



KONGSBERG


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Q2 2010

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Q2 2010



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Positive development also in Q2 for the Group

- Operating revenues continues up 21% compared to Q2 2009
- EBITA is up by 71% compared to Q2 2009
- Improved profit margin (EBITA), from 8.3% to 11.8%
- Net cash reserves of MNOK 747
- Equity ratio in excess of 30%

Confirmation of market positions in a competitive market:

- The backlog of orders is strong, rising 7% during the quarter
- The level of cancellations continues to be low
- Continued high activity in the after-sale market

Development and delivery programmes on schedule:

- New international ventures continues
- Several major, long-term defence projects are in the engineering and production phase
- Large-scale deliveries to the CROWS programme
- Product development has good progress – maritime, oil & gas and defence

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AGENDA

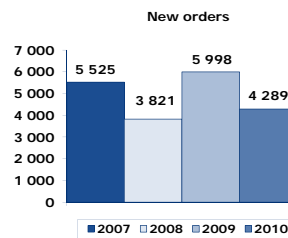
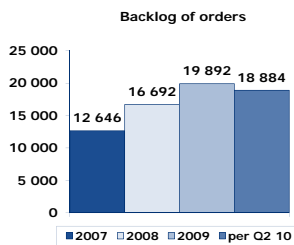
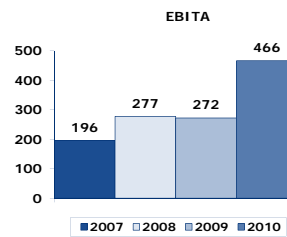
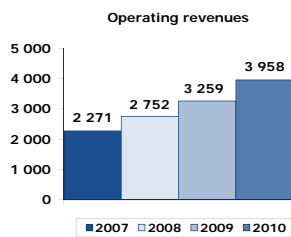
- Financial status at Q2 2010
- Status – business areas
- Updates
- Appendix

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Status at Q2 2010

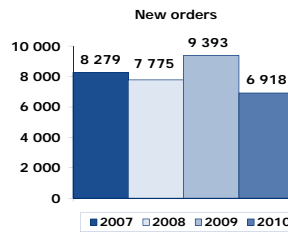
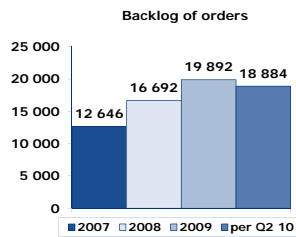
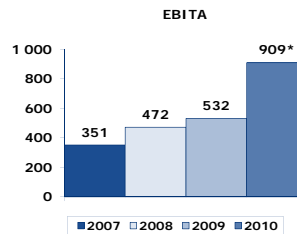
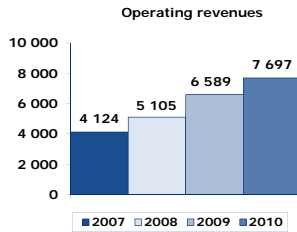


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H1 2010



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

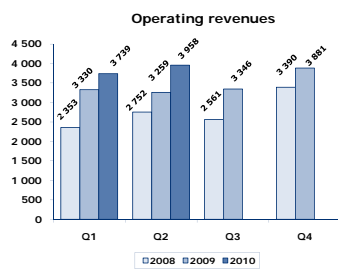
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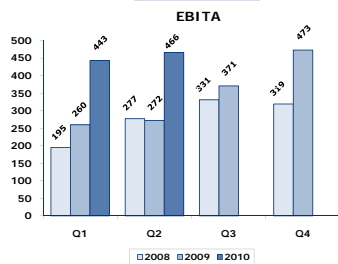
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Financial status at Q2 2010

Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q2	3 259	3 958	21,4 %
H1	6 589	7 697	16,8 %



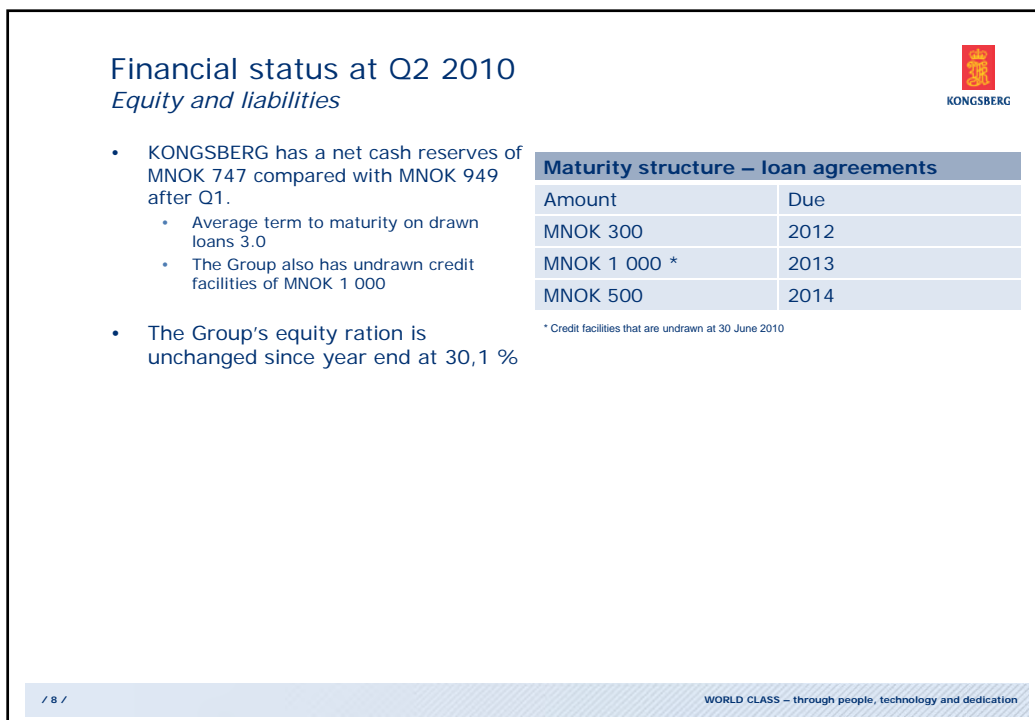
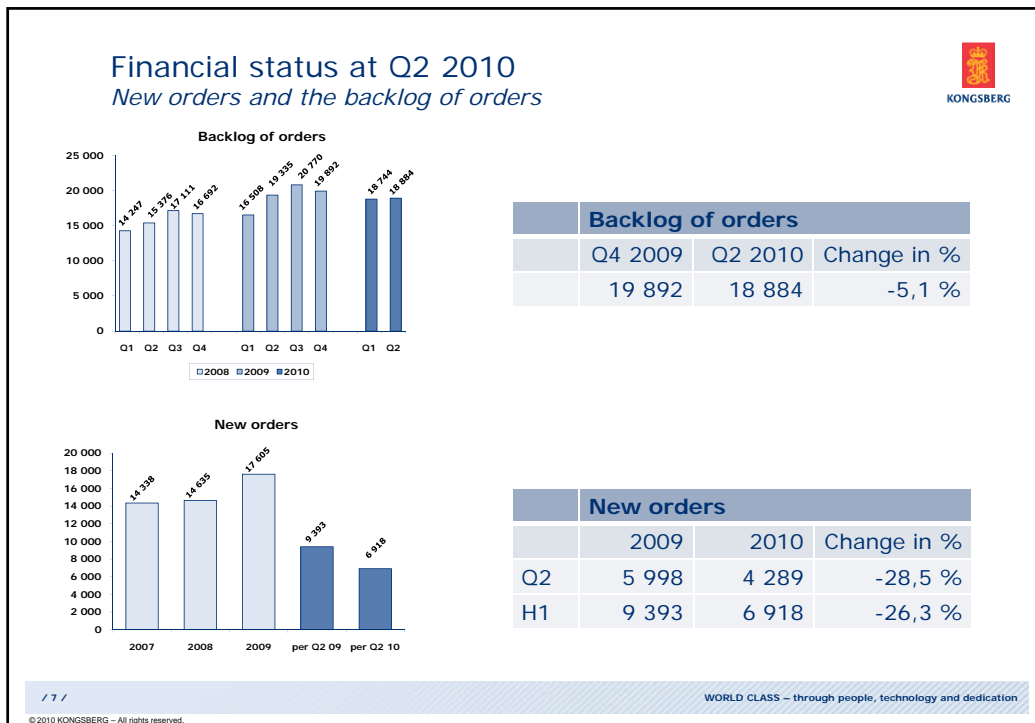
EBITA			
	2009	2010	Change in %
Q2	272	466	71,3 %
H1	532	909	70,9 %

EBITA-margin			
	2009	2010	Change in %
Q2	8,3 %	11,8 %	
H1	8,1 %	11,8 %	

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Financial status at Q2 2010

Cash flow



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- Comments to cash flow:
 - Changes in other operations-related items on the balance sheet include tax payments of MNOK 505 in first half-year
 - Excl. the payment of tax, the change amounted to MNOK 58, and MNOK 38 during the first half-year
 - The cash flow from operating activities was MNOK 124 in Q2
 - The cash flow from financing activities includes the payment of dividends totalling MNOK 240
- At 30 June 2010, KONGSBERG had positive net cash reserves of MNOK 747

Net cash flow (MNOK)	Q2	H1
EBITDA	531	1 033
Change in other operations-related items before the payment of tax	58	38
Cash flow from operating activities before the payment of tax	589	1 071
Payment of tax	(465)	(505)
Cash flow from operating activities	124	566
Acquisition of fixed assets	(73)	(182)
Other investing activities	(41)	(59)
Cash flow from investing activities	(114)	(241)
Cash flow from financing activities	(252)	(259)
Impact of currency fluctuations on bank deposits and cash equivalents	41	49
Net change, bank deposits and cash equivalents	(201)	115

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Key figures



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	Q2 2010	Q2 2009	1H 2010	1H 2009	2009
Change, operating revenues	21 %	18 %	17 %	29 %	25 %
EBITDA	531	339	1 033	651	1 619
EBITDA/employee* (in NOK 1 000)	96.4	63.7	187.5	122.8	304.0
EBITA	466	272	909	532	1 376
EBITA margin	11.8 %	8.3 %	11.8 %	8.1 %	10.0 %
EBT	437	220	857	429	1 169
Net debt gearing ratio	-	-	n.a.	0,90	n.a.
Equity %	-	-	30.1 %	23.2 %	30.1 %
Book/bill	1.08	1.84	0.9	1.43	1.27
EPS	2.54	1.25	4.98	2.45	6.83

* Average number of employees

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Kongsberg Maritime Status



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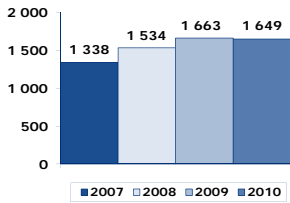
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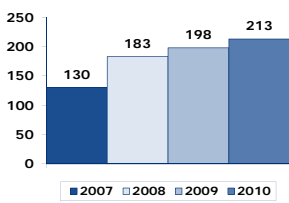
Kongsberg Maritime Status at Q2 2010

Operating revenues



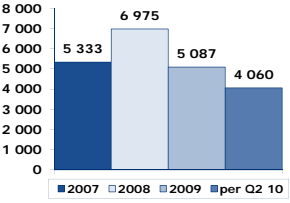
Year	Operating revenues
2007	1 338
2008	1 534
2009	1 663
2010	1 649

EBITA



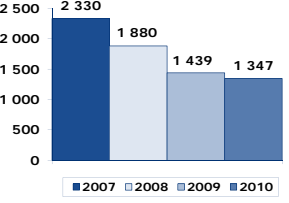
Year	EBITA
2007	130
2008	183
2009	198
2010	213

Backlog of orders



Year	Backlog of orders
2007	5 333
2008	6 975
2009	5 087
per Q2 10	4 060

New orders

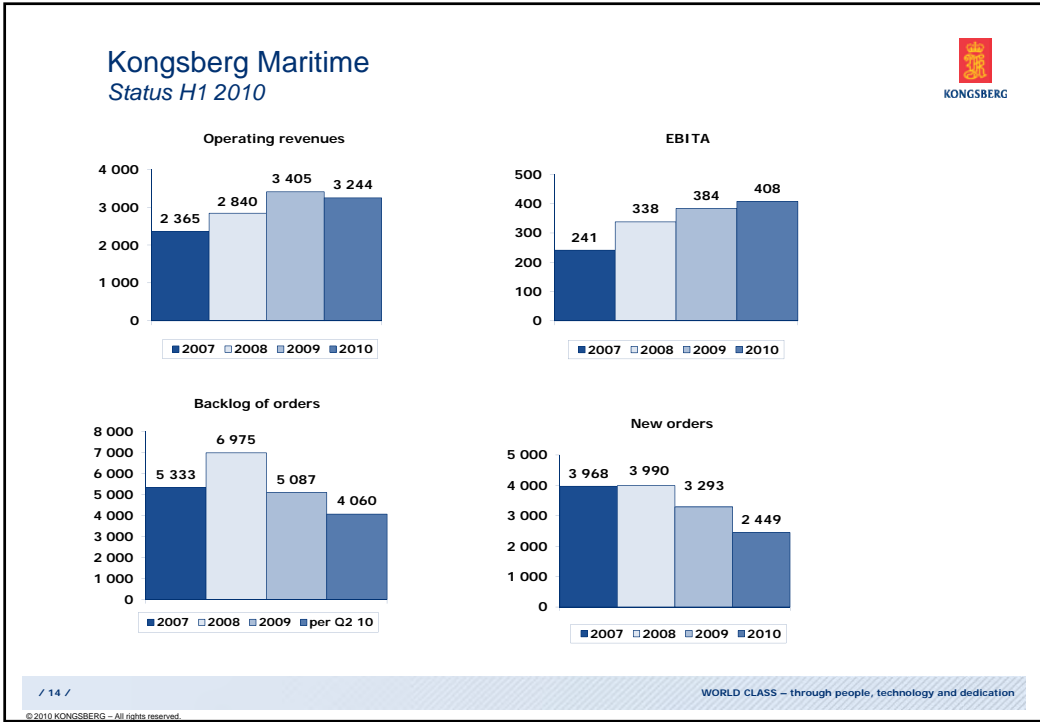
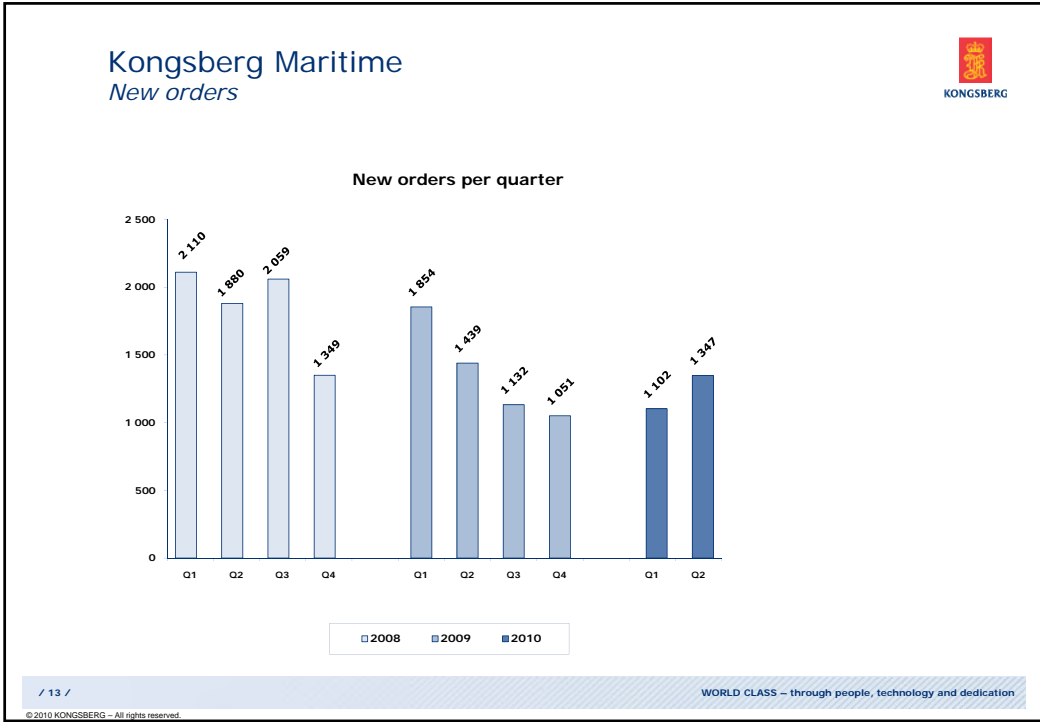


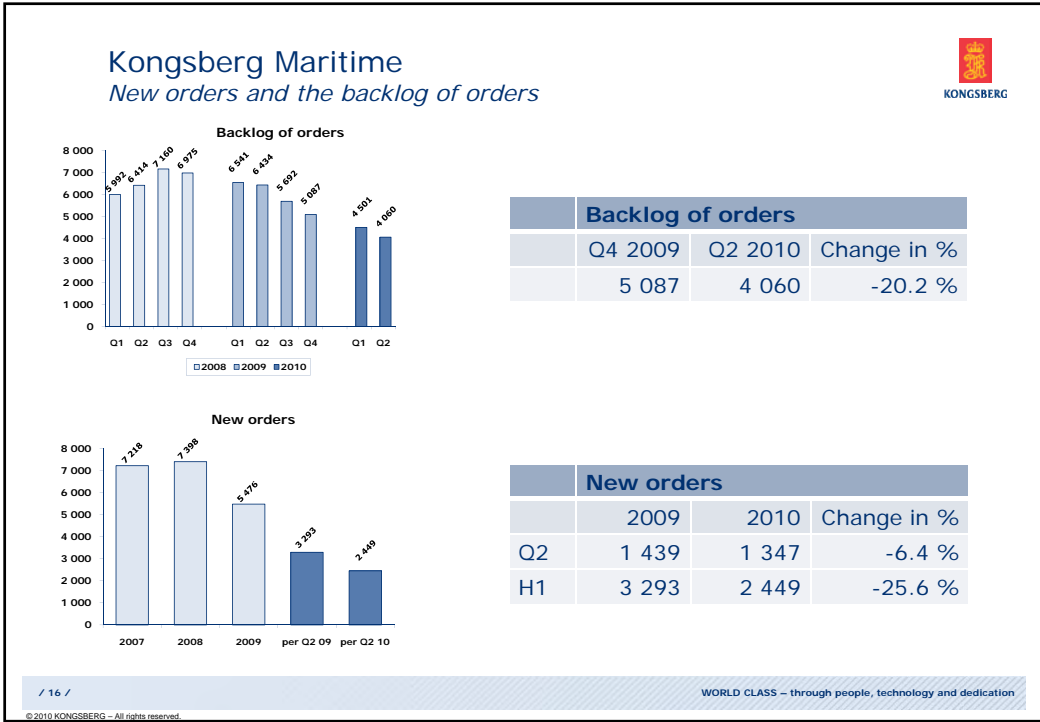
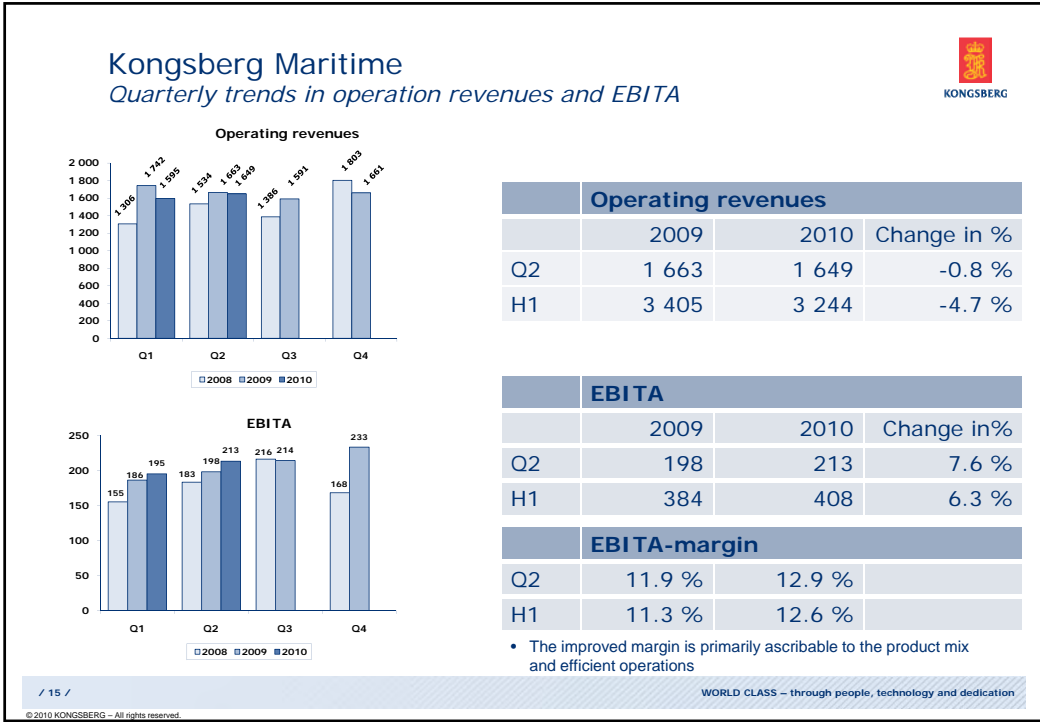
Year	New orders
2007	2 330
2008	1 880
2009	1 439
2010	1 347

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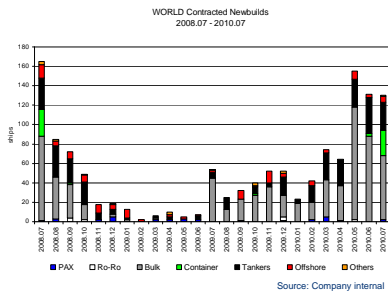
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Kongsberg Maritime in Q2

- The BA has a high level of activity throughout the organisation
- Continues the robust international initiatives
 - Office opened in Dubai
 - Satisfactory headway at the new factory in China (Zhenjiang)
 - One of four main sponsors of the Norwegian pavilion at Expo 2010 in Shanghai, China
- Shipyards' orders for new vessels have picked up somewhat in recent months



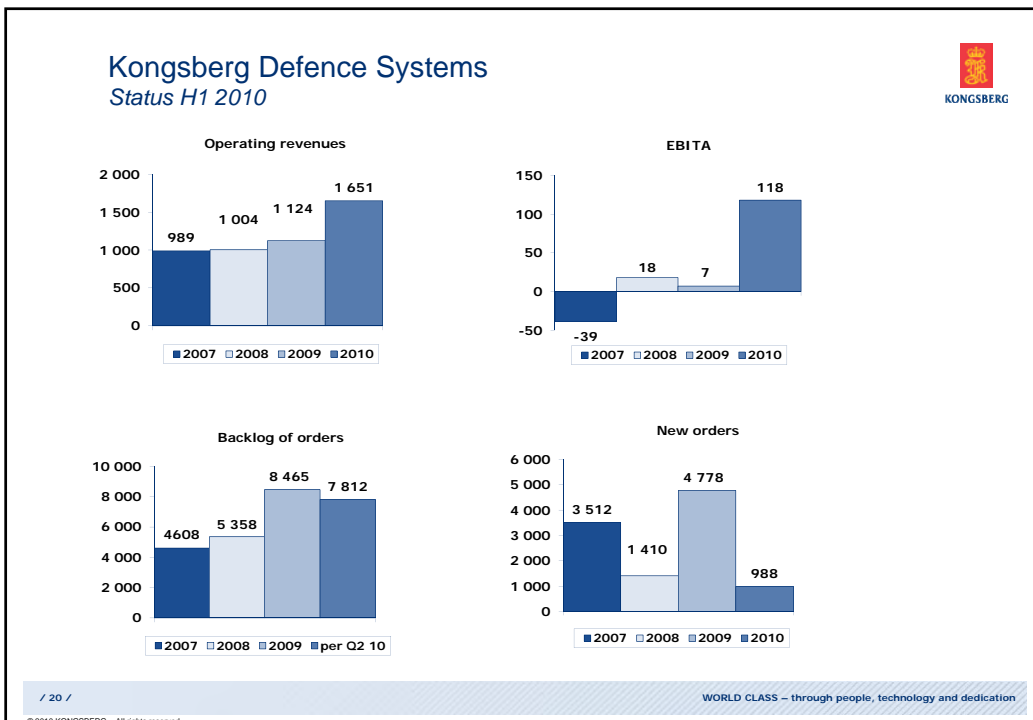
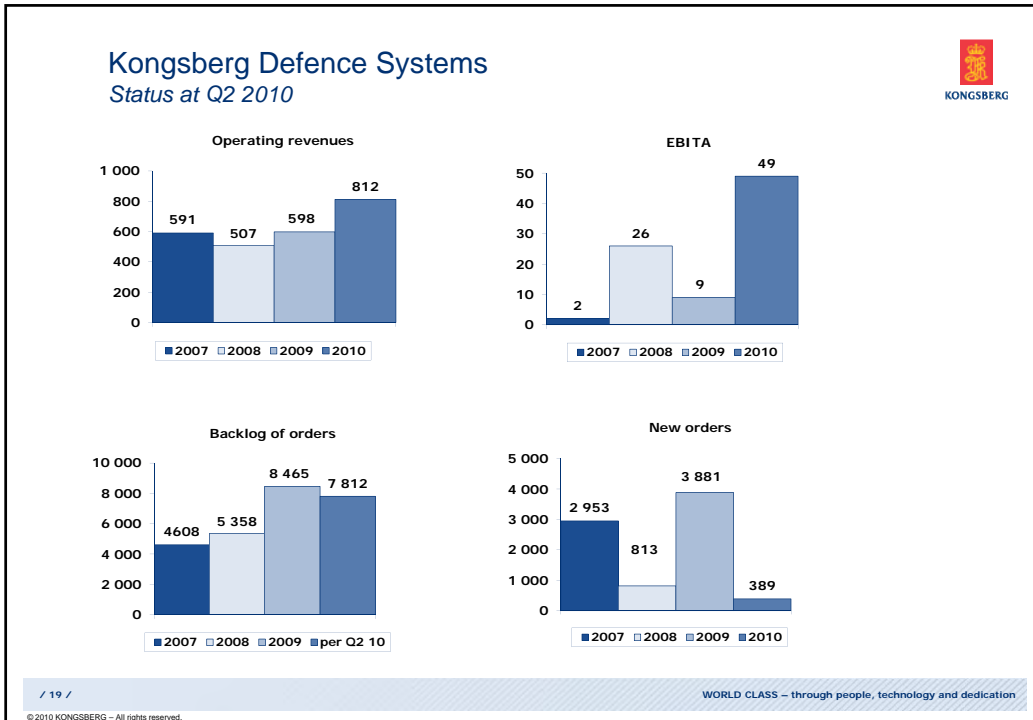
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Kongsberg Defence Systems Status

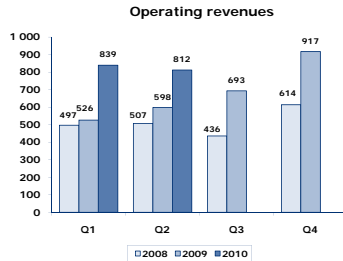


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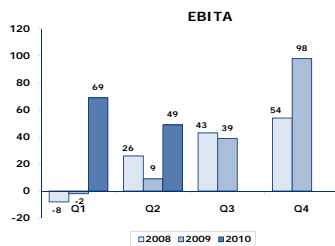


Kongsberg Defence Systems

Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q2	598	812	35,8 %
H1	1 124	1 651	46,9 %



EBITA			
	2009	2010	Change in %
Q2	9	49	-
H1	7	118	-

EBITA-margin			
	2009	2010	Change in %
Q2	1,5 %	6,0 %	
H1	0,6 %	7,1 %	

- Improved margins as a result of the systematic implementation of several major projects, economisation and higher volumes

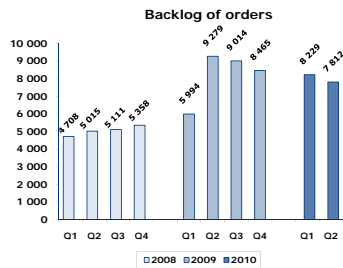
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Kongsberg Defence Systems

New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q2 2010	Change in %
	9 279	7 812	-15,8 %



New orders			
	2009	2010	Change in %
Q2	3 881	389	-90,0 %
H1	4 778	988	-79,3 %

- New orders were lower during the quarter than in Q2 2009, but this is within the scope of ordinary variation between quarters
 - Q2 2009 includes the Finnish air defence contract valued at NOK 3 billion

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Kongsberg Defence Systems in Q2



- Large-scale delivery projects are being implemented on schedule, and have passed the first milestones
 - NASAMS¹⁾ air defence for Finland
 - NSM²⁾ for Norway
 - NSM as coastal artillery for Poland
 - The production of aircraft components to the F-35

- The development project for the Joint Strike Missile is on schedule
 - Good technical progress
 - Significant international interest in the product

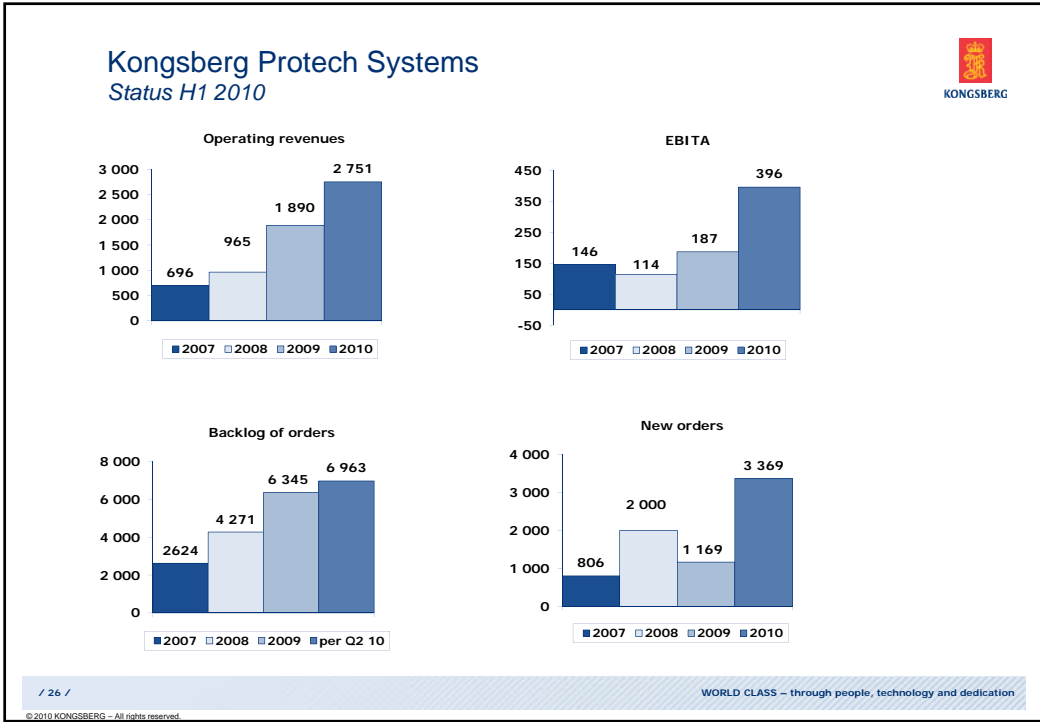
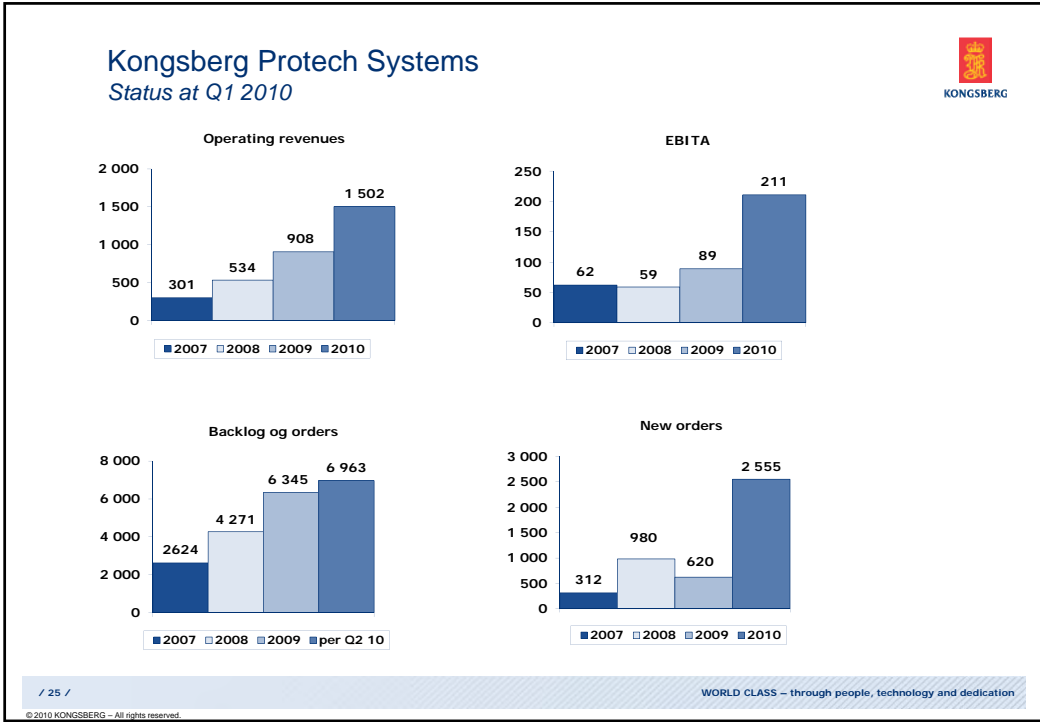
- Several large market-/ and sales campaigns
 - Air defence
 - Missiles
 - Submarine modifications



¹⁾ NASAMS, the Norwegian Advanced Surface to Air Missile System, is a ground-based air defence system developed by KONGSBERG in collaboration with Raytheon of the US
²⁾ NSM, the Naval Strike Missile, is an autonomous missile developed by KONGSBERG in collaboration with the Norwegian Defence Research Establishment and the Norwegian Navy

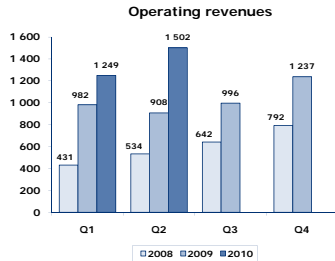
Kongsberg Protech Systems Status



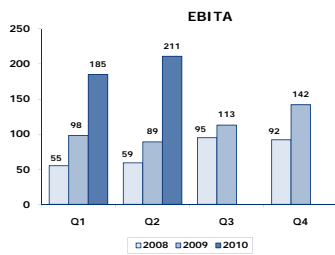


Kongsberg Protech Systems

Quarterly trends in operating revenues and EBITA



Operating revenues			
	2009	2010	Change in %
Q2	908	1 502	65,4 %
H1	1 890	2 751	45,6 %



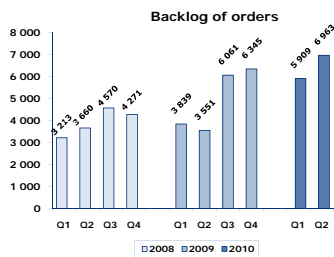
EBITA			
	2009	2010	Change in %
Q2	89	211	137,1 %
H1	187	396	111,8 %

EBITA-margin			
	2009	2010	Change in %
Q2	9,8 %	14,0 %	
H1	9,9 %	14,4 %	

- Higher margins are primarily due to operational and logistical improvements, as well as to economies of scale

Kongsberg Protech Systems

New orders and the backlog of orders



Backlog of orders			
	Q4 2009	Q2 2010	Change in %
	6 345	6 963	9,7 %



New orders			
	2009	2010	Change in %
Q2	620	2 555	312,1 %
H1	1 169	3 369	188,2 %

Kongsberg Protech Systems in Q2



- High activity in the organisation
 - In June 2010, system number 5 000 under the CROWS programme was delivered to the customer

- Strong influx of orders once again in Q2
 - MNOK 2 555 recognised in Q2
 - Contracts for the CROWS programme totalled MNOK 2 311
 - Counting the contract announced in August 2010 for MNOK 515, the CROWS II framework agreement, incl. the increase, has been more or less fully converted to contracts
 - Contract with Renault Truck Defense of France, MNOK 140
 - Contract with Croatia, MNOK 115
 - Growing after-sales

- Pro-active efforts to explore new market opportunities
 - Potential new countries
 - New platforms for the products
 - Next phase of the CROWS programme
 - Scheduled for a decision towards the end of 2011



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Updates



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Long-term, modern and solid production portfolio



- We spent MNOK 700 on research and development during the first half of 2010
 - MNOK 300 of this was customer-financed
- We have world-leading, state-of-the-art products in most of our niches
 - Naval Strike Missile
 - NASAMS air defence system
 - RWS
 - K-Master
 - Dynamic positioning
- We have newly developed products and systems, building production facilities and expanding our international existence
 - Joint Strike Missile
 - Medium Calibre RWS
 - LEDAFLOW
 - Composite factory
 - Production factory in Zhenjiang, China
 - New ventures in Canada, Brazil and Dubai
- Odfjell Consulting
 - New member of the KONGSBERG-family



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Prospects for the future

Excerpts – read the quarterly report for the full text



- Kongsberg Maritime's markets are strongly affected by trends in world trade and the demand for energy
 - Kongsberg Maritime is expected to maintain its good market positions in the offshore industry and the maritime segment in 2010
 - The pick-up in global after-sales and customer support will have positive results
 - In the Board's opinion, the workload will be somewhat lower in second half of 2010 than in 2009
- Kongsberg Defence Systems expects continued good activity levels
 - Several major, long-term delivery programs are in the engineering and production phase, and this will even out earnings throughout 2010 compared with previous years
 - The focus on advanced composite components for the aviation industry continues, and significant marketing efforts are being made to prepare the ground for sales and the further development of missiles and air defence
- Kongsberg Protech Systems has had particularly good earnings in the first half-year. The Level of activity is expected to be high throughout the rest of the year, and the margins are expected to be good, but probably somewhat lower than in first half of 2010
 - The market prospects are good and many new and existing customers are being addressed proactively in countries in which the BA already has contracts as well as in new countries
 - Major vehicle programmes have been adopted or are in the pipeline in the US and Europe. These programmes offer significant potential for several of the BA's products
- Generally speaking, KONGSBERG has good positions in the shipping/offshore and defence markets, and has a high order backlog providing a strong platform for operations and profitability in the rest of 2010
 - However, the general economic situation remains uncertain and a setback could, over time, have an adverse effect on the Group's level of activity

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Financial status at 30 June 2010

Income statement



MNOK	Q2 - 10	Q2 - 09	1H - 10	1H - 09	2009
Operating revenues	3 958	3 259	7 697	6 589	13 816
Operating expenses	(3 427)	(2 920)	(6 664)	(5 938)	(12 197)
Earnings before interest, depreciation and the amortisation of goodwill (EBITDA)	531	339	1 033	651	1 619
Depreciation	(65)	(67)	(124)	(119)	(243)
EBITA	466	272	909	532	1 376
Amortisation	(26)	(25)	(49)	(47)	(113)
Earnings before interest and tax (EBIT)	440	247	860	485	1 263
Write-downs on financial assets		5		5	5
Net other financial items	(3)	(32)	(3)	(61)	(99)
Profit before tax	437	220	857	429	1 169
Taxes	(131)	(67)	(257)	(130)	(341)
Result during the period	306	153	600	299	828
Minority interests	1	3	2	5	8
Equity holders of the parent	305	150	598	294	820
<i>Earnings per share (NOK)</i>	<i>2,54</i>	<i>1,25</i>	<i>4,98</i>	<i>2,45</i>	<i>6,83</i>
<i>Earnings per share, diluted (NOK)</i>	<i>2,54</i>	<i>1,25</i>	<i>4,98</i>	<i>2,45</i>	<i>6,83</i>
New orders (MNOK)	4 289	5 998	6 918	9 393	17 605

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Financial status at 30 June 2010

Balance sheet



MNOK	06.30.10	03.31.10	12.31.09
Tangible fixed assets	2 143	2 089	2 029
Intangible assets	2 298	2 224	2 209
Other non-current assets	201	212	226
Total non-current assets	4 642	4 525	4 464
Short-term assets	6 931	6 605	6 439
Cash and short-term deposits	1 578	1 779	1 463
Total current assets	8 509	8 384	7 902
Total assets	13 151	12 909	12 366
Paid-in capital	982	982	982
Retained earnings	2 768	2 641	2 323
Excess/negative value, financial instruments	187	310	399
Minority interests	25	23	22
Total equity	3 962	3 956	3 726
Long-term interest-bearing debt	831	830	829
Other non-current liabilities	1 224	1 171	1 092
Total non-current liabilities	2 055	2 001	1 921
Prepayments from customers	1 795	2 052	2 116
Other current liabilities	5 339	4 900	4 603
Total current liabilities	7 134	6 952	6 719
Total equity and liabilities	13 151	12 909	12 366

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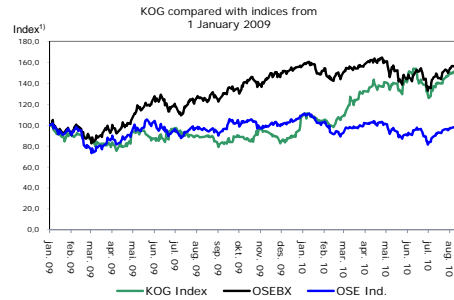
Shares and shareholders



20 largest shareholders (at 09 August 2010)

Shareholders	# shares	Stake	Δ 2010
1 Staten v/Nærings- og handelsdepartementet	60 001 600	50,00 %	-
2 Folketrygdfondet	10 927 788	9,11 %	-0,91 %
3 Arendals Fossekompagni	9 552 796	7,96 %	-
4 MP Pensjon	4 812 800	4,01 %	-
5 Skagen Vekst	3 280 000	2,73 %	0,13 %
Total for the 5 largest shareholders	88 574 984	73,81 %	
6 Orkla ASA	2 782 660	2,32 %	-0,18 %
7 Odin Norge	2 614 555	2,18 %	-0,15 %
8 Odin Norden	2 431 704	2,03 %	-0,38 %
9 JP Morgan Chase bank - nominee	1 612 983	1,34 %	0,77 %
10 Odin Offshore	930 000	0,78 %	-0,06 %
11 State Street Bank & Trust Co - nominee	597 058	0,50 %	0,03 %
12 VP Danske Invest Norske	542 878	0,45 %	-0,17 %
13 Montague Place Custody Service	540 692	0,45 %	-0,17 %
14 JP Morgan Chase bank - nominee	400 236	0,33 %	-
15 Must Invest AS	400 000	0,33 %	-
16 Statoil Pensjon	361 619	0,30 %	New
17 BNP Paribas - nominee	327 264	0,27 %	-0,17 %
18 The Northern Trust - nominee	324 682	0,27 %	0,00 %
19 JP Morgan Chase bank - nominee	317 015	0,26 %	0,01 %
20 State Street Bank & Trust Co - nominee	293 168	0,24 %	New
Total for the 20 largest shareholders	103 051 498	85,9 %	
Total number of shares	120 000 000	100,0 %	

Share price performance

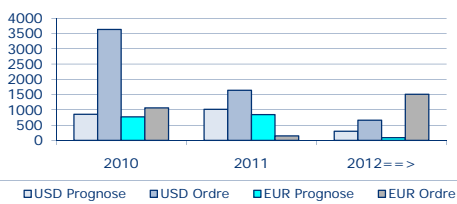


1) KOG's share price relative to the Oslo Stock Exchange Benchmark Index and the Industrials Index. Closing share price on 1 January 2009 = 100
The share was split 1:4 with effect as from 8 May 2009

Currency



Hedging portfolio at 30 June 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 Wilhelmsen & Co AS and Norsk Hydro 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



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



Roar Marthiniusen (53) – Director (employee representative)

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



Erik Must (67), Director

- Other directorships: Chair of the Board of Directors for Fondsinans ASA, Fondsinans Kapitalforvaltning Holding AS, Arendals Fossekompagni 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



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



John Giverholt (58), Director

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



Kai Johansen (43), 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

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Financial Calendar and Investor Relations contacts



Financial calendar 2010

Publication of quarterly figures

- Q3 - 4 November

Capital Markets Day

- 11 November

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

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