



KONGSBERG

4TH QUARTER 2017 / PRELIMINARY ANNUAL ACCOUNTS 2017

INVESTOR PRESENTATION, 7 FEBRUARY 2018

Geir Håøy, President & CEO

Gyrid Skalleberg Ingerø, EVP & CFO



HIGHLIGHTS Q4



- Solid order intake
 - NASAMS to Lithuania and Indonesia
 - CROWS III
- Strong cash flow
- Cost- and organizational initiatives are giving positive impact
 - KM revenues stabilizing, margins improving
- Solid operations
 - Major projects on plan across the group



Revenues:
3 757

EBITDA:
459

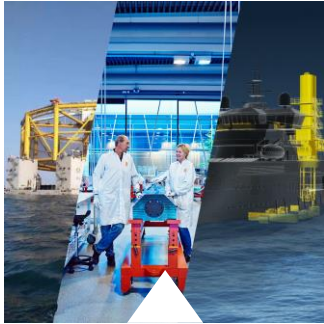
New orders:
5 015

Dividend
proposal:
3.75

HIGHLIGHTS 2017



KONGSBERG



DELIVERING

Core business,
Diversity delivers



POSITIONING

Australia partnering
JSM and downselects
NASAMS air defence



ADAPTING

Major restructuring in
KM

KDS+KPS = KDA



POSITIONING

Submarine and missile
collaboration with
Germany



INNOVATE

Important milestones
for new
technology areas

FINANCIAL STATUS



KONGSBERG



FINANCIAL KEY TAKEAWAYS FOR 2017

Solid operations delivering EBITDA-improvement and strong cash flow

Revenues

- KM down 13.6 %, mainly related to “traditional” offshore projects
- KDA on par with 2016

MNOK 14 490
- 8,6 %

EBITDA

- Strong project execution
- Successful restructuring

MNOK 1 279
8.8 % margin

New orders

- Satisfactory level of new orders in KM
 - Aftermarket improving
- New orders on par with 2016 in KDA
 - Strong outlook.

MNOK 13 430
0,93 book/bill

NIBD / Cash flow

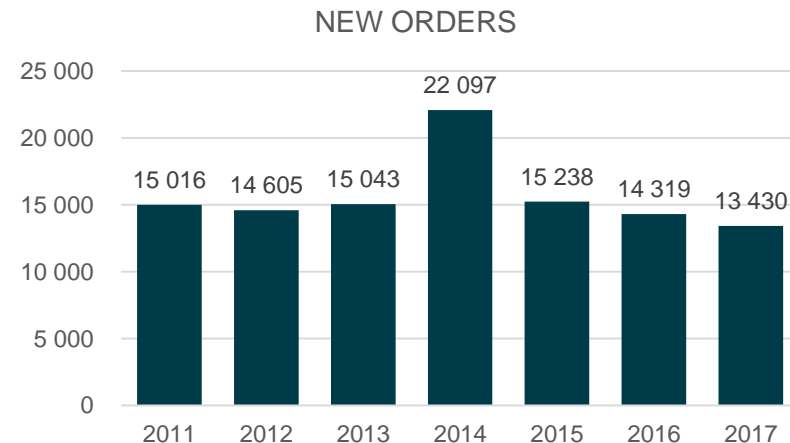
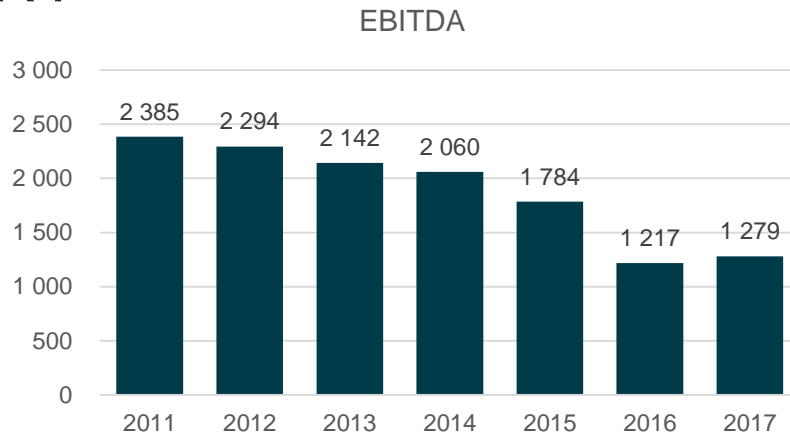
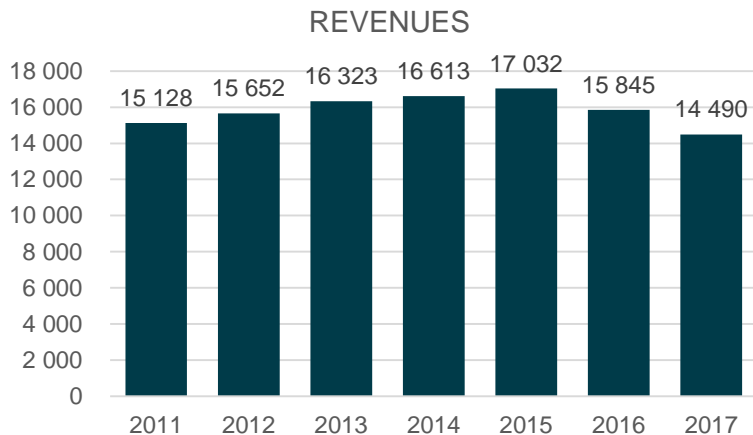
- Strong cash flow from operations
 - Improved EBITDA
 - Improved Working Capital

NIBD:
MNOK 384
(MNOK 2 195)

HISTORICAL DEVELOPMENT



KONGSBERG

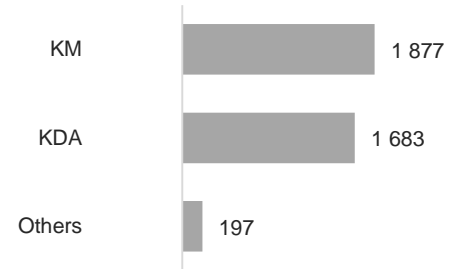
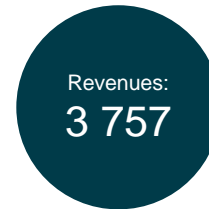
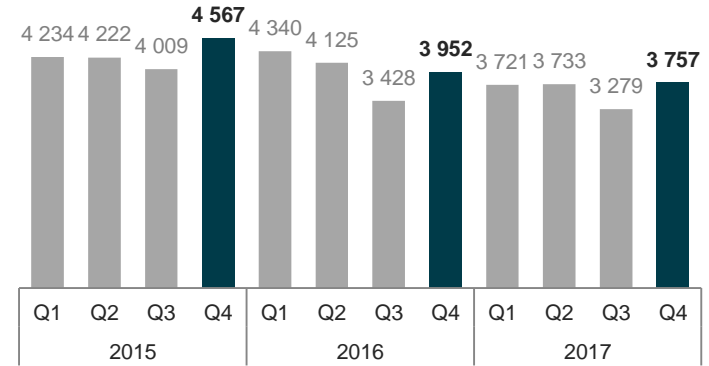




REVENUES Q4

Q4 revenues down 4.9 % YoY

- KM revenues down 8.8 % YoY, down 13.6 % YTD
 - Decreased revenues from “traditional” offshore
- KDA revenues down 1.6 % YoY, on par YTD
 - Protech Systems (former KPS) had high volumes in Q4 mainly related to MCT-30 deliveries
 - The previous business area KDS are delivering on plan in ongoing projects

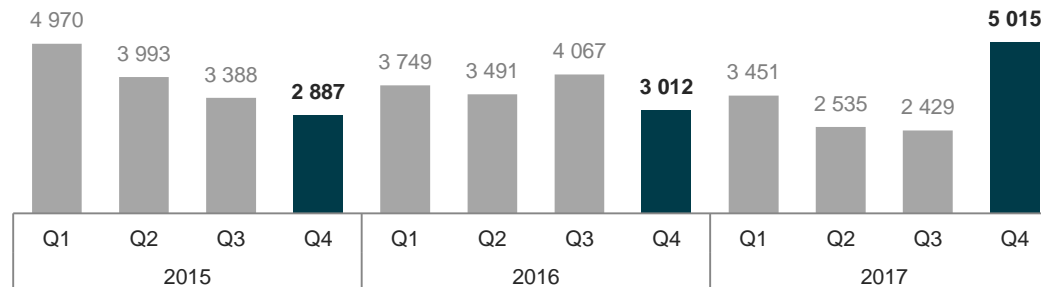


ORDERS Q4

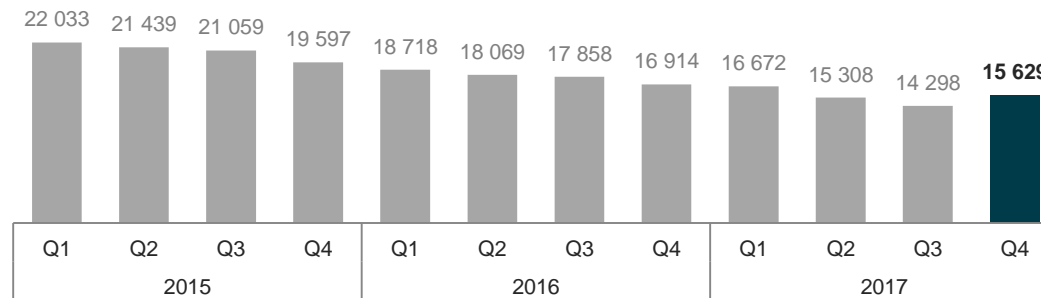


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New orders
2017:
13 430



Backlog:
15 629

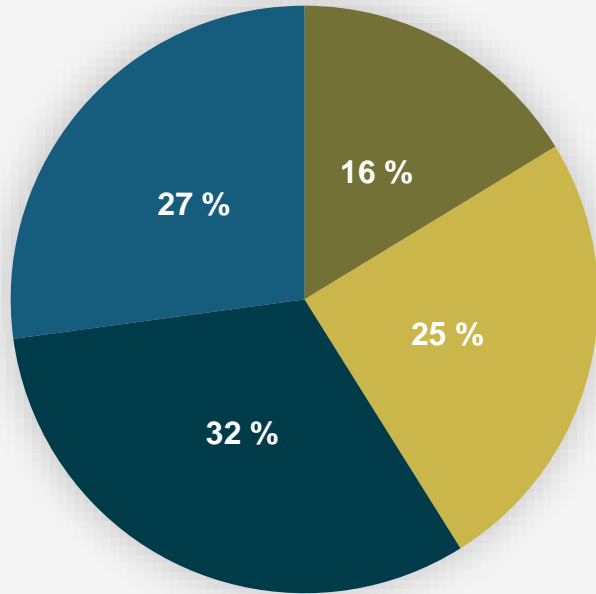


NEW ORDERS BY BA/DIVISION 2017



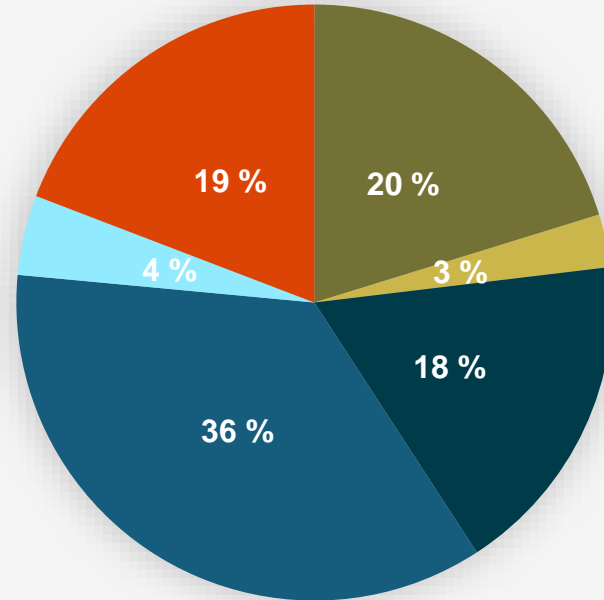
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KM



- Vessel Systems
- Solutions
- Subsea
- Global Customer Support

KDA



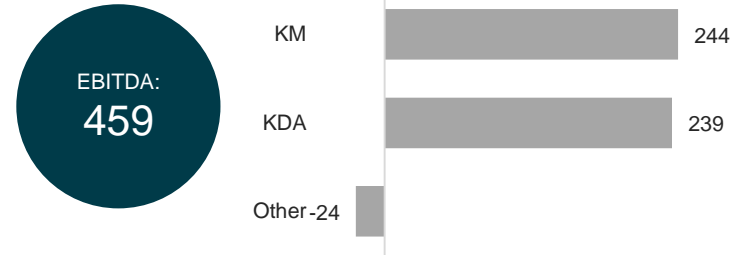
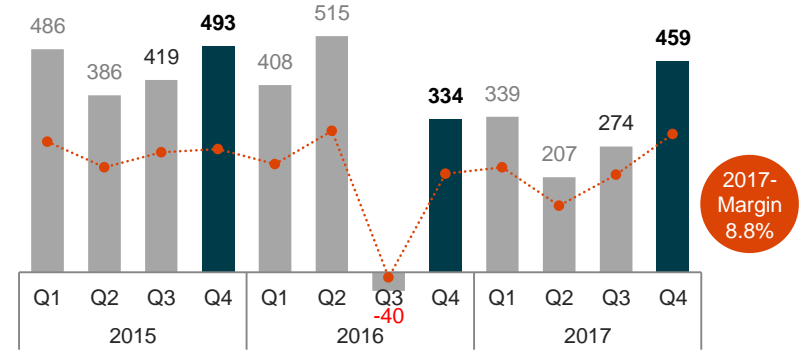
- Protech Systems
- Missiles
- Aerostructures
- Integrated Defence Systems
- Defence Communications
- Space & Surveillance

EBITDA Q4



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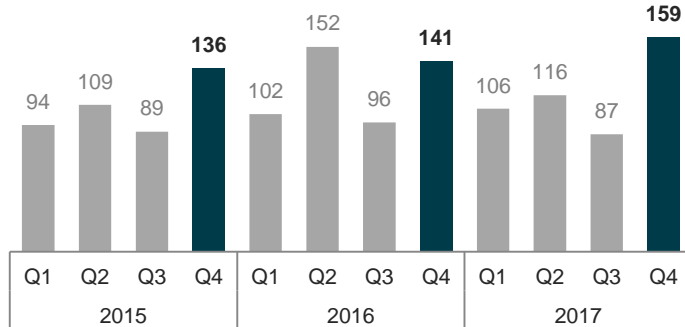
- Profitability improving
 - Improvement in KM continues
 - Continued solid KDA-margins
- MNOK 25 special items
- KM EBITDA-margin 13.0 %
- KDA EBITDA-margin 14.2 %



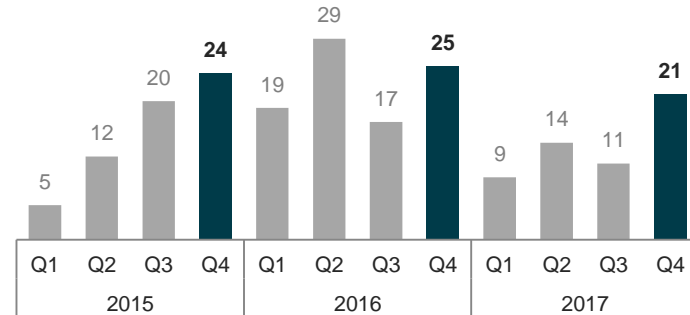


PATRIA

REVENUES (EUR)



EBITDA (EUR)



- Performance caught up towards year-end
- Revenues up 12.8 % YoY
- Revenues and EBITDA down in 2017 compared to 2016 when there were extraordinary results from armored vehicles
- Signed important preparation contract for Hamina Class fast attack craft modernization in Q4, full contract, valued at MEUR 170 signed in January 2018

*Figures deviates from Patria's reported figures for 2017 due to provisions made in Patria which does not affect KONGSBERG's share of net profit



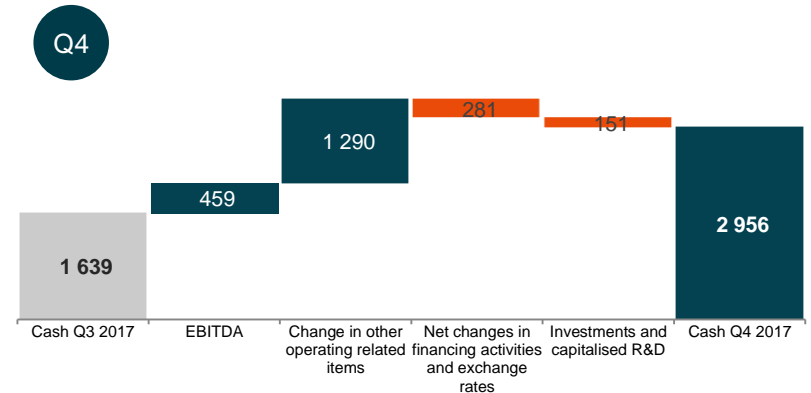
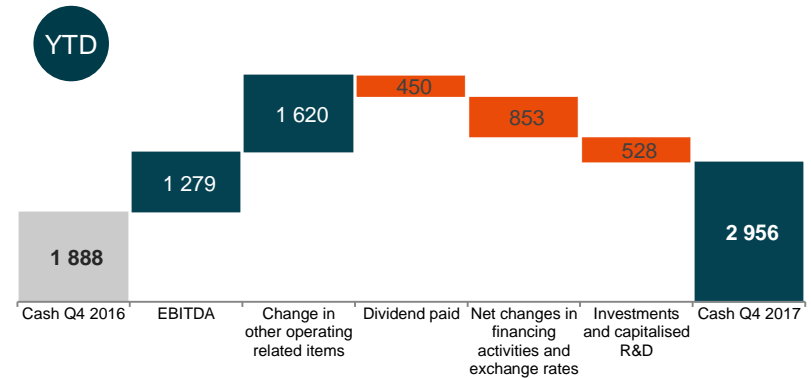
CASH FLOW AND NET DEBT Q4 AND 2017

Strong cash flow in Q4

- Working capital improvement, among others, due to contract related cash in-flow in KDA
- MNOK 300 certificate loan redeemed in Q4

	Q4 2017	Q3 2017	Q4 2016
Gross interest bearing debt	3 340	3 630	4 083
Cash and short-term deposits	2 956	1 639	1 888
Net interest bearing debt	384	1 991	2 195
Equity ratio	35.4 %	33.6 %	31.7 %
ROACE*	9.1 %	7.5 %	8.2 %

* 12 months rolling EBIT divided by 12 month average equity and interest net bearing debt

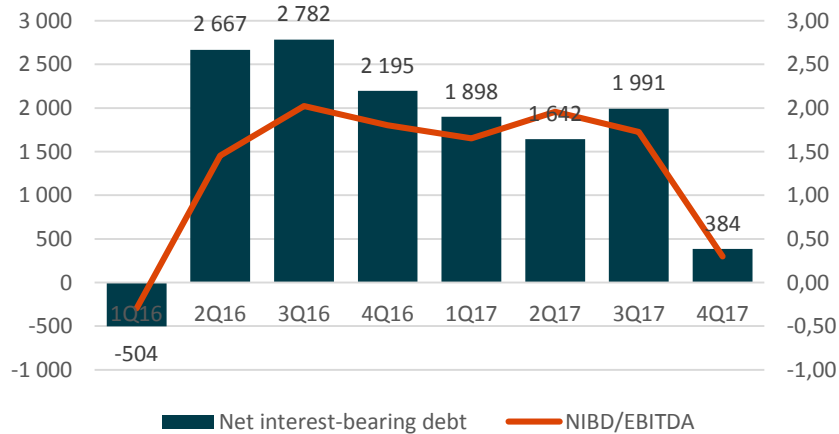




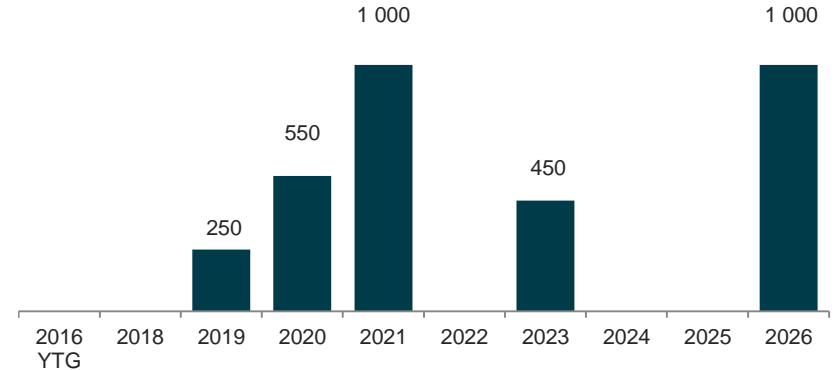
IMPROVED DEBT POSITION

Healthy maturity profile

NET INTEREST BEARING DEBT



DEBT MATURITY PROFILE



SPECIAL ITEMS IN EBITDA Q4 AND 2017

	Q4	2017
Restructuring costs (KM, KDA)	-25	-196
Buy-back of FX hedges + released provisions	0	-60
Total¹⁾	-25	-256

1) List is not exhaustive

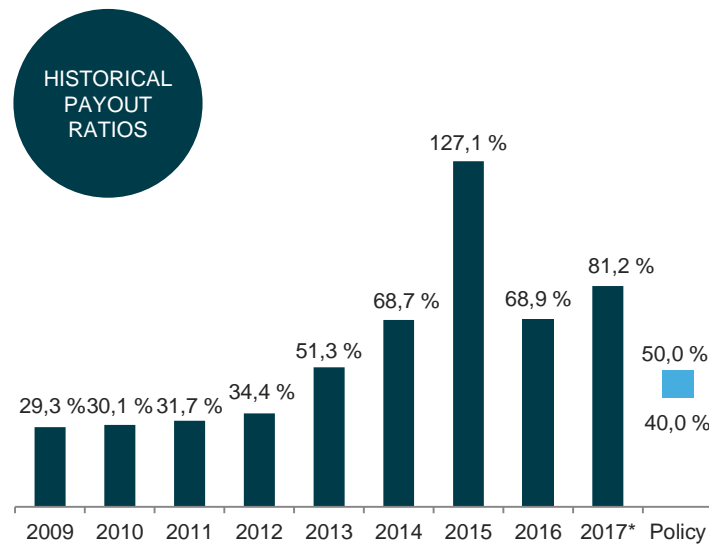


DIVIDEND

“ *Dividends shall over time constitute between 40 and 50 per cent of the company's ordinary net profit after tax, future capital requirements taken into account* ”

The Board proposes for the annual general meeting on 16 May 2018 a dividend of NOK 3,75 per share for FY 2017.

	2015	2016	2017*
Ordinary dividend	MNOK 510	MNOK 450	MNOK 450
Payout ratio	68.2 %	68.9 %	81,2 %



* The Board's proposal for FY 2017

BUSINESS UPDATE



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BUSINESS AREA UPDATE



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KM:
Revenues stabilizing,
improved profitability

- Organizational adaptations are becoming visible in P/L
- Aftermarket improving
- Diversified market exposure with markets in different cycles
 - Positive development for markets such as research, passenger ferries, fisheries and marine robotics



KDA:
Important contract wins and
deliveries on plan

- Two NASAMS-contracts signed in Q4
 - Lithuania
 - Indonesia
- KTA Naval Systems established
- Positioned for major short- and long-term opportunities
- Large projects progressing as planned
 - JSM development
 - F-35
 - NASAMS

NASAMS

– 30 years of development, delivery and positioning



KONGSBERG

WORLD #1 AIR DEFENCE IN ITS CLASS



NORWEGIAN ARMED FORCES IDENTIFY NEED

In the late 80's the Norwegian Air Force needed development of air defence system tailored for Norwegian needs



DEVELOPMENT

NASAMS was developed in close cooperation with Raytheon, the Norwegian Defence Research Establishment (FFI), the Norwegian Armed Forces and Norwegian industry



DELIVERY

Delivered and fully operational in 1998 for the Royal Norwegian Air Force



EXPORT AND CONTINUOUS UPGRADES

Indonesia and Lithuania the latest addition to countries using NASAMS. Today 9 nations use NASAMS, and the system is world leading in its class with total export contracts of BNOK 15



DEVELOP – DELIVER – POSITION



More than 40 years experience from developing combat management systems. Exclusively together with ThyssenKrupp positioning for the next 30 years



Building on the experience from the Penguin missile to develop the Naval Strike Missile (NSM) and Joint Strike Missile (JSM). NSM is currently in use by Norway and Poland, and selected by Germany and Malaysia. Significant potential for both NSM and JSM going forward



Developed from the late 90's. Today the undisputed #1 remote weapon station in use by 18 nations and more than 18.000 units sold. Product line extended with MCT-30, Sea Protector, Low Profile and more

OUTLOOK



KONGSBERG

OUTLOOK



KONGSBERG

GROUP

- Good overall outlook for KONGSBERG
- Positive effects from restructuring
- Increased order intake expected going forward

KONGSBERG MARITIME

- Strong position and growth within complex, integrated solutions
- Revenues expected to stabilize in 2018
- Profitability expected to improve from 2017 to 2018

KONGSBERG DEFENCE & AEROSPACE

- Strong positions in selected niches and several important opportunities in a stronger defence market
- Weak order coverage for Protech Systems division
- High potential for strong order intake in 2018

OTHER

- KDI has secured important positions and invests significantly in development

See quarterly report for full text

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WORLD CLASS

THROUGH PEOPLE, TECHNOLOGY AND DEDICATION