

# Investor presentation

*1st Quarter 2013*

*30<sup>th</sup> April 2013*



KONGSBERG



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Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

# Agenda

- Financial status Q1 2013
- Status - Business Areas
- Updates
- Appendix

## **Speakers:**

- *Walter Qvam – CEO*
- *Hans-Jørgen Wibstad – CFO*

# Solid quarter with strong maritime order intake

- **Operating Revenues MNOK 4 033 and EBITDA MNOK 500**
- **Strong order intake and high activity level in Kongsberg Maritime**
  - Strong order intake drilling vessels, LNG, OSV
  - Book/bill at 1.19 for merchant division – good in a challenging market
- **Good activity but lower revenue recognition gives somewhat slower start for KDS**
  - As planned, will improve over the year
  - Major programs on track, some approaching final deliveries
  - Significant on-going contract pursuits
  - Good progress and positive signals for JSM-development
- **Transition phase for KPS**
  - Lower volumes, good margins
  - Deliveries gradually come from newer projects with lower margins
- **KOGT shows good activity but a negative EBITDA**
  - Continuing build-up process and high technology development share
  - Positive results for software sales, somewhat slower start in subsea segment
  - Good order intake, book/bill 1.23

# Change in reporting as from 2013

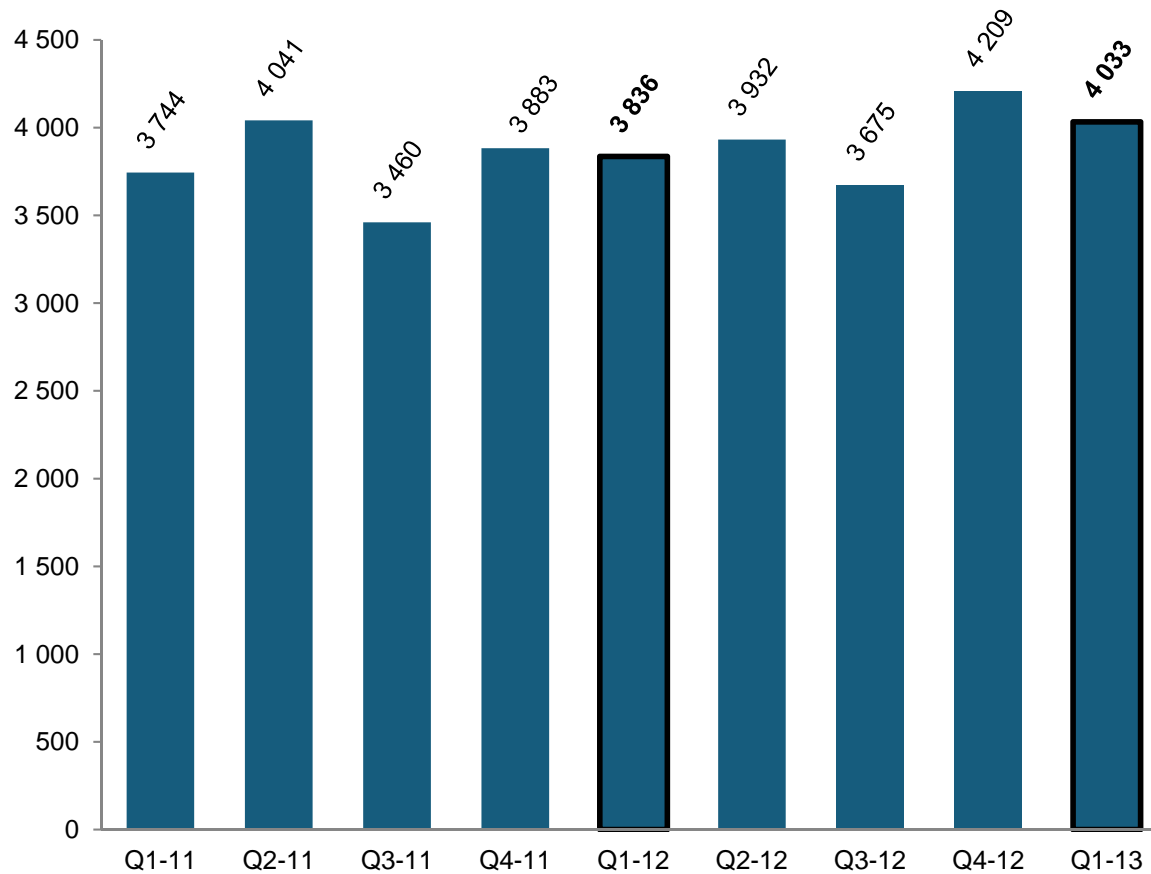
- EBITDA
  - As from 2013, KONGSBERG has changed the focus of its reporting from EBITA to EBITDA. This is being done to align with the market standard for listed and comparable companies
- Kongsberg Oil & Gas Technologies:
  - As from 2013, Kongsberg Oil & Gas Technologies (KOGT) is being reported as a separate business area. This change is due to, among other things, the acquisitions of Advali and Apply Nemo – and the strategic focus

## Also:

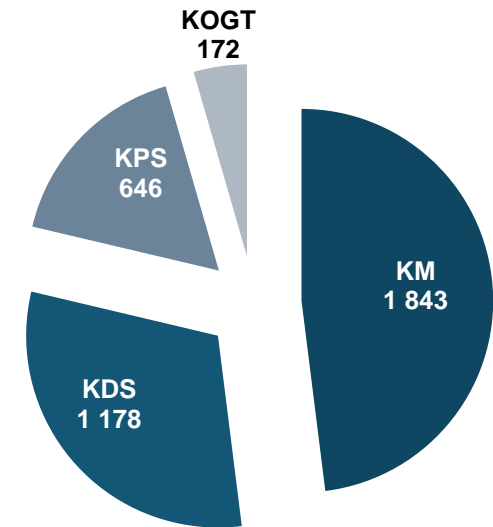
- As from 1 January 2013, under "Employee benefits", IAS 19 allows the funding element of net pension expenses to be presented as a funding element instead of being included in net pension expenses in the EBITDA. KONGSBERG has chosen to implement this in its reports as from Q1 2013. For details, see note 8 in the quarterly report.

# Financial status Q1 2013

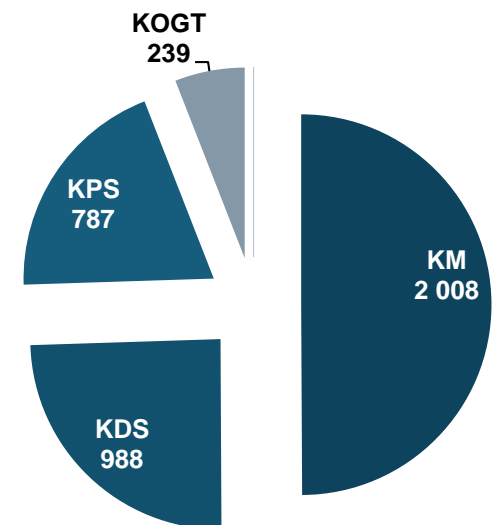
## Quarterly trends in operating revenues



**Revenues Q1-12**

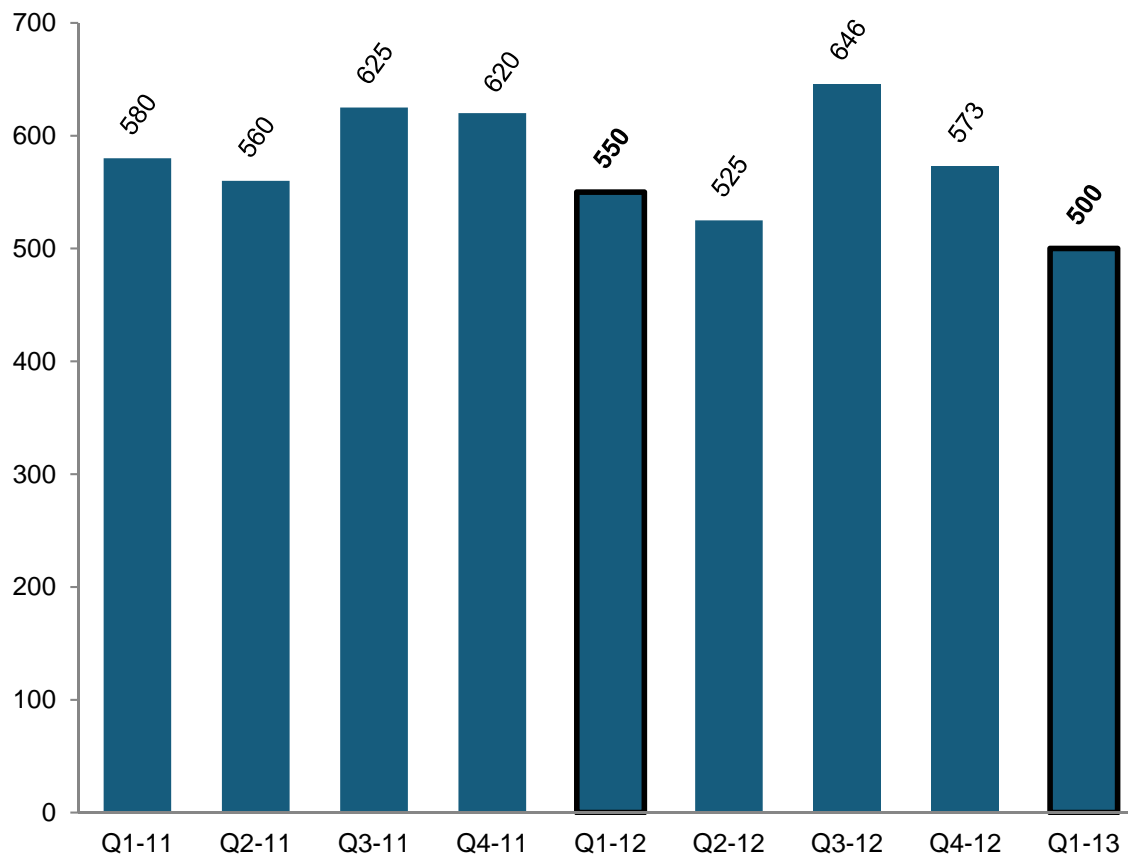


**Revenues Q1-13**

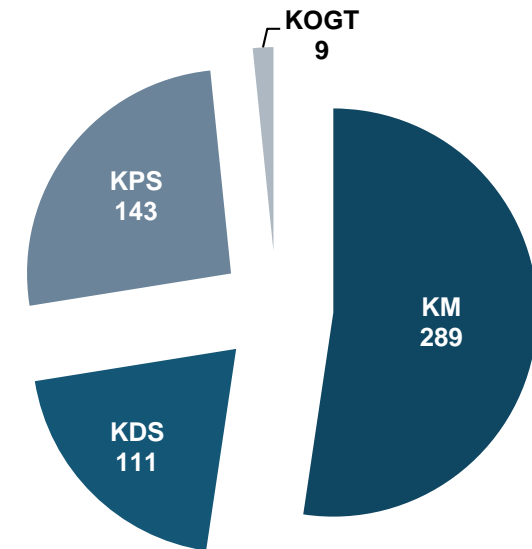


# Financial status Q1 2013

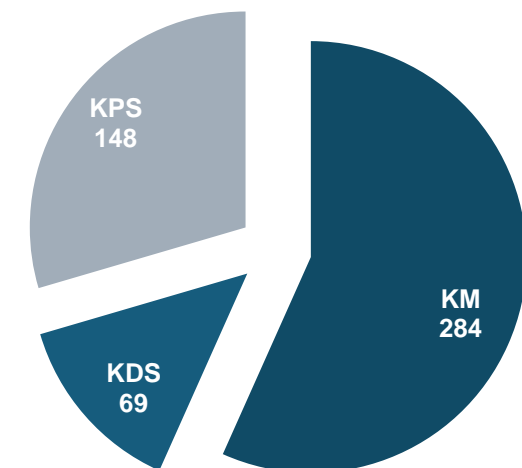
## Quarterly trends in EBITDA



**EBITDA Q1-12**



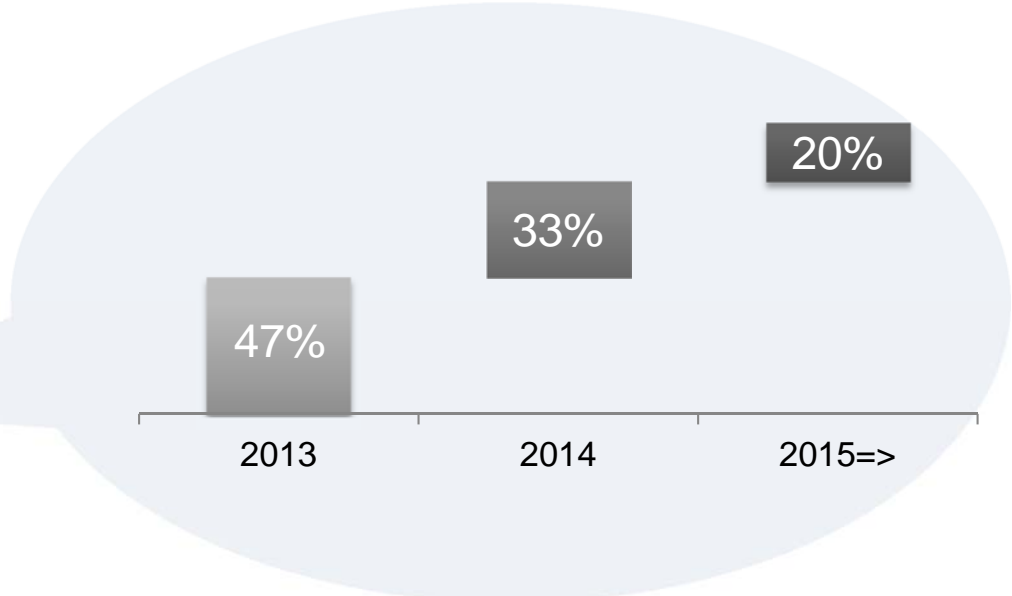
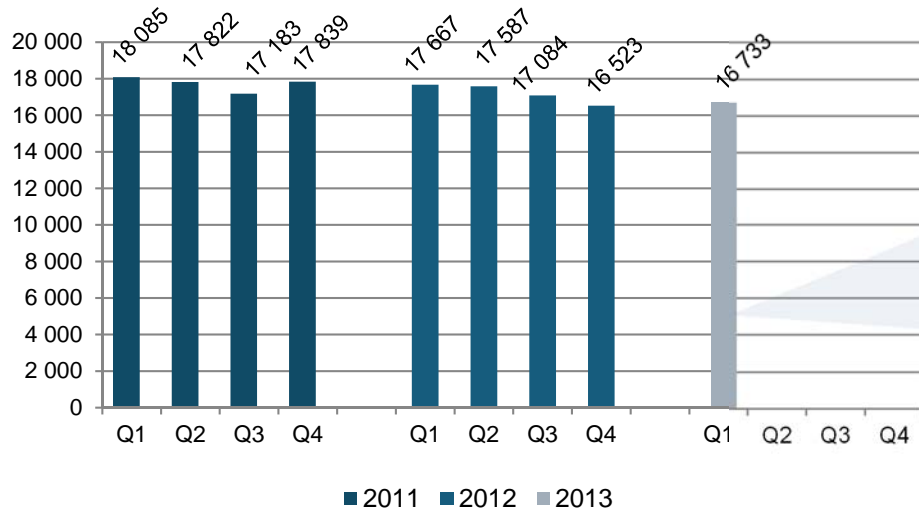
**EBITDA Q1-13**



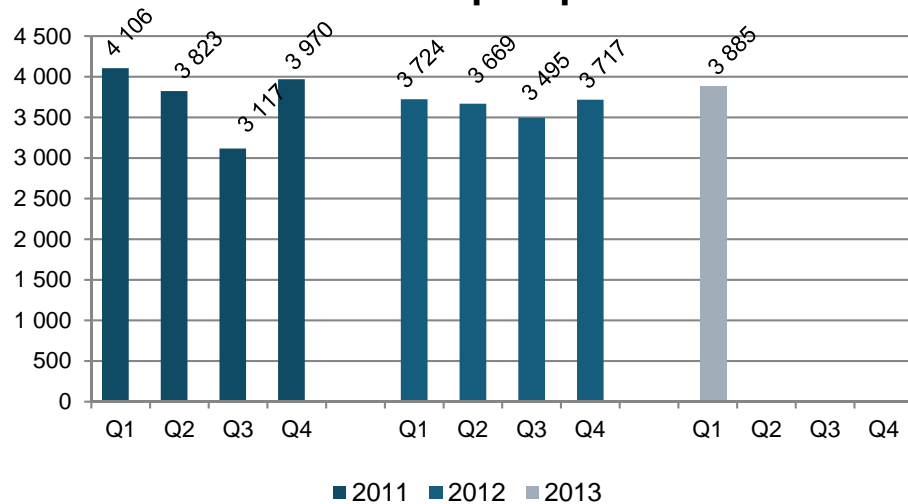
# Financial status Q1 2013

## Quarterly trends in orders

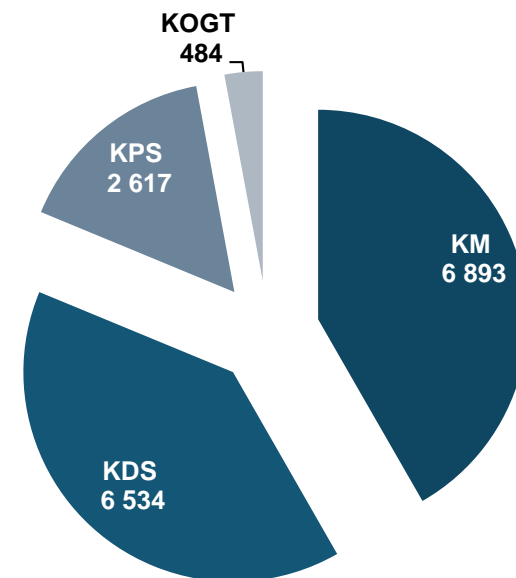
**Backlog of orders**



**New orders per quarter**



**Backlog of orders Q1- 2013**



- After sales and framework agreements not converted into delivery contracts are not included in the backlog



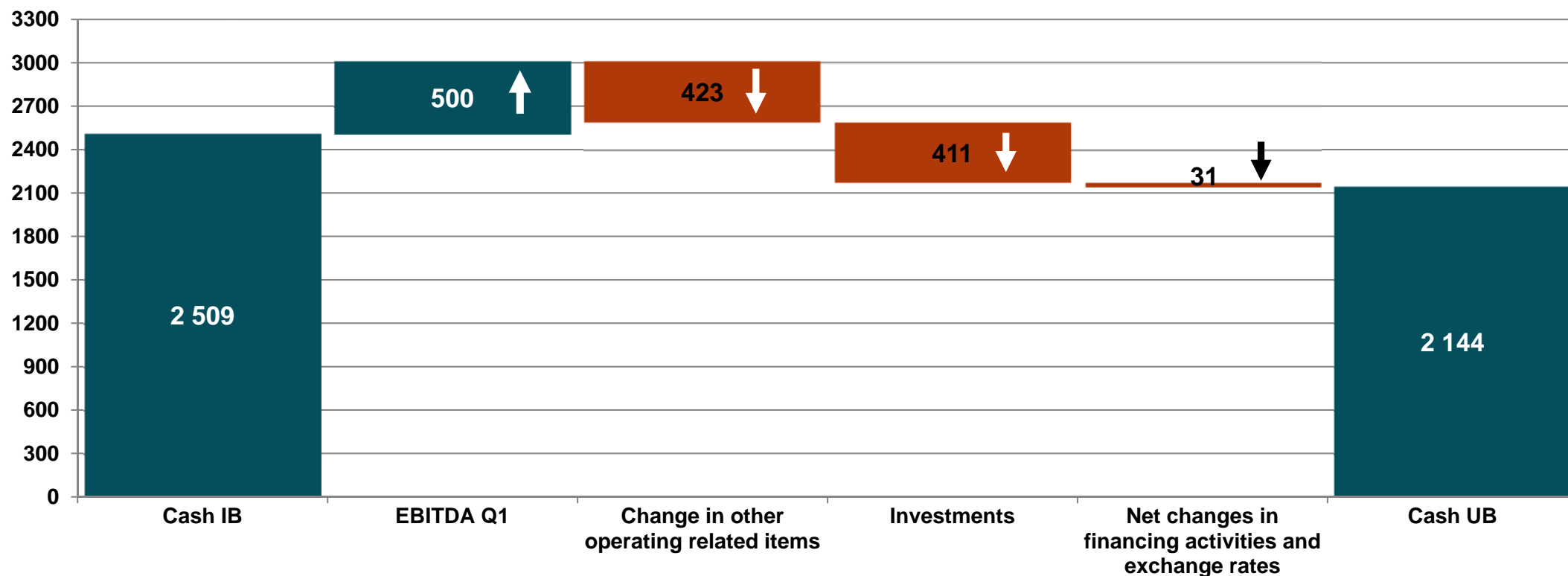
# Financial status Q1 2013

## Cash Flow

	Q1-13	Q1-12	2012
<i>EBITDA</i>	500	550	2,294
<i>Change in other operating related items</i>	(423)	(1,216)	(2,087)
<b>Cash flow from operating activities</b>	<b>77</b>	<b>(666)</b>	<b>207</b>
<i>Acquisition of fixed assets</i>	(66)	(102)	(523)
<i>Acquisition of subsidiaries and non-controlling interests</i>	(329)	(13)	(69)
<i>Other investment activities</i>	(16)	(43)	(121)
<b>Cash flow from investing activities</b>	<b>(411)</b>	<b>(158)</b>	<b>(713)</b>
<b>Cash flow from financing activities</b>	<b>(44)</b>	<b>(347)</b>	<b>(49)</b>
<i>Impact of currency fluctuations on bank deposits and cash equivalents</i>	13	(10)	(19)
<b>Net change, bank deposits and cash equivalents</b>	<b>(365)</b>	<b>(1,181)</b>	<b>(574)</b>

# Financial status Q1 2013

## Cash Flow



	Q1-13	2012
Cash and short-term deposits	2,144	2,509
Working capital	3,365	3,528
Net interest bearing debt	(831)	(1,198)
Equity ratio	38.8%	38.6%

KONGSBERG has unused credit lines of NOK 1 billion

# Summary key figures

	Q1 2013	Q1 2012	2012
Operating revenues	4,033	3,836	15,652
EBITDA	500	550	2,294
EBITDA margin	12.4%	14.3%	14.7%
EBIT	385	440	1,840
EBT	376	437	1,809
EPS	2.28	2.63	10.91
Equity %	38.8%	39.9%	38.6%
Backlog of orders	16,733	17,667	16,523
New orders	3,885	3,724	14,605
Book/bill	0.96	0.97	0.93
Number of employees	7,408	6,819	7,259
EBITDA/employee* (in NOK 1 000)	68	82	331

\* Based on average number of employees in the period

# Kongsberg Maritime

## Status



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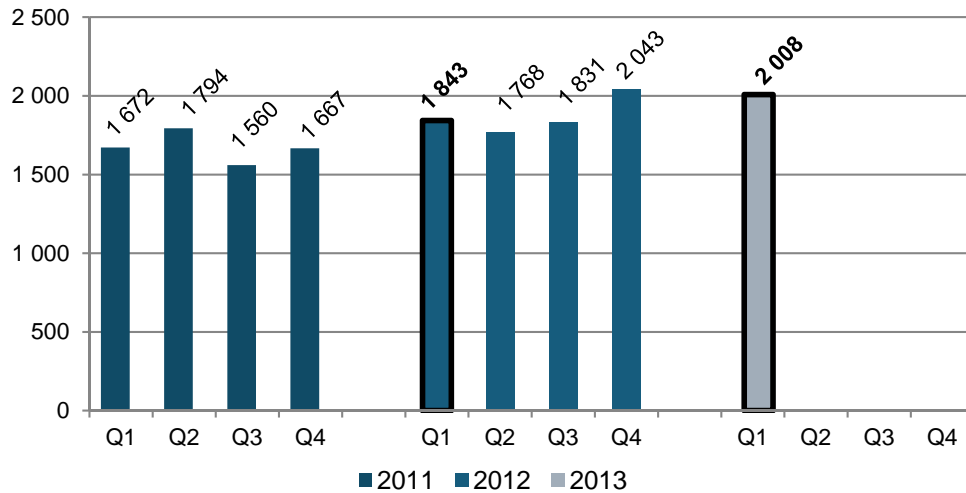


# Kongsberg Maritime Q1 2013

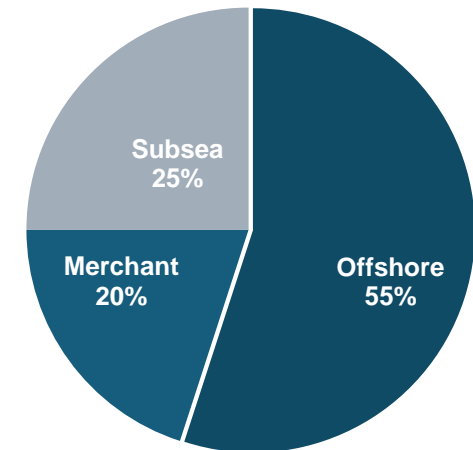
## Quarterly trends in operating revenues and EBITDA



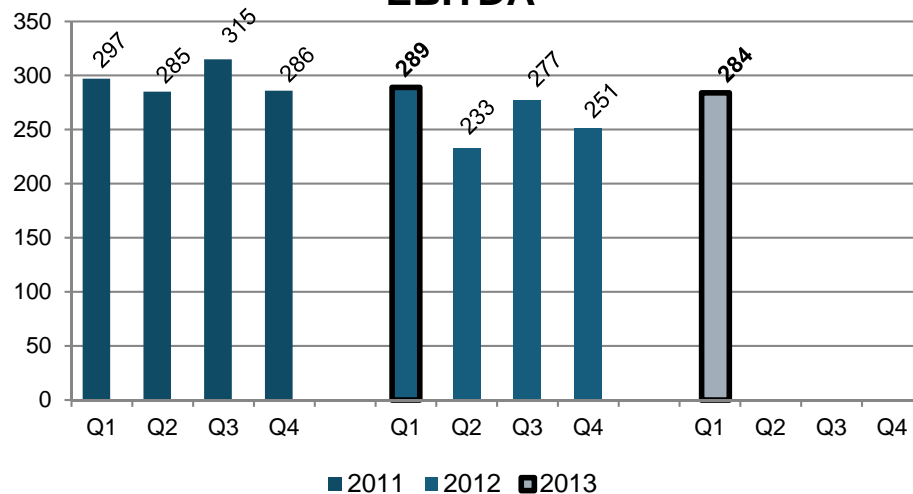
### Operating revenues



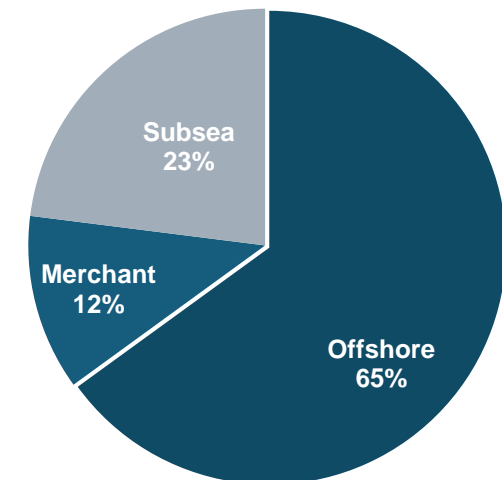
### Revenues 2012



### EBITDA



### Revenues 2013

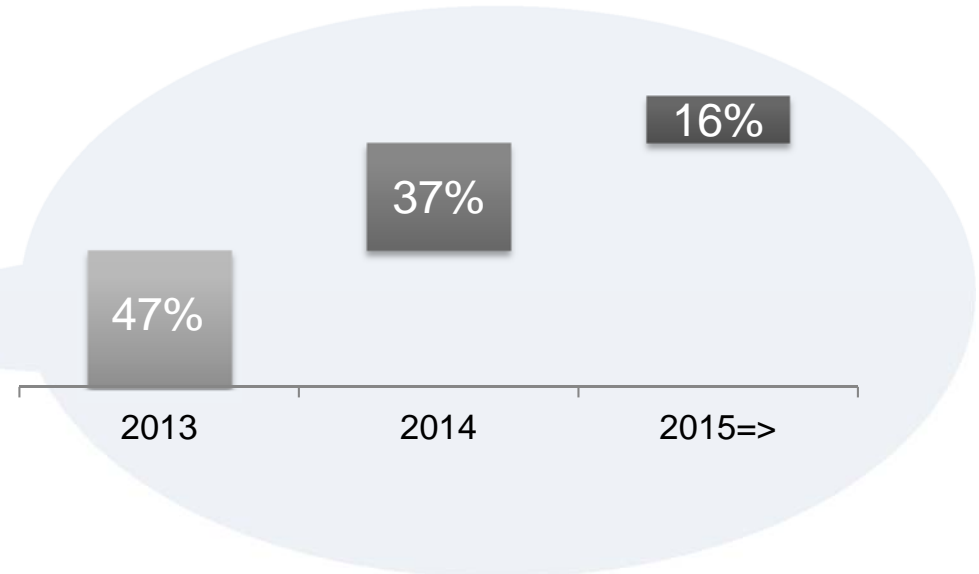
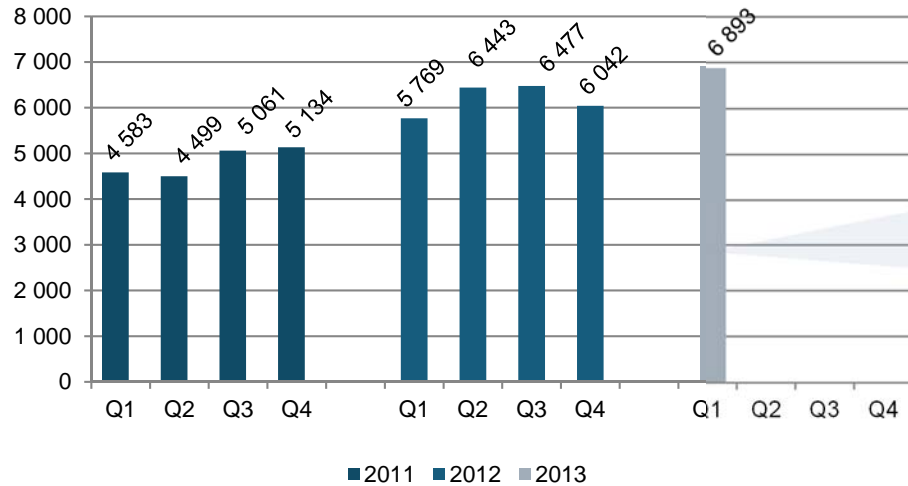


# Kongsberg Maritime Q1 2013

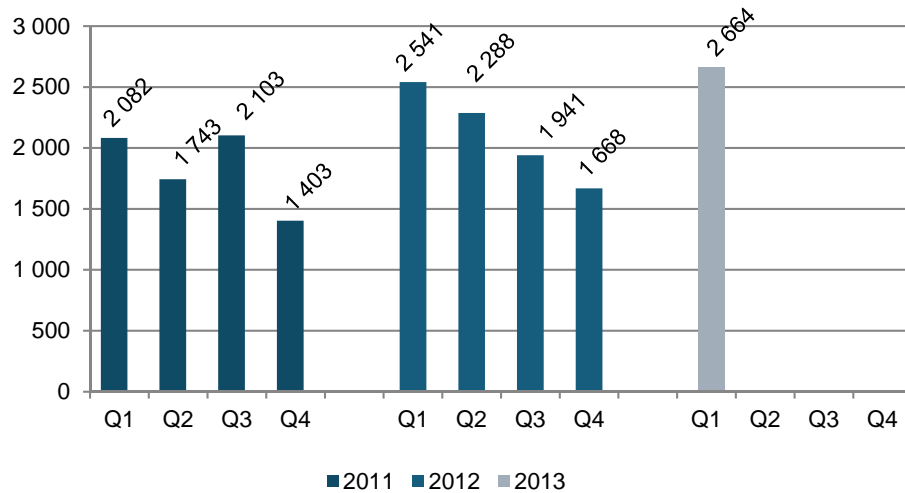
## Quarterly trends in orders



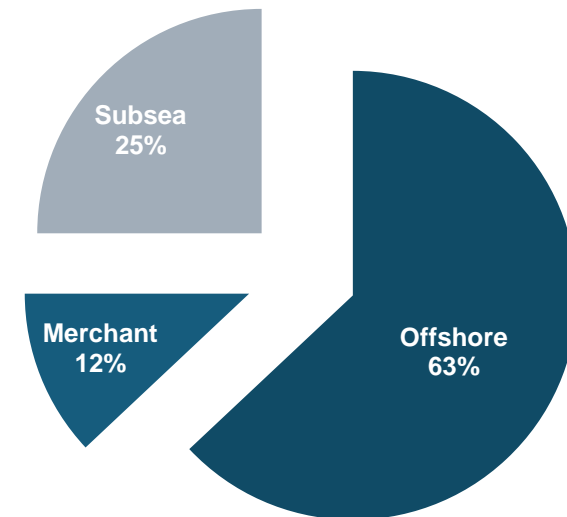
**Backlog of orders**



**New orders per quarter**



**New orders 2013**



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

# High activity and good order intake

- Strong order intake continues in 2013
  - Book/Bill ratio at 1.33 in Q1
    - Several new contracts in the advanced drilling segment
    - Good order intake for deliveries to OSV- and constructions vessels
    - Confirmed position in LNG-market
    - Book/bill at 1.19 for merchant division
- More than 60 drilling units in order backlog
  - Contracts for 16 Full Picture deliveries to advanced drilling units in Q1
    - South Korea, China and Singapore
  - Kongsberg Maritime's Full Picture solutions are the preferred systems in this market
    - Dynamic positioning, thruster control, automation systems, navigation systems, acoustic underwater positioning, safety systems, riser management systems



# Kongsberg Defence Systems

Status



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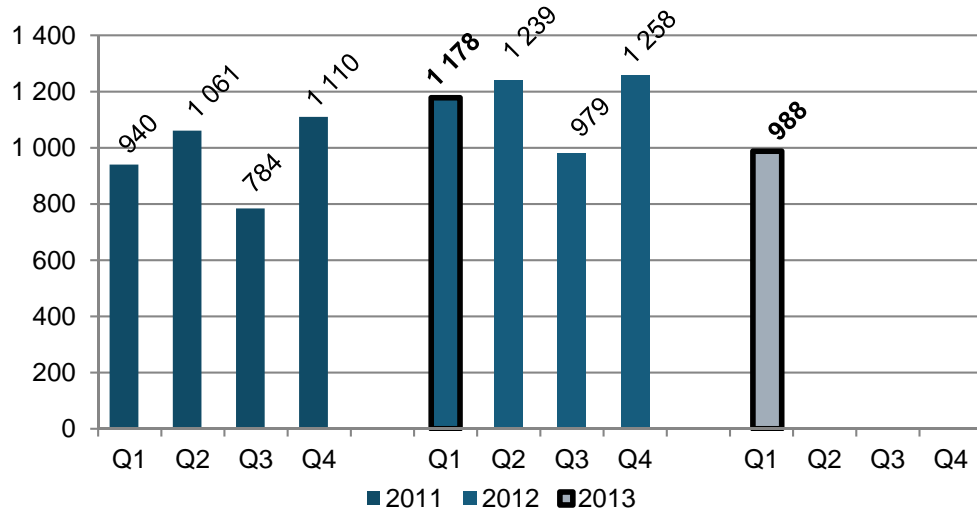


# Kongsberg Defence Systems Q1 2013

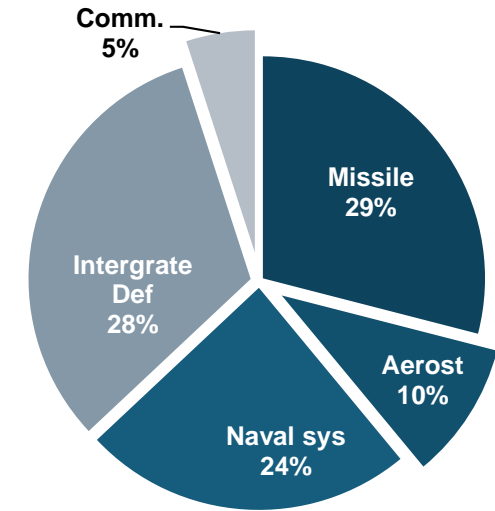
## Quarterly trends in operating revenues and EBITDA



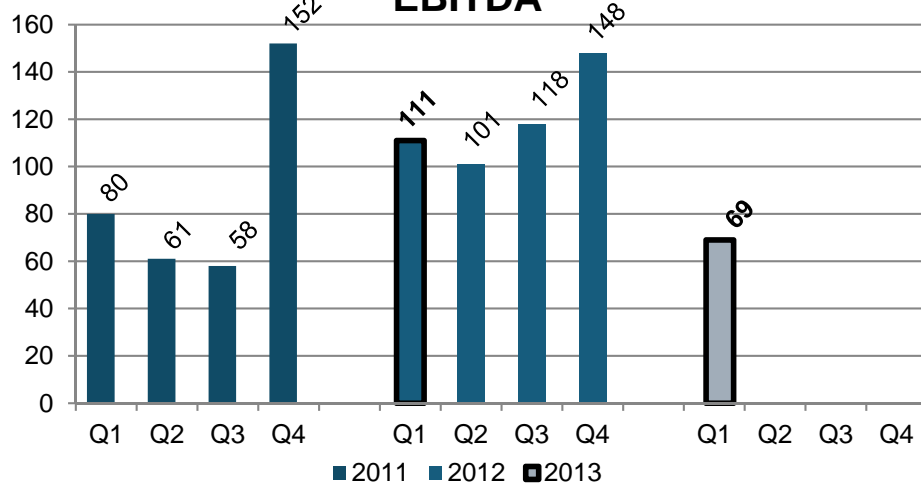
**Operating revenues**



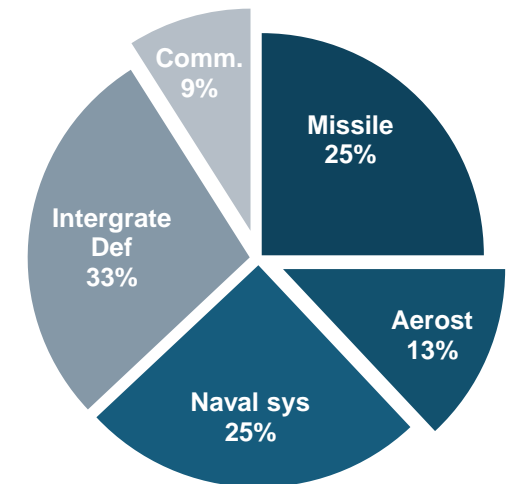
**Revenues 2012**



**EBITDA**



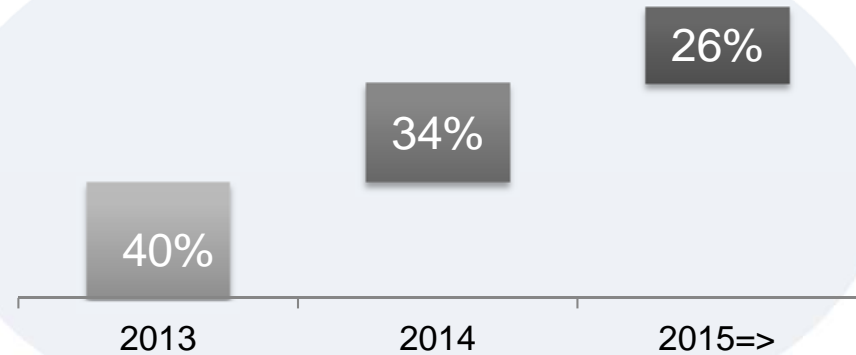
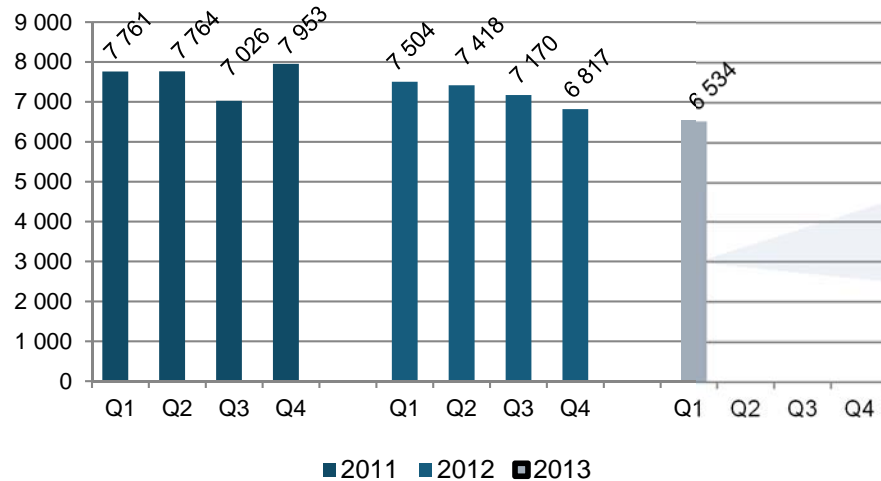
**Revenues 2013**



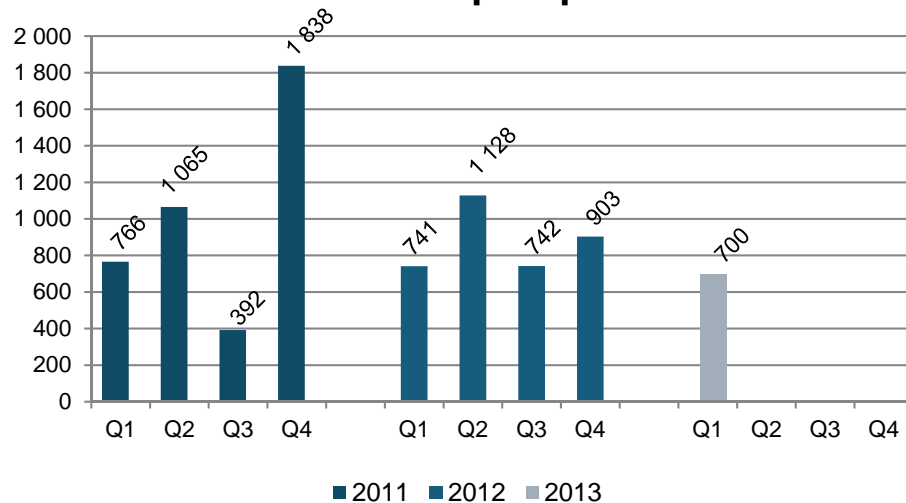
# Kongsberg Defence Systems Q1 2013

## Quarterly trends in orders

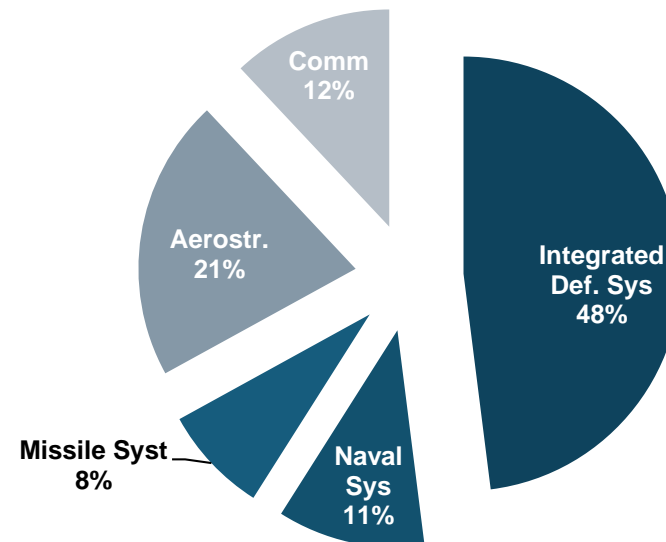
Backlog of orders



New orders per quarter



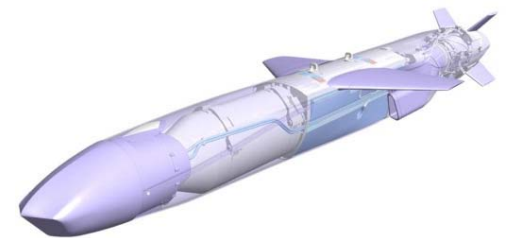
New orders 2013



- Framework agreements not converted into delivery contracts are not included in the backlog

# Delivery projects on track, pursuing significant marked opportunities

- Pursuing significant opportunities in several markets
- Contract for delivery of upgrade to the Royal Norwegian Air Force NASAMS II air defence system worth 300 MNOK
- Large delivery programs on schedule
  - Deliveries of Naval Strike Missiles (NSM) to Norway
  - NASAMS air-defence to Finland
  - Coastal Artillery including NSM-missiles to Poland
- Good progress in Joint Strike Missile development
  - Next step is integration on the F-35
    - Norway has received assurances from the Joint Executive Steering Board of the JSF-program, regarding the integration of the JSM missile on the F-35.



# Kongsberg Protech Systems

Status



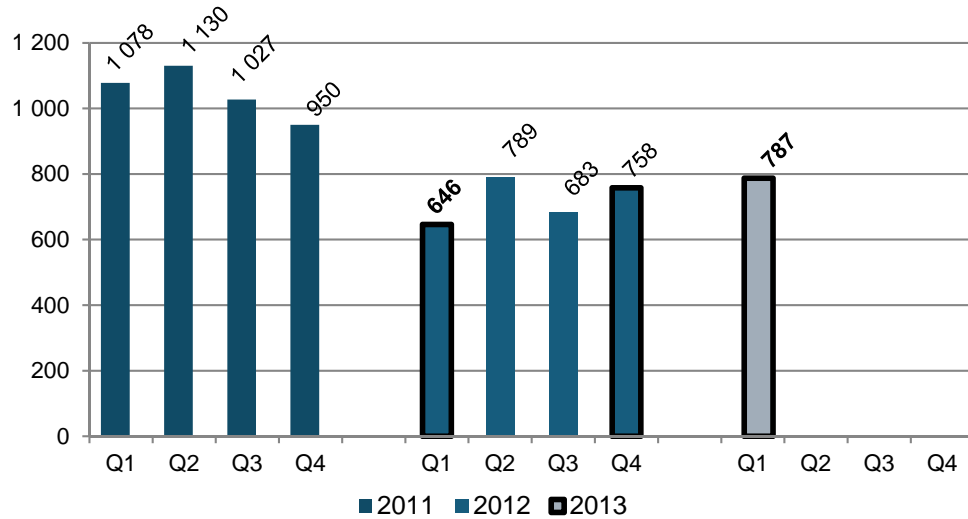
KONGSBERG



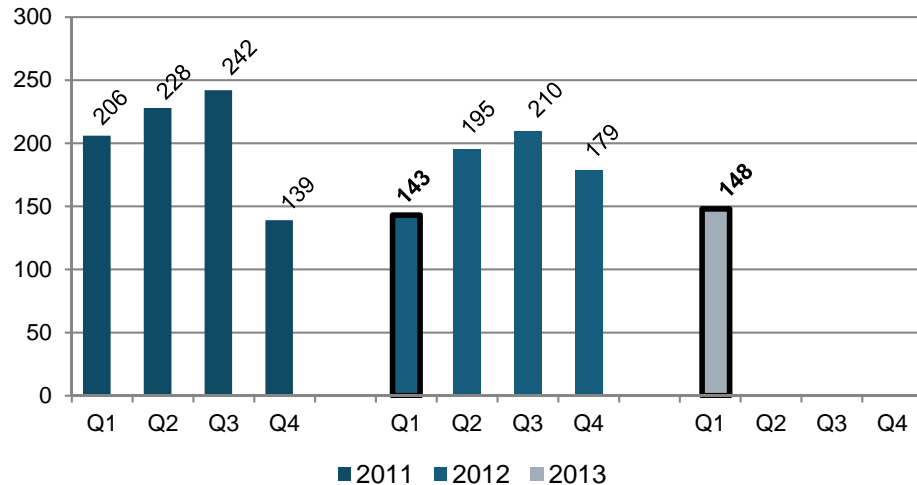
# Kongsberg Protech Systems Q1 2013

## Quarterly trends in operating revenues and EBITA

### Operating revenues



### EBITDA

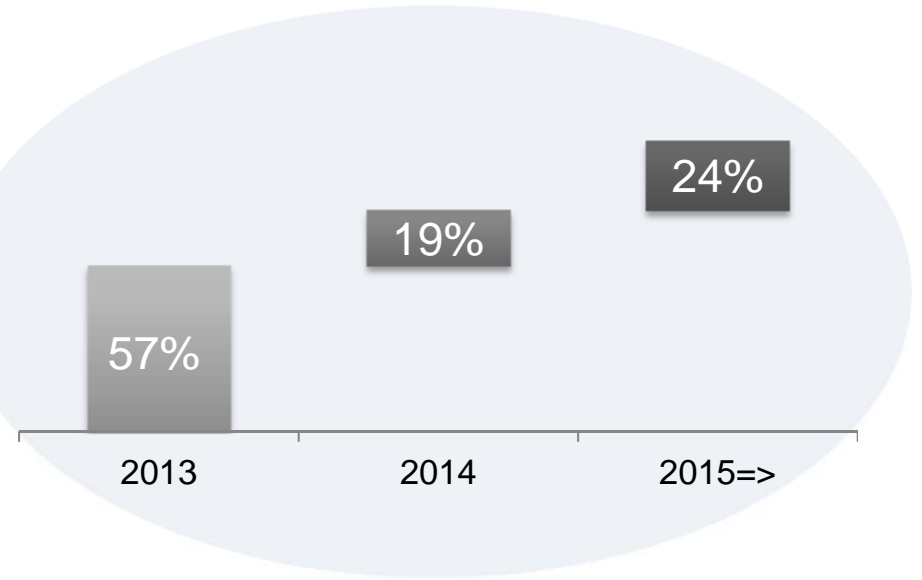
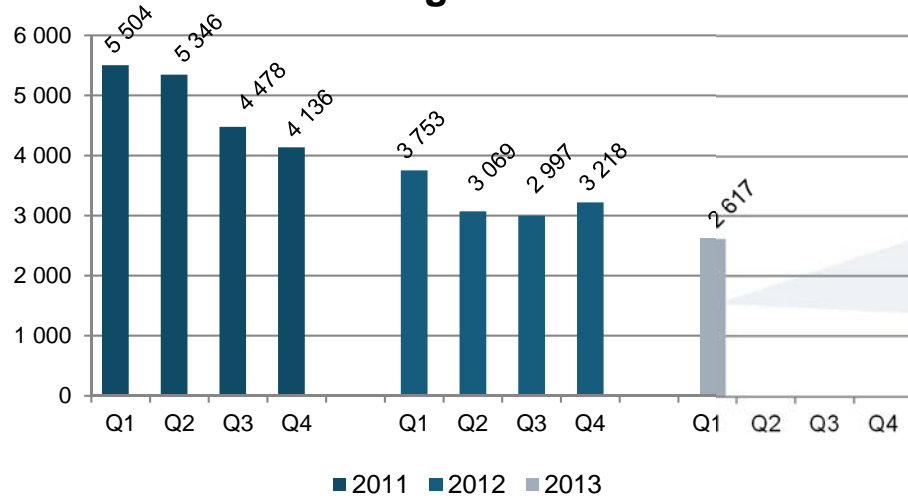


# Kongsberg Protech Systems Q1 2013

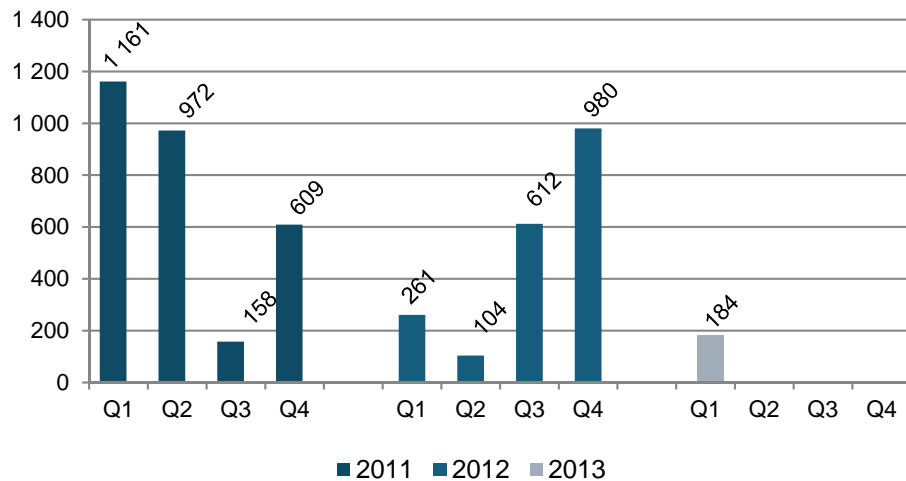
## Quarterly trends in orders



Backlog of orders



New orders per quarter



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

# Promising prospects in a slower market

- Continued high market activity
  - Several potential prospects both for existing and new products
    - Both in existing and new markets
    - Decisions take longer time than before
- Continued effort to broaden product offering
  - Medium Caliber Remote Weapon Station
  - Camp and facility protection solutions
  - New RWS variant with increased elevation for urban scenarios
- The world number one within Remote Weapon Stations
  - Won all major contracts within this field
  - Preferred supplier to the largest vehicle manufacturers



# Kongsberg Oil and Gas Technologies

Status



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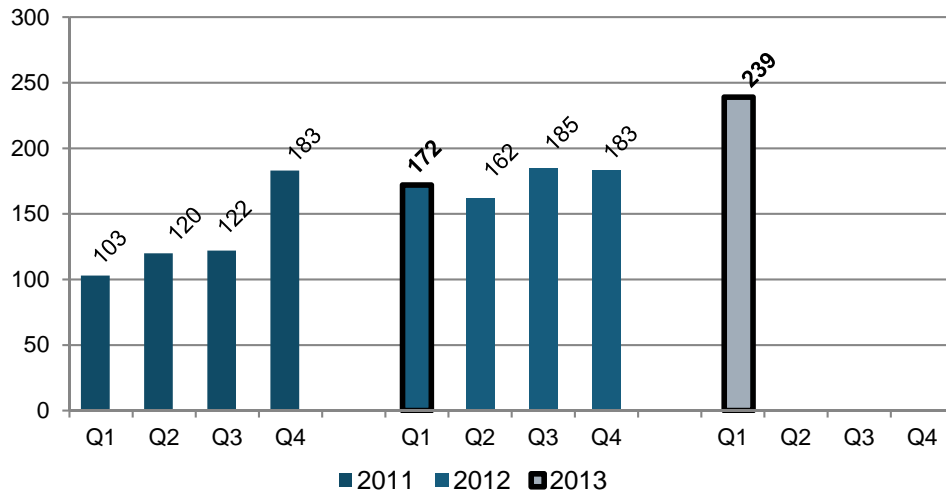


# Kongsberg Oil & Gas Technologies Q1 2013

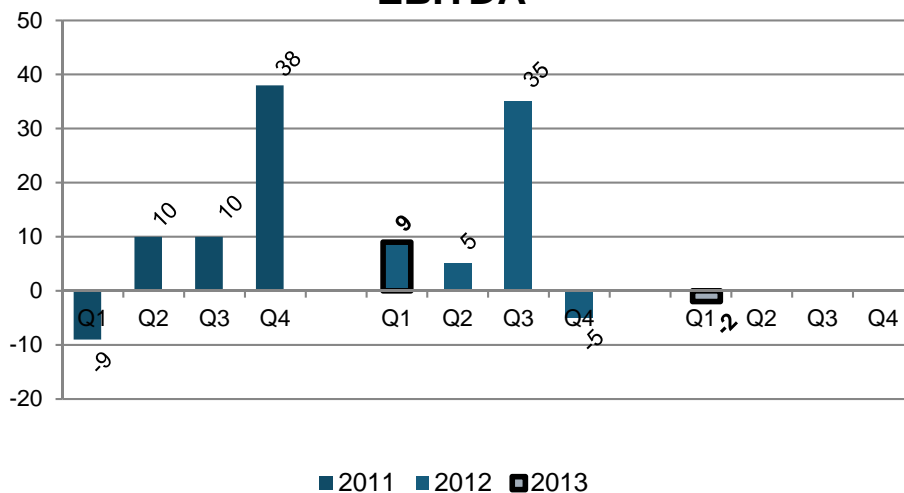
## Quarterly trends in operating revenues and EBITA



### Operating revenues



### EBITDA

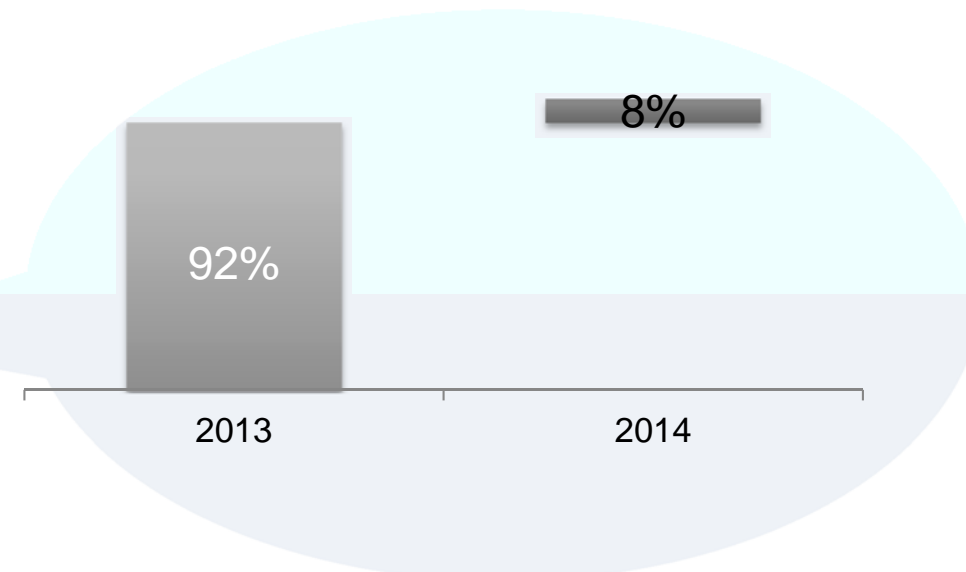
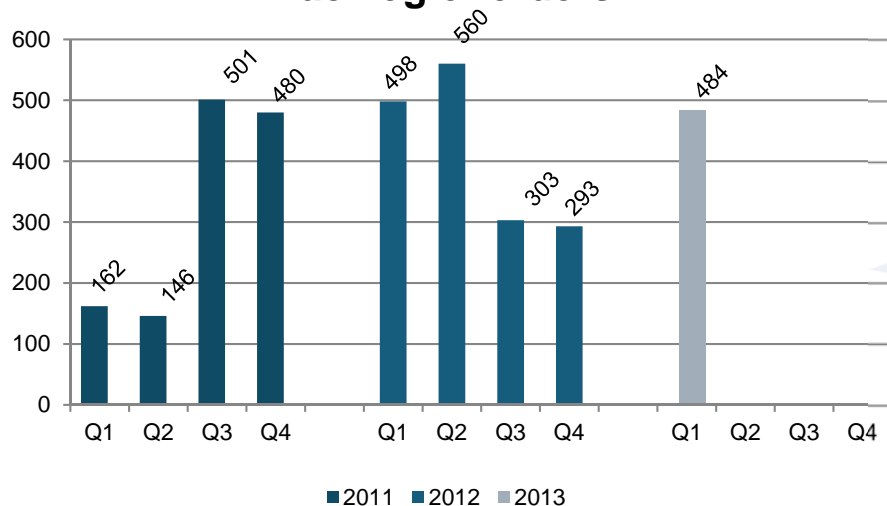


# Kongsberg Oil & Gas Technologies Q1 2013

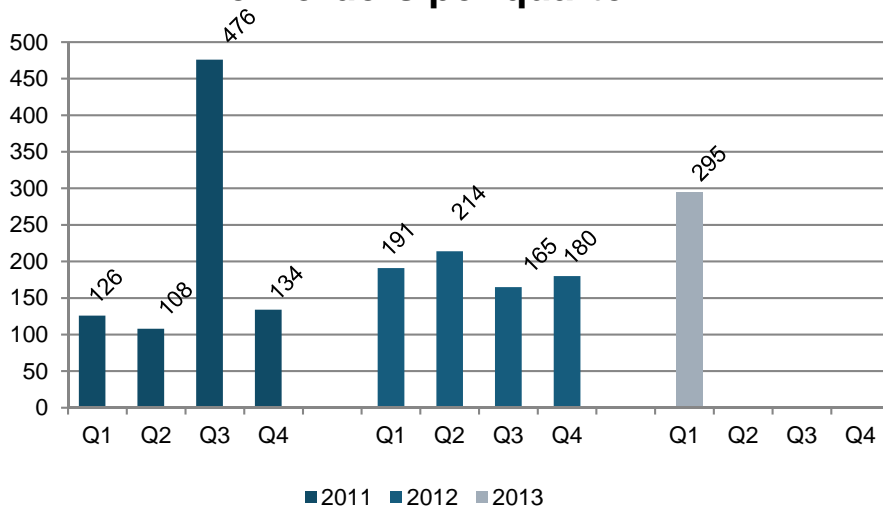
## Quarterly trends in orders



Backlog of orders



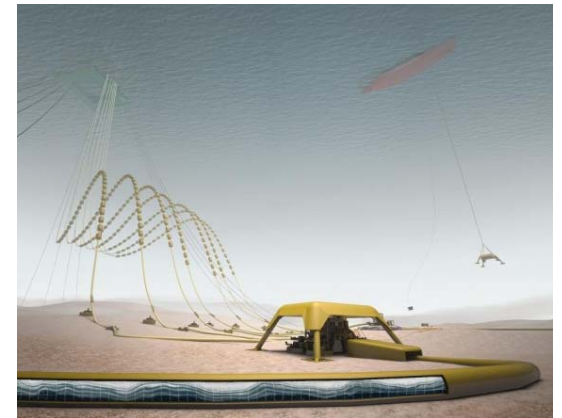
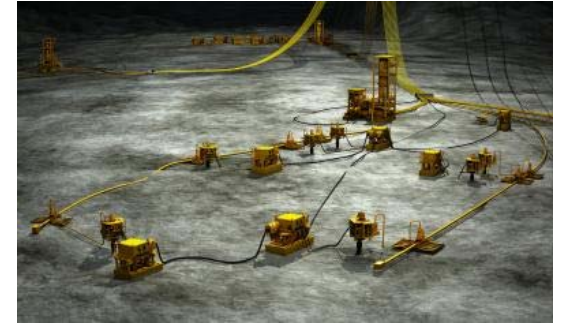
New orders per quarter



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

# Building market position in a new strategic area

- Good order intake in Q1
  - Book/Bill ratio at 1.23
    - Large part of order intake related to renewal of software development contracts
- World leading in certain data and simulation niches
  - International customers, high activity level
- High market activity within the subsea segment
- Acquisition of Apply Nemo positively received by market
  - Nemo has some 140 employees and is well established both in the North Sea and Australia
  - Increases KOGT's offerings to the subsea engineering and product & technology market



**KONGSBERG** going forward



KONGSBERG



# Outlook

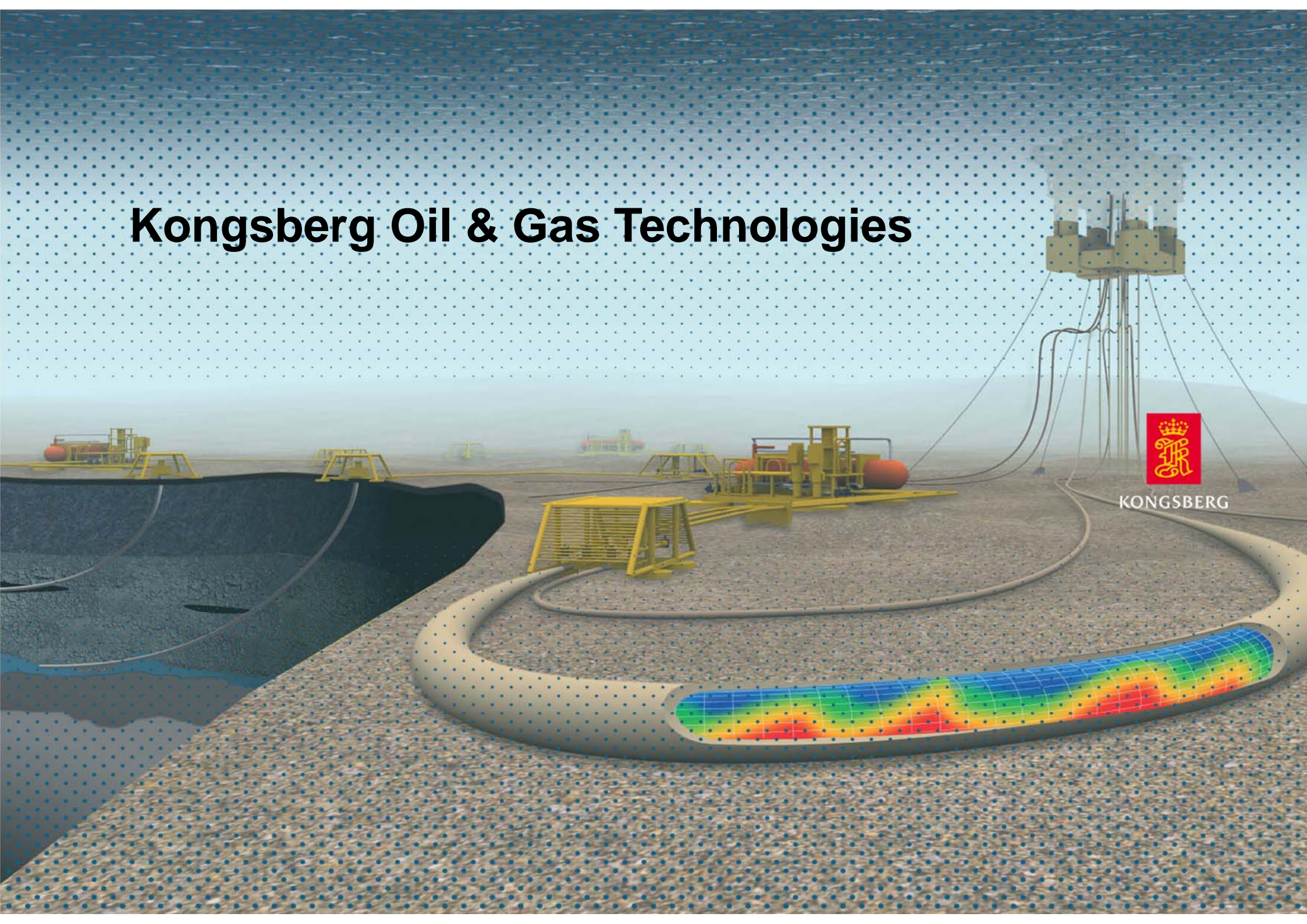
KONGSBERG has strong positions in the maritime, offshore and defence markets in addition to an exciting positioning towards the oil & gas market. The foundation for the operations in 2013 is solid

- **Kongsberg Maritime** is expected to maintain its strong market positions, and the level of activity will remain good also in 2013
- **Kongsberg Defence Systems** has several major, delivery programmes in the engineering and production phase, providing a good foundation for revenues in 2013
- **Kongsberg Protech Systems** has built up a strong global market position, but the level of activity in 2013 is expected to be somewhat lower compared to recent years. Revenues in 2013 will to a greater extent come from contracts more recently entered into. It is expected that this will be reflected in the margin trend over the year – and especially in second half 2013 lower margins is expected
- **Kongsberg Oil and Gas Technologies** has an interesting positioning towards several important segments of the oil and gas industry. The market is expected to be positive for the products and services offered by the business area, and translated into increased business moving forward

# Kongsberg Oil & Gas Technologies



KONGSBERG



# Kongsberg Oil & Gas Technologies

- Kongsberg Oil & Gas Technologies (KOGT) is a supplier of high-tech solutions to the oil & gas industry
- Provides engineering services, innovative subsea products and software decision support systems through innovative technologies and advanced engineering skills
- The offerings consist of solutions related to a broad range of the field's lifecycle, from exploration and early-phase engineering, to field development and operations
- KOGT's product portfolio is a combination of established and newly developed, innovative systems, leveraging KONGSBERG Group synergies

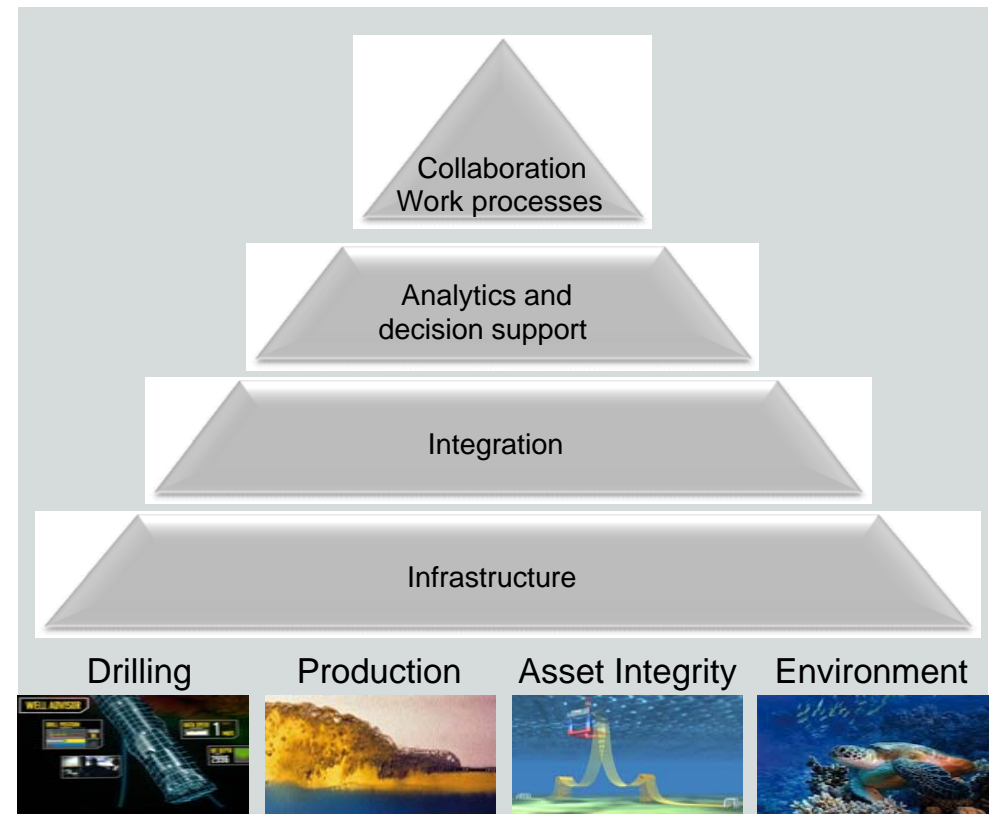
# Kongsberg Oil & Gas Technologies

## Our business today



Subsea products & technology (55 %)

Software decision support systems and services (45%)

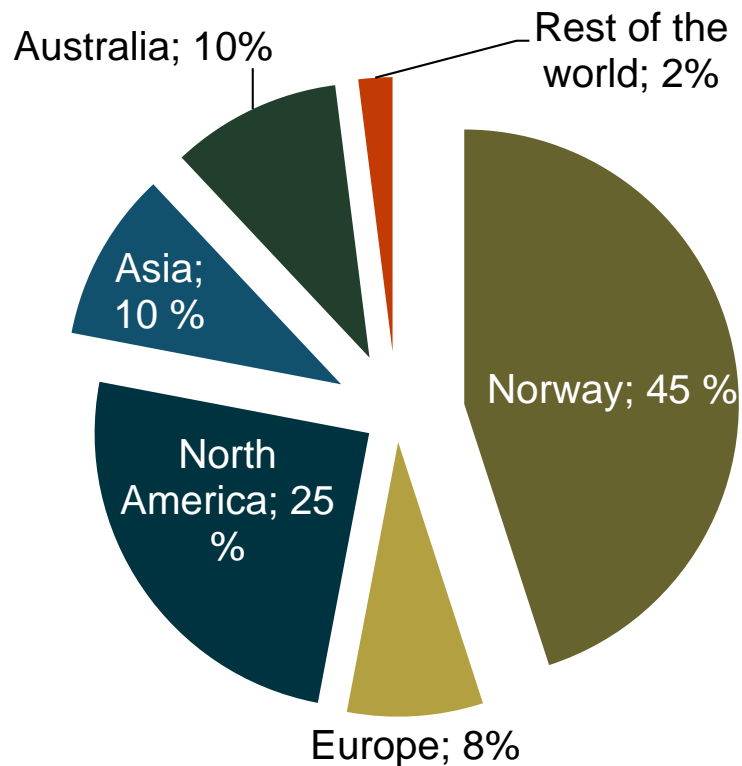
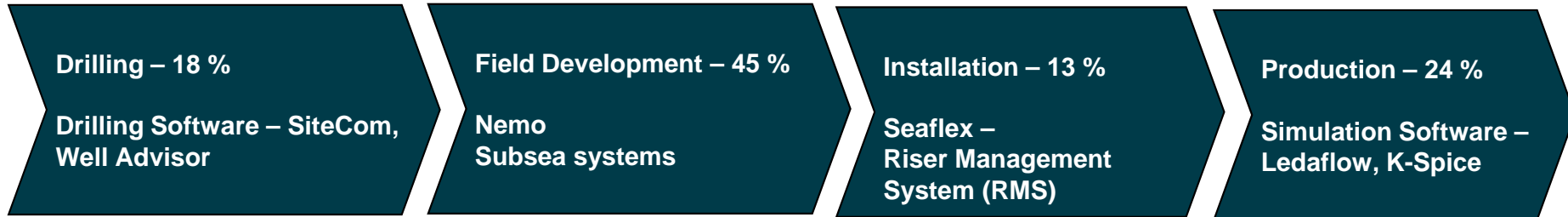


*Services are provided across the two segments*



# Kongsberg Oil & Gas Technologies

## Revenue split (including Nemo)



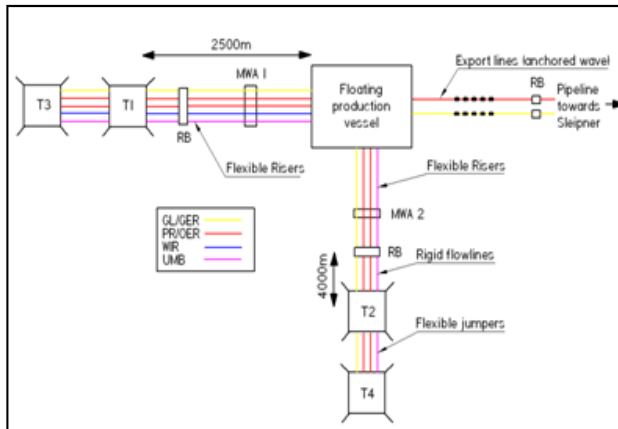
All figures are management illustrative estimates

# Kongsberg Oil & Gas Technologies

## Subsea solutions and services



### Early Phase Engineering



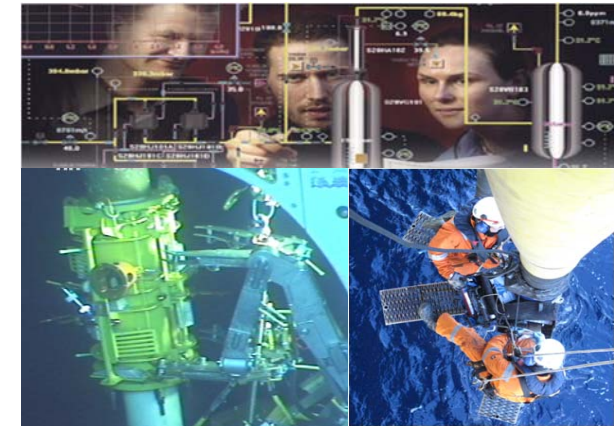
- Pipeline engineering
- Riser engineering
- Flow assurance
- IEC engineering

### Project Execution



- Structures and systems
- Riser & pipeline products
  - Thor tie-in system
  - Pigging systems
- Subsea process
  - HIPPS
  - Active Cooler
  - Subsea Storage Unit

### Asset Operations



- Process integrity
- Asset integrity
- Special solutions for IMR
- Operations management

# Kongsberg Oil & Gas Technologies

## Software Systems- Decision Support Systems and Services



Based on open industry standards – enabling full integration

Ledaflow – *multi phase flow assurance*

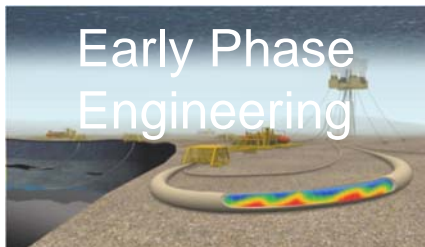
K-Spice – *Dynamic Process and Control Simulation*

SiteCom – *real time drilling solution*

Riser Management System (RMS) – *operational monitoring and optimization*

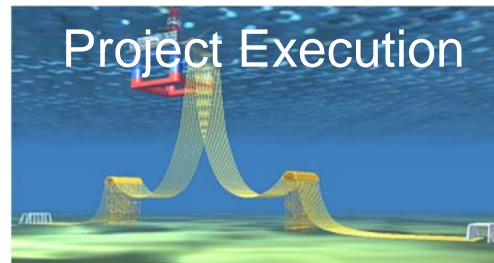
Well Advisor – *real time drilling and reservoir data access*

Integrated Environmental Monitoring(IEM) – *real-time monitoring*



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30-April-13



WORLD CLASS – through people, technology and dedication



Operations

# Appendix



KONGSBERG



# WORLD CLASS

— THROUGH PEOPLE, TECHNOLOGY AND DEDICATION

## DETERMINED

**What we start we finish.  
We do not give in.**

## INNOVATIVE

**We relentlessly pursue  
improvements, new ideas  
and new solutions.**

## COLLABORATIVE

**We collaborate as individuals and  
as an organisation.**

## RELIABLE

**We are reliable people.  
We are responsible citizens.**

# Solutions from deep sea to outer space

*- Extreme performance for extreme conditions*



**KONGSBERG** is a world leading supplier of high-technology solutions and advanced applications for the Maritime, Oil & Gas, Defence and Space industry. Our solutions creates safety and performance for people and companies operating in extreme conditions.

# Financial status at 31 March 2013

## *Income statement*



<b>MNOK.</b>	<b>Q1-13</b>	<b>Q1-12</b>	<b>2012</b>
<b>Operating revenues</b>	4 033	3 836	15 652
Operating expenses	(3 533)	(3 286)	(13 358)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>500</b>	<b>550</b>	<b>2 294</b>
Depreciation	(82)	(72)	(323)
<b>Earnings before interest, tax and amortisation (EBITA)</b>	<b>418</b>	<b>478</b>	<b>1 971</b>
Amortisation	(33)	(38)	(119)
Impairment		-	(12)
<b>Earnings before interest and tax (EBIT)</b>	<b>385</b>	<b>440</b>	<b>1 840</b>
Net financial items	(9)	(3)	(31)
<b>Earnings before tax</b>	<b>376</b>	<b>437</b>	<b>1 809</b>
Income tax	(105)	(123)	(505)
<b>Earnings after tax</b>	<b>271</b>	<b>314</b>	<b>1 304</b>
Non-controlling interests	(2)	(1)	(5)
Equity holders of the parent	273	315	1 309
<i>Earnings per share (NOK)</i>	<i>2.28</i>	<i>2.63</i>	<i>10.91</i>
<i>Earnings per share, diluted (NOK)</i>	<i>2.28</i>	<i>2.63</i>	<i>10.91</i>
New orders (MNOK)	3 885	3 724	14 605

# Financial status at 31 March 2013

## Balance sheet



KONGSBERG

MNOK	31 Mar.13	31 Dec.12	30 Sept.12
Property, plant and equipment	2 615	2 602	2 546
Intangible assets	3 138	2 750	2 743
Other non-current assets	279	280	285
<b>Total non-current assets</b>	<b>6 032</b>	<b>5 632</b>	<b>5 574</b>
Short-term assets	8 463	8 133	8 487
Cash and short-term deposits	2 144	2 509	1 880
<b>Total current assets</b>	<b>10 607</b>	<b>10 642</b>	<b>10 367</b>
<b>TOTAL ASSETS</b>	<b>16 639</b>	<b>16 274</b>	<b>15 941</b>
Paid-in capital	982	982	982
Retained earnings	5 346	5 074	4 897
Fair value, financial instruments	119	207	224
Non-controlling interests	10	11	14
<b>Total equity</b>	<b>6 457</b>	<b>6 274</b>	<b>6 117</b>
Long-term interest-bearing debt	1 313	1 311	1 313
Other non-current liabilities	1 627	1 575	1 693
<b>Total non-current liabilities</b>	<b>2 940</b>	<b>2 886</b>	<b>3 006</b>
Construction contracts, liabilities	2 599	2 284	2 631
Other current liabilities	4 643	4 830	4 187
<b>Total current liabilities</b>	<b>7 242</b>	<b>7 114</b>	<b>6 818</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>16 639</b>	<b>16 274</b>	<b>15 941</b>

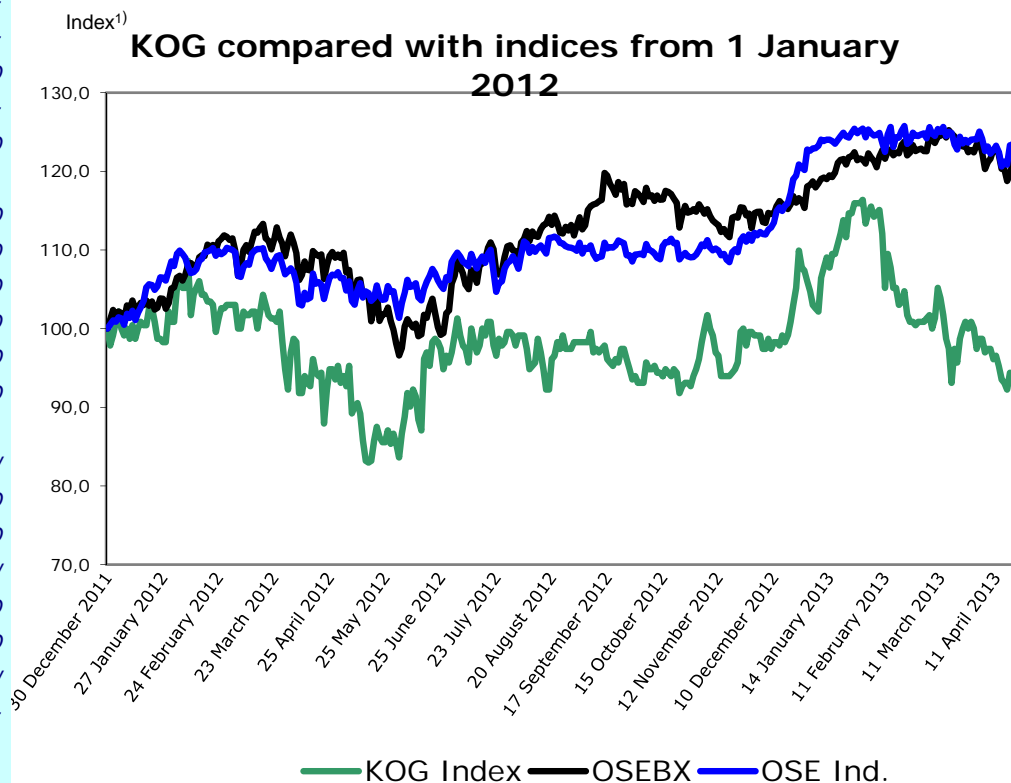


# Shares and shareholders

## 20 largest shareholders (22 April 2013)

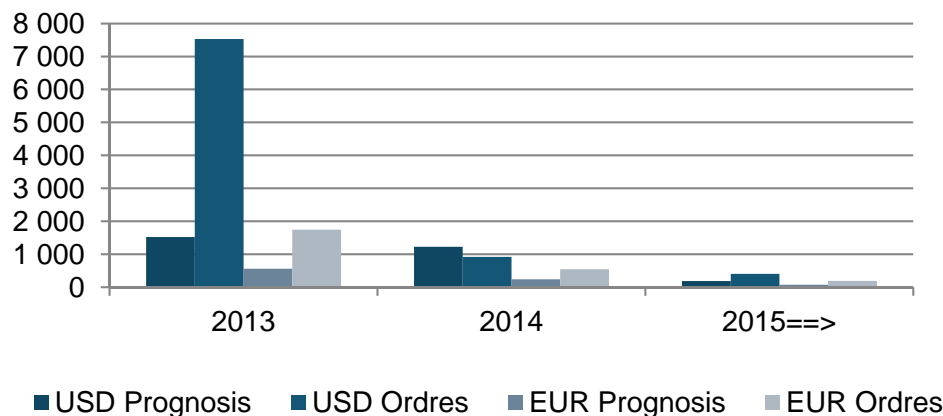
Shareholders	# shares	Stake	Δ 01.01.11
1 State repr. by the Ministry of Trade and Industry	60 001 600	50.00%	-
2 Arendals Fossekompni	9 552 796	7.96%	-
3 National Insurance Fund	9 541 391	7.95%	-1.11 %p
4 MP Pensjon	4 812 800	4.01%	-
5 Skagen Vekst	2 940 497	2.45%	-0.25 %p
<b>Total for the 5 largest shareholders</b>	<b>86 849 084</b>	<b>72.37%</b>	
6 Aberdeen Asset Management	2 015 000	1.68%	1.43 %p
7 JP Morgan Chase bank - nominee	1 984 550	1.65%	-0.02 %p
8 Odin Norden	1 542 443	1.29%	-0.50 %p
9 Odin Norge	1 446 925	1.21%	-0.70 %p
10 Danske Invest Norske II	1 355 724	1.13%	0.87 %p
11 Danske Invest Norske	991 270	0.83%	0.60 %p
12 Goldman Sachs Int. - nominee	691 627	0.58%	
13 The Northern Trust C Non-treaty acc.	593 049	0.49%	New
14 Verdipapirfondet DNB	553 356	0.46%	0.39 %p
15 JP Morgan Chase bank - nominee	479 294	0.40%	0.39 %p
16 Handelsbanken Nordic - nominee	465 000	0.39%	New
17 Odin Offshore	455 500	0.38%	-0.40 %p
18 KLP Aksje Norge Indeks Vpf	442 326	0.37%	0.10 %p
19 BNP Paribas - nominee	433 841	0.36%	New
20 Must Invest AS	400 000	0.33%	-
<b>Total for the 20 largest shareholders</b>	<b>100 698 989</b>	<b>83.92%</b>	
<b>Total number of shares</b>	<b>120 000 000</b>	<b>100.00%</b>	

## Share price performance



- 1) KOG's share price relative to the Oslo Stock Exchange Benchmark Index and the Industrials Index. Closing share price on 1 January 2012 = 100

Hedging portfolio at 31 March 2013 (values in NOK)



## Hedging portfolio

- Orders: All orders signed in foreign currencies are hedged, eliminating currency risk
- Prognosis: Prior to signature, probable contracts are also hedged pursuant to the guidelines stipulated in the Group's Foreign Exchange Policy

## Foreign exchange policy

- Hedging of all signed contracts
- Partial hedging of anticipated revenues in foreign currencies two years ahead
- Goals:
  - Create predictability and ensure profitability for the existing product portfolio
  - Allow time for operational and strategic initiatives in the event of lasting changes in exchange rates

## Foreign currency position

- 70-75 per cent of sales influenced by exchange rates
- 30-35 per cent of costs in foreign currencies
- About 35 per cent net exposure, primarily in USD and EUR
- Our competitiveness is influenced by:
  - Changes in NOK exchange rates, NOK/EUR, against all foreign competitors
  - Changes in the USD exchange rate, USD/EUR, against all competitors with their cost base in USD or currencies linked to the USD

# The Board of Directors of Kongsberg Gruppen ASA



**Finn Jebsen** (63) – Chair of the Board

- Self-employed
- CEO of Orkla from 2001 to 2005
- Other directorships: Chair of the Board of Kavli Holding AS, deputy chair of KLP Forsikring. Director of AWilhelmsen Management AS, Norsk Hydro and Norfund



**Irene Waage Basili** (45) – Director

- Chief Executive Officer GC Rieber Shipping AS
- Other directorships: Odfjell SE and Reef Subsea



**Anne-Lise Aukner** (56) – Deputy chair

- Chief Executive Officer and Country Manager Nexans Norway AS
- Other directorships: Chair of Europacable Norge AS. Director of Nexans Norway AS, Aukner Holding AS, Nexans Skagerrak AS and ISCO Group AS



**Roar Marthiniussen** (55) – Director (employee representative)

- Sales and Marketing Manager, Kongsberg Maritime AS
- Engineer from the Horten College of Engineering
- Employee representative since 1999



**Erik Must** (70) – Director

- Other directorships: Chair of Fondsfinans ASA, Fondsfinans Kapitalforvaltning ASA, Fondsavanse AS, Erik Must AS, Fondsformidling AS, Arendals Fossekompagni ASA, Gyldendal ASA, Glamox Industribygg ANS and Erik Must AS. Deputy chair of the Nhst Media Group AS and director of Interagon AS.



**Helge Lintvedt** (55) – Director (employee representative)

- Senior Project Engineer at Kongsberg Defence Systems
- Graduate of the Kongsberg College of Engineering
- Employee representative since 2009
- Head of the Norwegian Society of Engineers and Technologists' corporate chapter at KDA, Director, KDA



**John Giverholt** (60) – Director

- CEO, Ferd AS
- Experience from Orkla ASA, DnB ASA and Norsk Hydro ASA
- Other directorships: Chair of Elopak AS, Gjøkvika Invest AS, Aktuarfirmaet Lillevold & Partners AS, Kapole II AS. Director of AWilhelmsen AS, Herkules Capital AS, Ferd Eiendom AS, among others



**Kai Johansen** (45) – Director (employee representative)

- Shop Steward in the Norwegian United Federation of Trade Unions, Kongsberg Protech Systems
- Training from Kongsberg Vocational School
- Guild certificate as a CNC operator
- Employee representative since 2007

# Financial calendar and Investor Relations contacts



KONGSBERG

## Financial calendar 2013

### Publication of quarterly figures

- Q2 16 August
- Q3 31 October

### Capital Markets Day 2013

- 07 November

## IR contacts

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**For more information, see: <http://www.kongsberg.com/en/KOG/InvestorRelations.aspx>**

[kongsberg.com](http://kongsberg.com)



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