



KONGSBERG

KONGSBERG

Annual accounts 2009 (preliminary)
19 February 2010

WORLD CLASS – through people, technology and dedication

In summary: A strong end to an eventful year



A strong Q4 rounds off a good year (Quarter / Year):

- Operating revenues continue to grow: 14% / 25%
- EBITA up: 48% / 23%
- Strong cash flow from operating activities: Roughly NOK 2.7 billion in 2009
- Net cash reserves: about MNOK 634
- Equity ratio up to 30.1%
- The Board proposes a dividend of NOK 2.00 (NOK 1.375) per share

A year with strong consolidation of market positions:

- Strong influx of new orders, up 19 % / 20 %
- Backlog of orders further increased, up 19 % in 2009
- Important, large-scale contracts in both defence segments
- Important new ventures, satisfactory new orders and growth in after-sales in a weak maritime market

Continued heavy emphasis on product development:

- New products launched on the maritime market
- Joint Strike Missile (JSM) undergoing qualification processes in the USA
- Medium Calibre RWS introduced in the USA

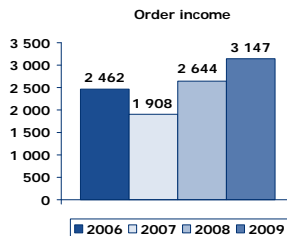
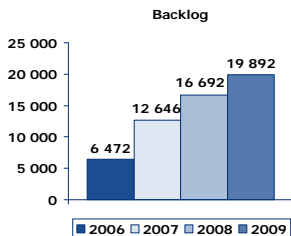
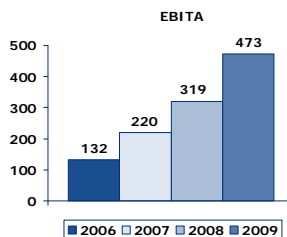
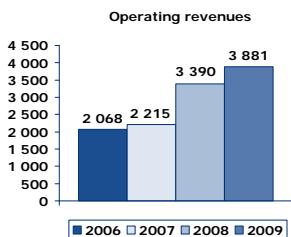
/ 2 / 19-Feb-10 WORLD CLASS – through people, technology and dedication



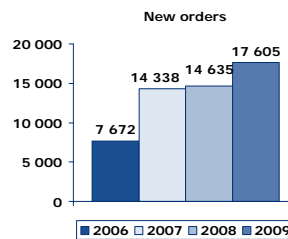
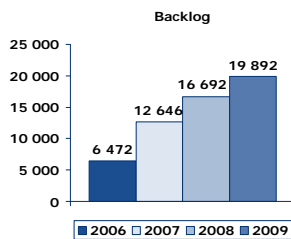
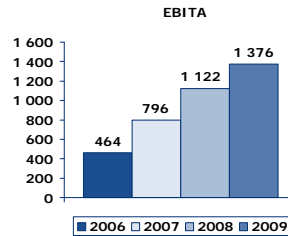
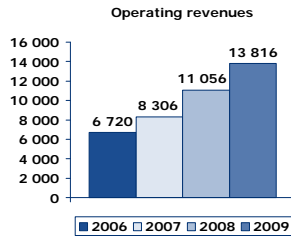
AGENDA

- Financial status at Q4 2009
- Status for the business areas
- Updates

A strong Q4 rounds off 2009



2009 distinguished by continued vigorous growth



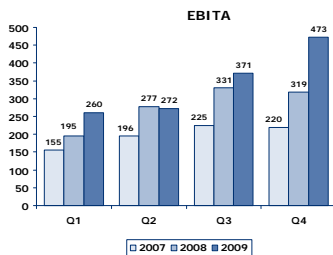
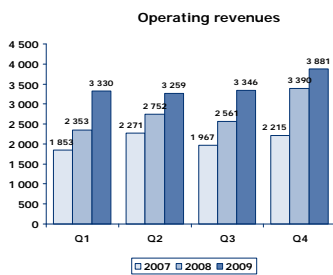
/ 5 /

19-Feb-10

WORLD CLASS – through people, technology and dedication

Financial status at Q4 2009

Quarterly development in operating revenues and EBITA

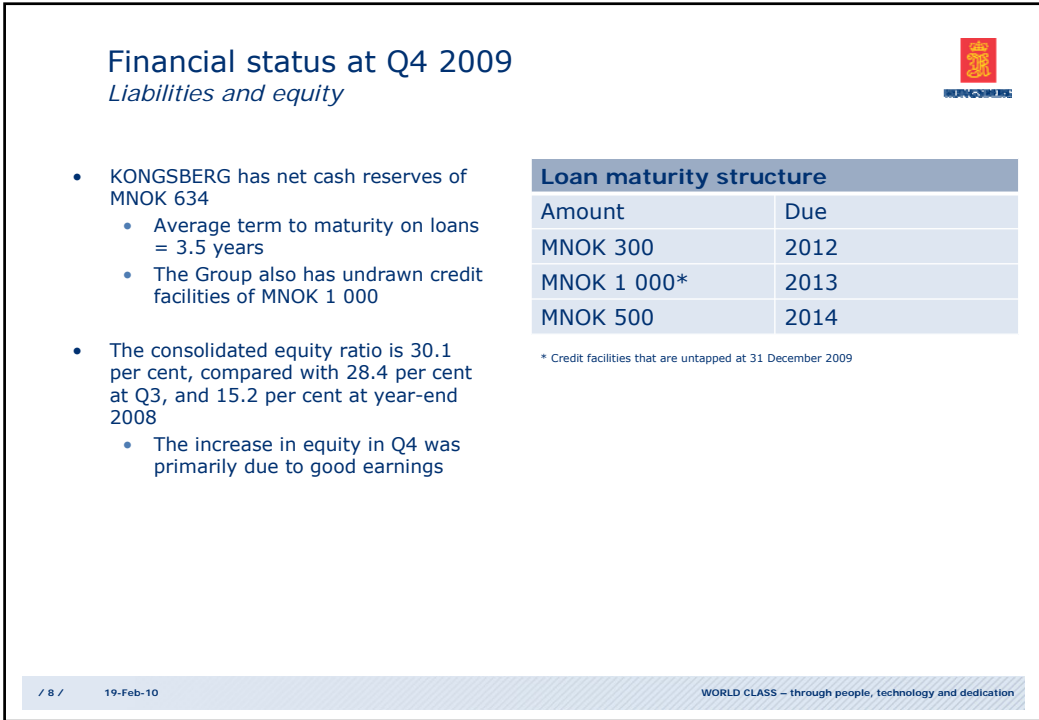
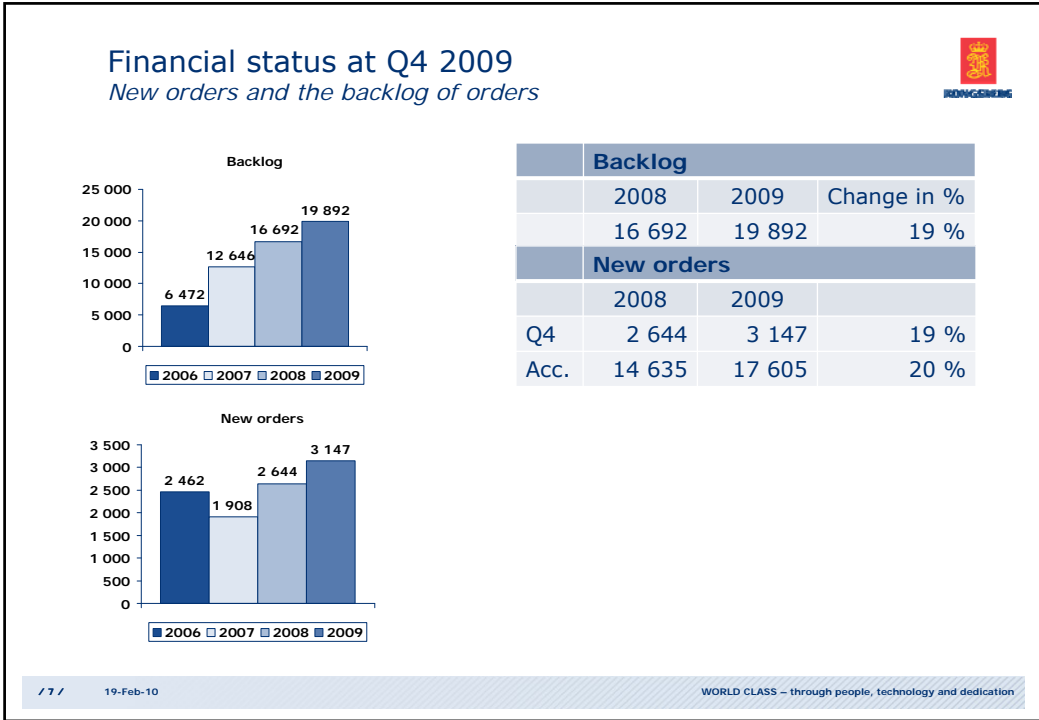


Operating revenues			
	2008	2009	Endring i %
Q4	3 390	3 881	14 %
Akk.	11 056	13 816	25 %
EBITA			
Q4	319	473	48 %
Akk.	1 122	1 376	23 %
EBITA-margin			
Q4	9.4 %	12.2 %	
Akk.	10.1 %	10.0 %	

/ 6 /

19-Feb-10

WORLD CLASS – through people, technology and dedication



Financial status at Q4 2009

Cash flow



- The cash flow from operating activities was MNOK 758 in Q4
- Net current assets and other operations-related entries decreased by MNOK 218 in Q4
 - The Group has implemented a programme for freeing up capital, which brought good results in the second half
- At year-end 2009, KONGSBERG had net cash reserves of MNOK 634
- Net interest-bearing liabilities decreased by MNOK 2 072 in 2009
 - MNOK 586 during the quarter

Net cash flow (MNOK)	Q4	2009
EBITDA	540	1 619
Change in net current assets and other operational items	218	1 050
Cash flow from operating activities	758	2 669
Acquisition of fixed assets	(129)	(451)
Acquisition of subsidiaries	(18)	(37)
Net payment ved utlån og kjøp/salg aksjer		210
Other investing activities	(28)	(54)
Cash flow from investing activities	(175)	(332)
Cash flow from financing activities	9	(1 091)
Effect of exchange rate fluctuations on bank deposits and cash equivalents	(2)	(66)
Net change, bank deposits and cash equivalents	590	1 180

/ 9 / 19-Feb-10

WORLD CLASS – through people, technology and dedication

Key figures



	Q4 2009	Q4 2008	2009	2008
Change, operating revenues	14 %	53 %	25 %	33 %
EBITDA	540	384	1 619	1 319
EBITDA/employee* (in NOK 1 000)	100	74	304	279
EBITA	473	319	1 376	1 122
EBITA-margin	12,2	9,4	10,0	10,1 %
EBT	430	245	1 169	861
Net interest bearing debt / EBITDA	n.a.	1.09	n.a.	1.09
Equity %	30.1 %	15.2 %	30.1 %	15.2 %
Book/bill	0.81	0.78	1.27	1.32
EPS	2.58	1.55	6.83	4.86

* Average number of employees

/ 10 / 19-Feb-10

WORLD CLASS – through people, technology and dedication

Kongsberg Oil & Gas Technologies

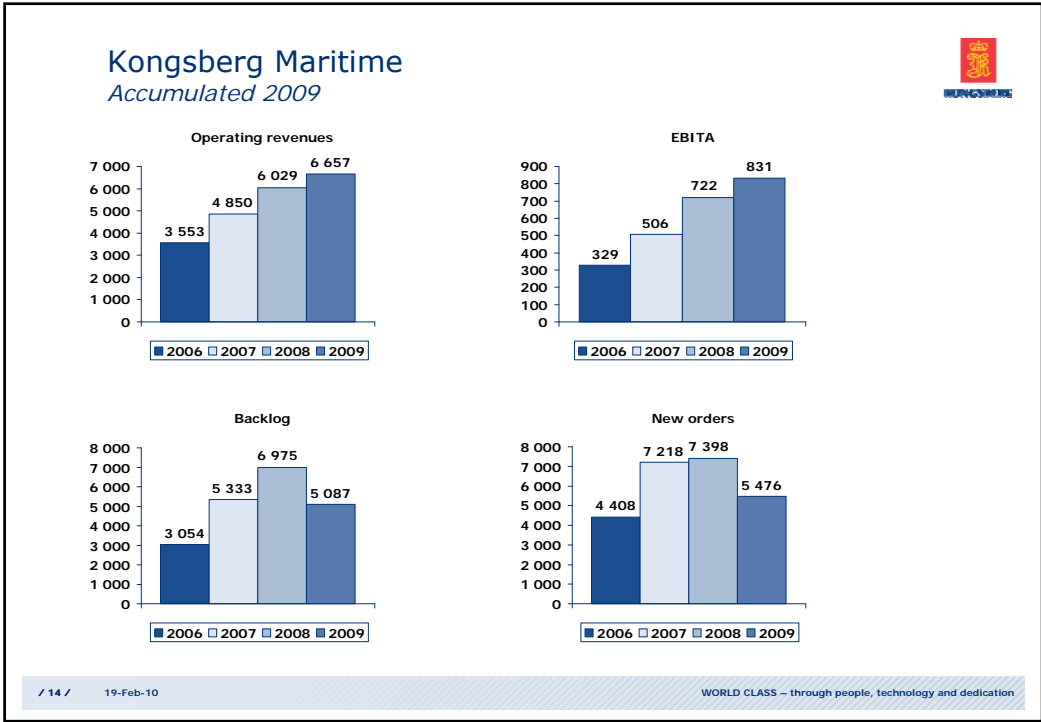
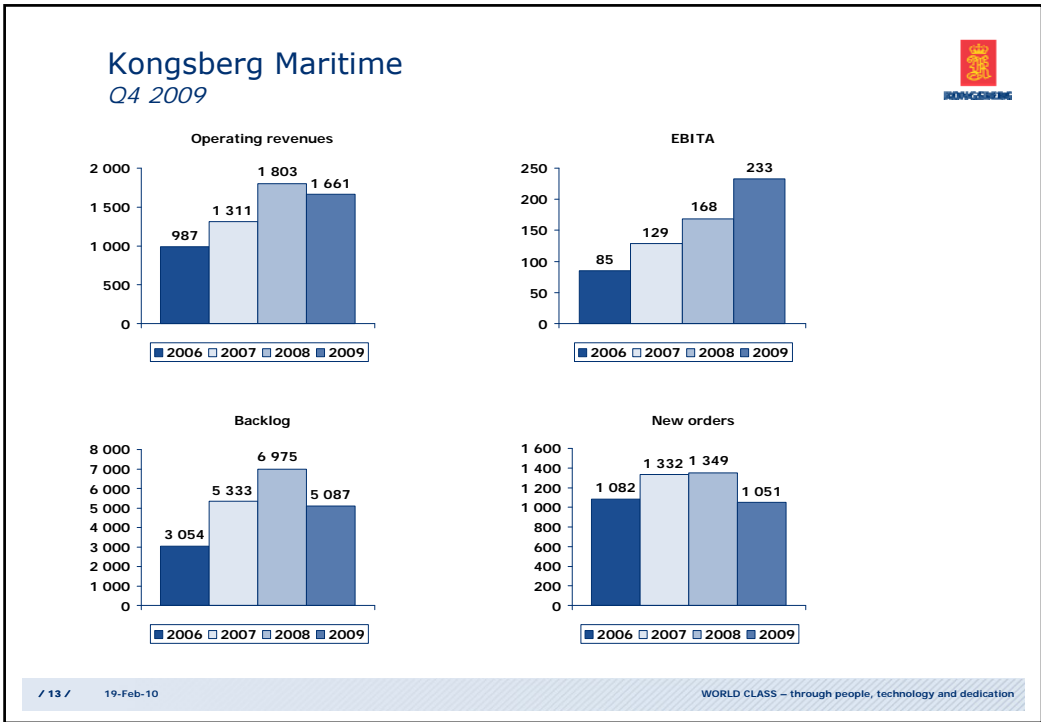
Change in reporting routines

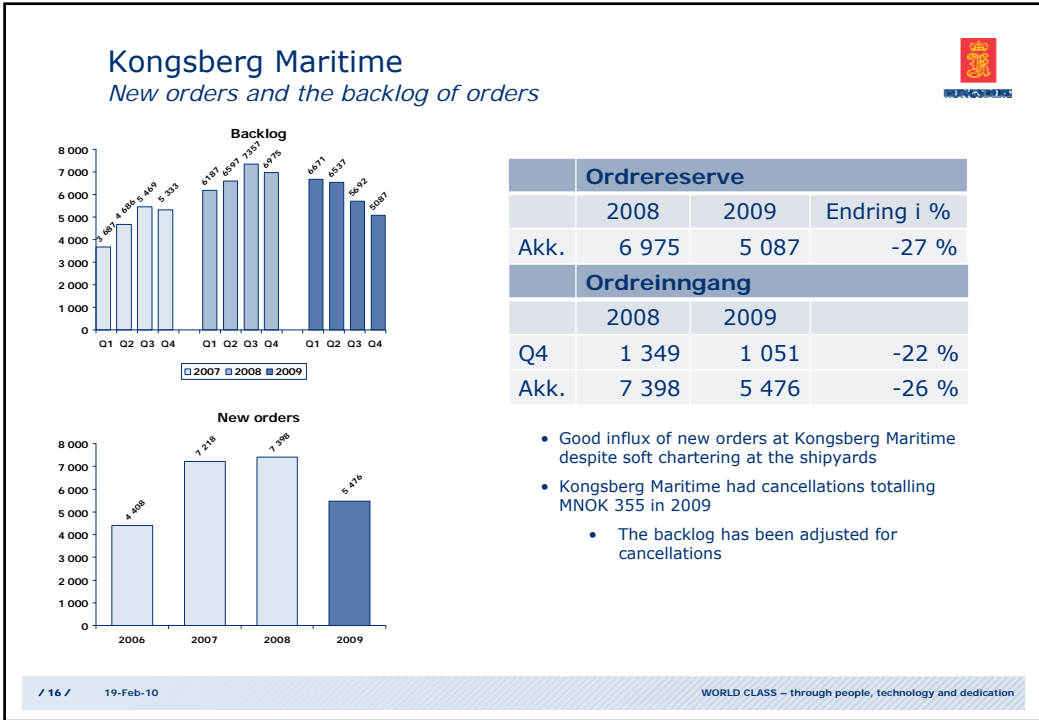
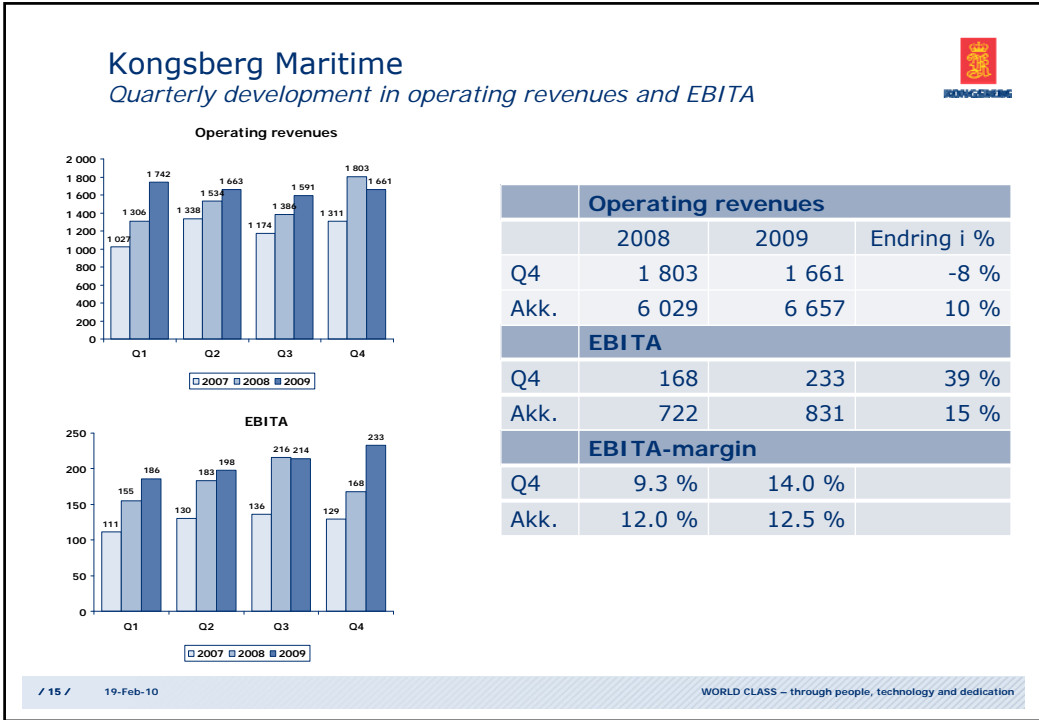


- Kongsberg Oil & Gas Technologies is being reported under 'Other activities' in the accounts
 - It has previously been reported under Kongsberg Maritime
 - The figures have been adjusted for 2008 and 2009

Kongsberg Maritime Status







Kongsberg Maritime in 2009

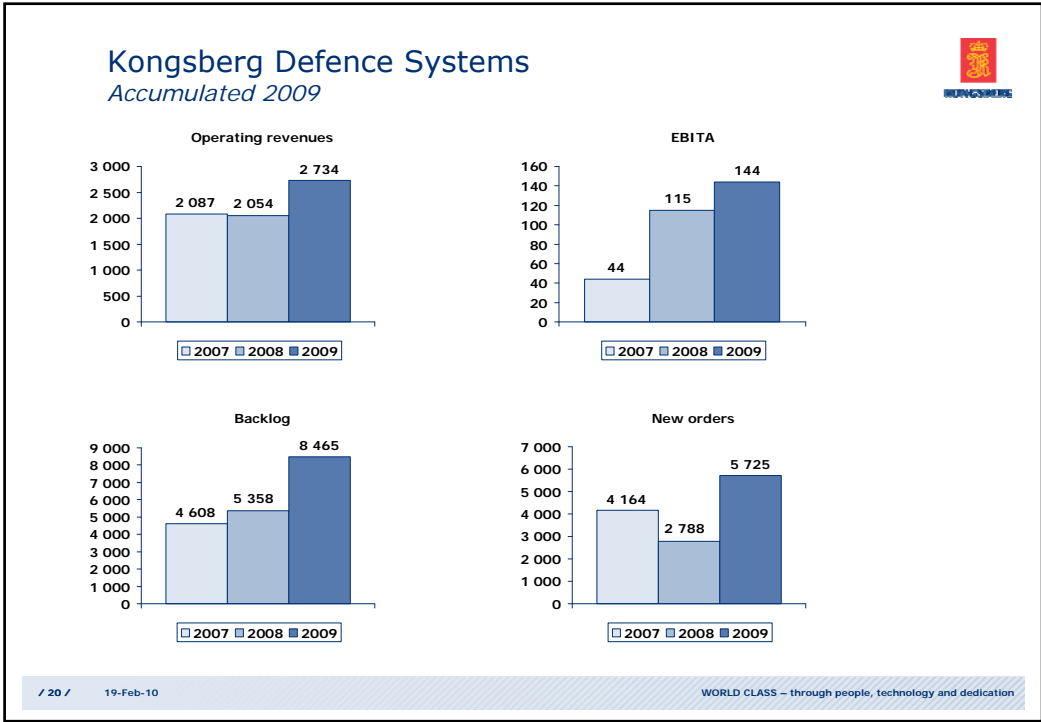
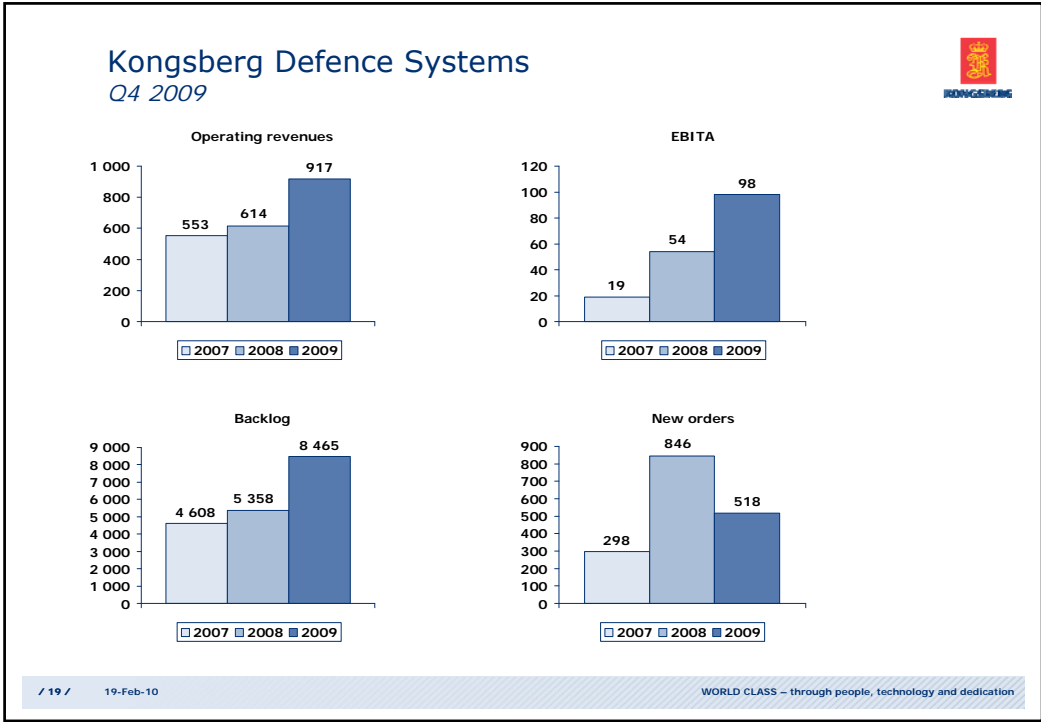


- Major new ventures in India, "Production Hub" in China, KM do Brazil, Mexico
- Trend in new orders in line with our expectations
 - Growing after-sales business
 - Contracting was very slow at the shipyards throughout 2009
- Although the backlog were reduced during the year, it is still satisfactory and at a high level
- The level of cancellations is low, but there are more project delays at the shipyards
- The business area has had a high level of activity throughout its organisation



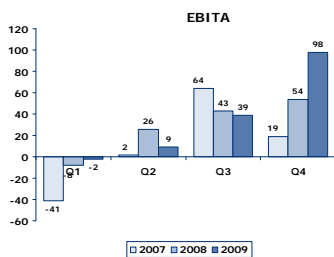
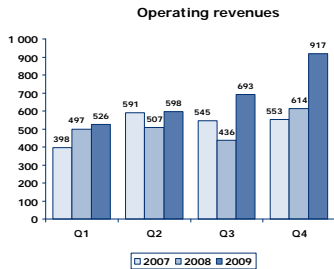
Kongsberg Defence Systems Status





Kongsberg Defence Systems

Quarterly development in operating revenues and EBITA

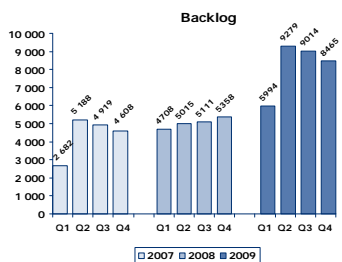


Operating revenues			
	2008	2009	Change in %
Q4	614	917	49 %
Akk.	2 054	2 734	33 %
EBITA			
Q4	54	98	81 %
Akk.	115	144	25 %
EBITA-margin			
Q4	8.8 %	10.7 %	
Akk.	5.6 %	5.3 %	

- Profitability in the first half of 2009 was impacted by large-scale delivery programmes and the new composite plant

Kongsberg Defence Systems

New orders and the backlog of orders



Backlog			
	2008	2009	Change in %
Acc.	5 358	8 465	58 %
New orders			
Q4	846	518	-39 %
Acc.	2 788	5 725	105 %

- The defence market is generally characterised by few but large contracts, and sales orders fluctuate as a result

Kongsberg Defence Systems in 2009

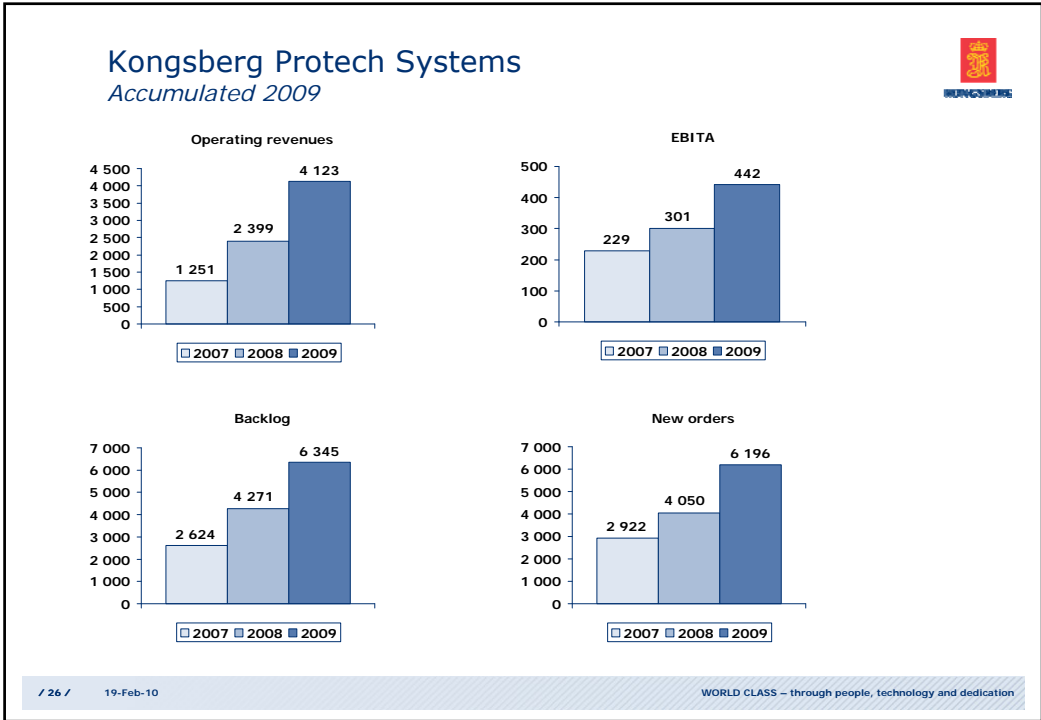
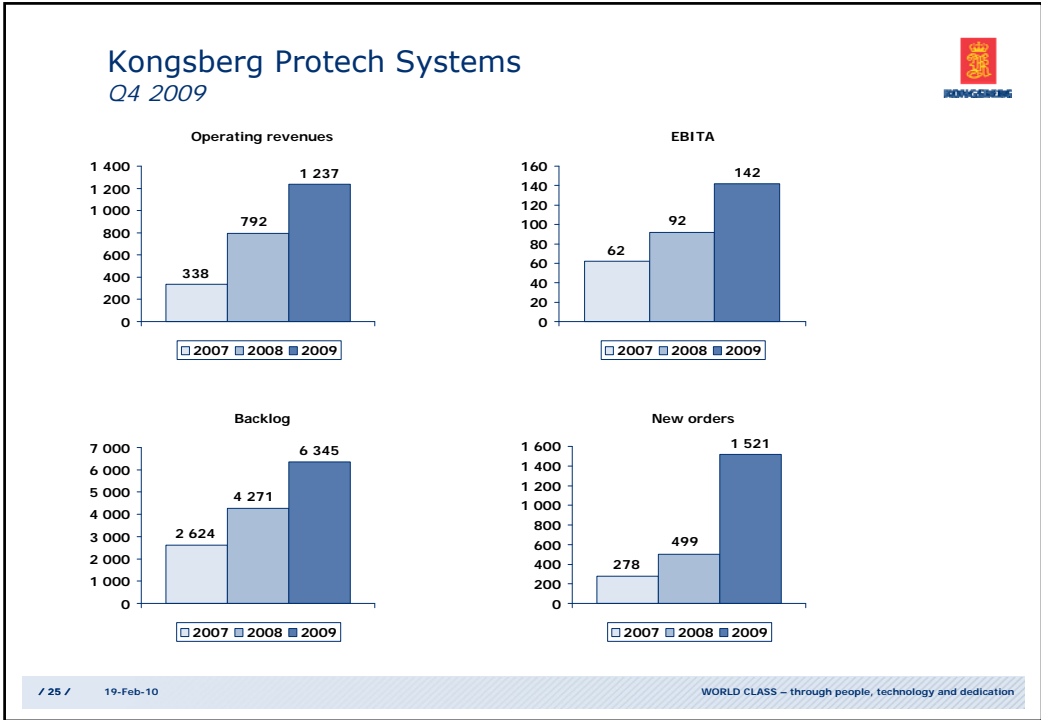


- Several important contracts signed during the year, including
 - Air defence contract with Finland worth NOK 3 billion.
 - Development contract for JSM with the Norwegian Defence Logistics Organisation
 - Framework agreement for aircraft components with the Northrop Grumman Corporation valued at about MNOK 460
 - ➔ Potential for further improvement
- On schedule start-up for NASAMS air defence for Finland and the NSM for coastal artillery for Poland
- Start-up of the composite plant
 - Top marks on the Final Design Review for composite parts
 - The first 'fly away' parts have been delivered and will be airborne in 2010
- Framework agreements now in place with Lockheed Martin and Northrop Grumman for the F-35 programme



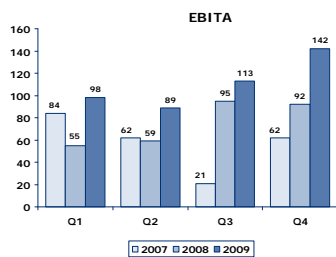
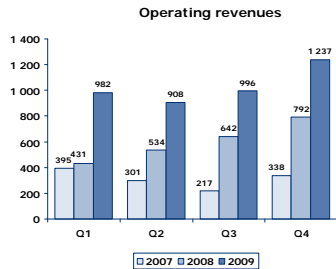
Kongsberg Protech Systems Status





Kongsberg Protech Systems

Quarterly development in operating revenues and EBITA

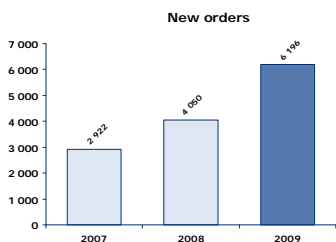
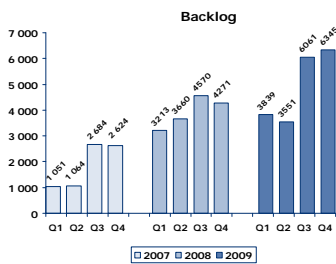


Operating revenues			
	2008	2009	Change in %
Q4	792	1 237	56 %
Acc.	2 399	4 123	72 %
EBITA			
Q4	92	142	54 %
Acc.	301	442	47 %
EBITA-margin			
Q4	11.6 %	11.5 %	
Acc.	12.5 %	10.7 %	

- The CROWS programme for the US Army accounted for a higher percentage of the total in 2009 than in 2008

Kongsberg Protech Systems

New orders and the backlog of orders



Backlog			
	2008	Q3 2009	Change in %
Acc.	4 271	6 345	49 %
Ordreingang			
Q4	499	1 521	205 %
Acc.	4 050	6 196	53 %

- MNOK 5 168 in new orders in 2009 are related to the CROWS II framework agreement

Kongsberg Protech Systems in 2009



- Contracts totalling about MNOK 5 168 were called off under the CROWS II framework contract in 2009
 - In December 2009, the framework agreement was expanded to 10 349 systems
 - MNOK 950 of the total call-off orders in 2009 were related to this expansion
 - Confirms the Group's position as the market leader for this type of remote weapon systems (RWS)
- Medium Calibre RWS prototype launched in the USA – very positive market reaction
- Growing after-sales and maintenance sales
- Well positioned in terms of new programmes with existing as well as new customers
 - The Protector RWS has now been sold to 17 countries
- The budget process in the USA indicates further growth for CROWS



Updates




The strategic growth platform was strengthened in 2009



	<i>Highlights and initiatives</i>	<i>Future growth drivers</i>
KM	<ul style="list-style-type: none"> Strong growth in core areas Positioning UAV/Hydroacoustics International expansion Customer Support 	<ul style="list-style-type: none"> Product development After sales AUV, Offshore Adaptation to markets
Other/ KOGT	<ul style="list-style-type: none"> Making a technology hub Structure/management/ composition Product development 	<ul style="list-style-type: none"> Process simulation/Flow assurance Status monitoring Development and M&A
KDS	<ul style="list-style-type: none"> New missile (NSM), start of JSM dev. Breakthrough contracts Composite plant Prod. for the F-35 on schedule 	<ul style="list-style-type: none"> International growth – missiles International growth – air defence Scaling of F-35 component production Modernization of the Norwegian Armed Forces
KPS	<ul style="list-style-type: none"> RWS scaling (CROWS II) New vehicles / programmes Ramp up of production in the USA Supplier development 	<ul style="list-style-type: none"> Product and application development CROWS II order backlog Bridge contract(s) New vehicle programmes

/ 31 / 19-Feb-10
WORLD CLASS – through people, technology and dedication

The demand for CROWS is on the rise and budgetary parameters are being established to accommodate the demand




- ✓ Demand for CROWS? ✓ Contract processes ? ✓ Budgets, financing
- CROWS funding = CROWS budgets + Vehicle programme budgets

COMMON REMOTELY OPERATED WEAPONS STATION

The recommendation provides \$495,000,000 for Common Remotely Operated Weapons Stations (CROWS), which includes the \$235,000,000 in the budget request, a transfer of \$360,000,000 from Other Procurement, Army, and a program reduction of \$100,000,000. Although there is strong support for the CROWS program, this reduction will avoid funding ahead of need. **It is understood that funding for CROWS systems is available in the funding lines for other weapons systems and tactical vehicles.** Should additional CROWS funding be required in fiscal year 2010, the Army should reprogram internally to meet the demand. **The Army is encouraged to make the CROWS System a Program of Record.**

Reference:
http://appropriations.house.gov/pdf/FY2010_Defense_Explanatory_Statement.pdf?bcs_scan_4069C7E5FF429C6C=1



/ 32 / 19-Feb-10
WORLD CLASS – through people, technology and dedication

Outlook

Taken from the Q4 2009 report



- Kongsberg Maritime's markets are strongly affected by trends in world trade and the demand for energy. There may be more cancellations and postponements in respect of existing contracts. The slow pace of contracting new vessels at the shipyards is expected to continue. Kongsberg Maritime is expected to maintain its good market positions in the offshore- and the maritime segment in 2010. The strengthening of global after-sales and customer support will give positive results. The Board expects the workload to be slightly less in 2010 than in 2009. Trends are being followed closely and initiatives are being taken to adapt capacity and reduce risk.
- Kongsberg Defence Systems still expects good and rising levels of activity. Several major delivery programmes are in the ramp-up phase. The focus on advanced composite components for the aviation industry continues, and significant efforts are being made for marketing and further developing missiles.
- Kongsberg Protech Systems is expected to grow further in 2010. There are many new opportunities in the weapon systems market with a view to existing as well as new customers.
- The NOK/USD and NOK/EUR exchange rates are of great importance to the Group. Initiatives are being taken continuously to reduce the Group's foreign exchange exposure. Besides hedging all signed contracts, the Group hedges a percentage of anticipated new orders.
- KONGSBERG enjoys good positions in the shipping, offshore and defence markets, and has a good backlog of orders. This offers a firm platform for future operations and profitability. However, the economic situation is uncertain and, over time, a setback could have an adverse impact on the Group's operations.

Appendix



Financial status at 31 December 2009

Income statement



MNOK	Q4 - 09	Q4 - 08	2009	2008
Operating revenues	3 881	3 390	13 816	11 056
Operating expenses	(3 341)	(3 006)	(12 197)	(9 737)
EBITDA	540	384	1 619	1 319
Depreciation	(67)	(65)	(243)	(197)
EBITA	473	319	1 376	1 122
Amortisation	(35)	(29)	(113)	(84)
EBIT	438	290	1 263	1 038
Net gains/write-downs on financial assets		(24)	5	(138)
Net other financial items	(8)	(21)	(99)	(39)
Earnings before tax	430	245	1 169	861
Tax expense	(119)	(57)	(341)	(274)
Result in the reporting period after tax	311	188	828	587
Minority interests	1	2	8	4
Equity holders of the parent	310	186	820	583
<i>Earnings per share (NOK)</i>	<i>2,58</i>	<i>1,55</i>	<i>6,83</i>	<i>4,86</i>
<i>Earnings per share, diluted (NOK)</i>	<i>2,58</i>	<i>1,55</i>	<i>6,83</i>	<i>4,86</i>
New orders (MNOK)	3 147	2 644	17 605	14 635

Financial status at 31 December 2009

Balance sheet



MNOK	31.12.09	30.09.09	31.12.08
Tangible fixed assets	2 029	1 974	1 863
Intangible assets	2 209	2 221	2 379
Other long-term assets	226	198	421
Total long-term assets	4 464	4 393	4 663
Current assets	6 439	6 885	7 504
Bank deposits and cash equivalents	1 463	873	283
Total current assets	7 902	7 758	7 787
Total assets	12 366	12 151	12 450
Paid-in capital	982	982	982
Accrued equity	2 323	2 089	1 835
Excess/negative value, financial instruments	399	359	(939)
Minority interests	22	20	16
Total equity	3 726	3 450	1 894
Long-term interest-bearing debt	829	825	1 722
Other long-term liabilities	1 092	1 548	830
Total long-term liabilities	1 921	2 373	2 552
Prepayments from customers	2 116	2 051	900
Other short-term liabilities	4 603	4 277	7 104
Total short-term liabilities	6 719	6 328	8 004
Total liabilities and equity	12 366	12 151	12 450

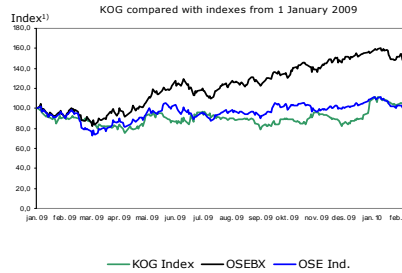
Shareholders and share development



20 largest shareholders (at 17 February 2010)

Shareholder	# shares	%	Δ 2010
1 Staten v/Nærings- og handelsdepartementet	60 001 600	50,00 %	-
2 Folketrygdfondet	11 793 820	9,83 %	-0,19 %
3 Arendals Fossekompani	9 552 796	7,96 %	-
4 MP Pensjon	4 812 800	4,01 %	-
5 Skagen Vekst	3 122 000	2,60 %	-
Total for the 5 largest shareholders	89 283 016	74,40 %	
6 Orkla ASA	3 000 660	2,50 %	-
7 Odin Norden	2 884 268	2,40 %	-0,01 %
8 Odin Norge	2 879 355	2,40 %	0,07 %
9 Odin Offshore	997 500	0,83 %	-
10 JP Morgan Chase bank - nominee	757 000	0,63 %	-
11 VP Danske Invest	661 692	0,55 %	-0,01 %
12 State Street Bank & Trust Co - nominee	566 994	0,47 %	0,00 %
13 JP Morgan Chase bank - nominee	477 076	0,40 %	-
14 Goldman Sachs Int. - nominee	474 056	0,40 %	0,00 %
15 The Northern Trust - nominee	462 080	0,39 %	-
16 BNP Paribas - nominee	438 400	0,37 %	-0,01 %
17 Must Invest AS	400 000	0,33 %	-
18 Verdipapirfondet Di Norge I	394 832	0,33 %	0,00 %
19 Pactum AS	350 000	0,29 %	-
20 JP Morgan Chase bank - nominee	324 315	0,27 %	0,02 %
Total for the 20 largest shareholders	104 351 244	87,0 %	
Total number of shares	120 000 000	100,0 %	

Share price performance over the past year



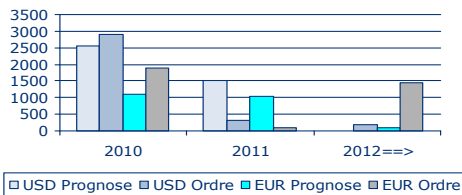
1) KOG's share price relative to the Oslo Stock Exchange Benchmark Index and the Industrials Index. Closing share price on 1 January 2009 = 100

The share was split 1:4 with effect as from 8 May 2009

Currency



Hedging portfolio at 31 December 2009 (values in NOK)



Hedging portfolio

- Orders: All orders signed in foreign currencies are hedged, eliminating currency risk
- Prognosis: Prior to signature, probable contracts are also hedged pursuant to the guidelines stipulated in the Group's Foreign Exchange Policy

Foreign exchange policy

- Hedging of all signed contracts
- Partial hedging of anticipated revenues in foreign currencies two years ahead
- Goals:
 - Create predictability and ensure profitability for the existing product portfolio
 - Allow time for operational and strategic initiatives in the event of lasting changes in exchange rates

Foreign currency position

- 70-75 per cent of sales influenced by exchange rates
- 30-35 per cent of costs in foreign currencies
- About 35 per cent net exposure, primarily in USD and EUR
- Our competitiveness is influenced by:
 - Changes in NOK exchange rates, NOK/EUR, against all foreign competitors
 - Changes in the USD exchange rate, USD/EUR, against all competitors with their cost base in USD or currencies linked to the USD

The Board of Directors of Kongsberg Gruppen ASA



Finn Jebesen (59) - Chair of the Board

- Self-employed
- CEO of Orkla from 2001 to 2005
- Other directorships: Chair of the Board of Kavli Holding AS, deputy chair of KLP forsikring, director of Berner Gruppen AS, Anders Wilhelmsen & Co AS and Norsk Hydro ASA



Benedicte Berg Schilbred (63) – deputy chair

- Executive Chair of the Board of the Odd Berg Group
- Other directorships: Chair of the Board Tos Lab AS, director in Norway Pelagic Group AS, Fiskeriforskning AS, Norsildmel AS and Norsildmel Innovation AS



Erik Must (67), Director

- Other directorships: Chair of the Board of Directors for Fondsfinans ASA, Fondsfinans Kapitalforvaltning Holding AS, Arendals Fossekompani ASA, Gyldendal ASA and Erik Must AS. Director of the NSTC Media Group AS, Norwegian Museum of Cultural History, the Arentz Legacy and the Biotechnology Centre, University of Oslo, among others



John Giverholt (57), Director

- CFO, Ferd AS
- Experience from Orkla ASA, DnB ASA and Norsk Hydro ASA
- Other directorships: Director of Telenor ASA



Anne-Lise Aukner (53), Director

- Chief Executive Officer and Country Manager Nexans Norway AS
- Other directorships: EDB Business Partner ASA, Federation of Norwegian Industries, Europacable Norge AS, INTPOW, Nexans Norway AS, Aukner Holding AS and the Confederation of Norwegian Enterprise (NHO). Member of NHO's Ethics Committee and the Executive Management Forum at the Ministry of Petroleum and Energy



Roar Marthiniusen (52) – Director (employee representative)

- Sales and Marketing Manager, Kongsberg Maritime AS
- Engineer from the Horten College of Engineering
- Employee representative since 1999



Helge Lintvedt (52), employee representative

- Senior Project Engineer at Kongsberg Defence Systems
- Graduate of the Kongsberg College of Engineering
- Employee representative since 2009
- Head of the Norwegian Society of Engineers and Technologists' corporate chapter at KDA, Director, KDA



Kai Johansen (42), Director (employee representative)

- Shop Steward in the Norwegian United Federation of Trade Unions, Kongsberg Protech Systems
- Training from Kongsberg Vocational School
- Guild certificate as a CNC operator
- Employee representative since 2007

Financial Calendar and Investor Relations contacts



Financial calendar 2010

Publication of quarterly figures

- Q1 - 29 April
- Q2 - 19 August
- Q3 - 4 November

Annual General Meeting

- 11 May

Capital Markets Day

- 7 September

IR contacts

Arne Solberg,
CFO

Telephone: +47 32 28 95 75

E-mail: arne.solberg@kongsberg.com

Jan Erik Hoff

VP Investor Relations

Telephone: +47 32 28 83 30 / +47 99 11 19 16

E-mail: jan.erik.hoff@kongsberg.com

Kongsberg Gruppen ASA

Telephone: +47 32 28 82 00

E-mail: office@kongsberg.com

For more information, see: www.kongsberg.com/nb-NO/KOG/InvestorRelations.aspx



/ 41 / 19-Feb-10

www.kongsberg.com

WORLD CLASS – through people, technology and dedication