



KONGSBERG

CMD²⁰₁₆
CAPITAL MARKETS DAY

AGENDA



KONGSBERG

09:45

WELCOME

JAN ERIK HOFF
VP IR

09:50

KONGSBERG
GRUPPEN

GEIR HÅØY, PRESIDENT & CEO
HANS JØRGEN WIBSTAD, CFO

10:25

KONGSBERG
MARITIME

EGIL HAUGSDAL
PRESIDENT KM

10:45

KONGSBERG
DEFENCE
SYSTEMS

HARALD AARØ
EVP BUSINESS
DEVELOPMENT

11:20

KONGSBERG
PROTECH
SYSTEMS

ESPEN HENRIKSEN
PRESIDENT KPS

11:35

KONGSBERG
DIGITAL

HEGE SKRYSETH
PRESIDENT KDI

11:50

Q & A

12:00

LUNCH

12:45

SUBSEA

BJØRN JALVING
EVP KM

13:05

MERCHANT
MARINE

MORTEN HASÅS
EVP KM

13:15

SPACE &
SURVEILLANCE

CHRISTIAN
HAUGLIE-HANSEN
EVP KDS

13:30

WRAP-UP

GEIR HÅØY
PRESIDENT & CEO

13:35

GUIDED TOUR
SUBSEA

END
15:00



KONGSBERG

KONGSBERG GRUPPEN

Geir Håøy, President & CEO
Hans-Jørgen Wibstad, EVP & CFO

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CAPITAL MARKETS DAY

DISCLAIMER



KONGSBERG

This presentation contains certain forward-looking information and statements. Such forward-looking information and statements are based on the current, estimates and projections of the Company or assumptions based on information currently available to the Company. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions. The Company cannot give assurance to the correctness of such information and statements. These forward-looking information and statements can generally be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use terminology such as "targets", "believes", "expects", "aims", "assumes", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues", "estimate", "milestone" or other words of similar meaning and similar expressions or the negatives thereof.

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AGENDA



KONGSBERG

THIS IS KONGSBERG

AMBITIONS

TECHNOLOGY

FINANCIAL STATUS



KONGSBERG

EXTREME PERFORMANCE FOR EXTREME CONDITIONS

We develop and deliver advanced systems
and technology for people working under
extreme conditions.

Our solutions ensure efficiency, safety, security
and high performance in operations ranging
from deep sea to outer space.

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CAPITAL MARKETS DAY

THE ORGANISATION



KONGSBERG



KONGSBERG MARITIME

Global market leader within offshore, subsea and merchant marine applications



EGIL HAUGSDAL



KONGSBERG DEFENCE SYSTEMS

Modern product portfolio in growing defence and aerospace niches



EIRIK LIE (acting)



KONGSBERG PROTECH SYSTEMS

Unrivalled global market leader in remote weapon stations



ESPEN HENRIKSEN



KONGSBERG DIGITAL

Provider of next generation digital solutions to customers within maritime, oil & gas, defence and renewables & utilities

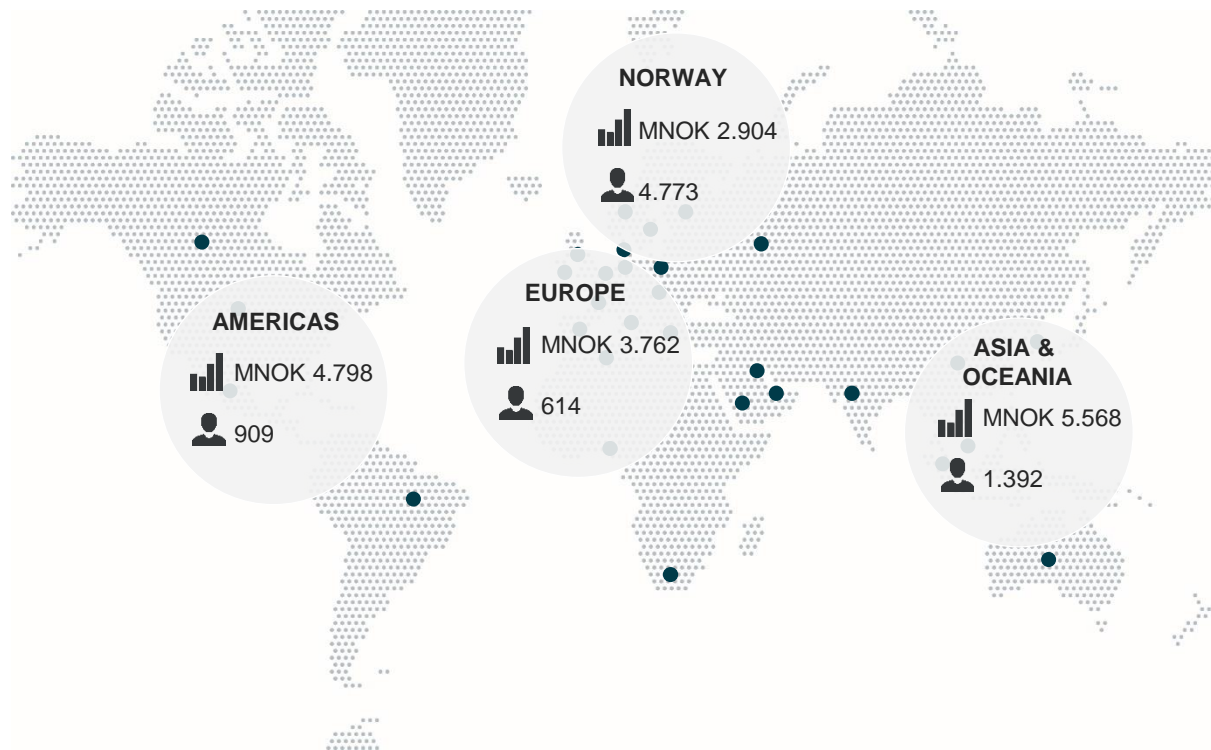


HEGE SKRYSETH



KONGSBERG

GLOBAL REACH, LOCAL PRESENCE – IN DIVERSE MARKETS



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AMBITIONS

TECHNOLOGY

FINANCIAL STATUS

DEVELOPMENT SINCE CMD 2015



MARITIME



DEFENCE SYSTEMS

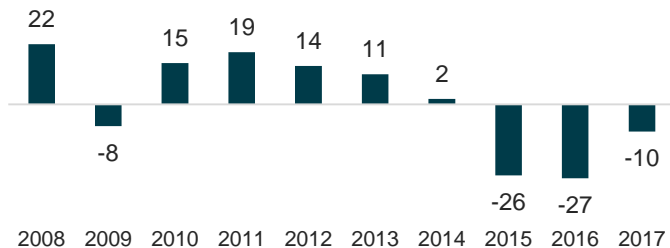


PROTECH SYSTEMS

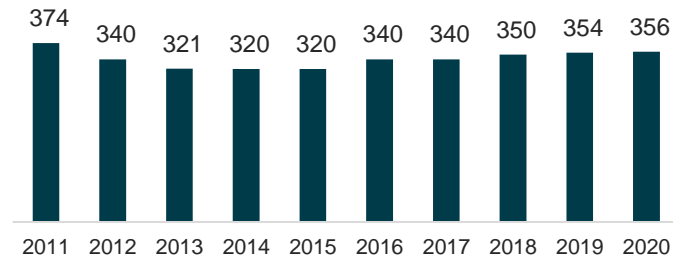


OIL & GAS / DIGITAL

CHANGE IN GLOBAL UPSTREAM E&P SPENDING (%)¹



GLOBAL DEFENCE PROCUREMENT (USD BILLION)²



A MIXED MARKET OUTLOOK



DEFENCE

Global security challenges
Good outlook within KONGSBERG-niches



SPACE & SURVEILLANCE

Increasing demand for KONGSBERG's solutions



MERCHANT MARINE

Mixed short/medium term outlook
Very cyclical business



SUBSEA TECHNOLOGY

Increasing demand for KONGSBERG's leading
underwater technology solutions



OFFSHORE, OIL & GAS

Generally weak market with low investment
levels expected in the near term

Cost pressure will drive new technology and
new execution models



INDUSTRIAL DIGITALIZATION

A wave of digitalization
in most of KONGSBERG's markets

POSITIONING FOR MAJOR OPPORTUNITIES – ADAPTING TO CHANGING MARKETS



MARITIME

Launching new technology concepts and solutions

Adjusting capacity

Streamlining organization



DEFENCE SYSTEMS

World class program execution

Pursuing several major opportunities, some expected to be concluded over the next 12 months

PROTECH SYSTEMS

Breakthrough contract on MCT-30

Campaigning continues

Securing and expanding market position

Significant potential, but campaign conclusion takes time



DIGITAL

Building a strong business on an already solid platform

Significant opportunities related to digitalization





AMBITIONS 2016-2020



DELTAONE HAS SECURED OUR COMPETITIVENESS

CMD 2013:

Strategic Growth Review 

Accelerated efforts to increase shareholder return and improve competitiveness


Continuous focus on operational excellence

- Strong operational performance in all business areas
- Continuous focus on competitiveness


Group wide program to strengthen profitability and competitiveness

- Ambition in addition to our ongoing improvements:
> MNOK 500 annual cost improvements by 2016
- The ambition will be further detailed on Q4 2013 presentation

Q413 PRESENTATION:

DELTAONE target: NOK 1 billion 

- Program has concluded the ambition
 - Larger potential identified
 - Potentials identified throughout the whole organization, both group-wide and within business areas
- Program is now entering into solution development phase by leveraging external and internal best practices
 - Process innovation
 - Sourcing
 - Design to value
- NOK 1 billion annual improvements will be realized by end 2016



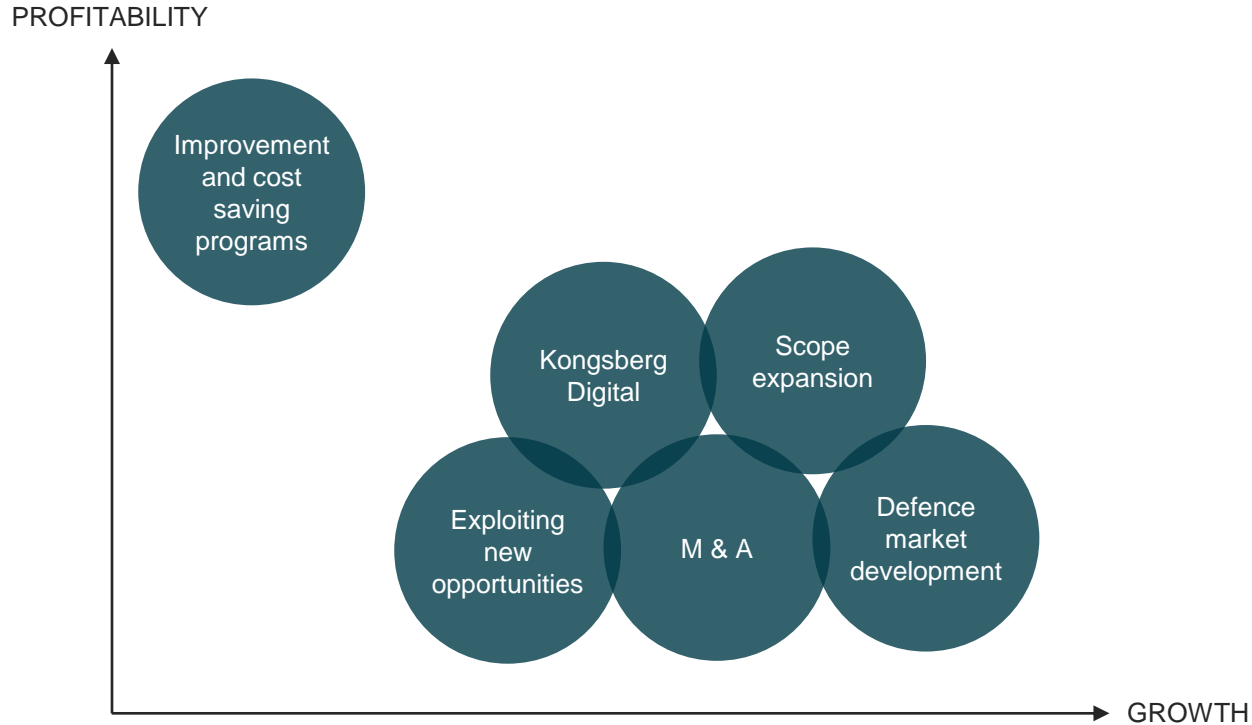
All business areas have delivered on or above agreed targets

Cost improvement efforts continue

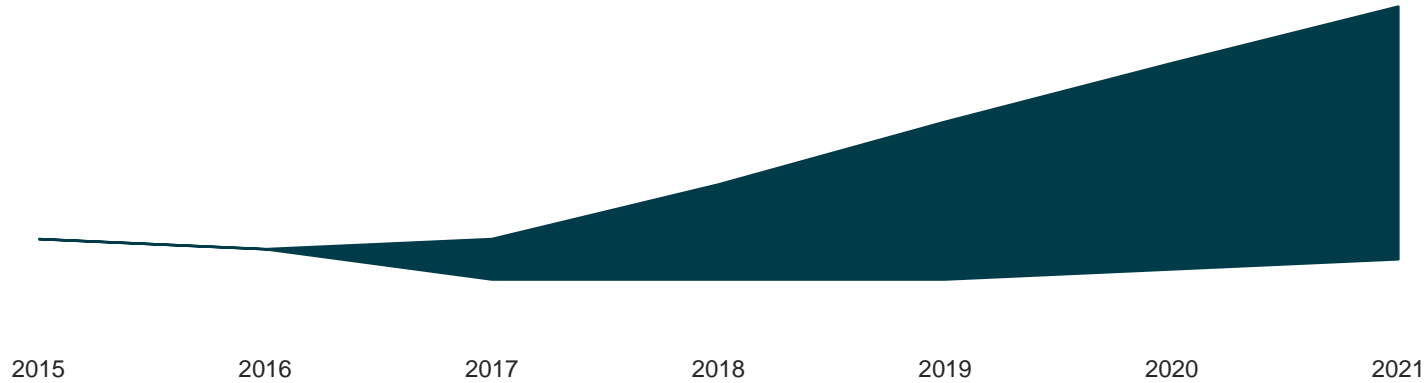
Continuous improvements, especially within:

- Process innovation
- Sourcing
- Sharing best practices

STRATEGIC PRIORITIES



REVENUE DEVELOPMENT NEXT FIVE YEARS



| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------|--|------|------|--|------|------|------|
| DEFENCE | PROJECT EXECUTION • ORDER BACKLOG BUILD-UP | | | FURTHER GROWTH AND WIDER DEPLOYMENT • F-35, MCT-30, NSM, NASAMS, JSM... | | | |
| | ADAPTING AND EXECUTING | | | LARGE OPPORTUNITIES, WIDER SCOPE, STRONG ALLIANCES, NEW APPLICATIONS | | | |
| MARITIME | EXECUTION • ADAPTATION • R&D | | | LARGER SCOPE • NEW TECHNOLOGY APPLICATIONS • DIGITALIZATION • NEW GROWTH PLATFORMS | | | |



AGENDA



KONGSBERG

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AMBITIONS

TECHNOLOGY

FINANCIAL STATUS

INNOVATING THROUGH OUR CORE COMPETENCIES



CORE COMPETENCIES

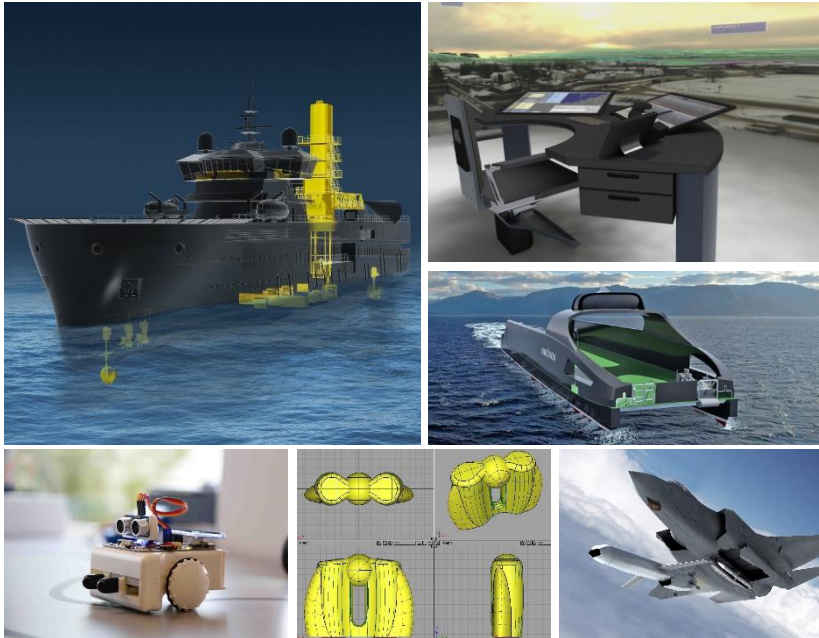
Integrating sensors and software

Supporting human decision making,
precision, safety, security

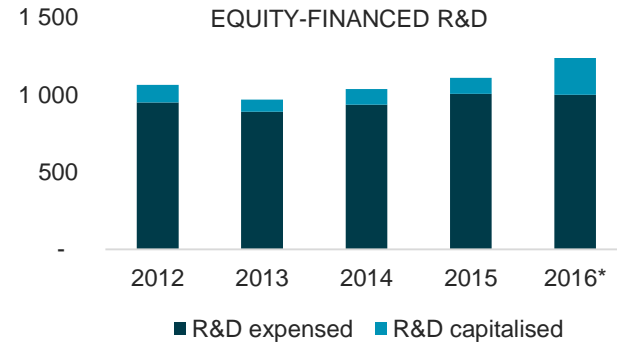
Cybernetics, software, signal processing
and system engineering

Project and supplier management

OUR R&D FOCUS REFLECTS OUR BELIEF IN TECHNOLOGY LEADERSHIP



Total costs of product development and maintenance, including customer financed efforts, constitutes ~10% of operating revenues over time



* Last 12 months

INNOVATION DRIVES NEW OPPORTUNITIES

KEY OPPORTUNITY AREAS FOCUSES GROUP LONG-TERM EFFORTS



KONGSBERG technologies enabling and protecting the intelligent – but vulnerable – society. Optimizing, securing and protecting critical interests, such as supply-, distribution- and consumption of resources



Leveraging our's and Norway's unique position to take a leading role in exploring innovative opportunities in the ocean space



SUBSEA, AQUACULTURE AND CRITICAL INFRASTRUCTURE



AGENDA



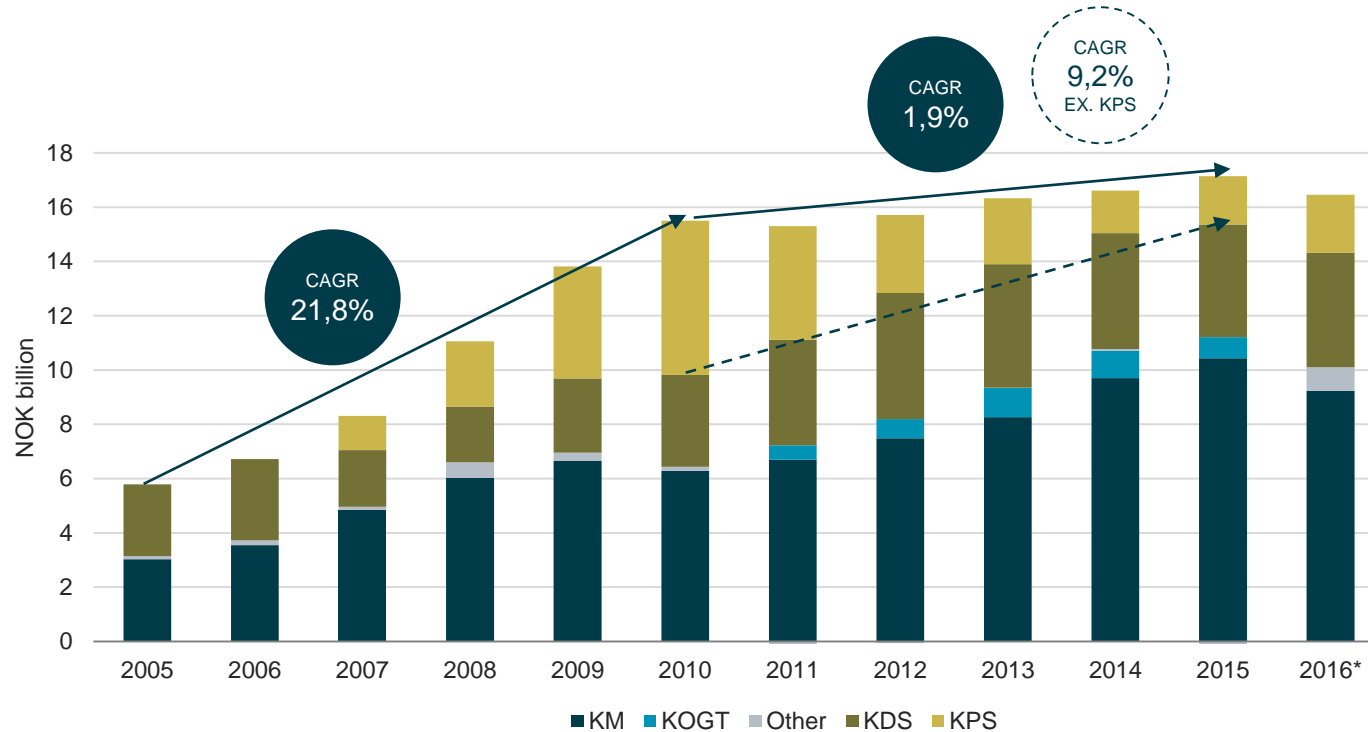
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AMBITIONS
TECHNOLOGY

FINANCIAL STATUS

FROM STRONG TO MODEST GROWTH

REVENUES 2005-2016*

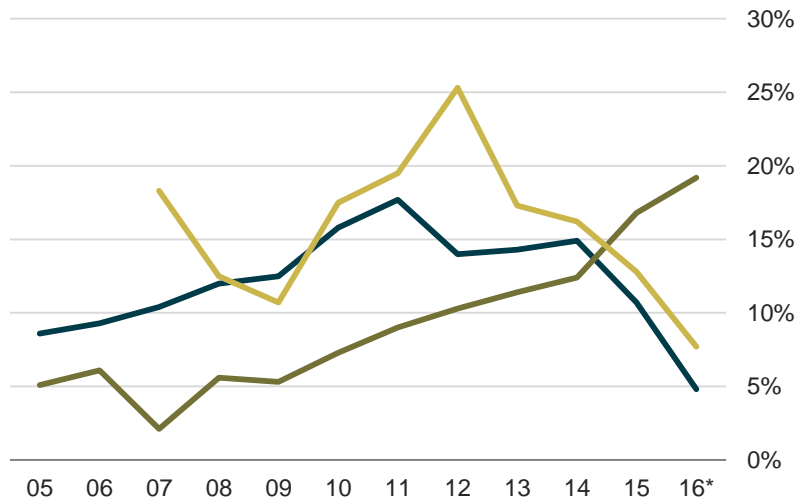
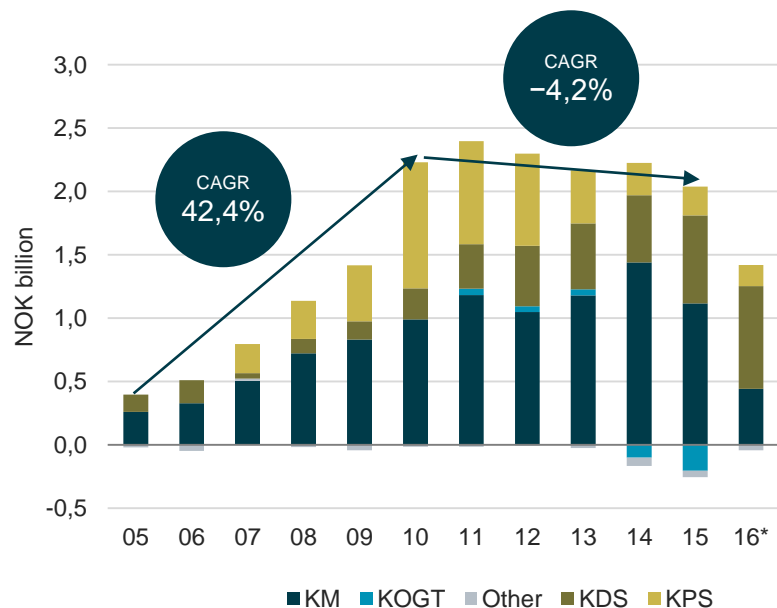




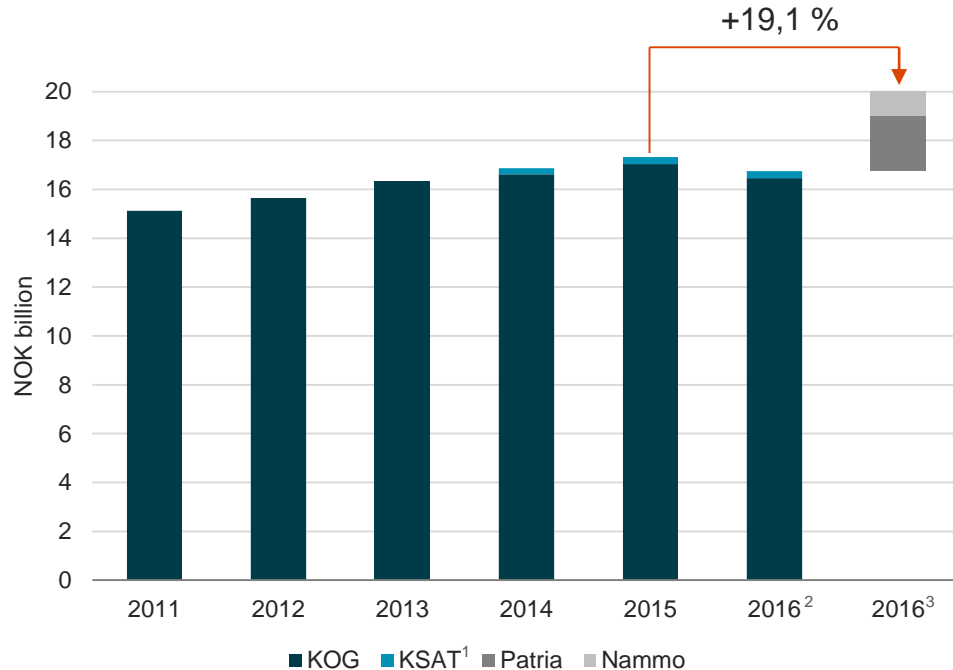
KONGSBERG

MIXED PROFITABILITY DEVELOPMENT

EBITDA / MARGIN 2005-2016*



PRO FORMA CONSOLIDATED REVENUES 2011-2016 INCLUDING ASSOCIATED COMPANIES



OWNERSHIP:

KSAT 

50%

Patria

49,9%

Nammo

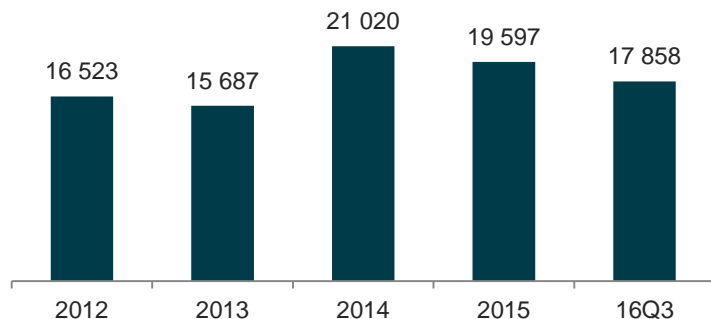
25%

1) KSAT was proportionally consolidated in KOG's accounts up to 2013. 2) Last 12 months. 3) Last 12 months, proportionally consolidated. The purchase of the shares in Patria was concluded on 24 May 2016. Patria owns 50% of the shares in Nammo.



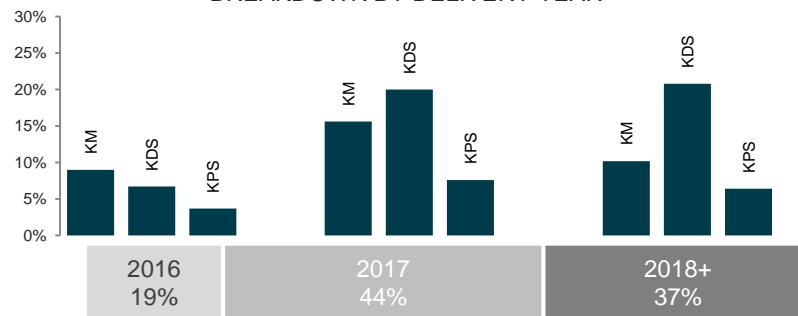
BACKLOG STILL AT A SOUND LEVEL

SOMEWHAT LOWER VISIBILITY THAN IN 2015

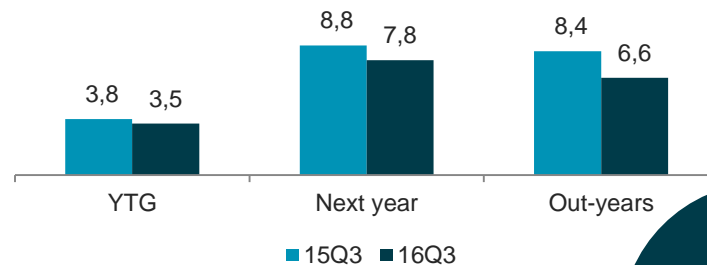


Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.

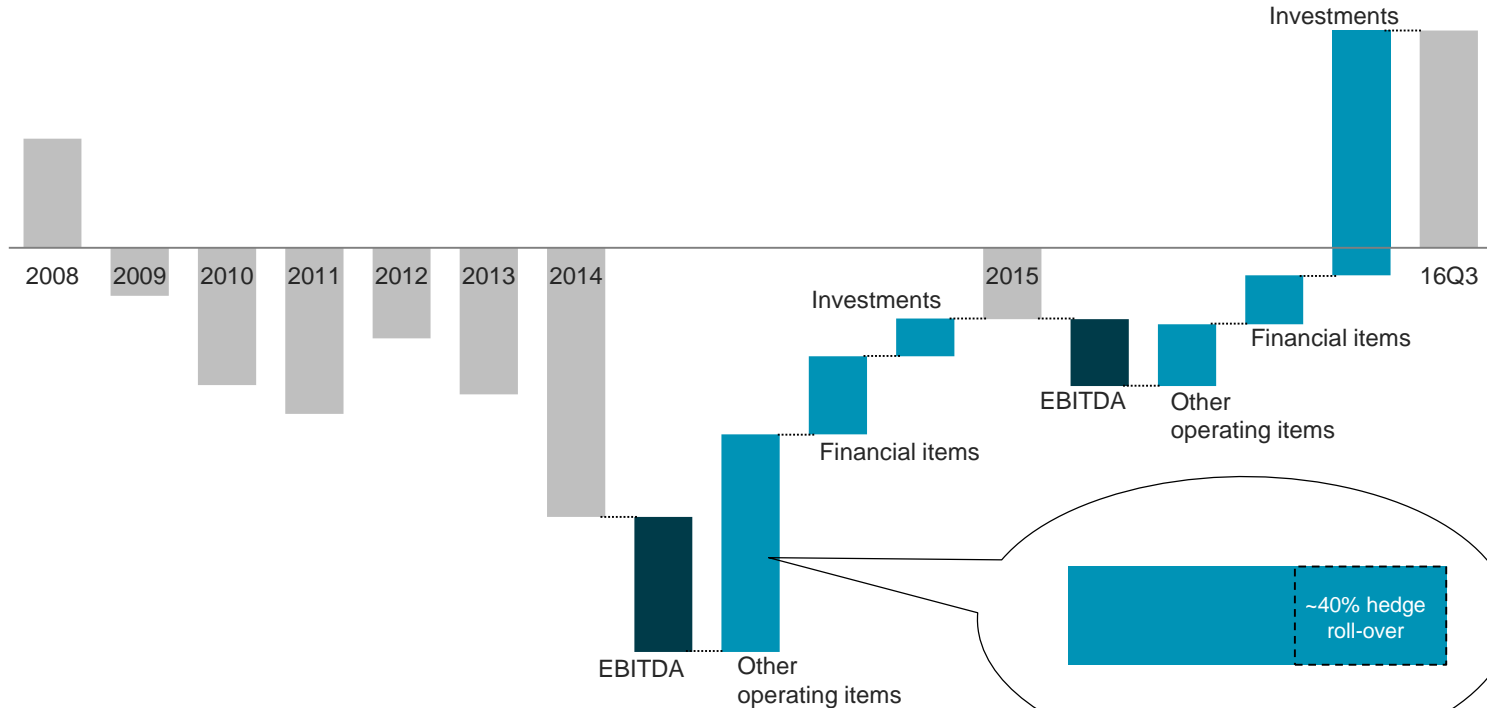
BREAKDOWN BY DELIVERY YEAR



REVENUE VISIBILITY



NET INTEREST BEARING DEBT DEVELOPMENT

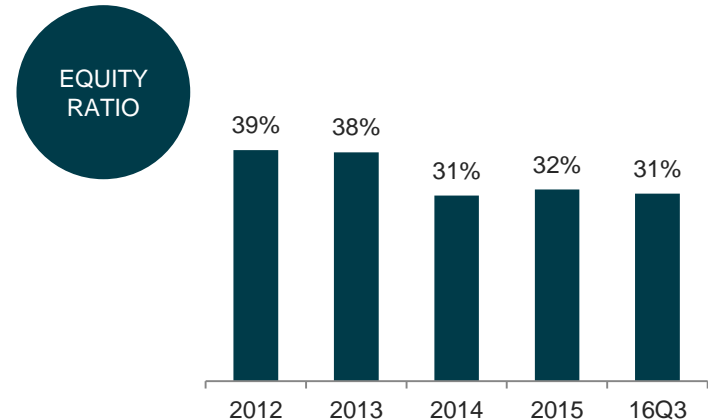


SOLID BALANCE SHEET

KONGSBERG aims to maintain a strong balance sheet

- Shall remain a solid credit
- Enables us to take advantage of attractive terms in debt markets
- Long-term customer relationships – a strong balance sheet is a competitive factor

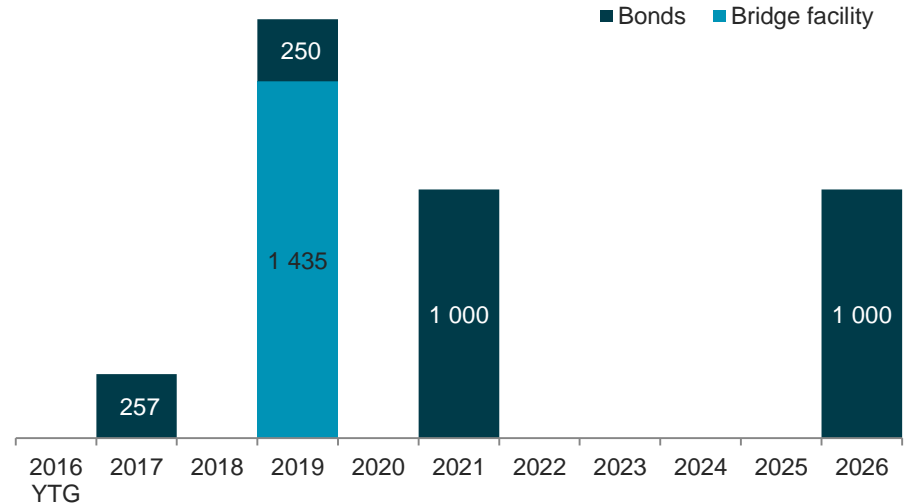
Capital structure is assessed on an ongoing basis





ROBUST DEBT STRUCTURE

- Issued two bonds in May 2016
 - 1 BNOK floating 5 yr, due in 2021
 - 1 BNOK fixed 10 yr, due in 2026
- Partly used to repay existing debt
 - 243 MNOK buy-back of KOG06
 - 130 MEUR repayment of bridge facility, rest 160 MEUR falls due in 2019
- Bond KOG06 (MNOK 257) falls due in 2017
- Bond KOG07 (MNOK 250) falls due in 2019
- BNOK 1.5 revolving credit facility



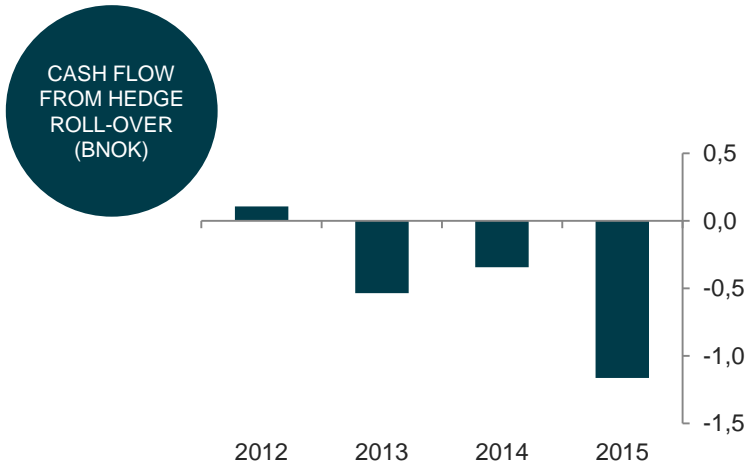


CURRENCY EFFECTS

KONGSBERG hedges all contracts in foreign currencies and a portion of anticipated future order intake

Hedging strategy:

- Reduce P/L fluctuations due to currency effects
- Result predictability in business areas/projects



TEMPORARY EFFECTS DUE TO HEDGING

PROGNOSIS

EQUITY

Fair value of hedging portfolio continuously adjusted against equity

PROGNOSIS/
CONTRACTS

BALANCE SHEET

Balance sheet fluctuates due to change in fair value of current assets and liabilities

PROGNOSIS/
CONTRACTS

CASH

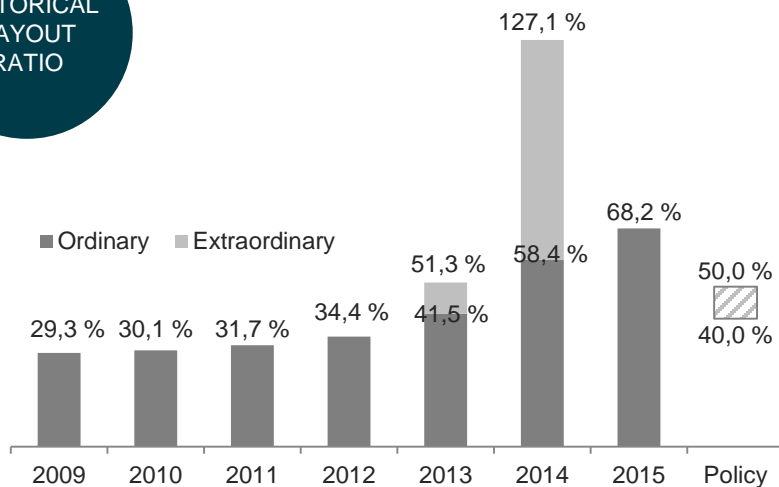
Temporary cash in- or outflow depending on currency rate at the time of hedge-rollover



DIVIDEND

“ *Dividend shall over time constitute between 40 and 50 per cent of the company’s ordinary profit after tax. Expected future capital requirements will be considered.* ”

HISTORICAL PAYOUT RATIO



DIVIDEND FY 2015

| TOTAL DIVIDEND | PAYOUT RATIO | EXCL. IMPAIRMENT |
|----------------|--------------|------------------|
| MNOK 510 | 68.2 % | 50.0 % |

BUSINESS UPDATE



KONGSBERG
DEFENCE SYSTEMS



KONGSBERG
PROTECH SYSTEMS



KONGSBERG MARITIME



KONGSBERG DIGITAL





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