



KONGSBERG

INVESTOR PRESENTATION

Q2 2020

Geir Håøy, President & CEO

Gyrid Skalleberg Ingerø, EVP & CFO



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Highlights second quarter 2020

- Order intake of BNOK 6.07 with book/bill of 1,01
- BNOK 5.98 in revenue
- Solid profitability with EBITDA of MNOK 772 (12.9%)
- Cost focus and cost reduction initiatives
- Value capture and integration of CM on track
- Several important agreements
- Strategic acquisitions





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Good order intake in a challenging period



RWS to the Canadian army



MCT - 30 to the United States Marine Corps



Real-time software service



Strong order intake from the F-35 program



Realised multiple cross sales opportunities



Book bill above 1 in KM



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Solid performance in all business areas

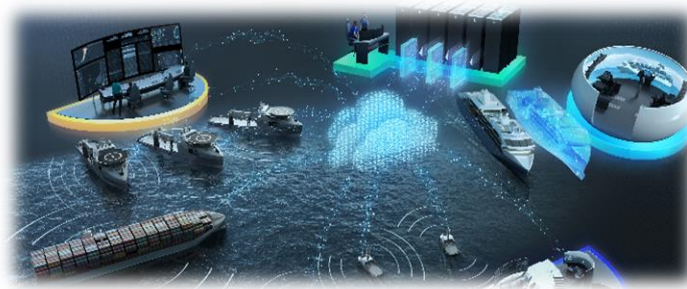
Maritime deliver good financial results, despite a challenging market

- Aftermarket impacted by COVID-19
- Cost initiatives and solid operations
- Market continues to be challenging with;
 - low contracting of new vessels
 - oil price
 - intensified cost focus



Increased interest in our digital product portfolio

- Continue to gain momentum in energy segment
- Significant increased number of users on the Nyhamna Dynamic Digital Twin
- Complement the product offering through bolt-on acquisition



Defence continues to sign strategic contracts and delivers on operations

- Signed strategic agreements
- Increased footprint in MRO through bolt-on acquisition
- Good project execution
- Recruiting campaign





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Acquisitions of COACH solutions and Patria Helicopters

COACH Solutions

- Entry-level vessel performance systems
- Increases installed based with ~600 vessels
- Complementary to KDI's product offering

Patria Helicopters

- Strengthens KDA's positions in the MRO segment and ability to support the NH-90 helicopters
- Transaction completed 1. July





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COVID-19 Update

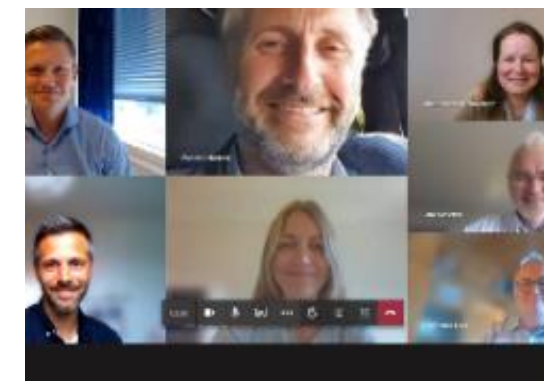
Our #1 priority remain: Safeguard our employees, deliver to our customers, and secure financial strength

Less strict travel restrictions and gradual “return to office” in certain regions

Continue to work with governments to promote value creating activities

Position KONGSBERG for “the new normal”

Cost focused and agile with regards to the market situation





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Financial status

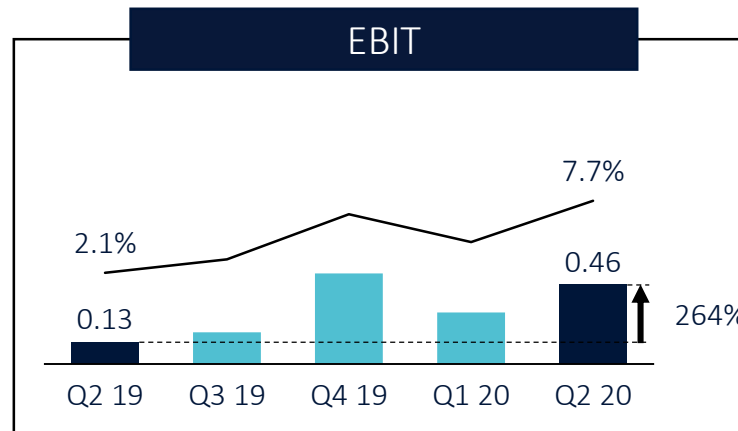
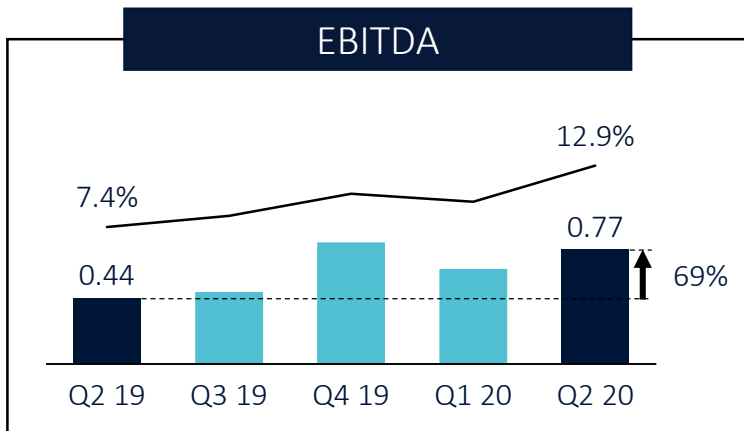
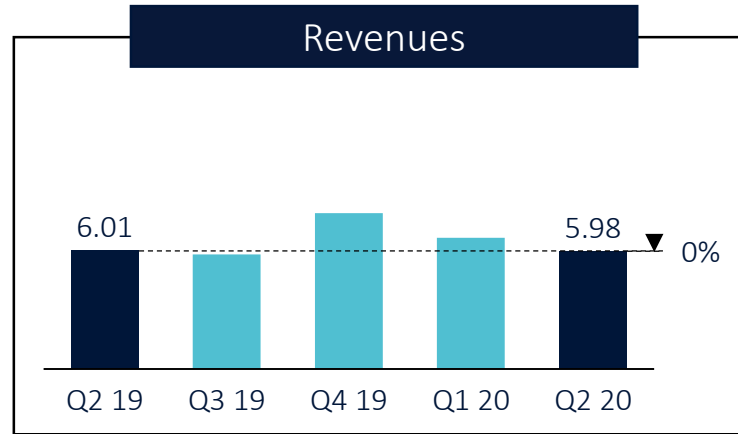
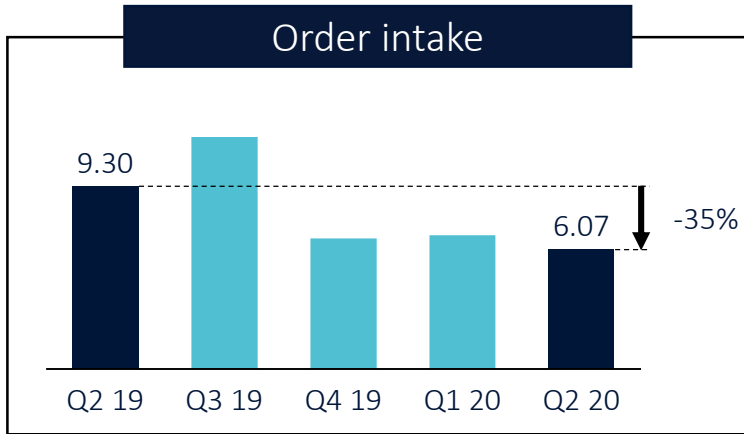
Gyrid Skalleberg Ingerø, CFO



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KONGSBERG financial results

Stable revenues and solid profitability



- ### Financial highlights
- Lower order intake in both KM and KDA compared to a strong Q2 2019
 - Decreased revenue in KM offset by increased revenue in KDA
 - Solid EBITDA in the quarter attributable to;
 - extraordinary efforts from all employees
 - strict cost focus and COVID initiatives
 - strong execution of air defence contracts
 - lower integration cost
 - Good quarter in KDI;
 - Increased demand for digital solutions
 - Book-to-bill above 2

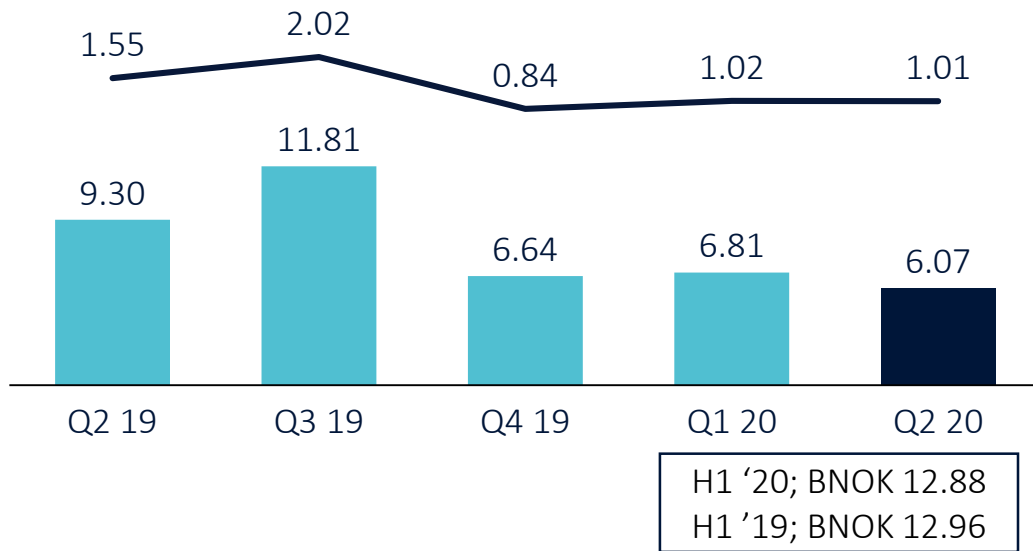


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Order backlog and order intake

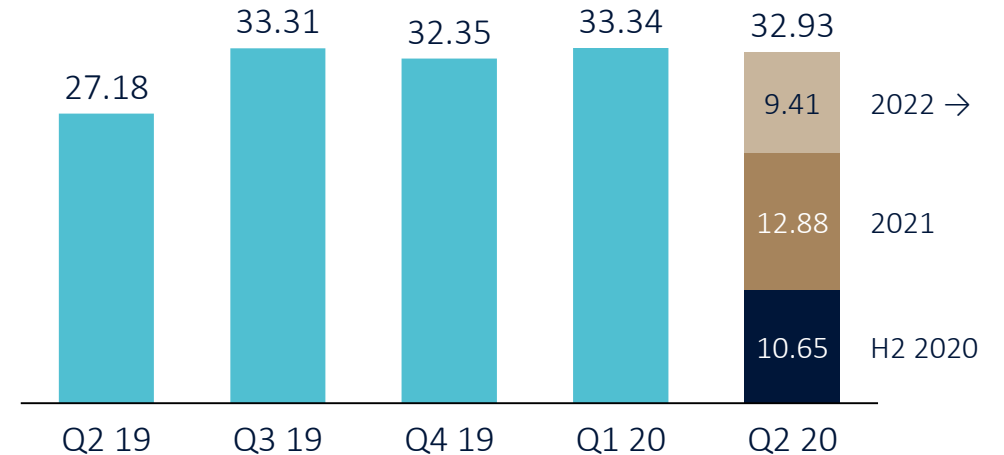
Order intake continue to support a book/bill above 1

(BNOK)



Stable order backlog throughout second quarter

(BNOK)



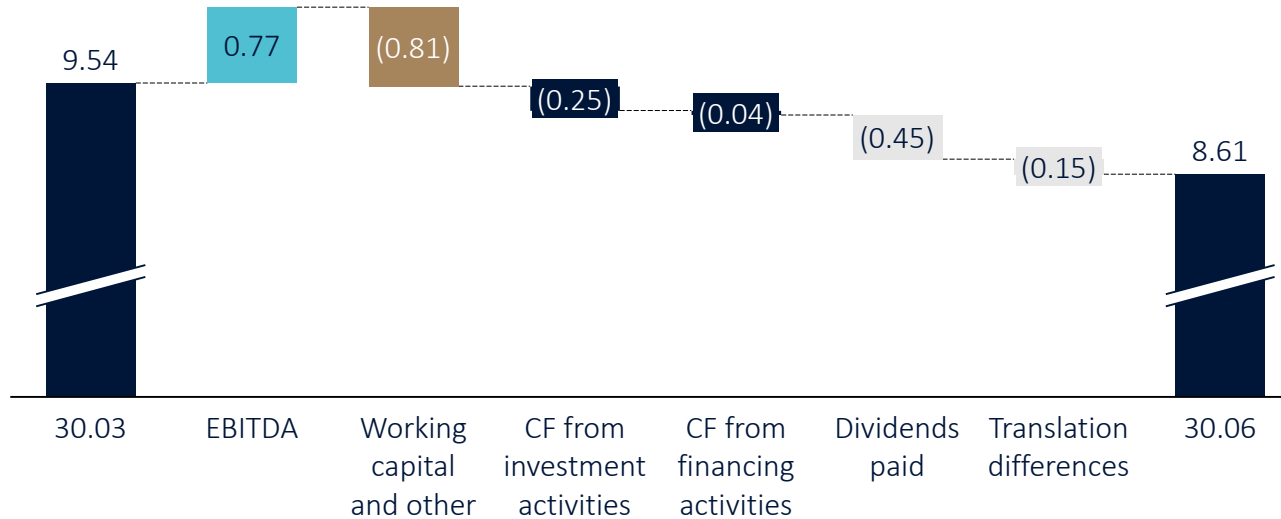


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Cashflow development

Cashflow impacted by changes in working capital and currency effects

Cashflow development (BNOK)



Comments

- Positive impact from operations offset by changes in working capital
- Increase in working capital offset by reduced trade receivables
- CF from investments due to expansion of aerostructure factory and acquisition
- Dividends payment NOK 2.50 per share paid out in May



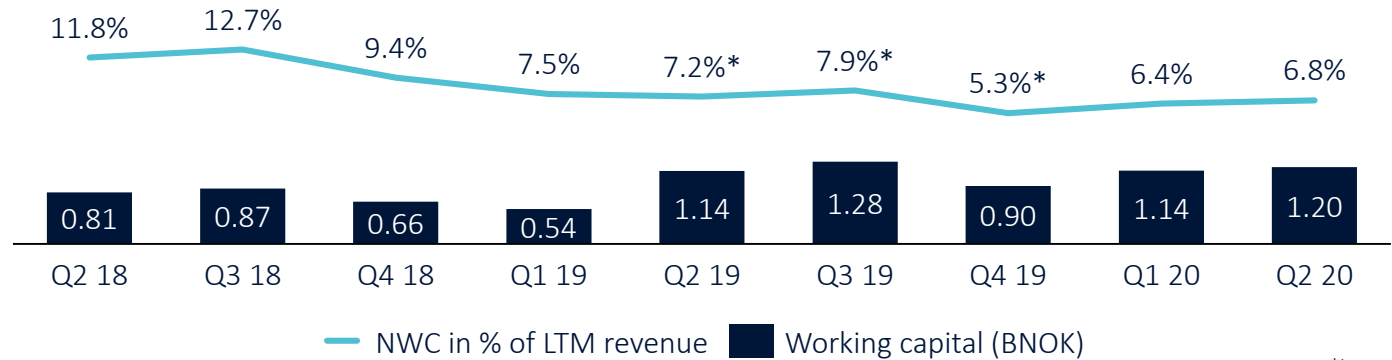
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Q2 NWC

Net Working Capital by Business Area

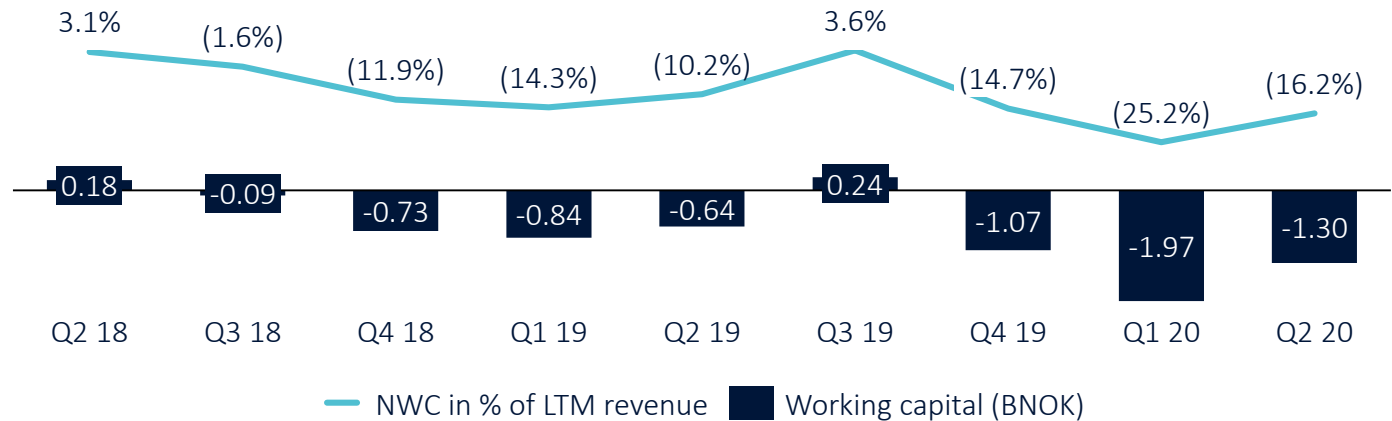
WORLD CLASS – Through people, technology and dedication

Net Working Capital – Kongsberg Maritime



*inc. proforma CM

Net Working Capital – Kongsberg Defence & Aerospace



KONGSBERG PROPRIETARY - See Statement of Proprietary Information



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Kongsberg Maritime

Q2



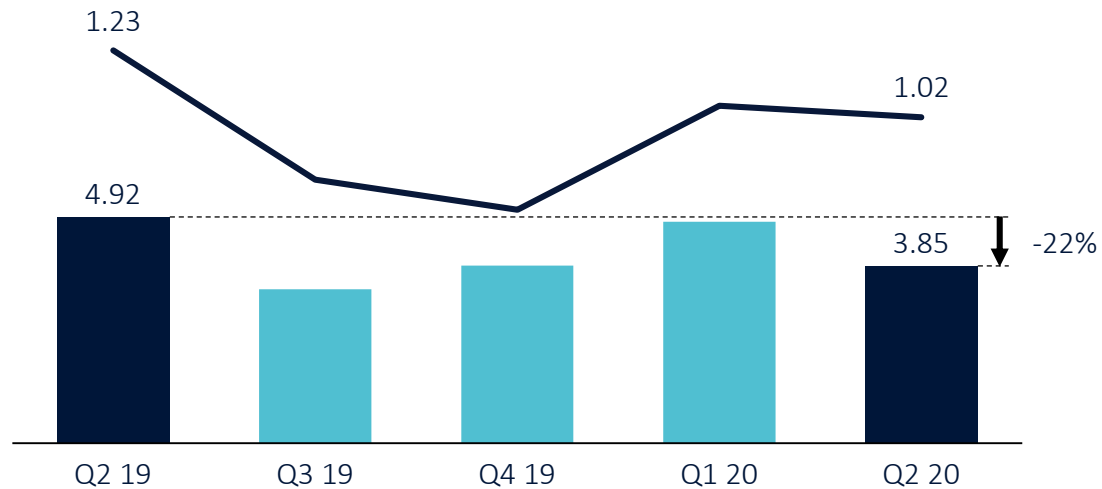


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Order intake down, while backlog remain stable

Order intake down ~22% vs. Q2 2019

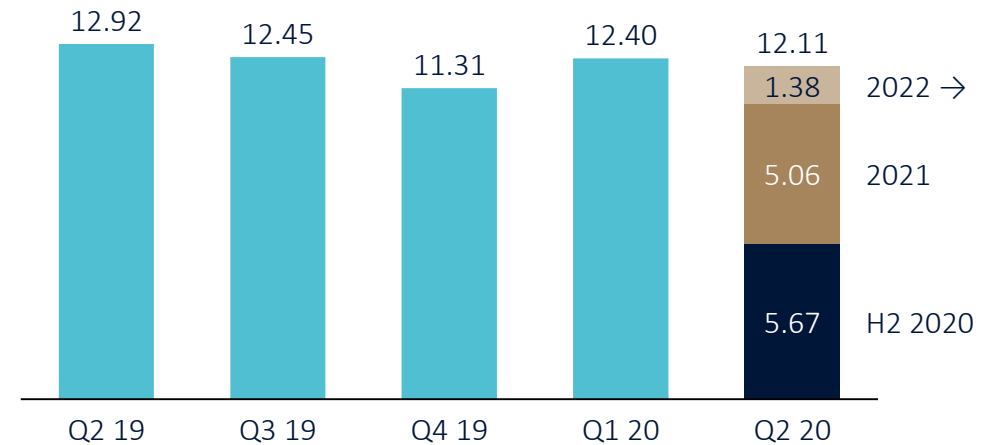
(BNOK)



H1 '20; BNOK 8.67
H1 '19; BNOK 7.22

Order backlog remain stable

(BNOK)



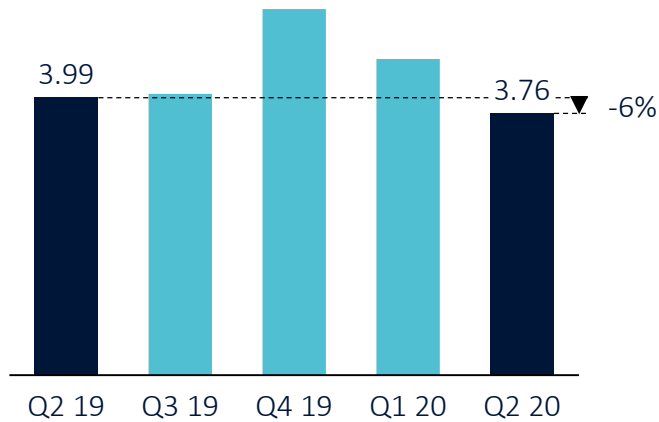


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Decrease in revenue offset by good operating performance with in increased profit and margins

Revenue

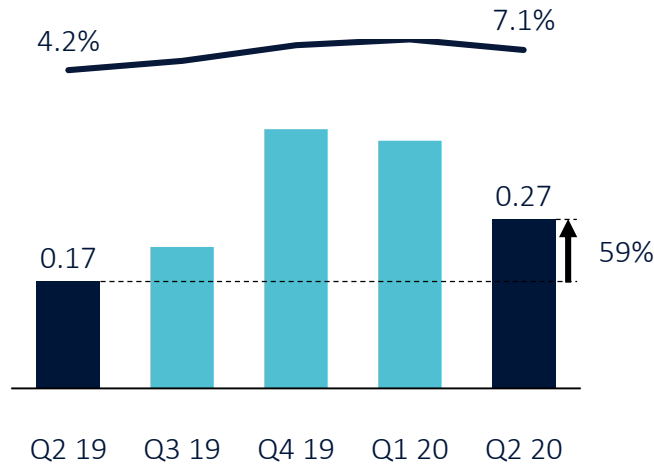
Revenue (BNOK)



H1 '20; BNOK 8.31
H1 '19; BNOK 5.89

EBITDA

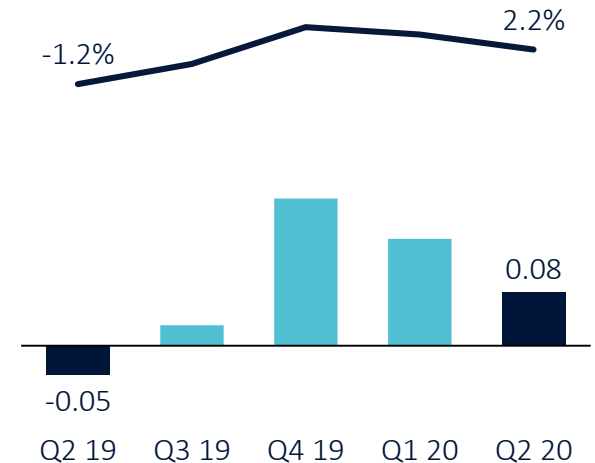
EBITDA (BNOK) and EBITDA margin (%)



H1 '20; BNOK 0.66 (7,9%)
H1 '19; BNOK 0.37 (6,3%)

EBIT

EBIT (BNOK) and EBIT margin (%)



H1 '20; BNOK 0.66 (3,1%)
H1 '19; BNOK 0.37 (1,5%)



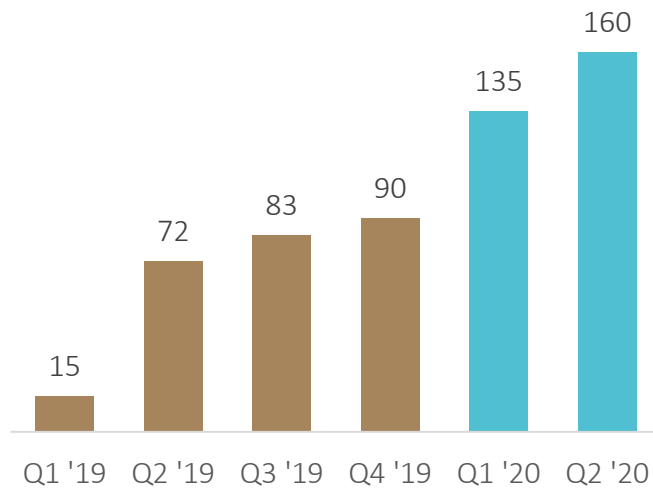
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Value Capture program continued with strong progress

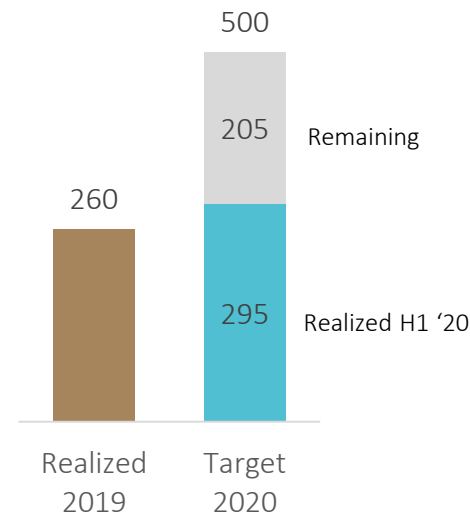
Key figures

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

Quarterly effects



Annual effects



Status per Q2

- Realized savings of 160 MNOK in Q2
- 295 MNOK realized YTD; well positioned to reached target of 500 MNOK annual savings
- Deck Machinery restructuring progressing well
- Optimization program in Propulsion & Engines initiated
- Headcount reductions of ~485 FTEs



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KDA

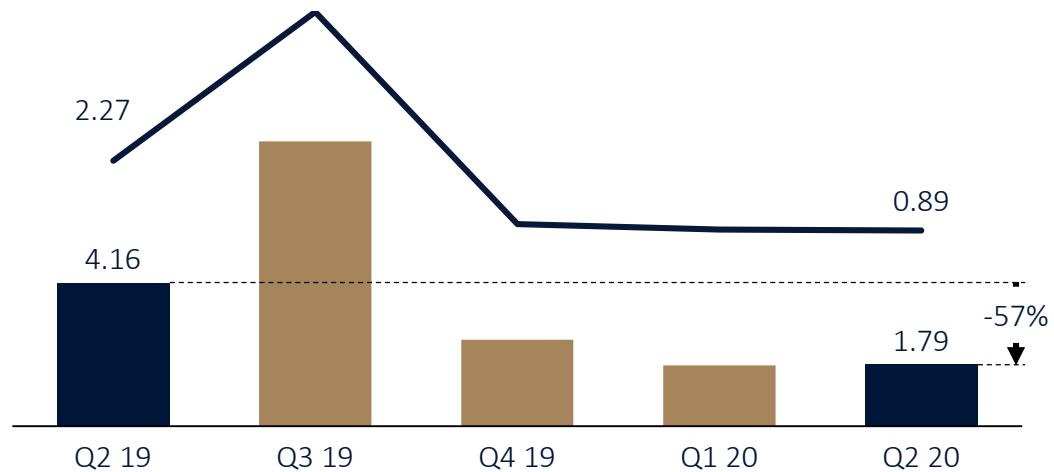


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Backlog remains strong

Order intake

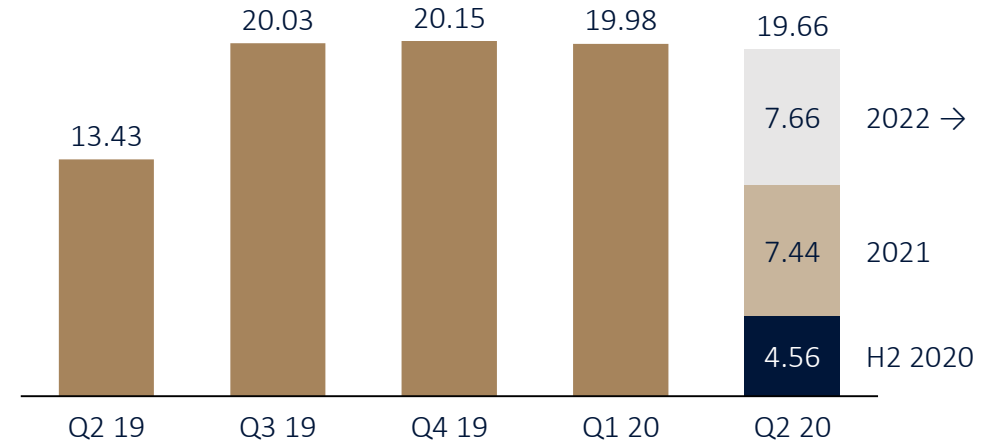
(BNOK)



H1 '20; BNOK 3.56
H1 '19; BNOK 5.28

Order backlog remains strong

(BNOK)



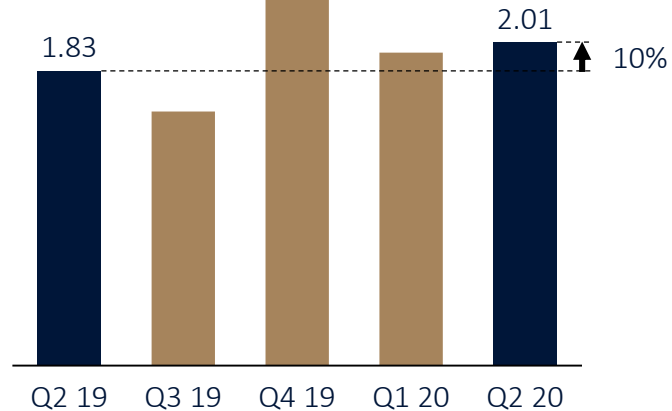


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Revenue growth and strong operational performance

Revenue

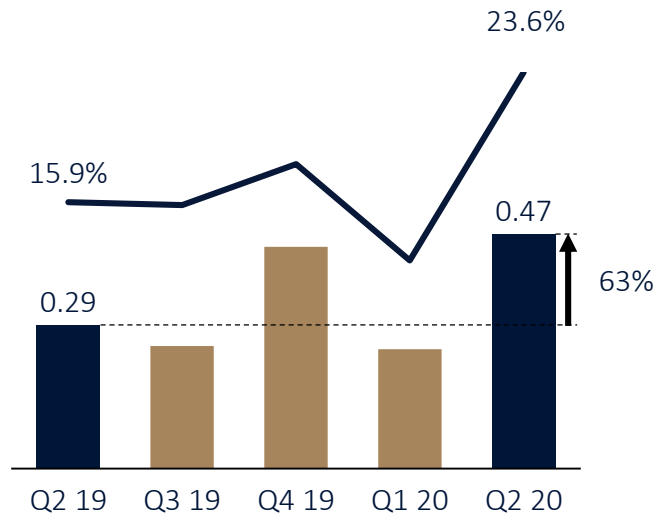
Revenue (BNOK)



H1 '20; BNOK 3.95
H1 '19; BNOK 3.20

EBITDA

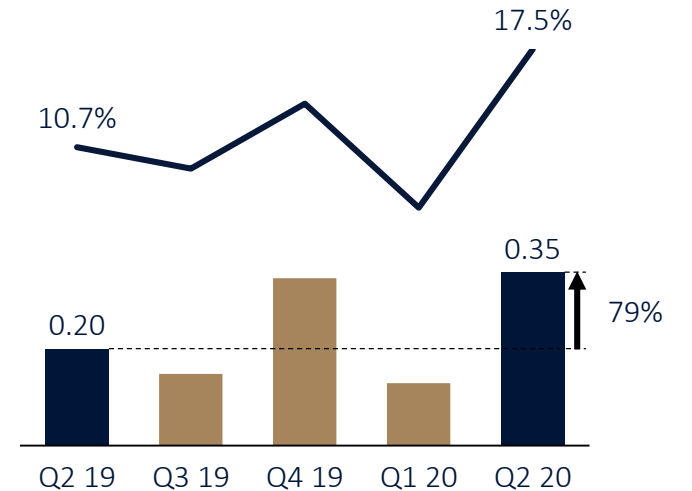
EBITDA (BNOK) and EBITDA margin (%)



H1 '20; BNOK 0.72 (18,1%)
H1 '19; BNOK 0.46 (14,4%)

EBIT

EBIT (BNOK) and EBIT margin (%)



H1 '20; BNOK 0.66 (12,1%)
H1 '19; BNOK 0.37 (8,6%)



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Outlook – solid operations, but continued uncertainty

KDA

Current backlog secure growth in 2020

Solid margins due to good project execution

Possible delays in certain programs due to COVID-19

KM

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

New build market expected to remain challenging

International trade development may further impact activity level

KDI

Increased interest and demand for KONGSBERG's digital solutions

Certain segments challenging due to COVID-19

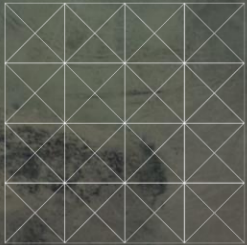
Reduced investment levels among O&G companies may impact order intake



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Q&A

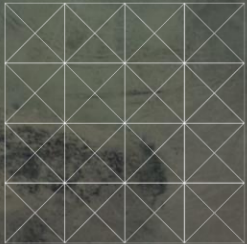




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Appendix



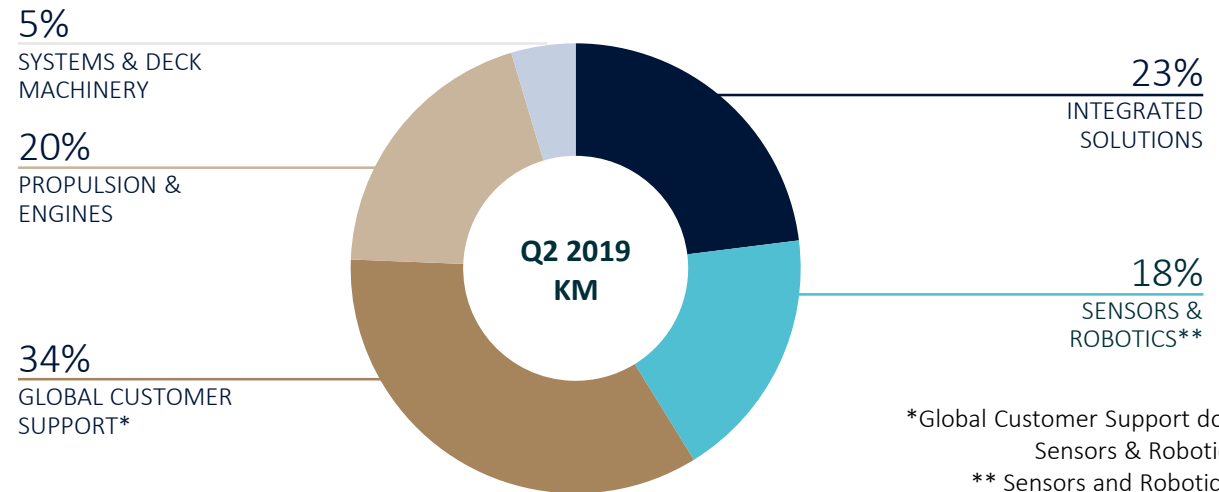
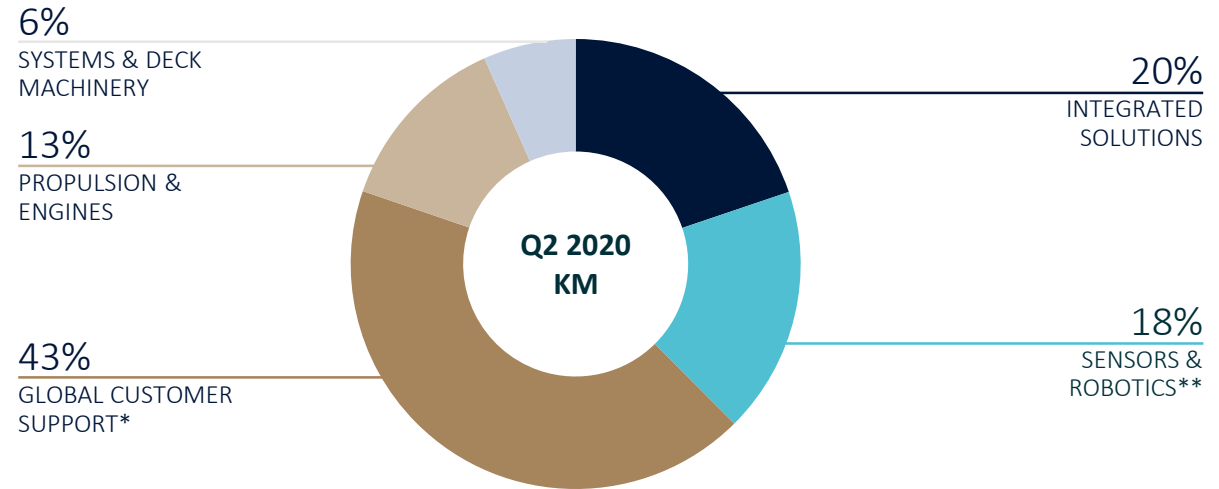


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Order intake distribution

Order intake KM Q2 2020: MNOK 3 850

Order intake KM Q2 2019: MNOK 4 917



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

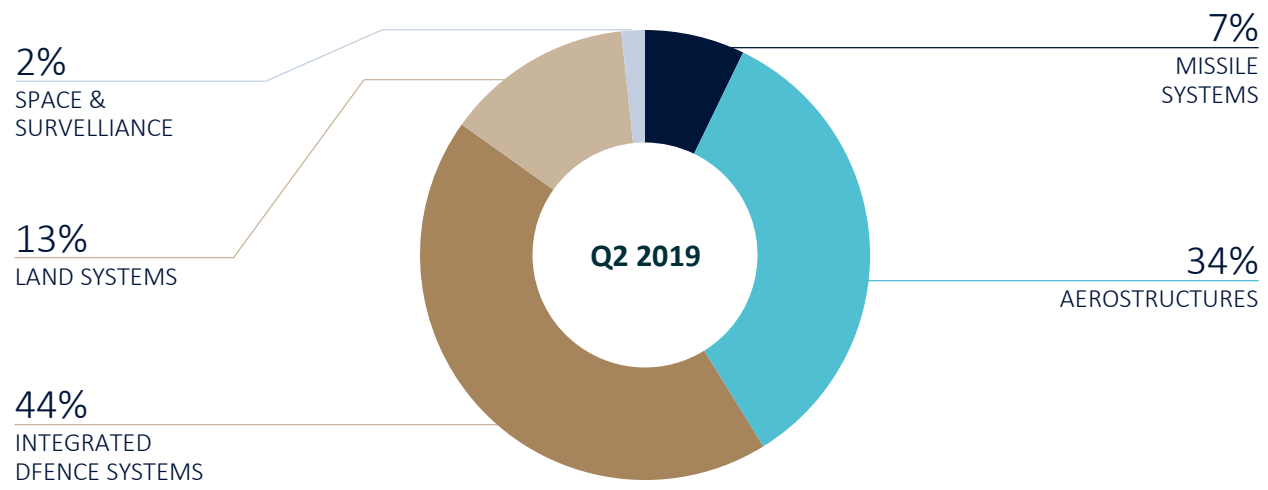
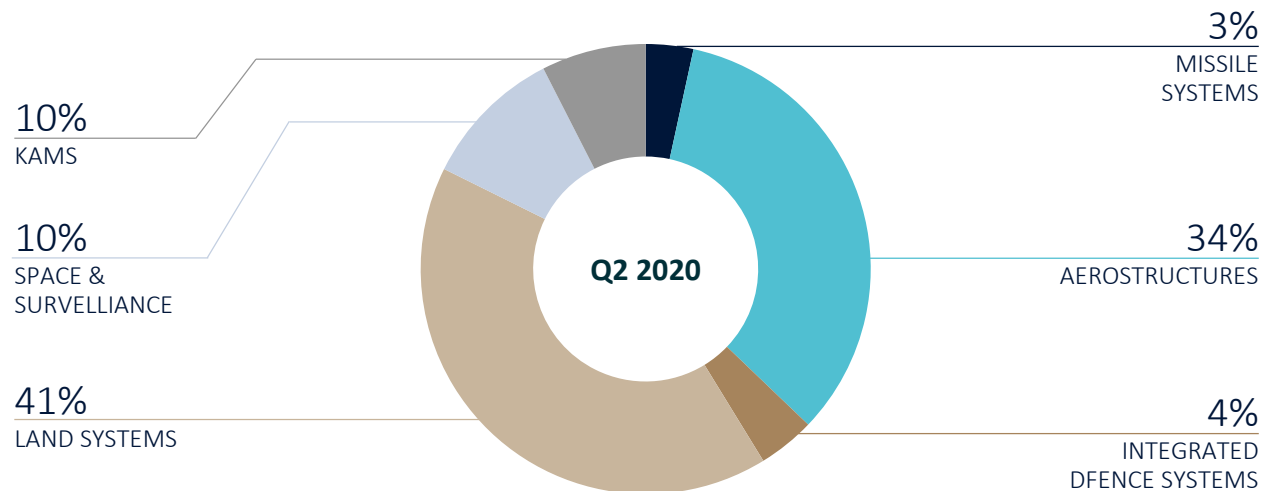


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Order intake distribution

Order intake KDA Q2 2020: MNOK 1 788

Order intake KDA Q2 2019: MNOK 4 160





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160 MNOK savings realized in Q2 2020

Realized cost savings

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

Area	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Comments to realized savings
Footprint & delivery streamlining	3	11	12	15	34	45	Effects of co-locations, production facility shutdowns and restructuring of delivery organizations
SG&A savings and synergies	9	52	58	60	81	93	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	22	Savings mainly related to streamlining of digital marine spending (Ship Intelligence)
Total	15	72	83	90	135	160	Ahead of schedule for FY20 savings target of 500 MNOK

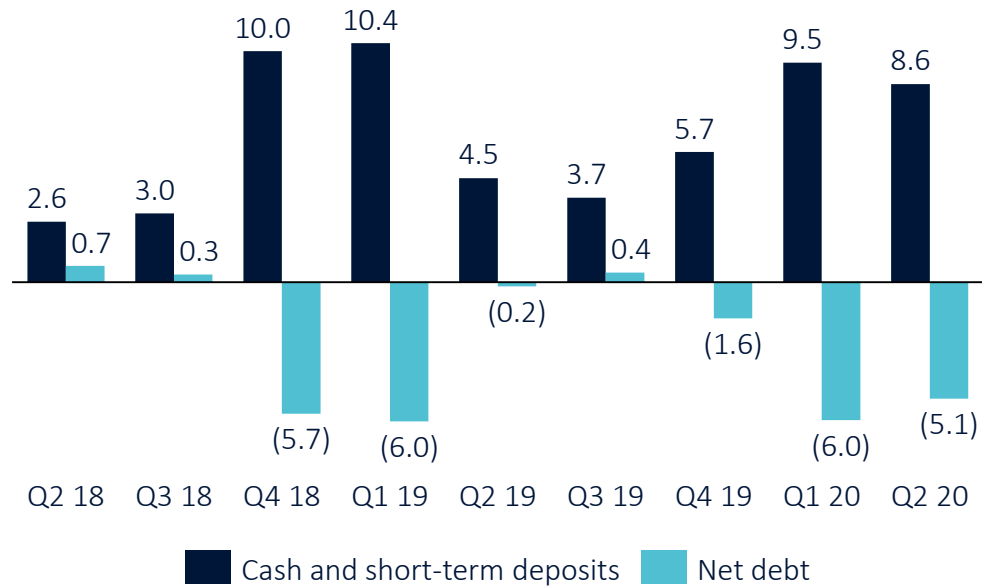


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Strong cash balance and positive development in ROACE

Net debt and cash development

Cash and net debt (BNOK)



Positive development in ROACE due to strong performance

Average capital employed (BNOK) and ROACE (%)

