



KONGSBERG

CMD 2020

# Positioned for tomorrow

12/11/2020

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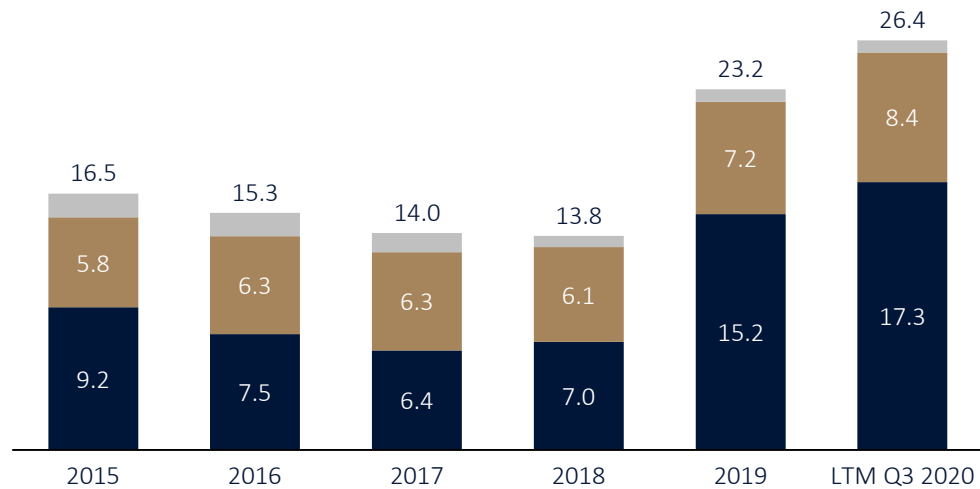
# Solid revenue and EBITDA growth

Including acquired -and excluding divested companies

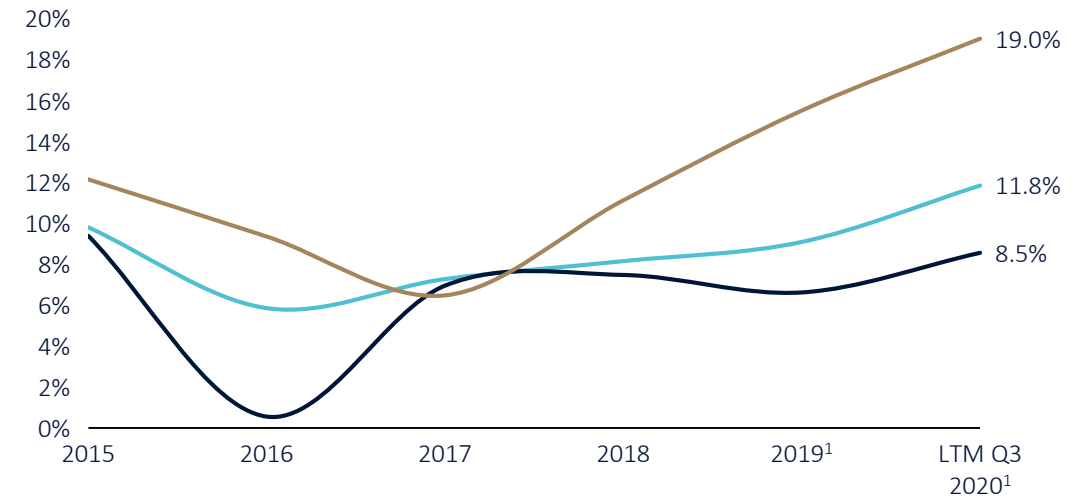
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## Revenue development 2015 – LTM Q3 2020

BNOK



## EBITDA margin development 2015 – LTM Q3 2020



■ KONGSBERG MARITIME ■ KONGSBERG DEFENCE & AEROSPACE ■ Other

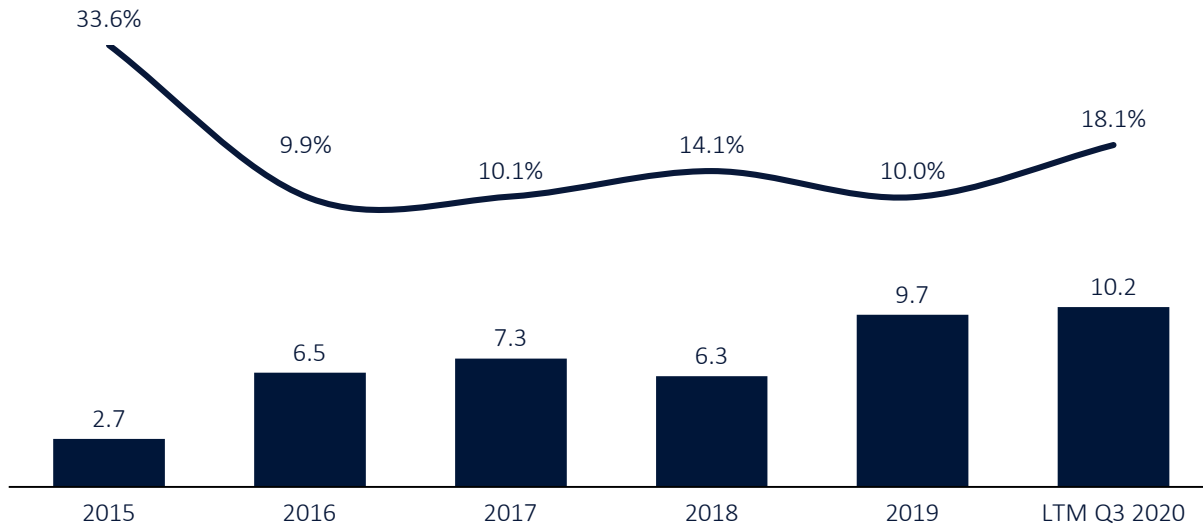
— KONGSBERG — KONGSBERG MARITIME — KONGSBERG DEFENCE & AEROSPACE

1) Included effects from IFRS16 from 2019



# Improved return on capital

ROACE (%) and AVERAGE CAPITAL EMPLOYED (BNOK)



— ROACE %   ■ AVERAGE CAPITAL EMPLOYED (BNOK)

- Patria investment and Commercial Marine (CM) acquisition drive capital employed
  - Acquisition of CM fully reflected in capital employed as of LTM Q3 2020
- Increased ROACE driven by profitability improvement
  - Turn around & synergies realisation in CM/KM
  - Increased scale and good project execution in defence

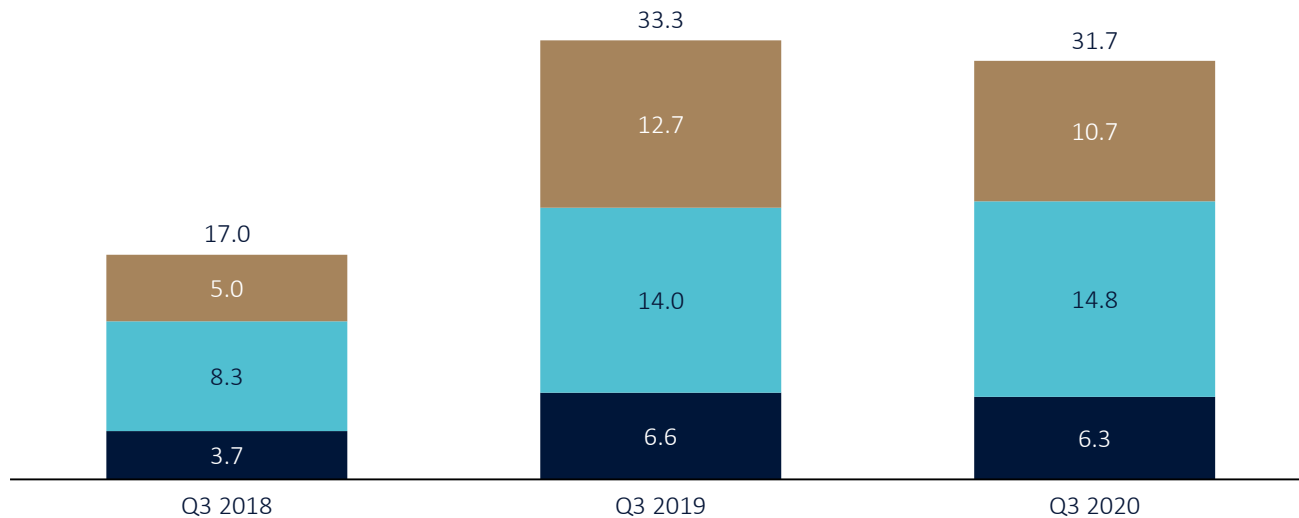


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# Solid backlog

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## Backlog development (BNOK)



- Backlog “Next year” increased compared to last year
- Approximately 2/3 of backlog related to defence projects
- Backlog does not include;
  - framework agreements
  - majority of aftermarket in KM
  - associated companies
  - SaaS revenues

■ Current year ■ Next year ■ Next year +

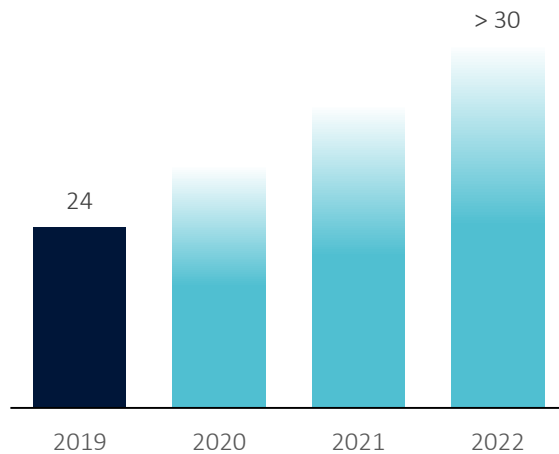


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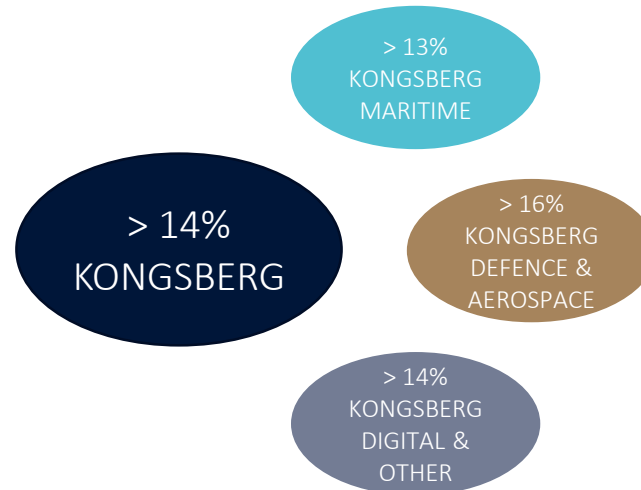
# Updated ambitions towards 2022

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## Revenue target towards 2022 (BNOK)



## Target EBITDA margin 2022 (%)



## Updates compared to CMD 2019

- EBITDA target updated to include IFRS16
  - All target adjusted up with 2%p
- Hydroid sold in March 2020
- Income from associated companies no longer included EBITDA



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# Priorities towards 2022

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	KONGSBERG MARITIME	KONGSBERG DEFENCE & AEROSPACE	KONGSBERG DIGITAL
1. Key success factor	Adapt to changing market	Growth/ramp-up	Scale
2. Profitability	Efficiency focus and product harmonisation	Benefit on scale and cost focus	SaaS business model
3. Growth	Cross sales and green technology	New opportunities and execute on strategic steps	Continue to roll out digital applications and products

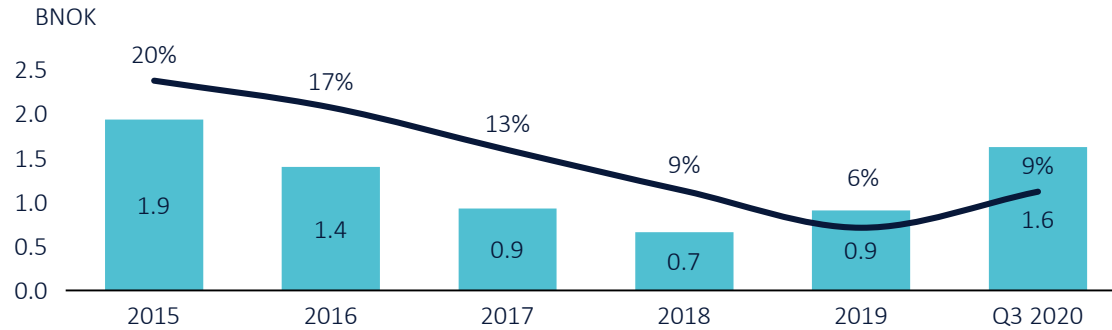


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# Net working capital

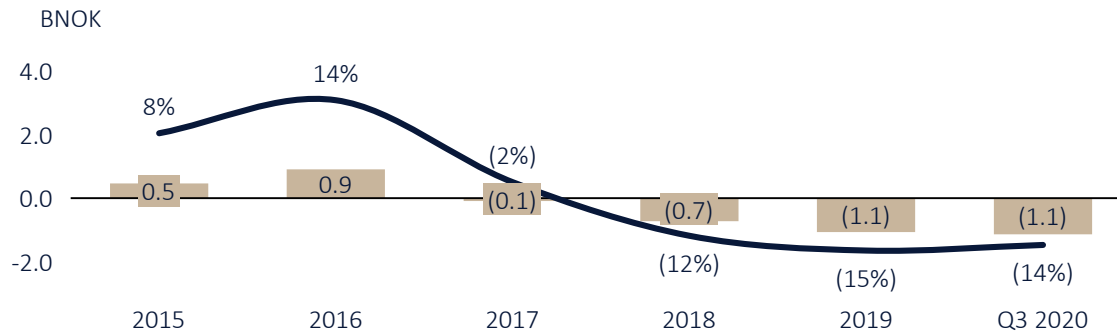
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KONGSBERG MARITIME



- Net working capital largely driven by project mix
- Net working capital expected to fluctuate going forward
- Net working capital adjusted for acquired and divested companies

KONGSBERG DEFENCE & AEROSPACE



- Significant fluctuations in net working capital driven by;
  - Payment structure from customer
  - Project timeline within large projects

NWC % OF REVENUE
  NWC KONGSBERG MARITIME
  NWC KONGSBERG DEFENCE & AEROSPACE



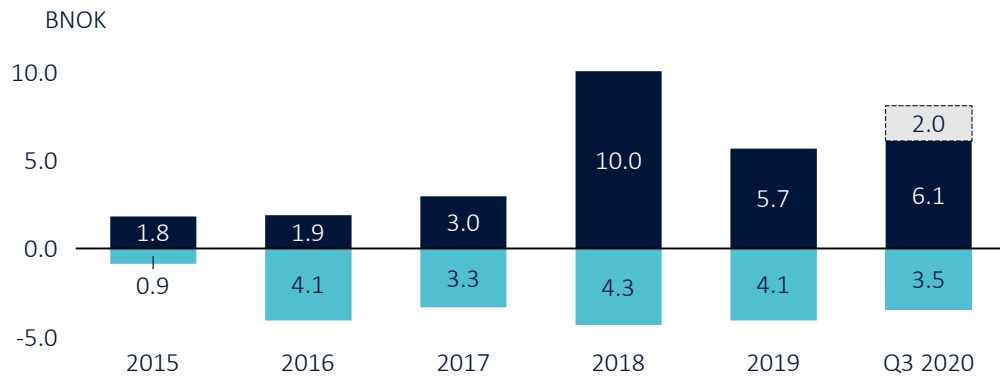


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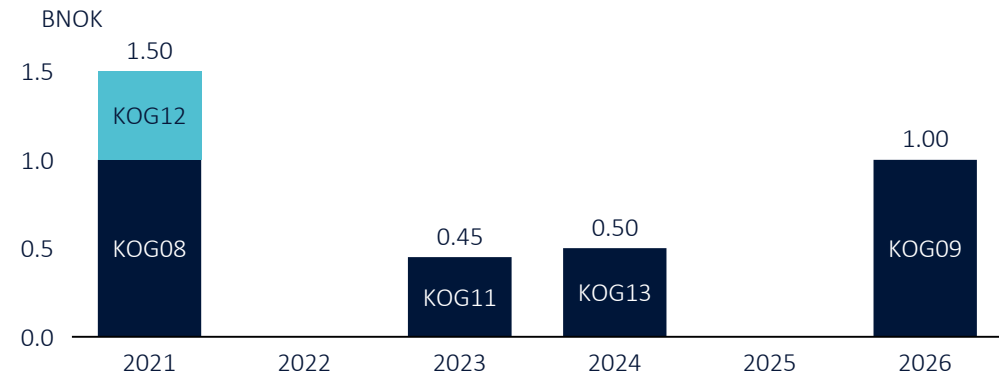
# Cash, debt and bond maturity profile

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## Cash and Interest bearing debt (BNOK)



## Bond maturity profile



- ~2.5 BNOK of advance payments from customers
- Cash “looked in operation” increased post CM acquisitions
  - Expected to gradually be reduced going forward
- Increased currency exposure as business grow

- Spread maturity profile
- Evenly split between floating and fixed interest rate
- Undrawn committed credit facilities of BNOK 2.8

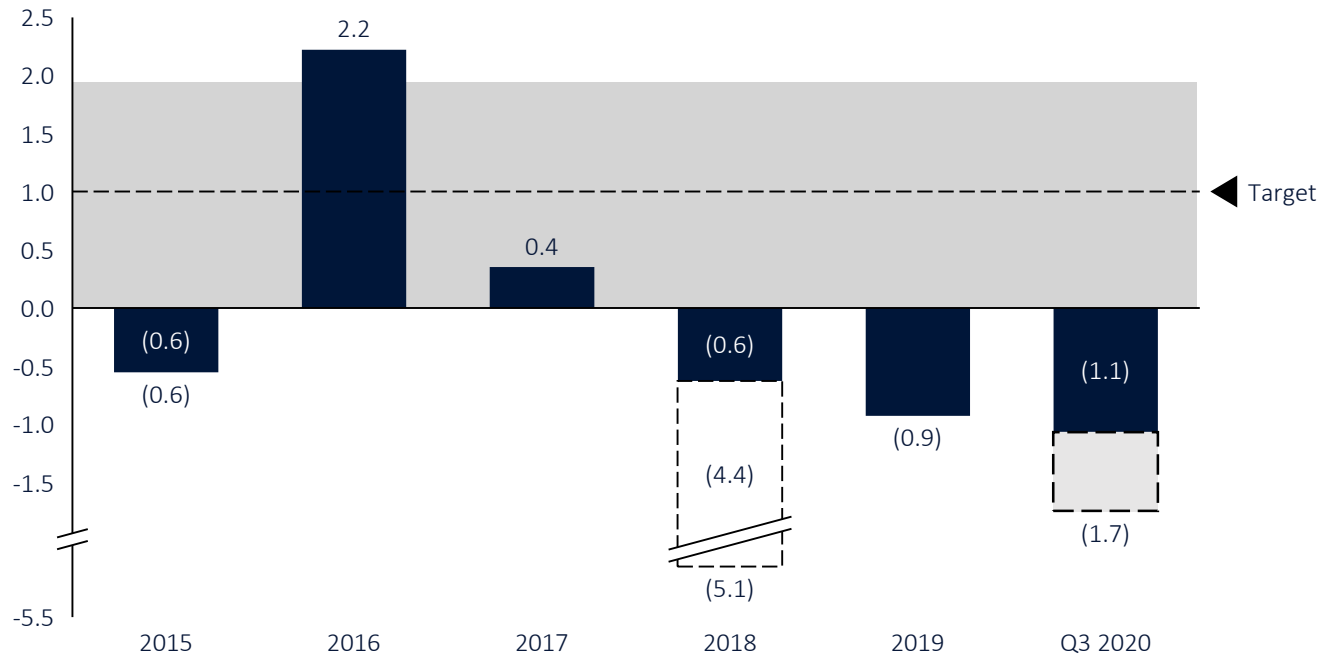
■ Cash ■ Interest bearing debt ■ Extraordinary dividend & SBB



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# Leverage ratio and capital structure target

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## Net debt/EBITDA of 1.0x +/- 1.0 securing;

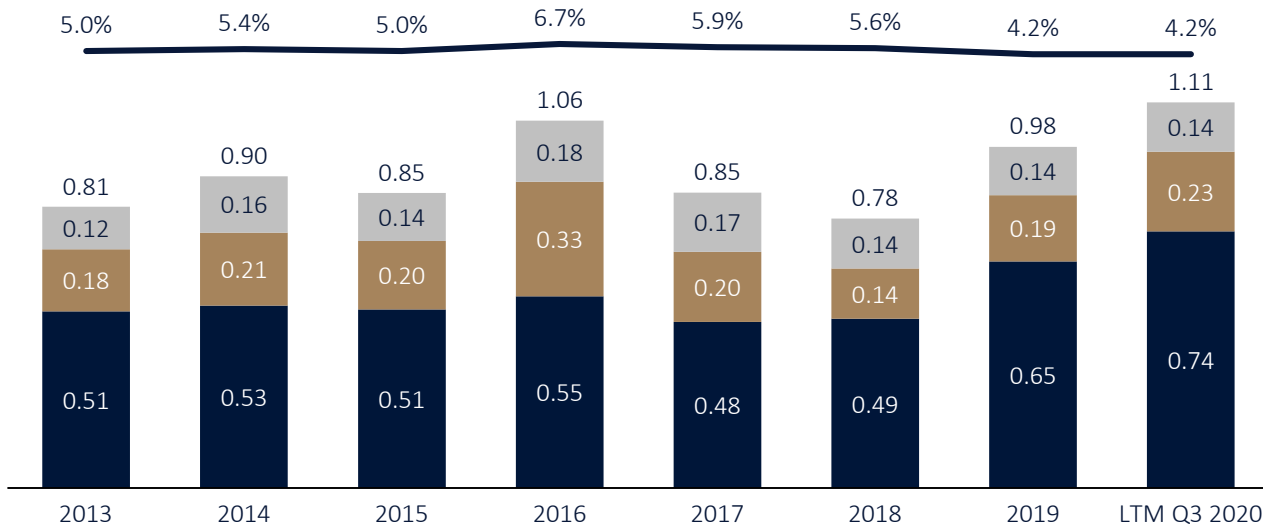
- Access to funding
  - Investment grade credit rating equivalent securing access to debt capital markets
- Customer confidence
  - Long-term view in strategy and execution
  - Ability to handle fluctuating working capital
  - Foreign exchange hedging policy
- Financial flexibility

■ Net debt/EBITDA<sup>1</sup> □ Rights issue □ EOD ■ Target range

1) Ex. IFRS16 and adjusted for Hydroid

# Technology development securing our positions

Self-funded R&D ex. Product maintenance by business area 2013 – LTM 2020



- Invest for the future and secure #1 position
- Benefit from customer funded R&D
- Benefit from various civilian support schemes
- ~20% of annual R&D capitalized

— % SHARE OF REVENUE ■ KONGSBERG MARITIME ■ KONGSBERG DEFENCE & AEROSPACE ■ OTHER



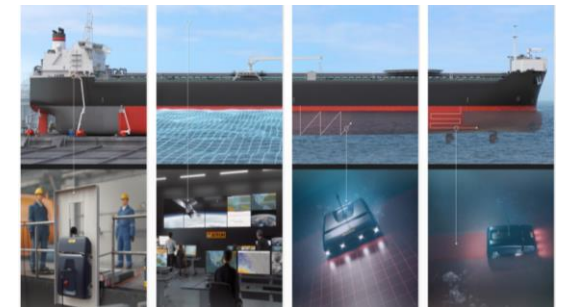
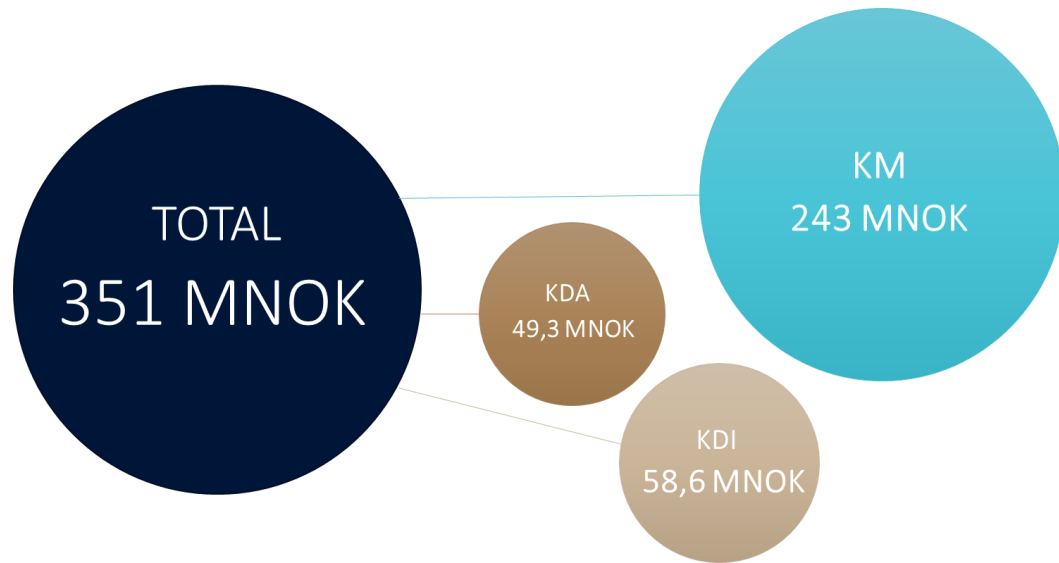
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# Benefiting from civilian R&D support scheme

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Committed funding as of 2020...

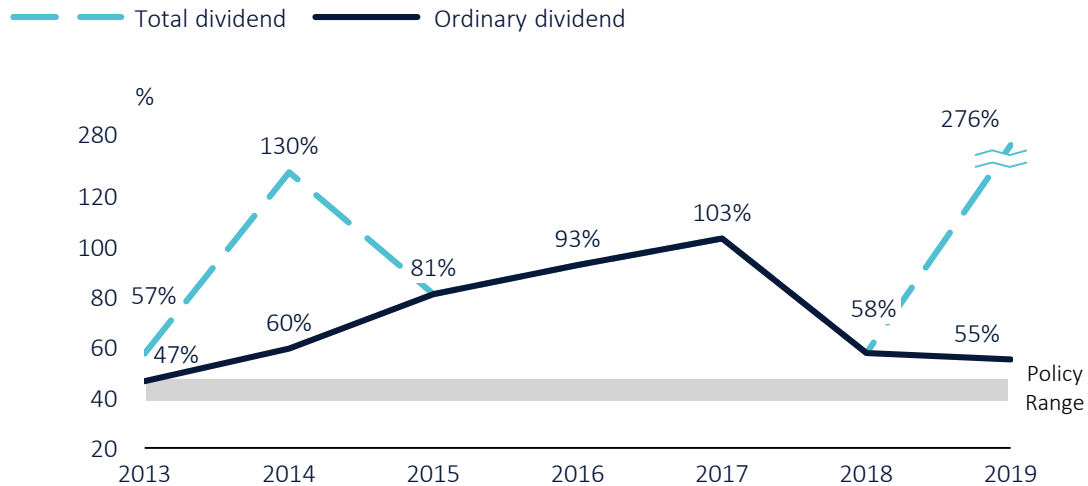
...results on sustainable products and solutions





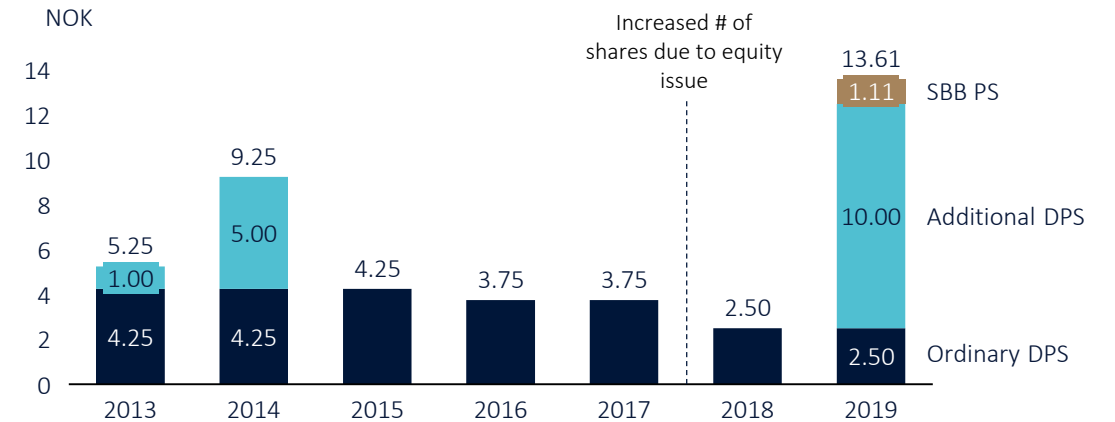
# Aligning dividend policy with financial strategy

## Historical Pay-out Ratio (%)



- Previous dividend policy targeted dividend of 40-50% of net income
- Historical pay-out ratio has been above policy range

## Shareholder Remuneration (NOK)



- Revised policy provides predictability on a per share basis
- Targets flat or growing dividend per share
- Extraordinary dividends and share buybacks to serve as supplements



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# Active management of business portfolio

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2016

## PATRIA OYJ.

- Acquired 49.9% from the state of Finland
- EV EURm 272 (49.9%)



2019

## R-R COMMERCIAL MARINE

- Acquired 100% from Rolls Royce
- EV GBP 500m



2019

## AIM NORWAY

- Acquired from Norwegian Ministry of Defence (sold 49.9% to Patria)
- EV 151MNOK



2020

## HYDROID INC.

- Sold 100% to Huntington Ingalls Industries in March 2020
- Sold at EV USD 350m



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# Patria and AIM Norway

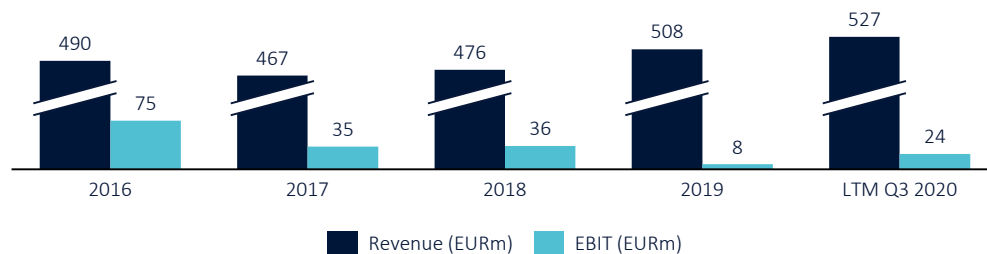
Important part of KONGSBERG's MRO strategy

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## Patria

- Prime MRO provider for the Finnish Defence Forces
- Supplier of strategically important products and systems to Finland and other nations
- Cooperation's through certain strategical projects e.g. MRO

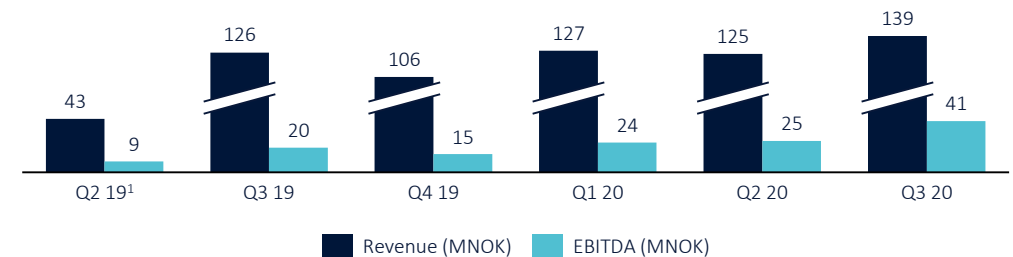
Revenue and EBIT development (EURm)



## AIM Norway

- Premier MRO provider for the Norwegian armed aircrafts and helicopters
- Strengthen KONGSBERG's role as a strategic partner for the Norwegian armed force's operative requirements, both as a supplier of equipment and for maintenance

Revenue and EBITDA development (MNOK)



1) Q2 2019 only included one month

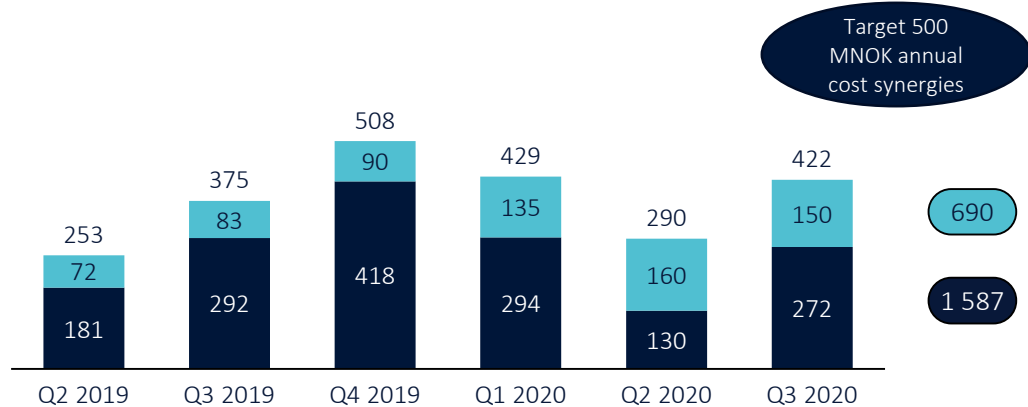


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# Rolls Royce Commercial Marine

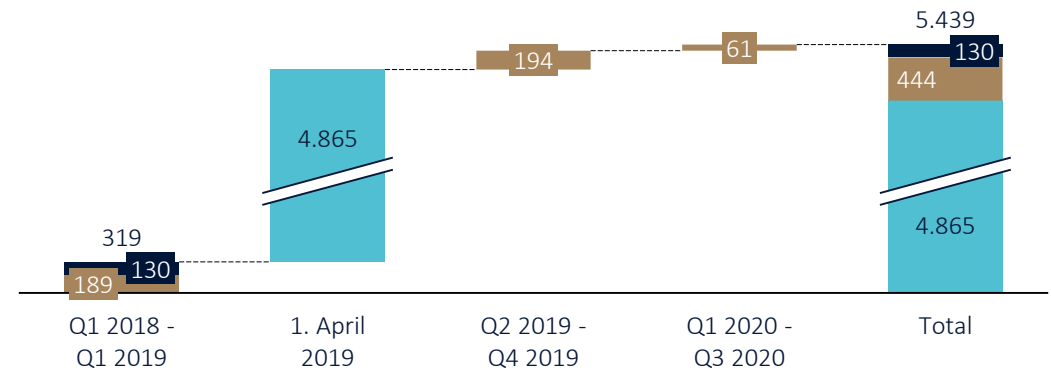
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## Significant synergies



- Total of MNOK 690 in cost synergies generated from Q2 2019 - Q3 2020
- MNOK 528 in cross sales realised YTD 2020
- Strengthens Kongsberg Maritime as an integrator and technology leader
- Enhanced position to capitalise on industry trends and dynamics

## Acquisition and integration costs



- Total of MNOK 5.594 cash outflow related to acquisition and integration of Rolls Royce Commercial Marine (RRCM)
- RRCM generated positive FCF pre tax of ~MNOK 230 in 2019 (ex. Integration and restructuring)
- MNOK 260 and 445 generated in synergies in 2019 and YTD 2020 respectively

■ KM EBITDA excluding integration & restructuring costs and cost synergies ■ Synergies

■ Finance & acquisition cost ■ Integration cost ■ Purchase price





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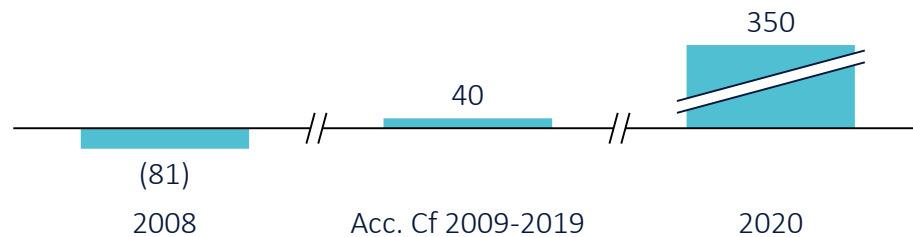
# Hydroid

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## Solid return on investment

- Acquired in 2008 for ~81 USDm
- Sold in March 2020 for ~350 USDm
  - Implied EV/EBITDA multiple of 24x
- Pre tax IRR on investment of 15.2% (estimated ~12.8% including tax)

Cashflow from Hydroid (USDm)





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# POSITIONED FOR TOMORROW

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## Growth

- Deliver backlog and secure pipeline
- Frontrunner new technology



## Profitability

- Scale and project execution
- Adapt to changing markets



## Portfolio management

- Active management of business portfolio



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