



**KONGSBERG**  
AUTOMOTIVE

**Q1 2025**  
**EARNINGS CALL**  
**PRESENTATION**

MAY 07, 2025

# **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 2024 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



**TROND FISKUM**  
PRESIDENT & CEO



**CHRISTIAN JOHANSSON**  
CFO

## AGENDA

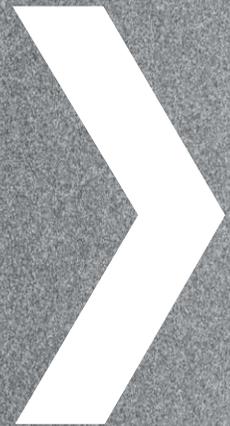
EXECUTIVE SUMMARY

MARKET UPDATE

FINANCIAL UPDATE

SUMMARY & OUTLOOK

Q&A



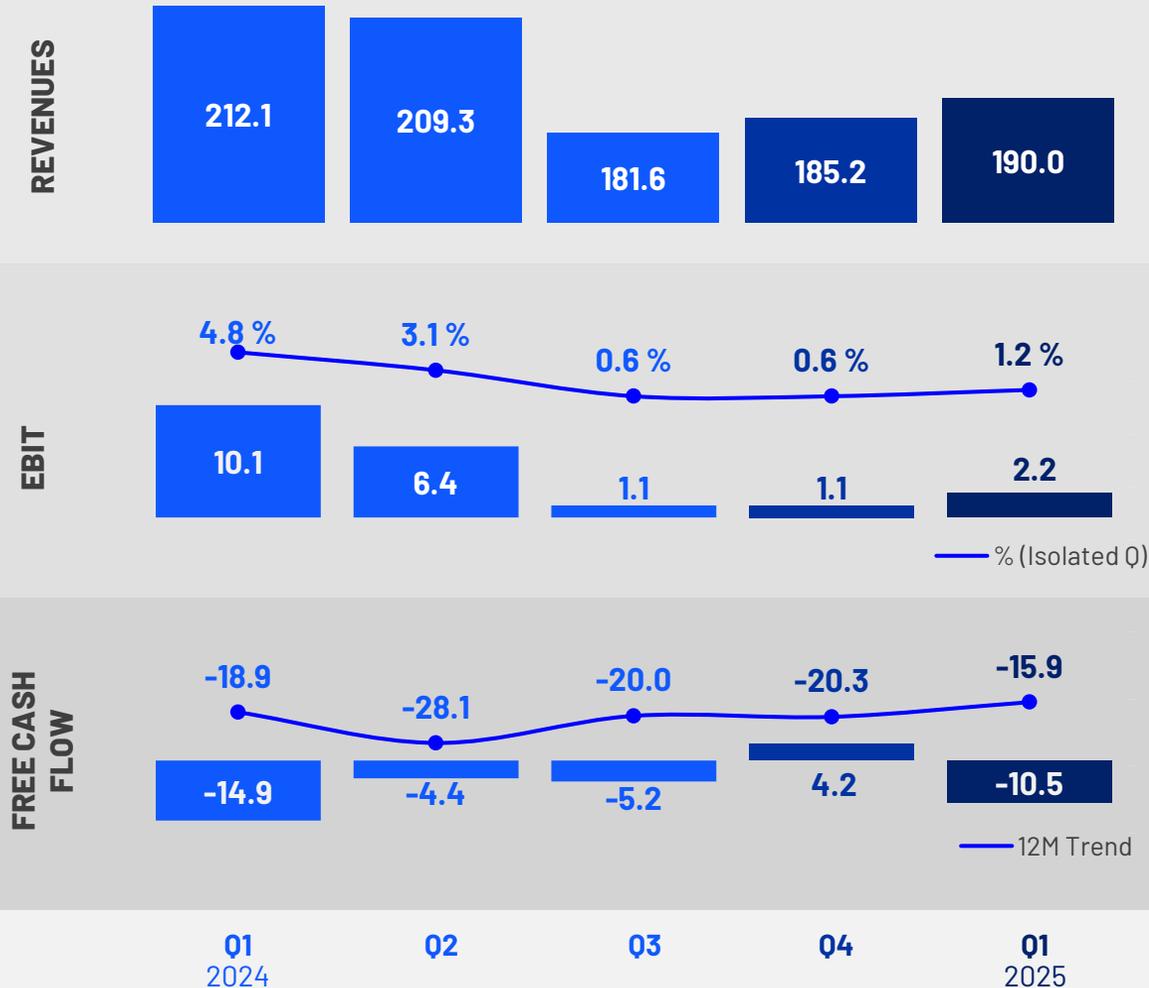
# **EXECUTIVE SUMMARY**

## INTRODUCING NEW CEO - TROND FISKUM

- ▶ Trond Fiskum, appointed on March 31, 2025; based at Kongsberg Automotive HQ, Norway
- ▶ MSc from NTNU, Trondheim & MBA from ESADE Business School, Barcelona
- ▶ Relevant experience from KA - Held various leadership positions in KA during 2005 to 2015
- ▶ Strong leadership experience from global industrial companies
- ▶ Successful track-record of managing turnarounds



## LOWER DEMAND DRIVES YEAR-ON-YEAR DECLINE IN REVENUES AND EBIT



- Q1 revenues down -10.9 %<sup>1</sup> from Q1 2024 driven by lower demand. Revenue growth +2.6 % from Q4 2024
- EBIT lower vs Q1 2024 primarily due to volume/mix and supplier warranty settlement received in Q1 2024
- EBIT improved sequentially vs Q4 due to volume/mix and lower warranty costs
- Free Cash Flow improved vs prior year, however still negative

<sup>1</sup>At constant currencies

# REVENUES – Q1 2025 DECLINE VERSUS Q1 2024 WHILE INCREASE VERSUS Q4 2024

	<b>EUROPE</b> 49%*	<b>NORTH AMERICA</b> 35%*	<b>ASIA (INCL. CHINA)</b> 11%*	<b>SOUTH AMERICA</b> 5%*	<b>TOTAL KA</b>
<b>Q1 2025 VS Q1 2024</b>	<b>-10.3%</b>	<b>-11.6%</b>	<b>-17.9%</b>	<b>+10.5%</b>	<b>-10.9%</b>
<b>Q1 2025 VS Q4 2024</b>	<b>+5.7%</b>	<b>+4.3%</b>	<b>-15.1%</b>	<b>+10.4%</b>	<b>+2.6%</b>

\*OF KA REVENUES  
CHANGE IN REVENUES AT CONSTANT CURRENCIES

# INCREASED OPERATIONAL EFFICIENCY

FURTHER COST BASE ADJUSTMENTS REQUIRED TO IMPROVE EARNINGS

## MEASURES IN 2024

>17 M€

- > OVERHEAD COST REDUCTION
- > SUPPORT FUNCTION OPTIMIZATION



## ONGOING MEASURES

~10 M€

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

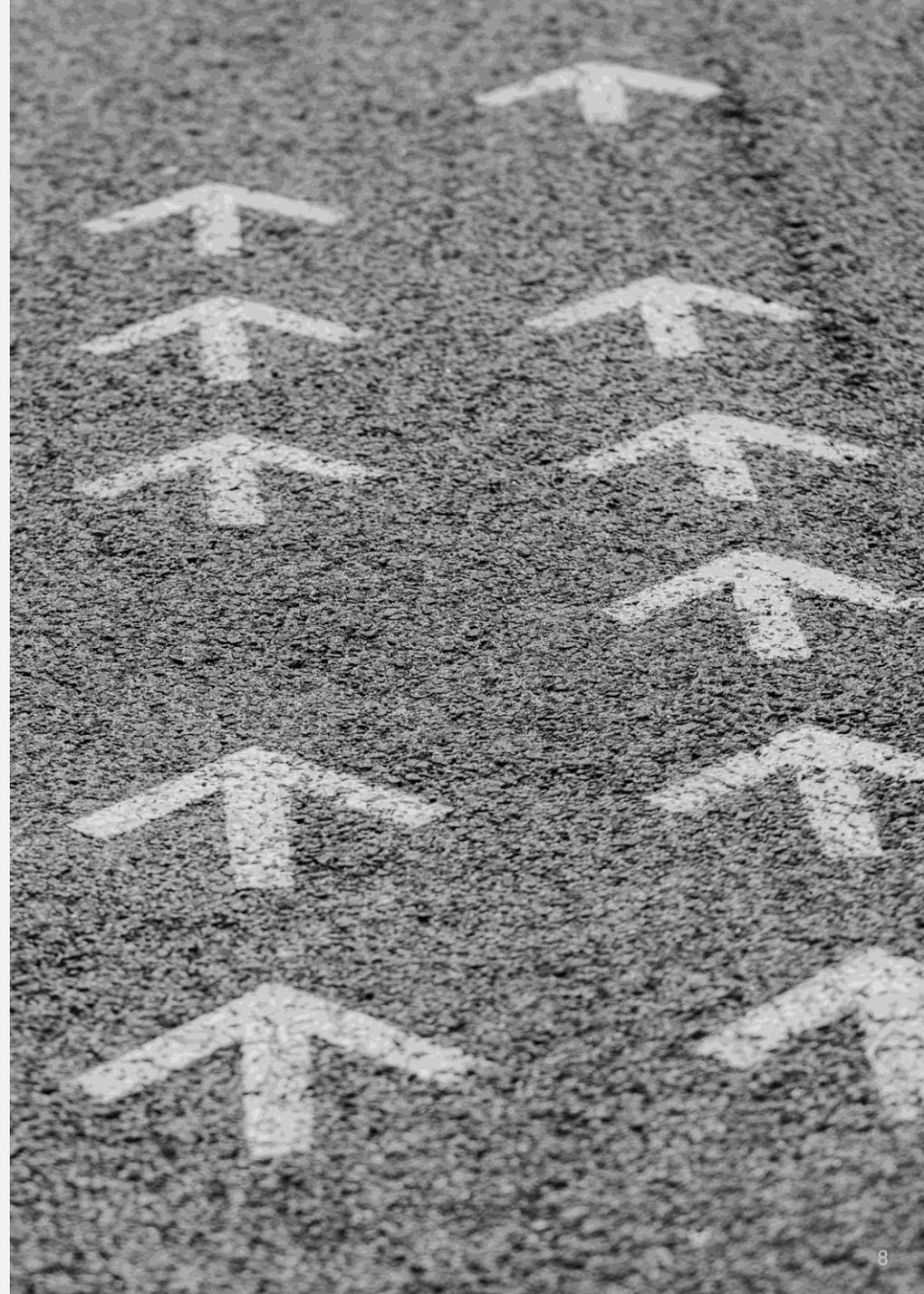
... ON TRACK

## BEYOND CURRENT PROGRAMS

TBD

- > ADDITIONAL INITIATIVES ARE BEING PLANNED AND WILL BE LAUNCHED TO REDUCE COST BASE AND IMPROVE PROFITABILITY THROUGHOUT 2025
- > DETAILS OF THESE PROGRAMS WILL BE COMMUNICATED WHEN THE PLANS ARE CONCLUDED

TO BE LAUNCHED

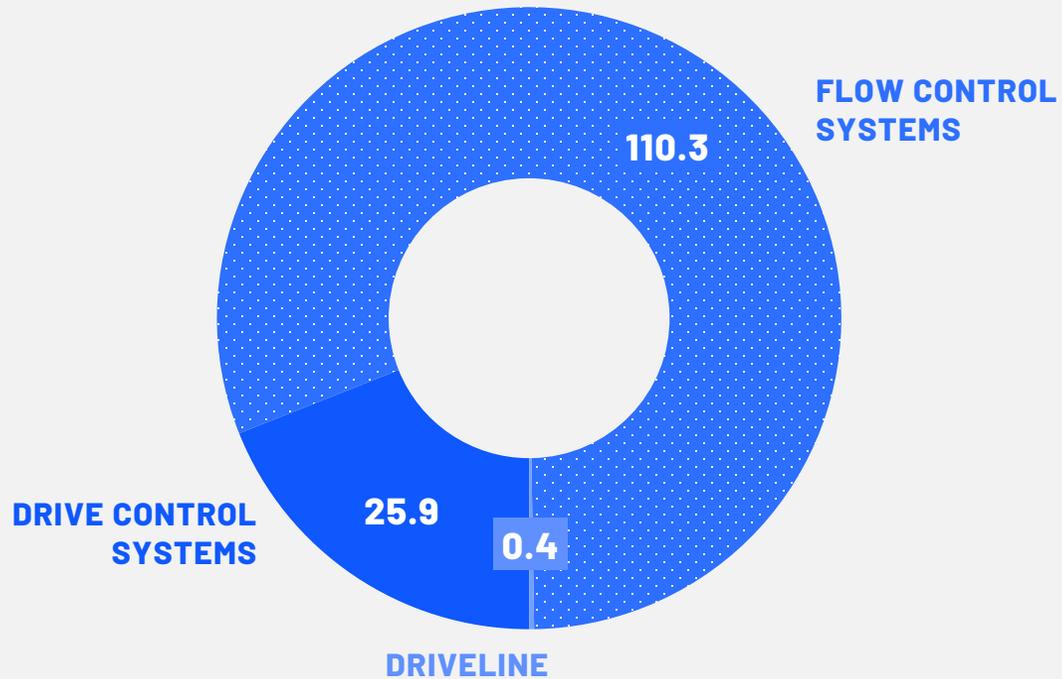


# BUSINESS WINS Q1 2025

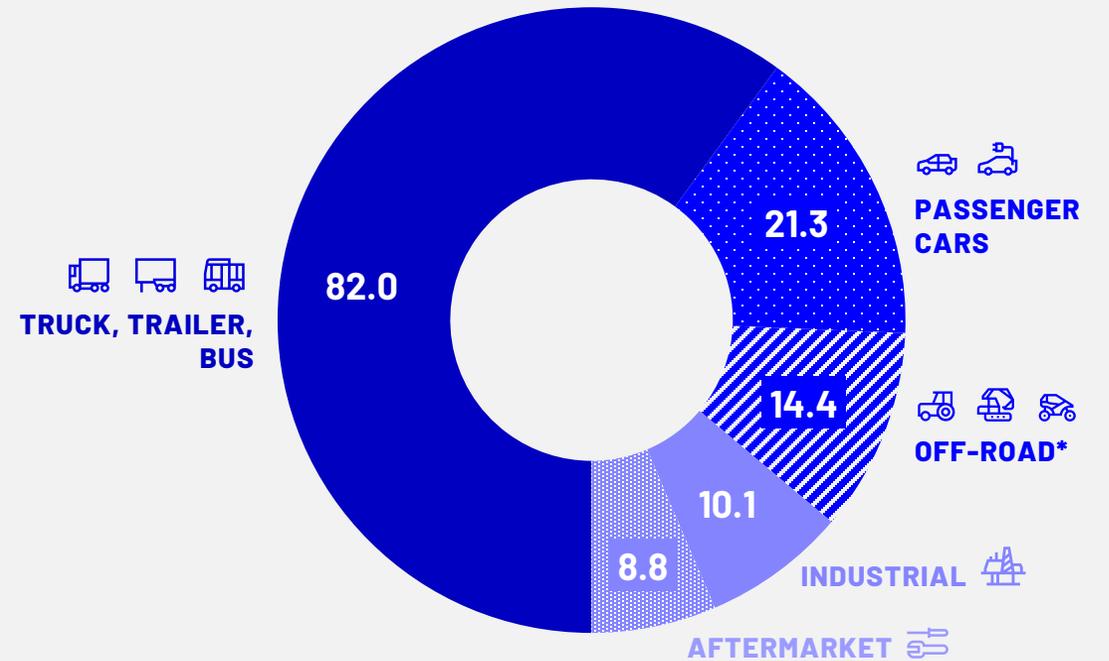
LIFETIME REVENUES, MEUR

# 136.6M€

PER BUSINESS SEGMENT



PER AREA



\* Includes agriculture, construction, power sports and leisure vehicles

# FLOW CONTROL SYSTEMS

## CONTRACT EXTENSION FOR RAUFOSS ABC™ SYSTEM

### AIR BRAKE FITTINGS

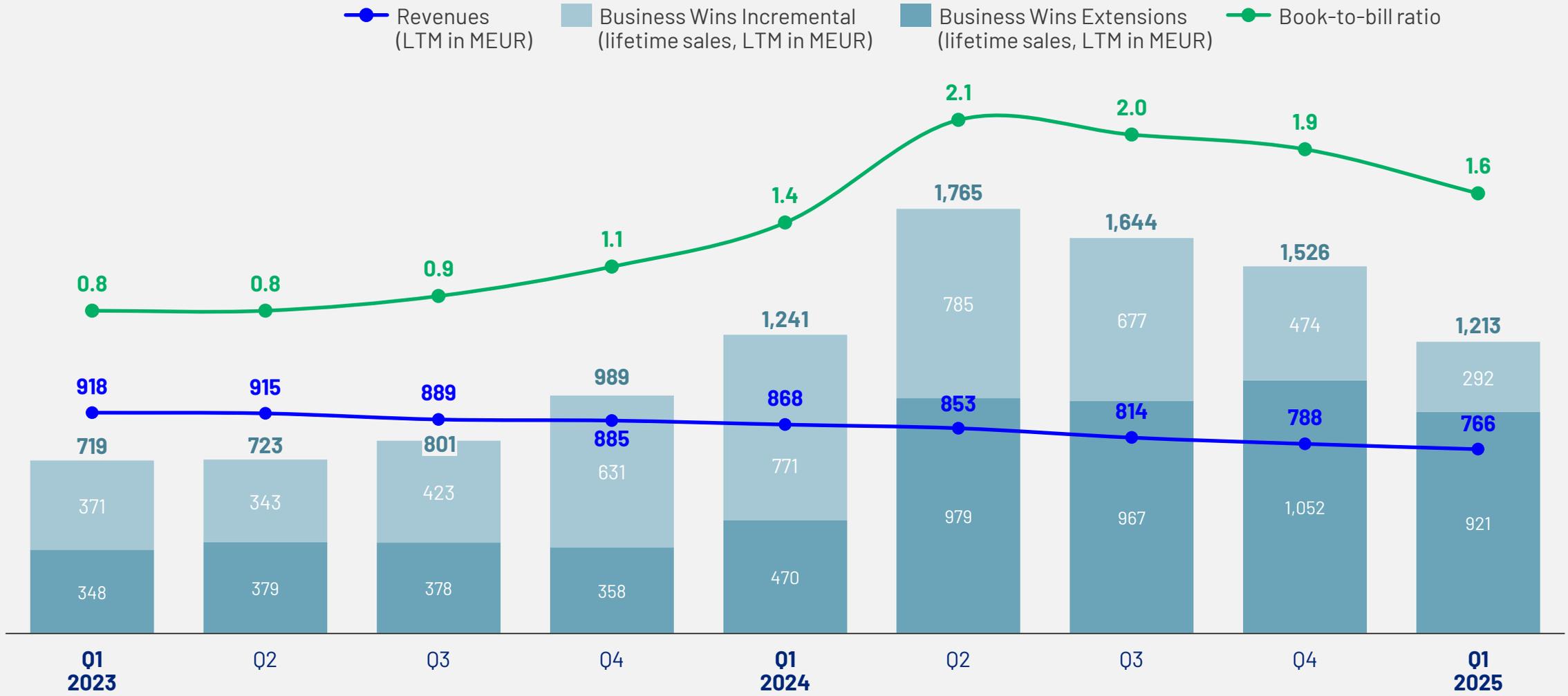
**OVER MEUR 58**

**IN ESTIMATED LIFETIME REVENUE**  
ANNOUNCED ON MARCH 31, 2025

- > **MARKET LEADER FOR PUSH-IN BRAKE COUPLINGS**
- > **TRUSTED BY LEADING OEMs IN THE TRUCK, TRAILER AND BUS MARKET**
- > **LIGHTWEIGHT, DURABLE, AND ECO-FRIENDLY**
- > **SAFETY, QUICK ASSEMBLY, AND GLOBAL COMPATIBILITY**
- > **DESIGNED TO PROTECT THE BRAKE SYSTEM WHILE REDUCING COSTS AND ENVIRONMENTAL IMPACT**



# LOWER BUSINESS WINS AFTER EXTRAORDINARY 2024, STRONG PIPELINE OF OPPORTUNITIES



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

Executive summary

## DRIVE CONTROL SYSTEMS

# NEW CONTRACT FOR DOG CLUTCH ACTUATOR (DCA)

**APPROX. MEUR 20**

**IN ESTIMATED LIFETIME REVENUE**

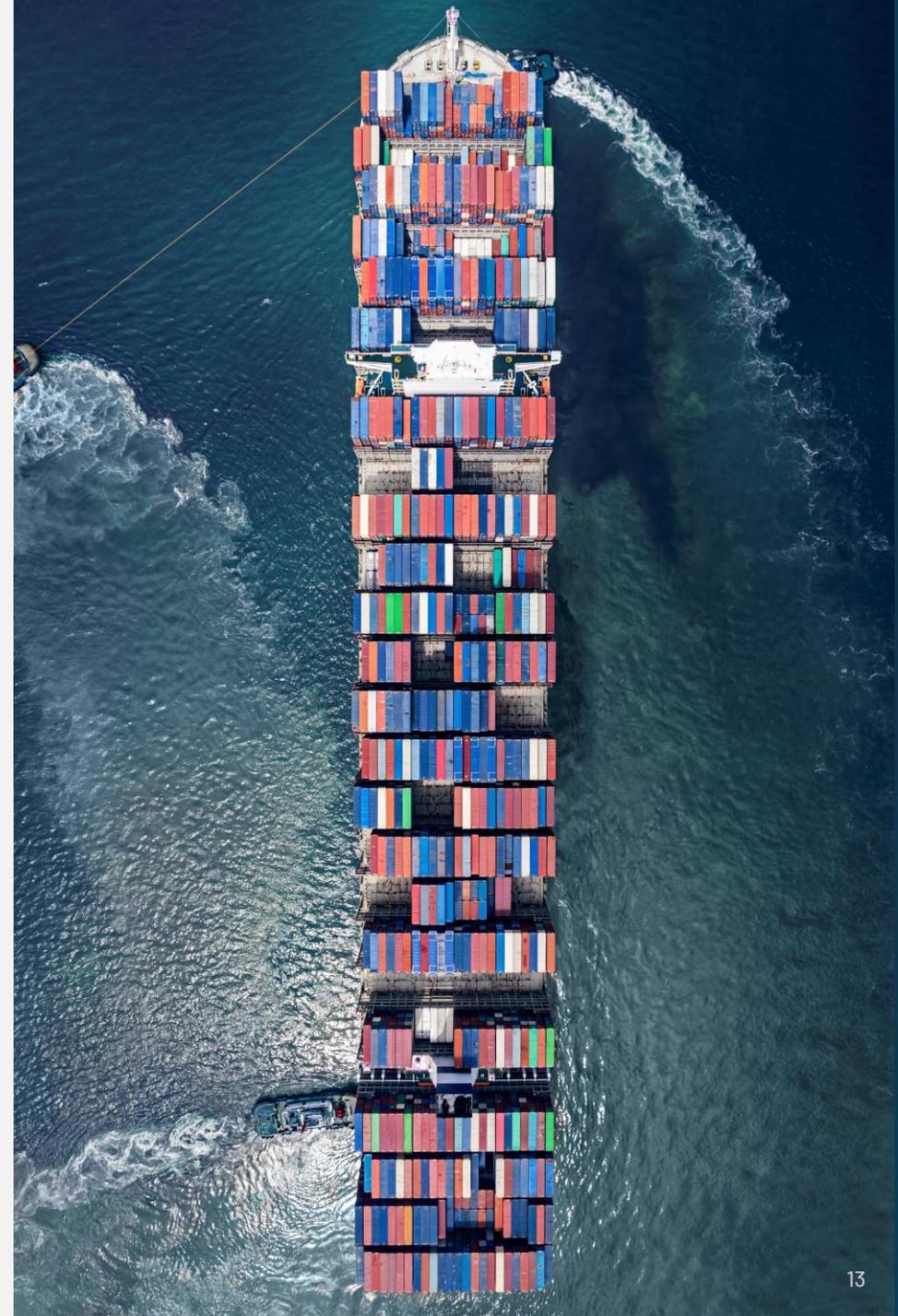
ANNOUNCED ON MAY 7, 2025

- > **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**



## MITIGATING IMPACT AND ADAPTING TO A CHANGING CUSTOMS TARIFF LANDSCAPE

- Tariffs imposed on imports to US from China, on all steel and aluminum imports, on all non-eligible USMCA parts and a global minimum tariff on other components
- Task force in place since February to closely monitor the situation and work on mitigating direct effects, including optimization of material flows in the supply chain
- Engagement with customers to recover all tariff-related costs
- Primary concern is the impact on the overall market demand – most notably in the United States



## KEY PRIORITIES 2025



**FURTHER COST BASE ADJUSTMENTS**



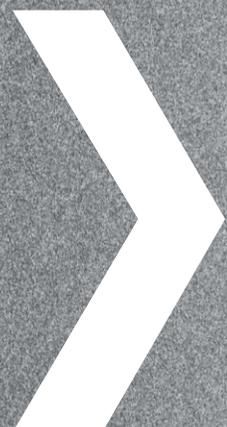
**IMPROVED CASH FLOW**



**STRENGTHENING THE LEADERSHIP TEAM**



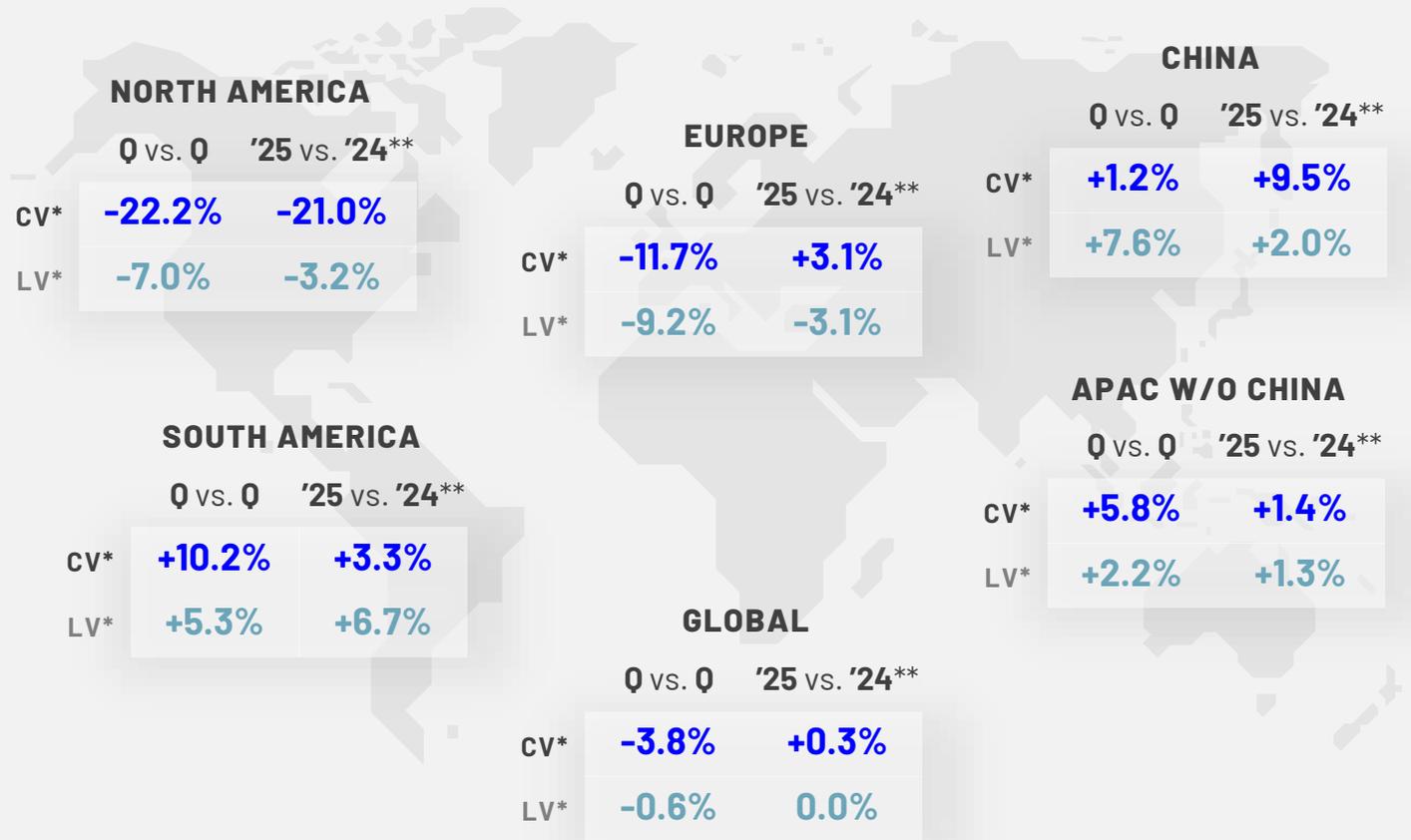
**INNOVATION AND PROFITABLE GROWTH**



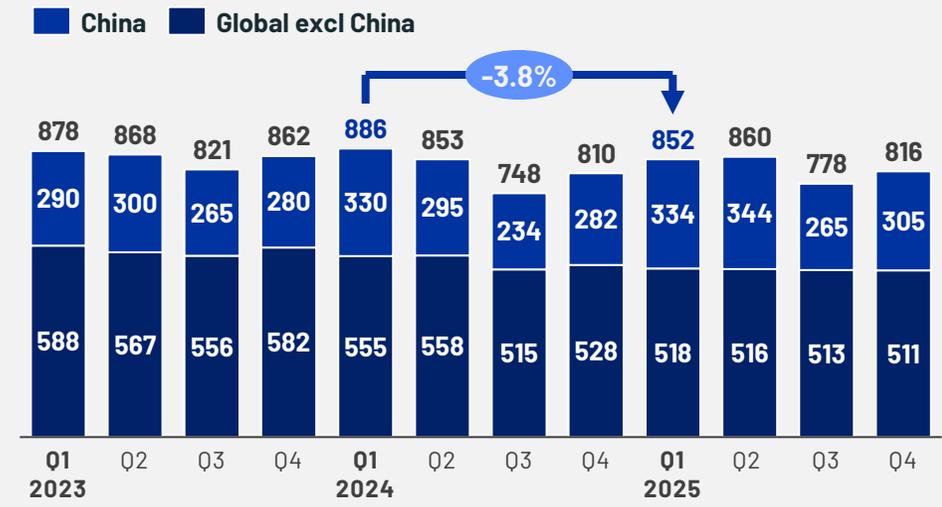
**MARKET  
UPDATE**

# MARKET DEVELOPMENT

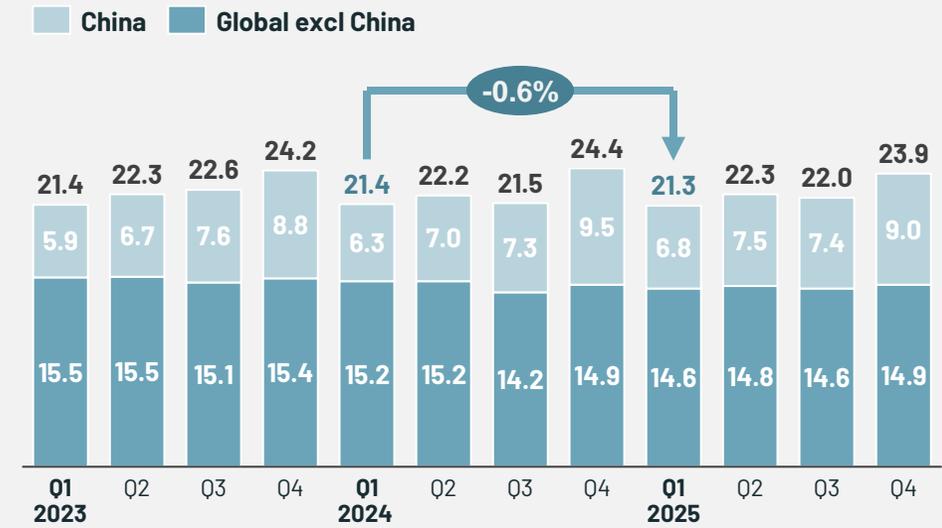
LOWER DEMAND IN Q1, FULL YEAR 2025 FORECAST REMAIN FLAT VS 2024, NORTH AMERICA REDUCED, CHINA INCREASED



GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



GLOBAL PASSENGER CAR PRODUCTION, million units



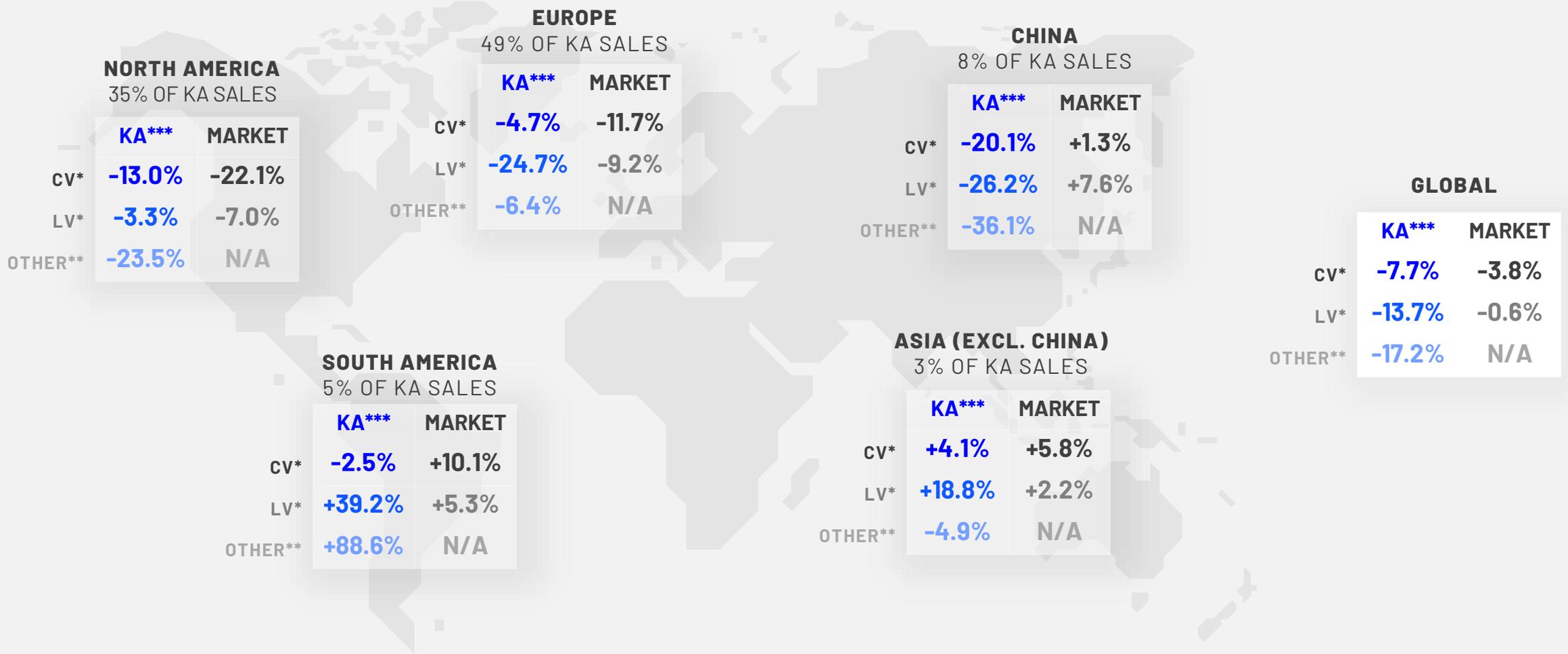
\* CV: Commercial vehicles; LV: Passenger cars

\*\* Forecasted production output in full year 2025 versus Actual production output in full year 2024

Source: S&P Global Mobility (formerly IHS Markit | Automotive)(March 2025) for light vehicle production; LMC Global Commercial Vehicle Forecast (March 2025) for truck production.

# Q1 2025 VS Q1 2024: KA VERSUS MARKET

KA PERFORMED BETTER IN EUROPE AND NORTH AMERICA IN THE COMMERCIAL VEHICLE MARKET



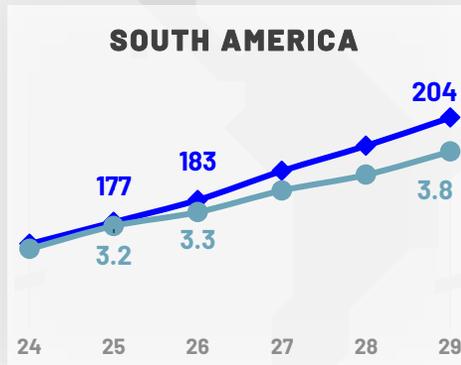
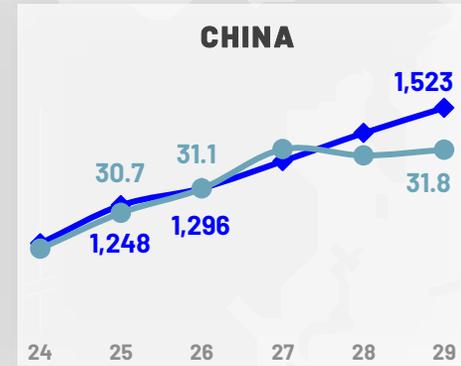
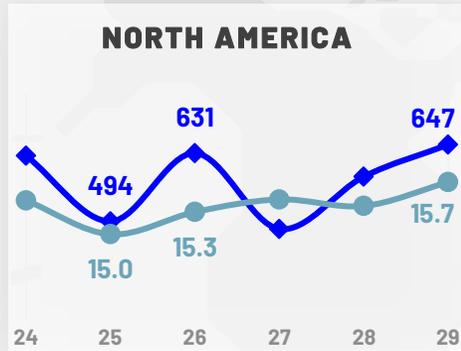
\* CV: Commercial vehicles; LV: Passenger cars

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

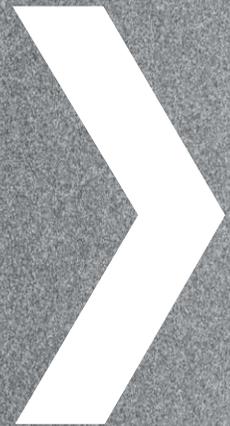
\*\*\* Change in revenues at constant currencies and changes to vehicle production levels for selected regions and markets from Q4 2023 to Q4 2024. The split across vehicle types does not correspond to our business unit segments

Source: S&P Global Mobility (formerly IHS Markit | Automotive)(March 2025) for light vehicle production; LMC Global Commercial Vehicle Forecast (March 2025) for truck production.

# STRONG MARKET GROWTH FORECASTED IN THE NEXT COMING YEARS (2026-2029)



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



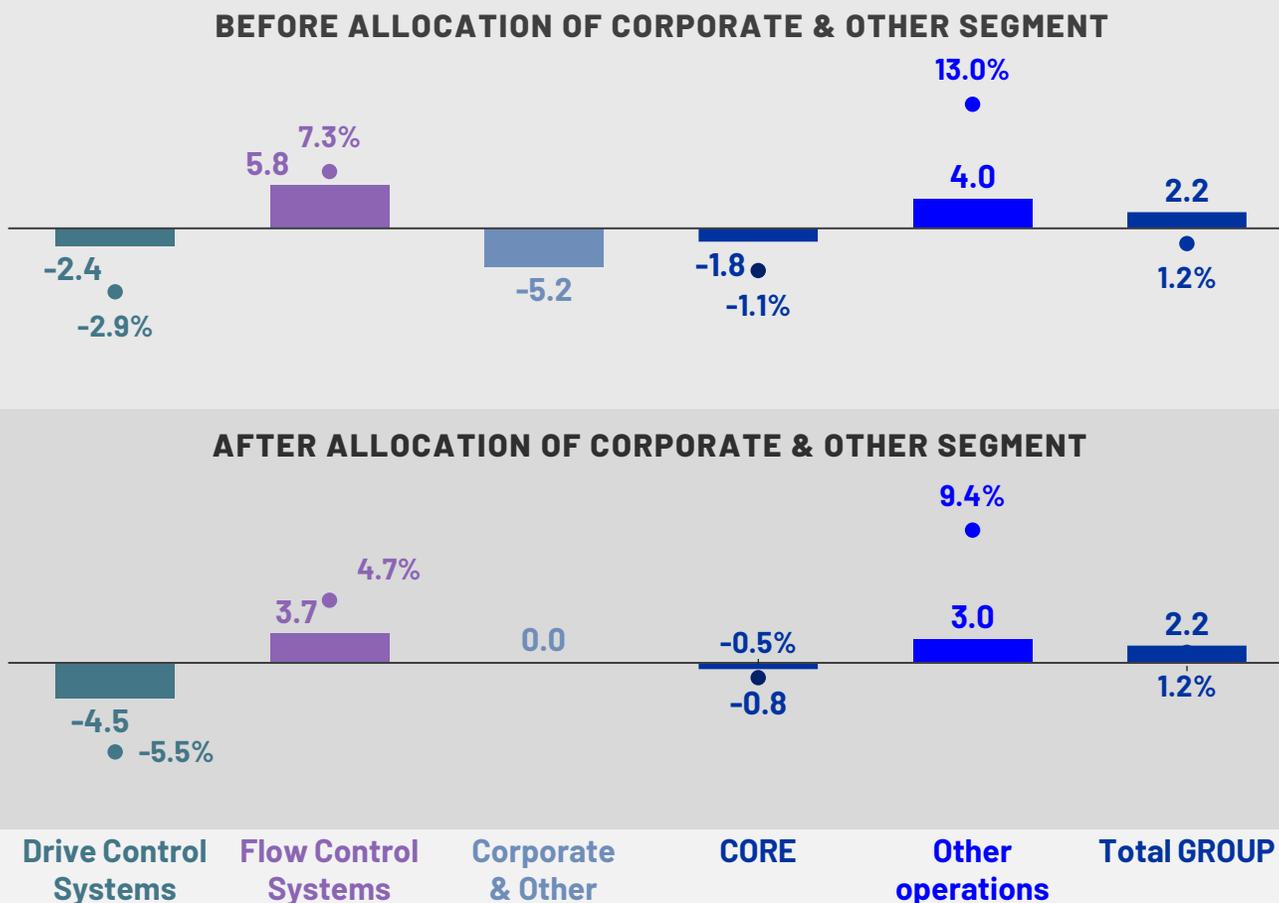
# **FINANCIAL UPDATE**

## NEW SEGMENT REPORTING INTRODUCED

### ALLOCATION OF "CORPORATE & OTHER" SEGMENT TO REPORTABLE SEGMENTS

EBIT MARGIN, %

EBIT, MEUR



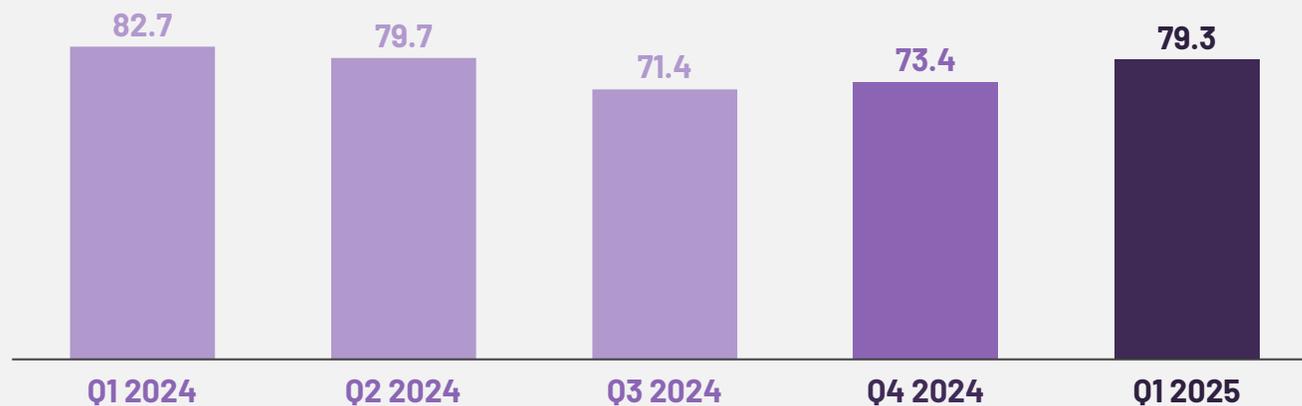
To give each segment full accountability for its share of the Group's costs, we now reallocated every expense recorded in Segment "Corporate & Other."

- > **Allocation method:** done according to actual usage and otherwise based on **Sales** and **FTEs**.
- > This change constitutes a change in accounting policy, so **the prior year periods have and will be restated**.
- > Refer to **pages 9–10 and Note 2** of the Quarterly report.

# FLOW CONTROL SYSTEMS

## BUSINESS AREA UPDATE

### REVENUES, MEUR



### EBIT & EBIT MARGIN (AFTER ALLOCATION), MEUR / %



## Q1 2025 vs. Q1 2024

### > 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

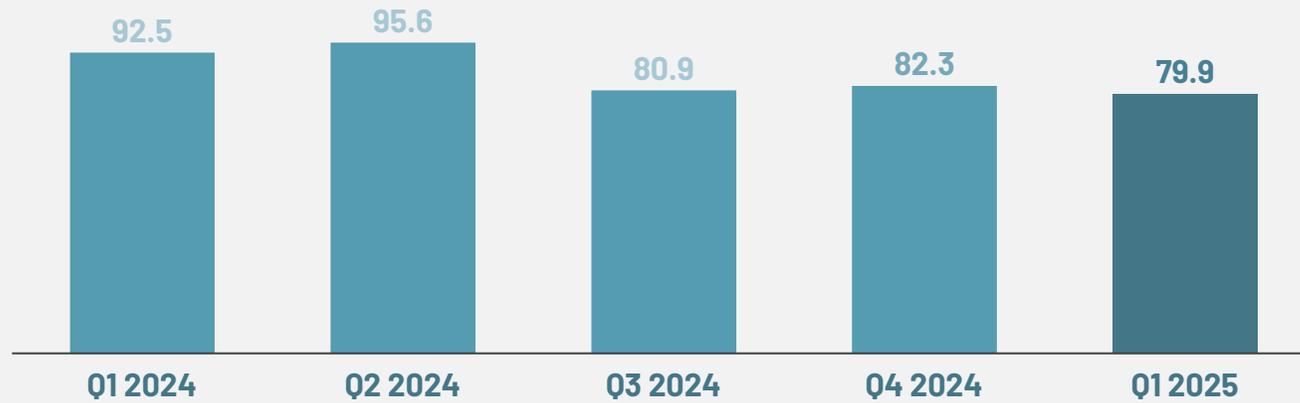
### > EBIT:

- > Missing contribution on lower sales
- > Favorable product mix effects
- > Reduction of manufacturing & administrative costs

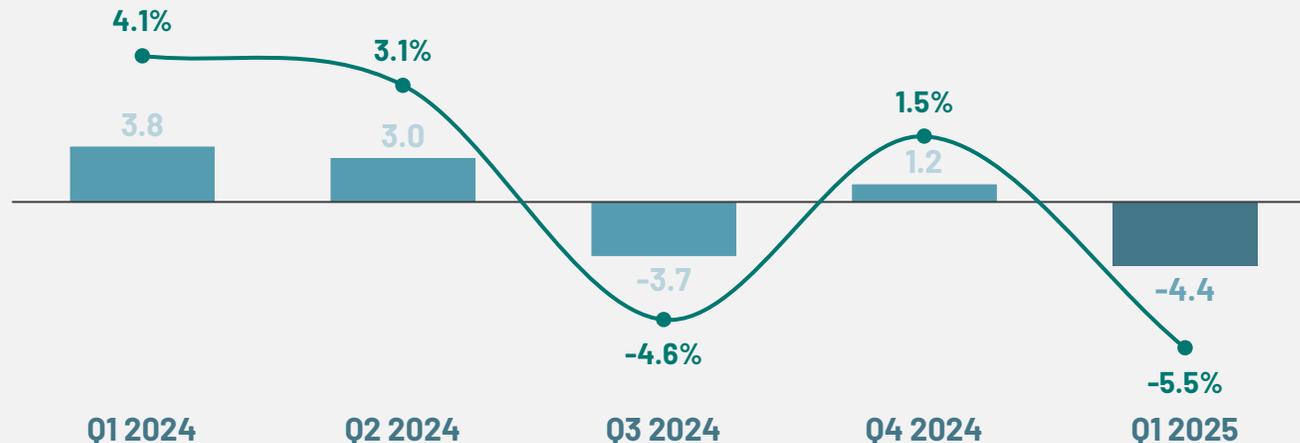
# DRIVE CONTROL SYSTEMS

## BUSINESS AREA UPDATE

### REVENUES, MEUR



### EBIT & EBIT MARGIN (AFTER ALLOCATION), MEUR / %



### Q1 2025 vs. Q1 2024

#### > Revenues:

- > Declining revenues in commercial vehicle markets in Europe and North America, still outperforming the market production output
- > Revenues drop in weak agriculture and construction market in North America and Europe

#### > EBIT:

- > Lost volume contribution
- > Improved product mix effects
- > Higher warranty expenses
- > Higher engineering expenses
- > Supplier settlement on warranty claim in Q1 2024

## EBIT BRIDGE (Q1 2025 VS Q1 2024)

LOWER PROFIT DUE TO VOLUME & MIX AND SUPPLIER SETTLEMENT ON WARRANTY CLAIM LAST YEAR

EBIT, MEUR



### VOLUME & MIX

- > Lost contributions from volume especially Driveline but also DCS and FCS

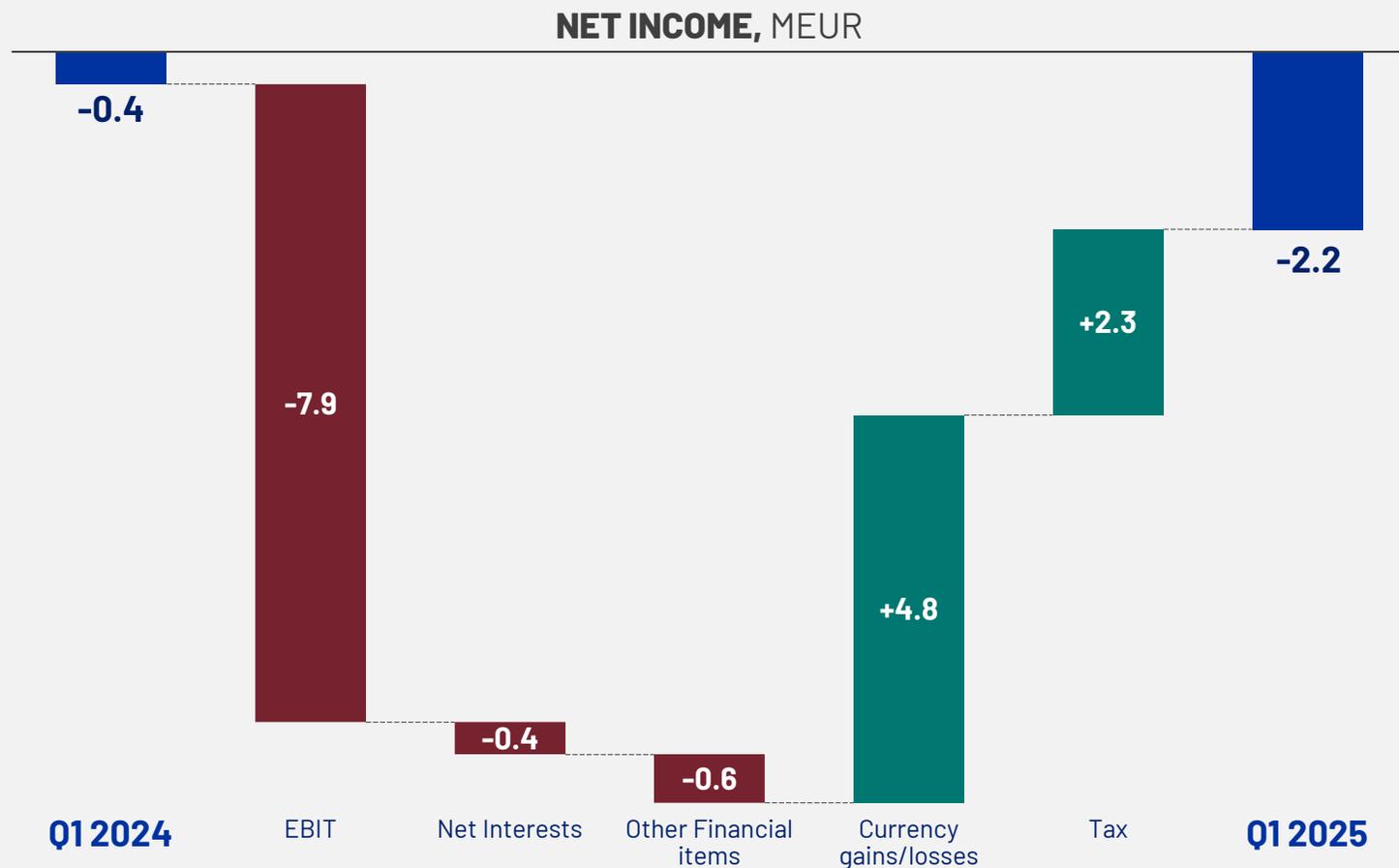
### COSTS AND OTHER

- > Supplier settlement on warranty claim in Q1 2024
- > Continued cost reductions
- > Negative net tariff effect
- > Higher warranty expenses

<sup>1</sup>As explained in the Q1 2025 Quarterly Report (page 5 and the APM section)

## NET INCOME BRIDGE (Q1 2025 VS Q1 2024)

EBIT DECLINE PARTIALLY OFFSET BY IMPROVED CURRENCY NET AND LOWER TAX BURDEN



### NET INTERESTS

- Interest expenses remained at the similar level compared to Q1 2024, less interest income

### CURRENCY GAINS/LOSSES

- Currency result in Q1 2025 was positive MEUR +2.3, compared to negative MEUR -2.5 in Q1 2024. The latter was mainly due to the weakening NOK against EUR, while Q1 2025 NOK and EUR appreciated compared to USD.

### TAX

- Profit before taxes of MEUR 0.5 led to an income tax expense of MEUR -2.7, as losses could not be capitalized.

# FREE CASH FLOW

FREE CASH FLOW IMPROVED IN QUARTER 1, BUT IS STILL NEGATIVE

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



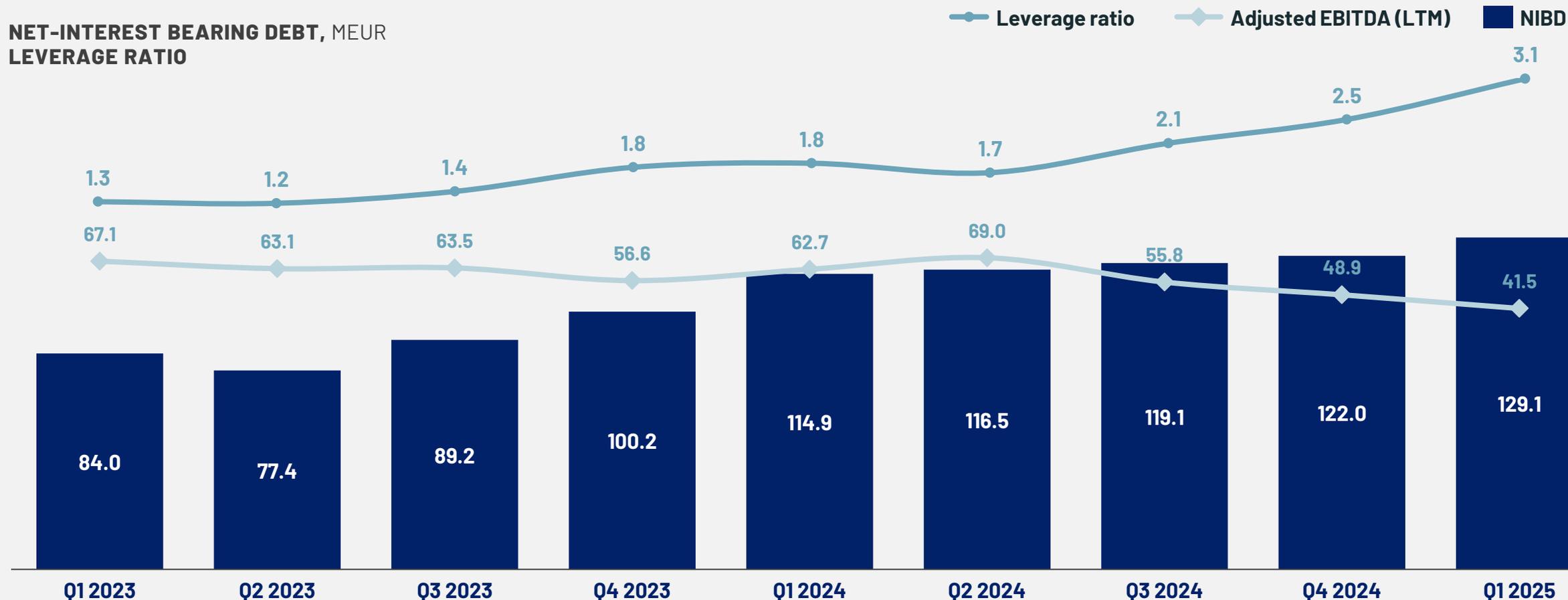
FREE CASH FLOW

	Q1 2025	Q1 2024
Operating activities	+1.7	-1.9
Investing activities	-3.9	-5.3
Financing activities	-6.6	-10.9
Currency and translation effects on cash flow	-1.7	+1.1
<b>Total</b>	<b>-10.5</b>	<b>-17.0</b>
Add back / less:		
Purchase of treasury shares	0.0	+2.4
Other debt drawn / (repaid)	0.0	-0.3
<b>Free Cash Flow</b>	<b>-10.5</b>	<b>-14.9</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.  
 2. Excludes proceeds of MEUR 82.0 received for the sale of the Powersports business to BRP in Q4 2022  
 3. 12M Trend for 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

## NET INTEREST-BEARING DEBT (NIBD) & LEVERAGE RATIO

NIBD RELATIVELY STABLE SINCE REFINANCING IN Q2 2024, LEVERAGE RATIO INCREASE REFLECT WEAKER EARNINGS FROM SOFTER DEMAND

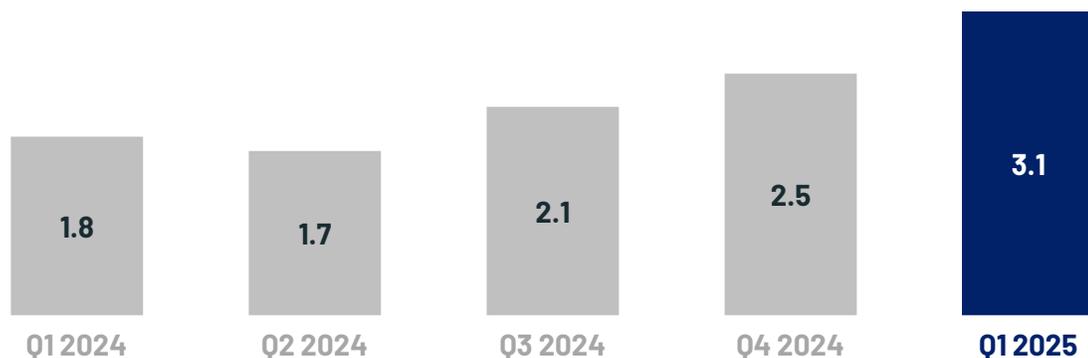


- Adjusted EBITDA (LTM) for Q1-Q3 2023 excludes gain on the sale of the Powersports business to BRP recorded in Q4 2022, however includes the profit from ordinary business with BRP in Q2-Q4 2022
- EBITDA used for the bond covenants is governed by bond terms

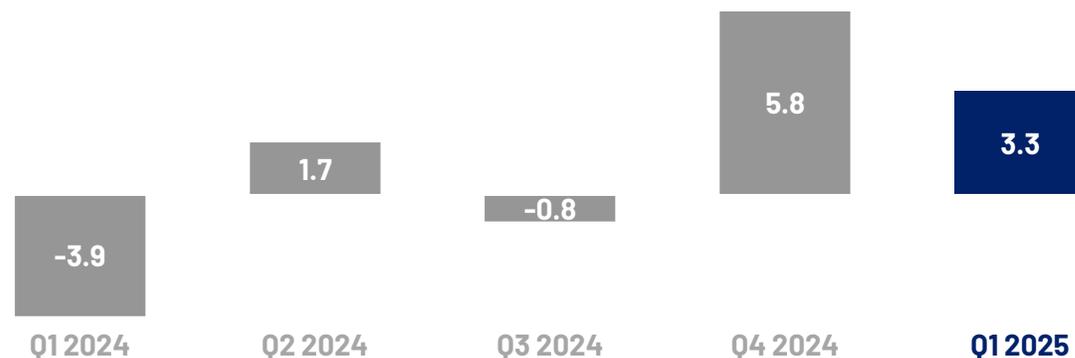
# FINANCIAL RATIOS

Incl. IFRS 16 effect

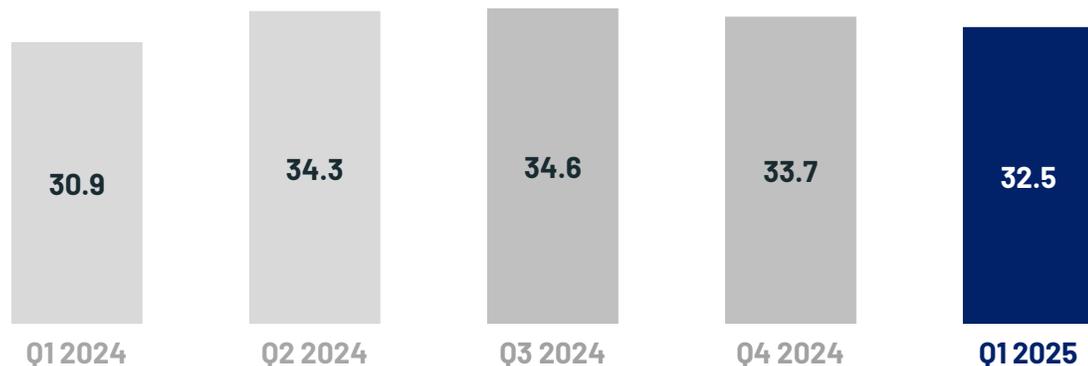
**LEVERAGE RATIO, NIBD<sup>1</sup>/ ADJUSTED EBITDA, LTM**



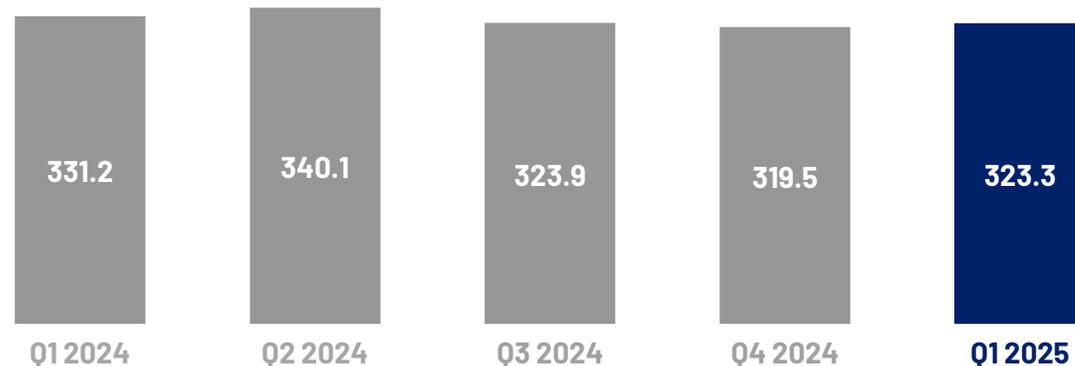
**ROCE<sup>2</sup>, %, LTM**



**EQUITY RATIO, %**



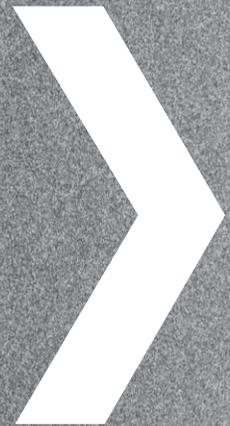
**CAPITAL EMPLOYED<sup>3</sup>, MEUR**



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



# SUMMARY & OUTLOOK



## **SUMMARY**

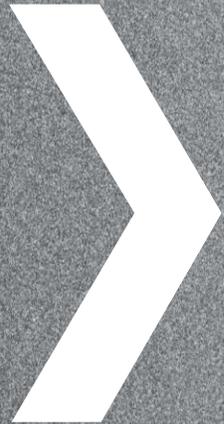
- > Lower demand drives year on year revenues and EBIT in the quarter**
- > High focus on tariff mitigation**
- > Increasingly uncertain market**
- > KA remains focused on cost reductions, operational efficiency, increasing product portfolio profitability, preserving cash while winning business**
- > Financial performance not satisfactory – meaningful changes required**

## **GUIDANCE 2025**

GUIDANCE FROM FEBRUARY 25<sup>TH</sup> MAINTAINED

- For 2025, we expect **revenues to be relatively unchanged in first half year** versus second half of 2024 with a potential upside in the second half. The visibility for the second half of the year is however currently limited and increasingly uncertain.
- Based on successful implementation of various cost optimization and efficiency initiatives, we expect **a positive development of EBIT margin for 2025.**
- This excludes additional potential effects coming from increased geopolitical uncertainty (e.g., tariffs) with negative impact on cost and demand.





**Q&A**

## **ON THE AGENDA FOR 2025:**

- Annual General Meeting, May 23
- Q2 report 2025, August 12
- Q3 report 2025, November 5



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AUTOMOTIVE

**MOBILITY  
SOLUTIONS  
FOR THE  
FUTURE**

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