



KONGSBERG



CMD²⁰₁₇
CAPITAL MARKETS DAY



AGENDA



KONGSBERG

10:30

WELCOME

JAN ERIK HOFF,
VP IR

10:40

KONGSBERG GRUPPEN

GEIR HÅØY, *President & CEO*
HARALD AARØ, *EVP Business Development
and Strategy and acting CFO*

11:45

LUNCH

12:30

KONGSBERG
DEFENCE & AEROSPACE

EIRIK LIE,
*President Kongsberg Defence
& Aerospace*

13:00

PATRIA

JUKKA HOLKERI,
*Chief Strategy Officer, Deputy to the
President and CEO*

13:20

KONGSBERG DIGITAL

STIAN ELIASSEN,
*Senior Vice President Finance
Kongsberg Digital*

13:40

KONGSBERG MARITIME

EGIL HAUGSDAL,
President Kongsberg Maritime

14:10

Q&A AND
FINAL REMARKS

GEIR HÅØY,
President & CEO

14:30

END

DISCLAIMER



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This presentation contains certain forward-looking information and statements. Such forward-looking information and statements are based on the current, estimates and projections of the Company or assumptions based on information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof.

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



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GEIR HÅØY,
President & CEO

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AGENDA



KONGSBERG

- NEW CFO GYRID SKALLEBERG INGERØ
- THIS IS KONGSBERG
- DEVELOPMENT SINCE LAST CMD
- INNOVATION – A SUSTAINABLE FUTURE
- FINANCIAL SUBJECTS
- STRATEGIC DIRECTION
- AMBITIONS

NEW CFO | GYRID SKALLEBERG INGERØ



KONGSBERG



WORK

- CFO, Telenor Digital Businesses
- CFO, Telenor Norway
- CFO and head of investor relations, Komplett ASA
- Auditor at Nordea and KPMG
- Extensive board experience since 2000 in Finance, Telecom, Property, Shared Service and Retail.

BOARD MEMBERSHIPS TODAY

- Storebrand ASA, Sporveien AS, Flytoget AS, 1881 AS and Itera ASA.

EDUCATION

- MSc from The Norwegian School of Economics (NHH).



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THIS IS KONGSBERG

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KONGSBERG



PROVIDING ADVANCED SOLUTIONS FOR EXTREME PERFORMANCE UNDER EXTREME CONDITIONS



KONGSBERG



INVOLVED IN STRATEGIC
AREAS OF NATIONAL INTEREST



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RAPIDLY ADAPTING TO CHANGES AND OPPORTUNITIES





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EVENTFUL LAST TWELVE MONTHS



IMPORTANT MILESTONES MARITIME



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Major restructuring – organization aligned – will turn profitability



Full Triangle-solution to German research vessel



Expanded scope through integrated concepts



World's first commercial autonomous vessel sets sail in 2018



Concessions for the the world's largest offshore fish farm



Submarine launched AUV for US Navy

IMPORTANT MILESTONES DEFENCE



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Partnership with tkMS to provide Submarine Combat System



NSM selected as standard missile for German Navy



JSW partner and down selected as Air Defence provider in Australia



Norway to acquire Ground Mobile Air Defence



Helicopter maintenance, repair and overhaul agreements



Continued success within important space programs

IMPORTANT MILESTONES DIGITAL



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Launch of digital platform Kognifai



Strategic partnership with Simwave – one of KONGSBERG's largest simulator deliveries ever



Strategic alliance with eSmart Systems



Kognifai selected for test and verification at Lista wind farm

ADAPTING, DELIVERING AND POSITIONING



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KONGSBERG MARITIME

Deliver operational excellence

Focus on growing segments

Strong position in future market



KONGSBERG DEFENCE & AEROSPACE

Very strong positions within
core product areas

Increased worldwide
demand within these areas

Will materialize in solid order
intake both short- and long term



KONGSBERG DIGITAL

Well positioned to become a key
player in digital transformation
across our industries

25% investment of annual
turnover in R&D 2017/18

Taking important positions with our
digital platform Kognifai and key
application areas



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INNOVATION A SUSTAINABLE FUTURE



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TRANSPORT



CLIMATE CHANGES


TECHNOLOGY
IS THE ENABLER TO
SOLVE MANY OF TODAY'S
CHALLENGES



ENERGY



FOOD AND BIO-
RESOURCES



DEFENCE AND
SECURITY



KONGSBERG

WORLD LEADING HIGH-TECH COMPANY

- we create value through innovation, operational excellence and sustainability

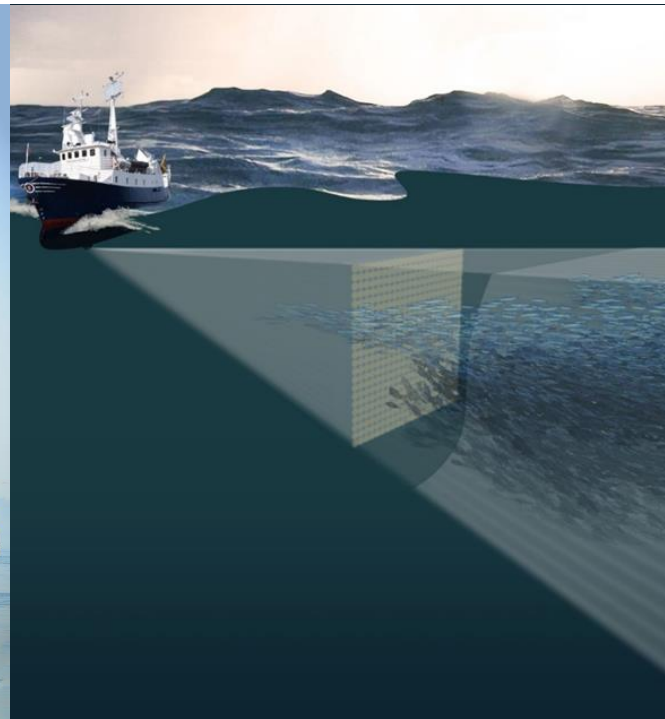


- Strong focus on being an innovative frontrunner
- We aim for #1 positions
- Our solutions enable more efficient, safer and sustainable operations

DEVELOPING TECHNOLOGY FOR NEXT GENERATION FISHERY AND SUBSEA OPERATIONS



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SECURING NATIONAL SOVEREIGNTY



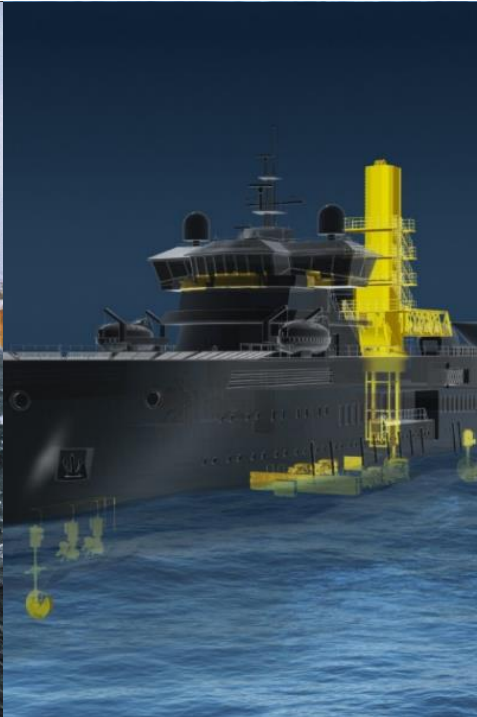
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INCREASING SAFETY AND EFFICIENCY FOR MARITIME AND ENERGY OPERATIONS



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RESPONSIBLE BUSINESS CONDUCT



KONGSBERG



VALUES & CULTURE



COMPLIANCE



TECHNOLOGY FOR
SUSTAINABILITY

LICENSE TO OPERATE



**PEOPLE &
MINDSET
MAKES THE
DIFFERENCE**





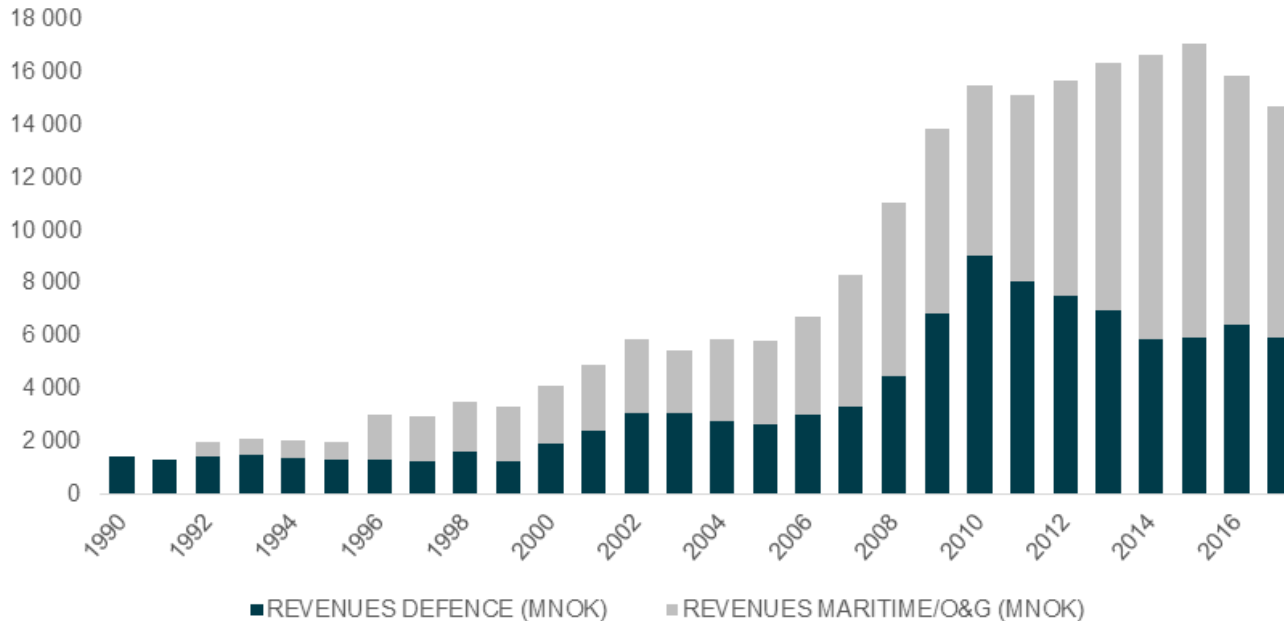
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FINANCIAL SUBJECTS

HARALD AARØ,
Acting CFO

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FOCUS TO RETURN TO PROFITABLE GROWTH



- Norm above 10%
- CAGR -7,1% last 2 years
- Growth prospects are good

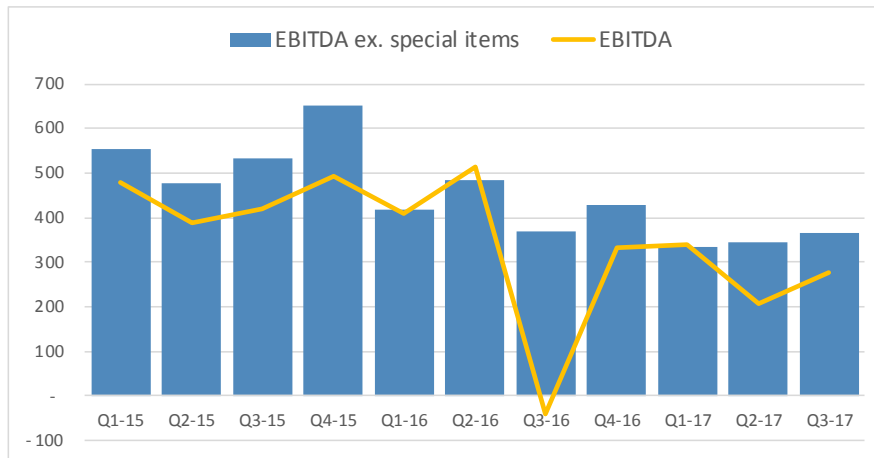


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PROFITABILITY AT A TURNING POINT

After multiple efficiency programs

WEAKENED PROFITABILITY AT THE TURNING POINT



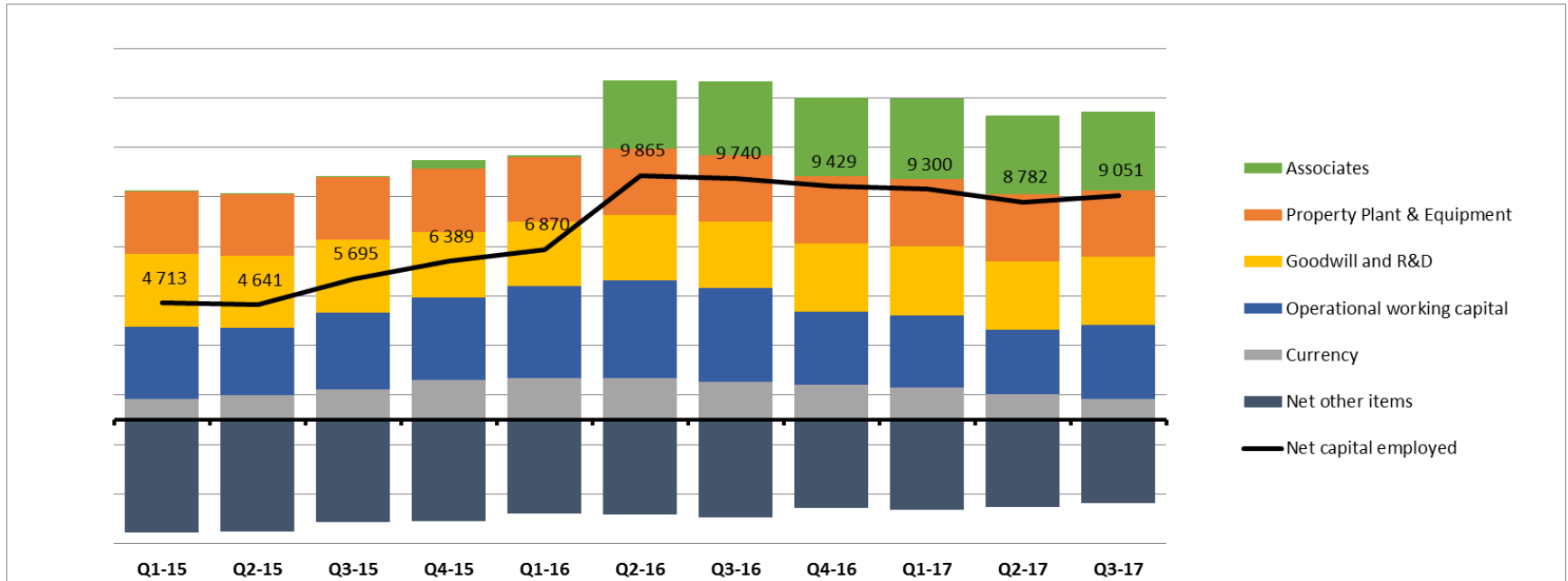
DUE TO IMPROVED EFFICIENCY

- Cost reduction and restructuring programs in KM
 - FTE reduction by > 1 000 since 2015
 - MNOK ~500 full-year cost base reduction from 2017
 - Additional MNOK 3-400 from H2 2017
 - Corporate staff reduction by ~20%
 - Reorganisation in KM
 - Clearer prioritization for product and development
 - Value chain optimization and stronger global governance of supply chain
- Merged KPS and KDS to KDA
 - Estimated MNOK 100 savings

OPERATING AT A HIGHER CAPITAL EMPLOYED LEVEL



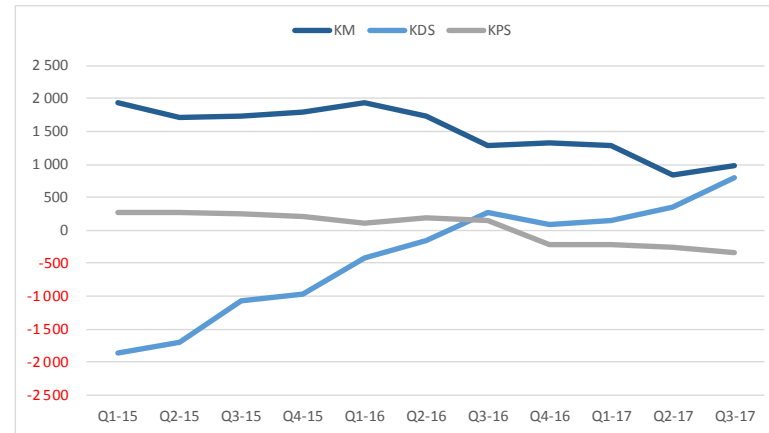
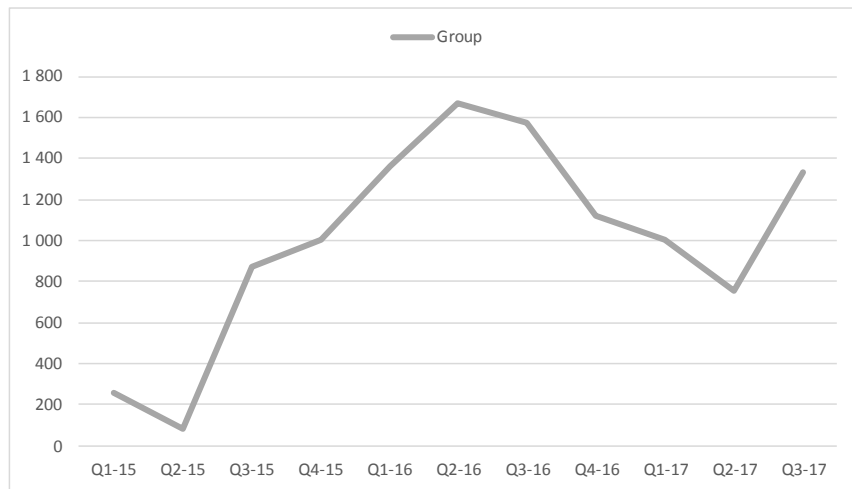
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ENHANCED FOCUS ON REDUCING WORKING CAPITAL

Working capital excl. currency rollover effects

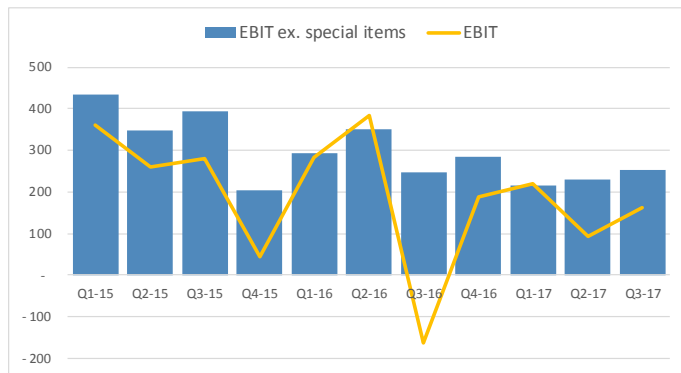


Continuous strong focus on efficient working capital across the group

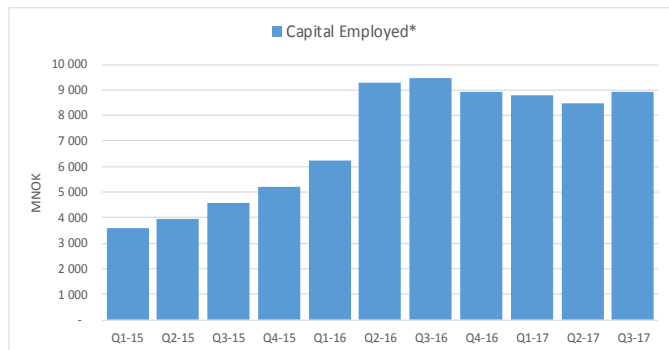
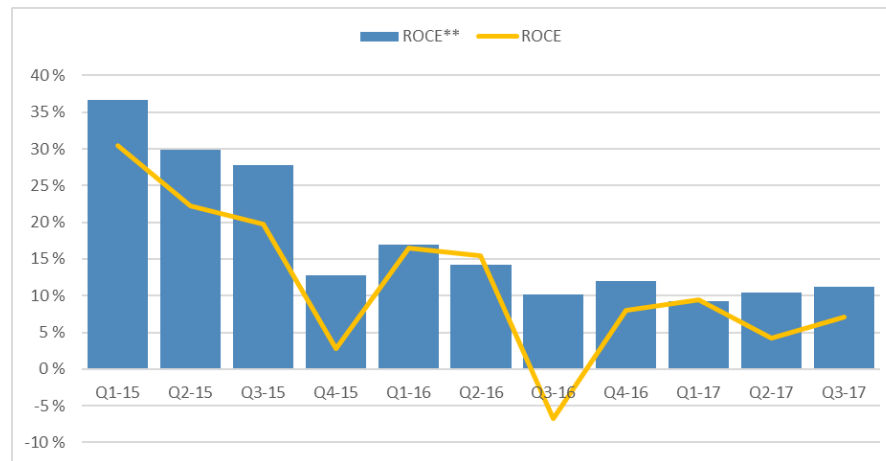
- KM's working capital is reduced by more than BNOK 1 since Q1 2016
 - Initiatives on accounts receivables
 - Initiatives on inventory
 - Initiatives towards suppliers
- Defence projects on plan – consuming advance payments
 - Working on new programs with beneficial payment terms



RETURN ON CAPITAL EMPLOYED HAS BOTTOMED OUT



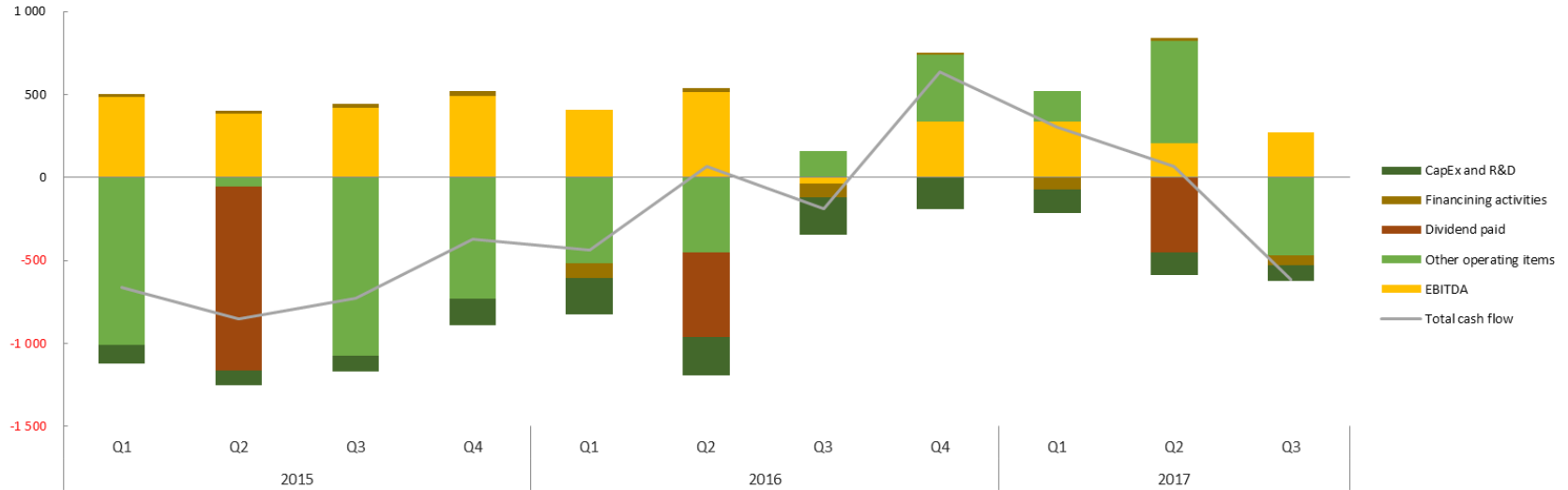
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*Equity ex. hedge effects + net interest bearing debt
 ** EBIT ex. special items



WORKING CAPITAL KEY TO OPERATIONAL CASH FLOW



**Line represents total cash flow. Columns exclude acquisitions and loan movements for better readability.*



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STRATEGIC DIRECTION

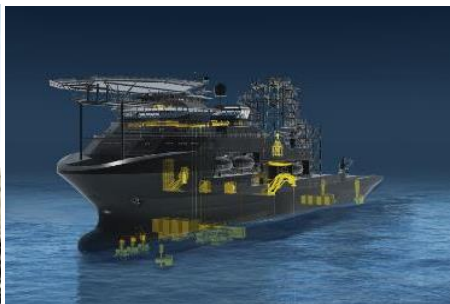
HARALD AARØ,
*Group EVP Business Development
and Strategy*

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WE DELIVER WORLD #1 PRODUCTS



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GROUP STRATEGIC PRIORITIES

Adapting to changing markets while pursuing significant opportunities



MARITIME

Expand scope from
our leading positions



DEFENCE

Increase market
penetration with a
modern product
portfolio



TECHNOLOGY OPPORTUNITIES

Drive our competitive
technology base
for new positions

EXPANDING SCOPE AND TAKING NEW POSITIONS IN THE MARITIME TRANSFORMATION



INTEGRATED SOLUTIONS



DIGITALIZATION



REMOTE SERVICES



AUTONOMY

INCREASE MARKET PENETRATION WITH A MODERN PRODUCT PORTFOLIO



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Home Market –

Nordic Defence
Partnership



Leading position in
Northern Europe



N-Europe campaigns



Strong US alliances

Raytheon



US & International
campaigns



Strengthened
International
Competitive
Power



TECHNOLOGY OPPORTUNITIES



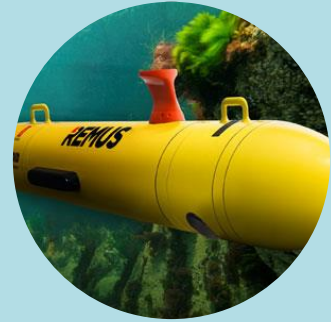
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Platform as a Service (PaaS)



Condition Monitoring & Asset Lifecycle Optimization



Autonomous Underwater Vehicles



Digital Twins



Advanced Analytics & Cyber Security



Remote Tower



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FOCUS AND AMBITIONS FORWARD

GEIR HÅØY,
President & CEO

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FOCUS FORWARD



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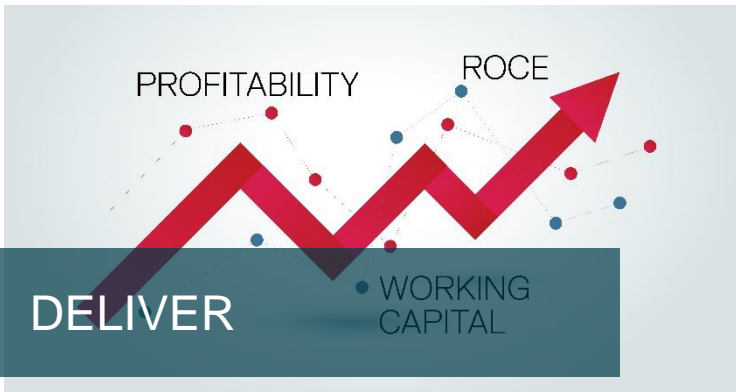
ADAPT / POSITION



INNOVATE



SECURE ORDERS



DELIVER

WORKING CAPITAL

AMBITIONS 2016-2020





KONGSBERG

WORLD CLASS

THROUGH PEOPLE, TECHNOLOGY AND DEDICATION