A QUARTER OF STRATEGIC MILESTONES

- KONGSBERG buys 49.9% of Patria
  - Creating a leading Nordic defence partnership
- Launching Kongsberg Digital to be at the forefront of the digital shift
- First contract in a multi-phase Stryker program signed in KPS
- 2.5% growth in revenues compared to Q1 2015
- KM increasingly impacted by the weak oil and gas market
  - Ongoing capacity adjustments entails non-recurring costs
  - Activity- and margin level expected to weaken through 2016
  - Solid and diversified order intake in Q1

Revenues: 4 340
EBITDA: 408
New orders: 3 749
FINANCIAL STATUS
Q1 revenues up 2.5% from 2015

- **KM** with satisfactory activity level – down 5.1% compared to Q1 2015
  - Increasingly influenced by oil and gas downturn

- **KDS** revenues up 11.0% from Q1 2015

- **KPS** revenues significantly increased from Q1 2015, on par with last quarter
EBITDA Q1

Q1 EBITDA MNOK 408, margin 9.4%

- Underlying EBITDA margin in KM 11.4%
  - Change in project mix and challenging oil and gas market conditions impact margins
  - MNOK 25 in non-recurring restructuring costs in Q1

- Good profitability in KDS, 12.3% EBITDA margin

- Low, but positive underlying EBITDA in KPS
  - Reflects growth strategy
  - MNOK 38 positive EBITDA effect related to customer clarifications

- Non-recurring restructuring costs in ‘Other’ of MNOK 21 in Q1
## NON-RECURRING ITEMS Q1

<table>
<thead>
<tr>
<th></th>
<th>KM</th>
<th>KDS</th>
<th>KPS</th>
<th>OTHER</th>
<th>GROUP</th>
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<tbody>
<tr>
<td>Customer clarifications</td>
<td></td>
<td></td>
<td>+38</td>
<td></td>
<td>+38</td>
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<tr>
<td>Restructuring costs</td>
<td>−25</td>
<td></td>
<td></td>
<td>−21</td>
<td>−46</td>
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<tr>
<td><strong>Total</strong>¹</td>
<td>−25</td>
<td>−</td>
<td>+38</td>
<td>−21</td>
<td>−8</td>
</tr>
</tbody>
</table>

¹) List is not exhaustive
ORDERS Q1

New orders: 3 749

Backlog: 18 718

Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.
CASH FLOW Q1

Negative cash flow in Q1, MNOK 439

- Project execution in KDS draws on substantial prepayments received in 2014

- MNOK 33 temporary cash outflow from currency hedges in Q1, MNOK 1,167 in 2015

- MNOK 45 share repurchase related to annual share program for employees

- Other normal working capital fluctuations

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q4 2015</th>
<th>Q4 2014</th>
</tr>
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<tbody>
<tr>
<td>Cash and short-term deposits</td>
<td>1 368</td>
<td>1 807</td>
<td>4 424</td>
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<tr>
<td>Net interest bearing debt</td>
<td>-504</td>
<td>-941</td>
<td>-3 551</td>
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<tr>
<td>Equity ratio</td>
<td>35.7%</td>
<td>32.0%</td>
<td>31.0%</td>
</tr>
<tr>
<td>ROACE*</td>
<td>12.3%</td>
<td>13.5%</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

* 12 months rolling EBIT divided by 12 month average equity + interest bearing debt
BUSINESS AREAS

KONGSBERG MARITIME
- Book/bill of 1.3 in Q1, leveraging a diversified portfolio
- Good order intake within e.g. AUV’s, advanced gas carriers and fishery
- High activity in Merchant Marine and non-offshore related parts of Subsea
- Increased cancellation level and no. of requests for on-hold
- The challenging market puts pressure on offshore revenue and margin levels

KONGSBERG DEFENCE SYSTEMS
- Good project execution – large programs on schedule and costs
- KDS solutions well positioned in current defence markets
- Several significant opportunities being pursued
- Increasing activity within Space & Surveillance
- High activity on the F-35 program

KONGSBERG PROTECH SYSTEMS
- Protector MCT-30 contract with GDLS for US Army’s Stryker vehicles
- Further medium caliber opportunities being pursued
- Low profile RWS now in production
- Continuing investments in portfolio expansion

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
</tr>
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<tbody>
<tr>
<td>Operating revenues</td>
<td>2 478</td>
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<tr>
<td>EBITDA</td>
<td>264</td>
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<tr>
<td>New orders</td>
<td>2 972</td>
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<tr>
<td>Order backlog</td>
<td>7 450</td>
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<table>
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<tr>
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<th>Q1</th>
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<tr>
<td>Operating revenues</td>
<td>1 156</td>
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<tr>
<td>EBITDA</td>
<td>142</td>
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<tr>
<td>New orders</td>
<td>385</td>
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<td>Order backlog</td>
<td>7 861</td>
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<table>
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<tr>
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<th>Q1</th>
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<tbody>
<tr>
<td>Operating revenues</td>
<td>559</td>
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<tr>
<td>EBITDA</td>
<td>59</td>
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<tr>
<td>New orders</td>
<td>223</td>
</tr>
<tr>
<td>Order backlog</td>
<td>2 989</td>
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</tbody>
</table>

Life cycle business and framework agreements not converted into delivery contracts are not included in the backlog.
SIGNIFICANT CHANGE IN PROJECT MIX IN KM
LEVERAGING A DIVERSIFIED PORTFOLIO

ORDER INTAKE:

Q1 2015 2,975
Q2 2015 2,526
Q3 2015 2,385
Q4 2015 1,870
Q1 2016 2,972

- Offshore vessels
- Production & storage
- Non-offshore

EBITDA MARGIN:

2014

Q1: 14.4%
Q2: 15.5%
Q3: 18.9%
Q4: 13.5%

2015

Q1: 8.1%
Q2: 8.5%
Q3: 12.8%
Q4: 10.7%

2016
KONGSBERG SPACE & SURVEILLANCE:

SERVING THE COMPLETE VALUE CHAIN

Applying core technologies to develop advanced products and services for the complete space value chain

- Launcher & space mechanisms
- Satellite electronics
- Navigation and Search & Rescue
- Ground station services with unique infrastructure
KONGSBERG SPACE & SURVEILLANCE

GROWTH AND OPPORTUNITIES

- New and significant contracts on earth observation programs - MetOp/EUMETSAT
- Several contracts and opportunities in the European program for the establishment of a European capacity for earth observation, Copernicus
- New and significant contracts on commercial telecom satellites - SES 12/14
- Frame contract renewal for Digital Globe
- Significant opportunities on Ariane 6 Heavy Lift Launcher

![Graph of revenues space & surveillance, MNOK*]

- 2013: 729
- 2014: 774
- 2015: 817

*KSAT proportionally consolidated
SOFTWARE AND SERVICES

- Smart data solutions for increased efficiency in operations: predictive, real-time and simulation analysis
- One Production Field - One Integrated Production Model
- LedaFlow and K-Spice
- Flow Assurance Services - assuring flow from reservoir to customer challenges
- SiteCom, WellAdvisor

MARITIME SIMULATION

- Maritime officer training at all levels
- Multi discipline CRM training with integrated scenarios
- Advanced simulation of complex Maritime Operations supporting engineering and research projects

KONGSBERG INFORMATION MANAGEMENT SYSTEM

- Open platform with full integration of sensors and systems providing smart data and decision support
- K-IMS is the bridge between offshore marine systems and onshore business enterprises
- K-IMS is able to turn big data into valuable information for customers to act on
- 30+ applications within performance management, condition monitoring, fleet performance
- Open for 3rd party applications
KONGSBERG has delivered a suite of advanced simulators for training on a wide range of offshore and maritime operations.

KONGSBERG’s ships bridge simulators are used in training navy cadets.

From navigation and ship handling to advanced tactical warship training, piracy attack, ship-to-ship interdiction, etc.

SITECOM® is delivered to half of top 50 international operators.

Support hundreds of live drilling operations.

Involved in innovative Steam Pilot project.

Deliveries could include:
- LedaFlow and K-Spice
- Maintenance/support
- Training
- Real-time decision support for dynamic analysis

WELL ESTABLISHED CLIENTS AND INNOVATIVE SOLUTIONS IN EXISTING AND NEW MARKETS
KONGSBERG BUYS 49.9% OF PATRIA
– CREATING A LEADING NORDIC DEFENCE PARTNERSHIP

• KONGSBERG has taken an important strategic step to accelerate growth and profitability in our defence business

• Establishing a true Nordic defence partnership between Patria, Nammo and KONGSBERG

• The partnership will be a leading Nordic defence industry group with a strong position in Northern Europe and with strong US partners

• KONGSBERG will engage actively in developing the three companies

• A partnership between Patria, Nammo and KONGSBERG will benefit the Finnish and Norwegian Armed Forces, the Governments and the companies involved

• The transaction is financially attractive for KONGSBERG

• Closing is expected summer 2016

GROSS REVENUES:
NOK 13.4 billion*
Patria

• Leading maintenance provider in the Nordics

• Internationally successful supplier of armored vehicles

• World leading supplier of ammunition and rocket motors through subsidiary Nammo

• Advanced aviation operations

HEADQUARTERED IN FINLAND

2 800 EMPLOYEES

REVENUES EUR 428 MILLION

ORDER BACKLOG EUR 1,056 MILLION

OPERATIONS IN 8 COUNTRIES

OWNERSHIP: THE FINNISH STATE 50.1%
KONGSBERG 49.9%
2016 OUTLOOK

KONGSBERG MARITIME
• Significant drop in contracting in the offshore vessel market, will impact revenues and margins
• Other segments stable or growing
• Non-recurring restructuring costs in 2016 currently estimated to MNOK 75-125, further adjustments considered on an ongoing basis
• Installed base of more than 17,000 vessels
• Activity- and margin level in 2016 expected to be lower than in 2015

KONGSBERG DEFENCE SYSTEMS
• Strong position in selected niches and several important opportunities in a generally strengthened defence market
• Solid backlog provides a good platform for a somewhat increased activity level in 2016

KONGSBERG PROTECH SYSTEMS
• Global leader in remote weapon systems with a well positioned product portfolio, including the medium calibre turret
• Activity level expected to increase somewhat in 2016

OTHER
• Establishing Kongsberg Digital during summer 2016
• Restructuring and consolidating the Group’s oil and gas engineering services in KM

See quarterly report for full text
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