A CHALLENGING QUARTER FOR KONGSBERG

• 14% lower revenues on group level, mainly due to the very weak offshore market

• Write downs in KM of backlog, inventory, currency hedges and other items leads to significant negative EBITDA impact of MNOK 354

• KM’s adaptations to the weak market continues
  – MNOK 45 restructuring costs in Q3
  – Improving future competitiveness through reduced cost base
  – New integrated concept launched in Q3

• The defence segment has stable activity level

Revenues: 3 428
EBITDA: −40
New orders: 4 067
Book/bill: 1.19
FINANCIAL STATUS
Q3 revenues down 14%, offshore downturn impacting revenues

- KM revenues down 26% compared to Q3 2015, offshore down ~30 %
  - Non-offshore related Subsea solid
  - Merchant Marine somewhat slower

- KDS revenues on par with Q3 2015

- KPS revenues up from Q3 2015, driven by deliveries of new RWS’s
EBITDA Q3

EBITDA in Q3 heavily impacted by write-downs and restructuring in KM

- Reported EBITDA MNOK −40
  - Write-downs of MNOK 354 in KM: Inventory (150), Currency (130), Other assets, including receivables, (74)
  - MNOK 45 in restructuring costs in KM
- EBITDA margin excluding non-recurring 10.5%
- Good profitability in KDS, 18.8% EBITDA-margin including profit from Patria (MNOK 20), 16.6% stand alone
- Low, but positive EBITDA in KPS
PATRIA

REVENUES (EUR)

Q1  Q2  Q3  Q4  Q1  Q2  Q3
2015  94  109  89  136  102  152  96
2016

EBITDA (EUR)

Q1  Q2  Q3  Q4  Q1  Q2  Q3
2015  5  12  20  24  19  29  17
2016

BRIDGE FROM EBITDA TO KOG’S SHARE OF NET PROFIT

<table>
<thead>
<tr>
<th></th>
<th>1.7. – 30.9.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
</tr>
<tr>
<td>EBITDA</td>
<td>17</td>
</tr>
<tr>
<td>Financial items, taxes, depreciation and amortisation</td>
<td>−7</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>10</td>
</tr>
<tr>
<td>KONGSBERG’s share (49.9%)</td>
<td>39</td>
</tr>
<tr>
<td>Amortisation of excess value after tax</td>
<td>−19</td>
</tr>
<tr>
<td>Share of net income recognized in KDS for the period</td>
<td>20</td>
</tr>
</tbody>
</table>

1) Share of Patria’s net income after tax adjusted for minority interests.
## NON-RECURRING ITEMS Q3

<table>
<thead>
<tr>
<th></th>
<th>KM</th>
<th>KDS</th>
<th>KPS</th>
<th>OTHER</th>
<th>GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write-down inventory</td>
<td>−150</td>
<td></td>
<td></td>
<td></td>
<td>−150</td>
</tr>
<tr>
<td>Write-down currency hedges</td>
<td>−130</td>
<td></td>
<td></td>
<td></td>
<td>−130</td>
</tr>
<tr>
<td>Write-down other assets</td>
<td>−74</td>
<td></td>
<td></td>
<td></td>
<td>−74</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>−45</td>
<td></td>
<td></td>
<td></td>
<td>−45</td>
</tr>
<tr>
<td><strong>Total</strong> 1</td>
<td>−399</td>
<td></td>
<td></td>
<td></td>
<td>−399</td>
</tr>
</tbody>
</table>

1) List is not exhaustive
REVENUES & EBITDA YTD

REVENUES Q3 YTD

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>12,195</td>
<td>12,465</td>
<td>11,893</td>
</tr>
</tbody>
</table>

EBITDA Q3 YTD

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,515</td>
<td>1,291</td>
<td>883</td>
</tr>
</tbody>
</table>
## Non-Recurring Items YTD

<table>
<thead>
<tr>
<th>Item</th>
<th>KM</th>
<th>KDS</th>
<th>KPS</th>
<th>Other</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write-down inventory</td>
<td>-150</td>
<td></td>
<td></td>
<td>-150</td>
<td>-150</td>
</tr>
<tr>
<td>Write-down currency hedges</td>
<td>-130</td>
<td></td>
<td></td>
<td>-130</td>
<td>-130</td>
</tr>
<tr>
<td>Write-down other assets</td>
<td>-74</td>
<td></td>
<td></td>
<td>-74</td>
<td>-74</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>-83</td>
<td></td>
<td>-20</td>
<td>-103</td>
<td></td>
</tr>
<tr>
<td>Sale of shares in KBC</td>
<td></td>
<td></td>
<td>+54</td>
<td>+54</td>
<td></td>
</tr>
<tr>
<td>Customer clarifications</td>
<td></td>
<td></td>
<td>+38</td>
<td>+38</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-437</strong></td>
<td>-</td>
<td>+38</td>
<td>+34</td>
<td><strong>-365</strong></td>
</tr>
</tbody>
</table>

1) List is not exhaustive
ORDERS Q3

• Book to bill 1.19 in Q3
  – 1.06 in KM
  – 1.69 in KDS

• Year to date order intake BNOK 11.3 vs. 12.4 at Q3 2015

• MNOK 660 write-down of KM's backlog in Q3
  – Primarily offshore related orders
  – Still some uncertainty in parts of the order backlog
CASH FLOW Q3 AND YTD

Negative cash flow in Q3 MNOK 187

- Project execution in KDS draws on substantial prepayments received in 2014
- Other normal working capital fluctuations

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q2 2016</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest bearing debt</td>
<td>4 031</td>
<td>4 103</td>
<td>866</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>1 249</td>
<td>1 436</td>
<td>1 807</td>
</tr>
<tr>
<td>Net interest bearing debt</td>
<td>2 782</td>
<td>2 667</td>
<td>-941</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>31.3%</td>
<td>30.7%</td>
<td>32.0%</td>
</tr>
<tr>
<td>ROACE*</td>
<td>6.1%</td>
<td>12.3%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

* 12 months rolling EBIT divided by 12 month average equity + interest bearing debt
BUSINESS UPDATE
KONGSBERG MARITIME

- KM book/bill 1.06 in Q3 – solid order intake from EIT/EPC segment
- Offshore related activities declining, adaptation continues
  - Reducing head-count by year-end with ~800 since Q2 2015
  - Cost base improved with MNOK 500 from 2016 to 2017
- High activity level in non-offshore related parts of Subsea
- Low contracting in Merchant Marine in Q3
- Investing in future KM – increasing our footprint

<table>
<thead>
<tr>
<th>NEW ORDERS:</th>
<th>BACKLOG DELIVERY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2014</td>
<td>3,358</td>
</tr>
<tr>
<td>Q2 2015</td>
<td>2,548</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>2,409</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>2,300</td>
</tr>
<tr>
<td>Q1 2018+</td>
<td>2,884</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>1,943</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>1,957</td>
</tr>
</tbody>
</table>

2016 26%
2017 45%
2018+ 29%
KONGSBERG DEFENCE SYSTEMS

• The large delivery projects are progressing as planned

• Strong order intake in Q3, mainly driven by Space & Surveillance and Defence Communications

• Increasing production in the F-35 program

• KDS’s solutions well positioned in current defence markets, opportunities within core segments expected to be concluded over the next 12 months

NEW ORDERS:

BACKLOG DELIVERY:
KONGSBERG PROTECH SYSTEMS

- Delivery of RWS to eight different customers in Q3
- Executing the first MCT-30 Stryker program as planned
  - First system delivered to customer in September
- Further MCT-30 and RWS opportunities being pursued

NEW ORDERS:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>178</td>
<td>271</td>
<td>223</td>
</tr>
<tr>
<td>Q2</td>
<td>899</td>
<td>142</td>
<td>608</td>
</tr>
<tr>
<td>Q3</td>
<td>584</td>
<td>381</td>
<td>433</td>
</tr>
<tr>
<td>Q4</td>
<td>579</td>
<td>271</td>
<td>223</td>
</tr>
</tbody>
</table>

BACKLOG DELIVERY:

- 2016: 21%
- 2017: 43%
- 2018+: 36%
PATRIA

7% growth in revenues from 2015

• High market activity, especially within the armoured vehicles business

• Good execution of armoured vehicle projects influences profits in the quarter

Experts in military maintenance – accounting for ~75% of group revenues

• Maintenance of a wide range of equipment for the Finnish Army and Navy

• Structural inspections, repairs and modifications on the Finnish F-18s

• Maintenance of jet turbine engines and diesel engines for customers in several countries

• Helicopter maintenance for the Finnish, Norwegian and Swedish defence forces – on location in all three countries
CAPITAL MARKETS DAY 2016

Date: 17 November 2016
Place: «Sjømilitære Samfund», Horten, Norway

• Meet and liste to KONGSBERG’s senior management

• Get the latest update on
  – Ambitions
  – Technology
  – Opportunities ahead

• This year with extra focus on the Horten businesses
  – Subsea
  – Merchant Marine
  – Space & Surveillance

More information and registration on www.kongsberg.com/ir
OUTLOOK
2016 OUTLOOK

KONGSBERG MARITIME
• Significant drop in contracting in the offshore vessel market
• Weakened order situation within the traditional merchant marine segment
• Revenues lower than same period last year and weak margin level expected in Q4
• Still some uncertainty in parts of the order backlog

KONGSBERG DEFENCE SYSTEMS
• Strong position in selected niches and several important opportunities in a generally strengthened defence market
• Revenues in rest of 2016 is expected to be on a par with or somewhat higher than same period last year
• Revenues in Patria in Q4 is expected to increase

KONGSBERG PROTECH SYSTEMS
• Global leader in remote weapon systems with a well positioned product portfolio, including the medium caliber turret
• Revenues in Q4 expected to be on a par with same period last year

OTHER
• Kongsberg Digital (KDI) established on 1 July 2016 as part of the strategy for developing the next generation of digitalised products and services
• Main focus for KDI in 2016 and 2017 to build and develop the business –KDI's profit contribution in this period is expected to be not significant

See quarterly report for full text
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