



KONGSBERG

KONGSBERG PROTECH SYSTEMS

Espen Henriksen, President KPS

CMD²⁰₁₅
CAPITAL MARKETS DAY

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DEVELOPMENT SINCE CMD 2014

CORE TECHNOLOGY & INNOVATION

THE DEFENCE MARKET

OPPORTUNITIES AHEAD



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The main product is the remotely operated weapon system PROTECTOR. The PROTECTOR family of products has achieved a leading position in this market.

Offices in Norway,
USA, Canada and
Australia

661 employees

Revenues LTM 1,6 BNOK

Order backlog
3,5 MNOK

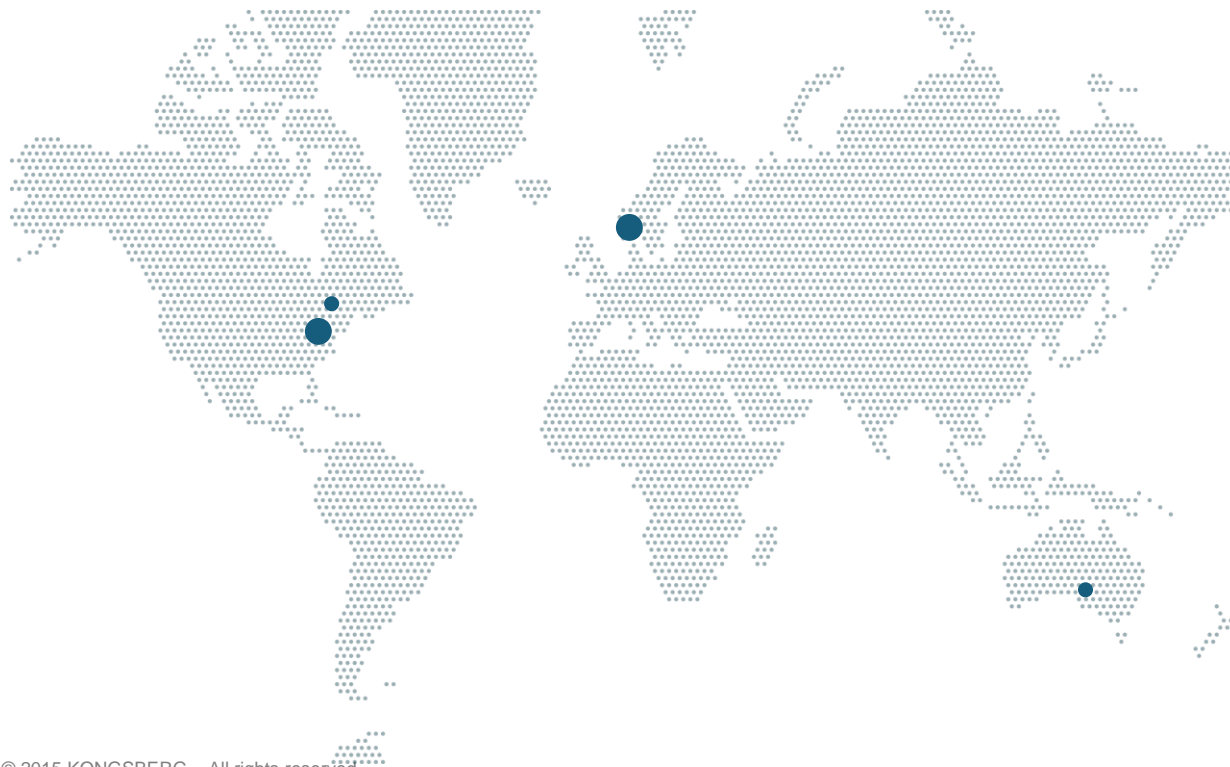
*The world leading
provider of RWS
systems*

OUR GLOBAL BUSINESS SYSTEM

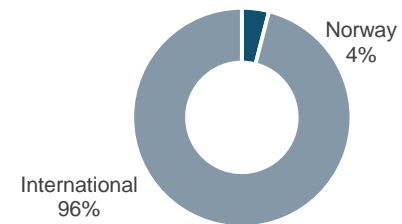
Local offices in 4 countries, ensures proximity to our customers



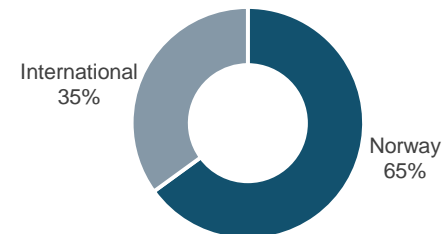
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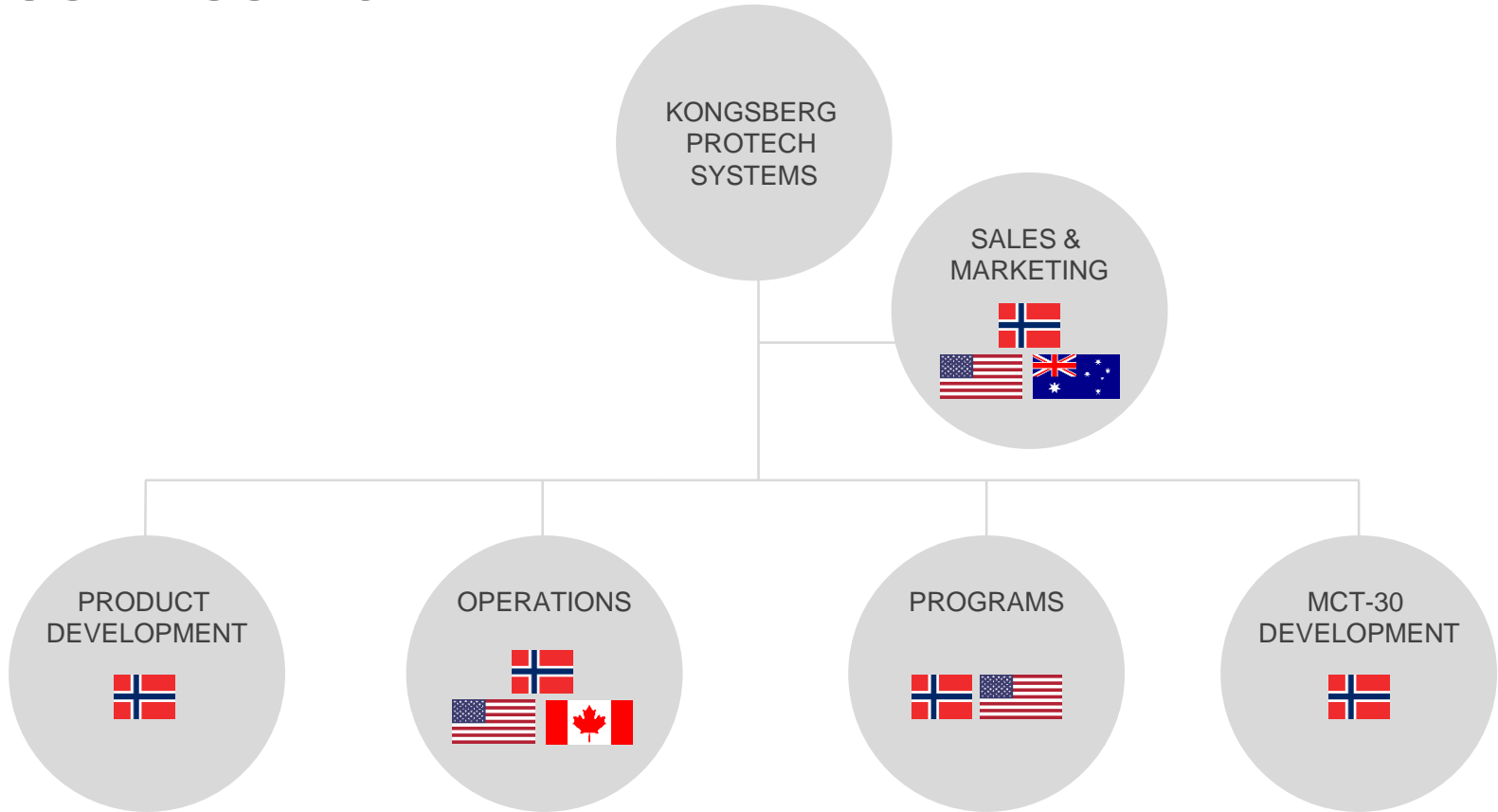
REVENUE DISTRIBUTION 2014



EMPLOYEE DISTRIBUTION 2014



BUSINESS MODEL

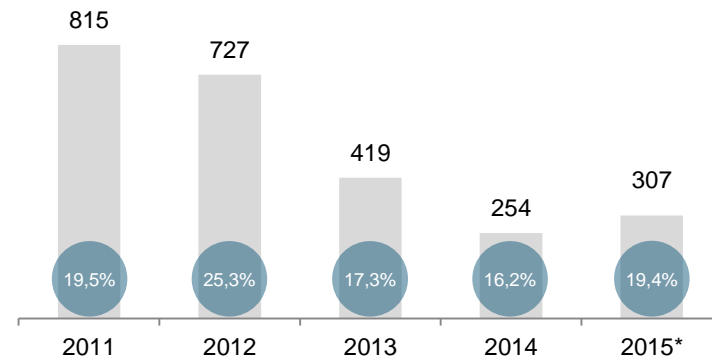
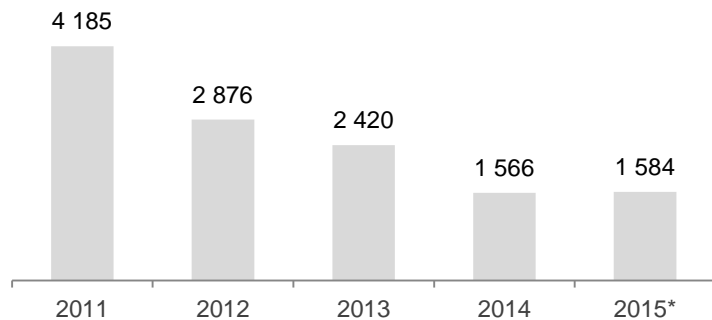




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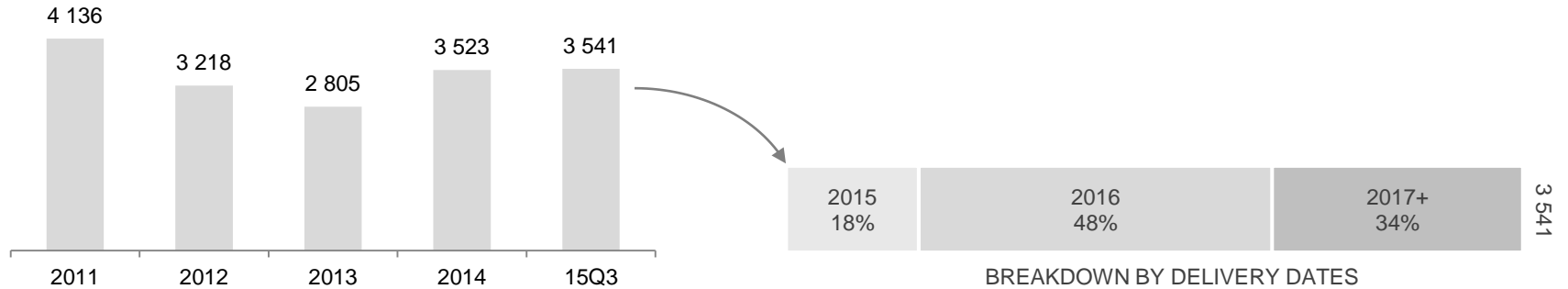
REVENUES BOTTOMING OUT

– Well positioned for the next growth curve



EBITDA 2015 reflects released provisions of ~300 MNOK*

GOOD REVENUE VISIBILITY FOR 2016



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

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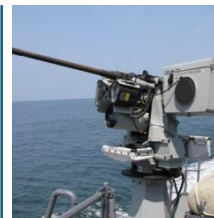
SCOUT SV FOR UK

Contracts won for serial delivery of the integrated RWS systems for the Scout vehicle in the UK



REDFIN – RWS WITH JAVELIN

The Commonwealth of Australia has ordered the first RWS with Javelin



NAVAL RWS

USMC and Navy have both ordered systems through US Army

GCC DEMONSTRATIONS

KPS has continued to support testing of 8x8 vehicles with 30mm weapon systems in the region



GDLS PARTNER FOR LAND400

KPS has teamed with GDLS and Thales for the LAND400 program in Australia



THE STRYKER COMPETITION

GDLS has issued RFP for the 30mm weapon system for Stryker



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REDUCED RWS PRODUCTION COST

Total savings estimated at 68MNOK from 2017

PROTECTOR MCRWS – some examples

48 MNOK run rate 2017 savings implemented



Turret structure
Redesigning turret structure from steel to aluminum provides recurring savings



Power Electronics
Combining two power units into one casted design.



Sight Sensors
Leveraging the CROWS Low Profile sight sensor assembly provides a saving compared to a MOTS product.



PROTECTOR RWS – some examples

20 MNOK run rate 2017 savings implemented



Day Camera
Redesign of filter alternators, servo motors for focus and optimize for production



Sight Electronics
Redesign by among other converting to casted structure



Gyro sensor
Going from Fiber Optical Gyros (FOG) to MEMS technology for stabilization



THIS SUMMARIZES THE INITIATIVE “PRODUCTION COST REDUCTION” WHICH SHALL:

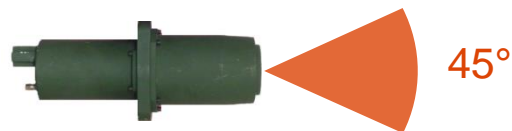
- Implement current lower cost design alternatives in ongoing deliveries
- Identify, design and implement new lower cost design in ongoing and future deliveries
- Increase KPS competitiveness due to lower production cost of our products



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VIS 95 – NEW TECHNOLOGY BROUGHT TO THE MARKET

Comparison of wide field of view VIMC vs. VIS 95



VIMC



VIS 95



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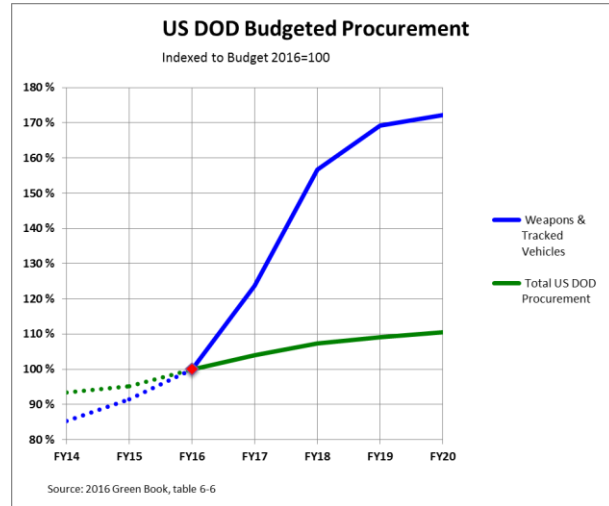
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THE DEFENCE MARKET

OPPORTUNITIES AHEAD

THE DEFENCE MARKET - USA

- Slowly improving
- Major programs in the pipeline
- Upgrades & Repairs



US troops in Europe request bigger guns amid Russia anxieties

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Soldiers of the U.S. Army 3rd squadron, 2nd Cavalry Regiment as the troops of the "Dragoon Ride" military exercise arrive at their home base at Rose Barracks in Vilseck April 1, 2015. (Reuters/Michael Dalder)



Defense Security Cooperation Agency NEWS RELEASE

On the web: <http://www.dscsa.mil>

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Lithuania - M 1126 Stryker Infantry Carrier Vehicles (ICV) with 30mm cannon and M2 Machine Guns, and Related Support Equipment

WASHINGTON, Nov. 5, 2015 - The State Department has made a determination approving a possible Foreign Military Sale to the Government of Lithuania for Stryker Infantry Carrier Vehicles and associated equipment, parts and logistical support for an estimated cost of \$599 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale on November 4, 2015.

THE DEFENCE MARKET - ROW

Europe – Stable, upgrades and some major programs

GCC – Major programs for RWS and MCRWS
– uncertain timing

Asia/Oceania – Major programs for RWS and MCRWS



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- Kongsberg Protector is the “State of the Art” remote weapon station
- The US market shows signs of improvement
- New RWS requirements is developing in a number of countries outside the US
- More opportunities for Medium Caliber – we are competing in several programs
- The order intake for 2015 is behind 2014 – but significant opportunities ahead





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