

Simrad Optronics ASA

1st Quarter 2007 Presentation

Jon Asbjørn Bø, CEO

3 May 2006

- Highlights and Financial Results
- Refocusing Simrad Optronics
- Going Forward

Q1 Highlights; "New Company – Old Name"

- First quarter with combined Simrad Optronics/Vinghøg organization
- Operating income of NOK 140.6 million (99.2% growth)
- EBITDA of NOK 23.5 million (16.7% margin), compared to NOK 10.1 million in 2006 (pro forma)
- VingTech Corporation (US) established; progress according to plan
- Signed additional contract with KDA on the development of new RWS, renewal of main contract for additional two years
- Vingtaqs I contract renegotiated; new market possibilities.
- New CEO appointed; new management team in place
- New accounting policy established

Q1 Financial Results

NOK million

	Q1 2007	Q1 2006 Pro forma	Change (%)	Q1 2006 "Old SOASA"
Operating income	140.6	70.6	99.2%	52.1
EBITDA	23.5	10.1	132.7%	-2.6
EBIT	12.1	-1.9		-4.9
EBT	9.3	-5.2		-5.8
EBITDA margin	16,7%	14.3%		-5.0%

Pro forma Q1 2006 figures reflect current activities; Vinghøg included, former Fire & Gas Division not included, adjusted for restating of 2006 results.

"Old SOASA" are results as they were presented after Q1 2006, including Fire & Gas division and without Vinghøg

New accounting policy established

- Simrad Optronics ASA has decided to change accounting policy according to a recommendation from the Norwegian Financial Supervisory Authority (Kredittilsynet), related to deferral of income.
- The accounts for 2004, 2005, and 2006 will be restated in line with the new accounting policy.
- The effect on EBITDA from 2004, 2005 and 2006 is NOK -0.6 mill., NOK -5.5 mill., and NOK -14.8 mill respectively.
- Most of this will reappear as positive EBITDA already in 2007, evenly distributed during the year.

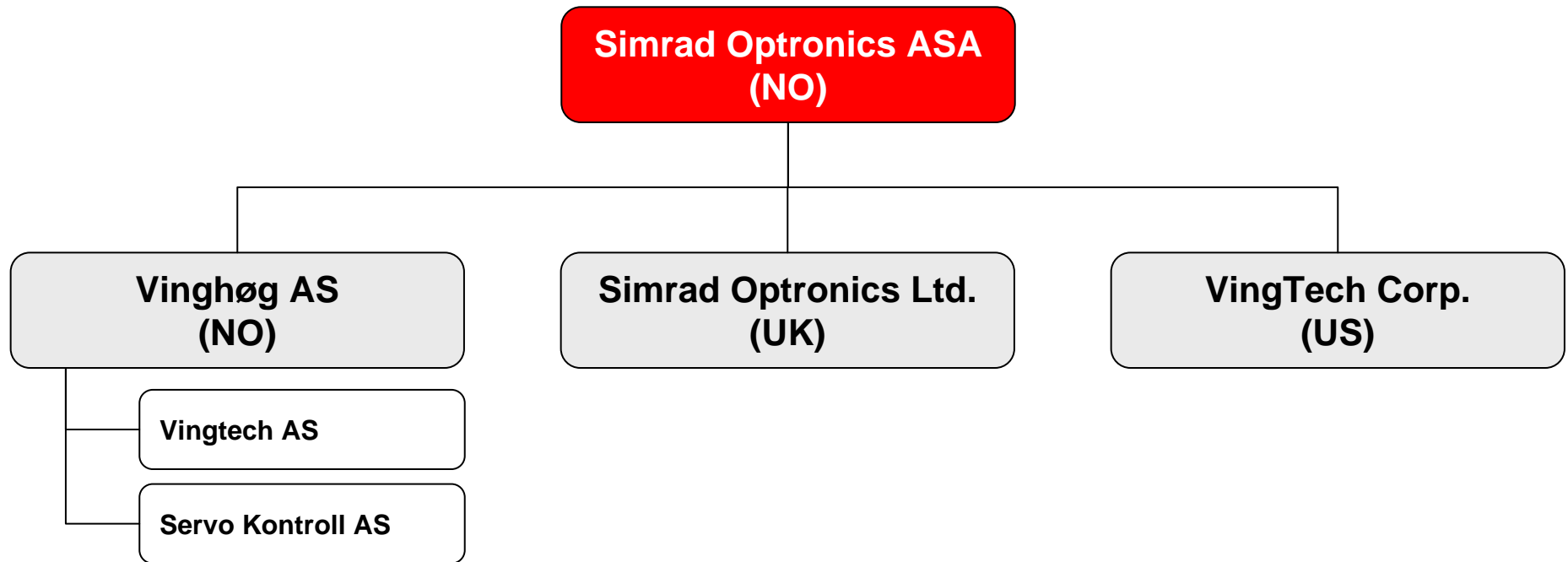
Balance Sheet Summary

NOK million

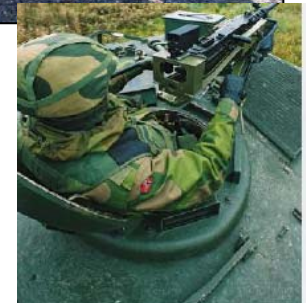
	31.03.2007	31.03.2006
Fixed assets	354.8	390.5
Receivables	148.7	190.1
Cash	63.0	9.1
Other assets	74.5	72.6
Total assets	641.0	662,3
Equity	170.5	186.7
Long term liabilities	177.2	172.4
Short term liabilities	293.2	303.1
Equity and liabilities	641.0	662.3

Q1 2006 Balance Sheet is pro forma assuming acquisition of Vinghøg 1 January 2006, excl. former Fire & Gas Division

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- Remote Weapon Systems (RWS)
 - *Signed additional contract with KDA on the development of new RWS, renewal of main contract for additional two years*
- Electro Optics
 - *Positive order outlook and qualification of Vingmate is on track*
- Weapon Improvement Products
 - *Still high demand for SoftMounts*
 - *First prototype SoftMont for MK-47 successful tested and delivered*
- Vehicle Systems
 - *Vingtaqs I is delivered on time and will also be implemented on a new vehicle type and on the Norwegian-Russian border*



- **Direct sales** to end users
 - *(Norwegian Armed Forces, US Armed Forces, UK Armed forces, etc)*
- **Teaming up** with major defense contractors
 - *(General Dynamics Armament and Technical Products, Nammo, Heckler & Koch, FLIR, etc)*
- Supplier of products and modules to **defense product integrators**
 - *(Kongsberg Defense & Aerospace, General Dynamics Land Systems, etc)*
- **Development contracts** with end users
 - *(Norwegian Armed forces, US Armed Forces, etc)*

- Offset required by Ministry of Defense (MOD) for foreign contractors when contracts exceed NOK 75 million
- MOD's stronger offset focus opens opportunities for Norwegian defense industry in international markets
- Average value of offsets to Norwegian Defense industry is NOK 2.5 bill. each year
 - Direct offset
 - New development
 - Products in direct offset programs
 - Indirect offset
 - New development
 - Products in indirect offset regime

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2007 Priorities

- Complete post merger integration
- Improve delivery precision
- Establish US manufacturing facility
- Increase sales – maintain margins

- Vingmate
- Vingtaqs II
- Develop new RWS in partnership with KDA.
 - Partly financed by Innovation Norway and FLO
- Official opening of US manufacturing facility Q4
- Educate and further improve efficiency of international agent network



- US market
 - Solid potential for existing products having established presence in US
- Offset
 - Norwegian armed forces will have a comprehensive investment program going forward
- New products
 - Several new product programs emerging internationally
- Existing products
 - Market growth

Revised Communications Policy

- No guiding given on expected sales or profitability
- New contracts disclosed only when orders are confirmed
- New criteria for notifying the market about new contracts
 - *NOK 15 million or above*
 - *Or strategically important*
 - *Or technological breakthrough*

We welcome any questions

Welcome Back:

2nd Quarter Results Presentation

14 August 2007

0800 hrs at Felix Conference Center, Oslo