



KONGSBERG

CMD | 2019

KONGSBERG MARITIME

24/09/2019

Egil Haugsdal
President Kongsberg Maritime



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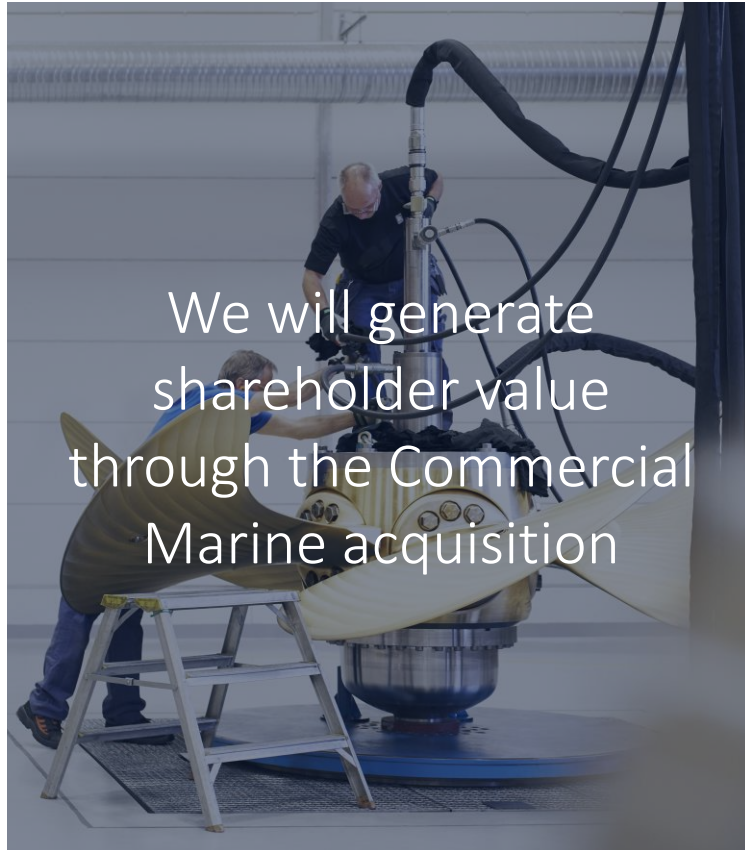
Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.



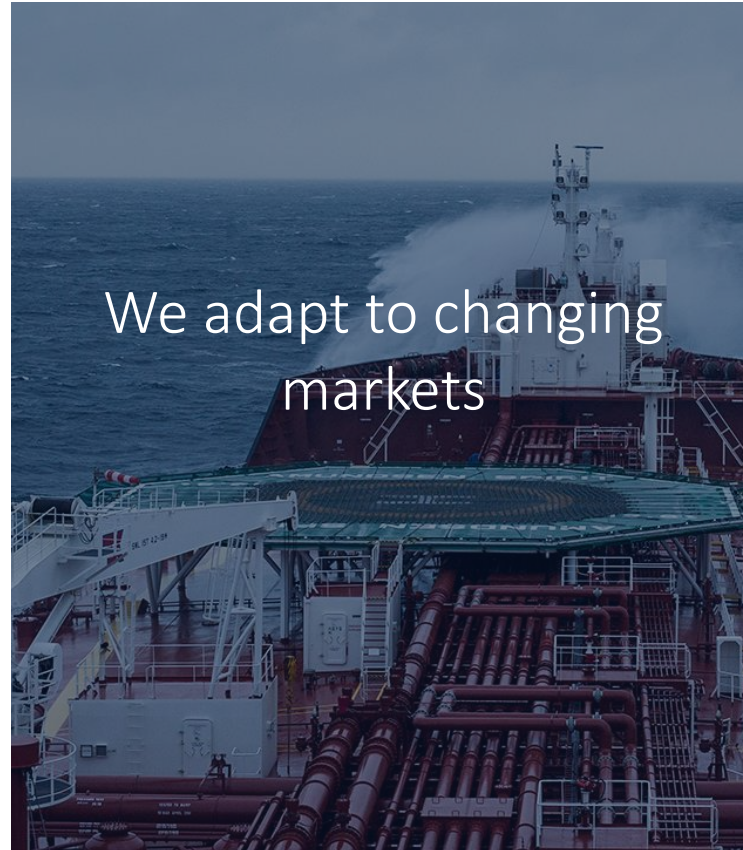
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KEY TAKEAWAYS

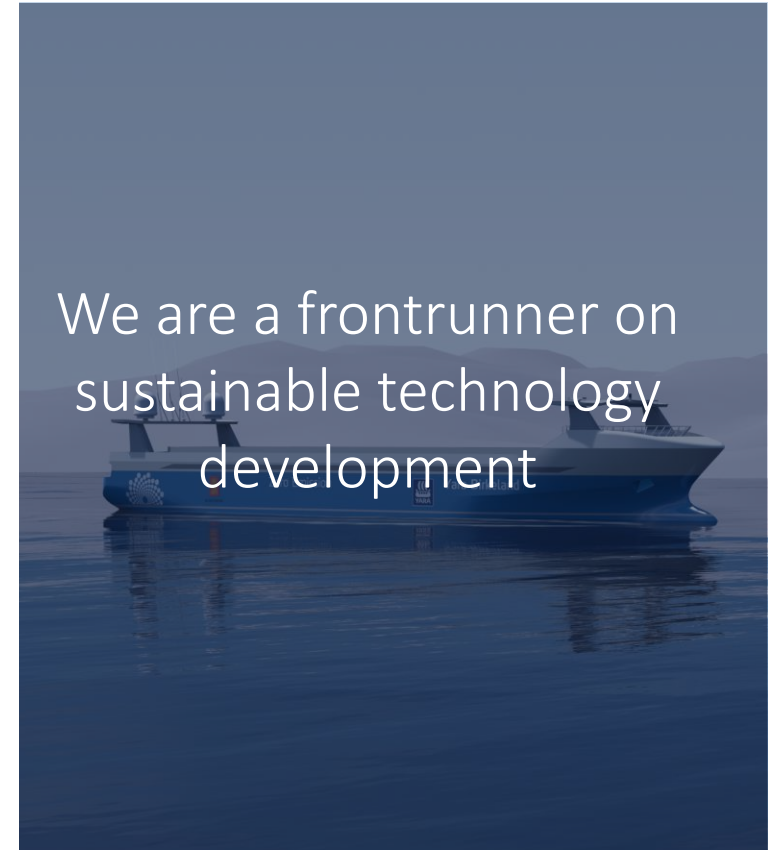
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We will generate
shareholder value
through the Commercial
Marine acquisition



We adapt to changing
markets



We are a frontrunner on
sustainable technology
development

KONGSBERG MARITIME



Systems on
30,000+ vessels



Employees
7,300+ people



BNOK 17+
Revenues



117 offices in
34 countries



Experience
80+ years



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Business units

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INTEGRATED SOLUTIONS



GLOBAL CUSTOMER SUPPORT



PROPULSION & ENGINES



SYSTEMS & DECK MACHINERY



SENSORS & ROBOTICS



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THE AUTONOMY OF DEPTH GLOBAL NO. 1

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FURTHER GROWTH OPPORTUNITIES

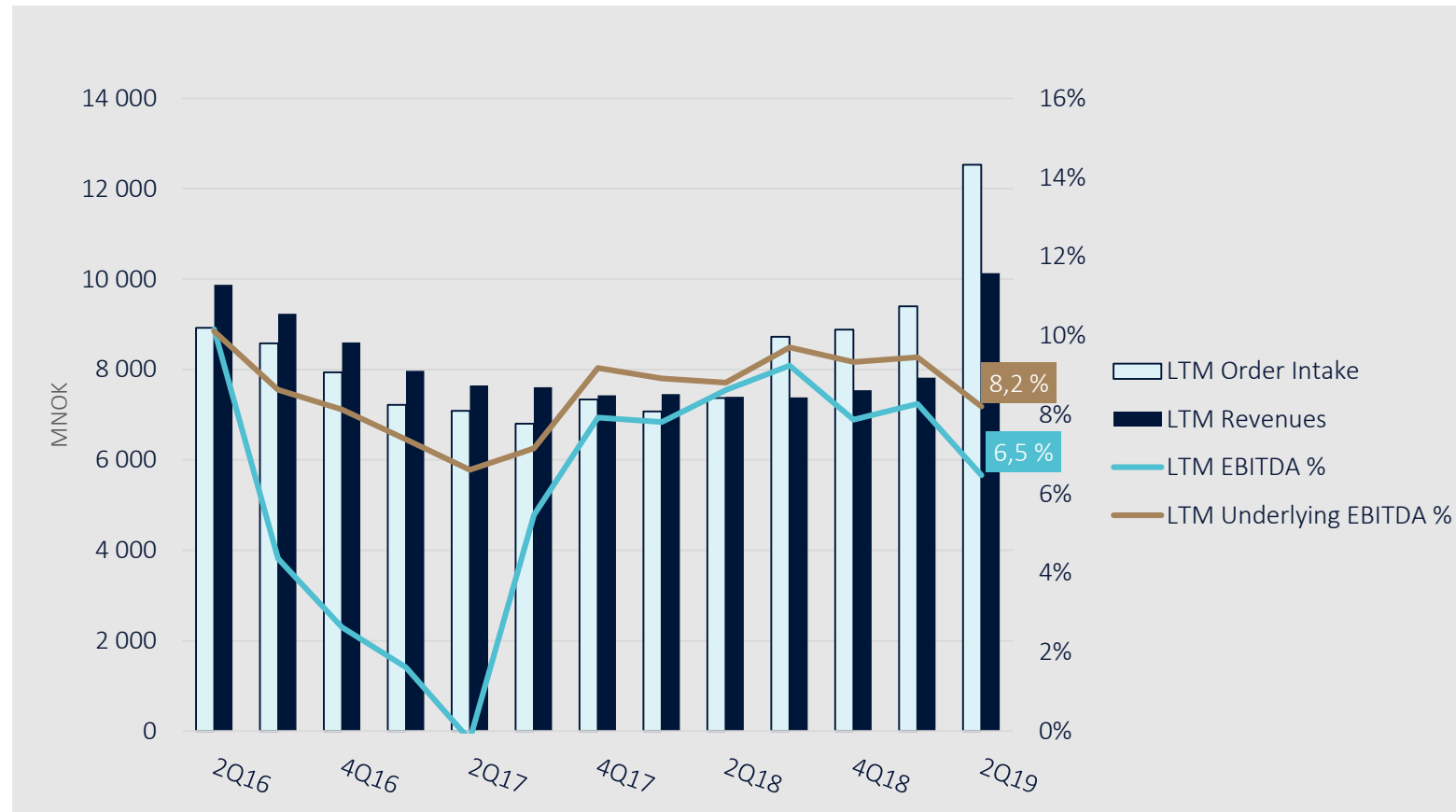
- US NAVY UNDERWATER
- EUROPE UNDERWATER
 - CIVIL AND DEFENCE



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WE ARE USED TO NAVIGATING IN CYCLICAL MARKETS

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AGENDA

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1. A FRONTRUNNER ON SUSTAINABLE TECHNOLOGY DEVELOPMENT
2. A BRIEF OVERVIEW OF OUR MARKETS
3. ROADMAP
4. KM + CM → A PERFECT FIT



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MY GARAGE!

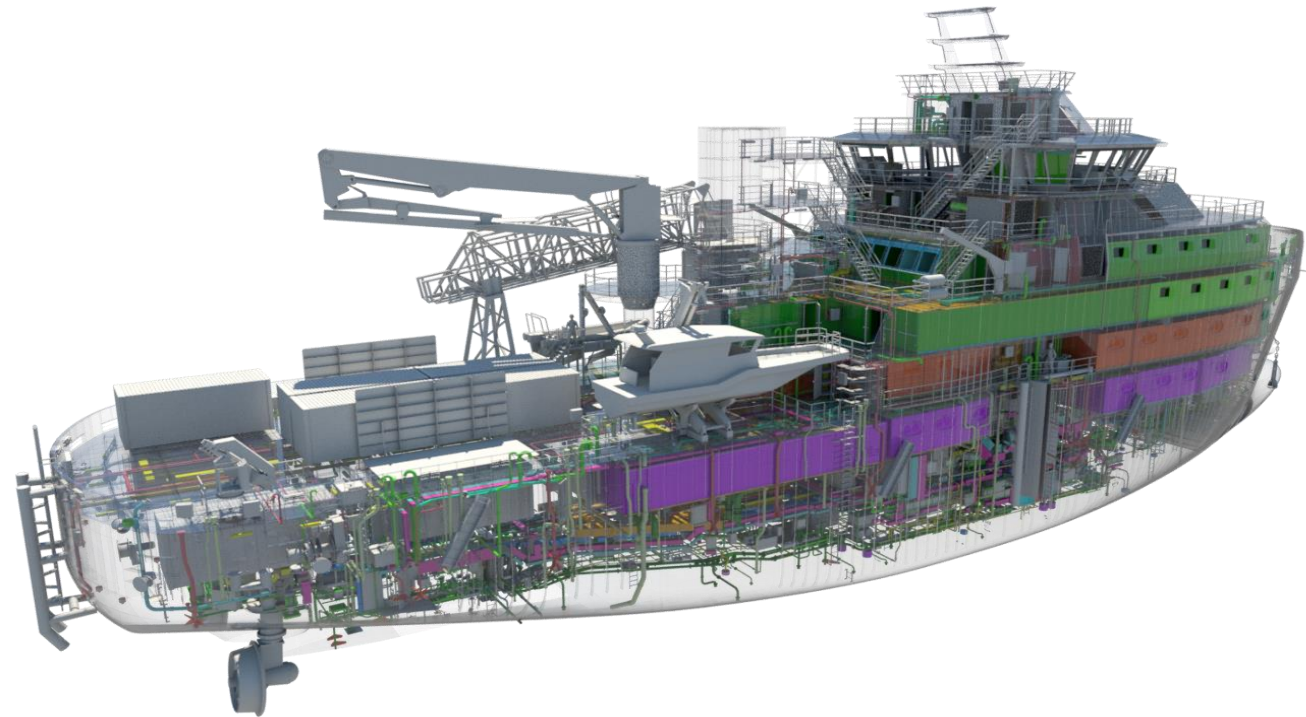




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OUR TECHNOLOGY DEVELOPEMENT DRIVES GROWTH

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KM IS A TECHNOLOGY COMPANY

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THE OCEAN INDUSTRY IS CHANGING



SUSTAINABILITY



DIGITALIZATION



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THE DRIVE FOR SUSTAINABLE DEVELOPMENT

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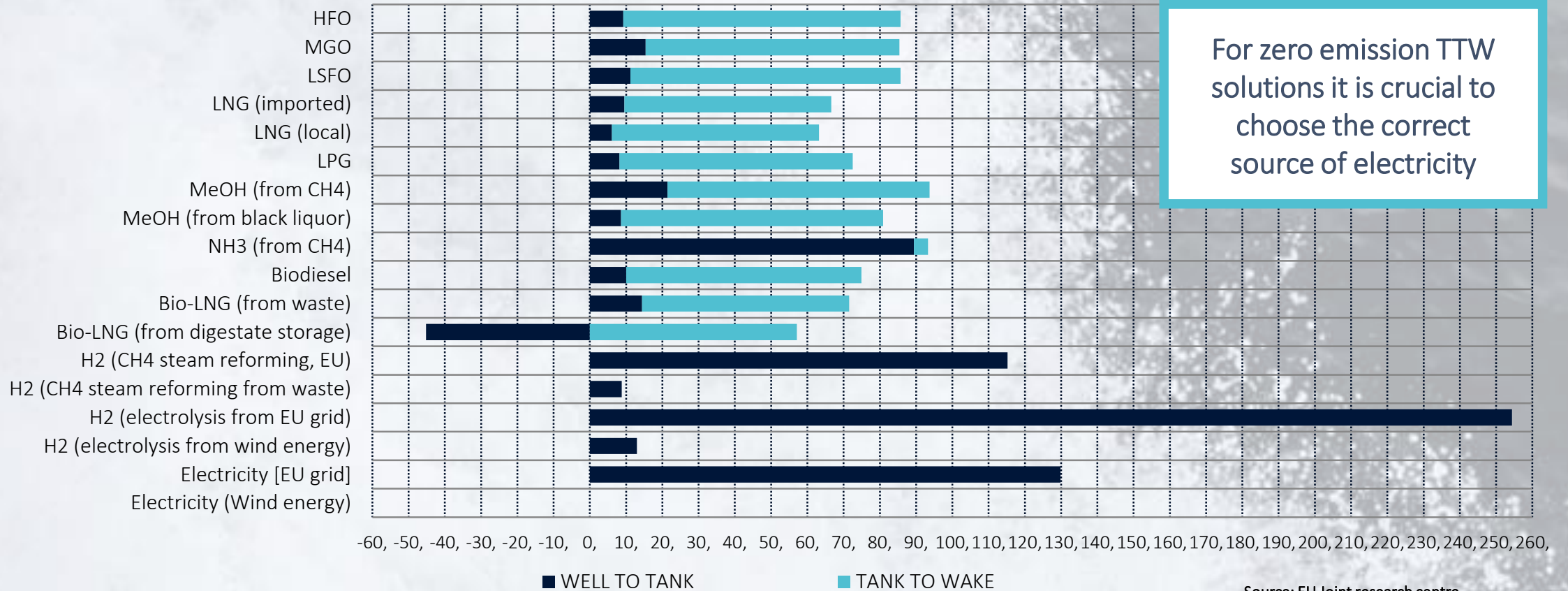




LIFE CYCLE EMISSIONS

Well to wake – GHG emissions

CO₂eq emissions [g/MJ]



For zero emission TTW solutions it is crucial to choose the correct source of electricity

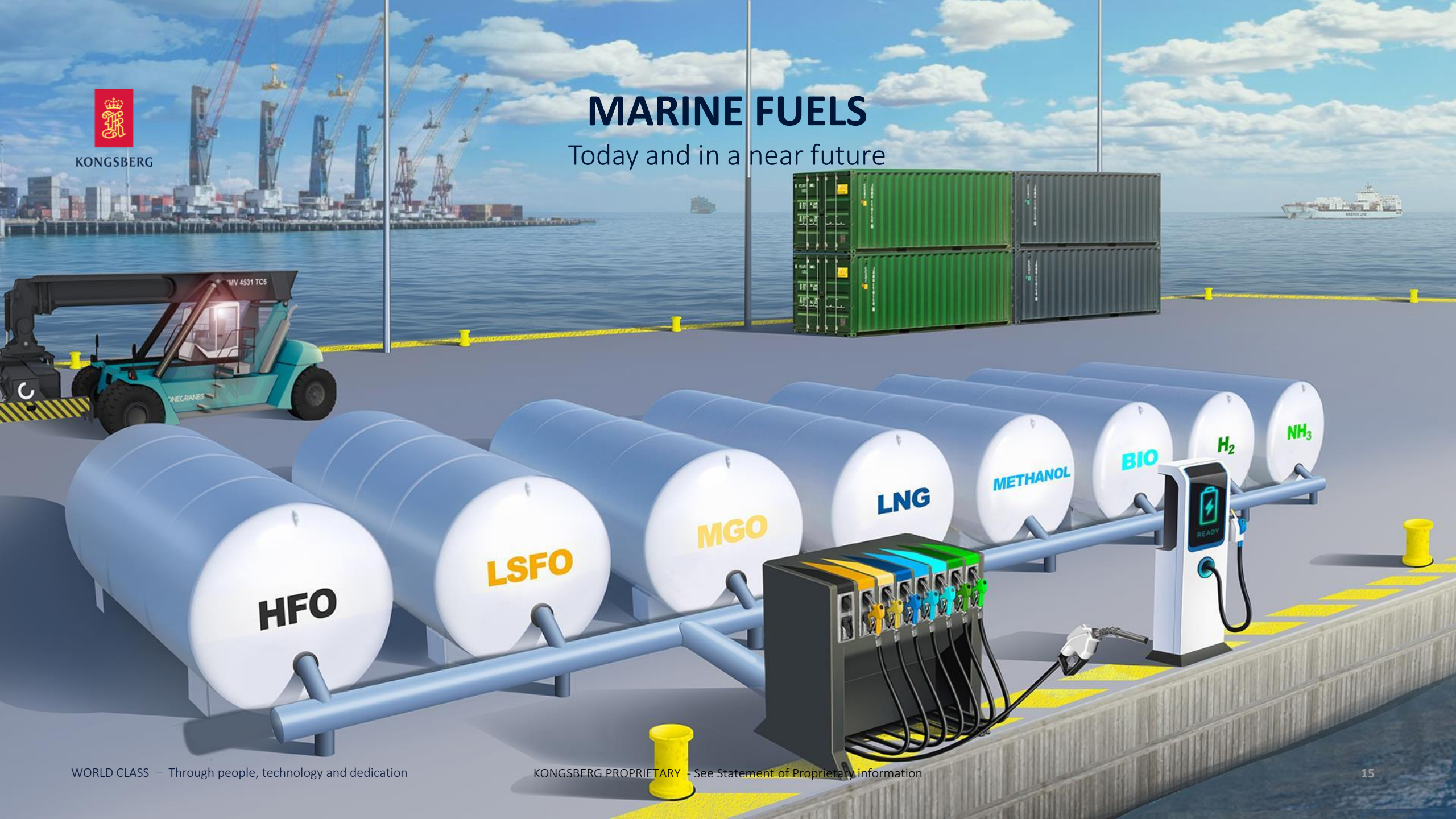
Source: EU Joint research centre



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MARINE FUELS

Today and in a near future





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WORKING WITH KONGSBERG



Market leader within automation and control systems



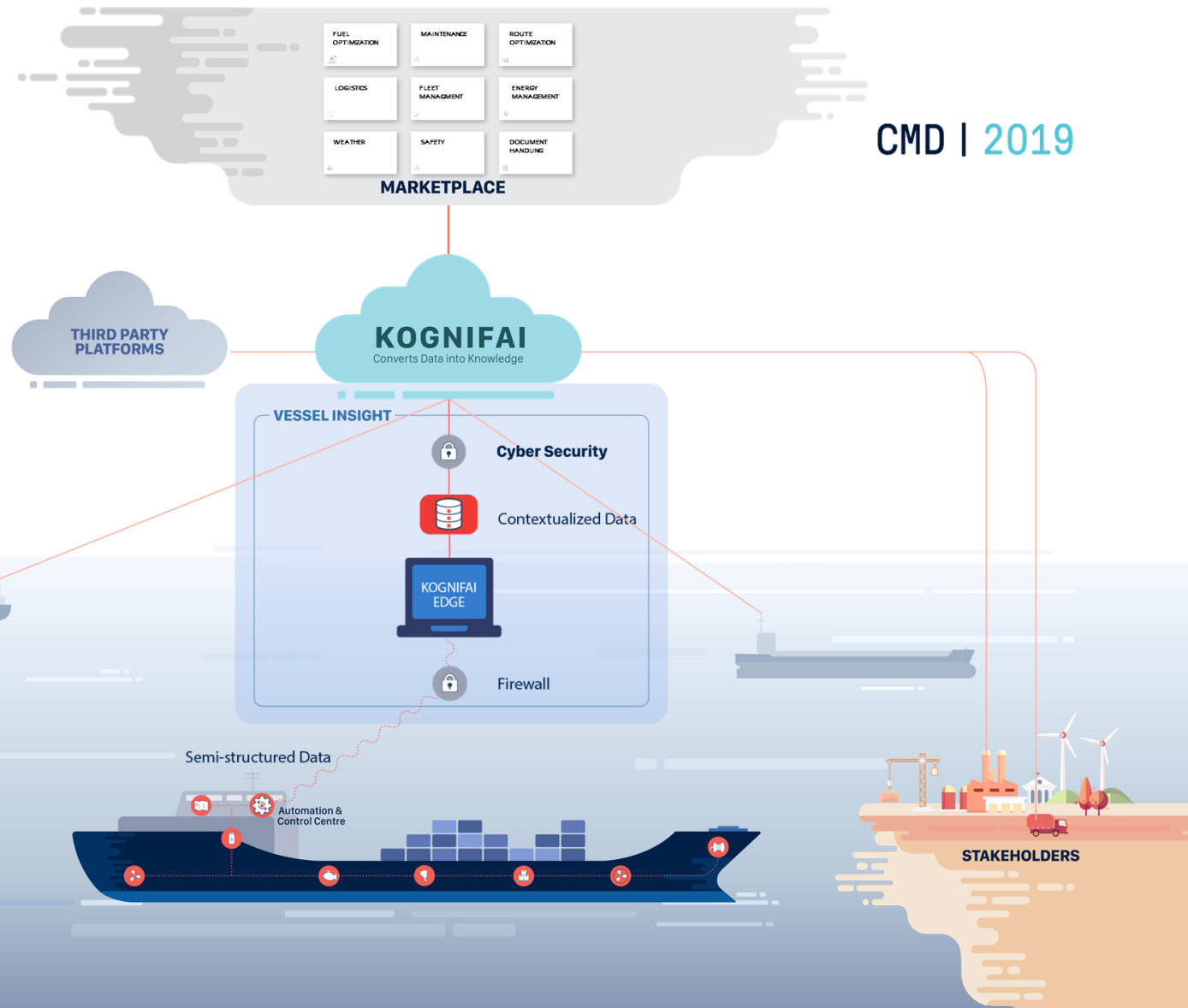
Extensive industry experience delivering Information Management Solutions



Open digital ecosystem with a broad range of 3rd party services



24/7 support and a global service network of maritime experts





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AGENDA

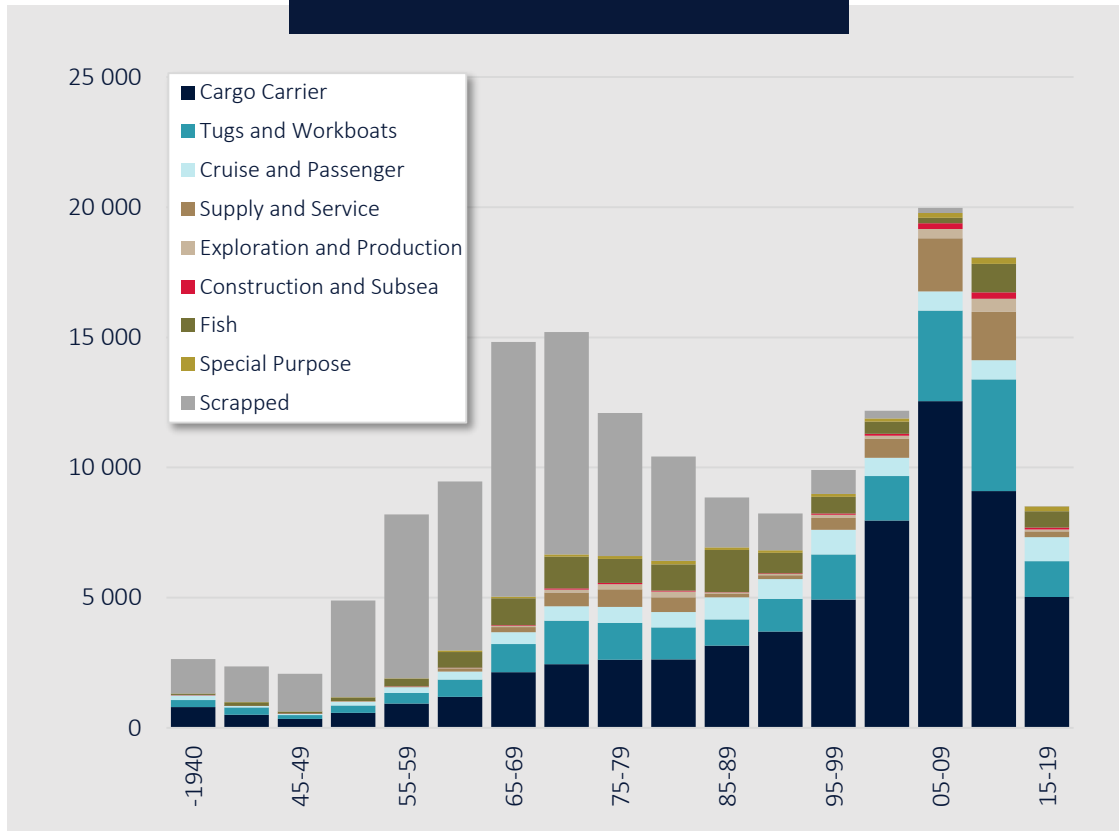
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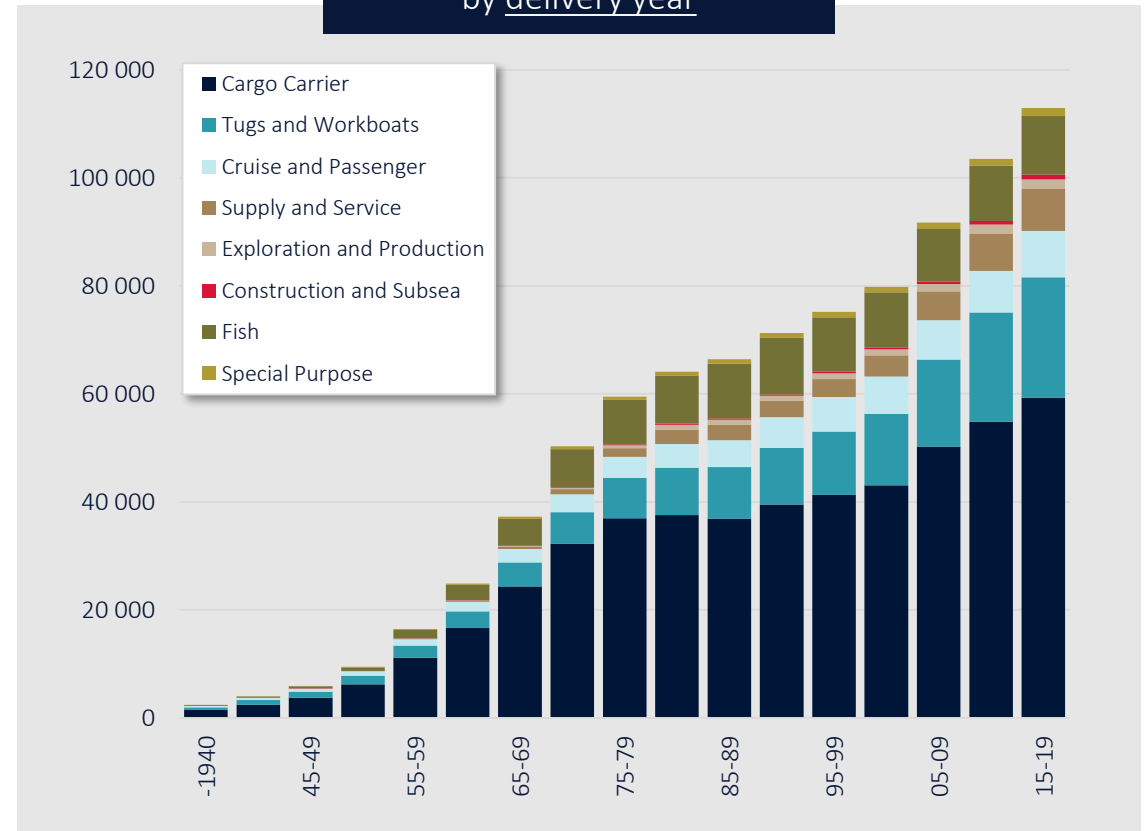


THE MARKET: GROWTH 2005-2014, DROP 2015-2019

of vessels by contract year



TOTAL FLEET DEVELOPMENT by delivery year





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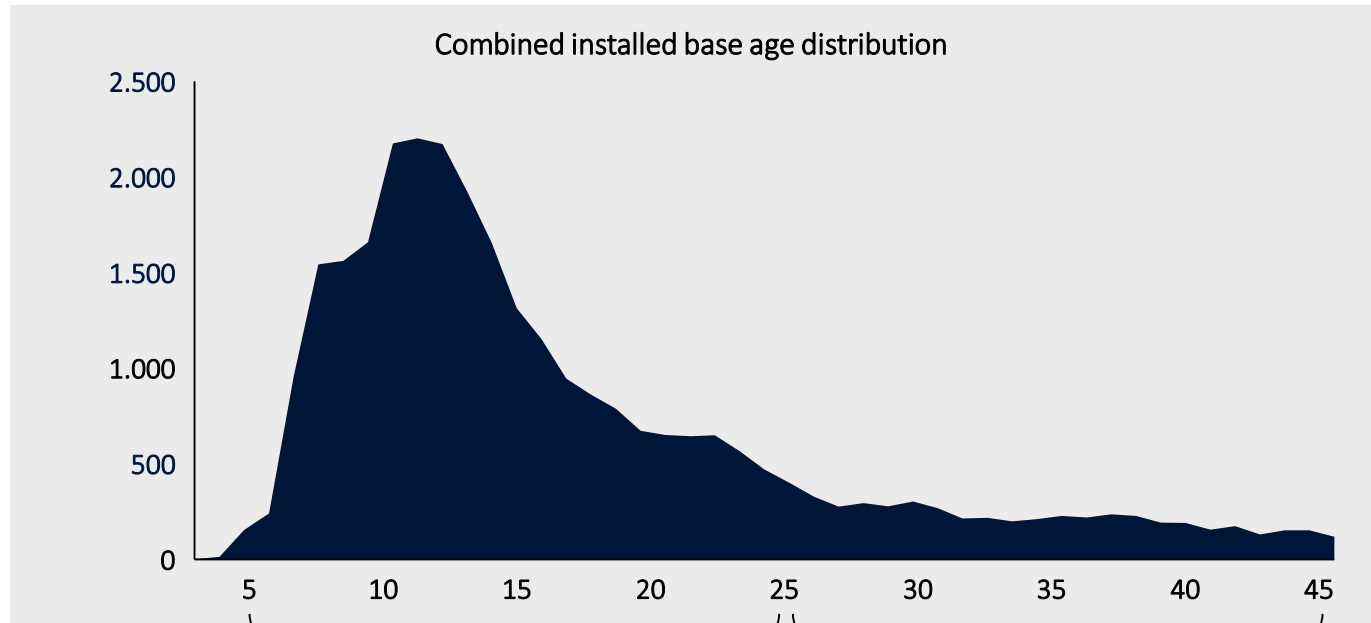
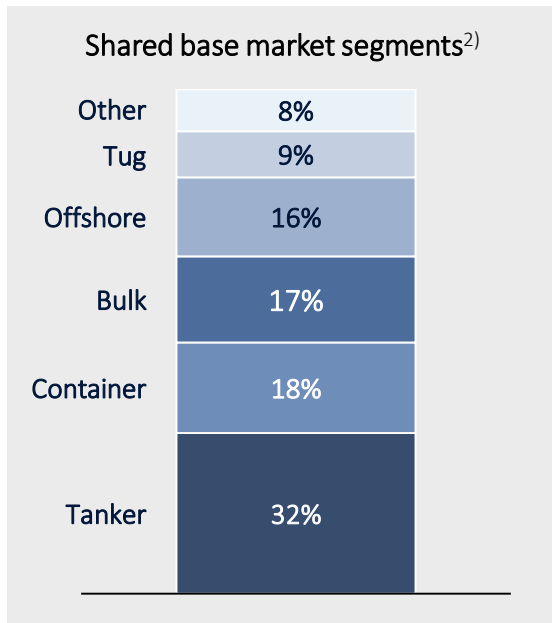
COMBINED INSTALLED BASE OF OVER 30 000 VESSELS ACROSS RELEVANT MARKET SEGMENTS

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Total combined installed base¹⁾

> 30 000



1) Based on available IMO-numbers
 2) Market segment split based on reported categories, which somewhat differ between CM and KM

Service support and upgrades

Legacy product support and upgrades

Age (Years)



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MERCHANT MARKET

NEWBUILD MARKET →

AFTERMARKET →

MARKET DRIVERS

Seaborn Trade →

Dry Bulk Index →

IMO 2020 →

Estimated
TOTAL MARKET
45 000

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→
SCRAPPING
IMO 2020



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OFFSHORE MARKET

NEWBUILD MARKET →

AFTER MARKET →

MARKET DRIVERS

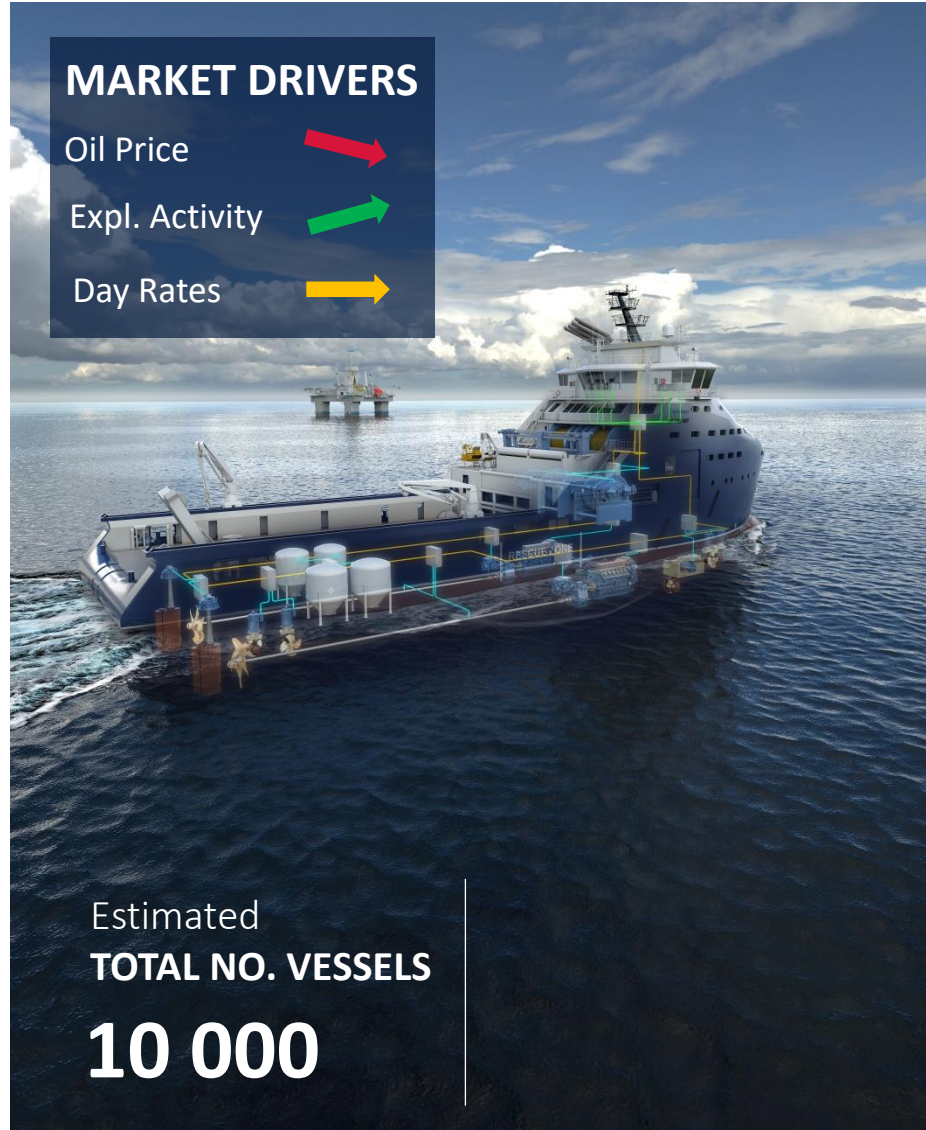
Oil Price →

Expl. Activity →

Day Rates →

Estimated
TOTAL NO. VESSELS

10 000



SCRAPPING

COLD/WARM
STACKED

REACTIVATION →



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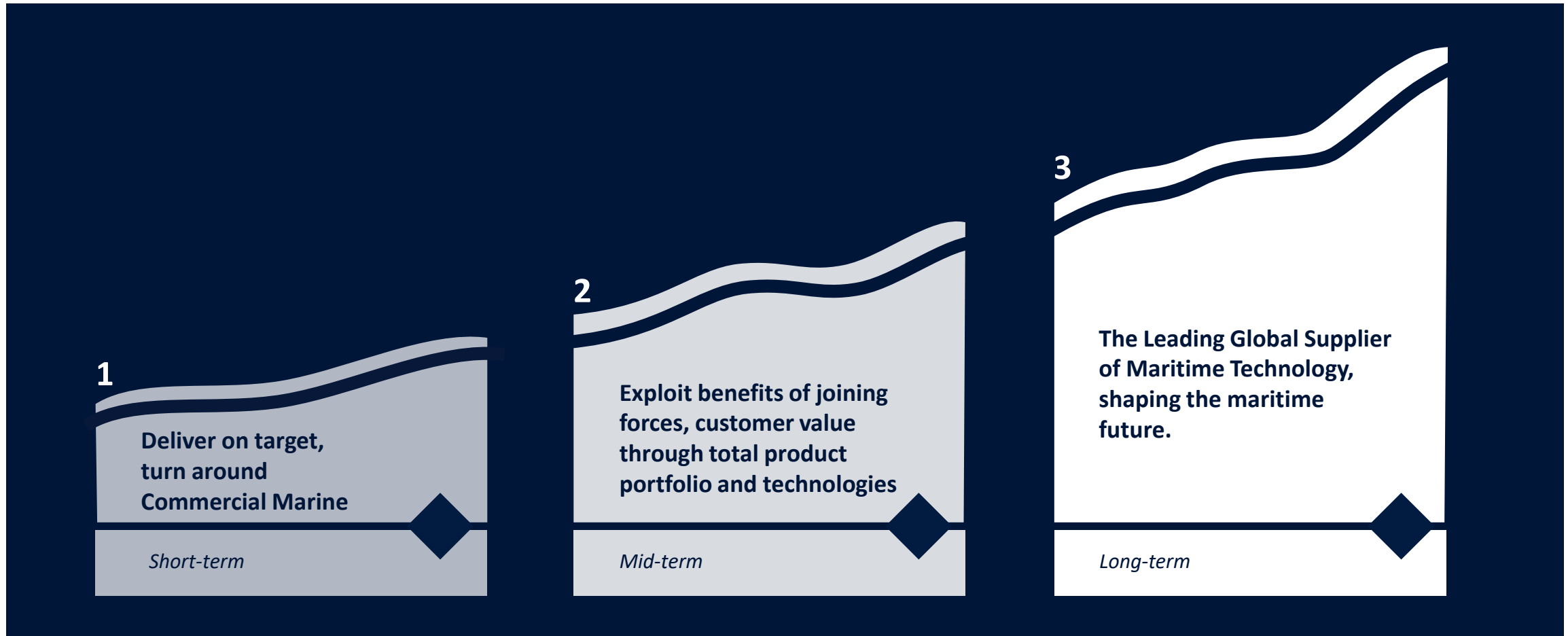


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KM ROADMAP GOING FORWARD

Best long term strategy is to secure short term profitability

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KM + RRCM = A GLOBAL LEADER – FROM BRIDGE TO PROPELLER

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INTEGRATION ON TRACK!

- Lots of potential
- No large surprises after closing
- Several areas with extra attention
- Effects starting to materialize



VALUE CAPTURE

Broad range of measures initiated since Closing

	Footprint & delivery streamlining	SG&A savings and synergies	Product portfolio optimization
Activities:	<ul style="list-style-type: none"> Restructuring of the loss-making Deck Machinery and Ship Design units Co-location of overlapping global footprint, ~20 sites Move non-core production activities to supply chain Consolidation of delivery organizations Direct procurement scale savings 	<ul style="list-style-type: none"> Leverage scale within sales, support and administrative functions Cost-efficient set-up of group support functions Harmonize terms and benefits Indirect procurement scale savings IT infrastructure synergies 	<ul style="list-style-type: none"> Joint plan for digital marine development: Streamlining of overlapping efforts and prioritization of activities to market needs Consolidation of overlapping product portfolios - especially within automation Optimize product portfolio to meet future market needs
Planned annual run-rate savings:	~225 MNOK	~225 MNOK	~50 MNOK



VALUE CAPTURE

Program progressing according to plan, additional measures identified

Status on program execution

- ✓ Realized savings YTD August of ~130 MNOK, well on track for ~200 MNOK effect realization for 2019 FY
- ✓ Process concluded for ~180 FTEs out of the announced reduction of 260
- ✓ Joint plan for digital marine development implemented
- ✓ Restructuring of Deck Machinery and Ship Design progressing well
- ✓ 12 sites co-located to date
- ✓ Significant realized savings through more cost efficient set-up of group support functions

Additional measures

- **Continuous work** to identify and initiate additional measures
- **Close-down of Gdansk site:** Non-core production activity to be moved to supply chain
- **Further headcount reduction of 180-200 FTEs**, due to additional identified synergies and streamlining potential
 - Deck Machinery and Ship Design restructuring
 - Gdansk close-down
 - Optimization of global service network
- **Strong comfort for realization of 2022 cost saving target**



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INTEGRATION ON PLAN

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- Strong order intake despite challenging markets
- CM delivered in Q2 EBITDA MNOK 22, excl. integration and restructuring
- Synergy and cost programs on plan
- Deck Machinery and Ship Design challenging, restructuring program initiated
- Product portfolio harmonization
- **Creating shareholder value**



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MARITIME INDUSTRY IS CHANGING, *WE ARE GOING TO LEAD THE CHANGE*

WORLD CLASS – Through people, technology and dedication

KONGSBERG PROPRIETARY – See Statement of Proprietary information



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CAPITAL MARKETS DAY 2019