



KONGSBERG

INVESTOR PRESENTATION

Q3 2019

30/10/2019

Geir Håøy, President & CEO

Gyrid Skalleberg Ingerø, EVP & CFO

Lisa E. Haugan, EVP Deck Machinery & Motion Control



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Highlights Q3

6 046
REVENUES

12 325
NEW ORDERS

535
EBITDA

8.8%
EBITDA MARGIN



GROUP:

- Solid organic growth
- Strong order intake
- Record high order backlog

DEFENCE:

- NASAMS Qatar – the largest KOG-contract ever
- BNOK 20 + order backlog
- MUSD 131 order intake from CROWS framework agreement
- Remote Tower live

MARITIME:

- Continued strong order intake within sensors and robotics
- Lifecycle business at a solid level
- Integration of Commercial Marine ahead of plan

DIGITAL:

- Growing revenues and improved profitability
- Breakthrough contract on dynamic digital twin



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Financial status

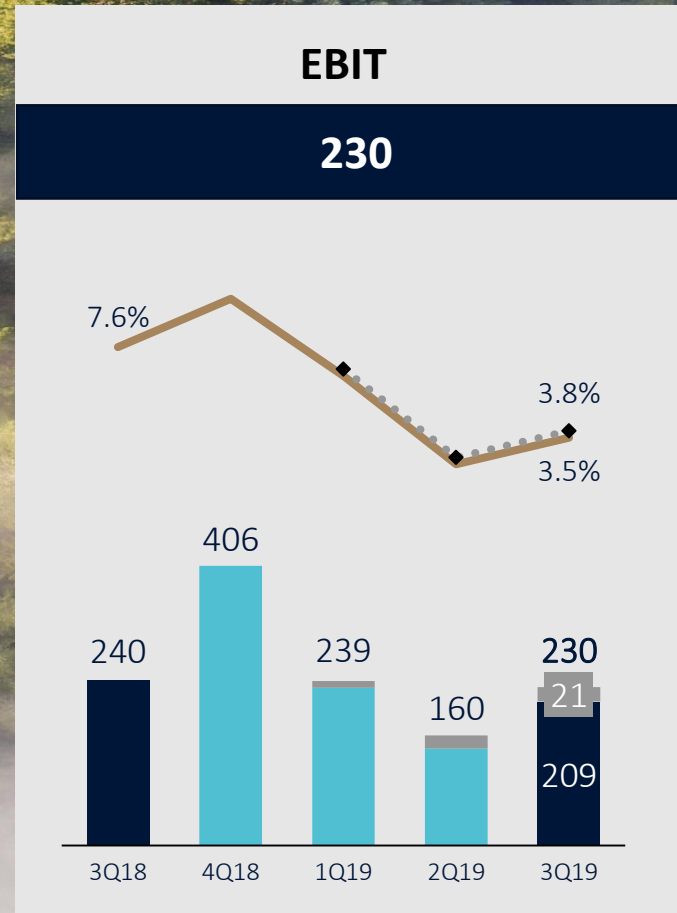
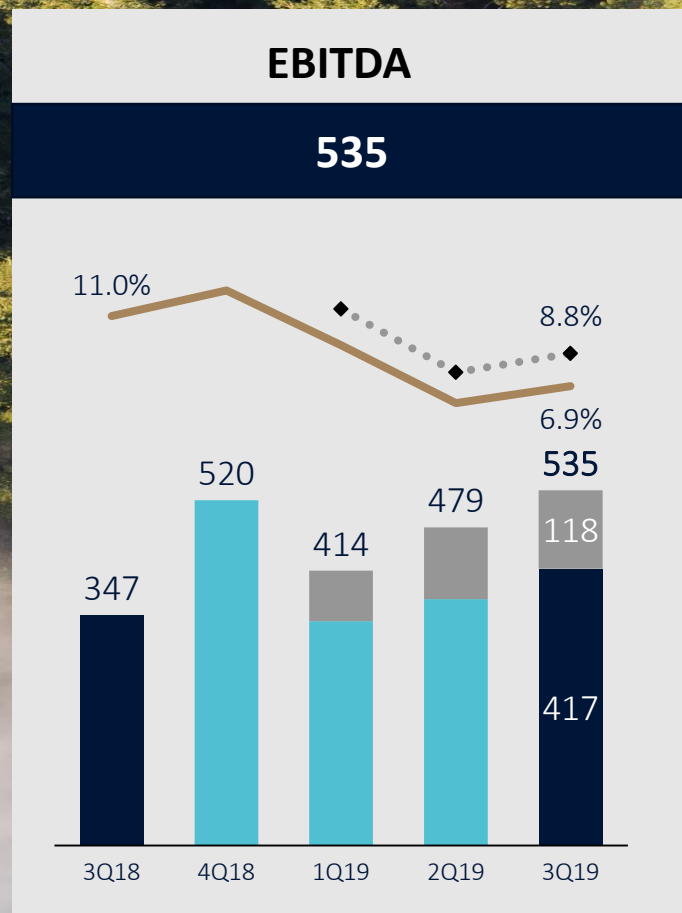
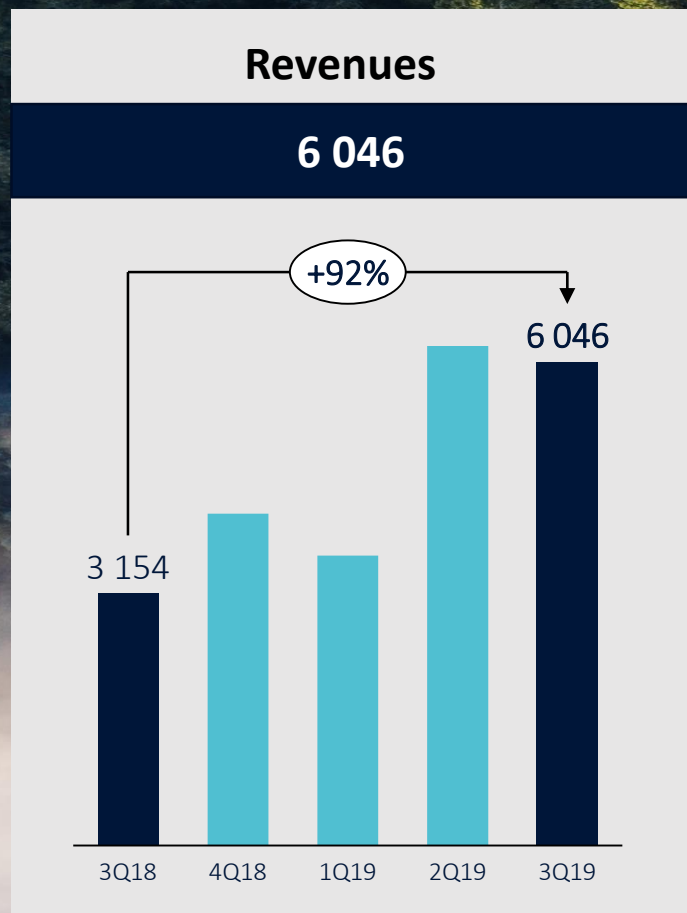
Gyrid Skalleberg Ingerø, CFO



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Q3 – KONGSBERG (KOG)

MNOK



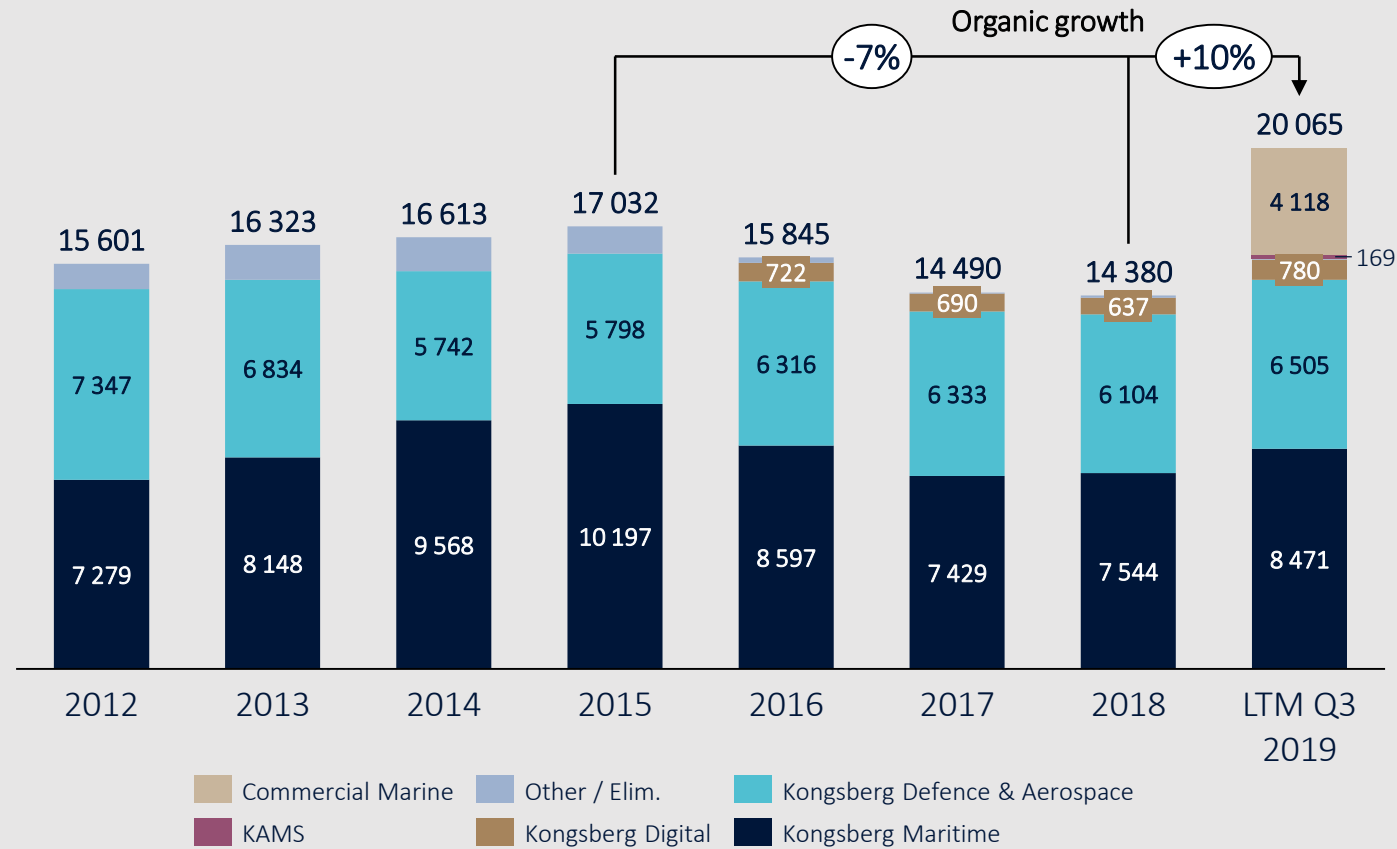
■ IFRS 16 effects — Margin ex. IFRS ◆ Margin inc. IFRS



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Improving revenue trend

MNOK

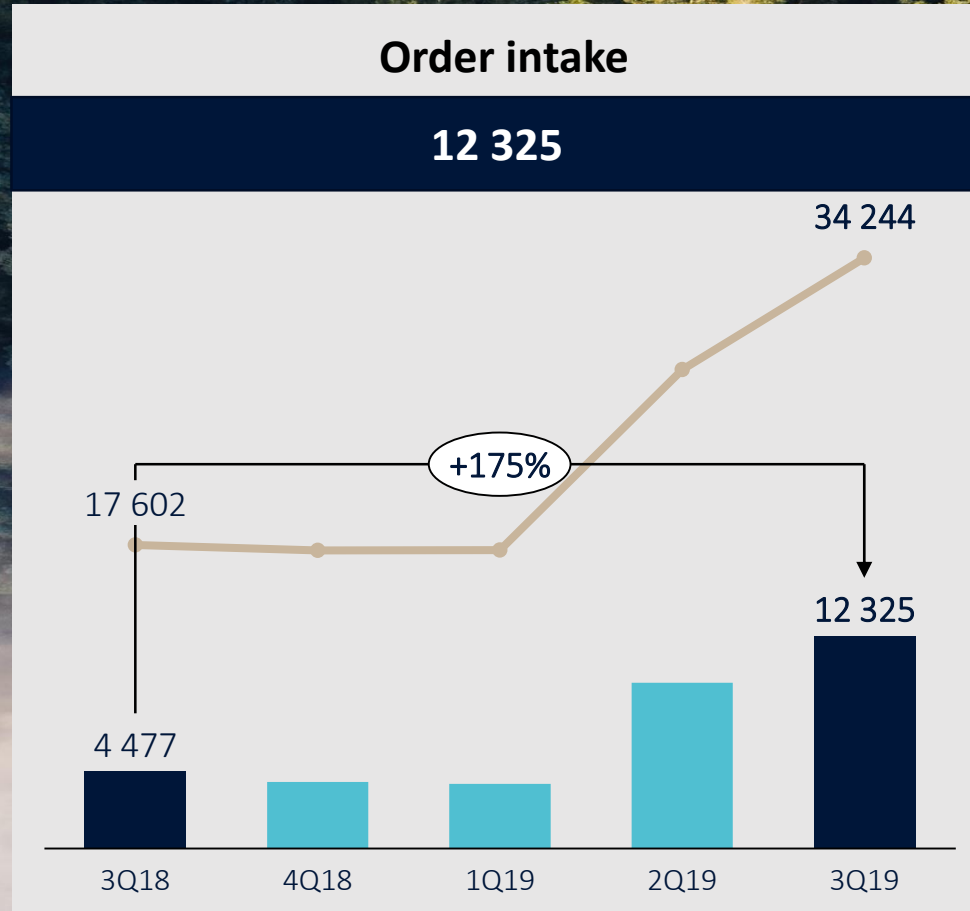




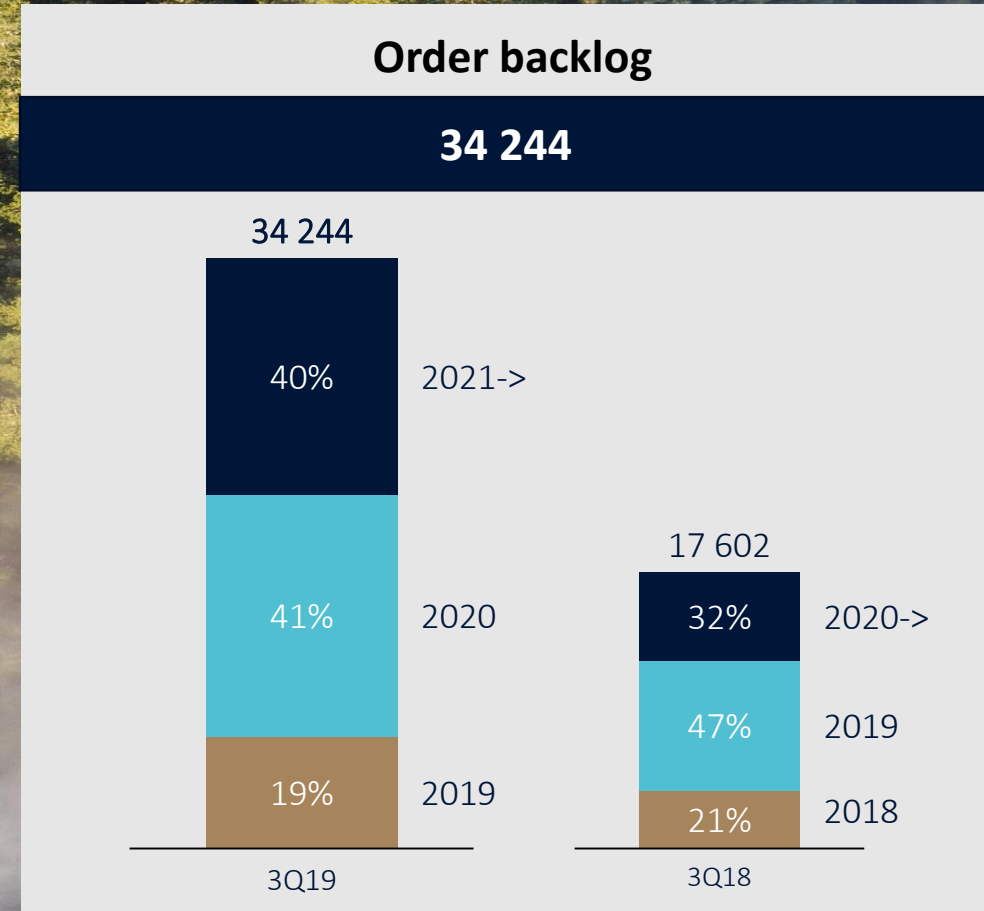
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Strong order intake

MNOK



—●— Order backlog



BNOK 7 aftermarket in KM by large not reflected in backlog (annual basis)



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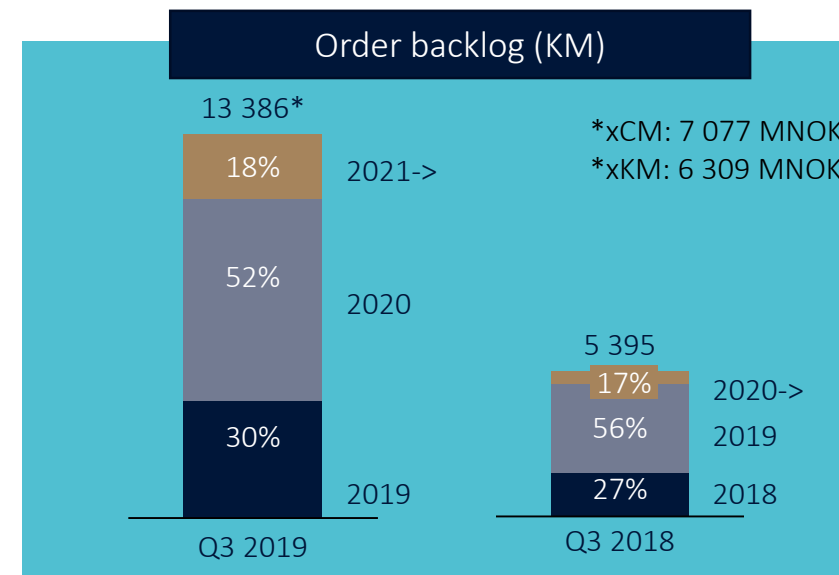
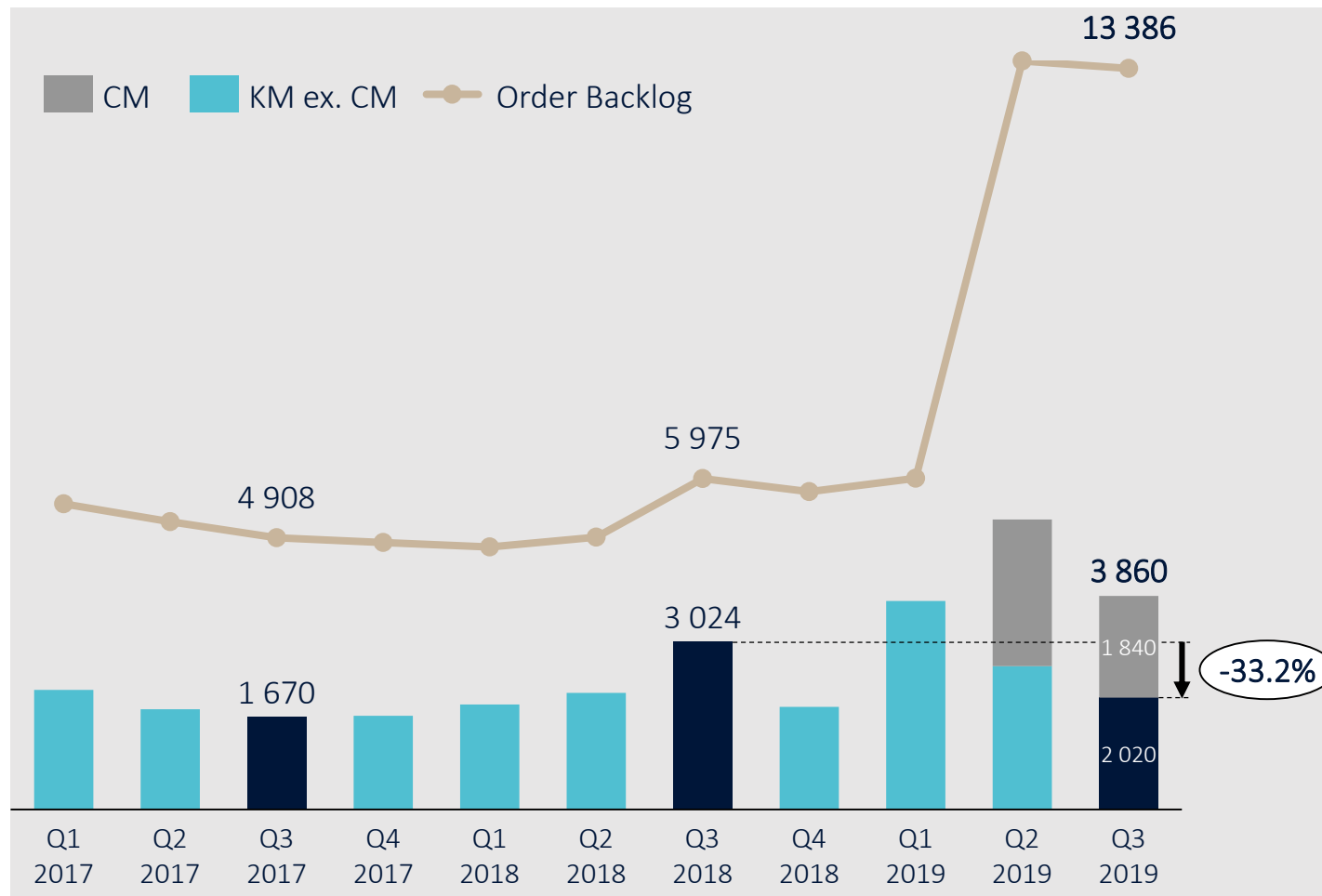
Kongsberg Maritime

Q3



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Short- and long-term backlog improved in KM



Book/Bill Q3: 0.91

Order intake Q3: MNOK 3 860
Order backlog Q3: MNOK 13 386

Book/Bill YTD: 1.09
Order intake YTD: MNOK 11 511



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Q3 KM Order intake

Order intake Q3: **MNOK 3 860**

KM ex. CM Q3: **MNOK 2 020**
(-33.2% YoY)

CM Q3: **MNOK 1 840**
(-23.5% YoY)

Order intake YTD: **MNOK 11 511**
(+63.7% YoY)

KM ex. CM order intake flat YoY

31%
GLOBAL CUSTOMER
SUPPORT (KM excl CM)*

30%
INTEGRATED
SOLUTIONS

6%
SYSTEMS & DECK
MACHINERY

14%
PROPULSION &
ENGINES

43%
GLOBAL CUSTOMER
SUPPORT (KM & CM)*

39%
SENSORS &
ROBOTICS**

Q3 2019
KM excl. CM

21%
SENSORS &
ROBOTICS**

16%
INTEGRATED
SOLUTIONS

Q3 2019
KM incl. CM

*Global Customer Support does not include Sensors & Robotics aftermarket
**Sensors and Robotics also includes aftermarket



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Q3 KM Revenues*

Revenues Q3: **MNOK 4 255**

KM excl. CM Q3: MNOK 2 166
(Organic growth +20.5% YoY)

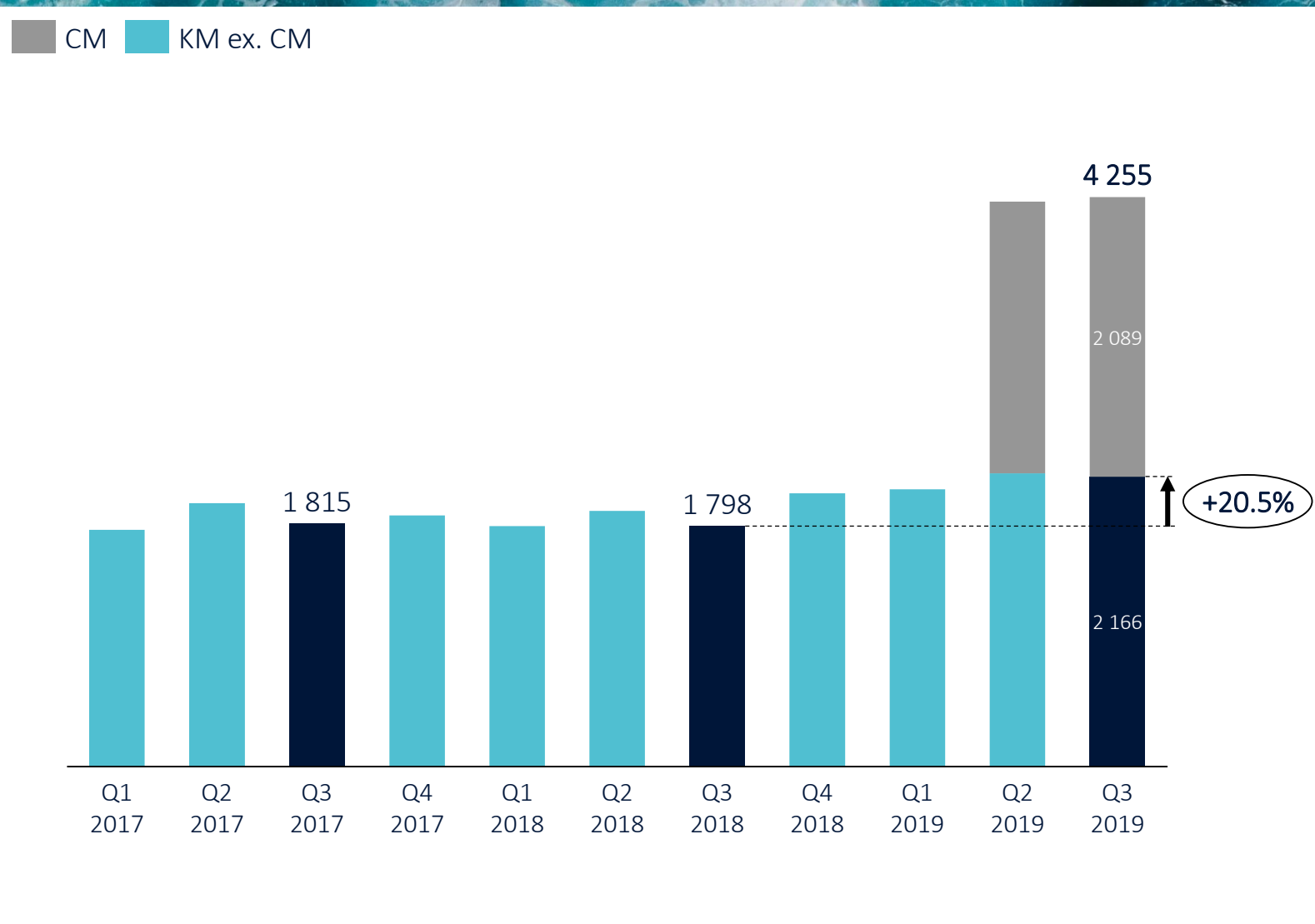
CM Q3: MNOK 2 089
(+5.5% YoY**)

Revenues YTD: **MNOK 10 549**
(Organic growth +16.8% YoY)

*) CM figures included as from Q2-2019

**) 2018 Pro forma

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Q3 KM EBITDA

EBITDA incl. IFRS 16	MNOK
EBITDA excl. IFRS 16	271
	189

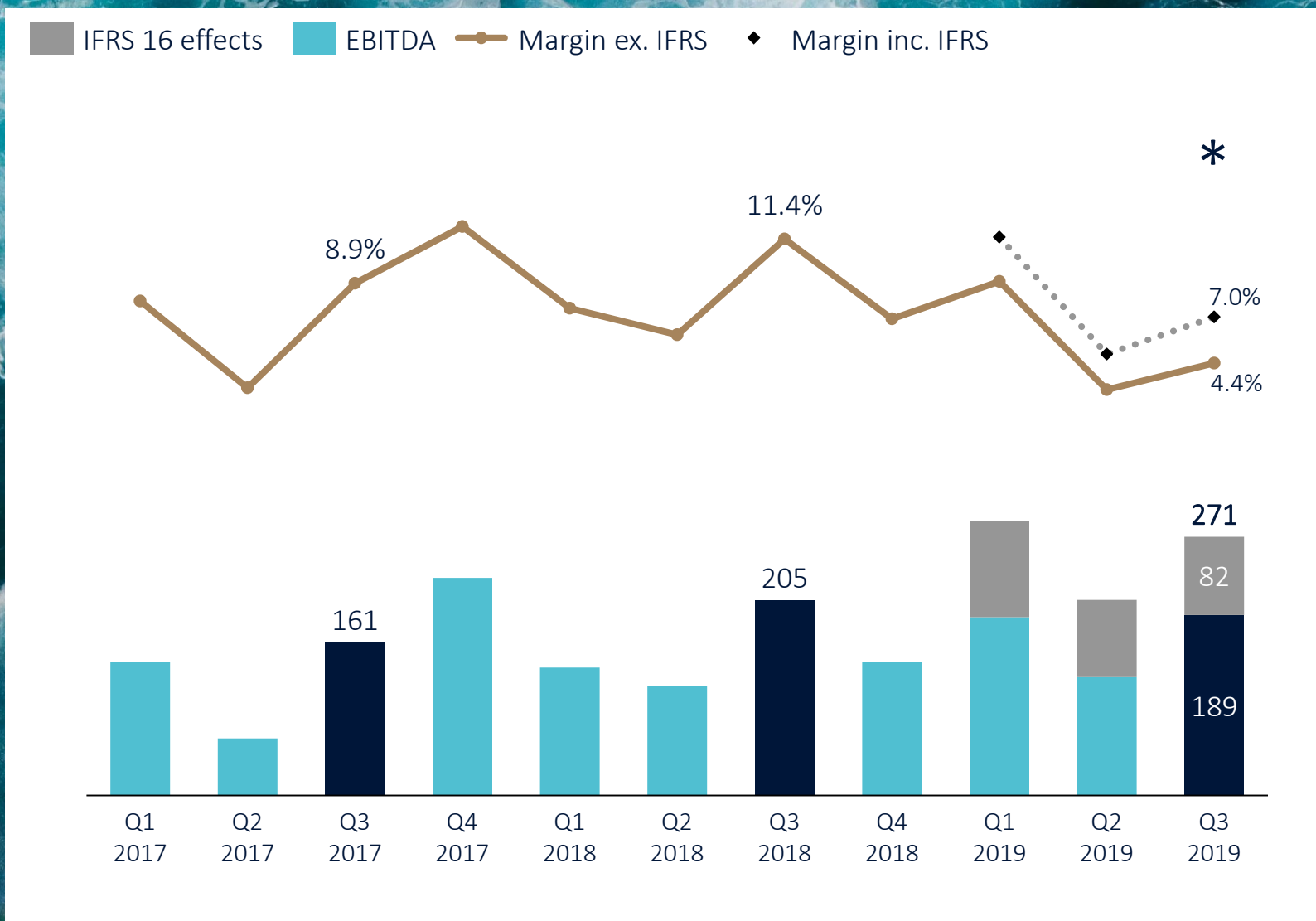
<i>Restructuring- and integration costs</i>	152
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Adjusted EBITDA	341
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CM	47
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xKM	294
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*) EBITDA-margin 13.6%





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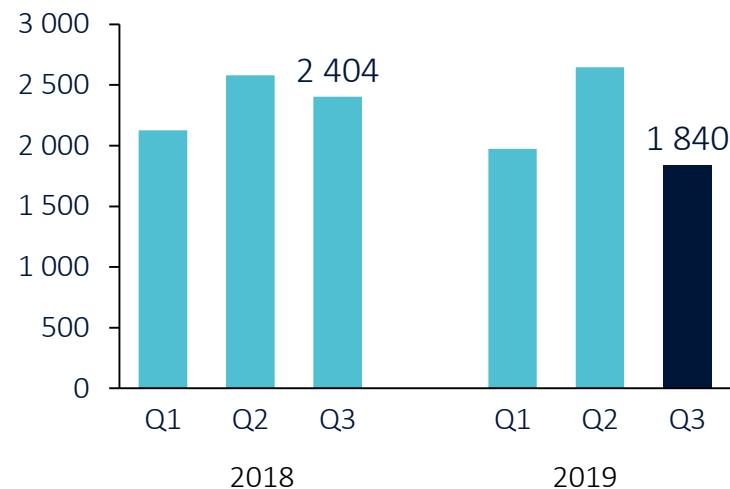
Q3 Development Commercial Marine*

Special items 2019	Q3
Integration costs Commercial Marine	96
Restructuring costs Commercial Marine	56
Total	152

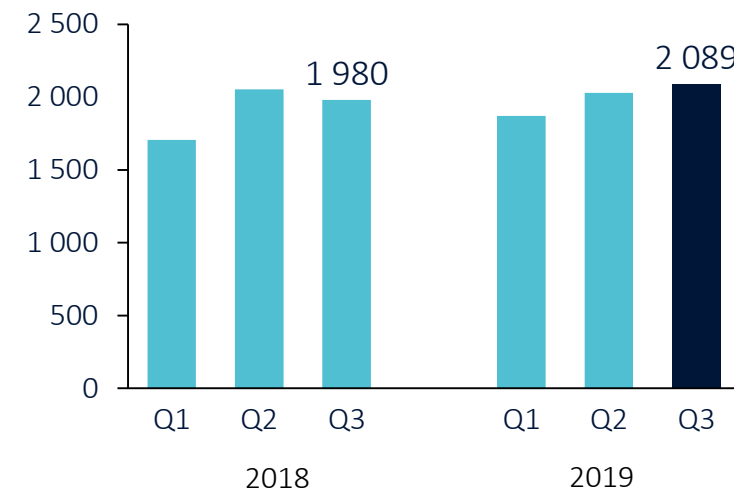
* Pro forma figures up to Q1-2019, adjusted EBITDA show in Q2 and Q3 2019

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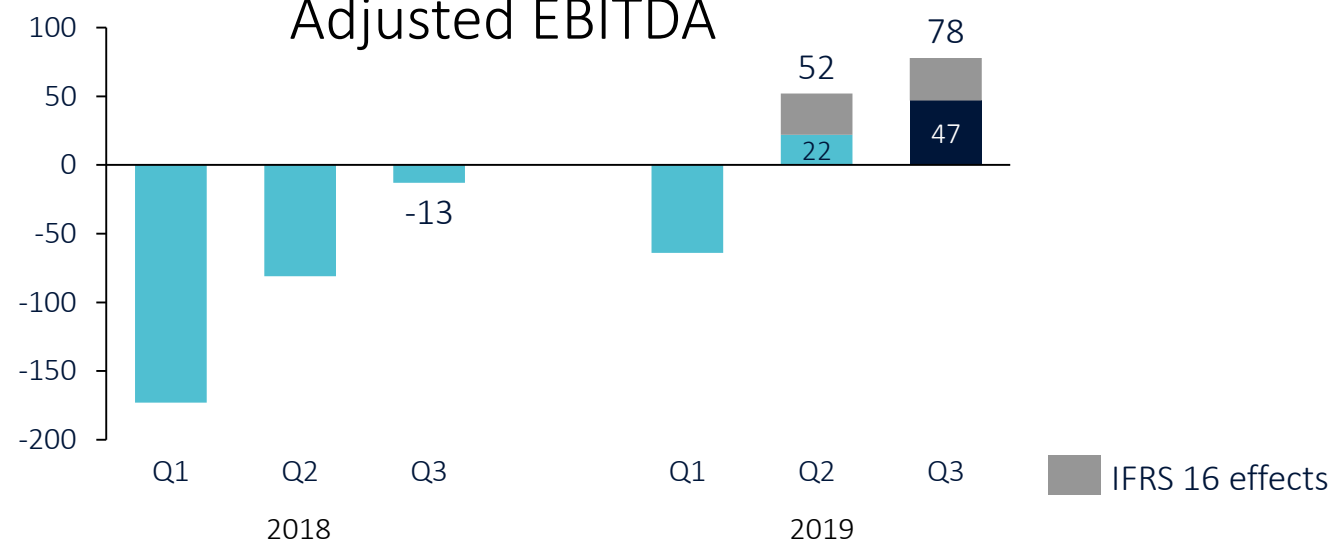
Order intake



Revenues



Adjusted EBITDA



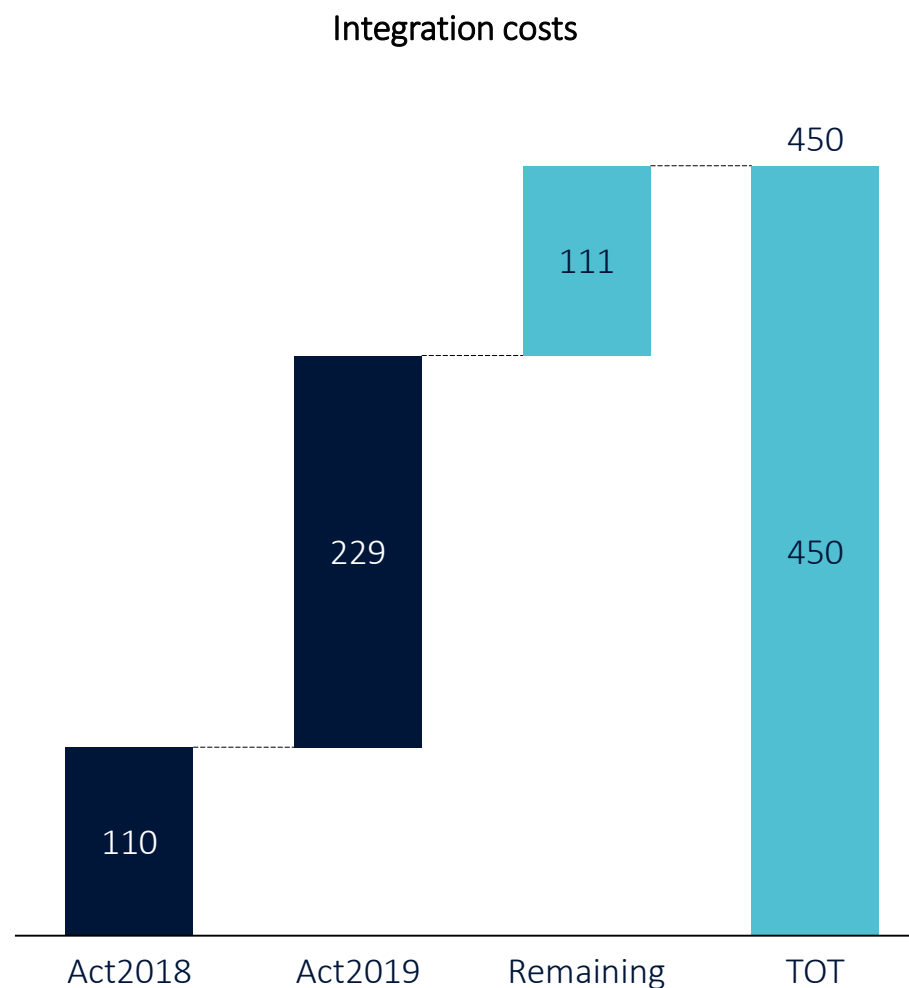


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Q3 Status integration Commercial Marine

Selected ongoing actions

- IT & Infrastructure
 - Branding
 - Legal
 - Harmonization & Streamlining
 - Organizational design
-
- Restructuring costs of MNOK 56 in Q3, MNOK 87 YTD





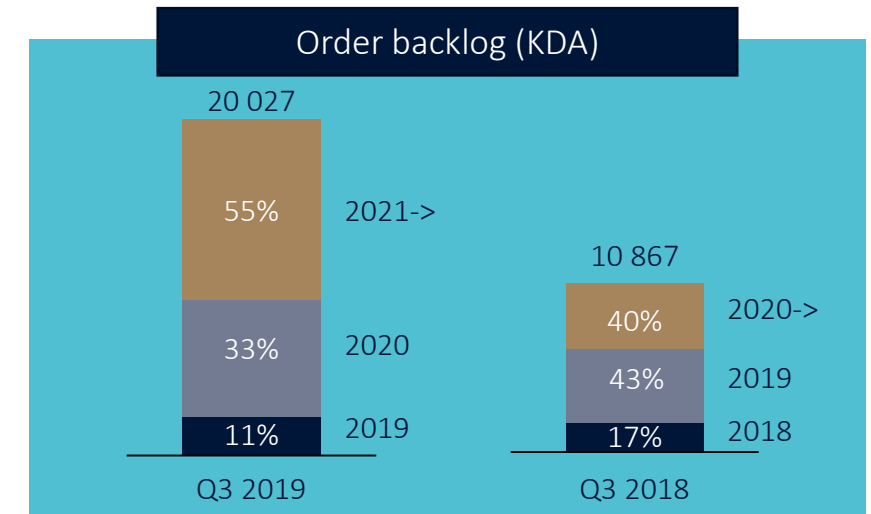
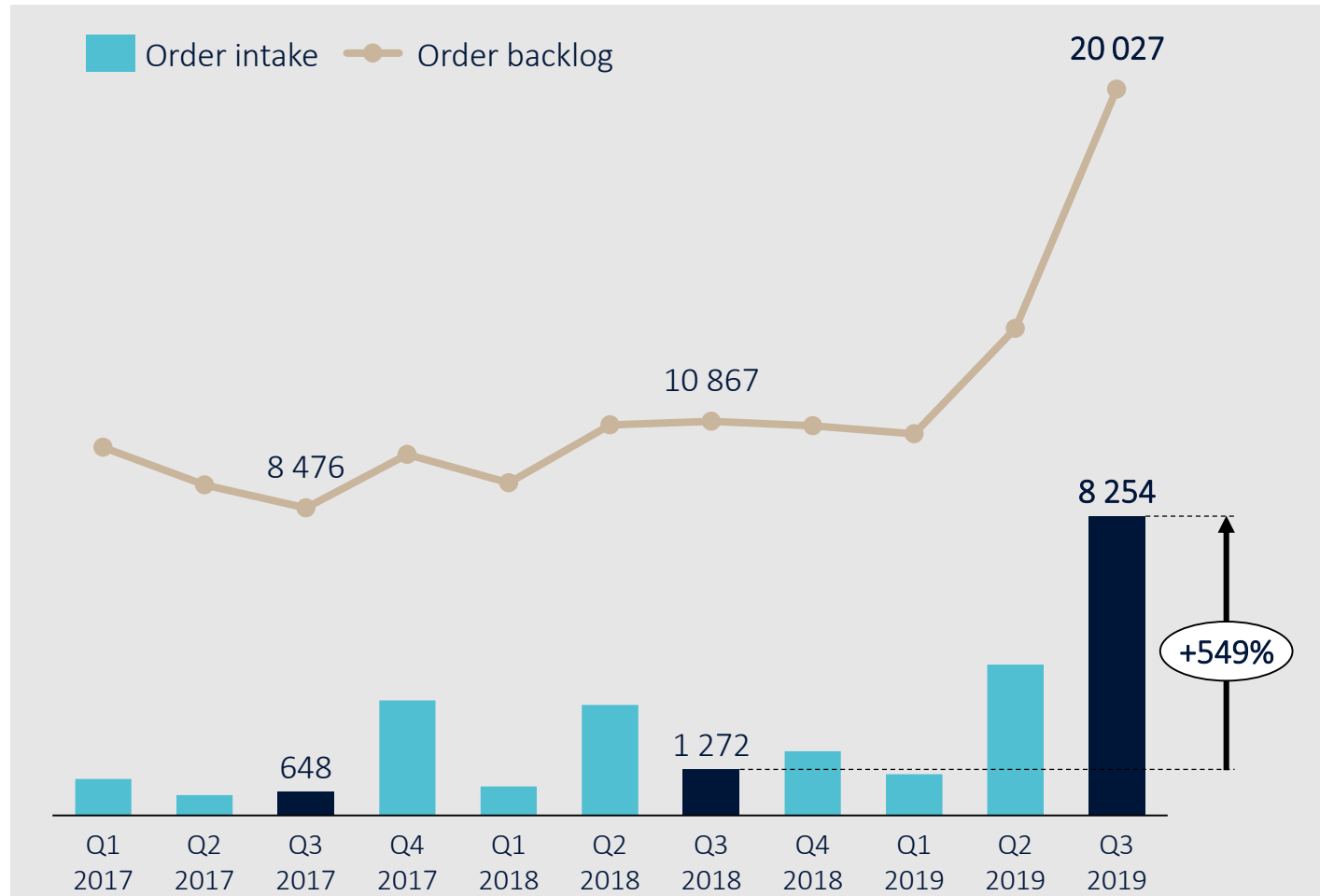
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Kongsberg Defence & Aerospace Finance



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Solid pick up in order intake, major improvement in backlog



Book/Bill Q3: 5.23

Book/Bill YTD: 2.84

Order intake YTD: MNOK 13 551

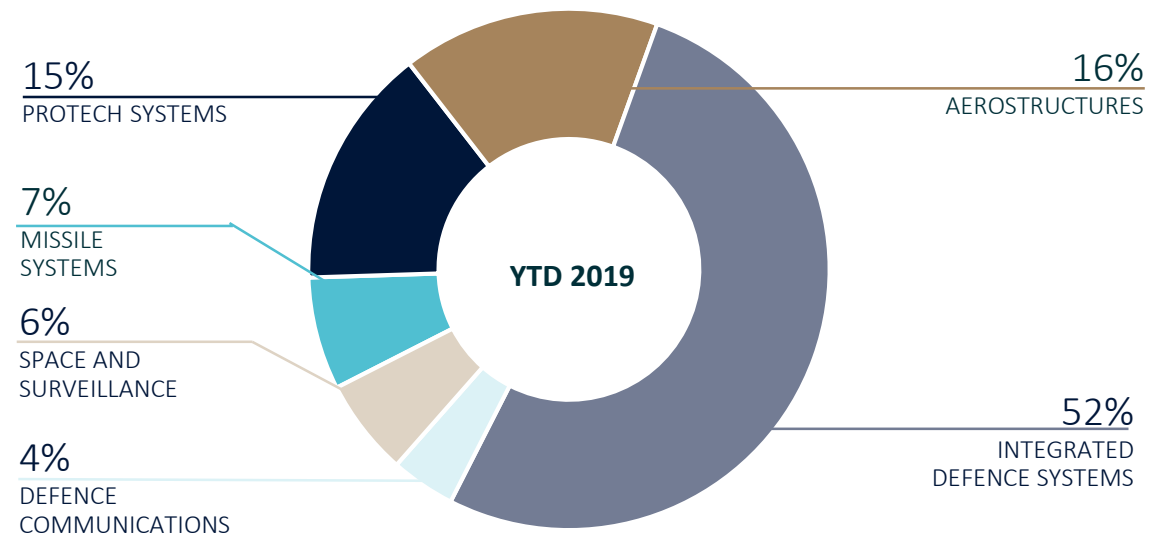
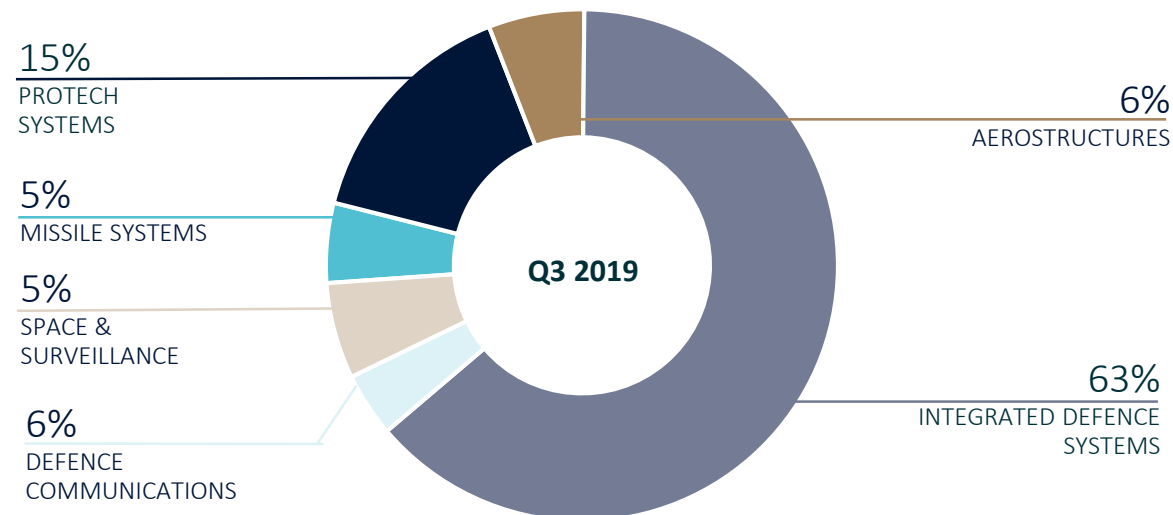


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Q3 KDA Order intake

Order intake Q3: **MNOK 8 254**
(+549% YoY)

Order intake YTD: **MNOK 13 551**
(+165% YoY)



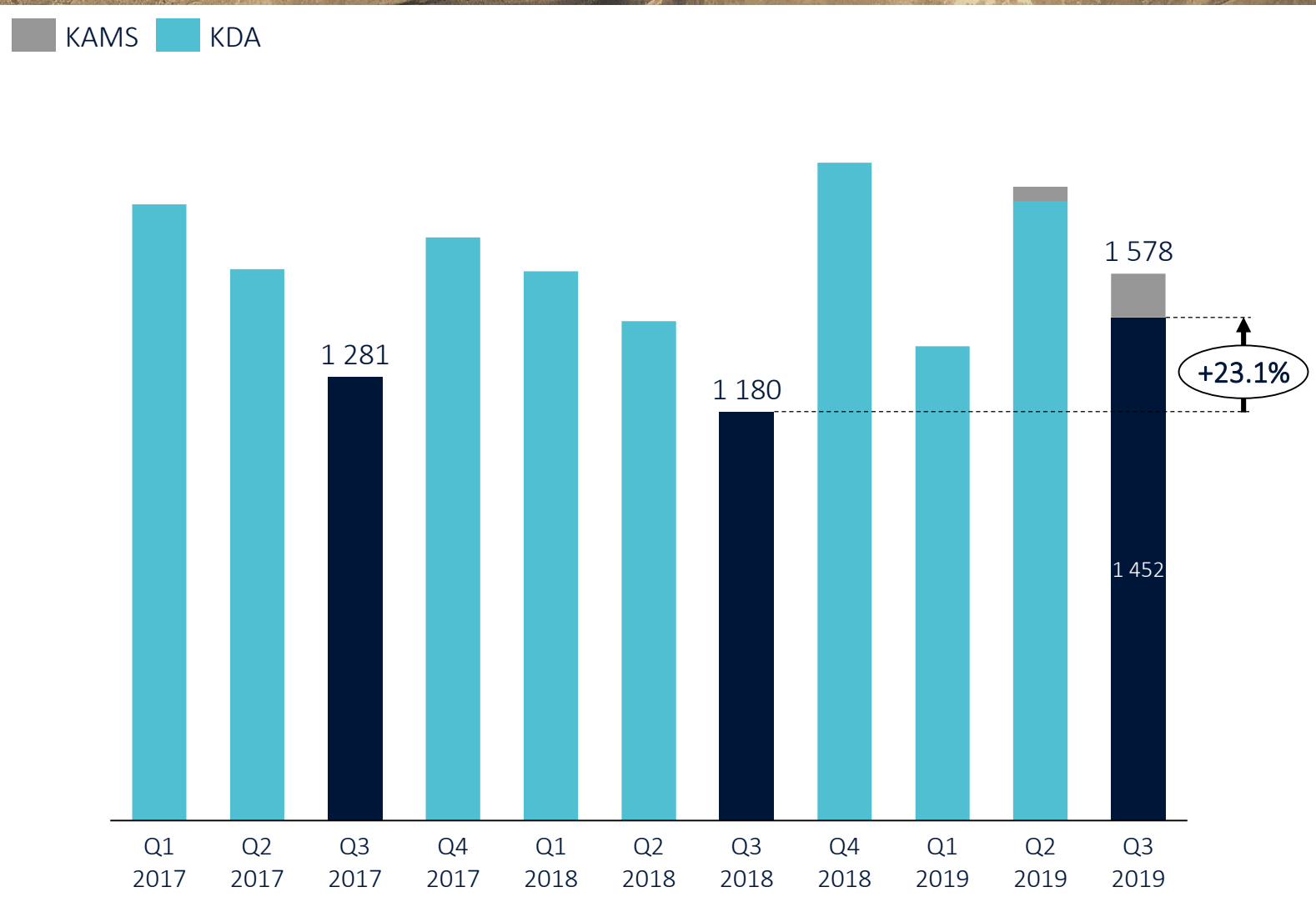


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Q3 KDA Revenues

Revenues Q3: **MNOK 1 578**
(Organic growth +23.1% YoY)

Revenues YTD: **MNOK 4 776**
(Organic growth +9.5% YoY)





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Q3 KDA EBITDA*

EBITDA Q3: MNOK 248 / MNOK 202*

EBITDA-margin: 15.7% / 12.8%*

68% YoY increase

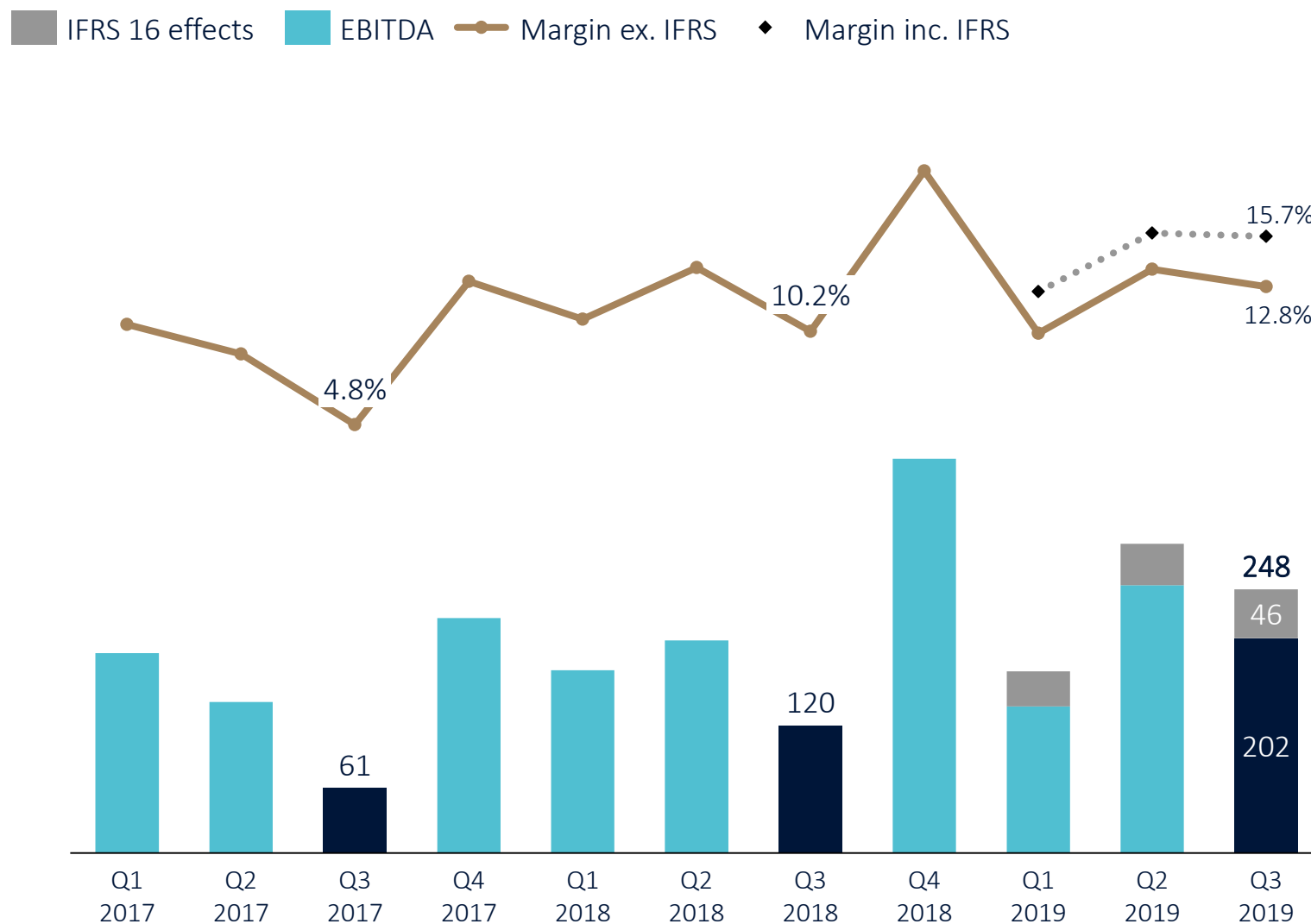
EBITDA YTD: MNOK 709 / MNOK 592*

EBITDA-margin: 14.8% / 12.4%*

20% YoY increase

*) ex. IFRS 16 effects

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Balance sheet and cash flow (KOG)





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Q3 Strong balance sheet

Repayment bond KOG07 – MNOK 250

	Q3 2019	Q2 2019	2018	2017
Gross interest bearing debt	4 090	4 349	4 332	3 340
Cash and short-term deposits	3 667	4 522	10 038	2 956
Net interest bearing debt	423	-173	-5 706	384
Equity ratio	35.7% 38.1%*	35.7% 38.2%*	45.7%	35.6%
ROACE	9.5%	11.0%	12.5%	9.0%

*) exclusive IFRS 16 effects.

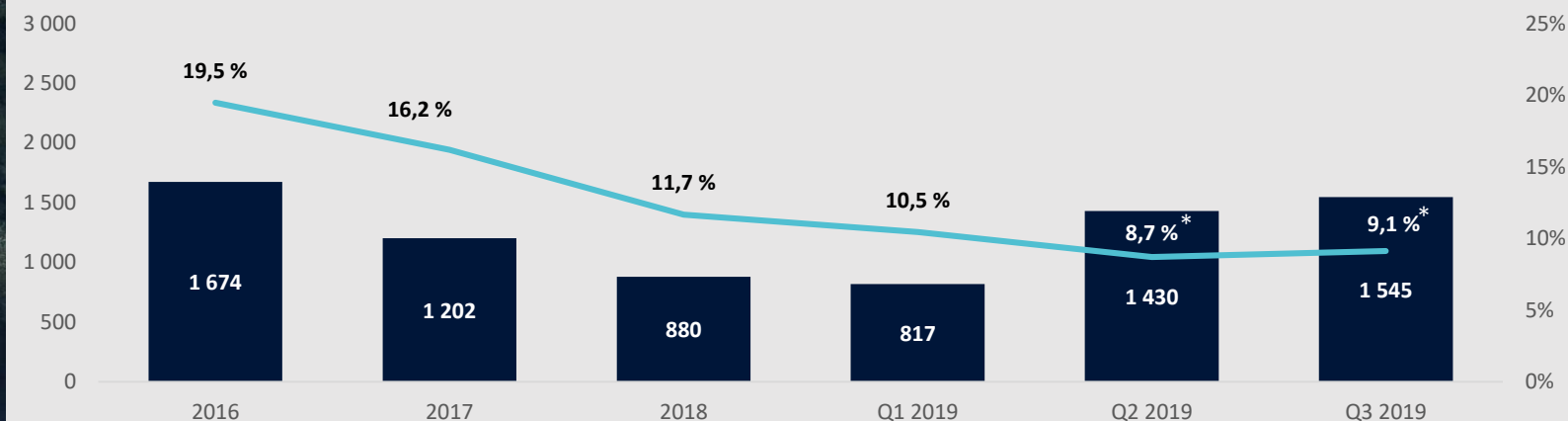


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Q3 NWC

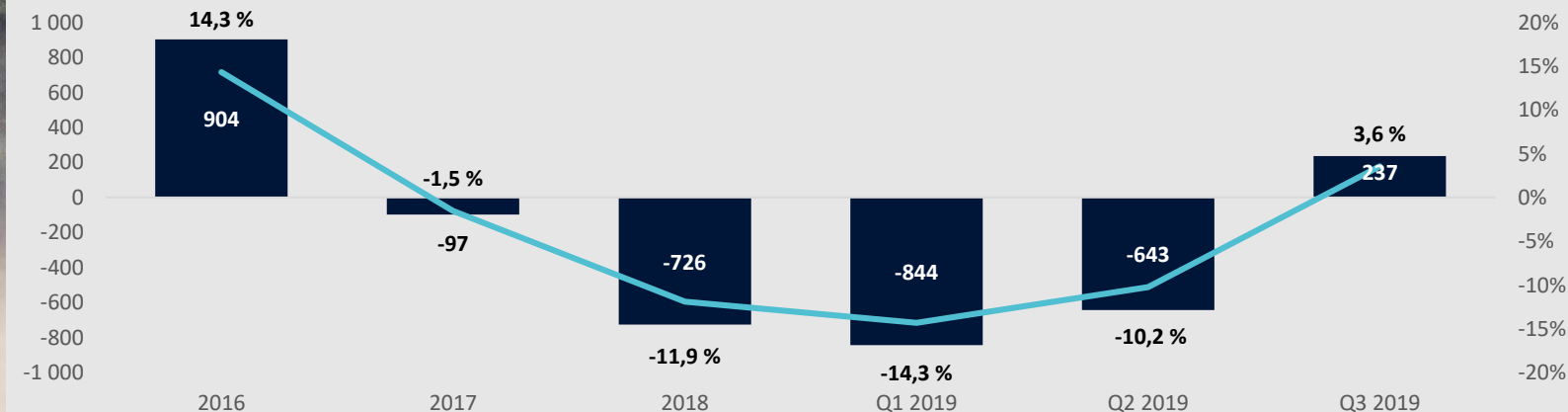
Net Working Capital by Business Area

Net Working Capital – Kongsberg Maritime (MNOK)



*Includes Proforma Revenue for Commercial Marine.

Net Working Capital – Kongsberg Defence & Aerospace (MNOK)

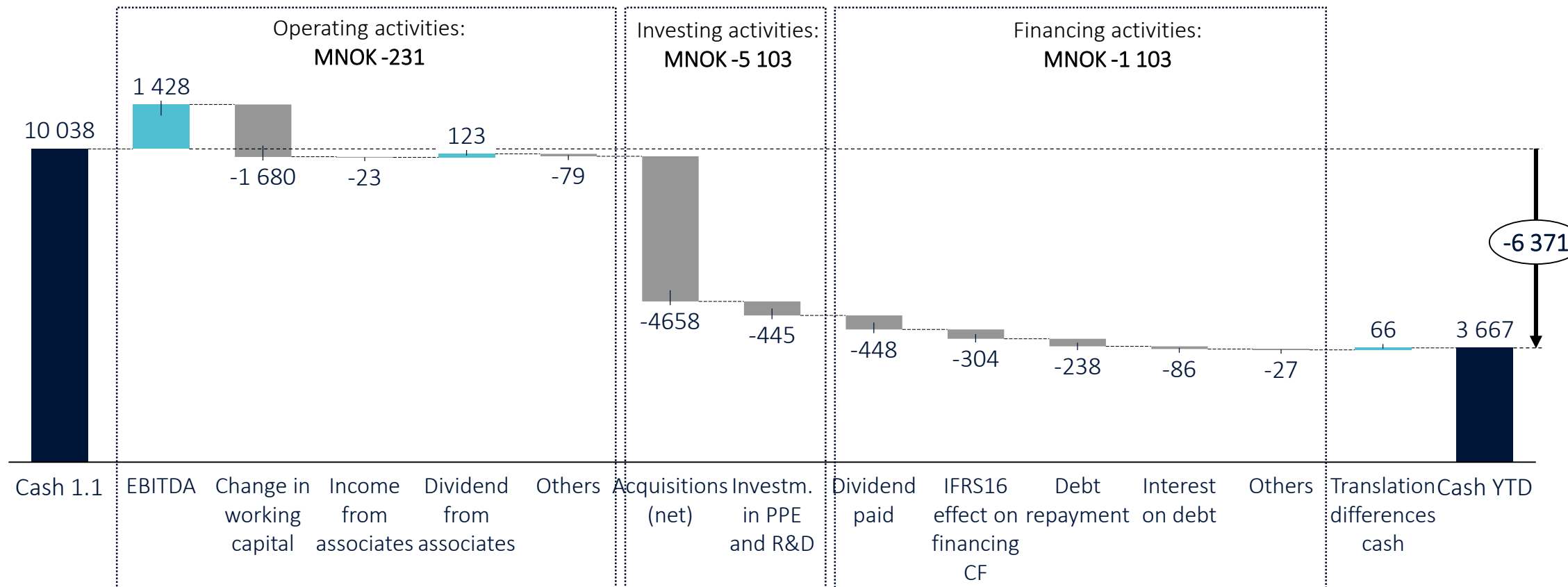


■ Net Working Capital — NWC in % of LTM Revenue



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Development in cash YTD

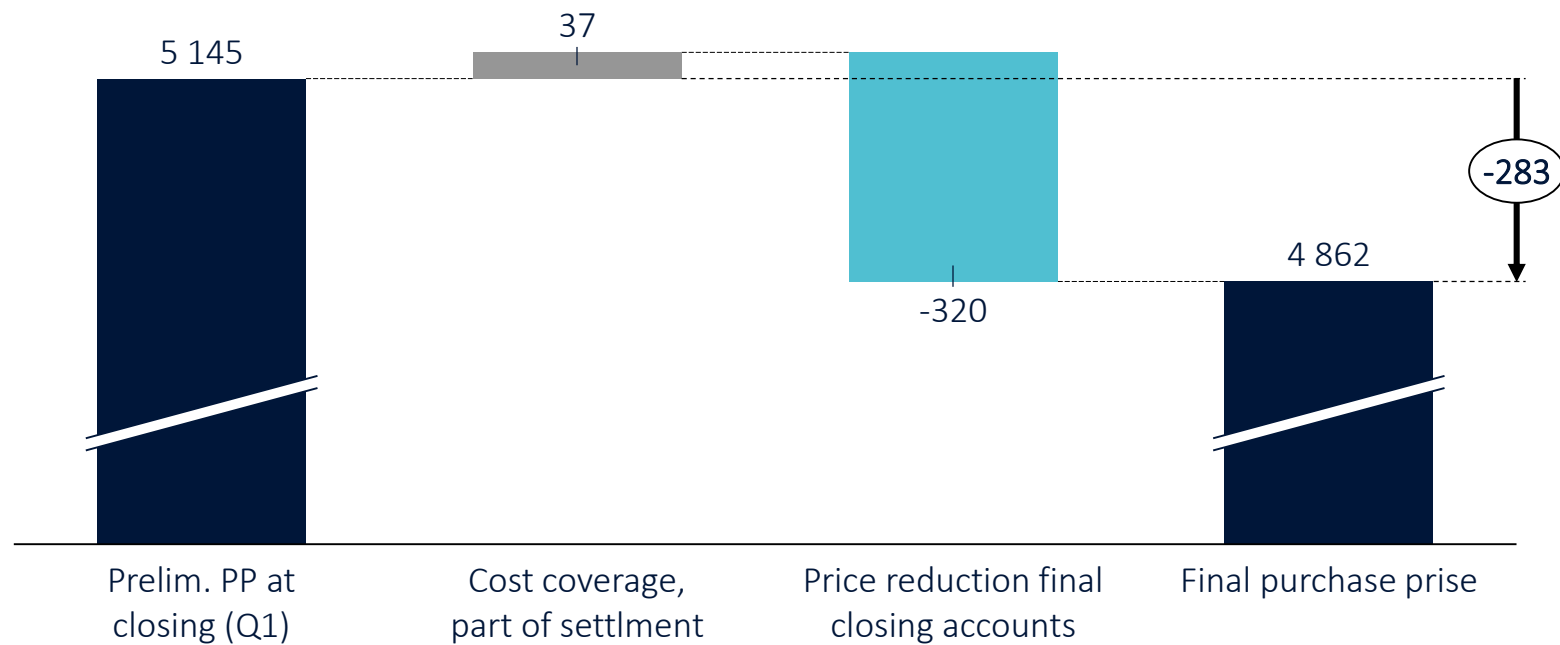




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CM final purchase price

Final closing accounts, **October 2019**



*) exclusive IFRS 16 effects.



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Business update

Geir Håøy, President & CEO



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Business update

Kongsberg Defence & Aerospace



Increased activity

- Activity ramping up for both missiles, aerostructures, NASAMS and CROWS-deliveries
- High campaigning activity



Record high order backlog

- BNOK 20 +
- Solid coverage for growth
- NASAMS Qatar
- CROWS



New division: Land Systems

- Merger of Protech Systems and Defence Communications divisions
- Opens for increased cross technological development and customer interaction



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NASAMS Qatar / CROWS

NASAMS QATAR – Largest contract in KONGSBERG ever (BNOK 5.6)



CROWS – Highest order intake (LTM BNOK 3.1) since 2010





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Littoral Combat Ship successfully launches NSM

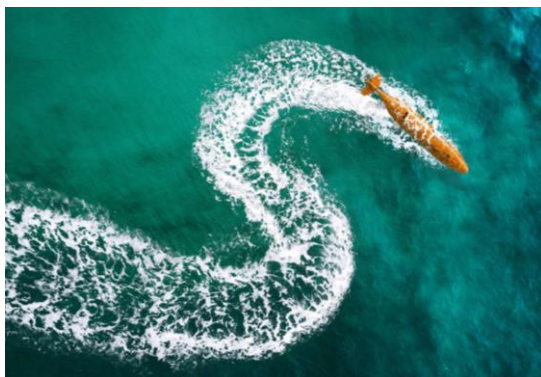
The Independence-variant littoral combat ship USS Gabrielle Giffords successfully demonstrated the capabilities of the Naval Strike Missile Oct. 1 during exercise Pacific Griffin.





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Business update Kongsberg Maritime



Another strong quarter

- Revenue growing due to strong order intake the past year
- Marine Robotics
- Global Customer Support
- Integration of CM ahead of plan

LNG increasingly important

- ~50 % growth in new build orders YTD, Expecting close to BNOK 1 in 2019
- Market leading position in a strong market
- Expressed further demand from large operators

Extensive Full picture-delivery for expedition cruise ship “Innovation”

- To be built on Damen Shipyard
- Fully compliant with IMO2020
- MNOK 190 contract value



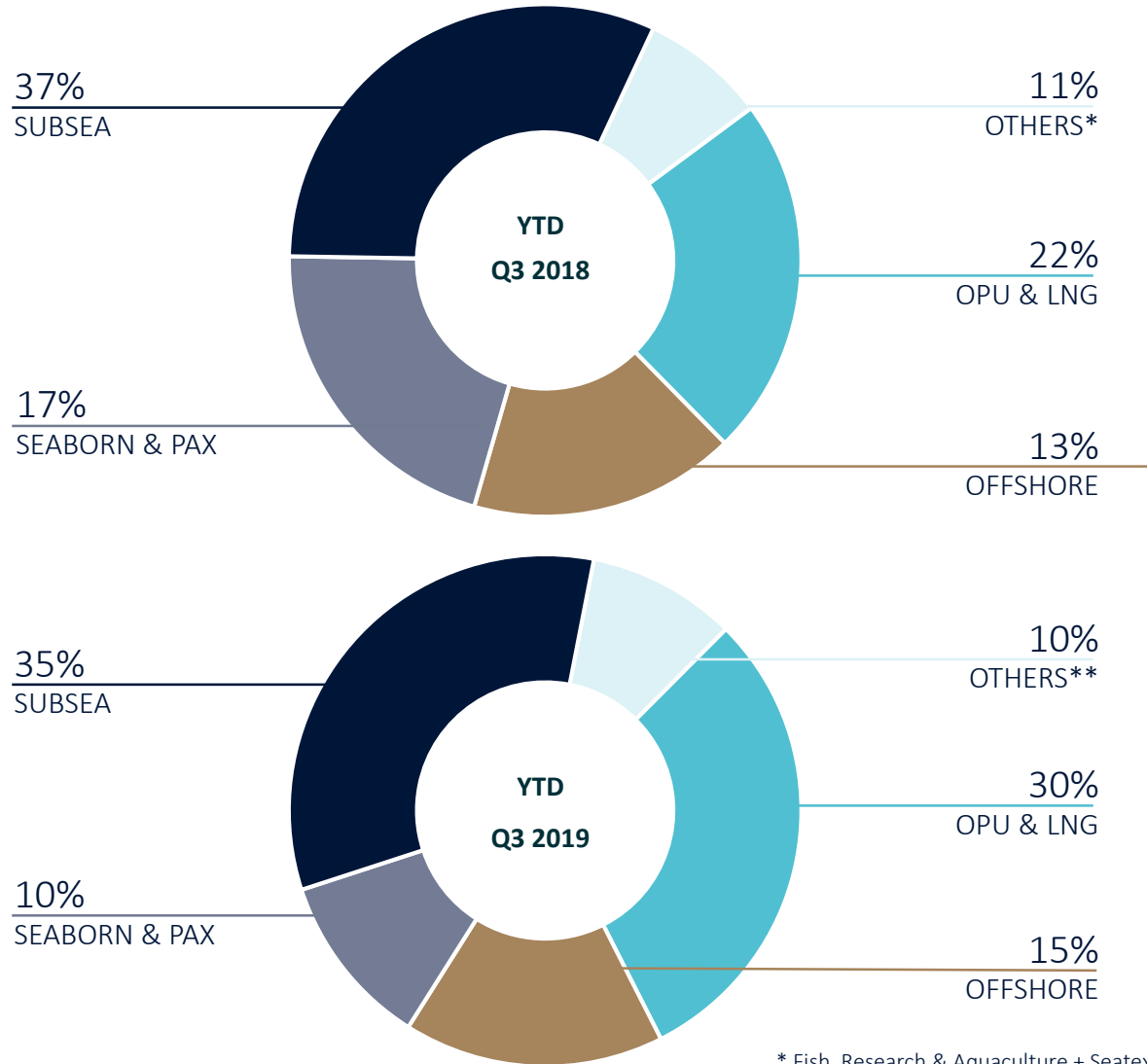
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Solid and diversified KM order intake

MNOK 11 511 order intake YTD 2019

Order intake KM ex CM at Q3 2019: MNOK 7 217

Order intake KM ex CM at Q3 2018: MNOK 7 038





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Business update Kongsberg Digital and Patria

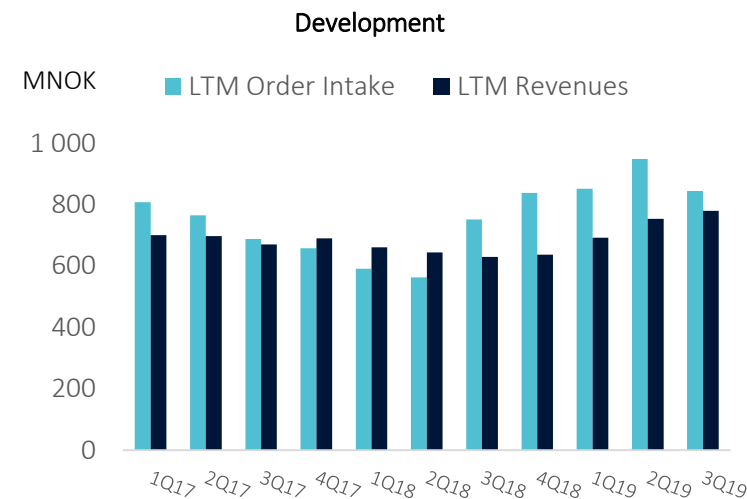
KDI

Solid revenue increase and order intake past year

Book/bill 1.07 YTD, 0.99 in Q3

Breakthrough contract October 2019

Continued roll out of Vessel Insight



PATRIA

Q3 revenues at MEUR 103, up from MEUR 93 YoY

Mainly related to sales from Belgium Engine Center (BEC) that was acquired in June 2019

Increased focus on capture teams to position for, and secure orders, especially within Land business

EBITDA in Q3 was MEUR 3 (MEUR 10), KONGSBERG's share of net profit was MNOK - 31 in Q3 (MNOK 7 in Q3 2018)



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Kongsberg Digital and Shell signs agreement on digitalization partnership of the Nyhamna gas facility





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Value capture

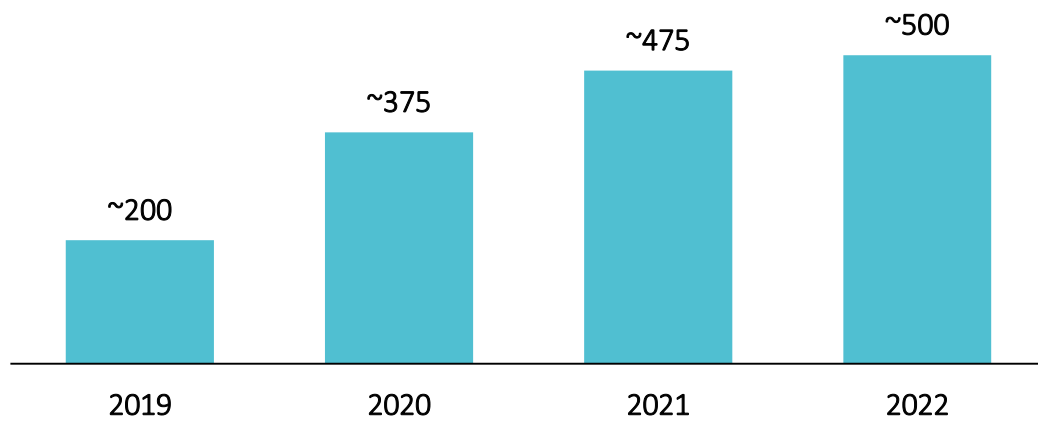


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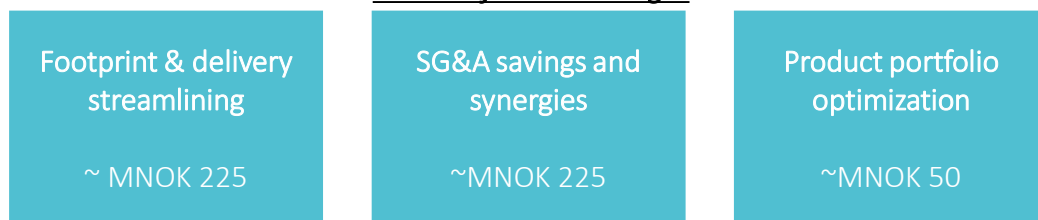
Value Capture program with strong progress

Recap: Overview of cost improvements and synergies

Planned annual P&L effect relative to 2018, MNOK



Areas of cost savings:



Status per Q3

- **Value Capture program with strong progress**, concerning both realization of savings, execution of measures and ongoing identification of additional initiatives
- **Realized savings YTD September of ~MNOK 170**. Target of MNOK 200 savings for FY 2019 will be exceeded; revised guidance of MNOK 250 realization
- **Ongoing execution of a large range of measures**, including Deck Machinery and Ship Design restructuring, consolidation of delivery organizations and optimization of global service network
- **Headcount reductions according to plan**. The initially announced reduction of 260 is now concluded¹⁾. Execution of further headcount reduction of 180-200 FTEs initiated²⁾
- **Footprint rationalization continues**. 13 sites co-located to date. Divestment of Vietnam (Vung Tau) and close-down of Gdansk production facilities initiated
- **Revision of targets for 2020-22** will be presented at the Q4 Investor Presentation

1) Processes concluded, while P&L effect will continue to materialize following conclusion of notice periods

2) Headcount reduction figures include effects of Vietnam and Gdansk close-downs



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Realized savings YTD September of ~MNOK 170

Realized cost savings

P&L effect relative to 2018, MNOK

Area	Realized YTD Sept.	Comments to realized savings
Footprint & delivery streamlining	32	Initial effects of co-locations and optimization of delivery organizations
SG&A savings and synergies	122	Savings driven by more cost efficient set-up of support and sales functions, as well as harmonization of terms and benefits
Product portfolio optimization	15	Savings related to streamlining of digital marine spending (Ship Intelligence)
Total	170	Realized cost savings ahead of plan

Restructuring costs incurred YTD September is MNOK 87.



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Outlook

KM

2019 revenues will grow compared to 2018.

Good order backlog and some improvement in lifecycle business finds revenue growth also in 2020

Segments within new build market expected to remain challenging

KDA

Current backlog funds solid growth both in 2019 and 2020 independent of new contracting

Positioned for several major contracts over the next 3-24 months

KDI

Continue development to secure a global number one position

Accelerating our campaigns related to dynamic digital twin and Vessel Insight

Emphasis on product portfolio and strategic opportunities



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Q&A



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Appendix





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Q3 IFRS 16 effects

Q3 2019	KOG incl. IFRS 16	KM	KDA	Others	KOG ex. IFRS 16
Revenues	6 046	-	-	-	6 046
EBITDA	535	-82	-46	10	417
EBIT	230	-14	-6	-1	209
EPS	0.62	-	-	-	0.72

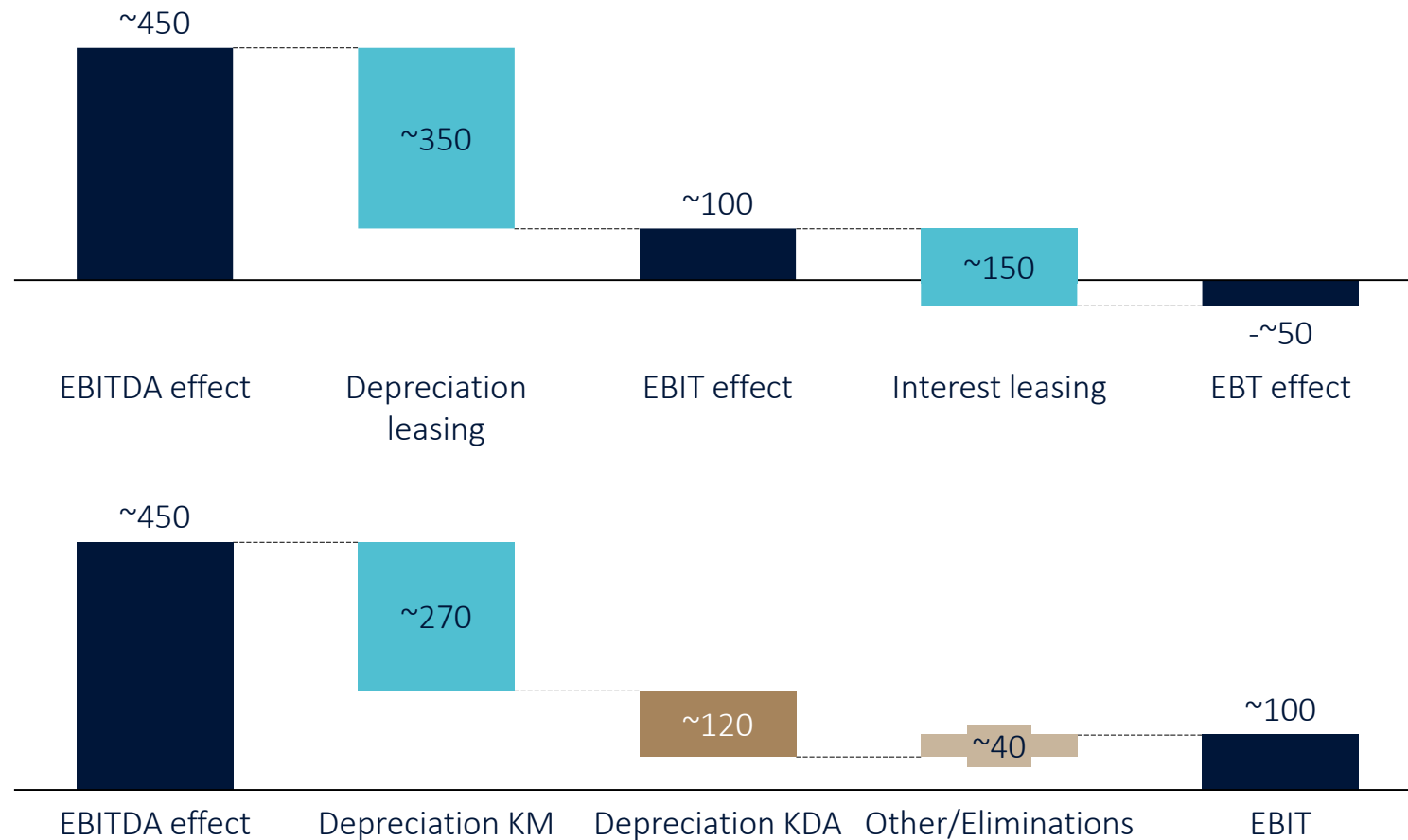
YTD 2019	KOG incl. IFRS 16	KM	KDA	Others	KOG ex. IFRS 16
Revenues	15 917	-	-	-	15 917
EBITDA	1 428	-215	-117	30	1 126
EBIT	629	-34	-16	-1	578
EPS	1.97	-	-	-	2.22



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Q3 IFRS 16 adjustments

Estimated full year
effects from IFRS16
adjustments (MNOK)





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Q3

Debt position

Healty maturity profile

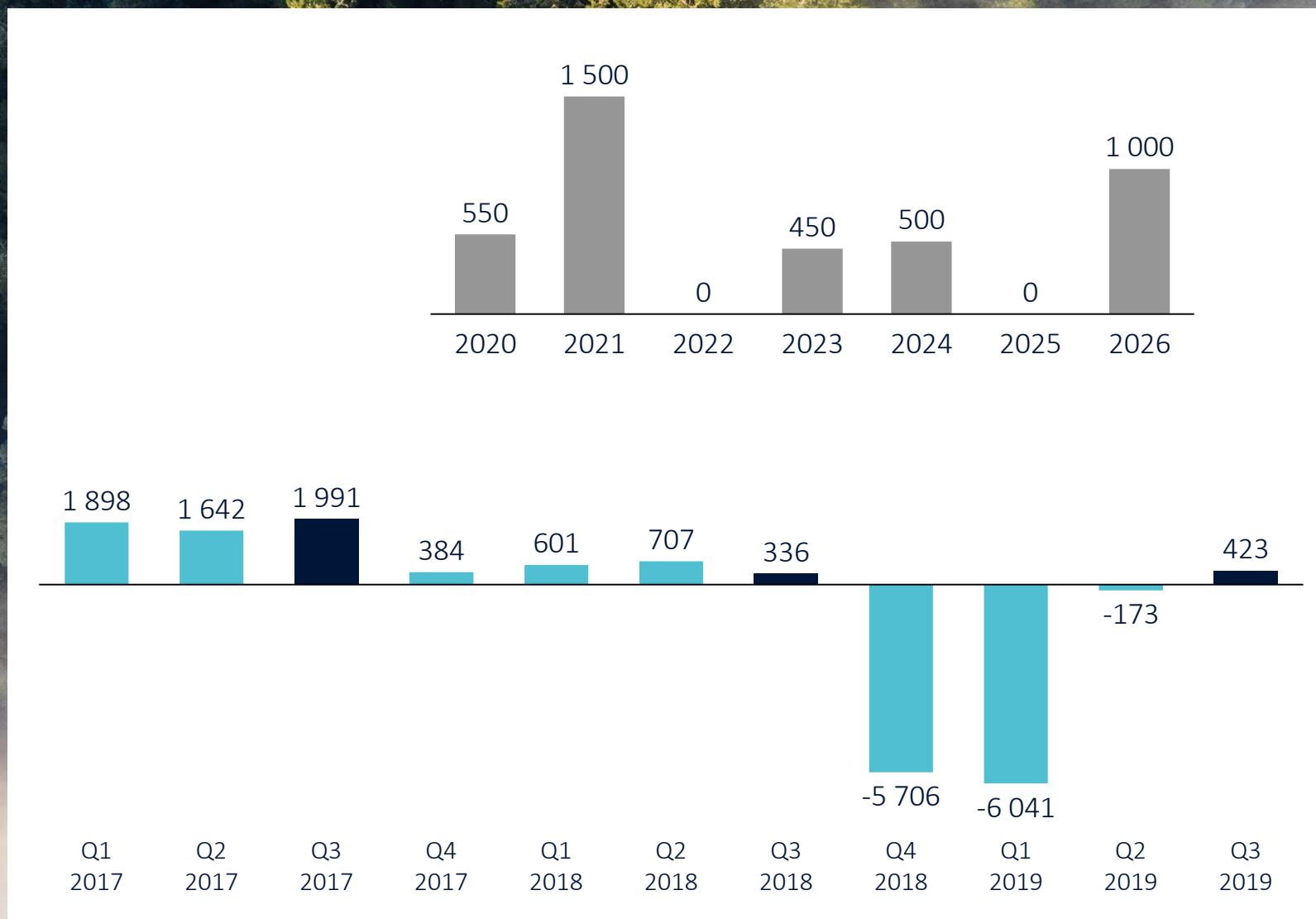
Repayment of bond KOG07

MNOK 250 September 2019

■ Bonds - Maturity profile (MNOK)

■ Net interest bearing debt (MNOK)

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Thanks