



Oslo, 6th May 2008

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## REACHING FURTHER THROUGH PEOPLE AND INNOVATION

Comrod Communication ASA  
Q1 2008 Presentation

Increased  
profitability and  
strong growth



## AGENDA

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- I. **Highlights and introduction**
- II. Financials
- III. Business Areas Highlights
- IV. Summary + Q&A



## HIGHLIGHTS - BEST Q1 EVER

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### **NOK 100.3 million revenue; 85% growth q-o-q**

- Increasing market penetration and successful expansion of production capacity
- Growth based on market foothold established over the last years.



### **NOK 11 million EBIT; 102% growth q-o-q**

- Operational efficiency on new turnover level established as planned

### **Positive market outlook**

- Breakthrough contract with Harris Corp. on battery chargers
- Important new Lerc contract on masts for the US Army



## COMPANY PROFILE

### **COMROD COMMUNICATION GROUP – GLOBAL NO. 1**

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**No.1 player globally** on tactical antennas

**Leading market positions** within defense masts and power supplies



**Preferred supplier** to the major defense radio communication manufacturers. Sales to more than 60 countries.

**Leading edge technology** based on radio communication and composite competence and skills. R&D in Norway and France

**Defense customers** with long lead times create strong barriers to entry



## OVERVIEW OF PRODUCTS

### OUR BUSINESS AREAS



#### ANTENNAS

Defense tactical antennas for handheld radios, man-pack radios and vehicles HF, VHF, UHF, GPS, WLAN, dual band, multi-band.  
Advanced antenna systems for special defense applications



#### MASTS

Telescopic masts, sleeve, manual and motorized versions.  
Masts for LOS and Battlefield Surveillance.  
Advanced Telescopic masts integrated in vehicles, systems for advanced control and unmanned use



#### POWER SUPPLY

Battery chargers and power supplies for defence radio applications  
AC/DC converters  
DC/DC converters  
Special application power supplies



#### INDUSTRIAL PRODUCTS

Insulators and insulating poles  
Offshore products  
Custom designed structural components.  
Tailor-made for niche market applications



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## HIGHLIGHTS OF THE FINANCIAL PERFORMANCE IN Q1

### Substantial growth in revenues

- +85 % from Q1/2007

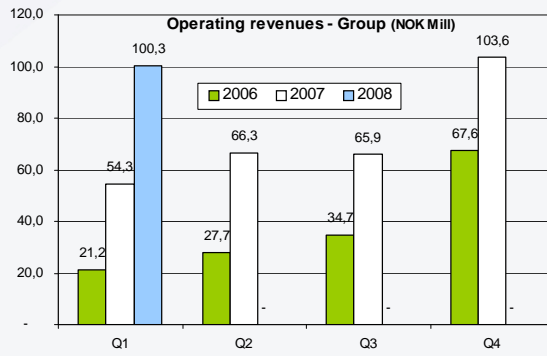
### Significant growth in EBIT

- +102 % from Q1/2007

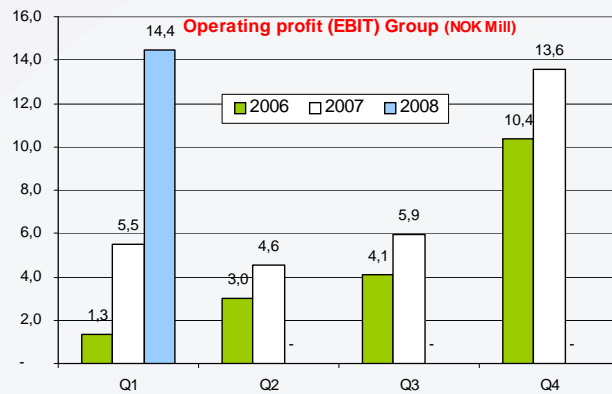
## Q1 MAIN FINANCIAL RESULTS

	Q1 2008	Q1 2007	D 08 -07
<b>OPERATING REVENUES</b>	100 329	54 319	85 %
<b>EBITDA</b>	14 449	8 479	70 %
<b>EBIT</b>	11 055	5 485	102 %
<b>EBIT %</b>	11%	10 %	

OPERATING REVENUES BY QUARTER



EBIT BY QUARTER



### SEGMENT INFORMATION: REVENUES PER BUSINESS AREA

		Q1 2008	Q1 2007	2007
<b>Antennas</b>				
	Revenues	72 528	31 678	170 965
	EBIT	11 887	4 003	18 792
	EBIT %	16 %	13 %	11 %
<b>Masts</b>				
	Revenues	14 439	6 931	54 398
	EBIT	515	(422)	6 832
	EBIT %	4 %	-6 %	13 %
<b>Industrial Products</b>				
	Revenues	8 183	7 030	33 002
	EBIT	266	959	2 374
	EBIT %	3 %	14 %	7 %
<b>Power Supply</b>				
	Revenues	5 179	8 705	33 516
	EBIT	1 034	2 504	7 548
	EBIT %	20 %	29 %	23 %

### CASH FLOW STATEMENT

( NOK 1000)	31.03.2008	31.03.2007	31.12.2007
Profit before tax	9 316	2 740	18 154
Depreciation and write-downs	3 394	2 995	11 175
Other non-cash elements	2 006	2 987	5 091
Change in working capital	263	-7 920	-26 949
<b>Net cash flow from operations</b>	<b>14 979</b>	<b>802</b>	<b>7 470</b>
Net cash flow from investment activities	-5 982	23 425	10 548
Net cash flow from financing activities	-7 856	-18 098	-11 888
Net change in cash and cash equivalents	1 141	6130	6 130
Cash and cash equivalents at start of period	9 314	3 184	3 184
Cash and cash equivalents at end of period	10 455	12 524	9 314
Credit facility	25 700	20 000	20 000

## BALANCE SHEET

(All figures in 1000 NOK)	31.03.2008	31.03.2007	31.12.2007
<b>Total Capital</b>	319 935	248 442	303 906
<b>Equity</b>	103 779	87 652	95 045
<b>Net interest-bearing liabilities</b>	98 822	87 908	104 676
<b>Property, Plant and Equipment</b>	62 880	56 044	61 981
<b>Intangible assets</b>	72 859	65 529	69 722

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## BUSINESS MODEL AND STRATEGIC TARGET



Core competencies	<ul style="list-style-type: none"> <li>• Design and manufacturing of antennas</li> <li>• Antenna systems</li> <li>• Telescopic masts</li> <li>• Power supplies and battery chargers for defense applications</li> </ul>
Product development	<ul style="list-style-type: none"> <li>• Based on the rapid advances in radio communication technology as well as the specific needs of our key customers. Variants within a product concept is normally adapted specifically to the customers need</li> </ul>
Key customers	<ul style="list-style-type: none"> <li>• Main defence communication equipment manufacturers</li> </ul>
Customer relationships	<ul style="list-style-type: none"> <li>• Long term</li> <li>• Based on proven track record, technical qualification and rigorous performance testing</li> </ul>
Contracts	<ul style="list-style-type: none"> <li>• Large defense communication programs lay behind most of the contracts</li> <li>• These programs can be national or multinational and are funded by governmental money through the MODs. Typical timelines are 3-5 years and longer</li> </ul>
Growth platform	<ul style="list-style-type: none"> <li>• Established market foothold</li> <li>• Recent successful launch of new products</li> <li>• New products in the pipeline for this year</li> <li>• Total market growing annually by 10 – 15%</li> </ul>
Turnover target	<ul style="list-style-type: none"> <li>• NOK 500 million medium term is judged as a realistic target</li> </ul>

### BUSINESS AREA

## ANTENNAS – HIGHLIGHTS

Comrod antennas for the defence/military market and for civilian/commercial use.



**Improved financial results** driven by growth in turnover and improved efficiency

**High activity level of last year continued into first quarter of 2008**

- Comrod is still busy delivering on the new multiband antenna to Harris
- The dominant position of Harris place Comrod in unique position for further growth

**Ramped up production at Tau factory;** output capacity now doubled compared to 2006

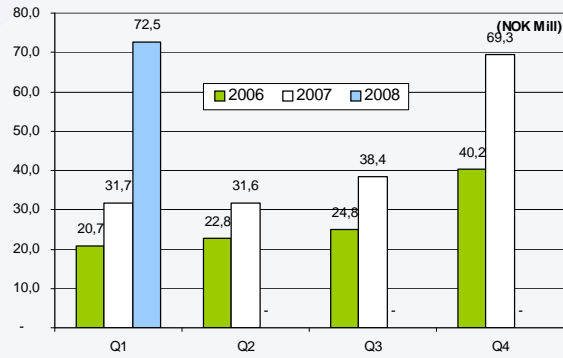
**Factory in Hungary started up**

- Added operational flexibility and to secure future profitability
- Expect full activity from Q2 this year

**Order book indicate high sales also in the next quarters of 2008**

OPERATING REVENUES BY QUARTER – BA ANTENNAS

Comrod antennas for the defence/military market and for civilian/commercial use.



BUSINESS AREA  
MASTS – HIGHLIGHTS

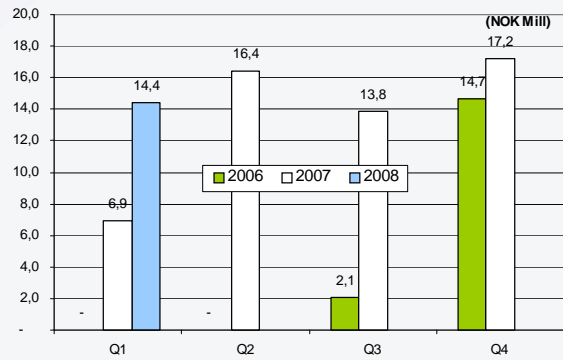
Telescopic, sleeve, man-pack, manual and motorized masts.



- Business Area Profit improvement** through improved operations confirmed by Q1 EBIT margins well above Q1/07
- New level for annual turnover confirmed by Q1** turnover again more than was twice the turnover of Q1/06
- Important new order on 30 meter high tactical masts** to be fielded by the US Army
- Increased use of systems related to Battle Field Surveillance and Line Of Sight** main driver for the growth in the market for masts
- Existing contracts** and order book indicates continued good sales in the next quarters

OPERATING REVENUES BY QUARTER – BA MASTS

Telescopic, sleeve, man-pack, manual and motorized masts.



BUSINESS AREA

INDUSTRIAL PRODUCTS – HIGHLIGHTS

Custom designed products for commercial and military applications



**Revenue growth** related to the offshore application business

**Weak USD represents a challenge** competing with US based companies

**Insulator products profitability improvement program** running, but Q1 profitability for these products is still not satisfactory



BUSINESS AREA

## POWER SUPPLY – HIGHLIGHTS

Experience from more than 130 OEM projects worldwide.



**Excellent financial results also for Q1**

### **Important new contract with Harris corp on battery chargers**

- First result of strategic initiative to establish new customer base
- Proves our products and ability to compete internationally
- High activity level within product development
- Tenders submitted to new customers; qualification work currently ongoing

**Outlook medium term is very good;** short term reduction in turnover growth in a transition period between contracts may be seen first half of 2008



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## SUMMARY AND OUTLOOK

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Global No. 1 position enhanced through strong customer relations and continuous product development

The significant improvements of last quarters continue into 2008

- Increasing market penetration and new contracts
- Secure margin levels as Hungary ramps up



The group is in line with plans

- Q2 expected to be satisfactory at slightly lower revenue level
- 2008 FY expected to show continued growth and profit
- increase revenues to NOK 500 million by 2010-2011

## Questions & Answers

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[www.comrod.com](http://www.comrod.com)