# Agenda

<table>
<thead>
<tr>
<th>TIME</th>
<th>TOPIC</th>
<th>PRESENTER(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:45</td>
<td>Welcome</td>
<td>VP IR Jan Erik Hoff</td>
</tr>
<tr>
<td>09:55</td>
<td>Kongsberg Gruppen ASA</td>
<td>CEO Walter Qvam</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFO Hans-Jørgen Wibstad</td>
</tr>
<tr>
<td>11:00</td>
<td>Kongsberg Maritime</td>
<td>EVP Geir Håøy</td>
</tr>
<tr>
<td>11:40</td>
<td>Kongsberg Oil &amp; Gas Technologies</td>
<td>EVP Pål Helsing</td>
</tr>
<tr>
<td>12:00</td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>13:00</td>
<td>Kongsberg Protech Systems</td>
<td>EVP Espen Henriksen</td>
</tr>
<tr>
<td>13:20</td>
<td>Kongsberg Defence Systems</td>
<td>EVP Harald Ånnestad</td>
</tr>
<tr>
<td>14:10</td>
<td>Q&amp;A Session</td>
<td>All</td>
</tr>
<tr>
<td>14:30</td>
<td>Final Remarks</td>
<td>CEO Walter Qvam</td>
</tr>
<tr>
<td>14:45</td>
<td>End</td>
<td></td>
</tr>
</tbody>
</table>

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EXTREME PERFORMANCE FOR EXTREME CONDITIONS

We develop and deliver advanced systems and technology for people working under extreme conditions.

Our solutions ensure efficiency, safety, security and high performance in operations ranging from deep sea to outer space.
Agenda

• Introduction – This is KONGSBERG
  • Financial status
  • Status ambitions from 2013 CMD
  • Status Delta One
  • Innovation
  • Commencing the next 200
2014 - the first year of our next 200
Providing advanced solutions for extreme performance under extreme conditions
Continuing to serve demanding customers all over the world
Involved in the world’s most technology intensive industries
Rapidly adapting to changes and opportunities
Involved in strategic areas, often of national interest
Highly skilled, dedicated and hard working employees
A genuine belief in that our strong, value based culture drives our performance
Development since CMD 2013
Agenda

• Introduction – This is KONGSBERG
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  • Status Delta One
  • Innovation
  • Commencing the next 200
A decade of growth

Historical revenue growth (2004-2014*)

CAGR of 11.1% from 2004-2014*

*) 2014 LTM figures
Diversity delivers

Historical EBITA-% (1990-2014 YTD)

A double digit EBITA-% business

EBITDA-% approximately 2% points higher

Avg. 10.0%
Increased revenues and order intake
– Record high order backlog and solid margins

**Revenues**

<table>
<thead>
<tr>
<th>Year</th>
<th>BNOK (BNOK)</th>
<th>CAGR 3.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15,1</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>15,7</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>16,3</td>
<td></td>
</tr>
<tr>
<td>2014*</td>
<td>16,9</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA & EBITDA-margins**

<table>
<thead>
<tr>
<th>Year</th>
<th>BNOK, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,4</td>
</tr>
<tr>
<td>2012</td>
<td>2,3</td>
</tr>
<tr>
<td>2013</td>
<td>2,1</td>
</tr>
<tr>
<td>2014*</td>
<td>2,1</td>
</tr>
</tbody>
</table>

**Order intake**

<table>
<thead>
<tr>
<th>Year</th>
<th>BNOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15,0</td>
</tr>
<tr>
<td>2012</td>
<td>14,6</td>
</tr>
<tr>
<td>2013</td>
<td>15,0</td>
</tr>
<tr>
<td>2014*</td>
<td>21,3</td>
</tr>
</tbody>
</table>

**Order backlog**

<table>
<thead>
<tr>
<th>Year</th>
<th>BNOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>17,8</td>
</tr>
<tr>
<td>2012</td>
<td>16,5</td>
</tr>
<tr>
<td>2013</td>
<td>15,7</td>
</tr>
<tr>
<td>At Q3 2014</td>
<td>20,6</td>
</tr>
</tbody>
</table>

*2014 figures are “Last 12 months”*
The two largest business areas are growing and improving margins

<table>
<thead>
<tr>
<th>Kongsberg Maritime</th>
<th>Kongsberg Defence Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNOK, EBITDA-margin</td>
<td>BNOK, EBITDA-margin</td>
</tr>
<tr>
<td>2011 6.7</td>
<td>2011 3.9</td>
</tr>
<tr>
<td>17.7 %</td>
<td>9.0 %</td>
</tr>
<tr>
<td>14.0 %</td>
<td>10.3 %</td>
</tr>
<tr>
<td>14.3 %</td>
<td>11.4 %</td>
</tr>
<tr>
<td>15.6 %</td>
<td>12.4 %</td>
</tr>
<tr>
<td>2012 7.5</td>
<td>2012 4.7</td>
</tr>
<tr>
<td>14.3 %</td>
<td>11.4 %</td>
</tr>
<tr>
<td>14.3 %</td>
<td>11.4 %</td>
</tr>
<tr>
<td>15.1 %</td>
<td>12.2 %</td>
</tr>
<tr>
<td>2013 8.3</td>
<td>2013 4.6</td>
</tr>
<tr>
<td>15.0 %</td>
<td>11.4 %</td>
</tr>
<tr>
<td>14.3 %</td>
<td>11.4 %</td>
</tr>
<tr>
<td>16.0 %</td>
<td>12.4 %</td>
</tr>
<tr>
<td>2014 9.4</td>
<td>2014* 4.7</td>
</tr>
<tr>
<td>16.0 %</td>
<td>12.4 %</td>
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<tr>
<td>14.3 %</td>
<td>11.4 %</td>
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<tr>
<td>16.0 %</td>
<td>12.4 %</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Kongsberg Oil &amp; Gas Technologies</th>
<th>Kongsberg Protech Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNOK, EBITDA-margin</td>
<td>BNOK, EBITDA-margin</td>
</tr>
<tr>
<td>2011 0.5</td>
<td>2011 4.2</td>
</tr>
<tr>
<td>9.3 %</td>
<td>19.5 %</td>
</tr>
<tr>
<td>19.5 %</td>
<td>25.3 %</td>
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<tr>
<td>2012 0.7</td>
<td>2012 2.9</td>
</tr>
<tr>
<td>6.3 %</td>
<td>17.3 %</td>
</tr>
<tr>
<td>17.3 %</td>
<td>11.3 %</td>
</tr>
<tr>
<td>2013 1.1</td>
<td>2013 2.4</td>
</tr>
<tr>
<td>4.5 %</td>
<td>17.3 %</td>
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<tr>
<td>17.4 %</td>
<td>11.3 %</td>
</tr>
<tr>
<td>2014* 1.1</td>
<td>2014* 1.8</td>
</tr>
<tr>
<td>11.8 %</td>
<td>11.8 %</td>
</tr>
</tbody>
</table>

* 2014 figures are “Last 12 months”
Strong and improving backlog – good visibility

Backlog of orders

Q3 2014 backlog by year

Q3 2014 backlog by business area
Strong and improving cash flow last two years

<table>
<thead>
<tr>
<th>Cash flow YTD 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash IB 01.01.14</td>
</tr>
<tr>
<td>EBITDA YTD Q3</td>
</tr>
<tr>
<td>Change in other operating related items</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Net changes in financing activities and exchange rates</td>
</tr>
<tr>
<td>Cash UB 30.09.13</td>
</tr>
</tbody>
</table>

Cash and short-term deposits
- 2009: 1.467
- 2010: 2.660
- 2011: 3.083
- 2012: 2.509
- 2013: 3.272
- Q3 2014: 3.900

Cash flow from operating activities
- 2009: 2.669
- 2010: 2.018
- 2011: 1.643
- 2012: 207
- 2013: 1.983
- Q3 2014: 2.037

Net interest bearing debt
- 2009: (634)
- 2010: (1.813)
- 2011: (2.191)
- 2012: (1.198)
- 2013: (1.935)
- Q3 2014: (3.045)
Capital structure

Net cash and solid equity position provides robustness to support growth

Low NIBD/EBITDA and solid equity ratio increases KONGSBERG’s flexibility

1) Peers includes: Diversified: Honeywell, Rolls Royce, L-3 and Moog; Defence: Lockheed Martin, Cobham, SAAB, Raytheon, Elbit, Chemring, Ultra Electronics, Harris Corp, GD, Thales, Northrop Grumman, Quintiq, Finmeccanica; Oil Service/ Maritime: Wartsila, Cargotec, AKSO, Subsea 7, Technip, Schlumberger, Baker Hughes, NOV, Halliburton, Weatherford, Cameron
## Capital structure

**Solid cash position - stable CAPEX - fluctuating working capital**

### Fluctuating Working Capital requires cash reserves

<table>
<thead>
<tr>
<th>Year</th>
<th>Δ Working Capital</th>
<th>Cash</th>
<th>Net Interest Bearing Debt</th>
<th>Long Term Interest Bearing Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
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<td>2001</td>
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<tr>
<td>2013</td>
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</tbody>
</table>

* KONGSBERG has a NOK 1.5 credit facility, the facility is undrawn.
Capital structure

Return on Capital Employed and Equity

KONGSBERG has provided solid returns

Return on average Capital Employed

Return on Equity
Capital structure

KONGSBERG shall maintain a strong balance sheet

- Investment grade rating target
- Access to attractive debt markets
- Important for stakeholders

KONGSBERG has an ambitious growth agenda

- Strong balance sheet is an «enabler» to achieve the growth strategy
- Significant investment / debt capacity

Reliability and predictability is «a must» in our business

- Competitive factor
- Long term customer relations

Cash flow is fluctuating significantly

- Adequate cash buffer
- Fluctuating markets/unexpected events/prepayments

Capital structure is considered regularly
Strong finances
Diversity delivers

Key figures^1

<table>
<thead>
<tr>
<th></th>
<th>Norway</th>
<th>Rest of the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2.1</td>
<td>EBITDA-margin</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12.6%</td>
</tr>
<tr>
<td>Order intake</td>
<td>21.3</td>
<td></td>
</tr>
<tr>
<td>Order backlog</td>
<td>20.6</td>
<td></td>
</tr>
</tbody>
</table>

Balance sheet and rating

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>0.36</td>
</tr>
<tr>
<td>Leverage ratio^2</td>
<td>-1.4</td>
</tr>
<tr>
<td>Credit rating^3</td>
<td>BBB+</td>
</tr>
</tbody>
</table>

Share performance last 12 months

^1 Last twelve months
^2 Net interest bearing debt (NIBD) divided by last twelve months EBITDA. NIBD equals long-term interest-bearing loans minus cash and cash equivalents
^3 Shadow ratings
Agenda

- Introduction – This is KONGSBERG
- Financial status
- Status ambitions from 2013 CMD
  - Status Delta One
  - Innovation
  - Commencing the next 200
Changing markets

• Defence
  – Defence spending bottoming out
  – Global security challenges
  – KONGSBERG has well positioned product portfolio

• Offshore, Oil & Gas
  – Cost pressure drives new technology and new execution models
  – Declining Oil Price
  – KONGSBERG offers cost efficient solutions

• Merchant Marine
  – Demand from merchant marine market has improved
  – Strong OPEX focus
  – KONGSBERG has increased market shares

• Subsea technology
  – Increased demand for KONGSBERG’s modern subsea portfolio
Taking on more systems-, solutions- and prime responsibilities

Key core capabilities

• Integrating sensors and software

• Supporting human decision making, precision, safety, security

• Cybernetics, software, signal processing and system engineering

• Project and supplier management

Systems
Bundled solutions

Decision support solutions
Field studies
Small EPC

Advanced robot systems
Integrated solutions

Command and control systems
Integrated solutions
Diversified market exposure
- less dependent on single cycles

SALES YTD Q3-14

- Defence: 36%
- Maritime Offshore: 36%
- Maritime Subsea: 13%
- Oil & Gas: 7%

Order Backlog at Q3-14

- Defence: 57%
- Maritime Offshore: 28%
- Maritime Subsea: 7%
- Merchant Marine: 5%
- Oil & Gas: 2%
- Merchant Marine: 5%
Status ambitions

Our markets are changing, our targets stay the same

Slides from CMD 2013

Strategic Growth Review:
Expanding a leading global maritime position through strong international relationships

Our maritime strategies are about widening scope of supply and maintaining the leading "1-2-1" position
- Growth drivers: Full Picture, 24/7 life cycle support, new product systems that increase "sale per vessel", underwater technologies
- Enabling strategy: Product development, but build up to maintain leading position; current segments, alliances and/or acquisitions to widen scope

Strategic Growth Review:
Scaling a modern defence portfolio with increasing international demand

Our defence strategy is about growth, market entry in selected regions and home market support
- Growth drivers: NDSM, JSM, NARMAX, Medium Caliber RWS, Sonarflex
- Enabling strategy: Building/launching regional presence, enhancing tenuring alliances, Foreign Military Sales (FMS)

Strategic Growth Review:
Expanding on existing unique oil and gas technologies and adding new growth

Our oil and gas strategy is about widening our scope and scaling our business in four selected areas:
- Drilling management, subsea solutions and operations, production optimisation and transferring production
- Enabling strategy: Product development and field trial to maintain current leading positions, alliances or acquisitions to enter new or existing additional growth markets

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• Introduction – This is KONGSBERG
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DELTAONE
– a group-wide program to strengthened profitability and competitiveness launched at CMD 2013

- Launched to stimulate sustainable improvements
- A tool for strengthening and accelerating ongoing / planned initiatives
- A mechanism sharing internal and external best practices
- Increased ambition: NOK 1 billion

- Implementation ongoing all over the organization
  - 50+ initiatives
- Implementation to be completed by the end of 2016
Effects totaling NOK 1 billion

BA’s include relative split of group-wide effects
Ongoing DeltaOne initiatives

Sourcing and Lean Production

DELTAONE SOURCING IN KM

- A strong Sourcing team in KM has emphasized the value of collaboration
  - Internally, cross business areas, divisions and functions
  - Externally with key suppliers

- Creating tangible and sustainable value within the areas of
  - Cross division bundling
  - Supplier development and management program
  - Standardization and re-design for Life-cycle cost focus

DELTAONE STATUS IN JOHNSTOWN LEAN

- Lean Total System Repair (TSR)
  - Target: 17.5% @ end of 2014
  - So far: 9%

- Lean manufacturing of new products – Cables & Harnesses
  - Target: 10-15%
  - So far: 14.2%

- Reduction in Indirect Material/Services Cost
  - Target: 10-15%
  - So far: 13%
Ongoing DELTAONE initiatives
Project Execution and Sharing of Technology Platforms

**KO GT – PROJECT EXECUTION**

- One common set of processes and Business Management System to be uniformly applied throughout the global KO GT organization

- Total cost savings of 28 MNOK
  - Standard processes
  - Contract management
  - Quality cost

- Implementation expected to be completed in 2014 with gradual saving realization until end of 2016

**OneKDS – Standardize, but still unique solutions**

Cost savings through standardization on KDS products and technology to maximum extent, still do tailoring for bringing unique products to customers

- Establish a KDS common technology baseline
- Strategic sourcing of certain components and products
- Increased reuse of technology and products across divisions
- Kongsberg Technology Level (KTL) defines level of commonality
Agenda

• Introduction – This is KONGSBERG
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• Status ambitions from 2013 CMD
• Status Delta One

• Innovation
• Commencing the next 200
## KONGSBERG driving innovations

<table>
<thead>
<tr>
<th>Relevant current Kongsberg products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation of knowledge work</td>
</tr>
<tr>
<td>▪ Full Picture control systems</td>
</tr>
<tr>
<td>▪ Site Com Well Advisor</td>
</tr>
<tr>
<td>The Connectivity of Things</td>
</tr>
<tr>
<td>▪ Integrated drilling management</td>
</tr>
<tr>
<td>▪ Underwater robotics</td>
</tr>
<tr>
<td>Advanced robotics</td>
</tr>
<tr>
<td>▪ Naval and Joint Strike Missile</td>
</tr>
<tr>
<td>▪ AUV’s</td>
</tr>
<tr>
<td>Autonomous and near-autonomous vehicles</td>
</tr>
<tr>
<td>▪ Hugin, Remus, Munin and Seaglider AUVs</td>
</tr>
<tr>
<td>Energy storage</td>
</tr>
<tr>
<td>▪ Seaglider AUV</td>
</tr>
<tr>
<td>Renewable energy</td>
</tr>
<tr>
<td>▪ Wind turbine and wind park steering systems</td>
</tr>
<tr>
<td>Advanced materials</td>
</tr>
<tr>
<td>▪ Aerostructures: high-alloy metals (titan) and composites</td>
</tr>
<tr>
<td>Advanced O&amp;G exploration and recovery</td>
</tr>
<tr>
<td>▪ Drilling management, simulation and production optimization</td>
</tr>
<tr>
<td>▪ Environmental monitoring</td>
</tr>
</tbody>
</table>

SOURCE: McKinsey Global Institute analysis
Strengthened innovation capacity through “Innovate with KONGSBERG”

Continued emphasis on:
- Strong product ownership in the distributed, empowered organisation
- R&D investments, 10% of revenues
- Close collaboration with leading research institutes
- Close relationship with customers in development work

New capabilities:
- Corporate “Key Opportunity Areas”
  - Ocean space
  - Smart Communities
- The KONGSBERG Innovation Accelerator Arena
- Higher leverage of group wide competences for new innovation and problem solving
- Group wide innovation funding model
The KONGSBERG Innovation model
Key Opportunity Areas focuses Group long term innovation efforts

Ocean Space

- Leveraging our’s and Norway’s unique position to take a leading role in exploring innovative opportunities in the ocean space

Smart communities

- KONGSBERG technologies enabling and protecting the intelligent – but vulnerable – society. Optimizing, securing and protecting critical interests, such as supply-, distribution- and consumption of resources
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Diversity drives innovation

KONGSBERG Competence Model

INDUSTRY SPECIFIC COMPETENCIES

BASE COMPETENCIES AND TECHNOLOGIES

SYSTEM COMPETENCE

KONGSBERG Innovation Synergies

Defence

Industry Expertise

Core Competencies

Life Cycle experience

Industry Solutions

Oil & Gas

Industry Expertise

Core Competencies

Life Cycle experience

Industry Solutions
Merchant Marine, Offshore and Oil & Gas
Overall strong performance – mixed picture

Kongsberg Maritime
Solid performance in cyclical markets

• Record high backlog of orders
• More challenging market picture within certain areas
• Very strong performance the last years
• Successful broadening of scope
  – Systems
  – Markets
• Installed base secures recurring revenues for years
• An ocean of opportunities

Kongsberg Oil & Gas
Challenging markets but high potential over time

• Experiencing challenging market conditions
  – Reduced E&P spending results in delays and cancellations
• Restructuring the organization
• Volumes doubled since 2011
• Commercial success with several core offerings
• Declining order intake and challenging market
• Stricter efficiency standards in drilling and production phase will open opportunities over time

Geir Håøy
Kongsberg Maritime

Pål Helsing
Kongsberg Oil & Gas
Defence
Well positioned product portfolio

Kongsberg Defence Systems
Strong order intake and improving profitability

- Several important contract wins
- Improving margins
- Successful development programs
- Solid international positioning within defence niches
  - Missiles
  - Air-Defence
  - Defence Communications
- Very modern and attractive product portfolio with regards to current trends
- Large scale opportunities

Kongsberg Protech Systems
World leading market position in declining market

- Protecting #1 position
- Declining volumes and margins
- Confirmed market leading position
- Adapting to changing markets
- Strong focus on product development
  - Medium Caliber RWS
- Well positioned to meet future anticipated demand
- Strong interest for extended product portfolio

Harald Ånnestad
Kongsberg Defence Systems

Espen Henriksen
Kongsberg Protech Systems
Commencing The Next 200……

Where we are heading

KONGSBERG

- An international technology corporation with market leading positions within defence, offshore, maritime and oil & gas niches
- We develop and deliver advanced systems and technology for people working under extreme conditions
- Our solutions ensure efficiency, safety, security and high performance in operations ranging from deep sea to outer space.
- We have a strong financial position that gives operational predictability and represents a fundament for further growth

Growth

- Innovation
  – We spend approx. 10 per cent of our revenues on Product Development every year
- Business Development
  – We acquire 3 – 5 bolt-on companies each year

KONGSBERG

Further develop our platform through our defined growth strategies
- Defence – primarily expanding customer base
- Maritime – primarily expanding offering base
- Oil and Gas – expanding and adding foot print
- Increased leverage of international alliances
- Growth and prudency leadership focus

Growth

- Innovation
  – We continue current innovation process, and in addition we fuel innovation further by introducing the KONGSBERG Innovation Accelerator Arena and Group funding model
- Business Development
  – Continue current practice and in addition we follow opportunities resulting from market restructuring and reprising