KONGSBERG PROTECH SYSTEMS

Espen Henriksen, President KPS
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AGENDA

THIS IS KONGSBERG PROTECH SYSTEMS

DEVELOPMENT SINCE CMD 2014
CORE TECHNOLOGY & INNOVATION
THE DEFENCE MARKET
OPPORTUNITIES AHEAD
The main product is the remotely operated weapon system PROTECTOR. The PROTECTOR family of products has achieved a leading position in this market.
OUR GLOBAL BUSINESS SYSTEM

Local offices in 4 countries, ensures proximity to our customers

REVENUE DISTRIBUTION 2014
- Norway: 4%
- International: 96%

EMPLOYEE DISTRIBUTION 2014
- Norway: 65%
- International: 35%
BUSINESS MODEL

KONGSBERG PROTECH SYSTEMS

SALES & MARKETING

PRODUCT DEVELOPMENT

OPERATIONS

PROGRAMS

MCT-30 DEVELOPMENT

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REVENUES BOTTOMING OUT
– Well positioned for the next growth curve

REVENUES

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<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2011</td>
<td>4185</td>
</tr>
<tr>
<td>2012</td>
<td>2876</td>
</tr>
<tr>
<td>2013</td>
<td>2420</td>
</tr>
<tr>
<td>2014</td>
<td>1566</td>
</tr>
<tr>
<td>2015*</td>
<td>1584</td>
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EBITDA

<table>
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<tr>
<th>Year</th>
<th>Value</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>815</td>
<td>19.5%</td>
</tr>
<tr>
<td>2012</td>
<td>727</td>
<td>25.3%</td>
</tr>
<tr>
<td>2013</td>
<td>419</td>
<td>17.3%</td>
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<tr>
<td>2014</td>
<td>254</td>
<td>16.2%</td>
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<tr>
<td>2015*</td>
<td>307</td>
<td>19.4%</td>
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</table>

EBITDA 2015* reflects released provisions of ~300 MNOK

* Last 12 months
GOOD REVENUE VISIBILITY FOR 2016

Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog.
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DEVELOPMENT SINCE CMD 2014

SCOUT SV FOR UK
Contracts won for serial delivery of the integrated RWS systems for the Scout vehicle in the UK

REDFIN – RWS WITH JAVELIN
The Commonwealth of Australia has ordered the first RWS with Javelin

NAVAL RWS
USMC and Navy have both ordered systems through US Army

GCC DEMONSTRATIONS
KPS has continued to support testing of 8x8 vehicles with 30mm weapon systems in the region

GDLS PARTNER FOR LAND400
KPS has teamed with GDLS and Thales for the LAND400 program in Australia

THE STRYKER COMPETITION
GDLS has issued RFP for the 30mm weapon system for Stryker
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OPPORTUNITIES AHEAD
REDUCED RWS PRODUCTION COST
Total savings estimated at 68MNOK from 2017

THIS SUMMARIZES THE INITIATIVE “PRODUCTION COST REDUCTION” WHICH SHALL:

• Implement current lower cost design alternatives in ongoing deliveries
• Identify, design and implement new lower cost design in ongoing and future deliveries
• Increase KPS competitiveness due to lower production cost of our products
VIS 95 – NEW TECHNOLOGY BROUGHT TO THE MARKET

Comparison of wide field of view VIMC vs. VIS 95
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DEVELOPMENT SINCE CMD 2014
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THE DEFENCE MARKET - USA

- Slowly improving
- Major programs in the pipeline
- Upgrades & Repairs

US DOD Budgeted Procurement
Indexed to Budget 2016=100

Source: 2016 Green Book, table 6-6

US troops in Europe request bigger guns amid Russia anxieties
Published date: April 25, 2011 10:30

Soldiers of the U.S. Army 3rd squadron, 2nd Cavary Regiment as they travel in the "Dragoon Ride" military parade in at their home base at Rose Barracks in Vicenza April 1, 2015. (Reuters/Michael Biondi)

NEWS RELEASE

Defense Security Cooperation Agency

On the web: http://www.dscam.mil

Lithuania - M 1126 Stryker Infantry Carrier Vehicles (ICV) with 30mm cannon and M2 Machine Guns, and Related Support Equipment

WASHINGTON, Nov 5, 2015 - The State Department has made a determination approving a possible Foreign Military Sale to the Government of Lithuania for Stryker Infantry Carrier Vehicles and associated equipment, parts and logistical support for an estimated cost of $79 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale on November 4, 2015.
THE DEFENCE MARKET - ROW

Europe – Stable, upgrades and some major programs

GCC – Major programs for RWS and MCRWS – uncertain timing

Asia/Oceania – Major programs for RWS and MCRWS
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THE DEFENCE MARKET
OPPORTUNITIES AHEAD
OPPORTUNITIES AHEAD

• Kongsberg Protector is the “State of the Art” remote weapon station

• The US market shows signs of improvement

• New RWS requirements is developing in a number of countries outside the US

• More opportunities for Medium Caliber – we are competing in several programs

• The order intake for 2015 is behind 2014 – but significant opportunities ahead
CMD 2015
CAPITAL MARKETS DAY