ADAPTING, DELIVERING & POSITIONING

• Adaptation to challenging markets continue
  – Challenging offshore market drives revenue decline
  – Further cost reductions initiated

• Solid operations
  – All major projects on plan across the group
  – Profitable maritime operations
  – Good working capital improvements, strong cash flow

• Positioning for future growth
  – New, innovative solutions for the maritime market gaining traction
  – Significant international interest for several core defence products
    • Well positioned for several large programs – order backlog expected to increase over the next quarters

Revenues: 3 733
EBITDA: 207
New orders: 2 535
REVENUES Q2

Q2 revenues down 9.5 % YoY due to the continuing weak offshore market

• KM revenues down 14.2 %

• KDS revenues up 12.7 %

• KPS revenues down 18.4 %
ORDERS Q2

New orders: 2,535

Backlog: 15,308
Q2 EBITDA – strong in KDS, but negatively impacted by special items in KM and KPS

- EBITDA margin 5.5% compared to 12.5% in Q2 2016
  - MNOK 128 in net negative effects from special items
  - Q2 2016 positively impacted by MNOK 54 related to sale of shares

- KM restructuring programs develops on plan. EBITDA impacted by MNOK 68 related to restructuring

- Continued solid EBITDA in KDS. Share of profit in Patria MNOK 36 lower compared to Q2 2016

- Negative EBITDA in KPS due to net negative effects of MNOK 60 related to currency and released provisions
### SPECIAL ITEMS IN EBITDA Q2 AND H1

<table>
<thead>
<tr>
<th>Item</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring costs (KM)</td>
<td>−68</td>
<td>−79</td>
</tr>
<tr>
<td>Buy-back of FX hedges + released provisions (KPS)</td>
<td>−60</td>
<td>−60</td>
</tr>
<tr>
<td><strong>Total(^1)</strong></td>
<td><strong>−128</strong></td>
<td><strong>−139</strong></td>
</tr>
</tbody>
</table>

1) List is not exhaustive
### PATRIA

#### REVENUES (EUR)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>94</td>
<td>109</td>
<td>89</td>
<td>136</td>
<td>102</td>
<td>96</td>
<td>141</td>
<td>106</td>
<td>116</td>
<td></td>
</tr>
</tbody>
</table>

#### EBITDA (EUR)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>5</td>
<td>12</td>
<td>20</td>
<td>24</td>
<td>19</td>
<td>17</td>
<td>25</td>
<td>9</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

#### BRIDGE FROM EBITDA TO KOG’S SHARE OF NET PROFIT

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
<td>NOK</td>
</tr>
<tr>
<td>EBITDA</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Financial items, taxes, depreciation and amortisation</td>
<td>−5</td>
<td>−11</td>
</tr>
<tr>
<td>Earnings after tax</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>KONGSBERG’s share (49.9%) 1)</td>
<td>36</td>
<td>46</td>
</tr>
<tr>
<td>Amortisation of excess value after tax</td>
<td>−12</td>
<td>−24</td>
</tr>
<tr>
<td>Share of net income recognized in KDS for the period</td>
<td>24</td>
<td>22</td>
</tr>
</tbody>
</table>

1) Share of Patria’s net income after tax adjusted for minority interests.
REVENUES AND EBITDA H1

Growth in KDS, decline in KM and KPS

- KDS revenues up 15.5%, overall solid development
- KM revenues down 15.5%, mainly related to the continued weak oil and gas market
- KPS revenues down 20.1%, mainly due to lower deliveries of new remote weapon stations

H1 EBITDA negatively impacted by special items

- NOK 139 millions negative effects on EBITDA from special items
  - MNOK 79 in KM
  - MNOK 60 in KPS
- Weaker EBITDA in KM mainly due to lower activity level, margin pressure, changed project mix, restructuring costs
- KDS up 8.9% – Higher activity level and good project execution. Patria contribution MNOK 38 lower compared to H1 2016
- KPS EBITDA excluding special items on par with previous five quarters
OPERATIONAL PROGRAM – COST REDUCTIONS
Adapting to challenging markets, positioning for future growth

- MNOK ~500 full-year cost base reductions in effect from Q1 2017
- Additional MNOK 300-400 from Q2 2017 downsizing, full year effect from Q1 2018
- Number of employees and consultants reduced by >1,000 since 2015

- Regionalization – increased cross-office collaboration and optimized resource utilization
- Clearer prioritization and strategies for product and development
- Supply chain – value chain optimization and stronger global governance
- Stronger central governance through the functional line

- Restructuring costs incurred last 2.5 years MNOK ~250
• Continuous strong focus on efficient working capital across the group
  – KM’s working capital is reduced by more than BNOK 1 since Q1 2016
  – Improved cash conversion cycle

• Defence projects on plan – consuming advance payments
IMPROVED OPERATIONAL CASH FLOW

*Line represents total cash flow. Columns exclude acquisitions and loan movements for better readability.*
Operating cash flow MNOK 826 in Q2, MNOK 1,346 year to date

- Working capital reduced by MNOK 761 in H1
  - MNOK ~600 reduction in KM
- In Q2, MNOK 450 in ordinary dividend paid out and debt reduced by MNOK 184

<table>
<thead>
<tr>
<th></th>
<th>Q2 2017</th>
<th>Q1 2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest bearing debt</td>
<td>3 899</td>
<td>4 090</td>
<td>4 083</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>2 257</td>
<td>2 192</td>
<td>1 888</td>
</tr>
<tr>
<td>Net interest bearing debt</td>
<td>1 642</td>
<td>1 898</td>
<td>2 195</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>32,4 %</td>
<td>32,1 %</td>
<td>31,7 %</td>
</tr>
<tr>
<td>ROACE*</td>
<td>3,1 %</td>
<td>5,8 %</td>
<td>6,9 %</td>
</tr>
</tbody>
</table>

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

SECURING COMPETITIVE POSITION IN CORE MARKETS

• Adapting the business to a challenging market
• Operational programs securing profitability and cash
• Deliver the same high quality as before

TAKING POSITIONS WITHIN NEW MARITIME TRENDS

• Taking new positions with innovative solutions
  • Integrated solutions - Triangle
  • Digitalization
  • Remote Services
  • Autonomy
• Contracts signed in all of the above areas in 2017

<table>
<thead>
<tr>
<th>Q2 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>1 969</td>
</tr>
<tr>
<td>EBITDA</td>
<td>69</td>
</tr>
<tr>
<td>New orders</td>
<td>1 813</td>
</tr>
<tr>
<td>Order backlog</td>
<td>5 197</td>
</tr>
</tbody>
</table>

ORDER BACKLOG, DELIVERY TIME

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Rest of 2017</td>
<td>46 %</td>
</tr>
<tr>
<td>2018</td>
<td>35 %</td>
</tr>
<tr>
<td>2019 and forward</td>
<td>19 %</td>
</tr>
</tbody>
</table>

*Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog
TAKING POSITIONS IN MARITIME TRANSFORMATION

INTEGRATED SOLUTIONS
- Full Triangle-solution to German research vessel
- “Walk to work” for Olympic Shipping
- “Fish Master” solution for Havyard/France Pelagique

DIGITALIZATION
- “SESAME Strait” connecting harbor and ship operation digitally
- 100 information management system installations for vessel owners and charterers in the LNG sector

REMOTE SERVICES
- KONGSBERG’s 24/7 “Follow the Sun” remote operations center – more than 400 vessels equipped with remote services capability, increasing demand for remote support
- Initiated remote operation of “MV Gunnerus” research vessel

AUTONOMY
- “Yara Birkeland” with Yara
- “Hrønn” with Automated Ships Ltd and Bourbon
- 7 development programs
GOOD PERFORMANCE, STRONG MARGINS

- Continued solid project execution
- Improved YoY profitability in both Integrated Defence Systems, Defence Communications and Space & Surveillance

ONGOING PROJECTS IN ALL PHASES

- Large projects progressing as planned
  - NASAMS to Raytheon
  - F-35 deliveries
  - JSM development

SEVERAL SIGNIFICANT OPPORTUNITIES AHEAD

- Positioned for several major opportunities over the next years
  - Norway (Submarine Combat Systems, JSM)
  - Australia (NASAMS, JSM)
  - Germany (NSM, Submarine Combat Systems)
  - USA (NSM, F-35)
  - Malaysia (NSM)
  - In addition: Several major opportunities not yet disclosed
KONGSBERG PROTECH SYSTEMS

GOOD PROJECT EXECUTION

- KPS is the world #1 provider of remote weapon stations
- Project execution on plan
- MCT-30 deliveries to Stryker on plan

REVENUE AND EBITDA STILL AT A LOW LEVEL

- Revenues driven by life-cycle business
- Low delivery volumes for new remote weapon stations in 2017

WELL POSITIONED FOR SIGNIFICANT OPPORTUNITIES

- Several large opportunities
  - Remote weapon stations
  - Medium caliber turret (MCT-30)
  - Expanded product range

<table>
<thead>
<tr>
<th>Q2 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>385</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-44</td>
</tr>
<tr>
<td>New orders</td>
<td>157</td>
</tr>
<tr>
<td>Order backlog</td>
<td>2 602</td>
</tr>
</tbody>
</table>

ORDER BACKLOG, DELIVERY TIME

- Rest of 2017: 47%
- 2018: 29%
- 2019 and forward: 24%

*Framework agreements not converted into delivery contracts are not included in the backlog*
PATRIA

Patria delivers according to plan

• Performance expected to catch up towards year-end

• Patria has recently announced adjustments to the organization to streamline and further strengthen the business
  – An important step towards achieving Patria’s business goals and strategic targets
REFLECTIONS AFTER ONE YEAR AS CEO

MARITIME MARKETS
- Declining demand
- Changes in customer behavior
- Intensified competition
- New technology trends

DEFENCE OPPORTUNITIES
- Position and international interest confirmed
- Large campaigns – challenging, but with huge possible rewards

ORGANISATION RESPONDS
- Agile, dynamic and highly adaptable
  - Executing a major reorganization in short time
  - Seizing opportunities, “punching above our weight”

CONTINUING INNOVATION
- Strong core technology platform
- Taking positions with new technology
- Utilizing partnerships

ADAPTING DELIVERING POSITIONING

DETERMINED

INNOVATIVE

COLLABORATIVE

RELIABLE
INVITATION TO CAPITAL MARKETS DAY

Time: 26 October 2017  10.00−15.00
Venue: Thon Conference Vika Atrium, Oslo
Sign up: By 23 October on www.kongsberg.com/ir

CAPITAL MARKETS DAY AGENDA

10.00−10.30  3rd quarter presentation
10.30−15.00  Strategy and business update (with lunch)
2017 OUTLOOK

KONGSBERG MARITIME
• Weak offshore market expected to continue
• Adaptation of cost base and operations on plan
• 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
• Some revenue growth expected in 2017

KONGSBERG PROTECH SYSTEMS
• Global leader in remote weapon systems with a well positioned product portfolio
• Long-term potential continues to be strong
• Some increase in revenues in second half is expected, but no growth for 2017 as a whole compared to 2016

OTHER
• Main focus for KDI in 2017 is to build and develop the business

See quarterly report for full text
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