Highlights

• Strong overall performance

• Record high revenues and EBITDA in KM, EBITDA-margin 18.9%

• Strong performance in KDS with EBITDA-margin in KDS at 16.1%

• Challenging quarter for KPS with negative EBITDA

• Continued challenging situation in KOGT

• Strong MNOK 2 037 YTD cash flow from operations
Financial status Q3 - 2014

Operating revenues

- High overall Q3 revenues
  - Driven by growth in KM and solid performance in KDS

- 15.7% revenue growth over Q3 2013
  - Growth in all business areas
    - KM +25%
    - KDS +4%
    - KPS +7%
    - KOGT +6%
Financial status Q3 - 2014

EBITDA

• Overall strong 3rd quarter, EBITDA MNOK 614 (MNOK 518)

• Very strong Q3 EBITDA in KM, 18.9% EBITDA-margin

• Record high EBITDA-margin in KDS, 16.1 % due to solid project execution

• Negative EBITDA in KPS due to low activity level and high development costs

• Positive EBITDA in KOGT Q3 due to “one-off’s”
Financial status YTD Q3 - 2014

Operating revenues and EBITDA – per Segment

• 5.3 % YTD operating revenue growth
  – KM up 18.0 %
  – KDS up 5.5 %
  – KOGT up 2.2 %
  – KPS down 35,0 %

• YTD EBITDA on level with 2013
  – Strong increase in both KM and KDS
  – Declining in KPS mainly due to low activity level and high development costs
  – Negative EBITDA in KOGT due to cost issues and more challenging markets
Financial status Q3 2014

Order backlog

Backlog of orders

New orders per quarter

After sales and framework agreements not converted into delivery contracts are not included in the backlog
Financial status Q3 2014

Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>Q3-14</th>
<th>Q2-14</th>
<th>Q4-13</th>
<th>Q3-13</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term deposits</td>
<td>3,900</td>
<td>3,775</td>
<td>3,272</td>
<td>2,376</td>
<td>2,509</td>
</tr>
<tr>
<td>Working capital</td>
<td>3,980</td>
<td>3,620</td>
<td>3,319</td>
<td>3,508</td>
<td>3,528</td>
</tr>
<tr>
<td>Net interest bearing debt</td>
<td>(3,045)</td>
<td>(2,934)</td>
<td>(1,935)</td>
<td>(1,067)</td>
<td>(1,198)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>36.4%</td>
<td>35.8%</td>
<td>38.2%</td>
<td>37.3%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Return on Capital Employed (ROCE)*</td>
<td>20.5%</td>
<td>19.5%</td>
<td>21.5%</td>
<td>21.4%</td>
<td>26.6%</td>
</tr>
</tbody>
</table>

*Average capital employed, quarterly ROCE based on last twelve months

KONGSBERG has unused credit lines of NOK 1.5 billion
Business Area Status
Kongsberg Maritime

KM has a high level of activity, a strong order backlog, a true global organization and a bundled, modern and competitive product portfolio.

KM has very strong market positions in the global shipping and offshore markets.

**High activity level and record high EBITDA**

- 18.0 % revenue growth, all divisions above YTD last year on revenues
  - 30 % YoY revenue growth in Subsea in Q3
  - 60 % YoY revenue growth in Merchant Marine in Q3
- MNOK 459 EBITDA, 18.9 % EBITDA-margin

**Continued good order situation**

- Solid order backlog entering Q4
  - Modest reduction in order intake from offshore segment in Q3 YoY
    - MNOK 330 offshore contracts with Asian ship-yards in July
    - BW Offshore “Catcher FPSO”
  - Continued strong order intake within merchant marine, book/bill 1.27
  - Good order intake in Subsea, both offshore-, and non-offshore related

**Robust portfolio and good position in a competitive market**

- Diversified product portfolio
  - Maintaining market shares
  - Streamlining execution models
  - Investing in technology development projects
  - Increasing life cycle business

<table>
<thead>
<tr>
<th>(MNOK)</th>
<th>Q3-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>2 433</td>
</tr>
<tr>
<td>EBITDA</td>
<td>459</td>
</tr>
<tr>
<td>Order income</td>
<td>1 975</td>
</tr>
<tr>
<td>Order Backlog</td>
<td>7 834</td>
</tr>
</tbody>
</table>
Kongsberg Maritime

*First HUGIN equipped for pipe survey operations delivered*

- AXA Engehnaria Submarina of Brazil have recently taken delivery of the first of two HUGIN AUVs specifically configured for pipe survey operations
  - The second, with similar payload suite, is to be delivered to Deep Ocean and AXA later in 2014

- A break through for KONGSBERG’s technology for fast and advanced inspection of offshore pipe lines
  - Autonomous pipeline inspection is a growing market
    - Quick inspections, more efficient and faster than existing solutions
    - Inspect pipe-line both alongside and top using several sonars
    - Able to sniff for leakage in the water
Kongsberg Defence Systems

KDS has a strong backlog of orders. In 2014 a new major NASAMS contract was signed and JSM phase III secured. KDS has a modern defence portfolio and is well positioned to meet the evolving international security challenges.

<table>
<thead>
<tr>
<th>(MNO)</th>
<th>Q3-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>920</td>
</tr>
<tr>
<td>EBITDA</td>
<td>148</td>
</tr>
<tr>
<td>Order income</td>
<td>565</td>
</tr>
<tr>
<td>Order Backlog</td>
<td>8 856</td>
</tr>
</tbody>
</table>

Record high EBITDA-margin

- Solid execution of delivery programs, especially within missiles and air defence
- 5.5 % revenue growth
- 16.1 % EBITDA-margin

Increasing market potential

- Significant prospects for sale of NASAMS and missiles to both new and existing clients
- Successful NSM launch from US Navy Littoral Combat Ship
- Well positioned also within defence communications and space solutions

F-35 – Joint Strike Fighter program

- A substantial Norwegian industry potential
  - Advanced F-35 parts in composites and titanium could generate BNOK 10-15 revenues for KONGSBERG
  - JSM development according to plan, represents another multi BNOK potential
  - More than 3 000 fighters expected to be delivered over the next 20-25 years
The Littoral Combat Ship (LCS) is a small, fast and manoeuvrable vessel intended for operations in the littoral zone by the US Navy.

Two classes of vessels; the Freedom class and the Independence class.

- US Navy conducted a successful NSM test firing in September
  - Launched from USS CORONADO
  - First long-range anti-ship missile test from this class of vessels
- Another important confirmation of the qualities of NSM

"We are extremely pleased with the outcome of today’s test on board Coronado,” said Vice Adm. Thomas Rowden, Commander, Naval Surface Forces. "We view this successful missile test as a possible future warfighting capability for the LCS program."

Rowden said the Navy is interested in increasing both quantity of firepower and range across the surface fleet.

"Both classes of the LCS are based on modular design concepts," said Rowden. "This allows for the integration of weapons and sensors like the Kongsberg NSM technology as part of the LCS warfare suite."


"We are pleased with the results of this surface warfare capability demonstration," said Rear Adm. Jon Hill, program executive officer, Integrated Warfare Systems. "This event was a well-coordinated effort between the Navy and industry, and I'm proud of the teamwork that made this test a success."

Rear Adm. Brian Antonio, program executive officer Littoral Combat Ships said, "This demonstration provided us with a tremendous opportunity to see the capabilities of both the ship and the missile, and what we saw today has great potential for LCS and other fleet assets."

Kongsberg Protech Systems

The leading global market position and an increasingly broader product portfolio puts KONGSBERG in good position to meet the future requirements

### Declining volumes but growing order backlog

1.62 book/bill ratio gives highest order backlog in 2.5 years
- Deliveries of new systems declining but life cycle business is growing
- Deliveries dominated by CROWS III and Nordic

Some delays in ongoing programs

### Low volumes and high R&D costs impact margins

Margins challenged by low volumes and high development costs
- Lower margins in CROWS III deliveries
- Higher than expected R&D costs in two projects
- Investing in market introduction

### World leading position and strong potential in a geographically changing market

KPS is the world #1 supplier of remote weapon stations
Medium Caliber Remote Weapon Stations attracts great attention
- Successful demonstrations
The market outside the USA is growing

<table>
<thead>
<tr>
<th>(MNOK)</th>
<th>Q3-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>360</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(6)</td>
</tr>
<tr>
<td>Order income</td>
<td>584</td>
</tr>
<tr>
<td>Order Backlog</td>
<td>3 315</td>
</tr>
</tbody>
</table>
Kongsberg Oil & Gas Technologies

KOOGT is a business area under development and with unique technology solutions.
The business area is currently facing some challenges - several actions implemented.

<table>
<thead>
<tr>
<th>Lower activity level than planned, negative underlying EBITDA</th>
<th>Revenues are higher compared to Q3 2013 but lower than planned</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Recovery actions already initiated in early Q1, further actions being implemented</td>
</tr>
<tr>
<td></td>
<td>- “One-off” gives positive effect on EBITDA in Q3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attractive technology positioning</th>
<th>KONGSBERG’s solutions meet cost reduction requirements in the industry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Significant technology development programs</td>
</tr>
<tr>
<td></td>
<td>- Commercial success on several software core solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Challenging market conditions lowers expectations for rest of 2014</th>
<th>General reduction in oil companies’ exploration and development activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Several new projects postponed or put on hold</td>
</tr>
<tr>
<td></td>
<td>Weak performance expected to continue also in Q4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(MNOK)</th>
<th>Q3-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>271</td>
</tr>
<tr>
<td>EBITDA</td>
<td>15</td>
</tr>
<tr>
<td>Order income</td>
<td>151</td>
</tr>
<tr>
<td>Order backlog</td>
<td>405</td>
</tr>
</tbody>
</table>
All-time high YOUR EXTREME-participation

• Student campaign together with NTNU to reduce drop-out rate
  – 48 hour case-solving challenge

This year’s challenge:
“Trondheim hit by extreme weather in 2050”

• Record high participation:
  – 353 students, 83 teams
Capital Markets Day 2014

• Kongsberg, 5th November 2014

• Deep dive into KONGSBERG focusing on:
  • Status and outlook
  • Innovation
  • Technology
• An opportunity to meet and listen to the CEO, CFO and all business area Presidents
• The best day of the year to get to know KONGSBERG even better
2014 Outlook

• **Kongsberg Maritime**
  – Continued high level of activity
  – Somewhat slower contracting of new vessels in parts of the offshore market

• **Kongsberg Defence Systems**
  – Several important long-term opportunities
  – Strong backlog provides a robust business platform

• **Kongsberg Protech Systems**
  – General decline in market demand and underlying margins
  – Well positioned to meet anticipated future demand

• **Kongsberg Oil & Gas Technologies**
  – Low activity, cost issues and restructuring costs impact 2014 negatively
  – Well positioned in key areas of the oil & gas industry

See quarterly report for full text
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