

Kongsberg Defence Systems

President & EVP Harald Ånestad

CMD²⁰₁₄
CAPITAL MARKETS DAY



KONGSBERG
200

Agenda



- Introduction – This is KDS
- Business Model
- Achievements since CMD 2013
- Innovation
- The Defence Market
- A KDS Delta One project



Sea – Land – Air – Space

- Command and control, surveillance, tactical communication, missiles, space and aero structures
- 23 offices in 19 countries
- 1 675 employees
- LTM Revenues MNOK 4 714
- Order Backlog MNOK 8 856
- International success in selected segments

A modern portfolio positioned for further growth

Kongsberg Defence Systems



Integrated Defence Systems

Main offerings

- NASAMS and Air defence solutions
- NATO programs including AGS and AWACS
- Artillery fire control and Army Vehicle digitalization

Systems typically used for

- Defending strategic areas such as air bases, cities for homeland defence, vital assets

Main customers

- Norway, Finland, Spain, Netherlands, US, Raytheon
- NATO

Successful Air-Defence partnership with Raytheon

- NASAMS is the most sold air-defence system in it's class
- Major NASAMS contracted February 2014
- Export of NASAMS solutions exceeds 11BNOK

Order Backlog

- MNOK 4 730

Communications

Main offerings

- Tactical Communications Systems
- Broad range of products for most tactical applications
- Government grade crypto and cyber defence

Systems typically used for

- Army C2, Air Defence communications subsystem
- Soldier and vehicular combat networks

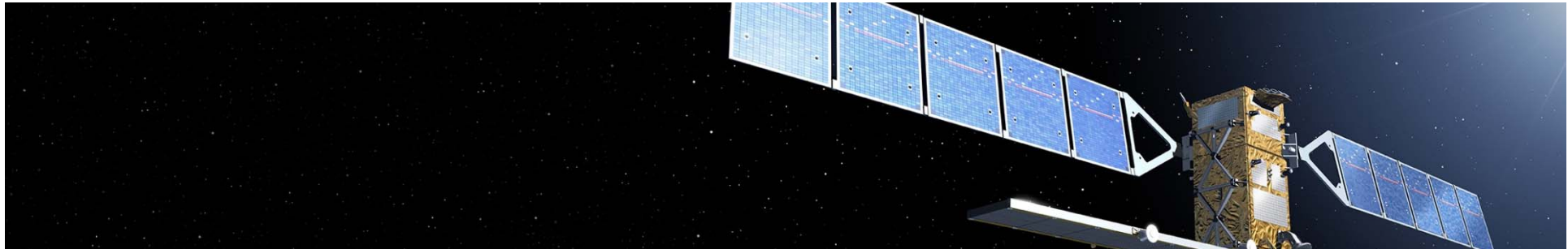
Main customers

- Norway and Hungary
- Air Defence integrators Raytheon and KDA
- Selected MENA countries

Order Backlog

- MNOK 571

Kongsberg Defence Systems



Naval Systems

Main offerings

- MSI-90U Mk2 CMS, Navigation and Sonar Systems, PROTEUS

Systems typically used for

- Submarines
- Surface Ships
- Force Protection
- Simulation and Training

Main customers

- Norway, Italy, Germany, Australia, S-Korea, Indonesia, the Netherlands

Order Backlog

- MNOK 583

Space & Surveillance

Main offerings

- Booster attachment & release mechanisms
- Mechanisms and electronics for satellites
- Turn-key ground stations for satellites
- Satellite operations and data download-services
- Systems for maritime surveillance

Systems typically used for

- Ariane5 heavy lift launcher
- Control of solar panels on satellites
- Earth observation and scientific space missions
- Frequency conversion and telemetry, tracking & command (TT&C) equipment on commercial satellites
- Downloading of satellite data, satellite control services

Main customers

- Digital Globe, SS Loral, NASA/NOAA, ESA, Airbus,
- National Coastal Authorities

Order Backlog

- MNOK 1 700

Kongsberg Defence Systems



Aerostructures

Main offerings

- Composites and metallic structures
- Repair and overhaul

Systems typically used for

- Aircraft, helicopters, missiles

Main customers

- Lockheed Martin
- Northrop Grumman
- Agusta Westland
- Marvin Engineering
- Airbus Helicopters
- FLO

Order Backlog

- MNOK 1 058

Missile Systems

Main offerings

- NSM, JSM and Penguin
- **NSM and JSM are the world's only 5th generation anti-ship missiles**

Systems typically used for

- Ship and air launched stand-off missiles for sea and land targets

Main customers

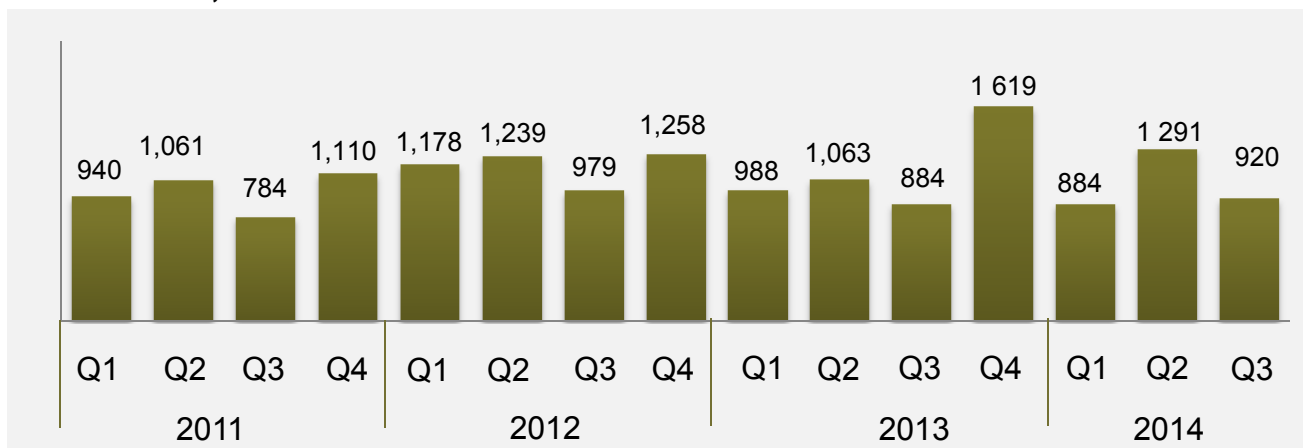
- Norwegian Navy and Air Force
- NATO and allied navies

Order Backlog

- MNOK 1 668

International success, has resulted in improved margins

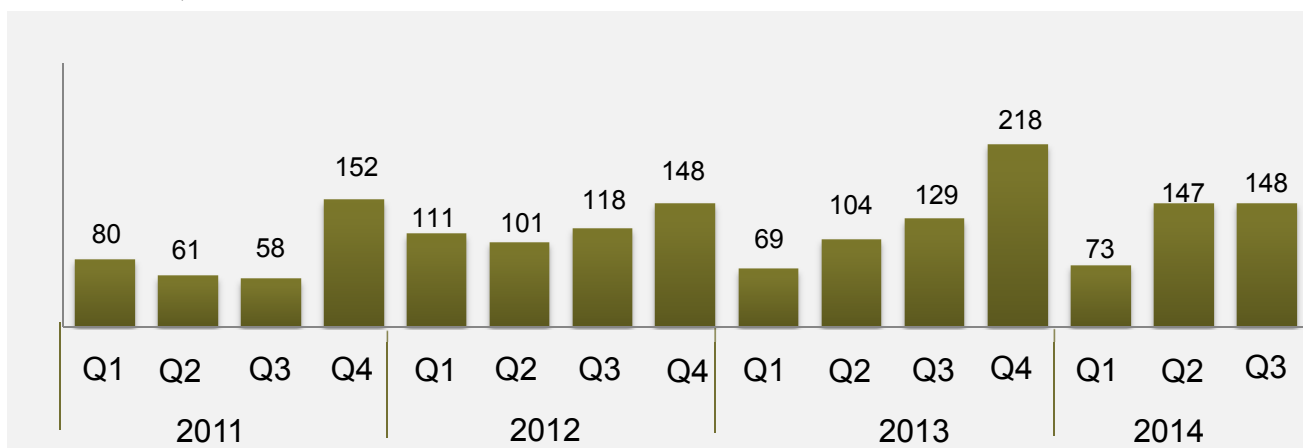
Revenues, MNOK



Key revenue and EBITDA drivers

- International sales
- Financed development programs
- Strong global Partnerships
- Continuous improvement
- Increased Volume effects

EBITDA, MNOK



Agenda



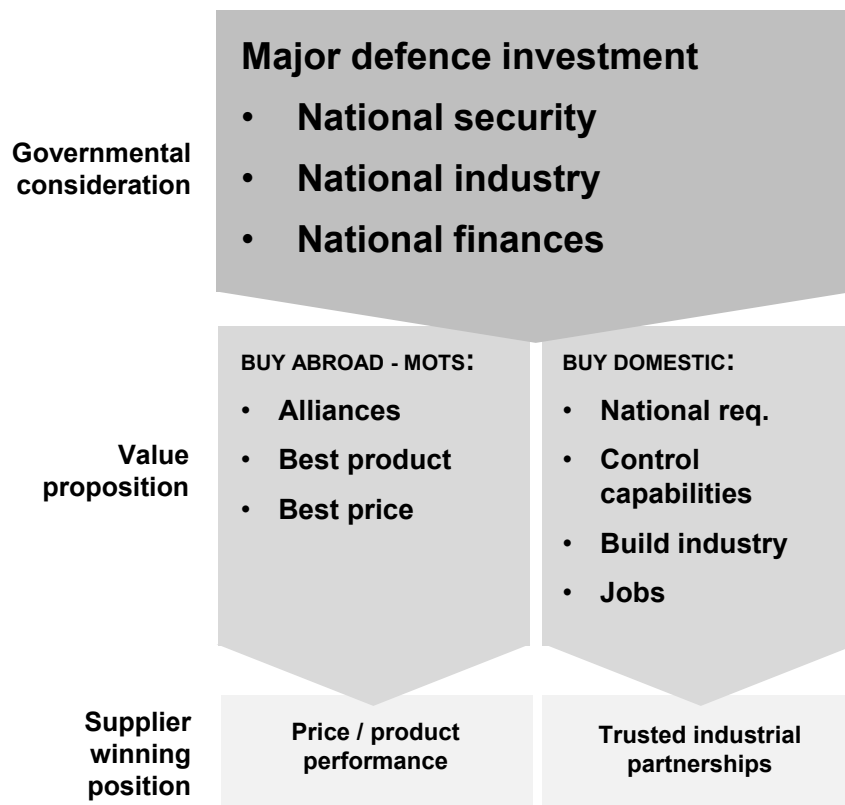
- Introduction
- **Business Model**
- Achievements since CMD 2013
- Innovation
- The Defence Market
- A KDS Delta One project

International success in selected markets

- built on broad position in the home market

Competitive position within international defense business differs with level of industrial partnership

The Norwegian industrial partnership position has been the cradle to new products and to international market access



- Niche international markets 63 % of rev.
- Broad home market 37 % of rev.

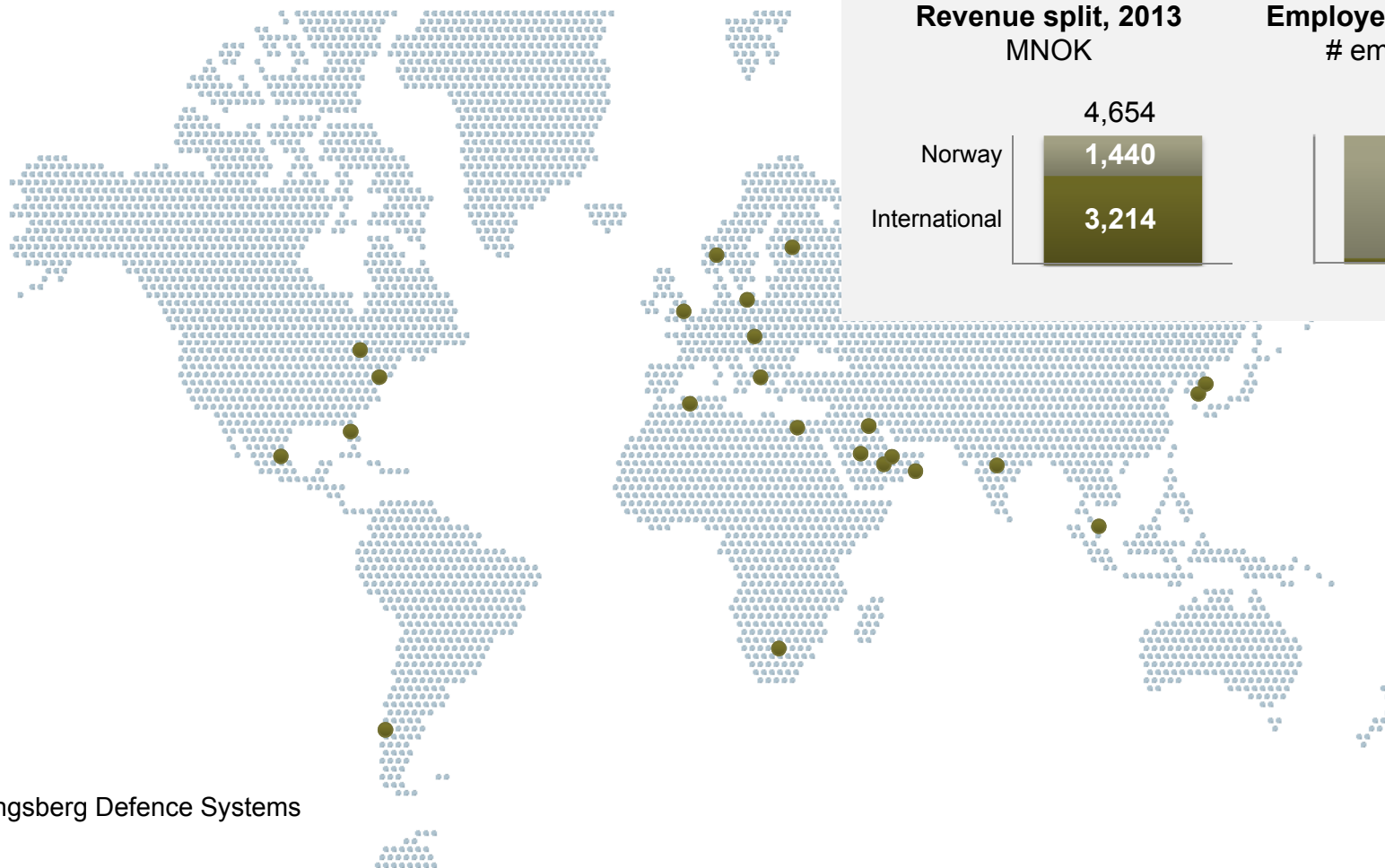


KONGSBERG

200

Our global business system

- with local offices in 19 countries, ensures access to all important markets and proximity to customers



	Revenue split, 2013 MNOK	Employee split, 2013 # employees
Norway	1,440	1,747
International	3,214	1,681
		66

● Kongsberg Defence Systems



KONGSBERG

200

Our global business system

- complemented with key partners in 14 countries.



Agenda



- Introduction
- Business
- Achievements since CMD 2013
- Innovation
- The Defence Market
- A KDS Delta One project

NASAMS – An international success



JSM Phase III contract signed



Important Commercial Breakthrough Contracts



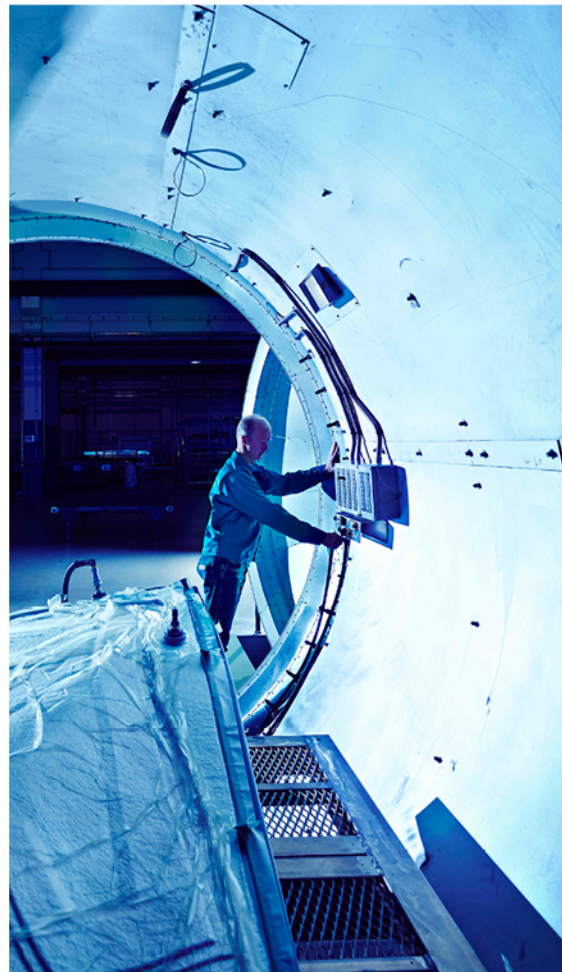
KONGSBERG
200



KARMA; New Satellite Product Family



Aerostructures ready for the next 20 years



KDS has maintained Helicopters for 40 years Agreements signed in 2014 secures the next 40



Important contracts with RNoN



NSM firing during RIMPAC



Teaming Agreement with Raytheon



NSM Firing from LCS#4, Coronado



World Leading Band IV RL



KONGSBERG

200



Agenda



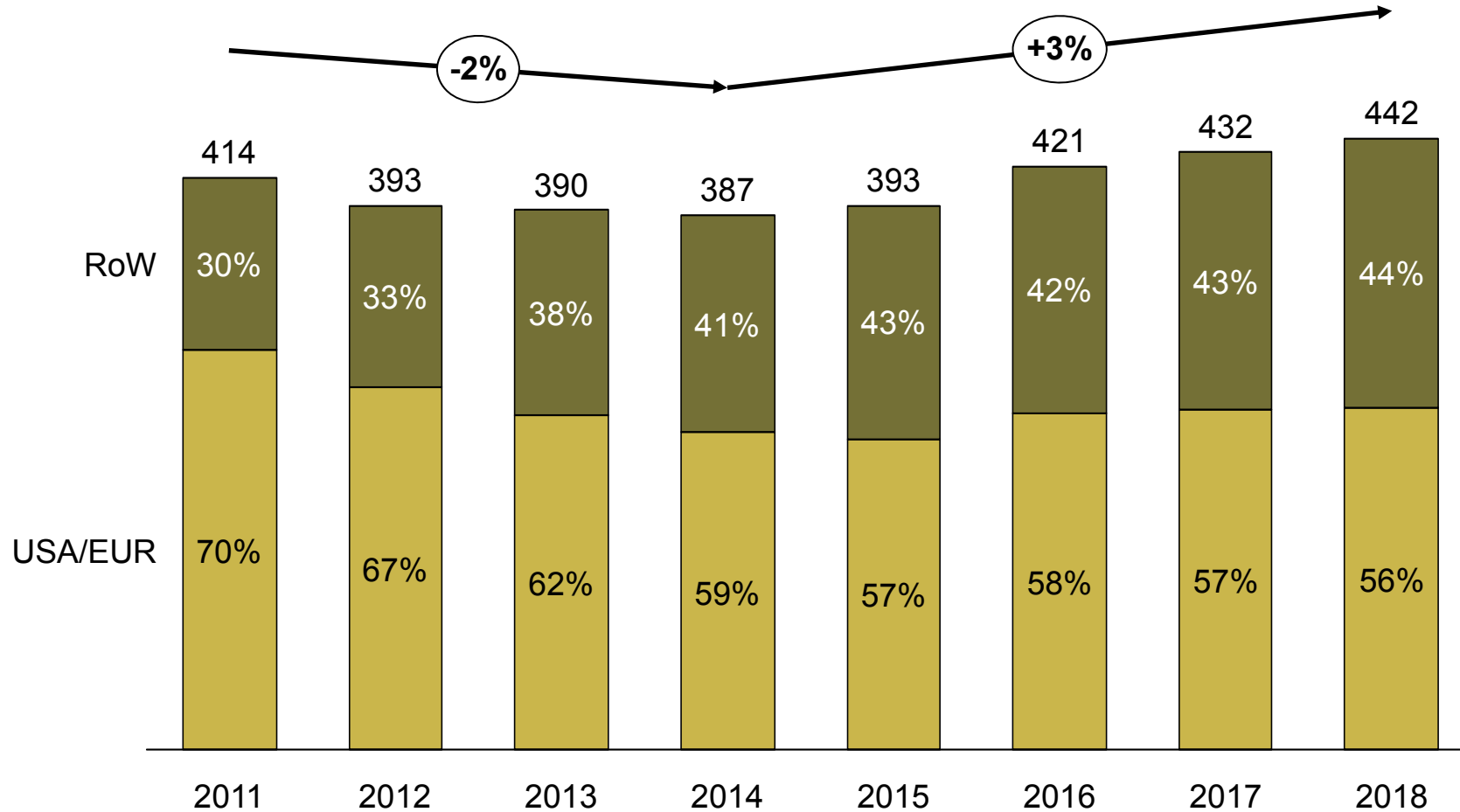
- Introduction
- Business
- Achievements since CMD 2013
- **Innovation**
- The Defence Market
- A KDS Delta One project

Agenda



- Introduction
- Business
- Achievements since CMD 2013
- Innovation
- **The Defence Market**
- A KDS Delta One project

2014-15 is expected to be the turning point



Source: Jane's Defence Budgets, 28 Oct 2014. Global top 89 countries. Markets is sum of Procurement and RDT&E in constant 2014 USD billion.

Agenda



- Introduction
- Business
- Achievements since CMD 2013
- Innovation
- The Defence Market
- A KDS Delta One project

KDS Initiative: Titan Spar



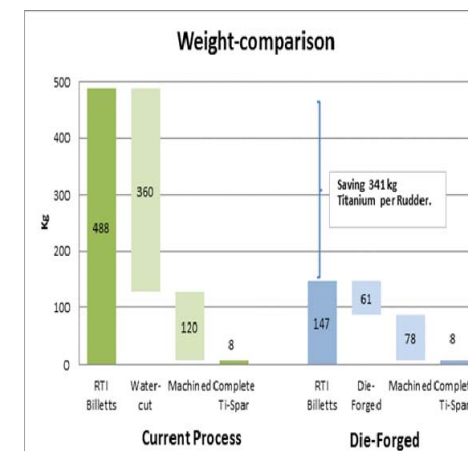
Change of production method

- Today 488 kg titan to 8 kg complete Titan Spar

From Water Cutting to Die Forging

- Reduce incoming titan from 488 kg to 147 kg

Saving 70 % Titan



KDS expects continued growth based on our strong Value and performance culture



- Modern well positioned product portfolio – a solid base for business opportunities
- Solid backlog of orders – book/bill ratio > 1
- DeltaOne improves competitiveness
- Strategic Partnership
- We expect growth going forward



CMD²⁰₁₄
CAPITAL MARKETS DAY



KONGSBERG
200