LONG-TERM GROWTH POTENTIAL CONFIRMED

• Group revenues 14 % lower compared to Q1 16, mainly due to the continuing weak offshore market

• KM has reduced Q1 OpEx by MNOK ~150 YoY

• KM wins strategic important contracts within new technology areas

• Long-term potential in defence confirmed
  – Germany decides on NSM
  – Teaming agreement with thyssenkrupp and Atlas for submarines
  – Norway to acquire Mobile Ground Based Air Defence
  – Australian Army selects NASAMS
  – Australia invests in JSM development

Revenues: 3 721
EBITDA: 339
New orders: 3 451
FINANCIAL STATUS
REVENUES Q1

Q1 revenues down 14.3 % YoY due to the continuing weak offshore market

- KM revenues down 26.2 % compared to Q1 2016
  - Decline in product deliveries, primarily to the offshore market
  - Continued growth in integrated solutions (EIT/EPC)
  - Subsea and Global Customer Support on par

- KDS revenues up 18.1 % YoY – growth in all divisions

- KPS revenues down 21.5 % from Q1 2016 due to lower delivery volume of new weapon stations
EBITDA Q1

Q1 EBITDA down 16.9 % YoY, mostly volume driven

- EBITDA margin 9.1 % compared to 9.4 % in Q1 2016
- KM margin lower YoY, but better than last two quarters mainly due to cost reductions
- KDS margin up YoY, lower than last three quarters primarily due to negative profit contribution from Patria in Q1
- Continued low, but positive EBITDA in KPS. YoY change primarily due to released provisions in Q1 2016
PATRIA

REVENUES (EUR)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
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<tbody>
<tr>
<td>2015</td>
<td>94</td>
<td>109</td>
<td>89</td>
<td>136</td>
<td>102</td>
<td>152</td>
<td>96</td>
<td>141</td>
<td>106</td>
</tr>
<tr>
<td>2016</td>
<td></td>
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<tr>
<td>2017</td>
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EBITDA (EUR)

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<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
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<tbody>
<tr>
<td>2015</td>
<td>5</td>
<td>12</td>
<td>20</td>
<td>24</td>
<td>19</td>
<td>29</td>
<td>17</td>
<td>25</td>
<td>9</td>
</tr>
<tr>
<td>2016</td>
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BRIDGE FROM EBITDA TO KOG’S SHARE OF NET PROFIT

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>EUR</th>
<th>NOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Financial items, taxes, depreciation and amortisation</td>
<td></td>
<td>−6</td>
<td></td>
</tr>
<tr>
<td>Earnings after tax</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>KONGSBERG’s share (49.9%) ¹)</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Amortisation of excess value after tax</td>
<td></td>
<td>−11</td>
<td></td>
</tr>
<tr>
<td>Share of net income recognized in KDS for the period</td>
<td></td>
<td>−2</td>
<td></td>
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</table>

¹) Share of Patria’s net income after tax adjusted for minority interests.
ORDERS Q1

New orders: 3 451

Backlog: 16 672
Operating cash flow MNOK 520 in Q1

- Working capital reduced by MNOK 404
  - MNOK ~100 positive cash flow from FX hedge roll-over effects

### CASH FLOW AND NET DEBT Q1

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Gross interest bearing debt</td>
<td>4 090</td>
<td>4 083</td>
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<tr>
<td>Cash and short-term deposits</td>
<td>2 192</td>
<td>1 888</td>
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<tr>
<td>Net interest bearing debt</td>
<td>1 898</td>
<td>2 195</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>32,1 %</td>
<td>31,7 %</td>
</tr>
<tr>
<td>ROACE*</td>
<td>5,8 %</td>
<td>6,9 %</td>
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</table>

* 12 months rolling EBIT divided by 12 month average equity and interest bearing debt
BUSINESS UPDATE
• Continued negative impact from the weak offshore market
• Strong order intake in Q1 – book/bill 1.22
  – Underwater segment strong
  – Norwegian Navy order in Q1 for four AUV’s
• New organization in effect from 1 January: Vessel Systems, Solutions, Subsea, Global Customer Support
• KM has secured contracts on several important “next generation” concepts
WALK TO WORK: FIRST CONTRACT ON «K-WALK» SECURED WITH OLYMPIC SHIPPING

• K-Walk is a gangway system enabling transportation of personnel and goods between a vessel and an offshore installation, for example a wind mill
• Integrates with the vessels dynamic positioning system and Kongsberg Information Management System for increased safety and significant efficiency gains
Full electric and zero emission
With «Birkeland», Yara cuts 40,000 trips with fossil fuel based road transportation annually
KONGSBERG to deliver all key technologies
- Integration of sensor, control, communication and electrical systems
- Electric drive, battery and propulsion control systems
Vessel operation planned to start in 2018, with fully autonomous operation in 2020
KONGSBERG DEFENCE SYSTEMS

- Long-term potential in defence confirmed
  - Germany decides on NSM
    - >BNOK 10 potential for KONGSBERG over the next decades
  - Teaming agreement with thyssenkrupp and Atlas for submarines
    - JV to be the intl. exclusive supplier of combat systems for all tkMS’ submarines
    - >BNOK 15 potential for KONGSBERG over the next decades
  - Norway to acquire Mobile Ground Based Air Defence
  - Australian Army selects NASAMS
  - Australia invests in JSM development

NEW ORDERS:

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<td>1 002</td>
<td>934</td>
<td>832</td>
<td>542</td>
<td>385</td>
<td>712</td>
<td>1 516</td>
<td>1 206</td>
<td>669</td>
</tr>
</tbody>
</table>

BACKLOG DELIVERY:

- 2019+ 25%
- 2017 39%
- 2018 35%
KONGSBERG PROTECH SYSTEMS

- Largest contract in the quarter with the Swiss armed forces for an updated configuration of PROTECTOR RWS with new advanced capabilities

- Delivered approximately 150 weapon stations to six different customers in Q1

- Assembly of MCT-30 moved to Johnstown, PA. Last delivery under current contract planned for Q2 2018
PATRIA

Revenues on par YoY – lower net results

• Lower results primarily due to delays in some projects in the armoured wheeled vehicles business

• Good order intake in the quarter, especially in maintenance
INVITATION TO BREAKFAST SEMINAR

Time: 24 May 2017 08.00-09.00
Venue: Thon Conference Vika Atrium, Oslo
Sign up: By 19 May on www.kongsberg.com/ir

• Hosted by Harald Aarø, Group EVP Business Development and Acting CFO
• Presentation and Q & A on market and industry trends
• Breakfast will be served from 07.45
2017 OUTLOOK

KONGSBERG MARITIME
• Weak offshore market expected to continue
• Positive development within integrated solutions expected also in 2017
• Further adjustments of cost base considered on an ongoing basis
• Revenues expected to decline compared to 2016

KONGSBERG DEFENCE SYSTEMS
• Strong position in selected niches and several important opportunities in a generally stronger defence market
• Several events so far in 2017 confirms KDS’ strong position and growth opportunities
• Solid order coverage – supports some growth in 2017

KONGSBERG PROTECH SYSTEMS
• Global leader in remote weapon systems with a well positioned product portfolio
• Revenues are not expected to grow in 2017, but long-term potential continues to be strong
• Last three quarters of 2017 expected to have combined revenues on par with same period in 2016

OTHER
• Main focus for KDI in 2017 is to build and develop the business. No significant profit contribution is expected in 2017

See quarterly report for full text
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