CMD 2013 – Kongsberg Maritime
President & EVP Geir Håøy
Kongsberg Maritime

- Offshore – Merchant – Subsea – Emerging Business
- 55 offices in 20 countries
- 4,200 employees (approx.)
- Revenues MNOK 7,485 (2012)
- Installed base more than 15,000 vessels
- Dynamic positioning, navigation, automation, simulation, Subsea and seismic instrumentation, and fisheries

A solid platform for further growth
KM operates in three main markets

**OFFSHORE**
- Full picture solution - complete suit of products:
  - Drilling
  - LNG / FPSO
  - Subsea construction

**SUBSEA**
- Solutions for:
  - Underwater navigation
  - Unmanned underwater vehicles
  - Oceanographic survey & research
  - Seismic streamer control

**MERCHANT**
- Tailor solutions for supported by locale infrastructure:
  - Engine manufacturers
  - Liquid cargo control
  - Marine automation

Share of KM revenues
- Offshore 63%
- Subsea 25%
- Merchant 12%
Kongsberg Maritime’s offers complete solutions

Strategy
- KM bundles systems and products to offer operational and application specific “Full Picture”-solutions
- Locations close to all major hubs
- 24/7 world wide service and support network

Resulting in
- Increased efficiency and secured operations for our customers
- Close customer relations
- Increased competiveness through globalization

Increased market shares
Kongsberg Maritime supports the overall ambition of the Group

Current status

• Revenue of BNOK 6.1 YTD Q3 2013 compared to 5.4 YTD Q3 2012 (+11.4%)

• EBITDA of MNOK 887 YTD Q3 2013 compared to 799 YTD Q3 2012 (+11.0%)

• Q3 2013 order backlog of BNOK 7.1, up from 6.0 at year-end 2012

• Book to bill YTD 2013 of 1.13

Recent news and developments

• High delivery volumes of "Full picture" systems to Drilling units, LNG, and OSV market in China

• Weak Merchant Marine market recording increased volumes

• Break through in the offshore and US Naval market for unmanned underwater vehicles
Increased demand for "Full picture" solutions drives growth in revenues

### Highlights

- Premium market position in the drilling market
- Success in the subsea construction vessel market
- Continuous growth in high volume OSV market, especially in China
- Growth in the subsea market, fueling our system deliveries;
  - Under water navigation
  - BOP control
  - Unmanned under water vehicles

### Key EBITDA drivers

- Offshore market – relevant segments
- Subsea – system solutions
- Life cycle support

#### Revenues, MNOK

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2011</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
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<th>Q1</th>
<th>Q2</th>
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<td>1,794</td>
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#### EBITDA, MNOK

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<tr>
<th></th>
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<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2011</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2012</th>
<th></th>
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<td>284</td>
<td>293</td>
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Kongsberg is positioned in strong niches in maritime and offshore markets

Data sourced from information provided by IHS Global Limited. Copyright © maritime-insight, 2013. All rights reserved
Our global business system
- with local offices in 20 countries, ensures access to all important markets and proximity to customers

Kongsberg Maritime
- Offices

O&G activities
- (Re-)Emerging
- Stable
- Stagnating

SOURCE: Kongsberg & IHS data
High demand in Offshore drives order intake

Order intake, MNOK

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<th>2012</th>
<th>2013</th>
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<td>Q1</td>
<td>2,082</td>
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<td>2,664</td>
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<td>1,743</td>
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<td>Q3</td>
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<td>1,941</td>
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<td>Q4</td>
<td>1,403</td>
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Order backlog, MNOK

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<th>2011</th>
<th>2012</th>
<th>2013</th>
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<td>Q1</td>
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<td>6,893</td>
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<tr>
<td>Q2</td>
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<tr>
<td>Q3</td>
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<tr>
<td>Q4</td>
<td>5,134</td>
<td>6,042</td>
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Highlights

Key order intake drivers:
- New building market in Asia
- Full picture solution, comprising:
  - Dynamic positioning
  - Integrated automation and safety systems
  - Bridge solutions
- Strong relationships with all the major ship yards in Korea, China and Singapore

- Order backlog is currently at as historically high level
  - Good visibility for next two years
  - Life cycle revenues not included in backlog
Strong growth within high end offshore

The case for Offshore

The key drives for the high end offshore vessel market is:

- Long term energy demand
- Shifting towards deeper waters
- Long term oil price above threshold for development of new fields

Drilling and high end support vessels

Source: maritime-insight - IHS
Strong growth within some merchant segments

The case for Merchant Marine

The key drives for the LNG and Bulk Carrier market is:

• Long term energy demand – coal
• Chinese and Indian ore (and coal) demand
• Shale gas revolution for both LNG and LPG
• Liquefaction capacity increasing very strongly around 2018

Source; maritime-insight - IHS
Steady growth within subsea

The case for Subsea

The key drives for the Subsea
- Global offshore pipeline demand
- Subsea construction
- A growing IMR market
- Sea bed mapping

Source: maritime-insight - IHS
Recurring revenues from life cycle support

- Maritime
  - Development
    - Customer orientated product development

- International sales
  - High customer loyalty
  - High market share

- Life cycle support
  - Global Customer Support
  - Provides recurring revenue stream

Graph showing an increase from 2013 to 2015.5, indicating growth in sales or revenue.
KM continues to broaden product and service range

Important innovations in Kongsberg Maritime

- Venture into the IMR (Inspection, Maintenance and Repair) market, by investing in unmanned vehicle technology and associated instrumentation and products

- Strengthen our position for offshore production units, by becoming a direction driver for engineered power (electro), instrumentation, and telecommunication solutions

- Bundle our products more effectively to support specific applications and operations – competitive investments furthering complex operation

- Developing complementary products that will further strengthen our position as a full picture supplier, e.g. navigation and IT solutions for operational support

- Expand the offering of associated services and support – competitive asset management and life cycle support in close cooperation with the operators
Tailored improvement programs ensure continuous improvement in KM

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
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| Offshoring       | • Continue the successful offshoring in general and accelerate the offshoring in China, e.g.:
|                  |   – Sales                                                                   |
|                  |   – Engineering                                                             |
|                  |   – Project management                                                      |
|                  |   – Electro/mechanical production                                           |
|                  |   – Installation, commissioning and life cycle support                      |
| Sourcing         | • Shifting from local to global sourcing:
|                  |   – Local production for global utilization                                |
|                  |   – Global manpower utilization                                             |
|                  |   – Value added work close to customers – “short transport”, yielding reduced cost and green profile |
| Work processes   | • Global and lean work processes:
|                  |   – Global work processes                                                   |
|                  |   – Efficient global governance model                                       |
|                  |   – Efficient communication                                                 |
Kongsberg Maritime’s strategy
- built on securing existing market positions and broadening into new markets

Where we are today

Offshore
• Loyal customer base
• Well established international footprint and infrastructure

Merchant marine
• Significant install base
• Infrastructure close to the ship yards

Subsea
• Technology for tomorrow
• International subsea power house

Where we want to go

Offshore
• Integrated marine operations
• Take control over the bridge/center of operation
• Operational support

Merchant marine
• Green solutions
• Fuel optimization
• Ship-shore interaction

Subsea
• Solutions for the IMR market
• Instrumentation for deeper and darker

Identified growth engines!
Still.....
We are in a people business...
Probably the most important differentiator is us...

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.