



KONGSBERG

Capital Markets Day 2006

Financial Status

CFO Arne Solberg

**WORLD CLASS** – through people, technology and dedication



- KONGSBERG – a world-class technology enterprise
  - KONGSBERG at a glance
  - Some characteristics
  - Some strategic challenges
  - Ambitions and goals
- Financial status



## General summary Q2

- MNOK 1 542 in operating revenues, up 10.1 % from Q2 2005
- EBIT of MNOK 99 (MNOK 49)
- EBIT margin 6.4 % (3.5 %)
- Profit per share NOK 2.03 (NOK 1.14)

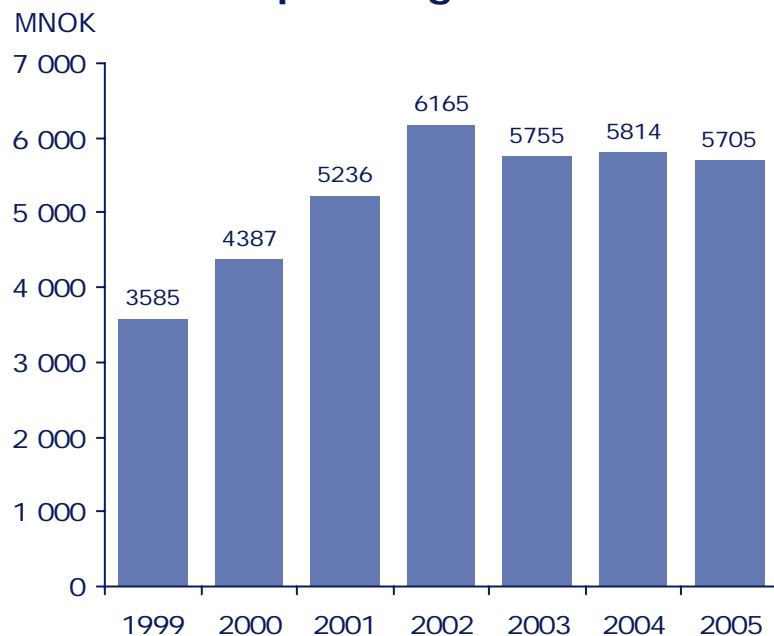
Defence & Aerospace	Offshore & Merchant Marine
<ul style="list-style-type: none"><li>▪ Growth in operating revenues and operating profit compared with Q2 2005</li><li>▪ MNOK 769 in new orders (MNOK 699), raises the backlog by MNOK 154 than at year-end 2005</li><li>▪ Successful NSM tests last summer</li></ul>	<ul style="list-style-type: none"><li>▪ Generally good Q2</li><li>▪ 9.7 % operating margin</li><li>▪ Steep increase in the influx of orders give a record high backlog</li><li>▪ Sustained high level of market activity</li></ul>

# Historical development of operating revenues and EBIT

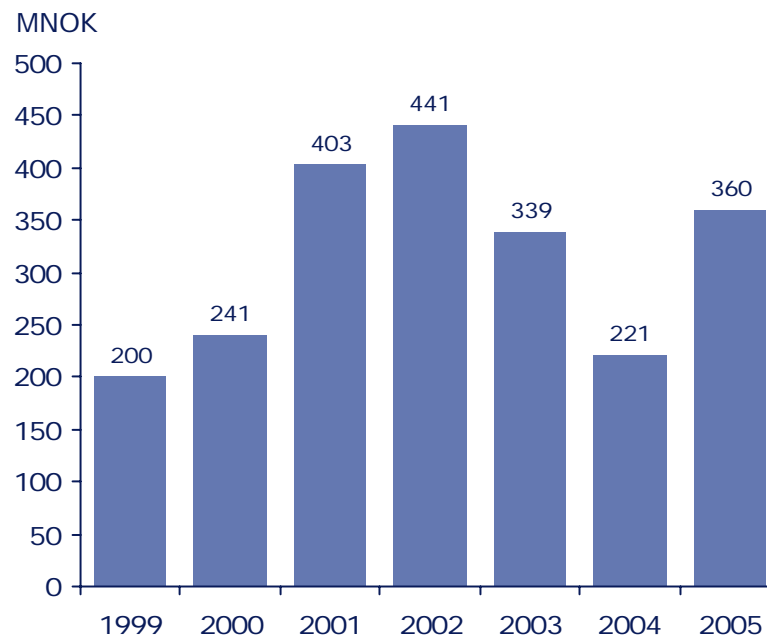


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## Operating revenues<sup>2)</sup>



## EBIT<sup>1)2)</sup>

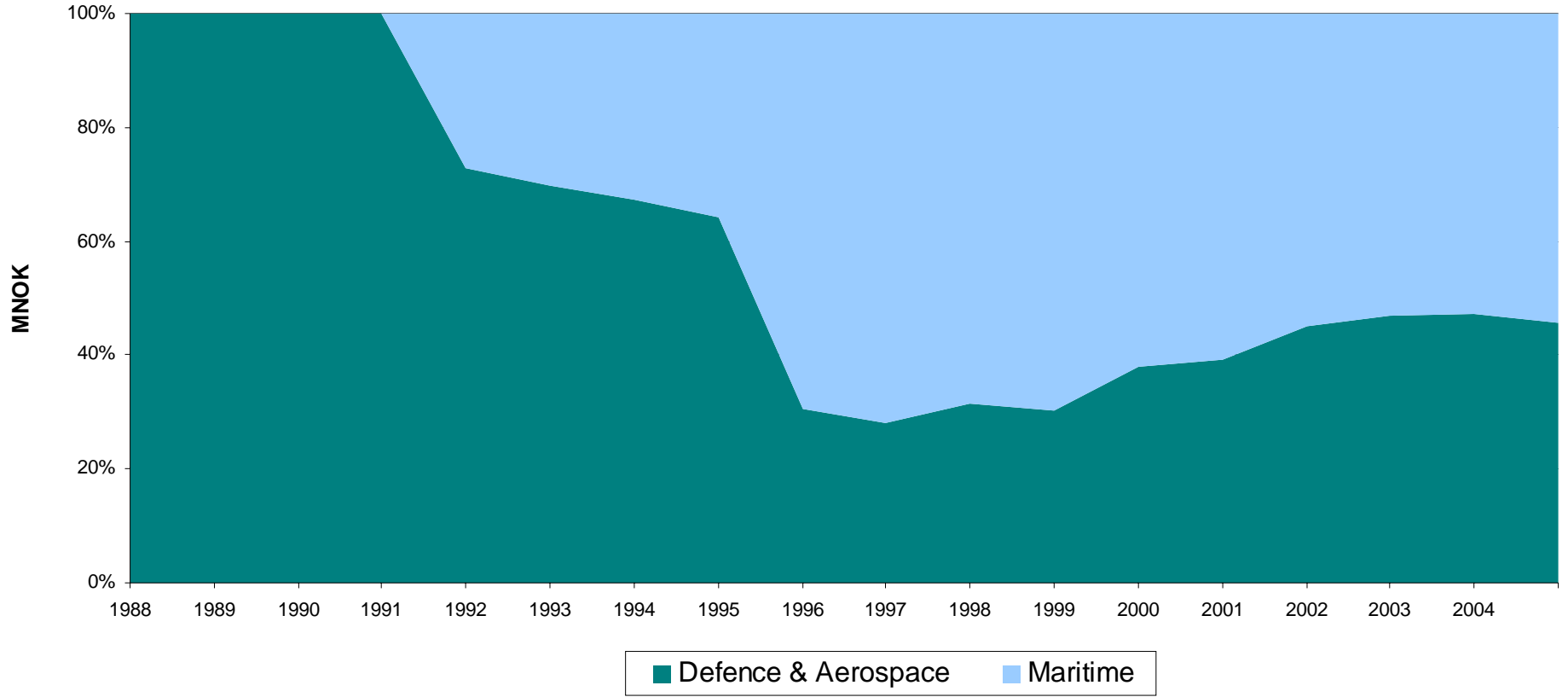


- 1) 1996-2003 were not adjusted for IFRS, but the segment 'Yachting & Fishery' has been removed  
2) 2004 and 2005 have been adjusted for the sale of yachting activities. 2004 includes one-off effects due to the delay in the NSM development programme (operating revenues MNOK 70 and EBIT MNOK 150)



# Historical trend in the distribution of volume

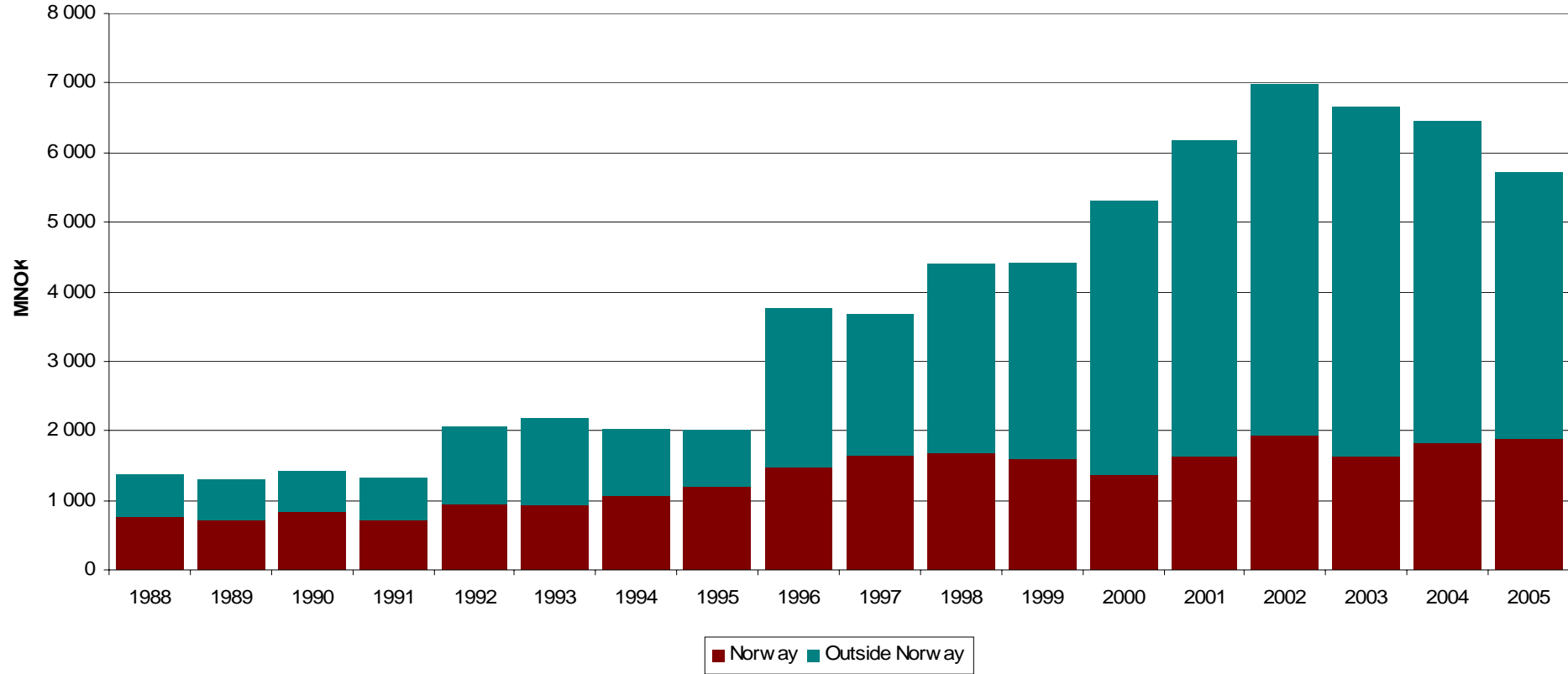
Volume trend, Kongsberg Gruppen





# Norway compared with the rest of the world

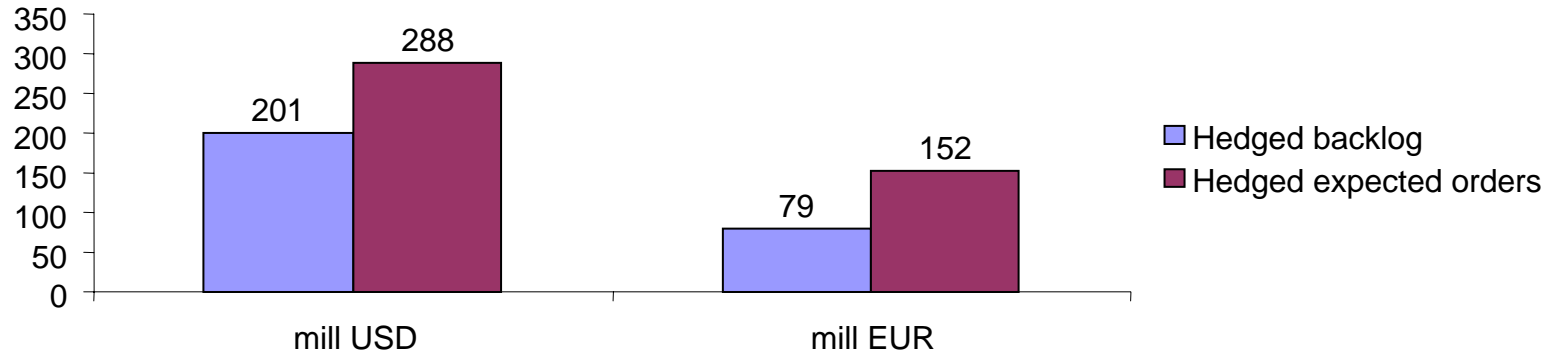
Volume trend, Kongsberg Gruppen





# Currency hedges at 30 August 2006

## Hedging of backlog and order prognosis



### Risk

- Significant foreign currency exposure – more than 70% of sales outside Norway, mainly in USD, but increasingly in EUR
- Procurements from abroad and company's own activities mitigate net exposure
- In certain markets and product areas, currency fluctuations can partially be compensated by higher prices, over time
- The combination of our hedging strategy, commercial measures and strong product markets, has limited the effect of the steep decline in the USD in recent years

### Hedging

- All orders signed are 100% hedged through forward foreign exchange contracts
- Anticipated new orders are hedged on the basis of parameters expressed as percentages
- Average hedging exchange rates are reflected in price trends over the past 2-3 years
- High hedging ratio for the rest of 2006 and 2007
- Average exchange rate hedging prognoses:
  - USD 6.46
  - EUR 8.11



# Financial capacity *Balance sheet*

MNOK	30.6.06 IFRS
Tangible fixed assets	936
Immaterial assets	1 327
Other long-term assets	350
<b>Total long-term assets</b>	<b>2 613</b>
Current assets	3 662
Bank deposits and cash equivalents	431
<b>Total current assets</b>	<b>4 093</b>
<b>Total assets</b>	<b>6 706</b>
Paid-in equity	981
Retained earnings	638
Minority interests	8
<b>Total equity</b>	<b>1 627</b>
Long-term interest-bearing debt	1 005
Other long-term debt	1 278
<b>Total long-term debt</b>	<b>2 283</b>
Prepayments from customers	1 574
Short-term interest-bearing debt	-
Other short-term debt	1 222
<b>Total short-term debt</b>	<b>2 796</b>
<b>Total equity and liabilities</b>	<b>6 706</b>

MNOK  
574

MNOK	H1 2006	2005
<b>Operating revenues</b>	<b>3 203</b>	<b>5 705</b>
Operating expenses	(2 941)	(5 189)
<b>EBITDA</b>	<b>262</b>	<b>516</b>
Depreciation	(74)	(156)
<b>EBIT</b>	<b>188</b>	<b>360</b>
Net financial items	(29)	(57)
Profit/(loss) from associates	4	8
<b>Profit/(loss) from ongoing operations before tax</b>	<b>163</b>	<b>311</b>
Tax	(49)	(96)
<b>Profit/(loss) from ongoing operations after tax</b>	<b>114</b>	<b>215</b>
Profit/(loss) from non-ongoing operations	-	47
<b>Profit/(loss) after tax and non-ongoing activities</b>	<b>114</b>	<b>262</b>

- The company's net interest-bearing debt was MNOK 574 at 30 June 2006
- According to the covenants with the banks the total borrowing capacity is approx. NOK 1.8 billion

# Financial capacity *KONGSBERG possesses a substantial real property*



KONGSBERG

- Kongsberg Næringseiendom AS and Kongsberg Næringspark AS are responsible for operating, managing and developing all of KONGSBERG's real property in Norway
- The overall real property accounts for 118 300 m<sup>2</sup>, divided into offices and production facilities in Kongsberg, Horten and Egersund.
- Real property accounts for substantial liquid reserves that can be used to fund the increase



The estimated value of the real property owned by KONGSBERG is approx. NOK 1 – 1.2 billion



# Financial leeway

- KONGSBERG's long term financial capacity today is apprx NOK 2.3 billion
- Added to this is EBITDA in eventual aquired companies increase the capacity

