



KONGSBERG

QUARTERLY REPORT

3RD QUARTER 2015



KONGSBERG reports yet another quarter with high activity level. Certain segments are being influenced by the challenging oil and gas market, at the same time as there are significant opportunities in our defence segments. The Group entered into several important contracts in Q3, not least for autonomous underwater vehicles and the delivery of remote towers to Norwegian airports.

Walter Qvam, President and CEO

KEY FIGURES

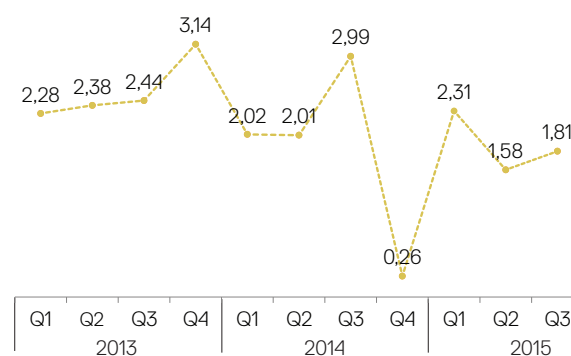
| | 1.7 - 30.9. | | 1.1. - 30.9. | | |
|---------------------|-------------|-------|--------------|--------|--------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Operating revenues | 4 009 | 3 991 | 12 465 | 12 195 | 16 613 |
| EBITDA | 419 | 614 | 1 291 | 1 515 | 2 060 |
| EBITDA (%) | 10,5 | 15,4 | 10,4 | 12,4 | 12,4 |
| EBIT | 281 | 491 | 900 | 1 145 | 1 258 |
| EBIT (%) | 7,0 | 12,3 | 7,2 | 9,4 | 7,6 |
| Earnings before tax | 288 | 490 | 920 | 1 146 | 1 285 |
| Earnings after tax | 218 | 362 | 691 | 848 | 880 |
| EPS (NOK) | 1,81 | 2,99 | 5,70 | 7,02 | 7,28 |
| New orders | 3 388 | 3 277 | 12 351 | 17 556 | 22 097 |

| | 30.9. | 30.6. | 31.12. |
|-------------------------------|---------|---------|---------|
| MNOK | 2015 | 2015 | 2014 |
| Equity ratio (%) | 30,3 | 31,0 | 31,0 |
| Net interest-bearing debt | (1 299) | (2 026) | (3 551) |
| Working capital ¹⁾ | 2 796 | 3 012 | 3 274 |
| ROACE (%) ²⁾ | 14,4 | 16,8 | 16,4 |
| Order backlog | 21 059 | 21 439 | 21 020 |
| No. of employees | 7 742 | 7 794 | 7 726 |

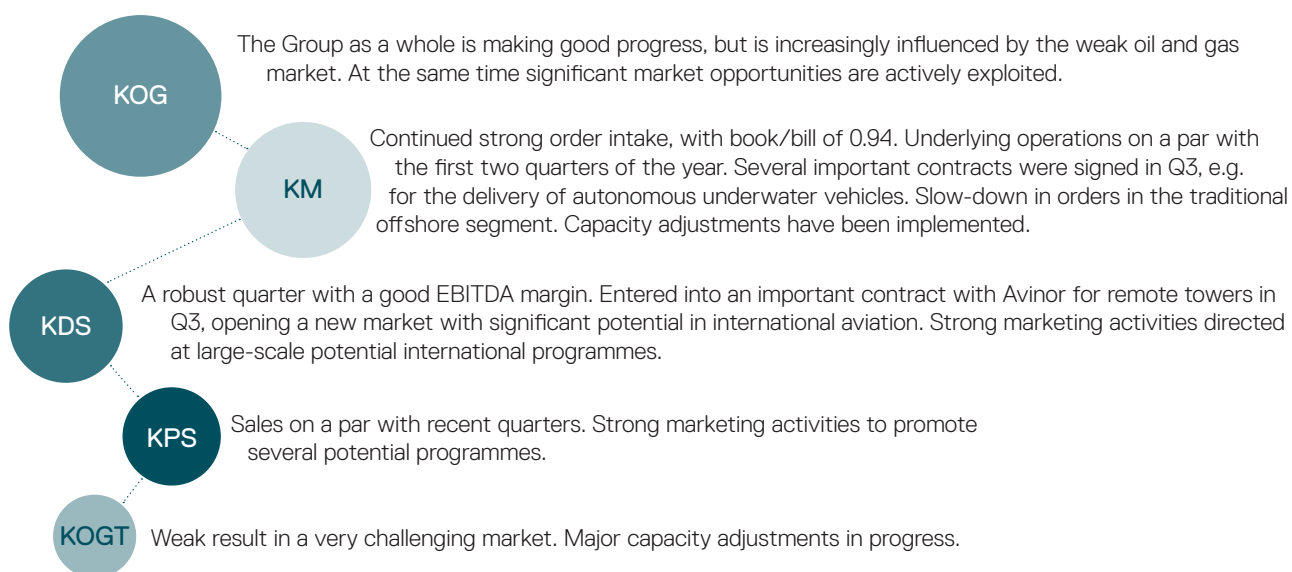
¹⁾ Current assets – current liabilities and provisions

²⁾ EBIT / 12 M average (booked equity + gross interest bearing liabilities)

EPS



HIGHLIGHTS



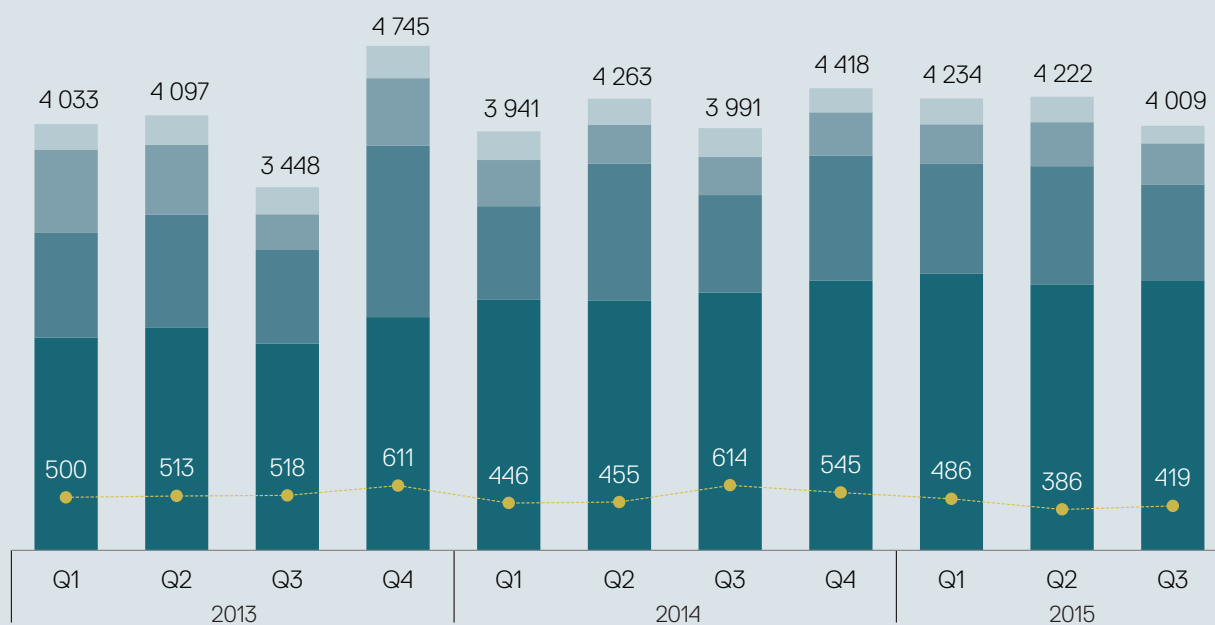
PERFORMANCE

The Group earned operating revenues of MNOK 4,009, in line with Q3 2014. The Q3 EBITDA margin was 10.5 per cent, compared with 15.4 per cent in Q3 last year. The decline is generally attributable to greater marketing and development efforts in the Group, a substantially weaker result at KOGT, and weaker results at KM.

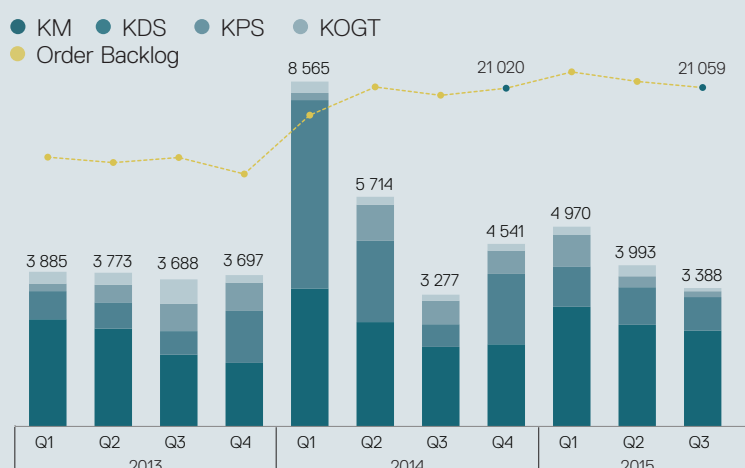
The Group's YTD operating revenues came to MNOK 12,465, up 2.2 per cent from Q3 2014. YTD EBITDA totalled MNOK 1,291, down 14.8 per cent from end-September last year. In 2015, EBITDA was influenced among other things by several one-off effects, higher marketing and development costs, especially in KM and KPS, and a somewhat different product mix.

OPERATING REVENUES & EBITDA

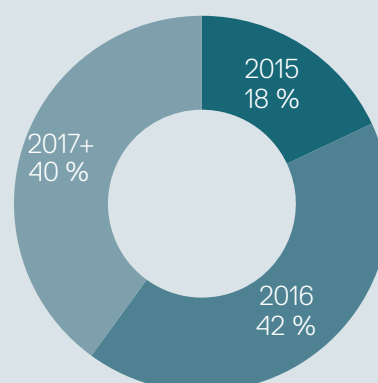
● KM ● KDS ● KPS ● KOGT
● EBITDA



ORDER INTAKE & BACKLOG



Breakdown of order backlog by delivery dates



MARKET AND ORDERS

The largest individual contract during the quarter was signed with Avinor for the delivery of remote towers for Norwegian airports, and has a value of MNOK 400. KM saw a strong order intake, especially in the subsea technology segment. Within offshore, new orders were slower than in the first half of the year, but higher than in Q3 2014. A lower order intake in this segment is expected going forward. KOGT and KPS recorded few new orders during the quarter. The Group's order backlog at end quarter was valued at MNOK 21,059, up MNOK 39 from 1 January 2015.

YTD order intake in 2015 totalled MNOK 12,351. KM and KPS have book/bill greater than 1.0, while KDS and KOGT have book/bill of 0.9 and 0.86, respectively.

CASH FLOW

| | 1.7 -30.9. | | 1.1. - 30.9. | | |
|---|--------------|------------|----------------|--------------|--------------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| EBITDA | 419 | 614 | 1 291 | 1 515 | 2 060 |
| Change in net current assets and other operating related items | (1 074) | (445) | (2 137) | 522 | 255 |
| Net cash flow from operating activities | (655) | 169 | (846) | 2 037 | 2 315 |
| Net cash flow from investing activities | (95) | (83) | (340) | (350) | (211) |
| Net cash flow used in financing activities | (24) | 35 | (1 137) | (1 075) | (1 050) |
| Effect of changes in exchange rates on cash and short-term deposits | 47 | 4 | 80 | 16 | 98 |
| Net change in cash and short-term deposits | (727) | 125 | (2 243) | 628 | 1 152 |

KONGSBERG reported a net reduction in cash and short-term deposits of MNOK 727 in Q3. In 2014, KONGSBERG received substantial prepayments for several major projects. Parallel to the progress made on the projects in question, these prepayments are disbursed, influencing the cash flow negatively during the period as a result. There have been significant fluctuations in working capital during the period, still within a normal level.

BALANCE SHEET

| | 30.9. | 30.6. | 31.12. |
|------------------------------------|---------|---------|---------|
| MNOK | 2015 | 2015 | 2014 |
| Equity | 5 892 | 5 962 | 6 282 |
| Equity ratio(%) | 30,3 | 31,0 | 31,0 |
| Total assets | 19 454 | 19 252 | 20 273 |
| Working capital | 2 796 | 3 012 | 3 274 |
| Gross interest-bearing liabilities | 882 | 882 | 873 |
| Cash and cash equivalents | 2 181 | 2 908 | 4 424 |
| Net interest-bearing liabilities | (1 299) | (2 026) | (3 551) |

The equity ratio was 30.3 per cent at the end of Q3. The book value of equity was reduced by MNOK 70 in Q3, mainly due to changes in the fair value of financial instruments. 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.

CURRENCY

KONGSBERG has a foreign exchange policy that entails that contractual currency flows are hedged against forward contracts (fair value hedges). Some anticipated new orders are also hedged in accordance with established principles (cash flow hedges). The goal of our currency policy is to reduce currency risk in existing projects and for a share of the orders expected to be booked 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 matures. 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

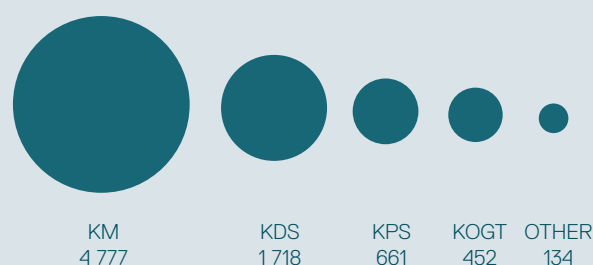
KONGSBERG focuses on product development continuously through equity-financed as well as customer-financed programmes. Thus far in 2015, the Group has charged MNOK 729 in product development and maintenance against income. In addition, MNOK 62 has been capitalised thus far this year, mainly in the defence business. Total self-financed YTD R&D totalled MNOK 791, an increase of roughly five per cent compared with Q3 2014, see also Note 4. There is also customer-financed development, either as part of a delivery project or as a specific development commission, as well as central innovation initiatives. The total cost of product development constitutes about 10 per cent of operating revenues over time.

HUMAN RESOURCES

KONGSBERG had 7,742 employees at end quarter, roughly 38 per cent of whom were employed outside of Norway. The number of employees decreased by 52 during the quarter, mainly due to downsizing at KOGT.

It has in Q4 been decided that KM will downsize by roughly 200 full-time equivalents. This is due to anticipated reductions in oil-related activities. The downsizing will initially affect employees engaged in offshore activities at KM.

NUMBER OF EMPLOYEES BY AREA



OTHER ACTIVITIES

«Other activities» consist mainly of eliminations and external operating revenues for Property Operations.

OTHER MATTERS

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, 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 damages of MNOK 95 for breach of the Marketing Act. Kongsberg Evotec AS disagrees with the district court's assessment of both the factual and the legal aspects of the case and has therefore appealed the judgment.



| | 1.7 -30.9. | | 11. - 30.9. | | |
|------------|--------------|-------|-------------|-------|--------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Revenues | 2 541 | 2 433 | 7 661 | 7 157 | 9 703 |
| EBITDA | 325 | 459 | 881 | 1 166 | 1 441 |
| EBITDA (%) | 12,8 | 18,9 | 11,5 | 16,3 | 14,9 |
| New orders | 2 385 | 1 975 | 7 886 | 7 997 | 10 038 |

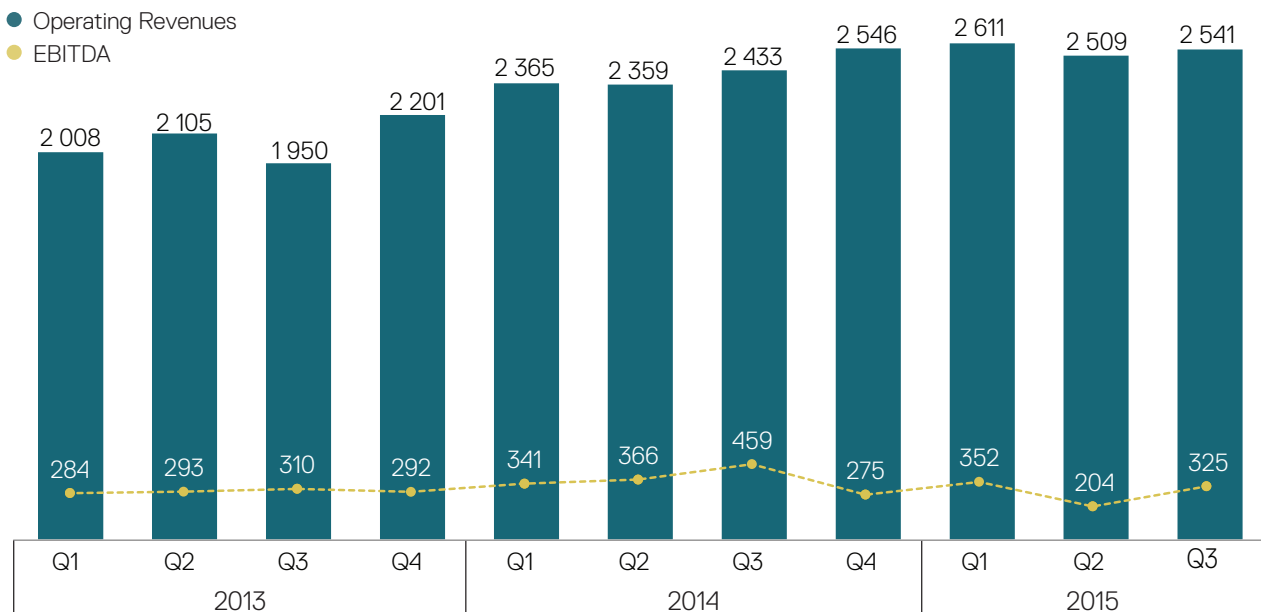
| | 30.9. | 30.6. | 31.12. |
|------------------|--------------|-------|--------|
| MNOK | 2015 | 2015 | 2014 |
| Order backlog | 7 932 | 7 815 | 7 480 |
| No. of employees | 4 777 | 4 763 | 4 652 |

PERFORMANCE

In Q3, KM's operating revenues were on about the same level as in the first two quarters of the year. Merchant Marine continued to increase sales, while there was a modest decline for Offshore and Subsea. The Q3 EBITDA margin was influenced by a high level of activity in product development and maintenance. This affected the YTD margin in 2015 by about one percentage point compared with last year. Further, the EBITDA margin was somewhat influenced by a change in the project mix, and certain currency effects.

KM's YTD operating revenues were seven per cent higher than at end-September 2014. Offshore, Subsea and Merchant Marine have reported higher operating revenues. The EBITDA margin was lower due to the factors mentioned above, and to the provision set aside for the appealed judgment from the Sunnmøre District Court in Q2, which ordered KM to pay MNOK 95 in compensatory damages.

OPERATING REVENUES & EBITDA



MARKET AND ORDERS

KM has had a good order intake in 2015. This is also reflected in the 21 per cent year-on-year improvement in new orders in Q3. New orders were especially good at Subsea, and several contracts were signed for the delivery of autonomous underwater vehicles.

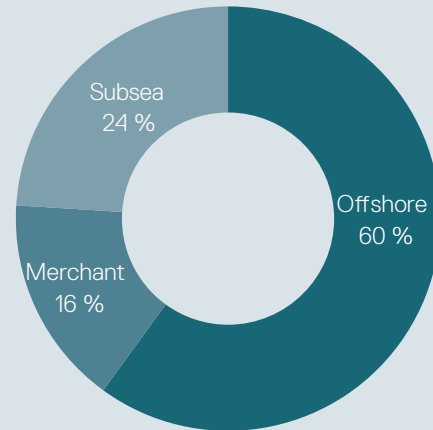
There has been a positive development in the Merchant Marine segment in 2015. Despite a challenging market, there is a positive trend for certain types of vessels, including container ships, LNG/LPG, and product tankers. Shipping companies are calling for «green solutions» to optimise maritime operations, 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. There, KM delivers complete packages for automation, navigation, propulsion control and cargo control/monitoring.

KM's order backlog for delivery in Q4 as well as next year is marginally higher than on the same date last year. Order coverage for Merchant Marine is better, while it is marginally weaker within Subsea. Order coverage is also somewhat weaker within Offshore, and the uncertainty in this segment has increased. The mix of KM's offshore-related order backlog has shifted somewhat more towards EIT/EPC deliveries (Electro, Instrument and Telecom/Engineering, Procurement and Construction). This is a type of delivery for which KM takes more overall responsibility and it includes more third-party equipment than with a typical «Full picture» delivery, and the margins are therefore generally somewhat lower. KM's revenues from the after-market are not included in the business area's backlog. KM equipment is installed on roughly 17,500 vessels and, along with the backlog of orders, this adds up to predictability, despite the fact that some of KM's markets, e.g. the offshore industry, are experiencing substantially fewer orders for new vessels.



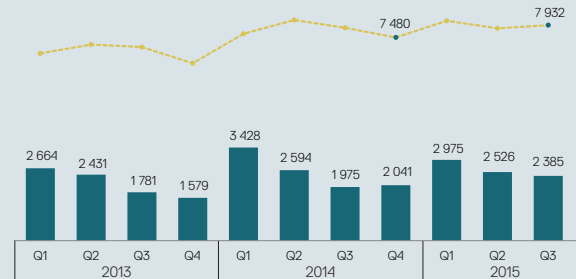
OPERATING REVENUES

YTD by segment



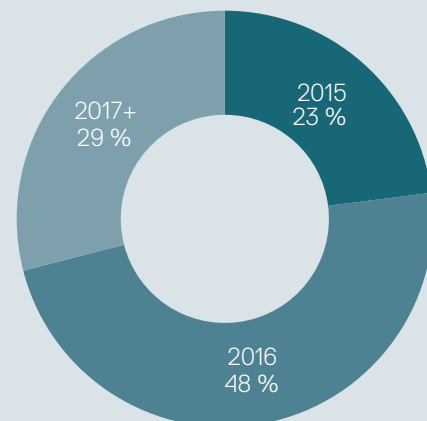
ORDERS

- New Orders
- Order Backlog



ORDER BACKLOG

Breakdown by delivery dates



| | 1.7 - 30.9. | | 1.1. - 30.9. | | |
|------------|-------------|------|--------------|-------|-------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Revenues | 908 | 920 | 3 066 | 3 095 | 4 276 |
| EBITDA | 131 | 148 | 412 | 368 | 530 |
| EBITDA (%) | 14,4 | 16,1 | 13,4 | 11,9 | 12,4 |
| New orders | 832 | 565 | 2 768 | 7 268 | 9 018 |

| | 30.9. | 30.6. | 31.12. |
|------------------|--------------|-------|--------|
| MNOK | 2015 | 2015 | 2014 |
| Order backlog | 9 163 | 9 238 | 9 471 |
| No. of employees | 1 718 | 1 701 | 1 672 |

PERFORMANCE

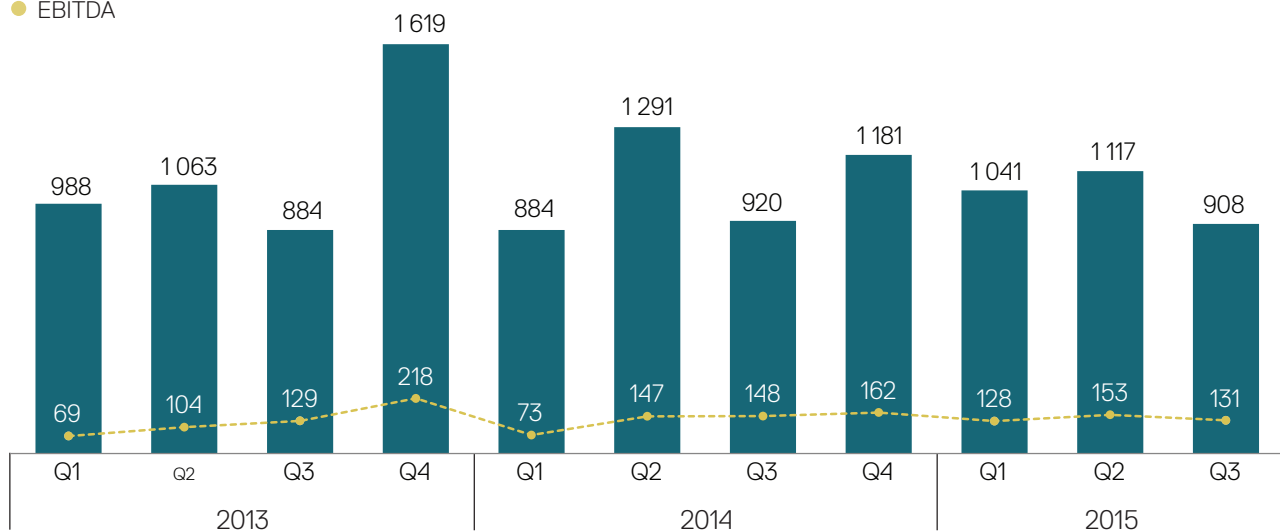
KDS had operating revenues in Q3 on a par with Q3 2014. The EBITDA margin was somewhat lower than in the same quarter last year, due to milestones in individual projects. KDS' YTD operating revenues in 2015 were at the same level as in 2014 and the EBITDA margin was 1.5 percentage points higher than at the same date last year.

The delivery programmes are on schedule. Aerostructures continues to forge ahead rapidly. Thus far in 2015, operating revenues are up by more than 80 per cent. The division has also reported better profitability due to high capacity utilisation and productivity improvements. Space & Surveillance also earned good results, largely driven by Kongsberg Satellite Services (KSAT).

The NASAMS project for Finland, signed in 2009, will reach completion in the first half of 2016. In January 2014, a major new NASAMS contract was signed with Raytheon, and this project has now attained its first important milestones.

OPERATING REVENUES & EBITDA

- Operating Revenues
- EBITDA



MARKET AND ORDERS

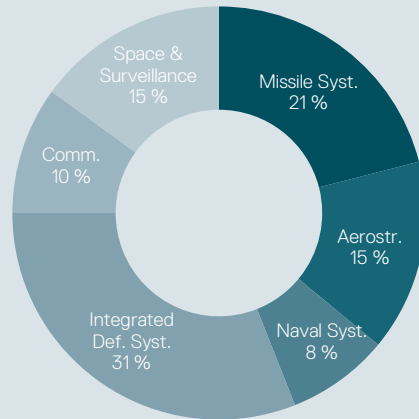
In August, KDS signed a contract with Avinor valued at MNOK 400. The delivery includes a complete solution for remote operation of the control tower service at several Norwegian airports from a single control centre. The agreement between Avinor and KONGSBERG represents the most extensive effort in respect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

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. The business area's communications solutions and submarine systems are well established at the international level. KONGSBERG has firm delivery contracts and framework agreements for 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.



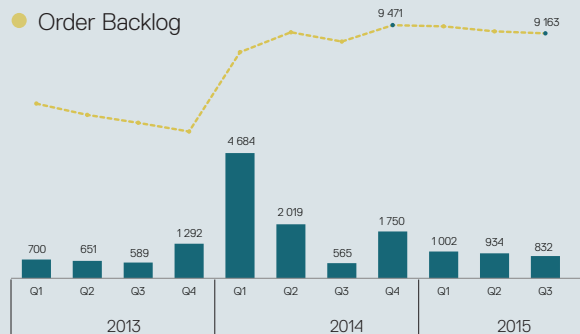
OPERATING REVENUES

YTD by segment



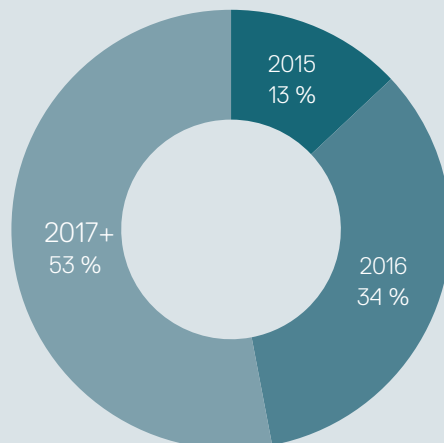
ORDERS

● New Orders
● Order Backlog



ORDER BACKLOG

Breakdown by delivery dates



| | 1.7 -30.9. | | 1.1. - 30.9. | | |
|------------|-------------|-------|--------------|-------|-------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Revenues | 392 | 360 | 1 177 | 1 159 | 1 566 |
| EBITDA | 3 | (6) | 165 | 112 | 254 |
| EBITDA (%) | 0,8 | (1,7) | 14,0 | 9,7 | 16,2 |
| New orders | 142 | 584 | 1 195 | 1 661 | 2 240 |

| | 30.9. | 30.6. | 31.12. |
|------------------|--------------|-------|--------|
| MNOK | 2015 | 2015 | 2014 |
| Order backlog | 3 541 | 3 790 | 3 523 |
| No. of employees | 661 | 663 | 650 |



PERFORMANCE

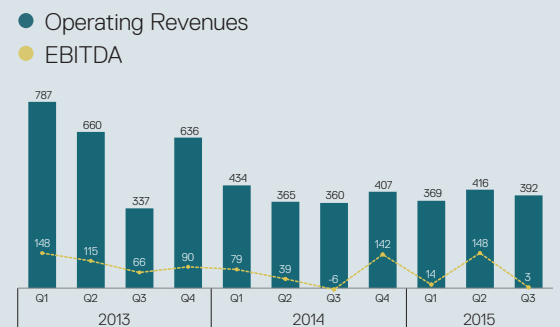
KPS reported operating revenues in line with preceding quarters of 2015, and slightly higher than in Q3 2014. The EBITDA during the quarter was influenced by more intense marketing activities. The initiative is on schedule and is an important link in positioning KPS in respect of several potential programmes. YTD operating revenues in 2015 were roughly the same as at Q3 2014. The underlying EBITDA is still low, but somewhat better than in the preceding quarter.

Operating revenues in 2015 were largely driven by reset activities (re-conditioning weapons stations) and the sale of spare parts. In Q3, the number of new systems was somewhat higher than in H1, but reset activities are expected to continue to dominate operating revenues in Q4.

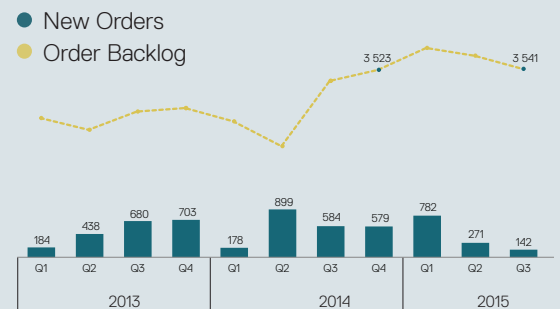
MARKET AND ORDERS

Order intake were slow in Q3, consisting of minor contracts from existing customers. KPS has a backlog valued at MNOK 3,541, resulting in relatively good predictability through 2016. There are decisions or plans for major vehicle programmes in several countries, both for new vehicles and upgrades of existing ones. Here, there is a significant potential for conventional weapons control systems and medium caliber turret solution. Marketing activities are in high gear, especially those linked to medium caliber turret solution, which will have a negative impact on the profits also in Q4.

OPERATING REVENUES & EBITDA

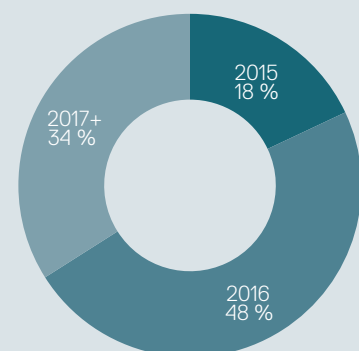


ORDERS



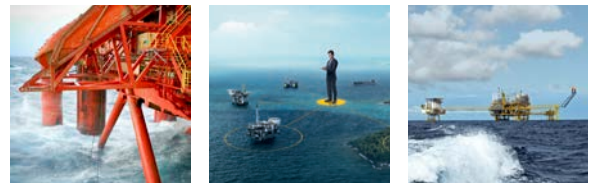
ORDER BACKLOG

Breakdown by delivery dates



| | 1.7 - 30.9. | | 1.1. - 30.9. | | |
|------------|---------------|------|---------------|-------|-------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Revenues | 166 | 271 | 648 | 789 | 1 017 |
| EBITDA | (31) | 15 | (120) | (45) | (99) |
| EBITDA (%) | (18,7) | 5,5 | (18,5) | (5,7) | (9,7) |
| New orders | 80 | 151 | 560 | 634 | 802 |

| | 30.9. | 30.6. | 31.12. |
|------------------|-------------|-------|--------|
| MNOK | 2015 | 2015 | 2014 |
| Order backlog | 258 | 390 | 396 |
| No. of employees | 452 | 534 | 630 |



PERFORMANCE

KOGT is strongly influenced by the weak oil and gas market, and has seen deep cuts in operating revenues in Q3. YTD operating revenues in 2015 are down 18 per cent from 2014, and this trend is expected to continue. The most significant cost-cutting initiatives are relocations and capacity reductions. EBITDA reflects MNOK 8 in restructuring costs in Q3, and MNOK 51 so far in 2015. At the end of Q3, KOGT had 452 employees, down 28 per cent thus far in 2015 and 36 per cent over the past 18 months.

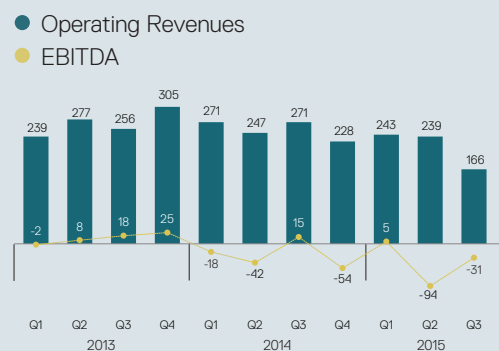
MARKET AND ORDERS

Order intake were weak in Q3, giving a book/bill of 0.49. No major individual contracts were signed during the quarter. The backlog of orders was MNOK 258 at end quarter, down 35 per cent from the end of 2014.

The business area's order backlog has a relatively brief lifespan and KOGT's markets are highly challenging at the moment. The Saipem and Polarled contracts were completed in Q3. Consequently, a lower level of activity is expected in future. Extensive adjustments have been made in the organisation thus far this year to adapt to the demanding market situation. These come in addition to the organisational adjustments carried out in 2014.

KOGT offers unique niche products with growth potential in their markets, but today's very challenging market impacts demand.

OPERATING REVENUES & EBITDA

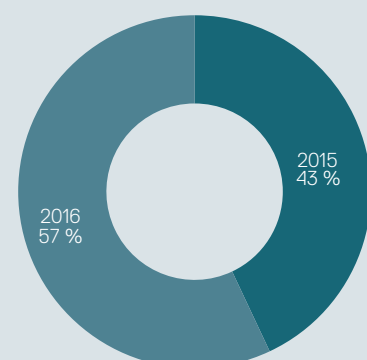


ORDERS



ORDER BACKLOG

Breakdown by delivery dates



OUTLOOK

Kongsberg Maritime maintains a general high level of activity. The offshore market is booking considerably fewer orders for new vessels, which will mean fewer new orders and increased uncertainty from this segment. In Q4, KM has decided to adapt its capacity to the changing market prospects. Activity level is expected to remain high for gas and certain other advanced merchant vessels, as well as in KM's subsea technology segment. A strong market position in all main segments, a good backlog, and equipment installed on nearly 17,500 vessels, furnishes a sound platform for the business area's level of activity throughout the remainder of 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 the business area's activities in future.

Kongsberg Protech Systems has a globally leading position in remotely controlled weapons systems and a well-positioned product portfolio that includes the medium calibre turret solution. Business is expected to pick up somewhat in Q4 compared with preceding quarters, at the same time as intensified efforts and in-house resources directed towards several prospects will have a negative impact on the underlying operating profit in the final quarter of the year as well.

Kongsberg Oil & Gas Technologies is experiencing a very challenging oil and gas market, and has made further adjustments to adapt to a changing market in 2015. A forward-looking product portfolio will offer many opportunities in the long term, but in the short term, the business area's results are impacted by restructuring and weak market prospects.

Kongsberg, 29 October 2015

The Board of Directors of Kongsberg Gruppen ASA

KEY FIGURES BY QUARTER

| KM | 2015 | | | | 2014 | | | | | 2013 | | | | |
|---------------|--------------|-------|-------|-------|---------------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|
| | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| MNOK | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| Revenues | 7 661 | 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 | 881 | 325 | 204 | 352 | 1 441 | 275 | 459 | 366 | 341 | 1 179 | 292 | 310 | 293 | 284 |
| EBITDA % | 11,5 | 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 | 7 886 | 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 | 7 932 | 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 | 743 | 275 | 159 | 309 | 1 266 | 225 | 415 | 324 | 302 | 1 018 | 252 | 268 | 253 | 245 |
| EBITA % | 9,7 | 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 | | | | |
|---------------|--------------|-------|-------|-------|--------------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|
| | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| MNOK | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| Revenues | 3 066 | 908 | 1 117 | 1 041 | 4 276 | 1 181 | 920 | 1 291 | 884 | 4 554 | 1 619 | 884 | 1 063 | 988 |
| EBITDA | 412 | 131 | 153 | 128 | 530 | 162 | 148 | 147 | 73 | 520 | 218 | 129 | 104 | 69 |
| EBITDA % | 13,4 | 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 | 2 768 | 832 | 934 | 1 002 | 9 018 | 1 750 | 565 | 2 019 | 4 684 | 3 232 | 1 292 | 589 | 651 | 700 |
| Order backlog | 9 163 | 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 | 330 | 101 | 126 | 103 | 435 | 138 | 124 | 123 | 50 | 407 | 186 | 101 | 77 | 43 |
| EBITA % | 10,8 | 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 | | | | |
|---------------|--------------|-------|-------|-------|--------------|-------|-------|-------|-------|--------------|-------|-------|-------|-------|
| | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| MNOK | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| Revenues | 1 177 | 392 | 416 | 369 | 1 566 | 407 | 360 | 365 | 434 | 2 420 | 636 | 337 | 660 | 787 |
| EBITDA | 165 | 3 | 148 | 14 | 254 | 142 | (6) | 39 | 79 | 419 | 90 | 66 | 115 | 148 |
| EBITDA % | 14,0 | 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 | 1 195 | 142 | 271 | 782 | 2 240 | 579 | 584 | 899 | 178 | 2 005 | 703 | 680 | 438 | 184 |
| Order backlog | 3 541 | 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 | 127 | (9) | 135 | 1 | 201 | 128 | (19) | 27 | 65 | 362 | 76 | 52 | 102 | 132 |
| EBITA % | 10,8 | (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 | | | | |
|---------------|---------------|--------|--------|-------|---------------|--------|-----|--------|-------|--------------|-----|-----|-----|-------|
| | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| MNOK | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| Revenues | 648 | 166 | 239 | 243 | 1 017 | 228 | 271 | 247 | 271 | 1 077 | 305 | 256 | 277 | 239 |
| EBITDA | (120) | (31) | (94) | 5 | (99) | (54) | 15 | (42) | (18) | 49 | 25 | 18 | 8 | (2) |
| EBITDA % | (18,5) | (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 | 560 | 80 | 275 | 205 | 802 | 168 | 151 | 198 | 285 | 1 385 | 186 | 605 | 299 | 295 |
| Order backlog | 258 | 258 | 390 | 374 | 396 | 396 | 405 | 514 | 537 | 734 | 734 | 855 | 505 | 484 |
| EBITA | (141) | (41) | (99) | (1) | (122) | (61) | 9 | (47) | (23) | 34 | 15 | 17 | 6 | (4) |
| EBITA % | (21,8) | (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 | | | | |
|---------------|---------------|--------|--------|--------|---------------|--------|--------|--------|--------|---------------|--------|--------|--------|--------|
| | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| MNOK | 2015 | Q3 | Q2 | Q1 | 2014 | Q4 | Q3 | Q2 | Q1 | 2013 | Q4 | Q3 | Q2 | Q1 |
| Revenues | 12 465 | 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 | 1 291 | 419 | 386 | 486 | 2 060 | 545 | 614 | 455 | 446 | 2 142 | 611 | 518 | 513 | 500 |
| EBITDA % | 10,4 | 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 | 12 351 | 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 | 21 059 | 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 | 1 018 | 320 | 299 | 399 | 1 718 | 453 | 526 | 373 | 366 | 1 797 | 515 | 434 | 430 | 418 |
| EBITA % | 8,2 | 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

| | | 1.7 - 30.9. | | 1.1 - 30.9. | | 1.1 - 31.12. |
|--|------|-------------|------------|--------------|--------------|--------------|
| MNOK | Note | 2015 | 2014 | 2015 | 2014 | 2014 |
| Revenues | 1 | 4 009 | 3 991 | 12 465 | 12 195 | 16 613 |
| Operating expenses | | (3 616) | (3 392) | (11 242) | (10 722) | (14 615) |
| Share of net income from joint arrangements and associated companies | | 26 | 15 | 68 | 42 | 62 |
| EBITDA | | 419 | 614 | 1 291 | 1 515 | 2 060 |
| Depreciation | | (93) | (88) | (267) | (250) | (342) |
| Impairment | | (6) | - | (6) | - | - |
| EBITA | 1 | 320 | 526 | 1 018 | 1 265 | 1 718 |
| Amortisation | | (39) | (35) | (118) | (104) | (140) |
| Impairment | | - | - | - | (16) | (320) |
| EBIT | | 281 | 491 | 900 | 1 145 | 1 258 |
| Net financial items | | 7 | (1) | 20 | 1 | 27 |
| Earnings before tax (EBT) | | 288 | 490 | 920 | 1 146 | 1 285 |
| Income tax expense | | (70) | (128) | (229) | (298) | (405) |
| Earnings after tax | | 218 | 362 | 691 | 848 | 880 |
| <i>Attributable to:</i> | | | | | | |
| Equity holders of the parent | | 217 | 359 | 684 | 842 | 873 |
| Non-controlling interests | | 1 | 3 | 7 | 6 | 7 |
| Earnings per share (EPS)/EPS diluted in NOK | | 1,81 | 2,99 | 5,70 | 7,02 | 7,28 |

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

| | | 1.7 - 30.9. | | 1.1 - 30.9. | | 1.1 - 31.12. |
|--|------|--------------|--------------|-------------|------------|--------------|
| MNOK | Note | 2015 | 2014 | 2015 | 2014 | 2014 |
| Earnings after tax | | 218 | 362 | 691 | 848 | 880 |
| Other comprehensive income: | | | | | | |
| <i>Items to be reclassified to profit or loss in subsequent period:</i> | | | | | | |
| Change in fair value, financial instruments: | | | | | | |
| - Available-for-sale shares | 5 | 5 | (4) | 46 | (1) | (6) |
| - Cashflow hedges (currency futures and interest rate swaps) | 5 | (518) | (173) | (270) | (65) | (1 111) |
| Tax effect cash flow hedges (currency futures and interest rate swaps) | | 140 | 47 | 73 | 16 | 298 |
| Translation differences, currency | | 107 | 30 | 191 | 72 | 309 |
| Net items to be reclassified to profit or loss in subsequent period | | (266) | (100) | 40 | 22 | (510) |
| <i>Items not to be reclassified to profit or loss:</i> | | | | | | |
| Actuarial gains/losses pensions | | - | - | - | - | (168) |
| Income tax on items remaining in equity | | - | - | - | - | 45 |
| Actuarial gains/losses associated companies after tax | | - | - | - | - | (6) |
| Net items not to be reclassified to profit or loss in subsequent period | | - | - | - | - | (129) |
| Comprehensive income | | (48) | 262 | 731 | 870 | 241 |

CONDENSED STATEMENT OF FINANCIAL STATUS

| | | 30.9. | 30.6. | 31.12. |
|---|------|---------------|---------------|---------------|
| MNOK | Note | 2015 | 2015 | 2014 |
| Property, plant and equipment | | 2 509 | 2 500 | 2 477 |
| Intangible assets | 4 | 2 934 | 2 914 | 2 881 |
| Other non-current assets | 5 | 640 | 614 | 545 |
| Total non-current assets | | 6 083 | 6 028 | 5 903 |
| Inventories | | 3 742 | 3 242 | 3 264 |
| Trade receivables | | 2 365 | 2 437 | 2 570 |
| Construction contracts in progress, asset | | 3 398 | 3 407 | 3 183 |
| Other current assets | | 1 685 | 1 230 | 929 |
| Cash and cash equivalents | | 2 181 | 2 908 | 4 424 |
| Total current assets | | 13 371 | 13 224 | 14 370 |
| Total assets | | 19 454 | 19 252 | 20 273 |
| Issued capital | | 982 | 982 | 982 |
| Retained earnings | | 5 974 | 5 671 | 6 222 |
| Fair value of financial instruments | | (1 102) | (729) | (951) |
| Non-controlling interests | | 38 | 38 | 29 |
| Total equity | | 5 892 | 5 962 | 6 282 |
| Long-term interest-bearing loans | 5 | 882 | 882 | 873 |
| Other non-current liabilities and provisions | 3 | 2 105 | 2 196 | 2 022 |
| Total non-current liabilities and provisions | | 2 987 | 3 078 | 2 895 |
| Construction contracts in progress, liabilities | | 2 660 | 3 134 | 3 590 |
| Other current liabilities | 3 | 7 915 | 7 078 | 7 506 |
| Total current liabilities and provisions | | 10 575 | 10 212 | 11 096 |
| Total equity, liabilities and provisions | | 19 454 | 19 252 | 20 273 |
| Equity ratio (%) | | 30,3 | 31,0 | 31,0 |
| Net interest-bearing liabilities | | (1 299) | (2 026) | (3 551) |
| Net interest-bearing liabilities/EBITDA (%) | | n/a | n/a | n/a |

CONDENSED STATEMENT OF CHANGES IN EQUITY

| | | 30.9. | 30.6. | 31.12. |
|-------------------------------------|--|--------------|--------------|--------------|
| MNOK | | 2015 | 2015 | 2014 |
| Equity opening balance | | 6 282 | 6 282 | 6 657 |
| Comprehensive income accumulated | | 731 | 779 | 241 |
| Dividends | | (1 110) | (1 110) | (630) |
| Treasury shares | | 8 | 8 | 10 |
| Dividends non-controlling interests | | (2) | - | (1) |
| Change in non-controlling interests | | (17) | 3 | 5 |
| Equity, closing balance | | 5 892 | 5 962 | 6 282 |

CONDENSED CASH FLOW STATEMENT

| | 1.7 - 30.9. | | 1.1. - 30.9. | | 1.1 - 31.12. |
|--|--------------|--------------|----------------|----------------|----------------|
| MNOK | 2015 | 2014 | 2015 | 2014 | 2014 |
| Earnings before interest, tax, depreciation and amortisation | 419 | 614 | 1 291 | 1 515 | 2 060 |
| Change in net current assets and other operating related items | (1 074) | (445) | (2 137) | 522 | 255 |
| Net cash flow from operating activities | (655) | 169 | (846) | 2 037 | 2 315 |
| Acquisition of property, plant and equipment | (75) | (63) | (234) | (233) | (325) |
| Acquisition of subsidiaries and non-controlling interests | - | - | (44) | (46) | (46) |
| Net payment of loans and acquisition/disposal of shares | - | - | - | - | 264 |
| Other investing activities | (20) | (20) | (62) | (71) | (104) |
| Net cash flow from investing activities | (95) | (83) | (340) | (350) | (211) |
| New loans raised and repayment | - | 22 | - | (464) | (457) |
| Net interest received (paid) | (1) | 13 | 5 | 24 | 43 |
| Net payments for the acquisition/disposal of treasury shares | - | - | (12) | (7) | (7) |
| Transactions with non-controlling interests | (23) | - | (23) | - | (1) |
| Dividends paid to equity holders of the parent | - | - | (1 110) | (630) | (630) |
| - of which, dividends from treasury shares | - | - | 3 | 2 | 2 |
| Net cash flow from in financing activities | (24) | 35 | (1 137) | (1 075) | (1 050) |
| Effect of changes in exchange rates on cash and cash equivalents | 47 | 4 | 80 | 16 | 98 |
| Net change in cash and cash equivalents | (727) | 125 | (2 243) | 628 | 1 152 |
| Cash and cash equivalents opening balance | 2 908 | 3 775 | 4 424 | 3 272 | 3 272 |
| Cash and cash equivalents closing balance | 2 181 | 3 900 | 2 181 | 3 900 | 4 424 |

NOTES TO THE QUARTERLY ACCOUNTS

NOTE 1 – SEGMENT INFORMATION

| | REVENUES | | | | | EBITDA | | | | | EBITA | | | | |
|------------------|--------------|-------|---------------|--------|--------|-------------|------|--------------|-------|-------|-------------|------|--------------|-------|-------|
| | 1.7 - 30.9. | | 1.1. - 30.9. | | | 1.7 - 30.9. | | 1.1. - 30.9. | | | 1.7 - 30.9. | | 1.1. - 30.9. | | |
| | 2015 | 2014 | 2015 | 2014 | 2014 | 2015 | 2014 | 2015 | 2014 | 2014 | 2015 | 2014 | 2015 | 2014 | 2014 |
| MNOK | 2 541 | 2 433 | 7 661 | 7 157 | 9 703 | 325 | 459 | 881 | 1 166 | 1 441 | 275 | 415 | 743 | 1 041 | 1 266 |
| KM | 908 | 920 | 3 066 | 3 095 | 4 276 | 131 | 148 | 412 | 368 | 530 | 101 | 124 | 330 | 297 | 435 |
| KPS | 392 | 360 | 1 177 | 1 159 | 1 566 | 3 | (6) | 165 | 112 | 254 | (9) | (19) | 127 | 73 | 201 |
| KOGT | 166 | 271 | 648 | 789 | 1 017 | (31) | 15 | (120) | (45) | (99) | (41) | 9 | (141) | (61) | (122) |
| OTHERS | 2 | 7 | (87) | (5) | 51 | (9) | (2) | (47) | (86) | (66) | (6) | (3) | (41) | (85) | (62) |
| THE GROUP | 4 009 | 3 991 | 12 465 | 12 195 | 16 613 | 419 | 614 | 1 291 | 1 515 | 2 060 | 320 | 526 | 1 018 | 1 265 | 1 718 |

NOTE 2 – GENERAL INFORMATION AND PRINCIPLES

The consolidated Q3 accounts (interim accounts) cover Kongsberg Gruppen ASA, its subsidiaries and shares in jointly controlled entities and associates included using the equity method.

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

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

The interim accounts have not been audited.

NOTE 3 – ESTIMATES

The preparation of the interim accounts 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 accounts for 2014.

NOTE 4 – EQUITY-FINANCED DEVELOPMENT

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

| | 1.7 - 30.9. | | 1.1. - 30.9. | | 1.1 - 31.12. |
|-------------------------------|-------------|------|--------------|------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2014 |
| MNOK | 20 | 31 | 106 | 109 | 144 |
| Product maintenance | 20 | 31 | 106 | 109 | 144 |
| Research and development cost | 186 | 187 | 623 | 573 | 793 |
| Total | 206 | 218 | 729 | 682 | 937 |

Internally financed development capitalized for the period:

| | 1.7 - 30.9. | | 1.1. - 30.9. | | 1.1 - 31.12. |
|---------------------------------|-------------|------|--------------|------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2014 |
| MNOK | 20 | 19 | 62 | 70 | 102 |
| Internally financed development | 20 | 19 | 62 | 70 | 102 |

NOTE 5 – FINANCIAL INSTRUMENTS

Loans and credit facilities

At 30 September 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 30 September 2015 of MNOK 49. This marked an increase of MNOK 46 from 1 January 2015. There was an increase of MNOK 5 in Q3.

Currency futures and interest swap agreements

The fair value of holdings classified as cash flow hedges was reduced by MNOK 270 ³⁾ before tax from 1 Jan. - 30 Sept. 2015. Of which, change in the capitalised value of currency futures accounted for a reduction of MNOK 212. Spot prices at end quarter were 8.47 for USD/NOK and 9.50 for EUR/NOK.

Currency futures classified as cash flow hedges:

| | Due in 2015 | | Due in 2016 or later | | Total | | |
|----------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|-------------------------------------|
| | Value based on agreed exchange rates | Fair value at 30.9.15 ¹⁾ | Value based on agreed exchange rates | Fair value at 30.9.15 ¹⁾ | Value based on agreed exchange rates | Change in fair value from 31.12.14 | Fair value at 30.9.15 ¹⁾ |
| MNOK (before tax) | | | | | | | |
| EUR | 361 | (20) | 531 | (35) | 892 | 20 | (55) |
| USD | 2 259 | (359) | 5 450 | (829) | 7 709 | (263) | (1 188) |
| Other Currency | - | - | - | - | - | 31 | - |
| Sum | 2 620 | (379) | 5 981 | (864) | 8 601 | (212) | (1 243) |
| Deferred gain/loss ²⁾ | - | (59) | - | (266) | - | (61) | (325) |
| Total | 2 620 | (438) | 5 981 | (1 130) | 8 601 | (273)³⁾ | (1 568) |

¹⁾ Fair value is calculated as the difference between the spot price at 30 September and the forward price on the currency contract.

²⁾ Net deferred gains or losses related to matured currency contracts that are recognised in line with the progress in the projects.

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 Q3 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". On 4 June, the Sunnmøre District Court handed down its ruling on a lawsuit filed by Rolls-Royce Marine AS against Kongsberg Evotec AS. Rolls-Royce Marine 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 damages of MNOK 95 for breach of the Marketing Control Act. Kongsberg Evotec AS disagrees with the district court's assessment of both the grounds and the legal aspects of the case and has therefore appealed the judgment. The cost of damages is taken into account in the Group reporting.

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.

.....
Kongsberg Gruppen ASA
Kirkegårdsveien 45
P.O. Box 1000
N-3601 Kongsberg
Norway
Phone : (+47) 32 28 82 00
E-mail : office@kongsberg.com

kongsberg.com

WORLD CLASS
- THROUGH PEOPLE, TECHNOLOGY AND DEDICATION