Highlights Q2

Positive trend in key KM KPI’s: Book/bill 1.1, global customer support and Subsea.

Solid margins and good order intake in KDA, lower revenues

R&D investments in KDI, continued volume challenges within Maritime Simulations

MNOK 129 costs related to M&A and a challenging KM project
Financial Status
H1 2018

Solid order intake, both in KM and KDA

Increased profitability

Somewhat lower revenues
REVENUES Q2

Q2 revenues down 5.6 %

- KM revenues down 3.0 % YoY
- KDA revenues down 9.4 % YoY
EBITDA Q2

- Two special items
  - MNOK 79 incurred M&A costs
  - MNOK 50 excess costs related to on specific KM-project
- Underlying margin improvement in KM
- Continued solid margin in KDA
NEWORDERSQ2

- KM Book/bill 1.1
- Continued good ordering from the traditional merchant segments, and within marine robotics and fishery
- Strong KDA order-intake, especially within missiles and aerostructures

ORDERBACKLOG

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
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<tbody>
<tr>
<td>KM</td>
<td>2 107</td>
<td>3 045</td>
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Q2
New orders by Division
Kongsberg Defence & Aerospace

69%
MISSILE SYSTEMS

9%
OTHER*

10%
AERO-STRUCTURES

12%
DEFENCE COMMUNICATIONS

*Other includes Integrated Defence Systems, Protech Systems and Space & Surveillance
Q2
New orders by Division
Kongsberg Maritime

23% VESSEL SYSTEMS
18% SOLUTIONS
24% GLOBAL CUSTOMER SUPPORT*
35% SUBSEA**

*GCS does not include Subsea aftermarket
** Subsea also includes Subsea aftermarket
## Strong balance sheet

<table>
<thead>
<tr>
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<th>Q2 2018</th>
<th>Q1 2018</th>
<th>2017</th>
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<tr>
<td>Gross interest bearing debt</td>
<td>3 337</td>
<td>3 340</td>
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<tr>
<td>Cash and short-term deposits</td>
<td>2 630</td>
<td>2 739</td>
<td>2 956</td>
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<tr>
<td>Net interest bearing debt</td>
<td>707</td>
<td>601</td>
<td>384</td>
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<tr>
<td>Equity ratio</td>
<td>35.1 %</td>
<td>35.9 %</td>
<td>35.6 %</td>
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<tr>
<td>ROACE</td>
<td>9.4 %</td>
<td>8.8 %</td>
<td>9.1 %</td>
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Debt position
Healthy maturity profile

### Debt position

#### NET INTEREST BEARING DEBT

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<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Q2</td>
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#### DEBT MATURITY PROFILE

<table>
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<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
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<tr>
<td>Debt</td>
<td>2667</td>
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<td>707</td>
<td></td>
<td></td>
<td></td>
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</table>
Business Update
Positive order intake, stable revenues and improved underlying margins

- Orders from traditional merchant such as bulk, container and LNG-vessels improving
- Lower volume of orders from larger integrated solutions, growing number of prospects
- Signed contract for Johan Sverdrup field development phase 2
- Subsea segments such as fishery and marine robotics continue to deliver
- Increasing activity and high utilization within global customer support
Leading the way towards autonomous seaborne operations
KDA

Solid margins and strategically important contracts secured

- Several important wins within missile area
  - Malaysia
  - Over The Horizon
  - JSM test missiles

- MNOK 525 order for parts to F-35

- Negotiations in Qatar
Selected ongoing campaigns
More potential in Qatar

Major vehicle program in Qatar

- Program announced 13 March 2018
- KONGSBERG selected to supply medium calibre turrets, remote weapon stations and other essential parts of the program
- Ongoing negotiations
- Total scope still to be defined, BNOK 15 estimated potential
  - Upside of up to BNOK 5 depending on ongoing scope- and price negotiations
- Expected contract award: 2019

Air defence program – NASAMS to Qatar

- Raytheon has announced MoU for a major NASAMS system
- KONGSBERG is exclusive partner on the NASAMS system
- Potential of USD 2 Billions on total program according to Raytheon
- Expected contract award: 2018/2019
Naval Strike Missile
Important milestones and contracts signed in Q2

- Significant milestone reached – NSM selected by U.S. Navy for its over-the-horizon program
- EUR 124 million contract for NSM missiles to the Royal Malaysian Navy. Following contract for ship equipment signed 2015
- MNOK 220 contract signed with Norwegian Defence Material Agency for cooperation agreement on NSM
Joint Strike Missile
Final test passed

- JSM is the only fifth gen. strike missile with advanced capabilities, compatible with the bay of the F-35. Considerable international interest

- Important milestone reached with the JSM passing its last planned test of the missile qualification program – development process on schedule for completion by end of year

- Signed contract with Norwegian Defence Material Agency worth MNOK 700 for test missiles for integration phase

Video showing the final development test of JSM
Business Update
Kongsberg Digital, Patria, Space

**KDI**

- High development activity in initiatives such as kognifai and digital twin
- Weak revenues and order intake from maritime simulation area
  - Improvement in order intake in Q3

**Patria**

- Stable overall revenues
  - Good development within Systems area due to Hamina contract signed in Q1
  - Low activity and declining backlog for Land business (vehicles)
- MEUR 7.1 EBITDA, down from MEUR 14.4
  - Relates to volume decline in Land business
Strengthening our global leading position through the acquisition of Rolls-Royce Commercial Marine

- Strengthens Kongsberg Maritime as an integrator and global technology leader
- Highly complementary portfolios of leading products of strategic importance to customers
- Enhanced position to capitalize on industry trends and dynamics
- A new strong global presence to better meet the needs of customers and end-users
- Significant cost and revenue synergy potential
Financial considerations

- Challenging market conditions in the maritime sector had a negative impact on RRCM profitability in 2017
- Primary focus is to make RRCM profitable, even if current market conditions persist for longer than expected
  - Achieved through ongoing cost-cutting initiatives at RRCM and expected cost and revenue synergies
- Estimated implementation and integration costs of approximately NOK 450 millions

<table>
<thead>
<tr>
<th>Commentary</th>
<th>Unaudited pro forma 2017 revenue (NOKm)</th>
<th>Unaudited pro forma 2017 EBITDA (NOKm)</th>
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<tbody>
<tr>
<td></td>
<td>Kongsberg</td>
<td>RRCM</td>
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<tr>
<td></td>
<td>14,490</td>
<td>8,744</td>
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</table>
Adjustment to financial calendar

- Full CMD will be held after closing of Rolls-Royce Commercial Marine acquisition, date and time TBD
- Q3-presentation, 26 October 2018, will be extended with a one hour business update
Outlook

Last years’ implemented actions will contribute to overall profitability improvements in 2018

KM expects stable revenues and improved profitability in 2018 compared to 2017

KDA has solid prospects for new orders for nearly all product areas

KDI will continue to invest in product development

*See quarterly report for full text
Thank you

www.kongsberg.com