

# CMD 2013 – Kongsberg Maritime

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KONGSBERG



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## Kongsberg Maritime



- Offshore – Merchant – Subsea – Emerging Business
- 55 offices in 20 countries
- 4 200 employees (approx.)
- Revenues MNOK 7 485(2012)
- Installed base more than 15,000 vessels
- Dynamic positioning, navigation, automation, simulation, Subsea and seismic instrumentation, and fisheries

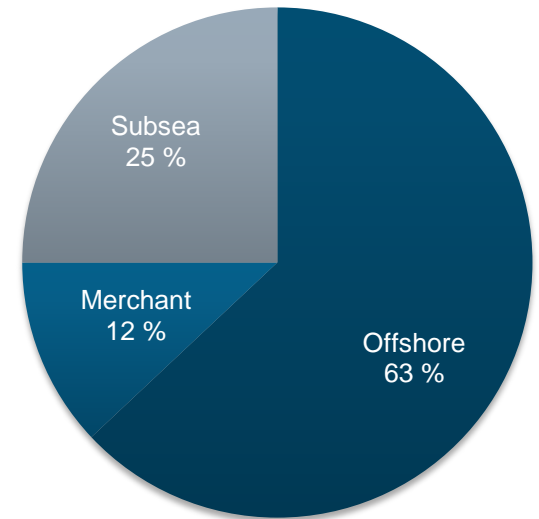
A solid platform for further growth



# KM operates in three main markets

<b>OFFSHORE</b>	<ul style="list-style-type: none"><li>• <b>Full picture solution - complete suit of products:</b><ul style="list-style-type: none"><li>• Drilling</li><li>• LNG / FPSO</li><li>• Subsea construction</li></ul></li></ul>
<b>SUBSEA</b>	<ul style="list-style-type: none"><li>• <b>Solutions for:</b><ul style="list-style-type: none"><li>• Underwater navigation</li><li>• Unmanned underwater vehicles</li><li>• Oceanographic survey &amp; research</li><li>• Seismic streamer control</li></ul></li></ul>
<b>MERCHANT MARINE</b>	<ul style="list-style-type: none"><li>• <b>Tailor solutions for supported by locale infrastructure:</b><ul style="list-style-type: none"><li>• Engine manufacturers</li><li>• Liquid cargo control</li><li>• Marine automation</li></ul></li></ul>

## Share of KM revenues



# Kongsberg Maritime's offers complete solutions



## Strategy

- KM bundles systems and products to offer operational and application specific “Full Picture”-solutions
- Locations close to all major hubs
- 24/7 world wide service and support network

## Resulting in

- Increased efficiency and secured operations for our customers
- Close customer relations
- Increased competitiveness through globalization

**Increased market shares**



# Kongsberg Maritime supports the overall ambition of the Group



## Current status

- **Revenue of BNOK 6.1** YTD Q3 2013 compared to 5.4 YTD Q3 2012 (+11.4%)
- **EBITDA of MNOK 887** YTD Q3 2013 compared to 799 YTD Q3 2012 (+11.0%)
- **Q3 2013 order backlog of BNOK 7.1**, up from 6.0 at year-end 2012
- **Book to bill YTD 2013 of 1.13**

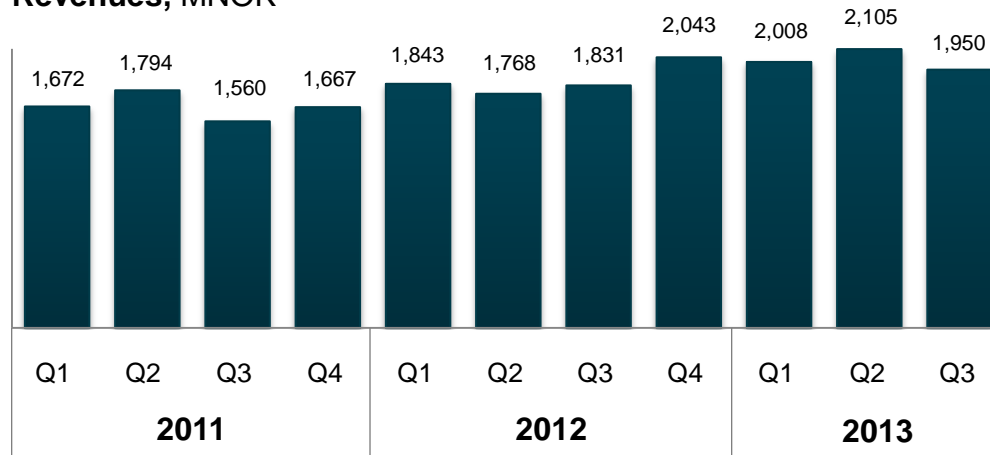
## Recent news and developments

- High delivery volumes of "Full picture" systems to Drilling units, LNG, and OSV market in China
- Weak Merchant Marine market recording increased volumes
- Break through in the offshore and US Naval market for unmanned underwater vehicles

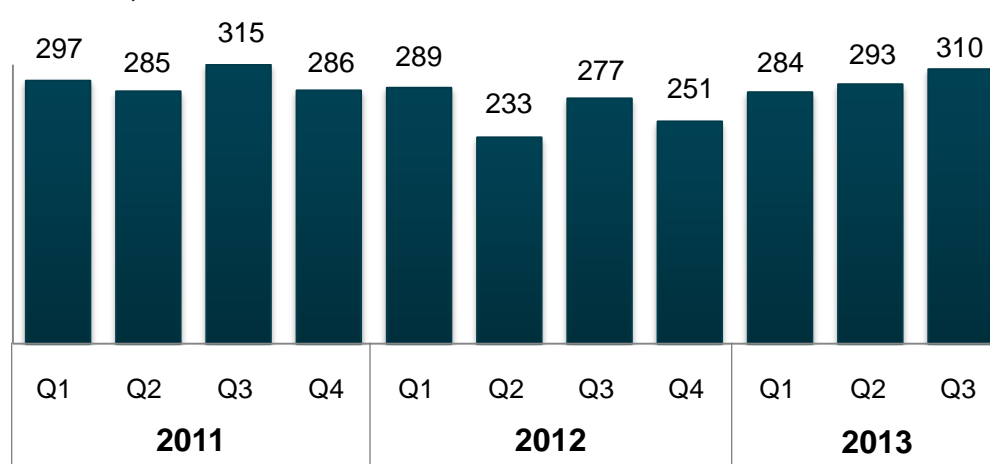


# Increased demand for "Full picture" solutions drives growth in revenues

Revenues, MNOK



EBITDA, MNOK



## Highlights

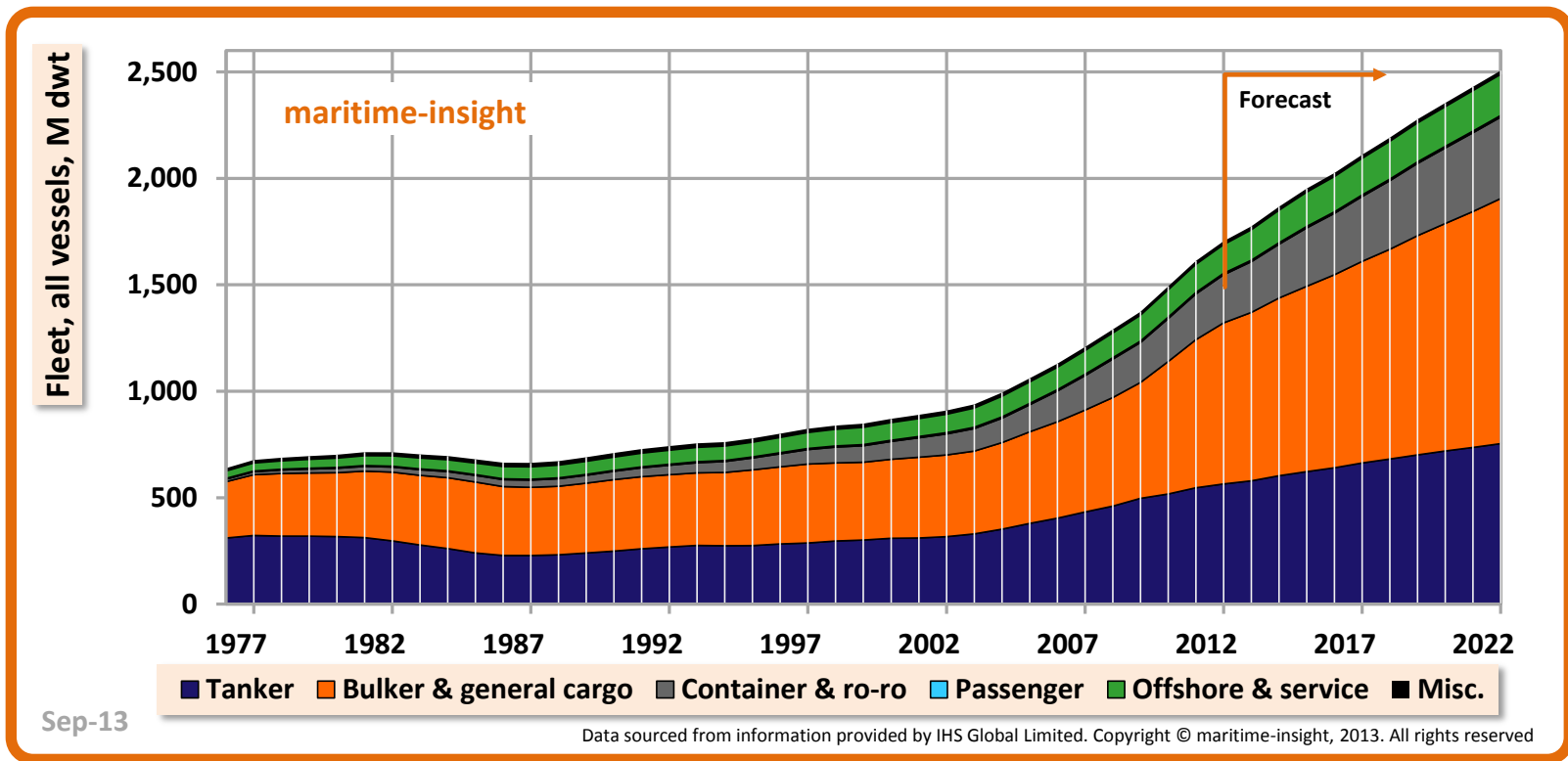
- Premium market position in the drilling market
- Success in the subsea construction vessel market
- Continuous growth in high volume OSV market, especially in China
- Growth in the subsea market, fueling our system deliveries;
  - Under water navigation
  - BOP control
  - Unmanned under water vehicles

## Key EBITDA drivers

- Offshore market – relevant segments
- Subsea – system solutions
- Life cycle support



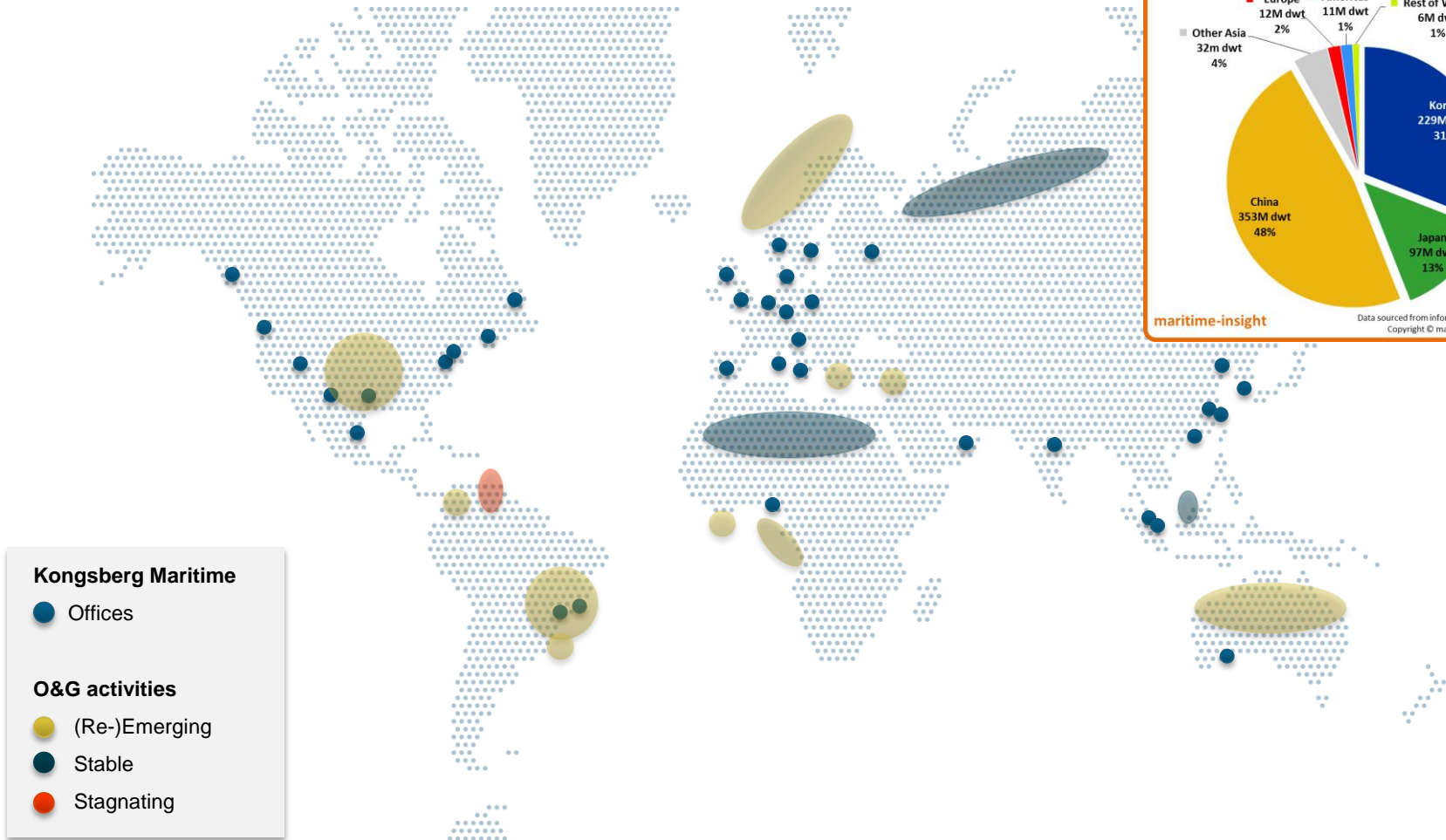
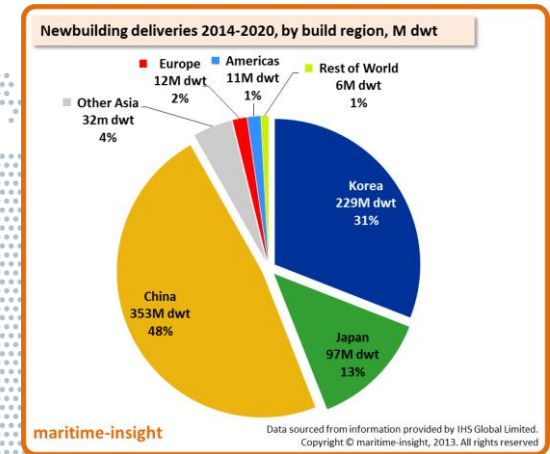
# Kongsberg is positioned in strong niches in maritime and offshore markets





# Our global business system

- with local offices in 20 countries, ensures access to all important markets and proximity to customers



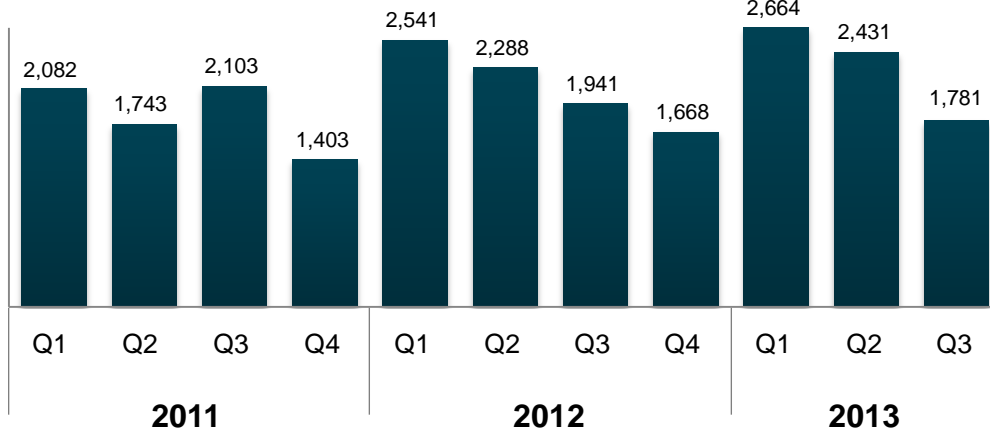
SOURCE: Kongsberg & IHS data





# High demand in Offshore drives order intake

Order intake, MNOK

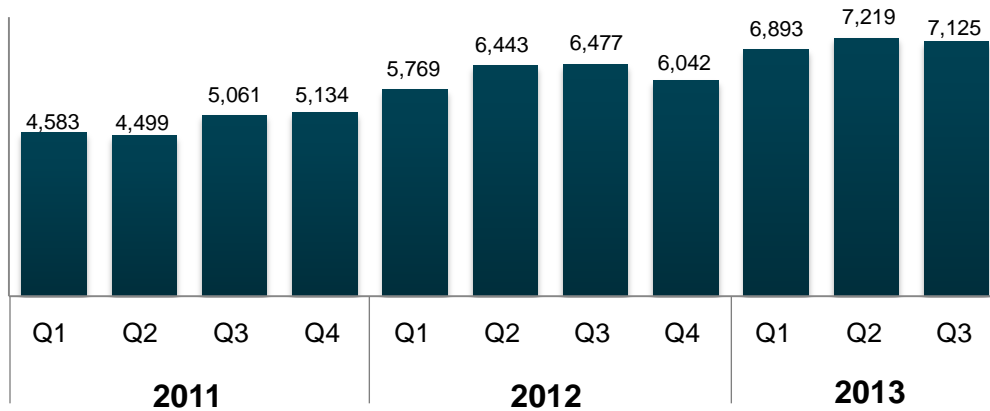


## Highlights

Key order intake drivers:

- New building market in Asia
- Full picture solution, comprising:
  - Dynamic positioning
  - Integrated automation and safety systems
  - Bridge solutions
- Strong relationships with all the major ship yards in Korea, China and Singapore
  
- Order backlog is currently at as historically high level
  - Good visibility for next two years
  - Life cycle revenues not included in backlog

Order backlog, MNOK





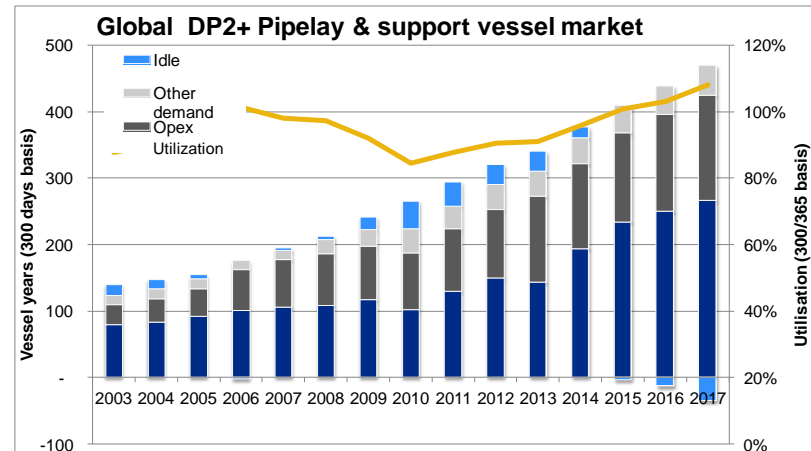
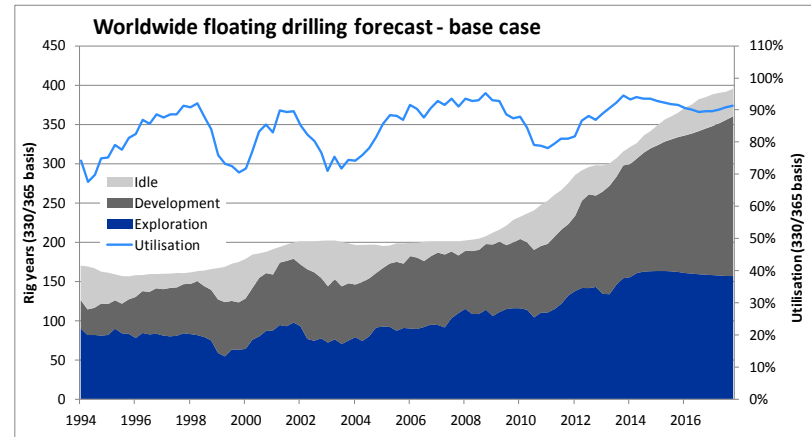
# Strong growth within high end offshore

## The case for Offshore

The key drives for the high end offshore vessel market is:

- Long term energy demand
- Shifting towards deeper waters
- Long term oil price above threshold for development of new fields

## Drilling and high end support vessels



Source; maritime-insight - IHS

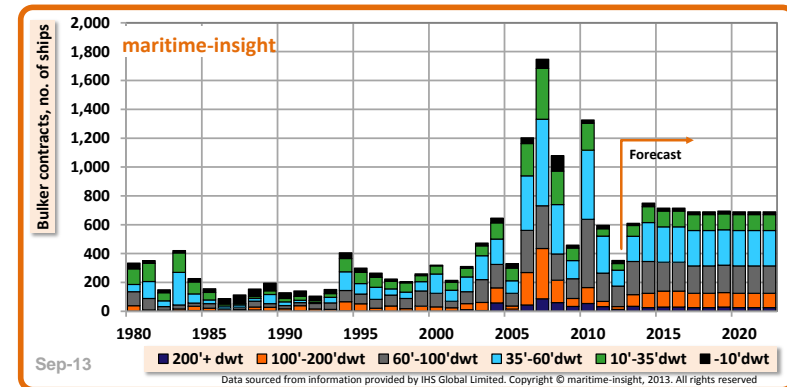
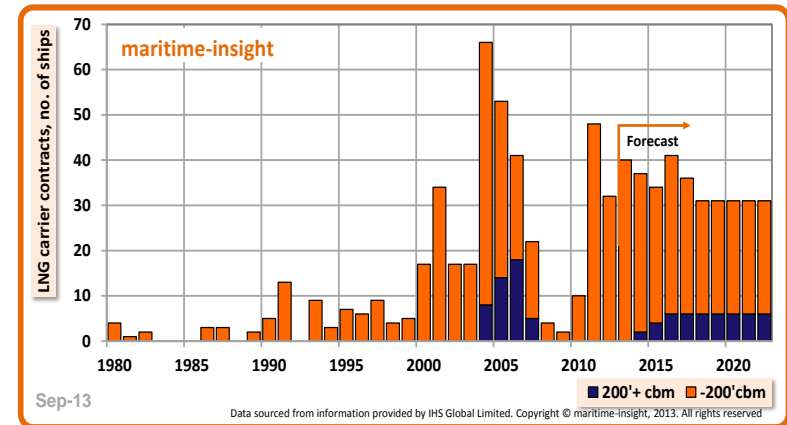
# Strong growth within some merchant segments

## The case for Merchant Marine

The key drives for the LNG and Bulk Carrier market is:

- Long term energy demand – coal
- Chinese and Indian ore (and coal) demand
- Shale gas revolution for both LNG and LPG
- Liquefaction capacity increasing very strongly around 2018

## LNG and Bulk Carriers



Source; maritime-insight - IHS



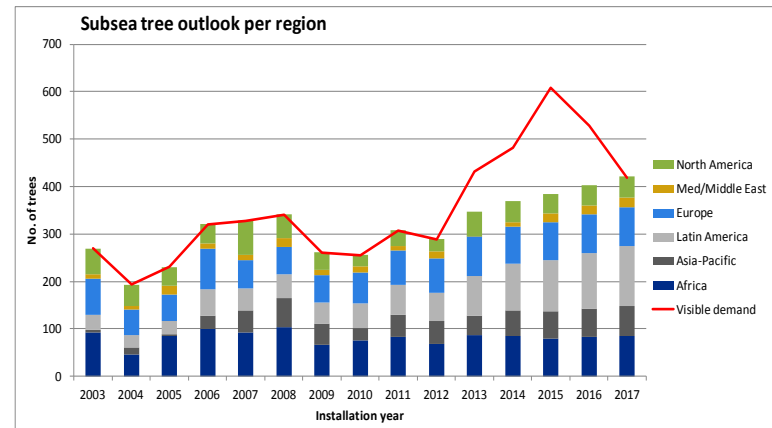
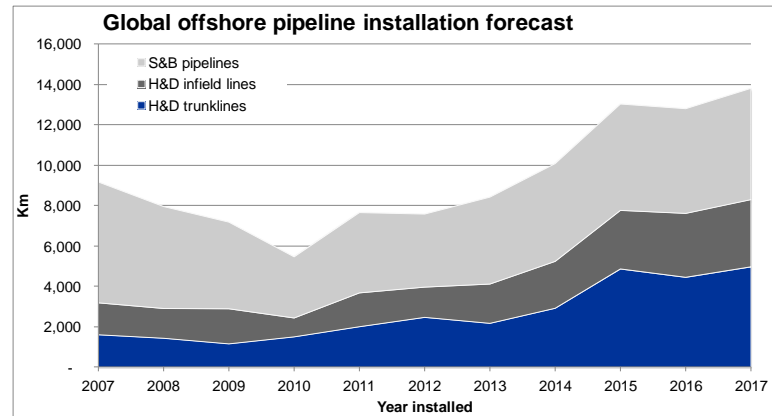
# Steady growth within subsea

## The case for Subsea

The key drives for the Subsea

- Global offshore pipeline demand
- Subsea construction
- A growing IMR market
- Sea bed mapping

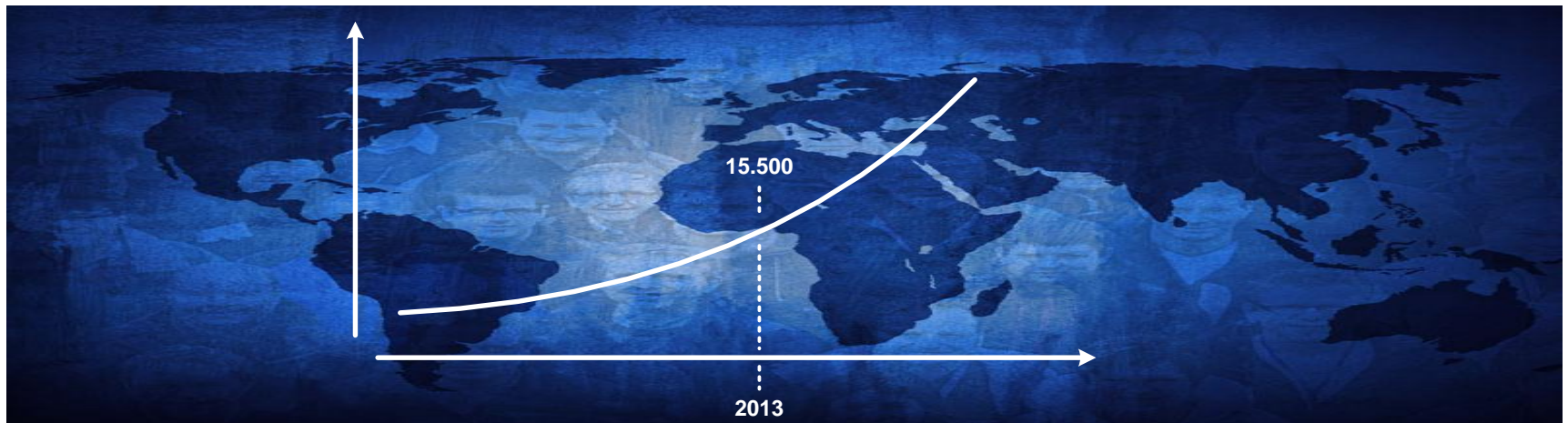
## Subsea



Source; maritime-insight - IHS



# Recurring revenues from life cycle support



# KM continues to broaden product and service range

## Important innovations in Kongsberg Maritime

- Venture into the IMR (Inspection, Maintenance and Repair) market, by investing in unmanned vehicle technology and associated instrumentation and products
- Strengthen our position for offshore production units, by becoming a direction driver for engineered power (electro), instrumentation, and telecommunication solutions
- Bundle our products more effectively to support specific applications and operations – competitive investments furthering complex operation
- Developing complementary products that will further strengthen our position as a full picture supplier, e.g. navigation and IT solutions for operational support
- Expand the offering of associated services and support – competitive asset management and life cycle support in close cooperation with the operators

# Tailored improvement programs ensure continuous improvement in KM

## Initiative



Offshoring



Sourcing



Work processes

## Description

- Continue the successful offshoring in general and accelerate the offshoring in China, e.g.:
  - Sales
  - Engineering
  - Project management
  - Electro/mechanical production
  - Installation, commissioning and life cycle support
- Shifting from local to global sourcing:
  - Local production for global utilization
  - Global manpower utilization
  - Value added work close to customers – “short transport”, yielding reduced cost and green profile
- Global and lean work processes:
  - Global work processes
  - Efficient global governance model
  - Efficient communication



# Kongsberg Maritime's strategy

- built on securing existing market positions and broadening into new markets

## Where we want to go

## Where we are today

### Offshore

- Loyal customer base
- Well established international foot print and infrastructure

### Merchant marine

- Significant install base
- Infrastructure close to the ship yards

### Subsea

- Technology for tomorrow
- International subsea power house

### Offshore

- Integrated marine operations
- Take control over the bridge/center of operation
- Operational support

### Merchant marine

- Green solutions
- Fuel optimization
- Ship-shore interaction

### Subsea

- Solutions for the IMR market
- Instrumentation for deeper and darker

**Identified growth engines!**





**Still.....**

**We are in a people business...**

**Probably the most important differentiator is us...**

# 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 organization

## RELIABLE

We are reliable people.  
We are responsible  
citizens.

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