



**COMROD**

*Reaching further*

**Comrod Communication ASA  
Presentation Q4 2006  
Oslo - March 1 2007**

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# Agenda

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- I. Key points**
- II. Company overview**
- III. Q4 Financials**
- IV. Summary**

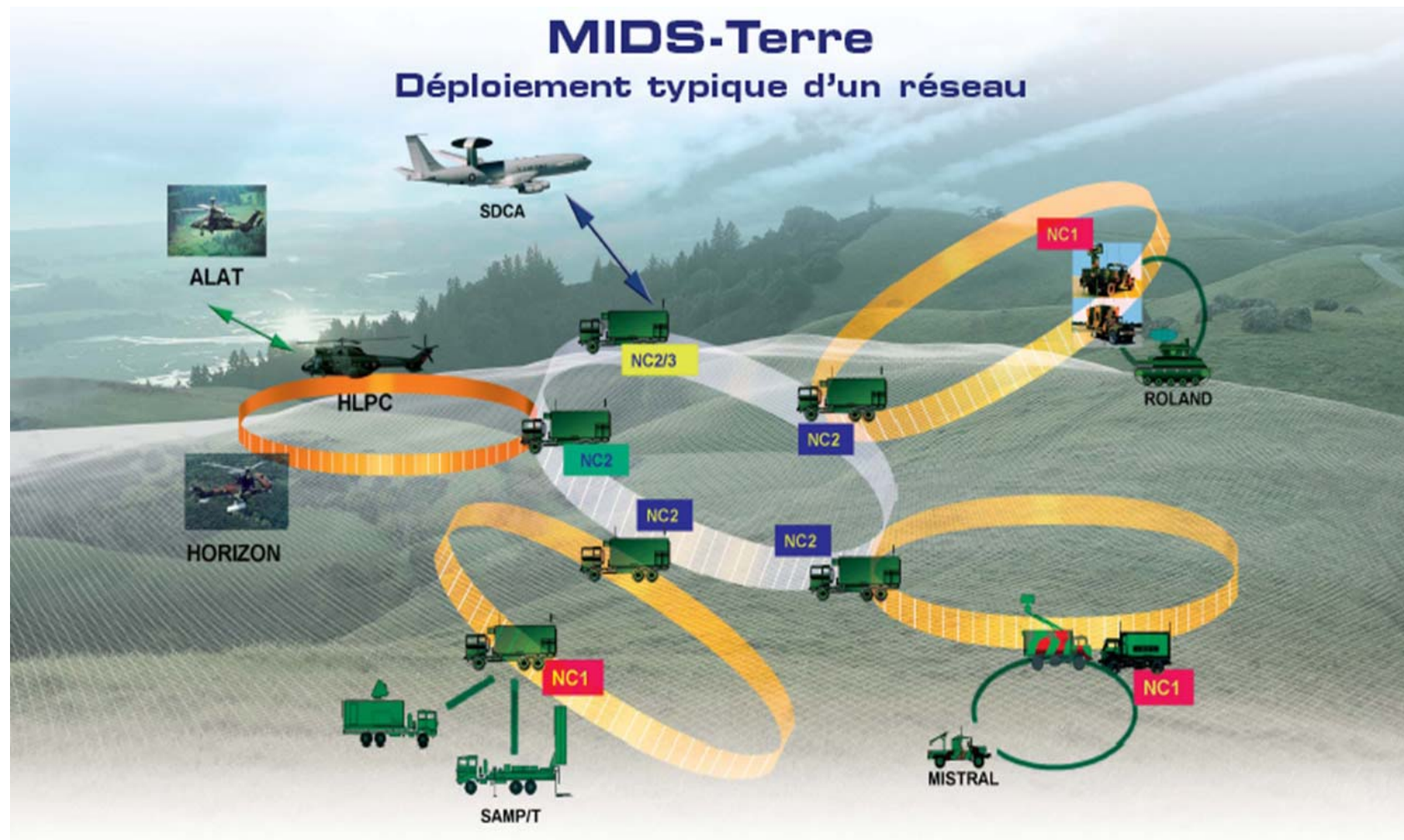
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# Key points Q4

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- **Strong finishing of 2006 - as expected**
- **Order backlog at high level**
- **Integration process in progress – aim to increase output through increased productivity**
- **Product range, technology base, track record, prospect list, industry network and modern production facilities provides attractive growth opportunities**

# New contract for Lerc MIDS/Terre



# MIDS/Terre

- **Mids/Terre , a 5 nation NATO project**
- **Include Antennas, Telescopic Masts and vehicle integration**
- **Total value for 77 antenna subsystems is 7,55 m EUR**
- **Deliveries will start in 2007 and be finished by early 2009**



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## Comrod Communicaton ASA – Company profile

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- **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**



# In house production facilities

## Locations

	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

## TAU facilities



## St. Amand les Eaux



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# Integration of Lerc and Power Supply Unit

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Lerc

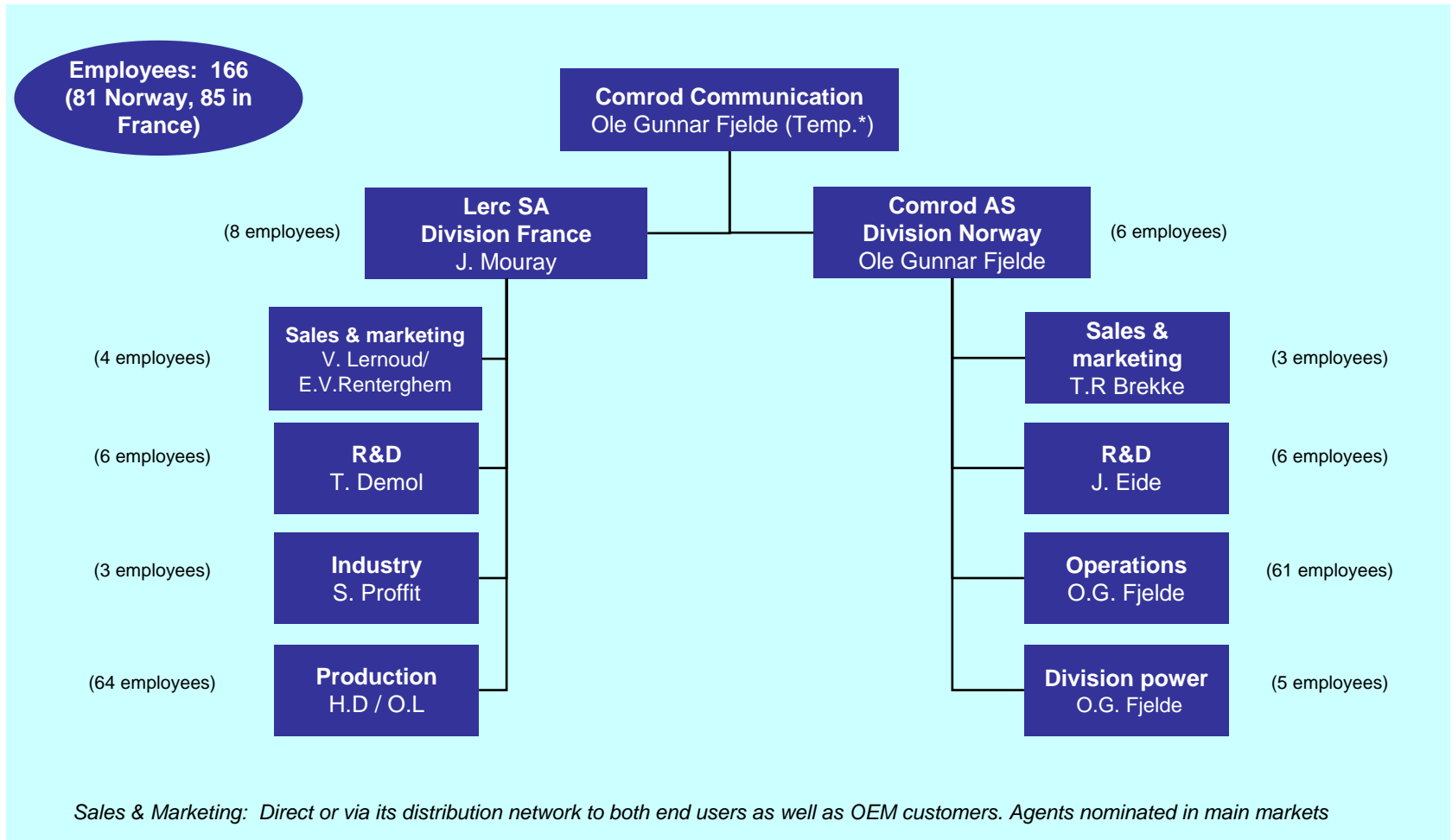
- **Integration process initiated**
  - Evaluation of product range and manufacturing
  - Coordination of market activities, first joint exhibition have been held
  - Coordination of R&D activities
- **Next steps to complete integration (2007 >)**
  - Realise revenue synergies (cross sales and increased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

Power Supply  
Unit

- **Integration of Power Supply 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

# 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*





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## History – background Comrod Communication

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- **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**

# Key product areas

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

Q3 06

## 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)

**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

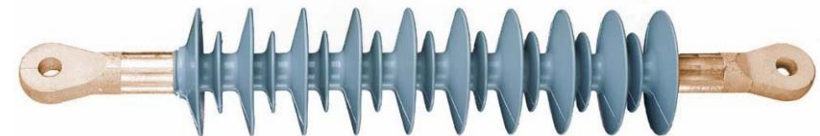
### Foamed pipe



### Railroad applications



### Insulators



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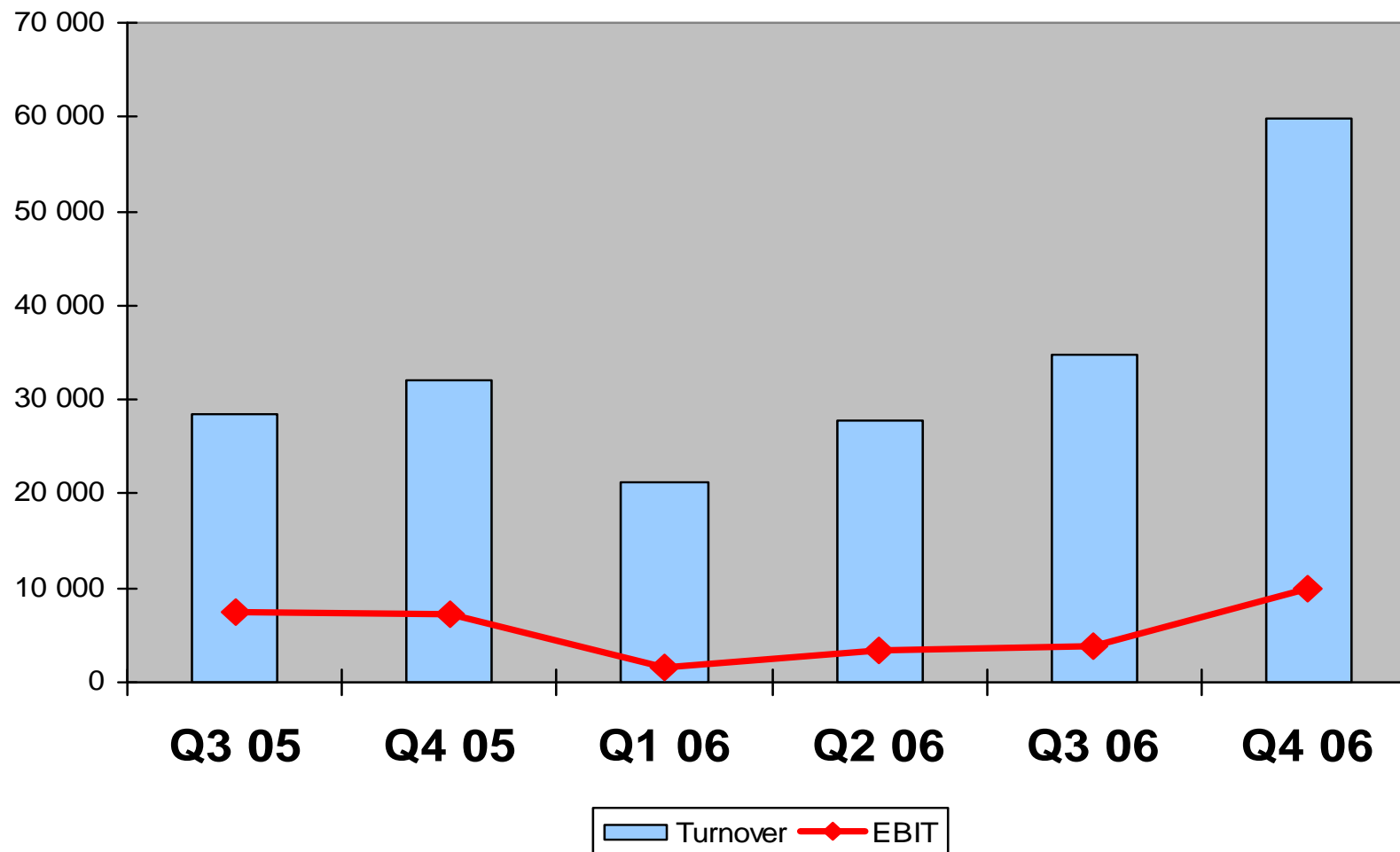
Financial performance Q4 – French unit deliver the goods

- **Strong Q4 as expected - typical seasonality for the defence industry**
- **Product mix: higher portion of defence products compared to rest of 2006**
- **Good utilisation of capacity**
- **Order book building up for 2007 and onwards**

## Q4 financials

	Q4 2006	Q4 2005	Δ 05 -06
Total Sales	59 927	32 036	87,1 %
EBITDA	12 043	7 786	54,7 %
EBIT	9 968	7 214	38,2 %
EBIT %	16,6%	22,5%	

## Turnover and EBIT



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## Segment Information : Turnover per Business Area

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	Q4 2006		Q3 2006	
Antennas	39 153	65 %	27 139	68 %
Mast	9 068	15 %	4 010	10 %
Industrial Products	5 744	10 %	5 605	14 %
Power Supplies	5 962	10 %	3 371	8 %
SUM	59 927	100 %	40 125	100 %

Q3 figures are pro forma figures including Lerc turnover for the full Quarter

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## Estimated Opening Balance 19.01.2007

(1000 NOK)	E 19.01.07
Equity	87 700
Net interest bearing debt	82 000
Property, Plant and Equipment	57 900
Intangible assets	67 400
Total capital	256 000

Unused credit facility 20 mNOK

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## Summary and outlook 2007

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- **Good results delivered from Lerc**
- **Growth in order backlog**
- **Integration process in good progress – positive and dedicated effort from all organizational units**
- **Business Area "Masts" is showing strong growth**