

Investor presentation

3rd Quarter 2013

7th November 2013



KONGSBERG



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Agenda

- Financial status Q3 2013
- Status - Business Areas
- Updates
- Appendix

Speakers:

- *Walter Qvam – CEO*
- *Hans-Jørgen Wibstad – CFO*

Highlights

- Solid quarter with an EBITDA of MNOK 518
- Continued revenue growth in Kongsberg Maritime with 11.4% YTD compared with YTD 2012
 - Decline in Kongsberg Protech Systems as expected
 - Kongsberg Defence Systems between contract phases in JSM-project
- Kongsberg Oil & Gas Technologies with important contract wins
- MNOK 179 negative cash flow from operations in Q3 due to payment structure in defence projects. Positive cash flow from operations YTD with MNOK 917



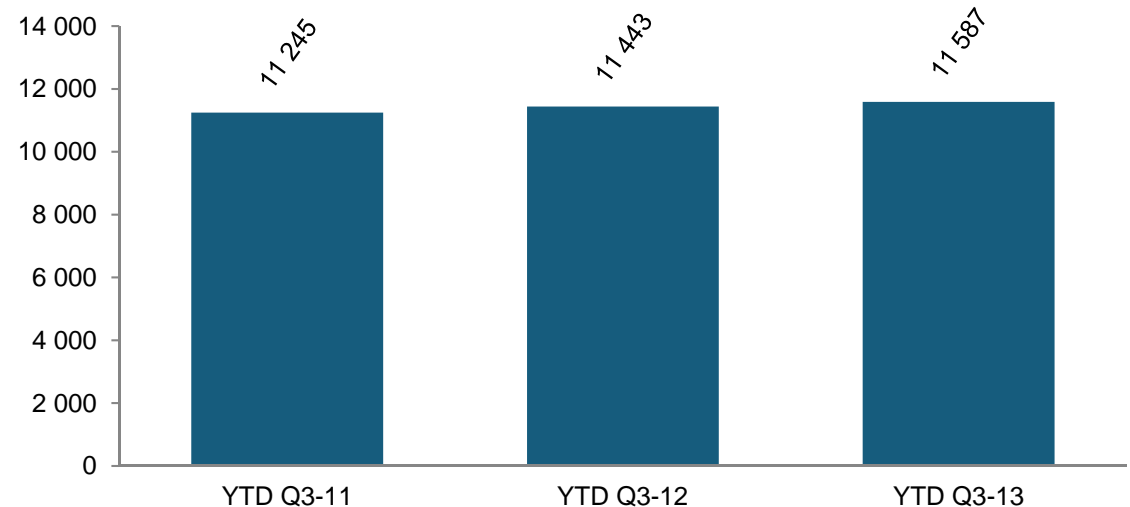
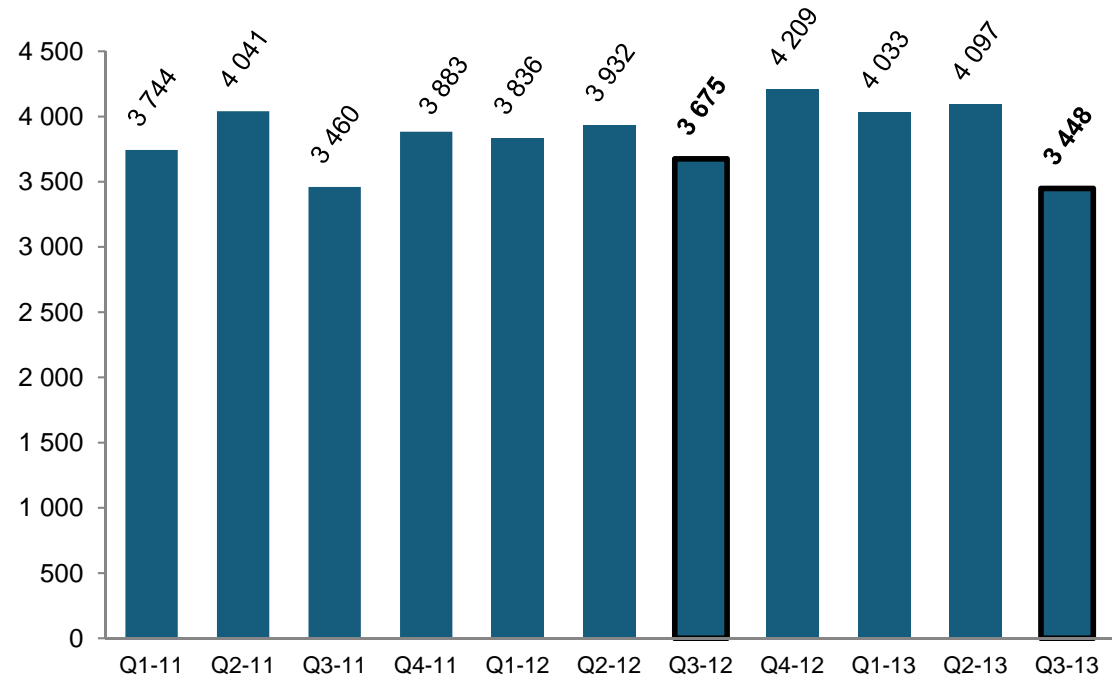
Financial status 2013

Operating revenues



KONGSBERG

- Revenues down 6.2% from Q3 2012
- Lower revenues this quarter due to
 - Periodic variances in KM
 - KDS between two JSM contract phases
 - KPS has lower activity and periodic effects
- Revenues up 1.3% YTD from YTD 2012

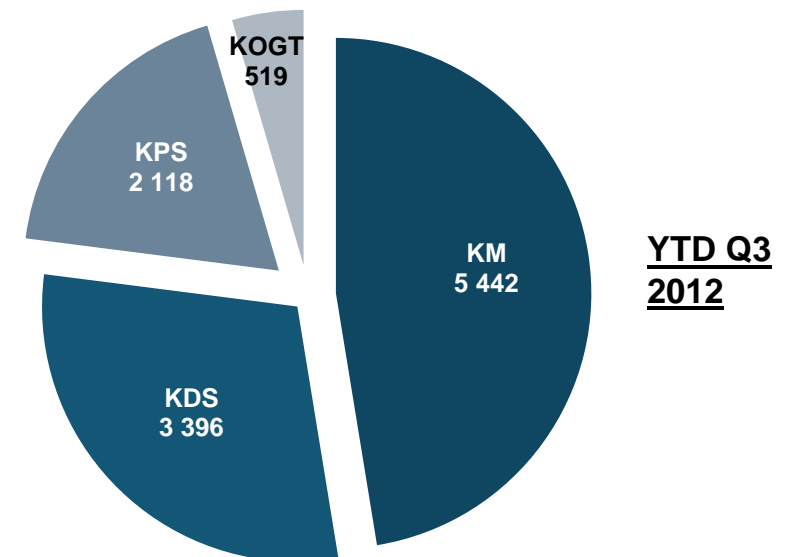
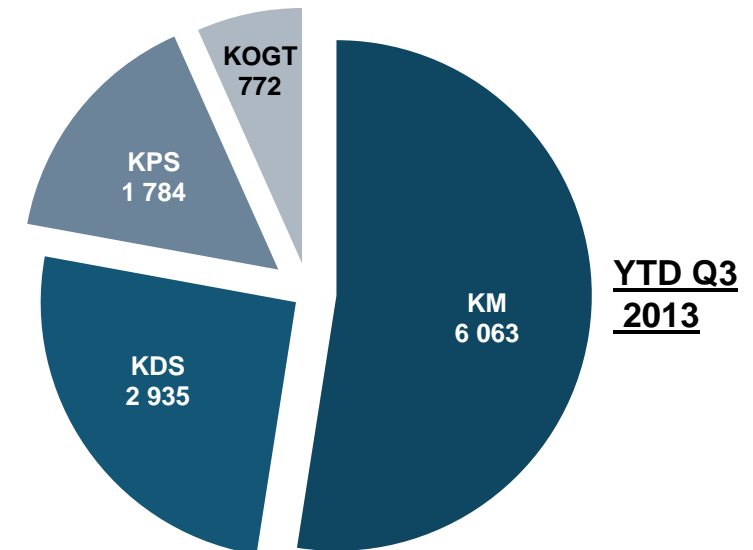


Financial status 2013

Year-to-date operating revenues per business area



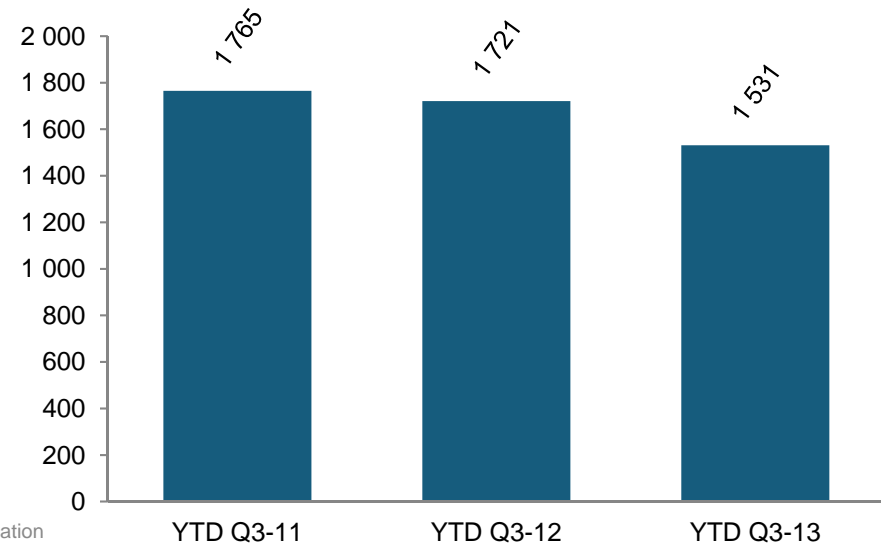
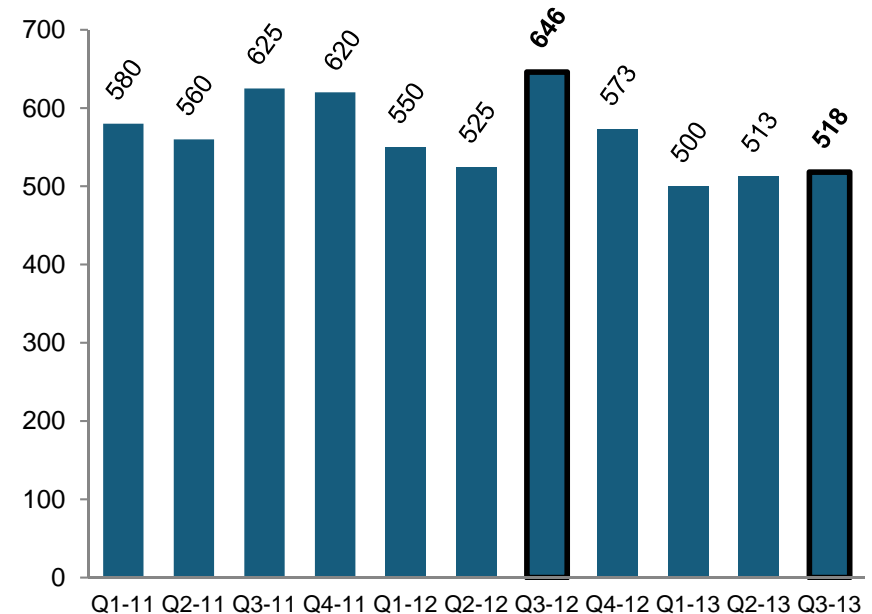
- Strong 11.4 % growth YTD in Kongsberg Maritime
 - Success within high-end offshore
- 48.7 % increase in Kongsberg Oil and Gas Technologies
 - Revenues from acquired companies
 - Success within software
- 15.8 % revenue decrease, as expected, in Kongsberg Protech Systems
 - Lower volumes to US Army continues
- 13.6 % lower revenues in Kongsberg Defence Systems
 - JSM development program between two contract phases



Financial status 2013

EBITDA

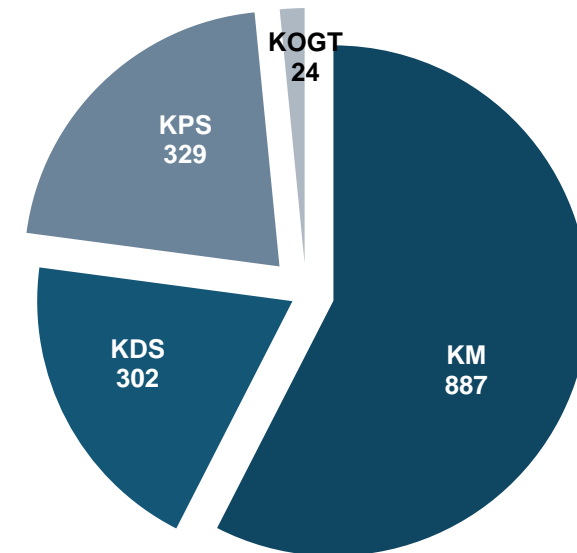
- Q3 EBITDA MNOK 518 (MNOK 646)
- Q3 EBITDA margin 15.0% (17.6%)
- YTD Q3 EBITDA MNOK 1.531, down from MNOK 1.721 YTD Q3 2012
 - Higher YTD EBITDA in Kongsberg Maritime
 - Lower YTD EBITDA in mainly due to Kongsberg Protech Systems



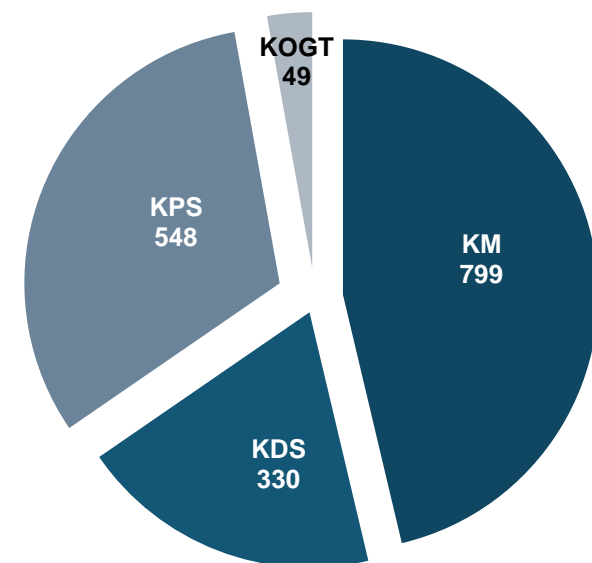
Financial status 2013

Year-to-date EBITDA per business area

- 11% increase EBITDA in Kongsberg Maritime
- Joint Strike Missile project between two contract-phases gives temporarily negative impact on revenues and EBITDA
- Decrease in deliveries to US Army negatively impacts EBITDA in Kongsberg Protech Systems
- Decreased EBITDA in Kongsberg Oil & Gas Technologies



YTD Q3
2013

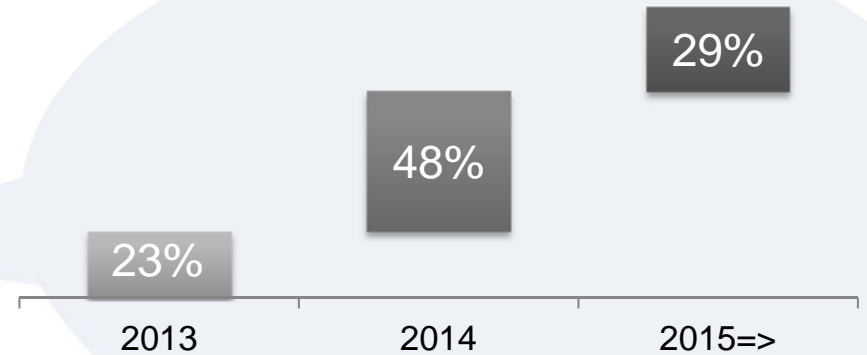
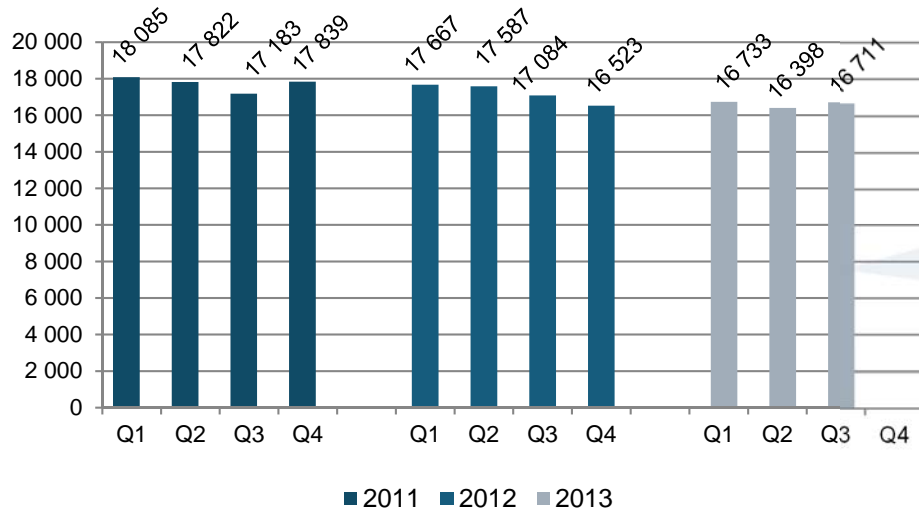


YTD Q3
2012

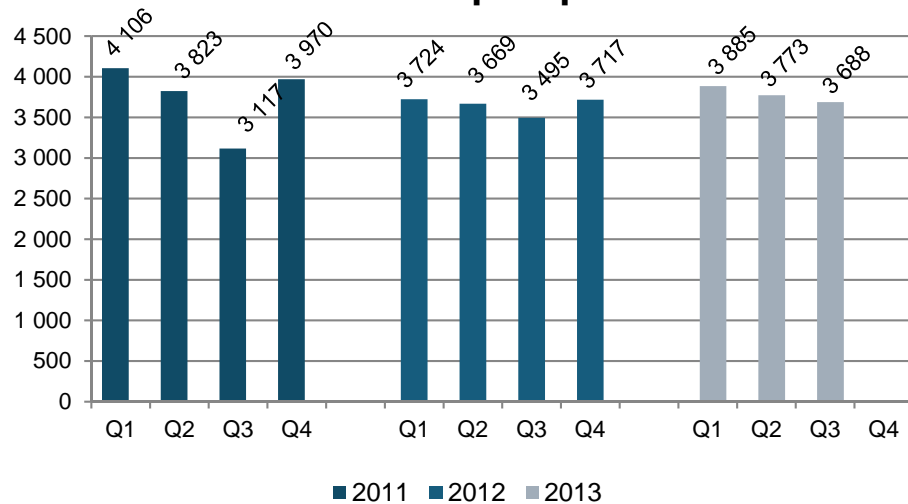
Financial status Q3 2013

Quarterly trends in orders

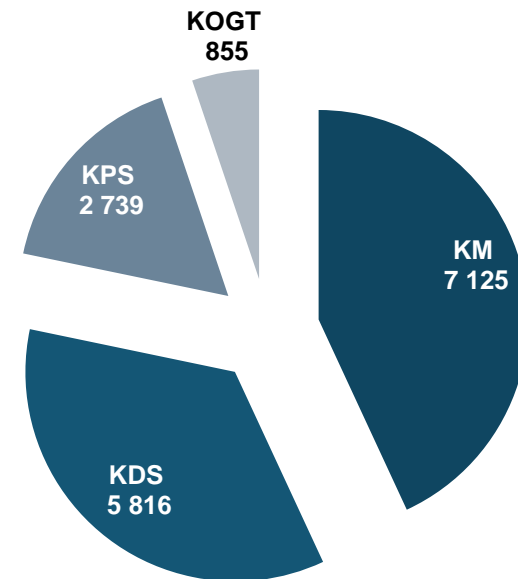
Backlog of orders



New orders per quarter



Backlog of orders Q3- 2013



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

Financial status Q3 2013

Cash Flow



KONGSBERG

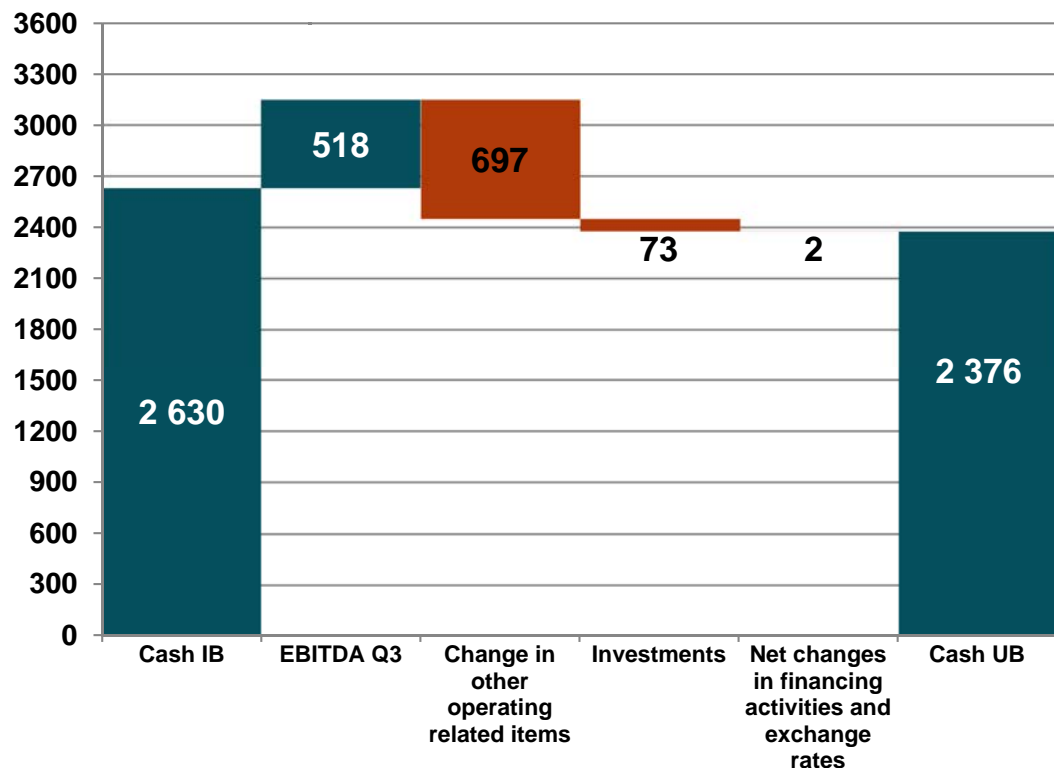
	Q3-13	Q3-12	YTD Q3-13	YTD Q3-12	2012
<i>EBITDA</i>	518	646	1,531	1,721	2,294
<i>Change in other operating related items</i>	(697)	(417)	(614)	(2,398)	(2,087)
Cash flow from operating activities	(179)	229	917	(677)	207
<i>Acquisition of fixed assets</i>	(60)	(124)	(225)	(358)	(523)
<i>Acquisition of subsidiaries and non-controlling interests</i>	-	-	(329)	(13)	(69)
<i>Other investment activities</i>	(13)	(17)	(41)	(99)	(121)
Cash flow from investing activities	(73)	(141)	(595)	(470)	(713)
Cash flow from financing activities	(10)	741	(485)	(47)	(49)
<i>Impact of currency fluctuations on bank deposits and cash equivalents</i>	8	(8)	30	(9)	(19)
Net change, bank deposits and cash equivalents	(254)	821	(133)	(1,203)	(574)

Financial status Q3 2013

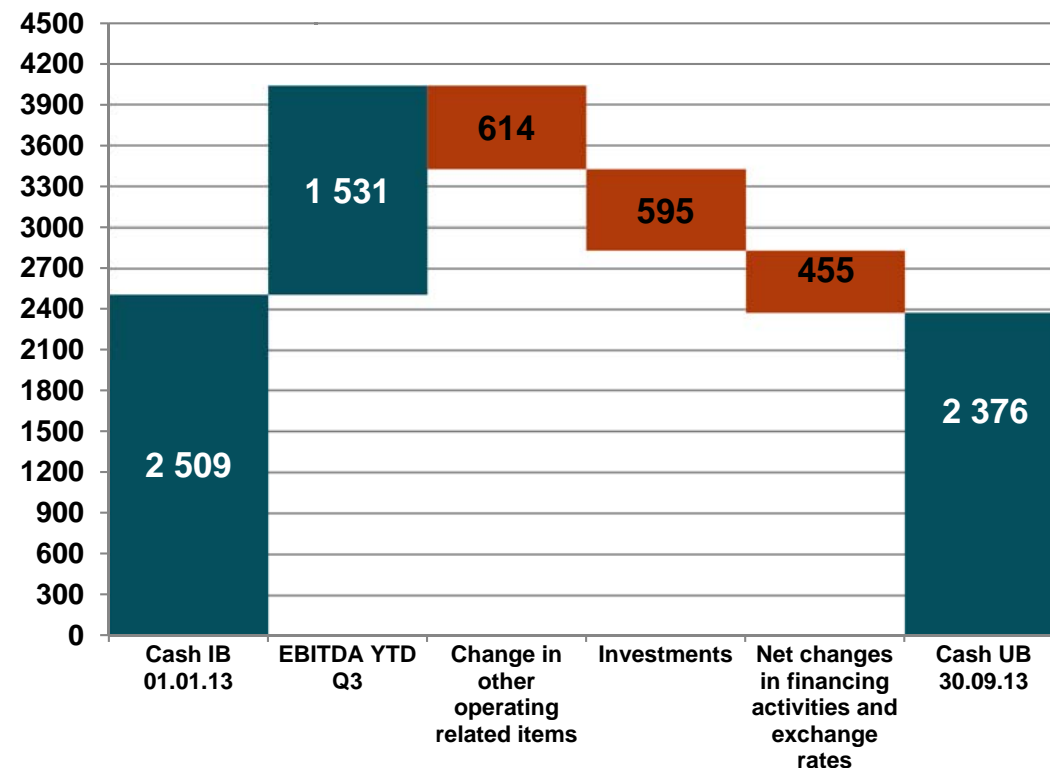
Cash Flow



Q3 2013



YTD Q3 2013



	Q3-13	Q2-13	Q1-13	2012
Cash and short-term deposits	2,376	2,630	2,144	2,509
Working capital	3,508	3,140	3,365	3,528
Net interest bearing debt	(1,067)	(1,319)	(831)	(1,198)
Equity ratio	37.3%	36.4%	38.8%	38.6%

KONGSBERG has unused credit lines of NOK 1 billion

Summary key figures



KONGSBERG

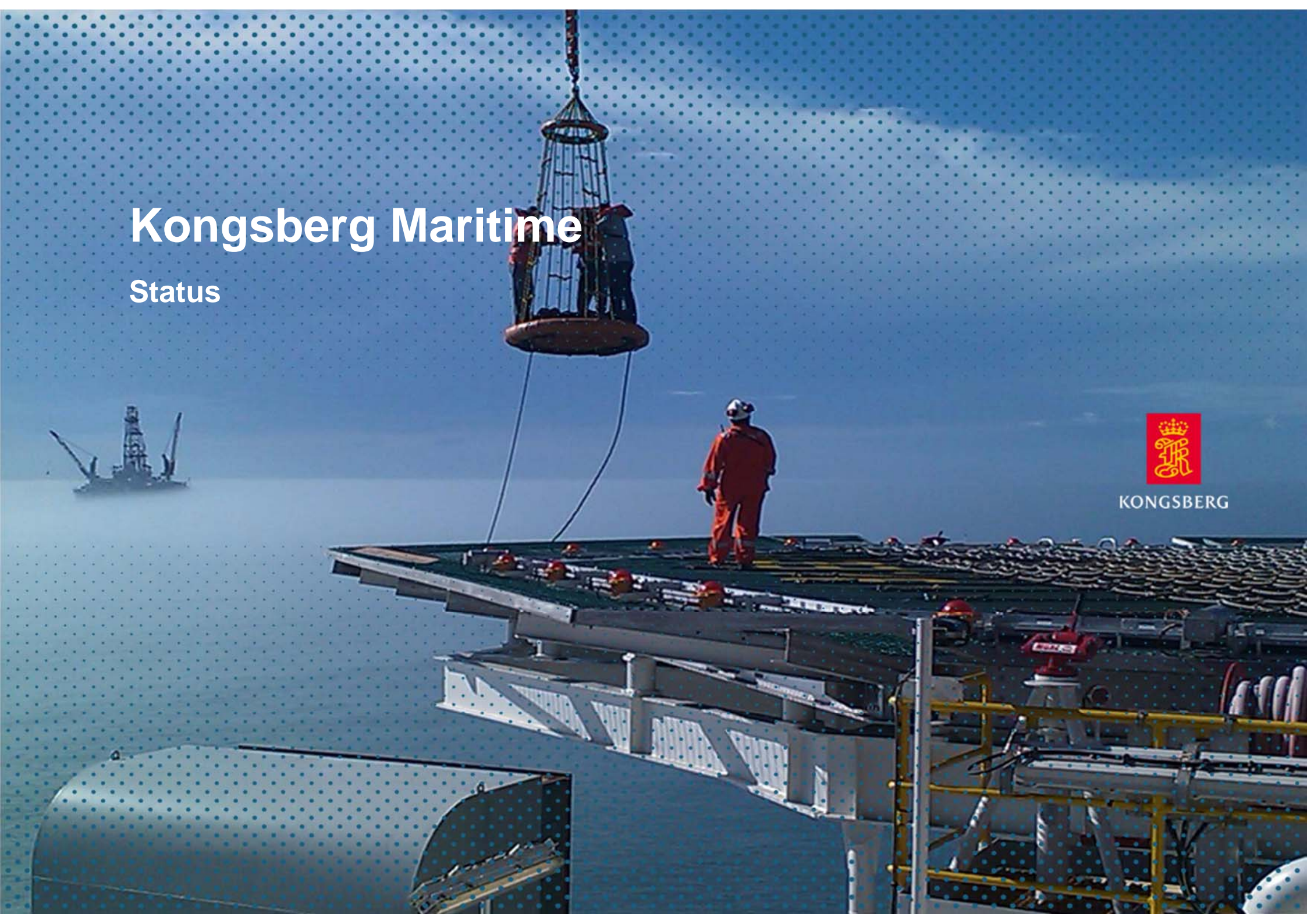
	Q3 2013	Q3 2012	YTD Q3 2013	YTD Q3 2012	2012
Operating revenues	3,448	3,675	11,578	11,443	15,652
EBITDA	518	646	1,531	1,721	2,294
EBITDA margin	15.0%	17.6%	13.2%	15.0%	14.7%
EBIT	405	536	1,187	1,398	1,840
EBT	408	529	1,179	1,386	1,809
EPS	2.44	3.22	7.10	8.42	10.91
Equity %	-	-	37.3%	38.4%	38.6%
Backlog of orders	-	-	16,711	17,084	16,523
New orders	3,688	3,495	11,346	10,888	14,605
Book/bill	1.07	0.95	0.98	0.95	0.93
Number of employees	-	-	7,436	7,073	7,259

Kongsberg Maritime

Status



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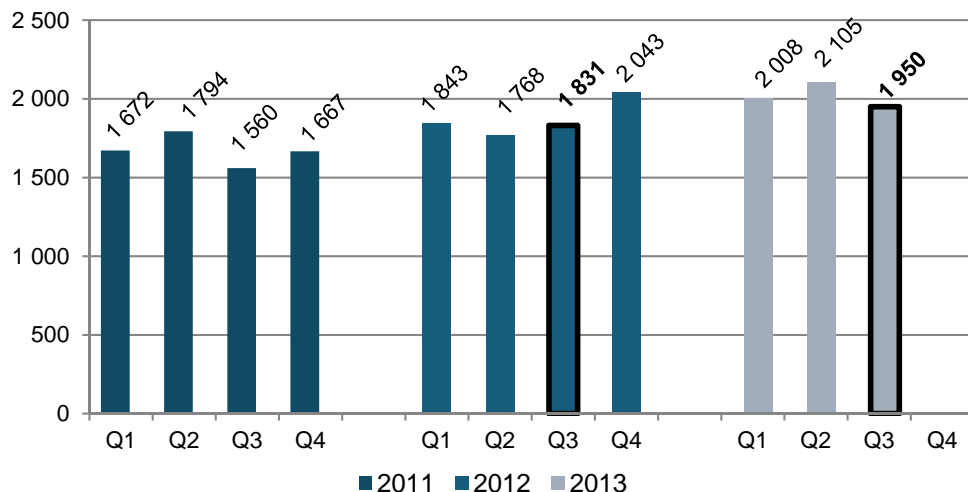


Kongsberg Maritime Q3 2013

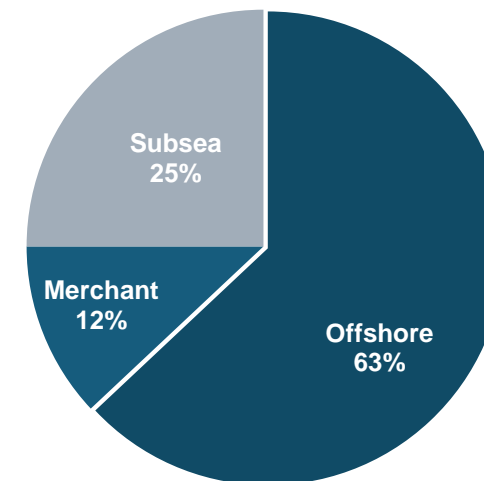
Quarterly trends in operating revenues and EBITDA



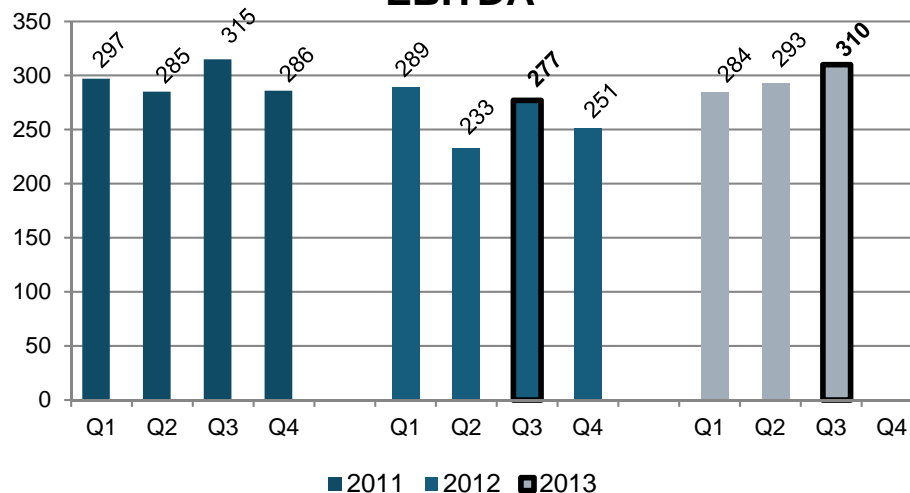
Operating revenues



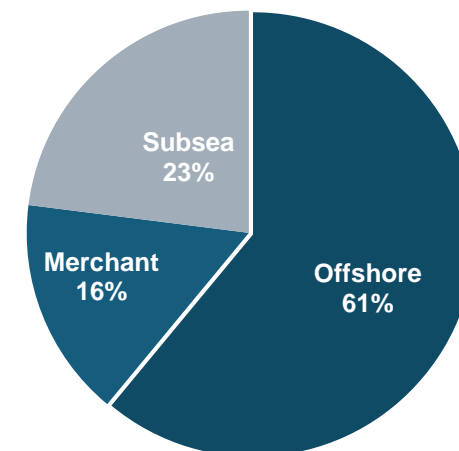
Revenues YTD Q3-13



EBITDA



Revenues YTD Q3-12

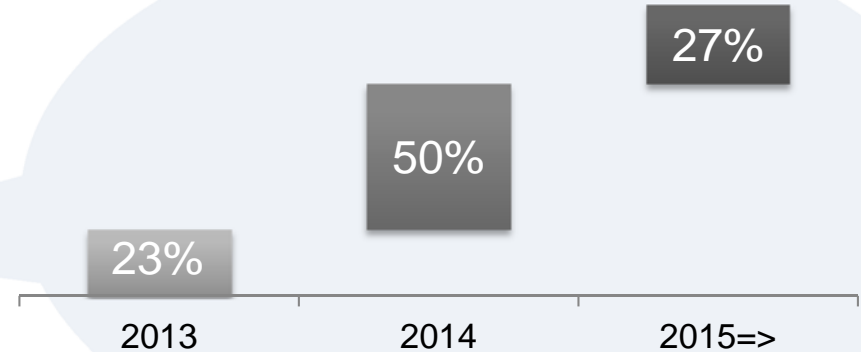
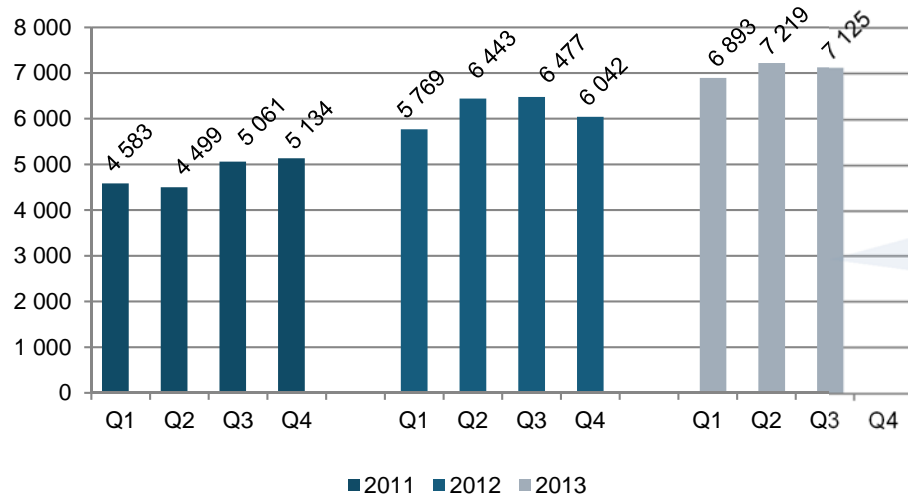


Kongsberg Maritime Q3 2013

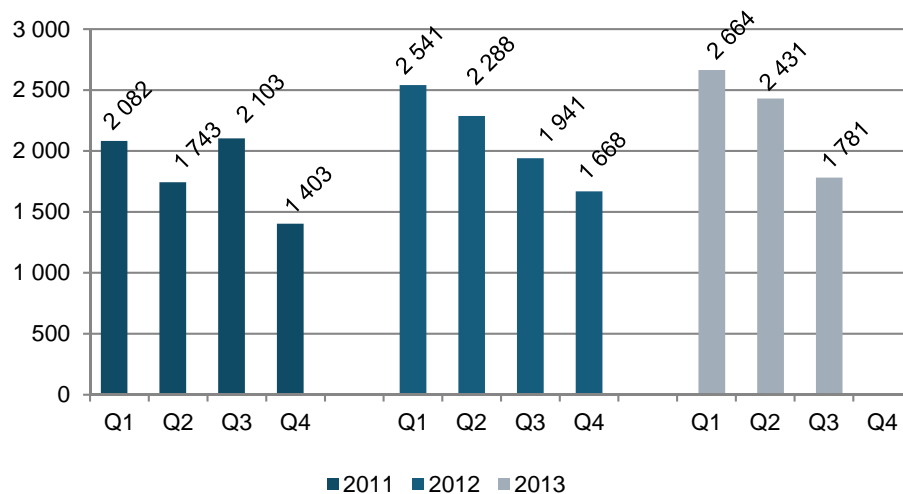
Quarterly trends in orders



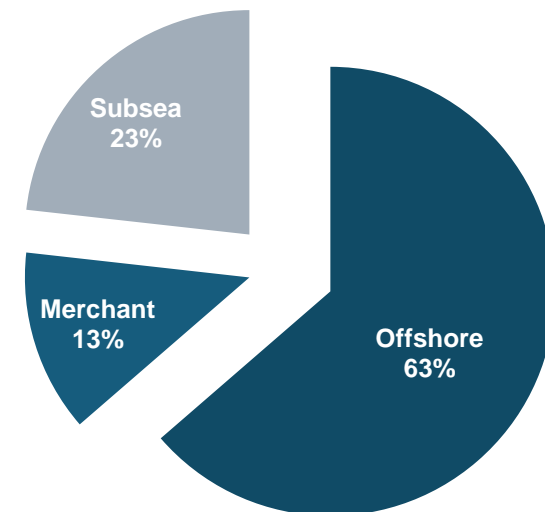
Backlog of orders



New orders per quarter



New orders YTD 2013



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

Highlights Kongsberg Maritime

- Strong order backlog at MNOK 7,125
 - Book/Bill ratio at 0.91 in Q3 and 1.13 YTD
- Continued strong position in the advanced offshore segment.
 - Several «Full Picture» contracts for deliveries to high-end offshore drilling vessels
- Strong activity within subsea
 - Subsea positively impacted by strong offshore market
 - » Acoustic Blow Out Prevention systems
 - » Underwater navigation
- Increased backlog in merchant segment
 - Book/Bill 1.4 in Q3



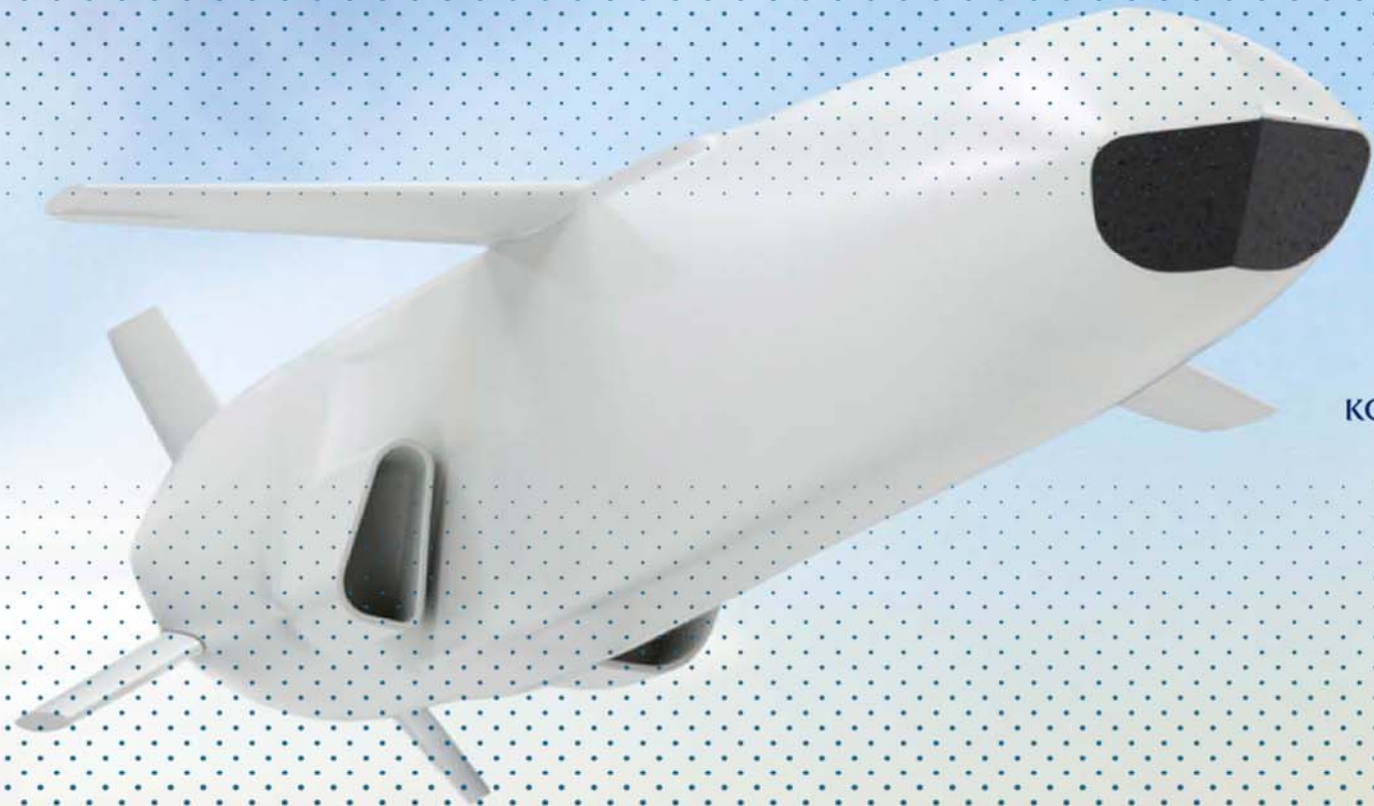
Order intake for "Full Picture" deliveries continues in Q4

- 15 units with «Full picture» deliveries announced in October
 - Nine advanced Offshore drilling units
 - Two Drilling Jackup at Samsung Heavy Industries
 - New and growing market in Korea
 - One accommodation unit with DP 3
 - One Multipurpose Construction Vessel
 - Four LNG vessels with Integrated Automation System
- Total value of MNOK 400
- "Full Picture" typically include: Dynamic Positioning and Hydro Acoustic Positioning, Automation, Safety Systems, Integrated Navigation and Riser Management Systems



Kongsberg Defence Systems

Status



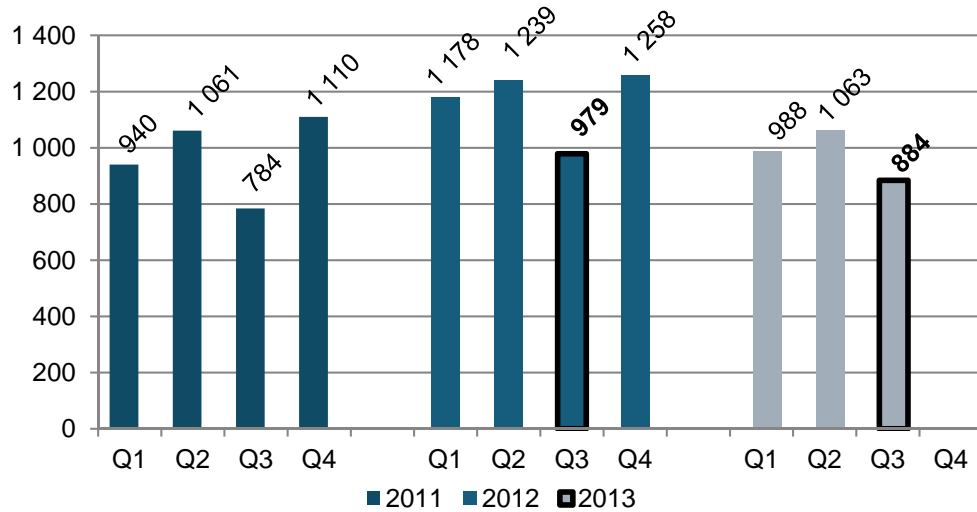
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Kongsberg Defence Systems Q3 2013

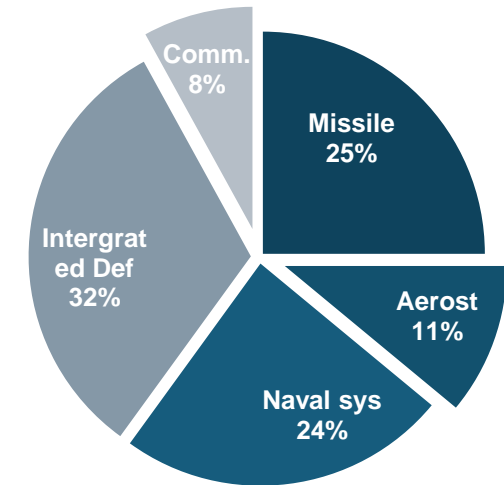
Quarterly trends in operating revenues and EBITDA



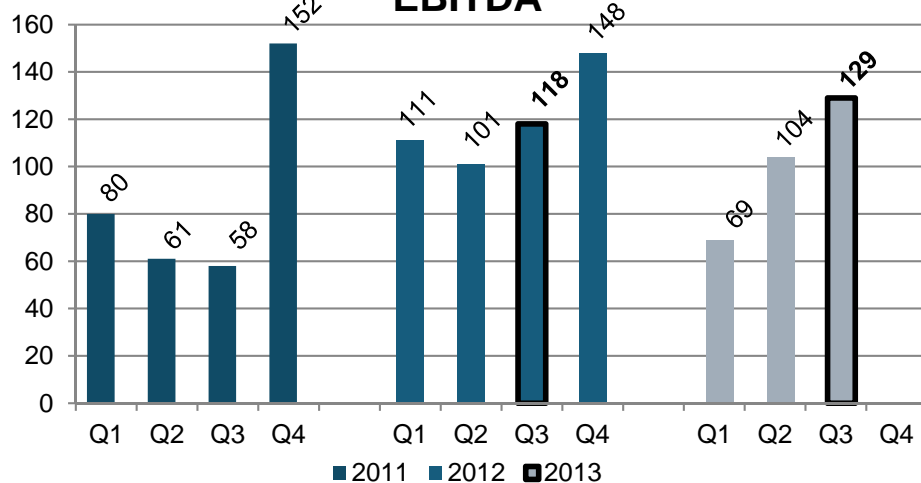
Operating revenues



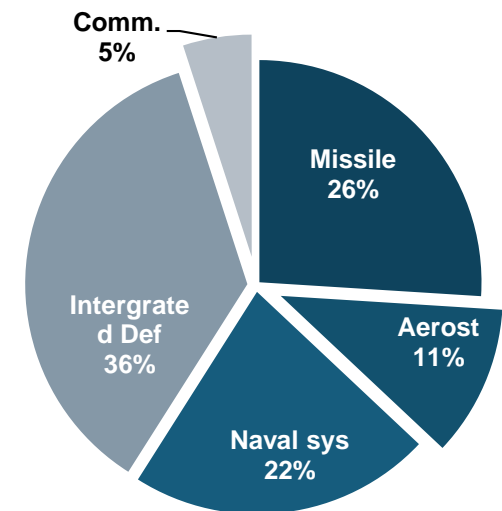
Revenues YTD Q3-13



EBITDA



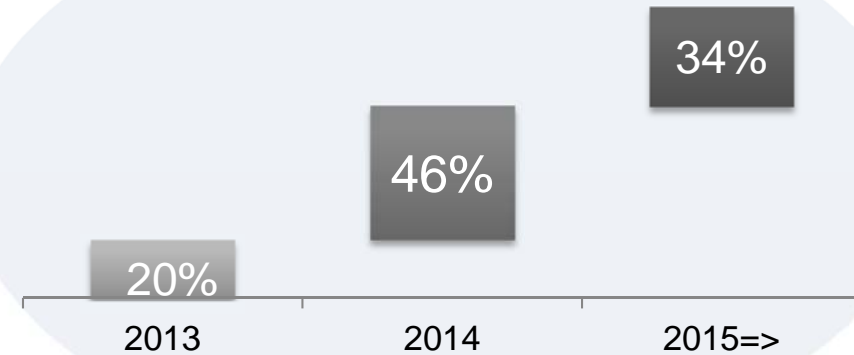
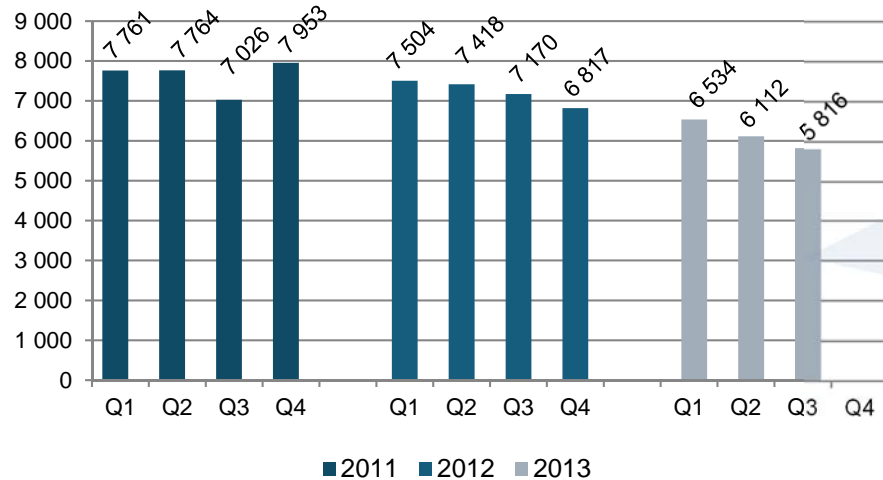
Revenues YTD Q3-12



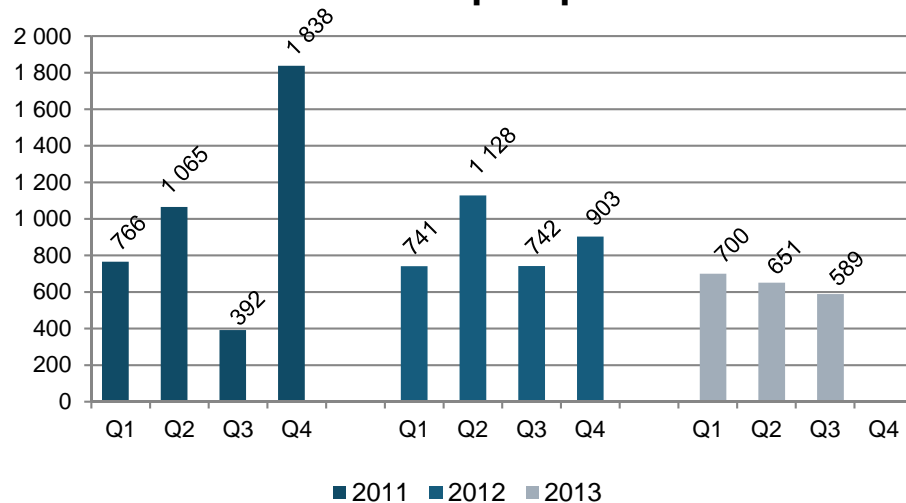
Kongsberg Defence Systems Q3 2013

Quarterly trends in orders

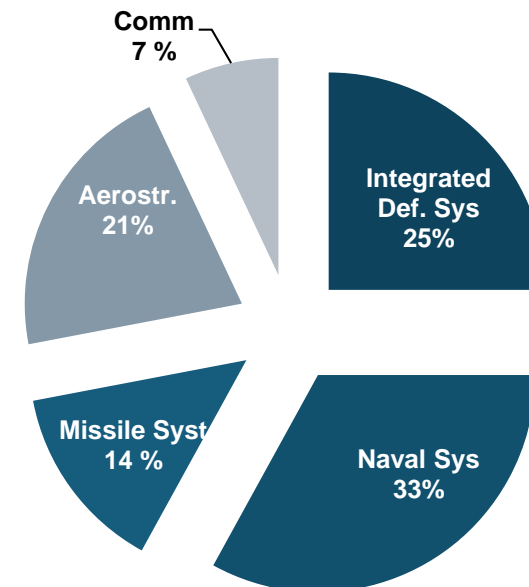
Backlog of orders



New orders per quarter



New orders YTD 2013



- Framework agreements not converted into delivery contracts are not included in the backlog

Highlights Kongsberg Defence Systems



- Strong level of activity both in development, delivery and sales
 - JSM development on track
 - All major delivery programs on track
 - Coastal artillery to Poland
 - NASAMS to Finland
 - NSM to Norway
 - Several prospect within KDS' markets to be concluded within a relatively short time horizon
- Contracts signed in Q3
 - Deliveries to F-35
 - Contract for Minesniper to Norway
 - Collaboration agreement could possibly expand helicopter maintenance activity



Joint Strike Missile

Development on track

- Development project between two contract-phases
 - Temporarily negative impact on both revenues and EBITDA
 - Negotiations for phase III development contract continues
- The JSM project
 - More than 200 employees is working on the project
 - All parts of the missile is designed and tested in phase 1 and 2
 - Complete missile and integration on to the F-35 to be verified and tested in phase 3



Kongsberg Protech Systems

Status



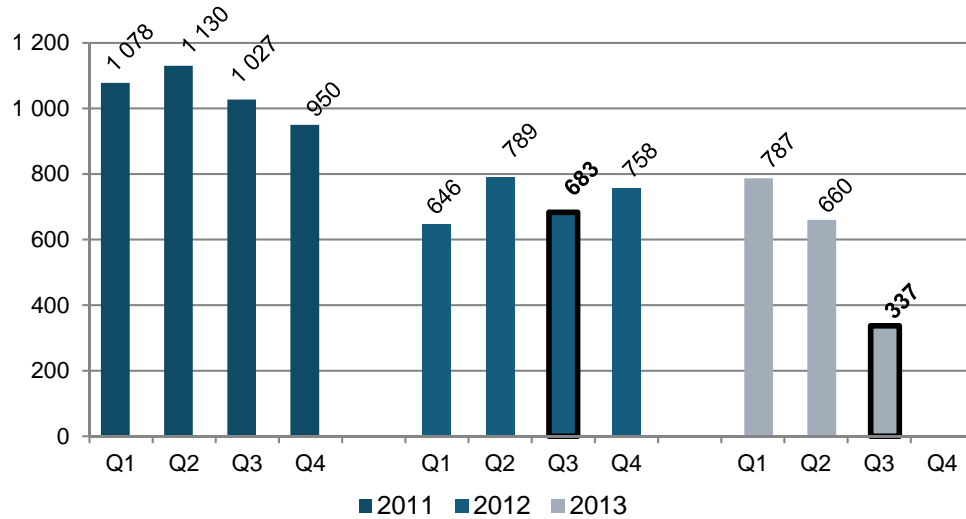
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Kongsberg Protech Systems Q3 2013

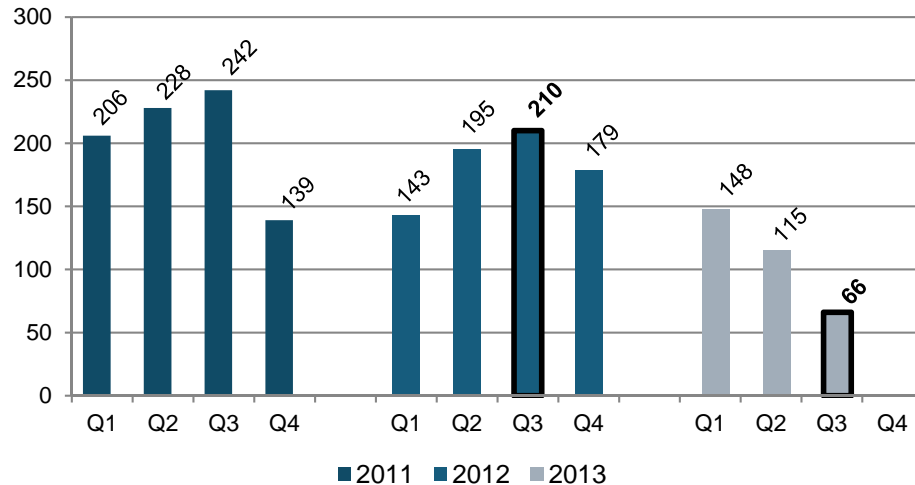
Quarterly trends in operating revenues and EBITDA



Operating revenues



EBITDA

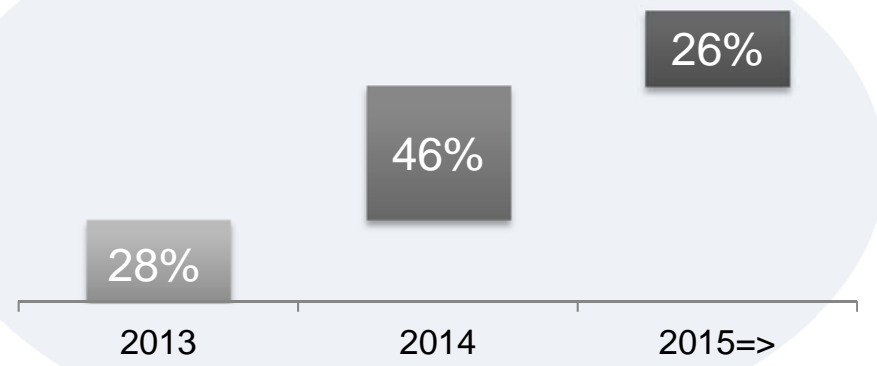
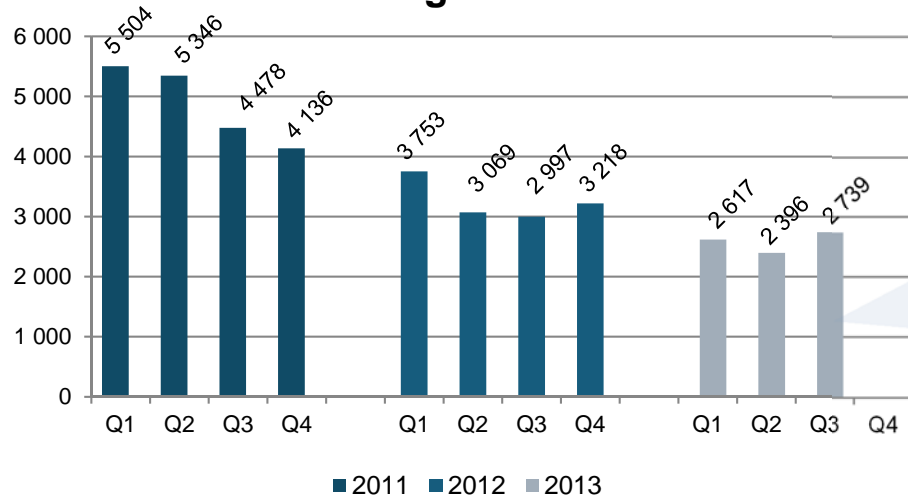


Kongsberg Protech Systems Q3 2013

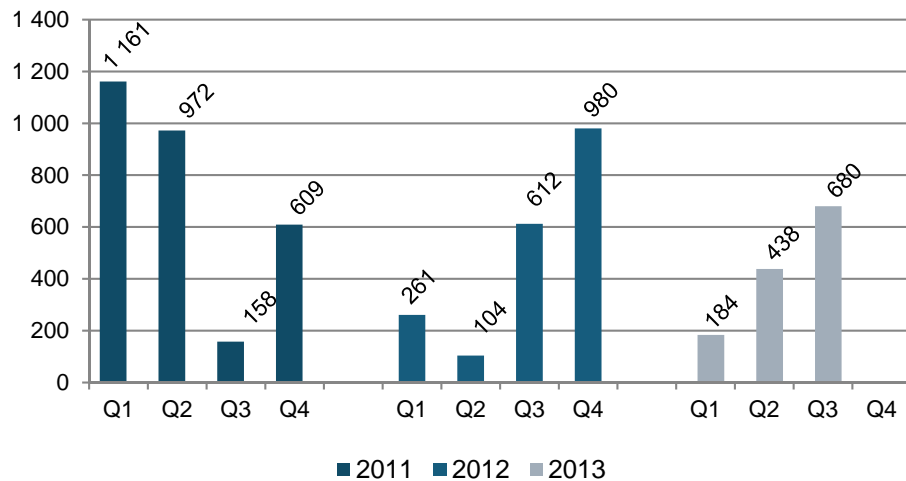
Quarterly trends in orders



Backlog of orders



New orders per quarter



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

Highlights Kongsberg Protech Systems

- Continued high activity in market campaigns
 - Medium Calibre RWS (MCRWS)
 - Continued positive feedback both from US Army and other potential clients
 - Several ongoing campaigns for PROTECTOR RWS both in existing and new markets
 - Market is currently slow and decisions take longer time
- Best quarterly order intake so far in 2013
 - Several contracts under CROWS III framework agreement
 - Framework agreement in France
- Maintaining global leading position in RWS-market



Kongsberg Oil & Gas Technologies

Status



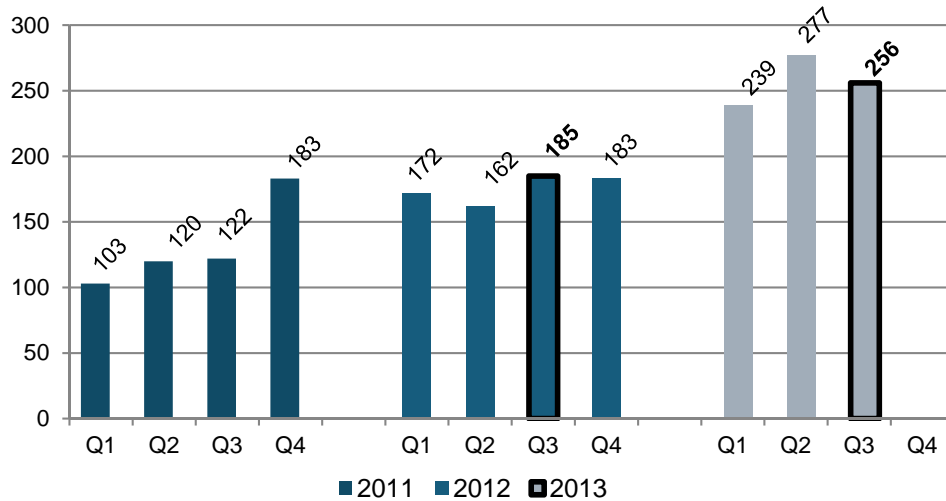
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Kongsberg Oil & Gas Technologies Q3 2013

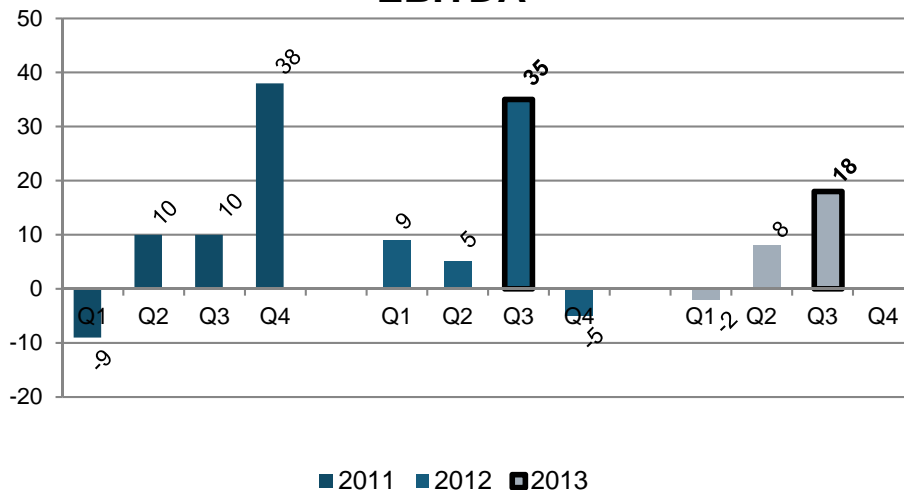
Quarterly trends in operating revenues and EBITDA



Operating revenues



EBITDA

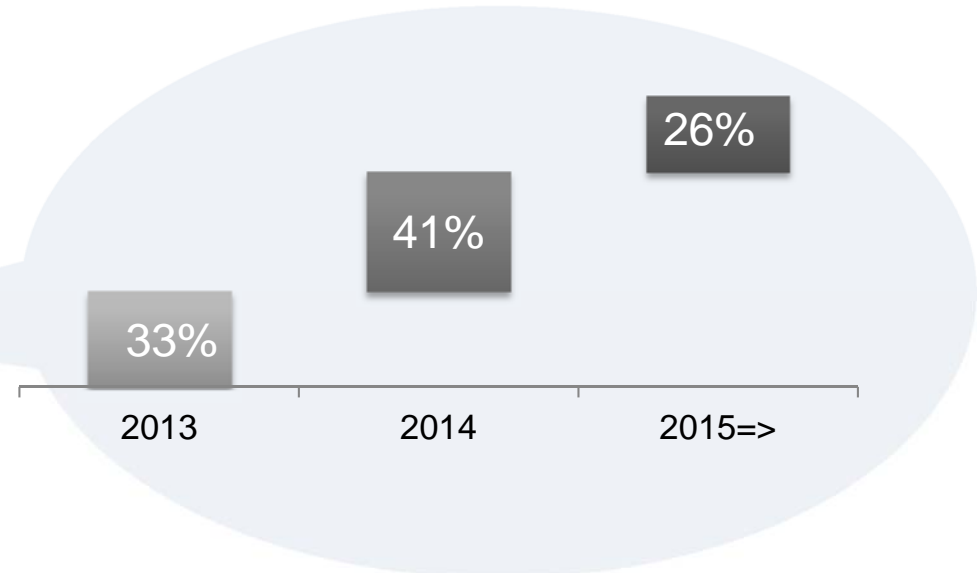
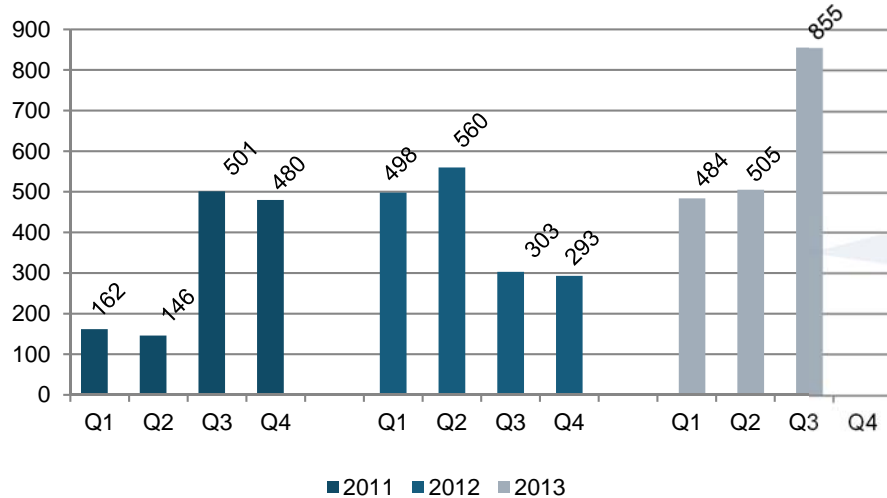


Kongsberg Oil & Gas Technologies Q3 2013

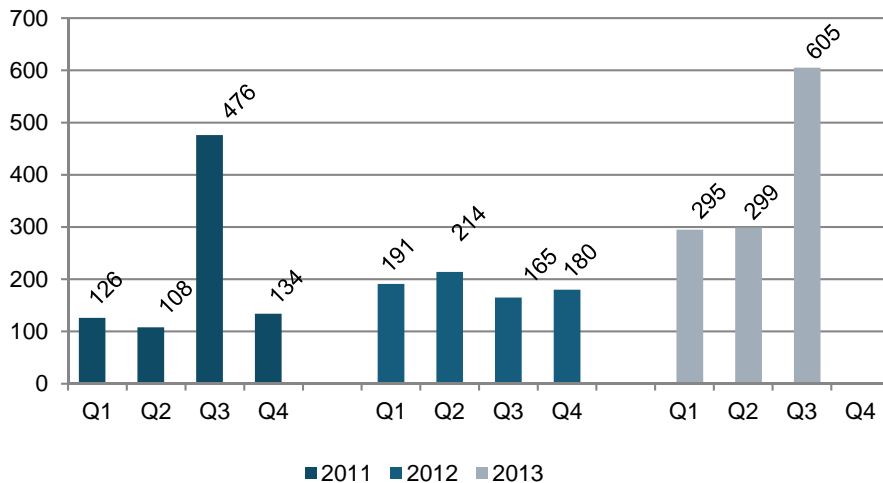
Quarterly trends in orders



Backlog of orders



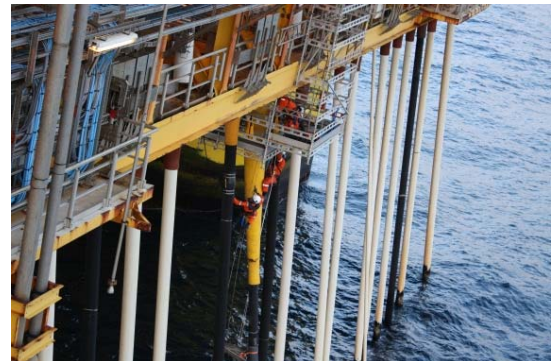
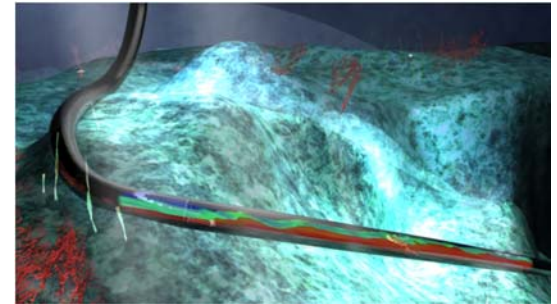
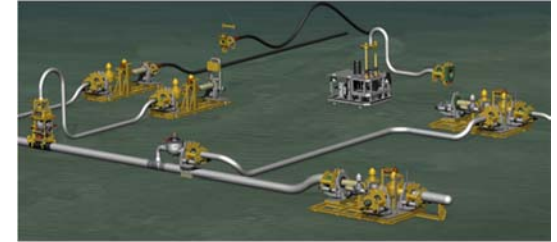
New orders per quarter



- After sales and framework agreements not converted into delivery contracts are not included in the backlog

Highlights Kongsberg Oil & Gas Technologies

- Strong order intake in Q3
 - Book/ Bill ratio at 2.36 in Q3 and 1.55 YTD
 - Order backlog increased 70 per cent in Q3
- Subsea division wins break-through contract with Statoil
 - Delivery of subsea structures to Polarled gas pipeline with Statoil
- Commercial success for real time decision support based on software solutions
 - SiteCom
 - K-Spice
 - LedaFlow
- Good foundation for continued growth



Capital Markets Day 2013

- Kongsberg, 7th November 2013
 - Presentations on recent developments, market conditions and outlook
 - Presentations of conclusions from strategic growth reviews and review of capital issues
 - Presentations from CEO, CFO and all business area Presidents
 - Presentations and demonstrations of systems and products



KONGSBERG has strong positions in the maritime, offshore and defence markets in addition to an exciting positioning towards the oil & gas market. The foundation for the operations in Q4 2013 is solid

- **Kongsberg Maritime** is expected to maintain its strong market positions, and the level of activity will remain good also for the rest of 2013
- **Kongsberg Defence Systems** has several major, delivery programmes in the engineering and production phase, providing a good foundation for revenues in last quarter 2013
- **Kongsberg Protech Systems** has built up a strong global market position, but the level of activity is lower compared to recent years. Revenues in Q4 2013 is expected to be higher than in Q3, but the margins from ordinary operations are expected to be lower than first half of 2013.
- **Kongsberg Oil and Gas Technologies** has an interesting positioning towards several important segments of the oil and gas industry. The market is expected to be positive for the products and services offered by the business area, and translated into increased business moving forward

Appendix



KONGSBERG



WORLD CLASS

— THROUGH PEOPLE, TECHNOLOGY AND DEDICATION

DETERMINED

**What we start we finish.
We do not give in.**

INNOVATIVE

**We relentlessly pursue
improvements, new ideas
and new solutions.**

COLLABORATIVE

**We collaborate as individuals and
as an organisation.**

RELIABLE

**We are reliable people.
We are responsible citizens.**

Solutions from deep sea to outer space

- Extreme performance for extreme conditions



KONGSBERG is a world leading supplier of high-technology solutions and advanced applications for the Maritime, Oil & Gas, Defence and Space industry. Our solutions creates safety and performance for people and companies operating in extreme conditions.

Financial status at 30 September 2013

Income statement



KONGSBERG

MNOK.	Q3-13	Q3-12	YTD Q3-13	YTD Q3-12	2012
Operating revenues	3 448	3 675	11 578	11 443	15 652
Operating expenses	(2 930)	(3 029)	(10 047)	(9 722)	(13 358)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	518	646	1 531	1 721	2 294
Depreciation	(84)	(80)	(249)	(227)	(323)
Earnings before interest, tax and amortisation (EBITA)	434	566	1 282	1 494	1 971
Amortisation	(29)	(30)	(95)	(86)	(119)
Impairment	-	-	-	(10)	(12)
Earnings before interest and tax (EBIT)	405	536	1 187	1 398	1 840
Net financial items	3	(7)	(8)	(12)	(31)
Earnings before tax	408	529	1 179	1 386	1 809
Income tax	(114)	(146)	(329)	(381)	(505)
Earnings after tax	294	383	850	1 005	1 304
Non-controlling interests	(1)	(2)	(3)	(3)	(5)
Equity holders of the parent	295	385	853	1 008	1 309
<i>Earnings per share (NOK)</i>	<i>2.46</i>	<i>3.22</i>	<i>7.11</i>	<i>8.40</i>	<i>10.91</i>
<i>Earnings per share, diluted (NOK)</i>	<i>2.46</i>	<i>3.22</i>	<i>7.11</i>	<i>8.40</i>	<i>10.91</i>
New orders (MNOK)	3 688	3 495	11 346	10 888	14 605

Financial status at 30 September 2013

Balance sheet



KONGSBERG

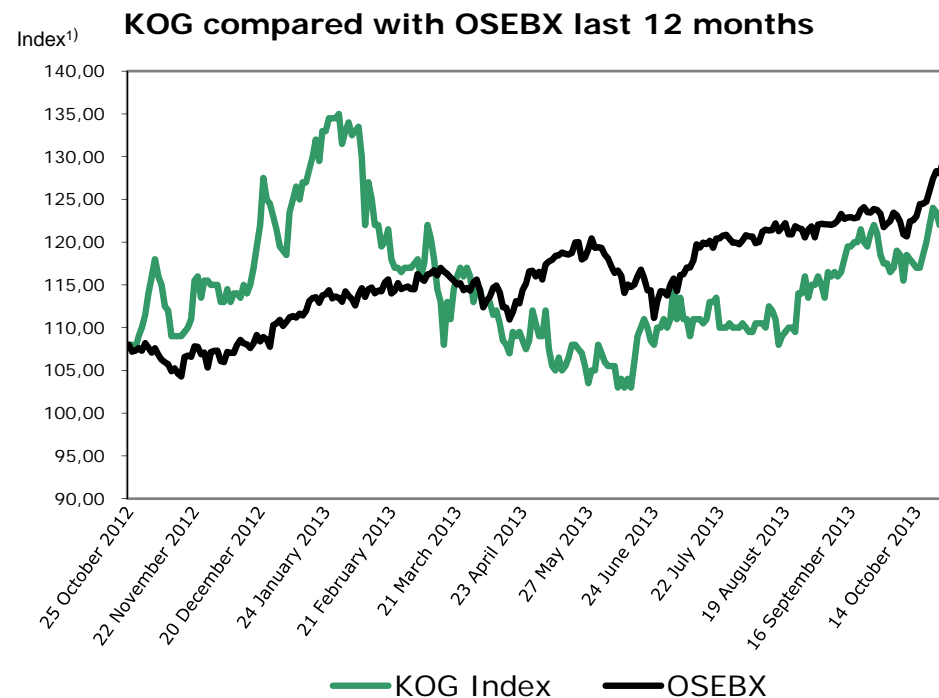
MNOK	30 Sept. 13	30 Jun. 13	31 Dec. 12
Property, plant and equipment	2 622	2 640	2 602
Intangible assets	3 117	3 133	2 750
Other non-current assets	288	288	280
Total non-current assets	6 027	6 061	5 632
Short-term assets	8 405	8 381	8 133
Cash and short-term deposits	2 376	2 630	2 509
Total current assets	10 781	11 011	10 642
TOTAL ASSETS	16 808	17 072	16 274
Paid-in capital	982	982	982
Retained earnings	5 379	5 253	5 074
Fair value, financial instruments	(97)	(35)	207
Non-controlling interests	11	11	11
Total equity	6 275	6 211	6 274
Long-term interest-bearing debt	1 309	1 311	1 311
Other non-current liabilities	1 951	1 679	1 575
Total non-current liabilities	3 260	2 990	2 886
Construction contracts, liabilities	2 691	2 679	2 284
Other current liabilities	4 582	5 192	4 830
Total current liabilities	7 273	7 871	7 114
TOTAL EQUITY AND LIABILITIES	16 808	17 072	16 274

Shares and shareholders

20 largest shareholders (24 October 2013)

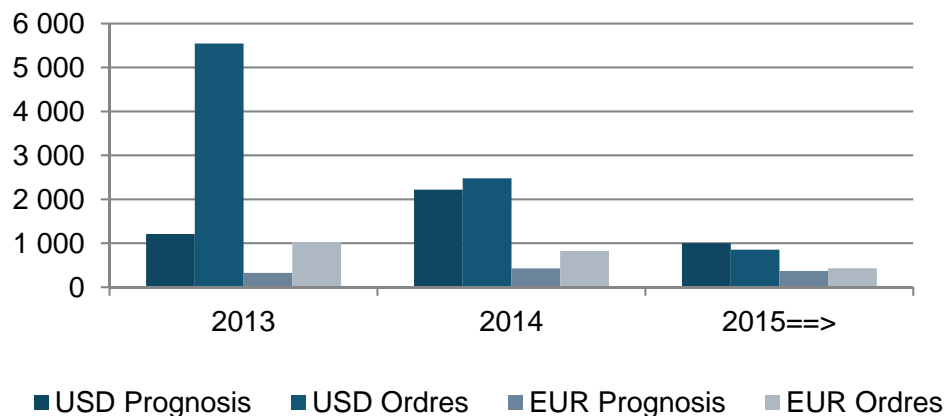
Shareholders	# shares	Stake	Δ 01.01.11
1 State repr. by the Ministry of Trade and Industry	60 001 600	50.00%	-
2 Arendals Fossekompani	9 552 796	7.96%	-
3 National Insurance Fund	8 510 992	7.09%	-1.97 %p
4 MP Pensjon	4 812 800	4.01%	-
5 Skagen Vekst	2 940 497	2.45%	-0.25 %p
Total for the 5 largest shareholders	85 818 685	71.52%	
6 JP Morgan Chase bank - nominee	1 984 550	1.65%	-0.02 %p
7 Danske Invest Norske II	1 731 945	1.44%	1.18 %p
8 Aberdeen Asset Management	1 629 149	1.36%	1.11 %p
9 Odin Norden	1 518 977	1.27%	-0.52 %p
10 Odin Norge	1 250 429	1.04%	-0.87 %p
11 Danske Invest Norske	1 057 675	0.88%	0.46 %p
12 REASSURE LIMITED	965 000	0.80%	New
13 The Northern Trust C Non-treaty acc.	689 136	0.57%	New
14 Verdipapirfondet DNB	623 059	0.52%	0.43 %p
15 Odin Offshore	530 500	0.44%	-0.34 %p
16 JP Morgan Chase bank - nominee	475 000	0.40%	0.40 %p
17 JP Morgan Chase bank - nominee	468 026	0.39%	New
18 KLP Aksje Norge Indeks Vpf	453 328	0.38%	0.11 %p
19 BNP Paribas - nominee	431 370	0.36%	New
20 Must Invest AS	400 000	0.33%	-
Total for the 20 largest shareholders	100 026 829	83.36%	
Total number of shares	120 000 000	100.00%	

Share price performance



1) OSEBX index relative to KOG share price on 25 October 2013 = 108

Hedging portfolio at 30 September 2013 (values in MNOK)



Hedging portfolio

- Orders: All orders signed in foreign currencies are hedged, eliminating currency risk
- Prognosis: Prior to signature, probable contracts are also hedged pursuant to the guidelines stipulated in the Group's Foreign Exchange Policy

Foreign exchange policy

- Hedging of all signed contracts
- Partial hedging of anticipated revenues in foreign currencies two years ahead
- Goals:
 - Create predictability and ensure profitability for the existing product portfolio
 - Allow time for operational and strategic initiatives in the event of lasting changes in exchange rates

Foreign currency position

- 70-75 per cent of sales influenced by exchange rates
- 30-35 per cent of costs in foreign currencies
- About 35 per cent net exposure, primarily in USD and EUR
- Our competitiveness is influenced by:
 - Changes in NOK exchange rates, NOK/EUR, against all foreign competitors
 - Changes in the USD exchange rate, USD/EUR, against all competitors with their cost base in USD or currencies linked to the USD

Financial calendar and Investor Relations contacts



KONGSBERG

Financial calendar 2013

Publication of quarterly figures

Capital Markets Day 2013

- 07 November

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