

Investor presentation

1st Quarter | 30 April 2015



KONGSBERG



A good start to 2015

- Strong order intake and continued growth
 - BNOK 5.0 order intake, book/bill 1.17
 - Record high order backlog of BNOK 22
 - BNOK 4.2 revenues, 7.4 % growth YoY
 - Increased net working capital, negative cash flow
- KM builds backlog and achieves all time high quarterly revenues
- Strong first quarter and good margins in KDS
- Continued strong order intake in KPS, book/bill 2.17
- Positive EBITDA in KOGT

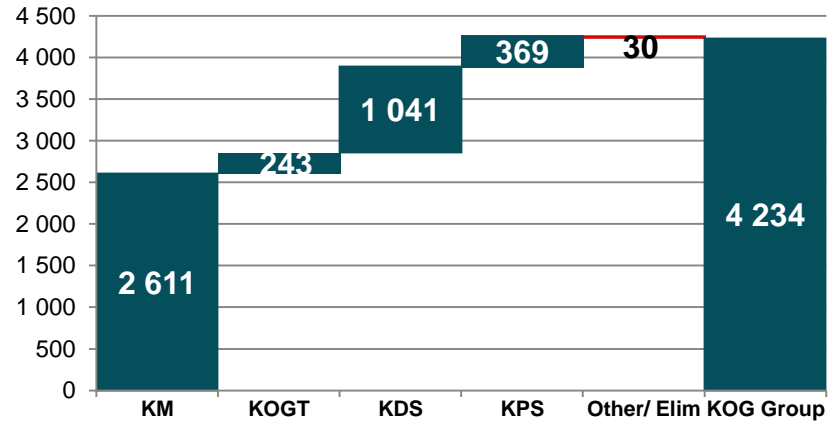
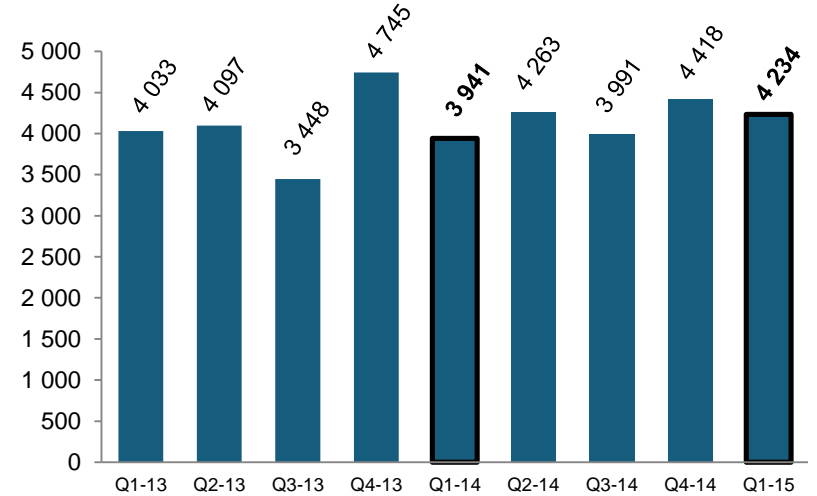




Financial status Q1 - 2015

Operating revenues

- Revenues up 7.4 % from Q1-14
- KM with a solid 10.4 % revenue growth compared with Q1-14
- KDS revenues up 17.8 % YoY
- KPS revenues in line with recent quarters
- KOGT revenues slightly down

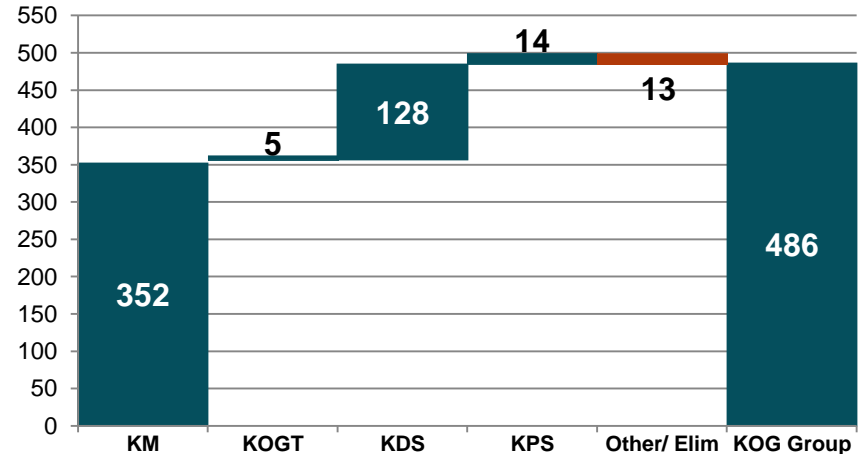
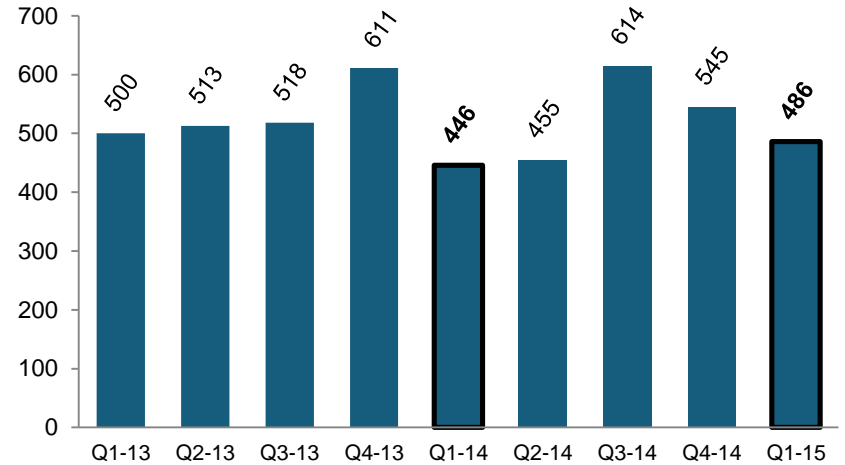




Financial status Q1 - 2015

EBITDA

- Solid MNOK 486 EBITDA, up 9.0 % from Q1-14
 - EBITDA-margin 11.5 % (11.3 %)
- KM delivers MNOK 352 EBITDA in Q1 (MNOK 341)
- Strong MNOK 128 EBITDA in KDS
- Positive EBITDA in KPS
- Positive EBITDA in KOGT on the back of actions taken in 2014

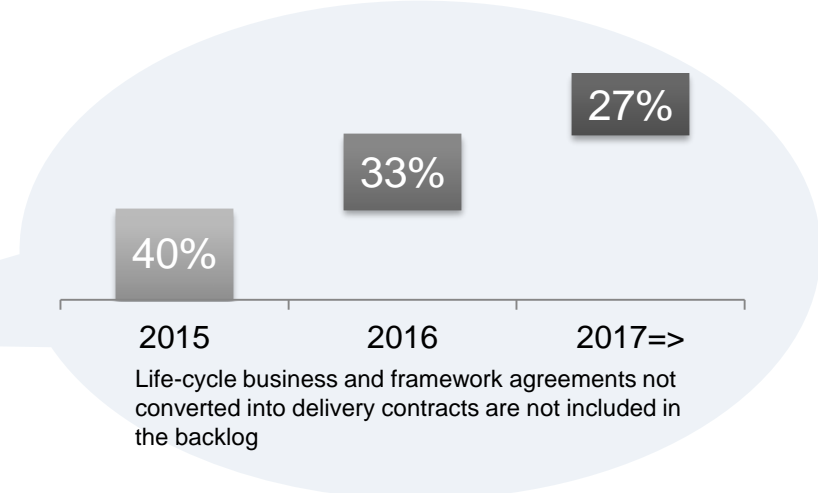
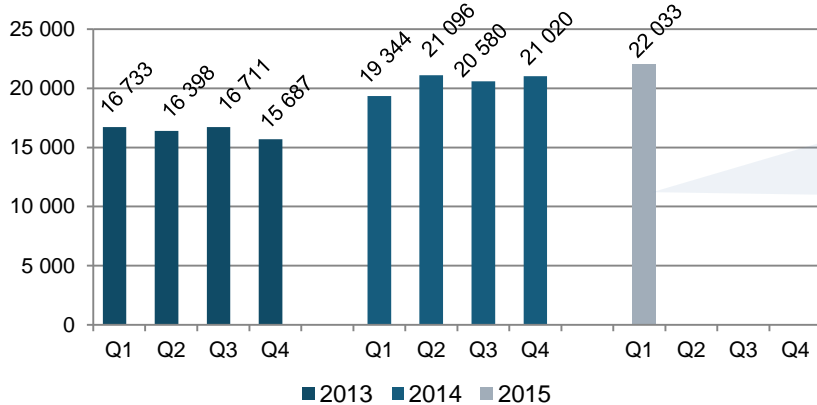




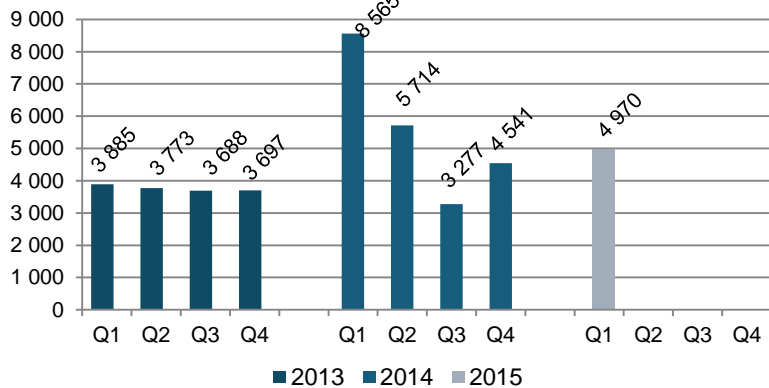
Financial status 2015

Order backlog

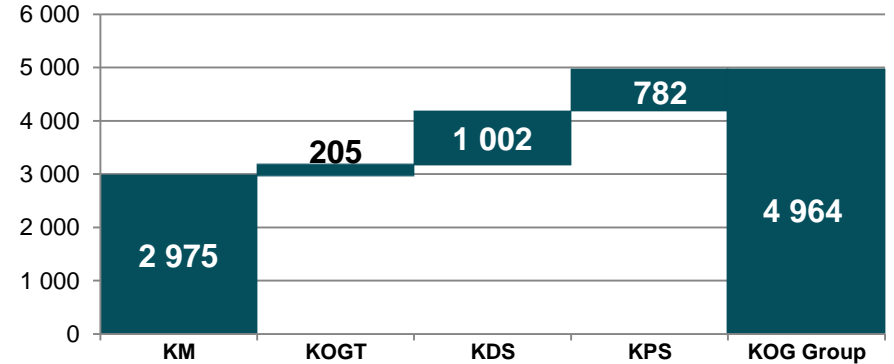
Backlog of orders



New orders per quarter



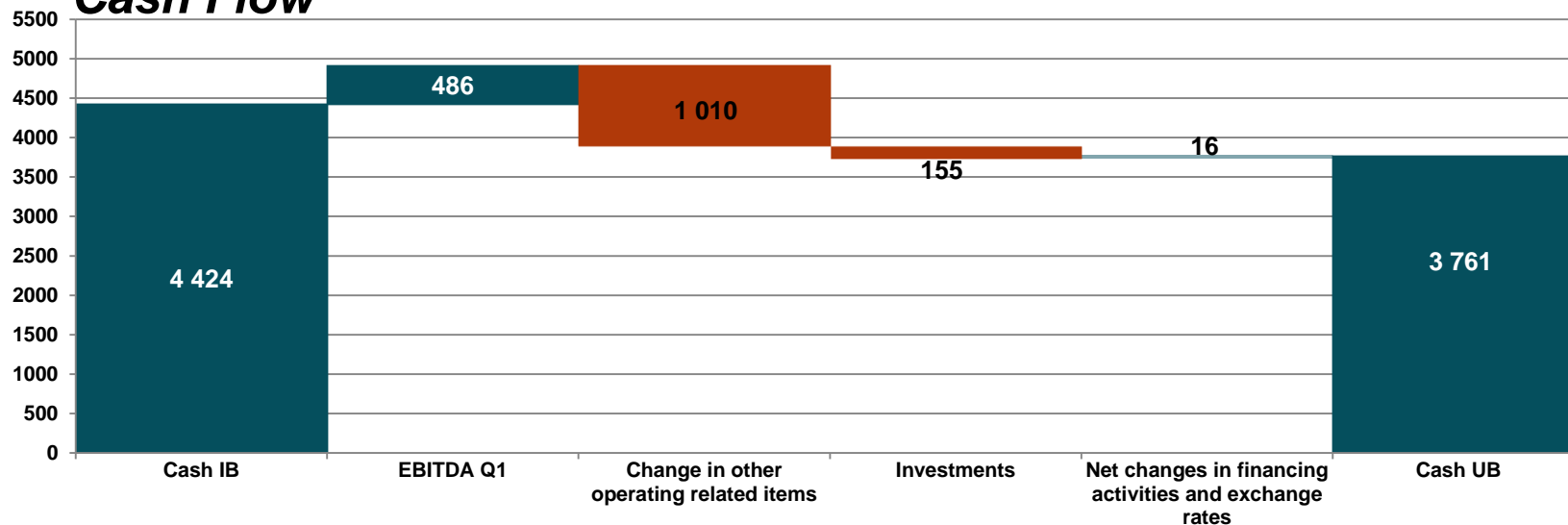
New orders Q1 2015





Financial status Q1 2015

Cash Flow



	Q1-15	Q4-14	Q1-14
Cash and short-term deposits	3 761	4 424	4 618
Working capital	3 362	3 274	4 060
Net interest bearing debt	(2 874)	(3 551)	(3 291)
Equity ratio	31.6%	31.0%	37.6%
Return on Capital Employed (ROCE)*	17,3%	16,4%	20.4%

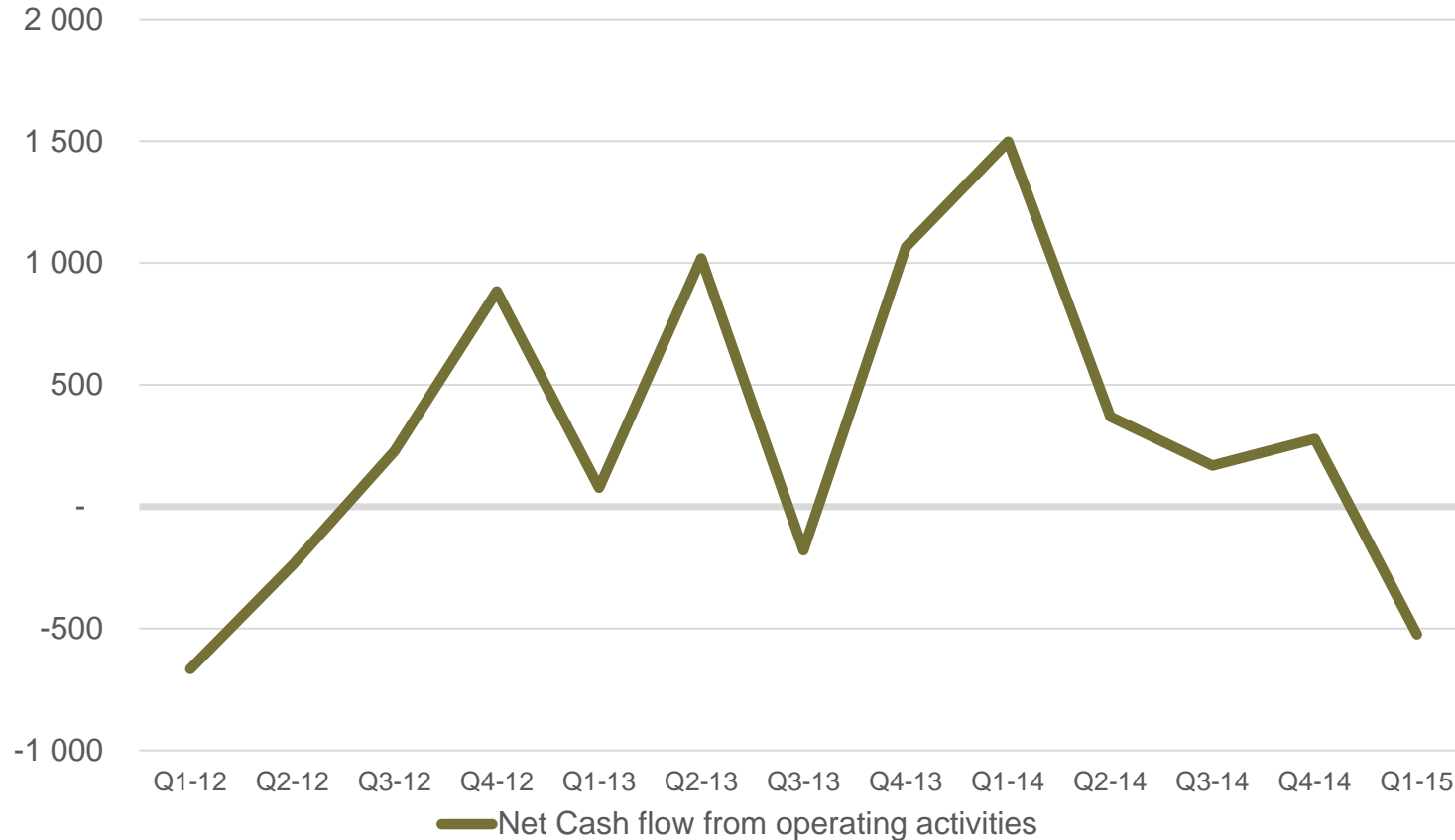
*Average capital employed, quarterly ROCE based on last twelve months

KONGSBERG has unused credit lines of NOK 1.5 billion



Financial status Q1 2015

Net Cash flow from operating activities - development



Business Area Status



KONGSBERG

Kongsberg Maritime



KONGSBERG



(MNOK)	Q1-15
Operating revenues	2 611
EBITDA	352
Order intake	2 975
Order Backlog	8 092

<i>Order backlog, delivery time</i>	
Rest of 2015	53 %
2016	32 %
2017 and forward	15 %
*Life-cycle business and framework agreements not converted into delivery contracts are not included in the backlog	

Solid start of the year

- All-time-high quarterly revenues, 10.4 % revenue growth YoY
- Record high revenues both within offshore and subsea, solid 35 % YoY growth within merchant marine

Strong and diversified order intake

- MNOK 2.975 order intake in Q1 2015
- Building backlog in both offshore, merchant marine and subsea
 - Very diversified order intake, both new builds, non-vessel related and life cycle services
 - No single vessel category accounts for more than 7 % of total

Robust business model and diversified exposure

Diversified product portfolio with strong and maintained market shares

Pro-actively adapting to a weaker offshore market

- Market leading solutions within offshore, merchant marine and subsea
- Strengthened position within EIT-projects
- Advanced 24/7 life-cycle services
- Long standing customer and partner relationships

Technology for Sustainable Fisheries



KONGSBERG

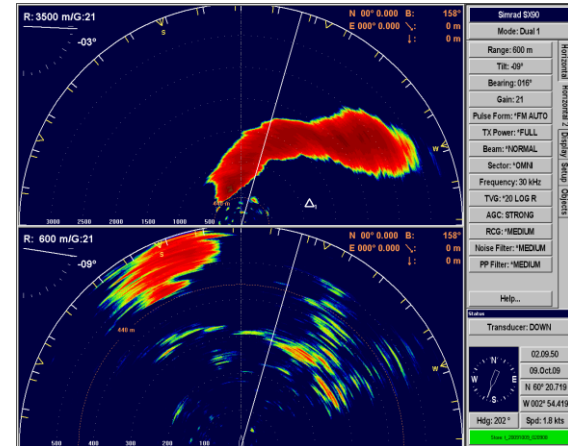
- Main technologies are echosounder and sonar
- 2014 sales was approx. MNOK 350
 - Majority of sales to the retrofit market (85%), the rest are New Builds
- 80% of products sold to commercial fisheries and 20% to government
 - Within commercial: 80% pelagic fishery, 20% trawling
- More than 80% of world fish biomass estimation is made based on data from surveys using KONGSBERG SIMRAD equipment





Fishery fleet becoming more advanced

- Fishery quota's stable since 1980, approx. 85 mill tons world wide
 - Increased resource scarcity entails need for catch optimization – more advanced technology needed
 - “Sustainable fisheries” increasingly important for research, fishery and government
- More optimal fisheries requires a more modern fishing fleet – KONGSBERG SIMRAD technology well positioned for rebuild and new-build of larger vessels and more modern fleet
- Service and support increasing as key competitive advantage





Kongsberg Defence Systems



(MNOK)	Q1-15
Operating revenues	1 041
EBITDA	128
Order intake	1 002
Order Backlog	9 425

<i>Order backlog, delivery time</i>	
Rest of 2015	30 %
2016	29 %
2017 and forward	41 %
*Framework agreements not converted into delivery contracts are not included in the backlog	

Solid Q1 and strong order backlog

Solid 2015 start

- Delivery programs executed on plan
- Strong 12.3 % EBITDA-margin
- Improved and growing activity related to F-35

BNOK 9.4 in order backlog ensures good visibility

Strong position within selected niches in a changing defence market

Market leading positions within missiles, air defence, defence communications and naval command & control

- Increased demand for KDS portfolio
- Several medium- to long term opportunities
- Defence budgets bottoming out

Good start of Q2 – several important announcements

Agreement to deliver equipment for preparing future Malaysian Littoral Combat Ships for NSM.

Alliance strategy proven successful

Agreement between Raytheon and KONGSBERG with regards to NSM, the second step in the joint effort to provide the worlds leading anti-surface solutions



Aerostructures – F-35 ramping up

- Factory opened in 2008
- Recognized for high quality and extreme precision
- Solid operational improvements and strong order intake
 - MNOK 560 to LRIP 9-10 in Q1 15
 - Close to BNOK 1.5 order backlog (F-35 and other)





Kongsberg Protech Systems



(MNOK)	Q1-15
Operating revenues	369
EBITDA	14
Order intake	782
Order Backlog	3 935

<i>Order backlog, delivery time</i>	
Rest of 2015	38 %
2016	39 %
2017 and forward	23 %

*Framework agreements not converted into delivery contracts are not included in the backlog

Solid order intake, low EBITDA

Revenues driven by life-cycle business, i.e. reset-activities

- Expected to be a dominating portion of revenues in 2015

2.12 book/bill in Q1, above 1.0 for 4th consecutive quarter

Important win in the UK market

Contract with General Dynamics UK for delivery of Protector RWS to the British Armed Forces' SCOUT SV vehicle program

- MNOK 678 contract value

Building up for the next growth curve

Solid MNOK 3.9 order backlog, strong R&D efforts and high market activity

- Several ongoing market campaigns, both for traditional RWS and the new MCRWS

KPS is the world's #1 supplier of remotely operated weapon stations

- The market outside the USA is growing

Defence

Several mid- and long term opportunities



KONGSBERG





Kongsberg Oil & Gas Technologies



(MNOK)	Q1-15
Operating revenues	243
EBITDA	5
Order intake	205
Order backlog	374

Order backlog, delivery time

Rest of 2015	76 %
2016	24 %

*Life-cycle and framework agreements not converted into delivery contracts are not included in the backlog

Low revenues and EBITDA but positive effects from measures implemented in 2014

MNOK 243 Q1 revenues, down 10.3% YoY

The initiatives implemented in 2014 results in a positive MNOK 5 EBITDA

- Cost base more adapted to the current market situation
- Additional adjustments considered on an ongoing basis

Attractive technology positioning in a challenging market

KONGSBERG's solutions meet cost reduction requirements in the industry

- Significant technology development programs

General reduction in oil companies' exploration and development activity

- Investment level is expected to stay low in the near to medium-term future
- Several projects postponed or cancelled



2015 Outlook

- **Kongsberg Maritime**
 - Good start to 2015
 - Slower contracting of new vessels in the offshore market, good outlook for advanced merchant and subsea
- **Kongsberg Defence Systems**
 - Strong position in selected niches and several important opportunities
 - Strong backlog provides a robust business platform
- **Kongsberg Protech Systems**
 - Well positioned to meet anticipated future demand
 - Activity expected to increase in 2015
- **Kongsberg Oil & Gas Technologies**
 - Challenging market conditions in the oil & gas market
 - A modern product portfolio is expected to provide long term opportunities, but revenues are expected to decline in 2015

See quarterly report for full text



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