



A GLOBAL MILITARY SUPPLIER

Simrad Optronics ASA

2nd Quarter 2009 Presentation

Jon Asbjørn Bø
President & CEO

27 August 2009

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- **Highlights and Financial Results**
- Operations and Events in Q2
- Going Forward / Market Outlook
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Situational awareness

Aim and hit

Protect own troops

Reduce collateral damage

Q2 Highlights

- Q2-2009 revenues of MNOK 159.6, up from MNOK 156.7 in Q2-2008
- Q2-2009 EBITDA of MNOK 16.1, down from MNOK 16.7 in Q2-2008
- Q2-2009 EBT of MNOK 5.8, up from MNOK 1.2 in Q2-2008
- H1-2009 revenues of MNOK 314.8, up from MNOK 253.2 in 2008
- H1-2009 EBITDA of MNOK 29.4, up from MNOK 17.9 in 2008
- H1-2009 EBT MNOK 12.3, up from MNOK -13.4 in 2008



Situational awareness

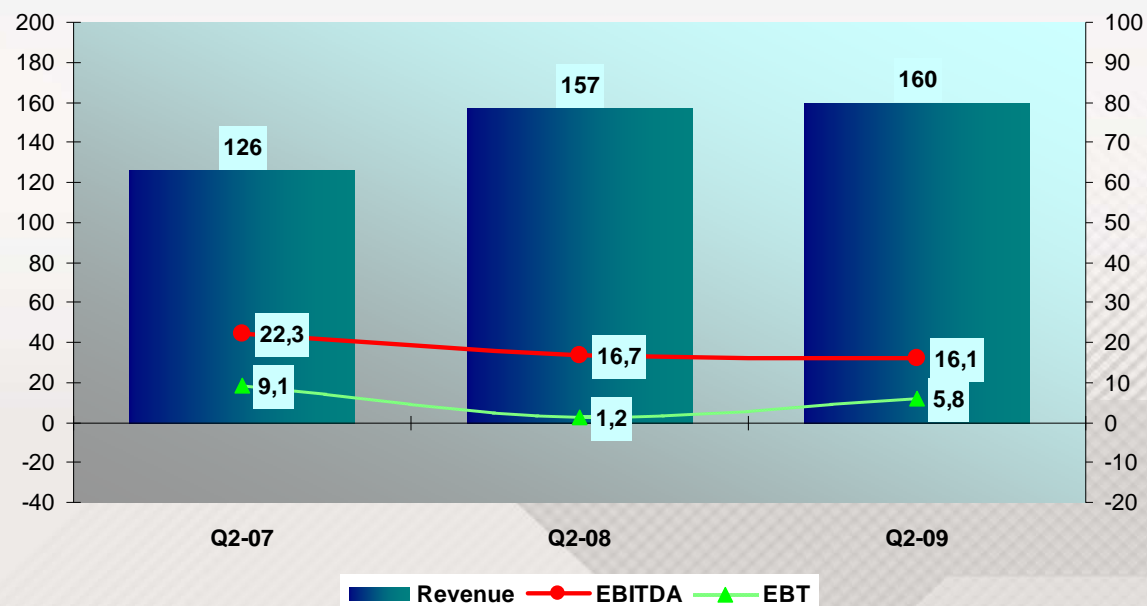
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Q2 Financial Results

Figures in NOK 1 000	Q2-08	Q2-09
Operating income	156 713	159 592
EBITDA	16 666	16 099
EBIT	6 952	6 375
EBT	1 188	5 838
EBITDA margin	11 %	10 %



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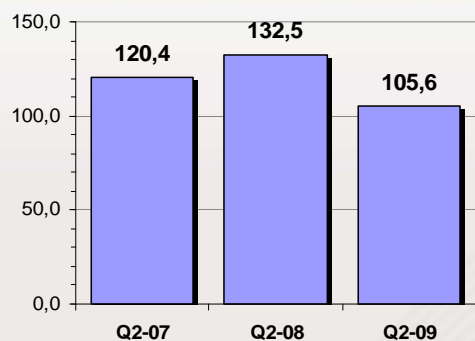
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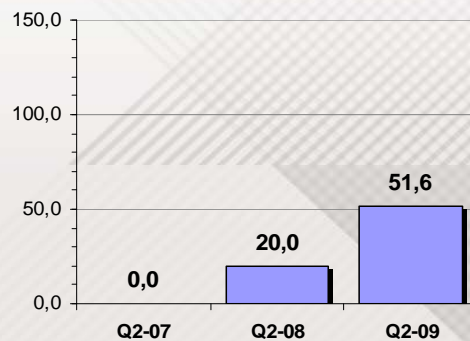
Q2 Operating Income per segment

<i>Figures in NOK 1 000</i>	Q2-07	Q2-08	Q2-09
Operations Norway, total revenue	120 419	150 612	145 836
Internal revenue	0	-18 093	-40 231
Operations Norway, external revenue	120 419	132 519	105 605
Operations US	0	19 994	51 644
Operations other	5 583	4 201	2 344
Eliminations	0	0	0
Total operating income	126 002	156 714	159 593

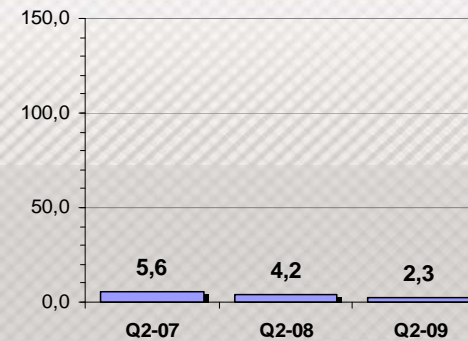
Operations Norway



Operations US



Operations other



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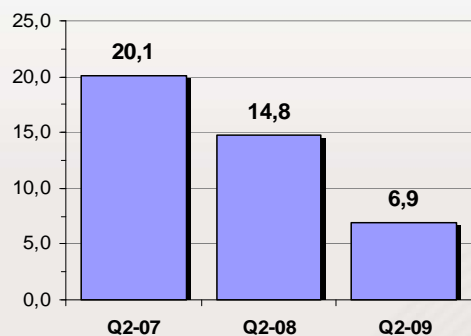
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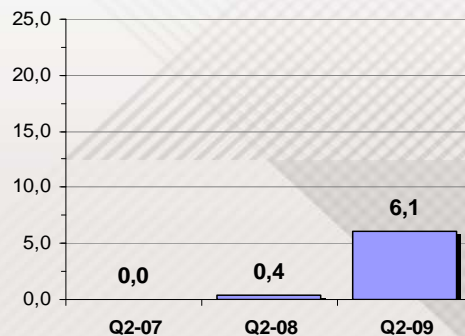
Q2 EBITDA per segment

<i>Figures in NOK 1 000</i>	Q2-07	Q2-08	Q2-09
Operations Norway	20 103	14 765	6 883
Operations US	0	448	6 126
Operations other	2 234	1 423	581
Eliminations	0	30	2 509
Total EBITDA	22 337	16 666	16 099

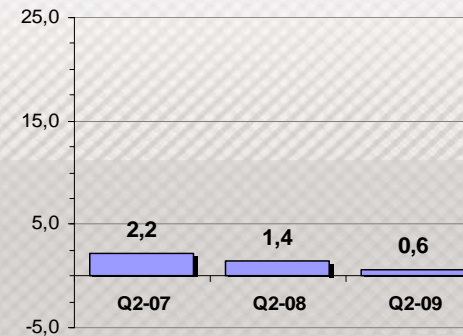
Operations Norway



Operations US



Operations other



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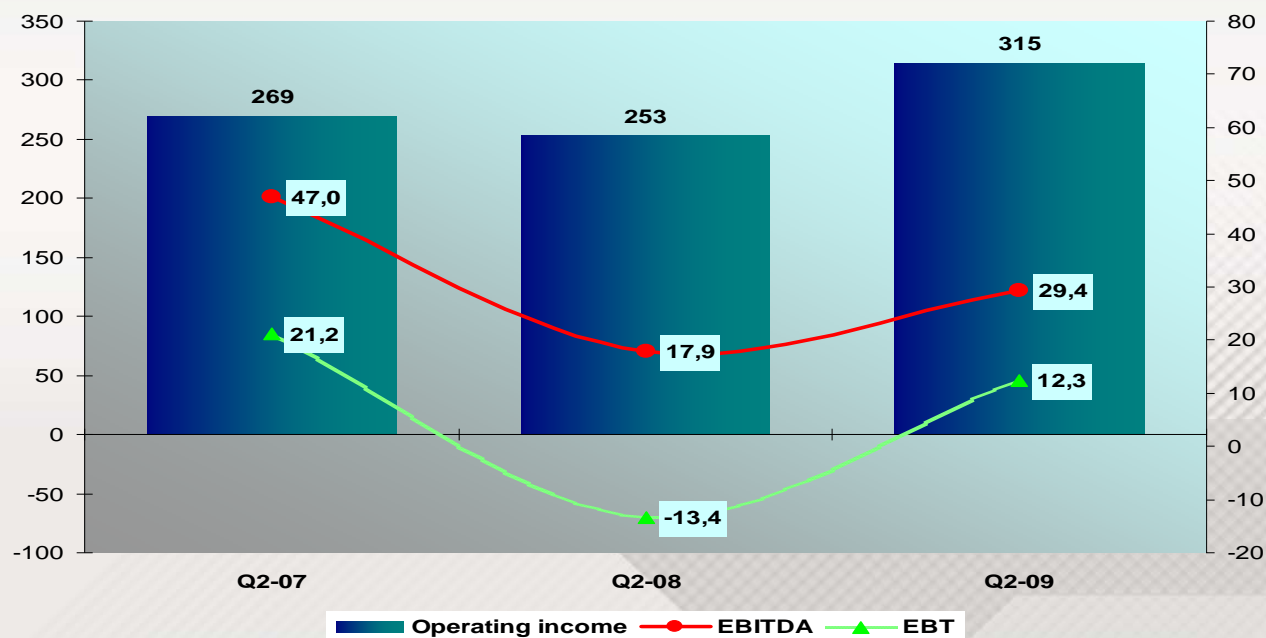
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H1 Financial Results

Figures in NOK 1 000	H1-08	H1-09
Operating income	253 186	314 810
EBITDA	17 886	29 407
EBIT	-1 305	9 938
EBT	-13 415	12 285
EBITDA margin	7 %	9 %



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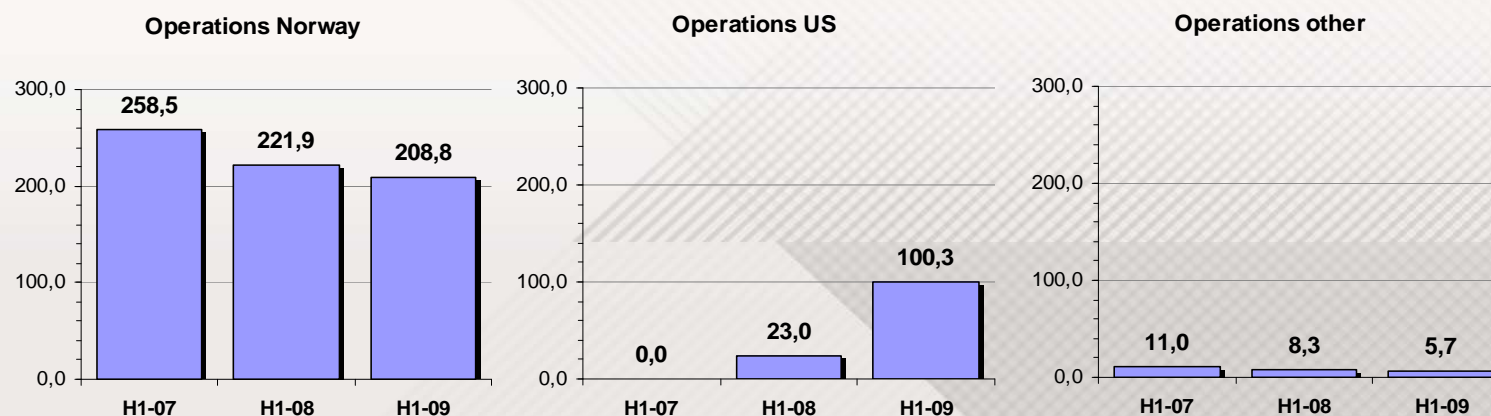
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H1 Operating Income per segment

<i>Figures in NOK 1 000</i>	H1-07	H1-08	H1-09
Operations Norway, total revenue	258 500	249 320	271 286
Internal revenue	0	-27 446	-62 492
Operations Norway, external revenue	258 500	221 874	208 794
Operations US	0	23 028	100 328
Operations other	10 981	8 284	5 688
Eliminations	0	0	0
Total operating income	269 481	253 186	314 810



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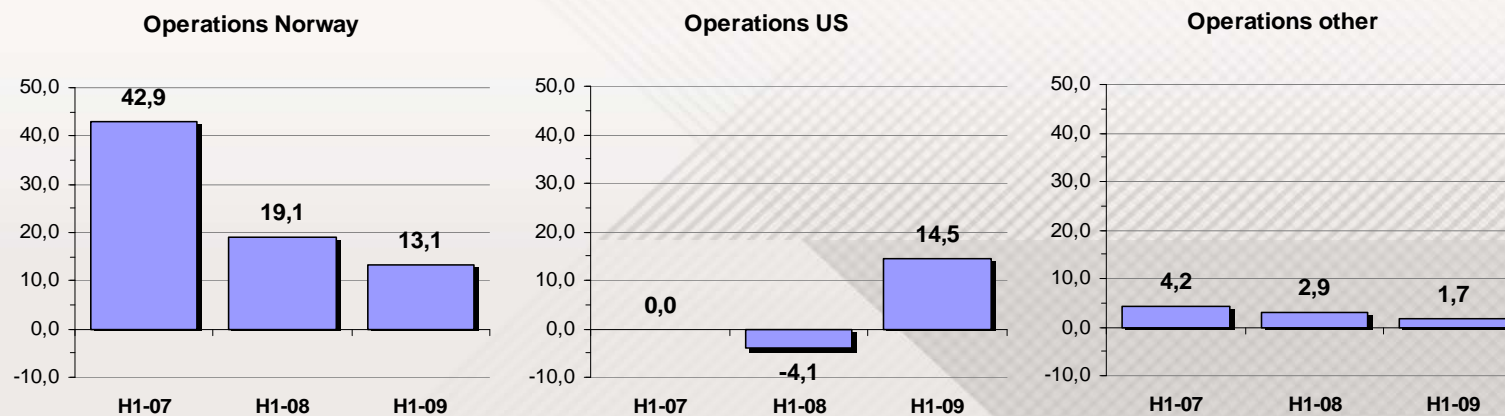
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H1 EBITDA per segment

<i>Figures in NOK 1 000</i>	H1-07	H1-08	H1-09
Operations Norway	42 858	19 107	13 142
Operations US	0	-4 080	14 548
Operations other	4 182	2 927	1 731
Eliminations	0	-68	-14
Total EBITDA	47 040	17 886	29 407



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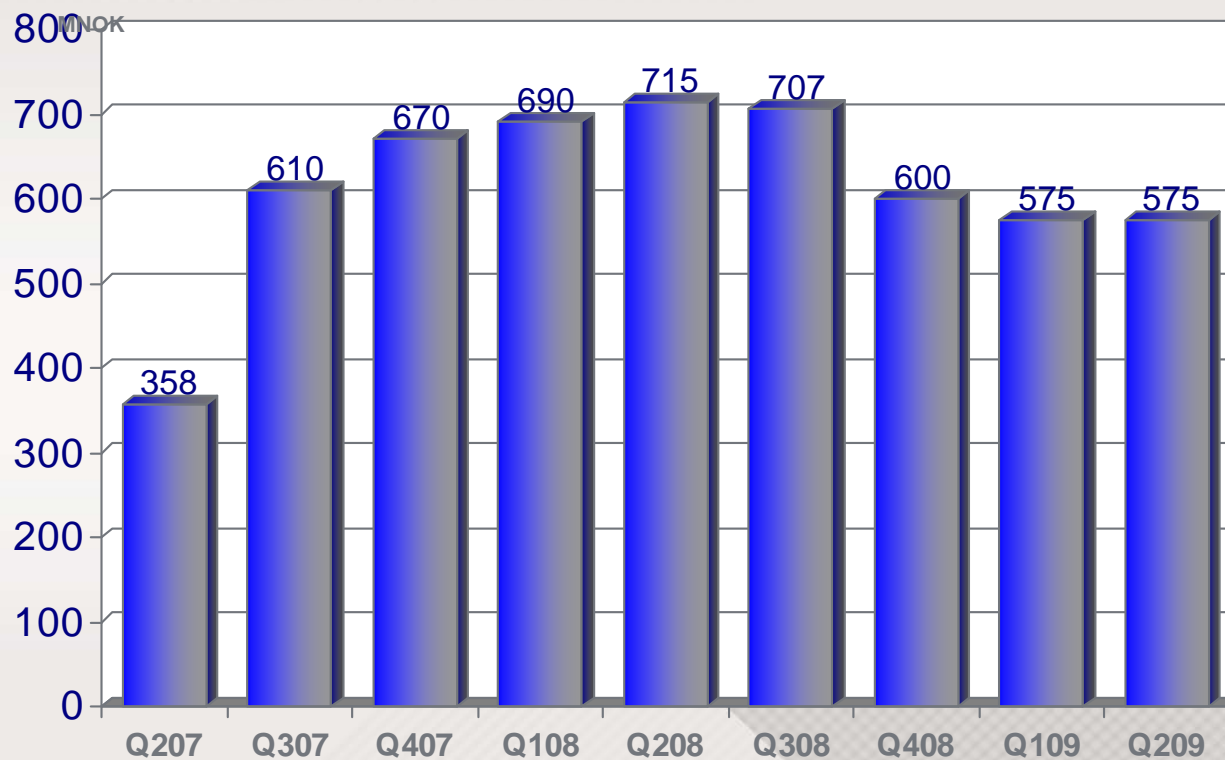
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Balance Sheet Summary

<i>Amounts in 1 000 NOK</i>	30.06.09	31.12.08	30.06.08
	Unaudited	Audited	Unaudited
Fixed assets	321 421	341 949	349 382
Inventories	119 574	133 702	101 629
Accounts receivable	113 482	124 914	129 954
Other receivables	4 592	14 328	11 258
Cash	4 096	1 908	406
Total assets	563 165	616 801	592 629
Equity	257 462	244 298	227 153
Long term borrowing	69 000	89 000	133 000
Other long term liabilities	60 454	60 168	59 130
Bank overdraft	37 368	35 237	38 064
Accounts payables	46 041	79 599	72 829
Other short-term liabilities	92 840	108 499	62 453
Total equity and liabilities	563 165	616 801	592 629

Order Backlog



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Financial Situation

- In compliance with bank covenant.
- Long term loan MNOK 113. A down payment of MNOK 10 was done in Q2, and MNOK 44 in the next 12 months.
- Line of credit is increased to MNOK 70 from MNOK 50 in Q2.
- Cash position improved during Q2 mainly due to the EBITDA, reduction of inventory and reduction of receivables.
- The fluctuation of revenues in the different quarters is demanding, and we need to have a high focus on our cash position.
- Available cash, incl line of credit, was MNOK 37 at the end of Q2. So far in Q3, there has been days where line of credit has not been utilized.

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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 systems. 	<ul style="list-style-type: none"> • High-end observation and target acquisition systems for light and heavy military vehicles, including system integration.



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Product Developments in Q2

- **RWS**

- Teamed up with the leading supplier of RWS, Kongsberg Protech System
- Still high demand, and US budget allocations is promising for CROWS
- Increased turn over for after sales repair and overhaul.
- Focus on further development of products and supplier chain.

- **Electro Optics**

- Basically On time with development of laser target designator for FOI.
- Teaming agreement with THALES UK for sales and marketing of laser target designator
- New product development is currently pending for funding from Innovation Norway, development partners signed and additional funding in place.



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Product Developments in Q2

- **Weapon Improvement Systems**
 - Frame agreement signed for Weapon improvement product with FLO, first order already delivered
 - Positive outlook for second half of 2009
 - Development program for new product started. Industrial partners in place. Currently pending for additional funding from Innovation Norway
- **Vehicle Systems**
 - Important Vingpos contract signed with FMW for mortars.
 - Positive market outlook.



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2009 Priorities

- **Further growth in revenue – maintain margins**
 - Status: Managed growth in revenue H1, but slightly down in margins
- **Strong focus on Working Capital items, improve financial position through cash from operating activities.**
 - Status: Available cash increased with MNOK 33 in Q2 and MNOK 20 in H1, incl MNOK 20 as increased credit facility. Inventory reduced with MNOK 15 in Q2 and MNOK 14 in H1.
- **Further development of the company's subsidiaries abroad**
 - Vingtech US is now responsible for the group's deliveries for CROWS RWS.
- **Strong focus on product development**
 - Status: Initiated new development programs for both Electro optical products and Weapon improvement products. Industrial partners and users in place. Awaiting additional funding from Innovation Norway.



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Four Directional Business Model

- **Direct sales** to end users
- **Teaming up** with major defense contractors
- Supplier of products and modules to **defense product integrators**
- **Development contracts** with end users



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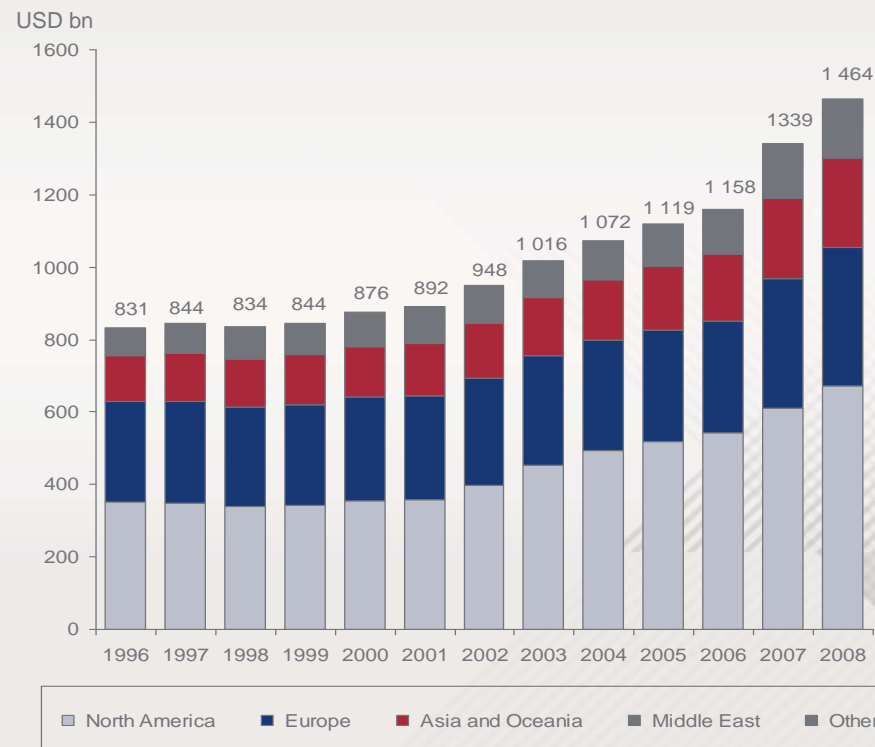
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Market trends favors suppliers of advanced military equipment

Global military expenditure 1996-2008



- Global military market is increasing due to war on terror and new conflict areas, as well as from increased spending in emerging countries
- “Urban warfare” and focus on minimizing casualties increase the demand for highly sophisticated weapon systems and technology
- Increasing use of re-purchase agreements between countries related to military purchases
- Increased use of partnerships with suppliers (CLS)



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Outlook

- It seems that the ongoing recession and financial crises is having little impact on military spending. The Group is experiencing a change in military procurements that is positive for the Simrad Optronics product portfolio. However, the Group is also experiencing a delay in the closing of contracts that will have an impact in the short timeline.
- For the whole year, Simrad Optronics expects the same revenue as in 2008, or slightly higher.
- Simrad Optronics expects quarterly fluctuations in revenues going forward
- With the order backlog and the newly initiated development programs, combined with further cost reductions programs, the Group has a strong platform for further growth in the years to come.



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We welcome any questions



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Welcome Back:

3rd Quarter Results Presentation
October 29 , 2009 at 10:00 am
at Felix Conference Center, Oslo



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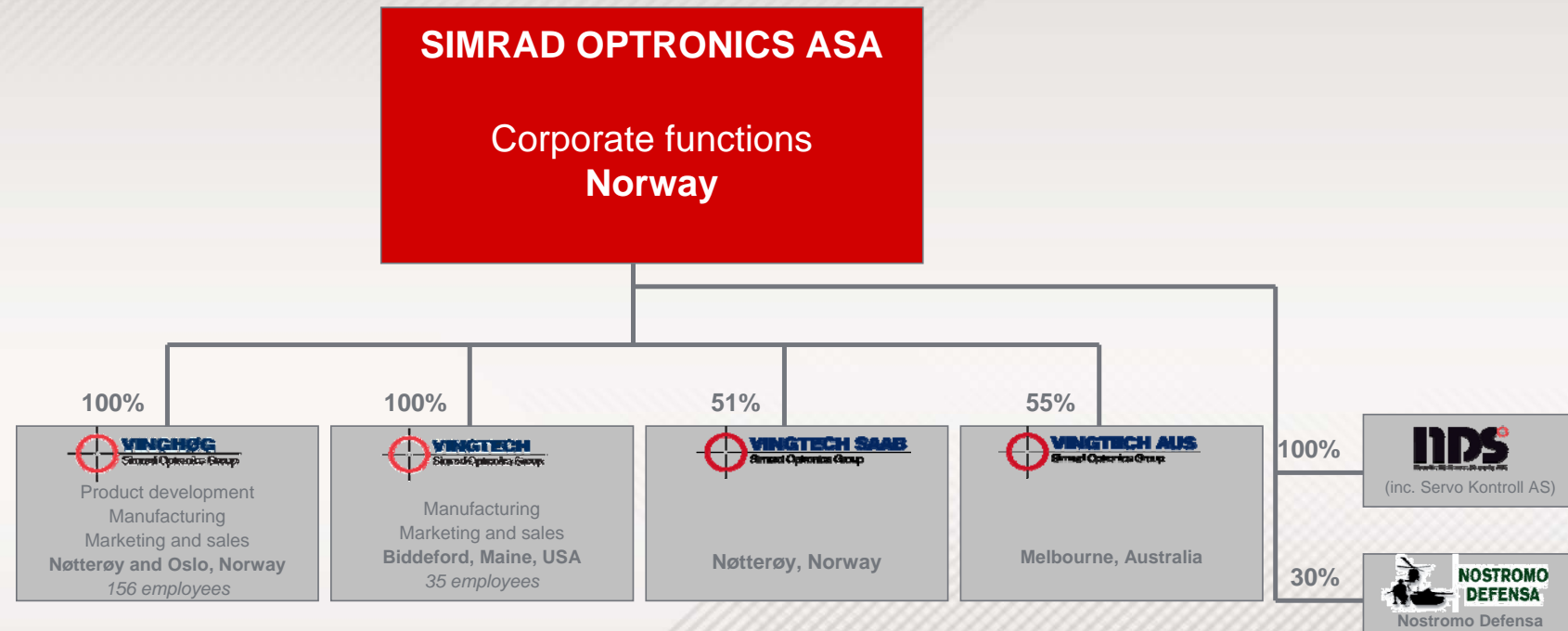
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Corporate Structure



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



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Shareholder Structure as per August 25th 2009

Name	No of shares	%	Acc type	Nat
JPMORGAN CHASE BANK NORDEA TREATY ACCOUN	6 139 463	8,58	NOM	GBR
LINDHOLMVEIEN 14 AS	3 455 311	4,83		NOR
SATURN AS	3 414 609	4,77		NOR
RUNESTAD INVESTERING C/O RUNE RUNESTAD	3 281 000	4,58		NOR
CUBIC INVEST A/S	3 214 609	4,49		NOR
HUGIN MANAGEMENT AS	3 094 609	4,32		NOR
GKI AS	3 064 609	4,28		NOR
ULVE INVEST AS	2 994 609	4,18		NOR
HEM STEINAR OLAV	2 668 609	3,73		NOR
MP PENSJON	2 598 556	3,63		NOR
DNB NOR SMB VPF	2 200 000	3,07		NOR
BANK OF NEW YORK MEL S/A MELLON NOMINEE 1	1 876 000	2,62	NOM	USA
NORDISK INDUSTRIUTVIKLING AS	1 793 000	2,50		NOR
HESNES INVESTMENT AS	1 289 000	1,80		NOR
HUI AS	1 218 000	1,70		NOR
SKAGEN VEKST	1 000 000	1,40		NOR
INGEFO 1 AS	952 000	1,33		NOR
KAFA AS	857 500	1,20		NOR
BARØFOSS INVEST AS	555 000	0,78		NOR
STATE STREET BANK & A/C CLIENT FUND NUMB	523 000	0,73	NOM	USA
	46 189 484	64,52		
Other shareholders	25 397 711	35,48		
Total	71 587 195	100,00		

Per end of 2008 total number of shareholders was 2 048 (2007: 2 227), whereof 1 996 (2007: 2 176) were domestics and 52 (2007: 51) were foreigners.



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Price Development and Liquidity



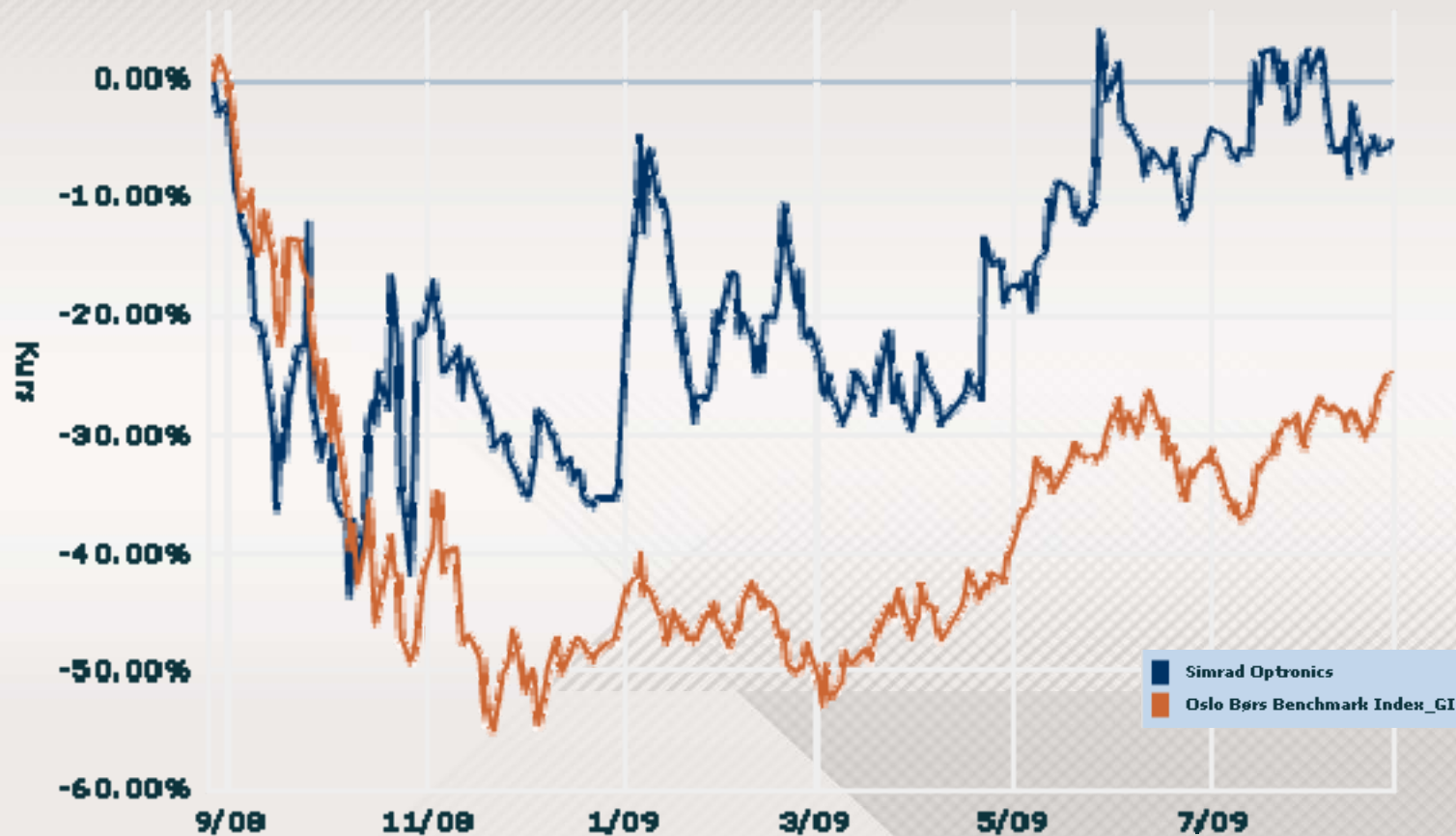
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Share Price Developments compared to Index



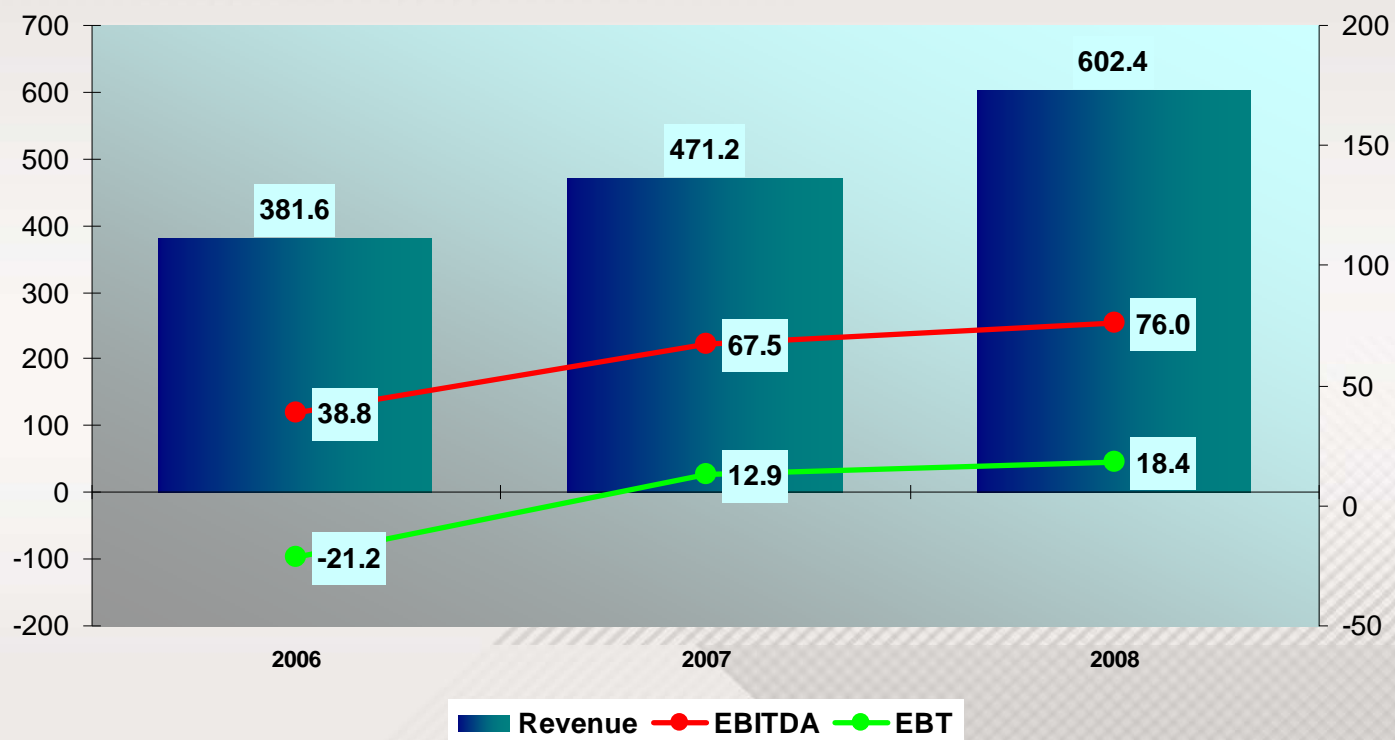
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Financial development



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World Military Expenditure

World military expenditure in 2008 is estimated to have reached \$1 464 billion in current US dollars. This represents increases in real terms of 4.0 % between 2007 and 2008 and 45.0 % between 1999 and 2008.

The top 10 military spenders in 2008

Country	Total military spending (US\$ b.)	World share (%)
USA	607.0	41.5
China	84.9 *	5.8
France	65.7	4.5
UK	65.3	4.5
Russia	58.6 *	4.0
Germany	46.8	3.2
Japan	46.3	3.2
Italy	40.6	2.8
Saudi Arabia	38.2	2.6
India	30.0	2.1
Sub-total	1 083.4	74.0
World	1 464.0	100.0

*) Estimates



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Board of Directors

Name	Position	Background
Terje Morten Eidsmo	Chairman	Managing director Bryggeriparken AS and Runestad Holding AS. Long term experience from different Norwegian financial institutions
Ingvild Ragna Myhre	Member	Member of several boards including the National Insurance Fund (Folketrygdfondet)
Lisa Ann Cooper	Member	Managing Director of Leadership foundation. Long term management experience from defense and telecommunications companies
Helle Rønningen	Member	Employees' representative at the board
Stig Endre Landrø	Member	Employees' representative at the board



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Analyst Coverage and Recommendations

Company	Analyst	Phone (dir)	Date last analysis	Recommendation	Target price (NOK)
First Securities ASA	Hans Erik Jacobsen	+47 23 23 82 54	15.05.2009	Buy	6,00
Orion Securities ASA	Giedrius Rudis	+370 52 46 15 52	26.08.2009	Buy	5,20



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