

Simrad Optronics ASA

1st Quarter 2010 Presentation

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President & CEO

11 May 2010

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- **Highlights and Financial Results**
- Operations and Events in Q1
- Outlook / Going forward
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Q1-10 Highlights

- **Strong Q1 revenues**
 - Q1-10 revenues of MNOK 211.7, up from MNOK 155.2 in Q1-09.
 - Best Q1 ever, only 2.3 % below the record high Q4-08 (MNOK 216.6).
- **Maintained profitability**
 - Increase in revenues without corresponding increase in operating expenses, demonstrating the financial potential lying in high volumes.
 - Q1-10 EBITDA of MNOK 40.3, up from MNOK 13.3 in Q1-09.
 - Q1-10 EBT of MNOK 26.8, up from MNOK 6.4 in Q1-09.
- **Maintained order backlog**
 - Backlog of MNOK 675, down from MNOK 700 at year end 2009.
- **Strengthened financial position**
 - Available cash MNOK 123.4, up from MNOK 92.3 at year end 2009.
 - Net interest bearing debt MNOK 29.6, down from MNOK 70.7 at year end 2009.



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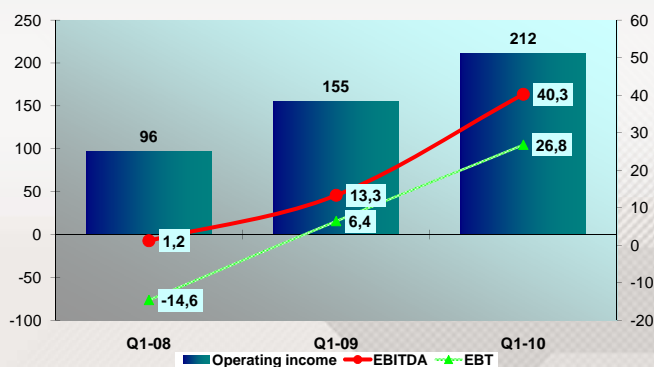
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Q1-10 Financial Results

Figures in NOK 1 000	Q1-08	Q1-09	Q1-10
Operating income	96 474	155 218	211 668
EBITDA	1 221	13 308	40 252
EBIT	-8 256	3 563	303 040
EBT	-14 602	6 447	26 768
EBITDA margin	1 %	9 %	19 %



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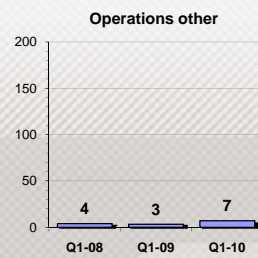
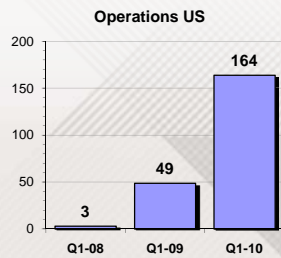
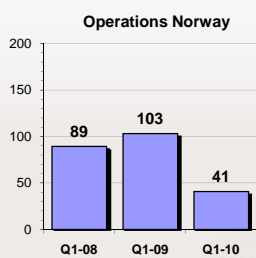
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Q1 Operating Income per segment

Figures in NOK 1 000	Q1-08	Q1-09	Q1-10
Operations Norway, total revenue	98 709	125 450	149 284
Internal revenue	-9 352	-22 260	-108 490
Operations Norway, external revenue	89 357	103 190	40 793
Operations US	3 034	48 684	163 792
Operations other	4 083	3 344	7 083
Eliminations	0	0	0
Total operating income	96 474	155 218	211 668



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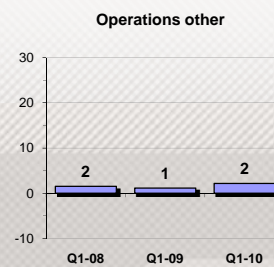
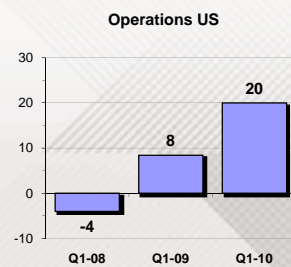
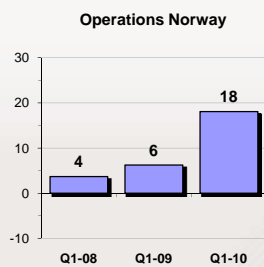
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Q1 EBITDA per segment

Figures in NOK 1 000	Q1-08	Q1-09	Q1-10
Operations Norway	3 701	6 258	18 104
Operations US	-4 024	8 422	19 973
Operations other	1 544	1 150	2 175
Eliminations	0	-2 522	0
Total EBITDA	1 221	13 308	40 252



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Balance Sheet

<i>Figures in NOK 1 000</i>	31.03.10	31.12.09	31.03.09
Fixed assets	295 105	303 423	332 024
Inventories	117 060	118 229	134 718
Accounts receivable	85 013	79 957	109 120
Other receivables	25 434	20 796	9 285
Cash	53 402	24 366	2 969
Total assets	576 014	546 771	588 116
Equity	303 589	285 158	250 876
Long term borrowing	43 000	53 000	79 000
Other long term liabilities	29 803	27 715	60 122
Bank overdraft	0	2 034	48 944
Accounts payables	85 445	62 369	52 927
Other short-term liabilities	114 177	116 495	96 246
Total equity and liabilities	576 014	546 771	588 116



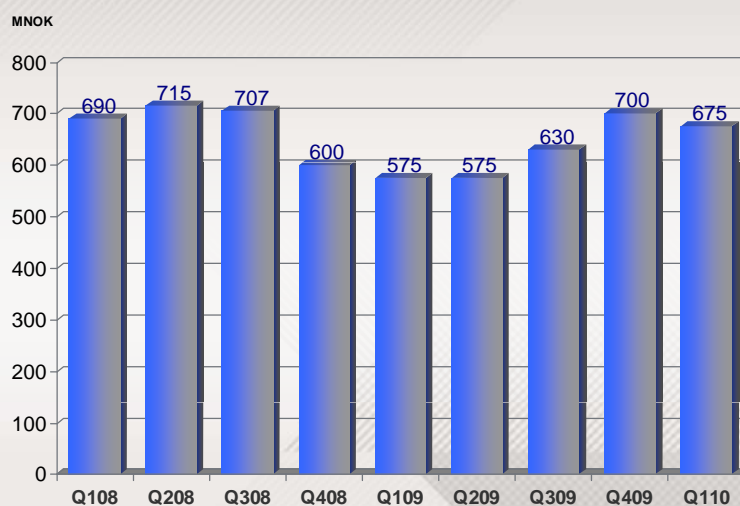
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Order Backlog



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Product Developments in Q1

RWS

- RWS volumes in Q1-2010 above average
- Increased supplier chain control

Electro Optics

- Laser target designator for the FOI (the "LTDI") status per end of Q1-2010 behind schedule
- Vingmate deliveries from Vingtech AUS Pty Ltd according to what was announced
- Low order intake



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Product Developments in Q1

Weapon Improvement

- Small but stable order intake and deliveries
- Ongoing development programs on track

Vehicle Systems

- Small development contract signed for Vingpos with the Norwegian Army
- Still positive market outlook for Vingtaqs, but delays in order intake



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2010 Goals

- Increase revenues and maintain margins
- Improve distribution power world wide
- Strong focus on product development
- Further focus on human capital



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Outlook

- Q1-2010 results supports the 2010 outlook disclosed in previously quarterly reports in terms of expected increase in revenues and maintained margin levels.
- In process of dealing with all additional priorities for 2010; improve the Group's distribution power, maintain a strong focus on product development and to increase focus on human capital.
- The Rheinmetall offer – outcome of the process will have significant impact on both operating and financial issues going forward.



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Rheinmetall – Offer Process and Timing

- The Company announced the Offer by Rheinmetall on Thursday 6 May
- The Offer is priced at NOK 8.25 per SIT share, with continued entitlement to the proposed dividend of NOK 0.20 per share for shareholders at close of business on 6 May
- The Offer Document will be published and posted to shareholders tomorrow
- This will provide further details on the Offer, and on the pre-acceptances given representing 51.5% of the issued share capital of SIT
- The initial period of the Offer is from and including 12 May 2010 to 26 May 2010 17:30 hrs (Norwegian time).
- The Offeror will file its competition filings in the territories in which they are required - all of these are expected to be standard suspensory filings - no competition referrals are expected
- The maximum period that the offer can be open for acceptances is six weeks from the commencement of the Offer Period if Rheinmetall extend the two weeks offer period.
- The acceptance condition for the Offer is 90% of the shares subject to the Offer



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The Board's assessment of the Offer

- The Board's formal assessment of the Offer will be set out in an Appendix to the Offer Document
- The following are particularly relevant to the assessment made:
 - All cash offer from one of Europe's leading defence contractors
 - The Offer was the result of an appropriate level of market test
 - Rheinmetall is a good partner for SIT from a technology/product point of view as well as a market access and distribution point of view, expansion of which is particularly important for SIT's continued success
 - Rheinmetall is well placed to maximise opportunity and mitigate risks in respect of SIT as a result of its larger portfolio and geographical presence, and its greater financing capabilities
 - Size of Buyer pool likely to decline in future as SIT enters more partnership or similar arrangements to deliver the broader market access which the Company will require



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The Board's assessment of the Offer

- Including the NOK 0.20 per share in dividend, the Offer represents a premium of 20.7% to the Company's closing price of NOK 7.00 per share on 5 May 2010, the last trading day prior to the announcement of the Offer, and a premium of 33.9%, 54.4% and 59.7% respectively to the Company's 90, 180 and 270 day volume weighted average share price ending on the same date.
- The Board has received a fairness opinion from its financial advisor Jefferies International Limited in relation to the Offer dated 5 May 2010. The fairness opinion provides that, as of 5 May 2010 and on the basis of and subject to the assumptions, considerations, qualifications, factors and limitations set forth in the fairness opinion, the Offer is fair, from a financial point of view, to the Company's shareholders.
- The Board has further been advised by Handelsbanken Capital Markets that they based on the information available, in the independent statement referred to above, to be provided on the date of the Offer document, on the basis of and subject to the assumptions, considerations, qualifications, factors and limitations which will be set forth therein, will state that the terms of the Offer is fair, from a financial point of view, to the shareholders of the Company.



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The transaction – a first choice for further growth in Vingtech and Vinghøg

- Vingtech and Vinghøg is at a crossroad:
 - The Norwegian home market is too small
 - The growth globally is only driven by one product area
- Vingtech and Vinghøg needs larger market- and distribution power
- Rheinmetall chooses Vinghøg as a foot-print for its growth in the Nordic region – will give growth in Vingtech and Vinghøg
- Rheinmetall gives Vingtech the possibility for growth
- The companies have complementary competence and products aiming at a common market without being in competition with each other
- Vinghøg will still develop and sell own products worldwide as today, but using Rheinmetall's network



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2nd Quarter 2010 results: 26 August 2010



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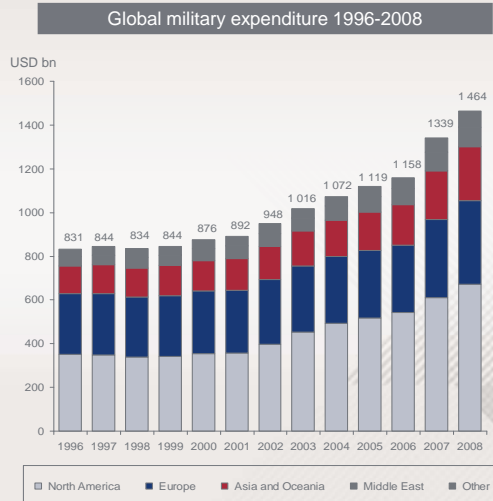
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Market trends favours suppliers of advanced military equipment



- 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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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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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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Four Directional Business Models

- **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



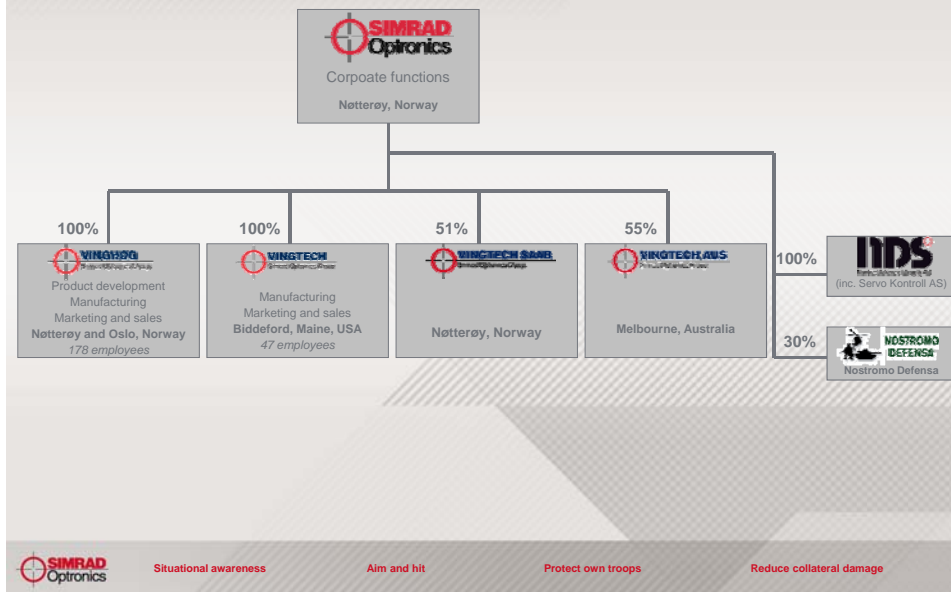
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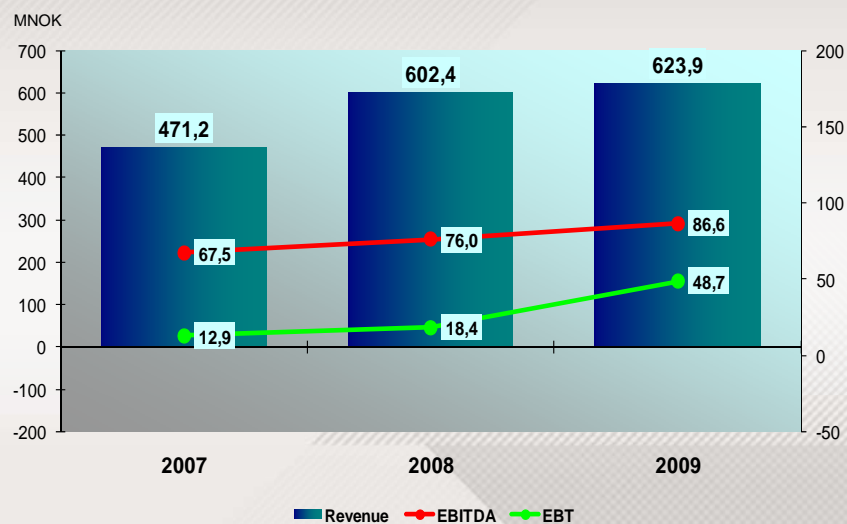
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Corporate Structure



Financial development 2007-2009



Shareholder Structure per 11 May 2010

Name	No of shares	%	Acc	Nat
DNB NOR SMB VPF	4 900 000	6,84		NOR
SKAGEN VEKST	4 404 000	6,15		NOR
LINDHOLMVEIEN 14 AS	3 455 311	4,83		NOR
SATURN AS	3 414 609	4,77		NOR
RUNESTAD INVESTERING	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
MP PENSJON	2 598 556	3,63		NOR
NORDISK INDUSTRIUTVIKLING AS	1 793 000	2,50		NOR
BANK OF NEW YORK MEL S/A MELLON NOMINEE 1	1 326 800	1,85	NOM	USA
HEM STEINAR OLAV	1 294 609	1,81		NOR
HESNES INVESTMENT AS	1 289 000	1,80		NOR
HUI AS	1 218 000	1,70		NOR
DUKAT AS	1 000 000	1,40		NOR
KAFAS V/FREDRIK ANDERSEN	895 500	1,25		NOR
INGEFO 1 AS	870 000	1,22		NOR
ORIGON AS	756 000	1,06		NOR
BARØFOSS INVEST AS	735 000	1,03		NOR
TOTAL FOR THE 20 LARGEST SHAREHOLDERS	45 599 821	63,70		
OTHER SHAREHOLDERS	25 987 374	36,30		
TOTAL NUMBER OF SHARES	71 587 195	100,00		

Per 11 May 2010 total number of shareholders was 1 895, whereof 1 847 was domestics and 48 was foreigners.



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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). Long term management experience from defense and telecommunications companies.
Lisa Ann Cooper	Member	Managing Director of Leadership foundation. Long term management experience from defense and telecommunications companies.
Geir Vinghøg	Member	Long term experience as managing director and owner of all shares in Vinghøg AS until 2005.
Helle Rønningen	Member	Employees' representative at the board.
Jarle Graff	Member	Employees' representative at the board.



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Price Development and Liquidity



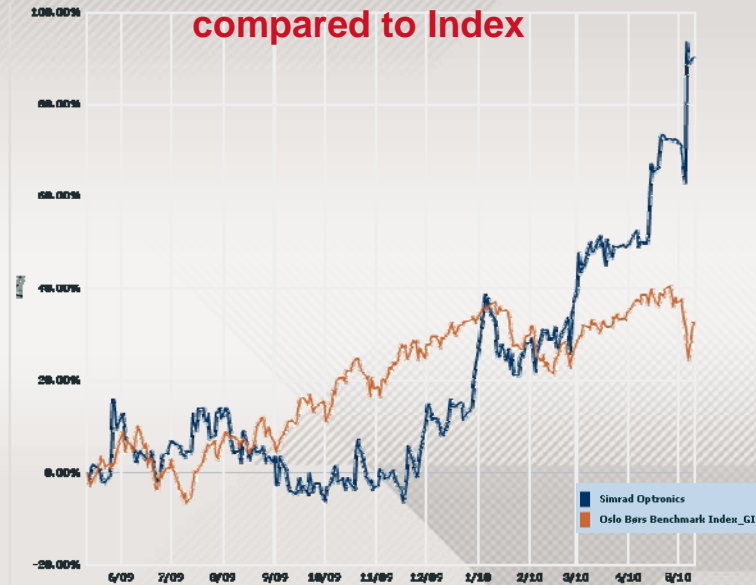
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Share Price Development compared to Index



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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	1 March 2010	Buy	9.00
Terra Markets AS	Giedrius Rudis	+370 52 46 15 52	2 March 2010	Buy	7.50