

CMD 2013 - Kongsberg Protech Systems

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KONGSBERG



Kongsberg Protech Systems

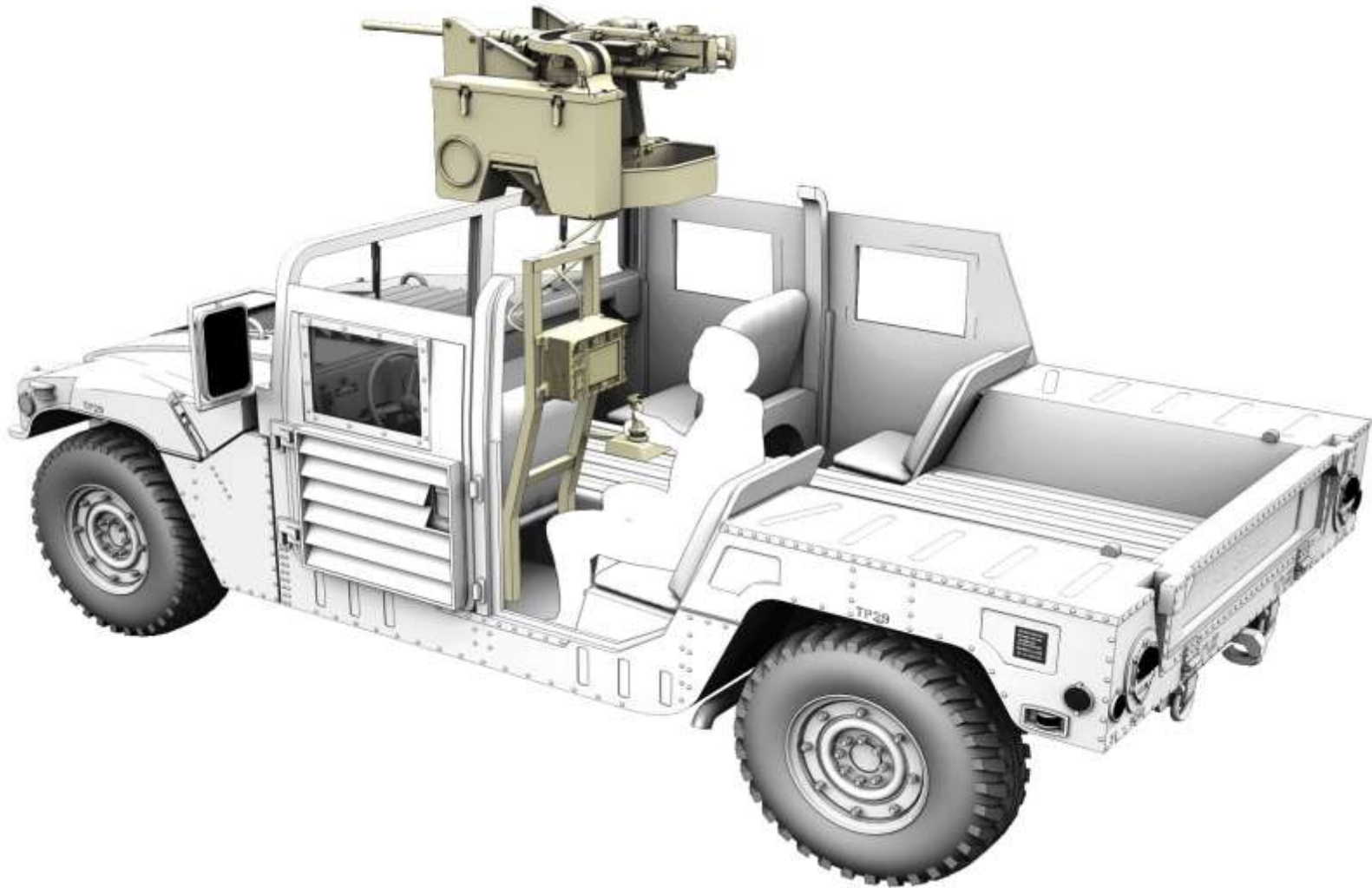
The main product is the remotely operated weapon system PROTECTOR used to protect military personnel in armoured vehicles.

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

- Revenue 2012 – MNOK 2.872
- Employees – 640
- Offices in Norway, USA, Canada and Australia



What is a Remote Weapon Station?





Continuously Extending the Product Base

M151 PROTECTOR



M153 PROTECTOR CROWS



Sea PROTECTOR



PROTECTOR DRWS



Medium Caliber RWS



PROTECTOR Lite



PROTECTOR Super Lite



PROTECTOR DRWS 40/50

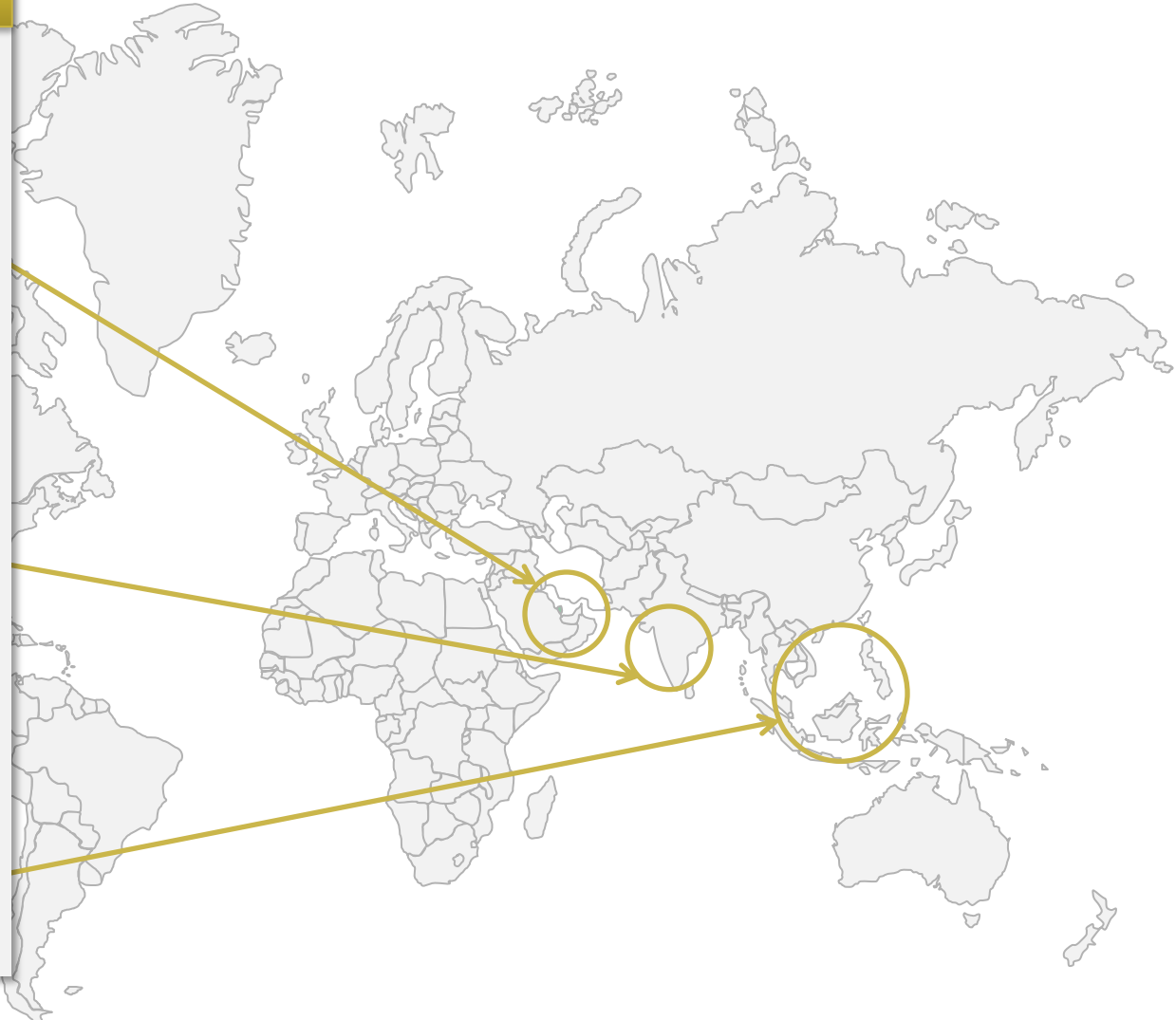




Continuously Extending the Market Base

New Key Markets

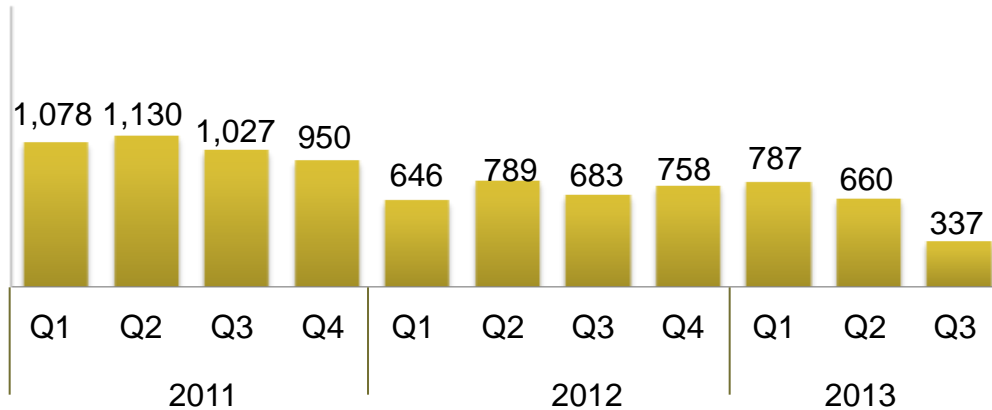
- **Middle East**
 - GCC nations
 - Programs for both RWS and MC-RWS
- **India**
 - Programs for both RWS and MC-RWS
- **APAC**
 - Primary interest in lighter and sea-based RWS portfolio





Normalizing markets impacting RWS revenues and margins

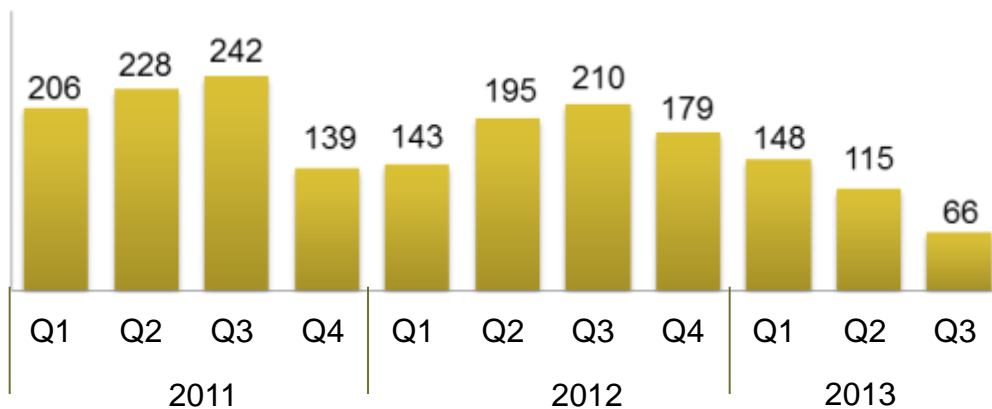
Revenues, MNOK



Highlights

- Standard RWS – CROWS
- Increased sales outside the USA. Norway, Sweden rest of Europe
- Increase in recurring revenue from reset, repairs, support and upgrades, USA, France, Canada, Australia

EBITDA, MNOK



- CROWS II /CROWS III
- Strategic wins with longer program timeframes and lower margins are reflected in reduced EBITDA.
- Adapting to the current situation.

RWS – USA returns to «Base»

RWS in the USA

- KPS is the dominant supplier of RWSs in the USA
- Recent years of military operations in two conflicts drove production levels to very high levels
- Withdrawal of troops and equipment from conflict areas has minimized need for new systems – focus turning instead to reset and repair activities
- Shifting program timelines and requirements creating need for new variants
 - Dual 40-50
 - Low Profile
 - CWS

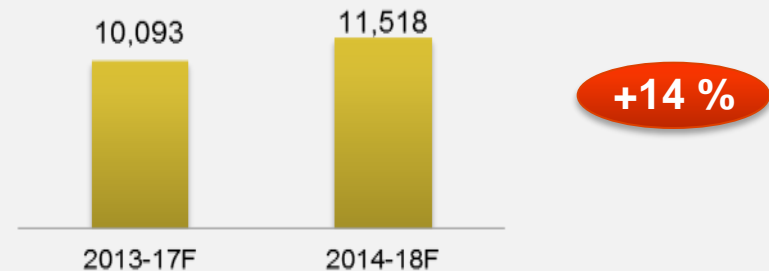
1 Future Year Defense Program

2 Accumulated budget for the next 5 years from year 2012 and 2013

Weapons and tracked vehicles

US FYDP¹ Vehicles: 5 year budget² change

Billions of FY 2013 USD



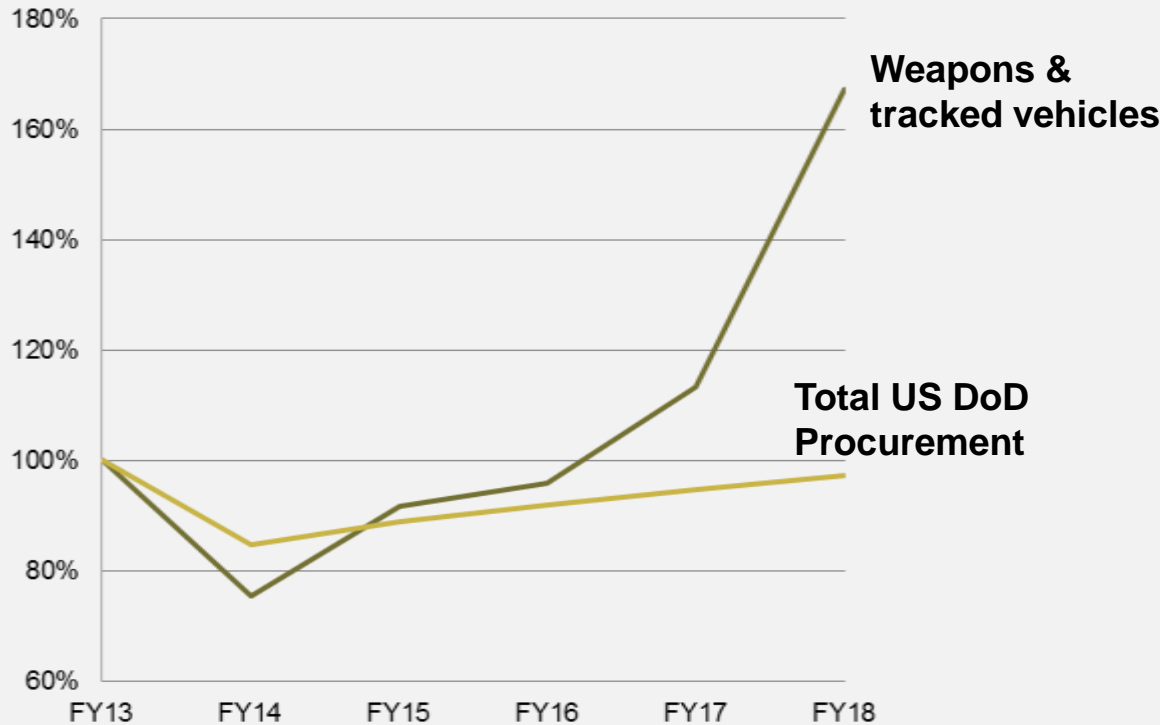
SOURCE: 2012 and 2013 Green Book



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

US 2014 Future Years Defense Program (2013-2018)

Budgeted spending, indexed 2013 = 100



SOURCE: 2013 Green Book



RWS outside of the US

RWS – the global market

- Moving into new markets and focus towards the Middle East, India and APAC
- Price competitive markets
- New customers interested in the lighter products and the sea-based variant strengthening our complete portfolio
- KPS continues as the overall market leader
- The PROTECTOR has a strong reputation world-wide





KPS continues to broaden product range through innovation

Dual RWS 40/50

– increased firepower from a standard RWS

Providing both a 40mm Automated Grenade Launcher and .50 cal (12,7mm) on the same weapon station



Impact

- Program opportunities in the USA and Middle East.
- Estimated potential value over 700 MNOK in the US alone
- Starts to address the gap in the product portfolio between the standard RWS and the MCRWS

KPS continues to broaden product range through innovation

The low profile RWS

- Redesigned variant – extensive reuse of components
- Enables a commanders independent weapon station
- Better adapted to higher profile vehicle platforms



Impact

Covers a new demand
– short term market
potential MNOK 1000

Medium Caliber RWS ready for market with strong potential

Medium caliber RWS, Kongsberg's remote turret

- The requirement for remote turrets increasing in the USA, Middle East and rest of the world.
- Lighter armoured vehicles require increased firepower in lighter system
- Increased protection for personnel while maintaining vehicle capacity
- Improved precision and performance
- KPS well positioned to capitalize on our investments made in these technologies – Medium Caliber RWS was tested live in the Middle East.
- The next growth cycle for KPS
- Identified projects over the next years valued at least NOK 10 Billion



Kongsberg Protech Systems

- Experiencing a more normalised volume in the RWS market.
- Existing customer base ensures revenues built upon continued technology refreshment, sustainment of the RWS
- Leveraging customer investments in product variants and extensions
- Entering new markets with existing RWS product portfolio
- Positioning for the emerging remote turret market in the USA, the Middle East and rest of the world.



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