



KONGSBERG

KONGSBERG

Q3 2010

4 November 2010

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

A strong quarter confirming robustness and growth also in 2010



KONGSBERG

Strong Q3 results for the Group:

- Operating revenues up **13%** compared with Q3 2009
- EBITA up by **52%** compared with Q3 2009
- Profit margin (EBITA) improved from 11.1% to **14.9%**
 - Kongsberg Maritime continues to deliver strong EBITA margin
 - Strong EBITA-margin in Kongsberg Protech Systems due to product mix and higher degree of spare part sales than earlier expected
- Net cash reserves of **MNOK 693**
- Equity ratio increased to **33.4%**
- YTD **EPS NOK 8.01** compared with NOK 4.25 at Q3 2009

Confirmation of robust market positions in a competitive market:

- Kongsberg Maritime with Book-to-Bill above 1
- Milestone contracts won in all Business Areas
- Solid backlog of orders – **BNOK 18.3**
- Continued high level of activity in the after-sale market

Business Development and operational improvements strongly focused:

- Acquisition of Odfjell Consulting, Portside Engineering
- International cooperation agreement with Rheinmetall AG
- Ongoing cost reduction and productivity improvement programs produce results

/ 2 /

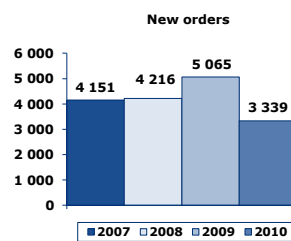
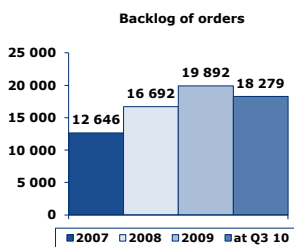
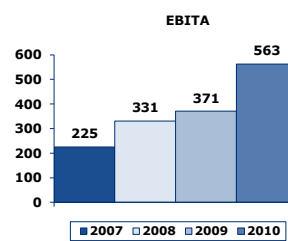
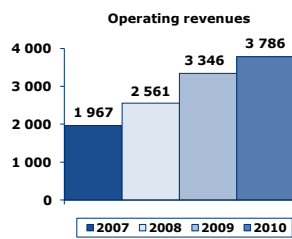
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

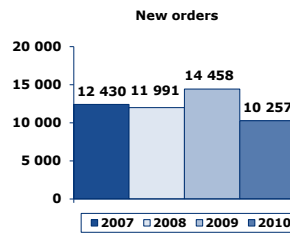
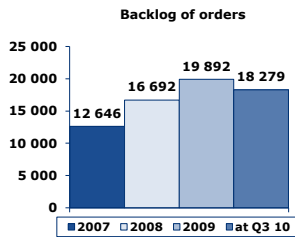
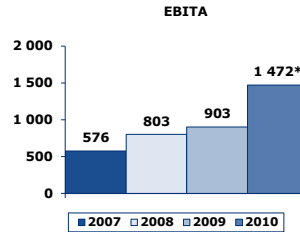
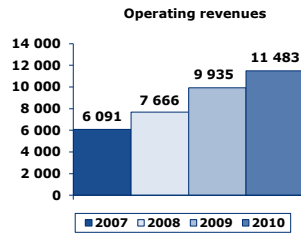
AGENDA

- Financial status at Q3 2010
- Status – business areas
- Updates
- Appendix

Q3 2010



YTD Q3 2010



* Incl non-recurring item of MNOK 39 related to the settlement of the pension scheme (Q1 2010)

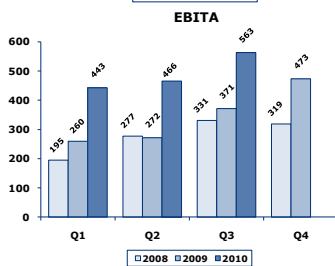
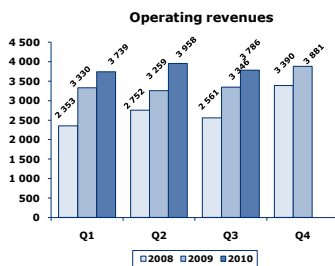
/ 5 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Financial status at Q3 2010

Quarterly trends in operating revenues and EBITA



	Operating revenues		
	2009	2010	Change in %
Q3	3 346	3 786	13.2%
YTD	9 935	11 483	15.6%

	EBITA		
	2009	2010	Change in %
Q3	371	563	51.8%
YTD	903	1 472	63.0%

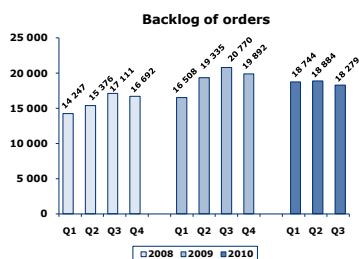
	EBITA margin		
	2009	2010	Change in %
Q3	11.1%	14.9%	
YTD	9.1%	12.8%	

/ 6 /

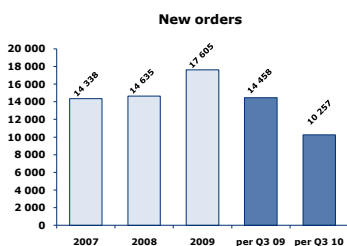
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Financial status at Q3 2010 New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q3 2010	Change in %
	19 892	18 279	- 8.1%



New orders			
	2009	2010	Change in %
Q3	5 065	3 339	- 34.1%
YTD	14 458	10 257	- 29.1%

/ 7 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Financial status at Q3 2010 Cash flow, equity and liabilities



Net cash flow (MNOK)	Q3	YTD Q3 2010
EBITDA	633	1 666
Change in other operating related items	(464)	(931)
Cash flow from operating activities	169	735
Acquisition of fixed assets	(99)	(281)
Other investment activities	(76)	(135)
Cash flow from investing activities	(175)	(416)
Cash flow from financing activities	(11)	(270)
Impact of currency fluctuations on back deposits and cash equivalents	(40)	9
Net change, bank deposits and cash equivalents	(57)	58

- KONGSBERG has net cash reserves of MNOK 693 compared with MNOK 747 at 30 June.
 - The average term to maturity on drawn loan facilities is 2.75 years
 - The Group also has undrawn revolving credit facilities of MNOK 1 000
- KONGSBERG's equity ratio is 33.4%, up from 30.1% at year-end 2009

Maturity structure – loan agreements

Amount	Due
MNOK 300	2012
MNOK 1 000 *	2013
MNOK 500	2014

* Credit facilities that are undrawn at 30 September 2010

/ 8 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Key figures



	Q3 2010	Q3 2009	YTD 2010	YTD 2009	2009
Change, operating revenues	13%	31%	16%	30%	25%
EBITDA	633	428	1 666	1 079	1 619
EBITDA/employee* (in NOK 1 000)	113.8	79.8	300.8	204.0	304.0
EBITA	563	371	1 472	903	1 376
EBITA margin	14.9%	11.1%	12.8%	9.1%	10.0%
EBT	522	310	1 379	739	1 169
Equity %	-	-	33.4%	28.4%	30.1%
Book/bill	0.88	1.51	0.89	1.46	1.27
EPS	3.03	1.80	8.01	4.25	6.83

* Average number of employees

/ 9 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime Status



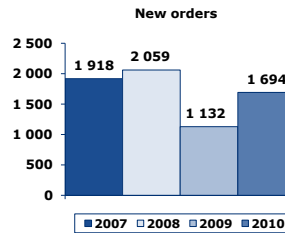
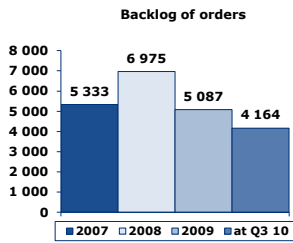
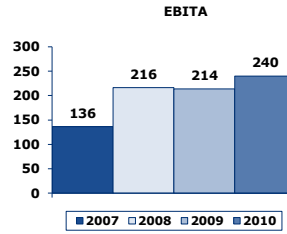
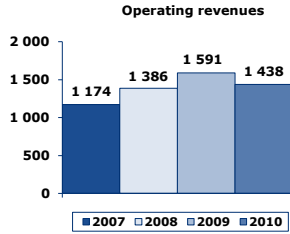
/ 10 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime

Q3 2010



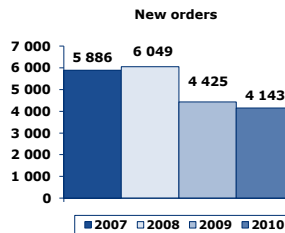
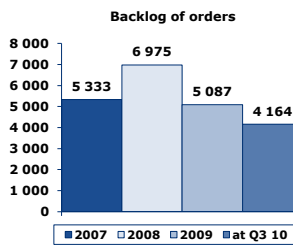
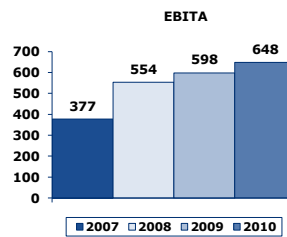
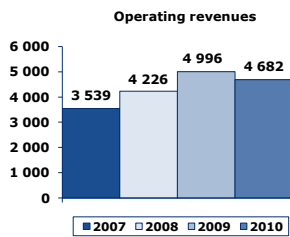
/ 11 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime

YTD Q3 2010

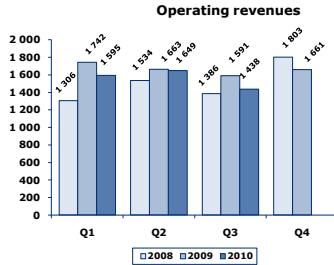


/ 12 /

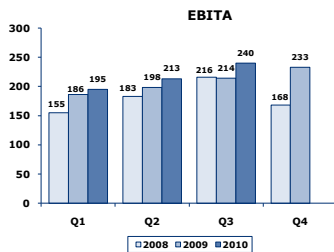
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q3	1 591	1 438	- 9.6%
YTD	4 996	4 682	- 6.3%



EBITA			
	2009	2010	Change in %
Q3	214	240	12.1%
YTD	598	648	8.4%

EBITA margin			
	2009	2010	Change in %
Q3	13.5%	16.7%	
YTD	12.0%	13.8%	

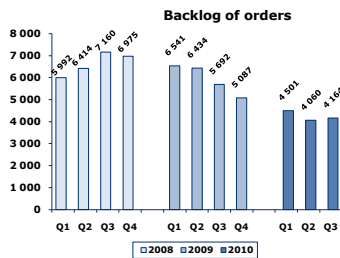
- The improved EBITA-margin is primarily due a to high level of activity, product mix and efficiency programmes

/ 13 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q3 2010	Change in %
	5 087	4 164	- 18.1%



New orders			
	2009	2010	Change in %
Q3	1 132	1 694	49.6%
YTD	4 425	4 143	- 6.4%

/ 14 /

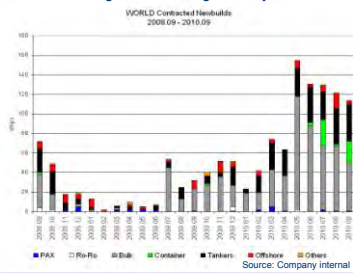
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Maritime in Q3



- The business area has a high level of activity and a good influx of orders throughout the organisation
 - Contract with BW Offshore for an FPSO (MUSD 20)
 - AUV framework agreement with US Navy (MUSD 78)
 - Book/Bill > 1 for the first time since Q1 2009
 - Growing after -sales
- Kongsberg Maritime has strengthened its positions in several market segments
- Shipyards' orders for new buildings have picked up in recent months
 - Less than 50% of Kongsberg Maritime's business is driven by the contracting of newbuildings at the yards



/ 15 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems Status



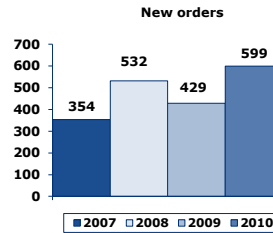
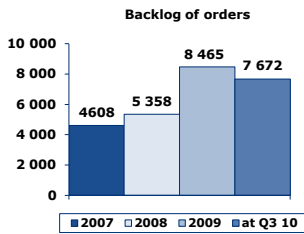
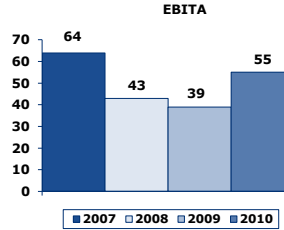
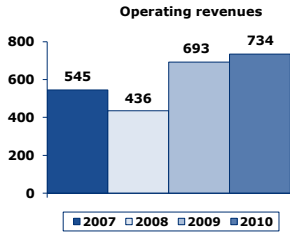
/ 16 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems

Q3 2010



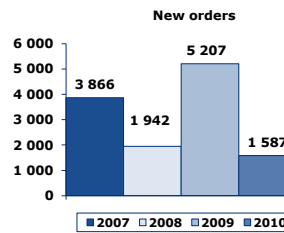
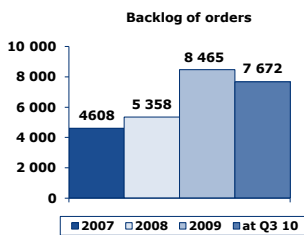
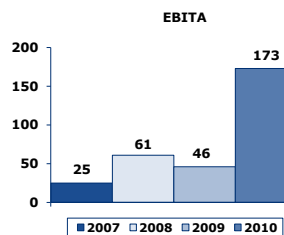
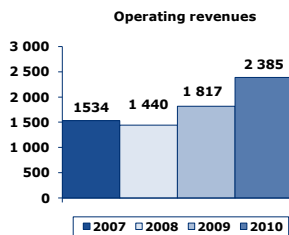
/ 17 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems

YTD Q3 2010

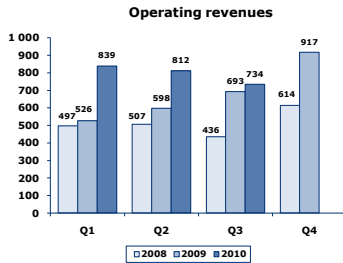


/ 18 /

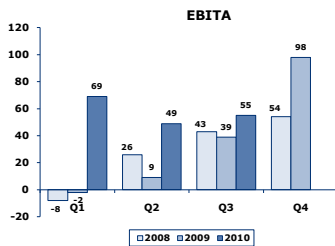
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q3	693	734	5.9%
YTD	1 817	2 385	31.3%



EBITA			
	2009	2010	Change in %
Q3	39	55	41.0%
YTD	46	173	276%

EBITA margin			
	2009	2010	
Q3	5.6%	7.5%	
YTD	2.5%	7.3%	

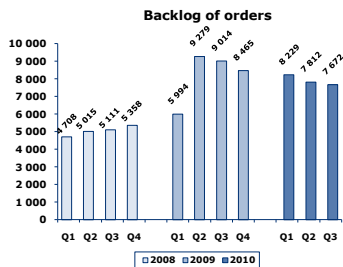
- The improved EBITA-margin is a result of efficiency improvements and higher volumes

/ 19 /

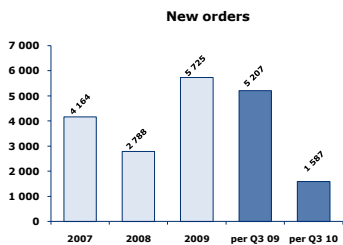
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q3 2010	Change in %
	8 465	7 672	- 9.4%



New orders			
	2009	2010	Change in %
Q3	429	599	39.6%
YTD	5 207	1 587	- 69.5%

- YTD 2009 includes the Finnish air defence contract valued at NOK 3 billion

/ 20 /

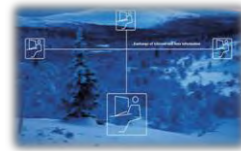
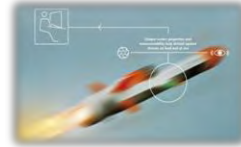
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Defence Systems in Q3



- Large delivery projects are on schedule
 - First milestones passed
 - High activity level across the Business Area
- Selected new orders in Q3
 - Contract with Norwegian Army for delivery of radio equipment for tactical communication (MNOK 217)
 - Contract with Norwegian and Swedish Defence Forces for the delivery of ODIN Fire Support for Artillery (MNOK 96)
 - Contract for the delivery of components to the aircraft carrier version of the F-35 (MNOK 270)
- Well positioned portfolio
 - Modern product portfolio
 - Niches not strongly affected by cuts in international defence budgets
 - Several specific ongoing sales campaigns
 - Air defence projects
 - Missile projects
 - Submarine modification projects



/ 21 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems Status



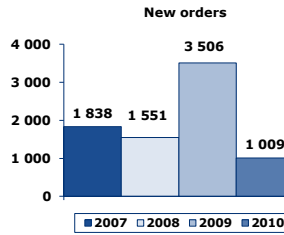
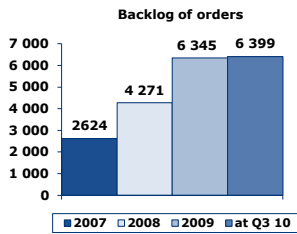
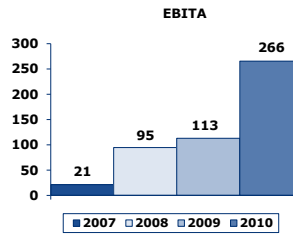
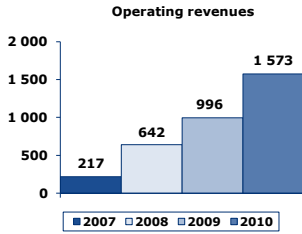
/ 22 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems

Q3 2010



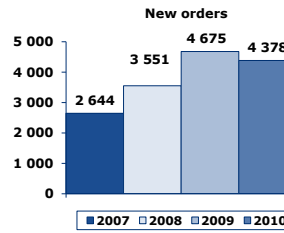
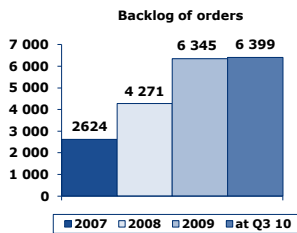
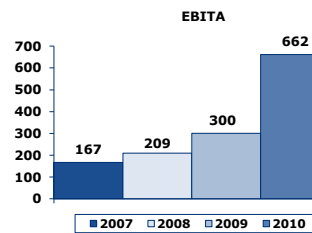
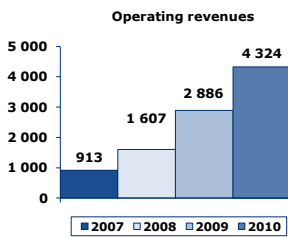
/ 23 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems

YTD Q3 2010

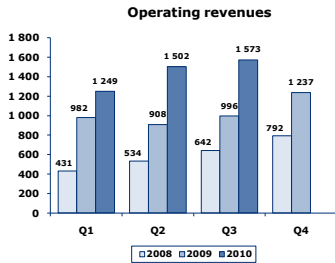


/ 24 /

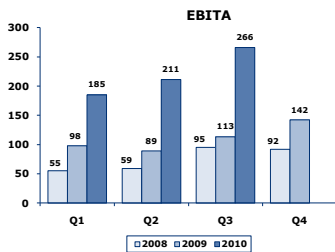
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q3	996	1 573	57.9%
YTD	2 886	4 324	49.8%



EBITA			
	2009	2010	Change in %
Q3	113	266	135%
YTD	300	662	121%

EBITA margin			
	2009	2010	Change in %
Q3	11.3%	16.9%	
YTD	10.4%	15.3%	

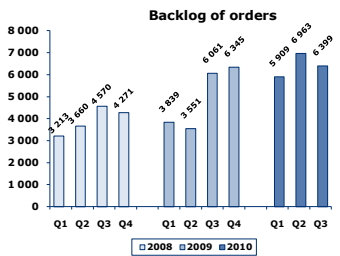
- The high EBITA-margin is primarily due to operational improvements, product mix and high degree of spare parts sales

/ 25 /

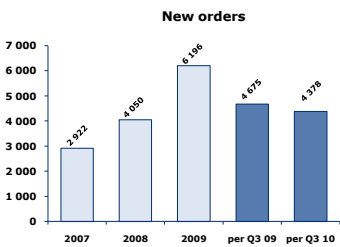
WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q3 2010	Change in %
	6 345	6 399	0.9%



New orders			
	2009	2010	Change in %
Q3	3 506	1 009	-71.2%
YTD	4 675	4 378	-6.4%

/ 26 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Kongsberg Protech Systems in Q3



KONGSBERG

- High level of activity in the organisation
 - In September 2010, system number 6 000 under the CROWS programme was delivered to the customer
- New orders in Q3
 - MNOK 1 009 booked in Q3 with MNOK 630 related to CROWS
 - Contract with Renault Truck Defence of France, MNOK 140
 - Contract with Croatia, MNOK 115
 - Contract with US Army for the Stryker, MNOK 109
 - Strong influx of spare part sales
- Exploring new market opportunities
 - New countries
 - New platforms
 - New product functionality
 - Next phase of the CROWS programme



/ 27 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Updates



KONGSBERG

/ 28 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Updates



KONGSBERG

- **New management in Kongsberg Maritime**
 - Geir Håøy (44) replaces Torfinn Kildal as President
- **Acquisition of Odfjell Consulting AS**
 - Supports our oil & gas strategy for rig and drilling management applications
 - Positions KONGSBERG significantly stronger within this segment
- **Acquisition of Portside AS**
 - Supports our maritime strategy related to our engineering and project management applications
 - Together with Kongsberg Maritime Engineering this strengthens our system integration offering



/ 31 /

WORLD CLASS – through people, technology and dedication

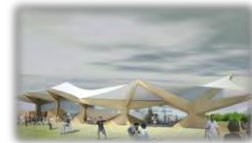
© 2010 KONGSBERG – All rights reserved.

Updates



KONGSBERG

- **Framework agreement with Rheinmetall**
 - Agreement to promote the KONGSBERG PROTECTOR family of RWS
 - Increased integration opportunities on Rheinmetall's vehicle platform
- **More than three million visitors on the Norwegian pavilion at Expo 2010**
 - KONGSBERG was one of the main sponsors of the Norwegian pavilion
 - Has been an excellent venue for networking with our Chinese partners
 - Build stronger relationships with customers and other key groups
- **Capital Markets Day 2010**
 - CMD to be held on 11 November in Kongsberg
 - Updates on objectives, strategies and markets
 - Some products and systems will be presented and demonstrated
 - Presentations will be in English



/ 31 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Outlook

Excerpts – read the quarterly report for the full text



- Kongsberg Maritime is expected to achieve good margins in Q4
 - The Business Area is expected to maintain its good market positions and has a relatively good order backlog
 - The improvement in global after-sales and customer support has given, and will continue to give positive results
 - The shipping and offshore segments are affected by trends in world trade and the demand for energy
 - The revenues will be lower in Q4 2010 than in Q4 2009
- Kongsberg Defence Systems is expected to continue its high activity levels
 - Several major, long-term delivery programmes are in the engineering and production phase
 - Significant efforts are being made in sales and further development of missiles, air defence and submarine systems segments
 - The build up of advanced composite production facilities for the aviation industry continues
- Kongsberg Protech Systems is expected to continue to deliver the current high level of earnings throughout the rest of the year
 - **The Business Area's earnings is influenced by shifts in project and product mix**
 - The order backlog is satisfactory
 - Specific opportunities with many new and existing customers are being pursued, including the next phase of the CROWS programme.
 - Major vehicle programmes have been launched or are in the pipeline in the US and Europe. These programmes offer significant potential for several of the Business Area's products
- KONGSBERG has strong positions in the shipping/offshore and defence markets, and a good order backlog
- We expect good results also in Q4

Appendix



Financial status at 30 September 2010

Income statement



KONGSBERG

MNOK	Q3 - 10	Q3 - 09	YTD - 10	YTD - 09	2009
Operating revenues	3 786	3 346	11 483	9 935	13 816
Operating expenses	(3 153)	(2 918)	(9 817)	(8 856)	(12 197)
Earnings before interest, depreciation and the amortisation of goodwill (EBITDA)	633	428	1 666	1 079	1 619
Depreciation	(70)	(57)	(194)	(176)	(243)
EBITA	563	371	1 472	903	1 376
Amortisation	(26)	(31)	(75)	(78)	(113)
Earnings before interest and tax (EBIT)	537	340	1 397	825	1 263
Write-downs on financial assets				5	5
Net other financial items	(15)	(30)	(18)	(91)	(99)
Profit before tax	522	310	1 379	739	1 169
Taxes	(157)	(92)	(414)	(222)	(341)
Result during the period	365	218	965	517	828
Minority interests	2	2	4	7	8
Equity holders of the parent	363	216	961	510	820
<i>Earnings per share (NOK)</i>	<i>3.03</i>	<i>1.80</i>	<i>8.01</i>	<i>4.25</i>	<i>6.83</i>
<i>Earnings per share, diluted (NOK)</i>	<i>3.03</i>	<i>1.80</i>	<i>8.01</i>	<i>4.25</i>	<i>6.83</i>
New orders (MNOK)	3 339	5 065	10 257	14 458	17 605

/ 33 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Financial status at 30 September 2010

Balance sheet



KONGSBERG

MNOK	30 Sept.10	30 June10	31 Dec.09
Tangible fixed assets	2 130	2 143	2 029
Intangible assets	2 404	2 298	2 209
Other non-current assets	244	201	226
Total non-current assets	4 778	4 642	4 464
Short-term assets	6 800	6 931	6 439
Cash and short-term deposits	1 521	1 578	1 463
Total current assets	8 321	8 509	7 902
Total assets	13 099	13 151	12 366
Paid-in capital	982	982	982
Retained earnings	3 062	2 768	2 323
Excess/negative value, financial instruments	314	187	399
Minority interests	18	25	22
Total equity	4 376	3 962	3 726
Long-term interest-bearing debt	828	831	829
Other non-current liabilities	1 517	1 224	1 092
Total non-current liabilities	2 345	2 055	1 921
Prepayments from customers	1 581	1 795	2 116
Other current liabilities	4 797	5 339	4 603
Total current liabilities	6 378	7 134	6 719
Total equity and liabilities	13 099	13 151	12 366

/ 34 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

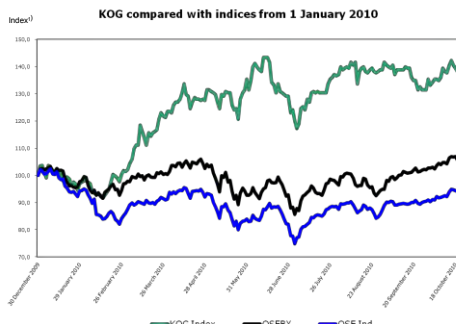
Shares and shareholders



20 largest shareholders (at 25 October 2010)

Shareholders	# shares	Stake	Δ 2010
1 State repr. by the Ministry of Trade and Industry	60 001 600	50.00%	-
2 National Insurance Fund	10 877 788	9.06%	-0.96%
3 Arendals Fossekompani	9 552 796	7.96%	-
4 MP Pensjon	4 812 800	4.01%	-
5 Skagen Vekst	3 264 100	2.72%	0.12%
Total for the 5 largest shareholders	88 509 084	73.76%	
6 Orkla ASA	2 752 660	2.29%	-0.21%
7 Odin Norden	2 434 404	2.03%	-0.38%
8 Odin Norge	2 365 843	1.97%	-0.36%
9 JP Morgan Chase bank - nominee	1 608 672	1.34%	0.71%
10 Odin Offshore	930 000	0.78%	-0.06%
11 Montague Place Custody Service	571 361	0.48%	-0.08%
12 State Street Bank & Trust Co - nominee	552 752	0.46%	-0.01%
13 VP Danske Invest Norske	506 978	0.42%	-0.14%
14 Statoil Pensjon	419 030	0.35%	New
15 JP Morgan Chase bank - nominee	401 231	0.33%	-
16 Must Invest AS	400 000	0.33%	-
17 Danske Invest Norske Instit. II	352 750	0.29%	-
18 BNP Paribas - nominee	343 000	0.29%	-0.09%
19 The Northern Trust - nominee	340 123	0.28%	0.01%
20 RBC Dexia Investor Services Trust	325 111	0.27%	New
Total for the 20 largest shareholders	102 812 999	85.68%	
Total number of shares	120 000 000	100.00%	

Share price performance

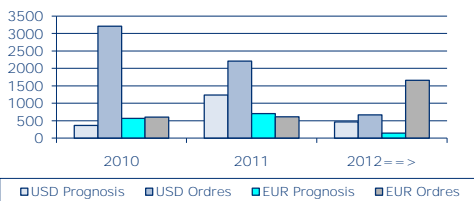


1) KOG's share price relative to the Oslo Stock Exchange Benchmark Index and the Industrials Index. Closing share price on 1 January 2010 = 100

Currency



Hedging portfolio at 30 September 2010 (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 Jebsen (60) - 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 Wilhelmssen & Co AS and Norsk Hydro ASA



Benedicte Berg Schilbred (64) – 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 Fondsfians ASA, Fondsfians Kapitalforvaltning Holding AS, Arendals Fossekompagni ASA, Gylendal ASA and Erik Must AS. Director of the NSTC Media Group AS, Norwegian Museum of Cultural History, the Arenzt Legacy and the Biotechnology Centre, University of Oslo, among others



John Giverholt (58), Director

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



Anne-Lise Aukner (54), 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 (53) – Director (employee representative)

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



Helge Lintvedt (53), 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 (43), Director (employee representative)

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

/ 37 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.

Financial Calendar and Investor Relations contacts



Financial calendar 2011

Publication of quarterly figures

- Preliminary financial statements 2010: 14 February
- Q1: 06 May
- Q2: 12 August
- Q3: 26 October

Annual General Meeting

- 11 May

Capital Markets Day

- 11 November 2010

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

/ 38 /

WORLD CLASS – through people, technology and dedication

© 2010 KONGSBERG – All rights reserved.