AGENDA

10:30 WELCOME
JAN ERIK HOFF, VP IR

10:40 KONGSBERG GRUPPEN
GEIR HÅØY, President & CEO
HARALD AARØ, EVP Business Development and Strategy and acting CFO

10:40 LUNCH

11:45 KONGSBERG DEFENCE & AEROSPACE
EIRIK LIE, President Kongsberg Defence & Aerospace

12:30 PATRIA
JUKKA HOLKERI, Chief Strategy Officer, Deputy to the President and CEO

13:00 KONGSBERG DIGITAL
STIAN ELIASSEN, Senior Vice President Finance Kongsberg Digital

13:20 KONGSBERG MARITIME
EGIL HAUGSDAL, President Kongsberg Maritime

13:40 Q&A AND FINAL REMARKS
GEIR HÅØY, President & CEO

14:10 END
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KONGSBERG

GEIR HÅØY,
President & CEO

CMD 2017
CAPITAL MARKETS DAY
AGENDA

• NEW CFO GYRID SKALLEBERG INGERØ
• THIS IS KONGSBERG
• DEVELOPMENT SINCE LAST CMD
• INNOVATION – A SUSTAINABLE FUTURE
• FINANCIAL SUBJECTS
• STRATEGIC DIRECTION
• AMBITIONS
WORK
• CFO, Telenor Digital Businesses
• CFO, Telenor Norway
• CFO and head of investor relations, Komplett ASA
• Auditor at Nordea and KPMG
• Extensive board experience since 2000 in Finance, Telecom, Property, Shared Service and Retail.

BOARD MEMBERSHIPS TODAY
• Storebrand ASA, Sporveien AS, Flytoget AS, 1881 AS and Itera ASA.

EDUCATION
• MSc from The Norwegian School of Economics (NHH).
THIS IS KONGSBERG
PROVIDING ADVANCED SOLUTIONS FOR EXTREME PERFORMANCE UNDER EXTREME CONDITIONS
INVOLVED IN STRATEGIC AREAS OF NATIONAL INTEREST
RAPIDLY ADAPTING TO CHANGES AND OPPORTUNITIES
EVENTFUL LAST TWELVE MONTHS
IMPORTANT MILESTONES MARITIME

- Major restructuring – organization aligned – will turn profitability
- World’s first commercial autonomous vessel sets sail in 2018
- Full Triangle-solution to German research vessel
- Concessions for the world’s largest offshore fish farm
- Expanded scope through integrated concepts
- Submarine launched AUV for US Navy
IMPORTANT MILESTONES DEFENCE

- Partnership with tkMS to provide Submarine Combat System
- NSM selected as standard missile for German Navy
- JSM partner and down selected as Air Defence provider in Australia
- Norway to acquire Ground Mobile Air Defence
- Helicopter maintenance, repair and overhaul agreements
- Continued success within important space programs
IMPORTANT MILESTONES DIGITAL

Launch of digital platform Kognifai

Strategic partnership with Simwave – one of KONGSBERG’s largest simulator deliveries ever

Strategic alliance with eSmart Systems

Kognifai selected for test and verification at Lista wind farm
ADAPTING, DELIVERING AND POSITIONING

KONGSBERG MARITIME
- Deliver operational excellence
- Focus on growing segments
- Strong position in future market

KONGSBERG DEFENCE & AEROSPACE
- Very strong positions within core product areas
- Increased worldwide demand within these areas
- Will materialize in solid order intake both short- and long term

KONGSBERG DIGITAL
- Well positioned to become a key player in digital transformation across our industries
- 25% investment of annual turnover in R&D 2017/18
- Taking important positions with our digital platform Kognifai and key application areas
INNOVATION
A SUSTAINABLE FUTURE
TECHNOLOGY IS THE ENABLER TO SOLVE MANY OF TODAY’S CHALLENGES
WORLD LEADING HIGH-TECH COMPANY
- we create value through innovation, operational excellence and sustainability

- Strong focus on being an innovative frontrunner
- We aim for #1 positions
- Our solutions enable more efficient, safer and sustainable operations
DEVELOPING TECHNOLOGY FOR NEXT GENERATION FISHERY AND SUBSEA OPERATIONS
SECURING NATIONAL SOVEREIGNITY
INCREASING SAFETY AND EFFICIENCY FOR MARITIME AND ENERGY OPERATIONS
RESPONSIBLE BUSINESS CONDUCT

VALUES & CULTURE

COMPLIANCE

TECHNOLOGY FOR SUSTAINABILITY

LICENSE TO OPERATE
PEOPLE & MINDSET MAKES THE DIFFERENCE
FINANCIAL SUBJECTS

HARALD AARØ,
Acting CFO

CMD2017
CAPITAL MARKETS DAY
FOCUS TO RETURN TO PROFITABLE GROWTH

- Norm above 10%
- CAGR -7.1% last 2 years
- Growth prospects are good
PROFITABILITY AT A TURNING POINT

After multiple efficiency programs

WEAKENED PROFITABILITY AT THE TURNING POINT

DUE TO IMPROVED EFFICIENCY

- Cost reduction and restructuring programs in KM
  - FTE reduction by > 1,000 since 2015
  - MNOK ~500 full-year cost base reduction from 2017
  - Additional MNOK 3-400 from H2 2017
  - Corporate staff reduction by ~20%
  - Reorganisation in KM
  - Clearer prioritization for product and development
  - Value chain optimization and stronger global governance of supply chain

- Merged KPS and KDS to KDA
  - Estimated MNOK 100 savings
OPERATING AT A HIGHER CAPITAL EMPLOYED LEVEL
Continuous strong focus on efficient working capital across the group

- KM’s working capital is reduced by more than BNOK 1 since Q1 2016
  - Initiatives on accounts receivables
  - Initiatives on inventory
  - Initiatives towards suppliers
- Defence projects on plan – consuming advance payments
  - Working on new programs with beneficial payment terms
RETURN ON CAPITAL EMPLOYED HAS BOTTOMED OUT

*Equity ex. hedge effects + net interest bearing debt
** EBIT ex. special items
WORKING CAPITAL KEY TO OPERATIONAL CASH FLOW

*Line represents total cash flow. Columns exclude acquisitions and loan movements for better readability.
STRATEGIC DIRECTION

HARALD AARØ,
Group EVP Business Development and Strategy

CMD 2017
CAPITAL MARKETS DAY
WE DELIVER WORLD #1 PRODUCTS
GROUP STRATEGIC PRIORITIES
Adapting to changing markets while pursuing significant opportunities

MARITIME
Expand scope from our leading positions

DEFENCE
Increase market penetration with a modern product portfolio

TECHNOLOGY OPPORTUNITIES
Drive our competitive technology base for new positions
EXPANDING SCOPE AND TAKING NEW POSITIONS IN THE MARITIME TRANSFORMATION

INTEGRATED SOLUTIONS  DIGITALIZATION  REMOTE SERVICES  AUTONOMY
INCREASE MARKET PENETRATION WITH A MODERN PRODUCT PORTFOLIO

Home Market – Nordic Defence Partnership

Leading position in Northern Europe

Strong US alliances

N-Europe campaigns

US & International campaigns

Strengthened International Competitive Power

Partners:
- Nordic Defence
- Raytheon
- Patria
TECHNOLOGY OPPORTUNITIES

- Platform as a Service (PaaS)
- Autonomous Underwater Vehicles
- Digital Twins
- Condition Monitoring & Asset Lifecycle Optimization
- Advanced Analytics & Cyber Security
- Remote Tower
FOCUS AND AMBITIONS FORWARD

GEIR HÅØY, President & CEO

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CAPITAL MARKETS DAY
AMBITIONS 2016-2020

- **10% AVERAGE ANNUAL GROWTH**
  - Combination of organic and acquired
  - Ongoing consolidation phase – majority of organic growth in latter half of period
    - Solid positions
    - Several growth opportunities
    - Uncertainty related to timing

- **EBITA MARGIN**
  - >10%
  - Increased margin pressure – several cost and restructuring initiatives implemented
    - Cost
    - Volume
    - Contracts

- **RETURN ON CAPITAL EMPLOYED**
  - 10-15%
  - New initiatives evaluated against 10-15% ROCE
    - Optimize capital allocation
    - Efficient working capital

- **REVENUES**
  - 10% average growth over the period

- **EBITA MARGIN**
  - Re-established above 10%

- **ROCE**
  - Re-establish at a solid level
WORLD CLASS
THROUGH PEOPLE, TECHNOLOGY AND DEDICATION