CMD 2013 - Kongsberg Protech Systems
President & EVP Espen Henriksen
Kongsberg Protech Systems

The main product is the remotely operated weapon system PROTECTOR used to protect military personnel in armoured vehicles.

The PROTECTOR family of products has achieved a leading position in this market.

- Revenue 2012 – MNOK 2.872
- Employees – 640
- Offices in Norway, USA, Canada and Australia
What is a Remote Weapon Station?
Continuously Extending the Product Base

- M151 PROTECTOR
- M153 PROTECTOR CROWS
- Sea PROTECTOR
- PROTECTOR DRWS
- Medium Caliber RWS
- PROTECTOR Lite
- PROTECTOR Super Lite
- PROTECTOR DRWS 40/50
Continuously Extending the Market Base

New Key Markets

- **Middle East**
  - GCC nations
  - Programs for both RWS and MC-RWS

- **India**
  - Programs for both RWS and MC-RWS

- **APAC**
  - Primary interest in lighter and sea-based RWS portfolio
Normalizing markets impacting RWS revenues and margins

Revenues, MNOK

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<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tr>
<td>2011</td>
<td>1,078</td>
<td>1,130</td>
<td>1,027</td>
<td>950</td>
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<td>2012</td>
<td>646</td>
<td>789</td>
<td>683</td>
<td>758</td>
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<tr>
<td>2013</td>
<td>787</td>
<td>660</td>
<td>337</td>
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Highlights

- Standard RWS – CROWS
- Increased sales outside the USA. Norway, Sweden rest of Europe
- Increase in recurring revenue from reset, repairs, support and upgrades, USA, France, Canada, Australia
- CROWS II /CROWS III
- Strategic wins with longer program timeframes and lower margins are reflected in reduced EBITDA.
- Adapting to the current situation.
RWS – USA returns to «Base»

RWS in the USA

• KPS is the dominant supplier of RWSs in the USA
• Recent years of military operations in two conflicts drove production levels to very high levels
• Withdrawal of troops and equipment from conflict areas has minimized need for new systems – focus turning instead to reset and repair activities
• Shifting program timelines and requirements creating need for new variants
  • Dual 40-50
  • Low Profile
  • CWS

Weapons and tracked vehicles

US FYDP\(^1\) Vehicles: 5 year budget\(^2\) change
Billions of FY 2013 USD

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<tr>
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<th>2013-17F</th>
<th>2014-18F</th>
<th>Change</th>
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<td></td>
<td>10,093</td>
<td>11,518</td>
<td>+14%</td>
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\(^1\) Future Year Defense Program
\(^2\) Accumulated budget for the next 5 years from year 2012 and 2013

SOURCE: 2012 and 2013 Green Book
KONGSBERG has a strong position in the market for Remote Weapon Systems


Budgeted spending, indexed 2013 = 100

SOURCE: 2013 Green Book
RWS outside of the US

RWS – the global market

• Moving into new markets and focus towards the Middle East, India and APAC
• Price competitive markets
• New customers interested in the lighter products and the sea-based variant strengthening our complete portfolio
• KPS continues as the overall market leader
• The PROTECTOR has a strong reputation world-wide
KPS continues to broaden product range through innovation

Dual RWS 40/50
– increased firepower from a standard RWS

Providing both a 40mm Automated Grenade Launcher and .50 cal (12.7mm) on the same weapon station

Impact

• Program opportunities in the USA and Middle East.
• Estimated potential value over 700 MNOK in the US alone
• Starts to address the gap in the product portfolio between the standard RWS and the MCRWS
KPS continues to broaden product range through innovation

The low profile RWS

- Redesigned variant – extensive reuse of components
- Enables a commander’s independent weapon station
- Better adapted to higher profile vehicle platforms

Impact

Covers a new demand – short term market potential MNOK 1000
Medium Caliber RWS ready for market with strong potential

Medium caliber RWS, Kongsberg’s remote turret

• The requirement for remote turrets increasing in the USA, Middle East and rest of the world.

• Lighter armoured vehicles require increased firepower in lighter system

• Increased protection for personnel while maintaining vehicle capacity

• Improved precision and performance

• KPS well positioned to capitalize on our investments made in these technologies – Medium Caliber RWS was tested live in the Middle East.

• The next growth cycle for KPS

• Identified projects over the next years valued at least NOK 10 Billion
Kongsberg Protech Systems

- Experiencing a more normalised volume in the RWS market.
- Existing customer base ensures revenues built upon continued technology refreshment, sustainment of the RWS.
- Leveraging customer investments in product variants and extensions.
- Entering new markets with existing RWS product portfolio.
- Positioning for the emerging remote turret market in the USA, the Middle East and rest of the world.