




KONGSBERG

KONGSBERG

Q3 2009
23 October 2009

Q3 2009 – Summary



KONGSBERG

A good quarter:

- Continued growth in operating revenues
- Good results
- Strong cash flow
- Reduced debt

Good results in the market:

- Strong influx of orders – backlog of orders increased
- Kongsberg Protech Systems strengthens its position in the US market
- Maintaining good market positions for all business areas
 - CROWS framework contract almost completely converted to fixed contracts
 - Fast pace of delivery in both the maritime and defence segments
 - Cancellations still low but somewhat longer delays at the shipyards

High activity within product development:

- New product releases in the maritime market
- Qualifying process for JSM in the USA
- Medium Calibre RWS released in the USA

Continued focus on efficiency improvements and operations:

- Positive effects from group-wide efficiency improvement programme

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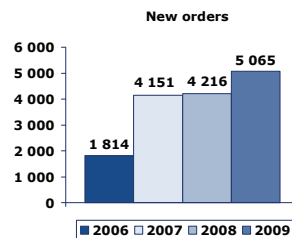
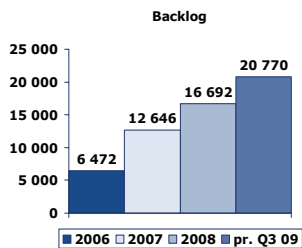
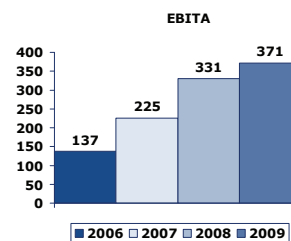
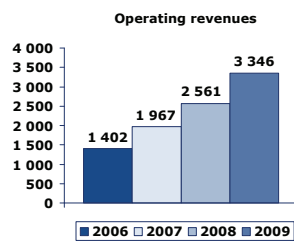


AGENDA

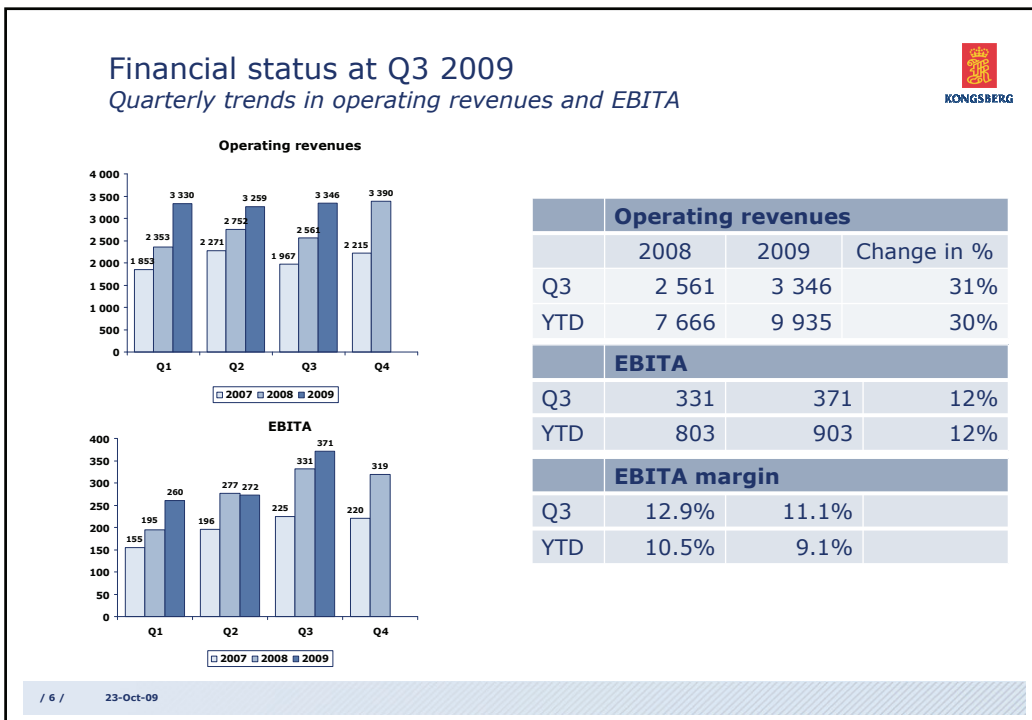
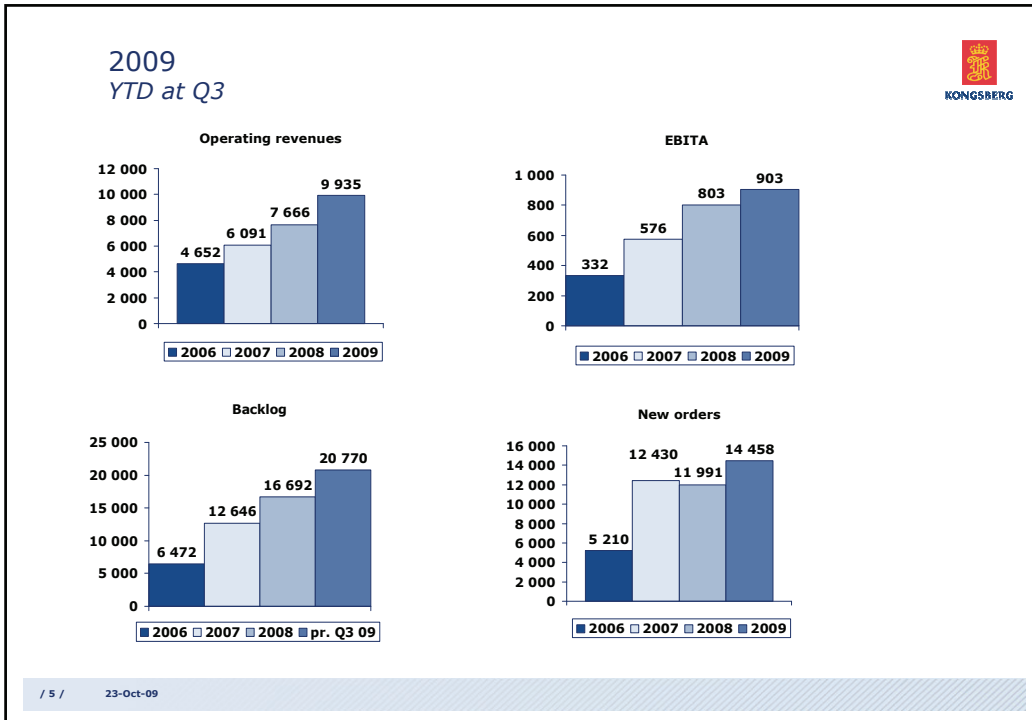
- Financial status – Q3 2009
- Status for the business areas
- Updates

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Q3 2009

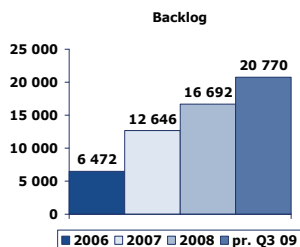


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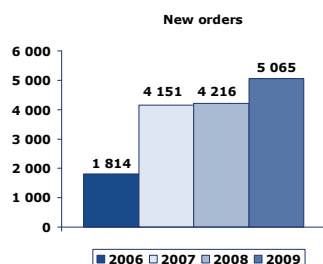
Financial status at Q3 2009

New orders and the backlog of orders



Backlog			
	2008	Q3 2009	Change in %
	16 692	20 770	24%

New orders			
	2008	2009	
Q3	4 216	5 065	20%
YTD	11 991	14 458	21%



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Financial status at Q3 2009

Liabilities and equity



- KONGSBERG has a net cash position of MNOK 48
 - Long-term liabilities reduced by MNOK 1 006 during the quarter
 - Average term to maturity on loans = 3.8 years
 - The Group also has undrawn credit facilities of MNOK 1 800
- The consolidated equity ratio is 28.4 per cent, compared with 23.2 per cent at Q2 and 15.2 per cent at year end 2008
 - The value of forward foreign exchange contracts rose by MNOK 470 after tax in Q3

Debt maturity

Amount	Due
MNOK 800*	Dec 2010
MNOK 300	2012
MNOK 1 000*	2013
MNOK 500	2014

* Credit facilities that are undrawn at 30 September 2009

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Financial status at Q3 2009

Cash flow



	Net cash flow (MNOK)	Q3	Acc. 2009
• Operating activities generated a cash flow of MNOK 1 475 in Q3	EBITDA	428	1 079
• Net current assets and other operational items are reduced by MNOK 1 047 in Q3	Change in net current assets and other operational items	1 047	832
• The Group has implemented a programme for freeing up capital which is now paying off	Cash flow from operating activities	1 475	1 911
• KONGSBERG has a positive net cash position of MNOK 48 at Q3	Acquisition of fixed assets	(92)	(322)
• Net interest bearing debt is reduced by MNOK 1 320 in Q3	Acquisition of subsidiaries		(19)
	Net payment ved utlån og kjøp/salg aksjer		210
	Other investing activities	(20)	(26)
	Cash flow from investing activities	(112)	(157)
	Cash flow from financing activities	(1016)	(1 100)
	Effect of exchange rate fluctuations on bank deposits and cash equivalents	(33)	(64)
	Net change, bank deposits and cash equivalents	314	590

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Key figures



	Q3 2009	Q3 2008	YTD 2009	At Q3 2008	2008
Change, revenues	31%	30%	30%	26%	33%
EBITDA	428	379	1 079	935	1 319
EBITDA/employee (NOK 1 000)	80	78	204	200	279
EBITA	371	331	903	803	1 122
EBITA margin	11.1	12.9	9.1	10.5	10.1%
EBT	310	180	739	616	861
Net interest bearing debt / EBITDA	(0.03)	0.9			1.09
Equity (%)	28.4%	24.5%			15.2%
Book/bill	1.51	1.66	1.46	1.56	1.32
EPS	1.80	0.78	4.25	3.33	4.86

* Average number of employees

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Kongsberg Maritime Status



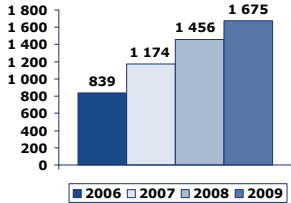
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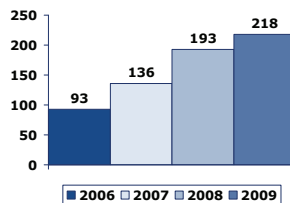
Kongsberg Maritime Q3 2009

Operating revenues



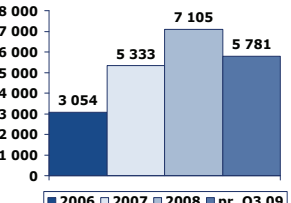
Year	Operating revenues
2006	839
2007	1174
2008	1456
2009	1675

EBITA



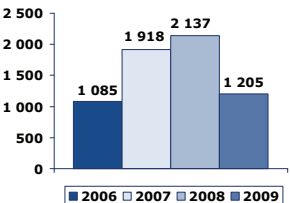
Year	EBITA
2006	93
2007	136
2008	193
2009	218

Backlog



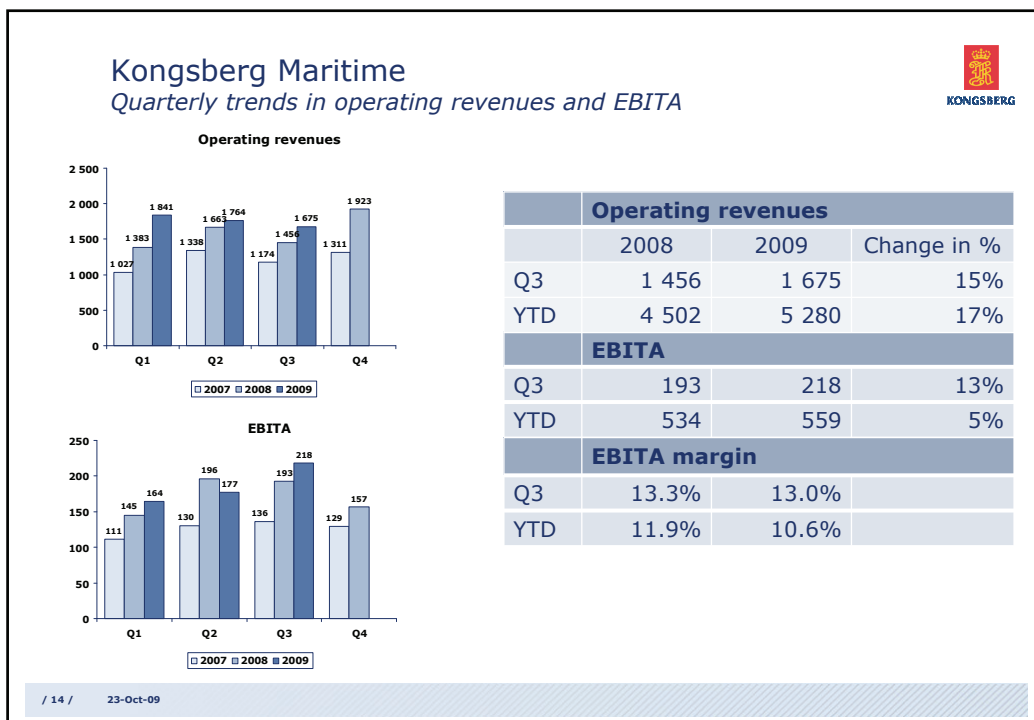
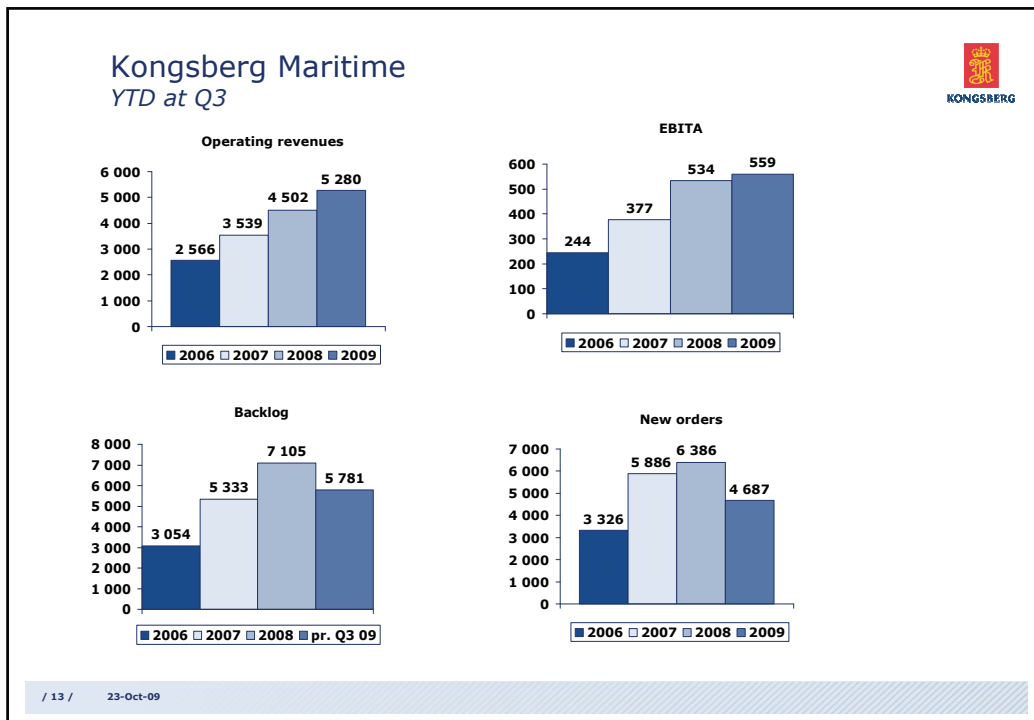
Year	Backlog
2006	3054
2007	5333
2008	7105
pr. Q3 09	5781

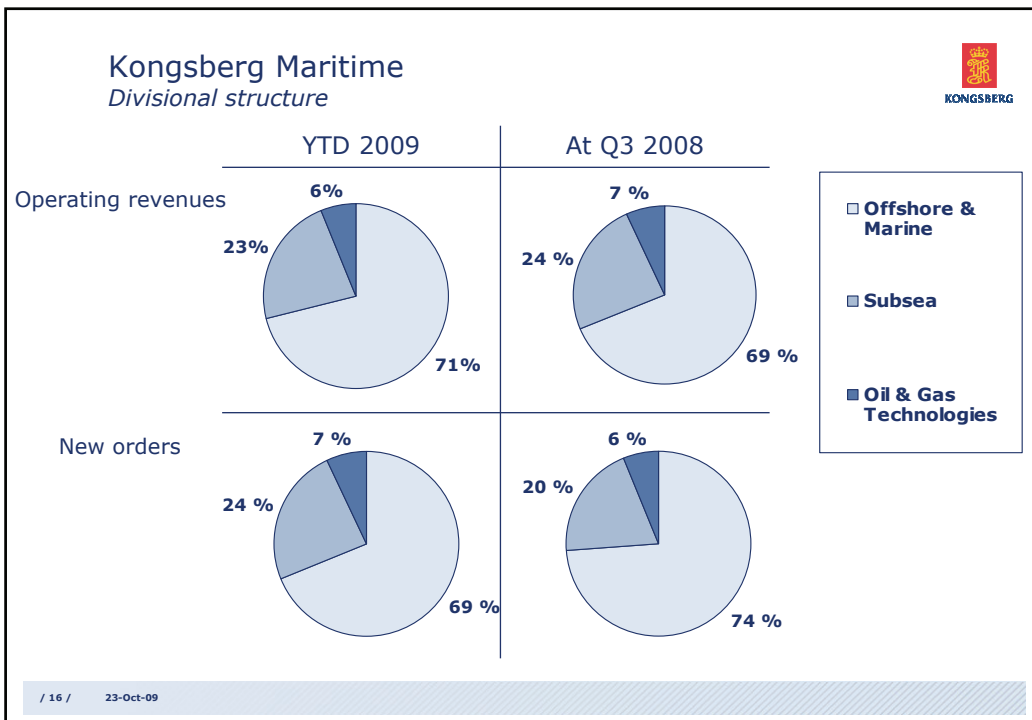
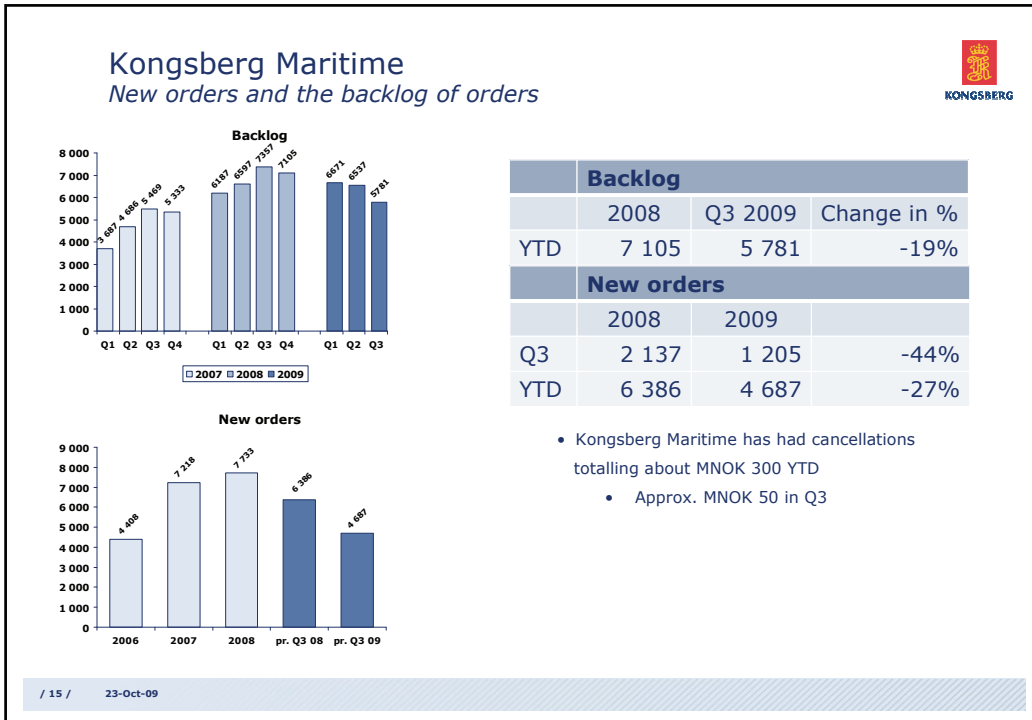
New orders



Year	New orders
2006	1085
2007	1918
2008	2137
2009	1205

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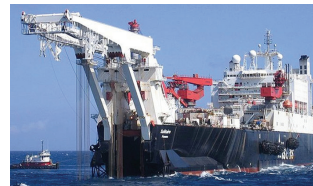




Kongsberg Maritime in Q3



- The BA is maintaining its strong positions on the market
- Extremely high level of activity throughout the organisation
- Trend in new orders in step with our expectations
 - Stronger influx of new orders for Subsea, but weaker for Offshore & Marine
 - Growing after-sales business
 - Level of contracting new vessels has been very low for quite some time
- Although the backlog has declined during the year, it is still at a high level
- The level of cancellations is low, but there are more project delays at the shipyards

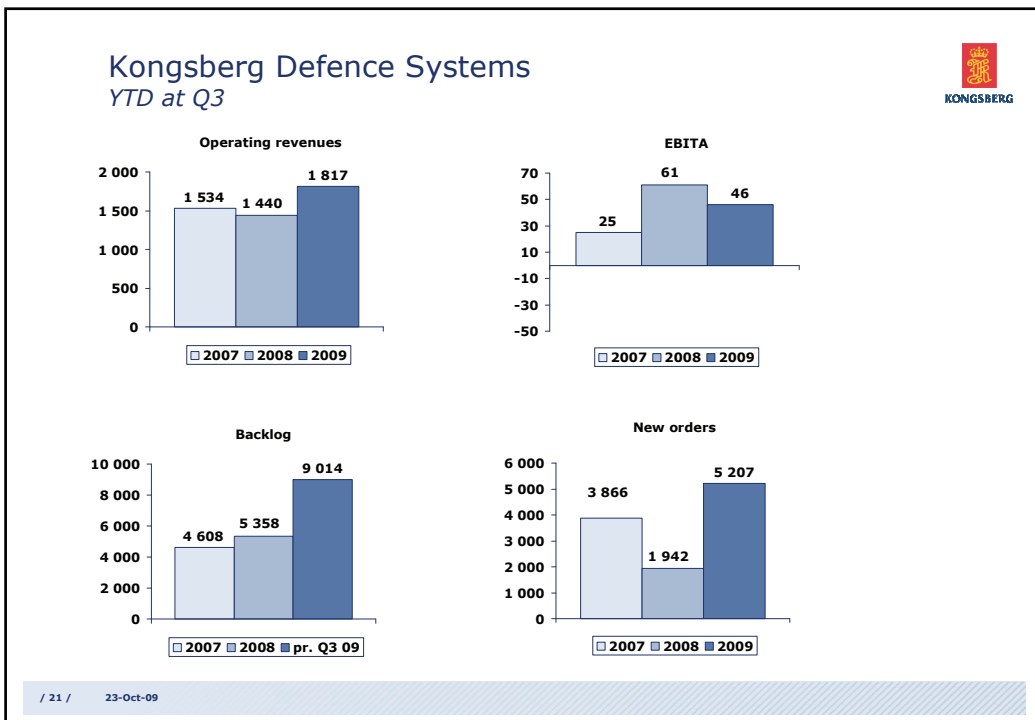
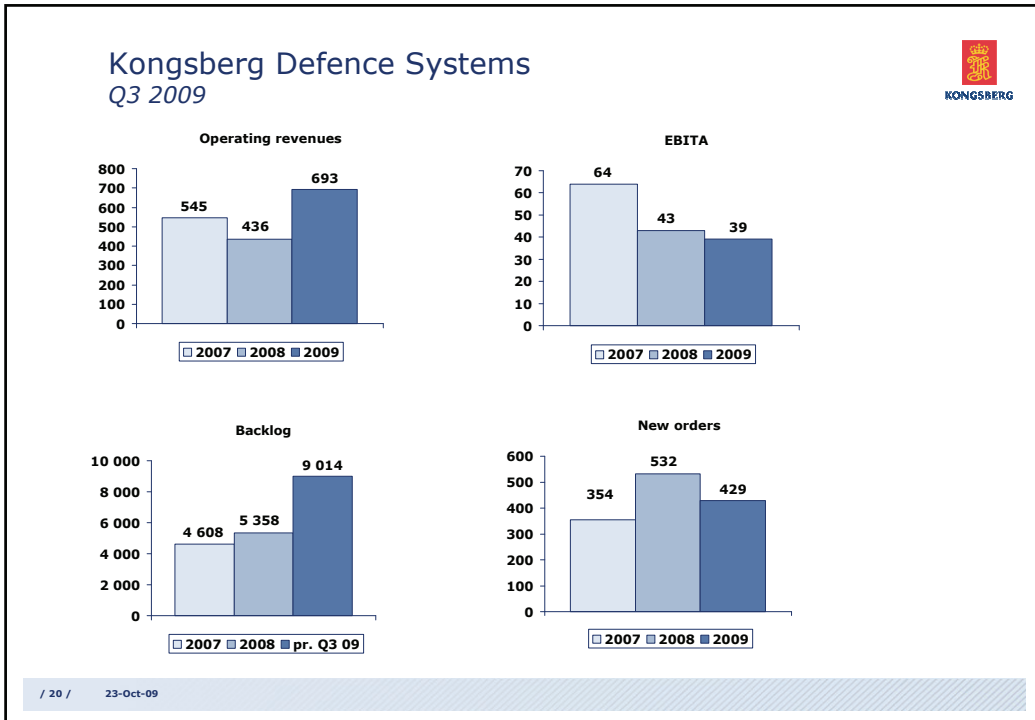


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Kongsberg Defence Systems Status

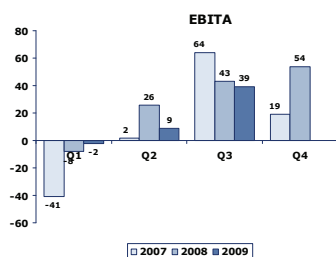
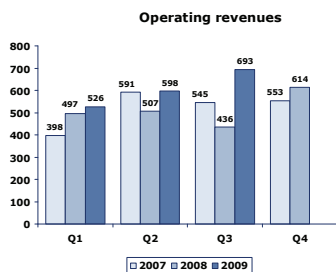


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Kongsberg Defence Systems

Quarterly trends in operating revenues and EBITA



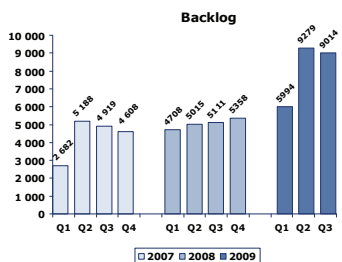
Operating revenues			
	2008	2009	Change in %
Q3	436	693	59%
YTD	1 440	1 817	26%
EBITA			
Q3	43	39	- 9%
YTD	61	46	-25%
EBITA margin			
Q3	9.9%	5.6%	
YTD	4.2%	2.5%	

- Profitability coloured by the start-up of large-scale delivery programmes and the new composite plant

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Kongsberg Defence Systems

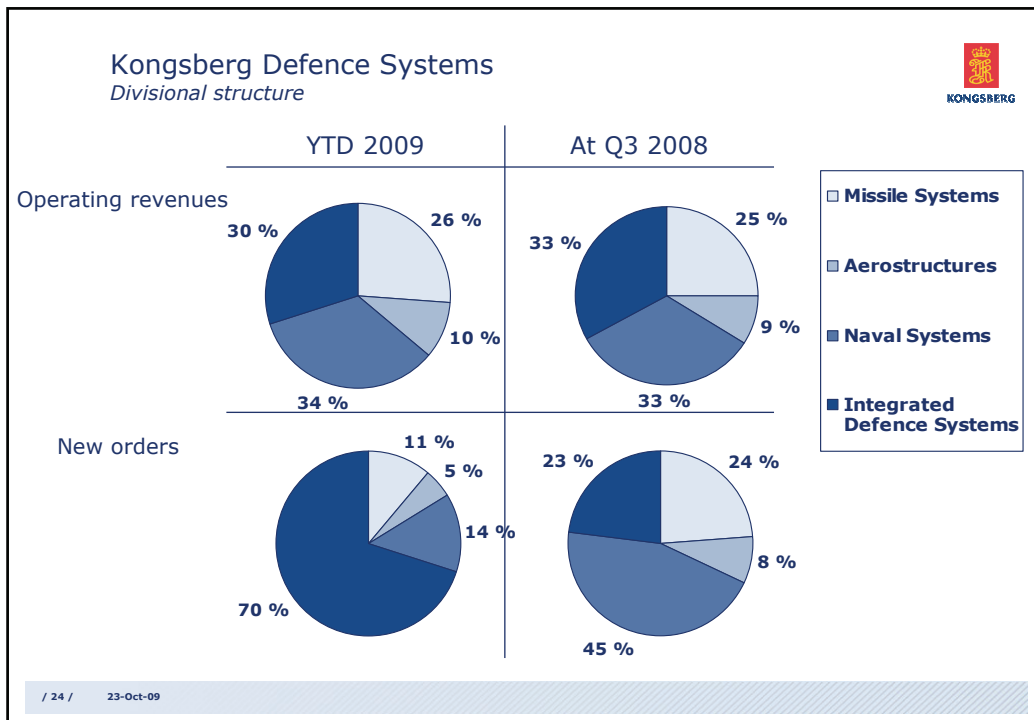
New orders and the backlog of orders




Backlog			
	2008	Q3 2009	Change in %
YTD	5 358	9 014	68%
New orders			
	2008	2009	
Q3	532	429	19%
YTD	1 942	5 207	168%

- The defence market is generally characterised by few but large contracts, and sales orders fluctuate as a result
- The backlog of orders contains satisfactory margins

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Kongsberg Defence Systems in Q3




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- Scope of framework agreement with the Northrop Grumman Corporation = approx. MNOK 460
 - Potential: possible further expansion up to NOK 2.5 billion
 - Reaffirms the company's position as regards the F-35 programme
- Framework agreements now in place with Lockheed Martin and the Northrop Grumman Corporation for the F-35 program
 - Top marks on the Final Design Review for composite parts
 - The first 'fly away' parts have been delivered and will be airborne in 2010
- Start-ups on schedule for NASAMS air defence for Finland and the NSM as coastal artillery for Poland






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Kongsberg Protech Systems Status



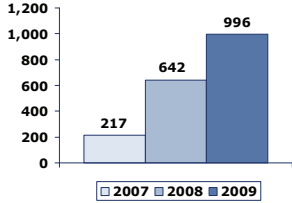
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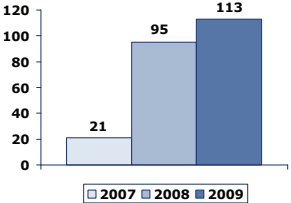
Kongsberg Protech Systems Q3 2009

Operating revenues



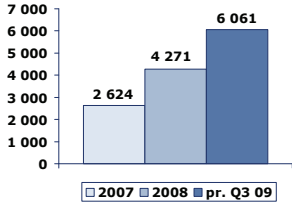
Year	Operating revenues
2007	217
2008	642
2009	996

EBITA



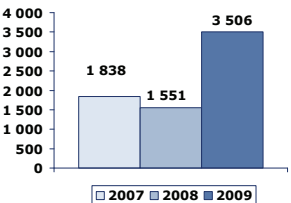
Year	EBITA
2007	21
2008	95
2009	113

Backlog



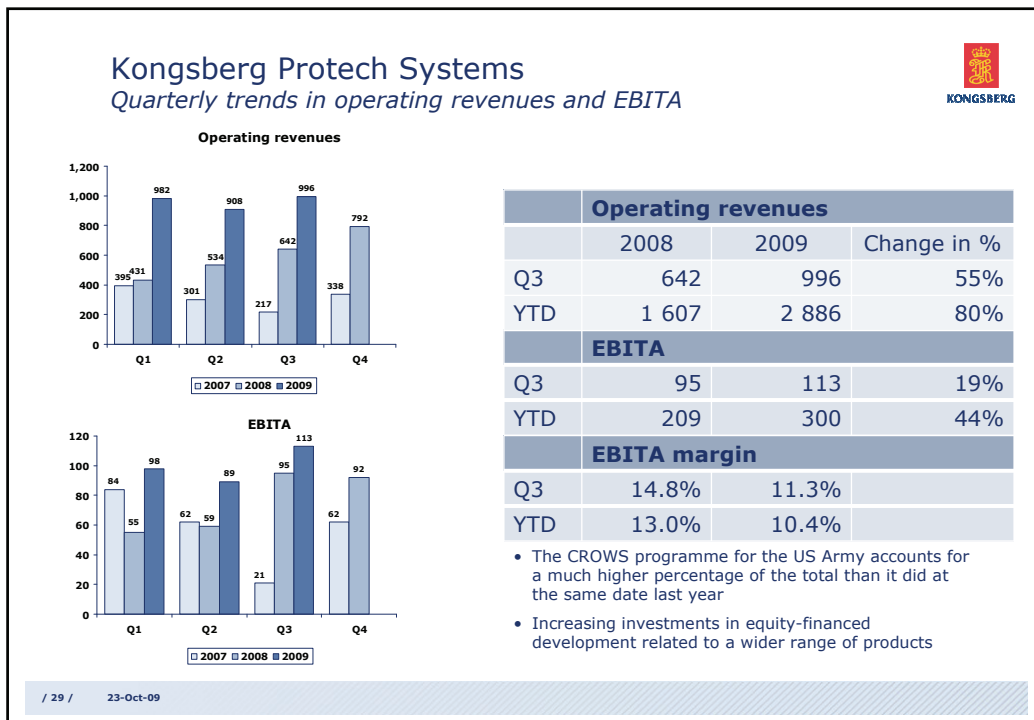
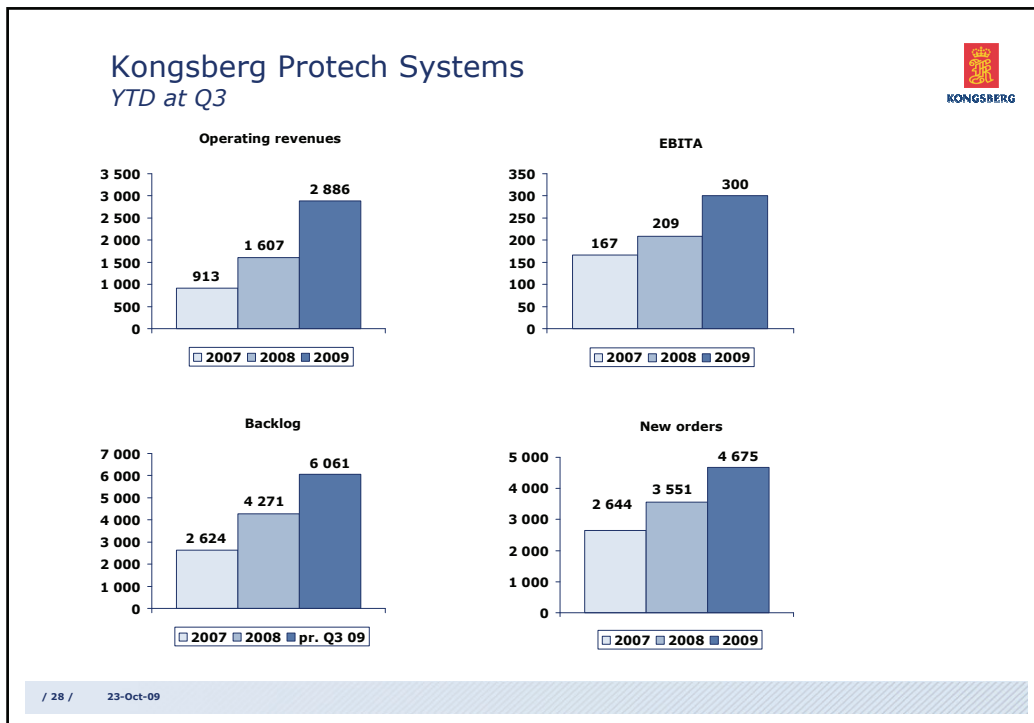
Year	Backlog
2007	2 624
2008	4 271
pr. Q3 09	6 061

New orders

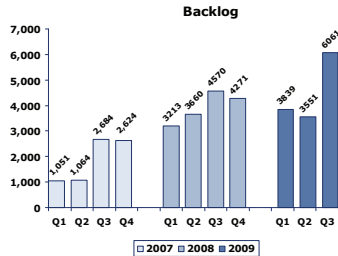


Year	New orders
2007	1 838
2008	1 551
2009	3 506

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Kongsberg Protech Systems New orders and the backlog of orders



Backlog			
	2008	Q3 2009	Change in %
YTD	4 271	6 061	42%
New orders			
	2008	2009	
Q3	1 551	3 506	126%
YTD	3 551	4 675	32%



- As expected, the US Army placed substantial orders in Q3
 - Growing deployment of the Protector on more types of vehicles
- The anticipated volume of the CROWS II agreement has almost all been converted to fixed contracts

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Kongsberg Protech Systems in Q3



- Two major contracts were called off under the CROWS II framework agreement in Q3
 - MNOK 1 942 and MNOK 1 100
 - Confirms the Group's position as the market leader for this type of remote weapons systems (RWS)
- Strengthens the market prospects for the BA's products
 - Budget allocations in the USA bode well for KONGSBERG – budget increases for RWS in 2010
 - Medium Calibre RWS launched in the USA – highly favourable market reaction
 - Growing after-sales and maintenance turnover
- Well positioned in terms of new programmes with existing as well as new customers



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Updates

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Outlook for further profitable growth

- Deeper market penetration ensures platform for growth
 - Good grip in the areas in which we are already established
 - Established in interesting new growth areas
 - USA and Asia
- Expanding range of products and services
 - Organic
 - KONGSBERG spends 10% of operating revenues on product development each year
 - Development takes place in close cooperation with customers
 - Acquisitions
- Increases efficiency
 - Continuous improvement
 - Corporate programme for cost adjustments





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Prospects

Excerpts – read the quarterly report for the full text



- Kongsberg Maritime is maintaining its good market positions. It is addressing a more difficult market by providing highly specialised products and an efficient production system
- Kongsberg Defence Systems and Kongsberg Protech Systems expect continued strong activities
- Initiatives are being put into place on an ongoing basis to reduce the Group's foreign exchange exposure. Besides hedging all signed contracts, the Group hedges a percentage of anticipated new orders. Changes in the value of futures hedges are recognised directly against equity
- KONGSBERG is in a good position and has a good platform for further operations. However, there is somewhat more uncertainty in parts of the Group's businesses

Appendix



Financial status at 30 September 2009

Income statement



MNOK	Q3 - 09	Q3 - 08	YTD 09	YTD 08	2008
Operating revenues	3 346	2 561	9 935	7 666	11 056
Operating expenses	(2 918)	(2 182)	(8 856)	(6 731)	(9 737)
EBITDA	428	379	1 079	935	1 319
Depreciation	(57)	(48)	(176)	(132)	(197)
EBITA	371	331	903	803	1 122
Amortisation	(31)	(25)	(78)	(55)	(84)
EBIT	340	306	825	748	1 038
Net gains/write-downs on financial assets		(114)	5	(114)	(138)
Net other financial items	(30)	(12)	(91)	(18)	(39)
Earnings before tax	310	180	739	616	861
Tax expense	(92)	(86)	(222)	(217)	(274)
Result in the reporting period after tax	218	94	517	399	587
Minority interests	2	0	7	2	4
Equity holders of the parent	216	94	510	397	583
<i>Earnings per share (NOK)</i>	<i>1,80</i>	<i>0,78</i>	<i>4,25</i>	<i>3,33</i>	<i>4,86</i>
<i>Earnings per share, diluted (NOK)</i>	<i>1,80</i>	<i>0,78</i>	<i>4,25</i>	<i>3,33</i>	<i>4,86</i>
New orders (MNOK)	5 065	4 216	14 458	11 991	14 635

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Financial status at 30 September 2009

Balance sheet



MNOK	30 Sept. 2009	30 Jun. 2009	31 Dec. 2008
Tangible fixed assets	1 974	1 987	1 863
Intangible assets	2 221	2 285	2 379
Other long-term assets	198	204	421
Total long-term assets	4 393	4 476	4 663
Current assets	6 885	7 083	7 504
Bank deposits and cash equivalents	873	559	283
Total current assets	7 758	7 642	7 787
Total assets	12 151	12 118	12 450
Paid-in capital	982	982	982
Accrued equity	2 089	1 925	1 835
Excess/negative value, financial instruments	359	(119)	(939)
Minority interests	20	20	16
Total equity	3 450	2 808	1 894
Long-term interest-bearing debt	825	1 831	1 722
Other long-term liabilities	1 548	1 281	830
Total long-term liabilities	2 373	3 112	2 552
Prepayments from customers	2 051	1 628	900
Other short-term liabilities	4 277	4 570	7 104
Total short-term liabilities	6 328	6 198	8 004
Total liabilities and equity	12 151	12 118	12 450

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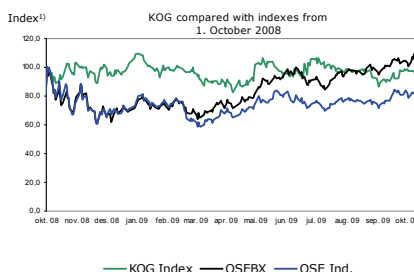
Shares and shareholders



20 largest shareholders (at 19 October 2009)

Shareholder	# shares	%	Δ 2009
1 Norwegian State/Ministry of Trade and Industry	60 001 600	50,00 %	-
2 National Insurance Fund	12 142 520	10,12 %	0,30 %
3 Arendals Fossekompagni	9 552 796	7,96 %	-
4 MP Pensjon	4 812 800	4,01 %	-
5 Orkla ASA	3 000 660	2,50 %	0,13 %
Total for the 5 largest shareholders	89 510 376	74,59 %	
6 Skagen Vekst	2 800 000	2,33 %	-0,11 %
7 Odin Norden	2 706 168	2,26 %	0,42 %
8 Odin Norge	2 672 055	2,23 %	-0,01 %
9 Odin Offshore	1 030 000	0,86 %	0,03 %
10 VP Danske Invest	577 192	0,48 %	0,12 %
11 State Street Bank and Trust Co. - nominee	534 634	0,45 %	-0,16 %
12 BNP Paribas - nominee	488 000	0,41 %	0,09 %
13 The Northern Trust - nominee	436 980	0,36 %	New
14 DnB NOR Norge IV	433 092	0,36 %	-0,37 %
15 JP Morgan Chase Bank - nominee	412 000	0,34 %	-0,15 %
16 Goldman Sachs int. - nominee	410 487	0,34 %	New
17 Must Invest AS	400 000	0,33 %	-
18 JP Morgan Chase Bank	399 071	0,33 %	New
19 JP Morgan Chase Bank - nominee	376 800	0,31 %	-0,03 %
20 Verdipapirfondet DI Norge	373 932	0,31 %	New
Total for the 20 largest shareholders	103 560 787	86,3 %	
Total number of shares	120 000 000	100,0 %	

Share price performance over the past year



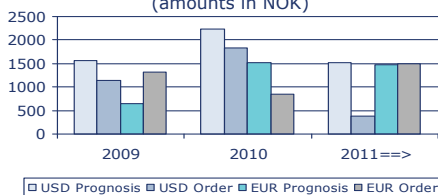
1) KOG's share price relative to the Oslo Stock Exchange Benchmark Index and the Industrials Index. Closing share price on 1 October 2008 = 100

The share was split 1:4 with effect as from 8 May 2009

Currency



Hedging portfolio at 30 Sept. 2009
(amounts in NOK)



Legend: USD Prognosis, USD Order, EUR Prognosis, EUR Order

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
- Objectives:
 - 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
- Approx. 35 per cent net exposure, primarily USD and EUR
- Our competitiveness is influenced by:
 - Changes in the NOK exchange rate, 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

Board of Directors Kongsberg Gruppen ASA



Finn Jebsen (58), Chair of the Board

- Self-employed
- CEO of Orkla from 2001 to 2005
- Other directorships: Chair of the Board of Directors Kavli Holding AS, Deputy Chair of KLP forsikring (insurance), director of Berner Gruppen AS, Anders Wilhelmsen Management AS and Norsk Hydro ASA



Benedicte Berg Schilbred (61), Deputy Chair

- Executive Chair of the Board of the Odd Berg Group
- Other directorships: Chairman of the Board Tos Lab AS, director in Norway Pelagic Group AS, Norsildmel AS and Norsildmel Innovation AS



Erik Must (65), Director

- Other directorships: Chair of the Board of Directors in Fondsfinans ASA, Fondsfinans Kapitalforvaltning Holding AS, Arendals Fossekompani, Gyldendal ASA and Erik Must AS. Member of the Boards of the NSTC Media Group and the Norwegian Museum of Cultural History



John Giverholt (55), Director

- CFO, Ferd AS
- Experience from Orkla ASA, DnB ASA and Norsk Hydro ASA
- Other directorships: Director of Telenor ASA



Anne-Lise Aukner (52), Director

- CEO and Country Manager Nexans Norway AS
- Other directorships: EDB Business Partner ASA, Federation of Norwegian Industries, Europacable Norge AS, Energi 21, INTPOW, Nexans Norway AS and Aukner Holding AS. Member of the Executive Committee of the Confederation of Norwegian Enterprise (NHO), NHO's Board of Directors and NHO's Ethics Committee



Roar Marthiniusen (51) – Director (employee representative)

- Sales and Marketing Manager, Kongsberg Maritime AS
- Engineer from the Horten College of Engineering
- Employee representative since 1999



Helge Lintvedt (52), Director

- Head of the Norwegian Society of Engineers and Technologists' corporate chapter at KDA, director, KDA
- Senior Project Engineer at Kongsberg Defence Systems
- Graduate of the Kongsberg College of Engineering
- Employee representative since 2009



Kai Johansen (40), Director (employee representative)

- Shop Steward in the Norwegian United Federation of Trade Unions, Kongsberg Protech Systems
- Training from Kongsberg Vocational School
- Guild certificate as a CNC operator
- Employee representative since 2007

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Financial Calendar and Investor Relations contacts



Financial calendar 2010

Publication of quarterly figures

- Preliminary financial statements 2009: 19 February
- Q1: 29 April
- Q2: 19 August
- Q3: 4 November

Annual General Meeting

- 11 May

Capital Markets Day

- 7 September

IR contacts

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E-mail: office@kongsberg.com

For more information, see: www.kongsberg.com/nb-NO/KOG/InvestorRelations.aspx

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