Kongsberg Defence Systems

Sea – Land – Air – Space
- Command and control, surveillance, tactical communication, missiles, space and aero structures
- 21 offices in 19 countries
- 1,740 employees (approx.)
- Revenues MNOK 4,654 (2012)
- International success in selected segments

A modern portfolio positioned for further growth
**KDS is made up by six divisions**

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>MAIN SOLUTIONS</th>
</tr>
</thead>
</table>
| Missile Systems                   | • Anti Ship Missiles  
• Penguin  
• NSM  
• JSM |
| Integrated Defence Systems        | • Air Defence  
• Army CMS  
• C4IRS  
• Gallium Visual Systems |
| Naval Systems & Surveillance      | • NAVAL CMS  
• Submarine Combat System  
• Simulation & Training |
| Aerostructures                    | • Composites Manufacture  
• Mechanical Manufacture  
• Mechanical Maintenance |
| Defence Communications            | • Tactical Radio Link  
• VHF  
• Soldier Radios  
• System Integration |
| Space & Surveillance*             | • Kongsberg Nordcontrol  
• Kongsberg Spacetec  
• Kongsberg Satellite Services  
• Space Subsystems  
• Norspace |

*Space & Surveillance established as separate division from 01.01.14
Space & Surveillance

Kongsberg
Space & Surveillance

KONGSBERG Satellite Services
KONGSBERG Spacetec
KONGSBERG Norcontrol IT
KONGSBERG Norspace
KONGSBERG Space

Revenues  775
EBITA  95
Order income  858
Employees  375

* 50% of Kongsberg Satellite Services AS is owned by the Norwegian Space Centre.
Our global business system

- with local offices in 19 countries, ensures access to all important markets and proximity to customers

<table>
<thead>
<tr>
<th>Revenue split, 2012</th>
<th>Employee split, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNOK</td>
<td># employees</td>
</tr>
<tr>
<td>Norway</td>
<td>1,440</td>
</tr>
<tr>
<td>International</td>
<td>3,214</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our global business system
- complemented with key partners in 14 countries.
International success in selected markets
- built on broad position in the home market

Competitive position within international defense business differs with level of industrial partnership

The Norwegian industrial partnership position has been the cradle to new products and to international market access

Governmental consideration

Major defence investment
- National security
- National industry
- National finances

Value proposition

Buy abroad - MOTS:
- Alliances
- Best product
- Best price

Buy domestic:
- National req.
- Control capabilities
- Build industry
- Jobs

Supplier winning position

Price / product performance

Trusted industrial partnerships

• Niche international markets
• Broad home market

- 70 % of rev.
- 30 % of rev.
20-40 years profitable product life cycle after initial development

- Funded partly by Norwegian Defence
- Industry partnerships
- Strong relationship with the Norwegian Defence is a valuable asset in development of new products

- High customer loyalty
- High market share

- International sales and upgrades at market price
- Mid life and major upgrades 2-3 times in life cycle
- Profitable product life cycle for up to 40 years after initial development

Sustain-ment for the lifetime of the product
Success in key areas drives growth in revenues

Revenues, MNOK

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>940</td>
<td>1,061</td>
<td>784</td>
<td>1,110</td>
</tr>
<tr>
<td>2012</td>
<td>1,178</td>
<td>1,239</td>
<td>979</td>
<td>1,258</td>
</tr>
<tr>
<td>2013</td>
<td>988</td>
<td>1,063</td>
<td>884</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA, MNOK

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>80</td>
<td>61</td>
<td>58</td>
<td>152</td>
</tr>
<tr>
<td>2012</td>
<td>111</td>
<td>101</td>
<td>118</td>
<td>148</td>
</tr>
<tr>
<td>2013</td>
<td>69</td>
<td>104</td>
<td>129</td>
<td></td>
</tr>
</tbody>
</table>

"JSM-project between two contract-phases influences revenues and EBITDA in 2013"
Kongsberg Defence Systems supports the overall ambition of the Group

Current status

- **Revenue of BNOK 2.9** YTD Q3 2013 compared to 3.4 YTD Q3 2012 (-13.6%)
- **EBITDA of MNOK 302** YTD Q3 2013 compared to 330 YTD Q3 2012
- **Q3 2013 order backlog of BNOK 5.8**
- **NASAMS Upgrade contract in Norway**

Recent news and developments

- **New Space & Surveillance Division**
- **Expanding global footprint by opening offices in Korea, Chile and Oman**
- **Successful NSM firings**
- **Important JSM milestones**
- **Good progress in F35 program, ready for Ramp Up**
- **Improved market outlook for NASAMS**
F-35 Fit Check
Complete on all relevant stations
JSM status

• JSM CDR completed June 2013
• JSM is designed also to meet US Navy requirements for carrier operations
• Fit check and integration studies complete for F/A-18 concluding with low risk
• Fit check complete for F-16, studies being performed for test program
• JSM Position strengthened by the successful NSM firings
Strong position in market for Air Defence

The NASAMS customer base counts six (6) countries. The Ground Based Air Defence market is steadily growing towards 2018, both in Europe and in the MENA region.

<table>
<thead>
<tr>
<th>Air Defence world market</th>
<th>Steady Growth in demand for GBAD(^1) Missiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Market drivers are Anti access Area Denial and protection against ballistic missiles and protection against strike aircraft and cruise missiles</td>
<td></td>
</tr>
<tr>
<td>• The NASAMS system, is well positioned with the most modern effector, The US AMRAAM missile and the most modern sensor the US MPQ-64 Ground Based sensor.</td>
<td></td>
</tr>
<tr>
<td>• KONGSBERG/Raytheon will continue the NASAMS evolution, ensuring the system up to date with latest threats. e.g. extended range msl</td>
<td></td>
</tr>
<tr>
<td>• Very Strong product offering, ensuring customers the lowest life cycle cost.</td>
<td></td>
</tr>
</tbody>
</table>

1 Although the forecast is measuring “missiles” it is the best indicator for estimating demand for GBAD systems
2 SOURCE: Visiongain 2011

Total world market expenditure on GBAD missiles in 2013-2018 is estimated to $18 399M\(^2\).
Strong position in market for strike missiles

Increasing market for long range strike missiles with increased focus on Anti Access Area Denial and shift away from «boots on the ground»

The case for Anti-Ship and Strike Missiles

- Increased focus for long range strike missiles based on AirSea Battle and shift to the Pacific from the US
- Requirements drive for more advanced products meeting new threats
- Lack of development money in constrained national economies
- Strong product portfolio with:
  - Penguin is well positioned in the helicopter market on US platforms
  - NSM is the only 5th generation subsonic missile in operation for ships
  - Development on-going for JSM to be the only 1000-pound cruise missile for internal carriage on F-35

Missile market

Market for Strike Missiles
Value of production
Millions of USD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,062</td>
<td>1,115</td>
<td>1,158</td>
<td>1,255</td>
<td>1,336</td>
<td>1,356</td>
<td>1,500</td>
<td>1,585</td>
<td>1,674</td>
<td>1,814</td>
</tr>
</tbody>
</table>

Market for Anti-Ship Missiles
Value of production
Millions of USD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>847</td>
<td>878</td>
<td>942</td>
<td>1,058</td>
<td>1,141</td>
<td>1,242</td>
<td>1,313</td>
<td>1,367</td>
<td>1,428</td>
<td>1,471</td>
</tr>
</tbody>
</table>

SOURCE: © 2013 Forecast International Inc.
Focus shifting towards «Air Sea Battle»

Anti-access and area-denial challenges threaten Navy´s freedom of maneuver at sea and power projection in some areas of the world. To prevent this, it is critical to craft new operational concepts, and develop and field the capabilities needed to implement those concepts.

Chief Naval Operations to Leon Panetta

Source: NY Times
Our DNA!
- vision, values and culture are our platform

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 organization

RELIABLE
We are reliable people. We are responsible citizens.