



KONGSBERG

INVESTOR PRESENTATION

Q2 2019

28/08/2019

Geir Håøy, President & CEO
Gyrid Skalleberg Ingerø, EVP & CFO
Lisa E. Haugan, EVP Finance KM



KONGSBERG

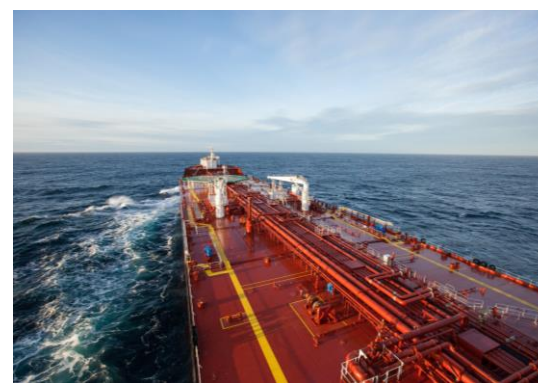
HIGHLIGHTS Q2

6 244
REVENUES

9 617
NEW ORDERS

479
EBITDA

7.7%
EBITDA MARGIN



GROUP:

- Rolls-Royce Commercial Marine acquisition closed on 1 April
- AIM Norway acquisition closed on 29 May

DEFENCE:

- Strong order-intake with both NASAMS Australia and new contract on F-35
- Order backlog continues to increase in Q3 with NASAMS Qatar

MARITIME:

- Strong order intake despite challenging markets
- Integration of Commercial Marine according to plan

DIGITAL:

- Growing revenues and order intake
- Profitability improved YoY
- External orders of MNOK 1 000 in backlog



KONGSBERG

FINANCIAL STATUS

Gyrid Skalleberg Ingerø, CFO



KONGSBERG

IFRS 16 effects

| Q2 2019 | KOG incl. IFRS 16 | KM | KDA | Others | KOG ex. IFRS 16 |
|----------|----------------------|-----|-----|--------|--------------------|
| Revenues | 6 244 | - | - | - | 6 244 |
| EBITDA | 480 | -81 | -39 | 11 | 371 |
| EBIT | 160 | -13 | -6 | - | 141 |
| EPS | 0.40 | - | - | - | 0.48 |

| H1 2019 | KOG incl. IFRS 16 | KM | KDA | Others | KOG ex. IFRS 16 |
|----------|----------------------|------|-----|--------|--------------------|
| Revenues | 9 871 | - | - | - | 9 871 |
| EBITDA | 893 | -132 | -72 | 19 | 708 |
| EBIT | 399 | -19 | -10 | -1 | 369 |
| EPS | 1.35 | - | - | - | 1.50 |



KONGSBERG

H1 2019

Excl. IFRS 16

9 871 MNOK (7 079)

REVENUES

KM MNOK 6 293 (3 706)

KDA MNOK 3 198 (3 026)

708 MNOK (527)

EBITDA

KM MNOK 311 (249)

KDA MNOK 390 (372)

7.2% (7.4%)

EBITDA MARGIN

KM 4.9% (6.7%)

KDA 12.2% (12.3%)

13 383 MNOK (8 238)

ORDER INTAKE

KM MNOK 7 651 (4 007)

KDA MNOK 5 297 (3 843)

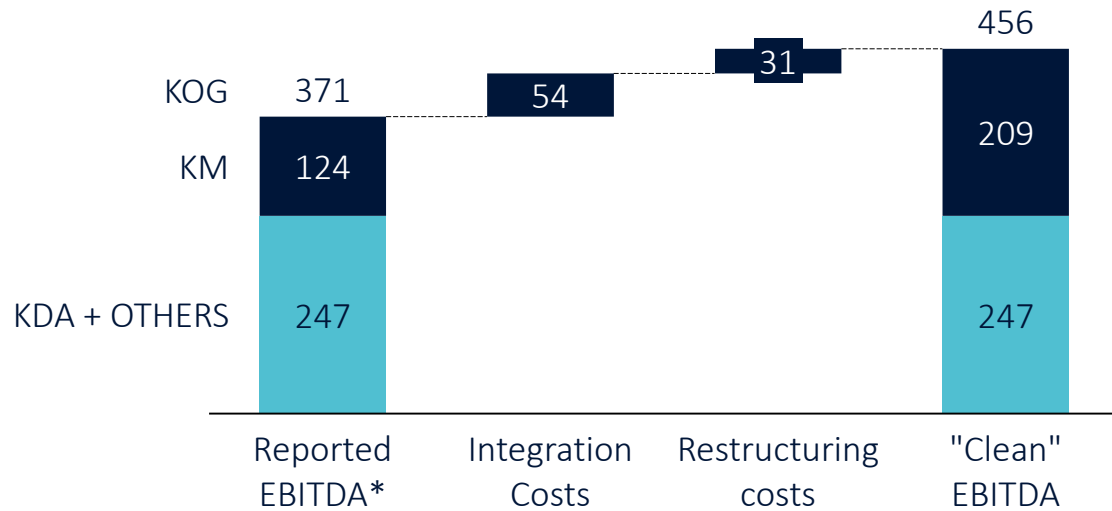


KONGSBERG

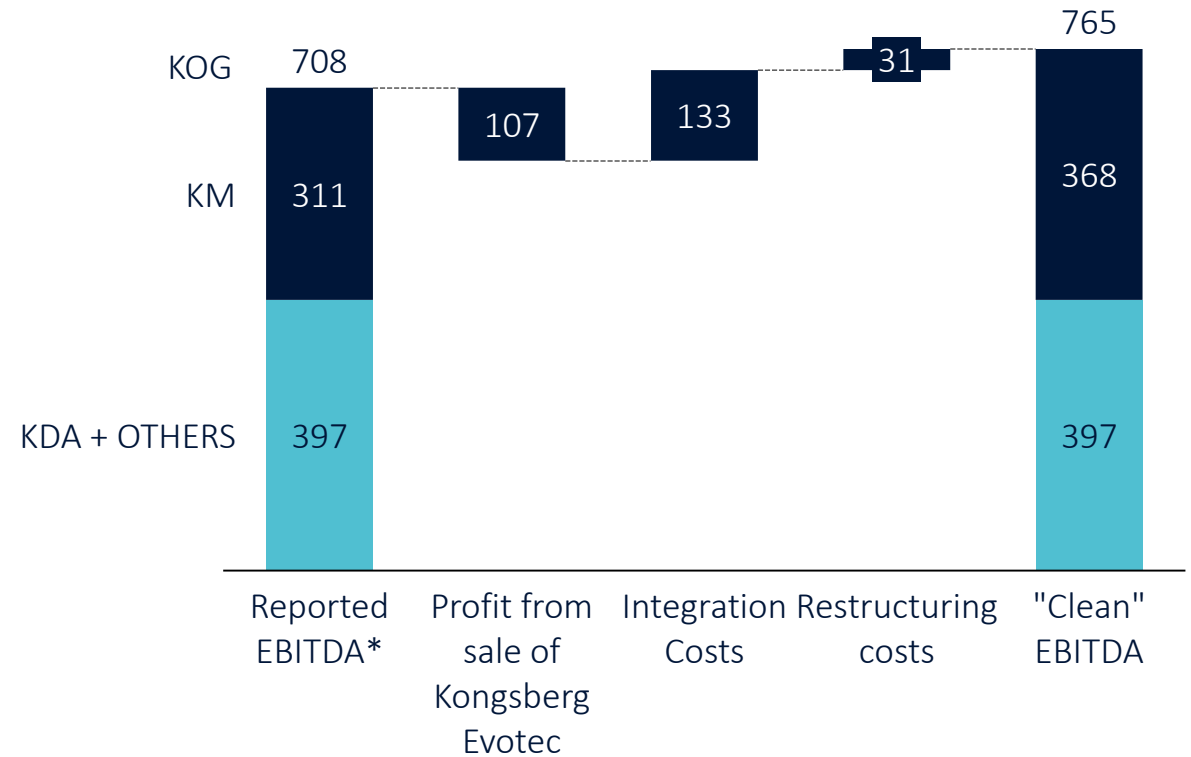
Special items

Kongsberg Maritime

EBITDA Q2



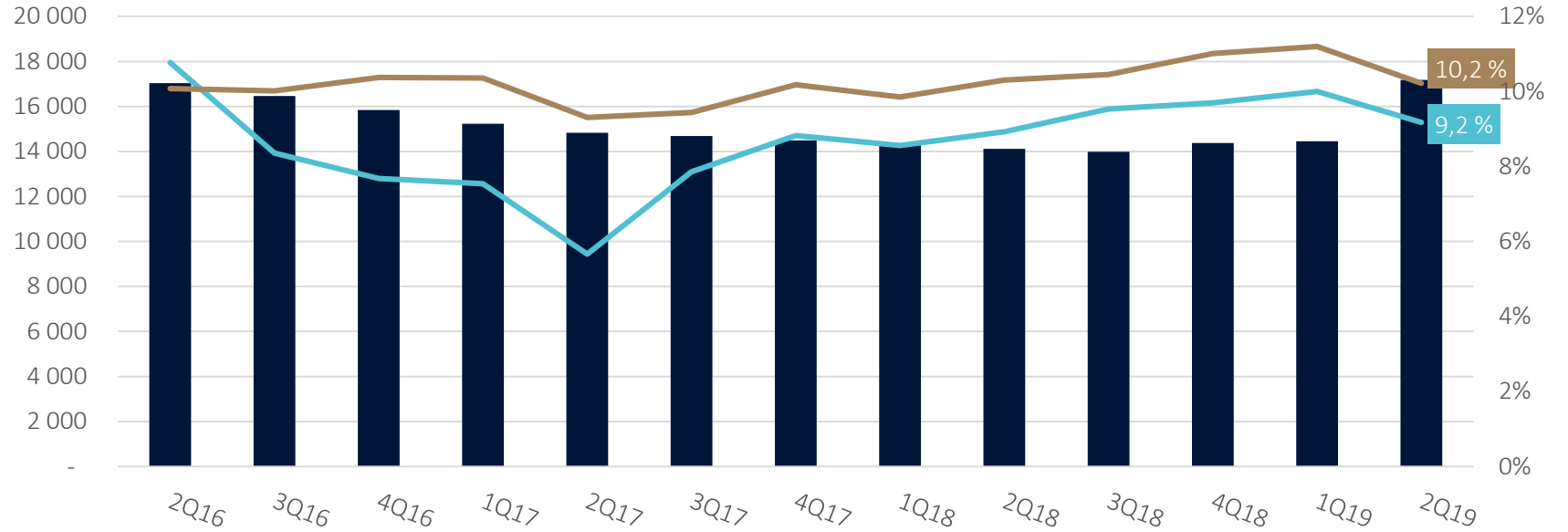
EBITDA H1





KONGSBERG

KOG



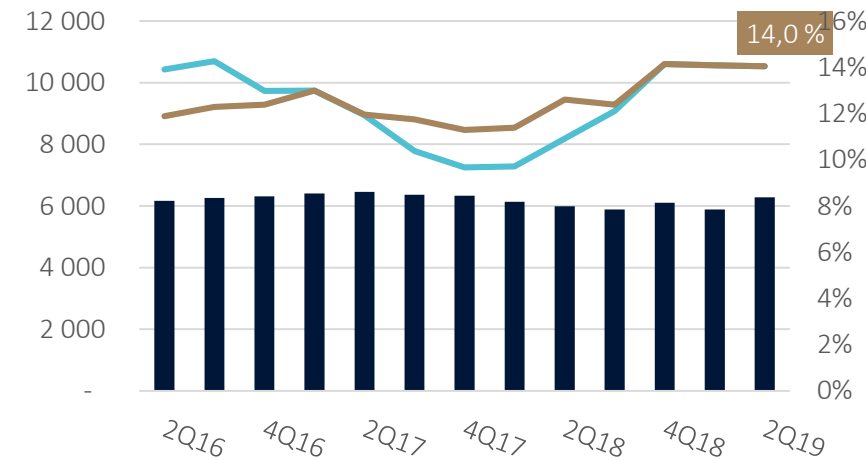
ROLLING LTM

UNDERLYING/REPORTED PERFORMANCE

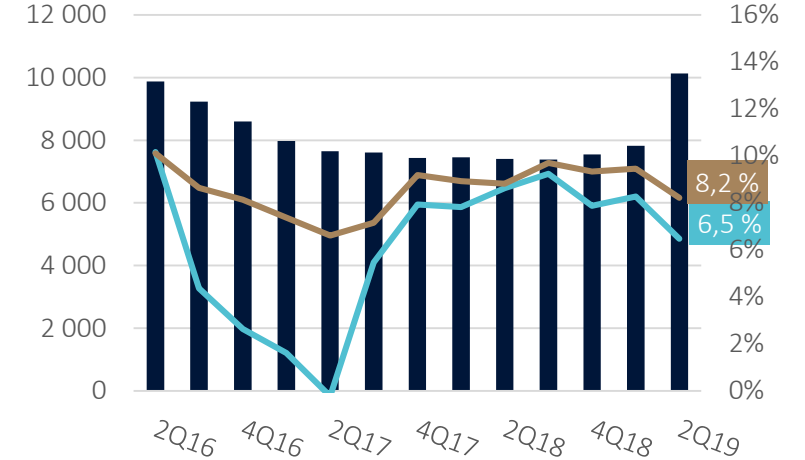
Commercial Marine included from Q2 2019

- █ LTM Revenues
- █ LTM EBITDA %
- █ LTM Underlying EBITDA %

KDA



KM



Adjustments mainly include: acquisition costs, restructuring & integration costs



KONGSBERG

REVENUES Q2

Total revenues MNOK 6 244

19.6 % YoY growth excl. CM

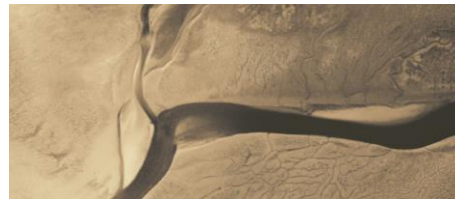
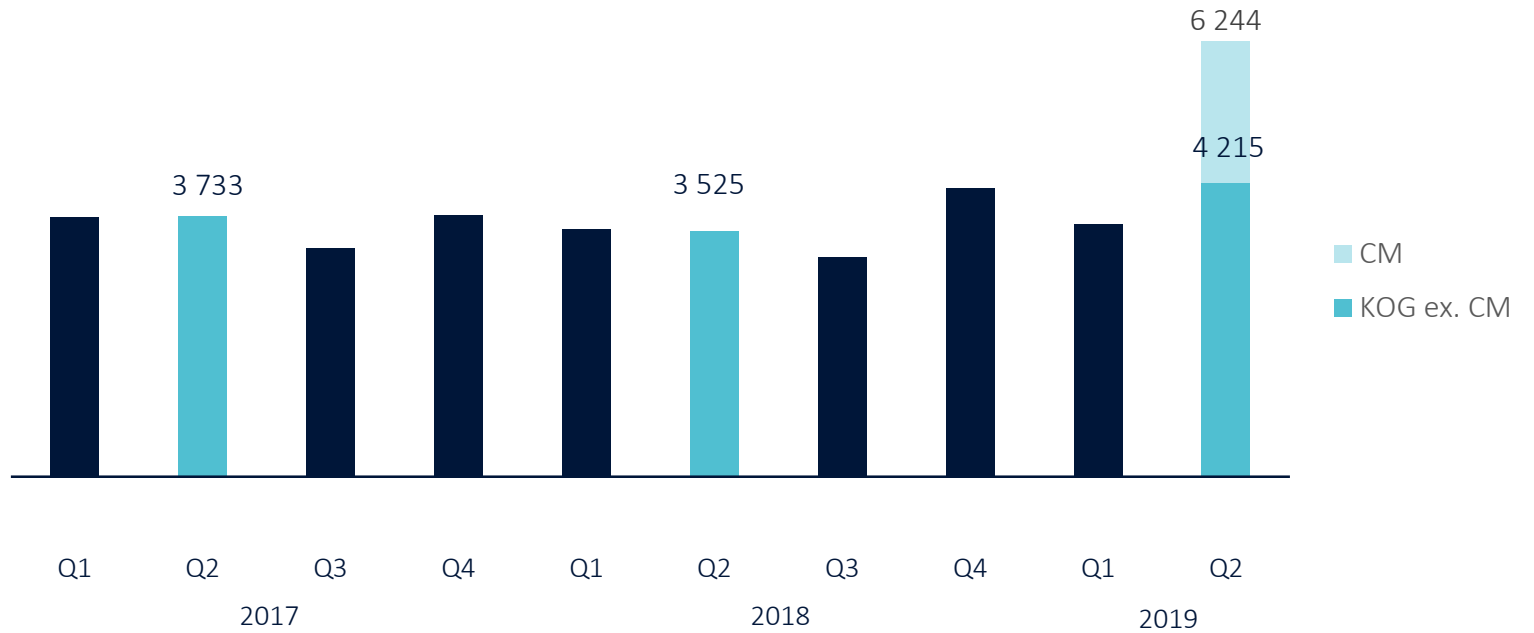
KM revenues MNOK 4 221

KM excl. CM MNOK 2 192, up 14.8 % YoY

CM revenues MNOK 2 029 – on par with 2018

KDA revenues up 26.9% YoY

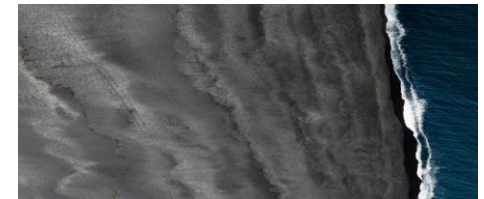
Increased activity in most divisions



KDA / 1 829
(1 441)



KM / 4 221
(1 910)



OTHER / 194
(174)



KONGSBERG

EBITDA Q2

5.9 % Overall EBITDA margin (6.8%)

7.3 % EBITDA margin adjusted for special items

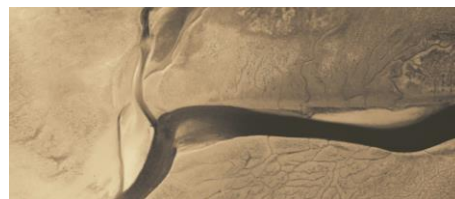
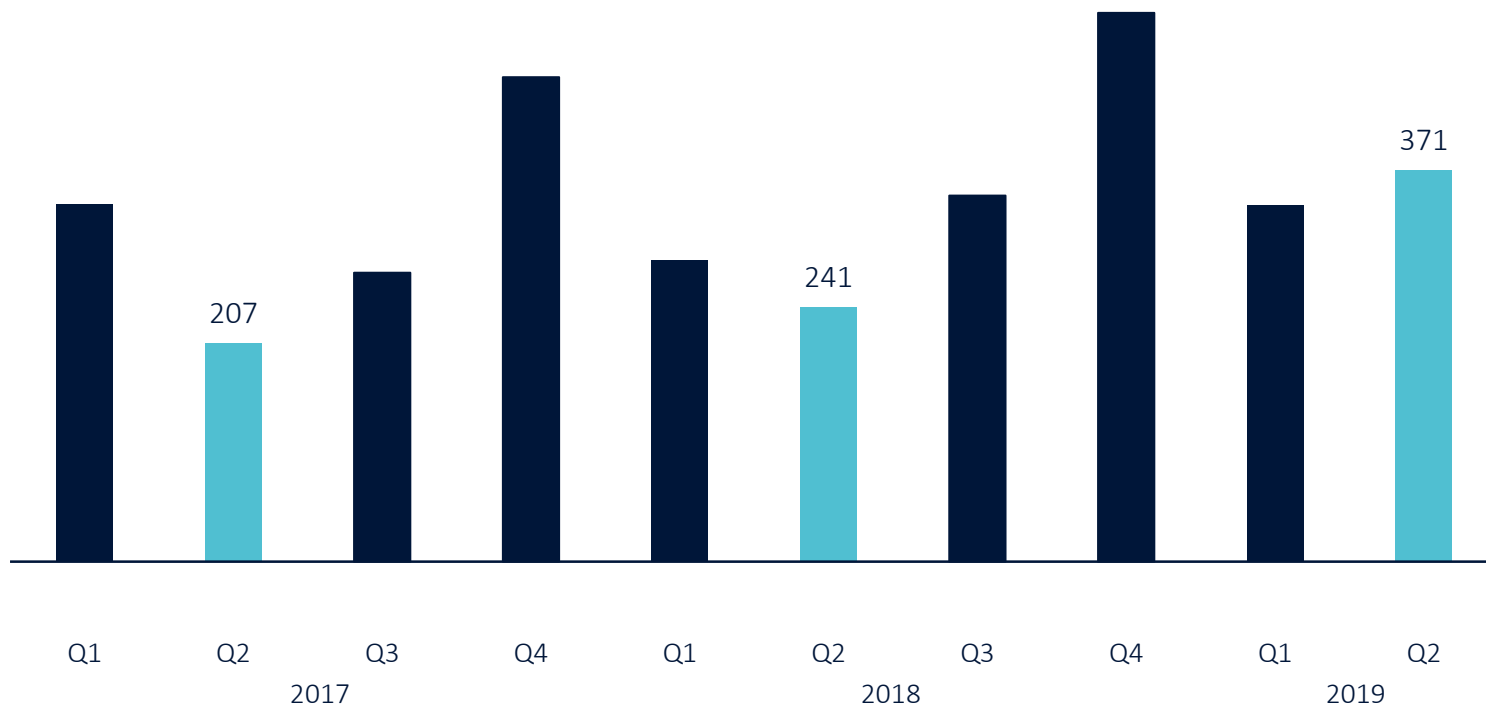
KM EBITDA MNOK 124 (115)

KM excl. CM EBITDA MNOK 187 (8.5% margin)

CM EBITDA MNOK -63 (-3.1% margin)

- CM EBITDA excl. integration and restructuring, MNOK 22

KDA EBITDA MNOK 252 (200)



KDA / 252
13.8 % MARGIN



KM / 124
2.9 % MARGIN



OTHER / -5

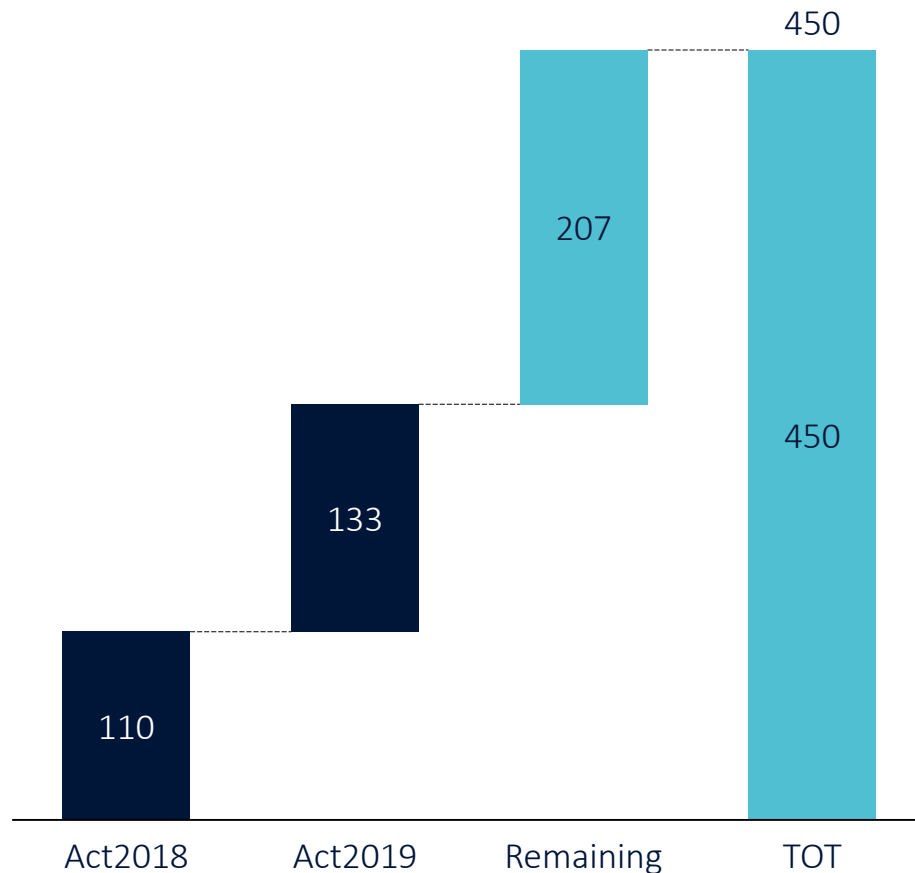


KONGSBERG

Status integration

Commercial Marine

INTEGRATION COSTS



Selected ongoing actions

- IT & Infrastructure
- Branding
- Legal
- Harmonization & Streamlining
- Organizational design



KONGSBERG

NEW ORDERS Q2

BOOK/BILL 1.54

MNOK 27 774 total order backlog
 37% of order backlog to be delivered in 2019
 38% of order backlog to be delivered in 2020

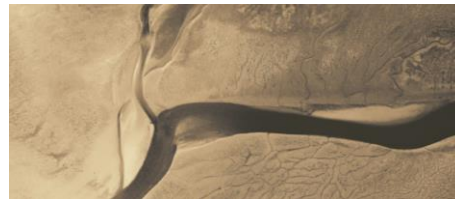
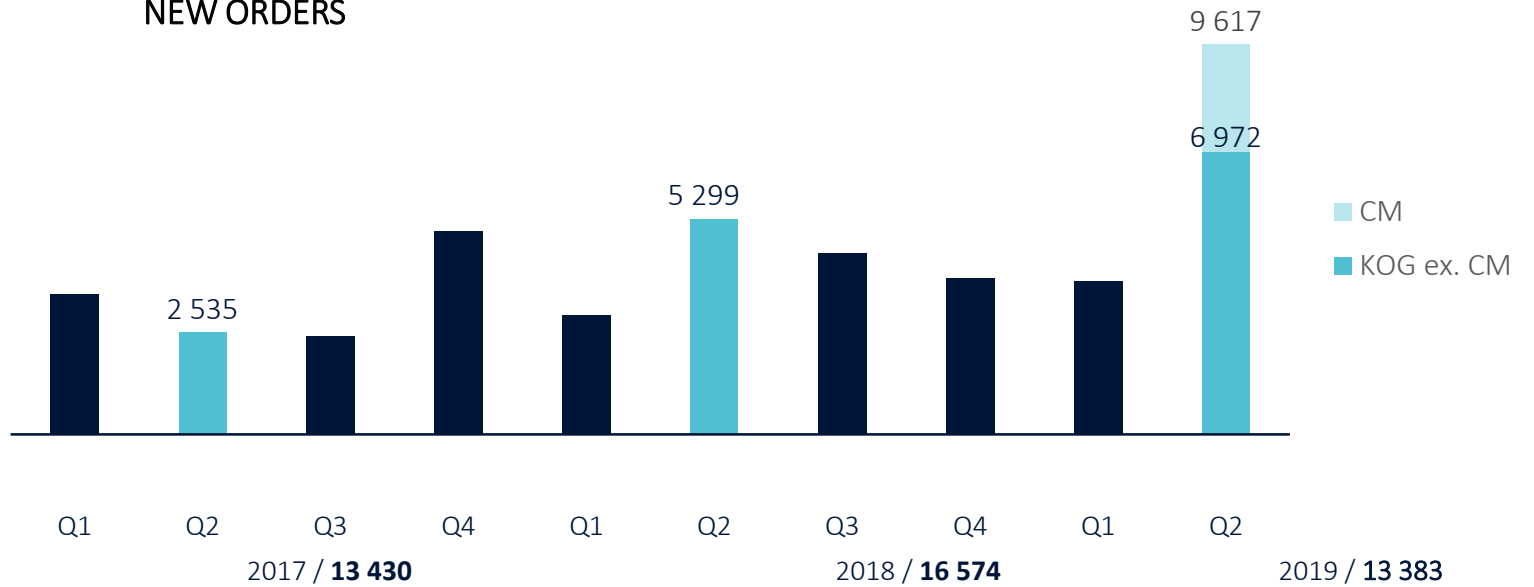
KM BOOK/BILL 1.24, MNOK 2 645 from CM

KM excl. CM order backlog increased 27.9 % YoY
 CM Order backlog increased 28.0 % YoY

KDA BOOK/BILL 2.27

Order backlog increased 24.7 % YoY

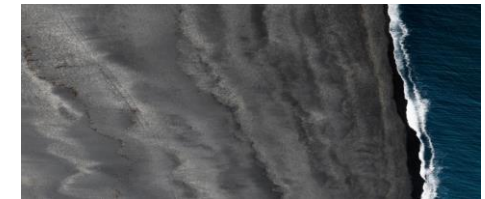
NEW ORDERS



KDA / 4 160
(3 045)



KM / 5 238
(2 107)



OTHER / 219
(147)



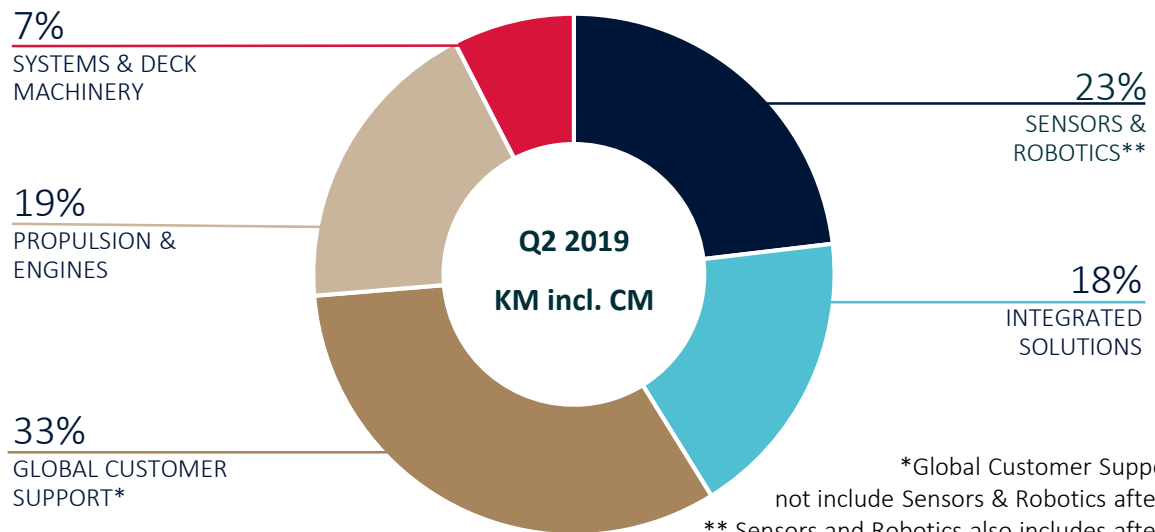
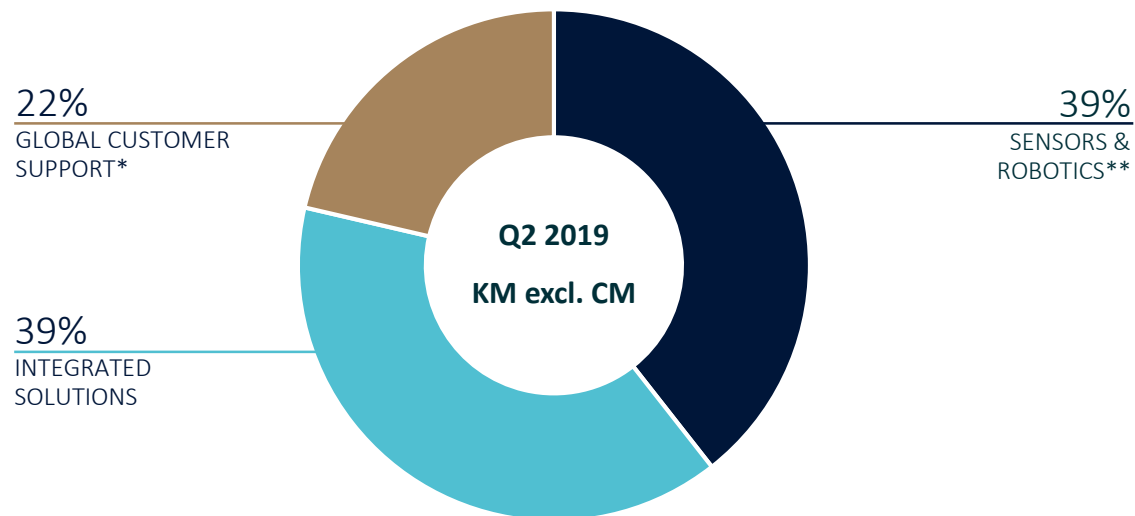
KONGSBERG

NEW ORDERS KONGSBERG MARITIME

Q2 2019: MNOK 5 238

KM excl. CM: MNOK 2 593 (+23.1 % YoY)

CM: MNOK 2 645 (+2.5 % YoY)



*Global Customer Support does not include Sensors & Robotics aftermarket
 ** Sensors and Robotics also includes aftermarket

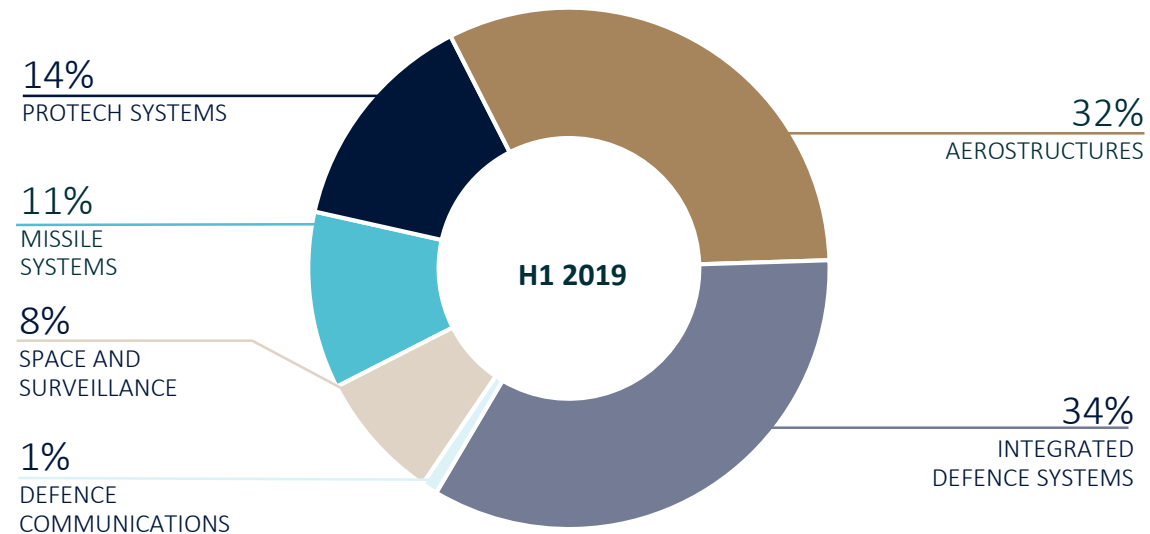
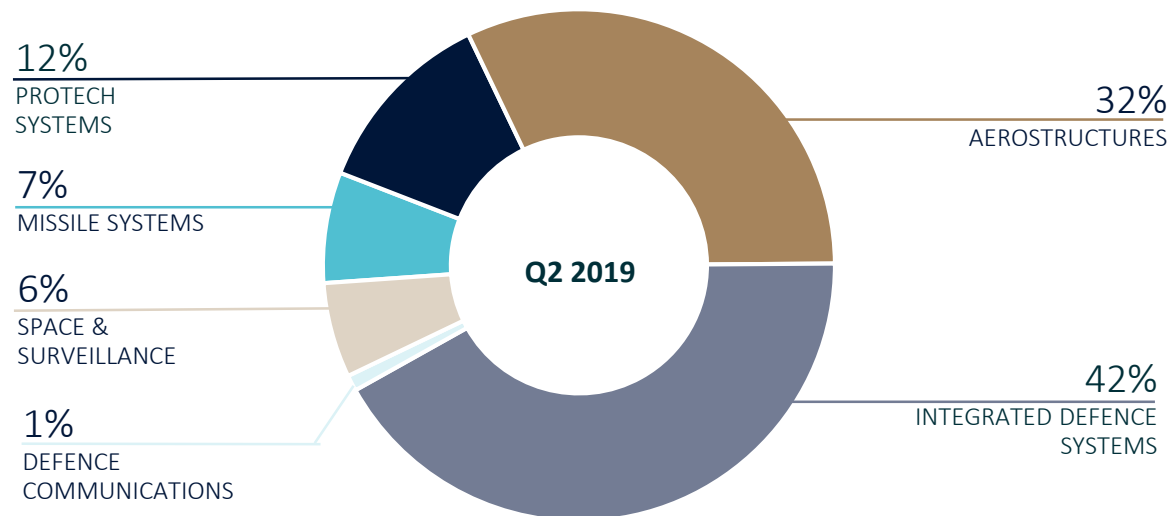


KONGSBERG

NEW ORDERS KONGSBERG DEFENCE AND AEROSPACE

Q2 2019 MNOK 4 160 (+36.6% YoY)

H1 2019 MNOK 5 297 (+37.8 % YoY)





KONGSBERG

STRONG BALANCE SHEET

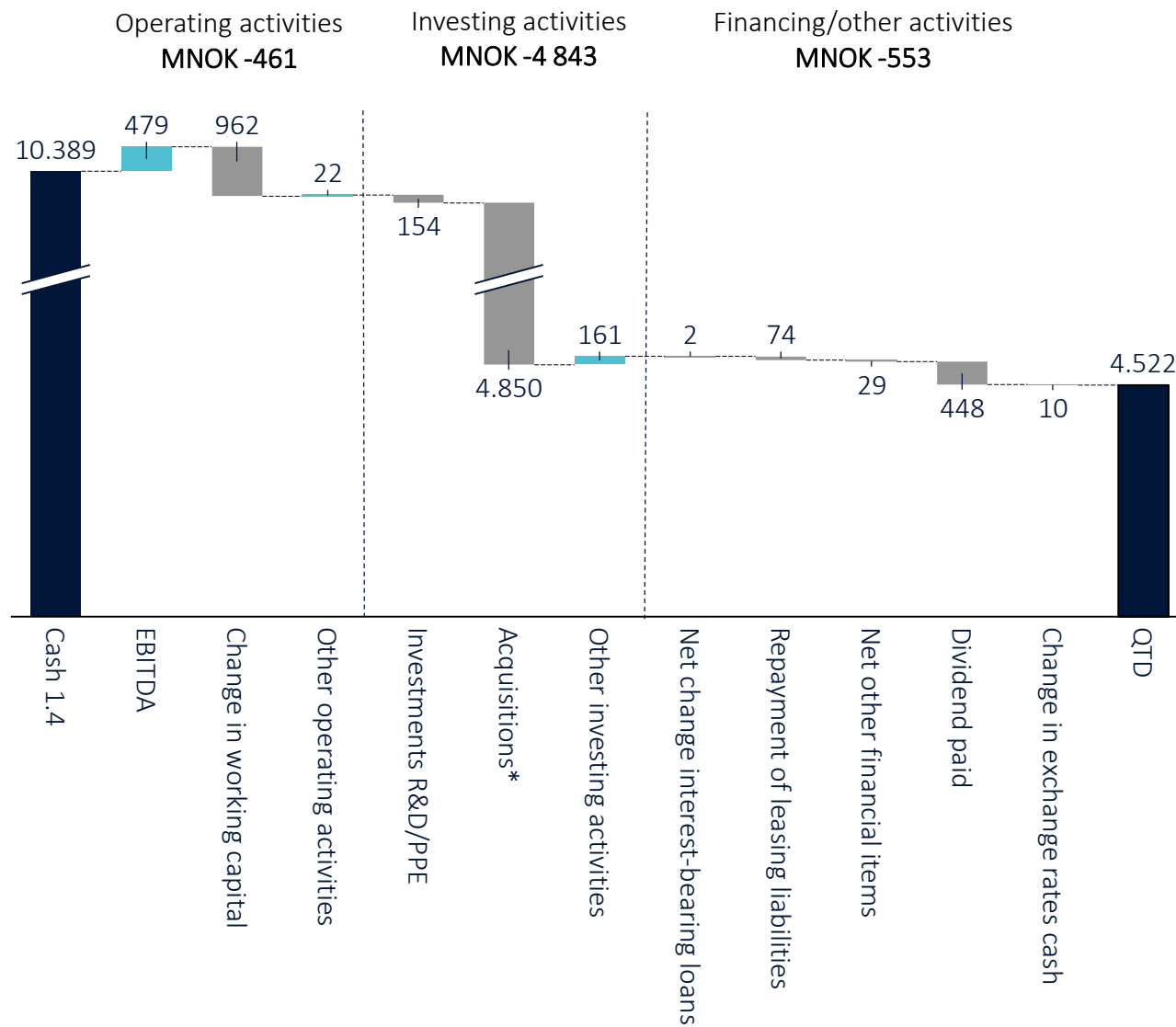
| | Q2 2019 | 2018 | 2017 |
|------------------------------|---------|--------|--------|
| Gross interest bearing debt | 4 349 | 4 332 | 3 340 |
| Cash and short-term deposits | 4 522 | 10 038 | 2 956 |
| Net interest bearing debt | -173 | -5 706 | 384 |
| Equity ratio | 35.7%* | 45.7 % | 35.6 % |
| ROACE | 11.0 % | 12.5 % | 9.0 % |

*) included IFRS 16 effects. (38.2% excluded).



KONGSBERG

DEVELOPMENT IN CASH AND SHORT TERM DEPOSITS Q2

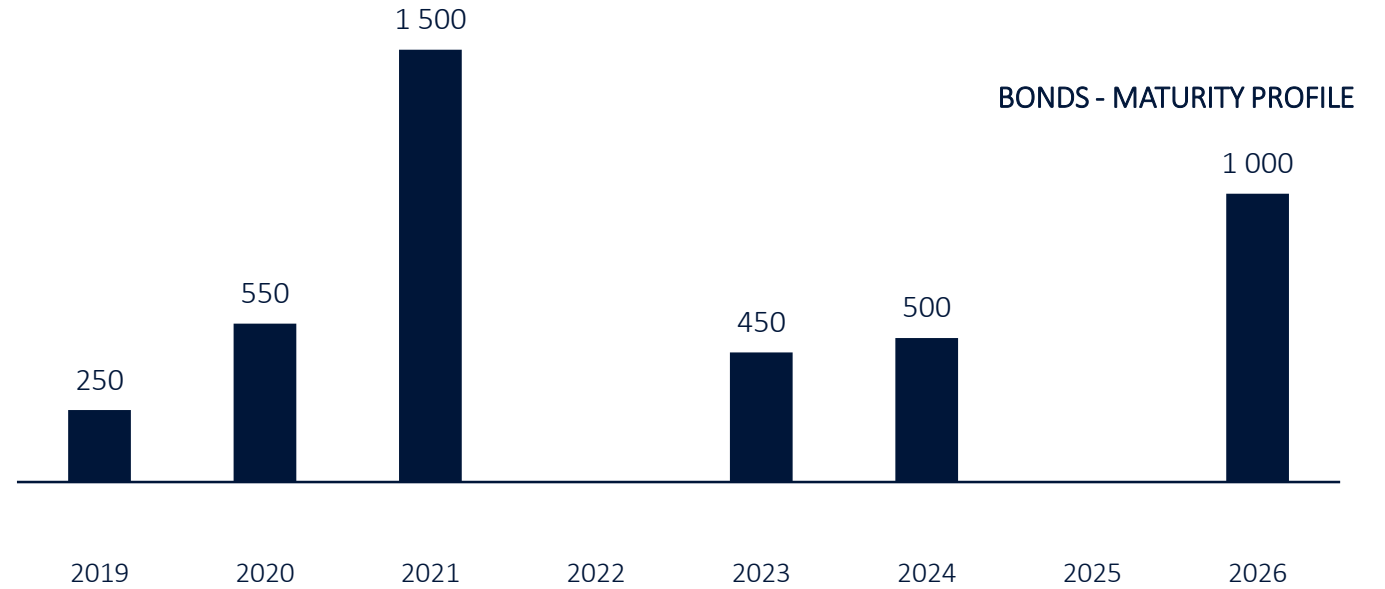


*RRCM & AIM

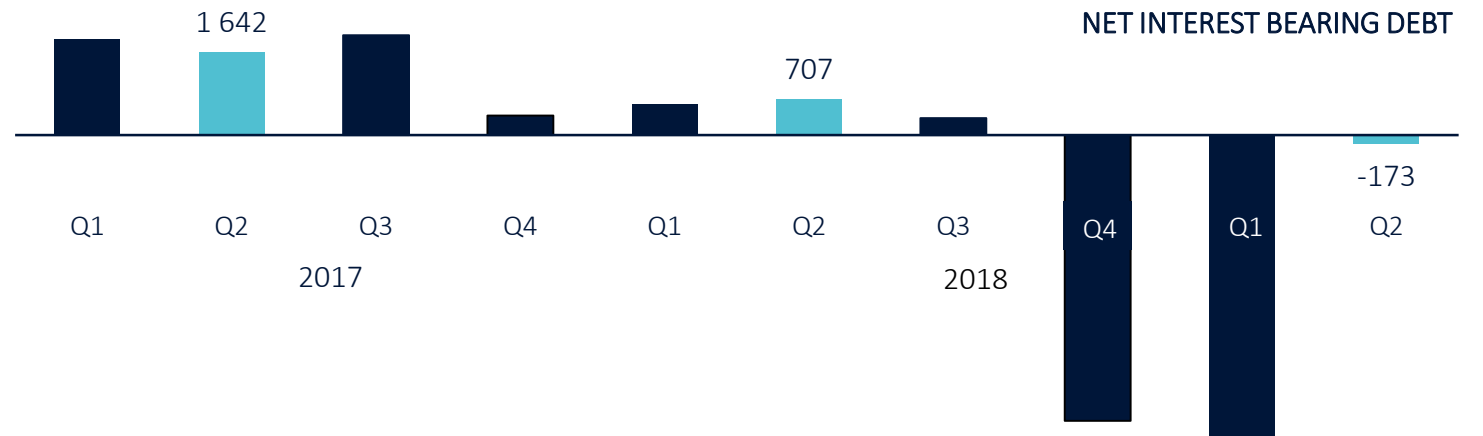


KONGSBERG

DEBT POSITION



HEALTHY MATURITY PROFILE





KONGSBERG

BUSINESS UPDATE

Geir Håøy, President & CEO



KONGSBERG

BUSINESS UPDATE KONGSBERG DEFENCE & AEROSPACE



Increased activity

- Revenue improvement in all divisions, except Protech Systems
- Project deliveries speeding up
- Solid project execution

Record high order backlog

- NASAMS Australia
- F-35 orders
- ...and continued to grow in Q3 with NASAMS Qatar

Kongsberg Aviation Maintenance Services

- Acquisition closed 29 May
- MRO on fighters and helicopters
- 49.9% of the shares in AIM sold to Patria
- Strategic agreement with NDLO on MRO support



KONGSBERG

F-35 STATUS



KONGSBERG

BOOKED 5,7 BNOK

POTENTIAL 16 BNOK

JSM POTENTIAL
COMES IN ADDITION

Program
of Record:

Source: Lockheed Martin



U.S.A.
2.456



U.K.
138



Italy
90



Holland
37



Turkey
100



Australia
100



Norway
52



Denmark
27



Canada
88



Israel
50



Japan
147



Korea
40



Belgium
34

Tot. # 3.359



KONGSBERG

BUSINESS UPDATE KONGSBERG MARITIME



A strong quarter within Sensors & Robotics

- Revenue growing due to strong order intake the past year
- AUV & Fisheries
- Q2 order intake close to MNOK 1,300

Global aftermarket increasingly important

- 60% of CM's revenues in Q2 from aftermarket
- With CM included, KM serves more than 30,000 vessels.
 - Enables more competitive solutions for the after market

Other segments

- Good revenues as well as order intake for LNG/OPU segment
- Second semi-sub for Awilco with combined KM/CM delivery
- BNOK 1 order intake for Propulsion & Engines



KONGSBERG

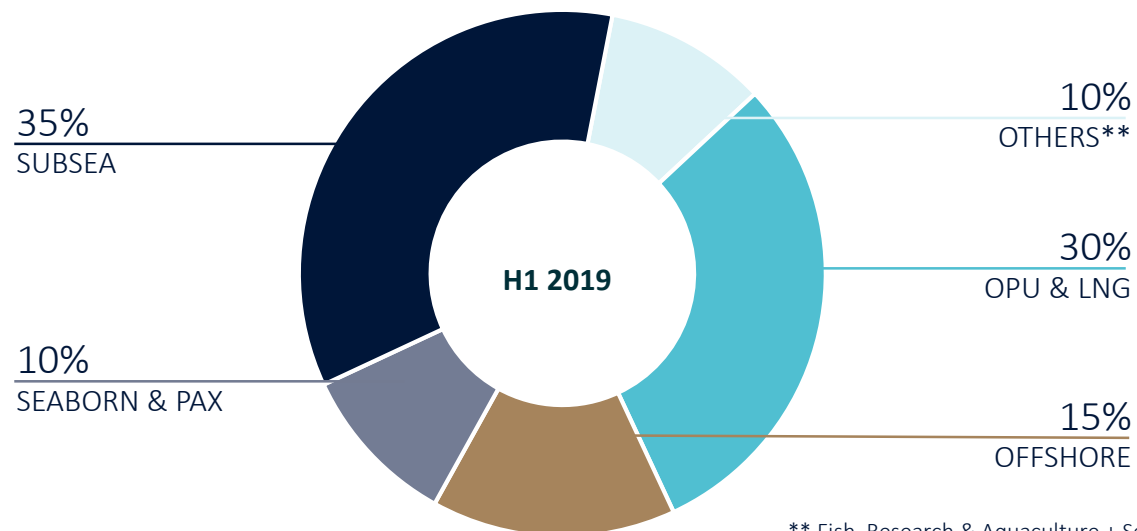
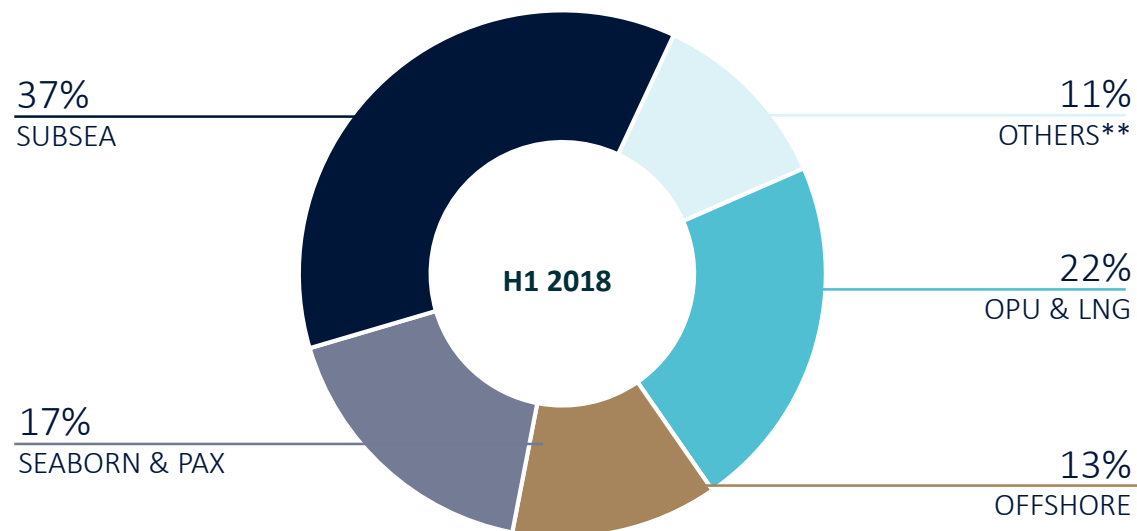
SOLID AND DIVERSIFIED ORDER INTAKE AT KM

TOTAL ORDER INTAKE H1 2018: MNOK 4 007

TOTAL ORDER INTAKE H1 2019: MNOK 5 006*

* Does not include order intake from Commercial Marine

WORLD CLASS – Through people, technology and dedication



** Fish, Research & Aquaculture + Seatex



KONGSBERG

NORWAY'S 3 NEW COAST GUARD VESSELS



- The 136 meter long vessels are to be constructed at Vard Langsten, Norway
- Significant equipment delivery from Kongsberg Maritime
- Contract value of approx. MNOK 280
- To be delivered from KM in 2020, 2021 and 2022
- About 80 % of KMs deliveries to these vessels will be manufactured in Norway

(Photo: Vard/LMG Marin/Norwest3D/K.R. Venås)



KONGSBERG

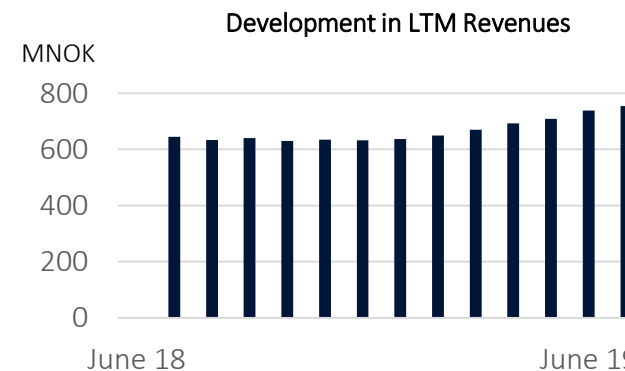
BUSINESS UPDATE KONGSBERG DIGITAL AND PATRIA

KDI

SOLID REVENUE INCREASE PAST YEAR

Book/bill 1.11 in Q2, 1.10 in H1

Experiencing substantial attention on strategic offerings from a broad range of clients



PATRIA

Q2 REVENUES AT MEUR 134, up from MEUR 116 YoY

Mainly related to MRO business, especially increased activity within Millog.

Increased focus on capture teams to position for, and secure orders, especially within Land business

Acquired 49.9 % of AIM Norway and 100% Belgium Engine Center (BEC)

KONGSBERG's share of net profit was MNOK 5 in Q2 (MNOK 2 in Q2 2018)



KONGBERG

VALUE CAPTURE



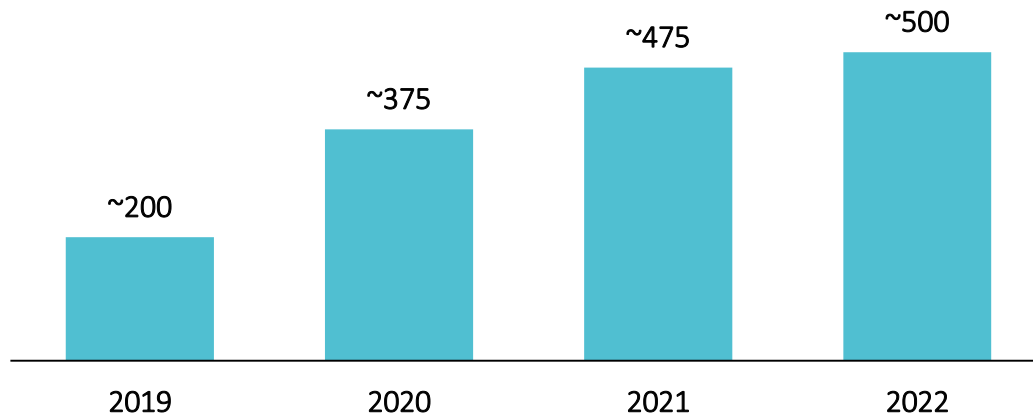


KONGSBERG

VALUE CAPTURE PROGRAM PROGRESSING ACCORDING TO PLAN

Overview of cost improvements and synergies

Planned annual P&L effect relative to 2018, MNOK



Areas of cost savings:



Overall status

- Execution of Value Capture program proceeding according to the plan outlined in the Q1 2019 Investor Presentation
- Realized savings YTD June of ~87 MNOK, well on track for ~200 MNOK effect realization for 2019 FY
- Process concluded for ~180 FTEs out of the announced reduction of 260
- Joint plan for digital marine development established. Streamlining of overlapping efforts and prioritization of activities to market needs result in significant cost reductions, while retaining ambition to be the leading provider of digital marine solutions
- Restructuring of Deck Machinery and Ship Design on track, to improve loss-making CM units. Key ongoing measures include capacity rightsizing, exit of Vietnam facility (Vung Tau) and establishment of Brattvåg Innovation Park
- Optimization of overlapping international footprint continues. 12 sites co-located to date, in total ~20 locations to be co-located



EFFECTS STARTING TO MATERIALIZE

Realized cost savings

P&L effect relative to 2018, MNOK

| Area | Realized YTD June | FY plan | Comments to realized savings |
|-----------------------------------|-------------------|------------|--|
| Footprint & delivery streamlining | 18 | 90 | Initial effects of co-locations and optimization of delivery organizations |
| SG&A savings and synergies | 59 | 100 | Savings driven by more cost efficient set-up of group support functions |
| Product portfolio optimization | 10 | 10 | Savings related to streamlining of digital marine spending (Ship Intelligence) |
| Total | 87 | 200 | Realized cost savings on track for FY 2019 target |

Restructuring costs incurred to date is 34 MNOK



KONGSBERG

CAPITAL MARKETS DAY 2019

Date: 24 September 2019

Time: 12:00 – 15:30

Place: Oslo, Felix Conference Center

Strategy and business update,
including updated financial targets





KONGSBERG

2019 OUTLOOK

KM

Good order backlog and some improvement in lifecycle business finds some revenue growth

Integration of CM will impact overall profitability

KDA

Current backlog indicates growth independent of new contracting

Order backlog continued to grow in July 2019 and is now more than BNOK 19

KDI

Solid growth in backlog

Accelerating development to secure a global number one position



KONGSBERG

Q&A

