



KONGSBERG

KONGSBERG DEFENCE SYSTEMS

Harald Aarø, Executive Vice President
Business Development

CMD²⁰₁₅
CAPITAL MARKETS DAY

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AGENDA



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THIS IS KONGSBERG DEFENCE SYSTEMS

DEVELOPMENT SINCE CMD 2014

CORE TECHNOLOGY & INNOVATION

REMOTE TOWER – A HEAD START IN AN EMERGING MARKET

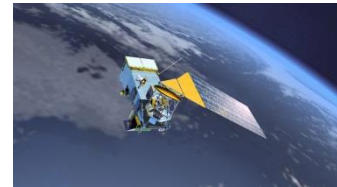
THE DEFENCE MARKET

OPPORTUNITIES AHEAD



KONGSBERG

KONGSBERG DEFENCE SYSTEMS



*A modern portfolio positioned
for further growth*

29 offices
in 17 countries

1 718 employees

Revenues LTM 4,2 BNOK

Order backlog 9,2 BNOK

International success
in selected niches

Command and control,
surveillance, tactical
communication, missiles,
space and
aerostructures



OUR GLOBAL BUSINESS SYSTEM

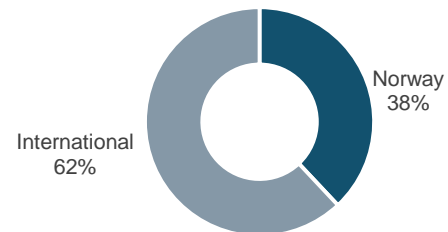
Local offices in 17 countries ensures access to all important markets and proximity to customers



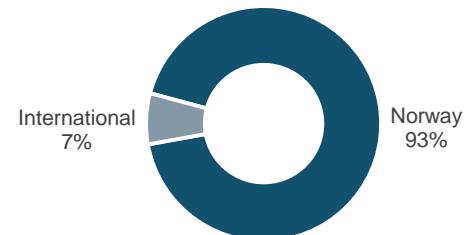
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REVENUE DISTRIBUTION 2014



EMPLOYEE DISTRIBUTION 2014



OUR GLOBAL BUSINESS SYSTEM

- complemented with key partners in 14 countries



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KONGSBERG DEFENCE SYSTEMS



INTEGRATED DEFENCE SYSTEMS

CORE BUSINESS

- NASAMS and Air defence solutions
- NATO programs including AGS and AWACS
- Artillery fire control and Army Vehicle digitalization

TYPICAL APPLICATIONS

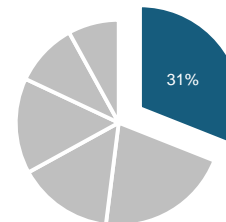
- Air Defence: Defending strategic areas such as air bases, cities for homeland defence, vital assets

MAIN CUSTOMERS

- Norway, Finland, Spain, Netherlands, US, Raytheon
- NATO

SUCCESSFUL AIR-DEFENCE PARTNERSHIP WITH RAYTHEON

- NASAMS is the most sold air-defence system in its class
- Teaming Agreement renewed with 10 years (to 2025)
- Export of NASAMS solutions exceeds 12 BNOK



DEFENCE COMMUNICATIONS

CORE BUSINESS

- Tactical Communications Systems
- Broad range of products for most tactical applications
- Government grade crypto and cyber defence

TYPICAL APPLICATIONS

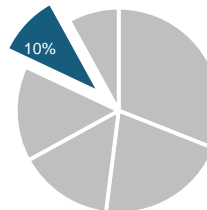
- Army C2, Air Defence communications subsystem
- Soldier and vehicular combat networks

MAIN CUSTOMERS

- Norway and Hungary
- Air Defence integrators Raytheon and KDA
- Selected MENA countries

NEW AND MODERN PRODUCT RANGE

- Designed to operate in advanced hostile environment



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Pie charts show revenue distribution at 15Q3.

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SPACE & SURVEILLANCE

CORE BUSINESS

- Booster attachment & release mechanisms
- Mechanisms and electronics for satellites
- Turn-key ground stations for satellites
- Satellite operations and data download-services
- Systems for maritime surveillance

TYPICAL APPLICATIONS

- Ariane5 heavy lift launcher
- Control of solar panels on satellites
- Earth observation and scientific space missions
- Frequency conversion and telemetry, tracking & command (TT&C) equipment on commercial satellites
- Downloading of satellite data, satellite control services

MAIN CUSTOMERS

- Digital Globe, SS Loral, NASA/NOAA, ESA, Airbus,
- National Coastal Authorities

NAVAL SYSTEMS

CORE BUSINESS

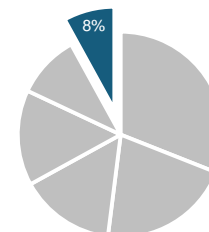
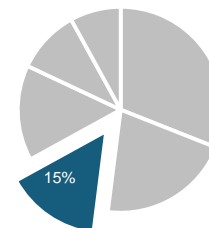
- MSI-90U Mk2 Combat Management System
- Navigation and Integrated Bridge Systems
- Active and Passive Sonar Systems
- PROTEUS Naval Trainers

TYPICAL APPLICATIONS

- Submarines
- Surface Ships
- Force Protection
- Simulation and Training

MAIN CUSTOMERS

- Norway, Italy, Germany, Australia, Indonesia, the Netherlands





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AEROSTRUCTURES

CORE BUSINESS

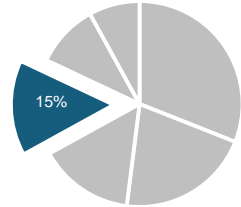
- Composites and metallic structures
- Repair and overhaul

TYPICAL APPLICATIONS

- Aircraft, F-35
- Helicopters
- Missiles

MAIN CUSTOMERS

- Lockheed Martin
- Northrop Grumman
- Marvin Engineering
- Agusta Westland
- Airbus Helicopters
- Norwegian Defence Logistics Organisation (NDLO)



MISSILE SYSTEMS

CORE BUSINESS

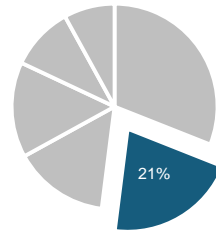
- NSM, JSM and Penguin
- NSM and JSM are the world's only 5th generation anti-ship missiles
- Electro-optical products (Laser Range Finder, Cameras, Remote Visual Tower)

TYPICAL APPLICATIONS

- Ship, truck and air launched stand-off missiles for sea and land targets

MAIN CUSTOMERS

- Norwegian, Polish and Malaysian Navy (NSM)
- Norwegian Air Force, Agreement with Australian Air Force (JSM)
- NATO and allied navies (Penguin)
- Avinor (Remote Tower)

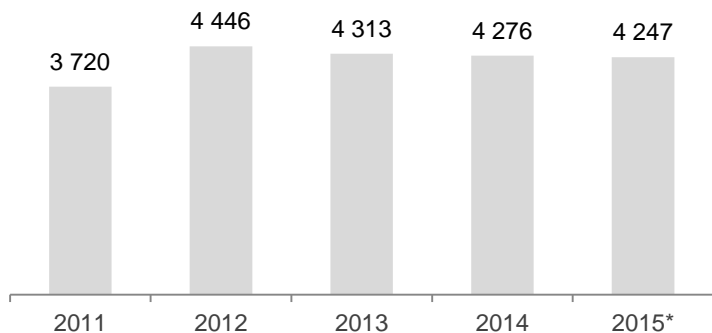


Pie charts show revenue distribution at 15Q3.



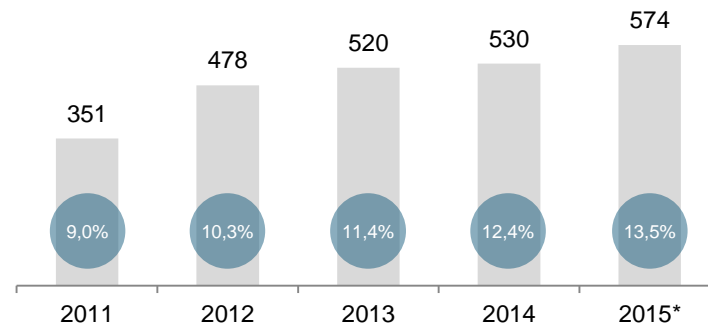
STEADY REVENUES – IMPROVED MARGINS

REVENUES



Revenues 2011-2013 adjusted for KSAT

EBITDA

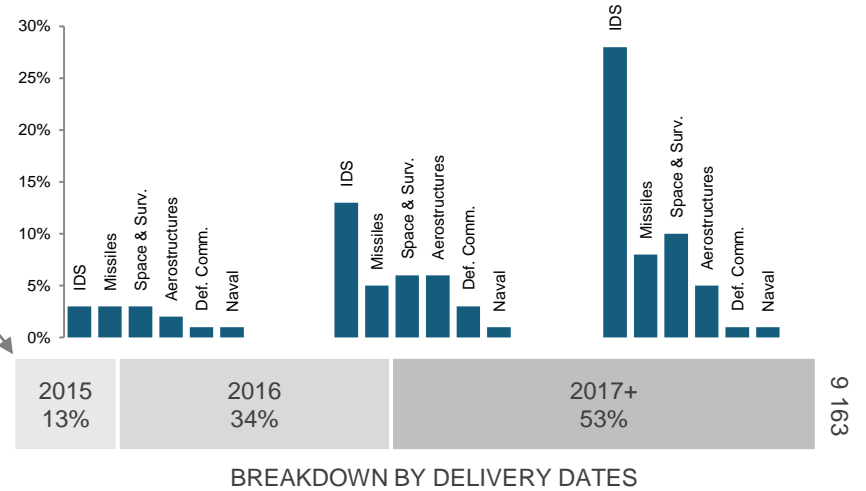
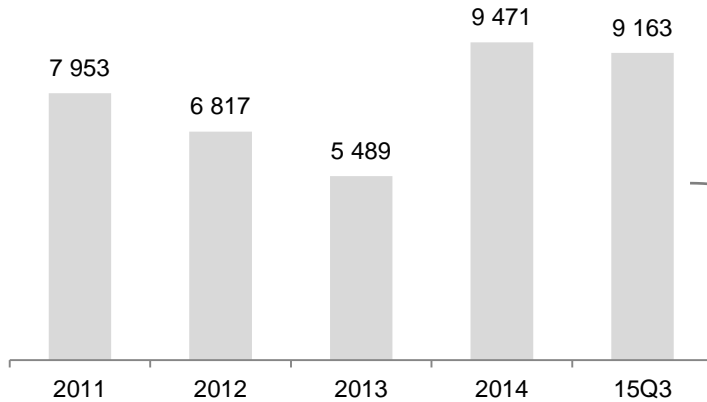


KEY REVENUE AND EBITDA DRIVERS

- International sales
- Financed development programs
- Strong global partnerships
- Continuous improvement

* Last 12 months

STRONG ORDER BACKLOG – GOOD VISIBILITY

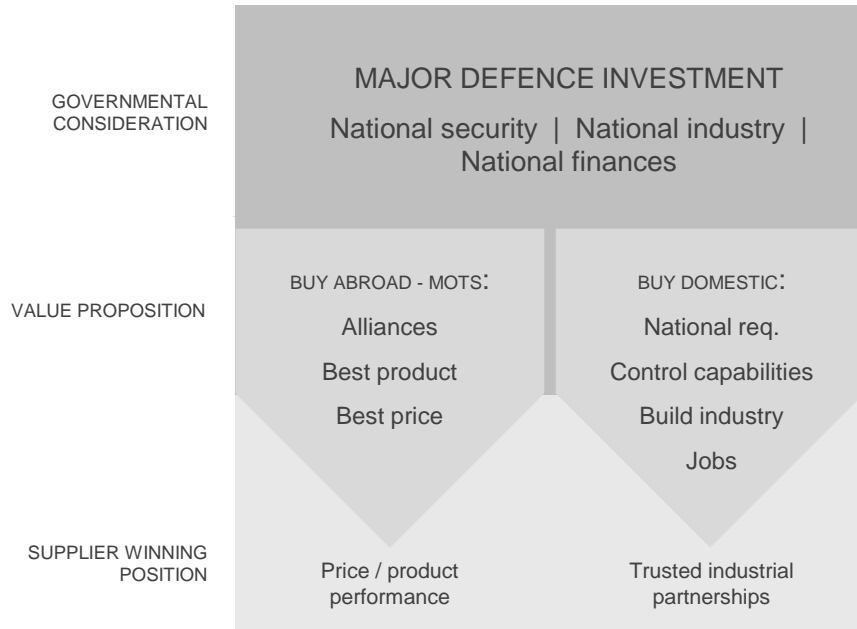


Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.

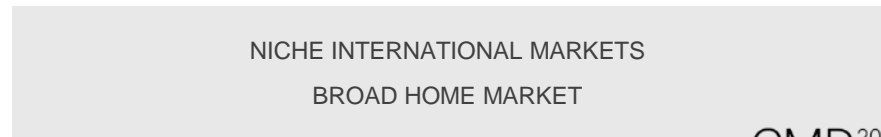
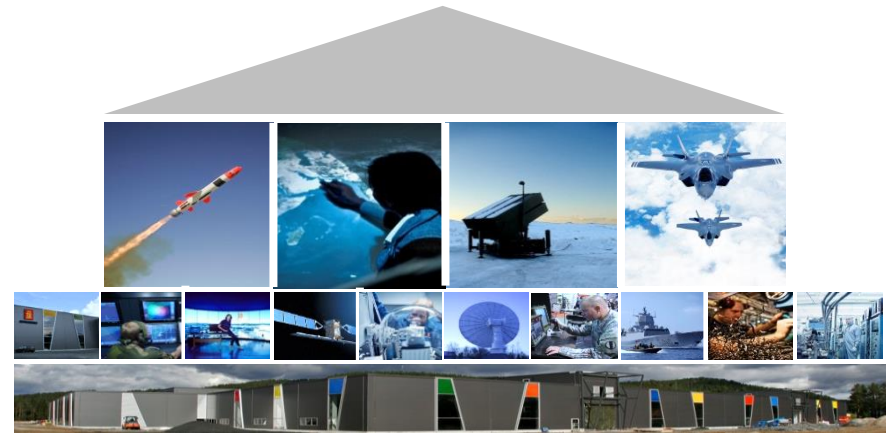
INTERNATIONAL SUCCESS IN SELECTED MARKETS

- built on broad position in the home market

Competitive position within international defence business differs with level of industrial partnership



The Norwegian industrial partnership position has been the cradle to new products and international market access



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OPPORTUNITIES AHEAD



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RAYTHEON TEAMING AGREEMENTS



1984



1989



1999



2000



2001



2002



2002



2003



2004



2006



2007



2009



2012



2014

*NASAMS exports
>12 BNOK*



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NEW CONTRACTS IN DEFENCE COMMUNICATION



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Kitron enda tettere på Kongsberg



Selskapsleder Håvard Petter Thomassen (til høyre) og Kongsberg Kitron-ansatt.

Her undertegnes Kitron-oppdragen for Norge enda en gang, nå med 5 millioner kroner, med Kongsberg Defence Systems og Defence Communications' Håvard Petter Thomassen som hovedleverandør.

«Det gjelder en av våre største oppdrag i Norge», sier Thomassen. «Det er et viktig oppdrag som vil gi oss mye erfaring og kompetanse på dette området.»



VITIC ALLIANS: Kitron og Kongsberg utgjør en viktig allianse, mens Ole Arvid Sæviestad (til høyre) er leder for Kongsberg i Norge.

Støttestøtte Kitron har fått støtte fra Forsvarsinnsatsen i Norge. Dette er et viktig bidrag til å sikre at Norge har tilstrekkelig kapasitet til å håndtere de utfordringene som oppstår i forbindelse med konflikter og kriser.

Flytter for 46 millioner til Kongsberg har fått en kontrakt på 46 millioner kroner for å flytte og oppgradere sine IT-systemer. Dette er et viktig bidrag til å sikre at Kongsberg har tilstrekkelig kapasitet til å håndtere de utfordringene som oppstår i forbindelse med konflikter og kriser.

Kilsund i desember og januar Kongsberg har fått en kontrakt på 10 millioner kroner for å levere og installere kommunikasjonssystemer til Kilsund. Dette er et viktig bidrag til å sikre at Kongsberg har tilstrekkelig kapasitet til å håndtere de utfordringene som oppstår i forbindelse med konflikter og kriser.

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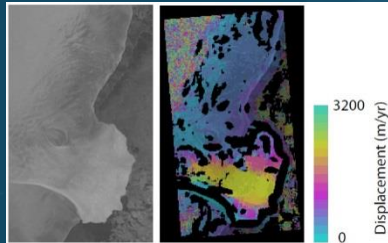


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COPERNICUS / SENTINEL

Satellite coverage of Norwegian territory

Significant industrial potential





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MSI-90U MK2 ON BOARD ITALIAN U212A SUBMARINES



ROLL OUT
22 SEPTEMBER
2015



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AM-1: FIRST NORWEGIAN F-35



FIRST RUDDER FROM
KONGSBERG



FIRST FUSELAGE FROM NGC

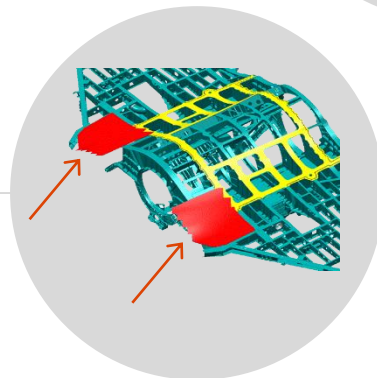
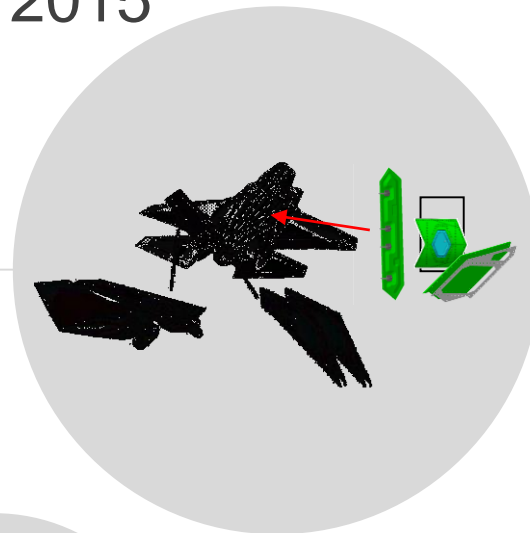


FIRST FLIGHT

SIGNIFICANT F-35 ORDERS IN 2015

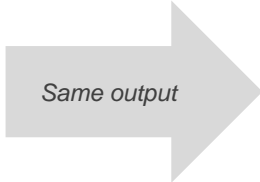
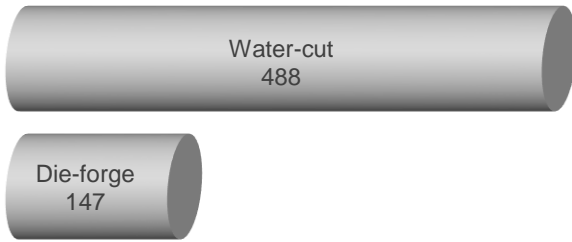


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DELTAONE DIE-FORGING INITIATIVE

TITANIUM RAW MATERIAL (KG):



TITANIUM SPAR ~60% OF TOTAL RUDDER COST



Lockheed Martin subcontractor KONGSBERG is changing the way it manufactures the jet's rudder component. The company discovered it would waste less material by using a variety of techniques such as forging and machining.

Lorrain Martin, LM to National Defense Magazine 16 September 2014

F-35 RAMP-UP



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LRIP 3-10 ORDERS:
2,2 BNOK

LIFETIME POTENTIAL F-35:
~ 16 BNOK



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1,3 BNOK CONTRACT IN POLAND

NAVAL STRIKE MISSILE (NSM)

Long Range Precision Strike - Against Sea & Land Targets

- Available
- Affordable
- Survivable
- Lethal

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AUSTRALIA SIGNS COOPERATION ON JSM

JSM - JOINT STRIKE MISSILE

Scale 1:1





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MALAYSIA
SELECTS NSM
FOR GOWIND
SHIPS

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SUCCESSFUL TEST OF JSM FROM F-16

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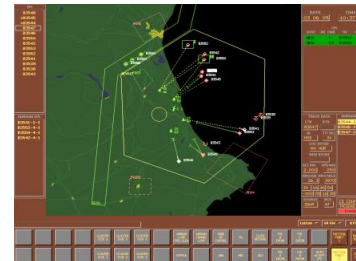
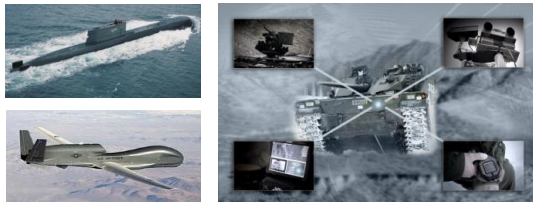
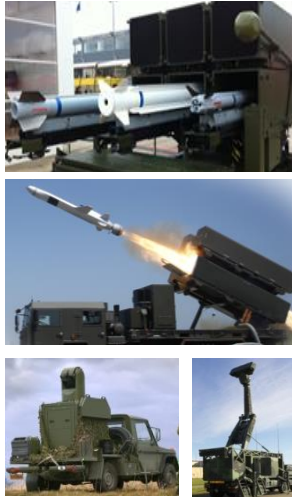
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DEVELOPMENT SINCE CMD 2014

CORE TECHNOLOGY & INNOVATION

REMOTE TOWER – A HEAD START IN AN EMERGING MARKET
THE DEFENCE MARKET
OPPORTUNITIES AHEAD

NASAMS CORE TECHNOLOGY – MORE THAN AIR DEFENCE



KONGSBERG – DEFENCE COMMUNICATIONS

K-TaCS
Ruggedized by Design

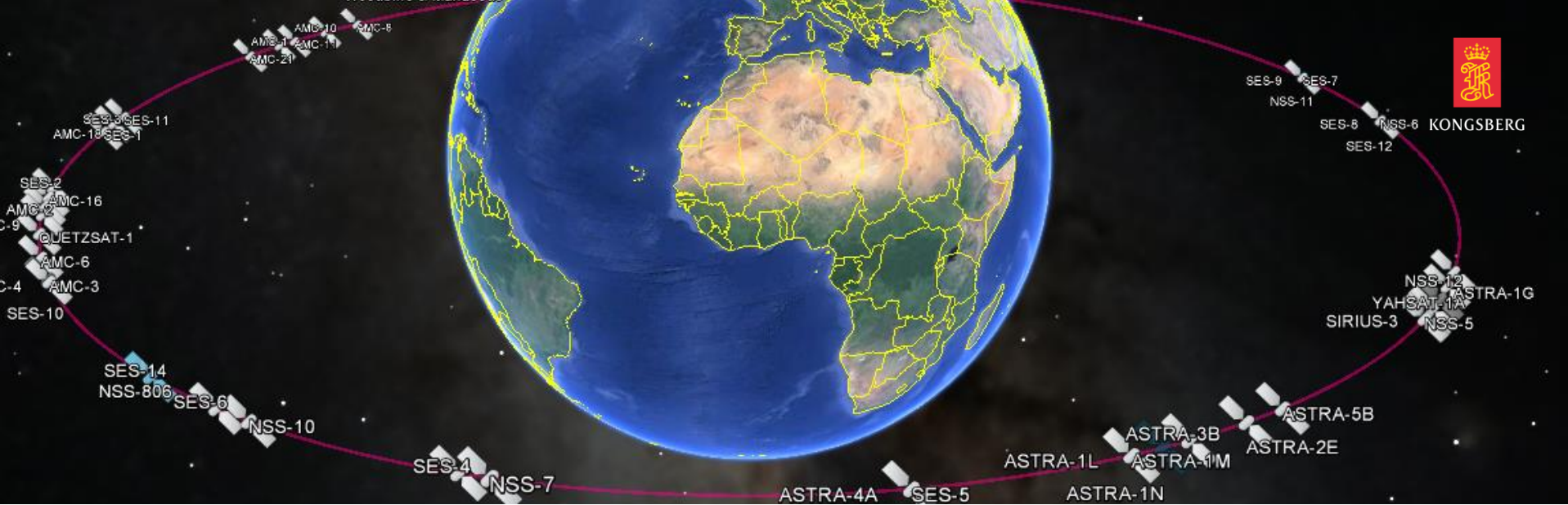


K-TaCS
Networking Air Defence
and C4ISR



K-TaCS
In use in more than 30 countries





2ND GENERATION COMMAND RECEIVER

- Satellite Fleet Management

- Use of satellites in multiple orbital positions
- Frequency Coordination to avoid interference → possibility to change receive frequency in space

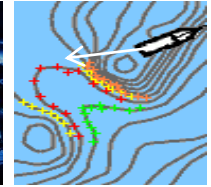
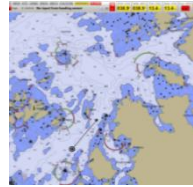
PASSIVE RF SEEKER FOR JSM





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SUBMARINE COMBAT NAVIGATION SYSTEM



*Increased submerged
time, reducing
detection risk*



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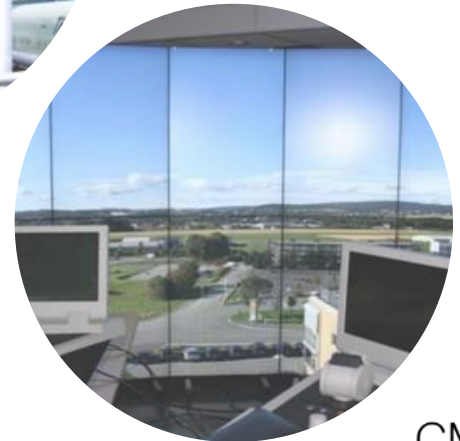


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AVINOR SELECTS KONGSBERG FOR REMOTE TOWER



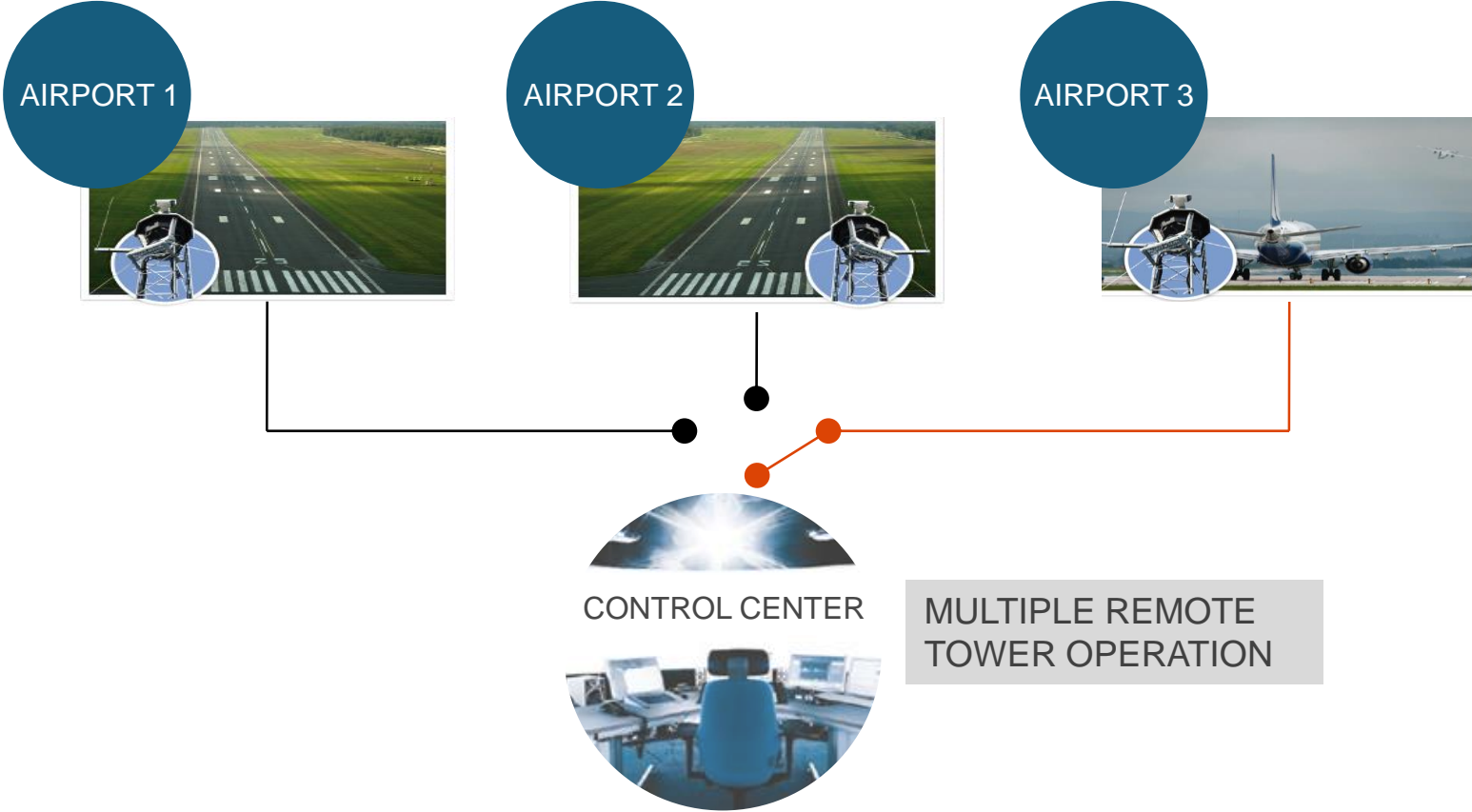
NEW TECHNOLOGY ENABLES SAFE REMOTE OPERATIONS



REMOTE TOWER PRINCIPLE



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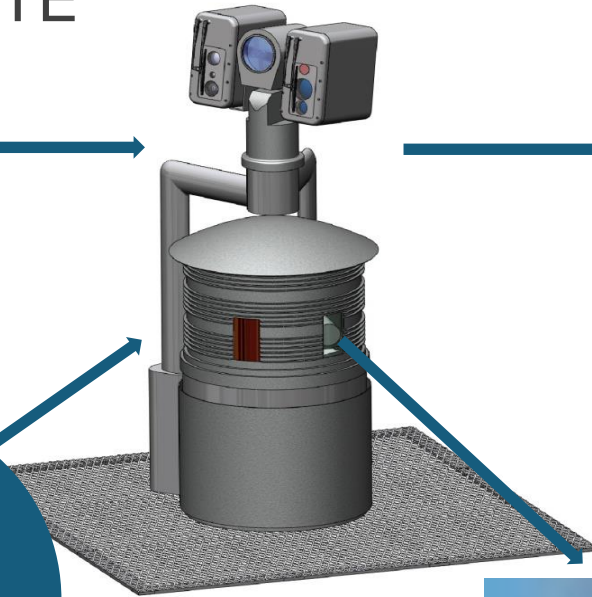
UNIQUE MODULAR ELECTRO OPTICAL SENSORS SUITE

Pan Tilt Zop, Platform:

- Day view, zoom camera
- IR view camera
- Laser Range Finder
- Signal Light Gun

360 Camera System (rotating):

- Day and IR view camera
- Eye resolution
- Low bandwidth



VS. HD-KAMERA VIEW



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TECHNOLOGY INSERTION



INFRARED, ELECTRO-OPTICAL



OPERATOR DECISION CENTERS,
REAL TIME NETWORK, SAFETY



CAMERA, LASER RANGE, SERVO



ATM SYSTEMS, NOVA



WORLD CLASS
REMOTE TOWER

- safe operations
- cost-effective

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TRADITIONAL SOLUTIONS



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THE VIRTUAL TOWER

Retina Quality Rendering





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INCREASING GLOBAL FOCUS ON DEFENSE



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GLOBAL DRIVERS



SECURITY ISSUES IN MENA REGION

IMPACT ON GLOBAL DEFENSE MARKET

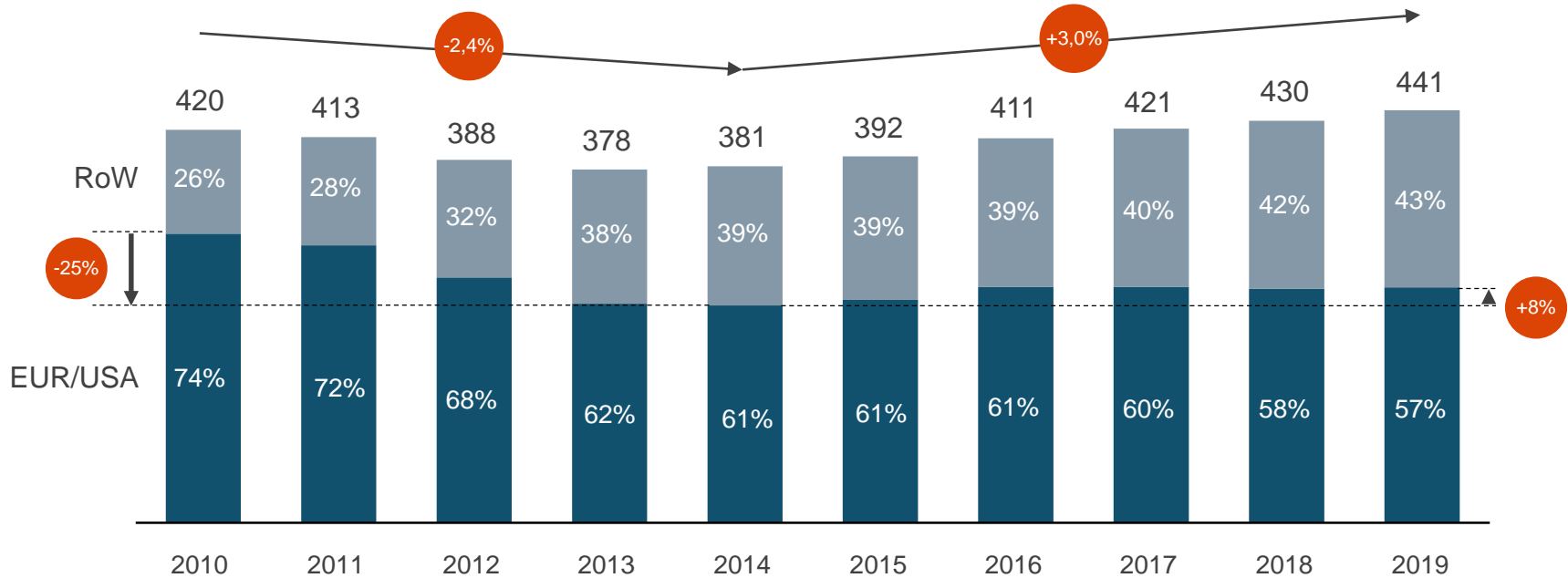
MORE FOCUS ON FULL-SCALE CONFLICT POTENTIAL

- Need for full-scale capabilities
- More A2/AD, “Air-Sea Battle” challenges
- More C4ISR, space, cyber warfare
- Less light army operations

MAINTAIN COUNTER-INSURGENCY CAPABILITIES

- “Boots-on-the-ground”
- Minimum acceptance for loss of lives
- Utilize stand-off capabilities

MODEST GROWTH IN THE GLOBAL DEFENCE MARKET



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OPPORTUNITIES AHEAD

KDS EXPECTS CONTINUED GROWTH BASED ON OUR STRONG VALUE AND PERFORMANCE CULTURE



KONGSBERG

Modern well positioned product portfolio
– a solid base for business opportunities

Solid backlog of orders

DeltaOne improves competitiveness

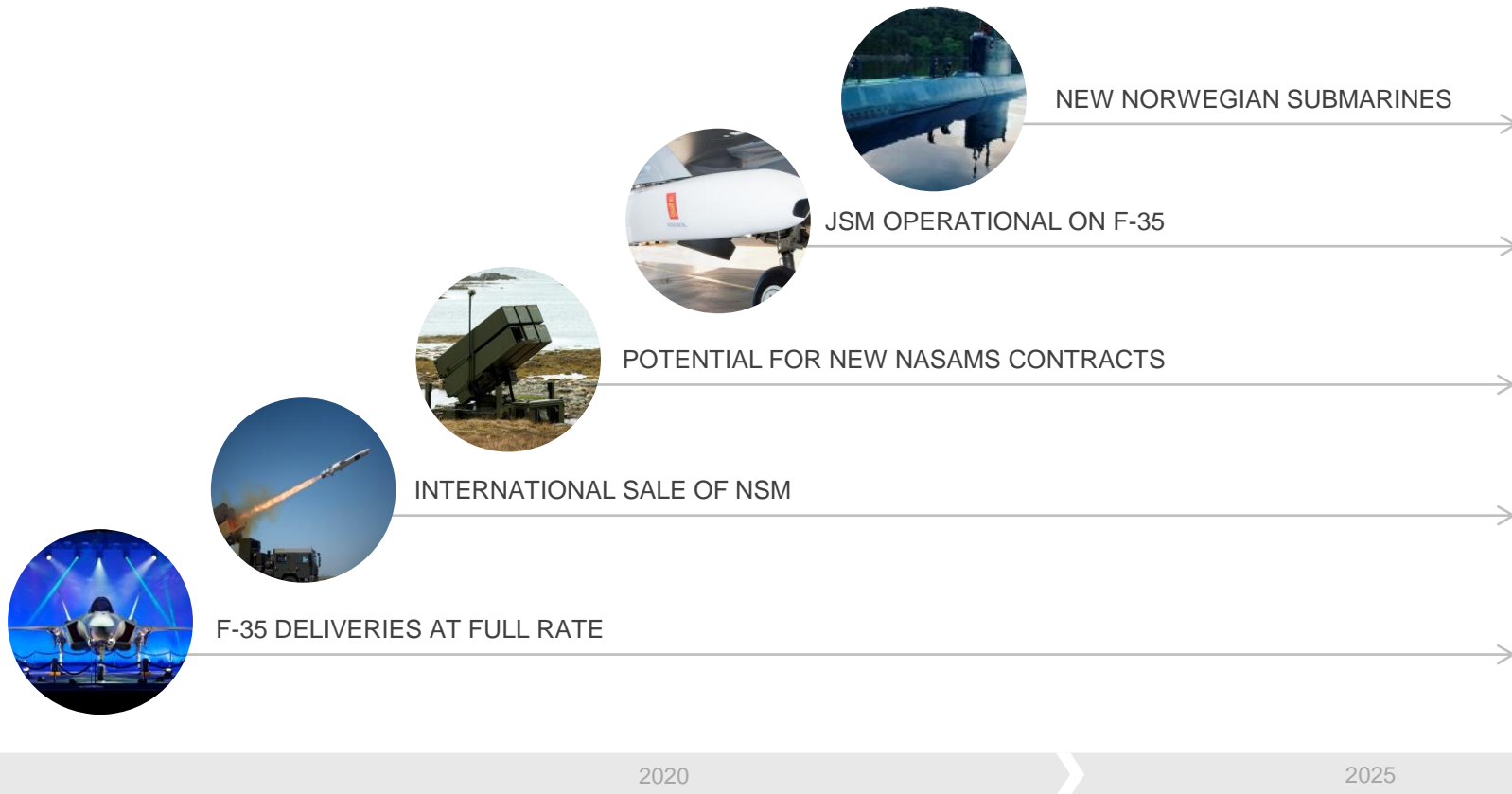
Strategic partnerships

We expect growth going forward

OPPORTUNITIES AHEAD



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