



1ST QUARTER 2016

INVESTOR PRESENTATION

29 APRIL 2016



KONGSBERG



A QUARTER OF STRATEGIC MILESTONES



- KONGSBERG buys 49.9% of Patria
 - Creating a leading Nordic defence partnership
- Launching Kongsberg Digital to be at the forefront of the digital shift
- First contract in a multi-phase Stryker program signed in KPS
- 2.5% growth in revenues compared to Q1 2015
- KM increasingly impacted by the weak oil and gas market
 - Ongoing capacity adjustments entails non-recurring costs
 - Activity- and margin level expected to weaken through 2016
 - Solid and diversified order intake in Q1



FINANCIAL STATUS



KONGSBERG

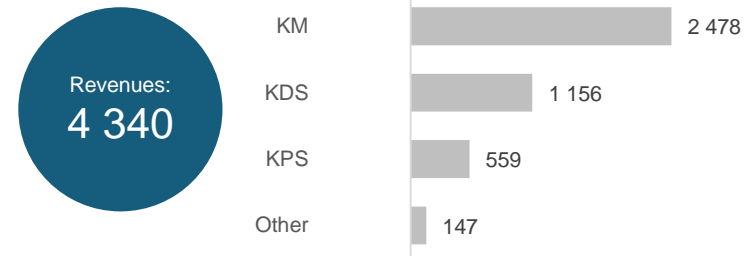
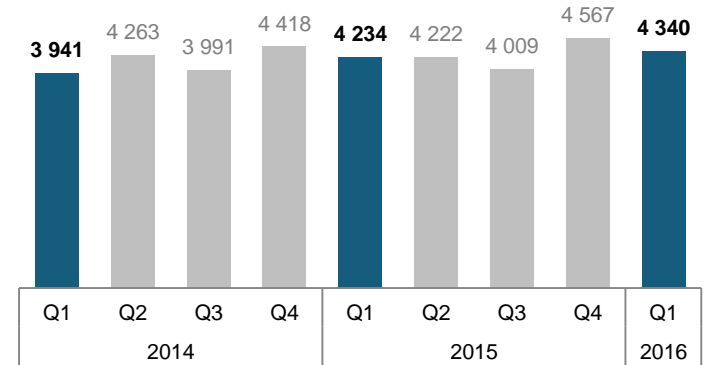




REVENUES Q1

Q1 revenues up 2.5% from 2015

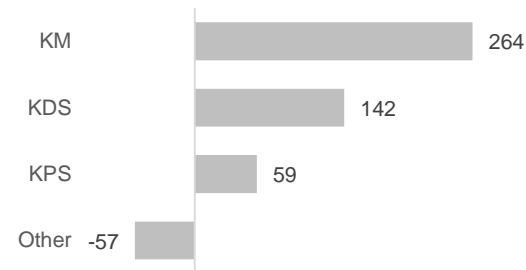
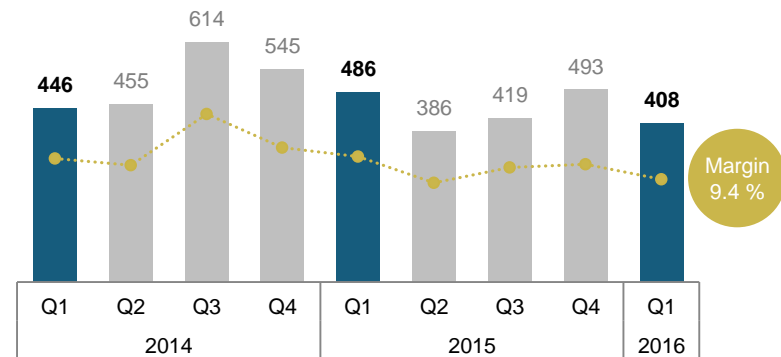
- KM with satisfactory activity level – down 5.1% compared to Q1 2015
 - Increasingly influenced by oil and gas downturn
- KDS revenues up 11.0% from Q1 2015
- KPS revenues significantly increased from Q1 2015, on par with last quarter



EBITDA Q1

Q1 EBITDA MNOK 408, margin 9.4%

- Underlying EBITDA margin in KM 11.4 %
 - Change in project mix and challenging oil and gas market conditions impact margins
 - MNOK 25 in non-recurring restructuring costs in Q1
- Good profitability in KDS, 12.3% EBITDA margin
- Low, but positive underlying EBITDA in KPS
 - Reflects growth strategy
 - MNOK 38 positive EBITDA effect related to customer clarifications
- Non-recurring restructuring costs in 'Other' of MNOK 21 in Q1



NON-RECURRING ITEMS Q1

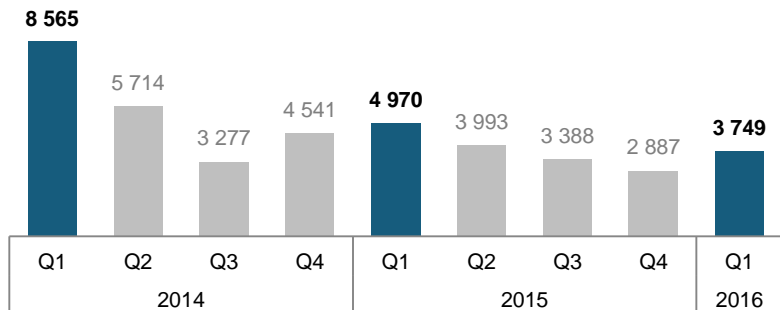
	KM	KDS	KPS	OTHER	GROUP
Customer clarifications			+38		+38
Restructuring costs	-25			-21	-46
Total¹	-25	-	+38	-21	-8

1) List is not exhaustive

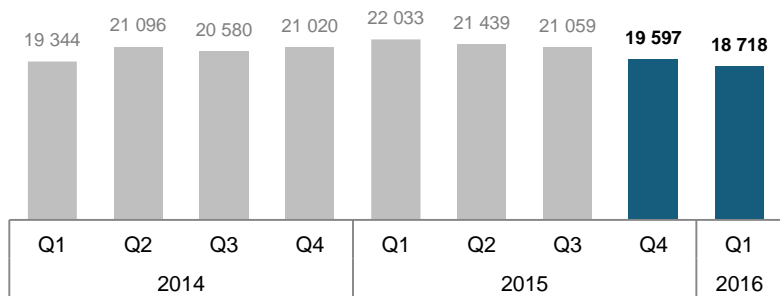
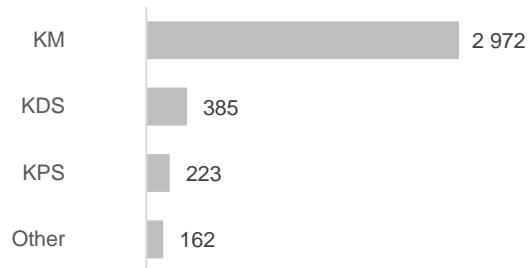
ORDERS Q1



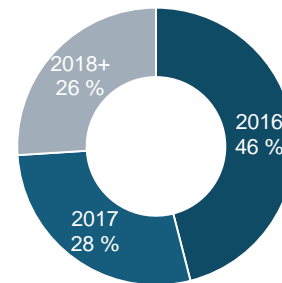
KONGSBERG



New orders:
3 749



Backlog:
18 718

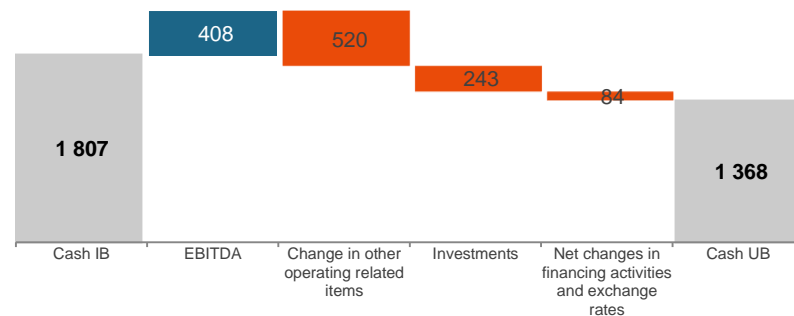


Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.

CASH FLOW Q1

Negative cash flow in Q1, MNOK 439

- Project execution in KDS draws on substantial prepayments received in 2014
- MNOK 33 temporary cash outflow from currency hedges in Q1, MNOK 1,167 in 2015
- MNOK 45 share repurchase related to annual share program for employees
- Other normal working capital fluctuations



	Q1 2016	Q4 2015	Q4 2014
Cash and short-term deposits	1 368	1 807	4 424
Net interest bearing debt	-504	-941	-3 551
Equity ratio	35.7%	32.0%	31.0%
ROACE*	12.3%	13.5%	16.4%

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

BUSINESS UPDATE



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BUSINESS AREAS



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KONGSBERG MARITIME

- Book/bill of 1.3 in Q1, leveraging a diversified portfolio
- Good order intake within e.g. AUV's, advanced gas carriers and fishery
- High activity in Merchant Marine and non-offshore related parts of Subsea
- Increased cancellation level and no. of requests for on-hold
- The challenging market puts pressure on offshore revenue and margin levels

	Q1
Operating revenues	2 478
EBITDA	264
New orders	2 972
Order backlog	7 450



KONGSBERG DEFENCE SYSTEMS

- Good project execution – large programs on schedule and costs
- KDS solutions well positioned in current defence markets
- Several significant opportunities being pursued
- Increasing activity within Space & Surveillance
- High activity on the F-35 program

	Q1
Operating revenues	1 156
EBITDA	142
New orders	385
Order backlog	7 861



KONGSBERG PROTECH SYSTEMS

- Protector MCT-30 contract with GDLS for US Army's Stryker vehicles
- Further medium caliber opportunities being pursued
- Low profile RWS now in production
- Continuing investments in portfolio expansion

	Q1
Operating revenues	559
EBITDA	59
New orders	223
Order backlog	2 989

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



SIGNIFICANT CHANGE IN PROJECT MIX IN KM

LEVERAGING A DIVERSIFIED PORTFOLIO

ORDER INTAKE:

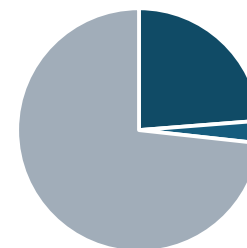
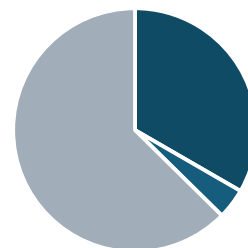
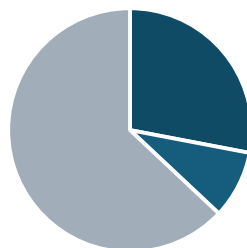
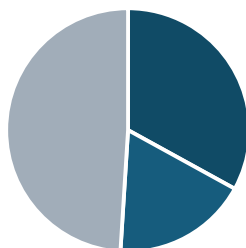
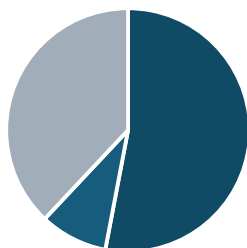
Q1 2015
2,975

Q2 2015
2,526

Q3 2015
2,385

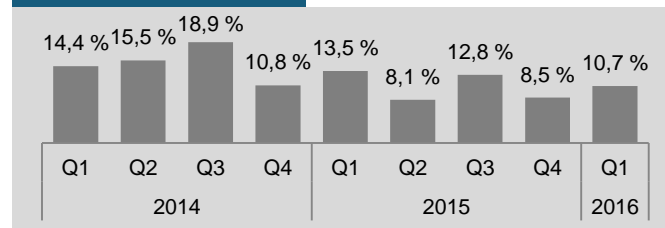
Q4 2015
1,870

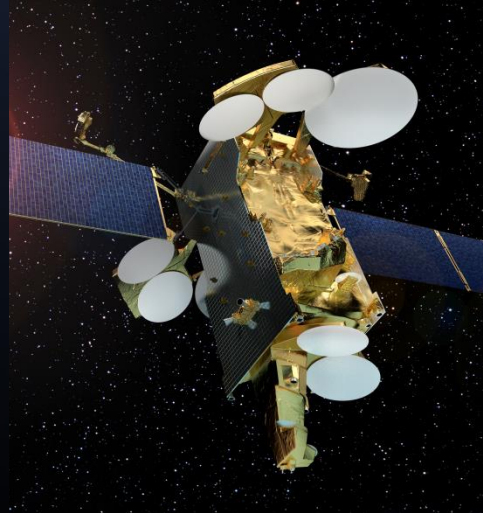
Q1 2016
2,972



- Offshore vessels
- Production & storage
- Non-offshore

EBITDA MARGIN:





KONGSBERG SPACE & SURVEILLANCE:

SERVING THE COMPLETE VALUE CHAIN

Applying core technologies to develop advanced products and services for the complete space value chain

- Launcher & space mechanisms
- Satellite electronics
- Navigation and Search & Rescue
- Ground station services with unique infrastructure



AIRBUS



inmarsat



ThalesAlenia
Space
A Thales / Finmeccanica Company



DigitalGlobe

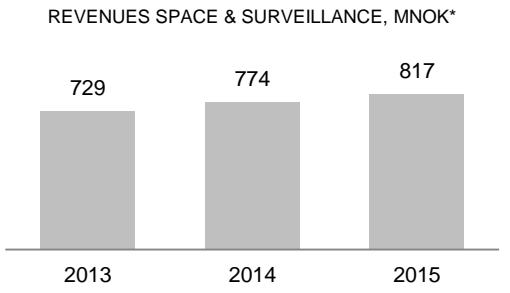


Video: ESA

KONGSBERG SPACE & SURVEILLANCE

GROWTH AND OPPORTUNITIES

- New and significant contracts on earth observation programs - MetOp/EUMETSAT
- Several contracts and opportunities in the European program for the establishment of a European capacity for earth observation, Copernicus
- New and significant contracts on commercial telecom satellites - SES 12/14
- Frame contract renewal for Digital Globe
- Significant opportunities on Ariane 6 Heavy Lift Launcher



*KSAT proportionally consolidated



KONGSBERG DIGITAL

~500 SW experts
~MNOK 800 revenues
Positive EBITDA from
the start
Launch summer 2016
*A digital center of
expertise*

SOFTWARE AND SERVICES

- Smart data solutions for increased efficiency in operations: predictive, real-time and simulation analysis
- One Production Field - One Integrated Production Model LedaFlow and K-Spice
- Flow Assurance Services - assuring flow from reservoir to customer challenges
- SiteCom, WellAdvisor

MARITIME SIMULATION

- Maritime officer training at all levels
- Multi discipline CRM training with integrated scenarios
- Advanced simulation of complex Maritime Operations supporting engineering and research projects

KONGSBERG INFORMATION MANAGEMENT SYSTEM

- Open platform with full integration of sensors and systems providing smart data and decision support
- K-IMS is the bridge between offshore marine systems and onshore business enterprises
- K-IMS is able to turn big data into valuable information for customers to act on
- 30+ applications within performance management, condition monitoring, fleet performance
- Open for 3rd party applications

WELL ESTABLISHED CLIENTS AND INNOVATIVE SOLUTIONS IN EXISTING AND NEW MARKETS



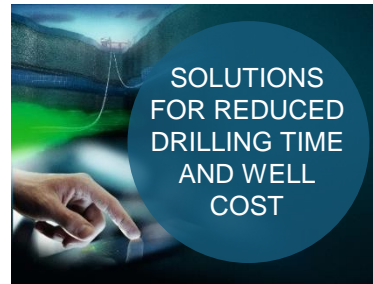
LONG
EXPERIENCE
WITHIN
TRAINING
SIMULATORS

KONGSBERG has delivered a suite of advanced simulators for training on a wide range of offshore and maritime operations



KONGSBERG's ships bridge simulators are used in training navy cadets

From navigation and ship handling to advanced tactical warship training, piracy attack, ship-to-ship interdiction, etc.



SOLUTIONS
FOR REDUCED
DRILLING TIME
AND WELL
COST

SITECOM® is delivered to half of top 50 international operators

Support hundreds of live drilling operations



ESTABLISHING
POSITIONS
IN NEW
MARKETS

Involved in innovative Steam Pilot project

Deliveries could include:

- LedaFlow and K-Spice
- Maintenance/support
- Training
- Real-time decision support for dynamic analysis

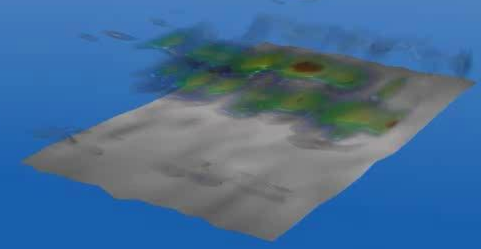
SMART DATA

AUTOMATION AND
ROBOTICS

ARTIFICIAL
INTELLIGENCE

THE INTERNET
OF THINGS

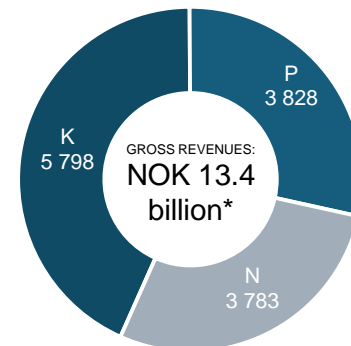
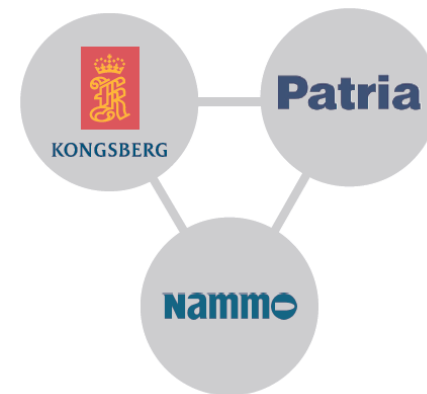
AUTONOMOUS



KONGSBERG BUYS 49.9% OF PATRIA

– CREATING A LEADING NORDIC DEFENCE PARTNERSHIP

- KONGSBERG has taken an important strategic step to accelerate growth and profitability in our defence business
- Establishing a true Nordic defence partnership between Patria, Nammo and KONGSBERG
- The partnership will be a leading Nordic defence industry group with a strong position in Northern Europe and with strong US partners
- KONGSBERG will engage actively in developing the three companies
- A partnership between Patria, Nammo and KONGSBERG will benefit the Finnish and Norwegian Armed Forces, the Governments and the companies involved
- The transaction is financially attractive for KONGSBERG
- Closing is expected summer 2016





- Leading maintenance provider in the Nordics
- Internationally successful supplier of armored vehicles
- World leading supplier of ammunition and rocket motors through subsidiary Nammo
- Advanced aviation operations



HEADQUARTERED IN FINLAND



2 800 EMPLOYEES



REVENUES EUR 428 MILLION



ORDER BACKLOG EUR 1,056 MILLION



OPERATIONS IN 8 COUNTRIES



OWNERSHIP: THE FINNISH STATE 50.1%
KONGSBERG 49.9%

OUTLOOK



KONGSBERG





2016 OUTLOOK

KONGSBERG MARITIME

- Significant drop in contracting in the offshore vessel market, will impact revenues and margins
- Other segments stable or growing
- Non-recurring restructuring costs in 2016 currently estimated to MNOK 75-125, further adjustments considered on an ongoing basis
- Installed base of more than 17,000 vessels
- Activity- and margin level in 2016 expected to be lower than in 2015

KONGSBERG DEFENCE SYSTEMS

- Strong position in selected niches and several important opportunities in a generally strengthened defence market
- Solid backlog provides a good platform for a somewhat increased activity level in 2016

KONGSBERG PROTECH SYSTEMS

- Global leader in remote weapon systems with a well positioned product portfolio, including the medium calibre turret
- Activity level expected to increase somewhat in 2016

OTHER

- Establishing Kongsberg Digital during summer 2016
- Restructuring and consolidating the Group's oil and gas engineering services in KM

See quarterly report for full text

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- THROUGH PEOPLE, TECHNOLOGY AND DEDICATION



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