



A GLOBAL MILITARY SUPPLIER

# Simrad Optronics ASA

## 4th Quarter 2008 Presentation

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23 February 2009

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- **Highlights and Financial Results**
- Operations and Events in Q4
- Going Forward / Market Outlook
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## Q4 Highlights:

- Q4-2008 revenues all time high of MNOK 217, up from MNOK 130 in Q4-2007.
- Q4-2008 EBITDA of MNOK 42, up from MNOK 14 in Q4-2007. Q4-2008 EBITDA margin of 20%, up from 11% in Q4-2007.
- 2008 revenues of MNOK 602, up from MNOK 471 in 2007. 2008 EBITDA of MNOK 76, up from MNOK 68 in 2007. EBITDA-margin 13%, down from 14%.
- 2008 EBT of MNOK 18, up from MNOK 13 in 2007.
- Strong order backlog of MNOK 600, down 15% compared to all time high.

# Q4 Financial Results

Amounts in 1 000 NOK	Periodic		Year to date	
	Q4-08	Q4-07	Q4-08	Q4-07
	Actual	Proforma	Actual	Proforma
Operating income	216 578	129 803	602 407	471 159
EBITDA	42 356	14 298	76 029	67 523
EBIT	32 811	4 177	37 121	27 133
EBT	23 186	-865	18 394	12 855
EBITDA margin	20 %	11 %	13 %	14 %

# Q4 Operating Income per segment

Amounts in 1 000 NOK	Periodic		Year to date	
	Q4-08	Q4-07	Q4-08	Q4-07
	Actual	Proforma	Actual	Proforma
Operations Norway	202 679	124 307	566 846	450 952
Operations United States	33 894	1 364	87 360	3 186
Operations other	6 479	5 922	20 402	21 868
Eliminations	-26 474	-1 790	-72 201	-4 847
<b>Total</b>	<b>216 578</b>	<b>129 803</b>	<b>602 407</b>	<b>471 159</b>

# Q4 EBITDA per segment

Amounts in 1 000 NOK	Periodic		Year to date	
	Q4-08	Q4-07	Q4-08	Q4-07
	Actual	Proforma	Actual	Proforma
Operations Norway	38 436	16 280	67 686	65 688
Operations United States	3 680	-4 819	3 395	-7 116
Operations other	2 462	2 405	7 171	8 519
Eliminations	-2 222	432	-2 223	0
<b>Total</b>	<b>42 356</b>	<b>14 298</b>	<b>76 029</b>	<b>67 091</b>

# Balance Sheet Summary

Amounts in 1 000 NOK	31.12.08 Actual	31.12.07 Actual
Fixed assets	341 950	355 981
Inventories	133 702	87 808
Accounts receivable	124 914	86 995
Other receivables	14 327	29 052
Cash and cash equivalents	1 908	2 035
Total assets	616 801	561 871
Equity	244 298	237 432
Long term liabilities	149 168	194 402
Short term liabilities	223 335	130 037
Total equity and liabilities	616 801	561 871

# Financial Situation

- The 2007 - 2008 growth, including the whole set up in the US is financed through existing credit facilities.
- Tight cash position expected also in 2009, as was the case in 2008.
- Long term loan MNOK 133. A down payment of MNOK 11 was done in Q4, and MNOK 44 in the next 12 months.
- Line of credit is MNOK 50.
- The variation of revenues in the different quarters is a challenge, as was the case in 2008.

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# Product Developments in Q4

- **RWS**
  - Still high demand.
  - Further development of supplier chain.
- **Electro Optics**
  - On time with development of laser target designator for FOI.
  - Delivered two small contracts for Vingmate.
  - Delivered final version of the trainer to US Army .
- **Weapon Improvement Systems**
  - Still slow/low order intake.
  - We expect increase of orders.
- **Vehicle Systems**
  - Received small delivery contracts.
  - Further development on vingtaqs II.
- **UAV**
  - Good development progress.



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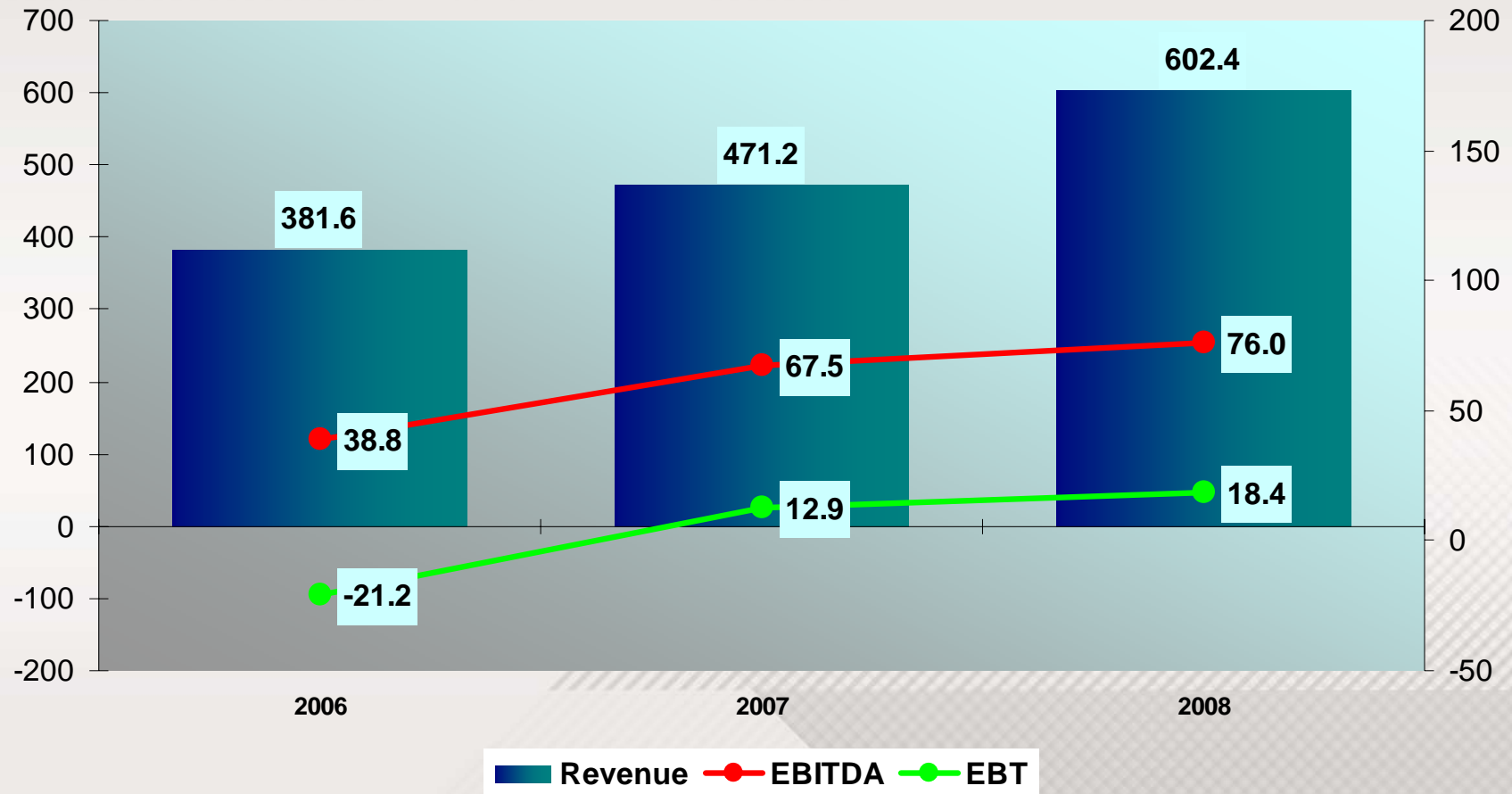


# 2008 Priorities – Final Status Report

- **Increase sales – maintain margins**
  - Sales increased by 28 % in 2008 compared to 2007, despite a slow start in 2008.
  - EBITDA-margin slightly down, but EBIT and EBIT-margins slightly up in 2008 compared to 2007.
- **Establish new sales channels in one or two regions**
  - We have established a new sales channel through Vingtech Australia.
- **Further development of our US subsidiary Vingtech Corp.**
  - Despite a slow start in 2008, Vingtech has delivered a positive EBITDA for the whole year.
  - Complete organization in place and ISO certificate obtained.

⇒ **2008 priorities achieved !**

# Financial development



# Outlook

- The ongoing financial crises and worldwide recession seem so far to have had little impact on military spending.
- SOASA expects Q1-2009 to be better than Q1-2008, both in revenues and profit.
- For the whole year, SOASA expects further growth, but not at the same speed as was the case from 2006 to 2007 and from 2007 to 2008.
- SOASA expects quarterly fluctuations in revenues also in 2009.

# We welcome any questions



Situational awareness

Aim and hit

Protect own troops

Reduce collateral damage

**Welcome Back:**

**1<sup>st</sup> Quarter Results Presentation**

**May 14<sup>th</sup> , 2009**

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



Situational awareness

Aim and hit

Protect own troops

Reduce collateral damage

# Appendix



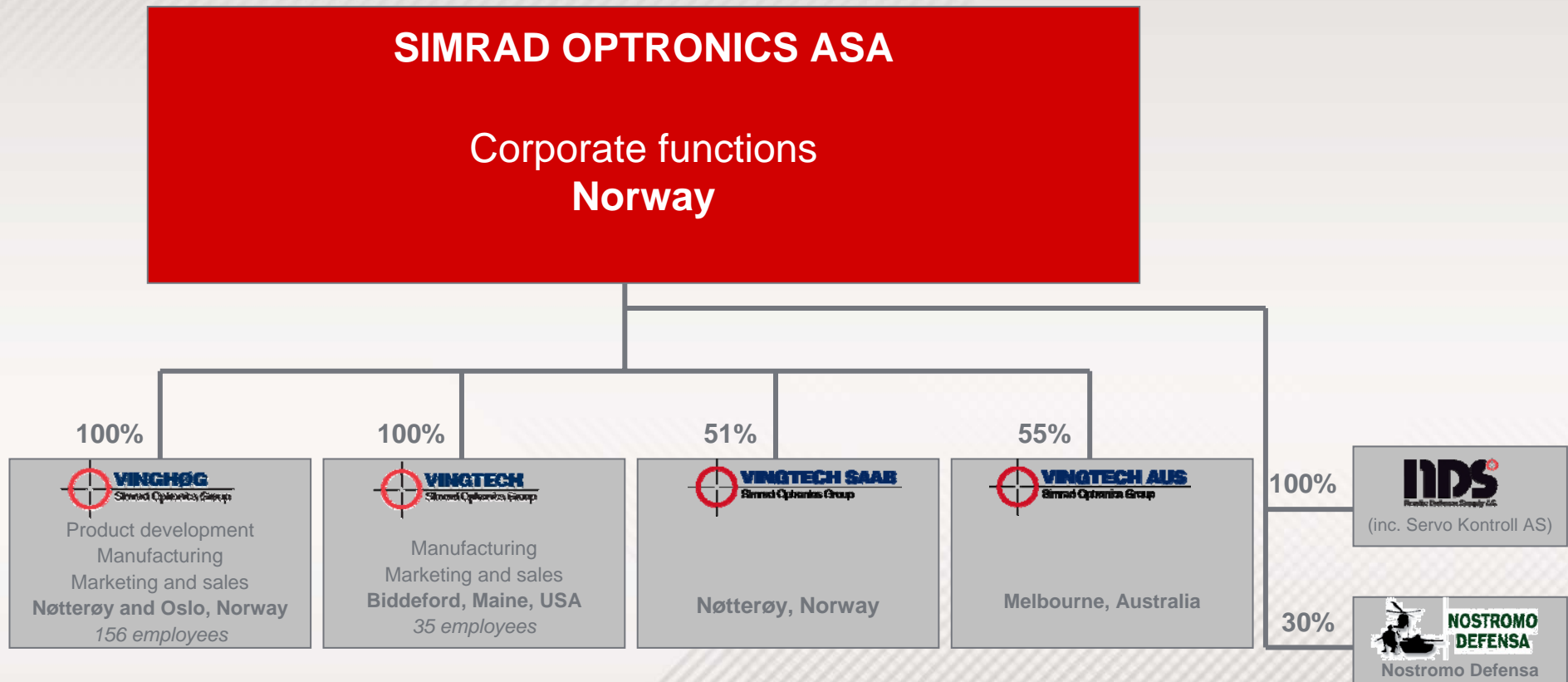
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# Corporate Structure



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

# 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.*



Situational awareness

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Reduce collateral damage

# 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.

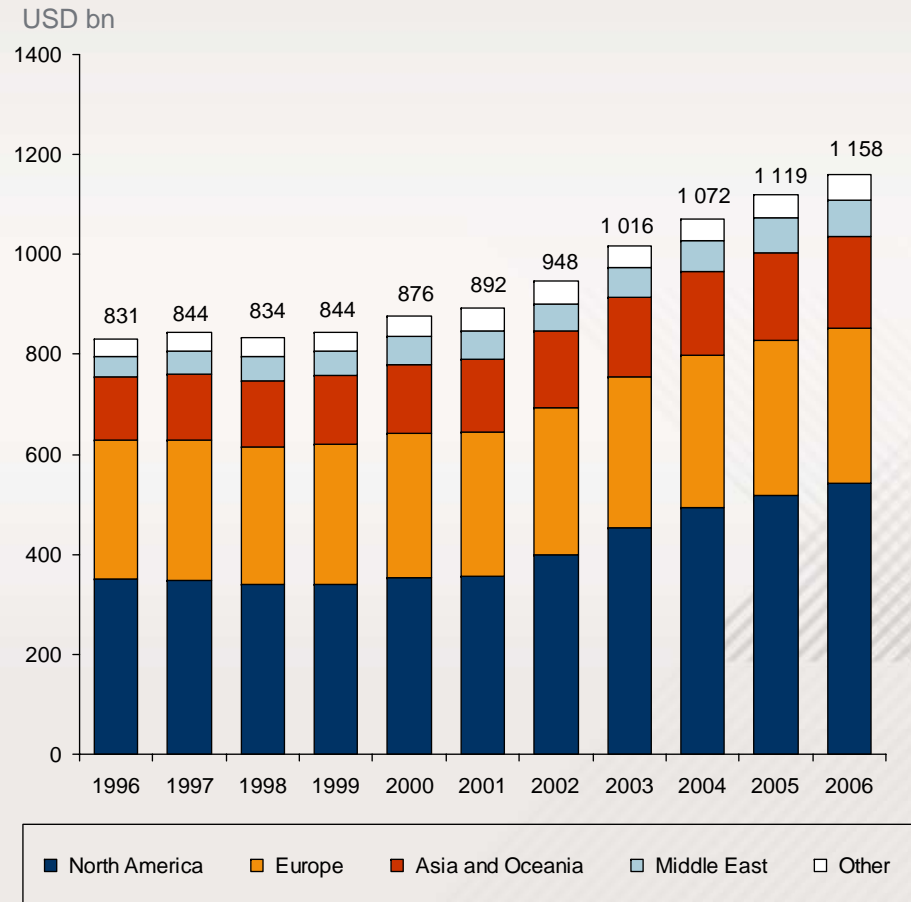
## *The top 10 military spenders in 2006*

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 1996-2006<sup>1)</sup>



- 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 10.02.09

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
1 793 000	2,50	NORDISK INDUSTRIUTVI		NOR
1 600 000	2,24	DNB NOR SMB VPF		NOR
1 468 000	2,05	BANK OF NEW YORK MEL S/A MELLON NOMINEE 1	NOM	USA
1 287 000	1,80	HESNES INVESTMENT AS		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
523 000	0,73	STATE STREET BANK & A/C CLIENT FUND NUMB	NOM	USA
507 000	0,71	BARØFOSS INVEST AS		NOR
<b>45.457.484</b>	<b>63,50</b>			

- 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	04.02.09	Buy	6,00
Orion Securities ASA	Giedrius Rudis	+370 52 46 15 52	29.10.08	Buy	4,40