

Investor presentation

1st Quarter 2014 | 13th May 2014



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An eventful quarter

- Record high order intake, BNOK 8.6
 - Book/bill : 2.17
 - BNOK 3.4 (BNOK 2.6) in KM
 - BNOK 4.7 (BNOK 0.7) in KDS
- Strong cash flow from operations, BNOK 1.5
- KM delivers very strong performance
 - 17.8 % growth, solid margins and strong order intake
- KDS has good underlying operations
- KPS faces lower revenues, still good margins
- KOGT has a weak start, recovery plan under implementation

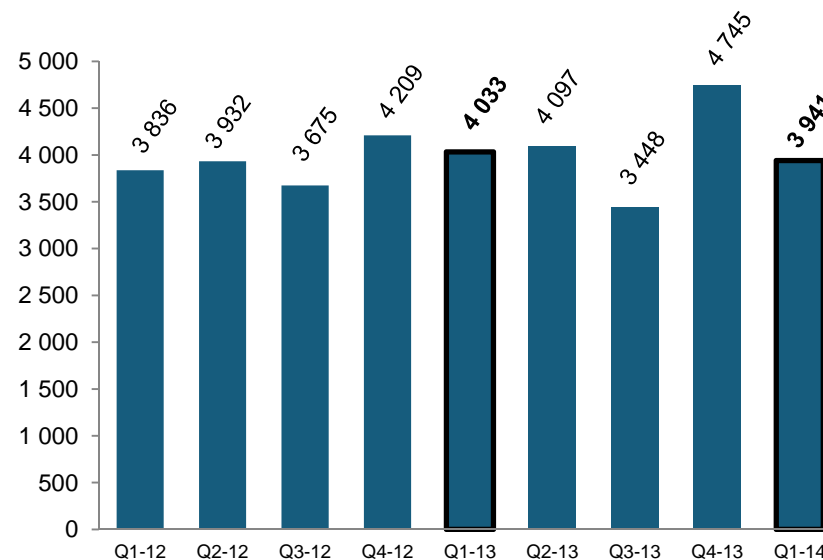
- **DELTAONE** program on schedule



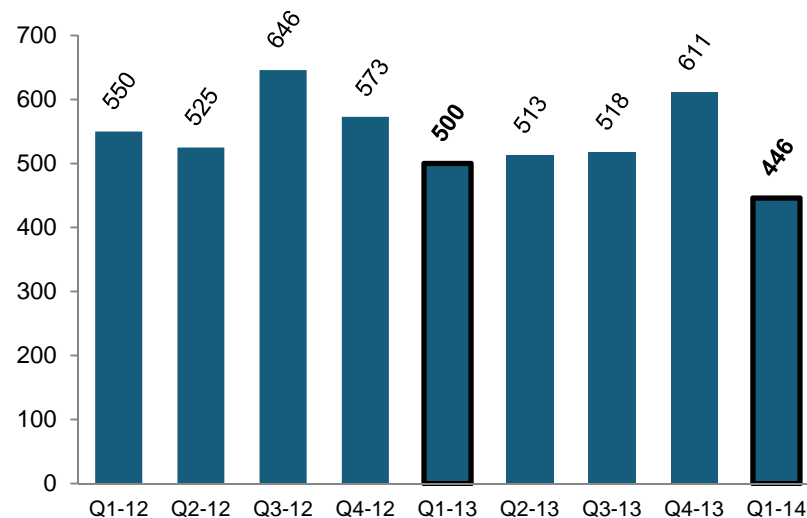
Financial status Q1 - 2014

Operating revenues and EBITDA Q1

- Q1 revenues MNOK 3,941
 - Underlying revenues in line with Q1 2013
 - KM represents 60 % of Q1 revenues



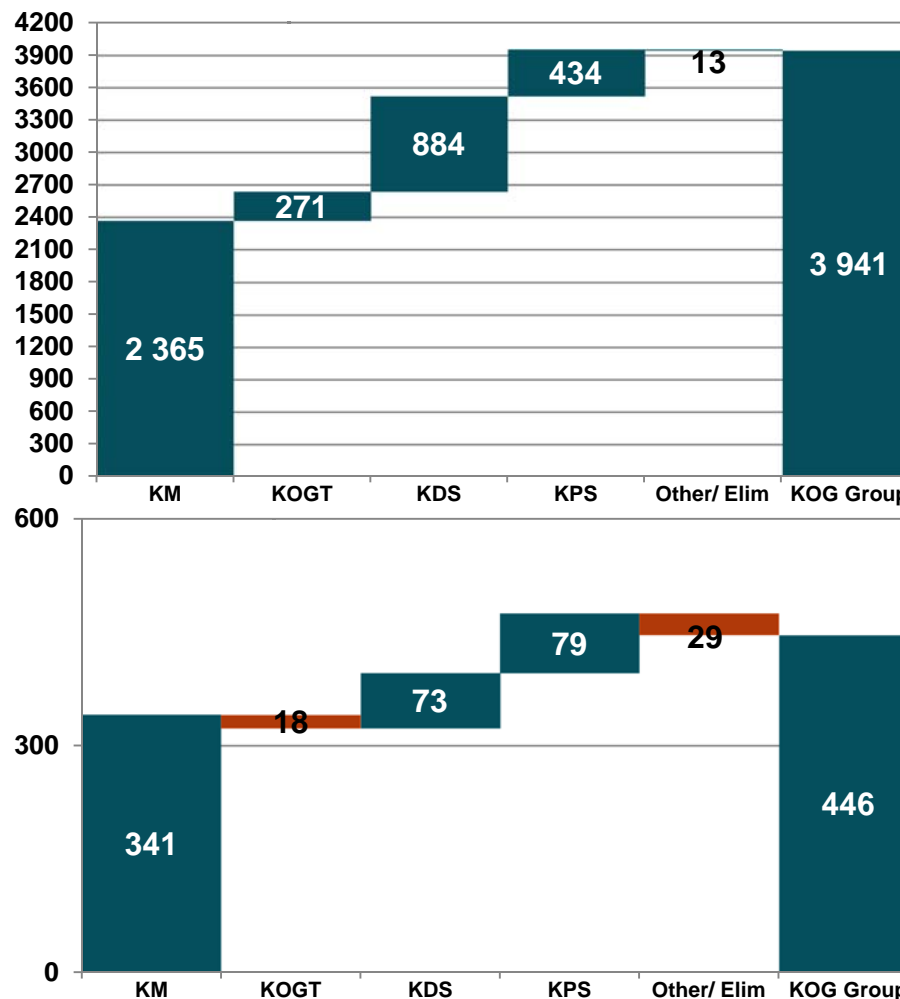
- Q1 EBITDA MNOK 446
 - Strong operations in KM and KDS
 - KPS reports good margins despite lower revenues
 - KOGT faces challenges



Financial status Q1 - 2014

Operating revenues and EBITDA Q1 – per Segment

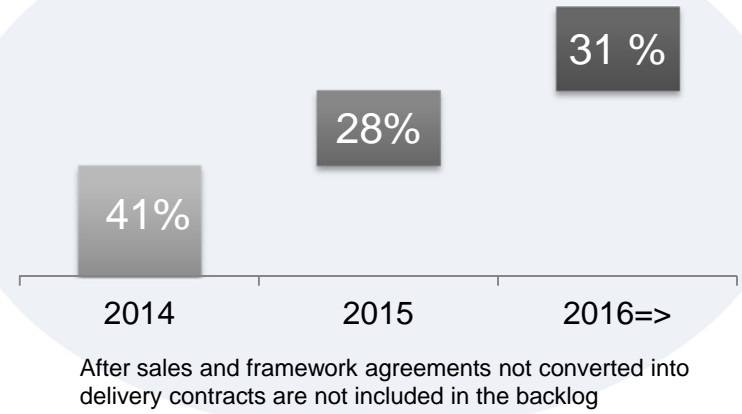
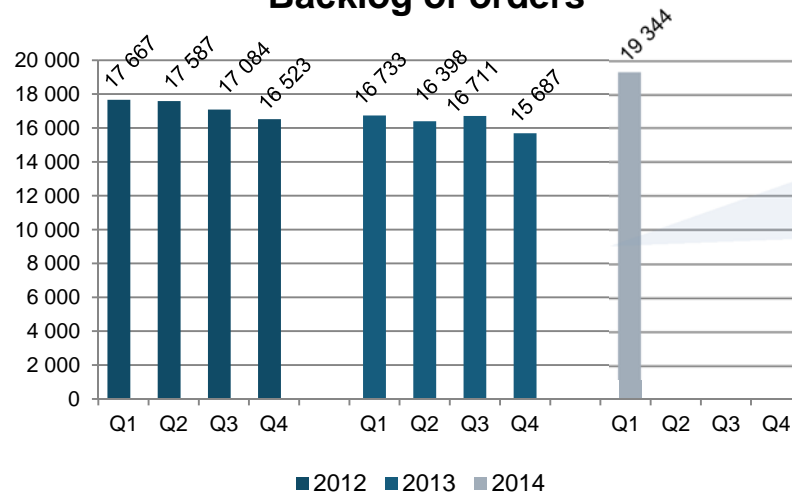
- Strong revenue growth in KM – 17.8 %
- Lower revenues in KDS due to JSM Phase III and new reporting KSAT
- Lower revenues in KPS due to reduced activity level
- Increased revenues for KOGT but challenging market conditions
- Q1 EBITDA strongly influenced by KM
- Improved EBITDA from Q1 2013 for KDS due to strong project execution
- Declining EBITDA but good margins in KPS
- Negative EBITDA in KOGT due to project mix and cost issues



Financial status Q1 2014

Quarterly trends in orders

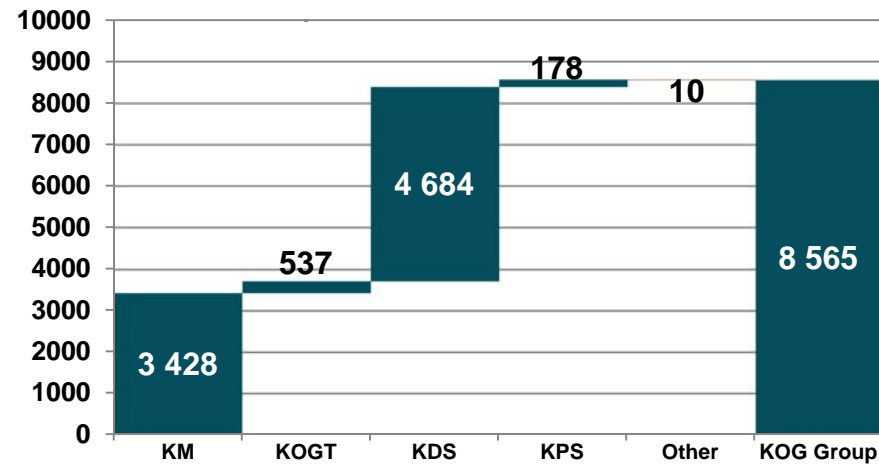
Backlog of orders



New orders per quarter

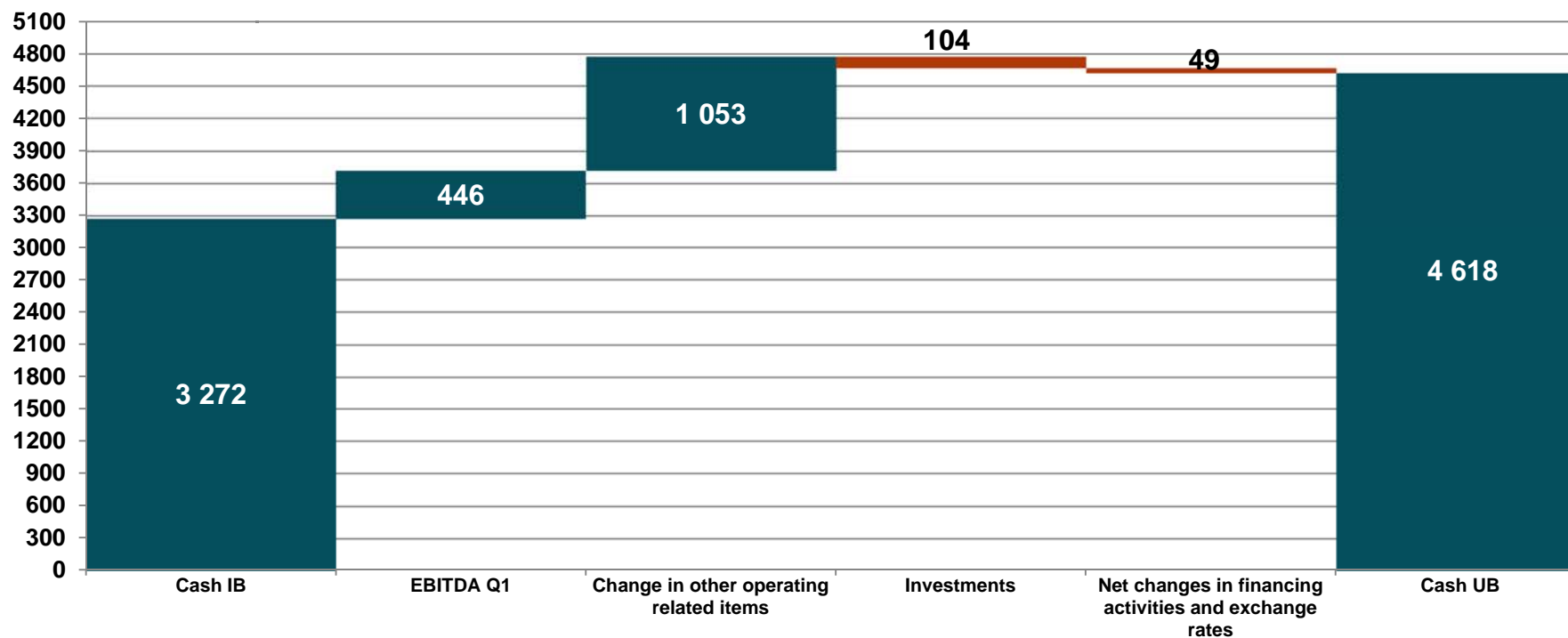


New orders Q1 2014



Financial status Q1 2014

Cash Flow





	Q1-14	Q4-13	Q1-13	2012
Cash and short-term deposits	4,618	3,272	2,144	2,509
Working capital	4,060	3,319	3,365	3,528
Net interest bearing debt	(3,291)	(1,935)	(831)	(1,198)
Equity ratio	37.6%	38,2%	38.8%	38.6%
Return on Capital Employed (ROCE)*	20.4%	21.5 %	24.6 %	26.6 %

KONGSBERG has unused credit lines of NOK 1,5 billion

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

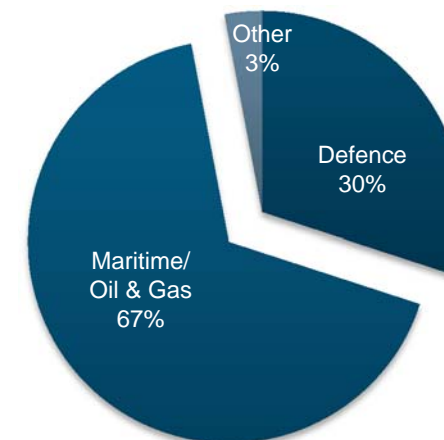
Business areas Highlights

Kongsberg Maritime		Kongsberg Oil & Gas Technologies		Kongsberg Defence Systems		Kongsberg Protech Systems	
							
<ul style="list-style-type: none"> Record high order intake in all segments Offshore remains strong Merchant order intake up more than 60 % YoY Subsea order intake doubled compared with Q1-13 		<ul style="list-style-type: none"> Challenging start to the year, actions taken Several subsea projects postponed Software product portfolio remains attractive Continued significant R&D investments 		<ul style="list-style-type: none"> Order backlog increased by 54 % in quarter NASAMS to Oman – MNOK 3,700 Final stage of JSM phase III contract negotiations NSM, NASAMS campaigns 		<ul style="list-style-type: none"> Lower revenues, but good margins High market activity, and good test results CROWS II deliveries finalized Medium Caliber campaigns 	
(MNOK)	Q1-14	(MNOK)	Q1-14	(MNOK)	Q1-14	(MNOK)	Q1-14
Operating revenues	2,365	Operating revenues	271	Operating revenues	884	Operating revenues	434
EBITDA	341	EBITDA	(18)	EBITDA	73	EBITDA	79
Order income	3,428	Order income	285	Order income	4,684	Order income	178

Key trends – Maritime, Oil & Gas - as seen from KONGSBERG

- Cost pressure within the whole sector drives new technology and new execution models
 - Remotely operated subsea fields, environmental monitoring, use of advanced software
- The exploration of the “sea universe” drives satellite-, AUV-, sensor- and robot technologies
- Demand from merchant marine market improving – strong OPEX focus drives new technology and operational models
- Offshore volume remains strong for KM – albeit some shifts in mix; lower demand from advanced drilling segment but strong for offshore supply, construction- and special purpose vessels
 - Drives technology, scope development and execution models

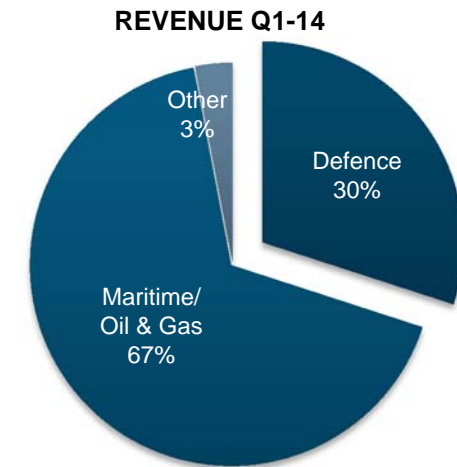
REVENUE Q1-14



Key trends – Defence

- as seen from KONGSBERG

- Consensus from defence analysts seems to be that overall defence budgets will bottom out in 2014
 - View has been strengthened over the past months
- Increasing global security challenges drive new requirements within defence and security
 - Shift from asymmetric threats to more advanced adversaries
 - Shift from “Boots on the Ground” to “Air – Sea Battle”
 - Several nations may rethink defence spending cuts implemented the last couple of years
- KONGSBERG’s total defence portfolio well positioned to meet the changing security challenges
 - Widening of the geographical footprint



2014 Outlook



- **Kongsberg Maritime**
 - Continued high level of activity for the Offshore and Subsea divisions
 - The Merchant Marine market has improved
- **Kongsberg Defence Systems**
 - Several important long-term opportunities
 - Good backlog provides a robust business platform
- **Kongsberg Protech Systems**
 - Leading global position
 - Activities slower than in 2013 and underlying margins declining
- **Kongsberg Oil & Gas Technologies**
 - Lower activity impacts 2014 negatively
 - Well positioned in key areas in the industry

See quarterly report for full text


The battle for talent continues

Most attractive employers 2013

Business	Ingeniørstudenter	IT-studenter	Humaniora-studenter	
Pluss	Navn	Prosent	Pluss i fjor	Trend
#1	Statoil	31,58 %	1	↔
#2	Aker Solutions	25,39 %	2	↔
#3	Kongsberg Gruppen	12,94 %	3	↔
#4	Multiconsult	12,66 %	4	↔
#5	SINTEF	10,76 %	8	↕
#6	Norconsult	9,66 %	5	↕
#7	Statkraft	9,11 %	7	↔
#8	Subsea 7	9,08 %	10	↕
#9	Rambøll	9,01 %	12	↔
#10	COWI	8,74 %	18	↕
#11	Det Norske Veritas (DNV GL)	8,63 %	11	↔
#12	Sweco	8,63 %	9	↕
#13	FMC Technologies	8,04 %	6	↕
#14	Schlumberger	7,75 %	14	↔
#15	Forsvarets forskningsinstitutt	7,51 %	21	↕

Your Extreme and the fight for brainpower



Play tribute film 

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