

Kongsberg Protech Systems

President & EVP Espen Henriksen

CMD²⁰₁₄
CAPITAL MARKETS DAY



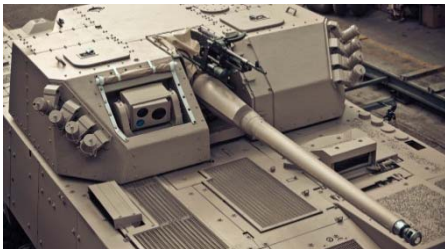
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2014 – a rough year



- but increased orders and opportunities



The main product is the remotely operated weapon system PROTECTOR used to protect military personnel in armoured vehicles.

The PROTECTOR family of products has achieved a leading position in this market.

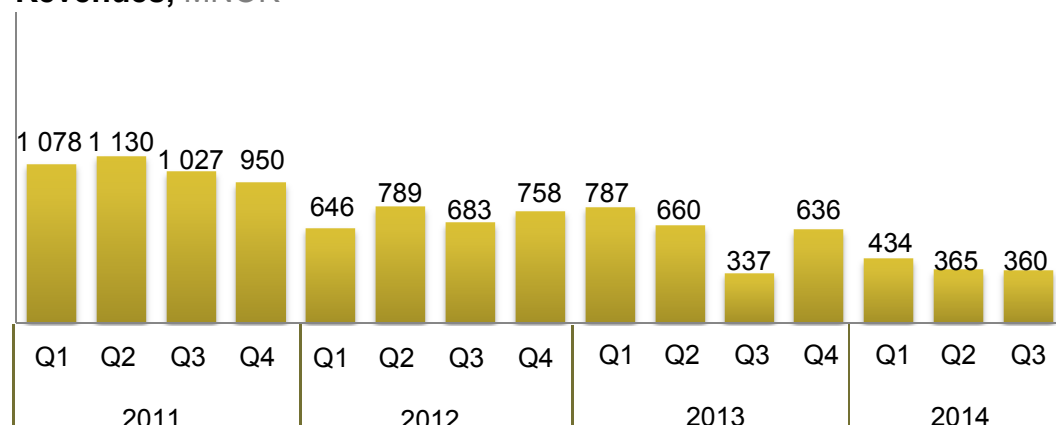
- LTM revenues MNOK 1 795
- 653 employees
- Offices in Norway, USA, Canada and Australia



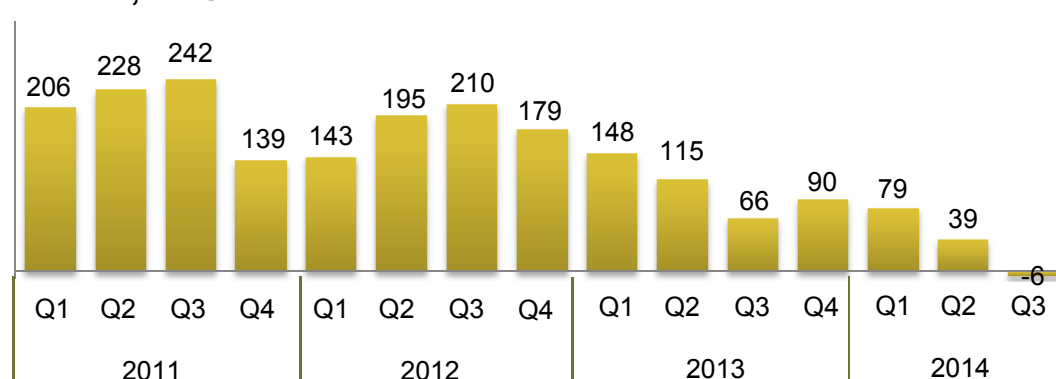
A modern portfolio positioned for further growth

Reduced earnings but high activity

Revenues, MNOK



EBITDA, MNOK



Key revenue and EBITDA drivers

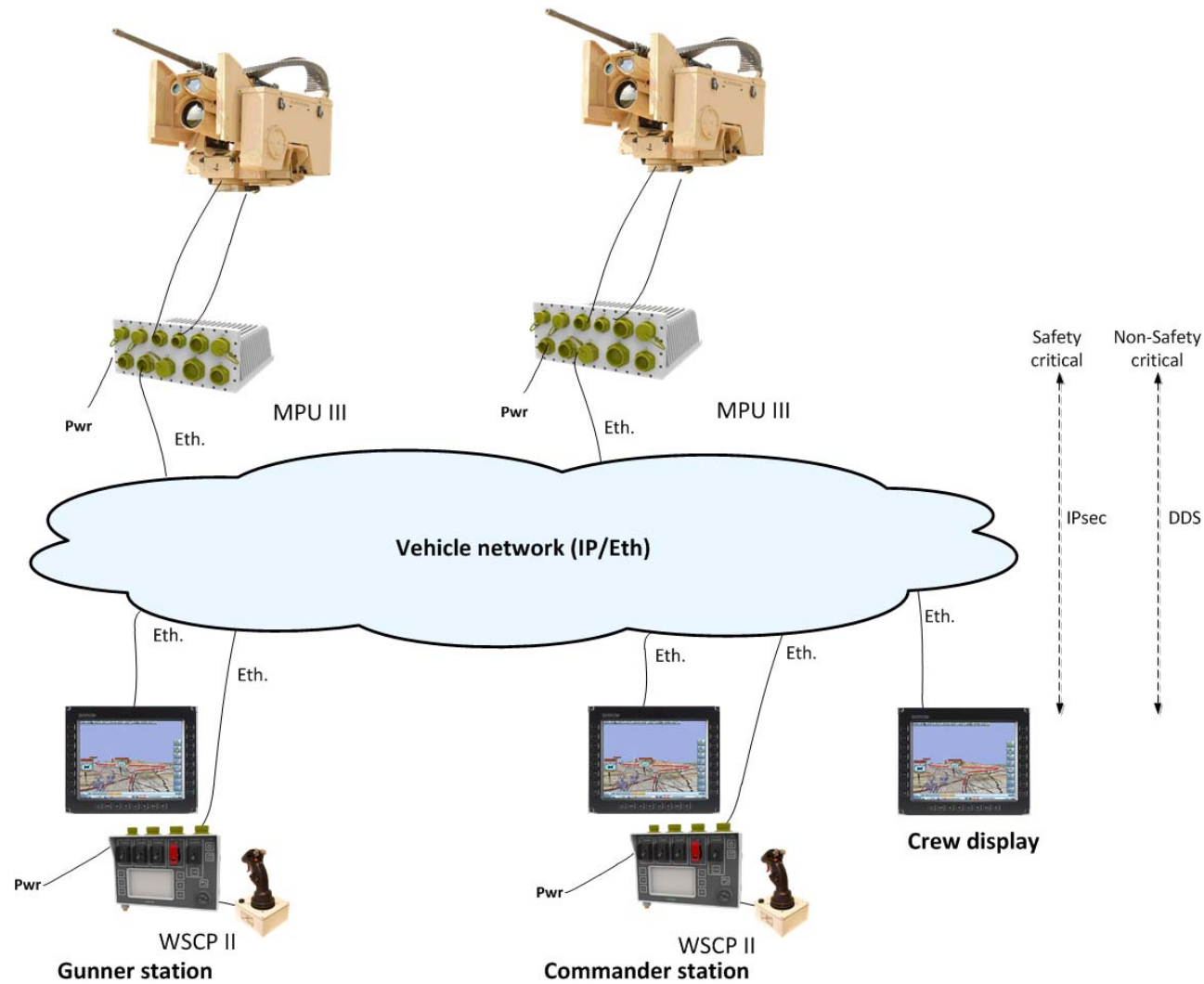
- Decline in demand for new systems
- No more urgent needs – margin pressure
- Major delay in an international program
- Cost overrun on two key programs with substantial development portion
- Increased volume within customer financed development – important programs, but low margins
- Increased volume within reset and upgrade work – a lot of people needed – less material – less total revenues
- Introduction of the Medium Caliber system requires time and resources – endurance is key
- Delta One

Achievements since CMD 2013

- Increased order intake from CROWS III
- Increased customer financed development – Low Profile
- The Norwegian CV90 program has brought the RWS online
- CROWS Mk 50 chosen as system for the US Marines new vehicle ACV 1.1
- Medium Caliber shown to the public on the TATA vehicle at DefExpo in India
- Medium Caliber demonstrations in the GCC region and in the USA.



RWS in a digital network



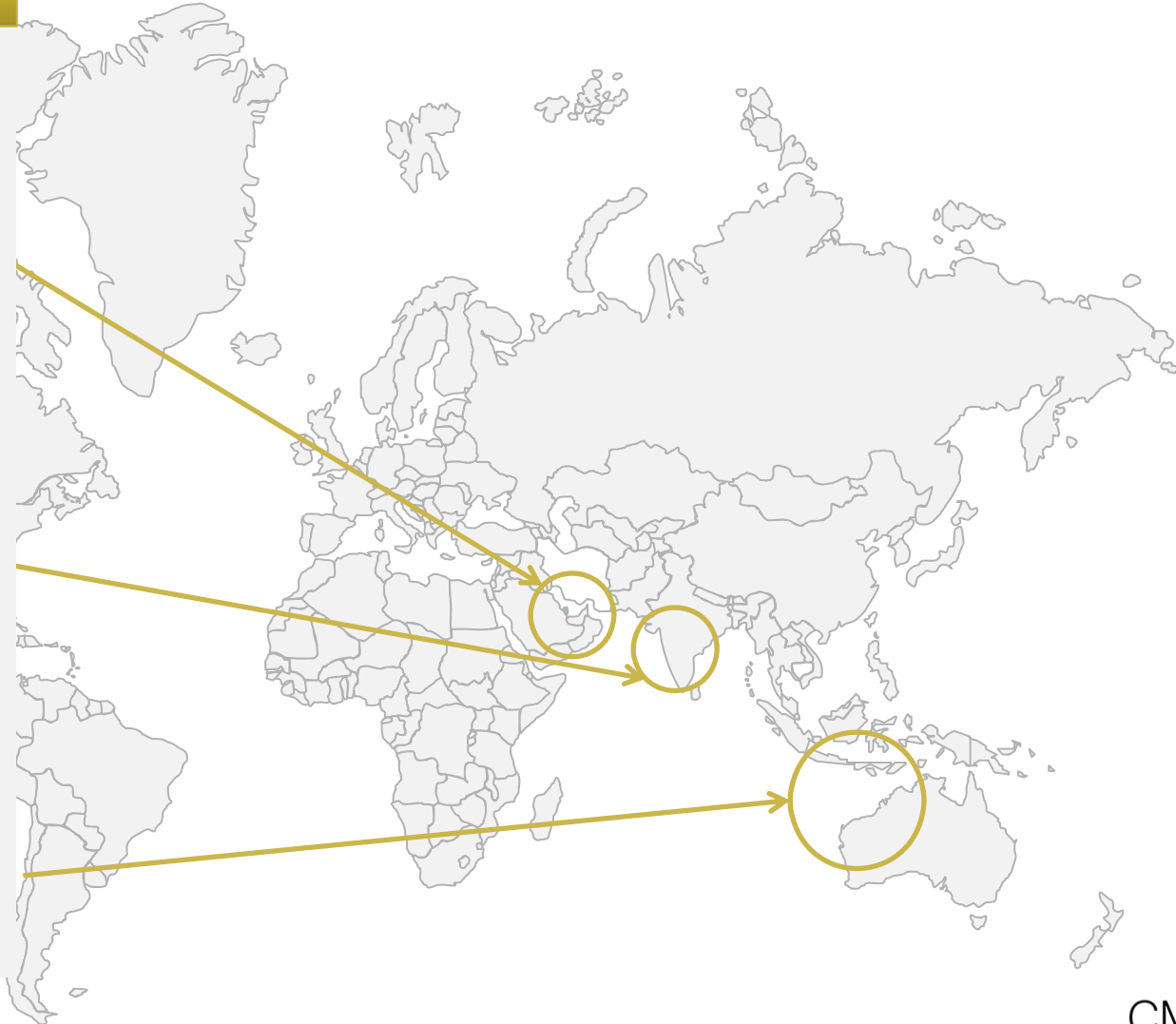
Continuously Extending the Product Base



Continuously Extending the Market Base

New Key Markets

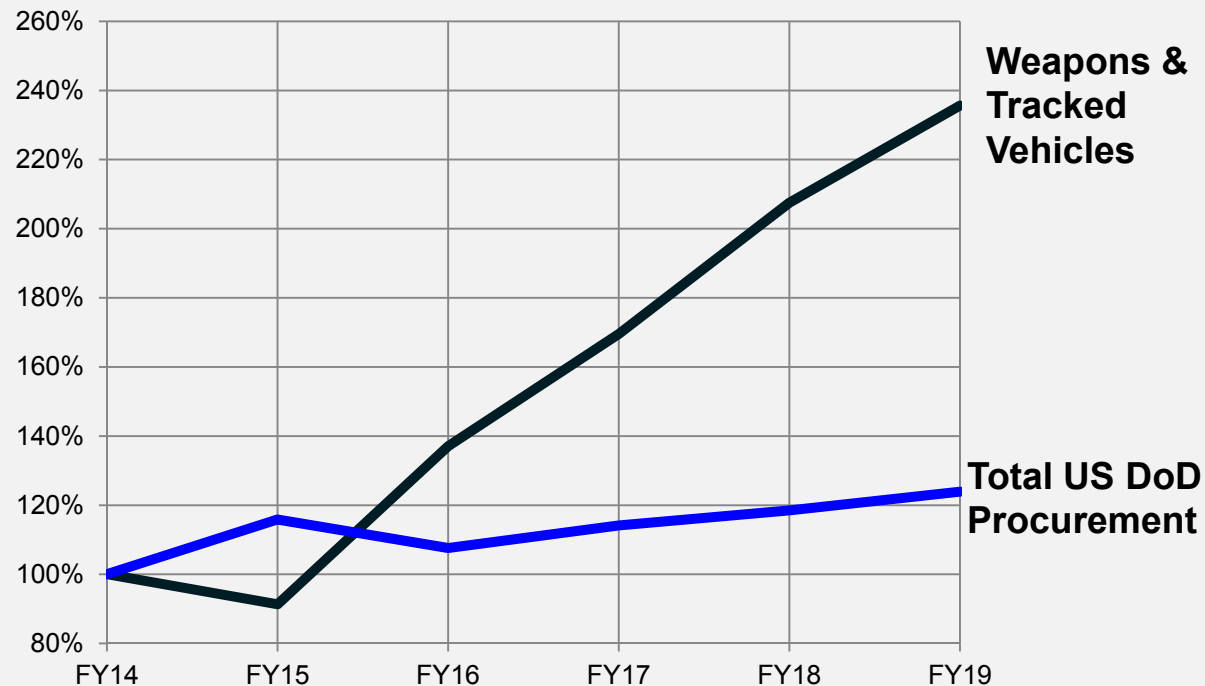
- **Middle East**
 - GCC nations
 - Programs for both RWS and MC-RWS
- **India**
 - Programs for both RWS and MC-RWS
- **APAC**
 - Australia is back. Primary interest in lighter and sea-based RWS portfolio



KONGSBERG has a strong position in the market for Remote Weapon Systems

US 2014 Future Years Defense Program (2014-2019)

Budgeted spending, indexed 2014 = 100

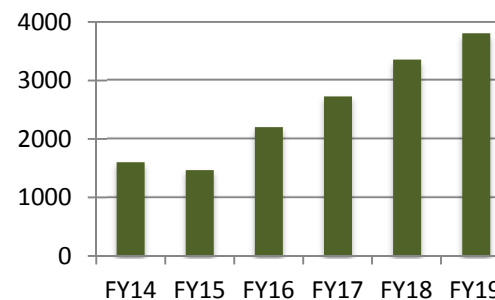


SOURCE: 2014 Green Book

KPS Markets - USA

- Still the major market....
- ...but no growth until FY16
- Major upgrade opportunities
- USMC has announced Kongsberg RWS for their new vehicle - Navy qualification
- JLTV announced – 54.500 vehicles
- Interest for MCRWS both on Stryker and Bradley

US FYDP¹ Vehicles: Year budget² change
Millions of FY2014 USD



+20 % Annually



KPS markets – Rest of the World

- Europe – stable, upgrades and some major programs
- GCC – Major programs for RWS and MCRWS
- Asia Pacific – Major programs for RWS and MCRWS



Scout SV Reconnaissance Specialist Vehicle, United Kingdom

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Home > Land defense > Future land Combat Systems > Scorpion

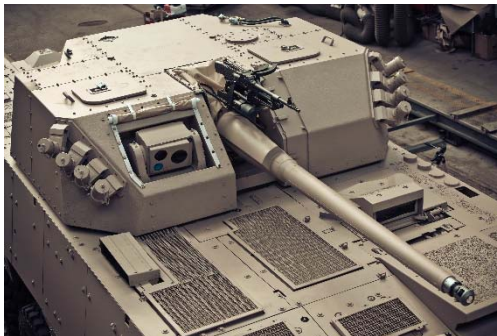
SCORPION: FRENCH ARMY'S MODERNIZATION PROGRAM

With an overall budget of approximately 10 billion euros, the Scorpion program is aimed at transforming the French Army, to allow it to meet the operational challenges of tomorrow. It brings together all the French Army platform programs: EBRC*, VBMR**, modernized Leclerc heavy tank, Felin, Scorpion Combat and Information System (SIC-S) and communication means.

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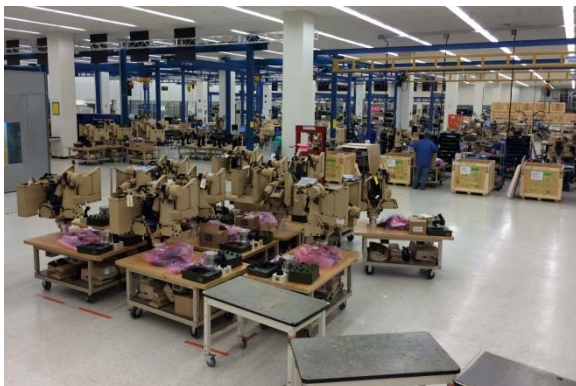


Medium caliber update



Key take-aways

- Kongsberg Protector is the “State of the Art” remote weapon station.
- The US market is still the major market – will come back stronger
- Major programs are coming up outside the US
- Increased focus for resets and upgrades
- The market for Medium Caliber is still developing – first competition ongoing. A lot of interest from the market – we are in for the long term!
- Order intake for 2014 is ahead of 2013 – significant opportunities ahead



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