KONGSBERG OIL & GAS TECHNOLOGIES

Egil Haugsdal, President
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AGENDA

THIS IS KONGSBERG OIL & GAS TECHNOLOGIES
THE OIL & GAS MARKET
CORE TECHNOLOGY & INNOVATION
OPPORTUNITIES AHEAD
Offices in 6 countries
452 employees
Revenues LTM 0.9 BNOK
Order backlog 0.3 BNOK
Attractive technology in selected niches

Engineering and operational support
Software and related services
Subsea products and solutions

KONGSBERG OIL & GAS TECHNOLOGIES

Challenging markets
WEAK RESULTS IN A DETERIORATING MARKET

**REVENUES**

- **2011**: 528
- **2012**: 702
- **2013**: 1,077
- **2014**: 1,017
- **2015** (*): 876

**EBITDA**

- **2011**: 49% (9.3%)
- **2012**: 44% (6.3%)
- **2013**: 49% (4.5%)
- **2014**: -99%
- **2015** (*): -174%

* Last 12 months
SHORT BACKLOG HORIZON

Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.
SOLUTIONS FOR FIELD EXTENSIONS AND MODIFICATIONS

- Innovative subsea solutions
- Connecting pipeline and riser systems from well-head to topside
- EPC projects
- Specialised subsea products:
  - Subsea Storage Unit
  - Pig Launchers & Receivers
  - Active Subsea Cooler
"This is due to good planning, good market knowledge and good execution - and the fact that we could combine several large projects when we went to the market and negotiated for pipes and vessels. Based on this, we were able to achieve favourable conditions in the market with regard to capacity and price," says Torger Rød, head of projects in Statoil.

Press release, Statoil, 2015-09-29
SOLUTIONS FOR REDUCED DRILLING AND WELL COST

- Improved performance
- Reduced non-productive time
- Ensuring optimal well construction
- Covering the full life cycle of the well
  - SiteCom®
  - SiteCom Well Advisor
  - Riser Management System
  - Rig Manager®
PRODUCTION OPTIMIZATION

• Lifecycle simulators for design, verification, operator training and real-time decision support throughout the well-to-export process

• Ensuring effective production and enhanced safety
  – LedaFlow®
  – K-Spice®
OUR GLOBAL BUSINESS SYSTEM

Local offices in 6 countries

REVENUE DISTRIBUTION 2014

- Norway: 51%
- International: 49%

EMPLOYEE DISTRIBUTION 2014

- Norway: 50%
- International: 50%
AGENDA

THIS IS KONGSBERG OIL & GAS TECHNOLOGIES

THE OIL & GAS MARKET

CORE TECHNOLOGY & INNOVATION OPPORTUNITIES AHEAD
THE OIL & GAS MARKET

TODAY AND SHORT TERM – CHALLENGES:
• Very low investment level in the industry caused by the falling oil prices

MEDIUM AND LONG TERM – OPPORTUNITIES:
• A change in oil companies’ behavior
• A new industry mentality with focus on costs
• Cost reductions through price pressure, and:

Source: Rystad Energy O’Cube, version 2015-10-16

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THE OIL & GAS MARKET
CORE TECHNOLOGY & INNOVATION
OPPORTUNITIES AHEAD
TODAY’S DRILLING OPERATIONS

Photos: Ingvar Tjostheim
BP WELL ADVISOR

CASING RUNNING – FIRST CONSOLE DEVELOPED:

- Installed on 32 offshore platforms
- No stuck casing incidents to date whenever the console is utilized
- Estimated value of reduced Non Productive Time: More than $200m/year
SUBSEA AUTOMATED PIG LAUNCHER

Project scope:

- To build and test a prototype for qualifying the system to subsea standards
- Lower OPEX and CAPEX
- Improving safety
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THIS IS KONGSBERG OIL & GAS TECHNOLOGIES
THE OIL & GAS MARKET
CORE TECHNOLOGY & INNOVATION
OPPORTUNITIES AHEAD
OPPORTUNITIES AHEAD

- SUBSEA STORAGE UNIT
- SUBSEA AUTOMATIC PIG LAUNCHER
- ACTIVE SUBSEA COOLER
- SITECOM WELL ADVISOR
KEY TAKE-AWAYS

• A challenging market, expected to continue for some time

• We believe in increased focus on cost

• We adapt to the market situation by:
  – Aligning capacity and cost level with expected activity
  – Focusing on new and existing technology