4TH QUARTER 2017 / PRELIMINARY ANNUAL ACCOUNTS 2017

INVESTOR PRESENTATION, 7 FEBRUARY 2018

Geir Håøy, President & CEO
Gyrid Skalleberg Ingerø, EVP & CFO
HIGHLIGHTS Q4

• Solid order intake
  – NASAMS to Lithuania and Indonesia
  – CROWS III

• Strong cash flow

• Cost- and organizational initiatives are giving positive impact
  – KM revenues stabilizing, margins improving

• Solid operations
  – Major projects on plan across the group

Revenues: 3 757
EBITDA: 459
New orders: 5 015
Dividend proposal: 3.75
HIGHLIGHTS 2017

DELIVERING
Core business, Diversity delivers

POSITIONING
Australia partnering JSM and downselects NASAMS air defence

ADAPTING
Major restructuring in KM
KDS+KPS = KDA

POSINGIONING
Submarine and missile collaboration with Germany

INNOVATE
Important milestones for new technology areas
FINANCIAL STATUS
FINANCIAL KEY TAKEAWAYS FOR 2017
Solid operations delivering EBITDA-improvement and strong cash flow

Revenues
- KM down 13.6 %, mainly related to “traditional” offshore projects
- KDA on par with 2016

EBITDA
- Strong project execution
- Successful restructuring

New orders
- Satisfactory level of new orders in KM
  - Aftermarket improving
- New orders on par with 2016 in KDA
  - Strong outlook.

NIBD / Cash flow
- Strong cash flow from operations
  - Improved EBITDA
  - Improved Working Capital

NIBD:
- MNOK 384
  (MNOK 2 195)
HISTORICAL DEVELOPMENT

**REVENUES**

- 2011: 15,128
- 2012: 15,652
- 2013: 16,323
- 2014: 16,613
- 2015: 17,032
- 2016: 15,845
- 2017: 14,490

**EBITDA**

- 2011: 2,385
- 2012: 2,294
- 2013: 2,142
- 2014: 2,060
- 2015: 1,784
- 2016: 1,217
- 2017: 1,279

**NEW ORDERS**

- 2011: 15,016
- 2012: 14,605
- 2013: 15,043
- 2014: 22,097
- 2015: 15,238
- 2016: 14,319
- 2017: 13,430
Q4 revenues down 4.9 % YoY

- KM revenues down 8.8 % YoY, down 13.6 % YTD
  - Decreased revenues from “traditional” offshore

- KDA revenues down 1.6 % YoY, on par YTD
  - Protech Systems (former KPS) had high volumes in Q4 mainly related to MCT-30 deliveries
  - The previous business area KDS are delivering on plan in ongoing projects
ORDERS Q4

New orders 2017: 13 430

Backlog: 15 629
NEW ORDERS BY BA/DIVISION 2017

KM
- Vessel Systems: 32%
- Subsea: 25%
- Solutions: 16%
- Global Customer Support: 27%

KDA
- Vessel Systems: 36%
- Subsea: 18%
- Solutions: 4%
- Global Customer Support: 19%
- Integrated Defence Systems: 20%
- Missiles: 3%
- Protech Systems: 18%
- Aerostructures: 36%
- Defence Communications: 3%
- Space & Surveillance: 4%
EBITDA Q4

- Profitability improving
  - Improvement in KM continues
  - Continued solid KDA-margins

- MNOK 25 special items

- KM EBITDA-margin 13.0 %
- KDA EBITDA-margin 14.2 %
PATRIA

- Performance caught up towards year-end
- Revenues up 12.8 % YoY
- Revenues and EBITDA down in 2017 compared to 2016 when there were extraordinary results from armored vehicles
- Signed important preparation contract for Hamina Class fast attack craft modernization in Q4, full contract, valued at MEUR 170 signed in January 2018

*Figures deviates from Patria’s reported figures for 2017 due to provisions made in Patria which does not affect KONGSBERG’s share of net profit
CASH FLOW AND NET DEBT Q4 AND 2017

Strong cash flow in Q4

- Working capital improvement, among others, due to contract related cash in-flow in KDA
- MNOK 300 certificate loan redeemed in Q4

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q3 2017</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest bearing debt</td>
<td>3 340</td>
<td>3 630</td>
<td>4 083</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>2 956</td>
<td>1 639</td>
<td>1 888</td>
</tr>
<tr>
<td>Net interest bearing debt</td>
<td>384</td>
<td>1 991</td>
<td>2 195</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>35.4 %</td>
<td>33.6 %</td>
<td>31.7 %</td>
</tr>
<tr>
<td>ROACE*</td>
<td>9.1 %</td>
<td>7.5 %</td>
<td>8.2 %</td>
</tr>
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* 12 months rolling EBIT divided by 12 month average equity and interest net bearing debt
IMPROVED DEBT POSITION

Healthy maturity profile

### NET INTEREST BEARING DEBT

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Interest-Bearing Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q16</td>
<td>-504</td>
</tr>
<tr>
<td>2Q16</td>
<td>2,667</td>
</tr>
<tr>
<td>3Q16</td>
<td>2,782</td>
</tr>
<tr>
<td>4Q16</td>
<td>2,195</td>
</tr>
<tr>
<td>1Q17</td>
<td>1,898</td>
</tr>
<tr>
<td>2Q17</td>
<td>1,642</td>
</tr>
<tr>
<td>3Q17</td>
<td>1,991</td>
</tr>
<tr>
<td>4Q17</td>
<td>384</td>
</tr>
</tbody>
</table>

### DEBT MATURITY PROFILE

- **2016 YTG**: -504
- **2018**: 250
- **2019**: 550
- **2020**: 1,000
- **2021**: 450
- **2022**: 1,000
- **2023**: 1,000
- **2024**: 1,000
- **2025**: 1,000
- **2026**: 1,000

**Legend**
- Net interest-bearing debt
- NIBD/EBITDA
SPECIAL ITEMS IN EBITDA Q4 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>Q4</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring costs (KM, KDA)</td>
<td>-25</td>
<td>-196</td>
</tr>
<tr>
<td>Buy-back of FX hedges + released provisions</td>
<td>0</td>
<td>-60</td>
</tr>
<tr>
<td><strong>Total</strong>&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>-25</td>
<td>-256</td>
</tr>
</tbody>
</table>

1) List is not exhaustive
DIVIDEND

"Dividends shall over time constitute between 40 and 50 per cent of the company’s ordinary net profit after tax, future capital requirements taken into account"

The Board proposes for the annual general meeting on 16 May 2018 a dividend of NOK 3.75 per share for FY 2017.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary dividend</td>
<td>MNOK 510</td>
<td>MNOK 450</td>
<td>MNOK 450</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>68.2 %</td>
<td>68.9 %</td>
<td>81.2 %</td>
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</table>

* The Board’s proposal for FY 2017
BUSINESS UPDATE
BUSINESS AREA UPDATE

**KM:**
Revenues stabilizing, improved profitability

- Organizational adaptations are becoming visible in P/L
- Aftermarket improving
- Diversified market exposure with markets in different cycles
  - Positive development for markets such as research, passenger ferries, fisheries and marine robotics

**KDA:**
Important contract wins and deliveries on plan

- Two NASAMS-contracts signed in Q4
  - Lithuania
  - Indonesia
- KTA Naval Systems established
- Positioned for major short- and long-term opportunities
- Large projects progressing as planned
  - JSM development
  - F-35
  - NASAMS
NASAMS
– 30 years of development, delivery and positioning

WORLD #1 AIR DEFENCE IN ITS CLASS

NORWEGIAN ARMED FORCES IDENTIFY NEED

In the late 80’s the Norwegian Air Force needed development of air defence system tailored for Norwegian needs

DEVELOPMENT

NASAMS was developed in close cooperation with Raytheon, the Norwegian Defence Research Establishment (FFI), the Norwegian Armed Forces and Norwegian industry

DELIVERY

Delivered and fully operational in 1998 for the Royal Norwegian Air Force

EXPORT AND CONTINOUS UPGRADES

Indonesia and Lithuania the latest addition to countries using NASAMS. Today 9 nations use NASAMS, and the system is world leading in its class with total export contracts of BNOK 15
More than 40 years experience from developing combat management systems. Exclusively together with ThyssenKrupp positioning for the next 30 years

Building on the experience from the Penguin missile to develop the Naval Strike Missile (NSM) and Joint Strike Missile (JSM). NSM is currently in use by Norway and Poland, and selected by Germany and Malaysia. Significant potential for both NSM and JSM going forward

Developed from the late 90’s. Today the undisputed #1 remote weapon station in use by 18 nations and more than 18.000 units sold. Product line extended with MCT-30, Sea Protector, Low Profile and more
OUTLOOK

GROUP
• Good overall outlook for KONGSBERG
• Positive effects from restructuring
• Increased order intake expected going forward

KONGSBERG MARITIME
• Strong position and growth within complex, integrated solutions
• Revenues expected to stabilize in 2018
• Profitability expected to improve from 2017 to 2018

KONGSBERG DEFENCE & AEROSPACE
• Strong positions in selected niches and several important opportunities in a stronger defence market
• Weak order coverage for Protech Systems division
• High potential for strong order intake in 2018

OTHER
• KDI has secured important positions and invests significantly in development

See quarterly report for full text
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