



A GLOBAL MILITARY SUPPLIER

Simrad Optronics ASA

3rd Quarter 2008 Presentation

Jon Asbjørn Bø, CEO

23 October 2008

Contents

- **Highlights and Financial Results**
- Operations and Events in Q3
- Going Forward / Market Outlook
- Appendix



Q3 Highlights:

- SOASA had a revenue of NOK 132.6 mill in Q308 compared to NOK 71.8 mill in Q307 and EBITDA of NOK 15.8 mill in Q308 compared to NOK 6.2 mill in Q307.
- SOASA continued reducing delays in deliveries in Q3.
- Strong order backlog of MNOK 707, down 1% from Q208, compared to all time high in Q208.
- SOASA maintains the guiding from Q108 in expecting revenue of approximately MNOK 550 in 2008. Expected EBITDA between MNOK 70 and MNOK 80, most likely in the lower end of the interval.

Q3 Financial Results

Amounts in 1 000 NOK	Periodic		Year to date		FY-07 Proforma
	Q3-08	Q3-07	Q3-08	Q3-07	
	Actual	Proforma	Actual	Proforma	
Operating income	132 642	71 875	385 828	341 356	471 159
EBITDA	15 787	6 185	33 673	53 225	67 523
EBIT	5 613	-4 049	4 309	22 957	27 134
EBT	8 622	-7 460	-4 792	13 720	12 855
EBITDA margin	12 %	9 %	9 %	16 %	14 %

Q3 Operating Income per legal entity

Amounts in 1 000 NOK	Periodic		Year to date		FY-07 Proforma
	Q3-08	Q3-07	Q3-08	Q3-07	
	Actual	Proforma	Actual	Proforma	
Simrad Optronics ASA	0	0	0	0	0
Vinghøg AS	114 846	65 437	364 167	326 645	450 952
Vingtech Corp	30 438	1 822	53 466	1 822	3 186
Nordic Defence Supply AS	5 639	4 965	13 923	15 946	21 868
Eliminations	-18 281	-349	-45 728	-3 057	-4 847
Total	132 642	71 875	385 828	341 356	471 159

Q3 EBITDA per legal entity

Amounts in 1 000 NOK	Periodic		Year to date		FY-07 Proforma
	Q3-08	Q3-07	Q3-08	Q3-07	
	Actual	Proforma	Actual	Proforma	
Simrad Optronics ASA	68	0	0	0	0
Vinghøg AS	10 143	4 835	29 249	49 407	65 688
Vingtech Corp	3 795	-2 296	-285	-2 296	-7 116
Nordic Defence Supply AS	1 781	1 931	4 709	6 114	8 519
Eliminations	0	1 715	0	0	432
Total	15 787	6 185	33 673	53 225	67 523

Balance Sheet Summary

	30.09.08	31.12.07	30.09.07
Amounts in 1 000 NOK	Actual	Proforma	Proforma
Fixed assets	345 096	358 733	357 102
Inventories	121 691	87 808	81 239
Accounts receivable	123 468	88 247	56 389
Other receivables	28 005	29 371	44 899
Cash and cash equivalents	1 562	2 035	5 442
Total assets	619 822	566 194	545 071
Equity	232 206	242 760	237 257
Long term liabilities	164 054	194 362	202 503
Short term liabilities	223 562	129 072	105 311
Total equity and liabilities	619 822	566 194	545 071

Q3 Financial Status

- 2008 growth is financed through existing credit facilities.
- Tight cash flow, will improve significantly during Q4.
- Positive relationship with our bank (Nordea).
- Line of credit extended from MNOK 40 to MNOK 50 in September.
- Long term loan MNOK 144. MNOK 11 down payment was done in Q3, and MNOK 41 in the next 12 months. The debt will be reduced significantly through 2009.

Contents

- Highlights and Financial Results
- **Operations and Events
in Q3**
- Going Forward / Market Outlook
- Appendix



Operational Developments in Q3

- **RWS**
 - Still Increasing demand.
 - The Protector RWS is sold to 14 countries.
 - We have finalized building up our assembly capacity.
 - Further development of supplier chain.
- **Electro Optics**
 - On time with development of laser target designator for FOI.
 - Received two small contracts for Vingmate.
 - Delivered part II of contract trainer and received new contract with USA army.
 - Night vision assembly runs at maximum capacity.
- **Weapon Improvement Systems**
 - Steady, but still slow order intake.
 - We expect increase of orders.
- **Vehicle Systems**
 - On time with development contract for one missile launcher for SAAB.
 - Focus on tenders and a lot of vehicle programs.
- **UAV**
 - Good development progress.
 - Nostromo will deliver a positive EBITDA this year.



Vingtech Australia

- SOASA has established a new joint venture in Australia with HK Systems Research and Development Pty Ltd : “Vingtech Australia Pty Ltd”. SOASA owns 55% of the shares.
- This company will, at the beginning, sell products from its sister company “Vinghøg” in Norway, but “Vingtech Australia” will have the possibility for licensed production in the future. Furthermore, “Vingtech Australia” will be responsible for maintaining, repairing and training. This way, sales will be better supported than from Norway.
- Australia and New Zealand is a very potential market, although the SOASA group has not sold a lot there. By establishing “Vingtech Australia”, SOASA’s possibilities will increase significantly. Simrad Optronics is already short listed in different programs for IS2000 and Vingmate, so the company will concentrate on electro optical and weapon improvement products.
- From the start, Vingtech Australia will be established at Simrad Optronics partners’ facilities and run by them. The operational cost will be low and the company will grow as it starts getting contracts. The Board of Directors will have three members and SOASA’s CEO Jon Asbjørn Bø will be the chairman.
- By being present in the local market, we will have a better opportunity to demonstrate our products for potential customers in Australia and New Zealand. Our range of products, combined with our partner’s long military background and marketing abilities, will entitle us to have a successful cooperation. We expect to see the results of this joint venture within two to five years period.

Contents

- Highlights and Financial Results
- Operations and Events in Q3



- **Going Forward / Market Outlook**
- Appendix

2008 Priorities – Status Report

- **Increase sales – Maintain margins**
 - Sales have increased and we still expect growth.
 - Margins are slowly improving back to target level.
- **Establish new sales channels in one or two regions**
 - We have established a Joint venture in Australia.
- **Further development of our US subsidiary Vingtech Corp**
 - Strong focus on marketing and live demonstrations.
 - Develop US suppliers.



Market Outlook

- **“Economic forces don't drive defense spending. Demand for defense goods is driven mainly by overseas threats and domestic politics“.**
- **Three important issues**
 - **Norwegian defense budget for 09 is larger than 08, but material investments are slightly reduced. However, huge material programs for armed vehicles and artillery will be put forward to the Norwegian parliament spring 09.**
 - **US military budget for 09 is larger than 08 and The U.S. military wants an increase of \$57 billion in fiscal 2010, about 13.5 growth from 09.**
 - **Norwegian purchase of fighter planes.**
 - **SOASA has signed an industrial cooperation agreement with SAAB AB to establish a joint venture company provided the Norwegian Ministry of Defense decides to purchase Gripen Aircraft. SOASA will own more than 50% of the shares in that company. SAAB and SOASA have identified possible programs for the first 10 years to more than seven billion NOK.**

We welcome any questions



Provide situation awareness

Aim and hit target

Protect own troops

Reduce collateral damage

Welcome Back:

4th Quarter Results Presentation

February 19th , 2009

**0800 hrs at Felix Conference Center,
Oslo**



Provide situation awareness

Aim and hit target

Protect own troops

Reduce collateral damage

Appendix



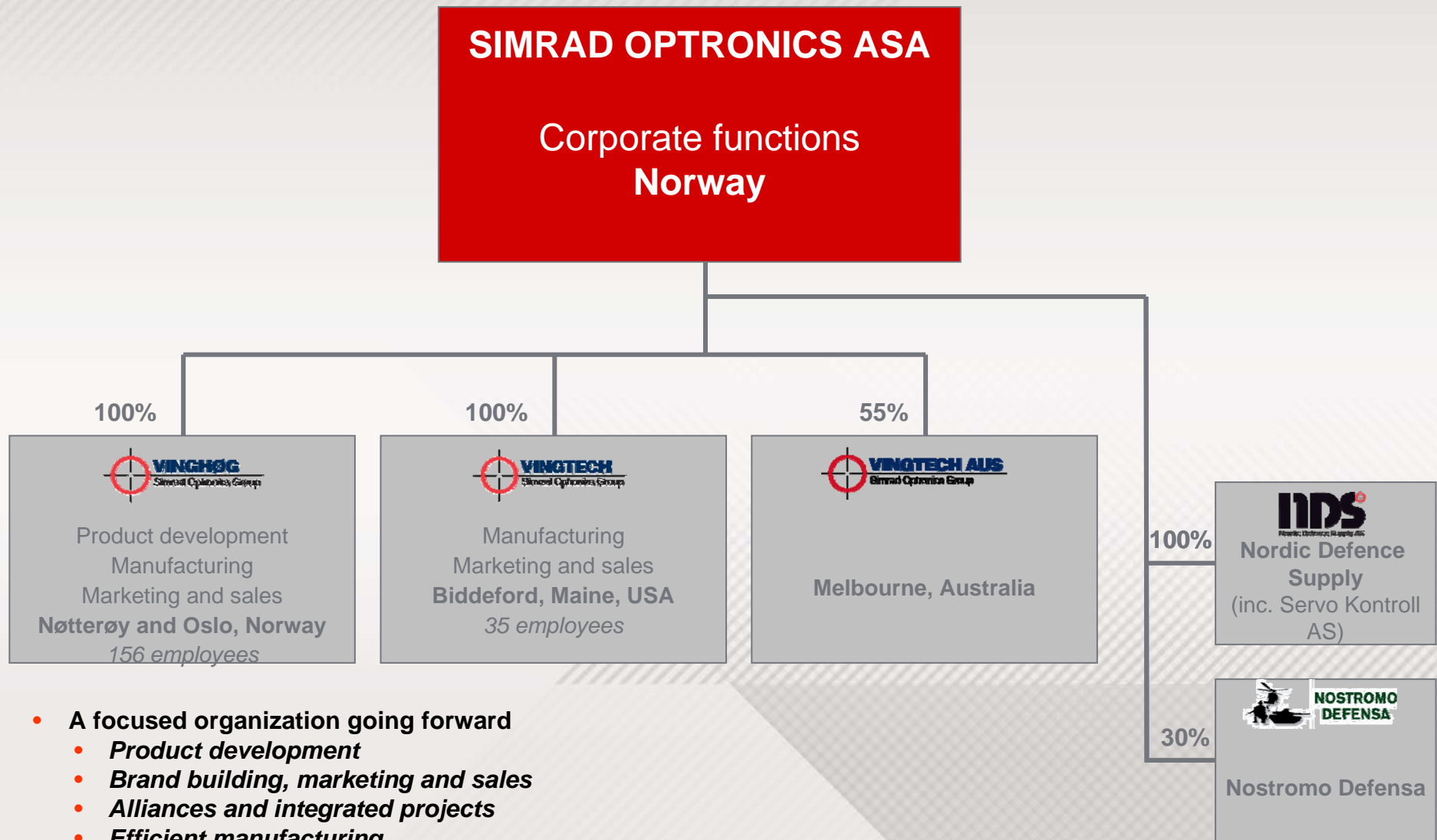
Provide situation awareness

Aim and hit target

Protect own troops

Reduce collateral damage

Corporate Structure



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

Four Product Areas

Remote Weapon Systems (RWS)

- *CCD cameras, weapon integration, firing solenoids and lasers for Remote Weapon Stations.*
- *In cooperation with KDA*

Electro Optics

- *Advanced observation and surveillance systems. Laser range finders and sight systems for various applications.*

Weapon Improvement Products

- *Integration of a wide range of small - and medium caliber guns to vehicle and ground mounted systems.*

Vehicle Systems

- *High-end observation and target acquisition systems for light and heavy military vehicles, including system integration.*



Military Expenditure

- World military expenditure in 2006 is estimated to have reached \$1204 billion in current US dollars. This represents increases in real terms of 3.5 per cent between 2005 and 2006 and 37 per cent between 1997 and 2006.

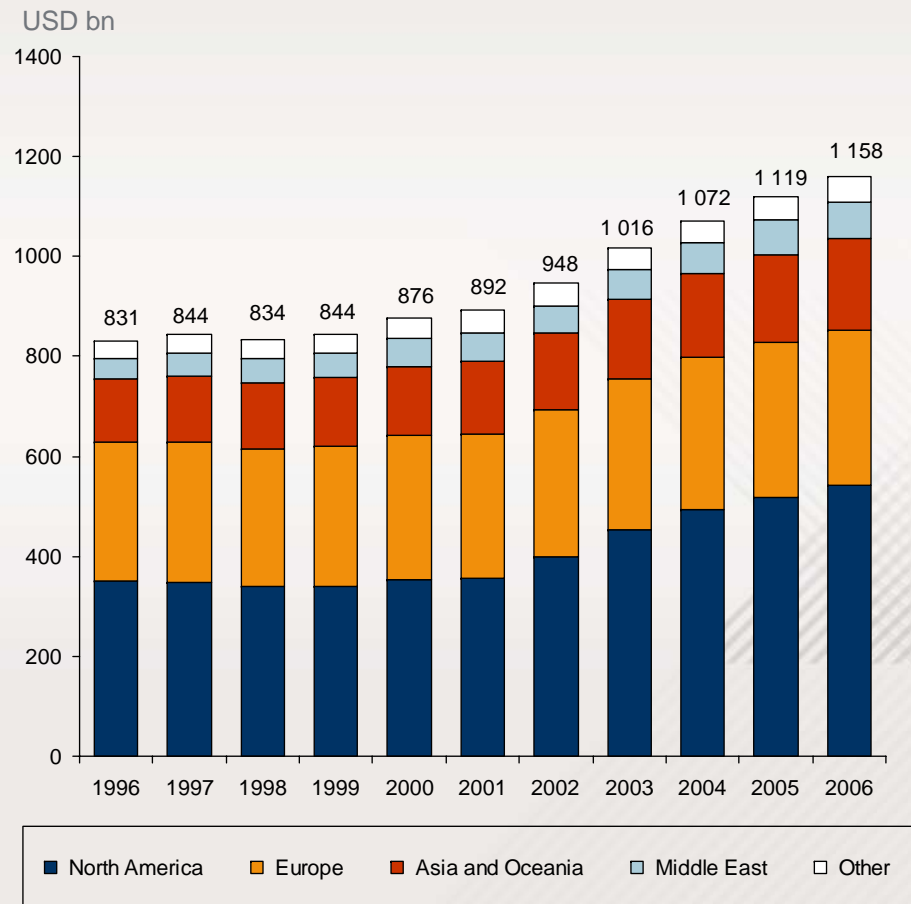
The top 10 military spenders in 2006

Values are in constant (2005) US dollars.

Country	Total military spending (US\$ b.)	Military spending per capita (US\$)	World share (%)
USA	528.7	1 756	46
UK	59.2	990	5
France	53.1	875	5
China	49.5	37	4
Japan	43.7	341	4
Germany	37.0	447	3
Russia	34.7	244	3
Italy	29.9	514	3
Saudi Arabia	29.0	1 152	3
India	23.9	21	2
Sub-total	888.7	-	77
World	1 158.0	-	100

Market trends favors suppliers of advanced military equipment

Global military expenditure 1996-2006¹⁾



- 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)

Shareholder Structure as per 22.10.08

No of shares	%	Name	Acc. Type	Nationality
6 139 463	8,58	JPMORGAN CHASE BANK NORDEA TREATY ACCOUN	NOM	GBR
3 455 311	4,83	LINDHOLMVEIEN 14 AS		NOR
3 414 609	4,77	SATURN AS		NOR
3 281 000	4,58	RUNESTAD INVESTERING C/O RUNE RUNESTAD		NOR
3 214 609	4,49	CUBIC INVEST A/S		NOR
3 094 609	4,32	HUGIN MANAGEMENT AS		NOR
3 064 609	4,28	GKI AS		NOR
2 994 609	4,18	HEM STEINAR OLAV		NOR
2 994 609	4,18	ULVE INVEST AS		NOR
2 598 556	3,63	MP PENSJON		NOR
1 523 000	2,13	NORDISK INDUSTRIUTVI		NOR
1 468 000	2,05	MELLON BANK AS AGENT MELLON BANK NA A/C MELLON NOMINEE	NOM	USA
1 411 439	1,97	DNB NOR SMB VPF		NOR
1 218 000	1,70	HUI AS		NOR
1 000 000	1,40	SKAGEN VEKST		NOR
952 000	1,33	INGEFO 1 AS		NOR
857 500	1,20	KAFA AS		NOR
576 000	0,80	STATE STREET BANK AN A/C CLIENT OMNIBUS D	NOM	USA
507 000	0,71	BARØFOSS INVEST AS		NOR
500 000	0,70	MYKLAND INVEST AS		NOR
44.264.923	61,83			

- Per end of 2007, total number of shareholders was 2 227, whereof 2 176 were domestics and 51 were foreigners.

Board of Directors

Name	Position	Background
Ove Gusevik	Chairman	Runs his own investment and advisory company Global Network Systems AS. Long term experience from investment banks such as Alfred Berg (ABN Amro) and First Securities
Terje Morten Eidsmo	Vice Chairman	Managing director Bryggeriparken AS and Runestad Holding AS. Long term experience from different Norwegian financial institutions
Ingvild Ragna Myhre	Member	Managing Director Network Norway AS. 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

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	16.05.08	Strong Buy	9,00
Orion Securities ASA	Giedrius Rudis	+370 52 46 15 52	22.10.08	Hold	4,20