KONGSBERG

QUARTERLY REPORT

4TH QUARTER 2015 / PRELIMINARY ANNUAL ACCOUNTS

KOG

For KONGSBERG, 2015 was a year of good development, combined with challenges. One of the highlights in Q4 was the selection of our medium caliber turret solution for General Dynamics' Stryker vehicles. We enter 2016 with great opportunities for the Group, as well as challenging market conditions. The Group has a good order backlog and robust positions in all our core markets.

Through the launch of Kongsberg Digital we take an important step in the Group's strategy for developing the next generation of digitalized products and services.

Walter Qvam, President and CEO

HIGHLIGHTS

KOG
High level of activity during the quarter. Operating revenues for the year up 2.5 per cent from 2014. More than NOK 1 billion invested in equity-financed product development and maintenance in 2015. The Group embarks on 2016 with a robust order backlog.

KM
High level of activity, but reduced underlying margin during the quarter, not least due to changes in the project mix. Good activity in 2015 as a whole, but is increasingly influenced by the weak oil and gas market.

KDS
Stable level of activity, and record-high EBITDA margin during the quarter. 2015 characterised by improvement in profitability and strong marketing activities directed at large-scale international programs.

KPS
Increasing activity during the quarter. Operating revenues up 13.5 per cent from 2014. During the quarter, the PROTECTOR MCRWS was selected for the US Stryker vehicles.

KDI
Kongsberg Digital is launched as a part of the Group's strategy of being at the forefront of digitalization.

KOGT
A weak quarter and year as a whole, characterised by low activity and restructuring in a very challenging market. Impairment of goodwill and intangible assets by a total of MNOK 300 in Q4. The Group's oil and gas activities will be restructured and consolidated in KM and the new Kongsberg Digital during the first half of 2016.

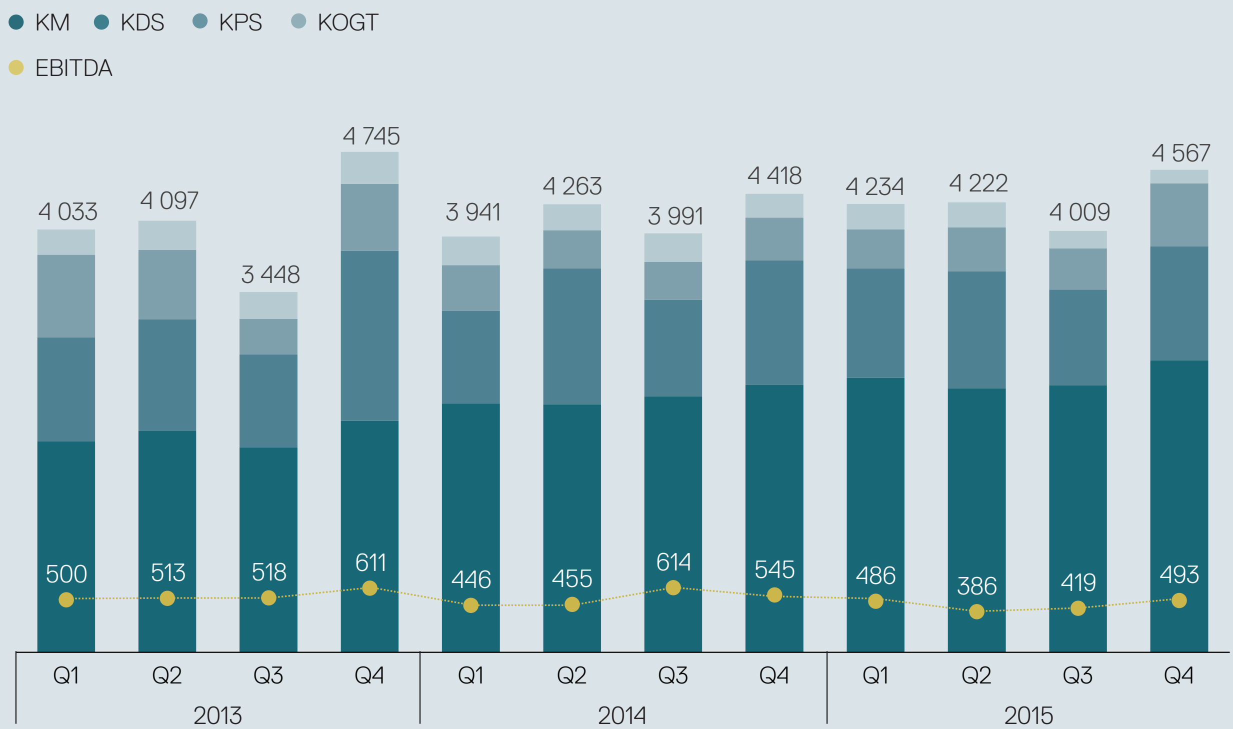
KEY FIGURES

	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Operating revenues	**4 567**	4 418	**17 032**	16 613
EBITDA	**493**	545	**1 784**	2 060
EBITDA (%)	**10.8**	12.3	**10.5**	12.4
EBIT	**44**	113	**944**	1 258
EBIT (%)	**1.0**	2.6	**5.5**	7.6
Earnings before tax	**24**	139	**944**	1 285
Earnings after tax	**64**	32	**755**	880
EPS (NOK)	**0.53**	0.26	**6.23**	7.28
New orders	**2 887**	4 541	**15 238**	22 097

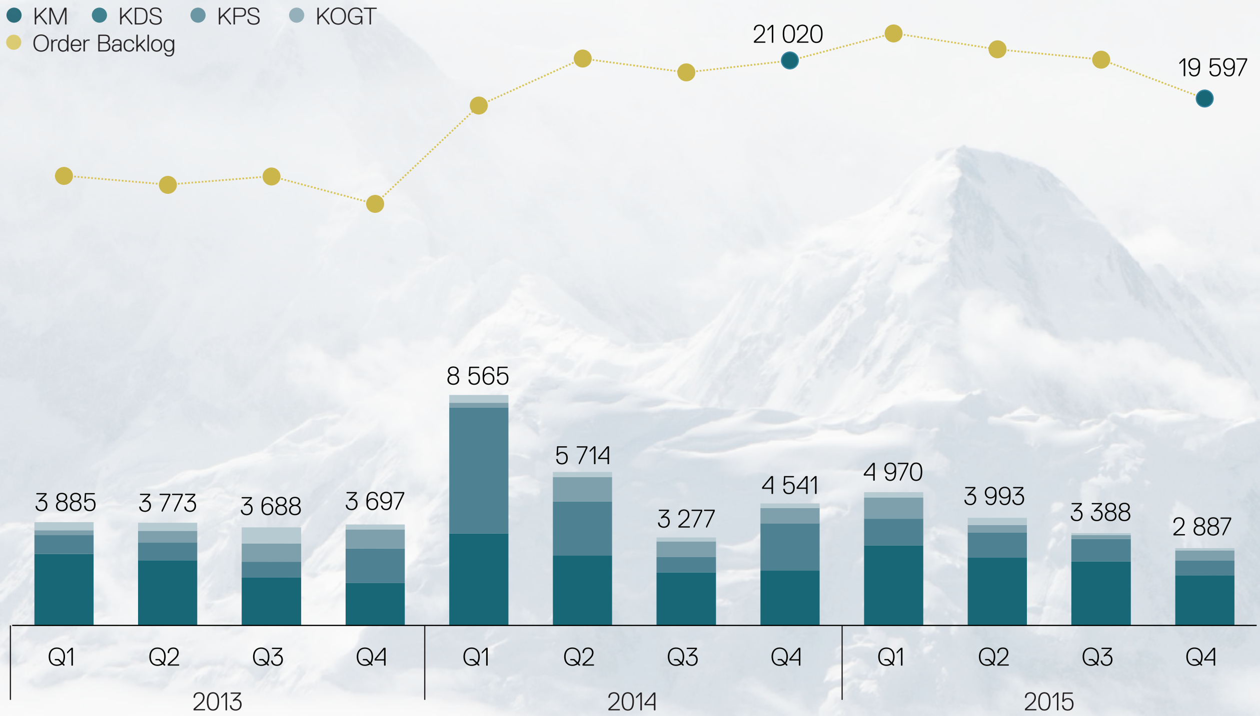
	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Equity ratio (%)	**32.0**	30.3	31.0
Net interest-bearing dept	**(941)**	(1 299)	(3 551)
Working capital [1]	**2 749**	2 796	3 274
ROACE (%) [2]	**16.9**	14.4	16.4
Order backlog	**19 597**	21 059	21 020
No. of employees	**7 688**	7 742	7 726

[1] *Current assets – current liabilities and provisions*
[2] *EBIT / average (booked equity + gross interest bearing liabilities), based on last 12 months.*

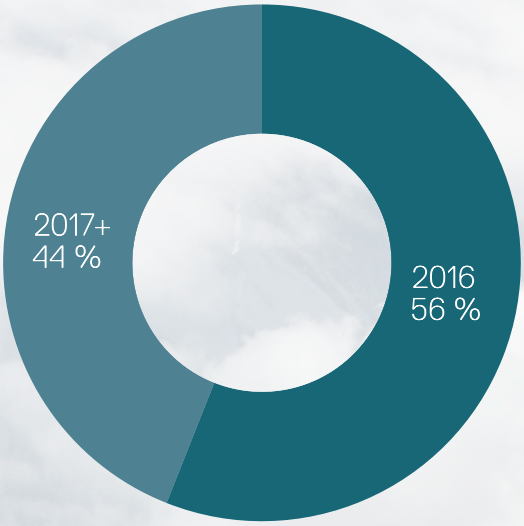
OPERATING REVENUES & EBITDA



NEW ORDERS & BACKLOG



ORDER BACKLOG



Breakdown of order backlog by delivery dates

PERFORMANCE, MARKET AND ORDERS

During the quarter, the Group earned operating revenues of MNOK 4,567, up 3.4 per cent from Q4 2014. The EBITDA margin was 10.8 per cent. During the quarter, the EBITDA was among other negatively influenced by MNOK 88 in restructuring costs in KOGT and KM, and positively influenced by changes in pension plan with MNOK 168, distributed to all business areas (see Note 9).

In Q4, the Board decided to write down goodwill and intangible assets in KOGT by a total of MNOK 300. This is due to the performance trend in KOGT, combined with further decline in market conditions in the oil and gas market.

The preliminary net profit for the year 2015 shows operating revenues of MNOK 17,032, which is an increase of 2.5 per cent from 2014. The EBITDA was MNOK 1,784, entailing an EBITDA margin of 10.5 per cent, compared with 12.4 per cent in 2014. The 2015 EBITDA was influenced by non-recurring effects, higher marketing and development costs, and a somewhat different project mix.

Total new orders in 2015 was MNOK 15,238, resulting in a book/bill for the year of 0.89. The order backlog at the end of 2015 was MNOK 19,597.

CASH FLOW

KONGSBERG had a net reduction in cash and cash equivalents of MNOK 374 in Q4, and MNOK 2,617 in 2015. Of that amount, dividends amount to MNOK 1,110. In 2014, KONGSBERG received substantial prepayments for several major projects. Parallel to the progress on the projects in question, these prepayments are disbursed, influencing the cash flow negatively during 2015 as a result. In 2015, there were temporary cash effects related to currency hedges of MNOK 1,167, which is expected to return during the next 2-3 years. In Q4, the cash effect was MNOK 376. There has also been other normal fluctuations in working capital.

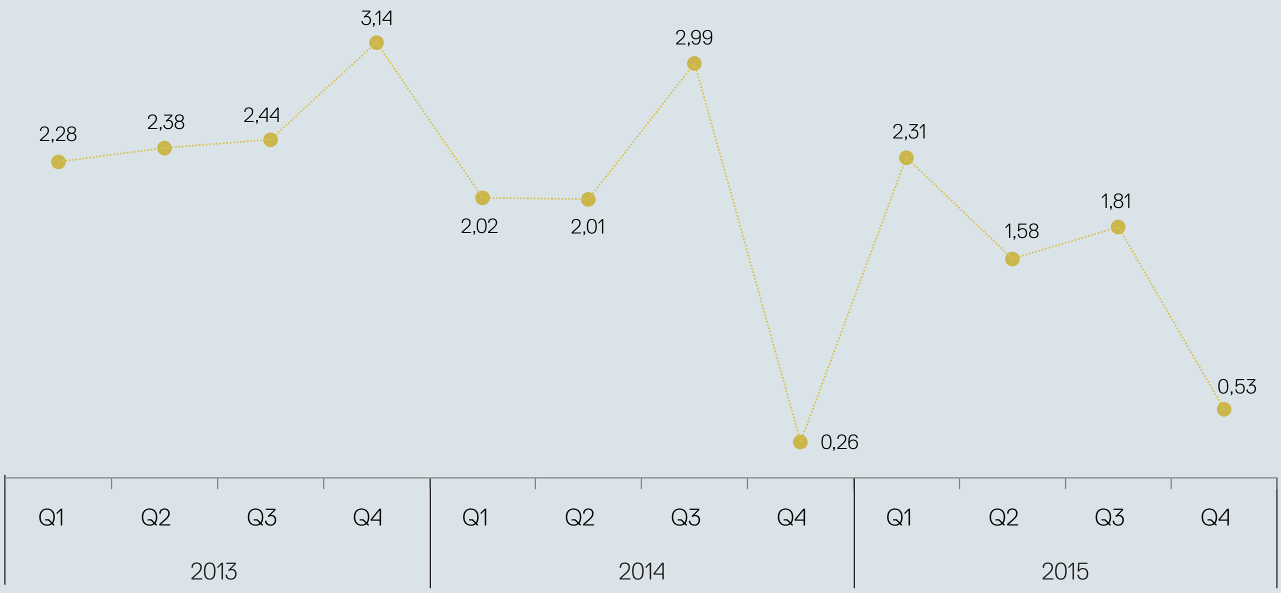
	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
EBITDA	**493**	545	**1 784**	2 060
Change in net current assets and other operating related items	**(734)**	(267)	**(2 871)**	255
Net cash flow from operating activities	**(241)**	**278**	**(1 087)**	**2 315**
Net cash flow from investing activities	**(159)**	139	**(499)**	(211)
Net cash flow used in financing activities	**(2)**	25	**(1 139)**	(1 050)
Effect of changes in exchange rates on cash and short-term deposits	**28**	82	**108**	98
Net change in cash and short-term deposits	**(374)**	**524**	**(2 617)**	**1 152**

BALANCE SHEET

The equity ratio was 32.0 per cent at the end of Q4. Recognised equity increased by MNOK 235 in Q4, and was affected positively by actuarial gains/losses on pension liabilities of MNOK 254, and negatively by change in fair value of cash flow hedges of MNOK 155. The Group has negative net interest-bearing debt. Long-term interest-bearing debt mainly consists of two bond issues totalling MNOK 750. The Group also has an undrawn syndicated credit facility of NOK 1.5 billion.

	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Equity	**6 127**	5 892	6 282
Equity ratio(%)	**32.0**	30.3	31.0
Total assets	**19 121**	19 454	20 273
Working capital	**2 749**	2 796	3 274
Gross interest-bearing liabilities	**866**	882	873
Cash and cash equivalents	**1 807**	2 181	4 424
Net interest-bearing liabilities	**(941)**	(1 299)	(3 551)

EPS



DIVIDENDS

The Board proposes for the general meeting on 9 May 2016 dividends for fiscal year 2015 of NOK 4.25 per share to be paid. The dividend accounts for 50.0 per cent of ordinary net profit before impairment, and 68.2 per cent of ordinary net profit.

CURRENCY

KONGSBERG has a foreign exchange policy entailing that contractual currency flows are hedged with forward contracts (fair value hedges). Some anticipated new orders are also hedged in accordance with established principles (cash flow hedges). The goal of the currency policy is to reduce currency risk in existing projects and for a share of the orders expected in the next two years, see also Note 5. The weakening of the Norwegian krone (NOK) is generally positive for KONGSBERG, but the effect will come over time as existing hedges mature. At end quarter, the company's currency hedging portfolio contained negative values relative to agreed exchange rates, adversely affecting book value of equity.

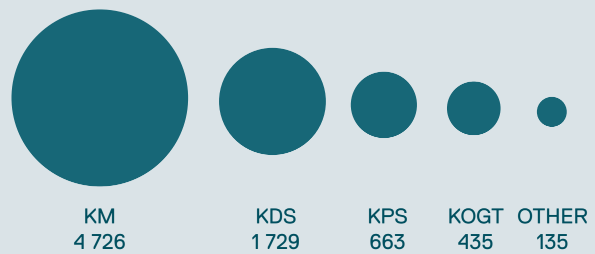
PRODUCT DEVELOPMENT

KONGSBERG focuses on product development continuously through equity-financed as well as customer-financed programs. In 2015, the Group has expensed MNOK 1,007 in product development and maintenance, an increase of MNOK 71 from 2014. In addition, MNOK 103 was capitalised, mainly in the defence business. Total product development and maintenance financed by KONGSBERG amounts to MNOK 1,110 in 2015, an increase of roughly seven per cent from 2014, see also Note 4. In addition KONGSBERG has customer-financed development, either as part of delivery projects or as specific development assignments, and to group innovation initiatives. The total cost of product development and maintenance constitutes about 10 per cent of operating revenues over time.

HUMAN RESOURCES

KONGSBERG had 7 688 employees at end quarter, roughly 38 per cent of whom were employed in companies outside of Norway. The number of employees decreased by 54 during the quarter, mainly due to downsizing at KM and KOGT. The number of employees was reduced by a total of 38 in 2015. During the year, KOGT reduced the number of employees by 195, while the other business areas have had an increase.

NUMBER OF EMPLOYEES BY AREA



OTHER ACTIVITIES

“Other activities” consist mainly of eliminations and external operating revenues for Property Operations.

OTHER MATTERS

Establishing Kongsberg Digital

Kongsberg Digital is to be established as a new subsidiary in KONGSBERG. The company will be headed by Hege Skryseth and will become a leading industrial software environment with about 450 employees from existing software and simulation environments in KOGT and KM. Thus, Kongsberg Digital will from the start have a significant portfolio and revenues from advanced data, software and simulation products. In addition Kongsberg Digital will have a group responsibility for developing new digital solutions and related technology alliances. The subsidiary will be established during spring 2016, and further information will be presented as part of the Q1 report.

KONGSBERG restructure and consolidate the Group’s oil and gas related businesses

The Group’s oil and gas related engineering services will be consolidated and strengthened with other oil and gas services in KM. KOGT’s largest business unit, Software & Services, will be incorporated as an important part of Kongsberg Digital. As a result of the abovementioned, KOGT will no longer be a separate business area from 2016.

Charge of corruption in Romania

In February 2014, a charge was filed against Kongsberg Gruppen ASA, Kongsberg Defence & Aerospace AS and an employee of Kongsberg Defence & Aerospace AS, alleging corruption in conjunction with deliveries of communications equipment to Romania from 2003 to 2008. KONGSBERG is collaborating with the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) to clarify the circumstances in question. The investigation is still expected to take time. See also Note 34 “Contingent liabilities”, and the paragraph entitled “Risk factors and risk management” in the Directors’ Report in the Annual Report for 2014. The Board’s assessment at end quarter is the same as described in the Annual Report.

Rolls-Royce Marine AS v Kongsberg Evotec AS

On 4 June 2015, Sunnmøre District Court handed down its judgment in the case between Kongsberg Evotec AS and Rolls-Royce Marine AS. Rolls-Royce Marine AS was not successful with its claim regarding a ban on the offering for sale, production and sale of complete equipment packages to seismic vessels, but was awarded demages of MNOK 95 for breach of the Marketing Act. The damages where fully expenced in second quarter 2015. Kongsberg Evotec disagrees with the district court’s assessment of both the factual and the legal aspects of the case and has therefore appealed the judgment. Kongsberg Evotec AS’s view on the District Court ruling remains unchanged, however Kongsberg Evotec AS decided to withdraw its appeal in Q4.

New CEO from June 2016

Geir Håøy will succeed Walter Qvam as CEO of KONGSBERG. CEO Walter Qvam has informed the Board of Directors that he wishes to resign in June, according to the agreement he has for resignation at the age of 63. Geir Håøy is 49 years old and was employed by KONGSBERG in 1993. He has been President of Kongsberg Maritime and a part of the corporate management team since 2010. Håøy has long international and industrial experience, and has previously been at the head of Kongsberg Maritime’s activities in Singapore and South Korea. Håøy will take on his new position as CEO in June 2016.

KM

	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	2015	2014
Revenues	**2 777**	2 546	10 438	9 703
EBITDA	**235**	275	1 116	1 441
EBITDA (%)	**8.5**	10.8	10.7	14.9
New orders	**1 870**	2 041	9 756	10 038

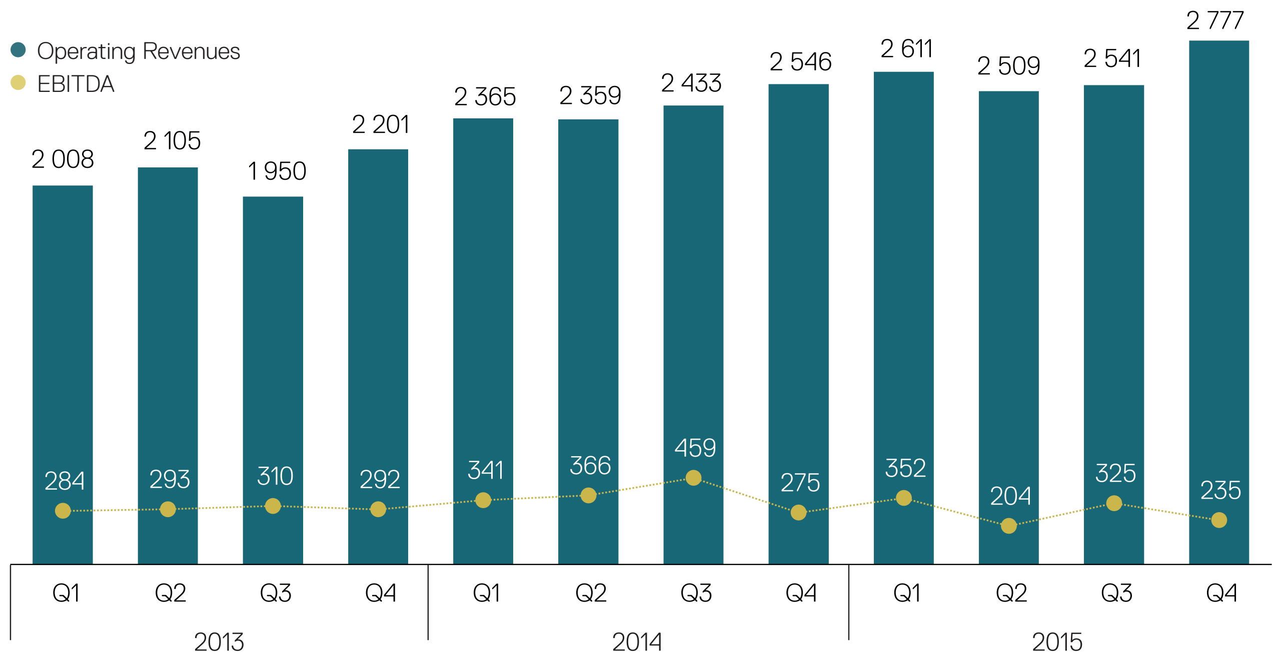
	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Order backlog	**7 245**	7 932	7 480
No. of employees	**4 726**	4 777	4 652

PERFORMANCE

KM has reported a high level of activity also in Q4. EBITDA was 8.5 per cent, and was affected positively by MNOK 76 related to changes to pension plan, and negatively by MNOK 41 related to restructuring costs in the offshore business. The EBITDA margin in the quarter adjusted for these effects is 7.2 per cent.

The underlying result for the quarter was negatively influenced by several factors: There have been relatively extensive changes in the mix of projects both within Offshore and Subsea. Subsea has seen a substantial reduction in oil and gas-related activities, but an increase in other markets, especially in “marine robotics”. For Offshore, there has been an increase in EIT/EPC deliveries (Electro, Instrument and Telecom/Engineering, Procurement and Construction). Expenses were also higher in these divisions during the quarter. Merchant Marine had an EBITDA margin on a par with earlier quarters in 2015.

OPERATING REVENUES & EBITDA



For 2015 as a whole, operating revenues were up 7.6 per cent from 2014, with growth in all divisions. In 2015, the EBITDA was influenced by KM being ordered to pay MNOK 95 in compensatory damages in Q2, as well as costs related to the judgment in Sunnmøre District Court. The one-off effects in Q4 also influences the full year results. Product development was intensified in 2015, influencing the EBITDA margin by nearly one percentage point. Moreover, the year has seen a gradual change in the type of projects delivered, leading to lower margin levels.

MARKETS AND ORDERS

Subsea and Merchant Marine have had a solid order intake in Q4 and for the year as a whole. In Offshore, new orders were 4.5 per cent lower in 2015 than in 2014.

There has been a positive development within Merchant Marine throughout 2015. Despite a challenging market, there has been a positive trend for certain types of vessels, including container vessels, LNG/LPG, and product tankers. Shipping companies are calling for 'green solutions' to optimise maritime operations, i.e. to cut operating expenses and greenhouse gas emissions. KM has a portfolio of products and applications that supports this, and has been successful with its "Full Picture" solutions for several major series of vessels. Here, KM delivers complete packages for automation, navigation, propulsion control and cargo control/monitoring.

In KM's offshore-related activities, the contract mix has shifted slightly towards more EIT/EPC deliveries. This is a type of delivery where KM takes more overall responsibility and includes more third-party equipment than with a typical "Full Picture" delivery, so the margins are generally somewhat lower.

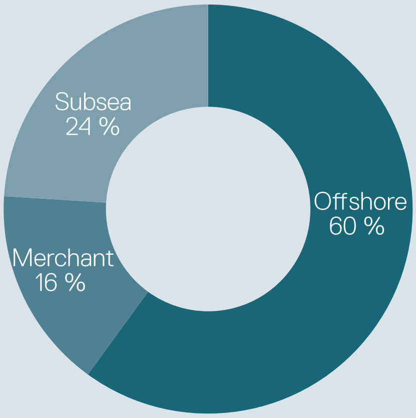
Subsea has also experienced a shift in new orders, where there are fewer offshore-related orders, while there is good development within, among other, autonomous underwater vehicles and fisheries.

KM has good order coverage for 2016. Both Subsea and Merchant Marine have higher order backlogs for delivery in 2016 than they did at the beginning of 2015, but the share of traditional offshore deliveries in the backlog is decreasing.

KM's after-market revenues are not included in the business area's backlog. KM has a well-established after-market system that supports more than 17,500 vessels that carry KM equipment. The decline in the oil and gas market is also affecting in this part of the company, but these activities are less volatile than the newbuilding markets.

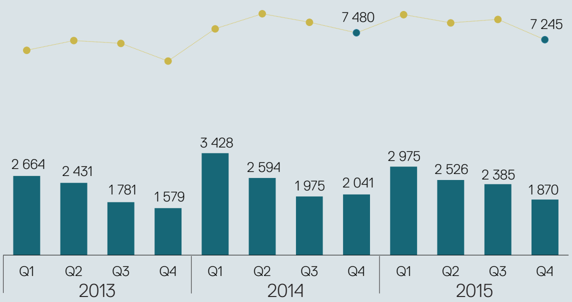
OPERATING REVENUES

YTD by segment



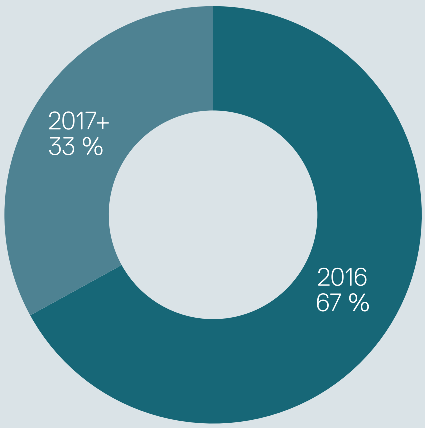
ORDERS

● New Orders
● Order Backlog



ORDER BACKLOG

Breakdown by delivery dates



KDS

	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	2015	2014
Revenues	**1 083**	1 181	4 149	4 276
EBITDA	**283**	162	695	530
EBITDA (%)	**26.1**	13.7	16.8	12.4
New orders	**542**	1 750	3 310	9 018

	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Order backlog	**8 622**	9 163	9 471
No. of employees	**1 729**	1 718	1 672

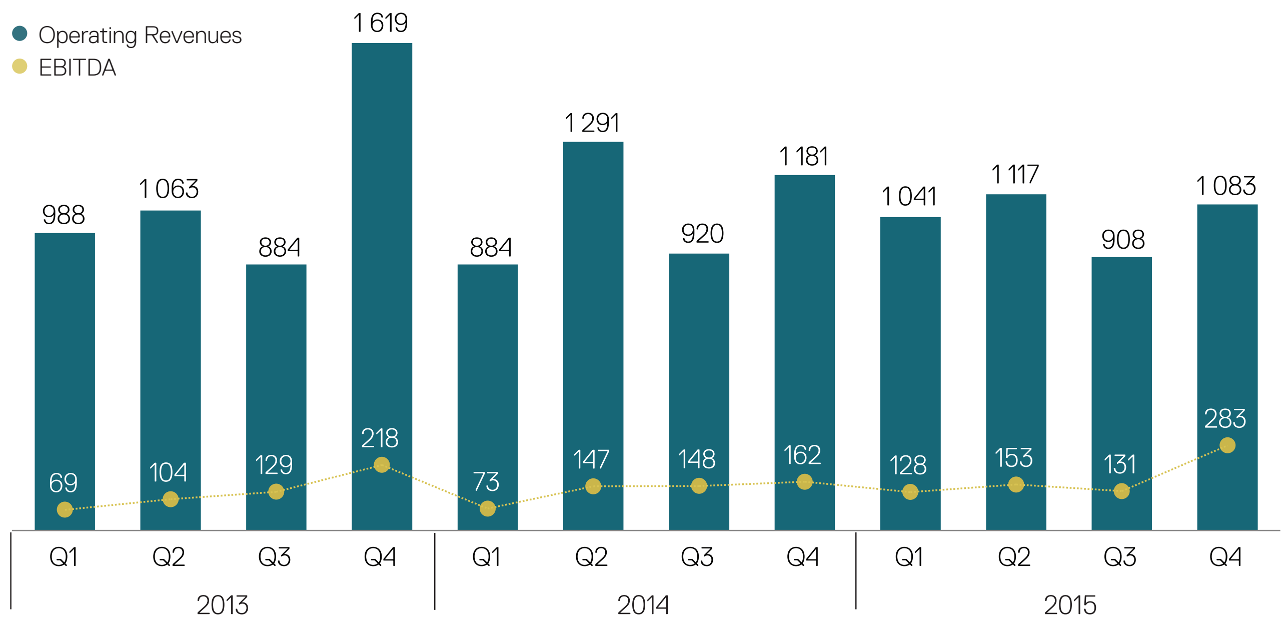
PERFORMANCE

KDS has maintained a good level of activity also in Q4, and reports an EBITDA margin of 26.1 per cent. The Q4 EBITDA was affected positively by MNOK 59 relating to the changes to pension plan. Adjusted accordingly, the EBITDA margin was 20.7 per cent, the strongest KDS has reported for a single quarter. The major projects are on schedule.

For 2015 as a whole, operating revenues were somewhat lower than in 2014, while the EBITDA was substantially higher. In general, the high level of activity and good results from the DeltaOne improvement project have improved profits in most divisions.

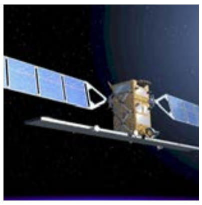
Signed in 2009, the NASAMS project for Finland will be completed in the first half of 2016. In January 2014, a major new NASAMS contract was signed with Raytheon, and this project achieved its first important milestones in 2015.

OPERATING REVENUES & EBITDA



The development programme for the Joint Strike Missile (JSM) is on track, and the missile completed a successful flight test from an F-16 in 2015.

As from 1 January 2016, the Naval Systems division will report as part of the Integrated Defence Systems division.


MARKET AND ORDERS

The largest contract signed in Q4 was a satellite contract of MNOK 205 with the European Space Agency (ESA) for the Sentinel satellites in the Copernicus programme. Kongsberg Satellite Services (KSAT) is the main supplier of ground station services for the programme. The contract includes the development and operation of a new ground station at Inuvik in Canada. KSAT is consolidated according to the equity method, and is not included in the Group's order backlog.

KDS concluded several important contracts in 2015. In August, it signed a contract with Avinor valued at MNOK 400 for a complete solution for remote operation of the control tower services at several Norwegian airports from a single control centre. The agreement between Avinor and KONGSBERG represents the most extensive effort in respect of remote towers ever launched in international aviation. The international potential for the solution is believed to be significant.

In April, KDS signed an important contract valued at MNOK 175 for delivery of Naval Strike Missile (NSM) ships equipment to Malaysia.

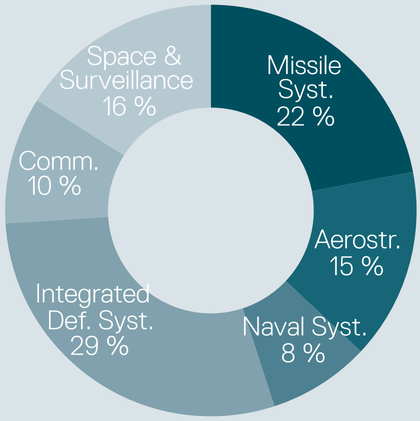
Contracts valued at more than MNOK 700 have been landed in connection with deliveries for F-35s, and the scope of deliveries to the programme was expanded during the year to include advanced composite parts in conjunction with the fighter craft's landing gear. The F-35 programme, including the JSM, has an estimated potential of more than NOK 40 billion for KONGSBERG over the life-time of the programme.

KDS has a product portfolio that is well positioned for future needs and current priorities in respect of the defence plans of several countries. There is considerable international interest in KONGSBERG's missiles and air defence systems. In 2015, KDS signed a teaming agreement with Raytheon of the US for the NSM, and extended the existing NASAMS teaming agreement.

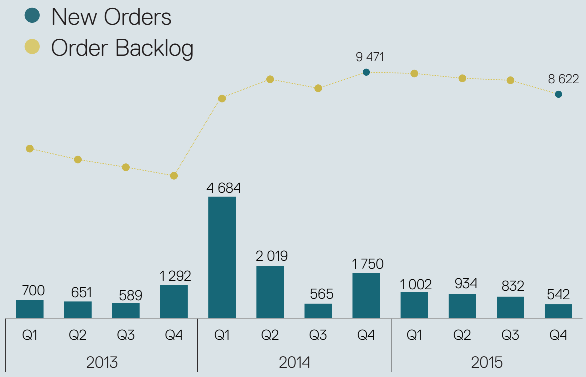
The business area's communications solutions and submarine systems are well established on the international market. KONGSBERG has firm delivery contracts and framework agreements for the delivery of components for the F-35 fighter craft. Robust, long-term customer relations have been established for the area's space activities. Fluctuations in order intake are normal in the defence market, which is marked by relatively few but large-scale contracts.

OPERATING REVENUES

YTD by segment

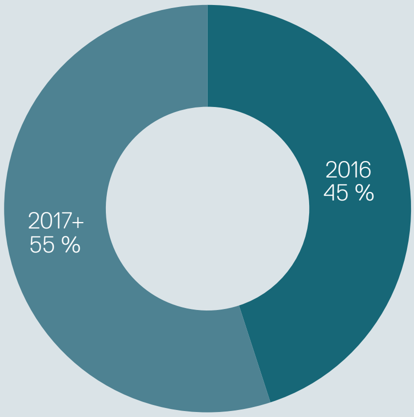


ORDERS



ORDER BACKLOG

Breakdown by delivery dates



KPS

	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Revenues	**600**	407	**1 777**	1 566
EBITDA	**62**	142	**227**	254
EBITDA (%)	**10.3**	34.9	**12.8**	16.2
New orders	**381**	579	**1 576**	2 240

	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Order backlog	**3 325**	3 541	3 523
No. of employees	**663**	661	650

PERFORMANCE

In Q4, KPS reported the highest operating revenues since Q4 2013. This is mainly due to an increase in the delivery of new systems. The Q4 EBITDA ended at MNOK 62, of which MNOK 15 was related to the changes to pension plan and MNOK 12 was related to reversal of provisions. The EBITDA margin adjusted for these effects was 5.8 per cent.

In 2015 as a whole, operating revenues were 13.5 per cent higher than in 2014. Operating revenues in 2015 were largely driven by “reset” activities (re-conditioning weapons stations) and the sale of spare parts. The number of new systems delivered in 2015 was on a par with 2014. The 2015 EBITDA was positively affected by MNOK 206 related to the reversal of provisions due to specific clarifications. The reversals were mainly related to reduced cost provisions for systems that have already been delivered.

The underlying EBITDA was at a low level, and it was influenced by the intensive marketing activities performed during the year.

MARKET AND ORDERS

The largest individual contract in Q4 consisted of orders under the CROWS programme with a value of MNOK 190. The orders from the US Army, which are modifications to the agreement signed in August 2012, comprise engineering services as well as preparations for the production of a low-profile CROWS configuration.

In December, General Dynamics Land Systems notified KONGSBERG that the PROTECTOR Medium Caliber Remote Weapon Station (MCRWS) had been selected for the Stryker vehicles. This is a very important milestone for KPS, marking the culmination of several years of determined efforts to develop a system with the capabilities and performance required for these types of vehicles. In January 2016, KPS signed the first contract for the delivery of systems under this programme. There is substantial potential in the market for such systems, and KPS’ entry into this market is believed to be important for the further development of the business area. Several major vehicle programmes have been adopted by different nations, and there is a significant market potential for conventional weapons control systems as well as medium caliber.

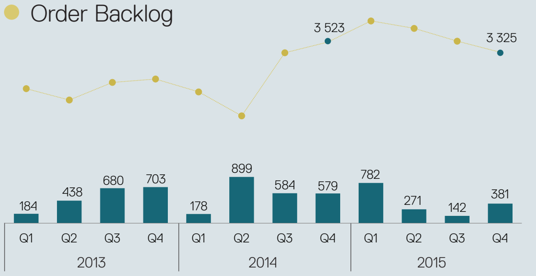
At year-end 2015, KPS had a order backlog valued at MNOK 3,325, offering relatively good predictability throughout 2016.

OPERATING REVENUES & EBITDA

Operating Revenues
EBITDA

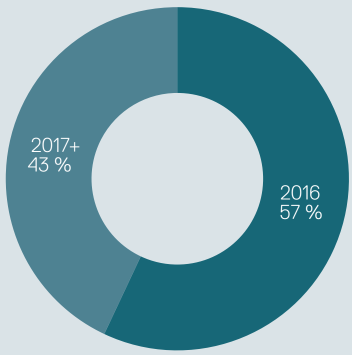
ORDERS

New Orders
Order Backlog



ORDER BACKLOG

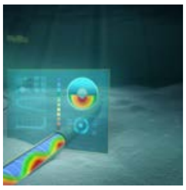
Breakdown by delivery dates



KOGT

	1.10. -31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Revenues	**129**	228	**777**	1 017
EBITDA	**(83)**	(54)	**(203)**	(99)
EBITDA (%)	**(64.3)**	(23.7)	**(26.1)**	(9.7)
New orders	**82**	168	**642**	802

	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Order backlog	**204**	258	396
No. of employees	**435**	452	630



PERFORMANCE

KOGT has been deeply impacted by the weak oil and gas market, and reported another substantial decline in operating revenues in Q4. The Q4 EBITDA was negatively impacted by MNOK 47 in restructuring costs, and positively impacted by MNOK 13 related to changes to pension plan. The EBITDA adjusted for these effects was minus MNOK 49.

Operating revenues in 2015 were down 23.6 per cent from 2014. Several cost-cutting initiatives was carried out during the year, the most significant of which are relocations and capacity reductions. During the year, KOGT reduced the number of employees by 195, to 435 employees at year-end 2015. Restructuring costs totalled MNOK 98 in 2015.

In Q4, the Board decided to write down goodwill and intangible assets in KOGT by a total of MNOK 300. This was done because of KOGT's performance trend and the further deterioration of market conditions in the oil and gas market.

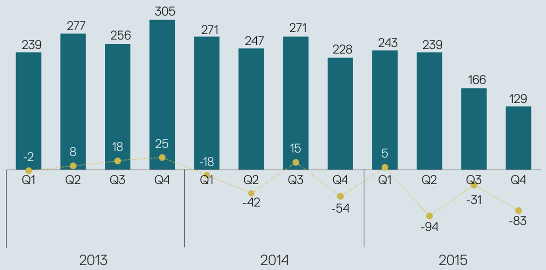
MARKET AND ORDERS

The weak order intake continued in Q4, and there were no major individual contracts signed during the quarter. The order backlog decreased by 48 per cent from year-end 2014, to MNOK 204 at year-end 2015.

The Group's oil and gas related engineering services will be consolidated and strengthened with other oil and gas services in KM. KOGT's largest business unit, Software & Services, will be incorporated as an important part of Kongsberg Digital. As a result of the abovementioned, KOGT will no longer be a separate business area from 2016.

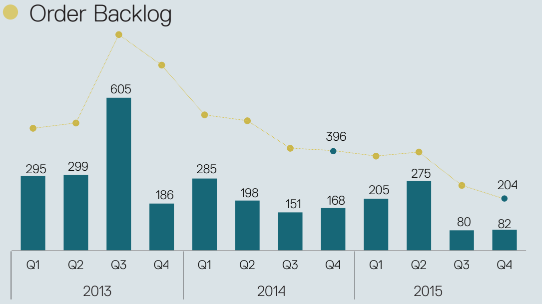
OPERATING REVENUES & EBITDA

Operating Revenues
EBITDA



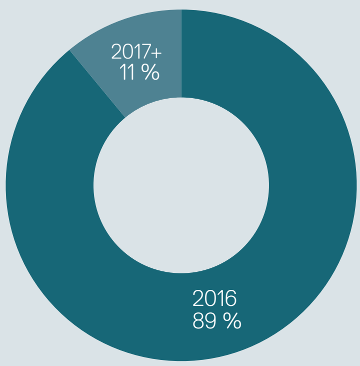
ORDRE

New Orders
Order Backlog



ORDER BACKLOG

Breakdown by delivery dates



OUTLOOK

Kongsberg Maritime operates in large parts of the maritime and offshore-related value chain. The offshore market is contracting significantly fewer orders for new vessels, meaning fewer new orders and increased uncertainty from this segment. In Q4, KM announced an adjustment of capacity to the changing market outlook. This will lead to restructuring costs in 2016, currently estimated to roughly MNOK 50-100. Activity level is expected to remain high for gas and other advanced merchant vessels, and as well as in KM's subsea technology segment. A strong market position in all main segments, a high backlog, and equipment installed on nearly 17,500 vessels, provide a strong foundation in more demanding markets. The level of activity in 2016 is expected to be somewhat lower compared to 2015.

Kongsberg Defence Systems is well positioned in its niches in a generally stronger defence market. This is expected to lead to several contract opportunities during the coming years, e.g. for missiles, air defence systems, aircraft component production, submarine systems and communications. KDS' order backlog provides a good platform for a somewhat higher level of activity in 2016.

Kongsberg Protech Systems has a globally leading position in remotely controlled weapons systems and a well-positioned product portfolio that includes the medium caliber turret solution that has been selected for the US Stryker vehicles. The activity level is expected to increase somewhat in 2016.

As a part of the Group's strategy for developing the next generation of digitalized products and services, Kongsberg Digital will be established during the first half of 2016. At the same time the Group's oil and gas engineering services will be restructured and consolidated in KM.

Kongsberg, 10 February 2016

The Board of Directors of
Kongsberg Gruppen ASA

KEY FIGURES BY QUARTER

KM	2015					2014					2013				
MNOK	**2015**	Q4	Q3	Q2	Q1	**2014**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**10 438**	2 777	2 541	2 509	2 611	**9 703**	2 546	2 433	2 359	2 365	**8 264**	2 201	1 950	2 105	2 008
EBITDA	**1 116**	235	325	204	352	**1 441**	275	459	366	341	**1 179**	292	310	293	284
EBITDA %	**10.7**	8.5	12.8	8.1	13.5	**14.9**	10.8	18.9	15.5	14.4	**14.3**	13.3	15.9	13.9	14.1
New orders	**9 756**	1 870	2 385	2 526	2 975	**10 038**	2 041	1 975	2 594	3 428	**8 455**	1 579	1 781	2 431	2 664
Order backlog	**7 245**	7 245	7 932	7 815	8 092	**7 480**	7 480	7 834	8 121	7 615	**6 529**	6 529	7 125	7 219	6 893
EBITA	**926**	183	275	159	309	**1 266**	225	415	324	302	**1 018**	252	268	253	245
EBITA %	**8.9**	6.6	10.8	6.3	11.8	**13.0**	8.8	17.1	13.7	12.8	**12.3**	11.4	13.7	12.0	12.2

KDS	2015					2014					2013				
MNOK	**2015**	Q4	Q3	Q2	Q1	**2014**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**4 149**	1 083	908	1 117	1 041	**4 276**	1 181	920	1 291	884	**4 554**	1 619	884	1 063	988
EBITDA	**695**	283	131	153	128	**530**	162	148	147	73	**520**	218	129	104	69
EBITDA %	**16.8**	26.1	14.4	13.7	12.3	**12.4**	13.7	16.1	11.4	8.3	**11.4**	13.5	14.6	9.8	7.0
New orders	**3 310**	542	832	934	1 002	**9 018**	1 750	565	2 019	4 684	**3 232**	1 292	589	651	700
Order backlog	**8 622**	8 622	9 163	9 238	9 425	**9 471**	9 471	8 856	9 203	8 460	**5 489**	5 489	5 816	6 112	6 534
EBITA	**598**	268	101	126	103	**435**	138	124	123	50	**407**	186	101	77	43
EBITA %	**14.4**	24.7	11.1	11.3	9.9	**10.2**	11.7	13.5	9.5	5.7	**8.9**	11.5	11.4	7.2	4.4

KPS	2015					2014					2013				
MNOK	**2015**	Q4	Q3	Q2	Q1	**2014**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**1 777**	600	392	416	369	**1 566**	407	360	365	434	**2 420**	636	337	660	787
EBITDA	**227**	62	3	148	14	**254**	142	(6)	39	79	**419**	90	66	115	148
EBITDA %	**12.8**	10.3	0.8	35.6	3.8	**16.2**	34.9	(1.7)	10.7	18.2	**17.3**	14.2	19.6	17.4	18.8
New orders	**1 576**	381	142	271	782	**2 240**	579	584	899	178	**2 005**	703	680	438	184
Order backlog	**3 325**	3 325	3 541	3 790	3 935	**3 523**	3 523	3 315	3 088	2 555	**2 805**	2 805	2 739	2 396	2 617
EBITA	**177**	50	(9)	135	1	**201**	128	(19)	27	65	**362**	76	52	102	132
EBITA %	**10.0**	8.3	(2.3)	32.5	0.3	**12.8**	31.4	(5.3)	7.4	15.0	**15.0**	11.9	15.4	15.5	16.8

KOGT	2015					2014					2013				
MNOK	**2015**	Q4	Q3	Q2	Q1	**2014**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**777**	129	166	239	243	**1 017**	228	271	247	271	**1 077**	305	256	277	239
EBITDA	**(203)**	(83)	(31)	(94)	5	**(99)**	(54)	15	(42)	(18)	**49**	25	18	8	(2)
EBITDA %	**(26.1)**	(64.3)	(18.7)	(39.3)	2.1	**(9.7)**	(23.7)	5.5	(17.0)	(6.6)	**4.5**	8.2	7.0	2.9	(0.8)
New orders	**642**	82	80	275	205	**802**	168	151	198	285	**1 385**	186	605	299	295
Order backlog	**204**	204	258	390	374	**396**	396	405	514	537	**734**	734	855	505	484
EBITA	**(239)**	(98)	(41)	(99)	(1)	**(122)**	(61)	9	(47)	(23)	**34**	15	17	6	(4)
EBITA %	**(30.8)**	(76.0)	(24.7)	(41.4)	(0.4)	**(12.0)**	(26.8)	3.3	(19.0)	(8.5)	**3.2**	4.9	6.6	2.2	(1.7)

KOG	2015					2014					2013				
MNOK	**2015**	Q4	Q3	Q2	Q1	**2014**	Q4	Q3	Q2	Q1	**2013**	Q4	Q3	Q2	Q1
Revenues	**17 032**	4 567	4 009	4 222	4 234	**16 613**	4 418	3 991	4 263	3 941	**16 323**	4 745	3 448	4 097	4 033
EBITDA	**1 784**	493	419	386	486	**2 060**	545	614	455	446	**2 142**	611	518	513	500
EBITDA %	**10.5**	10.8	10.5	9.1	11.5	**12.4**	12.3	15.4	10.7	11.3	**13.1**	12.9	15.0	12.5	12.4
New orders	**15 238**	2 887	3 388	3 993	4 970	**22 097**	4 541	3 277	5 714	8 565	**15 043**	3 697	3 688	3 773	3 885
Order backlog	**19 597**	19 597	21 059	21 439	22 033	**21 020**	21 020	20 580	21 096	19 344	**15 687**	15 687	16 711	16 398	16 733
EBITA	**1 405**	387	320	299	399	**1 718**	453	526	373	366	**1 797**	515	434	430	418
EBITA %	**8.2**	8.5	8.0	7.1	9.4	**10.3**	10.3	13.2	8.7	9.3	**11.0**	10.9	12.6	10.5	10.4

CONDENSED INCOME STATEMENT FOR THE PERIOD

		1.10. - 31.12.		1.1. - 31.12.	
MNOK	Note	**2015**	2014	**2015**	2014
Revenues	1	**4 567**	4 418	**17 032**	16 613
Operating expenses	9	**(4 093)**	(3 893)	**(15 335)**	(14 615)
Share of net income from joint arrangements and associated companies		**19**	20	**87**	62
EBITDA	**1**	**493**	**545**	**1 784**	**2 060**
Depreciation		**(95)**	(92)	**(362)**	(342)
Impairment		**(11)**	-	**(17)**	-
EBITA	1	**387**	**453**	**1 405**	**1 718**
Amortisation		**(43)**	(36)	**(161)**	(140)
Impairment	8	**(300)**	(304)	**(300)**	(320)
EBIT		**44**	**113**	**944**	**1 258**
Net financial items		**(20)**	26	**-**	27
Earnings before tax (EBT)		**24**	**139**	**944**	**1 285**
Income tax expence	10	**40**	(107)	**(189)**	(405)
Earnings after tax		**64**	**32**	**755**	**880**
Attributable to:					
Equity holders of the parent		**63**	31	**747**	873
Non-controlling interests		**1**	1	**8**	7
Earnings per share (EPS)/EPS diluted in NOK		**0.53**	0.26	**6.23**	7.28

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

		1.10. - 31.12.		1.1. - 31.12.	
MNOK	Note	**2015**	2014	**2015**	2014
Earnings after tax		**64**	32	**755**	880
Other comprehensive income:					
Items to be reclassified to profit or loss in subsequent period:					
Change in fair value, financial instruments:					
- Available-for-sale shares	5	**55**	(5)	**101**	(6)
- Cashflow hedges (currency futures and interest rate swaps)	5	**(155)**	(1 046)	**(425)**	(1 111)
Tax effect cash flow hedges (currency futures and interest rate swaps)	10	**7**	282	**80**	298
Translation differences, currency		**77**	237	**268**	309
Net items to be reclassified to profit or loss in subsequent period		**(16)**	**(532)**	**24**	**(510)**
Items not to be reclassified to profit or loss:					
Actuarial gains/losses pensions		**254**	(168)	**254**	(168)
Income tax on items remaining in equity		**(69)**	45	**(69)**	45
Actuarial gains/losses assosiated companies after tax		**-**	(6)	**-**	(6)
Net items not to be reclassified to profit or loss in subsequent period		**185**	**(129)**	**185**	**(129)**
Comprehensive income		**233**	**(629)**	**964**	**241**

CONDENSED STATEMENT OF FINANCIAL STATUS

		31.12.	30.9.	31.12.
MNOK	Note	2015	2015	2014
Property, plant and equipment		2 542	2 509	2 477
Intangible assets	4, 8	2 655	2 934	2 881
Other non-current assets	5	706	640	545
Total non-current assets		**5 903**	**6 083**	**5 903**
Inventories		3 675	3 742	3 264
Trade receivables		3 038	2 365	2 570
Construction contracts in progress, asset		3 396	3 398	3 183
Other current assets		1 302	1 685	929
Cash and cash equivalents		1 807	2 181	4 424
Total current assets		**13 218**	**13 371**	**14 370**
Total assets		**19 121**	**19 454**	**20 273**
Issued capital		982	982	982
Retained earnings		6 298	5 974	6 222
Fair value of financial instruments		(1 194)	(1 102)	(951)
Non-controlling interests		41	38	29
Total equity		**6 127**	**5 892**	**6 282**
Long-term interest-bearing loans	5	866	882	873
Other non-current liabilities and provisions	3	1 659	2 105	2 022
Total non-current liabilities and provisions		**2 525**	**2 987**	**2 895**
Construction contracts in progress, liabilities		2 736	2 660	3 590
Other current liabilities	3	7 733	7 915	7 506
Total current liabilities and provisions		**10 469**	**10 575**	**11 096**
Total equity, liabilities and provisions		**19 121**	**19 454**	**20 273**
Equity ratio (%)		32.0	30.3	31.0
Net interest-bearing liabilities		(941)	(1 299)	(3 551)
Net interest-bearing liabilities/EBITDA (%)		n/a	n/a	n/a

CONDENSED STATEMENT OF CHANGES IN EQUITY

	31.12.	30.9.	31.12.
MNOK	**2015**	2015	2014
Equity opening balance	**6 282**	6 282	6 657
Comprehensive income accumulated	**964**	731	241
Dividends	**(1 110)**	(1 110)	(630)
Treasury shares	**8**	8	10
Dividends non-controlling interests	**(2)**	(2)	(1)
Change in non-controlling interests	**(15)**	(17)	5
Equity, closing balance	**6 127**	**5 892**	**6 282**

CONDENSED CASH FLOW STATEMENT

	1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Earnings before interest, tax, depreciation and amortisation	**493**	545	**1 784**	2 060
Change in net current assets and other operating related items	**(734)**	(267)	**(2 871)**	255
Net cash flow from operating activities	**(241)**	**278**	**(1 087)**	**2 315**
Acquisition of property, plant and equipment	**(115)**	(92)	**(349)**	(325)
Acquisition of subsidiaries and non-controlling interests	**-**	-	**(44)**	(46)
Net payment of loans and acquisition/disposal of shares	**-**	264	**-**	264
Other investing activities	**(44)**	(33)	**(106)**	(104)
Net cash flow from investing activities	**(159)**	**139**	**(499)**	**(211)**
New loans raised and repayment	**-**	7	**-**	(457)
Net interest received (paid)	**(2)**	19	**3**	43
Net payments for the aquasition/disposal of treasury shares	**-**	-	**(12)**	(7)
Transactions with non-controlling interests	**-**	(1)	**(23)**	(1)
Dividends paid to equity holders of the parent	**-**	-	**(1 110)**	(630)
- of which, dividends from treasury shares	**-**	-	**3**	2
Net cash flow from in financing activities	**(2)**	**25**	**(1 139)**	**(1 050)**
Effect of changes in exchange rates on cash and cash equivalents	**28**	82	**108**	98
Net change in cash and cash equivalents	**(374)**	**524**	**(2 617)**	**1 152**
Cash and cash equivalents opening balance	**2 181**	**3 900**	**4 424**	**3 272**
Cash and cash equivalents closing balance	**1 807**	**4 424**	**1 807**	**4 424**

NOTE 1 – SEGMENT INFORMATION

	REVENUES				EBITDA				EBITA			
	1.10. - 31.12.		1.1. - 31.12.		1.10. - 31.12.		1.1. - 31.12.		1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
KM	**2 777**	2 546	**10 438**	9 703	**235**	275	**1 116**	1 441	**183**	225	**926**	1 266
KDS	**1 083**	1 181	**4 149**	4 276	**283**	162	**695**	530	**268**	138	**598**	435
KPS	**600**	407	**1 777**	1 566	**62**	142	**227**	254	**50**	128	**177**	201
KOGT	**129**	228	**777**	1 017	**(83)**	(54)	**(203)**	(99)	**(98)**	(61)	**(239)**	(122)
OTHERS	**(22)**	56	**(109)**	51	**(4)**	20	**(51)**	(66)	**(16)**	23	**(57)**	(62)
THE GROUP	**4 567**	4 418	**17 032**	16 613	**493**	545	**1 784**	2 060	**387**	453	**1 405**	1 718

NOTE 2 – GENERAL INFORMATION AND PRINCIPLES

The consolidated Q4 accounts (interim accounts) cover Kongsberg Gruppen ASA, its subsidiaries and shares in jointly controlled entities and associates included using the equity method.

The interim financial statements have been prepared in accordance with IAS 34 for interim reporting, the Stock Exchange regulations and the supplementary requirements in Norway's Securities Trading Act. The interim financial statements do not include all the information required for a full financial statement and should therefore be read in the light of the consolidated financial statements for 2014. The consolidated financial statements for 2014 comply with the rules in the Norwegian Accounting Act and with international financial reporting standards, as adapted by the EU. KONGSBERG has applied the same accounting policies as are described in the consolidated financial statements for 2014.

The consolidated financial statements for 2014 are available upon request from the Group's headquarters in Kongsberg or at www.kongsberg.com.

The interim financial statements have not been audited.

NOTE 3 - ESTIMATES

The preparation of the interim financial statements entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same as for the consolidated financial statements for 2014.

NOTE 4 – INTERNALLY FINANCED DEVELOPMENT

Internally financed product maintaince, research and development recognized in profit and loss for the period:

	1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Product maintenance	**78**	61	**262**	247
Research and development cost	**197**	192	**745**	689
Total	**275**	253	**1 007**	936

Internally financed development capitalized for the period:

	1.10. - 31.12.		1.1. - 31.12.	
MNOK	**2015**	2014	**2015**	2014
Internally financed development	**41**	32	**103**	102

NOTE 5 – FINANCIAL INSTRUMENTS

Loans and credit facilities

At 31 December 2015, KONGSBERG had two bond loans totalling MNOK 750 and an undrawn credit facility of MNOK 1 500.

Other non-current assets

Available-for-sale shares had an excess value at 31 December 2015 of MNOK 104. This marked an increase of MNOK 101 from 1 January 2015. There was an increase of MNOK 55 during the quarter.

Currency forwards and interest swap agreements

The fair value of holdings classified as cash flow hedges was reduced by MNOK 425 [3] before tax from 1 Jan. - 31 Dec. 2015. Of this, the change in the capitalised value of currency futures amounted to a decrease of MNOK 107 during the same period. Spot prices at end quarter were NOK 8.81/USD 1 and NOK 9.60/EUR 1.

Currency forward contracts classified as cash flow hedges

	Due in 2016		Due in 2017 or later		Total		
MNOK (before tax)	Value based on agreed exchange rates	Fair value at 31.12.15 [1]	Value based on agreed exchange rates	Fair value at 31.12.15 [1]	Value based on agreed exchange rates	Change in fair value from 31.12.14	Fair value at 31.12.15 [1]
EUR	839	(38)	126	(5)	965	32	(43)
USD	6 101	(935)	1 480	(160)	7 581	(170)	(1 095)
Other Currency	-	-	-	-	-	31	-
Sum	**6 940**	**(973)**	**1 606**	**(165)**	**8 546**	**(107)**	**(1 138)**
Rollovers of currency forward contracts [2]	-	(329)	-	(256)	-	(321)	(585)
Total	**6 940**	**(1 302)**	**1 606**	**(421)**	**8 546**	**(428)[3]**	**(1 723)**

[1] Fair value is calculated as the difference between the spot price at 31 December and the forward price on the currency contract.

[2] Carrying amount related to rollovers of cash flow hedges.

[3] The difference between these two figures, MNOK 3, is due to changes in the fair value of interest swap agreements classified as cash flow hedges, which is not reflected in the currency list.

NOTE 6 – RELATED PARTIES

The Board is not aware of any changes or transactions in Q4 in respect of related parties that would have a material impact on the Group's financial position or profit during the period.

NOTE 7 – MAIN RISK AND UNCERTAINTY FACTORS

No significant new risk or uncertainty factors were discovered during the quarter beyond the events discussed in the Annual Report for 2014, Note 34 "Contingent liabilities".

Rolls-Royce Marine AS v Kongsberg Evotec AS

In Q4, Kongsberg Evotec AS withdrew the appeal and disbursed the compensatory damages.

Otherwise, the Group's assessment of possible financial effects is the same as upon publication of the financial statements for 2014.

For a description of how the Group deals with different risks, please see the Annual Report for 2014.

NOTE 8 – IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS AT KONGSBERG OIL & GAS TECHNOLOGIES

At KOGT, goodwill was written down by MNOK 192 during the quarter. This has been done as a result of KOGT's performance trend and the further deterioration of market conditions in the oil and gas market.

In addition, KOGT's intangible assets were written down by MNOK 108. The background for this is weaker prospects for recovering the value of them over their remaining useful economic life.

NOTE 9 – ONE-OFF EFFECT, CURTAILMENT OF PAID-UP POLICY ON DISABILITY PENSIONS

As of 1 January 2016, KONGSBERG decided to terminate the paid-up policy on disability pensions as part of the Group's alignment with new regulations. The one-off effect of the cessation of paid-up policy earnings was recognised as a curtailment of the pension plan in 2015, and presented as a reduction in personnel expenses. For the Group as a whole, this amounted to MNOK 168.

	2015
KONGSBERG MARITIME	**76**
KONGSBERG DEFENCE SYSTEMS	**59**
KONGSBERG PROTECH SYSTEMS	**15**
KONGSBERG OIL & GAS TECHNOLOGIES	**13**
OTHERS	**5**
THE GROUP	**168**

NOTE 10 – CHANGED TAX RATE

A significant share of KONGSBERG's operating revenues is related to construction contracts. As a result of large temporary differences between the profit for accounting purposes and for tax purposes, the adopted change in the tax rate from 27 to 25 per cent from 2016 will entail a reduction in the aggregate taxes for the year of MNOK 114. This is the main reason why the effective tax rate is 22.0 per cent (33.2 per cent in 2014). In 2015, KONGSBERG was not in a position of liability for tax for the companies that comprise the Norwegian tax group. The tax effect of the different tax rate on cash flow hedges has been recognised in other comprehensive income. The effect amounts to MNOK 35.

NOTES

NOTES

Disclaimer: In the event of any discrepancy between the Norwegian and English versions of Kongsberg's quarterly reports, the Norwegian version is the authoritative one.

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WORLD CLASS

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