



KONGSBERG

INVESTOR PRESENTATION

Q1 2019

10/05/2019

Geir Håøy, President & CEO
Gyrid Skalleberg Ingerø, EVP & CFO
Lisa E. Haugan, EVP Finance KM



KONGSBERG

HIGHLIGHTS Q1

3 627
REVENUES

3 766
NEW ORDERS

414
EBITDA

11.4%
EBITDA MARGIN



GROUP:

- Continued strong order intake
- Margins affected by sales of subsidiary and integration costs

DEFENCE:

- First JSM delivery contract secured
- NASAMS-selection in Australia confirmed

MARITIME:

- Solid order intake
- Successful closing of RRCM 1st April 2019

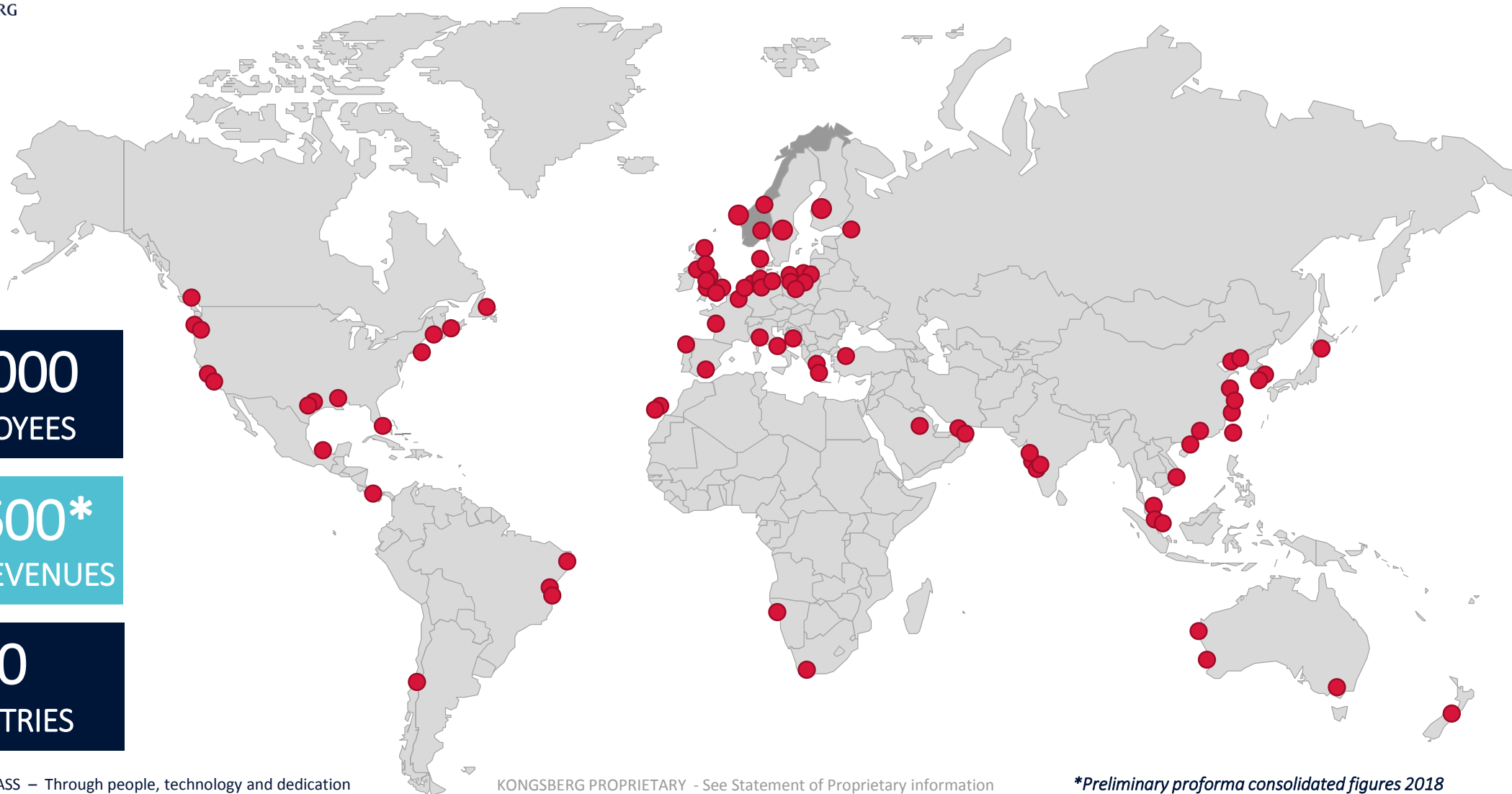
DIGITAL:

- Growth and improved profitability
- Continued good order intake



KONGSBERG

“NEW” KONGSBERG



11 000
EMPLOYEES

22 600*
MNOK REVENUES

40
COUNTRIES

WORLD CLASS – Through people, technology and dedication

KONGSBERG PROPRIETARY - See Statement of Proprietary information

**Preliminary proforma consolidated figures 2018*



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FINANCIAL STATUS

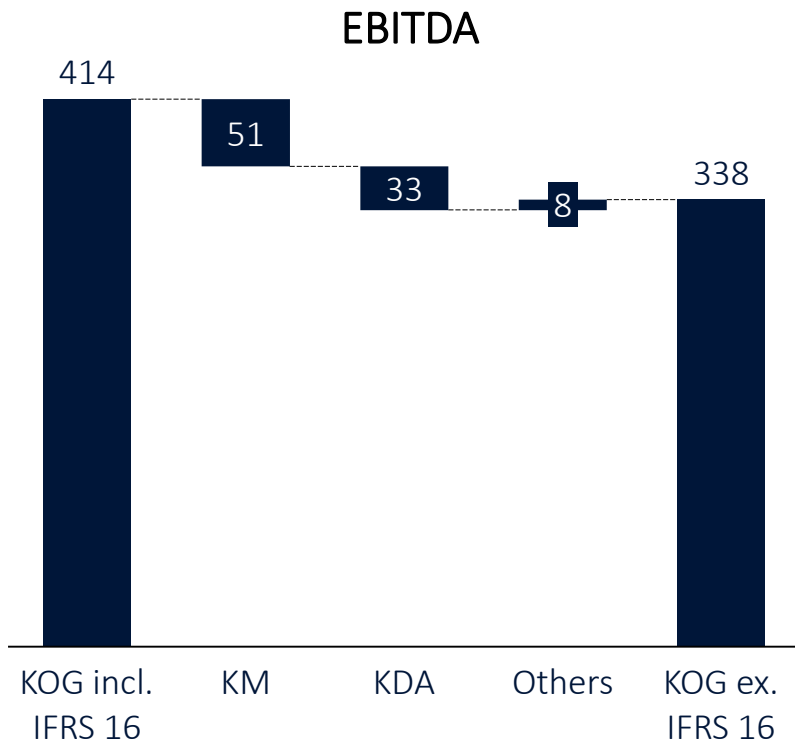
Gyrid Skalleberg Ingerø, CFO



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IFRS 16 effects

Q1 2019



	KOG incl. IFRS 16	KM	KDA	Others	KOG ex. IFRS 16
Revenues	3 627	-	-	-	3 627
EBITDA	414	-51	-33	8	338
EBIT	239	-7	-4	1	229
EPS	0.95	-	-	-	1.02



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Q1 2019

3 627 MNOK (3 554)

REVENUES

KM MNOK 2 072 (1 796)

KDA MNOK 1 369 (1 585)

338 MNOK (286)

EBITDA

KM MNOK 187 (134)

KDA MNOK 138 (172)

9.3% (8.0%)

EBITDA MARGIN

KM 9.0% (7.5 %)

KDA 10.1% (10.9 %)

3 766 MNOK (2 939)

ORDER INTAKE

KM MNOK 2 413 (1 900)

KDA MNOK 1 137 (798)



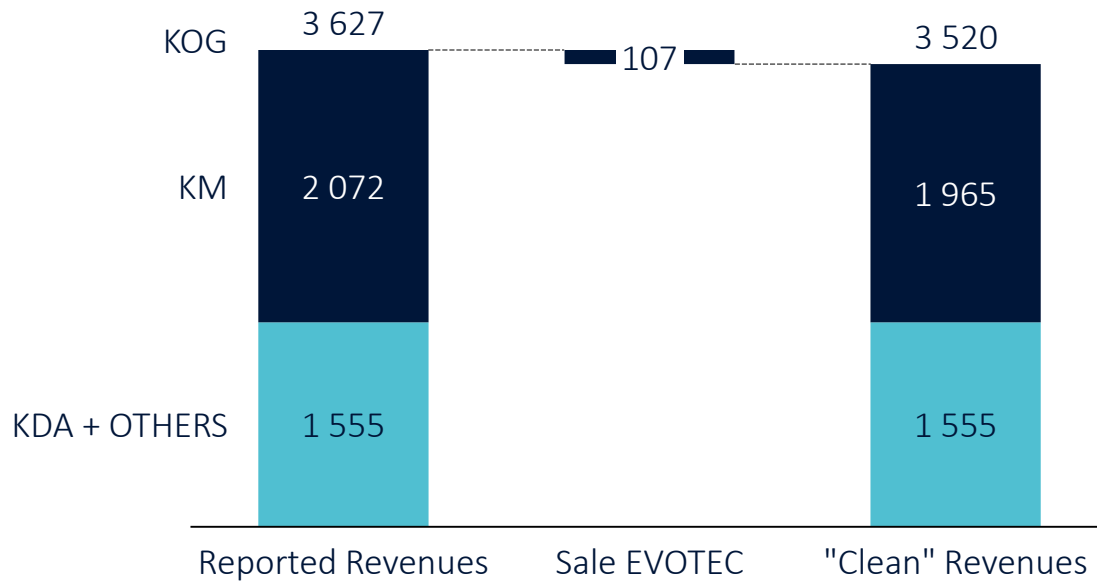
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Special items Q1

Kongsberg Maritime

Revenues

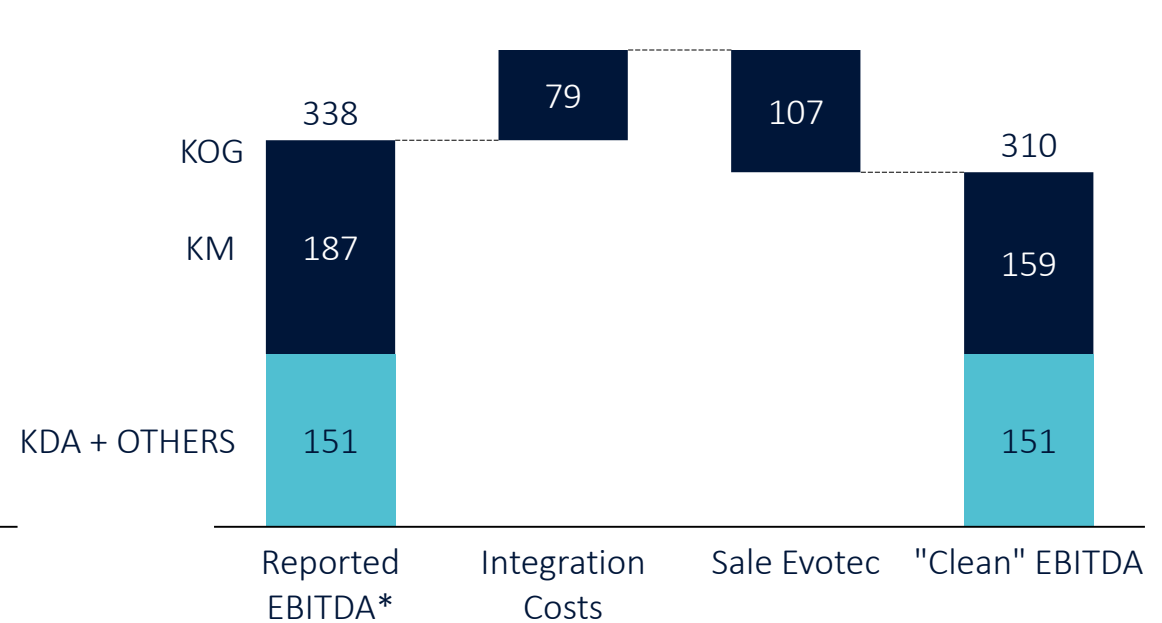
EVOTEC-sale: MNOK 107



EBITDA

EVOTEC sale: MNOK 107

Integration costs: MNOK 79





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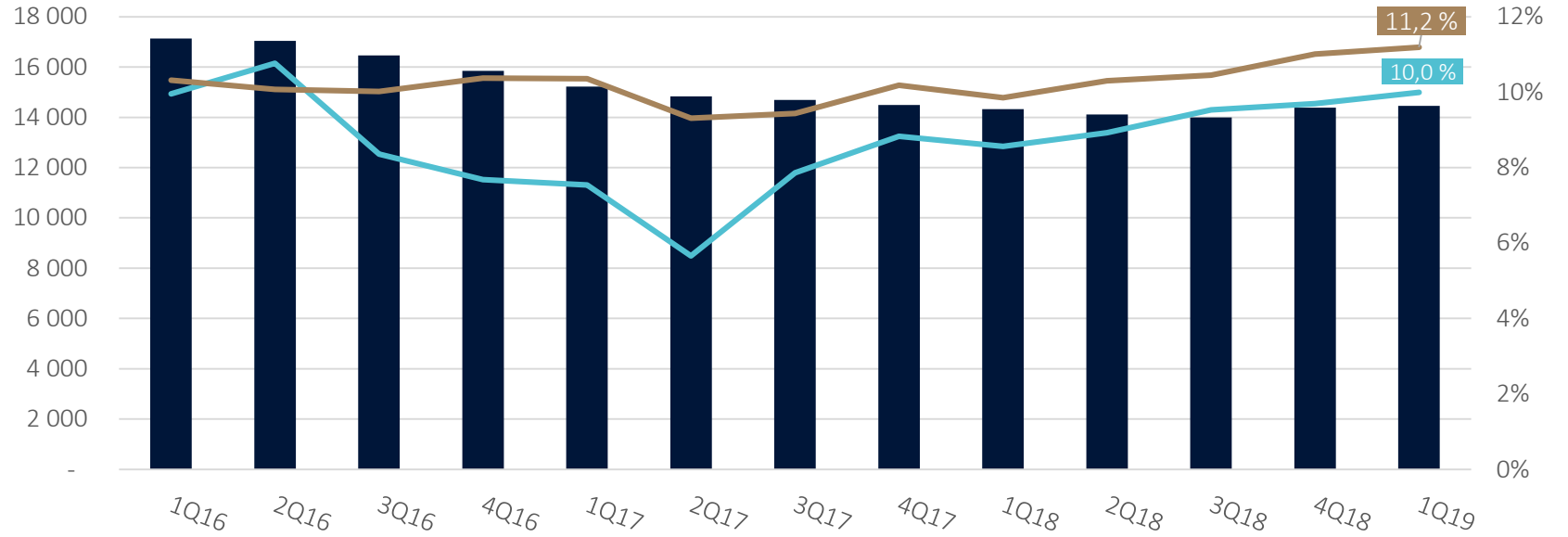
ROLLING LTM

UNDERLYING/REPORTED PERFORMANCE

- LTM Revenues
- LTM EBITDA %
- LTM Underlying EBITDA %

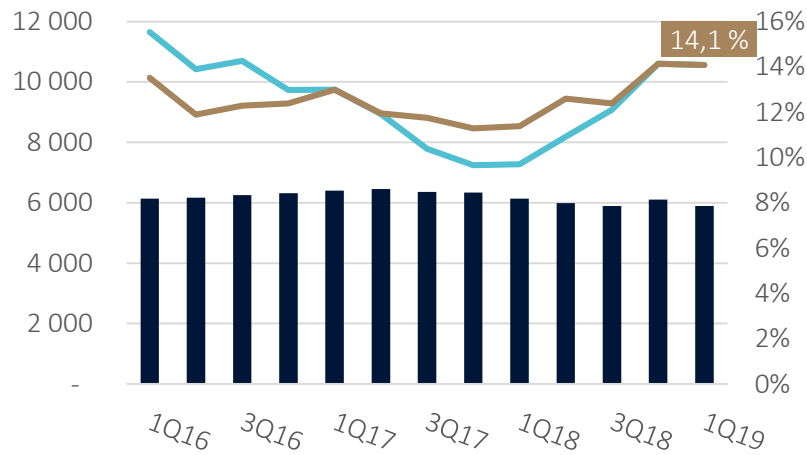
KOG

Adjustments include: =<2017: Released provisions, impairment and restructuring, >=2018: acquisition costs, integration costs



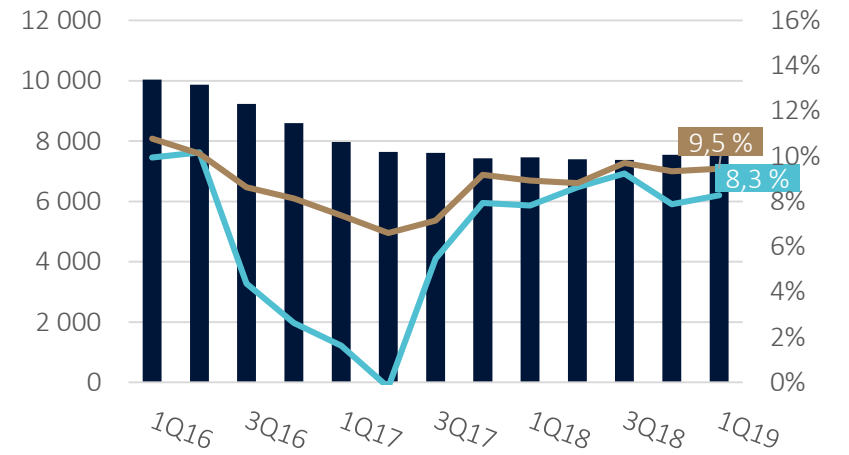
KDA

Adjustments: Released provisions & restructuring



KM

Adjustments: Impairment, restructuring & integration costs





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REVENUES Q1

TOTAL REVENUES UP 2.1% YoY

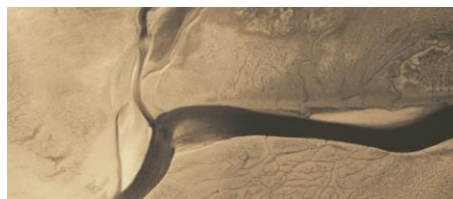
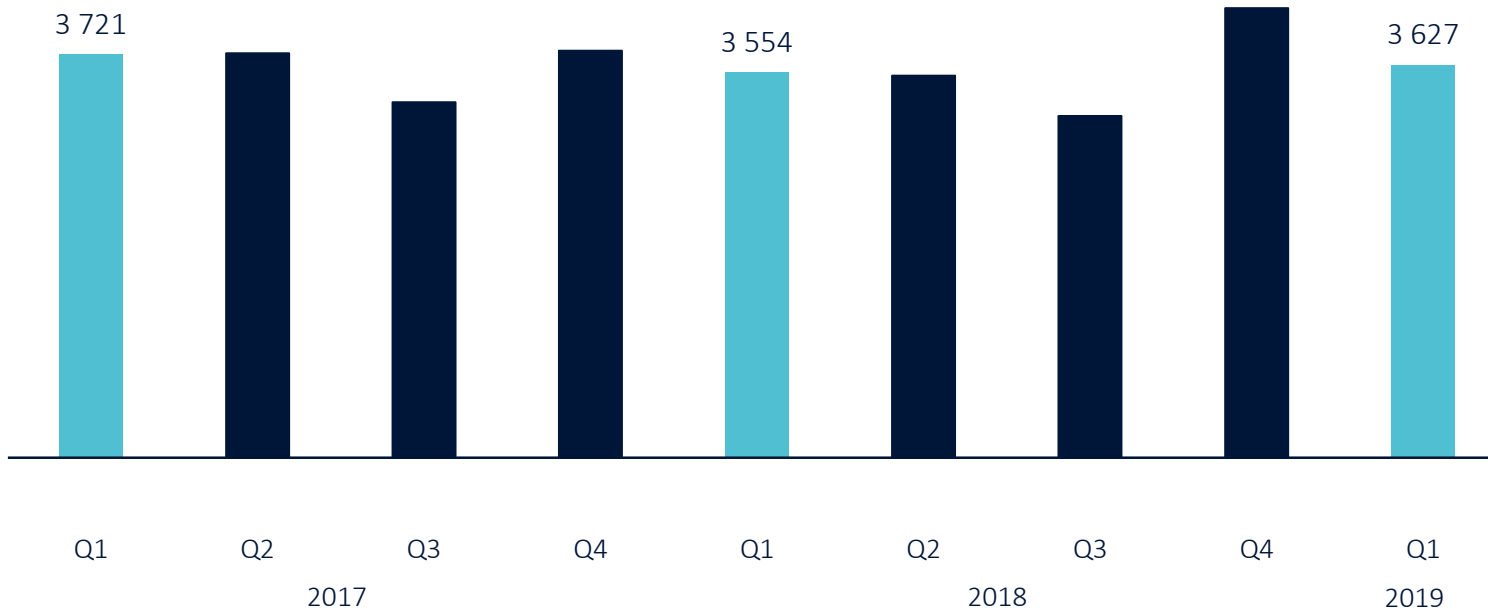
Adjusted for Evotec, down 1.0%

KM revenues up 15.4% YoY

Adjusted for Evotec, up 9.4% YoY

KDA revenues down -13.6% YoY

Mainly related to lower MCT30 volumes



KDA / 1 369
(1 585)



KM / 2 072
(1 796)



OTHER / 186
(173)



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EBITDA Q1

9.3 % OVERALL EBITDA MARGIN (8.0%)

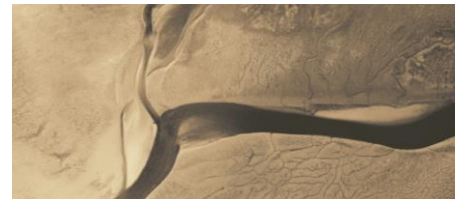
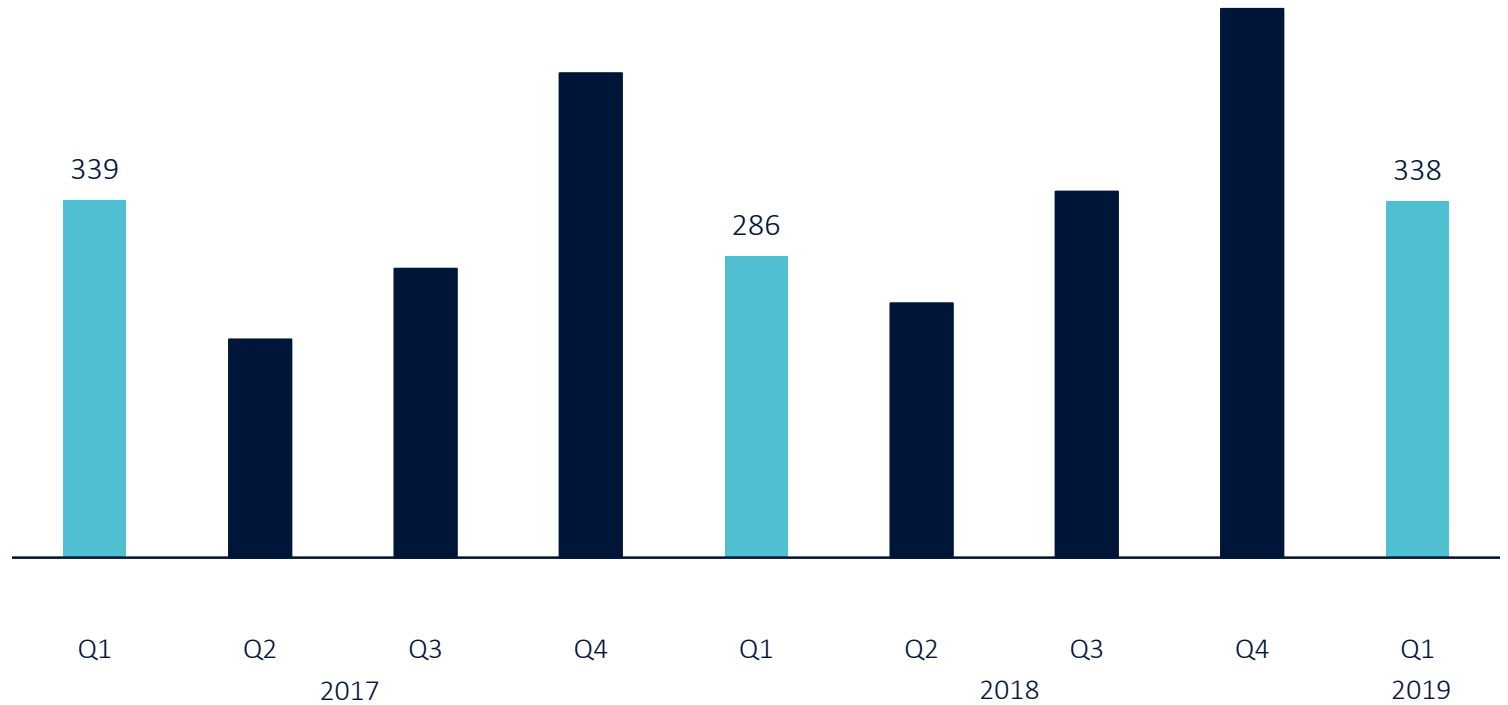
8.8 % EBITDA margin adjusted for special items

9.0 % EBITDA MARGIN IN KM (7.5%)

8.1 % EBITDA margin adjusted for special items

10.1 % EBITDA MARGIN IN KDA (10.9%)

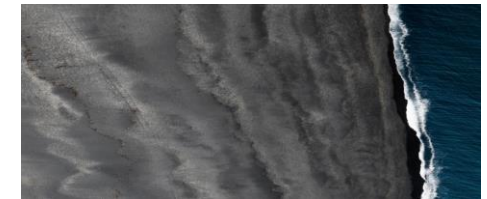
Weaker contribution from Patria



KDA / 138
10.1 % MARGIN



KM / 187
9.0 % MARGIN



OTHER / 13

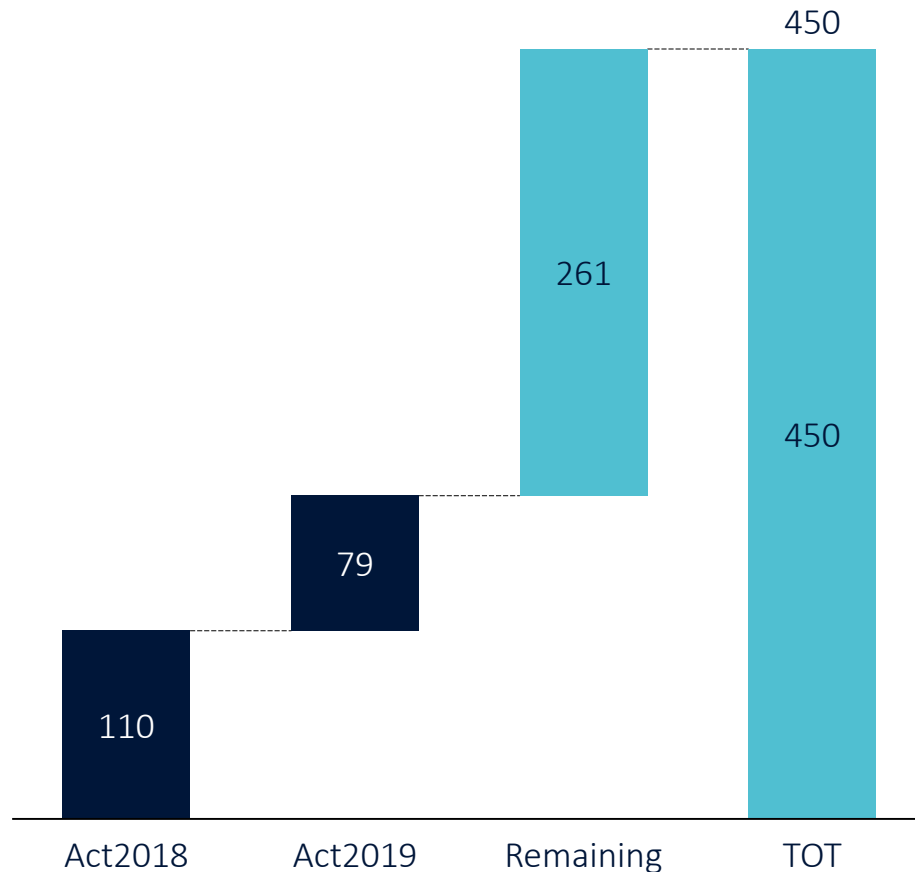


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Status integration

- *Rolls-Royce Commercial Marine*

INTEGRATION COSTS



ACTIONS COMPLETED PRIOR TO CLOSING

Approximately 6 000 actions completed prior to closing

Largest external costs related to IT, legal, new organization design, separation actions and re-branding

Verification of potential for cost improvements and synergies

Development of detailed plans for realization

Successful closing took place 1st April, 2019



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NEW ORDERS Q1

BOOK/BILL 1.07 (adjusted for special items)

MNOK 17 301 total order backlog

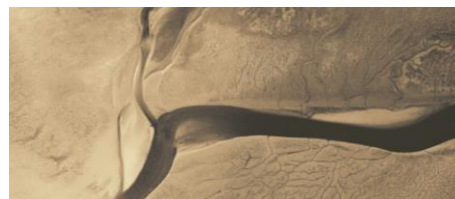
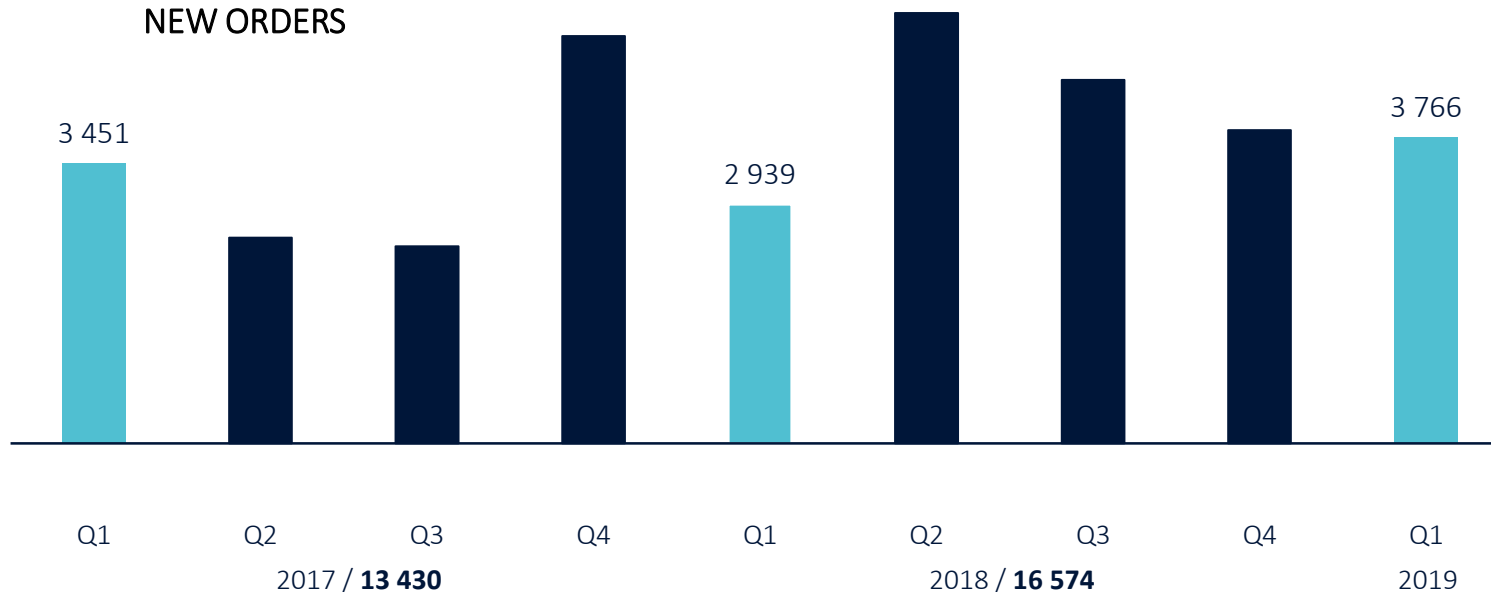
KM BOOK/BILL 1.23 (adjusted for special items)

Order backlog increased 26.2 % YoY

KDA BOOK/BILL 0.83

Order backlog increased 14.7 % YoY

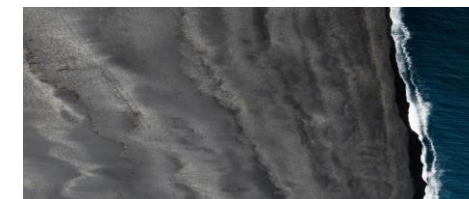
NEW ORDERS



KDA / 1 137
(798)



KM / 2 413
(1 900)



OTHER / 216
(241)

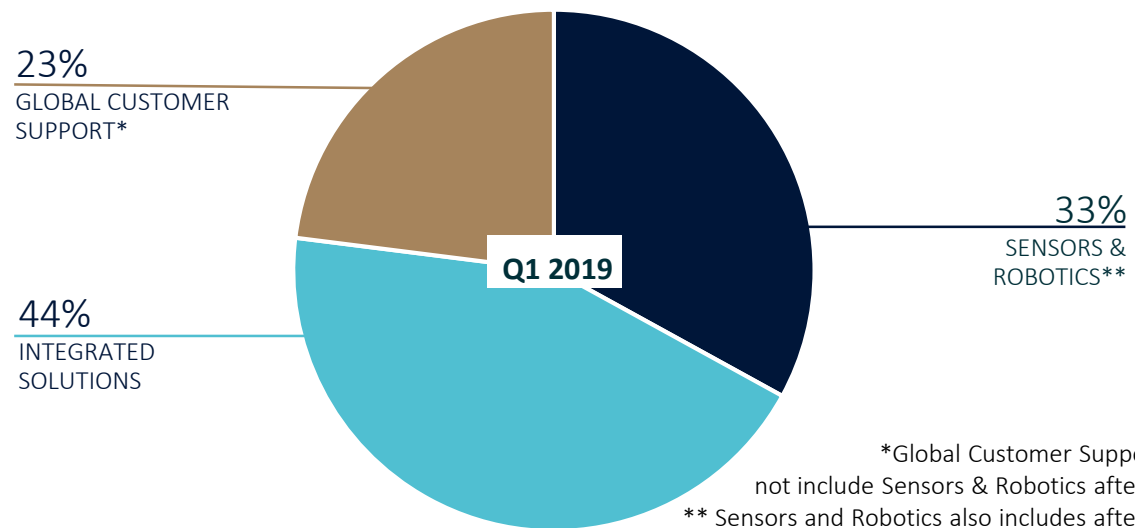
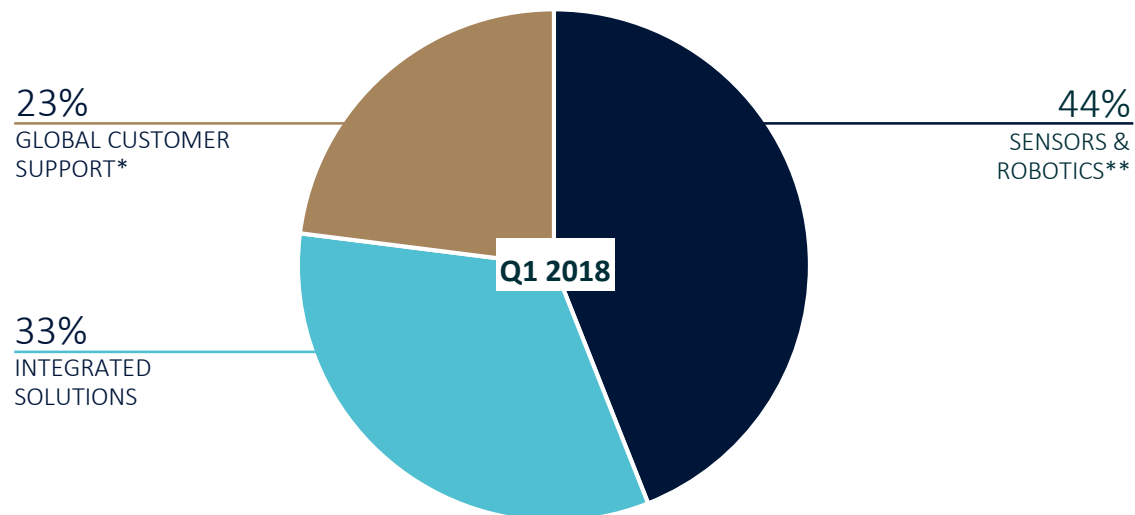


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NEW ORDERS KONGSBERG MARITIME

Q1 2018: MNOK 1 900

Q1 2019: MNOK 2 413



*Global Customer Support does not include Sensors & Robotics aftermarket
** Sensors and Robotics also includes aftermarket

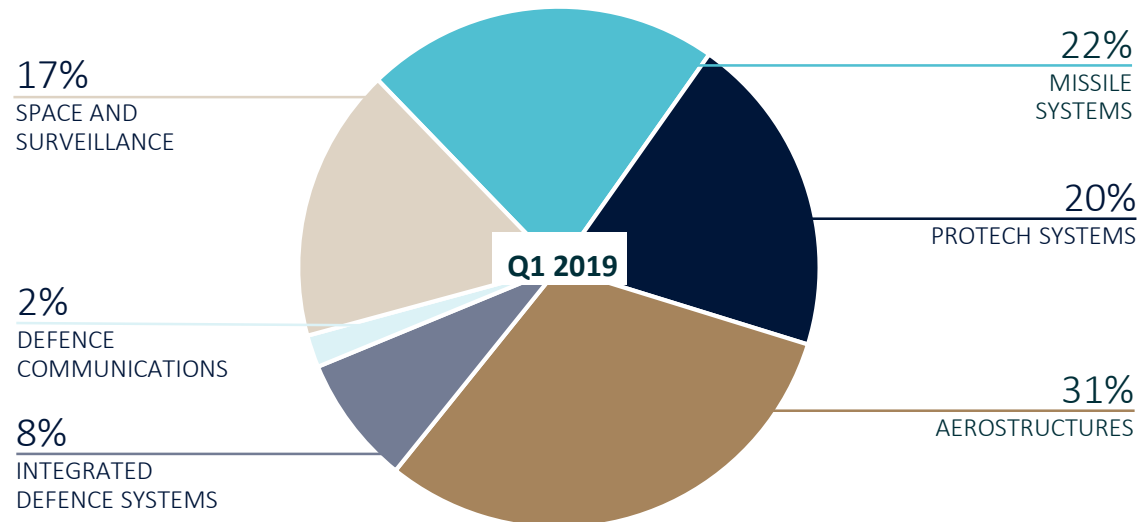
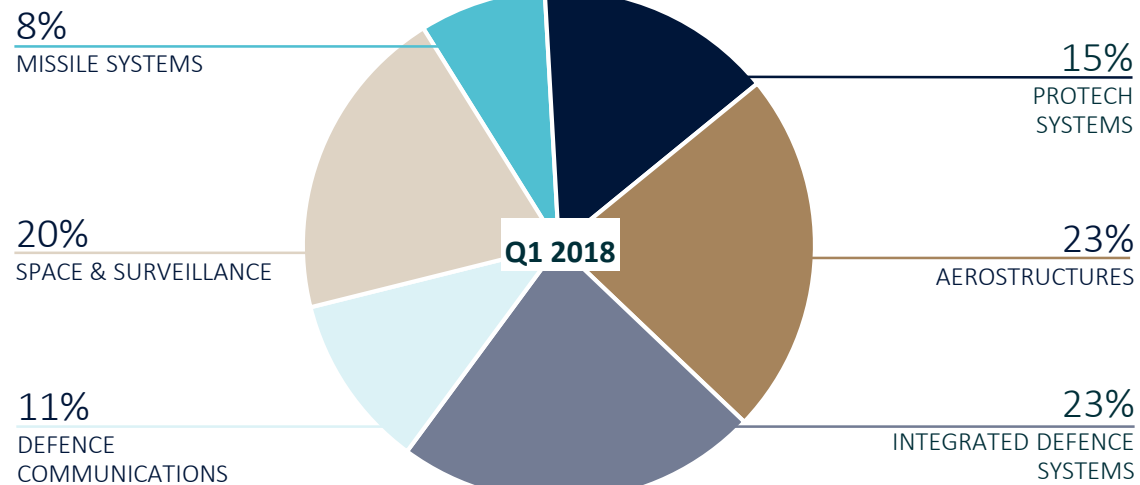


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NEW ORDERS KONGSBERG DEFENCE AND AEROSPACE

Q1 2018 MNOK 798

Q1 2019 MNOK 1 137





KONGSBERG

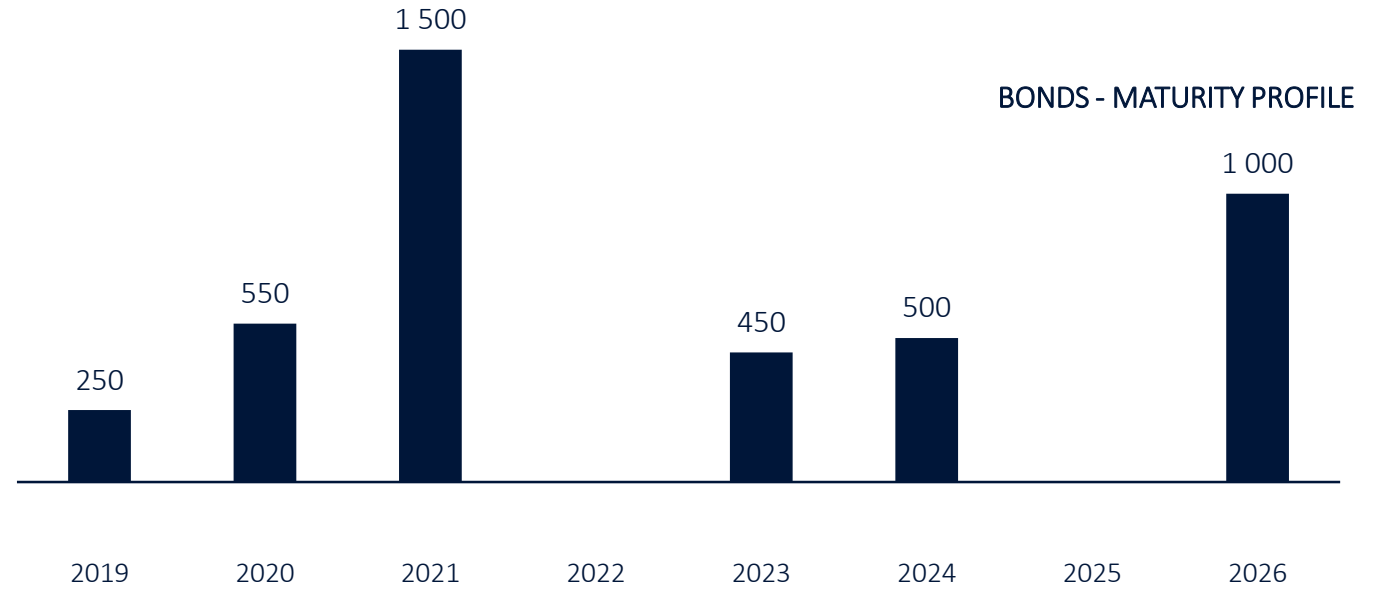
STRONG BALANCE SHEET

	Q1 2019	2018	2017
Gross interest bearing debt	4 348	4 332	3 340
Cash and short-term deposits	10 389	10 038	2 956
Net interest bearing debt	-6 041	-5 706	384
Equity ratio	43.3%	45.7 %	35.6 %
ROACE	13.6 %	12.5 %	9.0 %

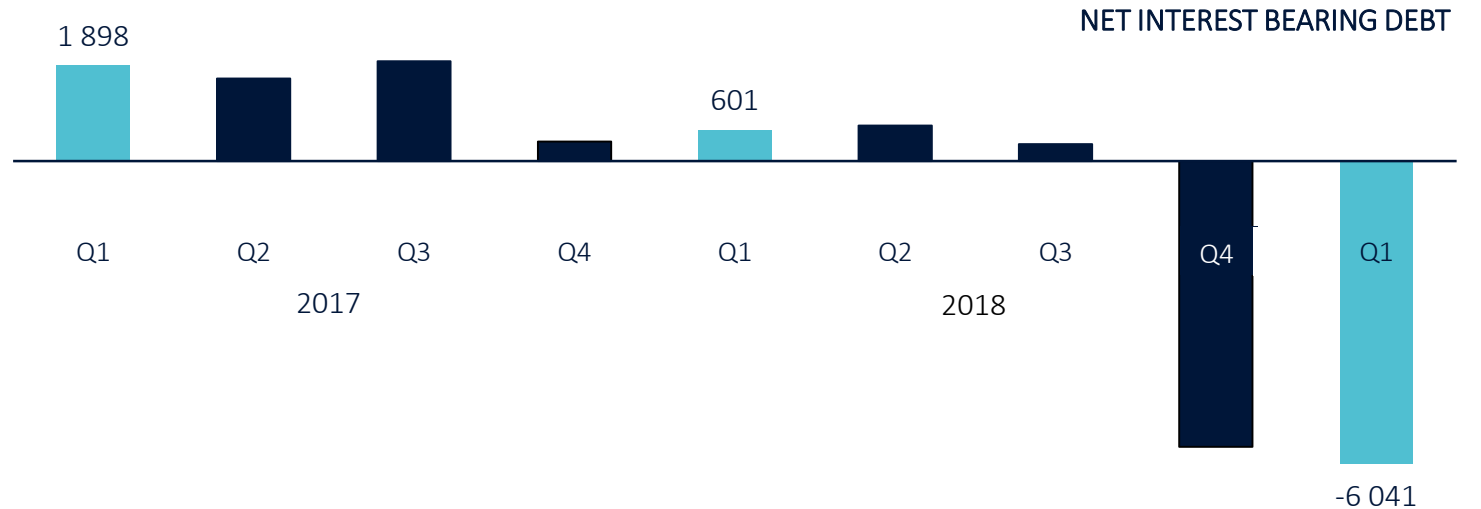


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DEBT POSITION



HEALTHY MATURITY PROFILE





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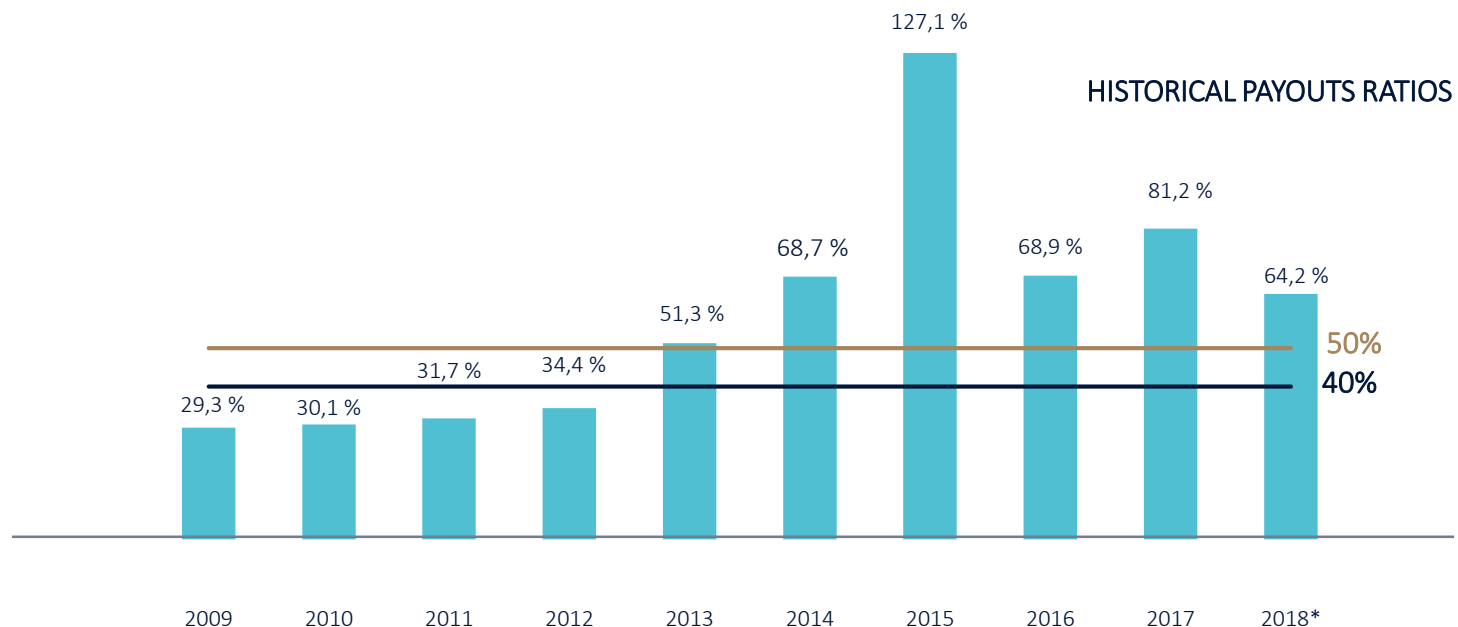
	2016	2017	2018*
Total dividends	MNOK 450	MNOK 450	MNOK 450
Payout ratio	68.9 %	81.2 %	64.2 %

* Proposal for 2018

DIVIDEND

THE BOARD PROPOSES FOR THE ANNUAL GENERAL MEETING ON 14 MAY 2019 A DIVIDEND OF NOK 2,50 PER SHARE FOR FY 2018

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





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BUSINESS UPDATE

Geir Håøy, President & CEO



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BUSINESS UPDATE KONGSBERG DEFENCE & AEROSPACE



Good activity in general

- Revenue improvement in most divisions
- Low MCT30 activity
- Solid project execution
- Closing of AIM acquisition expected in Q2



Missile breakthroughs

- Japan signs contract for JSM deliveries
- US Marine Corps to integrate NSM



NASAMS contract approaching

- Australia confirms selection of NASAMS



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Joint Strike Missile

First commercial order received



Development
finished

9 Countries have
selected F-35

Increased number of
potential F-35 clients



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BUSINESS UPDATE KONGSBERG MARITIME



Continued positive development in revenues, margins and order intake

- Revenue growth within Sensors & Robotics and Global Customer Support



Delivering and integrating

- We have started the largest integration in the company's history. At the same time our customers always have priority



Solid order intake

- Strong order intake for LNG Carriers and fisheries
- Awarded contracts for specialized offshore vessels
- Certain vessel segments remain weak



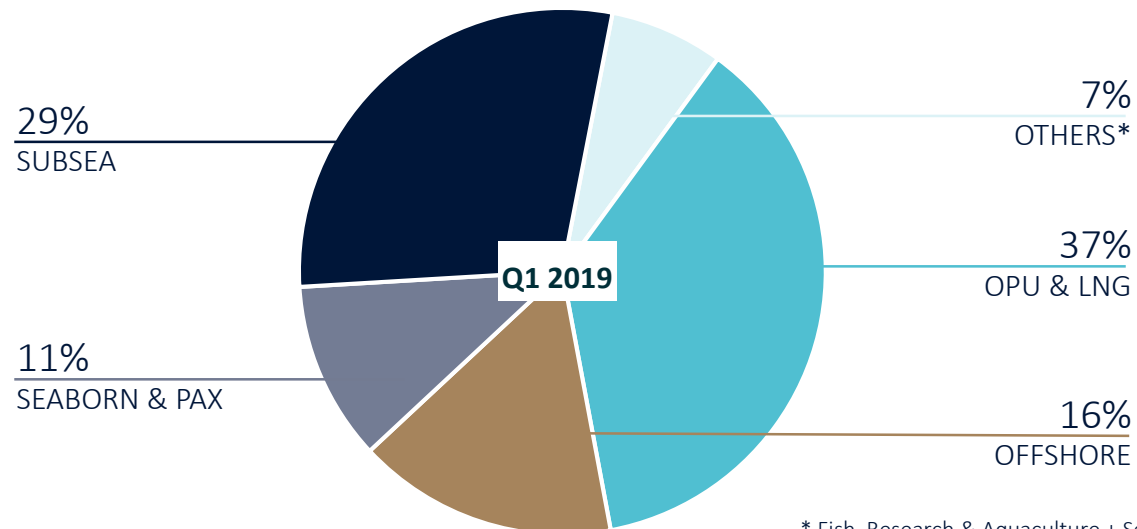
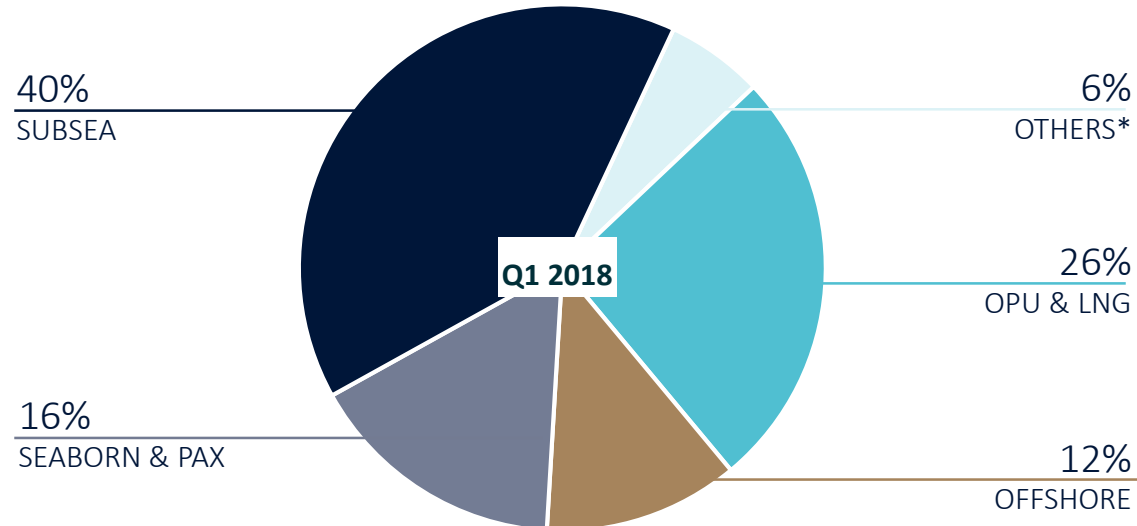
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SOLID AND DIVERSIFIED ORDER INTAKE AT KM

TOTAL ORDER INTAKE Q1 2018: MNOK 1 900

TOTAL ORDER INTAKE Q1 2019: MNOK 2 413

WORLD CLASS – Through people, technology and dedication



* Fish, Research & Aquaculture + Seatex



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BUSINESS UPDATE KONGSBERG DIGITAL AND PATRIA

KDI

REVENUES INCREASED 38% - ACCELERATING DEVELOPMENT

Book/bill 1.09 in Q1, margin improvement

Experiencing substantial attention on strategic offerings from a broad range of clients

Accelerating development and initiated a strategy process to secure enough resources and attention to establish a global number one position

PATRIA

Q1 REVENUES AT MEUR 105.1, DOWN 9.9%

Lower activity within Aviation and Land business. Continued lack of new orders for Land business.

Good development within remaining MRO business

KONGSBERG's share of net profit was MNOK -17 in Q1 (5 in Q1 2018)



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THE “NEW” KONGSBERG MARITIME





KONGSBERG

BROADENING OUR PORTFOLIO FOR THE MARITIME INDUSTRY



INTEGRATED SOLUTIONS



PROPULSIONS & ENGINES



SENSORS AND ROBOTICS



SHIP DESIGN



DECK MACHINERY

WORLD CLASS – Through people, technology and dedication

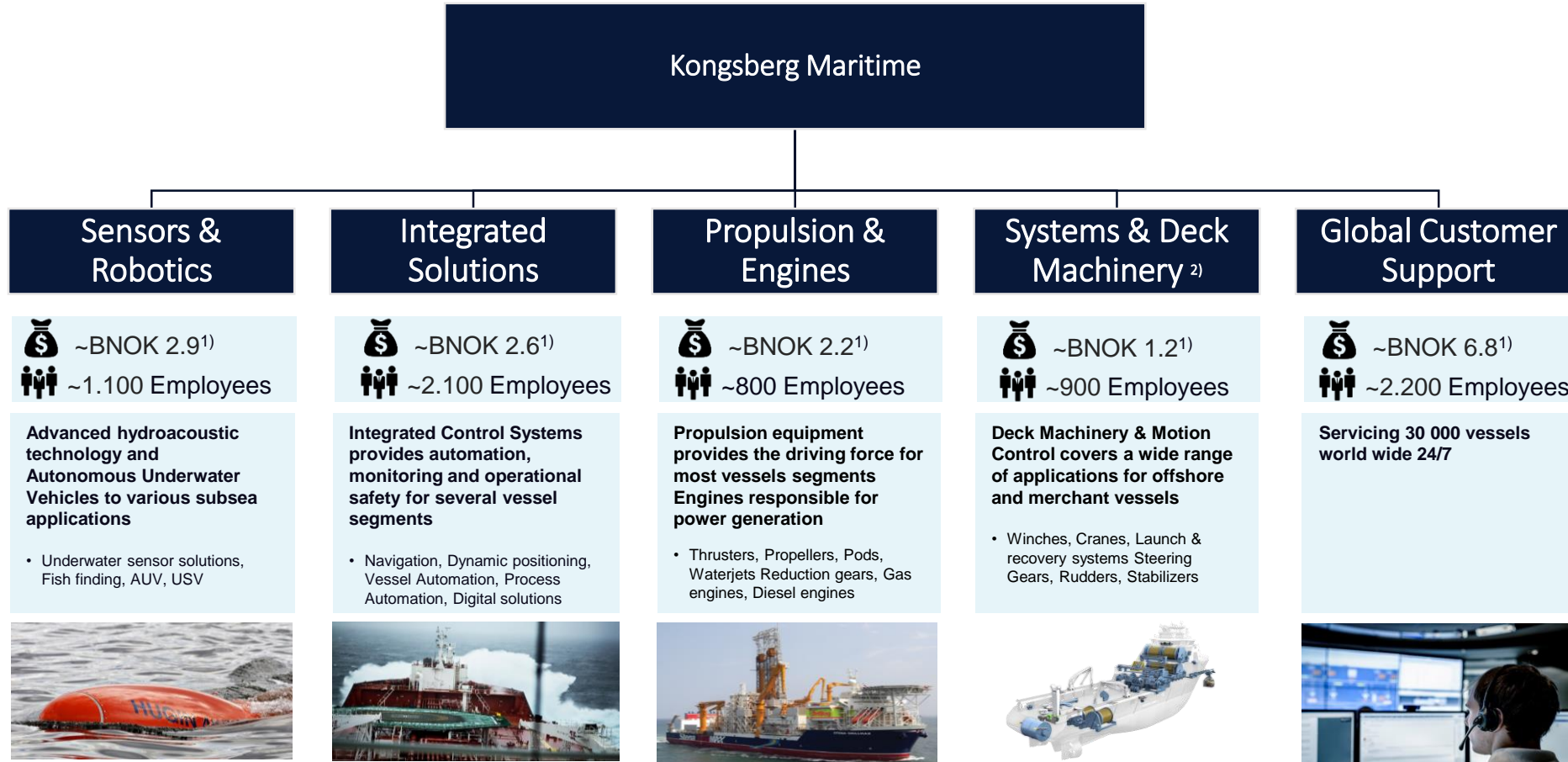
KONGSBERG PROPRIETARY - See Statement of Proprietary information



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Kongsberg Maritime from 1 April 2019

- A strong and scalable business



Revenues¹⁾:
BNOK 15.8

Order intake¹⁾:
BNOK 18.7

Order backlog at 1 April 2019:
BNOK 12.7

Employees at 1 April 2019 :
~7.300

¹⁾ Consolidated pro-forma figures based on 2018 full-year

²⁾ Includes Ship Design



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PRO FORMA FINANCIALS AND ORDERS

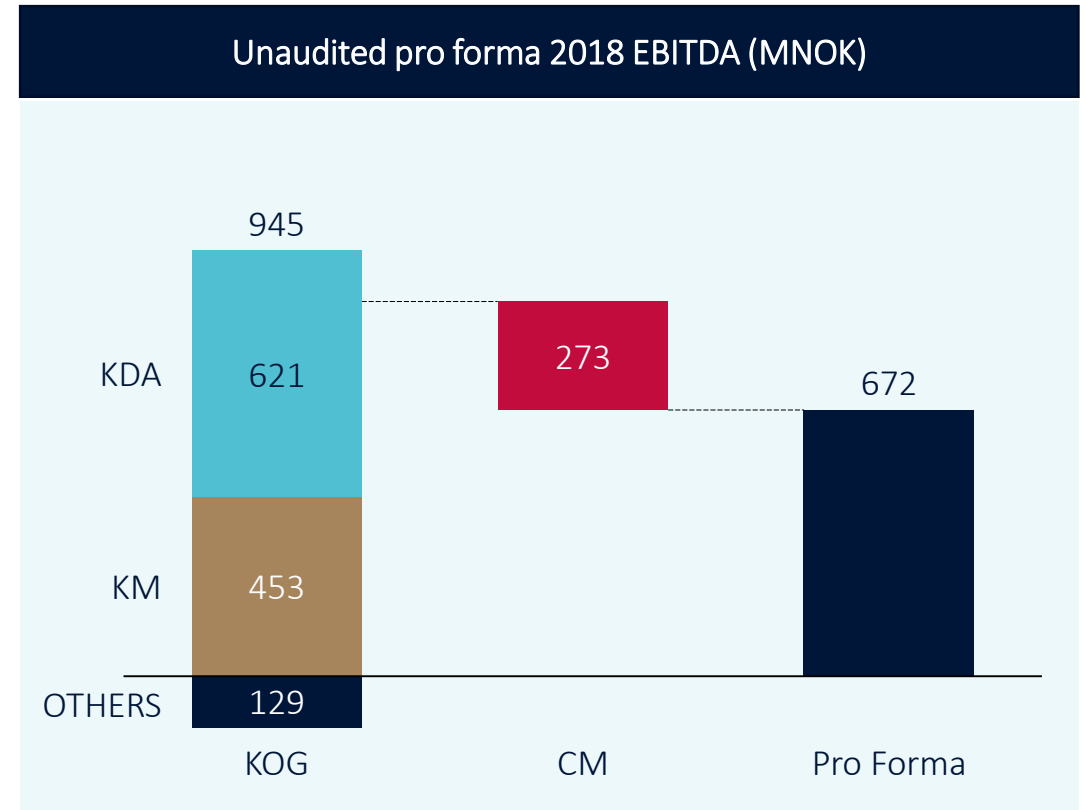
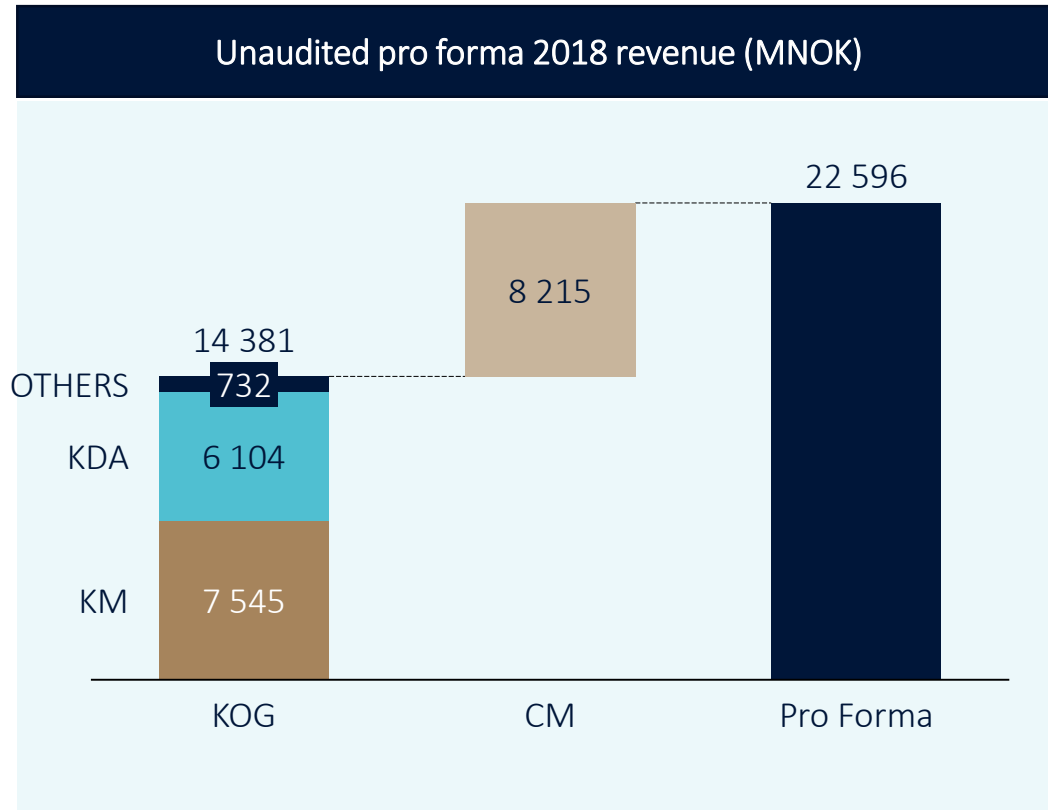




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Key pro forma financial information*

2018

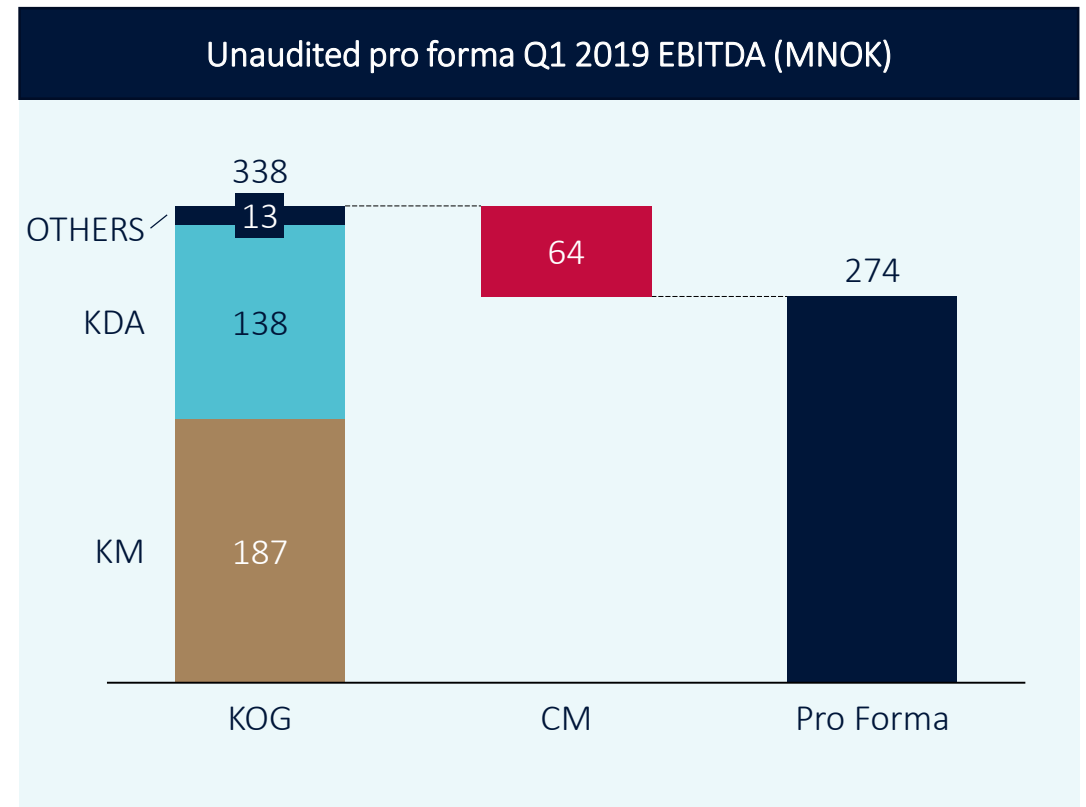
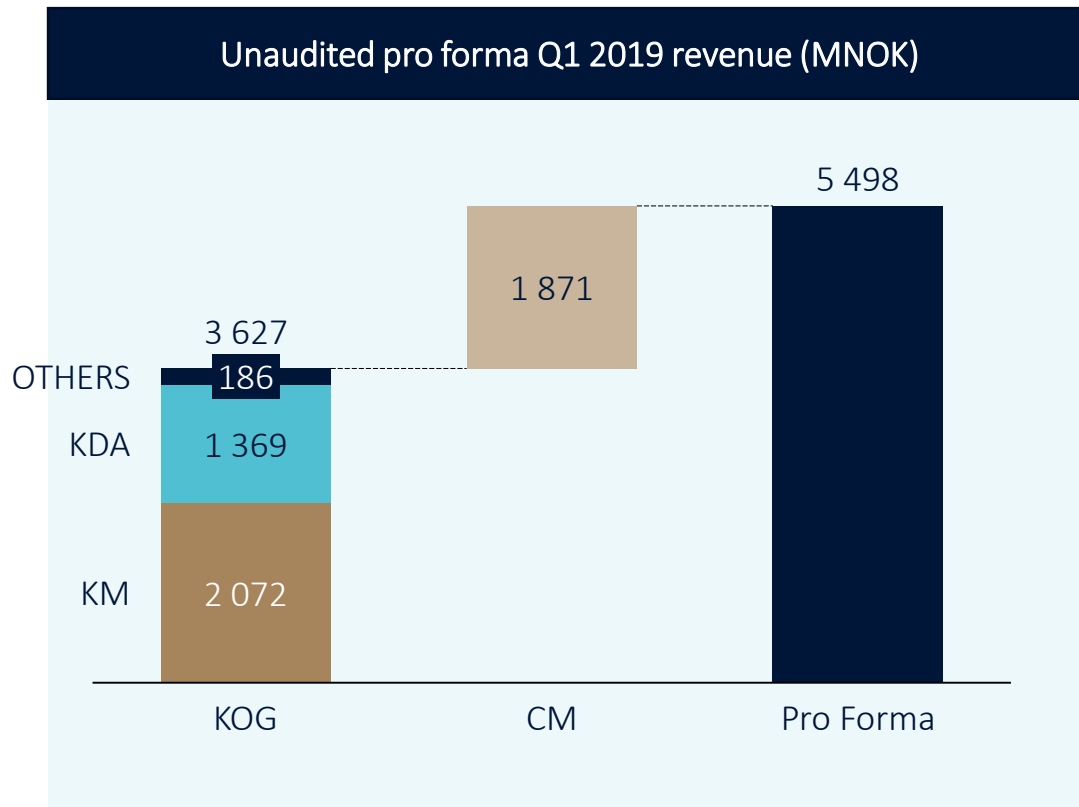




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Key pro forma financial information*

Q1 2019

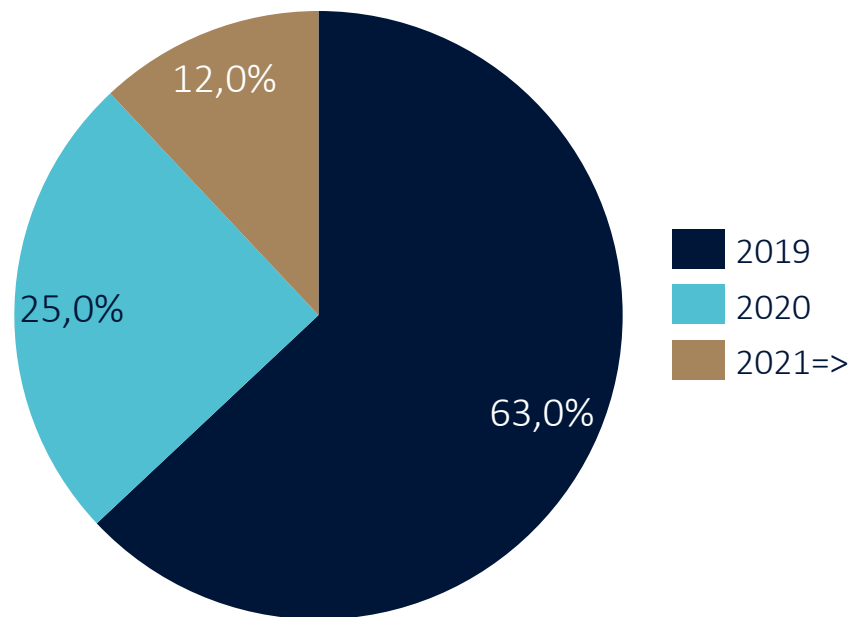
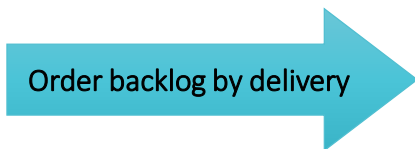
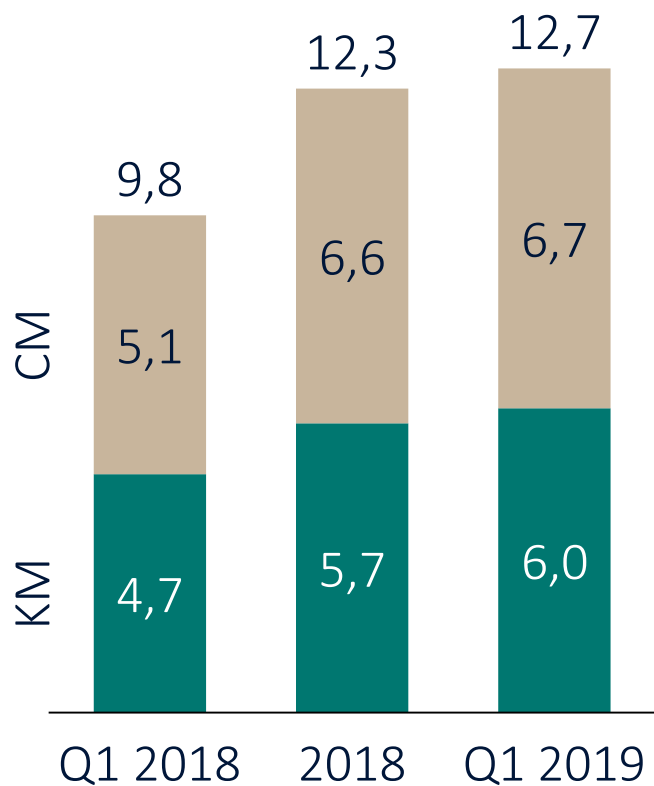




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Order backlog

«New» KM





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VALUE CAPTURE





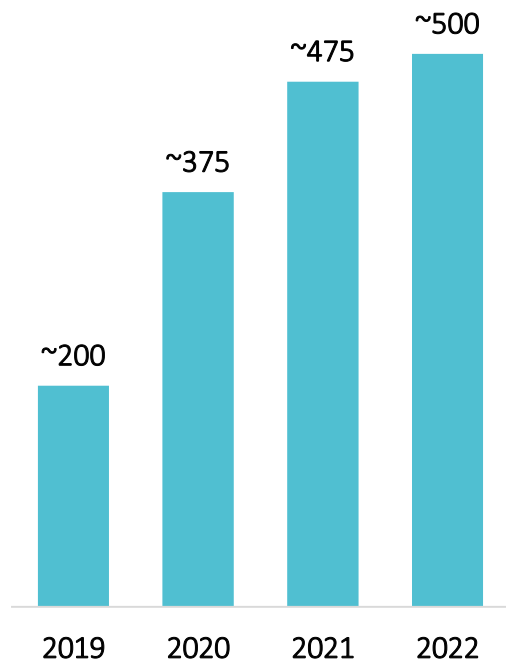
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Capturing the synergies

- *Our stated ambition is unchanged after closing*

Overview of cost improvements and synergies

Annual P&L effect, MNOK



- Expected annual run-rate cost synergies in excess of MNOK 500 through optimization and streamlining
- Cost synergies expected to reach 100% run-rate by 2022, with approximately 75% achieved by end of 2020
- Integration costs of approximately MNOK 450
- Potential for revenue synergies from cross-sales, sale of more integrated packages and broader aftermarket scope through combined installed base

Key areas of cost savings

Planned annual run-rate savings:

Footprint & delivery streamlining	MNOK ~225
SG&A synergies	MNOK ~225
Product portfolio optimization	MNOK ~50



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Capturing the synergies

- Key areas for cost improvements and synergies

Area	Key initiatives	Total savings target
Footprint & delivery streamlining	<ul style="list-style-type: none">• Restructuring of loss-making businesses: Deck Machinery and Ship Design & Systems• Co-location of overlapping global footprint (close to 20 sites)• Move non-core production activities to supply chain• Consolidation of delivery organizations• Direct procurement scale savings	MNOK ~225
SG&A synergies	<ul style="list-style-type: none">• Leverage scale within sales, support and administrative functions• Cost efficient set-up of group support functions• Indirect procurement scale savings• IT infrastructure synergies	MNOK ~225
Product portfolio optimization	<ul style="list-style-type: none">• Consolidation of overlapping product portfolios - especially within automation• Merge KM and CM efforts to become the leading provider of digital marine solutions in combination with KDI and release duplicated activities• Optimize product portfolio to meet future market needs	MNOK ~50



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Capturing the synergies

- Key activities during 2019

	Signing - '19 Q1	'19 Q2	'19 H2	Savings expected realized in '19 (MNOK):
Footprint & delivery streamlining	<ul style="list-style-type: none"> Verification of potential for cost improvements and synergies Development of detailed plans for realization 	<ul style="list-style-type: none"> 6 sites co-located from Day 1 Deck Machinery and Ship Design restructuring initiated Execution of CM delivery organization rightsizing, P&L effect from end 2019 Prepare Vietnam production facility exit 	<ul style="list-style-type: none"> Moving non-core production activities to supply chain Execution of further international co-locations 	MNOK ~90
SG&A synergies		<ul style="list-style-type: none"> Execution of synergies arising from selected duplicated SG&A functions IT infrastructure synergies 	<ul style="list-style-type: none"> Execution of synergies arising from selected duplicated SG&A functions Realization of indirect procurement scale synergies 	MNOK ~100
Product portfolio optimization		<ul style="list-style-type: none"> Joint plan for digital marine development, including prioritization of activities and streamlining of overlapping efforts 	<ul style="list-style-type: none"> Initiate consolidation of overlapping product portfolios within automation systems 	MNOK ~10

Total: MNOK ~200



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CAPITAL MARKETS DAY 2019

Date: 24 September 2019

Time: 10:00

Place: Kongsberg

Strategy and business update, including updated financial targets





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2019 OUTLOOK

KM

Good order backlog and some improvement in lifecycle business founds some revenue growth

Integration of RRCM will impact overall profitability

KDA

Current backlog indicates some growth independent of new contracting

Due to sizable contracts in negotiation, time of signing might influence this years' revenues

KDI

Accelerating development and initiated a strategy process to secure a global number one position



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Q&A

