



KONGSBERG

KONGSBERG

Annual accounts for 2008 (preliminary)

WORLD CLASS - through people, technology and dedication



KONGSBERG

2008

- Considerable growth and improved results
- Further growth in order backlog
- Further strengthening of market positions
 - Build up in Asia and the USA
 - Introduction and qualification of new technologies and products
 - Strategic contracts
- Major investments in future growth
 - Production facilities in the US and Norway
 - Commencement of major, multi-year contracts for delivery
 - Organisational growth
- Exchange rate fluctuations
 - Larger hedged volume as the year progresses
 - Large exchange rate fluctuations → fluctuations in the accounts
- Organising for continued growth
 - Large-scale marketing campaigns
 - Corporate restructuring
 - Focus on improved efficiency and operations

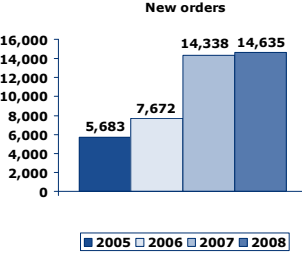
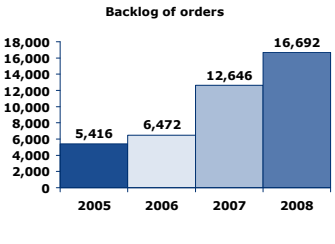
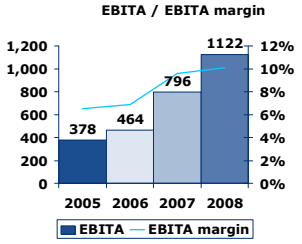
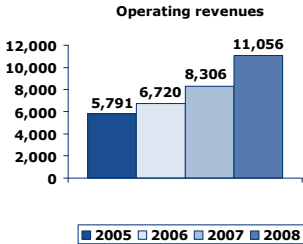
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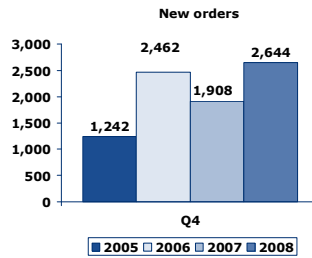
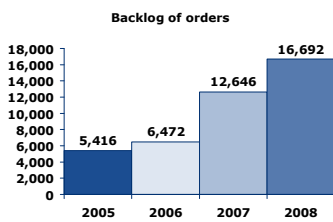
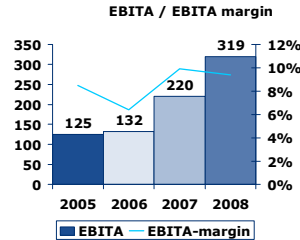
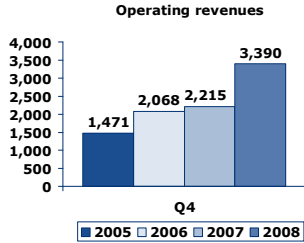
AGENDA

- Financial status at Q4 2008
- Status for the business areas
- Updates
- Appendix

Financial status – preliminary figures 2008



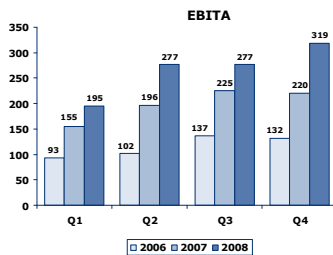
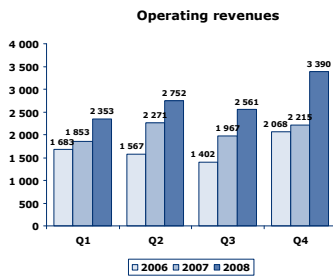
Progress continues in Q4 2008



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Financial status at Q4 2008

Quarterly trends in operating revenues and EBITA

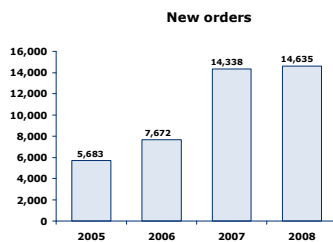
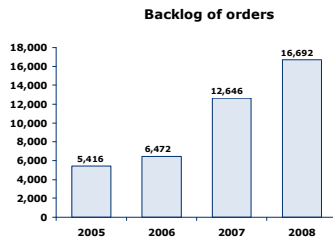


Operating revenues			
	2007	2008	Change (%)
Year	8 306	11 056	+ 33 %
Q4	2 215	3 390	+ 53 %
EBITA			
	2007	2008	Change (%)
Year	796	1 122	+ 41 %
Q4	220	319	+ 45 %
EBITA margin			
	2007	2008	
Year	9.6 %	10.1 %	
Q4	9.9 %	9.4 %	

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Financial status at Q4 2008

New orders and the backlog of orders



Backlog of orders			
	2007	2008	Change (%)
Year	12 646	16 692	+ 32 %
	Q3 2008	Q4 2008	
	17 111	16 692	- 2 %
New orders			
	2007	2008	
Year	14 338	14 635	+ 2 %
Q4	1 908	2 644	+ 39 %

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Financial status at Q4 2008

Equity and liabilities



- KONGSBERG has MNOK 1 439 in net interest-bearing debt
 - The Group also has an undrawn credit facility of MNOK 800
- The value of currency futures contracts dropped by MNOK 1 144 in 2008 – 870 related to Q4
 - The drop is ascribable to the strong rise in the EUR and USD relative to the NOK in Q4 2008; changes are recognised directly to equity
 - When contracts are signed, we allocate the hedges to the contracts, and the contracts are taken to income at the original hedging rates
 - Foreign exchange rates at 11 February 2009 would have brought equity up 614 from the year-end figures.

Structure for the maturity of loan agreements

Amount	Maturity
MNOK 400	Jun 2009
MNOK 800*	Dec 2010
MNOK 300	2012
MNOK 1 000	2013

* Credit facility undrawn at 31 Dec. 2008

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Financial status at Q4 2008

Cash flow 2008



- Investments in growth:
 - Investments in tangible fixed assets
 - The construction of a new composite plant – MNOK 371
 - New factory for weapon control systems in the USA – MNOK 56
 - Acquisition of subsidiaries
 - GlobalSim – MNOK 83
 - Hydroid – MNOK 402
 - GeoAcoustics – MNOK 42
- KONGSBERG had net interest-bearing debt of MNOK 1 439 at year end
 - At year end 2007/2008, the Group had net cash reserves of MNOK 242.

Net cash flow 2008 (MNOK)	
EBITDA	1 319
Change in other items related to operations	(1 307)
Cash flow from operating activities	12
Purchase of fixed assets	(816)
Acquisition of subsidiaries	(544)
Disbursement of lending and the purchase/sale of shares	(74)
Other investment activities	(55)
Cash flow from investment activities	(1 489)
Cash flow from financing activities	813
Net change, bank deposits and cash equivalents	(664)
Net Interest-bearing debt at 31 Dec. 2008	1 439

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Key figures



	2008	2007
Change, operating revenues	33 %	24 %
EBITDA	1 319	966
EBITDA/employee* (NOK 1 000)	279	246
EBITA	1 122	796
EBITA margin	10.1 %	9.6 %
EBT	861	685
Gearing ratio	76 %	-9 %
Equity %	15 %	30 %
Book/bill	1.32	1.73
EPS	19.44	16.17


*Average number of employees

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Kongsberg Maritime Status



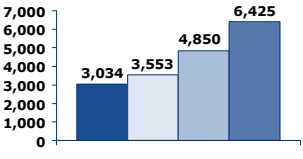
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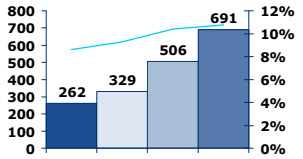
Kongsberg Maritime General review 2008

Operating revenues



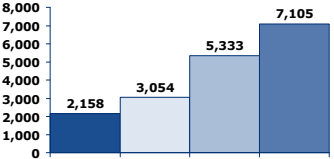
Year	Operating revenues
2005	3,034
2006	3,553
2007	4,850
2008	6,425

EBITA/EBITA margin



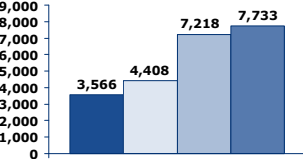
Year	EBITA	EBITA margin
2005	262	~8.7%
2006	329	~9.4%
2007	506	~10.3%
2008	691	~10.8%

Backlog of orders



Year	Backlog of orders
2005	2,158
2006	3,054
2007	5,333
2008	7,105

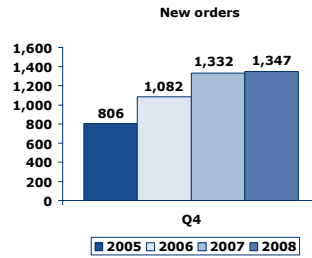
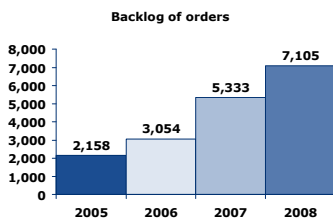
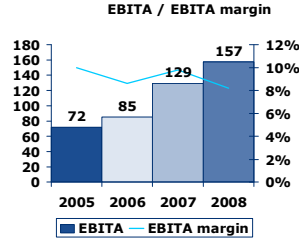
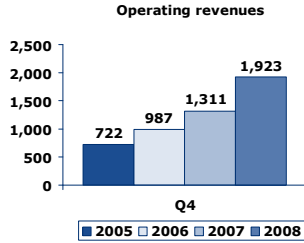
New orders



Year	New orders
2005	3,566
2006	4,408
2007	7,218
2008	7,733

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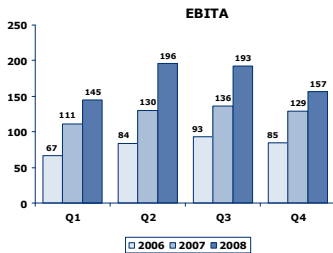
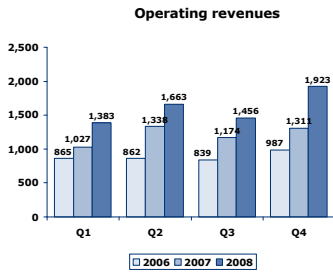
Good quarter for Kongsberg Maritime



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Kongsberg Maritime

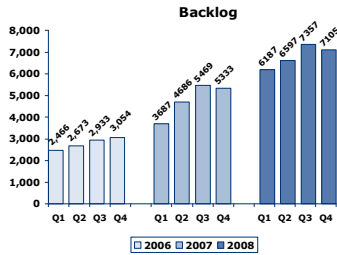
Quarterly trends in operating revenues and EBITA



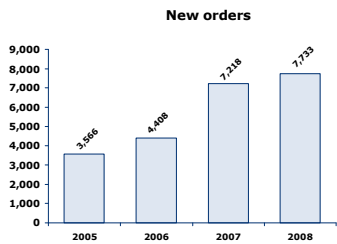
Operating revenues			
	2007	2008	Change (%)
Year	4 850	6 425	+ 32 %
Q4	1 311	1 923	+ 47 %
EBITA			
Year	506	691	+ 37 %
Q4	129	157	+ 22 %
EBITA margin			
Year	10.4 %	10.8 %	
Q4	9.8 %	8.2 %	

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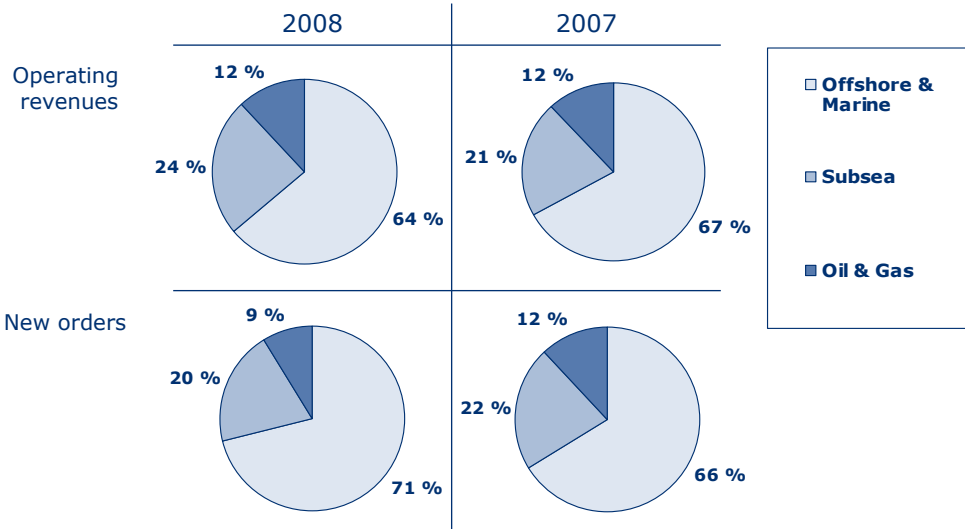
Kongsberg Maritime New orders and the backlog of orders



Backlog of orders			
	2007	2008	Change (%)
Year	5 333	7 105	+ 33 %
	Q3 2008	Q4 2008	
	7 357	7 105	- 3 %
New orders			
	2007	2008	
Year	7 218	7 733	+ 7 %
Q4	1 332	1 347	+ 1 %



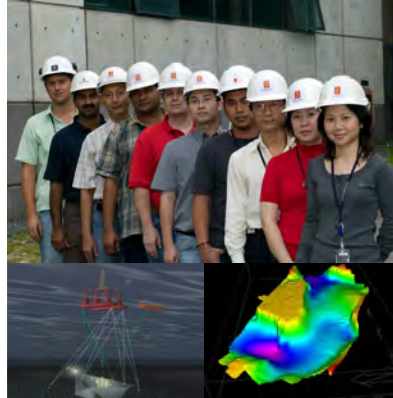
Kongsberg Maritime By division



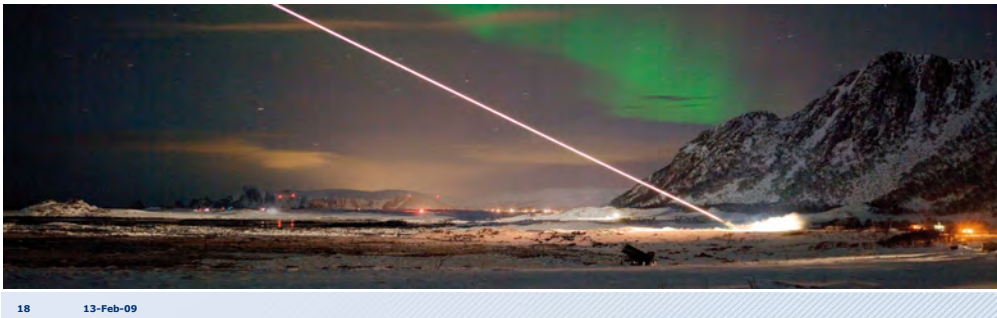
Kongsberg Maritime in 2008

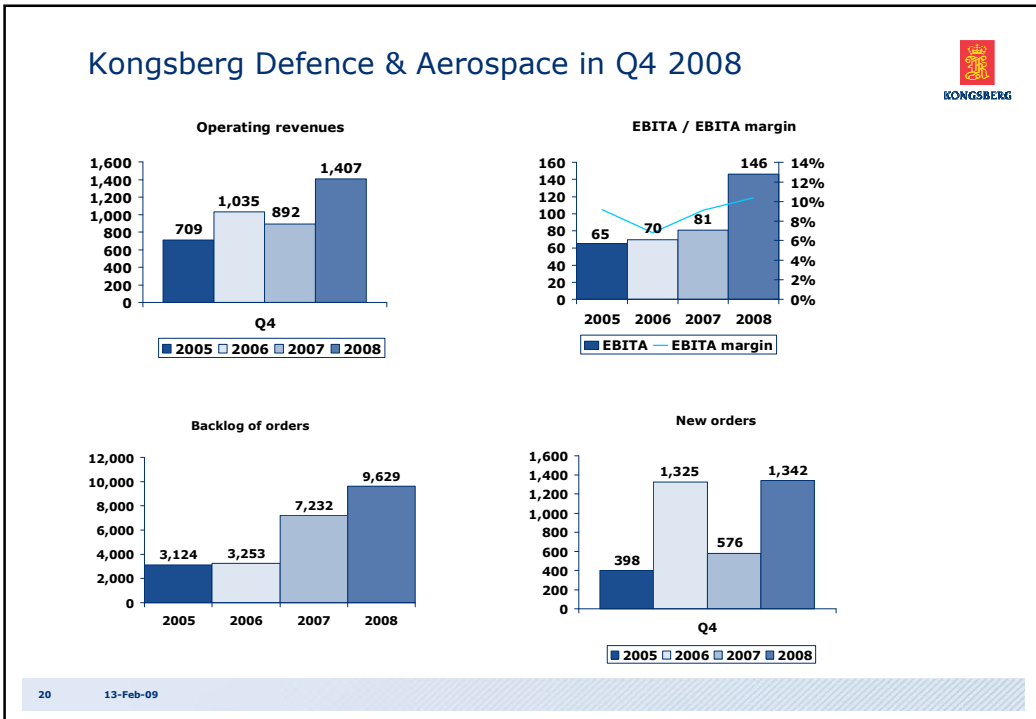
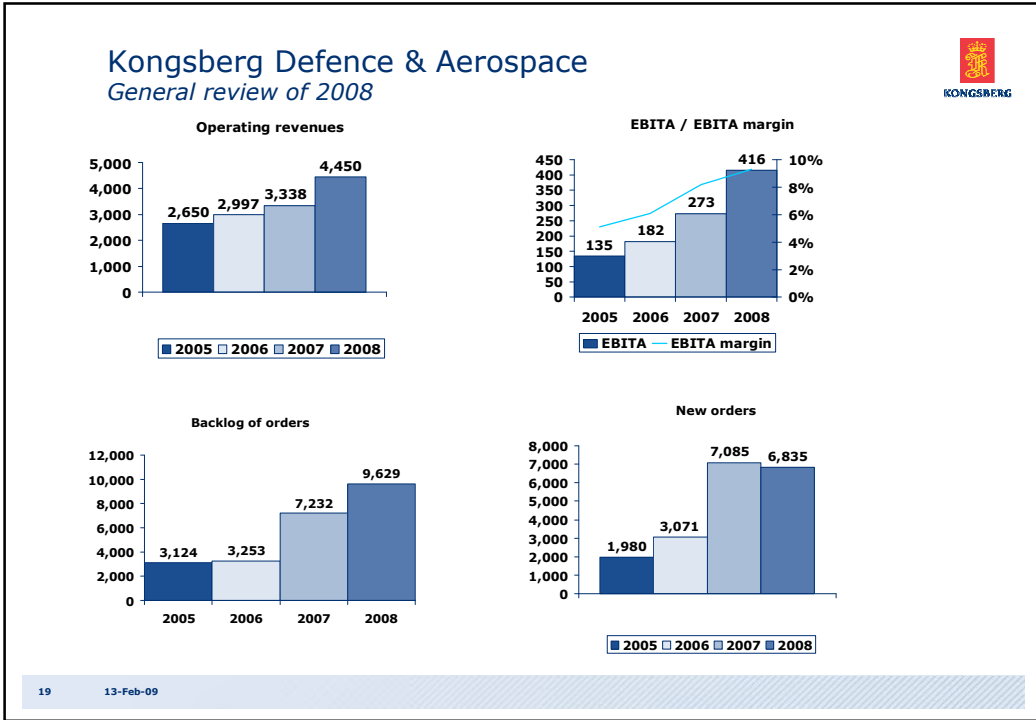


- The BA is maintaining its strong positions in its markets
 - Positions are improving in important markets such as Brazil, India and China
- Strong influx of new orders for the year as a whole and in Q4
 - High backlog of orders
 - Some cancellations towards year end
- The acquisitions made in 2008 strengthen the BA's strategic positions in subsea as well as maritime training simulators
- Provisions were made in Q4 to accommodate the increased risk of cancellation and potential bad debts



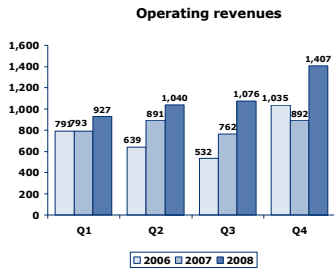
Kongsberg Defence & Aerospace Status



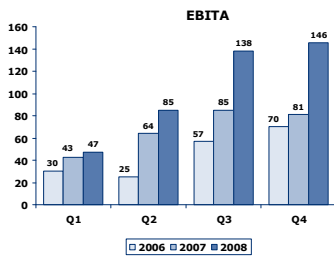


Kongsberg Defence & Aerospace

Quarterly trends in operating revenues and EBITA



Operating revenues			
	2007	2008	Change (%)
Year	3 338	4 450	+ 33 %
Q4	892	1 407	+ 58 %

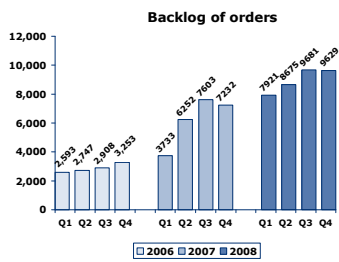


EBITA			
	2007	2008	Change (%)
Year	273	416	+ 52 %
Q4	81	146	+ 80 %

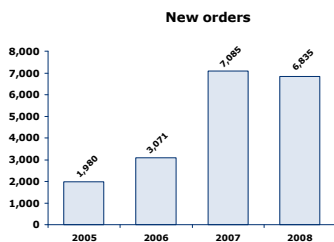
EBITA margin			
	2007	2008	
Year	8.2 %	9.3 %	
Q4	9.1 %	10.4 %	

Kongsberg Defence & Aerospace

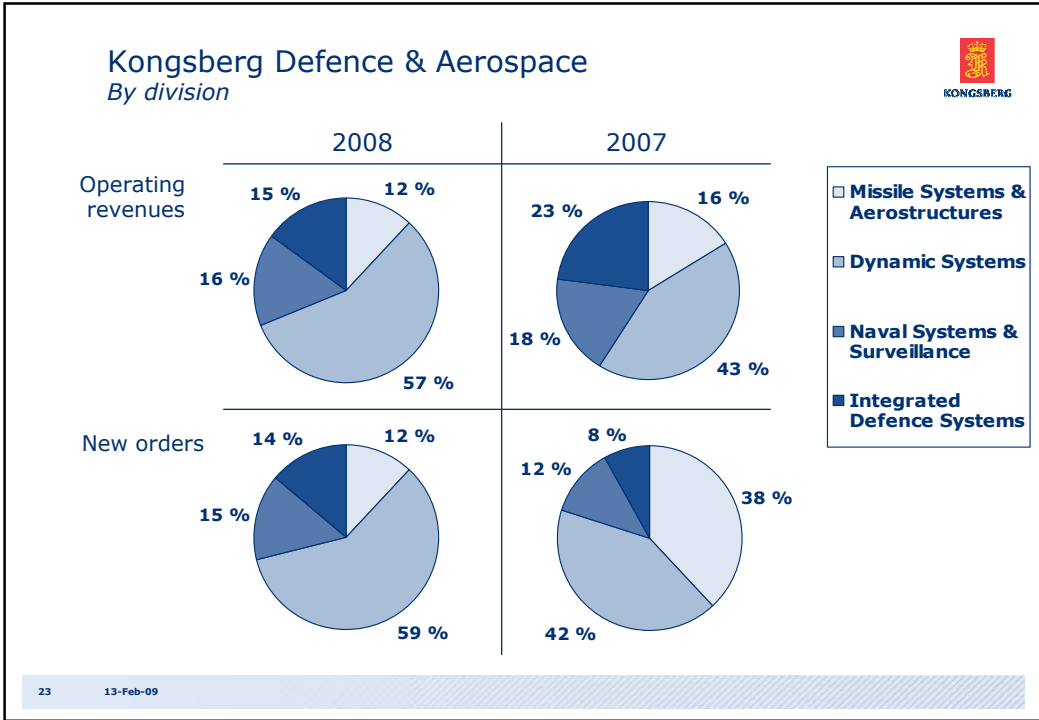
New orders and the backlog of orders




Backlog of orders			
	2007	2008	Change (%)
Year	7 232	9 629	+ 33 %
Q3 2008		9 681	
Q4 2008		9 629	- 1 %



New orders			
	2007	2008	
Year	7 085	6 835	- 4 %
Q4	576	1 342	+ 133 %




Kongsberg Defence & Aerospace in 2008


KONGSBERG

- Defence activities have fortified their market positions in areas such as weapon control systems, missiles and naval defence systems
- Major contracts
 - Call-off orders on the CROWS framework contract totalled NOK 2.52 billion
 - Penguin contracts with both Turkey and Brazil
 - There was an international breakthrough for the NSM in December 2008 when a contract was signed with the Polish Ministry of Defence
 - Framework agreement for the delivery of components for the American F-35 Lightning II Joint Strike Fighter
 - Contracts for upgrading Norwegian mine-clearing vessels and Ula Class submarines
- Margins improved substantially in 2008
- The defence market is distinguished by few and large-scale contracts. Sales orders fluctuate as a result of this.






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Updates

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Relatively independent market drivers and a strong order backlog provide some robustness



Merchant shipping - transportation at sea


Drivers/parameters:

- World trade
- USA/Europe versus Asia
- Special vessels versus dry bulk
- Vessel age
- Building capacity and costs

Oil service- Global energy demand

Drivers/parameters:

- Development in Asia
- Field depletion rate
- Deepwater/EOR developments
- Oil price levels
- Technological developments



Norwegian defense investments

Drivers/parameters:

- Budgeted investments for Norwegian defence modernisation
- F35 - JSF fighter aircraft
- Naval Strike Missile
- Naval upgrading programs
- Development projects (JSM)

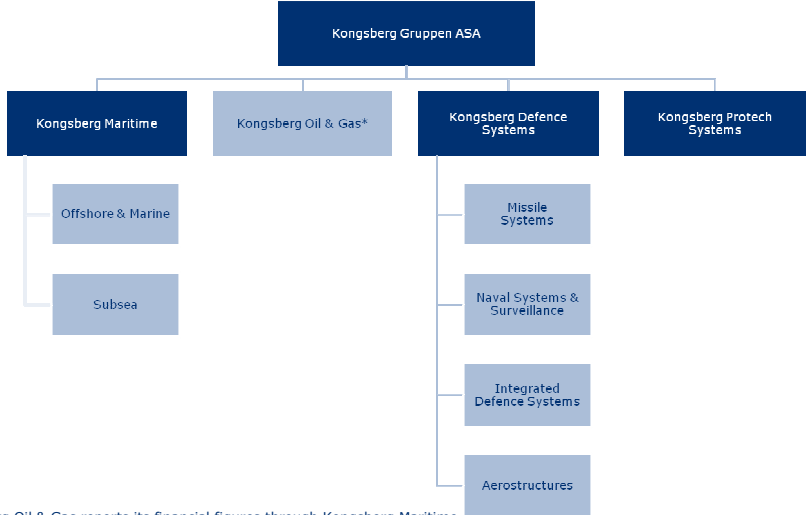
International defense investments

Drivers/parameters:

- National plans and budgets
- Financial constraints versus geopolitical and security, protectionism
- Niche products: RWS, NSM/JSM, Air Defence Systems
- Long-term contracts + service

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KONGSBERG's organisation as from 1 January 2009



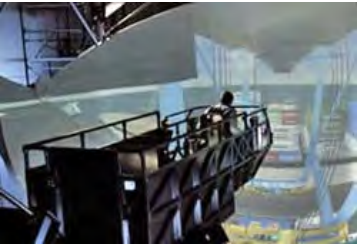
*Kongsberg Oil & Gas reports its financial figures through Kongsberg Maritime

Acquisitions in 2008



- Hydroid Llc
 - AUV company in Massachusetts, USA
 - 50 employees
- GlobalSim Inc.
 - Simulator company in Utah, USA
 - 25 employees
- GeoAcoustics Ltd.
 - Sonar company, head office in Great Yarmouth in the UK and subsidiaries in Mumbai and Singapore
 - 43 employees
- Zhenjiang Marine Electrical Appliances (Joint Venture)
 - Chinese company that delivers electrical control and distribution units
 - 160 employees

HYDROID
A KONGSBERG COMPANY



GeoAcoustics

The Norwegian Government's choice of new fighter craft is positive for KONGSBERG



- Norway has chosen the F-35 Lightning II Joint Strike Fighter to succeed the F-16
- KONGSBERG will make aircraft components in composite and titanium for the fighter craft
 - Detailed plans are being drawn up
- The first parts will be manufactured and qualified in 2009
- KONGSBERG's new composite plant was officially opened in November 2008



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Prospects for the future

Excerpts – See the quarterly report for the full text



- Kongsberg Maritime is maintaining its strong market positions. It is addressing a more difficult market by providing highly specialised products and an efficient production system
- Kongsberg Defence Systems and Kongsberg Protech Systems expect a continued strong influx of new orders and activities
- Initiatives are being put into place on an ongoing basis to reduce the Group's foreign exchange exposure. Besides hedging all signed contracts, the Group hedges a percentage of anticipated new orders. Changes in the value of futures hedges are recognised directly against equity.
- KONGSBERG is in a good position at the outset of 2009 providing a good platform for the operations. It is, however, uncertain how the Group's markets will develop in the latter half of 2009. The Board of Directors is following the situation closely, considering further initiatives on an ongoing basis

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Appendix

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Financial status at 31 December 2008

Income statement



MNOK	2008	2007	Q4 - 08	Q4 - 07
Operating revenues	11 056	8 306	3 390	2 215
Gains on sale of properties ^a		253		253
Total revenues	11 056	8 559	3 390	2 468
Operating expenses	(9 737)	(7 340)	(3 006)	(1 955)
Non-recurring items attached to settlement of the pension scheme ^a		341		341
EBITDA	1 319	1 560	384	854
Depreciation	(197)	(170)	(65)	(40)
EBITA	1 122	1 390	319	814
Amortisation	(84)	(44)	(29)	(14)
EBIT	1 038	1 346	290	800
Write-downs on financial assets	(138)		(24)	
Net, other financial items	(39)	(67)	(21)	(13)
EBT	861	1 279	245	787
Taxes	(274)	(293)	(57)	(145)
Profit/loss for the period	587	986	188	642
Minority interests	(4)	(5)	(2)	(3)
Equity holders of the parent	583	981	186	639
<i>Earnings per share (NOK)</i>	<i>19,44</i>	<i>32,71</i>	<i>6,20</i>	<i>21,31</i>
<i>Earnings per share, diluted (NOK)</i>	<i>19,44</i>	<i>32,71</i>	<i>6,20</i>	<i>21,31</i>
<i>Earnings per share, excluding non-recurring items</i>	<i>19,44</i>	<i>16,17</i>	<i>6,20</i>	<i>4,83</i>

^a Non-recurring items

New orders (MNOK)	14 635	14 338	2 644	1 908
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Financial status at 31 December 2008

Balance sheet



MNOK	31 Dec. 08	31 Dec. 07
Tangible fixed assets	1 863	1 206
Intangible assets	2 379	1 761
Other long-term assets	413	508
Total long-term assets	4 655	3 475
Short-term assets	7 660	4 792
Bank deposits and cash equivalents	283	947
Total current assets	7 943	5 739
Total assets	12 598	9 214
Paid-in capital	982	982
Retained earnings	1 835	1 765
Excess/negative value, financial instruments	(939)	
Minority interests	16	11
Total equity	1 894	2 758
Long-term interest-bearing debt	1 722	705
Other long-term liabilities	1 009	1 437
Total long-term liabilities	2 731	2 142
Pre-payments from customers	1 320	1 938
Other short-term liabilities	6 653	2 376
Total short-term liabilities	7 973	4 314
Total equity and liabilities	12 598	9 214

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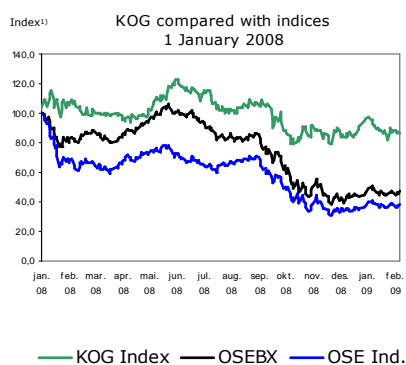
Shares and shareholders



20 largest shareholders (at 9 February 2009)

Shareholders	# shares	Share	Δ 2009
1 State as repr. by the Ministry of Trade and Indust	15 000 400	50,00 %	-
2 National Insurance Scheme	2 946 810	9,82 %	-
3 Arendals Fossekompani ASA	2 388 199	7,96 %	-
4 MP Pensjon	1 203 200	4,01 %	-
5 Skagen Vekst	729 280	2,43 %	-0,01 %
Total for the 5 largest shareholders	22 267 889	74,23 %	
6 Orkla ASA	711 800	2,37 %	-
7 Odin Norge	667 740	2,23 %	-0,01 %
8 Odin Norden	547 787	1,83 %	-0,01 %
9 Odin Offshore	250 000	0,83 %	-
10 DnB NOR Norge (IV)	216 772	0,72 %	-0,01 %
11 State Street Bank and Trust Co. - nominee	193 880	0,65 %	0,04 %
12 Ferd Invest AS	150 000	0,50 %	-
13 Vital Forsikring ASA	142 519	0,48 %	-
14 JP Morgan Chase Bank - nominee	139 133	0,46 %	-0,03 %
15 Mellon Bank - nominee	137 025	0,46 %	-0,01 %
16 Bank of New York, Brussels branch - nominee	114 738	0,38 %	-0,04 %
17 JP Morgan Chase Bank - nominee	103 000	0,34 %	-
18 Must Invest AS	100 000	0,33 %	-
19 BNP Paribas - nominee	96 000	0,32 %	-
20 The Northern Trust - nominee	82 405	0,27 %	New
Total, 20 largest shareholders	25 920 688	86,4 %	
Total number of shares	30 000 000	100,0 %	

Share price performance, year on year



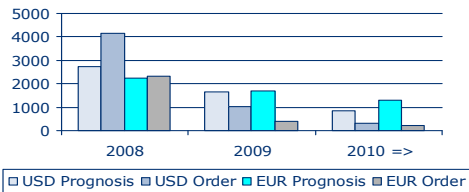
1) KOG's share price relative to the Oslo Bers Benchmark Index (OSEBX) and the Industrials Index. Closing share price on 1 January 2008 = 100

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Foreign exchange



Hedging portfolio at 31 December 2008
(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 Foreign Exchange Policy

Foreign exchange policy

- Hedging of all signed contracts
- Partial hedging of anticipated revenues in foreign currencies three years ahead.
- Objectives:
 - 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
- Approx. 35 per cent net exposure, primarily USD and EUR
- Our competitiveness is influenced by:
 - Changes in the NOK exchange rate, 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

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Board of Directors - Kongsberg Gruppen ASA



Finn Jebesen (58), Chair of the Board

- Self-employed
- CEO of Orkla from 2001 to 2005
- Other directorships: Chair of the Board of Directors Kavli Holding AS, Deputy Chair KLP forsikring (insurance), director of Berner Gruppen AS, Anders Wilhelmsen Management AS and Norsk Hydro ASA.



Siri Hatlen (50), Director

- Executive Vice President, New Energy, Statkraft
- Other directorships: Det Norske Samlaget Publishing House and AS Vinmonopolet. Director of PGS ASA, NTNU and Det Norske Teateret, among others



Benedicte Berg Schilbred (61), Deputy Chair

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



Roar Marthiniussen (51) - Director (employee representative)

- Sales and Marketing Manager at Kongsberg Maritime AS
- Engineer from the Horten College of Engineering
- Employee representative on KONGSBERG's Board of Directors since 1999



Erik Must (65), Director

- Other directorships: Chair of the Board of Directors in Fondsfinans ASA, Fondsfinans Kapitalforvaltning Holding AS, Arendals Fossekompani, Gylendal ASA and Erik Must AS. Member of the Boards of the NSTC Media Group and the Norwegian Museum of Cultural History.



Audun Solås (49), Director (employee representative)

- Chief Engineer, Kongsberg Defence & Aerospace
- Graduate Engineer, Royal College of Technology, Stockholm
- Employee representative since 2005



John Giverholt (55), Director

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



Kai Johansen (40), Director (employee representative)

- Shop Steward in the Norwegian United Federation of Trade Unions, Kongsberg Defence & Aerospace
- 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 2009

Publication of quarterly figures

- Q1: 27 April
- Q2: 14 August
- Q3: 23 October

Ordinary Annual General Meeting

- 7 May

Investor Relations contacts

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