

Simrad Optronics ASA

2nd Quarter 2007 Presentation

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14 August 2006

- Highlights and Financial Results
- Operations and Events in Q2
- Going Forward

Q2 Highlights; Gaining Momentum

- Continued revenue growth in the second quarter
 - *17% growth in Q2*
 - *50% growth in 1H*
- Further improvement of profitability
 - *17% EBITDA margin in Q2*
 - *17% EBITDA margin in 1H*
- "Old" part of Simrad Optronics regained delivery precision in Q2
 - *More than 30% growth in invoiced sales*
- Sales organization restructuring completed – showing positive effects
- Successful private placement

Q2 Financial Results

NOK million

	Q2 2007	Q2 2006 Pro forma	Change (%)	Q2 2006 "Old SIT"
Operating income	124.7	106.2	17%	63.7
EBITDA	21.5	17.2	25%	-3.2
EBIT	9.7	5.8	67%	-5.5
EBT	6.6	1.5	432%	-7.3
EBITDA margin	17.2%	16.2%		-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 SIT" are results as they were presented after Q1 2006, including Fire & Gas division and without Vinghøg

Year to Date Financial Results

NOK million

	YTD 2007	YTD 2006 Pro forma	Change (%)	YTD 2006 "Old SIT"
Operating income	265.3	176.7	50%	114.4
EBITDA	45.0	27.3	65%	-8.5
EBIT	21.8	4.0	550%	-13.1
EBT	15.9	-3.7		-15.8
EBITDA margin	17.0%	15.4%		-7.4%

Pro forma YTD1 2006 figures reflect current activities; Vinghøg included, former Fire & Gas Division not included, adjusted for restating of 2006 results.

"Old SIT" are results as they were presented after 1H 2006, including Fire & Gas division and without Vinghøg

Balance Sheet Summary

NOK million

	30.06.2007	30.06.2006
Fixed assets	347.0	383.2
Receivables	135.8	104.2
Other assets	102.9	204.2
Cash	31.5	0
Total assets	617.2	691.7
Equity	233.0	192.0
Long term liabilities	179.1	178.3
Short term liabilities	205.1	321.4
Equity and liabilities	617.2	691.7

Balance Sheet per June 2006 is pro forma; incl. Vinghøg, excl. former Fire & Gas Division

Strong Equity and Cash Position



- Short term liquidity improved by NOK 112 million in 1H
- Successful private placement in May
 - *Gross proceeds of NOK 55.8m*
 - *Funds managed by Capital Group International hold 11.5% of SIT*
- Strong equity and cash position going forward

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Four Directional Business Model

- **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)*

Four Product Areas

Remote Weapon Systems (RWS)	Electro Optics	Weapon Improvement Products	Vehicle Systems
<ul style="list-style-type: none"> • CCD cameras, weapon integration, firing solenoids and lasers for Remote Weapon Stations. • In cooperation with KDA 	<ul style="list-style-type: none"> • Advanced observation, laser and sight systems for various applications. 	<ul style="list-style-type: none"> • Integration of a wide range of small - and medium caliber guns to vehicle and ground mounted system 	<ul style="list-style-type: none"> • High-end observation and target acquisition systems for light and heavy military vehicles
			

- RWS
 - *New RWS on track*
 - *Satisfactory demand*
- Electro Optics
 - *Steady order flow*
 - *MNOK 17 order to Slovakian Armed Forces; delivery in Q4*
 - *New round of tenders imminent*

- **Weapon Improvement Systems**
 - *Steady order flow*
 - *Increased demand for softmounts and tripods in Eastern Europe; First orders received from Poland and Latvia*
 - *New softmount for 40mm being tested by US Army*
- **Vehicle Systems**
 - *MNOK 25 order to Norwegian Armed Forces secured in Q2; deliveries in 2007,2008*
 - *Revised version of Vingtaqs I to Norwegian Armed Forces*
 - *Vingtaqs I integrated on new type of vehicle*
 - *Fixed installation on trial for possible extended use*

Sales Organization Restructuring Completed

- UK based sales organization discontinued – all international sales coordinated out of Norway
- Restructuring completed – already showing positive effects
- More powerful and dynamic sales organization
- Consolidation represents a net cost reduction of MNOK 3 from 2008

US Manufacturing Facility On Track

- Construction proceeds according to plan
- Further expansion of premises secured
- Manufacturing will commence in October
- First deliveries already made (manufactured by sub contractor)
- Currently very high demand in the US market

Argentinean Joint Venture

- Simrad Optronics acquires 30% of Nostromo Defensa, Argentina
- The company manufactures advanced small and medium sized unmanned aircrafts
- Nostromo Defensa currently serves the armed forces and law enforcement agencies of Argentina, Egypt and USA
- The unmanned aircrafts can serve as carriers for Simrad Optronics' sophisticated electro optical technology
- Nostroma Defensa will cooperate closely with Simrad Optronics' US subsidiary
- Simrad Optronics' investment is marginal (MNOK 2)



2007 Priorities *(as defined in Q1)*

- Complete post merger integration
 - *Almost completed – new organizational structure to be implemented in Q3*
 - *Four focused product areas clearly defined*
 - *Sales organization successfully restructured*
- Improve delivery precision
 - *In progress; 'old' Simrad Optronics' invoiced sales up 30% in Q2*
- Establish US manufacturing facility
 - *First deliveries completed, manufacturing to commence in two months*
- Increase sales – maintain margins
 - *50% revenue increase in 1H – 17% EBITDA margin*

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- Order backlog of NOK 358 million per 30 June
- Conservative definition of order backlog
 - *Confirmed orders*
 - *Conservative assessment of existing framework agreements*

- Vingmate
- Vingtaqs II
- Develop new RWS in partnership with KDA.
 - Partly financed by Innovation Norway and FLO
- US manufacturing comes on-line in Q3
- 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

We welcome any questions

Welcome Back:

3rd Quarter Results Presentation

25 October 2007

0800 hrs at Felix Conference Center, Oslo