

Kongsberg Oil & Gas

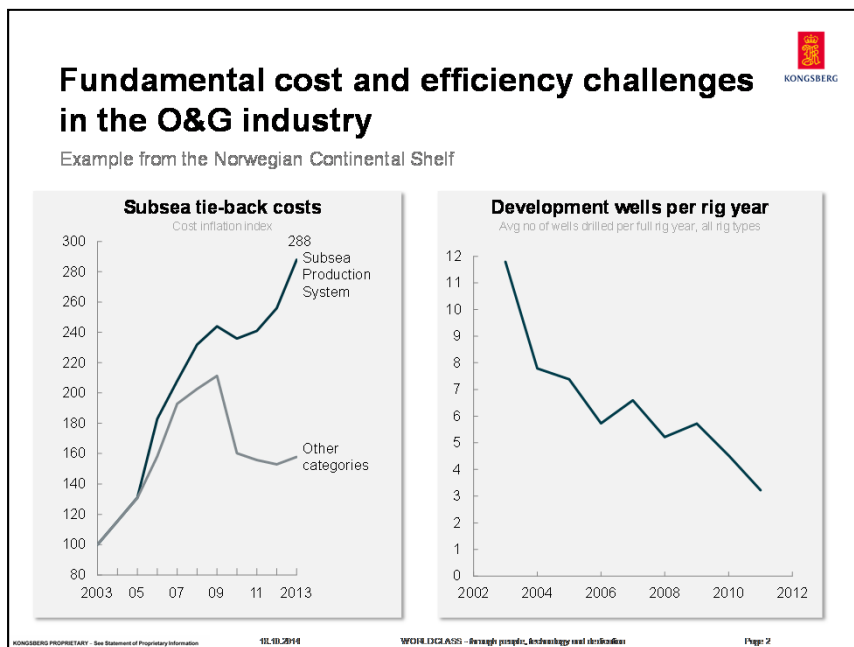
Capital Markets Day
Kongsberg, 5th November 2014



KONGSBERG
200

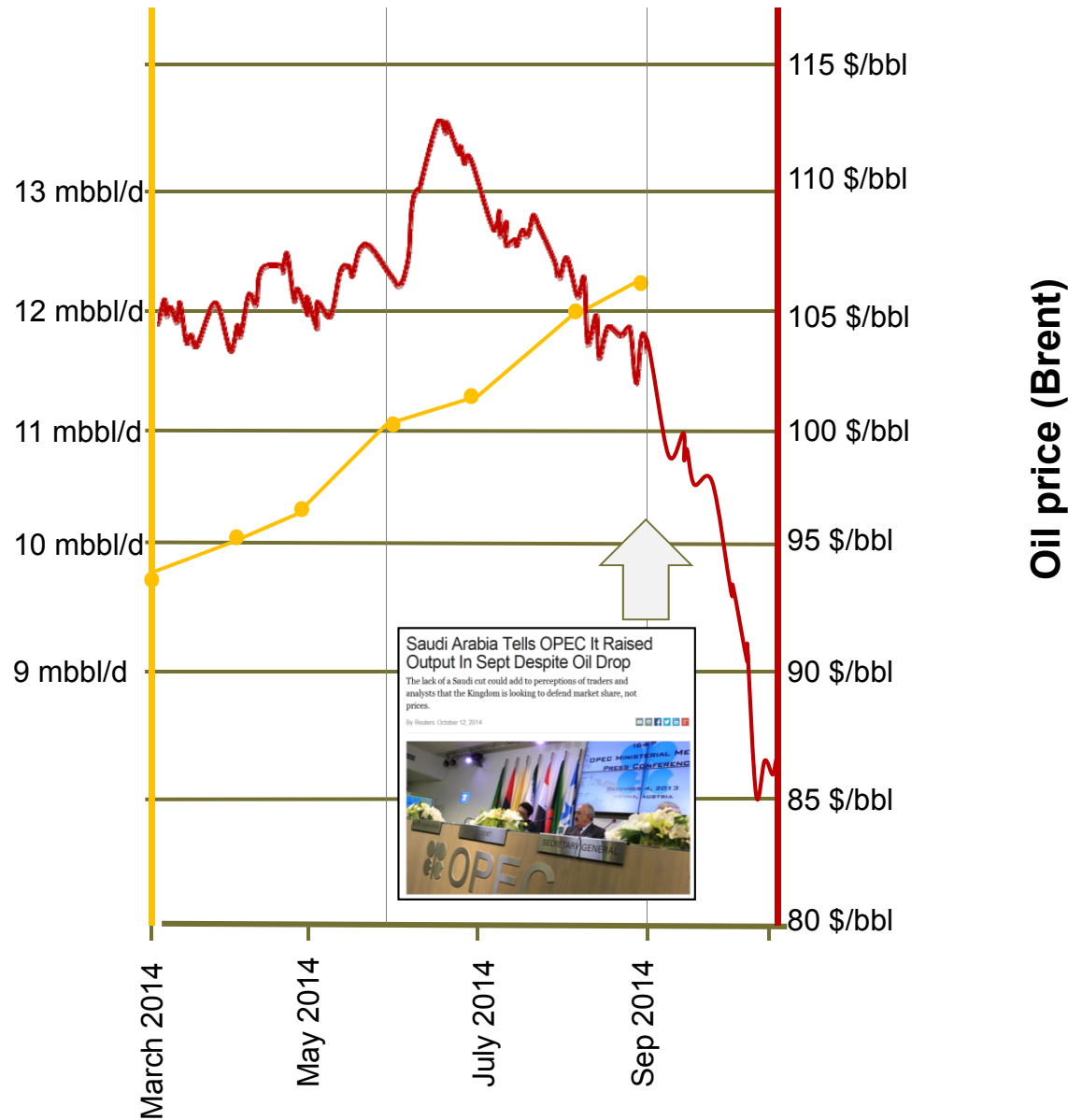


We addressed the cost challenges in last year's CMD



Significant changes in the oil price due to new production from North America shale oil

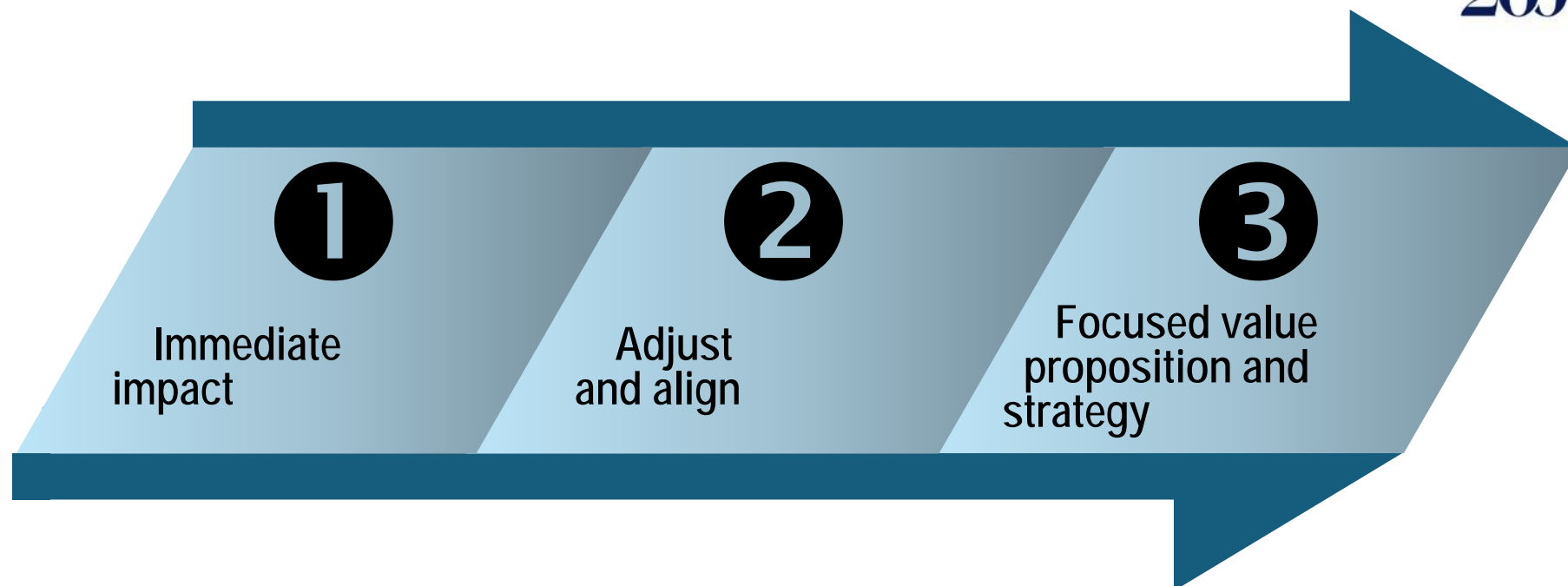
Estimated 2020 NAM Shale Oil Production
Changes in Rystad Energy estimates



Saudi Arabia Tells OPEC It Raised Output In Sept Despite Oil Drop
 The lack of a Saudi cut could add to perceptions of traders and analysts that the Kingdom is looking to defend market share, not prices.
 By Reuters October 12, 2014



Market impact on Kongsberg Oil & Gas



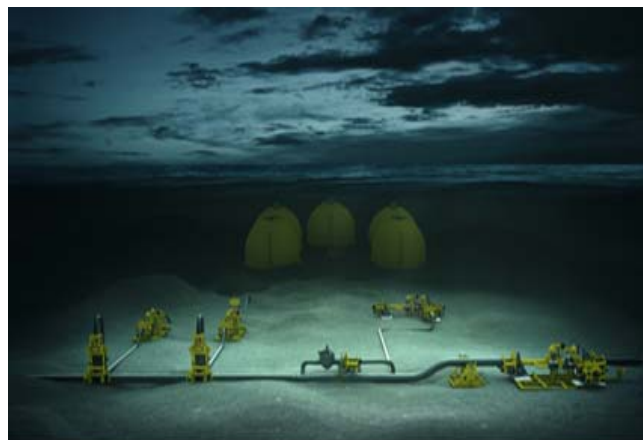
- Project cancellation
- Project delays
- Instant Oil Company procurement cuts
- Financial setback for Kongsberg Oil & Gas
- Capacity adjustments
- Opex reduction programme
- Focus on opex market and subsea field modifications
- Align strategy with operators' short and long term needs to reduce cost

Key focus areas

Production optimisation for improved facility performance:



Solutions for mature field extensions and modifications:



Solutions for reduced drilling and well cost:



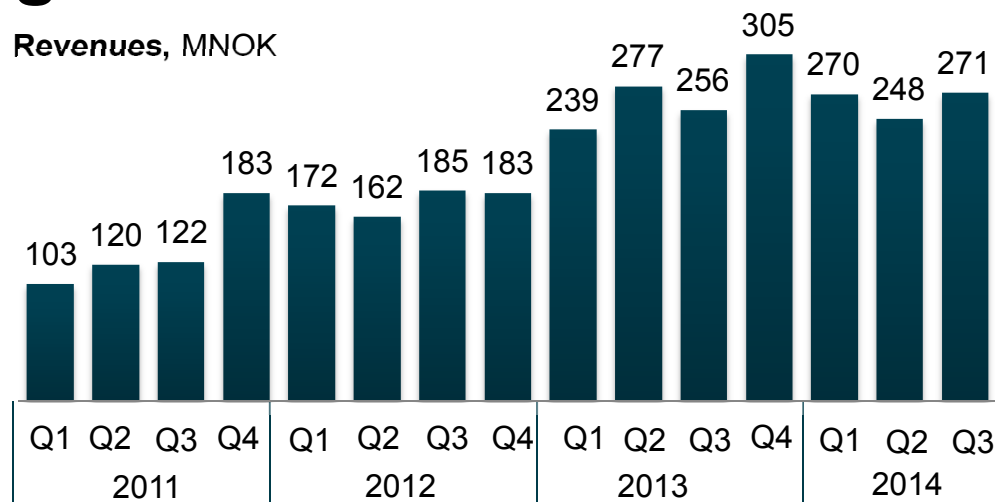
Kongsberg Oil & Gas

- Creating optimal solution performance by integrating state-of-the-art hardware with real-time process and decision-making support software, alongside engineering and service capabilities.
- 18 offices in 8 countries
- 656 employees
- LTM Revenues MNOK 1,094

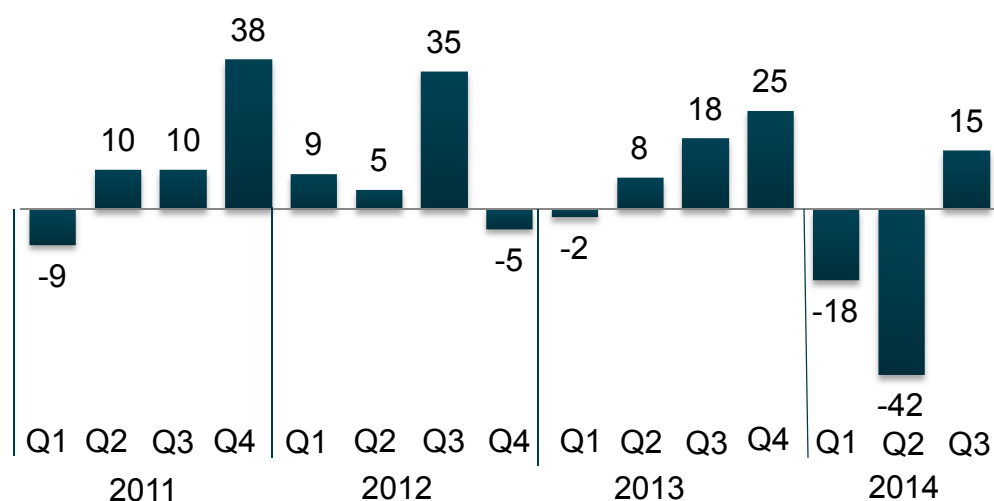
Hardware, software and engineering
- integrated as one

Challenging markets threatens revenue growth

Revenues, MNOK



EBITDA, MNOK



Key revenue and EBITDA drivers

- YTD revenues influence by several subsea projects being postponed and some cancelled.
- In addition, sale of software licenses have developed more slowly than expected. Indications of preference towards lease arrangements.
- Oil&Gas was built for growth entering the year. The flat activity development has forced capacity adjustments
- YTD EBITDA is influenced by restructuring costs of 20 MNOK

Kongsberg Oil & Gas



Engineering and operational support

Main offerings

- Engineering of cost effective solutions
- Technology based operational support services

Systems typically used for

- Early phase engineering
- Support during operational phase

Software and related services

Main offerings

- Software
- Software related services

Systems typically used for

- Improved drilling efficiency
- Improved production efficiency

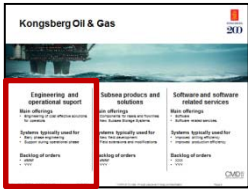
Subsea products and solutions

Main offerings

- Components for risers and flow lines
- New Subsea Storage Systems

Systems typically used for

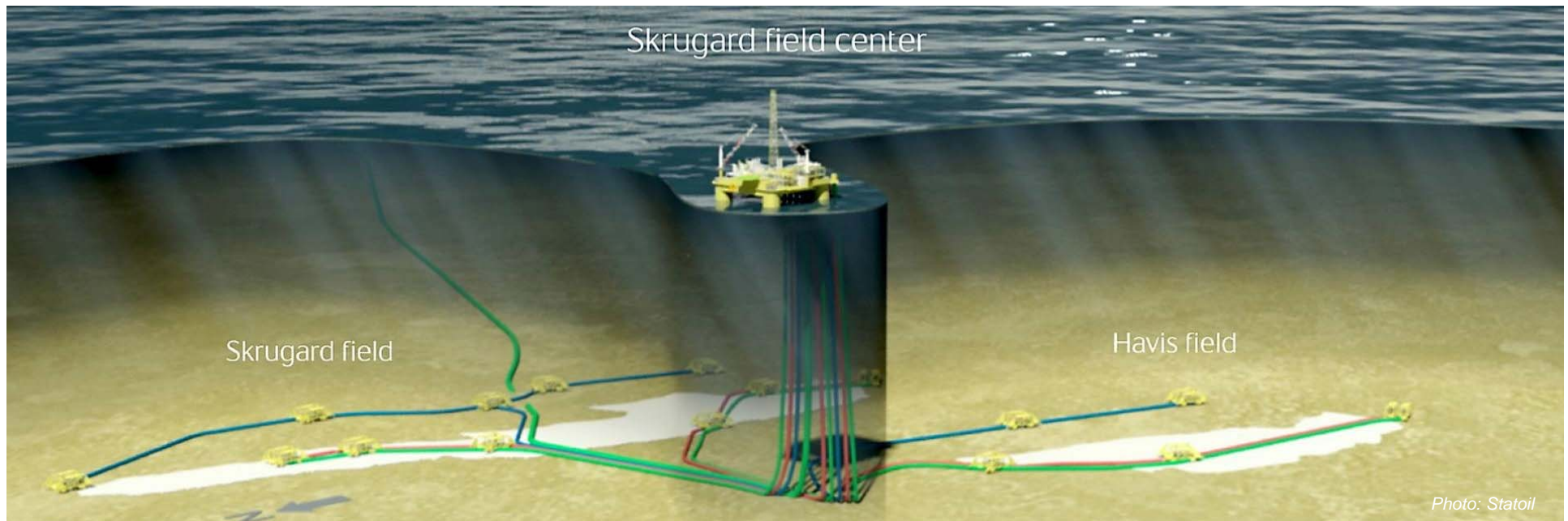
- New field development
- Field extensions and modifications

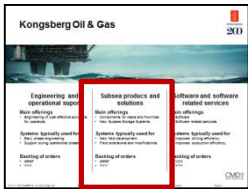


Johan Castberg Project - a confirmation of Kongsberg Oil & Gas as an engineering partner

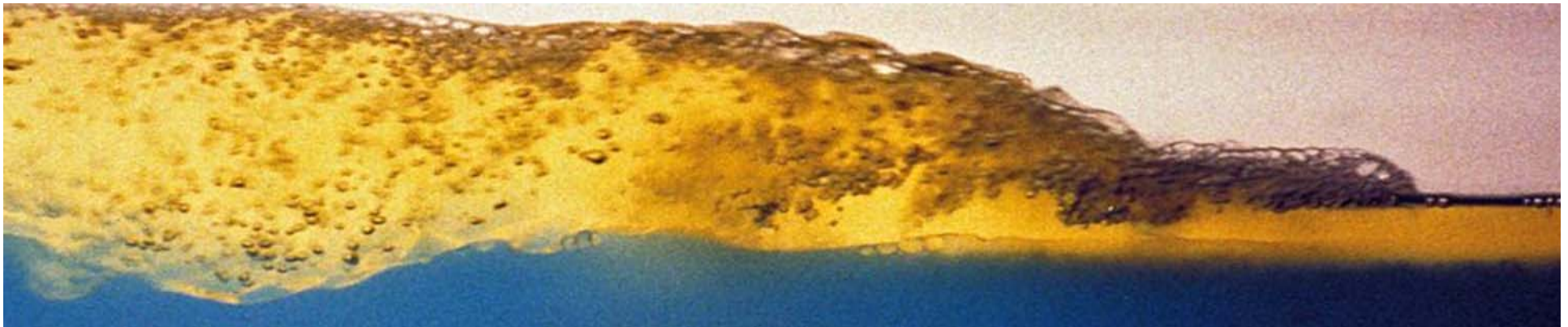


- Pre-FEED on Johan Castberg riser and flow line systems awarded June 2014
- Preparation of field layout design for Drivis
- Optimization of the FPSO position in order to minimize the flow line route lengths
- Optimization of flow line trawl protection design and seabed intervention work scope
- The work proceeds in close cooperation with the Statoil team
- Options for follow-on during execution





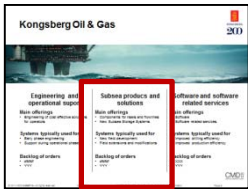
Optimising production using state-of-the-art software tools



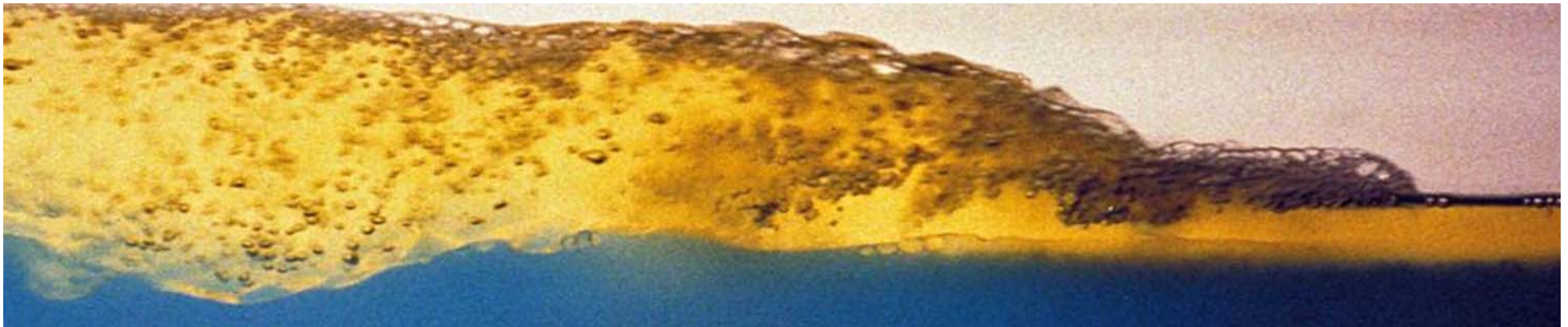
Design: Process design, control system requirements

Delivery: Validation including pre-commissioning

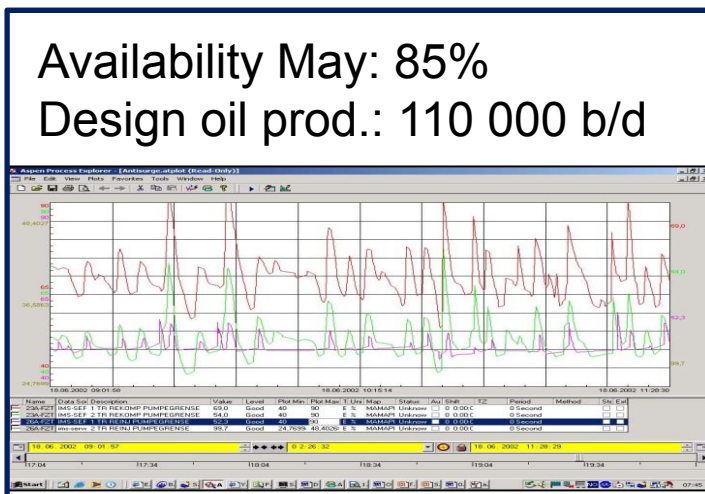
Operation: Metering, production assurance, optimisation



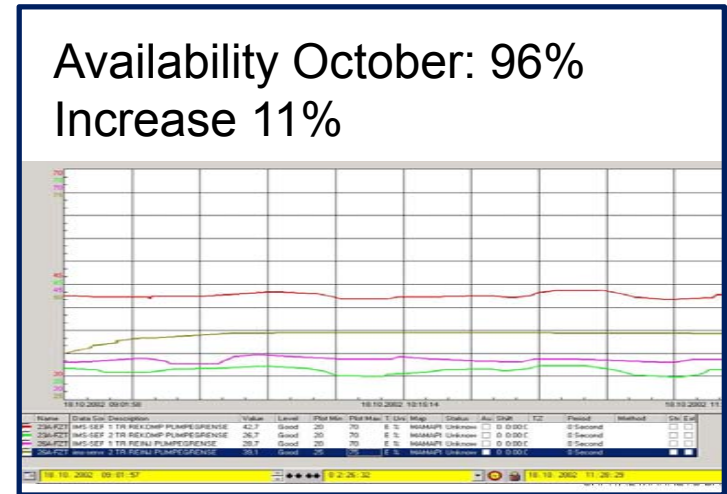
Optimising production using state-of-the-art software tools



Demonstrated case from Snorre B (Statoil)

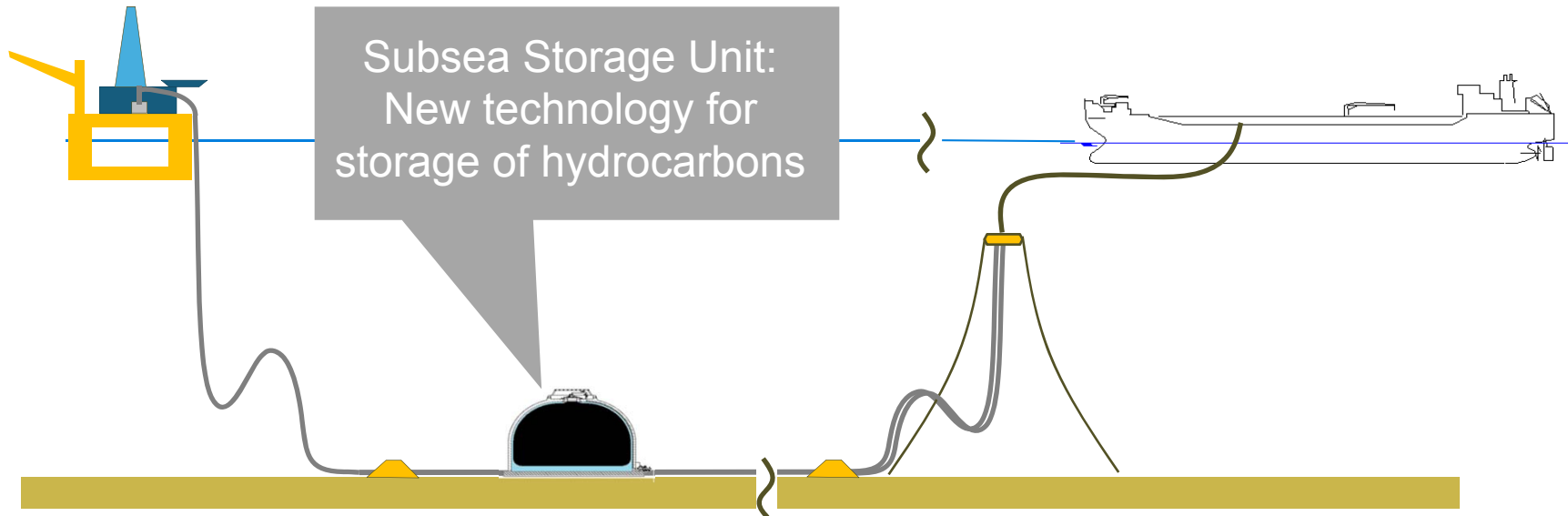


**Dynamic system analysis
Optimisation**





Subsea Storage Unit - developing unique and environmentally step-changing oil storage solutions



Real case comparing Floating Storage Unit (FSU) with Subsea Storage:

CAPEX



20%

OPEX



80%

CO2/NOx



90%

The market is challenging, but KONGSBERG is well positioned within niches

Falling oil price, reduced overall market growth, high focus on cost

Mixed views on E&P spend and oil price, but long term indicators remain positive

- Shale oil impacts oil prices
- Geopolitical situation

Price pressure on high cost basins

- Growth in MENA, US and Mexico, but NOCS (and Brazil) losing steam

Continued demand for technologies reducing cost

- Focus on “Brown Field” solutions
- Focus on optimising production and reducing drilling cost

Our strategic position remains attractive within established niches

Strengthened position within engineering

- Johan Castberg
- Engineering for future subsea factory
- Implementation studies for new technologies

New offerings to the market

- Subsea Storage Unit
- SiteCom Well Advisor

New strategic alliances

- KBC

Driving competitive strength

- Deltaone

Reduced overall market growth

High focus on cost

KONGSBERG remain attractive within niches

Concluding remarks

- The oil & gas market is going through a downturn
- 2014 has been a challenging year for Kongsberg Oil & Gas with alignment to the new market projections
- Kongsberg Oil & Gas is well positioned within niches which will be in demand during times of cost reduction and focus on operational performance





kongsberg.com

EXPLORATION

EARLY PHASE ENGINEERING

FIELD DEVELOPMENT

OPERATIONS



KONGSBERG

200