

# KONGSBERG AUTOMOTIVE Q2 2024

AUGUST 08, 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**

**GUIDANCE & GROUP NEWS**

**Q&A**



# EXECUTIVE SUMMARY



Executive summary

## EXECUTIVE SUMMARY – Q2 2024

IMPROVED PROFITS WITH ALL-TIME HIGH NEW BUSINESS WINS

**€6.4M**

**EBIT**

Increased by MEUR 18.9 vs. Q2 2023

**€694.8M**

**NEW BUSINESS<sup>3</sup>**

Increase from MEUR 171.5 in Q2 2023

**€209.3M**

**REVENUES**

Decrease of 6.8% vs. Q2 2023

**€-4.4M**

**FREE CASH FLOW**

Decline from the FCF of MEUR 4.8 in Q2 2023

**1.7x**

**LEVERAGE RATIO<sup>1,2</sup>**

Up from 1.2x in Q2 2023

**€116.5M**

**NIBD<sup>4</sup>**

Deteriorated from MEUR 77.4 as of 30/06/2023

### CORE BUSINESS<sup>5</sup>

**€5.5M**

**EBIT**

Increase by MEUR 5.3 vs. Q2 2023

**€175.3M**

**REVENUES**

Decrease of 4.9% vs. Q2 2023

### NON-CORE BUSINESS

**€0.9M**

**EBIT**

Increase by MEUR 13.6 vs. Q2 2023

**€34.0M**

**REVENUES**

Decrease of 15.2% vs. Q2 2023

<sup>1</sup> Includes IFRS 16

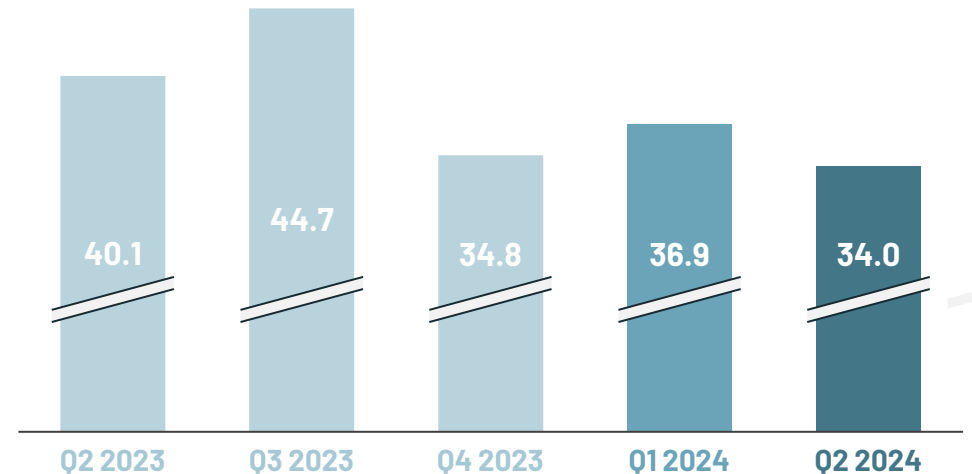
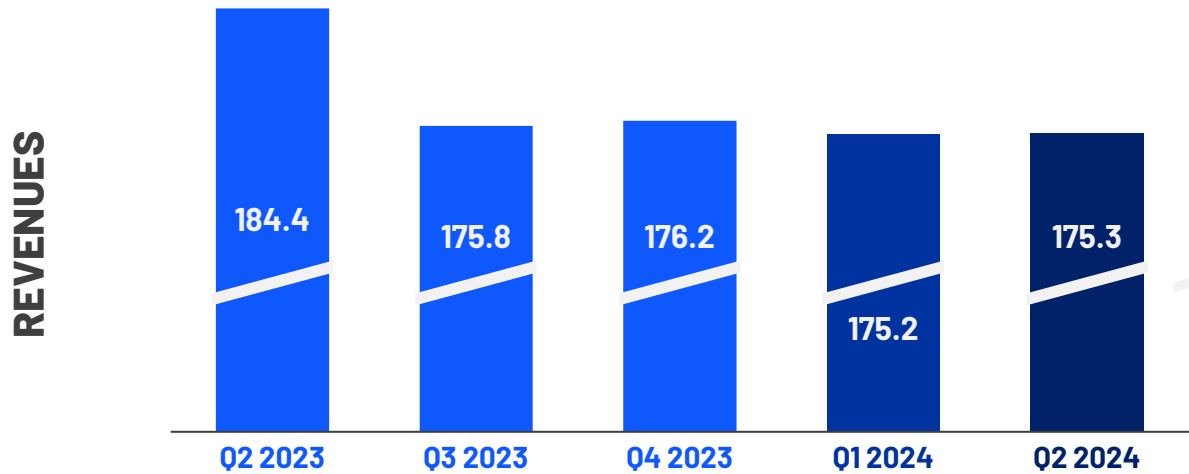
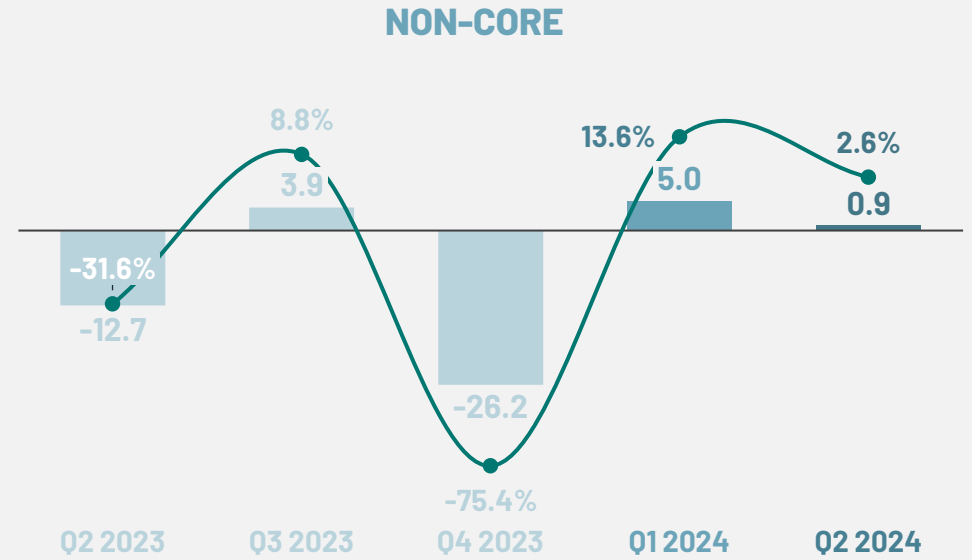
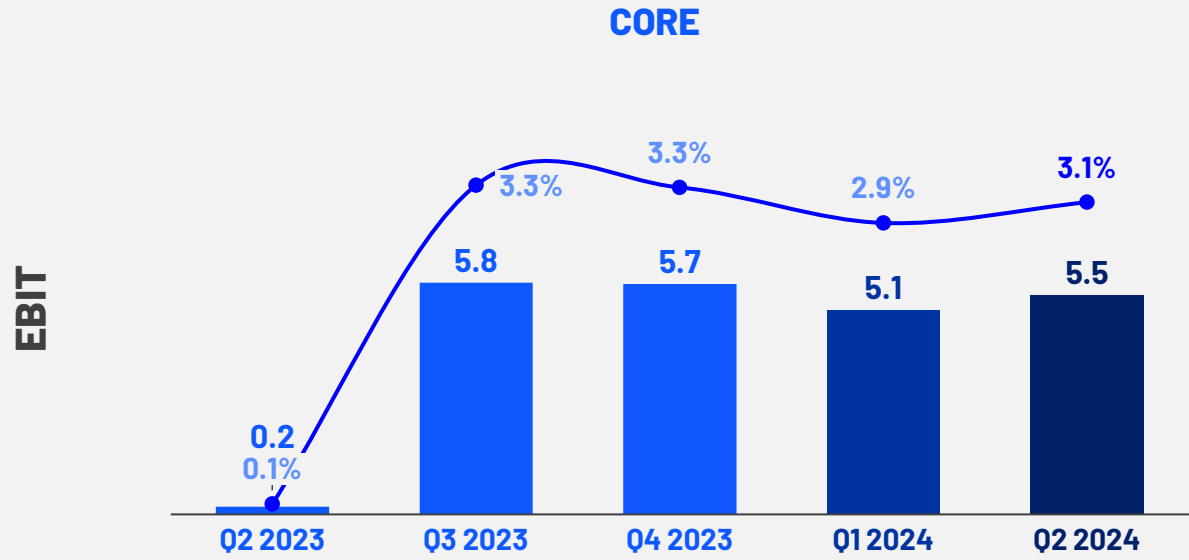
<sup>2</sup> NIBD / Adjusted EBITDA (LTM)

<sup>3</sup> Lifetime revenue of business wins during the quarter

<sup>4</sup> Net Interest-Bearing Debt

<sup>5</sup> Includes total cost of corporate (-€4.7 M)

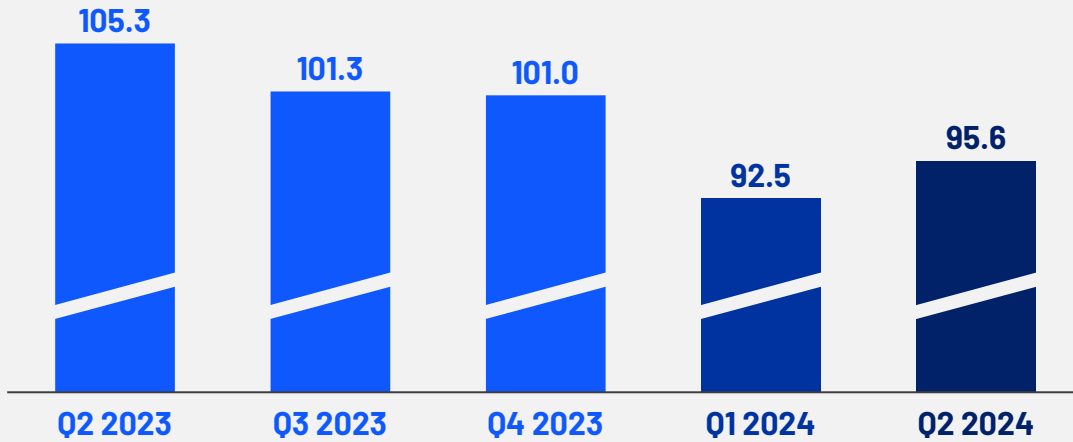
# CORE BUSINESS VS. NON-CORE BUSINESS



# DRIVE CONTROL SYSTEMS

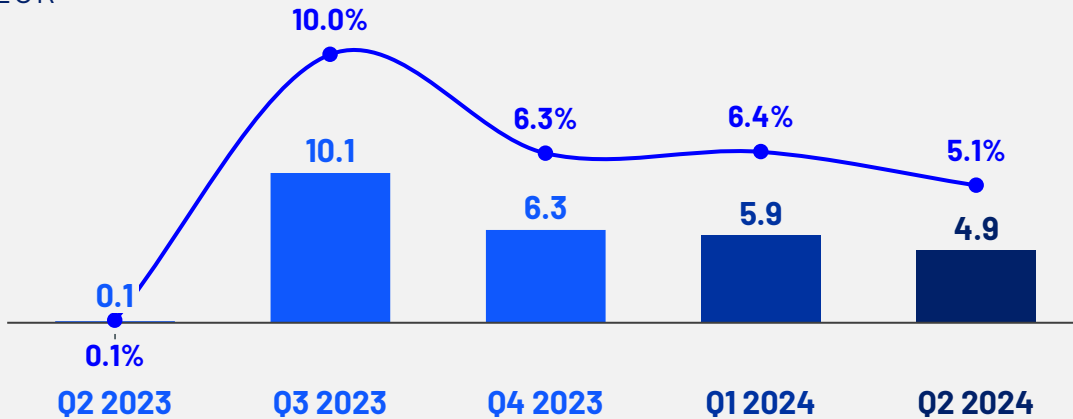
## BUSINESS AREA UPDATE

### REVENUES, MEUR



### EBIT MARGIN, %

### EBIT, MEUR



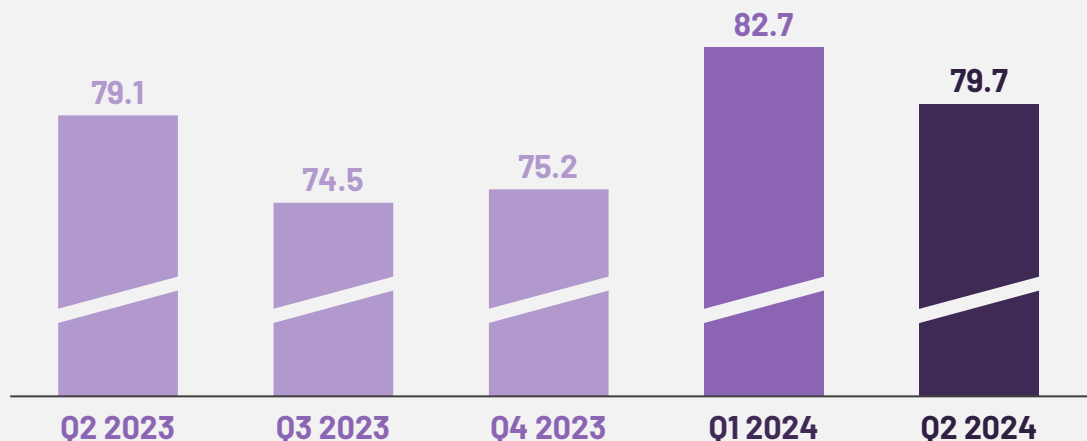
### Q2 2024

- Revenues decreased by MEUR 10.3 (at constant currencies) compared to Q2 2023, which was mainly driven by the decline of the European commercial vehicle market, partially offset by increases in sales in the Americas. Additionally, off-highway business was impacted by the softening market.
- The impact of declining volumes on Q2 2024 EBIT was mitigated by favorable product mix and lower warranty expenses than in Q2 2023, but more than offset by benefits from operational improvements in variable costs and other operational costs.

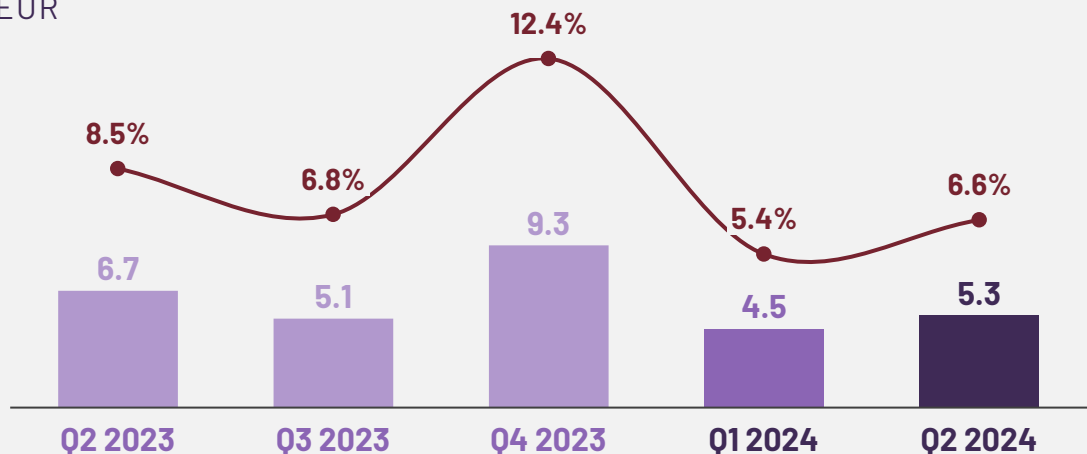
# FLOW CONTROL SYSTEMS

## BUSINESS AREA UPDATE

### REVENUES, MEUR



### EBIT MARGIN, % EBIT, MEUR



### Q2 2024

- Increase in revenues of Fluid Transfer Systems (FTS) at MEUR 1.9 at constant currencies was offset by the decline of the Couplings' revenues at MEUR 2.0 at constant currencies in line with decreasing production output in Europe.
- Last year's Q2 EBIT was positively impacted by the one-time customer reimbursement while the operational improvements in Q2 2024 were partially offset by unfavorable product mix.

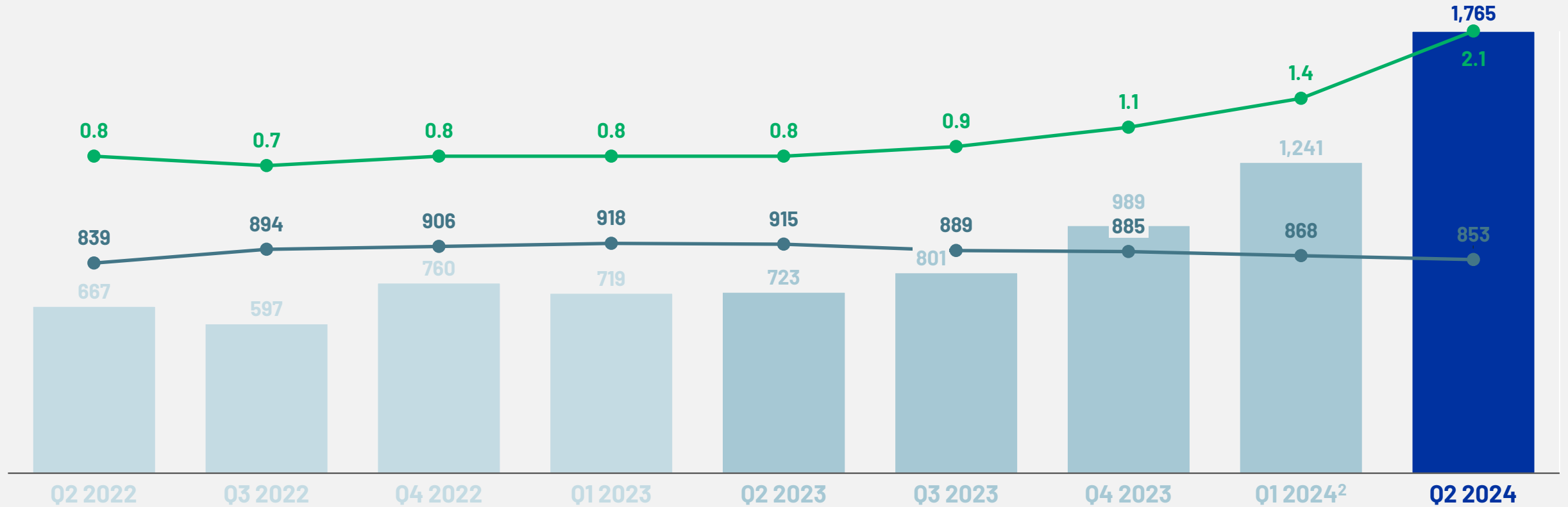


# BOOK-TO-BILL

BOOK-TO-BILL RATIO AT RECORD 2.1 – SEVERAL SUCCESSFUL PROGRAM AWARDS IN Q2

## BOOK-TO-BILL PERFORMANCE, MEUR

■ NBW (lifetime sales LTM) ● Revenues (LTM) ● Book-to-bill ratio

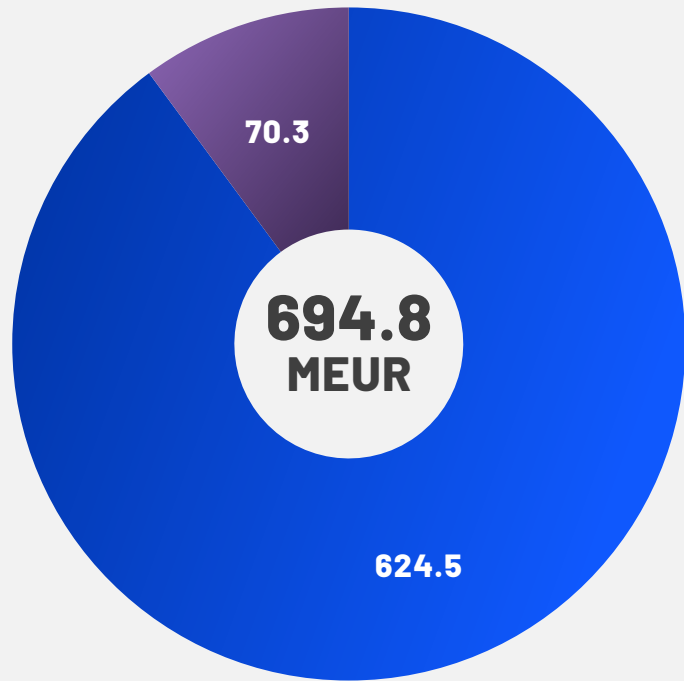


1. Lifetime sales assumptions are based on IHS and LMC production estimates at the time of the booking

2. Please note that in the Q1 2024 Earnings Call Presentation book to bill ratio and Q1 2024 LTM NBW were wrongly reported as 1.2 and MEUR 1,013 instead of 1.4 and MEUR 1,241, respectively.

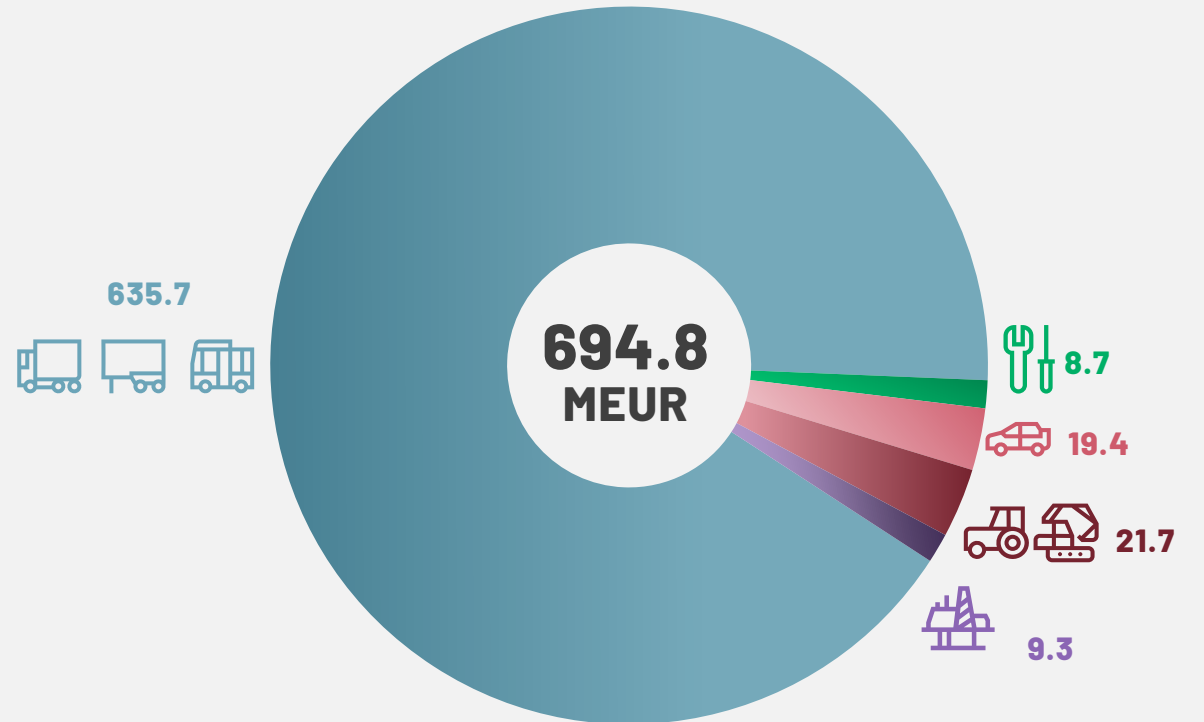
# NEW BUSINESS WINS Q2 2024 LIFETIME REVENUES, MEUR

PER BUSINESS SEGMENT



- DRIVE CONTROL SYSTEMS
- FLOW CONTROL SYSTEMS

PER AREA



- TRUCK, TRAILER, BUS & COACHES
- PASSENGER CARS
- INDUSTRIAL
- AFTERMARKET
- AGRICULTURE & CONSTRUCTION

## **Q2 NEW BUSINESS WIN ON GEAR CONTROL UNIT (GCU)** OVER **MEUR 523** IN ESTIMATED LIFETIME REVENUE

**ANNOUNCED ON APRIL 26, 2024**

- > **ROBUST AND DURABLE DESIGN**
- > **MAXIMUM COMFORT AND PERFORMANCE FOR THE DRIVER**
- > **HIGH PERFORMANCE**
- > **LOW TOTAL COST OF OWNERSHIP**
- > **ONLY GCU IN THE MARKET WITH SELF-ADJUSTING CLUTCH ACTUATOR**



**€ 523 MILLION**  
IN ESTIMATED LIFETIME REVENUE



**MANUFACTURED  
IN MEXICO AND CHINA**



**SUPPLY  
THROUGH 2028**

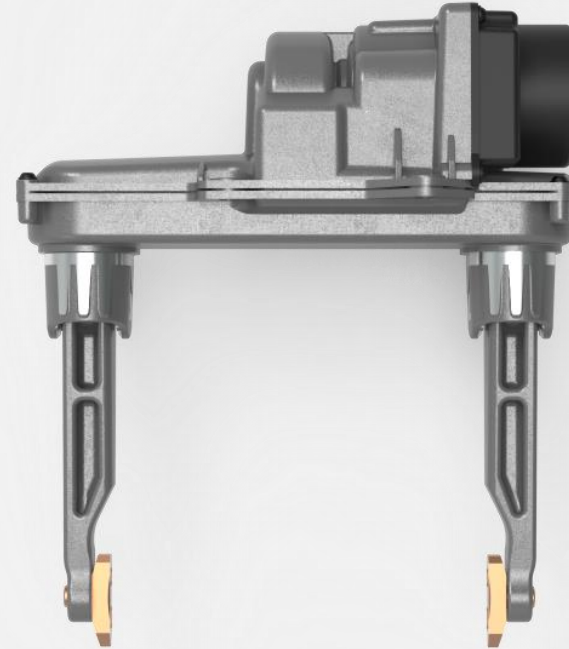


**BUSINESS RETENTION CRITICAL  
TO DRIVE GROWTH**

## **Q2 NEW BUSINESS WIN ON DOG CLUTCH ACTUATOR (DCA)** OVER **MEUR 55** IN ESTIMATED LIFETIME REVENUE

**ANNOUNCED ON JUNE 10, 2024**

- > **ROBUST AND DURABLE DESIGN**
- > **MAXIMUM COMFORT AND PERFORMANCE FOR THE DRIVER**
- > **BOTH SHIFTING AND DE-COUPLING**
- > **SPACE EFFICIENT**
- > **OUTSTANDING SERVICEABILITY**
- > **USE ON CHINESE COMMERCIAL EV**



**€ 55 MILLION**  
IN ESTIMATED LIFETIME REVENUE



**MANUFACTURED  
IN CHINA**



**SUPPLY FROM  
2025 - 2030**



**NEW WIN IN CRITICAL REGION  
AND TECHNOLOGY APPLICATION**

# MARKET UPDATE

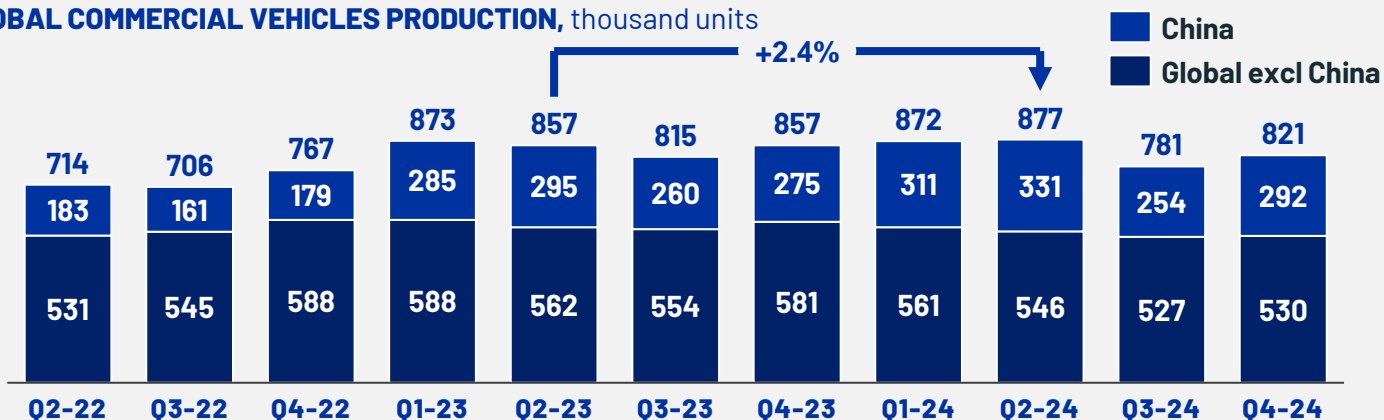


# MARKET TRENDS

## COMMERCIAL AND PASSENGER CAR MARKET SOFTENING IN MOST REGIONS OUTSIDE CHINA

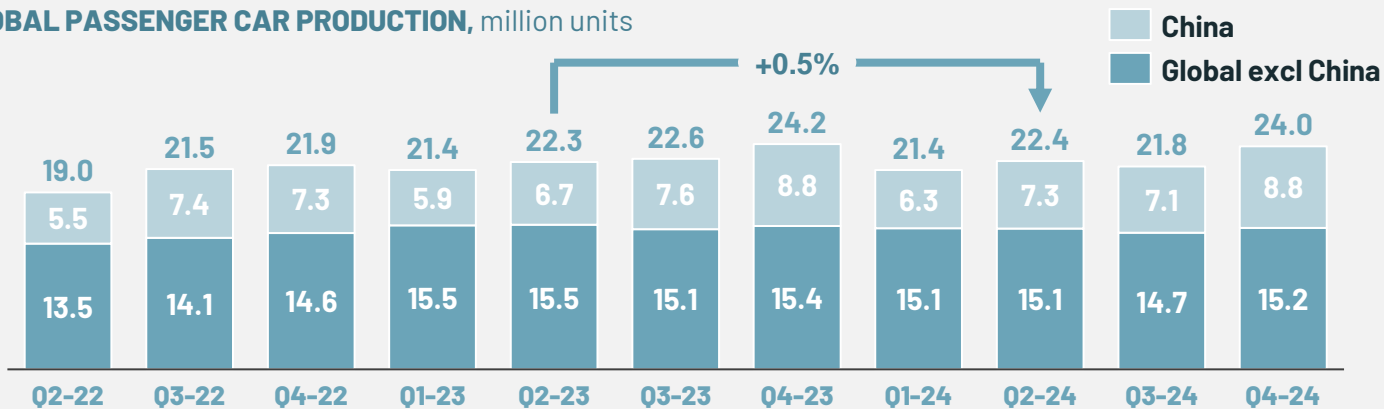
### MARKET DEVELOPMENT

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



REGION	Δ Q2-24 vs. Q2-23	Δ 2024 vs. 2023
China	+12.1%	+6.4%
APAC w/o China	-1.3%	-5.3%
Europe	-9.3%	-11.3%
North America	-6.4%	-7.1%
South America	+49.9%	+29.8%
Rest of World	-16.7%	-8.8%
<b>Total</b>	<b>+2.4%</b>	<b>-1.5%</b>
<b>Total (excl. China)</b>	<b>-2.7%</b>	<b>-5.3%</b>

GLOBAL PASSENGER CAR PRODUCTION, million units



China	+7.7%	+1.4%
APAC w/o China	-2.3%	-3.3%
Europe	-5.0%	-3.8%
North America	+1.4%	+1.4%
South America	-11.3%	-2.9%
Rest of World	-5.1%	-2.4%
<b>Total</b>	<b>+0.5%</b>	<b>-1.1%</b>
<b>Total (excl. China)</b>	<b>-2.7%</b>	<b>-2.2%</b>

Source: LMC Global Commercial Vehicle Forecast (June 2024); IHS Light Vehicle Production Base (June 2024)

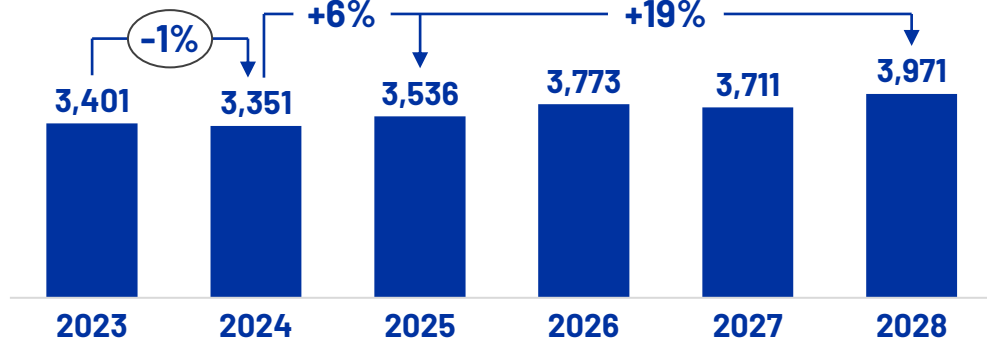
Please note that in the Q1 2024 Earnings Call Presentation value for Commercial Vehicles Production were wrongly presented – please refer to the ones presented above.

# MARKET FORECASTS

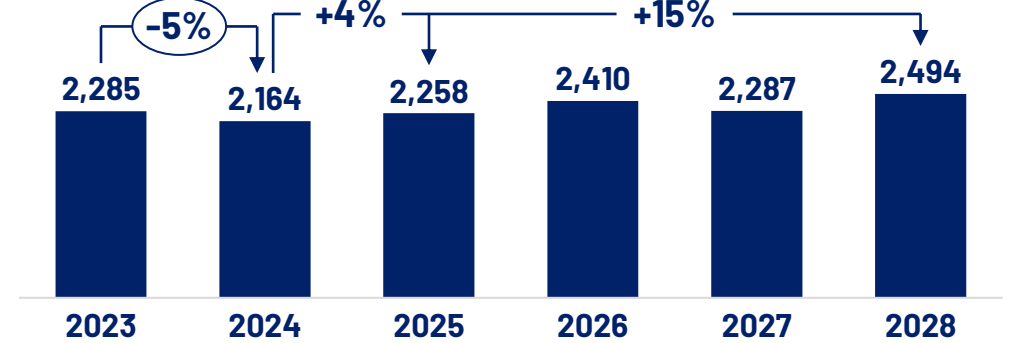
## NEGATIVE DEVELOPMENT IN 2024 WHILE 2025 LOOKS MORE PROMISING

**GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units**

**INCLUDING CHINA**

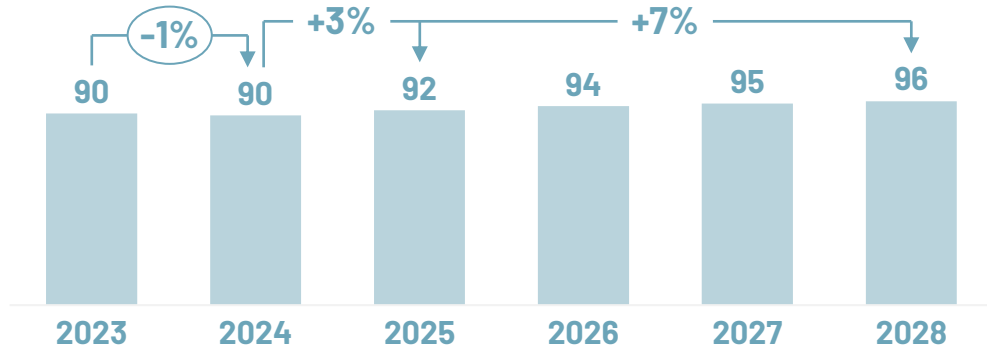


**EXCLUDING CHINA**

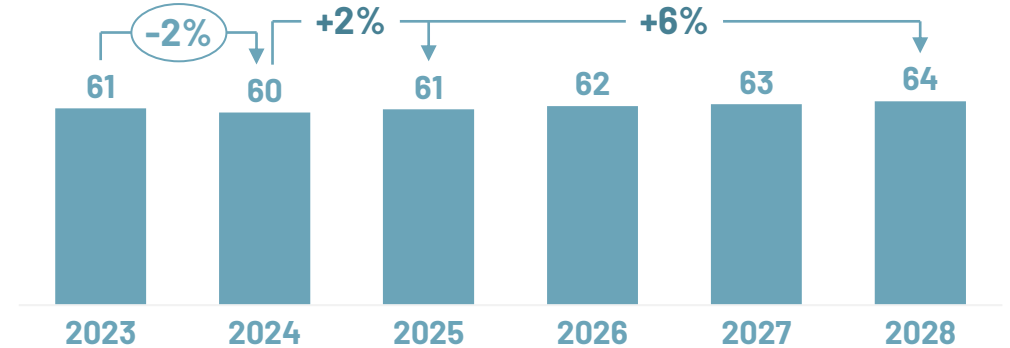


**GLOBAL PASSENGER CAR PRODUCTION, million units**

**INCLUDING CHINA**



**EXCLUDING CHINA**



Source: LMC Global Commercial Vehicle Forecast (June 2024); IHS Light Vehicle Production Base (June 2024)

Please note that in the Q1 2024 Earnings Call Presentation value for Commercial Vehicles Production were wrongly presented – please refer to the ones presented above.

# KONGSBERG VERSUS MARKET

HEADWIND FROM A MORE CAUTIOUS EUROPEAN MARKET IMPACTED KA'S REVENUES

## REVENUE GROWTH VS MARKET GROWTH IN Q2 24 vs. Q2 23<sup>1</sup>

GLOBAL			AMERICAS		
	KA	MARKET		KA	MARKET
COMMERCIAL VEHICLES	-7.3%	+2.4%	COMMERCIAL VEHICLES	+6.2%	+2.1%
PASSENGER VEHICLES	-5.1%	+0.5%	AMERICAS		
OTHER (ONLY KA)	-12.1%		PASSENGER VEHICLES	+0.1%	-0.6%

<sup>1</sup>Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q2 2023 to Q2 2024. The split across vehicle types does not correspond to our business unit segments

Please note that in the Q1 2024 Earnings Call Presentation the growth in the global commercial vehicles market was wrongly reported as 5.2% instead of 2.0% and the growth in the Chinese commercial vehicles market was wrongly reported as 4.8% instead of 17.7%.

Source: LMC Global Commercial Vehicle Forecast (June 2024); IHS Light Vehicle Production Base (June 2024)

## PERFORMANCE IN KEY MARKETS

### > COMMERCIAL VEHICLES

- » KA's sales in Q2 2023 were exceptionally high, especially in relation to Clutch Actuation Systems in Europe. Decrease in KA's sales in Q2 2024 versus Q2 2023 followed the declining production output in the European market.
- » Revenues from the commercial vehicle market in the Americas have increased compared to Q2 2023, outperforming the market growth, mainly due to sales growth for Clutch Actuation Systems and Gear Shift Systems.
- » Despite the growth in the Chinese market, KA's sales declined in Q2 2024, mainly due to decrease in sales of the Couplings products.

### > PASSENGER VEHICLES

- » Declining KA's sales in Europe were in line with the negative performance of the market itself and was mainly attributable to the certain completed customer programs (predominantly Gear Shift Systems), partially offset by increase in sales of Assemblies in FTS.
- » KA's sales in the Americas remained stable on a comparable level to Q2 2023, while the market in this region shrank slightly. KA's sales in China declined mainly due to the lower sales of Gear Shift Systems to one of the European car makers, despite a 7.7% growth in production output in China.





# DEVELOPMENT OF THE GLOBAL MARKET SITUATION

## SUPPLY MARKETS HAVE FURTHER IMPROVED

### CURRENT TRIGGERS FOR DISRUPTION

### MACROECONOMIC FACTORS AFFECTING GLOBAL MARKET ENVIRONMENT

#### CUSTOMER DEMAND

Q3 and Q4 demand in NA reducing versus 1st half 2024, Election uncertainty dampening demand. KA,s major Truck Customers in EU also expect demand reduction in 2nd half 2024

#### LABOR COSTS

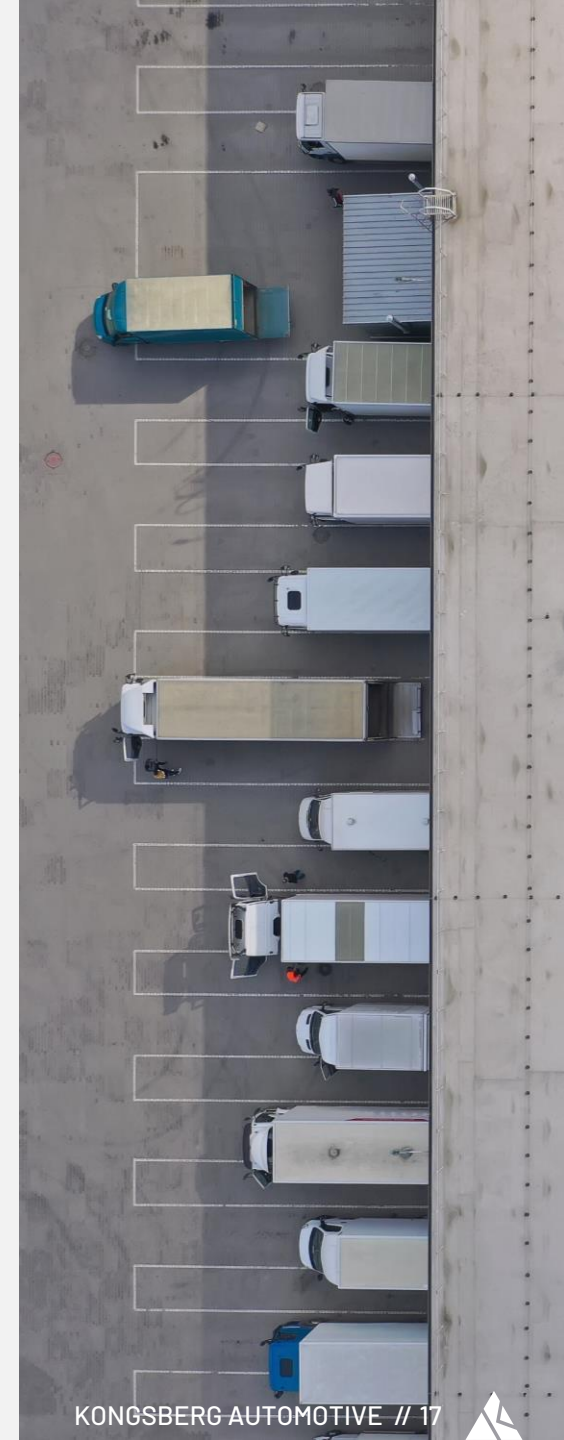
Increased in best cost countries from low base

#### SUPPLY CHAIN

Freight services and costs are normalizing, with additional costs in container cargos due to constraints at Suez and Panama Canal

#### ENERGY/MATERIAL COST

Energy prices are flattening. Raw material cost differ with volatile steel price and increased copper and aluminum prices



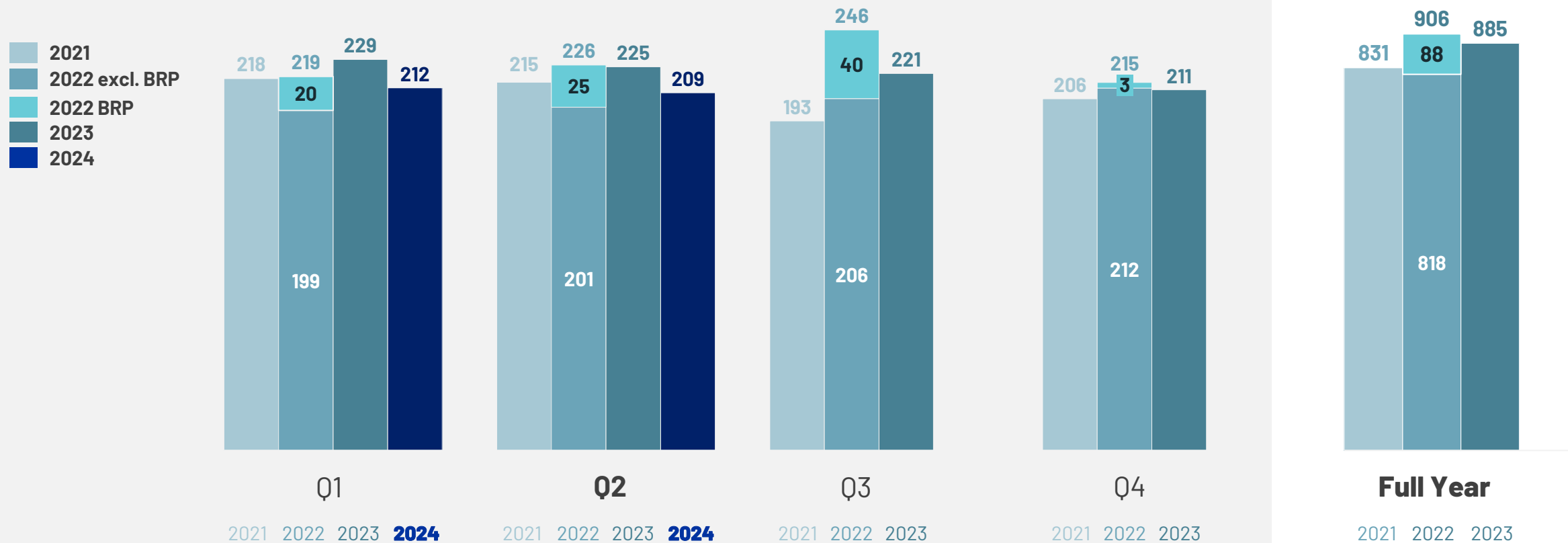
# **FINANCIAL UPDATE**



# REVENUES

Q2 2024 DECLINE COMPARED TO EXCEPTIONALLY HIGH SALES IN Q2 2023

## REVENUES<sup>1</sup>, MEUR

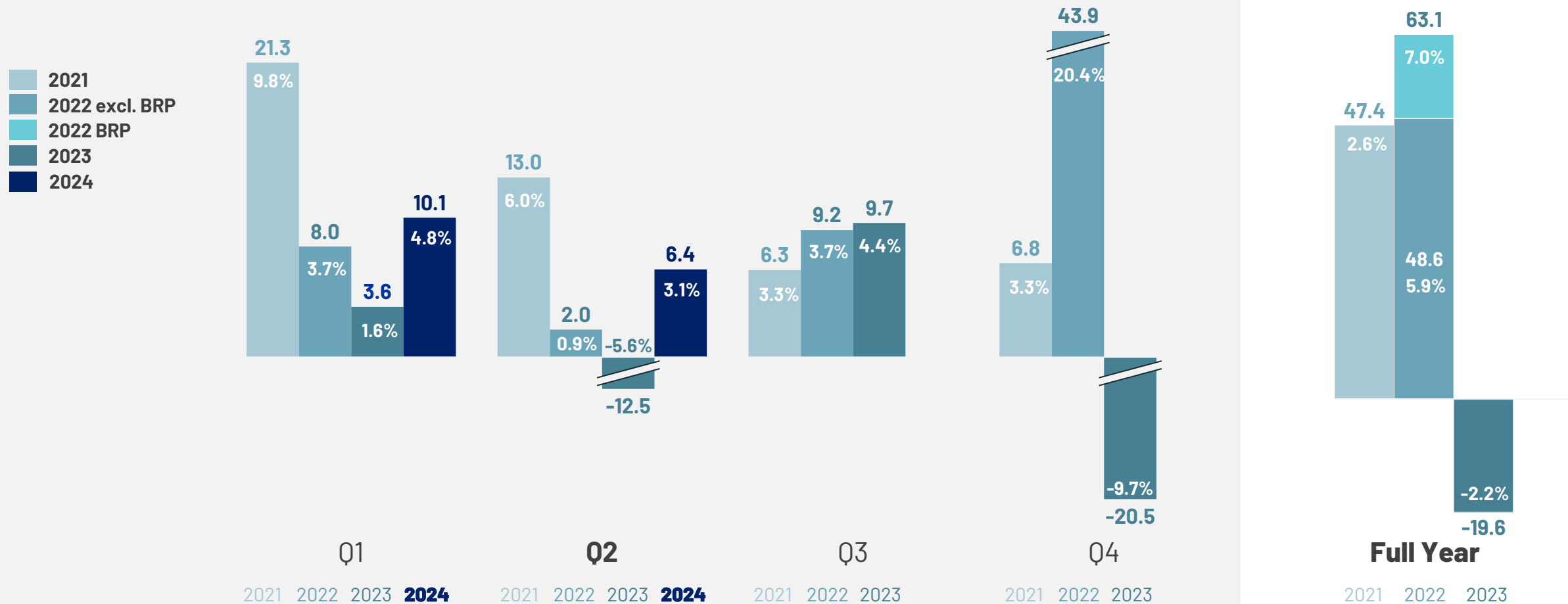


1. Revenues from discontinued operations (related to the divested business) were excluded in 2021 and 2022 accordingly.

# EBIT

## IMPROVED EARNINGS DESPITE LOWER REVENUES - COST OPTIMIZATIONS MATERIALIZING

EBIT<sup>1</sup>, MEUR and % of revenues

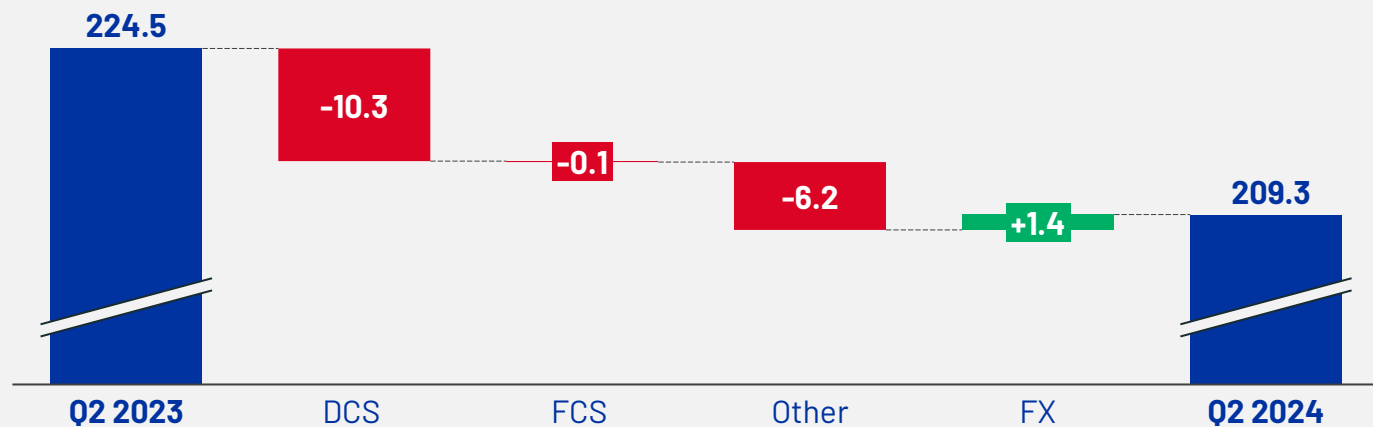


1. EBIT from discontinued operations (related to the divested business) was excluded in 2021 and 2022 accordingly.

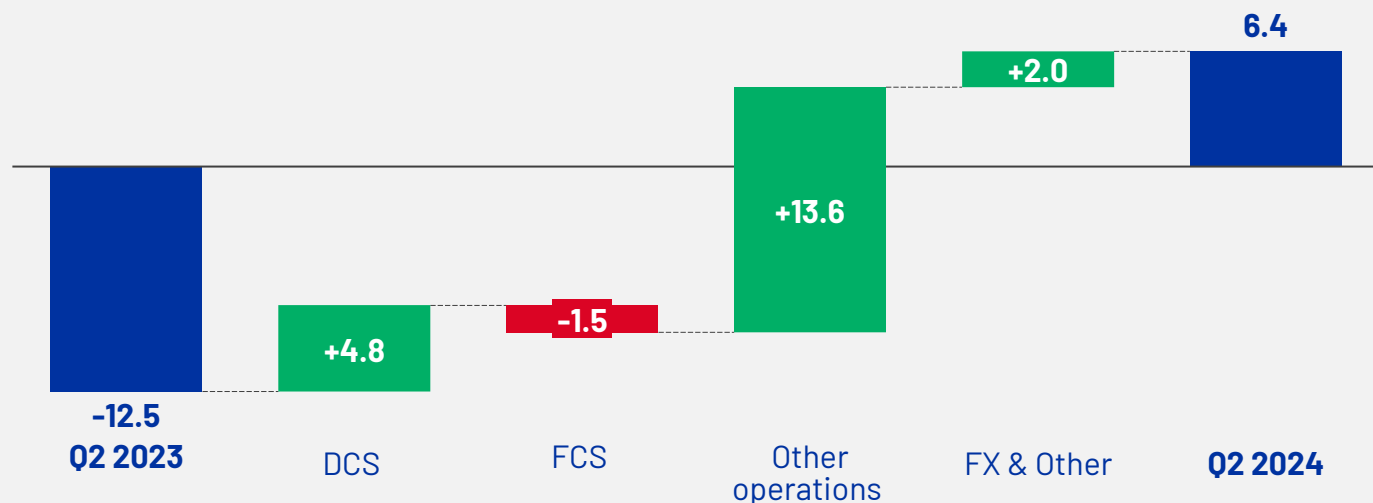
## REVENUES & EBIT BRIDGES

### IMPROVED PROFITABILITY DESPITE LOWER VOLUME

#### REVENUES, MEUR



#### EBIT, MEUR



#### DCS

The impact of declining volumes on Q2 2024 EBIT was mitigated by favorable product mix and lower warranty expenses than in Q2 2023, but more than offset by benefits from operational improvements in variable costs and other operational costs.

#### FCS

Last year's Q2 EBIT was positively impacted by the one-time customer reimbursement while the operational improvements in Q2 2024 were partially offset by unfavorable product mix.

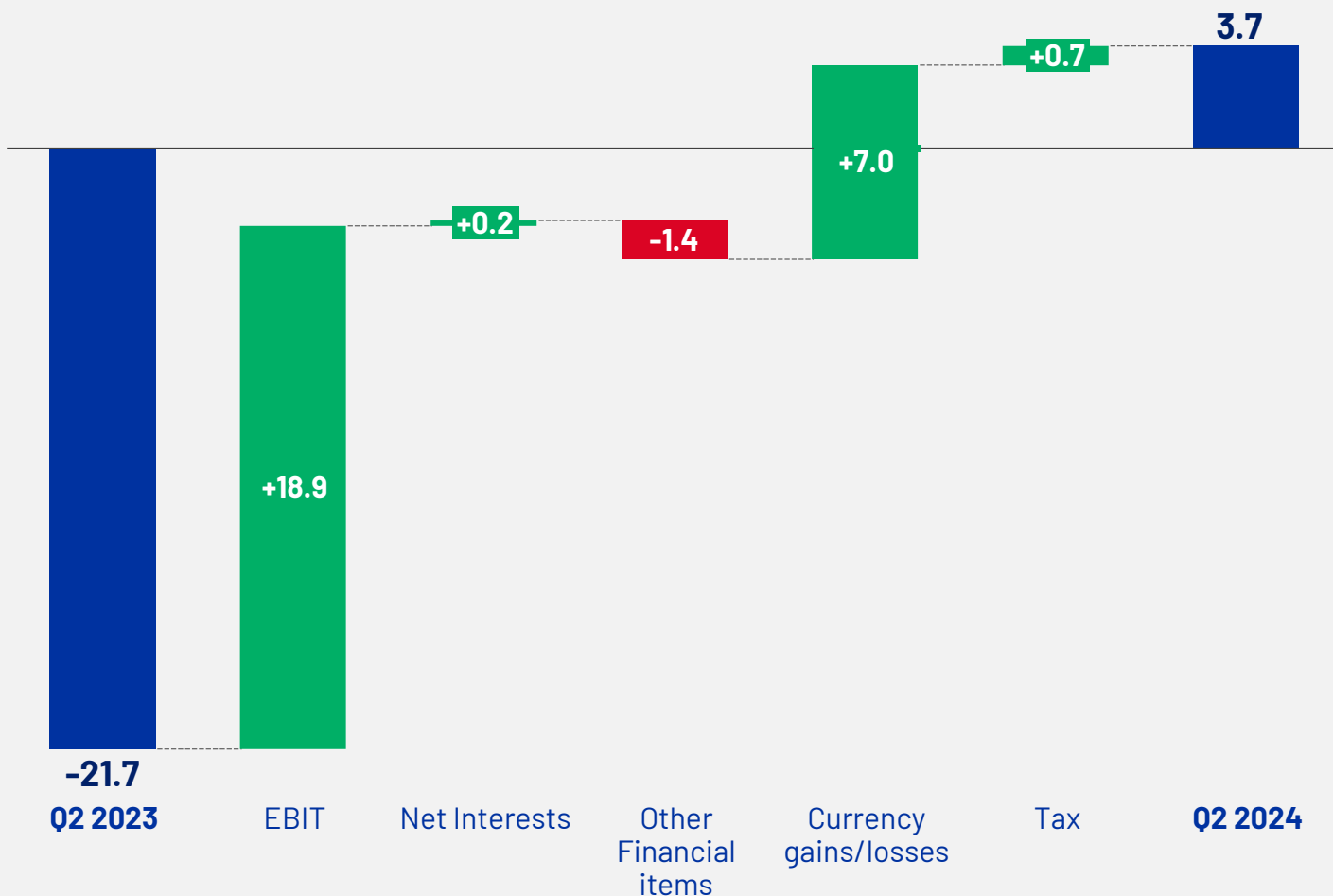
#### OTHER OPERATIONS

EBIT for Q2 2023 was primarily impacted by the impairment on non-current assets of former Driveline business (excluding EAC) of MEUR 10.6 (non-core business). In Q2 2024 operating result benefitted from the impairment of assets and onerous contracts provisions recorded in 2023.

## NET INCOME BRIDGE

### IMPROVED OPERATIONAL AND FINANCIAL RESULT

NET INCOME, MEUR



#### EBIT

Despite decline in revenues by MEUR 16.7, KA's profitability improved by MEUR 18.9. For more information, please refer to slide 20.

#### CURRENCY GAINS/LOSSES

With no realized foreign exchange losses incurred in Q2 2024, unrealized foreign currency gains were significantly higher by MEUR 3.4 compared to Q2 2023 and amounted to MEUR 3.5, which was mainly driven by Norwegian Kroner being less weakening in Q2 2024 than in Q2 2023.

#### OTHER FINANCIAL ITEMS

Due to the accelerated repayment of the old Euro bond notes, the unamortized capitalized arrangement fees of MEUR 1.0 were expensed in Q2 2024

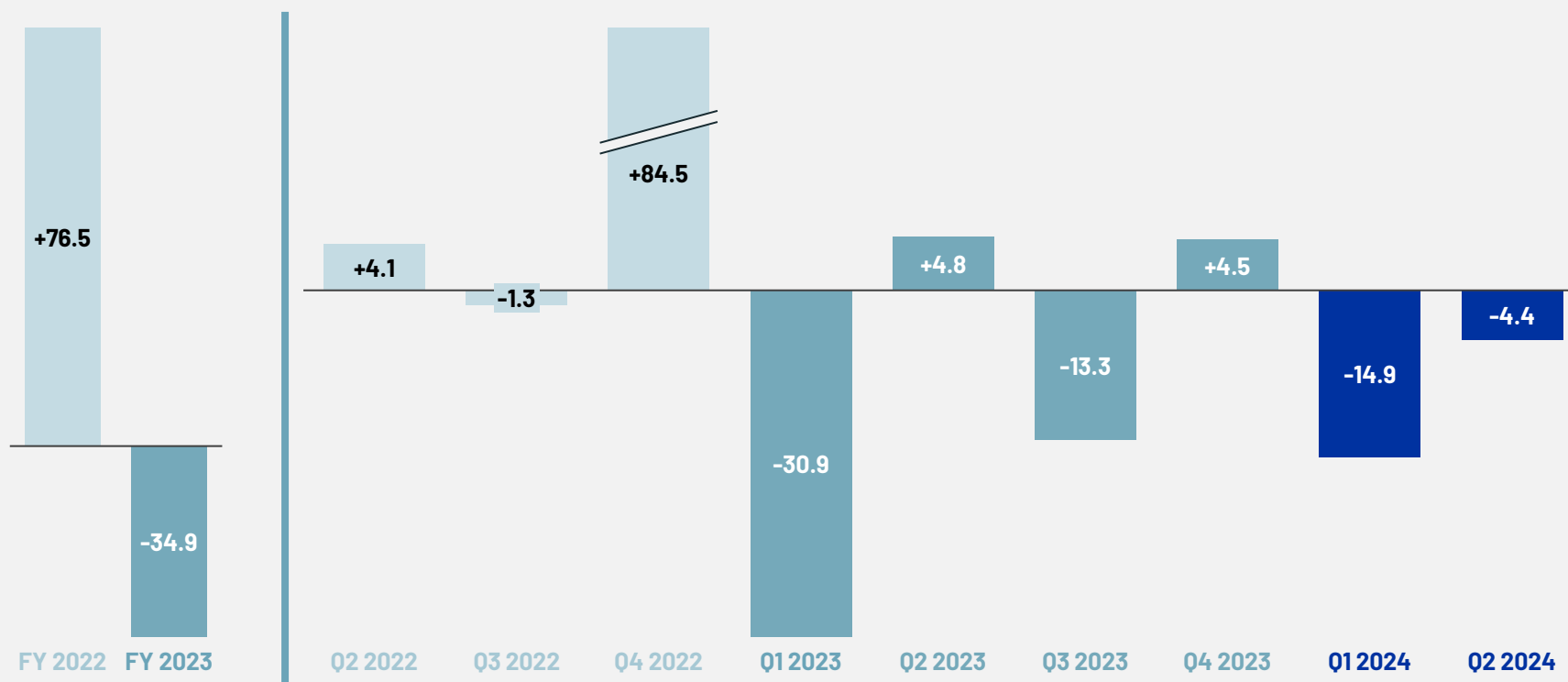
#### TAX

Income tax expenses in Q2 2024 included withholding taxes at MEUR 1.4 whereas in Q2 2023 deferred tax assets could not be not recognized.

## FREE CASH FLOW

FREE CASH FLOW POSITIVE CONSIDERING IMPACT OF INTEREST PAYMENT ON OLD BOND NOTES

### FREE CASH FLOW<sup>1</sup>, MEUR



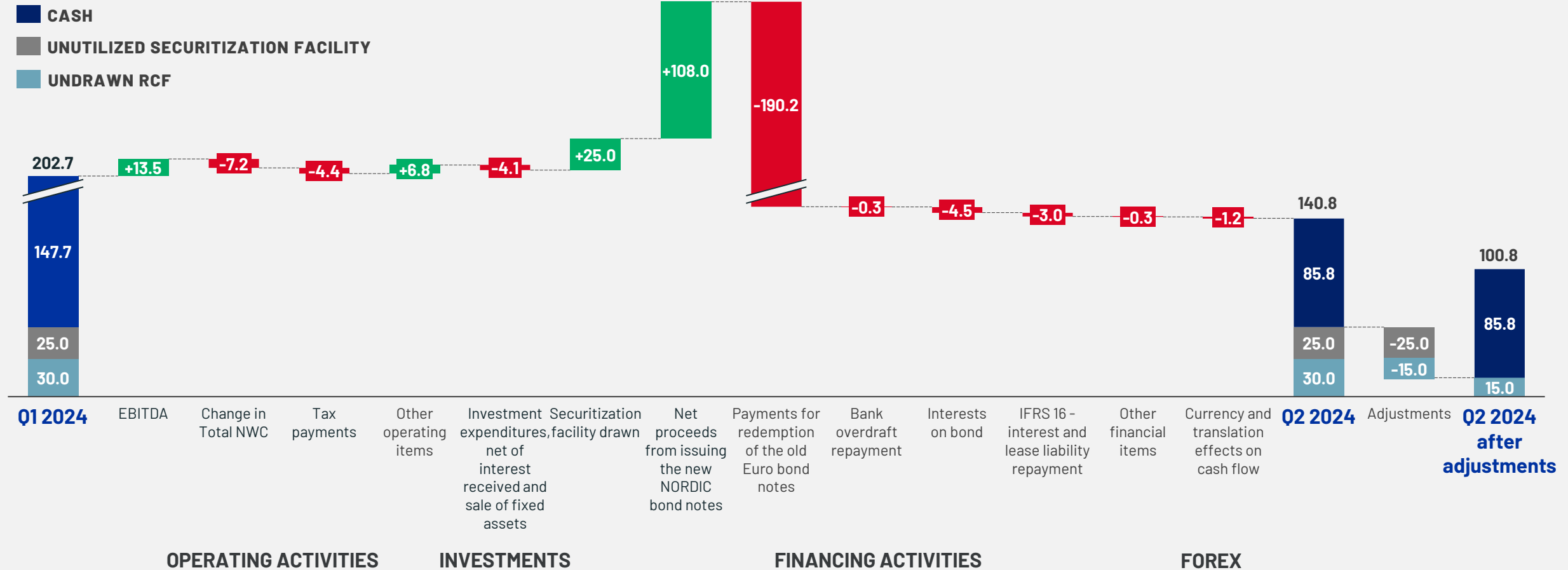
### Q2 2024 FCF DETAILS

Operating activities	+8.7
Investing activities	-4.1
Financing activities	-65.3
Therein:	
Payment for advanced interests on old bond	-4.5
Repayment of old bond net of proceeds received from issuing new bond	-57.5
Currency and translation effects on cash flow	-1.2
<b>Total</b>	<b>-61.9</b>
excluding repayment of old bond and proceeds from issuing new bond	+57.5
<b>Free Cash Flow</b>	<b>-4.4</b>

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.

# Q2 2024 LIQUIDITY DEVELOPMENT

## LIQUIDITY DEVELOPMENT<sup>1</sup>, MEUR



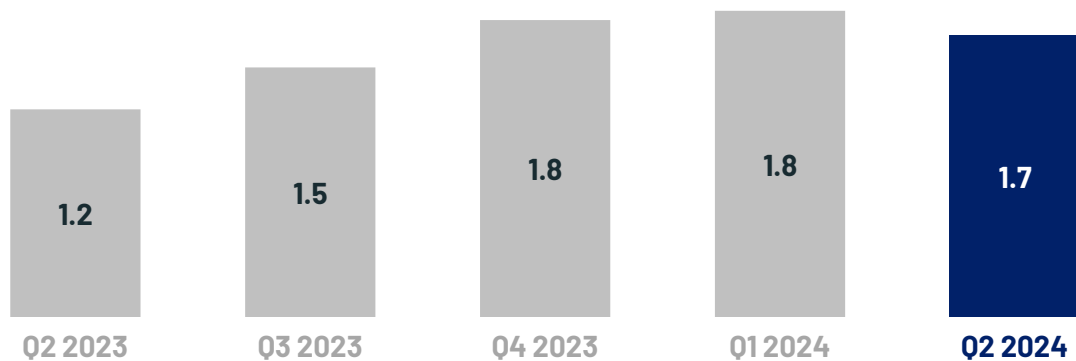
1. Including restricted cash (MEUR 0.5)



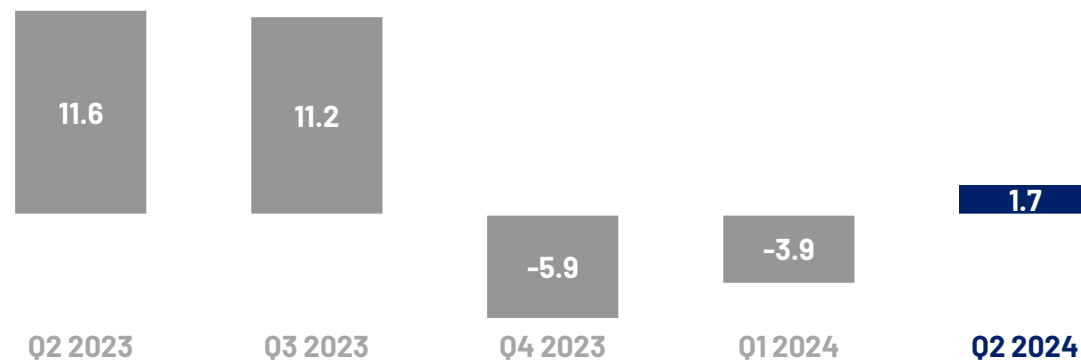
# FINANCIAL RATIOS

Incl. IFRS 16 effect

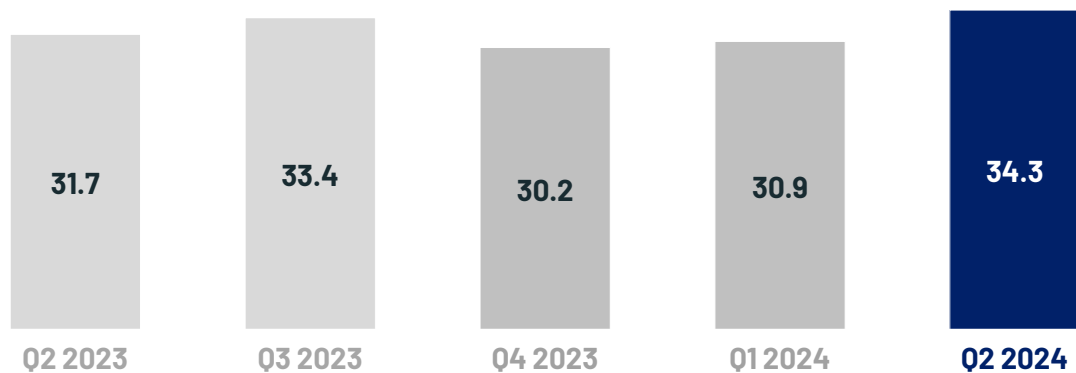
## LEVERAGE RATIO, NIBD<sup>1</sup>/ ADJUSTED EBITDA, LTM



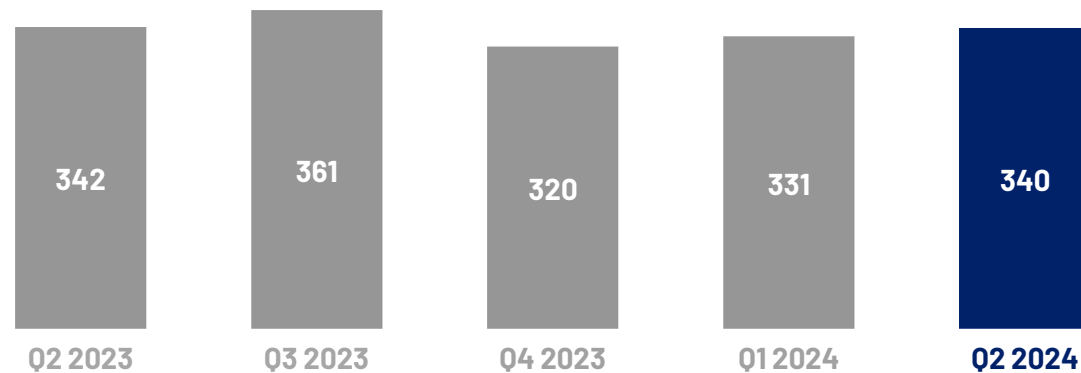
## ROCE<sup>2</sup>, %, LTM



## EQUITY RATIO, %



## CAPITAL EMPLOYED<sup>3</sup>, MEUR



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

# **GUIDANCE & GROUP NEWS**



## GROUP NEWS

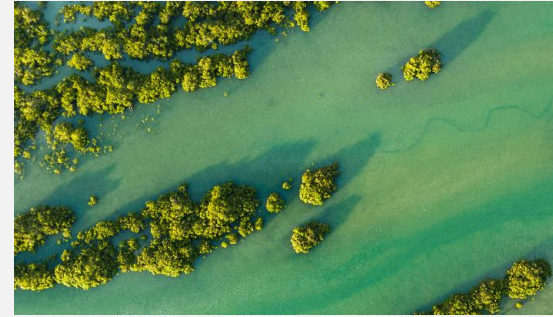
### SUCCESSFULLY COMPLETED ISSUANCE OF NEW NORDIC BOND



### CONDUCTED THE CAPITAL MARKETS DAY



### RELEASED SUSTAINABILITY REPORT 2023



### REESTABLISHED KONGSBERG AUTOMOTIVE'S HEADQUARTERS IN KONGSBERG, NORWAY



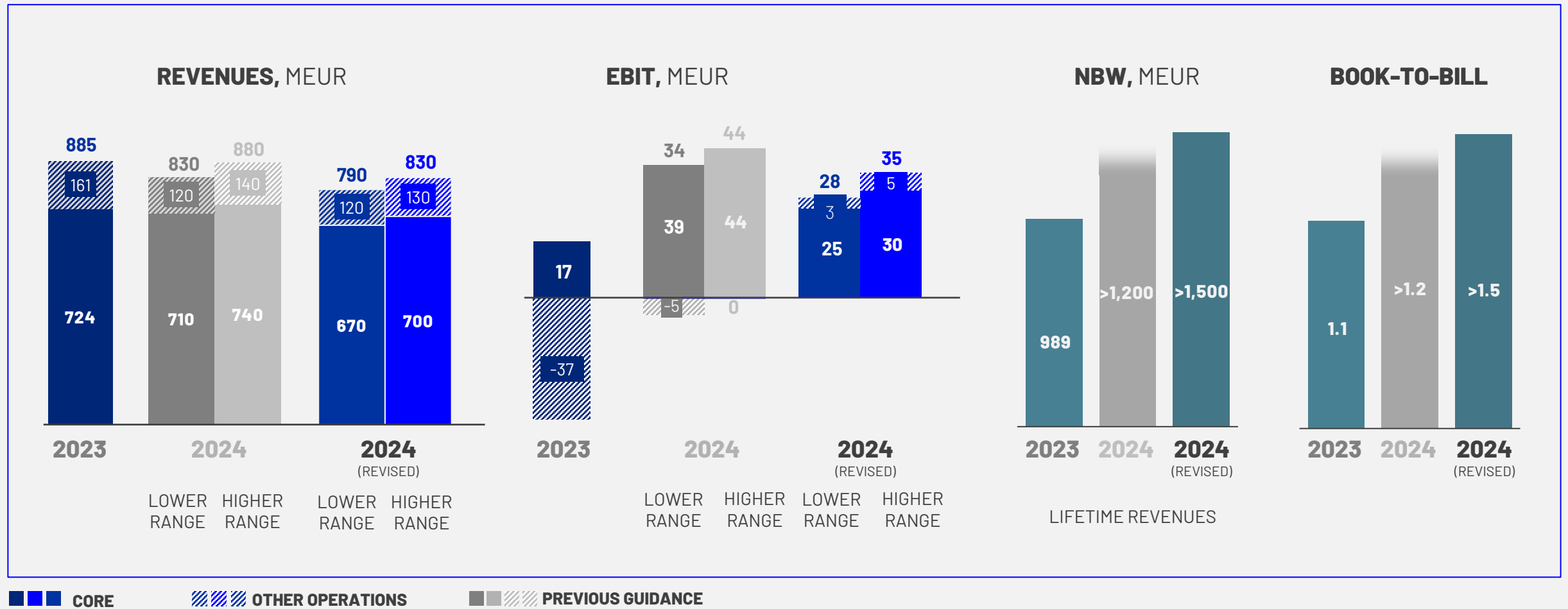
### HELD THE YEARLY ANNUAL GENERAL MEETING



### ON THE AGENDA FOR SECOND HALF OF 2024

- BREAKFAST MEETING Q4 - TO BE ANNOUNCED
- POLICY DEPLOYMENT
- CONTINUATION OF COST OPTIMIZATION
- ASSESSING MANUFACTURING FOOTPRINT
- DEVELOPMENT OF PRODUCT PORTFOLIO

# REVENUES AND EBIT GUIDANCE FOR 2024 REVISED, NEW BUSINESS WINS GUIDANCE INCREASED



**Q&A**





**KONGSBERG**  
AUTOMOTIVE

**MOBILITY SOLUTIONS FOR THE FUTURE**