INVESTOR PRESENTATION

Q3 2019

30/10/2019

Geir Håøy, President & CEO

Gyrid Skalleberg Ingerø, EVP & CFO

Lisa E. Haugan, EVP Deck Machinery & Motion Control
Highlights Q3

GROUP:
- Solid organic growth
- Strong order intake
- Record high order backlog

DEFENCE:
- NASAMS Qatar – the largest KOG-contract ever
- BNOK 20 + order backlog
- MUSD 131 order intake from CROWS framework agreement
- Remote Tower live

MARITIME:
- Continued strong order intake within sensors and robotics
- Lifecycle business at a solid level
- Integration of Commercial Marine ahead of plan

DIGITAL:
- Growing revenues and improved profitability
- Breakthrough contract on dynamic digital twin

6 046
REVENUES

12 325
NEW ORDERS

535
EBITDA

8.8%
EBITDA MARGIN

REVENUES
NEW ORDERS
EBITDA
EBITDA MARGIN
Financial status

Gyrid Skalleberg Ingerø, CFO
# Q3 – KONGSBERG (KOG)

## MNOK

<table>
<thead>
<tr>
<th>Revenues</th>
<th>EBITDA</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6 046</strong></td>
<td><strong>535</strong></td>
<td><strong>230</strong></td>
</tr>
</tbody>
</table>

**Revenues**

- 3Q18: 3,154
- 4Q18: 5,200
- 1Q19: 4,140
- 2Q19: 4,790
- 3Q19: 6,046

**Percentage Change**

- 3Q19 vs. 3Q18: +92%

**EBITDA**

- 3Q18: 347
- 4Q18: 520
- 1Q19: 414
- 2Q19: 479
- 3Q19: 118

**EBIT**

- 3Q18: 240
- 4Q18: 406
- 1Q19: 239
- 2Q19: 160
- 3Q19: 209

**IFRS 16 Effects**

- 3Q18: 479
- 4Q18: 535
- 1Q19: 417
- 2Q19: 21
- 3Q19: 230

**Margins**

- **Margin ex. IFRS**
  - 3Q18: 11.0%
  - 4Q18: 8.8%
  - 1Q19: 6.9%
  - 2Q19: 7.6%
  - 3Q19: 3.5%

- **Margin inc. IFRS**
  - 3Q18: 3.5%
  - 4Q18: 3.8%
  - 1Q19: 7.6%
  - 2Q19: 4.7%
  - 3Q19: 3.5%
Improving revenue trend

**MNOK**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>15,601</td>
<td>16,323</td>
<td>16,613</td>
<td>17,032</td>
<td>15,845</td>
<td>14,490</td>
<td>14,380</td>
<td>20,065</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>-7%</td>
<td>+10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kongsberg Maritime</td>
<td>7,347</td>
<td>6,834</td>
<td>5,798</td>
<td>6,316</td>
<td>6,333</td>
<td>6,104</td>
<td>6,505</td>
<td>8,471</td>
</tr>
<tr>
<td>Kongsberg Defence &amp; Aerospace</td>
<td>7,279</td>
<td>8,148</td>
<td>9,568</td>
<td>10,197</td>
<td>8,597</td>
<td>7,429</td>
<td>7,544</td>
<td>7,80</td>
</tr>
<tr>
<td>Other / Elim.</td>
<td>169</td>
<td>15,185</td>
<td>5,742</td>
<td>6,316</td>
<td>6,333</td>
<td>6,104</td>
<td>6,505</td>
<td>8,471</td>
</tr>
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<td>7,544</td>
<td>7,80</td>
</tr>
<tr>
<td>Kongsberg Digital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Marine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The figures represent the revenue trend from 2012 to LTM Q3 2019 for various segments of KONGSBERG.
## Strong order intake

**MNOK**

<table>
<thead>
<tr>
<th>Order intake</th>
<th>12 325</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q18</td>
<td>4 477</td>
</tr>
<tr>
<td>4Q18</td>
<td>1 762</td>
</tr>
<tr>
<td>1Q19</td>
<td>1 472</td>
</tr>
<tr>
<td>2Q19</td>
<td>5 325</td>
</tr>
<tr>
<td>3Q19</td>
<td>12 325</td>
</tr>
</tbody>
</table>

+175%

<table>
<thead>
<tr>
<th>Order backlog</th>
<th>34 244</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q18</td>
<td>17 602</td>
</tr>
<tr>
<td>4Q18</td>
<td>4 724</td>
</tr>
<tr>
<td>1Q19</td>
<td>2 177</td>
</tr>
<tr>
<td>2Q19</td>
<td>5 744</td>
</tr>
<tr>
<td>3Q19</td>
<td>12 325</td>
</tr>
</tbody>
</table>

### Order backlog

- **2019**
  - 19% of 34 244
  - 17 602

- **2020**
  - 41% of 34 244
  - 13 642

- **2020->**
  - 40% of 34 244
  - 13 702

- **2021->**
  - 41% of 34 244
  - 13 802

**BNOK 7 aftermarket in KM by large not reflected in backlog (annual basis)**
Short- and long-term backlog improved in KM

Order backlog (KM)

- Q3 2018: 5 395
- Q3 2019: 13 386
- Q3 2020: 18%
- Q3 2020: 52%
- Q3 2020: 30%

*CM: 7 077 MNOK
*KM: 6 309 MNOK

Order intake Q3: MNOK 3 860
Order backlog Q3: MNOK 13 386
Book/Bill Q3: 0.91

Order intake YTD: MNOK 11 511
Book/Bill YTD: 1.09
Q3
KM Order intake

Order intake Q3: MNOK 3 860
KM ex. CM Q3: MNOK 2 020 (-33.2% YoY)
CM Q3: MNOK 1 840 (-23.5% YoY)

Order intake YTD: MNOK 11 511 (+63.7% YoY)
KM ex. CM order intake flat YoY

31% GLOBAL CUSTOMER SUPPORT (KM excl CM)*
30% INTEGRATED SOLUTIONS
6% SYSTEMS & DECK MACHINERY
14% PROPULSION & ENGINES
43% GLOBAL CUSTOMER SUPPORT (KM & CM)*
39% SENSORS & ROBOTICS**
21% SENSORS & ROBOTICS**
16% INTEGRATED SOLUTIONS

Q3 2019
KM excl. CM
Q3 2019
KM incl. CM

*Global Customer Support does not include Sensors & Robotics aftermarket
** Sensors and Robotics also includes aftermarket
Q3
KM Revenues*

Revenues Q3: MNOK 4 255
KM excl. CM Q3: MNOK 2 166
(Calculated growth +20.5% YoY)
CM Q3: MNOK 2 089
(+5.5% YoY**)

Revenues YTD: MNOK 10 549
(Organic growth +16.8% YoY)

*) CM figures included as from Q2-2019
**) 2018 Pro forma

WORLD CLASS – Through people, technology and dedication
Q3 KM EBITDA

<table>
<thead>
<tr>
<th></th>
<th>EBITDA incl. IFRS 16</th>
<th>EBITDA excl. IFRS 16</th>
<th>Restructuring- and integration costs</th>
<th>Adjusted EBITDA</th>
<th>CM</th>
<th>xKM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>271</td>
<td>189</td>
<td>152</td>
<td>341</td>
<td>47</td>
<td>294</td>
</tr>
</tbody>
</table>

*) EBITDA-margin 13.6%
Q3 Development
Commercial Marine*

Special items
2019 Q3
Integration costs 96
Commercial Marine
Restructuring costs 56
Commercial Marine
Total 152

* Pro forma figures up to Q1-2019, adjusted EBITDA show in Q2 and Q3 2019

Order intake

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,840</td>
<td>2,404</td>
<td>2,089</td>
</tr>
</tbody>
</table>

Revenues

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,980</td>
<td>1,840</td>
<td>2,404</td>
</tr>
</tbody>
</table>

Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-13</td>
<td>52</td>
<td>78</td>
</tr>
</tbody>
</table>

IFRS 16 effects

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-22</td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>
Q3
Status integration
Commercial Marine

Selected ongoing actions

- IT & Infrastructure
- Branding
- Legal
- Harmonization & Streamlining
- Organizational design

- Restructuring costs of MNOK 56 in Q3, MNOK 87 YTD
Solid pick up in order intake, major improvement in backlog

Order backlog (KDA)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>648</td>
<td>1272</td>
<td>8254</td>
<td>20027</td>
<td>10867</td>
</tr>
<tr>
<td>Q2</td>
<td>8476</td>
<td>10867</td>
<td>55%</td>
<td>33%</td>
<td>11%</td>
</tr>
<tr>
<td>Q3</td>
<td>172</td>
<td>33%</td>
<td>43%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

Order intake YTD: MNOK 13,551

Book/Bill Q3: 5.23

Book/Bill YTD: 2.84
Q3 KDA Order intake

Order intake Q3: MNOK 8 254 (+549% YoY)
Order intake YTD: MNOK 13 551 (+165% YoY)
Q3 KDA Revenues

Revenues Q3: MNOK 1 578
(Organic growth +23.1% YoY)

Revenues YTD: MNOK 4 776
(Organic growth +9.5% YoY)
**Q3 KDA EBITDA***

**EBITDA Q3:**
- **Margin:** 15.7% / 12.8%*  
- 68% YoY increase

**EBITDA YTD:**
- **Margin:** 14.8% / 12.4%*  
- 20% YoY increase

*) ex. IFRS 16 effects

**EBITDA Q3:**
- **MNOK** 248 / **MNOK** 202*

**EBITDA-margin:**
- 15.7% / 12.8%*  
- 68% YoY increase

**EBITDA YTD:**
- **MNOK** 709 / **MNOK** 592*

**EBITDA-margin:**
- 14.8% / 12.4%*  
- 20% YoY increase
Balance sheet and cash flow (KOG)
## Q3 Strong balance sheet

Repayment bond KOG07 – MNOK 250

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
<th>Q2 2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest bearing debt</td>
<td>4 090</td>
<td>4 349</td>
<td>4 332</td>
<td>3 340</td>
</tr>
<tr>
<td>Cash and short-term deposits</td>
<td>3 667</td>
<td>4 522</td>
<td>10 038</td>
<td>2 956</td>
</tr>
<tr>
<td>Net interest bearing debt</td>
<td>423</td>
<td>-173</td>
<td>-5 706</td>
<td>384</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>35.7%</td>
<td>35.7%*</td>
<td>45.7%</td>
<td>35.6%</td>
</tr>
<tr>
<td></td>
<td>38.1%*</td>
<td>38.2%*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROACE</td>
<td>9.5%</td>
<td>11.0%</td>
<td>12.5%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

*) exclusive IFRS 16 effects.
Q3 NWC

Net Working Capital by Business Area

Net Working Capital – Kongsberg Maritime (MNOK)

Net Working Capital – Kongsberg Defence & Aerospace (MNOK)

*Includes Proforma Revenue for Commercial Marine.
Development in cash YTD

Operating activities: MNOK -231

Investing activities: MNOK -5 103

Financing activities: MNOK -1 103

Cash 1.1: 10 038

- EBITDA: 1 428
- Change in working capital: -1 680
- Income from associates: -23
- Dividend from associates: -123
- Others: 123
- Acquisitions (net): -4658
- Investment in PPE and R&D: -445
- Dividend paid: -448
- IFRS16 effect on financing CF: -304
- Debt repayment: -238
- Interest on debt: -86
- Others: -27
- Translation differences: 3 667

Translation cash YTD: -6 371

Cash YTD: -6 371
CM final purchase price

Final closing accounts, October 2019

*) exclusive IFRS 16 effects.
Business update

Geir Håøy, President & CEO
### Business update

**Kongsberg Defence & Aerospace**

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#### Increased activity
- Activity ramping up for both missiles, aerostructures, NASAMS and CROWS-deliveries
- High campaigning activity

#### Record high order backlog
- BNOK 20 +
- Solid coverage for growth
- NASAMS Qatar
- CROWS

#### New division: Land Systems
- Merger of Protech Systems and Defence Communications divisions
- Opens for increased cross technological development and customer interaction

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*Photo: Forsvaret*
NASAMS Qatar / CROWS

NASAMS QATAR – Largest contract in KONGSBERG ever (BNOK 5.6)

CROWS – Highest order intake (LTM BNOK 3.1) since 2010
Littoral Combat Ship successfully launches NSM

The Independence-variant littoral combat ship USS Gabrielle Giffords successfully demonstrated the capabilities of the Naval Strike Missile Oct. 1 during exercise Pacific Griffin.
Business update Kongsberg Maritime

Another strong quarter
- Revenue growing due to strong order intake the past year
- Marine Robotics
- Global Customer Support
- Integration of CM ahead of plan

LNG increasingly important
- ~50% growth in new build orders YTD, Expecting close to BNOK 1 in 2019
- Market leading position in a strong market
- Expressed further demand from large operators

Extensive Full picture-delivery for expedition cruise ship “Innovation”
- To be built on Damen Shipyard
- Fully compliant with IMO2020
- MNOK 190 contract value
Solid and diversified KM order intake

MNOK 11 511 order intake YTD 2019

Order intake KM ex CM at Q3 2019: MNOK 7 217

Order intake KM ex CM at Q3 2018: MNOK 7 038
Business update
Kongsberg Digital and Patria

KDI

Solid revenue increase and order intake past year
Book/bill 1.07 YTD, 0.99 in Q3
Breakthrough contract October 2019
Continued roll out of Vessel Insight

PATRIA

Q3 revenues at MEUR 103, up from MEUR 93 YoY
Mainly related to sales from Belgium Engine Center (BEC) that was acquired in June 2019
Increased focus on capture teams to position for, and secure orders, especially within Land business
EBITDA in Q3 was MEUR 3 (MEUR 10), KONGSBERG’s share of net profit was MNOK -31 in Q3 (MNOK 7 in Q3 2018)
Kongsberg Digital and Shell signs agreement on digitalization partnership of the Nyhamna gas facility
Value capture
Value Capture program with strong progress

Recap: Overview of cost improvements and synergies

Planned annual P&L effect relative to 2018, MNOK

<table>
<thead>
<tr>
<th>Year</th>
<th>Footprint &amp; delivery streamlining</th>
<th>SG&amp;A savings and synergies</th>
<th>Product portfolio optimization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>~MNOK 225</td>
<td>~MNOK 225</td>
<td>~MNOK 50</td>
</tr>
<tr>
<td>2020</td>
<td>~375</td>
<td>~475</td>
<td>~500</td>
</tr>
<tr>
<td>2021</td>
<td>~200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Areas of cost savings:

- Footprint & delivery streamlining ~ MNOK 225
- SG&A savings and synergies ~MNOK 225
- Product portfolio optimization ~MNOK 50

Status per Q3

- **Value Capture program with strong progress**, concerning both realization of savings, execution of measures and ongoing identification of additional initiatives
- **Realized savings YTD September of ~MNOK 170.** Target of MNOK 200 savings for FY 2019 will be exceeded; revised guidance of MNOK 250 realization
- **Ongoing execution of a large range of measures**, including Deck Machinery and Ship Design restructuring, consolidation of delivery organizations and optimization of global service network
- **Headcount reductions according to plan.** The initially announced reduction of 260 is now concluded1). Execution of further headcount reduction of 180-200 FTEs initiated2)
- **Footprint rationalization continues.** 13 sites co-located to date. Divestment of Vietnam (Vung Tau) and close-down of Gdansk production facilities initiated
- **Revision of targets for 2020-22** will be presented at the Q4 Investor Presentation

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1) Processes concluded, while P&L effect will continue to materialize following conclusion of notice periods
2) Headcount reduction figures include effects of Vietnam and Gdansk close-downs
Realized savings YTD September of ~MNOK 170

### Realized cost savings

<table>
<thead>
<tr>
<th>Area</th>
<th>Realized YTD Sept.</th>
<th>Comments to realized savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Footprint &amp; delivery streamlining</td>
<td>32</td>
<td>Initial effects of co-locations and optimization of delivery organizations</td>
</tr>
<tr>
<td>SG&amp;A savings and synergies</td>
<td>122</td>
<td>Savings driven by more cost efficient set-up of support and sales functions, as well as harmonization of terms and benefits</td>
</tr>
<tr>
<td>Product portfolio optimization</td>
<td>15</td>
<td>Savings related to streamlining of digital marine spending (Ship Intelligence)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>170</strong></td>
<td><strong>Realized cost savings ahead of plan</strong></td>
</tr>
</tbody>
</table>

Restructuring costs incurred YTD September is MNOK 87.
Outlook

**KM**
2019 revenues will grow compared to 2018.

Good order backlog and some improvement in lifecycle business founds revenue growth also in 2020

Segments within new build market expected to remain challenging

**KDA**
Current backlog founds solid growth both in 2019 and 2020 independent of new contracting

Positioned for several major contracts over the next 3-24 months

**KDI**
Continue development to secure a global number one position

Accelerating our campaigns related to dynamic digital twin and Vessel Insight

Emphasis on product portfolio and strategic opportunities
Appendix
### Q3 IFRS 16 effects

#### Q3 2019

<table>
<thead>
<tr>
<th></th>
<th>KOG incl. IFRS 16</th>
<th>KM</th>
<th>KDA</th>
<th>Others</th>
<th>KOG ex. IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>6 046</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6 046</td>
</tr>
<tr>
<td>EBITDA</td>
<td>535</td>
<td>-82</td>
<td>-46</td>
<td>10</td>
<td>417</td>
</tr>
<tr>
<td>EBIT</td>
<td>230</td>
<td>-14</td>
<td>-6</td>
<td>-1</td>
<td>209</td>
</tr>
<tr>
<td>EPS</td>
<td>0.62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.72</td>
</tr>
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</table>

#### YTD 2019

<table>
<thead>
<tr>
<th></th>
<th>KOG incl. IFRS 16</th>
<th>KM</th>
<th>KDA</th>
<th>Others</th>
<th>KOG ex. IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>15 917</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15 917</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1 428</td>
<td>-215</td>
<td>-117</td>
<td>30</td>
<td>1 126</td>
</tr>
<tr>
<td>EBIT</td>
<td>629</td>
<td>-34</td>
<td>-16</td>
<td>-1</td>
<td>578</td>
</tr>
<tr>
<td>EPS</td>
<td>1.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.22</td>
</tr>
</tbody>
</table>
Q3 IFRS 16 adjustments

Estimated full year effects from IFRS16 adjustments (MNOK)
Q3
Debt position
Healthy maturity profile

Repayment of bond KOG07

MNOK 250 September 2019

Net interest bearing debt (MNOK)

Bonds - Maturity profile (MNOK)
Thanks