

CMD 2013 – Kongsberg Defence Systems

President & EVP Harald Ånnestad





KONGSBERG

Kongsberg Defence Systems



Sea – Land – Air – Space

- Command and control, surveillance, tactical communication, missiles, space and aero structures
- 21 offices in 19 countries
- 1 740 employees (approx.)
- Revenues MNOK 4 654 (2012)
- International success in selected segments

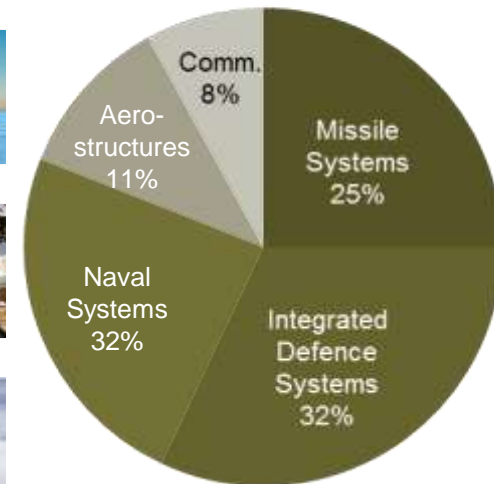
A modern portfolio positioned for further growth



KDS is made up by six divisions*

DIVISION	MAIN SOLUTIONS		
Missile Systems	<ul style="list-style-type: none"> • Anti Ship Missiles • Penguin • NSM • JSM 		
Integrated Defence Systems	<ul style="list-style-type: none"> • Air Defence • Army CMS • C4IRS • Gallium Visual Systems 		
Naval Systems & Surveillance	<ul style="list-style-type: none"> • NAVAL CMS • Submarine Combat System • Simulation & Training 		
Aerostructures	<ul style="list-style-type: none"> • Composites Manufacture • Mechanical Manufacture • Mechanical Maintenance 		
Defence Communications	<ul style="list-style-type: none"> • Tactical Radio Link • VHF • Soldier Radios • System Integration 		
Space & Surveillance*	<ul style="list-style-type: none"> • Kongsberg Nordcontrol • Kongsberg Spacetec • Kongsberg Satellite Services • Space Subsystems • Norspace 		

Share of KDS revenues



*Space & Surveillance established as separate division from 01.01.14



Space & Surveillance

Kongsberg Space & Surveillance

**KONGSBERG Satellite
Services***



KONGSBERG Spacetec



**KONGSBERG
Norcontrol IT**



KONGSBERG Norspace



KONGSBERG Space



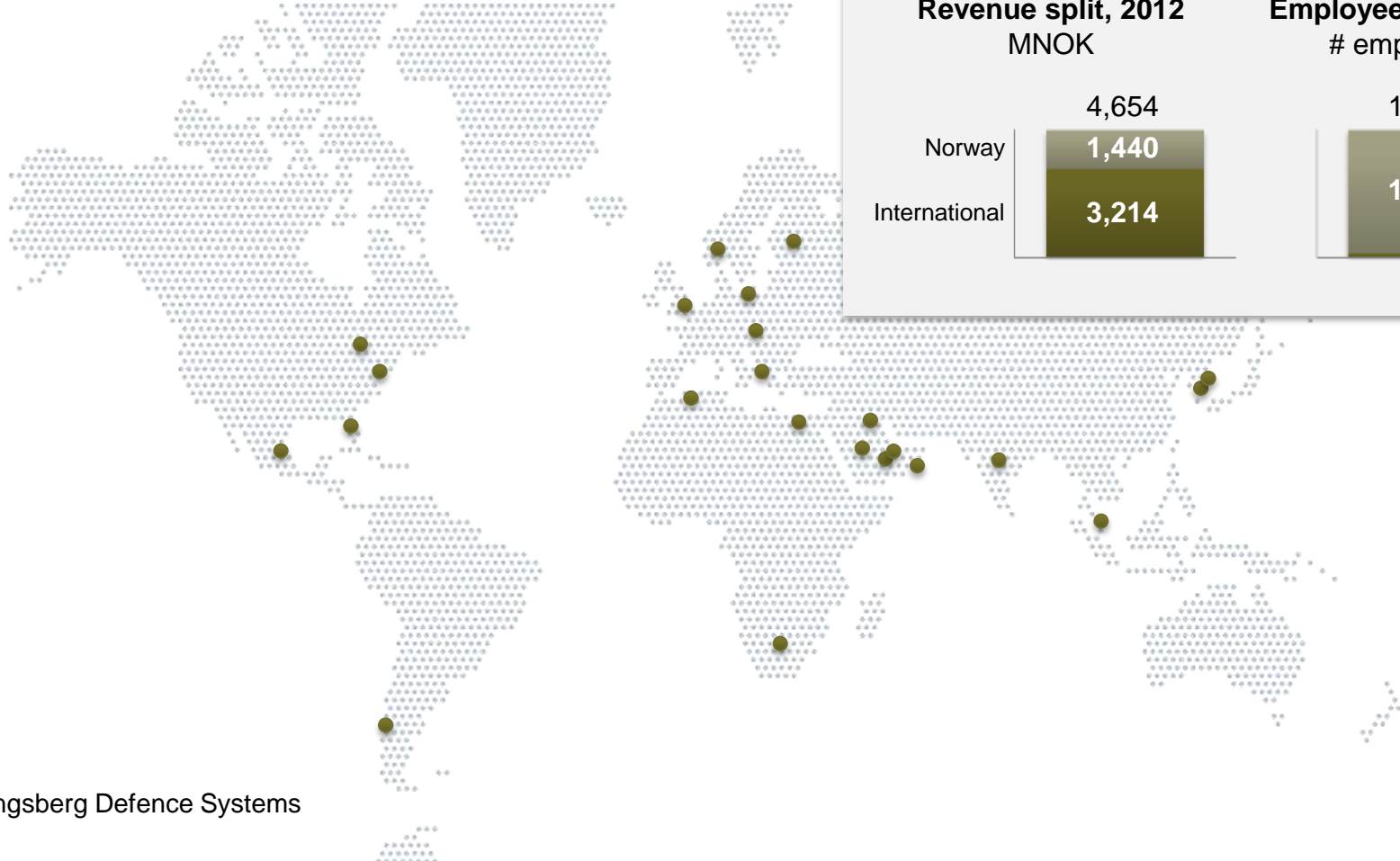
Revenues	775
EBITA	95
Order income	858
Employees	375

* 50% of Kongsberg Satellite Services AS is owned by the Norwegian Space Centre.



Our global business system

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



● Kongsberg Defence Systems



Our global business system

- complemented with key partners in 14 countries.

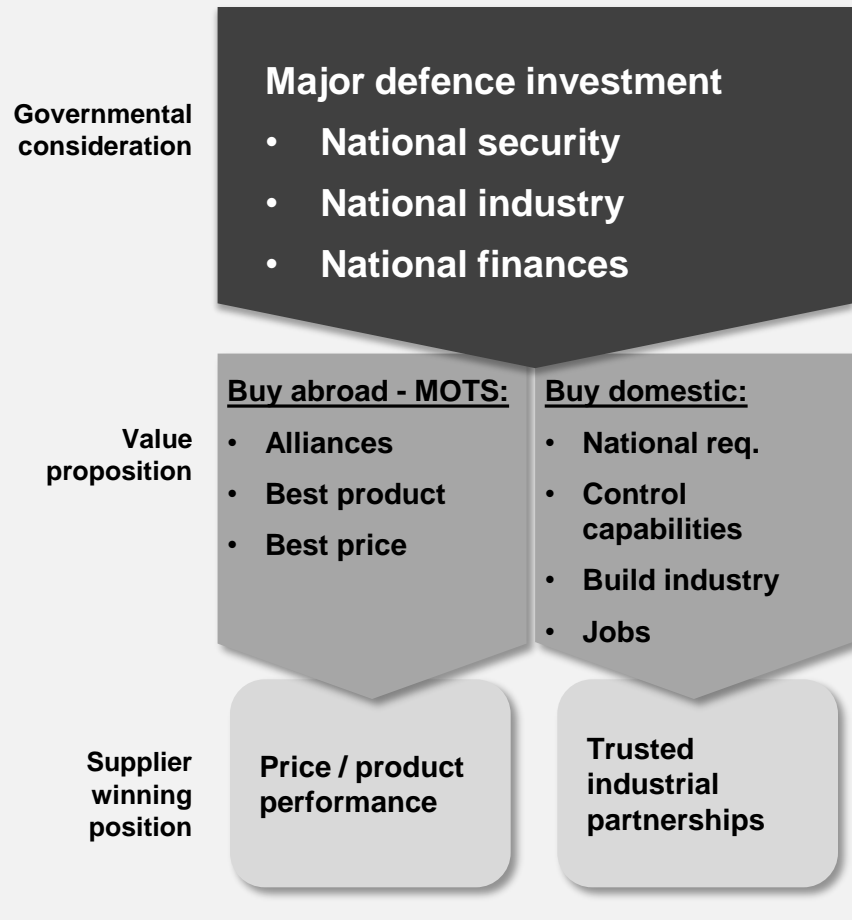




International success in selected markets

- 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



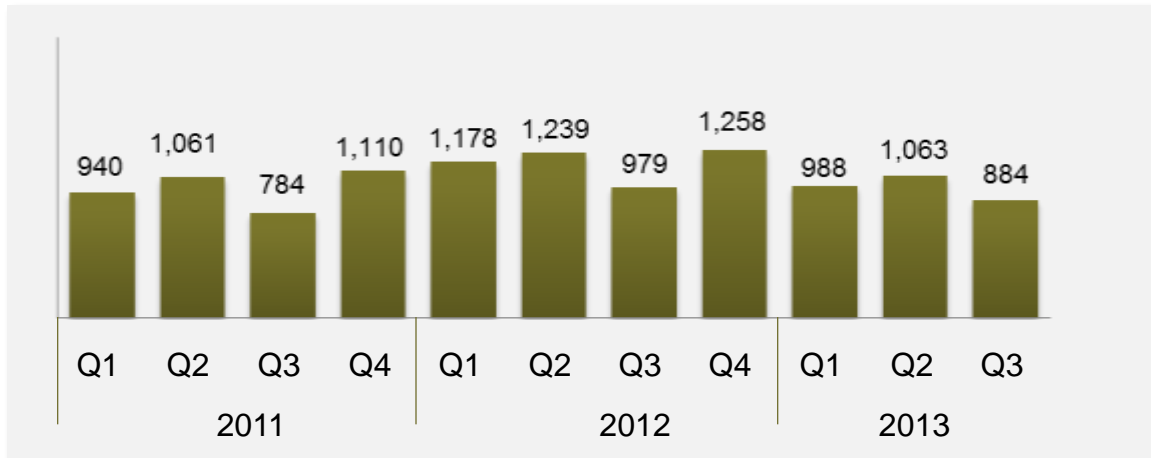
- Niche international markets 70 % of rev.
- Broad home market 30 % of rev.

20-40 years profitable product life cycle after initial development



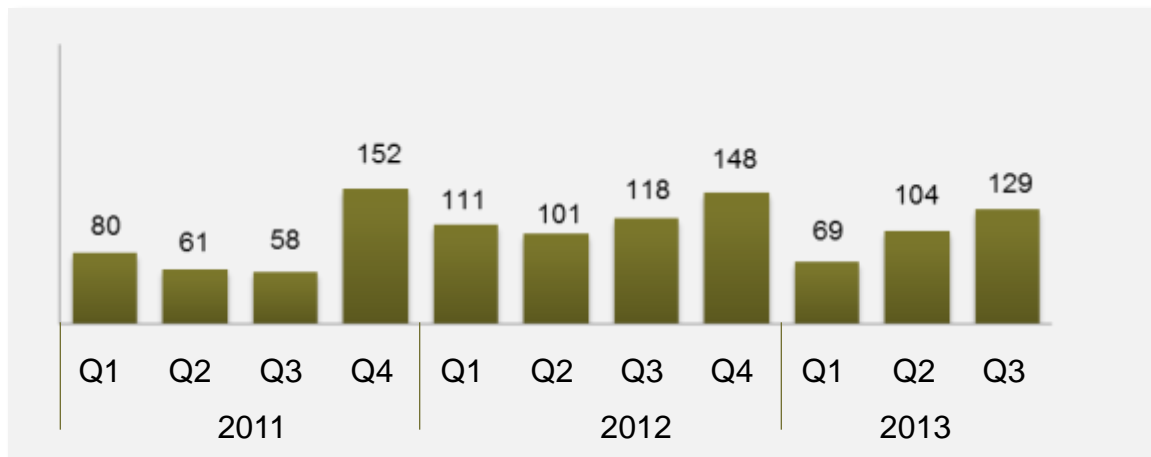
Success in key areas drives growth in revenues

Revenues, MNOK



"JSM-project between two contract-phases influences revenues and EBITDA in 2013"

EBITDA, MNOK



Kongsberg Defence Systems supports the overall ambition of the Group

Current status

- **Revenue of BNOK 2.9** YTD Q3 2013 compared to 3.4 YTD Q3 2012 (-13.6%)
- **EBITDA of MNOK 302** YTD Q3 2013 compared to 330 YTD Q3 2012
- **Q3 2013 order backlog of BNOK 5.8**
- **NASAMS Upgrade contract in Norway**

Recent news and developments

- New Space & Surveillance Division
- Expanding global footprint by opening offices in Korea, Chile and Oman
- Successful NSM firings
- Important JSM milestones
- Good progress in F35 program, ready for Ramp Up
- Improved market outlook for NASAMS



F-35 Fit Check Complete on all relevant stations





JSM status

- JSM CDR completed June 2013
- JSM is designed also to meet US Navy requirements for carrier operations
- Fit check and integration studies complete for F/A-18 concluding with low risk
- Fit check complete for F-16, studies being performed for test program
- JSM Position strengthened by the successful NSM firings



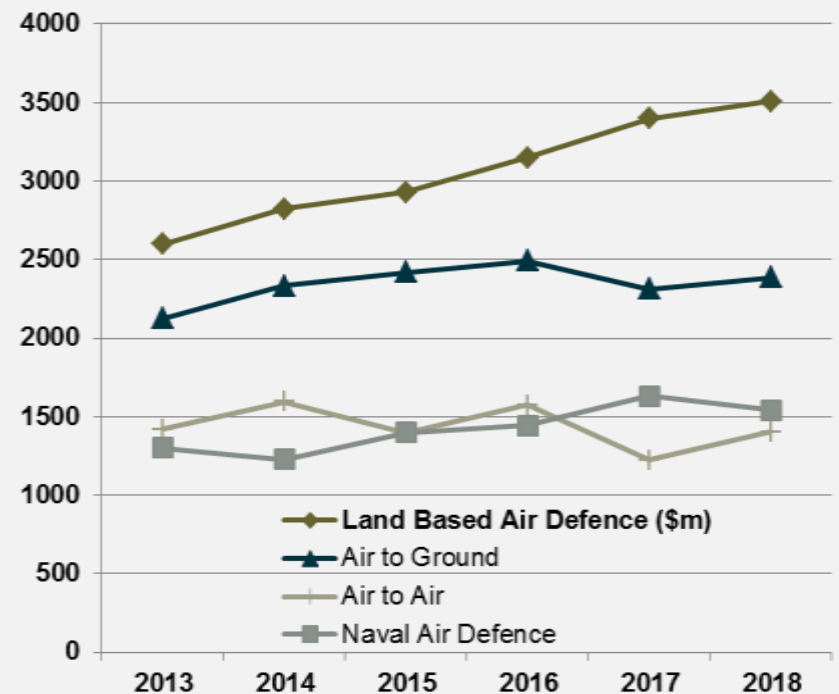
Strong position in market for Air Defence

The NASAMS customer base counts six (6) countries. The Ground Based Air Defence market is steadily growing towards 2018, both in Europe and in the MENA region.

Air Defence world market

- Market drivers are Anti access Area Denial and protection against ballistic missiles and protection against strike aircraft and cruise missiles
- The NASAMS system, is well positioned with the most modern effector, The US AMRAAM missile and the most modern sensor the US MPQ-64 Ground Based sensor.
- KONGSBERG/Raytheon will continue the NASAMS evolution, ensuring the system up to date with latest threats. e.g. extended range msl
- Very Strong product offering, ensuring customers the lowest life cycle cost.

Steady Growth in demand for GBAD¹ Missiles



Total world market expenditure on GBAD missiles in 2013- 2018 is estimated to \$18 399M².

1 Although the forecast is measuring “missiles” it is the best indicator for estimating demand for GBAD systems

2 SOURCE: Visiongain 2011

Strong position in market for strike missiles

Increasing market for long range strike missiles with increased focus on Anti Access Area Denial and shift away from «boots on the ground»

The case for Anti-Ship and Strike Missiles

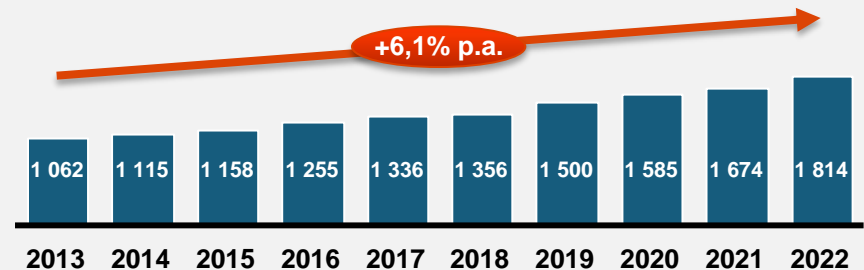
- Increased focus for long range strike missiles based on AirSea Battle and shift to the Pacific from the US
- Requirements drive for more advanced products meeting new threats
- Lack of development money in constrained national economies
- Strong product portfolio with:
 - Penguin is well positioned in the helicopter market on US platforms
 - NSM is the only 5th generation subsonic missile in operation for ships
 - Development on-going for JSM to be the only 1000-pound cruise missile for internal carriage on F-35

Missile market

Market for Strike Missiles

Value of production

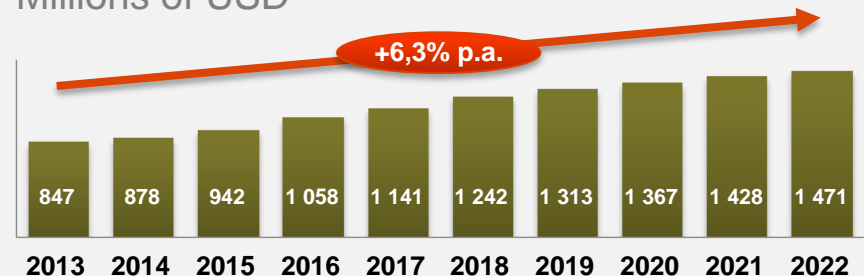
Millions of USD



Market for Anti-Ship Missiles

Value of production

Millions of USD



SOURCE: © 2013 Forecast International Inc.

Focus shifting towards «Air Sea Battle»



” *Anti-access and area-denial challenges threaten Navy’s freedom of maneuver at sea and power projection in some areas of the world. To prevent this, it is critical to craft new operational concepts, and develop and field the capabilities needed to implement those concepts*

Chief Naval Operations to Leon Panetta

Source: NY Times

World Class Marketing





Our DNA!

- vision, values and culture are our platform



DETERMINED

What we start, we finish.
We do not give in



INNOVATIVE

We relentlessly pursue improvements, new ideas and new solutions



COLLABORATIVE

We collaborate as individuals and as an organization



RELIABLE

We are reliable people.
We are responsible citizens.



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