

Investor presentation

2nd Quarter | 21 August 2015



KONGSBERG



Highlights

- Solid revenues BNOK 4.2
- EBITDA of MNOK 386
Impacted by one-offs in several business areas
- Continued good order intake, maintaining a strong backlog
- Continued solid performance in KM – book/bill at 1.01
- Maintaining high activity level with strong margins in KDS
- Pursuing significant KPS opportunities – still low activity level
- Weak results and major capacity adjustments in KOGT.
New President appointed in August 2015

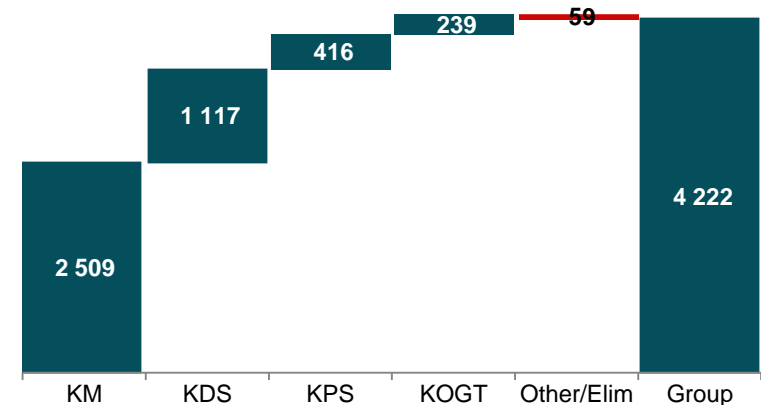
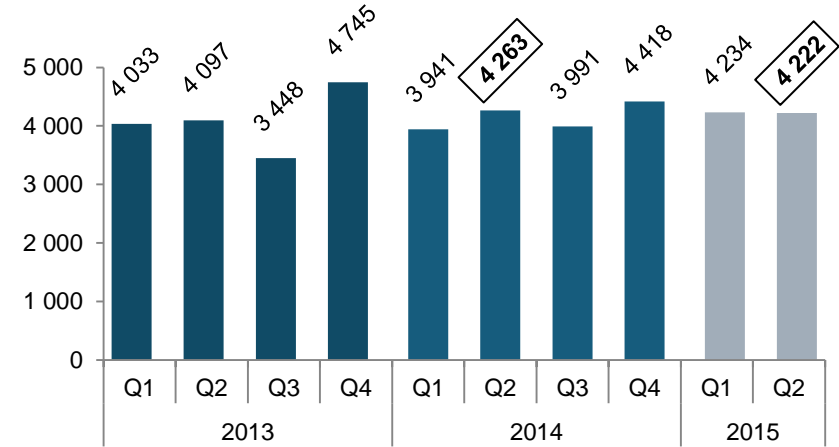




Financial status Q2 - 2015

Operating revenues

- Q2 revenues in line with Q2-14
- KM with 6.4 % revenue growth compared to Q2-14
- KDS revenues in line with 2014 year-to-date
- KPS revenues slightly above recent quarters, but still at a low level
- KOGT revenues in line with recent quarters

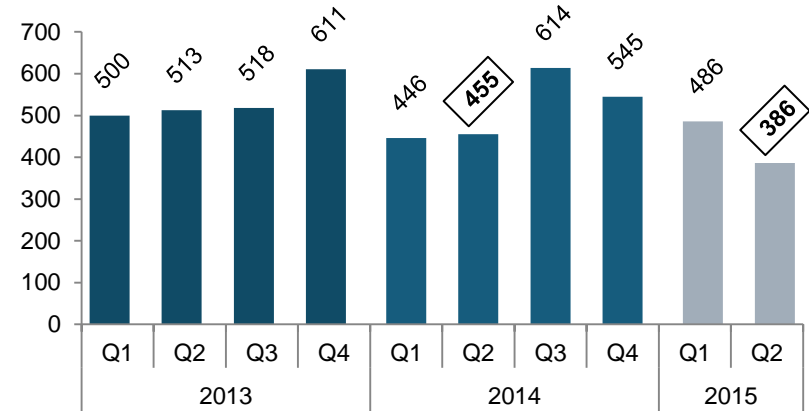




Financial status Q2 - 2015

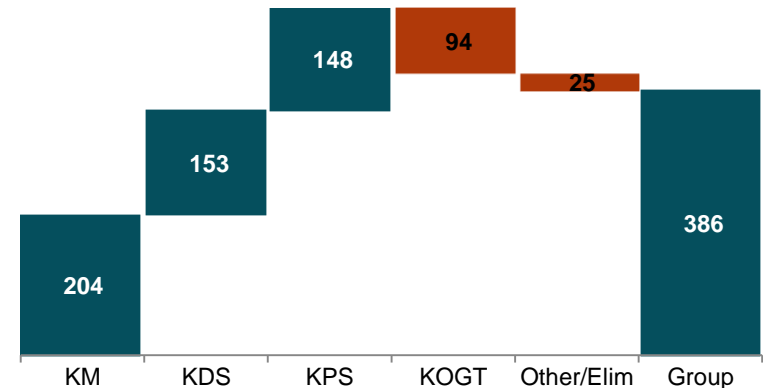
EBITDA

- KM with good underlying operations – impacted by significant one-offs, increased product development and changed project mix
- KDS with solid margins
- KPS with low underlying margins, positively impacted by one-offs
- KOGT weak earnings and one-off costs from capacity adjustments



Major one-offs in Q2:

Provision for RRM damages KM	MNOK -95
Capacity adjustments KOGT	MNOK -43
Higher costs on ongoing projects	MNOK -44
Reduced provisions KPS	MNOK 154

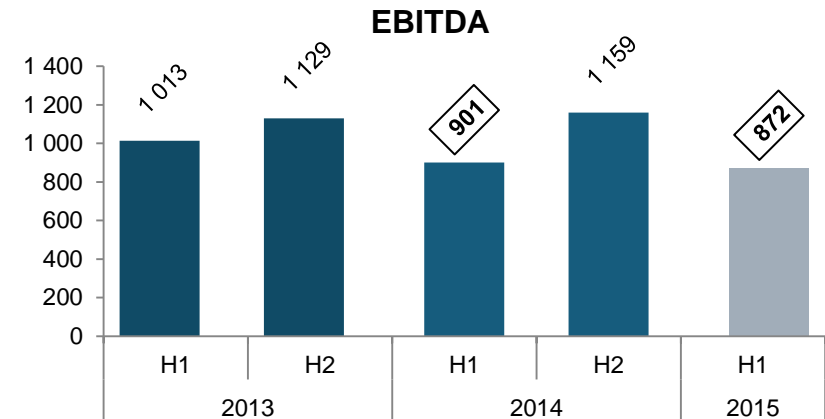
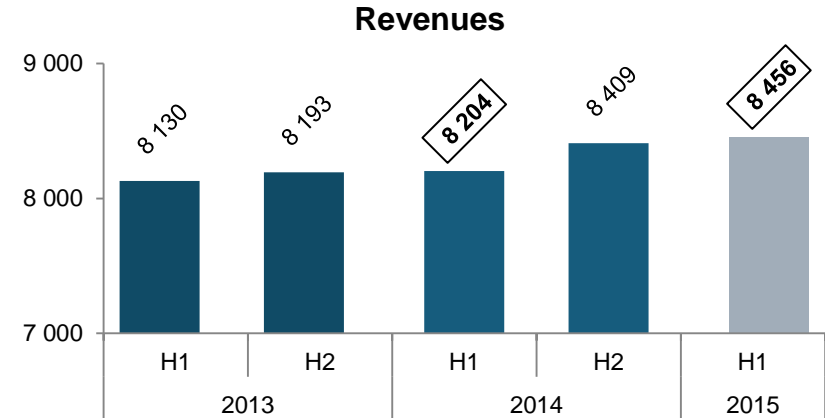




Financial status H1 - 2015

Operating revenues and EBITDA

- All-time high revenues in H1-15
 - 3.1% growth compared to H1-14, driven by a strong 8.4% growth in KM
 - KDS and KPS in line with H1-14
 - KOGT down 6.9 %, impacted by a weak market
- Underlying EBITDA in line with H1-14
 - Earnings in KM impacted by Kongsberg Evotec court case and product development
 - Strong performance in KDS, margin 13.0%, up from 10.1% in H1-14
 - Low underlying EBITDA in KPS, positive one-offs, major MCT-30 initiatives ahead
 - KOGT has a weak first half-year, both underlying and due to capacity adjustments

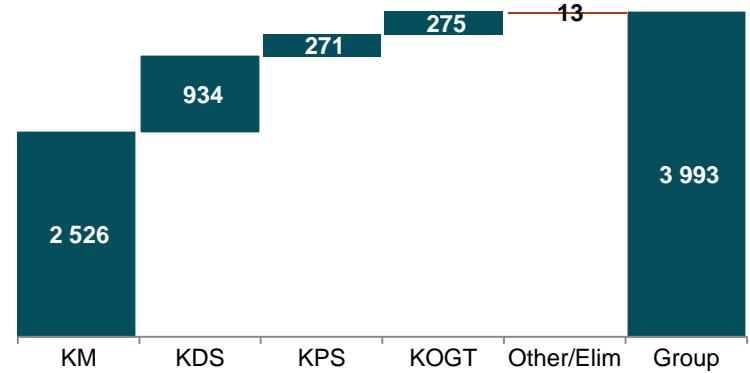
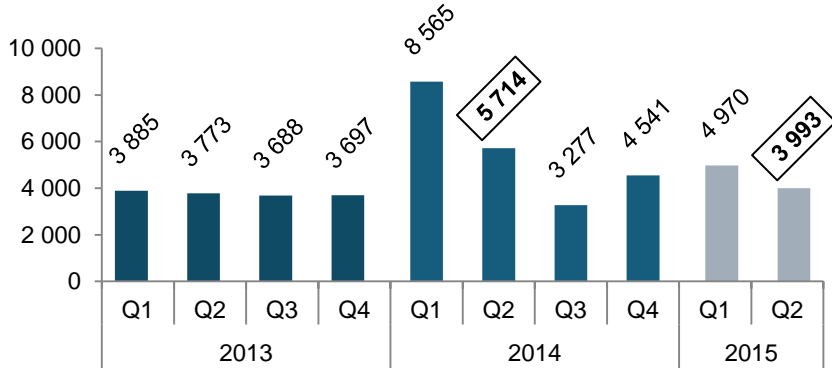




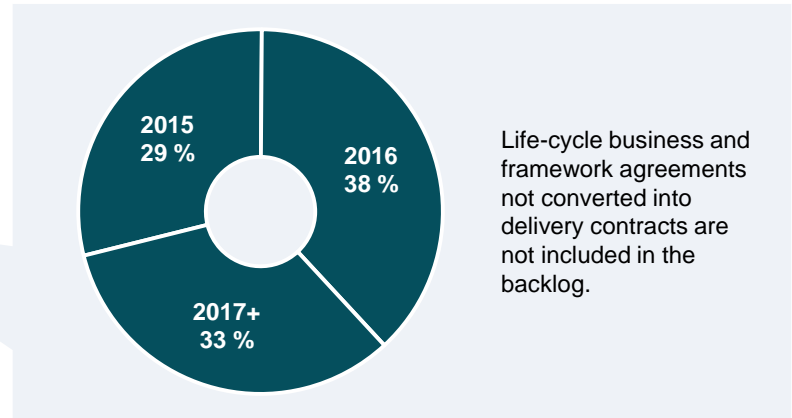
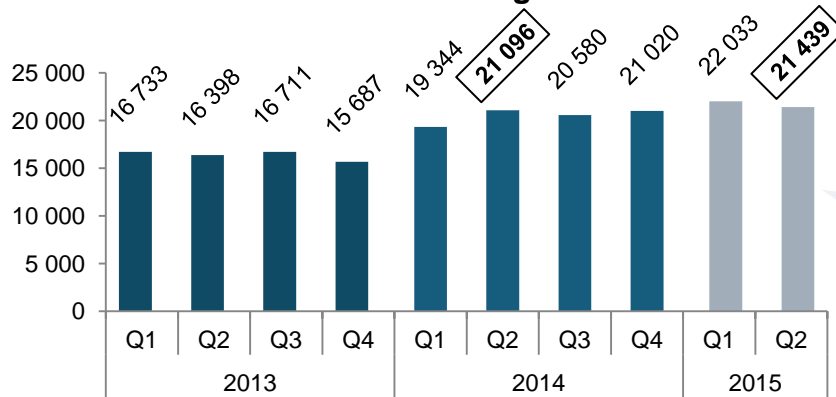
Financial status Q2 - 2015

Orders

New orders



Order backlog

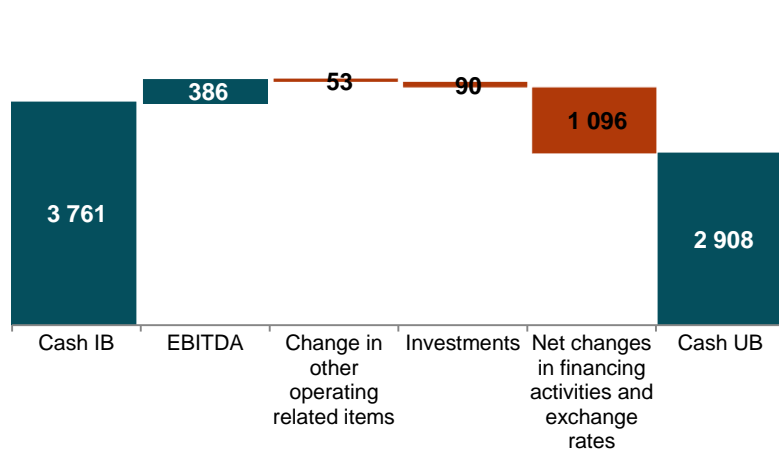




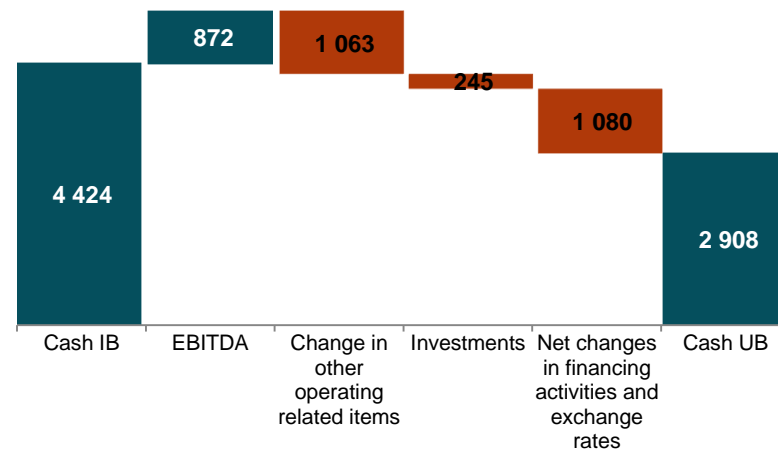
Financial status Q2 - 2015

Cash flow

Q2 2015



H1 2015



	Q2-15	Q1-15	Q4-14
Cash and short-term deposits	2 908	3 761	4 424
Working capital	3 012	3 363	3 274
Net interest bearing debt	(2 026)	(2 874)	(3 551)
Equity ratio	31.0%	31.6%	31.0%
Return on Capital Employed (ROACE)*	16.8%	17.3%	16.4%

- In Q2 KONGSBERG paid out MNOK 1.110 in dividend
- KONGSBERG has unused credit lines of BNOK 1.5

*Quarterly ROACE based on last twelve months, average capital employed

Business Area status



KONGSBERG

Kongsberg Maritime



KONGSBERG



	Q2-15
Operating revenues	2 509
EBITDA	204
New orders	2 526
Order backlog	7 815

Order backlog, delivery time:

Rest of 2015	40 %
2016	38 %
2017 and forward	22 %

*Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog

Revenue growth, EBITDA impacted by one-offs

- Q2 revenues up 6.4% compared to Q2-14
- EBITDA-margin impacted by RRM damages, product development initiatives and a somewhat changed project mix
- High activity in offshore and subsea, strong growth in merchant marine

Strong and diversified order intake

- Diversified order intake, both newbuildings, non-vessel related and life-cycle services
 - Increased share of EIT/EPC contracts
 - ~25% of order intake related to traditional offshore vessels and rigs (ex. production units etc.)
 - Strong life-cycle services
- Maintaining a solid backlog
- High focus on major development initiatives

High demand for KM's subsea technologies

- Fishery and naval sonars
- Underwater mapping & surveillance
- Autonomous Underwater Vehicles (AUV)



Kongsberg Defence Systems



	Q2-15
Operating revenues	1 117
EBITDA	153
New orders	934
Order backlog	9 238

<i>Order backlog, delivery time:</i>	
Rest of 2015	21 %
2016	32 %
2017 and forward	47 %

*Framework agreements not converted into delivery contracts are not included in the backlog

Solid Q2 and strong order backlog

- Strong 13.7 % EBITDA-margin
- Delivery programs executed on plan
- BNOK 9.2 in order backlog ensures good visibility

Several important agreements signed in Q2

- Teaming agreements signed with Raytheon
 - NSM
 - NASAMS extension
- NSM ships equipment to the Malaysian Navy
- Expanded scope on F-35 with contract on parts for Main Landing Gear
- NASAMS upgrade in Norway

Several significant opportunities ahead

- Significant and growing potential
 - NSM/JSM
 - NASAMS
 - F-35
 - Defence communication
 - Space technologies
 - Submarines



Kongsberg Protech Systems



	Q2-15
Operating revenues	416
EBITDA	148
New orders	271
Order backlog	3 790

Order backlog, delivery time:

Rest of 2015	25 %
2016	50 %
2017 and forward	25 %

*Framework agreements not converted into delivery contracts are not included in the backlog

Increased revenues, low underlying EBITDA

- Revenues driven by life-cycle business, continues to be a dominating portion of revenues in 2015
- EBITDA reflects reduced cost provisions of MNOK 154
- Continued significant marketing and R&D efforts

Solid order backlog

- Good revenue visibility next two years

Intensified investments in the next growth curve

- Product and technology development
 - New and current product lines
- Medium caliber turret (MCT-30)
 - Intensified marketing and R&D activities
 - Specific opportunities maturing – gearing up investments
 - Cost impact on H2-15 margins



Kongsberg Oil & Gas Technologies



	Q2-15
Operating revenues	239
EBITDA	(94)
New orders	275
Order backlog	390

Order backlog, delivery time:

Rest of 2015	52 %
2016	48 %

*Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog

Very weak quarter

- Revenues in line with recent quarters
- Negative underlying EBITDA
- MNOK 43 in restructuring costs
- Increased costs on ongoing delivery project
- Management changes – Egil Haugsdal appointed new President in August

Attractive technology positions in a challenging market

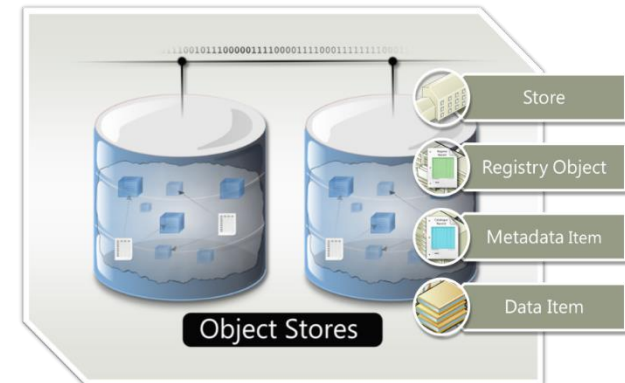
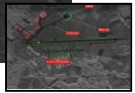
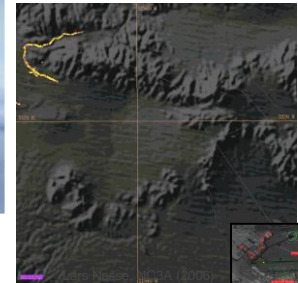
- Book/bill 1.15
- KONGSBERG's solutions meet cost reduction requirements in the industry
 - General reduction in oil companies' exploration and development activity
 - Investment level is expected to stay low in the near to medium-term
- Two of the largest ongoing projects in final delivery phase – expected completion in Q3
- Adjusting capacity to meet continuing challenging market situation

Essentially, KONGSBERG is a software company



KONGSBERG

- Digitalisation and connectivity are key in KONGSBERG's development strategy
 - Big data, IoT, robotics, sensors etc.
- The framework "KONGSBERG Smart Data" can be established in virtually any business or environment
 - Advanced Search Technology for Complex Information Discovery and Processing
 - Ability to store any data item and format
 - Secure real-time sharing of data and analyses





2015 Outlook

- **Kongsberg Maritime**

- High activity in first half of 2015 and solid activity level in 2015
- Slower contracting of new vessels in the offshore market, good outlook for advanced merchant and subsea

- **Kongsberg Defence Systems**

- Strong position in selected niches and several important opportunities
- Strong backlog provides a robust business platform

- **Kongsberg Protech Systems**

- Well positioned to meet anticipated future demand
- Activity expected to increase somewhat in 2015
- Increased development initiatives will impact H2-15 underlying margin

- **Kongsberg Oil & Gas Technologies**

- Making capacity adjustments in very challenging market conditions
- A modern product portfolio is expected to provide long term opportunities, but in the short term the BA's results are impacted by restructuring and weak markets

See quarterly report for full text

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