



KONGSBERG

CMD²⁰₁₅
CAPITAL MARKETS DAY

DISCLAIMER



KONGSBERG

This presentation contains certain forward-looking information and statements. Such forward-looking information and statements are based on the current, estimates and projections of the Company or assumptions based on information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof.

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Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

AGENDA



09:45

Welcome

Jan Erik Hoff, VP IR



09:55

Kongsberg Gruppen ASA

Walter Qvam, CEO
Hans-Jørgen Wibstad, CFO



10:40

Kongsberg Defence Systems

Harald Aarø, EVP BD



11:30

Kongsberg Protech Systems

Espen Henriksen, EVP



12:00

Lunch & Exhibition



13:00

Kongsberg Oil & Gas Tech.

Egil Haugsdal, EVP



13:30

Kongsberg Maritime

Geir Håøy, EVP



14:20

Q&A Session



14:35

Final Remarks

Walter Qvam, CEO



KONGSBERG

KONGSBERG GRUPPEN ASA

Walter Qvam, President & CEO

Hans-Jørgen Wibstad, EVP & CFO

CMD²⁰₁₅

CAPITAL MARKETS DAY

AGENDA



KONGSBERG

INTRODUCTION – THIS IS KONGSBERG

FINANCIAL STATUS

AMBITIONS

INNOVATION

SUMMARY



KONGSBERG



PROVIDING ADVANCED SOLUTIONS FOR
EXTREME PERFORMANCE UNDER
EXTREME CONDITIONS



KONGSBERG

INVOLVED IN THE WORLD'S MOST TECHNOLOGY INTENSIVE INDUSTRIES





KONGSBERG

RAPIDLY ADAPTING TO CHANGES AND OPPORTUNITIES





KONGSBERG



INVOLVED IN STRATEGIC AREAS,
OFTEN OF NATIONAL INTEREST



KONGSBERG



HIGHLY SKILLED, DEDICATED AND
HARD WORKING EMPLOYEES

CORPORATE SOCIAL RESPONSIBILITY



KONGSBERG

We will further expand our international presence. This implies a continued high focus on compliance and corporate social responsibility.

A GENUINE BELIEF IN THAT OUR STRONG, VALUE BASED CULTURE DRIVES OUR PERFORMANCE



DETERMINED



INNOVATIVE



COLLABORATIVE



RELIABLE



KONGSBERG

GLOBAL REACH WITH MORE THAN 100
OFFICES AND A LARGE NUMBER OF
GLOBAL ALLIANCE PARTNERS



BUSINESS AREAS



KONGSBERG



KONGSBERG MARITIME

Global market leader within both offshore and merchant marine applications

- Dynamic positioning
- “Full picture” integrated automation and control systems
- Hydro acoustic technologies
- Solutions for sustainable fisheries
- Autonomous underwater vehicles, underwater robotics



KONGSBERG DEFENCE SYSTEMS

Modern product portfolio in growing defence and aerospace niches

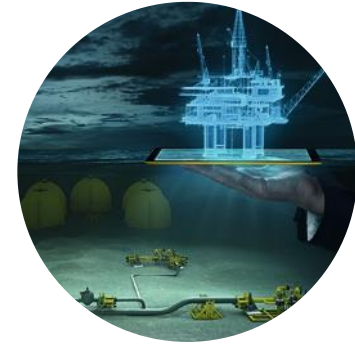
- Missiles
- Air defence
- Command & control systems for land and naval applications
- Advanced composites manufacture for F-35
- Space equipment, satellite services and surveillance



KONGSBERG PROTECH SYSTEMS

Unrivalled global market leader in remote weapon stations

- PROTECTOR RWS M151/M153
- MCT-30 medium caliber turret
- Other specialized remote weapon stations



KONGSBERG OIL & GAS TECHNOLOGIES

Attractive technology positions within selected oil & gas niches

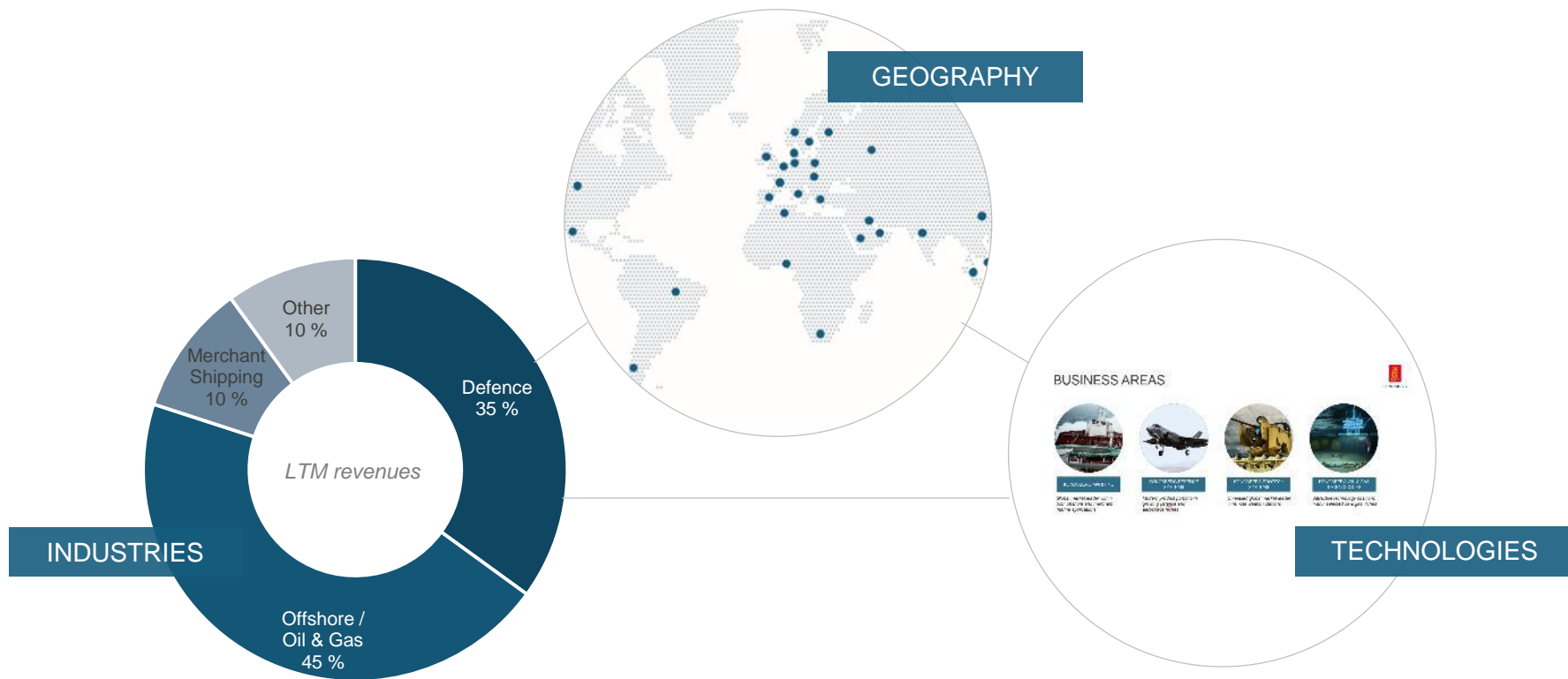
- Drilling and production management S/W solutions
- Subsea structures & engineering



KONGSBERG

DIVERSITY DELIVERS

- a core element in our strategic thinking





20-40 YEARS PROFITABLE PRODUCT LIFE CYCLE AFTER INITIAL DEVELOPMENT



DEVELOPMENT SINCE CMD 2014



OIL & GAS



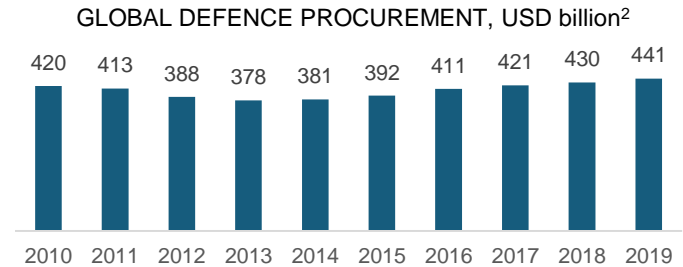
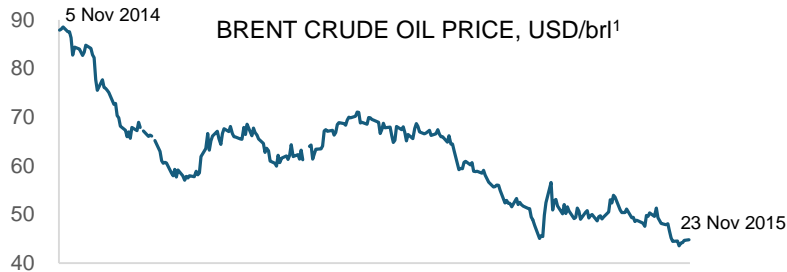
MARITIME



PROTECH SYSTEMS



DEFENCE SYSTEMS



AGENDA



KONGSBERG

INTRODUCTION – THIS IS KONGSBERG

FINANCIAL STATUS

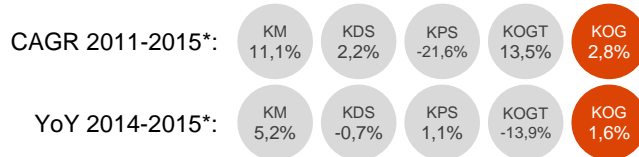
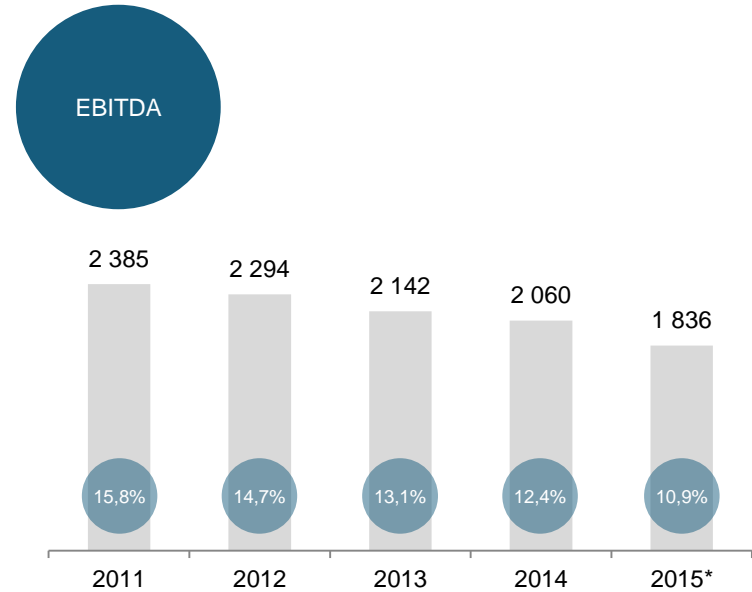
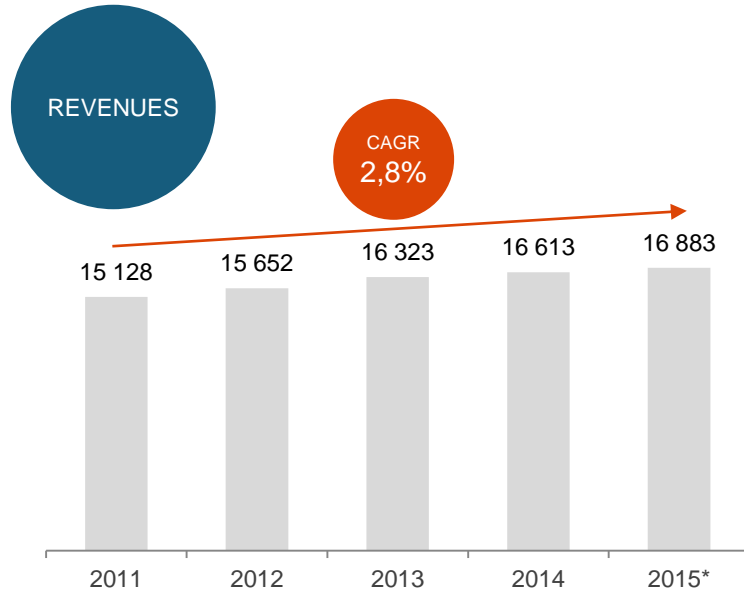
AMBITIONS

INNOVATION

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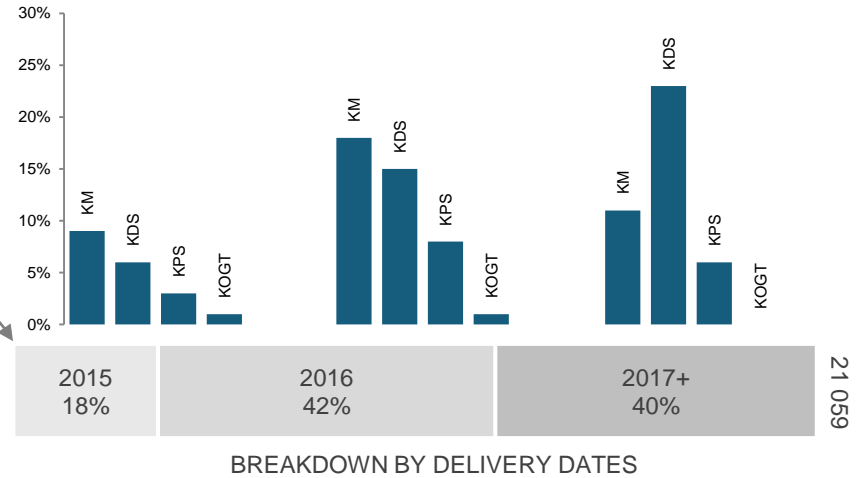
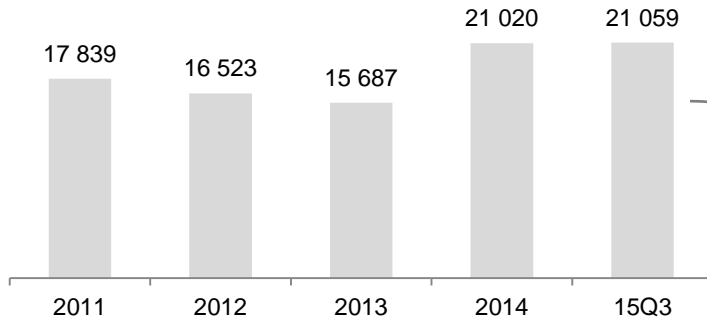


OVERALL GROWTH AND MARGINS STRONGLY INFLUENCED BY SIGNIFICANT KPS VOLUME REDUCTION



* Last 12 months

SOLID BACKLOG – GOOD VISIBILITY



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

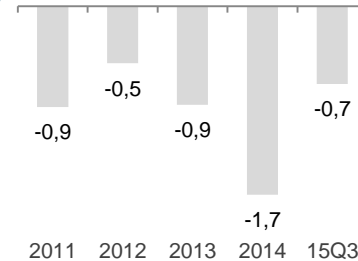
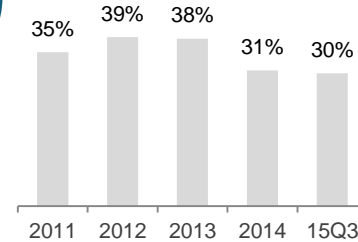


STRONG BALANCE SHEET

KONGSBERG aims to maintain a strong balance sheet

- Investment grade debt rating, securing access to attractive debt markets
- Enables us to take advantage of attractive acquisition opportunities
- Long-term customer relationships – a strong balance sheet is a competitive factor

Capital structure is assessed on an ongoing basis

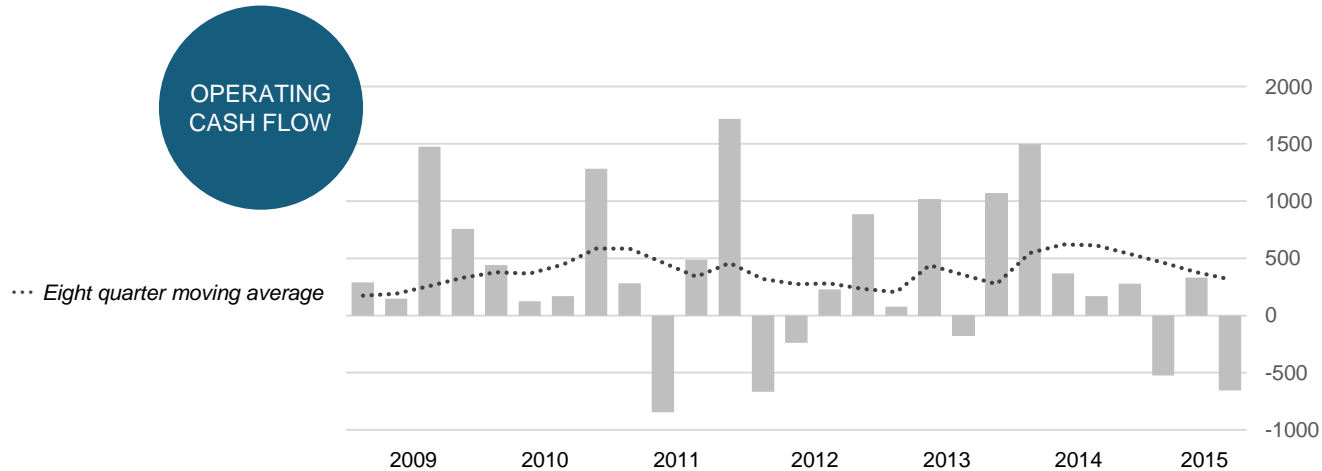




KONGSBERG

SUPPORTING A FLUCTUATING CASH FLOW

KONGSBERG has a highly fluctuating cash flow, primarily due to payment terms in certain types of projects





CURRENCY EFFECTS

KONGSBERG hedges all contracts in foreign currencies and a portion of anticipated future order intake

Hedging strategy:

- Minimize P/L fluctuations due to currency effects
- Result predictability in business areas/projects

TEMPORARY EFFECTS DUE TO HEDGING

PROGNOSIS

EQUITY

Fair value of hedging portfolio continuously adjusted against equity

PROGNOSIS/ PROJECTS

BALANCE SHEET

Balance sheet fluctuates due to change in fair value of current assets and liabilities

PROGNOSIS/ PROJECTS

CASH

Temporary cash in- or outflow depending on currency rate at the time of hedge-rollover

CURRENCY
FUTURES,
CASH FLOW
HEDGES
(MNOK)

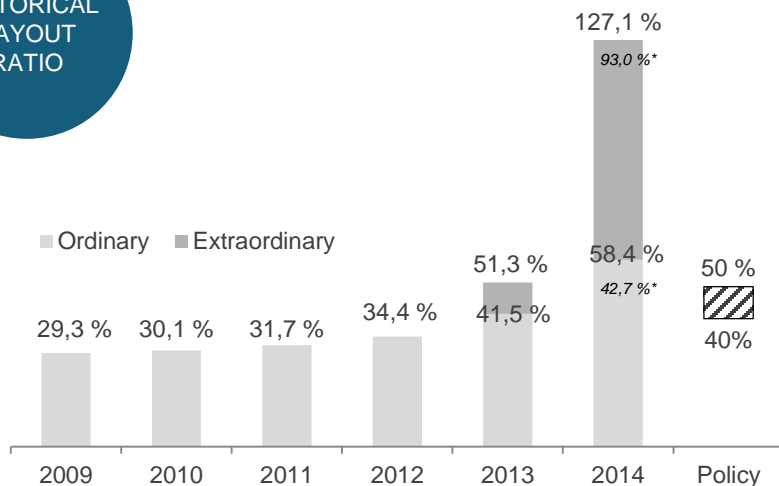
<i>Due in:</i>	2015	2016 ->	TOTAL
EUR	361	531	892
USD	2 259	5 450	7 709
TOTAL	2 620	5 981	8 601



DIVIDEND

“ Dividends shall over time constitute between 40 and 50 per cent of the company’s ordinary net profit after tax, future capital requirements taken into account ”

HISTORICAL PAYOUT RATIO



DIVIDEND PAYOUT FY 2014

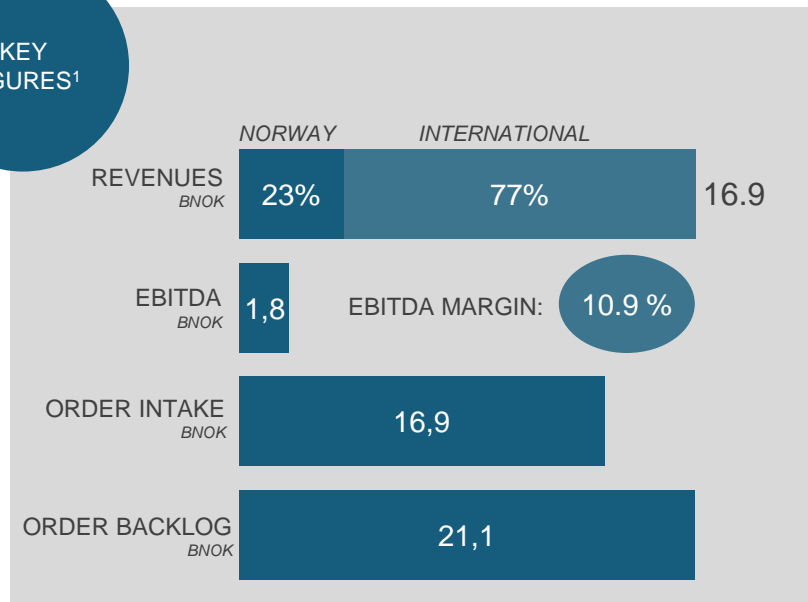
	DIVIDEND	PAYOUT RATIO	*EXCL. IMPAIRM.
ORDINARY	4,25	58,4 %	42,7 %
EXTRAORDINARY	5,00	68,7 %	50,3 %
TOTAL	9,25	127,1 %	93,0 %

STRONG FINANCIAL POSITION



KONGSBERG

KEY FIGURES¹



¹ Last 12 months

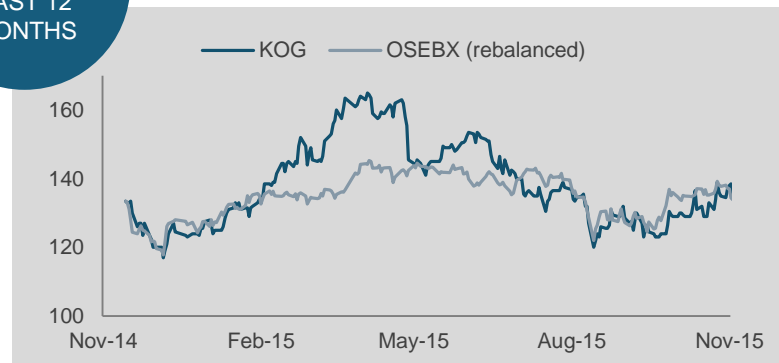
² Net interest bearing debt (NIBD) divided by last twelve months EBITDA. NIBD equals long-term interest-bearing loans minus cash and cash equivalents

³ Shadow ratings (average of DNB, Nordea and SEB)

BALANCE SHEET & RATING

EQUITY RATIO	0,30
LEVERAGE RATIO ²	-0.71
CREDIT RATING ³	BBB+

SHARE PERFORMANCE LAST 12 MONTHS



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ADAPTING TO CHANGING MARKETS AND TECHNOLOGIES



KONGSBERG



DEFENCE

Global security challenges

Increasing defence spending

KONGSBERG has a well positioned product portfolio



SPACE & SURVEILLANCE

Strong foothold in several niches

KONGSBERG is Norway's largest space company

MERCHANT MARINE

High demand in the merchant marine market

Strong OPEX focus in the industry

KONGSBERG has attractive solutions and increasing market share



SUBSEA TECHNOLOGY

Increasing demand for KONGSBERG's leading underwater technology solutions



OFFSHORE, OIL & GAS

Weak market with low investment levels in the near term

Cost pressure will drive new technology and new execution models

KONGSBERG offers cost efficient solutions



INDUSTRIAL DIGITALIZATION

Significant changes and opportunities related to digitalization

ADAPTING TO CHANGING MARKETS – PURSUING SIGNIFICANT OPPORTUNITIES



MARITIME

Preparing for a more challenging offshore market
Further developing market positions
Launching new technology applications
Further developing life cycle services



DEFENCE SYSTEMS

Executing large programs
Pursuing several major potential contracts
Developing and launching new technology applications

PROTECH SYSTEMS

Further pursuing several major new contract campaigns
Intensifying R&D investments for the next growth curve
Securing and expanding market position



OIL & GAS TECHNOLOGIES

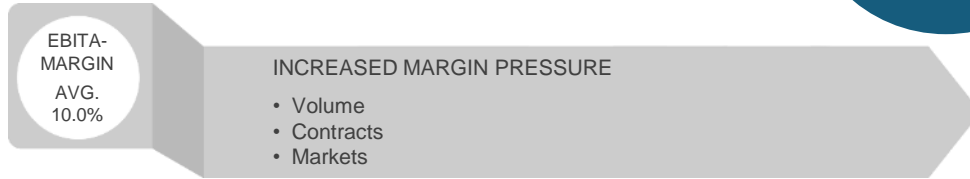
Adapting to challenging market
Securing operations
Developing platform for future growth





AMBITIONS REVISITED

AMBITIONS 2013 - 2015



10 % AVERAGE ANNUAL GROWTH
5 % organic, expected to strengthen over the period
Minimum 5 % acquired growth

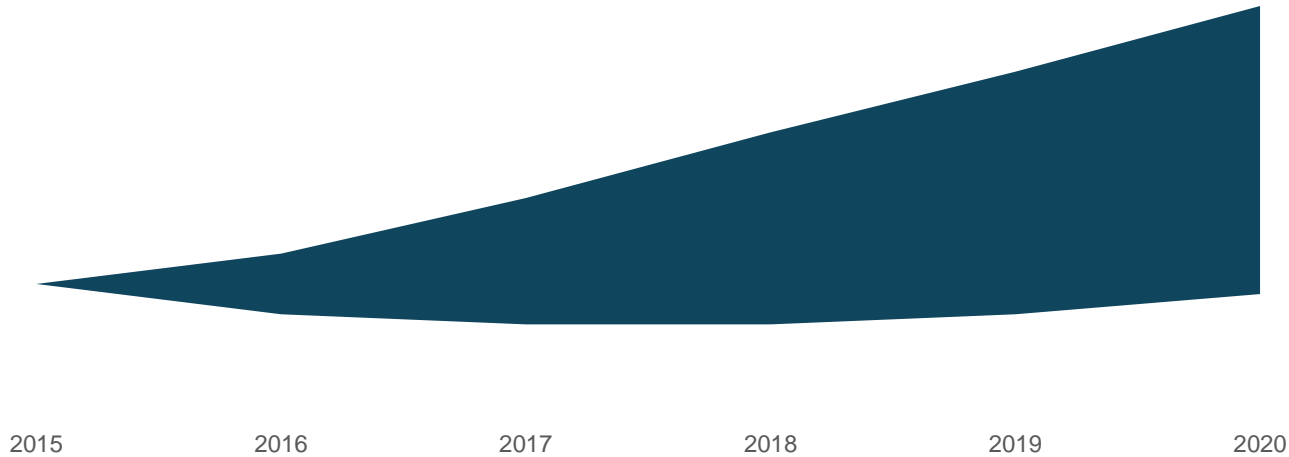
DOUBLE-DIGIT EBITA MARGIN

MAINTAIN A HIGH ROCE
New initiatives evaluated against 10-15 % ROCE

NOK 1 BILLION ANNUAL IMPROVEMENTS
Will be realized by end 2016

AMBITIONS 2016 - 2020

REVENUE DEVELOPMENT NEXT FIVE YEARS



DEFENCE

PROJECT EXECUTION • ORDERS BUILD_UP

FURTHER GROWTH AND WIDER DEPLOYMENT • F-35, MCT-30, NSM, NASAMS, JSM...

ADAPTING TO CHANGING MARKETS

LARGE OPPORTUNITIES, WIDER SCOPE, STRONG ALLIANCES, NEW APPLICATIONS

MARITIME

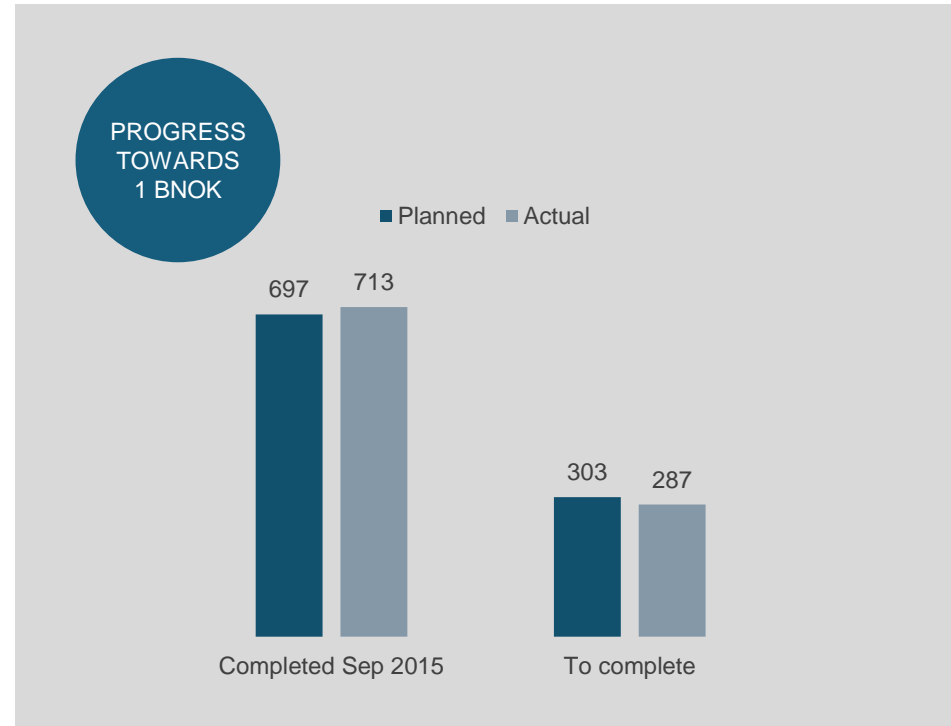
EXECUTION • ADAPTION • R&D

LARGER SCOPE • NEW TECHNOLOGY APPLICATIONS • DIGITALIZATION • NEW GROWTH PLATFORMS

STATUS DELTAONE

All business areas are expecting to meet targets by year end 2016

- Process innovation
- Sourcing
- Sharing best practices



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STATUS AMBITIONS FROM CMD 2013

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KONGSBERG

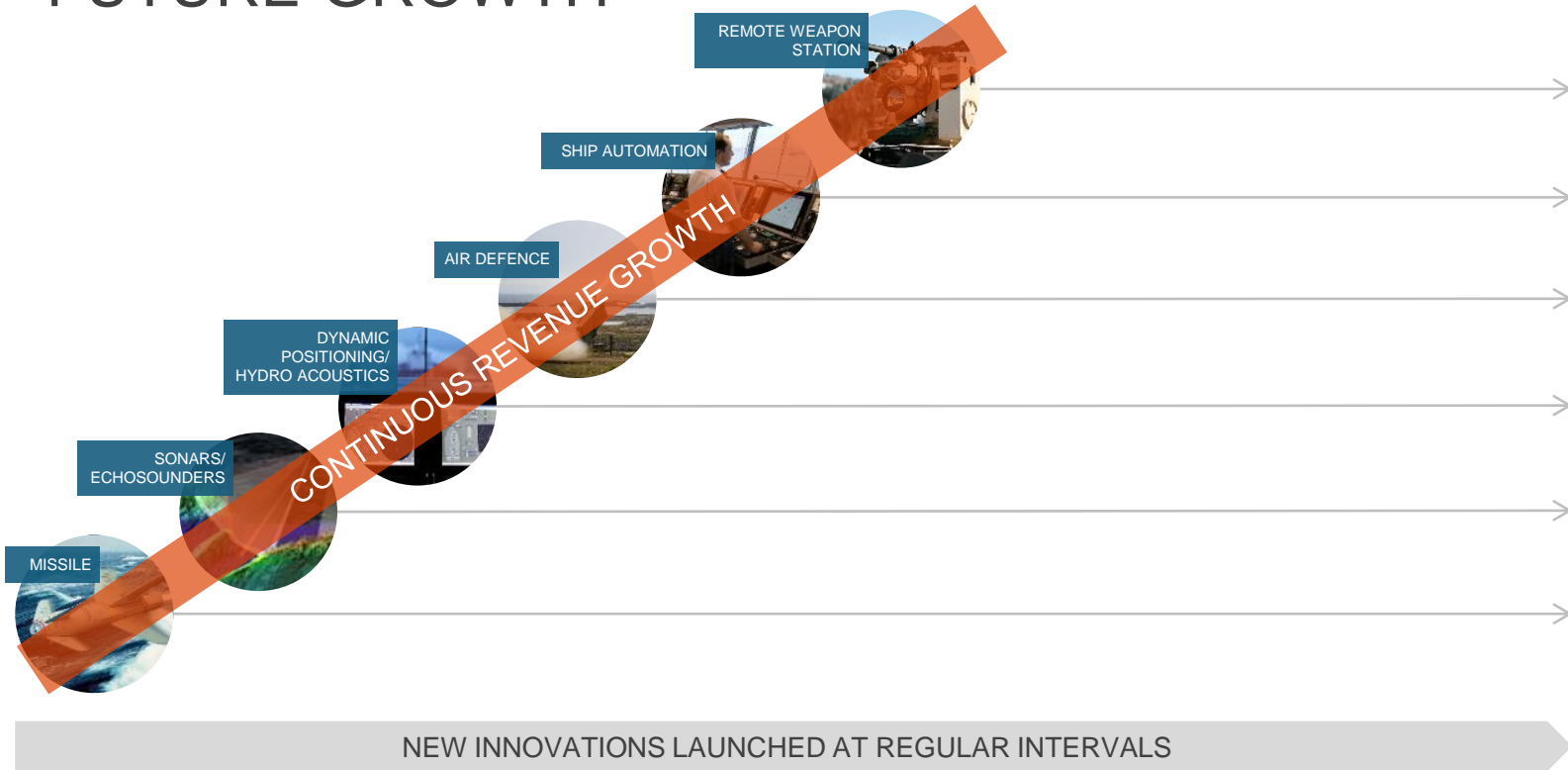
200 YEARS OF INNOVATIVE HISTORY



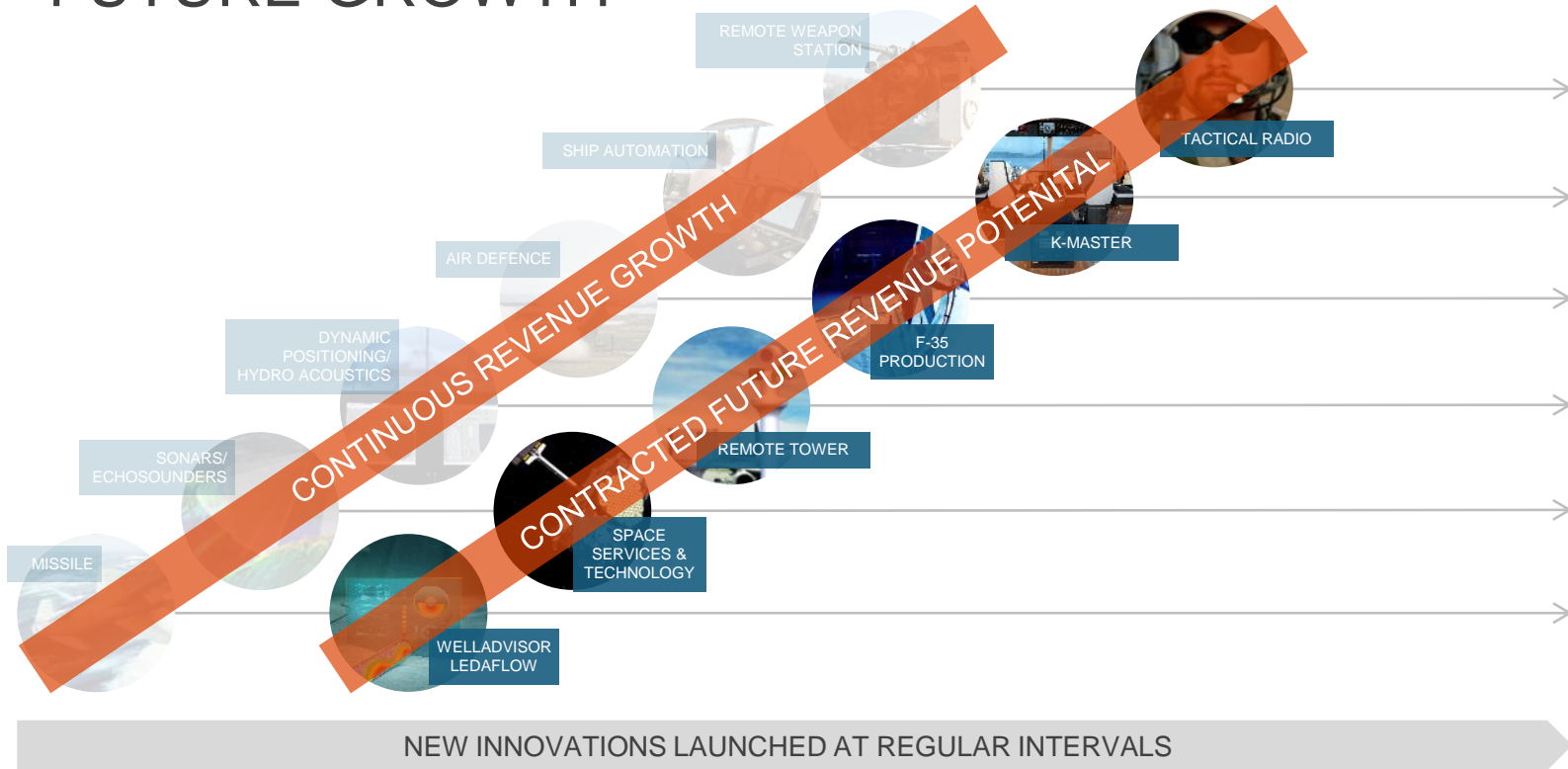
- High focus on R&D
- Continuous pipeline of innovations
- Incremental and disruptive
- Diversity delivers

*A unique history and
a strong culture. An
industrial pioneer
since 1814.*

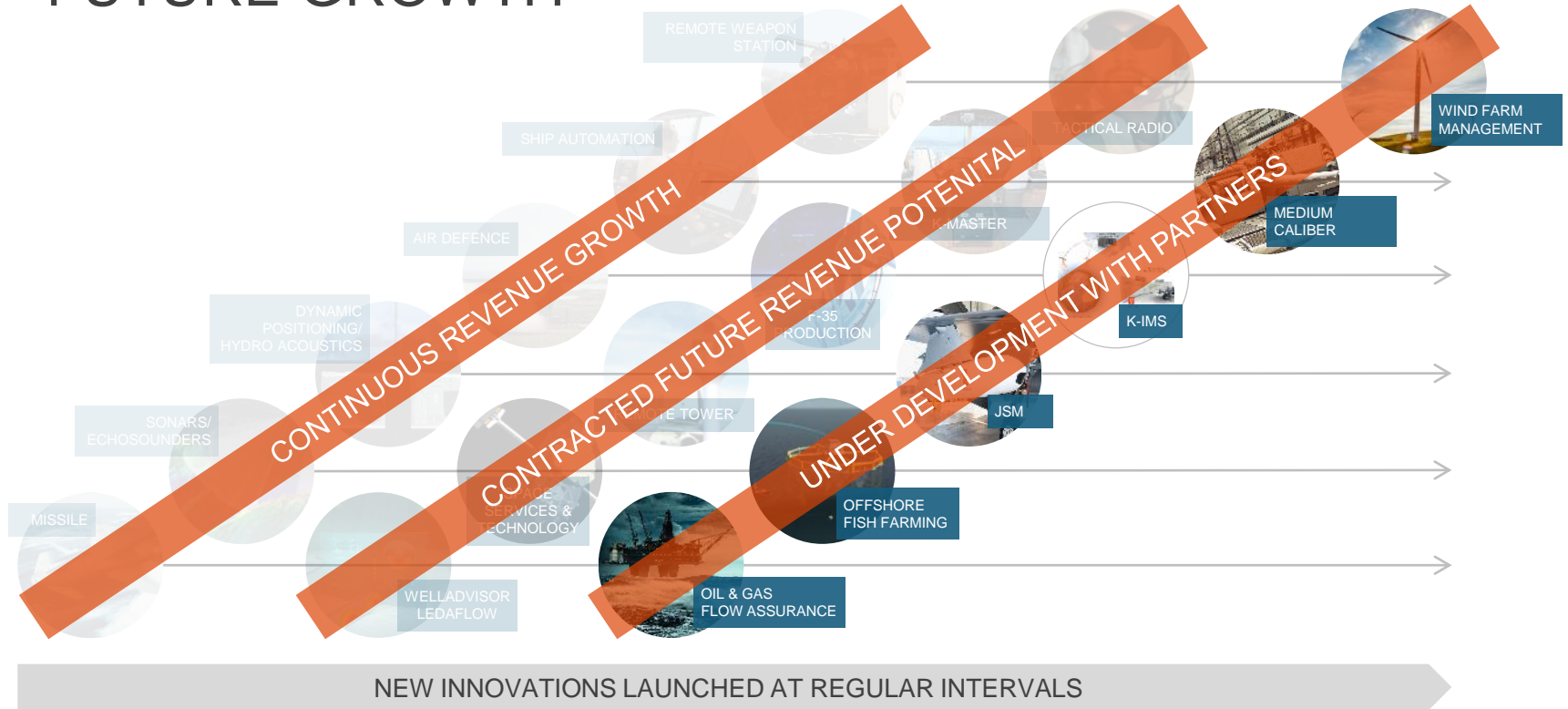
OUR INNOVATION PIPELINE PHILOSOPHY ENSURES FUTURE GROWTH



OUR INNOVATION PIPELINE PHILOSOPHY ENSURES FUTURE GROWTH



OUR INNOVATION PIPELINE PHILOSOPHY ENSURES FUTURE GROWTH



TAKING ON MORE SYSTEMS-, SOLUTIONS- AND PRIME RESPONSIBILITIES

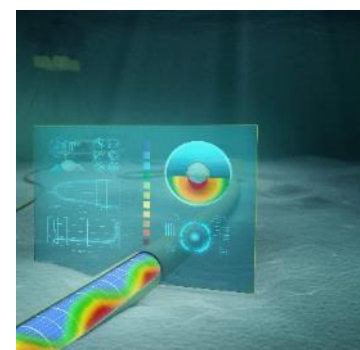
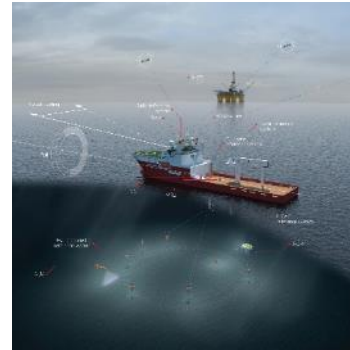
CORE CAPABILITIES

Integrating sensors and software

Supporting human decision making,
precision, safety, security

Cybernetics, software, signal processing
and system engineering

Project and supplier management





KONGSBERG

KEY OPPORTUNITY AREAS

- focuses Group long term innovation efforts



OCEAN SPACE

Leveraging our's and Norway's unique position to take a leading role in exploring innovative opportunities in the ocean space

SMART COMMUNITIES

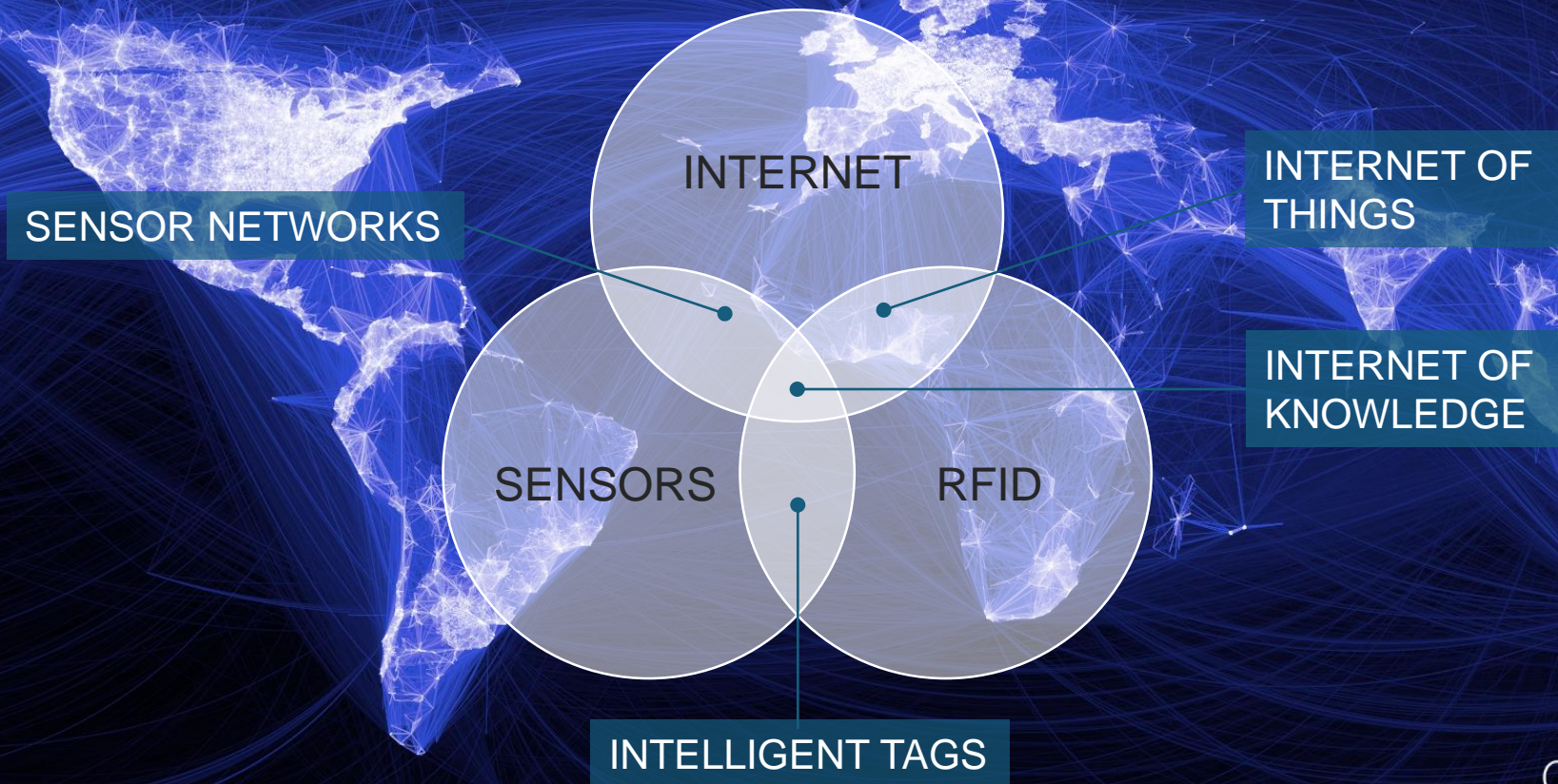
KONGSBERG technologies enabling and protecting the intelligent – but vulnerable – society. Optimizing, securing and protecting critical interests, such as supply-, distribution- and consumption of resources



OPPORTUNITIES IN DIGITALIZATION



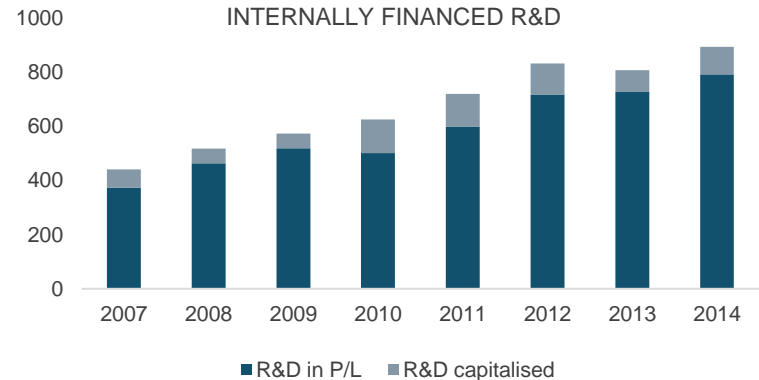
KONGSBERG



OUR R&D FOCUS REFLECTS OUR BELIEF IN TECHNOLOGY LEADERSHIP



- Continuous investments in product development
- Internally and customer financed
- Total product development constitutes around 10 per cent of operating revenues over time
- R&D activity in 2016 planned at same level as 2015



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KONGSBERG

WHERE WE ARE

KONGSBERG

An international technology corporation with market leading positions within defence, offshore, maritime and oil & gas niches

We develop and deliver advanced systems and technology for people working under extreme conditions

Our solutions ensure efficiency, safety, security and high performance in operations ranging from deep sea to outer space.

We have a strong financial position that gives operational predictability and represents a fundament for further growth

GROWTH

Innovation

We spend approx. 10 per cent of our revenues on product development every year

Business Development

We acquire 3-5 bolt-on companies each year

WHERE WE ARE HEADING

KONGSBERG

We further develop our platform through our defined growth strategies:

- Defence – primarily expanding customer base
- Maritime – primarily expanding offering base
 - Oil & Gas – securing operations
- Increased leverage of international alliances
- Growth and prudence leadership focus

GROWTH

Innovation pipeline

We continue our current innovation process, focusing on development of technology, business model, internal and external processes, alliances and competencies. We position KONGSBERG for the digital industrial shift

Business Development

Continue current practice and in addition we follow opportunities resulting from market restructuring and repricing

DEFENCE

KONGSBERG DEFENCE SYSTEMS

- good profitability and large opportunities



HARALD ANNESTAD
KONGSBERG DEFENCE SYSTEMS

KONGSBERG PROTECH SYSTEMS

- world leading market position



ESPEN HENRIKSEN
KONGSBERG PROTECH SYSTEMS

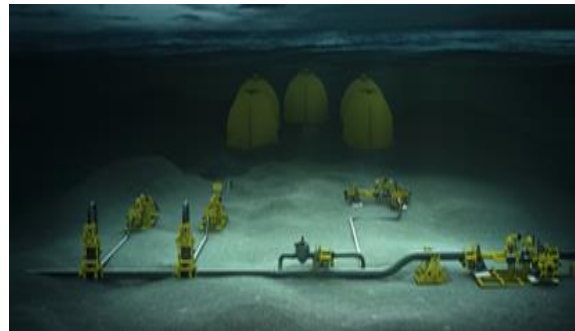
MERCHANT MARINE, OFFSHORE AND OIL & GAS

KONGSBERG MARITIME
- solid performance in cyclical markets



GEIR HØY
KONGSBERG MARITIME

**KONGSBERG OIL & GAS
TECHNOLOGIES**
- challenging markets but high potential over time



EGIL HAUGSDAL
KONGSBERG OIL & GAS TECHN.



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