



KONGSBERG

3RD QUARTER 2017

INVESTOR PRESENTATION, 26 OCTOBER 2017

Geir Håøy, President & CEO
Harald Aarø, Acting CFO



HIGHLIGHTS



- Adaption continues, cost- and organizational initiatives are giving positive impact
 - KM revenues stabilizing, margins improving
- Solid operations
 - All major projects on plan across the group
- Important contract wins
 - Integrated concepts delivery to advanced LNG-driven ferry
 - Integrated combat solutions (ICS) to Finland's new artillery
- Well positioned for future, major opportunities
 - Both short-term and long-term





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ONE KDA!

- KPS and KDS merged to one business area; Kongsberg Defence & Aerospace
- The purpose is to establish a more integrated, coordinated and strong defence business, rather than having two separate business areas



A joint defence business paves the way for continued growth and securing jobs in the long-term

FINANCIAL STATUS



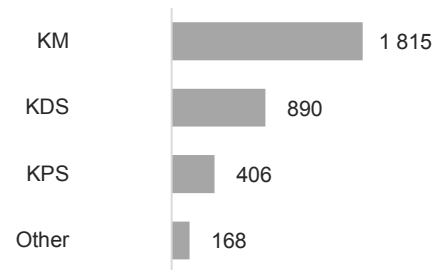
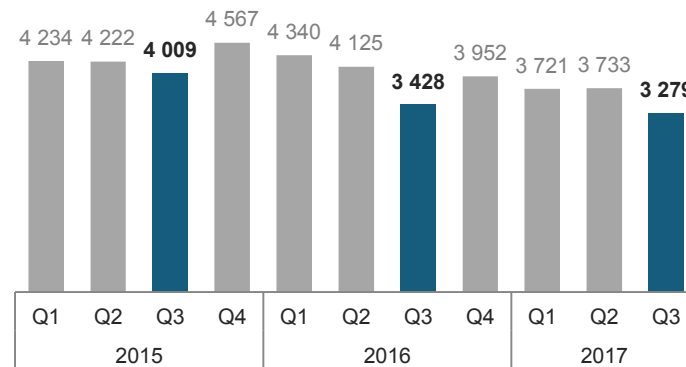
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REVENUES Q3

Q3 revenues down 4.3 % YoY mainly due to lower revenues from KPS

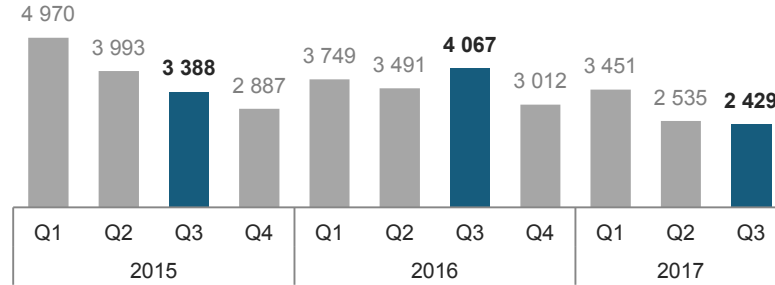
- KM revenues down 1.8 % YoY, down 15.1 % YTD
- KDS revenues down 0.8 % YoY, up 10.8 % YTD
- KPS revenues down 19.8 % YoY, down 20.0 % YTD



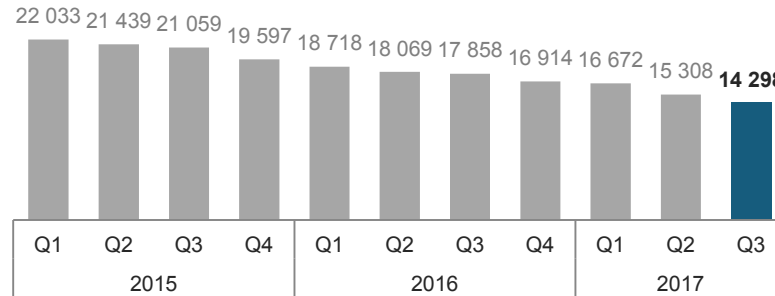


ORDERS Q3

New orders:
2 429



Backlog:
14 298

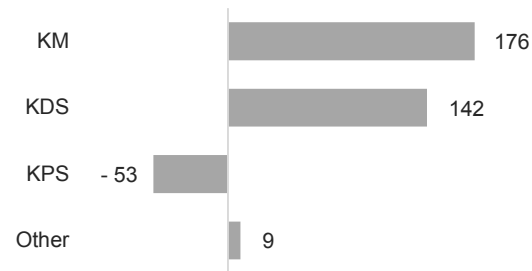
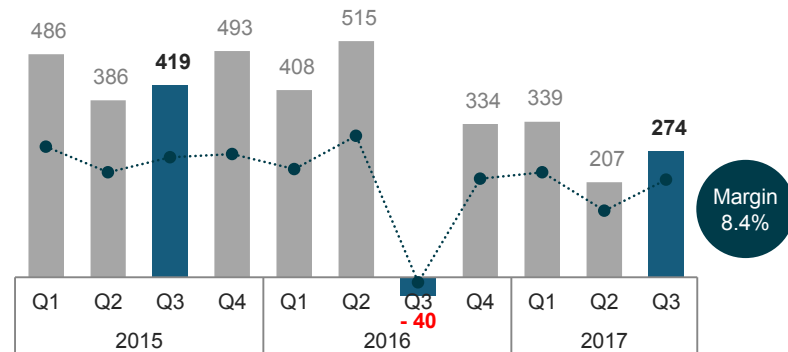


EBITDA Q3



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- Profitability improving
- MNOK 90 special items
- KM EBITDA margin 9,7%



SPECIAL ITEMS IN EBITDA Q3 AND YTD

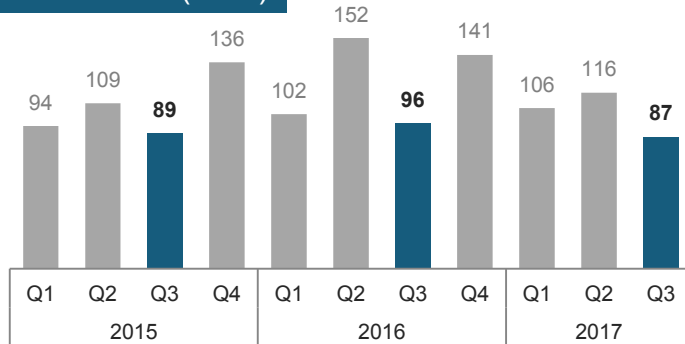
	Q3	YTD
Restructuring costs (KM, KPS, KDS)	-90	-171
Buy-back of FX hedges + released provisions (KPS)	0	-60
Total¹⁾	-90	-231

1) List is not exhaustive

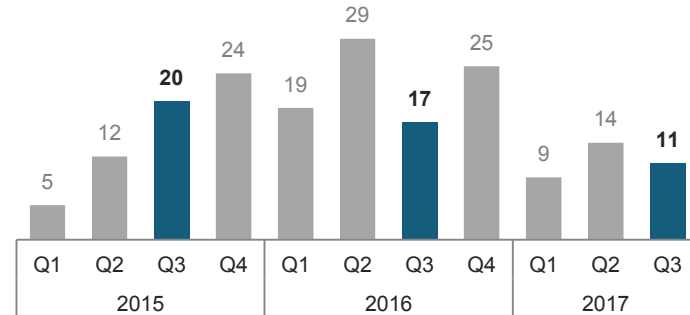


PATRIA

REVENUES (EUR)



EBITDA (EUR)



Patria delivers according to plan

- Performance expected to catch up towards year-end
- Adjustments to the organization to streamline and further strengthen the business
- Acquired 60% of Estonian Army Defence maintenance contractor, Milrem LCM



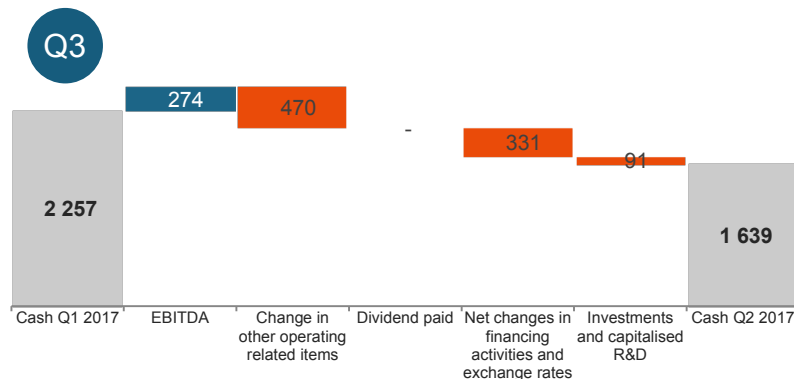
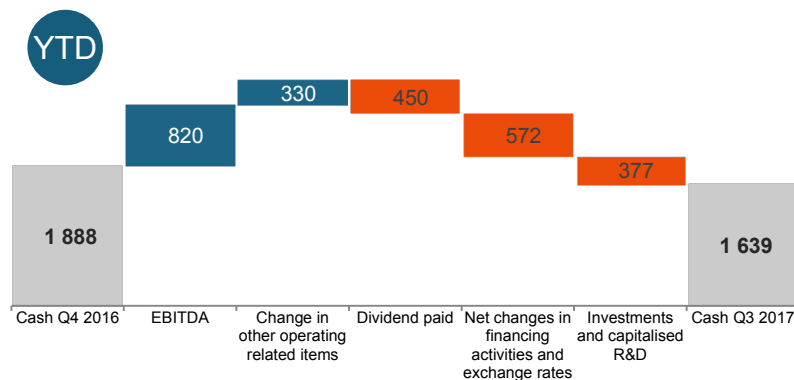
CASH FLOW AND NET DEBT Q3 AND YTD

Operating cash flow MNOK -196 in Q3, MNOK 1,150 year to date

- Working capital reduced by MNOK 375 YTD
- In Q3 bond issue KOG06 was repaid, MNOK 257.

	Q3 2017	Q2 2017	2016
Gross interest bearing debt	3 630	3 899	4 083
Cash and short-term deposits	1 639	2 257	1 888
Net interest bearing debt	1 991	1 642	2 195
Equity ratio	33,6 %	32,4 %	31,7 %
ROACE*	7,5 %	3,8 %	8,2 %

* 12 months rolling EBIT divided by 12 month average equity and interest net bearing debt



BUSINESS UPDATE

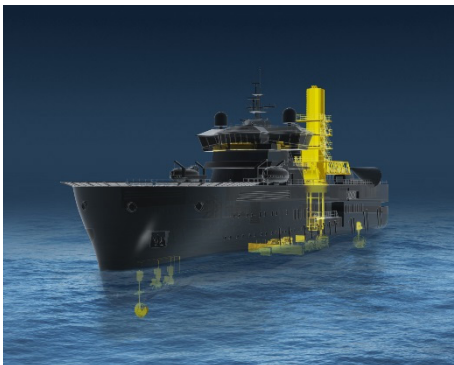


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BUSINESS AREA UPDATE



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KM:
Revenues stabilizing,
margins improving

- Organizational adaptations are becoming visible in P/L
- Another important contract win for integrated concepts; LNG-driven Passenger Ferry

KDS:
Delivering on plan

- Large projects progressing as planned and important contract wins
 - KSAT Ground Services to NASA
 - SeaKing Maintenance
 - Integrated Combat Solution to Finland's new artillery
- Positioned for major short- and long-term opportunities



KPS:
Well positioned for significant
opportunities long term.

- KPS merged into KDA as a division
 - Capacity adjustments and other efficiency synergies will generate cost savings of approx. MNOK 100
- Project execution on plan, MCRWS-activity expected to pick up in Q4

OUTLOOK



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OUTLOOK



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GROUP

- Good overall outlook for KONGSBERG
- Positive effects from restructuring measures in both maritime and defence
- Increase in order intake expected going forward

KONGSBERG MARITIME

- Strong position and growth within complex, integrated solutions
- Revenues expected to stabilize in 2018 – profitability will gradually improve

KONGSBERG DEFENCE SYSTEMS

- Strong positions in selected niches and several important opportunities in a generally stronger defence market
- Increase in order intake expected in Q4 – high potential for strong order intake in 2018

KONGSBERG PROTECH SYSTEMS

- Global leader in remote weapon systems with a well positioned product portfolio and strong long-term growth potential
- Higher activity within MCT-30 is expected in Q4
- Weak order coverage for 2018 might entail a reduction in revenues

OTHER

- KDI has secured important positions and invests significantly in development – a basis for growth from 2019-2020

See quarterly report for full text

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