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AGENDA

THIS IS KONGSBERG DEFENCE SYSTEMS

DEVELOPMENT SINCE CMD 2014
CORE TECHNOLOGY & INNOVATION
REMOTE TOWER – A HEAD START IN AN EMERGING MARKET
THE DEFENCE MARKET OPPORTUNITIES AHEAD
Command and control, surveillance, tactical communication, missiles, space and aerostructures

- 29 offices in 17 countries
- 1,718 employees
- Revenues LTM 4.2 BNOK
- Order backlog 9.2 BNOK
- International success in selected niches

KONGSBERG DEFENCE SYSTEMS

A modern portfolio positioned for further growth
OUR GLOBAL BUSINESS SYSTEM

Local offices in 17 countries ensures access to all important markets and proximity to customers.
OUR GLOBAL BUSINESS SYSTEM
- complemented with key partners in 14 countries
INTEGRATED DEFENCE SYSTEMS

CORE BUSINESS
• NASAMS and Air defence solutions
• NATO programs including AGS and AWACS
• Artillery fire control and Army Vehicle digitalization

TYPICAL APPLICATIONS
• Air Defence: Defending strategic areas such as air bases, cities for homeland defence, vital assets

MAIN CUSTOMERS
• Norway, Finland, Spain, Netherlands, US, Raytheon
• NATO

SUCCESSFUL AIR-DEFENCE PARTNERSHIP WITH RAYTHEON
• NASAMS is the most sold air-defence system in its class
• Teaming Agreement renewed with 10 years (to 2025)
• Export of NASAMS solutions exceeds 12 BNOK

DEFENCE COMMUNICATIONS

CORE BUSINESS
• Tactical Communications Systems
• Broad range of products for most tactical applications
• Government grade crypto and cyber defence

TYPICAL APPLICATIONS
• Army C2, Air Defence communications subsystem
• Soldier and vehicular combat networks

MAIN CUSTOMERS
• Norway and Hungary
• Air Defence integrators Raytheon and KDA
• Selected MENA countries

NEW AND MODERN PRODUCT RANGE
• Designed to operate in advanced hostile environment
KONGSBERG DEFENCE SYSTEMS

SPACE & SURVEILLANCE

CORE BUSINESS
- Booster attachment & release mechanisms
- Mechanisms and electronics for satellites
- Turn-key ground stations for satellites
- Satellite operations and data download-services
- Systems for maritime surveillance

TYPICAL APPLICATIONS
- Ariane5 heavy lift launcher
- Control of solar panels on satellites
- Earth observation and scientific space missions
- Frequency conversion and telemetry, tracking & command (TT&C) equipment on commercial satellites
- Downloading of satellite data, satellite control services

MAIN CUSTOMERS
- Digital Globe, SS Loral, NASA/NOAA, ESA, Airbus,
- National Coastal Authorities

NAVAL SYSTEMS

CORE BUSINESS
- MSI-90U Mk2 Combat Management System
- Navigation and Integrated Bridge Systems
- Active and Passive Sonar Systems
- PROTEUS Naval Trainers

TYPICAL APPLICATIONS
- Submarines
- Surface Ships
- Force Protection
- Simulation and Training

MAIN CUSTOMERS
- Norway, Italy, Germany, Australia, Indonesia, the Netherlands
KONGSBERG DEFENCE SYSTEMS

AEROSTRUCTURES

CORE BUSINESS
• Composites and metallic structures
• Repair and overhaul

TYPICAL APPLICATIONS
• Aircraft, F-35
• Helicopters
• Missiles

MAIN CUSTOMERS
• Lockheed Martin
• Northrop Grumman
• Marvin Engineering
• Agusta Westland
• Airbus Helicopters
• Norwegian Defence Logistics Organisation (NDLO)

MISSILE SYSTEMS

CORE BUSINESS
• NSM, JSM and Penguin
• NSM and JSM are the world’s only 5th generation anti-ship missiles
• Electro-optical products (Laser Range Finder, Cameras, Remote Visual Tower)

TYPICAL APPLICATIONS
• Ship, truck and air launched stand-off missiles for sea and land targets

MAIN CUSTOMERS
• Norwegian, Polish and Malysian Navy (NSM)
• Norwegian Air Force, Agreement with Australian Air Force (JSM)
• NATO and allied navies (Penguin)
• Avinor (Remote Tower)
STEADY REVENUES – IMPROVED MARGINS

KEY REVENUE AND EBITDA DRIVERS

- International sales
- Financed development programs
- Strong global partnerships
- Continuous improvement

Revenues 2011-2013 adjusted for KSAT

*Last 12 months
STRONG ORDER BACKLOG – GOOD VISIBILITY

Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.
INTERNATIONAL SUCCESS IN SELECTED MARKETS
- built on broad position in the home market

Competitive position within international defence business differs with level of industrial partnership

MAJOR DEFENCE INVESTMENT
National security | National industry | National finances

BUY ABROAD - MOTS:
- Alliances
- Best product
- Best price

BUY DOMESTIC:
- National req.
- Control capabilities
- Build industry
- Jobs

SUPPLIER WINNING POSITION
- Price / product performance
- Trusted industrial partnerships

The Norwegian industrial partnership position has been the cradle to new products and international market access

GOVERNMENTAL CONSIDERATION
VALUES PROPOSITION

NICHE INTERNATIONAL MARKETS
BROAD HOME MARKET

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THE DEFENCE MARKET
OPPORTUNITIES AHEAD
RAYTHEON TEAMING AGREEMENTS


NASAMS exports
>12 BNOK

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NEW CONTRACTS IN DEFENCE COMMUNICATION
COPERNICUS / SENTINEL

Satellite coverage of Norwegian territory

Significant industrial potential
MSI-90U MK2 ON BOARD ITALIAN U212A SUBMARINES
AM-1: FIRST NORWEGIAN F-35

ROLL OUT
22 SEPTEMBER
2015

FIRST RUDDER FROM KONGSBERG
FIRST FUSELAGE FROM NGC
FIRST FLIGHT
SIGNIFICANT F-35 ORDERS IN 2015
Lockheed Martin subcontractor KONGSBERG is changing the way it manufactures the jet’s rudder component. The company discovered it would waste less material by using a variety of techniques such as forging and machining.

Lorrain Martin, LM to National Defense Magazine 16 September 2014
F-35 RAMP-UP

LRIP 3-10 ORDERS:
2,2 BNOK

LIFETIME POTENTIAL F-35:
~ 16 BNOK
1,3 BNOK CONTRACT IN POLAND
AUSTRALIA SIGNS COOPERATION ON JSM
MALAYSIA SELECTS NSM FOR GOWIND SHIPS
SUCCESSFUL TEST OF JSM FROM F-16
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NASAMS CORE TECHNOLOGY – MORE THAN AIR DEFENCE

NETWORK C2 NODE
KONGSBERG – DEFENCE COMMUNICATIONS

K-TaCS
Ruggedized by Design

K-TaCS
Networking Air Defence and C4ISR

K-TaCS
In use in more than 30 countries
2ND GENERATION COMMAND RECEIVER
- Satellite Fleet Management

- Use of satellites in multiple orbital positions
- Frequency Coordination to avoid interference ➔ possibility to change receive frequency in space
PASSIVE RF SEEKER FOR JSM
SUBMARINE COMBAT NAVIGATION SYSTEM

Increased submerged time, reducing detection risk
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AVINOR SELECTS KONGSBERG FOR REMOTE TOWER
NEW TECHNOLOGY ENABLES SAFE REMOTE OPERATIONS
REMOTE TOWER PRINCIPLE

AIRPORT 1

AIRPORT 2

AIRPORT 3

CONTROL CENTER

MULTIPLE REMOTE TOWER OPERATION
UNIQUE MODULAR ELECTRO OPTICAL SENSORS SUITE

Pan Tilt Zop, Platform:
- Day view, zoom camera
- IR view camera
- Laser Range Finder
- Signal Light Gun

360 Camera System (rotating):
- Day and IR view camera
- Eye resolution
- Low bandwidth

VS. HD-KAMERA VIEW
TECHNOLOGY INSERTION

- INFRARED, ELECTRO-OPTICAL
- OPERATOR DECISION CENTERS, REAL TIME NETWORK, SAFETY
- CAMERA, LASER RANGE, SERVO
- ATM SYSTEMS, NOVA

WORLD CLASS REMOTE TOWER
- safe operations
- cost-effective

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TRADITIONAL SOLUTIONS
THE VIRTUAL TOWER
Retina Quality Rendering
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INCREASING GLOBAL FOCUS ON DEFENSE

GLOBAL DRIVERS

SECURITY ISSUES IN MENA REGION

IMPACT ON GLOBAL DEFENSE MARKET

MORE FOCUS ON FULL-SCALE CONFLICT POTENTIAL

- Need for full-scale capabilities
- More A2/AD, “Air-Sea Battle” challenges
- More C4ISR, space, cyber warfare
- Less light army operations

MAINTAIN COUNTER-INSURGENCY CAPABILITIES

- “Boots-on-the-ground”
- Minimum acceptance for loss of lives
- Utilize stand-off capabilities

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MODEST GROWTH IN THE GLOBAL DEFENCE MARKET

<table>
<thead>
<tr>
<th>Year</th>
<th>RoW</th>
<th>EUR/USA</th>
<th>Combined</th>
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<td>413</td>
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<td>38%</td>
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<tr>
<td>2012</td>
<td>388</td>
<td>68%</td>
<td>32%</td>
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<tr>
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<td>378</td>
<td>62%</td>
<td>36%</td>
</tr>
<tr>
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<td>61%</td>
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<td>411</td>
<td>61%</td>
<td>40%</td>
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<tr>
<td>2017</td>
<td>421</td>
<td>60%</td>
<td>42%</td>
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<tr>
<td>2018</td>
<td>430</td>
<td>58%</td>
<td>43%</td>
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<tr>
<td>2019</td>
<td>441</td>
<td>57%</td>
<td>44%</td>
</tr>
</tbody>
</table>

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KDS EXPECTS CONTINUED GROWTH BASED ON OUR STRONG VALUE AND PERFORMANCE CULTURE

- Modern well positioned product portfolio – a solid base for business opportunities
- Solid backlog of orders
- DeltaOne improves competitiveness
- Strategic partnerships
- We expect growth going forward
OPPORTUNITIES AHEAD

- F-35 DELIVERIES AT FULL RATE
- JSM OPERATIONAL ON F-35
- POTENTIAL FOR NEW NASAMS CONTRACTS
- NEW NORWEGIAN SUBMARINES

INTERNATIONAL SALE OF NSM

2020 - 2025