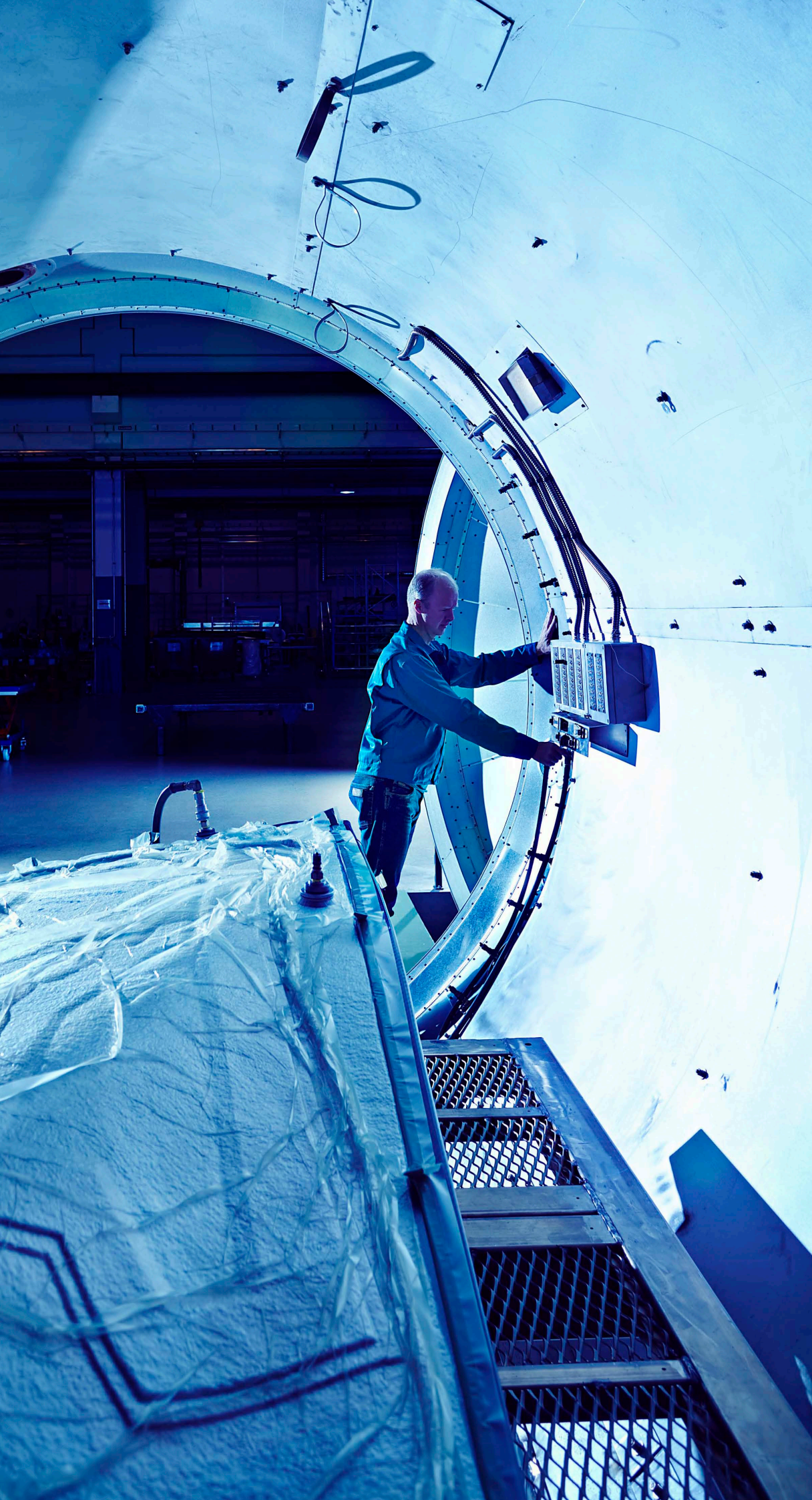




KONGSBERG

# 1ST QUARTER REPORT 2015

[kongsberg.com](http://kongsberg.com)



*KONGSBERG reports a robust Q1 2015, with high operating revenues and a good influx of new orders.*

*In Q1 2015, operating revenues totalled MNOK 4,234 (MNOK 3,941), up 7.4 per cent. The EBITDA was MNOK 486 (MNOK 446), resulting in an EBITDA margin of 11.5 per cent (11.3 per cent). Order intake for KONGSBERG in Q1 added up to MNOK 4,970 (MNOK 8,565), equivalent to a book/bill of 1.17. At the end of Q1, KONGSBERG had a record-high backlog valued at NOK 22.0 billion.*

In Q1, Kongsberg Maritime saw operating revenues climb by 10.4 per cent year-on-year, a good EBITDA margin and strong order intake. The new orders are for a broad range of vessel classes and projects, confirming KM's position as a leading player in its markets. KDS had a high level of activity, with an EBITDA margin of 12.3 per cent, and has landed major contracts during the early months of the year. KPS had operating revenues on a par with recent quarters and saw a good influx of new orders. KOGT had lower operating revenues compared with Q1 2014, but reported a positive EBITDA of MNOK 5, owing not least to measures implemented in 2014.

#### Q1 HIGHLIGHTS

- The Group's sales climbed by 7.4 per cent year-on-year, and the EBITDA was MNOK 486.
- A high volume of new orders during the quarter (book/bill 1.17) contributed to a record-high backlog, valued at NOK 22.0 billion.
- The negative cash flow from operations was generally ascribable to increase in net working capital due to increased capital buildup in projects.
- KM continues with growth, good earnings and well-diversified new orders valued at NOK 3.0 billion.
- KDS has good Q1 EBITDA margin of 12.3 per cent and won important contracts.
- KPS saw sales on a par with recent quarters and a good influx of new orders.
- KOGT's sales were down year-on-year, but reported a positive EBITDA.

## KEY FIGURES

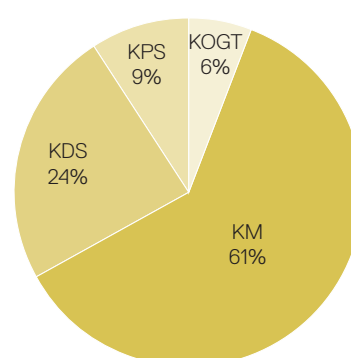
	1.1. - 31.3.		
MNOK	2015	2014	2014
Operating revenues	<b>4 234</b>	3 941	<b>16 613</b>
EBITDA	<b>486</b>	446	<b>2 060</b>
EBITDA (%)	<b>11.5</b>	11.3	<b>12.4</b>
EBIT	<b>360</b>	332	<b>1 258</b>
EBIT (%)	<b>8.5</b>	8,4	<b>7.6</b>
Earnings before tax	<b>378</b>	329	<b>1 285</b>
Earnings after tax	<b>280</b>	243	<b>880</b>
EPS (NOK)	<b>2.31</b>	2.02	<b>7.28</b>
New orders	<b>4 970</b>	8 565	<b>22 097</b>

	31.3	31.12
MNOK	2015	2014
Equity ratio (%)	<b>31.6</b>	31.0
Net interest-bearing dept	<b>(2 874)</b>	(3 551)
Working capital <sup>1)</sup>	<b>3 363</b>	3 274
ROCE (%) <sup>2)</sup>	<b>17.3</b>	16.4
Order backlog	<b>22 033</b>	21 020
No. of employees	<b>7 738</b>	7 726

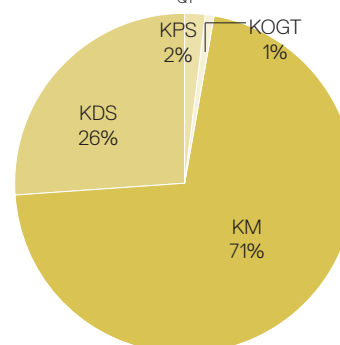
<sup>1)</sup> Current assets – current liabilities and provisions

<sup>2)</sup> EBIT / average (booked equity + gross interest bearing liabilities), based on last 12 months.

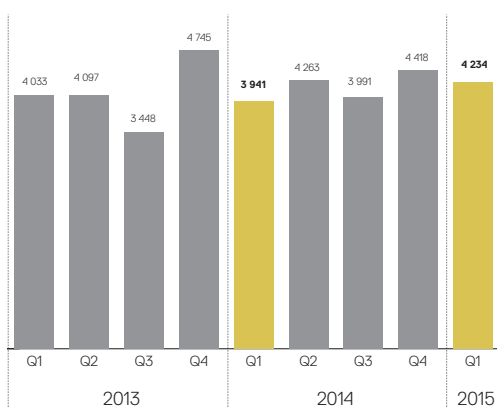
OPERATING REVENUES BY AREA  
Q1



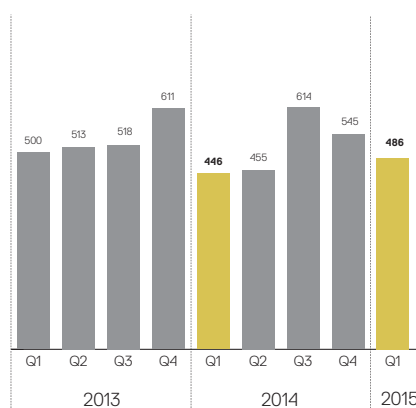
EBITDA BY BUSINESS AREA  
Q1



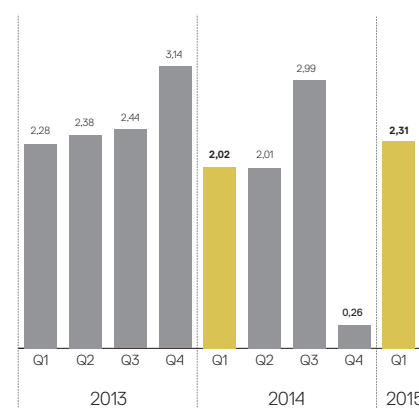
OPERATING REVENUES



EBITDA



EPS



“

“We are reporting a good influx of new orders and getting 2015 off to a good start for KONGSBERG. KONGSBERG's backlog has reached a record high of more than NOK 22 billion, engendering predictability at a time when the oil and gas market is challenging. KM continues to see healthy development and I find it especially gratifying to note how well diversified the new orders are. There is significant and growing international interest in our defence systems. KDS earned robust margins and projects are on schedule. KPS has an attractive product portfolio and is engaged in extensive marketing activities.”

Walter Qvam, CEO

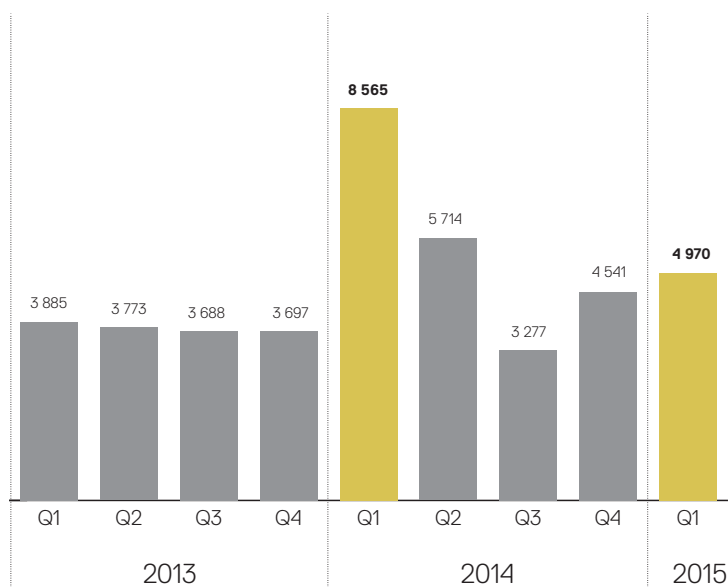
## PERFORMANCE AND NEW ORDERS

Operating revenues added up to MNOK 4,234 (MNOK 3,941) in Q1 2015. The EBITDA totalled MNOK 486 (MNOK 446), resulting in an EBITDA margin of 11.5 per cent (11.3 per cent). The Group's two largest business areas, KM and KDS, can both report higher sales and EBITDA year-on-year. At KOGT and KPS, sales are slightly lower than in Q1 2014. Both these areas posted a positive EBITDA.

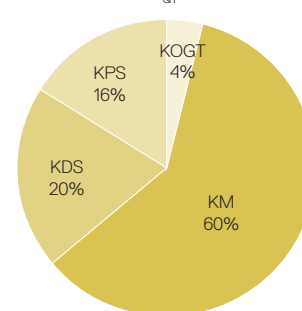
Earnings before tax came to MNOK 378 (MNOK 329) in Q1, while earnings after tax were MNOK 280 (MNOK 243). This translates into earnings per share of NOK 2.31 (NOK 2.02 per share).

New orders in Q1 added up to MNOK 4,970 (MNOK 8,565), equivalent to a book/bill of 1.17. New orders are mainly ascribable to a generally high-volume influx at KM, as well as a major contract for deliveries to the F-35 programme for KDS and an agreement for remote-controlled weapons control systems for the British Scout programme for KPS. KONGSBERG's backlog at the end of the quarter had a total value of more than NOK 22 billion.

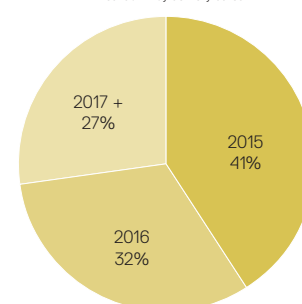
### NEW ORDERS



### NEW ORDERS BY AREA



### ORDER BACKLOG



Order backlog at the end of Q1 2015, NOK 22 billion

## CASH FLOW

KONGSBERG sustained a net reduction of MNOK 663 in bank deposits and cash equivalents in Q1. The net cash flow from operating activities in Q1 was MNOK -524 (MNOK 1,499). This is largely due to an increase in net working capital due to increased capital buildup in projects, and some increase in inventory and accounts receivables in addition to normal fluctuations in working capital. In 2014, KONGSBERG received significant pre-payments that will affect net cash flow in 2015. The cash flow can fluctuate significantly between quarters as a result of customers' terms of payment and capital tied up in projects in general.

	1.1.-31.3.	2014	2014
MNOK	<b>2015</b>	2014	2014
EBITDA	<b>486</b>	446	2 060
Change in net current assets and other operating related items	<b>(1 010)</b>	1 053	255
<b>Net cash flow from operating activities</b>	<b>(524)</b>	<b>1 499</b>	<b>2 315</b>
Net cash flow from investing activities	<b>(155)</b>	(104)	(211)
Net cash flow used in financing activities	<b>(33)</b>	(39)	(1 050)
Effect of changes in exchange rates on cash and short-term deposits	<b>49</b>	(10)	98
<b>Net change in cash and short-term deposits</b>	<b>(663)</b>	<b>1 346</b>	<b>1 152</b>

## BALANCE SHEET

At the end of Q1, the Group had net interest-bearing liabilities of MNOK -2,874, compared with MNOK -3,551 at year-end 2014. The Group's bank deposits and cash equivalents came to MNOK 3,761 at the end of Q1, compared with MNOK 4,424 at 31 December 2014. KONGSBERG's equity totalled MNOK 6,473 (31.6 per cent), compared with MNOK 6,282 (31.0 per cent) at year-end 2014.

KONGSBERG has a credit facility of NOK 1.5 billion with a syndicate consisting of five banks. The line of credit is currently undrawn.

	31.3	31.12
MNOK	<b>2015</b>	2014
Equity	<b>6 473</b>	6 282
Equity ratio(%)	<b>31.6</b>	31.0
Total assets	<b>20 469</b>	20 273
Gross bank deposits and cash equivalents	<b>3 363</b>	3 274
Gross interest-bearing liabilities	<b>887</b>	873
Net interest-bearing liabilities	<b>3 761</b>	4 424
Working capital	<b>(2 874)</b>	(3 551)

## CURRENCY

KONGSBERG has a foreign exchange policy that entails that contractual currency flows are hedged against forward contracts. Some expected new orders are also hedged in accordance with established principles. The goal of the currency policy is to reduce currency risk in existing projects and for a share of the orders expected to be booked in the next two years, see also Note 5. The decline of the NOK is generally positive for KONGSBERG, but at the end of the quarter, the portfolio contained negative values, compared to agreed exchange rates, which had an impact on equity,

## HUMAN RESOURCES

KONGSBERG had 7,738 co-workers at the end of the quarter, i.e. an increase of 12 employees since year end. At the end of Q1, roughly 38 per cent of KONGSBERG's employees are employed in companies outside Norway.

## OTHER MATTERS

### *Charge of corruption in Romania*

In February 2014, a charge was filed against Kongsberg Gruppen ASA, Kongsberg Defence & Aerospace AS and an employee of Kongsberg Defence & Aerospace, alleging corruption in conjunction with deliveries of communications equipment to Romania from 2003 to 2008. KONGSBERG is collaborating with the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) to clarify the circumstances in question. The investigation is still expected to take time. See also Note 34 "Contingent liabilities", and the paragraph entitled "Risk factors and risk management" in the Directors' Report in the Annual Report for 2014. The Board's assessment at the end of the quarter is the same as described in the Annual Report.

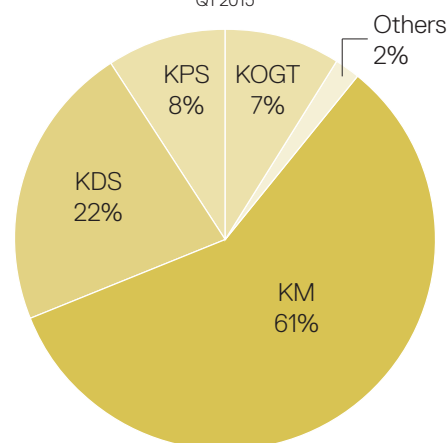
### *Rolls-Royce Marine AS v Kongsberg Evotec AS*

KONGSBERG was served a writ of summons from Rolls-Royce Marine AS in March 2014. The main hearing in the case between Kongsberg Evotec AS and Rolls-Royce Marine AS was held in Ålesund District Court from 9 February to 3 March 2015. KONGSBERG has submitted a statement of claim for full exoneration. Judgment is now pending and we await the decision of the District Court. See also Note 34 "Contingent liabilities" in the financial statements for 2014.

## OTHER ACTIVITIES

"Other activities" consists mainly of eliminations and external operating revenues for Property Operations.

NUMBER OF EMPLOYEES BY AREA  
Q1 2015





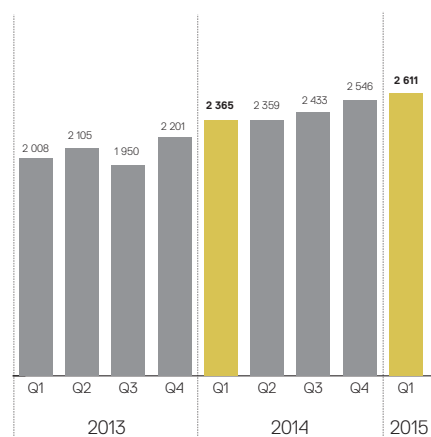
**KEY FIGURES**

	1.1. - 31.3.		
MNOK	<b>2015</b>	2014	2014
Revenues	<b>2 611</b>	2 365	9 703
EBITDA	<b>352</b>	341	1 441
EBITDA (%)	<b>13.5</b>	14.4	14.9
New orders	<b>2 975</b>	3 428	10 038
	31.3.	31.12	
MNOK	<b>2015</b>	2014	
Order backlog	<b>8 092</b>	7 480	
No. of employees	<b>4 712</b>	4 652	

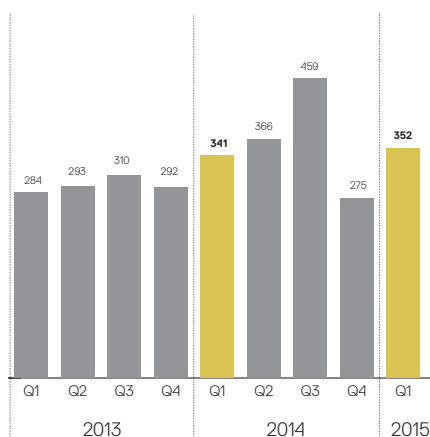
**PERFORMANCE**

KM had a high level of business activity in Q1 2015. Revenues in Q1 2015 came to MNOK 2,611 (MNOK 2,365), marking the highest sales volume in a single quarter in the history of KM. The Offshore and Subsea divisions both posted record sales, and the Merchant Marine Division had sales on a par with Q4 2014, and about 35 per cent higher than Q1 2014. KM's EBITDA was MNOK 352 (MNOK 341), resulting in an EBITDA margin of 13.5 per cent (14.4 per cent).

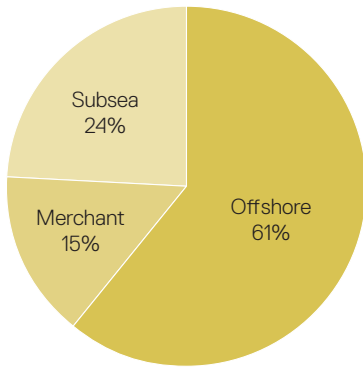
OPERATING REVENUES



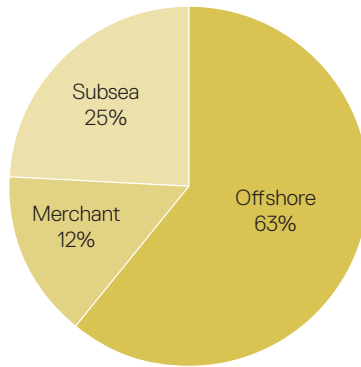
EBITDA



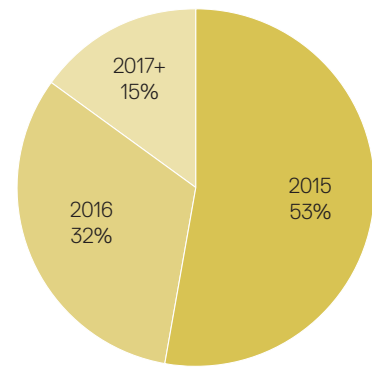
**OPERATING REVENUES YTD**  
Q1 2015



**OPERATING REVENUES YTD**  
Q1 2014



**ORDER BACKLOG**  
Breakdown by delivery dates



Order backlog at the end of Q1 2015,  
MNOK 8,092

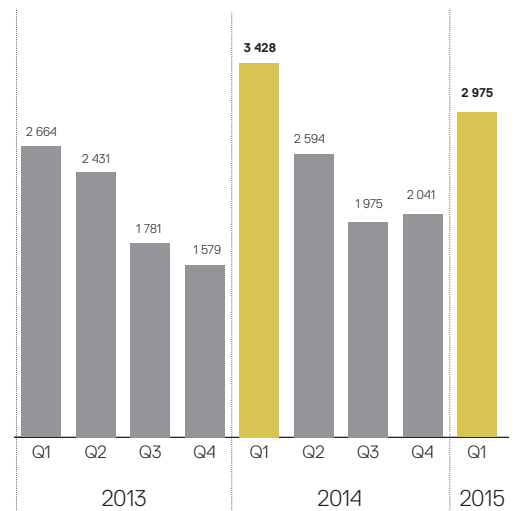
**MARKETS AND NEW ORDERS**

In Q1 2015, new orders totalled MNOK 2,975 (MNOK 3,428), comparable to a book/bill of 1.14. The book/bill was more than 1.00 for the Offshore, Merchant Marine and Subsea divisions during the quarter. New orders were well-diversified and came from a number of vessel classes and projects. No vessel class or projects accounts for more than seven per cent of KM's total new orders. This confirms KM's position as one of the global leading players in its segments within shipping, offshore and subsea. The order backlog at end quarter aggregated MNOK 8,092. In addition to an installed base of more than 17,000 vessels, the backlog offers good predictability despite the fact that some of KM's markets, especially parts of the offshore market, are experiencing a significant downturn in orders for new vessels.

In recent years, KM has built up a robust engineering organisation and improved its position in the market for EIT deliveries (Electro, Instrumentation and Telecom). No major contracts were signed in this field in Q1, but tendering activities are running high. It is expected that EIT contracts will be important for KM in the future. This type of contract has traditionally had somewhat lower margins than what KM has typically seen in recent years.

There is still good demand for KM's services and products in the subsea segment. Examples of this include sonars for fisheries, defence activities and underwater surveying, as well as for environmental monitoring and other subsea monitoring. Further, there is still considerable interest in autonomous underwater vehicles (AUV). The drilling market accounts for less than 20 per cent of KM's subsea business. This part of subsea activities will be impacted as a result of more challenging markets.

**NEW ORDERS**





## KEY FIGURES

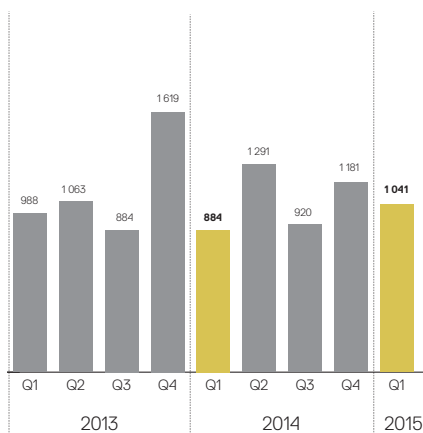
	1.1. - 31.3.		
MNOK	<b>2015</b>	2014	2014
Revenues	<b>1 041</b>	884	4 276
EBITDA	<b>128</b>	73	530
EBITDA (%)	<b>12.3</b>	8.3	12.4
New orders	<b>1 002</b>	4 684	9 018

	31.3.	31.12.
MNOK	<b>2015</b>	2014
Order backlog	<b>9 425</b>	9 471
No. of employees	<b>1 668</b>	1 672

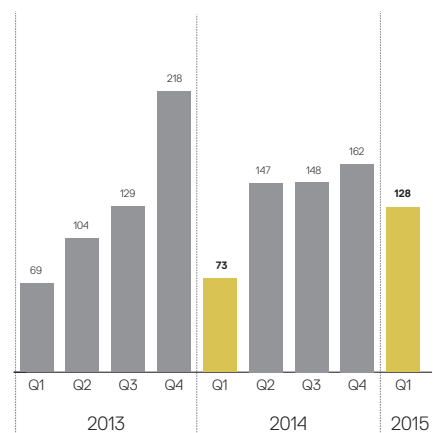
## PERFORMANCE

Operating revenues amounted to MNOK 1,041 (MNOK 884). The EBITDA was MNOK 128 (MNOK 73), resulting in an EBITDA margin of 12.3 per cent (8.3 per cent). The delivery programmes are on schedule. The improvement in KDS' EBITDA is mainly due to the Aerostructures and Missile Systems divisions. Among other things, Aerostructures delivers parts for the new US F-35 fighter craft. The division has boosted its sales and seen a pronounced improvement in profitability because of high capacity utilisation and advances in productivity. In Q1 2014, KONGSBERG provided bridge financing for Missile Systems for the development of the JSM. This had a negative effect on EBITDA.

OPERATING REVENUES



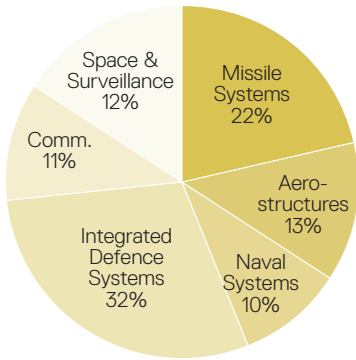
EBITDA





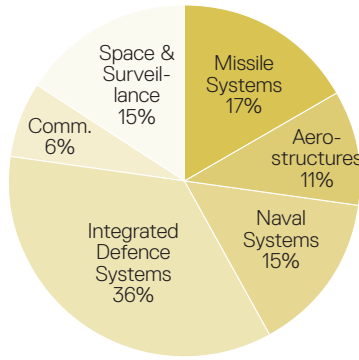
**OPERATING REVENUES YTD**

Q1 2015



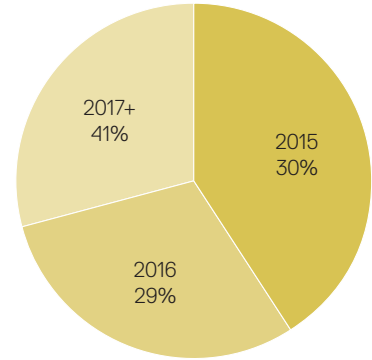
**OPERATING REVENUES YTD**

Q1 2014



**ORDER BACKLOG**

Breakdown by delivery dates



Order backlog at the end of Q1 2015, MNOK 9,425

**MARKETS AND NEW ORDERS**

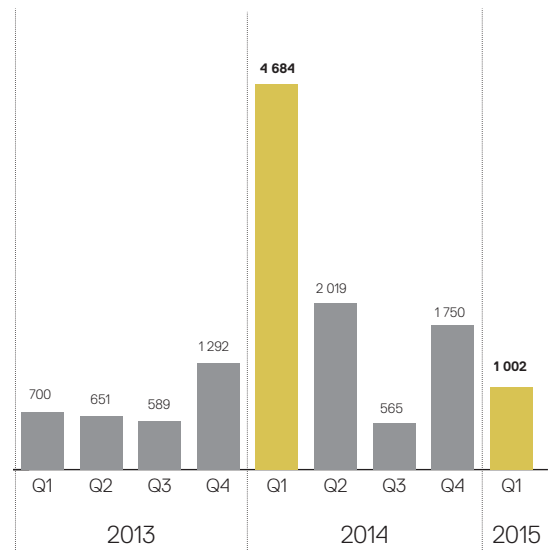
New orders in Q1 totalled MNOK 1,002 (MNOK 4,684). The largest contract was with Lockheed Martin valued at MNOK 560 for the delivery of rudder components for production series 9 and 10 (LRIP 9-10) of the F-35 Joint Strike Fighter. This contract indicates a more rapid pace of delivery for the F-35 and confirms KONGSBERG's competitiveness for this type of advanced production. The business area's order backlog at the end of the quarter totalled no less than MNOK 9,425, ensuring good predictability for future activities.

In the past year, defence spending has once again received higher priority in many nations' budgets. KDS is considered to have a product portfolio that is well positioned for future needs and current priorities in respect of the defence plans of several countries. There is a great deal of international interest in missiles and air defence systems. The business area's communications solutions and submarine systems are well established at the internationally level. KONGSBERG has firm delivery contracts and framework agreements for the delivery of components for the F-35 fighter craft. Moreover, long-term, robust customer relations have been established for the area's satellite activities. Fluctuations in new orders are normal in the defence market, which is marked by relatively few but large-scale contracts.

*Important agreement signed in Q2*

Q2 began with the signing of several important agreements for the business area. The first was an agreement with the Boustead Naval Shipyard Sdn Bhd of Malaysia for the delivery of NSMs ships equipment. The contract carries a value of MNOK 175, expecting to pave the way for future deliveries of NSMs to the Malaysian Navy. A collaboration agreement has also been signed between Raytheon of the US and KONGSBERG for the Naval Strike Missile (NSM). The agreement is step 2 in the companies' efforts to offer the world's leading anti-surface solutions to government authorities that need this type of solution. Raytheon and KONGSBERG concluded corresponding agreements in the summer 2014 for the Joint Strike Missile (JSM). Cooperation with Raytheon is expected to boost the missile's market opportunities substantially, especially in the USA.

**NEW ORDERS**



# KONIGSBERG PROTECH SYSTEMS

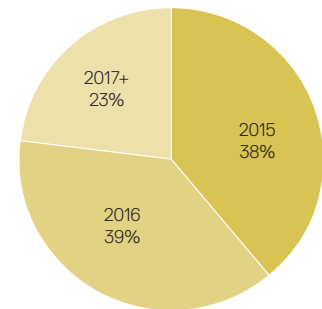


## KEY FIGURES

	1.1. - 31.3.		
MNOK	<b>2015</b>	2014	2014
Revenues	<b>369</b>	434	1 566
EBITDA	<b>14</b>	79	254
EBITDA (%)	<b>3.8</b>	18.2	16.2
New orders	<b>782</b>	178	2 240
	31.3.	31.12	
MNOK	<b>2015</b>	2014	
Order backlog	<b>3 935</b>	3 523	
No. of employees	<b>654</b>	650	

## ORDER BACKLOG

Breakdown by delivery dates



Order backlog at the end of Q1 2015, MNOK 3,935

## PERFORMANCE

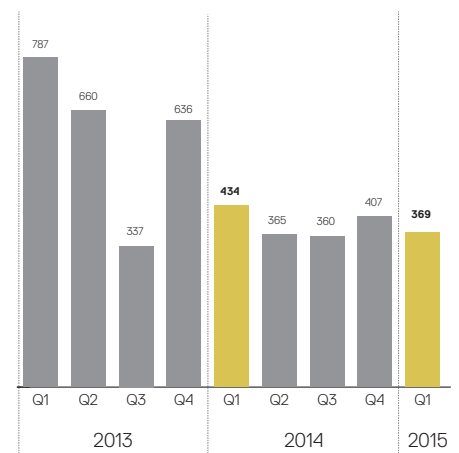
Operating revenues came to MNOK 369 (MNOK 434). In Q1, the EBITDA was MNOK 14 (MNOK 79), resulting in an EBITDA margin of 3.8 per cent (18.2 per cent). Revenues during the quarter were largely driven by "reset" activities (overhauling weapons stations to almost "new" condition) and the sale of spare parts. This is expected to continue to account for the bulk of operating revenues as 2015 progresses. During the quarter, the EBITDA was influenced by high marketing activities.

## MARKETS AND NEW ORDERS

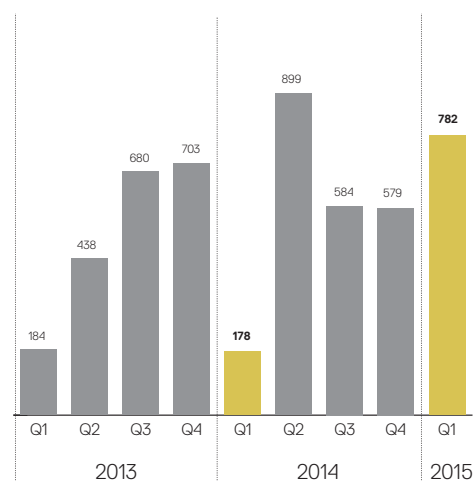
New orders in Q1 totalled MNOK 782 (MNOK 178) and largely consisted of the contract for MNOK 678 with General Dynamics UK for the delivery of the Protector, to the vehicle programme SCOUT SV, to the British Armed Forces. Beyond this contract, the remaining new orders consist mainly of smaller contracts from existing customers.

KPS has a backlog of orders valued at MNOK 3,935, ensuring relatively good visibility for the next two years. In addition, there are several major vehicle programmes in the pipeline, especially in the USA and the Middle East, where there is potential for the delivery of conventional weapons control systems as well as MCRWS. There is substantial interest in MCRWS and a high market activity, and several tenders for the system are currently out in the market.

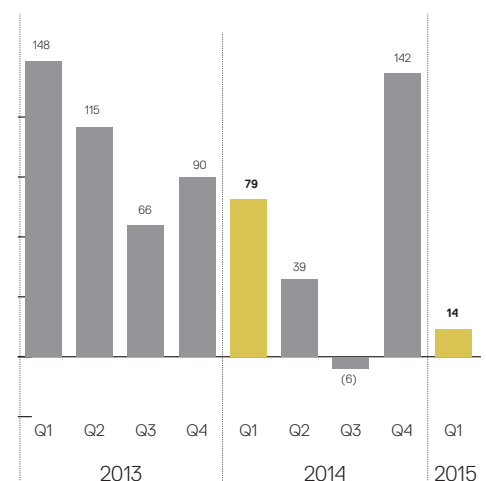
## OPERATING REVENUES



## NEW ORDERS



## EBITDA



# KONGSBERG OIL & GAS TECHNOLOGIES

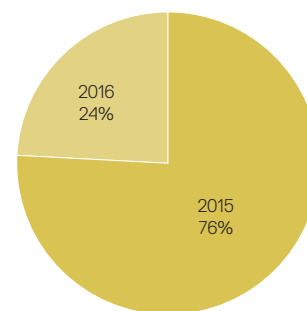


## KEY FIGURES

	11. - 31.3.		
MNOK	2015	2014	2014
Revenues	243	271	1 017
EBITDA	5	(18)	(99)
EBITDA (%)	2.1	(6.6)	(9.7)
New orders	205	285	802
	31.3.	31.12	
MNOK	2015	2014	
Order backlog	374	396	
No. of employees	584	630	

## ORDER BACKLOG

Breakdown by delivery dates



Orderbacklog at the end of Q1 2015, MNOK 374

## PERFORMANCE

Q1 operating revenues came to MNOK 243 (MNOK 271). The Q1 EBITDA aggregated MNOK 5 (MNOK -18), resulting in an EBITDA margin of 2.1 per cent (-6.6 per cent). KOGT's markets are challenging, a fact reflected in a lower level of activity. There has been a readjustment of the organisation over the past year to deal with the challenging market situation. Trends are monitored closely and further adaptations are considered on an ongoing basis. KOGT's EBITDA is not at a satisfactory level, but the adjustments conducted have had an effect on the level of costs.

## MARKETS AND NEW ORDERS

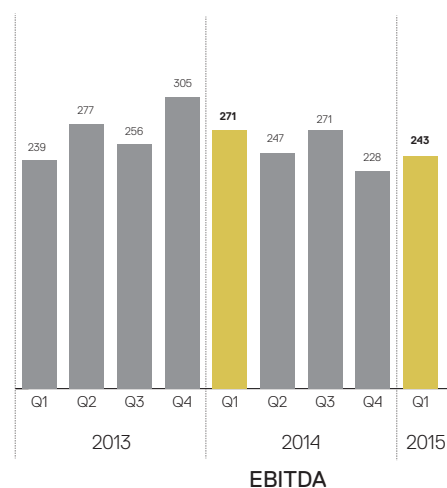
New orders in Q1 totalled MNOK 205 (MNOK 285). New orders were down year-on-year for all divisions. Tendering activities are at an acceptable level, but more uncertainty in the industry as a whole means that many investment decisions are being postponed or cancelled. The backlog of orders added up to MNOK 374 at the end of Q1.

The business area's main focus is on creating profitability in underlying operations in a demanding market with a continued low level of activity.

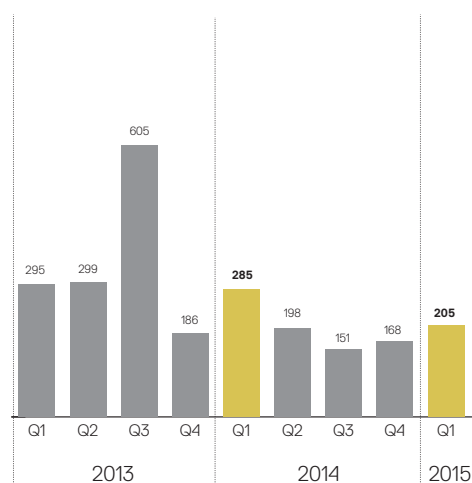
### Important contracts signed in Q2

In mid-April, KOGT signed a contract worth roughly MNOK 80 with Saipem for the delivery of subsea structures for the Ichthys gas export pipeline. This contract will be important for the business area's level of activity in Q2 2015.

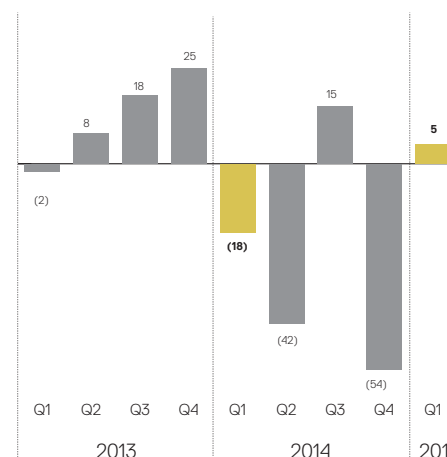
## OPERATING REVENUES



## NEW ORDERS



## EBITDA





Kongsberg Maritime has had a good start to 2015. The offshore market is booking considerably fewer orders for new vessels, which will mean fewer new orders from this segment. Business is expected to remain good for gas and other advanced merchant vessels. The prospects are good for KM's subsea market. A strong market position in all segments, a record-high backlog, and equipment installed on nearly 17,000 vessels, furnishes a sound platform for the business area's level of activity in 2015.

Kongsberg Defence Systems has won several important contracts the previous year, resulting in a solid boost in the backlog of orders. The defence market has generally strengthened over the past year and KDS is positioned as a leading player in its niches. This offers several opportunities for e.g. missiles, air defence, submarine systems and communications. These conditions provide a sound platform for the business area's level of activity in 2015.

Kongsberg Protech Systems has a leading global position in remotely controlled weapons systems and has a broader product portfolio than previously, including the Medium Calibre Remote Weapon Station. KPS is thereby well-positioned for meeting anticipated future demand. Business is expected to grow throughout 2015, compared with earlier years.

Kongsberg Oil & Gas Technologies has a more adapted cost-base after the comprehensive measures implemented in 2014. However, the oil and gas market is still challenging and further adaptations are considered on an ongoing basis. A modern and forward-looking product portfolio is expected to offer opportunities for the business area over time, but in the short-term, the business area is characterised by weaker market prospects and the level of activity is expected to be lower in 2015 than in 2014.

KONGSBERG, 29 April 2015

The Board of Directors of Kongsberg Gruppen ASA

## KEY FIGURES BY QUARTER

KM	2015		2014				2013				
	Q1	2014	Q4	Q3	Q2	Q1	2013	Q4	Q3	Q2	Q1
MNOK	<b>Q1</b>	<b>2014</b>	Q4	Q3	Q2	Q1	<b>2013</b>	Q4	Q3	Q2	Q1
Revenues	<b>2 611</b>	<b>9 703</b>	2 546	2 433	2 359	2 365	<b>8 264</b>	2 201	1 950	2 105	2 008
EBITDA	<b>352</b>	<b>1 441</b>	275	459	366	341	<b>1 179</b>	292	310	293	284
EBITDA %	<b>13.5</b>	<b>14.9</b>	10.8	18.9	15.5	14.4	<b>14.3</b>	13.3	15.9	13.9	14.1
New orders	<b>2 975</b>	<b>10 038</b>	2 041	1 975	2 594	3 428	<b>8 455</b>	1 579	1 781	2 431	2 664
Order backlog	<b>8 092</b>	<b>7 480</b>	7 480	7 834	8 121	7 615	<b>6 529</b>	6 529	7 125	7 219	6 893
EBITA	<b>309</b>	<b>1 266</b>	225	415	324	302	<b>1 018</b>	252	268	253	245
EBITA %	<b>11.8</b>	<b>13.0</b>	8.8	17.1	13.7	1.8	<b>12.3</b>	11.4	13.7	12.0	12.2

KDS	2015		2014				2013				
	Q1	2014	Q4	Q3	Q2	Q1	2013	Q4	Q3	Q2	Q1
MNOK	<b>Q1</b>	<b>2014</b>	Q4	Q3	Q2	Q1	<b>2013</b>	Q4	Q3	Q2	Q1
Revenues	<b>1 041</b>	<b>4 276</b>	1 181	920	1 291	884	<b>4 554</b>	1 619	884	1 063	988
EBITDA	<b>128</b>	<b>530</b>	162	148	147	73	<b>520</b>	218	129	104	69
EBITDA %	<b>12.3</b>	<b>12.4</b>	13.7	16.1	11.4	8.3	<b>11.4</b>	13.5	14.6	9.8	7.0
New orders	<b>1 002</b>	<b>9 018</b>	1 750	565	2 019	4 684	<b>3 232</b>	1 292	589	651	700
Order backlog	<b>9 425</b>	<b>9 471</b>	9 471	8 856	9 203	8 460	<b>5 489</b>	5 489	5 816	6 112	6 534
EBITA	<b>103</b>	<b>435</b>	138	124	123	50	<b>407</b>	186	101	77	43
EBITA %	<b>9.9</b>	<b>10.2</b>	11.7	13.5	9.5	5.7	<b>8.9</b>	11.5	11.4	7.2	4.4

KPS	2015		2014				2013				
	Q1	2014	Q4	Q3	Q2	Q1	2013	Q4	Q3	Q2	Q1
MNOK	<b>Q1</b>	<b>2014</b>	Q4	Q3	Q2	Q1	<b>2013</b>	Q4	Q3	Q2	Q1
Revenues	<b>369</b>	<b>1 566</b>	407	360	365	434	<b>2 420</b>	636	337	660	787
EBITDA	<b>14</b>	<b>254</b>	142	(6)	39	79	<b>419</b>	90	66	115	148
EBITDA %	<b>3.8</b>	<b>16.2</b>	34.9	(1.7)	10.7	18.2	<b>17.3</b>	14.2	19.6	17.4	18.8
New orders	<b>782</b>	<b>2 240</b>	579	584	899	178	<b>2 005</b>	703	680	438	184
Order backlog	<b>3 935</b>	<b>3 523</b>	3 523	3 315	3 088	2 555	<b>2 805</b>	2 805	2 739	2 396	2 617
EBITA	<b>1</b>	<b>201</b>	128	(19)	27	65	<b>362</b>	76	52	102	132
EBITA %	<b>0.3</b>	<b>12.8</b>	31.4	(5.3)	7.4	15.0	<b>15.0</b>	11.9	15.4	15.5	16.8

KOGT	2015		2014				2013				
	Q1	2014	Q4	Q3	Q2	Q1	2013	Q4	Q3	Q2	Q1
MNOK	<b>Q1</b>	<b>2014</b>	Q4	Q3	Q2	Q1	<b>2013</b>	Q4	Q3	Q2	Q1
Revenues	<b>243</b>	<b>1 017</b>	228	271	247	271	<b>1 077</b>	305	256	277	239
EBITDA	<b>5</b>	<b>(99)</b>	(54)	15	(42)	(18)	<b>49</b>	25	18	8	(2)
EBITDA %	<b>2.1</b>	<b>(9.7)</b>	(23.7)	5.5	(17.0)	(6.6)	<b>4.5</b>	8.2	7.0	2.9	(0.8)
New orders	<b>205</b>	<b>802</b>	168	151	198	285	<b>1 385</b>	186	605	299	295
Order backlog	<b>374</b>	<b>396</b>	396	405	514	537	<b>734</b>	734	855	505	484
EBITA	<b>(1)</b>	<b>(122)</b>	(61)	9	(47)	(23)	<b>34</b>	15	17	6	(4)
EBITA %	<b>(0.4)</b>	<b>(12.0)</b>	(26.8)	3.3	(19.0)	(8.5)	<b>3.2</b>	4.9	6.6	2.2	(1.7)

KONGSBERG	2015		2014				2013				
	Q1	2014	Q4	Q3	Q2	Q1	2013	Q4	Q3	Q2	Q1
MNOK	<b>Q1</b>	<b>2014</b>	Q4	Q3	Q2	Q1	<b>2013</b>	Q4	Q3	Q2	Q1
Revenues	<b>4 234</b>	<b>16 613</b>	4 418	3 991	4 263	3 941	<b>16 323</b>	4 745	3 448	4 097	4 033
EBITDA	<b>486</b>	<b>2 060</b>	545	614	455	446	<b>2 142</b>	611	518	513	500
EBITDA %	<b>11.5</b>	<b>12.4</b>	12.3	15.4	10.7	11.3	<b>13.1</b>	12.9	15.0	12.5	12.4
New orders	<b>4 970</b>	<b>22 097</b>	4 541	3 277	5 714	8 565	<b>15 043</b>	3 697	3 688	3 773	3 885
Order backlog	<b>22 033</b>	<b>21 020</b>	21 020	20 580	21 096	19 344	<b>15 687</b>	15 687	16 711	16 398	16 733
EBITA	<b>399</b>	<b>1 718</b>	453	526	373	366	<b>1 797</b>	515	434	430	418
EBITA %	<b>9.4</b>	<b>10.3</b>	10.3	13.2	8.7	9.3	<b>11.0</b>	10.9	12.6	10.5	10.4

## CONDENSED INCOME STATEMENT FOR THE PERIOD

		1.1. - 31.3.		1.1 - 31.12.
MNOK	Note	2015	2014	2014
Revenues	1	4 234	3 941	16 613
Operating expenses		(3 763)	(3 506)	(14 615)
Share of net income from Joint arrangements and associated companies		15	11	62
<b>EBITDA</b>	1	<b>486</b>	<b>446</b>	<b>2 060</b>
Depreciation		(87)	(80)	(342)
<b>EBITA</b>	1	<b>399</b>	<b>366</b>	<b>1 718</b>
Amortisation		(39)	(34)	(140)
Impairment		-	-	(320)
<b>EBIT</b>		<b>360</b>	332	1 258
Net financial items		18	(3)	27
<b>Earnings before tax (EBT)</b>		<b>378</b>	<b>329</b>	<b>1 285</b>
Income tax		(98)	(86)	(405)
<b>Earnings after tax</b>		<b>280</b>	<b>243</b>	<b>880</b>
Attributable to:				
Non-controlling interests		3	1	7
Equity holders of the parent		277	242	873
Earnings per share (EPS), NOK		2,31	2,02	7,28
Earnings per share, diluted NOK		2,31	2,02	7,28

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

		1.1. - 31.3.		1.1 - 31.12.
MNOK	Note	2015	2014	2014
Earnings after tax		280	243	880
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Change in fair value of financial instruments:				
- Available-for-sale shares	5	14	-	(6)
- Cash flow hedges (currency futures and interest rate swaps)	5	(267)	282	(1 111)
Tax effect cash flow hedges (currency futures and interest rate swaps)		72	(78)	298
Translation differences, foreign currency		125	(32)	309
<b>Net items that may be reclassified subsequently to profit or loss</b>		<b>(56)</b>	<b>172</b>	<b>(510)</b>
Items that will not be reclassified to profit or loss:				
Actuarial gains/losses pensions		-	-	(168)
Income tax on items remaining in equity		-	-	45
Unrecognised actuarial gains/losses - joint arrangements associates after tax		-	-	(6)
<b>Net items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>(129)</b>
<b>Comprehensive income</b>		<b>224</b>	<b>415</b>	<b>241</b>

## CONDENSED STATEMENT OF FINANCIAL STATUS

		31.3.	31.12.
MNOK	Note	<b>2015</b>	2014
Property, plant and equipment		<b>2 520</b>	2 477
Intangible assets	4	<b>2 964</b>	2 881
Other non-current assets	5	<b>546</b>	545
<b>Total non-current assets</b>		<b>6 030</b>	<b>5 903</b>
Inventories		<b>3 449</b>	3 264
Trade receivables		<b>2 718</b>	2 570
Construction contracts under constructions, asset		<b>3 407</b>	3 183
Other current assets		<b>1 104</b>	929
Cash and short-term deposits		<b>3 761</b>	4 424
<b>Total current assets</b>		<b>14 439</b>	<b>14 370</b>
<b>Total assets</b>		<b>20 469</b>	<b>20 273</b>
Paid-in equity		<b>982</b>	982
Retained earnings		<b>6 587</b>	6 222
Fair value of financial instruments		<b>(1 132)</b>	(951)
Non-controlling interests		<b>36</b>	29
<b>Total equity</b>		<b>6 473</b>	<b>6 282</b>
Long-term interest-bearing debt	5	<b>887</b>	873
Other non-current liabilities and provisions	3	<b>2 033</b>	2 022
<b>Total non-current liabilities and provisions</b>		<b>2 920</b>	<b>2 895</b>
Construction contracts under construction, liabilities		<b>2 943</b>	3 590
Other current liabilities and provisions	3	<b>8 133</b>	7 506
<b>Total current liabilities and provisions</b>		<b>11 076</b>	<b>11 096</b>
<b>Total equity, liabilities and provisions</b>		<b>20 469</b>	<b>20 273</b>
Equity ratio(%)		<b>31,6</b>	31,0
Net interest-bearing liabilities		<b>(2 874)</b>	(3 551)
Net interest-bearing debt/EBITDA(%)		<b>n/a</b>	n/a

## CONDENSED STATEMENT OF CHANGES IN EQUITY

		31.3.	31.12.
MNOK		<b>2015</b>	2014
Equity opening balance		<b>6 282</b>	6 657
Comprehensive income		<b>224</b>	241
Dividends		-	(630)
Treasury shares		<b>(36)</b>	10
Dividends non-controlling interests		-	(1)
Change in non-controlling interests		<b>3</b>	5
<b>Equity, closing balance</b>		<b>6 473</b>	<b>6 282</b>

## CONDENSED CASH FLOW STATEMENT

	1.1. - 31.3	2014	1.1 - 31.12. 2014
MNOK	<b>2015</b>	2014	2014
Earnings before interest, tax, depreciation and amortisation	<b>486</b>	446	2 060
Change in net current assets and other operating related items	<b>(1 010)</b>	1 053	255
<b>Net cash flow from operating activities</b>	<b>(524)</b>	<b>1 499</b>	<b>2 315</b>
Acquisition of property, plant and equipment	<b>(84)</b>	(76)	(325)
Acquisition of subsidiaries and non-controlling interests	<b>(44)</b>	-	(46)
Net payment of loans and acquisition/sale of shares	-	-	264
Other investing activities	<b>(27)</b>	(28)	(104)
<b>Net cash flow from investing activities</b>	<b>(155)</b>	<b>(104)</b>	<b>(211)</b>
New loans raised and repayment	-	15	(457)
Net interest received (paid)	<b>3</b>	3	43
Net payments for the purchase/sale of treasury shares	<b>(36)</b>	(57)	(7)
Transactions with non-controlling interests	-	-	(1)
Dividends paid to equity holders of the parent	-	-	(630)
Of which, dividends from treasury shares	-	-	2
<b>Net cash flow used in financing activities</b>	<b>(33)</b>	<b>(39)</b>	<b>(1 050)</b>
Effect of changes in exchange rates on cash and short-term deposits	<b>49</b>	(10)	98
<b>Net change in cash and short-term deposits</b>	<b>(663)</b>	<b>1 346</b>	<b>1 152</b>
<b>Cash and short-term deposits opening balance</b>	<b>4 424</b>	<b>3 272</b>	<b>3 272</b>
<b>Cash and short-term deposits, closing balance</b>	<b>3 761</b>	<b>4 618</b>	<b>4 424</b>



# NOTES TO THE QUARTERLY ACCOUNTS

## NOTE 1 - INFORMATION BY SEGMENT

	REVENUES			EBITDA			EBITA		
	1.1. - 31.3.	2014	2014	1.1. - 31.3.	2014	2014	1.1. - 31.3.	2014	2014
MNOK	<b>2015</b>	2014	2014	<b>2015</b>	2014	2014	<b>2015</b>	2014	2014
KM	<b>2 611</b>	2 365	9 703	<b>352</b>	341	1 441	<b>309</b>	302	1 266
KDS	<b>1 041</b>	884	4 276	<b>128</b>	73	530	<b>103</b>	50	435
KPS	<b>369</b>	434	1 566	<b>14</b>	79	254	<b>1</b>	65	201
KOGT	<b>243</b>	271	1 017	<b>5</b>	(18)	(99)	<b>(1)</b>	(23)	(122)
OTHERS	<b>(30)</b>	(13)	51	<b>(13)</b>	(29)	(66)	<b>(13)</b>	(28)	(62)
<b>THE GROUP</b>	<b>4 234</b>	3 941	16 613	<b>486</b>	446	2 060	<b>399</b>	366	1 718

## NOTE 2 - GENERAL INFORMATION AND PRINCIPLES

The consolidated Q1 accounts encompass Kongsberg Gruppen ASA, its subsidiaries and shares in joint arrangements and associated companies which are included based on the equity method of accounting.

The interim accounts have been drawn up in accordance with IAS 34 for interim reporting, the Stock Exchange regulations and the supplementary requirements in Norway's Securities Trading Act. The interim accounts do not include all the information required for a full financial statement and should therefore be read in the light of the consolidated accounts for 2014. The consolidated accounts for 2014 are in compliance with the rules in the Norwegian Accounting Act and international financial reporting standards, as laid down by the EU. KONGSBERG has applied the same accounting policy as described in the consolidated accounts for 2014.

The consolidated accounts for 2014 are available upon request from the Group's headquarters in Kongsberg or on [www.kongsberg.com](http://www.kongsberg.com). The interim accounts have not been audited.

## NOTE 3 - ESTIMATES

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2014.

## NOTE 4 - EQUITY-FINANCED DEVELOPMENT

Development costs of MNOK 230 (MNOK 205) were charged against income in Q1 2015. In addition, MNOK 27 (MNOK 28) in equity-financed development was capitalised in Q1.

## NOTES TO THE QUARTERLY ACCOUNTS

### NOTE 5 – FINANCIAL INSTRUMENTS

#### *Loans and credit facilities*

At 31 March 2015, KONGSBERG had two bond loans totalling MNOK 750 and an undrawn credit facility of MNOK 1,500.

#### *Other non-current assets*

Available-for-sale shares had an excess value at 31 March 2015 of MNOK 17. This marked an increase of MNOK 14 from 1 January 2015.

#### *Currency futures and interest swap agreements*

The fair value of funds classified as cash flow hedges decreased by MNOK 267 <sup>3)</sup> before tax from 1 January – 31 March 2015. Of this, the change in the capitalised value of currency futures linked to cash flow hedges amounted to a decrease of MNOK 223 during the same period. The currency exchange rates on the spot market at end quarter were NOK 8.10/USD 1 and NOK 8.70/EUR 1.

#### *Currency futures related to cash flow hedges:*

MNOK (before tax)	Falling due in 2015		Falling due in 2016 or later		Total		
	Value based on agreed exchange rates	Fair value at 31 March 15 <sup>1)</sup>	Value based on agreed exchange rates	Fair value at 31 March 15 <sup>1)</sup>	Value based on agreed exchange rates	Change in fair value from 31 Dec. 14	Fair value at 31 March 15 <sup>1)</sup>
EUR	757	(17)	392	2	1 149	60	(15)
USD	4 139	(738)	2 587	(491)	6 726	(304)	(1 229)
Other Currency	85	(10)	-	-	85	21	(10)
Sum	4 981	(765)	2 979	(489)	7 960	(223)	(1 254)
Deferred gain/loss <sup>2)</sup>	-	(126)	-	(184)	-	(46)	(310)
<b>Total</b>	<b>4 981</b>	<b>(891)</b>	<b>2 979</b>	<b>(673)</b>	<b>7 960</b>	<b>(269)<sup>3)</sup></b>	<b>(1 564)</b>

<sup>1)</sup> Fair value is calculated as the difference between the spot price at 31 March and the forward price on the currency contract.

<sup>2)</sup> Net deferred gains or losses related to matured currency contracts that are recognised in line with the progress in the projects.

<sup>3)</sup> The difference between these two figures, MNOK 2, is due to changes in the fair value of interest swap agreements classified as cash flow hedges, which is not reflected in the currency list.

### NOTE 6 – TRANSACTIONS WITH RELATED PARTIES

The Board is not aware of any changes or transactions in Q1 in respect of closely related parties that would have a material impact on the Group's financial position or profit during the period.

### NOTE 7 – KEY RISK AND UNCERTAINTY FACTORS

No significant new risk or uncertainty factors were discovered during the quarter beyond the events discussed in the Annual Report for 2014, Note 34 "Contingent liabilities". The Group's assessment of possible financial effects is the same as upon publication of the financial statements for 2014.

For a description of how the Group deals with different type of risk, please see the Annual Report for 2014.









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