

Simrad Optronics ASA

3rd Quarter 2007 Presentation

Jon Asbjørn Bø, CEO

2 November, 2007

- Highlights and Financial Results
- Operations and Events in Q3
- Going Forward

Positioned For New Growth

- YTD growth maintained - Lower revenue in Q3
 - *Sales down 27% in Q3 compared to 2006*
 - *Sales up 23% year to date*
- YTD profitability maintained - Reduced margins in Q3
 - *4.5% EBITDA margin in Q3*
 - *14.4% EBITDA margin year to date*
- Order backlog up 70 % from Q2 to 610 mill
- US Army's new RWS program - CROWS: Major breakthrough for the US facility as a sub supplier to KDA for this program
- Manufacturing at US facility commenced. Expected sales in 2008: USD 20 million
- Further sharpening of customer focus; military advisory board established
- New corporate structure approved and taking effect from January 08

Q3 Financial Results

NOK million

	Q3 2007	Q3 2006 Pro forma	Change (%)	Q3 2006 "Old SIT"
Operating income	68.5	94.4	-27.4%	36.4
EBITDA	3.1	15.8	-80.4%	-6.2
EBIT	-8.7	4.6	n/a	-8.3
EBT	-12.1	-0.4	n/a	-10.4
EBITDA margin	4.5%	16.7%		n/a

Pro forma Q3 2006 figures reflect current operations; Vinghøg included, former Fire & Gas Division not included, adjusted for restating of 2006 results.

"Old SIT" are restated Simrad Optronics results Q3 2006, including Fire & Gas division and without Vinghøg



Year to Date Financial Results

NOK million

	Accumulated 2007	Accumulated 2006 (pro forma)	Change (%)	YTD 2006 "Old SIT"
Operating income	333.9	271.1	23.2%	150.8
EBITDA	48.1	43.1	11.6%	-14.6
EBIT	13.1	8.5	53.9%	-21.4
EBT	3.8	-4.0	n/a	-26.2
EBITDA margin	14.4%	15.9%		n/a

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

"Old SIT" are YTD restated results, including Fire & Gas division and without Vinghøg

Balance Sheet Summary

NOK million

	30.09.2007	30.09.2006
Fixed assets	348.0	364,8
Receivables	55.1	79,5
Other assets	125.8	202.0
Cash	1.0	0.0
Total assets	530.0	646.4
Equity	225.5	179.6
Long term liabilities	174.5	149.3
Short term liabilities	129.8	317.5
Equity and liabilities	530.0	646.4

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

- Highlights and Financial Results
- Operations and Events in Q3
- Going Forward

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 and surveillance systems. Laser range finders 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, including system integration.
			

From 2008: Revenue will be reported per product area

Operations in Q3 - I

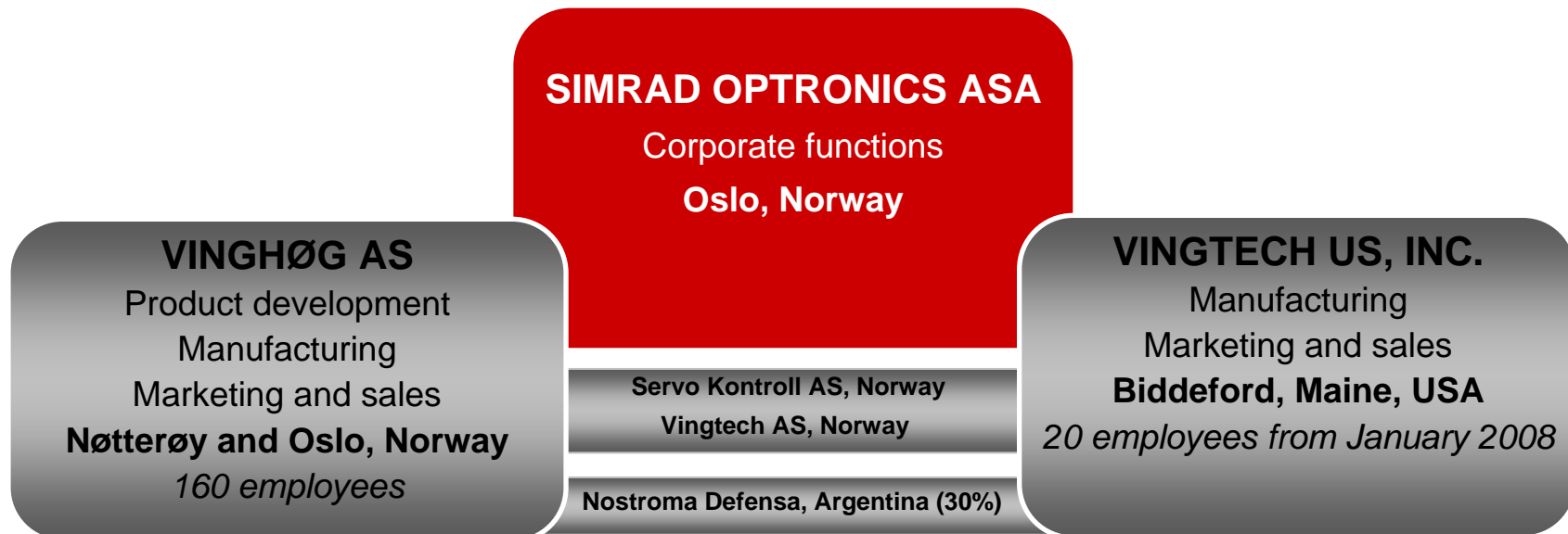
- Remote Weapon Stations (RWS)
 - *Frame agreement until 2012 as a sub supplier to KDA RWS*
 - *Currently very strong demand; production back at full capacity after Q3 slowdown*
 - *KDA secured the CROWS program in Q3, SOASA is a main sub supplier to KDA for this program:*
 - *US Army's "Common Remotely Operated Weapon Station" program*
 - *Sub contractor to KDA's NOK 8bn/five year framework contract*
 - *Deliveries from Simrad Optronics' new US plant; reduced currency exposure*
 - *Prices and contract terms are settled; monthly order intake*
 - *Simrad Optronics deliveries include*
 - *Softmount*
 - *Cocking actuator*
 - *VIM (day camera)*
 - *Solenoides*
 - *Other weapon adapters*
 - *Encoders*
 - *RWS/CROWS growth necessitates staff increase in Norway in addition to the ramp up in Vingtech US.*
 - *The development of the next generation RWS together with KDA is on track; a demonstrator will be delivered to the Norwegian Army in Q4*



- **Electro Optics**
 - *Steady production and sale of night goggles, sniper sights*
 - *The Vingmate close to being qualified; the first bids are submitted.*
 - *Forward observer systems deliveries to the Norwegian and Swedish Armies will be completed in Q4. The system is currently been tested by a number of additional countries.*
- **Weapon Improvement Systems**
 - *Steady order flow and growing order backlog*
 - *2007 will see record sales, the growth is expected to continue*
- **Vehicle Systems**
 - *Demonstrator of Vingtaqs II delivered on time to the Norwegian Army fully integrated in the Norwegian army's new armored vehicle from IVECO*
 - *Vingtaqs I installed at the Norwegian-Russian border for border protection*
 - *The M109 contract with the Norwegian Army develops as planned.*



New Organizational Structure



- A focused organization going forward
 - *Product development*
 - *Brand building, marketing and sales*
 - *Alliances and integrated projects*
 - *Efficient manufacturing*
- A structure for growth

From 2008: Revenue and EBITDA will be reported per business unit

Balace Sheet Changes From 1 January 2008

- As of 1 January 2008 the following Simrad Optronics balance sheet items will be transferred to Vinghøg AS:
 - *Intangible assets*
 - *Fixed assets*
 - *Working capital, except items related to tax and VAT*
 - *Pension and holiday pay provisions and obligations*
 - *Overdraft*
- Simrad Optronics will assume direct ownership in Vinghøg subsidiaries Vingtech AS and Servokontroll AS
- Balance sheet figures per 31.12.2007 establish transfer value
- The net transaction amount will appear as an inter company receivable in Simrad Optronics' balance sheet against Vinghøg AS.
- The transaction will increase Simrad Optronics' dividend capabilities from fiscal year 2008.

Marketing To More Than 40 Countries



US Manufacturing Facility Up And Running

- First products manufactured and delivered
- Currently very high demand in the US market
- Manufacturing will boost in 2008 by delivering to KDA on their RWS CROWS program
- 20+ employees from January 2008
- Expected sales in 2008: USD 20 million
- Positive cash flow from 2008 expected



Further Sharpening the Customer Focus

- Military advisory board established in Q3
- Board represents comprehensive user, military and political expertise
- Military advisory board will provide insight in market and political trends relevant to Simrad Optronics
- Members include
 - **Elbjørg Løwer**, *fmr Norwegian Minister of Defense*
 - **Birgitta Bøhlin**, *fmr Director General, Swedish Defense Material Administration*
 - **Lt General Lars Sølvberg**, *fmr Commander-in-chief, Norwegian Army*
 - **Lt General Jefferson Davis Howell**, *fmr US Marine Corps*
 - **Professor Janne Haaland Matlary**, *fmr Deputy Minister, Norwegian Ministry of Foreign Affairs*
 - **Maj General Anthony Stone**, *fmr British Royal Army*
 - **Henry Kjell Johansen**, *fmr Norwegian Defense Research Institute (FFI)*
 - **Kjetil Skogrand**, *fmr Deputy Minister, Norwegian Ministry of Foreign Affairs, currently the Norwegian Institute for Defense Studies*

- Complete post merger integration
 - *Completed – new organizational structure introduced*
 - *Four focused product areas clearly defined*
 - *Sales organization successfully restructured*
- Improve delivery precision
 - *In progress; continuing focus on improving 'old' Simrad Optronics' performance*
- Establish US manufacturing facility
 - *In production; very promising outlook*
- Increase sales – maintain margins
 - *23% revenue increase YTD – 14% EBITDA margin*

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

- Order backlog of NOK 610 million per 30 September
 - Up NOK 252 million (70%) from 30 June
- Conservative definition of order backlog
 - *Confirmed orders*
 - *Conservative assessment of existing framework agreements*

- US market
 - *Solid potential for existing products, having established presence in US*
 - *Delivery of RWS parts to KDA will boost US revenue*
- 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:

4th Quarter Results Presentation

19 February, 2008

0800 hrs at Felix Conference Center, Oslo