 Positioned for tomorrow

12/11/2020

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Group Executive Vice President & CFO
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Solid revenue and EBITDA growth
Including acquired - and excluding divested companies

Revenue development 2015 – LTM Q3 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>KONGSBERG MARITIME</th>
<th>KONGSBERG DEFENCE &amp; AEROSPACE</th>
<th>Other</th>
<th>BNOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>9.2</td>
<td>5.8</td>
<td>0.2</td>
<td>16.5</td>
</tr>
<tr>
<td>2016</td>
<td>7.5</td>
<td>6.3</td>
<td>0.2</td>
<td>15.3</td>
</tr>
<tr>
<td>2017</td>
<td>6.4</td>
<td>6.3</td>
<td>0.2</td>
<td>14.0</td>
</tr>
<tr>
<td>2018</td>
<td>7.0</td>
<td>6.1</td>
<td>0.2</td>
<td>13.8</td>
</tr>
<tr>
<td>2019</td>
<td>15.2</td>
<td>7.2</td>
<td>0.2</td>
<td>23.2</td>
</tr>
<tr>
<td>LTM Q3 2020</td>
<td>17.3</td>
<td>8.4</td>
<td>0.2</td>
<td>26.4</td>
</tr>
</tbody>
</table>

EBITDA margin development 2015 – LTM Q3 2020

- KONGSBERG: 8.5%, 11.8%, 19.0%
- KONGSBERG MARITIME: 8.0%, 9.5%, 12.0%
- KONGSBERG DEFENCE & AEROSPACE: 11.5%, 12.5%, 14.0%

1) Included effects from IFRS16 from 2019
Improved return on capital

- Patria investment and Commercial Marine (CM) acquisition drive capital employed
  - Acquisition of CM fully reflected in capital employed as of LTM Q3 2020
- Increased ROACE driven by profitability improvement
  - Turn around & synergies realisation in CM/KM
  - Increased scale and good project execution in defence
Solid backlog

- Backlog “Next year” increased compared to last year
- Approximately 2/3 of backlog related to defence projects
- Backlog does not include:
  - framework agreements
  - majority of aftermarket in KM
  - associated companies
  - SaaS revenues
Updated ambitions towards 2022

Revenue target towards 2022 (BNOK)

Target EBITDA margin 2022 (%)

Updates compared to CMD 2019

- EBITDA target updated to include IFRS16
  - All target adjusted up with 2%p
- Hydroid sold in March 2020
- Income from associated companies no longer included EBITDA
# Priorities towards 2022

<table>
<thead>
<tr>
<th>KONGSBERG MARITIME</th>
<th>KONGSBERG DEFENCE &amp; AEROSPACE</th>
<th>KONGSBERG DIGITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Key success factor</strong></td>
<td>Adapt to changing market</td>
<td>Growth/ramp-up</td>
</tr>
<tr>
<td><strong>2. Profitability</strong></td>
<td>Efficiency focus and product harmonisation</td>
<td>Benefit on scale and cost focus</td>
</tr>
<tr>
<td><strong>3. Growth</strong></td>
<td>Cross sales and green technology</td>
<td>New opportunities and execute on strategic steps</td>
</tr>
</tbody>
</table>
Net working capital

- Net working capital largely driven by project mix
- Net working capital expected to fluctuate going forward
- Net working capital adjusted for acquired and divested companies

Significant fluctuations in net working capital driven by:
  - Payment structure from customer
  - Project timeline within large projects
Cash, debt and bond maturity profile

- ~2.5 BNOK of advance payments from customers
- Cash “looked in operation” increased post CM acquisitions
  - Expected to gradually be reduced going forward
  - Increased currency exposure as business grow

### Cash and Interest bearing debt (BNOK)

- **2015**: 1.8
- **2016**: 4.1
- **2017**: 3.3
- **2018**: 4.3
- **2019**: 4.1
- **Q3 2020**: 3.5

### Bond maturity profile

- **2021**: 1.50
- **2022**: 0.45
- **2023**: 0.50
- **2024**: 1.00
- **2025**: KOG10
- **2026**: KOG09

- Spread maturity profile
- Evenly split between floating and fixed interest rate
- Undrawn committed credit facilities of BNOK 2.8
Leverage ratio and capital structure target

Net debt/EBITDA of 1.0x +/- 1.0 securing:

- **Access to funding**
  - Investment grade credit rating equivalent securing access to debt capital markets

- **Customer confidence**
  - Long-term view in strategy and execution
  - Ability to handle fluctuating working capital
  - Foreign exchange hedging policy

- **Financial flexibility**

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1) Ex. IFRS16 and adjusted for Hydroid
Technology development securing our positions
Self-funded R&D ex. Product maintenance by business area 2013 – LTM 2020

- Invest for the future and secure #1 position
- Benefit from customer funded R&D
- Benefit from various civilian support schemes
- ~20% of annual R&D capitalized
Benefiting from civilian R&D support scheme

Committed funding as of 2020...

...results on sustainable products and solutions

TOTAL
351 MNOE

KDA
49,3 MNOE

KDI
58,6 MNOE

KM
243 MNOE
Aligning dividend policy with financial strategy

- Previous dividend policy targeted dividend of 40-50% of net income
- Historical pay-out ratio has been above policy range

- Revised policy provides predictability on a per share basis
- Targets flat or growing dividend per share
- Extraordinary dividends and share buybacks to serve as supplements
Active management of business portfolio

2016

PATRIA OYJ.
- Acquired 49.9% from the state of Finland
- EV EURm 272 (49.9%)

2019

R-R COMMERCIAL MARINE
- Acquired 100% from Rolls Royce
- EV GBP 500m

2019

AIM NORWAY
- Acquired from Norwegian Ministry of Defence (sold 49.9% to Patria)
- EV 151MNOK

2020

HYDROID INC.
- Sold 100% to Huntington Ingalls Industries in March 2020
- Sold at EV USD 350m
Patria and AIM Norway
Important part of KONGSBERG’s MRO strategy

**Patria**
- Prime MRO provider for the Finnish Defence Forces
- Supplier of strategically important products and systems to Finland and other nations
- Cooperation’s through certain strategical projects e.g. MRO

**AIM Norway**
- Premier MRO provider for the Norwegian armed aircrafts and helicopters
- Strengthen KONGSBERGs role as a strategic partner for the Norwegian armed force’s operative requirements, both as a supplier of equipment and for maintenance

### Revenue and EBIT development (EURm)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>LTM Q3 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (EURm)</td>
<td>490</td>
<td>467</td>
<td>476</td>
<td>508</td>
<td>527</td>
</tr>
<tr>
<td>EBIT (EURm)</td>
<td>75</td>
<td>35</td>
<td>36</td>
<td>8</td>
<td>24</td>
</tr>
</tbody>
</table>

### Revenue and EBITDA development (MNOK)

<table>
<thead>
<tr>
<th></th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
<th>Q2 20</th>
<th>Q3 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (MNOK)</td>
<td>43</td>
<td>126</td>
<td>106</td>
<td>127</td>
<td>125</td>
<td>139</td>
</tr>
<tr>
<td>EBITDA (MNOK)</td>
<td>9</td>
<td>20</td>
<td>15</td>
<td>24</td>
<td>25</td>
<td>41</td>
</tr>
</tbody>
</table>

1) Q2 2019 only included one month
• Total of MNOK 690 in cost synergies generated from Q2 2019 - Q3 2020
• MNOK 528 in cross sales realised YTD 2020
• Strengthens Kongsberg Maritime as an integrator and technology leader
• Enhanced position to capitalise on industry trends and dynamics

• Total of MNOK 5,594 cash outflow related to acquisition and integration of Rolls Royce Commercial Marine (RRCM)
• RRCM generated positive FCF pre tax of ~MNOK 230 in 2019 (ex. Integration and restructuring)
• MNOK 260 and 445 generated in synergies in 2019 and YTD 2020 respectively
Hydroid

Solid return on investment

- Acquired in 2008 for ~81 USDm
- Sold in March 2020 for ~350 USDm
  - Implied EV/EBITDA multiple of 24x
- Pre tax IRR on investment of 15.2% (estimated ~12.8% including tax)

Cashflow from Hydroid (USDm)

- 2008: (81)
- Acc. Cf 2009-2019: 40
- 2020: 350

Solid return on investment
POSITIONED FOR TOMORROW

Growth
• Deliver backlog and secure pipeline
• Frontrunner new technology

Profitability
• Scale and project execution
• Adapt to changing markets

Portfolio management
• Active management of business portfolio
CAPITAL MARKETS DAY 2020