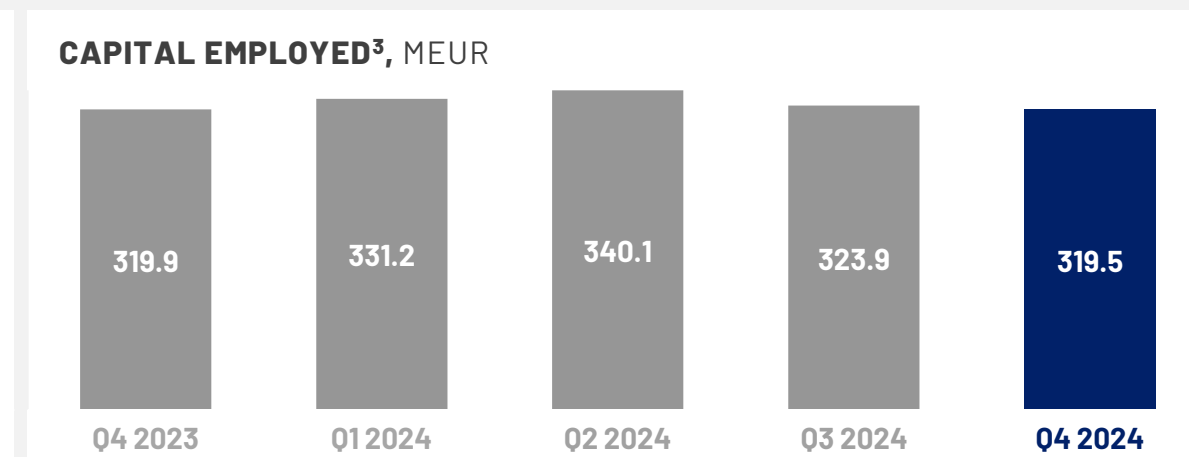
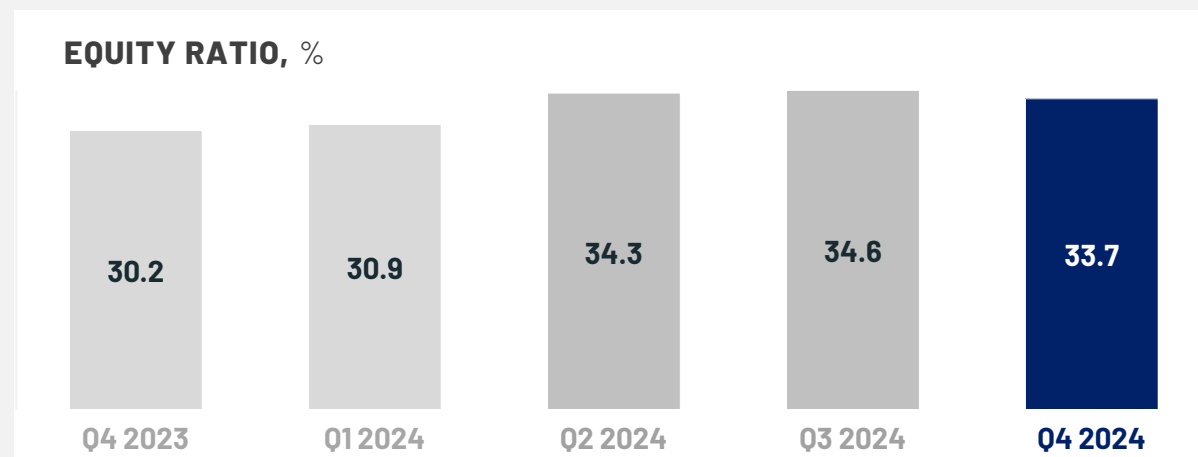
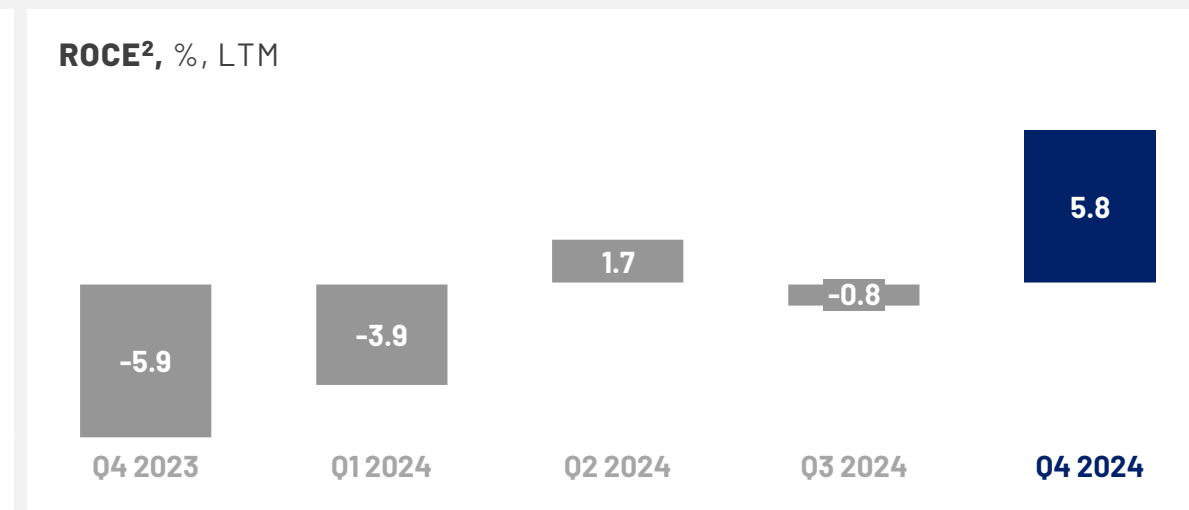
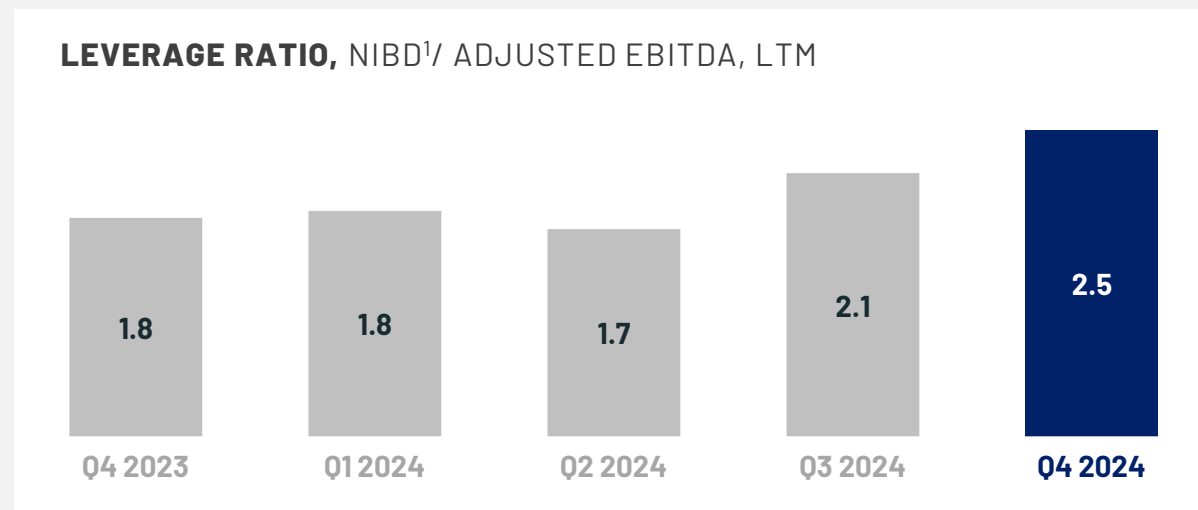
	Q4 2024	FY 2024
Operating activities	+13.7	+32.4
Investing activities	-6.9	-21.4
Financing activities	-6.3	-90.1
Currency and translation effects on cash flow	+3.5	-1.3
Total	+4.0	-80.4
Add back / less:		
Refinancing related activities	+0.1	+57.7
Purchase of treasury shares and others	+0.1	+2.4
Free Cash Flow	+4.2	-20.3

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



FINANCIAL RATIOS

Incl. IFRS 16 effect

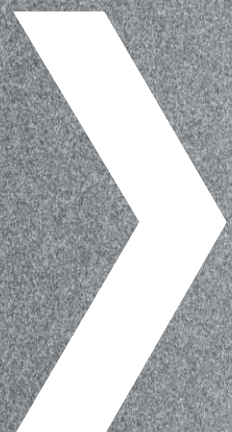


1. Net interest-bearing debt

2. EBIT (LTM) / Average capital employed

3. Capital employed consists of Intangible Assets, PPE's, Right-of-use assets, Net Working Capital less Lease liabilities at quarter end





SUMMARY & OUTLOOK





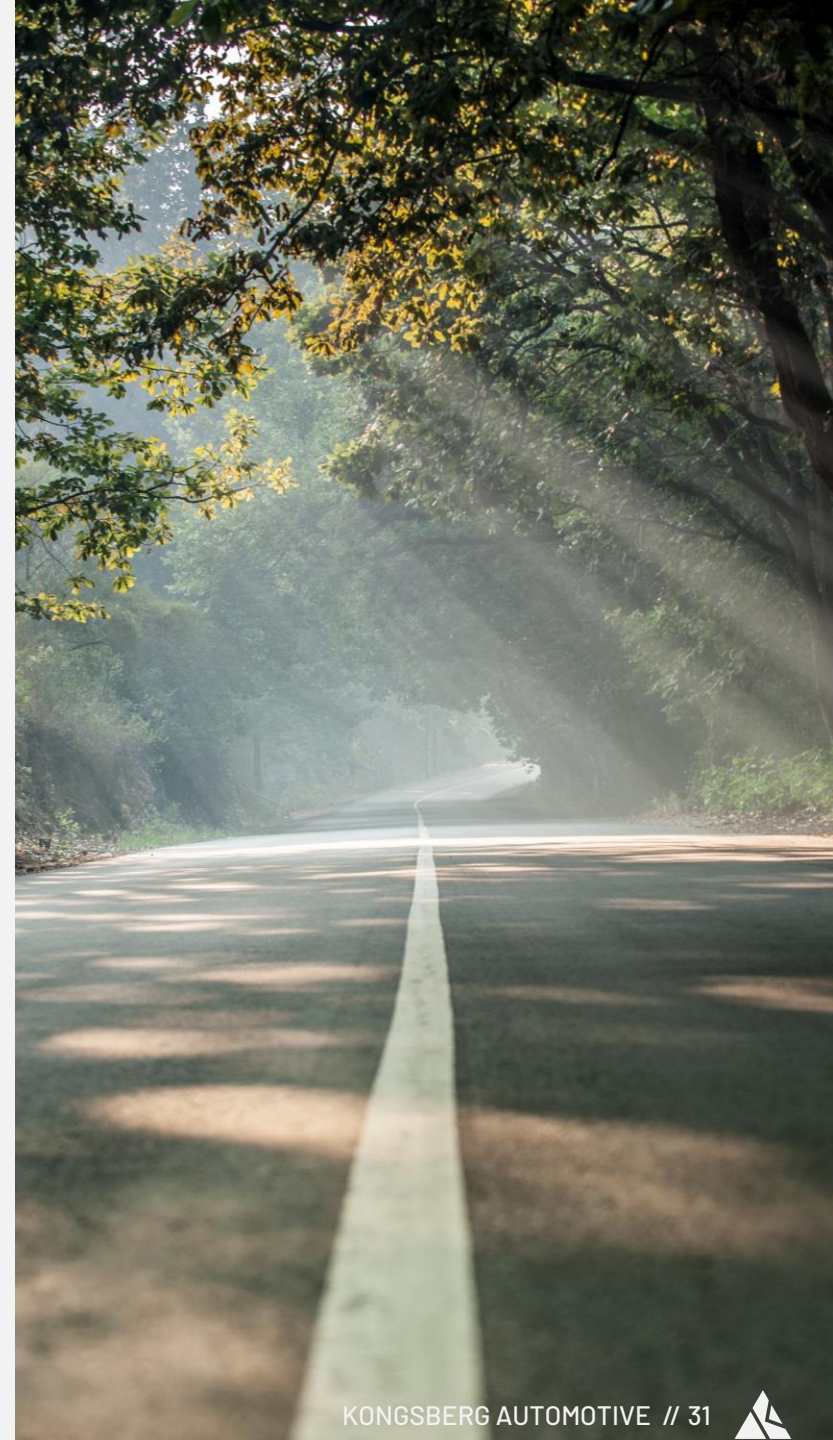
SUMMARY

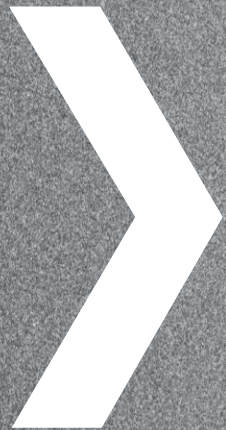
- Financial performance improved, successful cost reductions offset weak market demand
- Positive Q4 2024 free cash flow
- Exceptionally high business wins in 2024
- KA remains focused on cost reductions, operational efficiency, increasing product portfolio profitability, preserving cash while winning business



GUIDANCE 2025

- For 2025, we expect **revenues to be relatively unchanged in first half year** versus second half of 2024 with a potential upside in second half of the year.
- Based on successful implementation of various cost optimization and efficiency initiatives, we expect **a positive development of EBIT margin for 2025.**
- This excludes further potential effects coming from increased geopolitical uncertainty.
- We continue our focus to improve efficiency, profitability and to preserve cash.
- We are confident that by successfully navigating the ongoing transformation we will further strengthen KA's position and take further steps towards our 2028 financial targets.





Q&A

ON THE AGENDA FOR 2025:

- Release of Annual Report 2024, March 27
- Q1 report 2025, May 7
- Annual General Meeting, May 23
- Q2 report 2025, August 12
- Q3 report 2025, November 5





KONGBERG
AUTOMOTIVE

**MOBILITY
SOLUTIONS
FOR THE
FUTURE**

