

**Investor presentation in connection of the listing
on the Oslo Børs**

**Comrod Communication ASA
- A leading niche player in the defence market**

January 2007

Agenda

- I. Overview of Comrod**
- II. Product areas**
- III. Market overview**
- IV. Financial figures**
- V. Summary**
- VI. Appendix**

Investment case

- **Comrod Communication holds a leading global market position within antennas and masts for the defence market. Opportunity to expand further into US markets**
- **Product range, technology base, track record, prospect list, industry network and modern production facilities provides attractive growth opportunities**
- **Proven ability to generate rapid growth at healthy margins**
- **Significant synergies expected to be realized from acquisitions of Lerc SA and Eltek Power in 2007**
- **Fragmented market place with opportunity for further consolidation of the sector**
- **The military and maritime industry is expected to increase its demand for communication products over the next years**

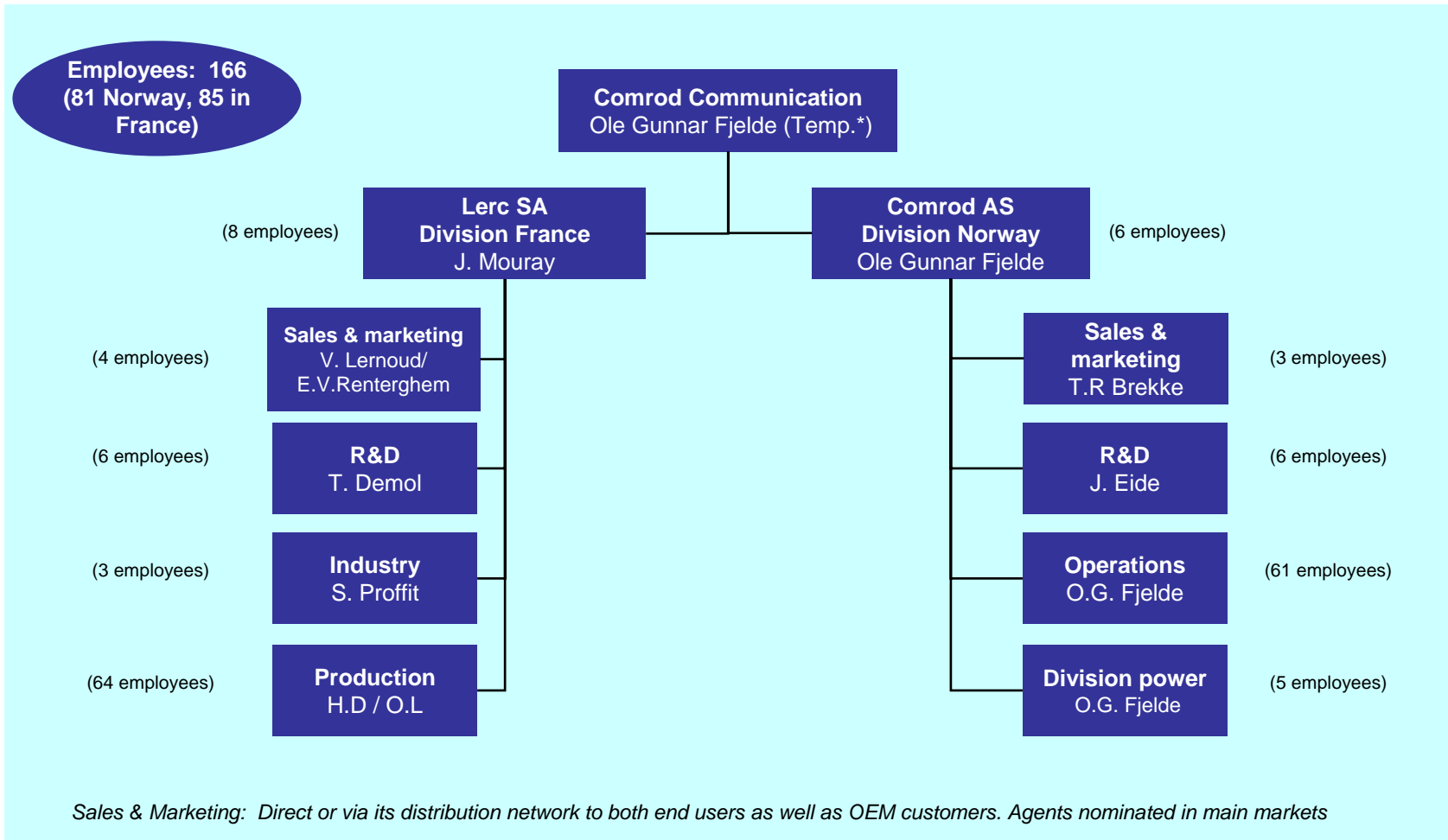
Comrod Communicaton ASA – Company profile

- **A previous business division of Hexagon**
 - Public listed company on Oslo Stock Exchange
- **Headquarter close to Stavanger in South-west Norway**
 - Offices and/or production facilities in Tau, Oslo and St Amand Les Eaux in France.
 - 166 employees, whereof 85 in France
- **Comrod develops, manufactures and markets masts, antennas, industrial products and power supplies. Approximately 80% of sales to the defense communication market**
- **Comrod holds leading global market positions within antennas and masts for the defence markets**
- **Proforma financials as of Q3 2006: Sales NOKm 137.8. EBIT NOKm 10.5**



Overview of organization

Overview of Comrod Communication – organization chart



- *The organization structure is currently under review by management team*

- **) Ole Gunnar Fjelde, holds temporarily the position as CEO of Comrod Communication*

Experienced management team

Management team

- **Ole Gunnar Fjelde** (Managing Director)
 - VP in Comrod since 2003
 - Senior positions at Compipe AS
 - Engineer /technician (Atomization)
- **Tor Reidar Brekke** (VP Sales & Marketing)
 - VP in Comrod since 1995
 - Senior positions at Fabricom AS
- **Jo Eide** (VP R & D)
 - VP in Comrod since 1993
 - Senior positions at Q-Free
 - MScEE (NTH)
- **Kari Duestad** (CFO)
 - VP in Comrod since 2005
 - Senior position at Weatherford

Management team

- **Arne R. Syversen** (VP Sales & Marketing Power)
 - VP in Comrod since 2006 (Acquired by Comrod)
 - Senior positions at Eltek ASA, Unitech AS
 - Engineer
- **Jean Mourey** (MD Lerc)
 - CEO in Lerc since 1995 (before CFO)
 - Senior positions at Lerc for more than 25 years
- **Eric Van Renterghem** (VP Sales & Marketing Defence)
 - VP in Lerc since 1995
 - Senior positions at Lerc
- **Thierry Demol** (VP R&D / Technical)
 - VP in Lerc since 1994
 - Senior positions at Lerc since he started
 - PhD (France)



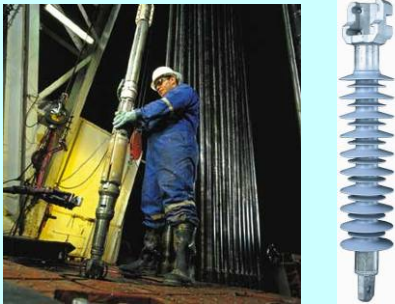

History – background Comrod Communication

- **1948: Company established**
- **1950s: Introduced steel and fiber fishing rods**
- **1960s: Introduced marine antennas to the commercial market**
- **1970s: Transferring technology to defense antennas**
- **1980s: First defense contract with Sweden**
- **1990s: Entered into its first major international defense contract with Switzerland**
 - Sold from Christian Bjelland & Co to Norwegian Applied Technology ASA (NAT). Spilka Gruppen became the main owner of NAT during 1999 and 2000
- **2002: Signed a contract with Bowman for delivery of antennas to the British Military**
- **2005: Entered into 3 year OEM agreement with US radio manufacturer Harris Corporation for the delivery of tactical communication antennas**
- **2006: Acquisition of Eltek Defense Products (NOKm 25) and Lerc (EURm 11). Change of name from Comrod to Comrod Communication**

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Key product areas

	Masts	Antennas	Industrial products	Power supplies
Product illustration				
Products	<ul style="list-style-type: none"> Telescopic, sleeve, man-pack, manual and motorized versions 	<ul style="list-style-type: none"> HF, VHF, UHF, dual band, GPS, multi-band antennas and antenna systems 	<ul style="list-style-type: none"> Insulating products such as insulators, insulating poles and structural composites which are custom designed products 	<ul style="list-style-type: none"> Battery systems, technology rights acquired from Eltek ASA with exclusive rights in the defense market
Key customers	<ul style="list-style-type: none"> In defense market, key clients include Thales, DGA and US Army 	<ul style="list-style-type: none"> Defense (80 % of sales) and maritime industry (20 % of sales). Key clients include ITT, Harris, Thales and Rhode & Schwarz 	<ul style="list-style-type: none"> Defense (10% of sales) and utility and energy industry (90 % of sales). Key clients include Siemens and SCNF 	<ul style="list-style-type: none"> In defense market, key client include Kongsberg Group and FMV Sweden
Type of clients	<ul style="list-style-type: none"> OEM, defense organizations 	<ul style="list-style-type: none"> OEM, defense organizations, commercial vessels 	<ul style="list-style-type: none"> Utilities, industrial companies 	<ul style="list-style-type: none"> Defense organizations
Manufacturing	<ul style="list-style-type: none"> France / Norway 	<ul style="list-style-type: none"> Norway / France 	<ul style="list-style-type: none"> France 	<ul style="list-style-type: none"> Outsourced to plants in Norway, Poland and China
Revenues and EBITDA per Q3 06	<ul style="list-style-type: none"> NOKm 12.2 / NOKm 1.1 	<ul style="list-style-type: none"> NOKm 88.3 / NOKm12.2 	<ul style="list-style-type: none"> NOKm 28.5 / NOKm 2.5 	<ul style="list-style-type: none"> NOKm 8.8 / NOKm 1.4

Overview of products

Product area - Antennas (64% of revenue)

Man-pack VHF 30-88MHz

Handheld VHF 30-88MHz

(Very high frequency)



- Product range include HF, VHF, UHF, dual band, GPS, multi-band antennas and antenna systems
- Products are manufactured at in-house manufacturing facilities
- Key attractive features of products
 - Superior quality, proven record
 - Meets the toughest demands
 - Flexibility



Commercial vessels

Navy



Bowman vehicle collection incl.

- HF 1.6-30MHz (high frequency)
- VHF 30-88MHz (very high frequency)
- UHF 225-450MHz (ultra high frequency)

Overview of products

Product area – Masts (9% of revenue)

Surveillance



Omaha Beach LOS
(land of sight)

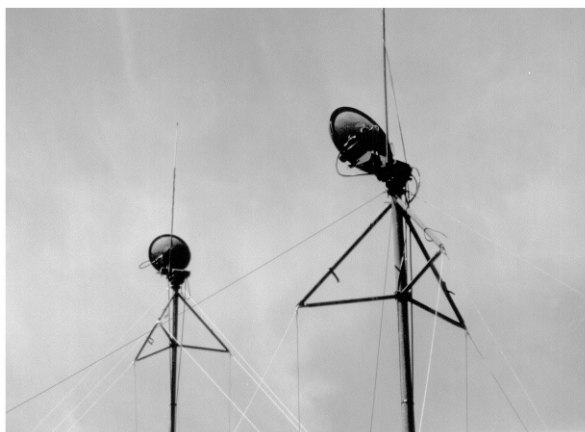


- Masts include telescopic, sleeve, manpack, manual and motorized versions
- Products are manufactured at in-house manufacturing facilities
- Key attractive features of products
 - Easy maintenance
 - Standard as well as tailor made versions
 - Advanced control for unmanned use

Unmanned use



Including antennas



Advanced control



Overview of products

Product area – Power supplies (6 % of revenue)

Double Man-pack charger



- Include battery chargers and power supplies
- Manufacturing outsourced to companies in Norway, Poland and China
- Key attractive features of products
 - Demanding applications
 - Tailor made solutions
 - Both Ni Cad and Li-Ion batteries

1 position vehicle charger



Standard power supplies



Combined charger and power supply



Product area – Industrial products (21 % of revenue)

Offshore applications



- Include insulating products such as insulators, insulating poles for railroad and utilities, offshore products and custom designed structural components.
- Products are manufactured at in-house manufacturing facilities
- Key attractive features of products
 - Tailormade solutions
 - Niche markets
 - Extensive testing

Foamed pipe



Railroad applications



Insulators



Product development aligned with customer requirements

Product development

- Development projects are undertaken in close cooperation with customer requirements
- Working closely with external parties to develop new products
- Internal development of products to meet future specifications and government requirements
- 9 % of company's employees are directly engaged in R&D
- Approximately 5 - 7% of revenues have historically been spent on product development

New products in pipeline

- Communication antenna control system
 - An active antenna combiner, designed to reduce the number of antennas in an installation. It allows the simultaneous use of several radios to one transmit antenna
- Smart system for vehicle applications
 - More radios onto one single antenna, expected to be introduced in Q3 2007
- Next generation power supplies
 - ½ size and double effect/output, introduced to market within end of 2007
- Wideband HF antenna for Navy vessels
- SATCOM antennas
 - Expected to start up in Q2 2007, finalized Q1 2008
- Various wideband antennas

Selected clients and development partners

- Comrod Communication has delivered products to more than 150 clients the past 3 years
- International blue chip companies and organisations on the customer list
 - Many of the clients have requested that the "client orders" remain confidential
- The top 5 clients generated approximately 60% of revenues for Comrod Communication in 2005. Comrod expects to broaden the client base further
- Comrod Communication has in-depth development projects together with its main clients



KONGSBERG

SIEMENS

THALES



GENERAL DYNAMICS
United Kingdom Limited

Modern production facilities with capacity to increase production and take advantage of strong market growth

In house production facilities

	Tau	St. Amand les Eaux
Location	Close to Stavanger, Norway	Close to Lille, France
Key product manufactured	Antennas	Masts
Employees	81	85
Capacity utilisation	60%	70%
Plant built	1968	1990
Recent upgrade	2002-ongoing	2004-05
Plant size	4.500 sqm	10,000 sqm
Book value	11.4 NOKm	2.1 EURm
Original cost		16.0 EURm

- Antennas, masts and commercial products are manufactured in-house. Power products are outsourced to manufacturers in China, Poland and Norway
- Potential to increase production significantly without any significant increase in manufacturing cost base
- Comrod can increase its manufacturing output to NOKm 350 without significant investments

TAU facilities



St. Amand les Eaux



Integration of Lerc and Eltek Power Supplies

Lerc

- **Integration process initiated**
 - Evaluation of product range and manufacturing
 - Coordination of market activities, first joint exhibition have been held
 - Coordination of R&D activities
- **Next steps to complete integration (2007 >)**
 - Realise revenue synergies (cross sales and increased pricing power)
 - Realise cost synergies within R&D, administration, manufacturing and marketing & sales

Power
Supplies

- **Integration of Power Supplies in process**
 - Cross sale of Power Supplies' products to former Comrod customers initiated (similar potential client base)
 - Positive response from customers
- **Next steps to complete integration (2007 >)**
 - Realise revenue synergies (cross sale of products to former Lerc and Comrod customers)
 - Realise cost synergies within administration and marketing & sales

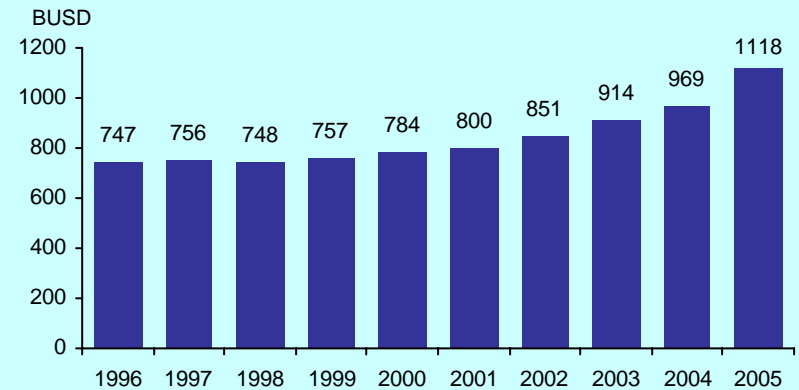
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Overview of the defence market

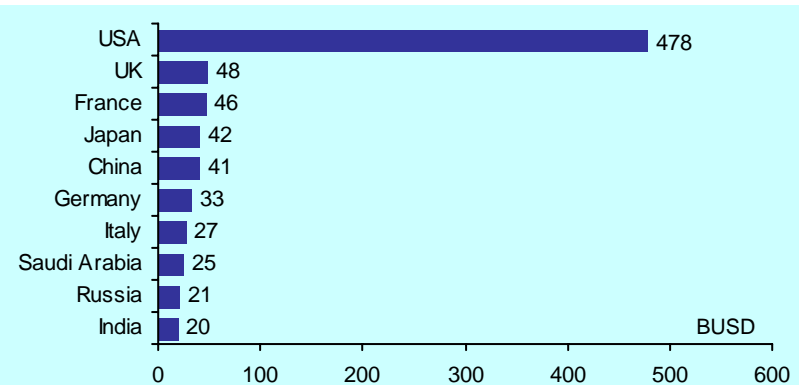
- Approximately 80% of Comrod's revenues are from the defense market
- Defence communication is growing faster than the overall market – driven by telecom innovations and increased need for data capacity for mobile forces
- 15 largest countries account for 84 % of total, USA alone 43 % - followed by UK, France, Japan and China.
- Significant barriers to entry for new competition
 - Extensive documentation / time for military specification approval
 - Long lead times for projects
 - Preference for suppliers with longstanding track record

Development in global military expenditures



Source: Stockholm International Peace Research Institute, 2005 yearbook

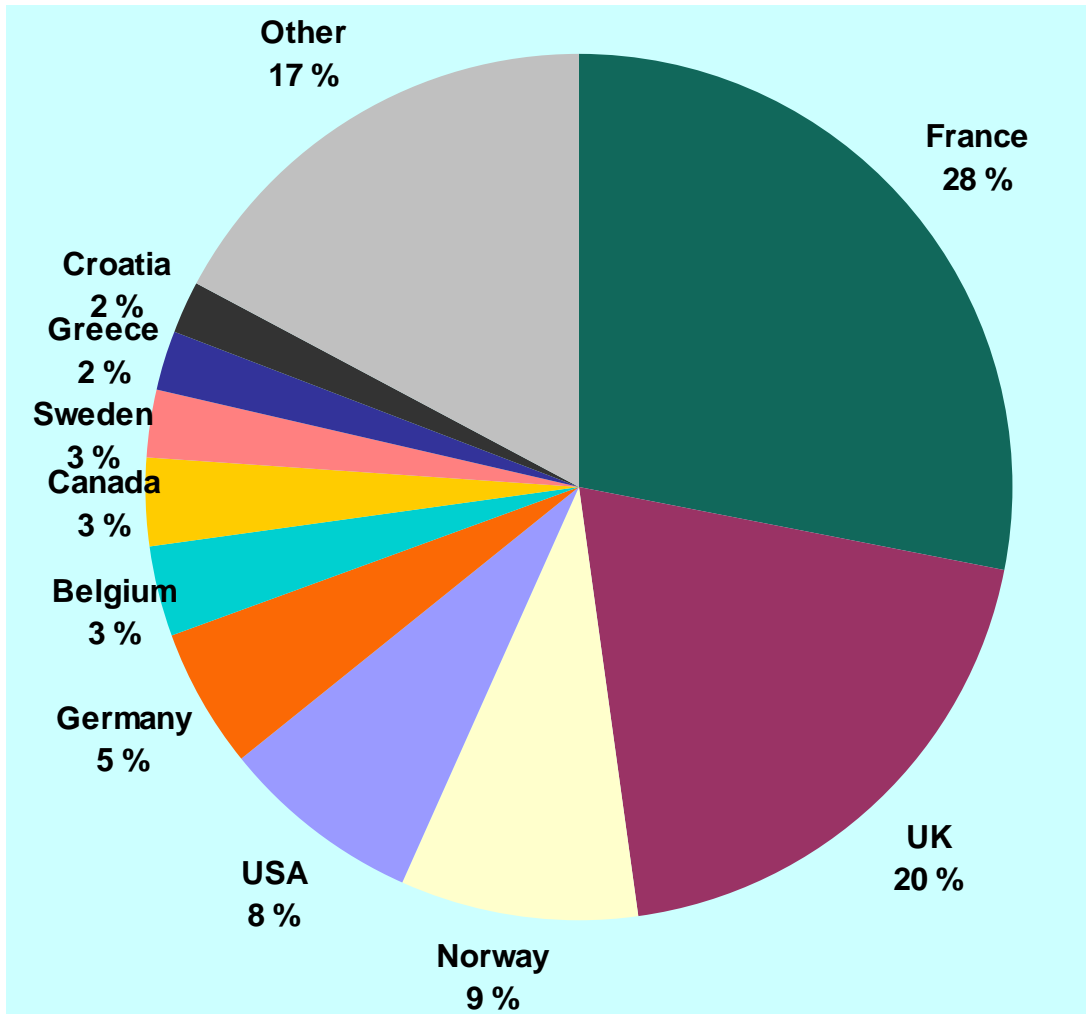
Countries with the highest military spending



Source: Stockholm International Peace Research Institute, 2005 yearbook

Geographical distribution of sales

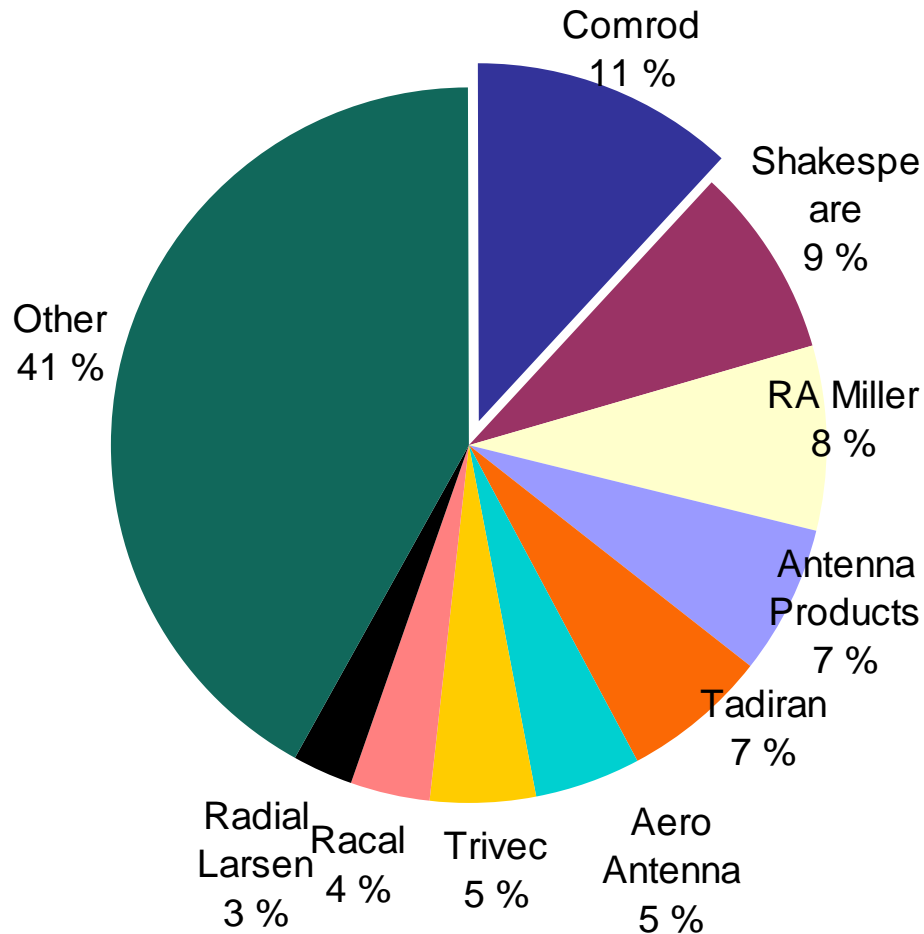
Sales per September 2006 - by country



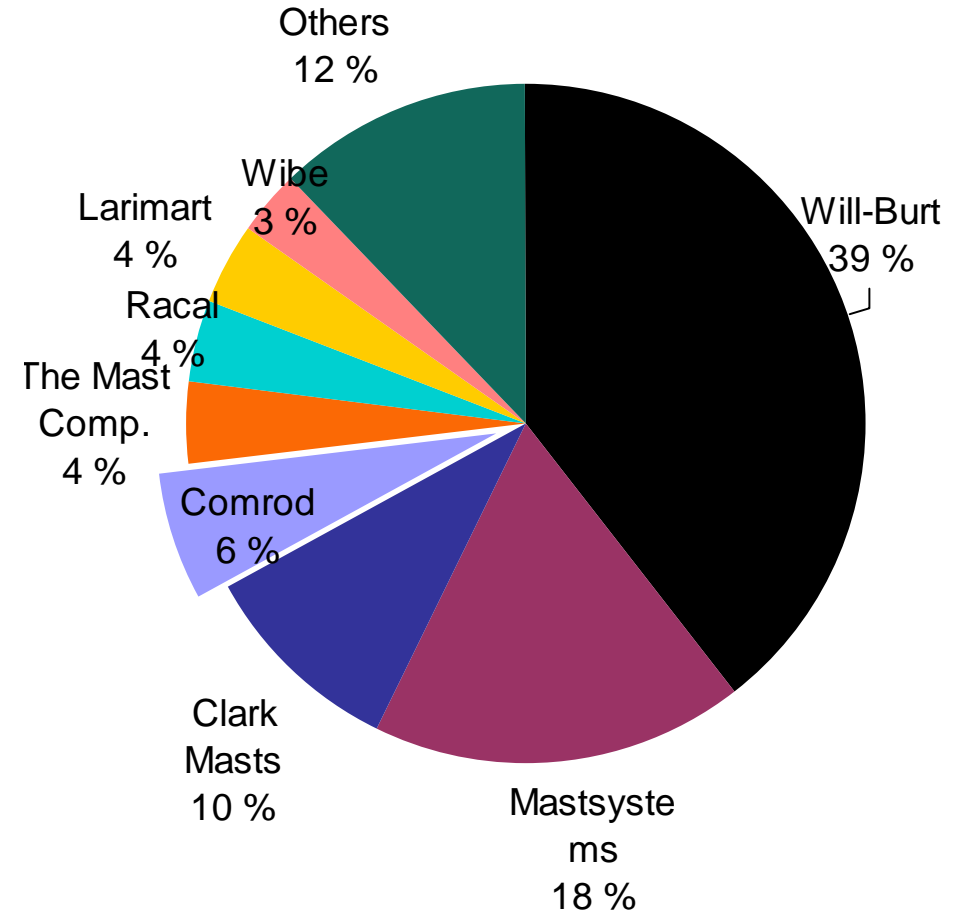
- Comrod has historically sold majority of its products to the European markets
- Existing contract with **Harris, ITT and General Dynamics** provides strong foundation for **increasing sales to the US markets**

Market shares and competition

Antennas



Masts



Market overview and outlook

	Masts	Antennas	Industrial products	Power supplies
Market size*	<ul style="list-style-type: none"> ▪ USDm 80 	<ul style="list-style-type: none"> ▪ USDm 140 	<ul style="list-style-type: none"> ▪ Significant market size, no estimate of size 	<ul style="list-style-type: none"> ▪ USDm 500
Comrod market position	<ul style="list-style-type: none"> ▪ No 2 in Europe. Among top 5 globally 	<ul style="list-style-type: none"> ▪ No 1 globally 	<ul style="list-style-type: none"> ▪ One of top 3 for insulators in France ▪ Single source for its offshore application via / customer 	<ul style="list-style-type: none"> ▪ Market leader in Norway and Sweden
Key market drivers	<ul style="list-style-type: none"> ▪ Increased focus on light weight and mobility 	<ul style="list-style-type: none"> ▪ Increased demand for high data capacity on the radio and broader frequency ranges 	<ul style="list-style-type: none"> ▪ Several key drivers (varied product mix), offshore spending 	<ul style="list-style-type: none"> ▪ Decreased product size and increased output (i.e. technology development)

* Company estimates. Includes accessible market for Comrod Communication products- figures are approximate estimates

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Pro forma financials

<i>Accounting principle</i>		<i>NGAAP</i>	<i>NGAAP</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Profit & loss		2002	2003	2004	2005	per 3Q 2006
Net sales	NOKm	49,2	91,7	106,8	211,2	137,8
Operating costs	"	-46,6	-78,4	-78,2	-170,2	-120,6
EBITDA	"	2,6	13,3	28,6	41,0	17,2
Depr. & amortization	"	-1,2	-1,5	-1,9	-6,9	-6,7
EBIT	"	1,4	11,8	26,7	34,1	10,5
Net financials	"	-2,8	-1,9	-1,7	-5,3	-8,9
Pre-tax profit	"	-1,4	9,9	25,0	28,8	1,6
Taxes	"	0,3	-2,8	-6,9	-5,4	-0,5
Net profit	"	-1,1	7,1	18,1	23,4	1,1
Operational ratios						
EBITDA margin (%)	%	5,3	14,5	26,8	19,4	12,5
EBIT margin (%)	"	2,8	12,9	25,0	16,1	7,6
Pre-tax profit margin (%)	"	-2,8	10,8	23,4	13,6	1,2
Net profit margin (%)	"	-2,2	7,7	16,9	11,1	0,8
ROE (%)	"	na	22	27	25	
ROCE (%)	"	na	35	65	38	
Avg. tax rate (%)	"	21	28	28	19	

▪ Figures 2002 – 2004 includes only financials for Comrod AS

▪ Figures for 2005 and 2006 are based on proforma financials for Comrod AS and Lerc SA. Eltek Power Supplies included from March 2006. Proforma figures have not been audited

▪ Margins reduced in 2006 due to change in product mix and delay of contracts

Business unit financials

<i>Accounting principle</i>		<i>NGAAP</i>	<i>NGAAP</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Business division split		2002	2003	2004	2005	per 3Q 2006
Revenues						
Masts	NOKm	na	na	na	35,4	12,2
Antennas	"	48,0	90,0	105,0	146,2	88,3
Industrial products	"	1,2	1,7	1,8	29,6	28,5
Power supplies	"	na	na	na	na	8,8
Sum revenues		49,2	91,7	106,8	211,2	137,8
EBIT						
Masts	NOKm	na	na	na	3,8	0,6
Antennas	"	1,2	11,4	26,3	26,8	8,4
Industrial products	"	0,2	0,4	0,4	3,5	1,4
Power supplies	"	na	na	na	na	0,1
Sum EBIT		1,4	11,8	26,7	34,1	10,5
Margin						
Masts	%	na	na	na	na	5 %
Antennas	%	3 %	13 %	25 %	18 %	10 %
Industrial products	%	17 %	24 %	22 %	12 %	5 %
Power supplies	%	na	na	na	na	1 %
Total		3 %	13 %	25 %	16 %	8 %

▪ Note: Figures 2002 – 2004 includes only financials for Comrod AS

▪ Figures for 2005 and 2006 are based on proforma financials for Comrod AS and Lerc SA. Eltek Power Supplies included from March 2006. Proforma figures have not been audited

Balance sheet

<i>Accounting principle</i>		<i>NGAAP</i>	<i>NGAAP</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Assets		2002	2003	2004	2005	3Q 2006
Intangible assets	1 NOKm				35,7	59,4
Deferred tax	"	0,5	0,4	0,0	0,0	0,0
Fixed assets	"	12,4	17,0	19,3	56,1	58,1
Inventory	"	14,9	16,3	17,4	39,5	46,5
Receivables	"	12,0	14,3	16,5	67,7	40,3
Other receivables	"	1,0	3,3	8,5	11,0	5,6
Group receivables	"		11,3	10,3	13,3	32,5
Cash and liquid assets	"	1,7	1,2	1,5	2,1	1,8
Total assets	"	42,5	63,8	73,5	225,4	244,2
Equity & liabilities		2002	2003	2004	2005	3Q 2006
Shareholders equity	NOKm	9,0	9,0	29,0	23,9	12,4
Total equity	"	9,0	9,0	29,0	23,9	12,4
Pension provisions	"	2,0	2,4	5,9	5,4	5,4
Deferred tax	"			7,2	6,2	0,1
Debt group companies	"	15,1	15,1	0,0	92,6	155,6
Other LT debt	"	0,0	0,0	5,1	2,5	0,0
LT interest bearing debt	"	5,6	7,3	0,0	0,0	0,9
Long term liabilities	"	22,7	24,8	18,3	106,7	162,1
ST interest bearing debt	"	2,4	0,0	1,1	0,5	0,0
Accounts payable	"	3,2	12,5	5,6	18,5	16,0
Debt group companies	"	0,0	0,0	9,8	35,5	25,4
Other short term debt	"	5,2	17,5	9,6	40,4	28,3
Current liabilities	"	10,8	30,0	26,2	94,9	69,7
Total liab. & equity	"	42,5	63,8	73,5	225,4	244,2

1) Goodwill resulting from acquisition of Lerc and Eltek Power

- Figures 2002 – 2004 includes only financials for Comrod AS.
- Figures for 2005 and 2006 are based on proforma financials for Comrod AS and Lerc SA. Eltek Power Supplies included from March 2006. Proforma figures have not been audited

Summary

- Comrod holds a leading global market position within antennas and masts. Opportunity to **expand further into US markets**
- Product range, technology base, track record, prospect list, industry network and modern production facilities provides **attractive growth opportunities**
- Proven ability to generate **rapid growth** at **healthy margins**
- **Significant synergies** expected to be realized from acquisitions of Lerc SA and Eltek Power in 2006
- Fragmented market place with **opportunity for further consolidation** of the sector
- The military and maritime industry is expected to **increase its demand for communication products** over the next years

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Geographical distribution	<ul style="list-style-type: none"> ▪ USA (50 %), Europe (25 %), other (25 %) 	<ul style="list-style-type: none"> ▪ USA (40 %), Europe (30 %), other (30 %) 	<ul style="list-style-type: none"> ▪ USA (40%), Europe (30%), other (30%) 	<ul style="list-style-type: none"> ▪ USA (60 %), Europe (20%), other (20 %)
Key competitors	<ul style="list-style-type: none"> ▪ Shakespeare/ Mastsystems / Will-Burt / Wibe/Klark systems 	<ul style="list-style-type: none"> ▪ Shakespeare / RA Miller / Antenna products/ Radial / Trival 	<ul style="list-style-type: none"> ▪ Low cost manufacturers within insulators. For offshore applications no competitors 	<ul style="list-style-type: none"> ▪ Fragmented global market, no key competitors in Norway and Sweden
Competitive edge vs competitors	<ul style="list-style-type: none"> ▪ Standard existing ranges ▪ Tailor made with versions ▪ Skilled engineering 	<ul style="list-style-type: none"> ▪ Superior quality ▪ Wide range for almost all appl. ▪ Niche products 	<ul style="list-style-type: none"> ▪ Niche product line ▪ Production control 	<ul style="list-style-type: none"> ▪ Demanding applications ▪ Quality ▪ Product know-how
Comrod market positioning	<ul style="list-style-type: none"> ▪ No 2 in Europe. Among top 5 globally 	<ul style="list-style-type: none"> ▪ No 1 globally 	<ul style="list-style-type: none"> ▪ One of top 3 for insulators in France ▪ Single source for its offshore application via / customer 	<ul style="list-style-type: none"> ▪ Market leader in Norway and Sweden
Key drivers for development of market	<ul style="list-style-type: none"> ▪ Increased focus on light weight and mobility 	<ul style="list-style-type: none"> ▪ Increased demand for high data capacity on the radio and broader frequency ranges 	<ul style="list-style-type: none"> ▪ Several key drivers (varied product mix), offshore spending 	<ul style="list-style-type: none"> ▪ Decreased size and increased output (technology development)

* Company estimates. Includes accessible market for Comrod Communication products- figures are approximate estimates

Market shares and competition

	Masts	Antennas	Industrial products	Power supplies
Market share (global)				
Comments	<ul style="list-style-type: none"> ▪ A relative concentrated market, the four largest players – Comrod, Mastsystems, Will-Burt and Clarks hold approximately 75% of the market ▪ Comrod is increasing market shares and currently has 6% market share ▪ Comrod is at the high end and is diversifying ▪ Challenging development project will further strengthen Comrod's position 	<ul style="list-style-type: none"> ▪ A fragmented market, the four largest players – Comrod, Shakespeare, Ra Miller and Antenna Products hold approximately 35% of the market ▪ Comrod is increasing market shares and currently has 11% market share ▪ Outstanding product line vs competitors. Comrod is at the high end and is diversifying ▪ Challenging development project will further strengthen Comrod's position 	<ul style="list-style-type: none"> ▪ Fragmented market place ▪ For insulators Comrod is one of 3 pre-qualified for the home market ▪ Dedicated applications has an international demanding need, especially within oil & gas 	<ul style="list-style-type: none"> ▪ Fragmented market place ▪ In a premature start up phase, however market size is estimated to be 4 – 5 times as big as antennas. Substantial growth potential based on cross sales to Comrod's existing customer base.

Board of Directors

Board of Directors

- **Erik Espeset**
 - MD in Hexagon Composites since 2000
 - Ms cEE (NTH) and MBA

- **Niklas Hermansson**
 - CEO in Comrod since 2002
 - Senior positions at Proserv Group

- **Merete Alnes Mostue**
 - M.Sc in business (NHH)
 - HR manager at Coop Møre
 - Previous experience from Finance and HR.

- **Randi Hognestad**
 - IR officer HitecVision
 - Cand Jur.
 - Broad experience from Law, IR and journalism