



KONGSBERG

# 1ST QUARTER 2017

INVESTOR PRESENTATION, 12 MAY 2017

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Geir Håøy, President & CEO

Harald Aarø, Acting CFO





# LONG-TERM GROWTH POTENTIAL CONFIRMED



- Group revenues 14 % lower compared to Q1 16, mainly due to the continuing weak offshore market
- KM has reduced Q1 OpEx by MNOK ~150 YoY
- KM wins strategic important contracts within new technology areas
- Long-term potential in defence confirmed
  - Germany decides on NSM
  - Teaming agreement with thyssenkrupp and Atlas for submarines
  - Norway to acquire Mobile Ground Based Air Defence
  - Australian Army selects NASAMS
  - Australia invests in JSM development

Revenues:  
**3 721**

EBITDA:  
**339**

New orders:  
**3 451**

# FINANCIAL STATUS



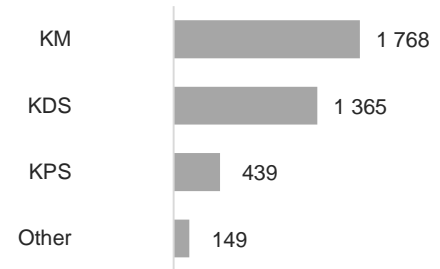
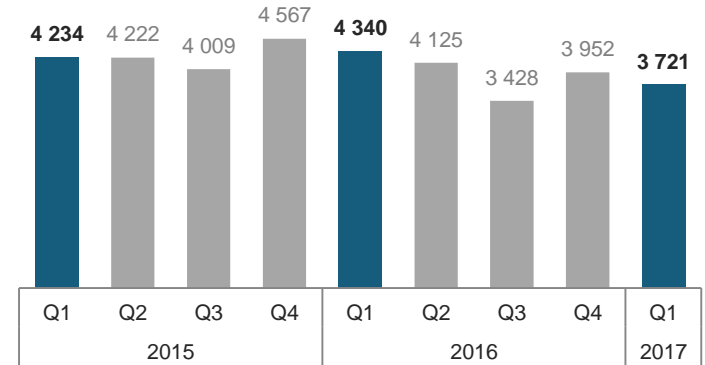
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# REVENUES Q1

Q1 revenues down 14.3 % YoY due to the continuing weak offshore market

- KM revenues down 26.2 % compared to Q1 2016
  - Decline in product deliveries, primarily to the offshore market
  - Continued growth in integrated solutions (EIT/EPC)
  - Subsea and Global Customer Support on par
- KDS revenues up 18.1 % YoY – growth in all divisions
- KPS revenues down 21.5 % from Q1 2016 due to lower delivery volume of new weapon stations



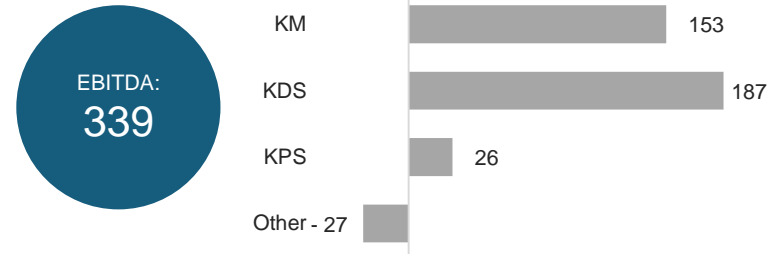
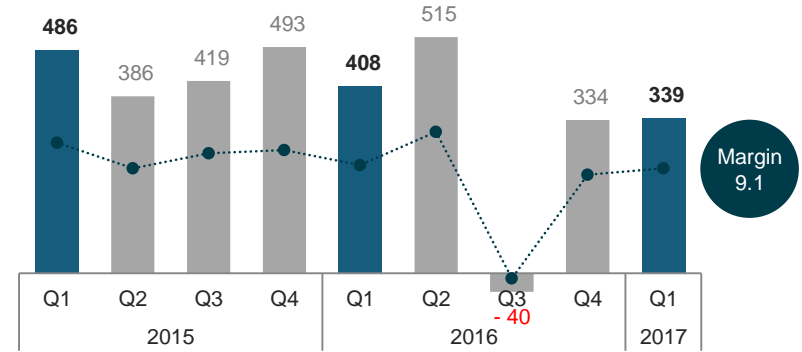
# EBITDA Q1



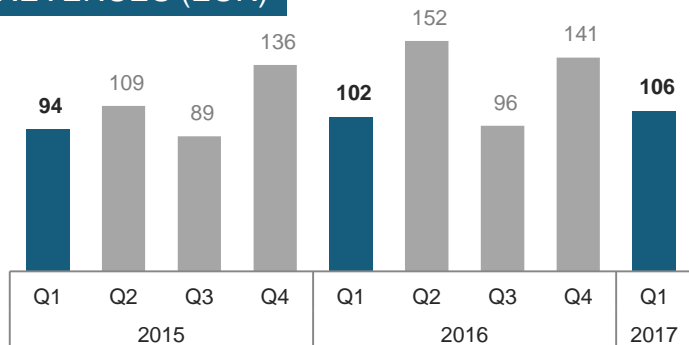
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Q1 EBITDA down 16.9 % YoY, mostly volume driven

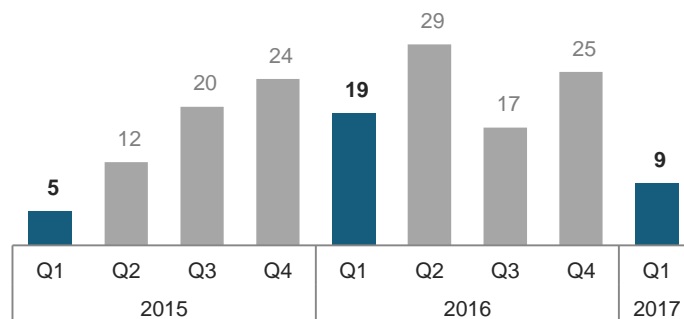
- EBITDA margin 9.1 % compared to 9.4 % in Q1 2016
- KM margin lower YoY, but better than last two quarters mainly due to cost reductions
- KDS margin up YoY, lower than last three quarters primarily due to negative profit contribution from Patria in Q1
- Continued low, but positive EBITDA in KPS. YoY change primarily due to released provisions in Q1 2016



## REVENUES (EUR)



## EBITDA (EUR)



BRIDGE FROM EBITDA TO KOG'S SHARE OF NET PROFIT	Q1	
	EUR	NOK
EBITDA	9	
Financial items, taxes, depreciation and amortisation	-6	
Earnings after tax	3	
KONGSBERG's share (49.9%) <sup>1)</sup>		9
Amortisation of excess value after tax		-11
<b>Share of net income recognized in KDS for the period</b>		<b>-2</b>

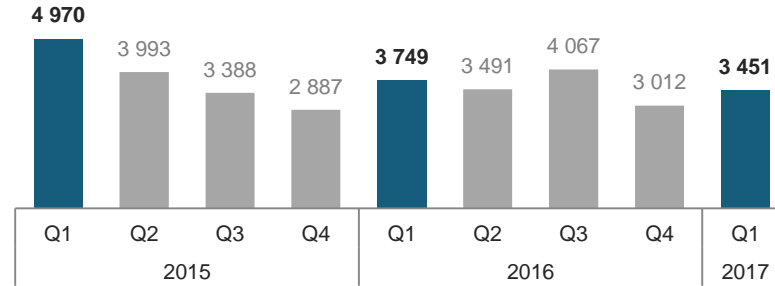
<sup>1)</sup> Share of Patria's net income after tax adjusted for minority interests.

# ORDERS Q1

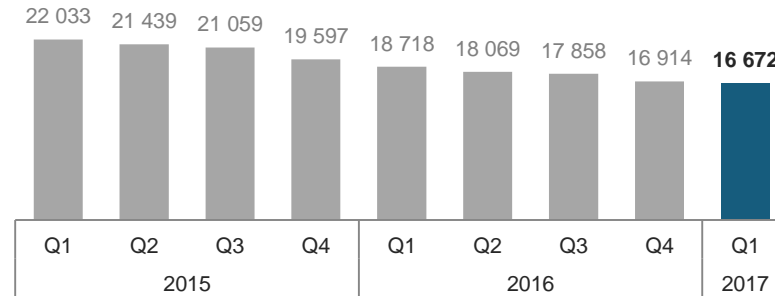


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New orders:  
**3 451**



Backlog:  
**16 672**



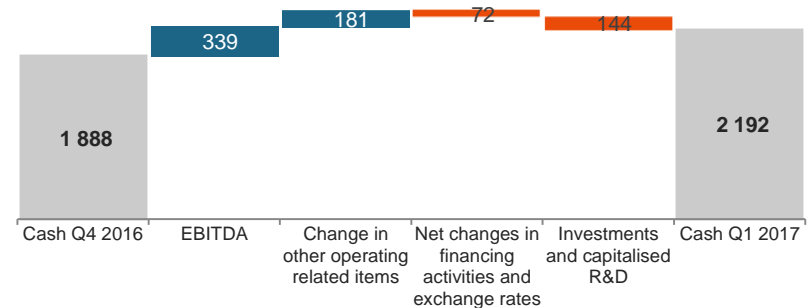
# CASH FLOW AND NET DEBT Q1

## Operating cash flow MNOK 520 in Q1

- Working capital reduced by MNOK 404
  - MNOK ~100 positive cash flow from FX hedge roll-over effects

	Q1 2017	2016
Gross interest bearing debt	4 090	4 083
Cash and short-term deposits	2 192	1 888
Net interest bearing debt	1 898	2 195
Equity ratio	32,1 %	31,7 %
ROACE*	5,8 %	6,9 %

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





# BUSINESS UPDATE



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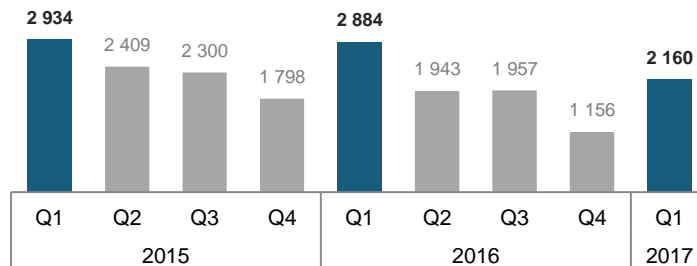


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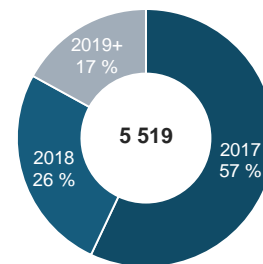
# KONGSBERG MARITIME

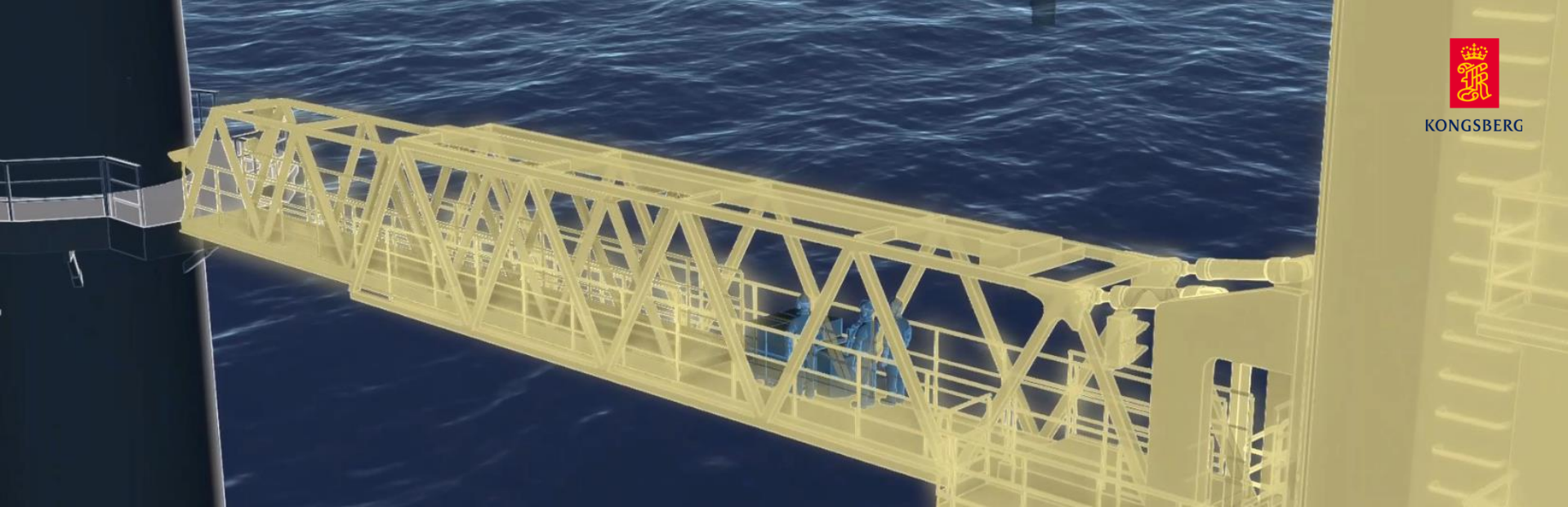
- Continued negative impact from the weak offshore market
- Strong order intake in Q1 – book/bill 1.22
  - Underwater segment strong
  - Norwegian Navy order in Q1 for four AUV's
- New organization in effect from 1 January: Vessel Systems, Solutions, Subsea, Global Customer Support
- KM has secured contracts on several important “next generation” concepts

## NEW ORDERS:



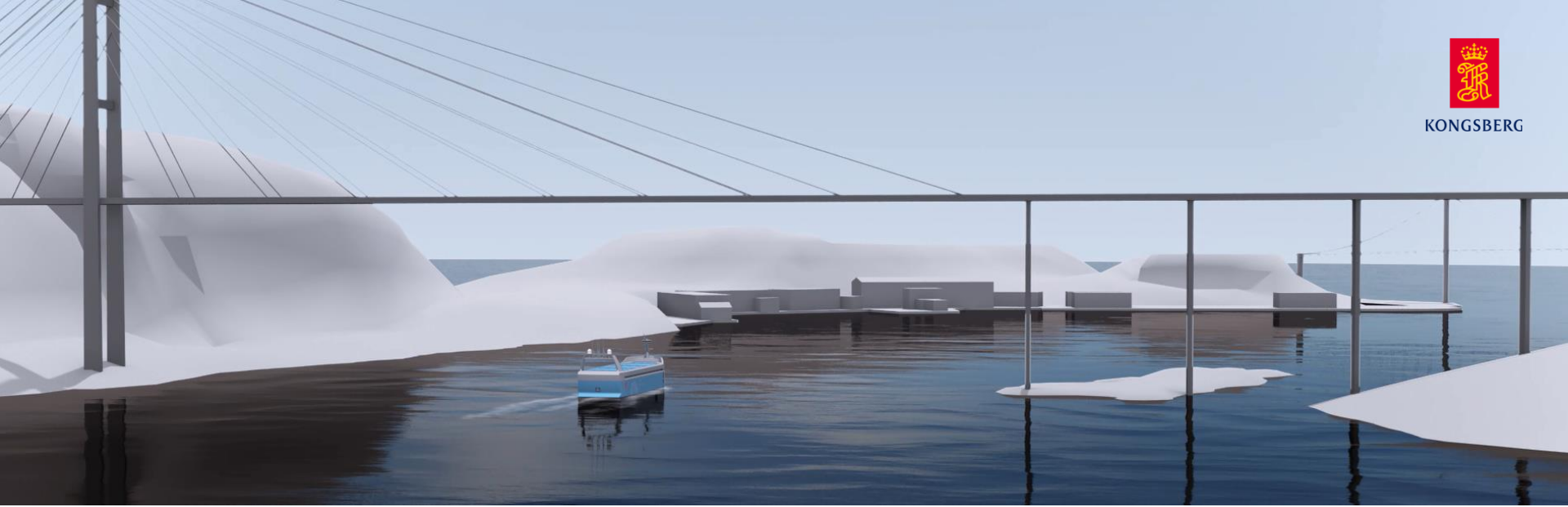
## BACKLOG DELIVERY:





## WALK TO WORK: FIRST CONTRACT ON «K-WALK» SECURED WITH OLYMPIC SHIPPING

- K-Walk is a gangway system enabling transportation of personell and goods between a vessel and an offshore installation, for example a wind mill
- Integrates with the vessels dynamic positioning system and Kongsberg Information Management System for increased safety and significant efficiency gains



## «YARA BIRKELAND»: THE WORLD'S FIRST AUTONOMOUS CONTAINER FEEDER

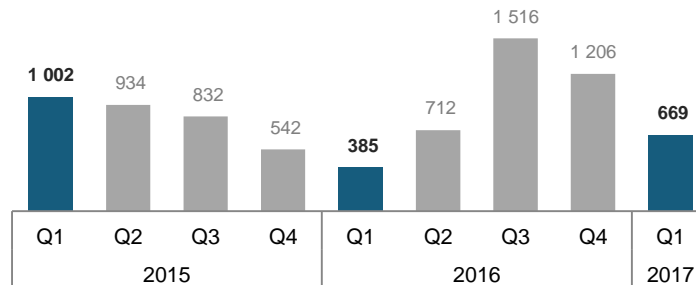
- Full electric and zero emission
- With «Birkeland», Yara cuts 40,000 trips with fossil fuel based road transportation annually
- KONGSBERG to deliver all key technologies
  - Integration of sensor, control, communication and electrical systems
  - Electric drive, battery and propulsion control systems
- Vessel operation planned to start in 2018, with fully autonomous operation in 2020



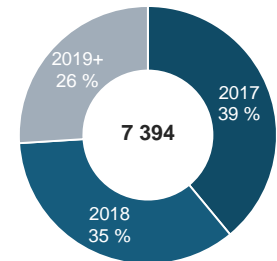
# KONGSBERG DEFENCE SYSTEMS

- Long-term potential in defence confirmed
  - Germany decides on NSM
    - >BNOK 10 potential for KONGSBERG over the next decades
  - Teaming agreement with thyssenkrupp and Atlas for submarines
    - JV to be the intl. exclusive supplier of combat systems for all tkMS' submarines
    - >BNOK 15 potential for KONGSBERG over the next decades
  - Norway to acquire Mobile Ground Based Air Defence
  - Australian Army selects NASAMS
  - Australia invests in JSM development

NEW ORDERS:



BACKLOG DELIVERY:



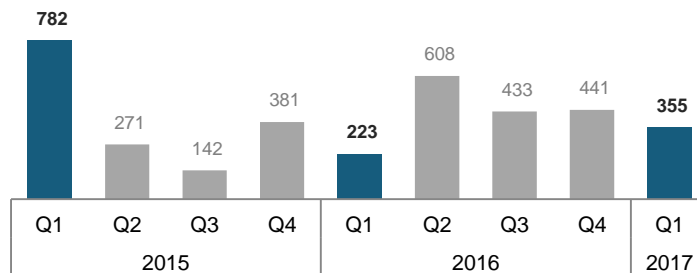


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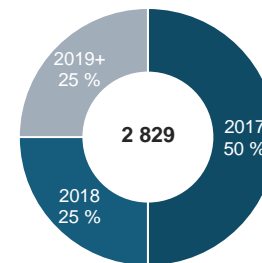
# KONGSBERG PROTECH SYSTEMS

- Largest contract in the quarter with the Swiss armed forces for an updated configuration of PROTECTOR RWS with new advanced capabilities
- Delivered approximately 150 weapon stations to six different customers in Q1
- Assembly of MCT-30 moved to Johnstown, PA. Last delivery under current contract planned for Q2 2018

## NEW ORDERS:



## BACKLOG DELIVERY:



# PATRIA



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## Revenues on par YoY – lower net results

- Lower results primarily due to delays in some projects in the armoured wheeled vehicles business
- Good order intake in the quarter, especially in maintenance



# INVITATION TO BREAKFAST SEMINAR



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**Time:** 24 May 2017 08.00-09.00  
**Venue:** Thon Conference Vika Atrium, Oslo  
**Sign up:** By 19 May on [www.kongsberg.com/ir](http://www.kongsberg.com/ir)

- Hosted by Harald Aarø, Group EVP Business Development and Acting CFO
- Presentation and Q & A on market and industry trends
- Breakfast will be served from 07.45





# OUTLOOK



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# 2017 OUTLOOK

## KONGSBERG MARITIME

- Weak offshore market expected to continue
- Positive development within integrated solutions expected also in 2017
- Further adjustments of cost base considered on an ongoing basis
- Revenues expected to decline compared to 2016

## KONGSBERG DEFENCE SYSTEMS

- Strong position in selected niches and several important opportunities in a generally stronger defence market
- Several events so far in 2017 confirms KDS' strong position and growth opportunities
- Solid order coverage – supports some growth in 2017

## KONGSBERG PROTECH SYSTEMS

- Global leader in remote weapon systems with a well positioned product portfolio
- Revenues are not expected to grow in 2017, but long-term potential continues to be strong
- Last three quarters of 2017 expected to have combined revenues on par with same period in 2016

## OTHER

- Main focus for KDI in 2017 is to build and develop the business. No significant profit contribution is expected in 2017

*See quarterly report for full text*

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# WORLD CLASS

THROUGH PEOPLE, TECHNOLOGY AND DEDICATION