



KONGSBERG

INVESTOR PRESENTATION

Q1 2020

Geir Håøy, President & CEO

Gyrid Skalleberg Ingerø, EVP & CFO



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Key priorities COVID-19

SAFEGUARD HEALTH AND SAFETY



DELIVER AND SUPPORT CUSTOMERS



SECURE FINANCIAL STRENGTH





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COVID-19 measures



Temporary lay-offs and other capacity adjustments



Close collaboration with multiple governmental and industrial bodies



Increased use of remote and digital solutions



Enhanced operational follow-up with all stakeholders



Review, postpone and optimized internal projects



Proposed extraordinary dividend suggested on hold



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Despite challenges related to COVID-19, Kongsberg deliver another strong quarter

Order intake	Revenue	EBITDA	EBITDA margin
6 812	6 678	643	9.6%



GROUP

- Growth in all business areas
- Continued high order backlog
- Strong cashflow

DEFENCE

- Crows, US Army
- NSM, US Navy (OTH program)
- ~56% increased order intake compared to Q1 2019
- Order backlog of ~BNOK 20

MARITIME

- Completed Hydroid transaction
- Solid order intake and revenue synergies
- On track with “value capture” program

DIGITAL

- Increased revenue and stable order intake
- Increased interest for KONGSBERG’s digital solutions



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Financial status

Gyrid Skalleberg Ingerø, CFO



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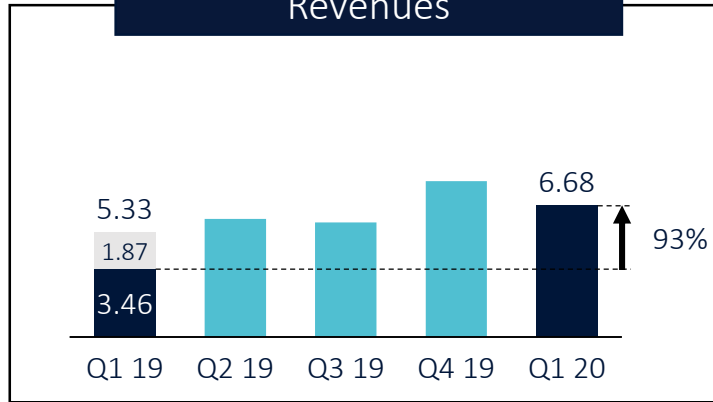
KONGSBERG financial results

BNOK

Order intake



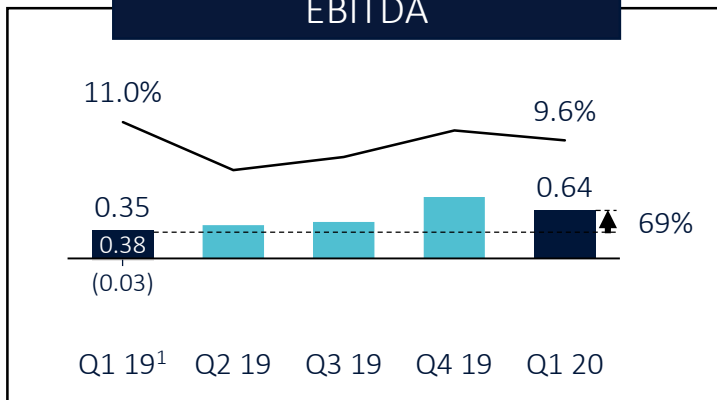
Revenues



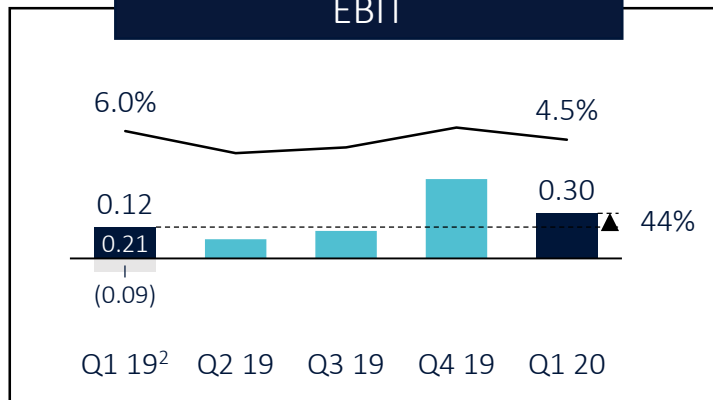
Financial highlights

- Order intake **~86%** higher in Q1 2020 compared to Q1 2019 (**~21%** including CM pro forma order intake in Q1 2019)
- Book-to-bill of **1.02** in Q1 2020
- Revenue increased **~93%** in from Q1 2019 to Q1 2020 (**~25%** including CM pro forma revenue in Q1 2019)
- ~69%** growth in EBITDA (**~85%** including CM pro forma EBITDA in Q1 2019)
- ~44%** growth in EBIT (**~155%** including CM pro forma EBIT in Q1 2019)

EBITDA



EBIT



1) EBITDA margin including pro forma CM Q1 19 equals 6.5% 2) EBIT margin including pro forma CM Q1 19 equals 2.2%

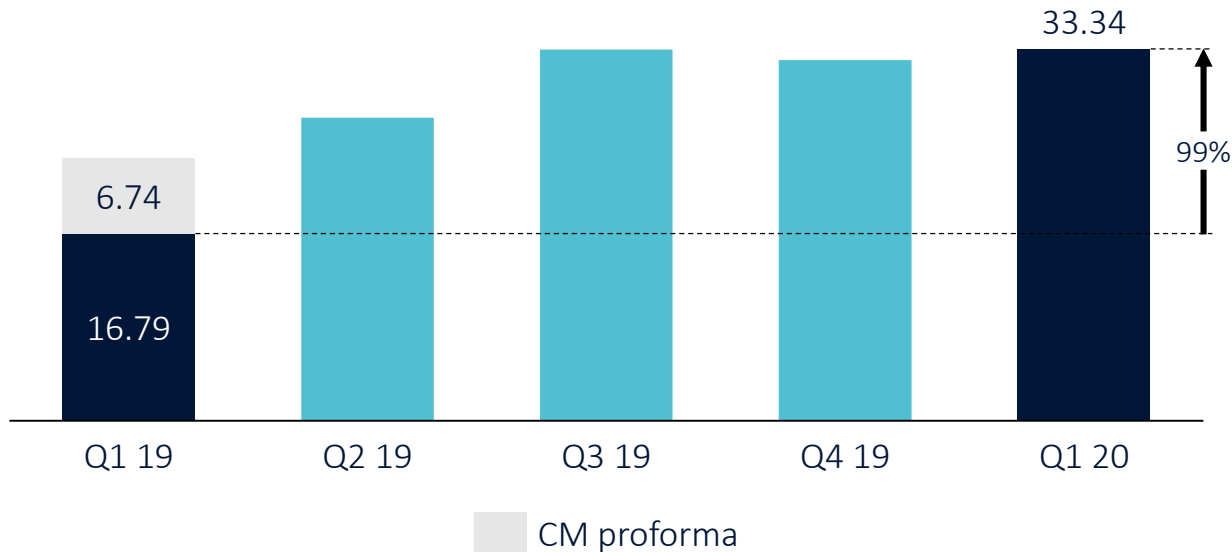


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Continued high order backlog with a larger share of long term projects

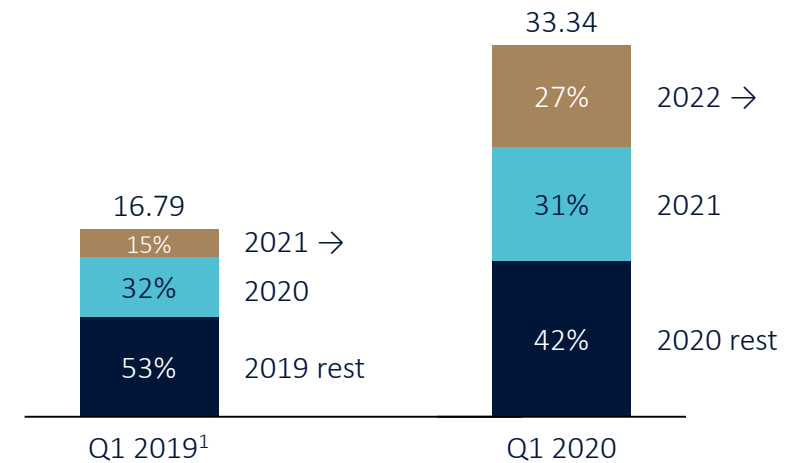
Order backlog continue to grow

Order backlog development (BNOK)



Increased share of long term projects

Distribution of order backlog



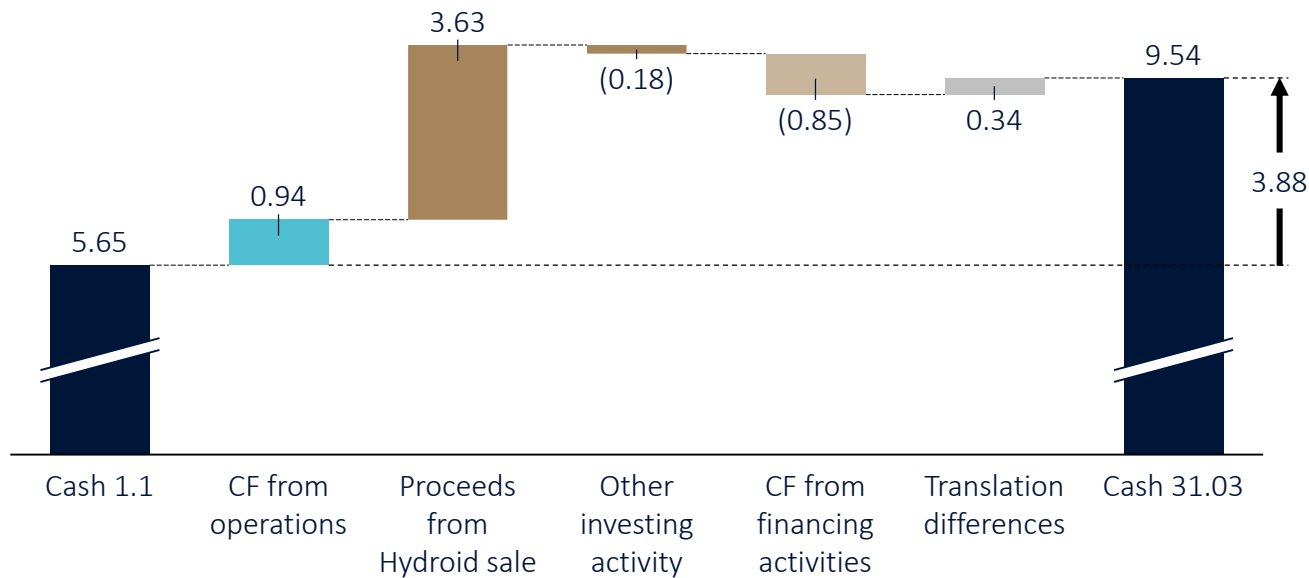


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High positive cash flow from operations supported by proceeds from Hydroid sale

Strong cashflow development in first quarter

Cashflow development (BNOK)



Comments

- Tax related to sales of Hydroid due later in 2020
- MNOK 160 in other financing activity related to purchase of own shares in relation to employee share program
- Repayment of KOG10 (MNOK550) included in financing activities
- Translation effect related to cash holdings outside Norway

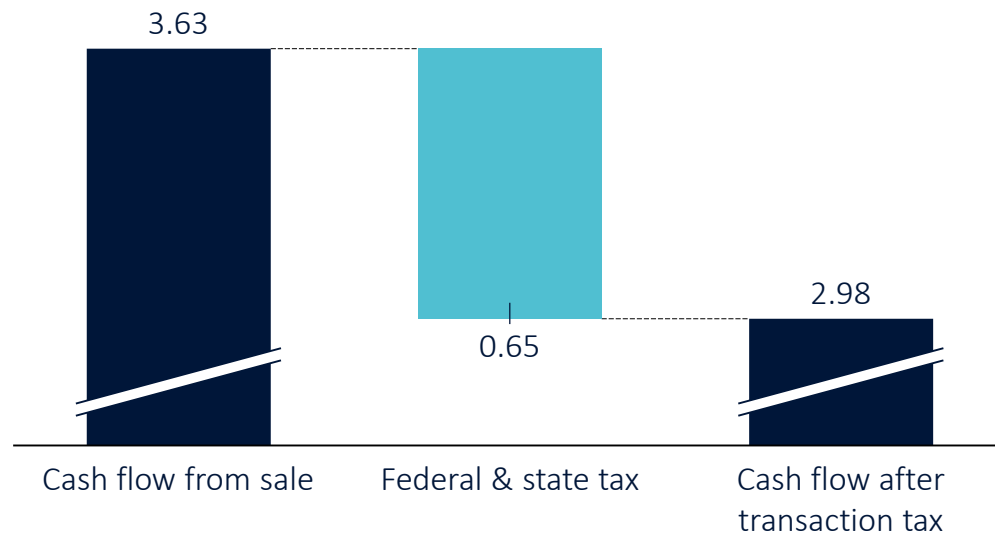


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Successful closing of Hydroid transaction

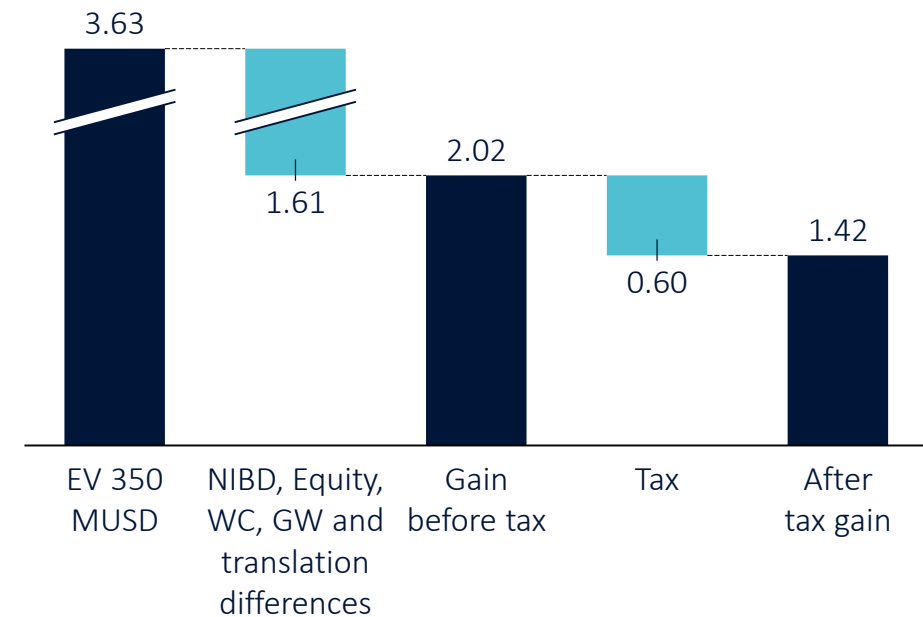
Cashflow from sale of Hydroid

(BNOK)



Accounting gain from sale of Hydroid

(BNOK)





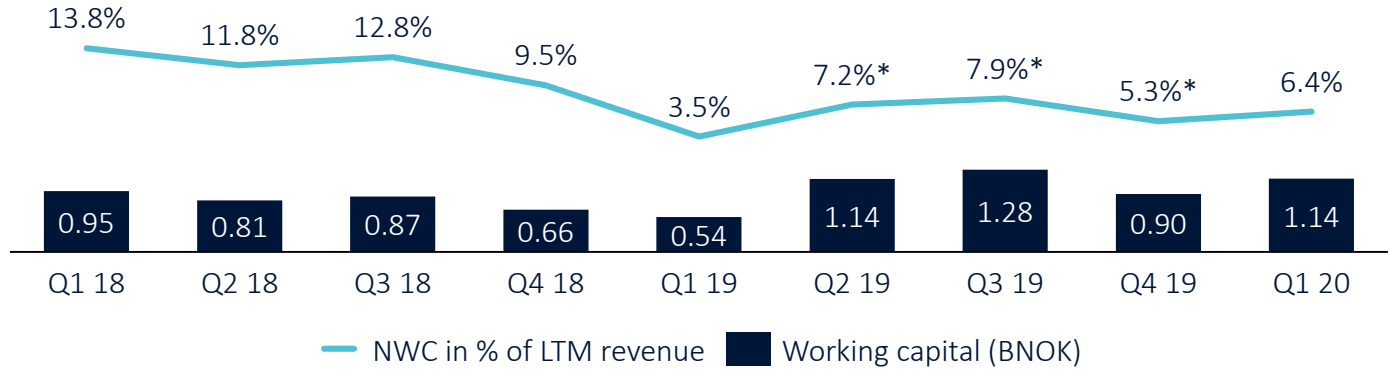
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Q4 NWC

Net Working Capital by Business Area

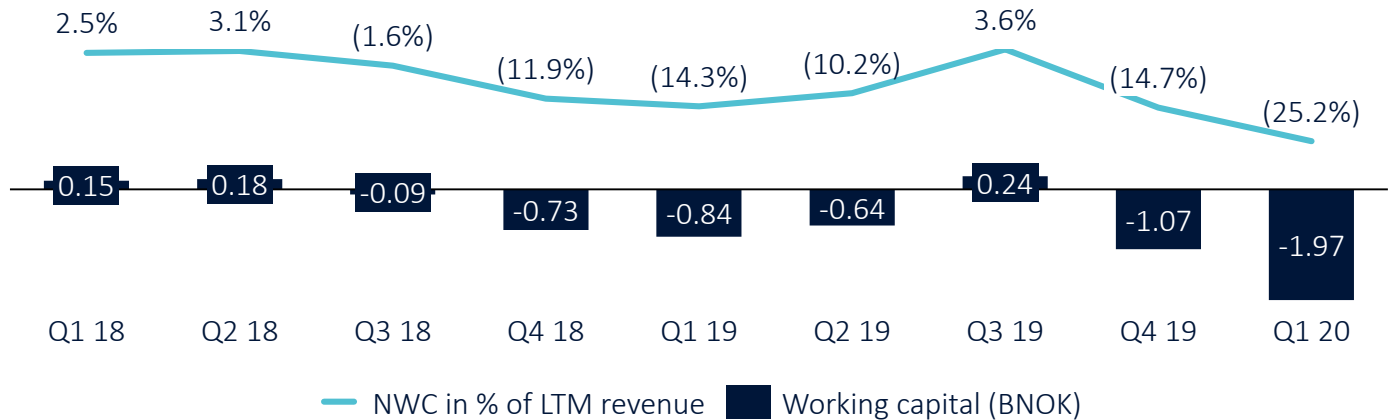
WORLD CLASS – Through people, technology and dedication

Net Working Capital – Kongsberg Maritime



*Includes pro forma Revenue for Commercial Marine

Net Working Capital – Kongsberg Defence & Aerospace



KONGSBERG PROPRIETARY - See Statement of Proprietary Information

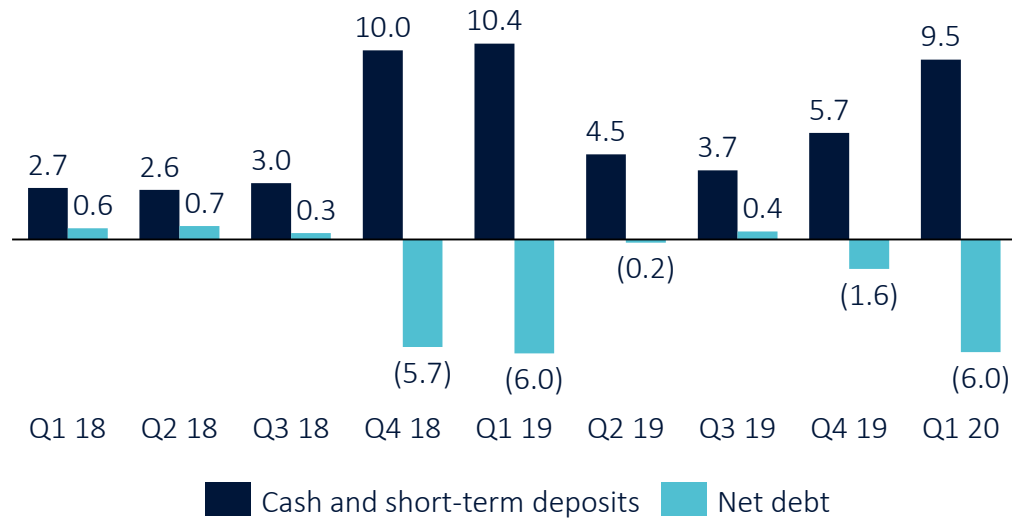


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Strong cash balance and positive development in ROACE

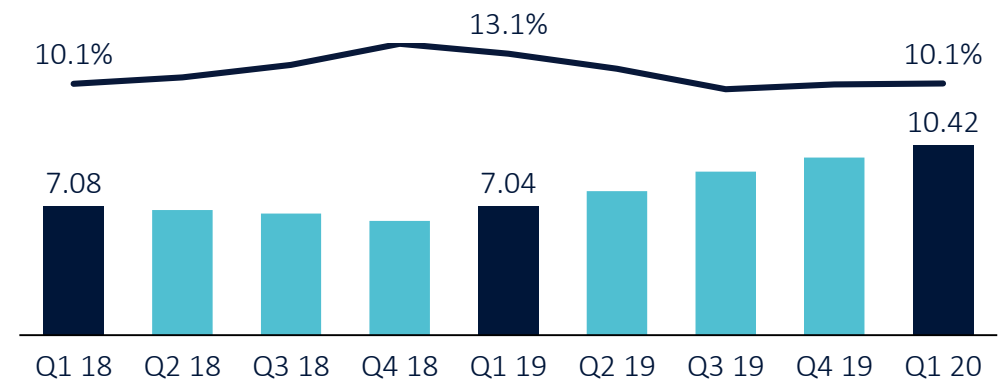
Net debt and cash development

Cash and net debt (BNOK)



Development in ROACE explained by capital employed

Average capital employed (BNOK) and ROACE (%)





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Kongsberg Maritime

Q1



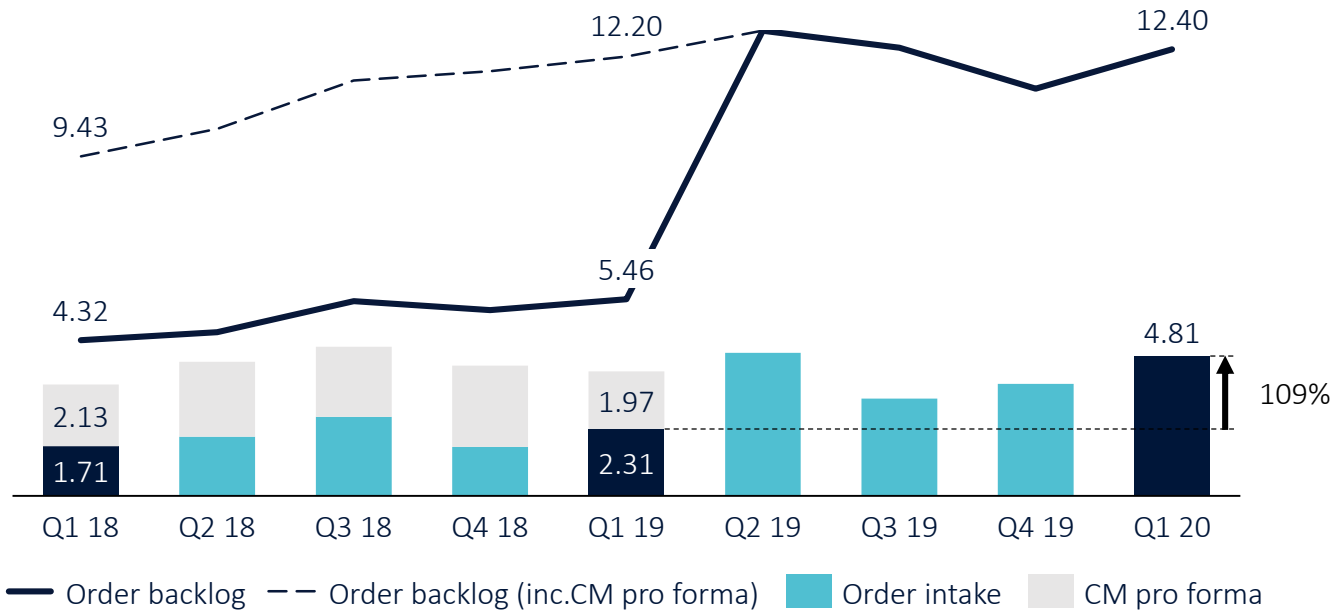


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KM order intake and backlog

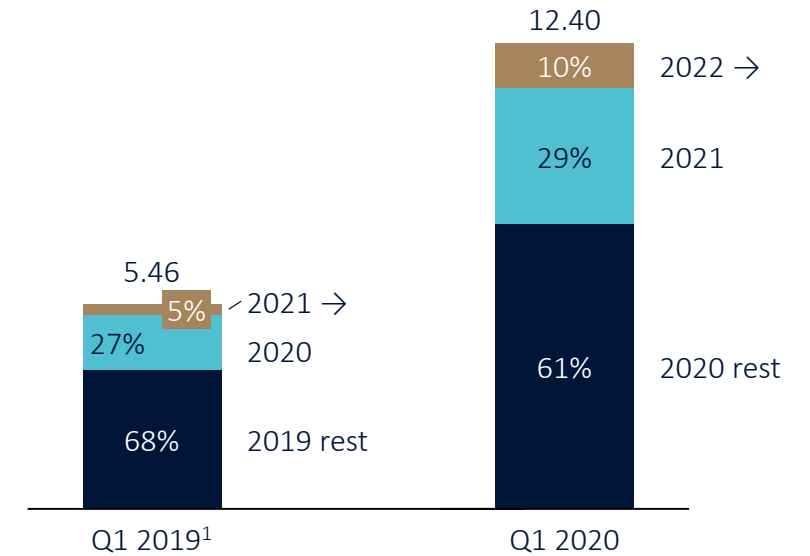
Increased order intake and positive development in order backlog

Order backlog and order intake (BNOK)



Increased share of longer projects

Distribution of order backlog



1) pro forma CM not included in order backlog distribution in Q1 19



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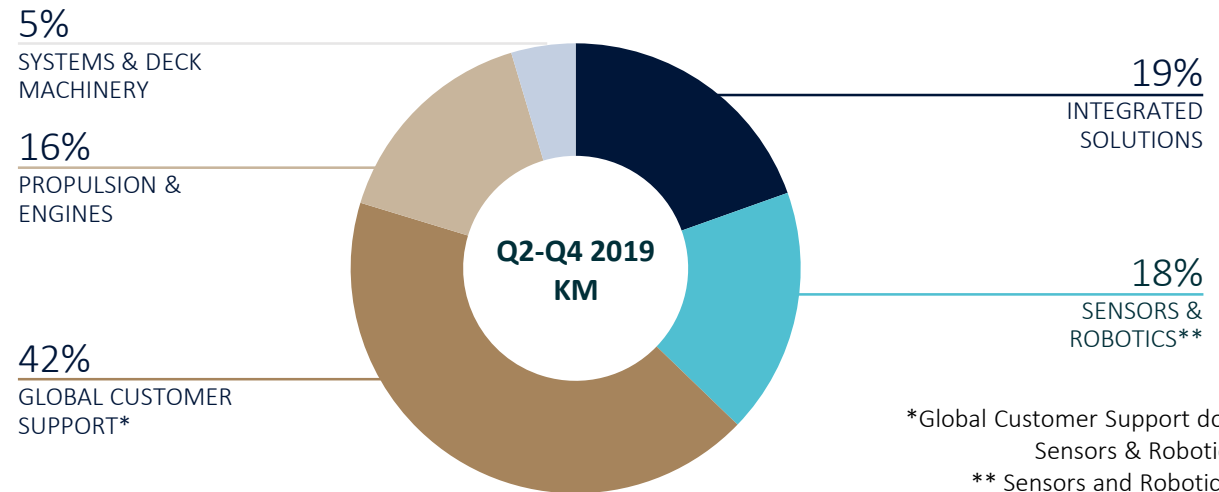
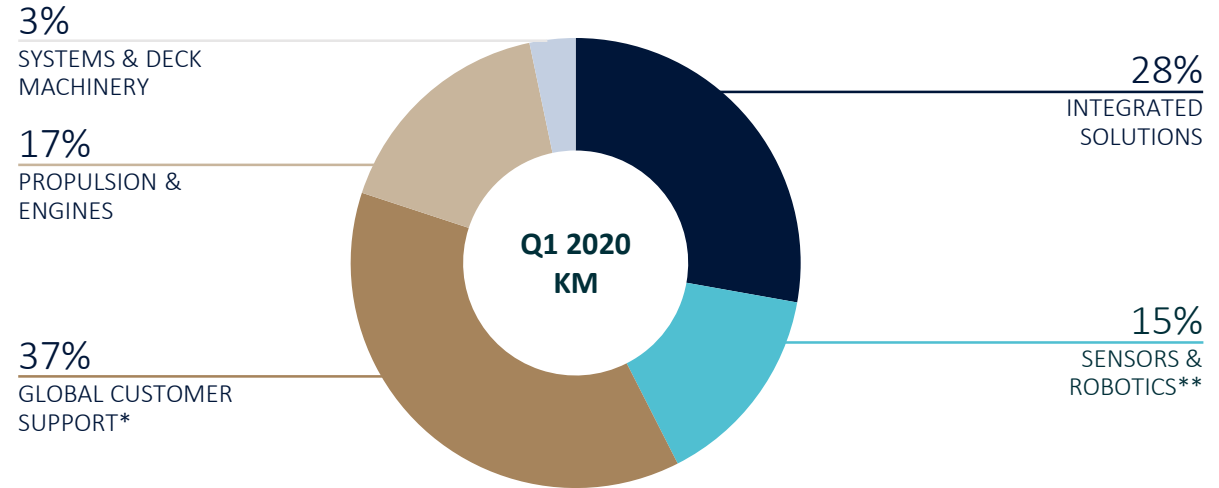
Order intake distribution

Order intake KM Q1 2020: MNOK 4 813

Order intake KM Q1 2019: MNOK 2 306

Order intake included CM pro forma Q1 2019: MNOK 4 279

Order intake + 109% YoY/+12% YoY including CM Q1 19 pro forma



*Global Customer Support does not include Sensors & Robotics aftermarket
 ** Sensors and Robotics also includes aftermarket

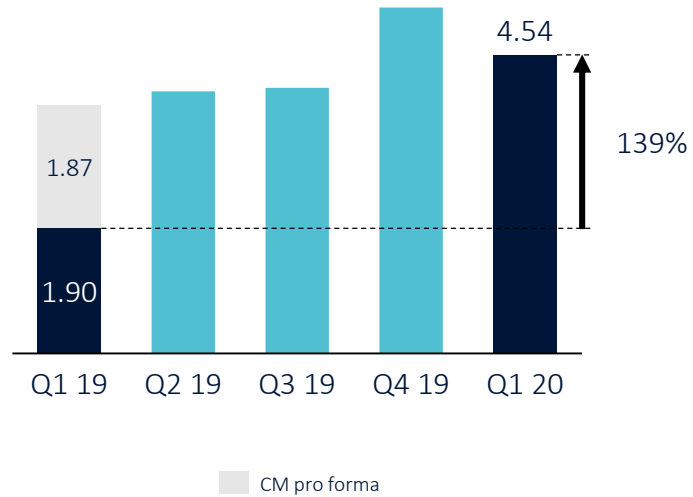


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High revenue growth supported by growth in EBITDA and EBIT

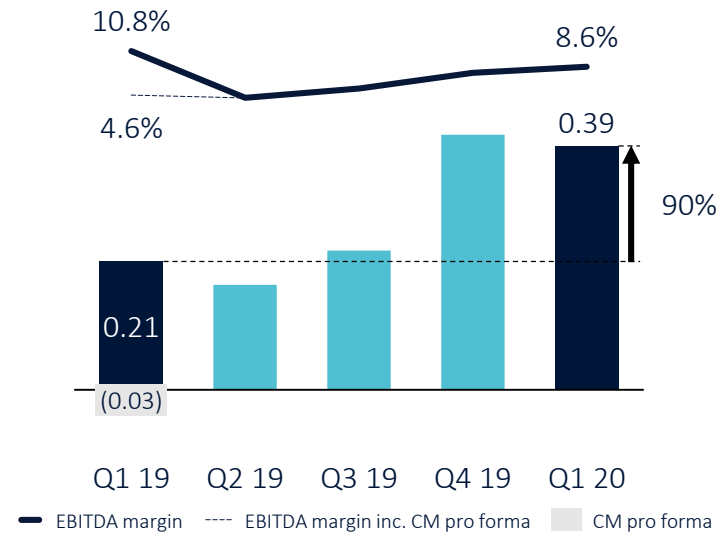
Revenue

Revenue (BNOK)



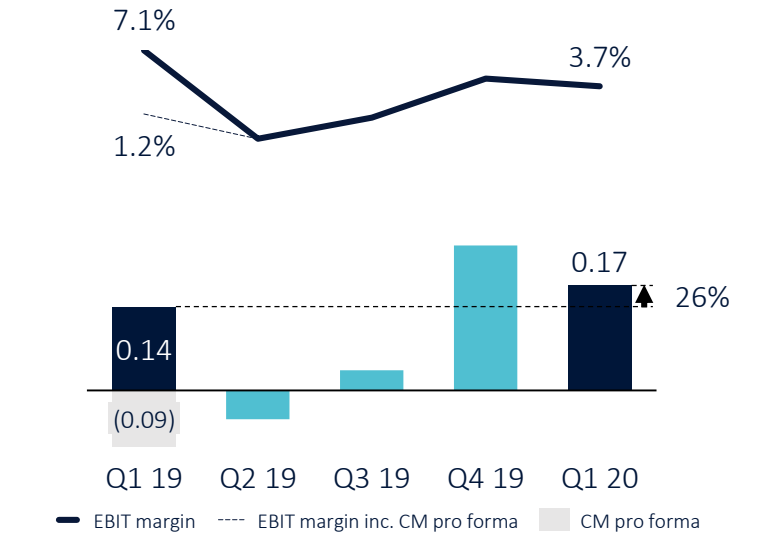
EBITDA

EBITDA (BNOK) and EBITDA margin (%)



EBIT

EBIT (BNOK) and EBIT margin (%)



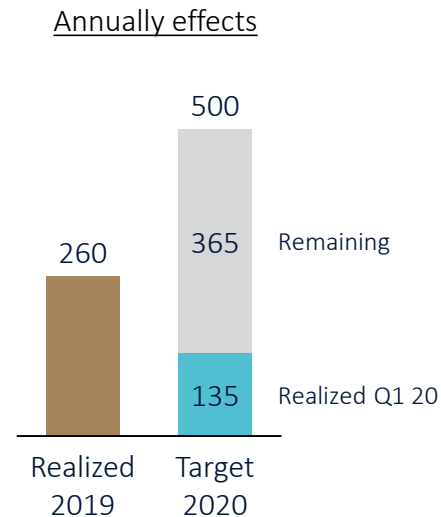
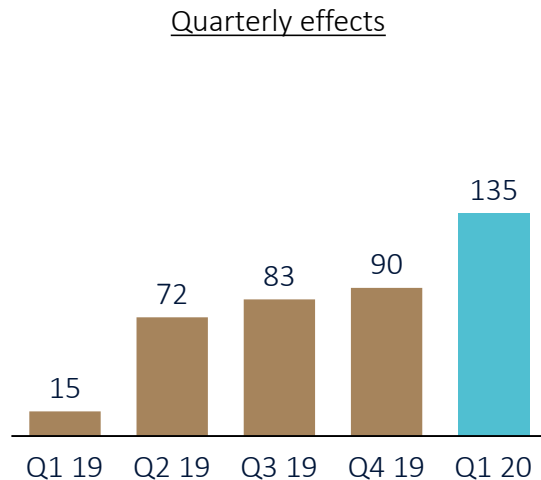


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Value Capture program on track

Key figures

P&L effect of cost savings relative to 2018 cost base, MNOK



Status per Q1

- Value Capture program continues with undiminished effort (important contributor to COVID-19 effect mitigation)
- Realized savings of ~135 MNOK in Q1 yields confidence to 500 MNOK FY target
- Broad range of ongoing activities
 - Deck Machinery restructuring
 - finalization of Ship Design restructuring
 - harmonization of automation and electro product portfolio
- Headcount reductions progressing according to plan



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135 MNOK savings realized in Q1 2020

Realized cost savings

P&L effect of cost savings relative to 2018, MNOK

Area	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 2020 effects	
					Q1 '20	Comments to realized savings
Footprint & delivery streamlining	3	11	12	15	34	Effects of co-locations, production facility shutdowns and optimization of delivery organizations
SG&A savings and synergies	9	52	58	60	81	Savings driven by more cost efficient set-up of support and sales functions, as well as harmonization of terms and benefits
Product portfolio optimization	4	8	13	15	20	Savings mainly related to streamlining of digital marine spending (Ship Intelligence)
Total	15	72	83	90	135	Well on track for FY20 savings target of 500 MNOK

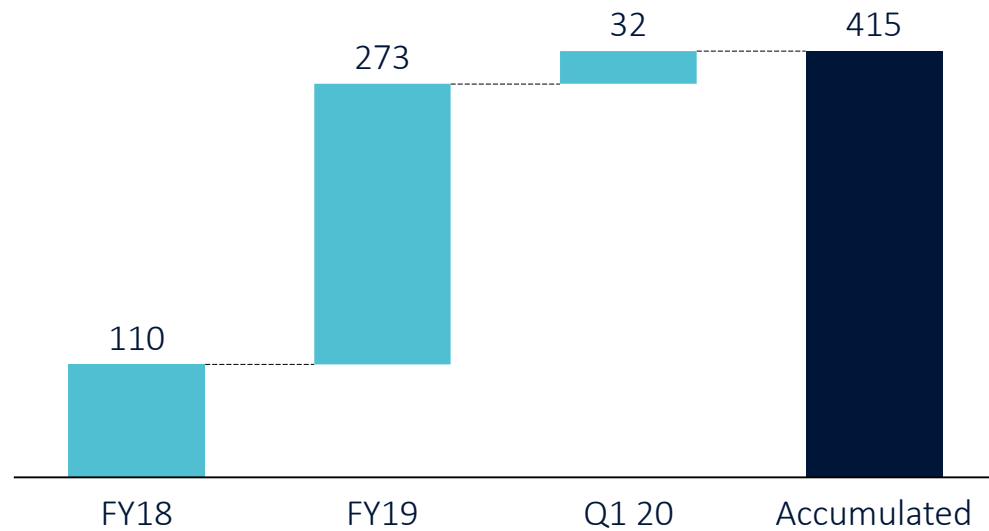


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Integration and restructuring costs

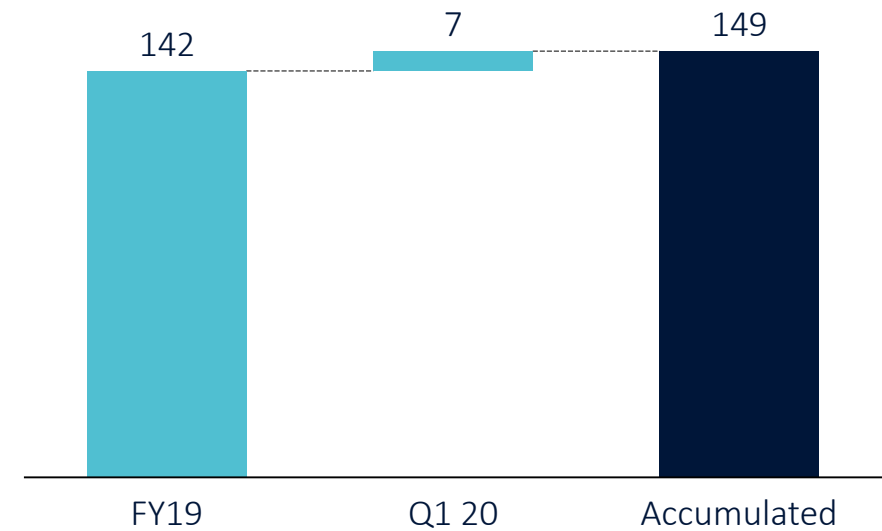
Integration cost

(MNOK)



Restructuring cost

(MNOK)





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KDA



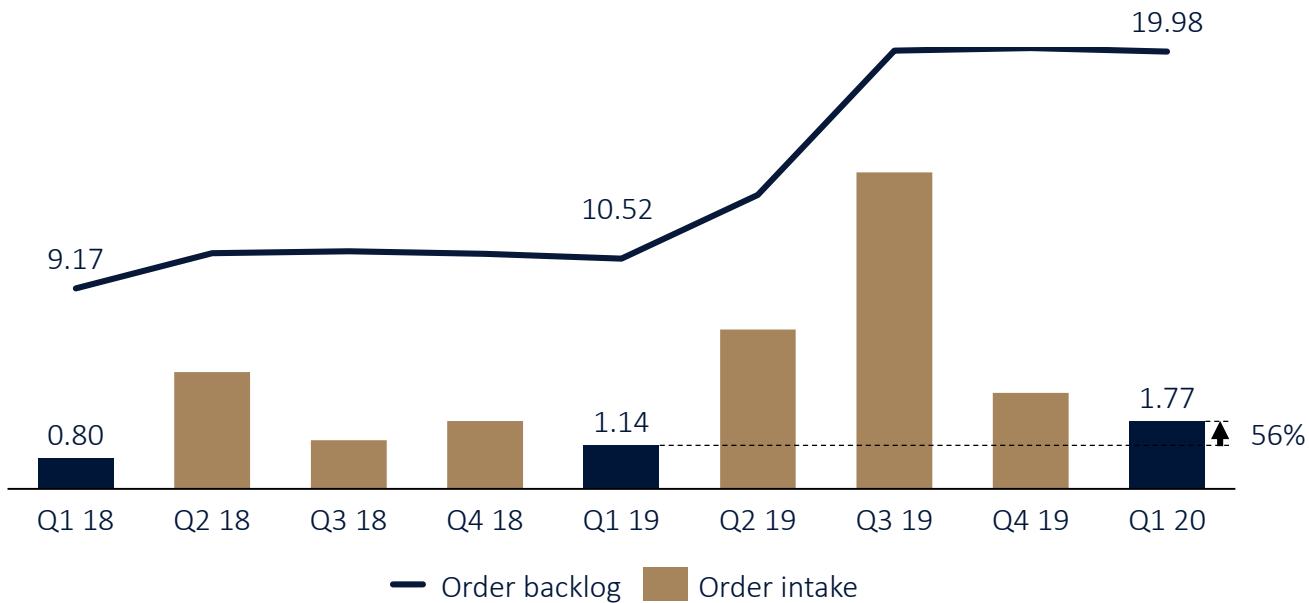


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Stronger order intake supported by increased share of long term projects

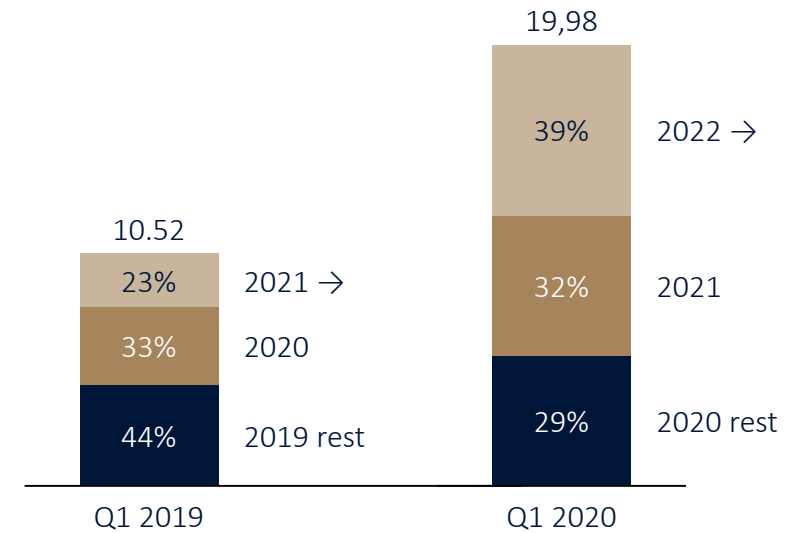
~56% increase in order intake and ~BNOK 20 in order backlog

Order backlog and order intake (BNOK)



Significant increase in long term projects

Distribution of order backlog



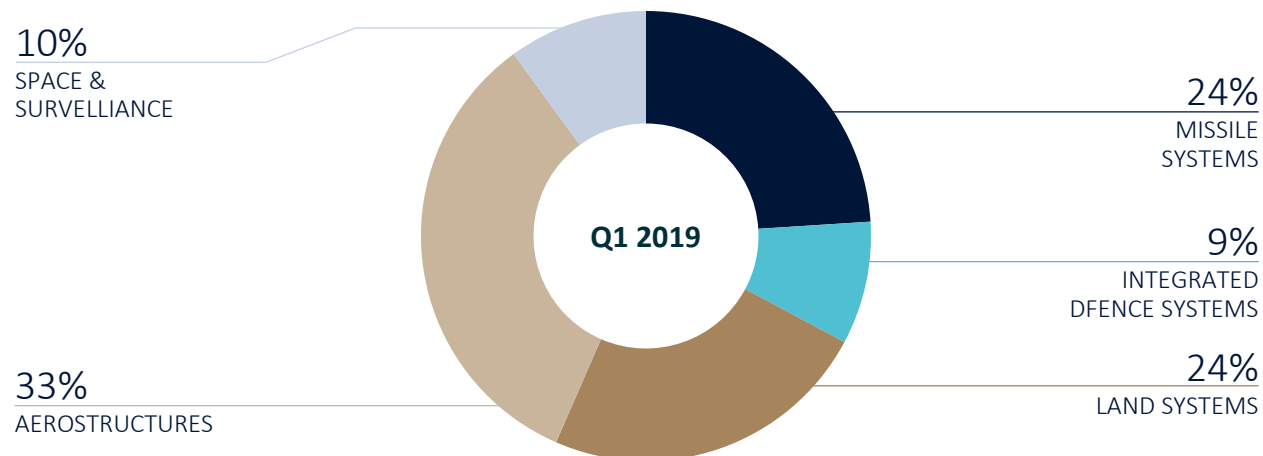
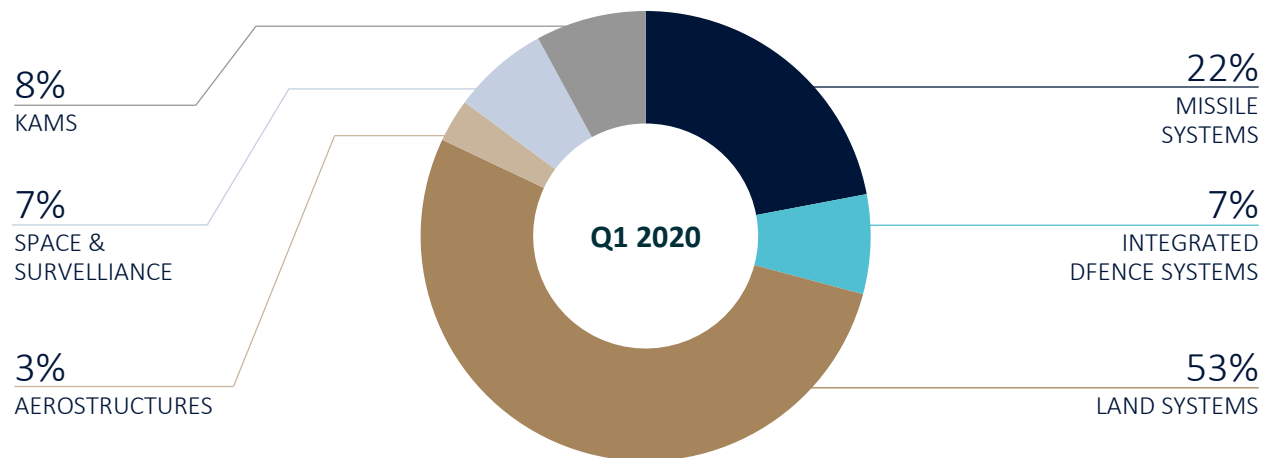


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Order intake distribution

Order intake KDA Q1 2020: MNOK 1 769

Order intake KDA Q1 2019: MNOK 1 137



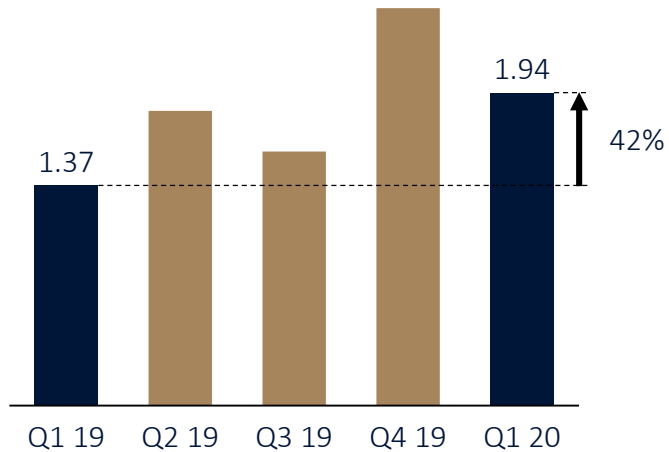


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Double digit revenue, EBITDA and EBIT growth

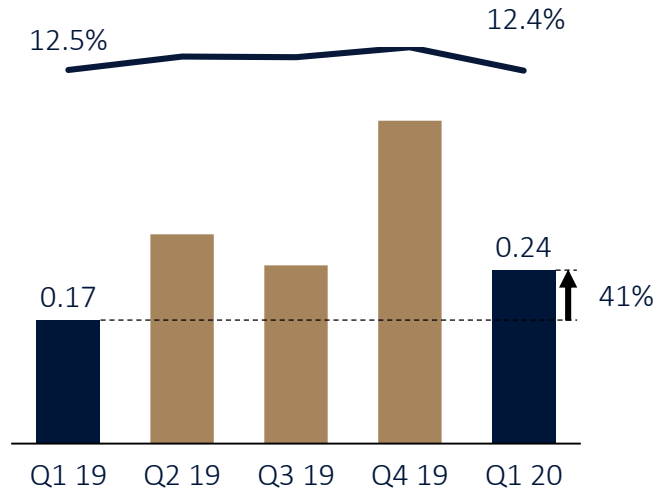
Revenue

Revenue (BNOK)



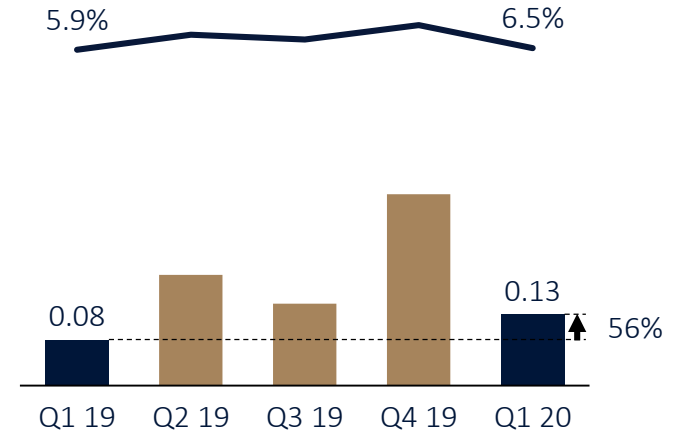
EBITDA

EBITDA (BNOK) and EBITDA margin (%)



EBIT

EBIT (BNOK) and EBIT margin (%)





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Business update

Geir Håøy, President & CEO



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BUSINESS UPDATE KONGSBERG MARITIME



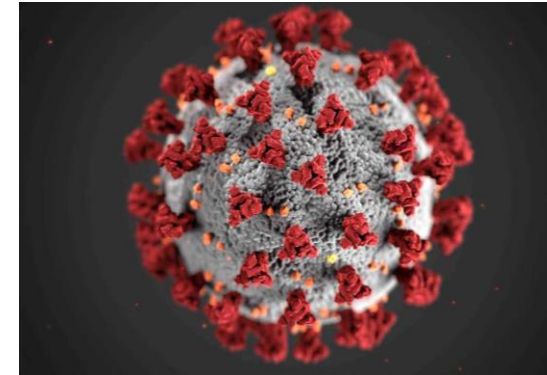
Hydroid sale and new strategic alliance

- Completed sale of Hydroid Inc. to Huntington Ingalls Industries (HII) for USD 350 million
- Good progression regarding the strategic alliance with HII



Strong order intake despite challenging market

- Mystic Cruises ~300 MNOK
 - Large scope contract for 3 + 1 expeditions vessels
- Highly solution-oriented attitude among customers and suppliers to adjust to the COVID situation





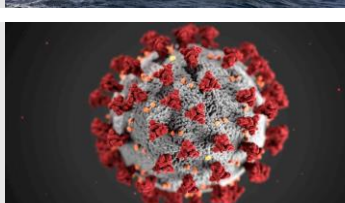
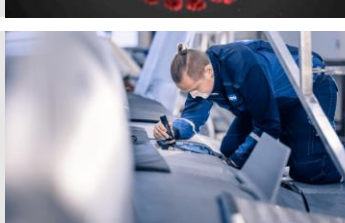
Impact and respond to COVID-19

- Ensure safety, liquidity and keep the operation going
- Adjust capacity and cost through various initiatives
- Increased use of remote services and KONGSBERG's digital solutions



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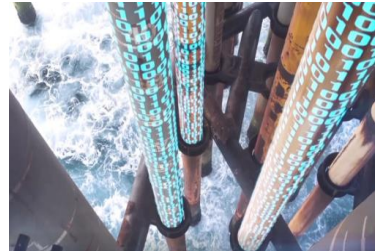
BUSINESS UPDATE KONGSBERG DEFENCE & AEROSPACE

Strong order intake	<p>Call-off on frame work agreements;</p> <ul style="list-style-type: none">• NSM US Navy “Over The Horizon”• Crows to US Army• C-UAS to Germany	
Progression on ongoing campaigns	<ul style="list-style-type: none">• Norway/Germany submarine cooperation• NSM Germany• Progress on ongoing campaigns despite COVID-19	
COVID-19	<ul style="list-style-type: none">• Ensure safety, liquidity and keep the operation going• Proactively work with various industrial and governmental bodies to accelerate new initiatives and planned investments	
Patria	<ul style="list-style-type: none">• ~12% revenue growth compared to Q1 2019, driven by acquisition of Belgium Engine Centre• Patria deliver MEUR 9 in EBITDA in Q1 20, up from MEUR 5.4 Q1 19, driven by ongoing cost initiatives• Patria 6x6 vehicle platform selected for Finnish-Latvian-Estonia development program	



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Business update Kongsberg Digital

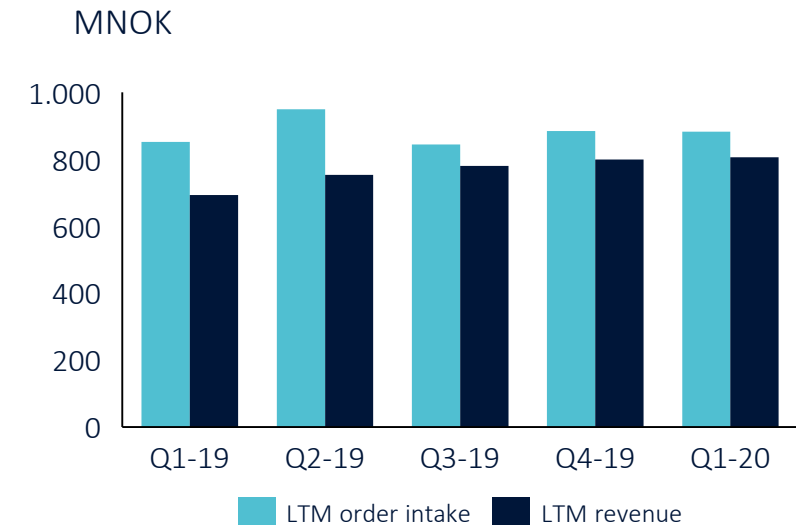


KDI

Growing revenue and stable order intake

Increasing interest for digital products and solutions in light of COVID-19 situation

Extensive digital marketing campaigns and webinars





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Outlook – high uncertainty related to COVID-19

KDA

Current backlog will continue funds growth in 2020

Possible delays in certain programs due to COVID-19

Continued progress on ongoing campaigns

KM

Good order backlog coverage and significant lifecycle business, although expected impacted from COVID-19

Segments within new build market expected to remain challenging

Low oil price expected to impact certain segment in the after market

KDI

Increased interest and demand for KONGSBERG's digital solutions

Certain segments challenging due to COVID-19

Accelerate on positions related to Vessel Insight and our Dynamic Digital Twin, Kognitwin



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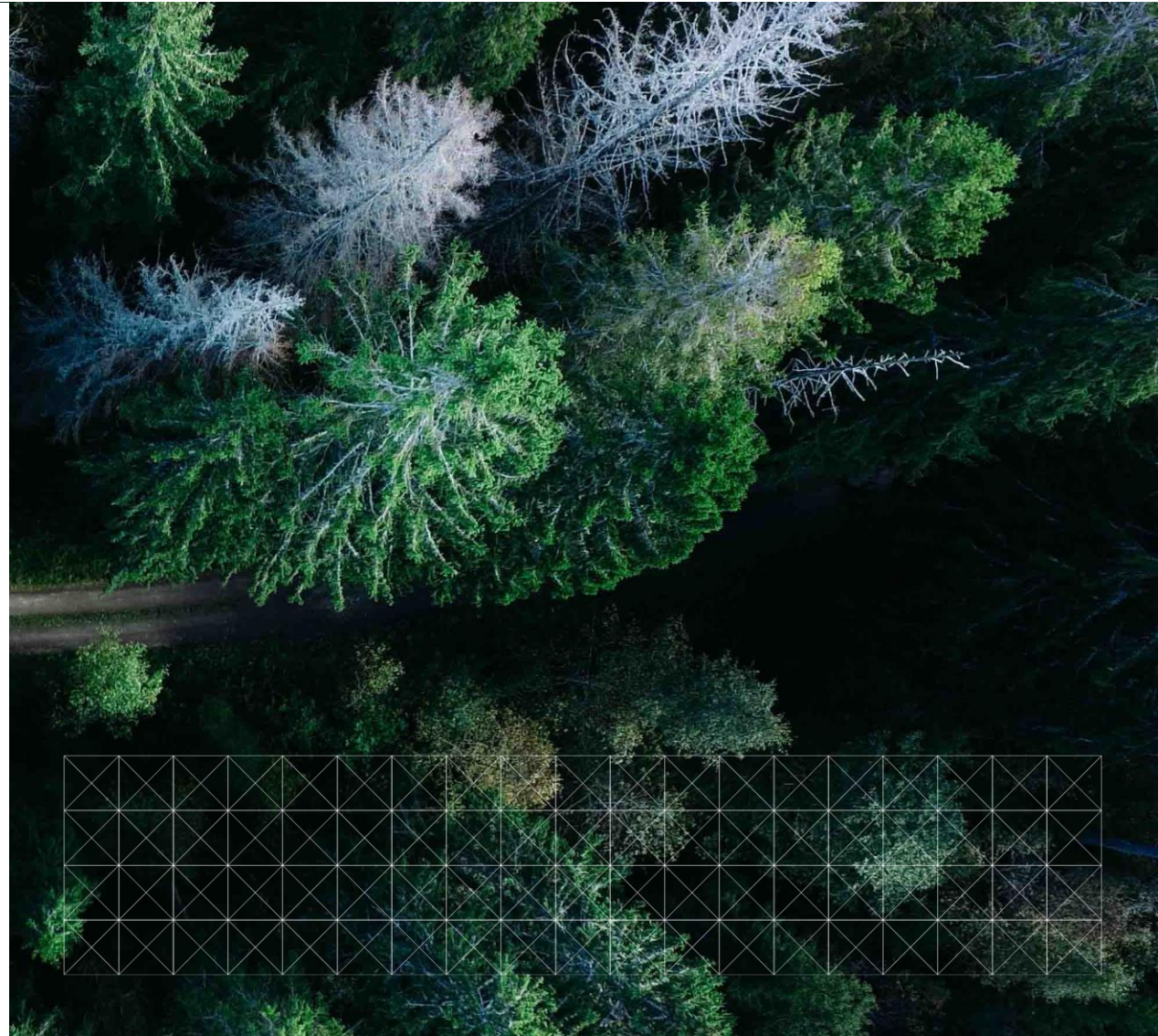
Q&A





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Appendix



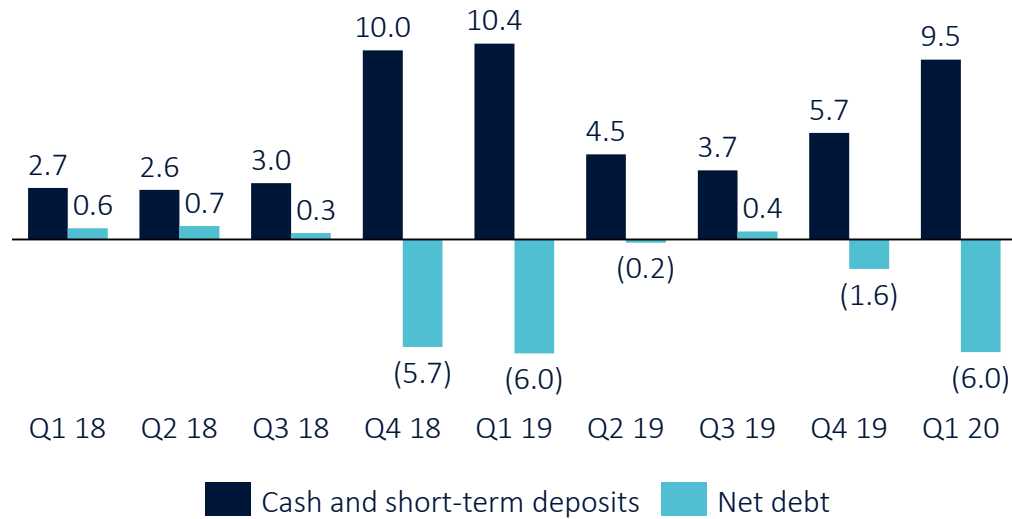


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Cash, net debt and bond maturity profile

Net debt and cash development

Cash and net debt (BNOK)



Bond maturity profile

Outstanding bonds (BNOK)

